



LEGAL DEPARTMENT / ROOM 225
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City Recorder
Ruth Ann Stellmacher, CMC

July 14, 2023

Preston Mann
4890 Justice Way S
Salem, OR 97302

Re: City of Salem Prospective Referendum Petition ID R-EPT-2023-1

Dear Chief Petitioner:

The attached cover sheet and signature sheet are now **approved** for circulation. As outlined in SRC 11.272, a referendum petition shall be signed by registered voters in number not less than 10 percent of the votes cast for the office of Mayor at the last preceding election. Therefore, you will be required to gather a **minimum** of 3986 qualified signatures.

As outlined in SRC 11.274(c), a referendum petition must be filed with the City Recorder not later than the 30th day after passage of the legislation sought to be referred, and that date is August 9, 2023.

If you want to be able to place this measure on the November 7, 2023 ballot you will need to turn in the signature sheets to the City Recorder by **1:00 p.m.** on Wednesday, **August 9, 2023** so there is time to review and file with the County Elections Division. If they are turned in to the City Recorder later than 1:00 p.m. on **August 9, 2023**, there may not be sufficient time for the City Recorder to review and that will move the referendum to the next election, which is May 21, 2024.

Please review the legal requirements and guidelines for circulating signature sheets as outlined in the County, City and District Initiative and Referendum Manual. Circulators must witness each signature and complete the bottom portion of the signature sheet after all signatures have been obtained. It is important to note that the date filled in by the circulator cannot pre-date the dates filled in by the persons signing the sheet. It is also important that all signature sheet numbers be filled in prior to submission to the City Recorder.

If you have any questions or need additional information, please contact the City Recorder at 503-588-6097 or via email at cityrecorder@cityofsalem.net

Sincerely,


Amy Johnson
Deputy City Recorder

Prospective Petition

Local Initiative and Referendum

Warning Supplying false information on this form may result in conviction of a felony with a fine of up to \$125,000 and/or prison for up to 5 years. Each chief petitioner is required to provide, on the same form, their name, residence address, contact phone number and signature attesting that the information on the form is true and correct. Changes to the information provided for a chief petitioner or to the circulator pay status must be reported to the filing officer no later than the 10th day after a chief petitioner first has knowledge or should have had knowledge of the change. At least one original chief petitioner must remain throughout the petition process or the petition is void.

Petition Information	Type			
This filing is an	<input type="checkbox"/> Original	<input type="checkbox"/> Amendment	<input type="checkbox"/> Initiative	<input checked="" type="checkbox"/> Referendum

Jurisdiction	Some Circulators may be Paid			
<input type="checkbox"/> County	<input checked="" type="checkbox"/> City	<input type="checkbox"/> District	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Title Subject or name you give your petition.
Refer the Tax on Salem Workers - Ordinance Bill No. 12-23

Petition Correspondence Select the method of receiving notices or other correspondence from the Filing Officer.

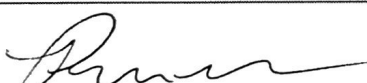
Correspondence Recipient Email Chief Petitioners Mail Chief Petitioners

Recipient Information

Name Preston Mann	Email Address prestonmann@oregonbusinessindustry.com
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Chief Petitioner Information Only chief petitioner's residential city and state will appear on petition sheets.

→ By signing this document, I hereby state that all information on the form is true and correct and attest that no circulators will be compensated money or other valuable consideration on this petition based on the number of signatures obtained by the circulator.

Name Preston Mann	Contact Phone 503-931-1095
Residence Address street, city, state, zip 4890 Justice Way S, Salem, OR, 97302	
Mailing Address if different	Email Address prestonmann@oregonbusinessindustry.com
Signature 	Date Signed 7-14-2023

Name	Contact Phone
Residence Address street, city, state, zip	
Mailing Address if different	Email Address
Signature	Date Signed

Name	Contact Phone
Residence Address street, city, state, zip	
Mailing Address if different	Email Address
Signature	Date Signed

ORDINANCE BILL NO. 12-23

1 AN ORDINANCE RELATING TO THE CREATION OF A TAX ON WAGES
2 EARNED; CREATING NEW PROVISIONS: SRC 39.001, 39.005, 39.010, 39.015,
3 39.020, 39.025, 39.030, 39.035, 39.040, AND 39.990.

4 *The City of Salem ordains as follows:*

5 **Section 1.** The Salem Revised Code is hereby amended as set forth in Exhibit A,
attached hereto and by reference incorporated herein.

6 **Section 2. Findings.** The Salem City Council finds:

7 (a) The City of Salem is a full-service City, supporting residents and the greater
8 community through a range of services, including police, fire, library, parks, recreation,
9 public facilities, municipal court, planning, code enforcement services, and enterprise
10 shared services. Community members rely on and expect the City of Salem to provide
these services to maintain a city that is safe, welcoming, and livable.

11 (b) Services without a dedicated revenue source are paid for by the City's General Fund.
12 The largest source of revenue in the General Fund is property taxes generated by the
13 City's permanent operating rate levy. Due to Measure 5 (1990) and Measure 50 (1997)
14 limiting property tax growth and establishing permanent tax rates, increases in property
15 tax revenue have not kept pace with escalating costs and the demand for services paid for
16 by these revenues. Some significant costs are largely not controlled by the City; such as
17 escalating health care costs and state mandated PERS rates. The city's population has
18 grown by more than 14 percent in the last ten years with the anticipation of 40,000 more
19 residents by 2045. This structural imbalance between revenues and expenses within the
20 General Fund has been recognized by the City, which has acted with responsible fiscal
21 stewardship to contain expenses within its control.

22 (c) The City has implemented a number of cost-saving measures, including; consolidating
staffing; utilizing technology to automate processes and reduce paper and other costs,
saving energy, enhanced utilization of volunteers; performing more work within the City
with less reliance on consultant services; and many other measures. Through the recent
recessions, the City was faced with decisions on how to balance the budget and in doing
so eliminated or reduced General Fund services. Some examples include closing two fire
stations, and reducing library hours, recreation services and support to neighborhoods.

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
3 payroll tax and a city operations fee.

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

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

22 (k) The employee-paid payroll tax set forth in this ordinance bill will provide a more
balanced, sustainable funding source for the City, that will grow as both employment and
wages increase. The tax exempts minimum wage workers and will be dedicated to
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
severable, and if any part of this ordinance is held invalid by a court of competent
12 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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21
22

SRC 39.001 - Title and Purpose. This chapter shall be known and may be cited as the “Employee Payroll Tax Code of the City of Salem.” The purpose of this chapter is to establish a tax on wages received to generate revenue to pay for City community safety services, and for the administration of the tax.

SRC 39.005 – Definitions.

Employee an individual who renders personal services for compensation to an employer if the employer either pays or agrees to pay for personal services or permits the individual to perform personal services.

Employer includes any of the following:

- A person who in a relationship with another person that the person may control the work of that other person and direct the manner in which it is to be done;
- An officer or employee of a corporation, or a member or employee of a partnership, who as such officer, employee or member is under a duty to perform acts required of employers by ORS 316.167, 316.182, 316.197, 316.202 and 316.207; or
- The State of Oregon or any political subdivision of the state.

Minimum Wage the minimum wage rate established by ORS 653.025(1).

Net earning from self-employment has the same meaning as in section 1402 of the Internal Revenue Code of 1986, as that section was in effect and operative on December 31, 1988.

Community Safety Services, as used in this Chapter, means police, fire, emergency medical services, 911 call service, code enforcement, and unsheltered services.

Self-Employed Individual means a person that earns income as defined in section 1402(b) of the Internal Revenue Code as amended and in effect on [the effective date of this ordinance], or an independent contractor as defined in ORS 670.600.

Tax Administrator means the Director, and any person or entity with whom the Director employs or contracts with to administer, enforce, or collect the tax established by this Chapter.

Wages as defined by ORS 316.162(2)

SRC 39.010 – Administration; rulemaking. The Director or Tax Administrator shall administer, implement and enforce the provisions of this Chapter, have the authority to render written and oral interpretations, conduct audits, and to adopt administrative rules and procedures governing the administration, enforcement, and collection of the tax.

SRC 39.015 – Tax established. A tax is hereby imposed on every employee and self-employed individual who perform work within the Salem city limits as set forth in this section:

(a) A tax at a rate of 0.00814 (0.814 percent) of the employee's wages and self-employed individual's net earnings from self-employment for work performed within the Salem city limits.

(b) Exemptions. Notwithstanding subsection (a) this section:

(1) No tax is owed by an employee for wages earned at or below the minimum wage,

(2) No tax is owed for net earnings for self-employment if the annual net earnings are at or below the equivalent of annual wage at minimum.

(c) Every employer at the time of payment of wages shall deduct and withhold from the amount of wages paid to an employee, an amount equal to the total amount of wages, multiplied by the rate of tax imposed under subsection (a) unless the employee is exempt for all or a portion of the wages under subsection (b) of this section.

SRC 39.020 – Payment and Remittance. All employers shall remit the tax imposed under this Chapter to the Tax Administrator quarterly, or as directed by rules adopted under this Chapter. In the event of any failure by an employer to deduct, withhold, or remit the tax imposed, or in the case of self-employed individuals, each employee and self-employed individual is responsible to remit the tax imposed in accordance with the requirements of this Chapter.

SRC 39.025 – Interest and Penalties. The Director or Tax Administrator shall adopt administrative rules pursuant to section 39.010 of this Chapter to specify the amount of penalties and interest that a person must pay if the person fails to timely pay or remit any tax imposed by this Chapter. The amount of penalties and interest established by administrative rule shall be consistent with comparable provisions of state law.

SRC 39.030 – Use of Payroll Tax Revenue. Revenue collected by the City from the payroll tax shall only be used for community safety purposes and for administration of the tax.

SRC 39.035 – Appeals. Any person adversely affected by any decision, action, determination, or order, made by the Tax Administrator interpreting or implementing the provisions of this chapter may appeal in the manner provided by SRC 20J.240 – 20J, as may be supplemented by administrative rules issued pursuant to this chapter.

SRC 39.040 – Violations. Violation of any provision of this chapter, in addition to any rule or civil penalty created and imposed by administrative rule, shall be an infraction.

SRC 39.045 – 39.985 are reserved.

SRC 39.990 – Expiration. The tax set forth in SRC 39.015 shall be referred to Salem voters no later than July 1, 2031, and the imposition of the tax shall expire on December 31, 2031 unless it is continued pursuant to voter approval.