

METRO
2019 LEGISLATIVE ISSUE IDENTIFICATION

Department: GAPD/FRS

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ISSUE: Tax Supervising and Conservation Commission (TSCC) budget cap

BACKGROUND: The Tax Supervising and Conservation Commission was created almost 100 years ago to monitor the financial affairs of local governments in Multnomah County. TSCC conducts procedural and substantive financial reviews of the budgets of all local governments within its jurisdiction, including Metro.

As of 2009, TSCC's budget was capped at \$280,000 plus an annual growth factor of 3%. Since then, TSCC has stayed below the cap but its budget, 92% of which consists of personnel costs, has been rising faster than the 3% allowance, and is likely to hit the cap by 2020. TSCC is included in the Multnomah County personnel services system and costs track with the County's; much of the anticipated increase is driven by accelerating costs of PERS.

The cost of operating TSCC is paid for by the member jurisdictions. Multnomah County pays for half of the costs of operating TSCC (\$137,468 in FY17) and provides office space. The other jurisdictions pay the remainder of the costs on a pro-rata basis. Those costs range from \$250 annually for small districts to \$47,035 in FY17 for the City of Portland. Metro's FY17 TSCC dues were \$4,764.

TSCC intends to pursue a statutory change to reset their budget cap to \$410,000 and increase the growth factor to 4%. At \$410,000, the cap would exceed forecast expenditures by the same amount as it did after the passage of the 2009 legislation. TSCC also plans to seek revenue raising authority that would enable them to provide services for a fee to non-members or new members.

RECOMMENDATION: TSCC provides oversight of Metro's budget process. Staff views the services TSCC provides as cost-effective and responsible. If TSCC did not exist, state law would require Metro to establish a citizen budget committee.

To maintain TSCC's viability over the long term, Metro should support legislation to increase its budget cap and growth factor as described above. Because the question of revenue-raising authority for TSCC does not appear to affect Metro, we should remain neutral on this element of the proposed legislation.

LEGISLATIVE HISTORY: The most recent statutory change to TSCC's budget cap took place in 2009, when HB 2074 established the 3% growth factor.

OTHER INTERESTED PARTIES: Numerous local governments located completely or partly within Multnomah County have a stake in TSCC's continued viability.

IMPACT IF PROPOSED ACTION OCCURS: TSCC continues to provide budget oversight and advice on local budget law. Metro continues to have the option of using TSCC's services instead of appointing a budget committee.