

MINUTES OF THE COUNCIL FINANCE COMMITTEE
OF THE METROPOLITAN SERVICE DISTRICT

Special Meeting
February 20, 1990

Committee members present: George Van Bergen (Chair), Judy Wyers (Vice Chair), Tanya Collier and Richard Devlin

Committee members absent: Jim Gardner

Also present: Councilors Roger Buchanan and Gary Hansen

Chair Van Bergen called the meeting to order at 7:10 p.m. and explained the public hearing process.

1. Ordinance no. 90-333, An Ordinance for the Purpose of Imposing an Excise Tax

Dan Cooper, General Counsel, explained the purpose of the excise tax law and how it related to the proposed ordinance. He said the ordinance imposed a tax on users of District facilities. The users subject to the excise would be those using facilities operated directly by Metro (solid waste facilities and the Metro Washington Park Zoo) and privately operated solid waste facilities (Forest Grove Transfer Station and the Oregon City Transfer and Recycling Station). Exemptions to the excise tax would be the following: those prohibited by state law; users of City of Portland Facilities (Portland Center for the Performing Arts, Civic Stadium and Memorial Coliseum); users whose payments constitute a donation or gift; state and municipal government agencies (except users of services of solid waste facilities and the Metro Washington Park Zoo); and sublessees of the Convention Center who are not prime lessees. In response to Committee questions, Mr. Cooper said the users would not be aware of paying the excise tax.

Chair Van Bergen opened the public hearing at 7:28 p.m.

Mr. Frank Gearhart, 2103 N.E. 24th Ct., Gresham, testified in opposition to the proposed excise tax. He did not believe Metro should impose a tax without a vote of the people, especially since the rate appears to be unknown. He felt the exemptions were discriminatory and urged the Committee to recommend to the Council they put it to a vote of the people.

Chair Van Bergen noted the rate was fixed by law at a maximum of 6 percent.

COUNCIL FINANCE COMMITTEE

February 20, 1990

Page 2

Mr. Phil Dreyer, 742 S.E. 39th, Portland, also was opposed to the excise tax. He noted voting for levies in the past when requested by Metro and said he felt Metro had always justified the need for such levies. In this instance, he said he could see no justification based on ability to pay.

Mr. George Starr, 909 N.E. 114th Ave., Portland, was present representing the Oregon Consumer League. He agreed with prior testimony and added Oregon voters have historically rejected all sales tax measures. He said he was not necessarily opposed to the excise tax, but would like the opportunity to vote on it.

Mr. Clare Denison, 28027 S.E. Orient Dr., Gresham, testified he was in agreement with previous testimony, and would like to see Metro put a cap on the excise tax.

Ms. Berna Plummer, 13740 N.E. Fremont Ct., Portland, testified she felt tax decisions should always involve the voters. She also felt there were too many exemptions, especially of the City facilities.

In response to questions from Councilor Wyers, Chair Van Bergen said the intergovernmental agreement between Metro and the City of Portland contained language prohibiting Metro from imposing an excise tax on City-owned facilities. Mr. Cooper noted the agreement stated the excise tax could be imposed only upon agreement by the City of Portland or if all revenue collected was returned to the Metro Exposition-Recreation Commission (MERC) for use by the City-owned facilities.

Mr. Everett Anttila, 3415 N.E. 22nd, Portland, testified in opposition of the excise tax. He said he felt it was a sales tax and should be put to a vote of the citizens.

There being no further public testimony, Chair Van Bergen closed the public hearing at 7:57 p.m.

In response to questions from Councilor Buchanan, Don Carlson, Council Administrator, explained the background of the excise tax concept, noting this source of revenue for general government costs was deemed the direct method of trying to raise that revenue for the cost of the Council, Executive Office and mandatory governing costs of the District. He said considerable interest had been shown in undertaking additional planning functions (i.e., urban growth management planning, water policy analysis, and parks program). Mr. Carlson added the additional revenue figure could be as high as \$1.0 million per year.

COUNCIL FINANCE COMMITTEE

February 20, 1990

Page 3

Councilor Wyers requested Mr. Carlson draft an amendment to the Ordinance to provide for a referral of this measure. He said it would be prepared for Committee review at their meeting. Councilor Hansen said he would like to see what the referral would cost and what the budget impact would be in terms of the double tracking of the budget included in the draft amendment requested by Councilor Wyers. Councilor Devlin stated for the record his opposition to Councilor Wyers' proposed amendment. Mr. Cooper noted the Ordinance as drafted would go into effect either 90 days after its adoption by the Council or July 1, 1990, whichever date was later. He said there must be a 90 day delay before it becomes effective as required by Oregon law to provide for a possible referral.

Councilor Collier proposed an amendment to the Ordinance. She would like subsection (c) deleted from Section 1 and a new section added to read:

7.01.160 All taxes collected by the District from users of the Portland Center for the Performing Arts, Portland Civic Stadium or Portland Memorial Coliseum shall be used by the Metro ERC for the benefit and operation of Metro ERC unless pledged for the benefit of Metro ERC facilities.

Councilor Collier added one other amendment to 7.01.020 (a) by changing the language from "...each user shall pay a tax in the amount of ____ percent" to "...shall pay a tax not to exceed ____". Councilor Wyers noted being in favor of notifying interested persons from MERC of the next public hearing so they could present testimony if so inclined. Mr. Carlson said staff would notify all interested parties. Councilor Collier added she would like to see a financial impact statement on City facilities and a Convention Center analysis of when those facilities would reach the "break even point".

Before starting on the next item, Ray Phelps, Director of Finance and Administration, gave the Committee a brief report on the audit of MERC. He noted the audit was on track and he would continue to keep the Committee updated.

2. Resolution No. 90-1211, For the Purpose of Approving a Request for Proposal Document for a Broker of Record for Employee Benefits

John Leahy, Personnel Manager, summarized for the Committee what was discussed at their last meeting. He said he checked into the possibility of using the State Employee Benefit Board (SEB), but was told the SEB could be of no support to local agencies. Councilor Collier asked if Metro could take advantage of the SEB

model. Mr. Leahy said that was a possibility, but a broker would still be needed as our employee benefits representative. In response to further questions, Mr. Leahy said this idea could be explored prior to the expiration of the contract.

Motion: Councilor Collier moved to recommend Council adoption of Resolution No. 90-1211.

Vote: Councilors Collier, Devlin and Van Bergen voted aye.

The motion carried unanimously.

There being no further business, the meeting was adjourned at 8:40 p.m.

Respectfully submitted,



Ann Brunson
Committee Clerk

A:\FIN0220.MIN