



Metro

# Supportive Housing Services Program and Tax Implementation

December 3, 2020

# Presentation overview

Review of programmatic  
code and work plan

Work plan draft updates

Review of tax code section

Tax policy options





# Supportive Housing Services

Funding for housing assistance  
and wrap around services

Goal to end chronic  
homelessness in the region

5,000 supportive housing  
placements

Largest local investment in the  
nation



# Codifying Measure 26-210

New Code Chapter:

11.01 Supportive Housing Services Program

New Code Section:

2.19.270 Supportive Housing Services Regional  
Oversight Committee

# Programmatic work plan

1. Introduction
2. Guiding principles and racial equity
3. Governance
4. Funding distribution and eligible uses
5. Accountability structures and processes
6. Regional coordination

# Work plan updates

Oversight committee charter

*roles clarified*

Administrative cost recommendations

*annual review for service providers*

Tri-County Advisory body

*for future consideration*

# New Tax Code Chapters

- 7.05 Income Tax Administration for Personal and Business Taxes
- 7.06 Personal Income Tax
- 7.07 Business Income Tax

# Apportionment:

## Sec 7.07.080

### **CURRENT – cost of performance method**

- Taxes businesses when activity takes place in the district
- Aligned with Multnomah County business income tax

### **ALTERNATE – market based method**

- Taxes businesses when customer is in the district
- Aligned with State of Oregon business income tax
- Estimated collection cost increase of \$500k/year
- More out-of-district businesses, harder to enforce



# Head of household: Sec 7.06.030

## **CURRENT – Head of Household files Metro single return**

- Metro single return exempts first \$125,000 of taxable income

## **ALTERNATE – Head of Household files Metro joint return**

- Metro joint return exempts first \$200,000 of taxable income
- Reduction in tax collections estimated to not exceed \$2.8 million

# Employer withholding: Sec 7.06.120

## **REVISED – Required starting 2022 for \$200,000 or more**

- 2021 withholding is still voluntary
- 2022 and thereafter, withholding is mandatory for employees earning \$200,000 or more annually
- Employees may opt in or out
- Aligns with Multnomah County Preschool for All income tax

# Pass through entities

## **CURRENT – Business pays tax, owner receives deduction**

- Aligned with Multnomah County business income tax, with sole proprietorships exempted
- Double taxation concerns addressed

## **ALTERNATE – Business exempt, owner pays tax**

- Aligned with State of Oregon business income tax
- Reduction in tax collections estimated to not exceed \$15 million
- Major change in tax code, would require delay of code adoption to implement

# Taxing authority

- Testimony on November 19 asserted tax code must be consistent with Oregon income tax law
- Assertion relies on ORS 268.505, Metro's statutory authority
- Metro also has charter authority
- Charter authority does not require code to be consistent with state law

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