

# NEWS TIMES

## Local worries over county road tax could spread

*A Forest Grove dentist's \$64,000 tax bill has local leaders grumbling*

BY

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**It's hardly front-page news when a business owner gripes about city fees. However, concerns voiced by a Forest Grove dentist over a relatively new road tax likely foreshadow a tiff that could spread through Washington County like a bad case of gingivitis.**

Don Compton is constructing a building on the corner of Pacific Avenue and Main Street that will house his dental clinic, a restaurant and two leased office spaces.

On June 30, he was assessed \$64,642 for a county transportation development tax. And it could have been worse. On July 1, a discount on the rate of the tax established by the Washington County Commission would have expired, jacking up his bill. And, if he had put his project off until 2012, the bill could have soared to \$145,000 – a figure he said might have been prohibitive.

“If the project had been delayed a couple years, I don't think we could have come up with the extra cash,” Compton told city councilors earlier this fall.

The county's transportation development tax was approved by voters two years ago with 70 percent of the vote. It replaced a traffic impact fee (known as the TIF) which no longer comported with state law. While the TIF was based on the amount of car and truck traffic a business was expected to generate, the new tax is based on the size and use of the building.

The money stays in the cities where it's collected, used largely for new roads, such as Forest Grove's Bonnie Lane, that aren't adjacent to new subdivisions that result in development fees.

That allows cities and the county to keep up with the increased demand for roads and infrastructure caused by new development. Andy Duyck, Washington County Chair-elect, said county calculations indicate the TDT is meant to recoup about 28 percent of the costs associated with new development.

“This tax, as big as it is, only funds less than a third of the identified needs for new roads,” said Rob Foster, engineer for the City of Forest Grove.

While that might make supporters of the tax think it should be higher, Duyck said its very existence is problematic.

“It's anti-economic development,” Duyck said.

Last year, under pressure from developers, county commissioners reduced the tax by 20 percent, just months after it went into effect.

The rate edged back up 10 percent on July 1, 2010 (which was why Compton was so eager to get his project locked in on June 30), and is scheduled to revert to its full tax rate on July 1, 2012.

Duyck doesn't think the tax rates will change when he assumes the role of chair, replacing outgoing Washington Chair Tom Brian, and Bob Terry and Greg Malinowski join the board.



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Before work began on his Main Business Center this year, Forest Grove dentist Don Compton ponied up more than \$64,000 for a new countywide road tax.

While Terry said during his campaign for office that he would like to see the county readdress the TDT, Malinowski has argued that developers need to pay more for the pressures their projects put on neighborhoods and infrastructure.

Add the strong voter support from 2008 to the split board, and it seems unlikely the commission will have much interest in taking on the rates.

“The public perceives this as a tax on somebody else,” said Duyck. “I don’t think it’ll change with the new board.”

A review of TDT fees in Forest Grove and Cornelius conducted by the News-Times shows very few developments triggered the large-scale costs that Compton faced. In Cornelius, no commercial projects were eligible for the TDT. Walmart, which paid fees under the old system, coughed up \$750,714. In Forest Grove, expansions at Old Trapper’s meat-smoking plant and the Hawthorne House care facility triggered fees of less than \$20,000 each. Single family homes, the majority of the building projects in both cities, are usually charged less than \$5,000.

But as the Great Recession begins to thaw and construction projects get greenlit, more developers might have sticker shock.

With little relief in rates on the horizon, Compton figures, in a sense, he got off easy. But he’s concerned about the way the tax is assessed and its implications on further development in town.

It’s not just the dollar amount that will hurt small businesses, Compton told city officials during a recent work session of the Forest Grove City Council. As he explained, these transportation tax bills, unlike other building expenses, can’t be financed.

“I’m concerned where this is going,” he said, particularly for independent businesses without access to deep pockets. “We’re front-loading development with these up-front costs. It’s completely out-of-pocket.”

But Washington County Commissioner Dick Schouten said its time to phase in the TDT, and make improvements.

“These are investments in transportation infrastructure that are going to pay dividends down the road,” Schouten said.

But Compton’s concerns about the county tax, which was brought up regularly in the November election by candidates for city and county office on the west end of Washington County.

In 2007 and 2008, as mayors from around the county worked to hammer out the details of the TDT proposal several local officials, including former Forest Grove Mayor Richard Kidd, complained that the tax would be more onerous in small cities.

City Councilor Tom Johnston echoed that concern, saying TDT rates are the same throughout the county, meaning Compton pays the same as a dental clinic located at a much busier intersection.

“So if you have 10,000 cars going by your business or 10 cars, it’s the same rate,” Johnston said.

Duyck said he agrees with that concern, but that it didn’t go anywhere during the county discussions. As a result, it’s likely that business owners like Compton will have to live with that bad taste in their mouths.