

**Agenda No. 47**

**ORDINANCE No. 190268**

\*Authorize Intergovernmental Agreement with Multnomah County for the Revenue Division of the Bureau of Revenue and Financial Services to administer the Preschool for All Program Tax (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. On November 3, 2020, the voters of Multnomah County (the County) approved Ballot Measure 26-214 (Preschool for All Program), which authorizes the County to impose a personal income tax to fund universal, tuition free, voluntary, and high quality preschool education for every three and four year old residing within the County.

2. The County does not currently have the capability to efficiently and effectively collect the personal income tax authorized by the voters to fund the Preschool for All Program.

3. The City of Portland (the City) has administered its Business License Law since the 1970s and has the expertise to administer a local government income-based tax.

4. In addition to administering its own Business License Law, the City has also administered the County's Business Income Tax since the 1990s through an intergovernmental agreement (IGA).

5. The City administered the County's personal income tax (the "ITAX") when that tax was imposed for three years starting with 2003, thus demonstrating the expertise to administer a personal income tax.

**Introduced by**  
Mayor Ted Wheeler

**Bureau**  
Revenue and Financial  
Services

**Prepared by**  
Scott Karter

**Date Prepared**  
January 5, 2021

**Requested Council  
Date**  
January 27, 2021

**Requested Agenda  
Type**  
Consent (1 of 2)

**Date Filed with Clerk**  
January 19, 2021

6. Having the City administer the County's Preschool for All Program personal income tax will enable collections to begin in tax year 2021 and reduce administrative costs for the County.

7. The City, acting through the Bureau of Revenue and Financial Services, Revenue Division (the "Division"), is willing and able to administer the County's Preschool for All Program Tax.

8. In September 2020, the Division implemented a new tax collection software system (Integrated Tax System or ITS) with greatly enhanced functionality. The ITS will facilitate implementation of new tax programs such as the Preschool for All Program Tax.

9. The City has recently entered into an IGA with Metro to collect the new Metro Supportive Housing Services personal income tax, which is similar to the County's Preschool for All Program personal income tax. This will result in additional administrative and compliance efficiencies.

10. The IGA is a ten-year agreement, in which the County will reimburse the City for the City's actual costs. A "not-to-exceed" amount on the administrative costs, which includes a contingency amount for unforeseen costs, is included in the agreement.

NOW, THEREFORE, the Council directs:

- a. The Revenue Division Director is authorized and directed to execute an IGA for administrative services for the Preschool for All Program Tax, in substantially the form attached to this Ordinance as Exhibit A.
- b. The Revenue Division is authorized to make budget adjustments in accordance with this IGA.
- c. The Revenue Division is authorized to hire up to 17 positions to administer this IGA.

Section 2. The Council declares that an emergency exists because of the short timeline to implement the program, including contracting with the ITS vendor. Therefore, this ordinance shall be in full force and effect from and after its passage by the Council.

Passed by Council: January 27, 2021

**MARY HULL CABALLERO**

Auditor of the City of Portland

By *Keelan McClymont*

Deputy

Action taken:

Four Fifths Agenda	Commissioners voted as follows:		
		YEAS	NAYS
1. Rubio	1. Rubio	✓	
2. Ryan	2. Ryan	✓	
3. Hardesty	3. Hardesty	✓	
4. Mapps	4. Mapps	✓	
Wheeler	Wheeler	✓	