Clackamas official sees fiscal problems in consolidation idea

■ Assessor Ray Erland reports that combining metropolitan governments would mean higher taxes outside Portland

By VINCE KOHLER
of The Oregonian staff 7-23-92

OREGON CITY — The proposed consolidation of local governments in the Portland metropolitan area would increase taxes in Clackamas County by as much as $12.3 million, the county assessor says.

Ray Erland said Wednesday that consolidation would mean windfall revenues for Portland at the expense of Clackamas and Washington county taxpayers. Six Clackamas County cities would have to cut services, and taxes would go up, he said.

The predictions were contained in a report by Erland to the county Board of Commissioners on impacts of the proposed consolidation.

The Metro Council will decide Thursday whether to put the proposal on the Nov. 3 general election ballot. Erland and county Commissioner Ed Lindquist will testify against the plan before the council.

"There's definitely a tax shift onto Clackamas County," Erland said. "It would give the city of Portland about $11 million more in annual revenue. It would come directly from Clackamas and Washington county taxpayers."

The proposal was unveiled July 1 by Metro Executive Rena Cusma.

They want an advisory vote in November on a plan to abolish the Multnomah, Clackamas and Washington county governments, Metro and Tri-Met in favor of a smaller government that would administer nearly all the same services over the three counties.

The proposal envisions at least a 10 percent cut in costs overall. But officials in Clackamas and Washington counties say cutting costs is not the same as cutting taxes. They say costs would drop in Portland and Multnomah County, where government costs are at the $10-per-$1,000 cap imposed by Ballot Measure 5, and would be shifted to Clackamas and Washington counties, where local-government taxes are well below the $10 cap.

Washington County Commissioner Steve Larrance said at a Metro hearing last week that consolidation would mean a $10 million tax increase in that county.

He said the combined levies of the three counties total $175 million and the levies would have to be reduced by at least $34 million — about 20 percent — to avoid a tax increase in Washington County as a result of consolidation.

"This sort of information is not the sort of news that will attract Washington County and probably Clackamas County voters," he said.

Erland's report said:

- The amount of tax shift or increase for Clackamas County residents would be more than $12.3 million. If all consolidated agencies cut their property tax levies by 10 percent, the tax increase for Clackamas County property owners would be more than $8.4 million.
- The typical tax increase for Clackamas County residents would be as much as $104.11 per year on a $100,000 home inside Metro's boundaries and as much as $115.85 annually on such a home outside Metro.

Residents of rural areas would not get to vote on the proposal but would be included in the consolidated government.

- The higher tax rate would push the cities of Gladstone, Milwaukie, Oregon City and Estacada over the $10 Measure 5 cap and would put Sandy and Molalla even farther above the $10 limit. This would force cuts in city services. Fire districts, park districts and the Port of Portland would have to cut services, too.
- Consolidation would mean considerably more revenue for taxing districts that are within Portland because their consolidated tax rates would fall and they would receive a bigger share of the Measure 5 pie.

Metro panel proposes new limits on taxes

By JAMES MAYER
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A committee formed to write a home rule charter for Metro has proposed a new way to limit the agency's taxing powers, while at the same time backing away from a plan to create a council-manager form of government.

The changes represent the latest horse-trading by the 16-member charter committee as it heads for an Aug. 6 deadline to place a charter on the November election ballot.

"We are well on the way to resolution of the major details," Hardy Myers, chairman of the committee, said Monday.

After an all-day session Saturday, the 11 members who were there voted unanimously to impose a $6 million limit on the amount of money Metro could raise each year from its excise tax. The charter would also require that 65 percent of the revenues be spent on planning, 30 percent on overhead and 5 percent on the arts.

Metro now raises about $4.6 million from the tax, which is levied against its own services.

Myers said the committee may yet increase the $6 million cap. But he said the idea of the ratio is to ensure that planning money is not diverted to overhead expenses. The charter increases in Metro's regional planning responsibilities.

The committee also agreed to place a dollar limit on other taxes that Metro could raise without voter approval, such as a hotel-motel tax, but the panel did not settle on the amount.

The committee has been a battleground between those who want to limit Metro's growth and those who want to see the regional government strengthened. But, in general, Metro supporters have waged a defensive fight on the committee.

For example, although the committee agreed to return to a form of government similar to the status quo, the price was the finance limitations.

The committee previously proposed eliminating the elected executive, replacing it with a council president elected region-wide and an appointed manager.

The new structure would retain the present separation of powers between the executive and the council, but reduce the council from 13 to seven or nine members, add an elected auditor and limit the executive's veto to the budget and tax proposals.