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# Nineteen Facts About Economic, Fiscal, and Service Conditions in Portland, Oregon

Tax Advisory Group, Portland Central City Task Force  
Charles Wilhoite, Chair

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# Acknowledgements

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# Introduction

In Fall 2023, the Taxes for Services Committee (the Committee) of the Portland Central City Task Force (PCCTF) was charged to: “assess the impact of recently enacted and existing regional and local tax measures on the provision of critical services and the City’s economic competitiveness.”<sup>1</sup> Recognizing an abrupt shift in tax and service policy, the Committee recommended a three-year moratorium on new taxes to allow new supportive housing, preschool, and climate-related programming to fully ramp up. The Committee also called for the creation of a Tax Advisory Group to review local, county, and regional taxes and to make recommendations regarding system adjustments.

Charles Wilhoite of Willamette Management Associates leads the 10-member group. The work, which started in September 2024, is organized into descriptive and policy option phases. The goal of the descriptive phase is to develop a clear picture of economic, fiscal, and service conditions for the City of Portland and Multnomah County governments. The subsequent policy option phase will identify possible changes to tax and service policy that could foster broadly shared economic growth.

This report is the product of the descriptive phase of the Group’s work. It draws on presentations from city and county budget officials and analyses from financial and economic consultants. Nineteen economic, fiscal, and service-related facts are organized into three parts:

Part I: Taxes and Economic Activity

Part II: Trends in City and County Fiscal Conditions

Part III: Key Performance and Service-Related Challenges

The findings should not come as a surprise to those who closely follow local budget and fiscal matters. The City and County are emerging from a period that included a global pandemic, the largest federal stimulus program in U.S. history, and sizable, voter-approved expansions in taxes and services. These extraordinary circumstances have left these two local governments with an unusual mix of deficits in their general funds and significant ending balances in newly created programs. The Tax Advisory Group will take these findings into account as it transitions to the policy option work—scheduled to be completed during the Spring 2025.

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<sup>1</sup> Portland Central City Task Force. (October 2023) *Taxes for Services Committee Charter*

# Part I: Taxes and Economic Activity

1. Lawmakers and voters have enacted at least 20 major tax measures since 2009 that affect Portland households and businesses
2. The state and local tax burden in Portland is high for all but the lowest income households
3. Portland has the second highest top marginal income tax rate in the United States
4. Local taxes on businesses based in Portland increased 82 percent during 2019-2023
5. Households leaving Multnomah County have incomes on par with stayers and higher than in-migrants
6. Slow job growth, relative to the region, coincides with business tax increases in Portland

# 1. Lawmakers and voters have enacted at least 20 major tax measures since 2009 that affect Portland households and businesses

Tax policy has been active in Portland since the beginning of the Great Recession (see chart, which shows a number of changes with particular impact to the Portland area). State-level changes started with Measures 66 and 67, which added two income tax brackets, raised corporate income taxes, and created a new corporate minimum tax. The late 2010s saw an expansion in the use of gross receipts taxes: the City of Portland levied a 1.00 percent surcharge on legally defined retail sales to support the Portland Clean Energy Community Benefits Fund (PCEF) and the state enacted 0.57 percent tax on Oregon sales above \$1 million to fund early learning and K12 education. And in 2020, voters approved two local income taxes to fund Supportive Housing Services (SHS) in tri-county Portland and Preschool for All (PFA) in Multnomah County. The 14-year

period also included property tax increases to fund school construction and remodeling projects, a tax on businesses with highly compensated executives, and enactment of a state-level paid leave program.

**Notable State and Local Tax Measures that Affect Portland Households and Businesses, 2009-2023**

Year	State tax measures	Local tax measures
2009	1) Addition of top two income tax brackets, 2) Corporate income tax rates were increased, 3) New corporate minimum tax	
2010		
2011		
2012	4) Ended corporate income tax/excise tax kicker	
2013	5) Corporate excise tax brackets changed	
2014		6) Property tax approved to pay for capital improvements to Portland schools
2015		
2016		
2017	7) Health Premium Assessment enacted	8) Portland CEO tax
2018	9) Decouple from federal pass-through deduction	10) Increase in City business tax rate
2019		11) Portland gross receipts tax
2020	12) Corporate Activity Tax enacted (2020), 13) Lowest three marginal individual income tax rates reduced (2020), 14) Health Premium Assessment extended and rate increase (2020)	15) Increase in Multnomah County business tax rate, 16) Multnomah County income tax (Preschool for All), 17) Metro Supportive Housing Services (SHS) personal income tax
2021		18) Portland parks property tax, 19) Multnomah County library property tax
2022		
2023	20) Paid Leave program begins, funded by a payroll tax	

Source: Adapted from EY (October 2024) Oregon State and Local Business Taxes

## 2. The state and local tax burden in Portland is high for all but the lowest income households

The state and local tax burden in Portland is relatively flat across lower- and middle-income earning households—ranging from 9.9 to 11.1 percent of earnings (see table below). Portland’s burden is the lowest, relative to Western regional peer cities, for households earning \$25,000 annually. That’s thanks to the absence of a sales tax.<sup>2</sup>

But the state’s comparatively high marginal income tax rate begins for households with incomes just above the federal poverty threshold<sup>3</sup>. The state assesses a marginal rate of 8.75 percent on married couples with income above \$21,500<sup>4</sup>. Consequently, for households earning between \$50,000 and \$150,000, Portland’s tax burden is second only to Los Angeles’—and other cities in California. The lower tax burdens in Las Vegas and Seattle for higher earning families are attributed to the absence of income taxes in Nevada and Washington State, respectively.

### ESTIMATED BURDEN OF MAJOR TAXES\* FOR A HYPOTHETICAL FAMILY AT REPORTED EARNINGS LEVELS, 2021 TAX YEAR

	25,000		50,000		75,000		100,000		150,000
Seattle	24.0%	Los Angeles	11.3%	Los Angeles	11.5%	Los Angeles	11.5%	Los Angeles	11.8%
Los Angeles	21.5%	Portland	9.9%	Portland	10.6%	Portland	10.8%	Portland	11.1%
Denver	17.3%	Salt Lake City	8.7%	Salt Lake City	9.4%	Boise	9.9%	Boise	10.4%
Phoenix	15.3%	Las Vegas	8.6%	Boise	9.1%	Salt Lake City	9.6%	Salt Lake City	9.5%
Salt Lake City	14.8%	Seattle	8.6%	Denver	8.3%	Phoenix	8.1%	Denver	8.3%
Las Vegas	14.4%	Phoenix	8.3%	Phoenix	8.2%	Denver	8.1%	Phoenix	8.2%
Boise	11.1%	Denver	8.0%	Seattle	8.1%	Las Vegas	7.6%	Las Vegas	7.1%
Portland	10.0%	Boise	7.4%	Las Vegas	8.0%	Seattle	7.5%	Seattle	6.6%

\*State and local income, property, sales, and automobile-related taxes

Source: Government of the District of Columbia (May 2023) *Tax Rates and Tax Burdens in the District of Columbia-A Nationwide Comparison*

<sup>2</sup> Oregon’s absence of a sales tax has contributed to its relatively high reliance on income taxes.

<sup>3</sup> Federal poverty level for a household of 2 is \$20,440 in 2024. <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>

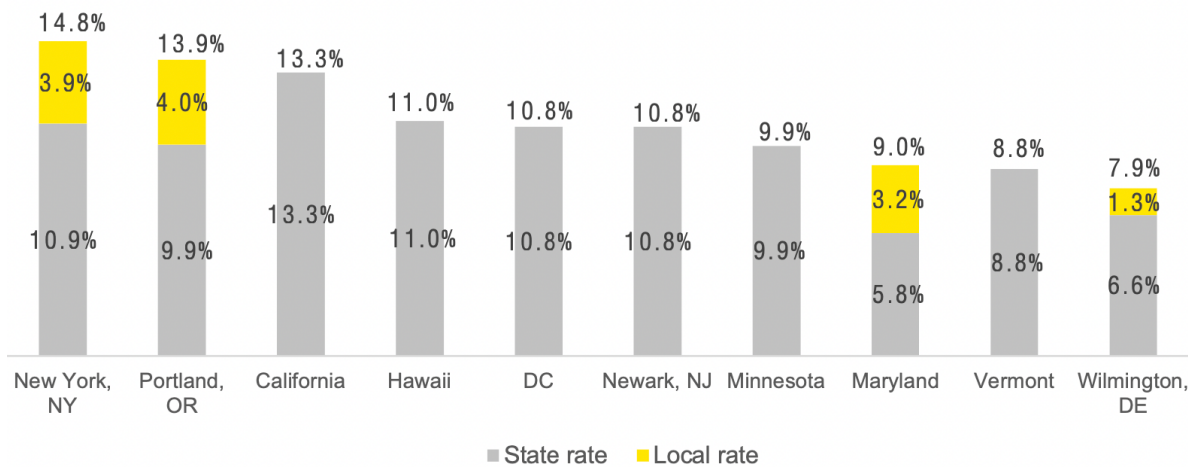
<sup>4</sup> <https://taxfoundation.org/data/all/state/state-income-tax-rates-2024/>

### 3. Portland has the second highest top marginal income tax rate in the United States

Voters approved a pair of local income taxes in 2020 that fund SHS and PFA.<sup>5</sup> SHS assesses a top marginal tax rate of 1.0 percent for single filers with incomes above \$125,000 and joint filers with income above \$200,000. PFA charges its top, 3.0 percent marginal rate on income above \$250,000 for single filer and \$400,000 for joint filers.

The addition of the local income taxes to the state’s 9.9 percent top rate leaves Portland with the second highest top marginal income tax rate in the United States—behind only New York City<sup>6</sup>. Notably, New York City’s top rate of 14.8 percent kicks in on income above \$25 million annually.

Figure 2. Ten highest combined state and local personal income tax jurisdictions in the United States  
Top marginal tax rates shown for tax year 2024



Note: Tax rates rounded to one decimal point.

Source: Data on state marginal income tax rates and brackets from state revenue departments. Data on local income tax rates compiled from EY research.

<sup>5</sup> The SHS tax was implemented by Metro, a regional government serving the greater Portland area, Multnomah County administers the Preschool For All (PFA) tax to fund PFA.

<sup>6</sup> EY (October 2024) *Oregon State and Local Business Taxes*. Prepared for Oregon Business and Industry Association. All states except Oregon and Delaware in this chart have a sales tax.

# 4. Local taxes on businesses based in Portland increased 82 percent during 2019-2023<sup>7</sup>

Portland area businesses paid \$1.4 billion in taxes in 2023—an 82 percent increase from the \$781 million paid in 2019 (see chart below). The growth was only in part due to a growing tax base, but primarily due to new taxes and increased tax rates. Key areas of growth: the gross receipts tax, the corporate income tax, and property taxes.

Voters approved the gross receipts tax in 2018 to fund investments in community-led projects to reduce carbon emissions, create economic activity, and foster climate resiliency. The tax generated \$183 million in revenue in 2023 up from \$6.3 million in 2019—its first, partial year of implementation. Revenue from corporate income taxes—assessed locally by the City of Portland and Multnomah

County—increased from \$99.5 million to \$318.7 million during 2019-2023. The increases are attributable to higher corporate profits and an increase in the tax rate assessed by Multnomah County (i.e., 1.45 percent to 2.00 percent effective January 2020). A new tax to fund public parks and a renewal of a tax to fund school construction helped drive the growth in property tax revenue.

Table 7. Local level business tax collections in the combined City of Portland, Multnomah County, and Metro Area, FY19 to FY23  
Dollars in thousands

Tax type	Business share (FY23)	Business taxes		FY19-FY23 change	
		FY19	FY23	(\$)	(%)
Personal income taxes*	9%	\$ 0	\$ 36,334	\$ 36,334	New Tax
Gross receipts tax (CES)	100%	\$ 6,383	\$ 183,451	\$ 177,069	2774.2%
Corporate net income	100%	\$ 99,500	\$ 318,651	\$ 219,151	220.3%
Property taxes (county, city)	41%	\$ 414,133	\$ 562,077	\$ 147,945	35.7%
Property tax (schools)	41%	\$ 195,429	\$ 243,665	\$ 48,236	24.7%
Excise taxes	39%	\$ 2,970	\$ 8,006	\$ 5,036	169.6%
Gasoline taxes	35%	\$ 9,870	\$ 9,732	-\$ 139	-1.4%
Other license taxes	50%	\$ 688	\$ 1,036	\$ 348	50.7%
Construction excise taxes	46%	\$ 3,684	\$ 4,057	\$ 374	10.1%
Motor vehicle rental taxes	22%	\$ 12,869	\$ 12,511	-\$ 358	-2.8%
Transient lodging taxes	50%	\$ 35,914	\$ 43,837	\$ 7,923	22.1%
Heavy Equipment Rental	100%	\$ 0	\$ 559	\$ 559	New tax
Cannabis taxes	0%	\$ 0	\$ 0	\$ 0	N/A
Cemetery revenue surcharge	0%	\$ 0	\$ 0	\$ 0	N/A
Arts Taxes	0%	\$ 0	\$ 0	\$ 0	N/A
<b>Total business taxes</b>		<b>\$ 781,439</b>	<b>\$ 1,423,917</b>	<b>\$ 642,478</b>	<b>82.2%</b>
<b>Total taxes</b>		<b>\$ 1,383,835</b>	<b>\$ 2,467,524</b>	<b>\$ 1,083,689</b>	<b>78.3%</b>
<b>Share of business taxes</b>		<b>56%</b>	<b>58%</b>		

Source: EY analysis of Census data, City of Portland FY19-FY23 ACFR, City of Portland, Oregon Adopted Budget 2021, Multnomah County FY19-FY23 ACFR, Oregon Metro FY19-FY23 ACFR

<sup>7</sup> This section summarizes findings from EY (October 2024) *Oregon State and Local Business Taxes*. Prepared for Oregon Business and Industry.



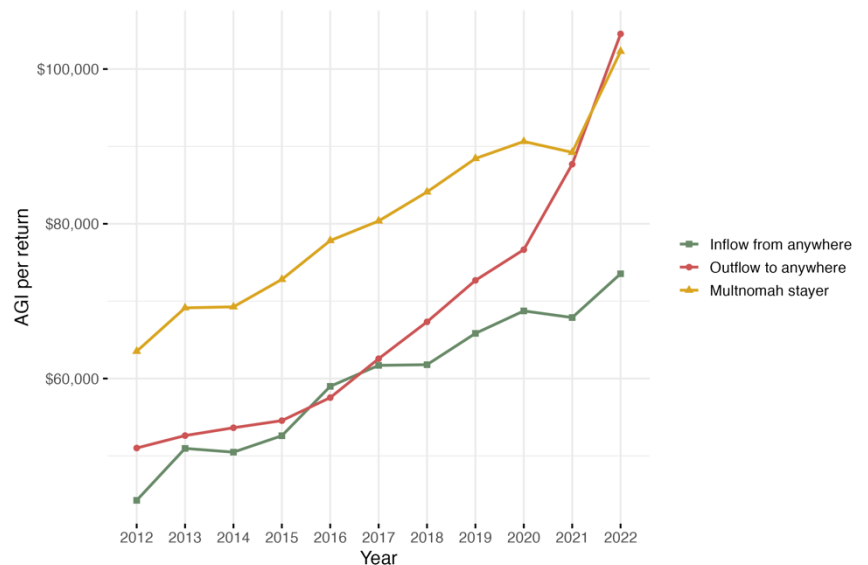
## 5. Households leaving Multnomah County have incomes on par with stayers and higher than in-migrants

In a highly influential 1956 paper, economist Charles Tiebout asserted that households reveal their preferences for public services by choosing their residence among local governments<sup>8</sup>. He hypothesized that, rather than attempting to affect public services through elections, they would “vote with their feet” and seek out a locality that offered a desired mix of taxes and services. Subsequent economists have evaluated migration patterns to test the theory and have generally concluded that taxes and services affect household location decisions<sup>9</sup>.

In 2020, voters approved two major initiatives—SHS and PFA—that changed the mix of local taxes and services in the Portland region, and the taxes were concentrated among higher income households. Coincident with the implementation of those income taxes, the average incomes of households leaving Multnomah County rose sharply and, in 2022, narrowly exceeded the average incomes of those staying in the County (see chart).

While increasing housing costs and the advent of remote work are likely factors in the trend for the out-migrants, Tiebout’s theory would hold that taxes and services are also key contributors.<sup>10</sup>

**Adjusted gross income per tax return in Multnomah County by migration status, 2012-2022**, Source: U.S. Internal Revenue Service



<sup>8</sup> Charles M. Tiebout (1956) “A Pure Theory of Local Expenditures” *Journal of Political Economy*. University of Chicago Press. Volume 64(5).

<sup>9</sup> See Kleven, Henrik, Camille Landais, Mathilde Muñoz, and Stefanie Stantcheva. 2020. "Taxation and Migration: Evidence and Policy Implications." *Journal of Economic Perspectives*, 34 (2): 119–42.

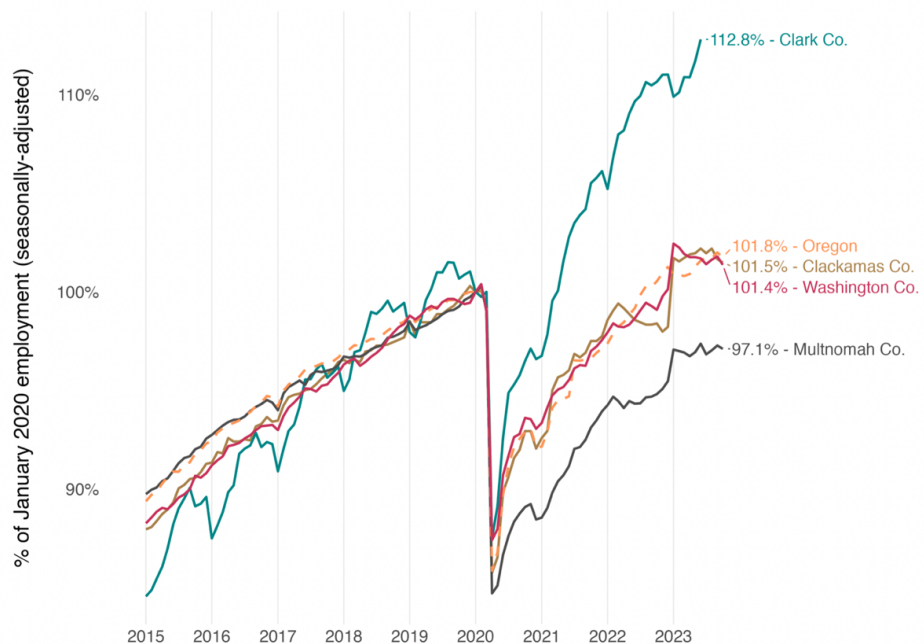
<sup>10</sup> San Francisco, Santa Clara, and King Counties have exhibited similar patterns since 2020.

## 6. Slow job growth, relative to the region, coincides with business tax increases in Portland

Similar to Tiebout’s theory on taxes and household location, economic theory asserts taxes affect the geographic location of business activity—especially *within* metropolitan areas. That’s because within a metropolitan area there is less variation in the other factors that influence business location (e.g., wages, labor force availability, energy costs). With other location determinants held constant, fiscal policies become a key differentiating factor within a region. One meta-analysis estimates that a 10 percent increase in taxes, by a jurisdiction within a metropolitan area, could be associated with a 15 percent decrease in business activity.

Studies commissioned by the Portland Metro Chamber and Prosper Portland have established that businesses located in the city of Portland pay higher taxes than similarly situated businesses located elsewhere in the region. The tax burden is most pronounced compared to Clark County. Post pandemic job growth patterns are consistent with this economic theory, with Multnomah County’s employment recovery trailing those of other counties (see chart below). Other factors, especially the advent of remote work, likely exacerbate this trend.

Annual Employment Change compared by County (2015 – 2024)



Source: Oregon Employment Department, Washington ESD

## Part II: Key Trends in City and County Fiscal Conditions

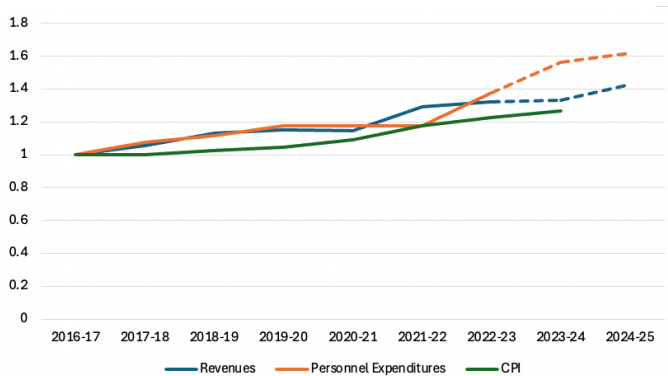
7. Rising personnel costs and slow revenue growth will drive structural deficits in the City and County's general funds
8. Most real growth in City and County taxes is from new and specialized taxes
9. Unspent funds for new, specialized programming totaled \$1.26 billion as of June 2024
10. Property and corporate income taxes are the most flexible revenue resources for the City and County
11. Property tax revenue will slow, but not collapse, with a decline in the value of downtown office buildings
12. Strong corporate profits have strengthened general fund positions
13. Public safety spending trails growth in management and legislative areas
14. City transportation funding, adjusted for inflation, projected to decline by 36 percent during 2019-2030
15. Expenditures on the City's rare, pay-as-you-go pension program will accelerate through 2033

## 7. Rising personnel costs and stagnant revenue growth will drive structural deficits in the City and County’s general funds

Declining growth in property tax revenue, a one-time windfall of pandemic aid, and the temporary effects of the pandemic, which briefly depressed personnel costs, have curbed the growth of both jurisdictions’ general funds over the past seven years. But in the high inflation environment following the pandemic, increases in personnel costs have accelerated for the labor-intensive activities supported by the general funds (e.g., police, fire, sheriff, district attorney, legislative and executive functions).<sup>11</sup> Wages have increased to compensate for inflation, medical and dental costs continue to rise, and the PERS retirement system has increased its charges to public employers to offset past losses in its investment portfolio.

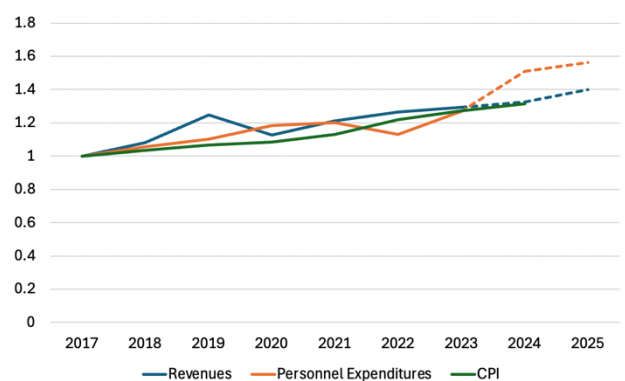
The bottom line: the growth of payroll costs has overtaken inflation and growth in general fund revenue in recent years, and City and County officials project that the trend is likely to continue during the next few years without budget reductions or increases in future revenue.

**City of Portland General Fund Revenues, General Fund Personnel Expenditures, and CPI Indexed to 2017 Level**



Source: City of Portland, *Audited Comprehensive Financial Report (through FY 2023); Revised FY 2023-24 and Adopted 2024-25 Budgets*

**Multnomah County General Fund Revenues, General Fund Personnel Expenditures, and CPI Indexed to 2017 Level**



Source: Multnomah County, *Audited Comprehensive Financial Report (through FY 2023), Revised 2024 and Adopted 2025 Budgets*

<sup>11</sup> Personnel costs account for about two-thirds of City general fund expenditures and about 60 percent of County general fund expenditures.

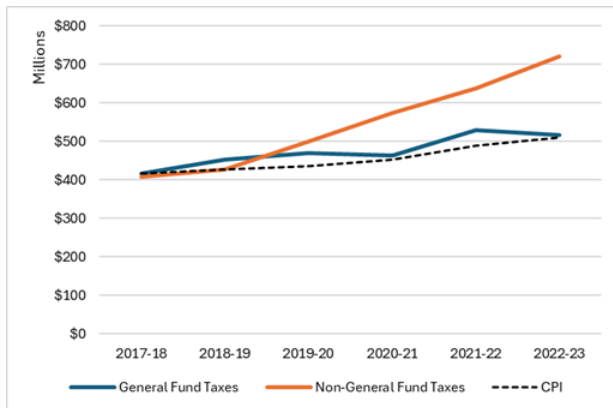
## 8. Most real growth in City and County taxes is from new and specialized taxes

Portland area taxes have grown several times faster than inflation over the past six years, but all this growth has occurred outside of the general fund. During this period, the City, County and region implemented new, layered taxes dedicated to specialized uses, while the primary discretionary revenue source for the City and County to pay for core public services and management functions has barely kept pace with growth in costs.

Between FY 2018 and FY 2023, City of Portland non-general fund taxes grew more than three times faster than general fund taxes and inflation (77 percent growth in special taxes since 2017-18, compared to 24 percent growth in general fund taxes and 23 percent growth in the consumer price index). In Multnomah County, the differences are even more stark. General fund taxes grew 32 percent during this period, while special taxes have grown tremendously in 2022-23, primarily due to two new taxes during this period (a library bond and the preschool for all tax). County general fund taxes experienced faster growth than inflation largely due to an increase in business income taxes effective 2020, along with higher-than-normal corporate profits.

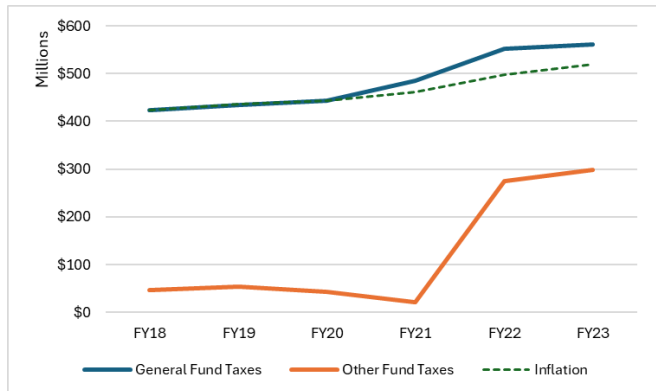
City taxes were split evenly between the general fund and special funds in 2017-18; now about 60 percent of taxes (and growing) go to special funds. In the County, only about 10 percent of taxes were in special funds in FY18; in FY23 it was about two-thirds.

**City of Portland Taxes and Consumer Price Index (2017-18 through 2022-23)**



Source: City of Portland tax actuals as reported in adopted budgets, 2019-20 through 2024-25

**Multnomah County Actual Taxes and Consumer Price Index (FY18 – FY23)**



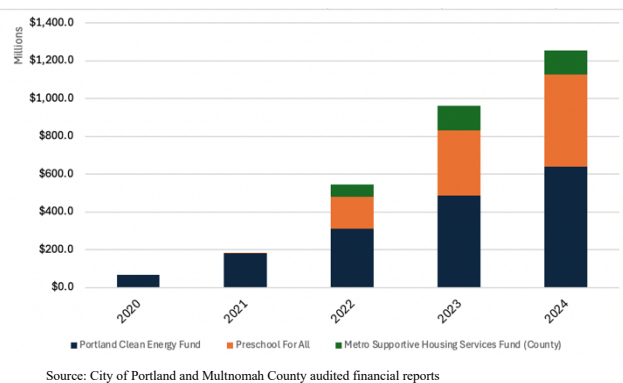
Source: Multnomah County tax actuals as reported in adopted budgets, FY20 through FY25

## 9. Unspent funds from three specialized programs totaled \$1.26 billion as of June 2024

Area voters approved three, new public programs beginning in 2018: PCEF, SHS, and PFA. Each has generated more revenue than originally forecast and has accrued sizable fund balances that collectively totaled an estimated \$1.26 billion at the close of FY 2024.

In 2018, City officials estimated PCEF’s gross receipts tax would generate up to \$61 million annually (\$77 million in 2024\$).<sup>12</sup> It generated almost 2.5 times the inflation-adjusted amount—or, \$190 million in FY 2024. Cumulatively, the surcharge raised \$703 million during 2019-2024, and the City has spent \$53 million in associated programming (of an over \$200 million budget). Notably, at the end of 2024, City Council voted to allocate \$300 million in PCEF funds to eight large-scale projects as part of a five-year Climate Investment Plan updated by City Council in December.

**Fund balances as of June 30, 2024, Selected City and County Funds, (in millions, unadjusted for inflation)**



SHS and PFA revenue, which each have personal income tax components, have similarly overperformed, with unusually high capital gains income as a likely key driver<sup>13</sup>. Reasons for underspending the revenue differ between the programs. For SHS, the County pointed to severe understaffing among its top homelessness contractors but projects to spend down balances by FY 27<sup>14</sup>. For PFA, the County is implementing the program in phases to ensure the availability of new educators and facility space<sup>15</sup>.

<sup>12</sup> <https://www.wweek.com/news/city/2022/03/10/cash-rich-clean-energy-fund-needs-guidance-from-council-better-measurement-auditor-says/>

<sup>13</sup> <https://www.wweek.com/news/2023/02/09/preschool-for-all-tax-coffer-overflows-as-wealthy-payers-reap-capital-gains/>

<sup>14</sup> <https://www.wweek.com/news/2023/03/22/in-years-first-six-months-county-spent-less-than-half-its-budgeted-metro-homeless-services-money/>. The latest year forecast of the Supportive Housing Services Fund projects to fully spend prior year underspend by the end of FY 2026-27.

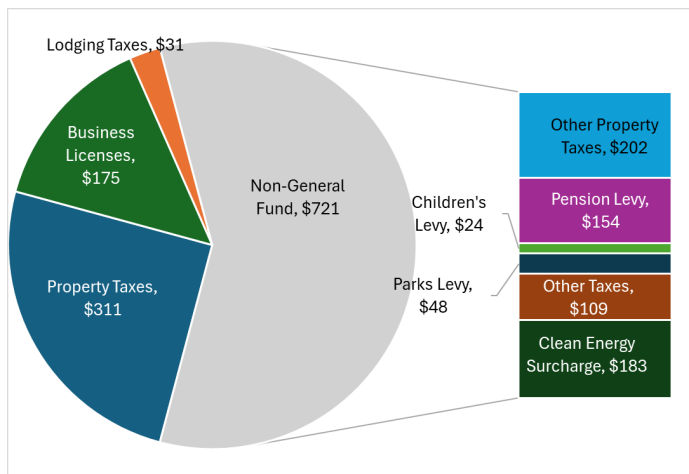
<sup>15</sup> <https://multco-web7-psh-files-usw2.s3-us-west-2.amazonaws.com/s3fs-public/FINAL-Preschool-for-All-Plan-July-2020.pdf>. Underspend amounts are the variance from final budget in the County’s audited financial reports for FY 23 and FY 24.

# 10. Property and corporate income taxes are the most flexible revenue resources for the City and the County

City and County budgets are each composed of a mix of flexible (general) and specialized funds. Most property and corporate income taxes are designated to the two jurisdictions' respective general funds. Policymakers have broad discretion over the use of the general funds, which support core public services and management functions. The City's general fund predominately supports expenditures on police, fire, parks, community development, and the administrative and legislative functions. The County's general fund plays a major role in the budgets of the sheriff, district attorney, community justice, and county management.

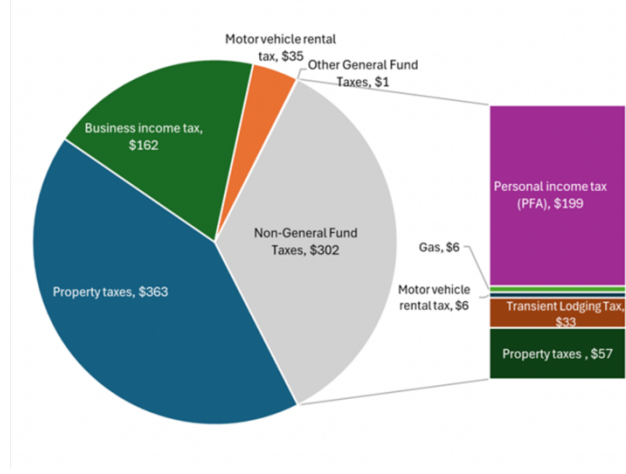
Dozens of other taxes, fees, and intergovernmental revenue support specialized programming, including water and sewer services, transportation, health and human services—and more recently—supportive housing, preschool, and clean energy initiatives. More than half of the City's taxes are designated for specific uses; in the County, it's about one third (see charts below). In both City and County, the share of general fund taxes has declined in recent years with the implementation of new and specialized taxes.

**City of Portland Taxes, FY 2023 (in millions)**



Source City of Portland actual taxes, 2022-23 (from 2024-25 Adopted Budget)

**Multnomah County Taxes, FY 2023 (in millions)**



Source: Multnomah County actual taxes, FY 2023 (from 2025 Adopted Budget)

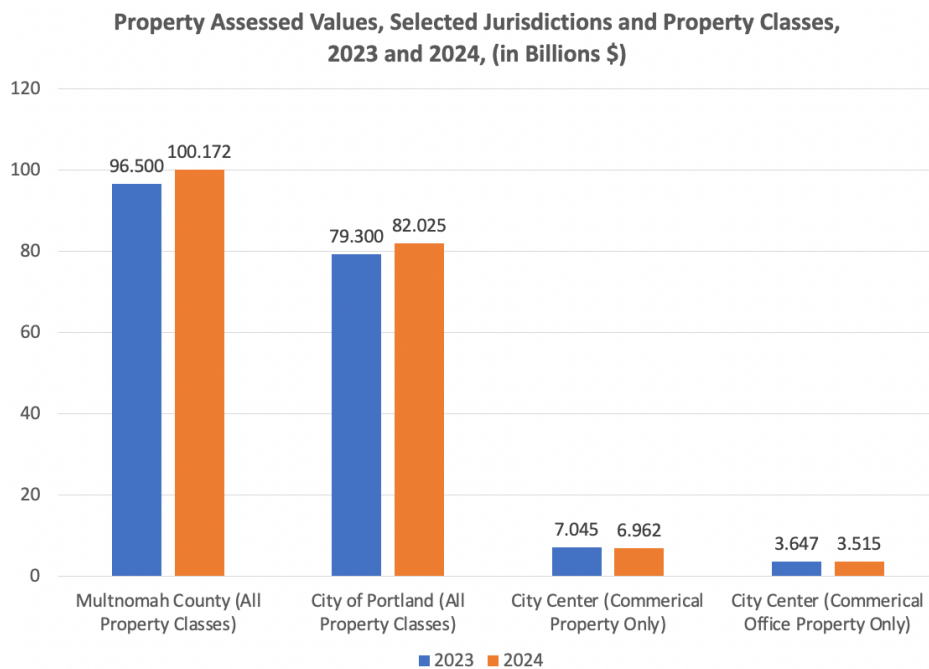
# 11. Property tax revenue will slow, but not collapse, with a decline in the value of downtown office buildings

Property tax revenue is a key contributor to the City and County’s general funds and also provides resources earmarked to parks, libraries, pension funds, and other local governments. The advent of remote and hybrid work resulted in historically high office vacancy rates and decreased building values—especially in downtown. During 2023-2024, the tax assessor recognized a \$1.5 billion reduction (-21 percent) in the real market value (RMV) of downtown commercial offices. And more devaluation is on its way in coming years.

For two reasons, the abrupt declines in real market value of offices will not translate into sizable declines in property tax revenue. First, downtown offices represent only a small share of the city and county’s property tax bases—3.5 percent and 4.2 percent of the County and City’s tax rolls, respectively. Second, property taxes are based on assessed value (AV), and the AV is already 40 percent lower than the RMV due to 1990s era property tax limitations.

The AV of Central City offices declined \$0.132 billion during 2023-2024 (see chart below) and governments should

expect more declines in coming years. Office devaluations will slow property tax revenue growth and contribute to structural deficits in the City and County’s general funds. But they are not sizable enough to result in revenue declines.



Source: Multnomah County Tax Assessor



## 12. Strong corporate profits have strengthened general fund positions

The City and County levy corporate income taxes at a local level, which is uncommon in the United States. The local taxes apply to businesses that have market activity in the City or County even if they have no employee presence here. So global technology firms, financial institutions, energy companies, and others that sell into the Portland market are part of the tax base.

In the post-pandemic era, corporate profits have risen sharply thanks to efficiency gains (e.g., remote work and automation), government stimulus payments, strong post-pandemic consumer demand, and lower

federal tax rates.<sup>16</sup> In Portland, the City and County's receipts increased more than three-fold from \$99.5 million to \$318.7 million during 2019-2023. An increase in Multnomah County's tax rate from 1.45 percent to 2.00 percent contributes to much of the growth<sup>17</sup>.



Source: FRED, Federal Reserve Bank of St. Louis

Both governments dedicate corporate income taxes to their general funds—the most flexible resources available to policy makers.

<sup>16</sup> The federal tax reforms of 2017 also expanded the base for the County's business income tax.

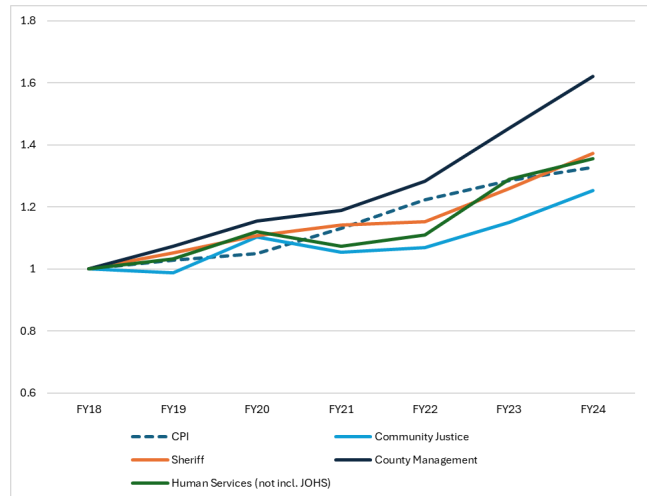
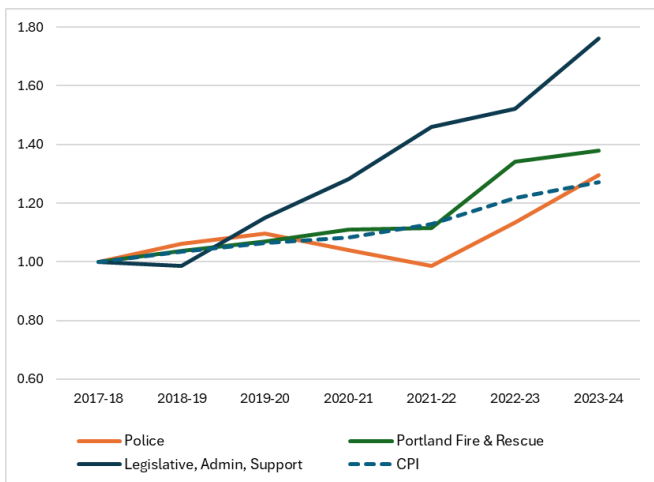
<sup>17</sup> In 2018, just before the period for the EY-OBI analysis, the City of Portland increased its Business License Tax rate from 2.2 percent to 2.6 percent.

# 13. Public safety spending trails growth in management and legislative areas

General fund spending on core public services such as public safety and community justice has barely kept pace with inflation over the past seven years, while spending on central government (legislative, administrative, support services, and management) has outpaced inflation in both the City and the County.

General fund spending on the Portland Police Department grew 31 percent between 2017-18 and 2023-24, compared to a change in CPI of 27 percent. In contrast, spending on the City’s legislative, administrative, and support services doubled, from \$88.4 million to \$178 million during this time, becoming the City’s second largest functional area of general fund expenditure (over Portland Fire & Rescue).

In Multnomah County, spending on public safety areas like community justice services and the Sheriff lagged or did not keep up with inflation, and all real growth in human services occurred due to the Joint Office of Homeless Services (JOHS). In contrast, spending on county management, a category of general fund spending in the County’s financial report, increased more than twice as fast as inflation – from \$36 million in 2018 to \$58 million in 2024.<sup>18</sup>



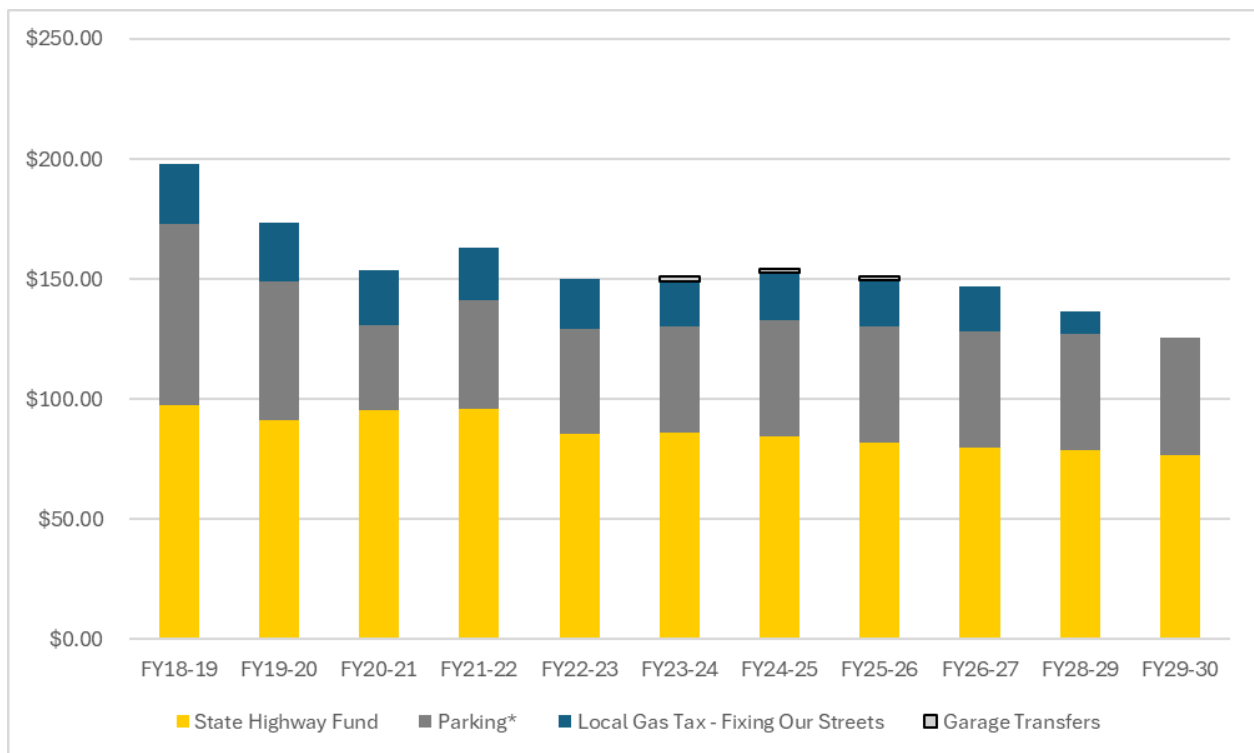
<sup>18</sup>Actual spending from City and County Audited Comprehensive Financial Reports, Statements of General Fund by Function. City: includes current expenses by self-defined functional area and by object (personnel, external and internal goods and services, not including transfers or debt service). County: includes current expenses and excludes contingency, transfers out, and other financing uses. Both for fiscal years ending 2018 through 2024.

# 14. City transportation funding, adjusted for inflation, projected to decline by 36 percent during 2019-2030

Increased vehicle efficiency has disrupted transportation finance across the United States. Oregon and the City of Portland still count on the gasoline tax as a key source of revenue to pay for road operations and maintenance. Meanwhile, the repair and maintenance needs of the region’s roads continue to increase as deferred maintenance and higher construction costs impact transportation budgets.

State and city-level gas taxes represent a majority of the City’s transportation fund. Parking fees and fines and garage transfers round out the total. Revenues from those sources are projected to decrease from \$160 million to \$140 million between 2019 and 2030—unadjusted for inflation, a 13 percent decline. In inflation-adjusted terms, this represents a 36 percent decline (see chart below).

**PBOT State Highway, Local Gas Tax, and Parking Revenues, 2024 dollars.**  
**Actual through FY 23-24; Forecast FY 24-25 through FY 29-30.**

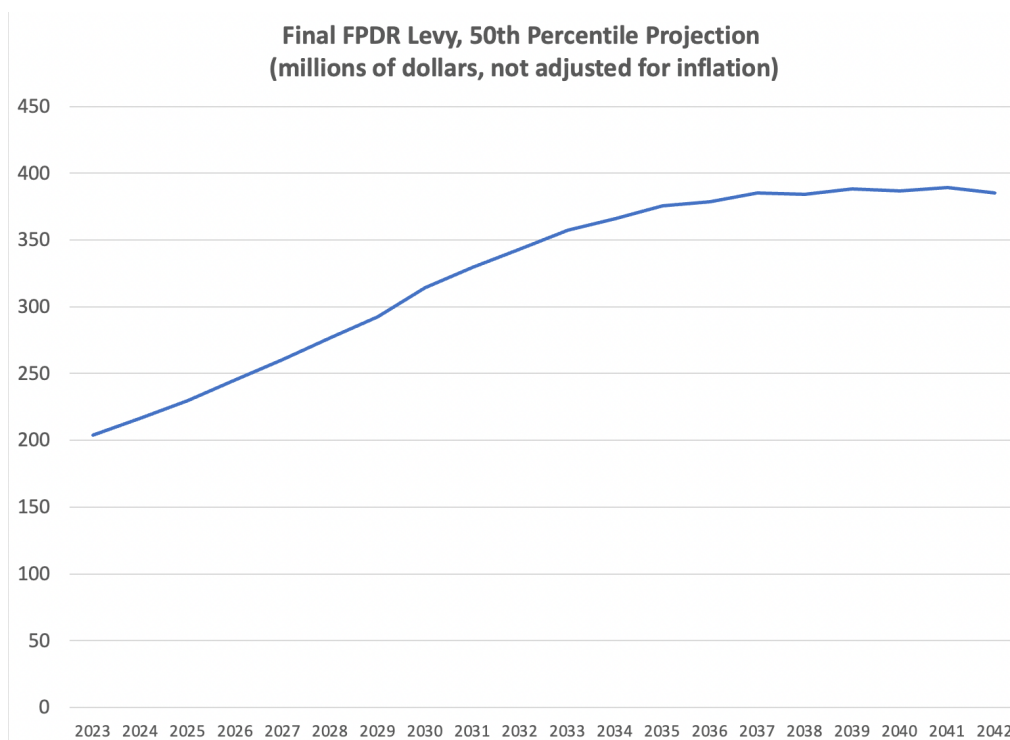


Source data: City of Portland (October 31, 2024) Discussion with PCCTF Taxes and Service Task Force .Committee.

# 15. Expenditures on the City’s legacy, pay-as-you-go pension program will accelerate through 2033

The City’s Fire and Police Disability and Retirement (FPDR) pension fund relies on a rare, pay-as-go funding mechanism. Unlike most public pensions, the City does not accumulate assets in anticipation of future benefit liabilities. Rather, the City earmarked a property tax levy to pay the system’s expenses as they are incurred. The majority of those payments are made to roughly 2,000 retired and disabled FPDR members and their beneficiaries.

The City reformed the system in 2006 and, thereafter, new hires enrolled in the Oregon Public Employee Retirement System (PERS). But the City continues to use the pay-as-go approach for employees hired before reform. The City’s actuary forecasts FPDR payments will accelerate during the next decade—growing from \$204 million to \$357 million during 2023-2033 (see chart below). Property owners pay for the costs of the program through a dedicated levy that does not impact the City’s general budget.



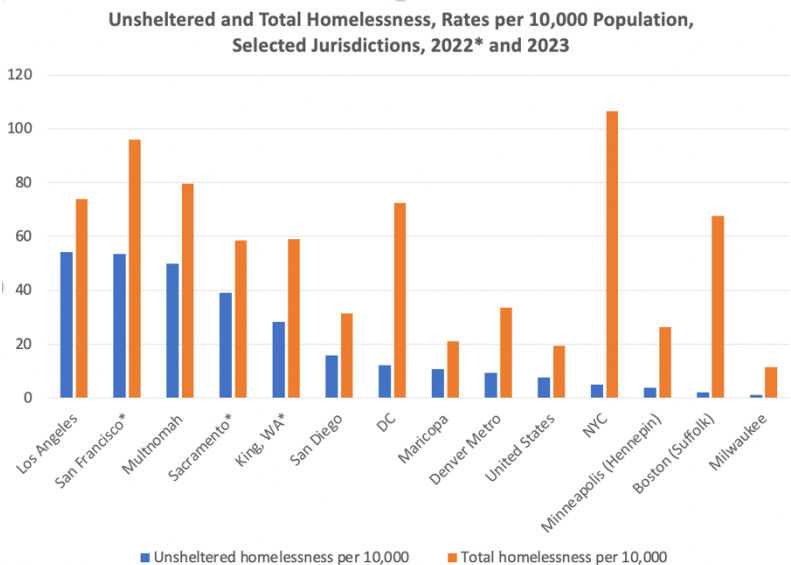
Source: Milliman (January 2023) Actuarial Valuation and Levy Adequacy Analysis, FPDR

## Part III: Key performance and service-related challenges

16. Incidence of homelessness is four times the U.S. average; Unsheltered homeless rate is on par with Los Angeles and San Francisco
17. Police response times to high priority calls are almost three times longer than in 2019, but offenses are down from a post-pandemic peak
18. Open cases per prosecutor are at an all-time high
19. About 40 percent of Portland Bureau of Transportation's (PBOT) assets are in poor or very poor condition

## 16. Incidence of homelessness is four times the U.S. average; Unsheltered homeless rate is on par with Los Angeles and San Francisco

Homelessness in Multnomah County totaled 6,297 in January 2023—or 80 per 10,000 resident population (see chart). That’s four times the U.S. rate. Like Los Angeles and San Francisco counties, the majority are unsheltered—living on the streets, in vehicles, and other places that are not meant for human habitation. Policy experts attribute high rates of homelessness, principally, to the high cost of housing<sup>19</sup>.



Source: U.S. Department of Housing and Urban Development

In response to the crisis, the County and City developed a Homelessness Response Action Plan (HRAP) that has a strong focus on emergency shelter and behavioral health—and includes a two-year roadmap, data sharing and financial reporting, and more transparent budgeting. The plan is funded by Metro’s SHS resources, general fund appropriations from the County and City, and federal revenue. Through the HRAP, emergency shelter capacity increased 27 percent during November 2023–November 2024 (from 1,916 to 2,432)<sup>20</sup>, and service providers have helped more than 1,000 people transition from homelessness for housing in the first quarter of FY 2024–25. More than 92 percent of people placed in permanent housing were still housed one year later<sup>21</sup>.

<sup>19</sup> Colburn, Gregg and Clayton Page Aldern (March 2022) *Homelessness is a Housing Problem*. University of California Press

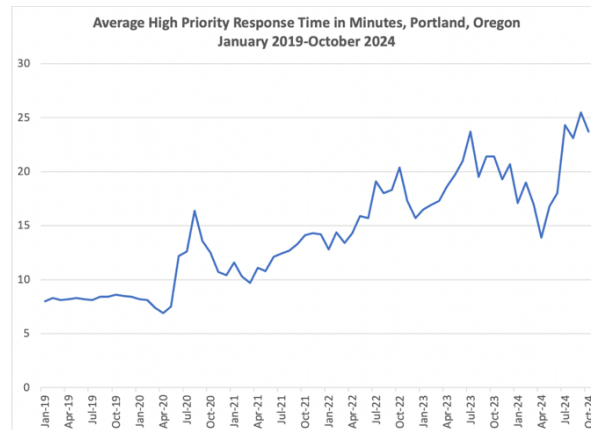
<sup>20</sup> <https://public.tableau.com/app/profile/johs/viz/ShelterUtilizationReport/Report>

<sup>21</sup> <https://multco.us/news/news-release-first-three-months-fy-2024-25-joint-office-homeless-services-and-providers-help>

# 17. Police response times to high priority crimes are almost three times longer than in 2019, but offenses are down from a post-pandemic peak

Asked to describe the kind of city they want in 20 years in one word, Portlanders chose “safe” most often in a recent survey. And increased policing in response to violence ranked fourth in voters’ public policy priorities behind homelessness, affordable housing, and behavioral health<sup>22</sup>.

To improve the sense of safety, the City would have to lower police response times to high priority crimes—those that pose an imminent threat to life, safety, or property. In October 2024, the average response time was 23.7 minutes—or almost three times longer than in 2019 (see chart). A 2023 inter-city comparison found Portland’s average response time was second to New Orleans—and longer than those in Seattle, San Francisco, and Boise<sup>23</sup>.



Source: Portland Police Bureau

To address the performance, Portland Police Chief Bob Day has requested City funding for 1,037 officers—up from the current level of 881<sup>24</sup>. That request will compete with others in the general fund as the City Council contemplates how to balance its budget. If funding is approved, the Chief’s efforts would be aided by the recent elimination of the training backlog at the state’s only police academy<sup>25</sup>. Reduced criminal activity—monthly offenses are down significantly since 2022<sup>26</sup>—should also aid efforts to reduce response times.

<sup>22</sup> Oregon Values and Beliefs Center (June 2024) *2024 Portland Your City, Your Choice Survey Summary*. OVBC, Portland, OR.

<sup>23</sup> Asher, Jeff. (January 2023) *Police are taking longer to respond*.

<sup>24</sup> Oregonlive (October 15, 2024) *Portland Police Chief Pledges to Bring Force to Staffing Levels Not Seen in Two Decades*.

<sup>25</sup> KGW8 (July 10, 2024) *Oregon’s only police academy has finally caught up on its months-long training backlog*

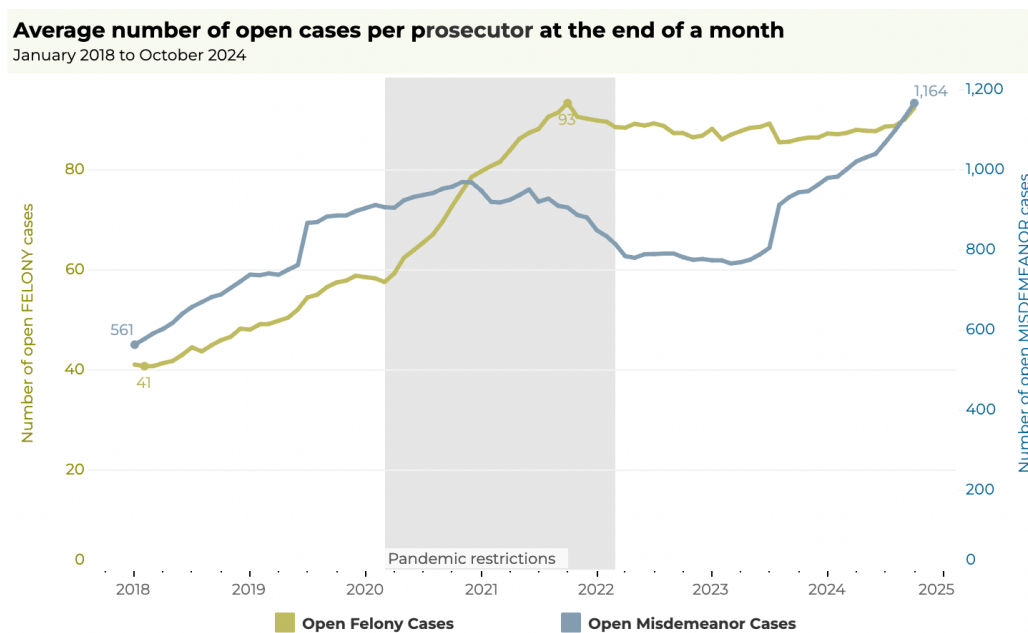
<sup>26</sup>

[https://public.tableau.com/app/profile/portlandpolicebureau/viz/New\\_Monthly\\_Neighborhood/MonthlyOffenseTotals](https://public.tableau.com/app/profile/portlandpolicebureau/viz/New_Monthly_Neighborhood/MonthlyOffenseTotals)

## 18. Open cases per prosecutor are at an all-time high

The late 2010s and early 2020s witnessed significant growth in prosecutor caseloads in the Multnomah County District Attorney’s Office. A May 2023 study pointed to understaffing as a key driver of the caseload growth and declared the office 26 percent understaffed<sup>27</sup>. A rise in criminal activity during 2022 also played a role in high caseloads<sup>28</sup>.

The District Attorney Office, funded primarily through the County’s general fund, employs 98 prosecutors in December 2024—up from 81 three years earlier<sup>29</sup>. Despite the staffing increase, felony and misdemeanor caseloads averaged 92 and 1,164, respectively, in October 2024 (see chart below)<sup>30</sup>.



<sup>27</sup> <https://www.wweek.com/news/courts/2023/05/18/report-multnomah-county-district-attorneys-office-remains-understaffed/>

<sup>28</sup> <https://www.wweek.com/news/courts/2022/03/17/district-attorneys-office-describes-unprecedented-turnover-amid-rising-gun-violence-cases/>

<sup>29</sup> <https://www.mcda.us/index.php/ppi-objective-1-organizational-and-staff-capacity>

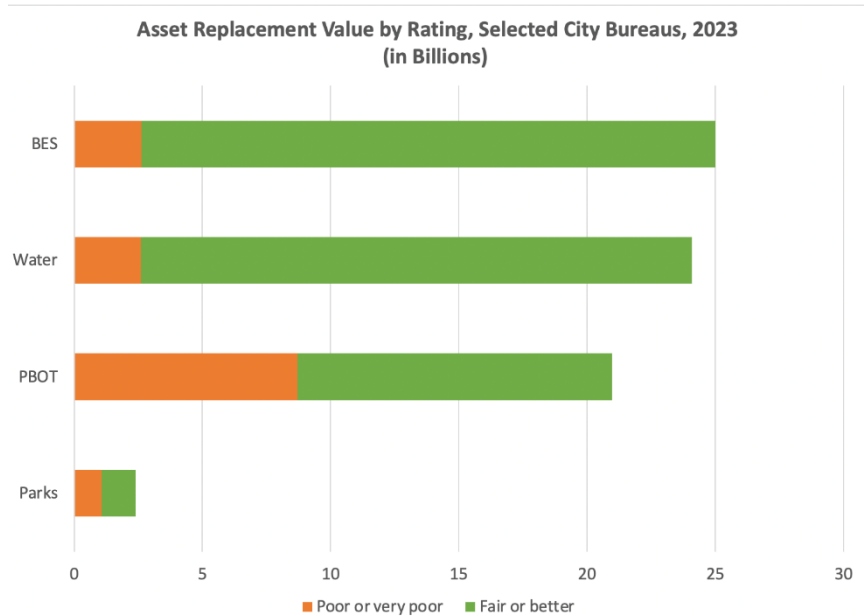
<sup>30</sup> divided by the number of prosecutors who handled such cases



## 19. About 40 percent of the Portland Bureau of Transportation’s (PBOT) assets are in poor or very poor condition

The City of Portland owns, operates, and maintains infrastructure with a replacement value of \$75.1 billion, which includes Union Station, Providence Park, 4,879 lane miles of pavement, 186,000 customer service water pipes, 2,400 miles of sanitary and stormwater pipeline, and much more<sup>31</sup>. The large majority of it—97 percent—is overseen by the Bureau of Environment Services (BES), the Water Bureau, the Portland Bureau of Transportation (PBOT), and the Portland Parks Bureau.

The bureau’s asset managers periodically assess the condition of their infrastructure. PBOT’s ratings point to the City’s most significant infrastructure challenge. About 40 percent (i.e., assets with a replacement value of \$8.7 billion) of the bureau’s facilities were deemed to be in “poor” or “very poor” condition<sup>32</sup>.



Source: Analysis of the 2023 Citywide Assets Report

With the aim of improving road conditions, Portland voters renewed a \$0.10 per gallon city fuel tax in May 2024—\$70.5 million over four years—by a 72 percent to 28 percent margin<sup>33</sup>.

<sup>31</sup> City of Portland. *2023 Citywide Assets Report*

<sup>32</sup> Estimate derived through a ChatGPT analysis of the PBOT summary table in the *2023 Citywide Assets Report*, page 5.

<sup>33</sup> [https://ballotpedia.org/Portland,\\_Oregon,\\_Measure\\_26-245,\\_Fuel\\_Tax\\_Renewal\\_Measure\\_\(May\\_2024\)](https://ballotpedia.org/Portland,_Oregon,_Measure_26-245,_Fuel_Tax_Renewal_Measure_(May_2024))