

**Department:** Nondepartmental **Program Contact:** Mike Jaspin  
**Program Offer Type:** Existing Operating Program **Program Offer Stage:** As Adopted  
**Related Programs:**  
**Program Characteristics:**

**Executive Summary**

This program offer accounts for Business Income Tax (BIT) collected on behalf of and passed through to the east county cities of Gresham, Troutdale, Fairview, and Wood Village. These payments are prescribed in an intergovernmental agreement (IGA) that shares revenue from the BIT. Under the terms of this agreement, the four cities share 25% of the first 0.6% of BIT collections. This offer also includes the County's obligation to share Community Service Fee revenues generated through the Strategic Investment Program (SIP) with the City of Gresham.

**Program Summary**

The BIT is imposed on the net income derived from business activity within Multnomah County. The BIT was originally set at a rate of 0.6% of net income. In 1985, the tax was increased to 0.95%. In 1987, the tax was further increased to 1.46%. In 1993 the rate was reduced to 1.45% due to the consolidation of collections with the City of Portland's Business License Fee (BLF). The County entered into a tax sharing agreement with the four east county cities, in part to acknowledge the value of business income derived from those cities. The County acts as a fiduciary agent for the four east county cities. The County entered into a SIP agreement with Microchip Technologies, Inc., in FY 2004. Under terms of that agreement, the company agrees to pay 25% of property tax abated in the form of a Community Service Fee. State statutes direct that the County share that revenue with the City in which the company receiving the SIP exemption is located.

<b>Performance Measures</b>					
<b>Measure Type</b>	<b>Primary Measure</b>	<b>FY15 Actual</b>	<b>FY16 Purchased</b>	<b>FY16 Estimate</b>	<b>FY17 Offer</b>
Output		N/A	N/A	N/A	N/A
Outcome		N/A	N/A	N/A	N/A

**Performance Measures Descriptions**

## Legal / Contractual Obligation

The program is mandated under terms of the IGAs with Gresham, Troutdale, Fairview, and Wood Village. The county is obligated to transfer 25% of the revenue associated with the first 0.6% BIT increment. The SIP contract specifies that Gresham receives 47% of revenue derived from the Community Service Fee.

## Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
Program Expenses	2016	2016	2017	2017
Contractual Services	\$7,798,013	\$0	\$8,317,112	\$0
<b>Total GF/non-GF</b>	<b>\$7,798,013</b>	<b>\$0</b>	<b>\$8,317,112</b>	<b>\$0</b>
<b>Program Total:</b>	<b>\$7,798,013</b>		<b>\$8,317,112</b>	
Program FTE	0.00	0.00	0.00	0.00

Program Revenues				
Taxes	\$202,667	\$0	\$202,667	\$0
<b>Total Revenue</b>	<b>\$202,667</b>	<b>\$0</b>	<b>\$202,667</b>	<b>\$0</b>

## Explanation of Revenues

The BIT pass-through is 25% of the first 0.6% of BIT collections.  
Community Service Fee is 25% of the taxes abated under the Strategic Investment Program.

## Significant Program Changes

**Last Year this program was:** FY 2016: 10022-16 Pass-Through Payments to East County Cities

No significant changes.