



Program #10022 - Pass-Through Payments to East County Cities 5/2/2022

Department:	Nondepartmental	Program Contact:	Jeff Renfro
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 0.68% of BIT collections. In March 2020, the BCC made adjustments to the BIT affecting the rate, as well as the owners compensation deduction and gross receipts adjustments.

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.

In March 2020, the Board of County Commissioners increased the tax to 2.00%, and increased the owners compensation deduction and gross receipts adjustments. The percent of total collections passed-through was updated to dedicate a portion of the new revenue to East County Cities.

Performance Measures

Measure Type	Primary Measure	FY21 Actual	FY22 Budgeted	FY22 Estimate	FY23 Offer
Output	Regularly share updates on current collections with East County Cities.	N/A	N/A	6	6
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 0.68% BIT increment.

Revenue/Expense Detail

	Adopted General Fund	Adopted Other Funds	Proposed General Fund	Proposed Other Funds
Program Expenses	2022	2022	2023	2023
Contractual Services	\$9,520,000	\$0	\$11,560,000	\$0
Total GF/non-GF	\$9,520,000	\$0	\$11,560,000	\$0
Program Total:	\$9,520,000		\$11,560,000	
Program FTE	0.00	0.00	0.00	0.00

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

Explanation of Revenues

The BIT pass-through is 25% of the first 0.68% of BIT collections.

Significant Program Changes

Last Year this program was: FY 2022: 10022 Pass-Through Payments to East County Cities