

Portland, Oregon  
**FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT**  
**For Council Action Items**

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Terri Williams		2. Telephone No. 5-2469	3. Bureau/Office/Dept. Revenue
4a. To be filed (hearing date):  11/6/2013	4b. Calendar (Check One)  Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to Commissioner's office and FPD Budget Analyst: 10/22/2013
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed		6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed	

**1) Legislation Title:**

Amend the Business License Law to increase the Owners Compensation Deduction maximum for the 2014 tax year. (Ordinance; amend Code Section 7.02.600)

**2) Purpose of the Proposed Legislation:**

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 be paid for with the elimination of ongoing debt obligations related to City Hall Renovations and the emergency Computer Aided Dispatch identified in the Fall Budget Monitoring Process. Those actions create \$3.5 million in ongoing resources over the City's five year financial forecast that will allow the City to increase the Owner's Compensation Deduction for the 2014 tax year to a maximum deduction of \$100,000 per owner.

**3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?**

- |  |                                    |                                    |                                |
|--|------------------------------------|------------------------------------|--------------------------------|
| <input checked="" type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast             | <input type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East  |
| <input type="checkbox"/> Central City                  |                                    |                                    |                                |

**FINANCIAL IMPACT**

**4) Revenue: Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.**

This code changes reduces business license tax revenues beginning in the 2014 tax year by an estimated \$865,000 annually. The \$3.5 million ongoing resource savings as a result of Council actions in the FY 13-14 Fall BMP will create sufficient resources over the next five years to

offset this tax revenue reduction. Therefore, between these two actions, there is no net increase or decrease to revenues.

**5) Expense:** What are the costs to the City as a result of this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future year, including Operations & Maintenance (O&M) costs, if known, and estimates, if not known. If the action is related to a grant or contract please include the local contribution or match required. If there is a project estimate, please identify the **level of confidence**.)

There are no additional expenses that will be incurred as a result of this code change.

**6) Staffing Requirements:**

- Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? (If new positions are created please include whether they will be part-time, full-time, limited term, or permanent positions. If the position is limited term please indicate the end of the term.)

No.

- Will positions be created or eliminated in future years as a result of this legislation?

No.

*(Complete the following section only if an amendment to the budget is proposed.)*

**7) Change in Appropriations** (If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Fund Center column if new center needs to be created. Use additional space if needed.)

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

**[Proceed to Public Involvement Section — REQUIRED as of July 1, 2011]**

PUBLIC INVOLVEMENT

**8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:**

**YES:** Please proceed to Question #9.

**NO:** Please, explain why below; and proceed to Question #10.

Public Involvement on this issue took place in 2006 and 2007 and was formalized in Resolution #36473, passed by City Council on January 18, 2007.

**9) If "YES," please answer the following questions:**

**a) What impacts are anticipated in the community from this proposed Council item?**

**b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?**

**c) How did public involvement shape the outcome of this Council item?**

**d) Who designed and implemented the public involvement related to this Council item?**

**e) Primary contact for more information on this public involvement process (name, title, phone, email):**

**10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.**

No future public involvement is anticipated or necessary for this item as this takes another step toward meeting business community expectations and Council's intentions established in 2007 and reaffirmed in the FY 13-14 Adopted Budget Note.

Thomas W. Lannom

APPROPRIATION UNIT HEAD (Typed name and signature)



**CITY OF PORTLAND**  
OFFICE OF MANAGEMENT AND FINANCE  
Charlie Hales, Mayor  
Jack D. Graham, Chief Administrative Officer

Revenue Bureau  
Thomas W. Lannom, Director  
111 SW Columbia St., Room 600  
Portland, Oregon 97201  
(503) 823-5154  
FAX (503) 279-2669  
TTY (503) 823-6868

DATE: October 21, 2012

FOR MAYOR'S OFFICE  
USE ONLY

TO: Mayor Charlie Hales

FROM: Thomas W. Lannom, Revenue Bureau Director

186331

RE: **ORDINANCE TITLE** (Include emergency or non-emergency notation)

Amend the Business License Law to increase the Owners Compensation Deduction maximum for the 2014 tax year. (Ordinance; amend Code Section 7.02.600)

1. **INTENDED THURSDAY FILING DATE:** October 31, 2013
2. **REQUESTED COUNCIL AGENDA DATE:** November 6, 2013
3. **CONTACT NAME & NUMBER:** Terri Williams x 5-2469
4. **PLACE ON:**  CONSENT  REGULAR
5. **BUDGET IMPACT STATEMENT ATTACHED:**  Y  N  N/A
6. **(3) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY ATTACHED:**  Yes  No  N/A

**7. BACKGROUND/ANALYSIS**

City Council originally expressed an interest in increasing the Owners Compensation Deduction (OC Deduction) in the business license tax code when they adopted Resolution #36473 on January 18, 2007. The initial increase to the OC Deduction was made in Ordinance #180863, passed on April 4, 2007. Since that time, increases have been the result of the code's inflation provision each year and Ordinance #185312, which offset General Fund tax revenues by the increased tax revenues raised by the 2012 business tax amnesty program offered by the City of Portland.

City Council intended for increases to the OC Deduction after the initial increase to be funded either by the business community through changes in the business tax code that would generate increased revenue to offset the lost revenue from an increased deduction, or a specific additional action by City Council if the Council felt that there were adequate excess General Fund revenues to fund an increase to the OC Deduction.

An FY 2013-14 Adopted Budget Note restated the City's 2007 ultimate goal to increase the OC Deduction \$125,000, specified Council's intent to increase the OC Deduction for the 2014 tax year to at least \$100,000 and directed the City Budget Office to identify potential options to pay for this increase.

**8. FINANCIAL IMPACT**

The Revenue Bureau estimates that ongoing City business license tax revenues will be reduced by \$865,000

*An Equal Opportunity Employer*

*To help ensure equal access to programs, services and activities, the Office of Management & Finance will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities upon request.*

[www.portlandonline.com/omf/revenue](http://www.portlandonline.com/omf/revenue)

annually if the OC Deduction was increased to \$100,000. As part of the Fall Budget Monitoring Process, City Council has proposed to spend \$8.1 million to eliminate ongoing debt obligations related to City Hall Renovations and the emergency Computer Aided Dispatch. This action creates \$3.5 million in ongoing resources in the City's five-year financial forecast. This increase in ongoing resources in the five-year financial forecast has been identified as an option to pay for this OC Deduction increase as requested in the Adopted Budget Note.

**9. RECOMMENDATION/ACTION REQUESTED**

The Revenue Bureau and City Budget Office respectfully request that the ordinance be passed if City Council agrees to increase the Owners Compensation Deduction in the Business License Tax Law to \$100,000 beginning tax year 2014.