

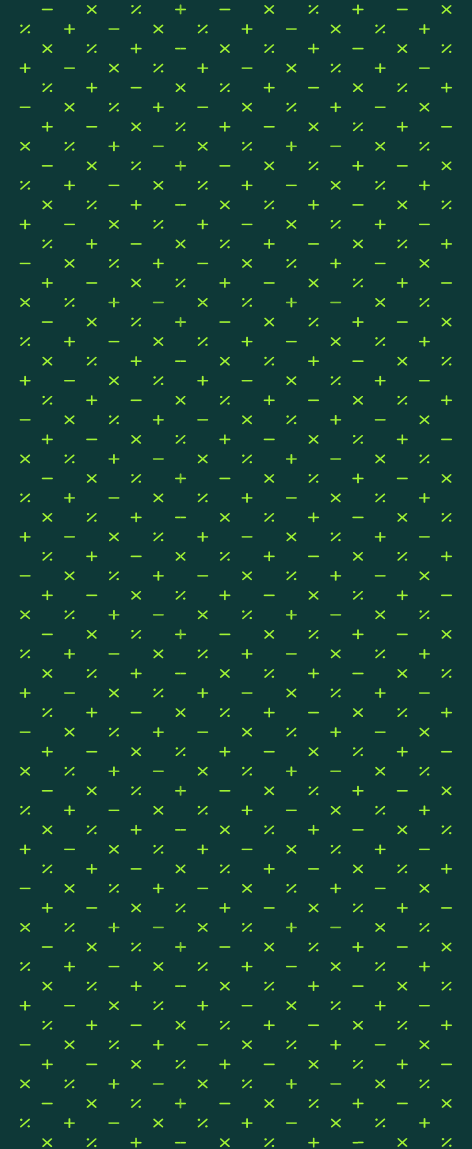


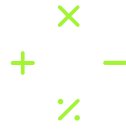
MOSSADAMS

CITY OF SALEM

Revenue Task Force Meeting 5

May 21, 2024





Agenda

- 01 Call to Order and Roll Call

- 02 Approval of Meeting Minutes

- 03 Public Comment

- 04 Budget Committee Update

- 05 Process Check

- 06 Revenue Option Deliberations



Budget Committee Update



Process Check

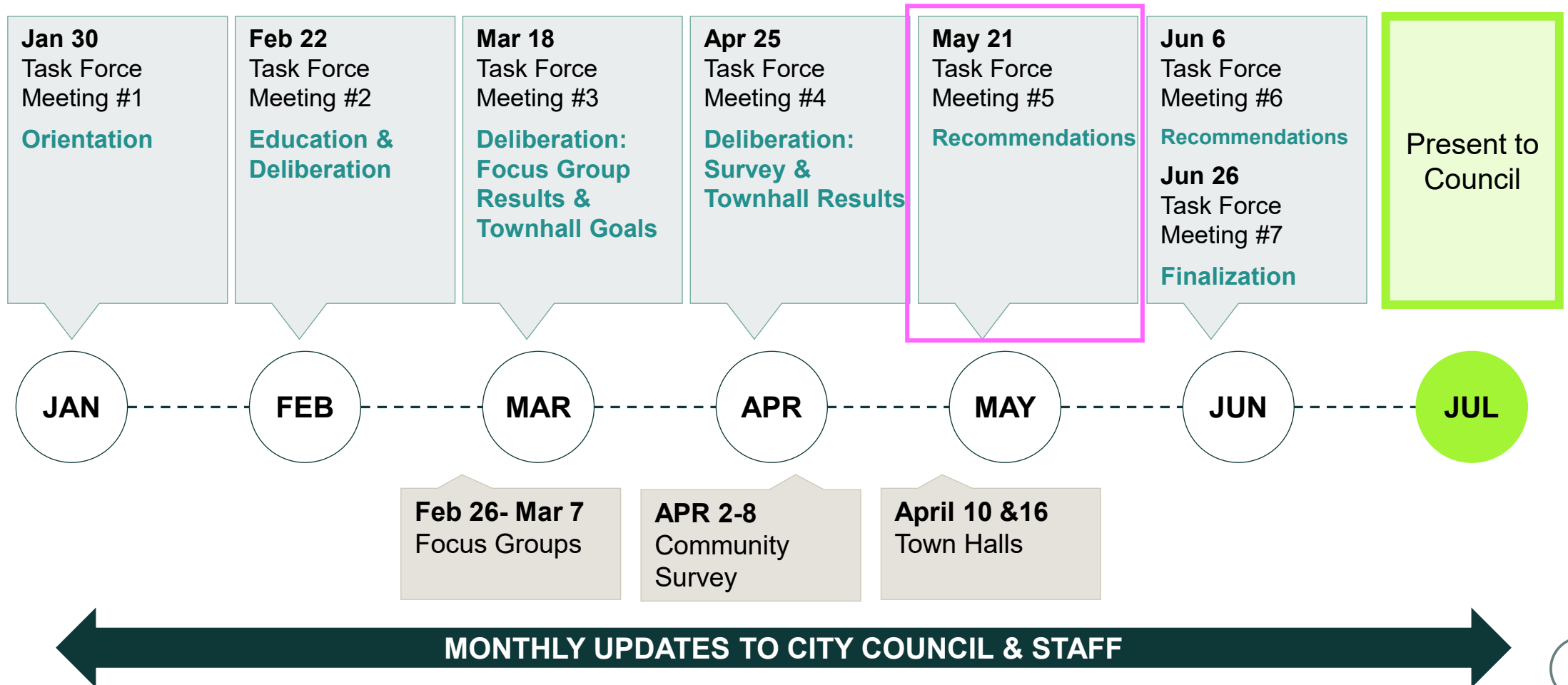


Roles and Responsibilities

- **Review** the City's financial situation and understand the factors influencing the scale of the City's revenue shortfall.
- **Consider** revenue options available to cities in Oregon and evaluate the appropriateness of these options to meet the City's needs.
- **Recommend** revenue options to City Council for further exploration and potential adoption.
- **Participate in good faith.** All Task Force members are expected to participate constructively with the shared goal of identifying potential revenue sources.



Revenue Task Force Timeline



GOAL BY JUNE 26

Council Recommendation Packet

Task Force Recommendations

- A set of **feasible revenue options** to meet near- and long-term projected revenue needs
- Recommendation about **which services the Council should prioritize** if they choose to restrict funding options
- A **policy memo** listing long-term revenue options for Council consideration that would require significant changes to city policy or action on the part of other governmental agencies

Contextual Information

- Information about **which revenue pathways could be supported** by the recommended revenue options
- All **community feedback**



Proposed Agenda for Upcoming Meetings

May 21 Goal: Narrow down the revenue option items to a short list of top contenders.

- Additional survey information may be gathered as needed.

June 4 Goal: Discuss and debate all high-interest revenue options, with the aim of further refining the recommendation. We will review the options and considerations for dedicated support of general fund services.

- Additional survey information may be gathered as needed.
- Draft of recommendations to Council may be circulated.

June 26 Goal: Review, update, and finalize recommendations to Council.



DISCUSSION

Given that we are over halfway through this process, do you need anything from each other or from the City/facilitators to successfully complete the remaining work?



Mid-Interest Revenue Options **Survey Results**



Revenue Task Force Survey

Overview

Goal: Identify a short list of legally viable and feasible ongoing revenue-generating options to sustain General Fund services.

For 26 revenue options, survey respondents rated their agreement with the statement “**I am interested in examining this revenue option in further depth.**”

Based on the survey responses:

- Six Revenue Options had Overall Positive Sentiment
- One Revenue Option had Overall Neutral Sentiment
- Nineteen Revenue Options had Overall Negative Sentiment



Survey Results

Strong Negative Sentiment

REVENUE OPTION	SENTIMENT INDEX	CATEGORY
Photo Red Light Cameras and/or Photo Speeding Cameras	-30%	Overall Negative Sentiment
Carbon Tax	-33%	Overall Negative Sentiment
General Sales Tax	-33%	Overall Negative Sentiment
Construction Excise Tax†	-33%	Overall Negative Sentiment
Admissions/Entertainment Tax	-35%	Overall Negative Sentiment
Payroll: Employer Paid	-38%	Overall Negative Sentiment
Concessions/Rentals in Parks	-40%	Overall Negative Sentiment
Heavy Vehicle Tax*	-43%	Overall Negative Sentiment
Electric Vehicle Charging Station Permit Fee	-48%	Overall Negative Sentiment
Payroll: Joint Paid	-48%	Overall Negative Sentiment



Survey Results

Mild Negative Sentiment

REVENUE OPTION	SENTIMENT INDEX	CATEGORY
Sales Tax: Selective	-10%	Overall Negative Sentiment
Operations Fee Increase	-13%	Overall Negative Sentiment
Motor Vehicle Rental Tax	-13%	Overall Negative Sentiment
Parking Tax Increase	-13%	Overall Negative Sentiment
Gross Receipts Tax	-15%	Overall Negative Sentiment
Higher/New Fees for Services	-18%	Overall Negative Sentiment
Franchise Fee Increase	-20%	Overall Negative Sentiment
Luxury Tax	-20%	Overall Negative Sentiment
Private Foundation Endowment	-20%	Overall Negative Sentiment



Survey Results

Neutral and Positive Sentiment

REVENUE OPTION	SENTIMENT INDEX	CATEGORY
Urban Renewal Agency - Increase Frozen Base	+40%	Overall Positive Sentiment
Transient Occupancy Tax Increase‡	+30%	Overall Positive Sentiment
Local Gas Tax*	+13%	Overall Positive Sentiment
Vacancy Tax (Empty Dwelling Fee)	+5%	Overall Positive Sentiment
Restaurant Tax	+3%	Overall Positive Sentiment
Special Districts Formation	+3%	Overall Positive Sentiment
Sale of Surplus Property	0%	Neutral Sentiment



High-Interest Option Discussion

Funding Type	#	Revenue Type	Potential Revenue	TF Decision Criteria							Community Survey Feedback			
				Generates Ongoing, Sustainable Revenue for the GF	Can Be Structured Equitably (Regressive vs. Progressive)	Is Legally Viable	Impact on Local Economy	Impact on Environment	Administrative Complexity	Timeline	Community Approval of Funding Type	Tax or Fee for a Specific Item (preferred)	Tax or Fee Paid by Business (preferred)	Implement New Tax or Fee (preferred)
Business Tax	4	Business License Fees	\$8,000-\$4M	Yes	Yes	Yes	Yes	None	Low	1-2 years	50%	Yes	Yes	No
Business Tax	7	Corporate Income Tax	\$250,000-\$5M	Yes	Yes	Unclear	Yes	None	Likely low	2-5 years	50%	No	Yes	Yes
Property Tax	16	Local Option Property Tax Levy	\$1M-\$55M	Yes	Yes	Yes	Yes, likely low	None	Low	2-3 years	37%	No	No	Yes
Income Tax	25	Personal Income Tax	\$113,000-\$92M	Yes	Yes	Yes	Yes, likely low	None	High	2+ years	36%	No	No	Yes
Property Tax	28	Property Tax on Vehicles	\$1M-\$35M	Yes	Yes	Likely No	Yes, likely low	Positive	Likely High	2+ years	37%	Yes	No	Yes
Property Tax	A1	Annex Developed Areas within the Urban Growth Boundary	-\$8M to -\$33M	No	Yes	Yes	No	None	Medium	2-3 years	37%	No	No	Yes



Discussion of Medium-Interest Revenue Options



Potential Policy Memo Options

Longer-term revenue options that would require significant changes to city policy or action on the part of other governmental agencies

- Local Marijuana Tax Increase
- Payment in Lieu of Taxes from County and Federal Buildings
- Payment in Lieu of Taxes from the State Government
- Tax Reform/Restructuring
- Intergovernmental Agreements
- Intergovernmental Entities





×
+ × -
+ % -
%

Next Steps

01 Survey for Additional Input

02 June 4 Revenue Task Force Meeting

03 June 26 Revenue Task Force Meeting



➤ **THANK YOU**



The material appearing in this presentation is for informational purposes only and should not be construed as advice of any kind, including, without limitation, legal, accounting, or investment advice. This information is not intended to create, and receipt does not constitute, a legal relationship, including, but not limited to, an accountant-client relationship. Although this information may have been prepared by professionals, it should not be used as a substitute for professional services. If legal, accounting, investment, or other professional advice is required, the services of a professional should be sought.

Assurance, tax, and consulting offered through Moss Adams LLP. ISO/IEC 27001 services offered through Moss Adams Certifications LLC. Investment advisory offered through Moss Adams Wealth Advisors LLC.

©2024 Moss Adams LLP

