

METRO
CHARTER
COMMITTEE

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

AGENDA

DATE: May 7, 1992
MEETING: Full Committee
DAY: Thursday
TIME: 6:00 p.m.
PLACE: Room 440, Metro, 2000 SW First Avenue, Portland

6:00 Meeting called to order.

Correction and adoption of minutes from April 16 and 23.

6:05 Discussion of remaining committee work plan, with review and approval of charter drafting schedule; appointment of subcommittee for the ongoing progress review of the charter draft.

6:20 Adoption of Charter drafting instructions relating to the financing of the regional government.

10:00 Meeting adjourned.

MINUTES OF THE CHARTER COMMITTEE
OF THE METROPOLITAN SERVICE DISTRICT

May 7, 1992

Metro Center, Room 440

Committee Members Present: Hardy Myers (Chair), Judy Carnahan, Ron Cease, Larry Derr, Jon Egge, Charlie Hales, Matt Hennessee, Frank Josselson, Ned Look, John Meek, Wes Myllenbeck, Ray Phelps, Bob Shoemaker, Mary Tobias, Mimi Urbigkeit

Committee Members Absent: Norm Wyers

Chair Myers called the regular meeting to order at 5:40 p.m.

1. Committee consideration of legal counsel.

Chair Myers asked the Committee for authorization to hire Tim Sercombe as the drafter of the charter and legal counsel. He said that Tim Sercombe's name came up many times when he and other Committee members inquired about possible candidates. He said that a resume of Tim Sercombe's background has been distributed to the members. He said that he would like to appoint a six member subcommittee which would act in the role of ongoing liaison to the full committee to assist Tim as needed and as appropriate in order to bring back, to the full committee, as complete a draft and one that accurately reflects the decisions of the Committee. He said that there are various decisions the Committee has not yet made. He said that he thinks the Committee ought to precede with the draft and work around or isolate those decisions in conjunction with Janet Whitfield and the subcommittee. It would then be arranged to bring the questions back to the full Committee for orderly decision making. He said that a number of large decisions have been made and a fairly comprehensive draft can be written.

Ned Look said that he talked to some people and was told that Tim Sercombe is an excellent choice. He said that Tim Sercombe comes highly recommended from his peers.

Ron Cease asked for Tim Sercombe's background with drafting charters.

Tim Sercombe said that he has been a municipal lawyer for 15 years and has a specialty on municipal powers and the structure of local government. He said that he has represented cities and the League of Oregon Cities in most appellate legislation in Oregon dealing with home rule and the powers of municipal governments. He said that he was active in the La Grande and Astoria cases in 1978 and the Roseburg cases in 1981 as well as a number of cases since then. He said that he has written books on the issue and is familiar with the content. He said that he has worked with municipal charters a great deal as city attorney and consultant to a number of cities and counties. He said that he has observations and thoughts as to the wording, use, and liability of some of the current model charter provisions. He said that he could provide the services to the Committee in a cost efficient way.

Matt Hennessee said that he has some strong feelings about how the Committee makes decisions. He said that he does not know how many members were talked to, but he knows that he was not and there are places where machines are on and a message can be left. There is also nothing on the agenda about hiring legal counsel. He said that the Committee has known that legal counsel was desired and he is supportive if Tim Sercombe is the person. He said that he does not care how nice

the members are with one another, he does not like the idea of finding out information that is of major importance to the Committee on the night of and asked to pass on it. He said that he is going to do it because he thinks it is the right thing to do and he trusts the judgement of the members. He said that if this ever happens again, in his view, he does not know if he can be as gentlemanly as he is struggling to be now. He said that he is talking about process.

Chair Myers said that any dereliction of the process or fault is entirely his. He said that, except for one or two members who made inquiries on their own, he has proceeded through a number of inquiries and took it upon himself to make a preliminary decision that Tim Sercombe looked like an excellent candidate based on his location, training, background, and experience. He said that a number of names that surfaced from his inquiries were in Eugene, but Tim Sercombe's name kept emerging. He apologized to the Committee for any sense of appropriateness in the way that it was handled.

Matt Hennessee said that he is respectful of Chair Myers, his position, what he wanted to do, and how he got it done. He said that his point is, as a group, the members ought to be more respectful of one another in terms of process. He said that he would move on with it tonight out of respect, but he would like the process to be better next time.

Jon Egge said that, ordinarily, he would have the same kind of concern. But, if he remembers correctly, the group empowered Chair Myers to do the search.

Matt Hennessee said that he remembers that also. He said that all he is saying is that there is nothing wrong with getting a phone call or a note which says that the Committee will do this tonight and this is the person.

Chair Myers apologized and said that he should have sent out Tim Sercombe's resume to everyone.

Ned Look said that he went to a meeting of the RGC in Beaverton. John Junkin, Washington County counsel, was at the meeting and during his comments, he made some remarks about who would be good people to do the drafting. He said that he called John Junkin who gave him a couple of names. Before that, he called Chair Myers and Chair Myers told him to go ahead and get the names and also ask about Tim Sercombe. He said that he then reported back to Chair Myers what he had heard. He said that it was all informally done and not done with any kind intent to circumvent the group.

John Meek said that he thought the Committee already hired someone to draft the charter.

Chair Myers said no. He said that there has been a lot of independent self starting work in the Metro Counsel's office regarding drafting provisions which might serve as some assistance to the Committee. He said that he is proposing to retain Tim Sercombe as the Committee's own direct drafter and will be acting at times in the nature of counsel to resolve questions.

Jon Egge asked if Chair Myers intended to use the substantial legal pro bono help of the Committee on the subcommittee.

Chair Myers said yes, in the sense of being available to assist Tim Sercombe in making sure that he has a member based interpretation of Committee decisions if he is unsure. He said that, to a great extent, Janet Whitfield will handle that conversation. He said that, in instances where it might be helpful to have ongoing contact with the Committee before the first draft is submitted to the Committee, there should be a group smaller than the full Committee group. He said that he anticipates that half will be lawyers and he does not envision them, beyond a minimal extent, trying to be drafters themselves.

Ron Cease asked what the time frame was.

Chair Myers said that the proposed target date is June 6. He asked the committee if they could commit two alternative Saturday dates to work through the first completed draft before it is taken before to the council. He said that the dates for the members to choose from are June 6 or June 13. He said that there are a number of decisions pertaining to the context of the charter that the Committee has not resolved in the detail that will be required for the charter. He said that he would like to have Tim Sercombe begin working on the charter and work around those areas. He said that there might be some that he will propose to solve. He asked the Committee to keep May 28 open in order to address some portion of unresolved questions rather than pushing it all to the Saturday workshop so that the Committee could come to the Saturday meeting with as complete a draft, as far as filling in unresolved details, as possible. He said that the Committee will not be meeting the next two Thursdays, providing they finish finance tonight.

Ned Look said that he assumed that the May 28th date was picked over May 21st because the materials would not be ready. He said that he would rather have it on the 21st.

Chair Myers said that the extra week would give the subcommittee more time to better identify the questions and determine whether it makes sense to deal with a portion of those or rather a full day meeting. He said that there will have to be a survey done of the members regarding their availability on June 6 or 13. He said that, to the extent that there are certain unresolved issues, the liaison subcommittee working with Tim Sercombe could, in some instances, develop proposed resolutions of those for the full Committee's consideration so the Committee does not just come in and start at large--there would be starting conceptions in certain instances. He said that the composition and selection of the RPAC is not resolved yet in the charter outline and it could be the kind of issue where Tim Sercombe, with the subcommittee, could develop a proposed approach which the Committee could take up as a point of departure which the Committee could accept, reject, or modify.

Frank Josselson said that it makes him uncomfortable to have someone who is attending his first charter committee meeting tonight to have any authority to make any decisions or proposals in regards to any unresolved issue. He said that if a subcommittee is going to be created to work with the drafting process, it seems appropriate that those decisions be delegated to the subcommittee, but certainly not to the draftsman.

Chair Myers said that he was not intending to delegate any real authority to Tim Sercombe. He said that there might be some issues on the unresolved list that he, as the drafter and lawyer, could develop for the subcommittee's initial consideration. He said that he is not talking about any decisions that would not be considered by the subcommittee and then the full committee. He said that he is sure that Tim Sercombe wants to be careful of the line of demarkation between himself and the Committee.

Larry Derr suggested an alternative to an evening before an all day session. Rather than have a meeting on May 28, if the Committee had the draft--highlighted where blanks were filled in--far enough in advance of the full day session, then there would be time for each member to put any thoughts or issues down on paper. That information could be given to Janet Whitfield to do an outline of the issues. The members could get the outline back ahead of the Saturday meeting with time to review. By the Saturday meeting, the members might have had a chance to work through the issues so that the Committee could get through the entire document in one day.

Matt Hennessee asked who Tim Sercombe's boss is and who he responds to. He said that he understands Tim Sercombe will be working with the Chair and the subcommittee. He is concerned that a number of members might want to run things by him, which would be an improper use of his

time. He said that Tim Sercombe will find himself responding to 15 or 16 different people. He said that the Committee should be clear as to how to utilize Tim Sercombe's time so that he gave provide his best counsel. If it is not clear, he will be wondering who he is to respond to.

Chair Myers said that he and Janet Whitfield would act as the primary sources of contact. Questions or directions to Tim Sercombe would be routed in that fashion to the greatest extent possible. The Committee as a whole will be represented by the subcommittee in dealings with him. He said that Tim Sercombe will charge for all his time the members use.

Matt Hennessee said that, as a Committee, everyone needs to be clear. He said that his believe is that the members ought to respond through either Chair Myers or Janet Whitfield--no exceptions. He said that the subcommittee is a different story. He said that he did not want members to use excuses to be able to go around that.

Chair Myers said that he hopes the members will be assured that all that is being discussed is an efficient way to use Tim Sercombe's time. The members of the Committee will make the decisions about what is in the charter. The Committee has made the decisions to this point and they will make them as to what is ultimately in the charter as far as any unresolved or changed decisions. He said that there will not be any game playing--it is just a matter of how best to utilize his time. The subcommittee mechanism gives the Committee an efficient way to give the full Committee's intersection with him without trying to convene all members every time there is a need.

Matt Hennessee asked if the subcommittee will deal with issues from here forward or backward to deal with decisions that have already been made. He said that the Committee has done a good deal of things up to this point.

Chair Myers said that the only function of the subcommittee will have regarding past decisions would be helping to resolve any questions or uncertainty regarding what the Committee's decision was. The subcommittee is not going to be empowered to direct Tim Sercombe to change some decisions that have been made regarding what goes into the draft.

Matt Hennessee said that he is asking the questions to be clear on what is going on because it is important that everyone around the table have a clear understanding.

Chair Myers said that, regarding unresolved questions, the subcommittee would be able, with Tim Sercombe and in some instances, to develop specific proposals for the full Committee as to how certain unresolved issues should be decided. The subcommittee would be acting as a proposer to the full Committee to give them recommendations to solve the issues.

Matt Hennessee asked how the fee structure would be handled. Will a fee structure be brought before the Committee? Is the Committee suppose to adopt the hiring of Tim Sercombe and assume that Chair Myers is making the negotiations?

Chair Myers said that he is asking for authority to retain Tim Sercombe and negotiate, on behalf of the Committee, his compensation.

Motion: Matt Hennessee moved, Mary Tobias seconded, to grant Chair Myers authority to retain Tim Sercombe as the Committee's legal counsel and drafter of the charter. Chair Myers would also have the authority to negotiate, on behalf of the Committee, Tim Sercombe's compensation.

Vote on the motion: Judy Carnahan, Ron Cease, Larry Derr, Jon Egge, Charlie Hales, Matt

Hennessee, Frank Josselson, Ned Look, Wes Myllenbeck, Ray Phelps, Bob Shoemaker, Mary Tobias, Mimi Urbigkeit, and Chair Myers voted aye. John Meek voted nay. Norm Wyers was absent. The vote was 14 ayes to 1 nay and the motion passed.

Motion: Matt Hennessee moved, Ned Look seconded, to grant Chair Myers authority under the bylaws to appoint a six member drafting liaison subcommittee. The membership of the subcommittee would consist of two members from each county.

Vote on the motion: Judy Carnahan, Ron Cease, Larry Derr, Jon Egge, Charlie Hales, Matt Hennessee, Frank Josselson, Ned Look, John Meek, Wes Myllenbeck, Ray Phelps, Bob Shoemaker, Mary Tobias, Mimi Urbigkeit, and Chair Myers voted aye. Norm Wyers was absent. All present voted aye and the motion passed.

Chair Myers appointed himself chair of the subcommittee and Mary Tobias as vice-chair. He appointed Ron Cease, Larry Derr, Frank Josselson, and Ray Phelps as members of the subcommittee. He said that he has not previously discussed service on the Committee with those members. He said that if there are any of the appointees who are unable to serve, he asked that they notify him. He said that the bylaws allow any member of the Committee to attend any subcommittee meeting and to participate as a member. He said that he did not ask members before he made the appointments if there are other members who would expect to be members of the subcommittee. He said that he views this subcommittee function as one where balance is not an issue. He said that if there are other members of the full committee who want to be part of the subcommittee, they are welcome to attend. All members will be notified of the subcommittee meetings.

2. Charter drafting instructions relating to financing of the regional government

Bob Shoemaker said that the finance subcommittee met many times. They arrived at four recommendations which were not unanimous but were close to unanimous within the Committee. There are as follows: One, the regional governing body may continue to impose revenue-raising devices currently imposed by Metro. Two, the regional governing body may enact all revenue-raising devices currently permitted for Metro's use by Oregon statutes. Three, imposition of the following types will require voter approval: personal income tax, business income tax, payroll tax other than as now imposed by Tri-Met, property tax and sales tax. Four, any other revenue-raising or financing device may be authorized by council ordinance, with a 90 day delay to allow for referendum to the people. He said that the 90 day delay is part of the Oregon Constitution, but it should be provided for in the charter.

Motion: Bob Shoemaker moved, Wes Myllenbeck seconded, that the Committee adopt the finance subcommittee report recommendations for inclusion in the charter. The four recommendations of the report are:

1. The regional governing body may continue to impose revenue-raising devices currently imposed by Metro.
2. The regional governing body may enact all revenue-raising devices currently permitted for Metro's use by Oregon statutes.
3. Imposition of the following types will require voter approval: personal income tax, business income tax, payroll tax other than as now imposed by Tri-Met, property tax and sales tax.

4. Any other revenue-raising or financing device may be authorized by council ordinance, with a 90 day delay to allow for referendum to the people.

Ron Cease said that there are three or four approaches to the tax issue. One is the subcommittee's proposal which would be pretty open-ended on the ability of Metro to adopt a tax source by ordinance. He said that is pretty common among cities, although counties are more restricted. He said that is what Metro would like. He said that others would like to make the ability to raise additional revenue by ordinance very restrictive if allowed at all. He said that a more middle ground would be preferred, such as giving them the authority to raise the taxes by ordinance as discussed by the Committee and put a reasonable cap on it. He said that the conflict would be easier to solve and it would be easier for some people to support.

Chair Myers asked if Ron Cease defined the term *cap* as a maximum level of revenue that can be raised.

Ron Cease said yes, but only in reference to the category of taxes that can be raised by ordinance. He said that the subcommittee recommends that a sales tax, income tax, and property tax go to a vote of the people. He said that the cap would not apply to those categories.

Ned Look asked if it would be done by a percentage basis.

Ron Cease said that it could be done by a percentage basis or it could be done by an absolute dollar value.

Bob Shoemaker asked if any revenue raised in excess of the cap would go to the voters.

Ron Cease said that it could always go to the voters.

Frank Josselson said one important issue is a lid or cap. He said that another important issue is to have a stable funding source for the planning and policy making functions of the regional government. He suggested that, as the Committee deliberates, the Committee consider the necessity of having a stable funding source for the planning and policy making.

Mary Tobias asked, for clarification as to how the discussion is to proceed under the motion, if the Committee could start discussing recommendation number one and have discussion as to what the implication of each recommendation is. She said that she understands that there has been no real discussion of the Committee as a whole. She said that it is hard to bite off the finance issue when it is bit off in one big up or down motion on the proposal. She asked how Chair Myers intended to proceed.

Chair Myers said that the motion has put the entire proposal before the Committee. He said that it can be discussed element by element. If there is a desire to amend or have a separate vote on an element, he said that he would try to facilitate that.

Ron Cease said that he is uncomfortable with the motion. Even though he is talking about a cap, if the cap is too narrow and limiting, he said that he would support the current motion over a very narrow cap. He said that he thinks that the Committee will arrive at a reasonable cap that will give the regional government some expectation over the next few years. He said this might leave most of the members satisfied by giving the regional government something that they do not have without leaving it being open-ended. He said that there are several pieces to the idea of a cap. If there is a cap, there are the questions of whether the current excise tax revenues are included and whether or not there are limits to what the money can be spent for. He asked Chair Myers if he was correct in that if the

motion should fail, a similar motion could not be considered. A different motion would have to be considered.

Chair Myers said that is technically correct. He said that his conception is that the main motion puts the entire report before the Committee and the Committee ought to proceed by taking up questions as amendments to the main motion.

Ron Cease suggested amending the motion to provide a cap which would be determined by taking the current 6% excise tax on gross revenue figure. He said that Metro is authorized to levy an excise tax of 6% on the basis of its gross revenue, but only its gross revenue which is raised by income producing activities. The total gross revenue for the year is \$210 million. He suggested that Metro be allowed to have a cap of 6% of the gross revenue which is \$12.6 million. He said that the cap be allowed to be raised by 6% of the \$12.6 million each year. The base of \$210 million would be used only once--it would not change. The \$12.6 million could be raised by 6% each year. He said that it would apply only to the ordinance raising ability. He said that he would prefer that the \$12.6 million not include the excise taxes that they are currently raising. He said that the \$12.6 million would be in reference to new taxes that would be raised subsequent to the charter and raised only through the ordinance raising power. The regional government would still have the ability to go to the voters on property tax, sales tax, and income tax. The regional government would also have the bonding authority for the property tax. If the regional government chose to, it could go to the voters for additional revenue beyond the \$12.6 million some time in the future.

Motion to amend: Ron Cease moved, Ned Look seconded, that in the first fiscal year after charter adoption, revenues from any new tax enacted by ordinance would have a cap of a total of 6% of Metro's gross revenues. Any amount to be raised above that (\$12.6 million, based on current gross revenues) will require voter approval. After that, taxes enacted by ordinance may be increased annually by 6%.

Ron Cease said that any cap would be arbitrary because it has to start someplace. The important thing is that the cap be known and remain stable.

Chair Myers said that the motion to amend is to limit the amount of revenue that the district could raise by ordinance, distinguished from those with a vote by referendum from the council. He asked if the base figure was from FY 1991-92.

Janet Whitfield said that the figure is from the FY 1992-93 proposed budget. She said that the number is rounded down.

Chair Myers asked if there was an exclusion from the calculation of that base.

Ron Cease said that he raised the issue of whether the current excise tax should be included in the cap, but the motion does not address that issue.

Chair Myers said that the amount of authorized revenue raised by ordinance could increase at 6% a year.

Ron Cease said that there has to be an inflationary figure.

John Meek said that the starting point for the cap would be with the adoption of the charter. He said that he understands that it would not require Metro to exercise that option to reach the \$12.6 million prior to the 6% increase. He asked if Metro would have to raise the \$12.6 million before the 6%

increase would kick in. He asked if Metro could raise \$2 million the first year of the charter and then raise the balance, \$13.4 million, the next year. He said that was a concern of his.

Ron Cease said that he intends that the only way the cap would shift without a change in the charter would be a 6% growth that would be capped, not on the amount that was actually being raised.

John Meek said that the motion does not propose any change in the excise tax structure as it is recommended by the finance subcommittee.

Ron Cease asked if the finance subcommittee recommended a change of the current excise tax.

Bob Shoemaker said no.

Ray Phelps asked if what Ron Cease was setting was the same process as a tax base election where the Constitution would adopt a tax base and it used to include a 6% inflationary factor.

Ron Cease said that there is a similarity, except that there is a cap that is realistic and somewhat generous in reference to the years ahead. He said that there is no way in the near future that Metro will use the rate, unless they get approval to add a function. In that instance, they will have something to work with.

Ray Phelps said that the way that Ron Cease's motion is prepared is that there would be no disincentive for the government to not step up to \$12.6 million immediately, whether they need it or not. He said that the motion should provide that the regional government can go to \$12.6 million and once they reach that, they may only move 6%. Otherwise, if the government is locked into the first year at the rate that they establish at the increment and the increase can only be 6% thereafter, then if government stepped in at \$4 million, it could only increase 6%. He said that the motion needs to allow for the base year of \$210 million and a maximum authorization of \$12.6 million. If they do not hit it, they can still move forward. Once they hit it, they can only increase it by the 6% figure. He said that, otherwise, the government would probably reach \$12.6 immediately whether it was needed or not.

Ron Cease said that the charter is not giving the regional government any money. Looking at their current excise tax, they can raise more excise tax now than they are raising, but they have not done that. He said that he does not think it follows that just because there is a cap, they will immediately go to raise the cap.

Ray Phelps said that he is not arguing with the cap. He said that he is concerned about the concept of capping based upon a certain year to a specific amount and then putting the tail in that it may only increase 6% every year there after without a vote of the people. He said that he is not clear in the way it is structured if the result would be adverse and there would not be the \$12.6 million after all.

Bob Shoemaker said that, as Ron Cease has stated it, there would be no particular incentive to go up to \$12.6 million right away because it would always be available to you. He said that the 6% increase would go on every year also. It is a reservoir to draw on when it is necessary. The government does not have to draw up to it in order to increase it the next time. He said that he does not agree with John Meek in that it would give an incentive to go up to \$12.6 million right away so that it could get the next 6%. He said that the way Ron Cease is proposing it, you would not have that incentive.

Ray Phelps said that it would be \$12.6 million plus 6% a year.

Bob Shoemaker said that it would be compounded because the 6% is on the total from the previous year.

Ray Phelps asked if he were to levy \$5 million, what would be his increment the next year.

Bob Shoemaker said it would be \$7.6 million. The following year would be an additional \$.8 million.

Ray Phelps asked if he could go to \$12.6 million the next year.

Larry Derr said no, it would be \$12.6 million plus 6%. He said that Ray Phelps' concern is met by this proposal.

Chair Myers asked Ron Cease if Larry Derr's interpretation of the motion is correct--the base authority would not be lost if it is not used in a given year.

Ron Cease said that is correct. Ron Cease said that he does not want to encourage them to use it. He said that he wants it available if it is needed. He said that they would still need to go through the ordinance process. He said that his motion did not state it, but he would assume that the 90 day waiting period for referendum would still remain. He said that there are other issues that would need to be added to it, but, at this point, he is talking about a cap and a particular approach. If the Committee approves it, then the other issues would need to be tied down. He said that he is not suggesting anything that would encourage them to use the base. He said that the regional government has no real authority now, except for the excise tax, and they need to be given something. He said that he is uncomfortable with the politics of it to make it an open-ended approach.

Jon Egge said that there is no rationale for allowing it to grow by 6% if it is not going to be used. He asked if the regional government levied \$5 million in the first year, why allow the cap to grow by 6% and continue to grow by 6%. He said that he likes the idea of a cap, but would like to say that, until you get to \$12.6 million, you do not have the escalator on top growing every year as a ceiling that might be taxed to. He said that it would be no cap at all. He said that, regarding the incentive to \$12.6 million, the taxes have to be done by ordinance and they will not be allowed to spend like drunken sailors. Someone will be watching the process. He said that he does not think that they will immediately jump to \$12.6 million and immediately get into the 6% cycle. He said that he is very concerned about the cap if the government has not come to the cap point to start out. He said that there will always be a huge reservoir pushing out in front.

Ron Cease suggested that the 6% figure be taken away from the motion to be handled separately. He said that the important issue is the cap and the amount. The 6% figure comes after that.

Bob Shoemaker said that it would make a difference in his vote. He said that if the Committee were to vote for a cap without an inflation factor, then the Committee is committed to that. If the Committee is not willing to vote for an inflation factor, the Committee has already agreed on a fixed cap. He said that if he is going to be persuaded to a cap, he needs to have the whole picture in front of him.

Ron Cease said that he would leave the 6% figure in the motion.

Jon Egge asked what the money would be spent on. He asked if it was for the function of the government or if it could be used for anything that the government wishes. He said that he is concerned about a stable funding source for planning and the authority that the Committee has given the government.

Ron Cease said that the issue of whether or not the excise tax is included is a separate issue since it is not part of the motion. He said that the use of the revenue to support overhead costs is not part of the motion and should be up to the government. He said that it would leave money for planning,

greenspaces, or arts and entertainment. He said that he does not know what Metro will take on in the next couple of years and he is not terribly concerned about it. He said that they should be given a cap and a way by which to do some of those things. He said that his point is giving the regional government something that would give them some leverage in authority only for the next several years.

Frank Josselson said that the important consideration for the regional government is that, with the exceptions of the Zoo and MERC, it is a government which runs off of user fees and enterprise revenues. The operation of the performing arts center and the exposition center will be a problem in the future. He said that, in terms of excise tax revenues and other revenues that are collected by the government outside of user fees, the history of the government is if the money is not there, it is not spent for planning. He said that when he thinks of a stable funding source, he thinks it is tremendously important to have a cap. He said that Metro is the only government that does not have a cap and that is not subject to Ballot Measure Five. He said that the revenues under the cap should be dedicated to the functions of the government as opposed to general services and overhead which ought to be funded by the traditional cost allocation method. He said that money needs to be dedicated to make sure that the council the Committee creates does not wipe out its planning department when revenues from solid waste go down.

Ron Cease said that he understands the concerns that the government will not spend money on planning, although he does not agree with it. He said that he thinks the government will spend money on planning. The regional government's major source of funding is the excise tax and there is some leeway in how it is used. He said that he has been bothered all along with the way that the regional government charges costs back to the program. He said that an issue can be made as to whether the charges imposed against the Zoo and other departments are realistic charges in terms of the services that they get. He said that any government should be in the position, if it has various tax revenues, to have some discretion on how the tax revenues are used for the general operation of the government. He said that some options need to be left up to the organization. They need to be given some leeway and it needs to be generous over time. He said that the issue of limiting it to functions or not using it for overhead is a legitimate issue to consider. He said that it is not included in the amendment.

Mary Tobias said that the Committee is wrestling, in a compressed way, with an issue that has been debated off and on. It has not been studied with the intent of resolution by both the regional government or the local governments. She said that there has always been concern about funding for Metro and there is regional consensus that it is flawed and does need to be corrected. She said that the best thing the charter could do would be to continue the status quo and set down specific requirements for action of resolving the further issue on a broader basis than the 16 people around the table--none of whom are charged with making the government function after the charter is adopted. She said that the action of the charter would cause it to happen. She said that language could be drafted to move it into the charter. She said that there are a lot of issues that she does not see the Committee resolving in terms of how the whole issue will play out in the whole arena.

Jon Egge asked Ron Cease if his motion included consultation of a citizen committee before adoption of any tax by ordinance.

Ron Cease said that it is not, but he would add it. He said that the 90 day delay for referendum and the fact that they would have to appoint a committee of business people and local government and other citizens for consultation would be good additions to the amendment. He said that there needs to be an open process that the media will pay attention to.

Friendly amendment to the amendment:

Ron Cease amended his amendment to the motion to include:

1. Before adoption of any tax ordinance, consultation would be required with a Metro-appointed committee consisting of citizens, business and local government representatives of the region.
2. There will be a 90-day delay to allow for referendum to the people.

Jon Egge said that the amendment is not perfect, but it is a major step in the right direction. He said that it could be viewed as a compromise. He said that he agrees with most of what Ron Cease has said. He said that he has one problem with the amendment, which is to allowing the cap to grow if it is unused. He said that once the cap is hit, then the 6% should be allowed to raise. He said that there are a couple of hybrids off of that.

Ron Cease said that there are mixed views on the Committee and he would hate to see the motion go down on that issue. He said that the Committee could come back to it. He said that the Committee will not be able to come up with a package and have everyone agree with it. He said that, in reference to the cap and assuming that they reached the cap, all they would have would be 6% more. He said that he does not see it as a problem.

Bob Shoemaker said that is not his understanding.

Chair Myers asked if the 6% figure applies to what they raise.

Ron Cease said that if the regional government is up to the cap in one year's time, the government will only have 6% the next year. He said that is what Jon Egge was raising--if you do not reach the cap, the 6% grows.

Chair Myers said that the proposed amendment states that the cap would increase by 6% a year--it would be compounded--regardless of the amount under the cap in the preceding year.

Ron Cease said that is correct.

Larry Derr said that an argument on the other side of Jon Egge's concern is that if the Committee decides what is a reasonable cap, and given that inflation fluctuates, the reasonableness will go away over time if the cap does not grow. He said that another argument is that if the only way to take advantage of the 6% increase is to spend up to the cap, there is the incentive to spend up to the cap. If the government will get the benefit of the inflation factor without using it all, there will hopefully be less of an incentive to spend it all this year. He said that those two arguments are persuasive enough for him to go with Ron Cease's proposal.

Bob Shoemaker asked Jon Egge if he would be more comfortable if the Committee could find a way to increase the cap in a way that relates to the prosperity and population within the region in a way that ties into, and is measurable to, the financial impact on each person within the district so that it will not increase in any spending power sense.

Jon Egge said that he would be more comfortable with that, but he does not have an answer as to how that could be done.

Bob Shoemaker said that one option would be to connect it with the assessed values of property within the region, assuming that the assessed value could be up to market. Thereafter your increases in assessed value will reflect the development of the property, thus increasing its value, and it will reflect the economy. He said that people can always go and check in the taxing logs of the three counties to determine how the assessed value has changed year to year. Expressed as a percentage, it would be

the amount the cap could raise.

Charlie Hales said that he has had a hard time getting excited about the proposal because he does not know what it is guarding against. He asked if Ron Cease's argument is primarily that this will improve the political palatability of the taxing powers that the Committee is granting Metro or if the Committee is conferring additional taxing powers that Ron Cease thinks there needs to be a brake on.

Ron Cease said that it is probably more politically saleable. The other part is that, looking at how governments operate, having some sort of a cap is not an illegitimate process.

Charlie Hales asked if the amendment applies to existing revenues or just new taxes created by ordinance.

Ron Cease said that question is open. The motion does not cover that. He said that it applies to taxes and not to fees and charges.

Ray Phelps said that an alternative to the 6% figure would be the Consumer Price Index (CPI) so that it fluctuates for what the market really shows. He said that he would recommend substituting the 6% figure for the CPI for major cities, not the Portland CPI. He said that with the growth prospects in the area, the demand for revenues may exceed the CPI at any time. He said that the CPI for major cities is a little higher and it is the escalation factor that is used now by Metro in the labor agreements.

Bob Shoemaker asked if it took into account population increases.

Ray Phelps said that it does not in a direct relationship, but it does in reality because as population increases, a lot of costs increase and housing is reflected heavily in the CPI calculations. He encouraged the Committee not to look at measuring off a property values systems, whether it is true cash or market, because it will invite someone challenging the Ballot Measure Five relationship.

John Meek said that he does not know who the Committee is trying to protect--the government or the people. He said that he thought the Committee was for the people and the people have spoken loud and clear that they want constraints so that they have some input to what is going on, how their money is being spent, and how much government can collect without having a visible and open process of generating additional revenue. He said that although some people say that the regional government needs more money, it is not a starving government. He said that there are no constraints on the current excise tax. Granted, they have not reached their limit yet, but the way that the finance report is drafted, the excise tax could be levied against any additional services that the regional government would take on. If Metro takes on Tri-Met, the figure would include the \$4.5 million value of Tri-Met which would cause the total gross revenue of Metro to reach \$17.1 million. He said that the idea of going from \$12.6 million this year to \$13.4 next year is a lot different than what the people have been saying that they want the government to do over the last five years. He said that he does not concur with Ron Cease in that the proposal would be politically palatable. Unless the Committee can fake it by the voters, it will be a terrible thing to present to them.

Ned Look said that he concurs with Ray Phelps. He said that there is rationale to using the CPI since Metro is already using in other areas.

Ron Cease said that he does not question that it would be easier to sell the charter if there was a proposal that every tax item would go to the voters, but the Committee must be realistic. He said that cities and counties have broad taxing authority. He said that sometimes they run crazy and do taxing without reference to the public, but the Committee cannot control that. He said that the regional government does some things which are close to the people and some that are remote from the people

and some things will probably remain remote. He said that there needs to be a way to give them leeway without giving them the whole sky. He said that all he wanted to do with the 6% is get at the inflationary issue and he has no problem with doing it another way.

Matt Hennessee said that he supports the spirit of the amendment. He said that he likes the CPI process because it is better than the 6% process. He said that the Committee should be careful about being too frightened because John Meek is right about the numbers, but 20 years out, \$50 million will not mean near what it means today and there will also be a half a million more people living in the area. The whole nature of the government, in terms of services that it may be providing, may change. He said that the whole thing is a crap shoot.

Larry Derr said that he agrees that there should not be anything hidden in the proposal and he is inclined to have the excise tax included. He said that he thinks the cap is a reasonable compromise and provides more flexibility to taking everything to the voters.

Frank Josselson said that the region is operating in the context of Ballot Measure Five and the property tax limitation that has impoverished the state. He said that every state agency has been ordered to cut back 25% and the corrections division recently proposed closing six prisons. He said that there is a serious recall effort being made against the Governor in response to the fiscal crisis of the state. He said that Metro is the most bloated government in the state and grew by 88 full time employees this year and has no limitations whatsoever. He said that the Committee is trying to figure out how to give it the power to tax three times as much as it had before it started. He said that he would find it totally unreasonable for the voters to adopt a charter that would do the types of things that the Committee is discussing.

Ray Phelps said that the idea would be not to establish a tax, but merely create a milestone by which to measure a level over which the government would have to go to the voters and under which it would not. The political decision processes would regulate what that level is. He said that he does not see when there would be a difficult time appropriating anything to anyone. He said that it is creating the authority for government to create a funding base that is reasonable and realistic before having to go to the people to convince them that more is necessary. With regard to the escalation process, it is wise to do that. He said that he did not know if it was politically achievable, which will be a threshold to the escalation factor. He said that the Committee should start voting.

Janet Whitfield asked if the motion included any tax or any new tax. She asked if it had been defined when a tax is a new tax.

Ron Cease said that the proposal does not deal with the issue of existing taxes, but it does deal with all new taxes that can be adopted by ordinance. He said that if a current tax is increased by ordinance, it would be included under the cap. With Larry Derr's suggestion, the excise tax would be included under the cap.

Janet Whitfield asked if, during the next year, those taxes that were defined as new last year be considered to be old.

Ron Cease said that new taxes would be anything that is done after the adoption of the charter.

Motion to amend the amendment:

Ray Phelps moved, Charlie Hales seconded, to amend the amendment by:

1. Replacing the 6% escalating figure with the CPI for major west coast cities.
2. Stating that the taxes which fall under the

cap are new taxes and excise taxes.

Ron Cease said that the \$4.5 million in excise tax would be included in the cap.

Bob Shoemaker asked why the reference to the CPI for west coast major cities is more accurate than the CPI for Portland. He said that he would think that the CPI for this city better reflects the economy in Portland that the escalator relates to.

Ray Phelps said that the major cities CPI reflects a composite of a number of large cities on the West Coast which gives the regional government an edge toward the delay when trying to use the Portland CPI. The Portland CPI does not advance in the same dimension as the major cities CPI. It tends to lag, which is usually the result of the housing costs. The lag behind is not significant, usually not more than a 1% differential. He said the major cities CPI is usually higher because there is more of a regional, west coast reflection of the aggregate in the cost of living.

Bob Shoemaker said that he is concerned that if Portland becomes the best city on the west coast and everything starts to happen here, the Portland CPI will go up faster than the rest of the west coast. If the regional government is locked into an escalator that relates to the whole coast, the government may find itself in trouble.

Ray Phelps said that he does not think that will happen.

Jon Egge said that he normally does not like the CPI, but agrees with its use for this. He said that the problem with the CPI is that it assumes that every individual in the area is in every market at the same time. He said that it can be an absolute self fulfilling prophecy which worries him.

Janet Whitfield asked if Metro has any taxes now that are enacted by ordinance.

Ray Phelps said that the excise tax is enacted by ordinance. He said that any tax raised by ordinance would be under the cap.

Mary Tobias said that she is uncomfortable with the direction that the Committee is going, in part because of the comments made by Frank Josselson. She said that it is foolish of the Committee to believe that any members have a handle on what the state is going to be doing about taxation. She said that the anger and frustration that Isaac Regenstreif used to speak of is very real. To simply, in the course of one night, try to resolve something that is so much bigger than the Committee can touch on is poor policy making. She said that she needs to spend more time with the motion. She said that anything that is put on the ballot and is perceived to be a granting of authority beyond what the government is currently empowered to do, will kill the charter at the polls. She said that the Committee can be as visionary as they want to be, but it will not matter. She said that she agrees with Frank Josselson and it is foolish to ignore that. She said that there are things that can be done to the proposal that would place the financing issue into an arena in which it can be dealt with beyond the time constraints facing the Committee and before the people with a greater understanding of the issue.

Larry Derr said that he understands that Metro currently has no cap and has the authority to enact some or all of the types of taxes.

Bob Shoemaker said that they really do not. He said that they have the authority to enact by ordinance as contrasted to going to the people for the excise tax.

Larry Derr said that he is specifically curious about the excise tax.

Bob Shoemaker said that he is not sure whether Mary Tobias' concerns are regarding the cap or for the recommendation of the subcommittee.

Chair Myers said that the amendment to the main amendment and the main amendment are super-imposed over the rest of the subcommittee's proposal, which does augment the revenue raising choices. He said that the way to come at the question of whether those should or should not be handled as the subcommittee proposed is to dispose with the cap issue and then dispose of the rest of the report.

Larry Derr said that, in the context of the proposed authority to adopt excise ordinances or taxes by ordinances, a cap is in the direction of a constraint and not an enlargement. He said that Mary Tobias' concern can be expanded at the main motion, when the Committee gets there.

Motion: Ray Phelps moved, Frank Josselson seconded, to terminate debate and vote immediately on the amendment to the amendment.

Mary Tobias said that she understands the language to read that the revenue from any tax alone may total 6% of the gross revenue. If there are seven excise taxes, each may total 6% of the gross revenues.

Chair Myers said that he did not think that was the intent, but Mary Tobias' question relates to the main amendment and not the amendment to the amendment being voted on now.

Vote on the motion: Judy Carnahan, Ron Cease, Larry Derr, Jon Egge, Charlie Hales, Matt Hennessee, Frank Josselson, Ned Look, Ray Phelps, Bob Shoemaker, Mimi Urbigkeit, and Chair Myers voted aye. John Meek, Wes Myllenbeck, and Mary Tobias voted nay. Norm Wyers was absent. The vote was 12 ayes to 3 nays and the motion passed.

Restatement of the second amendment: The amendment to the main amendment replaces the 6% escalating figure with the CPI for major west coast cities. The main amendment would also be clarified to state that any tax enacted by ordinance would fall under the cap.

Vote on the second amendment: Judy Carnahan, Ron Cease, Larry Derr, Jon Egge, Charlie Hales, Matt Hennessee, Frank Josselson, Ned Look, John Meek, Ray Phelps, Bob Shoemaker, Mimi Urbigkeit, and Chair Myers voted aye. Wes Myllenbeck voted nay. Mary Tobias abstained. Norm Wyers was absent. The vote was 13 ayes, 1 nay and 1 abstention and the amendment to the main amendment passed.

Motion: Frank Josselson moved, Matt Hennessee seconded, to terminate debate and vote immediately on the main amendment.

Chair Myers restated the original amendment. The amendment as amended would impose a limit on the total revenues that could be raised by the district from all taxes enacted by ordinance, including the existing excise tax, to 6% of gross district revenues for the 92-93 fiscal year. That cap would be subject to an annual increase as determined by the application of the CPI for major west coast cities.

Bob Shoemaker asked how the Committee knows the figure will be \$210 million.

Ron Cease said that it is the projection for next year and if it is off, it would only be off by a little bit.

Janet Whitfield said that it is rounded down. She asked if the citizens review committee and 90-day delay for referendum are included in the amendment.

Ron Cease said yes.

John Meek asked if the \$210 million estimate for the FY 1992-93 budget has a growth factor. He said that 6% of that figure would be the base, so the Committee is not fixing the base in the charter.

Ron Cease said that it is fixed for the base year in that it does not change.

Chair Myers said that amount is not stated in the charter.

John Meek asked if the possibility of Tri-Met being brought under Metro, before the end of the FY 1992-93, is excluded.

Ron Cease said that he is not talking about Tri-Met. It does not include additional functions. It is the current base.

Bob Shoemaker asked if the \$210 million figure was from the budget.

Janet Whitfield said that it is from the proposed FY 1992-93 budget. It is their gross revenues.

Bob Shoemaker suggested making reference to the figure that is in the proposed budget.

John Meek suggested fixing the rate to \$12.6 million as the starting point.

Ron Cease said that he has no problem with including a base dollar figure instead of the base rate.

John Meek asked if the amendment includes the CPI growth on the \$12.6 million figure.

Chair Myers said yes.

Friendly amendment to the amendment:

Ron Cease amended, Ned Look agreed, to an amendment to replace the 6%, of Metro's gross revenues, cap on revenue from any tax enacted by ordinance with a \$12.6 million cap.

Mary Tobias said that she had a question before the last vote and was told that it applied to this motion, and now the motion to terminate debate prevents her from asking the question. She said that she did not like the way the locomotive was moving through the room.

Chair Myers said that he thought he restated the motion in a way that answered Mary Tobias' question. He said that Mary Tobias' question was whether the cap applied to the aggregate of all revenue from all sources, and not tax by tax. He said that the answer to the question is that it applies to the total revenue created and not one tax at a time. He called for the vote to terminate debate.

Mary Tobias said that this type of decision making is very important and it is not a good idea to have concepts flying through the air.

Vote on the motion:

Judy Carnahan, Ron Cease, Larry Derr, Jon Egge, Charlie Hales, Matt Hennessee, Frank Josselson, Ned Look, Ray Phelps, Bob Shoemaker, Mimi Urbigkeit, and Chair Myers voted aye. John Meek, Wes Myllenbeck, and Mary Tobias voted nay. Norm Wyers was absent. The vote was 12 ayes to 3 nays and the motion to terminate debate was passed.

Restatement of the amended amendment:

The amended amendment to the main motion states:

1. There will be a 90-day delay to allow for referendum to the people.
2. Consultation would be required with a Metro-appointed committee consisting of citizens, business and local government representative of the region.
3. In the first fiscal year after charter adoption, revenues raised from any tax enacted by ordinance may total \$12.6 million. Any amount raised above that cap will require voter approval. In the next and subsequent years, taxes enacted by ordinance may be increased annually over the previous year's cap by the Consumer Price Index of major west cost cities.

Vote on the amended amendment:

Judy Carnahan, Ron Cease, Larry Derr, Charlie Hales, Matt Hennessee, Frank Josselson, Ned Look, Ray Phelps, Bob Shoemaker, Mimi Urbigkeit, and Chair Myers voted aye. Jon Egge, John Meek, Wes Myllenbeck, and Mary Tobias voted nay. Norm Wyers was absent. The vote was 11 ayes to 4 nays and the motion passed.

Chair Myers asked for further discussion on the main amended motion.

John Meek asked if there is anything mentioned in the subcommittee report that is excluded from the cap.

Ron Cease said that any tax that is taken to the voters is not included.

Bob Shoemaker said that any personal income tax, business income tax, payroll tax, property tax, and sales tax must go to the voters, regardless of the amount. Any other tax must go to the voters if it will raise revenues that exceed the cap. Any tax may go to the voters if, within 90 days after the enactment of the ordinance, it is referred by referendum.

John Meek asked if any revenue raised through an ordinance which Metro chooses to take to the voters is in or out of the cap. He said that the taxes with specific language saying that they must be taken to the voters are outside of the cap.

Bob Shoemaker said that it would be under the cap if it was enacted by ordinance.

John Meek said that a personal income tax would be enacted by ordinance.

Chair Myers said that it is his understanding that the fact that the district elected to refer a revenue raising measure while still under the cap does mean that the revenue from the measure approved by the people is taken out from under the cap.

Ron Cease said that the issue is whether the tax is authorized by ordinance. As long as it is authorized by ordinance, regardless of whether it is taken to the voters, it is still under the cap.

John Meek said that there is a system development charge that can be enacted by ordinance. He asked if it would be under the cap.

Ray Phelps said yes.

Ron Cease said that cities have the same funding mechanisms now by ordinance.

John Meek said that tax increment financing is done by ordinance. He asked if that would be under the cap.

Ray Phelps said that it would be under the cap. He said that anything that is done by ordinance is under the cap, regardless of whether the council decides to take it to the vote of the people.

Janet Whitfield asked about franchising.

Ray Phelps said that franchising is a fee and not a tax.

Janet Whitfield asked if, in one year, the tax goes over the CPI limit and the regional government takes it to a vote of the people, does that tax go under the cap.

Ron Cease said that if the regional government is asking to go beyond the cap, it is a different manner.

Janet Whitfield said that the regional government is asking to go beyond the cap and they take it to the voters, it would not be under the cap the next year because it was taken to a vote of the people.

Ron Cease said that it depends on what the motion says. He said that they are free to vote on it and amend the charter.

Janet Whitfield asked if they go to the people with the tax, get authorization, would it be part of the CPI the next year.

Chair Myers said no, unless the cap itself were amended by the vote.

Janet Whitfield said that everything is authorized by ordinance at some point.

Bob Shoemaker said that the answer to John Meek's question is that any tax that is taken to the vote of the people is not under the cap.

Ron Cease said that is not correct. He said that any tax that the regional government is authorized to tax only by ordinance, and if they choose to send it to the voters and get approval, is under the cap. If the regional government sends something to the voters because they are required to by law, it is not under the cap.

Bob Shoemaker asked about taxes sent to the people by referendum.

Ron Cease said that it would still be under the cap because the law authorizes it by ordinance, even though it is referred. He said that the key is that it is authorized to be imposed by ordinance.

Bob Shoemaker said that referral is different.

Ron Cease said that it would still be under the cap because it was authorized by ordinance. He said that the regional government could always go back and ask them to change it.

Chair Myers suggested that the Committee define the circumstances in which the revenue raised would not be under the cap.

Larry Derr said that the sense of it is that the main motion of the subcommittee gives the council authority to adopt certain kinds of fund raising taxes by ordinances and those taxes are the ones under the cap.

Bob Shoemaker said that it is not quite that simple. He said that the fourth recommendation is that any revenue-raising or financing device, other than income tax, payroll tax, property tax, or sales tax, can be enacted by ordinance. He said that revenue raising devices includes fees. He said that the amendment applies only to taxes so the distinction needs to be made. He said with that clarification, Larry Derr is correct.

Jon Egge said that, on the subcommittee, he and John Meek voted consistently on a number of issues. He said that he felt, during the subcommittee process, very strongly that some things should be prohibited by the charter. He said that the test of amending the charter is not a great deal more than going to the voters for the tax itself. He said that the mileage that the charter gains from prohibiting some of the taxes--property tax beyond what is currently being done at the zoo, business income, personal income, and sales tax. He said the taxes are things that the government is not likely to pass, but the government should not limit themselves. He said that the purpose is to give some comfort to the voters that these sacred taxes will not be imposed by the government, even with a vote of the people. He said that the reality is that the charter amendment and simultaneous vote for property tax is almost no greater test because they might both be on the ballot at the same time. He said that is one of his major concerns with the subcommittee report.

Chair Myers said that he understood Jon Egge to say that his preferred approach is to substitute a prohibition for a requirement of a vote of the people for the taxes that the subcommittee report requires voters approval.

Motion to amend:

Jon Egge moved, Frank Josselson seconded to amend the amended main motion to prohibit the personal income tax, business income tax, payroll tax other than as now imposed by Tri-Met, property tax beyond those currently being imposed, and sales tax.

Ron Cease said that, as a practical matter, local governments have the authorization to require the taxes without a vote of the people. He said that requiring the enactment by vote does not mean that it is likely to happen. Until the states resolves the sales tax issue, the state will not allow local governments to collect a sales tax. The income tax is a different issue. He said that the property tax, if prohibited, is prohibiting the issuing of bonds on property taxes. He urged the Committee not to do that. He said that there will be times, such as with the Convention Center, when part of the financing comes from bonds on property tax. He said that authority should not be taken away if the voters approve it.

Motion:

Ray Phelps moved, Ned Look seconded, to end debate and vote immediately on the amendment to the motion.

Jon Egge said that the sales tax and property tax are the least of his concern. He said that his major concerns are the payroll tax, business income tax, and personal income tax. He said that he is opposed to the payroll tax because of the message it sends, allowing a certain part of the electorate to impose a tax on another part of the electorate. He said that it is a message issue.

Chair Myers said that the present payroll tax used by Tri-Met does not exhaust the statutory authority. He asked if Jon Egge's motion would prohibit the government, if there were a secession from Tri-Met, from using any of the existing authority without a vote of the people.

Jon Egge said that it goes further than that. He said, setting Tri-Met aside, he would prohibit using the payroll tax for any uses other than that by Tri-Met.

Chair Myers said that with the payroll tax restricted as Jon Egge just mentioned, it also prohibits the government from using the unused portion of the existing authority for mass transit purposes with the approval of the voters.

Jon Egge said that he is not going that far. He said that he wants to prohibit the use of the payroll tax on any function except that of Tri-Met.

Chair Myers asked if it was a use restriction and not a vote of the people of the levy of the tax.

Jon Egge said that the government would be prohibited from using a payroll tax, except for the possible merger of Tri-Met. That use is set outside of the motion without any limitation.

Bob Shoemaker asked if the motion included general obligation bonds and revenue bonding.

Chair Myers said that there is also a prohibition against any levy of a payroll tax except for the funding of the transit district.

Jon Egge said that he did not include general obligation and revenue bonds in the amendment. He said that he is talking about property taxes.

John Meek said that the subcommittee report states that the use of the general ad valorem tax would go into a general fund but would not include revenue bonds or general obligation bonds for specific uses approved by the voters.

Ron Cease said that it does not make sense to use the property tax for bonding purposes and nothing else.

Chair Myers said that it would prohibit its use for anything unrelated to general obligation bonds.

Judy Carnahan asked if the amendment would provide a prohibition of citizens, in the future, voting to tax themselves in the ways that the amendment prohibits.

Jon Egge said yes. He said that the test would be the charter amendment and the measure to tax at the same time.

Judy Carnahan asked if the charter would have to be amended for people to tax themselves.

Jon Egge said yes, in the specified ways.

Vote on the motion: Judy Carnahan, Ron Cease, Charlie Hales, Matt Hennessee, Frank Josselson, Ned Look, Wes Myllenbeck, Ray Phelps, Bob Shoemaker, Mimi Urbigkeit, and Chair Myers voted aye. Larry Derr, Jon Egge, John Meek, and Mary Tobias voted nay. Norm Wyers was absent. The vote was 11 ayes to 4 nays and the motion to terminate debate passed.

Restatement of the amendment:

The amendment to the amended motion would prohibit the personal income tax, business income tax, payroll tax other than as now imposed by Tri-Met, property tax beyond those current being imposed, and sales tax. The property tax restriction does not include the property tax sought for the purpose of general obligation bonding.

Vote on the amendment:

Larry Derr, Jon Egge, Frank Josselson, John Meek, and Mimi Urbigkeit voted aye. Judy Carnahan, Ron Cease, Charlie Hales, Matt Hennessee, Ned Look, Wes Myllenbeck, Ray Phelps, Bob Shoemaker, Mary Tobias, and Chair Myers voted nay. Norm Wyers was absent. The vote was 5 ayes and 10 nays and the amendment failed.

Motion to amend:

Frank Josselson moved, Matt Hennessee seconded, to amend the motion to state that before the council enacts any tax that local governments are imposing or are authorized to impose, it must seek consultation of the RPAC.

Frank Josselson gave the example of the hotel/motel tax being imposed by counties and cities. He said that superimposing a regional hotel/motel tax will have some implications. He said that local governments ought to be consulted before the regional government enacts a tax that the local governments are authorized to or are enacting.

Ron Cease said that the Committee just approved an amendment which provides for a committee composed of local governments, citizens, and business people. He said that there probably is not a tax that every local government has levied, so in addition to the regional government taking the tax to the committee, it would have to take it to RPAC. He said that it would make the process cumbersome.

Frank Josselson said that the RPAC is just for consultation, not approval. He said that there is nothing cumbersome about that.

Bob Shoemaker said that it is very inclusive if it includes every tax local governments have the authority to impose, because most governments can impose all taxes through ordinance. He said that it is too broad because every tax would have to go through the RPAC process.

Frank Josselson asked why.

Bob Shoemaker said that the regional government may come up with a tax that no local government is imposing, but is authorized to by ordinance.

Frank Josselson asked what is wrong with asking the advice of cities and counties.

Bob Shoemaker said that they are going to be involved in the committee. He said that maybe the Committee should revisit the committee provision and determine if it or RPAC is a more appropriate vehicle. He said that it would be too much to go to both committees for every tax.

Frank Josselson said that if the RPAC was substituted for the committee, he would amend his motion. He suggested amending his amendment to replace, in the main motion, the committee body with RPAC for consultation before adoption of any tax authorized or implemented by local governments.

Ron Cease said that any tax that is being proposed would go to the local government committee. He said that it is important to have public discussion. He said that the original committee concept would include business people, citizens, and local governments. He said that the composition of RPAC has not yet been decided. He said that more than local government should be involved in the process--it should not just be local government. He said RPAC would be given another formal authority and it would weight the creature down. He said that he has some real problems with having RPAC being in the process.

Chair Myers asked Matt Hennessee if he agreed with Frank Josselson's restatement of his amendment.

Matt Hennessee said he would not agree with the change.

Charlie Hales said that, as the amendment stands, a new tax would go to both the committee provided for in the amended motion and the RPAC for consultation before enactment.

Vote on the amendment:

Larry Derr, Jon Egge, Matt Hennessee, Frank Josselson, Ned Look, John Meek, and Mimi Urbigkeit voted aye. Judy Carnahan, Ron Cease, Charlie Hales, Wes Myllenbeck, Ray Phelps, Bob Shoemaker, Mary Tobias, and Chair Myers voted nay. Norm Wyers was absent. The vote was 7 ayes to 8 nays and the motion failed.

Charlie Hales said that he would like to propose a conforming amendment about Tri-Met's existing taxing authority. He said that he would also like to propose a motion about enterprise funds. If the Committee is giving sweeping taxing authority and an elevator clause for the general fund, the Committee should consider a restriction of enterprise funds for enterprise fund functions. He asked if the motions should be brought up now or after the main motion.

Chair Myers said that it does not matter when the motions are brought up, but it probably would be better to wait until after the motion is complete.

Jon Egge said that he thought the motions should be brought up now because there is a notation in the subcommittee report which speaks to Charlie Hales' motion.

Motion to amend:

Charlie Hales moved, Matt Hennessee seconded, that the main motion be amended to allow that, in the event of a transfer of authority to the regional government, the imposition of Tri-Met payroll taxes and other taxing authority currently available to the Tri-Met board, with whatever restrictions for unused taxing authority that now exists, be transferred to the governing body without being subject to a requirement for a vote of the people or the cap limitation set regarding taxes imposed by ordinance.

Bob Shoemaker said that the thrust of the amendment is in the subcommittee report, with the important difference that the regional government not be allowed to take everything that Tri-Met is authorized to impose, but is not now imposing. He said that includes a tax on employees.

Charlie Hales said that he intended that whatever taxing authority is now authorized be transferred upon the vote by the regional governing body to transfer the function.

Bob Shoemaker said that the subcommittee recommended against going that far. He said that the

subcommittee thought it would be appropriate that, when Tri-Met would come into Metro, the taxes being imposed by Tri-Met come along. He said that he thinks that is included within the recommendation. He said that the subcommittee did not believe that taxes authorized to be imposed, but not imposed, by Tri-Met come along with the transfer.

Charlie Hales asked if those taxes could be imposed now by the Tri-Met board without a vote of the people.

Bob Shoemaker said that the employee payroll tax would not be--it would require a vote of the people under the subcommittee recommendation. Currently, it can be done by ordinance. He said that if Metro took over all powers of Tri-Met, then Metro could impose an employee payroll tax by ordinance--which the Tri-Met board could impose by ordinance.

Chair Myers said that he understood the amendment to be that all authority as it is now held by the board would be transferred, including any authority not yet exercised.

Charlie Hales said that is correct. He said that he would not want to hobble Metro's ability to continue or expand Tri-Met's taxing authority or to fund the service.

Janet Whitfield said that Tri-Met can also impose an income tax by ordinance. She asked if that would transfer as well.

Charlie Hales said, philosophically, whatever powers of taxation to fund the service that now reside in the Tri-Met board should not be limited by the assumption of those powers by the Metro governing body upon taking over the service.

Ron Cease said, in other words, if Metro were to take over Tri-Met, they would assume everything that Tri-Met is currently able to do.

Charlie Hales said that it would be a major dis-incentive to not carry on consolidation if it was otherwise justified if they somehow hobbled themselves by the same vote and did not take on the full taxing powers, although some seem pretty breathtaking.

Bob Shoemaker said that Tri-Met was given its authority in a different political environment than exists today. If that authority is given to Metro, it could be a killer because of the political climate that exists today. He said that he does not think the people would allow any government to impose an employee payroll tax or income tax without a vote of the people. He said that the opponents would seize on that and make hay with it.

Chair Myers asked, under the subcommittee recommendation, what would be the status of the unused authority that is now being held by the Tri-Met board.

Bob Shoemaker said that the subcommittee determined that it would be inappropriate for the regional government to impose a payroll tax on employees, other than by vote of the people. He said that the subcommittee did not discuss the income tax.

Chair Myers asked if the effect of the subcommittee report is that the authority now held by the board but not exercised would require a vote of the people. The authority would not be prohibited.

Bob Shoemaker said that income or payroll taxes that went beyond the present imposition of that tax by Tri-Met would require the vote of the people.

Larry Derr said that another way to characterize that would be to state that the proposal is giving the regional government the authority to implement payroll and income taxes with the vote of the people. The government under the charter would have more power in respect to the kinds of taxes, but narrow power in that they require voter approval.

Charlie Hales said that, in the practicality of the situation, there is an unelected board that has Tri-Met's taxing power. If the merger is negotiated and the power to impose the taxes now allowed by law to Tri-Met were to disappear upon absorption of the agency, a deal could be cut that, at the last meeting of the Tri-Met board, the taxes would be imposed by an unelected board before the agency is absorbed. He said that he would rather have an elected body given that power than to have it be with a board that is not accountable.

John Meek said that the subcommittee discussed that Metro is a long term government and functions should not be allowed to be off on their own with their powers and way of doing things. He said that can get very cumbersome. He said that he thinks that Tri-Met can continue to do what it is currently doing if taken over by Metro. He said that the subcommittee discussion also included that if an area drops out of Tri-Met, then the payroll tax can be imposed or increased. He said that the subcommittee excluded some of the things that Tri-Met has the authority for now, but does not utilize. He said that Metro does not need the extra powers that are not currently being imposed to be used for Tri-Met. He said that they have the authority and power to do it anyway.

Motion: Frank Josselson moved, Ray Phelps seconded, to terminate debate and vote immediately on the main amendment.

Vote on the motion: Judy Carnahan, Ron Cease, Larry Derr, Jon Egge, Charlie Hales, Matt Hennessee, Frank Josselson, Ned Look, Wes Myllenbeck, Ray Phelps, Bob Shoemaker, Mimi Urbigkeit, and Chair Myers voted aye. John Meek and Mary Tobias voted nay. Norm Wyers was absent. The vote was 13 ayes to 2 nays and the motion to terminate debate passed.

Restatement of the amendment:

The amendment would amend the main motion to allow that, in the event of a transfer of authority to the regional government, all taxing authority of the Tri-Met board, with whatever restrictions for unused taxing authority that now exists, be transferred to the governing body without being subject to a requirement for a vote of the people or the cap limitation set regarding taxes imposed by ordinance.

Vote on the motion: Ron Cease, Charlie Hales, and Matt Hennessee voted aye. Judy Carnahan, Larry Derr, Jon Egge, Frank Josselson, Ned Look, John Meek, Wes Myllenbeck, Ray Phelps, Bob Shoemaker, Mary Tobias, Mimi Urbigkeit, and Chair Myers voted nay. Norm Wyers was absent. The vote was 3 ayes to 12 nays and the motion failed.

Charlie Hales asked if there were any restrictions proposed in the subcommittee report on the use of enterprise funds and revenue that would counteract with the taxing powers that have been otherwise provided.

Bob Shoemaker said that the subcommittee determined that any use of the enterprise revenues, other than the enterprise, be disclosed in the audit. He said that the subcommittee went for a disclosure requirement rather than a prohibition. If enterprise revenue is diverted to another purpose, it will be

of clear public record that it was done. The people could then be held politically accountable.

Mary Tobias asked if the main motion to adopt the report is to adopt the four recommendations of the report. She asked if the debate that occurred at the subcommittee is carried with the recommendations. She said that subcommittee members keep referring to debate or things being assumed or enfolded into the recommendations that are not stated in the recommendations.

Chair Myers said that he thought the motion was only for the four recommendations. He said that he could not answer the question except on an open ended basis.

Motion to amend: Bob Shoemaker moved, Frank Josselson seconded, to amend the motion to refer to the adoption of the full subcommittee report, including the discussion, as amended, in lieu of the recommendations alone.

Larry Derr said that he understands that enterprise revenues are fees for services. He asked if the report is saying that fees from one service can be used for other government services, provided that it is disclosed.

Bob Shoemaker said that is correct.

Larry Derr said that he did not know that could be done as a matter of state law.

Ron Cease said that it is done all the time now.

Motion to amend: Larry Derr moved, John Meek seconded, to amend the motion to replace the subcommittee provision allowing the continuation of service and user charges with the identification of the enterprise revenue in the annual financial audit with the provision that fees for services can only be used for the performance of and overhead of those services.

Ron Cease asked what the impact would be. He said that, as he understands the operation of the current system, one of the major revenue sources is the excise tax which is used to operate more than a particular function.

Charlie Hales said that is a tax.

Ron Cease asked about fees collected for solid waste. He said that the fees collected would have to be used for solid waste and could not be used for other areas.

Larry Derr said that it could be used for the general services and overhead that are attributable to operating solid waste.

Charlie Hales said that this is an issue that will receive considerable testimony at the public hearings. He said that he would rather wait until then. He said that he would like to hear more about the audit proposal and whether or not it is a strong enough safe-guard.

Ron Cease said that he would also like more information on it. He said that he would like to know more about how it is used and what the implication of it would be.

Matt Hennessee said that his understanding of enterprise funds is the same as Larry Derr's. He asked if money that comes in from enterprise funds is being used for things other than the specific

enterprise fund function. He said that he wanted to know about fees.

Ray Phelps said that cost allocation is done to assess departments, such as the zoo or solid waste for the accounting, payroll, central personnel, costs to the council, cost to the executive office, etc. He said that there are different criteria, but it is all measurable.

Larry Derr said that his motion would not restrict that. He said that it would not allow what the subcommittee is authorizing which is, as far as he knows, contrary to law.

Matt Hennessee said that Ray Phelps described a cost allocation system--if the department is spending a certain amount of time related to that enterprise fund, then a certain amount of time will be charged off. He asked about transferring from one enterprise fund to another or to the general fund.

Ray Phelps said that it is no longer done because of the excise tax.

Charlie Hales said that he has had a lot of experience in this area dealing with building permits. He said that the cost allocation is very common among local governments--they contribute some of the overhead costs to building permit fees. But the government should not go beyond that and make a profit on building permits to run the parks system. He said that he does not know of any instances within Metro of that now, because the excise tax takes care of it. He said that the Committee may be dealing with a problem that does not exist.

Larry Derr said that if the Committee adopts the subcommittee report without his amendment, it is authorizing the problem to be created.

Ron Cease asked if the amendment meant that a building fee could not be used for planning purposes if some of it is related to building and new construction.

Ray Phelps said that if it is written in the ordinance, it could be done. He said that he was talking about a traditional, standard cost allocation process where departments are assessed for central functions and then incremented up to a certain profit of that to send to the planning department--that cannot be done.

Charlie Hales said that the best example he can think of for Metro, where there might be a problem, is the ARLIS system that sells maps and information about zoning and land use. He said that he assumes that they could charge what the market could bear and then use revenue from the enterprise fund to do anything they want with it.

John Meek said that he supports the motion.

Restatement of the amendment:

The amendment would be to amend the subcommittee report to delete the provision that *imposition of service and user charges should be continued with identification of enterprise revenue in each annual financial audit.*

Bob Shoemaker said that the statute does authorize service and user charges to be used for the broad purposes of the district. He read ORS 268.515(1) which states *a district may impose and collect service or user charges in payment for its services or for the purposes of financing the planning, design, engineering, construction, operation, maintenance, repair and expansion of facilities, equipment, systems or improvements authorized by this chapter.* He said that the subcommittee report recommends that not be changed since it is a statutory provision. However, if it is done, it would have

to be disclosed in the financial audit.

Janet Whitfield said that solid waste fees and charges cannot be transferred, under ORS 459.310. Anything else can be transferred.

John Meek said that the service charges that are imposed can go as general revenue. He said that there is no limit to how much the enterprise fees can be raised. They can be raised as much as the market can bear. He said that there is a limit to what the public can accept. When the audit discloses an amount that is far outside the actual use of the service, then it curtails the spending. He asked, as the revenue goes into the general fund, is it in or out of the base that has been established. It is a fee, but it is not being used for a specific purpose.

Chair Myers said that it is not under the cap.

Larry Derr said that if a fee raises funds in excess of the services that it is being charged for, it becomes a tax by definition and has to have tax authority. He said that ORS 268.515(1) is an oblique way of taxing authority.

John Meek said that the subcommittee discussed that the enterprise funds had a cost per service. The overhead expenses, building expenses, and administrative costs can be allocated into the enterprise fund, but additional revenue cannot be generated for general purpose use--it must stay within the enterprise fund with which the fee is established. He said that the current amendment would clarify the language and put in the charter over and above what the state statute allows currently.

Frank Josselson said that the subcommittee clearly states that *by statute, Metro may use most service charges as general revenue to finance the district's various functions. However, service charges derived from solid waste disposal are specifically limited to solid waste functions. Frank Josselson proposed removing that limitation so that enterprise revenues derived from solid waste disposal could be applied to other Metro functions, such as planning. Dan Cooper stated that it would probably require a change in statute to remove the limitation. The subcommittee took no position on this proposal.*

John Meek said that it was dealing with solid waste. He said that solid waste is an enterprise fee within itself. He said that the Committee is talking about other fees and services that could be raised.

Frank Josselson said that the subcommittee had a motion by John Meek to limit service charges to the cost of the service for which the charge was made. He said that John Meek voted in support of the motion and there were four votes against it. He said that Larry Derr's motion is an amendment to the report. He said that enterprise revenues are, in his understanding, part of the \$210 million budget.

Ray Phelps said that Bob Shoemaker is correct in what the statute provides. He said that his comments earlier were just describing what Metro has done and what they are currently doing. He said that Metro has not, in its history, exercised that statutory authority. He said that the government has only gone into the cost allocation based on accountability. He said that, regarding solid waste, Metro adopted, several years ago, a master ordinance when it started seeking revenue and financing for the solid waste system. The ordinance describes, restricts, and limits the uses of the solid waste revenues which is more restrictive than the statute. He said that there is not much flexibility with solid waste revenue.

Chair Myers said that he understands that the Larry Derr's amendment would place the same restricts that are currently on solid waste on all enterprise fees.

Larry Derr said yes.

Vote on the amendment:

Larry Derr, Jon Egge, Charlie Hales, Frank Josselson, Ned Look, John Meek, Mary Tobias, and Mimi Urbigkeit voted aye. Judy Carnahan, Ron Cease, Matt Hennessee, Wes Myllenbeck, Ray Phelps, Bob Shoemaker, and Chair Myers voted nay. Norm Wyers was absent. The vote was 8 ayes and 7 nays and the amendment failed.

Chair Myers called for further discussion of the Shoemaker motion to amend to approve the subcommittee report as distinct from its recommendation.

John Meek said that the last pages of the report list revenue options. He asked if the revenue options would be included in the charter or if they are purely for informational purposes.

Bob Shoemaker said that the appendix is descriptive of the revenue options that the Committee identified as included within the broad encompassing last recommendation regarding taxes established by ordinance. He said that does not mean that there are not others, but those are the options that the subcommittee could think of.

John Meek asked how the discussion would fit into the charter regarding authority.

Bob Shoemaker said that the authority would be as expressed in the fourth recommendation--*any other revenue-raising or financing device may be authorized by council ordinance* subject to the cap amendment. Those not included would be the income, payroll, sales, and property taxes.

John Meek said that he asked earlier if tax increment financing would be part of the base. The subcommittee discussion was to allow tax increment financing by ordinance because of its complexity. However, when dealing with the urban renewal of areas and tax increment financing, it is large sums of money.

Bob Shoemaker said that the Committee may have mispoken when members said that tax increment financing would be included in the base. He said that tax increment financing is really a diversion of existing taxing authorities and revenues from one purpose to another--it is not an additional tax. He said that he did not think it would fall into the base.

Motion to amend:

John Meek moved, Bob Shoemaker seconded, that the motion state that tax increment financing is not be included in the base allocated of the \$12.6 million in the charter.

Ron Cease said that he did not understand what the tax increment financing meant in reference to the base at this point.

John Meek said that it does not change anything.

Ron Cease said that the base is meaningless.

Bob Shoemaker said that if the council were to decide to use tax increment financing and diverted some property taxes already being raised from one purpose to another, it would not count toward the \$12.6 million. It would be a diversion of the existing taxing revenues.

Ron Cease said that he thinks it would apply at the beginning. He said that if it was a property tax, it

would not apply at all. If it is a tax that can be done by ordinance, it would come into play, but not the transfer part.

Bob Shoemaker said that he thinks the transfer can be done by ordinance which would create a confusing situation. By ordinance, they could decide to utilize tax increment financing as a way of urban improvement which would divert property taxes that would be raised through law that is already on the books to finance urban improvements. He said if that is not clarified, the base could get eaten up.

Larry Derr said that he agrees with the concept. He suggested having a footnote to have the drafter decide if it needs to be said. He said that he does not think that is the way that tax increment financing works. He said that there needs to be some kind of authority for it. It is not a diversion tax, it is an additional tax.

Chair Myers said that he recognizes that there is a drafting issue, as long as the Committee is clear as to the intention.

<u>Restatement of the amendment:</u>	The amendment states that uses of tax increment financing does not count against the authorized cap.
--------------------------------------	--

<u>Vote on the amendment:</u>	Judy Carnahan, Ron Cease, Larry Derr, Jon Egge, Charlie Hales, Matt Hennessee, Frank Josselson, Ned Look, John Meek, Ray Phelps, Bob Shoemaker, Mary Tobias, Mimi Urbigkeit, and Chair Myers voted aye. Wes Myllenbeck, and Norm Wyers were absent. All present voted aye and the motion passed.
-------------------------------	--

<u>Restatement of the amendment:</u>	The amendment would place the full subcommittee report, including the discussion as amended, in front of the Committee in lieu of the recommendations alone.
--------------------------------------	--

<u>Vote on the amendment:</u>	Judy Carnahan, Ron Cease, Larry Derr, Jon Egge, Charlie Hales, Matt Hennessee, Frank Josselson, Ned Look, Ray Phelps, Bob Shoemaker, Mimi Urbigkeit, and Chair Myers voted aye. John Meek and Mary Tobias voted nay. Wes Myllenbeck and Norm Wyers were absent. The vote was 11 ayes and 2 nays and the motion passed.
-------------------------------	--

Chair Myers asked for further discussion of the main motion as amended.

Mary Tobias said that she opposes the motion as it now stands because she does not think there is one person in the room who understands the implications of what the Committee has done tonight in terms of actually putting them into practice and the impact on the regional government, the general climate in the state regarding taxation, or the other governments, including the state, that will be impacted. She said that without a finance manager, particularly for the regional government, sitting down and doing an analysis to tell her how the provisions will translate into real life, she will vote no.

<u>Motion to amend:</u>	Matt Hennessee moved, Mary Tobias seconded, to amend the main motion to have someone do an analysis of the impact.
-------------------------	--

Chair Myers said that he is assuming, if the proposal gets adopted, that it will draw a lot of attention.

Matt Hennessee said that Mary Tobias has raised an important point. The Committee has made motions and agreed to a number of things and he assumes that many members feel comfortable with what they have done. He said that his sense is that Mary Tobias is appealing for the Committee to have an ability to have someone lay out what the real life impacts are of what the Committee has done. He said that there is some merit for that.

Ray Phelps asked if the Committee is in the process of adopting the finance provisions so that it may be added to the list of drafting instructions for the purposes of pulling together a draft of a document for examination, review and public input.

Chair Myers said yes.

Ray Phelps said that the recommendations came through a subcommittee process where there were a number of people involved and the discussions were full. He said that the chair has accurately described all of the things that were discussed as well as the ramifications. He said that the proposal offers an opportunity to enable the government to create certain kinds of revenue strings that it is currently not able to do, but other governments within the region are able to do. He said that no one can know all the ramifications. He said that the information is in front of the Committee--should there be a business tax, or should there be an income tax. With respect to how much or how little, he said that he did not know, but the mechanism on how to create it is in the motion. He said that the Committee will get more information at the public hearings and he encouraged the Committee to pass it.

Mary Tobias said that the Committee has taken the report and has massaged it, mangled it, and twisted it. It may or may not stand on its merits. She said that she cannot tell that and honestly believes that most people in the room cannot tell that. She said that she asked the question two weeks ago about whether the Committee would be willing to come back and rewrite the document if there was extreme opposition at the public hearings. She said that there was strong resistance at the table to doing that. She said that the Committee is on a very tight time line and there is not a lot of time left to rewrite a document if there is intense opposition and then go back out again. Unless the Committee is willing to put forth the proposition that the charter election be pushed back to May of 1993, it behooves the Committee to do more research in advance of making a final decision.

Bob Shoemaker said that the subcommittee did a thorough job and understood what they were doing. They wrote a report that explains what they were doing and both sides of the discussion. He said that the report has been in the full Committee's hands for two months which is adequate time to read it, ask questions, and have them answered. He said that he does not know what more could be added in terms of clarifying it. If it is put off, the Committee will not get to the voters with a charter in November. If the charter does not have the financing authority with it, it is not a charter.

Jon Egge said that he agrees with Bob Shoemaker's statement. He said that this meeting is the first meeting of the Committee's second year and it is time to stop talking and do something.

Restatement of the amendment:

The amendment calls for an analysis of the impacts of the finance provisions in the main motion.

Vote on the amendment:

Judy Carnahan, Larry Derr, Matt Hennessee, John Meek, and Mary Tobias voted aye. Ron Cease, Jon Egge, Charlie Hales, Frank Josselson, Ned Look, Ray Phelps, Bob Shoemaker, Mimi Urbigkeit, and Chair Myers voted nay. Wes Myllenbeck and Norm Wyers were absent. The vote was 5 ayes to 9 nays and the motion failed.

Motion: Frank Josselson moved, Judy Carnahan seconded, to terminate debate and vote immediately on the original motion as amended.

Vote on the motion: Judy Carnahan, Ron Cease, Larry Derr, Charlie Hales, Matt Hennessee, Frank Josselson, Ned Look, Ray Phelps, Bob Shoemaker, Mimi Urbigkeit, and Chair Myers voted aye. Jon Egge, John Meek, and Mary Tobias voted nay. Wes Myllenbeck and Norm Wyers were absent. The vote was 11 ayes to 3 nays and the motion to terminate debate passed.

Restatement of the main motion:

The motion states:

- A. The regional governing body may continue to impose revenue-raising devices currently imposed by Metro.
 - 1. The ad valorem tax will be continued at its current rate for its current purpose.
 - 2. Continue use of planning service charges on local governments (per capita tax).
 - 3. The imposition of service and user charges should be continued, with identification of enterprise revenue in each annual financial audit.
 - 4. Continue authority to use revenue bonds, without change.
 - 5. Continue authority to use general obligation bonds.
- B. The regional governing body may enact all revenue-raising devices currently permitted for Metro's use by Oregon statutes, but not now used by Metro.
 - 1. The regional government will continue to have the authority to impose ad valorem property taxes beyond the current rate, subject to voter approval and as otherwise limited by statute.
 - 2. Continue authority to use personal income tax.
 - 3. Continue authority to use business income tax.
 - 4. Continue authority to use vehicle registration fees.
 - 5. Continue authority to levy special assessments.
 - 6. Allow the regional government the authority to impose an excise tax on future regional government functions.
- C. Imposition of the following types of taxes will require voter approval:
 - 1. Personal income tax.
 - 2. Business income tax.
 - 3. Payroll tax other than as now imposed by Tri-Met.
 - a. An exception is to allow the organization to make up payroll tax revenues lost because of the withdrawal of any local jurisdiction from transit services.
 - 4. Property tax.
 - 5. Sales tax.
- D. The regional government may enact any other revenue-raising or financing device by council ordinance.
 - 1. Restrictions.
 - a. There will be a 90-day delay to allow for referendum to the people.
 - b. Consultation would be required with a Metro-appointed

committee consisting of citizens, business and local government representatives of the region.

- c. In the first fiscal year after charter adoption, revenues raised from taxes enacted by ordinance may total \$12.6 million. Any total amount raised above that cap will require voter approval. In the next and subsequent years, taxes enacted by ordinance may be increased annually over the previous year's cap by the Consumer Price Index of major west coast cities.

(1) Tax increment financing is not subject to the cap established above.

2. Franchises may be established by ordinance.

Vote on the original motion:

Judy Carnahan, Ron Cease, Larry Derr, Charlie Hales, Matt Hennessee, Ned Look, Ray Phelps, Bob Shoemaker, Mimi Urbigkeit, and Chair Myers voted aye. Jon Egge, Frank Josselson, John Meek, and Mary Tobias voted nay. Wes Myllennebeck and Norm Wyers were absent. The vote was 10 ayes to 4 nays and the motion passed.

3. Additional Business

Ron Cease thanked the subcommittee for their work.

Chair Myers apologized for any disquiet about the initial part of the meeting and for the fact that, in constituting the drafting subcommittee, his selection was too narrow. He said that he will act as the convener and will preside over the subcommittee and will not cast a vote. He said that Matt Hennessee will replace him on the subcommittee. He said that there are other members of the Committee that he has not been including enough in subcommittee matters. He said that he is not sure that he can do anything more than encourage those members who want to participate in the drafting subcommittee to attend the meetings and act as a member.

Chair Myers asked the members to hold the evening of May 28 open for a possible meeting. He said that the Committee will not meet on May 14.

John Meek said that this is his last meeting. He said that he will be gone from May 20 to the first part of September. He said that he has been asked by the friends of Champoege to do a living history enactment of a horseback ride from Champoege Park to Independence, Missouri. He said that it was a ride his grandfather took which led to the adoption of the Oregon territory being brought into a provisional government of the United States. He said that the final draft of the charter will go out in a manner in which the public will have an opportunity to vote it up or down.

Chair Myers adjourned the Committee at 9:20 pm.

Respectfully submitted,



Kimi Iboshi
Committee Clerk

Reviewed by,



Janet Whitfield
Committee Administrator