

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

Lead Agency: County Management
Program Contact: Satish Nath

Program Characteristics: Joint Offer

Executive Summary

The ITAX Administration Program manages the administrative functions for the Multnomah County three year personal income tax (ITAX) for the tax years 2003, 2004 and 2005 in accordance with Ballot Measure 26-48 approved by the voters in May 2003.

Program Description

The program is responsible for managing the administrative functions of ITAX and has a Inter-Governmental Agreement (IGA) with the City Bureau of Licenses to collect the tax. The program also manages the IGA's with the various school districts that receive ITAX funds. The County is responsible for the accounting for ITAX; maintaining a complete and accurate county resident database; maintaining current administrative rules; communicating all relevant issues to taxpayers; and designing and distributing all county income tax forms. This program is also responsible for collection of delinquent taxes. For tax year 2003, about 20,000 delinquent tax accounts were sent to County Attorney's office. Based on initial estimates from the State Department of Revenue, we estimate that the number of delinquent accounts for tax year 2004 would be the same. 4.0 FTE shown work in the County Attorney's Office, 1.0 FTE works in the Sheriff's Office, 1.2 FTE in Dept of County Management.

Program Justification

The ITAX program is linked to the Accountability, Public Safety and Basic Living Needs priorities. For accountability, the program assures that the county is collecting this tax appropriately, fairly and effectively. The collection and distribution of the ITAX for county services such as health, public safety and senior citizens link the program to Public Safety and Basic Living Needs. The program will collect over \$336 million in three years of which about 70% will be distributed to schools. After ITAX sunsets in tax year 2005, we anticipate there will be about \$25 million in delinquent taxes.

Performance Measures

Measure Type	Primary Measure	Previous Year Actual (FY04-05)	Current Year Purchased (FY05-06)	Current Year Estimate (FY05-06)	Next Year Offer (FY06-07)
Output	ITAX Collected	100,106,863	113,017,052	120,500,000	11,500,000
Outcome	Percent of compliance by tax returns	98%	88%	0%	0%

Performance Measure - Description

Results are achieved by taxes collected. The goals is to have 90% of the tax collected within 12 months of the due date and 97% collected within three years of the tax due date. According to the Internal Revenue Service, about 87% of income which is taxable by the IRS is collected. For tax years 2003 and 2004, we have collected 94% of the tax dollars.

Legal/Contractual Obligation

In May of 2003, the voters of Multnomah County approved a personal income tax effective January 1, 2003.

Board Resolution 03-145 sets the Administrative Rules for the ITAX.

Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
Program Expenses	2006	2006	2007	2007
Personnel	\$254,227	\$0	\$487,155	\$0
Contracts	\$3,211,218	\$0	\$700,000	\$0
Materials & Supplies	\$250,900	\$0	\$230,000	\$0
Internal Services	\$283,655	\$0	\$117,608	\$0
Subtotal: Direct Exps:	\$4,000,000	\$0	\$1,534,763	\$0
Administration	\$0	\$0	\$1,754	\$120
Program Support	\$0	\$0	\$1,985	\$0
Subtotal: Other Exps:	\$0	\$0	\$3,739	\$120
Total GF/non-GF:	\$4,000,000	\$0	\$1,538,502	\$120
Program Total:	\$4,000,000		\$1,538,622	
Program FTE	0.00	0.00	6.20	0.00
Program Revenues				
Taxes	\$0	\$0	\$2,534,763	\$0
Program Revenue for Admin	\$0	\$0	\$144	\$0
Total Revenue:	\$0	\$0	\$2,534,907	\$0

Explanation of Revenues

Multnomah County Personal Income Tax revenues consist of 1.25% tax on Oregon taxable Income less County Exemptions, Interest on late payments, Penalties on late filings and Fees generated by checks returned for insufficient funds (NSF).

Significant Program Changes

Last year this program was: #70006, ITAX Administration

County Class Comp has approved the reclassification of a Finance Manager to Program Manager Sr in this program, pending Board approval.