

Effort to repeal Salem payroll tax before election fails



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An effort to repeal Salem's payroll tax before it goes to voters failed during Monday's City Council meeting.

The failure means the issue will be on the ballot in a special election this November.

Councilor Julie Hoy made the motion to repeal the tax. If it had passed, it would have canceled the public vote and saved the \$220,000 needed to conduct a special election.

"Repealing this ordinance will allow us to reset and take the time we need to bring the community together on what solutions to our budget crisis they support," Hoy said in her motion. "Repealing the payroll tax ordinance will, I believe, be a first major step toward healing. While the looming budget deficit is bad enough ... a trust deficit is an even bigger problem."

Council voted last month to impose a .814% tax on wages for people working in Salem, regardless of where they live, as early as July 2024.

It is expected to generate \$27.9 million annually and cost a person earning the average hourly rate of \$29.90 the equivalent of \$506.24 a year. The funds generated could only be used for community safety, which includes police services, fire, emergency medical services, 911 call services, code enforcement and unsheltered services.

After hours of testimony and deliberation, the council voted to skip sending the issue to voters and instead opted to implement it themselves. Councilors Hoy, Vanessa Nordyke, Deanna Gwyn and Jose Gonzalez voted against the payroll tax.

Mayor Chris Hoy and councilors Virginia Stapleton, Linda Nishioka, Trevor Phillips and Micki Varney voted in favor of it.

In the ensuing days, the Oregon Business & Industry, a statewide chamber of commerce and trade association, launched an effort to refer the tax to voters.

Officials with Let Salem Vote said the proposal was vague, the tax was too high, the administrative burden was significant and there was little assurance as to how the funds would be spent.

The group successfully collected more than the 3,986 verified signatures needed to qualify for the November ballot.

Meanwhile, Stapleton has worked with residents and volunteer planning and budget committee members to start a Save Salem campaign to promote a "yes" vote on the measure and, they said, prevent cuts on critical city services.

Stapleton said the group was created to show the community what is at stake if the city fails to address the nearly \$30 million budget shortfall.

According to the city, a \$15 million reduction would be the equivalent of decreasing services by 65 police officers, six fire stations (\$2.3 million each), or all park maintenance (\$9.3 million) and the library services (\$6 million) combined.

During deliberations Monday, Julie Hoy questioned whether there was even a deficit in the first place and said the tax was unnecessary.

Stapleton questioned why Julie Hoy wanted to skip the public vote when she had initially pushed for a public vote during budget discussions earlier this year.

Hoy said the issue was doomed to fail.

Nordyke said public trust in the city was irreparably damaged after the council opted to pass the payroll tax.

Phillips said he intended to follow the referendum petition's call to "let Salem vote" and send the issue to voters

Mayor Chris Hoy, who previously voted in favor of the payroll tax, said it was 100% within the council's right to pass the tax and 100% within the purview of the voters to initiate a petition and refer it to the ballot.

"That's part of our democratic process," he said. "We did our part. The residents have done their part. And now it's time for the voters to vote. I think that if we don't allow that process to play out ... that undermines trust in my mind."

The motion to repeal the tax failed 6-3, with councilors Julie Hoy, Gonzalez and Gwyn voting in favor, and Chris Hoy, Nishioka, Stapleton, Varney, Phillips and Nordyke voting against.

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