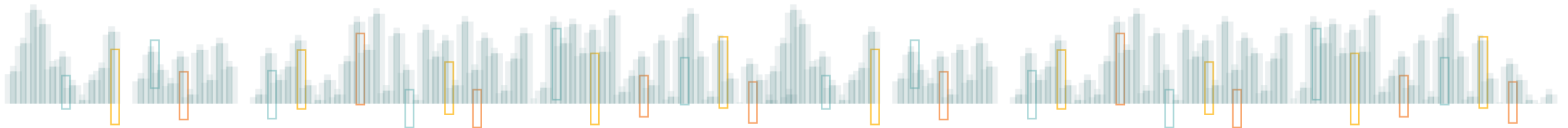




City of Salem Funding Survey

April 2024



Research purpose

- Assess the community's current understanding of Salem's revenue standing
- Understand residents' priorities around funding city services
- Provide an opportunity for Salem residents to share their preferences for various funding mechanisms and scenarios being considered by the Revenue Task Force



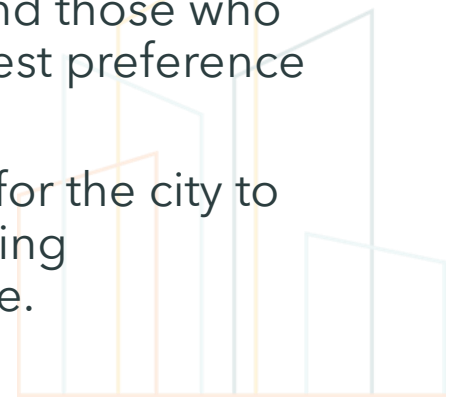
Methodology

- Hybrid phone and text-to-online survey of N=400 residents of the City of Salem
- Conducted April 1-7, 2024; 16 minutes to complete
- Quotas were set by age, gender, race, education, party, and area of city to match Salem's adult population.
- The survey was offered in English and Spanish
- Margin of error $\pm 4.9\%$
- Due to rounding, some totals may differ by ± 1 from the sum of separate responses.



Key takeaways

- **Community Mood:** Just over half of residents are satisfied with their quality of life in Salem. 2 in 3 rate their current financial situation as good, though under half rate the city's economic conditions as good.
- **Service values and priorities:** Satisfaction with the value of services from the General Fund for the cost of taxes and fees paid is rebounding from a 2020 drop, with just below half currently satisfied. Fire and police are the top items that people would pay more for, followed by parks and libraries, which mostly follows the order of satisfaction with services.
 - Those who are more satisfied with their personal finances and quality of life and perceive the city finances as good are more likely to say they would pay more across all services tested.
- **Funding criteria and values:** Salem residents rate a lack of impact on the local economy as the most important decision criterion. About 50-60% of residents rate the other criteria as important, but none as strong as the top item. They prefer to rely on taxes paid by businesses and those who use specific items and services over individuals or having everyone pay. Their strongest preference is for progressive over regressive taxes and fees.
- **Funding mechanisms:** Residents rate user fees and business taxes as the best ways for the city to raise revenue and the first priorities for the city to move forward with over other funding mechanisms. Support for PILOT funding is high, with just over half strongly supportive.



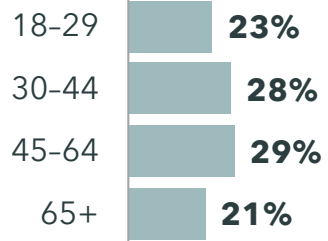
Demographics



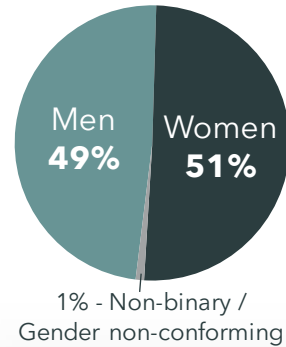
Demographic breakdown of survey respondents

N=400 Salem Residents

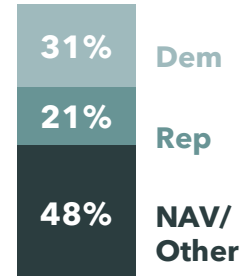
AGE



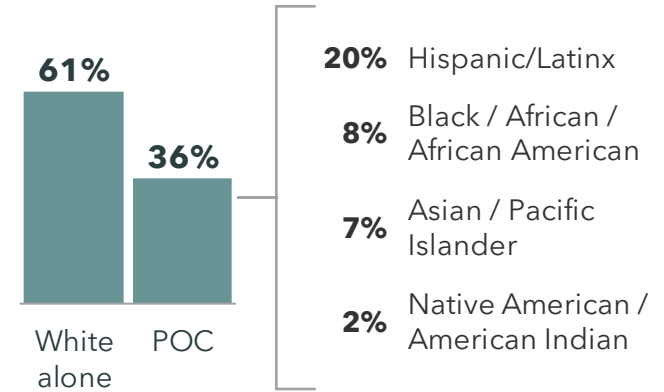
GENDER



PARTY

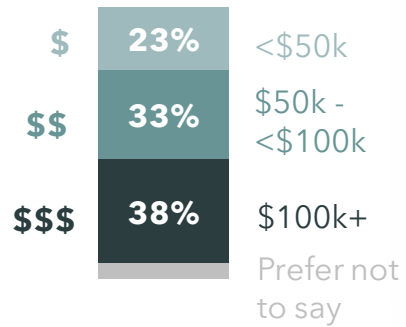


RACE / ETHNICITY

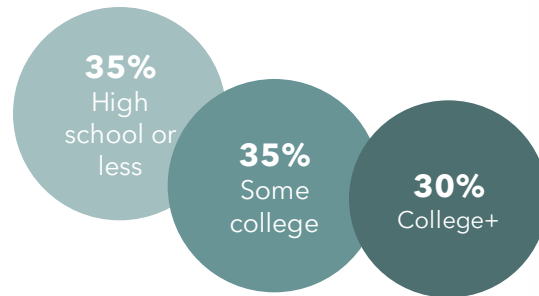


Note: 3% responded Don't know or Prefer not to say

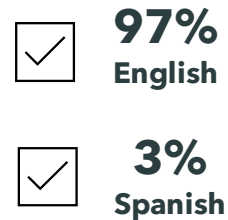
INCOME



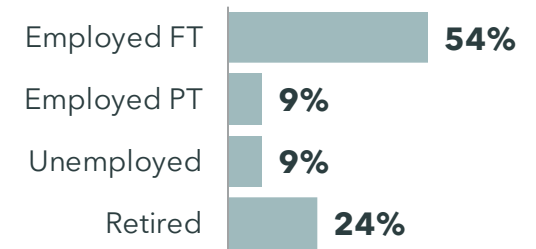
EDUCATION



LANGUAGE OF SURVEY



EMPLOYMENT STATUS

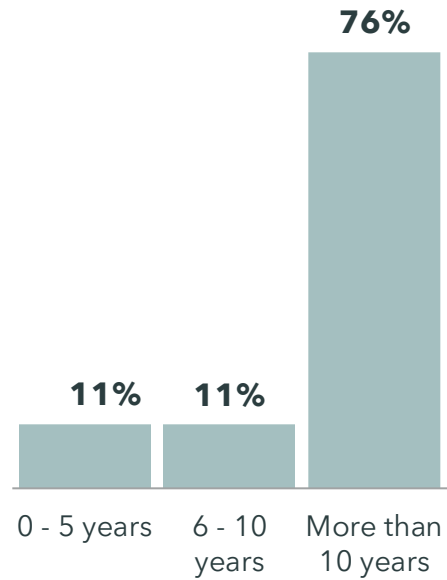


Note: 4% responded Prefer not to say

Demographic breakdown of survey respondents

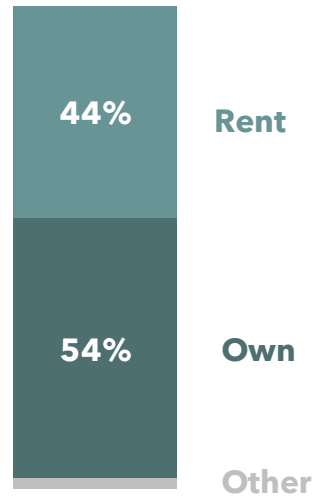
N=400 Salem Residents

YEARS IN SALEM

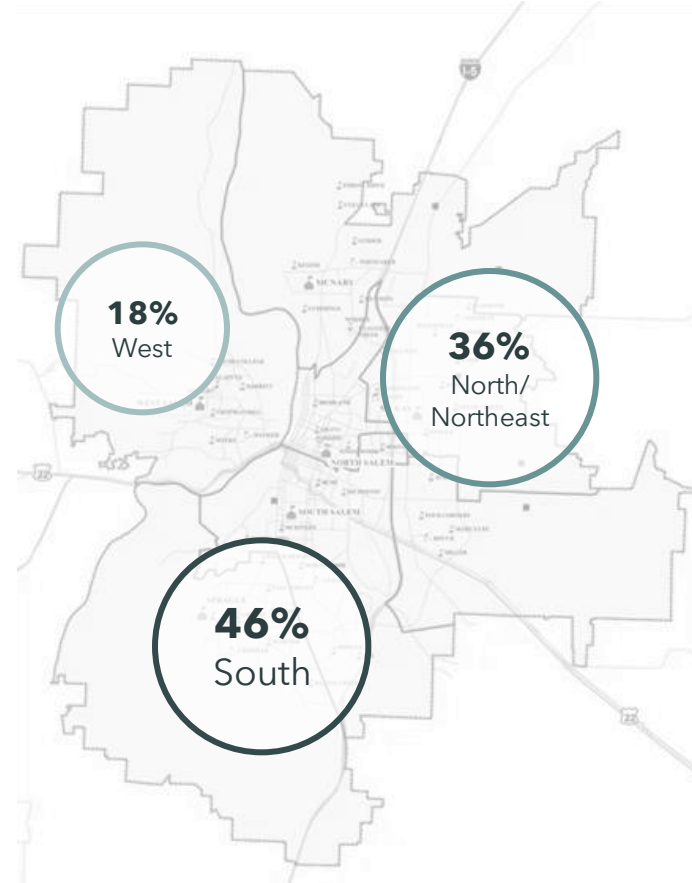


Note: 2% responded Prefer not to say

HOUSING



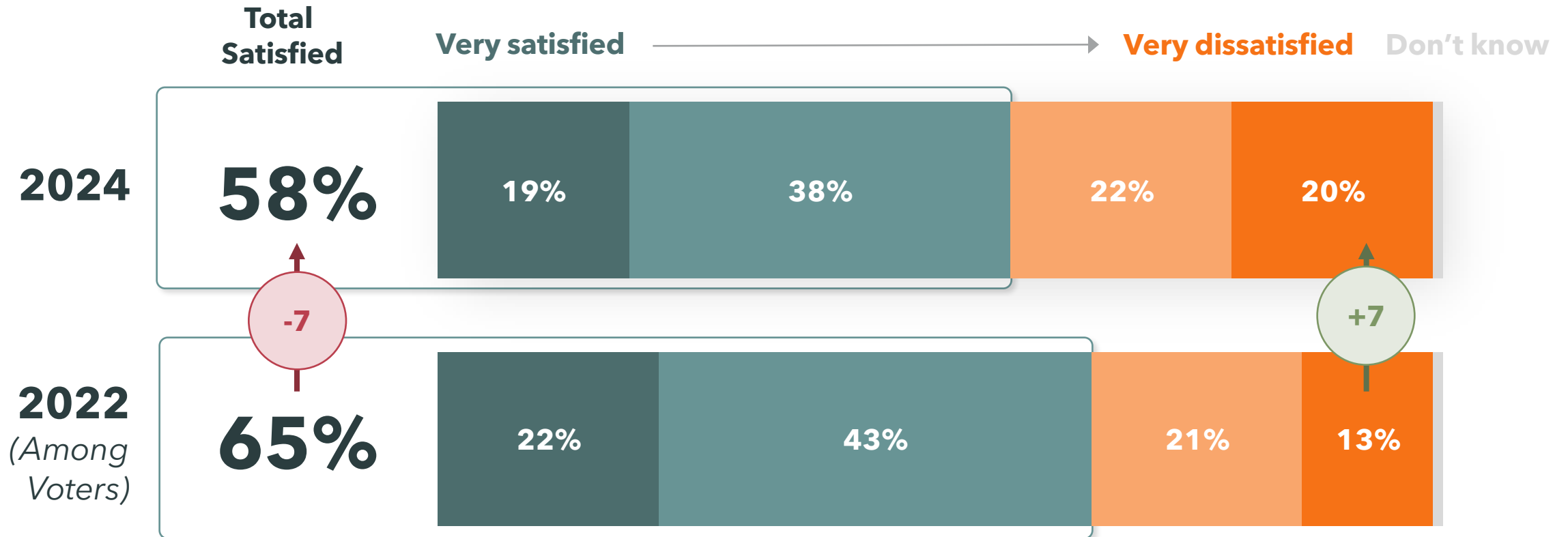
AREA



Community Mood



Residents are overall satisfied with their quality of life in Salem, though this has declined since 2022.



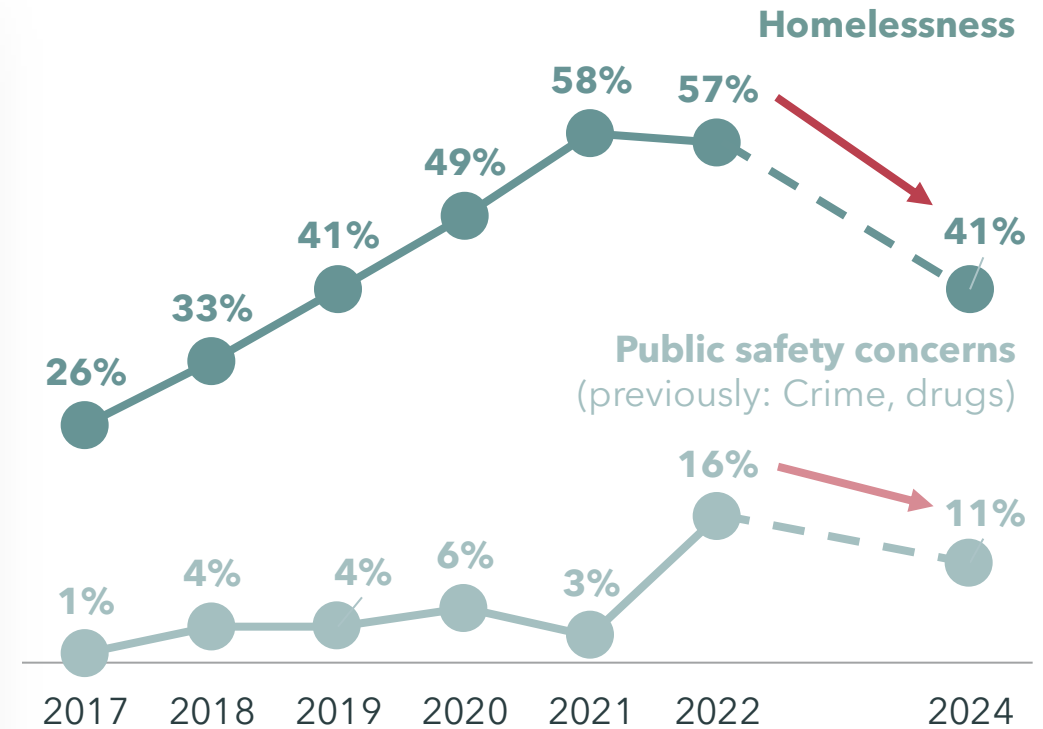
Homelessness is the most important issue that residents would like the city to do something about. Top concerns are down from a peak in 2022.



What is the biggest issue you'd like the city to do something about?

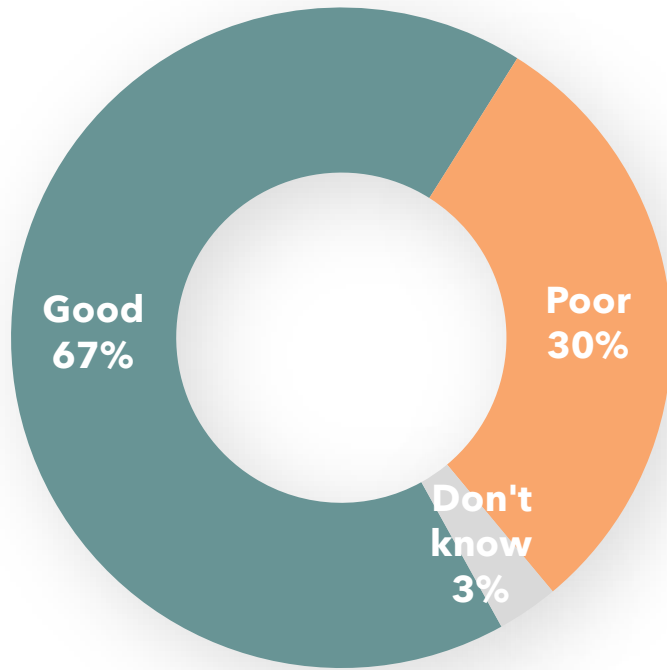
Top Responses Over Time

41%	Homelessness
11%	Public safety concerns
6%	Affordable housing/Housing
5%	Infrastructure/Roads
4%	Substance use
4%	Keep the library
3%	Increase police force/police support
3%	Budget mismanagement/ Wasteful spending
3%	Cost of living/Inflation

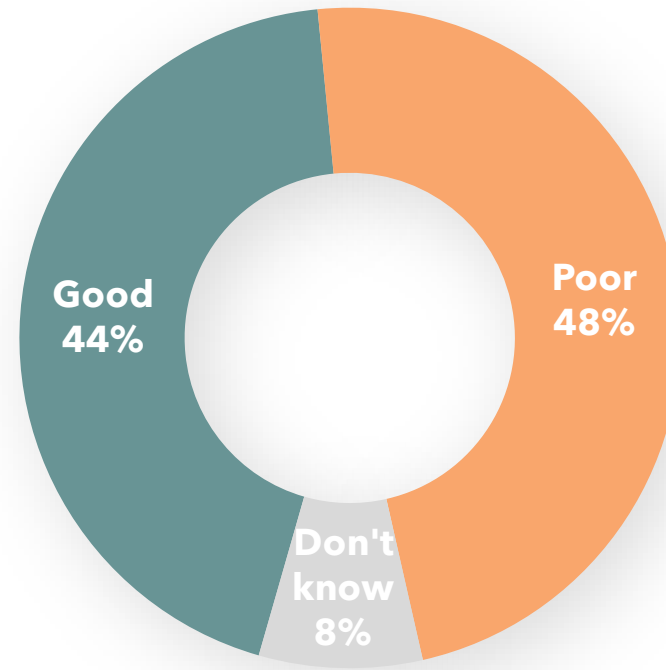


Showing coded open-ended responses. 2017-2022 data from the annual City of Salem Community Satisfaction Survey conducted by DHM

About 2 in 3 residents rate their own financial situation as good, whereas only about 2 in 5 rate Salem's economic conditions as good.



How would you rate **your** current financial situation?

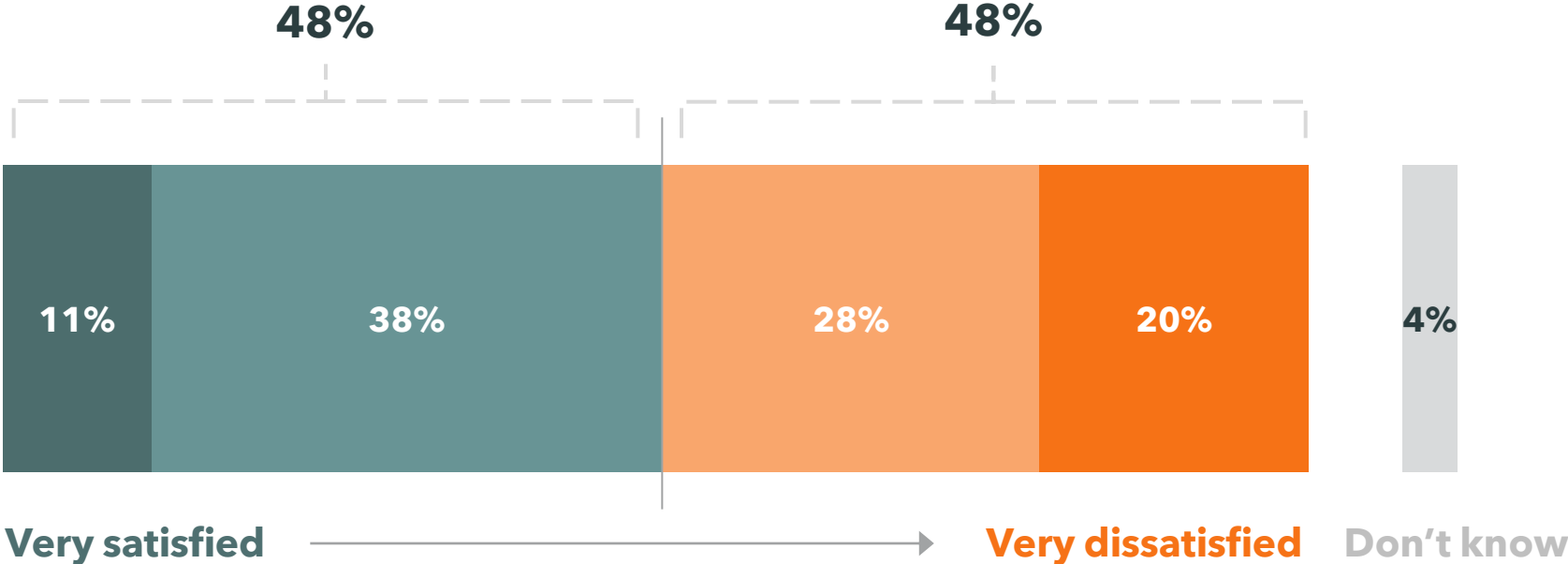


How would you rate the **City of Salem's** current economic conditions?

Service Values and Priorities



When it comes to the value of city services, resident satisfaction is equally split.

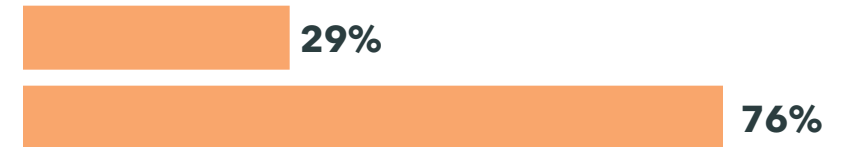
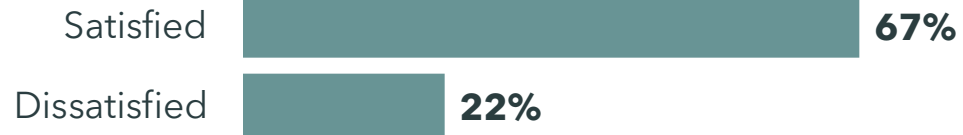


Satisfaction with city service value is driven by perception of quality of life, personal financial situation, and city economic conditions.

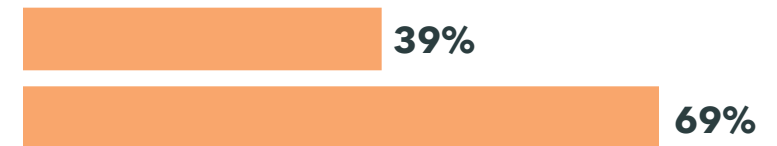
Showing % total **satisfied** with services by subgroup

Showing % total **dissatisfied** with services by subgroup

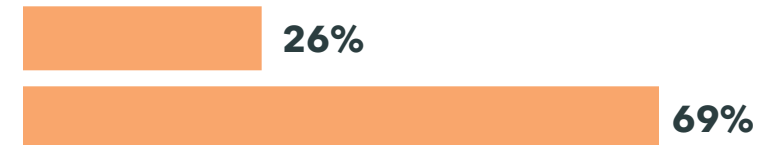
QUALITY OF LIFE



PERSONAL FINANCIAL SITUATION

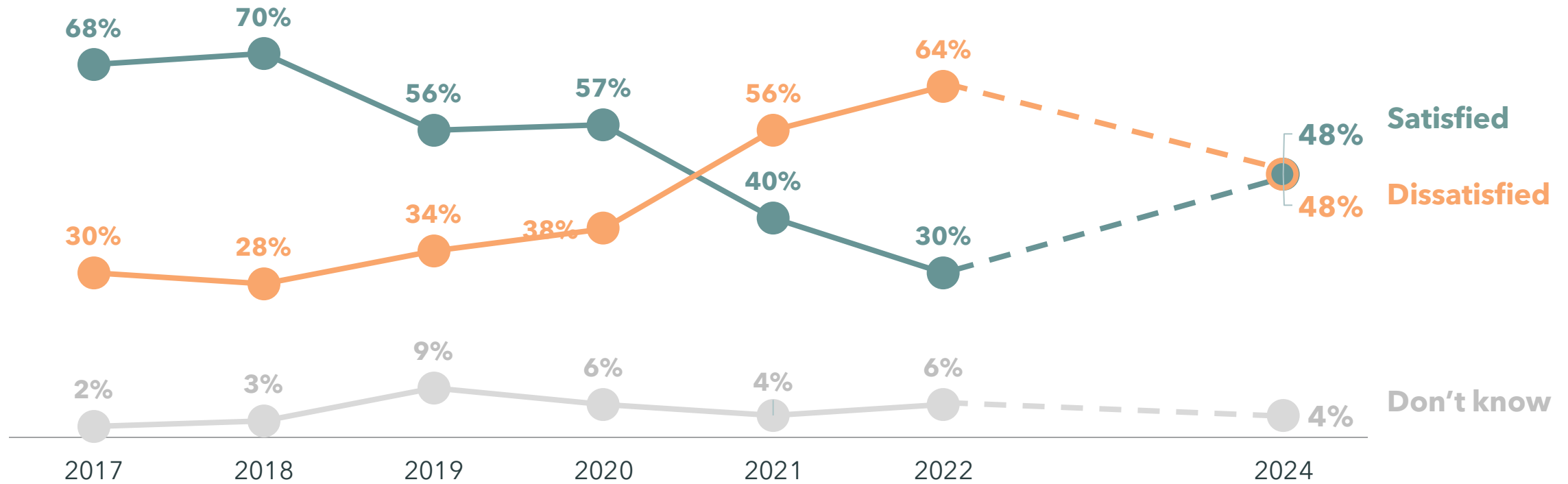


SALEM ECONOMIC CONDITION



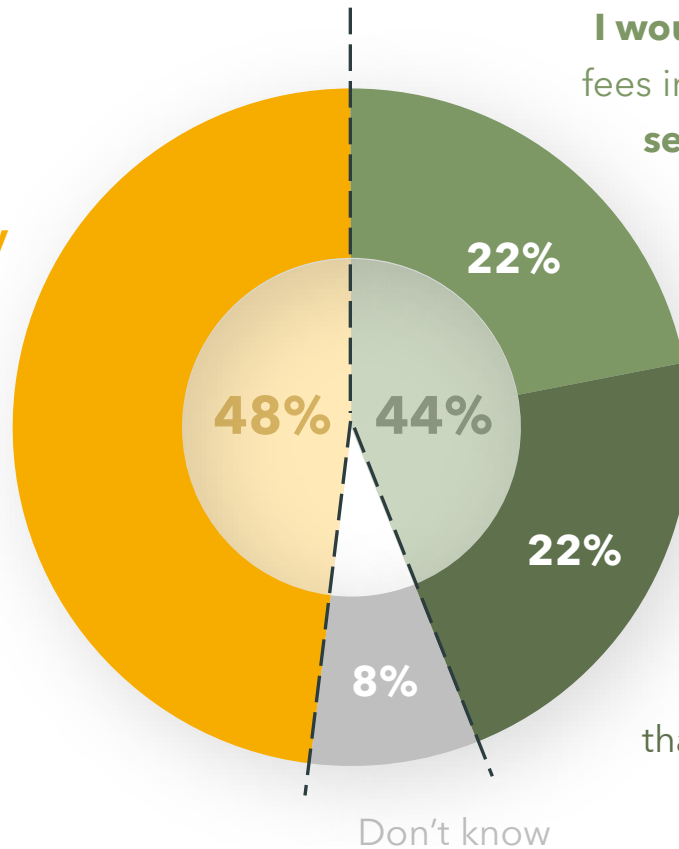
Satisfaction with value of city services for cost is rebounding from the drop after 2020.

Satisfaction with Value of Services for Taxes/Fees Paid in Salem



Residents are nearly split as to whether they are willing to pay more in taxes to support services.

I don't want to pay any more in taxes or fees than what we have in Salem now, even if it means cutting down on city services and employees.



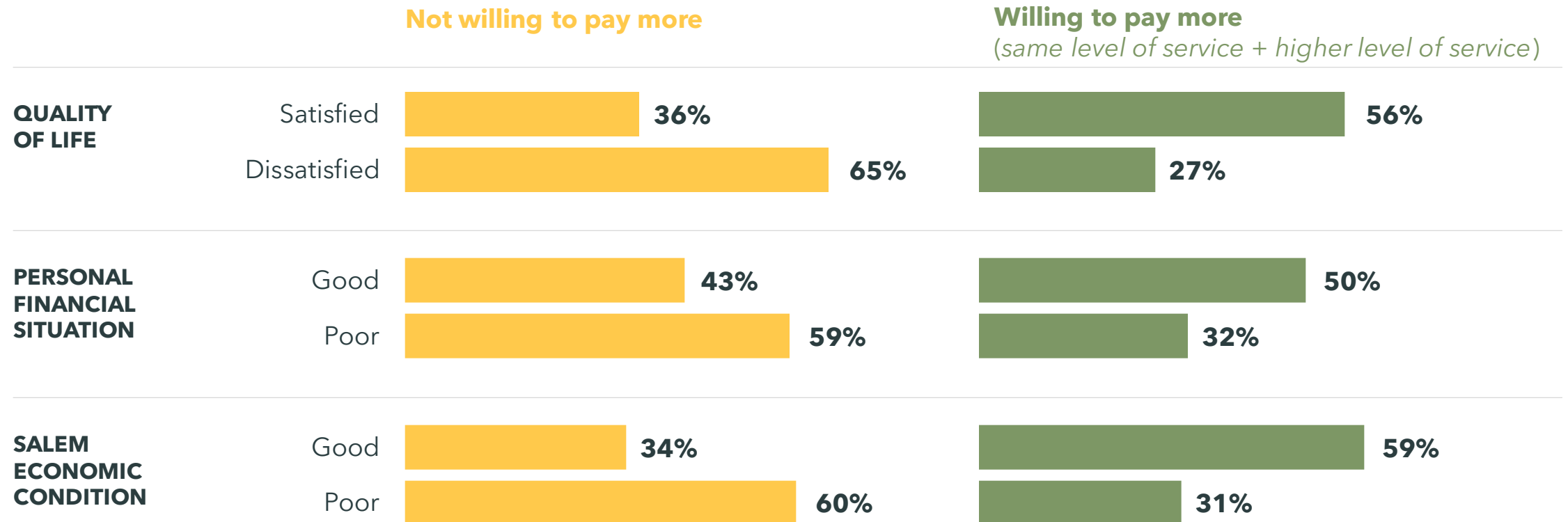
I would pay more in taxes or fees in Salem to **keep the city services we are provided now**, but I don't want to pay for a higher level of service.

I would pay more in taxes or fees in Salem for a **higher level of city services** than we are provided now.

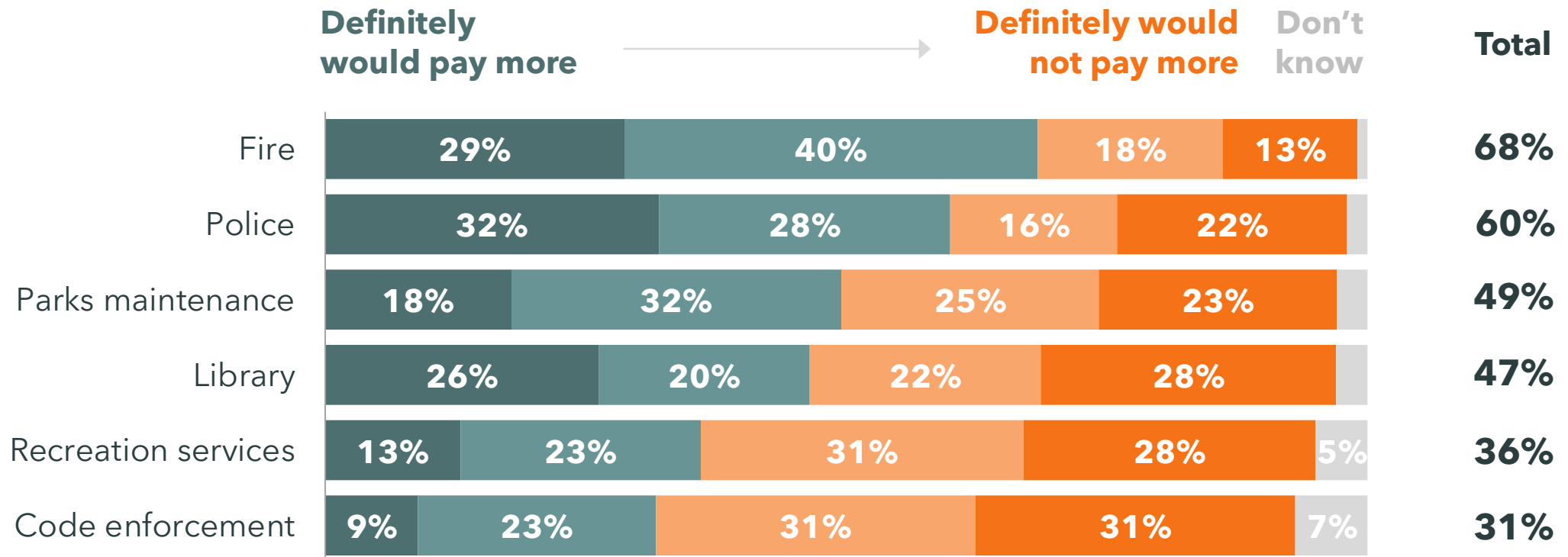


Even among those who are willing to pay more, they are split as to whether they are willing to pay a little for same level of services or pay a lot for a higher level of services.

Again, these sentiments are driven by quality of life, financial situation, and perception of city economic conditions; those who feel good in these areas are willing to pay more.



When asked about specific services, residents are more willing to pay more for fire and police than other general fund services.



Those who have a more positive outlook are more willing to pay for any service.

	QUALITY OF LIFE		CITY ECONOMIC CONDITIONS		FINANCIAL SITUATION	
Response category	Satisfied	Dissatisfied	Good	Poor	Good	Poor
Fire	78%	55%	78%	57%	72%	57%
Police	65%	52%	68%	51%	65%	45%
Parks maintenance	60%	35%	60%	40%	53%	37%
Library	61%	29%	60%	35%	53%	32%
Recreation services	46%	22%	47%	28%	41%	21%
Code enforcement	39%	22%	38%	25%	37%	20%

% = statistically significant difference

However, even amongst those with negative outlooks, many are still willing to pay more for fire and police.

	QUALITY OF LIFE		CITY ECONOMIC CONDITIONS		FINANCIAL SITUATION	
Response category	Satisfied	Dissatisfied	Good	Poor	Good	Poor
Fire	78%	55%	78%	57%	72%	57%
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Recreation services	46%	22%	47%	28%	41%	21%
Code enforcement	39%	22%	38%	25%	37%	20%

% = statistically significant difference

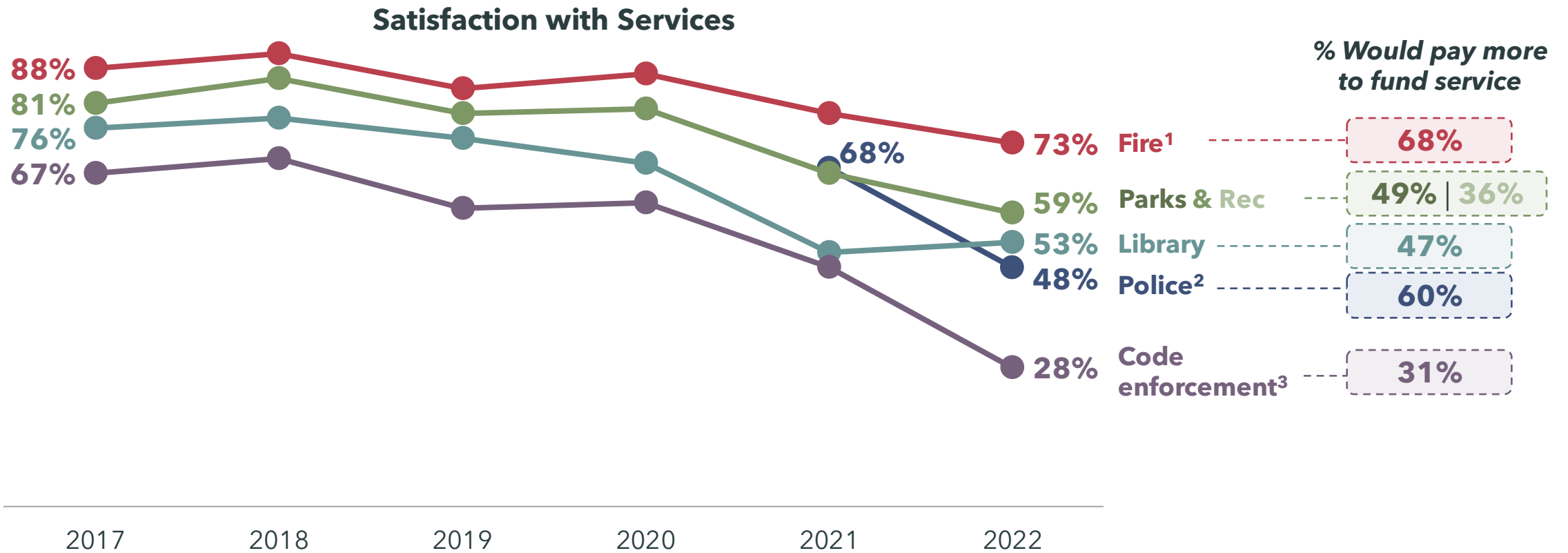
Most are willing to pay more for fire and police across key demographic groups.

% Would pay more for service by demographic group

	Age				Gender		Race/ Ethnicity		Party			Income			Area			Home Ownership	
	18- 29	30- 44	45- 64	65+	Men	Women	White	POC	Dem	Rep	NAV/ Other	<\$50K	\$50K- \$100K	\$100K+	West	North/ NE	South	Rent	Own
Fire Total: 68%	74%	65%	68%	68%	68%	69%	66%	74%	83%	62%	62%	72%	71%	66%	67%	65%	72%	70%	68%
Police Total: 60%	42%	63%	66%	67%	60%	60%	63%	56%	54%	65%	61%	59%	63%	58%	49%	57%	66%	56%	63%

% = statistically significant difference

Though satisfaction with services has dropped since 2020, willingness to pay for specific services tends to align with strength of satisfaction, except for police.



¹2017-2022 results for "Police, fire, ambulance, and 911 service"

²2022 result for "Law enforcement and public safety"

³2017-2020 results for "Enforcement of city codes for issues such as noise, yard upkeep, and other nuisances"

Even though satisfaction has dropped in these areas, people recognize the importance of fire and police, citing public safety concerns as one of the top issues currently facing the community.

41%

Homelessness

11%

Public safety concerns

6%

Affordable housing/Housing

5%

Infrastructure/Roads

4%

Substance use

3%

Keep the library

3%

Increase police force/police support

3%

Budget mismanagement/
Wasteful spending

3%

Cost of living/Inflation



As discussed in the focus groups:

*I'm an older person. So obviously, **I prioritize things like police and fire.** I've got to have quick ambulance service... and if I need help, I need to have the police be able to respond.*

-Ward 5&6

*Yeah, I love the parks and the facilities that we have available in the City. What really is exceedingly frustrating, though, is that there are a large number of parks our family doesn't feel comfortable or safe using **because of the homeless presence and lack of policing there.***

-Ward 8

*Those would be the last things that I would want to cut - **safety related and infrastructure related.** And I still want to have nice parks, and you know the rest of it. But if we get down to making choices, those would be my priorities.*

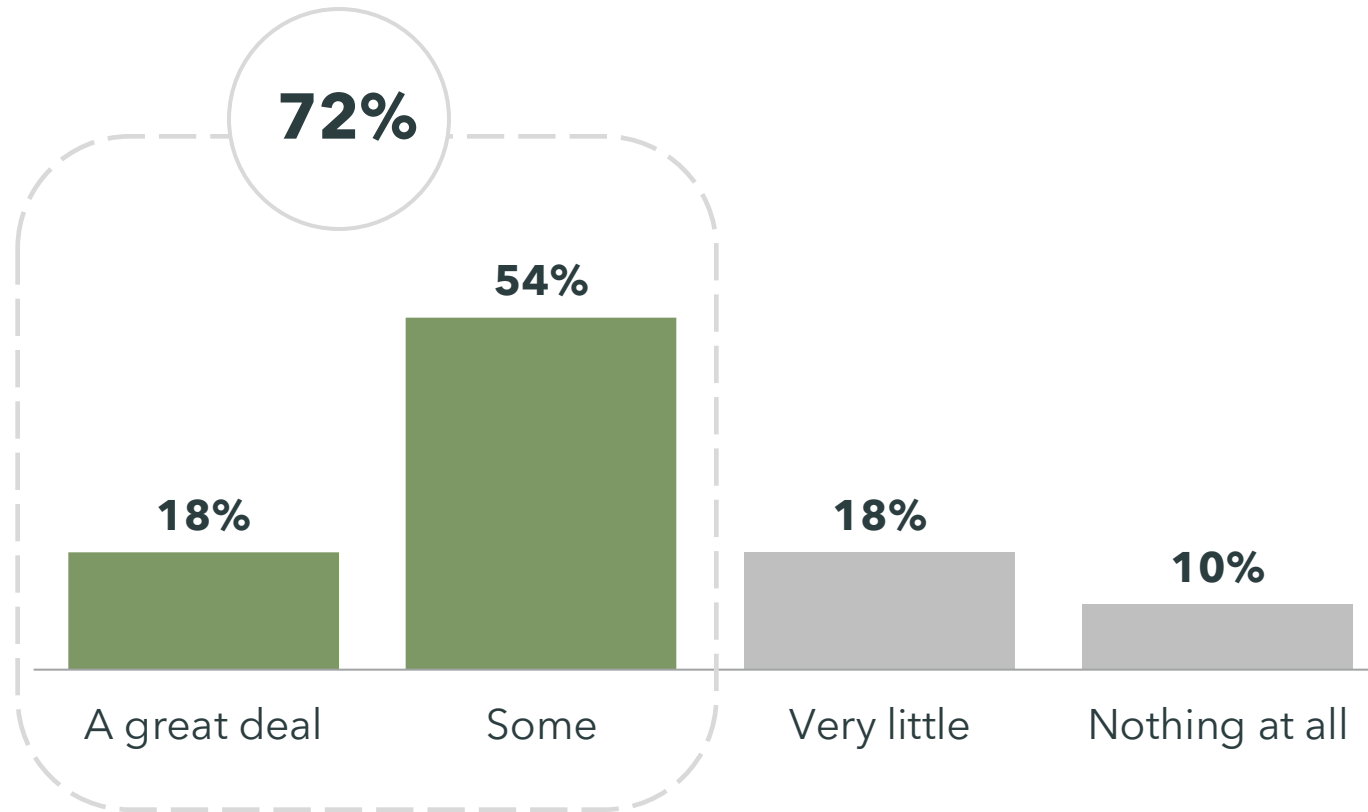
-Ward 7

Funding Criteria and Values



Nearly 3 in 4 residents feel they had at least some knowledge of the city's financial situation prior to the survey.

Before today, how much did you know about the city's financial situation?



Those who rated the city's financial situation as poor report higher levels of knowledge about it.

Before today, how much did you know about the city's financial situation?



Decision Criteria Tested

Legal viability. The city should have current legal authority to pursue the option.

Generates sustainable, ongoing revenue. Revenue options with one-time or low estimated revenue potential are lower priorities.

Equitable. Revenue options with higher impacts on lower-income earners are considered less desirable.

Negative environmental impacts. Revenue options with negative environmental impacts are less desirable.

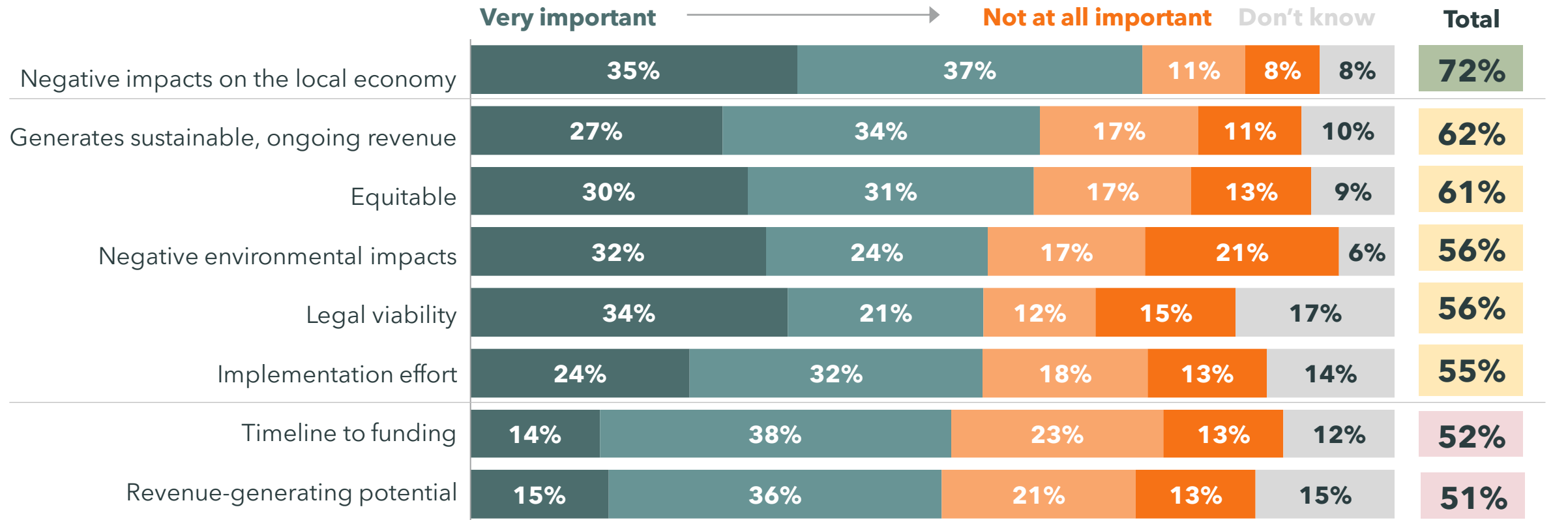
Negative impacts on the local economy. Revenue options that may impact business in Salem are less desirable.

Implementation effort. Revenue options with high estimated administrative effort are less desirable.

Revenue-generating potential. Options that generate lower levels of revenue either one-time, or on an annual basis are considered less desirable.

Timeline to funding. Revenue options will be evaluated based on how soon funds could flow into the city. Options with longer timelines are less desirable.

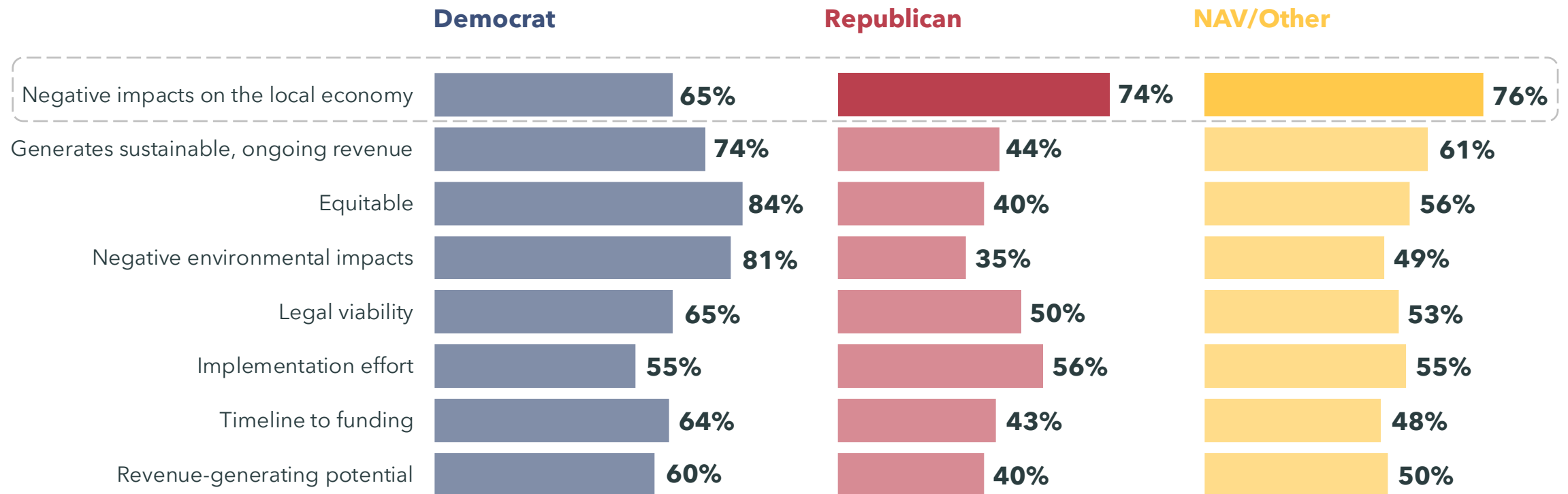
Negative impacts on the local economy are by far the most important decision criteria for residents. All other criteria are of average or below average importance.



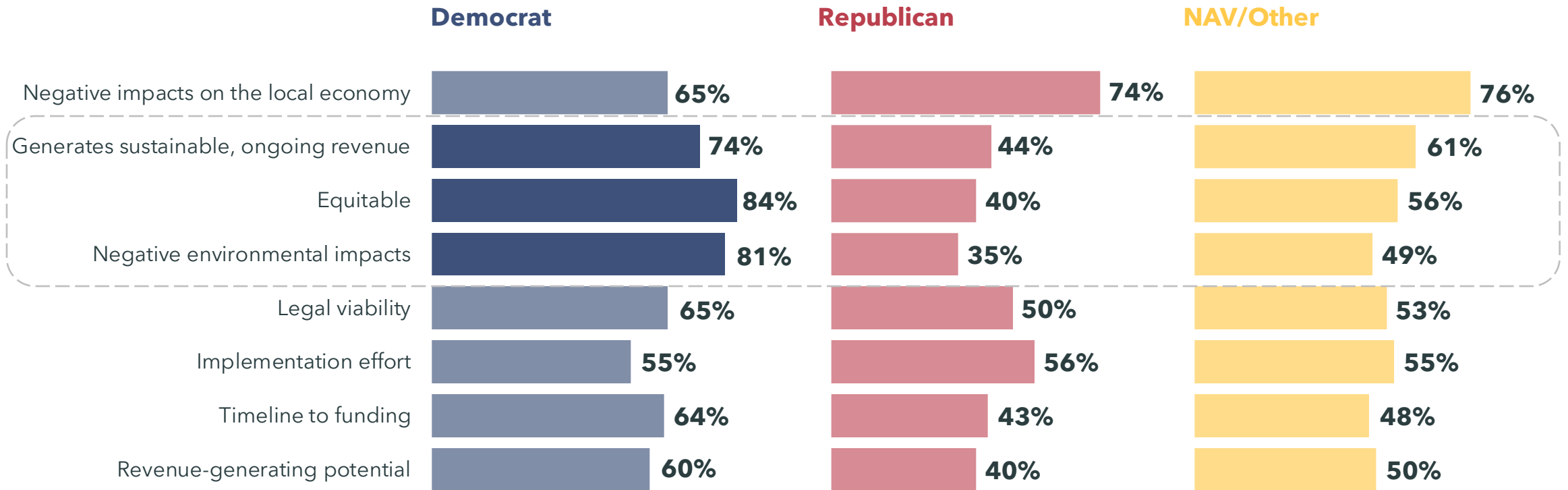
When compared to average importance:

- = Above average importance
- = Within average importance
- = Below average importance

Republicans and non-affiliated voters feel that negative impacts to the local economy is the most important criteria.

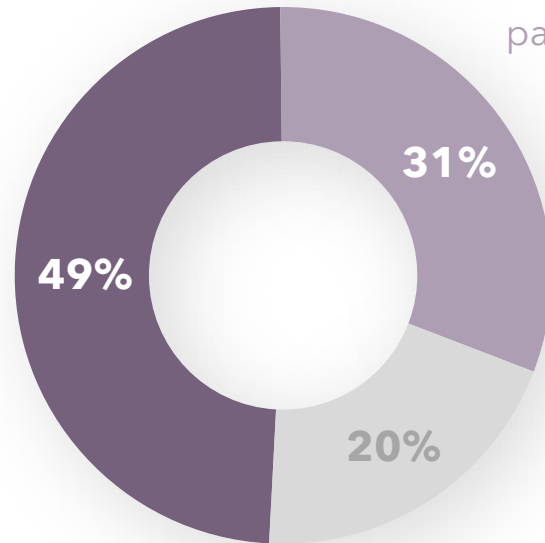


Democrats feel that revenue sustainability, equity, and negative environmental impacts are most important.



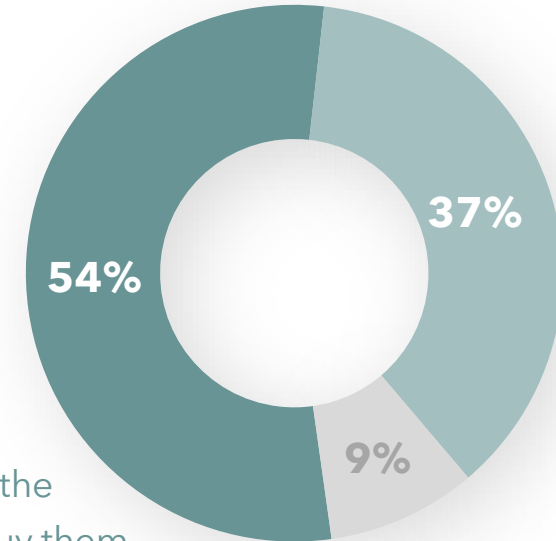
When asked about general revenue options, a plurality prefer taxes and fees be paid for by either businesses or the people who buy and uses the services.

Rely more on taxes and fees paid for by **businesses** in the community



Rely more on taxes and fees paid for by **individuals** in the community

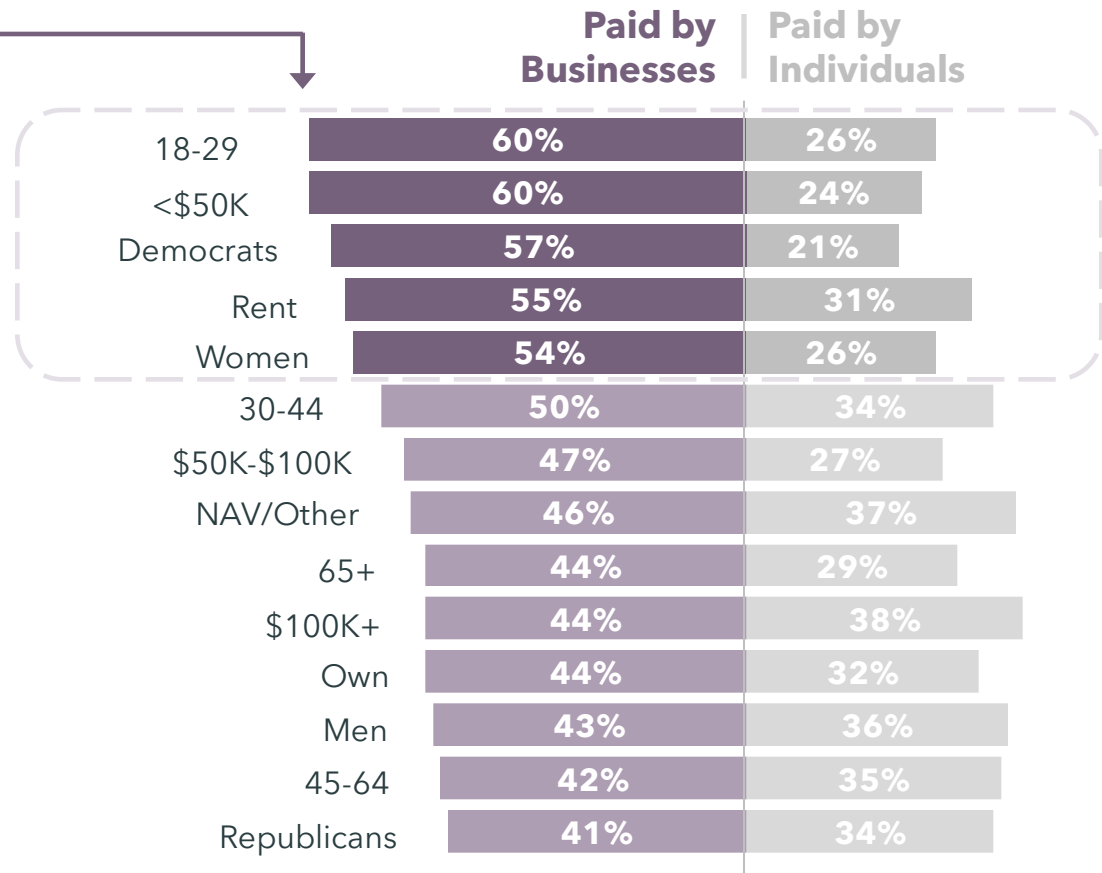
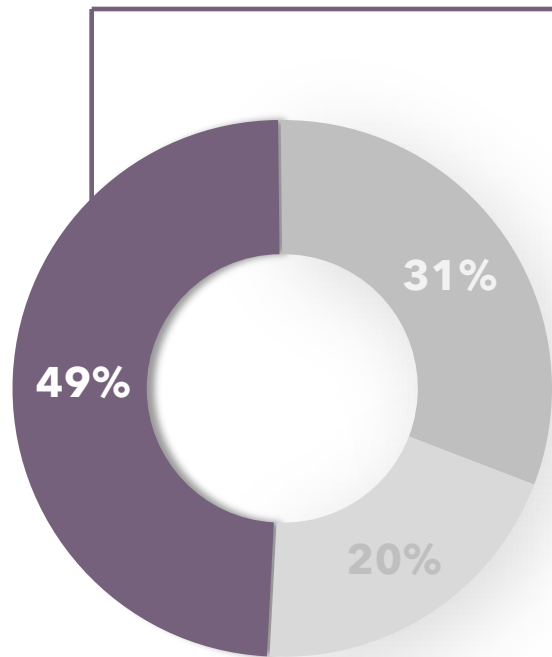
Rely more on **taxes or fees on specific items or services**, paid for by the people who use or buy them



Rely more on **general taxes or fees**, paid for by everyone in the community

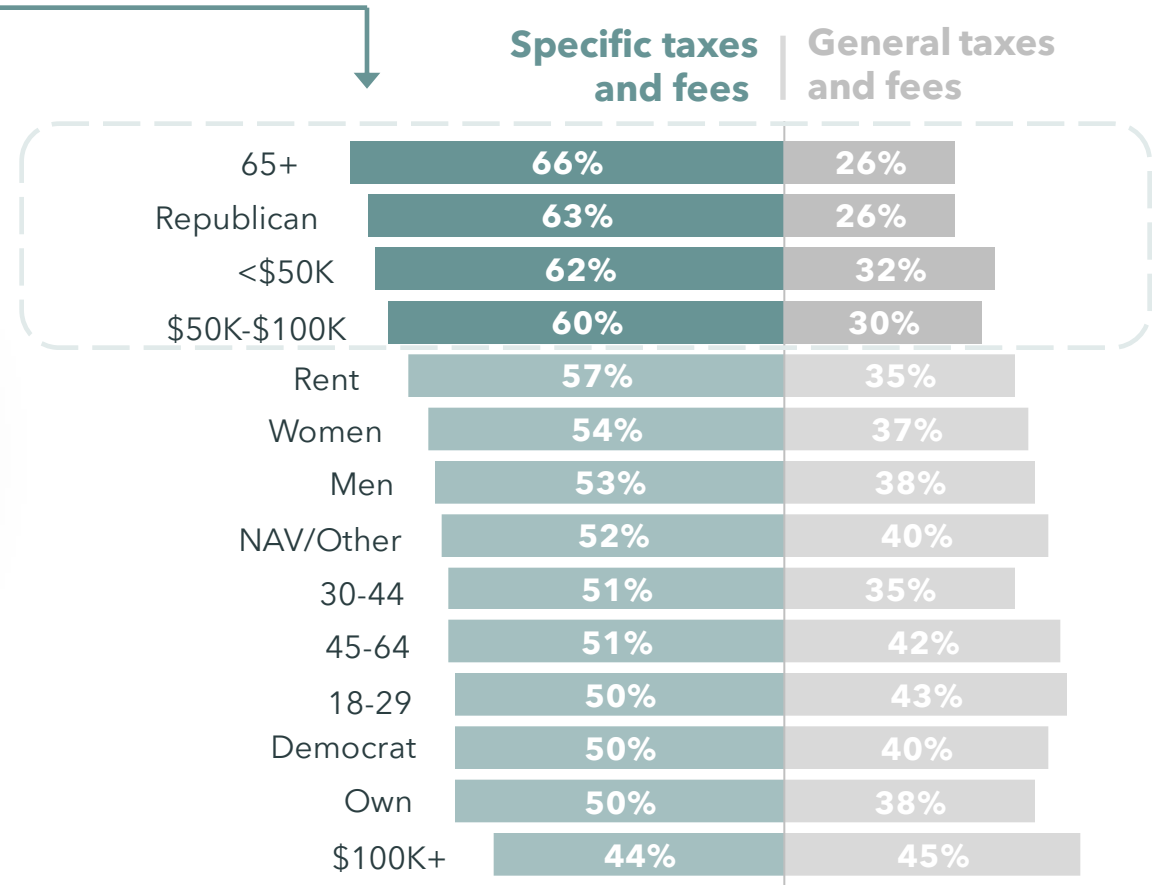
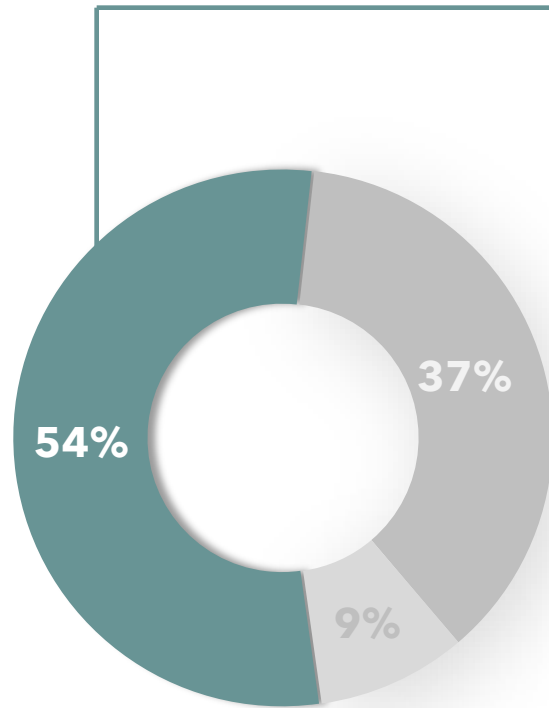
All groups prefer taxes and fees be paid by businesses, particularly younger people, low-income people, Democrats, renters, and women.

Rely more on taxes and fees paid for by **businesses** in the community

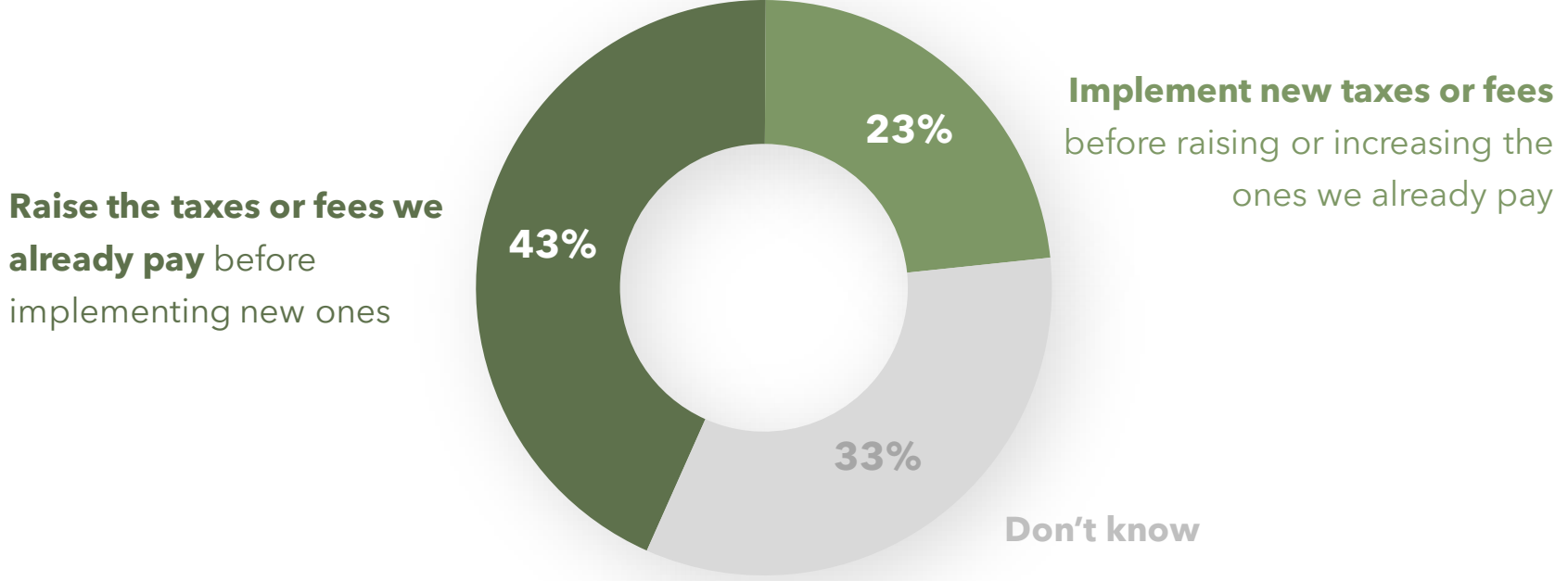


Most groups report a preference for taxes and fees on specific items or services. This is strongest amongst those ages 65 or older, Republicans, and those with low to middle income.

Rely more on **taxes or fees on specific items or services**, paid for by the people who use or buy them

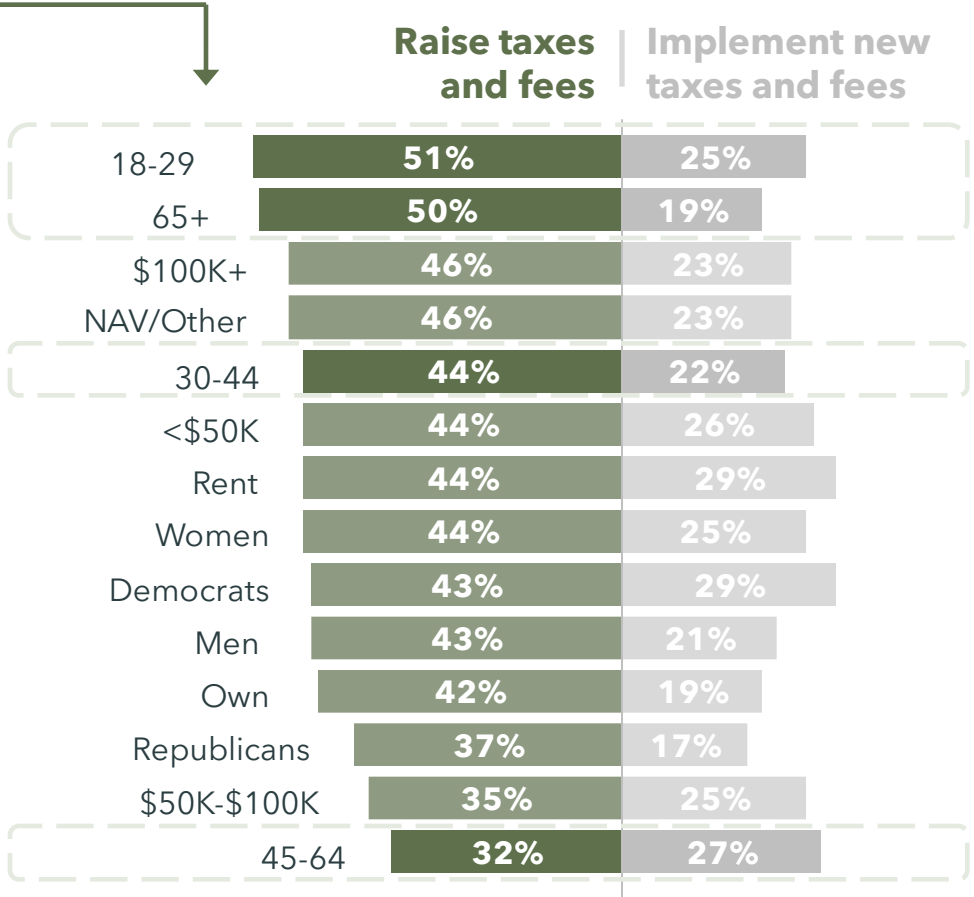
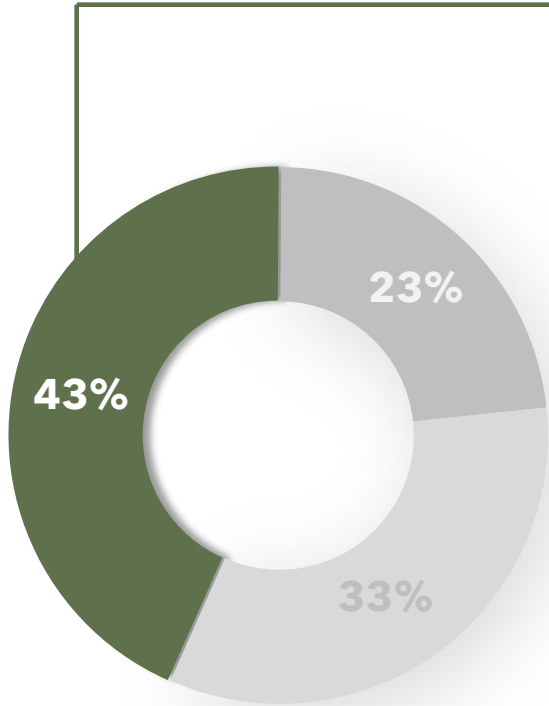


A plurality prefer raising current taxes and fees over implementing new ones, though 1 in 3 remain unsure of their preference on this topic.

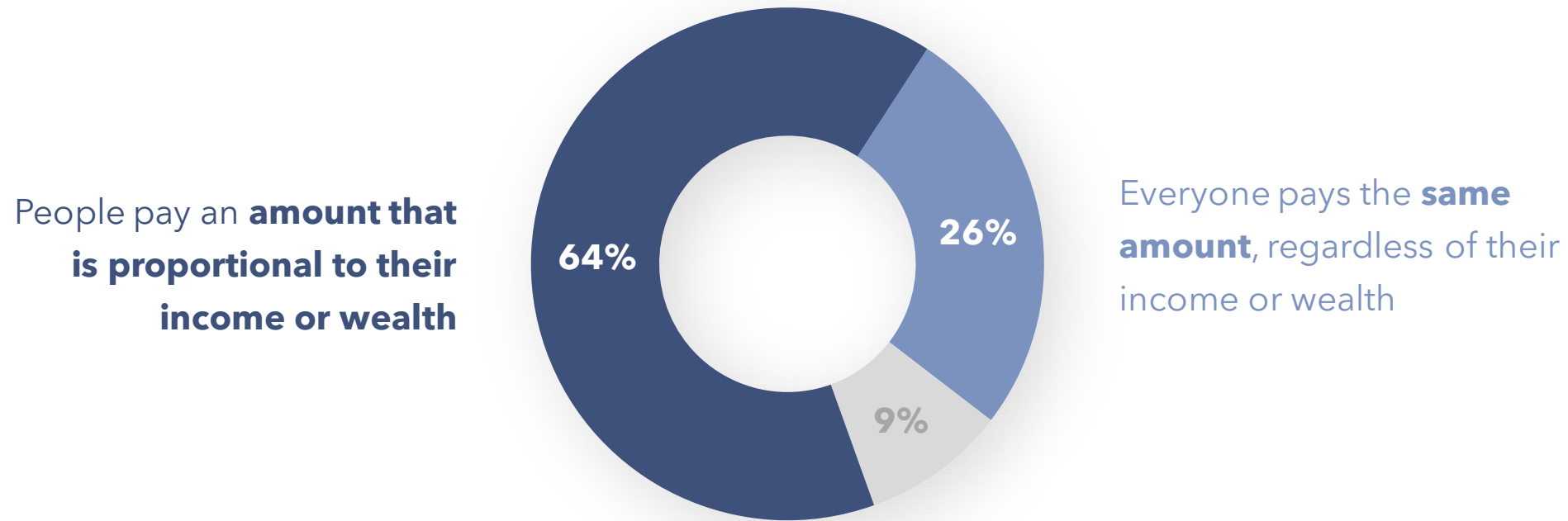


Of the two choices, all groups show a slight preference for raising current taxes and fees, though strength of this opinion varies most by age.

Raise the taxes or fees we already pay before implementing new ones

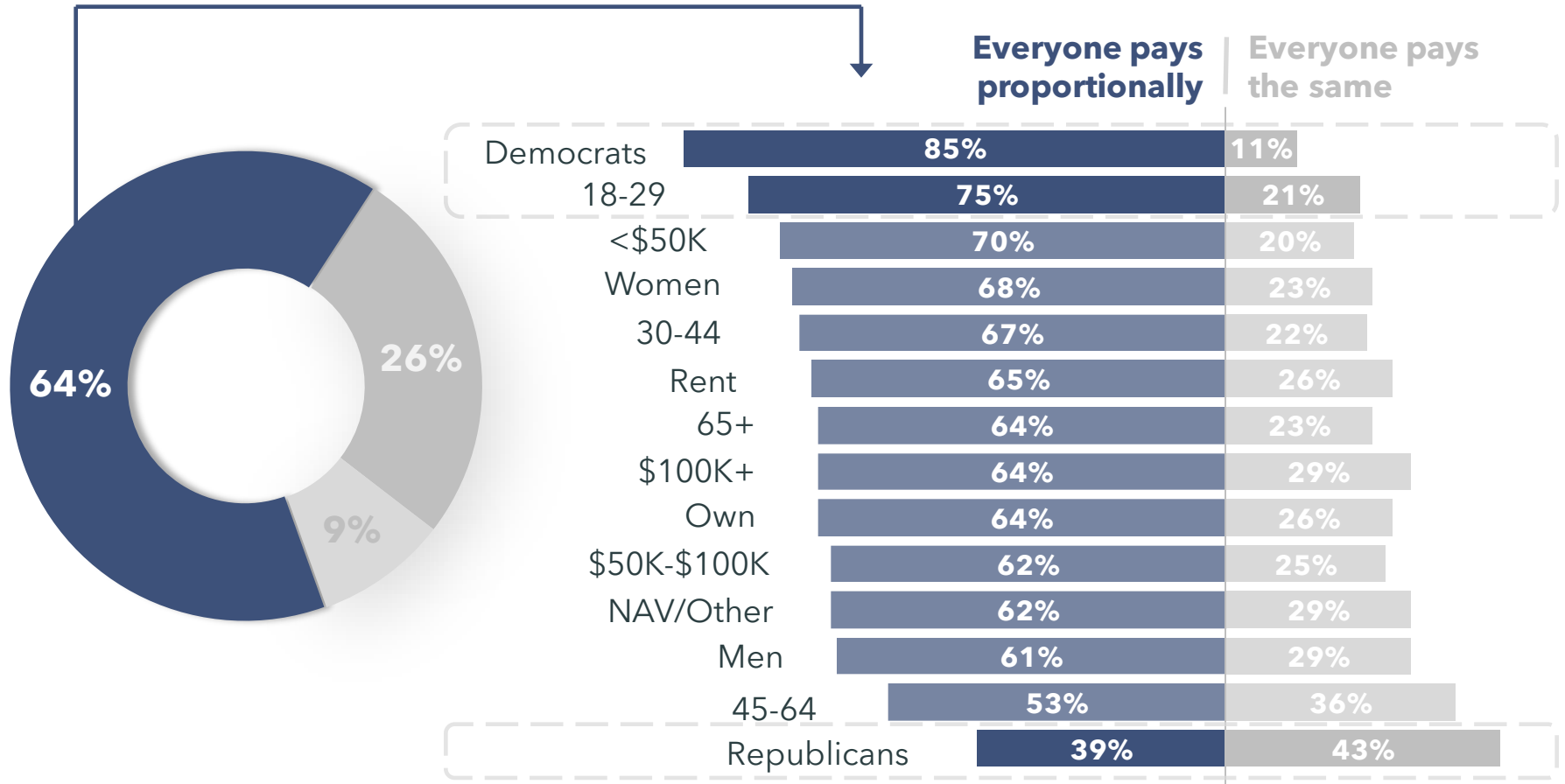


Out of all values tested, Salem residents feel most strongly that people pay an amount that is proportional to their income or wealth.



Nearly all key groups strongly favor proportional payments, particularly Democrats and ages 18-29. Republicans are the only group who are split.

People pay an amount that is proportional to their income or wealth



Some residents have even voted no on recent taxes because of perceived unfairness in proportionality.



As discussed in the focus groups:

*I'm definitely not opposed to paying more tax and increasing the revenue in order to have a have a great City to live in. Not long ago, I was having a conversation with somebody else who's retired and is very engaged in the City. **She voted against the payroll tax like me**, not because we're opposed to revenue, [but because it would] make it **solely unfair** because we're retired. I wouldn't pay anything, and **I'm willing to pay more. I don't want to burden working people with with the whole cost of the increased revenue.** There needs to be a better solution to this.*

-Ward 7

*So, if they're going to go in that direction, they need to look at the equity part of it. The reason why **I objected to the business tax was that it was totally unfair for people who are two-income families.** They were going to pay a fee on top of a tax and pay that tax twice. So, it was like a \$2,000 hit on one family, and that's totally wrong. Yes, I'm on a fixed income, but if you wanted to raise my taxes, you know, a little bit - \$20, \$40, \$50 a month - it's not going to change my lifestyle any.*

-Ward 5&6

Funding Mechanisms



Funding Mechanisms Tested

Property taxes, such as increasing property taxes with a local option levy, taxes on new construction

Sales taxes, such as general sales tax, local gas tax, luxury items tax, taxes on food and beverages purchased at restaurants, increasing hospitality taxes, carbon tax

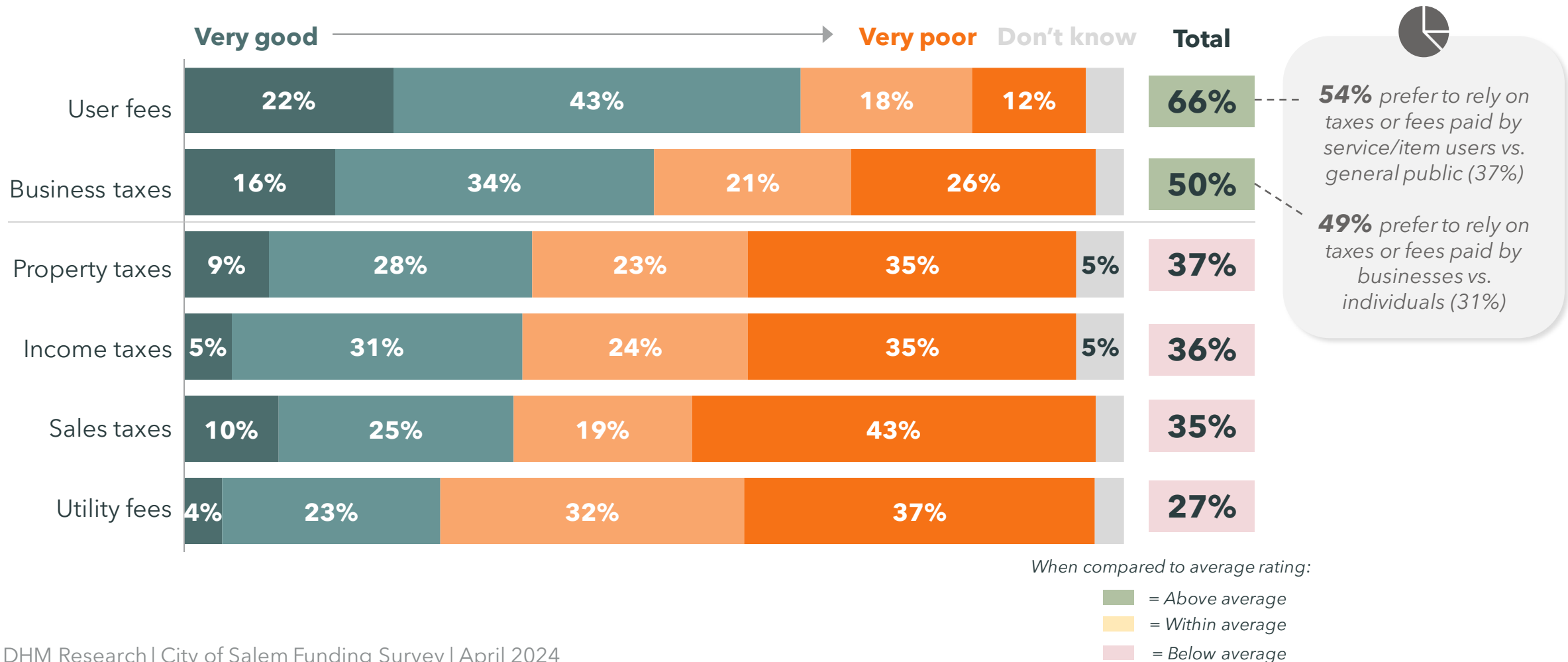
Business taxes, such as changing or increasing business license fees, taxes on local for-profit corporations, increase in parking taxes, taxes on a company's gross sales

Income taxes, such as employer-paid or jointly paid payroll tax, personal income tax

User fees, such as speeding or traffic violation fees, electric vehicle charging station installation fees, increasing or new fees for services used

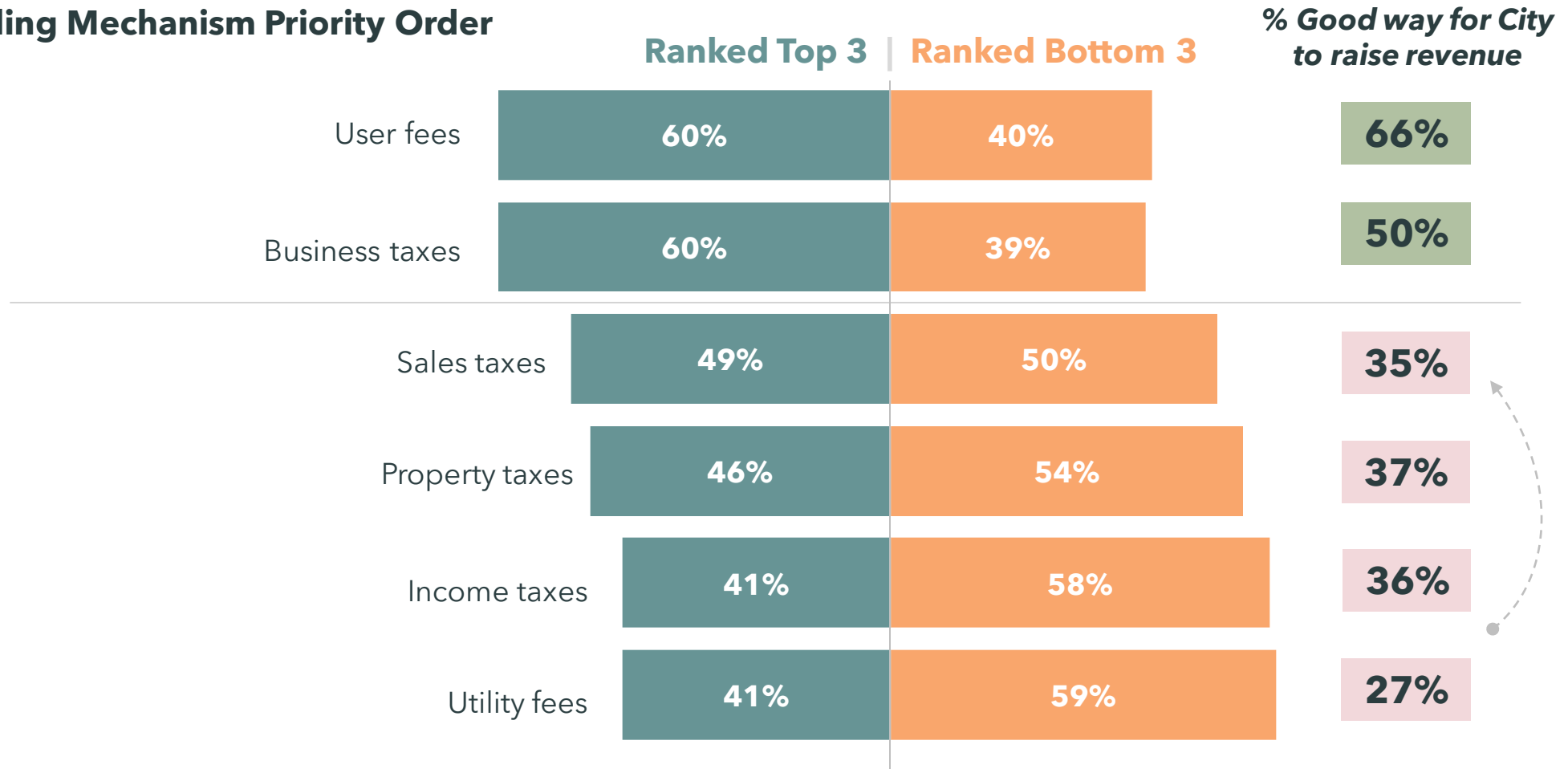
Utility fees, such as an operations fee added to utility bills, increasing utility company fees to operate in the city

Residents consider user fees and business taxes as the best ways for the City of Salem to raise revenue.



User fees and business taxes are also residents' top priorities for implementation, with sales taxes rising in rank order above property and income taxes.

Funding Mechanism Priority Order



The top funding mechanisms are fairly consistent across key demographics, though residents ages 18-44 are slightly more in favor of sales and property taxes.

Funding Mechanism Priority Order: % Ranked in top 3 by demographic group

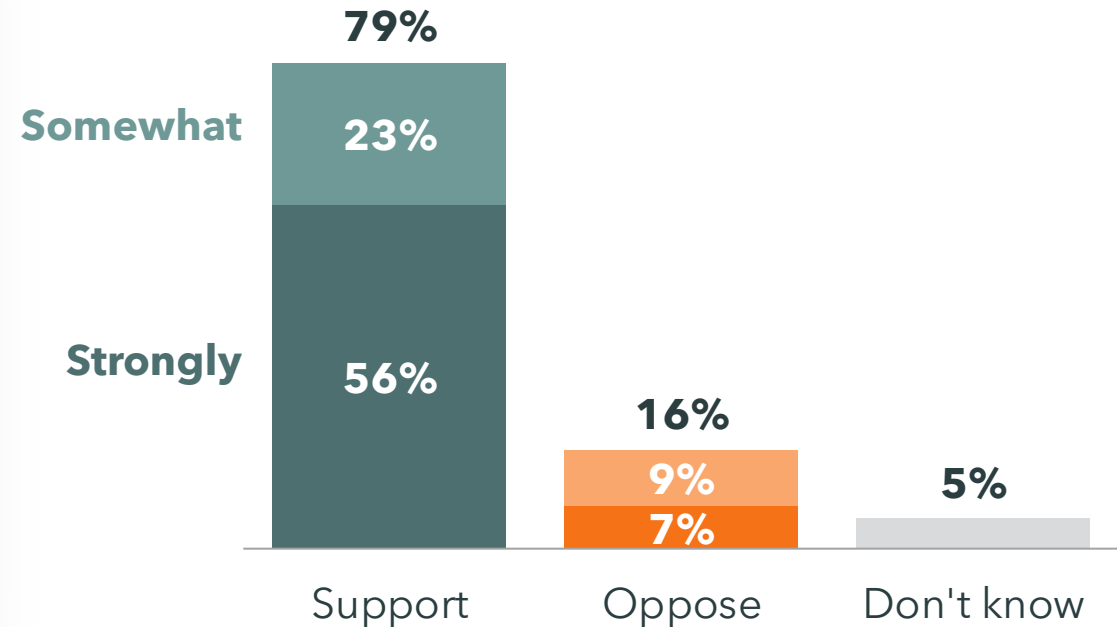
	Age				Gender		Race/Ethnicity		Party			Income			Area			Home Ownership	
	18-29	30-44	45-64	65+	Men	Women	White	POC	Dem	Rep	NAV/Other	<\$50K	\$50K-\$100K	\$100K+	West	North/NE	South	Rent	Own
User fees Total: 60%	51%	62%	66%	60%	64%	56%	60%	60%	54%	75%	58%	52%	64%	63%	65%	60%	59%	60%	63%
Business taxes Total: 60%	63%	50%	66%	65%	56%	65%	58%	66%	61%	63%	60%	60%	57%	63%	57%	57%	65%	56%	65%
Sales taxes Total: 49%	53%	51%	45%	49%	48%	51%	48%	50%	53%	47%	48%	54%	55%	43%	57%	51%	46%	53%	46%
Property taxes Total: 46%	54%	46%	45%	39%	51%	42%	49%	42%	51%	38%	46%	52%	42%	45%	43%	44%	49%	52%	41%
Income taxes Total: 41%	38%	48%	36%	47%	43%	42%	42%	42%	41%	34%	46%	49%	38%	41%	25%	49%	43%	42%	41%
Utility fees Total: 41%	42%	43%	41%	39%	38%	45%	43%	39%	39%	44%	42%	33%	43%	46%	54%	39%	38%	36%	44%

% = statistically significant difference

About 8 in 10 Salem residents would support the City seeking PILOT funds, with over half displaying strong support.

PILOT Support Test

By state law, some entities, including Marion County, Oregon State, and U.S. federal property owners, do not pay property taxes on buildings in Salem that could fund city services. Would you support or oppose Salem City Council working to change this law, so that these government entities would pay to compensate for some of the cost of providing services to the City of Salem?





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