

Program #10022 - Pass-Through Payments to East County Cities

4/25/2019

Department: Nondepartmental **Program Contact:** Mike Jaspin
Program Offer Type: Existing Operating Program **Program Offer Stage:** As Proposed
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.

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.

Performance Measures

Measure Type	Primary Measure	FY18 Actual	FY19 Purchased	FY19 Estimate	FY20 Offer
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.

Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
Program Expenses	2019	2019	2020	2020
Contractual Services	\$8,889,833	\$0	\$9,352,155	\$0
Total GF/non-GF	\$8,889,833	\$0	\$9,352,155	\$0
Program Total:	\$8,889,833		\$9,352,155	
Program FTE	0.00	0.00	0.00	0.00

Program Revenues				
Taxes	\$205,807	\$0	\$0	\$0
Total Revenue	\$205,807	\$0	\$0	\$0

Explanation of Revenues

The BIT pass-through is 25% of the first 0.6% of BIT collections.

Significant Program Changes

Last Year this program was: FY 2019: 10022-19 Pass-Through Payments to East County Cities