



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

May 18, 2016

Overview

- Combined 2012-14 Revenues, Collections Costs & Disbursements
- 2015 Revenues
- Lawsuit
- Draft Resolutions

**All TYs (2012-14)
Combined:
Revenues,
Collection Costs &
Disbursements
(rounded to nearest dollar)**

Revenues					
1	Gross Tax Collections	\$ 27,605,271	100.0%		
2	Refunds to Taxpayers	\$ (100,317)	0.4%		
3	Net Tax Collections	\$ 27,504,954			
Collection Costs					
4	Credit Card Fees (net of convenience fees)	\$ (203,498)	0.7%		
5	One-time start-up costs	\$ (589,085)	2.1%		
6	General Fund Overhead Charge	\$ (50,000)	0.2%	7.5% total*	
7	Revenue Division collection costs (PCC 5.73.090 A)	\$ (2,027,233)	7.3%		
8	Total Collection Costs	\$ (2,869,816)	10.4%		
9	Net Revenues (PCC 5.73.010 E)	\$ 24,635,138	89.2%		
Disbursements**					
10	Centennial School District	\$ 1,615,968	5.9%		
11	David Douglas School District Schools	\$ 2,850,717			
12	David Douglas School District Charter School	\$ 51,789			
13	Total David Douglas School District Disbursement	\$ 2,902,506	10.5%		
14	Parkrose School District	\$ 923,205	3.3%		
15	Portland Public School District Schools	\$ 13,244,367			
16	Portland Public School District Charter Schools	\$ 331,969			
17	Total Portland Public School District Disbursement	\$ 13,576,336	49.2%		
18	Reynolds School District	\$ 1,139,838	4.1%		
19	Riverdale School District	\$ 128,345	0.5%		
20	Total School Disbursements	\$ 20,286,198	73.5%		
21	Regional Arts & Culture Council	\$ 4,255,000	15.4%		
22	Total Disbursements to Date	\$ 24,541,198	88.9%		
23	Net revenues less disbursements	\$ 93,940	0.3%		
24	Contingency reserve	\$ (100,000)	0.4%		
25	Interest earnings on AEA	\$ 95,588			
26	Balance	\$ 89,528			

Some items may not sum correctly due to rounding.

* 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.

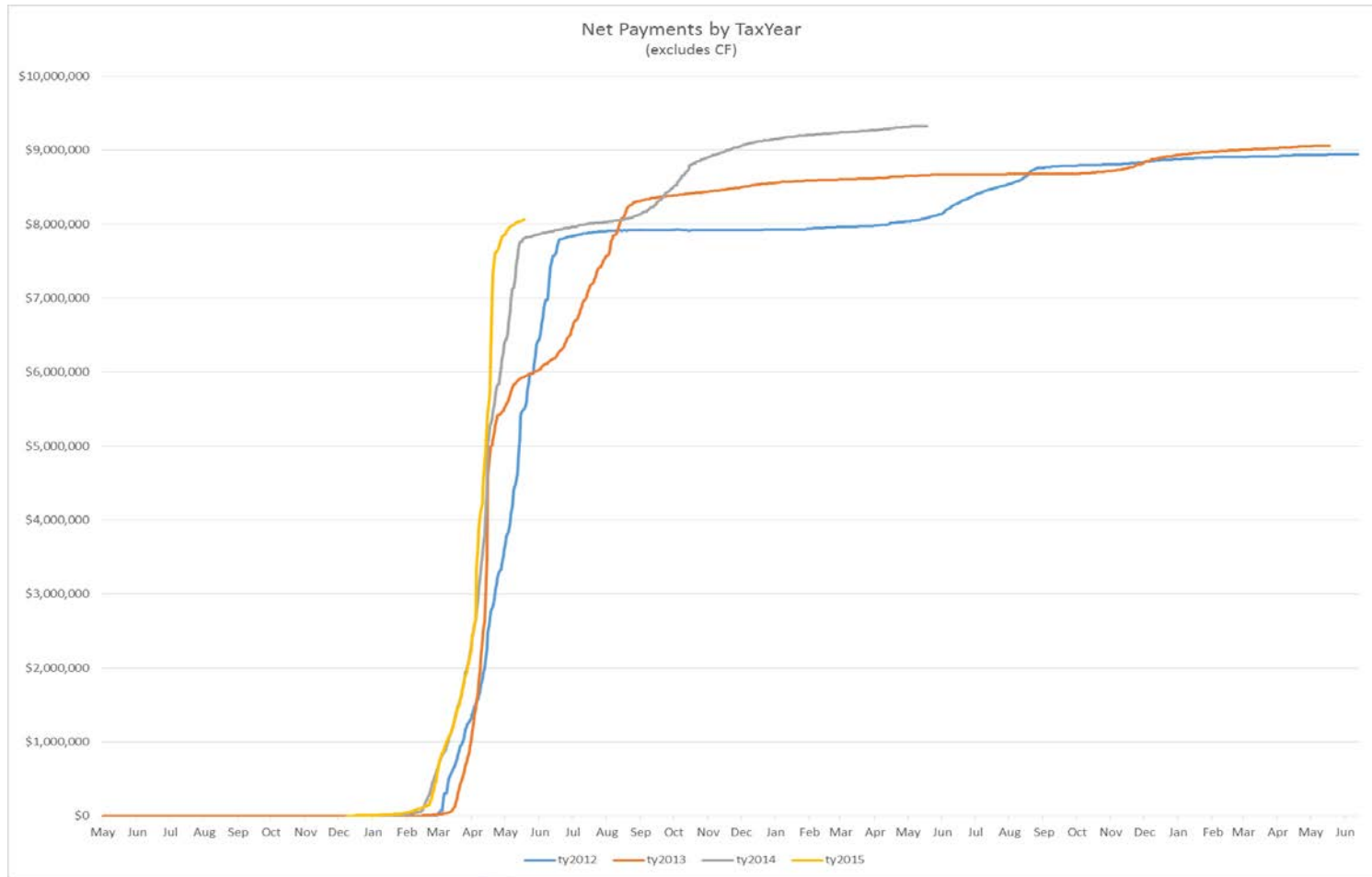
** RACC disbursement is based on the remaining funds after accounting for the school district disbursement. May include pending disbursements.

Revenues, TY 2015

- \$8,061,995 (net of refunds) as of 5/17/2016
- Also as of 5/17/16:
 - 2014 revenues (net of refunds) = \$9,325,544
 - 2013 revenues (net of refunds) = \$9,061,319
 - 2012 revenues (net of refunds) = \$9,140,063
- Total for all tax years combined: \$35,588,921

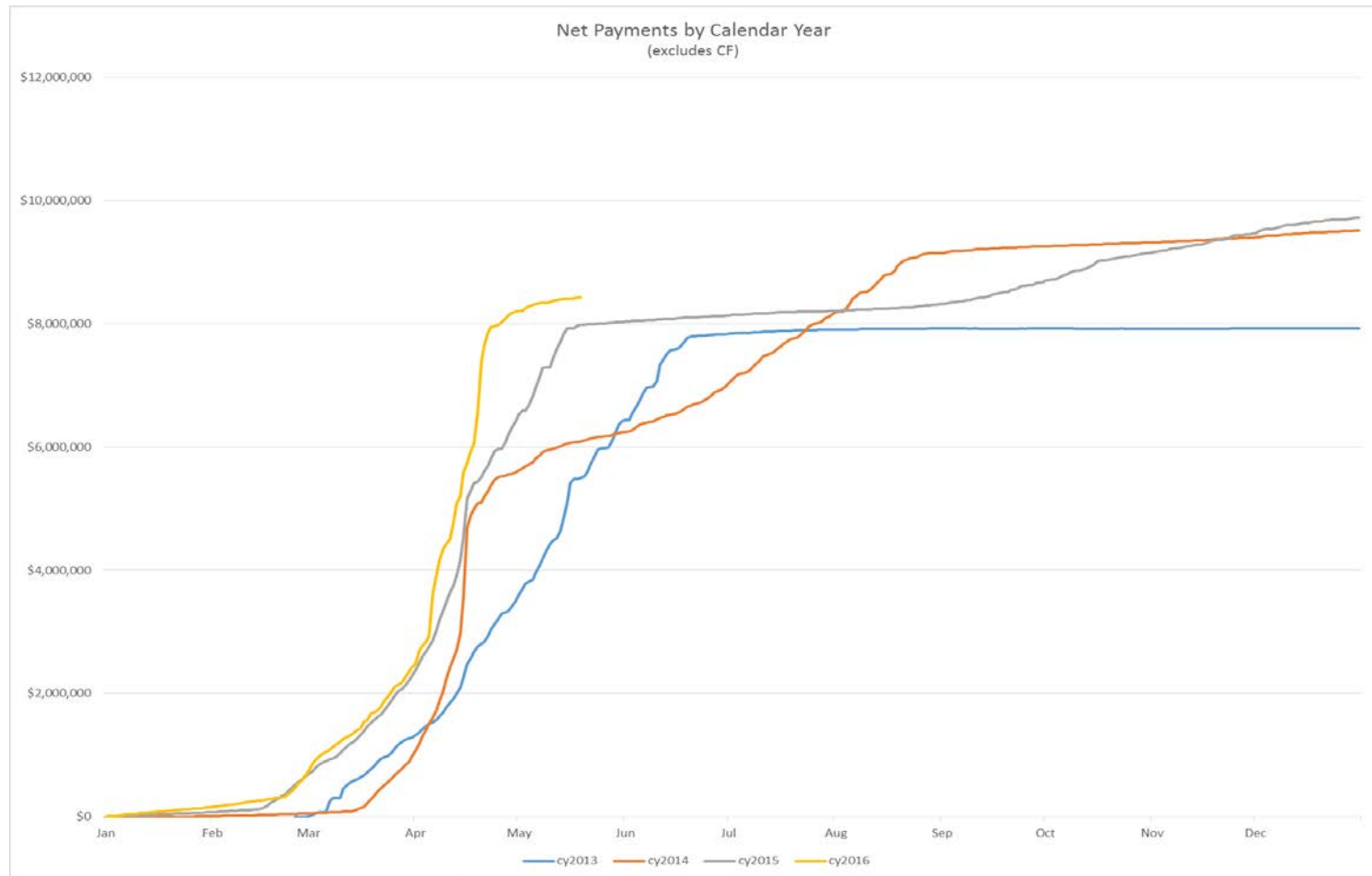
Net Payments by Tax Year

as of May 17, 2016



Net Payments by Calendar Year

as of May 17, 2016



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
- Appeal pending before the Oregon Court of Appeals

Draft Resolution #1

- Establishes criteria for assignment of delinquent Arts Tax accounts to outside collection agencies
- The past due amount must be \$100 or more and the account must be one or more years past due
- A final demand letter must be sent
 - Taxpayer will have at least 30 days to respond

Draft Resolution #2

- Directs the Revenue Division to report on options for a permanent resolution to the issue of the 5% cost limitation on administration of the Arts Tax
- Directs the use of collection agencies to lower the cost percentage