



## 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.

### **NEW - If I'm married, which threshold applies if I file "married filing separately"?**

Tax filers must utilize the same filing status as their Oregon tax return for their Metro tax return. If filing "married filing separately" the individual threshold will be applied. Each spouse will file an individual Metro tax return if taxable income is over \$125,000.

### **NEW - If I don't live within Metro jurisdiction, but I have multiple sources of income, some of which is within the jurisdiction and some that is not, will the threshold only apply to the income I've earned within the Metro jurisdiction?**

The threshold will only apply to income earned within the Metro jurisdiction.

Example: If the tax filer lives in Salem and earns \$250,000 and \$200,000 is derived from within the Metro jurisdiction, the \$200,000 is subject to tax. Conversely, if this tax filer only derives \$50,000, instead of the \$200,000 from within Metro jurisdiction, they are not subject to the tax, since they do not meet the threshold.

### **How do I know if I am inside Metro jurisdiction?**

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 jurisdiction, 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.

**NEW - What if I only live within the Metro jurisdiction part-time?**

If someone moves in or out of the Metro jurisdiction, the amount of tax will be prorated based on the number of days that someone lives within the Metro jurisdiction. If the move is temporary and they maintain a residence within the Metro jurisdiction, while also living out of state, they will be subject to the full tax for the whole year.

Example 1: Shane maintains a home in the Metro jurisdictional boundary and works in the Metro jurisdictional boundary. He purchased a summer home in Palm Springs, California and each year thereafter spent about three months in that state. He continued to spend the other nine months in the Metro jurisdictional boundary. While in California, he maintained his home and business connections in the Metro jurisdictional boundary. Shane is domiciled in the Metro jurisdictional boundary and is taxed as a resident of the Metro jurisdictional boundary because he has not demonstrated intent to abandon his Metro home nor has he shown an intent to make California his permanent home. No proration of Metro Adjusted Income is allowed.

Example 2: John Smith changed his permanent residence to a location outside of the Metro jurisdictional boundary on April 1, 2021. With his original move, he had no intention of moving back to the Metro jurisdictional boundary, however, on December 1, 2021 he changed residency by moving back into the Metro jurisdictional boundary. The sum of days of residency in the Metro jurisdictional boundary during the year was 121. If, on a full year basis, Mr. Smith would have paid tax of \$600.00, proration results in a tax of \$200.00 ( $121/365=.33$ ;  $\$600 \times .33 = \$200$ )

**NEW - What happens if the Metro jurisdiction changes?**

The tax will be applied to areas within the new jurisdiction or removed from areas that are no longer within the Metro jurisdiction.

**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.

**NEW - Will draft rules be distributed prior to adoption and will there be a window for public comment?**

The proposed Metro code changes and admin rules will be presented to the Tax Implementation Advisory Table for their review and comments. Attendees who are not presenting, can view the meeting and submit questions via the chat function. Meetings are available for viewing by contacting [housingservices@oregonmetro.gov](mailto:housingservices@oregonmetro.gov). Before adopting a new rule, a notice will be published in the Oregonian that will indicate the time and place of the public hearing on the adoption.

**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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