

Memorandum

To: Board of County Commissioners
From: Jim Johnson, Facilitator
Date: November 22, 2005
Re: Work Session on Income Taxes

This memo is designed to summarize information on four items:

- Part 1 – Information provided by Ron Chastain about a possible corporate income tax.
- Part 2 – Information on the City of Portland Business License Fee and the Multnomah County Business Income Tax.
- Part 3 – Information on Multnomah County's Personal Income Tax
- Part 4 – Information on rates, yields, spreadsheets, and scenarios

Before we move on to the four sections described above, I'd like to summarize the typical methods of taxing business activity. To simplify the discussion, I'll be addressing the "usual" business types: Sole proprietorships; partnerships; and corporations.

State of Oregon

- Personal Income. The program we use every year which taxes wage, salary, and other forms of income. Form 40 is the typical form for State income taxes for individuals and couples (Attachment 1).
- Sole Proprietorships. Income is taxed as personal income, just like wage and salary income, even though your business earns the money. Form 40 is used (Attachment 1).
- Partnerships. Same as above.
- Corporations. Income is taxed under special rules established just for corporations (Attachments 2-5).

Multnomah County.

- Personal Income. The county has established a personal income tax program which is basically 1.25 percent of the net income for county residents. If you want to see what you would pay if you live in Multnomah County, get out your State of Oregon Tax Form 40 and look at line 28. Subtract \$5,000 for a couple and \$2,500 for an individual. Multiply this difference times .0125. That's what you would pay (Attachment 6).
- Sole Proprietorships. Unlike the State of Oregon, Multnomah County taxes the net income of sole proprietorships for their business activity in the county as part of the county's Business

Income Tax program. A business in the county will pay 4.55 percent of net income (including surcharges) for 2005. The business is allowed an owners compensation deduction. (Attachment 7).

- Partnerships. Same as above.
- Corporations. Same as above. (Attachment 8).

As you can see, Multnomah County taxes income from the various forms of business differently than does the State of Oregon. The State taxes Corporation income as a “business” and taxes income from sole proprietorships and partnerships as an “individuals”. A difference from a county perspective is that the Multnomah model imposes a tax on all forms of income derived from business activity within the county, where under the State model, if a partnership or sole proprietorship provides an income stream to an individual who is not a state resident, it may escape being taxed. At the same time, under the Multnomah model, the income stream for sole proprietorships and partnerships beyond the owners’ compensation deduction is subject to two taxes, the personal income tax and the business income tax. This could be avoided by a deduction on the personal income tax for income subject to a business income tax.

There are other exemptions and rules that apply in both the State and in Multnomah County, but I’ve left them out to simplify the explanation.

Part 1 – State of Oregon Model for a Corporate Income Tax

Description of Tax. A county corporate income tax would be a tax imposed on net corporate income earned within the county geographical boundary. A net income tax is applied to business profits, rather than to a broader measure of business activity, such as gross receipts. The state of Oregon taxes corporate net income, while the state of Washington taxes gross receipts. The following description of a business income statement illustrates the difference between a gross receipts tax and a net income tax. The federal government, like Oregon and most states, taxes business net income.

Yield. A 1 percent county tax only on corporate income (not partnerships, not sole proprietorships, etc.) allocated to Lane County would average a little over **\$3 million per year** for the remainder of this decade. Estimates of potential annual revenue are shown on Table B-1 on the next page.

Revenue estimates are based on the estimate that Lane County's share of corporate business in Oregon is approximately 7.8 percent. This in turn is based on sales and payroll data from 2002.

TABLE B-1: ESTIMATED CORPORATE TAX REVENUES (\$MILLIONS)					
	Oregon Adj.	Oregon	Est. State Corp.	Est.	1% Tax
Fiscal	Corporate	Corporate	Tax from Lane.	Lane/	Lane Co.
Year	Revenue	% chg.	at 7.8%	State	on Income
2006-07	232.3	-26.2%	18.1	7.8%	2.75
2007-08	294.5	26.7%	23.0	7.8%	3.48
2008-09	304.3	3.3%	23.7	7.8%	3.60
2009-10	295.4	-2.9%	23.0	7.8%	3.49
2010-11	291.3	-1.4%	22.7	7.8%	3.44
Estimates based on May 2005 Oregon Economic and Revenue Forecast, adjusted for "Kicker" Refunds					

Growth. Growth of revenue from corporations will parallel business activity. From data on Table B-1, the forecasted growth of revenue from a 1-percent county tax is essentially flat from 2003-04 to 2009-10, paralleling the state revenue forecast's cyclical pattern for state corporate tax revenue.

Equity. If non-corporate business income were taxed, as would happen for sole proprietors and partnerships under a personal income tax, then failure to tax corporate income would create inequities among types of business ownership. Similarly, a tax on corporate income with no tax on sole-proprietors and partnerships also would be inequitable. An income tax applied to corporate income is considered more equitable than flat fees or gross receipts taxes, which impose a tax liability whether or not the business is profitable.

Administration. The City of Portland currently administers a number of different kinds of income taxes for itself and for Multnomah County.

An audit process should be used and should require information from state corporate tax returns. A county corporate income tax should adhere to the same income definitions and rules used for determining Oregon taxable income. The county may want to establish an income threshold below which taxpayers need not file returns, because it is not efficient to expend money on administering a tax return that produces an insignificant amount of revenue.

Compliance will be improved if the tax law is consistent with Oregon's tax law, and if someone already auditing tax returns, such as the Oregon Department of Revenue or City of Portland, is responsible for auditing the returns. Multnomah County and Portland can provide good guidance as to the lead-time and enforcement options necessary to enhance compliance.

Part 2 – Multnomah County and the City of Portland as Models for a Tax on Business Income

In Oregon, Multnomah County and the City of Portland have taxes on business income, which apply to corporations, partnerships and sole proprietors. Information on the Portland Business License tax and on the Multnomah County Business Income Tax is available at the following web site: <http://www.portlandonline.com/licenses/index.cfm?c=29555> .

Yield. State personal income tax returns from Lane County for 2003 reported \$242.6 million positive business income from non-corporate businesses such as partnerships, sole proprietorships, and so forth. Business losses were \$29.8 million. If the positive income were subject to a separate business tax of 1 percent, it would produce approximately **\$2.4 million per year**, excluding any allowances or deductions.¹

Below are answers to frequently asked questions about the two taxes taken from the City of Portland web site. First, FAQ's for the City of Portland Business License fee are presented. FAQ's for the Multnomah County tax are provided next.

CITY OF PORTLAND BUSINESS LICENSES - FREQUENTLY ASKED QUESTIONS

Portland's Business License is for revenue purposes for the General Fund. The General Fund finances Police, Fire, some Parks programs, and general government functions. Business License revenue is the second largest source of General Fund revenues, generating over \$46 million dollars during FY 2001-2002.

WHO IS REQUIRED TO OBTAIN A BUSINESS LICENSE? Prior to operating a business in the City of Portland OR Multnomah County you are required to submit one of the following:

- City of Portland Business License Application
- City of Portland Exemption Request form
- Multnomah County ONLY Business Income Tax form

There are certain exemptions to operating a business without a business license. Exempt businesses must also submit a request for exemption. They are:

- Businesses grossing less than \$25,000 per year from all sources before expenses.

(Note: In license years 1993-1998, businesses grossing less than \$15,000 per year were exempt).

- Insurance agents, agencies and other representatives as such. Note: "Representatives" means persons selling insurance or transacting insurance as a representative or agent of an

¹ Please see Attachments 10-13 for a full summary of different tax rates and yields for options that could be considered by the BCC.

insurance company. Such persons must be licensed and regulated by the State of Oregon Insurance Division. Please be aware that "domestic" insurance companies are not exempt.

- Real estate agents and associate brokers whose only business activity is real estate sales. Independent brokers are not exempt.

- Individuals whose only business activity is ownership of less than 10 residential rental units. Note: An individual is a natural person. Partnerships, corporations and all entities other than individuals may not look to this exemption.

WHAT IS THE FEE? The fee is 2.2% of the net business income. Apportionment may be allowed for business activity performed outside the City. **THE MINIMUM ANNUAL FEE IS \$100.** The minimum fee (\$100) is not refundable once a license has been issued.

WHAT IS THE CITY OF PORTLAND SURCHARGE? A surcharge in addition to the 2.2% fee dedicated to supplementing the funding to public schools with the City of Portland. For the tax year beginning on or after January 1, 2002, the surcharge rate is 1%. For the tax year beginning on or after January 1, 2003, the surcharge rate is .4%

WHAT ARE THE TOTAL FEES IF YOU DO BUSINESS WITHIN THE CITY OF PORTLAND? The current City of Portland business license rate is 2.2% (.022) of the net income after allowable deductions and apportionment, with an annual minimum fee of \$100.00. The current Multnomah County business income tax rate is 1.45% (.0145) of the net income after allowable deductions and apportionment. There is no minimum tax. Business income taxes are due after each tax year end. If you do business in the City of Portland (and then also within Multnomah County), your business activity is taxed at the base rate of 3.65 percent.²

ISN'T THIS BUSINESS LICENSE FEE JUST A BUSINESS TAX? The business license fee replaces all general business taxes in Portland. It is purely a revenue license, with many of the features of a privilege tax. Unlike most city business taxes, Portland's fee is based on net income (after expenses), not on gross receipts. As a license, it must be paid in advance for each year of business.

MULTNOMAH COUNTY BUSINESS INCOME TAX (MCBIT) FREQUENTLY ASKED QUESTIONS

Multnomah County changed from requiring a business license to assessing a business income tax in 1976. Over the years, the tax rate has increased from .6% in 1976 to 1.46% in 1992. The rate was reduced to 1.45% in 1993 when the City and County achieved Code Conformity and Joint Administration of the two separate programs. Revenue generated from the Multnomah County Business Income Tax goes to the County General Fund and is used to finance Libraries, the Sheriff's Office, Community Corrections, Jails, Juvenile Justice, Bridges, Social and Health Services. Business Income Tax revenues were over \$36 million dollars during FY 98-99.

² There are also temporary surcharges in place to help schools (Portland is .4 percent and Multnomah County is .5 percent) so the total rate is now 4.55 percent.

WHO HAS TO PAY MCBIT? Everyone doing business in Multnomah County except as noted below. Prior to operating a business in the City of Portland OR Multnomah County you are required to submit a Multnomah County ONLY Business Income Tax form

There are certain exemptions to operating a business without a business license. They are:

- Businesses grossing less than \$25,000 per year from all sources before expenses (gross receipts). (Note: In tax years 1993-1998, the exemption level was \$15,000.)
- Insurance agents, agencies and other representatives as such. ("Domestic" insurance companies are not exempt.)
- Individuals whose only business activity is ownership of less than 10 residential rental units. Note: An individual is a natural person. Partnerships, corporations and all entities other than individuals may not look to this exemption.

WHEN/HOW DO I PAY THE TAX? Generally, you must file and pay the tax within three and one-half months following the end of your taxable year. However, you may request an extension of up to six months to file your return. This extension is granted when accompanied by an estimated tax payment.

WHAT IS THE TAX? The tax is 1.45% of the net business income. Apportionment may be allowed for business activity performed outside the County. There is no minimum tax. For tax year 1998, there was a one-year increase to the tax for taxpayers who owed more than \$100. This increase was .5% (for a total of 1.95%). This one-year .5% increase was directed to assist schools in Multnomah County.

The form and instructions used to compute taxes owed for Sole Proprietorships (Form SP-2004) is attached.

SUMMARY. All of the three business taxes can be considered taxes on the net income versus the gross receipts of a business, although there are some aspects of gross receipts in the Portland and Multnomah taxes. Portland and Multnomah County tax all business types—C and S corporations, LLCs, partnerships, sole proprietorships, etc., while the State of Oregon model is for corporations only.

Part 3 – Multnomah County Personal Income Tax

From the county's web site: "The Multnomah County personal income tax was created when voters approved Ballot Measure 26-48 in May 2003. It is a three-year measure that raises local funds to prevent further cuts to Multnomah County's public schools and programs that help the County's most vulnerable residents. It is intended to be a temporary, local answer to recent state budget cuts and a poor economy.

The tax is a 1.25 percent levy on the Oregon taxable income of Multnomah County residents reduced by an exemption amount (\$5,000 for joint filers and \$2,500 for single filers). Oregon taxable income includes most income, but Social Security benefits and federal and state retirement income will not be taxed.

The tax provides an estimated \$128 million this year. The bulk of the money (\$89-\$91 million) will be divided equally, on a per-pupil basis to all county public school districts. The remainder will be spent on public safety and programs that serve the elderly, disabled and mentally ill.”

Some frequently asked questions from the county’s web site:

Who has to pay the tax?

All Multnomah County residents with Oregon taxable income, regardless of where the income was earned. For example, a Multnomah County resident who works in Vancouver, WA is subject to the tax. A Vancouver, WA resident who works in Multnomah County is not.

Can I deduct my County tax payment from federal and state taxes?

Yes, if you itemize deductions. However, only the portion of the County tax that you actually pay in 2003 can be deducted from your 2003 federal and state taxes (the same applies for the 2004 and 2005 tax years). An estimated payment coupon can be downloaded and printed from the County’s Website, and is also in the tax forms and instructions booklet.

What if I only lived in Multnomah County for part of the year?

Part-year residents will only be taxed based on the portion of the year they lived in Multnomah County. Part-year residents will only be taxed on the income they earned during the time they lived in Multnomah County. For example, a taxpayer who moved out of Multnomah County on Feb. 1 will owe the tax on roughly one-twelfth of their income.

How much will I owe?

The tax rate is 1.25 percent of Oregon taxable income after deducting an exemption (\$2,500 for single filers or \$5,000 for joint filers). An interactive calculator that allows you to estimate what you will owe is available on the County’s Website:
www.co.multnomah.or.us/tax/tax_calc.asp.

Part 4 – Rates, Yields, Spreadsheets, and Scenarios

A series of attachments are provided to help clarify the differences between the taxes, the differences between Adjusted Gross and Oregon Taxable or Net Income, and spreadsheets showing the tax rates and yields for various funding scenarios.

Attachments:

1. Oregon Individual Income Tax Return Form 40
2. Oregon Corporation Excise Tax Return Form 20
3. Oregon Corporation Income Tax Return Form 20-1
4. Common questions - Corporate Taxes ODOR web site
5. Corporation Excise and Income Tax - What you need to know (ODOR website)
6. Multnomah County Personal Income Tax Return Form MC TR 2004
7. Combined Portland and Multnomah Tax Return Form for Sole Proprietorship and 1 Member LLC Form SP 2004
8. Combined Report for C-Corporations Form C-2004
9. How Oregon Income Tax is Computed
10. Gross Receipts/Retail Sales Tax Options
11. Lane County Income Tax Options including Personal, Corporate and Business Income
12. Lane County Combination Tax Options based upon Adjusted Gross Income
13. Lane County Combination Tax Options based upon Oregon Taxable Balance
14. Jim Gangle prepared an analysis of Lane County home values so you can see the impact of property tax levels at various levels of Assessed values, Nov. 9, 2005.
15. Lane County, Oregon, 1% Personal Income Tax Scenarios based upon *Adjusted Gross Income* with \$1/1000 Property Tax Relief – this worksheet shows the impact on various income groups on an annual and a monthly basis.
16. Lane County, Oregon, 1% Personal Income Tax Scenarios based upon the *Oregon Taxable Balance* with \$1/1000 Property Tax Relief – this worksheet shows the impact on various income groups on an annual and a monthly basis. **THIS ITEM IS NOT ATTACHED. IT WILL BE HANDED OUT PRIOR TO THE WORKSESSION.**

Form 40 OREGON Individual Income Tax Return FULL-YEAR RESIDENTS ONLY		2004 Fiscal year ending		W For office use only	
Last name		First name and initial		Social Security No. (SSN)	
Spouse's last name if joint return		Spouse's first name and initial if joint return		Spouse's SSN, if joint return	
Current mailing address				Telephone number	
City	State	ZIP code	Country	If you filed a return last year, and your name or address is different, check here <input type="checkbox"/>	
Filing Status Check only one box 1 <input type="checkbox"/> Single 2 <input type="checkbox"/> Married filing jointly 3 <input type="checkbox"/> Married filing separately 4 <input type="checkbox"/> Head of household 5 <input type="checkbox"/> Qualifying widow(er) with dependent child				Exemptions 6a Yourself.....Regular <input type="checkbox"/> Severely disabled <input type="checkbox"/> Total 6b Spouse Regular <input type="checkbox"/> Severely disabled <input type="checkbox"/> b 6c All dependents First names c 6d Child(ren) First names d with a disability Total • 6e	
Check all that apply →	7a • You were: <input type="checkbox"/> 65 or older <input type="checkbox"/> Blind Spouse was: <input type="checkbox"/> 65 or older <input type="checkbox"/> Blind	7b <input type="checkbox"/> You filed an extension	7c <input type="checkbox"/> You attached Schedule WFC	7d <input type="checkbox"/> You filed an Oregon Form 24	7e • <input type="checkbox"/> If there is a kicker refund, you want to donate your kicker to the State School Fund

8 Federal adjusted gross income. Federal Form 1040, line 36; 1040A, line 21;

Round to the nearest dollar

1040EZ, line 4; 1040NR, line 34; or TeleFile Tax Record, line I. See instructions.....

• 8 .00

ADDITIONS	9 Interest and dividends on state and local government bonds outside of Oregon • 9	<input type="text"/>	.00
	10 Other additions. Identify • 10	<input type="text"/>	.00
	11 Total additions. Add lines 9 and 10..... 11	<input type="text"/>	.00
	12 Income after additions. Add lines 8 and 11 12	<input type="text"/>	.00

SUBTRACTIONS	13 2004 federal tax liability (\$0-\$4,000; see instructions for the correct amount) • 13	<input type="text"/>	.00
	14 Social Security included on federal Form 1040, line 20b; or Form 1040A, line 14b • 14	<input type="text"/>	.00
	15 Oregon income tax refund included in federal income • 15	<input type="text"/>	.00
	16 Interest from U.S. government, such as Series EE and HH bonds • 16	<input type="text"/>	.00
	17 Federal pension income (see instructions on page 25) % • 17	<input type="text"/>	.00
	18 Other subtractions. Identify • 18	<input type="text"/>	.00
	19 Total subtractions. Add lines 13 through 18 19	<input type="text"/>	.00
20 Income after subtractions. Line 12 minus line 19 20	<input type="text"/>	.00	

DEDUCTIONS	If you are claiming itemized deductions, fill in lines 21-25. If you are claiming the standard deduction, fill in line 26 only.		
	21 Itemized deductions from Schedule A, line 28 • 21	<input type="text"/>	.00
	22 Special Oregon medical deduction (age restricted, see instructions, page 28) • 22	<input type="text"/>	.00
	23 Total Oregon itemized deductions. Add lines 21 and 22 23	<input type="text"/>	.00
	24 State income tax claimed as an itemized deduction from Schedule A, line 5 • 24	<input type="text"/>	.00
	25 Net Oregon itemized deductions. Line 23 minus line 24 25	<input type="text"/>	.00
	OR		} Either line 25 or 26
	26 Standard deduction from page 28 • 26	<input type="text"/>	
	27 Total deductions. Line 25 or line 26, whichever is larger 27	<input type="text"/>	.00
	28 Oregon taxable income. Line 20 minus line 27. If line 27 is more than line 20, fill in -0- • 28	<input type="text"/>	.00

TAX	29 Tax. See pages 21 through 23 for tax tables or charts and enter tax here • 29	<input type="text"/>	.00
	OR		
	30 Check if tax is from: <input type="checkbox"/> Form FIA-40 or <input type="checkbox"/> Worksheet FCG and enter tax here • 30	<input type="text"/>	.00
	31 Interest on certain installment sales • 31	<input type="text"/>	.00
32 Total tax. Add lines 29 and 31 OR add lines 30 and 31OREGON TAX 32	<input type="text"/>	.00	

33 Total tax from front of form, line 32.....		33	.00
CREDITS	34 Exemption credit. Multiply your total exemptions on line 6e by \$151.....	34	.00
	35 Earned income credit. See instructions, page 29.....	35	.00
	36 Retirement income credit. See instructions, page 30.....	36	.00
	37 Child and dependent care credit. See instructions, page 30.....	37	.00
	38 Credit for the elderly or the disabled. See instructions, page 31.....	38	.00
	39 Political contribution credit. See limits, page 31.....	39	.00
	40 Credit for income taxes paid to another state. State: _____ Attach proof •	40	.00
	41 Other credits. Identify.....	41	.00
	42 Total credits. Add lines 34 through 41.....	42	.00
	43 Net income tax. Line 33 minus line 42. If line 42 is more than line 33, fill in -0-.....	43	.00

PAYMENTS, PENALTY, AND INTEREST	44 Oregon income tax withheld. Attach Form(s) W-2 and 1099	44	.00
	45 Estimated tax payments for 2004. Include payments made with your extension	45	.00
	46 Working family child care credit from WFC, line 19..... CREDIT AMOUNT →	46	.00
	Number from WFC, line 5 • 46a <input type="text"/> Amount from WFC, line 17 • 46b <input type="text"/>		.00
	47 Total payments. Add lines 44, 45, and 46.....	47	.00
48 Overpayment. If line 43 is less than line 47, you overpaid. Line 47 minus line 43..... OVERPAYMENT →	48	.00	
49 Tax to pay. If line 43 is more than line 47, you have tax to pay. Line 43 minus line 47..... TAX TO PAY →	49	.00	
50 Penalty and interest for filing or paying late. See instructions, page 33.....	50	.00	
51 Interest on estimated tax underpayment. Attach Form 10 and check box → <input type="checkbox"/>	51	.00	
52 Total penalty and interest due. Add lines 50 and 51.....	52	.00	
53 Amount you owe. Line 49 plus line 52..... AMOUNT YOU OWE →	53	.00	
54 Refund. Is line 48 more than line 52? If so, line 48 minus line 52..... REFUND →	54	.00	
55 Estimated tax. Fill in the part of line 54 you want applied to 2005 estimated tax.....	55	.00	
CHARITABLE CHECKOFFS <i>I want to donate part of my tax refund to the following fund(s)</i>	56 Oregon Nongame Wildlife..... <input type="checkbox"/> \$1..... <input type="checkbox"/> \$5..... <input type="checkbox"/> \$10..... <input type="checkbox"/> Other \$.....	56	.00
	57 Child Abuse Prevention..... <input type="checkbox"/> \$1..... <input type="checkbox"/> \$5..... <input type="checkbox"/> \$10..... <input type="checkbox"/> Other \$.....	57	.00
	58 Alzheimer's Disease Research..... <input type="checkbox"/> \$1..... <input type="checkbox"/> \$5..... <input type="checkbox"/> \$10..... <input type="checkbox"/> Other \$.....	58	.00
	59 Stop Domestic & Sexual Violence..... <input type="checkbox"/> \$1..... <input type="checkbox"/> \$5..... <input type="checkbox"/> \$10..... <input type="checkbox"/> Other \$.....	59	.00
	60 AIDS/HIV Education and Services..... <input type="checkbox"/> \$1..... <input type="checkbox"/> \$5..... <input type="checkbox"/> \$10..... <input type="checkbox"/> Other \$.....	60	.00
	61 Other charity. Enter code •..... <input type="checkbox"/> \$1..... <input type="checkbox"/> \$5..... <input type="checkbox"/> \$10..... <input type="checkbox"/> Other \$.....	61	.00
62 Total. Add lines 55 through 61. Total can't be more than your refund on line 54.....	62	.00	
63 NET REFUND. Line 54 minus line 62. This is your net refund..... NET REFUND →	63	.00	

DIRECT DEPOSIT	64 For direct deposit of your refund, see the instructions on page 34.	• Type of Account: <input type="checkbox"/> Checking or <input type="checkbox"/> Savings
• Routing No. <input type="text"/>		• Account No. <input type="text"/>

Under penalties for false swearing, I declare that I have examined this return, including accompanying schedules and statements. To the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than the taxpayer, this declaration is based on all information of which the preparer has any knowledge.		<input type="checkbox"/> I authorize the Department of Revenue to contact this preparer about the processing of this return.
Your signature	Date	Signature of preparer other than taxpayer
X		X
Spouse's signature (if filing jointly, BOTH must sign)	Date	Address
X		Telephone No.

Important: Attach a copy of your federal Form 1040, 1040A, 1040EZ, 1040NR, or TeleFile Tax Record.

If you owe, make your check or money order payable to the: Oregon Department of Revenue. Write your daytime telephone number and "2004 Form 40" on your check or money order. Attach your payment, along with the payment voucher on page 11, to this return.	
Mail TAX-TO-PAY returns to Oregon Department of Revenue PO Box 14555 Salem OR 97309-0940	Mail REFUND returns and NO-TAX-DUE returns to REFUND PO Box 14700 Salem OR 97309-0930

Oregon Corporation Excise Tax Return 2004 Form 20		For office use only		
		Date received		Payment
		1	2	3
Fiscal year beginning		Fiscal year ending		
• / / 04		• / /		
NAME: <input type="checkbox"/> NEW NAME • BIN: <input type="checkbox"/> NEW ADDRESS FEIN: ADDRESS: <input type="checkbox"/> EXTENSION <input type="checkbox"/> FORM 37 CITY: <input type="checkbox"/> AMENDED CONTACT: <input type="checkbox"/> FORM 24 PREVIOUS NAME: <input type="checkbox"/> FCG-20 WEB ADDRESS: PHONE:				
FOR FUTURE COMPUTER USE		FOR COMPUTER USE ONLY		

Complete A through D only if this is your first return or the answer changed during 2004. SEE INSTRUCTIONS FOR MORE INFORMATION.

• A. Incorporated in (state);		• Incorporated on (date)		• B. State of commercial domicile		• C. Date business activity began in Oregon		• D. Business Activity Code	
• E. (1) Was a consolidated federal return filed?			• (2) Is this a consolidated Oregon return?			• (3) Are corporations included in the consolidated federal return, but not in the Oregon return?			
<input type="checkbox"/> Yes <input type="checkbox"/> No			<input type="checkbox"/> Yes <input type="checkbox"/> No			<input type="checkbox"/> Yes <input type="checkbox"/> No			
• F. Are you a high-income taxpayer?		• G. Enter name of parent corporation, if applicable;				• Enter FEIN of parent corporation, if applicable			
<input type="checkbox"/> Yes <input type="checkbox"/> No									
• H. List the tax years for which federal waivers of the statute of limitations are in effect and dates on which waivers expire; if more than four years, see instructions									
• I. List the tax years for which your federal taxable income was changed by an IRS audit or by an amended federal return filed during this tax year; if more than four years, see instructions									
• J. If first return, indicate		Name of previous business				FEIN		BIN	
<input type="checkbox"/> New business, or									
<input type="checkbox"/> Successor to prev. existing business									
• K. If final return, indicate		Name of merged or reorganized corporation				FEIN		BIN	
<input type="checkbox"/> Withdrawn, <input type="checkbox"/> Dissolved, or									
<input type="checkbox"/> Merged or reorganized									
L. Check the box if your business is a utility or telecommunications company electing alternative apportionment..... • L <input type="checkbox"/>									
M. If you did not complete Schedule AP, fill in the amount of your Oregon sales • M									

See instructions		1. Taxable income from U.S. corporation income tax return • 1		
ADDITIONS		2. State, municipal, and other interest income excluded in arriving at line 1... • 2		
		3. Oregon excise tax and other state or foreign taxes on or measured by net income or profits • 3		
		4. Income of related FSC or DISC • 4		
		5. Other additions. Attach schedule and explanation • 5		
		6. Total additions (add lines 2 through 5) 6		
		7. Income after additions (line 1 plus line 6) 7		
SUBTRACTIONS		8. Work opportunity credit wages not deducted on federal Form 1120 or 1120-A ... • 8		
		9. Dividend deduction. Attach schedule and explanation • 9		
		10. Income of non-unitary corporations. Attach schedule and explanation ... • 10		
		11. Other subtractions. Attach schedule and explanation • 11		
		12. Total subtractions (add lines 8 through 11) 12		
		13. Income before net loss deduction (line 7 minus line 12) 13		
If income is derived from sources both in Oregon and other states, carry amount from line 13 to Schedule AP-2, line 1.				
		14. Net loss deduction and net capital loss deduction (attach schedule) • 14		
		15. Oregon taxable income (line 13 minus line 14 or amount from Schedule AP-2, line 11) (carry to page 2, line 16) ... • 15		

Round all amounts to the nearest whole dollar.

	16. Oregon taxable income (carried forward from page 1, line 15)	16	
	17. Excise tax (6.6 percent of line 16) (minimum tax—see instructions) ...	17	
	18. Tax adjustments (see instructions)	• 18	
	19. Total tax (line 17 plus line 18)	19	
CREDITS	20. Pollution control facility credit	• 20	
	21. Emission reducing production technology process (ORS 315.311) ...	• 21	
	22. Lender's credit: Energy conservation—Loans after 12-31-81 (Form 150-102-125) ...	• 22	
	23. Lender's credit: Affordable housing—Loans after 12-31-89 (Form 150-102-125) ...	• 23	
	24. Lender's credit: Farmworker housing—Loans after 12-31-89 (Form 150-102-125) ...	• 24	
	25. Energy conservation facilities	• 25	
	26. Farmworker housing project investment credit	• 26	
	27. Dependent care credits (Form 150-102-032)	• 27	
	28. Qualified research activities credit (Form 150-102-128)	• 28	
	29. Other credits. Identify:	• 29	
	30. Total credits (add lines 20 through 29)	30	
EXCISE TAX	31. Excise tax after credits (line 19 minus line 30) (not less than the minimum tax—see instructions)	31	
	32. Tax adjustment for LIFO benefit recapture (see instructions)	32	< >
	33. Net excise tax (line 31 minus line 32) (not less than the minimum tax—see instructions). If the amount is \$500 or more, see the instructions for interest on underpayment of estimated tax	• 33	
	34. 2004 Estimated tax payments from Schedule ES. Include payments made with extension—see instructions ...	• 34	
	35. Tax Due. Is line 33 more than line 34? If so, line 33 minus line 34	Tax Due • 35	
	36. Overpayment. Is line 33 less than line 34? If so, line 34 minus line 33	Overpayment • 36	
	37. Penalty due with this return (see instructions)	37	
	38. Interest due with this return (see instructions)	38	
	39. Interest on underpayment of estimated tax (see instructions). Attach Form 37 ...	• 39	
	40. Total penalty and interest (add lines 37, 38, and 39)	40	
	41. Total Due (line 35 plus line 40)	Total Due 41	
	42. Refund available (line 36 minus line 40)	Refund 42	
	43. Amount of refund to be credited to 2005 estimated tax	2005 Credit • 43	
	44. Net Refund (line 42 minus line 43)	Net Refund 44	

SCHEDULE ES — ESTIMATED TAX PAYMENTS OR OTHER PREPAYMENTS (see instructions)

Voucher	Date of Payment	Amount Paid
1. Voucher 1	1	1
2. Voucher 2	2	2
3. Voucher 3	3	3
4. Voucher 4	4	4
5. Overpayment of last year's tax elected as a credit against this year's tax		5
6. Payments made with extension or other prepayments for this tax year and date paid ...	6	6
7. Claim of right credit (attach computation and explanation)		7
8. Total prepayments (carry to line 34 above)		8
9. Last year's net excise tax	9	

Under penalties of false swearing, I declare that I have examined this return, including accompanying schedules and statements. To the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, this declaration is based on all information of which the preparer has any knowledge.

SIGN HERE	Signature of officer X	Signature of preparer other than taxpayer X	License number of preparer
	Date	Date	Telephone number ()
	Print name of officer	Print name of preparer	
	Title of officer	Address of preparer	

PLEASE ATTACH A COMPLETE COPY OF YOUR FEDERAL RETURN

Mail refund returns and no tax due returns to:
Refund, PO Box 14777, Salem OR 97309-0960

Mail tax-to-pay returns with payment and payment voucher to:
Oregon Department of Revenue, PO Box 14790, Salem OR 97309-0470

SCHEDULE AP — APPORTIONMENT OF INCOME for Form 20 (see instructions)

Describe the nature and location(s) of your Oregon business activities _____

SCHEDULE AP-1 — APPORTIONMENT FORMULA**Property factor**—Value of real and tangible personal property used in the unitary business (owned, at average value; rented, at capitalized value):

(Do not enter an amount of less than zero)

Owned property (at original cost; see instructions):

	(A) Total within Oregon	(B) Total within and without Oregon	(C) Percent within Oregon (A + B) × 100
1. Inventories 1			
2. Buildings and other depreciable assets 2			
3. Land 3			
4. Other assets (describe) 4			
5. Minus: Construction in progress 5	()	()	
6. Total of lines 1–5 6			
7. <i>Rented property</i> (capitalize at 8 times the rental paid) ... 7			
8. Total owned and rented property 8			%
Payroll factor —Wages, salaries, commissions, and other compensation to employees:			
9. Compensation of officers 9			
10. Other wages, salaries, and commissions 10			
11. Total wages and salaries 11			%
Sales factor — <i>Sales delivered or shipped to Oregon purchasers:</i>			
12. Shipped from outside Oregon 12			
13. Shipped from inside Oregon 13			
<i>Sales shipped from Oregon to:</i>			
14. The United States government 14			
15. Purchasers in a state or country where the corporation is not taxable (e.g., under Public Law 86-272) 15			
16. Other business receipts 16			
17. Total sales and other business receipts 17			%
18. Sales factor (same as line 17) 18			%
19. Total percent (add items 8, 11, 17, and 18, within column C) 19			%
20. Oregon apportionment percentage. Enter the amount from the appropriate schedule on page 12 20			%

SCHEDULE AP-2 — TAXABLE INCOME COMPUTATION (see instructions)

1. Net income from business both in Oregon and other states (from Form 20, line 13) 1	
2. Subtract: Net nonbusiness income included in line 1. Attach schedule 2	
3. Subtract: Gains from prior year installment sales included in line 1. Attach schedule 3	
4. Total net income subject to apportionment (line 1 minus line 2 and line 3) 4	
5. Oregon apportionment percentage (from Schedule AP-1, line 20) 5	× %
6. Income apportioned to Oregon (line 5 times line 4) 6	
7. Add: Net nonbusiness income allocated entirely to Oregon. Attach schedule 7	
8. Add: Gain from prior year installment sales apportioned to Oregon. Attach schedule 8	
9. Total of lines 6, 7, and 8 9	
10. (a) Oregon apportioned net loss from prior years 10a	
(b) Net capital loss from other years [from tax year(s) _____] 10b	
Total loss (line 10a plus line 10b) 10	
11. Oregon taxable income (line 9 minus line 10) (carry to Form 20, line 15) 11	

SCHEDULE AF — SCHEDULE OF AFFILIATES for Form 20 (see instructions)

A Schedule of Affiliates **must** be filed every year with each consolidated tax return. List those affiliates doing business in Oregon, or with Oregon source income, that are part of the unitary group included in this tax return.

Do not include in this list the affiliate shown on the heading of this tax return. You may copy this form if you have more than 12 affiliates to include on this list.

Business Identification Number and Federal Employee Identification Number	Name and Address	If new affiliate during this year, enter date affiliate became part of unitary group	If affiliate ceased to be part of the unitary group during the year, indicate date affiliate left group
BIN _____ FEIN _____			
BIN _____ FEIN _____			
BIN _____ FEIN _____			
BIN _____ FEIN _____			
BIN _____ FEIN _____			
BIN _____ FEIN _____			
BIN _____ FEIN _____			
BIN _____ FEIN _____			
BIN _____ FEIN _____			
BIN _____ FEIN _____			
BIN _____ FEIN _____			
BIN _____ FEIN _____			
BIN _____ FEIN _____			
BIN _____ FEIN _____			

Oregon Corporation Income Tax Return 2004 Form 20-I		For office use only		
		Date received • / /		Payment •
Fiscal year beginning • / / 04		Fiscal year ending • / /		1 •
				2 •
				3 •
NAME1: <input type="checkbox"/> NEW NAME • BIN: NAME2: <input type="checkbox"/> NEW ADDRESS FEIN: ADDRESS1: <input type="checkbox"/> EXTENSION ADDRESS2: <input type="checkbox"/> FORM 37 CITY: ST: ZIP: <input type="checkbox"/> AMENDED CONTACT: <input type="checkbox"/> FORM 24 PREVIOUS NAME: <input type="checkbox"/> FCG-20 WEB ADDRESS: PHONE:				
FOR FUTURE COMPUTER USE				

Use **Form 20-I** when the corporation derives income from sources within Oregon, but the income-producing activity does not actually constitute "doing business" (see instructions on page 3).

Complete A through D only if this is your first return or the answer changed during 2004. SEE INSTRUCTIONS FOR MORE INFORMATION.

• A. Incorporated in (state);		• Incorporated on (date)		• B. State of commercial domicile		• C. Date business activity began in Oregon		• D. Business Activity Code	
• E. (1) Was a consolidated federal return filed?		• (2) Is this a consolidated Oregon return?		• (3) Are corporations included in the consolidated federal return, but not in the Oregon return?					
<input type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Yes <input type="checkbox"/> No					
• F. Are you a high-income taxpayer?		• G. Enter name of parent corporation, if applicable;		• Enter FEIN of parent corporation, if applicable					
<input type="checkbox"/> Yes <input type="checkbox"/> No									
• H. List the tax years for which federal waivers of the statute of limitations are in effect and dates on which waivers expire; if more than four years, see instructions									
• I. List the tax years for which your federal taxable income was changed by an IRS audit or by an amended federal return filed during this tax year; if more than four years, see instructions									
• J. If first return, indicate		Name of previous business				FEIN		BIN	
<input type="checkbox"/> New business, or									
<input type="checkbox"/> Successor to prev. existing business									
• K. If final return, indicate		Name of merged or reorganized corporation				FEIN		BIN	
<input type="checkbox"/> Withdrawn, <input type="checkbox"/> Dissolved, or									
<input type="checkbox"/> Merged or reorganized									
L. Check the box if your business is a utility or telecommunications company electing alternative apportionment • L <input type="checkbox"/>									
M. If you did not complete Schedule AP, fill in the amount of your Oregon sales • M									

See instructions	1. Taxable income from U.S. corporation income tax return, Form 1120 (line 28) or 1120-A (line 24) ... • 1					Round all amounts to the nearest whole dollar.
ADDITIONS	2. State, municipal, and other interest income not included in line 1 • 2					
	3. Oregon excise tax and other state or foreign taxes on or measured by net income or profits • 3					
	4. Income of related FSC or DISC • 4					
	5. Other additions. Attach schedule and explanation • 5					
	6. Total additions (add lines 2 through 5) 6					
	7. Income after additions (line 1 plus line 6) 7					

SUBTRACTIONS	8. Work opportunity tax credit wages not deducted on federal Form 1120 or 1120-A ... • 8		
	9. Interest on U.S. obligations and instrumentalities included in line 1 ... • 9		
	10. State of Oregon interest income included in line 2 • 10		
	11. Dividend deduction. Attach schedule and explanation • 11		
	12. Income of nonunitary corporations. Attach schedule and explanation • 12		
	13. Other subtractions. Attach schedule and explanation • 13		
	14. Total subtractions (add lines 8 through 13) 14		
	15. Net income before apportionment (line 7 minus line 14). Carry amount on line 15 to Schedule AP-2, line 1 ... 15		
	16. Oregon taxable income (from Schedule AP-2, line 11) • 16		
	17. Income tax (6.6 percent of line 16) 17		
	18. Tax adjustments (see instructions) • 18		
	19. Total tax (line 17 plus line 18) 19		
	20. Tax adjustment for LIFO benefit recapture • 20	<	>
	21. Net income tax (line 19 minus line 20). If the amount on line 21 is \$500 or more, see the instructions for interest on underpayment of estimated tax • 21		
	22. 2004 estimated tax payments from Schedule ES. Include payments made with extension • 22		
	23. Tax Due. Is line 21 more than line 22? If so, line 21 minus line 22 Tax Due • 23		
	24. Overpayment. Is line 21 less than line 22? If so, line 22 minus line 21 Overpayment • 24		
	25. Penalty due with this return 25		
	26. Interest due with this return 26		
	27. Interest on underpayment of estimated tax. Attach Form 37 • 27		
	28. Total penalty and interest (add lines 25 through 27) 28		
	29. Total Due (line 23 plus line 28) Total Due 29		
	30. Refund available (line 24 minus line 28) Refund 30		
	31. Amount of refund to be credited to 2005 estimated tax 2005 Credit • 31		
	32. Net Refund (line 30 minus line 31) Net Refund 32		

SCHEDULE ES — ESTIMATED TAX PAYMENTS OR OTHER PREPAYMENTS (see instructions)

Voucher	Date of Payment	Amount Paid
1. Voucher 1	1	1
2. Voucher 2	2	2
3. Voucher 3	3	3
4. Voucher 4	4	4
5. Overpayment of last year's tax elected as a credit against this year's tax		5
6. Payments made with extension or other prepayments for this tax year and date paid ...	6	6
7. Claim of right tax credit (attach computation and explanation)	7 / /	7
8. Total prepayments (carry to line 22 above)		8
9. Last year's net income tax	9	

Under penalties of false swearing, I declare that I have examined this return, including accompanying schedules and statements. To the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, this declaration is based on all information of which the preparer has any knowledge.

SIGN HERE	Signature of officer	Signature of preparer other than taxpayer	License number of preparer
	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	Date	Date	Telephone number ()
	Print name of officer	Print name of preparer	
	Title of officer	Address of preparer	

PLEASE ATTACH A COMPLETE COPY OF YOUR FEDERAL FORM 1120 OR 1120-A AND SCHEDULES

Mail refund returns and no tax due returns to:
Refund, PO Box 14777, Salem OR 97309-0960

Mail tax-to-pay returns with payment and payment voucher to:
Oregon Department of Revenue, PO Box 14790, Salem OR 97309-0470

Describe the nature and location(s) of your Oregon business activities.

(Do not enter an amount of less than zero)

Owned property (at original cost; see instructions):

1. Inventories	1			
2. Buildings and other depreciable assets	2			
3. Land	3			
4. Other assets (describe)	4			
5. Minus: Construction in progress	5	()	()
6. Total of lines 1-5	6			
7. <i>Rented property</i> (capitalize at 8 times the rental paid) ...	7			
8. Total owned and rented property	8			%
Payroll factor —Wages, salaries, commissions, and other compensation to employees:				
9. Compensation of officers	9			
10. Other wages, salaries, and commissions	10			
11. Total wages and salaries	11			%
Sales factor — <i>Sales delivered or shipped to Oregon purchasers:</i>				
12. Shipped from outside Oregon	12			
13. Shipped from inside Oregon	13			
<i>Sales shipped from Oregon to:</i>				
14. The United States government	14			
15. Purchasers in a state or country where the corporation is not taxable (e.g., under Public Law 86-272)	15			
16. Other business receipts	16			
17. Total sales and other business receipts	17			%
18. Sales factor (same as line 17)	18			%
19. Total percent (add items 8, 11, 17, and 18, within column C)	19			%
20. Oregon apportionment percentage. Enter the amount from the appropriate schedule on page 10	20			%

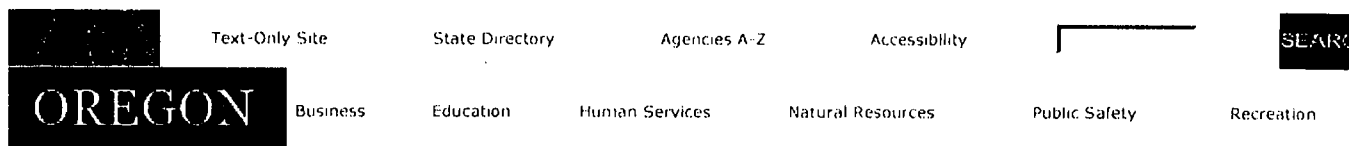
1. Net income from business both in Oregon and other states (from Form 20-I, page 2, line 15)	1	
2. Subtract: Net nonbusiness income included in line 1. Attach schedule	2	
3. Subtract: Gains from prior year installment sales included in line 1. Attach schedule	3	
4. Total net income subject to apportionment (line 1 minus line 2 and line 3)	4	
5. Oregon apportionment percentage (from Schedule AP-1, line 20)	5	X %
6. Income apportioned to Oregon (line 5 times line 4)	6	
7. Add: Net nonbusiness income allocated entirely to Oregon. Attach schedule	7	
8. Add: Gain from prior year installment sales apportioned to Oregon. Attach schedule	8	
9. Total of lines 6, 7, and 8	9	
10. (a) Oregon apportioned net loss from prior years		
(b) Net capital loss from other years [from tax year(s) _____]		
Total loss (line 10a plus line 10b)	10	
11. Oregon taxable income (line 9 minus line 10) (carry to Form 20-I, page 2, line 16)	11	

SCHEDULE AF — SCHEDULE OF AFFILIATES for Form 20-I (see instructions)

A Schedule of Affiliates **must** be filed every year with each consolidated tax return. List those affiliates doing business in Oregon, or with Oregon source income, that are part of the unitary group included in this tax return.

Do not include in this list the affiliate shown on the heading of this tax return. You may copy this form if you have more than 12 affiliates to include on this list.

Business Identification Number and Federal Employee Identification Number	Name and Address	If new affiliate during this year, enter date affiliate became part of unitary group	If affiliate ceased to be part of the unitary group during the year, indicate date affiliate left group
BIN • _____		•	•
FEIN • _____		•	•
BIN • _____		•	•
FEIN • _____		•	•
BIN • _____		•	•
FEIN • _____		•	•
BIN • _____		•	•
FEIN • _____		•	•
BIN • _____		•	•
FEIN • _____		•	•
BIN • _____		•	•
FEIN • _____		•	•
BIN • _____		•	•
FEIN • _____		•	•
BIN • _____		•	•
FEIN • _____		•	•
BIN • _____		•	•
FEIN • _____		•	•
BIN • _____		•	•
FEIN • _____		•	•



Department of Revenue: Business Taxes

Departments Divisions Others

Common Questions

Corporate Taxes

- [What You Need to Know About Corporation Excise and Income Tax](#)
- [Tips to Help Us Process Your Corporation Return](#)

1. When is our corporate tax return due?

The 15th day of the month following the federal due date. For most taxpayers, that's the 15th day of the fourth month following the end of your tax year.

2. What is the corporate tax rate?

The corporate tax rate is 6.6 percent.

3. Who must file a corporate excise tax return?

Any corporation doing business in Oregon. (General Corporation) (Foreign Corporation)

4. Who must file a corporation income tax return?

Any corporation with income from Oregon, even if it is not doing business in Oregon.

5. How do we amend our corporate return? What form do we use?

Use the same form you originally used for the year you are amending; for example, use [Form 20](#), [Form 20-I](#), etc. Be sure to check the "This is an amended return" box on the front of the return.

6. What is the statute of limitations for filing an amended return?

Generally, the statute of limitations is three years from the date the return is filed or the due date of the return, whichever is later. For an amended return claiming a refund, the statute of limitations is two years from the date of any payment being claimed, if that is later than the three-year statute.

If there has been a federal audit, the statute of limitations is two years from the date the department receives notice of a change to your federal return.

If you file an amended return with the IRS and the changes affect Oregon taxable income, you must amend your Oregon return within 90 days of amending your federal return.

7. How long after an IRS audit may Oregon issue a bill to me?

Generally, up to two years after Oregon received notice of a change to your federal return.

If you are audited by the IRS and changes that were made to your federal return affect your Oregon return, you should file an amended Oregon return. Otherwise, Oregon may send you a billing notice up to two years from the date the department receives notice of a change to your federal return.

8. When are corporate estimated tax payments due?

- 1st: 15th day of the 4th month of the corporation's tax year;
- 2nd: 15th day of the 6th month of the corporation's tax year;
- 3rd: 15th day of the 9th month of the corporation's tax year;
- 4th: 15th day of the 12th month of the corporation's tax year;

Use Form 20ES.

9. **If I have an estimated tax account for the current year, and I amend a return or the department makes an adjustment that creates a tax liability, may I use funds in my estimated tax account to pay my tax liability?**
No. Estimated tax payments cannot be used to pay a tax liability for a prior year, regardless of whether the liability is created by filing an amended return or by adjustment of the return by the department. It is an irrevocable election to have an overpayment of a prior year tax applied to a current year estimated tax account.
10. **If we file as an "S" Corporation with the IRS, how do we file with Oregon?**
Oregon recognizes your federal "S" election. File Form 20-S.
11. **Does Oregon allow the filing of a composite or Multiple Nonresident return for nonresident shareholders of an "S" Corporation?**
Yes. Refer to Oregon Administrative Rule (OAR) 150-314.760. OARs are available under 'Administrative Rules' on our Web site.
12. **We are a limited liability company (LLC). How do we file for Oregon?**
File the same way for Oregon that you did for federal. For example, if you filed a partnership return for federal, then file a partnership return for Oregon (Form 65).
13. **We are a corporate member of a Limited Liability Company (LLC). How do we file for Oregon?**
IF THE LLC IS TAXED AS A PARTNERSHIP AND IS PART OF YOUR UNITARY BUSINESS:

Include your ownership share of the LLC income in your net income subject to apportionment. Include your ownership share of LLC property, payroll, and sales in your apportionment factors. If the LLC has Oregon activity, include its factors in both the numerators and denominators of your factors.

IF THE LLC IS TAXED AS A PARTNERSHIP AND IS NOT PART OF YOUR UNITARY BUSINESS:

Your income from the LLC is nonbusiness income. You must allocate it to this state as provided in ORS 314.625 through ORS 314.645.

IF THE LLC IS TAXED AS A CORPORATION AND IS PART OF YOUR UNITARY BUSINESS:

Include the income of the LLC in net income subject to apportionment. Include the factors of the LLC, as appropriate, in both the numerators and denominators of the apportionment factors.

IF THE LLC IS TAXED AS A CORPORATION AND IS NOT PART OF YOUR UNITARY BUSINESS:

Subtract the income of the LLC from the consolidated net income as income from a nonunitary corporation. If the LLC does business in Oregon or has income from an Oregon source, the LLC will be required to file its own Oregon return and calculate its Oregon tax based on its Oregon activities.
14. **Does Oregon follow federal treatment of LLCs considered "disregarded entities"?**
Yes.
15. **We are starting a nonprofit organization; what do we file with you?**
You do not need to file "articles of incorporation" or other forms with the Department of Revenue. If you only file a federal Form 990 with the IRS, you do not need to file a return with Oregon. If you file a federal Form 990-T (unrelated business income), you must file an Oregon Form 20.
16. **How many years can we carry back or carry forward a net operating loss (NOL)?**
Oregon allows corporate NOLs to be carried forward for up to 15 years. THERE IS NO NET OPERATING LOSS CARRYBACK ALLOWED, however there is a capital loss carryback provision.
17. **What is the interest rate for refunds and deficiencies?**
If you do not pay the tax by the due date, interest will be charged on the unpaid tax. Interest periods generally begin on the 16th day of the month the return is due. Returns are due on the 15th unless the 15th falls on a Saturday, Sunday or holiday. Interest is figured daily for periods of less than a month. A month, for example, is May 16 to June 15. Interest rates may change once a calendar year. The chart below shows the interest rates and effective dates.

To calculate interest due:
 - Tax x Annual interest rate x number of full years
 - Tax x Monthly interest rate x number of months
 - Tax x Daily interest rate x number of days

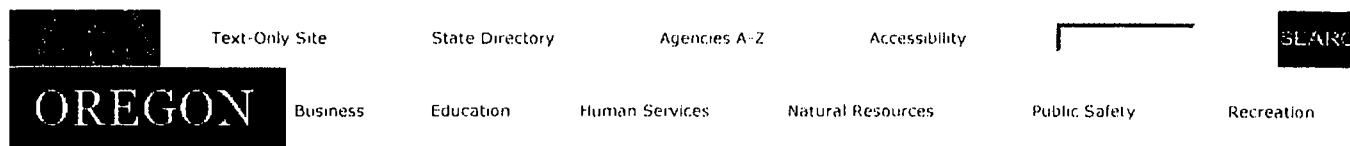
Interest accrues on any unpaid tax during an extension of time to file.
18. **What is the due date of the Oregon return when I have a federal extension?**
Oregon accepts the federal extension to extend the due date for filing your federal and state return. Be sure to attach a

copy of the federal extension to the back of your Oregon return. If you have a 6 month extension of time to file, your federal return is due 6 months after the original federal due date, and your Oregon return is due 6 months after the original Oregon due date. Example: Your federal return is due March 15 with a 6 month extension to September 15. Your Oregon return is due April 15 with a 6 month extension to October 15. The due dates for a fiscal year ending taxpayer apply to the 15th day of the fourth month following the end of your fiscal year.

If you are making an extension payment, please use Form 20-EXT when paying tax due. See tax forms.

Last revised February 1, 2005.

Attachment #5



Department of Revenue: Business Taxes

[Departments](#) [Divisions](#) [Others](#)

Corporation Excise and Income Tax

What You Need to Know

Understanding Corporation Excise and Income Tax

Do I need to file?

Yes. Corporations doing business in Oregon or with income from an Oregon source must file an annual tax return with the Oregon Department of Revenue (DOR).

No. Corporations with **no business activity** in Oregon, even if incorporated in or registered to do business in the state, are **not** required to file a corporation tax return.

What does 'doing business' mean?

"Doing business" means being engaged in any profit-seeking activity in Oregon. A taxpayer having one or more of the following in this state is clearly doing business in Oregon:

- A stock of goods.
- An office.
- A place of business (other than an office) where affairs of the corporation are regularly conducted.

"Doing business" also includes providing services to customers as the primary business activity (such as accounting or personal services), or incidental to the sale of tangible or intangible personal property (such as installing a product).

What is 'income from an Oregon source'?

If you have tangible or intangible property or other assets being used in Oregon, any income you receive is Oregon-source income and, generally, your company must file an Oregon Corporation Income Tax Return. Public Law 86-272 provides exceptions to this requirement.

What form do I file?

Form 20. A **corporation** acts as a single entity, existing separately from its owners. It continues to exist even though the shareholders change. It is managed by a board of directors. Corporations doing business in Oregon file **Form 20** and pay corporation excise tax. The minimum corporation excise tax is \$10.

Form 20-I. Corporations **not doing business in Oregon**, but with income from one or more Oregon sources, pay income tax and file **Form 20-I**. Income tax filers are not subject to a minimum tax.

Form 20-S. An **S-Corporation** is one that has chosen to pass net income to its shareholders for taxation. This election is made with the Internal Revenue Service. S-Corporations doing business in Oregon file **Form 20-S** and generally pay the minimum \$10 tax. Shareholders must include their share of S-Corporation income or loss on their personal income tax returns.

When is my return due?

Returns for the calendar year are due on or before April 15. Returns for other tax periods are due the 15th day of the month following the due date of your federal corporation return. When the 15th falls on a Saturday, Sunday, or legal holiday, the due date is the next business day.

What if I need more time to file?

Oregon honors extensions for filing your federal return. If you have a federal extension, the due date then becomes the 15th day of the month **following** the federal extension's due date. You do not need to send the federal extension until you file your return.

If you need more time to file for Oregon only, answer question 1 on federal form 7004, write "For Oregon Only" at the top, then attach it to your return when you file.

To avoid penalty and interest, mail any tax due with form 20-V or before the original due date of your return. **More time to file does not mean more time to pay your tax.**

Registering with the Secretary of State

Any corporation doing business in Oregon is required to register with the Secretary of State in addition to filing corporate excise tax returns. For more information about registering your business, see www.oregon.gov/SOS.

Estimated payments

Estimated payments are required when your tax liability is expected to be at least \$500 for a tax year.

To make estimated payments, send **Form 20-V** with your payment and check the appropriate boxes.

Estimated payments are due quarterly. Due dates for estimated payments are:

- 15th day of the 4th month of tax year;
- 15th day of the 6th month;
- 15th day of the 9th month;
- 15th day of the 12th month.

You may be required to file by Electronic Fund Transfer (EFT). For more information, visit our Web site at: www.oregon.gov/DOR/ESERV, or call 503-947-2017.

Questions?

For corporation excise and income tax questions, contact us by e-mail or telephone. Most inquiries will be answered within two business days.

E-mail: corp.help.dor@state.or.us

Please include your e-mail address and telephone number, including area code, in your message. **Warning: e-mail is not secure. Do not include confidential data in your e-mail message.** We will respond to tax law-related questions only. Account-related questions cannot be answered by e-mail. If you have an account-related question or you have received a letter, notice, or bill, please contact us by telephone.

Telephone: Salem 503-378-4988
Toll-free within Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only): 503-945-8617 (Salem) or 1-800-886-7204 (toll-free within Oregon).

Americans with Disabilities Act (ADA): This information is available in alternative formats. Call 503-378-4988 (Salem) or 1-800-356-4222 (toll-free within Oregon).

Asistencia en español. Llame al 503-945-8618 en Salem o llame gratis al 1-800-356-4222 en Oregon.

150-102-401 (Rev. 1-05)

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(503) 988-ITAX (4829) or go online at www.multicotax.org

INSTRUCTIONS FOR FORM MC TR 2004

Line 1, Oregon taxable income

Enter the amount from the following line of your Oregon Individual Income Tax Return on line 1:

If you file **Form 40**, enter the amount on **line 28** of your Form 40 on line 1.

If you file **Form 40S**, enter the amount on **line 12** of your Form 40S on line 1.

If you file **Form 40P**, enter the amount on **line 49** of your Form 40P on line 1.

If you filed **Form 40N**, see detailed instructions on page 12 of the tax booklet.

Line 2, Income exemption and PERS/Federal Retirement Exemption

If your filing status with Oregon is **Single** or **Married Filing Separately**, enter **\$2,500** on line 2.

If your filing status with Oregon is **Married Filing Jointly** or **Head of Household** or **Qualifying Widow(er) with Dependent Child**, enter **\$5,000** on line 2.

PERS and federal retirement benefits are exempt from local income taxation by Oregon and federal law. If you had Oregon taxable benefits for PERS or federal pensions taxed by Oregon please enter this sum in the box provided. If you are exempting your federal benefits, you may only exempt those benefits **taxed** by Oregon. *For additional information on the exemption of federal benefits, please see the detailed instructions on page 14 of the information booklet available at www.multcotax.org. This exemption is in addition to the income exemption.* Be sure to attach a copy of your Form 1099-R which reports your PERS or federal retirement benefits.

Line 3, Multnomah adjusted income

Subtract line 2 from line 1. If the calculated amount is less than zero, enter zero on line 3.

Line 4, Residency fraction

For taxpayers who are residents of Multnomah County for all of 2004, enter **1.00** (one) on line 4. Enter the amount from line 3 onto line 5. If either the taxpayer or the spouse (if filing jointly) is a resident of Multnomah County for less than the full calendar year, use one of the two formulas below to calculate your residency fraction.

Use the following formula if your filing status with Oregon is **Single**, **Married Filing Separately**, **Head of Household** or **Qualifying Widow(er) with Dependent Child**:

Calculate the number of days (out of 366) in 2004 that you were a resident of Multnomah County and divide this number by 365. Enter the calculated amount on line 4.

Use the following formula if your filing status with Oregon is **Married Filing Jointly**:

Calculate the number of days (out of 366) in 2004 that the taxpayer was a resident of Multnomah County. Calculate the number of days (out of 366) in 2004 that the spouse was a resident of Multnomah County. Add together these two calculated amounts and then divide this total by 730. Enter the calculated amount on line 4.

The residency fraction on line 4 should be rounded to two decimal places (.08333 should be rounded to .08).

Line 5, Multnomah taxable income

For taxpayers who are residents of Multnomah County for all of 2004, line 5 will be the same number reported on line 3. Otherwise, multiply line 3 by the number on line 4.

Line 6, TAX RATE

No entry is necessary on line 6. The tax rate for the 2004 tax year is .0125 (1.25%).

Line 7, Tax

Multiply the amount on line 5 by line 6 (.0125) and enter the calculated amount on line 7. In other words, enter 1.25% of line 5.

Line 8, Amounts withheld

Include all amounts withheld by employers. These amounts should be reported on line 19 (Local income tax) of your W-2.

Line 9, Other prepayments

Include all prepayments (paid with Form MC ES 2004 or electronically) made for the 2004 tax year other than amounts reported on line 8. Include extension payments made during 2005 that relate to the 2004 tax return.

Line 10, Penalty

If this return is filed on or before April 15, 2005, line 10 will be zero. If you are filing after April 15, 2005, see detailed instructions on page 13 of the tax booklet.

Line 11, Interest

If this return is filed on or before April 15, 2005, line 11 will be zero. If you are filing after April 15, 2005, see detailed instructions on page 13 of the tax booklet.

Line 12, BALANCE DUE or (REFUND)

Add lines 7, 10, and 11. Then subtract lines 8 and 9 from this total. If the calculated amount is greater than zero, you have a balance due. If the calculated amount is less than or equal to zero, no balance is due. File your return and any overpayment will be refunded.

Signature(s): Be sure to sign and date your return. If you are filing a joint return, both spouses must sign.



**COMBINED REPORT FORM FOR INDIVIDUALS
MULTNOMAH COUNTY BUSINESS INCOME TAX
PORTLAND CITY BUSINESS LICENSE**

Taxable Year ____/____/____ to ____/____/____
DUE DATE: 15th day of the 4th month following the taxable year end



**Form
SP-2004**

Name/Address: _____

Account #: _____

Please ✓ if address change: ☐ Mailing ☐ Location

FEIN # _____

Business Code _____ (see instructions)

SOLE PROPRIETORSHIP ☐ 1 MEMBER LLC ☐ (Check one)

1. Net Income or (Loss) from Federal Schedule C _____ (attach copy of Schedule C)
2. Multnomah County Business Income Tax add back _____
3. Business Incomes from Schedule E, D, etc. (see instructions) _____ (attach copy of Schedule(s))
4. Total ½ SE tax and Oregon modifications _____
5. Adjusted Net Income (total lines 1,2,3 and 4) _____
6. Compensation allowance deduction (see instructions) _____
7. Subject Net Income (line 5 minus line 6) _____

Multnomah County Business Income Tax

8. County Gross Receipts = _____ = _____
Total Gross Receipts
9. County Apportioned Net Income (line 7 x line 8) _____
10. Net Operating Loss Deduction (max 75% of line 9) _____
11. Income subject to tax (line 9 minus line 10) _____
12. Tax (line 11 x tax rate of 1.45%) _____
13. Prepayments _____
14. Penalty _____
15. Interest _____
16. Balance Due or (Overpayment) _____
17. Refund _____ Credit _____ To Portland Underpayment _____

City of Portland Business License Fee

18. Portland Gross Receipts = _____ = _____
Total Gross Receipts
19. Portland Apportioned Net Income (line 7 x line 18) _____
20. Net Operating Loss Deduction (max 75% of line 19) _____
21. Income subject to fee (line 19 minus line 20) _____
22. Fee (line 21 x rate of 2.2%) **MINIMUM \$100**
 - a. Application Year Adjustment Fee (see instructions) _____
 - b. Temporary rate increase (line 21 X .4%--no minimum) _____
23. Prepayments _____
24. Penalty _____
25. Interest _____
26. Balance Due or (Overpayment) _____
27. Refund _____ Credit _____ To Multnomah Underpayment _____

28. **Combined amount due with report** (total lines 16 and 26) _____ Check # _____

Make check payable to City of Portland, 111 SW Columbia St. #600, Portland, OR 97201-5840.

The undersigned declares that the information given on this report is true. The undersigned is authorized to act as a representative of the filer.

Signature of Filer _____ Filer's Daytime Telephone () _____

Signature of Preparer _____ Date _____

Preparer's Name/Address _____ Telephone () _____

Bureau of Licenses (503) 823-5157

FAX (503) 823-5192

TDD (503) 823-6868

The Bureau of Licenses administers both the Portland City Business License Program and the Multnomah County Business Income Tax Program. Request further information or forms as needed from the Bureau at 111 SW Columbia St. Suite #600, Portland, OR 97201-5840 or access our Web site at www.pdxbl.org.

INSTRUCTIONS FOR SOLE PROPRIETORSHIP OR 1 MEMBER LLC RETURN - 2004

Note: Please enter your business code below your FEIN. You may find this code in Section B of your Schedule C. (Residential lessors limited to Schedule E and D enter a business code of 53111. Commercial lessors enter a business code of 53112.)

1. Net Income is income after deductions for business expenses. Enter the sum of net income amounts from the federal 1040 Schedule C line 31 or Schedule C-EZ line 3.
2. Add back Multnomah County business income taxes, and other income taxes, deducted to arrive at net income.
3. Enter the total income or (loss) from federal Schedule E line 26 (rental and royalty income). Gain and losses from sales of business assets (Schedule D), interest earned on installment contracts (Schedule B), and miscellaneous business incomes (from non-compete contracts, director fees, etc.) should also be included on this line.
4. Adjust for the following business expenses: Subtract $\frac{1}{2}$ self-employment tax, qualified retirement plan payments and health care premium deductions (Form 1040 lines 30, 31 and 32) and add (or subtract) any Oregon modifications directly related to business activities.
6. A deduction of up to 75% of the total income (line 5) is allowed but cannot exceed \$57,500 per owner. You may have two owners if both husband and wife materially participate in the business or if they jointly own rental property. No deduction is allowed if line 5 is a loss.

Apportionment (line 8 and line 18) **Multiple factor apportionment methods are not allowed.**

Gross income includes all income (gross receipts, service income, interest, dividends, income from contractual agreements, gross rentals and gains on sale of business property) from activity within the City or County. With few exceptions, income in the City is also in Multnomah County. Income may be apportioned only if there is regular business activity outside the City/County. Services performed outside the City/County may be apportioned based upon cost of performance outside the applicable jurisdiction. Sales of tangible personal property may be apportioned only if a business has payroll or property outside the jurisdiction. Round apportionment percentages to six places (xx.xxxx% or .xxxxxx).

MULTNOMAH COUNTY BUSINESS INCOME TAX

8. County gross receipts include income from all activity within the County (see apportionment instructions above). Enter the total gross receipts within the County as the numerator of the fraction and total gross receipts everywhere as the denominator of the fraction. Divide to determine the percentage of Subject Net Income to apportion to Multnomah County.
10. Net Operating Losses (as previously reported on line 9 of prior Combined Report Forms) are allowed a maximum carryforward of five (5) years. The annual deduction cannot exceed 75% of the apportioned income for the current year.
13. Enter all prepayments (quarterly, extension payments and credit carried forward from prior years).
14. Enter all late and/or underpayment penalties that apply (see penalty calculation instructions below).
15. Interest on taxes not paid by the original due date (April 15 for calendar year taxpayers) is calculated at 10% per annum (.00833 x no. of months). Calculate interest from original due date to the 15th day of the month following the date of payment.
16. Total lines 12 through 15 to determine balance due or (overpayment) for Multnomah County Business Income Tax.
17. Identify overpayment for refund. Overpayments may offset underpayments between programs. Overpayments may also be credited forward.

Penalty calculation (line 14 and line 24)

A delinquent penalty of 5% of the tax/fee is due if the report and tax/fee are filed or paid past the due date. An additional penalty of 20% of the tax/fee must be added if the report and tax/fee is 4 months or more past due. Any report and tax/fee, which is delinquent three or more consecutive years, accrues an additional 100% of the tax/fee as penalty. Underpayment penalties may also be due. No underpayment penalties are due if a timely prepayment is made which is at least 90% of the total tax due on line 12 (County) and at least 90% of the sum of the fees due on line 22 and 22b (City), or 100% of the prior year's tax and fee.

CITY OF PORTLAND BUSINESS LICENSE FEE

18. Portland gross receipts include income from all activity within Portland (see apportionment instructions above). Enter the gross receipts in Portland as the numerator of the fraction and gross receipts everywhere as the denominator of the fraction. Divide to determine the amount of business activity apportionable to City of Portland.
20. Net Operating Losses (as previously reported on line 19 of prior Combined Report Forms) are allowed a maximum carryforward of five (5) years. The annual deduction cannot exceed 75% of the apportioned income for the current year.
22. The minimum fee (\$100) is not refundable once a license has been issued.
- 22a. The fee paid with the original license application is an estimated fee which must be adjusted based upon the taxable income of the first license year. **If you have not previously made application for a business license, please attach one.** Line 22a is only computed for your first year of business or if you are reinstating your business license after a lapsed period. Enter the fee as calculated on line 22, minimum \$100
- 22b. An additional temporary rate of .4% (.004) for taxable year 2004 has been enacted to assist in the funding of schools. This fee is in addition to fees computed on lines 22 and 22a.
23. Enter all prepayments (quarterly, extension payments, payments with application and credit carried forward from prior years).
24. Enter all late and/or underpayment penalties that apply (see penalty calculation instructions above).
25. Interest on fees not paid by the original due date (April 15 for calendar year taxpayers) is calculated at 10% per annum (.00833 x no. of months). Calculate interest from original due date to the 15th day of the month following the date of payment.
26. Total lines 22, 22a, 22b, 23, 24 and 25 to determine balance due or (overpayment) for City of Portland Business License.
27. Identify overpayment for refund. Overpayments may offset underpayments between programs or be applied to outstanding prior balances due. Overpayments may also be credited forward.

If payment is due, make check payable to City of Portland.

ATTACH DETAIL SCHEDULES FOR NOL OR DEDUCTIONS
--



COMBINED REPORT FORM FOR C-CORPORATIONS
MULTNOMAH COUNTY BUSINESS INCOME TAX
PORTLAND CITY BUSINESS LICENSE

Taxable Year ____/____/____ to ____/____/____
 DUE DATE: 15th day of the 4th month following the taxable year end



Form
C-2004

Name/Address: _____

Account #: _____

Please ✓ if address change: ☐ Mailing ☐ Location

FEIN # _____

Business Code _____ (see instructions)
 Attach Oregon Tax Form 20 or 20-I pgs 1-4

CORPORATION

1. Net Income or (Loss) _____
2. Multnomah County Business Income Tax add back _____
3. Compensation (# of controlling shareholders _____) _____
4. Other additions or subtractions _____
5. Adjusted Net Income (total lines 1,2,3 and 4) _____
6. Compensation allowance deduction (_____) _____
7. Subject Net Income (line 5 minus line 6) _____

Multnomah County Business Income Tax

8. County Gross Income = _____ = _____
 Total Gross Income
9. County Apportioned Net Income (line 7 x line 8) _____
10. Net Operating Loss Deduction (max 75% of line 9) (_____) _____
11. Income subject to tax (line 9 minus line 10) _____
12. Tax (line 11 x tax rate of 1.45%) _____
13. Prepayments (_____) _____
14. Penalty _____
15. Interest _____
16. Balance Due or (Overpayment) _____
17. Refund _____ Credit _____ To Portland Underpayment _____

City of Portland Business License Fee

18. Portland Gross Income = _____ = _____
 Total Gross Income
19. Portland Apportioned Net Income (line 7 x line 18) _____
20. Net Operating Loss Deduction (max 75% of line 19) (_____) _____
21. Income subject to fee (line 19 minus line 20) _____
22. Fee (line 21 x rate of 2.2%) **MINIMUM \$100** _____
 a. Application Year Adjustment Fee (see instructions) _____
 b. Temporary rate increase (line 21 X 0.4% --no minimum) _____
23. Prepayments (_____) _____
24. Penalty _____
25. Interest _____
26. Balance Due or (Overpayment) _____
27. Refund _____ Credit _____ To Multnomah Underpayment _____

28. Combined amount due with report (total lines 16 and 26) Check # _____

Make check payable to City of Portland, 111 SW Columbia St, 6th Floor, Portland, OR 97201-5840.

The undersigned declares that the information given on this report is true. The undersigned is authorized to act as a representative of the filer.

Signature of Filer _____ Filer's Daytime Telephone () _____

Signature of Preparer _____ Date _____

Preparer's Name/Address _____ Telephone () _____

The Bureau of Licenses administers both the Portland City Business License Program and the Multnomah County Business Income Tax Program. Request further information or forms as needed from the Bureau at 111 SW Columbia St., 6th Floor, Portland, OR 97201-5840 or access our Web site at <http://www.pdxbl.org>.

INSTRUCTIONS FOR CORPORATION RETURN - 2004

Note: Please enter your business code below your FEIN. This code is on line 2a of Schedule K from page 3 of federal form 1120.

1. Net Income is income reported to the State of Oregon before allocations and apportionment. Enter the figure from line 13 of the Oregon Form 20 (Excise Tax) or line 15 of the Oregon Form 20-I (Income Tax).
2. Add back Multnomah County business income taxes, and other income taxes, deducted to arrive at net income (line 1).
3. Add any compensation paid to controlling shareholders (individuals or families who together hold more than 5% of the stock). This includes wages, commissions, salaries (current and deferred), and interest. Enter the number of controlling shareholders.
4. Other additions or subtractions to net income may include partnership pass-throughs from partnerships already licensed by Portland or taxed by Multnomah County. A subtraction is allowed FOR COUNTY PURPOSES ONLY for Federal obligation interest taxed in Oregon. A schedule must be attached.
6. A deduction for compensation is allowed but cannot exceed the lesser of compensation paid (line 3), 75% of income (line 5), or \$57,500 per controlling shareholder. No deduction is allowed if line 5 is a loss.

Apportionment (line 8 and line 18) Multiple factor apportionment methods are not allowed.

Gross income includes all income (gross receipts, service income, interest, dividends, income from contractual agreements, gross rentals and gains on sale of business property) from activity within the City or County. With few exceptions, income in the City is also in Multnomah County. Income may be apportioned only if there is regular business activity outside the City/County. Services performed outside the City/County may be apportioned based upon cost of performance outside the applicable jurisdiction. Sales of tangible personal property may be apportioned only if a business has payroll or property outside the jurisdiction.

MULTNOMAH COUNTY BUSINESS INCOME TAX

8. County gross income includes income from all activity within the County (see apportionment instructions above). Enter the gross income within the County as the numerator of the fraction and gross income everywhere as the denominator of the fraction. Divide to determine the percentage of Subject Net Income to apportion to Multnomah County. Round apportionment percentages to six places (xx.xxxx% or .xxxxxx).
10. Net Operating Losses (as previously reported on line 9 of prior Combined Report Forms) are allowed a maximum carryforward of five (5) years. The annual deduction cannot exceed 75% of the apportioned income for the current year.
13. Enter all prepayments (quarterly, extension payments and credit carried forward from prior years).
14. Enter all late and/or underpayment penalties that apply (see penalty calculation instructions below).
15. Interest on taxes not paid by the original due date (April 15 for calendar year taxpayers) is calculated at 10% per annum (.00833 x no. of months). Calculate interest from original due date to the 15th day of the month following the date of payment.
16. Total lines 12, 13, 14 and 15 to determine balance due or (overpayment) for Multnomah County Business Income Tax.
17. Identify overpayment for refund. Overpayments may offset underpayments between programs. Overpayments may also be credited forward.

Penalty calculation (line 14 and line 24)

A delinquent penalty of 5% of the tax/fee is due if the report and tax/fee are filed or paid past the due date. An additional penalty of 20% of the tax/fee must be added if the report and tax/fee is 4 months or more past due. Any report and tax/fee, which is delinquent three or more consecutive years, accrues an additional 100% of the tax/fee as penalty. Underpayment penalties may also be due. No underpayment penalties are due if a timely prepayment is made which is at least 90% of the total tax due on line 12 (County) and at least 90% of the sum of the fees due on line 22 and 22b (City), or 100% of the prior year's tax and fee.

CITY OF PORTLAND BUSINESS LICENSE FEE

18. Portland gross income includes income from all activity within Portland (see apportionment instructions above). Enter the gross income in Portland as the numerator of the fraction and gross income everywhere as the denominator of the fraction. Divide to determine the percentage of the Subject Net Income to apportion to the City of Portland. Round apportionment percentages to six places (xx.xxxx% or .xxxxxx).
20. Net Operating Losses (as previously reported on line 19 of prior Combined Report Forms) are allowed a maximum carryforward of five (5) years. The annual deduction cannot exceed 75% of the apportioned net income for the current year.
22. The minimum fee (\$100) is not refundable once a license has been issued.
- 22a. The fee paid with the original license application is an estimated fee which must be adjusted based upon the taxable income of the first license year. If you have not previously made application for a business license, please attach one. Line 22a is only computed for your first year of business or if you are reinstating your business license after a lapsed period. Enter the fee as calculated on line 22, minimum \$100.
- 22b. An additional temporary rate of 0.4% (.004) for taxable year 2004 has been enacted to assist in the funding of schools. This fee is in addition to fees computed on lines 22 and 22a.
23. Enter all prepayments (quarterly, extension payments, payments with application and credit carried forward from prior years).
24. Enter all late and/or underpayment penalties that apply (see penalty calculation instructions above).
25. Interest on fees not paid by the original due date (April 15 for calendar year taxpayers) is calculated at 10% per annum (.00833 x no. of months). Calculate interest from original due date to the 15th day of the month following the date of payment.
26. Total lines 22, 22a, 22b, 23, 24 and 25 to determine balance due or (overpayment) for City of Portland Business License.
27. Identify overpayment for refund. Overpayments may offset underpayments between programs. Overpayments may also be carried forward.
28. **If payment is due, make check payable to City of Portland.**

ATTACH DETAIL SCHEDULES FOR NOL OR DEDUCTIONS
--

How Oregon Personal Income Tax is Computed

Gross Income

Includes wages, interest earnings and capital gains.
Additional examples on next page.

minus

Adjustments

IRA contributions, moving expenses, student loan interest, etc.

equals

Federal Adjusted Gross Income

plus

Additions

Items not taxed by Feds but taxed by Oregon like interest on government bonds of other states, and long-term care insurance premiums

minus

Subtractions

Items Feds tax but Oregon doesn't, such as Oregon income tax refunds, social security income, and Federal income tax.

minus

Deductions

Standard or itemized

equals

Oregon Taxable Income

multiplied by

Tax Rates

equals

Gross Tax

minus

Credits

Earned income, working family child care, political contributions, etc.

equals

Net Tax

The following examples are elements from the preceding diagram:

Gross income includes:

- Salaries and wages
- Interest
- Dividends
- State income tax refunds (if deductions were itemized in the prior year)
- Alimony received
- Business income/loss
- Farm income/loss
- Capital gains/losses
- Rental income
- Royalties
- Partnership income/loss
- Estate and trust income
- S corporation income
- Unemployment compensation
- Social Security income taxed at the federal level
- Retirement plan distributions

Adjustments to income include:

- IRA, SIMPLE, and SEP contributions
- Self-employment health insurance
- Forfeited interest
- Moving expenses
- Alimony paid
- Self-employment tax
- Student loan interest
- Tuition and fees
- Educator expenses

Additions include:

- Interest on bonds of other states
- Federal deduction for long-term care insurance premiums
- Federal income tax refunds from an amended or audited return
- Federal deduction of unused business credits
- Lump-sum payment from a qualified retirement plan

Subtractions include:

- Oregon income tax refunds
- Social Security income
- Federal income tax (up to \$3,500 or \$1,750 if married filing separately)
- Federal pension income
- U.S. bond interest
- Military active duty pay
- Scholarship awards used for housing expenses

Deductions (standard or itemized):

- **Standard deduction:**
 - \$3,345 if joint filer, or
 - \$2,695 if head of household filer, or
 - \$1,670 if single filer, or
 - \$1,670 if married filing separately, or
 - One of the listed four amounts plus an additional \$1,000 for each taxpayer age at least 65 or blind. The additional amount is \$1,200 for single and head-of-household filers.
- **Itemized deductions include:**
 - Medical and dental expenses
 - Property taxes
 - Home mortgage interest
 - Investment interest
 - Charitable gifts
 - Casualty or theft losses
 - Special medical deduction

Tax credits include:

- Personal exemption of \$147
- Earned income
- Working family child care
- Child and dependent care
- Political contribution
- Elderly or permanently disabled
- Retirement income
- Income tax paid to other states

GROSS RECEIPTS TAX OPTIONS**DRAFT**

Option	Code Section	Tax Rate	Property Tax Relief \$1/1000	\$250,000 Exemption	Programs Included	FY06-07 Projected Program Costs	Net Tax Receipts	Workable Option Over 5 Years?
A	Delete LC 4.506(2), last sentence of 4.559(3)	0.32%	Yes	-	TF + PS Depts	63.1	67.5	Yes
B	As is	0.34%	Yes	Yes	TF + PS Depts	63.1	67.7	Yes

RETAIL SALES TAX OPTIONS

Option	Code Section	Tax Rate	Property Tax Relief \$1/1000	Exemption	Programs Included	FY06-07 Projected Program Costs	Net Tax Receipts	Workable Option Over 5 Years?
C	As is	1.52%	Yes	-	TF + PS Depts	63.1	67.3	Yes

FOOTNOTES:

Insert Tax Rate for option chosen in LC 4.503(1)

The Tax Rate builds in a modest allowance for exemptions, deductions, and rate differentials for future Board action.

Property Tax Relief is predicated upon renewal of the federal Secure Rural Schools & Community Self Determination Act of 2000.

Workable Options include sufficient revenue to cover all program and administrative costs over a five-year period, including uncollectibles.

The estimated cost to purchase 50 beds for additional corrections capacity is \$1.5 - 2.0 mil. This cost is NOT included in the above matrix. A rate adjustment for this added costs would be required.

LANE COUNTY INCOME TAX OPTIONS

DRAFT

Revenue Option	Tax Code Section	Tax Rate	Property Tax Relief \$1/1000	Programs Included (Task Force (TF) Public Safety (PS))	FY06-07 Projected Program Costs	FY06-07 Net Tax Receipts	Workable Option Over 5 Years?
PERSONAL INCOME TAX							
On Adjusted Gross Income							
1	-	1.00%	Yes	TF + PS Depts	63.1	63.9	Yes
On Taxable Balance							
2	-	1.31%	Yes	TF + PS Depts	63.1	63.6	Yes
On Income Tax Surcharge							
3	-	18.00%	Yes	TF + PS Depts	63.1	63.9	Yes
CORPORATE INCOME TAX (Corporations Only)							
4	-	22.20%	Yes	TF + PS Depts	63.1	73.7	Yes
BUSINESS INCOME TAX (All businesses: Sole Prop., Partnerships, Corp. including S & C, and LLC's)							
5	-	8.70%	Yes	TF + PS Depts	63.1	67.3	Yes

Comments:

The 'Task Force Only' option does not allow Property Tax Relief since it does not generate enough revenue to replace lost tax dollars.

It is assumed that Property Tax Relief will be reduced proportional to any Congressional reduction in funding for the federal Secure Rural Schools & Community Self Determination Act.

The Tax Rate builds in a modest allowance for exemptions, deductions, and rate differentials for future Board action.

Workable Options include sufficient revenue to cover all program and administrative costs over a five-year period, including uncollectibles.

The estimated cost to purchase 50 beds for additional corrections capacity is \$1.5 -2.0 mil. This cost is NOT included in the above matrix. A rate adjustment for this cost varies depending upon which tax option is chosen.

LANE COUNTY COMBINATION TAX OPTIONS

DRAFT

Personal Income based on Adjusted Gross Income

Revenue Option	Tax Types	Est. Tax Rate	FY06-07 Projected Net Tax Receipts	Tax Split	FY06-07 Task Force + Current Public Safety Progs.	Workable Option Over 5 Years?
1	Gross Receipts w/250K Exempt.	0.14%	\$24.9	37.1%		
	Personal Income (Adjust. Gross)	0.70%	42.3	62.9%		
	Total		67.2		\$63.1	Yes
2	Business Income (All businesses)	3.00%	23.2	34.7%		
	Personal Income (Adjust. Gross)	0.72%	43.6	65.3%		
	Total		66.8		63.1	Yes
3	Business Income (All businesses)	3.00%	23.2	34.6%		
	Personal Income (Adjust. Gross)	0.68%	41.0	61.1%		
	Amusement & Entertainment *	5.00%	2.9	4.3%		
	Total		67.1		63.1	Yes
* including U of O ticket sales						
4	Business Income (All businesses)	1.00%	7.7	11.5%		
	Personal Income (Adjust. Gross)	0.97%	59.5	88.5%		
	Total		67.2		63.1	Yes
5	Corporate Income Tax	1.00%	3.3	4.9%		
	Personal Income (Adjust. Gross)	1.00%	63.9	95.1%		
	Total		67.2		63.1	Yes

Comments:

Property Tax Relief is assumed to be \$1/1000 Assessed Value.

It is assumed that Property Tax Relief will be reduced proportional to any Congressional reduction in funding for the federal Secure Rural Schools & Community Self Determination Act.

Tax Rates build in a modest allowance for exemptions, deductions, and rate differentials for future Board action.

Workable Options include sufficient revenue to cover all program and administrative costs over a five-year period, including uncollectibles.

The estimated cost to purchase 50 beds for additional corrections capacity is \$1.5 -2.0 mil. This cost is NOT included in the above matrix. A rate adjustment for this cost varies depending upon which revenue option is chosen.

LANE COUNTY COMBINATION TAX OPTIONS

DRAFT

Personal Income based on Oregon Taxable Income

Revenue Option	Tax Types	Est. Tax Rate	FY06-07 Projected Net Tax Receipts	Tax Split	FY06-07 Task Force + Current Public Safety Progs.	Workable Option Over 5 Years?
1	Gross Receipts w/250K Exempt.	0.14%	\$24.9	37.1%		
	Personal Income (Taxable Bal.)	0.92%	42.3	62.9%		
	Total		67.2		\$63.1	Yes
2	Business Income (All businesses)	3.00%	23.2	34.4%		
	Personal Income (Taxable Bal.)	0.96%	44.2	65.6%		
	Total		67.4		63.1	Yes
3	Business Income (All businesses)	3.00%	23.2	34.5%		
	Personal Income (Taxable Bal.)	0.90%	41.3	61.3%		
	Amusement & Entertainment *	5.00%	2.9	4.3%		
	Total		67.4		63.1	Yes
* including U of O ticket sales						
4	Business Income (All businesses)	1.00%	7.7	11.5%		
	Personal Income (Taxable Bal.)	1.28%	59.7	88.5%		
	Total		67.4		63.1	Yes
5	Corporate Income Tax	1.00%	3.3	4.9%		
	Personal Income (Taxable Bal.)	1.37%	64.1	95.1%		
	Total		67.4		63.1	Yes

Comments:

Property Tax Relief is assumed to be \$1/1000 Assessed Value.

It is assumed that Property Tax Relief will be reduced proportional to any Congressional reduction in funding for the federal Secure Rural Schools & Community Self Determination Act.

Tax Rates build in a modest allowance for exemptions, deductions, and rate differentials for future Board action.

Workable Options include sufficient revenue to cover all program and administrative costs over a five-year period, including uncollectibles.

The estimated cost to purchase 50 beds for additional corrections capacity is \$1.5 -2.0 mil. This cost is NOT included in the above matrix. A rate adjustment for this cost varies depending upon which revenue option is chosen.

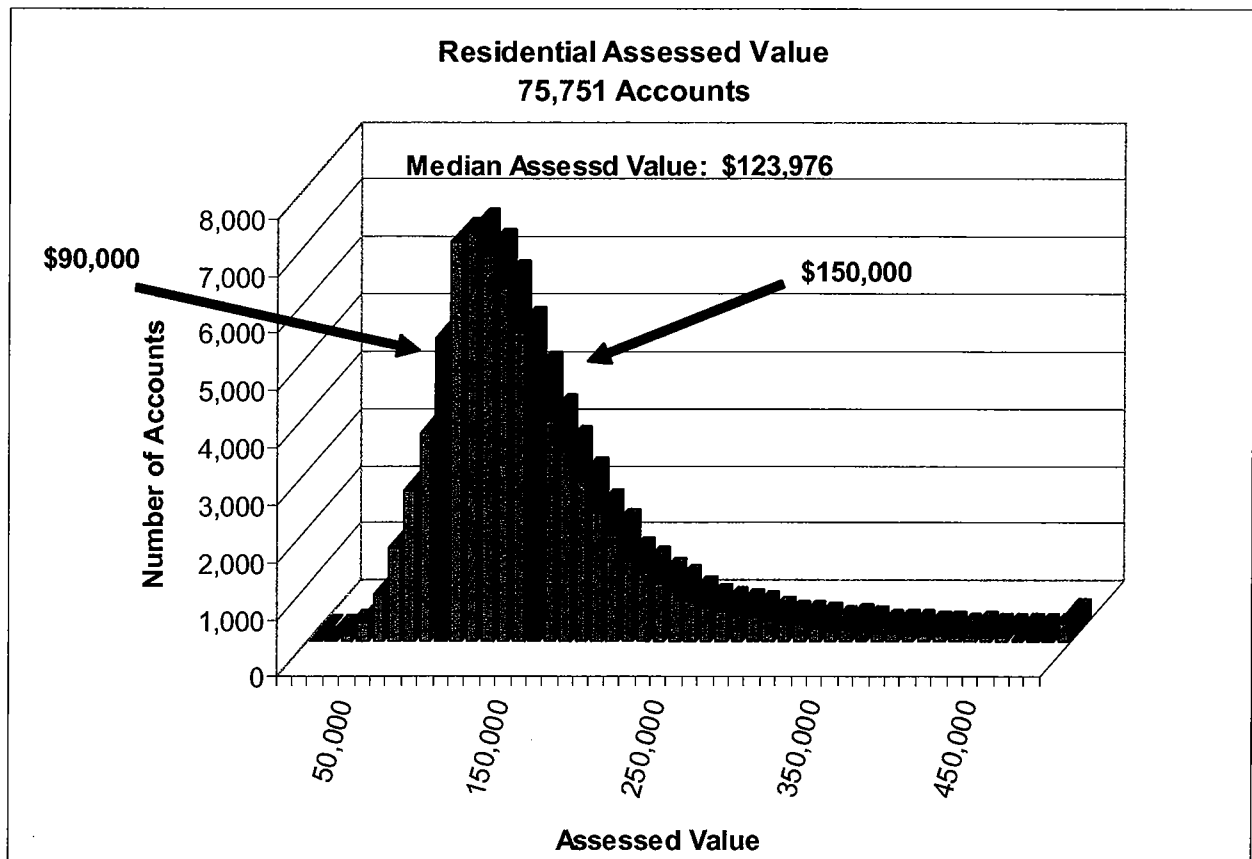


Lane County, Oregon

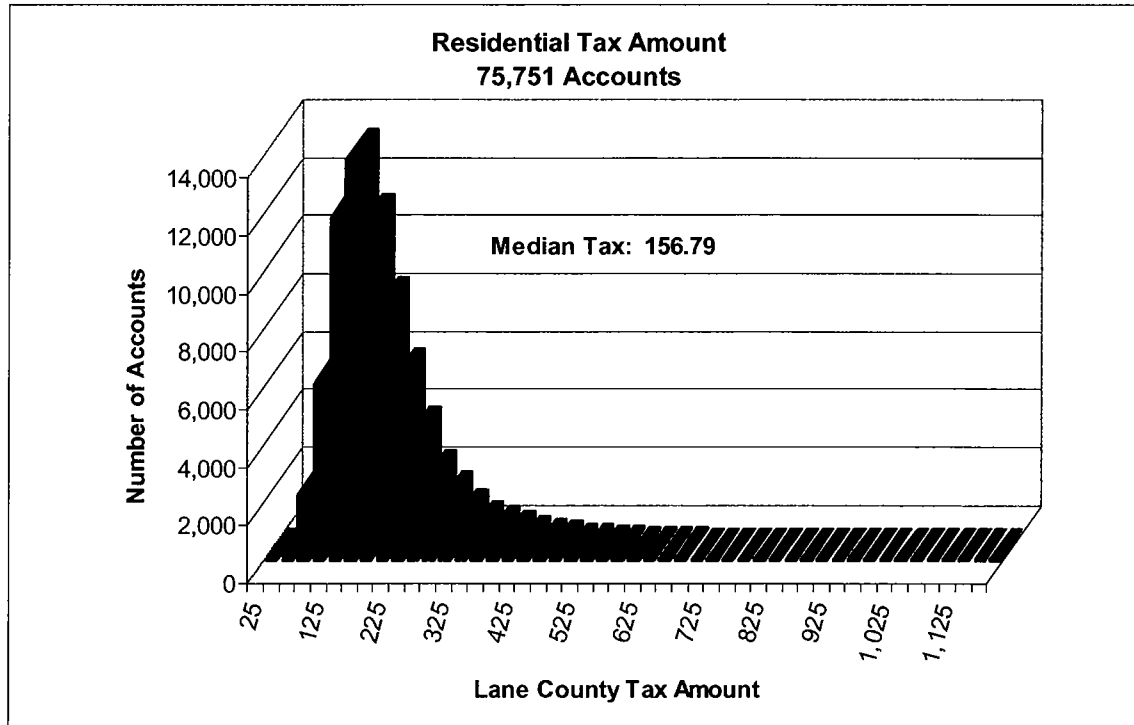
Memo

To: Lane County Board of Commissioners
From: Jim Gangle, Assessor
Date: November 9, 2005
Re: Lane County Home Values

The following graph shows the distribution of residential assessed values across Lane County. The median single-family home assessed value is \$123,976. Fifty-six percent of home values fall in the range between \$90,000 and \$150,000, which are indicated on the graph.



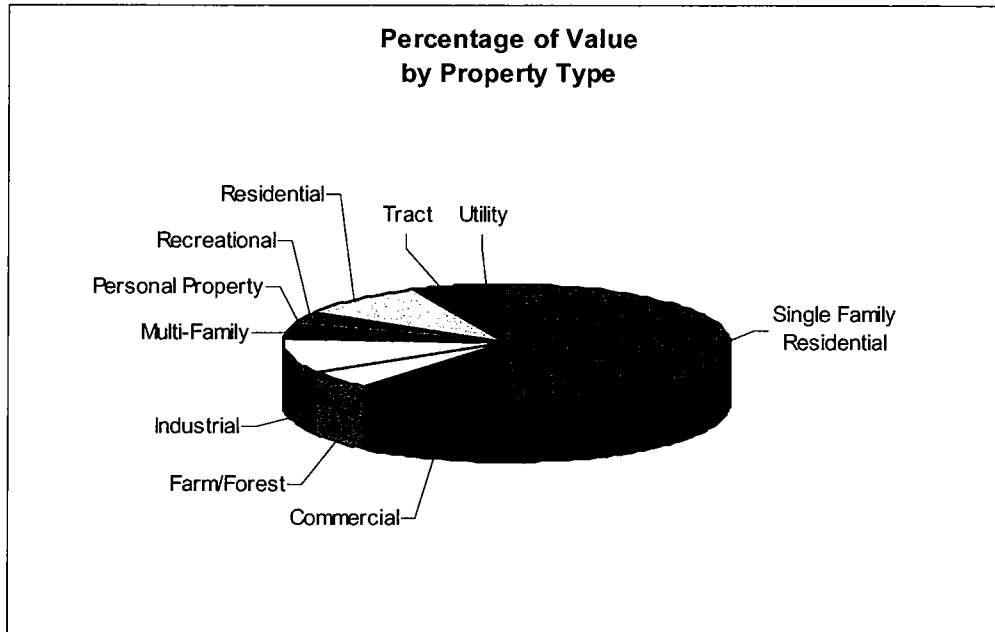
Distribution of the property tax paid to Lane County by number of accounts



Lane County after Urban Renewal adjustment

Area	Assessed Value	Lane County 2005 Tax Rate	Lane County Tax	Lane County Tax Rate Reduced \$1	Lane County Tax	Savings
At Median Assessed Value						
City of Eugene	123,976	1.2577	155.92	0.2537	31.45	124.47
City of Springfield	123,976	1.2746	158.02	0.2740	33.97	124.05
City of Coburg	123,976	1.0852	134.54	0.0724	8.98	125.56
City of Veneta	123,976	1.0597	131.38	0.0495	6.14	125.24
All other Areas	123,976	1.2773	158.35	0.2773	34.38	123.98
At 90,000 Assessed Value						
City of Eugene	90,000	1.2577	113.19	0.2537	22.83	90.36
City of Springfield	90,000	1.2746	114.71	0.2740	24.66	90.05
City of Coburg	90,000	1.0852	97.67	0.0724	6.52	91.15
City of Veneta	90,000	1.0597	95.37	0.0495	4.46	90.92
All other Areas	90,000	1.2773	114.96	0.2773	24.96	90.00
At 150,000 Assessed Value						
City of Eugene	150,000	1.2577	188.66	0.2537	38.06	150.60
City of Springfield	150,000	1.2746	191.19	0.2740	41.10	150.09
City of Coburg	150,000	1.0852	162.78	0.0724	10.86	151.92
City of Veneta	150,000	1.0597	158.96	0.0495	7.43	151.53
All other Areas	150,000	1.2773	191.60	0.2773	41.60	150.00

Percentage of Value by Property Type



Property Type	Percentage
Single Family Residential	49.5%
Commercial	11.5%
Farm/Forest	5.2%
Industrial	9.5%
Multi-Family	3.9%
Personal Property	3.3%
Recreational	0.5%
Residential	9.7%
Tract	4.5%
Utility	2.5%
	100.0%

Lane County, Oregon**1% Personal Income Tax Scenarios with \$1/1000 Property Tax Relief****Assumptions:**

- A 9% Oregon Income Tax
- A Lane County Personal Income Tax of 1.00% of Adjusted Gross Income
- 2005 Median Residential Assessed Value (AV) = \$123,976 rounded to \$124,000

Scenario #1: Joint Return, 1 Dependent, AGI \$15,000, 10% Federal Tax Bracket

Federal Tax	0		Property Tax Relief of \$1/1000		
State Tax	122	Residential AV	\$90,000	\$124,000	\$150,000
NEW County Tax	150	Property Tax Relief	(90)	(124)	-
Total Tax	<u>272</u>	Net Tax Liability	182	148	-
		Proj. Increase/(Decrease)	60	26	-

Scenario #2: Joint Return, 2 Dependents, AGI \$35,000, 10% Federal Tax Bracket

Federal Tax	1,293	Property Tax Relief	(90)	(124)	(150)
State Tax	1,872	Net Tax Liability	3,425	3,391	3,365
NEW County Tax	350	Initial Tax Increase	260	226	200
Total Tax	3,515	Net Fed & State Tax Reduc			
		If Itemizing Deductions	(67)	(67)	(67)
		Proj. Overall Increase	193	159	133

Scenario #3: Joint Return, 2 Dependents, AGI \$70,000, 15% Federal Tax Bracket

Federal Tax	6,474	Property Tax Relief	(90)	(124)	(150)
State Tax	4,662	Net Tax Liability	11,746	11,712	11,686
NEW County Tax	700	Initial Tax Increase	610	576	550
Total Tax	11,836	Net Fed & State Tax Reduc			
		If Itemizing Deductions	(168)	(168)	(168)
		Proj. Overall Increase	442	408	382

Scenario #4: Joint Return, Retired Couple 65 or over, AGI \$15,000, 10% Federal Tax Bracket

Federal Tax	0	Property Tax Relief	(90)	(124)	(150)
State Tax	263	Net Tax Liability	323	289	263
NEW County Tax	150	Initial Tax Increase/(Decrease)	60	26	0
Total Tax	413	Net Fed & State Tax Reduc			
		If Itemizing Deductions	(14)	(14)	(14)
		Proj. Overall Increase/(Decrease)	46	12	(14)

Scenario #5: Single Filer, No Dependents, AGI \$35,000, 15% Federal Tax Bracket

Federal Tax	3,704	Property Tax Relief	(90)	(124)	(150)
State Tax	2,327	Net Tax Liability	6,291	6,257	6,231
NEW County Tax	350	Initial Tax Increase	260	226	200
Total Tax	6,381	Net Fed & State Tax Reduc			
		If Itemizing Deductions	(85)	(85)	(85)
		Proj. Overall Increase	175	141	115

Scenario #6: Single Filer, No Dependents, AGI \$70,000, 25% Federal Tax Bracket

Federal Tax	12,256	Property Tax Relief	(90)	(124)	(150)
State Tax	5,452	Net Tax Liability	18,318	18,284	18,258
NEW County Tax	700	Initial Tax Increase	610	576	550
Total Tax	18,408	Net Fed & State Tax Reduc			
		If Itemizing Deductions	(238)	(238)	(238)
		Proj. Overall Increase	372	338	312

Lane County, Oregon**1% Personal Income Tax Scenarios with \$1/1000 Property Tax Relief****Increased Cost to Taxpayers**

Renter/ Homeowner	Annual		Monthly	
	Household Cost	Cost per Adult	Household Cost	Cost per Adult

Scenario #1: Joint Return, 1 Dependent, AGI \$15,000, 10% Federal Tax Bracket

Renter	150.00	75.00	12.50	6.25
\$90,000 AV	60.00	30.00	5.00	2.50
\$124,000 AV	26.00	13.00	2.17	1.08
\$150,000 AV	-	-	-	-

Scenario #2: Joint Return, 2 Dependents, AGI \$35,000, 10% Federal Tax Bracket

Renter	350.00	175.00	29.17	14.58
\$90,000 AV	193.00	96.50	16.08	8.04
\$124,000 AV	159.00	79.50	13.25	6.63
\$150,000 AV	133.00	66.50	11.08	5.54

Scenario #3: Joint Return, 2 Dependents, AGI \$70,000, 15% Federal Tax Bracket

Renter	700.00	350.00	58.33	29.17
\$90,000 AV	442.00	221.00	36.83	18.42
\$124,000 AV	408.00	204.00	34.00	17.00
\$150,000 AV	382.00	191.00	31.83	15.92

Scenario #4: Joint Return, Retired Couple 65 or over, AGI \$15,000, 10% Federal Tax Bracket

Renter	150.00	75.00	12.50	6.25
\$90,000 AV	46.00	23.00	3.83	1.92
\$124,000 AV	12.00	6.00	1.00	0.50
\$150,000 AV	(14.00)	(7.00)	(1.17)	(0.58)

Scenario #5: Single Filer, No Dependents, AGI \$35,000, 15% Federal Tax Bracket

Renter	350.00	350.00	29.17	29.17
\$90,000 AV	175.00	175.00	14.58	14.58
\$124,000 AV	141.00	141.00	11.75	11.75
\$150,000 AV	115.00	115.00	9.58	9.58

Scenario #6: Single Filer, No Dependents, AGI \$70,000, 25% Federal Tax Bracket

Renter	700.00	700.00	58.33	58.33
\$90,000 AV	372.00	372.00	31.00	31.00
\$124,000 AV	338.00	338.00	28.17	28.17
\$150,000 AV	312.00	312.00	26.00	26.00

T.9.a.3-options

City/County Public Safety Task Force

Memorandum

To: Board of County Commissioners
From: Jim Johnson, Facilitator
Date: November 22, 2005
Re: Decisions for the Board of Commissioners

There are a number of decisions you need to make in order to complete the process for receiving the Public Safety Task Force (PSTF) recommendations and then acting on the recommendations in some manner to give voters a choice.

The decisions can be broken-down into two parts:

Part 1 – Income Tax Design. Decisions related to how income taxes are designed—the key policy choices in designing taxes on households and on businesses.

Part 2 – Implement PSTF Recommendations. Decisions related to implementing the PSTF recommendations and placing something before the voters.

Part 1 – Income Tax Design

You have expressed interest in considering a tax or taxes on income to finance needed public safety programs and services. Below is a listing of the kinds of decisions that County Counsel needs from the Board if you desire a Charter Amendment:

If a Personal Income Tax

1. Basic ordinance construction.

Accept Multnomah County ordinance as is, taxing County residents

Modify Multnomah County ordinance to fit Lane County situation

Hold work session and develop own law and admin rules

Accept State of Oregon model (would exclude income derived in Lane County but sent out of county)

2. Size of Personal Exemption – Multnomah County is:

Single, Married Filing Separately – \$2,500

Married Filing Jointly – \$5,000

Head of Household, Qualifying Widow(er) – \$5,000

Decide if you want a Business Income Tax or a Corporate Income Tax? If you decide to limit it to just a corporate income tax, then income received from business activity within the county from sole proprietorships and partnerships would be taxed as part of the Public Safety Personal Income Tax, to the extent it flows to county residents.

1. Basic ordinance construction.

Accept Multnomah County ordinance as is

Modify Multnomah County ordinance to fit Lane County situation

Hold work session and develop own law and admin rules

State of Oregon Corporation Tax (would exclude income derived in Lane County but sent out of county)

2. Exemptions in Multnomah Business Income tax

\$25,000 of gross receipts

Renting or leasing of residential real property (less than 9 units)

Agricultural activities, unless change character of products

Flea Market activities (less than 14 days)

3. Income Modifications

Owners compensation deduction (Multnomah County is limited to 75 percent of business income not to exceed \$50,000 per owner and then indexed every year by the rate of inflation)

Part 2 – Implementing PSTF Recommendations

In the series of work sessions in October and earlier this month, you've been preparing for the process to make decisions relating to the recommendations of the PSTF. Many of the below policy issues will be familiar to you.

First, a quick summary of the needed decisions is listed. This is followed by a suggested motion for each of the items.

Issue 1 – Focus of public safety efforts as recommended by the PSTF.

Issue 2 – Goals recommended by the PSTF.

Issue 3 – Amending the PSTF list of programs and services, and the PSTF budget.

Issue 4 – Final approval of programs and services.

Issue 5 – Property tax relief.

Issue 6 – Safety-net if Secure Rural Schools Act is not renewed.

Issue 7 – Including all general fund public safety services in new tax.

Issue 8 – Choose a taxing method

Issue 9 – Choose a tax basis and a maximum tax rate.

- Issue 10 – Charter amendment (purpose and rate) and election dates.
Issue 11 – Involving voters in approving the new taxes.
Issue 12 – Initial rate for new tax(es).
Issue 13 – Timing for readings and public hearing(s).

The issue and a draft motion for each of the 13 issues are presented below. Draft motion language is in blue typeface.

The first four decisions relate to the recommendations from the PSTF for programs and services and for a budget.

Issue 1. Focus recommended by the PSTF.

Focus: The use of illegal drugs and abuse of alcohol—and predominantly methamphetamine—is without doubt the single most important factor associated with criminal behavior and frequent interaction with the public safety system. The Task Force recommends that, for at least the next five years, Lane County's public safety system should focus its efforts on illegal drugs and alcohol abuse.

I move that the focus of Lane County's public safety efforts be to address illegal drugs (especially methamphetamine) and alcohol abuse as described in the Executive Summary of the PSTF.

Issue 2. Goals recommended by the PSTF.

► **Goal—Target these Groups for Special Action: Illegal Drug Producers, Dealers, and Users and Target Property Criminals.** Devote substantial resources toward the goal of significantly reducing illegal drug production, dealing, and use—especially of methamphetamine. Direct efforts at reducing repeat adult and juvenile offenders. Focus resources on drug users who commit property crimes while high on drugs and/or to support their drug addiction.

► **Goal—Reduce Family Violence.** The majority of domestic abuse, child abuse and neglect, and elder abuse are committed by people under the influence of drugs and alcohol. Family violence in Lane County should not be tolerated and must be significantly reduced.

► **Goal—Enhance Treatment Programs.** Provide effective treatment programs to stop the cycle and provide resources to help adults and juveniles who are addicted to drugs and alcohol. Enhance treatment options for people with mental health problems made worse by drug and alcohol use. Reduce the number of re-offending criminals.

► **Goal—Provide Prevention Programs.** Allocate substantial resources to effective programs that serve children, families, and at-risk youth. We must place a high priority on prevention programs and community awareness in order to reduce future crime.

I move that the Board use the four goals recommended by the PSTF as the basis for restoring and enhancing public safety services and that our efforts be devoted toward achieving these goals.

Issue 3. Programs, services, and budget recommended by the PSTF. Are you satisfied with the types of programs and services recommended by the PSTF to help achieve the four goals? Should the list be changed in any manner by removing or adding items?

I move that the program budget on pages 22 and 23 of the Executive Summary be changed by adding \$ _____ for/to _____.

Two examples for how this could work:

1. I move that the program budget on pages 22 and 23 of the Executive Summary be changed by adding \$2 million dollars per year to purchase additional jail capacity for the County's corrections system.
2. I move that the program budget on pages 22 and 23 of the Executive Summary be changed by adding \$1 million each to the three goals of Reducing Family Violence, Enhancing Treatment Programs, and Providing Prevention Programs.

Issue 4. Final approval of programs and services.

I move that the list of programs and services and the budget for them listed on pages 22 and 23 of the Executive Summary, as amended, be the beginning point for the Board's discussion of a new tax and a tax rate and yield.

The next series of motions address the TOTAL amount of money you would like to raise—PSTF + property tax relief, Secure Rural Schools, etc.

Issue 5. Property tax relief. Should a funding mechanism for a public safety solution include an amount that would provide property tax relief by not levying some or all of the county's property taxes? Should it be \$1/\$1,000, or the entire tax rate of \$1.28/\$1,000? (See table next page).

I move that the rate set in the charter for the new taxes be high enough so that Lane County can provide property tax relief in the amount of \$1. __ per \$1,000 of assessed value.

Issue 6. Safety net for partial or no federal funds under the Secure Rural Schools Act. Should the funding mechanism include a provision that creates a "safety net" to replace federal funds if the Secure Rural Schools legislation is not renewed by Congress? (See table next page).

I move that the rate set in the charter for the new taxes be high enough so that the General Fund share of Secure Rural Schools (\$20.458 million for FY 2006/07) can be replaced if Congress does not renew the legislation.

Issue 7. Include PSTF budget or all public safety services plus the PSTF budget? Should a new funding source raise just the budget suggested by the PSTF (\$24.530 million) or should the tax raise enough to cover the Task Force budget recommendation PLUS all existing county public safety services (\$24.530 million + \$38.601 million = \$63.131 million) to stabilize the Public Safety system?

The table below is provided to help with this question as well as show the impact on the General Fund.

Assuming a Property Tax Rebate of:	\$1/1000	\$1.28/1000
Revenue Request (in millions)	\$67.4	\$73.1
Task Force Five-Year Program	24.5	24.5
Stabilize Current Public Safety Programs	<u>38.6</u>	<u>38.6</u>
Subtotal	63.1	63.1
Allow. for Assumptions/Compliance Issues	<u>1.9</u>	<u>1.9</u>
Subtotal	2.4	8.1
General Fund Impact		
Current Public Safety Program	38.6	38.6
Less Property Tax Rebate	(20.5)	(26.2)
Less Gen. Fund Loss Secure Rural Schools	<u>(20.5)</u>	<u>(20.5)</u>
Subtotal	(2.4)	(8.1)
Ending Balance	\$0.0	\$0.0

I move that the rate set in the charter for the new taxes be high enough so that the FY 2005/06 General Fund dollars now spent on public safety services (\$38.601 million) can be funded by the new taxes.

All decisions have been made to determine the rate for the variety of new taxing methods. Dave Garnick can now determine for you various options and scenarios. Now, you can choose a taxing method and the maximum tax rate.

Issue 8. Choose a taxing method. Which alternative to property taxes do you favor?

Retail Sales Tax

Gross Receipts Tax

Personal Income Tax (taxing personal income of residents, along with sole proprietorship income, partnership income, etc. that flows to county residents)

Business Income Tax (taxing all business activity within the county)

Corporate Income Tax (taxing just business activity by corporations with the county)

I move that the Board of Commissioners direct staff to prepare an ordinance(es) for _____ tax and _____ tax. .

Example: I move that the Board of Commissioner direct staff to prepare an ordinance establishing a Personal Income Tax and a Corporate Income Tax at a maximum rate of one percent.

Issue 9. Choose a tax basis and maximum rate. What basis do you want to use for the tax? If you use adjusted gross income, you will not take into account the Oregon exemptions, deductions, and adjustments; if you use Oregon taxable balance, you will. (Multnomah uses Oregon taxable balance from which to figure its personal income tax, and its business income tax works from a similar point.) Your choice will also affect the maximum rate that will need to be set to achieve the income desired.

I move that the tax rate be based on _____ and that the maximum rate for the _____ tax be _____% and for the _____ tax be _____%.

Example: I move that the tax rate be based on Oregon Taxable Balance, and that the maximum rate for the Personal Income tax be 1.5% and for the Business Income tax 1.5%

Now we move to Charter amendments, election dates, and ways to involve the voters in the adoption of the new taxes.

Issue 10. Charter amendment and election date.

I move that County Counsel prepare a charter amendment to be submitted to Lane County voters at the _____, 2006 election that would authorize and dedicate all proceeds of new taxes to public safety purposes and set the maximum rates for the _____ tax and the _____ tax.

Example: I move that County Counsel prepare a charter amendment to be submitted to Lane County voters at the May, 2006 primary election that would dedicate all proceeds of new taxes to public safety purposes and set maximum rates for the Personal Income Tax and the Corporate Income Tax.

Issue 11. Conditional Ordinances.

The ordinances are adopted by the BCC, but approval is contingent upon passage of the charter amendments.

I move that the ordinance(s) relating to the new tax(es) be contingent upon passage of the charter amendments being sent to Lane County voters.

The maximum tax rate has been set, but you now may want to set the initial rate for the new tax(es) and then make a decision about timing.

Issue 12. Initial rate for new taxes. Depending upon previous decisions made above, the maximum rate in the charter amendment may be higher than is needed in the first year of implementing the new taxes. What should the initial rates be for the new taxes?

I move that the initial rate for the _____ tax(es) be set at _____ percent.

Issue 13. Timing for readings and public hearing(s) for second reading and adoption.

I move that we have a first reading for the tax ordinance(s) on December 14, 2005 and that we also hold a public hearing on that date.

I move that we have the second reading and another public hearing on January 11, 2006.