

Department:	County Management	Program Contact:	Eric Arellano
Program Offer Type:	Existing Operating Program	Program Offer Stage:	As Requested
Related Programs:	25200-25205, 40099B, 78301B		
Program Characteristics:	In Target		

Executive Summary

The Treasury tax administration unit is responsible for managing all tax administrative activities for the new Preschool For All Program tax. This includes but is not limited to tax accounting, tax reporting, tax code development and maintenance, tax procedures, tax forms, tax handbook, tax communication/education, general tax support, and management of intergovernmental agreement with the City of Portland.

Program Summary

On November 3, 2020 the voters of Multnomah County approved Preschool For All Program Ballot Measure 26-214 which authorized 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 tax is effective tax years beginning January 1, 2021 and applies to resident and non-residents: 1.5% tax on Oregon taxable income over \$125,000 and 3.00% tax on Oregon taxable income over \$250,000 for single filers. 1.5% tax on Oregon taxable income over \$200,000 and 3.00% for Oregon taxable income over \$400,000 for joint filers.

The City of Portland, through an intergovernmental agreement, is administering and collecting the tax on behalf of Multnomah County. The City of Portland has administered the County's Business Income Tax for over 26 years and administered the County's ITAX (temporary personal income tax) from 2003-2005. The City of Portland is also administering the Metro District Supportive Housing Services personal income tax for the Tri-County area, creating significant economies of scale. The City has the tax software, expert staffing, and experience to administer tax. In the first 3 years of the tax program, the County will pay for system implementation costs to accommodate necessary tax system enhancements directly related to the new tax. In FY 2023 the total cost will be \$7.2m, with \$960K of that going to system implementation costs. Annual ongoing costs of collection will level off in FY24 at approximately \$6.38m, adjusted by consumer price index (CPI).

In addition to contract expenditures, this program includes one FTE (Project Manager) to develop and maintain tax code, tax administrative procedures, tax handbook, educational materials, taxpayer outreach, development of tax forms, tax accounting, tax reporting, and other necessary tax administrative functions.

Performance Measures

Measure Type	Primary Measure	FY21 Actual	FY22 Budgeted	FY22 Estimate	FY23 Offer
Output	Establish tax administration unit for new tax*	N/A	N/A	1	1
Outcome	Collection activities start in April 2021 (deadline for payment April 2022)**	N/A	N/A	1	1

Performance Measures Descriptions

*1=Achieved; 0=Not Achieved

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Legal / Contractual Obligation

Multnomah County Code Chapter 11 (Preschool For All Personal Income Tax 11.500-560). The Personal Income Tax will be administered by the City of Portland through an intergovernmental agreement (IGA) that expires in fiscal year 2030.

Revenue/Expense Detail

	Adopted General Fund	Adopted Other Funds	Requested General Fund	Requested Other Funds
Program Expenses	2022	2022	2023	2023
Personnel	\$0	\$284,132	\$0	\$158,511
Contractual Services	\$0	\$12,875,985	\$0	\$7,190,541
Materials & Supplies	\$0	\$5,000	\$0	\$5,000
Internal Services	\$0	\$14,724	\$0	\$25,052
Total GF/non-GF	\$0	\$13,179,841	\$0	\$7,379,104
Program Total:	\$13,179,841		\$7,379,104	
Program FTE	0.00	2.00	0.00	1.00

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

Explanation of Revenues

This program generates \$5,691 in indirect revenues.

This program will be supported entirely by tax receipts from Preschool For All Program (fund 1522). Tax revenues budgeted in program offer 25200-23.

Significant Program Changes

Last Year this program was: FY 2022: 72008B FRM Preschool for All Tax Administration

Program has been reduced by 1.0 FTE (Finance Specialist Senior). One year into implementation of new tax program we have determined the program can be supported by one Project Manager and Tax Consultant (Professional Services).