

## The Oregonian

# Charlie Hales wants tax hike on businesses in final Portland budget

*By Brad Schmidt*

*May 1, 2016*

Portland Mayor Charlie Hales is expected to propose a tax hike on businesses so he has more money to dole out in his final budget, The Oregonian/OregonLive has learned.

The proposal could increase spending within Hales' budget by \$5 million to \$10 million, according to multiple sources briefed on the concept. Hales will release his budget during an uncharacteristically showy press conference scheduled for 10:30 a.m. Monday in front of City Hall.

But it's not clear if Hales will have political support to move forward. The tax increase could prove controversial and the timing isn't great.

That's because Portland is already raking in cash at record levels, according to new financial forecasts. And Portland voters in two weeks will be asked to approve a gas tax to pay for street maintenance and safety projects, raising questions about the viability of two significant taxes at the same time.

Hales' spokeswoman, Sara Hottman, wouldn't confirm the proposal Sunday afternoon and said details of the entire budget will be released Monday.

As of last week, Hales had been expected to roll out a discretionary general fund of \$492.8 million – which includes \$25.6 million more than necessary to continue existing programs.

That pot of money would swell to about \$500 million under Hales' proposal.

Clearly, revenue isn't a problem. Instead, it's the city's long spending list.

Hales last year ordered city bureaus to offer up budget cuts, hoping to shift money to pay for new parks positions and housing. Hales now hopes to add even more money for the 2016-17 fiscal year to put toward housing and public safety efforts, among other things.

The plan would raise Portland's tax rate on business income. The level is currently 2.2 percent. Portland is expected to collect about \$108 million in the current fiscal year from businesses taxes.

Any rate increase would grow that pot not just now, but in subsequent years, creating an ongoing surge in revenues. But because the hike would happen under Hales' watch, he'd have a big say dictating that future spending – and any new money would likely go toward projects that help cement his legacy.

This isn't the first time Hales has tried to increase revenues during Portland's budget rollout. In the early 2000s, when he was a city commissioner, Hales proposed a transportation fee but pulled it back amid opposition.

# The Portland Tribune

## Novick: Tax heavy truck companies for roads

By Jim Redden

May 2, 2016

The City Council will consider enacting a Heavy Vehicle Use Tax on Wednesday. It is intended to help pay to repair the disproportionate amount of road damage caused by heavy vehicles in Portland.

Transportation Commissioner Steve Novick had promised to bring such a funding source to the council when it agreed to place the temporary 10-cent-a-gallon city gas tax on the May 17 Primary Election ballot. The proposed four-year tax does not apply to the diesel fuel used by heavy trucks because there is only one diesel fueling station in Portland, and Novick was afraid truckers would simply bypass it if such a tax were enacted.

The ordinance introduced by Novick would impose the tax on businesses that have a Portland business license and pay Oregon's weight-mile tax. It would tax the amount they pay the state 2.8 percent to raise an estimated \$2.5 million a year.

"Due to the fact that a relatively small number of businesses account for most of the heavy truck activity and therefore most of the costs associated with heavy trucks, most businesses will pay a relatively small amount. On the flip side, a handful of very large trucking businesses will pay more based on their volume of trucking activity," reads the ordinance.

The proposed gas tax, Ballot Measure 26-173, would raise an estimated \$64 million over four years. After expenses, most of the money would go to road repairs, with slightly less than half going to safety projects.

Meanwhile, in the weeks leading up to the primary election, supporters of the city gas tax have been announcing additional backers. They now include affordably housing advocates, including representatives from the Oregon Opportunity Network, Community Alliance of Tenants, PCRI, Orange Splot development, ROSE Community Development and OPAL - Environmental Justice Oregon.

"Portland's tenants are struggling, and this temporary gas tax directs resources to build safer and more reliable streets in neighborhoods where tenants are struggling with Portland's affordability crisis. We support the gas tax as an investment in economic stability for vulnerable residents to safely get around town," said Justin Buri, executive director of the Community Alliance of Tenants.

You can read the ordinance at <http://www.portlandoregon.gov/auditor/article/575046>

The campaign supporting the gas tax, Fix Our Streets Portland, has so far reported raising around \$126,000 in cash and in-kind contributions.

The main organization opposing the measure, the Oregon Fuels Association PAC, has so far reported raising about \$114,000 this year.

# Portland rolling in bucks as city piles up \$25.6 million more than expected

*By Jim Redden*

*April 28, 2016*

Portland is experiencing record revenue growth as the economy continues to recover, according to the five-year general fund forecast released Thursday, April 28, by the city Budget Office.

According to the final forecast before the City Council adopts next year's budget, Portland will have an additional \$9.2 million in ongoing resources and \$16.4 million of one-time resources for the fiscal year that begins on July 1, 2016.

"Though the city is experiencing record revenue growth, the needs of the community have also increased," says Budget Director Andrew Scott. "Portland has made many long range decisions that have resulted in a city that is attracting young, highly educated residents seeking a high quality of life. The key will be managing the downside effects of such growth, such as rising housing costs and increased demand for services."

Mayor Charlie Hales intends to release his proposed budget decisions on Monday, May 2.

The full forecast document can be found at [www.portlandoregon.gov/cbo/article/574992](http://www.portlandoregon.gov/cbo/article/574992).

According to the forecast, both the national and the regional economy are growing rapidly, which added to the city's revenue. "The issues, like housing affordability, exist largely because Portland has become a victim of its own success. Job growth has been widespread and income growth is finally ramping up after years of stagnation. More importantly, the quality of life and lower cost relative to other west coast cities continues to attract the highly educated and wealthy. This has ultimately fueled unprecedented revenue growth for the city, resulting in \$25.6 million in additional resources in FY 2016-17 above what is necessary to continue existing programs."

The primary drivers behind the forecast include:

- Lodging tax receipts continue to exceed expectations, leading to a \$2.2 million increase in the forecast.
- A change in the administration of utility license taxes will also increase ongoing general fund revenue by up to \$1 million.
- In addition to the low inflation cited in the February forecast update, the city is also expecting very small increases in health benefits costs. Relative to previous expectations, this adjustment will save the city \$1.7 million in ongoing costs.

## Willamette Week

### Portland Budget Gives Mayor Charlie Hales a Parting Gift— Lots of Extra Cash

*By Beth Slovic*

*April 29, 2016*

Portland's budget office has released its latest forecast, and the news is good for Portland's general fund discretionary budget—record revenue, including an additional \$9 million a year for the next five years.

And that's not including the \$16.4 million in so-called one-time money that Mayor Charlie Hales can set aside for 2016-17 on anything he and the City Council choose.

The additional resources—the result of rising revenue from business licenses and lodging taxes, as well as low inflation and stable health care costs—mean Hales will leave office (and the next mayor) with a far rosier budget outlook than he inherited four years ago.

The revenue increases aren't a surprise. Portland's forecast has been on the upswing for a while. Despite that, Hales called on commissioners and bureau leaders in November to prepare to make budget cuts so he could shift money to two priorities—more housing and fighting gun violence.

Hales will unveil his plans for how to spend Portland's \$492.8 million budget for 2016-17 on Monday at City Hall at 10:30 am.

### Portland Planning Commissioners Argue Against Downzoning Eastmoreland

*By Beth Slovic*

*April 27, 2016*

Six out of 11 members of Portland's Planning and Sustainability Commission oppose Mayor Charlie Hales' proposal to preserve larger lot sizes in desirable Eastmoreland, Hales' own neighborhood just south of Reed College.

In an April 20 letter to the Portland City Council, planning commissioners say the effort to establish minimum lots sizes of 7,000 feet in Eastmoreland (up from 5,000 feet) has created the perception that decisions about where to allow greater density in the city's Comprehensive Plan are being driven by the socioeconomic demographics of current neighborhoods.

"With a no vote you will confirm a basic principle and trust in the Comprehensive Plan," members André Baugh, Mike Houck, Chris Smith, Teresa St Martin, Maggie Tallmadge and Michelle Rudd write, "and citizens of Portland will participate equally in zoning for a better Portland for all."

Robert McCullough, the formidable president of Eastmoreland's neighborhood association, says residents are trying to ward off tear downs by developers who can build two homes on lots that allow higher density—those designated R-5.

(Technically speaking, developers can squeeze houses on lots that are smaller than 5,000 square feet in R-5 zones and, in R-7 zones, can squeeze in houses on less than 7,000 feet.)

"We're hearing this is all about affordability," McCullough tells WW, "but the fact is we're knocking down affordable homes and building unaffordable homes."

McCullough responded formally to the April 20 letter in his own April 21 letter to the City Council.

"At the heart of the letter is an argument that any exceptions to city zoning codes based on Eastmoreland's careful[ly] researched and documented application for R7 should be rejected on racial and equity grounds," he writes. "The reality is that while virtually identical cases were granted on May 12, 2015, Eastmoreland was the exception to the criteria applied elsewhere."

The Portland City Council will vote on the proposal—amendment 74 to the Comprehensive Plan—on May 11.

But public testimony on the amendment and all others closes at 5 pm Wednesday, April 27.

## **The Portland Business Journal**

### **Hales' final budget could include new business tax**

*By The Portland Business Journal*

*May 2, 2016*

A tax hike for Portland businesses?

No, not the ballot initiative that promises a brutal fight as the November election draws nearer. As the Oregonian reports, Portland Mayor Charlie Hales' last budget could include an unspecified new fee that would bring in an extra \$5 million to \$10 million.

Hales' office wouldn't confirm the proposal, which several sources confirmed to the O.

Hales' budget arrives five days after Portland's City Budget Office today released the final five-year General Fund forecast for fiscal years 2016-17 through 2020-21. The office said Portland will have an extra \$9.2 million in ongoing resources and a healthy \$16.4 million in one-time resources.

The office credits near-record levels of revenue for the boosts.

"Though the city is experiencing record revenue growth, the needs of the community have also increased," said City Budget Director Andrew Scott last week in a release.

"Portland has made many long range decisions that have resulted in a City that is attracting young, highly educated residents seeking a high quality of life. The key will be managing the downside effects of such growth, such as rising housing costs and increased demand for services."

Hales will release his fiscal year 2016-17 budget this morning at City Hall.