

City of Portland, Oregon

FINANCIAL IMPACT STATEMENT For Council Action Items

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

1. Name of Initiator Terri Williams		2. Telephone No. 503-865-2469	3. Bureau/Office/Dept. Revenue Bureau
4a. To be filed (date) April 15, 2010	4b. Calendar (Check One) Regular Consent 4/5ths X <input type="checkbox"/> <input type="checkbox"/>		5. Date Submitted to FPD Budget Analyst: April 7, 2010

1) Legislation Title:

Amend the Business License Law to eliminate the exemption for residential solid waste, recycling and yard debris haulers and make other housekeeping changes. (Ordinance; amend Code Chapter 7.02)

2) Purpose of the Proposed Legislation:

This ordinance amends 7 different subsections of the Business License Law to:

- A. Eliminate the exemption for residential garbage haulers;
- B. Changes the return due date for Cooperative and Not-for-Profit tax returns to match the State of Oregon;
- C. Authorizes the electronic delivery of Certificates of Compliance;
- D. Clarifies the definition of income for a Limited Liability Company;
- E. Clarifies the meaning of an exempt year for Net Operating Loss purposes;
- F. Removes repetitive, unnecessary language about required documentation for the gross receipts exemption; and
- G. Eliminates the exemption for a sale of a secondary residence.

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

There is no change to the General Fund revenue from business license taxes since the residential haulers will pay the tax instead of the Bureau of Planning and Sustainability transferring revenue from their fund to pay the tax. There will be a reduction of expenditures for BPS and the change will be borne by the residential haulers. No other housekeeping provision should impact business license tax revenues.

4) 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 years) (If the action is related to a grant or contract please include the local contribution or match required)

There should be no costs to the City as a result of these changes.

Staffing Requirements:

5) 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 change in positions.

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

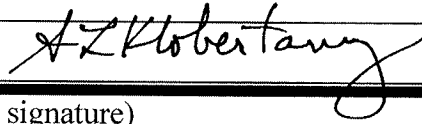
Not expected at this time.

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 center codes and accounts that are to be loaded by accounting. Indicate "new" in Center Code column if new center needs to be created. Use additional space if needed.)

N/A

Sue Klobertanz, Director, Revenue Bureau



APPROPRIATION UNIT HEAD (Typed name and signature)



CITY OF PORTLAND
 OFFICE OF MANAGEMENT AND FINANCE
Sam Adams, Mayor
Kenneth L Rust, Chief Administrative Officer

183727
Revenue Bureau
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FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison

DATE: April 13, 2010

TO: Mayor Sam Adams

FROM: Sue Klobertanz, Revenue Bureau Director

RE: ORDINANCE TITLE Amend the Business License Law to eliminate the exemption for residential solid waste, recycling and yard debris haulers and make other housekeeping changes. (Ordinance; amend Code Chapter 7.02)

1. **INTENDED THURSDAY FILING DATE:** April 15, 2010
2. **REQUESTED COUNCIL AGENDA DATE** April 21, 2010
3. **CONTACT NAME & NUMBER:** Terri Williams x52469
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

The Revenue Bureau has discovered that several code sections need to be updated to simplify, clarify or eliminate confusing or difficult to administer provisions. Those areas include:

1. Change the return due date for Cooperative and Not-for-Profit tax returns to match the State of Oregon due date;
2. Clarify the definition of income for a Limited Liability Company;
3. Clarify the meaning of an exempt year for Net Operating Loss purposes;
4. Remove repetitive, unnecessary language about required documentation for the gross receipts exemption; and
5. Eliminate the exemption of a sale of a secondary residence. (We added this three years ago and have determined that it is very difficult to administer).

The Bureau of Planning and Sustainability (BPS) has requested that the exemption that was added to the business license code 15 years ago when they added the franchise fee for residential haulers be removed. When that exemption was added, BPS was attempting to reduce the burden of introducing a new fee on these haulers. The City Attorney's Office has determined that removing the exemption will not create a double taxation situation.

In order to meet budget reductions and promote sustainability, the Revenue Bureau has developed the ability for businesses to print their Certificate of Compliance online, when and if they need it. In order to take complete advantage of these benefits, the code must be amended to allow the Bureau to provide these documents electronically instead of in a printed format.

Finally, per your request to grant the Bureau administrative authority to collect phone numbers and email addresses for officers of businesses in Portland, PCC 7.02.260 C has been added.

8. FINANCIAL IMPACT

There is no financial impact to the General Fund. When the exemption for residential haulers was enacted, BPS was required to make up the lost revenue as a result of the exemption. This code change will shift the burden for that revenue from BPS to the residential haulers starting in tax year 2010. All the other code changes do not have a financial impact other than what has been reflected in the Revenue Bureau's proposed FY 10-11 budget request and cut packages.

9. RECOMMENDATION/ACTION REQUESTED

The Bureau respectfully requests that the ordinance be passed to allow code clarification, electronic presentment of certificates of compliance and the sunset of the residential hauler exemption.