

Amend Code Chapter 7.02 as follows:

1. Add new Code Section as follows:

7.02.875 Downtown Business Incentive Credit.

A. Businesses eligible for the Downtown Business Incentive Credit:

1. A business located within the eligible sub-district boundaries in effect on January 1, 2023 may be eligible for a Downtown Business Incentive (DBI) credit against its Business License Tax (BLT) due.
2. The eligible sub-district boundaries encompass the sub-districts of Lower Albina, Lloyd, Downtown, and Old Town/China Town as they exist on January 1, 2023.

a. Lower Albina District: The Lower Albina District is that area within the boundaries formed by the Willamette River from the Fremont Bridge to the Broadway Bridge; N Broadway, from the Broadway Bridge to N Larrabee Ave; N Larrabee Ave, from N Broadway to N Hancock St; N Hancock St, from N Larrabee including tax lots to just west of N Gantenbein Ave; line northward including tax lot R102743, from N Hancock to I-5; I-5, from and including tax lot R102743 to N Stanton St; N Stanton St, from I-5 to the Fremont Bridge; Fremont Bridge, from N Stanton St to the Willamette River.

b. Lloyd District: The Lloyd District is that area within the boundaries formed by the Willamette River, from the Broadway Bridge to the point just south of the Oregon Convention Center at which NE Lloyd Boulevard reaches the River; NE Lloyd Boulevard, from the Willamette River to NE 16th Avenue; NE 16th Avenue, from NE Lloyd Boulevard to NE Schuyler Street; NE Schuyler Street, from NE 16th Avenue to I-5; I-5, from NE Schuyler St to just north of N Tillamook St; including tax lot R102743, from just north of N Tillamook St to N Hancock St; N Hancock St, from just west of N Gantenbein Ave including tax lots to N Larrabee Ave; N Larrabee Ave, from N Hancock St to N Broadway; N Broadway, from N Larrabee Ave to the Willamette River.

c. Downtown District: The Downtown District is that area within the boundaries formed by the Willamette River from the point between SW Oak St and SW Harvey Milk St to the point just south of Gov. Tom McCall Waterfront Park at which a line reaches the Willamette River; line westward from the Willamette River including tax lots to SW Naito Pkwy; SW Naito Pkwy, from S Harbor Dr to SW Market St; SW Market St, from SW Naito Pkwy to SW Park Ave; SW Park Ave, from SW Market St to W Burnside St; W Burnside St, from SW Park Ave to SW 3rd Ave; SW 3rd Ave, from W Burnside to SW Pine St; SW Pine St, from SW 3rd Ave to SW 2nd Ave; SW 2nd Ave, from SW Pine St to SW Oak St; SW Oak St, from SW 2nd Ave to SW 1st Ave; SW 1st Ave, from SW Oak St to just north of SW Harvey Milk St, line eastward including tax lots to the Willamette River.

d. Old Town/China Town District: The Oldtown/Chinatown District is that area within the boundaries formed by the Willamette River, from the Broadway Bridge to the point between SW Oak St and SW Harvey Milk St, including tax lot R527710, that meets the

Willamette River; line westward from the Willamette River including tax lots to SW 1st Ave; SW 1st Ave, from just north of SW Harvey Milk St to SW Oak St; SW Oak St, from SW 1st Ave to SW 2nd Ave; SW 2nd Ave, from SW Oak St, to SW Pine St; SW Pine St, from SW 2nd Ave to SW 3rd Ave; SW 3rd Ave, from SW Pine St to W Burnside St; W Burnside St, from SW 3rd Ave to NW Broadway; NW Broadway, from W Burnside St to the Willamette River.

3. Criteria for qualifying for, calculating, and claiming the credit are in Subsections D., E., and F.

B. A one-time DBI credit is available in either calendar year 2023 or 2024, but not both. If the year of origination is 2023, the credit will be calculated on the tax year 2023 BLT return. If the year of origination is 2024, the credit will be on the tax year 2024 BLT return. The credit is divided and taken equally over four years beginning with the tax year of origination. The one fourth of the credit allowed in each tax year cannot exceed the amount of tax owed in the year. There is no carryover of any unused credit and the credit is nonrefundable.

C. Pre-return application for the credit:

1. A BLT taxpayer that qualifies for a DBI credit under Subsection D. must apply to the Revenue Division for preapproval of the credit amount the taxpayer may claim.

2. The total amount of credits the Revenue Division can approve for all taxpayers is limited to \$25 million over the two years of the program. In the event that the total amount of the credits claimed exceeds this limit, the Revenue Division will reduce the amount of the credit each qualifying BLT taxpayer may claim on a pro rata basis.

D. Qualifying for the credit:

A BLT taxpayer is eligible for the credit if it meets each of criteria in Subsections 3. through 5. as applicable plus either criterion in Subsections 1. or 2.

1. The taxpayer enters into a new lease, or extends a current lease, during the 2023 or 2024 calendar year for building space within the eligible sub-district boundaries for a period of four years or more; or

2. The taxpayer owns and occupies that building space within the eligible sub-district boundaries; and

3. The taxpayer maintains at least 15 employees with each employee working at least half their time in the leased or owned building space within the eligible sub-district boundaries over the four year period. The taxpayer must file/provide an attestation for each tax year that they claim the credit.

4. If leased building space, a lease/extension entered into in 2023 may be used to calculate the credit on either the 2023 or 2024 BLT return. The year of origination will be 2023 if calculated on the 2023 BLT return or 2024 if calculated on the 2024 BLT return. Building space owned during 2023 can also be used to calculate the credit on either the 2023 or 2024 BLT return.

5. If leased building space, an extended lease must be extended from the end date of an existing lease.

E. Calculating the credit:

The maximum credit is \$250,000 in the year of origination, limited to the lesser of:

1. 100 percent of “City of Portland Business License Tax” as shown on the BLT return, Section IV, in the year of origination; or
2. 1 percent of “income subject to tax” as shown on the BLT return, Section IV, in the year of origination; or
3. \$30 per square footage of building space covered in the lease/extension or building space used by a building owner’s staff.
4. The amount approved or adjusted by application of Subsection C.

F. Claiming the credit:

The credit calculated in Subsection E. is divided by four, with 1/4 of the credit claimed on the BLT return in the year of origination and 1/4 claimed on the BLT return for each of the succeeding consecutive three years.

1. The portion of the credit claimed, in each of the four years the credit is claimed, cannot exceed the “City of Portland Business License Tax” amount in Section IV of the BLT return for that year.
2. If the portion of the credit allowed for one of the years exceeds the “City of Portland Business License Tax” amount in Section IV of the BLT return for that year, it cannot be carried or used on the BLT return for another year.

G. If a taxpayer breaks the lease/extension prior to the end of the lease/extension period, sells the building sold before the four-year period of the credit, or fails to meet the requirements of Subsection D.3. above during the four-year period of the credit, the entire credit previously claimed must be repaid with statutory interest under Section 7.02.710. No penalty will apply to the tax due related to the lost credit.

H. The Director may adopt rules, written policies, forms, and procedures in its administration of this Section as provided by Portland City Code Section 7.02.210.