

## The Oregonian

# Mayor Ted Wheeler in Talks to Raise Portland Business Taxes

*By Gordon Friedman  
April 17, 2018*

Mayor Ted Wheeler's staff is in talks with the Portland chamber of commerce to raise local businesses taxes while in tandem increasing a deduction, two City Hall officials with knowledge of the discussions confirmed.

If Wheeler suggests raising the tax, he will do so at a time of record city revenues -- and ever-tightening budgets.

The Portland business income tax is one of the city's top revenue sources, bringing in more than \$100 million a year for the city general fund, which pays for police, firefighters, parks and other programs. Businesses grossing at least \$50,000 must pay 2.2 percent of net earnings made within city limits.

A deduction to that tax allows business owners to write off 75 percent of their net income up to \$103,000.

Though Portland businesses that pay the tax are the backbone of the general fund, businesses' compliance rate has fallen. At this point in the tax cycle, more than 15,000 businesses have failed to pay their local income tax -- a 14-year low, according to data provided last week by Thomas Lannom, the city revenue director.

Thousands of Portland businesses have not paid their city taxes and the problem has reached a crescendo this year, leaving millions of dollars of revenue uncollected as city bureaus prepare for budget cuts.

Lannom recently circulated to city commissioners' offices a tax calculation table that allows officials to project revenues if they were to fiddle with tax and deduction rates. Bureaucrats have also debated whether to make a business tax hike temporary or permanent, according to the City Hall officials.

Raising the tax by even a small amount would bring in millions more dollars for city programs, Lannom's chart shows. An hike of 0.5 percent in the base rate along with an increase in allowable deduction to \$125,000 would land the city a \$20 million windfall. Increasing the tax a full percentage point would bring in more than \$41 million.

Maurice Henderson, Wheeler's chief of staff, did not confirm or deny Tuesday that the mayor's office is working on plans to modify the local business tax. Henderson said mayor's office staff meet regularly with the chamber of commerce and that local business taxes are frequently a subject of conversation. A spokeswoman for the Portland Business Alliance, the local chamber, did not immediately return a request for comment.

The previous mayor, Charlie Hales, attempted to raise the business tax by putting an increase in his 2016 proposed budget, saying the money would be put to gang outreach, parks programs and help for the homeless. But other city councilors would not back the plan, and it was scratched out from Hales' budget.

Wheeler faces a tough task in proposing the next city budget, given that revenue is higher than ever, but city expenses are growing even faster. Commissioners have dedicated large amounts to

the city-county Joint Office of Homeless Services -- funding Wheeler pledged to sustain during last week's State of the City Address. Expensive labor contracts, growing pension contributions and inflation are also raising city costs.

The situation led Wheeler to ask city bureau leaders to propose 5 percent cuts to their budgets, an exercise that has drawn strong rebukes from organized residents particularly concerned about rolling back the Parks & Recreation budget. Wheeler, the city police commissioner, has also faced pushback on a proposal from the Portland Police Bureau to budget for as many as 93 additional officers.

The mayor is due to unveil his proposed budget later in April.

## **Portland Businesses on Track to Dodge Millions in City Taxes Owed**

*By Gordon Friedman  
April 17, 2018*

Thousands of Portland businesses have not paid their city taxes and the problem has reached a crescendo this year, leaving millions of dollars of revenue uncollected as city bureaus prepare for budget cuts.

One City Hall observer, energy consultant Robert McCullough, has been pushing Mayor Ted Wheeler to take note of the past due business tax accounts, and to adjust city tax collection policies accordingly.

In response to questions from The Oregonian/OregonLive, Wheeler said Tuesday that he will propose to hire more tax collectors when he unveils his proposed budget later this month. "Portlanders and local businesses who faithfully pay taxes expect us to do our best at collecting all outstanding taxes," the mayor said. Wheeler is also in talks with the Portland chamber of commerce about raising local business taxes.

Every business operating in Portland must register with the city and, if it grosses at least \$50,000 a year, pay the city 2.2 percent of income it generates within city limits. That money -- more than \$100 million a year -- goes into the general fund, which pays for police, firefighters, parks and other city programs.

Thomas Lannom, Portland's top revenue official, said the city estimates business tax collections will be at least \$114 million this year, accounting for more than a third of the general fund.

But the share of businesses on track to pay the tax is at a 14-year low compared to this point in previous tax years, Lannom told The Oregonian/OregonLive last week.

Of 104,000 registered businesses in Portland, 15,700 -- or 15 percent -- haven't filed a return or have a past-due bill as of last month, he said.

The city estimates that \$9 million owed will go uncollected this year. Lannom declined to provide a list of scofflaw businesses, citing laws that protect taxpayer information.

Tom Rinehart, the city chief administrative officer, acknowledged the ugly data during an interview last week. "There are a lot of people not paying," he said.

At the same time the city is trying to collect on millions of dollars of unpaid business taxes, it is also going after a smaller pot of money: people who have failed to pay their arts taxes. The city

has sent nearly 8,700 people owing a combined \$607,000 of arts taxes to collections agencies this since the fiscal year began on July 1, according to Lannom. More than \$140,000 has been collected from those accounts, he said, with collections agencies reaping \$32,000 on top of that in fees.

Lannom defended his bureau's business tax collection efforts. He said no public body collects 100 percent of the taxes its owed, and that Portland's collection rate is better than that of the IRS. The city is "very aggressive" in pursuing all taxes owed, Lannom said, noting that the city has sent tens of thousands of letters to businesses requesting tax payments and has filed lawsuits against hundreds of them to recoup money owed.

But, he said, "What's out of whack is the number of accounts have exploded." The number of business registered in Portland has grown more than 50 percent over the last two-and-a-half years, he said.

Mayor Ted Wheeler's team is in talks with the Portland chamber of commerce to raise local businesses taxes while also increasing a deduction in tandem, two City Hall officials with knowledge of the discussions confirmed.

With so many more businesses to track, the city needs more tax collectors, Lannom said. His bureau has requested five more people to beef up operations beginning in July, he said.

Until that happens, Lannom has had to pull collections staff from pursuing past-due accounts to make and answer calls, contact businesses and handle paperwork.

Wheeler is set to unveil his proposed budget later this month. The official city finance policy states that profitable tax collection efforts "shall be the highest budget priority."

"My proposed budget will include investments in the technology and people necessary for more effective revenue collection," Wheeler told The Oregonian/OregonLive on Tuesday. "I believe these investments will more than pay for themselves."

McCullough, the energy consultant, said he's met with Wheeler twice since he took office to push him for more tax collectors, in part because of the growing number of delinquent businesses. The city ought to have the staff needed to collect what's owed on those accounts, McCullough argues.

"If we can't afford to run the city during a boom we can't afford to run it during the next recession," said McCullough, who made a name for himself in the energy sector as the man who revealed Enron's illegal blackout plots to Congress.

He added, "This isn't rocket science."

## **The Portland Tribune**

### **County Property Owners May Pay for Flood Control**

*By Steve Law  
April 17, 2018*

Columbia River levee system needs more funding to win federal approval, most of Multnomah County may be asked to share the funding load.

Multnomah County property owners may be asked to help shoulder the funding load to bolster the 27-mile levee system protecting the Portland area from Columbia River floods.

An intergovernmental team called Levee Ready Columbia is debating plans to create a water improvement district for all of Multnomah County that falls within the urban growth boundary. That would tax property owners to help maintain and improve the levee system, now borne mostly by residents and businesses in the Columbia River floodplain, along with occasional federal grants.

"There is an unfair distribution, if you will, of benefits and burdens," said Stephanie Hallock, the project manager for Oregon Solutions, a state initiative that brought various parties together to form Levee Ready Columbia.

Project leaders recently scaled back boundaries of the proposed water improvement district to just the urbanized part of Multnomah County, scrapping earlier talk of asking property owners in Clackamas and Washington counties to shoulder some of the funding responsibility. That came after a study showed 80 percent of the financial benefits from forestalling floods would accrue in Multnomah County, said Colin Rowan, Levee Ready Columbia project manager.

After Hurricane Katrina and Hurricane Sandy, the federal government imposed stricter standards to certify levee systems are safe, which is essential to qualify for federal aid and flood insurance. Levee Ready Columbia formed four years ago to plot needed changes in the flood-control system and devise a broader way to pay for them. The panel includes delegates from cities, counties, the state, Metro, Port of Portland, property owners, and business groups.

A report released Friday highlighted seven improvement projects, costing a total of \$43 million, that will be needed to get the Columbia River levee system certified by federal authorities, Rowan said. Chief among them: an estimated \$15 million to \$20 million to replace a railroad embankment doing double-duty as a levee — the same one that breached in 1948, leading to the catastrophic Vanport Flood that wiped out Oregon's second-largest city.

In addition, there's another \$71.6 million of associated pump stations and piping improvements that will be needed in ensuing years. Those will eventually be needed to assure future federal certification.

### **Different funding responsibilities**

The proposed water improvement district would include two or three funding levels for residents and businesses.

Property owners within the Columbia River floodplain would continue to pay the most but get some help.

They'd pay a monthly utility fee to maintain the levee system and associated water pumps, plus some capital improvement costs. That would replace current assessments on their property, which are deemed property taxes, causing unfair funding shifts that impact other local governments relying on property taxes.

A second tier under discussion would levy a new but lower utility fee on a broader swath of property owners outside the floodplain but within the Columbia Slough Watershed. The argument is that water from that watershed drains into the levee system and must be removed by the massive pumps and pipes.

Lastly, the district would seek voter approval within the urban part of Multnomah County for bonds paying 75 percent of the cost of large improvement projects. Consultants calculated that a bond measure could cost owners of a house assessed at \$200,000 about \$1 a month, for 20 years.

### **Heavily developed floodplain**

A century ago, the floodplain was mostly occupied by farmers. Decades ago, those farmers and other property owners came together to form four small taxing districts to pay for a system of levees and pumps to keep their fields free from flood waters.

The floodplain is totally different now, including Portland International Airport, the Oregon Air National Guard base, the region's backup water supply, industrial parks, shopping centers, hotels, parks and waterfront homes. The four small taxing districts in the floodplain bear most of the funding load for a system that protects \$16 billion in property, much of it vital for the rest of the region.

A recent study by the Oregon state geology agency found that another major Columbia River flood breaching the levees — more likely in future decades due to climate change — could cause \$1.4 billion in lost wages, and 24,000 jobs could be lost for at least a year.

At Friday's meeting of Levee Ready Columbia, project convener Jules Bailey asked elected officials and their representatives for a "gut" check and to list remaining "red flags" that might derail moving ahead on what's proposed. No governance and finance model has been chosen, Bailey said, but "we are starting to narrow in on what that looks like."

Shrinking the boundaries of the water improvement district to the urban parts of Multnomah County should be an easier lift politically, but there are still serious issues.

Multnomah County leaders have been reticent to create a water improvement district or even refer such a plan to voters, Bailey said after Friday's meeting. "I think the county is concerned about liability," he explained.

So, there's talk of work-arounds. "There's a possibility of a signature petition drive or a state legislative vote," Bailey said.

The Oregon Legislature could be persuaded to create a district by statute.

Or citizens would have to sign initiative petitions to create a water improvement district, and later vote to approve it, knowing it could drive up their taxes. Property owners in the Columbia Slough watershed that are outside the floodplain would be affected the most if that funding option is chosen.

While that's being sorted out, four cities with territory served by the levee system — Portland, Gresham, Fairview and Troutdale — are starting to work on an intergovernmental agreement that could arrange financing for more urgently needed levee system improvements.

Levee Ready Columbia hopes the four cities can reach a deal this spring on short-term costs and then proceed on urgent projects. Then they hope to sow the seeds for a new water improvement district, culminating in a possible bond measure vote in November 2020.

## **Willamette Week**

### **Murmurs: Court Extends Restraining Order Against John Bradley**

*By WW Staff  
April 18, 2018*

**In other news: City will add needle drop sites at every Portland fire station.**

**City Will Add Needle Drop Sites at Every Fire Station:** Portland and Multnomah County officials will massively expand a program that last year placed two needle collection boxes near the waterfront downtown. According to government communications reviewed by WW, the city plans to eventually place a new box at each fire station in the city, creating 30 additional needle disposal locations. Multnomah County will buy five new boxes, one of which is earmarked for Southeast Water Avenue near the Hawthorne Bridge, says Adam Renon, a policy adviser to Multnomah County Chairwoman Deborah Kafoury. The city will add boxes at the St. Johns and Lents fire stations this spring, he adds. The expansion will cost \$200,000.

**Court Extends Restraining Order Against John Bradley:** On April 16, a Multnomah County circuit judge extended a restraining order against John Bradley, former CEO of R+H Construction. Last year, WW reported how, for decades, Bradley mentally and physically abused his wife, Kim Bradley ("For More Than 30 Years, Kim Bradley Hid from Her Husband," WW, Nov. 15, 2017). In March, Kim Bradley asked the court to extend the restraining order against her now ex-husband for a year. John Bradley opposed that request. But after several days of testimony, during which Kim Bradley presented what the judge called "credible" accounts of "extensive and chronic" abuse and John Bradley "undermined" himself with some testimony "inconsistent with fact," the court found it "reasonable for a person in Ms. Bradley's position to fear further acts of abuse." (The ruling, which includes expert witness testimony and new allegations of animal abuse, will be posted at [wweek.com](http://wweek.com).) Kim Bradley says she's "relieved" by the ruling. John Bradley's attorney, Robin DesCamp, says the order is unnecessary because her client "has no desire for any contact with his former wife."

**Portland Struggles to Collect Business Taxes:** Portland Mayor Ted Wheeler is considering a hike in the city's business license tax. But City Hall's rate of enforcing the current business license tax is at a 14-year low, according to data provided by the Revenue Division. The amount of money collected has soared with the strong economy, but the percentage of businesses actually paying the tax has declined. "This growth has spread our staff too thin to keep the compliance rate up," revenue director Thomas Lannom tells WW.

**Tennis Player Kicked Off Pilots Team After Sexual Jokes:** University of Portland officials removed senior player Goutham Sundaram from the men's tennis roster April 16 after sexual remarks he made Sunday night offended many in the crowd at the university's fifth annual athletics banquet, the Wally Awards. An account of the evening first appeared in *The Beacon*, the school's student newspaper, where a column termed the remarks "violent misogyny." Sundaram, a Lincoln High School graduate, told the audience his main goal in college was to get white women to sleep with him. The university's president, the Rev. Mark Poorman, sent a campuswide email after the newspaper column appeared. "These offensive statements do not reflect us," Poorman said, "and they do not reflect our mission."

## **The Portland Business Journal**

### **Wheeler Lukewarm on MLB-to-Portland Drive**

*By Andy Giegerich  
April 17, 2018*

Portland's mayor has thrown cold water on a developing bid to bring a Major League Baseball team to the Rose City.

Mayor Ted Wheeler, who's met with the Portland Diamond Project — which hopes to serve as a management group for a big-league team — said in a statement city dollars might be better spent elsewhere.

"It's easy to see why Portland would be an attractive option for Major League Baseball," Wheeler said in a release issued early Tuesday evening. "We're a growing media market with a booming economy and a rich history of local baseball.

"But any path that leads from today to Opening Day is a long one. My focus continues to be on addressing our city's immediate challenges — creating more housing, helping those experiencing homelessness, and maintaining a safe livable city. It's my belief that city resources should be directed to these priorities."

Wheeler's statement came after the Portland Diamond Project revealed it made formal offers on two major Rose City sites for a 32,000-seat stadium.

The group is bidding on the Rose Quarter home of the Portland Public Schools administrative building as well as a site that looks to be the home to Esco Corp.'s Portland headquarters.

The baseball group promoted projects within its proposal that would include 8,000 "workforce and market-rate" apartments.