



## 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 – When will the final Metro income tax code and administrative rules be available?**

Metro Council will adopt new chapters of income tax code via ordinance in November and December 2020, per the schedule below. Once the code is adopted, Metro will develop administrative rules to provide additional clarity and examples. Initial administrative rules are anticipated by early 2021.

Metro income tax code schedule (meetings are open to the public):

- Tuesday, November 17 – Metro Council work session (work sessions are informational without action items)
- Thursday, December 3 – Metro Council meeting – first reading of ordinance and public hearing
- Thursday, December 10 – Metro Council meeting – second reading of ordinance and Metro Council vote

Meeting information and materials are available on Metro's website at [oregonmetro.gov/calendar](https://oregonmetro.gov/calendar).

### **NEW - Will drafts of Metro income tax code and administrative rules be distributed prior to adoption and will there be a window for public comment?**

The draft Metro income tax code will be included in the December 3<sup>rd</sup> and 10<sup>th</sup> Metro Council meeting packet. Meeting information and materials are available one week before the meeting on

Metro's website at [oregonmetro.gov/calendar](https://oregonmetro.gov/calendar). The December 3 Metro Council meeting will include an opportunity for public comment.

Once the code is adopted, Metro will develop administrative rules to provide additional clarity and examples. Proposed administrative rules will also include a public hearing and opportunity for public comment. Notices will be published on Metro's website and emailed to the SHS tax distribution list. To add an email to that list please contact [housingservices@oregonmetro.gov](mailto:housingservices@oregonmetro.gov).

**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.

**If I don't live within the Metro jurisdiction, but I have multiple sources of income, some of which is sourced within the Metro 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 the 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?**

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.

**UPDATED - What if I only live within Metro part-time?**

If someone moves in or out of the Metro jurisdiction, their taxable income will include all earnings while a resident and earnings from the Metro jurisdiction while a nonresident. 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: Jodie lived in Gresham and worked in Corbett from January 1 – August 15. Gresham is within the Metro jurisdiction; Corbett is not. On August 16 Jodie permanently moved to Corbett, and continued working there. Jodie's taxable income would be their Oregon Taxable Income from January 1 – August 15. Oregon Taxable Income earned after August 15 would not be subject to the tax.

Example 2: Shane maintains a home in the Metro jurisdiction and works in the Metro jurisdiction. 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 jurisdiction. While in California, he maintained his home and business connections in the Metro jurisdiction. Shane is domiciled in the Metro jurisdiction and is taxed as a resident of the Metro jurisdiction 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.

**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 has signed 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”.

**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
Metro Council adopts income tax codes	December 2020
Administrative rules developed	Winter 2020
Establishment of tax collection process	Winter 2020

**Questions?**

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