

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON**

RESOLUTION NO. 2020-037

Resolution Approving Amendment to Intergovernmental Agreement to Share Business Income Tax with the Cities of Gresham, Troutdale, Fairview, and Wood Village

The Multnomah County Board of Commissioners Finds:

- a. The County and the Cities of Gresham, Troutdale, Fairview, and Wood Village (the "East County Cities") entered into an intergovernmental agreement (IGA) on July 14, 1988, with minor modification made in 1998, describing how the parties would administer and share business income tax (BIT) revenue collected in the East County Cities.
- b. The interest of the business community are best served when a system of taxation does not impose duplicative administrative and reporting requirements. The IGA ensures tax collections follow a uniform tax code, simplifies the filing process for taxpayers, and reduces administrative costs for all parties.
- c. On March 19, 2020, the County approved an increase to the BIT rate from 1.45% to 2.00%, effective for the tax year beginning January 1, 2020. The County also increased the gross receipts exemption from \$50,000 to \$100,000 and increased the owners' compensation allowance deduction from \$108,000 to \$127,000.
- d. The attached Amendment No. 1 to the IGA provides for a change to the collective share calculation, effective for tax year 2020. Through this change, East County Cities will receive 3.0% of the estimated new BIT revenues from the rate increase, net of other code changes (increases to gross receipt exemption and owners compensation deduction).
- e. BIT receipts that are shared with the East County Cities support essential public services. This increased collective share will help the cities maintain and enhance services.
- f. The County in collaboration with the East County Cities commit to continuing discussions on broader level changes to IGA.

The Multnomah County Board of Commissioners Resolves:

The Board of County Commissioners approves the attached Amendment to share Business Income Tax with the Cities of Gresham, Troutdale, Fairview, and Wood Village.

ADOPTED this 28th day of May, 2020.



BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Deborah Kafoury, Chair

REVIEWED:
JENNY M. MADKOUR, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By 
William Glasson, Senior County Attorney

SUBMITTED BY: Eric Arellano, Chief Financial Officer, County Management

**AMENDMENT NO. 1
TO
CITY OF GRESHAM, CITY OF TROUTDALE, CITY OF FAIRVIEW AND CITY OF WOOD VILLAGE
MULTNOMAH COUNTY BUSINESS INCOME TAX
INTERGOVERNMENTAL AGREEMENT**

This AMENDMENT NO. 1 TO MULTNOMAH COUNTY, OREGON, CITY OF GRESHAM, CITY OF TROUTDALE, CITY OF FAIRVIEW AND CITY OF WOOD VILLAGE MULTNOMAH COUNTY BUSINESS INCOME TAX INTERGOVERNMENTAL AGREEMENT (the "Amendment") is effective as of May 1, 2020 (the "Effective Date"), and is made by and between Multnomah County, a political subdivision of the State of Oregon ("County"), and the City of Gresham, City of Troutdale, City of Fairview and City of Wood Village, each a political subdivision of the State of Oregon (each a "City" and, collectively, the "Cities"). The parties to the Amendment are collectively referred to as the "Parties".

RECITALS

WHEREAS, the Parties entered into the Multnomah County, Oregon, City of Gresham, City of Troutdale, City of Fairview and City of Wood Village Multnomah County Business Income Tax Intergovernmental Agreement, dated May 7, 1998 (the "Agreement"), to document understandings and agreements between the Parties regarding County's allocation to the Cities of a portion of the business income taxes (BIT) net revenues received by County from the City of Portland ("Portland"), which collects and administers the Multnomah County BIT, levied under Multnomah County Code (MCC) Chapter 12;

WHEREAS, the Parties have agreed that County will allocate to the Cities an increased portion of the BIT net revenues collected for tax year 2020 that it receives from Portland;

WHEREAS, County has amended MCC since the Agreement was signed and, as a result, many of the references to MCC in the Agreement are now incorrect;

WHEREAS, the Parties now wish to amend the Agreement to reflect the increased net BIT revenue allocation and to update the incorrect references to MCC Chapter 11;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

AGREEMENT

1. Increased Net BIT Allocations. Section 2.1 of the Agreement is amended in its entirety, as follows:

For the tax period running from January 1, 2020, to June 30, 2021, County shall allocate to the Cities an aggregate amount of 25% of the net Business Income Tax revenue received from the City of Portland collected on the first 0.68% of one percent of the Business Income Tax rate under authority of MCC 12.500. This amount is defined as the "Collective Share". The Collective Share shall be paid out of the County's net revenue from the Business Income Tax receipts received from the City of Portland Revenue Bureau in any tax period. Beginning July 1, 2021, until termination of the Agreement, the aggregate

amount of the net Business Income Tax revenue to be paid to the Cities shall revert back to the original allocation proportion in place prior to January 1, 2020.

2. REFERENCES TO MULTNOMAH COUNTY CODE. All references to MCC in the Agreement, and as provided for under this Amendment, shall refer to the current version of MCC Chapter 12, sections 12.005 through 12.995 of County's BIT code.

3. NO OTHER CHANGES. All other terms and conditions of the Agreement remain unchanged and in force.

IN WITNESS WHEREOF, and intending to be legally bound, the Parties hereto have caused this Amendment to be executed by their duly authorized representatives.

Multnomah County

501 SE Hawthorne Blvd., Portland, OR 97214

By: _____

Name: _____

Title: _____

City of Gresham

1333 NW Eastman Pkwy, Gresham, OR 97030

By: _____

Name: _____

Title: _____

City of Fairview

1300 NE Village St., Fairview, OR 97024

By: _____

Name: _____

Title: _____

City of Troutdale

219 E. Historic Columbia River Hwy, Troutdale, OR 97060

By: _____

Name: _____

Title: _____

City of Wood Village

23335 NE Halsey, Wood Village, OR 97060

By: _____

Name: _____

Title: _____