

ORDINANCE NO. 189017

Amend the Business License Law to increase the tax rate and increase the Owners Compensation Deduction (Ordinance; amend Code Chapter 7.02)

The City of Portland Ordains:

Section 1. The Council finds:

1. City Council expressed interest in increasing the OC Deduction to \$125,000 in 2007 and restated that intent again in a FY 2013-14 budget note.
2. As a part of the FY 2018-19 budget process, City Council approved an increase in the Business License tax rate from 2.2 percent to 2.6 percent and to offset some of the tax impacts to smaller businesses by increasing the Owner's Compensation Deduction to \$125,000. These changes would result in an estimated \$15.3 million in additional revenues per tax year to stabilize the budget for homeless services, invest more in moving people out of shelters and into housing, fund programs in the Police Bureau that support community-centered policing, add resources to trash and graffiti cleanup, and to provide additional small business support.

NOW, THEREFORE, The Council directs:

- a. City Code Section 7.02.500 Tax Rate is hereby amended as follows:

7.02.500 Tax Rate.

- A. The tax established by the Business License Law is 2.2 percent of adjusted net income, for tax years beginning on or before December 31, 2017. For tax years beginning on or after January 1, 2018, the tax is 2.6 percent of adjusted net income, except as provided in Subsections B., C., D. and E. of this Section.

Remainder of Section is unchanged.

- b. City Code Section 7.02.600 Income Determinations is hereby amended as follows:

7.02.600 Income Determinations.

- A. Owners Compensation Deductions. "Owners Compensation Deduction" is defined as the additional deduction allowed in Subsections B., C. and D. below. The owners compensation deduction is indexed (beginning in January 1999) by the Consumers Price Index - All Urban Consumers (CPI-U) US City Average as published by the US Department of Labor, Bureau of Labor Statistics, using the September to September index, not seasonally adjusted (unadjusted index). The Division determines the exact deduction amount and publishes the amount on forms. Any increase or decrease under this paragraph that is not a multiple of \$500 will be rounded up or down to the next multiple of \$500 at the Division's discretion.
1. For tax years beginning on or after January 1, 2007, the Owners Compensation Deduction cannot exceed \$80,000 per owner as defined in Subsections B., C. and D. below. For tax years beginning on or after January 1, 2008, the Owners Compensation Deduction will be indexed as described above.
 2. For tax years beginning on or after January 1, 2013, the Owners Compensation Deduction cannot exceed \$90,500 per owner as defined in Subsections B., C. and D. below.
 3. For tax years beginning on or after January 1, 2014, the Owners Compensation Deduction cannot exceed \$100,000 per owner as defined in Subsections B., C. and D. below. For tax years beginning on or after January 1, 2015, the Owners Compensation Deduction will be indexed as described above.
 4. For tax years beginning on or after January 1, 2018, the Owners Compensation Deduction cannot exceed \$125,000 per owner as defined in Subsections B., C and D. below. For tax years beginning on or after January 1, 2019, the Owners Compensation Deduction will be indexed as described above.

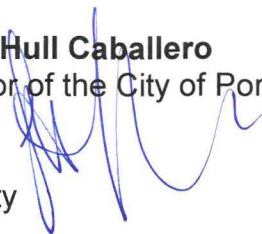
Remainder of Section is unchanged.

Passed by the Council, JUN 13 2018
Mayor Wheeler
Prepared by: Tyler Wallace
Date Prepared: May 17, 2018

Mary Hull Caballero
Auditor of the City of Portland

189017

By
Deputy



Agenda No.
ORDINANCE NO. 189017
Title

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INTRODUCED BY Commissioner/Auditor: Mayor Wheeler	CLERK USE: DATE FILED <u>MAY 29 2018</u>
COMMISSIONER APPROVAL	Mary Hull Caballero Auditor of the City of Portland
Mayor—Finance & Administration - Wheeler <i>KE</i>	By: <u><i>Suzanne Parsons</i></u> Deputy
Position 1/Utilities - Fritz	ACTION TAKEN:
Position 2/Works - Fish	JUN 06 2018 <i>Rescheduled to JUN 07 2018</i>
Position 3/Affairs - Saltzman	<i>2:45 PM Time Certain</i>
Position 4/Safety - Eudaly	
BUREAU APPROVAL	
Bureau: OMF, BRFS, Revenue CAO: Tom Rinehart <i>TR</i> Bureau Head: Jennifer Cooperman Division Head: Thomas W. Lannom <i>Thomas</i>	
Prepared by: Tyler Wallace Date Prepared: May 17, 2018	JUN 07 2018 PASSED TO SECOND READING JUN 13 2018 9:30 A.M
Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
City Auditor Office Approval: required for Code Ordinances <i>JAGP</i>	
City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter <i>Kann</i>	
Council Meeting Date June 7, 2018	

AGENDA
TIME CERTAIN <input type="checkbox"/> Start time: _____ Total amount of time needed: _____ (for presentation, testimony and discussion)
CONSENT <input type="checkbox"/>
REGULAR <input checked="" type="checkbox"/> Total amount of time needed: 15 minutes (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	<input checked="" type="checkbox"/>	
2. Fish	<input checked="" type="checkbox"/>	
3. Saltzman	<input checked="" type="checkbox"/>	
4. Eudaly	<input checked="" type="checkbox"/>	
Wheeler	<input checked="" type="checkbox"/>	