

Priority: Accountability
Program Offer Type: Existing Operating
Related Programs:
Frameworks:

Lead Agency: Finance Budget & Tax
Program Contact: Dave Boyer

Executive Summary

The Tax Administration Program manages revenue collection on Motor Vehicle Rental Tax (MVRT), Transient Lodgings Tax (TLT) and Business Income Tax (BIT) in accordance with the Multnomah County Code, County's fiduciary responsibilities and Revenue & Taxation policies and procedures.

Program Description

The program supports and monitors County Excise Tax and BIT collection activities by performing regular billing and collection functions including follow-up on any past due accounts and recommending policy changes. The program also manages an inter-governmental agreement with the City of Portland Bureau of License to maintain business accounts, audits and ensure compliance to county's revenue and taxation policies. A portion of the BIT revenue is shared with the Cities of Gresham, Wood Village, Troutdale, Fairview and Maywood Park. A portion of the MVRT and TLT is shared with the City of Portland, Metro, Portland Oregon Visitors Association, Visitor Development Fund Board and Regional Arts and Culture Council. The BIT is imposed on business within Multnomah County. The BIT was originally set at a rate of .6% of net income. In 1985 the tax was increased to .95%; in 1987 was increased to 1.46%; in 1993 was reduced to 1.45%. The MVRT was originally established for a three year period in 1976 and was extended indefinitely in 1979. A tax rate of 10% is imposed on motor vehicles rented in Multnomah County. The tax was increased by 2.5% in April 2000. This tax is dedicated to a Visitor Development Fund. The TLT was originally established in 1972. The tax rate of 5% of the room rent collected by hotels/motels in unincorporated Multnomah County. In January 1979 an additional 1% tax in unincorporated Multnomah County was established to be used exclusively for the promotion of tourism. This 1% increase was approved by the voters in 1978. A supplemental Countywide tax of 3% was adopted in February 1986 and is dedicated to the Oregon Convention Center. In April 2000, an additional tax of 2.5% was adopted by the BCC and is dedicated to a Visitor Development Fund.

Program Justification

The tax administration program contributes to the Accountability Priority by assuring that County MVRT, TLT and BIT are collected effectively and fairly by conducting regular audit of past due accounts, by continuous monitoring of new business to keep our tax collections current. The program also oversees continuous improvement to technology and business processes to ensure that we get the most revenue with least amount spent on each dollar collected. In order to keep tax collections at high levels, the program educates taxpayers and businesses in understanding the taxes. The TLT and MVRT taxes collected contribute to the Thriving Economy and Vibrant Communities Priority by providing the resources to operate the Oregon Convention Center, the Portland Performing Arts Center and the Portland Oregon Visitors Association.

Performance Measures

Results are achieved by effectively managing the actual tax collection. The goal is to collect at least 90% of the taxes in the year they are due and to collect at least 97% of the taxes within three years. According to the IRS, their enforcement efforts eventually raise the collection rate to about 87% each tax year and the County's goal exceeds the IRS collection rate.

Summary of last year's program results and this year's expected results

In FY04 100% of TLT & MVRT were collected and disbursed to entities based on disbursement policy. IN FY04 \$32.3 million of BIT was collected and disbursed to entities based on disbursement policy. The County expects to collect \$29 million FY05 and about the same in FY06. The decrease in BIT revenues from FY04 to FY05 is due to discontinuing the allowance of carrying forward tax credits. Refunds will be made which will reduce the net revenues. It is expected that 100% of the TLT and MVRT will be collected in FY2005 and FY2006. The actual collection rate of the BIT is being analyzed and will be reported for FY2005. The County's collection rate exceeds the IRS collection rate.

Program Mandate: 2 Mandated Program with Funding/Service Level Choice

Multnomah County Code (MCC)- Chapter 11 and 12 (Revenue and Taxation). Intergovernmental agreements with various local governments. Reductions top this program would negatively impact the collections of the BIT, MVRT and TLT which would have a negative impact on General Fund Revenue.

Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
	2005	2005	2006	2006
Program Expenses				
Personnel	\$144,826	\$0	\$155,567	\$0
Materials & Supplies	\$7,260	\$0	\$7,260	\$0
Internal Services	\$6,432	\$0	\$18,029	\$0
Subtotal: Direct Exps:	\$158,518	\$0	\$180,856	\$0
Administration	\$0	\$0	\$3,981	\$0
Program Support	\$0	\$0	\$0	\$0
Subtotal: Other Exps:	\$0	\$0	\$3,981	\$0
Total GF/non-GF:	\$158,518	\$0	\$184,837	\$0
Program Total:	\$158,518		\$184,837	
Program FTE	0.00	0.00	1.80	0.00
Program Revenues				
Intergovernmental	\$0	\$0	\$70,000	\$0
Program Revenue for Admin	\$0	\$0	\$624	\$0
Total Revenue:	\$0	\$0	\$70,624	\$0

Explanation of Revenues

This program is supported by General Fund revenues. Approximately \$70,000 is received for administering the Visitor Development Fund Trust.

Significant Program Changes

Current service level budget. The major change is the transfer of internal service charges (+\$11,597) that were centrally budgeted in FBAT's cost center. In addition FBAT administration is spread to programs it supports.