

[HB 2666 \(2023 Regular Session\)](#)

SMART Transit-Service Territory Alignment with City of Wilsonville Boundaries; Adjustment of TriMet District Territory



ISSUE:

The key issue focuses on concerns over fairness and equity. For the past decade, **TriMet has collected transit-tax revenues from businesses within the City of Wilsonville but provides no transit service in the City.** Rather, the City picks-up the tab for providing transit service via Wilsonville’s South Metro Area Regional Transit (SMART) agency.

Additionally, the City of Wilsonville is spending millions of dollars of taxpayer funds to plan and build infrastructure to serve future urbanizing areas located in TriMet district territory that will be within Wilsonville city limits. Without a modification of the TriMet district boundary, TriMet will continue to unfairly reap the transit-tax collections for jobs directly created by investments of the City and served by SMART.

Furthermore, SMART provides transit service to locations in the city within the TriMet district such as Coffee Creek Correctional Facility and West Linn-Wilsonville School District school *without compensation*, as TriMet does *not* provide service despite collecting the transit tax. TriMet even refuses to send buses to the Wilsonville Transit Center, and rather terminates service at a porta-potty located on Commerce Circle in North Wilsonville.

Wilsonville has been in ongoing discussions with TriMet about adjusting the boundaries for several years without any meaningful progress. The proposed legislation facilitates the resolution of these boundary issues, avoiding protracted negotiations. The current methods of withdrawing territory from the TriMet district appear unlikely to be successful due to political and logistical hurdles; see Background Information for more details.

SMART is the City of Wilsonville’s municipal public-transit agency underwritten by a City employer-paid payroll tax (per City Code section 7.200) collected from local businesses for the benefit of the mobility options of employees and residents. **Due to efficient transit operations, SMART’s payroll tax-rate is 0.5%, which is 60% lower compared to TriMet tax rate of 0.8037%.**

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Specific sites located within existing City limits of various agencies are to transfer their transit tax/payment-in-lieu of transit tax to City:

- Oregon Dept. of Corrections Coffee Creek Correctional Facility (ODOC CCCF)
- Tualatin Valley Fire & Rescue District (TVFRD) Elligsen Road Station 53

Except for the specific sites of various jurisdictions noted above, the listed UGB Expansion Areas and Urban Reserves produce little payroll tax revenue due to few businesses with low employment and mostly rural residential acreage. The total amount of transit tax/payment-in-lieu of transit tax paid by the Oregon Dept. of Corrections Coffee Creek Correctional Facility (ODOC CCCF) and Tualatin Valley Fire & Rescue District (TVFRD) agencies is estimated at a quarter-million dollars per year, which represents a small fraction of one percent of the total TriMet budget.

Rather than painstakingly requesting that TriMet modify the district boundary every time the City annexes land, the legislation would provide for a long-term solution by modifying in one fell swoop the TriMet territory boundary to include those Metro-designated areas that the City would annex eventually as adjacent UGB expansion areas and Urban Reserves within the 50-year timespan of the Metro-area Urban Reserves.

For the City of Wilsonville, the objective is to provide reliable, consistent transit service to ALL of Wilsonville in a manner that is self-sustaining. Additionally, businesses within Wilsonville should *not* be penalized by paying two different transit-tax rates, while receiving no service for paying the higher TriMet payroll tax rate.

Background Information

This legislative concept would enact a 2021-23 Wilsonville City Council Priority Goal to implement a conterminous boundary of the City of Wilsonville's potential prospective city limits with the City's South Metro Area Regional Transit (SMART) agency service and payroll-tax collection territory. In February 2016, the City Council adopted Resolution No. 2562, A Resolution of the Wilsonville City Council, Declaring Its Intent to Have the Service Boundaries of South Metro Area Regional Transit (SMART) Be Coterminous with the Wilsonville City Limits."

The City of Wilsonville has been one of Oregon's fastest growing cities for the past 30 years, with a 2022 population of 27,000. The City hosts approximately 21,000 jobs, with about half in industrial family-wage occupations of manufacturing, software engineering and wholesale distribution, for a total aggregate annual payroll of \$1.5 Billion. A key component of the City's employment growth has been to provide high-quality transit service that provides employers' employees with a reliable commuting transit alternative.

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In addition to operating workday express service to Salem and developing an innovative I-5 Bus-on-Shoulder transit service in conjunction with ODOT, SMART meets every TriMet WES commuter train at the Wilsonville Transit Center, providing last-mile connections to area employers.

Jurisdictions served by TriMet may petition for a withdrawal of service under ORS 267.250. Those choosing this method must submit a petition to TriMet seeking withdrawal, and the petition must be signed by at least 15% of registered voters in the “affected area.” The process then requires a lengthy public hearing and fiscal impact analysis prescribed in statute. Although there is no requirement to establish substitute transport service, that factor likely would weigh heavily in the final decision. The TriMet board must consider the effects of withdrawal on district riders, including the possibility that alternative service will be provided.

Petitions may be filed only during the period from January 1 to August 30 in calendar year 2001 and in every fifth calendar year thereafter. Therefore, petitions could be accepted on January 2016, January 2021 and January 2027.

Although previous opt-out cities have successfully left TriMet under ORS 267.250, this path is unlikely to be used in the future. The primary reason is that the statutory definition of “affected areas” excludes any portions of the TriMet district that are within cities that exceed a population of 10,000, so many areas would be categorically ineligible.

In addition, the TriMet board makes the final decision; and given the agency’s financial problems, any city with a substantial base of employment (and thus tax revenue) probably would not be allowed to leave.

An alternative path would be a withdrawal of territory from TriMet under ORS 267.207 (4). This requires a district-wide vote throughout the TriMet service territory to approve any jurisdiction seeking to leave. The advantage of this option is that a jurisdiction could initiate it on its own; and the final decision would be up to district voters, not the TriMet Board. The law provides that the payroll-tax rate for the entire district is to increase so as to make-up for shortfall caused by the withdrawn territory. It is unlikely that metro-area voters would approve increasing their taxes so that Wilsonville can eventually collect tax and SMART provide transit service to withdrawn territory.

The last time the TriMet district territory was modified occurred on December 14, 2011, when the TriMet Board adopted Ordinance No. 320 allowing the Boring area petition to withdraw an approximate 28.8-square-mile area (18,000 acres) in Clackamas County from the TriMet District. Pursuant to ORS 267.260(2), the Boring area withdrawal took effect on January 1, 2013.