

Revenue Task Force Meeting Minutes

Location	Salem City Council Chambers		
Date	June 4, 2024		
Time	6:30 pm - 9:00 pm		
Attendees	Ariel Loveall Becky Beaman Bill Riecke Cathy vanEnckevort David Rheinholdt Gretchen Schlie (alternate) Jean Palmateer Kaitlin Strathdee Kathy Knock	Katie Ciancetta Ken Collins Leola McKenzie Levi Herrera-Lopez Matthew Hale 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 May 21, 2024 meeting minutes
- Council Recommendation Packet Review
- Revenue Option Deliberation
- Next Steps
- Adjourn

Decision Minutes

Call to Order

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

Roll Call

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

Public Comment

- None

Approval of Minutes

Motion

- Becky Beaman made a motion to replace the sentence “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.” Beaman suggested the following replacement sentence “Russ

also shared a model with hypothetical revenue based on an average of tax bracket rates recommended by Chamber of Commerce members who are also on the Revenue Task Force. This model predicted \$41M in potential revenue.”

- The Task Force members unanimously voted aye.

Motion

- Sean Nikas made a motion to fix a typo.
- The Task Force members unanimously voted aye.

Motion

- A vote was called to approve the updated May 21, 2024 meeting minutes.
- The Task Force members unanimously voted to approve the amended May 21, 2024 meeting minutes.

Council Recommendation Packet Review

Discussion

- Task Force members discussed the recommendation packet structure and noted the importance of including the participation rate and methodology of the community survey. Task Force members requested to include a note in the packet about the demographic data of survey respondents. There were specific concerns around the response rate of the Spanish-speaking community.
- It was noted that DHM Research will present the survey results to the Council on July 15.

Revenue Deliberation – Near-Term Revenue Options

Motion

- Scott Cantonwine made a motion to strike Option 20: Parking Tax Increase and Option 39: Transient Occupancy Tax Increase.
- Motion seconded by TJ Sullivan.
- The motion passed unanimously.

Motion

- Becky Beaman made a motion to strike Option 10: Franchise Fee Increase and to retain Option 19: Operations Fee Increase.
- The motion was not seconded.

Discussion

- Task Force members discussed the difference between operation and franchise fees and who they affect. Josh Eggleston explained that franchise fees appear on utility bills, while operations fees are levied on utility providers.
- Task Force members discussed the equity impacts of each option, including the concern that the operations fee would be passed on to residents. Josh Eggleston noted that there are ideas for making an operations fee more equitable but that it would not be simple.

Motion

- Becky Beaman amended the motion based on the discussion to strike Option 19: Operations Fee Increase and to retain Option 10: Franchise Fee Increase.
- Motion seconded by Ken Collins.

Discussion

- Task Force members discussed that striking the Operations Fees Increase would still mean the City retains its current operations fees. They discussed the possibility of linking the operations fee

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to a measure like inflation to guarantee the fee would increase each year. Josh Eggleston noted that the City's operations fee is currently tied to CPI.

Motion

- The motion passed with majority ayes. Seven members voted nay.

Discussion

- Task Force members discussed the possibility of implementing business licensing fees progressively. Josh Eggleston explained that there are many ways to structure a business license fee, and that it can be based on metrics like number of employees, revenue, or where the headquarters is based.
- Task Force members expressed the desire to ensure that the fee is substantial enough to make an impact on revenue, but that smaller businesses should be exempt from the fee. Sean Nikas noted that that would have support from the community.
- Kathy Knock noted that the City already charges nominal fees to marijuana businesses and mobile food units, so the administrative processes are already in place.
- Stephen Jenkins noted that business license fees were largely supported by the community based on the community survey results. Bill Smaldone said that the survey results may have been impacted by the way the question was asked, and that community support may not be as significant as it seems.
- David Rheinholdt raised the concern that implementing a business license fee now may open the door to increased fees in the future. Becky Beaman noted that the short-term options are intended to sunset once long-term options are implemented.

Motion

- Bill Riecke made a motion to strike Option 4: Business License Fees.
- The motion was seconded by TJ Sullivan.
- The motion failed with majority nays. 9 members voted yay.

Discussion

- Task Force members requested that the packet include a recommendation to sunset short-term solutions once long-term solutions are implemented.
- Scott Cantonwine discussed the option of emphasizing local nonprofits who are involved with community issues in the packet.
- Sean Nikas noted that Option 40: Urban Renewal – Increase Frozen Base should be emphasized as something the City should absolutely do due to its legislative ease, that there would be pressure to undo it, and that the City could not undo it until there was other revenue in place. Josh Eggleston explained that once the frozen base is changed it cannot be put back. Stephen Jenkins raised the concern that long-term revenue options would not come to fruition, and therefore short-term options would not sunset. Task Force members discussed that fees are already high.

Motion

- Becky Beaman made a motion to strike Option 12: Higher/New Fees for Services.
- The motion was seconded by Lee McKenzie.

Discussion

- Scott Cantonwine and Matthew Hale said that they would like to keep Option 12 with a policy note that urges the City to consider affordability when instituting a new rate increase.

Motion

- Becky Beaman called a vote on the motion without amending.

- The motion passed with majority ayes. 11 members voted nay.

Discussion

- Nathan Rafn noted that the City should connect business license fees to something that the City needs to verify for operational or safety reasons, like ensuring that restaurants are using grease traps and cleaning them properly.

Revenue Deliberation – Medium-Term Revenue Options

Motion

- TJ Sullivan made a motion to strike Option 30: Restaurant Tax.
- Motion seconded by Nathan Rafn.

Discussion

- Ray Quisenberry noted opposition to striking Option 30 given that it is the only option that would capture money from people who work in the City but do not live in the City.
- TJ Sullivan expressed concern that a restaurant tax would be an additional burden for restaurants who struggled during the pandemic and with continued decreases in the number of workers eating out for lunch due to the rise of remote work. Nathan Rafn noted that lunch is no longer vital business.
- Bill Smaldone urged the Task Force to look at all options with that equity lens.

Motion

- The motion passed with majority ayes. Four Task Force members voted nay.

Discussion

- Task Force members discussed the possibility of aiming revenue specifically at the library, or at a livability levy that could include police and fire.
- Scott Cantonwine mentioned the desire to include a policy statement in the packet encouraging prioritization of police and fire in a local levy.
- Russ Beaton presented income tax scenarios that he was asked to develop in the last meeting.
- The Task Force members discussed a personal income tax as a medium-term solution to address the issue of sustainable property taxation and improve revenue reform in the long-term.
- The Task Force acknowledged the need to be thoughtful about the impact of taxation on different income levels and the potential for unintended consequences, and noted the option of recommending further public input and a tax reform task force to develop a tax philosophy for the City.
- The Task Force members discussed the potential unintended consequences of implementing a vacancy tax. Task Force members asked for clarification over what would constitute a vacancy tax, and expressed concerns over property owners not being able to evict squatters and that some homes are vacant for legitimate reasons.
- Task Force members agreed that blight is an issue, but that it may be better addressed through an ordinance process and not a tax.

Motion

- Scott Cantonwine made a motion to strike Option 41: Vacancy Tax (Empty Dwelling Fee).
- The motion was seconded by TJ Sullivan.
- The motion passed unanimously.

Revenue Deliberation – Long-Term Revenue Options

Motion

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- Jean Palmateer made a motion to strike Option 15: Local Marijuana Tax Increase.
- The motion was seconded by Kate Strathdee.

Discussion

- Task Force members concerns about the high taxes already levied on marijuana businesses and the potential negative impact on the industry, which is already struggling due to overproduction and competition from the black market.

Motion

- The motion passed with majority ayes. One member voted nay.

Motion

- Sean Nikas made a motion to strike Option 35: Special District Formation.
- The motion seconded by Becky Beaman.

Discussion

- Task Force members discussed the difference between a special district and a property tax levy. Josh Eggleston explained that a special district could require the City to give up a portion of its permanent rate or create a separate permanent rate, which could save the general fund dollar, and that the main difference between the two options was its duration (temporary vs permanent), and that a special district is more complex.

Motion

- The motion passed with 14 ayes. 10 member voted nay.

Motion

- Bill Smaldone made a motion to strike Option 42: Payment in Lieu of Taxes (Non-State Government Entities).
- The motion was seconded by Kathy Knock.

Discussion

- Task Force members discussed Option 42. Some members were in favor of leaving it on, while others noted that it was unlikely to come to fruition. Stephen Jenkins noted that there's no harm in asking, and that these entities can say no.

Motion

- The motion failed with majority nays. Four Task Force members voted aye.

Discussion

- Kathy Knock requested the inclusion of a policy note in the packet that recommends a work session or task force to look at tax reform and restructuring in more depth.
- TJ Sullivan and Bill Smaldone noted support for an income tax as an alternative tax strategy, but that the removal of other taxes and fees needs to be attached to it in some way to show voters the City's commitment to a progressive tax structure.

Motion

- Scott Cantonwine made a motion to include the remaining four options in the recommendation packet.
- The motion was seconded by Russ Beaton.
- The motion passed unanimously.

Adjourn

Chair Nikas adjourned the meeting at 9:03pm.

Action Items

Item

- Moss Adams will assemble a draft recommendation packet.
- Moss Adams will circulate key considerations discussed in this meeting for each revenue option via a survey to the Task Force for review.
- Moss Adams will bring a summary of survey feedback to the June 26 meeting for review, discussion, and adoption by the Task Force.

Meeting Materials

- [Revenue Task Force Agenda 2024-06-04](#)
- [Revenue Task Force Packet 6: Detail on High-Interest Revenue Options](#)
- Revenue Task Force Meeting 6 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 7 – June 26, Wednesday at 6:30 pm at Salem City Council Chambers