ANNOTATED MINUTES

Monday, April 15, 1991 - 9:30 AM to 12:00 PM
Multnomah County Courthouse, Room 602

PUBLIC HEARING

1. Public Hearing and Testimony on the Multnomah County Budget.

20 CITIZENS TESTIFIED IN SUPPORT OF COUNTY FUNDING FOR VARIOUS PROGRAMS.

CHAIR McCOY ANNOUNCED THE PUBLIC HEARING AND TESTIMONY ON THE MULTNOMAH COUNTY BUDGET PREVIOUSLY SET FOR TUESDAY, APRIL 23, 1991 HAS BEEN RESCHEDULED FOR WEDNESDAY, APRIL 24, 1991 IN GRESHAM CITY HALL FROM 7:00 PM TO 10:00 PM.

11:25 AM - 12:20 PM
Multnomah County Courthouse, Room 602

WORK SESSION

1. Work Session to Discuss the Department of General Services Budget.

BOARD CONCLUDED DISCUSSION CONTINUED FROM FRIDAY, APRIL 12, 1991. STAFF TO RESPOND TO ADDITIONAL QUESTIONS OF COMMISSIONER KELLEY.

Monday, April 15, 1991 - 1:30 PM to 5:00 PM
Multnomah County Courthouse, Room 602

WORK SESSION

2. Work Session to Discuss the Department of Community Corrections Budget.

STAFF PRESENTATION, CITIZEN BUDGET ADVISORY COMMITTEE REPORT AND RECOMMENDATIONS, FOLLOWED BY BOARD QUESTIONS AND DISCUSSION.

Tuesday, April 16, 1991 - 9:00 AM
Multnomah County Courthouse, Room 602

BOARD BRIEFINGS

1. Report of the Business License Review Committee to Portland City Council as it May Affect Multnomah County. Presented by Ben Buisman and Steve Janik. (9:00-9:30 AM TIME CERTAIN)

STEPHEN JANIK, CHAIR, BUSINESS LICENSE REVIEW COMMITTEE, EXPLAINED THIS REPORT AND IT'S RECOMMENDATIONS AS PRESENTED TO THE PORTLAND

CITY COUNSEL AND HOW MULTNOMAH COUNTY COULD BE EFFECTED; FOLLOWED BY BOARD QUESTIONS AND DISCUSSION. A COMPLETE COPY OF THIS REPORT WAS PRESENTED TO THE BOARD AT THE REQUEST OF COMMISSIONER KELLEY.

2. Oregon Legislative Update. Presented by Fred Neal and Howard Klink. (9:30-10:30 AM TIME CERTAIN)

FRED NEAL WITH HOWARD KLINK PRESENTED AND EXPLAINED THE UPDATED 1991 LEGISLATIVE SESSION MULTNOMAH COUNTY PRIORITY BILLS.
FRED NEAL WITH LARRY KRESSEL, COUNTY COUNSEL, PRESENTED AND EXPLAINED HB 2362, JUDICIAL REVIEW ACT AND IT'S IMPACTS.
HOWARD KLINK PRESENTED AND EXPLAINED THE "DHR PROGRAM PRIORITIZATION WORKSHEET" WITH A DRAFT MEMO FOR THE MULTNOMAH COUNTY LEGISLATIVE DELEGATION REGARDING HUMAN RESOURCES BUDGET PRIORITIES.
NEXT LEGISLATIVE UPDATE SCHEDULED FOR TUESDAY, APRIL 30, 9:30 AM.

3. Children and Youth Work Group Presentation and Recommendations. (10:30-11:30 AM TIME CERTAIN)

COMMISSIONER BAUMAN PRESENTED CERTIFICATES OF APPRECIATION TO IRIS BELL, MARY BROMEL, BOB DONOUGH, PAUL DUONG, DAVID FUKS, DENNIS MORROW, AND HELEN RICHARDSON.
MEMBERS OF THE YOUTH WORK GROUP PRESENTED AND EXPLAINED THE PROPOSED SERVICES FOR CHILDREN, YOUTH AND FAMILIES IN MULTNOMAH COUNTY ALONG WITH A PROPOSED RESOLUTION IMPLEMENTING THE RECOMMENDATIONS OF THE CHILDREN AND YOUTH WORK GROUP; FOLLOWED BY BOARD QUESTIONS AND DISCUSSION. BCC REQUESTED MORE TIME TO REVIEW THESE RECOMMENDATIONS AND THE NEED FOR ANOTHER BRIEFING IN EARLY MAY TO FINALIZE THE PROPOSED RESOLUTION.

Tuesday, April 16, 1991 - 11:30 AM

Multnomah County Courthouse, Room 602

AGENDA REVIEW

4. **Review of Agenda for Regular Meeting of April 18, 1991.**

Tuesday, April 16, 1991 - 1:30 PM to 5:00 PM
Multnomah County Courthouse, Room 602

WORK SESSION

5. Work Session to Discuss the District Attorney's Budget.

STAFF PRESENTATION, FOLLOWED BY BOARD QUESTIONS AND DISCUSSION.

Wednesday, April 17, 1991 - 9:30 AM to Noon
Multnomah County Courthouse, Room 602

WORK SESSION

1. Work Session to Discuss the Sheriff's Department Budget.

STAFF PRESENTATION, CITIZEN BUDGET ADVISORY COMMITTEE REPORT AND RECOMMENDATIONS, FOLLOWED BY BOARD QUESTIONS AND DISCUSSION. SHERIFF TO IDENTIFY $3 MILLION IN POSSIBLE BUDGET CUTS BY FRIDAY; PLANNING AND BUDGET OFFICE TO PREPARE A 5 YEAR BUDGET COMPARISON AND BILL WOOD DIRECTED TO ATTEND WORK SESSION CONTINUED TO 1:30 PM TODAY.

Wednesday, April 17, 1991 - 1:30 PM to 5:00 PM
Multnomah County Courthouse, Room 602

PUBLIC HEARING

2. Public Hearing and Testimony for the Three (3) Sanitary Service Districts; and One (1) Street Lighting Service District within Multnomah County with the Budget Committees of:

a) Dunthorpe-Riverdale Service District No.1.

APPROVED.

b) West Hills Sanitary Sewer Service District No. 2

APPROVED.

c) Central County Sanitary Sewer Service District No. 3

APPROVED.

d) Mid-County Street Lighting Service District No. 14

AMENDED BUDGET APPROVED.

BILL WOOD OF THE SHERIFF'S DEPARTMENT RESPONDED TO BOARD QUESTIONS CONCERNING DAY REPORTING AND SENTENCING GUIDELINES.

3. Public Hearing and Testimony on the Multnomah County Budget.

23 CITIZENS TESTIFIED IN SUPPORT OF COUNTY FUNDING FOR VARIOUS PROGRAMS.

Thursday, April 18, 1991 - 9:00 AM
Multnomah County Courthouse, Room 602

EXECUTIVE SESSION

1. Pursuant to ORS 192.660 (1)(d), the Multnomah County Board of Commissioners will Meet in Executive Session to Discuss Labor Negotiations

EXECUTIVE SESSION HELD. STAFF TO SCHEDULE FOLLOW-UP EXECUTIVE SESSION FOR FURTHER DISCUSSION OF LABOR NEGOTIATIONS.

Thursday, April 16, 1991 - 9:30 AM
Multnomah County Courthouse, Room 602

REGULAR MEETING

CONSENT CALENDAR

DEPARTMENT OF ENVIRONMENTAL SERVICES

C-1 Ratification of Amendment No. 1 to the Intergovernmental Agreement Between Multnomah County and the State Department of Transportation, Highway Division, Providing for an Extended Term

APPROVED

REGULAR AGENDA

DEPARTMENT OF GENERAL SERVICES

R-1 In the Matter of Review and Approval of the Multnomah Cable Regulatory Commission, Program in Community Television, Multnomah Community Television and Locally Oriented Program Budgets Pursuant to an Intergovernmental Agreement Among the Jurisdictions of Gresham, Troutdale, Fairview, Wood Village and Multnomah County (9:30 AM TIME CERTAIN)

CONTINUED TO THURSDAY, APRIL 25, 1991

R-2 RESOLUTION In the Matter of Renewing an Application for Eligibility to Participate in the Federal Property Utilization Program

RESOLUTION 91-49 APPROVED

NON-DEPARTMENTAL

R-3 PROCLAMATION in the Matter of Proclaiming April 20-27, 1991 as "WELCOME THE NATIONAL TOUR ASSOCIATION" Week in Multnomah County, Oregon

PROCLAMATION 91-50 APPROVED

R-4 RESOLUTION in the Matter of Supporting HB 3488, Discrimination Against Persons who have Tested Positive for HIV, or who have been Diagnosed as Suffering from AIDS Related Complex in Multnomah County

RESOLUTION 91-51 APPROVED

JUSTICE SERVICES

DISTRICT ATTORNEY

R-5 PROCLAMATION In the Matter of Proclaiming the Week of April 21-27, 1991 as OREGON CRIME VICTIMS RIGHTS WEEK in Multnomah County

PROCLAMATION 91-52 APPROVED

DEPARTMENT OF ENVIRONMENTAL SERVICES

R-6 First Reading of an ORDINANCE Amending Multnomah County Code Chapter 10.15.110, Park Fees

FIRST READING APPROVED. SECOND READING SCHEDULED FOR THURSDAY, APRIL 25, 1991.

R-7 Ratification of an Intergovernmental Agreement Between Multnomah County and the City of Maywood Park to Provide Maintenance Functions on City Streets and Bike Path Street Lights as Requested

APPROVED

PUBLIC CONTRACT REVIEW BOARD

(Recess as the Board of County Commissioners and convene as the Public Contract Review Board)

R-8 ORDER In the Matter of a Sole Source Exemption to Purchase Bachman Re-Engineering Software

ORDER 91-53 APPROVED

(Recess as the Public Contract Review Board and reconvene as the Board of County Commissioners)

Friday, April 19, 1991 - 9:30 AM to Noon
Multnomah County Courthouse, Room 602

PUBLIC HEARING

1. Public Hearing and Testimony on the Multnomah County Budget.

21 CITIZENS TESTIFIED IN SUPPORT OF COUNTY FUNDING FOR VARIOUS PROGRAMS. COMMISSIONER KELLEY SUBMITTED A DRAFT BUDGET POSITION FOR BOARD CONSIDERATION. BOARD TO DISCUSS FUTURE WORK SESSION SCHEDULE ON TUESDAY, APRIL 23, 1991.

0139C/1-6
cap/dr

Meeting Date: APR 1 6 1991

Agenda No.: B-1

(Above space for Clerk's Office Use)

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AGENDA PLACEMENT FORM
(For Non-Budgetary Items)

SUBJECT: Briefing by Business License Review Committee

AGENDA REVIEW/
BOARD BRIEFING 4/16/91 (date) REGULAR MEETING ______ (date)

DEPARTMENT Nondepartmental DIVISION County Chair's Office

CONTACT Ben Buisman TELEPHONE X-3575

PERSON(S) MAKING PRESENTATION Ben Buisman, Steve Janik, Chair Business License Review Committee

ACTION REQUESTED:

[XX] INFORMATIONAL ONLY [ ] POLICY DIRECTION [ ] APPROVAL

ESTIMATED TIME NEEDED ON BOARD AGENDA: 30 minutes

CHECK IF YOU REQUIRE OFFICIAL WRITTEN NOTICE OF ACTION TAKEN: ________

BRIEF SUMMARY (include statement of rationale for action requested, as well as personnel and fiscal/budgetary impacts, if applicable):

"Report of the Business License Review Committee" to Portland City Council, as it may affect Multnomah County

(If space is inadequate, please use other side)

SIGNATURES:

ELECTED OFFICIAL Gladys McCoy

Or

DEPARTMENT MANAGER ______________________

(All accompanying documents must have required signatures)

Briefing #1
4-16-91
Handout #1

Report

of the

Business License Review Committee

March 1991

Report of the

Business License Review Committee

Stephen T. Janik, Chairman

Presented to
Commissioner Bogle
and the
Portland City Council

March 1991

INDEX OF REPORT

1. EXECUTIVE SUMMARY

The Committee analyzed several key policy issues raised by the Code, as well as numerous technical issues. The Committee's recommendations on the policy issues fall into two categories: first, definitive recommendations; and second, recommendations for further evaluation and study with no direction for policy change until those evaluations and studies have been completed. The policy recommendations are summarized below and the technical recommendations appear on pages 43 to 47 of this report.

Definitive Recommendations

1. Do not change from a net income base for the fee.

2. Adopt a uniform system of apportionment and not a case by case system.

3. Change the net operating loss carry-forward to allow only 50 percent of net income in a given year to be offset by a prior loss.

4. Increase the gross revenue exemption to $10,000 from $2,500.

5. Increase the minimum fee to $100.00 from $25.00.

6. Leave the current rate of 2.2 percent the same.

7. Make the City Business License Code consistant with Multnomah County's Business Income Tax system by using the same definitions and rules.

Further Study

1. Study a four factor test for apportionment, evaluating the impacts on specific accounts.

2. Increase owners' compensation deduction to $75,000 or more after analysis of specific account and revenue impacts.

3. Consolidate the administration of the business license fee with the administration of the Multnomah County business tax.

4. Consolidate the administration of the business license fee with the Oregon Department of Revenue.

2. INTRODUCTION

2.1 Charge To The Committee

On November 7, 1990, City Commissioner Dick Bogle, Commissioner in charge of the Bureau of Licenses, announced the formation of a Business License Review Committee. The last major review of the Code occurred 17 years ago in 1974. Given the changes which have occurred in that time, including changes in City revenues under Ballot Measure 5, the Commissioner determined that a thorough review of the Code was in order.

Members of the Committee were drawn from several major categories of businesses, including banking, legal and accounting professions, large and small retailers, service industries, business associations, manufacturing and others. This approach was in keeping with the City's historical practice of seeking advice from the business community whenever major changes in the Business License Code were under consideration.

Commissioner Bogle charged the Committee as follows:

1. Review the existing Business License Law of the City of Portland and make recommendations to ensure:

   a. The Law is legally sound and in line with current tax theories and methods.

   b. The Law supports the current economic development strategies/policies of the City of Portland.

   c. The Law provides for equitable treatment of Portland businesses.

   d. The Law is simple, understandable and easy to administer.

2. Review and make recommendations on the best overall methods of raising additional revenues from the Business License fee and comment on the impact of such increases on the Portland business community and the City's economic development strategies.

2.2 A Brief History of The Code

In 1854, the very first City of Portland charter stated:

> "The mayor and common council shall have power within the city--To license, tax and regulate auctioneers, taverns, hawkers, peddlers, brokers and pawnbrokers ...hackney carriages...theatrical and other exhibitions, shows, public amusements, billiard tables and bowling alleys."

The first Charter also stated that the City had the power to collect property taxes on all real and personal property. Business which had been omitted in the original list would pay some fee or tax to the City based on inventory and other property.

In 1903, the State of Oregon granted a Charter to the City of Portland specifically allowing, among other things, the power and authority to grant licenses for the purposes of raising revenue or of regulation or both. This dual purpose of the Business License Code--substantive regulation of business and revenue production--characterized the Code from 1903 to 1974. Thus, the Code set out the various categories of businesses operating in the City, specified certain standards of conduct, and levied a fee on each category of business activity.

Over time the Code became enormously complex with hundreds of categories of business activity, numerous substantive business regulations, and widely divergent methods for assessing a business license "fee". The growing complexity of the Code meant constant code changes.

From 1903 to 1941, more than 500 adjustments to business license laws passed through the City Council. Reviewing ordinance listings from 1913 to 1915, a license ordinance was instituted almost monthly by the City Council. Many of the ordinances appeared to be fine tuning of prior ordinances regarding particular types of businesses (especially dance halls).

In 1941, a "License and Business Code" replaced 541 separate ordinances. This weighty tome occupied more than 200 pages with a 45 page reference index. The Code was broken down into 103 different articles. Each article was further broken down into sections relating to enforcement, fees, etc. The articles covered virtually every conceivable general category of business, including some categories that were not business related (dog licenses). Depending upon the license, it could be issued for periods of a day, month, quarter, half-year or a year. All licenses could be revoked for due cause after hearing by the City Council. Some licenses even required filing of a bond with the City.

Most of the articles written in the 1941 Code tended to emphasize the regulatory nature of the Code. There was a seven page article regarding the morality of motion pictures. It is interesting to note that the penalty Section 7.10.030(a) from the 1990 Code ($500 fine and 6 months in jail) has not changed one word since 1941. However, in 1941 it was enforced regularly by the police, i.e., you <u>could</u> go to jail if you didn't have a license.

By 1974, Title 7 (Business Licenses and Regulations) was 128 pages long with 73 differing classes of business licenses. Many of the sections had not changed since 1941. In 1974, public hearings were held regarding potential changes to the Code. In these hearings, both City employees and the public referred to the Code as "unmanageable", "contradictory", and "inequitable". A City of Portland business was potentially liable for up to five different types of business licenses for the same business. The licenses could also be assessed in at least three different ways to determine the correct rate (gross income at .17 percent, net income at 2.4 percent, or other basis for special cases).

By 1974, the Code had become unworkable and inconsistent with modern business. Code categories of business activity clashed with the reality of business enterprises with multiple business activities. Substantive business regulation was no longer a City priority, given the substantial State and Federal regulation. And, the non-uniform systems of fee assessment were regarded by most businesses as unfair.

In January 1974, Mayor Goldschmidt directed the Business License Manager and City Attorney's Office to revise the Business License Code. The Mayor's primary objective was to simplify the Code for both the administration of the Code and for the licensee. Hearings in 1974 initially proposed a uniform gross receipts tax at 1/10 of 1 percent. This was almost unanimously rejected by the businesspersons attending these hearings as being unfair to those businesses that operate at a low profit margin. The final result of a citizens' advisory committee was to create a business license fee based on net income. The committee felt that this was the most equitable basis for a business license. A new Code was passed by the City Council in September, 1974 with an effective date of January 1, 1975. The new Code assessed a fee based on 1.5 percent of apportioned net income.

In 1975 and 1976, a Business License Review Committee noted that a sudden drop in revenue ($4.4 million dropped to $3.6 million) necessitated some corrections to the Code. In December 1975, the Code was amended to increase the rate to 2.3 percent for license years beginning 1/1/76 and after. In 1976, as a part of a package to increase revenue, annualization was instituted, and the first two auditors were hired to review business license filings. One of the primary problems noted with the new Code was the sudden drop in apportionment from manufacturers.

The accuracy of single factor apportionment in measuring business activity within a jurisdiction has been questioned by some legal scholars as being constitutionally deficient. These questions remain unresolved by the courts.

In January 1978, the Code was again amended establishing the current rate of 2.2 percent for license years beginning on or after 2/1/78.

In January 1981, the Bureau of Licenses was created. Prior to this time the Business License Division was a part of Fiscal Administration. In December 1981, a major revision to the Code was passed by the City Council (effective 1/1/82). Many of the changes were due to Business License Appeals Board decisions.

Since 1981, there has been virtually no material change in the Code.

2.3 Summary of The Code, Related Impacts

2.3.1 Synopsis of the Code

The Code no longer classifies businesses and imposes varying fees based on classes of business activity. Additionally, the Code no longer attempts to impose substantive business regulations. Instead, the Code simply assesses a fee on business activity within the City from all businesses conducting business activity within the City.

The existing Code imposes a fee on business activity within the City limits. The fee is not imposed just on business located within the City, but is imposed on all businesses wherever based, to the extent they conduct business within the City. The degree to which business activity is actually occurring within the City is known as "nexus"--a legal concept that regulates whether the City may impose a fee on any given business activity. Nexus can be illustrated as follows: a Vancouver, Washington business with no property in Oregon, sends a salesman to Portland with no authority to accept or reject customers. This entry into the City is not a sufficient connection to the City to establish legal nexus and bring the Vancouver business under the jurisdiction of the Business License Code. In contrast, a California based company that has an account in the City to which their employee sells and delivers goods from a stock maintained in Portland does come under the jurisdiction of the Code, and this company must pay a fee on its City of Portland business.

The fee is an annual charge based on a Company's annual net income, not its gross sales. Companies with a loss pay only the minimum fee. Companies with a loss may carry that loss forward up to five years, thereby offsetting income in these future years.

The fee is based on "apportioned net income"; that is the company's total net income for the year wherever that income was earned, multiplied by an apportionment factor. The apportionment factor is a percentage equal to the Company's gross income in the City of Portland, divided by its total income company-wide during the same period. For example, assume a national retailer with retail outlets in Portland. If the retailer had nationwide net income of $10,000,000 and 5 percent of its total sales were in Portland, its apportioned net income would be $500,000. It is upon this apportioned net income that the company pays a fee to the City of Portland. The rate of the fee is 2.2 percent of apportioned net income. Thus, in the above example, the company would pay a fee to the City of $11,000.

While the above may appear relatively clear, the Code contains an alternative apportionment method which interjects confusion and uncertainty. Pursuant to Code Section 7.08.060, if the apportionment based on percentage of gross income does not "fairly represent the extent of the licensee's business activity in the City, the licensee may petition for and the Bureau may permit, or the Bureau may require" use of an alternative method of apportionment. The alternative methods are the method used by the State of Oregon for apportionment for state income tax purposes or "any other method to effectuate an equitable allocation and apportionment of the licensee's income." This section creates opportunities for "negotiated" apportionments and inequitable treatment of similar businesses. The administrative burden caused by this alternative apportionment is very high.

The alternative method which uses the State of Oregon rules is currently a three factor test. Those factors are sales, payroll, and plant and equipment. For example, if a company had 10 percent of its payroll in Portland, 5 percent of its sales in Portland, and 1 percent of its plant and equipment, its averaged apportionment rate would be 5.33 percent.

The Code exempts certain limited business activities: sale of property not used in a trade or business, interest and dividends on investments not in connection with a trade or business, rental income from operating nine or fewer rental dwelling units, and several other limited exemptions. The Code also exempts any licensee with total annual gross revenue (both within and outside of the City) of $2,500 or less. The annual minimum business license fee currently is $25.00.

The Code allows a deduction from net income for salaries paid to sole proprietors, partners, and controlling shareholders. Income is first determined without deducting compensation and/or interest paid to an owner. The deduction allowed is: 75 percent of the income determined without such deductions, but not to exceed $50,000 per owner. A corporation is further limited to the lessor of actual compensation paid to each owner or the above.

2.3.2 The Code in The Context of Total Taxation

Before an assessment of the Code itself can be made, it must be viewed in the context of total taxation. The Code rate of 2.2 percent of net income may appear to be modest, but within the total taxation context it is not an insignificant burden on business. In addition to this fee, a business will also have to pay a Multnomah County Business Income Tax of 1.46 percent of apportioned income, for a total of 3.66 percent of net income. In addition, the business will also have to pay a state income tax of 6.6 percent of net income (9 percent for an individual) and a Tri-Met payroll tax of .617 percent of total payroll.

It is also critical to note that other jurisdictions in the region either do not impose a business license fee or impose one that is de minimus. Washington and Clackamas Counties do not impose a business license fee and those imposed by suburban cities are not material. Thus, business activity in Portland is generally 3.66 percent more expensive than business activity in Beaverton, Oregon City, or Lake Oswego. Since this fee is imposed on apportioned income and not business location, it may not lead businesses to locate outside of the City, since that is often a function of a number of factors. However, a business can readily compute the additional cost of doing business in the City and at some level the business license fee can affect locational decisions.

2.4 Overview of Accounts, Revenues

2.4.1 Accounts

The Bureau in FY 89-90 administered almost 34,000 accounts. As the following chart shows, many of the accounts produce a small annual fee. During FY 89-90, 30,031 of the accounts produced less than $500 of fees. Those accounts are 88.6 percent of the total number of accounts and yet they produced only 9.7 percent ($1,840,131) of the total revenue.

BUSINESS LICENSE REVENUE
For the period July 1, 1989 through June 30, 1990

FEE	FREQ	% of TOTAL	$ VALUE	% of TOTAL
Under $25[1]	4,529	13.37	<272,541>	-
$ 25.00	11,550	34.10	288,750	1.5219
$ 25 - 50	2,525	7.45	99,520	.5245
$ 50 - 75	3,612	10.66	204,072	1.0756
$ 75 - 100	1,651	4.87	140,210	.7390
$ 100 - 500	6,164	18.20	1,380,121	7.2743
$ 500 - 1,000	1,358	4.01	949,007	5.0019
$ 1,000 - 5,000	1,862	5.50	4,082,526	21.5180
$ 5,000 - 10,000	334	.99	2,336,664	12.3160
$10,000 - 50,000	249	.74	4,649,161	24.5046
$50,000 - 100,000	21	.06	1,511,405	7.9662
$100,000 and up	18	.05	3,603,653	18.9940
Totals	33,873	100.00	18,972,548	

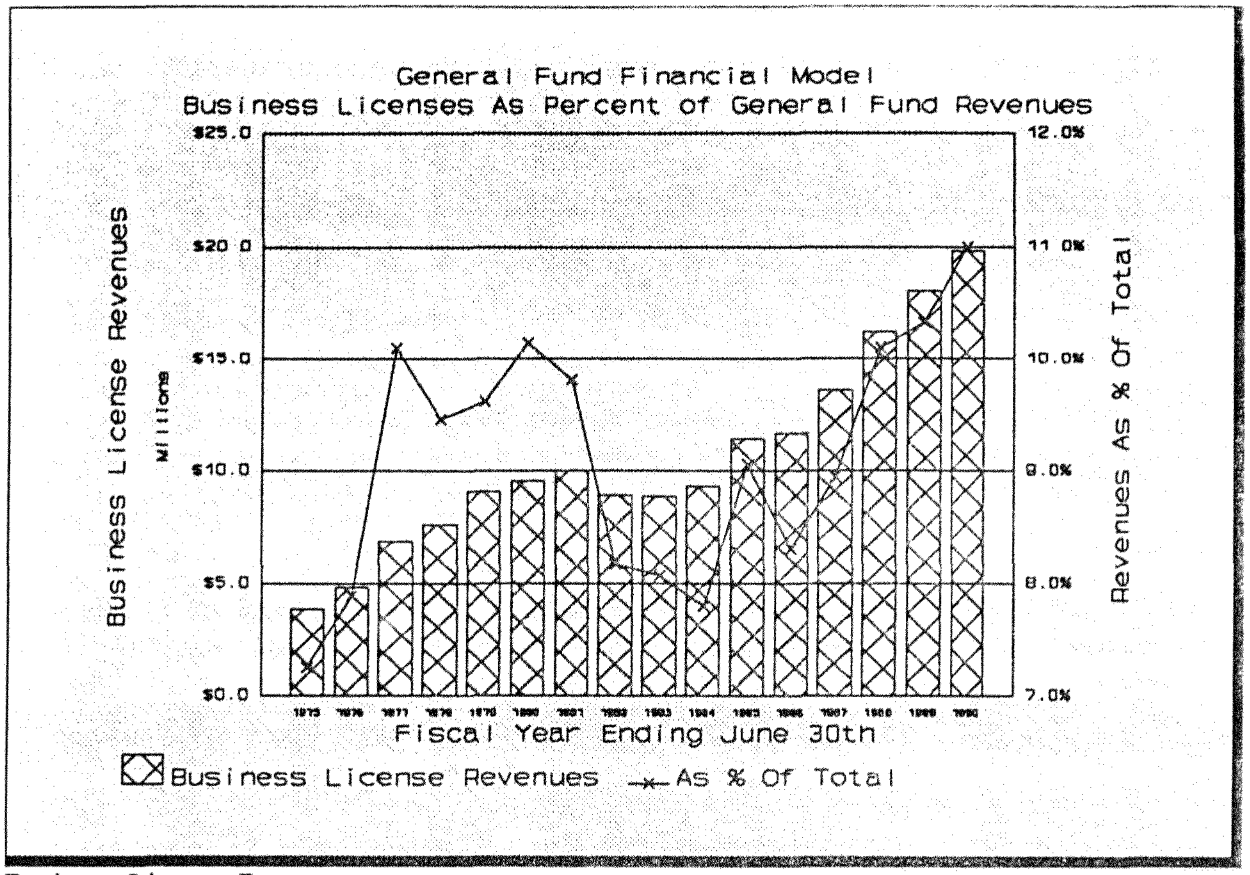
[1] In no case does a licensee pay less than $25 for a business license each year. However, during any twelve month period, the dollars received on an account may total less than $25 because the account is delinquent or a prior year refund was issued.

During the same period, 11,550 accounts or 34.1 percent of the total of all accounts paid $25.00 as their annual fee.

It should be noted that the Bureau administers these 34,000 accounts with a staff of 23 employees, while in 1974, the Bureau had 27 employees administering 15,000 accounts. However, as comforting as that historical analysis may appear, the Bureau's total budget in FY 89-90 was $969,619, for a per account cost of $30.61. Thus, the Bureau is not covering its administrative costs with respect to the minimum fee payers.

2.4.2 Revenues

In FY 89-90, the total business license fee revenue was $18,972,547. As the following charts show, the business license fee has been growing as a portion of the general fund and the fee now accounts for approximately 11 percent of the City's General Fund.



Business License Revenues

City Of Portland
Business License And General
Fund Revenues History

Fiscal Year	Business Licenses	Business License (%)	General Fund-Net(*)
1975	$3,852,774	7.2%	$53,143,098
1976	$4,808,821	7.9%	$60,966,580
1977	$6,870,402	10.1%	$68,051,381
1978	$7,617,442	9.5%	$80,527,102
1979	$9,095,270	9.6%	$94,579,399
1980	$9,576,179	10.1%	$94,380,971
1981	$10,034,614	9.8%	$102,253,750
1982	$8,938,545	8.2%	$109,448,202
1983	$8,869,780	8.1%	$109,902,311
1984	$9,347,540	7.8%	$119,937,725
1985	$11,445,411	9.1%	$126,432,502
1986	$11,640,760	8.3%	$140,172,005
1987	$13,580,414	8.9%	$151,831,183
1988	$16,197,616	10.1%	$160,340,574
1989	$18,042,828	10.3%	$174,763,181
1990	$19,804,689	11.0%	$180,198,895

(*) Net of short-term borrowing and adjusted to reflect current General Fund organization.

Historical Data

2.5 Summary of Issues

The following is a summary of the issues addressed by the Committee as a whole. These are the issues which the Committee believed raised significant policy questions which should be addressed by the Committee and ultimately by the City Council. These issues are analyzed in Section 3 of this report.

1. Should the fees continue to be based on net income or should the fee be based on gross revenue?

2. Is the one factor--income--apportionment method fair or is a three factor method, comparable to State law, a fairer method? Regardless of the method, should the City be allowed to require an apportionment change on a case by case basis?

3. Should the owner's compensation deduction be eliminated, left at $50,000, or increased?

4. Should the net operating loss carry forward be eliminated or modified?

5. Are the current exemptions appropriate?

6. Should the minimum fee of $25.00 be increased? Should the current rate of 2.2 percent be changed?

7. Should the City adopt a license code that uses State rules and definitions?

8. Should the City Business License Code be made consistant with the County income tax to provide similarity of systems and ease of compliance? Should administration of the City business license be retained by the City or contracted out to the State to reduce administrative costs?

2.6 Committee Process

The Committee first met on November 28, 1990. During the meetings in November and December, 1990, the Committee was briefed by its staff on the current Code, economic development considerations, other local and regional business license systems, and other issues of concern. The Committee decided to form a Technical Issues Subcommittee to deal with those more technical issues within the existing Code. The Committee as a whole agreed to focus on the broader policy issues which were raised during their review of the existing Code.

The Committee elected Steve Janik as its chairman and met weekly throughout January and the first half of February, 1991, to discuss the policy issues. After each Committee meeting, the Technical Issues Subcommittee held its meeting to consider the issues assigned to the Technical Issues Subcommittee. Staff from the Bureau of Licenses, Portland Development Commission, the Office of the City Attorney, Portland Future Focus, the Oregon Department of Revenue, Multnomah County, and Commissioner Bogle's office, assisted the Committee during all of its deliberations and actively participated in Committee discussions.

The Committee generally operated on a consensus basis. Where a consensus was not achieved on a given issue, majority and minority positions were outlined and, where appropriate, votes were taken to establish the position or positions of the Committee.

The Committee report was initially drafted in sections by several members of the Committee. The full report, including these draft sections, was prepared by the chairman and submitted to each Committee member for its review and comment. The chairman coordinated the revisions of the report based upon comments from Committee members. Accordingly, this report is the work product of the entire Committee.

2.7 Principles to Guide Policy Choices

The Business License Code is not a simple system. Similarly, the Committee found that most of the issues it considered were complex and involved difficult balances between competing interests. There are few objective standards against which to measure policy choices. Further, the empirical data needed to truly assess the impact from changes in the Code was not available to the Committee on many issues, given the short time the Committee and its staff had to deal with these issues.

The Committee groped for principles that might be useful in guiding its policy choices, as well as the ultimate policy decisions to be made by the City Council. The following statements represent the principles which the Committee applied during its analyses of the issues discussed in this report. The Committee strongly urges the City Council to carefully weigh these principles in their deliberations over potential changes in the Code.

1. Philosophy Behind the Fee

The Committee attempted to determine what general philosophical basis was the underpinning for the fee. First, the fee could be considered as a measure of the degree to which a given business uses City services that are not, otherwise, specifically charged to that business. Business activity was considered as a general measure of the degree to which a business utilized City services. Accordingly, if this is the appropriate philosophy, then policy choices should be made based upon whether or not the policy more closely ties the amount of a fee paid by a business to the City services utilized by that business.

Second, an entirely different philosophy would be based on an ability to pay theory. Because the Code is based upon net income, the Code appears very much to be founded on an ability to pay theory. However, the uniform flat rate of the Code lacks progressivity which is usually part of a taxation system based upon ability to pay.

The Committee found that neither of these principles alone could explain the existing Code and neither should be used exclusively as a basis for Code changes. There is merit in each of these principles. However, care should be used in placing too great a weight upon the connection between the amount of the business license fee and the notion of consumption of City services. However logical this may appear in the abstract, in practicality the relationship may be more tenuous than first assumed.

2. <u>Fairness</u>

The Committee felt strongly that fairness was a very important principle to use in making policy choices. Fairness, however, is not a simple concept. Fairness in the taxation system is presumed to mean that similarly situated licensees would pay similar license fees. This concept of fairness becomes increasingly difficult to apply when you enter the area of apportionment, in particular.

The Committee was also very concerned about another form of the fairness issue; that is, changes in the Code which, in the vacuum, may appear to be fair, may also cause very significant changes in the amount of the business license fee paid by various types of businesses. Accordingly, the Committee expressed great conservatism in recommending material changes in the Code which would have a dramatic, "overnight" change on certain businesses and not on all businesses.

3. Economic Development

The Committee was very concerned about the impact on economic development that might follow from changes in the Code. The Committee's concerns focused not only on attracting new businesses to the City, but also on the retention and expansion of existing businesses. While the Committee recognizes that locational decisions are affected by a number of factors, the Committee concluded that significant changes in the Business License Code should be presumed to have a material impact on economic development decisions and, accordingly, changes should not be made without carefully weighing those implications.

4. Available Data

The Committee's work occurred over basically six weeks. Notwithstanding the diligence of staff, during that period of time it was very difficult to obtain data sufficient to show the impacts on affected licensees of various proposed changes in the Code. While certain generalized effects can be intuitively discerned, the Committee strongly recommends that the City Council not make major changes in the Code without first obtaining data showing the impacts of these changes on affected licensees.

5. Revenue Increases

The Committee rejected the notion that the Committee's primary goal should be to make recommendations to simply increase revenue for the City. The Committee determined that such a position would not be consistent with the charge given the Committee. Rather, the Committee's view was that the Committee should make improvements in the Code, based upon the principles outlined above, and then assess the impact on revenues, rather than making changes for the sake of revenue increases and then assessing the impact of those changes on the principles set forth above.

3. ANALYSIS OF ISSUES

3.1 Tax Base, Gross Revenue or Net Income

The issue is whether or not the City business license fee should continue to be based upon net income or whether it should be based upon gross income or some other factor, such as the number of employees. The Committee analyzed all three of these alternatives and concluded that there is no compelling reason to change from a system based upon net income.

Net income is an attractive basis for the fee for several reasons. First, net income creates a direct relationship between the amount of the fee and the ability of the licensee to pay the fee. In that sense, it would appear to be a fairer method than any of the alternative methods. Second, because net income is already the basis for the State of Oregon income tax and the Multnomah County business tax, a change away from net income may cause additional record keeping burdens on licensees. Third, licensees appear to be "politically" satisfied with a system that is based on net income and, unless there is a compelling reason to change, will probably continue to be satisfied with such a system.

The significant problem with a net income basis for the business license fee is that net income may bear no relationship at all to the level of business activity occurring within the City and the corresponding use of City services. For example, a business which generates $100,000,000 of sales but shows a loss, would end up paying the minimum business license fee in the year of that loss and in future years when the loss was carried forward and offset income of those future years. It is obvious, however, that at a level of $100,000,000 of apportioned income, this business is using a substantial amount of City services and is imposing substantial burdens on the City service system. It can be argued that such a circumstance is unfair. At the same time, it should be recognized that there simply may not be that great a number of businesses that have large gross revenues and operating losses. However, this is a speculation.

The chief benefit of a gross revenue base is that gross revenue is more closely linked to the degree to which that business uses City services or imposes burdens on the City. However, the Committee found numerous examples of situations where businesses with similar levels of gross revenue may use City services in widely varying degrees. Thus, the correlation between gross revenues and use of services may not be as close as first presumed.

If the fee were shifted to a fee based on gross revenue, the Committee found that numerous problems would result. First, because each business has a different "normal" profit margin, businesses with small profit margins can be dramatically impacted by the change to a system based upon gross revenues. For example, large food retailers which currently operate at profit margins of 1 or 2 percent, but with very high volumes of sale, would be dramatically impacted. On the other hand, manufacturers that have a relatively high gross profit margin would not be impacted as severely.

These two examples point to the fundamental problem with a gross revenue system; that is, because of inherent differences in the normal profit margins of businesses, the amount of the business license fee can represent a widely divergent proportion of the businesses net income, even if its gross revenues are the same. It would not appear to be fair for a low profit margin retailer to pay a very high proportion of its net income as a business license fee, while a higher profit margin manufacturer pays a lower portion of its net income as a business license fee.

Second, because of the above inequities, it is likely that a switch to a gross revenue system would bring a political clamor for different rates for different businesses. This would begin to take the Code back to the complexities of decades ago and is not a desirable result.

Finally, the State of Washington has a business occupations tax based upon gross revenues. This system is uniformly disliked by businesses. Retaining a net income base places Portland at a considerable advantage over neighboring Vancouver, Washington.

Basing a business license fee on employees was also considered. The primary benefit of focusing on employees is that the number of employees at a business may, again, be a closer approximation of the degree to which that business utilizes City services. In addition, a fee assessed against employees would also, in a sense, be a fee imposed upon suburban workers who come within the City to work. However, because of differences inherent in the nature of different businesses, employees may be only a very indirect measure of the degree to which the business utilizes City services. What is worst about an employee based system is that it would tend to discourage employment, which is directly opposite to City policies. Such a system would severely penalize businesses that have a very high ratio between employees and revenues or net income and would benefit businesses that have a low number of employees relative to gross revenues and net income. For example, such an employee based system would adversely affect fast food operators but would probably benefit doctors and certain other high paid professionals. This is not a politically appealing result.

The Committee recommends the following, based upon the above analysis:

1. The business license fee system should continue to be based upon net income.

2. The City Council should consider increasing the amount of the minimum fee where the business has a substantial amount of gross revenue, but a low net operating income or a loss. The City Council could consider a graduated system where if gross revenue was at certain levels, then the minimum fee would rise accordingly, notwithstanding the level of net operating income. However, before the Committee is willing to recommend a discrete set of rate changes, additional data is needed to determine how

this would impact existing licensees and what would be a fair change.

3. As discussed in greater detail below in Section 3.4, the Committee recommends reducing the amount to which net operating losses may be carried forward. Again, this is intended to avoid the anomalous situation where the business is utilizing City services but only paying the minimum or a reduced fee because of a previous loss year.

3.2 Method of Apportionment

The current Code system apportions an entire business' net income between business activity within the City, upon which a business license fee is collected, and business activity outside of the City. The method for apportioning the net income is based upon the ratio of income within the City as compared to total income for the company. This is a single factor test.

Code Section 7.08.060 provides an exception to this general rule of apportionment. It allows licensees to petition the City for, or the Bureau of Licenses to require, that the apportionment method be something other than the single factor method. The alternatives allowed are the method used by the State of Oregon for apportioning net income (currently the three factor test), or some other method to "effectuate an equitable allocation and apportionment of the licensee's income."

The current system requires a great deal of administrative time to determine whether an alternative form of apportionment should be used. These discussions often involve a great deal of uncertainty over whether one method or another more equitably apportions the income. The result can be that settlements become matters of negotiation and that similarly situated licensees end up using different apportionment factors. The lack of uniformity of treatment and the administrative burden inherent in the current system were problems of clear concern to the Committee.

The most frequently suggested alternative method of apportionment is the three factor test now in use by the State of Oregon for purposes of apportioning net income. The three factor test looks at sales, payroll, and plant and equipment. Under the three factor test, a company will show the total amount of its sales in Portland as compared to its total company sales, the total amount of payroll within Portland as compared to its total company payroll, and its plant and equipment in Portland as compared to its total company plant and equipment. Those three resultant percentages are then averaged to produce the apportionment factor. The State is currently converting to a four factor test where the factor of sales would be counted twice in developing the apportionment factor. This gives sales greater weight than any of the other factors.

The first issue addressed by the Committee was whether or not the current system was fair and equitable. There are two significant problems with the current system. First, sales alone may not be a fair indicator of the relative degree of business activity within the City of Portland. Companies with extensive plant and equipment and employees within the City, but with substantial sales outside of the City, may be paying less than their "fair" share of their business license fees. Companies that have these characteristics are generally manufacturing companies.

Second, the current system creates frequent opportunities for uncertainty for licensees as well as potential inequities. The process of switching a licensee from a single factor test to some other apportionment method, is an opportunity for uncertainty for the licensee and potential inequity among licensees. The administrative burden on the staff is also a significant cost of the current system.

Several members of the Committee argued that switching to a three factor test would be a better system. The principal arguments in favor of a three factor test can be summarized as follows. First, a three factor test, used as the only system to apportion income, would be a more accurate representation of the business' activity in the City. Second, licensees are currently used to dealing with a three factor test to the extent they have net income outside of the State of Oregon and need to deal with apportionment at the State level. Making these two systems consistent would be of benefit to licensees. Third, some feel that businesses with extensive plant and equipment and payroll within the City have been paying reduced business license fees for several years. In part, this may be the result of a Council economic policy decision to encourage these businesses to locate within the City. It may also be a reflection of the higher portion of property and utility taxes these businesses pay. A three factor apportionment may establish a more direct relationship with the consumption of City services. This argument can be restated in terms of whether or not the City can continue to afford to provide services to those with significant plant and equipment and payroll within the City, where their business license apportionment factor does not reflect these considerations.

Considerable concern was expressed by Committee members over the shift to a three factor test. First, numerous businesses would experience dramatic changes in the amount of their fee. Particularly impacted could be manufacturing companies and major financial or insurance companies based in Portland. The staff prepared a rough analysis of the potential impacts which is attached as Exhibit E. As can be seen in these examples, some large employers could face a fee that is several times their current fee. Second, many Committee members believed that such a dramatic increase in fees would be inconsistent with City policies in favor of encouraging businesses to stay in the City and expand their employment levels in the City. Surrounding communities in the metropolitan area without this level of fees would offer an attractive alternative to Portland. Third, many businesses may not have record keeping capabilities consistent with a three factor test, and shifting to this system would increase the licensee's administrative costs.

The Committee recommends that the City Council study a shift to a four factor test, with sales weighed twice. This was viewed as a more gradual means to shift away from a one factor test, while still achieving some of the benefits of the three factor test. Also, this would make the City system consistent with the State system.

The Committee strongly recommends, however, that no change be made from the one factor test until a detailed analysis is made of the effect of such a shift on existing major employers.

The staff analysis was not sufficient because the information required to calculate fee impacts is only available upon specific request of the individual licensees. This requires extensive data gathering and due to the limited time available for this study, the staff could not complete a thorough analysis. However, the results of the staff's preliminary analysis were disturbing enough that the Committee was unwilling to recommend a change until these impacts are carefully assessed.

The Committee agreed that apportionment should not be changed arbitrarily or on a case by case basis. In order to accomplish this, the Code should (1) incorporate by reference the State of Oregon definitions and rules for the sales factor (and others if a multi-factor apportionment is determined to be appropriate upon further analysis); and (2) eliminate the Bureau's ability to require an alternative method of apportionment unless the alternative method is adopted for an industry through administrative rule making.

3.3 Owners Compensation Deduction

The current Code allows owners of a business who also act as workers in that business a deduction from net income. For sole proprietorships and partnerships, a deduction is allowed of 75 percent of income determined without deducting compensation or interest paid to an owner, not to exceed $50,000 per owner. The logic behind this deduction is that because non-owner employee salaries are deductible in computing net income, so too should salaries paid to owners. The problem is that owners control their own salaries; thus, an owner could declare all of the businesses net income as salary and thereby have zero net income. This limit on the compensation deduction was established in 1976.

The logic of the deduction can be seen in the following example. If XYZ business generates net income before employee salaries of $60,000 but pays its sole employee $40,000, its net income for purposes of the business license fee would be $20,000. On the other hand, if that sole employee is the owner of the business, disallowing the deduction would mean that the businesses net income for purposes of the business license fee would be $60,000. This creates a significant difference in income subject to the business license fee by two similar businesses, whose only difference is that the owner is an active participant in the business. Accordingly, the Code has established a deduction that allows some deduction for an owner's compensation, yet guarantees that there will be net income upon which a business license fee can be assessed.

The first issue is whether the deduction should be maintained. The Committee agreed that the deduction should be maintained. If the business owner functions as a worker, the cost of that labor is a fair deduction in order to determine net income. The next issue is whether the deduction should be raised. Given the fact that $50,000 in 1976 is now inflation adjusted to $125,000, considerable logic exists to raise the deduction to $125,000. Additional logic in support of increasing the deduction to $125,000 comes from the fact that, coincidentally, this is the new Social Security salary level cap beyond which neither Social Security taxes nor Medicare Hospital Insurance premiums are collected. The Technical Issues Subcommittee recommended increasing the deduction to $125,000 because the risk of an owner paying himself excess compensation to avoid the license fee was not present since the increased Social Security taxes on the compensation would be more than the business license fee savings on compensation up to this amount.

Against the logic of the recommended increase in the deduction, several Committee members expressed concerns. First, this change would appear to reduce license fee revenues. Second, some may criticize a change which will benefit already higher compensated owners of businesses. Third, insufficient time existed to assess the full impact on City license fee revenues from increasing the deduction.

The Committee felt that the charge of developing a "fairer" license fee system was more important than political concerns over who would be benefitted by such a change. The City Council set the $50,000 level in 1976 and thereby made a policy determination that level of deduction was appropriate. The Committee would be ignoring reality in leaving the deduction at $50,000 when 142 percent inflation has occurred since 1976. Equally important is the fact that not increasing the deduction has the effect of undercutting the prior City Council decision; that is, by not increasing the deduction the real amount of the deduction is lowered below what the prior City Council had decided.

The Committee was not able to reach a consensus on the exact amount of the deduction limitation because there was insufficient time to develop hard data of the effect of a change on existing licensees. The Committee generally concluded that the deduction limit should be raised. The Committee recommends that staff analyze the effect of increasing the limit to $75,000 and to $125,000 and to report back to the Committee. With this data the Committee can then make a final recommendation to City Council.

3.4 Net Operating Loss Carry Forward

Section 7.08.030(f) allows a business with a net operating loss in a given year to carry that loss forward for a period of five years as a deduction, thereby reducing net income in those future years. For example, if in year one a business generated a net operating loss of $100,000 and its second year income was $50,000, then $50,000 of the loss may be carried forward, resulting in a "zero" net income for year two and a minimum business license fee. If the same business again generated a $50,000 net income in year three, the balance of the year one loss could be carried forward resulting in "zero" net income and a third year with a minimum business license fee. This concept is not novel, but rather is derived from the Federal and State income tax systems which allow a net operating loss carry forward. Although, it should be noted that the availability of a net operating loss carry forward has been restricted, in certain circumstances, under Federal law.

The issue is whether or not this net operating loss carry forward should be continued without change or whether the loss carry forward should be eliminated or modified.

There are a number of arguments in favor of having some form of net operating loss carry forward. First, in virtually all net income tax systems, some form of net operating loss carry forward is allowed. Second, to the extent the business license fee is based on an ability to pay concept theory, it is inconsistent with that theory to charge a fee in a year when the business has a loss. Until that loss has been made up by future year's profits, the business is still in a loss position. Accordingly, it is fair to allow the loss to be carried forward as a deduction against future net income, until a cumulative net income has occurred. Third, there are certain businesses where a 12-month year is not necessarily the appropriate business cycle for that business. In certain businesses, losses can be expected for a number of years before net operating income can be achieved. For example, a new manufacturing business may spend several years doing product development and testing before a product is ever sold. These years will produce net operating losses because it simply takes several years before a product is available for sale. Businesses with product or business cycles longer than one year would be adversely effected by an inability to carry forward net operating losses. It should be noted that under the State income tax system, not only are net operating losses allowed to be carried forward, but losses may be carried forward for a period of 15 years, thereby insuring that larger losses will be fully recovered against future net income.

The chief problem with the net operating loss carry forward is that during the period of loss years or the years when prior net operating losses eliminated net income, the business would still be utilizing City services and not paying any more than the minimum business license fee. Many Committee members were troubled by the fact that the business will not pay its share for these City services, simply because it has generated a net loss.

This problem is exacerbated the greater the loss and the longer the period of time left to utilize the loss carry forward.

The Committee reached a consensus on a modification of the net operating loss carry forward. That consensus was to limit the deduction to a maximum of one-half of the amount of a subsequent year's apportioned net income and to allow a net operating loss to be carried forward for the current period of five years. This was regarded as a compromise between the arguments set forth above. The business would still be entitled to carry forward a portion of the net operating loss, but would not be entitled to offset all the income in any subsequent profitable year.

The Committee also expressed interest in an alternative recommendation, but did not reach a consensus on this alternative recommendation. The alternative recommendation was that a minimum business license fee be established for years in which a net operating loss occurred and that this minimum fee would be a graduated flat fee based upon levels of gross sales. For example, businesses with gross sales of $500,000 or less might pay a flat $1,000 in a year in which there was no net income, while businesses with sales in excess of $500,000 but less than $5,000,000 might pay a flat fee of $5,000 in years in which there were net operating losses. The Committee recommends that further study be given to this alternative by analyzing existing accounts to make a detailed assessment of the impact on various licensees from implementing such a system.

3.5 Exemptions

3.5.1 Exemption Based on Types of Business Activity

Section 7.06.030(3) creates certain categories of exemptions from the Code. Those exemptions can be summarized as follows: (a) sales of real property not held for sale in the ordinary course of a trade or business; (b) sales of personal property for household use; (c) interest and dividends which are not earned as a part of a trade or business; (d) the rental of nine or fewer residential dwelling units; (e) certain farm activities for a person's own use; and (f) sales at trade shows and similar events for less than 14 days of a year.

The Committee reviewed these exemptions and found that they were generally acceptable. Each of these exemptions has a different justification; however, they generally reflect incidental revenue production activities which are not primarily resulting from an ongoing trade or business. The Committee requested that the staff make a more detailed analysis of these exemptions and determine, based upon the staff's experience, whether any of these exemptions need to be eliminated or modified.

Some members of the Committee felt that the exemption for renting nine or fewer dwelling units merited particular attention. First, dwelling units can consume a considerable amount of City services. Second, if these dwelling units were to rent at a rate of $500 per month the "business" in question, which is currently exempted, could be a business realizing $54,000 a year in gross revenues. That level of gross revenue may produce a net income which is sizeable enough to justify paying a City business license fee. Third, the cutoff at nine dwelling units may be too high and a lower cutoff may be more commensurate with the concept that exemptions should be available for activities which produce revenue but which are not primarily a trade or business.

3.5.2 Gross Revenue Level Exception

Another exemption is not based upon the type of business activity but rather is available to all businesses. This exempts businesses that have gross receipts of $2,500 or less in any given year. The Committee concluded that this level is too low. Dealing with businesses that have gross receipts in excess of $2,500, simply increases the amount of administrative time in dealing with very small accounts that produce, at best, the minimum fee of $25. The Committee recommended increasing this exemption level from $2,500 to $10,000. The revenue implications are likely to be minimal. Savings in administrative costs will likely offset revenue losses.

3.6 Fee, Rate

3.6.1 Minimum Fee

Pursuant to Section 7.08.020 of the Code, the minimum annual fee is $25. As noted above, 11,550 accounts are paying annual fees of $25, which represents slightly over one-third of all of the accounts.

This $25 fee does not cover the per-account cost of administration. It can be argued that with such small accounts, the incremental cost of administration is not equal to the average cost; that is, these smaller accounts simply take less time to manage. In fact, staff has noted that small accounts can often take considerable amounts of time, and a considerable amount of time is often expended on whether or not a licensee qualifies for the minimum fee.

The Committee reached a consensus that the minimum fee should be increased to $100. The Committee determined that $100 is not an inequitable amount to be charged by the City for the basic opportunity to do business within the City. It is unlikely that the charge of $100 would be an impediment to doing business in the City or to the formation of a new business. The effect of this change would mean that all businesses with a subject net income of less than $4,545 would pay $100 per year and businesses with subject net income in excess of that would continue to pay 2.2 percent of their net income. This did not appear to be an inequitable result.

3.6.2 Rate

The current rate is 2.2 percent of subject net income. This rate was established in February, 1978, and has not been changed since.

The Committee first examined this rate in comparison to comparable rates charged by other cities. The problem with such an analysis is that the type of business license fee systems vary widely from city to city. The comparison is set forth in Exhibits C and D. As a review of this analysis indicates, the current rate appears to be within the range of rates charged by other cities. In that sense, the rate may be appropriate and fair.

The Committee then analyzed the potential impact of increasing the rate. A 10 percent increase in the rate (from 2.2 percent to 2.42 percent) would produce a revenue increase for the City of approximately $1.8 million. This would appear to be a significant opportunity for the City to increase General Fund revenues which have been decreased by Ballot Measure 5.

At the same time, increases in the rate are likely to be perceived by the voters as inconsistent with the spending limitation implied by Ballot Measure 5. Increases in the business license tax rate may imply that business should accept additional burdens in offsetting decreased City revenues. It could be argued that businesses would not object to an increase in the business license rate when it may be offset by reduced property taxes under Measure 5. However, large property tax reductions may not be realized. Further, in the context of overall taxation, any material increase in the business license fee, when viewed in conjunction with the Multnomah County business tax and the State income tax, may discourage business expansion or relocation. The comparison is particularly striking when you compare businesses in non-Multnomah County suburban cities, where there is no Multnomah County business tax and no City business license fee. These businesses avoid the composite 3.6 percent combined business license fee, when compared to businesses within the City.

The consensus of the Committee was that the rate should not be raised. The overall view was that once the problems and inequities in the current Code are corrected, the revenue impact from these changes can be assessed. After the revenue impact is assessed, it can then be determine if the rate should be adjusted, either up or down, or not at all.

The decision to raise the rate is truly a policy decision within the germane of the City Council and not of the Committee. If the City Council chooses to increase the rate, the Committee strongly urges the City Council to solicit a broad range of views from the business community to ensure that the increase in the rate will not have an adverse effect upon economic development and business retention and recruitment.

3.7 Consolidation of Administration

The City of Portland currently administers its own business license fee at a cost of $969,619 or $30.61 per account. At the same time, Multnomah County has contracted with the Oregon Department of Revenue for the administration of their business tax. The Oregon Department of Revenue charges $12.42 per account, an amount which is approximately 40 percent of the City's per account administrative cost. While this would appear to suggest that the City should contract with the Oregon Department of Revenue for the collection of its business license fee, there is considerable concern over the effectiveness of a "contracted for" collection service. The City of Portland has approximately 34,000 accounts, while Multnomah County, which includes the City of Portland, has only 28,500 accounts. Obviously, the number of accounts in Multnomah County should exceed the number of accounts within the City of Portland. It appears that the Bureau has been doing a more effective job of enforcing the Business License Code due to the fact that it has generated a significant number of accounts in excess of that generated by Multnomah County and the Oregon Department of Revenue. However, given the fact that approximately 34 percent of the City's account only pay the minimum fee of $25, a serious question exists as to whether or not all of the City's enforcement efforts are worthwhile.

The issues can be summarized as follows: first, should there be consolidation between Multnomah County and the City of Portland; second, should the City of Portland contract with the Oregon Department of Revenue for the collection of its accounts as has Multnomah County; and, third, what level of administrative enforcement is the right balance between generating all possible accounts versus cost effective administration. It is also important to note that there are two types of consolidation at issue: consolidating the Multnomah County system and the City of Portland system and consolidating the administrative function. At present, the City and County systems vary in terms of such matters as definition of net income, filing procedures, and other matters. Thus, consolidating the administration alone would not deal with consolidation of the two systems.

3.7.1 Consolidation of Systems

There are several benefits to be achieved in consolidating the City's and the County's systems. Consolidation of the business license fee and the Multnomah County business tax would greatly simplify taxpayer's filing requirements. A consolidated tax system would provide for one return, one extension, and one due date. Currently, the two systems differ on these matters. Second, consolidating the two systems would reduce the cost of complying with both systems. Presently, there are differences in the definition and treatment of certain items between the two tax systems. Thus, not only must taxpayers and preparers deal with different sets of filing requirements, but they must deal with different substantive requirements. By consolidating the two systems, taxpayers will have one set of rules with which to comply.

The Committee recommends that a joint technical committee between the City of Portland and Multnomah County be established in order to bring about a unified and consolidated system. The Committee did not find that there were significant policy reasons to not bring about such a consolidation of the two systems.

3.7.2 Consolidation of Administration

There are at least two potential types of consolidation which could occur: first, after the two systems are consolidated, the City of Portland could take over responsibility for collecting the Multnomah County business tax; or, after the two systems are consolidated, the City of Portland could contract with the Oregon Department of Revenue for collection of the City business license fee. These two alternatives are analyzed in more detail below.

Bureau Takes Over Multnomah County Collections

There are several potential advantages to having the Bureau take over the collection of the Multnomah County business tax. First, this consolidation would provide local control over businesses paying a local tax. It would put the administration of the consolidated tax systems in a localized bureau, rather than the Oregon Department of Revenue. This may achieve compliance benefits as well as a higher degree of political satisfaction with administration of the system.

Second, the Bureau has done a very good job of enforcing the Code. The fact that the Bureau has 34,000 accounts and Multnomah County only has 28,500 accounts, indicates a high degree of enforcement activity. These more intense collection and

Consolidated Returns
Under $10,000 Gross

enforcement practices, when applied to the Multnomah County accounts, may achieve higher revenues for both jurisdictions.

Third, the Bureau also performs more functions than just insuring compliance with the Code. Information obtained by the Bureau in the course of enforcing the Code is used by economic development agencies, other governmental agencies, and private companies. Without local tax administration, this information gathering function would be lost.

Enforcement and Collection by the Oregon Department of Revenue

There are several potential benefits from having the Oregon Department of Revenue collect the City business license fee as it is now doing with the Multnomah County business tax. First, the Bureau does not currently have access to the audit adjustments which are made by the Oregon Department of Revenue when reviewing the income tax filings of local businesses. Multnomah County, on the other hand, receives the benefit of these audit adjustments because the Oregon Department of Revenue is collecting County accounts and the County system is closer to the State of Oregon net income tax system. When an audit adjustment is made on a company's state income tax return, that audit adjustment can automatically be made on the County and City filings, if the systems were consolidated and the Oregon Department of Revenue collected the business license fee.

Second, having the Oregon Department of Revenue administer the business license fee could provide better access to taxpayers located outside of the City. The Oregon Department of Revenue has a considerable amount of additional information regarding out of state taxpayers and the Oregon Department of Revenue may be in a better position to determine whether those out-of-state taxpayers are subject to the City business license fee.

Third, the cost of enforcement by the Oregon Department of Revenue is presently $12.42 per account. This would appear to be much more cost effective than the City's current per account charge. Accordingly, there may be overall cost savings which can be achieved by using the Oregon Department of Revenue.

The chief problems with utilizing the Oregon Department of Revenue are the following: First, local control and local administration of the system would be lost. Second, the current intensity of collection efforts followed by the Oregon Department of Revenue may not be sufficient. The City may be better off paying additional administrative cost and recovering additional revenues. However, it is not at all clear where this trade off should be struck. Third, the City would lose control over the degree of enforcement activity. The Oregon Department of Revenue and its budget would not be within the control of the City and the City would be unable to change the level of enforcement if the practices of the Oregon Department of Revenue were not sufficiently aggressive.

The Committee recommends that every effort should be made to consolidate the City business license fee system and the Multnomah County business tax system. There are considerable advantages to doing so and the Committee felt that there were very few disadvantages. As noted above, this should be accomplished by a joint committee.

With respect to the consolidation of administration, the Committee recommends that both alternatives be examined in greater detail by the joint committee referred to above. Intuitively the Committee concluded that some form of consolidation should occur and that reduced administrative costs would result. However, there are enough technical issues that need to be examined before a clear policy decision can be made on the type of consolidation which should occur.

4. TECHNICAL SUBCOMMITTEE ISSUES

The Technical Issues Subcommittee was asked to address a number of technical issues raised by the staff and was also asked to address some of the major policy issues dealt with by the full Committee. Two issues dealt with by the Technical Issues Subcommittee report, dealing with apportionment and the owner's compensation deduction, were not resolved by the full Committee. The Technical Issues Subcommittee recommended (1) that if the full committee recommended adopting three factor apportionment, the City should adopt the State's apportionment definitions and rules, and modify these rules only after following public administrative rules process; and (2) the limit on the owner's compensation deduction should be increased to $125,000. As discussed above, the full Committee could not agree on apportionment and owner's compensation changes.

The following is the balance of the Technical Issues Subcommittee's report. This addresses the more technical issues that were raised by the staff and resolved by the Technical Issues Subcommittee.

1. Net Income

It is recommended that non-business income be allocated using the State of Oregon guidelines. This would allow a business with true non-business income to follow the same treatment for State, County, and City purposes. The Bureau should continue to challenge any income claimed as non-business if it does not fit the definitions provided in the state statutes.

2. Annualization

Annualization is a concept that continues to confuse both licensees and preparers. Bureau staff spends significant amounts of time explaining or correcting annualization calculations. It is recommended that first year renewals based on net income from less than a 12 month period no longer be annualized to arrive at the license renewal fee.

3. Adjustment

The Code currently provides that the initial $25 application fee be adjusted once the actual income is determined for the licensed business for the first license period. It is recommended that adjustment of the very first license period continue.

4. S Corporations

All corporations, whether S or C corporations, should be treated the same under the Business License Law. This treatment includes:

a. The limitation of the owner's compensation allowance to the lesser of actual compensation paid or 75 percent of net income not to exceed the limitation that is finally decided on by City Council (currently $50,000). This recommendation follows the fact that the IRS is requiring S corporations to pay owner/employees salaries, instead of only compensating them through the shareholder pass through. (See Appendix A, Code Section 7.08.030(e)).

b. The modifications allowed by the State on corporate returns (OR form 20).

5. Partnerships

Generally, in a limited partnership, general partners control and manage the partnership business, while limited partners are "passive" investors. This can result in a limited partnership having hundreds of "owners" who do nothing more than invest in the business (much like a corporate shareholder). Currently, a limited partner is allowed a compensation deduction as an owner. The subcommittee recommends a change in this policy, in terms of a compensation allowance. An owner should not only invest in a business, but should also be involved in the everyday management and control of that business. For the compensation deduction, it is recommended that limited partners be treated like corporate shareholders by limiting the allowance deduction to the lessor of actual compensation for services rendered or interest paid the limited partner or 75% of net income not to exceed the limitation that is finally decided upon by City Council (currently $50,000). As an additional note, there is no change in the treatment of general partners. (See Appendix A, Code Section 7.080.030(d)).

6. Temporary Vendors

The City of Portland hosts a number of temporary vendors throughout the year. These temporary vendors are located outside Portland and spend a limited amount of time in the City, often at

Christmas, Rose Festival, or in the summer. The Bureau has proposed adding a third class of temporary vendors (seasonal sales) and increasing the per day license fee for all temporary vendors. The Technical Issues Subcommittee recommends that the Bureau's proposed Code changes for temporary vendors be adopted. (See Appendix A, Code Section 7.08.080).

7. Criminal Penalties

The Business License Code currently provides for criminal prosecution of any person violating Code provisions. This is not an effective enforcement tool, since the prosecution of business license violators is not on the District Attorney's priority list. It is recommended that the criminal penalties for violation of the Code by a business owner or officer be deleted. However, criminal penalties for violation of city record requirements by City employees should be retained. (See Appendix A, Code Section 7.10.030).

8. Civil Penalties

Civil penalties enable the Bureau Manager to assess an additional monetary fine for ignoring written requests for reports, tax returns, or fee payments by Bureau personnel. As a matter of policy, the Bureau would only assess penalties when the matter is referred to the City Attorney's Office for collection action. It is recommended that the proposed civil penalty provision be adopted. (See Appendix A, Code Section 7.10.020).

9. Administrative Rules

Administrative or interpretive rules may be needed from time to time, based upon changes in laws, or industry considerations. It is recommended that a formal, public review process be established for Bureau interpretive rules. Depending upon the subject matter of the rules, they should affect a class of licensees, such as an industry group, not a single business. (See Appendix A, Code Section 7.04.010).

10. Housekeeping Changes

Certain changes were proposed by the Bureau that are housekeeping in nature. It is recommended that these changes be adopted:

1. Deleting the requirement that interest be charged from the date a licensee began business to the date the renewal application is filed, if the fee due for the application year is greater than the minimum fee paid. (See Appendix A, Code Section 7.08.010(b)).

2. Add wording in the exemption section of the Code that ties in with the Temporary Vendor change discussed above. (See Appendix A, Code Section 7.06.030(F)).

3. Change the wording of the exemption for rental property to read that if any person owns more than nine rental dwelling units, only one needs to be in the City to trigger the license requirement. (See Appendix A, Code Section 7.060.030(3)(D))

4. Delete the language requiring a $5 fee for a transfer of license. (See Appendix A, Code Section 7.06.050(b) and (c)).

5. CONCLUSION

The Committee respectfully recommends that the City Council authorize the Committee to continue its analysis of issues discussed above for which the Committee was not prepared to make a definitive recommendation. In the connection with the resolution of these issues, the Committee respectfully requests that the City Council direct the Bureau to perform the necessary analyses of the effects of several proposed changes on existing accounts. Without this information, neither the Committee nor the City Council will be in a position to make a well-reasoned decision on several of these critical issues. The Committee remains concerned that dramatic changes in the Code could have adverse effects upon the economic development efforts of the City and that these changes should not be proposed unless their consequences are carefully assessed.

Respectfully submitted,

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- Exhibit A -

BUSINESS LICENSE TASK FORCE

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Portland Development Commission

Susan Brody, Senior Corporate Tax Auditor
Department of Revenue, State of Oregon

OTHERS IN ATTENDANCE

Ben Buisman, Financial Systems Planning Manager
Department of General Services/Planning and Budget
Multnomah County

- Exhibit B -

TAX COMPARISONS IN SELECTED CITIES - 1990

AXES	ALBUQUERQUE	COLORADO SPRINGS	PORTLAND	RENO	SACRAMENTO	SALT LAKE CITY	SEATTLE
Corporate ganization & Entrance Fee (State)	Franchise fee: $50 Corporation filing fees vary by type of business: Domestic: $50 minimum - $5,000 maximum Foreign: $100 minimum - $5,000 maximum.	Filing fee: $25 - $250.	$40 - Oregon based companies $440 for companies based outside of Oregon	Incorporation fee is based on value of total number of shares, ranging from $125 -$425+. Limited partnership: $75	Corporate filing fee: $45-$70 - domestic $550 - foreign Incorporation fee: $915	Domestic - $50 Foreign - $50	$175
nual License Fee (State)	Nominal	Nominal	$20 - domestic $240 - foreign	$50 - corporation $30 - limited partnership	Franchise fee: $800 minimum. (See coprporate income tax.)	No license fee. However, corporations must file an annual report with the state. The filing fee is $15.	$50
egistration of ign Corporate Name (State)	Nominal	Nominal	$200 - annually	None	Nominal	None	$10
porate Excise r Income Tax (State)	Based on federal taxable income. 4.8% on 1st $500,000 6.4% of 2nd $500,000 7.6% of excess over $1,000,000 Proprietary partnerships and S corporations are taxed as personal income.	Graduated. Average rate is 5%.	Based on net income. Rate is 6.6%.	None	Based on net income. Rate is 9.3%. (For Sub S corporations, rate is 2.5%.) Or............ Bank and Corporation Franchise Tax: Based on net income. Rate is 9.3%. $800 minimum.	Based on net income. Maximum is 5%.	None. Business and Occupation tax applies. Based on gross sales. The rate ranges from .138% to 1.5%.
sonal Income Tax (State)	Based on adjusted federal gross income. Maximum rate is 8.5.%	Flat 5% rate on federal taxable income.	Maximum rate is 9%.	None	Maximum rate is 9.3% of taxable income.	Maximum rate is 7.2% of taxable income.	None.
siness Income Tax (Local)			Based on net income. Rate is 1.46%. (County)	None	None		None. Business and Occupation Tax does apply. Based on gross receipts. Rate is .215% (City).

TAXES	ALBUQUERQUE	COLORADO SPRINGS	PORTLAND	RENO	SACRAMENTO	SALT LAKE CITY	SEATTLE
; License Fee (Local)	**Minimum $35 per year.**	$15 for certain businesses.	Based on adjusted net income. Rate is 2.2%. Minimum is $25. (City)	Based on gross receipts. $110 for gross receipts <$20,000. For gross receipts over $20,000, fee is $1.10 per 1,000.	Based on gross receipts Minimum of $25 if <10,000 If >10,000 - $25 base plus .04% of gross.	$35 annual fee	$35
perty Tax (Local)	**Based on 33.3% of market value. Statewide rate is 3.626.%**	Commercial/Industrial property taxed at 29% of assessed value. Rate is 5.78%.	Based on market value. Rate is 2.5%.	Assessment is 35% of full cash value. Rate is 2.669%.	Real and personal property tax. Assessed at 100% of purchase price. Minimum rate is 1.1%.	Rate is 1.8837% of total assessed value	Based on assessed value Rate is 1.356%.
ansit Tax (Local)	**None. (Incorporated into sales tax).**	None. (Incorporated into sales tax).	Based on gross payroll. Rate is .6%.	None. (Incorporated into sales tax).	None. (Included in sales tax).	None. (Incorporated into sales tax).	None. (Incorporated into sales tax).
Sales Tax nd Local)	**Based on gross receipts of retail sales. State rate is 4.75%. Local rate is additional 1%.**	Retail sales tax. Rate is 6.5% Use tax for those items exempt from sales tax. Rate is 3%.	None	Retail sales tax. Rate is 6.0%	Retail sales tax.. Rate is 6%-7%.	Retail sales tax. Rate is 6.25% of all sales	Retail sales tax. Statewide rate is 6.5%.
ther taxes ad Local)		Equipment tax -(personal property): Based on 29% of 1987 depreciated value of machinery, equipment, furniture,etc. Average rate is 6.1918%.					Real estate tax: Rate is 1.34% of selling price.

- Exhibit C -
Page 2

* This information has been gathered from city, county and state agencies, as well as from selected publications.

For a complete list of sources, contact the Portland Development Commission.

TAX COMPARISONS IN SELECTED CITIES - 1990

SOURCES

ALBUQUERQUE	COLORADO SPRINGS	PORTLAND	RENO	SACRAMENTO	SALT LAKE CITY	SEATTLE
Taxation and Revenue Department: Betty Jo Maes (505) 841-8000. New Mexico Checklist of State and Local Taxes, Permits and Licenses, May 1990.	Colorado Springs Chamber of Commerce: Ms. Marie Longmire (719) 471-8183. City Department of Business Licenses: (719) 578-6680.	Portland Development Commission (503) 823-3200	Economic Development Authority of Western Nevada: Ms. Penny Martin (702) 829-3700. Ms. Jody Cumings - Tax Examiner: (702) 885-4820. Nevada Tax Facts, October 1989	Sacramento Chamber of Commerce: (916) 443-3771 Jim Leet - Attorney: (916) 444-3900 *Note: Sacramento Area Commerce and Trade Organization [(916) 441-2312] refused to provide tax information on behalf of Sacramento or California.*	Utah Economic Development Corporation: Ms. Teri Olsen (801) 328-8824	Seattle Department of Licenses and Consumer Affairs: Mr. Dave Heleniak - Tax Auditor Supervisor (206) 684-5003.

General reference for all cities: Area Development, October 1989.

BUSINESS LICENSING
National/Regional Comparison

Cities around the nation rely on a number of methods to finance their city government operation, including property taxes, sales taxes, regulatory permits, and business licenses and taxes. Generally, business licenses may be regulatory or revenue-generating in nature. And some jurisdictions may have both types. Most cities have regulatory permits for certain types of businesses or business activities. These regulatory permits are designed to give the City the power to protect the public health, welfare, and safety.

Most business licenses (or business taxes) are fees based upon gross receipts, and usually have a minimum fee. There are generally different rates for different types of businesses (such as manufacturers, retailers, professional services), and some may also add a charge based upon the number of employees.

Portland, OR
Business License: Assessed upon net income at 2.2%. (Also have regulatory permits for certain businesses, which are in addition to the license.)

NATIONAL

Allentown, PA
Business Privilege Tax: Assessed upon gross receipts, rates ranging from $1.50 to $3.50 per $1,000. (Also has a regulatory business license for $25/yr., which is in addition to the tax.)

Atlanta, GA
Business License: Assessed on gross receipts, rate depends on activity (6 classes). Fees are on a sliding scale based upon number of employees.

Norfolk, VA
Business License: Assessed upon gross receipts. Minimum fee is $30 (20 classes for rates). Rate examples - $1.50 per $1,000 + $50 for Wholesale; $5.80 per $1,000 for Professional Services.

Other Taxes: Local sales tax on prepared foods (4.5%).

Omaha, NE
Business License: None. (Only require regulatory permits for certain businesses.)

Other Taxes: Local sales tax and property tax.

Topeka, KS
Business License: None. (Only require regulatory permits for certain businesses.)

Other Taxes: Local sales tax, and higher rate for businesses on property taxes.

Fort Wayne, IN
Business License: None. (Only require regulatory permits for certain businesses.)

Other Taxes: Local sales tax and County income tax (passed in 1989 as property tax relief).

REGIONAL

Denver, CO
Occupational Tax: Assessed on all businesses at $4.00 + $5.75 per employee. (Also has 95 regulatory licenses or excise fees, which vary depending upon activity/type.)

Other Taxes: Local sales tax.

Phoenix, AZ
Business Tax: Assessed on net income, rate varies (based upon type of business) from 1.2% to 2.7%. (Also has 40 different licenses/permits. Some businesses may need multiple licenses.)

Salt Lake City, UT
Business License: Several non-regulatory licenses, with a minimum fee which increases based upon the number of employees. (Also has 250 regulatory licenses.)

San Diego, CA
Business Tax Certificate: Based upon the location and number of employees. Example - 1st location = $133 plus $5 per employee, 2nd location = $250 plus $7 per employee.

Oakland, CA
Gross Receipts Tax: Assessed upon gross receipts, 20 different rates depending upon business type. Example - Retail rate is $.60 per $1,000.

Value Added Tax: In lieu of the Gross Receipts Tax, manufacturers pay a value added tax.

Other Taxes: Local sales tax.

Seattle, WA
Business License: Regulatory business license fee of $30 assessed on all businesses doing business within Seattle.

Business & Occupation Tax: Assesses a tax of .00409 (services) and .00212 (retail/wholesale) upon gross receipts.

Other Taxes: Local sales tax.

Bellevue, WA
Business & Occupation Tax: Assesses a tax of .001496 upon gross receipts.

Square Footage Tax: To tax those business activities occurring within the City (where the gross revenue is not directly attributable to the activity). Also applies to the percent of sales apportioned out of the B & O tax when sale occurred by common carrier. Rate is $12.85 per square foot.

Other Taxes: Employee Hours Business Tax - 2.08 cents per hour on all employee paid time occurring in the City.

Tacoma, WA
Business & Occupation Tax: Assesses 11 different rates, ranging from .0011 to .005 upon gross receipts. (Also, requires regulatory licenses for certain businesses.)

Other Taxes: Local sales tax.

Vancouver, WA
Business License: $75 license paid by all businesses. (Also, require regulatory license for certain businesses.)

Business & Occupation Tax: Assesses 3 different rates (.00022, .0011, .0022) on gross income.

METRO AREA

If a business is located in Washington, Clackamas, or Multnomah counties, Tri-Met assesses a tax (based upon employees) to fund the regional bus system. Additionally, Multnomah County assesses a Business Income Tax.

Oregon City, OR
Business License: Based upon number of employees, with a higher rate for businesses not maintaining an office within the City. Minimum fee is $24 (one owner/no employee), $36 when office is outside City.

Beaverton, OR
Business License: Based upon number of employees, or dwelling units if business is rentals. Minimum fee is $30.

Milwaukie, OR
Business License: Based upon number of employees or rental units, with a higher rate if business does not maintain an office in the City. Minimum fee is $20 ($30 if no City office).

Gresham, OR

Business License: Based upon number of employees. Minimum fee is $25, with an additional fee per additional employee. The first ten additional employees are $3.50 per employee, decreasing until the rate is $1.00 per employee.

ASSUMPTIONS ON APPORTIONMENT CHANGES BY INDUSTRY GROUP

Real Estate: Includes property rental accounts and real estate brokers. Currently rental accounts apportion by location of property. Brokers pay based upon office and sale location. The apportionment would change slightly with OR 3-factor requirements.
+5% appmt change +$5,000

Communications/Utilities: Currently apportion based upon sales. Change in apportionment to OR 3-factor would create an increase for this group, but not a large percentage since the Portland apportionment is currently less than 1%.
1% appmt change +$15,000

Insurance: The City licenses only domestic insurance companies. They currently apportion based upon sales and would have an increased apportionment under OR 3-factor requirements. The apportionment would still be small, and the dollar value of the increase would be small.
5% appmt change +$5,000

Wholesale and Retail: This group apportions based upon sales in Portland and would be greatly affected by a 3-factor requirement. Small local retailers already apportion at 100%, however, the companies with multiple locations would have to increase their apportionment and fees.
10% appmt change +$450,000

Financial: This group would be minimally affected by apportionment change since current apportionment reflects size and location of branches.
00 appmt change 00 $$ value

Manufacturing: This group would be greatly affected by a 3-factor requirement. They apportion based upon single factor sales. Most adversely impacted would be locally based manufacturers who ship most of their product outside Portland.
30% appmt change +$400,000

Agriculture: This group includes veterinary work and crop sprays and products as well as spraying and treatment of agricultural lands. The SIC code includes farming and fishing. The production and sale of unprocessed agricultural products is exempted by Title 7, so the group is small. Reapportionment would increase their percentages, however the dollar value is small since the group is small.
40% appmt change +$10,000

Contractor: Contractors generally apportion by gross receipts per job site. This would not substantially change under ORS rules. Therefore this group would be minimally affected by the change. Locally situated contractors would be most affected.
2% appmt change +$5,000

TRANSPORTATION/REFUSE HAULER: Refuse Haulers have recently been exempted from business license fees based upon the City's adoption of the franchise system for this industry. Transportation in general already follows special apportionment under ORS rulings. Adoption of the ORS rules would give the City stronger guidelines for this industry apportionment. Some increase in fees is expected.

3% appmt change +$25,000

Professional Services: This group only exempts income which is earned outside the City. An adoption of ORS rulings would create the possibility of additional exempt income for professional services providers.

4% decrase appmt -$ 10,000

Other Services: This group includes personal services and services to buildings. In general these are small companies which already apportion 100%. As with professional services, there would be some % increase which would result in some revenue to the City.

8% appmt change +$200,000

Hotels/Lodgings: Apportionment for this group is done based upon location of property. A small change might result for those companies headquartered in Portland.

5% appmt change +$3,000

APPORTIONMENT CHANGES PROJECTIONS
SUMMARY

Industry	Ave. Appmt	Appmt Change	$ Value
Real Estate:	na	plus 5%	$ 5,000
Communications/ Utilities	>1%	up to 1.5%	$ 15,000
Insurance:	5%	up to 8%	$ 5,000
Wholesale	34%	up to 50%	$250,000
Retail	25%	up to 35%	$200,000
Financial	na	no change	0
Manufacturing	44%	up to 70%	$400,000
Agriculture	17%	up to 30%	$ 10,000
Contractors	18%	up to 20%	$ 5,000
Transportation	23%	up to 25%	$ 25,000
Professional Serv.	68%	decrease	- $ 10,000
Other Services	53%	up to 65%	$200,000
Hotels/Lodgings	28%	up to 30%	$ 3,000

Total estimates on increased revenue based upon apportionment changes only is $1.2 to $1.5 million.

APPENDIX A

PROPOSED BUSINESS LICENSE CODE CHANGES

(additions are underlined, deletions are in [brackets])

7.04.010 **[Rules and Regulations.** (Amended by Ord. No. 152653; effective Jan. 1, 1982.) The Bureau may, from time to time, issue interpretive rules and regulations necessary to assist licensees in complying with the Business License Law.] **Authority of Manager of Bureau of Licenses to Adopt Rules, Procedures and Forms.**

(a) The Manager of the Bureau of Licenses, (the Manager), is hereby authorized to adopt rules, procedures and forms to implement the provisions of the Business License Law.

(b) Adoption of Rules.

(1) Upon the recommendation of the Manager, the Bureau of Licenses may adopt rules pertaining to matters within the scope of the Business License Law.

(2) Prior to the adoption of any rule by the Bureau of Licenses pursuant to this section, a public hearing shall be conducted. The Manager shall give reasonable public notice of his or her proposal to adopt rules not less than ten nor more than thirty days before such public hearing. Such notice shall include the place, time, and purpose of the public hearing, a brief description of the proposed rules, and the location at which copies of the full text of the proposed rules may be obtained.

(3) During the public hearing, a designee of the Manager shall hear testimony or receive written comment concerning the proposed rules. The Manager shall review the designee's recommendation, taking into consideration the comments received during the public hearing. The Manager shall either adopt the proposed rules, or modify or reject it. If a substantial modification is made, additional public review shall be conducted, but no additional notice shall be required if an announcement of additional review is made at the hearing at which the modification is made. Unless otherwise stated, all rules shall be effective upon adoption by the Manager and shall be filed in the office of the Bureau of Licenses. Copies of all current rules shall be made available to the public upon request.

(4) Notwithstanding paragraphs (2) and (3) of this section, an interim rule may be adopted without prior notice upon a finding that failure to act promptly will result in serious prejudice to the public interest or the interest of the affected parties, including the specific reasons for such prejudice. Any rule adopted pursuant to this paragraph shall be effective for a period of not longer than 180 days.

7.06.030 **Exemptions from License Requirements.** (Amended by Ord. No. 152653, 156717, 159264; and 161505, effective Dec. 22, 1988.) The following persons or incomes are exempt from license requirements imposed by the Business License Law:

(1) Persons whom the City is prohibited from licensing or taxing under the constitution or laws of the United States, the constitution or laws of the State of Oregon, or the Charter of the City.

(2) Incomes subject to Chapter 7.12 or 7.14.

(3) Persons whose only business transactions in the City consist of the following:

A. Sales, exchange or involuntary conversions of real property not held for sale in the ordinary course of trade or business, unless the real property is used in the trade or business in connection with the production of income;

B. The sale of personal property acquired for household or other personal use by the seller;

C. Interest and dividends earned from investments which are not part of a trade or business and gains or losses incurred from the sale of investments which are not a part of a trade or business;

D. The renting or leasing of residential real property, provided that the beneficial owner of such real property does not rent or lease more than nine dwelling units, at least one of which is within the City [, and that such renting or leasing is unrelated to any other licensed business of such beneficial owner].

E. The raising, harvesting and selling of the person's own crops, or the feeding, breeding, management and sale of the person's own livestock, poultry, furbearing animals or honey bees, or sale of the produce thereof, or any other agricultural, horticultural or animal husbandry activity carried on by any person on said person's own behalf and not for others, or dairying and sale of dairy products to processors. This exemption does not apply if, in addition to the farm activities described in this paragraph, a person does any processing of said person's own farm products which change their character or form or said person's business includes the handling, preparation, storage, processing or marketing of farm products raised or produced by others, or the processing of milk or milk products, whether produced by said person or by others for retail or wholesale distribution.

F. The operation of a display space, booth or table [maintained] by an affiliated participant within a permanent structure for displaying or selling merchandise at any trade show, convention, festival, fair, circus, market, flea market, swapmeet or similar event for less than 14 days in any calendar year.

(4) Persons whose gross receipts from all business both within and without the City amount to less than $2,500 in any one calendar year, provided that any such person shall file with the Bureau upon demand a statement indicating that he estimates his gross receipts for such year to be less than $2,500. If such person shall have been exempt hereunder during the prior calendar year he shall furthermore file a statement that his gross receipts for such year were less than $2,500 or indicating the amount thereof.

(5) Corporations exempt from the Oregon Corporation Excise Tax under ORS 317.080, provided that any such corporation subject to the tax on unrelated business income under ORS 317.910 to 317.950 shall obtain a license hereunder and shall pay a license fee based solely on such income.

7.06.050 License Transfer.
(Amended 145101, and 152653; effective Jan. 1, 1982.)

(a) Except as hereinafter provided, no license shall be transferable from one person to another.

(b) The Bureau shall allow transfer of a license for the balance of its term provided that, in the judgment of the Bureau, the successor or transferee represents a continuity of ownership and control which is substantially unchanged[, provided that the requirements of Subsection (c) are met].

(c) [Upon receipt of an application for transfer of license within 60 days after the date upon which the successors of a business assume control or ownership, accompanied by a fee of $5, and by such evidence of transfer of ownership or control as may be required by the Bureau, a license may be transferred to the name of such successor or transferee for the balance of the term of the license as provided by Subsection (b).]

[(d)] The fee due for the license year following the license year during which the license was transferred pursuant to this Section shall be computed upon the income of both the transferor and the transferee of the license during the entire preceding license year.

(d)[(e)] Whenever it shall appear necessary to avoid distortion of the measure of the license fee by a change in the legal entity of a business, without a change in the substance of a business licensed under this Code, the Bureau shall treat an application for a new license as an application for a transfer or renewal of an existing license.

7.08.010 Fee - New Applications. (Amended by Ord. No. 141049; passed Dec. 18, 1975, effective Jan. 19. 1976.)

(a) Each application for a license, other than a renewal application, shall be accompanied by a reasonable estimate of the income of the business to be licensed for the first license year and by an estimated fee at the rate established in Section 7.08.005 applied to such estimated income, provided that each such application shall be accompanied by a minimum fee of $25.

(b)

(1) Upon renewal of a license with respect to which an estimated fee has been paid, or within 30 days of the expiration of such license if it is not renewed, the licensee shall file an amended application showing the license fee computed on the basis of the actual income of the licensed business for the first license year.

(2) If the license fee so determined shall exceed the estimated fee previously paid, the amended application shall be accompanied by such additional fee plus interest thereon from the due date of the amended application [on which the licensee commenced doing business] to the date of payment at the rate specified in Subsection (b) of Section 7.10.010.

(3) If the estimated fee shall have exceeded the fee shown on the amended application, the overpayment shall be credited against the license fee due from the licensee for the next license year, and any additional overpayment shall be promptly refunded to the licensee; provided, however, that the minimum fee required by Subsection (a) of this Section shall not be credited or refunded.

7.08.030 Income. (Amended by Ord. No. 141049, 145101; and 152653, effective Jan. 1, 1982.)

(a) Except as hereinafter provided, "income" as used herein means the net income of the licensee arising from any business as required to be reported to the State of Oregon for income or excise tax purposes and before any allocation or apportionment, or deduction for a net operating loss carry-forward or carry-back unless specifically exempted in this Chapter. If one or more licensees combine their net incomes to the State of Oregon for income or excise tax purposes, then a single license shall be issued to the entity filing such return and "income" means the net income of all entities included in such return before any allocation or apportionment or deduction for net operating loss carry-forward or carry-back.

(b) In determining income hereunder, no deduction shall be allowed for taxes based on or measured by net income.

(c) In determining net income hereunder for sole proprietorships [and partnerships], no deduction shall be allowed for any compensation for services rendered or interest paid to owners; provided, however, that 75 percent of income determined without such deductions, but not to exceed $[50,000] 125,000 per owner, shall be allowed as an additional deduction.

(d) In determining income for partnerships, no deduction shall be allowed for any compensation for services rendered or interest paid to owners; provided, however, that:

(1) For general partners, 75 percent of income determined without such deductions, but not to exceed $125,000 per owner, shall be allowed as an additional deduction.

(2) For limited partners, 75 percent of income determined without such deductions, but not exceeding the lesser of the actual compensation and interest paid or $125,000 per owner, shall be allowed as an additional deduction.

(e) [**(d)**] In determining income for any corporation[s], including, but not limited to C and S corporations, no deduction shall be allowed for any compensation for services rendered by or interest paid to controlling shareholders, provided, however, that 75 percent of the corporation's income determined without deduction of compensation or interest, but not exceeding the lesser of the actual compensation and interest paid or $[50,000] 125,000 for each controlling shareholder, shall be allowed as a deduction in addition to any other allowable deductions. This term "controlling shareholder" as used herein means any person, who, together with that person's spouse, parents, and children, is directly or indirectly the beneficial owner of more than 5 percent of any class of outstanding stock or securities of the licensee, the incidents of which ownership include the power to vote on the affairs or for the directors or other managers of the licensee.

(f) [(e)] In determining income hereunder for trusts and estates, net income shall be measured before distribution of profits or compensation paid to beneficiaries. A maximum deduction of 75 percent will be allowed, however, such allowance shall not exceed $[50,000] 125,000 per beneficiary.

(g)[(f)](1) In computing income there shall be allowed as a deduction an amount equal to the aggregate of the net operating losses incurred in prior years during which this Chapter was in effect and the licensee was subject to fees hereunder and to the extent provided in this Section.

(2) For the purposes of this Section "net operating loss" means the total of the deductions allowed by this Chapter in arriving at net income reduced by the gross income, if any, with a limitation provided in Subsection (3) of this Section.

(3) In computing the net operating loss for any license year, the net operating loss for a prior year shall not be allowed as a deduction.

(4) The net operating loss in any license year shall be allowed as a deduction in any of the 5 succeeding license years. The amount of the net operating loss deductible in any license year shall be the net operating loss of a prior year reduced by the net income, computed without the net operating loss deduction, of any intervening license year or years between the year of loss and the succeeding license year in which the net operating loss deduction is claimed.

(5) The net operating loss of the earliest license year shall be exhausted before a net loss from a later year may be deducted.

(6) If applicable, when the operations of the licensee from doing business both within and without the City result in a net operating loss, such loss shall be apportioned in the same manner as the net income under Section 7.08.040. However, in no case shall a net operating loss be deducted which was incurred in any license year during which no business was done within the City.

(h)[(g)] Net income hereunder shall not include net income arising from transactions which the City is prohibited from licensing under the laws of the United States, the Constitution or laws of the State of Oregon, or the Charter of the City.

7.08.080 Temporary Licenses, Fees. (Added by Ord. No. 145101; amended by 147321; passed March 1, effective April 2, 1979.) Notwithstanding the provisions of Section 7.08.005, 7.08.010 and 7.08.020, persons doing business in the manner provided for in this Section [may elect to] must secure a temporary license and pay the fee provided for herein.

(a) Vendors not located in a permanent structure and operators of amusement rides [not located in a commercial building] not[r] in the same location for more than [10 continuous] 14 days; [$5] $10 per day per vendor and [$5] $10 a day for each ride operated.

(b) Promoters of commercial entertainments doing business in the City for no more than 3 days in any calendar year: $25 per day. Any person doing business as a performing artist at a commercial entertainment event conducted by a licensed promoter shall be deemed to be in compliance with the Business License Law.

(c) Vendors conducting limited, seasonal sales (including, but not limited to, Christmas trees or fireworks), operating in temporary locations: $10 per day for each location, not to exceed $100 per location.

7.10.020 **[Violations not Excused by Compliance.** It is not a defense in any prosecution for violation of a provision of the Business License Law that the defendant has subsequently complied with the provisions hereof, nor does a conviction for doing business without a license excuse or exempt a person from the payment of any license fees and penalties due and unpaid at the time of conviction.] **Civil Penalties.**

(a) The Bureau Manager may impose a civil penalty of up to $500 for each of the following violations of this Chapter:

(1) Failure to file any application within 90 days of the original written request of the Bureau to file;

(2) Failure to pay any fee within 90 days of the original written request of the Bureau for payment;

(3) Failure to provide documents as required by Section 7.04.060 within 90 days of the original written request of the Bureau.

(b) The Bureau Manager may only impose a civil penalty under this Section if the original written request from the Bureau contains notice of the potential for assessment of civil penalties for failure to comply or respond.

7.10.030 **Criminal Penalties.**

[**(a)** Any person violating any of the provisions of the Business License Law shall upon conviction thereof be punished by a fine not exceeding $500 or by imprisonment for a period not exceeding 6 months, or by both such fine and imprisonment. In the event that a provision of the Business License Law is violated by a firm or corporation, the officer or officers or person or persons responsible for the violation shall be subject to the penalty herein provided.]

[**(b)**] If any officer or employee of the City shall violate Section 7.04.040, (s)he shall, upon conviction thereof, be punished by a fine not exceeding $500 or by imprisonment for a period not exceeding 6 months, or by both fine and imprisonment. In addition [to the punishment provided in Subsection (a) of this Section], the officer or employee shall be dismissed from office and shall be incapable of holding any public office in this City for a period of 5 years thereafter.

Meeting Date: APR 1 6 1991

Agenda No.: B-2

(Above space for Clerk's Office Use)

. . . .

AGENDA PLACEMENT FORM
(For Non-Budgetary Items)

SUBJECT: Legislative Update

AGENDA REVIEW/ BOARD BRIEFING 4/16/91 (date) REGULAR MEETING ______ (date)

DEPARTMENT Nondepartmental DIVISION County Chair's Office

CONTACT Fred Neal TELEPHONE 248-3308

PERSON(S) MAKING PRESENTATION Fred Neal

ACTION REQUESTED:

[xx] INFORMATIONAL ONLY [ ] POLICY DIRECTION [ ] APPROVAL

ESTIMATED TIME NEEDED ON BOARD AGENDA: 45 min. - 1 hour

CHECK IF YOU REQUIRE OFFICIAL WRITTEN NOTICE OF ACTION TAKEN: ______

BRIEF SUMMARY (include statement of rationale for action requested, as well as personnel and fiscal/budgetary impacts, if applicable):

Legislative Update

(If space is inadequate, please use other side)

SIGNATURES:

ELECTED OFFICIAL Gladys McCoy

Or

DEPARTMENT MANAGER ______

(All accompanying documents must have required signatures)

2/91

BOARD OF COUNTY COMMISSIONERS
1991 APR 10 AM 11: 32
MULTNOMAH COUNTY OREGON

Briefing #2
4-16-91
Handout #1

1991 Legislative Session
Multnomah County Priority Bills

4/15/91

SB/HB	#	Next Act:	Title:	FRN:	DGS:	CNSL:	DES:	DHS:	DCC:	DA:	SO:	AUD:	LIB:
HB	2014		Mandatory Vehicle Impound for DWS								2		
HB	2016		Nix on Option I Employee Transfer (Cary 3980)						1				
HB	2033		DA as Forfeiture Counsel/Settlements						2	2			
HB	2043		Public Bidding Adr. Req.(Lillie5111sb3-DGS)		2								
HB	2079		Public Health Measures (S/B3, NotiReqGaryOxman3674					2					
HB	2112		Courtrooms Mandate	1			1		1				
HB	2122		State Real Estate Transfer Tax for Parks(JD 3090)		2		1						
HB	2128		Westside Light Rail $	1			1						
HB	2136		"Drink Soda Pop for Parks"				2						
HB	2150		Periodic Review Revision				1						
HB	2165		Broadcasters Corp. Income Tax		1	1							
HB	2175		Air Pollution Emission Fee Program	1			1						
HB	2261		Land Use Appeal Process		3		1						
HB	2264		Juvenile Drug Offenders					2		3	3		
HB	2269		PERS Disability Ret. Allowances		2								
HB	2299		Food Service Fees (RSVP Art Bloom 3400)					1					
HB	2304		Restaurant License Fees					1					
HB	2333	4/17/91	State Charges to County Cemetaries				2						
HB	2347		Resource Conservation Trust Fund				2						
HB	2348		Tax Surcharge for Parks				2						
HB	2349		Soda Pop Tax for Parks				2						
HB	2360		Mandatory Videotaping of Grand Jury Proceedings							2			
HB	2362	4/18/91	Judicial Review Act (LK-3138 DGS-2)		2								
HB	2370		Collection Agencies to Collect Fines						2				
HB	2388		Mothers and Drugs					1		1			
HB	2395		Hearsay in Sex Offenses Against Kids					3		1			
HB	2396		Health Ins. for Child Sex Victims					3		2			

1991 Legislative Session
Multnomah County Priority Bills

4/15/91

SB/HB	#	Next Act:	Title:	FRN:	DGS:	CNSL:	DES:	DHS:	DCC:	DA:	SO:	AUD:	LIB:
HB	2397		Training for Child Abuse Reporters					1		1			
HB	2398		Records Checks for Child Care Providers					3		2			
HB	2399		Regional Child Assessment Centers(JanWalli-1x3674)					2		2			
HB	2406		Child Sex Victims Examination $						3	2	3		
HB	2407		Sex Offender Registration					2		1			
HB	2408		Emergency Protective Orders					2		2			
HB	2410		Abuse Prevention Act Expansion							2			
HB	2411		S of L re: Sex Crimes Against Children							2			
HB	2412		Child Witnesses							2			
HB	2413		Informal Disposition of Juvenile Matters					2		2			
HB	2425		Norma's Fed. Forest Receipt Formula				1						
HB	2430		Kick the Kicker	1				1					
HB	2439		Dispute Resolution $ to State						2				
HB	2450		Caregiver's Criminal Liability							2			
HB	2451		Term of Sentence in State Hospital							2			
HB	2452		Alternative Employment Dispute Resolution		2								
HB	2454		Treatment Evaluation for Sex Offenders							2			
HB	2461		No Private Board Polls	2	2								
HB	2463		Public Bidding Contingencies		2	2							
HB	2471		State Homelessness Goal					2					
HB	2486		Preemption of Local Firearms Regulation (LK-3138)	1	1						1		
HB	2504		"Public Place" Expansion "DA2, DGS4 (Counsel)"		4	4				2			
HB	2509		Deadheads Removal/Boat Fees								2		
HB	2543		Full Term of Parole for Sex Offenders						2		2		
HB	2550	4/19/91	BM5 A&T		1								
HB	2552		Fuel License Tax for Transit				1						
HB	2571		Secondary Lands (Oregonians in Action)				2						

1991 Legislative Session
Multnomah County Priority Bills

4/15/91

SB/HB	#	Next Act:	Title:	FRN:	DGS:	CNSL:	DES:	DHS:	DCC:	DA:	SO:	AUD:	LIB:
HB	2572		Schools to Educate Juvenile Detainees					2					
HB	2577	4/16/91	Preemption of Local Firearm Regulations	1							1		
HB	2583		Enhanced Drug Penalties						3	2	2		
HB	2584	4/24/91	Roadblocks							2	2		
HB	2586		Mandatory Substance Abuse Evaluation(CH3980-DCC)						2	3			
HB	2587		Beer & Wine Tax for A & D (RSVP NormaJaeger-3691)					1					
HB	2590		Oregon Juvenile Justice Advisory Committee					2		2			
HB	2596		Juvenile Restitution as Civil Judgement					2	2		3		
HB	2597		Driver's Urinalysis							2	2		
HB	2609		BM5 and Special Assessments		1								
HB	2614	4/17/91	Lottery Budget	2									
HB	2623		Marijuana Recriminalization					2	2	2	2		
HB	2624		Juvenile Drug Offenses (DHSwas2,SO=X)					4		2			
HB	2641		DEQ Clean Up of Drug Houses					2			2		
HB	2660	4/16/91	Crime of Pet-napping (DES s/b 3)				2				4		
HB	2682		Video Poker $ (DGSX, DESN)	2	2		2						
HB	2688		Late Payment on Public Improvements(Lillie5111sb3)		2		3						
HB	2690		Accelerated Pleading						3	2			
HB	2693		Long Term Care Reimbursement Guidelines					1					
HB	2694		Different Requirements for Handicapped Access				2						
HB	2704		Housing Cost Impact Statements		2		2						
HB	2705		Beer & Wine Manufacturer's Substance Abuse Fund					1					
HB	2708		Temporary Guardians					2					
HB	2718		Income Tax Overhaul	2									
HB	2737		Alcohol Tax Increase for A&D	1				1					
HB	2743		Law Enforcement Public Records Exemption DGS-Couns		3	3				3	2		
HB	2756	4/16/91	Bail by Corporate Surety Bond							2			

1991 Legislative Session
Multnomah County Priority Bills

4/15/91

SB/HB	#	Next Act:	Title:							
FRN:	DGS:	CNSL:	DES:	DHS:	DCC:	DA:	SO:	AUD:	LIB:	
HB	2759		Land Use Notice Mandate							
			2							
HB	2764		State Health Care Budget							
				2						
HB	2766		Needle Exchange Prohibition							
				2						
HB	2775	4/26/91	Termination Pay at Regular Date							
	2									
HB	2779		Housing Trust Fund							
			1							
HB	2788		Repeal of Consent Requirement for Community Svc.=3							
					2	3				
HB	2799		Traffic Infraction Streamlining							
						2				
HB	2814		At Risk Parent Education Program							
				2						
HB	2840		Mandates Reimbursement							
	1									
HB	2853		Markham's Secondary Bill							
			2							
HB	2856		Apprenticeship Requirements in Public Contracts							
	2	2								
HB	2882		Regional Child Abuse Assessment Centers							
				1		1				
HB	2884		County as Plaintiff in False Election Statements							
	2									
HB	2933		Disclosure of Concealed Weapon							
							2			
HB	2941		Transfer to Agriculture of Food Service Licensing							
				2						
HB	2944	4/17/91	Involuntary Commitment for A & D							
				2						
HB	2946		Video Poker II							
	2					2	2			
HB	2949		Preemption of Local Restaurant Taxes							
	1									
HB	2950		Inheritance Tax for Or. Project Independence							
				2						
HB	2953		Community Family Resource Centers							
				1		1				
HB	2959		Type B Area Agencies Employee Transfer(Connell3646							
				2						
HB	2963		Utility Permit Regulation/Rights of Way(DHempstd.)							
			1							
HB	2964		Road Cut Damage Fee							
			1							
HB	2974	4/19/91	Public Records Expansion							
	2									
HB	2976		Public Contracting Payments (Counsel 3/15)							
	2	2								
HB	2978		Library Board Size							
									1	
HB	2979		Temp. Employee Wage Payments(Fair&Mindy3903sb3dgs)							
	2		3							

1991 Legislative Session
Multnomah County Priority Bills

4/15/91

SB/HB	#	Next Act:	Title:	FRN:	DGS:	CNSL:	DES:	DHS:	DCC:	DA:	SO:	AUD:	LIB:
HB	2983		Land Use Planner Licensing				2						
HB	2993		Domestic Disputes Reports(Dave Hadley-MCSO)								2		
HB	2994	4/19/91	Role of Peace Officer in Domestic Dispute(DHadley)								2		
HB	3002		Nix on Mult. Co. Boundary Comm'n.		3		2						
HB	3005		P.O.'s with Guns (Cary-3980)						2				
HB	3019		1992 Primary & General Vote-by-Mail		2								
HB	3047		Insurance Tax for Medical Assistance					2					
HB	3048	4/19/91	Public Finance and Ballot Measure 5 (D.BOYER3300)		1								
HB	3050		AOI's Property Tax Bill of Rights		1								
HB	3054		Child Support Life & Health Ins.							2			
HB	3064	4/16/91	Social Services Transfer of County Property		1		1						
HB	3065	4/16/91	Cancellation of Delinquent Taxes		1		1						
HB	3072		Marriage License Fee for C.A.S.A		3			2					
HB	3074		20% More Mobile Homes				2						
HB	3082		Oregon Health Authority					1					
HB	3085		Payroll Tax for Health		2			2					
HB	3086		Hospital Tax for Health Care					2					
HB	3087		AOC Cigarette Tax (DBoyerDGS-3300)		1			1					
HB	3093		Search and Rescue Certification								2		
HB	3098	4/30/91	Boating Offenses Procedure								2		
HB	3106		Arrest of Misdemeanants								2		
HB	3107		Dangerous Dog Statute				2						
HB	3112		Diagnostic Assessment & Treatment						2	3			
HB	3128		Administrative Initiative & Referendum		1								
HB	3131		Department of Health					2					
HB	3157	4/22/91	Writ of Garnishment Fee (GlenPostSO-414)								2		
HB	3159		Parole & Prob. Officers as Peace Off. (SB3DGS&DCC)		2				2				

1991 Legislative Session
Multnomah County Priority Bills

SB/HB	#	Next Act:	Title:	FRN:	DGS:	CNSL:	DES:	DHS:	DCC:	DA:	SO:	AUD:	LIB:
HB	3160		Process Fee Increase								2		
HB	3161		Misdemeanor Guidelines(CH-DCC3980)						1	1	1		
HB	3164		Plea Agreements & Sentencing Guidelines							2			
HB	3179		Cigarette Tax Surcharge					1					
HB	3188		Community Economic Revitalization				2						
HB	3190		Corbett Marker Sign				1						
HB	3196		Health Club Tax					2					
HB	3206	4/16/91	County Surveyor Fees				2						
HB	3263		Quid Pro Quo for Park Land (Ciecko-5050)				2						
HB	3264		County Utility Franchise Authority(Hempstead5050ES	1	1		1						
HB	3271		Compensation for Historic Designation				2						
HB	3273		Standing for Land Use Appeal (DGS2-Counsel RSVPDES			2	2						
HB	3275		Land Use "Takings" (DGS2-Risk Mgmt.,Counsel)		2	2	2						
HB	3277		Repeal of Criminal Justice Council (CH-DCC3980)						2				
HB	3280		Required Revelation of Health Care Prov HIV Status					2					
HB	3287		Forfeiture Proceeds for Restitution							1	1		
HB	3288		Restitution as First Priority						2				
HB	3292	4/18/91	Video Rental Tax					2					
HB	3301		PFP's for Schools				2						
HB	3309		Illegal Dumping	1			1						
HB	3311	4/24/91	Five Day Voter Registration		2								
HB	3313		Sex Offenses Against Children Task Force							1			
HB	3324		Public Bidding Def. of "Emergency"		2	2							
HB	3329		Increase in Sewer Connect Tax Credit				1						
HB	3330		Sewer Connectors Subject to Builders Board				1						
HB	3382		"New Start" Housing Program (DES1-Comm. Dev.)				1						
HB	3438		Juvenile Community Corrections Act					1					

SB/HB	#	Next Act:	Title:	FRN:	DGS:	CNSL:	DES:	DHS:	DCC:	DA:	SO:	AUD:	LIB:
HB	3445		Prohibits Televised Arraignments							2	2		
HB	3450	4/19/91	Counsel in Commitment Procedings					2		2			
HB	3497		Maintenance of Effort for State Library $		2								2
HB	3503		Certain Mandatory HIV Testing/Disclosure					2	3		4		
HB	3506		Public Safety Elector Lists		2								
HB	3508		Peace Officer Employment Rights		2						2		
HB	3512		Diagnostic Assessment Repeal						2	3			
HB	3518		Interest on Progress Payments		2	2							
HB	3529		Beer & Wine Taxes for Trauma Care					2					
HB	3536		Road Damage Compensation				1						
HB	3539		Repeal of TSCC		2								
HB	3543		1st Offense Misdemeanors as Violations							2			
HB	3544		Grand Jury Costs Mandate		1			1					
HB	3547		Theft in 3rd Degree							2			
HB	3549		Cost of Mental Commitment Counsel		1	1		1		1			
HB	3550		Non-Competitive Bids under $50,000		2								
HB	3553		Accelerated Pleadings Program							2			
HB	3555		Solid Waste Recycling Goals (DGS2-Purchasing)		2		1						
HB	3556		BPST Open Enrollment						2		2		
HB	3559		Gas Tax				1						
HB	3560		Schoon's Secondary Bill				1						
HB	5035		DHR Director's Budget					2					
HB	5036		CSD Budget					2					
HB	5058		Judicial Dept. Budget						2				
HJR	1		G.O. Bonds for Parks				2						
HJR	2		Hugo's Sales Tax	1	1								
HJR	11		Courts Comfy for Kids				1		1				

SB/HB	#	Next Act:	Title:	FRN:	DGS:	CNSL:	DES:	DHS:	DCC:	DA:	SO:	AUD:	LIB:
HJR	12		Cong. Dist. Majorities for Const. Amends	2									
HJR	27		"Policing" from Road Fund				2				2		
HJR	34	4/17/91	Victim's Bill of Rights						2	2			
HJR	35	4/18/91	State Mandates Funding (DGS, same as HB 2840)	1	1								
HJR	40		Gas Tax for Police & Parks				2						
SB	15		C.O.P. Notice to MDAC		2	2							
SB	19	4/23/91	Health Care = Wkrs. Comp.		2								
SB	20		Wkrs. Comp. Mediation		2								
SB	28		Energy Assistance Allowance					2					
SB	29		Subrogation of Pub.Assist.to Priv.He.Ins(&HB2874)					2					
SB	31		Not-for-Profit Use of Surplus Public Property	3			2						
SB	33		Parental Leave Requirements		2								
SB	44		SB 27 Reinforced					2					
SB	60		DHR Centralization of Medicaid					1					
SB	66		Omnibus Recycling Bill				1						
SB	91	4/19/91	Kitzhaber Secondary Bill				1						
SB	97		DOGAMI Reclamation vis a vis Land Use				2						
SB	103		Unitary Assessments/Distribution					1	1	1	1		
SB	185		Asbestos Inspections (Counsel 3/15)(Notif.JM3322)			2	2						
SB	187		Election Law Revision		2								
SB	268		Employee Notification of Lapse in Health Ins.(RSVP		2			3					
SB	276		County Clerks Election Law Revision		2								
SB	277		Voters Pamphlets Any Election		2								
SB	279		Election Costs Apportionment		1								
SB	280		Ballot Change Costs		2								
SB	281		Ballot Rotation Repeal		1								
SB	283		One Less Election Date		2								

SB/HB	#	Next Act:	Title:	FRN:	DGS:	CNSL:	DES:	DHS:	DCC:	DA:	SO:	AUD:	LIB:
SB	284		Statistical Sampling of Petitions		2								
SB	287		Change of Residence Reregistration		1								
SB	299		METRO Omnibus Bill	2	2								
SB	302		Boundary Comm'n Assessments		2								
SB	307		County Civil Service (Counsel 3/18, Mark Williams)		2								
SB	309		Seismic Safety Policy Adv. Comm.				2						
SB	310	4/17/91	Earthquake Risk Map				2						
SB	315		Notice of Legislative Land Use Decisions				2						
SB	316		Nix Minimum Rural Lot Size				2						
SB	317		JLCLU Land Use Revision		1		1						
SB	321		SB 935 (1989) Refinements					2					
SB	343		Post-Adjudication Juvenile Holds					2		2			
SB	351		State Humane Director				2						
SB	362		Funding State Mandates		1								
SB	363		Use of Oregon Wood in Public Bldgs.				2						
SB	381		3 Preemptory Challenges							2			
SB	383		Retroactive Approval of Illegal Lots				2						
SB	384		Multi-County Foreclosures(so=2to3to2forNotifPostG)				3				2		
SB	392		State Court Security Standards						1				
SB	393	4/16/91	County Recording Duties/Fees (RSVP Janice D 3090)		1								
SB	398		Counseling of Pregnant Substance Abusers (HB2388)					1		2			
SB	407		Health Ins. Payment for Child Sex Abuse Treat.					2		2			
SB	408		See HB 2397, Training for Child Abuse Reporters					1		1			
SB	410		Also HB 2399, Regional Child Assessment Centers					2		2			
SB	412		Also HB 2395, Hearsay in Sex Offenses Against Kids					3		1			
SB	413		Also HB 2405, Restitution by State Inmates							2			
SB	414		Also HB 2406, Child Sex Victims Examination $(SO3)						3	2	2		

1991 Legislative Session
Multnomah County Priority Bills

4/15/91

SB/HB	#	Next Act:	Title:						
FRN:	DGS:	CNSL:	DES:	DHS:	DCC:	DA:	SO:	AUD:	LIB:
SB	415		Also HB 2407, Sex Offender Registration						
				2		1			
SB	416		Also HB 2408, Emergency Protective Orders						
				2		2			
SB	418		Also HB 2410, Abuse Prevention Act Expansion						
						2			
SB	419		Also HB 2411, S of L re: Sex Crimes Against Childr						
						2			
SB	420		Also HB 2412, Child Witnesses						
						2			
SB	423		Videotaping of Searches						
						3	2		
SB	430		Also HB 2413, Informal Disposition of Juven.Matter						
				2		2			
SB	440		Taxing Exempt Entities for Emergency Services						
	2						2		
SB	441		Repeal of County School Fund Levy						
	1								
SB	451		Presentence Reports on Felony Sex Offenders(DCCsb3						
					2	3			
SB	452		Sex Offense Sentencing						
						1			
SB	474		Statewide Solid Waste Plan						
			1						
SB	478		Commissioner Vacancies						
	2								
SB	479		Bi-State Comm. Funding						
1									
SB	480		E. County Courts (RSVP Robert T. 5213)						
			1		1	2			
SB	508		Guardianships (Public & Private Agency)						
				2					
SB	509		DD Bill of Rights						
				2					
SB	510		Mentally Ill Bill of Rights						
				2					
SB	520		PERS Cola's (s/b 3 RSVP Ken Upton,MerrieZiady3300)						
	2								
SB	527		Family Support Services (DennisAdams-3691)						
				2					
SB	528		Reimbursement to Morticians for Indigent Burial						
			1						
SB	529		Kennel Club Slush Fund						
			2						
SB	548		Declaration of Subdivsions & Plats						
	2		3						
SB	550		B of E, Value Notices, Fees(SherrillR.DGS-5241)						
	1								
SB	562	4/17/91	Allocation of Lottery Proceeds						
2			2						
SB	569		Juvenile and Family Justice Adv. Comm.						
				2		2			
SB	575		First Quarter Destruction Tax Exemption						
	2								

1991 Legislative Session
Multnomah County Priority Bills

4/15/91

SB/HB	#	Next Act:	Title:						
FRN:	DGS:	CNSL:	DES:	DHS:	DCC:	DA:	SO:	AUD:	LIB:
SB	587		Employee Continuing Education Mandate						
	1								
SB	588		Privatization Hearings (RSVP Ken Upton 3300)						
	1	1							
SB	589		Paid Bereavement Leave						
	1								
SB	594		Rights of Transferred Public Employees						
	2								
SB	595		Indexing of Public Contract Limits (Counsel 3/15)						
	2	2							
SB	598		Accrued Sick Leave for PERS						
	2								
SB	619		Pretrial Release Modifications						
					2		2		
SB	620	4/24/91	County Jail Time as Misdemeanor Probation						
					2		2		
SB	622		Increased Retirement COLA's Under PERS(sb3MZ6477)						
	2						4		
SB	625		Nonprofit Adult Day Care Grants						
				2					
SB	626		Adult Day Care Flexibility						
				2					
SB	628		Mandated Marriage Counseling(RSVPMerrieZiady6477)						
	2								
SB	633	4/29/91	Oregonians Against Gun Violence						
1							1		
SB	638		"Unlawful Use of Weapon"						
						2	2		
SB	673		Adolescent Pregnancy Prevention $						
				2					
SB	674		Public Health Nurse Home Visitation for Teen Moms						
				1					
SB	679		Adolescent Parenting $						
				2					
SB	681		Recording of Power of Attorney						
	2								
SB	683		"Adult Protective Proceedings Mandate" DGS-Counsel						
	1	1		1					
SB	692	4/19/91	Forest Practices Act w/in UGB						
			2						
SB	695		Prisoner EMS Liability(KathyPageDHS3959)(Cnsl-DGS)						
	1	1		1					
SB	696		Overtime in Public Improvement Contracts(Cnsl3/15)						
	2	2							
SB	709		Forfeiture Counsel Reports						
					2	2			
SB	710		Seizing Agency's Forfeiture Responsibilities						
					2	2	2		
SB	712		Forfeiture Claimants Affirmative Defense						
						2			
SB	714		Regional Strategies Exclusion						
2									
SB	718		Speeding in Urban Areas						
						2	2		

1991 Legislative Session
Multnomah County Priority Bills

4/15/91

SB/HB	#	Next Act:	Title:	FRN:	DGS:	CNSL:	DES:	DHS:	DCC:	DA:	SO:	AUD:	LIB:
SB	721		Repair & Maintenance Public Contracting(Cnsl3/15)		2	2	2						
SB	723	4/19/91	Real Estate Sales Data to Assessor		2								
SB	730	4/24/91	Homeless & Runaway Youth Grants					2					
SB	734		Confidentiality of Employees' Home Addresses		1								
SB	736		10% Lump Jump in PERS		2								
SB	747		Defendant Requirement to Pay for A & D						2				
SB	760		County Medicare Administration					1					
SB	761		Non-Profit Mental Health Tort Limits					2					
SB	774		Balloon Release Prohibition	2									
SB	779		HIV Status Disclosure					2					
SB	780		30-Day Wkrs. Comp. Claim AcceptanceSB3JeanMil.3882		2								
SB	785		Gas Tax for Parks				2						
SB	790		Single Payer Health System (DGS4/15CCnoCover)		*			2					
SB	799		Ban on Local Lodging Tax Increases	1	1								
SB	824		Aging Mental Health Programs					2					
SB	830		Forfeiture Responsibilities							2	2		
SB	831		Forfeitures Procedures							2	2		
SB	833		Maternity Care Access Programs					1					
SB	865		One Year Penalty for Non-Charitables		2								
SB	866		Local Real Estate Transfer Tax	1	1								
SB	869		Trojan Evacuation Plan				2						
SB	884		Urban Reserves				1						
SB	897	4/16/91	Task Force in Library Services (2,SB3,2)										2
SB	910		RUGGO's by State Law				1						
SB	926	4/22/91	D.D. Family Support Services					2					
SB	929		Child Health Supervision Services					2					
SB	938		Criminal Justice Council Does Fines						2				

1991 Legislative Session
Multnomah County Priority Bills

4/15/91

SB/HB	#	Next Act:	Title:	FRN:	DGS:	CNSL:	DES:	DHS:	DCC:	DA:	SO:	AUD:	LIB:
SB	943	4/17/91	Child Abuse Multidiscipline Teams					3		1			
SB	945		Misdemeanant Sentencing Guidelines						1	1			
SB	947		Pleas Under Sentencing Guidelines							2			
SB	955	4/22/91	Parole Violators Detention Costs						2		2		
SB	978		Juvenile Remand Simplification					3		2			
SB	988		Subcommittee on State Health & Med. Asstn'ce. Prog					1					
SB	1017		RUGGO's Acknowledgement				1						
SB	1061	4/29/91	Prohibits Assault Weapons								2		
SB	1076	4/18/91	Oregon Employee Health Benefits Plan		2			3					
SB	1086		AG Does Support Enforcement							2			
SB	1087	4/22/91	Early Identification and Intervention					2					
SB	1117		Secure Shelter Care for Juveniles					2					
SB	1142		Prisoner Emergency Medical Costs (See SB 690)			1		1					
SB	1146		Early Intervention Availability					2					
SB	1180		Animal De-Control				2						
SB	1185		Tax Coordination Plans	1	1								
SB	1194		National Health Services Task Force					1					
SB	5525		Or. Youth Comm'n. $					2					
SB	5527		AFS Budget					1					
SB	5529		Health Div. Budget					2					
SB	5530		Mental Health Div. Budget					2					
SB	5531	4/16/91	Social Services Budget					1					
SB	5537	4/16/91	LCDC Budget				1						
SB	5538		Marine Board $				1						
SB	5541		Corrections Budget (RSVP CH 3980)						1				
SB	5543		D.A. Subsidy $						2	2			
SJM	18		National Health Plan Resolution					1					

1991 Legislative Session
Multnomah County Priority Bills

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SB/HB	#	Next Act:	Title:						
FRN:	DGS:	CNSL:	DES:	DHS:	DCC:	DA:	SO:	AUD:	LIB:
SJR	4		New Construction: New Tax Base						
	2								
SJR	10		Fuel Tax for Mass Transit						
			2						
SJR	12		Use of Gas Tax for Parks						
			2						
SJR	13	4/17/91	G.O. Bonds for Parks						
			2						
SJR	16		A.O.I. Sales Tax(Boyer,D-3300)						
1	1								

Briefing #2
4-19-91
Handout #2

"DHR PROGRAM PRIORITIZATION WORKSHEET"

PROGRAM	GENERAL FUND BUDGET IMPACT IN DOLLARS	RANKING (5 TO 1) 5=RESTORE/ KEEP 1=CUT	POLICY #
AFS			
Client cost of living increase (4.8% 1st year/ 4.7% 2nd year) (eliminated 1st year/ reduced to 3.8% 2nd year)	(5,700,000)		
Emergency Assistance payments to ADC clients (eliminated)	(3,000,000)		
Welfare Reform "JOBS" (reduces participation by 19% or 5,200 participants)	(18,500,000)		
Employment-related day care (reduces eligibility from 200% FPL to 110% FPL; increases all co-payments by $25)	(3,500,000)		
Alcohol and Drug			
Alcohol and Drug Outpatient Services (reduces 12%/ 1,442 people affected)	(600,000)		
Alcohol and Drug Community Intensive Residential Treatment Program (eliminates 1 program/ 242 youth affected)	(800,000)		

PROGRAM	GENERAL FUND BUDGET IMPACT IN DOLLARS	RANKING (5 TO 1) 5=RESTORE/ KEEP 1=CUT	POLICY #
Health			
Fluoride Rinse Program (eliminated/ 75,000 children affected)	(73,600)		
HIV preventative grants to counties (reduced by 30%)	(129,000)		
Condom distribution (eliminated)	(58,000)		
School-Based Clinics (eliminated)	(913,000)		
Shellfish program (eliminated)	(440,000)		
Increased money to counties for Maternal/Child Health grants to counties	1,300,000 (additional)		
High Risk Infant Tracking Home Visitation (10-12% of all births)	1,000,000 (same)		
Family Planning Services (6,700 more teens)	1,000,000 (additional)		
Immunization Program (one third of all children)	929,000 (same)		
Preventative Health (county grants)	3,113,400 (same)		
Commission for Blind			
Summer work experience and orientation (eliminates)	(820,000)		

PROGRAM	GENERAL FUND BUDGET IMPACT IN DOLLARS	RANKING (5 TO 1) 5=RESTORE/ KEEP 1=CUT	POLICY #
<u>SDSD</u> Raise impairment thresholds for long term care services (eliminates 3,391 cases)	(18,600,000)		
Raise financial eligibility threshold for long term care from $1,220 per month to $850 per month (eliminates 1,875 cases)	(8,700,000)		
Oregon Project Independence (reduces by 43%/ eliminates 1,592 cases)	(5,100,000)		
Senior Mental health projects (eliminates)	(200,000)		
Quality Incentives Program (incentive dollars to 12 nursing facilities)	285,000 (no change)		
Long Term Care Ombudsman (reduces by 58%)	(360,000)		
Alzheimer's program for people under 60 (eliminates)	(300,000)		
Cost of living for General Assistance clients (reduces to 3%)	(890,000)		

PROGRAM	GENERAL FUND BUDGET IMPACT IN DOLLARS	RANKING (5 TO 1) 5=RESTORE/ 1=CUT	POLICY #
<u>MHDDSD</u> Community Integration Project (i.e. increases funding for Fairview downsizing)	3,600,000 (additional)		
Nursing Home Reform (increases reimbursement)	2,100,000 (additional)		
Children's Mental Health (expands EPSDT)	7,200,000 (additional)		
2 35-bed adult psych wards @ OSH (eliminates/ some community replacement)	(2,300,000)		
Forensic Psych Ward @ OSH (eliminates/some community replacement)	(1,200,000)		
35-bed voluntary sex offender treatment @ OSH (eliminates/reduces sentencing options)	(1,400,000)		
27-bed geriatric ward @ OSH (transfers part of program to Eastern OR Psych Center)	(800,000)		
43-bed adult psych ward @ Dammasch (eliminates/no community replacement)	(2,000,000)		
20-bed adult psych ward @ Eastern OR Psych Cntr. (eliminates/some community replacement)	(700,000)		
Early Childhood Intervention Prgm. (reduces by 33%/ 2,140 children affected)	(5,700,000)		
Relative Foster care (eliminates for approx. 460 people)	(1,000,000)		
Voc. services/DD clients (eliminates/ 750 people affected)	(7,000,000) (250,000)		
Commun. MED Serv. for adults (reduces by 12%)	(8,700,000)		

PROGRAM	GENERAL FUND BUDGET IMPACT IN DOLLARS	RANKING (5 TO 1) 5=RESTORE/ KEEP 1=CUT	POLICY #
<u>OMAP</u>			
Medically Needy for Families (eliminates program/ affects 5,978 people)	(6,300,000)		
Medically Needy for Blind/Disabled/Aged (eliminates program/ affects 3,491 people)	(4,700,000)		
Medically Needy Misc. (eliminates equipment)	(5,100,000)		
Hospital Cost of Living (COL) Increase (eliminates)*	(11,000,000)		
Other Provider COL increase (eliminates)	(7,300,000)		
Provider COL increase to General Assistance clients (eliminates)*	(2,300,000)		
Adult emergency dental care (eliminates)*	(2,400,000)		
Continue 100% reimbursement to type B hospitals (eliminates)*	(4,700,000)		

* proposed to be restored with hospital assessment

PROGRAM	GENERAL FUND BUDGET IMPACT IN DOLLARS	RANKING (5 TO 1) 5=RESTORE/ KEEP 1=CUT	POLICY #
<u>CSD</u>			
Migrant day care (eliminate/ 300 affected)	(1,382,000)		
Pilot parenting coop (eliminated/ 200 affected)	(96,000)		
Salem YWCA teen parent program (eliminated/ unknown # affected)	(235,000)		
Limit eligibility for DARTS to Title 19 medicaid clients	(5,600,000)		
Phased reduction of Close Custody capacity by 75 beds; eliminate parole services to approximately 375 youths. (HB 2540-juveniles)	(2,800,000)		
Close client intake or place on waiting lists approximately 1,500 clients determined to be low risk (HB 2540-vulnerability scale)	(5,000,000)		
Provider cost of living increases (reduces by 50%/ 4.8% 1st year; 4.7% 2nd year)	(3,800,000)		

PROGRAM	GENERAL FUND BUDGET IMPACT IN DOLLARS	RANKING (5 TO 1) 5=RESTORE/ KEEP 1=CUT	POLICY #
CSD cont.			
Gang Transition Program	1,762,300 (same)		
Transfer LIEAP funds back into CSD (eliminated from CAPS for self sufficiency program)	1,500,000 (additional)		

ADDITIONAL CHILDREN'S SERVICES DIVISION PROGRAMS

If you know enough about a program listed here, and you wish to rank it, do so in the space to the left of the program name. More information about these programs can be found in your CSD file.

Adoption Assistance
Aftercare-parole Sex Offender
Correctional Alternative Program
County Diversion
Crisis Case Management
Crisis Nursery
Family Foster Care
Family Group Homes
Family Shelter Care
Foster/Adoptive Parent Training
Hillcrest
Homemaker
Independent Adoptions
Independent Living
Intensive Family Services
MacLaren
Children's Mental Health
Intensive Mental Health Residential
MR/DD Group Homes
Multiple Impact
Mutual Homes
Northwest Adoption Exchange
One Church/One Child
Other Medical
Out-Of-State Residential
Parent Training
Parole Foster Care
Parole Group Homes
Parole Staff
Permanent Planning Psychological Exams
Private Agency
Professional Group Homes
Professional Shelter Care
Purchased Adoptions
Residential Alcohol & Drug (for addicted delinquents)
Supportive/Remedial Day Care
Target Problem Therapeutic Foster Care
Youth Care Centers

RURAL HEALTH CARE PROGRAMS

The Committee requested a list of rural health care programs to be attached to list of programs to be prioritized. These programs are part of Oregon Health Sciences University budget (being considered by the W&M Education Subcommittee). Since the chair stated she wished the committee to prioritize programs only in DHR's budget, this list has been attached separately and not incorporated into the prioritization worksheet. The committee members may choose to rank these as well.

THESE PROGRAMS ARE "IN" THE GOVERNOR'S BUDGET, BUT ARE ALL PREDICATED UPON THE PASSAGE OF A HOSPITAL ASSESSMENT.

Area Health Education Centers	$600,000
Additional FTE in Office of Rural Health	60,000
Extension of Provider Recruitment	100,000
BIC (networking to provide rural providers w/consulting back-up)	384,000
Nurse Practitioner Fellowship	50,000
Funding for Loan Forgiveness Program	unknown

Briefing #2
4-19-91
Handout #3

MEMORANDUM

TO: Multnomah County Legislative Delegation

FROM:

DATE: April 15, 1991

SUBJECT: Human Resources Budget Priorities

This memo is in response to your request for information concerning Multnomah County's human resources budget priorities.

1. Multnomah County supports the Human Services Coalition of Oregon's recommendation that $194.5 million be restored to the Department of Human Resources budget. This amount would restore direct service cuts reflected in both the Governor's and Co-chair's budgets and is consistent with Multnomah County's legislative priority that programs be maintained at current service levels.

2. As an alternative to the ranking system being utilized by the House Human Resources Committee, Multnomah County recommends restoration of the following as top human resources restoration priorities. Each of the restoration priority recommendations consider the following criteria:

   ° Budget reductions that will result in loss of life.
   ° Budget reductions that would threaten public safety.
   ° Budget reductions that would result in immediate savings but force expenditures during the '91-93 interim.

3. A "short list" of Multnomah County DHR restoration priorities is outlined below: All client numbers reflect statewide estimates. In addition, I rated these items on the attached Department of Human Resources Prioritization Worksheet.

   A. Long-Term Care (LTC) Eligibility (1,875 clients) — $ 7.5m (13.4m FF)

   B. Long-Term Care Community Services (3,391 clients) — $17.8m (25.4m FF)

   C. Oregon Project Independence (1,572 clients) — $ 5.1m

[6167A w]

D.	Closure of state hospital wards	$ 8.2m	
E.	Community mental health services	$ 9.7m	
F.	Children's Day and Residential Treatment Svcs.	$ 5.6m	(5.3m FF)
G.	Juvenile Corrections (Closure of 410 MacLaren beds and reduction in parole services)	$ 2.8m	
H.	Multnomah County Youth Gang Demonstration Project	$ 1.1m	
I.	CSD Services (1500 clients, mostly homeless, females and status offenders)	$ 5.0m	(1.2m FF)
J.	Early Intervention for Developmentally Disabled (DD) Children (2140 children and families)	$ 5.6m	(2.1m FF)
K.	Vocational Services for DD Adults (750 clients)	$ 7.1m	
L.	Relative Foster Care for DD Adults (230 clients)	$ 1.03m	
M.	School-Based Clinics (3500 adolescents statewide)	$ 1.1m	
N.	Medically Needy Program (3441 adults/5978 persons in families)	$10.9m	(7.4m FF)
O.	Medically Needy Equipment	$ 5.1m	
P.	Adult Emergency Dental Care (Medicaid)	$ 2.4m	
Q.	Adult Alcohol and Drug Outpatient (1442 clients)	$600,000	

[6167A w]

Meeting Date: APR 1 6 1991

Agenda No.: B-3

(Above space for Clerk's Office Use)

. . . .

AGENDA PLACEMENT FORM
(For Non-Budgetary Items)

SUBJECT: Children and Youth Group Report

AGENDA REVIEW/
BOARD BRIEFING April 16, 1991 (date)   REGULAR MEETING ______ (date)

DEPARTMENT BCC   DIVISION Anderson

CONTACT Diane Luther   TELEPHONE 248-5008

PERSON(S) MAKING PRESENTATION Work Group Members

ACTION REQUESTED:

[ ] INFORMATIONAL ONLY   [XX] POLICY DIRECTION   [ ] APPROVAL

ESTIMATED TIME NEEDED ON BOARD AGENDA: One Hour

CHECK IF YOU REQUIRE OFFICIAL WRITTEN NOTICE OF ACTION TAKEN: ______

BRIEF SUMMARY (include statement of rationale for action requested, as well as personnel and fiscal/budgetary impacts, if applicable):

Children and Youth Work Group will present its recommendations and seek Board discussion in order to draft a Resolution for the following week.

(If space is inadequate, please use other side)

SIGNATURES:

ELECTED OFFICIAL Pauline Anderson

Or

DEPARTMENT MANAGER ______

(All accompanying documents must have required signatures)

Briefing #3
4-16-91
Handout #1

April 16, 1991

Children and Youth Work Group

Presentation Schedule

10:30

Steve Kapsch	Overview	10 minutes
David Fuks	Section a) of resolution	5 min.
Helen Richardson	Section b)	5 min.
Iris Bell	Section c,d, and e	5 min.
Bob Donough	Transition Comm.	5 min.

11:00
Board questions and discussion

11:25

~~Steve Kapsch~~ Dennis Morrow	Summary	5 min.

Briefing #3
4-16-91
Handout #3

Proposed resolution implementing recommendations of Children and Youth Work Group

WHEREAS the Multnomah County Board of Commissioners requested a group of leaders in the field of children and youth services to study and make recommendations regarding the County's children and youth services system; and

WHEREAS the group, known as the Children and Youth Work Group, deliberated for more than a year and has submitted a report to the Board of Commissioners; and

WHEREAS the Work Group Report made several recommendations designed to improve services in Multnomah County to children, youth and families; NOW THEREFORE

BE IT RESOLVED THAT the Board of County Commissioners intends to implement the Children and Youth Work Group Report, including:

a) Reconstituting the Children and Youth Services Commission to become the Children's Coordinating Council as described in the Report, and inviting suggested child-serving systems to participate, including at least the following members: Regional Manager of Adult and Family Services; Superintendent or representative of Portland Public Schools; Director of the new County Children, Youth and Family Services Division; a Multnomah County Commissioner; Regional Manager of Children's Services Division; Chief or designee of Portland Police Bureau; a representative of East Multnomah County school districts; Vice President of Planning of United Way; a business representative designated by the Leaders Roundtable; a representative of the Private Industry Council; two representatives of direct service providers to children and families; and five public representatives appointed by the County Chair.

The new Council shall perform the intersystem planning functions described in the Report, and meet the Oregon statutory requirements for distribution of State grant funds.

b) Restructuring Multnomah County's children and youth services delivery system to form a Children, Youth and Family Services Division which would combine the Juvenile Justice Division, the Youth Program Office, children's alcohol and drug services, children's mental health services, children's developmental disabilities services, school-based health clinics, and other children's health services;

c) Developing a neighborhood-based Family Resource Network over the next several years;

d) Establishing an Interagency Cluster as envisioned in the Report; and

e) Establishing Department-level and Division-level work groups to develop and implement Multi-Cultural Action Plans.

BE IT FURTHER RESOLVED that the above actions be planned by a Transition Committee appointed by the Director of the Department of Human Services. The Transition Committee shall be comprised of primarily staff of DHS, and shall also include representation from non-County service providers, and from staff of the Chair and Board of County Commissioners.

The Transition Committee shall present a plan to the Board of County Commissioners for implementing the new Children, Youth and Family Services Division, the Children's Coordinating Council, and the Interagency Cluster. The Division should be operational as close to July 1, 1991 as practical, and the Interagency Cluster during the 1991-92 fiscal year. It is the Board of County Commissioners' intent to provide a core staff to the Children's Coordinating Council within existing budgetary resources to begin operations, build staff as needed and recommended by the Council, and obtain long-term financial participation from other child-serving systems.

BE IT FURTHER RESOLVED that the Director of the Department of Human Services shall:

a) Hire and/or assign staff and implement the Children's Coordinating Council as close to July 1, 1991 as practical. Council staff should, as recommended in the Work Group Report, have formal ties to the new County Children, Youth and Family Services Division, and be responsible solely to the Council for policy and work assignments.

b) Propose ordinance changes if necessary to set up the Children's Coordinating Council, which shall also be the primary advisory body for the Children, Youth and Family Services Division.

c) Establish work groups at the Department and Division levels to formulate a Multi-Cultural Action Plan as described in the Work Group Report, and report back to the Board of Commissioners approximately January 1, 1992.

d) Develop a proposal for the 1992-93 fiscal year for a pilot project to begin phase-in of the Family Resource Network. The Board intends that the Children's Coordinating Council plan for the Network.

Briefing #3
4-16-91

Handout #2

Services *for* Children, Youth and Families in Multnomah County:

An Integrated Systems Approach

REPORT OF THE CHILDREN AND YOUTH WORK GROUP

February 1, 1991

TABLE OF CONTENTS

INTRODUCTION

Background

In October 1989, at Commissioner Rick Bauman's request, the Multnomah County Board of Commissioners allocated $25,000 to review the County's children and youth services delivery system. The Department of Human Services (DHS) was directed to initiate a comprehensive process to analyze the County's children and youth services delivery system and make recommendations about program needs, funding issues, and organizational functions. DHS was further directed to retain consultants to facilitate the group process and present information describing model program and policy initiatives in other parts of the U.S.

DHS recommended formation of a work group to carry out the charge outlined above. Howard Klink, DHS Public Affairs Director, and Diane Luther, Staff Assistant to Commissioner Pauline Anderson, were assigned to help staff the effort. Dr. Stefan Kapsch, Professor of Political Science at Reed College, was appointed chair and Elaine Cogan, partner in Cogan Sharpe Cogan, was retained to facilitate the group process.

The Work Group members were selected from names of individuals submitted by DHS Division Directors and balanced according to cultural representation and broad expertise in public and private children's and youth services.

The following members were appointed by DHS Director Duane Zussy:

Steve Kapsch, Chair, Professor, Political Science, Reed College
Iris Bell, Executive Director, House of Umoja
Orin Bolstad, Executive Director, Morrison Center, Inc.
Mary Bromel, Coordinator, Teen Parent Program, Portland Public Schools
Bob Donough, Executive Director, Tri-County Youth Consortium
Paul Duong, Refugee Coordinator, Office of Neighborhood Associations
David Fuks, Regional Manager, Children's Services Division
Dr. Grant Higginson, Medical Consultant, Oregon State Health Division
Leticia Maldonado, Intergovernmental Relations Specialist, Portland Public Schools
Dennis Morrow, Executive Director, Janis Youth Program
Helen Richardson, Executive Director, Mainstream, Inc.

Cornetta Smith, Executive Director, Albina Ministerial Alliance
Ramona Soto Rank, Executive Director, Affiliated Tribes of Northwest Indians
Kathryn Weit, Interim Director, Association of Retarded Citizens of Multnomah County

The Process

The Work Group met nearly every two weeks from January through December, 1990; a one-day retreat in July, 1990 also was held.

The group followed a deliberative process of goal setting, information gathering, issues identification, strategic use of expert testimony, and development of final recommendations. To establish a common understanding of the existing system, the group solicited detailed information from County managers about target populations, program providers, organizational structure, services to ethnic populations, planning, intra departmental coordination and coordination between Multnomah County programs and agencies outside the County structure. Additionally, managers and/or staff from every Multnomah County program involved with children and youth made verbal presentations to the CYWG. A list of the questions to which they were asked to respond is attached. The group also met with nationally recognized consultants in children's and youth services and cultural literacy.

In October, 1990, the Work Group presented its draft report for review and comment to all Multnomah County Commissioners, County DHS staff, the Children and Youth Services Commission, the Leaders Roundtable, Tri-County Youth Consortium, and many other provider groups. These valuable reviews and comments were thoroughly discussed by the Work Group. This final report represents responses to many issues raised in this process.

Goals of this Report

The recommendations in this report involve far-reaching changes in the way services for children, youth and families in Multnomah County are planned and coordinated. The current system must be changed significantly if we are to be more successful in serving our overstressed families and helping their children.

Multnomah County should take the responsibility for leading the system into greater effectiveness, committing to creating a system that provides the best quality and most efficient continuum of services possible.

The recommendations in this report do not dismantle any current services to children and families in the County. They integrate the strengths of the current system with those of other successful models, to meet the following goals:

- o Enable Multnomah County to play a "lead convener" role for the system of services to children, youth and families.
- o Institutionalize effective coordination among programs and agencies.
- o Enhance advocacy for children.
- o Coordinate and strengthen comprehensive planning.
- o Develop cultural competency and literacy.
- o Improve access to services.
- o Increase responsiveness to emerging issues.

Children and families are served by many disparate, poorly coordinated federal, state, local, and private programs and funding streams. It is not the purpose of this report to "put someone in charge" but to acknowledge that the system can be improved only through a partnership among all those involved. Implementation of these recommendations would create a partnership to institute and carry out comprehensive planning and enhance coordination of services for children, youth and families.

One of the most important challenges facing all those serving Multnomah County's children, youth and families is the need to create a multicultural service system. We are serving far greater numbers and a greater variety of non-Caucasian families than ever before. Lack of cultural literacy and competence are barriers to access and effective services. These recommendations put the County in the role of lead convener in planning for and coordinating services for clients of all cultural and ethnic groups and also initiate a process by which County staff can become more culturally adept.

The Work Group acknowledges that these recommendations do not address the immediate crisis in social services that this

County, as well as the rest of the State, is experiencing. Services to high-risk children are so seriously underfunded by the State that nonprofit provider agencies are overwhelmed and may be on the verge of collapse. Salaries for provider agency staff are so low that it is becoming impossible to recruit or retain employees, especially to serve high-need clients. While State action is critically needed, nevertheless, there is much the County can do to improve its own system of serving children, youth and families.

The following recommendations can become a model for the rest of the State and the nation and offer our children hope.

Community Involvement

For the purpose of this report, community involvement is defined as participation by citizens, clients and advocates in the various processes by which decisions are made about services to children, youth and families. The necessity for a strong community voice to balance or expand the vision of the services delivery system and to promote empowerment were recurrent themes throughout this process. The Work Group recognizes that meaningful community involvement is dependent upon adequate terms of service, knowledge of the children and youth services system, an appropriate blend of community representation and key decision-makers, and realistic expectations about the scope of work. To address those issues, recommendations in this report incorporate strong community involvement components.

Serving Families

For purposes of this report, family is defined as a group of individuals related by blood, marriage, or adoption, or individuals whose functional relationships are similar to those found in such associations. The family's purpose is to provide security, support, nurturance, love, transmission of values and facilitation of each member's growth and development, and is the primary social unit affecting a child's well-being.

It cannot be overemphasized how strongly Work Group members believe in the need for improvements to services for families within Multnomah County. This is the key to long-term, permanent solutions to problems of children and youth. This report focuses on these improvements in two ways. First, taken as a whole, the new structure proposed in this report is designed to improve coordination and planning to meet the needs of children and families. Secondly, we advocate expanding the capacity of the system to provide more and better services to families.

OBSERVATIONS

This section outlines major conclusions of the Work Group about strengths and weaknesses in our current child-serving systems. They underlie the recommendations that follow.

- The County's services delivery system for children and youth is fragmented, resulting in barriers to services, inefficient administrative procedures, lack of coordinated planning and program development, and inadequate collaboration among programs. The organizational structure is dominated by programs that serve single adults. Thus, children and youth services as a whole have less visibility and capacity to compete for funds.

- Those elements of a continuum of services for children and youth that currently exist in the County are exemplary. Excellent examples of county-led planning processes and effective programs that bring together key decision-makers and citizens are the Columbia Villa project, Youth Gang Demonstration Project and the Robert Wood Johnson Partners Program.

- No agency or organization is empowered to coordinate or serve as a clearinghouse for all children and youth services planning efforts in Multnomah County. This contributes to gaps in the services continuum.

- In the absence of a formal collaborative planning process that involves all major agencies charged with serving children, youth and families in Multnomah County, planning efforts are uncoordinated and redundant.

- Within DHS, there is no effective structure or process that requires intra-departmental collaboration on policy, planning, program development, and service delivery.

- It is generally not possible for any board or commission that allocates funds also to engage in comprehensive planning because the neutrality needed for the latter may be compromised by the political realities of distributing money; moreover, the time-consuming, deadline-oriented nature of fund allocation allows volunteers little time for long-term planning.

- The Children and Youth Services Commission (CYSC) has funding, planning and advocacy functions. Of these, the fund allocation process takes up most of its time. This has been true since its predecessor, the Juvenile Services Commission, was established in 1980.

- The broad cross-section of membership in CYSC is ideally suited for a strong advocacy role for children and youth.
- Lack of cultural competency and literacy is impeding effective delivery of services from Multnomah County providers to ethnicly diverse populations.

RECOMMENDATIONS

Recommendation I - Children's Coordinating Council (CCC)

The County should establish a Children's Coordinating Council to coordinate planning by bringing together all the major systems that serve children and youth.

The goal of the Council is to establish an ongoing, institutionalized process by which all systems serving and advocating for children, youth and families in Multnomah County plan together.

The Problem

There is no mechanism for coordinated, comprehensive planning for services to children, youth and families in Multnomah County. Planning takes place within many different systems, around special projects and in response to crises. Coordination of services occurs on a hit-or-miss basis.

Useful, coordinated planning efforts do take place in the County, but only when particular agencies or individuals take the lead. Though child-serving agencies may plan internally, there is no ongoing mechanism to plan with all the others and set priorities, anticipate trends and coordinate efforts.

This lack of coordinated planning results in poorly coordinated services that are wasteful of resources for clients, service providers and government. Not only are there both gaps and duplication of services; families with multiple needs often are shuffled from agency to agency, having to fill out duplicative forms and be assessed many times. Many are not successful in negotiating such a system and therefore never receive the packages of services they need.

Other families are served by multiple systems which do not adequately coordinate with one another to provide consistent rules and expectations. Under these circumstances, staff and providers find it difficult to develop plans to meet the unique needs of individual families.

Another result of a lack of coordinated planning is that our systems tend to be "behind the curve" in tackling emerging issues. The arrival of gangs in Portland is a good example. If a Children's Coordinating Council had been in place five years ago, community members who saw initial signs of gang activity could have used the Council as a forum to begin coordinated planning involving all relevant bodies, thus saving considerable community time and effort. This report is not criticizing our community's efforts to combat gang crime, which have been creative, sincere and exemplary. The point is that the efforts might have been easier and earlier if a Children's Coordinating Council had been in place.

The Strategy

The Children's Coordinating Council should be established to bring together the major child-serving systems in the County to set joint goals and priorities, and coordinate policies and plans. The Council should be the forum where community members bring emerging concerns and receive timely cross-system responses. Agencies should use the Council to address coordination concerns and initiate planning efforts. Outside initiatives from state, federal and other sources should be processed in a coordinated way through the Council.

It is critical to acknowledge that there is no one "in charge" of serving children and youth in Multnomah County, and that therefore this recommendation is not an effort to usurp any existing scope of service. Each system must and will continue to plan for itself. However, those plans should be brought together to maximize the efficiency and effectiveness of service for the client families.

This proposed Multnomah County Children's Coordinating Council is similar, but not identical to, the Oregon Coordinating Council for Children and Families, established by the 1989 Legislature (SB 1018), to enhance collaboration among state agencies which serve children. Its statutory members are the Director of the Department of Human Resources, Superintendent of Public Instruction, Commissioner for Community College Services, and the Director of the Community Children and Youth Services Commission.

In contrast, the membership of the Multnomah County Children's Coordinating Council (CCC) should include representatives of these agencies:

Multnomah County Board of County Commissioners - One County Commissioner chosen by the Board
Adult and Family Services Division - Regional Manager
County Children and Youth Services Division - Director (see Recommendation II)
Children's Services Division - Regional Manager
Portland Public Schools - Superintendent or representative
Portland Police Bureau - Chief or designee (at least at captain's level)

East Multnomah County school districts - One representative
Children and Youth Services Commission - Chair
United Way - Vice President of Planning
Business Representative - One representative designated by Leaders Roundtable
Private Industry Council - One representative
Provider Representatives - Two designated by providers
Citizen Representatives - Two appointed by County Chair

Those who select provider and citizen representatives should consider the need to address cultural and gender-specific issues. DHS should convene the providers to select their representatives. The Chair of the Council should be appointed by the Multnomah County Board of Commissioners.

Role of the Children and Youth Services Commission (CYSC)

The CYSC should have a permanent representative on the new Children's Coordinating Council and participate in long-term comprehensive planning through the CCC. The CYSC's two-year plans should be coordinated with CCC long-term planning efforts in the same way that other agencies' plans are coordinated. This recommendation parallels the current state structure, where the Commission has a seat on the State Children's Coordinating Council.

As stated previously, the CYSC is uniquely suited to play the role of advocacy for children. Other populations (the elderly, for example) benefit from strong, County-supported, coordinated advocacy. The CYSC should strengthen its advocacy activities by restructuring staff and committees to give this greater priority.

The CYSC is limited in its capacity to perform coordinated, comprehensive planning due to the following factors:

- Membership is not structured to represent all the key child-serving systems essential to coordinating comprehensive long-term planning. The greatest strength of the CYSC, involvement of lay citizens in children's issues, is a weakness in terms of long-term, comprehensive planning. The constant turnover in citizen representatives for the last 11 years (including the old Juvenile Services Commission) has been an impediment to the development of adequate expertise to accomplish comprehensive, long-term planning.

- The burden of administering the State grants prevents the CYSC from engaging in ongoing comprehensive planning. The administration of grants is time-consuming and necessarily tied to the two-year State budget biennium.

Role of the Leaders Roundtable

The Leaders Roundtable is an organization of agency heads, businesses and others who are doing an excellent job planning and delivering services to increase the employability and life skills of youth at risk.

This report recommends that a business leader representing the Leaders Roundtable be given a seat on the Council and that the Roundtable coordinate its planning with the Council, similar to the participation of other systems and providers.

Role of the Children's Coordinating Council

The Multnomah County Board of Commissioners should give the Council the legal authority to play a "lead convener" role for cross-system planning, thus encouraging other systems to come to the table.

It is important to acknowledge that the ultimate policy and funding decisions are the province of the governing bodies of the child-serving systems, e.g. the school boards, the County Commission, the legislature, etc., and that all significant decisions made by the Council will be subject to approval by the respective governing bodies. The governing bodies should request that the Council review and comment on any plans affecting services to children and families.

Due to the complex interdependencies of the systems that serve children and youth, any significant policy and planning decisions will have to be arrived at by consensus. Council members therefore should have authority within their respective organizations to speak for them on these issues.

Council staff should be County employees dedicated solely to Council activities, and should take policy and workplan instructions only from the Council. However, to maximize cooperation, Council staff also should have formal ties to the new County Children and Youth Services Division (see Recommendation II). Staff should represent diverse cultural and ethnic groups. The Director should be hired and evaluated jointly by the head of the Department of Human Services and Council officers.

The Council will determine its own most urgent priorities and should name permanent and ad hoc subcommittees. Priority tasks should include:

- o Establishing a planning process that involves communities, neighborhoods and client populations that do not now have sufficient access to decision-makers in child-serving systems.

- o Making services as effective as possible for each of the County's many cultural and ethnic groups.

- o Planning for the implementation of the Family Resource Network (Recommendation IV).

- o Developing systems that facilitate efficient information exchange and data analysis across systems.

- o Recommending to the Board of County Commissioners criteria for determining those types of services most effectively operated by the County and those that should be contracted.

- o Initiating efforts to coordinate service planning, client coordination and advocacy with Washington and Clackamas Counties.

Recommendation II - Children, Youth and Family Services Division

The County should establish a Children Youth and Family Services Division to more effectively and efficiently coordinate services to children and families. It should be administered by a division head reporting to the director of the Department of Human Services.

The new division should encompass juvenile justice, youth alcohol and drug, children's developmental disabilities, children's mental health, school-based health clinics, children's health services contracted with private providers, and all programs administered by the Youth Program Office.

The Problem

Most social services provided by the County are for single adults, such as those with chronic mental illness or substance abuse problems. Those adults generally are not treated as members of families nor connected with a strategy to serve the whole family. Where families are served, it is within systems designated for children or youth.

The Strategy

Separating the "adult" systems from the "children's" systems would not undermine current services for families. For example, the only place in the County's Mental and Emotional Disability (MED) program where families currently receive assistance is within programs administered by the Office of Child and Adolescent Mental Health. This report proposes to transfer this office to the new Children, Youth and Family Service Division, a reorganization recommended for the following reasons:

o It would bring together disparate program elements currently administered by three Division directors, placing them under the administrative aegis of a single manager. This would greatly enhance the potential for coordinated planning, program development and service delivery.

o The location of children's services within adult service systems has resulted in low visibility and underfunding for children's programs. A children's division would enhance their status and visibility and enable them to compete more successfully for funds within and outside of the County. The new division director should be a spokesperson and advocate for the County's children.

- Recent changes in the Medicaid system have increased opportunities for providing services for children and families. This can be maximized by improved coordination of planning and delivery among programs administered by Multnomah County.

- The effectiveness of the Interagency Cluster (Recommendation IV), will be greatly enhanced by unified staffing and coordinated management of children and youth programs.

The Division would perform administrative functions, especially contract management, provider relations, resource development, and relations with the State. The division also would directly administer those programs currently operated by the County, principally juvenile justice, school mental health, and children's developmental disability case management services. The Director should serve on the new Children's Coordinating Council.

Division staff should work toward becoming culturally literate and facilitate the delivery of services so that they are effective for all cultural groups. As the new Division is assembled, three important matters should be considered. The first is the need to preserve clinical standards now in place in health and mental health. The second is to maintain the health infrastructure now supporting teen health clinics and other health services that may be transferred.

The third is to establish formal linkages between children's programs and their adult counterparts. For example, ties between children's substance abuse and adult substance abuse programs should be established so that services for adult and child members of the same families can be coordinated.

Recommendation III - Family Resource Network (FRN)

Multnomah County should fund a neighborhood-based Family Resource Network throughout the County, using existing programs and resources as a base.

The Problem

Thousands of Multnomah County's children live in families that face multiple, staggering problems such as poverty, abuse, drug addiction, and crime. Many of these families have difficulty accessing and coordinating the multiplicity of services that are available. The County should begin to take a coordinated approach to these families, focusing on early intervention and empowerment.

The Strategy

The Family Resource Network should contract with existing organizations in neighborhoods throughout Multnomah County to hire Family Resource Network (FRN) specialists. They would serve as case managers and systems facilitators, providing these services to families:

o Assessing needs.

o Providing information and referral.

o Working with clients and assistance systems to:
  - help the family enter and stay in services
  - advocate for the family
  - assist in reducing barriers created by language, culture or similar problems

o Maintaining long-term, supportive contact.

The target population is families which as a whole require a multiplicity of services and whose children are at risk of or involved in behavior harmful to themselves or others.

Clients may be referred to the FRN specialists from agencies that meet some but not all of these clients' needs. In such cases, the referring agency would retain the client on its caseload, if appropriate, and work with the FRN specialist to coordinate other needed services. Individuals or families also could refer themselves.

The FRN will work only if caseloads are limited and the FRN specialists have sufficient training so that they can identify problems such as substance abuse, mental health disorders, and physical and sexual abuse.

In addition to coordinating social services, FRN staff should provide clients direct access to programs such as medical assistance, food stamps, energy assistance and victim's assistance.

Recommendation IV - Interagency Cluster

An Interagency Cluster should be established within the County to solve coordination problems of case managers or others who encounter difficulties connecting multi-need children with appropriate services.

The Problem

Children with many needs or those who do not meet criteria for access into categorical systems often are underserved or ill-served by the present systems. Agencies should have a way to coordinate decision-making and resources in these instances. This recommendation is based on a successful model used in Ohio and elsewhere.

The Strategy

The Interagency Cluster should be composed of representatives of mental health, alcohol and drug, juvenile justice, youth program office, Children's Services Division, Adult and Family Services, health, the child's school, developmental disabilities, client and family advocates, and the Children, Youth and Family Services Division Director.

The Cluster would meet regularly and review cases of multi-need children for whom agencies have not been able to assemble adequate packages of services. Members of the Cluster must be able to commit resources on behalf of the agencies they represent. Funds used to provide the appropriate package of services may be allocated from current budgets in addition to "flexible" dollars made available specifically for Cluster use. The Cluster would work together to create an appropriate package.

Clear criteria need to be established for those cases brought to the Cluster. Every effort to coordinate a package of services should be made prior to referring a client to the Cluster. It has been the experience of other jurisdictions that after a period of time cases tend to be better coordinated earlier so that relatively fewer and more difficult cases are referred to the Cluster.

Referrals can be expected from private agencies, public agencies or from the Family Resource Network. The case should be presented by the person most involved in coordinating services for the family. If the family has a case manager through the Family Support Network, that person should serve as an advocate for the family. If the family has no family support case manager, another advocate for the client's views, or the family itself, should be present.

Many children and families need services which do not exist in Multnomah County. There are two strategies to help solve this problem. The first is to give the Cluster flexible dollars with which to buy individualized services.

The second strategy is to systematically collect data on unmet needs as they become apparent to the Cluster. The data should be used to plan for expanding or creating new services and advocating at the state legislature or with the Board of County Commissioners.

Over time, continued exposure to unmet needs and system flaws should give Cluster members considerable information for recommending system improvements to the Children's Coordinating Council. For example, the Cluster may find that families frequently need in-home respite services (currently only available to a few DD clients), and that it has been spending a considerable portion of its flexible dollars on this purpose. The Cluster could use this experience to recommend to the Council that a contract for in-home respite services be developed. The Council would plan the service to be delivered in the most cost-effective way, and the Children, Youth and Family Services Division would let the contract.

The Cluster should ensure that specific cultural needs and issues are addressed. This is broadly defined to include those related to children and youth who are minorities, gays or lesbians, or developmentally disabled. If no member of the Cluster or other staff are literate in the relevant culture, outside consultation should be provided.

Cluster membership may include representatives of the County's adult systems because planning and advocating for needs of parents as well as children may be necessary in order to serve the entire family. The Cluster, the new Children's Division and the Children's Coordinating Council should institute ways to coordinate with adult systems in planning, budgeting and service delivery.

Recommendation V - Multi-Cultural Action Plan

Multnomah County should adopt a plan to eradicate racism and incorporate a multicultural philosophy into the administration of the Department of Human Services (DHS) and provider agencies. For purposes of this report, a multicultural philosophy is one that includes the usage, acknowledgment and appreciation of cultural differences as critical factors in the development and implementation of any system, institution, program or curriculum.

The Problem

While the DHS operates within affirmative action guidelines and has several initiatives under way within individual divisions to address multicultural issues, improvements need to be made at the department level to:

- o Encourage cultural diversity within the bureaucracy.
- o Improve cultural literacy of human services managers and service providers.
- o Develop contract agency and employee performance standards in these areas.

The Strategy

DHS should immediately establish a work group that includes the DHS Director, Division Directors, Division staff responsible for coordinating cultural competency efforts, and provider agency representatives to address issues of a multi-cultural workforce and how to instill a multi-cultural philosophy within DHS and contract agencies. Specifically, the process should include training for management staff and developing a plan to address and coordinate multi-cultural agency-wide efforts. The goals of the effort should be to:

- o Increase representation of minorities within middle and upper level management.
- o Develop common definitions of cultural competency and literacy that will be applied agency-wide and to outside contractors.
- o Train administrators and managers to be sensitive to these cultural competency and literacy standards.

- o Develop standards or guidelines that can be used to measure the success of DHS, contract agencies and individuals within those agencies toward implementing a multi-cultural approach to management and client services.

For the long term, the Children's Coordinating Council should establish a permanent committee to plan for integrating these standards into services for children, youth and families for all cultural groups in Multnomah County.

IMPLEMENTATION

As recommendations in this report involve far-reaching changes in the way the community serves children, youth and families, and since fundamental structural changes are recommended, implementation should be phased and carefully planned.

The leadership for these changes should begin with a clear commitment from the Board of County Commissioners to initiate comprehensive planning.

As the first phase, the BCC should adopt an ordinance affirming the recommendations in this report and appointing the Children's Coordinating Council. It would be the task of the Council to plan the implementation of the Family Resource Network and the Interagency Cluster. The ordinance should be passed as soon as possible so that the Council can be active and staffed by July, 1991.

The new Children, Youth and Family Services Division should be created with all deliberate speed so that the new Division Director can begin work in time for the 1991-92 fiscal year.

FUNDING

The following is a preliminary fiscal analysis and identification of potential revenue sources for each recommendation included in this report. It is expected that they will be carefully reviewed and refined by the Children's Coordinating Council.

I. Children's Coordinating Council

To help the Council effectively carry out its planning mission and provide adequate support for its other duties, we recommend three new staff positions: an executive director, assistant, and clerical support. It is anticipated that the staff of the Children, Youth and Families Services Division will work closely with the CCC to carry out its charge.

The estimated cost for Council activities and staff salaries, including fringe benefits, is $150,000 per year. If a new Division (Recommendation II) is created, some cost savings may offset this.

II. Children, Youth and Family Services Division

This recommendation, contingent on any refinements made by the BCC or Children's Coordinating Council, can be implemented without expenditure of new funds. Consolidation of six children's program offices under one division can be attained through transfer of staff and consolidation of support functions. The cost of a new division director can be offset by the movement of the Juvenile Justice Division to program office status.

III. Family Resource Network

Contingent on policy and program refinements made by the Children's Coordinating Council we recommend that funding be made available for three pilot projects to be sited at locations selected by the Council. Due to the high level of management and advocacy skill required, the combined cost of these three staff positions is about $150,000, including fringe benefits. An additional training budget of $15,000 also is recommended. New County or grant funding is required.

IV. Interagency Cluster

This recommendation can be implemented by existing county staff. No new FTE's are anticipated. It is recommended that $200,000 be allocated to the cluster for the purpose of purchasing or creating specialized services for children and families when the need arises. This recommendation also is a suitable candidate for grant funding.

V. Multi-Cultural Action Plan

While DHS may wish to hire consultants to facilitate implementation of this recommendation, resources within the County are available. In fiscal year 1990-91, funding for this purpose was allocated to all County departments. Reallocating some of this for the above purposes can offset or eliminate the need for new funding.

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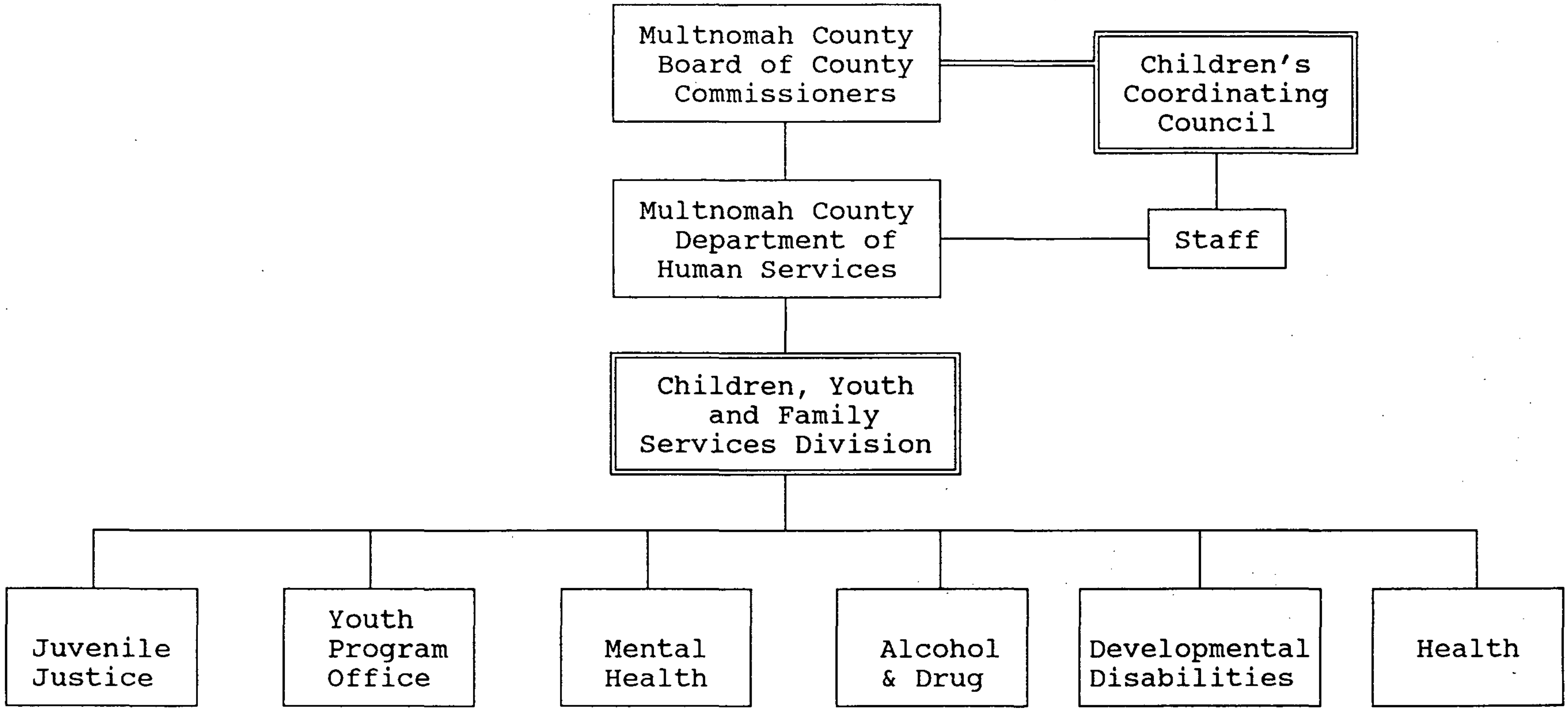
PROPOSED CHILDREN AND YOUTH SERVICE SYSTEM



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CHILDREN AND YOUTH WORK GROUP
QUESTIONS FOR DIVISION DIRECTORS

1. How does the Multnomah County Department of Human Services (your Division or program area) interact with other governments, other not-for-profits, and citizens? How do the different program offices and divisions interact within the county?

2. How should Multnomah County address issues regarding disproportionate representation of Afro-American youth in institutional settings?

3. Do your programs serve the needs of all ethnic groups in the community? Is your staff and service provider staff trained to meet the needs of such diverse groups?

4. What is the impact of poverty on the problems of the populations you serve?

5. What programs are appropriately direct service or contract services?

6. What continuum of services should be available to children 0-11 years old?

7. What are the most essential programs or services in your area?

8. Other than the lack of an adequate funding base, are there any significant financial issues which affect service delivery?

9. What is the impact of drug and alcohol abuse on your client population(s)?

10. What are your service priorities?