

Business Tax Administrative Rule 890.22-1A

Residential Rental Registration and Fee (LIC-5.09)

Annual Registration

Owners of Residential Rental Units are required to file Schedule R every year with their Combined Tax Return to register each unit owned and located within the City. For tax years beginning on or after January 1, 2019, owners of Residential Rental Units located within the City of Portland’s tax jurisdiction must pay an annual per unit registration fee.

Fee Schedule

According to Portland City Code 7.02.890 (Residential Rental Registration Program), any fee schedule is created and amended by administrative rule. Beginning tax year 2019, the annual Residential Rental Registration fee is \$60 per unit.

The annual fee will be adjusted for inflation or deflation in tax years subsequent to 2019 using the Consumer Price Index, West Region (CPI-W). The fee may be further adjusted as needed by administrative rule under Portland City code 7.02.890(B): “In subsequent years, a fee may be enacted to partially or fully recover the administration costs of the program in addition to other services as the Council may direct. Any fee schedule would be created and amended by administrative rule in accordance with Section 7.02.210.”

Residential Rental Registration Fee by Year

Year	Residential Rental Registration Fee per Unit
2019	\$ 60.00
2020	\$ 60.00
2021	\$ 60.00
2022	\$ 65.00
2023	\$ 70.00
<u>2024</u>	<u>\$ 70.00</u>

Exemption from Fee

Residential Rental Units guaranteed to be affordable housing, under guidelines established by the United States Department of Housing and Urban Development (HUD), for households that earn no more than 60 percent of the median household income shall be exempt from the annual Residential Rental Registration fee. The Housing Bureau will provide a list of Residential Rental Units to the Revenue Division for units that meet these qualifications. Any Residential Rental Unit that is not on the verified list provided to the Revenue Division will be subject to the full per unit fee. All Residential Rental Units are subject to the registration requirement, even if no fee is due.

Penalties

For tax years beginning on or after January 1, 2019, the penalty provisions of PCC 7.02.700 apply to the annual registration and fee requirements of this program. The civil penalty under 7.02.700(E), for failing to register residential rental units with the Revenue Division may be up to 100 percent of the per unit fee for each unit. This penalty applies to all Residential Rental Units, even if no fee is due.

EXAMPLES:

Individual A owns a single-family residence, a triplex, and a small apartment complex of 20 units. All are used as Residential Rental Units. The apartment complex is certified as affordable housing and meets the requirements of HUD's program for exemption. Individual A reports their rental income on their personal tax return. For tax year ~~2023~~2024, Individual A files a Schedule R with their Combined Tax Return, registering 24 units with the City. In addition to any Business License Tax due, they are also liable for paying the Residential Rental Registration fee on four units. Their fee is \$280 (4 units x ~~\$60~~70 per-unit fee).

Partnership B files a partnership return with the IRS (Form 1065) to report the income from its apartment complex in Portland which contains 40 Residential Rental Units. Five units are certified as affordable housing and meet the requirements of HUD's program. Partnership B also has a 10-unit apartment complex in Vancouver, WA. For tax year 2023, Partnership B files Schedule R registering 40 units, with their Combined Tax Return, with the City. In addition to any Business License Tax due, Partnership B is also liable for paying the Residential Rental Registration fee on 35 units. The fee is \$2,450 (35 units x \$70 per-unit fee).

Individual C owns a duplex in Portland which contains 2 Residential Rental Units. Individual C fails to register their units with the City by the due date of the Combined Tax Return. The City later finds Individual C in a data match and sends Individual C a notice to register their Residential Rental Units and pay the applicable fee. Individual C does not respond to the notice. After 60 days from the date of the notice, Individual C is subject to a civil penalty of up to \$140 (2 units x \$70 civil penalty per unit), in addition to paying the ~~\$60~~70 per unit Residential Rental Registration fee.

Partnership Z owns an apartment complex in Portland with 20 Residential Rental Units. 10 of the units are certified as affordable housing and meet the requirements of HUD's program for exemption. Partnership Z timely files their annual Business License tax return with the City but fails to register their units. The City identifies that Partnership Z owns Residential Rental Units that have not been registered and sends Partnership Z a notice to register their Residential Rental Units and pay the applicable fee. Partnership Z does not respond to the notice. After 60 days from the date of the notice, Partnership Z is subject to a civil penalty of up to \$1,400 (20 units x \$70 civil penalty per unit), in addition to paying the \$70 per unit Residential Rental Registration fee on 10 units.

Date

Director, Revenue Division

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