

## IN CONSIDERATION OF

- ORDINANCE 21-1465, FOR THE PURPOSE OF AMENDING METRO CODE CHAPTERS 7.05, 7.06 AND 7.07 TO ADD CERTAIN CLARIFICATIONS AND MAKE HOUSEKEEPING CHANGES

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Date: August 23, 2021  
Department: Planning and Development  
Meeting Date: September 9, 2021

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Length: 10 minutes

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### ISSUE STATEMENT

In December 2020, the Metro Council adopted Metro Code Chapters 7.05, “Income Tax Administration for Personal and Business Taxes”, 7.06 “Personal Income Tax”, and 7.07 “Business Income Tax”. These chapters codified certain provisions of the Supportive Housing Services Measure approved by the voters, and established code to implement the taxes imposed by the measure in an effective and efficient manner.

After adoption of the income tax code, Metro continued work on implementation of the tax collection system with our tax administrator, the City of Portland Revenue Division. Administrative rules were developed with a subsection of our Tax Implementation Advisory Table, posted for public comment and hearing, and adopted by our COO in July 2021.

As we referred to our code throughout this process we identified areas for housekeeping updates or certain clarifications. The proposed amendments do not change the intent of the code as adopted by Council, but clarify that intent.

### ACTION REQUESTED

Staff requests adoption of Ordinance No. 21-1465.

### IDENTIFIED POLICY OUTCOMES

The proposed amendments to Metro income tax codes clarify the intent of the code adopted in December 2020. These codes established rules to implement the taxes imposed by the measure in an effective and efficient manner.

### POLICY OPTIONS FOR COUNCIL TO CONSIDER

- Adoption of this ordinance. This results in more clarity in the income tax codes, which guide the tax collection system.
- Adoption of this ordinance with revisions or modifications as described by Council.
- Rejection of this ordinance with other direction to staff. The existing income tax code would remain in place, but proposed amendments would not be made.

## **STAFF RECOMMENDATIONS**

Staff recommend that Metro Council adopt Ordinance No. 21-1465.

## **STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION**

Metro staff formed a tax implementation advisory table in June 2020 to advise on technical aspects of tax implementation, technical issues, and provide recommendations to ensure a smooth, legal and easy tax collection process. Members included experts in taxation, tax policy, tax implementation and business stakeholders. The table met with staff multiple times and provided input on development of the tax codes.

Council provided direction on code development at a November 2020 work session, and three Council meetings in December 2020. The code was adopted on December 17, 2020.

Tax collection began in April 2021. Collections are expected to begin slowly, as is common with any new tax. Through July 2021 total collections are \$2 million, and \$1.8 million has been distributed to our local implementation partners.

## **BACKGROUND**

In May 2020 voters in greater Portland approved a measure to raise money for supportive housing services for people experiencing homelessness or at risk of experiencing homelessness.

The program is funded by two separate taxes: a 1% personal income tax on taxable income above \$125,000 for individuals and \$200,000 for those filing jointly, and a 1% business income tax on net income for businesses with gross receipts above \$5 million.

Other Metro programs and projects are funded through bond measures or property tax levies. This is the first program at Metro that uses personal and business income taxes, and it is the first local personal income tax in the region since Multnomah County's personal income tax ended in 2006.