

Division: Finance & Risk Management

Program Characteristics:

Program Description

On November 3, 2020, Multnomah County voters approved the Preschool For All Program Ballot Measure 26-214 to impose a personal income tax to fund universal, tuition-free, voluntary, and high-quality preschool education for all three and four-year-olds in the County.

The tax became effective for tax years starting January 1, 2021, and applies to both residents and non-residents with Oregon taxable income exceeding certain thresholds:

- Single Filers: 1.5% tax on income over \$125,000 and 3.00% on income over \$250,000.
- Joint Filers: 1.5% tax on income over \$200,000 and 3.00% on income over \$400,000.

The City of Portland Revenue Bureau manages and collects the Preschool for All income tax under the oversight of the County Treasury, leveraging its extensive experience administering other County and local taxes, including the Business Income Tax, the temporary personal income tax (ITAX), and the Metro District Supportive Housing Services tax. The City's role includes all necessary tasks to administer the Preschool for All tax Program:

- Promulgating administrative rules and policies.
- Assessing and collecting tax, handling tax deficiencies including penalties and interest.
- Collecting estimated tax payments.
- Auditing tax returns.
- Processing refunds and hearing appeals.
- Managing all tax records in the Integrated Tax System (ITS).

Annual ongoing tax administration costs are \$7.69m in FY 2027 and will be adjusted yearly by consumer price index (CPI).

Equity Statement

Staff, in partnership with the City of Portland, ensure the consistent and responsible administration of tax funds. By leveraging their combined expertise in collection and management, the program secures continued access to early education.

Revenue/Expense Detail

	2026 General Fund	2026 Other Funds	2027 General Fund	2027 Other Funds
Contractual Services	\$0	\$6,800,630	\$0	\$7,692,482
Total GF/non-GF	\$0	\$6,800,630	\$0	\$7,692,482
Total Expenses:	\$6,800,630		\$7,692,482	
Program FTE	0.00	0.00	0.00	0.00
Total Revenue	\$0	\$0	\$0	\$0

Performance Measures

Performance Measure	FY25 Actual	FY26 Estimate	FY27 Target
Provide electronic filing process for taxpayers	1	1	1
Sent out tax communication (i.e., mailer) to all businesses, governments, and non-profits in Tri-County (1-Yes, 0-No)	1	1	1