

Business License Tax Amnesty Final Revenues & Statistics September 2012

City of Portland Revenue Bureau Office of Management and Finance

Background and Summary

The Revenue Bureau's 60-day Tax Amnesty Program ended on July 16, 2012. The program was a success and resulted in Portland and Multnomah County receiving tax revenues that otherwise would have remained uncollected.

This document presents the final update of results of the Tax Amnesty Program. (A document presenting the preliminary results was released in late July.) These updated results are still subject to minor revision as the Bureau finalizes tax document entry, analyzes accounts and follows up with taxpayers.

For background information about the Tax Amnesty Program, see the document titled, "Business License Tax Amnesty" available from the Revenue Bureau.

Revenues

Actual one-time revenue significantly exceeded the projected amount while estimated ongoing revenue was lower than the projected amount. One-time amnesty revenues were committed to local schools for teacher funding (\$400,000) and a suicide prevention hotline (\$150,000). See *Figures 1* and *2* below for details.

Figure 1. Revenues - Projected vs. Actual

| | Projected | Actual | Actual as % of Projected |
|------------------------------------|-----------|-------------|-----------------------------|
| City One-Time Revenue | \$394,350 | \$615,703 | 156% |
| County One-Time Revenue | \$286,650 | \$433,937 | 151% |
| Total One-Time Revenue | \$681,000 | \$1,049,640 | 154% |
| | | | |
| City Ongoing Revenue (Estimate*) | \$213,150 | \$191,125 | 90% |
| County Ongoing Revenue (Estimate*) | \$154,350 | \$133,520 | 87% |
| Total Ongoing Revenue (Estimate*) | \$367,500 | \$324,645 | 88% |
| | | | |
| Number of Applicants | 400 | 229 | 57% |

*Note: Ongoing revenue from "Figure 1. Revenues – Projected vs. Actual" was calculated based upon the actual tax assessed on going concern amnesty accounts for the tax year 2011. Extension payments were used for amnesty accounts that filed a 2011 extension. Payments made on tax year 2011 for accounts that are now "out-of-business" were not included.

Figure 2. Other Revenue Statistics

| | City of Portland | Multnomah County | Total |
|------------------------------------|------------------|------------------|-------------|
| Actual Payments Received (to date) | \$595,803 | \$420,372 | \$1,016,175 |
| Receivables (to date) | \$19,900 | \$13,565 | \$33,465 |
| Estimated Penalties Waived | \$112,000 | \$79,000 | \$191,000 |
| Estimated Interest Waived | \$51,000 | \$35,000 | \$86,000 |

Figure 3. Program Administration Statistics

| Amnesty Applications | | | | |
|------------------------|---------|--|--|--|
| Received | 229 | | | |
| Approved | 171 | | | |
| Denied | 40 | | | |
| Pending | 18 | | | |
| Program Costs | | | | |
| Informational Mailings | \$1,869 | | | |
| Two Phone Lines | \$369 | | | |
| Call Traffic Study | \$360 | | | |
| Total | \$2,598 | | | |
| Other Statistics | | | | |
| Phone Calls | 698 | | | |
| Website Hits | 10,040 | | | |

Patterns

Out of the eleven accounts paying \$10,000 or more, only one taxpayer is headquartered with an easily locatable physical presence in Portland. The majority of taxpayers paying large amounts held their main physical presence outside of Portland and Multnomah County, with the majority of operations occurring out-of-state.

There were no other discernable patterns in the applications received by the Bureau. See *Figure 4* for a breakout of the business activities of the top 30 taxpayers that applied for amnesty.

Figure 4. Business Activity Types of Top 30 Taxpayers (In Alphabetical Order)

| Business Activity Type |
|--|
| Commercial Property (Rental/Sales) |
| Consultant |
| Contractor |
| Real Estate Broker |
| Research and Development |
| Residential Property (Rental/Sales) |
| Software Development |
| Various Services (Financial, Medical, Freight, Power, Entertainment) |
| Wholesale Distributor |