

Revenue Task Force Meeting Minutes

Location	Salem City Council Chambers		
Date	May 21, 2024		
Time	6:30 pm - 9:00 pm		
Attendees	Ariel Loveall Becky Beaman Beth Vargas Duncan Bill Riecke Cathy vanEnckevort David Rheinholdt Gretchen Schlie (alternate)	Jean Palmateer Kathy Knock Katie Ciancetta Keith Norris Leola McKenzie Levi Herrera-Lopez (arrived at 6:33 p.m.) Nathan Rafn (alternate) Raquel Moore-Green	Ray Quisenberry Russ Beaton Scott Cantonwine Sean Nikas Stephen Jenkins TJ Sullivan William (Bill) Smaldone Zak Ostertag (ex-officio)

Agenda

- Call to Order
- Public comment
- Approval of updated March 18, 2024 meeting minutes
- Approval of April 25, 2024 Meeting Minutes
- Budget Committee Update
- Process Check
- Revenue Options Deliberation
- Next Steps
- Adjourn

Decision Minutes

Call to Order

- Chair Sean Nikas called the meeting to order at 6:30 pm.

Roll Call

- Chair Sean Nikas performed a verbal roll call of Task Force members.

Public Comment

- Robin Graves provided public comment on ideas to expand library operating hours.

Motion

- Becky Beaman made a motion to modify the agenda and start the Revenue Options Deliberation with an extended discussion of the personal income tax option including Russ Beaton's model.
- Motion seconded by TJ Sullivan.
- The Task Force members unanimously voted aye.

Approval of Minutes

Motion

- Bill Smaldone made a motion to approve the updated March 18, 2024 meeting minutes.
- Motion seconded by TJ Sullivan.
- The Task Force members unanimously voted to approve the updated March 18, 2024 meeting minutes.

Motion

- Scott Cantonwine made a motion to approve the April 25, 2024 meeting minutes.
- Motion seconded by Bill Riecke
- The Task Force members unanimously voted to approve the April 25, 2024 meeting minutes.

Budget Committee Update

- Linda Nishioka, City Councilor for Ward 2 and Vice Chair of the Budget Committee, presented the reductions and adjustments the Budget Committee has approved and took questions from the Revenue Task Force.
- The role of the Budget Committee is to recommend a balanced budget to the City Council and to set the property tax levy.
- The final budget recommended to the City Council shows the amount of revenue brought in from 24 different Revenue sources and expenditures.
 - It does not show limitations on the resources; approximately 78% of the resources and 74% of the expenses are non-General Fund.
 - These funds are dedicated to spending on specific work and programs like roads, water, and sewer.
 - 26% of the expenditure budget is General Fund and supports programs like police, fire, and code enforcement, libraries, parks, the courts, and other programs with no dedicated funding.
- Fiscal Year 2024 reductions
 - Without reductions, the Fund balance would be depleted in 2-3 years.
 - A supplemental budget was adopted that eliminated 33 full-time employee positions.
- In April, the City Manager presented their proposed Fiscal Year 2025 budget.
 - This budget reduced more than \$4.1 million in costs along with multiple positions from the library, police, youth services, and elder services.
 - These are Services supported by the General Fund.
- Fiscal year 2025 proposed reductions
 - More than 10 permanent positions and support to key services totaling \$4.3 million.
- Summary of Restored Services - General Fund
 - 7.25 FTE Library Staffing
 - 1.0 FTE: vacant Graffiti Abatement
 - Parks irrigation, splash pads, restrooms – neighborhood parks
 - Movies in the Park, Concerts in the Park, Kids Relay
 - The challenge for the Budget Committee was how to support these services and still balance the budget.
 - Used one-time funding to restore what the Budget Committee viewed as core services.
 - That funding will only protect these services for one year: library staffing, graffiti abatement, and parts of the park concerts and movies.
 - Recommended reductions at that point were \$1.8 million and included a reduction to part of the Center 50+ program, part of recreation programs, park operations, youth development, and programs for vulnerable community members.

- Next steps
 - City Council will receive what the Budget Committee has approved and will discuss.
 - June 10 - Budget Public Hearing
 - June 24 - Budget Adoption
- Task Force member Bill Smaldone asked if the Navigation Center was included in the FY 2025 budget cuts; City Councilor Nishioka clarified that other funding was dedicated for the Center.

Motion

- Bill Riecke made a motion to start discussion on recommendation packet contents and move the Process Check section to the end of the discussion.
- Beth Vargas Duncan seconded the motion.

Discussion

- Task Force members discussed the value of outlining the final contents of the recommendation packet to ensure that members of the task force formally reach consensus on the final contents of the packet.

Motion

- Scott Cantonwine made a motion to limit process discussion to 20 minutes.
- Motion seconded by Bill Riecke and Bill Smaldone.
- The Task Force members voted to limit process discussion to 20 minutes. The motion passed with majority ayes and one nay vote.

Process Check

- Moss Adams provided a review of Task Force goals, the proposed Council Recommendation packet contents, and the proposed agendas for upcoming meetings.

Discussion

- Task Force members requested to include the decision-making criteria, approved by the Task Force, for additional context to describe the considerations by which revenue options were evaluated.
- Task Force members requested to retain action-oriented language regarding development of a legislative agenda, including pursuit of intergovernmental agreements.
- Task Force members requested that both the Chair and the Vice Chair present the recommendation packet to Council.

Revenue Deliberation – High-Interest Option Discussion

Motion

- Scott Cantonwine made a motion to strike corporate income tax and property tax on vehicles from the high interest options.
- Bill Riecke seconded the motion.
- Scott Cantonwine amended the motion to remove property tax on vehicles (item 28) and annexation of properties within the Urban Growth Boundary (item A1).

Motion

- Levi Herrera-Lopez made a motion to table the amended motion for later in the meeting.
- Keith Norris seconded the motion to table.
- Point of Order: Stephen Jenkins noted that a tabled motion must be brought back via an additional motion.
- Motion failed – majority nays; no vote count taken.

Motion

- Chair Nikas requests a motion to remove property tax on vehicles (item 28) and annexation of properties within the Urban Growth Boundary (item A1).
- Motion not seconded.
- The motion passed (to remove item 28 and A1) with majority ayes and one nay vote.

Motion

- Bill Riecke made a motion to move the sale of surplus property to the high interest options.
- Motion not seconded.

Discussion

- Russ Beaton provided additional information on the personal income tax.
- The data model Russ provided at the April Task Force meeting was consistent with the data from the State of Oregon.
- Russ also shared a model of hypothetical income based on an average of members of the Task Force who volunteered their tax information. Running example data through Russ' schedule resulted in \$41 million dollars of projected, hypothetical revenue.

Motion

- Keith Norris made a motion for the Task Force to include in the recommendation to City Council that the Council explore options for implementing and generating public support for a personal income tax as a long-term solution to tax reform.
- Kathy Knock seconded the motion.
- The Task Force voted unanimously on the motion to include in its recommendations to City Council that the Council explore options for implementing and generating public support for a personal income tax as a long-term solution to tax reform.

Motion

- Bill Smaldone asked for a motion for Russ Beaton to meet with City staff and Moss Adams and come back to the next Task Force meeting with three different income tax scenarios for illustrative purposes.
- City staff provide the Task Force with numbers of how much money would be involved if we cut the operations fee and the street light fee.
- Beth Vargas Duncan seconded the motion with friendly amendment that the recommendation comes back in writing a week before the Task Force meeting.
- Chair Nikas asked for a motion if Russ Beaton agreed to the motion.
- The Task Force voted majority ayes and the motion passed with one nay.

Mid-Interest Revenue Options Survey Results

Motion

- Becky Beaman made a motion to move strong negative sentiment options from consideration.
- Bill Smaldone seconded the motion.
- The Task Force unanimously voted to move strong negative sentiment options from consideration which include:
 - Photo Red Light Camera/or Photo Speeding Cameras
 - Carbon Tax
 - General Sales Tax
 - Construction Excise Tax

- Admissions/Entertainment Tax
- Payroll: Employer Paid
- Concessions/Rentals in Parks
- Heavy Vehicle Tax
- Electric Vehicle Charging Station Permit Fee
- Payroll: Jointly Paid

Motion

- Becky Beaman made a motion retain the parking tax increase and operations fee increase for further consideration and remove the remaining mild negative sentiment options from consideration.
- Keith Norris seconded the motion.
- Scott Cantonwine amended the motion to also retain franchise fees increase and higher/new fees for services for consideration.
- Becky Beaman seconded the motion.
- The Task Force unanimously voted to retain the following mild negative sentiment options for further consideration:
 - Operations Fee Increase
 - Parking Tax Increase
 - Higher/new Fees for Services
 - Franchise Fee Increase

Revenue options that were removed from further consideration include:

- Sales Tax: Selective
- Motor Vehicle Rental Tax
- Gross Receipts Tax
- Luxury Tax
- Private Foundation Endowment

Motion

- From the neutral/positive sentiment options list, Becky Beaman made a motion to retain Urban Renewal Agency – Increase Frozen Base, Restaurant Tax, and Special District Formation.
- Bill Smaldone seconded the motion.
- Becky Beaman amended the motion to remove the sale of surplus property from the consideration list.
- Becky Beaman amended the motion to retain the transient occupancy tax increase, and the vacancy tax (empty dwelling fee).
- The Task Force voted majority ayes and the motion passed. Revenue options retained for further consideration include:
 - Urban Renewal Agency – Increase Frozen Base
 - Restaurant Tax
 - Transient Occupancy Tax Increase
 - Special District Formation
 - Vacancy Tax (Empty Dwelling Fee)

Revenue options removed from further consideration include:

- Sale of Surplus Property
- Local Gas Tax

Motion

- From the high-interest option list, Bill Riecke made a motion to remove the Business License Fee and Corporate Income Tax from further consideration.
- Motion seconded by TJ Sullivan.

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- Bill Smaldone made a motion to split the options and vote separately.
- Motion seconded by Bill Riecke.
- The Task Force voted on removing the Business License Fee from consideration; motion failed.
- The Task Force voted unanimously on removing Corporate Income tax from consideration.

Motion

- Chair Nikas made a motion to extend the meeting by 10 minutes.
- Bill Smaldone seconded the motion.
- The Task Force voted unanimously to extend the meeting by 10 minutes.

Adjourn

Chair Nikas adjourned the meeting at 9:04 p.m.

Action Items

Item

- Moss Adams to group remaining revenue options by timeframe.
- Moss Adams to conduct another survey on the remaining revenue options.
- Russ Beaton, City staff, and Moss Adams to meet to discuss three different income tax scenarios for illustrative purposes.

Meeting Materials

- [Revenue Task Force Agenda 2024-05-21](#)
- Mid-Interest Survey Results
- Revenue Task Force Meeting 5 Presentation

Group Norms

- Stay focused on the purpose of the task force.
- Treat others as you would like to be treated.
- Be gracious, understanding, and curious.
- Help one another develop ideas.
- Provide opportunities for all opinions.
- Be open to other's ideas.
- Ask questions.
- Act neighborly.
- Assume positive intent.
- Behave professionally and formally.
- Recall that we are in a public forum and should set the standards for behavior.
- Be respectful. Listen actively, and avoid interrupting, swearing, or side conversations.

Upcoming Revenue Task Force Activities

- Survey for Additional Input
- Revenue Task Force Meeting 6 – June 4, Tuesday at 6:30 pm at Salem City Council Chambers
- Revenue Task Force Meeting 7 – June 26, Wednesday at 6:30 pm at Salem City Council Chambers

Additional Comments

Matthew Hale was unable to attend the May 21, 2024 Revenue Task Force meeting. In lieu, he submitted the following notes for the record.

With respect to the high-interest options, I vote:

- Local Option Property Tax Levy – YES if structured to support Police & Fire Only, or Library Only
- Business License Fees – NO
- Personal Income Tax – NO as the community has already said no to a payroll tax, and recent survey results don't support this type of tax either
- Corporate Income Tax – NO
- Property Tax on Vehicles – NO
- Annex Developed Areas within Urban Growth Boundary – NO

With respect to the moderate-interest options, I vote:

- Franchise Fee Increase – NO
- Operations Fee Increase – NO
- Electric Vehicle Charging Station Permit Fee – YES
- Local Gas Tax (Not GF) – NO
- Carbon Tax (Likely in Form of Local Gas Tax) – YES
- Sales Tax (General) – NO
- Sales Tax (Selective) – NO
- Luxury Tax – NO
- Payroll Tax (Employer Paid) – NO
- Payroll Tax (Jointly Paid) – NO
- Urban Renewal Agency – Increase Frozen Base – YES
- Business Gross Receipts Tax – NO
- Construction Excise Tax – NO
- Heavy Vehicle Tax (Only for Transportation Services Fund) – NO
- Concessions/rentals in parks – YES
- Admissions/Entertainment Tax – YES
- Photo Red Light Cameras and/or Photo Speeding Cameras – YES
- Vacancy Tax (Empty Dwelling Fee) – NO
- Higher/New Fees for Services – NO
- Motor Vehicle Rental Tax – NO
- Parking Tax Increase – NO
- Restaurant Tax – NO
- Transient Occupancy Tax Increase – YES
- Private Foundation Endowment – NO
- Sale of Surplus Property – YES
- Special District(s) Formation – NO