

**METRO  
CHARTER  
COMMITTEE**

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**Public Testimony/Discussion on  
Metro Finance Provisions**

**AGENDAS**

(March 30, Monday, 6 p.m. to 9 p.m.)

Tigard Water District, 8777 SW Burnham, Tigard \*

6:00 Portland Metropolitan Chamber of Commerce  
6:45 Open for other public testimony

March 31, Tuesday, 6 p.m. to 9 p.m.

PSU, Smith Memorial Center, Room 338 (Vanport Room), Portland \*\*

6:00 Metro Council  
6:40 Regional Governance Committee  
7:45 Open for other public testimony

\* From Rt. 217 take the Tigard exit onto 99W. Turn left immediately at Hall Blvd. (Russ Chevrolet is on the left.) Go through an S-shaped curve and over a railroad track. Turn right onto Burnham. The Water District and parking lot is on the right.

\*\* Smith Memorial Center is on SW Broadway between Harrison and Montgomery. Room 338 is in the southwest corner of the building.

MINUTES OF THE CHARTER COMMITTEE  
OF THE METROPOLITAN SERVICE DISTRICT

March 30, 1992

Tigard Water District, Auditorium

Committee Members Present: Hardy Myers (Chair), Judy Carnahan, Larry Derr, Jon Egge, Charlie Hales, Matt Hennessee, Ned Look, John Meek, Wes Myllenbeck, Ray Phelps, Bob Shoemaker

Committee Members Absent: Ron Cease, Frank Josselson, Mary Tobias, Mimi Urbigkeit, Norm Wyers

Chair Myers called the finance public hearing to order at 6:15 p.m.

1. Portland Metropolitan Chamber of Commerce

John Russell, Metro Charter Review Task Force Chair, and Mike Ragsdale, Metro Charter Review Task Force Member, represented the Portland Metropolitan Chamber of Commerce.

John Russell read the testimony of the Chamber. See attached testimony.

Mike Ragsdale said that the Chamber Task Force also looked at a broad number of things that were outside the financing realm. During the Chamber's last opportunity to testify before the Committee, they were asked to look at a broad range of things and report their opinions back to the Committee. He said that the task force met and decided not to take positions on certain items because they are a citizens organization with limited time and staff and there are a number of items that are beyond the scope of the task force, such as the size of the organization. Instead, the task force chose to step back and offer a philosophical thesis as to how the government ought to be run. In the context of their philosophical statement, he is prepared to respond to the specific issues in the Committee's latest *Issues Determined by Committee (3/19)* document, if the Committee asks. Because the Chamber feels that Metro should be a planning agency and not a service agency, the issue of an appointed or elected executive is not pertinent because the running of the organization is not as critical. The Chamber does, however, recommend hiring a professional manager, although there would not be an executive branch. He said that the latest *Issues Determined by Committee (3/19)* document is silent on other planning assignments and opportunities of the agency, which is a major shortfall. There is a detailed procedure for land use planning, but there is no such detail, either empowering or limiting, for other planning issues. He said that the Chamber hopes that is an incremental component of what is going to be added to the charter.

Charlie Hales asked how the Chamber would envision each of the service delivery functions to be financed. He asked how they would envision the central planning, administrative core of the regional government to be financed. Currently, the administrative core is financed by excise taxes on the service delivery functions. Under the Chamber proposal, that tie would be severed.

John Russell said that most of the services are already being performed, either by the regional government or by other entities. He gave the example of Tri-Met and how their planning is controlled by Metro's JPACT. Tri-Met implements the policies set by others, but the funding is from a separate source. He said that was the closest example of what the Chamber is proposing. It would depend on the particular service that is being performed. The task force opposes niche taxes and the authority to

tax anything and everything. They are in favor of a regional property tax base.

Charlie Hales said that the Chamber is raising a vision of government in which people will consider or will have less animosity toward the government if it is not centralized and funds are not allocated out of a general fund, but, instead, a cafeteria model. The central administration creates the cafeteria and then people choose how to, and at what level, to finance various services. He said that some in Tigard would argue that the Tigard Water District and the separation of the water function from the other municipal functions in Tigard is an abomination and is what is wrong with having services divided among so many different providers. If the water district was a department in the city of Tigard, they never would have built this building, which is the size of the city hall, for one department. According to the argument, the only reason that they got away with it was that the rate payers in Tigard are not paying attention to what their rates are and how the money is being spent because the Tigard Water District is one more government agency that the rate payers do not understand. There is the argument out there that the separation between one government function and the rest of the government functions of Tigard exists because there are too many government agencies providing services and not the accountability of the general fund centralization of those services and a decision made about the size of each department. He asked if the Chamber proposal would provide more or less of the apparent duplication and waste.

Mike Ragsdale said that there is a fundamental understanding of what the Chamber is recommending which, in some ways, begs that question of consolidation of services. The Chamber is recommending that the regional assembly be a planning agency. The issue of consolidation for separate districts is not basically being addressed. The Chamber view is that the regional government should not be in the service delivery business because the region needs integration and coordination of planning. To get that done right, the regional body should be detached from the service delivery so that it does not get involved in a lot of the questions and inherent conflicts, particularly the general fund competition inherent conflicts. Personally, he said that he would not object to the charter requiring a Boundary Commission activity saying that the agency shall have, as its purpose in the planning processes, a guide towards the consolidation of local governments. The task force does not want to see the regional government as operator of services so they distinctly did not answer that question. It is not central to the issue. He said that he would prefer that the functions be more restrictive than what the Committee has decided so far. Occasionally, there is a need for a service, such as one that is not being done regionally yet, because it must be operated regionally. There would be a model that would make it very difficult to get into the business and the taxes for the service would have to be the tax that is most logically consistent with that service and the revenue would be limited to that service only. The regional government should be a regional strategic planning agency and consolidation is best answered at a different level.

John Russell said that the solution is not to bring water into a department of the city or the regional government. There is another solution which is that the planning agency might decide that the planning is a regional issue and it would supervise and control the delivery of water but never collect fees for it. In theory, the decisions can be made purely because there is no money tied to it. It is not taking over the delivery of water, but it is supervising the process of delivering water. The expectation is that the current duplication in the delivery of water would be reduced. The key is that, in the process, there is pure and accountable oversight and fiscal accountability.

Charlie Hales asked if he understood correctly that the Chamber's position is that Metro not easily get into the service provisions of, for example, water and that the direct tie between the water rate payer and water provider should be maintained while the water revenues should not be used to finance the general functions of regional planning. Would the Chamber be adverse to having the regional planning agency being the one to say that the different water districts need to consolidate or else the regional government will do it for them?

John Russell said that they would not be adverse to that. The Chamber starts with the assumption that a strong regional government is a good thing.

Charlie Hales asked if, by planning, they meant more than just the academic exercise of planning.

John Russell said that it would be planning for the service delivery.

Mike Ragsdale said that the Committee's decisions so far have not granted that authority. The authority has only been granted to land use issues. He said that is a dramatic flaw in the work to date.

Matt Hennessee asked if the Chamber started their process with the idea that there should not be a regional government at all or there should be a regional government, and this is what it should be. He said that, if the voters are concerned about spending money on things that they are not sure what they are paying for, and there is some apathy on the part of the government to provide the service, he questions what the voters will say when they are asked to vote on a government whose mission is only planning and policy and not delivery. There are already concerns about what Metro does. People will be running for office because they think they have a better idea of policy than someone else.

Mike Ragsdale said that he started out as a strong advocate of a Willamette County scenario. The Chamber task force detached themselves from the Committee's and other group processes and deliberated over what a regional government should be. The task force decided, with which he came to agree, that the regional government needs to be a body with clout, more than the Committee has given it so far, to determine the strategy and vision of the region. It should be separated from service delivery so that there is an autonomous strong status to get the job done. He said that, in response to the campaign question, he got the most response from the voters when he talked about the issues of where the region is going as opposed to delivery of services. He said that, personally, running for and being a member of Metro would have more pizzazz than any other government. It will be a dramatic vision and a model that no one else in the nation has done.

Matt Hennessee said that he assumes there is an enforcement mechanism to make sure that the policy is carried out and there is a way for the governments within the region to work in harmony with the regional government.

John Russell said that one of the main features of the Chamber recommendation is that it preserves the existing governmental units, which has voter appeal. He said that Matt Hennessee's question gets to the issue of why the Chamber is involved in the process. The Chamber believes that everyone is better off with a strong regional government because there are issues that are not being dealt with on a regional level that should be. They are also involved out of a conviction that people will look to members of the Chamber for support and the Chamber felt that it should be part of the process in order to have something that they could truly support.

Jon Egge said that the Committee determined that there would be a process for adding additional planning functions which would include RPAC because there are a lot of planning items which will have regional aspects and local aspects. He asked what types of planning items the Chamber would like to see as additional authority given outright to the regional government.

John Russell said that the Chamber's view of the Committee's work is that it has been strictly tied to land use planning and not much else. The Chamber views the RPAC as a body that could potentially weaken regional government. In terms of land use issues, it is very important that zoning be carried on at as low a level as possible and should not be given to the regional government. That responsibility should be preserved to the existing local governments.

Mike Ragsdale said that he would add a section that would allow the regional government to plan in any area that it determines. He said that the phrase *set regional policy* would be better than *planning*. He said that it should also have enabling language and rights of enforcement as opposed to restrictive language. He said that he does not have many criticisms with the land use planning. He said that the task force has not had this discussion. He said that it should be curtailed with taxing issues. It should have very strong policy making authority, such as in health planning and law enforcement. He said that he would not craft the section as detailed as the land use and RPAC sections.

John Russell said that the simple theory is that the government should be trusted because it will not take anything over.

Jon Egge asked if the Chamber was suggesting that a property tax to fund the planning, and not service delivery, of the regional government be on the ballot along with the charter.

Mike Ragsdale said that the task force has discussed the property tax, but has not taken a position on it. He said that he personally would not be adverse to setting up a charter that gives the regional government a lot of different taxing authority and says that it should develop a strategy similar to what the Committee has proposed and return to the voters for its base fund. He suggested that the charter should give it a sunsetted revenue source to get the work done.

John Russell said that there is real opposition to a general, carte blanche niche tax.

Jon Egge asked if the Chamber would not be opposed to a combination of taxes that got the infrastructure of the government off the ground to the point where it could achieve stability.

John Russell said that it takes a big government to deliver services, but it does not take a big government, in terms of number of people and assets, to perform the functions that the Chamber is describing. The Chamber recommendation is not talking about a lot of money, which is why they tend to be indifferent.

Jon Egge asked for comments regarding the recent demolition of the Metro planning department and the lay-off of the planning director.

Mike Ragsdale said that, personally, he was appalled and disappointed at the elimination of the planning department. He said that he had a personal interest in the planning department since, as Metro presiding officer, he helped set up and fund the department and the housing and water planning programs. He said that he went to the Water Policy Advisory Committee meeting last week and was impressed with what Metro has done already to move toward regional water planning.

Bob Shoemaker asked if the finance subcommittee recommendations would find favor with the Chamber, even if Metro were limited to the regional planning and policy making function advocated by the Chamber. How much freedom should the regional government be given to fund its planning and policy making function?

John Russell said that the Chamber would like to see it established at the time that the charter is done. It should limit its authority to invent new taxes.

Mike Ragsdale said that the Chamber task force specifically decided not to get into any detail and to limit themselves to recommend only the integrity of the funds so that collections for one purpose would not be used for another purpose, if there are service functions. He said that the task force did not have a vote regarding niche taxes.

John Russell said that it is a long standing Chamber policy, although it does not relate specifically to the charter.

Mike Ragsdale said that, when the task force recognized that they were calling for a policy agency, they discovered that the issues of taxation were not as relevant because it is not a major tax burden. Unless the form leans heavily toward niche taxes, the Chamber will cooperate.

Chair Myers asked for the Chamber policy definition of a niche tax.

John Russell said that a niche tax is an incidental tax. It is a tax on one thing, but does not support the area for which it is taken from and is a tax base for something else. An example would be a hotel/motel tax that does not support tourism.

Blanche Schroeder said that the Chamber has traditionally opposed a tax on a specific business where a business is being taxed uniquely as opposed to business in general. The exemption is when an industry recommends the tax. The term niche tax is fairly new.

Mike Ragsdale said that was not a part of the task force work. As an aside, he said that he makes his living in real estate and, for the right, carefully defined uses, he would be the most vocal and strongest supporter of a real estate transfer tax for the regional government. There are certain policy matters for the regional government to be involved in--real estate and land use. He said that his trade would benefit directly from coherent, intelligent, decisive planning that would be cost effective to tax himself.

Jon Egge asked if there was a logical connection made between this planning government and the Chamber's envisioning of a development tax that might be per square footage of a particular building.

Mike Ragsdale said that he is not advocating development fees, which is what Jon Egge just described.

John Russell said that development fees are not a good, stable source of funding.

## 2. Oregon Lodging Association

Phil Peach, Executive Director of the Oregon Lodging Association, said that the Oregon Lodging Association is the state trade association for the hotel/motel industry and represents approximately 800 hotels and motels in the state. One-third of those are in the tri-county area. He said that he is representing the local chapter of the tri-county area, the Tri-County Lodging Association, and its tri-county hotel/motel tax committee which consists of representatives and owners of various hotels and motels. He said that the hotel/motel tax was started two or three decades ago by members of the hotel and motel industry and is still supported by them in some situations as a means of promoting tourism. Over time, the tax has come to be very politically convenient because those that pay it do not get to vote on it or provide input on it. The lodging tax has escalated more than almost any other form of taxation in the last few years. A Wall Street Journal article in the past year pointed out the trend toward increased traveler taxes of which a great portion is the hotel/motel tax. The tax has increased, throughout the nation, \$500 million in the last three years. He quoted the Wall Street Journal as saying "the explosion in travel taxes reflects not only the budget woes of federal and local governments, but the political fact of life that travelers are an ideal source of revenue because the taxes are so well disguised, most people do not notice them." Travelers who complain about the taxes do not have much political clout because they do not vote locally. The issue has become so heated that there are many organizations which represent a lot of travel businesses and travelers and have taken a strong stance against using the traveler as easy money. The National Association of Exhibition Managers has called for a boycott against any entities who do not spend at least 50% of the local

lodging taxes in tourism related areas. Portland and the tri-county area, particularly Multnomah County, do not meet that 50% goal. In the State Legislature Magazine, put out by the National Council of State Legislatures, an article stated that, in the last 10 years, states and local governments in almost every state have raised tourism taxes or imposed new ones on hotel/motels, car rentals, restaurant, etc. A Florida legislator was quoted in the article as saying "It has raised red flags among legislators and industry experts. Ever increasing taxes in Florida are killing the goose that laid the golden egg". He said that the situation is not as severe in Oregon, but it is getting there. In most states, local governments need legislative authorization to levy taxes other than property taxes. However, legislatures have been more permissive about allowing local governments to tax visitors. The cash cow is the hotel/motel tax, which is often a sum of state sales tax, local sales tax, additional local room taxes, and combined state and local taxes on hotel rooms. In the last five years, almost every major city has raised the hotel/motel tax. The average tax rate on lodging only in the nation is 3.5%. The average total tax on lodging is 9% to 9.5% nationally because it is added to state sales tax of some kind. The tax rate in Multnomah County is 9% currently. The other Oregon counties are around 7% to 9%. The concern of the Oregon Lodging Association is that there is the possibility of a state sales tax and, during the last legislative session, a state lodging tax was proposed and will be proposed again. He said that one question that is asked to the lodging industry is why do they care since they do not pay the tax. During the last couple years, the American Hotel and Motel Association commissioned a study entitled Impacts of Room Taxes on the Hotel and Motel Industry. The study came to the conclusion that for every 10% of tax, the number of rooms declines by 4.4%. Depending on the average daily rate in the area, it translates to a drop in occupancy rates by 3.1%. By comparing the supply and demand elasticity, it was determined that 6.7 times as much of the tax is ultimately paid by the guests as by the lodging industry. The industry does pay a portion of the tax through suffering by renting fewer rooms to the extent of 3.1% occupancy. It is a popular tax in Oregon. Approximately 12 counties and 30 cities have lodging tax ordinances in Oregon. Nearly every city falls under some city or county taxing ordinance. Through 1990, about \$28 million was raised in lodging taxes, of which barely one-third went to tourism activities. Based on FY 1991 results, there is a record increase in the level of tax and a decrease revenue going to tourism related activities. The Oregon Lodging Association position is that since the hotel/motel tax is already greatly used with no prospects for limitations, it will continue to be the case. He said that the organization has concerns about whether that should be a taxing ability of Metro. He said that they would like to see it prohibited by vote or ordinance. If it must be in the charter, they feel strongly that it must have voter approval.

Sam Allen, President of the Tri-County Lodging Association, said that the easiest way to understand the room tax is to imagine a 6% or 9% tax on your business and pass it through to the customers. When people listen to that analogy, they realize that they could not do it. The reason that it is so easy for hotels to have the tax is because, normally, the people voting for the tax do not pay it. People tend to forget that when they go out of town, they end up paying a similar tax. He said that there is always the option of eliminating the tax. Just because it has been around forever does not mean that it has to be kept. He urged the Committee not to think of the room tax as an easy stroke of the pen. He said that he is personally offended by any government that passes a tax or an increase in a tax without some kind of a vote.

Chair Myers asked if it was the association's position that 50% of the hotel/motel tax be used in tourism promotion.

Phil Peach said that the position was taken by the National Association of Exhibition Managers as a national group. They felt that 50% of the local hotel/motel tax should be returned to the industry in some form of tourism promotion. The other organizations, although they have not adopted that position, have organized a large coalition to band together to try to call for a limitation on the taxing levels. Part of the conflict is due to the levels of tax. New York is closing hotels because the hotel/motel tax level is too high and people have opted to stay in New Jersey. There needs to be a

reasonable tax level in order for people to come to Portland and choose to have conventions here instead of Seattle. The tax rate of Seattle at 15% and Portland at 9% is a factor for some groups when they pick the location for a convention.

Chair Myers asked if the use of the tax for the Convention Center was a tourism promotion purpose.

Phil Peach said yes. The tax for Multnomah County was 6% until five years ago. The association expressed some opposition to the way the tax was being proposed, but they did favor the increase to 9% with 3% going toward the operation of the Convention Center. At the insistence of the association, 1% of the 3% would go to marketing of the Convention Center. Another 1% is not being used properly and that issue is a controversy that is being taken up with Metro. He said the Convention Center is considered a worthy expenditure and the association agreed to the increase in the hotel/motel tax before the approval of the \$65 million general obligation bond issue going before the voters.

Ray Phelps asked if the association is opposed to a hotel/motel fee levy or to the items on which the money is being spent to support it.

Phil Peach said that he has concerns on both. Regarding the levy on the lodging industry itself, he is concerned about the level that the tax is reaching and that it is escalating. He said that the lodging industry seems to be the logical source because they benefit from the tourism industry. The retail, food and beverage industry, and others also benefit from tourism. In studies, lodging is actually second or third to those areas. They are not out to repeal the tax, but there is concern over the level of tax. He said that, in general, they are not opposed to the tax.

Sam Allen said that, as an operator, he is opposed to the tax of any type, except what every other businessman might pay.

Ray Phelps asked if he understood correctly that Sam Allen is not opposed to a tax for the purposes of him being able to conduct business as long as everyone else in the same area of operation is treated equally. He said that he understands that they are not opposed so much to the tax as to the way it is being levied and those outside of it and the way that it is being spent.

Sam Allen said that, if he had an option of a tax or no tax, he would opt for no tax.

Ray Phelps asked how much public expense does a taxpayer incur for the lodging industry to do business by bringing tourists to Portland. What is the burden on the police, fire, and roads when bringing in tourists?

Sam Allen said that he does not believe it is any different than any other business. He pays the same real property tax as any other business. He said that he has heard figures stating that the number of Washington state license plates at Clackamas Town Center are as high as 30%. Clackamas Town Center does not pay more taxes than the real property tax, but it costs Oregon taxpayers when the roads need to be widened and new freeways need to be built. He said that Clackamas County has a 6% room tax to fund the Clackamas County fairgrounds. The tax was suppose to have been temporary, but as long as it is on the rolls, no one thinks of taking it off.

Ray Phelps asked if tourism requires more police and fire.

Sam Allen said no, but he does not know if a study was ever done.

Ray Phelps said that he thinks that a study was done for the area around the Convention Center and there was a higher concern for police in that area.



Sam Allen said that there might be different motives for that.

Bob Shoemaker said that Phil Peach mentioned that he had difficulty with allowing referral of the hotel/motel tax to the voters as contrasted to doing it within the governing body. He asked for an explanation of why.

Phil Peach said that the position that he is before the Committee to represent is a prohibition on hotel/motel taxes. When Multnomah County increased their hotel/motel tax from 6% to 9% five years ago, Mayor Clark of Portland said that he supported the tax because it was the one ordinance of Portland or Multnomah County that did not require voter approval. It was too convenient to submit it to the voters and let them decide. The members of the association feel that if the authority is going to be granted in the charter, it should be required to go to the voters. Personally, he said that it is easy to let the voters decide, but they might not listen to the pleas of the lodging industry.

Bob Shoemaker asked if the association understood that even an ordinance would be exposed to referendum. One of the recommendations, it is also in the Constitution, is that any taxing measure would not take effect for at least 90 days to allow for a referendum.

Sam Allen asked if Multnomah County had the same requirement. He said that he understood that the Commission proposes it, there is a second reading two weeks later, they put an emergency clause on it and it is in effect.

Bob Shoemaker said that he did not know about Multnomah County. The recommendation is that there not be any emergency clause permitted on any tax.

Janet Whitfield said that the referendum is a statewide requirement.

Bob Shoemaker said that by requiring an ordinance first, the council is being required to take the political heat of saying that they want the tax.

Phil Peach said that issue was not discussed with his association. He said that the referendum is better than nothing. The referendum opportunity should probably be on any tax ordinance in order to give the charter a better chance of passing. He said that the lodging industry is one of the few examples of an industry specific sales tax like no other in the state. It will probably continue and is a widely used city and county form of revenue which justifies it to be prohibited from the regional government.

Bob Shoemaker asked if the association understood that a prohibition is nothing more than a charter amendment of the people. There is no way to absolutely prohibit any form of tax.

Phil Peach said that he understood that anything could be amended.

Charlie Hales asked for the distribution of the hotel/motel tax in Multnomah County. He said that he understands that 2% goes to the Convention Center operations and 1% to promotion.

Phil Peach said that 5% goes to the general fund and 1% goes to marketing. That is currently a contract to Portland Oregon Visitors Association.

Chair Myers asked if the association has ever done a study or taken a position on economic significance of varying competitive levels of hotel/motel tax. He asked if there had been any policy statement of an overall objective of trying to level out or make the tax more consistent throughout the region.

Sam Allen said that the industry has never done it, but people outside of the industry have suggested that it be leveled out. He said that it does not have anything to do with competitiveness because it is a desired market. He said that, when Portland was considering going from 9% to 11%, he questioned the airline industry and the tour bus industry and discovered that the airline crews do not mind going to a different county to save money. The tour bus industry has package prices and will go down the street to save costs. He said that not everyone should be brought up to the level of Portland to make it all equal.

Phil Peach said that concern has never been expressed by members in the tri-county area.

Chair Myers asked what the burden is in Vancouver, Washington.

Phil Peach said that it is about 6%.

Sam Allen said that there is also the state sales tax on top of that. He said that the person who checks into a hotel does not differentiate where the tax is going.

Phil Peach said that the Washington statute authorizes 1% or 2% local hotel/motel tax which is required to be 100% dedicated towards tourism. Vancouver is at about 1%. Seattle also has local taxes to pay for their Convention Center.

### 3. Al Young

Al Young said that during the 1989 legislative session, there was a revision in the number of signatures that were required to refer something that Metro had passed. He asked if the Committee knew what that number was.

Ray Phelps said that it was the same as the state requirement, which is substantially lower than it had been before.

Al Young said that tax ordinances go into effect 90 days after they are passed, but about 21 days are lost to the filing procedures and the review of the signatures. This brings it down to 70 days for collecting the signatures, if you are ready to start the process the day after the ordinance passes. He said that the Committee will have a hard time passing the charter without having a lot of open doors in the form of taxes. He said that he is concerned that the Metro charter will be too loaded down with small issues and will fall under its own weight because it is an unattractive package when it reaches the voters. He said that the charter should be narrow in its focus to raise revenue and then have an orderly process for Metro to take on new services. The new function should be taken to the voters and, after it passes, there should be a new taxing authority to fund the new function. The people would be deciding when and how quickly Metro will be moving. The same is true with Tri-Met. He suggested that, at the same time that the Council is looking at a new function, there be an advisory vote to determine if Metro should be involved in the function. Metro is a prime example of a government that is getting bigger than anyone can get a handle on. If they are given the ability to raise more money in more ways, they will do it without being responsive to the citizens.

He said that he is concerned about the property tax. He said that Washington County citizens pay more for the Zoo than someone in Multnomah County with the same value of property because the limit is increased in some jurisdictions so that only so much can be levied in property tax. Anytime the voters in Clackamas or Washington Counties are asked to fund something, it will be difficult because of the difference that Clackamas County and Washington County are paying, more than other members of Metro. He said that he would like to see a regional income tax, such as 1%, that is shared between cities, counties, and Metro. The income tax could be used as general fund revenue. Metro could go to

the Legislature and ask for a one-half of 1% property tax dedicated to Metro on the vote of the people. This would be regardless of what the cities are acquiring. There needs to be an equal distribution. He said that the finance options put in the charter should be straightforward and not a list of 30 or 40 options for raising taxes. Financing is going to be the fatal flaw in the charter vote. People are afraid of raising money and are not happy with the way that Metro has grown.

Chair Myers asked if Al Young had a picture of a starting tax authority for Metro.

Al Young said that Metro should do what they are doing currently and possibly keep a couple of options that they have under the state law, but have not exercised. Only those options that Metro will probably use in the foreseeable future should be put in the charter. Metro should then come back to the voters with a more comprehensive funding plan. He said that he is fearful of the business tax and dramatic increases because there will not be enough people who are concerned about it to start a referendum. Metro will probably continue to take little pots of money trying not to offend people. Metro has a lot of money and will continue to grow if the money is available. In the recent Metro planning department cuts, the only reason for the cut that was given was money shortfall and not the performance of the service. The only handle that the voters and taxpayers have over the growth of government is the ability to vote on the potential taxes.

Chair Myers adjourned the public hearing at 7:50 p.m.

Respectfully submitted,



Kimi Iboshi  
Committee Clerk

Reviewed by,



Janet Whitfield  
Committee Administrator

Materials following this page represent  
Public Testimony

## A NEW FORM OF REGIONAL GOVERNMENT

Our ability to act effectively on regional issues is impeded by two problems of governance.

The first is how to have a government sufficiently strong to solve regional issues, yet sufficiently local to retain our connection with our smaller local communities. Debate over this issue has gone on for years. But while the debate continues, so do the problems.

The second problem of governance is a growing distrust between "the people" and "government," in spite of the fact that this nation was founded upon the principle that they are one and the same. The people are asking, "Where does the money go? What are we getting for what we spend?" Government people, equally frustrated, reply, "You simply don't understand the demands being made upon government today. The people complaining about costs are the same ones demanding more and more services from us."

When honest people who want to achieve the same ends wind up in opposition to each other, it's time to look at the system, not sides. It's time to cut the Gordian knot that restricts our ability to act. We need to change the way we govern and tax ourselves to achieve what we want for our region.

The traditional way of delivering government services and taxing for them is to lump all tax money into a single pot. Legislators and government executives then try to allocate that money among the large number of competing interests. In the process, the taxpayers lose track of where their money goes. At the same time the people in government end up feeling frustrated and unappreciated, because no matter how they ladle out the soup in the pot, no one is happy.

We are proposing a new form of regional government that bypasses this unsatisfactory resource allocation process.

The region will be divided into districts which will elect one member to a regional assembly. This assembly will only make regional policy, but it will decide which issues are regional. The assembly will set standards of service delivery for services affecting the region and see that regional policies and standards are carried out. It will not deliver services itself. Nor will it collect taxes beyond what it needs to pay for its own small staff and a professional manager.

Services will be delivered by separate agencies, either current governmental entities, private entities, or newly created entities, whichever the regional council decides is most effective. Wherever possible, the service-delivering agency will have a single purpose, for example, mass transportation. The funding of these service-delivering entities will be achieved through their own authority to ask directly for taxes or fees. The funds are

dedicated specifically to those agencies asking for them, and for the specific services those agencies perform.

Several important changes will happen if this system is adopted.

Under more traditional forms of government the people asking for improvements in service delivery must oppose the service delivering agency - their own government. The people within the government agency naturally enough tend to defend their actions. "We-them" results. People start to feel that the only way to get things fixed is to "throw the rascals out" or cut off their funds.

Under this new system, the governing body, the regional council, is separated from the service-delivering bodies. It is therefore more free to act on the public's behalf without conflict of interest.

Essentially, the tax allocation process will be in the hands of the voters. Taxpayers will know the use of their funds. Spending will be visible and therefore accountable. Furthermore, if the taxpayers feel any agency is not performing satisfactorily, the taxpayers can go to their regional government for help. Taxpayers will now have a useful tool for registering their satisfaction or dissatisfaction with specific aspects of regional government service, rather than having to wield the crude club of general protest, such as tax limitations and denial of school bonds.

We will still need municipal general purpose governments. Not all government services lend themselves to special purpose districts. But our proposed form of government should be used in areas where funding and control can be direct and sensible.

The Chamber recommends a regional government that employs this principle. Specifically, we recommend that:

- The regional assembly only sets policy, provides oversight, and assures policy compliance regarding matters of regional concern.
- The regional assembly has a disciplined procedure for defining what is a matter of regional concern, and such concerns are determined totally and exclusively by the regional assembly.
- The regional assembly has authority to enforce compliance with its policies.
- The regional assembly should be elected from single member districts.
- The Regional assembly should hire a professional manager.
- The interests of the regional assembly include but are not limited to land use issues.

- The regional assembly does not deliver services.
- All service delivery is to be delegated to other entities. If there is no other alternative, the assembly can establish another entity to deliver service.
- Financing authority for service delivery is to be approved by the voters and delegated to the entity delivering the services.
- All public financing must be single-purpose and dedicated, including financing for the regional assembly and its staff (which must be dedicated to policy-making and oversight functions).

The purpose of our proposal is to create a visible, accountable, and strong regional government.

Materials following this page represent  
Attachments to the Public Record



4690 NW Columbia  
Portland, Oregon 97229  
March 25, 1992

Mrs. Rene Cusma  
Metro Councillors  
Metro Charter Committee  
Metro  
2000 SW First Ave.  
Portland, Oregon 97201-5398

Re: Public Hearing - Finance Provisions of charter - time extension

Dear Mrs. Cusma, Councillors, Committee

It is approximately 6 pm on March 25, 1992, and I have just received your notice of public hearings on taxes scheduled for March 30-31, 1992.

It is also Spring Break week and thousands of Metro area residents are on vacation.

A normal cycle for notice of public hearing is 30 days prior to the public hearing under federal and state law - your notice is 4 calendar days. Yet there does not appear to be any emergency.

The normal notice and comment cycle for Washington County CPO's is 30-40 days. CPO's are official Goal 2 public comment vehicles under Oregon LCDC laws in Washington County.

ALL OF THESE FACTS SUGGEST AND DEMAND THAT ADDITIONAL HEARINGS ON THESE PROPOSED TAXES BE SCHEDULED FOR ABOUT 30 DAYS AWAY - i.e. about April 30 - May 5-6.

TAXES HAPPEN TO BE THE MOST CONTROVERSIAL AREA OF OREGON GOV'T.

With regard to your tax proposals, one notices that the Finance Subcommittee appears top-heavy with Oregon legislators - past and present (a clear conflict of interest for Sen. Shoemaker and other representatives) - and that the proposal appears to maximize the possible taxes - contrary to Measure 5, which passed overwhelmingly in Multnomah County. All of this makes one wonder if your charter committee is in touch with political reality in Oregon. With this sort of attitude towards the majority wishes of even Multnomah County residents, it would appear that the proposed charter should be overwhelmingly rejected by the citizens. It has been this type of disregard of voter concerns that has fueled several past efforts to abolish Metro.

From just these initial observations, it would appear that fuller hearings are needed on this topic: In addition it would be appreciated if your charter committee would make available the details of its discussions and proposed charter language adopted to date, as well as offer us some public hearings in Beaverton or Hillsboro. Not everyone in Metro area lives in Portland. Thank you.

Sincerely yours,

John Breiling, Chair CPO 7, Wash. County

3/30/92

METRO CHARTER COMMITTEE

c/o JOHN MEEK

PO. BOX 1327

HILLS BORO, OR 97123

TO THE COMMITTEE:

PLEASE RESTRICT THE TAXING AUTHORITY OF METRO AS MUCH AS POSSIBLE. THE AVERAGE CITIZEN IS ALREADY OVER BURDENED WITH TAXES, AND A RETIRED PERSON SUCH AS MYSELF COULD REALLY SUFFER FROM MORE TAXES.

I STRONGLY DISAGREE WITH THE SUNDAY OREGONIAN EDITORIAL'S STATEMENT THAT METRO "IS NOT SOME CAPRICIOUS, UNCONTROLLABLE BUREAUCRACY." I DO NOT BELIEVE THE AVERAGE PERSON WILL BENEFIT FROM SUCH METRO PROJECTS AS THE CONVENTION CENTER. POLITICIANS BENEFIT FROM SUCH PROJECTS BECAUSE POLITICIANS BENEFIT FROM GROWTH. AN ORDINARY VOTER SUCH AS I WILL ~~BE~~ ONLY ~~SEE~~ <sup>SEE</sup> THE PROBLEMS THAT GROWTH BRINGS, AND HAVE TO TRY TO PROTECT HIMSELF FROM SUCH PROBLEMS WHILE PAYING FOR THE PROJECTS WHICH CREATE THEM,  
B.G. TABER, 1906 C ST. FOREST GROVE, OR



3/30/92

Metro Charter Committee

% John Meek

P.O. Box 1327

Hillsboro, OR 97123

• Dies & Gentlemen:

I believe the taxing power of Metro should be strictly curtailed.

I am retired on a fixed income, and the taxes I pay are already such a burden that it is becoming very difficult to cope.

I do not believe that solutions to area-wide problems such as pollution require anything like the authority Metro already has.

I think that Metro should not be involved in any "fills" such as convention centers, stadium, hotel, etc.

Sincerely  
Bonnie Combs