



July 8, 2020

Metro President Lynn Peterson
Councilor Sam Chase
Councilor Shirley Craddick
Councilor Christine Lewis
Councilor Craig Dirksen
Councilor Juan Carlos Gonzalez
Councilor Bob Stacey

Metro Council
600 NE Grand Ave
Portland, OR 97232

RE: Request to delay new payroll tax & transportation measure

Honorable President Peterson and Councilors:

We are writing on behalf of the thousands of employer members of the Beaverton Area Chamber of Commerce, Building Owners & Managers Association - Oregon (BOMA), Clackamas County Business Alliance, Gresham Area Chamber of Commerce & Visitors Center, Hillsboro Chamber of Commerce, Portland Business Alliance, Smart Growth Coalition, Westside Economic Alliance, Working Waterfront Coalition. Our organizations represent the broad diversity of industries in our city, region, and throughout the state of Oregon.

We write today as a unified employer community to urge the Metro Council to delay referral of the proposed regional transportation measure and new payroll tax, to a future year.

First, we commend you and the staff at Metro for the transparent and detailed stakeholder process earlier this year that produced the proposed package of transportation infrastructure improvements. This process included several business community leaders and stakeholders, and we agree that it produced a draft package of priority projects.

However, the quality process that produced this package was completed before the COVID-19 pandemic hit Oregon. Since then, everything has changed.

Oregon is now in a severe economic downturn with more than 291,933 Oregonians having filed for unemployment or had their hours cut back. More small businesses are permanently closing by the day, and according to state economists, local governments face severe budget reductions at least through 2025.

Additionally, the landscape for how and where people work is completely transformed. Millions of Oregonians are now working at home and may continue doing so for well into the future. Simultaneously, concerns about the coronavirus, and a commitment to physical distancing has led to a plunge in TriMet

ridership. The current rise in COVID-19 cases means that we will not know for quite some time how long it will be before we return to a semblance of normal economic activity. Additionally, Governor Brown just announced that she is considering shutting the economy down again if the current growth in cases and hospitalizations do not flatten soon.

We represent thousands of the region's employers, organizations of all sizes and from every part of the region. We are deeply concerned that Metro has not paused to consider if now is the right time, the right mechanism and the right package given the significant economic downturn and major shifts in commuting behaviors. We urge you to consider whether current changes of the magnitude we are experiencing in our economy require all of us to pause on a new business tax proposal.

The current proposed revenue mechanism is the worst possible new tax to propose at this specific time. There is no question that this measure will make it more expensive to employ people at a moment when we need to be doing all that we can to keep people employed and businesses fully staffed. Simply put, imposing a new payroll tax now will lead to further job losses in the short term, and will slow economic recovery in the long term.

Now, with the impending new personal and business income taxes in 2021, and the severe economic downturn, a new payroll tax no longer makes sense.

This new payroll tax would be in addition to the significant tax Metro area employers already pay to support the public transportation system. Local employers are also absorbing the new state Commercial Activities Tax, increase in the Portland Business License Fee and Multnomah County Business Income Tax, and the new Portland Clean Energy Fund gross receipts tax. All of these taxes have been approved and implemented in just the past three years, and all the related costs are now compounding to create additional and serious impact for businesses during a severe economic downturn.

Finally, it is becoming increasingly possible that significant renewed federal transportation investments are on the way. Congressman Peter DeFazio recently introduced the *Investing in a New Vision for the Environment and Surface Transportation “INVEST” in America Act*, which, if approved by Congress, would make a renewed federal commitment of nearly \$500 billion in surface transportation over the next five years. We strongly believe it would be prudent for Metro to delay this measure with the hope that Congress will step back up as a true partner in transportation infrastructure investment in 2021, potentially reducing the cost of this proposed measure.

For these reasons, we strongly urge you to support the employer community's request to decline to refer the new payroll tax to the ballot in 2020. This good faith decision would send a powerful message that Metro is a committed partner in helping businesses recover from the current economic calamity as fast as possible so that the Oregonians we employ can continue to support themselves, their families and contribute to a healthy and strong regional and statewide economy. Conversely, the employer community pledges to stay at the table and partner on a potential transportation measure in the future.

Thoughtful leadership adapts to unforeseen events. We urge you to continue to be a leader in transportation planning now and in the future by delaying this measure until we are all better positioned to invest in a plan that supports our community's needs now and in the future.

Sincerely,

Beaverton Area Chamber of Commerce
Building Owners & Managers Association - Oregon
Clackamas County Business Alliance
Gresham Area Chamber of Commerce & Visitors Center
Hillsboro Chamber of Commerce

Portland Business Alliance
Smart Growth Coalition
Westside Economic Alliance
Working Waterfront Coalition