

Priority: Thriving Economy
Program Offer Type: Existing Operating
Related Programs:
Program Characteristics:

Lead Agency: Non-Departmental - All
Program Contact: Mark Campbell

Executive Summary

This program offer budgets the pass-through payments to four east county cities-Gresham, Troutdale, Fairview, and Wood Village- as prescribed in an intergovernmental agreement (IGA) that shares revenue from the Business Income Tax (BIT). Under terms of this agreement, the four cities share 25% of the first 0.6% of BIT collections.

Program Description

The BIT is imposed on the net income derived from business activity within Multnomah County. The BIT was originally set at a rate of 0.6% of net income. In 1985, the tax was increased to 0.95%. In 1987, the tax was further increased to 1.46%. In 1993 the rate was reduced to 1.45% due to the consolidation of collections with the City of Portland's Business License Fee (BLF). The county entered into a tax sharing agreement with the four east county cities primarily so they would not impose a separate BIT. These agreements are in force until either the County tax is repealed or if a city enacts a BIT. The County must give the cities two years notice if it intends to terminate the revenue sharing agreement.

Program Justification

This program links to the accountability priority. Specifically, it relates to the Financial Management factor. The County acts as a fiduciary agent for the four east county cities. It is important that BIT payments are processed and remitted in a timely manner. Under terms of the IGA governing the revenue sharing agreements, the County is required to report gross BIT received, along with documentation of any deductions made, before funds are distributed to the cities. The County is also required to provide a quarterly written projection and the amount expected to be distributed to each city.

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		0	0	0	0
Outcome		0	0	0	0

Performance Measure - Description

Legal/Contractual Obligation

The program is mandated under terms of the IGA with Gresham, Troutdale, Fairview, and Wood Village. The county is obligated to transfer 25% of the revenue associated with the first 0.6% BIT increment.

The budgeted transfer was \$2.6 million in FY 2005 and \$2.7 million in FY 2006. It is possible that actual distributions will exceed these amounts based on the recent improvement in the economy.

Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
Program Expenses	2006	2006	2007	2007
Contracts	\$2,694,900	\$0	\$3,827,586	\$0
Subtotal: Direct Exps:	\$2,694,900	\$0	\$3,827,586	\$0
Administration	\$0	\$0	\$0	\$0
Program Support	\$0	\$0	\$0	\$0
Subtotal: Other Exps:	\$0	\$0	\$0	\$0
Total GF/non-GF:	\$2,694,900	\$0	\$3,827,586	\$0
Program Total:	\$2,694,900		\$3,827,586	
Program FTE	0.00	0.00	0.00	0.00
Program Revenues				
Program Revenue for Admin	\$0	\$0	\$0	\$0
Total Revenue:	\$0	\$0	\$0	\$0

Explanation of Revenues

This program was funded with one-time-only resources in the FY 2007 adopted budget.

Significant Program Changes

Last year this program was: #10034, Business Income Tax
There are no significant program changes expected in FY 2007.