

February 22, 2008

Dear Portland City Council and Multnomah County Commissioners,

In 2007, at the request of the Portland Business Alliance and neighborhood business associations, both the City of Portland and Multnomah County moved to reduce the burden of the city business license fee (BLF) and the county business income tax (BIT). These local income fees and taxes are some of the highest in the nation and create a significant disincentive to business expansion and recruitment in the city. They are particularly hard on small businesses.

The changes made in 2007 increased the gross receipts exemption from \$25,000 to \$50,000 and the owner's compensation deduction from \$61,500 to \$80,000. While these were welcome changes, they were only the first installment in a plan to bring the owners compensation deduction up to \$125,000 over a five-year period.

The City of Portland and Multnomah County are currently developing their budgets for the upcoming year. It's important that business owners take the opportunity to communicate with city and county officials and **urge them to continue the phased increase in the owner's compensation deduction** with the goal of reaching \$125,000 in four years. The 2007 changes were a significant victory for Portland's small businesses. But those changes only partially address the need to reform the BIT/BLF. What is needed now, is for the city and county to continue to implement the agreement reached last April.

Please take a moment today to contact Portland City Council and the Multnomah County Board of Commissioners and urge them to continue the five-year phase in of the \$125,000 owner's compensation deduction. Attached is the contact list for all city and county commissioners.

If you have any questions, please contact Bernie Bottomly, Vice President, Government Relations, Portland Business Alliance, (503) 552-6746 or bbottomly@portlandalliance.com

Sincerely,

Bernie Bottomly
Portland Business Alliance

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The Honorable Dan Saltzman
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