



July 2020

Metro Supportive Housing Services program Tax Information Frequently Asked Questions

In May 2020 voters in greater Portland approved a measure to raise money for supportive housing services for people experiencing homelessness or at risk of experiencing homelessness. The program is funded by a 1% tax on all taxable income of more than \$125,000 for individuals and \$200,000 for couples filing jointly, and a 1% tax on profits from businesses with gross receipts of more than \$5 million.

This is the first time Metro has implemented personal and business income taxes, and it is the first local personal income tax in the region since Multnomah County's personal income tax ended in 2006. There are details to work out and questions to be answered as a collection process is developed for these taxes. These FAQs will be updated regularly throughout the implementation process as answers are known.

What income is subject to this tax?

Personal Income – Taxable income over \$125,000 for individuals and \$200,000 for couples filing jointly, for people living within Metro's jurisdiction, as well as nonresidents who receive income sourced within said jurisdiction. Generally, Oregon taxable income from the individual's Oregon state income tax return will be the starting point to calculate Metro Taxable Income.

Business Income – Net income from businesses within Metro's jurisdiction who have over \$5 million in gross receipts from both within and without the Metro's jurisdiction. Metro has not yet drafted administrative rules for the business income tax; however, the intent is to be consistent with the Multnomah County Business Income Tax, including definitions and treatment of net income and apportionment of income.

How do I know if I am inside Metro?

Metro's jurisdiction includes the 24 cities and unincorporated portions of Multnomah, Clackamas, and Washington counties that lie within the Portland metropolitan area, stretching from Forest Grove to Troutdale and south to Wilsonville. Cities outside of Metro's jurisdiction include North Plains, Banks, Gaston, Canby, Estacada and Sandy. Sauvie Island is also outside Metro's boundaries, as is Corbett.

To determine whether your residence, workplace, and/or earned business income is within Metro's jurisdiction, enter the property address into the [Find your councilor](#) tool. If the results provide you with a Metro Councilor, then the property is within Metro's jurisdiction and may be subject to the personal or business income tax.

How will the taxes be collected?

Metro is currently working on an Intergovernmental Agreement with the City of Portland Revenue Division to administer and collect the taxes.

Why will the City of Portland collect the taxes?

The City currently administers business taxes for Portland and Multnomah County, as well as other taxes. The City also has experience administering the Multnomah County personal income tax ("ITAX",

2003-2005). The City has the experience, the technical capability and a scalable team to allow for collection of these taxes for Metro.

When does the tax start, and when is it due?

The taxes are effective for tax years beginning on or after January 1, 2021. The first income tax returns will generally be due on April 15, 2022, which is the due date of the federal and Oregon State returns for the 2021 tax year.

Personal Income Tax – Similar to state income tax, Metro anticipates requiring employers to withhold Metro individual income tax from employees’ paychecks, but the start date of withholding will be determined as part of the tax implementation process. This provides a consistent and stable revenue stream to support the program and ensures individuals aren’t surprised by a large tax bill when filing local taxes. Metro and the City of Portland anticipate developing a form to assist individuals with determining the correct amount of tax to withhold, including consideration of their salary, deductions and filing status (individual or joint).

Business Income Tax – Similar to other state and local business taxes, estimated quarterly payments will be required if the current year’s tax liability will be over a certain amount. That amount will be determined as part of the tax implementation process.

What if my business entity passes through income to me as an individual? Will I be taxed twice?

It is not Metro’s intent to tax the same income twice, and we are currently reviewing options to address the issue of “double taxation”.

When will the administrative rules be available?

The administrative rules will be developed this summer and adopted this fall. Metro intends to be consistent with the Multnomah County Business Income Tax, and the business income tax administrative rules will likely be similar to administrative rules for that tax. The personal income tax administrative rules will likely be similar to administrative rules for Multnomah County’s personal income tax, which was in place from 2003 to 2005.

Who is advising Metro on implementation of these taxes?

Metro has formed a Supportive Housing Services Tax Implementation Advisory Table. This group will advise staff on technical aspects of tax implementation, technical issues, and provide recommendations to ensure a smooth, legal and easy tax collection process. Members will include experts in taxation, tax policy, tax implementation and business stakeholders. Currently the table includes:

- Adam Abplanalp, CPA, Cobalt, P.C., OSCP Strategic Taxation Committee member
- Ron Askew, Senior Director of Tax Policy, The Standard
- Daniel Hauser, Policy Analyst, Oregon Center for Public Policy
- Scott Karter, CPA, Audit and Accounting Manager, City of Portland Revenue Division
- Al Logan, Senior Manager for Tax Policy, Amazon
- Tyler Mac Innis, Director, Welcome Home Coalition
- Jeff Newgard, Peak Policy
- Harriet Strothers, CPA, Delap LLP, OSCP Strategic Taxation Committee member
- Tyler Wallace, EA, Tax Division Manager, City of Portland Revenue Division
- Sean Wallace, CPA, Perkins & Co., OSCP Strategic Taxation Committee member

Tax implementation process schedule

Project components	Date
Intergovernmental agreement (IGA) established with the City of Portland	Summer 2020
Tax Implementation Advisory Table convened	Late summer 2020
Administrative rules developed	Late summer and early fall 2020
Establishment of tax collection process	Winter 2020

Questions?

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