



**Program #72052B - FRM Preschool for All Tax Administration - City of Portland** 5/2/2022

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

**Executive Summary**

The City of Portland's Revenue Bureau through an intergovernmental agreement administers and collects the Preschool for All personal income tax on behalf of Multnomah County as imposed under Chapter 11 of County Code. The administration started in tax year 2021 and will be for a 10 year term.

**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. The administration includes, but not limited to, promulgating administrative rules and policies, collecting estimated tax payments, auditing returns, assessing and collecting tax and tax deficiencies, including penalties and interest, processing refunds, hearing appeals, and other actions necessary to administer and collect 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 FY 2024 at approximately \$6.38M, adjusted by consumer price index (CPI).

County Treasury manages the intergovernmental agreement with the City of Portland.

**Performance Measures**

Measure Type	Primary Measure	FY21 Actual	FY22 Budgeted	FY22 Estimate	FY23 Offer
Output	Establish electronic filing process for taxpayers*	N/A	N/A	1	1
Outcome	Tax receipts (annual and quarterly) are remitted to Multnomah County on monthly basis**	N/A	N/A	1	1
Output	Send out tax mailer to all businesses, governments, and non-profits in Tri-County***	N/A	N/A	1	1

**Performance Measures Descriptions**

\*1=Achieved; 0=Not Achieved  
 \*\*1=Achieved; 0=Not Achieved  
 \*\*\*1=Achieved; 0=Not Achieved

## 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	Proposed General Fund	Proposed Other Funds
Program Expenses	2022	2022	2023	2023
Contractual Services	\$0	\$12,875,985	\$0	\$7,175,541
<b>Total GF/non-GF</b>	<b>\$0</b>	<b>\$12,875,985</b>	<b>\$0</b>	<b>\$7,175,541</b>
<b>Program Total:</b>	<b>\$12,875,985</b>		<b>\$7,175,541</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

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