



1 Even with cost saving measures, the City continues to use working capital, or the City's  
2 savings account, to balance the budget and has for the past several years. One-time  
3 federal and state funds received by the City during the Coronavirus Pandemic allowed the  
4 City to continue operations the last several years. This revenue is now exhausted.

5 **(d)** Working capital is a finite resource. Continued use of working capital to balance  
6 ongoing expenses at current staffing levels will cause a depletion of savings during fiscal  
7 year 2026. Without additional revenue, reductions to services would be required for the  
8 City to adopt a balanced fiscal year 2025 budget as required by Oregon budget law.

9 Although the City is constantly looking for opportunities to further reduce expenses and  
10 make additional efficiencies, these changes are not enough to address the structural  
11 imbalance.

12 **(e)** The ratio of City employees to the city's growing population has decreased, affecting  
13 the City's ability to maintain services. For example, the police officer to resident ratio has  
14 decreased by nearly 10% within the past 10 years, while violent crime rates have  
15 increased 49% in that same period. In addition, while the population has increased 14  
16 percent, the call volume for the Fire Department has increased 86 percent with no  
17 increase in core staffing for each shift. There are similar issues for nearly every service  
18 funded by the General Fund.

19 **(f)** Recognizing the need for new revenue in order to maintain a structurally balanced  
20 budget, the City of Salem's Budget Committee in the spring of 2018 recommended that  
21 City Council begin exploring new revenue options to support the General Fund. As a  
22 result, the Sustainable Services Revenue Task Force (Task Force) was created.

**(g)** The Task Force was comprised of Salem residents from the following groups: Salem  
City Council, Salem Budget Committee, Home Builders Association of Marion and Polk  
Counties, Latino Business Alliance Board, Oregon Marshallese Community, Salem 350,  
Salem Electric, Salem Fire Foundation, Salem Parks and Recreation Board, Salem Police  
Foundation, Salem Economic Development Corporation Executive Board and Straub  
Environmental Center.

**(h)** The Task Force reviewed twelve revenue options for the General Fund and one for  
the Transportation Services Fund. After a series of comprehensive public meetings which  
covered both the City budgeted revenues and expenses throughout the fall of 2018, the

1 Task Force’s recommendation was delivered to the City Council in April 2019. Of the  
2 twelve General Fund revenue options, the Task Force recommended an employee-paid  
payroll tax and a city operations fee.

3 **(i)** The City Council received the Task Force recommendation and made modifications  
4 to address concerns of equity surrounding low-wage earners. Through this ordinance, the  
5 City Council is maintaining essential City services residents depend on while also  
fulfilling the obligation to ensure the fiscal health of the City both today and in the future.

6 **(j)** The Coronavirus Pandemic brought a new set of challenges to the City and the  
7 community. In March 2020, the threat of the pandemic resulted in widespread shutdown  
8 of many businesses. Due to the unprecedented nature of the pandemic and response  
9 measures, the City withdrew the payroll tax ballot measure from the March 2020 primary  
10 election. Due to federal and state grant and aid programs, the City was able to continue  
11 most City services and address the unsheltered crisis through providing funding for social  
12 services and sheltering services through local non-profit partners. The unsheltered crisis  
13 began well before the pandemic, but has expanded and became more severe over the past  
14 three years. The City’s response to the crisis has resulted in 100’s of local unsheltered  
15 individuals obtaining safe shelter and moving on to safe outcomes including transitional  
and permanent housing and treatment for mental health and drug and alcohol addiction.  
16 These services are funded almost exclusively by one-time, temporary state and federal  
17 sources. Without a sustainable funding source, these services will cease and the crisis will  
18 grow exponentially worse.

19 **(k)** The employee-paid payroll tax set forth in this ordinance bill will provide a more  
20 balanced, sustainable funding source for the City, that will grow as both employment and  
21 wages increase. The tax exempts minimum wage workers and will be dedicated to  
22 community safety services. Only wages earned for work performed in the City of Salem  
will be subject to the tax. This will capture wages for workers who commute into Salem  
and benefit from the array of public services the City provides, such as streets, public  
infrastructure, parks, and police, fire and emergency medical response. Under the  
ordinance bill, the tax will be referred to Salem voters by July 1, 2031 and will terminate  
on December 31, 2031 until the continuation is approved by Salem voters.

1 **Section 3. Codification.** In preparing this ordinance for publication and distribution, the  
2 City Recorder shall not alter the sense, meaning, effect or substance of this ordinance, but  
within such limitations, may:

- 3 (a) Renumber sections and parts of sections of the ordinance;
- 4 (b) Rearrange sections;
- 5 (c) Change reference numbers to agree with renumbered chapters, sections or other  
parts;
- 6 (d) Delete references to repealed sections;
- 7 (e) Substitute the proper subsection, section or chapter, or other division numbers;
- 8 (f) Change capitalization and spelling for the purpose of uniformity;
- 9 (g) Add headings for purposes of grouping like sections together for ease of  
reference; and
- 10 (h) Correct manifest clerical, grammatical or typographical errors.

11 **Section 4. Severability.** Each section of this ordinance, and any part thereof, is  
12 severable, and if any part of this ordinance is held invalid by a court of competent  
jurisdiction, the remainder of this ordinance shall remain in full force and effect.

13 PASSED by the City Council this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

14 ATTEST:

15  
16 City Recorder

17 Approved by City Attorney: \_\_\_\_\_

18 Checked by: Josh Eggleston  
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