

BEFORE THE METRO COUNCIL

AN ORDINANCE RELATING TO TAXATION,	)	ORDINANCE NO. 94-556C
ESTABLISHING A CONSTRUCTION EXCISE)	
TAX REDUCING THE METRO EXCISE TAX,	)	Introduced by
REDUCING SOLID WASTE RATES AND	)	Councilor Rod Monroe
REFUNDING PLANNING SERVICE FEES)	
TO LOCAL GOVERNMENTS)	

THE METRO COUNCIL HEREBY ORDAINS AS FOLLOWS:

Section 1. Effective November 1, 1994 or the effective date of this Ordinance, whichever is the latest, the following Chapter 7.02 Construction Excise Tax is added to the Metro Code.

CHAPTER 7.02

CONSTRUCTION EXCISE TAX

SECTIONS:

7.02.010	Short title.
7.02.020	Construction.
7.02.030	Definitions.
7.02.040	Exemptions.
7.02.050	Rules and regulations promulgation.
7.02.060	Administration and enforcement authority.
7.02.070	Imposition of tax.
7.02.080	Rate of tax.
7.02.090	Failure to pay.
7.02.100	Statement of entire floor area required.
7.02.110	Intergovernmental agreements.
7.02.120	Rebates.
7.02.130	Hearings Officer.
7.02.140	Appeals.
7.02.150	Refunds.
7.02.160	Occupation of improvement without payment unlawful.
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7.02.180	Review.
7.02.190	Failure to pay -- Penalty.
7.02.200	Violation -- Penalty.
7.02.210	Rate stabilization.
7.02.220	Needs assessment.
7.02.230	Dedication of revenues.

7.02.010 Short title: This chapter shall be known as the "Construction Excise Tax Ordinance" and may be so pleaded.

7.02.020 Construction: The construction excise tax ordinance and all amendments hereinafter made thereto shall be referred to herein as "this chapter." This chapter and any terms not defined herein or elsewhere in this Code shall be construed to be consistent with definitions and terminology used in the Oregon State Building Code, 1993 Edition (the Uniform Building Code).

7.02.030 Definitions: As used in this chapter unless the context requires otherwise:

- (a) "Building Official" means any person charged by a municipality with responsibility for the administration and enforcement of a building code.
- (b) "Commercial Construction" means the construction of any building or structure, or portion thereof, that is classified as any occupancy other than a residential occupancy.
- (c) "Construction" means erecting, constructing, enlarging, altering, repairing, moving, improving, removing, converting, or demolishing any building or structure for which the issuance of a building permit is required pursuant to the provisions of Oregon law. Construction also includes the installation of a manufactured dwelling.
- (d) "Contractor" means any person who performs Construction for compensation.
- (e) "Executive Officer" means the Metro Executive Officer.
- (f) "Improvement" means any newly constructed structure or a modification of any existing structure.
- (g) "Major Renovation" means any renovation, alteration or remodeling of an existing building or structure, or portion thereof, that will result in a change in occupancy classification of the building or structure, or portion thereof, from a residential occupancy classification to a non-residential occupancy classification, or from one non-residential occupancy classification to another.
- (h) "Manufactured Dwelling" means any building or structure designed to be used as a residence that is subject to regulation pursuant to ORS ch 446, as further defined in ORS 446.003(26).
- (i) "Occupancy Classification" means any occupancy group or division of any occupancy group as defined by the Oregon State Building Code.

(j) "Person" means and includes individuals, domestic and foreign corporations, societies, joint ventures, associations, firms, partnerships, joint stock companies, clubs or any legal entity whatsoever.

(k) "Residential Construction" means the Construction or installation of any building or structure, or portion thereof, that is classified as a residential occupancy and includes all accessory buildings and structures. The installation of a Manufactured Dwelling is included within the meaning of the term Residential Construction.

(l) "Total Combined Floor Area" means the sum of the floor areas of each floor created by the Construction. Total Combined Floor Area shall be also construed to mean the newly created floor area added to an existing building or structure by any renovation, alternation or remodeling.

(m) "Total Renovated Floor Area" means the Total Combined Floor Area of an existing building or structure, or portion thereof, that is the subject of a Major Renovation.

7.02.040 Exemptions:

(a) No obligation to pay the tax imposed by Section 7.02.070 shall arise from the Construction of any Improvement that is owned by any government entity whether federal, state or local.

(b) The Executive Officer shall pursuant to Sections 7.02.050, 7.02.060 and 7.02.110 exempt from the duty to pay the tax imposed by Section 7.02.070 any Person who would be entitled to a rebate pursuant to Section 7.02.120(a)(2) or Section 7.02.120(a)(3).

7.02.050 Rules and regulations promulgation: The Executive Officer may promulgate rules and regulations necessary for the administration and enforcement of this chapter.

7.02.060 Administration and enforcement authority:

(a) The Executive Officer shall be responsible for the administration and enforcement of this chapter. In exercising the responsibilities of this section of the Executive Officer may act through a designated representative.

(b) In order to carry out the duties imposed by this chapter, the Executive Officer shall have the authority to do the following acts, which enumeration shall not be deemed to be exhaustive, namely: administer oaths; certify to all official acts; to subpoena and require attendance of witnesses at hearings to determine compliance with this chapter, rules and regulations; to require production of relevant documents at public hearings; to swear witnesses; and take testimony of any Person by deposition.

7.02.070 Imposition of tax: An excise tax is imposed on every Person who engages in the act of engaging in Construction within the District. The tax shall be measured by the Total Combined Floor Area constructed or the Total Renovated Floor Area constructed as set forth in Section 7.02.080. If no additional floor area is created or added by the Construction and if the Construction does not constitute a Major Renovation then there shall be no tax due. The tax shall be due and payable at the time of the issuance of any building permit, or installation permit in the case of a manufactured dwelling, by any building authority. Liability for this tax shall attach upon every owner or occupant of property on which the Construction is located and every Contractor who engages in Construction; provided, however, that only one tax must be paid.

7.02.080: Rate of tax: The rate of tax to be paid is set forth in this section for each specific category of Construction:

(a) The rate of tax to be paid for Residential Construction or Commercial Construction shall be 12 cents for each square foot of Total Combined Floor Area constructed.

(b) The rate of tax to be paid for any Major Renovation shall be one-half the rate for Commercial Construction per square foot of Total Renovated Floor Area.

(c) If any Major Renovation results in the addition of additional floor area to an existing building or structure, then the tax to be paid shall be the total tax due pursuant to subsections (a) and (b).

7.02.090 Failure to pay: It shall be unlawful for any Person to fail to pay all or any portion of the tax imposed by this chapter.

7.02.100 Statement of entire floor area required: It shall be unlawful for any Person to fail to state or to misstate the full floor area of any Improvement or Manufactured Dwelling. When any Person pays the tax, within the time provided for payment of the tax, there shall be a conclusive presumption, for purposes of computation of the tax, that the floor area of the Improvement or Manufactured Dwelling is the floor area as determined by the Building Official at the time of issuance of the building permit or installation permit. When any Person fails to pay the tax within the time provided for payment of the tax, the floor area constructed shall be as established by the Executive Officer who may consider the floor area established by the Building Official but may consider other evidence of actual floor area as well.

7.02.110 Intergovernmental agreements: The Executive Officer may enter into intergovernmental agreements with other governments to provide for the enforcement of this chapter and the collection of the Construction Excise Tax. The agreements may provide for the governments to retain no more than 5 percent of the taxes actually collected as

reimbursement of administrative expense and be reimbursed for the government's reasonable, one time, start up costs as set forth in the agreements.

7.02.120 Rebates:

(a) The Executive Officer shall rebate to any Person who has paid a tax the amount of tax actually paid, upon the Person establishing that:

- (1) The tax was paid for the Construction of a single family residence that was sold to its original occupant for a price less than \$100,000; provided that the maximum amount that may be refunded for any one residence is \$125; or
- (2) The Person who paid the tax is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), or a limited partnership the sole general partner of which is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), the Construction is used for residential purposes and the property is restricted to being occupied by Persons with incomes less than 50 percent of the median income for a period of 30 years or longer; or
- (3) The Person who paid the tax is exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3) and the Construction is dedicated for use for the purpose of providing charitable services to Persons with incomes less than 50 percent of the median income.

(b) In the event the tax was paid for Construction that is eligible for a rebate for only a portion of the Construction, the Executive Officer shall rebate only the tax paid for the eligible portion.

(c) The Executive Officer may require any Person seeking a refund to demonstrate that the Person is eligible for a refund and that all necessary facts to support the refund are established.

(d) The Executive Officer shall either rebate all amounts due under this section within 30 days of receipt of a complete application for the rebate or give written notice of the reasons why the application has been denied. Any denial of any application may be appealed as provided for in Section 7.02.140.

7.02.130 Hearings Officer: The Executive Officer shall appoint a hearings officer to conduct hearings related to enforcement or appeals of this Chapter. All hearings shall be conducted in accordance with rules and regulations adopted by the Executive Officer.

7.02.140 Appeals: Any Person who is aggrieved by any determination of the Executive Officer regarding liability for payment of the tax, the amount of tax owed, or the amount of tax that is subject to refund or rebate may appeal the determination in accordance with Section 7.02.140. All appeals must be in writing and must be filed within 10 days of the determination by the Executive Officer. No appeal may be made unless the Person has first paid the tax due as determined by the Executive Officer.

7.02.150 Refunds:

(a) Upon written request, the Executive Officer shall refund any tax paid upon the Person who paid the tax establishing that Construction was not commenced and that any building permit issued has been cancelled as provided by law.

(b) The Executive Officer shall either refund all amounts due under this section within 30 days of a complete application for the refund or give written notice of the reasons why the application has been denied. Any denial of any application may be appealed as provided for in Section 7.02.140.

7.02.160 Occupation of improvement without payment unlawful: It shall be unlawful for any Person to occupy any Improvement unless the tax imposed by this chapter has been paid.

7.02.170 Enforcement by civil action: The tax and any penalty imposed by this chapter constitutes a debt of the Person liable for the tax as set forth in Section 7.02.070 of this chapter and may be collected by the Executive Officer in an action at law. If litigation is necessary to collect the tax and any penalty, the prevailing party shall be entitled to reasonable attorney fees at trial or on appeal. The Office of General Counsel is authorized to prosecute any action needed to enforce this chapter as requested by the Executive Officer.

7.02.180 Review: Review of any action of the Executive Officer taken pursuant to this chapter, or the rules and regulations adopted pursuant thereto, shall be taken solely and exclusively by writ of review in the manner set forth in ORS 34.010 through 34.100, provided, however, that any aggrieved Person may demand such relief by writ of review.

7.02.190 Failure to pay – Penalty: In addition to any other fine or penalty provided by this chapter, failure to pay the tax within fifteen days of the date of issuance of any building permit for any Improvement or installation permit for any Manufactured Dwelling shall result in a penalty equal to the amount of tax owed or \$50.00, whichever is greater.

7.02.200 Violation – Penalty:

(a) In addition to any other civil enforcement provided herein, violation of this chapter shall be a misdemeanor and shall be punishable, upon conviction, by a fine of not more than five hundred dollars.

(b) Violation of this chapter by any officer, director, partner or other Person having direction or control over any Person violating this chapter shall subject each such Person to such fine.

7.02.210 Rate stabilization: In order to protect against the cyclical nature of the construction industry and development patterns, the Council shall annually as part of the budget process create reserves from the revenues generated by the construction excise tax that are designed to protect against future fluctuations so as to promote stability in the rate of tax needed to support required programs.

7.02.220 Needs assessment: Prior to July 1, 1998, the Council shall conduct a needs assessment review of the Construction Excise Tax to determine whether it is necessary to continue the tax beyond the period of adoption and implementation of the Regional Framework Plan. In conducting the assessment, the Council shall hold at least two public hearings.

7.02.230 Dedication of revenues: Revenue derived from the imposition of this tax after deduction of necessary costs of collection shall be dedicated solely to carrying out the Regional Planning Functions of Metro mandated by Section 5 of the 1992 Metro Charter.

Section 2. Section 7.01.020 of the Metro Code is amended to read as follows:

7.01.020 Tax Imposed:

(a) For the privilege of use of the facilities, equipment, systems, functions, services, or Improvements owned, operated, franchised, or provided by the District, each user shall pay a tax in the amount established in subsection 7.01.020(b) but not to exceed six (6) percent of the payment charged by the operator or the District for such use. The tax constitutes a debt owed by the user to the District which is extinguished only by payment of the tax directly to the District or by the operator to the District. The user shall pay the tax to the District or to an operator at the time payment for the use is made. The operator shall enter the tax on his/her records when payment is collected if the operator keeps his/her records on the cash basis of accounting and when earned if the operator keeps his/her records on the accrual basis of accounting. If installment payments are paid to an operator, a proportionate share of the tax shall be paid by the user to the operator with each installment.

(b) The Council may for any annual period commencing July 1 of any year and ending on June 30 of the following year establish a tax rate lower than the rate of tax provided for in subsection 7.01.020(a) by so providing in the annual budget ordinance adopted by the District. If the Council so establishes a lower rate of tax, the Executive Officer shall immediately notify all operators of the new tax rate. Upon the end of the fiscal year the rate of tax shall revert to the maximum rate established in subsection 7.01.020(a) unchanged for the next year unless further action to establish a lower rate is adopted by the Council as provided for herein.

Section 3. Metro Code Section 5.02.025 and 5.02.045 is amended to read as follows:

5.02.025 Disposal Charges at Metro South Station, Metro Central Station and the Metro Household Hazardous Waste Facilities:

(a) Total fees for disposal by credit account customers shall be \$73.00 per ton of solid waste delivered for disposal at Metro South Station or Metro Central Station.

(b) Total fees for disposal by cash account customers shall be \$100.00 per ton of solid waste delivered for disposal at Metro South Station or Metro Central Station. A cash account customer delivering a load of waste such that no portion of the waste is visible to Metro scalehouse personnel (unless the waste is only visible through a secure covering), shall receive a 25 percent rebate.

(c) The total disposal fees specified in subsection (a) and (b) of this section include:

- (1) A disposal fee of \$37.70 per ton;
- (2) A regional transfer charge of \$7.10 per ton;
- (3) The user fees specified in Section 5.02.045;
- (4) An enhancement fee of \$.50 per ton; and
- (5) DEQ fees totaling \$1.05 per ton.

(d) Notwithstanding subsection (b) of this section, cash account customers using Metro South Station or Metro Central Station, who have separated and included in their loads at least one half cubic yard of recyclable material (as defined in ORS 459.005) shall receive a \$3.00 credit toward their disposal charge if their load is transported inside a passenger car or in a pickup truck not greater than a 3/4 ton capacity.

(e) The minimum charge shall be \$19.00 for all credit account vehicles and shall be \$25.00 for all cash account vehicles. The minimum charge shall be adjusted by the covered load rebate as specified in subsection (b) of this section, and may also be reduced by application of the recycling credit provided in subsection (d) of this section. If both the rebate and the recycling credit are applicable, the rebate shall be calculated first.

(f) Total fees assessed at Metro facilities shall be rounded to the nearest whole dollar amount (a \$.50 charge shall be rounded up) for all cash account customers.

(g) A fee of \$5.00 is established to be charged at the Metro Household Hazardous Waste facilities for each load of Household Hazardous Waste.

(h) A fee of \$10.00 is established at the Metro Household Hazardous Waste facilities for special loads.

(i) The following table summarizes the disposal charges to be collected by Metro from all persons disposing of solid waste at Metro South Station and Metro Central Station:

**METRO SOUTH STATION
METRO CENTRAL STATION**

<u>Fee Component</u>	<u>\$/Ton</u>	<u>Tonnage Rate</u>
Disposal Fee		\$37.70
Regional User Fee		17.25
Metro User Fee		9.40
Regional Transfer Charge		7.10
Total Rate		\$71.45
Additional Fees		
Enhancement Fee		\$.50
DEQ Fees		1.05
Total Disposal Fee		\$73.00
Minimum Charge		
Per Charge Account Vehicle		\$19.00
Per Cash Account Vehicle (subject to possible covered load rebate and recycling credit)		25.00

<u>Tires</u>	<u>Type of Tire</u>	<u>Per Unit</u>
	Car tires off rim	\$ 1.00
	Car tires on rim	3.00
	Truck tires off rim	5.00
	Truck tires on rim	8.00
	Any tire 21 inches or larger diameter off or on rim	\$12.00

5.02.045 User Fees:

The following user fees shall be collected and paid to Metro by the operators of solid waste disposal facilities, whether within or outside of the boundaries of Metro, for the disposal of solid waste generated, originating, collected or disposed of within Metro boundaries, in accordance with Metro Code Section 5.01.150:

(a) Regional User Fee:

For compacted or noncompacted solid waste, \$17.25 per ton delivered.

(b) Metro User Fee:

\$9.40 per ton for all solid waste delivered to Metro-owned or operated facilities.

(c) Inert material, including but not limited to earth, sand, stone, crushed stone, crushed concrete, broken asphaltic concrete and wood chips used at the St. Johns Landfill for cover, diking, road base or other internal use shall be exempt from the above user fees.

(d) User fees shall not apply to wastes received at franchised processing centers that accomplish materials recovery and recycling as a primary operation.

(e) Notwithstanding the provisions of (a) and (b) above, Metro User Fees may be assessed as may be appropriate for solid waste which is the subject of a Non-System License under Chapter 5.05 of the Metro Code.


Section 4. The Executive Officer shall rebate to each local government that has made a voluntary payment to Metro in lieu of the per capita payments required by the provisions of former ORS 268.513 for fiscal year 1994-95 an amount equal to amount of the payment made to Metro multiplied by a fraction equal to the number of days remaining in fiscal year 1994-95 on the effective date of this Ordinance divided by 365.

Section 5. The Metro Construction Excise Tax established pursuant to Metro Code Chapter 7.02 shall not be imposed on and no person shall be liable to pay any tax for any construction activity that is commenced pursuant to a building permit issued on or after July 1, 2000.

ADOPTED by the Metro Council this 25th day of August, 1994.


Ed Washington, Deputy Presiding Officer

ATTEST:


Clerk of the Council

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BEFORE THE METRO COUNCIL

I HEREBY CERTIFY THAT THE FOREGOING
IS A COMPLETE AND EXACT COPY OF THE
ORIGINAL THEREOF
[Signature]
Clerk of the Metro Council

FOR THE PURPOSE OF SUBMITTING TO)
THE VOTERS FOR THEIR APPROVAL)
ORDINANCE 94-556C "AN ORDINANCE)
RELATING TO TAXATION, ESTABLISHING)
A CONSTRUCTION EXCISE TAX)
REDUCING SOLID WASTE RATES AND)
REFUNDING PLANNING SERVICE FEES)
TO LOCAL GOVERNMENTS"

RESOLUTION NO. 94-2045

Introduced by
Councilor Rod Monroe

WHEREAS, The Metro Council has approved Ordinance No. 94-556C which contains a balanced package to finance Metro's Charter-mandated regional growth management planning function by establishing a new Construction Excise Tax, lowering the Metro excise tax and solid waste rates, and rebating voluntary payments from local governments; and

WHEREAS, Pursuant to Oregon law a prospective petition has been filed to seek the referral to the voters of only a portion of this package thereby potentially depriving the voters of an opportunity to approve or disapprove of the entire financial package as adopted by the Metro Council; and

WHEREAS, The Council finds that it is the best interests of the Metro region that the entire package of tax-related decisions made by the Council be placed before the voters of Metro for their approval or disapproval as soon as possible; now, therefore,

BE IT RESOLVED:

1. That the Metro Council hereby submits to the qualified voters of the District the question of approval of Ordinance No. 94-556C, a true copy of which is attached as described in Exhibit "A".

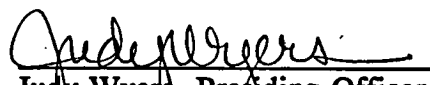
2. That the measure shall be placed on the ballot for a Special election held on the 16th day of May 1995 or the next earliest legally available election date thereafter.

3. That the District shall cause this Resolution and the Ballot Title attached as Exhibit "B" to be submitted to the Elections Officer and the Secretary of State in a timely manner as required by law.

4. That the Executive Officer pursuant to Oregon Law and Metro Code Chapter 9.02 shall transmit this measure, ballot title, an explanatory statement and arguments for or against, if any, to the County Elections Officers for inclusion in any county voters' pamphlets published for the election at which this measure is placed before the voters.

5. If it is approved by a majority of the voters Ordinance No. 94-556C shall become effective on the date specified in Section 39 of the 1992 Metro Charter. If Ordinance No. 94-556C is not approved by a majority of the voters Ordinance No. 94-556C shall not take effect.

ADOPTED by the Metro Council this 13th day of October, 1994.


Judy Wyers, Presiding Officer

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BEFORE THE METRO COUNCIL

AN ORDINANCE RELATING TO TAXATION,
ESTABLISHING A CONSTRUCTION EXCISE
TAX REDUCING THE METRO EXCISE TAX,
REDUCING SOLID WASTE RATES AND
REFUNDING PLANNING SERVICE FEES
TO LOCAL GOVERNMENTS

) ORDINANCE NO. 94-556C
)
) Introduced by
) Councilor Rod Monroe
)
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THE METRO COUNCIL HEREBY ORDAINS AS FOLLOWS:

Section 1. Effective November 1, 1994 or the effective date of this Ordinance,
whichever is the latest, the following Chapter 7.02 Construction Excise Tax is added to the
Metro Code.

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(b) In order to carry out the duties imposed by this chapter, the Executive Officer shall have the authority to do the following acts, which enumeration shall not be deemed to be exhaustive, namely: administer oaths; certify to all official acts; to subpoena and require attendance of witnesses at hearings to determine compliance with this chapter, rules and regulations; to require production of relevant documents at public hearings; to swear witnesses; and take testimony of any Person by deposition.

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reimbursement of administrative expense and be reimbursed for the government's reasonable, one time, start up costs as set forth in the agreements.

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- (1) The tax was paid for the Construction of a single family residence that was sold to its original occupant for a price less than \$100,000; provided that the maximum amount that may be refunded for any one residence is \$125; or
- (2) The Person who paid the tax is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), or a limited partnership the sole general partner of which is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), the Construction is used for residential purposes and the property is restricted to being occupied by Persons with incomes less than 50 percent of the median income for a period of 30 years or longer; or
- (3) The Person who paid the tax is exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3) and the Construction is dedicated for use for the purpose of providing charitable services to Persons with incomes less than 50 percent of the median income.

(b) In the event the tax was paid for Construction that is eligible for a rebate for only a portion of the Construction, the Executive Officer shall rebate only the tax paid for the eligible portion.

(c) The Executive Officer may require any Person seeking a refund to demonstrate that the Person is eligible for a refund and that all necessary facts to support the refund are established.

(d) The Executive Officer shall either rebate all amounts due under this section within 30 days of receipt of a complete application for the rebate or give written notice of the reasons why the application has been denied. Any denial of any application may be appealed as provided for in Section 7.02.140.

7.02.130 Hearings Officer: The Executive Officer shall appoint a hearings officer to conduct hearings related to enforcement or appeals of this Chapter. All hearings shall be conducted in accordance with rules and regulations adopted by the Executive Officer.

7.02.140 Appeals: Any Person who is aggrieved by any determination of the Executive Officer regarding liability for payment of the tax, the amount of tax owed, or the amount of tax that is subject to refund or rebate may appeal the determination in accordance with Section 7.02.140. All appeals must be in writing and must be filed within 10 days of the determination by the Executive Officer. No appeal may be made unless the Person has first paid the tax due as determined by the Executive Officer.

7.02.150 Refunds:

(a) Upon written request, the Executive Officer shall refund any tax paid upon the Person who paid the tax establishing that Construction was not commenced and that any building permit issued has been cancelled as provided by law.

(b) The Executive Officer shall either refund all amounts due under this section within 30 days of a complete application for the refund or give written notice of the reasons why the application has been denied. Any denial of any application may be appealed as provided for in Section 7.02.140.

7.02.160 Occupation of improvement without payment unlawful: It shall be unlawful for any Person to occupy any Improvement unless the tax imposed by this chapter has been paid.

7.02.170 Enforcement by civil action: The tax and any penalty imposed by this chapter constitutes a debt of the Person liable for the tax as set forth in Section 7.02.070 of this chapter and may be collected by the Executive Officer in an action at law. If litigation is necessary to collect the tax and any penalty, the prevailing party shall be entitled to reasonable attorney fees at trial or on appeal. The Office of General Counsel is authorized to prosecute any action needed to enforce this chapter as requested by the Executive Officer.

7.02.180 Review: Review of any action of the Executive Officer taken pursuant to this chapter, or the rules and regulations adopted pursuant thereto, shall be taken solely and exclusively by writ of review in the manner set forth in ORS 34.010 through 34.100, provided, however, that any aggrieved Person may demand such relief by writ of review.

7.02.190 Failure to pay -- Penalty: In addition to any other fine or penalty provided by this chapter, failure to pay the tax within fifteen days of the date of issuance of any building permit for any Improvement or installation permit for any Manufactured Dwelling shall result in a penalty equal to the amount of tax owed or \$50.00, whichever is greater.

7.02.200 Violation -- Penalty:

(a) In addition to any other civil enforcement provided herein, violation of this chapter shall be a misdemeanor and shall be punishable, upon conviction, by a fine of not more than five hundred dollars.

(b) Violation of this chapter by any officer, director, partner or other Person having direction or control over any Person violating this chapter shall subject each such Person to such fine.

7.02.210 Rate stabilization: In order to protect against the cyclical nature of the construction industry and development patterns, the Council shall annually as part of the budget process create reserves from the revenues generated by the construction excise tax that are designed to protect against future fluctuations so as to promote stability in the rate of tax needed to support required programs.

7.02.220 Needs assessment: Prior to July 1, 1998, the Council shall conduct a needs assessment review of the Construction Excise Tax to determine whether it is necessary to continue the tax beyond the period of adoption and implementation of the Regional Framework Plan. In conducting the assessment, the Council shall hold at least two public hearings.

7.02.230 Dedication of revenues: Revenue derived from the imposition of this tax after deduction of necessary costs of collection shall be dedicated solely to carrying out the Regional Planning Functions of Metro mandated by Section 5 of the 1992 Metro Charter.

Section 2. Section 7.01.020 of the Metro Code is amended to read as follows:

7.01.020 Tax Imposed:

(a) For the privilege of use of the facilities, equipment, systems, functions, services, or Improvements owned, operated, franchised, or provided by the District, each user shall pay a tax in the amount established in subsection 7.01.020(b) but not to exceed six (6) percent of the payment charged by the operator or the District for such use. The tax constitutes a debt owed by the user to the District which is extinguished only by payment of the tax directly to the District or by the operator to the District. The user shall pay the tax to the District or to an operator at the time payment for the use is made. The operator shall enter the tax on his/her records when payment is collected if the operator keeps his/her records on the cash basis of accounting and when earned if the operator keeps his/her records on the accrual basis of accounting. If installment payments are paid to an operator, a proportionate share of the tax shall be paid by the user to the operator with each installment.

(b) The Council may for any annual period commencing July 1 of any year and ending on June 30 of the following year establish a tax rate lower than the rate of tax provided for in subsection 7.01.020(a) by so providing in the annual budget ordinance adopted by the District. If the Council so establishes a lower rate of tax, the Executive Officer shall immediately notify all operators of the new tax rate. Upon the end of the fiscal year the rate of tax shall revert to the maximum rate established in subsection 7.01.020(a) unchanged for the next year unless further action to establish a lower rate is adopted by the Council as provided for herein.

Section 3. Metro Code Section 5.02.025 and 5.02.045 is amended to read as follows:

5.02.025 Disposal Charges at Metro South Station, Metro Central Station and the Metro Household Hazardous Waste Facilities:

(a) Total fees for disposal by credit account customers shall be \$73.00 per ton of solid waste delivered for disposal at Metro South Station or Metro Central Station.

(b) Total fees for disposal by cash account customers shall be \$100.00 per ton of solid waste delivered for disposal at Metro South Station or Metro Central Station. A cash account customer delivering a load of waste such that no portion of the waste is visible to Metro scalehouse personnel (unless the waste is only visible through a secure covering), shall receive a 25 percent rebate.

(c) The total disposal fees specified in subsection (a) and (b) of this section include:

- (1) A disposal fee of \$37.70 per ton;
- (2) A regional transfer charge of \$7.10 per ton;
- (3) The user fees specified in Section 5.02.045;
- (4) An enhancement fee of \$.50 per ton; and
- (5) DEQ fees totaling \$1.05 per ton.

(d) Notwithstanding subsection (b) of this section, cash account customers using Metro South Station or Metro Central Station, who have separated and included in their loads at least one half cubic yard of recyclable material (as defined in ORS 459.005) shall receive a \$3.00 credit toward their disposal charge if their load is transported inside a passenger car or in a pickup truck not greater than a 3/4 ton capacity.

(e) The minimum charge shall be \$19.00 for all credit account vehicles and shall be \$25.00 for all cash account vehicles. The minimum charge shall be adjusted by the covered load rebate as specified in subsection (b) of this section, and may also be reduced by application of the recycling credit provided in subsection (d) of this section. If both the rebate and the recycling credit are applicable, the rebate shall be calculated first.

(f) Total fees assessed at Metro facilities shall be rounded to the nearest whole dollar amount (a \$.50 charge shall be rounded up) for all cash account customers.

(g) A fee of \$5.00 is established to be charged at the Metro Household Hazardous Waste facilities for each load of Household Hazardous Waste.

(h) A fee of \$10.00 is established at the Metro Household Hazardous Waste facilities for special loads.

(i) The following table summarizes the disposal charges to be collected by Metro from all persons disposing of solid waste at Metro South Station and Metro Central Station:

**METRO SOUTH STATION
METRO CENTRAL STATION**

Fee Component	\$/Ton	Tonnage Rate
Disposal Fee		\$37.70
Regional User Fee		17.25
Metro User Fee		9.40
Regional Transfer Charge		7.10
Total Rate		\$71.45
Additional Fees		
Enhancement Fee		\$.50
DEQ Fees		1.05
Total Disposal Fee		\$73.00
Minimum Charge		
Per Charge Account Vehicle		\$19.00
Per Cash Account Vehicle (subject to possible covered load rebate and recycling credit)		25.00

Tires	Type of Tire	Per Unit
	Car tires off rim	\$ 1.00
	Car tires on rim	3.00
	Truck tires off rim	5.00
	Truck tires on rim	8.00
	Any tire 21 inches or larger diameter off or on rim	\$12.00

5.02.045 User Fees:

The following user fees shall be collected and paid to Metro by the operators of solid waste disposal facilities, whether within or outside of the boundaries of Metro, for the disposal of solid waste generated, originating, collected or disposed of within Metro boundaries, in accordance with Metro Code Section 5.01.150:

(a) Regional User Fee:

For compacted or noncompacted solid waste, \$17.25 per ton delivered.

(b) Metro User Fee:

\$9.40 per ton for all solid waste delivered to Metro-owned or operated facilities.

(c) Inert material, including but not limited to earth, sand, stone, crushed stone, crushed concrete, broken asphaltic concrete and wood chips used at the St. Johns Landfill for cover, diking, road base or other internal use shall be exempt from the above user fees.

(d) User fees shall not apply to wastes received at franchised processing centers that accomplish materials recovery and recycling as a primary operation.

(e) Notwithstanding the provisions of (a) and (b) above, Metro User Fees may be assessed as may be appropriate for solid waste which is the subject of a Non-System License under Chapter 5.05 of the Metro Code.

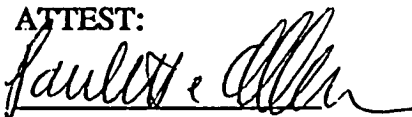
Section 4. The Executive Officer shall rebate to each local government that has made a voluntary payment to Metro in lieu of the per capita payments required by the provisions of former ORS 268.513 for fiscal year 1994-95 an amount equal to amount of the payment made to Metro multiplied by a fraction equal to the number of days remaining in fiscal year 1994-95 on the effective date of this Ordinance divided by 365.

Section 5. The Metro Construction Excise Tax established pursuant to Metro Code Chapter 7.02 shall not be imposed on and no person shall be liable to pay any tax for any construction activity that is commenced pursuant to a building permit issued on or after July 1, 2000.

ADOPTED by the Metro Council this 25th day of August, 1994.


Ed Washington, Deputy Presiding Officer

ATTEST:


Clerk of the Council

gl1166i

EXHIBIT "B"

"Caption: New Metro Construction tax, will lower excise tax, garbage fees."

"Question: Shall Metro charge new tax on construction dedicated to voter required growth planning; reduce excise tax and solid waste rates?"

"Explanation: Sets tax on new construction. Tax is twelve cents per square foot. Tax rate for remodeling is six cents per square foot. Exempts low cost homes and low income housing. Exempts most home remodels. Tax proceeds are dedicated to voter required growth management planning. Tax ends July 1, 2000. Lowers Metro excise tax on solid waste, zoo and convention center from 7.5 percent to 6 percent. Lowers solid waste tip fees from 75 dollars per ton to 73. Gives rebates of fees to local governments."

gl
1191

**METRO**

Date: October 4, 1994

To: Metro Council

From: Rod Monroe, Finance Committee Chair

Re: Introduction of Resolution No. 94-2045

Please find attached a copy of Resolution No. 94-2045 which I have introduced for Council consideration and action. **The resolution submits the entire Construction Excise Tax Ordinance (94-556C) to the voters at the May 16, 1995 election or at the next available election in 1995.**

This resolution has been introduced to present the entire financial package to the voters rather than merely the imposition of the Construction Tax. This will avert a potential financial short fall of approximately \$1,000,000 during the current fiscal year. It will also enable the voters to make a choice of adopting a more balanced approach to funding Metro's planning program or continue to rely mostly on taxing the users of the solid waste system. Since I last talked to most of you I have changed the proposed election date to the May 16, 1994 election to avoid placing the measure on the same ballot as the Greenspaces measure. This date does not take into account the potential problem of Ballot Measure 5 which could force those two measures to be on the same ballot.

This resolution will be on the October 12, 1994 Finance Committee agenda. I have asked the Presiding Officer to schedule the resolution on the October 13, 1994 Council agenda should the resolution be favorable acted upon by the Finance Committee. Please review the resolution and call me or Don Carlson if you have any questions or need additional information.

cc: Rena Cusma
Jennifer Sims
Don Carlson

RM 94-2045.memo

BEFORE THE METRO COUNCIL

AN ORDINANCE RELATING TO TAXATION,	)	ORDINANCE NO. 94-556B
ESTABLISHING A CONSTRUCTION EXCISE)	
TAX REDUCING THE METRO EXCISE TAX,	)	Introduced by
REDUCING SOLID WASTE RATES AND	)	Councilor Rod Monroe
REFUNDING PLANNING SERVICE FEES)	
TO LOCAL GOVERNMENTS)	

THE METRO COUNCIL HEREBY ORDAINS AS FOLLOWS:

Section 1. Effective November 1, 1994 or the effective date of this Ordinance, whichever is the latest, the following Chapter 7.02 Construction Excise Tax is added to the Metro Code.

CHAPTER 7.02

CONSTRUCTION EXCISE TAX

SECTIONS:

7.02.010	Short title.
7.02.020	Construction.
7.02.030	Definitions.
7.02.040	Exemptions.
7.02.050	Rules and regulations promulgation.
7.02.060	Administration and enforcement authority.
7.02.070	Imposition of tax.
7.02.080	Rate of tax.
7.02.090	Failure to pay.
7.02.100	Statement of entire floor area required.
7.02.110	Intergovernmental agreements.
7.02.120	Rebates.
7.02.130	Hearings Officer.
7.02.140	Appeals.
7.02.150	Refunds.
7.02.160	Occupation of improvement without payment unlawful.
7.02.170	Enforcement by civil action.
7.02.180	Review.
7.02.190	Failure to pay -- Penalty.
7.02.200	Violation -- Penalty.
7.02.210	Rate stabilization.
7.02.220	Needs assessment.
7.02.230	Dedication of revenues.

7.02.010 Short title: This chapter shall be known as the "Construction Excise Tax Ordinance" and may be so pleaded.

7.02.020 Construction: The construction excise tax ordinance and all amendments hereinafter made thereto shall be referred to herein as "this chapter." This chapter and any terms not defined herein or elsewhere in this Code shall be construed to be consistent with definitions and terminology used in the Oregon State Building Code, 1993 Edition (the Uniform Building Code).

7.02.030 Definitions: As used in this chapter unless the context requires otherwise:

(a) "Building Official" means any person charged by a municipality with responsibility for the administration and enforcement of a building code.

(b) "Commercial Construction" means the construction of any building or structure, or portion thereof, that is classified as any occupancy other than a residential occupancy.

(c) "Construction" means erecting, constructing, enlarging, altering, repairing, moving, improving, removing, converting, or demolishing any building or structure for which the issuance of a building permit is required pursuant to the provisions of Oregon law. Construction also includes the installation of a manufactured dwelling.

(d) "Contractor" means any person who performs Construction for compensation.

(e) "Executive Officer" means the Metro Executive Officer.

(f) "Improvement" means any newly constructed structure or a modification of any existing structure.

(g) "Major Renovation" means any renovation, alteration or remodeling of an existing building or structure, or portion thereof, that will result in a change in occupancy classification of the building or structure, or portion thereof, from a residential occupancy classification to a non-residential occupancy classification, or from one non-residential occupancy classification to another.

(h) "Manufactured Dwelling" means any building or structure designed to be used as a residence that is subject to regulation pursuant to ORS ch 446, as further defined in ORS 446.003(26).

(i) "Occupancy Classification" means any occupancy group or division of any occupancy group as defined by the Oregon State Building Code.

(j) "Person" means and includes individuals, domestic and foreign corporations, societies, joint ventures, associations, firms, partnerships, joint stock companies, clubs or any legal entity whatsoever.

(k) "Residential Construction" means the Construction or installation of any building or structure, or portion thereof, that is classified as a residential occupancy and includes all accessory buildings and structures. The installation of a Manufactured Dwelling is included within the meaning of the term Residential Construction.

(l) "Total Combined Floor Area" means the sum of the floor areas of each floor created by the Construction. Total Combined Floor Area shall be also construed to mean the newly created floor area added to an existing building or structure by any renovation, alternation or remodeling.

(m) "Total Renovated Floor Area" means the Total Combined Floor Area of an existing building or structure, or portion thereof, that is the subject of a Major Renovation.

7.02.040 Exemptions:

(a) No obligation to pay the tax imposed by Section 7.02.070 shall arise from the Construction of any Improvement that is owned by any government entity whether federal, state or local.

(b) The Executive Officer may pursuant to Sections 7.02.050, 7.02.060 and 7.02.110 exempt from the duty to pay the tax imposed by Section 7.02.070 any Person who would be entitled to a rebate pursuant to Section 7.02.120(a)(2) or Section 7.02.120(a)(3).

7.02.050 Rules and regulations promulgation: The Executive Officer may promulgate rules and regulations necessary for the administration and enforcement of this chapter.

7.02.060 Administration and enforcement authority:

(a) The Executive Officer shall be responsible for the administration and enforcement of this chapter. In exercising the responsibilities of this section of the Executive Officer may act through a designated representative.

(b) In order to carry out the duties imposed by this chapter, the Executive Officer shall have the authority to do the following acts, which enumeration shall not be deemed to be exhaustive, namely: administer oaths; certify to all official acts; to subpoena and require attendance of witnesses at hearings to determine compliance with this chapter, rules and regulations; to require production of relevant documents at public hearings; to swear witnesses; and take testimony of any Person by deposition.

7.02.070 Imposition of tax: An excise tax is imposed on every Person who engages in the act of engaging in Construction within the District. The tax shall be measured by the Total Combined Floor Area constructed or the Total Renovated Floor Area constructed as set forth in Section 7.02.080. If no additional floor area is created or added by the Construction and if the Construction does not constitute a Major Renovation then there shall be no tax due. The tax shall be due and payable at the time of the issuance of any building permit, or installation permit in the case of a manufactured dwelling, by any building authority. Liability for this tax shall attach upon every owner or occupant of property on which the is located and every Contractor who engages in Construction; provided, however, that only one tax must be paid.

7.02.080: Rate of tax: The rate of tax to be paid is set forth in this section for each specific category of Construction:

(a) The rate of tax to be paid for Residential Construction or Commercial Construction shall be 12 cents for each square foot of Total Combined Floor Area constructed.

(b) The rate of tax to be paid for any Major Renovation shall be one-half the rate for Commercial Construction per square foot of Total Renovated Floor Area.

(c) If any Major Renovation results in the addition of additional floor area to an existing building or structure, then the tax to be paid shall be the total tax due pursuant to subsections (a) and (b).

7.02.090 Failure to pay: It shall be unlawful for any Person to fail to pay all or any portion of the tax imposed by this chapter.

7.02.100 Statement of entire floor area required: It shall be unlawful for any Person to fail to state or to misstate the full floor area of any Improvement or Manufactured Dwelling. When any Person pays the tax, within the time provided for payment of the tax, there shall be a conclusive presumption, for purposes of computation of the tax, that the floor area of the Improvement or Manufactured Dwelling is the floor area as determined by the Building Official at the time of issuance of the building permit or installation permit. When any Person fails to pay the tax within the time provided for payment of the tax, the floor area constructed shall be as established by the Executive Officer who may consider the floor area established by the Building Official but may consider other evidence of actual floor area as well.

7.02.110 Intergovernmental agreements: The Executive Officer may enter into intergovernmental agreements with other governments to provide for the enforcement of this chapter and the collection of the Construction Excise Tax. The agreements may provide for the governments to retain no more than 5 percent of the taxes actually collected as reimbursement of administrative expense.

7.02.120 Rebates:

(a) The Executive Officer shall rebate to any Person who has paid a tax the amount of tax actually paid, upon the Person establishing that:

- (1) The tax was paid for the Construction of a single family residence that was sold to its original occupant for a price less than \$100,000; provided that the maximum amount that may be refunded for any one residence is \$125; or
- (2) The Person who paid the tax is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), or a limited partnership the sole general partner of which is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), the Construction is used for residential purposes and the property is restricted to being occupied by Persons with incomes less than 50 percent of the median income for a period of 30 years or longer; or
- (3) The Person who paid the tax is exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3) and the Construction is dedicated for use for the purpose of providing charitable services to Persons with incomes less than 50 percent of the median income.

(b) In the event the tax was paid for Construction that is eligible for a rebate for only a portion of the Construction, the Executive Officer shall rebate only the tax paid for the eligible portion.

(c) The Executive Officer may require any Person seeking a refund to demonstrate that the Person is eligible for a refund and that all necessary facts to support the refund are established.

(d) The Executive Officer shall either rebate all amounts due under this section within 30 days of receipt of a complete application for the rebate or give written notice of the reasons why the application has been denied. Any denial of any application may be appealed as provided for in Section 7.02.140.

7.02.130 Hearings Officer: The Executive Officer shall appoint a hearings officer to conduct hearings related to enforcement or appeals of this Chapter. All hearings shall be conducted in accordance with rules and regulations adopted by the Executive Officer.

7.02.140 Appeals: Any Person who is aggrieved by any determination of the Executive Officer regarding liability for payment of the tax, the amount of tax owed, or the amount of tax that is subject to refund or rebate may appeal the determination in accordance with Section 7.02.140. All appeals must be in writing and must be filed within 10 days of the

determination by the Executive Officer. No appeal may be made unless the Person has first paid the tax due as determined by the Executive Officer.

7.02.150 Refunds:

(a) Upon written request, the Executive Officer shall refund any tax paid upon the Person who paid the tax establishing that Construction was not commenced and that any building permit issued has been cancelled as provided by law.

(b) The Executive Officer shall either refund all amounts due under this section within 30 days of a complete application for the refund or give written notice of the reasons why the application has been denied. Any denial of any application may be appealed as provided for in Section 7.02.140.

7.02.160 Occupation of improvement without payment unlawful: It shall be unlawful for any Person to occupy any Improvement unless the tax imposed by this chapter has been paid.

7.02.170 Enforcement by civil action: The tax and any penalty imposed by this chapter constitutes a debt of the Person liable for the tax as set forth in Section 7.02.070 of this chapter and may be collected by the Executive Officer in an action at law. If litigation is necessary to collect the tax and any penalty, the prevailing party shall be entitled to reasonable attorney fees at trial or on appeal. The Office of General Counsel is authorized to prosecute any action needed to enforce this chapter as requested by the Executive Officer.

7.02.180 Review: Review of any action of the Executive Officer taken pursuant to this chapter, or the rules and regulations adopted pursuant thereto, shall be taken solely and exclusively by writ of review in the manner set forth in ORS 34.010 through 34.100, provided, however, that any aggrieved Person may demand such relief by writ of review.

7.02.190 Failure to pay -- Penalty: In addition to any other fine or penalty provided by this chapter, failure to pay the tax within fifteen days of the date of issuance of any building permit for any Improvement or installation permit for any Manufactured Dwelling shall result in a penalty equal to the amount of tax owed or \$50.00, whichever is greater.

7.02.200 Violation -- Penalty:

(a) In addition to any other civil enforcement provided herein, violation of this chapter shall be a misdemeanor and shall be punishable, upon conviction, by a fine of not more than five hundred dollars.

(b) Violation of this chapter by any officer, director, partner or other Person having direction or control over any Person violating this chapter shall subject each such Person to such fine.

7.02.210 Rate stabilization: In order to protect against the cyclical nature of the construction industry and development patterns, the Council shall annually as part of the budget process create reserves from the revenues generated by the construction excise tax that are designed to protect against future fluctuations so as to promote stability in the rate of tax needed to support required programs.

7.02.220 Needs assessment: Prior to July 1, 1998, the Council shall conduct a needs assessment review of the Construction Excise Tax to determine whether it is necessary to continue the tax beyond the period of adoption and implementation of the Regional Framework Plan. In conducting the assessment, the Council shall hold at least two public hearings.

7.02.230 Dedication of revenues: Revenue derived from the imposition of this tax after deduction of necessary costs of collection shall be dedicated solely to carrying out the Regional Planning Functions of Metro mandated by Section 5 of the 1992 Metro Charter.

Section 2. Section 7.01.020 of the Metro Code is amended to read as follows:

7.01.020 Tax Imposed:

(a) For the privilege of use of the facilities, equipment, systems, functions, services, or Improvements owned, operated, franchised, or provided by the District, each user shall pay a tax in the amount established in subsection 7.01.020(b) but not to exceed ~~seven and one-half (7.5) percent~~ **(6)** percent of the payment charged by the operator or the District for such use. The tax constitutes a debt owed by the user to the District which is extinguished only by payment of the tax directly to the District or by the operator to the District. The user shall pay the tax to the District or to an operator at the time payment for the use is made. The operator shall enter the tax on his/her records when payment is collected if the operator keeps his/her records on the cash basis of accounting and when earned if the operator keeps his/her records on the accrual basis of accounting. If installment payments are paid to an operator, a proportionate share of the tax shall be paid by the user to the operator with each installment.

(b) The Council may for any annual period commencing July 1 of any year and ending on June 30 of the following year establish a tax rate lower than the rate of tax provided for in subsection 7.01.020(a) by so providing in the annual budget ordinance adopted by the District. If the Council so establishes a lower rate of tax, the Executive Officer shall immediately notify all operators of the new tax rate. Upon the end of the fiscal year the rate of tax shall revert to the maximum rate established in subsection 7.01.020(a) unchanged for the next year unless further action to establish a lower rate is adopted by the Council as provided for herein.

Section 3. Metro Code Section 5.02.025 and 5.02.045 is amended to read as follows:

5.02.025 Disposal Charges at Metro South Station, Metro Central Station and the Metro Household Hazardous Waste Facilities:

(a) Total fees for disposal by credit account customers shall be ~~\$75.00~~\$73.00 per ton of solid waste delivered for disposal at Metro South Station or Metro Central Station.

(b) Total fees for disposal by cash account customers shall be \$100.00 per ton of solid waste delivered for disposal at Metro South Station or Metro Central Station. A cash account customer delivering a load of waste such that no portion of the waste is visible to Metro scalehouse personnel (unless the waste is only visible through a secure covering), shall receive a 25 percent rebate.

(c) The total disposal fees specified in subsection (a) and (b) of this section include:

- (1) A disposal fee of ~~\$39.25~~\$37.70 per ton;
- (2) A regional transfer charge of ~~\$7.20~~\$7.10 per ton;
- (3) The user fees specified in Section 5.02.045;
- (4) An enhancement fee of \$.50 per ton; and
- (5) DEQ fees totaling \$1.05 per ton.

(d) Notwithstanding subsection (b) of this section, cash account customers using Metro South Station or Metro Central Station, who have separated and included in their loads at least one half cubic yard of recyclable material (as defined in ORS 459.005) shall receive a \$3.00 credit toward their disposal charge if their load is transported inside a passenger car or in a pickup truck not greater than a 3/4 ton capacity.

(e) The minimum charge shall be \$19.00 for all credit account vehicles and shall be \$25.00 for all cash account vehicles. The minimum charge shall be adjusted by the covered load rebate as specified in subsection (b) of this section, and may also be reduced by application of the recycling credit provided in subsection (d) of this section. If both the rebate and the recycling credit are applicable, the rebate shall be calculated first.

(f) Total fees assessed at Metro facilities shall be rounded to the nearest whole dollar amount (a \$.50 charge shall be rounded up) for all cash account customers.

(g) A fee of \$5.00 is established to be charged at the Metro Household Hazardous Waste facilities for each load of Household Hazardous Waste.

(h) A fee of \$10.00 is established at the Metro Household Hazardous Waste facilities for special loads.

(i) The following table summarizes the disposal charges to be collected by Metro from all persons disposing of solid waste at Metro South Station and Metro Central Station:

METRO SOUTH STATION METRO CENTRAL STATION		Tonnage Rate
Fee Component	\$/Ton	
Disposal Fee	\$39.25	37.70
Regional User Fee	17.50	17.25
Metro User Fee	9.50	9.40
Regional Transfer Charge	7.20	7.10
Total Rate	\$73.45	71.45
Additional Fees		
Enhancement Fee		\$.50
DEQ Fees		1.05
Total Disposal Fee	\$75.00	73.00
Minimum Charge		
Per Charge Account Vehicle		\$19.00
Per Cash Account Vehicle (subject to possible covered load rebate and recycling credit)		25.00

Tires	Type of Tire	Per Unit
	Car tires off rim	\$ 1.00
	Car tires on rim	3.00
	Truck tires off rim	5.00
	Truck tires on rim	8.00
	Any tire 21 inches or larger diameter off or on rim	\$12.00

5.02.045 User Fees:

The following user fees shall be collected and paid to Metro by the operators of solid waste disposal facilities, whether within or outside of the boundaries of Metro, for the disposal of solid waste generated, originating, collected or disposed of within Metro boundaries, in accordance with Metro Code Section 5.01.150:

(a) Regional User Fee:

For compacted or noncompacted solid waste, \$17.50~~17.25~~ per ton delivered.

(b) Metro User Fee:

\$9.50~~9.40~~ per ton for all solid waste delivered to Metro-owned or operated facilities.

(c) Inert material, including but not limited to earth, sand, stone, crushed stone, crushed concrete, broken asphaltic concrete and wood chips used at the St. Johns Landfill for cover, diking, road base or other internal use shall be exempt from the above user fees.

(d) User fees shall not apply to wastes received at franchised processing centers that accomplish materials recovery and recycling as a primary operation.

(e) Notwithstanding the provisions of (a) and (b) above, Metro User Fees may be assessed as may be appropriate for solid waste which is the subject of a Non-System License under Chapter 5.05 of the Metro Code.

Section 4. The Executive Officer shall rebate to each local government that has made a voluntary payment to Metro in lieu of the per capita payments required by the provisions of former ORS 268.513 for fiscal year 1994-95 an amount equal to amount of the payment made to Metro multiplied by a fraction equal to the number of days remaining in fiscal year 1994-95 on the effective date of this Ordinance divided by 365. Prior to making any rebate, however, the Executive Officer shall deduct from the amount to be paid to any local government the amount of start-up costs that Metro has agreed to pay pursuant to any intergovernmental agreement authorized by Metro Code Section 7.02.110.

ADOPTED by the Metro Council this ____ day of _____, 1994.

Ed Washington, Deputy Presiding Officer

ATTEST:

Clerk of the Council

gl1166h



METRO

SUMMARY SHEET
Proposed Construction Excise Tax
(Ordinance No. 94-556B)

Purpose:

Establishes a funding source for Metro's charter-mandated growth management functions. Metro's voter-approved 1992 charter requires that Metro focus its primary mission on regional planning functions and growth management. The proposed ordinance levies a tax on new residential and commercial/industrial construction and some types of commercial/industrial renovation.

Rate:

Tax rate on *new* residential and commercial/industrial construction is 12 cents per square foot. (e.g., owners of a new 2,000-square-foot house would pay a one-time tax of \$240). This also includes adding square footage to existing buildings.

Tax rate on a major renovation of an *existing* structure is 6 cents per square foot. A "major renovation" is defined as a renovation that changes the use of a structure (e.g., converting a home into a business). The construction excise tax would not apply to a remodeling project that does not change the use of the building.

Exemptions:

Exempted from the tax are governments and tax-exempt organizations that provide housing and other social services to low-income families. In addition, single-family houses that sell for less than \$100,000 are eligible for a rebate of up to \$125.

Other provisions:

The construction excise tax ordinance also:

- Reduces current Metro excise tax levied on users of all district services from the current 7.5 percent to 6 percent.
- Reduces the solid waste tip fees charged at Metro solid waste facilities from \$75 per ton to \$73 per ton.
- Rebates on a pro-rated basis this year's voluntary dues paid by local governments to Metro for planning services and discontinues future dues.
- Requires Metro to place part of the funds in a stabilization account due to the cyclical nature of the construction industry.
- Requires Metro to review the tax by July 1, 1998, once Metro's Regional Framework Plan is completed, to determine whether the tax is still needed.

Collection:

Local governments will be asked to collect construction excise tax fees for Metro as part of their local building permit system. Metro will pay those local governments up to 5 percent of the collected tax to cover their administrative costs. Metro will collect the tax when local governments do not.

Projected revenues:

The net revenues for this tax will be dedicated to Metro's planning functions. First-year projections are that the tax will raise about \$2.4 million for these planning functions.

Effective date:

The construction excise tax takes effect 90 days after adoption by the Metro Council.



METRO

SUMMARY SHEET
Construction Excise Tax
(Ordinance 94-556B)

-
- Purpose:** Establishes a funding source for Metro's charter-mandated growth management functions. Metro's voter-approved 1992 charter requires that Metro focus its primary mission on regional planning functions and growth management. The proposed ordinance levies a tax on new residential and commercial/industrial construction and some types of commercial/industrial renovation.
- Rate:** Tax rate on new residential and commercial/industrial construction is 12 cents per square foot. (e.g., a new 2,000-square-foot house would pay a one-time tax of \$240). This also includes adding square footage to existing buildings.
- Tax rate on a major renovation of an existing structure is 6 cents per square foot. A "major renovation" is defined as a renovation that changes the use of a structure (e.g., converting a home into a business). The construction excise tax would not apply to a remodeling project that does not change the use of the building.
- Exemptions:** Exempted from the tax are governments and tax-exempt organizations that provide housing and other social services to low-income families. In addition, single-family houses that sell for under \$100,000 are eligible for a rebate of up to \$125.
- Other provisions:** The construction excise tax ordinance also:
- Reduces current Metro excise tax levied on users of all district services from the current 7.5 percent to 6 percent.
 - Reduces the solid waste tip fees charged at Metro solid waste facilities from \$75 per ton to \$73 per ton.
 - Rebates on a pro-rated basis this year's local government planning service fees paid to Metro for planning services and discontinues future fees.

- Requires Metro to place part of the funds in a stabilization account due to the cyclical nature of the construction industry.

Collection:

Local governments will be asked to collect construction excise tax fees for Metro as part of their local building permit system. Metro will pay those local governments up to 5 percent of the collected tax and reasonable start-up money to cover their administrative costs. Metro will collect the tax when local governments do not.

**Projected
revenues:**

The net revenues for this tax will be dedicated to Metro's planning functions. First-year projections are that the tax will raise about \$2.4 million for these planning functions.

Effective date:

The construction excise tax takes effect Nov. 23, 1994. It will be reviewed in 1998 and will sunset July 1, 2000.



METRO

Date: August 24, 1994
To: Metro Council
From: Rod Monroe, Finance Committee Chair *Rm*
Re: Proposed Amendment to Ordinance No. 94-556B (Construction Excise Tax)

Please find attached a proposed amendment to Ordinance No. 94-556B which would eliminate the reduction in the rebate of local government dues to cover the one-time local government start-up costs for collecting the Construction Excise Tax. This amendment is proposed in response to several local governments comments regarding Metro covering all the start-up costs for this proposed new Metro revenue source. The proposed amendment makes it clear that all start-up costs will be borne by Metro and the specific reimbursement to the various local governments will be determined when the intergovernmental agreement on local collection is consummated.

If you have any questions, please let me know.

cc: Rena Cusma
Jennifer Sims

RdM ConExcTax.amend

AUGUST 23, 1994

MONROE AMENDMENT TO ORDINANCE 94-556B
(Local Government Start-Up Costs)

Amend Section 1 of the Ordinance on page 4 by amending Section 7.02.110 to read:

7.02.110 Intergovernmental agreements: The Executive Officer may enter into intergovernmental agreements with other governments to provide for the enforcement of this chapter and the collection of the Construction Excise Tax. The agreements may provide for the governments to retain no more than 5 percent of the taxes actually collected as reimbursement of administrative expense and be reimbursed for the government's reasonable, one time, start up costs as set forth in the agreements.

Amend Section 4 of the Ordinance on page 10 to read:

Section 4: The Executive Officer shall rebate to each local government that has made a voluntary payment to Metro in lieu of the per capita payments required by the provisions of former ORS 268.513 for fiscal year 1994-95 an amount equal to amount of the payment made to Metro multiplied by a fraction equal to the number of days remaining in fiscal year 1994-95 on the effective date of this Ordinance divided by 365. ~~[Prior to making any rebate, however, the Executive Officer shall deduct from the amount to be paid to any local government the amount of start up costs that Metro has agreed to pay pursuant to any intergovernmental agreement authorized by Metro Code Section 7.02.110.]~~



METRO

DATE: July 14, 1994

TO: Donald E. Carlson, Council Administrator

FROM: Councilor George Van Bergen

RE: ORDINANCE NO. 94-556 (CONSTRUCTION TAX)

Staff is directed to prepare revisions to Ordinance No. 94-556 to remove from said ordinance all reference to excise tax, tipping fees and refunds to municipal corporations of pro-ration of prepaid voluntary dues (Sections 3 and 4).

My belief is that the issues in the present draft ordinance are clearly severable. This does not mean I support the construction tax proposal; only that it should be separately considered.

Excise tax levels and tipping fee reductions can be separately introduced by interested Councilors for fast-track consideration.

I accept as a matter of law Mr. Cooper's direction that in the event of an unfavorable referendum vote, the excise tax and tipping fee ordinance in place would continue. However, as a policy matter I do not wish these two topics to be included in a general vote consideration of a construction tax.

Any interim changes in the draft construction tax portions by Mr. Cooper should be included.

I expect this to be in legislative form 48 hours before the next Finance Committee meeting with copies to be distributed to all Councilors covered with a copy of this memo.

GVB:pa

METRO FINANCE COMMITTEE MEETING

Testimony given July 12, 1994 by:

Jack Nelson
Associated General Contractors
9450 SW Commerce Circle
Wilsonville, OR 97070
(503) 682-3363

Testified Against 94-556

Robin White
BOMA, NAIOP
1211 SW 5th, #2722
Portland, OR 97204
228-9214

Testified Against 94-556

Mayor Gussie McRobert
City of Gresham
1333 NW Eastman Parkway
Gresham, OR 97030
669-2306

Testified in favor of 94-556

Estle Harlan
Tri County Council
654-9533

Testified in favor of 94-556

Tom Benjamin
Innovative Housing, Inc.
1214 SW Washington
Portland, OR 97221
226-4368

Testified against 94-556

John Chandler
Home Builders Assn
15555 SW Bangy Rd
Lake Oswego, OR 97035
684-1885
Testified Against 94-556

John Lilegren
Westwood Corporation
3030 SW Moody
Portland, OR 97201
222-2000
Testified against 94-556

METRO FINANCE COMMITTEE MEETING
JULY 18, 1994

TESTIMONY FROM:

E. John Rumpakis
Commercial Association of Realtors
317 SW Alder Street, Suite 1000
Portland, OR 97204

281-1261

Testified against 94-556

Matthew Rich
4034 N. Missouri
Portland, OR 97227
280-9746

Testified for 94-556

Roy Wall
City of Gresham
501 NE Hood, Suite 100
Gresham, OR 97030
669-2372

Testified for 94-556

John Liljegren
Westwood Corporation
3030 SW Moody
Portland, OR 97221
222-2000

Testified against 94-556

FINANCE WORK SESSION
CONSTRUCTION EXCISE TAX
JULY 18, 1994
4 p.m.

Presentation of data

- Data questions
- Needs Information

Review of Ordinance

Input from meeting with Building Officials

Work Session

- Basis of tax
 - Valuation vs. square feet
- Amount to be raised
 - For replacement
 - Program needs
 - Rate stabilization
- Exemptions
- Tax rate
 - Differential for residential, commercial, industrial?
- Administrative Cost Reimbursement Cap
- Needs assessment



METRO

**Staff Report and Analysis
for the
Proposed Construction Excise Tax**

presented to the

**Metro Council
Finance Committee**

Planning Department
Data Resource Center
July 18, 1994

Issues and Questions Raised by members of the Finance Committee:

Question #1

What would a 0.25% (or \$2.50 per \$1,000 value) tax have raised in each of the last 10 years? (Monroe)

Answer:

- A construction excise tax levied at 0.25% for all new construction and alterations of residential dwellings and nonresidential structures would have raised on average (median) about **\$2.9 million per year** (about \$100,000 below the target expenditure amount of \$3.0 million per year)

Figure 1
**Estimated Revenues Raised
from a Construction Excise Tax of 0.25% on
All Residential and Nonresidential Structures
(except Public and nonprofit buildings)**

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Receipts	1.7	1.8	2.3	3.1	2.4	2.8	3.5	3.6	2.9	3.0	3.2

all figures are in millions of dollars
and adjusted to 1994 dollar values

- Alternatively, a 0.25% tax levied on new construction only would have raised on average (median) about **\$2.1 million per year**. A construction tax that excludes all remodeling (or alterations) would undoubtedly fall below fiscal expectations.

Figure 2
**Estimated Revenues Raised
from a Construction Excise Tax of 0.25% on
Only Newly Built Structures
(except Public and nonprofit buildings)**

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Receipts	1.3	1.2	1.8	2.4	1.8	2.2	2.8	2.6	2.0	2.1	2.3

all figures are in millions of dollars
and adjusted to 1994 dollar values

- A second alternative would tax all permits but exclude residential remodeling. In other words, a tax on only new residential and nonresidential structures plus all commercial/industrial remodeling/alterations. The average (median) tax receipts based on this alternative would provide **\$2.8 million per year**.

Figure 3
Estimated Revenues Raised
from a Construction Excise Tax of 0.25% on
All Newly Built Structures and Commercial/Industrial Alterations
(except Residential alterations and Public and nonprofit buildings)

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Receipts	1.6	1.7	2.2	3.0	2.3	2.7	3.4	3.5	2.7	2.8	3.0

all figures are in millions of dollars
and adjusted to 1994 dollar values

- It is clear to see that any tax on construction is subject to wide variations from year to year. Changes in business cycle activity due to interest rate, housing demand, household growth, U.S. tax policies, etc. can cause the issuance of building permits to swing broadly up and down. Moreover, monthly tax receipts are subject to even wilder fluctuations because of seasonal changes in construction activity.
- **Table 1**, we show an average (mean) of what the tax receipts from each jurisdiction inside Metro would have been if the construction excise tax had been in place during the last 11 years.
 1. New Construction Values averaged \$842 million per year (\$2.1 in construction excise fees).
 2. Total Remodeling Values averaged \$251million per year (\$0.6 million in construction excise fees).
 3. Remodeling without residential values averaged \$197 million per year (\$0.5 million in construction excise fees).
- The next three charts demonstrate graphically where the incident of tax burden would have fallen if the construction tax had been in place.

Chart 1: A construction tax on residential buildings would have hit more heavily in Lake Oswego, Beaverton, Portland, and unincorporated portions of Washington county.

Chart 2: A construction tax on for profit commercial and industrial structures would have hit Beaverton, Gresham, Portland and unincorporated parts of the metropolitan area more heavily than elsewhere.

Chart 3: A tax on all remodeling projects would have hit Portland by far the most and predominately fall on nonresidential permits.

Table 1
INSIDE METRO BOUNDARY
11 Year Average of Building Permits Issued

JURISDICTION	RESIDENTIAL					NON-RESIDENTIAL					TOTAL VALUES		
	Construction			Alterations		Construction				Alterations		Construction Valuations	Alterations Valuations
	Single Units	Multi Units	Total Valuations	Bldgs	Valuations	Commercial		Other					
						Bldgs	Valuations	Bldgs	Valuations	Bldgs	Valuations		
Gladstone	13	40	\$3,201,989	21	\$321,151	0	\$147,116	7	\$491,548	8	\$223,848	\$3,840,654	\$544,999
Lake Oswego	246	219	\$58,728,572	220	\$3,891,701	6	\$4,821,989	27	\$2,226,417	89	\$3,761,104	\$65,776,978	\$7,652,805
Oregon City	37	33	\$4,532,239	62	\$656,648	5	\$1,094,716	8	\$2,887,702	55	\$3,068,803	\$8,514,658	\$3,725,451
West Linn	174	21	\$31,939,257	85	\$1,768,859	1	\$306,298	3	\$694,169	5	\$443,541	\$32,939,724	\$2,212,400
Wilsonville	133	157	\$20,397,378	29	\$350,345	10	\$7,162,576	8	\$4,152,315	57	\$4,490,610	\$31,712,268	\$4,840,956
Milwaukie	38	31	\$4,510,358	54	\$716,798	3	\$1,599,299	17	\$1,989,962	43	\$3,066,956	\$8,099,620	\$3,783,754
Happy Valley	31	0	\$6,859,627	7	\$119,273	0	\$335	4	\$246,415	1	\$22,085	\$7,106,377	\$141,358
Rivergrove	0	0	\$29,531	2	\$61,100	0	\$0	0	\$1,151	0	\$0	\$30,682	\$61,100
Uninc. Clackam	245	386	\$44,539,171	171	\$3,371,469	11	\$5,637,679	74	\$4,365,730	107	\$5,435,444	\$54,542,580	\$8,806,913
Total	918	887	\$174,738,121	652	\$11,257,343	37	\$20,770,008	147	\$17,055,410	366	\$20,512,392	\$212,563,539	\$31,769,735
Fairview	12	32	\$2,349,628	8	\$80,150	1	\$89,661	3	\$733,372	2	\$100,313	\$3,172,661	\$180,463
Gresham	268	255	\$39,955,593	147	\$4,215,204	22	\$17,306,258	74	\$15,213,671	113	\$5,642,210	\$72,475,522	\$9,857,415
Troutdale	90	22	\$9,805,221	24	\$176,667	4	\$733,048	21	\$920,094	24	\$891,967	\$11,458,363	\$1,068,634
Portland	590	368	\$73,297,773	2185	\$30,055,822	63	\$56,768,384	136	\$49,916,323	1943	\$132,669,506	\$179,982,480	\$162,725,328
Wood Village	5	1	\$264,032	4	\$58,979	1	\$69,729	3	\$303,148	2	\$103,918	\$636,909	\$162,897
Uninc. Multnom	73	24	\$8,926,926	41	\$638,484	0	\$85,938	4	\$362,040	3	\$139,614	\$9,374,905	\$778,098
Total	1037	703	\$134,599,173	2409	\$35,225,306	91	\$75,053,018	241	\$67,448,649	2086	\$139,547,529	\$277,100,840	\$174,772,835
Beaverton	321	465	\$62,020,495	108	\$1,455,716	50	\$10,607,952	22	\$8,250,117	208	\$8,419,428	\$80,878,564	\$9,875,143
Tualatin	171	133	\$23,698,150	35	\$478,110	8	\$2,864,249	17	\$10,379,129	64	\$3,894,982	\$36,941,528	\$4,373,092
Cornelius	16	1	\$2,046,153	9	\$98,188	0	\$20,941	3	\$368,242	3	\$232,020	\$2,435,337	\$330,208
Forest Grove	28	31	\$4,098,465	51	\$479,757	2	\$457,354	13	\$2,677,940	27	\$1,265,453	\$7,233,759	\$1,745,210
Hillsboro	216	142	\$30,163,077	71	\$1,015,582	28	\$9,123,381	24	\$16,349,541	61	\$4,924,074	\$55,635,998	\$5,939,656
Sherwood	28	9	\$4,348,678	19	\$158,425	1	\$161,272	2	\$526,345	5	\$94,950	\$5,036,294	\$253,375
Tigard	262	166	\$37,465,862	63	\$1,215,352	17	\$10,527,154	14	\$5,383,817	136	\$8,459,953	\$53,376,833	\$9,675,304
Durham	45	27	\$1,233,310	12	\$77,754	2	\$162,649	2	\$159,995	19	\$175,418	\$1,555,955	\$253,172
King City	3	31	\$1,023,899	6	\$43,608	1	\$37,500	0	\$0	3	\$86,359	\$1,061,398	\$129,967
Uninc. Washing	574	367	\$93,051,990	163	\$2,737,060	14	\$9,984,143	42	\$5,033,580	99	\$9,094,669	\$108,069,713	\$11,831,728
Total	1664	1373	\$259,150,079	536	\$7,759,551	123	\$43,946,595	140	\$49,128,705	623	\$36,647,304	\$352,225,379	\$44,406,856
Total Metro	3619	2963	\$568,487,373	3596	\$54,242,200	252	\$139,769,621	528	\$133,632,763	3075	\$196,707,225	\$841,889,757	\$250,949,425

Source: Oregon Monthly and Year To Date Building Permits Report; Oregon Housing Agency
Valuation: Adjusted to 1994 dollars.

Chart 1
Annual Average Residential New Construction Inside Metro

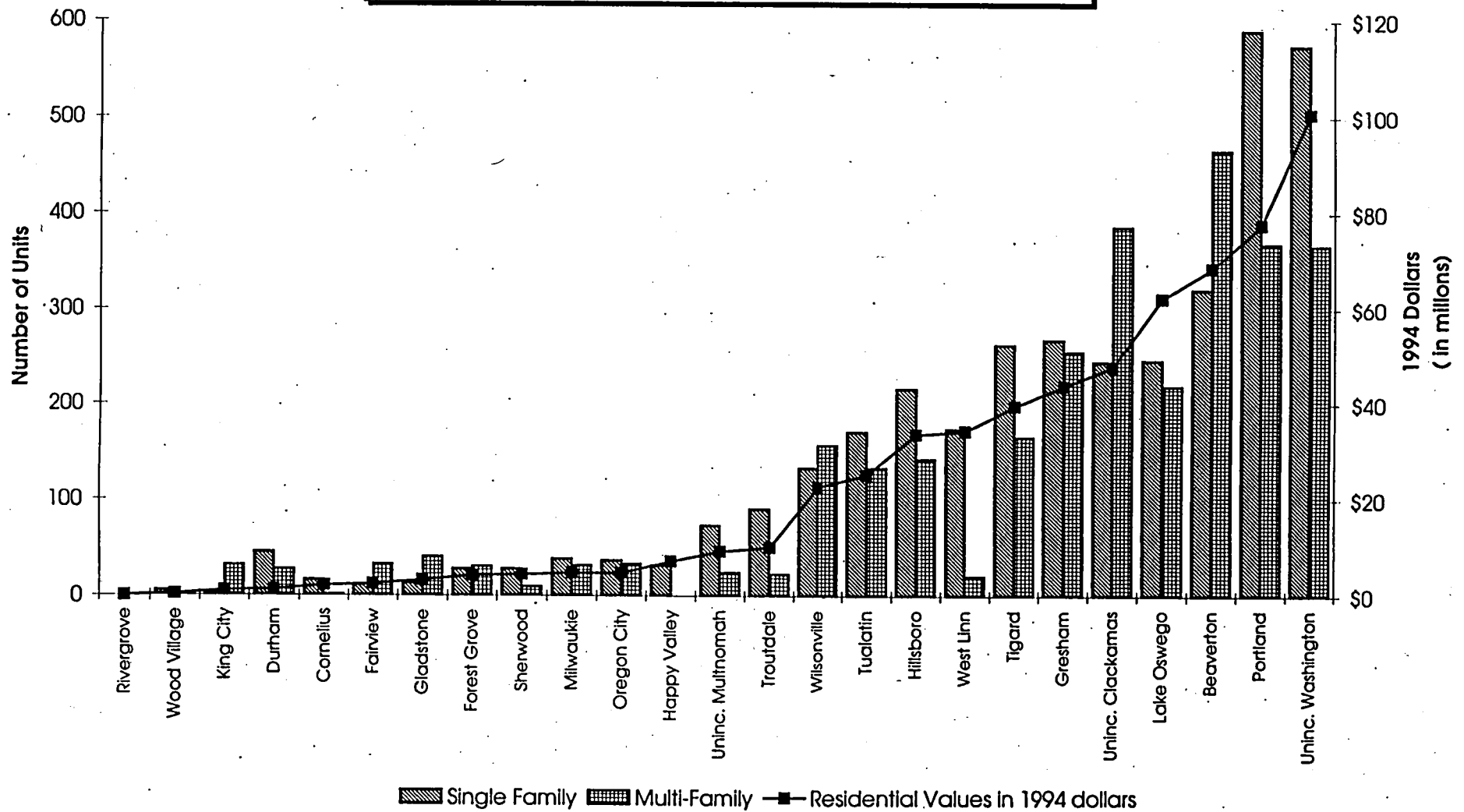


Chart 2
Annual Average Non-Residential New Construction Inside Metro

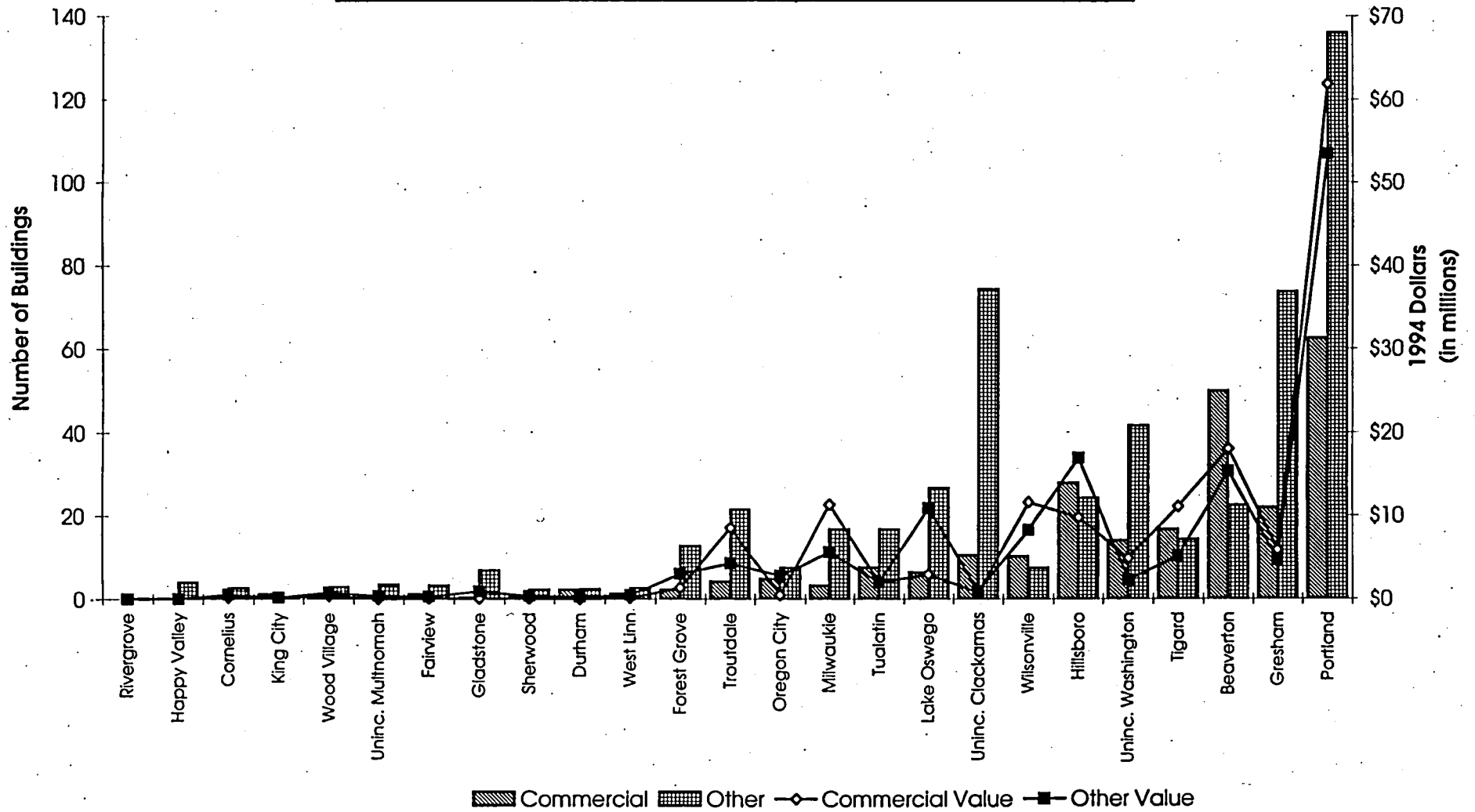
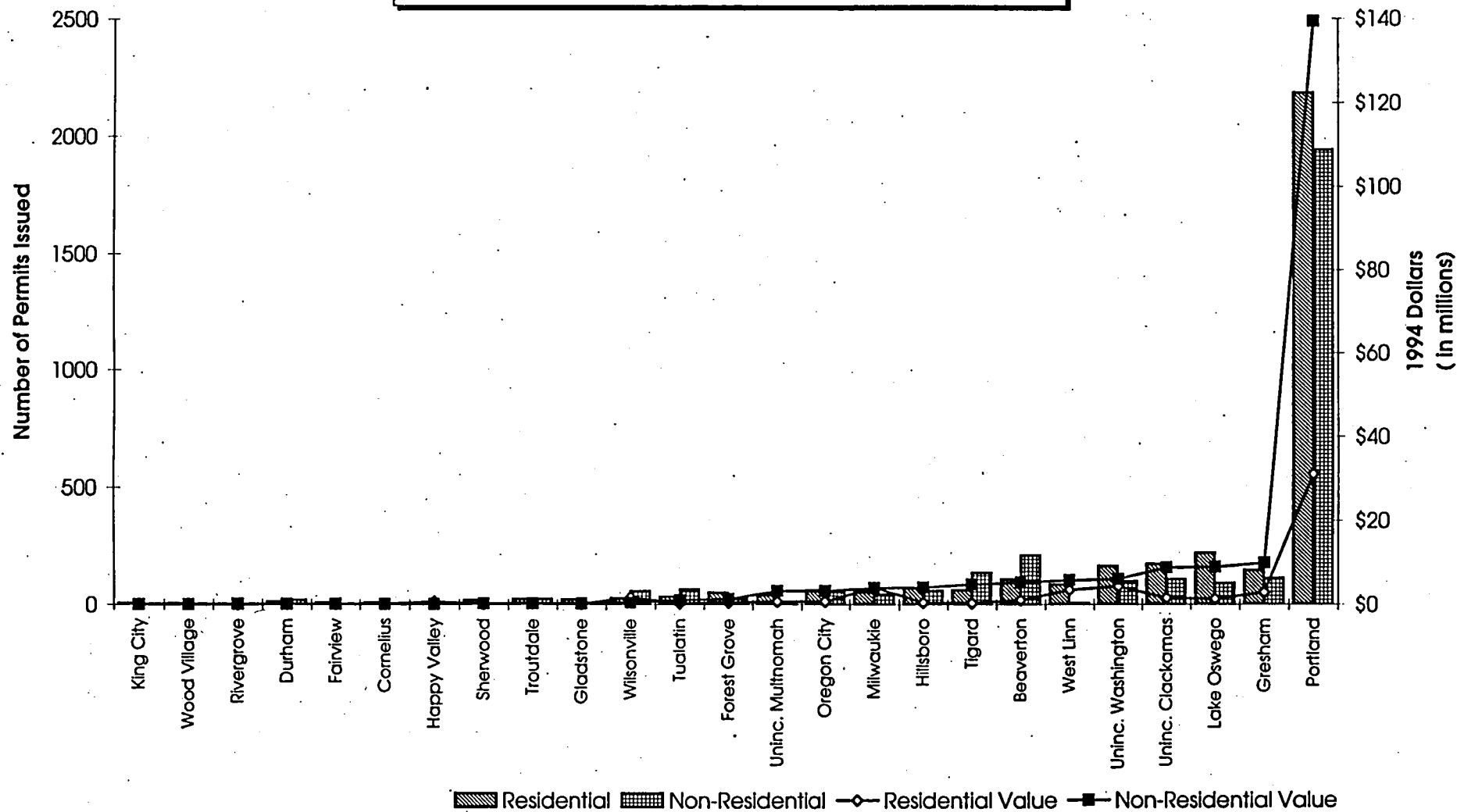


Chart 3
Annual Average Alteration Permits Issued Inside Metro



Question #2

Respond to questions and issues raised in the letters of homebuilders and associations, etc. (McLain)

The following are responses to selected technical questions posed in each of the letters. . .

- a. What are the construction figures for the last 10 to 15 years?
- b. What are Metro's projections of building activity?
- c. What are the assumptions underlying the Metro forecast?

Answer(s) to a through c:

- a) See chart 4 through 6 on the next page(s). The values on the following charts are monthly building valuations in 1994 dollars.
- b) Based on medium case assumptions about national and regional economic growth, including population and household formations, Metro projects about a **21% increase** in the number of *residential* (single and multi-family) housing permits in **1994 CY** and **11% growth in 1995 CY**.

In *nonresidential construction*, we anticipate construction to rebound as momentum carries economic growth ahead. We project that the value of nonresidential to increase about **28% in 1994 CY** and **17% growth in 1995 CY**.

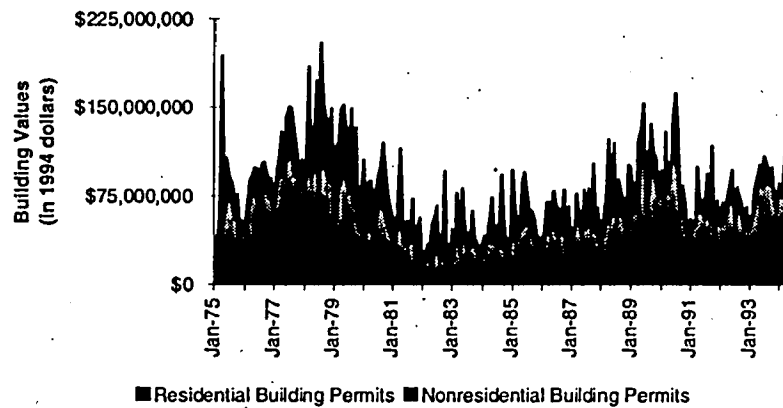
- c) Underlying the building permit and valuation projections are national and regional economic and demographic assumptions about future growth trends. In the near term, we anticipate slightly faster population and employment growth due to the upturn in U.S. business activity. This momentum is expected to slow and return to a long-run growth path as the U.S. business cycle flattens because of the interest rate drag on investments, net immigration to the area slows, and regional employment growth moderates. These dampening impacts will tend to lower the number of new homes built and new commercial/industrial structures.

Figure 4
Forecast Assumptions
used in preparing Metro Regional Econmetric Forecast

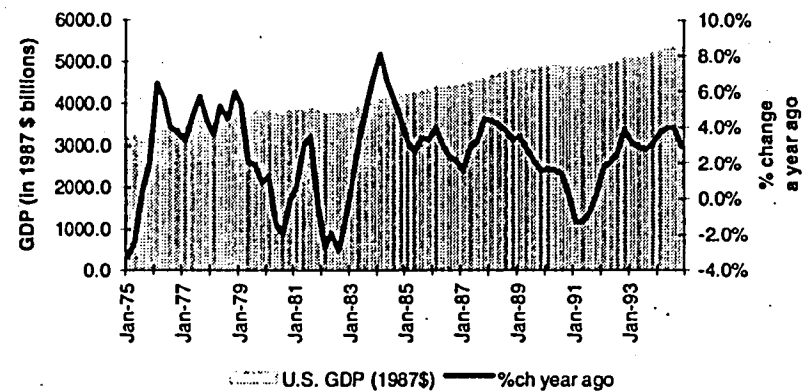
	Near term <u>Average</u>	Long-run <u>Average</u>
U.S. GDP	3.3%	2.4%
Portland Employment	2.6%	1.7%
Portland Population	2.0%	0.9%

Chart 4
Historical Building Permit Activity in the Tri-county Region
and Selected Economic Indicators

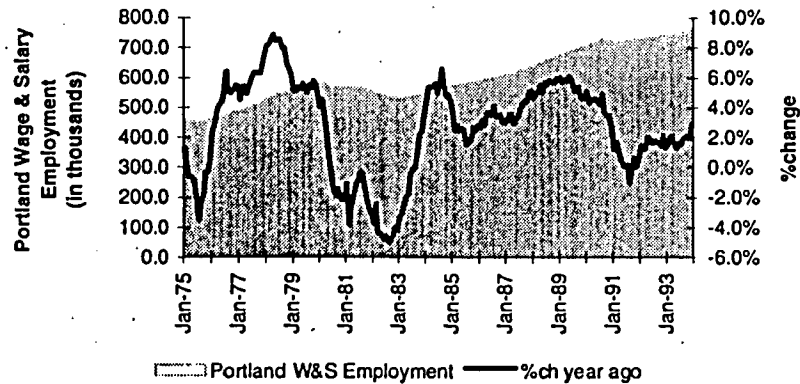
Building Permits show extreme volatility during business cycles and in seasonal change



Changes in Building Permits generally reflect fluctuations in U.S. GDP growth rate



Building Permit Activity closely mirrors changes in Employment Growth



Periods of High Mortgage Rates presage declines in Building Permit Activity

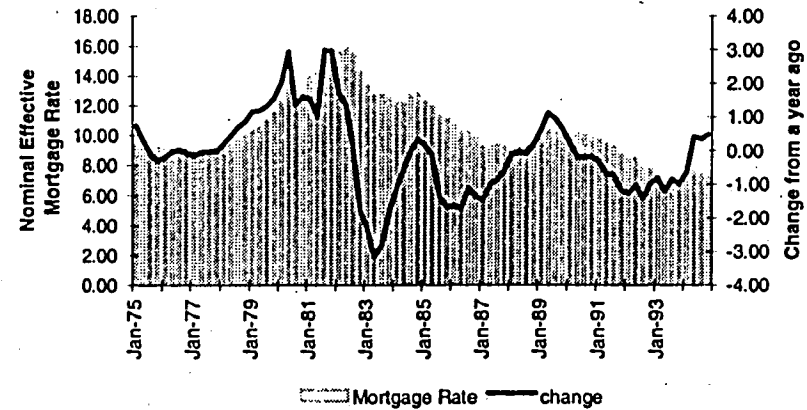


Chart 5
Metro Regional Econometric Model Forecast
of All Residential Building Permits

(Monthly data)

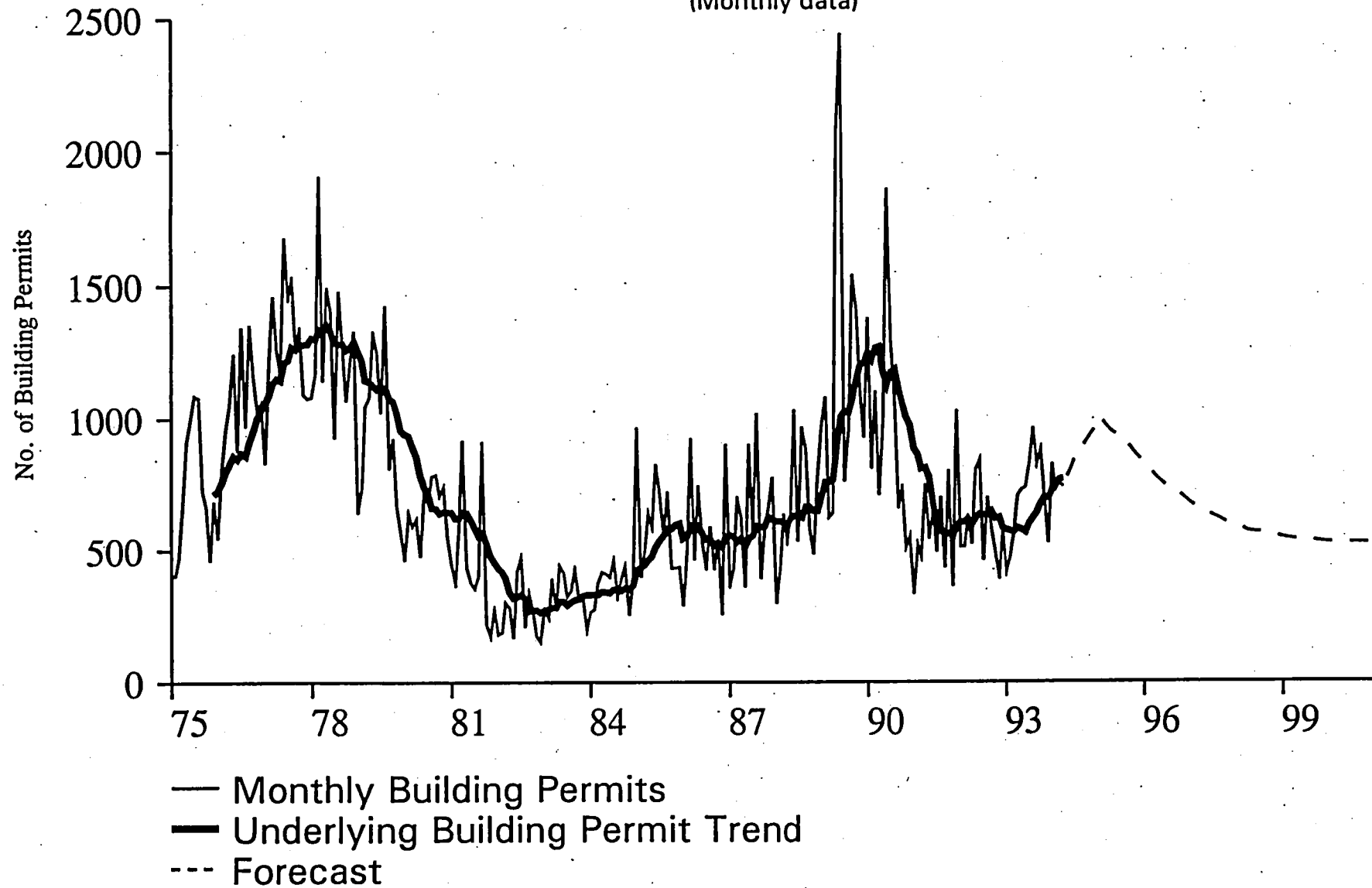
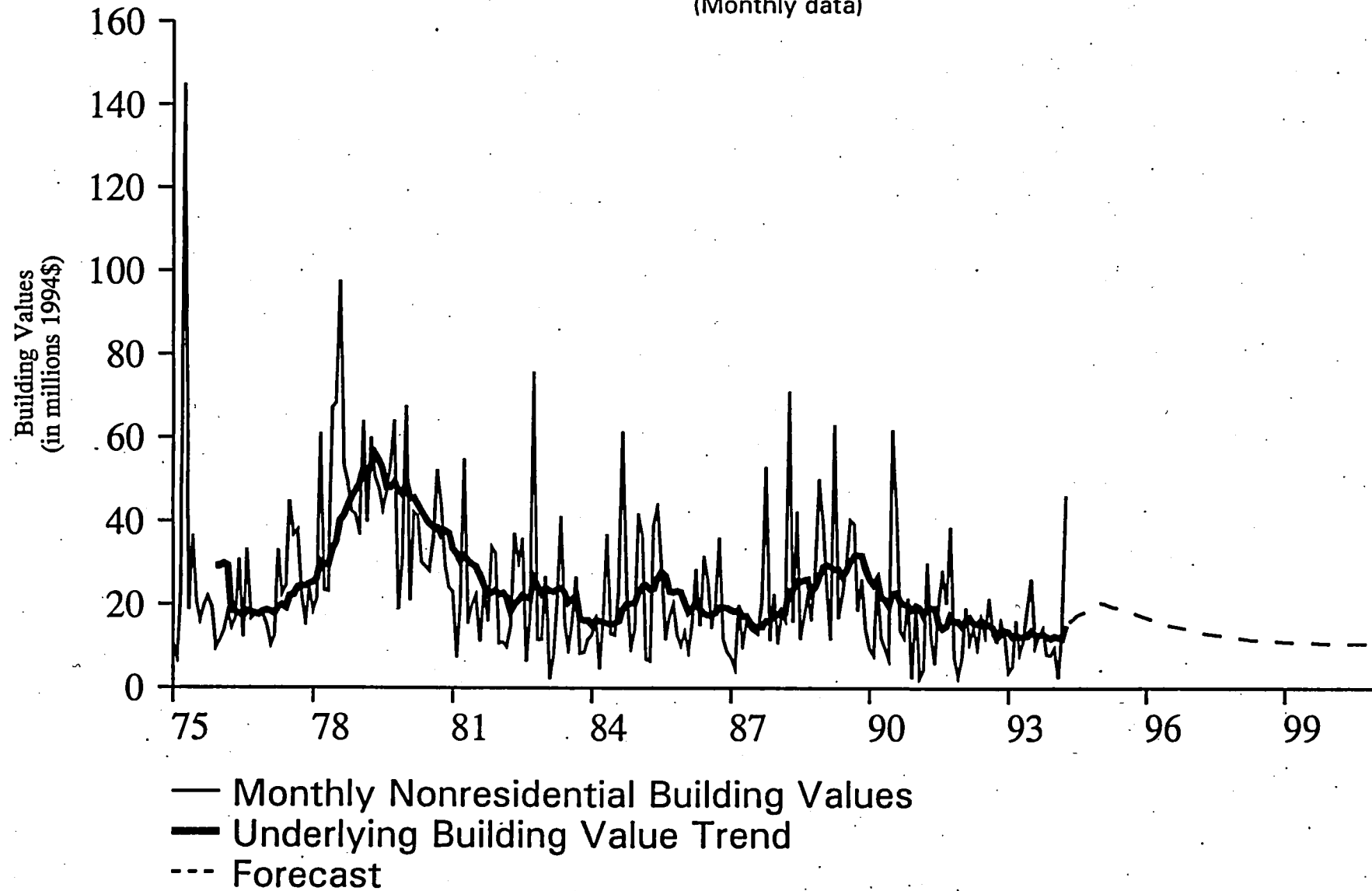


Chart 6
Metro Regional Projection of
All Nonresidential Building Values
(Monthly data)



Question #3

Calculate "steady" income stream for FY 1994/95 (balancing income from a tax vs. payment of rebates to local governments). We would like to see estimates of monthly building permit activity. (Monroe)

Answer:

- Building permits vary widely from month-to-month, therefore, any tax receipts based on this construction activity will also vary. We estimate that in order to achieve a balanced likelihood (approximately 50% of being above or below) of reaching a tax receipt target of \$3 million, Metro will have to adopt a tax rate slightly higher than 0.25% (or \$2.50 per \$1,000 value) on all permits for new construction and alterations (see tables 2-1, 2-2, 3-1, 3-2).

Figure 5
Month by Month Estimates of
the Number of Residential Building Permits
(does not include Commercial and Industrial)

	<u>Avg</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
1993	694	418	471	557	705	729	738	828	958	829	881	699	526
%ch	19.0	-11.1	12.6	18.3	26.6	3.4	1.2	12.2	15.7	-13.4	6.3	-20.7	-24.7
1994	839	827	731	754	740	780	812	854	875	895	914	938	958
%ch	20.9	57.2	-11.6	3.1	-1.8	5.4	4.1	5.2	2.5	2.3	2.1	2.6	2.1
1995	928	1000	993	976	959	946	937	931	916	897	877	860	845
%ch	10.6	4.4	-0.7	-1.7	-1.7	-1.4	-0.9	-0.6	-1.6	-2.0	-2.2	-1.9	-1.7

Projected Residential Building Permits are in *italics*
Metro Regional Econometric Model

Figure 6
12 month Moving Average Estimates of
All Nonresidential Building Permits
- Data have been smoothed -
(millions of 1994 dollars)

	<u>Avg</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
1993	12.7	13.5	12.3	12.8	12.3	12.4	12.6	13.7	12.8	12.8	13.0	12.4	12.0
%ch	-15.1	-2.0	-8.7	3.4	-3.8	0.9	1.6	8.8	-6.6	-0.1	1.8	-4.9	-3.4
1994	16.3	12.4	12.2	12.0	15.2	16.0	16.6	17.5	17.9	18.3	18.7	19.2	19.6
%ch	28.2	-3.9	-1.6	-1.8	26.2	5.3	4.1	5.2	2.5	2.2	2.2	2.6	2.1
1995	19.0	20.5	20.3	20.0	19.7	19.4	19.2	19.1	18.8	18.4	18.0	17.6	17.3
%ch	16.6	4.4	-0.7	-1.7	-1.8	-1.3	-1.0	-0.6	-1.7	-2.1	-2.2	-2.0	-1.8

History and Forecast are based on smoothed data value

Table 2-1
Probability of Raising Amount at Given Rate
(New Construction and Alterations, except Public Institutions)

Amount to Raise:		\$1,000,000	\$2,000,000	\$3,000,000	\$4,000,000
Rate / \$1,000	Tax Rate				
\$0.50	0.05%	0%	0%	0%	0%
\$0.75	0.08%	18%	0%	0%	0%
\$1.00	0.10%	64%	0%	0%	0%
\$1.25	0.13%	82%	0%	0%	0%
\$1.50	0.15%	100%	18%	0%	0%
\$1.75	0.18%	100%	64%	0%	0%
\$2.00	0.20%	100%	64%	0%	0%
\$2.25	0.23%	100%	82%	18%	0%
\$2.50	0.25%	100%	82%	36%	0%
\$2.75	0.28%	100%	82%	64%	0%
\$3.00	0.30%	100%	100%	73%	18%
\$3.25	0.33%	100%	100%	73%	36%
\$3.50	0.35%	100%	100%	82%	64%
\$3.75	0.38%	100%	100%	82%	64%
\$4.00	0.40%	100%	100%	82%	64%
\$4.25	0.43%	100%	100%	82%	73%
\$4.50	0.45%	100%	100%	100%	73%
\$4.75	0.48%	100%	100%	100%	82%
\$5.00	0.50%	100%	100%	100%	100%

Probabilities based on last 11 years of data (1983-1993)

Table 2-2
Annual Surplus/(Deficit) at Given Expenditures and Rates
(New Construction and Alterations, except Public Institutions)*

Expenditures:		\$1,000,000	\$2,000,000	\$3,000,000	\$4,000,000
Rate / \$1,000	Tax Rate				
\$0.50	0.05%	(\$424,944)	(\$1,424,944)	(\$2,424,944)	(\$3,424,944)
\$0.75	0.08%	(\$137,416)	(\$1,137,416)	(\$2,137,416)	(\$3,137,416)
\$1.00	0.10%	\$150,112	(\$849,888)	(\$1,849,888)	(\$2,849,888)
\$1.25	0.13%	\$437,640	(\$562,360)	(\$1,562,360)	(\$2,562,360)
\$1.50	0.15%	\$725,168	(\$274,832)	(\$1,274,832)	(\$2,274,832)
\$1.75	0.18%	\$1,012,696	\$12,696	(\$987,304)	(\$1,987,304)
\$2.00	0.20%	\$1,300,223	\$300,223	(\$699,777)	(\$1,699,777)
\$2.25	0.23%	\$1,587,751	\$587,751	(\$412,249)	(\$1,412,249)
\$2.50	0.25%	\$1,875,279	\$875,279	(\$124,721)	(\$1,124,721)
\$2.75	0.28%	\$2,162,807	\$1,162,807	\$162,807	(\$837,193)
\$3.00	0.30%	\$2,450,335	\$1,450,335	\$450,335	(\$549,665)
\$3.25	0.33%	\$2,737,863	\$1,737,863	\$737,863	(\$262,137)
\$3.50	0.35%	\$3,025,391	\$2,025,391	\$1,025,391	\$25,391
\$3.75	0.38%	\$3,312,919	\$2,312,919	\$1,312,919	\$312,919
\$4.00	0.40%	\$3,600,447	\$2,600,447	\$1,600,447	\$600,447
\$4.25	0.43%	\$3,887,975	\$2,887,975	\$1,887,975	\$887,975
\$4.50	0.45%	\$4,175,503	\$3,175,503	\$2,175,503	\$1,175,503
\$4.75	0.48%	\$4,463,031	\$3,463,031	\$2,463,031	\$1,463,031
\$5.00	0.50%	\$4,750,559	\$3,750,559	\$2,750,559	\$1,750,559

*All values are in 1994 Dollars

Table 3-1
Probability of Raising Amount at Given Rate
(New Construction and Alterations excluding residential alterations)*

Amount to Raise:		\$1,000,000	\$2,000,000	\$3,000,000	\$4,000,000
Rate / \$1,000	Tax Rate				
\$0.50	0.05%	0%	0%	0%	0%
\$0.75	0.08%	18%	0%	0%	0%
\$1.00	0.10%	64%	0%	0%	0%
\$1.25	0.13%	82%	0%	0%	0%
\$1.50	0.15%	82%	18%	0%	0%
\$1.75	0.18%	100%	36%	0%	0%
\$2.00	0.20%	100%	64%	0%	0%
\$2.25	0.23%	100%	73%	18%	0%
\$2.50	0.25%	100%	82%	18%	0%
\$2.75	0.28%	100%	82%	55%	0%
\$3.00	0.30%	100%	82%	64%	18%
\$3.25	0.33%	100%	100%	64%	18%
\$3.50	0.35%	100%	100%	82%	36%
\$3.75	0.38%	100%	100%	82%	64%
\$4.00	0.40%	100%	100%	82%	64%
\$4.25	0.43%	100%	100%	82%	64%
\$4.50	0.45%	100%	100%	82%	73%
\$4.75	0.48%	100%	100%	100%	82%
\$5.00	0.50%	100%	100%	100%	82%

Probabilities based on last 11 years of data (1983-1993)

Table 3-2
Annual Surplus/Deficit at Given Expenditures and Rates
(New Construction and Alterations excluding residential alterations)*

Expenditures:		\$1,000,000	\$2,000,000	\$3,000,000	\$4,000,000
Rate / \$1,000	Tax Rate				
\$0.50	0.05%	(\$451,893)	(\$1,451,893)	(\$2,451,893)	(\$3,451,893)
\$0.75	0.08%	(\$177,839)	(\$1,177,839)	(\$2,177,839)	(\$3,177,839)
\$1.00	0.10%	\$96,214	(\$903,786)	(\$1,903,786)	(\$2,903,786)
\$1.25	0.13%	\$370,268	(\$629,732)	(\$1,629,732)	(\$2,629,732)
\$1.50	0.15%	\$644,321	(\$355,679)	(\$1,355,679)	(\$2,355,679)
\$1.75	0.18%	\$918,375	(\$81,625)	(\$1,081,625)	(\$2,081,625)
\$2.00	0.20%	\$1,192,428	\$192,428	(\$807,572)	(\$1,807,572)
\$2.25	0.23%	\$1,466,482	\$466,482	(\$533,518)	(\$1,533,518)
\$2.50	0.25%	\$1,740,535	\$740,535	(\$259,465)	(\$1,259,465)
\$2.75	0.28%	\$2,014,589	\$1,014,589	\$14,589	(\$985,411)
\$3.00	0.30%	\$2,288,642	\$1,288,642	\$288,642	(\$711,358)
\$3.25	0.33%	\$2,562,696	\$1,562,696	\$562,696	(\$437,304)
\$3.50	0.35%	\$2,836,749	\$1,836,749	\$836,749	(\$163,251)
\$3.75	0.38%	\$3,110,803	\$2,110,803	\$1,110,803	\$110,803
\$4.00	0.40%	\$3,384,856	\$2,384,856	\$1,384,856	\$384,856
\$4.25	0.43%	\$3,658,910	\$2,658,910	\$1,658,910	\$658,910
\$4.50	0.45%	\$3,932,963	\$2,932,963	\$1,932,963	\$932,963
\$4.75	0.48%	\$4,207,017	\$3,207,017	\$2,207,017	\$1,207,017
\$5.00	0.50%	\$4,481,070	\$3,481,070	\$2,481,070	\$1,481,070

*All values are in 1994 Dollars

This question takes us into the need for a tax stabilization fund because of the cyclical nature of the construction tax base.

- It appears that a construction tax will have to include all construction (except nonprofit and government structures) and all alterations in order to have a statistically significant chance of attaining \$3 million dollars in tax revenue.
- Because of the variability from month-to-month and year-to-year, a tax stabilization account must be established to fund expenditures in years of "lean" tax receipts.

Suppose:

- the tax rate is 0.25% (or \$2.50 per thousand dollars)
- target tax revenue receipts is \$3 million

We know from table 2-1 that the likelihood of receiving the target revenue figure given a 0.25% tax rate is about one-third for any given year. From table 2-2, we see that the average annual deficit would have been just under \$125,000 per year if Metro spends the \$3 million. Another way of viewing the situation is that for any three consecutive years, Metro would have faced a shortfall in revenues for 2 out of those 3 years.

A construction tax should start out by attempting to build a tax stabilization fund (TSA).

How big should this tax stabilization account (TSA) be:

Scenario 1: To have saved sufficient funds to weather 4 times the worst year of tax receipt deficit between 1981 and 1988.

TSA size: $4 * \$1.3 \text{ million} = \5.2 million

Scenario 2: To have saved sufficient funds to weather 4 years of deficits in tax receipts below one standard deviation of the historical mean.

TSA size: $4 * \$1.0 \text{ million} = \$4.2 \text{ million (rounding difference)}$

Question #4

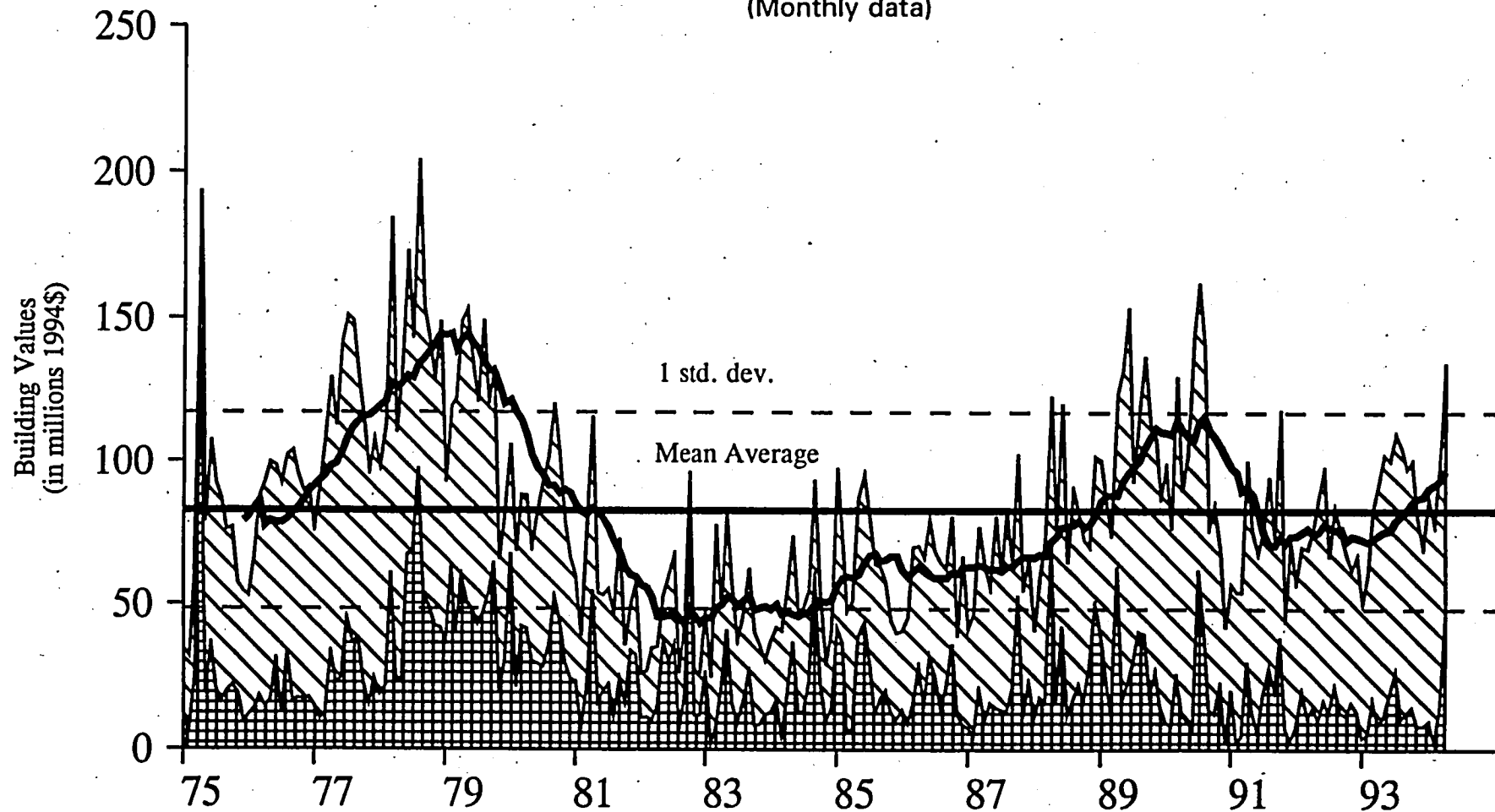
Graph total construction activity value over last 10 years. (Gardener)




Answer:

see charts attached

- **The following chart demonstrates and supports the need for a tax stabilization fund (TSA). The tax base for this construction excise tax is based on an economic variable that is subject to wild swings in direction. As a consequence, a TSA which can cover several years of low receipts will be necessary to stabilize Metro's revenue stream.**

Chart 7
Tri-county Area Resident and Nonresidential
Building Values
(Monthly data)



-  Value of Nonresident Permits
-  Value of Resident Permits
-  Trended Value of all Building Permits

Question #5

Define "affordable housing". Calculate the impact of an exemption for "affordable housing". Allow an exemption for private sector (for profit) low and moderate income housing. (Gardener)

Answer:

Affordability depends on the level of household income and on one's personal tastes. We assume then that affordable means insuring that the supply of low and moderately priced housing matches the stock of low and moderate income households.

The short answer is that "affordable homes" are not normally built at low values such that they will be affordable to the low income. The free market does not promote private builders to build low income housing unless the project is subsidized to make it profitable. Therefore, any tax exemptions will have an insignificant impact on Metro tax receipts from a construction excise fee.

Single family construction. The data show that the average cost of affordable homes owned by low income households is under \$107,000 per unit. Households below the poverty line and with very low income are simply unable (or with great difficulty able) to purchase newly constructed homes nowadays. Of the over 17,000 lots under development in the area, only 15 units are anticipated to cost under \$105,000. The lowest priced five are heavily subsidized. We estimate that perhaps 250 unsubsidized owner occupied units per year would qualify at prices of \$100,000 or less.

Tax Implication: A tax exemption for low income units would reduce revenue by about \$62,500 per year at the \$2.50 per \$1,000.

Multi-family construction. Rental costs for low income households are about \$400 a month. However, very few low income households pay this real amount without substantial subsidies. If we define rentals of \$400 per month to be the threshold for defining affordable housing, how many newly constructed, unsubsidized units will private builders bring to market? No comprehensive answer exists, but anecdotally the answer appears to be **none**. Financial data suggests that the type of newly built multi-family housing will have to fetch between \$550 and \$700 per month in rents in order for any project to be viable.

Tax Implication: Therefore a tax exemption adopted for low income multi-family housing in the \$400 range will fall well below any market driven construction activity and will not be applicable to a Metro tax exemption in any event.

In summary, there is very little Metro can do to affect low housing availability. The fact is that almost all low income housing is produced via "trickle-down".

Question #6

Calculate how many people actually pay. Compare the total number of garbage customers (i.e. household residents and businesses that get garbage service vs. the total number of building permits issued in a year. (Liljegren)

Answer:

- **Household residents in the tri-county (about 500,000 household units or 1.2 million residents):**

single family units:	about 75% to 85% have garbage service
multi-family units:	about 90% to 95% have garbage service

- **Businesses in the tri-county (about 35,000 entities)**

commercial:	about 90% to 95% have garbage service
industrial:	about 75% have garbage service

- **Average number of building permits (all types) in the last 10 years:**

Residential (average per year)

single family	3,642
multi-family	2,976
alterations	<u>3,610</u>
	10,228

Nonresidential (average per year)

commercial	254
other	532
alterations	<u>3,080</u>
	3,866

Question #7

What are the "narrow" categories of non-profit organizations -- don't exempt trade associations, fraternal organizations etc. (Gardener)

Answer:

Nonprofit organizations are scattered across just about every industry classification. Without examining in-depth each employment record, we do not know which if any industry classification contains a predominately higher percentage of nonprofit entities.

The reporting of whether an organization (corporation, public unit, partnership, sole proprietor, etc) is a nonprofit entity is dependent on the section of the IRS 501 C3 which regulates the nonprofit status. The state collects information about the organization status and industry classification, but does not routinely report this information.

We could perform a massive sort of our employment data base to determine which employers are of a nonprofit status and cross tabulate this information against which industrial classification they belong under. However, the amount of work and time is beyond what is presently available to report to you at this time.

Question #8

What was the value of remodeling. (Sims)

Answer:

- The average valuation of alterations (i.e. remodeling) inside Metro boundary during the last ten years was about:

		Forgone Tax Receipts if alterations are <u>excluded from construction tax base</u>
Residential	\$ 54.2 million	
Nonresidential	<u>\$196.7 million</u>	
Total	\$250.9 million	\$627.3 thousand (or \$0.6 million)

Question #9

What will the "need" be at the end of development of the Regional Framework Plan? (Monroe/McRoberts)

Answer:

This is a financial needs question which will be answered by the forthcoming presenter.

APPENDIX

Supplemental Answer to Question # 5

Define "affordable housing." Calculate impact of an exemption for "affordable housing." Allow exemption for private sector (for profit) low and moderate income housing.

Short Answers:

Single family, owner occupied: New construction of \$100, 000 or less .

Annual revenue reduction to Metro with total exemption @ \$2.50 per \$1000.: \$62,500

Multifamily, renter occupied: Units renting for \$400 per month or less.

Annual revenue reduction to Metro with total exemption @ \$2.50 per \$1000: none.

Explanation: owner occupied house value and renter rates we determined from mean owner occupied value and renter rates for low and moderate income groups. Our evaluation of construction data available and financial analysis indicates little or no new construction occurs at those values.

The Real Long Answers:

The answer to the affordable housing definition is I don't know since "affordability" is a function of income. In the U.S. housing costs average about 21% of household income for owner occupied housing and 26% of income for rental housing. Ultimately what's affordable depends on your income and on your personal tastes.

Having said that we can take a stab at a definition by assuming that affordable means insuring that the supply of low and moderately priced housing matches the stock of low and moderate income households. It strikes me that the intent of the exemption provision above is to reduce the cost of production of new housing that is targeted for low and moderate income housing.

The best way to get a handle on low and moderate income housing stock is to look at housing values and monthly costs for owner occupied and rental housing stock in the Portland region. Exhibit One, attached, displays the data for the most recent housing survey available. In this instance, I have taken the liberty to update housing prices and monthly costs to approximate 1994\$. The idea behind Exhibit One is that if we can see what low and moderate income groups are actually paying for housing, then we can establish some numerical standards for what constitutes low and moderate housing values and rents. I will first look at owner occupied dwellings and establish a definition and then secondly, I will do the same for renter occupied dwelling units.

Owner Occupied:

The upshot of Exhibit One is that interpreted literally no owner occupied housing is "affordable" to low and moderate income groups. The median value of owner occupied housing for below poverty level households is \$107,000; a little more than it is for all households below \$20000 per year in income. Are we to assume new housing priced at over \$100,000 per year is low or moderate income housing? Looking further into the data we find that for both the below poverty level and under \$20000 per year income groups home ownership is concentrated in older retirement age households and that the homes were purchased when real income was much higher. (Actual home purchase price is about 30% of present value for both groups). Households below the poverty line and even those with income less than \$20000 are simply unable to purchase newly constructed homes.

If we assume \$100,000 price or below is a good number to define low or moderate income owner occupied, what kind of new dwelling unit output are we talking about? Of the 17000 plus lots under development in the four county economic region, I found about 15 units with anticipated prices under \$105,000. All of these were in the City of Portland, with the lowest priced 5 (\$60,000) perhaps being subsidized. I would estimate that within the Metro region we have at most less than 250 owner occupied unsubsidized units per year newly constructed at prices of \$100,000 or less. Totally exempting these properties would reduce revenue roughly \$62,500 per year @ \$2.50 per \$1000 of value.

In sum there is presently no available market mechanism for producing newly constructed, unsubsidized owner occupied housing for low and moderate income households in meaningful numbers. In this context the existence or nonexistence of the proposed Metro fee is largely irrelevant.

Renter Occupied:

For renter occupied the data are also misleading. Monthly rental costs (rental rates are about 80% of rental costs which include utilities, insurance, etc.) are about \$400 for both the below poverty level and under \$20000 income groups. However, the \$400 per month amounts to 65% of income for the poverty level group and about 31% of income for the under \$20000 group. The percentages compare to a 24% of income for all renters in the region. Looking further into the data we find that rents for the poverty level group are heavily subsidized with the under \$20000 group subsidized to a lesser extent. (Keep in mind that the below the poverty line group is a subset of the under \$20000 group). So while we have a "market" rental rate of about \$400 per month, relatively few below poverty line households can afford it without substantial subsidies with the same holding true to a lesser degree for under \$20000 income households.

If we define low and moderate income renter occupied to be rents of \$400 per month or less, how many newly constructed, unsubsidized units do we anticipate that meet the criteria? Though we presently have no comprehensive data, it appears to be none. Anecdotal and cursory financial data indicate a threshold range of \$550 to \$700 per month in rents is required to generate new construction depending on tax laws, borrowing rates, raw land and development costs.

To be succinct, if we adopt a month rental standard which many low and moderate income households cannot afford without subsidy, the standard will be too low to be applicable to rents for newly constructed multi-family dwellings.

The Real Issue:

In short, there is little or nothing Metro can do amending its proposed fee that will make a difference in the housing market for low and moderate income families. The fact is that almost all housing in those income brackets is produced via the "trickle down" affect; it is not newly constructed. The degree to which Metro can improve the welfare of low and moderate income groups depends on our ability to stimulate all classes of housing output. If the Metro planning effort produces more housing output at relatively lower prices, then we will improve welfare for all income categories. Conversely, if Metro planning results in less housing output and higher prices then welfare for all income classes will be diminished with the loss being disproportionately incident on low and moderate income classes.

Exhibit One: Housing Costs (1994\$)

Type of Occupant	Tenure			No. in class 1986	
	Owner House Value	Owner Monthly Cost	Renter Monthly Cost	Owner	Renter
Poverty Level	\$107,390	\$336	\$401	15400	40400
Household Inc < 20000	\$99,192	\$333	\$413	59500	99500
Household Inc 20000-30000	\$113,244	\$554	\$554	74300	48400
Household Inc 30000-40000	\$127,066	\$742	\$589	56100	21700
Household Inc >40000	\$155,555	\$861	\$643	104500	18900

Source: American Housing Survey for the Portland Metropolitan Area in 1986,

U.S. Bureau of Census Current Housing Reports, Tables 3-20,4-20,3-13,4-13,3-14.

Note: 1986 values updated to 1994 using Metro Portland Real Estate Report for Housing Value and urban wage earner price index for rents and monthly housing costs.

Note: Housing and rental costs as defined by the U.S. Census Bureau consist of: monthly mortgages, monthly rent, property taxes, insurance and all utilities and routine maintenance.

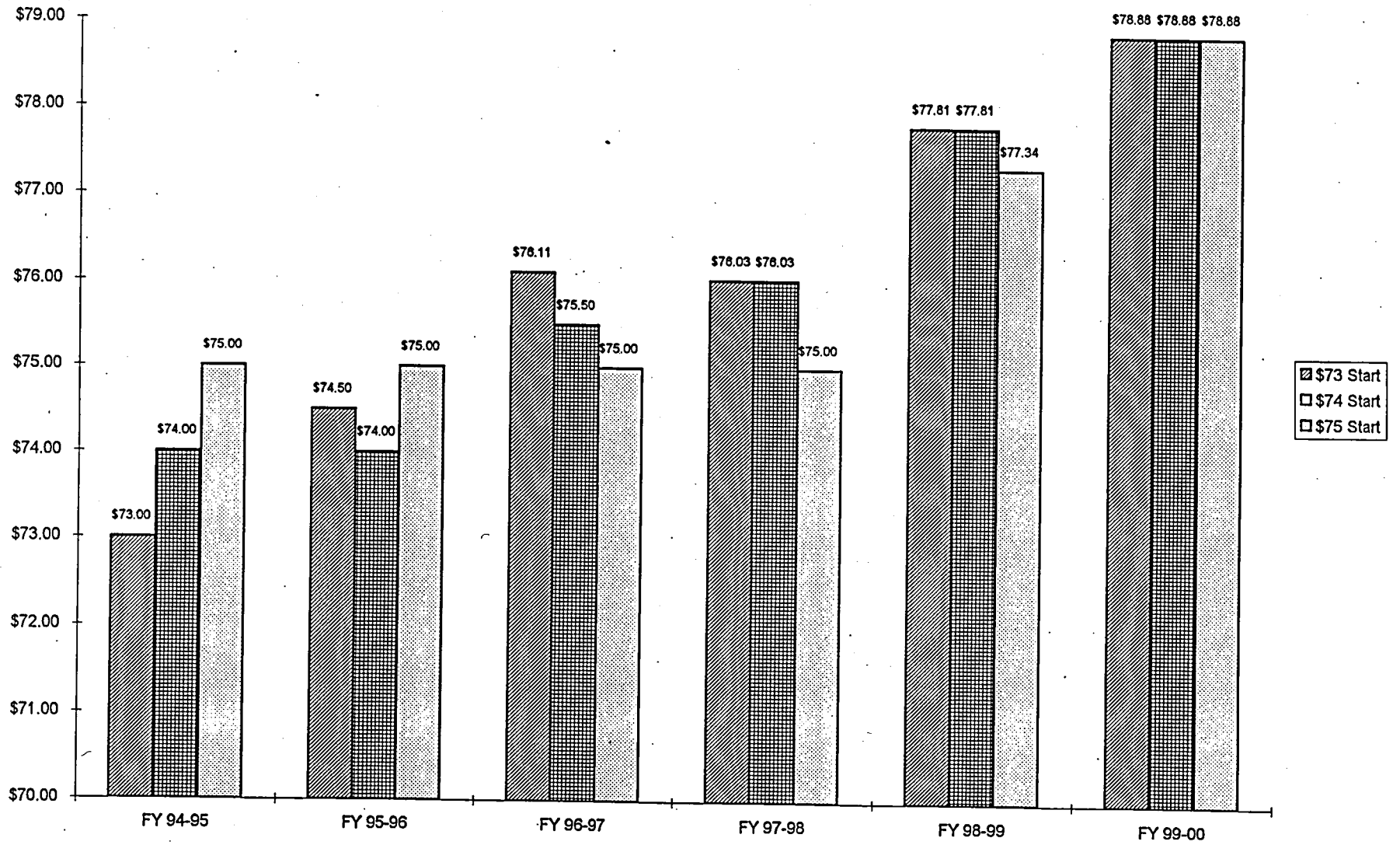
**CONSTRUCTION EXCISE TAX REQUIREMENTS
GENERAL FUND**

	FY 94-95 Adopted Budget	FY 94-95 Revised Budget	FY 95-96 Projected	FY 96-97 Projected	FY 97-98 Projected	FY 98-99 Projected	FY 99-00 Projected
General Fund Resources							
Fund Balance	531,000	531,000	484,238	444,916	454,077	468,855	481,248
Excise Tax	5,968,760	5,261,207	5,103,832	5,352,548	5,681,178	5,949,677	6,178,452
Transfer from Solid Waste	124,258	124,258	0	0	0	0	0
Interest	40,000	40,000	10,000	10,000	10,000	10,000	10,000
Total GF Resources	6,664,018	5,956,465	5,598,069	5,807,464	6,145,255	6,428,532	6,669,701
General Fund Requirements							
Executive Management	356,258	356,258	370,508	385,329	400,742	416,771	433,442
Council	1,004,934	1,004,934	798,130	830,056	863,258	897,788	933,700
Auditor	79,752	79,752	272,509	283,409	294,745	306,535	318,797
Special Appropriations							
Elections	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Cultural Funding	115,000	115,000	115,000	115,000	115,000	115,000	115,000
Transfers							
Indirect Costs	876,442	876,442	931,343	972,582	1,025,037	1,085,607	1,132,000
Bldg Mgt. (Parking Structure)	55,984	55,984	37,323	18,661	0	0	0
Greenspaces	496,435	496,435	520,000	540,800	562,432	584,929	608,326
Parks & Expo Contingency	84,474	84,474	195,350	207,501	215,801	224,434	233,411
Contingency	568,475	568,475	489,831	508,153	537,710	562,497	583,599
Unappropriated Reserve	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total Requirements	3,987,754	3,987,754	4,079,994	4,211,491	4,364,725	4,543,561	4,708,275
Balance Available for Planning starting \$74 tip fee	2,676,264	1,968,711	1,518,075	1,595,973	1,780,529	1,884,971	1,961,426

**CONSTRUCTION EXCISE TAX REQUIREMENTS
PLANNING FUND
\$74 Tip Fee**

	FY 94-95 Adopted Budget	FY 94-95 Revised Budget	FY 95-96 Projected	FY 96-97 Projected	FY 97-98 Projected	FY 98-99 Projected	FY 99-00 Projected
Balance Available for Planning starting \$74 tip fee	2,676,264	1,968,711	1,518,075	1,595,973	1,780,529	1,884,971	1,961,426
Planning Fund Resource							
Local Gov't Dues	550,000	183,333	0	0	0	0	0
Requirement							
FY 94-95 Authorized Programs	3,226,264	3,226,264	3,567,696	3,926,920	4,133,906	4,596,432	4,596,432
Balance from Construction Excise Tax	0	1,074,220	2,049,621	2,330,947	2,353,377	2,711,461	2,635,006
Transfer for On-Going Administration	0	57,316	58,462	60,800	63,232	65,762	68,392
One-Time Start-Up Costs	0	100,000	0	0	0	0	0
Contribution to Stabilization Reserve	0	300,000	300,000	300,000	300,000	300,000	300,000
Local Administrative Allowance @ 2%	0	31,243	49,125	54,912	55,419	62,775	61,269
Local Administrative Allowance @5%	0	80,406	126,424	141,317	142,622	161,554	157,678
Local Administrative Allowance @10%	0	168,469	264,889	296,092	298,827	338,495	330,374
Total Const. Excise Tax Required							
@2% Local Admin Allowance	0	1,562,779	2,457,207	2,746,660	2,772,028	3,139,998	3,064,668
@5% Local Admin Allowance	0	1,511,941	2,534,507	2,833,065	2,859,231	3,238,777	3,161,077
@10% Local Admin Allowance	0	1,600,005	2,672,972	2,987,840	3,015,436	3,415,717	3,333,772
Note: Assumes Solid Waste Tip Fee	\$75.00	\$74.00	\$74.00	\$75.50	\$76.03	\$77.81	\$78.88

Solid Waste Tip Fee



JULY 18, 1994 DISCUSSION DRAFT

BEFORE THE METRO COUNCIL

AN ORDINANCE RELATING TO TAXATION,	)	ORDINANCE NO. 94-556A
ESTABLISHING A CONSTRUCTION EXCISE)	
TAX REDUCING THE METRO EXCISE TAX,	)	Introduced by
REDUCING SOLID WASTE RATES, AND	)	Councilor Rod Monroe
REFUNDING PAYMENTS PLANNING SERVICE)	
FEES TO LOCAL GOVERNMENTS)	

THE METRO COUNCIL HEREBY ORDAINS AS FOLLOWS:

Section 1. Effective November 1, 1994 or the effective date of this Ordinance, whichever is the latest, the following Chapter 7.02 Construction Excise Tax is added to the Metro Code.

CHAPTER 7.02

CONSTRUCTION EXCISE TAX

SECTIONS:

7.02.010	Short title.
7.02.020	Construction.
7.02.030	Definitions.
7.02.040	Exemptions.
7.02.050	Rules and regulations promulgation.
7.02.060	Administration and enforcement authority.
7.02.070	Rate.
7.02.080	Extension.
7.02.090	Failure to pay.
7.02.100	Statement of full cost of improvement required.
7.02.110	Intergovernmental agreements.
7.02.120	Occupation of improvement without payment unlawful.
7.02.130	Enforcement by civil action.
7.02.140	Review.
7.02.150	Failure to pay or apply for exemption -- Penalty.
7.02.160	Violation -- Penalty.
7.02.170	Rate stabilization.
	Needs assessment.

7.02.010 Short title: This chapter shall be known as the "construction excise tax ordinance" and may be so pleaded.

7.02.020 Construction: The construction excise tax ordinance and all amendments hereinafter made thereto shall be referred to herein as "this chapter."

7.02.030 Definitions: As used in this chapter unless the context requires otherwise:

(a) "Building official" means any person charged by a municipality with responsibility for the administration and enforcement of a building code.

(b) ~~"Construction" means any activity for which a building permit is required~~ "Construction" means erecting, constructing, enlarging, altering, repairing, moving, improving, removing, converting, or demolishing any building or structure for which the issuance of a building permit is required pursuant to the provisions of Oregon law.

(c) "Contractor" means any person who performs construction for compensation.

(d) ~~"Cost of Improvement" means the actual cost of constructing of any improvement whether paid in cash or for other valuable consideration.~~ "Value of Construction" means the total value of the construction work for which a building permit is required as well as all finish work, painting, roofing, electrical, plumbing, heating, air conditioning, elevators, fire extinguishing systems and other permanent equipment.

(e) "Executive Officer" ~~(includes designated representative)~~ means the Metro Executive Officer.

(f) "Improvement" means any newly constructed structure or a modification of any existing structure ~~for which an occupancy permit is required.~~

~~(g) "Occupancy" means the act of putting any improvement to beneficial use or the issuance of any occupancy permit whichever is earlier.~~

~~(h)~~ (g) "Person" means and includes individuals, domestic and foreign corporations, societies, joint ventures, associations, firms, partnerships, joint stock companies, clubs or any legal entity whatsoever.

7.02.040 Exemptions: No obligation to pay the tax imposed by Section 7.02.070 shall arise from the construction of any improvement that is owned by any government entity whether federal, state or local, ~~or nonprofit corporation which is exempted from the payment of Oregon and federal income tax.~~

7.02.050 Rules and regulations promulgation: The Executive Officer may promulgate rules and regulations necessary for the administration and enforcement of this chapter.

7.02.060 Administration and enforcement authority:

(a) The Executive Officer shall be responsible for the administration and enforcement of this chapter. In exercising the responsibilities of this section of the Executive Officer may act through a designated representative.

(b) In order to carry out the duties imposed by this chapter, the Executive Officer shall have the authority to do the following acts, which enumeration shall not be deemed to be exhaustive, namely: administer oaths; certify to all official acts; to subpoena and require attendance of witnesses at board meetings or other hearings to determine compliance with this chapter, rules and regulations; to require production of relevant documents at public hearings; to swear witnesses; and take testimony of any person by deposition.

7.02.070 Imposition of tax; Rate: An excise tax is imposed on every person who engages in the act of engaging in construction of any improvement located within the District. The tax shall be computed at a rate of 25 percent of the value of the construction cost of the improvement. The tax shall be due and payable from the time of the issuance of any occupancy building permit for the improvement by any building authority. Liability for this tax shall attach upon every owner or occupant of property on which the improvement building or structure is located and every contractor who engages in construction constructs any improvement; provided, however, that only one tax shall be imposed must be paid on the construction of any one improvement.

7.02.080 Extension: A party may in writing to the Executive Officer request a fifteen-day extension in which to pay the tax. The Executive Officer may approve no more than two extensions.

7.02.090 Failure to pay: It shall be unlawful for any person to fail to pay all or any portion of the tax imposed by this chapter.

7.02.100 Statement of full cost of improvement required: It shall be unlawful for any person to fail to state or to misstate the full value of construction cost of any improvement. When any person fails to pay the tax or apply for an exemption, as provided for in Section 7.02.040 herein, within the time provided for payment of the tax, there shall be a conclusive presumption, for purposes of computation of the tax, that the value of construction cost of improvement is the valuation value of the improvement as determined by the building official at the time of issuance of the building permit. If any improvement is constructed for which multiple building permits are issued the cost of the improvement shall be presumed to be the total of all of the values established for each of the building permits. When any person fails to pay the tax within the time provided for payment of the tax, the value of construction shall be as established by the Executive Officer who may consider the valuation established by the building official but may consider other evidence of actual costs of construction as well.

7.02.140100 Intergovernmental agreements. The Executive Officer may enter into intergovernmental agreements with other governments to provide for the enforcement of this chapter and the collection of the Construction Excise Tax. The agreements may provide for the governments to retain no more than _____ percent of the taxes actually collected as reimbursement of administrative expense.

7.02.120110 Occupation of improvement without payment unlawful: It shall be unlawful for any person to occupy any improvement unless the payment of the tax imposed by this chapter has been provided as stated in Sections 7.02.070 through 7.02.100 and 7.02.160 of this chapter paid.

7.02.130120 Enforcement by civil action: The tax and any penalty imposed by this chapter constitutes a debt of the person liable for the tax as set forth in Section 7.02.070 of this chapter and any may be collected by the Executive Officer in an action at law. If litigation is necessary to collect the tax and any penalty, the prevailing party shall be entitled to reasonable attorney fees at trial or on appeal. The Office of General Counsel is authorized to prosecute any action needed to enforce this chapter as requested by the Executive Officer.

7.02.140130 Review: Review of any action of the Executive Officer taken pursuant to this chapter, or the rules and regulations adopted pursuant thereto, shall be taken solely and exclusively by writ of review in the manner set forth in ORS 34.010 through 34.100, provided, however, that any aggrieved person may demand such relief by writ of review.

7.02.150140 Failure to pay or apply for exemption -- Penalty: In addition to any other fine or penalty provided by this chapter, failure to pay the tax or apply for an exemption, as provided for in Section 7.02.040 herein, within fifteen days of the date of issuance of any building occupancy permit for any construction improvement shall result in a penalty equal to the amount of tax owed or fifty dollars, whichever is greater.

7.02.160150 Violation -- Penalty:

(a) In addition to any other civil enforcement provided herein, violation of this chapter shall be a misdemeanor and shall be punishable, upon conviction, by a fine of not more than five hundred dollars.

(b) Violation of this chapter by any officer, director, partner or other person having direction or control over any person violating this chapter shall subject each such person to such fine.

7.02.160 Rate stabilization: In order to protect against the cyclical nature of the construction industry and development patterns, the Council shall annually as part of the budget process create reserves from the revenues generated by the construction excise tax that are designed to protect against future fluctuations so as to promote stability in the rate of tax needed to support required programs.

7.02.170 Needs assessment: Prior to July 1, 1998, the Council shall conduct a needs assessment review of the Construction Excise Tax to determine whether it is necessary to continue the tax beyond the period of adoption and implementation of the Regional Framework Plan. In conducting the assessment, the Council shall hold at least two public hearings.

Section 2. Section 7.01.020 of the Metro Code is amended to read as follows:

7.01.020 Tax Imposed:

(a) For the privilege of use of the facilities, equipment, systems, functions, services, or improvements owned, operated, franchised, or provided by the District, each user shall pay a tax in the amount established in subsection 7.01.020(b) but not to exceed ~~seven and one-half (7.5)~~ **six (6)** percent of the payment charged by the operator or the District for such use. The tax constitutes a debt owed by the user to the District which is extinguished only by payment of the tax directly to the District or by the operator to the District. The user shall pay the tax to the District or to an operator at the time payment for the use is made. The operator shall enter the tax on his/her records when payment is collected if the operator keeps his/her records on the cash basis of accounting and when earned if the operator keeps his/her records on the accrual basis of accounting. If installment payments are paid to an operator, a proportionate share of the tax shall be paid by the user to the operator with each installment.

(b) The Council may for any annual period commencing July 1 of any year and ending on June 30 of the following year establish a tax rate lower than the rate of tax provided for in subsection 7.01.020(a) by so providing in the annual budget ordinance adopted by the District. If the Council so establishes a lower rate of tax, the Executive Officer shall immediately notify all operators of the new tax rate. Upon the end of the fiscal year the rate of tax shall revert to the maximum rate established in subsection 7.01.020(a) unchanged for the next year unless further action to establish a lower rate is adopted by the Council as provided for herein.

Section 3. Sections 5.02.025, 5.02.040, 5.02.045 and 5.02.050 are amended to read as follows:

5.02.025 Disposal Charges at Metro South Station, Metro Central Station and the MSW Compost Facility and the Metro Household Hazardous Waste Facilities:

NOTE: [These amendments are based on the changes to the current solid waste rate of \$75 per ton. The proposed amounts are left blank to be adjusted as appropriate at either \$74 or \$73 per ton.]

(a) Total fees for disposal shall be ~~\$75 (seventy-five dollars)~~ \$ [REDACTED] per ton of solid waste delivered for disposal at the Metro South Station, Metro Central Station and the MSW Compost Facility.

(b) An enhancement fee of \$.50 per ton is established to be charged at the Metro South Station, Metro Central Station and the MSW Compost Facility.

(c) Notwithstanding the provisions of Sections 5.02.025 (a) and (b), persons using Metro South Station, other than Credit Account Customers, who have separated and included in their loads at least one half cubic yard of recyclable material (as defined in ORS 459.005) shall receive a \$3 credit toward their disposal charge if their load is transported inside a passenger car or in a pickup truck not greater than a 3/4 ton capacity. The foregoing recyclable material credit shall not apply at Metro Central Station or the MSW Compost Facility.

(d) The disposal fee and enhancement fee established by this section shall be in addition to other fees, charges and surcharges established pursuant to this chapter.

(e) The following table summarizes the disposal charges to be collected by the Metropolitan Service District from all persons disposing of solid waste at the Metro South Station, Metro Central Station and the MSW Compost Facility. The minimum charge for all vehicles shall be \$19.

(f) Total fees assessed at Metro facilities shall be rounded to the nearest whole dollar amount (a \$.50 charge shall be rounded up) for all cash account customers.

(g) A fee of \$5 is established to be charged at the Metro Household Hazardous Waste facilities for each load of Household Hazardous Waste.

(h) A fee of \$10 is established at the Metro Household Hazardous Waste facilities for special loads.

5.02.040 Disposal Fees:

(a) There is hereby established a disposal fee which shall be a charge to the users of Metro South Station, Metro Central Station and the MSW Compost Facility.

(b) The following disposal fees shall be collected and paid to Metro by the users of Metro South Station, Metro Central Station and the MSW Compost Facility for the disposal of solid waste generated, originating, collected or disposed within Metro boundaries: For all solid waste ~~\$38.25~~ \$ [REDACTED] per ton delivered.

(c) Disposal Fees shall not apply to wastes received at franchised processing centers that accomplish materials recovery and recycling as a primary operation.

5.02.045 User Fees:

The following user fees are established and shall be collected and paid to Metro by the operators of solid waste disposal facilities, whether within or without the boundaries of Metro, for the disposal of solid waste generated, originating, collected or disposed within Metro boundaries in accordance with Metro Code Section 5.01.150:

(a) Regional User Fee (Tier One):

For compacted or noncompacted solid waste, \$19\$ per ton delivered.

(b) Metro User Fee (Tier Two):

\$7\$ per ton for all solid waste delivered to Metro-owned or operated facilities.

(c) Inert material, including but not limited to earth, sand, stone, crushed stone, crushed concrete, broken asphaltic concrete and wood chips used at the St. Johns Landfill for cover, diking, road base or other internal use shall be exempt from the above user fees.

(d) User fees shall not apply to wastes received at franchised processing centers that accomplish materials recovery and recycling as a primary operation.

(e) Notwithstanding the provisions of (a) and (b) above, Metro User Fees may be assessed as may be appropriate for solid waste which is the subject of a Non-System License under Chapter 5.05 of the Metro Code.

5.02.050 Regional Transfer Charge:

(a) There is hereby established a regional transfer charge which shall be a charge to the users of Metro South Station, Metro Central Station and the MSW Compost Facility. Such charge shall be collected and paid in the form of an add-on in addition to user fees established by Section 5.02.045 of this chapter.

(b) The following regional transfer charges shall be collected and paid to Metro by the users of Metro South Station, Metro Central Station and the MSW Compost Facility for the disposal of solid waste generated, originating, collected or disposed within Metro boundaries: For all solid waste \$9\$ per ton delivered.

(c) Regional transfer charges shall not apply to wastes received at franchised processing centers that accomplish materials recovery and recycling as a primary operation.

Section 4. The Executive Officer shall rebate to each local government that has made a voluntary payment to Metro in lieu of the per capita payments required by the

provisions of former ORS 268.513 for fiscal year 1994-95 an amount equal to amount of the payment made to Metro multiplied by a fraction equal to the number of days remaining in fiscal year 1994-95 on the effective date of this Ordinance divided by 365.

ADOPTED by the Metro Council this ____ day of _____, 1994.

Judy Wyers, Presiding Officer

ATTEST:

Clerk of the Council

gl
1166A

DRAFT PROPOSED GARDNER AMENDMENT

Add new Section 7.02.045 Refunds.

7.02.045 Refunds.

(a) The Executive Officer shall refund to any person who has paid a tax the amount of tax actually paid, upon the person establishing that:

- (1) The tax was paid for the construction of a single family residence that was sold to its original occupant for a price less than \$ _____; provided that the maximum amount that may be refunded for any one residence is \$ _____; or
- (2) The person who paid the tax is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), or a limited partnership the sole general partner of which is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), the construction is used for residential purposes and the property is restricted to being occupied by persons with incomes less than 50 percent of the median income for a period of 30 years or longer; or
- (3) The person who paid the tax is exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3) and the construction is dedicated for use for the purpose of providing charitable services to persons with incomes less than 50 percent of the median income.

MEMORANDUM

VIA FAX

TO: METRO COUNCILORS ROD MONROE AND JUDY WYERS
FROM: JOHN LILJEGREN, WESTWOOD CORPORATION
DATED: MONDAY, JULY 18, 1994
SUBJECT: PROPOSED CONSTRUCTION EXCISE TAX

I testified before Metro's Finance Committee last Tuesday evening about the proposed construction excise tax. The purpose of this memorandum is not to discuss, again, the merits or drawbacks of the proposed tax, nor is it to discuss specifics of the proposed ordinance's language. Rather, my purpose is to tell you about my perceptions of and reactions to Metro's process, as I've observed it for the past nine months or so with respect to this one issue.

Several of us in the real estate industry testified before the entire Metro Council last November at a hearing in which the tax study committee's report recommending both a real estate transfer tax and a construction excise tax was presented. Some members of the Council reacted quite strongly and defensively to criticism of those proposed taxes. Council members said that the Council had not yet determined whether there was any need for the revenues expected to be generated from such taxes; they also said that those taxes or others would be considered or implemented only after the Council had carefully evaluated whether in fact a need for such revenues existed. Both at that November hearing and last Tuesday I discussed the issue of "need" for additional revenues. I think there is a huge difference between what Council members think "need" is and what some of us think "need" is.

It appears to me that the Council, or at least the Finance Committee, has determined that a "need" for revenue from a new tax exists because (1) local governments say they will no longer voluntarily make the \$0.43 per person contributions toward Metro's planning costs; and (2) Metro intends to cut its excise tax from 7.5% to 6%. That is, you start with the assumption that the entire budgeted amount for planning is needed; it follows necessarily that any loss of revenues for any reason will cause a shortfall to the planning budget; it further follows that such a shortfall, virtually by definition, establishes an irrefutable "need" for alternative funding sources, which can only come through some niche tax. Thus, there is a need for a niche tax.

By contrast, in my perspective, the fundamental "need" issue relates to the assumption that is the foundation of your reasoning: whether the proposed budget level for planning is the "right" amount. Let me use an analogy. Probably all of us agree we need national defense. But we don't all necessarily agree on how much to budget for defense; that is, we don't all agree on our defense

Proposed Construction Excise Tax
Memo
July 18, 1994

"needs" as measured by army divisions, ships, aircraft, missiles, and so forth, and we don't agree on how much defense we are willing to pay for in light of various other wants, needs, and priorities. Thus, we do not agree on whether the defense budget should be \$200 billion or \$250 billion or \$300 billion, or some other number. The question is not whether we need national defense. If the debate is between, let's say, \$250 billion or \$270 billion, the question should be "What will the extra \$20 billion get us and are those benefits worth the cost; or conversely, what are the likely consequences if we don't "buy" whatever it is the defense department says we can buy for the extra \$20 billion?" All of this must be considered in light of limited financial resources but innumerable other demands and desires for spending.

Suppose the federal government decided the defense budget should be \$270 billion, but only \$250 billion would be financed out of the federal general budget; the balance of \$20 billion would be funded through a niche excise tax. Suppose further that the government believed that international trade benefits the most from national defense and therefore the niche tax will be imposed on international trade. But what if the "extra" \$20 billion spending is for defense items that have absolutely nothing to do with international trade. Why, then, should that part of the defense budget be funded by the portion of businesses involved in trade? We would want to know exactly what the "extra" \$20 billion was going to buy before deciding some niche should pay for it. Perhaps if the money was going to fund commercial spying, information from which would be given to American companies to give them a competitive advantage against the companies being spied on, there might be some justification for imposing taxes on those benefiting companies to pay for the spying.

With respect to Metro's planning responsibilities, the discussion should, in my view, be focused on the benefits to be gained from each part of the planning budget and on the risks and consequences from not doing that part of the planning. We need to know what planning services would be provided, and the benefits flowing from those services, at a "core" budget level that included neither local government contributions nor excise tax revenues above 6%. Then we need to know what additional services would be provided, and benefits gained, from funding another \$600,000, or funding another \$1 million or so above that. And we need to know the expected risks and consequences should we not fund these services. Only after we know all this can we make the value judgments about whether it is worth the extra cost to provide the additional planning. In light of our community's values and priorities, we might choose to do without some planning services and benefits or to postpone the services and benefits, and thus assume the corresponding risks and consequences.

What troubles me is this. I raised this issue about "need" at both the November hearing and last Tuesday's committee work session. I directly urged the Council and the Finance Committee to state its case concerning the benefits of planning at various financial levels. Tell us as the followers of your leadership, and as the businesses whom you intend to compel to pay for

Proposed Construction Excise Tax
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additional planning services, what the benefits of the planning will be.

Not once, in either hearing, did any councilor say one word in response to the issue. Not one word was said about the benefits of Metro planning, the benefits to be derived from another \$600,000 or \$1.7 million for the budget. Not one word was said about specific risks and consequences if we fail to fund this "lost" revenue and thus fail to do the planning such revenue could buy. Here the Council has had two opportunities to persuade leaders of organizations representing scores if not hundreds of businesses in the region of the need for the additional planning services the excise tax (or transfer tax or other tax) could buy, yet not one councilor said one word.

How should I respond to this silence? I don't see that there is any evidence in the record to support any conclusion other than this: Metro councilors do not know or do not believe in the value of the extra planning services that such a tax could fund, nor do they know what might be the risks or consequences of failing to fund such services.

As our regional leaders, what, in my view, are your fundamental responsibilities? I believe they are (1) to determine in your best judgment what our highest priority goals are in light of limited resources; (2) to plan how to achieve those goals; and (3) to then inspire and lead all of us in the region to do the work, to pay the price, and to make the sacrifices necessary to achieve those goals. When the Council was given an opportunity to persuade other leaders of this region, whose support surely would be helpful in persuading our community to pay the price and make the sacrifices necessary to achieve our highest priority goals as a region, councilors said nothing.

This silence greatly disappoints me. It only nourishes lack of trust and cynicism.

This disappointment, lack of trust, and cynicism are deepened, unfortunately, by my involvement in the process of the proposed construction excise tax. Last Tuesday, one of the Finance Committee members stated that the Council had made a promise to the solid waste industry that, in return for their earlier support of the general excise tax, the total tipping fee would be reduced. I never heard of this promise before last Tuesday evening, and I never saw it mentioned in any of the documents relating to the tax study committee's work or the pending construction excise tax ordinance.

What am I to make of this? I know of no evidence to support a conclusion other than the following: the result of this entire process over the past year has been predetermined. The "need" for a new tax was predetermined for the reasons I mentioned above; thus, whether or not Metro would decide there was a need for some niche tax was never in doubt because Metro had promised to reduce the tipping fee and excise tax, thereby reducing revenues for planning.

Proposed Construction Excise Tax

Memo

July 18, 1994

It seems to me the Council has known all along that it would fulfill its unwritten and unacknowledged promise to the solid waste folks to make these reductions; those reductions would create a "need" (as Metro defines need) for additional revenues; and the Council would meet that need by imposing a niche tax wherever politically it was easiest to do so. To dissuade me and others of this admittedly cynical view, what evidence of public action by Metro would you present?

A fair, impartial, and objective process would have first obtained and analyzed data relating to which tax would be the broadest based, and if a niche tax was inevitable the process would have analyzed who would benefit most--not from planning generally, which benefits everyone--but from the specific "extra" planning that could be done with \$600,000, or \$1.7 million, or \$3 million to be generated from some new niche tax. But to this day no such data has been obtained, analyzed, or discussed. The feeling I get is that Metro is just going through motions to make sure it looks like it is following the process rules, pretending it is interested in testimony and data, when in fact the result was determined before the process ever started.

It is very frustrating to spend a lot of time getting involved in a process such as this and to reach the conclusions I have reached. It certainly does not increase my confidence or trust in Metro or in government generally.

C:\WP6\DOCS\METROTAX\JWL

Gross Permit Values 1993

Clackamas County

	Gross Valuation	Permits	Permits WO/ Pvalues
<i>SFR</i>	\$ 190,059,457	1,320	4
<i>MFR</i>	\$ 9,777,451	35	0
<i>Remodel</i>	\$ 54,552,607	1,558	27
<i>Commercial</i>	\$ 64,798,266	203	0

Clark County

	Gross Valuation	Permits	Permits WO/ Pvalues
<i>SFR</i>	\$ 237,684,318	2,632	22
<i>MFR</i>	\$ 33,175,044	97	21
<i>Remodel</i>	\$ 15,633,272	449	17
<i>Commercial</i>	\$ 31,286,433	102	0

Multnomah County

	Gross Valuation	Permits	Permits WO/ Pvalues
<i>SFR</i>	\$ 110,262,579	1,072	2
<i>MFR</i>	\$ 49,731,905	101	0
<i>Remodel</i>	\$ 101,439,118	2,924	55
<i>Commercial</i>	\$ 149,941,599	364	0

Washington County

	Gross Valuation	Permits	Permits WO/ Pvalues
<i>SFR</i>	\$ 288,688,613	2,494	9
<i>MFR</i>	\$ 19,390,076	51	2
<i>Remodel</i>	\$ 54,115,624	1,164	79
<i>Commercial</i>	\$ 93,639,014	185	1

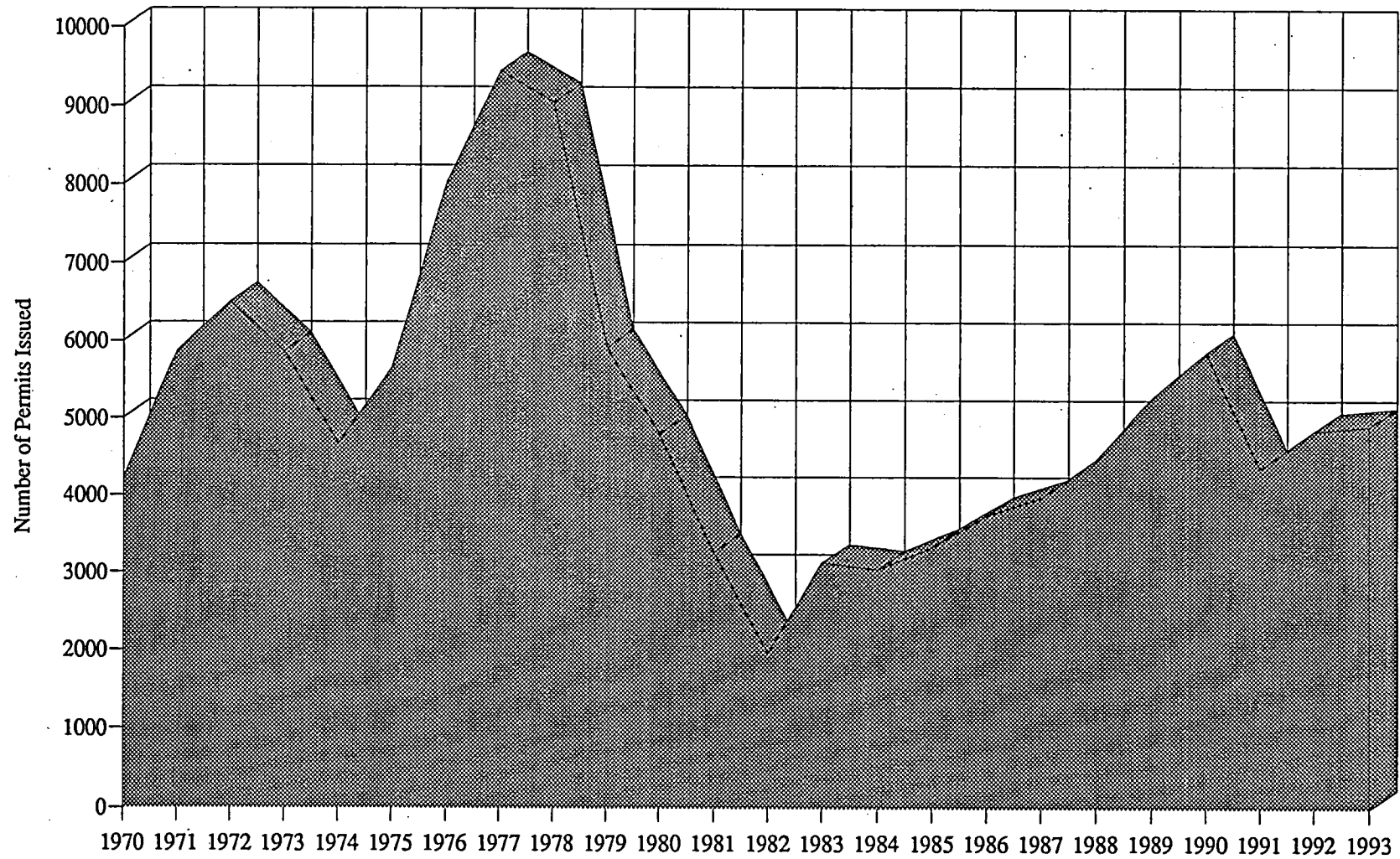
Yamhill County

	Gross Valuation	Permits	Permits WO/ Pvalues
<i>SFR</i>	\$ 32,934,264	318	0
<i>MFR</i>	\$ 32,084,371	33	0
<i>Remodel</i>	\$ 6,794,560	273	25
<i>Commercial</i>	\$ 19,601,735	64	0

TOTALS FOR ALL COUNTIES

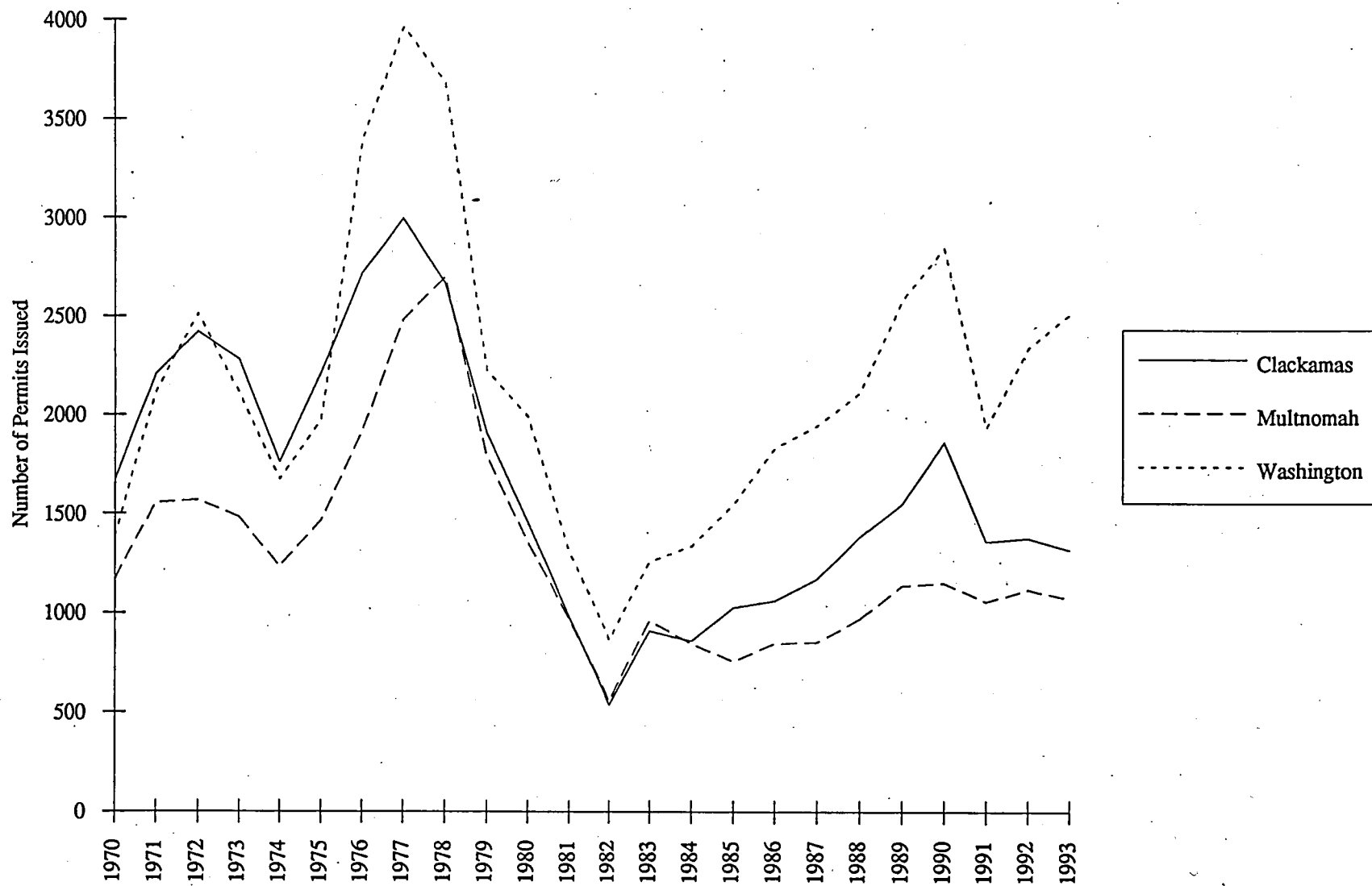
	Gross Valuation	Permits	Permits WO/ Pvalues
<i>SFR</i>	\$ 859,629,231	7,836	37
<i>MFR</i>	\$ 144,158,847	317	23
<i>Remodel</i>	\$ 232,535,181	6,368	203
<i>Commercial</i>	\$ 359,267,047	918	1

TRI-COUNTY HISTORICAL SFR TOTALS



Source: Associated Marketing Resources, Inc.

HISTORICAL SFR PERMIT TOTALS



Source: Associated Marketing Resources, Inc.

Tri-County Council

Reply to: 2202 SE. Lake Rd., Milwaukie, OR 97222 654-9533 (FAX 654-8414)

July 12, 1994

TO: METRO FINANCE COMMITTEE

The Tri-County Council supports Ordinance No. 94-556 which would establish a Construction Excise Tax and reduce both the Metro Excise Tax and the Solid Waste Disposal Rate.

We support this Ordinance for the following reasons:

1. At the current level, the Excise Tax on Solid Waste Rates pays for 85% of the planning functions that are unrelated to solid waste operations. That begs the question of equity. Nobody, including those involved in the construction trade, like to pay more taxes. But if taxes are being eluded only because they are being paid by another sector, that is grossly unfair and the construction industry should step up and pay their share of the bill.
2. If the Construction Excise Tax is not approved, we understand that the Excise Tax on Solid Waste Revenue could be as high as 8.5% next year. The inequity gap would only widen, if this were to occur.
3. We have been advised that Solid Waste Department savings and the current volumes of tonnage would support a \$1-\$2 reduction in the current disposal fee. We have supported an unbundling of the issues and the passage of an immediate reduction in the disposal fee by at least \$1. If the package proposed by this Ordinance could fail or become stalled over the issue of the Construction Tax or any other basis for delay, we then ask that the decrease in the disposal fee be unbundled from this package and that the Council approve the decrease as a stand-alone issue at the meeting of the full Council on July 28.

You likely will hear pleas from those who will be impacted by a Construction Tax to not impose this tax. We challenge you to adopt this Ordinance and end the inequity for the Solid Waste Industry.

Representing:

Clackamas County Refuse Disposal Association
Multnomah County Refuse Disposal Association
Oregon Sanitary Service Institute

Portland Association of Sanitary Service Operators
Teamsters Local 281
Washington County Solid Waste Collectors Association

Katie Mueller
1442 Northeast Fourteenth Avenue
Hillsboro, Oregon 97124-2570

July 11, 1994

Rod Monroe,
Chair of the Finance Committee
METRO Building
600 NE Grand Avenue
Portland, Oregon 97232-2736

Re: Proposed Construction Excise Tax

Dear Chairman Monroe:

I am writing to encourage the Finance Committee reconsider imposing additional taxes on the citizenry in the form of a niche tax on new construction. Levying new taxes to accommodate a 1995-96 budget is premature because that budget is unknown. The newly-elected Metro Council and Executive Officer, who assume office January 1, 1995, are the persons responsible for the 1995-96 budget. The budget process will produce a working draft in March or April, 1995, which will be studied, amended, and finally adopted by June 30, 1995.

The Metro Tax Study Committee has stated that a broad based tax is preferred to raise revenue for planning. Certainly, it is also the most reliable source of income. Again, that is a decision that should rest with officials elected for 1995-96.

The Cities and Counties in the Metro Region who are contributing \$.43 per capita towards Metro planning would most likely continue to contribute voluntarily, if asked, since they benefit from the vast array of information and long-term planning provided by Metro.

A Presidential Commission study on the causes of escalating housing costs cited local government planning restrictions and niche taxes as major causes in the lack of affordable housing. I would encourage you seek a long-term solution in the form of a broader based tax, if needed, after the Council responsible for 1995-96 is in place.

Thank you for your attention to this matter.

Sincerely,



Katie Mueller

cc: Board of Directors,
Washington County Association of Realtors

WESTWOOD CORPORATION

Developers & Contractors

July 11, 1994

VIA FAX AND REGULAR MAIL

3030 SW. Moody Avenue, Suite 200
Portland, OR 97201-4897
503/222-2000
Fax 503/273-0220

Mr. Rod Monroe
Metro Building
600 N.E. Grand Avenue
Portland, Oregon 97232-2736

RE: Metro's proposed construction excise tax

Dear Rod:

Thank you for taking the time to meet with our group at the office of the Homebuilders Association last week to discuss the proposed construction excise tax. I hope to attend the Finance Committee work session tomorrow, but I wanted to express some concerns I had in a letter. If possible, I would appreciate it if you could have copies of this letter given to other committee members.

The most immediate "crunch" facing Metro, at least with respect to continued funding of planning, is as I understand it the likely (or certain) loss of the now voluntary contributions from local governments. I believe you said that the amount of that loss is roughly \$600,000. I would like to suggest a way to recoup 100% of this \$600,000 loss through the excise tax solely on solid waste disposal without increasing the tipping fee of \$75.00. My proposal would, of course, reduce the base amount received into the solid waste budget (by "base amount," I mean the total tipping fee less the excise tax; or, looking at it from the other direction, the amount of the tipping fee before the excise tax is added; I am sure Metro has some term for this but I don't know what that term is). However, the reduced "base" tipping fee would still be greater than it would be under the proposal you suggested, which as I understood it would reduce the total tipping fee to \$73.00 (or \$74.00) and would reduce the excise tax to 6%. The following tables compare your proposal to the current fee structure; below these tables I will explain my proposal of how the \$600,000 can be recouped through a higher excise tax on solid waste.

Table 1. Current Tipping Fees and Excise Tax.

Base Tipping Fee	\$69.77
Excise Tax, 7.5%	\$ 5.23
Total Tipping Fee	\$75.00

Mr. Rod Monroe
July 11, 1994
Page 2

Table 2. Proposed Reduction of Tipping Fee (to \$73.00) and Excise Tax (to 6%).

Base Tipping Fee	\$68.87
Excise Tax, 6.0%	<u>\$ 4.13</u>
Total Tipping Fee	\$73.00

If Metro tried to recoup the \$600,000 solely from solid waste by increasing the excise tax imposed on solid waste, how much would the excise tax have to be increased in order to accomplish this goal? To answer this question we first need to know the total number of tons of solid waste as to which the tipping fee is charged. I believe you said the total was about 750,000 tons. If that is correct, Metro would need to charge \$0.80 per ton to generate \$600,000 [$750,000 \times .80 = \$600,000$]. The current excise tax of 7.5% generates \$5.23 a ton (see Table 1 above); add the \$0.80 and the new amount is \$6.03. If you leave the total tipping fee at \$75.00, subtracting the excise tax of \$6.03 would mean the base fee would be reduced to \$68.97 (see Table 3 below). This excise tax of \$6.03 on a base of \$68.97 works out to be 8.74%. Note that although the percentage excise tax of 8.74% seems high, the reduced base tipping fee (\$68.97), which is the amount paid toward the solid waste portion of Metro's budget, is still higher (by \$0.10) than the amount (\$68.87) that would be generated under the proposal you discussed (Table 2 above), which would reduce the total tipping fee to \$73.00 (or \$74.00) and would reduce the excise tax to 6%.

Table 3. Leave Total Tipping Fee at \$75.00 but Increase Excise Tax.

Base Tipping Fee	\$68.97
Excise Tax, 8.74%	<u>\$ 6.03</u>
Total Tipping Fee	\$75.00

Thus, under this scenario (1) 100% of the \$600,000 in revenue lost is recouped; (2) there is no increase in the total tipping fee; and (3) revenues generated for the solid waste portion of Metro's budget, although slightly lower than current sums, is more than would be generated under your proposal as I understood it. If this is correct, then it would not seem worthwhile to greatly change the present system and create an entirely new system of a regional construction excise tax, a tax which everyone admits is neither broad-based nor stable.

Broad Base of Tax; Fairness. I also would like to address the issues raised in the preceding sentence. The 1993 tax study committee asserted that "regional planning is of broad benefit to citizens of the region" and therefore, in the long term, "funding should be broad based." But the committee also recommended that in the short term planning should be funded through "a combination of broad-based niche taxes." Metro's Finance Committee is now looking at a single niche tax--the construction excise tax--rather than a combination of niche taxes.

Mr. Rod Monroe

July 11, 1994

Page 3

It seems to me that the Finance Committee ought to evaluate how broad or narrow the niche is that you propose taxing. This relates to the issue of any tax—its fairness. Would it be fair to impose all of the burden of a niche tax intended to fund regional planning, which admittedly benefits all citizens of the region, on one single taxpayer. We'd all agree that would be unfair. Is it fair to impose such a tax on one one-hundredth of one percent of all taxpayers or people or households or property owners or businesses? On one-tenth of one percent? On one percent? For Metro to make a sound policy decision that is at least partially fair, Metro ought to at least know and state what portion of the region's taxpayers, people, households, property owners, or businesses will be forced to bear the entire burden of the niche tax. Yet, I am not aware that this evaluation has ever been done. Metro ought to first obtain this information and then justify why that small group is forced to bear the entire burden of the niche tax.

Revenues Projected; Levels of Construction Required; Stability. Another fundamental question is whether the proposed tax would indeed generate the revenues needed. The proposed construction excise tax is intended to generate up to \$3 million, although you said at our meeting last week that you think the goal would be closer to \$1.6-1.7 million. This smaller sum is what would be needed, as I understand it, to recover lost revenues from (1) local governments no longer contributing toward Metro's planning costs, a loss of about \$600,000; and (2) reduced revenues from cutting the excise tax from 7.5% to 6% on solid waste, zoo, convention center, etc.

As I understand things, although no construction excise tax percentage has yet been set, the number being used is 0.25%, or \$2.50 per thousand dollars. At that rate, the total construction value (excluding exempted items) that would be needed to generate \$1.7 million would be \$680 million [$\$680,000,000 \times 0.0025 = \$1,700,000$].

Metro ought to know with a high level of certainty whether that amount of construction (again, excluding exempted projects) is a reasonable and reliable sum for the next several years. To answer that question, Metro ought to have before it the actual construction figures for at least the past 10 years and probably the past 15 years in order to evaluate the ups and downs of construction during that time period. In addition, Metro ought to have projections for the next 5 years of the same construction activity. Then, those of us in the affected industries, as well as economists and others, ought to have a reasonable opportunity to examine the numbers and projections and to comment on them. Are the projections in fact reasonable? What assumptions are they based on? Are those assumptions reasonable? Has Metro planned how to deal with an unexpected downturn in construction activity that greatly reduces revenues from the construction excise tax?

I believe it is fair to say that you acknowledged at our meeting last week that the Finance Committee has not yet received the above data and certainly has not considered it. And we have not been given any opportunity to review or comment on the assumptions and projections on

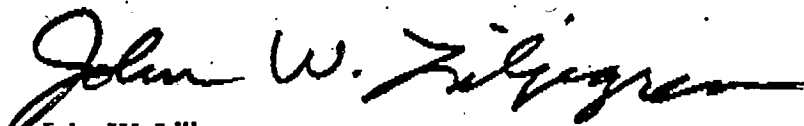
Mr. Rod Monroe
July 11, 1994
Page 4

which any construction excise tax would be based. I do not understand how Metro could proceed to implement this or any other kind of tax without first answering questions such as these. I would think that Metro's councilors would at this point have unanswered questions about whether the proposed construction excise tax would indeed generate the projected revenues and whether it would do so reliably year after year.

Thanks for taking the time to consider the issues in this letter, and thanks again for the time you spent with our group last week.

Yours truly,

WESTWOOD CORPORATION
Developers & Contractors

A handwritten signature in dark ink, reading "John W. Liljegren". The signature is fluid and cursive, with the first name "John" being the most prominent part.

John W. Liljegren
Leasing Manager and
Assistant General Counsel

JWL/mmww



Deaton & Associates, Inc. Realtors®

200 SW Burnham Road, Suite 411 • Lake Oswego, OR 97034
(503) 697-3603 / Fax (503) 636-7609

July 11, 1994

Mr. Rod Monroe
Finance Committee Chair
Metro Council 600 N.E. Grand Avenue
Portland, Or. 97232

Attention: Finance Chair & Committee Members:

Reference: Proposed Construction Excise Tax:

Dear Committee;

I would like to take a little of your time to address the
proposed Construction Excise Tax.

As an Owner/Broker of a real estate company and active member of
a community within the Metro area, I would first say that I am
opposed to this proposed tax for the following reasons;

1. Metro has not shown a need for the additional monies from this proposed tax.
 2. The proposed tax has not been shown to be the right approach for a long term solution to funding Metro Planning.
 3. This type of funding would be subject to a fluctuating market and therefor unstable.
 4. Metro has not shown what impact this may have on construction in general.
 5. Metro does not have the necessary data to make an informed decision, ie:
 - a. What are the projections?
 - b. What have the construction figures been over the last ten to fifteen year period?
 - c. What are the projections of construction for the next five to ten years?
 - d. What are these assumptions based on?
- All these facts and figures would go a long way in enabling all in making an informed decision.



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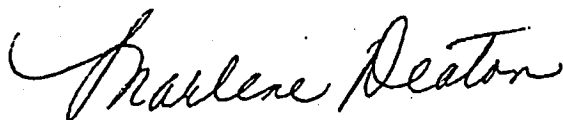
Page 2.

6. This is an unfair tax, it burdens one segment of the community and yet benefits all the community with regional planning.

Further and even more important I feel that if there is to be a decision made on future funding it should be made by the new elected council.

Thank you for your time and attention, I do hope that you will give these thoughts consideration.

Yours very truly,



Marlene Deaton - Broker,
Land Use & Water Policy Committee Chair
for Clackamas County Association of Realtors



METRO

DATE: July 28, 1994

TO: Metro Finance Committee
Other Metro Councilors
Interested Parties *DE*

FROM: Donald E. Carlson, Council Administrator

RE: Ordinance No. 94-556A, An Ordinance Relating to Taxation, Establishing
a Construction Excise Tax Reducing the Metro Excise Tax, Reducing Solid
Waste Rates and Refunding Planning Service Fees to Local Governments

Attached are materials presented by Metro Staff which relate to Ordinance No. 94-556A. The material is as follows:

- Attachment 1 Chart which shows projected revenue based on various square footage rates
- Attachment 2 Charts which show revenue needs for Metro General Fund and Planning Fund
- Attachment 3 Metro Planning Department Needs Analysis
- Attachment 4 Chart which analyzes projected Solid Waste tip fees based on varying Excise Tax and Tip Fee rates; and a list of assumptions which will impact Solid Waste tip fees
- Attachment 5 Response to questions raised by Committee at July 18, 1994 meeting

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METRO CONSTRUCTION EXCISE TAX SQAURE FOOTAGE RATE CALCULATION

July 27, 1994

	NEW RESIDENTIAL		NEW NON-RESIDENTIAL		TOTAL	UNCOLLECTABLE & REIMBURSEABLE (@ 10%)	LOCAL ADMIN. COSTS (@ 5%)	TOTAL TAX PROCEEDS
	Single Family	Multi- Family	Commercial	Other				
Ave. Annual Building Permits Issued	3,619	2,963	252	528	7,362			
Ave. Sq. Ft. per Unit	2,162	1,661	15,899	16,369	36,091			
Ave. Annual Sq. Feet	7,824,278	4,921,543	4,006,548	8,642,832	25,395,201			
Rate Per Sq. Foot								
\$0.15	1,173,642	738,231	600,982	1,296,425	3,809,280	380,928	190,464	3,237,888
\$0.14	1,095,399	689,016	560,917	1,209,996	3,555,328	355,533	177,766	3,022,029
\$0.13	1,017,156	639,801	520,851	1,123,568	3,301,376	330,138	165,069	2,806,170
\$0.12	938,913	590,585	480,786	1,037,140	3,047,424	304,742	152,371	2,590,311
\$0.11	860,671	541,370	440,720	950,712	2,793,472	279,347	139,674	2,374,451
\$0.10	782,428	492,154	400,655	864,283	2,539,520	253,952	126,976	2,158,592

**PROJECTED
TAX NEED**

2,452,233

**CONSTRUCTION EXCISE TAX REQUIREMENTS
GENERAL FUND**

	FY 94-95 Adopted Budget	FY 94-95 Revised Budget	FY 95-96 Projected	FY 96-97 Projected	FY 97-98 Projected
General Fund Resources					
Fund Balance	531,000	531,000	484,238	444,916	454,077
Excise Tax	5,968,760	5,261,207	5,103,832	5,352,548	5,681,178
Transfer from Solid Waste	124,258	124,258	0	0	0
Interest	40,000	40,000	10,000	10,000	10,000
Total GF Resources	6,664,018	5,956,465	5,598,069	5,807,464	6,145,255
General Fund Requirements					
Executive Management	356,258	356,258	370,508	385,329	400,742
Council	1,004,934	1,004,934	798,130	830,056	863,258
Auditor	79,752	79,752	272,509	283,409	294,745
Special Appropriations					
Elections	150,000	150,000	150,000	150,000	150,000
Cultural Funding	115,000	115,000	115,000	115,000	115,000
Transfers					
Indirect Costs	876,442	876,442	931,343	972,582	1,025,037
Bldg Mgt. (Parking Structure)	55,984	55,984	37,323	18,661	0
Greenspaces	496,435	496,435	520,000	540,800	562,432
Parks & Expo Contingency	84,474	84,474	195,350	207,501	215,801
Contingency	568,475	568,475	489,831	508,153	537,710
Unappropriated Reserve	200,000	200,000	200,000	200,000	200,000
Total Requirements	3,987,754	3,987,754	4,079,994	4,211,491	4,364,725
 Balance Available for Planning starting \$73 tip fee	 2,676,264	 1,968,711	 1,518,075	 1,595,973	 1,780,529
Balance Available for Planning starting \$74 tip fee	2,676,264	1,935,939	1,561,425	1,635,712	1,780,529

**CONSTRUCTION EXCISE TAX REQUIREMENTS
PLANNING FUND
\$74 Tip Fee**

	FY 94-95 Adopted Budget	FY 94-95 Revised Budget	FY 95-96 Projected	FY 96-97 Projected	FY 97-98 Projected
Balance Available for Planning starting \$74 tip fee	2,676,264	1,968,711	1,518,075	1,595,973	1,780,529
Planning Fund Resource					
Local Gov't Dues	550,000	183,333	0	0	0
Requirement					
FY 94-95 Authorized Programs	3,226,264	3,226,264	3,567,696	3,926,920	4,133,906
Balance from Construction Excise Tax	0	1,074,220	2,049,621	2,330,947	2,353,377
Transfer for On-Going Administration	0	57,316	58,462	60,800	63,232
One-Time Start-Up Costs	0	100,000	0	0	0
Contribution to Stabilization Reserve	0	300,000	300,000	300,000	300,000
Rebates	0	57,750	87,500	87,500	87,500
Local Administrative Allowance @5%	0	80,406	126,424	141,317	142,622
Total Const. Excise Tax Required	0	1,669,691	2,622,007	2,920,565	2,946,731
Note: Assumes Solid Waste Tip Fee	\$75.00	\$74.00	\$74.00	\$75.50	\$76.03

CONSTRUCTION EXCISE TAX REQUIREMENTS
PLANNING FUND
\$73 Tip Fee

	FY 94-95 Adopted Budget	FY 94-95 Revised Budget	FY 95-96 Projected	FY 96-97 Projected	FY 97-98 Projected ¹
Balance Available for Planning starting \$73 tip fee	2,676,264	1,935,939	1,561,425	1,635,712	1,780,529
Planning Fund Resource					
Local Gov't Dues	550,000	183,333	0	0	0
Requirement					
FY 94-95 Authorized Programs	3,226,264	3,226,264	3,567,696	3,926,920	4,133,906
Balance from Construction Excise Tax	0	1,106,992	2,006,271	2,291,208	2,353,377
Transfer for On-Going Administration	0	57,316	58,462	60,800	63,232
One-Time Start-Up Costs	0	100,000	0	0	0
Contribution to Stabilization Reserve	0	300,000	300,000	300,000	300,000
Rebates	0	57,750	87,500	87,500	87,500
Local Administrative Allowance @5%	0	85,158	128,742	143,824	147,216
Total Const. Excise Tax Required	0	1,707,216	2,580,975	2,883,333	2,951,325
Note: Assumes Solid Waste Tip Fee	\$75.00	\$73.00	\$73.00	\$75.92	\$78.96

DRAFT

Metro Planning Department
Needs Analysis

I. Regional Planning Mandates

A. Charter

1. Adopt a Future Vision by June 1995
2. Adopt a Regional Framework Plan by December 1997 to include the following elements:
 - a. Urban Growth Boundary (UGB)
 - b. Urban Reserves
 - c. Transportation
 - d. Housing Density
 - e. Urban Design
 - f. Water Supply
 - g. Parks and Open Spaces
 - h. Coordination with Clark County
 - i. Other State and Federal Mandates
3. Ensure local plan compliance by December 1999

B. State

1. UGB Periodic Review - 1995
2. Urban Reserves Adoption - 1995
3. Transportation Planning Rule - 1995

C. Federal

1. ISTEA Transportation Plan Requirements - 1995
2. ISTEA Management Systems - 1996
3. ISTEA - TIP Requirements - Annual
4. South/North Environmental Impact Statement - 1996
5. Water Quality Plan Certification - Annual
6. Clean Air Act - 1995

D. Other

1. Land use and growth allocation input to Regional Water Supply Plan
2. Land use and growth allocation input to local comprehensive plan periodic review

3. Transportation Plan input to local transportation plans

E. Benefits to Region

1. Failure to meet federal transportation planning requirements results in de-certification and ineligibility of region to receive federal transportation funds (approximately \$100+ million/year).
2. Failure to program federal transportation funds in TIP results in ineligibility for those projects receiving federal funds.
3. Failure to comply with Clean Air Act results in selected federal transportation funds being withdrawn.
4. Failure to certify Water Quality Plan results in ineligibility for sewer grant funds.
5. Failure to complete South/North EIS results in lack of eligibility for LRT funding estimated at up to \$1.4 billion.
6. Failure to meet state mandates for UGB, Urban Reserves and Transportation Plan results in LCDC sanctions including the possibility of enforcement orders, withholding state-shared revenues to local governments and imposition of moratoria (either widespread or targeted).
7. Failure to meet Charter mandates allows other parties to bring suit to require compliance.
8. Failure to meet growth management requirements results in threats to metro area livability due to negative growth consequences. In particular, any UGB amendment would be difficult. Failure to address either the need for UGB expansion or alternatives to accommodate growth without UGB expansion will result in limits on available land for development.
9. Failure to complete Earthquake Hazards Assessment results in increased risk to property.
10. Failure to implement Neighbor Cities Program and Transit-Oriented Development Program results in failure to implement Regional Framework Plan.

11. Failure to maintain land use, demographic, employment and transportation data and forecasts results in failure to develop and implement the Regional Framework Plan, incompatibility with other planning efforts regionwide and significantly higher costs for other governments. In addition, it would jeopardize Metro's ability to forecast solid waste tonnage and revenues.

F. Alternatives to Metro

1. Transportation planning requirements must be met by a Metropolitan Planning Organization (MPO) which could be established outside Metro.
2. State mandates for transportation planning could be assumed by ODOT or Tri-Met.
3. Federal water and air quality mandates could be assumed by DEQ.
4. No alternatives exist to meeting Metro Charter requirements.
5. Data and forecasting could be fragmented among ODOT, Tri-Met and local governments at higher cost and lesser consistency.

II. Existing Resources

A. Local Government Dues

1. Now being collected at 43¢ per capita.
2. Commitment has been made to terminate.
3. Even if not terminated, pressure on local governments due to Measure 5 would result in widespread nonpayment.
4. Loss of this source represents a 17 percent reduction of Metro's general resources (dues plus excise tax).

B. Metro Excise Tax

1. Now being levied at 7.5 percent with \$2.7 million toward Metro planning.
2. Commitment to reduce to 6 percent would result in a loss of approximately \$1 million.

Planning Department Needs Analysis
Page 4

3. If reduction were applied to planning, this represents a reduction of 31 percent of Metro's general resources (dues plus excise tax).
4. Loss of 48 percent of Metro's general resources (excise tax and dues) would be as follows:

<u>Program Area</u>	<u>Excise Tax</u>	<u>Dues</u>	<u>Comb. Program Share</u>	<u>Reduction</u>
Adminis.	\$355,042	8,000	77%	\$-174,418
Overhead Sub.	427,189	0	100%	-205,235
Growth Mgmt.				
Mandates	1,205,700	57,300	81%	-606,785
Growth Mgmt.				
- Grants	61,000	0	3.7%	- 29,306
MPAC Support	0	67,000	100%	- 32,189
Transp. Plng.	168,779	168,234	16.4%	-161,912
Transp.				
Modeling	3,785	55,893	5%	- 28,671
Transp. TA	0	38,439	13.5%	- 18,467
LRT Develop.	22,615	0	0.5%	- 10,865
Data Maint.	379,154	83,634	50%	-222,338
Data Svcs.	53,000	71,500	31%	- 59,814
	<u>2,676,264</u>	<u>550,000</u>	<u>24%</u>	<u>-1,550,000</u>

III. Planning Programs - FY 94-95 and Beyond

Attachment A identifies those program areas funded and not funded in the FY 94-95 budget, the level of Metro funding commitment (excise tax and dues) and assumptions for future years. Each program area is described below.

A. Growth Management Mandated Programs

In FY 94-95, 11.5 FTE is dedicated to this program area, including 0.8 FTE support from the Data Resource Center. These staff are committed to completing the Region 2040 and Future Vision projects and initiating the Regional Framework Plan. Also included is \$200,000 of pass-thru grants to local governments to assist in implementing the Region 2040 conclusions.

This level of staff support is projected to continue through FY 99 as they transition from developing the Regional Framework Plan to implementation through local plan compliance. If additional funding were available, consultant support would be included for design services, economic analysis and greater public outreach. Local pass-thru grants are not included after FY 94-95

unless funding is provided as it was in FY 94-95 through supplemented ISTEA grants.

B. Mandated Transportation Planning Programs

In FY 94-95, 15.7 FTE is dedicated to this area, including 3.5 FTE support from the Travel Forecasting Section and the Data Resource Center. This level is expected to continue in future years, largely grant-supported. However, a critical 20 percent local funding is needed to match these federal sources.

C. Administration

In FY 94-95, 3.65 FTE is budgeted for grant, contract and budget compliance and computer support. This level is expected to continue.

D. MPAC Support

In FY 94-95, 0.85 FTE is dedicated for this function which is expected to continue in the future.

E. Transportation Data and Modeling

In FY 94-95, 5.8 FTE is dedicated for this function which is expected to continue in the future. A critical 7.5 percent local funding is needed to match federal funds.

F. Database Maintenance and Forecasting

In FY 94-95, 8.7 FTE is dedicated for this function which is expected to continue in the future.

G. Data Services

In FY 94-95, 4.2 FTE is dedicated for this function of which 2.0 is supported by outside sales, 1.0 in support of Metro departments and 1.0 with dues in service to local governments. This level is expected to continue in the future although shifting to a fee-for-service policy for local governments would reduce usage and a partial FTE requirement.

H. Disallowed Cost/Overhead Subsidy

Since grant eligible overhead is capped at 36 percent, the excess amount which is grant ineligible or is needed in accordance with the Metro Cost Allocation Plan, is paid for fully with excise tax (or its replacement). The effective overhead rate for this portion is projected as follows:

	<u>Overhead Rate</u>	<u>Overhead Subsidy</u>
FY 94-95	9.5%	\$427,189
FY 95-96	10.0%	473,514
FY 96-97	12.5%	582,758
FY 97-98	13.0%	638,612

However, the increase is reflective of an assumed reduction in grant-supported FTE and the associated overhead as follows:

FY 94-95	78.0 FTE
FY 95-96	-2.0
FY 96-97	-6.0
<u>FY 97-98</u>	<u>-1.0</u>
Cumulative	-9.0 FTE

With this 11.5 percent reduction in FTE, some portion of this overhead cost would be reduced but a substantial portion represents fixed costs which cannot be reduced (i.e., building, legal, accounting, etc.).

I. Transportation Technical Services

In FY 94-95, 1.8 FTE is budgeted for this function which is expected to continue in the future. 14 percent local funding is needed to match federal funds.

- J. In FY 94-95 and FY 95-96, 19.2 FTE is budgeted for the South/North LRT and associated work. In FY 96-97, this is assumed to be reduced by 5.0 FTE as more responsibility for implementation is shifted to Tri-Met. The level of effort after FY 97 is dependent upon Metro involvement with further prospective corridors and associated grant funding. Complete elimination of this program is possible with an associated overhead implication of \$400,000.

K. Growth Management Grant Programs

In FY 94-95 and future years, grant-supported programs are budgeted as follows:

	<u>FTE</u>	<u>Completion</u>	<u>Reduc.</u>
Earthquake Assessment	2.0	FY 97-98	-1.0
Westside Station Area Plng.	1.5	FY 95-96	-1.0
Main Streets Program	1.0	FY 94-95	
Pedestrian Program	0.65	FY 94-95	-1.0
Neighbor Cities Program	<u>0.3</u>	FY 94-95	
	5.45		<u>-3.0</u>

The remaining 2.45 FTE is assumed to be shifted into Metro-funded growth management programs.

L. Non-funded Programs

A number of program areas supportive of Metro's growth management and transportation responsibilities are not proposed unless funding is provided from alternate sources.

In addition to the Regional Framework Plan-related activities described above, this includes:

- Hiring of a federal lobbying firm to seek grants to enhance Metro's programs.
- Continuation of a Metro bike planner when the FY 94-95 grant is completed.
- Initiation of an implementation program for transit-oriented development.
- Metro support for the Regional Emergency Management group when the Earthquake project is complete.
- Initiation of a transportation right-of-way acquisition and protection program.

Projected Planning Unfunded Requirements

	FY 94-95	FY 95-96	FY 96-97	FY 97-98
	Adopted	Projected	Projected	Projected
FY 94-95 Funded Programs	3,226,264	3,567,696	3,926,920	4,233,906
Growth Mgt.	1,263,000	1,348,348	1,415,412	1,485,665
State/Fed. Mandated Transp. Planning	337,013	396,606	431,529	468,802
Amin.	363,042	380,426	398,647	417,749
MPAC Support	67,000	71,196	74,756	78,494
Transp. Data & Modeling	59,678	71,223	82,585	94,826
Database Maint. & Forecasting	462,788	488,423	512,748	538,285
Data Services	124,500	132,653	141,149	150,146
Disallowed Costs/Overhead Subsidy	427,189	473,514	582,758	638,612
Transp. Tech. Assist.	38,439	41,257	44,253	47,435
HCT Development	22,615	100,000	105,000	110,000
Westside TSAP / G.M. Grants	61,000	64,050	138,083	203,892
Additional Planning Requirements	0	2,841,000	2,514,000	2,367,000
Regional Framework Plan I (consultant)		468,000		
Regional Framework Plan II (consultant)		250,000	262,000	
Regional Framework Plan Implementation (grants)		300,000	315,000	331,000
Federal Lobbyist		50,000	75,000	80,000
Bicycle/Pedestrian		79,000	84,000	90,000
Transit Oriented Development		1,077,000	1,128,000	1,181,000
Regional Emergency Mgt.		86,000	92,000	99,000
Right of Way Protection		531,000	558,000	586,000
Total Planning Requirement	3,226,264	6,408,696	6,440,920	6,500,906

METRO STRATEGIC FUNDING STUDY DRAFT

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GROUP, DEPARTMENT, DIVISION OR FUND: _____

Form A: Planning Department Total

	Historical				Adopted		Adopted				
	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Total											
Resources											
Fund Balance							135,533	0	0	0	0
Grants							9,358,008	7,975,995	5,725,788	5,791,841	5,843,747
Property Taxes-Current							0	0	0	0	0
Excise Tax							2,676,264	0	0	0	0
Enterprise Revenues							234,500	243,880	253,635	263,781	274,332
Intergov'tal Transfers							0	0	0	0	0
Donations and Bequests							75,000	75,000	75,000	75,000	75,000
Dues							550,000	0	0	0	0
Bond Proceeds							0	0	0	0	0
Interest							0	0	0	0	0
Interfund Transfers							346,952	372,506	389,796	407,898	426,850
Identified Other (Footnote)							0	0	0	0	0
New Revenue Sources							0	3,567,696	3,926,920	4,233,906	4,595,432
Total Resources		0	0	0	0	0	13,376,257	12,235,077	10,371,139	10,772,426	11,215,361
Requirements											
Personal Services							4,495,781	4,682,838	4,649,150	4,843,865	5,086,058
Materials & Services							6,383,791	4,886,725	3,066,851	3,150,452	3,237,388
Capital Outlay							26,750	27,820	28,933	30,090	31,294
Debt Service							0	0	0	0	0
Interfund Transfers							2,045,672	2,159,336	2,256,452	2,382,403	2,515,791
Contingency							424,264	484,094	385,170	385,062	390,641
Unappropriated Balance							0	0	0	0	0
Computer							(1)	(5,735)	(16,415)	(21,286)	(48,323)
Total Requirements		0	0	0	0	0	13,376,257	12,235,079	10,370,141	10,770,586	11,212,848
FTE							77.5	76.5	70.5	69.5	69.5

METRO STRATEGIC FUNDING STUDY
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GROUP, DEPARTMENT, DIVISION OR FUND: _____

Form A: Growth Mangement: Madated Programs

	Historical				Adopted		Adopted				
	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Resources											
GM Mandates											
Fund Balance											
Grants							200,000	0			
Property Taxes-Current											
Excise Tax							1,205,700				
Enterprise Revenues							20,000	20,800	21,632	22,497	23,397
Intergov'tal Transfers											
Donations and Bequests							75,000	75,000	75,000	75,000	75,000
Dues							57,300				
Bond Proceeds											
Interest											
Interfund Transfers											
Identified Other (Footnote)											
New Revenue Sources								1,348,348	1,415,412	1,485,665	1,559,260
Total Resources	0	0	0	0	0	0	1,558,000	1,444,148	1,512,044	1,583,162	1,657,657
Requirements											
Personal Services							688,705	723,140	759,297	797,262	837,125
Materials & Services							567,765	382,478	397,775	413,686	430,233
Capital Outlay											
Debt Service											
Interfund Transfers							247,934	260,330	273,347	287,014	301,365
Contingency							17,804	40,978	42,913	44,939	47,062
Unappropriated Balance											
Computer							35,792	37,224	38,713	40,261	41,872
Total Requirements	0	0	0	0	0	0	1,558,000	1,444,148	1,512,044	1,583,162	1,657,657
FTE							11.48	11.48	11.48	11.48	11.48

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Form A: Transportation Planning: State/Federal Mandates

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METRO STRATEGIC FUNDING STUDY DRAFT

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GROUP, DEPARTMENT, DIVISION OR FUND: _____

Form A: Administration: Management, PC Computer support, Lobbyist

Admin
Resources
Fund Balance
Grants
Property Taxes-Current
Excise Tax
Enterprise Revenues
Intergov'tal Transfers
Donations and Bequests
Dues
Bond Proceeds
Interest
Interfund Transfers
Identified Other (Footnote)
New Revenue Sources

Historical				Adopted		Adopted				
1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
						108,000	112,320	116,813	121,485	126,345
						355,042				
						8,000				
							380,426	398,647	417,749	437,772
	0	0	0	0	0	471,042	492,746	515,460	539,234	564,117

Total Resources

Requirements

Personal Services
Materials & Services
Capital Outlay
Debt Service
Interfund Transfers
Contingency
Unappropriated Balance
Computer

						210,436	220,958	232,006	243,606	255,786
						117,145	121,831	126,704	131,772	137,043
						21,250	22,100	22,984	23,903	24,859
						75,757	79,545	83,522	87,698	92,083
						46,454	48,312	50,245	52,254	54,345
	0	0	0	0	0	471,042	492,746	515,460	539,234	564,117
						3.65	3.65	3.65	3.65	3.65

Total Requirements

FTE

METRO STRATEGIC FUNDING STUDY DRAFT

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GROUP, DEPARTMENT, DIVISION OR FUND: _____

Form A: MPAC Support

Resources

MPAC

Historical					Adopted		Adopted				
1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	
						67,000					
							71,196	74,756	78,494	82,418	
0	0	0	0	0	0	67,000	71,196	74,756	78,494	82,418	

Requirements

Personal Services
Materials & Services
Capital Outlay
Debt Service
Interfund Transfers
Contingency
Unappropriated Balance
Computer

							48,405	50,825	53,367	56,035	58,837
							17,426	18,297	19,212	20,173	21,181
							1,169	2,074	2,177	2,286	2,401
Total Requirements	0	0	0	0	0	0	67,000	71,196	74,756	78,494	82,418
FTE							0.85	0.85	0.85	0.85	0.85

METRO STRATEGIC FUNDING STUDY DRAFT

07/27/94

GROUP, DEPARTMENT, DIVISION OR FUND: _____

Form A: Transportation Planning: Data & Modeling

		Historical				Adopted		Adopted				
		1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Modeling Resources	Fund Balance							50,270				
	Grants							1,075,842	867,418	902,114	938,199	975,727
	Property Taxes-Current											
	Excise Tax							3,785				
	Enterprise Revenues											
	Intergov'tal Transfers											
	Donations and Bequests											
	Dues							55,893				
	Bond Proceeds											
	Interest											
	Interfund Transfers											
	Identified Other (Footnote)											
New Revenue Sources									71,223	82,585	94,826	108,004
Total Resources		0	0	0	0	0	0	1,185,790	938,641	984,699	1,033,025	1,083,731
Requirements	Personal Services							337,883	354,777	372,516	391,142	410,699
	Materials & Services							627,585	343,964	361,162	379,221	398,182
	Capital Outlay											
	Debt Service											
	Interfund Transfers							121,638	127,720	134,106	140,811	147,852
	Contingency							14,659	24,794	26,034	27,335	28,702
	Unappropriated Balance											
	Computer							84,025	87,386	90,881	94,517	98,297
Total Requirements		0	0	0	0	0	0	1,185,790	938,641	984,699	1,033,025	1,083,731
FTE								5.76	5.76	5.76	5.76	5.76

METRO STRATEGIC FUNDING STUDY DRAFT

07/27/94

GROUP, DEPARTMENT, DIVISION OR FUND: _____

Form A: Data Resource Center: Database/RLIS Maintenance & Forecasting

Resources

DRC/RLIS

Historical					Adopted		Adopted				
1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	
						9,390	0				
						151,250	157,300	163,592	170,136	178,941	
						379,154					
						83,634					
						298,752	322,378	337,663	353,680	370,463	
							488,423	512,748	538,285	565,096	
0	0	0	0	0	0	922,180	968,101	1,014,003	1,062,101	1,112,500	

Requirements

Personal Services
Materials & Services
Capital Outlay
Debt Service
Interfund Transfers
Contingency
Unappropriated Balance
Computer

							488,069	512,472	538,096	565,001	593,251
							134,971	140,370	145,985	151,824	157,897
							5,500	5,720	5,949	6,187	6,434
							175,705	184,490	193,715	203,400	213,570
							22,015	25,292	26,512	27,792	29,135
							95,920	99,757	103,747	107,897	112,213
Total Requirements	0	0	0	0	0	0	922,180	968,101	1,014,003	1,062,101	1,112,500
FTE							8.68	8.68	8.68	8.68	8.68

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Form A: Data Resource Center: Data Services to Metro Departments, Local Governments, Public Sales

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METRO STRATEGIC FUNDING STUDY DRAFT

GROUP, DEPARTMENT, DIVISION OR FUND: _____

Form A: Disallowed/Overhead Subsidy

Disallowed Resources

Fund Balance
Grants
Property Taxes-Current
Excise Tax
Enterprise Revenues
Intergov'tal Transfers
Donations and Bequests
Dues
Bond Proceeds
Interest
Interfund Transfers
Identified Other (Footnote)
New Revenue Sources

Historical				Adopted		Adopted				
1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
						427,189				
							473,514	582,758	638,612	684,810

Total Resources

	0	0	0	0	0	427,189	473,514	582,758	638,612	684,810
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Requirements

Personal Services
Materials & Services
Capital Outlay
Debt Service
Interfund Transfers
Contingency
Unappropriated Balance
Computer

						427,189	473,514	582,758	638,612	684,810

Total Requirements

	0	0	0	0	0	427,189	473,514	582,758	638,612	684,810
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FTE

						0.00	0.00	0.00	0.00	0.00
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METRO STRATEGIC FUNDING STUDY DRAFT

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GROUP, DEPARTMENT, DIVISION OR FUND: _____

Form A: Transportation Planning: Technical Assistance

Resources

TA

Historical				Adopted		Adopted				
1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Fund Balance										
Grants						227,091	238,175	245,622	255,448	265,684
Property Taxes-Current										
Excise Tax										
Enterprise Revenues						15,500	16,120	16,765	17,435	18,133
Intergov'tal Transfers										
Donations and Bequests										
Dues						38,439				
Bond Proceeds										
Interest										
Interfund Transfers						3,700	3,848	4,002	4,162	4,328
Identified Other (Footnote)										
New Revenue Sources							41,257	44,253	47,435	50,816
Total Resources	0	0	0	0	0	0	284,730	297,400	310,641	324,479

Requirements

Personal Services
Materials & Services
Capital Outlay
Debt Service
Interfund Transfers
Contingency
Unappropriated Balance
Computer

						94,202	98,912	103,858	109,051	114,503
						55,900	58,136	60,461	62,880	65,395
						33,913	35,608	37,389	39,258	41,221
						53,316	55,449	57,667	59,973	62,372
						47,399	49,295	51,267	53,317	55,450
Total Requirements	0	0	0	0	0	0	284,730	297,400	310,641	324,479
FTE							1.78	1.78	1.78	1.78

METRO STRATEGIC FUNDING STUDY
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GROUP, DEPARTMENT, DIVISION OR FUND: _____

Form A: Transportation Planning: HCT Development

Resources

HCT

Historical				Adopted		Adopted				
1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
						41,726				
						4,297,774	3,628,438	2,373,116	2,440,062	2,487,897
						22,615				
							100,000	105,000	110,000	115,000
	0	0	0	0	0	4,362,115	3,728,438	2,478,116	2,550,062	2,602,897

Total Resources

Requirements

Personal Services
Materials & Services
Capital Outlay
Debt Service
Interfund Transfers
Contingency
Unappropriated Balance
Computer

						1,111,308	1,166,873	1,015,217	1,065,978	1,119,277
						2,778,865	2,000,000	1,000,000	1,000,000	1,000,000
						400,071	420,074	365,478	383,752	402,940
						39,292	107,608	71,421	73,492	75,666
						32,579	33,882	25,000	25,000	2,500
	0	0	0	0	0	4,362,115	3,728,438	2,477,116	2,548,222	2,600,383
						19.24	19.24	14.24	14.24	14.24

Total Requirements

FTE

METRO STRATEGIC FUNDING STUDY DRAFT

GROUP, DEPARTMENT, DIVISION OR FUND: _____

Form A: Growth Management: Grant Programs - Earthquake (complete in 97-98), Westside TSAP (complete in 95-96), Main Streets, Pedestrian, TOD Program, Neighbor Cities (complete in FY 94-95)

	Historical				Adopted		Adopted				
	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
GM Grants											
Resources											
Fund Balance											
Grants							1,584,000	1,364,219	250,000	125,000	
Property Taxes-Current											
Excise Tax							61,000				
Enterprise Revenues											
Intergov'tal Transfers											
Donations and Bequests											
Dues											
Bond Proceeds											
Interest											
Interfund Transfers											
Identified Other (Footnote)											
New Revenue Sources								64,050	138,083	203,892	324,021
Total Resources	0	0	0	0	0	0	1,645,000	1,428,269	388,083	328,892	324,021
Requirements											
Personal Services							317,002	295,120	252,047	226,906	238,251
Materials & Services							995,300	900,300	300	300	0
Capital Outlay											
Debt Service											
Interfund Transfers							114,121	106,243	90,737	81,686	85,770
Contingency							192,995	100,000	25,000	10,000	0
Unappropriated Balance											
Computer							25,582	26,605	20,000	10,000	0
Total Requirements	0	0	0	0	0	0	1,645,000	1,428,269	388,083	328,892	324,021
FTE							5.37	4.37	3.37	2.37	2.37

METRO STRATEGIC FUNDING STUDY
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GROUP, DEPARTMENT, DIVISION OR FUND: _____

Form A: DRC/Travel Forecasting Computers

	Historical				Adopted		Adopted				
	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Resources											
Computers							0				
Fund Balance							0				
Grants							0				
Property Taxes-Current							0				
Excise Tax							0				
Enterprise Revenues							0				
Intergov'tal Transfers							0				
Donations and Bequests							0				
Dues							0				
Bond Proceeds							0				
Interest							0				
Interfund Transfers							0				
Identified Other (Footnote)							0				
New Revenue Sources							0	0	0	0	0
Total Resources	0	0	0	0	0	0	0	0	0	0	0
Requirements											
Personal Services							48,200	50,610	53,141	55,798	58,587
Materials & Services							388,635	396,408	404,336	412,423	420,671
Capital Outlay											
Debt Service											
Interfund Transfers							17,352	18,220	19,131	20,087	21,091
Contingency							1,063	13,957	14,298	14,649	15,010
Unappropriated Balance											
Computer							(455,250)	(479,194)	(490,905)	(502,956)	(515,360)
Total Requirements	0	0	0	0	0	0	0	0	0	0	0
FTE							0.80	0.80	0.80	0.80	0.80

METRO PLANNING DEPARTMENT
5-YEAR STRATEGIC PLAN

DRAFT

Mission:

To develop a plan for and seek to implement a model land use and transportation program to address the needs of the Portland region due to growth and protect its livability.

Strategic Assumptions:

1. The Metro Charter mandates development and adoption of a Future Vision by May, 1995; a Regional Framework Plan by December, 1997; and implementation through changes to local plans by December, 1999.
2. Federal transportation, air quality and water quality requirements increase the mandates placed on Metro's planning programs. Non-compliance will result in sanctions from USDOT and EPA.
3. State requirements established by LCDC must be met by Metro's planning program, particularly related to transportation, the UGB and Urban Reserves. LCDC can impose sanctions for failure to comply.
4. Metro has made a significant funding commitment toward meeting these mandates through its General Fund and the excise tax on its enterprise functions (\$2.7 million). However, this has resulted in an unacceptable high excise tax rate (7.5%) and is therefore not a reliable source for an on-going program.
5. Local governments have contributed to Metro's planning program for a very long time (20+ years) but can no longer do so after Fiscal Year 94-95. This \$550,000 must either be replaced or program cuts will result in not meeting mandates.
6. Transportation planning funds are provided to meet mandates and LRT planning functions and should continue to be available. Metro's cost for these functions should be sized consistent with the grant funding level available. Metro will continue to have a 15-20 percent funding obligation toward these programs.
7. Pricing of data sales must be a careful balance between Metro's obligation to provide public information, its interest to have uniform data used by the public and private sectors throughout the region and its interest to recapture revenues from this source. As such, revenues above the cost of delivering services are minimal at best.

GROWTH MANAGEMENT DIVISION

Goals and Objectives:

1. Assist the Future Vision Commission in development of a Vision for adoption by the Metro Council.
2. Complete the Region 2040 project and initiate development of the Regional Framework Plan.
3. Administer the UGB.
4. Provide staff support to MPAC, MTAC, WRPAC, and REMG.
5. Pursue implementation of regional land use policies.
6. Coordinate with local governments in the development and implementation of regional plans and policies.
7. Complete the Earthquake Hazard mapping and mitigation project.
8. Develop and assist in implementation of plans and programs to improve water quality.
9. Pursue implementation of transit-oriented development plans and programs.

Current Status:

1. The Region 2040 project and Future Vision are nearing completion.
2. The Region Framework Plan will begin development in FY 94-95.
3. Westside Station Area Planning is approximately one-third complete.
4. The Earthquake Hazards Mapping and Mitigation project is approximately 25% completed.

Sources of Revenue:

1. Station Area Planning and Earthquake Hazards Mapping are funded by outside sources.

2. The Growth Management Division is heavily dependent on Metro discretionary funding using approximately 41 percent (\$1.4 million) of this source. Failure to address Metro's funding obligation will directly impact Metro's ability to meet its Charter mandates.

Alternate Source of Revenue:

In 1993, the Metro Council appointed a Tax Study Commission in accordance with the Charter to recommend how to fund its Planning mandates. The recommendation they reported to the Metro Council included a short-term action to implement a Construction Excise Tax and a Real Estate Transfer Tax and a long-term action to pursue a broad-based tax. A construction excise tax is now under consideration by the Metro Council.

Impact of Higher or Lower Funding Levels:

Higher funding would allow a more thorough product with broader public outreach for the Future Vision and Regional Framework Plan. This would be accomplished through consultant support, printed materials and paid media.

Lower funding would jeopardize successfully meeting Charter mandates.

TRANSPORTATION PLANNING

Goals and Objectives:

1. Develop regional transportation policy objectives and seek to accomplish them through the implementation of finance and mode-balanced policy strategies.
2. Revise the Regional Transportation Plan consistent with the policy objectives the Region 2040 process to meet this element of the Charter required Regional Framework Plan, LCDC requirements and federal ISTEA requirements.
3. Reach a consensus with local governments and manage the approval of state and federally funded transportation projects consistent with the RTP.

4. Implement newly required Management Systems on Congestion, Pavement, Bridge, Intermodal, Safety and Public Transportation.
5. Adopt the transportation element of required plans to meet and maintain federal air quality standards.
6. Assist the region in adequately funding transportation needs.
7. Secure adoption of the preferred alternative for the South/North LRT Project; define LRT plans for other regional corridors.
8. Track changes in usage of transportation facilities regionwide; maintain a state-of-the-art travel modeling system to understand and analyze current and future travel demands; incorporate upgrades from the 1994 household travel survey and truck surveys; and provide travel forecasting service to other jurisdictions.
9. Provide staff support to the Metro Council, JPACT, TPAC, the South/North Committees, the Transportation Demand Management Committee and others as needed to address transportation issues.

Current Status:

1. The revised RTP will be initiated based upon the results of Region 2040. The last update was adopted in 1992.
2. The management systems have just begun implementation; the full scope is not defined at this time.
3. The South/North project is now in an alternative narrowing process and is scheduled to begin development of an EIS starting in late 1994. Funding is proposed to be sought from the voters in November, 1994, the Oregon and Washington legislatures in 1995, Clark County voters in 1995 and Congress in 1996.
4. A major travel behavior survey is underway and will be used in 1995 to update models.
5. Air Quality plans are in place and revisions are under development.
6. A measure to fund arterials, bridge, bike, pedestrian and freight access projects is recommended for referral by the Metro Council in November, 1995.

Source of Revenue:

1. 80-85 percent is provided by Grants, ODOT, Tri-Met and lottery sources.
2. 15-20 percent is provided by Metro (\$435,000).

Alternate Sources of Funding:

1. See Growth Management Division for alternate sources of Metro funds.

Impact of Higher or Lower Funding Levels:

Higher funding levels is not necessary at this time but may be to implement the required Management Systems, especially related to freight issues.

Lower funding levels would result in not meeting state and federal mandates and therefore lead to sanctions.

DATA RESOURCE CENTER**Goals and Objectives:**

1. Maintain a high-quality current database for the Metro area and forecasts for future years of land use, population, employment and demographic conditions.
2. Provide technical services to Metro's Planning Department in meeting their need for data and forecasts.
3. Provide technical services to other Metro departments, including Solid Waste, Parks and Greenspaces, and the Council.
4. Provide technical services to local governments and other agencies in use of Metro data and forecasts.
5. Provide technical services to the general public in use of Metro data and forecasts.

Current Status:

1. Metro's database, including RLIS, is current to within one year.
2. Metro's long-range forecasts are currently out of date and awaiting policy guidance from the Region 2040 project.
3. Metro has an inadequate growth allocation model which is undergoing continued development.
4. Technical services are ongoing.

Sources of Revenue:

1. Metro's database maintenance and forecasting function has traditionally been funded one-fourth each from Metro's General Fund, dues, solid waste and transportation grants, the major users of the database. For FY 94-95, the budget adopted by Council varied from these shares as follows:

Metro	\$379,154	41.5%
Dues	83,634	9.2%
Solid Waste	298,752	32.7%
Transportation Grants	151,250	16.6%

2. Technical services are paid for by the users of the data:

Metro Planning, Greenspaces, Council -- General Fund
 Metro Solid Waste Department -- Transfer from Solid Waste
 Metro Transportation -- Transportation Grants
 Local Governments -- Dues
 Public -- Sales and General Fund*

Some database projects are undertaken as joint ventures with other public agencies (i.e., Portland Bureau of Emergency Communications, Tri-Met).

* General public inquiries by phone or in person are paid for with General Fund resources.

Alternate Sources of Revenue:

1. See the Growth Management Section for a discussion of the Metro excise tax and/or construction excise tax.

2. If Metro no longer collects dues from local governments, the Council and MPAC will have to address how to provide these services and whether to use general funds as part of our regional planning obligation. It is important to maintain this relationship since we have an interest in local governments using consistent Metro data and since we are dependent on data exchanges for some of our database update.

Impact of Higher or Lower Funding Levels:

Higher funding could allow addition of data items being maintained or maintenance on a more current, real-time basis.

Lower funding levels for database maintenance would jeopardize our ability to meet mandated functions since data is a fundamental need for all planning functions. Lower funding levels for technical services would result in not providing these services.

ADMINISTRATION DIVISION

Goals and Objectives:

1. Provide for overall department administration and management, including budgeting, grant and contract compliance, procurement and invoicing.
2. Provide for transfers to several Metro support-service funds in addition to overhead charged to grants and contracts at 36 percent.

Current Status:

Ongoing.

Sources of Revenue:

1. Department management and administration is largely a function funded with Metro's General Fund (\$239,750). A portion is provided through specific grants that are received, most notably transportation grants.

2. Transfers to support-service funds in excess of grant overhead is paid for with the General Fund (\$427,189), including a portion that cannot be charged to grants (\$183,505).

Alternate Sources of Revenue:

See Growth Management Section for a discussion of Metro's excise tax and/or construction excise tax. If Metro sought to increase its allowable grant overhead rate (from 36%) to reduce its General Fund obligation, this would reduce funds available to fulfill these program obligations.

Impact of Higher or Lower Funding Levels:

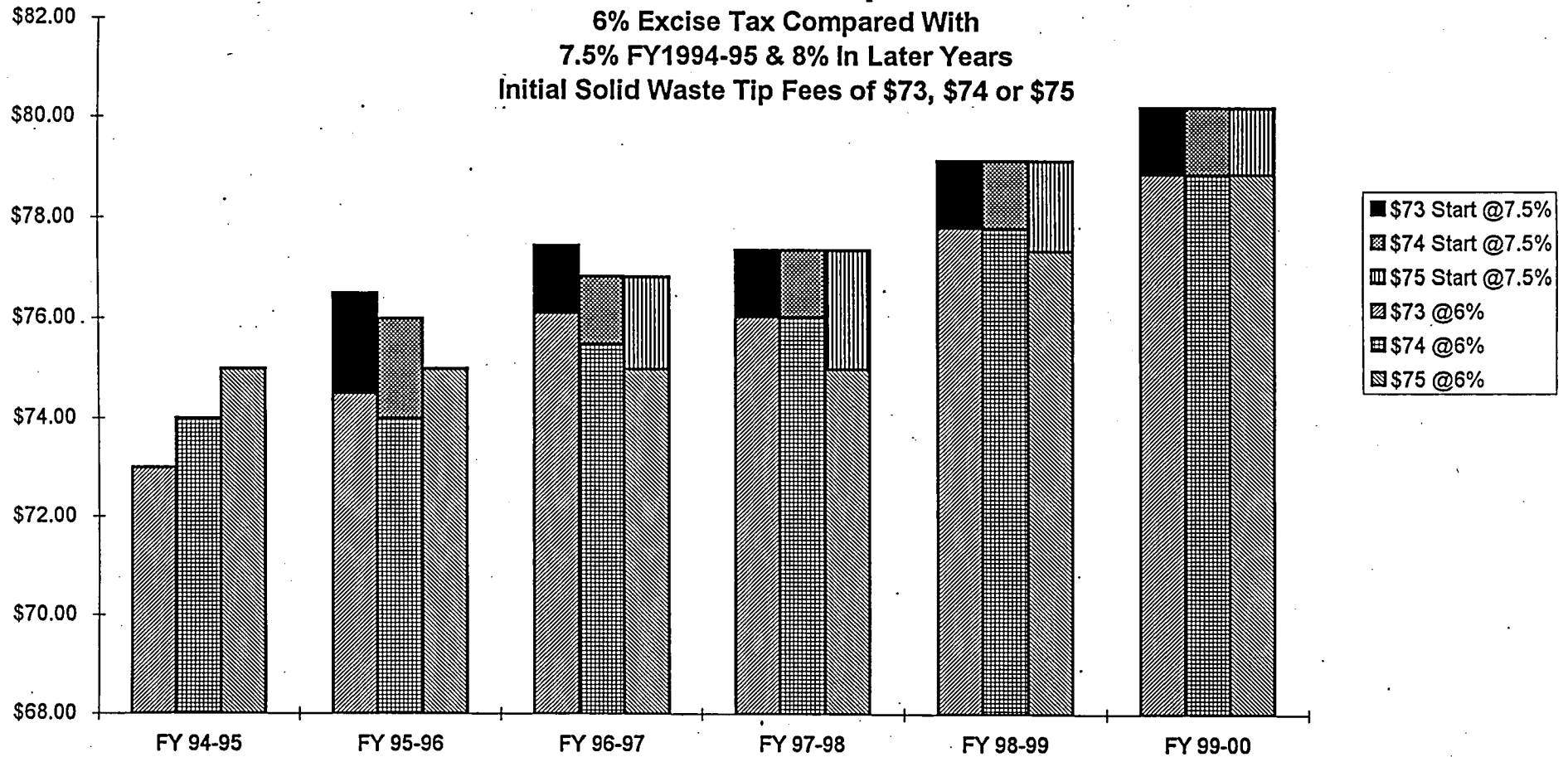
Higher funding levels are not needed at this time. Lower funding levels would result in failure to meet fiduciary responsibilities under state law and terms of grants and contracts.

POLICY ISSUES AND RECOMMENDATIONS

1. Pursue a general funding source, such as the proposed Construction Excise Tax, to adequately meet planning mandates, reduce the Metro excise tax and eliminate local government service fee (dues).
2. Pursue transportation grants to adequately meet state and federal transportation mandates.
3. Pursue funding for an arterial/bridge/bike/pedestrian/freight access program; include a component to fund Metro's administrative responsibilities.
4. Pursue other grants to enhance discretionary planning programs.

Solid Waste Tip Fee

6% Excise Tax Compared With
7.5% FY1994-95 & 8% In Later Years
Initial Solid Waste Tip Fees of \$73, \$74 or \$75



This graph assumes the tonnage forecast given in the Solid Waste SWISS report. Potential additional material recovery facilities could reduce tonnage and increase rates for all scenarios. Alternate funding mechanisms could reduce rates for all scenarios.

	FY 94-95	FY 95-96	FY 96-97	FY 97-98	FY 98-99	FY 99-00
\$73 Start @7.5%	\$73.00	\$76.49	\$77.44	\$77.36	\$79.14	\$80.21
\$74 Start @7.5%	\$74.00	\$75.99	\$76.83	\$77.36	\$79.14	\$80.21
\$75 Start @7.5%	\$75.00	\$75.00	\$76.82	\$77.36	\$79.14	\$80.21
\$73 @6%	\$73.00	\$74.50	\$76.11	\$76.03	\$77.81	\$78.88
\$74 @6%	\$74.00	\$74.00	\$75.50	\$76.03	\$77.81	\$78.88
\$75 @6%	\$75.00	\$75.00	\$75.00	\$75.00	\$77.34	\$78.88

MAJOR ASSUMPTIONS IN DETERMINING SOLID WASTE TIP FEES

1. The transfer station contracts are renegotiated successfully as proposed.
2. The tonnage generated in the Metro region follows the trend of the last year.
3. Flow control legislation at the national level and any actions by operators in the Metro region do not significantly increase the Metro generated tonnage which does not go through the Metro region solid waste system.
4. Amendment #4 to the Waste Management System contract is not overturned in court.
5. The flow of Forest Grove solid waste to Columbia Ridge is not overturned in court.
6. The IRS does not change the regulation which allows Metro's exemption from the excise tax on diesel fuel.
7. The Metro excise tax stays at 6%.
8. No new major programs funded by Solid Waste revenues are mandated or approved by the Metro Council or the State of Oregon.
9. No new state regulations occur which change the availability of Columbia Ridge landfill to out of state solid waste or add additional fees for out of state waste using that landfill.

Variations of these assumptions could impact the necessary tip fee by many dollars per ton. There could be unforeseen developments that are either favorable or unfavorable.



METRO

**Staff Report and Analysis
for the
Proposed Construction Excise Tax**

presented to the

**Metro Council
Finance Committee**

Planning Department
Data Resource Center
July 27, 1994

Question #1

Calculate the building value for non-profit housing and governmental projects. (Exempt nonprofits, but not governmental.) (Devlin) Calculate value of exemptions to show what we are doing for people. (Washington)

Answer:

Building records are incomplete and do not routinely indicate information about private developers constructing subsidized housing (single or multi-family). A sample of the of the building permits suggests that there have been few subsidized private multi-family units developed in downtown Portland.

Recent construction reports show that of the 17,000 lots now under development, only 15 would probably qualify for a tax exemption. During the last 10 years, perhaps up to 250 to 300 units built each year would have qualified for the construction tax exemption.

The value of these exemptions (or rebate of a construction excise tax) are negligible since we found very little evidence of building activity for low income housing (both single and multi-family). Suppose that 300 single family homes qualified per year for the tax exemption, we estimate then that **less than \$100,000** would have been exempted from the excise tax each year ($300 \times \$100,000 \times 0.25\% = \$75,000$ per year).

Nonresidential construction by Nonprofits.

The **average construction values** of nonprofit commercial entities over the last 11 years are estimated to be about **\$35 million** (in 1994 dollars) per year. If Metro excludes this type of construction activity from the tax base, the average **forgone tax receipts** over this period would have been **less than \$100,000** per year ($\$35,000,000 \times 0.25\% = \$87,500$).

Figure 1
Nonresidential Construction Values
of qualifying Nonprofit buildings
(in 1994 dollars)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Building Values (millions)	13.3	14.1	42.2	59.8	14.1	34.4	25.1	26.9	53.3	74.0	25.0
Forgone Receipts (1000's)	33	35	106	150	35	86	62	67	133	184	62

Question #2

What percentage of alteration projects (gross number and value) were due to governmental regulations (i.e. ADA, Earthquake, etc.) (Monroe) What earthquake standards are likely to be developed in the future? (Cooper)

Answer:

Building permit information to meet ADA rules and/or seismic building requirements are not routinely recorded by the construction permitting authorities. Therefore we are unable to determine to what extent building alterations can be attributed to these government regulations.

Americans with Disabilities Act

- The Housing and Urban Development, Fair Housing Agency is responsible for monitoring compliance of the federal disability act. However, they do not keep records of how many businesses nor the value of alterations related to refitting buildings to meet the ADA standards.
- Local building permit agencies have not and do not have plans to uniformly monitor or routinely report building activity related to compliance with ADA rules. Any historical data would be inconsistent and statistical inferences would suffer from incomplete data and small sample size limitations.

Earthquake building codes

- Earthquake construction codes were first enacted last year by the Oregon legislature, however, these codes cover only new construction. Building codes are now only being discussed to regulate alterations and retrofits of existing nonresidential structures. Legislation is being debated concerning how to implement new rules that will cover building alterations based on present earthquake construction standards.
- The city of Portland is in the forefront in agreeing to record information about future building retrofits for seismic upgrading. But the city building bureau has not and is not likely to record this information in the near future until the cities' risk management teams complete further studies.
- No estimates are available concerning the cost of retrofitting nonresidential structures to meet new seismic codes. An RFP (by Portland) is underway to obtain a cost/benefit analysis that may help answer this cost question.
- Of the 10 million square feet of building space in Portland's public schools, the projected cost of retrofitting all these buildings over the next 20 years is about \$169 million.

Question #3

Reconcile projections in Charts 5 and 6 with Region 2040 projections.

Answer:

Forecasts for residential and nonresidential building permits and valuations were not prepared for 2040, and therefore no direct comparisons can be made with the data in charts 5 and 6 (from the July 18, presentation).

Underlying economic and demographic assumptions are consistent . . .

The economic and demographic assumptions used in preparing the projections of residential and nonresidential growth shown in chart 5 and 6, respectively, are generally consistent with the assumptions used in producing 2040 Base Case II employment and population projections.

Figure 2
**Employment and Population Assumptions
are consistent with Region 2040 Base Case II**

	Projected Avg. Annual Growth Rate	
	<u>Region 2040</u>	<u>Metro Econometric</u>
Population	1.4%	1.6%
Households	1.7%	2.1%
Employment	1.8%	1.9%

average annual growth rate: 1990 to 2015

Population rates are boosted higher by two-tenths of a percent in growth because of more recent estimates of fertility and survival rates provided by the U.S. Census. Fertility rates among women in the U.S. are slightly higher in the most recent projections because the Census believes that female immigrants will maintain a relatively higher birth rate than indigenous residents. Moreover, the Census now believes that the recently declining birth rate trend will reverse itself (delayed pregnancy assumption as opposed to lower fertility rate).

Chances of surviving longer are slightly better in the Census projections (even with AIDS infection rates forecasted rise in the future).

As a consequence of faster population growth, household formation is projected to rise faster too. The number of persons per households are projected to decline, the same for each forecast.

Employment is slightly higher in the econometric forecast in part due to higher population figures projected in the future.

Question #4

Define major vs. minor remodeling (gut and rebuild vs. minor improvements). What percentage of remodeling is major vs. minor?

Answer:

Building permit data are coded into three categories according to whether the construction activity is *new*, an *alteration*, or an *addition*. The permit issuing agencies have defined alterations as the remodeling of an existing building without adding new square footage to the structure. Additions are anytime remodeling adds square footage to the structure.

Figure 3
Most alterations in the past have
not added square footage to existing structures

Remodeling type:	<u>Percent</u>	<u>Average Alteration</u> <u>Cost</u>
Additions	33%	\$63,879
Alterations (remodels)	67%	\$74,500

Data are for 1990-94Q1, all permits

A better way of viewing additions and alterations is to split the data between residential and nonresidential permits because much of the major remodeling (i.e. "gut and rebuild") are for commercial property. Typically, these construction projects are high-value alterations (see figure 4).

Figure 4
High-value remodeling are primarily
of nonresidential structures

Structure type:		<u>Percent</u>	<u>Average</u> <u>Remodeling Cost</u>
Residential	Addition	27%	\$30,868
	Alteration	24%	\$33,708
Nonresidential	Addition	7%	\$212,549
	Alteration	42%	\$102,204

Data are for 1990-94Q1, all permits

Residential alterations and additions would add about \$135,000 per year in construction tax receipts. The excise taxes on nonresidential alterations would average about \$600,000 in tax receipts per year.

Question #5

What is the historical square footage of building activity in the region, broken out by residential, commercial, industrial, and other?

Answer:

The data are incomplete, but we estimate that the following average square footage are fairly close to reality. During the period for which data are available, large remodeling of commercial sites boosted the average square footage of commercial units.

Figure 5
Square footage estimates per
building permit type

	<u>Average Sq. Footage</u>
Residential	2,162
Manufactured Homes	1,431
Multi-Family	1,661 *
Commercial:	
Alterations/Remodels only	28,892
Construction only	15,899
Industrial	16,369

Data are for 1990-94Q1, all permits

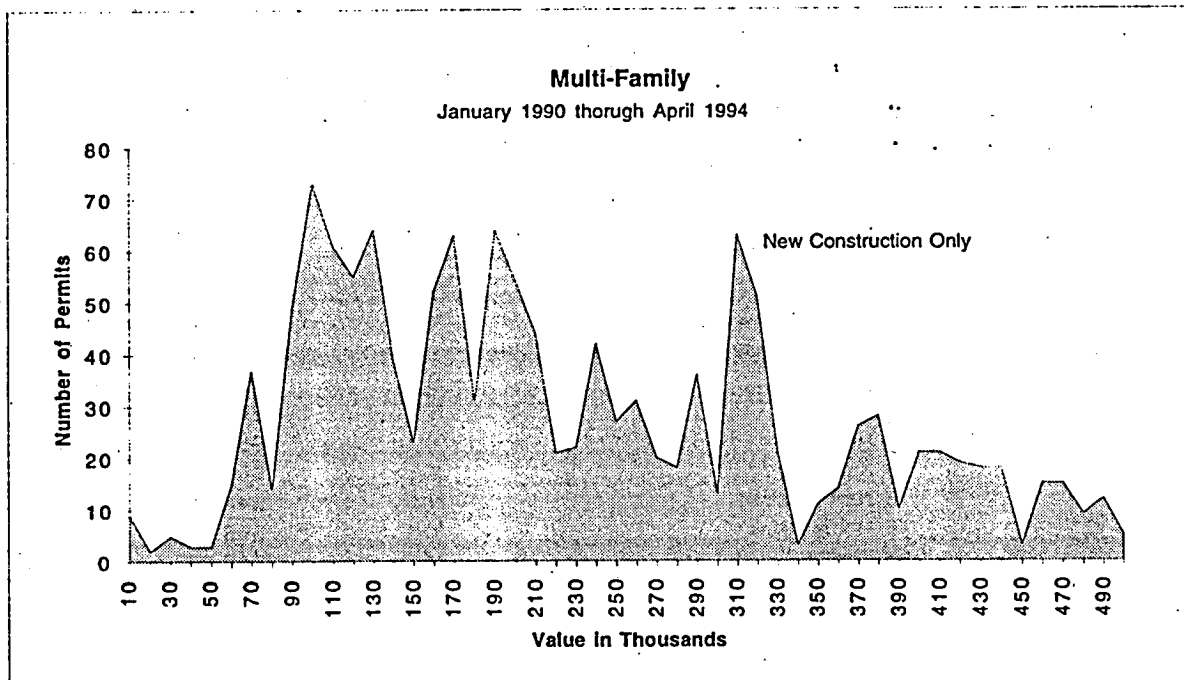
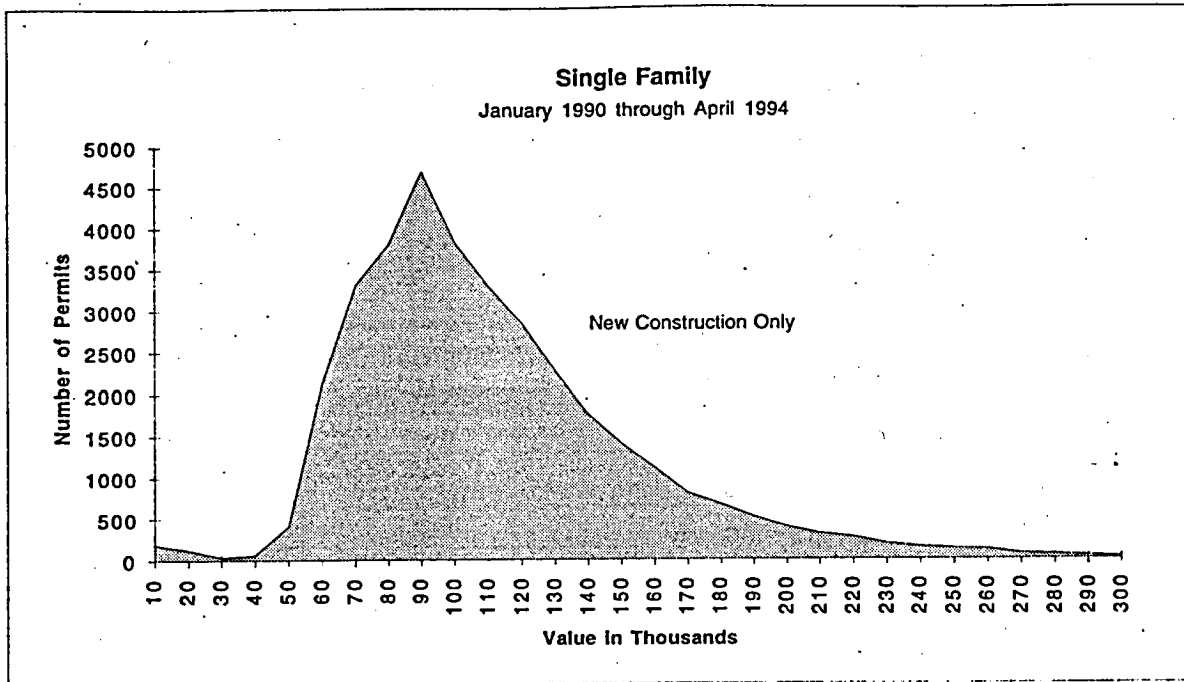
* includes common spaces, hallways, etc. that tend to skew the average square footage of apartment units.

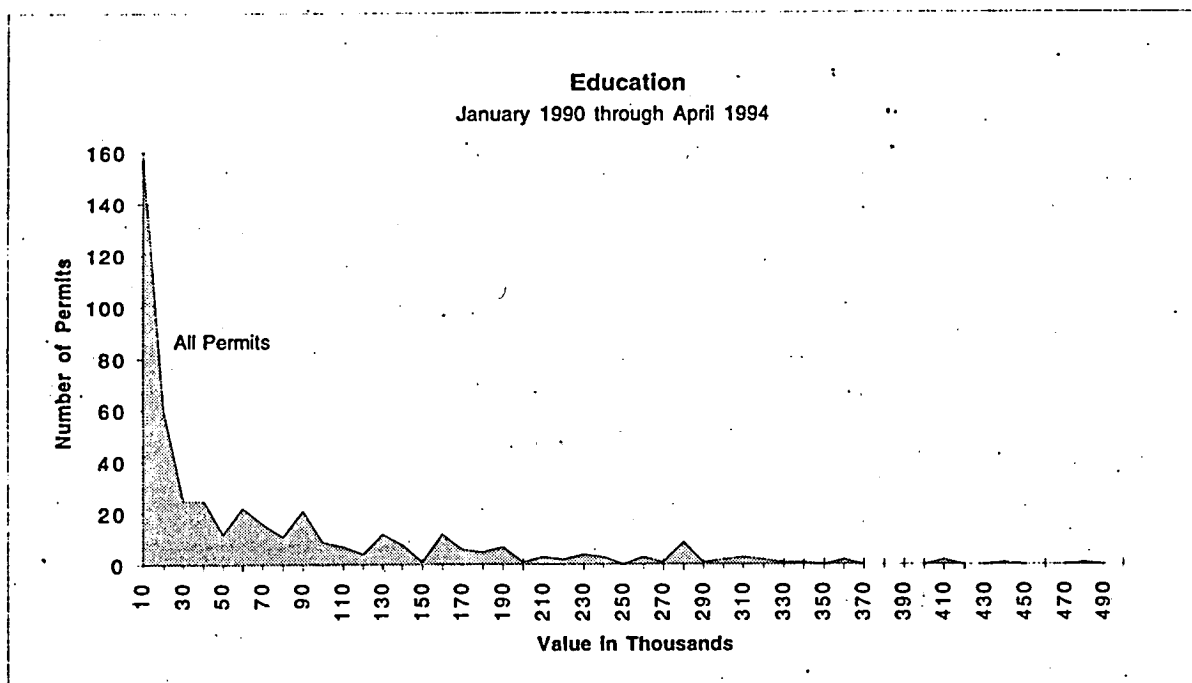
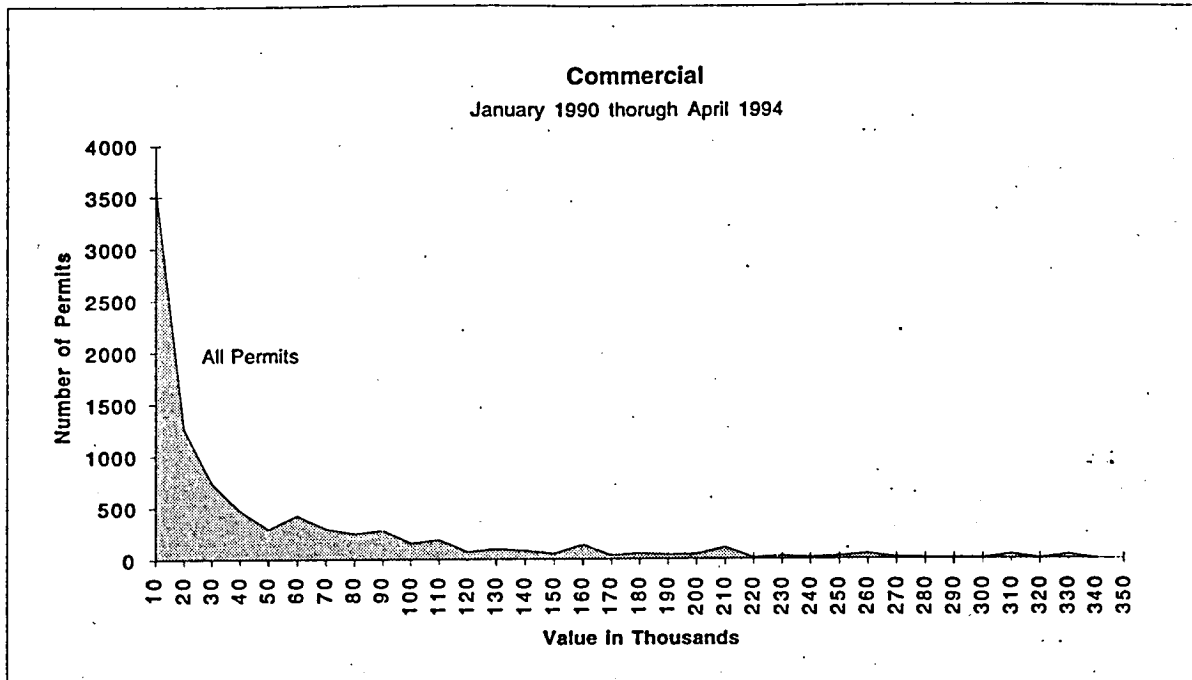
Potential Pitfalls of using square footage as a basis for computing the construction excise tax.

- Square footage can be a misleading indicator in the case of building permits for alterations that do not add square footage.
- Some large value commercial alterations may be inadvertently excluded because the commercial alteration does not add square footage.

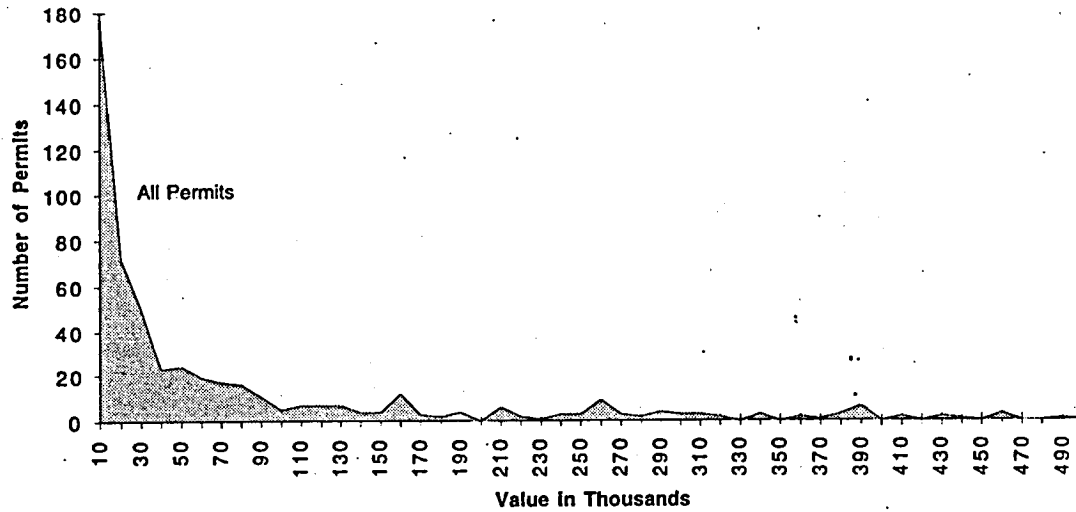
Single Family Residential
Cost Per Square Foot Estimates
January 1990 - April 1994

Frequency	Jurisdiction	Inside City Limits (Yes / No)	Cost/SqFt
2861	<i>Clackamas County</i>	N	\$52.34
2	Canby	N	\$58.38
307	Canby	Y	\$60.22
2	Estacada	Y	\$39.12
5	Gladstone	N	\$46.88
22	Gladstone	Y	\$50.48
163	Happy Valley	Y	\$65.23
860	Lake Oswego	Y	\$61.44
256	Milwaukie	Y	\$57.93
11	Mollala	Y	\$41.71
252	Oregon City	Y	\$55.69
53	Sandy	Y	\$34.94
217	Tualatin	Y	\$52.83
688	Wilsonville	Y	\$56.11
587	West Linn	Y	\$58.15
346	<i>Multnomah County</i>	N	\$46.24
45	Fairview	Y	\$52.02
10	Gresham	N	\$65.31
1197	Gresham	Y	\$51.49
6	Lake Oswego	Y	\$58.47
8	Milwaukie	Y	\$53.19
64	Portland	N	\$46.60
2697	Portland	Y	\$45.24
546	Troutdale	Y	\$65.66
19	Wood Village	Y	\$38.00
3948	<i>Washington County</i>	N	\$48.81
204	Aloha	N	\$44.30
5	Banks	N	\$35.84
132	Beaverton	N	\$44.77
1669	Beaverton	Y	\$58.90
2	Cornelius	N	\$40.52
134	Cornelius	Y	\$55.13
2	Durham	Y	\$74.84
5	Forest Grove	N	\$47.64
117	Forest Grove	Y	\$53.02
5	Gaston	N	\$41.65
19	Hillsboro	N	\$46.60
1545	Hillsboro	Y	\$51.70
3	King City	Y	\$50.78
3	North Plains	N	\$44.10
5	North Plains	Y	\$46.97
295	Portland	N	\$46.63
1	Portland	Y	\$46.46
9	Sherwood	N	\$44.70
367	Sherwood	Y	\$54.62
179	Tigard	N	\$46.08
1277	Tigard	Y	\$47.06
485	Tualatin	Y	\$55.69
1	Wilsonville	Y	\$37.16
21636	Regionwide Total and Average		\$51.99





Industrial
January 1990 through April 1994



Single Family Residential
Cost Per Square Foot Estimates
January 1990 - April 1994

Frequency	Jurisdiction	Inside City Limits (Yes / No)	Cost/SqFt
2861	<i>Clackamas County</i>	N	\$52.34
2	Canby	N	\$58.38
307	Canby	Y	\$60.22
2	Estacada	Y	\$39.12
5	Gladstone	N	\$46.88
22	Gladstone	Y	\$50.48
163	Happy Valley	Y	\$65.23
860	Lake Oswego	Y	\$61.44
256	Milwaukie	Y	\$57.93
11	Mollala	Y	\$41.71
252	Oregon City	Y	\$55.69
53	Sandy	Y	\$34.94
217	Tualatin	Y	\$52.83
688	Wilsonville	Y	\$56.11
587	West Linn	Y	\$58.15
346	<i>Multnomah County</i>	N	\$46.24
45	Fairview	Y	\$52.02
10	Gresham	N	\$65.31
1197	Gresham	Y	\$51.49
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8	Milwaukie	Y	\$53.19
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5	North Plains	Y	\$46.97
295	Portland	N	\$46.63
1	Portland	Y	\$46.46
9	Sherwood	N	\$44.70
367	Sherwood	Y	\$54.62
179	Tigard	N	\$46.08
1277	Tigard	Y	\$47.06
485	Tualatin	Y	\$55.69
1	Wilsonville	Y	\$37.16
21636	Regionwide Total and Average		\$51.99

Clarifications and Data Revisions

- In presenting to you (July 18, 1994) the estimates of building values and the tax revenue associated with that data, we reported building figures and tax receipts estimates that included public and nonprofit institutional building activity.

As a result, figures 1 through 3 from the July 18 presentation have been revised to reflect lower tax receipts, about \$100,000 less in tax receipts per year, based off of a lower construction base.

Changes to previous tax revenue estimates are as follows:

- A construction excise tax levied at 0.25% for all new construction and alterations of residential dwellings and nonresidential structures would have raised on average (median) about \$2.8 million per year (about \$100,000 below the target expenditure amount of 3.0 million per year)

Figure 1
Estimated Revenues Raised
from a Construction Excise Tax of 0.25% on
All Residential and Nonresidential Structures
(except Public and nonprofit buildings)

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Receipts	1.7	1.7	2.2	3.0	2.3	2.8	3.4	3.5	2.7	2.8	3.1

all figures adjusted to 1994 in millions of dollars

- Alternatively, a 0.25% tax levied on new construction only would have raised on average (median) about \$2.0 million per year. A construction tax that excludes all remodeling (or alterations) would undoubtedly fall below fiscal expectations.

Figure 2
Estimated Revenues Raised
from a Construction Excise Tax of 0.25% on
Only Newly Built Structures
(except Public and nonprofit buildings)

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Receipts	1.2	1.2	1.7	2.3	1.7	2.1	2.8	2.5	2.0	2.0	2.2

all figures adjusted to 1994 in millions of dollars

- A third alternative would tax all permits but excluding residential alterations. In other words, a tax on only new residential and nonresidential structures plus all commercial/industrial remodeling/alterations. The average (median) tax receipts based on this alternative would provide **\$2.6 million per year**.

Figure 3
Estimated Revenues Raised
from a Construction Excise Tax of 0.25% on
All Newly Built Structures and Commercial/Industrial Alterations
(except Residential alterations and Public and nonprofit buildings)

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Receipts	1.6	1.6	2.1	2.8	2.2	2.7	3.3	3.4	2.6	2.6	2.9

all figures adjusted to 1994 in millions of dollars

Errata

Table 2-1

Probability of Raising Amount at Given Rate (New Construction and Alterations, except Public Institutions)

Amount to Raise:		\$1,000,000	\$2,000,000	\$3,000,000	\$4,000,000
Rate / \$1,000	Tax Rate				
\$0.50	0.05%	0%	0%	0%	0%
\$0.75	0.08%	18%	0%	0%	0%
\$1.00	0.10%	64%	0%	0%	0%
\$1.25	0.13%	82%	0%	0%	0%
\$1.50	0.15%	100%	18%	0%	0%
\$1.75	0.18%	100%	64%	0%	0%
\$2.00	0.20%	100%	64%	0%	0%
\$2.25	0.23%	100%	82%	18%	0%
\$2.50	0.25%	100%	82%	36%	0%
\$2.75	0.28%	100%	82%	64%	0%
\$3.00	0.30%	100%	100%	73%	18%
\$3.25	0.33%	100%	100%	73%	36%
\$3.50	0.35%	100%	100%	82%	64%
\$3.75	0.38%	100%	100%	82%	64%
\$4.00	0.40%	100%	100%	82%	64%
\$4.25	0.43%	100%	100%	82%	73%
\$4.50	0.45%	100%	100%	100%	73%
\$4.75	0.48%	100%	100%	100%	82%
\$5.00	0.50%	100%	100%	100%	100%

Probabilities based on last 11 years of data (1983-1993)

Table 2-2

Annual Surplus/(Deficit) at Given Expenditures and Rates (New Construction and Alterations, except Public Institutions)*

Expenditures:		\$1,000,000	\$2,000,000	\$3,000,000	\$4,000,000
Rate / \$1,000	Tax Rate				
\$0.50	0.05%	(\$442,148)	(\$1,442,148)	(\$2,442,148)	(\$3,442,148)
\$0.75	0.08%	(\$163,222)	(\$1,163,222)	(\$2,163,222)	(\$3,163,222)
\$1.00	0.10%	\$115,703	(\$884,297)	(\$1,884,297)	(\$2,884,297)
\$1.25	0.13%	\$394,629	(\$605,371)	(\$1,605,371)	(\$2,605,371)
\$1.50	0.15%	\$673,555	(\$326,445)	(\$1,326,445)	(\$2,326,445)
\$1.75	0.18%	\$952,481	(\$47,519)	(\$1,047,519)	(\$2,047,519)
\$2.00	0.20%	\$1,231,407	\$231,407	(\$768,593)	(\$1,768,593)
\$2.25	0.23%	\$1,510,333	\$510,333	(\$489,667)	(\$1,489,667)
\$2.50	0.25%	\$1,789,259	\$789,259	(\$210,741)	(\$1,210,741)
\$2.75	0.28%	\$2,068,185	\$1,068,185	\$68,185	(\$931,815)
\$3.00	0.30%	\$2,347,110	\$1,347,110	\$347,110	(\$652,890)
\$3.25	0.33%	\$2,626,036	\$1,626,036	\$626,036	(\$373,964)
\$3.50	0.35%	\$2,904,962	\$1,904,962	\$904,962	(\$95,038)
\$3.75	0.38%	\$3,183,888	\$2,183,888	\$1,183,888	\$183,888
\$4.00	0.40%	\$3,462,814	\$2,462,814	\$1,462,814	\$462,814
\$4.25	0.43%	\$3,741,740	\$2,741,740	\$1,741,740	\$741,740
\$4.50	0.45%	\$4,020,666	\$3,020,666	\$2,020,666	\$1,020,666
\$4.75	0.48%	\$4,299,592	\$3,299,592	\$2,299,592	\$1,299,592
\$5.00	0.50%	\$4,578,517	\$3,578,517	\$2,578,517	\$1,578,517

*All values are in 1994 Dollars

Revised 7/26/94

Errata

Table 3-1

Probability of Raising Amount at Given Rate (New Construction and Alterations excluding residential alterations)*

Amount to Raise:		\$1,000,000	\$2,000,000	\$3,000,000	\$4,000,000
Rate / \$1,000	Tax Rate				
\$0.50	0.05%	0%	0%	0%	0%
\$0.75	0.08%	18%	0%	0%	0%
\$1.00	0.10%	64%	0%	0%	0%
\$1.25	0.13%	82%	0%	0%	0%
\$1.50	0.15%	82%	18%	0%	0%
\$1.75	0.18%	100%	36%	0%	0%
\$2.00	0.20%	100%	64%	0%	0%
\$2.25	0.23%	100%	73%	18%	0%
\$2.50	0.25%	100%	82%	18%	0%
\$2.75	0.28%	100%	82%	55%	0%
\$3.00	0.30%	100%	82%	64%	18%
\$3.25	0.33%	100%	100%	64%	18%
\$3.50	0.35%	100%	100%	82%	36%
\$3.75	0.38%	100%	100%	82%	64%
\$4.00	0.40%	100%	100%	82%	64%
\$4.25	0.43%	100%	100%	82%	64%
\$4.50	0.45%	100%	100%	82%	73%
\$4.75	0.48%	100%	100%	100%	82%
\$5.00	0.50%	100%	100%	100%	82%

Probabilities based on last 11 years of data (1983-1993)

Table 3-2

Annual Surplus/Deficit at Given Expenditures and Rates (New Construction and Alterations excluding residential alterations)*

Expenditures:		\$1,000,000	\$2,000,000	\$3,000,000	\$4,000,000
Rate / \$1,000	Tax Rate				
\$0.50	0.05%	(\$480,550)	(\$1,480,550)	(\$2,480,550)	(\$3,480,550)
\$0.75	0.08%	(\$220,825)	(\$1,220,825)	(\$2,220,825)	(\$3,220,825)
\$1.00	0.10%	\$38,900	(\$961,100)	(\$1,961,100)	(\$2,961,100)
\$1.25	0.13%	\$298,625	(\$701,375)	(\$1,701,375)	(\$2,701,375)
\$1.50	0.15%	\$558,350	(\$441,650)	(\$1,441,650)	(\$2,441,650)
\$1.75	0.18%	\$818,075	(\$181,925)	(\$1,181,925)	(\$2,181,925)
\$2.00	0.20%	\$1,077,800	\$77,800	(\$922,200)	(\$1,922,200)
\$2.25	0.23%	\$1,337,525	\$337,525	(\$662,475)	(\$1,662,475)
\$2.50	0.25%	\$1,597,250	\$597,250	(\$402,750)	(\$1,402,750)
\$2.75	0.28%	\$1,856,975	\$856,975	(\$143,025)	(\$1,143,025)
\$3.00	0.30%	\$2,116,700	\$1,116,700	\$116,700	(\$883,300)
\$3.25	0.33%	\$2,376,425	\$1,376,425	\$376,425	(\$623,575)
\$3.50	0.35%	\$2,636,150	\$1,636,150	\$636,150	(\$363,850)
\$3.75	0.38%	\$2,895,875	\$1,895,875	\$895,875	(\$104,125)
\$4.00	0.40%	\$3,155,600	\$2,155,600	\$1,155,600	\$155,600
\$4.25	0.43%	\$3,415,325	\$2,415,325	\$1,415,325	\$415,325
\$4.50	0.45%	\$3,675,050	\$2,675,050	\$1,675,050	\$675,050
\$4.75	0.48%	\$3,934,775	\$2,934,775	\$1,934,775	\$934,775
\$5.00	0.50%	\$4,194,500	\$3,194,500	\$2,194,500	\$1,194,500

*All values are in 1994 Dollars


Revised 7/26/94



METRO

Date: May 31, 1994

To: Don Carlson, Council Administrator

From: Daniel B. Cooper, General Counsel 

Regarding: CONSTRUCTION EXCISE TAX ORDINANCE
Our file: 2.§7.D

I am in the process of writing an ordinance at Councilor Monroe's request that would provide for the following:

1. Adopt a Construction Excise Tax.

Tax would be imposed on new construction and building of additions or remodeling that results in a change in use or "occupancy."

Tax rate would be set to raise approximately \$3 million per year (a rate of approximately 0.25 percent).

Tax would be collected by local governments pursuant to intergovernmental agreements that provide for cost reimbursement.

Tax would be payable at time of issuance of occupancy/change of occupancy permit. Government and tax exempt nonprofits would be exempt.

2. Lower the Metro Excise Tax Rate From 7.5 percent to 6 percent.

3. Lower Solid Waste Tip Fees from \$75 to \$74 or \$73.

4. Rebate pro rata share of (voluntary) local dues payments to local governments based on effective date of ordinance and remaining months of current fiscal year.

BEFORE THE METRO COUNCIL

AN ORDINANCE RELATING TO TAXATION,	)	ORDINANCE NO. 94-556
ESTABLISHING A CONSTRUCTION EXCISE)	
TAX, REDUCING THE METRO EXCISE TAX,	)	Introduced by
REDUCING SOLID WASTE RATES, AND	)	Councilor Rod Monroe
REFUNDING PAYMENTS TO LOCAL)	
GOVERNMENTS)	

THE METRO COUNCIL HEREBY ORDAINS:

Section 1. Effective November 1, 1994 or the effective date of this Ordinance, whichever is the latest, the following Chapter 7.02 Construction Excise Tax is added to the Metro Code.

CHAPTER 7.02

CONSTRUCTION EXCISE

SECTIONS:

7.02.010	Short title.
7.02.020	Construction.
7.02.030	Definitions.
7.02.040	Exemptions.
7.02.050	Rules and regulations promulgation.
7.02.060	Administration and enforcement authority.
7.02.070	Rate.
7.02.080	Extension.
7.02.090	Failure to pay.
7.02.100	Statement of full cost of improvement required.
7.02.110	Intergovernmental agreements.
7.02.120	Occupation of improvement without payment unlawful.
7.02.130	Enforcement by civil action.
7.02.140	Review.
7.02.150	Failure to pay or apply for exemption -- Penalty.
7.02.160	Violation -- Penalty.

7.02.010 Short title: This chapter shall be known as the "construction excise tax ordinance" and may be so pleaded.

7.02.020 Construction: The construction excise tax ordinance and all amendments hereinafter made thereto shall be referred to herein as "this chapter."

7.02.030 Definitions: As used in this chapter unless the context requires otherwise:

- (a) "Building official" means any person charged by a municipality with responsibility for the administration and enforcement of a building code.
- (b) "Construction" means any activity for which a building permit is required.
- (c) "Contractor" means any person who performs construction for compensation.
- (d) "Cost of Improvement" means the actual cost of constructing of any improvement whether paid in cash or for other valuable consideration.
- (e) "Executive Officer" (includes designated representative) means the Metro Executive Officer.
- (f) "Improvement" means any newly constructed structure or a modification of any existing structure for which an occupancy permit is required.
- (g) "Occupancy" means the act of putting any improvement to beneficial use or the issuance of any occupancy permit whichever is earlier.
- (h) "Person" means and includes individuals, domestic and foreign corporations, societies, joint ventures, associations, firms, partnerships, joint stock companies, clubs or any legal entity whatsoever.

7.02.040 Exemptions: No obligation to pay the tax imposed by Section 7.02.070 shall arise from the construction of any improvement that is owned by any government entity whether federal, state or local, or nonprofit corporation which is exempted from the payment of Oregon and federal income tax.

7.02.050 Rules and regulations promulgation: The Executive Officer may promulgate rules and regulations necessary for the administration and enforcement of this chapter.

7.02.060 Administration and enforcement authority:

- (a) The Executive Officer shall be responsible for the administration and enforcement of this chapter.
- (b) In order to carry out the duties imposed by this chapter, the Executive Officer shall have the authority to do the following acts, which enumeration shall not be deemed to be exhaustive, namely: administer oaths; certify to all official acts; to subpoena and require

attendance of witnesses at board meetings or other hearings to determine compliance with this chapter, rules and regulations; to require production of relevant documents at public hearings; to swear witnesses; and take testimony of any person by deposition.

7.02.070 Rate: A tax is imposed on the construction of any improvement located within the District the tax shall be at a rate of _____ percent of the cost of the improvement. The tax shall be due and payable from the issuance of any occupancy permit for the improvement by any building authority. Liability for this tax shall attach upon every owner or occupant of property on which the improvement is located and every contractor who constructs any improvement; provided, however, that only one tax shall be imposed on the construction of any one improvement.

7.02.080 Extension: A party may in writing to the Executive Officer request a fifteen-day extension in which to pay the tax. The Executive Officer may approve no more than two extensions.

7.02.090 Failure to pay: It shall be unlawful for any person to fail to pay all or any portion of the tax imposed by this chapter.

7.02.100 Statement of full cost of improvement required: It shall be unlawful for any person to fail to state or to misstate the full cost of any improvement. When any person fails to pay the tax or apply for an exemption, as provided for in Section 7.02.040 herein, within the time provided for payment of the tax, there shall be a conclusive presumption, for purposes of computation of the tax, that the cost of improvement is the value of the improvement as determined by the building official at the time of issuance of the building permit. If any improvement is constructed for which multiple building permits are issued the cost of the improvement shall be presumed to be the total of all of the values established for each of the building permits.

7.02.110 Intergovernmental agreements. The Executive Officer may enter into intergovernmental agreements with other governments to provide for the enforcement of this chapter and the collection of the Construction Excise Tax.

7.02.120 Occupation of improvement without payment unlawful: It shall be unlawful for any person to occupy any improvement unless the payment of the tax imposed by this chapter has been provided as stated in Sections 7.02.070 through 7.02.100 and 7.02.160 of this chapter.

7.02.130 Enforcement by civil action: The tax and any penalty imposed by this chapter constitutes a debt of the person liable for the tax as set forth in Section 7.02.070 of this chapter and any be collected by the Executive Officer in an action at law. If litigation is necessary to collect the tax and any penalty, the prevailing party shall be entitled to reasonable attorney fees at trial or on appeal. The Office of General Counsel is authorized to prosecute any action needed to enforce this chapter as requested by the Executive Officer.

7.02.140 Review: Review of any action of the Executive Officer taken pursuant to this chapter, or the rules and regulations adopted pursuant thereto, shall be taken solely and exclusively by writ of review in the manner set forth in ORS 34.010 through 34.100, provided, however, that any aggrieved person may demand such relief by writ of review.

7.02.150 Failure to pay or apply for exemption -- Penalty: In addition to any other fine or penalty provided by this chapter, failure to pay the tax or apply for an exemption, as provided for in Section 7.02.040 herein, within fifteen days of the date of issuance of any occupancy permit for any improvement shall result in a penalty equal to the amount of tax owed or fifty dollars, whichever is greater.

7.02.160 Violation -- Penalty:

(a) In addition to any other civil enforcement provided herein, violation of this chapter shall be a misdemeanor and shall be punishable, upon conviction, by a fine of not more than five hundred dollars.

(b) Violation of this chapter by any officer, director, partner or other person having direction or control over any person violating this chapter shall subject each such person to such fine.

Section 2. Section 7.01.020 of the Metro Code is amended to read as follows:

7.01.020 Tax Imposed:

(a) For the privilege of use of the facilities, equipment, systems, functions, services, or improvements owned, operated, franchised, or provided by the District, each user shall pay a tax in the amount established in subsection 7.01.020(b) but not to exceed ~~seven and one-half (7.5) percent~~ **six (6)** percent of the payment charged by the operator or the District for such use. The tax constitutes a debt owed by the user to the District which is extinguished only by payment of the tax directly to the District or by the operator to the District. The user shall pay the tax to the District or to an operator at the time payment for the use is made. The operator shall enter the tax on his/her records when payment is collected if the operator keeps his/her records on the cash basis of accounting and when earned if the operator keeps his/her records on the accrual basis of accounting. If installment payments are paid to an operator, a proportionate share of the tax shall be paid by the user to the operator with each installment.

(b) The Council may for any annual period commencing July 1 of any year and ending on June 30 of the following year establish a tax rate lower than the rate of tax provided for in subsection 7.01.020(a) by so providing in the annual budget ordinance adopted by the District. If the Council so establishes a lower rate of tax, the Executive Officer shall immediately notify all operators of the new tax rate. Upon the end of the fiscal year the rate of tax shall revert to the maximum rate established in subsection 7.01.020(a)

unchanged for the next year unless further action to establish a lower rate is adopted by the Council as provided for herein.

Section 3. Sections 5.02.025, 5.02.040, 5.02.045 and 5.02.050 are amended to read as follows:

5.02.025 Disposal Charges at Metro South Station, Metro Central Station and the MSW Compost Facility and the Metro Household Hazardous Waste Facilities:

NOTE: [These amendments are based on the changes to the current solid waste rate of \$75 per ton. The proposed amounts are left blank to be adjusted as appropriate at either \$74 or \$73 per ton.]

(a) Total fees for disposal shall be ~~\$75 (seventy-five dollars)~~ \$_____ per ton of solid waste delivered for disposal at the Metro South Station, Metro Central Station and the MSW Compost Facility.

(b) An enhancement fee of \$.50 per ton is established to be charged at the Metro South Station, Metro Central Station and the MSW Compost Facility.

(c) Notwithstanding the provisions of Sections 5.02.025 (a) and (b), persons using Metro South Station, other than Credit Account Customers, who have separated and included in their loads at least one half cubic yard of recyclable material (as defined in ORS 459.005) shall receive a \$3 credit toward their disposal charge if their load is transported inside a passenger car or in a pickup truck not greater than a 3/4 ton capacity. The foregoing recyclable material credit shall not apply at Metro Central Station or the MSW Compost Facility.

(d) The disposal fee and enhancement fee established by this section shall be in addition to other fees, charges and surcharges established pursuant to this chapter.

(e) The following table summarizes the disposal charges to be collected by the Metropolitan Service District from all persons disposing of solid waste at the Metro South Station, Metro Central Station and the MSW Compost Facility. The minimum charge for all vehicles shall be \$19.

(f) Total fees assessed at Metro facilities shall be rounded to the nearest whole dollar amount (a \$.50 charge shall be rounded up) for all cash account customers.

(g) A fee of \$5 is established to be charged at the Metro Household Hazardous Waste facilities for each load of Household Hazardous Waste.

(h) A fee of \$10 is established at the Metro Household Hazardous Waste facilities for special loads.

5.02.040 Disposal Fees:

(a) There is hereby established a disposal fee which shall be a charge to the users of Metro South Station, Metro Central Station and the MSW Compost Facility.

(b) The following disposal fees shall be collected and paid to Metro by the users of Metro South Station, Metro Central Station and the MSW Compost Facility for the disposal of solid waste generated, originating, collected or disposed within Metro boundaries: For all solid waste ~~\$38.25~~ per ton delivered.

(c) Disposal Fees shall not apply to wastes received at franchised processing centers that accomplish materials recovery and recycling as a primary operation.

5.02.045 User Fees:

The following user fees are established and shall be collected and paid to Metro by the operators of solid waste disposal facilities, whether within or without the boundaries of Metro, for the disposal of solid waste generated, originating, collected or disposed within Metro boundaries in accordance with Metro Code Section 5.01.150:

(a) Regional User Fee (Tier One):

For compacted or noncompacted solid waste, ~~\$19~~ per ton delivered.

(b) Metro User Fee (Tier Two):

~~\$7~~ per ton for all solid waste delivered to Metro-owned or operated facilities.

(c) Inert material, including but not limited to earth, sand, stone, crushed stone, crushed concrete, broken asphaltic concrete and wood chips used at the St. Johns Landfill for cover, diking, road base or other internal use shall be exempt from the above user fees.

(d) User fees shall not apply to wastes received at franchised processing centers that accomplish materials recovery and recycling as a primary operation.

(e) Notwithstanding the provisions of (a) and (b) above, Metro User Fees may be assessed as may be appropriate for solid waste which is the subject of a Non-System License under Chapter 5.05 of the Metro Code.

5.02.050 Regional Transfer Charge:

(a) There is hereby established a regional transfer charge which shall be a charge to the users of Metro South Station, Metro Central Station and the MSW Compost Facility.

Such charge shall be collected and paid in the form of an add-on in addition to user fees established by Section 5.02.045 of this chapter.

(b) The following regional transfer charges shall be collected and paid to Metro by the users of Metro South Station, Metro Central Station and the MSW Compost Facility for the disposal of solid waste generated, originating, collected or disposed within Metro boundaries: For all solid waste \$9\$ per ton delivered.

(c) Regional transfer charges shall not apply to wastes received at franchised processing centers that accomplish materials recovery and recycling as a primary operation.

Section 4. The Executive Officer shall rebate to each local government that has made a voluntary payment to Metro in lieu of the per capita payments required by the provisions of former ORS 268.513 for fiscal year 1994-95 an amount equal to amount of the payment made to Metro multiplied by a fraction equal to the number of days remaining in fiscal year 1994-95 on the effective date of this Ordinance divided by 365.

ADOPTED by the Metro Council this ____ day of _____, 1994.

Judy Wyers, Presiding Officer

ATTEST:

Clerk of the Council

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