



**Program #10022 - Pass-Through Payments to East County Cities** FY 2024 Department Requested

**Department:** Nondepartmental **Program Contact:** Jeff Renfro  
**Program Offer Type:** Existing **Program Offer Stage:** Department Requested  
**Related Programs:**  
**Program Characteristics:** In Target

**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 Description**

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	FY22 Actual	FY23 Budgeted	FY23 Estimate	FY24 Offer
Output	Regularly share updates on current collections with East County Cities.	N/A	6	8	6
Outcome		N/A	N/A	N/A	N/A

**Performance Measures Descriptions**

Measure refers to number of BIT revenue update emails sent to East County Cities.

## 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	Department Requested General Fund	Department Requested Other Funds
<b>Program Expenses</b>	<b>2023</b>	<b>2023</b>	<b>2024</b>	<b>2024</b>
Contractual Services	\$11,560,000	\$0	\$13,181,051	\$0
<b>Total GF/non-GF</b>	<b>\$11,560,000</b>	<b>\$0</b>	<b>\$13,181,051</b>	<b>\$0</b>
<b>Program Total:</b>	<b>\$11,560,000</b>		<b>\$13,181,051</b>	
<b>Program FTE</b>	0.00	0.00	0.00	0.00

Program Revenues				
<b>Total Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## 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 2023: 10022 Pass-Through Payments to East County Cities