

# EXHIBIT A

Amend the following section in Chapter 7.02:

## **7.02.500 Tax Rate.**

(Amended by Ordinance Nos. 187743, 188129, 189017, 189261, 189389 and 189794, effective December 12, 2019.)

- A.** The tax established by the Business License Law is 2.2 percent of adjusted net income, for tax years beginning on or before December 31, 2017. For tax years beginning on or after January 1, 2018, the tax is 2.6 percent of adjusted net income, except as provided in Subsections B., C., D. and E. of this Section.
- B.** Surcharges applicable to Tax Years 2002 through 2005. The following surcharges are imposed in addition to the 2.2 percent tax established in Subsection A. above. The proceeds of the surcharges are dedicated to supplementing the funding provided by the State to the public schools within the City, and allocated to all of the public school districts within the City of Portland.
  - 1.** For the tax year beginning on or after January 1, 2002, a surcharge is imposed in the amount of 1 percent.
  - 2.** For tax year beginning on or after January 1, 2003, a surcharge is imposed in the amount of 0.4 percent.
  - 3.** For tax year beginning on or after January 1, 2004, a surcharge is imposed in the amount of 0.4 percent.
- C.** Surcharge applicable to Tax Years 2006 through 2007. The following surcharges are imposed in addition to the 2.2 percent tax established in Subsection A. above. The proceeds of the surcharges are dedicated to supplementing the funding provided by the State to the public schools within the City, and allocated to all of the public school districts within the City of Portland. The proceeds of the surcharges must be used by the school districts only for programs and activities on which the City is authorized to expend funds pursuant to its charter and state law.
  - 1.** For the tax year beginning on or after January 1, 2006, a surcharge is imposed in the amount of 0.14 percent.
  - 2.** No penalties or interest for failure to make quarterly estimated payments in the amount of the surcharge will be charged or imposed for the 2006 tax year.

3. For the tax year beginning on or after January 1, 2007, a surcharge is imposed in the amount of .07 percent.
4. If the surcharges raise more than \$9 million plus City costs but less than \$9.5 million plus City costs for the 2006 and 2007 tax years combined, the excess over \$9 million, less City costs, will be dedicated to public schools within the City as provided in Subsection C. of this Section. If the surcharges raise more than \$9.5 million plus City costs for the 2006 and 2007 tax years combined, the excess over \$9 million, less City costs, will be retained as a credit for taxes due in a later tax year. The Director will apply the credit to taxes due no later than the 2010 tax year. The Director has the sole discretion to determine the method of calculating and distributing credits.

**D.** Heavy Vehicle Use Tax applicable to Tax Years 2016 through ~~2019~~ 2023. The following tax is imposed in addition to the tax established in Subsection A. above. The proceeds of this tax are dedicated to supplementing the funding of City of Portland street maintenance and safety and shall be deposited in a Street Repair and Traffic Safety Program of the Transportation Operating Fund where street repair and traffic safety expenditures are recorded.

1. For the tax years 2016 through 2023, a Heavy Vehicle Use Tax is imposed on taxpayers who operate one or more Heavy Vehicles on streets owned or maintained by the City of Portland. For the purposes of this tax, a Heavy Vehicle is any vehicle that is subject to the Oregon Weight-Mile Tax pursuant to ORS 825.450 et seq. For the tax years beginning on or after January 1, 2016, January 1, 2017, January 1, 2018 and January 1, 2019, a Heavy Vehicle Use Tax is imposed on taxpayers who operate one or more Heavy Vehicles on streets owned or maintained by the City of Portland. ~~For purposes of this tax, a Heavy Vehicle is any vehicle that is subject to the Oregon Weight Mile Tax pursuant to ORS 825.450 et seq.~~ This this tax is 2.8 percent of the total Oregon Weight-Mile Tax calculated for all periods within the tax year. For the tax years beginning on or after January 1, 2020, this tax is 3 percent of the total Oregon Weight-Mile Tax calculated for all periods within the tax year.
2. The minimum Heavy Vehicle Use Tax due for a tax year is \$100. The minimum tax would be in addition to the \$100 minimum tax described in Section 7.02.545, if applicable.
3. No penalties or interest for failure to make quarterly estimated payments in the amount of the Heavy Vehicle Use Tax will be charged or imposed for the 2016 tax year only. Thereafter, penalties and interest will be calculated as provided for in the Code.
4. The Heavy Vehicle Use Tax shall have a 4 year revenue target, beginning with tax year 2020, of \$11 million plus City costs. If at the end of tax year

2021, the City projects 4 year revenues to be above or below the target by an amount that is more than 10 percent of the target, the City will adjust the rate for subsequent tax years to reach the 4 year target. The Revenue Division of the Bureau of Revenue and Financial Services is authorized to adopt an administrative rule to implement this change, if needed.

- E.** Pay ratio surtax applicable to publicly traded companies subject to U.S. Securities and Exchange Commission pay ratio reporting requirements. The following surtax is imposed in addition to the tax established in Subsection A. above.
1. For tax years beginning on or after January 1, 2017, a surtax of 10 percent of base tax liability is imposed if a company subject to this section reports a pay ratio of at least 100:1 but less than 250:1 on U.S. Securities and Exchange Commission disclosures.
  2. For tax years beginning on or after January 1, 2017, a surtax of 25 percent of base tax liability is imposed if a company subject to this section reports a pay ratio of 250:1 or greater on U.S. Securities and Exchange Commission disclosures.
- F.** Clean Energy Surcharge applicable to Large Retailers with Retail Sales within the City. The following surcharge is imposed in addition to the tax established in Subsection A. above. The proceeds from this surcharge are to support the City of Portland's Climate Action Plan and shall be deposited into the Portland Clean Energy Community Benefits Fund.
1. Filing Requirement. All businesses with total gross income of \$1 billion or more and Portland gross income of \$500,000 or more, as reported on the Combined Tax Return per Section 7.02.610, shall file a schedule with their Combined Tax Return.
  2. Imposition of Surcharge and Rate. Large Retailers shall pay a 1 percent surcharge on Retail Gross Revenue within the City. This surcharge is not a tax imposed directly on the purchaser (consumer). If a Large Retailer itemizes its cost of doing business for the purchaser (consumer), these amounts are still considered Retail Sales subject to the Clean Energy Surcharge.
  3. Calculation of Retail Gross Revenue. In calculating the amount of Retail Gross Revenue for purposes of this Clean Energy Surcharge, a deduction from Retail Sales within the City is allowed for the following:
    - a. The amount of the Portland Business License Tax attributable to revenue subject to this surcharge, if any, paid to the city;
    - b. Retail Sales of Qualified Groceries;
    - c. Retail Sales of Qualified Medicine or Drugs;

- d.** Retail Sales of Qualified Health Care Services;
  - e.** Retail Sales of Qualified Residential Garbage and Recycling Services; and
  - f.** Retail Sales from the administration of Qualified Retirement Plans.
- 4.** Effective Date and Penalties. The Clean Energy Surcharge will apply for all tax years beginning on or after January 1, 2019. Payments will be made consistent with the schedule required in Section 7.02.530. No underpayment interest for failure to make quarterly estimated payments for the Clean Energy Surcharge will be charged or imposed for the 2019 tax year. Thereafter, penalties and interest will be calculated separately from other taxes and surcharges as provided for in Sections 7.02.700 and 7.02.710.

## **Exhibit B – Oversight Committee**

### **Proposed Oversight Committee for Street Representative Air and Traffic Safety Program**

#### **Number of Members**

16

#### **Term**

4 years

#### **Meeting Frequency**

Quarterly

#### **Membership Requirements**

- Business Representative: 1 – 50 employees
- Business Representative: 51+ employees
- Resident: SW/NW Portland
- Resident: N Portland
- Resident: Central Portland
- Resident: Inner East Portland
- Resident: Outer East Portland
- Modal Representative: Pedestrian
- Modal Representative: Transit
- Modal Representative: Disabled
- Modal Representative: Bicyclist
- Modal Representative: Motor Vehicle
- Modal Representative: Freight
- Two experts: transportation: focus on construction and/or paving
- Non-profit Representative: focus on low-income/equity

#### **Role of Oversight Committee**

- Provide guidance to City Council on the effective use of new resources
- Monitor revenues, expenditures, and program/project implementation
- Annually review program priorities, spending, and any necessary revisions to project lists/financial plans, including the annual program audit. May make recommendations to City Council for project list revisions
- Monitor constructions impacts to businesses and neighborhoods
- Monitor utilization of minority-owned, women-owned, and emerging small businesses to support community benefits
- Provide an annual Representative report to City Council containing the above information

#### **Staffing for the Committee**

- PBOT staff