

The Taxman Cometh?

CITY COUNCIL PURSUES PAYROLL TAX
DESPITE FLAWS NOTED IN 2014 AND AGAIN IN FEBRUARY

By Henry Houston

More than half of the public testimony given to the Eugene City Council May 28 opposed the proposed payroll tax for public safety. Some speakers received claps and cheers, leading Mayor Lucy Vinis to request silence from the audience.

If the City Council passes City Manager Jon Ruiz's recommendation of a 0.4 percent on employees and 0.2 percent on minimum-wage workers and employers, Eugene would be the first municipal government in Oregon to impose a payroll tax. Most of the revenue — 65 percent — would increase funding for Eugene Police Department.

Part of what informed the city's discussion on tax mechanisms came from a 2014 revenue report. Although the team of citizens who compiled the report didn't recommend the tax at that time, the City Council still approved the idea as a potential revenue maker despite other associated costs pointed out by city staff during a Feb. 23 City Council work session.

Marty Wilde, now a state representative, worked on the 2014 revenue team that explored two dozen other tax mechanisms to raise money for the general fund.

At the time, the city was looking at ways to raise money to fund the city's operations. The Great Recession's impacts had hit Eugene, and the budget committee wanted to see what taxes might increase revenue to avoid further cuts.

The 2014 revenue team also said certain employers would be exempt. That's because of intergovernmental immunity, a law that prohibits governments from intruding on other governments' sovereignty — in this case, taxing government employers. That leaves out some of the largest employers in Eugene: the University of Oregon, Lane County government and Eugene School District 4J. While government employers would escape the 0.2 percent tax, government employees would still be taxed.

Other tax mechanisms discussed by the team included red-light cameras, personal income taxes and an admissions tax. One tax recommended by the revenue team recommended a 5 percent restaurant tax, which the group estimated could bring in about \$15.5 million before administrative costs.

The City Council heard more about the costs associated with the payroll tax during its work session.

Implementing such a tax wouldn't be free. Having the state Department of Revenue (DOR) collect the tax would cost \$1 million up front.

Then the city would pay DOR \$600,000 annually, a base level that could increase if there are complexities to the tax; the amount is likely to increase since minimum wage workers would be taxed at a lower rate. After the May 28 City Council public forum, it seems that the council is considering some adjustments, like exempting Springfield residents who work in Eugene.

The city could administer the tax itself, but that would cost twice what DOR charges.

DOR would need to set up the tax, and it would take years to collect close to the full amount, according to the city. The city says public services — such as EPD — need an annual increase of \$23 million to operate sufficiently. The payroll tax wouldn't provide that amount until 2025. City projections show the initial collection rate of revenue would be 75 percent in 2021 and increase by 5 percent until reaching 97 percent in 2025.

Laura Hammond, a spokesperson for the city, says it will roll out the enhanced services and programs based on anticipated funding. It could take years until the city fully implements the programs.

During the Feb. 23 work session, councilors and the mayor weren't interested in having citizens vote on the payroll tax because of the urgency of replacing an 18-month one-time bridge funding of \$8.6 million, which would end if the tax went on the ballot in November.

"If it's approved, it wouldn't meet our July 2020 deadline," Vinis said during the February work session. "We wouldn't be able to implement it that fast. You would be facing another funding gap decision."

Eugene citizens could refer the ordinance for a public vote if the City Council passes it. It would take 5,394 signatures to refer the ordinance. ■

The City Council will discuss the payroll tax again during a work session 5:30 pm Monday, June 10, at Harris Hall, 125 E. 8th Avenue.

slant

• Reading this *Slant* column and hungry for more opinions about what's going on in Lane County and Oregon? This week you can find our **Local and Vocal columns**, written by your fellow community members, at the back of the paper (not far from everybody's favorite writer, Dan Savage). We're always looking for opinions on issues that affect our readers in letters and columns, so send them in to letters@eugeneweekly.com.

• **An appalling editorial ran in *The Register-Guard* June 3.** Under the headline "College degrees are a privilege," the GateHouse-owned newspaper argued that not only is a college degree "not a right" for Oregonians, but that the University of Oregon is perfectly justified in boosting undergraduate in-state tuition by 10 percent (a "moderate increase," the *RG* argues) while refusing to make cuts in its multi-million-dollar sports business. No, we don't think higher education should be free. But education is a right that should be accessible to all Oregonians, and not just those from the wealthy and privileged corporate classes.

• Can it possibly be true that **Art Robinson is running once again against Peter DeFazio** for his congressional seat? The jillionaire Mercers seem to have been persuaded that 2020 is the year that extreme right Robinson can win. Don't think so. DeFazio is now the powerful chair of the transportation and infrastructure committee in the House. We'll just have to defeat Robinson one more time.

• The **riderless horse with the riding boots reversed in the stirrups** was a profound tribute to the late Oregon Federal Judge Owen Panter in a celebration of life June 1 at the Panter family horse arena outside Medford. Judge Panter, who lived from July 28, 1924 to Dec. 20, 2018, was appointed by President Jimmy Carter to serve as a U.S. district court judge in 1979. Judge Anna Brown presided over the service, asking for the brevity Judge Panter famously favored in his courtroom. More than 200 lawyers, judges, family and friends gathered on a warm Saturday afternoon for this unusual ceremony that closed with the riderless horse led twice around the Panter family horse arena representing a fallen leader who will ride no more.

• *Juliana v. United States* was argued at the Ninth Circuit Court of Appeals June 4, with thousands following the case via the hashtag #AllEyesOnJuliana. At issue **was whether the "climate kids" will get their day in court.** Concerned citizens, youth and adults alike, are taking this and other climate lawsuits to court because our local, state and federal governments aren't doing enough to stop climate change. In an era where our own president is foolish enough to doubt the science behind global warming it's an uphill battle, but a worthy one.

• Bend and its environs filled a full page in *The New York Times* travel section Sunday, June 2. The marketing was a little weird: "...Central Oregon is home to the world's last Blockbuster store and **it's known for its proliferation of cannabis dispensaries and craft breweries.**" The author, Dave Seminara, also mentioned a "popular local bumper sticker" that reads "Bend Sucks, Don't Move Here."