

EXHIBIT A

Amend the following sections in Chapter 7.02:

7.02.100 Definitions.

Subsections A. through M. remain unchanged.

- N.** “Large Emitter of Greenhouse Gas Emissions” means a person that owns or operates a facility that:
- a. Is located in the City of Portland; and
 - b. Emits 2,500 metric tons or more of carbon dioxide equivalent emissions during the Tax Year or, if the Tax Year does not coincide with a calendar year, during the most recent calendar year that concludes prior to the end of the Tax Year. Carbon dioxide equivalent emissions shall be calculated as the sum of the carbon dioxide, carbon dioxide from biomass-derived fuels, methane (CH₄), nitrous oxide (N₂O), and each fluorinated greenhouse gas required using equation A-1 in 40 C.F.R. 98.2.

~~N.~~ O. “Large Retailer” means a business that:

1. is subject to the Portland Business License Tax;
2. has total gross income, as reported per Section 7.02.610, from Retail Sales of \$1 billion or more in the tax year; and
3. has Portland gross income, as reported per Section 7.02.610, from Retail Sales of \$500,000 or more in the tax year.
4. the term “Large Retailer” does not include:
 - a. any manufacturer or other business that is not engaged in Retail Sales within the City;
 - b. any contractor as defined under ORS 701.005(5);
 - c. any entity operating a utility within the City;
 - d. any cooperative recognized under state or federal law; or
 - e. a federal or state credit union

~~O.~~ P. “License Tax Year” means the taxable year of a person for federal or state income tax purposes.

~~P.~~ Q. “Net Operating Loss” means the negative taxable income that may result after the deductions allowed by the Business License Law in determining net income for the tax year.

~~Q.~~ R. “Non-business Income” means income not created in the course of the taxfiler’s business activities.

R.S. “Notice” means a written document mailed first class by the Division to the last known address of a taxfiler as provided to the Division in the latest registration form or tax return on file with the Division.

S.T. “Ownership of Outstanding Stock or Securities” means the incidents of ownership which include the power to vote on the corporation’s business affairs or the power to vote for the directors, officers, operators or other managers of the taxfiler.

T.U. “Person” includes, but is not limited to, an individual, a natural person, sole proprietorship, partnership, limited partnership, family limited partnerships, joint venture (including tenants-in-common arrangements), association, cooperative, trust, estate, corporation, personal holding company, limited liability company, limited liability partnership or any other form of organization for doing business.

U.V. “Qualified Groceries” means food products that qualify for purchase under the U.S. Department of Agriculture Supplemental Nutritionals Assistance Program (“SNAP”).

V.W. “Qualified Medicine or Drugs” means any medicine, drugs, or medical devices that are regulated by the U.S. Food and Drug Administration as a medicine or drug.

W.X. “Qualified Health Care Services” means any services that involves the provision of health care to the public, including but not limited to doctor, medical clinic and hospital visits and all related services, health insurance, and any care provided by senior care facilities or rehabilitation facilities. This definition includes but is not limited to all services defined as “health care services” under ORS 750.005(5).

X.Y. “Qualified Residential Garbage or Recycling Services” means any services provided by a business that are governed by PCC 17.102.140 or PCC 17.102.170.

Y.Z. “Qualified Retirement Plan” has the same meaning as prescribed in IRC § 401.

Z.AA. “Received” means the postmark date affixed by the United States Postal Service if mailed or the date stamp if delivered by hand or sent by facsimile, or the receipt date from the online file and pay application confirmation notice.

AA.BB. “Registration Form” means the initial form that establishes a taxfiler’s account with the Division.

BB.CC. “Retail Gross Revenue” means Retail Sales excluding the deductions outlined in Subsection 7.02.500 F.3.

CC.DD. “Retail Sale” means a sale to a consumer for use or consumption, and not for resale. Retail Sale also includes but is not limited to the sale of services, including but not limited to retail banking services.

DD.EE. “Tax return” means any tax return filed by or due from the taxfiler, including an annual exemption request form.

EE.FF. “Tax Year” means the taxable year of a person for Federal and/or State income tax purposes.

FF.GG. “Taxfiler” means a person doing business within the City and required to file a return, a registration form or other income documentation under the Business License Law.

7.02.500 Tax Rate.

- A.** The tax established by the Business License Law is 2.2 percent of adjusted net income, for tax years beginning on or before December 31, 2017. For tax years beginning on or after January 1, 2018, the tax is 2.6 percent of adjusted net income, except as provided in Subsections B., C., D., ~~and E.~~, F. and G. of this Section.

Subsections B., C., D., E., and F. remain unchanged.

G. Healthy Climate Surcharge applicable to Large Emitters of Greenhouse Gas Emissions located within the City. The following surcharge is imposed in addition to the tax established in Subsection A. above. The proceeds from this surcharge shall be credited to the Healthy Climate Fund.

1. Filing requirement. A person that owns or operates a facility that emits 2,500 metric tons or more of carbon dioxide equivalent emissions during the Tax Year or, if the Tax Year does not coincide with a calendar year, during the most recent calendar year that concludes prior to the end of the Tax Year, shall file a schedule with their Combined Tax Return. Once a facility’s carbon dioxide equivalent emissions meet or exceed 2,500 metric tons during a year, the person that owns or operates the facility must annually register and report in each subsequent year, regardless of the amount of the facility’s carbon dioxide equivalent emissions in future years, unless annual emissions are less than 2,500 metric tons carbon dioxide equivalent for three consecutive years.

2. For the tax years beginning on or after January 1, 2021, a Healthy Climate Surcharge is imposed of \$25.00 per metric ton of carbon dioxide equivalent, except for healthcare related facilities
3. For Healthcare related facilities for the tax years beginning on or after January 1, 2022, a Healthy Climate Surcharge is imposed of \$25.00 per metric ton of carbon dioxide equivalent
4. No penalties or interest for failure to make quarterly estimated payments in the amount of the Healthy Climate Surcharge will be charged or imposed for the 2021 tax year. Thereafter, penalties and interest will be calculated as provided for in the Code.

EXHIBIT B

Chapter 17.110 Healthy Climate Fund

17.110.010 Use of Healthy Climate Fund

- A.** All proceeds, assessments and interest received as a result of the Healthy Climate Surcharge shall be deposited with the City Treasurer and credited to a Healthy Climate Fund.
- B.** Monies deposited into a Healthy Climate Fund shall be used only for the reasonable costs of administering and collecting the Healthy Climate Surcharge and for the administration, implementation and operation of programs and policies that advance climate justice, reduce greenhouse gas emissions, or protect community health against the impacts of climate change.
- C.** No more than 5 percent of the fund shall be spent on expenses associated with administering the fund once established. Specifically, the limitation will not apply to reasonably necessary expenses incurred through fiscal years ending June 2021, and June 2022, while the program is being established and systems put in place for administering and collecting the surcharge and distributing funds.