

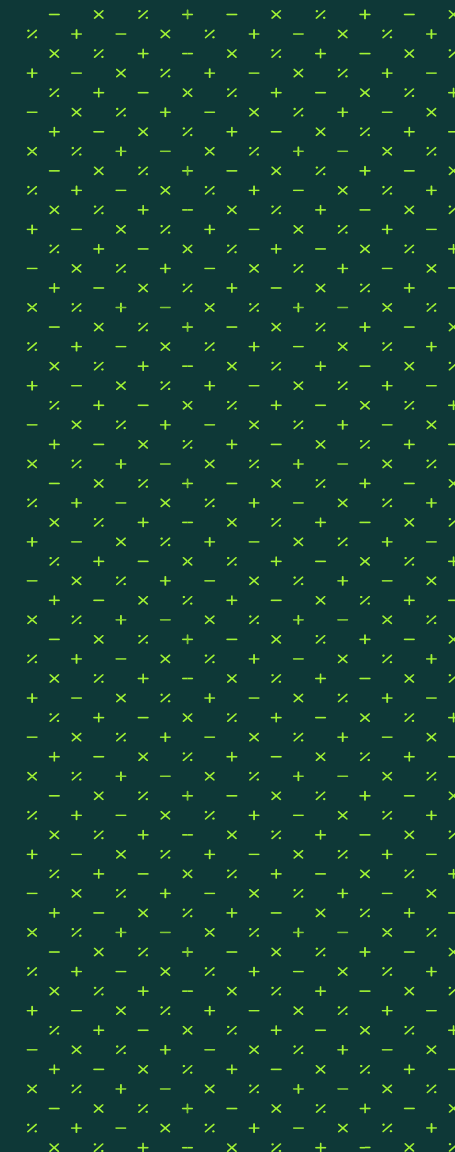


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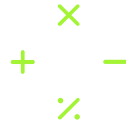
CITY OF SALEM

Revenue Task Force Meeting 6

June 4, 2024



Agenda



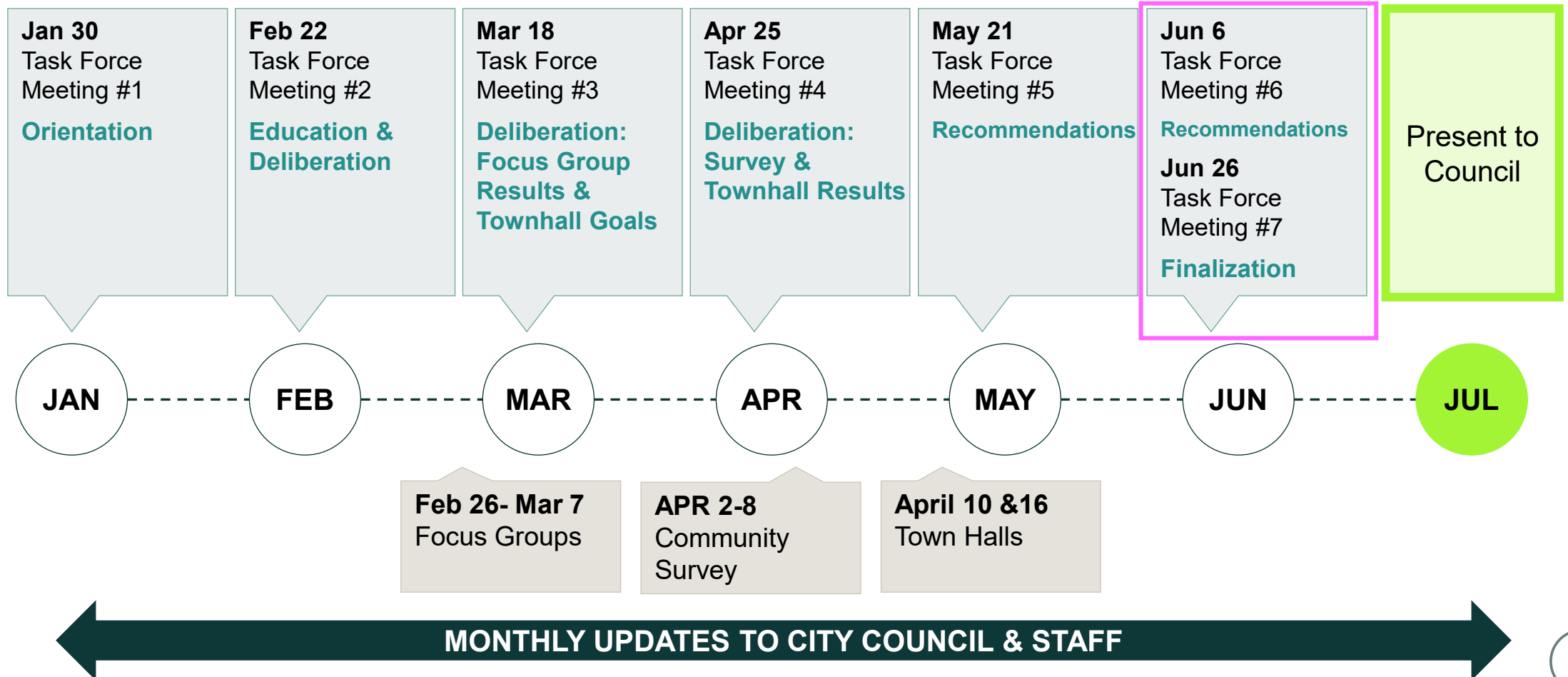
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|----|--------------------------------------|
| 01 | Call to Order and Roll Call |
| 02 | Approval of Meeting Minutes |
| 03 | Public Comment |
| 04 | Council Recommendation Packet Review |
| 05 | Revenue Option Deliberation |
| 06 | Next Steps |



City Council Recommendation Packet



Revenue Task Force Timeline



June 15 Council Meeting

- Chair Nikas and Vice Chair Sullivan to present the Revenue Task Force Recommendations to Council on July 15
- Contextual information (like the community survey results) will also be presented by staff or consultants
- Based on the Revenue Task Force Recommendations, Council will likely discuss options, determine which options they are interested in exploring further, and then may request additional work from staff or consultants—which may include additional research, modeling, polling, and/or community outreach



Council Recommendation Packet

Task Force Recommendations

- A set of **feasible revenue options** grouped into near-term, medium-term, and longer-term options
- Recommendation about which **services to prioritize** if the Council chooses to restrict funding options

Contextual Information

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



Council Recommendation Packet

Format Example

- Revenue Option Name
- Description (including estimates for revenue generation, administrative complexity, timeline to implement, etc.)
- Alignment with Task Force Criteria
- Alignment with Community Survey Results
- Key Implementation Considerations



Packet Development Process

- Moss Adams and city staff will draft the packet based on Task Force discussions.
- Moss Adams will share the draft via survey to solicit input from the Task Force.
- Moss Adams will review and summarize Task Force feedback and bring proposed updates to the June 26 meeting for review, revisions and adoption.



Revenue Options **Deliberation**



Survey Results

Revenue Options

Timeline	Revenue Option #	Revenue Option	Yes, interested in recommending	No, not interested in recommending
Long-Term	21	Payment in Lieu of Taxes (State Government)	100%	0%
Long-Term	42	Payment in Lieu of Taxes (Non-State Government Entities)	94%	6%
Long-Term	44	Tax Reform/Restructuring	94%	6%
Medium-Term	16	Local Option Property Tax Levy	88%	12%
Long-Term	43	Intergovernmental Agreements & Entities	88%	12%
Near-Term	4	Business License Fees	82%	18%
Near-Term	40	Urban Renewal - Increase Frozen Base	82%	18%
Medium-Term	25	Personal Income Tax	82%	18%
Medium-Term	41	Vacancy Tax (Empty Dwelling Fee)	76%	24%
Long-Term	35	Special District(s) Formation	71%	29%
Near-Term	10	Franchise Fee Increase	59%	41%
Long-Term	15	Local Marijuana Tax Increase	59%	41%
Medium-Term	30	Restaurant Tax	41%	59%
Near-Term	12	Higher/New Fees for Services	35%	65%
Near-Term	19	Operations Fee Increase	35%	65%
Near-Term	39	Transient Occupancy Tax Increase	35%	65%
Near-Term	20	Parking Tax Increase	18%	82%

Near-Term Options

Revenue options that are within City authority and that could potentially generate revenue for the City within 1-2 years of initiation

					TF Decision Criteria						Community Survey Feedback			
Funding Type	#	Revenue Type	Potential Revenue	TF Survey % Approval	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	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	82%	Yes	Yes	Yes	Yes	No	Low	50%	Yes	Yes	No
Utility fee	10	Franchise Fee Increase	\$685,000-\$6.8M	59%	Yes	N/A	Yes	Yes, Likely Low	No	Low	27%	Yes	Yes	No
User fee	12	Higher/New Fees for Services	Cannot be calculated without additional specification/low	35%	Yes	Maybe	Yes	Maybe, depends on specification	Likely no, depends on specification	Low-to-Medium	66%	Yes	No	Yes
Utility fee	19	Operations Fee Increase	\$454,000-\$9M	35%	Yes	No	Yes	N/A	No	Low-to-Medium	27%	No	No	No
User Fee	20	Parking Tax Increase	Currently unknown	18%	No, funding is restricted and capped	No	Yes	Maybe	No	Low	66%	Yes	Yes	No
User Fee	39	Transient Occupancy Tax Increase	\$520,000-\$5.6M	35%	Limited as funding is restricted	No	Yes	Yes, Likely Low	No	Low	66%	Yes	No	No
Property tax	40	Urban Renewal - Increase Frozen Base	Currently unknown	82%	Yes	N/A	Yes	No	No	Low-to-Medium	37%	No	No	No



Medium-Term Options

Revenue options that are within City authority and that could potentially generate revenue for the City within 2-5 years of initiation

					TF Decision Criteria						Community Survey Feedback			
Funding Type	#	Revenue Type	Potential Revenue	TF Survey % Approval	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	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)
Property tax	16	Local Option Property Tax Levy	\$1M-\$55M	88%	Yes	Yes	Yes	Yes, Likely Low	No	Low	37%	No	No	Yes
Income tax	25	Personal Income Tax*	\$113,000-\$92M	82%	Yes	Yes	Yes	Yes, Likely Low	No	High	36%	No	No	Yes
User Fee	30	Restaurant Tax	\$0 and \$12.75M	41%	Yes	No	Yes	Yes	No	High	66%	Yes	No	Yes
User Fee	41	Vacancy Tax (Empty Dwelling Fee)	Currently unknown	76%	Yes	No	Unclear	No	No	High	66%	Yes	No	Yes



Longer-Term Options

Revenue options that would require significant changes to state law, city policy, or action on the part of other governmental agencies

					TF Decision Criteria						Community Survey Feedback			
Funding Type	#	Revenue Type	Potential Revenue	TF Survey % Approval	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	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)
Sales tax	15	Local Marijuana Tax Increase	Currently unknown	59%	Yes	No	Requires a change in state law	Yes, Likely Low	No	Low	35%	No	Yes	No
Other	21	Payment in Lieu of Taxes (State Government)	Currently unknown, potentially between \$5M-\$6M annually	100%	Yes	N/A	Requires a change in state law	No	No	High	N/A	N/A	N/A	N/A
Other	42	Payment in Lieu of Taxes (Non-State Government Entities)	Currently unknown	94%	Yes	N/A	Requires agreement from external party	No	No	High	N/A	N/A	N/A	N/A
Other	35	Special District(s) Formation	Cannot be calculated without add'l specification	71%	Maybe depending on specification	Maybe depending on specification	Yes	Unknown without add'l specification	Likely no, depends on specification	Very High	N/A	Yes	Yes	Yes
Other	43	Intergovernmental Agreements & Entities	Cannot be calculated without add'l specification	88%	Maybe depending on specification	Maybe depending on specification	Requires agreement from external party	No	Likely no, depends on specification	High	N/A	N/A	N/A	N/A
Other	44	Tax Reform/Restructuring	Cannot be calculated without add'l specification	94%	Yes	Yes	Requires significant changes in City policy	Unknown without add'l specification	No	High	N/A	N/A	N/A	N/A

Income Tax Scenarios

Russ Beaton & Co

#1: tax exemption level: \$70K (tax rate 0 for category #1)

tax rates for six income categories:

1	2	3	4	5	6
\$0-70K	\$70-100K	\$100-150K	\$150-200K	\$200-500K	\$500K+
0%	.25%	.5%	.75%	1.00%	2.00%

estimated tax: \$25.9M

#2: tax exemption level: \$70K (tax rate 0 for category #1)

tax rates for six income categories:

1	2	3	4	5	6
\$0-70K	\$70-100K	\$100-150K	\$150-200K	\$200-500K	\$500K+
0%	.25%	1.00%	1.50%	2.00%	3.00%

estimated tax: \$43.2M

#3: tax exemption level: \$70K (tax rate 0 for category #1)

tax rates for six income categories:

1	2	3	4	5	6
\$0-70K	\$70-100K	\$100-150K	\$150-200K	\$200-500K	\$500K+
0%	.50%	1.00%	2.00%	3.00%	4.00%

estimated tax: \$58.3M

#4: tax exemption level: \$40K (tax rate 0 for category #1)

tax rates for six income categories:

1	2	3	4	5	6
\$0-40K	\$40-100K	\$100-150K	\$150-200K	\$200-500K	\$500K+
0%	.25%	1.50%	2.50%	3.50%	5.00%

estimated tax: \$73.7M



Survey Results

Linking Revenue Options to Services

The Task Force could recommend that revenue options be restricted to support specific services that are paid for through the General Fund. Please select all General Fund services that you believe should be prioritized by Council when determining whether to restrict funding:

Services	%	#
Library	94%	17
Parks and recreation	72%	13
Fire	61%	11
Homelessness/social services	61%	11
Center 50+	50%	9
Police	44%	8
Code enforcement	22%	4
Municipal court	17%	3
Land use planning and zoning	11%	2





Next Steps

01 Recommendation Packet Draft Review
Survey

02 June 26 Revenue Task Force Meeting

03 July 15 Council Presentation



➤ **THANK YOU**



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