



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

Taxable Year \_\_\_\_/\_\_\_\_/\_\_\_\_ to \_\_\_\_/\_\_\_\_/\_\_\_\_  
DUE DATE: 15<sup>th</sup> day of the 4<sup>th</sup> 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](http://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 15<sup>th</sup> 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 15<sup>th</sup> 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.**

<b>ATTACH DETAIL SCHEDULES FOR NOL OR DEDUCTIONS</b>
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**COMBINED REPORT FORM FOR C-CORPORATIONS**  
**MULTNOMAH COUNTY BUSINESS INCOME TAX**  
**PORTLAND CITY BUSINESS LICENSE**

Taxable Year \_\_\_\_/\_\_\_\_/\_\_\_\_ to \_\_\_\_/\_\_\_\_/\_\_\_\_  
 DUE DATE: 15<sup>th</sup> day of the 4<sup>th</sup> 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, 6<sup>th</sup> 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., 6<sup>th</sup> 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 15<sup>th</sup> 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 15<sup>th</sup> 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.**

<b>ATTACH DETAIL SCHEDULES FOR NOL OR DEDUCTIONS</b>
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# 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, movings 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?
<b>PERSONAL INCOME TAX</b>							
<b>On Adjusted Gross Income</b>							
1	-	1.00%	Yes	TF + PS Depts	63.1	63.9	Yes
<b>On Taxable Balance</b>							
2	-	1.31%	Yes	TF + PS Depts	63.1	63.6	Yes
<b>On Income Tax Surcharge</b>							
3	-	18.00%	Yes	TF + PS Depts	63.1	63.9	Yes
<b>CORPORATE INCOME TAX (Corporations Only)</b>							
4	-	22.20%	Yes	TF + PS Depts	63.1	73.7	Yes
<b>BUSINESS INCOME TAX (All businesses: Sole Prop., Partnerships, Corp. including S &amp; C, and LLC's)</b>							
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:

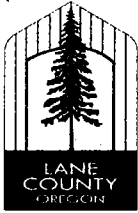
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It is assumed that Property Tax Relief will be reduced proportional to any Congressional reduction in funding for the federal Secure Rural Schools & Community Self Determination Act.

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.

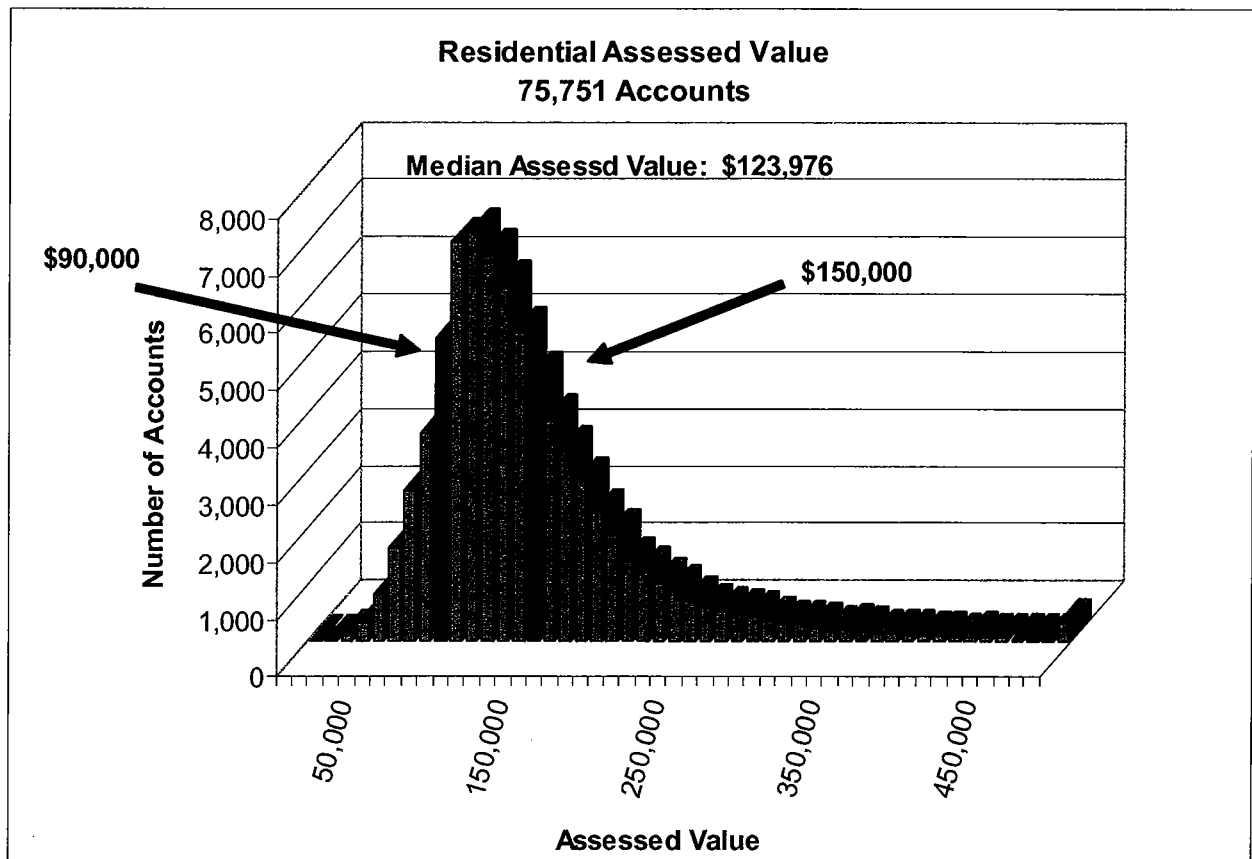


## Lane County, Oregon

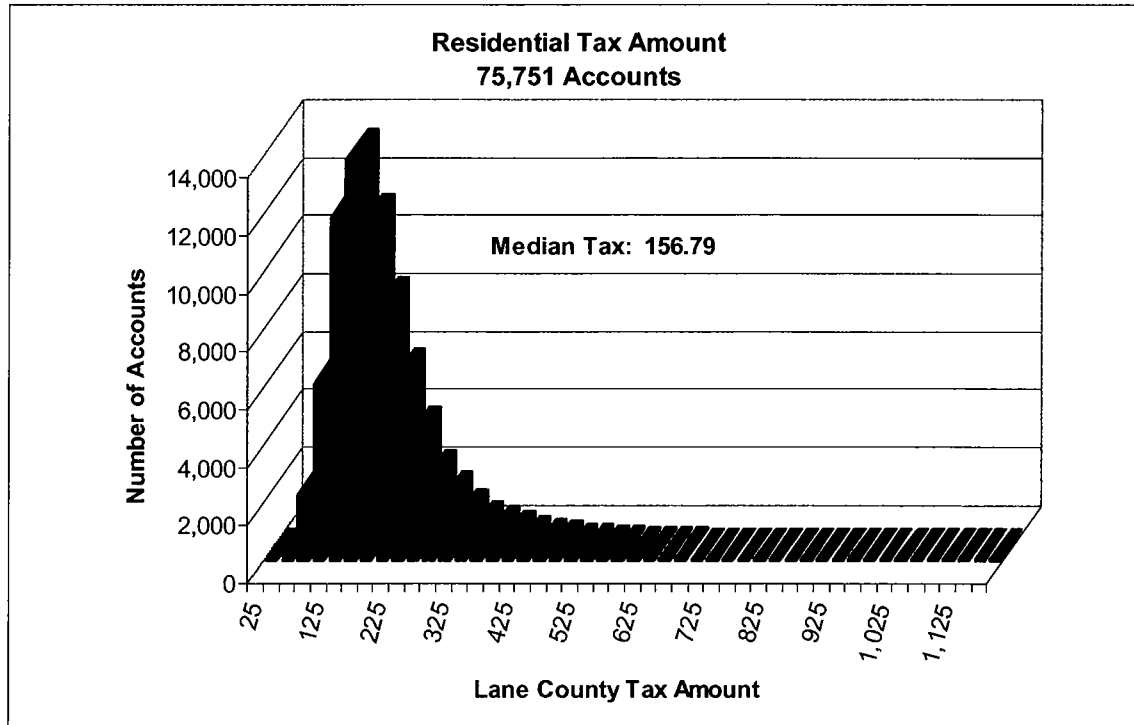
# Memo

**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.



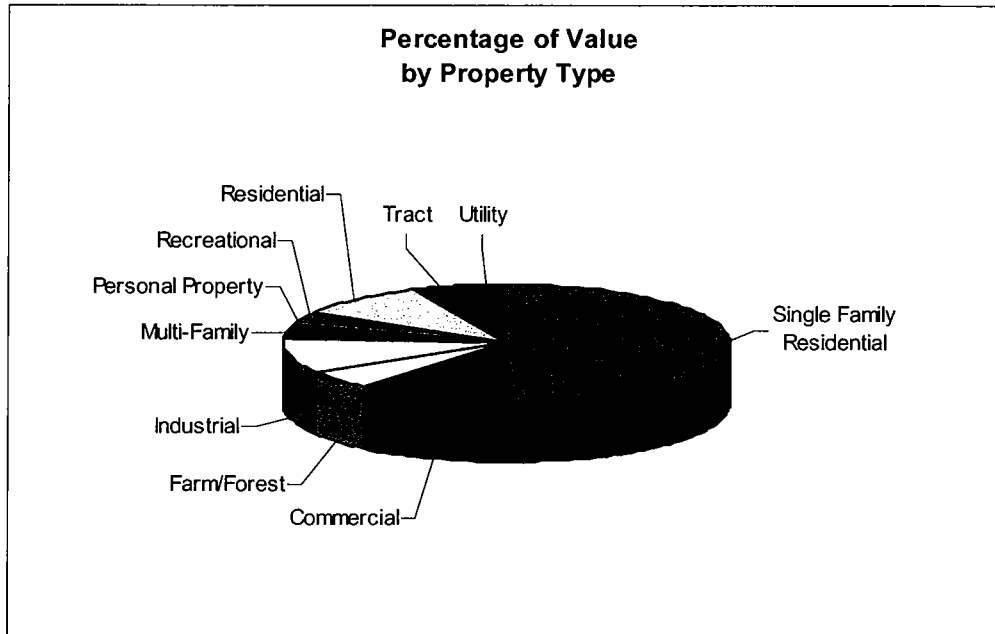
# Distribution of the property tax paid to Lane County by number of accounts



## 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
<b>At Median Assessed Value</b>						
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
<b>At 90,000 Assessed Value</b>						
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
<b>At 150,000 Assessed Value</b>						
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		<b>Property Tax Relief of \$1/1000</b>		
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.

<b>Assuming a Property Tax Rebate of:</b>	<b>\$1/1000</b>	<b>\$1.28/1000</b>
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.**