



# 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)**

<b>Revenues</b>					
1	Gross Tax Collections	\$ 27,605,271	100.0%		
2	Refunds to Taxpayers	\$ (100,317)	0.4%		
3	<b>Net Tax Collections</b>	<b>\$ 27,504,954</b>			
<b>Collection Costs</b>					
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	<b>Total Collection Costs</b>	<b>\$ (2,869,816)</b>	<b>10.4%</b>		
9	<b>Net Revenues (PCC 5.73.010 E)</b>	<b>\$ 24,635,138</b>	<b>89.2%</b>		
<b>Disbursements**</b>					
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	<b>Total David Douglas School District Disbursement</b>	<b>\$ 2,902,506</b>	<b>10.5%</b>		
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	<b>Total Portland Public School District Disbursement</b>	<b>\$ 13,576,336</b>	<b>49.2%</b>		
18	Reynolds School District	\$ 1,139,838	4.1%		
19	Riverdale School District	\$ 128,345	0.5%		
20	<b>Total School Disbursements</b>	<b>\$ 20,286,198</b>	<b>73.5%</b>		
21	Regional Arts & Culture Council	\$ 4,255,000	15.4%		
22	<b>Total Disbursements to Date</b>	<b>\$ 24,541,198</b>	<b>88.9%</b>		
23	Net revenues less disbursements	\$ 93,940	0.3%		
24	Contingency reserve	\$ (100,000)	0.4%		
25	Interest earnings on AEA	\$ 95,588			
26	<b>Balance</b>	<b>\$ 89,528</b>			

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.

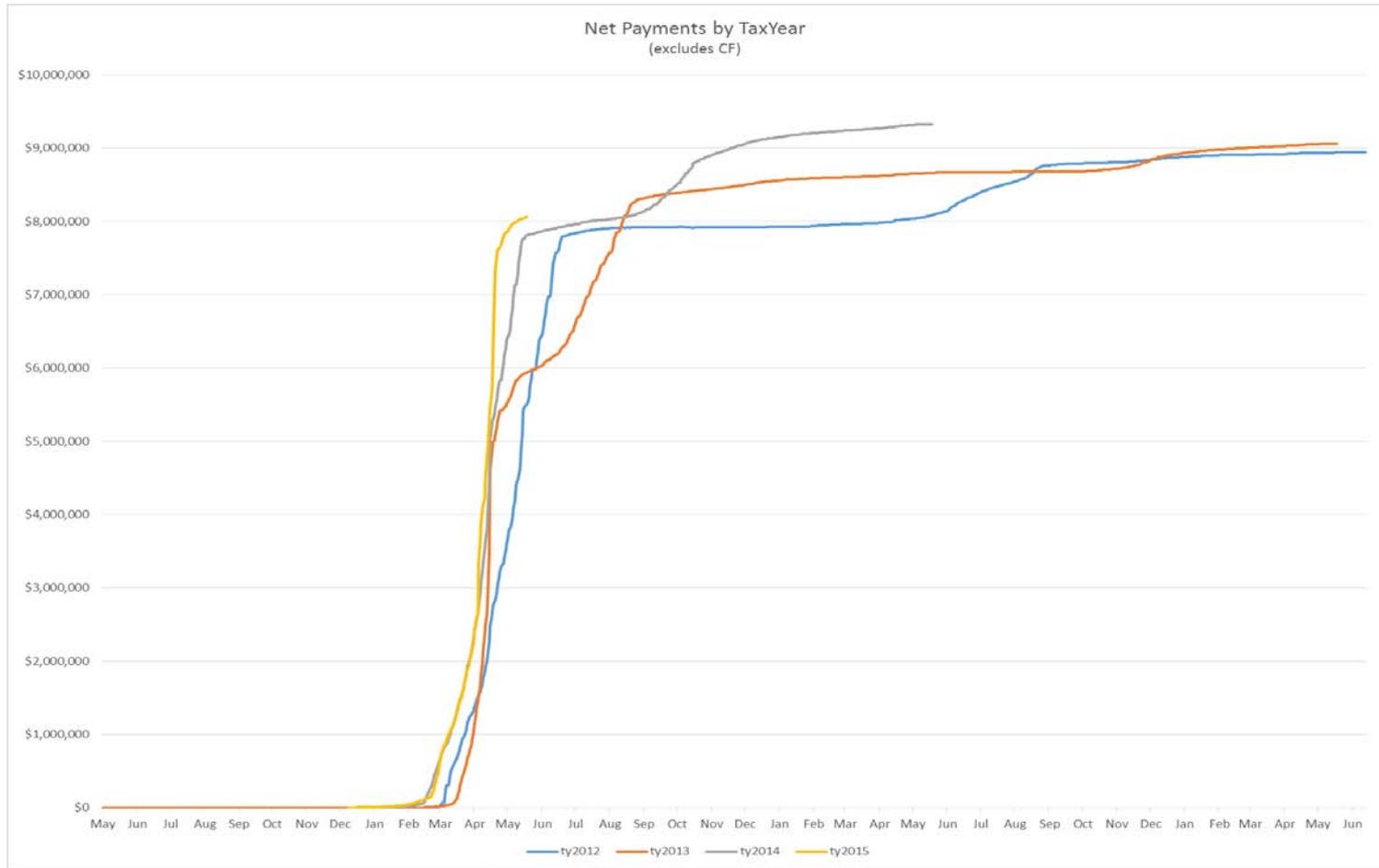
\*\* RACC disbursement is based on the remaining funds after accounting for the school district disbursement. May include pending disbursements.

# 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

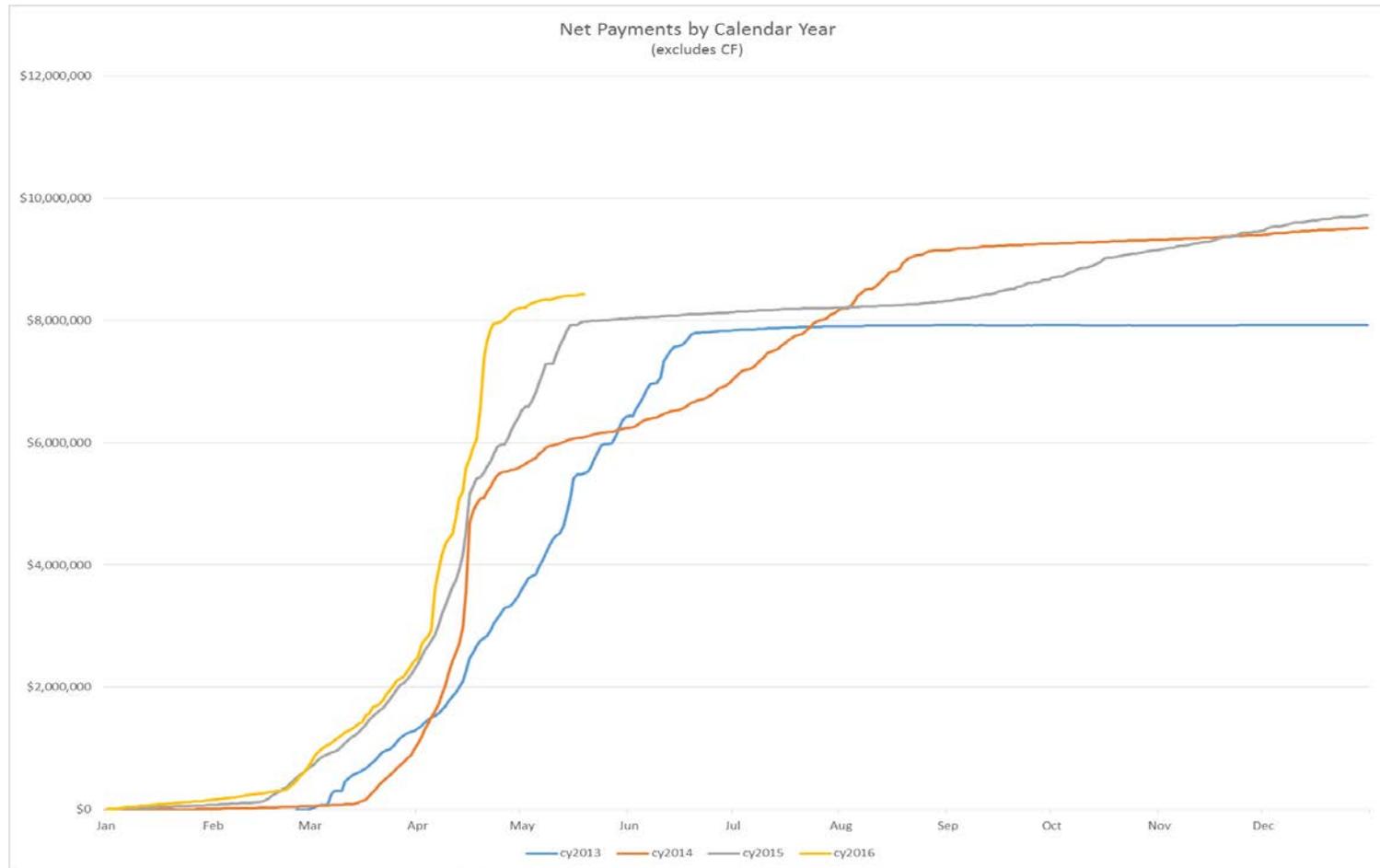
# Net Payments by Tax Year

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