

City of Salem
Payroll Tax

Exemption for Annual Income of \$20,000 or Less

New Tax Rate	Estimated Exempted Salary	Percent of Total Salary	Estimated Revenue loss at .3%
0.332%	\$ 363,544,825	9.50%	\$ 1,090,634

Notes:

- Assuming that with no exemption, the payroll tax rate is 0.3%.
- Income level distribution is based on data from the 2013-2017 American Community Survey 5-year estimates.
- Using Salem economic data from the US Census Bureau, staff estimated the income for each bracket reported.
- Using the total household income for each bracket, staff calculated the amount of exempted salary.
- The total exempted salary using this method represents 9.5% of total salaries in Salem. The tax rate would need to increase to 0.332% to make up the difference.

Progressive Rate Structure

	Eugene	Salem (example structure that generates \$8 million)		
Hourly Wage	Rate	Rate	Impacted Wages	Updated Revenue Projections
Minimum Wage (\$11.25*)	0.00%	0.00%	\$ 363,544,825	\$ -
Greater than Minimum Wage - \$15.00	0.30%	0.20%	367,371,612	514,320
Greater than \$15	0.44%	0.35%	3,095,871,190	7,584,884
				\$ 8,099,205

Notes:

- *Oregon standard minimum Wage as of July 1, 2019
- Income level distribution is based on data from the 2013-2017 American Community Survey 5-year estimates.
- Using Salem economic data from the US Census Bureau, staff estimated the income for each bracket reported.
- Then, using the total income for each bracket, staff calculated the amount of salary that falls into each wage range.