

## The Oregonian

### Portland street fee turned income tax: What share of the cost would fall on you?

*By Andrew Theen  
October 13, 2014*

If the Portland City Council approves an income tax on residents for street maintenance and safety projects, 41 percent of tax filers wouldn't pay a dime.

Portland commissioners will discuss the latest incarnation of transportation funding plan in a two-hour public work session on Monday.

According to data The Oregonian obtained through a public records request, each of three income tax scenarios currently under scrutiny by city bureaucrats would exempt more than 100,000 Portland taxpayers from paying anything.

Where the three plans vary is in how they spread the burden among middle and top income earners.

The most progressive tax scenario includes a maximum payment of \$2,400 per year for the city's top income earners. Under that plan, fewer than 3 percent of tax filers would contribute 45 percent of the revenue from residential payers.

Businesses would pay a separate fee based on a different set of factors.

Monday's hearing will be the first time since late May that the City Council as a whole will take on the controversial proposal floated earlier this year by Mayor Charlie Hales and Commissioner Steve Novick to create a new revenue stream for pavement and safety projects.

The reconfigured plans, which won't go before the council for a formal vote until mid-November, call for a business fee and an income tax on residents. The expected gross revenue of the latest proposal is \$40 million, down from the \$53 million plan brought to the City Council in May.

About \$20 million would come from the business fee and \$20 million from the personal income tax.

Each of the three tax options sets a different rate for various tax brackets as well as a maximum monthly cap for the highest wage earners.

Novick said he "personally prefers" the tax proposal with a \$200 monthly cap, because it would limit the effect on middle-income earners. "It's a lot harder to ask people whose income is not going up to pay more," Novick said.

In a text message, Novick continued that he believes \$200 a month means less to people earning \$500,000 a year than \$12 per month for \$50,000 earners.

Who bears the brunt of the income tax changes depending on how high the city's monthly cap is.

If the cap were set at \$20 per month, 65 percent of the bill would be footed by 45 percent of tax filers: singles with adjusted gross income of \$25,000 to \$85,000, or joint filers earning between \$30,000 and \$100,000.

If the monthly cap were \$100 per month, that same group would account for just 28 percent of the total revenue.

### Proposed Portland street tax is anything but progressive: Guest opinion

*By Guest Columnist Wes Shoger  
October 11, 2014*

The city of Portland recently received a final report from various work groups tasked with refining the city's quest for more transportation revenue. The report it outlined progressive income taxes on residents and

fees on businesses. While it diverges from the badly designed and regressive arts tax, any policy enacted from this proposal would create an inefficient and narrow tax base that gives preference to cars over alternative transportation methods.

Transportation funding over the years has predominately been generated by user fees like the gas tax. The major flaw of these user fees is they have not been increased according to inflation and fuel efficiency. These shortcomings shouldn't take away from why user fees are a really efficient tax: You pay in proportion to what you use, and they cast a broad net.

There are major issues with this new proposal for individuals. For one, it is punitive to people who use alternative transportation modes. Take a scenario of two people with the same tax bill, but one drives and the other bikes for all trips. The person who bikes would end up paying the same amount as the driver but is doing exponentially less damage to streets and the environment. Another failure with this proposal is people who live outside the city but use our streets for work or visiting will not pay into this fund. Are these people not causing damage to streets and not benefiting in any way from our investments?

We can also view this tax policy through a different political lens than environmentalism and urban planning. According to IRS tax migration data from 1991, Multnomah County has lost close to \$900 million in adjusted gross income to Clark County, Wash., alone. The biggest migration of wealth from the county occurred from 2004-2006, not coincidentally after county voters passed a three-year income tax. If historic migration patterns were to hold true, and given the reliance on wealthier people to fund this program, it wouldn't be unrealistic to expect revenues to fall short of projections.

The business fee aspect of this proposal would impose fees on businesses in different categories based on their square footage, gross revenues and number of employees. The fundamental flaw of this is it makes broad assumptions of transportation patterns to every business. For instance, a small-sized restaurant with many patrons could pay less than a large format restaurant with fewer patrons. The fee taxes expectations rather than reality.

This new proposal tries to be progressive but really creates an inequitable and inefficient system. It would be best for the city to look for funding by traditional means like increasing parking fees and registration fees, expanding parking permit zones and working with the county or state to increase the gas tax. Few people are denying the need for more revenue, but the city needs to rethink the impact this policy will have. Is the city willing to gamble on pushing people and businesses outside city limits to avoid the unfairness of the tax and does it desire to limit incentives to use alternative transportation means? If the answer is yes, then they should pass this new tax. Just don't consider it a progressive policy.

## **Hales' rogue action of naming a new police chief without Portland's input: Editorial Agenda 2014**

*By The Oregonian Editorial Board  
October 11, 2014*

Few departments of Portland city government find themselves at the center of public controversy as much as the Police Bureau. Few departments, for that matter, reach into neighborhoods, schools and the broader civic sense of well-being as much as the Police Bureau: every hour, every day, every week, every year. And no department incurs the kind of wrath from the federal government that resulted two years ago in a Department of Justice use-of-excessive-force lawsuit against the city.

Yet the Portland Police Bureau last week underwent a major change in its leadership, surely to alter its profile in the community, and few knew. On Tuesday morning, Portland Mayor Charlie Hales simply passed out sealed note cards to city commissioners during a work session to say there would be a big change at the top. And there was, as Hales had replaced Chief Mike Reese with a bureau veteran and took the action without community input. Take that, Portland.

The new chief, universally esteemed Larry O'Dea, isn't the point. O'Dea promises to have the right fit for Portland lacking in former chief and hardliner Mark Kroeker, the sense not to self-destruct with sexually explicit emails as had former chief Derrick Foxworth, the political savvy missing at budget time in former chief Rosie Sizer, and the ability to avoid the one-time but fatal political aspirations of Reese. The point, instead, is Hales.

In bypassing a national search for Portland's next police chief, the mayor disrespects community members who have come to expect open deliberations with the bureau and with him. In bypassing a transparent search and selection process of any kind, he deprives O'Dea, at 52 a 28-year veteran of the force, of the confirmation he is, after all, the best choice to lead the bureau. And he deprives Portlanders of possibly discovering another candidate who might suit the city's peculiar needs now and in the year ahead.

Now is a big part of the equation. The Police Bureau has struggled in recent years to defend its use of excessive force and has made real strides in changing internal practices to ensure citizen engagements start and end well. But multiple reforms to bureau practices that come from a DOJ-city settlement need full implementation and oversight to ensure success. To that end, and in stark contrast, Hales has exemplified textbook-perfect community inclusiveness: An open search for the city's new position of compliance officer/community liaison, monitoring the implementation of DOJ reforms, and a wide-ranging roster of community representatives who will make the final choice from a candidate field winnowed to three individuals, one of them from Chicago and another from Colorado. Take that, those who would complain.

Representatives of the Albina Ministerial Alliance did voice concern, but only when asked. "I'm not taking anything away from O'Dea," Rev. T. Allen Bethel told The Oregonian's Maxine Bernstein. "What is most surprising is the fact that the mayor appointed a new chief very quickly.... I would have preferred a national search to see what was the best that we could get for our next chief." Bethel, significantly, is co-chair of the alliance's Coalition for Justice and Police Reform and central in the city's many discussions about the use of force by police.

Hales told The Oregonian's editorial board on Friday: "This is an orderly transition in a professional organization. O'Dea's priorities match mine. It didn't make sense to put the community or the candidates or the city's treasury -- a search is expensive -- up to an exercise."

It might have made sense, however, to at least vet the choice with members of the Portland City Council. To be told of a new police chief on the day of the announcement rather than consulted fully beforehand is somewhat affronting. O'Dea has been deeply and successfully involved in the DOJ deliberations and carries vast institutional knowledge: It seems a stretch that Amanda Fritz or Dan Saltzman or Steve Novick or Nick Fish would have obstructed the mayor, who, after all, oversees the Police Bureau and is the city's police commissioner. But the workings of Portland depend upon collaboration, if not a secret handshake, and good decisions are those made from buy-in: both on the council and in the community. Ask Novick about the street fee.

The toughest part of leadership may involve knowing when something so historically fractious as the Police Bureau would benefit from a consensus vote on its best next leader. That's to say nothing of the wishes of the bureau's rank and file, reported to respect O'Dea but anticipating no big surprises.

All of which could be good. Portland will just never really know.

## **The Portland Tribune**

### **Will street fee include new city income tax?**

*By Jim Redden  
October 12, 2014*

As the City Council prepares to discuss the controversial street fee proposal on Monday, support is growing for it to include a progressive city income tax to fund maintenance and safety project.

Representatives of several organizations recently endorsed the concept of a progressive income as part of the final street fee proposal. They include 1000 Friends of Oregon, the Bicycle Transportation Alliance, the Coalition for a Livable Future, the Community Alliance of Tenants, the Community Cycling Center, Elders in Action, OPAL Environmental Justice Oregon, AARP Oregon, the Oregon Environmental Council, Oregon Food Bank, the Oregon Opportunity Network, Oregon Walks, the Safe Routes to Schools National Partnership, and Upstream Public Health.

"We strongly support a progressive revenue structure with adequate discounts for low-income members of our community. Portland is experiencing an affordability crisis and growing income inequality, with rising transportation costs a major factor," reads part of an Oct. 8 letter to the City Council signed by most of the representatives.

The letter says tax payments should be capped at \$200 a month -- or \$2,400 a year -- for those earning the most money.

"This proposal helps move us towards a city where everyone can prosper," the letter says.

The letter also says several issues must still be addressed in the final proposal for their organizations to support it, however. They include whether the fee will raise enough money to make a significant difference, and whether it will be evenly split between maintenance and safety projects.

The letter also says the fee sunset after 10 years, although the council could decide whether to continue it. The letter did not specifically say whether or not the fee should be approved by the voters before it is enacted.

No such proposal has actually been introduced for the City Council to consider, but it will be discussed as one of several options during a work session scheduled for Monday afternoon. It is scheduled to begin at 3 p.m. in the Council Chambers at City Hall.

A council vote on a final proposal is tentatively scheduled for Nov. 12.

Commissioner Steve Novick says he prefers a progressive income tax to a flat fee on households, which was included in the original street fee he proposed with Mayor Charlie Hales in May. Novick has not yet endorsed a new proposal, however, and will not until after the work session.

"Well, I've made it clear that I prefer something income-based, so naturally I would look more favorably on something where higher income people pay significantly more than middle-income people," Novick says.

"But we'll see how things shake out."

A progressive income tax is among the options considered by three work groups appointed by Hales and Novick to help draft a new fee proposal that responds to criticisms of the original one. Making poor and rich residents pay the same for street-related projects was one of the criticisms.

Also discussed was assessing a fee on businesses that varies according to their size and category. It would replace the business fee in the original proposal, which was based on the number of motor vehicle trips that are estimated to generate.

Allowing discounts or exceptions for governments and nonprofit organizations was also discussed.

The street fee originally proposed by Hales and Novick was intended to raise around \$53 million for maintenance and safety projects. It was designed to raise the revenue 50/50 from residents and businesses, and to spend the funds 50/50 on maintenance and safety projects. The Oct. 8 letter says those principles should apply to the final proposal.

"Applying these principles and our on-going support for building a livable, engaged community for all ages, AARP Oregon supports the passage of a revenue proposal that includes a 50/50 expenditure split between safety and maintenance projects and a taxation that is progressive, preferably with a \$200 cap for those with highest wealth and income," AARP Oregon Director Gerald Cohen wrote in a separate Oct. 9 letter.

## **Portland hopes to tax recreational marijuana**

*By Steve Law  
October 11, 2014*

If Oregonians vote to legalize marijuana in November, the city of Portland wants to take a 10 percent cut on the deal.

The Portland City Council on Wednesday will consider an ordinance to levy a 10 percent sales tax on recreational marijuana sold in the city, should voters approve the ballot initiative.

The initiative, which appears on the ballot as Measure 91, creates state taxing authority for marijuana and bars local sales taxes; however, many municipalities are jumping in to create local taxes before the measure passes.

Backers of the initiative contend such local taxes are not legal, so the issue could well be resolved in the courts.

The ordinance, proposed by Mayor Charlie Hales, notes the city has incurred "substantial costs related to the legalization of medical marijuana," and expects more costs if recreational use of marijuana becomes legal in Oregon. Medical marijuana would not be taxed by the city under the ordinance.

The city tax would be levied for the "sale, transfer, mixing, handling or serving of recreational marijuana and marijuana-infused products within the city."

The city estimates that it raise from \$1.7 million to \$4 million a year from the sales tax. Setting up an apparatus to start taxing marijuana sales would cost an estimated \$150,000 in one-time costs, plus \$280,000 in annual costs.

The City Council meeting begins at 9:30 a.m., at 1221 S.W. Fourth Ave. Meetings can be viewed live on the Internet at:[www.portlandoregon.gov/28258](http://www.portlandoregon.gov/28258)

## **Hales calls for federal minimum wage increase**

*By Jim Redden  
October 10, 2014*

Mayor Charlie Hales called for a federal minimum wage of \$10.10 an hour in an op-ed piece posted on the Portland Tribune website on Friday.

The federal minimum wage is currently \$7.10. But Hales says that is not enough to fight rising income equality — and nor is Oregon's minimum wage of \$9.10 an hour.

"If we don't tackle inequity, our country is in trouble. We are not the America of the American Dream and that's a scary prospect. We can and must do better," Hales wrote.

Hales' piece was posted on Oct. 10, when he joined 64 other mayors from across the nation and political spectrum to urge Congress to increase the pass the Fair Minimum Wage Act of 2013, which would increase earnings for nearly 28 million workers across the country.

Hales' full piece can be found at [portlandtribune.com/pt/10-opinion/236656-102149-close-the-income-gap-with-a-1010-minimum-wage](http://portlandtribune.com/pt/10-opinion/236656-102149-close-the-income-gap-with-a-1010-minimum-wage)

## **The Portland Business Journal**

### **Bicycle Transportation Alliance conditions support for Portland street 'fee' on bike projects**

*By Wendy Culverwell  
October 13, 2014*

The Bicycle Transportation Alliance is conditioning its support for a proposed city street fee on a firm commitment to invest in bicycle infrastructure.

The Portland City Council will discuss the income-based fee at 3 p.m. Monday. Watch it online.

In a message Monday, the BTA encouraged members and supporters to lobby Mayor Charlie Hales and Commissioner Steve Novik to dedicate new revenue to projects in the nonprofit Portland bicycle advocacy group's Blueprint for World Class Bicycling initiative.

“Any new revenue package should emphasize safe streets above other needs. We know that when there are more people riding bikes and more bicycle facilities on our streets research shows that everyone, no matter how they get around, is safer,” it said.

The city wants to raise \$40 million through new fees on businesses, residents and nonprofits to tackle a backlog of deferred and ignored maintenance. It says it needs a new mechanism to address a funding shortage that has put 157 bridges, 55,477 street lights and 4,827 miles of streets at risk of falling into disrepair.

The new revenue would also address safety issues such as high-crash corridors, crossings, sidewalks and bike lane safety issues.

Here are highlights of the BTA plan, which covers the greater Portland area and not just the city:

Develop protected bike lanes on “big streets” such as Northeast Broadway, Tualatin Valley Highway, Southeast Foster Road and in downtown Portland.

Fix bike lanes that end suddenly or force cyclists into unsafe situations. The report identifies Barbur Boulevard, Sullivan’s Gulch Crossings, Highway 26 crossings and the I-205 Bike Path “gap” near Clackamas.

Create greenways where pedestrians and bicyclists are protected by traffic-slowing devices such as speed bumps.

Construct additional bicycle trails in North Portland, between Portland and Lake Oswego and in Washington County.