

The Oregonian

Portland's former parking manager Ellis McCoy to be sentenced in late May

*By Maxine Bernstein
November 24, 2014*

Ellis K. McCoy, Portland's former parking manager who pleaded guilty to accepting bribes more than two years ago, now has a sentencing date: May 27.

U.S. District Court Judge Marco A. Hernandez set the date Monday afternoon after federal prosecutor Seth Uram said the government was ready to proceed.

Hernandez cautioned attorneys from both sides that he's reluctant to change the date, unless for extraordinary circumstances. The case has been pending since the FBI raided McCoy's Hillsboro apartment and Portland Building office and arrested him on Aug. 10, 2011.

"I expect this case to end on that date," Hernandez said, when setting the sentencing date.

McCoy, now 63, pleaded guilty in late August 2012 to taking bribes, filing false income tax returns and conspiring to accept bribes. He admitted that he steered multimillion-dollar city contracts to executives at two parking meter companies as a senior executive at one of the businesses paid for him to vacation in Las Vegas and Pebble Beach, Ca.

McCoy's federal public defender, Thomas Price, on Monday asked for at least six months to review the evidence in the case.

Since August, the government has turned over to the defense about 220 GB of material related to the case, including the hard drive from McCoy's work computer. The government is expected to share with McCoy's defense lawyer at least three more binders of case discovery, Price said.

"Sorting through it is the difficulty," Price said, asking for additional time to prepare for sentencing.

Hernandez granted six months, setting sentencing for 9 a.m. on May 27. McCoy did not attend court Monday.

On the same day FBI agents raided McCoy's office and apartment in 2011, federal agents also raided the office of Tampa businessman George Levey, then president and chief executive of Cale Parking Systems.

The government, in court record records, accused two unnamed executives of two parking meter companies of conspiracy to pay bribes to McCoy. The document identified them only as "Executive 1" and "Executive 2."

Between McCoy's arrest and now, assistant U.S. Attorney Seth Uram had asked for a delay in sentencing. He asked that the court seal a status order in the case, arguing that "an ongoing investigation would be jeopardized by disclosure" at the time.

Federal prosecutors say McCoy accepted checks totaling \$37,134.24 payable to his consulting company, EKM Consulting, between June 2004 and November 2006. They also say he pocketed another \$94,668 in U.S. and Canadian currency between July 2004 and September 2008.

McCoy's arrest followed years of complaints about McCoy from city staff and competing parking contractors.

Portland Street Fund: \$46 million plan 'likely to be amended' with 6 year sunset provision

*By Andrew Theen
November 24, 2014*

It's not likely, but a Portland city official says if approved, the proposed \$46 million street fund could go away after six years.

The proposed income tax and fee on businesses to raise millions for paving and safety projects will likely be amended to include a six-year "sunset provision," according to Portland Commissioner Steve Novick's chief of staff.

Chris Warner, Novick's top aide, said the amendment would stipulate the street fund ends on Dec. 31, 2020.

But it's not clear, Warner said, whether the new fund would cease at that time or be referred back to the City Council. "I don't think that's been determined," Warner said Monday.

The expected amendment means a final vote on the street fund will be pushed back one week to Dec. 10.

During a series of work group meetings this summer, transportation officials presented several different versions of potential funding options. Some included sending the taxing plan back to City Council, or an oversight committee, after 6 years for renewal. Other options included referring the plan to voters at that time.

Last week, Commissioner Amanda Fritz said she thought a sunset provision was a "very reasonable" request that ensured future city councils revisited the issue. Fritz is seen as a likely third vote for the street fund.

Warner said a lot of people discussed the option of a sunset. The Portland Business Alliance and other groups have asked for a sunset provision, but the chamber's primary issue remains the demand that the entire package go to voters for final approval. The chamber and Paul Romain, a lobbyist representing petroleum users, said they would raise the votes needed to refer the plan to voters should the council approve the plan next month.

Mayor Charlie Hales and Novick first introduced a street funding plan in May, but they ultimately withdrew that proposal on the eve of a scheduled City Council vote.

The new iteration, introduced earlier this month, includes a progressive income tax and a fee on business based on their gross revenue, number of employees and square footage.

Hales has said previously the city's documented backlog in pavement maintenance is a long-standing issue. "We think this is a long-term responsibility and that there's (a) slim-to-none chance that some future City Council is going to be able to say, 'We're fine now, we don't need that revenue anymore.'"

Eight problems with Portland's proposed street tax: Guest opinion

*By Guest Columnist Joseph Anthony
November 25, 2014*

I'm a Portland taxpayer, but I'm also an enrolled agent and tax preparer for individuals and small businesses. So instead of looking at the politics of the proposed new Portland street fee, I look at how it works — or doesn't — as an income tax. Here are eight problems:

It's a progressive income tax, until it's not: The tax goes up steadily, starting at \$24 annually for joint filers with more than \$35,000 of what I'll refer to here as modified adjusted gross income (MAGI). Joint filers with more than \$175,000 of MAGI would pay \$384; the annual rate doubles to \$768 at \$250,000. But then the tax caps at \$900 for all taxpayers with over \$350,000 of MAGI. The household with \$3 million of income pays no more than the household at \$350,001.

It applies to everyone, except it doesn't: Because the city is not allowed to tax public pensions, anyone receiving a pension from PERS or the federal government pays zero on that income. There were more than 15,000 PERS recipients in Multnomah County in 2013.

It's deductible, but that doesn't help a lot of low- and middle-income people: The tax, like all state and local taxes, can be taken as an itemized deduction on your federal income tax returns. But if you haven't been able to itemize your deductions previously — as is often the case with people who have relatively low state taxes and little mortgage interest, as well as lower-income people in general — you probably won't get any benefit from these payments.

It's deductible, but that doesn't help higher-income people, either: If you are subject to the Alternative Minimum Tax (AMT), which typically affects upper-income taxpayers, you won't get to deduct this tax either.

It's deductible, which will help the wealthiest of all: Due in essence to 40 years of neglect on the part of Congress, the AMT, which was originally designed to hit only the largest earners — the so-called "1 percent" — now hits upper-income taxpayers, but leaves the biggest earners untouched. Show me a family in Portland with a nice house, two kids, a mortgage, and \$250,000 in earnings, and I'll show you someone subject to the AMT. Show me the same family with earnings of \$600,000, and I'll show you someone who is not subject to AMT and who gets a tax break for their new Portland income tax.

It'll cost millions to collect: One of the things you want to see in a tax system is efficiency in collections. The city estimates that it'll spend more than \$3 million annually to collect about \$35 million.

Millions more will never be collected: While the total to be billed is about \$46 million, the city projects that only about 80 percent of that will actually be collected. Taxpayers simply won't pay the remainder, and the city apparently doesn't think it'll be able to do anything about that.

It'll never, ever go away: Remember the temporary Multnomah County Income Tax? That was billed as a three-year measure. After three years, it was gone. This tax is not being called temporary, and there's no reason to think it would be. As reported by The Oregonian's Brad Schmidt, Mayor Charlie Hales said, "We think this is a long-term responsibility and that there's (a) slim-to-none chance that some future City Council is going to be able to say, 'We're fine now, we don't need that revenue anymore.'"

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Joseph Anthony is an enrolled agent authorized to represent taxpayers before the IRS and owns a tax preparation and planning firm in Portland.

The Portland Tribune

City tells Airbnb hosts: Pay up

*By Steve Law
November 25, 2014*

The city of Portland is going easy on residents who fail to get permits before renting out rooms to short-term tenants, but it may be a different story when it comes to not paying lodging taxes from such operations.

Last Wednesday, Revenue Bureau Director Thomas Lannom suggested that Portland city commissioners require Airbnb and other short-term-rental services to provide addresses of their hosts, to make sure they're paying lodging taxes to the city. "I intend to recommend exactly that step to council in the next few weeks," Lannom said.

Lannom told the City Council he wants to be more proactive in going after tax laggards than the Bureau of Development Services has been for Airbnb and other hosts who haven't met new city permit requirements.

In July, Portland City Council made it legal for residents to rent out rooms in homes for less than 30 days, if they obtained city permits starting Aug. 30. Permits cost \$178 and require cursory safety inspections at homes. But only 81 hosts had applied for permits by Nov. 20 — nearly three months after the deadline — and only 43 permits have been issued, according to the Bureau of Development Services. An estimated 1,600 Portland properties are listed for short-term rentals in the city just with Airbnb, and there are many others who use Craigslist or other services.

Last week, city commissioners debated a proposal by Mayor Charlie Hales to allow Airbnb-style short-term rentals in multifamily properties as well as single-family homes, and they expect to pass the ordinance next week. But city commissioners find themselves in a rather embarrassing situation of expanding the short-term rental system into condos and apartments when very few people are following the new ordinance for single-family homes.

Under the city's "complaint-based" system, the Bureau of Development Services won't go out of its way to make sure people follow the new permit requirements, unless and until someone complains about an individual operator. "We rely on complaints to enforce a lot of things in the zoning code," Hales said. "Do we think this is a big enough problem that we want to start ramping up enforcement down the road? I don't know."

Commissioner Amanda Fritz, who oversees the Bureau of Development Services, said it wasn't a high priority for the bureau. If she had some extra money for enforcement, Fritz said, she's put it into inspections at distressed properties and properties in East Portland.

Under a deal reached earlier this year with Airbnb, the San Francisco company agreed to collect the 11.5 percent lodging tax from its hosts in Portland, and hand the money in one lump sum to the city each quarter. Airbnb refuses to divulge the names and addresses of its hosts, so it's impossible for the city to know if all the hosts are collecting the tax and paying their proper share to the city, which shares the proceeds with Multnomah County and tourism promotion efforts. Nor does the city have a way of collecting taxes from people doing short-term rentals via Craigslist or other Airbnb competitors.

Airbnb did oblige the city by agreeing to post peoples' permit numbers on its web-based home listings. However, most of those remain blank, because such a tiny share of hosts have even sought the permits.

Commissioner Nick Fish said he was less concerned about lost city revenue and more worried about health and safety violations if people don't seek permits, because the inspections assure there are smoke alarms and carbon monoxide alarms, and that hosts are renting proper bedrooms.

"At some point there's going to be a human consequence," Fish said.

Fish grilled David Owen, the Airbnb public policy specialist at last Wednesday's council meeting, about how Airbnb can assure that its local hosts obey the city ordinance and seek permits. "You may be in the best position to help us regulate and assure that people get a permit," Fish said.

"We can do more," Owen said. But he was noncommittal, saying the company relies on customers to file bad reviews of hosts to keep them in line. Airbnb could survey its local hosts and ask them what they think the barriers are to them seeking permits, Owen offered.

Airbnb says it sent an email to its hosts reminding them they need to get permits, and includes that information on a web page for Portland hosts. However, some people signed up as local Airbnb hosts, including Steve Unger, say they've never received the email from Airbnb.

Based on Owen's remarks, the company doesn't seem likely to cut hosts off its service merely because they failed to get city permits.

But Hales said Wednesday that the city could get a full list of residents who are hosting visitors on short stays if the Revenue Bureau gets lists from Airbnb and other intermediaries who publicize or broker the short-term rentals. "The plan is for them to share data" with the Bureau of Development Services, Hales said.

"On a property-by-property basis, then the question is what do we do about that?" Hales said. "Do we become more firm in our requirement, more than just a friendly email?"

The answer is unclear.

The ultimate goal, he said, was for people to get their permits, "and of course pay your taxes."

Street fee vote postponed until Dec. 10

*By Jim Redden
November 24, 2014*

The City Council vote on the proposed street fee has been postponed from Dec. 3 to Dec. 10.

The one-week delay is required because Mayor Charlie Hales and Commissioner Steve Novick have agreed to accept an amendment for the fee — now dubbed the Portland Street Fund — to expire after six years unless the council renews it.

The so-called sunset clause was suggested by Commissioner Amanda Fritz during the council's first hearing on the fee, which was held on Nov. 20.

Council rules say the final vote could happen the week following a hearing unless the proposal is changed, which is what the amendment will do.

"The mayor and I have consistently said that our problem with a sunset is that the need for maintenance and safety work won't go away after six years," Novick said. "We are still quite sure of that. But some of the main critics of the proposal said that a sunset is one of their major issues. And Commissioner Fritz

observed that saying we're going to reevaluate the mechanism in six years isn't the same as saying we think the need will go away. We concluded that if adding a sunset could make some people more comfortable with the proposal, it was worth doing. But we still want to make it crystal clear that we don't expect to solve all our transportation problems forever with six years of new funding."

The proposed fee is intended to raise \$46 million a year for street maintenance and safety projects, minus expenses. It is divided into two ordinances. One would create a progressive personal income tax as the residential portion. The other would create a non-residential sliding scale for businesses, governments and nonprofit organizations, based on such factors as their gross revenues and the number of their employees.

Witnesses at the hearing split on the proposal, with a representative from AARP supporting it and a representative of the Portland Business Alliance saying it should be referred to the ballot unless it is amended to remove the income tax, dedicate most of the revenue to maintenance and ensure the funds can't be diverted to other programs.

Several business representatives promised to support a petition drive to refer the fee to the ballot if the council doesn't send it to the voters.

The Daily Journal of Commerce

\$20 million being invested in affordable housing

*By Shelby King
November 24, 2014*

A Southeast Portland superblock currently home to a church and a park will soon be developed into affordable housing.

The Portland Bureau of Development Services on Friday announced that developers have requested a design advice meeting with the Design Commission for a proposed four-story building on the southern portion of a superblock bound by Southeast Stark Street and 11th and 12th avenues. St. Francis of Assisi Catholic Church and the St. Francis Dining Hall are on the northern end of the superblock.

In September, Home Forward announced that the Portland Housing Bureau awarded \$6.5 million toward the \$20 million project, St. Francis Park, via its Notice of Funding Availability competitive process. The project also is getting \$7.1 million of Low Income Housing Tax Credit equity, a \$2.1 million permanent loan, \$1.1 million from Home Forward and a land purchase loan provided by St. Francis of Assisi Catholic Church.

The 80,000-square-foot building will hold 102 apartments – 73 studios, 28 one-bedroom units and one two-bedroom unit – on the upper three floors, ground-level retail space, a soup kitchen, an internal central plaza and shared garden space.

Ten of the units will be reserved for households earning 30 percent of Portland's median family income (\$14,300 for a single occupant) or less. The remainder of the units will be rented to people earning 60 percent of Portland's median family income (\$29,160 for one person or \$41,640 for a family of four) or less.

Additionally, 10 of the units are expected to house homeless women with children who have experienced domestic violence.

The development will also include 36 below-grade parking spaces and bike parking on the ground level.

The project will be a partnership between St. Francis Parish, Home Forward and Catholic Charities.