

ADDITIONS A G E N D A



Joint Meeting of the City of Salem Budget Committee and the Salem Urban Renewal Agency Budget Committee

DATE: Wednesday, April 19, 2023
TIME: 6:00 PM
CHAIRPERSON: Virginia Stapleton

STAFF LIAISON:
Josh Eggleston, Chief Financial Officer
503-588-6130
jeggleston@cityofsalem.net
Kali Leinenbach, Budget Manager
503-588-6231
kleinenbach@cityofsalem.net

ADDITIONS AGENDA

2. PUBLIC TESTIMONY

- d. Correspondence from Julie Hall regarding the FY 2024 Proposed City Budget.
- e. Correspondence from Lora Meisner & Glenn Baly regarding revenue.
- f. Correspondence from Bill Smaldone regarding a payroll tax.
- g. Correspondence from Lora Meisner regarding an article.

5. INFORMATION ITEMS

- d. Staff Report: Additional Responses to Committee Member Questions.

The City of Salem budget information can be accessed on the internet at: www.cityofsalem.net/departments/budget

NOTE: Disability-related accommodations, including auxiliary aids or services, in order to participate in this meeting, are available upon request. Sign language and Spanish interpretation is available at the meeting. For languages other than English are also available upon request. To request such an accommodation or interpretation, contact Kelli Blechschmidt, (503) 588-6049 or kblechschmidt@cityofsalem.net at least 2 business days before this meeting. TTD/TTY telephone (503) 588-6439 is also available 24/7.

The City of Salem values all persons without regard to race, color, religion, national origin, sex, age, marital status, domestic partnership, disability, familial status, sexual orientation, gender identity and source of income.

From: [Julie Hall](#)
To: [budgetoffice](#)
Subject: Budget
Date: Monday, April 17, 2023 2:23:43 PM

Hello,

I would like to give some suggestions to the city of Salem budget. I have lived in Salem almost my whole life (I went to college elsewhere and then returned to Salem). Salem has been home and I would like it to continue to be home. I am the parent to a disabled child which does influence my budget ideas.

- I would like to see an increase in the funds for making the city accessible, the sidewalks in some of the older neighborhoods are horrible. I have reported many of these sidewalks and some have slowly been fixed but there is so much more that needs to be done. I should be done systematically - whole blocks at a time to make the city more accessible to those who use mobility devices.
- I would like to see an increase in funds to the library. We love the library and would like to see more programs for disabled individuals and that needs money.
- I would like to see a decrease in the funds given to Sheltering and providing for the homeless individuals in Salem. Giving free stuff to people who have made life choices to put themselves in that position is not the solution. I recently heard that homelessness is not a "run out of money problem," it is a "run out of relationships problem" People experiencing homelessness have burned so many bridges and ruined so many relationships that they have no one to turn to for help - it is a problem they created for themselves because of their actions and choices. It should not be the city's job to give them free housing, tents, food or clothing, Please reduce this line item in the budget.
- I would like to see an increase in funds to the Parks department with the specific purpose of making more of Salem's parks truly accessible for people using mobility devices and experiencing disability. I would like to see more parks withOUT woodchips.

Thank you
Julie Hall

From: lmgb@earthlink.net
To: [budgetoffice](#)
Subject: Salem Budget
Date: Tuesday, April 18, 2023 12:43:20 PM

We are the type of people who believe that taxes and fees are necessary to maintain our city and increase the city budget when necessary. Because of Covid and so many people not working in offices/telecommuting the payroll tax idea could be a little dicey.....so basically it's a way to tax all state and other workers regardless if they live here or not. The "not" living here could be a real issue for people in that you start getting into the "taxation" without representation scenario--"I work for the state but live in Portland." Maybe a better way to try to deal with this is to get the state to cough up more money for Salem, since they inhabit a sizeable portion of the real estate in Salem but pay no taxes. There are many almost empty buildings downtown.....the State needs to figure out what's a way they can consolidate agencies and maybe handover one of the buildings to the city for redevelopment into affordable housing.

Personally, we wish there was a way to have a 2% city sales tax—not groceries or pharmaceuticals—but everything else. It would only add \$1 to every \$50 spent, don't know how much revenue could be generated but probably would never happen as Oregonians are so "no taxes" obsessed—a craziness brought up from CA.

I think there should be a development fee on every home/apartments/commercial/any building being built starting next year in Salem—unless it includes affordable housing. A sizeable development fee to go towards city services like roads, infrastructure, and affordable housing could go a long way to help with our budget. And let's all remind ourselves—there's no such thing as a "poor" developer. Most have million dollar homes and most don't even live here—Lake Oswego (Tokarski) California (Pence) etc. etc. Maybe it's time to get the millionaires to start paying their fair share to help maintain our community and development more "workforce" housing. So people to work in Salem—teachers, police, firefighters etc. can actually afford to live here, too.

Good luck.....just think about this—no taxes or fees on incomes under \$35,000 for singles or \$50,000 family. Let's just think about going after the moneyed-class for a change. Thanks.

Lora Meisner & Glenn Baly
1347 Spyglass Court SE
Salem, OR 97306
503-588-6924

From: [William Smaldone](#)
To: [budgetoffice](#)
Cc: [citycouncil](#)
Subject: Payroll Tax
Date: Tuesday, April 18, 2023 2:05:50 PM

Dear Budget Committee Members,

I am writing in reference to the City's ongoing budget shortfall and proposed revenue enhancements that include increased utility fees and a payroll tax. I assume but do not know if you have discussed substantial alternatives to these taxes, but I thought it might be helpful to bring some of Salem's tax proposal history to your attention.

I was the Ward 2 City Councilor from 1999-2002. During that time, we faced exactly the same issue with which you are currently dealing. The basic problem was that the property tax was an inadequate revenue source for general fund services. After casting about looking at different fees to cover our shortfall, we examined a two-pronged alternative. One "prong" was the introduction of a city income tax on all adults residing and working in Salem. A second "prong" was to eliminate the City's portion of the residential property tax. The progressive tax schedule would have exempted 40% of Salem's poorest residents from any taxation, the middle 40% would have paid about the same amount as their current property tax, and the top 20% would have paid somewhat more. This tax would have fully funded government operations. The idea was halted in its tracks when the Council's majority lost the 2002 election and a more conservative group under Janet Taylor took office. Since that time, as you know, the problem has deepened and the City has run out of fingers to stick in the dike. .

I don't know if you have considered this option, but, politically, Salem is a much different town than it was then, and I think people could be brought around to a major policy shift. If you think the payroll tax is more achievable, I urge you to pursue Councilor Nordyke's suggestion building some progressively into the rate schedule. Also, if you want to make it more politically palatable, consider rolling back the property tax. The property tax is a flat, regressive tax. When I talked to voters voter about it 20 years ago, support for the idea of the income tax was much stronger when the repeal of the property tax was included. Our opponents ALWAYS stressed the former and never mentioned the latter (including the local press).

I wish you luck in your effort to put the City on a sound financial footing. You face some tough political decisions, but I urge you not to nickel and dime the tax gap. You well know that the latter is not a long-term solution and a new system is the right decision for Salem's future. Imagine how much fun it would be to fully fund our outstanding and essential City services! A bold new policy could make that happen.

Best wishes,

Bill Smaldone
430 21st Street SE
Salem OR 97301

From: lmgb@earthlink.net
To: [budgetoffice](#)
Subject: Tax info for the committee
Date: Wednesday, April 19, 2023 9:27:52 AM

I think this is interesting reading for the committee.....

[Think Oregon taxes are high? It's actually one of the least taxed states \(kptv.com\)](#)

<https://www.kptv.com/2023/04/18/think-oregon-taxes-are-high-its-actually-one-least-taxed-states/>

Lora Meisner
1347 Spyglass Court SE
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Think Oregon taxes are high? It's actually one of the least taxed states



File: cash (Pexels)

By FOX 12 Staff

Published: Apr. 18, 2023 at 11:21 AM PDT | Updated: 22 hours ago



PORTLAND Ore. (KPTV) - While many Oregonians love to complain about the amount of taxes they are paying, are the taxes in Oregon actually some of the highest? It turns out, not at all.

The research team at [Madison Trust Company](#) sought to find the states with the highest taxes as well as the states with lowest taxes using data collected through [TaxFoundation.org](#). They created a state tax comparison index that ranks all 50 states and Washington, D.C., on their state tax rates to determine the highest-taxed states.

This study includes sales taxes, income taxes, and property taxes, as well as an analysis of each state's excise taxes, which are special levies on certain commodities that are often included in the sticker price.

The study takes into account the state excise taxes that each state collects on items such as oil and gas, cigarettes, alcohol, and even telephone bills.

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So which state has the biggest tax burden?

Unsurprisingly, New York residents are taxed the most.

So where does Oregon rank?

The Beaver State comes in near the bottom at the 43rd most taxed state.



What is the Most taxed state? (Madison Trust Company)

How is that possible? Oregon has a relatively high income tax at 9.90% (which is still not in the top 5 states for income tax). But the state has no sales tax. Exise taxes in Oregon are also relatively low. Cellphone and wireless taxes are very low for Oregonians. Alcohol and transportation-related taxes are also relatively low for Oregon residents compared to other states.

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1. New York
2. New Jersey
3. Illinois
4. California
5. Washington
6. Vermont
7. Minnesota
8. Connecticut
9. Iowa
10. Rhode Island

What State has the highest sales tax?

With a rate of 7.25%, California has the highest state sales tax. Indiana, Mississippi, Rhode Island, and Tennessee were a close second with a 7% state sales tax. Alaska, Delaware, Montana, New Hampshire, and Oregon are the five states with no sales tax.

Only 38 of the states collect local sales tax. Alabama has the highest municipal sales tax, with an average of 5.24%. Louisiana has the second-highest local sales tax in the US, at 5.10%. Louisiana has the highest combined sales tax rate in the US, at 9.55%, when combined with its 4.45% sales tax rate.

The 5 states with the highest combined sales tax

1. Louisiana: 9.55%
2. Tennessee: 9.55%
3. Arkansas: 9.47%
4. Washington: 9.29%
5. Alabama: 9.24%

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What state has the highest property tax?

New Jersey has the highest state property taxes, at 2.21% of the property's value. There are no states that do not have property taxes, albeit some have far lower rates than others. Property taxes in Hawaii are the lowest, at 0.31%.

The 5 states with the highest property tax rates

1. New Jersey: 2.21%
2. Illinois: 2.05%
3. New Hampshire: 1.96%
4. Vermont: 1.82%
5. Connecticut: 1.76%

What state has the highest income tax?

With a rate of up to 13.3%, California has the highest state income tax. California has graduated-rate income taxes ranging from 1% to 13.3% on income over \$1 million. Middle-class Californians pay income taxes ranging from 6% to 9.3%. State income tax rates vary greatly since each state's income tax scheme is unique. The majority of states have a graduated-rate income tax structure, while 11 have a flat income tax.

What states have no income tax?

Alaska, Florida, Nevada, South Dakota, Tennessee, Texas, and Wyoming are the only states without a state income tax. In New Hampshire, only interest and dividends are taxed, whereas Washington solely taxes capital gains.

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1. California: 15.50%
2. Hawaii: 11.00%
3. New York: 10.90%
4. District of Columbia: 10.75%
5. New Jersey: 10.75%

For a more in-depth look at the numbers, [go here](#).

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KPTV



For the Budget Committee Meeting of: April 19, 2023
Agenda Item No.: 5.d.

TO: Budget Committee Members
THROUGH: Keith Stahley, City Manager
FROM: Josh Eggleston, Chief Financial Officer
SUBJECT: Responses to Committee Member Questions

SUMMARY:

Committee members have reached out to City departments with excellent questions. In the interest of sharing information and increasing understanding, the questions and responses are compiled in this document.

ISSUE:

Responses to member questions through April 19, 2023.

RECOMMENDATION:

Information only.

BACKGROUND:

1. I'm sure you saw that Gov Kotek signed HB 2001 and HB 5019 into law which will appropriate funds to communities for homelessness resources: <https://www.statesmanjournal.com/story/news/local/2023/04/10/oregon-governor-tina-kotek-announces-details-of-funding-toward-homelessness-emergency-salem-eugene/70100377007/> So the question naturally arises, how much of the slice of pie will the City of Salem get? Have you started communications with Marion and Polk counties about how to best allocate those resources? Will this help alleviate some of the budget pain, at least for another year, with the knowledge that we still need to identify ongoing funding for homelessness programs.

Based on the criteria for these dollars, the City's existing programs or programs that are already in development (like the Navigation Center) are not eligible for these funds. The funds are to be used for new or expanding programs and will not help the City directly with its sheltering ongoing expenses. However, many of the City's local partners like the Salem Housing Authority and the Mid - Willamette Valley Community Action Agency that were awarded funding (\$413,260 and \$3,781,208 respectively) to advance rehousing and low-barrier sheltering in the area which will have a benefit to the greater community.

2. Where might I find information about the City's comprehensive strategy for preventing homelessness and for dealing with it when it happens?

The City's comprehensive strategy is in concert with our regional partners, recognizing the intergovernmental and interdisciplinary nature of these complex issues. Our regional [Strategic Plan](#) is something partners work toward achieving together. Elements include the [Youth Homeless Demonstration Program](#), which recognizes the importance of youth and young adult strategy as a backbone to prevention; a "[Built for Zero](#)" implementation which applies national evidence based standards to become a community that has functional zero homelessness; and work by our partners to employ strategies such as short-term emergency financial assistance, liaisons with landlords and other tools that help prevent a person or family from losing their housing. More information is available here:

<https://www.cityofsalem.net/government/shaping-salem-s-future/housing-shelter/learn-about-city-efforts-to-address-homelessness/track-progress-on-homelessness-efforts>

3. In the most recent year for which information is available, how much was spent across all City budgets and the Housing Authority budget, to provide housing or housing assistance, including emergency assistance, to people who were currently housed?

City: In Fiscal Year (FY) 2022, the City of Salem spent approximately \$7.97M on sheltering initiatives. These funds are in addition to the federal Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) funding administered by the City under the Department of Housing and Urban Development. The City does not track sheltering spending based on the housing status of recipients. While the Salem Housing Authority (SHA) is its own entity that is managed separately from the City, the City does financially support the Authority through the Homeless Rental Assistance (HRAP) Program. In FY 2022, \$683,244 was granted to the Housing Authority for that purpose. The FY 2023 budget continues this program at \$885,000 and \$625,000 in the Proposed FY 2024 budget. Decrease in year to year budget is due in part to the ability of the Salem Housing Authority to use the dollars for programming.

SHA: In Calendar Year 2022, the Salem Housing Authority provided federally funded rental assistance (for households that were already housed) from the Housing Choice Voucher program in the amount of \$23,028,620; Emergency Housing Vouchers: \$283,868; Mainstream Vouchers: \$988,940. It is important to note that these are federal funds and are not from City funds/local sources. Emergency

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Housing Vouchers also provide federal funding to address barriers to housing, but those funds are expended prior to the household being housed.

The Homeless Rental Assistance Program, which is funded by City dollars, during calendar year 2022 provided \$209,000 in direct rental assistance that kept an average of 26 households per month housed throughout the year. This program also provides supportive funding, but it is not tracked by housing status. Typically, clients are eligible for up to \$4,000 total in supportive funding (to address barriers to housing such as rental deposit assistance, and to help stabilize clients once they are housed). Not all clients utilize their maximum barrier funding.

The Housing Authority does not provide other forms of emergency assistance.

4. For the same period (2022), how many people received housing or housing assistance? How many applied or were referred for this assistance but did not receive it?

SHA: In CY 2022, the Voucher program (including Housing Choice Vouchers, Emergency Housing Vouchers, and Mainstream Vouchers) housed an average of 2,870 families per month. The Housing Choice Voucher waiting list is currently closed and applicants are accepted by referral only for special purpose Vouchers (Emergency Housing Vouchers, Mainstream, etc.) and for limited preferences. Unfortunately, our database does not have a way to track specifically how many applicants applied for these specific Vouchers during a given time and were denied/ineligible/did not respond.

5. In the most recent year for which information is available, how much was spent across all City budgets and the Housing Authority budget to provide shelter, other assistance (including emergency medical assistance) and enforcement focused on those who were unhoused?

Please see answer to previous questions, above. The City does not directly track sheltering spending based on housing status of recipients.

6. For the same period, how many people received shelter or other assistance? How many applied or were referred for this assistance but did not receive it?

Data as provided from our partners, is below:

- Church @ the Park: 1,183 persons were served in calendar year 2022.
- Salem Warming Network: 1,852 persons received a bed for a night from October, 2022 through February 16, 2023.

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- The City has invested at the Mosaic, a shelter program serving people who are survivors of domestic violence, stalking and/or trafficking; the funds are currently being expended and we will have report numbers in the future.
- The City has invested at Safe Sleep United, a shelter program serving women; they are beginning to utilize our investment this spring. Our funds contribute toward an expansion of their capacity from 19 to 45 per night.

7. How many people were subject to enforcement actions?

The Salem Police Department does not track enforcement actions based on housing status.

8. In the most recent year for which information is available, what was the average cost per household of City and Housing Authority residential fees and taxes? For the same year, what was the average household income of city residents?

This is a difficult question to answer due to the variety of revenue types that both the City and SHA receive. The SHA is primarily funded through Federal grants and therefore Salem households pay little directly to the Authority.

The City collects a multitude of revenue types that vary based on consumption, use, and home value (property taxes, grants, utility bills, Permit fees, fines, etc.). We might also have a hard time deciphering the amount paid by 'households' and what is paid by businesses or other governmental entities. We would need more clarity on exactly what revenue source(s) you are interested in to get accurate data.

The City typically uses median household income instead of average household income because that better controls for the extreme ends of the income spectrum. The Census Bureau's 2022 American Community Survey Data for the City of Salem has not yet been released.

9. What were the comparable figures five years before?

According to the Census Bureau's American Community Survey Data, the City of Salem had a median household income in: 2017 of \$51,666; 2018 of \$53,619; 2019 of \$55,920; 2020 of \$58,726; and 2021 of \$62,185.

10. Will the Urban Forestry Workgroup have access to the Oregon White Oak inventory (or sample) that Willamette University students did in Bush Park in 2022?

Parks, Urban Forestry will continue gathering data for their Right of Way Tree Inventory with a focus in high use areas in city parks and city streets for FY 2024 to provide information about species, condition, and tree health. Species is important to understand pest related problems, disease issues, climate adaptability and known mortality rates. The condition and health ratings are needed for proper care,

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scheduled maintenance and tree removal. All maintenance and work planning is done through the GIS inventory using an ESRI asset management system incorporating IPS in Salem Maps Online. In summer 2023, staff will be identifying and monitoring Ash trees to plan for the arrival of the Emerald Ash Borer in Salem. We are working closely with Oregon Department of Agriculture and Oregon Department of Forestry. Salem has almost 1500 Ash street trees and thousands of native Ash trees in our parks and stream corridors. The Emerald Ash Borer attacks with a 99% mortality rate. It is anticipated to arrive in Salem within 3-5 years and may cause loss of more trees than the 2021 ice storm. Data is also available from other studies such as the Willamette University White Oak inventory from 2022. Sometimes other studies do not include all the data points needed for City purposes regarding health condition.