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<p>PORTLAND</p> <p><i>City Club</i></p> <p>BULLETIN</p>	<p>Mayfair Room • Benson Hotel Friday . . . 12:15 p.m.</p> <hr/> <p>Portland, Oregon • Nov. 3, 1972 • Vol. 53, No. 23</p>
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NOTE: Preceding Dr. Oles' presentation, the Committee on County Ballot Measure No. 10, "Documentary Stamp Tax Ordinance," contained herein, will be considered and voted upon by the membership.

THE SPEAKER:

DR. KEITH F. OLES

Associate Professor of Geology
Oregon State University

HIS TOPIC:

***THE TRUTH, THE WHOLE TRUTH, AND A LOT MORE
ABOUT THE ARCTIC NORTH SLOPE***

One of the most extensive construction projects ever to tap one of nature's most wanted resources—oil—is contemplated in the Alaska Pipeline proposal. The pipeline would carry oil from Alaska's North Slope over 800 miles of wild Alaska country to one of that state's southern ports.

Largest stumbling block to date is the "big E"—Environmental Impact. Early in 1971 the Department of Interior admitted such an oil pipeline would create unavoidable environmental damage but that the oil "was so crucial to the country," it recommended construction. Meanwhile, such intensive research as tagging all the fish species which occur in the waters along the proposed route to allow for post-pipeline testing of the line's effects is being done.

What is this vast expanse of tundra known as the "North Slope," lying between the Brooks Range and Prudhoe Bay?

Dr. Keith Oles' title may elicit a chuckle and add the light touch, but be assured his discussion is academic and practical, and, through generous use of slides, will graphically portray this little known area under such heavy controversy and point up some of the billion dollar issues at stake.

*"To inform its members and the community in public matters and to
arouse in them a realization of the obligations of citizenship."*

CITY CLUB PROGRAMS BROADCAST THREE WAYS

The City Club luncheon program speakers and discussion are broadcast, in full, over three different stations at three different times:

KOAP-FM (91.5 meg)
Each Friday (approximately
12:40-1:30)

KOIN-FM (101.1 meg)
Each Friday at approximately
10:00 p.m.

KBPS (1450 KC)
Each Tuesday at 7:00 p.m.

ELECTED TO MEMBERSHIP

J. Terrence Bittner, Attorney. Associate: McMenamin, Jones, Joseph & Lang. Sponsored by R. W. McMenamin.

Paul Fellner, Certified Public Accountant. Partner: Moss, Adams & Co. Sponsored by John Reinhardt.

Cleveland Gilcrease, Executive Director, Portland Metropolitan Steering Committee. Sponsored by E. Shelton Hill.

John F. Hiestand, Jr., Real Estate Broker and Land Developer. President: John Hiestand & Co.

Robert D. Rindfusz, Attorney. Staff Attorney: Portland School District No. 1. Sponsored by Dr. Laurence Winter.

PORTLAND CITY CLUB BULLETIN

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CITY CLUB DUES: **Senior**, members over 65 with 35 years membership, or over 70 with 15 years membership, \$5.00 per year; **Regular**, age 28 and over, \$36.00 per year; **Junior**, ages 23 through 27, \$18.00 per year; **Student**, ages 18 through 22, \$6.00 per year; **Non-Resident**, \$12.00 per year; **Sustaining**, those who contribute \$10.00 or more per year over and above the dues in their category for the Portland City Club Foundation, Inc. The regular FRIDAY LUNCHEON MEETINGS are held in the Mayfair Room of the Benson Hotel, unless otherwise indicated.



BULL RUN RESERVE STUDY COMMITTEE MEMBERS APPOINTED

John L. Frewing, chairman of the long-range City Club study entitled "Use of Forest Resources at Bull Run Reserve" has announced approval of the following appointments to his committee:

Dr. John Eliot Allen, Executive Officer, Earth Sciences, Portland State University;

Marc H. Alport, Norm Thompson Outfitters;

George F. Brice, III, Vice President, Senior Estates, Inc.;

Albert B. Chaddock, Mechanical Engineer, PGE;

Robert H. Huston, Attorney with Souther, Spaulding, Kinsey, Williamson & Schwabe;

Robert T. Jett, Attorney, House Counsel, First National Bank of Oregon;

E. Barry Post, Controller, Williams Air Control;

Hubert E. Walker, Certified Public Accountant, and

William W. Wessinger, Chief Executive Officer, Blitz Weinhard Co.

Thornton T. Munger, retired forester, serves as special consultant to the Committee and Michael Emmons is advisor from the Research Board.

The Committee is authorized to "consider the present policy by which land and other resources of the Bull Run Reserve are managed and make recommendations for policies guiding future management."

**REPORT
ON
MULTNOMAH COUNTY DOCUMENTARY
STAMP TAX ORDINANCE**

(County Ballot Measure No. 10)

Purpose: Ordinance imposes a tax on documents transferring real property and recorded in Multnomah County. Tax applied only when value exceeds \$100; tax is 55 cents for each \$500 or part thereof; imposes liabilities; creates exceptions; establishes procedure for collection.

To the Board of Governors,
The City Club of Portland:

I. INTRODUCTION

Your Committee was asked to study and report on County Ballot Measure No. 10. The measure placed on the ballot by referendum is to be voted on at the General Election, November 7, 1972. (See Appendix A for the text of ordinance.)

II. SCOPE OF COMMITTEE RESEARCH

The Committee, or individual members thereof, heard:

Bill Carlson, Executive Vice President, Realtors of Portland
James P. Carr, Staff Assistant for Legislative Affairs, Board of County Commissioners, Multnomah County, Portland
Stanley R. Church, Attorney at Law, Oregon Association of Realtors
Ward V. Cook, President, Ward Cook Inc.,
Chairman of the Committee to Stamp Out the Stamp Tax
Stanley A. Goodell, Executive Vice President,
Portland Association of Building Owners and Managers
Loren Kramer, Director of Administrative Services and
Budget Director, Multnomah County, Portland
Diane Malloy, Secretary, Committee to Stamp Out the Stamp Tax

The Committee read or reviewed:

Commerce Clearing House, *State Tax Guide*
Multnomah County Ordinance No. 45
The League of Women Voters—Draft of Study on Measure No. 10
Multnomah County Inter-Office Memorandum—Historical Information
“Stamp Out the Stamp Tax” Committee—Information Handouts
“A Description and Analysis of Oregon’s Fiscal System—
Areas Selected Excise Taxes”—Thomas W. Calmus, Ph.D.

III. HISTORY AND BACKGROUND

A documentary stamp tax was created by the Board of County Commissioners for Multnomah County on June 24, 1971 to become effective July 1, 1971. (Appendix A) Ordinance No. 45 imposed a tax on all documents transferring real property tendered for recording in the public records of Multnomah County. The tax was imposed at a rate of "55 cents for each \$500 of consideration or value of the property". For example, the tax on a recording of a deed of a \$20,000 residence would be \$22.00. The ordinance stated that "the tax shall be paid to the county by *the person who delivers* the document transferring real property to the Director of Records and Elections for recording". (Emphasis added.) Presumably, this would be the purchaser of the property, although it could be practically anyone, depending upon the circumstances. Failure to pay the tax is not cause for the Director of Records and Elections to refuse to accept the document for recording. The tax is a debt subject to collection by civil action against the person liable for payment. It is not a lien against the property.

All revenues from the sale of the documentary stamps go to the county general fund. For the fiscal year ended June 30, 1972 approximately \$450,000 was collected. An additional amount of \$30,000 was due but unpaid, and this is increasing daily. More will be said on this in the discussion.

The Board of County Commissioners held hearings prior to the time of adoption of the tax. At those hearings members of the real estate industry presented testimony against the tax. When the Board of County Commissioners instituted the tax over their objections, a committee was formed to obtain signatures for a referendum to put the measure before the voters. It was successful in obtaining the signatures needed and their endeavors resulted in Measure No. 10.

Documentary stamp taxes have been and continue to be a common source of revenue. At least 39 states impose a tax on the transfer of real estate. There is no federal tax on the transfer of real estate at this time; however, formerly a federal stamp tax was imposed on the purchaser for the equity value of the conveyance. This tax was abolished effective December 31, 1967. The rate of the federal stamp tax was 55 cents for each \$500 or fraction thereof of the equity in the property involved. The federal rate was the same as that in the Multnomah County ordinance, now before the voters; however, the federal tax applied only to equity (fair market value less indebtedness), and not the full value, as does the present Multnomah tax. Bills were introduced in the Oregon Legislature in 1969 and 1971 for a state-wide tax, but the bills died in committee. In 1969, Lane County proposed a tax, but it was dropped. In 1968, Washington County proposed a stamp tax, but it was defeated at the 1968 general election. At this time Multnomah County has the only documentary stamp tax in the State of Oregon.

IV. ARGUMENTS

Most of the arguments center around the fairness and administration of the tax and are often contradictory.

ON FAIRNESS:

PRO

1. It is progressive in that those with the least money are penalized least.
2. The impact on a person who is incurring the cost of buying a home is small and therefore, unlikely to produce hardship at the time.
3. Most of the revenue goes to services and physical improvements that tend to increase the value of the land of the county.
4. A majority of other states have such a tax. The Federal Stamp Tax was repealed so that local governing bodies could use that source of revenue.

CON

1. It is not based on ability to pay. It is imposed more on the young and old (who, in many cases, are less affluent) because they are more likely to have changing circumstances which require the purchase of a new home. It is a selective and discriminatory sales tax.
2. The tax can be increased and, even if it is small, the property owner is over-burdened with tax. It may encourage persons not to record their deeds.
3. The revenue goes to the general fund and is not earmarked for any special services or physical improvements.
4. The Oregon voters have consistently shown their dislike for a sales tax, even though most other states have it. The abolition of the Federal Stamp Tax is not relevant to Multnomah County. This tax is an example of a patchwork solution to a problem which needs an overall solution.

ON ADMINISTRATION:

PRO

1. It is efficient and inexpensive to administer.
2. It is not possible for anyone to avoid paying the tax.

CON

1. The ordinance is poorly drafted, creating unanswerable questions and problems.
2. There are many instances where the tax has not been paid. No collection action has been taken.

V. DISCUSSION

The opposition to Measure No. 10 states that this tax is against the wishes of the voters as evidenced by their overwhelming defeat of the general sales tax. Since Measure No. 10 puts this particular tax before the voters, the manner in which they voted in the past does not seem to be particularly relevant in making a recommendation because they will have an opportunity to vote on this tax. What does seem relevant is that this tax is a selective tax against property owners.

Further, it is a major concern of the Committee that the ordinance was drafted in an amateurish fashion, creating problems in interpretation because of ambiguous language. There are many instances where the tax has not been paid and the county has not started collection proceedings. This amounted to \$51,000 for the period from its July, 1971 inception to September 14, 1972. One specific, but not uncommon, instance is the recent sale of a major downtown building; the tax amounted to approximately \$17,000, and the tax has not yet been paid. It is the understanding of the Committee that no action has been taken to collect this tax. It is not clear to the Committee who is liable for this tax. This appears to be a scandalous situation, one which the Board of County Commissioners should have done something about, and taken at least two actions:

1. Correct the language of the ordinance so that there could be no possible confusion as to its application;
2. Pursue collection under the present ordinance with vigor.

Neither of these has been done.

VI. CONCLUSION

The Committee concludes that:

1. The stamp tax is a selective tax that is discriminatory in its application, and
2. The ordinance was drafted with unclear language destroying any chance for effective collection and administration.

VII. RECOMMENDATION

The Committee recommends the City Club go on record in opposition to County Measure No. 10 and urges a "No" vote.

Respectfully submitted,
Lyle F. Adams
Marc H. Alport
James H. Butler
Richard M. Weaver
William H. Gregory, *Chairman*

Approved by the Research Board October 5, 1972 for transmittal to the Board of Governors.
Received by the Board of Governors October 9, 1972 and ordered printed for presentation to the membership for discussion and action.

APPENDIX A
BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

ORDINANCE NO. 45

An Ordinance imposing a tax on certain documents transferring real property and recorded in Multnomah County.

Multnomah County ordains as follows:

Section 1. This Ordinance shall be known as the "Documentary Stamp Tax Ordinance of Multnomah County."

Section 2. A tax is hereby imposed on all documents transferring real property which are tendered for recording in the public records of Multnomah County. The tax shall attach and become due at the time the document transferring real property is presented to the Director of Records and Elections for recording. As used herein, the term, "documents transferring real property", means all deeds, instruments, or writings, whereby any lands, tenements, or other real property, or any interest therein shall be granted, assigned, transferred, or otherwise conveyed to or vested in the purchaser, or other person by his direction.

Section 3. The tax shall be imposed at the rate of 55 cents for each \$500.00 of consideration or value of interest of the property conveyed or the fractional part thereof, when the consideration stated in the document transferring real property exceeds \$100.00. The tax imposed herein shall not apply to any written instrument given to secure a debt.

Section 4. The tax shall be paid to the county by the person who delivers the document transferring real property to the Director of Records and Elections for recording. The tax paid shall be evidenced by documentary stamps which shall be affixed to the face of each document subject to the tax.

Section 5. Failure to pay the required tax in full or in part at the time the document transferring real property is presented for recording shall not be cause for the Director of Records and Elections to refuse to accept the document for recording; however, the tax shall be a debt subject to collection by civil action against the person liable for payment.

Section 6. The tax imposed herein shall not apply to documents transferring real property where any of the following entities are grantors or grantees:

- (a) The United States or any agency thereof;
- (b) Any state or territory or political subdivision thereof, or the District of Columbia;
- (c) Foreign countries.

Section 7. The Director of Records and Elections shall administer and enforce this ordinance. He shall have available for sale adhesive documentary tax stamps in suitable denominations. Stamps shall be purchased at their face value from the Director of Records and Elections. All revenues from the sale of documentary stamps shall be promptly delivered to the Department of Administrative Services for deposit in the County General Fund.

Section 8. After the document transferring real property is accepted by the Director of Records and Elections for recording, he shall cancel each of the stamps affixed to said document by means of printing or marking on it some sign of cancellation sufficient to prevent the re-use of the stamp.

Section 9. This ordinance being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist and this ordinance shall be effective as of the 1st day of July, 1971.

DATE OF PASSAGE: June 24, 1971.

BOARD OF COUNTY COMMISSIONERS
MULTNOMAH COUNTY, OREGON

By: M. James Gleason, *Chairman*

APPROVED AS TO FORM:
DESMOND D. CONNALL
District Attorney for
Multnomah County, Oregon
By: Jerome E. LaBarre,
Deputy District Attorney

NOVEMBER 7, 1972 BALLOT MEASURE RECOMMENDATIONS

Number	Title	Committee Recommendation	Club Vote
STATE REFERENDUMS:			
1.	Eliminates Location Requirements for State Institutions (SJR 9)	Yes	Yes (Unan.)
2.	Qualifications for Sheriff Set by Legislature (HJR 42)	6 Yes; 1 No	Yes
3.	Amends County Purchase and Lease Limitations (SJR 28)	6 Yes; 1 No	No
4.	Changes State Constitution Provision Regarding Religion	No	No
5.	Minimum Jury Size of Six Members (SJR 17)	No	No
6.	Broadens Eligibility for Veterans' Loans (SJR 23)	3 Yes; 3 No	No
STATE INITIATIVES:			
7.	Repeal Governors' Retirement Act	Yes	Yes
8.	Changes Succession to Office of Governor	Yes	Yes (Unan.)
9.	Prohibits Property Tax for School Operations	No	No (Unan.)
COUNTY:			(Club Vote
10.	Documentary Stamp Tax Ordinance	No	11/3)
11.	Utility Tax Ordinance for Library	No	No

MEMBERSHIP ACTS ON TENTH BALLOT REPORT: APPROVES "YES" VOTE

The membership present and voting at the October 27, 1972 City Club meeting approved a majority report, recommending a "Yes" vote, on State Ballot Measure No. 2.

The majority, presented by Chairman Randall B. Kester, on the proposed constitutional amendment titled "Qualifications for Sheriff Set by Legislature," recommended a "Yes" vote, and represented six members of the Committee. The substitute motion for a "No" vote was presented by Peter Wolmut, representing a one-man minority. After floor discussion and defeat of the minority motion, the majority was accepted by voice vote with no audible opposition.

The final measure report for Club consideration is contained in this issue—a county ballot measure concerning the documentary stamp tax ordinance.

PROPOSED FOR MEMBERSHIP AND APPROVED BY THE BOARD OF GOVERNORS

If no objections are received by the Executive Secretary prior to November 17, 1972, the following applicants will be accepted for membership:

John A. Browning, Sr., Retired. (Formerly Management-Supervisor, Grain Inspection and Marketing, U.S. Department of Agriculture.) Proposed by John A. Browning, Jr.

Werner G. Nistler, Jr., Accountant, Arthur Andersen & Co. Proposed by William H. Gregory.

Eugene R. Perrin, M.D., Physician (Plastic Surgeon). Proposed by Verner Lindgren, M.D.

John W. Records, Realtor. Leasing Agent: Norris Beggs & Simpson. Proposed by R. W. McMenamin.