



600 NE Grand Ave.
Portland, OR 97232-2736

Council meeting agenda

Tuesday, June 17, 2025

11:00 AM

Metro Regional Center, Council chamber,
<https://zoom.us/j/615079992> (Webinar ID:
615079992) or 253-205-0468 (toll free),
www.youtube.com/live/nBODW3UF-IE

The Council meeting will immediately follow the Council work session

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1. Call to Order and Roll Call

2. Public Communication

Public comment may be submitted in writing. It will also be heard in person and by electronic communication (video conference or telephone). Written comments should be submitted electronically by emailing legislativecoordinator@oregonmetro.gov. Written comments received by 4:00 p.m. the day before the meeting will be provided to the council prior to the meeting.

Those wishing to testify orally are encouraged to sign up in advance by either: (a) contacting the legislative coordinator by phone at 503-813-7591 and providing your name and the agenda item on which you wish to testify; or (b) registering by email by sending your name and the agenda item on which you wish to testify to legislativecoordinator@oregonmetro.gov. Those wishing to testify in person should fill out a blue card found in the back of the Council Chamber. Those requesting to comment virtually during the meeting can do so by using the "Raise Hand" feature in Zoom or emailing the legislative coordinator at legislativecoordinator@oregonmetro.gov. Individuals will have three minutes to testify unless otherwise stated at the meeting.

3. Ordinances (First Reading and Public Hearing)

- 3.1 Ordinance No. 25-1531 For the Purpose of Indexing the
Supportive Housing Services Personal Income Tax
Exemption Amounts for Tax Years 2026-2030 and
Adjusting Estimated Payment Requirements

[ORD 25-1531](#)

Presenter(s): Justin Laubscher, Tax Compliance Program Manager

Attachments: [Ordinance No. 25-1531](#)
[Exhibit A to Ordinance No. 25-1531](#)
[Exhibit B to Ordinance No. 25-1531](#)
[Staff Report](#)

3.1.1 Public Hearing for Ordinance No. 25-1531

4. Chief Operating Officer Communication

5. Councilor Communication

6. Adjourn

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ការគោរពសិទ្ធិពលរដ្ឋរបស់ ។ សំរាប់ព័ត៌មានអំពីកម្មវិធីសិទ្ធិពលរដ្ឋរបស់ Metro ឬដើម្បីទទួលបានការប្រឹក្សាស្តីពីការរើសអើងសូមទូរស័ព្ទទៅលេខ 503-797-1700 ។ www.oregonmetro.gov/civilrights ។ បើលោកអ្នកត្រូវការអ្នកបកប្រែភាសានៅពេលអង្គប្រជុំសាធារណៈ សូមទូរស័ព្ទមកលេខ 503-797-1700 (ម៉ោង 8 ព្រឹកដល់ម៉ោង 5 ល្ងាច ថ្ងៃធ្វើការ) ប្រាំពីរថ្ងៃ ថ្ងៃធ្វើការ មុនថ្ងៃប្រជុំដើម្បីអាចឲ្យគេបកប្រែសម្រាប់លោកអ្នក ។

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Metro

600 NE Grand Ave.
Portland, OR 97232-2736
oregonmetro.gov

Agenda #: 3.1

File #: ORD 25-1531

Agenda Date: 6/17/2025

Ordinance No. 25-1531 For the Purpose of Indexing the Supportive Housing Services Personal Income Tax Exemption Amounts for Tax Years 2026-2030 and Adjusting Estimated Payment Requirements

Justin Laubscher, Tax Compliance Program Manager

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF INDEXING THE) ORDINANCE NO. 25-1531
SUPPORTIVE HOUSING SERVICES)
PERSONAL INCOME TAX EXEMPTION) Introduced by Council President
AMOUNTS FOR TAX YEARS 2026-2030 AND) Lynn Peterson
ADJUSTING ESTIMATED PAYMENT)
REQUIREMENTS)

WHEREAS, on February 25, 2020, the Metro Council referred to the Metro area voters a personal and business income tax for the purposes of funding Supportive Housing Services in the Metro region (the “Supportive Housing Services Measure”), which was identified as Metro Measure 26-210; and

WHEREAS, on May 19, 2020, the Metro Area voters approved the Supportive Housing Services Measure, creating the Regional Supportive Housing Services program to be funded by and income tax on higher-earning households and businesses operating in the region with gross receipts over \$5 million; and

WHEREAS, beginning in Tax Year 2021, the Supportive Housing Services Measure imposed a tax of one percent on the entire taxable income over \$200,000 if filing jointly and \$125,000 if filing singly on every resident of the Metro District subject to tax under ORS chapter 316 and upon the taxable income over \$200,000 if filing jointly and \$125,000 if filing singly of every nonresident that is derived from sources within the district which income is subject to tax under ORS chapter 316; and

WHEREAS, the Supportive Housing Services Measure established a sunset date of December 31, 2030, for imposition of these Metro income taxes, unless voters approve an extension; and

WHEREAS, through the hard work of Metro’s county implementation partners and service providers around the region, the regional Supportive Housing Services program helped thousands of households avoid or escape homelessness, including more than 7,200 housing placements, more than 17,000 eviction preventions, and the creation or sustaining of more than 2,500 temporary shelter units in the first three and a half years of the program; and

WHEREAS, the caption of Measure 26-210 described the personal income tax portion of the Supportive Housing Services measure as a “higher earners’ tax”; and

WHEREAS, due to inflation since the passage of the Supportive Housing Services Measure, more households have found a portion of their income subject to the tax; and

WHEREAS, inflation since the passage of the Supportive Housing Services Measure has also contributed to rising costs of housing, food, childcare and other necessities, leading to a reduction in purchasing power for many households even as incomes rise; and

WHEREAS, in July 2024 the Metro Chief Operating Officer recommended that the Metro Council consider indexing the income tax exemption threshold to inflation, among other changes to reform and extend the regional Supportive Housing Services program and taxes; and

WHEREAS, the indexing recommendation received broad support from a wide array of stakeholders and community partners participating in the Chief Operating Officer’s Stakeholder Advisory Table in the spring of 2024, as well as in conversations and engagements with stakeholders since that time; and

WHEREAS, the Metro Council wishes to respect the will of voters to keep Supportive Housing Services personal income taxes focused on higher-earning households and businesses; and

WHEREAS, inflationary increases in the income exemption level will impact overall collections only modestly while maintaining these taxes' intended focus on high-income individuals, households and businesses; and

WHEREAS, the Metro Council seeks to reduce time, confusion, and administrative burden of Supportive Housing Services personal income taxfilers, including the requirement in Metro Code Chapter 7.05.180 for many taxfilers to pay estimated taxes through either quarterly payments or employer provided withholding; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. Metro Code Chapter 7.06 (Personal Income Tax) is amended as set forth in the attached Exhibit A, with underlined text representing inserted text and strikethrough representing deleted text.
2. Metro Code Chapter 7.05 (Income Tax Administration for Personal and Business Taxes) is amended as set forth in the attached Exhibit B, with underlined text representing inserted text and strikethrough representing deleted text.
3. The Chief Operating Officer may adopt new administrative rules or amend existing income tax administrative rules without a public comment process to ensure conformity with the Metro Code amendments adopted by this ordinance, provided that the adopted or amended rules only address changes to the income exemption and estimated payment amounts affected by this ordinance.

ADOPTED by the Metro Council this ___ day of June 2025.

Lynn Peterson, Council President

Attest:

Approved as to Form:

Georgia Langer, Recording Secretary

Carrie MacLaren, Metro Attorney

Metro Code Sections 7.06.040 and 7.06.070 are amended with underlined text representing inserted text and ~~striketrough~~ representing deleted text, and a new Section 7.06.045 is added to the Metro Code as follows:

7.06.040 Personal Income Tax Imposed; Filing Status; Inflation Indexing

- (a) A tax of one percent is imposed on the entire Oregon Taxable Income of every resident of the District subject to tax under ORS chapter 316. For Tax Years 2021-2025, taxfilers~~Taxfilers~~ that file a joint Metro return may exempt the first \$200,000 of taxable income; taxfilers that file a single Metro return may exempt the first \$125,000 of taxable income. For Tax Years 2026-2030, the exemption amounts will be indexed for inflation based on the indexing factor as determined annually pursuant to ORS 316.037(1)(c) and (d) for cost-of-living adjustments as further set forth in Section 7.06.045. Indexing also applies to any tax year beyond 2030 if voters approve an extension of the SHS Income Tax.
- (b) A tax of one percent is imposed upon the Metro Taxable Income of every nonresident of the District subject to tax under ORS chapter 316. For Tax Years 2021-2025, taxfilers~~Taxfilers~~ that file a joint Metro return may exempt the first \$200,000 of taxable income; taxfilers that file a single Metro return may exempt the first \$125,000 of taxable income. For Tax Years 2026-2030, the exemption amounts will be indexed for inflation based on the indexing factor as determined annually pursuant to ORS 316.037(1)(c) and (d) for cost-of-living adjustments as further set forth in Section 7.06.045. Indexing also applies to any tax year beyond 2030 if voters approve an extension of the SHS Income Tax.
- (c) Taxfiler filing status must follow the filing status of the taxfiler's Oregon income tax return.
 - 1. Taxfilers using Oregon filing statuses married filing jointly, head of household and qualifying widow(er) must file a joint Metro return.
 - 2. Taxfilers using Oregon filing statuses single and married filing separately must file a single Metro return.

7.06.045 Rounding of Indexed Exemption Amounts; Publication of Amounts

- (a) If the result obtained after indexing the income exemption amounts for inflation is not a multiple of \$1,000, Metro will round the increase to the next lower multiple of \$1,000. If the result is negative (deflation), income exemptions will remain at the prior year's levels.
- (b) Metro or Metro's Tax Administrator will annually publish the adjusted exemption amounts by November 15 prior to the start of the adjustment year. Metro will post the adjusted exemption amounts on its website and in any other manner Metro deems reasonably calculated to inform the public of the adjusted amounts.

7.06.070 Individuals Required to File a Tax Return

(a) For Tax Years 2021-2025, every-Every resident of the District who is required to file an Oregon income tax return for the taxable year and who reports Oregon Taxable Income over \$200,000 using Oregon filing status married filing jointly, head of household or qualifying widow(er), or over \$125,000 using Oregon filing status single or married filing separately is required to file a Metro Personal Income Tax return. For Tax Years 2026-2030, the requirement to file a Metro tax return applies to a District resident who is otherwise required to file an Oregon income tax return and whose income is equal to or above the exemption amounts as determined in Section 7.06.040(a) for single and joint filers after indexing for inflation.

(b) For Tax Years 2021-2025, everyEvery nonresident of the District who is required to file an Oregon income tax return for the taxable year and who reports Metro Taxable Income over \$200,000 using Oregon filing status married filing jointly, head of household or qualifying widow(er), or over \$125,000 using Oregon filing status single or married filing separately is required to file a Metro Personal Income Tax return. For Tax Years 2026-2030, the requirement to file a Metro tax return applies to every nonresident of the District who is otherwise required to file an Oregon income tax return and whose income is equal to or above the exemption amounts as determined in Section 7.06.040(b) for single and joint filers after indexing for inflation.

(c) Nothing contained in this section precludes the Administrator from requiring any individual to file a return when, in the judgment of the Administrator, the individual should file a return.

(d) The Administrator will release the form that the taxfiler must file. The Administrator may accept substitute forms (such as created by tax software) provided the forms include identical information in comparable format as provided on the Metro tax return form.

(e) A copy of the taxfiler's Oregon tax return is required to be filed with the tax return. If the personal income tax has been withheld from wages, a copy of Form W-2 is required to be filed with the Personal Income Tax return unless otherwise notified by the Administrator. The Administrator is authorized to require a taxfiler to submit additional information with the taxfiler's report if, in the Administrator's sole discretion, such information is necessary to effectively administer the tax imposed under this chapter.

Metro Code Section 7.05.180 is amended as follows, with underlined text representing inserted text and ~~striketrough~~ representing deleted text:

7.05.180 Payment of Estimated Tax

- (a) Every taxfiler expecting to have a tax liability under Chapter 7.06 or Chapter 7.07 of \$1,000 or greater for tax years 2021-2025 or \$5,000 or greater for tax years 2026-2030 must estimate and pay the taxfiler's tax liability for the current tax year as follows:
 - 1. Quarterly payments as provided in Section 7.05.190; or
 - 2. Employer provided withholding from taxfiler's wages as provided in Section 7.06.120.
- (b) If a taxfiler is required to remit estimated tax payments, the amounts remitted must total either the lesser of ninety percent of the taxfiler's current year tax liability or one hundred percent of the taxfiler's reported prior year tax liability.
- (c) The Administrator will not impose underpayment penalties or interest for failure to make quarterly estimated payments for tax year 2021 (tax year beginning on or after January 1, 2021) and tax year 2022 (tax year beginning on or after January 1, 2022). For tax years beginning on or after January 1, 2023, the Administrator will impose penalties and interest as provided in this chapter.

IN CONSIDERATION OF ORDINANCE NO. 25-1531, FOR THE PURPOSE OF INDEXING THE SUPPORTIVE HOUSING SERVICES PERSONAL INCOME TAX EXEMPTION AMOUNTS FOR TAX YEARS 2026-2030, AND ADJUSTING ESTIMATED PAYMENT REQUIREMENTS

Date: June 6, 2025

Prepared by: Craig Beebe,
craig.beebe@oregonmetro.gov

Departments: Council Office,
Finance and Regulatory Services

Presenter: Justin Laubscher, Tax
Compliance Program Manager
justin.laubscher@oregonmetro.gov

Meeting Date: June 17, 2025

Length: 15 min

ISSUE STATEMENT

Council will accept public comment and have a first read of an ordinance to index the income exemption amounts applicable for the personal Supportive Housing Services high-earner income tax to account for inflation and to eliminate the estimated payment requirement for taxfilers with an annual tax liability of less than \$5,000 for future tax years.

ACTION REQUESTED

Hear public comment and discuss potential adoption of Ordinance No. 25-1531 at an expected second read on June 26.

IDENTIFIED POLICY OUTCOMES

Identified policy outcomes include:

- Respond to stakeholder and taxpayer concerns about inflation and economic uncertainty in the region, while ensuring that robust revenue continues to be available for regional programs to address homelessness.
- Keep the Supportive Housing Services personal income tax focused on “high-earner” households as described in Measure 26-210 and codified in Metro Code.
- Reduce administrative burden, confusion and potential underpayment penalties for SHS personal and business income taxfilers who are currently required to make estimated quarterly payments if their expected tax liability is over \$1,000.

POLICY QUESTIONS

- Do these actions help keep the focus of the Supportive Housing Services personal income tax on high-earning households and businesses, as described in Measure 26-210?
- Does the change in estimated payment thresholds reduce administrative burden for most SHS personal and business income taxfilers?
- How does adoption of the Ordinance address stakeholder concerns in connection with other potential SHS reform actions under consideration by the Metro Council?

POLICY OPTIONS FOR COUNCIL TO CONSIDER

- Adopt Ordinance No. 25-1531 independent of other potential Supportive Housing Services reforms. This would allow these changes to take effect in Tax Year 2026.
- Amend Ordinance No. 25-1531 to alter its method or process to better achieve Council's desired policy outcomes.
- Postpone adoption of Ordinance No. 25-1531 for later consideration along with other Supportive Housing Services reforms. This would mean these changes would not take effect until Tax Year 2027.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance as proposed, independent of other Supportive Housing Services reforms that Council may consider. This would ensure that these changes can take effect in Tax Year 2026, and address stakeholder input and concerns that have been raised over several years.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

Indexing the Supportive Housing Services personal income exemption amount has received broad stakeholder support throughout the period that potential SHS reforms have been under discussion. A wide variety of partners and stakeholders agree that while the SHS personal income tax was intended to focus on high-earning households, inflation since the passage of Measure 26-210 means that increasing numbers of households are finding their income subject to the tax without a commensurate increase in purchasing power.

Additionally, in the initial years of the tax, Metro and the City of Portland Revenue Office, which collects the tax for Metro, received input that the \$1,000 estimated tax liability led to underpayment penalties and interest charges for taxfilers who did not realize that they needed to make estimated payments or have them withheld from paychecks. Increasing this minimum to \$5,000 will reduce the administrative burden for the vast majority of personal income taxfilers with little to no impact on revenue for the program.

Consideration of this ordinance occurs amid Council consideration of several other significant reforms to the regional Supportive Housing Services program, including a potential ballot measure and/or reform ordinance that would allow the program to better address regional homelessness challenges in the long-term. Following nearly two years of stakeholder engagement and input, the Council is expected to consider action on these broader reforms to program governance in July 2025.

Staff recommend that Council adopt this ordinance independent of other potential reforms for two primary reasons. First, this would ensure that these changes can take effect in Tax Year 2026 and continue for the second half of the ten-year tax approved by voters in 2020 (as well as any extension that may be approved by voters in the future). Second, it provides an opportunity for Council to demonstrate responsiveness to taxpayer and partner concerns, ahead of considering a potential voter measure and/or other reform actions.

Known Opposition/Support/Community Feedback

Adoption of the ordinance is supported by business, community and provider coalitions that have been involved throughout the development of potential SHS reforms. Many of these stakeholders have also expressed support for the Multnomah County Board of Commissioners taking similar action with the county's Preschool for All tax, which staff understand is currently under discussion.

Although some partners have raised concerns about the revenue impacts of the Ordinance, as well as other Supportive Housing Services Reforms that Council is considering, staff are unaware of significant opposition to this Ordinance at this time.

Legal Antecedents

The Supportive Housing Services taxes were created by voters through their approval of Measure 26-210 in May 2020.

This Ordinance amends details of income tax administration described in Metro Code Chapters 7.05 and 7.06, established by the Metro Council following passage of Measure 26-210.

Anticipated Effects

If the Ordinance is adopted, Metro or its Tax Administrator will index income exemptions beginning this fall for tax year 2026, using the cost-of-living adjustment as determined annually by Oregon statute. Metro or its Tax Administrator will publish adjusted exemption amounts by November 15 of each year. Beginning in tax year 2026, taxpayers would no longer be required to file an SHS personal income tax return if their annual income falls below the adjusted income exemptions.

Metro will also work with the City of Portland Revenue Division to notify taxpayers, accounting and tax software firms, employers and so on about annual adjustments to income exemption levels, as well as changes in estimated payment requirements.

If voters were to approve an extension of the Supportive Housing Services income taxes, annual indexing would continue into the extension period.

Financial Implications

The Ordinance will have no direct effect on SHS tax collections for tax year 2025. Current income exemptions, filing requirements and estimated payment requirements would remain in place for tax year 2025.

The relative revenue impact of indexing the income exemption threshold is expected to be modest, as the majority of SHS personal income tax revenue is received from households with incomes well beyond the current exemption levels. Based on prior year collections, staff estimate a revenue reduction of less than two percent in the first year.

Beginning in 2026, the change in estimated tax payment thresholds would affect when Metro can expect estimated payments from many taxfilers. However, it is not expected to impact overall annual revenue.

BACKGROUND

Indexing the personal income tax exemption amount was included as a policy recommendation in the Metro Chief Operating Officer’s July 2024 recommendation on funding for affordable housing and Supportive Housing Services. This was in response to input heard during the COO’s Stakeholder Advisory Table process in spring 2024.

Indexing was included as a policy action in the draft Ordinance No. 25-1526 discussed by the Metro Council in January 2025. At the time, staff heard Council support for moving forward with this action as part of a larger package of reforms, with input from key stakeholders and partners.

ATTACHMENTS

None

Materials following this page were distributed at the meeting.



Metro

A photograph showing two women walking away from the camera on a paved path. The woman on the left has long dark hair and is wearing a plaid shirt and dark pants. The woman on the right is wearing a white long-sleeved shirt and dark pants. They are walking towards a large, multi-story apartment building with light-colored siding and several windows. There are trees and a green lawn in the foreground and middle ground.

Supportive Housing Services Program and Tax Implementation Ordinance 25-1531

June 17, 2025

Overview of Ordinance No. 25-1531

Indexes income exemption thresholds
beginning in 2026

Increases estimated payment requirement
from \$1,000 to \$5,000

7.06.040, 7.06.045 & 7.06.070: Indexing SHS Exemption Thresholds for Inflation

Starts in Tax Year 2026

Based on State of Oregon's cost-of-living adjustment formula (ORS 316.037)

Exemptions rounded to nearest \$1,000

No change if inflation is negative

Exemption Levels: Now and Future

<u>Filing Status</u>	<u>2021-2025 Exemption</u>	<u>Indexed Starting 2026*</u>
Single	\$125,000	Adjusted annually
Joint	\$200,000	Adjusted annually

*With passage of Ordinance 25-1531

7.05.180: Estimated Payment Threshold Change

Simplifying tax compliance

Increases estimated payment threshold from \$1,000 to \$5,000, starting in Tax Year 2026

Applies to both SHS personal and business income taxes

Taxpayers below this threshold not required to make quarterly payments

7.05.180: Estimated Payment Threshold Change

Reducing risk of unintended penalties

Estimated payments required if liability is greater than \$5,000

Payments must equal the lesser of:

- 90% of current year tax, or
- 100% of prior year tax

Stakeholder Input: Community-Driven Changes

Broad support from business, provider and community groups

Address concerns over complexity, bracket creep, and penalty risk

Support for similar reforms in other jurisdictions (e.g., Multnomah County)

Support from the Tax Administrator to implement according to the proposed timeline

Financial Impacts

Estimated Payments Change

Does not change what any taxpayer owes

Changes the times of year revenue is received

Financial Impacts

Indexing to Inflation

Estimated to cost \$4 million in FY 26-27

That amount will roughly compound each year depending on the actual inflation rate

Summary: What This Ordinance Achieves

Maintains SHS tax focus on high-earners

Aligns policy with real income levels

Reduces compliance burdens

Demonstrates Metro responsiveness

oregonmetro.gov
/housingservices

