



Arts Education and Access Income Tax Update

Status Update for the Arts
Education and Access Fund
Citizen Oversight Committee

Bureau of Revenue and Financial Services – Revenue Division

October 13, 2015

Overview

- Collections, costs to date, disbursements & estimated disbursements, by tax year
- Status of tax year 2014 collections
- Update on lawsuits
- Public record requests

TY 2012 Collections, Final Costs, & Disbursements

Collections are as of
10/12/15 and
Disbursements are
as of 8/31/2015.
(rounded to nearest dollar)

Compliance rate: 72%

| Revenues | | | |
|--|--------------------------------------|---------------------|--------------|
| Gross Tax Collections | | \$ 9,028,714 | 100.0% |
| Refunds to Taxpayers | | \$ (79,129) | 0.9% |
| | Net Tax Collections | \$ 8,949,585 | |
| Collection Costs | | | |
| Credit Card Fees (net of convenience fees) | | \$ (16,872) | 0.2% |
| One-time start up costs | | \$ (589,085) | 6.5% |
| Revenue Division collection costs (PCC 5.73.090 A) | | \$ (360,285) | 4.0%* |
| | | \$ (966,242) | 10.7% |
| | Net Revenues (PCC 5.73.010 E) | \$ 7,983,343 | 88.4% |
| Disbursements | | | |
| Centennial School District | | \$ 539,956 | 6.0% |
| David Douglas School District: | | | |
| David Douglas School District | | \$ 947,256 | |
| Charter School (1) | | \$ 17,861 | |
| | | \$ 965,118 | 10.7% |
| Parkrose School District | | \$ 294,264 | 3.3% |
| Portland Public School District: | | | |
| Portland Public Schools | | \$ 4,408,990 | |
| Charter Schools (6) | | \$ 103,249 | |
| | | \$ 4,512,239 | 50.0% |
| Reynolds School District | | \$ 357,942 | 4.0% |
| Riverdale School District | | \$ 40,429 | 0.4% |
| | Total School Disbursements | \$ 6,709,947 | 74.3% |
| Regional Arts & Culture Council | | \$ 1,285,000 | 14.2% |
| | Disbursements to Date | \$ 7,994,947 | 88.6% |
| Net revenues less disbursements | | \$ (11,604) | 0.1% |
| Interest earnings on AEAF | | \$ 22,276 | |
| | Available funds | \$ 10,672 | |

* Ongoing administrative costs are capped at an average 5 percent or less of Gross Revenues over a five year period .
PCC 5.73.090 A, emphasis added.

TY 2013 Collections, Final Costs, & Disbursements

Collections are as of
10/12/15 and
Disbursements are
as of 8/31/2015.
(rounded to nearest dollar)

Compliance rate: 68%

| Revenues | | | |
|--|---------------------|--------------|-------------|
| Gross Tax Collections | \$ 8,697,204 | 100.0% | |
| Refunds to Taxpayers | \$ (8,584) | 0.1% | |
| Net Tax Collections | \$ 8,688,620 | | |
| Collection Costs | | | |
| Credit Card Fees | \$ (98,368) | 1.1% | |
| General Fund Overhead Charge | \$ (25,000) | 0.3% | 9.2% total* |
| Revenue Division collection costs (PCC 5.73.090 A) | \$ (774,799) | 8.9% | |
| | \$ (898,167) | 10.3% | |
| Net Revenues (PCC 5.73.010 E) | \$ 7,790,453 | 89.6% | |
| Disbursements | | | |
| Centennial School District | \$ 535,985 | 6.2% | |
| David Douglas School District: | | | |
| David Douglas School District | \$ 965,733 | | |
| Charter School (1) | \$ 15,868 | | |
| | \$ 981,600 | 11.3% | |
| Parkrose School District | \$ 316,999 | 3.6% | |
| Portland Public School District: | | | |
| Portland Public Schools | \$ 4,362,219 | | |
| Charter Schools (7) | \$ 117,439 | | |
| | \$ 4,479,658 | 51.5% | |
| Reynolds School District | \$ 388,310 | 4.5% | |
| Riverdale School District | \$ 42,179 | 0.5% | |
| Total School Disbursements | \$ 6,744,733 | 77.6% | |
| Regional Arts & Culture Council | \$ 1,040,000 | 12.0% | |
| Disbursements to Date | \$ 7,784,733 | 89.5% | |
| Net revenues less disbursements | \$ 5,720 | 0.1% | |
| Contingency reserve | \$ (10,000) | 0.1% | |
| Interest earnings on AEF | \$ 30,240 | | |
| Available funds | \$ 25,960 | | |

* Ongoing administrative costs are capped at an average 5 percent or less of Gross Revenues over a five year period.
PCC 5.73.090 A, emphasis added.

TY 2014 Collections, Costs to Date, & Estimated Disbursements

Collections are as of
10/12/15 and Costs
are as of
8/31/2015.
(rounded to nearest dollar)

Compliance rate: 66%

| Revenues | | | |
|--|---|---------------------|--------------|
| Gross Tax Collections | | \$ 8,680,410 | 100.0% |
| Refunds to Taxpayers | | \$ (7,379) | 0.1% |
| | Net Tax Collections | \$ 8,673,031 | |
| Collection Costs | | | |
| Credit Card Fees | | \$ (76,656) | 0.9% |
| General Fund Overhead Charge | | \$ (25,000) | 0.3% |
| Revenue Division collection costs (PCC 5.73.090 A) | | \$ (613,026) | 7.1% |
| | | \$ (714,682) | 8.2% |
| | Net Revenues (PCC 5.73.010 E) | \$ 7,958,349 | 91.7% |
| Projected Disbursements** | | | |
| Centennial School District | | \$ 546,705 | 6.3% |
| David Douglas School District: | | | |
| David Douglas School District | | \$ 985,047 | |
| Charter School (1) | | \$ 16,185 | |
| | | \$ 1,001,232 | 11.5% |
| Parkrose School District | | \$ 323,339 | 3.7% |
| Portland Public School District: | | | |
| Portland Public Schools | | \$ 4,449,463 | |
| Charter Schools (7) | | \$ 119,788 | |
| | | \$ 4,569,252 | 52.6% |
| Reynolds School District | | \$ 396,077 | 4.6% |
| Riverdale School District | | \$ 43,023 | 0.5% |
| | Projected Total School Disbursements | \$ 6,879,627 | 79.3% |
| Regional Arts & Culture Council | | \$ 1,000,000 | 11.5% |
| | Projected Disbursements to Date | \$ 7,879,627 | 90.8% |
| Net revenues less disbursements | | \$ 78,722 | 0.9% |
| Contingency reserve | | \$ (100,000) | 1.2% |
| Interest earnings on AEA | | \$ 24,536 | |
| | Available funds | \$ 3,258 | |

7.4% total*

* Ongoing administrative costs are capped at an average 5 percent or less of Gross Revenues **over a five year period**.
PCC 5.73.090 A, emphasis added.

** For school districts, 2014 disbursement is estimated by increasing the 2013 disbursements by a 2% inflation adjustment.
Approximately one half of these amounts will be disbursed in November 2015 and the remaining half will be disbursed in March 2016.
RACC estimated disbursement is based on the remaining funds after accounting for the school district disbursement.

| Revenues | | | | | | |
|--|--------------------------------------|----------------------|--------|--|--|--|
| Gross Tax Collections | | \$ 26,406,328 | 100.0% | | | |
| Refunds to Taxpayers | | \$ (95,092) | 0.4% | | | |
| | Net Tax Collections | \$ 26,311,236 | | | | |
| Collection Costs | | | | | | |
| Credit Card Fees | | \$ (191,896) | 0.7% | | | |
| One-time start-up costs | | \$ (589,085) | 2.2% | | | |
| General Fund Overhead Charge | | \$ (50,000) | 0.2% | | | |
| Revenue Division collection costs (PCC 5.73.090 A) | | \$ (1,748,110) | 6.6% | | | |
| | | \$ (2,579,091) | 9.8% | | | |
| | Net Revenues (PCC 5.73.010 E) | \$ 23,732,145 | 89.9% | | | |
| Disbursements (Actual and Estimated**) | | | | | | |
| Centennial School District | | \$ 1,622,645 | 6.1% | | | |
| David Douglas School District: | | | | | | |
| David Douglas School District | | \$ 2,898,037 | | | | |
| Charter School | | \$ 49,914 | | | | |
| | | \$ 2,947,951 | 11.2% | | | |
| Parkrose School District | | \$ 934,602 | 3.5% | | | |
| Portland Public School District: | | | | | | |
| Portland Public Schools | | \$ 13,220,672 | | | | |
| PPS Charter Schools | | \$ 340,477 | | | | |
| | | \$ 13,561,149 | 51.4% | | | |
| Reynolds School District | | \$ 1,142,329 | 4.3% | | | |
| Riverdale School District | | \$ 125,631 | 0.5% | | | |
| | Total School Disbursements | \$ 20,334,307 | 77.0% | | | |
| Regional Arts & Culture Council | | \$ 3,325,000 | 12.6% | | | |
| | Disbursements to Date | \$ 23,659,307 | 89.6% | | | |
| Net revenues less disbursements | | \$ 72,838 | 0.3% | | | |
| Contingency reserve | | \$ (110,000) | 0.4% | | | |
| Interest earnings on AEOF | | \$ 77,052 | | | | |
| | Available funds | \$ 39,890 | | | | |

6.8% total*

**All TYs Combined:
Collections,
Costs,
Disbursements &
Estimated
Disbursements
(rounded to nearest dollar)**

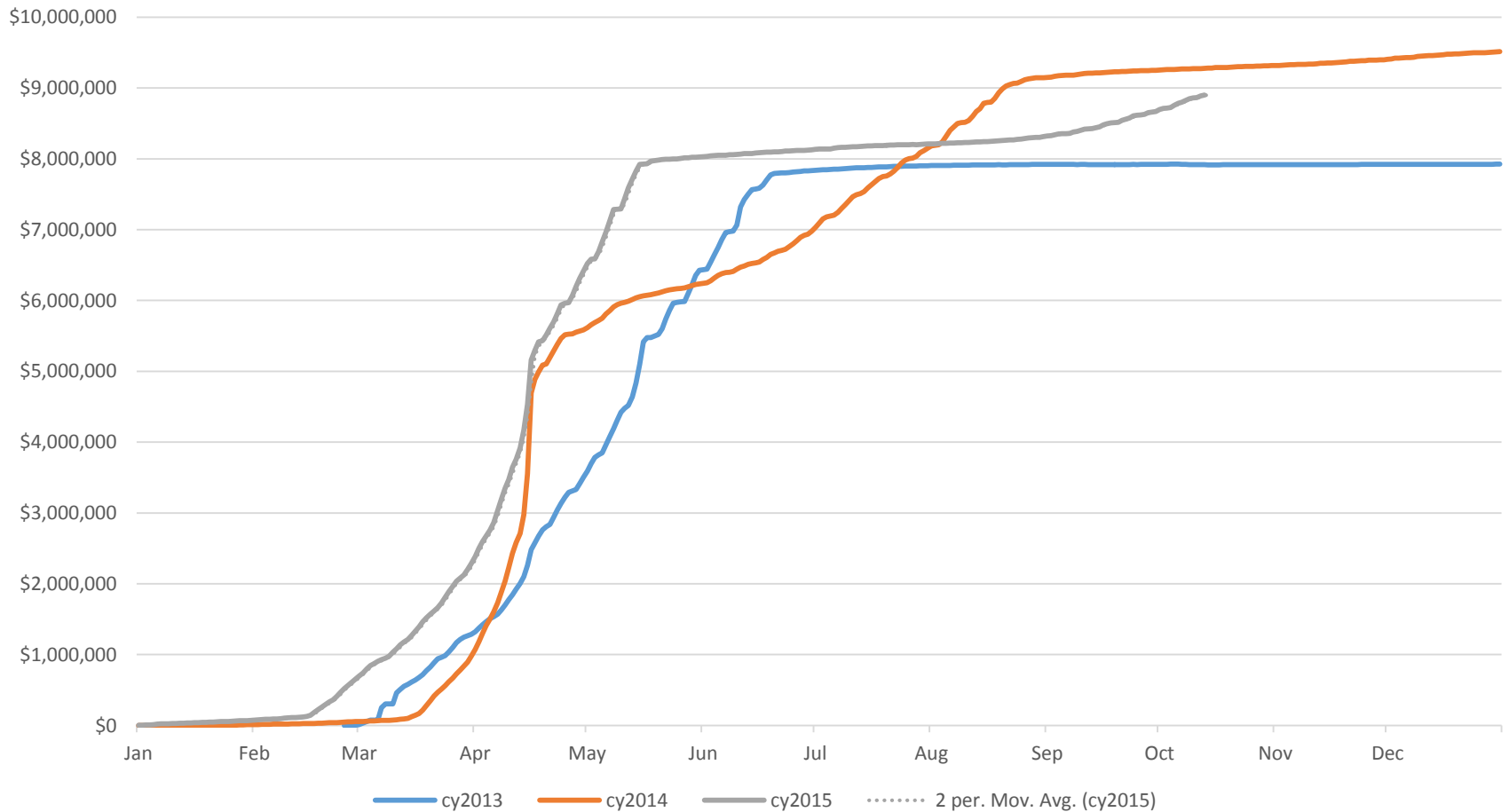
* Ongoing administrative costs are capped at an average 5 percent or less of Gross Revenues over a five year period .
PCC 5.73.090 A, emphasis added.

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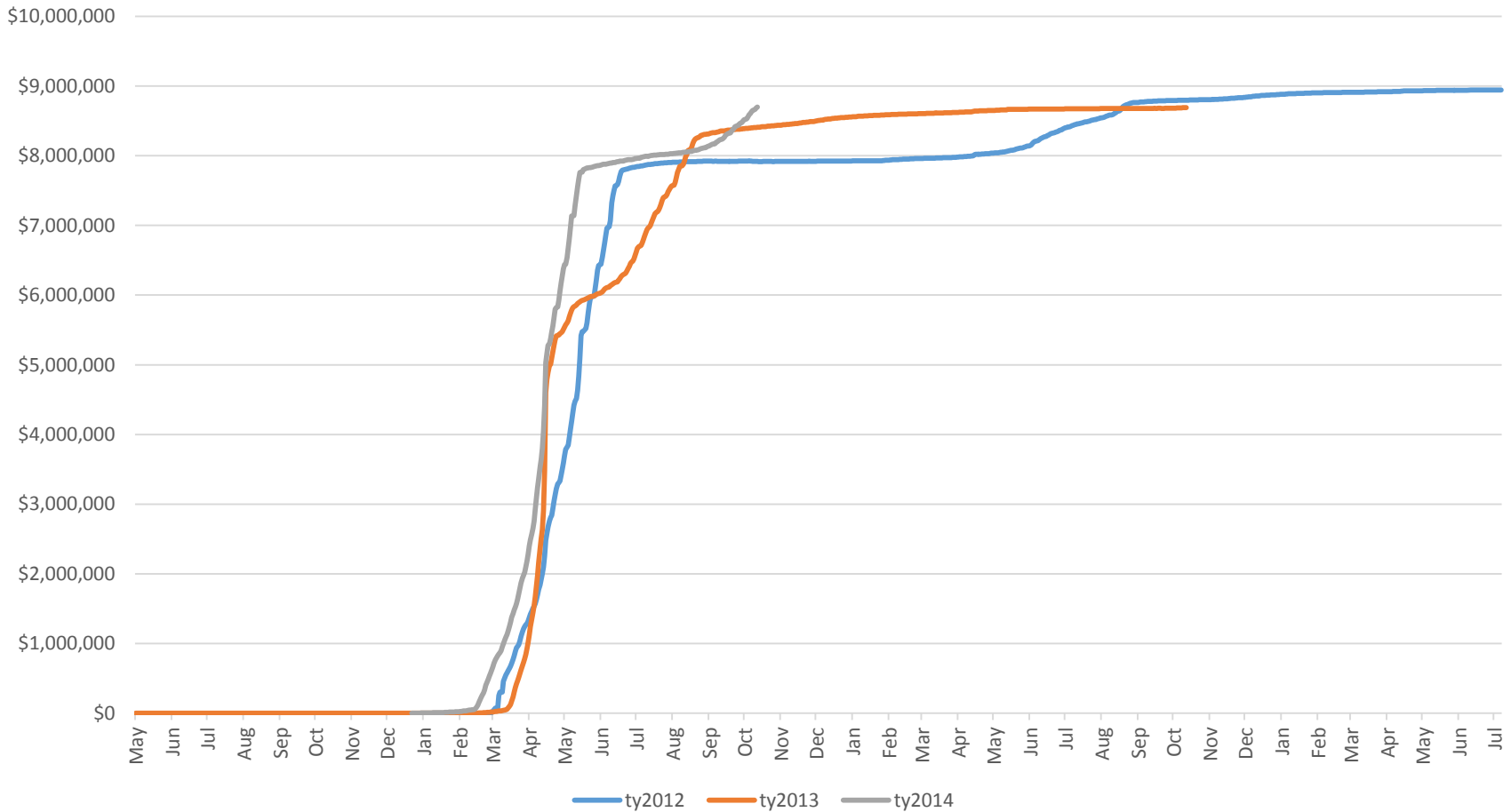
Tax Year 2014 Update

- Tax year 2014 has been the best year yet
 - Largest number of taxpayers filing timely and before same number of collection months from prior years
 - Currently well ahead of the first two years in terms of year-to-date revenue on a tax year basis
 - We also expect to exceed prior year's revenues on a calendar year basis
- 67,800 collections letters have been mailed since August
- 59,600 letters remain to be mailed (@10,000 per week, six weeks remaining)
- \$671,000 from collection letters since August
 - Includes \$188,000 from penalties
- Additional non-filer identification work will occur following collection letters
 - Matches against other data sets like IRS and DMV records will generate additional collection letters
- 3,800 senior citizens (70 and over) have been approved for permanent filing exemptions
- Next year we will roll out permanent disability filing exemptions

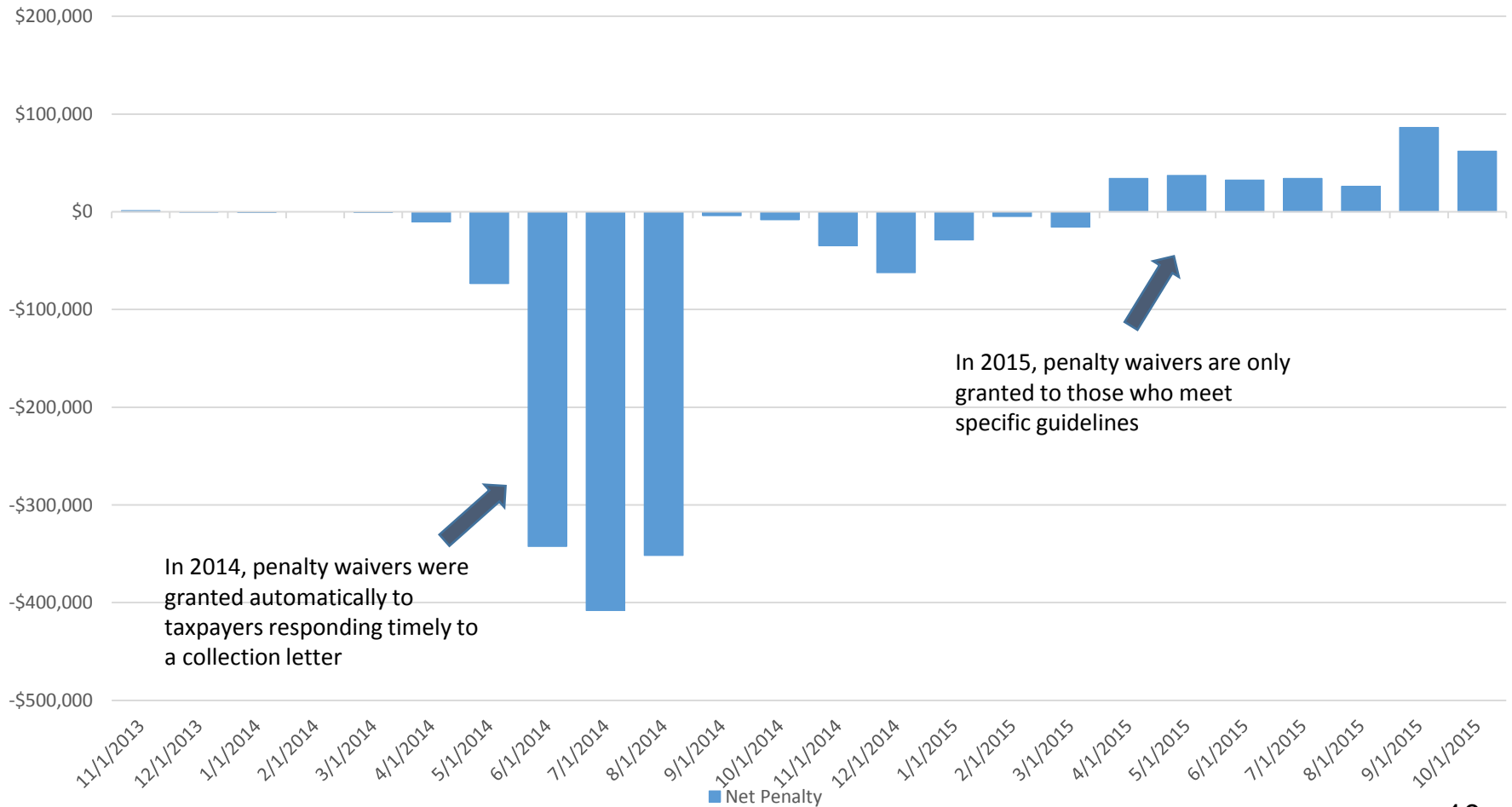
Net Payments by Calendar Year



Net Payments by Tax Year



Net Penalty Revenue by Month



Lawsuit: No Change Since Last Update

- Lawsuit challenges the constitutionality of the tax, plaintiff alleges tax is a “poll” or “head” tax
- City Attorney is representing the Revenue Division
- Appeal still pending before the Oregon Court of Appeals

Public Records Requests

- Willamette Week – July 2015 – Request for names and addresses of taxpayers that have paid the Arts Tax
 - Revenue provided data and Willamette Week published it
- Oregonian – September 2015 – Request for names and addresses of all persons notified about the tax and all persons who have been assessed a penalty
 - Revenue denied request but ordered by the District Attorney's Office to disclose
 - Disclosure pending