

## **The Oregonian**

# **Mayor Wheeler to Propose \$15 Million Portland Business Tax Hike**

*By Gordon Friedman  
April 24, 2018*

Portland Mayor Ted Wheeler plans to propose a \$15 million increase in the city's business taxes, multiple City Hall sources say. The increase is meant to bolster the city budget, which is tightening despite record revenues.

A tax increase of that size would represent roughly a 13 percent jump, including an 18 percent increase for the city's highest-grossing businesses. It would be the first increase to the city business tax rate since the 1970s.

Wheeler already has early indications of support for the idea from two key players: Commissioner Chloe Eudaly and the Portland Business Alliance, the city chamber of commerce.

Portland revenue officials expect the business tax to generate at least \$114 million this year, making it a cornerstone of the city's approximately \$500 million discretionary budget. That fund pays mostly for police officers, firefighters and parks upkeep.

Though city coffers are filling with record-high tax revenues, costs have continued to grow at a breakneck pace. Officials have said that is in part because the city has dedicated substantial sums to a city-county homelessness agency, expensive labor contracts and pension payments. Because of that, bureaus that draw their operating funds from the discretionary fund are facing potential program cuts.

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.

Eudaly and other City Hall officials with knowledge of Wheeler's proposal said the mayor is expected to propose raising the business tax from 2.2 percent to 2.6 percent of businesses' net income made within city limits. Eudaly said an increase of that amount is estimated to add \$15 million a year to the city's discretionary fund.

"I'm supportive of that," Eudaly said of the tax increase idea. "We haven't raised the tax in a long time."

Eudaly said she expects the mayor to also propose increasing a deduction to the tax which exempts from a business' taxable city income 75 percent of net income up to \$103,500. The mayor's proposal would apparently increase the exemption ceiling to \$125,000, a boon to some small businesses.

Commissioner Nick Fish said he also expects Wheeler to propose an increase to the city business tax, though Fish did not confirm what tax rates may be in the mayor's proposal.

Wheeler, who is traveling on city business in China, was unavailable for comment. Spokesman Michael Cox said he cannot confirm what is in the mayor's budget until it is publicly released Monday.

The Oregonian/OregonLive reported last week that Wheeler was in talks with the city chamber of commerce, called the Portland Business Alliance, over the possibility of raising the business

tax. That group's president, Sandra McDonough, released a statement Tuesday saying the chamber is "open to a discussion" about business tax increases.

That openness comes with a caveat. McDonough said the chamber may accept the tax increases to fund "specific additional services for the homeless" but "only if we have assurance that we will not face further tax increases." That includes a proposed gross receipts tax ballot measure, McDonough said. She declined to say what specific services for the homeless the chamber would support.

"The talks are far from over and we urge the mayor to bring parties to the table as soon as possible," McDonough said, "to lead the way to an agreement that all will support and that will help us better address our city's top priority: the homelessness crisis."

In 2016, Mayor Charlie Hales attempted to raise the business tax by \$8.7 million. McDonough publicly blasted Hales over the proposal, and Commissioner Dan Saltzman called the proposed tax increase "gratuitous." Hales' plan proved disastrous because he had not earned city councilors' support, and they ultimately overrode the mayor to write it out of the city budget.

## **Willamette Week**

### **Portland City Commissioner Chloe Eudaly Serenaded the Business Lobby on Her Gold Cordless Karaoke Microphone**

*By Rachel Monahan  
April 24, 2018*

**City in the process of negotiating a tax increase on businesses. PBA gets an earful.**

After an April 17 budget meeting in the Portland mayor's office, City Commissioner Chloe Eudaly broke out a cordless gold karaoke microphone she carried in her purse to express in song her reaction to meeting with the Portland Business Alliance.

PBA and the mayor's office were negotiating over an increase to the business license tax.

"You Don't Own Me" Eudaly sang on her way down the stairs late that evening.

"I think the title is self-explanatory," she tells WW of her song selection. "To be clear, it was almost 5 pm on a Tuesday and the building was nearly empty. I was regaling the security guards and my own staff."

The Oregonian reported earlier today that the tax increase is likely to be worth \$15 million.

Eudaly, a longtime independent bookstore owner, has brought a penchant for karaoke with her to City Hall—along with the microphone.

Eudaly's mic has the latest in karaoke-on-the-go technology. It's got a USB port for charging, just like expensive bike lights do.

"You Don't Own Me" wasn't Eudaly's only song that day. She also serenaded the building with "It's Raining Men" on the way up to the third floor meeting.

"I work in a male-dominated field," Eudaly emails. "It can be taxing on many levels. It was a 'If you don't laugh you'll cry' kind of moment."

Eudaly says she doesn't have a favorite karaoke song, but two standards include "To Sir, With Love" and "They Don't Know." She says karaoke has been "typically confined to the office after hours.

"However, I do aspire to follow in the grand footsteps of Kathleen Saadat, who worked for the city, sang in the halls, and just released her first album at 77," she adds.

## **The Portland Business Journal**

### **Portland Businesses Could Face 13% Tax Hike**

*By Andy Giegerich*

*April 24, 2018*

The city of Portland is considering hiking business taxes as it looks to raise \$15 million for the city's coffers.

The Oregonian reports that Portland Mayor Ted Wheeler is looking to propose what amounts to a 13 percent jump in business taxes. It would work out to an 18 percent jump for high-grossing businesses, the Oregonian writes.

Also, it would be the first jump to the city's business tax rate since the 1970s, according to the O.

The paper's Gordon Friedman had reported last week that the share of businesses paying taxes on time is at a 14-year low.

The city charges businesses a license tax of 2.2 percent of enterprises' net business income.

## **OPB**

### **New Wapato Jail Owners Consider Hosting Homeless Shelter There**

*By Amelia Templeton and Dirk VanderHart*

*April 24, 2018*

A Portland developer and philanthropist who now owns a stake in the shuttered Wapato Jail in North Portland has offered it to the group Harbor of Hope, which wants to open a homeless shelter there.

Portland developer Marty Kehoe bought the property in mid-April for \$5 million through a limited liability company, or LLC.

Kehoe said at the time he intended to lease the property and perhaps repurpose it as a distribution facility.

Then, Monday, Willamette Week reported that Portland philanthropist and real estate scion Jordan Schnitzer had paid Kehoe \$5 million for a stake in Wapato.

And Schnitzer has offered to lease it to Harbor of Hope.

"He's very civic minded. He just called me and said, 'I know you've worked hard on this and I want to give you a chance to get it done, and we'll work out something that's reasonable,'" said Homer Williams, the nonprofit's chairman.

Wapato has 510 beds and sits on 18 acres of industrial land in North Portland. A facility there could dramatically increase Portland's capacity to provide emergency shelter, but some organizations that work with homeless people view the proposal as an effort to push homeless people out of the city's downtown core.

Two weeks ago, Multnomah County rejected a last-minute offer from Harbor of Hope to buy the property for \$7 million and instead completed a deal to sell the property to Kehoe.

Multnomah County Chair Deborah Kafoury has consistently opposed locating a shelter at Wapato, saying it would isolate poor and disadvantaged families.

"Having people who are most in need close to their children's schools, their jobs and their support networks makes a lasting difference," she said, before closing the deal to sell Wapato.

On Tuesday, Kafoury's stance hadn't changed. She told OPB that while the county "didn't have any caveats on what the property could be used for" once it was sold, she sees the creation of a center for the homeless at Wapato as an uphill battle.

Kafoury also voiced a worry. Earlier this month, Williams announced plans to create a 100 or 120-bed "navigation center" for the homeless beneath the Broadway Bridge. That shelter will be constructed using a \$1.5 million donation from Columbia Sportswear CEO Tim Boyle, but Williams and his allies are still looking for money to operate the center.

"I just hope this effort that's underway now does not negatively impact the collaboration that we have with the small-scale navigation center," Kafoury said. "We're talking large sums of dollars here."

Commissioner Loretta Smith has long advocated for a shelter at Wapato and cast the lone vote against selling the property.

"I commend the group of community leaders stepping up to do what Multnomah County has repeatedly refused to consider," she said. "It is my hope this is the beginning of a fresh start for better serving the homeless residents of Multnomah County."

Williams, himself a prominent developer, created Harbor of Hope and started pitching a large-scale shelter campus for Portland three years ago, inspired by a visit he made to a shelter called Haven of Hope in San Antonio, Texas.

That shelter cost \$100 million to build, has dozens of nonprofit partners that provide services on the campus and was financed by a wealthy oil and gas executive.

Williams says he plans to spend the next three to four months working with a consultant to assess whether it's feasible to transform Wapato into a homeless shelter and how much it will cost.

Williams has said his vision is for a shelter that would be financed by business leaders and foundations, without funding from Multnomah County.

Williams' ability to privately finance the deal could be key. The city of Portland and Multnomah County have dedicated \$20 million in new spending to shelter and homelessness prevention services. Mayor Ted Wheeler has said those investments have strained the city's general fund.