

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON**

RESOLUTION NO. 2025-066

Resolution approving amendment to the Intergovernmental Agreement between Multnomah County and the City of Portland for the Administration of the County's Preschool for All Program Personal Income Tax.

The Multnomah County Board of Commissioners Finds:

- a. On November 3, 2020, Multnomah County voters approved Ballot Measure 26-214, which authorizes 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-old residing within Multnomah County (the "Preschool for All Program").
- b. The Preschool for All Program personal income tax is effective January 1, 2021.
- c. In January of 2021, the County approved an Intergovernmental Agreement (10-year term) with the City of Portland Revenue Bureau and Financial Services to administer the Preschool for All Tax on behalf of the County. Administration includes: assessing and collecting tax, collecting estimates payments, managing tax deficiencies, audit returns, processing refunds, managing tax appeals, and promulgating administrative rules and policies.
- d. The City of Portland Bureau of Revenue and Financial Services administers its own Business License Tax and the County's Business Tax under a separate agreement. The City has administered both programs since 1993. The City of Portland Bureau of Revenue and Financial Services also administered the County's temporary personal income tax (the "ITAX") when it was imposed in 2003.
- e. In September 2020, the City of Portland implemented new tax software "Integrated Tax System" that greatly modernized and enhanced tax collection and administration for both the City and County.
- f. The City of Portland Revenue Bureau also administered the Metro Supportive Housing Services (SHS) personal income tax. The County and Metro have made all reasonable efforts to maintain tax code conformity among tax programs to facilitate the tax filing process for shared taxpayers and to achieve some economies of scale (reducing overall administration costs).
- g. The City of Portland Revenue Bureau administers both personal income tax programs together. Annual compensation is equal to actual costs incurred by the City, subject to not-to-exceed annual amounts per agreement. Administration costs are proportioned out based on program tax collections. In 2021, when the programs were first being implemented it was estimated Preschool for All tax collections would account for 47% of all tax revenues (SHS 53%). In the first 3 years of actual collections, Preschool for All has accounted for about 52% of tax revenues.

- h. As a result of Preschool for All tax collections exceeding initial estimates, a higher percentage of administration costs are being allocated to the County. This requires an amendment to Intergovernmental Agreement to raise the not-to-exceed threshold beginning in fiscal year 2026. We estimate this will increase planned administration costs by \$553,667 (8% increase) in fiscal year 2026.
- i. The attached amendment to Intergovernmental Agreement will be effective July 1, 2025. The amendment is reflected in Section 4, Part b "Payments to City". Administration costs include ongoing operations and Integrated Tax System "ITS". The Division of Finance and Risk Management of the Department of County Management recommends approval of this amendment.

The Multnomah County Board of Commissioners Resolves:

The Board of County Commissioners approves the attached amendment to Intergovernmental Agreement for the administration of the County Personal Income Tax. The amendment will be retro to July 1, 2025.

ADOPTED this 20th day of November, 2025.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Jessica Vega Pederson, Chair

REVIEWED:
JENNY M. MADKOUR, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By _____
William Glasson, Assistant County Attorney

SUBMITTED BY: Eric Arellano, Chief Financial Officer