

WILSON Teresa J

From: VANVACTOR William A
Sent: Tuesday, May 16, 2006 2:09 PM
To: DWYER Bill J; GREEN Bobby; MORRISON Anna M; SORENSON Peter; STEWART Faye H
Cc: WILSON Teresa J; GARNICK Dave L; GANGLE Jim
Subject: Income tax work session

At tomorrow's discussion on the income tax, Terry Wilson will go over the time lines regarding a November election. She will also present a draft of a more limited charter amendment. It is the version that caps the rate and dedicates it for public safety, but is silent on Secure Rural Schools and on property tax relief. She will also bring a copy of the March version which was prepared after the January hearing.

After that we will present a list of issues that are probably best addressed during a Tuesday work session when you would have more time to consider the implications of each. The issues included:

1. At what income tax level does the tax begin to apply? David Garnick will bring his analysis that shows the implication on the rate at various beginning income levels for the tax.
2. The Public Safety Task Force included in their \$24.5 million "first good step" funds to maintain the rest of county government. David Garnick would like to go over some scenarios where if SRS is renewed, PERS stabilizes and health care costs level off, perhaps we do not need that. (There are a lot of if's in that sentence.)
3. Do we have all the data to set the cap? We have been able to get some data on PERS retirees income, for example, but other data such as federal retiree incomes and Social Security income is not readily available. At some point you will need to make the most informed choice possible. So we would anticipate you would need some time to consider the issue. Once the voters approve the cap, it will be difficult to ever increase it
4. Current versions of the income tax ordinance include \$1.00 of property tax relief and a \$30.00 credit for renters. We have heard some of you talk about a more limited property tax relief program, perhaps focused on owner occupied personal residences. If that is where you want to go, we will need to draft that language and develop the program on how it is managed. This also gets a bit more complex if you wish this provision also be included in the charter amendment.

So, as you can see we will recommend a Tuesday work session, soon, like May 30, 2006

Paper copy of this memo with some attachments is in your box and will be added to your packet.



Bill Van Vactor
County Administrator

MEMORANDUM

Date: May 15, 2006
To: Board of County Commissioners
From: Teresa Wilson, County Counsel
Subject: November Election Date Options/Implications



There are several options regarding the November election for either a Charter Amendment or other type of measure, depending on decisions made by the Board. Choices include whether the Board adopts an ordinance itself and if so, whether a referendum petition is filed; whether the Board refers a measure to the voters; whether a measure is described in a voters' pamphlet. The dates below work backwards from the November election date; depending on the option, there are significant time gaps to cover the 90 day period allowed for the referendum petition process. Options 1 & 4 assume the Board refers either a Charter Amendment or a measure to the ballot; the difference is whether it is included in a voters' pamphlet. Options 2 & 5 assume the Board enacts an ordinance and a referendum is filed at the 90th day after enactment; again the difference is the voters' pamphlet. As you will see, we have passed the time for a referendum petition process which results in a measure on the November ballot, assuming the full time period for each stage of that process is utilized. Options 3 & 6 address referral of a Charter Amendment. Under LC 2.650, if a Charter Amendment is referred to a primary or general election ballot, it must be done 120 days before the election. Again, the difference in the options is whether it goes into a voters' pamphlet.

NOVEMBER ELECTION – NOVEMBER 7, 2006

Option 1 – Assume the BCC refers a measure to the ballot; State voters' pamphlet

Filing deadline for measure	September 7
Filing deadline for explanatory statement/arguments for State voters' pamphlet (ORS 251.285)	August 29
BCC adopts ballot title, appoint explanatory statement committee (allows committee 12 days to write statement)	August 16

Option 2 – Assume BCC adopts ordinance, a referendum petition is filed; BCC refers measure to November ballot; State voters' pamphlet

Filing deadline for measure	September 7
Filing deadline for explanatory statement/arguments for State voters' pamphlet (ORS 251.285)	August 29
BCC places referendum measure on November ballot* and appoints explanatory statement committee (allows committee 12 days to write statement)	August 16
County Clerk certifies signatures	August 11
County Clerk receives petition with signatures for verification	July 27
Public hearing/BCC adopts ordinance **	April 26
First reading of ordinance (assumes <u>only</u> 2 readings)	April 12

Option 3 – BCC places Charter Amendment on ballot; State voters’ pamphlet

Filing deadline for explanatory statement/arguments for State voters’ pamphlet (ORS 251.285)	August 29
BCC appoints explanatory statement committee (allows 12 days to write statement)	August 16
Ballot title due	July 17
Board places Charter Amendment on ballot (LC 2.650(1))	July 10

Option 4 – Assume the BCC refers a measure to the ballot; NO voters’ pamphlet

Filing deadline for measure	September 7
Public hearing, BCC adopt ordinance, adopt ballot title	September 6
First reading of ordinance (assumes only 2 readings)	August 23

Option 5 – Assume BCC adopts ordinance, a referendum petition is filed; BCC refers measure to November ballot; NO State voters’ pamphlet

Filing deadline for measure	September 7
BCC places referendum measure on November ballot*	September 6
County Clerk certifies signatures	September 1
County Clerk receives petition with signatures for verification	August 22
Public hearing/BCC adopts ordinance **	May 17
First reading of ordinance (assumes <u>only</u> 2 readings)	May 3

Option 6 – BCC places Charter Amendment on ballot; NO voters’ pamphlet

Ballot title due	July 17
Board refers Charter Amendment to the ballot (LC 2.650(1))	July 10

*Note: if BCC does not act to place the referendum measure on a particular ballot, by operation of Lane Code 2.640 it would go on the next available primary or general election that is at least 4 months after the filing of the final petition (i.e., the petition with certified signatures)

** Ordinance adoption date permits full 90 days for referendum petition signature collection (Or Constitution, Article VI, Section 10), 15 days for signature verification & BCC referral to ballot

Additional caveats:

1. The dates laid out above generally reflect the **last possible dates** for actions to take place; likewise, they reflect 2 readings of any ordinance that are 14 days apart (one public hearing on the date of one reading), and adoption at the conclusion of the second reading.

2. The options involving voters’ pamphlets assume placement into the State voters’ pamphlet. The County could choose to do a County voters’ pamphlet (last done in 1999). If it did so, then ALL County and City candidates and measures would go into the County voters’ pamphlet, and would not be in the State voters’ pamphlet. ORS 251.067.

Charter Amendment

Section 38. INCOME TAX LIMITATION

- (1) Rate Limitation. Any income tax measured by net income imposed by the Board of County Commissioners may not exceed a tax rate of one and one-half percent (1.5%) of net income without an affirmative vote of the residents of Lane County, effective and applicable to tax years beginning on or after January 1, 2007.
- (2) Dedication for Public Safety. The revenue from any Lane County income tax, less costs of collection and administration, shall be dedicated for public safety purposes. Public safety purposes are defined as those programs designed to protect citizens from the effects of, or to reduce, criminal activity, and include preventative and reactive public safety services, such as adult and youth corrections, crime prevention, prosecution, detention, supervision, mental health services, alcohol and drug treatment, victim services, drug court, interagency narcotics enforcement, patrol, investigation and arrest, and related support services. Public safety programs also include the programs and services provided by the departments of the Sheriff, District Attorney and Youth Services.

Charter Amendment

Section 38. PUBLIC SAFETY INCOME TAX

The Board of County Commissioners may impose income taxes, so long as the taxes are consistent with the following limitations:

- (1) Dedication for Public Safety. The revenue from any Lane County income tax is dedicated for public safety purposes as described in this section 38. The County shall create and maintain a Public Safety Dedicated Fund. All revenue collected from any Lane County income tax shall be credited to the Public Safety Dedicated Fund, after payment of expenses of collection and administration and five percent (5%) of collections to County general fund for county services. Interest earned on the Public Safety Dedicated Fund shall be credited to the Public Safety Dedicated Fund. The Public Safety Dedicated Fund shall be a dedicated, special fund, and shall be used only to pay costs and expenses of, and appropriate reserves for, public safety system programs as defined below.

(a) Public safety system programs are defined as programs that are designed to protect citizens from the effects of, or to reduce, criminal activity, in addition to other programs and services provided by the departments of the Sheriff, District Attorney and Youth Services. Public safety system programs include but are not limited to activities that are listed under "Programs and Services to Achieve Goals" in the executive summary of the "Lane County Public Safety Task Force Final Report – October, 2005," and other preventative and reactive public safety services, such as adult and youth corrections, crime prevention, prosecution, detention, supervision, mental health services, alcohol and drug treatment, victim services, drug court, interagency narcotics enforcement, patrol, investigation and arrest, and related support services.

(b) Initial goals. Amounts credited to the Public Safety Dedicated Fund during the first five (5) years shall be used for programs and services of the public safety system programs that were supported through property taxes before the imposition of any Lane County income tax, and towards achieving the following four goals:

- (i) Significantly reducing illegal drug production, dealing and use, especially methamphetamine, through targeting illegal drug producers, dealers, users, and property criminals;
- (ii) Reducing family violence;
- (iii) Enhancing effective treatment programs to help adults and juveniles addicted to drugs and alcohol; and
- (iv) Providing effective prevention programs to reduce future crime.

- (2) Rate Limitation. The rate for any Lane County income tax shall not exceed one and one-half percent (1.5%) of net income, effective and applicable to tax years beginning on or after January 1, 2007. The Board of Commissioners shall adopt one or more ordinances as necessary to implement this section.

- (3) Mandatory Property Tax Relief. The Lane County permanent authorized property tax rate is \$1.2793 per \$1000 of assessed value.

(a) Beginning in fiscal year 2007-2008, Lane County shall provide property tax relief by refraining from levying at least \$1.00 per \$1000 of assessed value of that rate, unless a Lane County income tax is not then in effect or being collected near projected levels. The County shall also provide a reasonable credit against personal income taxes for residential renters.

(b) If the legislature or state voters enact laws that reduce the amount or the County's use of the remaining property tax revenues, then after a public hearing, the Board of Commissioners may reduce the property tax relief reasonably commensurate with the impact of the reduction.

(4) Federal Revenue Adjustment. At the time of enactment of this Section 38, Lane County receives substantial revenue under Secure Rural Schools and Community Self-Determination Act of 2000, Public Law 106-393. These federal revenues contribute to the support of general county services, including public safety system programs and other programs funded through the County general fund. The last payment to the County under PL 106-393 will occur in October, 2006.

(a) The rate limitation in Subsection (2) is estimated to be sufficient to replace the PL 106-393 revenues that the County has used for funding public safety system programs if this federal law is not renewed or replaced. The maximum rate is not sufficient to replace PL 106-393 revenues used for other non-public safety system purposes.

(b) The Board of Commissioners shall annually estimate the revenues that the County will receive from the federal government under PL106-393 (or any renewal or replacement legislation) and which are reasonably budgeted to be used for public safety system programs. The Board of Commissioners shall proportionally reduce any income tax imposed commensurate with these federal revenues.