



Program #72008B - FRM Preschool for All Tax Administration 7/6/2021

Department: County Management **Program Contact:** Eric Arellano
Program Offer Type: Innovative/New Program **Program Offer Stage:** As Adopted
Related Programs:
Program Characteristics:

Executive Summary

The Treasury tax administration unit is responsible for managing all tax administrative activities for the new Preschool For All Program tax. This includes but is not limited to tax accounting, tax reporting, tax code development and oversight, tax procedures, tax forms, tax handbook, tax communication/education, general tax support, and management of intergovernmental agreement with the City of Portland.

Program Summary

On November 3, 2020 the voters of Multnomah County approved Preschool For All Program Ballot Measure 26-214 which authorized the County to impose a personal income tax to fund universal, tuition free, voluntary, and high quality preschool education for every three and four year residing within Multnomah County. The tax is effective tax years beginning January 1, 2021 and applies to resident and non-residents: 1.5% tax on Oregon taxable income over \$125,000 and 3.00% tax on Oregon taxable income over \$250,000 for single filers. 1.5% tax on Oregon taxable income over \$200,000 and 3.00% for Oregon taxable income over \$400,000 for joint filers.

The City of Portland, through an intergovernmental agreement, will be administering and collecting the tax on behalf of Multnomah County. The City of Portland has administered the County's Business Income Tax for over 25 years and administered the County's ITAX (temporary personal income tax) from 2003-2005. The City of Portland will also be administering the Metro District Supportive Housing Services personal income tax for the Tri-County area, creating significant economies of scale. The City has the tax software, expert staffing, and experience to administer tax. In the first 3 years of the tax program, the County will pay for system implementation costs to accommodate necessary tax system enhancements directly related to the new tax. In FY 2022 the total cost will be \$12.9m, with \$8.6m of that going to system implementation costs. Annual ongoing costs of collection will level off in FY24 at approximately \$6.3m, adjusted by consumer price index (CPI).

In addition to contract expenditures, this program includes two FTE (Project Manager and Finance Specialist Senior) to develop tax code, tax administrative procedures, tax handbook, educational materials, taxpayer outreach, development of tax forms, tax accounting, tax reporting, and other necessary tax administrative functions.

Performance Measures

Measure Type	Primary Measure	FY20 Actual	FY21 Budgeted	FY21 Estimate	FY22 Offer
Output	Establish tax administration unit for new tax*	N/A	N/A	N/A	1
Outcome	Collection activities start in April 2021**	N/A	N/A	N/A	1

Performance Measures Descriptions

*1=Achieved; 0=Not Achieved
 **1=Achieved; 0=Not Achieved

Legal / Contractual Obligation

Multnomah County Code Chapter 11 (Personal Income Tax). The Personal Income Tax will be administered by the City of Portland through an intergovernmental agreement (IGA) that expires in fiscal year 2030.

Revenue/Expense Detail

	Adopted General Fund	Adopted Other Funds	Adopted General Fund	Adopted Other Funds
Program Expenses	2021	2021	2022	2022
Personnel	\$0	\$0	\$0	\$284,132
Contractual Services	\$0	\$0	\$0	\$12,875,985
Materials & Supplies	\$0	\$0	\$0	\$5,000
Internal Services	\$0	\$0	\$0	\$14,724
Total GF/non-GF	\$0	\$0	\$0	\$13,179,841
Program Total:	\$0		\$13,179,841	
Program FTE	0.00	0.00	0.00	2.00

Program Revenues				
Total Revenue	\$0	\$0	\$0	\$0

Explanation of Revenues

This program will be supported entirely by tax receipts from Preschool For All Program (fund 1522). Tax revenues budgeted in program offer 25200-22.

Significant Program Changes

Last Year this program was: