

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

**ORDINANCE NO. 1299**

**Amending MCC Chapter 12 – Business Income Tax**

(Language ~~stricken~~ is deleted; double underlined language is new.)

**The Multnomah County Board of Commissioners Finds:**

1. Under Multnomah County Code Chapter 12, the County collects a “Business Income Tax” (BIT) on a portion of a business’ income that results from conducting business in Multnomah County.
2. The City of Portland also collects a “Business License Tax” (BLT) tax on a portion of a business’ income that results from conducting business in the City of Portland. The City BLT is administered through City Code Chapter 7.02.
3. By agreement between the City and the County, the City of Portland collects and administers the County BIT. To simplify the administration of the two taxes and to align the County’s BIT code with the City BLT code, the County is proposing amending the County BIT for tax years beginning January 1, 2021. The proposed amendment will remove reference to “joint ventures/tenants-in-common,” add language clarifying the intent to index the owner’s compensation deduction beginning on or after January 1, 2021, and to update a citation to an Oregon Administrative Rule (OAR) for frivolous filing.
4. In addition, and periodically, there is a need to amend Multnomah County Code (MCC) to make technical corrections to address typos, ambiguity, and inconsistent terms.
5. Having identified the above described issues raised by provisions in MCC Chapter 12, the Division of Finance and Risk Management of the Department of County Management recommends the adoption of this ordinance to the Board of County Commissioners to amend certain portions of MCC Chapter 12.
6. The County now wishes to amend the below described portions of MCC §§ 12.100 to 12.840.

**Multnomah County Ordains as Follows:**

**Section 1.** MCC § 12.100 is amended as follows:

**§ 12.100 – DEFINITIONS.**

**INCOME.** The net income arising from any business, as re-portable to the state of Oregon (State) for personal income, corporation excise, or income tax purposes, before any allocation or apportionment for operation out of state, or deduction for a net operating loss carry-forward or carry-back.

(A) Partnerships, S corporations, limited liability companies, limited liability partnerships, family limited partnerships, estates, and trusts and ~~joint ventures (including tenants-in-common arrangements)~~ are liable for the business tax and not the individual partners, shareholders, members, beneficiaries or owners. The income of these entities must include all income received by the entity including ordinary income, interest and dividend income, income from sales of business assets and other income attributable to the entity. For income purposes, a limited liability company is deemed to be the tax entity that includes the income of the limited liability company in its federal tax return if the limited liability company will be disregarded as a separate tax entity.

**PERSON.** Includes, but is not limited to an individual, a natural person, proprietorship, partnership, limited partnership, family limited partnerships, ~~joint venture (including tenants-in-common arrangements)~~, association, cooperative, trust, estate, corporation, personal holding company, limited liability company, limited liability partnership or any other form of organization for doing business.

**Section 2.** MCC § 12.600 is amended as follows:

#### **§ 12.600 – INCOME DETERMINATIONS.**

- (A) (6) For tax years beginning on or after January 1, 2020, the owners compensation deduction cannot exceed \$127,000 per owner as defined in subsection (B), (C), and (D), below. For tax years beginning on or after January 1, 2021, the owners compensation deduction will be indexed as described in subsection (A)(1) above.
- (I) (1) When the operations of the taxfiler from doing business both within and without the county result in a net operating loss, such loss will be apportioned in the same manner as the net income under § 12.600. ~~However, in no case may A~~ net operating loss be carried forward from any tax year during which the taxfiler conducted no business within the county or the taxfiler was otherwise exempt from payment of the Business Income Tax: unless specifically provided for by administrative rule or written policy.

**Section 3.** MCC § 12.840 is amended as follows:

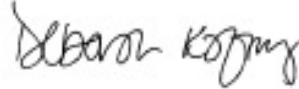
#### **§ 12.840 – FRIVOLOUS FILING.**

A \$500.00 penalty will be assessed if a taxfiler takes a "frivolous position" in respect to preparing the taxfiler's tax return. A tax return is considered frivolous if a taxfiler does not provide information on which the substantial correctness of the self-assessment may be judged or if the tax return contains information that on its face indicates that the self-assessment is substantially incorrect. Examples of "frivolous positions" as provided in Oregon Administrative Rule ~~450-316-992(5)~~ 150-316-0652 are adopted by direct reference. (Ord. 1142, Renum&Amd12.845, 07/16/2009; Ord. 1104, Add, 12/20/2007)

FIRST READING: 7/22/21

SECOND READING AND ADOPTION: 8/26/21

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



**Deborah Kafoury, Chair**



**REVIEWED:  
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FOR MULTNOMAH COUNTY, OREGON**

By   
William Glasson, Senior County Attorney

**SUBMITTED BY: Eric Arellano, CFO**