



May 13th, 2026

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

RE: Let Voters Decide the Changes to the Portland Arts Education and Access Income Tax

On June 5, 2025, the Portland Metro Chamber transmitted to the Council the attached memorandum prepared by [Greenberg Traurig LLP](#) and [Peak Policy LLC](#) regarding the City's taxing authority under its Charter. The memorandum concludes that the City lacks plenary taxing authority and may not unilaterally impose or materially alter taxes without voter authorization unless expressly authorized by the Charter itself.

The legal analysis relies on longstanding Oregon precedent, including:

- City of Portland v. Portland Gas & Coke Co.
- City of Portland v. HomeAway.com, Inc.

As outlined in the memorandum, Oregon courts have repeatedly affirmed that a city's taxing authority exists only where expressly or implicitly granted by the voters through the Charter. The memorandum further explains that the Portland City Charter does not provide City Council with unlimited authority to create or materially revise taxes by ordinance alone.

Importantly, the legal concerns identified in the memorandum are not limited to entirely new taxes. They also apply to substantive modifications of existing voter-approved taxes, including:

- Increasing tax rates;
- Expanding the class of taxpayers;
- Altering exemption thresholds;
- Changing the structure or scope of the tax; or
- Repurposing or materially revising the voter-approved framework

Nearly all the aforementioned are explicitly being contemplated by the City Council related to the Portland Arts Education and Access Income Tax ("Arts Tax"). Today, the Chamber expresses serious legal concerns regarding the proposal by the Council to amend, expand, increase, restructure, or otherwise materially alter the voter-approved Arts Tax without first obtaining authorization from Portland voters.

The Chamber strongly supports the Council's intent to prioritize the cultural economy in this moment of long-term sustained economic decline. The business community recognizes that arts, events, cultural institutions, sports and entertainment will provide a bridge to a more vibrant future. However, the actions being contemplated by this Council as it relates to the Arts Tax are inconsistent with our city's progressive values of transparency and collaboration.

The Arts Tax was approved directly by the electorate through Measure 26-146 in 2012. The measure established a specific tax structure, scope, rate, and framework approved by the voters of Portland. Any material modification to that voter-approved tax through Council ordinance raises substantial legal concerns under the Portland City Charter and controlling Oregon law as outlined in the white paper. The Chamber believes that any attempt to implement such changes to the Arts Tax without voter approval would exceed the Council's lawful authority under the Charter



and would expose the City to significant risk of litigation. Besides the legal requirement, a voter referral is an opportunity to engage directly with voters, to listen, accept feedback, and take account of what is – and is not – working outside of the Council chambers.

Accordingly, if the Council proceeds with any material modification of the Arts Tax absent direct voter authorization, the Portland Metro Chamber is prepared to pursue all available legal remedies on behalf of our members, including formally challenging the legality of the City's actions under the Charter and applicable Oregon law. We would consider this action for any contemplated new or material change to an existing tax that this Council would enact without engaging voters through a referral process.

Additionally, we strongly urge this Council to pursue other existing mechanisms to improve funding and support for the arts and cultural institutions of our community. We want to draw your attention to an existing dedicated tax paid by businesses for the purpose of funding arts and cultural institutions and assets that support a vibrant cultural landscape – the Motor Vehicle Rental Car Excise Tax. Businesses advocated self-taxing their activities in the region for the purpose of funding venues and other related attractions. If the Council wants to enhance support for cultural amenities, it should consider a serious dialogue with the County, as presently this tax is proposed to be completely subsumed into its general fund. This was not the intent of the rental car tax when it was established. Redirecting this tax to its natural intent provides the community with an opportunity to experience significantly increased investment in the arts and cultural economy without raising taxes.

If this Council values its relationship with voters, then it is important to ask them for consent. This position is not about the merits of arts funding. The Chamber repeats its strong support for arts education, cultural institutions, and a vibrant creative economy. However, voter-approved taxes must remain subject to the legal framework established by the Charter and Oregon courts. Respect for voter authorization and lawful process is essential to maintaining public trust and institutional credibility.

If the City believes changes to the Arts Tax are necessary, the proper and legally defensible course is to refer those changes to Portland voters for approval.

We urge the Council to proceed cautiously and consistent with the legal limitations that the Charter places on its municipal taxing authority.

Sincerely,

A handwritten signature in black ink, appearing to be "AH" with a flourish.

Andrew Hoan
President & CEO, Portland Metro Chamber