

**WRITTEN TESTIMONY  
SUBMITTED FOR THE  
CITY COUNCIL MEETING  
CITY OF SALEM, OREGON  
May 23, 2016**

**7.1 FIRST READING:**

16-037 (c) Proposed Engrossed Ordinance Bill No. 5-16, referring a tax on the sale of marijuana items to Salem voters for the November 2016 General Election

**Recommended Action:** Engross Ordinance Bill No. 5-16 by requiring that all proceeds from the tax on the sale of marijuana items be allocated to the Police Department, and proceed to first and second reading for enactment.

*Written testimony.*

**9.2 COUNCILOR'S ITEMS:**

16-036 (a) How best to allow short term rentals, such as Airbnb, VRBO, Flipkey, etc., to operate in Salem – Councilor Bennett

*Written testimony.*

File 16-001 May 23, 2016 7.1(c)
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**From:** Michael Hughes <hughes.m@comcast.net>  
**To:** <smccoid@cityofsalem.net>  
**CC:** <Citycouncil@cityofsalem.net>  
**Date:** 5/20/2016 3:48 PM  
**Subject:** Disposition of Marijuana Tax Revenue

Dear Councilor McCoid,

The idea that the city should take advantage of the ability to benefit from a 3% tax on the sale of recreational marijuana makes a lot of sense. There has always been a need for finding new sources of revenue and most of us have even grudgingly accepted the streetlight fee. However, I was shocked to see that the city council has requested an amendment to Ordinance Bill No. 5-16 stating that, instead of going into the general fund, all proceeds will be dedicated to the police department. This is utterly ridiculous and outrageous. Dedicated funding has always been a bad idea unless there has been a demonstrated history of inability to obtain funding by other means. It removes the flexibility for budget adjustments from one year to the next. The police department already gets the lions' share of the general fund, constantly leaving the library, parks, general services and other departments (with the exception of public works who have their own sources of dedicated funding) to beg for scraps. I think the police have been coddled for years and should have to demonstrate a real argument for additional funds on the same playing field as every other city department.

I'm sure some people have argued that the legalization of recreational marijuana will lead to an increase in crime in the city which will require additional law enforcement resources. To date there has been nothing but speculation and cherry-picked "statistics" used to support both sides' opinions and it will be years before enough data will be available to make any reasonable conclusions either way. In addition, historically almost all the violent crime associated with marijuana has been the result of illegal activity and the black market - not legal use.

The results of the recent election should have been an indication of Salem citizens' dissatisfaction with the direction the city has been heading. (Unfortunately, I didn't live in any of the contested wards and couldn't vote for the candidates.) To lock up and earmark potential sources of revenue in advance is a very ill-advised path to be taking and will convince many people that there is still a need for more change in two years. I am perfectly willing to support the 3% tax as long as it goes into the general fund to be used where the need is highest. But I refuse to vote in favor of it in November if the money will be dedicated to any particular department because I feel it is an extremely bad idea and I'm pretty certain that a lot of other voters feel the same way. Therefore, I am requesting that you oppose this amendment.

Sincerely,

Michael Hughes

File 16-014 May 23, 2016 9.2(a)
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**Amber Mathiesen - Letter supporting action for short-term rentals**

**From:** Angie Morris <AMorris@travelsalem.com>  
**To:** "Citycouncil@cityofsalem.net" <Citycouncil@cityofsalem.net>  
**Date:** 5/20/2016 12:04 PM  
**Subject:** Letter supporting action for short-term rentals  
**CC:** "Glenn Gross (ggross@cityofsalem.net)" <ggross@cityofsalem.net>, "CNeide...  
**Attachments:** 052016 letter to City Council on STR.pdf

Mayor & City Council:

Please find attached a letter to support your conversation on Monday, May 23 about short-term rentals (Council Agenda Item 9.2a).

If you should have any questions, please don't hesitate to call.

Thank you!!

**Angie Morris, President & CEO  
(aka Playmaker)**

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May 20, 2016

*\* We respectfully request that this letter be entered into the record for any public hearing and deliberations related to short-term rentals. \**

Mayor Peterson & Members of Salem City Council:

On May 16, Travel Salem staff met with Glenn Gross, Community Development Director and his team to discuss resolving issues related to short-term rentals (e.g. AirBnB, VRBO, HomeStay).

Mr. Gross explained that short-term rental (STR) activity in Salem is not legal and that a code revision would need to take place to address the issue.

Travel Salem, lodging partners and the tourism industry in general have a vested interest in seeing this issue resolved.

Five years ago, the STR sector was roughly 10% of lodging inventory sold. Now, they account for more than 40%. Last year, more than 6 million STR were booked. In addition, this fledgling industry is now moving to a robust model where STR owners can contract services that will greet guests with the keys, change out the sheets, restock the refrigerator and toiletries, store valuables, or send out an interior design crew to spruce things up. Even traditional hotel brands and online travel companies (e.g. Expedia) are getting into the STR business by purchasing STR companies so they can build STR into their bookable inventory.

We support action that would allow the City to license and inspect STR properties, as well as collect transient occupancy taxes (TOT). Following are the primary reasons for the City Council to proceed with urgency:

1. Create a more even playing field for hotels and short-term rentals ... currently hotels are at a competitive disadvantage in terms of rate, inspection, fees, TOT, etc.
2. Collect TOT on all short-term rentals ... with 200+ short-term rentals currently being marketed in Salem, the City is missing out on significant TOT revenues
3. Ensure a more safe and satisfying visitor experience ... inspections and quality control will only enhance the visitor's experience
4. Leverage short-term rentals as part of overall marketing strategy ... with continued compression issues related to Salem being sold out, this segment is not being tapped as part of the overall destination experience (make sure they have Visitors Guides for their guests as an example)

Other Oregon jurisdictions have figured out how to address these issues, and currently collect TOT from STRs (e.g. Portland). We would encourage City staff to reach out to other markets to gain best practices on how to move forward.

The 2017 Eclipse is just around the corner, and with Salem being sold out, visitors will be turning to STR to ensure that they can stay in Salem and experience this once in a lifetime event. It is important that Salem be able to capitalize on the TOT revenues that will be generated by this event. In addition, with more frequent "sold out" status in Salem due to the number of events on the ground, STR is a year-round lodging alternative that will become more valuable to our market as we seek to attract and win large group business.

Please consider Travel Salem as an additional resource to support your efforts in moving forward.

Thank you for your consideration.

Respectfully,

A handwritten signature in black ink, appearing to read "Angie Morris", with a long, sweeping flourish extending to the right.

Angie Morris  
President & CEO