



March 14, 2022

Portland City Council
1221 SW 4th Avenue
Portland, OR 97204

RE: Portland Clean Energy Fund Audit

Dear Mayor Wheeler & Commissioners Ryan, Mapps, Hardesty and Rubio,

In 2018, when the Portland Clean Energy tax was proposed, the Portland Business Alliance funded an [analysis by the highly respected EcoNorthwest](#). This study concluded that the tax was structured similar to a sales tax; that it would apply to wider range of industries than just retail businesses; and, that it would raise far more than supporters claimed. The Alliance also argued that Measure 26-201 lacked accountability measures and independent oversight, which made the fund vulnerable to waste, fraud and abuse. When this study was released, it was dismissed by supporters as inaccurate, and the Alliance was accused of using scare tactics. Four years later, all of these conclusions have since been proven accurate.

We now know conclusively that this tax has raised more than double the amount supporters told Portland taxpayers it would. This amount would be even larger if the City Council had not taken emergency action to exclude industries like construction, insurance, and retirement plan management from being subject to what was supposed to be a “retail” tax. And we now know that the fund [has been a target for millions of dollars of fraud](#).

The Portland Clean Energy Fund, which was sold to the community based on a promise of creating green energy jobs, requires immediate intervention with all options on the table for consideration, including repeal. According to the audit released last Thursday, after nearly four years the fund has not established accountability policies nor performance and racial equity benchmarks.

With none of these essential policies in place, the City Council must act immediately to halt the planned distribution of \$100m planned for this year. It would be complete mismanagement for the Council to allow these expenditures to go forward with the findings released last week. This type of mismanagement of historic amounts of funding is precisely why the City’s credibility with voters is at an all-time low. Repeating this trend with another incredibly large source of revenue would amount to a complete breach of trust with taxpayers.

What’s worse is that the Bureau of Planning and Sustainability (BPS) attempted to impose two additional clean energy taxes on employers this past year knowing it had over \$170m available for this very purpose. Similarly, those proposed taxes had no defined outcomes, little to no applicability to the goal of emissions reduction, and a striking lack of accountability. BPS is the bureau also tasked with ensuring our collective city is clean and managing litter pickup. Given the current state of our beloved

Portland, especially its central core, we have to question if management is focused on the delivery of basic services that our city so desperately needs.

With over \$170m sitting in a city bank account with no real plan to meet the Fund's originally-stated goals, the City must consider the highest and best use of these funds. For example:

- Fund massive expansions of shelter and navigation services for every unsheltered Portlander
- Finance the construction of a new fire training facility, 911 system other emergency first responder infrastructure which had been considered for a creation of another new tax by Commissioner Hardesty
- Property tax mitigation for Portlanders facing a cost-of-living crisis – this could include contributing to sorely-needed tax relief for renters and homeowners alike

We call on the City Council to immediately take the following actions:

- Freeze all expenditures from the Portland Clean Energy Fund;
- Suspend all authority of the current Portland Clean Energy Fund Oversight Commission to approve grants or expenditures; and
- Establish an emergency 90-day independent review committee of the Portland Clean Energy retail tax to review management and oversight, and consider the highest and best uses of these funds that align with current City Council and community priorities. All options should be considered including repeal. This committee must be truly independent with no involvement from current BPS management, entities who have submitted grants, nor authors of the original measure.

Considering the State of Oregon is taking one of the most aggressive efforts to curb emissions in the nation, it is time to evaluate if a single municipality is the right caretaker for this type of climate change action. It is also time to evaluate the need for management changes within the Bureau of Planning and Sustainability. While climate change threatens all of us, we need solutions that work, not false promises and failed management.

Sincerely,



Andrew Hoan (*he/him/his*)

President & CEO

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Greater Portland's Chamber of Commerce

DowntownPortland.org | PortlandAlliance.com | PartnersinDiversity.org

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