

Not Adopted

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF CREATING A) RESOLUTION NO. 96-2312
TAX STUDY COMMITTEE,)
ESTABLISHING A SCOPE OF WORK,) Introduced by Mike Burton,
AND CONFIRMING APPOINTMENTS) Executive Officer

WHEREAS, Metro operates several public cultural, trade, convention, exhibition, sports, entertainment, and spectator facilities which are necessary to the cultural life and economic well-being of the Portland metropolitan region, and

WHEREAS, these facilities, for the most part, cannot generate sufficient operating revenues to cover necessary and prudent operating and capital maintenance costs; and

WHEREAS, The Oregon Convention Center depends on a hotel/motel tax levied by Multnomah County to cover its operating costs; and

WHEREAS, the Portland Center for the Performing Arts does not have a secure source of revenue to cover its operating costs; and

WHEREAS, Metro must control the funds for the facilities that it owns and manages; and

WHEREAS, if Metro had a secure source of funding, it would consider full ownership of the Portland Center for the Performing Arts; and

WHEREAS, securing an ongoing source of funding for facility operations is necessary before the region can address the broader issue of funding for the arts; and

WHEREAS, Metro needs to identify sources of revenue to address the operating and capital maintenance needs of these regional facilities; and

WHEREAS, Metro Charter, Chapter 3, Section 13, requires the Metro Council and Executive Officer to establish and seek advice from a tax study committee prior to the adoption of any tax which does not require prior approval of the voters of Metro; and

WHEREAS, Metro Code, Chapter 2.13, establishes procedures for the creation, appointment, and final report of a tax study committee formed to comply with the provisions of Metro Charter, Chapter 3, Section 13;

NOW THEREFORE, BE IT RESOLVED,

1. That a Tax Study Committee is hereby created with a scope of work, time deadline, and staffing arrangement as shown on Exhibit A, attached.
2. That the Executive Officer shall make appointments to the Tax Study Committee according to the criteria shown on Exhibit B, attached, and shall inform the Council of those appointments in a timely manner.

ADOPTED by the Metro Council this ____ day of _____, 1996

Jon Kvistad, Presiding Officer

Approved as to form:

Daniel B. Cooper
General Counsel

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EXHIBIT A

TAX STUDY COMMITTEE SCOPE OF WORK

Purpose of Committee

The Tax Study Committee is to consult with, and provide advice to, the Metro Council on the adoption of a regional hotel/motel tax to support the operations and capital maintenance of regional exposition and recreation facilities owned by Metro (either currently or in the future). This tax should replace the existing Multnomah County hotel/motel tax dedicated to the support of the Oregon Convention Center with a tax that is regionally based and under Metro's authority. The regional facilities include: the public cultural, trade, convention, exhibition, sports, entertainment, and spectator facilities owned and or operated by Metro.

Funding Needs

The Tax Study Committee shall review Metro's projections for the operating and capital maintenance costs and facility-generated revenues of the regional exposition and recreation facilities to determine the amount of funding shortfall. The Committee shall validate the need based on the information presented, and shall use this data to inform itself as to the functions and requirements of these facilities.

Tax Revenue Possibilities

The Committee shall identify an appropriately structured, regionally-based hotel/motel tax.

Public Process

The Committee shall function primarily as a study committee and as an advisor to the Metro Council and the Executive Officer. All meetings of the Committee or any subcommittees that may be established shall be open to the public. The Committee shall conduct public hearings during the course of its deliberations, as needed to obtain the input of the public. The Committee may form subcommittees from time to time as necessary and as structured by the Committee Chair.

Final Product/Report

The Committee shall submit a final written report to the Metro Council and Executive Officer no later than October 15, 1996. The report shall contain a summary of the process followed by the Committee; identify assumptions and criteria used; identify all tax sources studied; identify significant findings and issues discussed; and make a recommendation to the Metro Council and the Executive Officer. The report may also include other matters and information as deemed appropriate by the Committee.

Committee Staff

The Department of Administrative Services shall have primary responsibility to provide staff support to the Committee.

EXHIBIT B

TAX STUDY COMMITTEE MEMBERSHIP CRITERIA

Committee membership shall include no less than 8 and no more than 11 members, and shall represent a balance of geographic and demographic interests. Membership shall also include:

One unaffiliated citizen to serve as Chair.

One representative of each county in the region.

One representative from the City of Portland.

Three tourism industry representatives, one from each county.

One representative of the city of Wilsonville, Oregon City, or Lake Oswego.

STAFF REPORT

RESOLUTION NO 96-2312, CREATING A TAX STUDY COMMITTEE, ESTABLISHING A SCOPE OF WORK, AND CONFIRMING APPOINTMENTS

Date: March 22, 1996

Presented by: Executive Officer Mike Burton

FACTUAL BACKGROUND

Metro operates a system of regional facilities managed by the Metro E-R Commission which includes the Oregon Convention Center(OCC), Expo Center, Portland Center for the Performing Arts (PCPA), and Civic Stadium. Metro owns Expo and the Convention Center, and manages PCPA and the Stadium under the terms of an intergovernmental agreement (IGA) with the City of Portland. The IGA has always anticipated a second phase, to include transfer of ownership of the City facilities. The primary reason that phase two has not taken place is the absence of a secure source of funding to continue operation of the facilities.

Significant developments since the approval of the IGA include voter approval of the 1992 Metro Charter, and a 1992 amendment to the IGA transferring Memorial Coliseum back to the City. The Charter provides authority for Metro to raise revenue, and establishes processes for implementing different revenue sources. Loss of the Coliseum exacerbated the funding problem for the remaining facilities because the Coliseum had historically generated enough revenue to provide adequate operating support for PCPA and the Stadium. In addition to these developments, Metro has in the past five years commissioned three separate studies of facilities funding issues; none of these studies has resulted in implementation of a permanent funding source or management structure for the MERC facilities.

The current funding structure for the MERC facilities is quite cumbersome, and is inadequate for the long term. The Convention Center is subsidized by a 3% hotel/motel tax in Multnomah County, which was originally adopted by the County Commission in 1985 to provide a dedicated subsidy for OCC. Multnomah County controls this revenue source. Expo has historically generated sufficient revenue to subsidize Metro's regional parks, and produce some profit; Expo has capital maintenance and improvement needs, however, that will require more money than the facility can generate through enterprise revenue. PCPA expenses exceed revenues by some \$500,000 to \$1 million dollars annually; it is partially subsidized by \$600,000 per year from the Multnomah County hotel/motel tax proceeds, which subsidy expires at the end of its third year, on June 30, 1997. PCPA has periodically also received operating support of \$200,000 to \$250,000 from Metro's General Fund. Civic Stadium has stabilized its funding by securing an anchor tenant, the Portland Rockies baseball team, and now operates around break-even. The Stadium has serious capital needs, however, that must be addressed if the facility is to stay open, and there is not money in the system to cover these needs.

ANALYSIS OF RESOLUTION 96-2312

Resolution 96-2312 would create a Tax Study Committee, as provided in Section 13 of the Metro Charter, to advise the Council on the potential adoption of a regional hotel/motel tax to support the MERC facilities. The charge to the Tax Study Committee will be to review the financial needs of the facilities, determine a recommended level of funding needed for their operating and capital needs, hold a series of public hearings in the region to hear testimony on a regional hotel/motel tax designed to meet the identified shortfall for the system, and recommend to the Council a tax structure, a tax rate, and the facilities to be supported by the tax. It is anticipated the system will include PCPA and the Metro-owned facilities, with a decision on Civic Stadium to be part of the Council's process in deliberating on the tax.

Creation of the Tax Study Committee would be the first step in a process expected to culminate in a Council decision to implement a regional hotel/motel tax by ordinance, to refer a tax proposal to the voters, or to reject the tax and leave the MERC funding issues unresolved. The Committee would be given a scope of work, as contained in Exhibit A and as discussed above. Its composition, as recommended by the Executive Officer in Exhibit B, would include representatives of the lodging industry, affected jurisdictions, and representatives of the general public.

EXECUTIVE OFFICER'S RECOMMENDATION

Resolution No. 96-2312 is the necessary first step to implement a stable and permanent source of funding for the MERC facilities. Subsequent steps would include a determination by Council on how, and whether, to implement the tax; negotiations with the City of Portland, Multnomah County, and other affected jurisdictions on coordinating actions to ensure a smooth transition of ownership and taxing authority; and working with industry groups to ensure the tax is applied fairly and addresses their concerns.

The regional hotel/motel tax as proposed would place authority over the management and disposition of the tax proceeds with the agency (Metro) that has responsibility to manage and operate the facilities. This would be an improvement over the current situation in which a second jurisdiction controls the source of the subsidy, and a third jurisdiction has some authority over budgetary and management issues for some of the facilities. It would achieve an aim voiced by representatives of the lodging industry to establish a level tax throughout the region, with increases in Washington County (2%) and most of Clackamas County (3%), and no change in the tax rate in Multnomah County. It would provide sufficient funding for operations and most capital needs. Above all, it would provide a final resolution to the long-standing problems of ownership, funding, and governance of the regional facilities system.

The Executive Officer recommends approval of Resolution No. 96-2312.