

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

(Deliver original to City Budget Office. Retain copy.)

1. Name of Initiator Noah Siegel		2. Telephone No. 3-4125	3. Bureau/Office/Dept. Mayor's Office
4a. To be filed (hearing date): 3/27/2013	4b. Calendar (Check One) Regular Consent 4/5ths <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		5. Date Submitted to Commissioner's office and CBO Budget Analyst: 3/21/2013
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 Arts Education and Access Income Tax code to add a definition for income-earning resident and include in the definition that a resident must have income of at least \$1,000 to be considered income earning. (Ordinance; amend Code Section 5.73)

2) Purpose of the Proposed Legislation:

It has become apparent that in limited situations under the current rules, a resident in a household above the federal poverty level could be subject to the \$35 Arts Tax although the tax exceeded the amount of their individual earned income. It was not Council's intent when referring the Arts Tax to assess a tax in excess of an individual's income. To avoid this outcome, a minimum level of income should be added to the definition of "income-earning resident" as used in Portland City Code (PCC) Chapter 5.73.

Additionally, by defining "income-earning resident" to include a minimum threshold level of income, the revenues that will be generated by the Arts Tax will decrease. Since the Bureau's administrative cost cap is a function of the revenues generated, decreasing the Arts Tax gross revenues increases the likelihood that the Bureau will exceed the expense cap of 5%. Additionally, the Bureau will need to notify all taxfilers of the definition change and refund some taxes paid under the original definition. The additional notification and refund processing required as a result of this change will increase the one-time costs, which is also capped by city code.

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 change will reduce revenues to the Arts Education and Access Fund by an estimated \$277,000 - \$700,000.

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.)

This change will increase start-up costs to the Arts Education and Access Fund by an estimated \$100,000.

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
100000	MFRB000001	511100	LARCLTAT000000GL	NON-PROGRAM		NOT-RELEVANT	30,000
100000	MFRB000001	514100	LARCLTAT000000GL	NON-PROGRAM		NOT-RELEVANT	0
100000	MFRB000001	521000	LARCLTAT000000GL	NON-PROGRAM		NOT-RELEVANT	20,000
100000	MFRB000001	651210	LARCLTAT000000GL	3MFPD2MF01		NOT-RELEVANT	0
100000	MFRB000001	651530	LARCLTAT000000GL	3MFTS2MF01		NOT-RELEVANT	50,000
100000	MFRB000001	642241	LARCLTAT000000GL	7MF2MF001		NOT-RELEVANT	(100,000)
223000	MFRB000001	571100	LARCLTAT000000GL	NON-PROGRAM		NOT-RELEVANT	(100,000)
223000	MFRB000001	652241	LARCLTAT000000GL	7MF2MF001		NOT-	100,000

						<i>RELEVANT</i>	
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[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.

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 expected.

APPROPRIATION UNIT HEAD (Typed name and signature)



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

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Thomas W. Lannom, Director
111 SW Columbia St., Room 600
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March 26, 2013

185960

TO: Mayor Charlie Hales
Commissioner Nick Fish
Commissioner Amanda Fritz
Commissioner Steve Novick
Commissioner Dan Saltzman

FROM: Terri Williams, Tax Division Manager

RE: Request for Amendment to Arts Tax Ordinance - Agenda Item # 253

The Revenue Bureau, based upon the City Budget Office's review of the ordinance amending the Arts Tax code, respectfully requests the following amendment to the ordinance being considered and identified as Agenda Item # 253:

c. Council directs the Revenue Bureau to make the necessary budget adjustments in the Spring BMP to reflect increased administrative costs.

~~c. The FY 2012-13 Appropriation Schedule is hereby amended to include appropriation authority for the increased start-up costs for the Arts Education and Access Fund.~~

~~d. The FY 2012-13 budget is hereby amended as follows:~~

Office of Management and Finance:

~~_____ Fund 100
_____ Business Area MF
_____ Bureau Program Expenses \$862,500~~

~~_____ Fund 223
_____ Business Area MF
_____ Bureau Program Expense \$862,500
_____ Contingency \$8,131,887~~

~~e. The actions amending the FY 2012-13 budget contained in this ordinance are binding City policy.~~

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