

IMPACT STATEMENT

Legislation title: Establish criteria for assignment of delinquent Arts Education and Access Income Tax accounts to outside collection agencies (Resolution)

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Purpose of proposed legislation and background information:

In order to increase Arts Tax collections and compliance, referral of accounts to a collection agency is necessary. The Revenue Division already has the authority to refer delinquent accounts to a collection agency. The proposed legislation establishes the criteria that will be used to determine when an account can be forwarded to a collection agency. The establishment of the criteria was requested by Council on March 27, 2013 (Resolution No. 37007).

Financial and budgetary impacts:

There is no cost to the City to refer accounts to a collection agency. The City's current contracted collection agency, Professional Credit Services, is authorized by City contract No. 33000130 to add an additional 23% to the debt referred to recover its collection costs from the debtor. The increase in City revenue that results from the referral of these accounts will be directed to the Arts Education and Access Funds, which will in turn be distributed under the terms of the Portland City Code 5.73.030.

Community impacts and community involvement:

An Arts Tax filing is required of all adult residents of Portland and payment is due from residents with taxable income over \$1,000. Residents in households that are below the federal poverty level are exempt from payment of the tax. The proposed legislation will impact all communities within Portland. However, the only citizens who are expected to be impacted are those who owe more than \$100 and who fail to respond to a final demand letter. The benefits of the proposed legislation will reach all communities both in the use of the funds and in the fairness created by the consistent application of the tax.

Budgetary Impact Worksheet**Does this action change appropriations?**

☐ **YES:** Please complete the information below.

☒ **NO:** Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount