

Ordinance No. 185781

Amend the Business License Law to increase the Owners Compensation Deduction maximum for the 2013 tax year. (Ordinance; amend Code Section 7.02.600)

The City of Portland ordains:

Section 1. The Council finds:

1. The City of Portland, through the Revenue Bureau, offered a business tax amnesty program to specified non-compliant taxpayers in an attempt to raise revenues for the City of Portland and Multnomah County, while assisting businesses in coming into compliance with the tax code. The amnesty ended in July 2012 and will not be repeated.
2. The timing of this amnesty offer reflected the recovery from the economic downturn by the business community. It was important to provide an opportunity for those businesses who did not keep up with their tax obligations during the downturn to have an opportunity to do so voluntarily and with reduced penalties to remove this burden from their business recovery efforts.
3. The Revenue Bureau estimated that slightly over \$1 million of revenue would be collected for the City of Portland and Multnomah County, combined, under the amnesty program. The goal was exceeded by collecting one-time revenues of \$615,703 for the City and \$433,937 for the County. Estimated ongoing revenues are \$191,125 for the City and \$133,520 for the County. Exhibits A and B are the Bureau's initial project plan and final report on revenues and statistics for the amnesty program.
4. A portion of the one-time City revenues from the amnesty program was used to fund specific items; Council allocated \$400,000 for local schools and \$150,000 for a suicide hotline. The ongoing City revenue of \$191,125 remains uncommitted.
5. On January 18, 2007 City Council passed Resolution #36473 expressing a desire to increase the Owners Compensation Deduction as revenue neutral means are identified. An increase in the Owners Compensation Deduction can now be paid for with the ongoing City revenues identified above.
6. The Revenue Bureau calculates that ongoing City Business License Tax revenues of \$191,125 will allow City Council to increase the Owners Compensation Deduction by \$2,000 for the 2013 tax year. The Owners Compensation Deduction for the 2012 tax year is \$88,500; therefore the 2013 tax year deduction could be increased to \$90,500.

NOW, THEREFORE, the Council directs:

- a. Amend Portland City Code 7.02.600 A as follows:

**7.02.600 Income Determinations.**

**A. Owners Compensation Deductions.** "Owners Compensation Deduction" is defined as the additional deduction allowed in Subsections B., C. and D. below. The owners compensation deduction is indexed (beginning January 1999) by the Consumers Price Index – All Urban Consumers (CPI-U) US City Average as published by the US Department of Labor, Bureau of Labor Statistics, using the September to September index, not seasonally adjusted (unadjusted index). The Bureau determines the exact deduction amount and publishes the amount on forms.

Any increase or decrease under this paragraph that is not in a multiple of \$500 will be rounded up or down to the next multiple of \$500 at the Bureau's discretion. For tax years beginning on or after January 1, 2007, the owners compensation deduction cannot exceed \$80,000 per owner as defined in Subsections B., C. and D. below. For Tax Years beginning on or after January 1, 2008, the owners compensation deduction will be indexed as previously described.

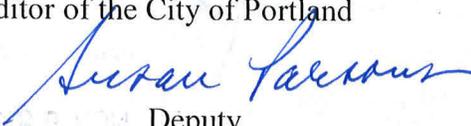
1. For tax years beginning on or after January 1, 2007, the Owners Compensation Deduction cannot exceed \$80,000 per owner as defined in Subsections B., C. and D. below. For tax years beginning on or after January 1, 2008, the Owners Compensation Deduction will be indexed as described above.

2. For tax years beginning on or after January 1, 2013, the Owners Compensation Deduction cannot exceed \$90,500 per owner as defined in Subsections B., C. and D. below. For tax years beginning on or after January 1, 2014, the Owners Compensation Deduction will be indexed as described above.

Passed by the Council: **DEC 05 2012**

Mayor Adams  
Prepared by: Terri Williams  
Date: October 19, 2012

**LaVonne Griffin-Valade**  
Auditor of the City of Portland

By:   
Deputy

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Agenda No.  
**ORDINANCE NO. 185781**  
Title

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<b>INTRODUCED BY</b> Commissioner/Auditor: <b>Mayor Sam Adams, Commissioners</b> <i>FISH and Saltzman</i> <b>COMMISSIONER APPROVAL</b>	CLERK USE: DATE FILED <u>NOV 20 2012</u>
Mayor—Finance and Administration - Adams Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Saltzman Position 4/Safety - Leonard	LaVonne Griffin-Valade Auditor of the City of Portland  By: <i>[Signature]</i> Deputy
<b>BUREAU APPROVAL</b> Bureau: Mayor's Office Bureau Head: Mayor Sam Adams	<b>ACTION TAKEN:</b> NOV 28 2012 PASSED TO SECOND READING      DEC 05 2012 9:30 A.M.
Prepared by: Terri Williams Date Prepared: 11/15/2012	
Financial Impact & Public Involvement Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Council Meeting Date <b>November 28, 2012</b>	
✓ <b>City Attorney Approval:</b> required for contract, code, easement, franchise, comp plan, charter <i>[Signature]</i>	

✓ Tom

<b>AGENDA</b>
<b>TIME CERTAIN</b> <input type="checkbox"/> Start time: _____  Total amount of time needed: _____ (for presentation, testimony and discussion)
<b>CONSENT</b> <input type="checkbox"/>
<b>REGULAR</b> <input checked="" type="checkbox"/> Total amount of time needed: <b>10 min</b> (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	✓	
2. Fish	✓	
3. Saltzman	✓	
4. Leonard	✓	
Adams	✓	