

AGENDA  
TROUTDALE CITY COUNCIL  
7:00 P.M. -- City Council Chambers  
104 SE Kibling  
TROUTDALE CITY HALL

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November 22, 1983

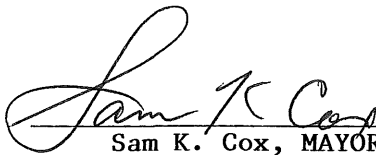
\*\*\*PUBLIC HEARING\*\*\*

STATE SALES TAX REFERRAL

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REGULAR MEETING

- (A) 1. Call to Order, Roll Call and Agenda Update: Mayor
- (A) 2. Consent Agenda:
  - 2.1: Accept: RESOLUTION: EDA Sewer Relocation
  - 2.2: Accept: RESOLUTION: Accepting a Land Conservation and Development Commission Plan Maintenance Grant
- (A) 3. RESOLUTION: Referring Sales Tax Proposal to Voters
- (A) 4. COUNCIL CONCERNS AND INITIATIVES
- (A) 5. ORAL COMMUNICATIONS AND ADJOURNMENT.

  
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Sam K. Cox, MAYOR

(A) = Action Item

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MINUTES  
TROUTDALE CITY COUNCIL MEETING  
NOVEMBER 22, 1983 - 7:00 P.M.

The meeting was called to order at 7:05 p.m.

ROLL CALL :

PRESENT : Ron Burgin, Marge Schmunk, Dave Butzer, Mayor Sam Cox, Paul Thalhofer and Gene Bui

ABSENT : Dan Lowe

STAFF : Pam Christian, Nancy Nixon, Greg Wilder and George Haddock

PRESS : Lori Callister of the Gresham Outlook and Jeff Madsen of KRDR

GUESTS : George Starr, No Sales Tax League and Bill Bradley, Reynolds Aluminum

AGENDA ITEM #2 - CONSENT AGENDA

Item 2.1 - Greg Wilder explained that because the County had basically stopped the planning activity with regard to the County Farm site, the requirements needed to meet the EDA grant requirements could not be met. The Council was asked to allow staff to proceed with project relocation efforts if it should become necessary.

Mayor Cox read the resolution by title - A Resolution Authorizing a Change in the Described Economic Development Administration Work Elements.

Gene Bui moved to approve the resolution. Paul Thalhofer seconded the motion. Ayes 5 Nays 0.

Item 2.2 - Greg Wilder explained that a grant application had been assembled to assist in the downtown planning effort. The LCDC has agreed to fund \$3,787 and the City will fund the balance for a total of \$5,000. The Council was asked to accept the \$3,787 grant from the Land Conservation and Development Commission Maintenance Grant.

Greg Wilder said that a consultant had not yet been chosen for the work as there was to be a presentation at the December 13th meeting that might affect this. Mayor Cox explained that Ted Price from the City of Leavenworth was going to make a presentation with slides and video at the December 13th meeting. This presentation will be part of the Council meeting and will start at 6:30 p.m.

Mayor Cox read the resolution by title.

Marge Schmunk moved to adopt the resolution. Gene Bui seconded the motion. Ayes 5 Nays 0.

AGENDA ITEM #3 - RESOLUTION: REFERRING SALES TAX PROPOSAL TO VOTERS

Mayor Cox adjourned the Council meeting at 7:16 p.m. and convened the Public Hearing on referring the sales tax proposal to the voters.

Nancy Nixon addressed the expenditure limitation section of the sales tax package. Under this package, both the expenditure limitation and the sales tax has to pass for either one to be effective. These are Constitutional Amendments. Nancy gave information relative to the City of Troutdale's expenditure limitation and the tax rate freeze which is already in the law. Ron Burgin asked how the citizens of Troutdale would benefit from a sales tax. Nancy said under the package the benefit comes from property tax relief. The sales tax revenues are strictly dedicated to property tax relief, after administration costs. It is estimated that there would be a 35% reduction in property taxes in the first year. Gene Bui said that the people had the right to vote on it and he appreciated the opportunity to give them that right.

Mayor Cox asked if there were any opponents.

George Starr, 909 N. E. 114th Avenue, said that it was poor strategy on the part of the Legislature to ask school boards and city and county governments to have the approval and veto power, but they did do it and so it is proper that public bodies consider it.

Ron Burgin said he disagreed with the process because he wasn't sure whether the measure has been crafted well enough for referral. He wanted to have those for and against the sales tax speak before the vote was taken on whether or not to refer it. Dave Butzer said he would go along with that.

No one wished to speak as a proponent.

Bill Bradley, 139 S. E. Curtis Drive, Corbett, Oregon, spoke representing Reynolds Aluminum. The Company's position is neutral; however, they have a serious problem with regard to the effect of the implementing bill. Section 79 of the bill that will go into effect if passed by the people concerns Reynolds. This section states that with regard to manufacturing concerns, if the raw materials that are purchased do not end up in the finished product they are then subject to the sales tax. There are \$28 million of purchases which do not end up in the finished product that would be subject to the sales tax. This would cost Reynolds a net increase of approximately \$800,000 in taxes. This problem is not faced in Washington at their plant right across the river. That \$800,000 could make a difference as to whether Oregonians or Washingtonians work. Mr. Bradley tried, unsuccessfully, to get the bill amended in the Legislature. The Legislature felt they should not pass an exemption that would apply only to a few industries. Reynolds is checking on other firms that may be affected by this and is going to appear before the Legislature at the next session and try to get an amendment for exemption. Reynolds would like to have the City's support when going before the Legislature for an exemption.

Gene Bui said that even if the resolution is passed tonight, the Council should take the position of supporting Reynolds Aluminum in any action that comes about as a result of their trying to get an exemption.

George Starr spoke representing the No Sales Tax League. Mr. Starr passed out brochures from his organization concerning the sales tax. Mr. Starr said the information his organization was trying to bring out was that there would be a shift from those most able to pay to those least able to pay. Mr. Starr said a sales tax would benefit owners of high value properties, owners of large rental properties and people who do not live in Oregon but own Oregon property as they would get relief from property taxes but would not be spending their income here. The losers, if there is a sales tax, would be younger families with more people in the family who would pay more in sales tax than they would gain in property tax, people who have taken advantage of property tax deferral and border cities that enjoy trade from out of state residents who would lose that trade if Oregon had a sales tax. He said that information supporting this was available in the brochure.

Gene Bui asked Mr. Starr if his organization was working on any kind of tax alternatives to be introduced at a later time. Mr. Starr replied that they were and one of them was a \$20,000 homestead exemption which would be an exemption on owner occupied dwellings and that would be financed in part by a revision of the income tax rates to make them a little more progressive. Pam asked who was involved in the No Sales Tax League. Mr. Starr said Oregon Fair Share, Oregon AFL-CIO, Consumer League and Oregon State Grange among others. Pam asked if any of these groups were also working for the 1½ percent property tax limitation. Mr. Starr said it had not been discussed.

Mayor Cox closed the public hearing at 8:00 p.m. and reconvened the Council meeting.

May Cox read the resolution by title - A Resolution Requesting Public Vote on Property Tax Relief, Rate Freeze and Expenditure Limitation.

Gene Bui moved to approve the resolution. Paul Thalhofer seconded the motion.

Dave Butzer said he could not support the sales tax presented in this form at this time. If the measure answered more of the questions that the Council was hearing, he might be able to support it. He said he did not feel it was at the stage where it should be presented to the voters.

Ron Burgin said he might ask the same question whether it was reasonable to present a flawed product to the voters. He said that he would be voting yes to refer it but with strong reservations. He said that the issue would stand or fall on its own merits and the voters would decide that.

Paul Thalhofer spoke in favor of the resolution and supported it on the basis that no one has come up with anything better and the only thing that he has heard as a substitute for the sales tax is an increased income tax. He said that the state couldn't stand any more income tax as it already has one of the highest income taxes in the United States. Paul said that at least the people ought to vote on it.

Gene Bui said that the people did have a right to vote and he did agree that there are many deficiencies in the sales tax measure. He said he felt the people were smart enough to see those deficiencies and would probably not vote for it based on that. He was endorsing the resolution to give the people a right to vote.

The Mayor said that all they were discussing was giving the people the right to vote on it and that everyone has strong feelings on it.

Gene said that when the Reynolds organization and the bodies that they are dealing with come up with the activities that are necessary to get legislative response to their problem that they should come before the Council and he for one would endorse the Reynolds proposition.

A vote was taken on the motion. Ayes 4 Nays 1. (Dave Butzer)

Pam said that Fourth Street has been completed and the engineer's final papers and report are in on it and a motion is needed authorizing the Mayor to accept the Fourth Street improvements and to release the retainage.

Gene Bui so moved. Paul Thalhoffer seconded the motion.  
Ayes 5 Nays 0.

#### AGENDA ITEM #4 - COUNCIL CONCERNS AND INITIATIVES

Pam said that there were two things to be discussed further under Council concerns and initiatives. One is the downtown area and Ted Price's proposition; and secondly, some of the imperfections in the tax package.

Paul Thalhoffer said that Reynolds had a real problem. He said that Troutdale's first priority should be to retain the businesses that it has and the sales tax on the physical ingredients was an unjust burden on a company like Reynolds. He would be in favor of the Council passing a resolution to ask Legislative counsel or the legislature to consider an amendment to exempt from a sales tax the companies such as Reynolds with regard to physical ingredients.

Nancy Nixon suggested that the resolution go to the Department of Revenue and our legislative representatives. The staff was asked to prepare a resolution to that effect. Ron Burgin wanted to add to that exemption building materials that go into a new home should also be exempt, any kind of building whether it is residential or commercial. Paul Thalhoffer said that he would like to keep the issues separate.

Nancy Nixon said that this issue did not have to be addressed as quickly as the sales tax referral issue.

Paul Thalhoffer moved to direct staff to prepare a resolution to exempt materials consumed in production which affects Reynolds Aluminum Company and others from the sales tax. Gene Bui seconded the motion. Ayes 5  
Nays 0.

Ron Burgin said that building materials that go into new construction are subject to sales tax and that would penalize the builders of new construction, benefit older homes versus new construction and any new development would be slowed to that extent and that it is a very real concern.

Pam said that the Gresham Chamber of Commerce was going over this bill line by line and was going to formulate a position themselves and will be actively lobbying in Salem and Troutdale may want to piggyback with them.

Dave Butzer asked if this particular issue addresses all parts of building construction. Nancy said that all building materials and labor are subject to sales tax. A contractor gets credit for sales tax that he or a subcontractor has paid on materials so that the material is only subject to sales tax once. The finished house or building is not subject to sales tax, real property transactions are not subject. The Council consensus was to hold this in abeyance until it is determined if any other organization is taking a position which the City can actively and formally support.

Gene Bui asked the two people who testified if there was a thought that possibly the outcome of what they were doing may be to have the Legislature come back into a Special Session and review these errors as they're perceived. Mr. Starr said that he thought they should. Paul Thalhofer said they would have to make these amendments. Mr. Bradley said that was not their intent and there was still time to amend the bill at the next regular session of the Legislature.

#### AGENDA ITEM #5 - ORAL CONCERNS AND ADJOURNMENT


The Mayor said that Ted Price wants to make a presentation at the December 13th meeting at 6:30 p.m. on conceptual drawings of Troutdale downtown under various themes. Mr. Price is going to invite the Businessmen's Association, Downtown Task Force, Planning Commission and Design and Review Board. It will not be a decision making meeting of any type, only an information meeting.

The Mayor said the December 13th meeting would be the only Council meeting in December.

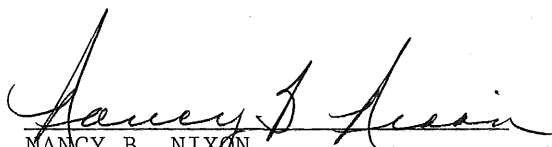
The Sign Committee will meet at 5:30 on December 13th. Mayor Cox said he had been to the Gresham Chamber of Commerce meeting that morning and the Gresham Chamber was going to back Troutdale on the Port of Entry and the Visitor Information Center and Interpretive Center. Paul said that it had gone through the local issues committee and it will now go to the board of directors and he anticipated their approval of the recommendation to support Troutdale's proposal for Port of Entry. After that vote, they will have a news release and also have someone testify at the State Highway Commission meeting.

The Mayor thanked Mr. Starr and Mr. Bradley for being at the meeting. Gene Bui moved to adjourn the meeting. Paul Thalsofer seconded the motion. Ayes 5 Nays 0.

The meeting was adjourned at 8:30 p.m.

  
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SAM K. COX, MAYOR  
DATE SIGNED: 12-14-83

ATTEST:

  
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NANCY B. NIXON  
FINANCE DIRECTOR/CITY RECORDER