

The Oregonian

A street 'fee' that looks a lot like an income tax: Editorial Agenda 2014

*By The Oregonian Editorial Board
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Credit Portland Commissioner Steve Novick with perseverance. Not long after the deflation of his proposal to adopt a tiered income tax for street maintenance and repair, he has returned with what looks a lot like ... a tiered income tax for street maintenance and repair. Only this time, he's calling it a user fee. The questions practically ask themselves.

What's changed?

Rather than assessing Portland residents a fee based solely on their income range, the latest version links payment in the most tenuous way imaginable to road usage. According to the Bureau of Labor Statistics' Consumer Expenditure Survey, the foundation for Novick's proposal, Americans generally spend more on gasoline and motor oil as their income increases. "Gasoline consumption," Novick told The Oregonian editorial board Tuesday, "is a reasonable approximation for road use."

Beginning with this survey data, Novick has created a handful of income tiers, each with a different monthly road "fee." If, as a single, married or joint filer, you make \$13,000 per year or less, for instance, you'd pay \$3 per month. And if you make more than \$82,000 per year, you'd pay \$12. The amount of driving you actually do makes absolutely no difference. The gasoline-use approximation exists only to provide an alternate route to what is, in effect, a tiered income tax.

Decidedly not wowed by the latest iteration is lobbyist Paul Romain, who represents local gas stations and had indicated a willingness to refer the previous incarnation to the ballot. "It looks like the old proposal," he told The Oregonian editorial board Tuesday. "It's an income tax. The attempt to tie it to gas usage is ludicrous." Romain, who's on vacation, said it was too early to say how he'd respond to the council's adoption of Street Fee 3.0.

What about the public-pension exemption?

Local governments in Oregon may not tax various kinds of income, including Social Security payments, PERS and its federal counterpart. This presents a whopping fairness problem when, say, a city proposes a tiered income tax for roads. In this regard, Novick's latest proposal is a vast improvement. It may behave exactly like a tiered income tax, but because it's a fee, he says, it will apply even to public pension recipients.

Where's the Portland Business Alliance on this?

"The devil's in the details," says PBA President and CEO Sandra McDonough, though her organization is not opposed to the tiered structure. What matters, she said Tuesday, is that the city administer the fee as a fee, meaning, among other things, that residents self-report their income ranges. "For us," she says, "the Rubicon is people having to file returns." The PBA opposed the last residential street-funding proposal because it would have created an income tax, a potentially costly development for both taxpayers and the city, which would generate high administrative costs.

Novick says the council will hold a hearing on the proposal on Jan. 8 and anticipates a vote on Jan. 14. Both will be interesting. "The only way to do it," he said of his latest proposal Tuesday, "will be to ask people for their tax returns."

Will there be a public vote?

Novick says he has no intention of asking the public to weigh in, but the people who'd pay the fee deserve a say. They know the city's roads need work, but we suspect they have some thoughts on the imposition of an income tax – either in fact or function – to pay for it. Novick's colleagues should refuse to support this, or any other, funding measure unless voters get to weigh in. And if commissioners do, here's hoping their work is referred.

In anticipation of a public vote, and perhaps failure, Novick this week also presented a fall-back plan: Send a truly progressive income tax to the ballot in 2016. The message isn't lost on Romain, who calls it a threat and says, "this isn't a way to have a discussion about policy." It is Novick's way, however. Portland residents should remember that in 2016, when Novick is likely to stand for re-election, perhaps on the very same ballot as his soak-the-rich fall-back tax.

Willamette Week

Street Fee Opponents Pledge to Send Portland City Hall's Transportation Fund to the Voters

*By Aaron Mesh
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It no longer matters what City Hall comes up with for a street fee to fund transportation projects: An opposition group tells WW it will circulate petitions to force the proposal to the ballot.

Mayor Charlie Hales and Commissioner Steve Novick's ever-shifting plan would raise \$46 million a year to pay for road repairs and maintenance. Hales and Novick say the city is way behind in keeping up the city's streets and needs to raise additional revenue catch up. Both have been looking for ways to avoid putting the plan before voters.

Hair salon owner Ann Sanderson, who leads a coalition of small-business owners and activists called Stop Portland Street Fee, tells WW that City Hall is trying to make prominent interest groups happy.

But she says those changes are making the proposal worse—so her group has started marshaling its volunteers to collect signatures.

"It will go on the ballot," Sanderson says. "We're not waiting to find out if the Portland Business Alliance is going to be on one side or the other."

On Dec. 29, Novick unveiled his latest version of the street fee, based on household income and estimated gasoline consumption. He's also talking about proposing an income tax. It's not clear where the Stop Portland Street Fee group will get its money.

The Tigard-based conservative group Taxpayers Association of Oregon has already funded an anti-street fee mailer. Petroleum lobbyist Paul Romain tells WW his clients have not yet made a decision on whether to back a voter referral. And the PBA—the city's chamber of commerce—said Monday it is happier with Novick's latest proposal, an income tax plan he floated last month.

Robert McCullough, who oversees the neighborhood coalition Southeast Uplift and has battled transportation officials for street-fee documents, says opposition is strong in the city's neighborhood associations—the power blocs of Portland politics.

"We don't have to pay our canvassers," McCullough tells WW. "If you anger enough people, you're going to have an initiative in a heartbeat."

GoLocalPDX

Enema Shop is City's Largest Employer, Portland Street Fee Data Says

*By Cornelius Swart
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Data used by the City to help calculate the Portland Street Fee states that a Portland enema shop is the city's largest employer, according an analysis by street fee critic Robert McCullough. The data has "thousands of errors" in it, according to McCullough.

Alls Well that Ends Well, a shop that specializes in colon hydrotherapy in Northeast Portland, had 32,000 employees, according to records obtained by McCullough.

The business has only three employees, according to staff.

The data was released to McCullough and the Southeast Uplift Neighborhood Coalition last week after McCullough threatened to sue the city for the information.

Portland Mayor Charlie Hales and Commissioner Steve Novick are pushing forward on a proposal to raise \$43 million in new revenue from businesses and residents to fund road repair and maintenance. Under the current proposal, a business tax -- based on a business's revenue, square

footage and number of employees --would fund half. Business licenses, county tax assessments and local and national statistical analysis were used by to calculate how the City might raise another \$21 -\$23 million, said Dylan Rivera, spokesman for the Portland Bureau of Transportation.

McCullough requested data used to calculate estimates for the business tax weeks ago. It was released to him last week and he posted some of his findings on the blog NoStreetFee on Dec. 27.

McCullough told GoLocalPDX he intended to release a comprehensive analysis of the data on Monday, but his initial findings found a large quantity of errors.

"The second-largest employer in the city appears to be the Multnomah Bible College Bookstore with 29,598 employees," McCullough stated in an email obtained by GoLocalPDX. "The largest transportation employer appears to be the UPS Store on Sandy (Boulevard) with 18,388 employees."

"The first thing that strikes you when you look at the spreadsheets is the amazing number of errors. The spreadsheets were assembled from a number of different sources and apparently never double checked. In any normal business, the number of mistakes would have serious career implications."

The data McCullough analyzed was only a portion of the information that went into calculating the fee. Errors, like the employment numbers, were not germane, Rivera said.

"That business employment estimate appears to be a typo on a form filed by the business," River said. "This [data] was intended to be used as an overall aggregate for revenue. It's not used to estimate for a specific taxpayer bill."

Rivera said that the data was pulled from city business license information. Businesses can voluntarily enter in the amount of employees they have, but it's not a requirement.

Rivera said calculations on business employees were actually calculated using local and national industry statistics, not the specific numbers in the data set. And that if an actual business tax were to pass either a city council or a public ballot vote, a more thorough assessment of Portland's businesses would be done in order to levy the tax.

"With about 120,000 businesses and non-profits in Portland, we haven't gathered actual figures on a business-by-business basis, and we're not planning to for estimating purposes," Rivera said.

For almost a year, Portland Mayor Hales and Commissioner Novick have publicly wrestled with the street fee tax proposal.

A third iteration of the tax was released Monday, and proposed a tiered residential fee based on gas consumption rates. Commissioner Novick has said a progressive income tax is the most popular option with voters. The new proposal will be voted on by City Council in January. Novick said he was also prepared to refer the proposal, restructured as an income tax, to voters.

McCullough, who is President of SE Uplift, a nonprofit neighborhood association coalition, has vigorously fought the proposal. He said that the data provided undermines that city's credibility on the proposed tax.