



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
January 26, 2016

Overview

- Status of tax year 2014 collections
- Lawsuit

TY 2014 Collections, Costs to Date, & Estimated Disbursements

**Collections and
Costs are as of
12/31/2015.**

(rounded to nearest dollar)

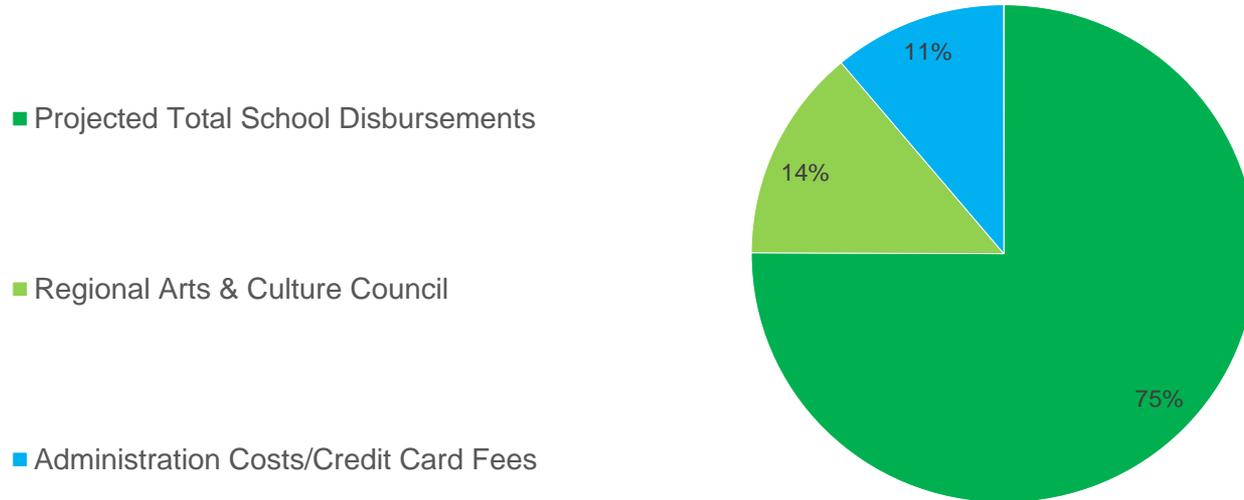
Compliance rate: 67.5%

Revenues					
1	Gross Tax Collections	\$ 9,160,352	100.0%		
2	Refunds to Taxpayers	\$ (9,949)	0.1%		
3	Net Tax Collections	\$ 9,150,403			
Collection Costs					
4	Credit Card Fees	\$ (88,258)	1.0%		
5	One-time start up costs	\$ -	0.0%		
6	General Fund Overhead Charge	\$ (25,000)	0.3%	10.0%	total*
7	Revenue Division collection costs (PCC 5.73.090 A)	\$ (892,149)	9.7%		
8	Total Collection Costs	\$ (1,005,407)	11.0%		
9	Net Revenues (PCC 5.73.010 E)	\$ 8,144,996	88.9%		
Projected Disbursements**					
10	Centennial School District	\$ 541,171	5.9%		
11	David Douglas School District Schools	\$ 938,109			
12	David Douglas School District Charter School (1)	\$ 18,060			
13	Total David Douglas School District Disbursement	\$ 956,169	10.4%		
14	Parkrose School District	\$ 324,847	3.5%		
15	Portland Public School District Schools	\$ 4,403,924			
16	Portland Public School District Charter Schools (7)	\$ 120,328			
17	Total Portland Public School District Disbursement	\$ 4,524,252	49.4%		
18	Reynolds School District	\$ 393,788	4.3%		
19	Riverdale School District	\$ 45,950	0.5%		
20	Projected Total School Disbursements	\$ 6,786,177	74.1%		
21	Regional Arts & Culture Council	\$ 1,250,000	13.6%		
22	Projected Total Disbursements to Date	\$ 8,036,177	87.7%		
23	Net revenues less disbursements	\$ 108,819	1.2%		
24	Contingency reserve	\$ (100,000)	1.1%		
25	Interest earnings on AEF	\$ 43,072			
26	Balance	\$ 51,891			

* 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, tax year 2014 disbursement is estimated by doubling the first disbursement (made December 2015). 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.

Percentage of Total Expenses and Disbursements



Revenues			
1	Gross Tax Collections	\$ 27,253,609	100.0%
2	Refunds to Taxpayers	\$ (98,517)	0.4%
3	Net Tax Collections	\$ 27,155,092	
Collection Costs			
4	Credit Card Fees (net of convenience fees)	\$ (203,498)	0.7%
5	One-time start-up costs	\$ (589,085)	2.2%
6	General Fund Overhead Charge	\$ (50,000)	0.2%
7	Revenue Division collection costs (PCC 5.73.090 A)	\$ (2,027,233)	7.4%
8	Total Collection Costs	\$ (2,869,816)	10.5%
9	Net Revenues (PCC 5.73.010 E)	\$ 24,285,276	89.1%
Disbursements (Actual and Projected**)			
10	Centennial School District	\$ 1,617,112	5.9%
11	David Douglas School District Schools	\$ 2,851,098	
12	David Douglas School District Charter School	\$ 51,789	
13	Total David Douglas School District Disbursement	\$ 2,902,887	10.7%
14	Parkrose School District	\$ 936,110	3.4%
15	Portland Public School District Schools	\$ 13,175,133	
16	Portland Public School District Charter Schools	\$ 341,017	
17	Total Portland Public School District Disbursement	\$ 13,516,150	49.6%
18	Reynolds School District	\$ 1,140,040	4.2%
19	Riverdale School District	\$ 128,558	0.5%
20	Total School Disbursements (Actual and Projected)	\$ 20,240,857	74.3%
21	Regional Arts & Culture Council	\$ 3,980,000	14.6%
22	Total Disbursements to Date (Actual and Projected)	\$ 24,220,857	88.9%
23	Net revenues less disbursements	\$ 64,419	0.2%
24	Contingency reserve	\$ (100,000)	0.4%
25	Interest earnings on AEAF	\$ 95,588	
26	Balance	\$ 60,007	

7.6% 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.**

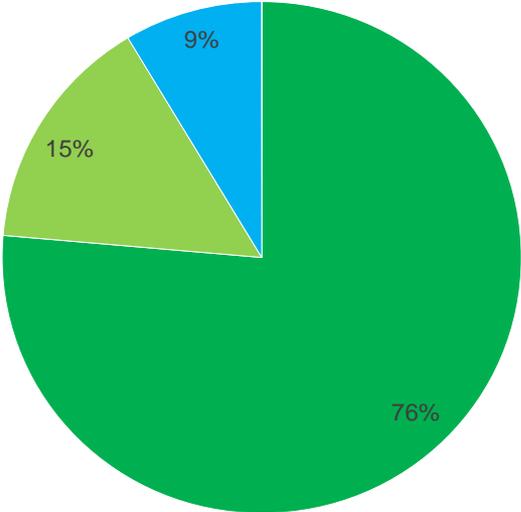
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Percentage of Total Expenses and Disbursements

■ Total School Disbursements (Actual and Projected)

■ Regional Arts & Culture Council

■ Administration Costs/Credit Card Fees



Tax Year 2014 Expenses for Calendar Year 2015 as of 12/31/15

Bureau Cost Area	Calendar Year 2015 Totals
Personnel	\$ 461,646
External materials & services	\$ 84,068
Printing & distribution	\$ 264,115
Technology services	\$ 67,021
Internal materials & services	\$ 15,298
Totals	\$ 892,149

Personnel

- Ongoing charges = customer service and tax return/check entry

External Materials & Services

- Computer programming (vendor services)
- Office equipment, supplies
- Email verification expenses

Net merchant fees

- Merchant fees	\$ 88,979
- Convenience fee revenue	\$ (721)
Net	<u>\$ 88,258</u>

Printing & Distribution

- Non-filer mailings
- Postcard mailing

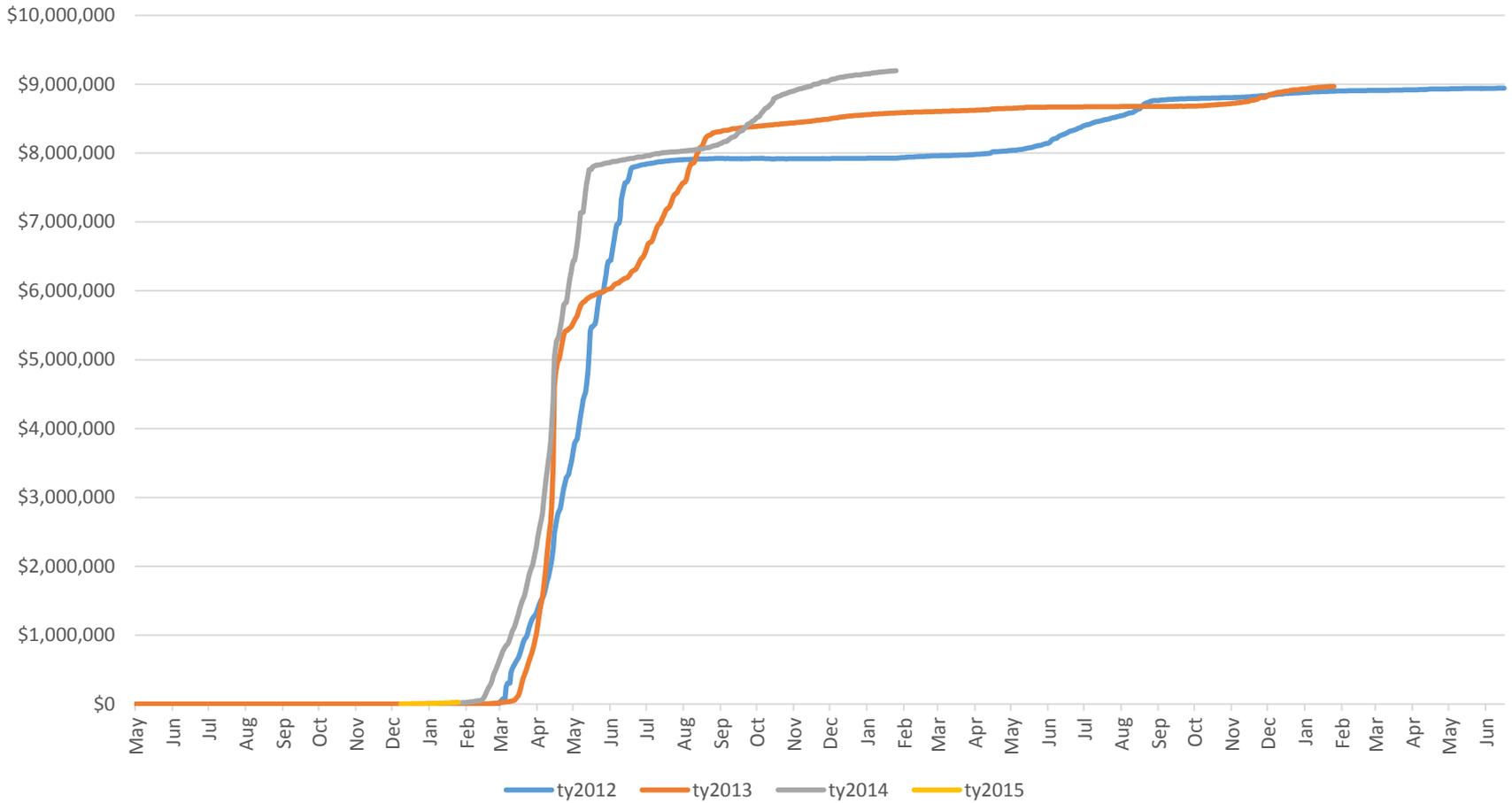
Technology Services

- Phone and computer costs
- Programming online services

*** Merchant fees are not part of Division costs

Net Payments by Tax Year

as of January 26, 2016



Changes for Tax Year 2015

- Veterans disability benefits (VA income) will be exempted from taxable income
- Permanent filing exemption for permanently disabled individuals
 - In addition to the current exemption for seniors
 - Tied to Oregon income tax definition of permanent disability

Wittemeyer v. City of Portland

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
- Awaiting decision from the Oregon Court of Appeals