

Ordinance No. 186331

Amend the Business License Law to increase the Owners Compensation Deduction maximum for the 2014 tax year. (Ordinance; amend Code Section 7.02.600)

The City of Portland ordains:

Section 1. The Council finds:

1. City Council originally expressed an interest in increasing the Owners Compensation Deduction (OC Deduction) in the business license tax code when they adopted Resolution #36473 on January 18, 2007. The initial increase to the OC Deduction was made in Ordinance #180863, passed on April 4, 2007. Since that time, increases have been the result of the code's inflation provision each year and Ordinance #185312, which offset General Fund tax revenues by the increased tax revenues raised by the 2012 business tax amnesty program offered by the City of Portland.
2. City Council intended for increases to the OC Deduction after the initial increase to be funded either by the business community through changes in the business tax code that would generate increased revenue to offset the lost revenue from an increased deduction, or a specific additional action by City Council if the Council felt that there were adequate excess General Fund revenues to fund an increase to the OC Deduction.
3. An FY 2013-14 Adopted Budget Note restated the City's 2007 ultimate goal to increase the OC Deduction \$125,000, specified Council's intent to increase the OC Deduction for the 2014 tax year to at least \$100,000 and directed the City Budget Office to identify potential options to pay for this increase.
4. As part of the Fall Budget Monitoring Process, City Council has proposed to spend \$8.1 million to eliminate ongoing debt obligations related to City Hall Renovations and the emergency Computer Aided Dispatch. This action creates \$3.5 million in ongoing resources in the City's five-year financial forecast.
5. The Revenue Bureau estimates that ongoing City business license tax revenues will be reduced by \$865,000 annually if the OC Deduction was increased to \$100,000. The City Budget Office has identified the above \$3.5 million in increased ongoing resources as an option to pay for an increase in the OC Deduction to \$100,000 for the 2014 tax year.

NOW, THEREFORE, the Council directs:

- a. Amend Portland City Code 7.02.600 A 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 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 Bureau determines the exact deduction amount and publishes the amount on forms.

Any increase or decrease under this paragraph that is not in a multiple of \$500 will be rounded up or down to the next multiple of \$500 at the Bureau'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. ~~For tax years beginning on or after January 1, 2014, the Owners Compensation Deduction will be indexed as described above.~~
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.

Passed by the Council: NOV 13 2013

Mayor Hales and
Commissioner Fish
Prepared by: Terri Williams
Date: October 22, 2013

LaVonne Griffin-Valade
Auditor of the City of Portland

By:


Deputy

Agenda No.
ORDINANCE NO. 186331
Title

Amend the Business License Law to increase the Owners Compensation Deduction maximum for the 2014 tax year. (Ordinance; amend Code Section 7.02.600)

<p align="center">INTRODUCED BY Commissioner/Auditor: Mayor Charlie Hales</p>	<p>CLERK USE: DATE FILED <u>NOV 01 2013</u></p>
<p align="center">COMMISSIONER APPROVAL</p>	<p align="center">LaVonne Griffin-Valade Auditor of the City of Portland</p> <p align="center"><i>[Signature]</i> By: _____ Deputy</p> <p>ACTION TAKEN: NOV 06 2013 <u>RESCHEDULED TO NOV 13 2013</u> 9:30 A.M. TIME CERTAIN</p>
<p>Mayor—Finance and Administration - Hales <i>SAA</i></p>	
<p>Position 1/Utilities - Fritz</p>	
<p>Position 2/Works - Fish</p>	
<p>Position 3/Affairs - Saltzman</p>	
<p>Position 4/Safety - Novick</p>	
<p align="center">BUREAU APPROVAL</p>	
<p>Bureau: Revenue Bureau OMF CAO: Jack D. Graham <i>[Signature]</i> Bureau Head: Thomas W. Lanham <i>[Signature]</i></p>	
<p>Prepared by: Terri Williams Date Prepared: 10/21/2013</p>	
<p>Financial Impact & Public Involvement Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p>	
<p>Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	
<p>✓ City Auditor Office Approval: required for Code Ordinances <i>Toni</i></p>	
<p>✓ City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter <i>KAM</i></p>	
<p>Council Meeting Date 11/6/2013</p>	

AGENDA
<p>TIME CERTAIN <input type="checkbox"/> Start time: _____</p> <p>Total amount of time needed: _____ (for presentation, testimony and discussion)</p>
<p>CONSENT <input type="checkbox"/></p>
<p>REGULAR <input checked="" type="checkbox"/> Total amount of time needed: 5 minutes (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish	✓	
3. Saltzman	3. Saltzman	✓	
4. Novick	4. Novick	✓	
Hales	Hales	✓	