

Department: County Management **Program Contact:** Eric Arellano
Program Offer Type: Existing Operating Program **Program Offer Stage:** As Requested
Related Programs:
Program Characteristics: In Target

Executive Summary

Treasury manages the County's cash assets, investment portfolio, debt, banking services and relationships and broker/dealer relationships. Treasury also manages the Excise Tax Administration program which includes management of revenue collections for Motor Vehicle Rental Tax (MVRT), Transient Lodging Tax (TLT) and Business Income Tax (BIT) in accordance with Multnomah County Code, the County's fiduciary responsibilities and revenue & taxation policies and procedures.

Program Summary

Treasury invests the County's financial assets to ensure that funds are available to meet anticipated cash flow needs. Investment earnings are measured against specific benchmarks outlined in the Investment Policy. Treasury complies with all applicable laws, policies and best practices in the management of County funds.

Treasury supports the Chief Financial Officer in the issuance of debt, including opportunities to refinance existing debt and maintains contact with rating agencies. It ensures timely and accurate debt service payments and generates arbitrage rebate calculations and reports. Treasury regularly analyzes cash flow. From time to time it is necessary to issue short term Tax and Revenue Anticipation Notes (TRANS) to provide liquidity prior to the collection of property taxes in November.

The County collects and administers three excise taxes. A Business Income Tax (BIT) is assessed against businesses with income generated within the County. It is set at a rate of 2.00% of net income. BIT is the second largest revenue source in the General Fund, generating approximately 17% of General Fund revenues. A Motor Vehicle Rental Tax (MVRT) is charged on the rental of cars and light trucks within the County. It is currently set at a rate of 17% of rental fees. A portion of the tax (2.5%) is passed through to the Visitors Development Fund to support tourist activities. A Transient Lodging Tax (TLT) is charged on the rental of hotel/motel rooms within the County. It is currently set at a rate of 11.5% of rental fees. Most of the revenue generated by the TLT is passed through to other entities. Cities retain 6%, another 3% is dedicated to operating the Oregon Convention Center, and 2.5% is passed through to the Visitors Development Fund.

Treasury provides countywide accounts receivable oversight and management including AR aging monitoring, cash management, and collection activities. Treasury maintains effective banking relationships to keep pace with technology and adapt to the needs of County Departments in delivering business services to County residents.

Performance Measures

Measure Type	Primary Measure	FY20 Actual	FY21 Budgeted	FY21 Estimate	FY22 Offer
Output	Compliance with Investment Policy*	1	1	1	1
Outcome	Tax Returns Filed-Motor Vehicle and Transient Lodging**	2,270	2,300	2,250	2,300
Outcome	Ensure County's Cash Flow Needs are Met***	1	1	1	1
Output	Number of Active Business Accounts in County****	106,000	108,000	105,000	108,000

Performance Measures Descriptions

*Measurement Key: 1 = Goal Achieved, 0 = Not Achieved (ensures compliance to applicable ORS)

**The number of tax returns filed is a measure of compliance with applicable code requirements.

***Measurement Key: 1 = Goal Achieved, 0 = Not Achieved (ensures County meets its debt obligations)

****The number of business accounts is used as a workload measure and serves as an indicator of economic activity within the County.

Legal / Contractual Obligation

Oregon Revised Statutes ORS 294 and 295 (primarily ORS 294.035), Multnomah County Code Chapter 12 (BIT) and Chapter 11 (MVRT and TLT). The Business Income Tax is administered by the City of Portland through an intergovernmental agreement (IGA) that expires at the end of FY 2030

Revenue/Expense Detail

	Adopted General Fund	Adopted Other Funds	Requested General Fund	Requested Other Funds
Program Expenses	2021	2021	2022	2022
Personnel	\$566,412	\$0	\$596,110	\$0
Contractual Services	\$1,666,126	\$0	\$2,997,653	\$0
Materials & Supplies	\$13,950	\$0	\$13,950	\$0
Total GF/non-GF	\$2,246,488	\$0	\$3,607,713	\$0
Program Total:	\$2,246,488		\$3,607,713	
Program FTE	4.00	0.00	4.00	0.00

Program Revenues				
Interest	\$120,000	\$0	\$120,000	\$0
Service Charges	\$180,000	\$0	\$115,000	\$0
Total Revenue	\$300,000	\$0	\$235,000	\$0

Explanation of Revenues

External revenue is received through an agreement between the County and the Visitors Development Fund Board. Under terms of the IGA that created the Visitors Development Fund the County receives an administrative fee equal to 0.7% of MVRT and TLT revenues recorded in the fund.

Investment earnings from the investment portfolio are allocated to this program to cover administrative fees for non-discretionary investment advisory services.

Significant Program Changes

Last Year this program was: FY 2021: 72008A FRM Treasury and Tax Administration

In fiscal year 2020 the County extended its agreement with the City of Portland for the administration and collection of the County's Business Income Tax. The City recently implemented new tax software (Integrated Tax System, "ITS") that will greatly enhance collection systems and processes. The new system is expected to generate a boost in tax revenues. Under the new agreement, the County will pay for a portion of ITS implementation costs if collections exceed certain benchmarks. In FY 22, the ITS costs are estimated at \$1.3m