



Metro Supportive Housing Services Tax information frequently asked questions – personal income tax

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% marginal tax on 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. Detailed information can be found at www.oregonmetro.gov/supportivehousingtax and tax forms can be found at <https://www.portland.gov/revenue/forms>.

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 the Metro jurisdiction. *Generally, Oregon taxable income from the individual's Oregon income tax return will be the starting point to calculate Metro taxable income.*

When is the tax due?

The taxes are effective for tax years beginning on or after January 1, 2021. The schedules for filing and remittance of taxes are similar to those for federal and state income taxes, with income tax returns generally due on or about April 15th of each year.

Payroll withholding has been implemented. *Employers in the Metro district must provide payroll withholding for employees earning \$200,000 or more annually.*

Estimated tax payments may also be made at www.pro.portland.gov. For tax year 2021, all penalties and interest have been waived. (Please note: if you have already paid penalties and interest for 2021, the amount of penalty and interest will be refunded. Please be patient as the Revenue Division works through the refunds). For tax year 2022 there are no penalties or interest if payroll withholding or estimated tax payments are not made.

Will my employer automatically withhold this tax from my paycheck?

Withholding by employers was voluntary for 2021. As payroll systems are enabled, employers must offer to withhold the tax. If you are interested in having the tax withheld, please ask your employer. Withholding is mandatory for employers in the Metro district for employees earning more than \$200,000 per year.

If I have a tax situation that doesn't just include my salary from an employer, how do I opt in or opt out of automatic withholding?

Everyone's tax situation is different. If you have other income or deductions and would like to adjust your withholding or opt in or out of withholding, Metro published a form for you to communicate that to your employer. The form can be found at

<https://www.oregonmetro.gov/sites/default/files/2023/02/02/SHS-tax-Metro-opt-in-out-form-English-20230202.pdf>

What if my filing status is not single or married filing jointly?

Taxfilers using Oregon filing statuses married filing jointly, head of household and qualifying widow(er) should file a joint Metro return, which exempts the first \$200,000 of taxable income. Taxfilers using Oregon filing statuses single and married filing separately should file a single Metro return, which exempts the first \$125,000 of taxable income.

If I don't live within the Metro jurisdiction, but some of my income is earned within the jurisdiction, how much of my income is taxable?

For nonresidents, only income earned within the Metro jurisdiction is subject to the Metro personal income tax.

***Example:** A taxfiler lives in Salem, outside of the Metro jurisdiction, and reports \$250,000 in taxable income, of which \$200,000 is derived from within the Metro jurisdiction. Only the \$200,000 sourced from the Metro jurisdiction is subject to tax. If the taxfiler files a single Metro return the first \$125,000 is exempt, and the taxfiler will owe \$750 in tax ($\$75,000 * 1\%$). If the taxfiler files a joint Metro return the first \$200,000 is exempt, and the taxfiler will not owe any tax.*

How do I know if I am inside Metro jurisdiction?

Metro's jurisdiction includes the 24 cities and unincorporated portions of Clackamas, Multnomah, 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 at: <https://gis.oregonmetro.gov/metro-boundary-lookup/>.

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

If someone moves in or out of the Metro jurisdiction, their taxable income includes all income earned while a resident of the District, plus all Metro sourced income while they were 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:** Shane maintains a home in the Metro jurisdiction and works in the Metro jurisdiction. Shane purchased a winter home in Palm Springs, California and spends about three months in that location. Shane continued to spend the other nine months in the Metro jurisdiction. While in California, Shane maintained the 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 Shane has not demonstrated intent to abandon the Metro home nor shown an intent to establish permanent residency in California.*

***Example 2:** Bennett lived in the Metro jurisdiction from January 1 – June 30, 2021, and worked for a company in Washington. On July 1, 2021 Bennett permanently left the Metro jurisdiction and moved to Washington. Bennett must file a Metro part-year resident return for 2021, and Metro taxable income would include earnings from January 1 – June 30, 2021 while a resident of the District.*

In the example above, if Bennett instead worked for a company in the Metro jurisdiction, and continued to work in the Metro jurisdiction after the move, then all earnings from that employment would be included in Metro taxable income.

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?

The City of Portland Revenue Division will administer and collect the taxes. For more information please see <https://www.portland.gov/revenue/shs>.

Will I be required to file a separate tax return?

Yes. The tax return will be filed with the City of Portland.

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.

The City will also be administering the Multnomah County Preschool for All tax. For more information on that tax please see <https://www.multco.us/finance/preschool-all-personal-income-tax>.

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

A taxfiler is allowed a deduction for pass-through income subject to Metro business income tax. Pass-through income comes from a business whose net income is taxed on the owners' or partners' personal tax returns. This includes, but is not limited to, entities taxed as partnerships and S corporations.

If a pass-through entity is not subject to Metro business income tax the taxfiler is not allowed a deduction. For example, an S corporation with less than \$5 million in gross receipts is exempt from the Metro business income tax, and pass-through income reported to the owner would be subject to the Metro personal income tax.

I receive Oregon PERS (Public Employees Retirement System) and FERS (Federal Employees Retirement System) income. Am I subject to the tax?

Under Oregon law, Oregon PERS and FERS income is not subject to local income taxes.

I am retired and receive retirement income, am I subject to the tax?

Yes, retirement income, other than Oregon PERS and FERS, is subject to the tax if annual amounts meet the tax threshold.

If I end up overpaying, how will it be refunded?

Similar to Oregon and federal returns, the taxpayer may choose to have overpayments refunded or applied to the next year's tax.

Where do I go if I have questions?

Please see our website at <https://www.oregonmetro.gov/public-projects/supportive-housing-services-tax> for more information about these new taxes, including the tax codes and frequently asked questions.

For further questions regarding withholding requirements and business tax filing, or if you have questions regarding your account, please contact the City of Portland Revenue Division at 503-865-

4748 or SHS.Tax@portlandoregon.gov.

