METRO
CHARTER
COMMITTEE

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AGENDA

DATE:	February 4, 1992
MEETING:	Finance Sub-Committee
DAY:	Tuesday
TIME:	8:30 a.m.
PLACE:	Metro, Council Chamber, 2000 SW 1st Avenue, Portland

8:30 Meeting called to order.

Discussion of possible revenue sources for the regional governing body, with consideration of current statute and constitutional limitations, and other relevant information.

9:30 Consideration and possible recommendation of the appropriate taxing power of the regional governing body.

10:00 Meeting adjourned.

NOTE: EARLIER CONVENING TIME OF 8:30.

MINUTES OF THE FINANCE SUBCOMMITTEE
OF THE METRO CHARTER COMMITTEE

February 4, 1992

Metro Council Chamber

Subcommittee Members Present:	Bob Shoemaker (Chair), Jon Egge, John Meek, Wes Myllenbeck, Ray Phelps
Other Charter Committee Members Present:	Ned Look
Subcommittee Members Absent:	Hardy Myers

Chair Shoemaker called the meeting to order at 8:35 a.m.

Bob Shoemaker said he would like to go through the Revenue Options list and not discuss the merits of them so much as ask, for each one of them: Should Metro be prohibited from that tax; should it be allowed to impose that tax with a vote of the people. If the answer to both of those is no, the next question is: Is a broad grant of authority sufficient to allow Metro to impose it by ordinance, or does that particular tax call for a specific grant of authority. After doing that, the subcommittee should consider where that leads in terms of what the Charter should say about the taxing power of Metro.

<u>Ad valorem tax.</u>
Bob Shoemaker said it is now permitted with voter approval. Does anybody feel there should be a change in that?

John Meek said the Charter could fix the ad valorem funding for the Zoo and give voters the approval right for bonding, but as far as giving Metro the ability to impose more, and under Ballot Measure 5 limitations, he has real concerns about whether to allow Metro to use more of the ad valorem tax than they already do.

Bob Shoemaker summarized that John Meek was proposing that Metro's ability to use ad valorem taxes ought to be prohibited, except to the extent it is already utilized at the Zoo and for general obligation bonds.

Wes Myllenbeck said he can't agree with John Meek. He said he didn't know what Metro is going to get into, but if they do get into human services, libraries or corrections, or something like that, property tax is about only the major thing they can use. Charters are difficult to change, and when you open up a charter, you open it up to everything.

Ray Phelps said he agreed with John Meek. He said one of the issues that is going weave its way through the new revenue concepts is going to be the use and misuses of ad valorem taxes. There is a tremendous ad valorem tax misuse by special service districts when they otherwise have a revenue stream.

Bob Shoemaker said a dispute has been identified on the ad valorem tax and urged the subcommittee to move on and come back to it later.

Ray Phelps asked to bring up two issues, which could be discussed with counsel. One is, the ad valorem tax is a constitutional opportunity exclusively. Second, it always requires a vote of the people.

Business license fee.
Bob Shoemaker said he didn't think it should be prohibited, or that it should require a vote of the people. A broad grant of taxing authority would be sufficient to encompass those.

Ray Phelps said he agreed.

Excise taxes.
Bob Shoemaker said there are many on the Revenue Options list, many of which are in use, some that are specifically authorized, and some that are new ideas, particularly the construction excise tax scheme. Moving through the list, he asked whether any should be prohibited or require a vote of the people, or that a broad grant of taxing authority should be sufficient.

John Meek said, considering Metro's current authority for imposing excise taxes and that it is limited to 6% of its gross revenue, there should be a caveat to set a rate limitation. If gross revenues mushroom they can levy an excise tax at whatever rate it would take to generate 6% of their gross revenues. It is not a 6% rate limitation. The subcommittee should discuss what the rate limitation should be.

Ray Phelps said if the regional government is going to start moving ahead, the political aspects of establishing certain rates, at the cost of another revenue stream, etc., are more of a management issue than a charter function.

Bob Shoemaker said that an area that requires further discussion has been identified. He said he thought the subcommittee agreed that an excise tax would not be prohibited, nor would it require a vote of the people. The question is whether a broad grant of excise taxing authority is sufficient or whether there should be some specific limitations. He said he heard two: 6% of gross revenues and possibly a maximum rate. He said he believed John Meek wanted a limit at 6% of gross revenues gathered, but not to exceed a 12% rate for any specific tax.

Jon Egge said he feared that one tax will be found that is a particularly good cash cow and it will be overused. He said a limitation should be put in the charter or the right to limit it would be given up forever.

Ray Phelps said there were two excise taxes listed in the Revenue Options that shouldn't be recommended at all--video rental and video poker.

Bob Shoemaker said the question is should those taxes be prohibited.

Excise tax on gross value of construction or on the gross floor area of construction.
Bob Shoemaker asked if these should be prohibited or not be mentioned and left to the political process to deal with them, should they ever come up in discussion.

Ray Phelps said he believed the there was a question on the ballot several years before, where there was an attempt to tax new construction for purposes of school districts. It was voted down.

Jon Egge said this gets into the Home Builders Association's concern to not allow taxes or fees for construction that don't relate to the use of those taxes. There is a statutorial limitation, anyway. It should be listed, but not be specific on how to impose it because it would be a huge political hurdle.

Bob Shoemaker summarized that it should be left to the political process.

John Meek said he would want to prohibit the tax.

Jon Egge said he will probably come to agree with John Meek.

Ray Phelps said he agreed, and would probably want to minimally require a vote of the people.

Jon Egge said he would condition it on whether the tax encourages construction in close proximity to light rail, or to meeting density levels. If it is phased and qualified, he might support it.

Janet Whitfield said the Montgomery County, Md., construction excise tax scheme, based on gross floor area, exempts the first 1,200 square feet of every dwelling in a multi-family residence, which encourages higher density levels.

Bob Shoemaker said that proposal would be a good one to return to in order to see to what extent the council should be left to its own sources in developing taxes and to what extent the subcommittee should try to discern now what is or isn't appropriate. The construction excise tax scheme based on gross floor area is a good tax to consider for that discussion.

John Meek said there is a tremendous number of possibilities to be used. The difficulty is that once a tax is instituted, it will never be stopped.

<u>Vehicle registration fee.</u>
Bob Shoemaker said the proceeds are limited to highway and road use. There are continuing efforts to change that.

John Meek said there is a constitutional limit that the fee imposed by any local government, or combined local governments, can not exceed that imposed by the state. So there can be up to an additional $30 added to the fee.

Bob Shoemaker said Metro currently has the authority to levy that fee.

Ray Phelps said that he would question counsel, with the constitutional restrictions, what would be the practical effect if Metro were to use it, since the organization doesn't do any highway or road maintenance. Could it be for other than planning? The constitution says it would be limited to maintenance and repair.

<u>Payroll tax.</u>
Bob Shoemaker said the question is whether the subcommittee agrees that should require a vote of the people, except for a Tri-Met payroll tax that would come over with the transfer of Tri-Met.

Ray Phelps restated the proposal so that if Tri-Met is taken over by Metro, whatever rate they are taxing at that point moves. Any payroll tax rate in addition to that would have to be by a vote of the people.

Jon Egge said he takes a stronger position, so that a payroll tax would be exclusively reserved for the operation of Tri-Met.

John Meek said suppose that Tri-Met came over to Metro, and they found a funding mechanism for mass transit. They already have authority to levy a payroll tax, but it would no longer be needed to fund transit. Do they still have authority to levy that for some other use?

Bob Shoemaker said it would be limited to Tri-Met. He said he thought there was agreement for that.

Wes Myllenbeck said any increase in the tax for Tri-Met use would require a vote, and any increase in the payroll tax, to be used for another purpose, would require a vote.

Bob Shoemaker said that John Meek is suggesting that it not be permitted even with a vote of the people, that it be eliminated if another authority has been found. He said the subcommittee will return to discuss whether a payroll tax, other than for Tri-Met at its present rate, ought to be totally disallowed or allowed only with a vote of the people.

<u>Personal income tax.</u>
Bob Shoemaker asked if it should require a vote of the people.

Ray Phelps said no.

Jon Egge said he disagreed with Ray Phelps.

John Meek said he would like to eliminate it.

Jon Egge said he would like to prohibit it.

Wes Myllenbeck said a vote of the people would be fine.

Bob Shoemaker said that is where he would come out. He said there is less consensus than he thought there would be.

<u>Business income tax.</u>
Jon Egge said he thought it should be prohibited. This is another situation where it is easy to vote for someone else to pay a tax than it is to vote yourself to pay a tax.

Wes Myllenbeck said he didn't agree. He said Jon Egge has some points but he doesn't know what will happen to Metro in 20 years.

John Meek said the subcommittee is already giving the authority to levy a business license fee for having a business in the area. Jon Egge is right on target. It is always easier to say let's tax the business. It only sounds good for campaigning.

Wes Myllenbeck said a whole array of taxing options is needed for a government to operate.

Jon Egge said that for a lot of the options he has reasons for not wanting to see them appear. The political reason is that he wants to see the charter succeed. Having the business income tax appear in the charter creates a great deal of fear.

Bob Shoemaker said the subcommittee would have to come back to this subject.

Sales tax.
Bob Shoemaker said Metro could be authorized to impose it with a vote of the people.

There was consensus.

Special assessments.
Bob Shoemaker asked if that should be a revenue raising authority Metro should have without going to a vote of the people, or without limitations.

John Meek said he interpreted it to be limited to the cost of completing the project and that it wouldn't be a general revenue source. Therefore, it is limited to the reimbursement of providing the service and administration of the project.

Bob Shoemaker said he thought it would have two limitations. One limit is to recover the costs of installation, and the second is that assessment is not to exceed the benefit conferred on the properties. He said normally, governments have the authority to do that, and asked if is there consensus that Metro should have that same authority.

There was consensus.

Ray Phelps said the subcommittee should revisit the obstacle portion cited under economic improvement districts. He said he wasn't clear if it would be subject to Ballot Measure 5 limitations. He had previously asked whether certain revenue enhancements from property--other than property taxes--ought to be within the limit. That opinion was changed to say that certain kinds of assessments were under the cap.

Tax increment financing.
Jon Egge asked if increment financing from hotel/motel, sales and payroll taxes was provided in the statutes.

Dan Cooper, General Counsel for Metro, said no. They are variations on hotel/motel, sales and payroll taxes. It sounds like the government has said that every tax payer has an exemption from what is taxed, for whatever the gross proceeds were the year the tax was imposed.

Jon Egge said it was more a form of value capture than a tax increment.

Dan Cooper said that the tax increment concept in Oregon, referring to the urban renewal districts, is founded in an amendment to the constitution and flushed out with a lot of statutes. The other three concepts would be new to Oregon law, except to the extent used in Curry County. There it appears they are taking the hotel/motel tax with a rather generous exemption.

Bob Shoemaker asked Dan Cooper if he meant that the revenues from that tax are used to pay for some specific improvement that led to an increase in value.

Dan Cooper said he didn't know of a constitutional or statutory provision in Oregon law which would require the proceeds of such a tax to be dedicated to an improvement that is related to the increment. It sounds like there is a political acceptance of that tax with people knowing where the money is going to go.

Ken Gervais, Metro executive staff, said that the increment financing possibilities for hotel/motel, sales and payroll taxes are the same as for urban renewal. You don't impose any additional tax, you simply designate what they funds are used for. If you have a hotel/motel tax and you put in a convention center, the hotel rates will go up. That money, from the increase in rates, will go into the urban renewal fund. It isn't a taxing authority, it is a designation where the money goes.

Ray Phelps said the authority to use the hotel/motel, sales and payroll taxes, in this way, should be the same as determined earlier, when the individual taxes were discussed by the subcommittee.

Bob Shoemaker said suppose the area is going to build a new convention center. The decision is to charge a hotel/motel tax, establish a base year and not tax the revenue levels that were generated prior to the improvement going in. But for the revenue amounts over those levels, a tax will be charged and dedicated. So that there will be a new tax and a dedication of that tax.

John Meek said he didn't think that would fall under the definition of tax increment financing.

Wes Myllenbeck said it would if the entire metropolitan area was made an urban renewal area.

Bob Shoemaker said he thought it was possible if the proceeds were committed to paying for the improvement that generates the income being taxed.

John Meek concluded that if the tax would go away when the bonds go away, it would be acceptable.

Ray Phelps said he thought the tax is anti-business. It dampens the economic stimulation sought as a result of the improvement. If an increment were applied to a hotel/motel tax in Multnomah County, it could send people to Vancouver or Clackamas and Washington Counties. He said it would be better to stay with the generic idea of increment financing, rather than tagging with specific increments. It is very hard to distinguish where one benefits and one doesn't.

Bob Shoemaker said that the question is whether the charter should micro-manage that or not. To what extent should the subcommittee try to anticipate these things and limit them.

Jon Egge said increment financing is a benefit assessment kind of approach. The benefit is implied. But it is a major concern in to him when it is hard to measure the actual benefit to different businesses. Applying the financing to payroll taxes, there are some built-in problems. If his plumbing shop were in a designated urban renewal area, he would move out fast. His vote would be to leave the hotel/motel, sales and payroll increment financing scenarios out. Don't say anything specific. Tax increment financing is fairly well understood.

Bob Shoemaker summarized that urban renewal increment financing would be permitted in a general taxing authority. It wouldn't require a vote of the people and wouldn't have to be specifically permitted, but tax increment financing under sales and payroll taxes would not be generally permitted without a vote of the people.

Jon Egge said there would be resistance to tax increment financing generally.

John Meek said it isn't necessarily objectionable if the people know exactly how it is going to work.

Bob Shoemaker summarized that it would be left within the broad taxing authority of Metro and when it comes up, all the political hurdles will have to completed.

User fees and service charges.

Bob Shoemaker said these are now used by Metro and asked whether they should remain under its general revenue raising authorities.

There was consensus that they should.

System development charge.

Ray Phelps said he couldn't understand why Metro would use systems development charges. Would it be used in regard to planning?

Bob Shoemaker said, as an example, when a new subdivision is put in, that increases the pressure on roads, parks, water storage, schools, and sewers. Recognizing that, the government should be allowed to impose that charge on a new development to help pay for infrastructure demands.

Ray Phelps said it could be something of a black hole in trying to determine where does a road improvement start and where does it end. Maybe a development in Hillsboro could be determined to affect I-5 at some point.

Jon Egge said that it should be limited to funding services or functions Metro is involved with. In other words if Metro is to impose a generic systems capacity charge and they don't build roads, it doesn't tie together. But for Greenspaces, then it is something that Metro is involved in and it might be a logical charge.

John Meek said it is a charge that, over the years, is falling by the wayside, even with local governments. They are finding new ways to show the distribution of those costs and how they benefit. It is getting tougher to identify new subdivisions going in, and charging every one of them for parks systems development charges, but all the money is eaten maintaining the existing parks, leaving no money to buy more parks.

Wes Myllenbeck said it is popular because new development is paying its way.

Bob Shoemaker asked if a system development charge should be prohibited and said probably not. Should it be allowed only with a vote of the people?

Jon Egge said probably not.

Bob Shoemaker asked if it should be allowed only with a vote of the people.

Ray Phelps said no.

Jon Egge said probably not.

Bob Shoemaker asked if it should be encompassed with a broad grant of taxing authority, or should it be dealt with specifically. Should the charter spell out the criteria for imposing a system development charge? Or should it be left to the political process, whatever it may be? Should the subcommittee try to micro-manage Metro's authority to impose system development charges or leave that the political process?

Ray Phelps said it should be left as a broad authority and let the politics take care of it. He said he believes it could be a good Metro opportunity. It is an equalizer where, for instance, you can look at the region and see the demand for water in Multnomah County is increasing and there will be a capacity charge on the entire system at some point.

Bob Shoemaker concluded that the political process, present when it would be brought up, would have sufficient checks and balances.

Ray Phelps said yes.

John Meek said he disagreed.

Jon Egge said he disagreed.

John Meek said he would like to make a case for prohibiting the system development charge.

Wes Myllenbeck said he would put it into a broad category.

Bob Shoemaker concluded that the subcommittee has a debate on a system development charge, as to whether Metro should have a general authority, or specific authority or whether the charge should be prohibited.

Impact fee.
Wes Myllenbeck said it is very similar.

John Meek said this is where he would make his case. This is a much broader application.

Bob Shoemaker said the impact fee and system development charge should be put within the same debate.

John Meek said a system development charge can be very targeted, but with an impact fee, everyone has to be charged the same. The charter should distinguish so that everyone is taxed the same, rather into targeted areas.

Developer exactions.
Bob Shoemaker said that should be included with the debate on a system development charge and impact fee.

Janet Whitfield said developer exactions would be negotiated on a project-by-project basis.

Transfers from the state.
Ray Phelps said state law would have to be changed to enable Metro to participate in receiving transfers from gasoline, cigarette and liquor taxes.

John Meek asked if a service is transferred from a local government to Metro, and there is a revenue stream--such as a gasoline, cigarette or liquor transfer from the state--how can that revenue follow the service to Metro? Counties receive cigarette and liquor taxes to fund human services. If human services were a function of Metro, there needs to be a way to allow state revenue streams to go with the function.

Ray Phelps summarized that Metro would be authorized, when it assumes a local service, to accept the revenue. But state law would have to be amended.

Bob Shoemaker said that may have to be identified in the charter process.

Janet Whitfield said that hotel/motel taxes are transferred from Multnomah County to Metro by intergovernmental agreement, even though Metro doesn't have the authority to levy them.

John Meek said that local governments and Metro are going to have to have a blanket process in the charter in dealing with any type of assumed service. Where do you identify the revenue stream for the assumption.

Jon Egge said nothing prohibits that from happening through intergovernmental agreements.

Ray Phelps said the negotiation would be equal if the state law was amended to allow Metro to accept the revenues. With the change and, for example, if Metro were to take on human services functions, it could receive state transfers without intergovernmental agreements. If this is done by intergovernmental agreements, local governments would be able to blackmail Metro.

Wes Myllenbeck asked if the charter had to state that Metro could take advantage of state revenues. Does it have to be dealt with in the charter?

Ray Phelps said he thought it had to be dealt with in state law.

John Meek agreed. When the cities, counties and Metro reach an agreement, and there is a flaw in getting the revenues transferred, they will go to the Legislature together to ask for a correction.

Dan Cooper agreed.

Bob Shoemaker asked it if was enough to leave that possibility to the future or should the Charter Committee recommend legislation.

Jon Egge said a list of recommended legislation should be done after the charter is completed.

Ray Phelps agreed.

Bob Shoemaker summarized that the charter should say nothing about that.

John Meek agreed.

Franchise fees.
Jon Egge said franchise fees for parking should be included as a possibility.

Bob Shoemaker asked if Metro has authority to grant franchises, in its general authority, should it also have the authority to impose fees for franchises granted. Does the charter need to say anything specific about that?

Ray Phelps said there is an intention here to make Metro as independent of state statutes as possible. The charter may need to authorize it to the degree that is there. He said wasn't sure whether it shouldn't be put in the charter in order to insulate Metro from the statute vagaries.

Jon Egge said it would be so simple to authorize this function, and the charter should be specific in allowing it. He suggested asking counsel to look at what franchise authority Metro might have currently.

Dan Cooper said that the regulatory control that requires an entity to have a franchise, and allows a jurisdiction to collect a fee, is based, for the most part, on a local government's jurisdiction over streets and roads. Unless jurisdiction of streets and roads is transferred to Metro, they wouldn't have authority to gather franchise fees for the privileges of using those highways and roads for dedicated business purposes.

Jon Egge asked if Metro, under current law, could undertake franchising of off-street parking.

Dan Cooper said he didn't believe so.

Jon Egge said Metro should be able to franchise off-street parking.

Dan Cooper said it might be possible if enabled by the charter.

Ray Phelps asked counsel to find out if that type of franchise could be enabled by charter in concert with a change in the statute. If it has to have both, it could be left as a broad authority.

Jon Egge said the parking issue seems to be a method of setting policy for the region and collecting a fee at the same time, which is why he is interested in the concept.

Ray Phelps said he wasn't.

Dan Cooper said he thought it would be possible to use present statutory functional planning power of Metro to ultimately get into the question of whether or not Metro should--through local governments--deal with regulatory issues about the number of off-street parking lots, the number of spaces and the general area. It might be considered a regional planning issue, but it wouldn't give Metro any authority to collect revenue from the parking lot operators. The franchise concept under law, as he understands it, is much more closely tied to use of streets and public rights of way. In regulating business activity on private property, you're not talking about franchising, you're talking about a regulatory licensing mechanism. With a regulatory authority over parking, it's possible to collect a fee for a regulatory purpose of funding the program and to collect revenue in the form of an excise tax. That could be measured either by gross proceeds--like a sales tax--or on income. That regulatory revenue collecting authority doesn't exist with Metro right now. Unless there was a provision of state law to preclude it, he said he thought the charter could be written to grant that authority to regulate parking lot operations. He said he would verify that.

Jon Egge asked, if there is a revenue stream, does that reduce the incentive to make hard planning and policy decisions necessary to reduce parking.

Bob Shoemaker summarized that there can be situations where Metro ought to be empowered to grant franchises. That could occur in disposal of solid and liquid waste, and in collection of recyclable materials and garbage. It could possibly occur in parking, except that might lend itself better to regulation. Should Metro have authority to grant franchises? He thought the answer is yes. If so, should Metro have the authority to impose franchise fees. He thought the answer would have to be yes. The next question is should the charter be specific about this. He said he believed the answer is yes.

Wes Myllenbeck said he agreed.

Dan Cooper said that shouldn't be assumed. A charter can be written with very broad grants of power, and then if the activity is permissible under state law, the entity has the authority in its charter. The subcommittee discussion has been a long way from the very simple, elegant charters where all the power is granted in two sentences and nothing else, and leave it to legislation or the courts to decide whether the power exists. The difficulty is determining the jurisdictional element that Metro would be asserting under either a broad or specific grant that is tied to creating the contractual privilege of being in business and maybe to the exclusion of others.

Bob Shoemaker said the question is whether a broad grant of authority is adequate to include the franchising power.

Dan Cooper said he thought that would be correct. The only caveat is that if there is what is believed a broad grant of authority, but with all sorts of specifics, the courts may return to the broad grant of authority and decide it didn't mean anything. They may decide if an authority is not on the list, or something like it isn't on the list, it wouldn't be included in the broad grant of authority.

Bob Shoemaker said the subcommittee would have to return to that question. If the subcommittee decides there should be a number of specific limitations within the charter, it may be concluded, as a legal matter, the charter can't have a broad grant; it may have to be very specific. By posing a number of limitations, the charter has essentially gone from a broad grant to specific.

Ray Phelps said he was concerned where to be specific and when not. When you say, 'what is,' you have in effect said, 'what isn't.'

<u>Timber revenues.</u>
Bob Shoemaker said it is pretty clear, unless there is legislation allowing those revenues to go to Metro, there is certainly nothing the charter can do.

Ray Phelps said that addresses the transfer of revenue issue. If at some point there is an agreement to switch the use, everybody will go together to ask the legislature to change it.

<u>Payments in lieu of property taxes.</u>
Bob Shoemaker said that would be the same as the previous example.

Grants.
Bob Shoemaker asked if any specific charter authority would be needed to seek grants.

Ray Phelps said probably not, but it weaves around the issue of what is specific and what is general. It resolves itself depending on how the charter addresses the grant of authority.

Bob Shoemaker said it should be within a broad grant of authority.

Ray Phelps said he agreed.

Revenue sharing schemes.
Ray Phelps said at some point, when the committee will be looking at planning and other kinds of services that are right now unquestionably regional in nature, there could be a mechanism available to provide equalization. You would take an assessment across the board for that identified purpose, so you are able to utilize that money where it will do the most good.

Wes Myllenbeck said it is also, in the broad scheme where you designate an area industrial and another residential, you could equalize that.

Ray Phelps said that if there is a sales or income tax, this kind of mechanism would be needed. All of a sudden the economic developers are trying to set up projects for certain city jurisdictions, and that puts demand on a lot of infrastructure, social services and public safety regionwide. But if there isn't a mechanism to provide equalization, those revenues will stay in the developing area.

Bob Shoemaker said it is fundamental to any metropolitan planning and development. If there isn't an equalization scheme, there will continue to be fiefdoms fighting for projects.

Jon Egge said industrial property is clearly the most desirable. The area has little wars trying to get the industrial tax base because it is more appealing. Portland may have made the investment for industrial development and it may be a situation where the revenue needs to be spread to the bedroom communities. The flip side is the real cost of the homeless and other things are within the city of Portland. So there is a charge the other way.

Ray Phelps said equalization tends to minimize the really ridiculous process where one government is pitted against another.

Wes Myllenbeck said he was in favor of it.

Bob Shoemaker said he thought there was agreement that revenue equalization is essential. The next question is how specific should the charter be in giving Metro the authority with this revenue equalization.

Ray Phelps said he thought there should be counsel advice because there may not be authority to do that, even under a broad grant of authority. There might need to be an expressed will to do it.

Bob Shoemaker said he agreed.

Dan Cooper said the Minnesota scheme would at least require legislative action, and may require constitutional action in order to accomplish it in Oregon. The charter couldn't impact the way property taxes are presently collected.

Ray Phelps said, at this point, he didn't want to consider equalization tagged to any revenue source, rather to establish a concept that there is some acceptability. There are kinds of revenue, that the subcommittee has talked about. There would be a broad view of the revenue equalization process, irrespective of the kind of revenue vehicle that might be finally chosen.

Bob Shoemaker said, local jurisdictions in the area are deriving most of their revenue from property taxes and fees. Any metropolitan tax, previously considered, would automatically be equalized because it is a metropolitan tax. So the question comes down to the property tax, which is the main revenue resource of the local jurisdictions. Shouldn't there be some kind of revenue equalization? The answer is yes, but Metro can't do it.

Dan Cooper added that it can't be done with just a charter.

Bob Shoemaker said that option becomes one that the Charter Committee should recommend to have the Legislature enable equalization. He said the subcommittee should return to discuss the issue further.

Chair Shoemaker adjourned the meeting at 10:10 a.m.

Respectfully submitted,

Janet Whitfield
Committee Administrator

Reviewed by,

Kimi Iboshi
Commitee Clerk