

**Program #72052B - FRM Preschool for All Tax Administration - City of Portland****FY 2026 Proposed**

Department: County Management **Program Contact:** Eric Arellano
Program Offer Type: Operating **Program Offer Stage:** Proposed
Related Programs: 25200-25207, 40099B, 78335, 10000A, 10007B
Program Characteristics:

Program Description

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 30 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 three years of the tax program, the County paid for system implementation costs to accommodate necessary tax system enhancements directly related to the new tax; those costs ended in FY 2023. Annual ongoing tax administration costs are \$6.8m in FY 2026 and will be adjusted yearly by consumer price index (CPI).

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

Performance Measures

Measure Type	Performance Measure	FY24 Actual	FY25 Budgeted	FY25 Estimate	FY26 Target
Output	Provide electronic filing process for taxpayers*	1	1	1	1
Outcome	Tax receipts (annual and quarterly) are remitted to Multnomah County on monthly basis**	1	1	1	1
Output	Send out tax communication (e.g. mailer) to all businesses, governments, and non-profits in Tri-County**	1	1	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	2025	2025	2026	2026
Contractual Services	\$0	\$6,621,840	\$0	\$6,800,630
Total GF/non-GF	\$0	\$6,621,840	\$0	\$6,800,630
Program Total:	\$6,621,840		\$6,800,630	
Program FTE	0.00	0.00	0.00	0.00

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

Explanation of Revenues

This program is supported by tax receipts from Preschool For All Program (Fund 1522). Tax revenues are budgeted in program offer 25200-26.

Significant Program Changes

Last Year this program was: FY 2025: 72052B FRM Preschool for All Tax Administration - City of Portland