

**METRO
CHARTER
COMMITTEE**

P.O. Box 9236 • Portland • Oregon 97207
Phone 503-273-5570 • Fax 503-273-5554

AGENDA

DATE: January 21, 1992
MEETING: Finance Sub-Committee
DAY: Tuesday
TIME: 8:45 a.m.
PLACE: Metro, Council Chambers, 2000 SW 1st Avenue, Portland

8:45 Meeting called to order.

Discussion of desirable revenue raising authority for
Metro--broad view.

9:30 Consideration of specific revenue raising devices
desirable for Metro.

10:00 Meeting adjourned.

SUMMARY OF THE FINANCE SUBCOMMITTEE
FOR THE METRO CHARTER COMMITTEE

January 21, 1992

Metro Center, Council Chamber

Finance Subcommittee Members Present: Bob Shoemaker (Chair), John Meek, Hardy Myers,
Wes Myllenbeck, Ray Phelps

Finance Subcommittee Members Absent: Jon Egge

Chair Shoemaker called the meeting to order at 9:00 a.m.

Chair Shoemaker said that he would like the subcommittee to first look at the big picture of the charter's finance policy for Metro. He listed four alternatives.

- (1) The charter could give Metro a broad taxing authority. The ability to impose an individual tax could granted by either council ordinance or by a vote of the people.
- (2) The charter could describe specific taxing authorities of Metro, some possibly requiring a vote of the people.
- (3) The charter could require Metro to implement certain taxing impositions.
- (4) The charter could combine (2) and (3) by describing certain taxing authorities as well as requiring Metro to impose certain taxes.

Hardy Myers said that service and user charges should be considered as part of the finance policy.

John Meek said that Metro needs to have a base that they can operate from.

Wes Myllenbeck said that the finance policy must provide flexibility.

Hardy Myers said that requiring a vote a specific form of tax could gravely impair the success of achieving that authority.

Ray Phelps said that any tax request becomes a focus on structure. Metro doesn't have authority to raise revenue, not that it can't. He said that he anticipates a mega service agency. An entertainment tax would be a mechanism to contribute broad taxing authority in order to construct a service package. Let the general obligation bonding process go to the schools. Instead of requiring a vote of the people on every tax proposal, the council could levy a tax by ordinance, then allow for the referendum process to take place--90 days--before the tax goes into effect.

The Metro Code requires that all ordinances become effective after 90 days, unless otherwise specified (2.01.070). Under Oregon statutes Metro ordinances become effective upon adoption, unless otherwise specified (268.360).

The subcommittee requested an opinion from Metro Counsel: For tax proposals, would the charter be able to prevent the council from declaring an emergency in order to allow for referral process to take place?

Wes Myllenbeck said that under certain circumstances it may be necessary for a government to move fast, and that 90 days would be too long a delay.

Committee members said that there were provisions for catastrophic events where an emergency could be declared. Counsel should confirm this.

John Meek said that most services provided by government are specific-fund oriented. But what if the tax use is broad-based? A general purpose tax needs to be referred to the people.

Ray Phelps said that funding of planning is the biggest problem. He suggested a real estate transfer tax. He said that when the voters are asked to approve another service to be provided by Metro, the funding source should be approved at the same time.

Opinion from Counsel: If a statute requires a vote to enable a source of revenue to be used, can the charter overcome that by allowing it to be used by ordinance?

Bob Shoemaker said broad-based taxes should go for a vote of the people. Funding services without a revenue stream--that get general funding, such as human services and libraries--should go to a vote of the people. Service functions that create revenue wouldn't need to be voted on. The subcommittee should spell out general purpose taxes--income, sales, ad valorem--and define their limits.

Ray Phelps said that they don't want to impede current authority for a dedicated excise tax.

Opinion from Counsel: The intention in discussion has been to give Metro a general grant of taxing authority--by ordinance--for taxes that are limited, or dedicated to one service. If a general sales tax would require a vote of the people, would this impede Metro's authority to implement an excise tax on Metro services, since an excise tax is a form of sales tax? Would the charter need to specifically describe each limited tax?

Ray Phelps said that they may need to grandfather a tax in order to protect the authority of the tax.
Opinion from Counsel.

Hardy Myers said that a charter vote to continue or establish a tax wouldn't work.

Ray Phelps said that they need to maintain the status quo. They may need to spell out everything.

Opinion from Counsel: Does the charter need to be specific in protecting current taxing authority?

Ray Phelps said that the subcommittee needs to consider consolidation. How can they affect a transition without it being so expensive? How can they cause mergers at a minimum costs, but without the process being an unfair taking? **Opinion from Counsel.**

Bob Shoemaker summarized that no general purpose tax may be enacted without a vote of the people. Do they need to list them in the charter or can it be by description? **Counsel opinion.**

Jon Meek said that they need to differentiate between service and general purpose revenue.

Hardy Myers said that the authorization would depend on how the tax is used.

Bob Shoemaker said that taxes other than general purpose taxes--income, gross receipts, sales, ad valorem--could be used by council ordinance, including an excise tax that can be sued for general purposes. **Opinion from Counsel.**

Hardy Myers asked to what extent these general purpose excise taxes should be coupled with specific use taxes and how they should be described or limited.

Ray Phelps said that the charter should provide language separating revenue streams doing separate things, and restricting certain sources of revenue.

Hardy Myers said there would be a description of authority to levy without a vote of the people.

Ray Phelps said the charter should identify general purpose taxes to be voted on by the people. Everything else should be enacted by ordinance.

Ray Phelps asked that Counsel propose language, if possible.

subcommittee said that at the next meeting they would like to discuss revenue sharing, LIDs, PUDs, and urban renewal. Ray Phelps asked Janet Whitfield to get information on Missouri's measure to equalize property taxes.

Submitted by,

Janet Whitfield
Committee Administrator