

Chapter 7.02 Business License Law

1. Proposed Code Section 7.02.100 Definitions as follows:

The terms used in this Chapter are defined as provided in this section or in Administrative Rules adopted under Section 7.02.210, unless the context requires otherwise:

A. – M. unchanged.

N. “Large Retailer” means a business that:

- ~~1. is subject to the Portland Business License Tax; and~~
- ~~2. has total gross income, as reported per Section 7.02.610, from Retail Sales of \$1 billion or more in the tax year; and for tax years beginning before January 1, 2023, has:

 - a. total gross income, as reported per Section 7.02.610, from Retail Sales of \$1 billion or more in the tax year; and
 - b. Portland gross income, as reported per Section 7.02.610, from Retail Sales of \$500,000 or more in the tax year; or~~
- ~~3. has Portland gross income, as reported per Section 7.02.610, from Retail Sales of \$500,000 or more in the tax year. for tax years beginning on or after January 1, 2023, has:

 - a. total sales, as reported per Section 7.02.611, from Retail Sales of \$1 billion or more in the tax year; and
 - b. Portland sales, as reported per Section 7.02.611, from Retail Sales of \$500,000 or more in the tax year.~~
4. the term “Large Retailer” does not include:
 - a. any manufacturer or other business that is not engaged in Retail Sales within the City;
 - b. any contractor as defined under ORS 701.005(5);
 - c. any entity operating a utility within the City;
 - d. any cooperative recognized under state or federal law; or
 - e. a federal or state credit union

O. – GG. Unchanged.

2. Amend Code Section 7.02.500 Tax Rate as follows:

A. – E. unchanged.

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:

a. For tax years beginning before January 1, 2023, 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 form that is due at the same time as their Combined Tax Return.

b. For tax years beginning on or after January 1, 2023, all businesses with total sales of \$1 billion or more and Portland sales of \$500,000 or more, as reported on the Combined Tax Return per Section 7.02.611, shall file a form that is due at the same time as 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.