

MINUTES OF DIRECTORS MEETING  
LANE COUNTY MASS TRANSIT DISTRICT  
ADJOURNED MEETING  
August 2, 1977

Pursuant to notice duly given to the Register Guard and Springfield News and distributed to persons on the mailing list of the District, the adjourned monthly meeting of the board of directors of Lane County Mass Transit District was held at the Eugene Hotel on August 2, 1977 at 7:30 a.m.

Present:

Richard A. Booth, Treasurer  
Jack J. Craig  
W. Gene Davis, Secretary  
Daniel M. Herbert, President, presiding  
Annabel Kitzhaber  
Kenneth H. Kohnen, Vice President  
Glenn E. Randall  
Richard Bryson, Counsel  
Fred C. Dyer, General Manager  
Mavis Skipworth, Recording Secretary

News media representatives:

Marvin Tims, Register Guard  
Lois Lindsay, Springfield News  
E. G. White-Swift, Oregon Daily Emerald  
Al King, Merrill Lynch Pierce Fenner & Smith, Inc.  
Jean Johnson, League of Women Voters

AUDIENCE PARTICIPATION: The chairman opened the meeting for public comment and there was no response.

PRESENTATION: Mr. Herbert presented to Annabel Kitzhaber a miniature wooden bus bearing an inscription of appreciation and recognition for her contribution to the district as a board member.

INCOME TAX: The board members had received copies of a redrafted income tax ordinance taxing only personal income, to be levied in conjunction with the present payroll tax. Mr. Kohnen expressed the opinion that Section 4 of the income tax ordinance would need to be clarified and expanded upon to cover various situations, particularly in the case of partnerships. Following discussion, the staff was directed to contact the Oregon State Department of Revenue for further clarification. Mr. Davis asked that the board be kept informed so the members can answer questions of the public.

Mr. Herbert then suggested the possibility of changing the payroll tax to apply only to corporations to simplify the administering, eliminating the overlap and need for applying credits. Mr. Kohnen observed that if this were done, in the case of businesses conducted as partnerships, any partners residing out of the district would not be subject to either the income tax or the payroll tax. Mr. Herbert asked the staff to analyze the two concepts in more detail and to prepare an estimate of the revenue yield.

Mr. Craig said that having only corporations subject to the payroll tax might not appeal to the voters and he would be interested in knowing the number of partnerships and corporations.

Mr. Booth remarked that the payroll tax is unfair in that it taxes payrolls of businesses that may not have a profit and the board should consider a way of not taxing an unprofitable business. Mr. Craig said he believed that most businesses can make adjustments and alterations of figures on gains that would indicate less profit.

Discussion turned to three alternative income tax timelines: 1) referred, on 1977 income; 2) not-referred, referendum petition, 1977 or 1978 income; and 3) referred, on 1978 income. Mr. Kohnen said he believed there was not time to properly inform the public of the ballot measure if the first alternative were selected; that the second timeline with no referral seemed a negative approach and a referendum would be very probable, as well as creating difficulty in preparing a 1978-79 budget when results would not be known until November of 1978; He spoke in favor of the third timeline with a May 1978 election as it would give the necessary time for Department of Revenue review and a better understanding by the public. He suggested the first reading be delayed a month to provide time for initial review. Mr. Davis expressed his agreement and moved to adopt the third alternative timeline as described on Page 12 of the agenda material, adjusting the first reading of the ordinance to the regular September board meeting and the second reading to the October regular board meeting. The motion was duly seconded.

MOTION

Mr. Booth cautioned that there could be financial difficulty during the transition period, with a lowered payroll tax and a lag in the flow of income tax. He suggested the staff prepare a cash flow adapted to the third alternative.

Mr. Davis advised that he believed the district had the support of the chambers of commerce in pursuit of the income tax.

VOTE

The question was put and the motion carried unanimously.

Mr. Kohnen reminded that during staff and Dept. of Revenue review of the ordinance it would be necessary to determine the tax rate and discussion followed on the desirability of maintaining flexibility of adjusting the rate. Mr. Booth cautioned that the combination of the payroll tax and the income tax should not be used to get more money from the community; that the combination should bring about the same amount of income as presently being received from the payroll tax. Mr. Herbert pointed out that the tax rates should be based on the district's financial needs which vary by year, and the district would need to adjust the rates accordingly. Mr. Randall advised that the district can change the rate without a vote although a referendum petition could bring it to a vote.

Mr. Davis said the district should attempt to pay all operating expenses from local tax revenues to avoid further threats from delays or disqualification of federal monies, and use federal funding for only capital acquisitions. Mr. Craig responded that as area residents pay federal income taxes, they wish to see some of that money come back. The chairman asked the staff to prepare a brief analysis on the possibilities of Mr. Davis' suggestion.

MOTION

Mr. Randall spoke of the election process and said it would simplify the problems if the election could be limited to the service area. Mr. Craig moved that the board request Senator Edward Fadeley to seek an opinion from the Attorney General as to whether the election for the income tax need be held within the whole county or just within the taxing district. Mr. Randall seconded the motion and it carried unanimously.

VOTE

MOTION

METROPOLITAN AREA TRANSPORTATION COMMITTEE: Mr. Randall moved to elect Daniel Herbert as representative on the Metropolitan Area Transportation Committee. The motion was seconded. It was moved that the nominations be closed and a unanimous ballot was cast for Mr. Herbert.

VOTE

Adjourned.



Secretary