

The Oregonian

Steve Novick wants to tax companies paying big money to CEOs

By Brad Schmidt

October 3, 2016

In an effort that may be more political than practical, Portland Commissioner Steve Novick is pressing ahead with a proposal to tax public companies paying gigantic salaries to top executives.

Novick will ask the City Council to consider the merits of his plan Wednesday at 2 p.m. But, in an unusual move, he won't push for a vote until Dec. 7 — a month after voters decide his re-election bid.

Novick wants to implement a new tax that would apply to any publicly traded company doing business in Portland that pays its chief executive officer an annual salary at least 100 times higher than the median wage paid to its employees.

Money from the tax — projected to reach \$2.5 million a year — would feed the city's discretionary general fund. Novick, who frequently touts his tax-and-spend ideology, wants that new revenue to help pay for Portland's poorest residents in need of homelessness services.

Although the city's business community opposes the plan, Novick argues that it could discourage companies from paying enormous salaries that help concentrate wealth within the top 1 percent of America.

Novick said Portland alone wouldn't be able to change corporate practices. But if other cities follow suit, he said, "you can see the Fortune 500s and their shareholders paying attention."

But it's not clear if Novick can win support locally.

Mayor Charlie Hales is undecided about Novick's plan, a spokesman said. Messages left Friday with the chiefs of staff for Commissioners Nick Fish, Amanda Fritz and Dan Saltzman weren't returned.

The Portland Business Alliance, which functions as the city's chamber of commerce, strongly opposes the plan and argues it won't fix income inequality.

"We don't think that Commissioner Novick's idea will have any impact on the issues he says he wants to address," said Sandra McDonough, the group's president and chief executive.

Novick's plan would use new data that will be reported to the U.S. Securities and Exchange Commission beginning next year. A company reporting a CEO pay ratio of at least 100-to-1 would be subject to a tax equal to 10 percent of its liability from Portland's separate business tax. A company with a ratio of 250-to-1 or greater would face a 25 percent tax.

In other words, a qualifying company owing \$1 million in taxes to Portland would be subject to an additional \$100,000 or \$250,000.

Novick isn't shy about wanting to tax the rich. During the politically crippling street-fee debate of 2014, he at one point proposed a progressive income tax that would have hit high-wage earners.

While most everything associated with the street fee proved politically toxic, Novick thinks his latest tax plan could play well with Portlanders fed up with income equality. Novick is pushing his plan as he faces a November re-election runoff against small bookstore owner Chloe Eudaly, who is running on a left-leaning platform.

Novick said he's optimistic he can win support for his plan from the City Council but said it makes sense to wait for a vote until after the Nov. 8 election. Fritz is busy promoting a pot tax on the ballot, and Novick said he expects Hales, Saltzman and Fish to advocate for a \$258 million bond measure to pay for affordable housing.

"I've got until then to round up my votes," he said.

But Novick didn't want to miss an opportunity to get headlines before his election, either.

"If you've got a popular proposal that you believe in," he said, "scheduling it in such a way to bury it and not get attention would just be bad politics."

Portland arts tax will be decided by Oregon Supreme Court

By Brad Schmidt

October 2, 2016

The legality of Portland's controversial arts tax will be decided once and for all – by the Oregon Supreme Court.

Justices last month opted to take the case even though a Multnomah County judge and the state Court of Appeals have each ruled the tax is legal under Oregon's constitution.

But the review doesn't necessarily mean the tax will be overturned. Rather, the case seemingly drew interest from the Supreme Court as a first chance to set precedent on the topic of a constitutionally prohibited "head tax."

Portland resident George Wittemyer, a retired attorney fighting the tax since 2013, declined comment Friday other than to say he's pleased the case will be reviewed. City Attorney Tracy Reeve declined to comment.

The legal issue for the Supreme Court is limited: Is Portland's arts tax a "head tax" that applies universally, making it prohibited.

In June, the Court of Appeals determined that such a tax would be "a single, fixed amount imposed per capita, sometimes subject to limited exclusions, without reference to an individual's income or property."

Portland's arts tax is \$35 per person for anyone 18 or older who earns income. But it also offers exemptions based on poverty, the amount of income (less than \$1,000) or the type of income, such as government pensions – prompting the Court of Appeals to determine it's not a head tax.

Voters approved the arts tax in 2012 to help pay for nonprofit arts programs and public teachers. It raised \$9.3 million for the 2014 tax year but collections have been far lower than projected because many Portlanders have refused to pay.

Portland staying silent on cost of affordable housing deal with Zidell

*By Brad Schmidt
October 1, 2016*

Portland housing officials learned this week how much it'll cost to buy land from the Zidell family to build affordable housing in the South Waterfront District.

How much?

Ask again next week.

Kurt Creager, director of the Portland Housing Bureau, declined Friday to say how much Zidell's property is worth according to figures from a new appraisal.

Friday had been the latest deadline to appraise Zidell property that Portland intends to buy to eventually build affordable housing. But Creager wouldn't discuss details because he hasn't spoken with his boss, Commissioner Dan Saltzman.

"Commissioner Saltzman will be briefed on the matter next week," Creager wrote in an email. "After he is apprised of the matter, it can be made public."

Affordable housing has been a flashpoint in the South Waterfront. City officials have failed to meet long-term goals and last year didn't plan to require affordable housing as part of a development deal with Zidell, who owns about 30 acres near the Ross Island Bridge.

But in the face of criticism from activists, city officials required Zidell to give Portland an option to buy a small piece of property to accommodate about 200 units. Officials also said they'd negotiate a price by July or August of this year, hoping to avoid the high-profile problems caused by waiting in a similar deal with Hoyt Street Properties in the Pearl District.

But city officials didn't meet those initial deadlines. Creager said the city and Zidell completed the appraisal process on Tuesday.

Once Zidell and the city officially come to terms on a price, Portland will have until Nov. 2021 to buy the property. Costs will increase each year based on the consumer price index.

Portland employee who championed Rooney Rule to resign for \$130,000

*By Brad Schmidt
September 30, 2016*

A city of Portland employee who pushed the City Council to increase diversity in top management is set to resign in exchange for \$130,000 in severance.

Sam Sachs, a ranger for Portland Parks & Recreation, threatened to sue the city earlier this year after claiming he was retaliated against for blowing the whistle against a supervisor.

The city's risk management division investigated and determined Portland could be found liable. On Wednesday, the City Council will vote to pay Sachs \$86,667 and Sachs' attorney, Daniel Snyder, \$43,333.

Sachs, 48, has been something of an agitator since joining the city in 2012.

He pushed rangers to unionize and filed a labor complaint when rangers didn't receive training for parking-related duties. He also needed for more diversity, successfully seeking a grant to put employment kiosks in community centers, then called on the City Council to interview minorities for open bureau director positions.

In January, officials agreed to implement a local version of the so-called Rooney Rule, lauding it as a potential way to hire more diverse top administrators.

But in the backdrop, Sachs was running afoul with his boss, Hasan Artharee. Sachs in 2015 complained that Artharee hired someone from Artharee's private security business without going through a proper process, according to Sachs' legal threat.

Later that year, Artharee filed a human resources complaint against Sachs, alleging that Sachs had harassed him because Artharee is black -- a claim Sachs, who is Jewish, denied in his March tort claim against the city.

Artharee, incidentally, was eventually suspended without pay and demoted because of a conflict of interest with his security company, according to Sachs' claim.

Sachs on Friday declined to comment until the City Council approves his severance agreement. Anna Kanwit, Portland's human resources director, declined to comment.

The Portland Tribune

Wheeler, Novick to tour Texas model for controversial Portland homeless center

By Jim Redden

September 30, 2016

Mayor-Elect Ted Wheeler and Commissioner Steve Novick are planning to travel to San Antonio to tour the Haven for Hope homeless multi-service center on Oct. 15.

The trip is intended to give them insights into the operation of the facility, which is the model for the Harbor of Hope that developer Homer Williams has proposed be built at Terminal 1 in Northwest Portland.

Also planning to take the tour is Brendan Finn, Commissioner Dan Slatzman's chief of staff, and Maurice Henderson, who is working on Wheeler's transition team and will be his chief of staff when he takes office on Jan. 1.

"Commissioner Novick and Mayor-elect Wheeler came up with the idea together and are going in their official capacities. They've both heard so much about Haven for Hope and wanted to go on an official information-gathering trip," Laura Hanson, Novick's communications advisor and scheduler, said in an email to the Portland Tribune.

The Haven of Hope in Texas offers camping, shelter, housing and services to thousands of homeless people at a time. Terminal 1 is a surplus 14-acre piece of industrial land with a mostly vacant warehouse. It is owned by the Bureau of Environmental Services, which has received bids for it ranging from \$6 million to \$10 million.

Shortly before the bids were unsealed, on Aug. 10, the City Council heard a presentation about the Harbor of Hope from Williams. The council then voted 3 to 2 to lease Terminal 1 to the Portland Housing Bureau so Williams could open a temporary shelter in the warehouse for up to 400 homeless people while working on his plan for a larger multi-service center there.

Voting in favor of the lease was Mayor Charlie Hales and commissioners Novick and Saltzman, who is in charge of the housing bureau. Voting against it were commissioners Amanda Fritz and Nick Fish, who is charge of the environmental services bureau. Both Fritz and Fish said Terminal 1 is unstable for housing the homeless and should be sold to create good-paying industrial jobs, with the proceeds used to hold down future rate increases.

Many residents and businesses opposed both the temporary shelter and permanent multi-service center at the hearing. A coalition of businesses in the Portland harbor and others have served notice they will challenge the lease to the state land Use Board of Appeals.

The housing bureau has not yet submitted its proposed lease the environmental services bureau. Williams now says the temporary shelter may only house 100 people when it first opens, which might not be for another two months. Williams has released drawings of it, although plans are apparently still being finalized.

The council has also approved a \$100,000 grant application to Metro to help fund planning for the proposed multi-service center.

During and after the vote, Novick said he was only supporting the temporary homeless shelter and was undecided about the permanent multi-service center. Wheeler has expressed support for Williams' concept, but has not fully endorsed it. Both Novick and Wheeler requested that Williams take their names off the projects' website as supporters.

The city will pay the trip's expenses for Novick and Finn. The expenses for Wheeler and Henderson may be paid out of Wheeler's campaign surplus.