BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

ORDINANCE NO. 2026-056

Amending MCC Chapter 11.500 – Preschool For All Personal Income Tax to Reflect Certain Administrative Code Changes.

(Language ~~stricken~~ is deleted; double underlined language is new.)

The Multnomah County Board of Commissioners Finds:

1. On November 3, 2020, the voters of Multnomah County 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-olds residing within Multnomah County (the "Preschool for All Program").

2. The Preschool for All Program personal income tax is effective January 1, 2021.

3. On January 28, 2021, Ordinance 1293 was approved establishing Multnomah County Code (MCC) §§ 11.500 - 11.560 of County Code Chapter 11, tax code for the Preschool For All Program.

4. The Preschool for All tax code allows taxpayers with income sourced to multiple taxing jurisdictions to claim all credits that the County is required to offer under applicable federal and state of Oregon laws.

5. Consistent with Oregon Revised Statute Chapter 314, the Preschool for All tax code authorizes a 3-year statute of limitation to seek a tax refund from the date the taxfiler filed the original return, or two years from the date in which the tax was paid if no return was filed.

6. The City of Portland Bureau of Revenue recently notified the County that many Preschool for All taxpayers that had their taxes withheld by their employer for tax years 2021 and 2022 (and did not file a return) may be subject to a refund as they did not meet taxable income thresholds. These taxpayers may not be aware they can seek a return for possible overpayment if they file a return for tax years 2021 and/or 2022.

7. This proposed tax code amendment extends the statute of limitations on refunds in a limited scope for tax years 2021 and 2022. Those impacted taxpayers will be actively notified by the City of Portland's Revenue Bureau.

8. The proposed amendment to MCC § 11.542 Deficiencies and Refunds will allow the tax administrator to allow refunds of personal income tax overpayments specific to employer withholding payments. It allows refunds in order to enhance compliance with the tax program. It also requires an original return be filed by April 15, 2027, to claim the refund.

9. The Division of Finance and Risk Management of the Department of County Management recommends the adoption of this ordinance to the Board of County Commissioners to amend certain portions of MCC § 11.500 et seq. Upon the adoption of this ordinance, the tax administrator will begin notifying all impacted taxpayers they may seek a refund for employer withholding overpayments by filing an original tax return no later than April 15, 2027. The County has worked closely with the City of Portland Revenue Division and Metro with the intent to implement these amendments uniformly between jurisdictions.

10. The City of Portland's Revenue Bureau is actively monitoring similar situations for tax years after 2022 to ensure taxpayers are aware of refund opportunities where tax instances are appropriate.

11. The County intends to maintain tax code conformity with the Metro District Supportive Housing Services personal income tax to facilitate tax administration and the tax filing process. The amendment being proposed aligns Multnomah County Preschool For All Program tax code with the Metro District Supportive Housing Services personal income tax code.

Multnomah County Ordains as Follows:

§ 11.528 CREDIT FOR PERSONAL INCOME TAXES PAID BY RESIDENTS TO ANOTHER STATE JURISDICTION

(A) A Resident that pays personal income taxes based on or measured by net income to another state jurisdiction shall be allowed a credit against tax otherwise owed under this subchapter for the amount of income tax imposed on the Taxfiler for the Tax Year by that other state jurisdiction on income derived from sources therein and that is also subject to the Preschool For All Personal Income Tax.

(B) The credit provided under this section shall not exceed the lesser of the proportion of the tax paid on the mutually taxed income that is otherwise due under this subchapter, or the tax that would be due under this subchapter on that income if it were derived from sources within Multnomah County.

(C) Unless otherwise required by applicable state or federal laws, ~~No~~no credit shall be allowed under this section for income taxes paid to a state that allows a Nonresident a credit against the income taxes imposed by that state for taxes paid or payable to the state of residence.

(D) The Administrator will establish by written policy the criteria and procedures for obtaining the credit, such as furnishing the County with proof of tax payment to another state jurisdiction, and examples when this credit is allowed. The Administrator may refer to ORS 316.082 to establish these policies.

§ 11.542 DEFICIENCIES AND REFUNDS

(A) The Administrator may assess deficiencies and grant refunds any time within the periods set forth for deficiencies or refunds under ORS Chapter 314. The Administrator may by agreement with the Taxfiler extend the time periods.

(B) When no tax return has been filed, there is no time limit for a notice of deficiency or the assessment of taxes, penalty, and interest due.

(C) Notwithstanding subsections (A) and (B), the Administrator is not required to accept any tax return for any tax period from a Taxfiler if:

(1) The Administrator obtains a money judgment against the Taxfiler for failure to pay an unpaid account balance due;

(2) The Administrator or its legal representative has lawfully served the Taxfiler with the lawsuit pursuant to the Oregon Rules of Civil Procedure;

(3) The tax return is for a taxable year that is the subject of the general money judgment; and

(4) The Administrator gave written notice stating that the Taxfiler had an outstanding balance due at least 30 days before the Administrator (or its legal representative) filed a lawsuit for those particular Tax Years.

(D) Notwithstanding subsection (A), the Administrator may issue a personal income tax refund beyond the periods set forth for refunds under ORS Chapter 314 for an overpayment that resulted from employer withholding for Tax Years 2021 and 2022, provide that:

(1) The taxfiler claims a refund of the overpayment on an original personal income tax return; and

(2) The taxfiler files the return no later than April 15, 2027.

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FIRST READING: 8/20/26

SECOND READING AND ADOPTION: 8/27/26

BOARD OF COUNTY COMMISSIONERS FOR MULTNOMAH COUNTY, OREGON

Jessica Vega Pederson

Jessica Vega Pederson, Chair

REVIEWED:
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By______________________________
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