WORK SESSION

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1700 | FAX 503 797 1797

METRO

MEETING: METRO COUNCIL SPECIAL WORK SESSION
DATE: January 27, 1995
DAY: FRIDAY
TIME: 12:00 PM TO 3:00 PM
PLACE: Room 370 A

Approx. Time *			Staff Presenter	Lead Councilor
12:00 PM		**CALL TO ORDER AND ROLL CALL**		
(5 min.)	1.	**INTRODUCTIONS**		
(5 min.)	2.	**CITIZEN COMMUNICATIONS**		
(5 min.)	3.	**EXECUTIVE OFFICER COMMUNICATIONS**		
	4.	**OTHER BUSINESS**		
12:15 PM (2.5 hrs)	4.1	Discussion of Council Legislative Priorities		McFarland
2:45 PM (10 min.)	5.	**COUNCILOR COMMUNICATIONS**		
3:00 PM		**ADJOURN**		

Items scheduled at the work session may be continued for further discussion or action at the regular Thursday Council meeting.

For assistance/Services per the Americans with Disabilities Act (ADA), dial TDD 797-1804 or 797-1540 (Council Office)

* All times listed on the agenda are approximate; items may not be considered in the exact order listed.

METRO Legislative Priorities for 1995

Land Use/Transportation

* South/North Light Rail
  Funding Committment
  Expedited Review Legislation

* Oregon Transportation Financing package Approved 1/19/95

* Land Use

* Boundary Commission Membership

* Modification of Farm Tax Deferral to allow for development within the UGB

Environment & Natural Resources (Solid Waste, recycling, greenspaces)

Finance & Taxation

* Funding for Regional Planning For Infrastructure Projects

General Government

Facilities (Zoo, MERC)

Other

METRO PRIORITY LEGISLATION

SUBJECT
South/North Light Rail Funding Commitment

The 1995 legislature would commit $475 million for future funding of the South/North Light Rail Line, beginning in the Year 2000. The commitment is needed to demonstrate support at the local level for this partially funded project.

PRO:
We are only asking for the state's commitment at this time. $3 million is in the governor's budget for engineering and Environmental Impact Statement (EIS) work.

CON:

BILL STATUS:

INTRODUCED: YES NO

SPONSOR:

COMMITTEE ASSIGNMENT:

HEARING SCHEDULED:

METRO PRIORITY LEGISLATION

SUBJECT
South/North Light Rail Expedited Review

The legislation is being designed to expedite final project approval under Oregon's land use process as it relates to the South/North project. It provides for an expedited review through the courts of a consolidated Metro land use decision.

The legislation is being patterned after SB573, passed for the West Side Light Rail project in 1991.

PRO:

CON:

BILL STATUS:
Still in drafting stage

INTRODUCED: YES______ NO__

BILL NUMBER:

SPONSOR:

COMMITTEE ASSIGNMENT:

HEARING SCHEDULED:

Attachment A

Proposed
Oregon Transportation
Finance Package

The Oregon Transportation Finance Committee is a group of Oregonians made up of representatives from the Association of Oregon Counties, the League of Oregon Cities, Oregon Department of Transportation, the Oregon Public Ports Association and the Oregon Transit Association.

The Committee has been working since the end of the last legislative session to put together a comprehensive transportation finance package for the 1995 session that has a broad base of public support. It would fund only the state's highest priority needs.

Input from consumers, providers and interest groups across the state has been incorporated into the funding package that follows.

Highlights

* An increase in the state gas that will fund critical road and bridge maintenance, safety and capacity projects.

* Fifty-percent of the new gas tax fees would go directly to cities and counties for local road and bridge projects.

* A source of stable funding for public and special transportation.

* An amendment to the Oregon Constitution to allow flexibility in the way fees on the use of the automobile can be used.

* A lottery request to finance aeronautics, freight, rail, light rail and freight mobility projects linked to economic development.

Benefits

37% of the package for road maintenance, safety and improvements.
25% of the package for earthquake retrofit of bridges.
25% improvements for public and special transportation for elderly/disabled.
13% for improved rail, freight and airport facilities.

Cost

* 2-cent gas tax increase in each of two years for roads.

* 2-cent gas tax increase in each of two years to strengthen Oregon bridges against earthquakes.

* $20 increase in passenger vehicle registration for public transportation.

* The package would cost the average Oregon driver less than $6 per month.

November, 1994

Package Elements

Roads and Bridges:

* A 2 cent gas tax increase (January 1996, and 1997) raises $94 million per year (fully implemented). The priority road and bridge needs that are unfunded in the next twenty years total $19.2 billion.

* Will fund high-priority road and bridge maintenance and construction projects.

* Will fund high-priority "freight mobility projects" linked to expanded commerce.

* Fifty-percent of the new dollars collected are passed through directly to cities and counties for local road and bridge maintenance and improvements.

Earthquake Retrofit for Bridges:

* A 2 cent gas tax increase (January 1996, and 1997) for seismic retrofit raises $70 million per year. Estimate for retrofitting Oregon bridges is $1.2 billion.

* Will finance strengthening Oregon bridges against earthquakes.

* Will retrofit bridges connecting lifeline routes and routes critical to commerce.

Public and Special Transportation:

* $20 annual increase in passenger vehicle registration fee raises $60 million annually.

* Constitutional amendment to allow fees on the use of the automobile to be used for public transportation.

* Funding distributed to counties and transit and transportation districts for public transportation and special transportation for elderly and disabled citizens. Dollars may also be used for roads if public transportation needs are met.

Airport Improvements:

* $7 million request could leverage up to $60 million in federal funds.
* Funding for expansion and improvement of rural and urban airports.
* Projects selected for regional balance.

Freight Mobility Improvements:

* $30 million lottery request (leverages $19 million in federal funds).
* Funding for road, rail and port projects that improve commercial links.
* Projects selected for regional balance.

High Speed Rail, Light Rail and Other Passenger Improvements

* $64 million lottery request for track, terminal and service improvements for rail and intercity buses; state match for South /North light rail planning and vehicle purchase;

* Leverages $168 million in federal funds.

November, 1994

METRO PRIORITY LEGISLATION

SUBJECT
The Boundary Commission legislation proposes membership of the commission at 11 members, recommended by the Metro Executive Officer and confirmed by the Metro Council. The proposed legislation retains the geographical distribution in current law.

Metro Council Resolution 94-2043A was adopted in support of this proposal and Senator Ron Cease was asked to have it drafted and introduced on behalf of Metro and the Boundary Commission.

PRO:

CON:

BILL STATUS: SB 281

INTRODUCED: YES ✓ NO

SPONSOR: Senator Ron Cease

COMMITTEE ASSIGNMENT:

HEARING SCHEDULED:

METRO PRIORITY LEGISLATION

SUBJECT
Possible modification of Farm Tax Deferral inside Metro Urban Growth Boundary

During the 2040 planning process it was brought to the attention of MPAC that thousands of acres of land believed to be available for development within the UGB was in fact being held under the state's Farm Tax Deferral program.

There is concern that Metro should either not count this land in its urban growth boundary land inventory (and plan on expanding the UGB) or work towards phasing out the defferal inside the UGB.

MPAC is having a subcommittee meeting Wednesday, January 25, to discuss ways to resolve the issue of available land, and will include it on the February 8, agenda of MPAC for full discussion. The Oregon Department of Agriculture director and commission are being invited to attend the February 8 meeting to voice their concerns about any potential changes in the Farm Tax Deferral program.

MPAC may recommend after that meeting to the Metro Council that some legislative remedy be pursued.

PRO:

CON:

BILL STATUS:

INTRODUCED: **YES** **NO**

BILL NUMBER:

SPONSOR:

COMMITTEE ASSIGNMENT:

HEARING SCHEDULED:

METRO PRIORITY LEGISLATION

SUBJECT

Legislation drafted last year by legislative counsel at the request of Mike Burton would allow for allocation of lottery proceeds to regional entities for infrastructure projects.

PRO:

CON:

BILL STATUS:

INTRODUCED: **YES** **NO**

SPONSOR:

COMMITTEE ASSIGNMENT:

HEARING SCHEDULED:

Attachment H

LC 2077
12/30/94 (JB/hk)

D R A F T

SUMMARY

Allocates in each fiscal year 10 percent of net receipts from video lottery games to regional entities for infrastructure projects.

Defines "regional entity" and "infrastructure project."

Requires regional entities to submit annual report to Economic Development Department concerning expenditure of moneys.

A BILL FOR AN ACT

Relating to allocation of lottery moneys for regional infrastructure projects.

Be It Enacted by the People of the State of Oregon:

SECTION 1. As used in sections 1 to 5 of this Act:

(1) "Council of governments" has the meaning given that term in ORS 294.900.

(2) "Infrastructure project" includes a project for the acquisition or construction of sewage treatment works, solid waste disposal sites, water supply works, roads, public transportation, port facilities or other facilities necessary to serve a growing population.

(3) "Regional entity" means a council of governments or a metropolitan service district organized under a district charter and ORS chapter 268.

SECTION 2. (1) In each fiscal year beginning with the fiscal year commencing July 1, 1995, there is allocated to regional entities for infrastructure projects, from the Executive Department Economic Development Fund created by ORS 461.540, an amount equal to 10 percent of net receipts from video lottery games received during the preceding fiscal year. The moneys shall be allocated to each regional entity in proportion to the gross receipts from video lottery games from the counties included within the regional entity.

NOTE: Matter in boldfaced type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in boldfaced type

(2) As used in this section:

(a) "Gross receipts from video lottery games" means the amount of money inserted into video lottery games plus the value of any free game prizes used by players for subsequent games.

(b) "Net receipts from video lottery games" means the amount of money that is received from the operation of video lottery games and devices after the payment of prizes but prior to any other payment.

SECTION 3. (1) The amounts required to be allocated to regional entities under section 2 of this Act shall be expended only for the purpose of paying the allowable project costs incurred by a regional entity undertaking an infrastructure project.

(2) When a county that is wholly or partly within the boundaries of a metropolitan service district is also a party to an intergovernmental agreement creating a council of governments, the regional entity for that county is the metropolitan service district.

(3) The amounts required to be allocated under section 2 of this Act shall be distributed to the regional entities quarterly with one-fourth of the annual allocation distributed in each calendar quarter.

SECTION 4. For the purposes of sections 2 and 3 of this Act, the allowable costs of an infrastructure project may include:

(1) Costs for preliminary planning or legal, fiscal and economic investigations, reports and studies to determine the economic and engineering feasibility of the project.

(2) Costs of engineering and architectural reports, studies, surveys, designs, plans, working drawings and specifications necessary in the construction of the infrastructure project.

(3) Costs of property acquisition directly related to the infrastructure project and acquisition of easements or rights of way necessary to accomplish construction of the infrastructure project.

SECTION 5. Each regional entity receiving moneys allocated under section 2 of this Act shall submit an annual report to the Economic

Development Department concerning the expenditure of those lottery moneys. The report shall be in such form and contain such information as the department may require. The report shall be submitted to the department not later than the date specified by the department.

METRO BILL REVIEW

To:

Today's Date: January 27, 1995
Return to: Office of General Counsel
Within: Three days/__________

Bill Number:

Reviewer: ____________________

What does this bill do? ____________________

____

____

____

____

Recommend action: Support __ Oppose __ Amend __ Do Nothing __

Priority:
1 - Critical or Metro-initiated __________
2 - Significant/Needs close tracking __________
3 - Monitor only __________
4 - Not applicable/No impact/Do not track __________

How does the bill impact Metro? Be specific: __________

____

____

____

____

____

Fiscal impact: Yes ___ No ___ Approx. Amt. __________

Specific recommendations (amend, cite potential problems):

____

____

____

____

____

TRI-COUNTY REGION

COOPERATIVE LEGISLATIVE AGENDA

Introduction

Clackamas, Multnomah and Washington Counties and the cities, special districts, education institutions and businesses within them comprise what is known as the Tri-County Region of the State of Oregon. The region is experiencing rapid growth and enjoys a robust economy which generates income tax revenue for the State. With 41 % of the state's population, this area contributes over 51 % of the personal income taxes collected from Oregon residents.

But rising population also brings demands for basic infrastructure, fire protection, libraries and other public services. Without those investments, future growth may dwindle, or the region's quality of life, now such a magnet for new investment, may deteriorate. Either consequence would have unfortunate impacts on the State's ability to realize its overall economic objectives.

Changed conditions have placed increased funding obligations and limitations on both the State and local governments. These conditions have led to the inescapable recognition that the continued viability and growth of many programs which are key to the Tri-county region's viability could be at risk.

In order to operate more effectively in the state legislature to advance key regional issues and with them the health of the region, public agencies in the tri--county area have developed a cooperative legislative agenda for the 1995 Session of the Oregon Legislature. This regional agenda is built around the following areas of regional interest:

- Accommodating the predicted growth expected in the tri-county area by the year 2040.
- Seeking equitable funding for the region's educational institutions from kindergarten through higher education.
- Maintaining the ability to provide quality public safety and family services.
- Meeting the expanding needs for road and transit to keep pace with population and economic pressures.

- Protecting dwindling environmental resources put at risk by rapid development and population growth.

- Seeking opportunities to increase the availability of affordable housing.

- Maintaining a regional approach to land use decision making.

<u>Partnership</u>

As public agencies we share a common purpose:

- To provide the highest quality services in the most efficient and effective means possible;

- To remain accountable and responsive to those we serve;

- To maintain the region's excellent quality of life.

As partners to this cooperative endeavor we have agreed to pursue a united regional legislative agenda that preserves, protects and enhances the region's quality of life, education, economic growth and job creation and encourages efficient and effective delivery of public services.

<u>Operating Principles</u>

This agenda is a working document shared among public agencies and their representatives. We will collaborate and act cooperatively to promote a recognition and understanding of the region as the state's financial, trade, industrial and employment center and the role quality municipal and educational services play in supporting its continued vitality. The issues contained in this document are matters that specifically contribute to the overall well-being of the region.

<u>Participants</u>

The entities participating in the Tri-County Region Cooperative Legislative Agenda are listed below:

METRO
Oregon Health Sciences University
Portland Metropolitan Chamber of Commerce
Portland Community College
Washington County
Portland State University
Housing Authority of Clackamas, Multnomah and Washington Counties
Portland Public Schools
Tri-Met
Clackamas County
City of Portland
Multnomah County
Port of Portland

EDUCATION

The economic and social health of the Portland Metropolitan area is as closely tied to a healthy education system as it is to a healthy economy. Keeping our youth in school and adequately trained is one of the most effective methods of reducing crime. It is also critical to providing a viable workforce. The funding for all educational programs from preschool through graduate school must be a top priority if we are to retain the high quality of livability that we have enjoyed for so long.

Without adequate funding K-12 schools and colleges cannot guarantee quality programs or access to education to all citizens. Budget reductions during the past five years have strained our education system's ability to grow and 'respond to emerging challenges. During the last legislative session K-12 education was allocated an amount less than it had received in the previous biennium; - community colleges and higher education's increases to their biennial budgets did not keep up with inflation and growth. We must have a more equitable division of the State's General Fund for the 1995-97 biennium. We need to stop the cuts to K-12 programs and eliminate the need for community colleges and state universities to continue to raise their student tuition rates, which have already increased by 60% since 1991.

The passage of Ballot Measure 5 in 1990 removed the ability for local communities to control the funding for K-14 districts. Policy and program decisions need to be retained at the local level. Programs that are mandated by the Legislature need to have funding tied to them outside the basic allocation. We also support the concept of creating the ability for communities to control a portion of their education budget through local funding measures. This is currently prevented by the revisions to the State's Constitution under Ballot Measure 5.

Oregon's school reform movement brought about by HB 3565 has just begun and should be continued. The partnerships among K-12 districts, community colleges and state universities need to be nurtured. The school-to-work transitions and other workforce efforts have been fostered by the State and Regional Workforce Quality Councils and these entities should continue the work they have begun.

We support adequate funding for our education institutions at a level that prevents further program cuts and avoids the need for tuition increases. We support finding ways to return some measure of control and responsibility for education budgets to the local level. We also support continuation of Oregon's education reform efforts.

FINANCE

The public's pride and confidence in their government institutions can be rebuilt through a combination of suspending discussions of state-level tax increases and emphasizing the public's existing ability to determine needs, priorities, service levels and funding sources at the local level.

The Oregon Legislature should support a strategy that fosters a true partnership with
local government, in the following ways:

- Protect the flexibility of local governments in the use of all revenue received.
- Prohibit preemptions, limits, or granting of exemptions to any local revenue source.
- Protect the public's ability to determine local priorities and needs at the ballot box.
- Prohibit unfunded mandates.
- Continue historically shared revenue sources.
- Support local flexibility through a local "Option" program similar to that requested at the federal level, treating revenues sent to cities and counties in a block grant approach.
- Protect local governments' right to refuse to continue in a jointly sponsored program if state revenues are dramatically reduced.

We support an open and frank dialogue throughout the legislative session between state policy makers and their local partners, with the goal of maintaining maximum flexibility and local decision-making authority on service priority and taxation matters.

HEALTH AND MENTAL HEALTH

The number of uninsured individuals in the community and those who do not qualify for government assistance or the Oregon Health Plan but still require care remain the responsibility of local governments through their Public Health and Mental Health programs. Community based care provides the best opportunities for service integration efficiencies, public/private service partnerships, innovative community programs, and quality assurance accountability.

In the area of Mental Health Services, the continued "downsizing" of state facilities without a concurrent increase in community resources is stressing our fragile community systems and is increasing the likelihood that seriously mentally ill clients will not receive care. The closure of state facilities such as Dammasch Hospital threatens to overload the few resources available to accommodate increasing numbers of individuals needing case management, supervised living and other services necessary to allow them to function, live and work in a community.

When such options are unavailable and services limited, mentally ill clients often are inappropriately incarcerated in local jails, taking space needed for dangerous criminals. Emergency placement in local hospitals is generally limited to stabilization often leading to the "revolving door" effect which destroys self-sufficiency and results in homelessness.

Protecting the ability of local communities to offer adequate and compassionate care requires, minimally, a continuation of the current level of state funding for health and mental health services. Even so, the status quo is unacceptable. The system remains in serious danger of overloading.

We support a "balanced allocation" for the Oregon Health Plan -- that is -- funding for the Health Plan must be balanced with other spending priorities.

We support full integration of mental health benefits into the Oregon Health Plan after allowing a reasonable amount of time to evaluate demonstration projects.

We support retaining the public and mental health local authority of county government.

We support direct state financial support at current levels for critical health and human services delivered to local governments.

We support the same flexibility at the local level to cut through red tape as the state is requesting and receiving from the federal government.

HOUSING

The rapid growth of the metropolitan region has placed a strain on an already serious lack of affordable housing resources. The region's limited stock of low cost, subsidized and public housing will be under pressure as the increasing population competes for housing.

A growing number of people in the region live in inadequate and costly housing. More than 2500 homeless people stay in emergency shelters nightly. Housing advocates estimate a similar number live in cars, under bridges, in tents or in other unacceptable conditions. In Multnomah County 18,412 households earning 30% or less of the area median income pay more than 50% of that income for rent and utilities. In Washington County the number is 5,137, and in Clackamas County, 4,434. For many people the rent requirement is over 70% of income. Obviously, there is little remaining for food, clothing, transportation, education and health care. All of these people are at risk of hopelessness. The lack of a good housing situation makes it more difficult to get and hold onto a job, to stay in school, in training or treatment programs.

To support the community adequately, it has been estimated that the region needs close to 15,000 additional low-income affordable housing units. Existing federal, state, local and private programs which fund the gap between the cost of housing and what low-income people can afford to pay should be expanded to more adequately meet the need.

We support legislation that will:

1. **Increase the capacity of the Oregon Housing Trust Fund to provide an on-going source of subsidy for construction of new or rehabilitated affordable housing units;**

2. **Permit local housing authorities to finance mixed income housing provided that excess revenues from market rate units are used to subsidize low income rentals; and**

3. **Maintain the $57 million loan cap on loans made under the Oregon Low-Income Housing Tax Credit and support continuation of the Farmworker's Tax Credit.**

JUVENILE JUSTICE REFORM

Rates of serious crime committed by juveniles have increased dramatically in the past few years, highlighted in the metropolitan region by the visibility of gangs and drive-by shootings. Youth arrests for person to person offenses jumped 93% between 1986 and 1993. For the region the increase in juvenile crime places added burdens on the schools, businesses, added pressures on city and county law enforcement agencies, ever-increasing caseloads in the Juvenile Court system, and a climate of fearfulness for citizens.

Since 1989 the number of incarcerations of juveniles statewide has been subject to a cap by region, on the number of youths who can be detained in training schools or work camps. With the increase in violent crime the result is that only the most violent offenders are incarcerated and often not long enough to complete a program of treatment that will have a positive effect on future behavior. For juvenile offenders who commit misdemeanors and non-violent felonies and are treated in the community there are limits on program resources, and participation is not strictly enforced.

General acknowledgement that nothing short of major overhaul of the juvenile justice system will be adequate has resulted in the appointment of a House Interim Legislative Committee, a Governor's Task Force, and a grassroots "summit" led by the Oregon Juvenile Court Judges each of which will propose legislation to reform the system. In addition, implementation of Ballot Measure 11, which requires that offenders 15 years and older who commit violent crimes will be treated as adult criminals, will require legislative changes to the juvenile justice system.

We support the creation of a juvenile corrections system separate from the Children's Services Division and the Adult Corrections System, with funding for regional facilities to handle the increased numbers of serious juvenile offenders, and facilities for juveniles requiring less strict supervision. The region will be a strong voice to obtain adequate resources to support community based programs that are subject to performance based evaluation to insure their effectiveness.

We also support a continued commitment to efforts to prevent children from becoming involved in criminal behavior.

LAND USE AND GROWTH MANAGEMENT

METRO, the regional government responsible for land use planning and growth management policy within the metropolitan area's urban growth boundary, in conjunction with local governments in the region, recently completed a three-year process to develop a 50-year growth management strategy for the region. Region 2040, designed to outline a growth strategy through the year 2040, examined various development concepts to determine how to accommodate a projected 720,000 additional people within Metro's boundary. Region 2040 produced a preferred alternative that will form the basic architecture for how and where the region should grow during the next 4 decades.

One important goal of the preferred alternative is to use compact development to help reduce land consumption. The more efficiently land is used inside the urban growth boundary, the less rural land will be converted to urban uses, thereby reducing the need for expensive new infrastructure investments. The urban growth boundary, a vital tool in managing regional growth, will undergo modest modifications over time to add about 15,000 acres of land outside the current UGB. Achieving the region's goal of more efficient and compact development will depend on implementing certain goals: increasing development along transit lines, redeveloping city centers, decreasing some new residential lot sizes, and reducing the number of parking spaces in some areas.

We support Region 2040 and the adopted Growth Concept, which form the policy basis for accommodating growth as inexpensively as possible while preserving prevailing regional values. We urge preservation of statewide planning laws upon which our success in implementing Region 2040 goals depends. A critical aspect of our ability to accomplish the Region 2040 land use and transportation goals is the continued development of the region's light rail transit system including the South/North line.

LOTTERY RESOURCES

Since its approval by the voters in 1984, the Oregon Lottery has provided funding for economic development programs of all kinds for over ten years. During this period the lottery has grown dramatically, largely because of the introduction of video lottery in 1992. Annual lottery revenues have risen from about $50 million during the first six years, to over $300 million expected in the first year of the next biennium. Video lottery games account for nearly 70% of all lottery earnings.

More than half of lottery funds have been allocated to state agencies for such expenditures as state university and prison capital construction programs, and for loans to private businesses. Beginning in 1993, additional allocations were made to pay for the costs of state programs that had previously been funded primarily from the State General fund. This is referred to "backfilling" -- filling a budget hole created by Measure 5 requirements. A total of $491 million has been allocated to regular state agency and backfilling purposes.

The next largest recipient of lottery funds is local governments--counties, cities and ports, which have received nearly $258 million in the form of grants and loans, primarily for infrastructure, transit and regional strategies. Local education agencies have received an additional $33 million, most coming in the form of capital equipment for community colleges and for local school construction.

It is expected that the 1995 Legislature will propose a substantial dedication of lottery resources to pay for education, filling the education funding gap with an unpredictable source of funds. The state's expenditure of lottery dollars during the current biennium on state programs, preventing large program cuts that would otherwise have been required, is also expected to continue during the next biennium.

In fact, the Oregon Lottery has both blunted and masked the impacts of passage of Ballot Measure 5 and its requirements that the State make up for reductions in local property taxes for education. And because of the lottery's strong recent performance, Oregonians have not had to seriously grapple with comprehensive taxation reform.

While we support the use of lottery proceeds to help pay for education requirements, we are concerned about the long term reliance on this source for ongoing needs. By contrast, economic development programs generally require one-time or short term allocations, giving policy makers greater flexibility to adjust expenditures to fluctuating proceeds.

LOWER COLUMBIA RIVER
NAVIGATION CHANNEL DEEPENING

Channel deepening benefits begin with preservation of this region's existing trade base. Twenty-nine million tons of waterborne trade, valued at more than $11 billion, was handled in 1993 by Portland and other deep-draft ports on the lower Columbia River. Preserving and expanding this trade, and the jobs and other economic benefits that go with it, will require deepening the lower Columbia River navigation channel.

The vessels that move most of the lower Columbia River's waterborne tonnage today, and which can sail fully loaded with the channel's existing 40-foot depth, will be replaced in the next 10 to 15 years by ships requiring 2 to 3 more feet of draft, in order to sail profitably. An increasing number of these larger vessels-Panamax-size bulk carriers and new generation container ships--already call lower Columbia River ports. They currently await favorable tides or sail without full loads.

Failure to deepen the channel may result in service curtailments by these vessels, due in part to revenue losses from light loading, and will almost certainly keep out the larger vessels now on order. The result would be, in all likelihood, a degradation of this region's trade base through a loss of competitiveness. If larger, deeper draft vessels cannot call the Columbia River, regional shippers will be forced to ship their goods on less cost-effective vessels, or pay additional overland transportation costs to other ports, placing them in a less-or-noncompetitive position in world markets.

We support continued state financial assistance, through the Marine Navigation Improvement Fund, for completion of the federal feasibility study and, if approved, deepening of the lower Columbia River navigation channel. We believe this investment is necessary to preserve the competitive position of Oregon and the tri-county Portland metropolitan area, by adapting the navigation channel to the needs of changing cargo vessel technology.

OHSU PUBLIC CORPORATION PROPOSAL

America's health care system is undergoing dramatic change. New medicines, new equipment and new methods are improving how care is provided. At the same time, the need to control costs has helped create a dynamic marketplace, one that demands intense competition as well as innovative collaboration.

In this environment there is one inescapable fact of life -- those that cannot be responsive and efficient, and those unwilling to embrace change, will simply not survive. This is particularly true for academic health sciences centers, of which Oregon Health Sciences University (OHSU) is one. National experts have predicted that as many as 46 of the nation's 126 academic health centers will be closed within the next 10-20 years. Only the strongest--the most creative, innovative and responsive--will survive. OHSU intends not only to survive, but to thrive. To do that, however, it must have operational flexibility that will allow it to seize opportunities and respond appropriately to the demands of the marketplace. By becoming a public corporation it can achieve the needed flexibility.

The stakes for Portland, the region and the state are high. As Oregon's only academic health sciences center, OHSU has the state's only Schools of Medicine and Dentistry and its most comprehensive undergraduate and graduate nursing program. It is the state's largest provider of indigent care, providing services to citizens from every Oregon county. It employs nearly 7,000 people, making it Portland's largest employer and the state's seventh largest. It is an economic magnet bringing more than $150 million in to the state each year from out-of-state sources. It has a $445.4 million annual budget, less than 14% of which comes from the State General Fund. It has a booming research program which has tripled in eight years placing it number 71 out of the more than 1,000 research universities in the country. It also has begun to spin-off biotechnology companies, a plus for the region and state as the need for clean, diverse industries grows.

Despite its considerable success in recent years, OHSU has now reached a crossroads. Federal and state resources are continuing to decline. The health care marketplace is changing almost daily. Faced with these pressures, OHSU can either go up or go down. What it cannot do is stand still. Conversion to a public corporation is the only viable way it can go up.

We support the public corporation proposal to convert OHSU to a public body similar to the Port of Portland. Under the proposal, OHSU would be relieved from regulations which apply solely to state agencies, but it would continue to be bound by those which apply to public bodies generally (such as open meetings, public records, anti-discrimination, etc.). What the proposal does not do is change the University's missions of education, research, health care and outreach. The University's missions would remain the same and would be spelled out in the statutes.

PSU URBAN CENTER

Portland State University is Oregon's urban university. The plan for the Urban Center has evolved as PSU has become a national model of this new higher education institution. The mission of the urban university requires that the social, economic, legal, and governmental context of the metropolitan community be the focus of faculty and student research and learning. Portland State University has the resources, through its faculty and students, to enhance the capacity of the community to respond to crucial needs. However, the University's ability to go beyond its current service level is limited due to inadequate facilities. The Urban Center will establish a one-stop access point to the University for the community.

The Portland State University Urban Center building will support major academic and research programs that relate directly to the mission of the urban university, including the School of Urban and Public Affairs and the Joint Architecture Program wit the University of Oregon. The building will be connected to the South/North light rail, the transit mall, and will anchor the University Plaza, an outdoor public gathering and meeting facility which is not now available on the Portland State University campus.

While the mission of Portland State University is targeted at the metropolitan region, the University is increasingly proving educational opportunities to Oregonians throughout the state. Through collaborations and partnerships with other OSSHE institutions, community colleges, schools, local and state government, and community-based organizations, Portland State University has a presence in nearly every county in Oregon. Distance learning and telecommunications advancements make it possible for PS U's academic programs to be offered directly at the workplace or to place-bound students. As demand for these programs increases, there is greater need for more physical space to be dedicated for telecommunications and teleconferencing facilities, which the campus cannot now fully support. This new building will make it possible for Portland State University to expand its distance learning and teleconferencing programs. In addition to serving the needs of the metropolitan area, the new facility will also help Portland State University fulfill its statewide service mission.

The total cost of the building and plaza is $26 million. Portland State University will receive $2 million in Federal funds in 1995 from the Housing and urban Development Department to be used for architectural design and planning. The University is now engaged in a capital fundraising campaign to demonstrate private sector support for the project. The University will dedicate a portion of its revenues from parking and leased space to finance the project. Portland State will be asking for state support of $7 million to leverage these other revenue sources. We support Portland State's request for a State commitment to the partnership.

SOUTH/NORTH LIGHT RAIL

On November 8, 1994, Portland metropolitan voters approved by a 63.5% margin $475 million in general obligation bonds for the construction of South/North light rail. The bond approval is the largest in the state's history. The bond funds will be combined with State of Washington, Clark County and State of Oregon funds to leverage 50% federal funding for construction of the $2.85 billion project.

To compete for federal matching funds, state and local financing mechanisms must be established prior to the anticipated reauthorization of federal transportation legislation in 1996.

The completion of a light rail line from Clackamas Town Center to 99th Avenue in Vancouver, Washington is central to the region's effort to respond to growth, preserve livability, reduce congestion and air pollution, and enhance economic activity. The region's ability to accomplish the land use and transportation goals outlined in the 2040 planning process are predicated on the successful construction of the South/North light rail.

Because the project involves two states, legislative approval of a mechanism--such as bi-state compact--for the financing, construction and operation of the project under a unitary set of laws and regulations will be required. Given the federal timeframe, legislative action in 1995 is needed.

The region's voters have voiced their strong support for the construction of South/North light rail. We support the approval of a state funding commitment for the project in the 1995 legislative session and the adoption of legislation to establish a bi-state compact for the financing, construction and operation of the project.

TRANSPORTATION

The Portland region hosts the state's largest concentration of transportation investments: marine and airport facilities, freight and passenger rail, the intersection of four interstate freeways and the state's largest public transportation system. The maintenance and expansion of the Portland transportation hub is important to the continued livability and economic competitiveness of the region and the state.

The region's transportation providers face a number of challenges: preserving the huge value of capital already invested in the system, responding to anticipated population growth, addressing freight mobility needs to stay competitive. Requirements such as the federal Clean Air Act and the state Transportation Planning Rule will require additional funding. New information regarding the need to refit critical bridges to withstand an earthquake event have added to the transportation backlog.

The region's port, transit and road authorities have joined with their counterparts throughout the state through the Oregon Transportation Finance Committee in a coordinated statewide effort to seek legislative approval of a transportation funding package. The package seeks to address the region's basic transportation needs through a combination of gas and vehicle fees, referral of a constitutional amendment allowing the use of vehicle fees for alternative modes, and the allocation of some lottery dollars for transportation infrastructure.

We support the Oregon Transportation Finance Committee proposal for additional transportation funding to preserve and maintain the existing transportation network, protect critical bridges from earthquake damage, respond to growth and maintain economic stability.

PROPOSED AMENDMENT TO SB 281

On page 1, line 19, after the word "appointed" delete the remainder of the line and insert, "as set forth in paragraphs (a) and (b) of this subsection.

(a) Each metropolitan service district councilor shall appoint one member to the commission. Appointees shall be residents of the district represented by the appointing councilor.

(b) The governing body of the metropolitan service district shall appoint the remaining commission members. Appointments made under this paragraph shall come from a list of names submitted by the metropolitan service district councilors. Each councilor may submit up to three names for consideration in making appointments under this paragraph. A minimum of three of the persons appointed under this paragraph shall reside outside of the metropolitan service district boundary, but within the jurisdiction of the commission.. One of the persons appointed under this paragraph must be a resident of Clackamas County and one must be a resident of Washington County."

On page 1, delete lines 20 through 30.

On page 2, delete lines 1 through 3.

On page 2, line 25, delete "executive officer" and insert "governing body".

On page 2, line 28, delete "executive officer" and insert "governing body".

On page 2, line 29, delete "executive officer" and insert "governing body"

68th OREGON LEGISLATIVE ASSEMBLY--1995 Regular Session

Senate Bill 281

Sponsored by Senator CEASE (at the request of METRO, Portland Metropolitan Area Boundary Commission)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Requires certain local government boundary commissions to have 11 members.

Requires prompt appointment of new members to affected boundary commissions so that membership equals 11 members.

Declares emergency, effective on passage.

A BILL FOR AN ACT

Relating to the membership of local government boundary commissions; creating new provisions; amending ORS 199.440; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 199.440 is amended to read:

199.440. (1) A boundary commission shall have seven members. However, if the population of the area subject to the jurisdiction of the commission exceeds 500,000 and if the area subject to its jurisdiction is wholly or partly situated within the boundaries of a metropolitan service district, the commission shall have [*a number of*] **11** members [*that is equal to the number of councilors of the metropolitan service district*].

(2) Except as provided in subsection (3) of this section, the Governor may appoint all members of a commission from a list of names obtained from cities, counties and districts within the area of jurisdiction of the boundary commission. The Governor shall prepare the list annually and keep it current so timely appointments will be made as vacancies occur. The Governor shall endeavor to appoint members from the various cities, counties and districts so as to provide geographical diversity of representation on the commission.

(3) When the area subject to the jurisdiction of a boundary commission is wholly or partly situated within the boundaries of a metropolitan service district organized under ORS chapter 268, the members of that boundary commission shall be appointed by the executive officer of the metropolitan service district. The executive officer shall appoint members of a boundary commission from a list of [*individuals nominated by the councilors of the district*] **names obtained from cities, counties and districts within the area of jurisdiction of the boundary commission. The executive officer shall prepare the list annually and keep it current so that timely appointments will be made as vacancies occur. Appointments by the executive officer require confirmation by the council of the metropolitan service district.** [*Each councilor shall nominate no fewer than three nor more than five individuals for appointment to the boundary commission. When first appointing all the members of a boundary commission, the executive officer shall appoint one individual from among those nominated by each councilor. Thereafter, as the term of a member of a boundary commission expires or as a vacancy occurs, the executive officer shall appoint an individual nominated by the councilor or a successor who nominated the boundary commission member whose term has expired or*

NOTE: Matter in boldfaced type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in boldfaced type.

who vacated the office.] The executive officer shall endeavor to appoint members from various cities, counties and districts so as to provide geographical diversity of representation on the boundary commission.

(4) To be qualified to serve as a member of a commission, a person must be a resident of the area subject to the jurisdiction of the commission. A person who is an elected or appointed officer or employee of a city, county or district may not serve as a member of a commission. No more than two members of a commission shall be engaged principally in the buying, selling or developing of real estate for profit as individuals, or receive more than half of their gross income as or be principally occupied as members of any partnership, or as officers or employees of any corporation, that is engaged principally in the buying, selling or developing of real estate for profit. No more than two members of a commission shall be engaged in the same kind of business, trade, occupation or profession.

(5) A member shall be appointed to serve for a term of four years. A person shall not be eligible to serve for more than two consecutive terms, exclusive of:

(a) Any service for the unexpired term of a predecessor in office.

(b) Any term less than four years served on the commission first appointed.

(6) A commission may declare the office of a member vacant for any cause set out by ORS 236.010 or for failure, without good reason, to attend two consecutive meetings of the commission. A vacancy shall be filled by the Governor or by the executive officer of a metropolitan service district, by appointment for the unexpired term. If the Governor or the executive officer has not filled a vacancy within 45 days after the vacancy occurs, then, and until such time as the vacancy is filled, the remaining members of a commission shall comprise and act as the full membership of the commission for purposes of ORS 199.445.

SECTION 2. (1) When, on the effective date of this Act, a boundary commission that is required to have 11 members has fewer than 11 members, the executive officer of the metropolitan service district shall promptly appoint new members to the commission so that the boundary commission has 11 members. Notwithstanding ORS 199.440 (5), of the members appointed by the executive officer under this section, two members shall serve terms of two years and the remaining members shall serve terms of four years. The executive officer shall determine the respective terms of the members appointed under this section.

(2) The amendments to ORS 199.440 by section 1 of this Act do not affect the terms or tenure of office of members of a boundary commission who are serving in that office on the effective date of this Act.

SECTION 3. This Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this Act takes effect on its passage.

1/28/95
Council
W.S.

68th OREGON LEGISLATIVE ASSEMBLY--1995 Regular Session

Senate Bill 327

Sponsored by COMMITTEE ON GOVERNMENT FINANCE AND TAX POLICY (at the request of Oregon Lodging Association)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced.**

Imposes moratorium on new or increased tax on sale, service or furnishing of transient lodging. Creates exception if new or increased tax approved by electors. Requires new or increased tax revenues to be reinvested in tourism industry. Directs Department of Revenue and Employment Department to promulgate rules defining "tourism industry" and establishing criteria for reinvestment in tourism industry.

Requires local government imposing transient lodging tax to reimburse transient lodging provider for cost of collecting tax. Provides that amount of reimbursement shall be five percent of revenue collected, unless reimbursement amount increased by local government. Prevents local government from increasing amount of tax to offset cost of reimbursement.

Applies moratorium to transient lodging reporting periods beginning on or after January 1, 1996, and before January 1, 2002. Applies mandated reimbursement to transient lodging reporting periods beginning on or after January 1, 1996.

A BILL FOR AN ACT

Relating to taxation.

Be It Enacted by the People of the State of Oregon:

SECTION 1. (1) A unit of local government, as described under ORS 190.003, shall not impose a tax on the sale, service or furnishing of transient lodging greater than the tax being imposed by that unit of local government on December 31, 1995.

(2) Subsection (1) of this section shall not apply if:

(a) A new or increased tax on the sale, service or furnishing of transient lodging is approved by a majority of the electors of the unit of local government imposing the new or increased tax; and

(b) All of the revenue collected as a result of the new tax, or as a result of the increase in tax, is reinvested in the tourism industry.

(3) The Department of Revenue and the Employment Department shall jointly, for purposes of subsection (2) of this section, develop rules that:

(a) Define the term "tourism industry"; and

(b) Establish criteria that must be met for local government spending to constitute reinvestment in the tourism industry.

SECTION 2. Section 1 of this Act applies to transient lodging reporting periods beginning on or after January 1, 1996, and before January 1, 2002.

SECTION 3. (1) A unit of local government, as described under ORS 190.003, that imposes a tax on the sale, service or furnishing of transient lodging and that requires the transient lodging provider to serve as collection agent for the tax, shall reimburse the lodging provider for the cost of collection, recordkeeping and reporting of the tax.

(2) The amount that shall be reimbursed under subsection (1) of this section shall be five percent of the revenue collected, but may be increased by the unit of local government im-

NOTE: Matter in boldfaced type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.

posing the tax.

(3) A unit of local government may not increase the tax imposed on the sale, service or furnishing of transient lodging in order to offset the costs associated with reimbursement as described under this section.

<u>SECTION 4.</u> Section 3 of this Act shall apply to transient lodging reporting periods beginning on or after January 1, 1996.

68th OREGON LEGISLATIVE ASSEMBLY--1995 Regular Session

Senate Bill 328

Sponsored by COMMITTEE ON GOVERNMENT FINANCE AND TAX POLICY (at the request of Oregon Restaurant Association)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Prohibits local governments from levying taxes specifically on lottery game retailers for compensation derived from sale to public of lottery tickets or shares.

A BILL FOR AN ACT

Relating to taxation of lottery game retailers; amending ORS 461.560.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 461.560 is amended to read:

461.560. (1) No state or local taxes shall be imposed upon the sale of lottery tickets or shares of the state lottery established by this chapter or any prize awarded by the state lottery established by this chapter.

(2) A city, county or other political subdivision in this state may not enact or enforce any charter provision or ordinance that imposes a tax on lottery game retailers only and that is measured by or based upon the amount of the commissions or other compensation received by lottery game retailers for selling tickets or shares in lottery games. However, if a city, county or other political subdivision levies or imposes generally on a nondiscriminatory basis throughout the jurisdiction of the taxing authority an income, gross income or gross receipts tax, as otherwise provided by law, such tax may be levied or imposed upon lottery game retailers.

Post-It™ brand fax transmittal memo 7671 | # of pages ▸ 4

To Merrie Waylett	From Karina Cassin
Co.	Co.
Dept.	Phone #
Fax # 797-1799	Fax #

NOTE: Matter in boldfaced type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in boldfaced type.

68th OREGON LEGISLATIVE ASSEMBLY--1995 Regular Session

Senate Bill 329

Sponsored by COMMITTEE ON GOVERNMENT FINANCE AND TAX POLICY

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Places moratorium on local real estate transfer taxes.

A BILL FOR AN ACT

Relating to taxation; amending ORS 306.815.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 306.815 is amended to read:

306.815. (1) A city, county, district or other political subdivision or municipal corporation of this state shall not impose, by ordinance or other law, a tax or fee upon the transfer of a fee estate in real property, or measured by the consideration paid or received upon transfer of a fee estate in real property.

(2) A tax or fee upon the transfer of a fee estate in real property does not include any fee or charge that becomes due or payable at the time of transfer of a fee estate in real property, unless that fee or charge is imposed upon the right, privilege or act of transferring title to real property.

(3) Subsection (1) of this section does not apply to any fee established under ORS 203.148.

(4) Subsection (1) of this section does not apply to any tax if the ordinance or other law imposing the tax is in effect and operative on [*March 31, 1989*] **December 31, 1995**.

(5) Subsection (1) of this section does not apply to any tax if the ordinance or other law imposing the tax first becomes effective or operative on or after [*January 1, 1994*] **January 1, 2002**.

NOTE: Matter in boldfaced type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ENDORSING A CHANGE IN STATE STATUTE REGARDING THE MEMBERSHIP OF THE PORTLAND METROPOLITAN AREA LOCAL GOVERNMENT BOUNDARY COMMISSION)	RESOLUTION NO. 94-2043A Introduced by Councilor Mike Gates

WHEREAS, State law (ORS 199.440) governs the membership of the Portland Metropolitan Area Local Government Boundary Commission (Boundary Commission), and provides that "the commission shall have a number of members that is equal to the number of councilors of the metropolitan service district;" and

WHEREAS, The Boundary Commission now has thirteen members, but will be reduced to seven members on January 2, 1995; and

WHEREAS, Representatives of the Boundary Commission have met with representatives of the Metro Council and Metro staff to request Metro's support in endorsing a bill to be considered at the 1995 session of the Oregon Legislature, which would increase the number of Boundary Commission members to eleven; and

WHEREAS, An eleven-member Boundary Commission is preferable to one with seven members because the larger commission will provide greater opportunities for representation throughout the Metro area and the broader tri-county community that is within the Boundary Commission's jurisdiction, and will improve the opportunities for the commission regularly to achieve a quorum; now, therefore

BE IT RESOLVED,

That the Metro Council endorses the draft Bill for an Act, attached as Exhibit A, to increase the Boundary Commission from seven to eleven members, and directs its representatives at the 1995 session of the Oregon Legislative Assembly to work in support of this bill.

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

Judy Wyers

Judy Wyers, Presiding Officer

A BILL FOR AN ACT

Relating to local government boundary commissions; creating new provisions; amending ORS 199.440; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 199.440 is amended to read:

199.440 Membership; appointment; qualifications; term; vacancy. (1) A boundary commission shall have seven members. However, if the population of the area subject to the jurisdiction of the commission exceeds 500,000 and if the area subject to its jurisdiction is wholly or partly situated within the boundaries of a metropolitan service district, the commission shall have **eleven** [a number of] members [that is equal to the number of councilors of the metropolitan service district].

(2) Except as provided in subsection (3) of this section, the Governor may appoint all members of a commission from a list of names obtained from cities, counties and districts within the area of jurisdiction of the boundary commission. The Governor shall prepare the list annually and keep it current so timely appointments will be made as vacancies occur. The Governor shall endeavor to appoint members from the various cities, counties and districts so as to provide geographical diversity of representation on the commission.

(3) When the area subject to the jurisdiction of a boundary commission is wholly or partly situated within the boundaries of a metropolitan service district organized under ORS chapter 268, the members of that boundary commission shall be appointed by the executive officer of the metropolitan service district. The executive officer shall appoint members of a boundary commission from a list of **names obtained from cities, counties and districts within the area of jurisdiction of the boundary commission. The executive officer shall prepare the list annually and keep it current so timely appointments will be made as**

vacancies occur. Appointments by the executive officer require confirmation of the council of the metropolitan service district. [individuals nominated by the councilors of the district. Each councilor shall nominate no fewer than three or more than five individuals for appointment to the boundary commission. When first appointing all the members of a boundary commission, the executive officer shall appoint one individual from among those nominated by each councilor. Thereafter, as the term of a member of a boundary commission expires or as a vacancy occurs, the executive officer shall appoint an individual nominated by the councilor or a successor who nominated the boundary commission member whose term has expired or who vacated the office.] The executive officer shall endeavor to appoint members from various cities, counties and districts so as to provide geographical diversity of representation on the boundary commission.

(4) To be qualified to serve as a member of a commission, a person must be a resident of the area subject to the jurisdiction of the commission. A person who is an elected or appointed officer or employee of a city, county or district may not serve as a member of a commission. No more than two members of a commission shall be engaged principally in the buying, selling or developing of real estate for profit as individuals, or receive more than half of their gross income as or be principally occupied as members of any partnership, or as officers or employees of any corporation, that is engaged principally in the buying, selling or developing of real estate for profit. No more than two members of a commission shall be engaged in the same kind of business, trade, occupation or profession.

(5) A member shall be appointed to serve for a term of four years. A person shall not be eligible to serve for more than two consecutive terms, exclusive of:

(a) Any service for the unexpired term of a predecessor in office.

(b) Any term less than four years served on the commission first appointed.

(6) A commission may declare the office of a member vacant for any cause set out by ORS 236.010 or for failure, without good reason, to attend two consecutive meetings of the commission. A vacancy shall be filled by the Governor or by the executive officer of a metropolitan service district, by appointment for the unexpired term. If the Governor or the executive officer has not filled a vacancy within 45 days after the vacancy occurs, then, and until such time as the vacancy is filled, the remaining members of a commission shall comprise and act as the full membership of the commission for purposes of ORS 199.445.

gl
1862

CLACKAMAS
MULTNOMAH
WASHINGTON

PORTLAND METROPOLITAN AREA LOCAL GOVERNMENT BOUNDARY COMMISSION

800 NE OREGON STREET # 16 (SUITE 540) PORTLAND, OREGON 97232 PHONE: 731-4093

February 10, 1994

Judy Wyers, Chair
Metro Council
600 NE Grand AVE
Portland OR 97232

RE: *Changing Number of Boundary Commission Members*

Dear Chair Wyers:

The Boundary Commission statute ties the number of Boundary Commission members to the number of Metro Councilors. Unless the statute is changed this means the Boundary Commission membership, should, like Metro's, be reduced from 13 to 7 as of January 1, 1995.

For a number of reasons (See edited Boundary Commission April 15, 1993 memo attached) the Boundary Commission does not favor this automatic reduction in Commission membership. In the 1993 Legislative session the Commission therefore introduced and the Metro Council supported, a bill to "decouple" the Metro - Boundary Commission membership. The bill would have instead expanded Commission membership to fourteen so that two members would be recommended by each Metro Councilor instead of the present single recommendation. That bill (Senate Bill 1128) passed the Senate but was not heard in the House before adjournment.

Current Situation

The Boundary Commission remains firm in its opposition to the reduction in its membership. The Commission therefore wishes to pursue the legislative solution noted above and desires the support of Metro to this end. Regardless of the outcome on this first issue, however, a second situation demands even more immediate action by the Council and the Commission. The Legislature will not begin meeting until late January of 1995 and is not likely to pass even an expeditiously processed bill for 1-2 months. The Metro-Boundary Commission switch from 13 to 7 members must occur on January 1, 1995. Some process must be established to accomplish this even if it is only to last for a short time period. The Metro Charter, of course, provides for elections to chose new Councilors prior to January and on January 1st the 7 simply replace the 13. Neither the Charter nor the boundary commission law (ORS 199) say anything about how the Boundary Commission transition from 13 to 7 is to be accomplished.

Boundary Commission Study

One additional factor should be mentioned here. Paragraph 5 of Section 7 of the Metro Charter says:

> "The council shall undertake and complete a study of the Portland Metropolitan Area Local Government Boundary Commission, with advise of the MPAC, by September 1, 1995. The council shall implement the results of the study and shall seek any legislative action needed for implementation."

For two reasons the Boundary Commission does not view this requirement as providing much assistance in addressing the problem pointed out above. First, the deadline for completing the study is well after the time a solution to the problem is required. Second, the Commission believes the larger sized commission is appropriate regardless of whether Commission operations are altered or not. The Commission certainly has no objection if Metro chooses to conduct the study earlier than required and to include in it a discussion of the Commission's size. But they feel strongly that we must begin to move now to get a fast-tracked bill introduced and to devise a transition mechanism for this coming January 1st.

Proposed Action

The Commission proposes the following action in response to the problem outlined above.

1. Appointment of an ad hoc joint Metro-Boundary Commission committee. The committee's purpose would be to oversee introduction of a "de-coupling" bill and to devise a transition mechanism for the Boundary Commission which can be implemented as of January 1, 1995.

2. Introduction and to the extent possible fast-tracking of the decoupling bill. Hopefully this could be introduced through one of the interim committees.

3. Implementation of whatever transition plan the joint committee arrives at on January 1, 1995. It is assumed that such a plan would need to be approved by the full Council and Commission but devising the plan would the work of the joint committee.

4. Whatever staff assistance is necessary would be provided jointly by the Boundary Commission staff and the Metro Council/Executive staff. Involvement of the District's lobbiest would also be likely.

The Commission believes this issue can be addressed expeditiously and that the amount of staff and Council/Commission time would be fairly minimal. It is, however important that the process begin soon.

I look forward to working with Council on this matter. If you have any questions on this please feel free to contact me directly at 659-3988 or call our Executive Officer, Ken Martin, at the Boundary Commission office at 731-4093

Sincerely,

Ray Bartel
Chairmn

RB/lmr

CC: Rena Cusma

Attachment

M E M O R A N D U M

METRO

Date: January 26, 1995

To: Andy Cotugno, Planning Director

From: Larry Shaw, Senior Assistant Counsel

Regarding: MPAC SUBCOMMITTEE RECOMMENDATION - FARM TAX DEFERRAL
Our file: 5.§2

Introduction

A subcommittee of MPAC, including you and Councilor McLain, reviewed the farm tax deferral acreages and locations inside the Metro UGB, LCDC's 1990 Report and outlined policy considerations for a five-year phase out of the property tax deferral for land in farm use inside the Metro UGB only.

UGB land Supply Problem

In 1993, based on earlier data, Metro determined there was no need to expand the UGB to retain an estimated 20-year supply. Faster than average growth since that data has reduced the land supply inside the UGB. State-required designation by Metro of urban reserves for an estimated 50-year land supply have led to analysis that about 15,000 acres of urban reserves may be needed, by 2040. Also, the analysis reminded Metro that about 13,000 of 57,000 vacant buildable acres inside the UGB is currently in farm tax deferral, "reserved" from the market and the zoned urban use.

1990 DLCD Study: Costs/Benefits of Deferral Inside UGB

The 1990 calculation of tax impact in Washington County with 12,704 acres (9700 today) in deferral @ $25,000/acre ($40,000 today?) was $312 million in lost assessment. This meant that a 3.4 percent reduction in overall county tax rates would occur had the deferred properties inside the UGB been taxed at market rates. (Table 15.) This impact would be offset by the up to five years of market value taxes recouped if farm use lands are converted to nonfarm uses.

The study consultant (not LCDC) recommended that the deferral be retained inside UGBs statewide to avoid " . . . premature, low-density development; needlessly disrupt farming operations; and consume open space unnecessarily. However, the legislature should provide local governments the authority to selectively withdraw tax deferral in well serviced areas . . . (as a) tool for targeting development . . ." (p. viii)

MPAC Subcommittee Policy Considerations

The Metro UGB is greatly impacted by this 1963 tax policy intended to protect farmland prior to exclusive farm use zoning and minimum lot size protections in the subsequent land use program. Goal 14 of that program and Metro's statutes provide for a regional UGB premised on encouraging development inside the UGB on land designated for urban uses.

Farm tax deferral is not now connected to preserving land until services are available. Many deferral parcel are surrounded by fully serviced development. However, ending the deferral all at once may prevent both local zoning and property owners from having time to plan and local governments from making services available.

Farm tax deferral is neither connected to needed open space nor preserving land for high density. Most land in deferral is at the edge of the Metro UGB, not where Metro's planning shows a need for either open space or high densities inside the UGB. So, the high tax impact cost in Washington County, especially, is now being paid by all taxpayers to preserve lands planned for "outer neighborhood" housing densities under the current 2040 Growth Concept.

Blending the state policies preserving farmland in Goal 3 and the farm tax deferral with efficient use of urban land in Goals 11 and 14 is reaching the conflict point in the Metro region. There are three alternatives: (1) UGB and urban reserves expansions will be needed if twenty percent of buildable lands are farmland not available to the market, (2) long term farmland inside the UGB could be amended out of the UGB and non-farmland added, or (3) farm tax deferral inside the Metro UGB could be phased out to reduce the need for UGB expansion.

Legislation Proposal For Discussion

The MPAC subcommittee asked that a discussion draft be prepared containing the following:

1. A five-year phase out of the current farm-forest tax deferral inside the UGB and a new five years to phase out the deferral from the time such lands are added to the UGB.

2. Reduce impact on property owners by dropping one year of the current market value tax repayment each year until the deferrals and the repayment are gone.

3. <u>Metro UGB only not statewide</u>.

4. No local government or Metro selective withdrawal of deferrals as suggested by the DLCD-commissioned report.

5. Keep the phase out simple.

6. Do not address urban reserves in the bill.

rpj
1911

cc: Metro Council
Mike Burton
John Fregonese
Mark Turpel