

## City of Salem Alternate Revenue Options

At its first meeting, the Sustainable Services Revenue Task Force was provided this matrix along with white papers on each of the below-noted revenue options. Task force members were asked to rank the five options of greatest interest. The results are summarized below with total scores and corresponding ranking for each revenue option. Scores were weighted to allow for consistent calculation across revenue options and member votes. For example, a rank of 1 by a member would score the revenue option 5 points, a rank of 2 would score 4 points, and so on. Members were also offered the opportunity to write-in additional ideas, which generated a cigarette tax and soda tax.

Revenue options with an asterisk (\*) next to the ranking indicate a tie with another revenue option. The rows highlighted in green demonstrate where the three final recommended revenue sources placed in relation to other options.

Rank	Score	Option	Summary Description	Strategic Initiative	Authorization	Implementation	Revenue Potential
1	28	City Operating Fee	Additional fee on City utility statement in a similar fashion as existing Streetlight Fee. Fee could be tied to specific programs (Public Safety, Parks, Library) or for general purposes.	Sustainable Services	Council Adoption; Potential Voter Referral	Less Difficult - Utilize existing City utility bill; Monthly fee structure.	High - Greater than \$1M depending on fee size and structure.
2	26	Payment in Lieu of Taxes	Fee assessed to State Agencies for services that are generally funded by property tax revenue. Examples include a Fire/Medical fee based on square footage or personnel.	Sustainable Services	State Legislature	Very Difficult - Would require legislative changes.	High - Greater than \$1M depending on fee size and structure.
3	18	Income Tax (Payroll Tax)	Local tax based on a percentage of employee wages, paid by employers on behalf of employees or paid by employees through a wage deduction. Could be remitted annually or quarterly.	Sustainable Services	Council Adoption; Potential Voter Referral	Difficult - Would require clear communication to community about what tax revenue use.	High - Greater than \$1M depending on tax size and structure.
4	15	Construction Excise Tax	Excise tax on building permit valuation to fund affordable housing initiatives.	Affordable Housing	Council Adoption; Potential Voter Referral	Less Difficult - Invoiced under current permit system.	High - Greater than \$1M depending on fee size/inclusion.
5	14	Local Gas Tax	Local tax on gasoline sales. Transportation focus.	Critical Infrastructure	Council Adoption; Requires Voter Referral	Difficult - Potentially utilizing existing system of collection by the State of Oregon.	High - Greater than \$1M depending on tax size and structure.
6*	13	Local Option Levy	Voter approved local option levies are the only mechanism to raise operating revenue beyond the permanent rate; can be tied to a specific program. Subject to Measure 5 compression and are the first levies to be compressed. The levy would need to be larger (less efficient) since compression is present in Salem.	Sustainable Services	Council Adoption; Requires Voter Approval; Maximum 5 years	Difficult - Requires voter approval every 5 years. Subject to compression.	High - Greater than \$1M depending on levy size and structure.
6*	13	Retirement Community/Skilled Nursing Facility Bed Fee	Fee to offset usage costs (Fire/Medical) for this type of provider. Could be billed monthly/quarterly.	Sustainable Services	Council Adoption; Potential Voter Referral	Less Difficult - Could be invoiced like Downtown Parking Tax.	Low - Between \$50K and \$900K based on size/inclusion.
7	11	911 Tax Increase	Increase to Emergency Communication Tax (9-1-1 tax), which supports operation and improvement of emergency reporting systems. Current rate is \$0.75 per phone line, per device capable of reaching 9-1-1, or per retail transaction of prepaid wireless services.	Sustainable Services	State Legislature	Difficult - Would require state legislative action and broad, state-wide support. Possible referral to voters.	Varies - \$600K-\$3.5M additional revenue depending on intent to cover cost of service (33%-100%).
8	9	Business License Fee	Annual Business License Fee for all businesses operating in City limits. Structure could include small/large businesses, multi-family housing, or other variations.	Sustainable Services	Council Adoption; Potential Voter Referral	Difficult - Application processing and collection (similar to short-term rentals).	Medium - Between \$500K and \$1M depending on fee size/inclusion.

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9	6	Property Tax Reform	Oregon's property tax system operates under two constitutional amendments, Measure 5 and Measure 50, designed to limit property taxes and make them predictable for taxpayers each year. The current system has no periodic recalibration of values and would require legislative reform to address the inequity across the system.	Sustainable Services	State Legislature	Difficult - Would require state legislative action to modify, or implement new functions, within existing system.	Varies - Could generate significant additional revenue depending on the changes implemented.
10*	4	New Taxing District/Dividing a Taxing District/Merging a Taxing District	Formation of a new taxing district, annex into a current district to provide a specified service, or merge with another taxing district.	Sustainable Services	Council Adoption; Overlapping Taxing district approval; Voter Approval.	Very Difficult - Would require a lengthy approval process.	High (Savings) - Could result in savings and operational stability.
10*	4	Admission/Amusement Tax	Tax on admission into events. Could be structured as a flat rate, a rate of the ticket value or a percent of gross receipts. Would be remitted via return-monthly or quarterly.	Sustainable Services	Council Adoption; Potential Voter Referral	Difficult - Would need a larger number of employees to manage program which may offset revenue.	Varies - Between \$400K and \$2M depending on tax size and structure.
11	1	Prepared Food/Beverage Tax	Local tax on the prepared food sales in City limits. Would not include hospital or university dining halls. Captures revenue from non-residents.	Sustainable Services	Council Adoption; Potential Voter Referral	Difficult - Would need an operational process established, plus potential registration of food businesses.	High - Greater than \$1M depending on tax size and structure.