

MINUTES

**Eugene City Council
Harris Hall, 125 East 8th Avenue
Eugene, Oregon 97401**

**June 10, 2019
5:30 p.m.**

Councilors Present: Betty Taylor, Emily Semple, Alan Zelenka, Jennifer Yeh, Mike Clark, Greg Evans, Claire Syrett, Chris Pryor

Mayor Vinis opened the June 10, 2019, work session of the Eugene City Council.

1. WORK SESSION AND ACTION: An Ordinance to Fund Community Safety with a Payroll Tax and Adding New Section to the Eugene Code, 1971

Assistant City Manager Kristie Hammitt and Eugene Police Chief Chris Skinner talked about the community safety plan and revisions made to the proposed ordinance regarding the payroll tax.

Council Discussion:

- Councilor Clark – talked about amendments he has previously mentioned; said that he thinks this money needs to get spent on public safety but that this manner of paying for what we must do cannot sustain public support; expressed his commitment to referring the proposal to the voters.
- Councilor Taylor – agreed with Councilor Clark that this will be put to a vote whether council sends it to a vote or not and it will fail as currently proposed; said she would consider the tax if people making under \$25 an hour were exempt, but cannot vote for it when people who are barely making enough to live would get taxed; expressed concern about what would happen if the tax was put to a vote in seven years and the measure failed.
- Councilor Pryor – talked about the need to spend this money on community safety services, acknowledging the significance amount of the tax; said that after spending months looking at revenue options this was the one that floated to the top; noted there will always be opponents to any tax proposed, but that this was the most practical and viable way; expressed frustration that council continued to talk about the problem without solving it; talked about reasonably reduced rate for low-income workers.
- Councilor Syrett – expressed the need to find sources of revenue for public safety and talked about the vetting that took place to land on this revenue choice; acknowledged that there would be no proposal that would be seen as perfectly fair or acceptable to everyone; supported amending the ordinance to provide an exemption for people earning \$15 an hour or less; noted that the public safety budget has remained static while the population has grown and that while there might be a ballot challenge, council has a responsibility to step up and pass this tax; talked about the significance of support from the Chamber of Commerce, which represents many businesses affected by the tax.
- Mayor Vinis – spoke about the broad positive impacts across the community and that the tax on any individual is shallow; talked about the need for police response to livability crimes across the community; said she was prepared to advocate for this tax and present it accurately.
- Councilor Semple – asked if the community safety budget will later replace money in future budgets or be in addition to the current budget; shared concerns about needing

and paying for the enormous amount of security needs in 2021 and asked if any community safety money will be going towards this; asked about security in relation to potential terrorism; shared concerns about having a vote in seven years and what would happen if funding went from \$23 million to \$0; asked to see more of a breakdown about the proposed budget; expressed desire for more education in the community.

- Councilor Evans – talked about a personal experience with inadequate police response and how calls are not being responded to even when there are dangerous situations; said there has been a chronic state of underfunding and under supporting criminal justice and public safety system for years and the bill has come due; expressed wanting to better protect the safety of the public and noted this plan includes police, fire, the court system, etc.
- Councilor Clark – said most agree that this money is needed to protect the community, but disagree on the mechanism; expressed concern about dealing with issues in isolation without connecting the dots with other decisions being made at the table; said that he does not think the funding options were studied thoroughly and there are other options to consider; expressed support for sending the proposal to the voters.
- Councilor Syrett – said that testimony submitted has been confusing and it's been hard to sift through all of it; talked about previous conversations about the gaps in the system and how this money will help provide a number of public services the community has asked for.
- Councilor Zelenka – said that public safety services have been underfunded for decades and this proposal is the right package of services; expressed confidence in staff to implement this plan and to make sure it's done effectively; said he preferred the payroll tax compared to other potential funding options because those using the public safety system will be paying for it; supported exempting people who make less than \$15 an hour; conveyed his struggle with the decision to send to voters or not.
- Councilor Pryor – talked about City Council's role in studying issues, understanding the complex relationship between them and considering all elements in decision-making; supported the amendments as a reflection of thoughtful perspective about the proposal; expressed position that this proposal allows the City not to sacrifice priorities in one area for the sake of another.
- Councilor Yeh – mentioned that in reading emails to City Council, it stood out that people were confused about this tax proposal and making wrong assumptions; said that this process has highlighted a communication problem and how much better informed the community could have been in order to provide more relevant feedback; expressed concerns about the seven-year vote and asked Chief Skinner for his opinion.
- Councilor Semple – voiced concern about very low-income people and asked for scenarios for different rates based on wages, including if minimum wage were at 0.
- Mayor Vinis – cautioned the councilors that when elements of the proposed formula are shifted, it shifts the other rates, affecting others at the top and undermining public support.
- Councilor Zelenka – acknowledged that sending the proposal to the voters is risky, but it would be up to City Council to make sure voters can make informed decisions; said that this proposal is large enough and significant enough to be put out to the voters; voiced concerns about trying to interpret what voters mean if they vote for or against a charter amendment; supported outreach efforts to communicate that the need is very clear and getting the system in shape comes with a price tag.

- Councilor Taylor – said that the big objection is taxing low-income people and if City Council exempted people making less than \$25 an hour from the tax, it may not get referred to the ballot by the people.
- Councilor Clark – said he was certain that this tax will get voted on by the public and it's more likely to pass if it gets referred by City Council; said that if it were to get public support, the seven-year vote stipulation would be unnecessary.
- Mayor Vinis – talked about the costs for putting the tax on the ballot in time, momentum, and certainty with moving forward; said that she and City Council need to inform the public about the need for and impacts of the tax whether it goes on the ballot or not.
- Councilor Syrett – asked if there was information about the rate change on others if minimum wage employees were excluded and those making less than \$15 an hour had a lower rate.
- Councilor Zelenka – asked if all potential motions could be put on the table at this time for everyone to mull over.
- Councilor Clark – said that if Councilor Zelenka's second motion passes, he intended to put a motion to remove the seven-year vote because the public would have already shown their support; said that he does not believe it is fair for people who live outside the urban growth boundary to be paying the public safety tax.
- Councilor Taylor – proposed exempting anyone from paying the tax who makes less than \$25 an hour.
- Councilor Clark – talked about annual payroll numbers and the total of government entities and non-profits; shared concerns that less than half of the people would be subject to the tax if people who make less than \$15 an hour are excluded, making it hard to argue that this is a broad-based tax.
- Councilor Zelenka – pointed out that the handout with proposed motions included a motion to address the effect on small business owners, intending to give them a discount on the first \$100,000 of payroll.
- Councilor Syrett – expressed intention to modify the motion to exempt minimum wage workers and reduce the rate for anyone making less than \$15 an hour.
- Councilor Taylor – suggested postponing the vote to get more information, including the impacts of exempting everyone making under \$25 an hour.

MOTION: Councilor Taylor, seconded by Councilor Semple, moved to adopt Attachment B, an Ordinance to Fund Community Safety Services with a Payroll Tax, and Adding New Sections to the Eugene Code, 1971.

MOTION TO AMEND: Councilor Syrett, seconded by Councilor Semple, moved to

1. Amend subsection (2) of section 3.724 to increase the overall employee tax rate from 0.0040 to 0.0044.
2. Add a new subsection (3) to section 3.724 that state: "Notwithstanding subsection (2) of this section, the tax rate imposed on every non-minimum wage employee making a wage of \$15.00/hour or less working at an employer located in the city is 0.0030 of the employee's wages."
3. Renumber subsections (3), (4) and (5) of section 2.724 as subsections (4), (5) and (6).
4. Update the cross reference in new subsection (6) of section 3.724 and in section 3.726.
5. Amend new subsection (4) to make the rate 0.0000 for minimum wage employees.

Council Discussion:

- Councilor Syrett – said this motion addresses the burden on low-wage employees and she would not support exempting all employees making less than \$25 an hour; said that this is a small amount of money to contribute to ensure that when 911 is called, someone will respond.
- Councilor Clark – asked if non-profits are included in paying the tax; said his challenge with this amendment is that it gets less broad-based, which was supposed to be the rationale for a payroll tax.
- Councilor Zelenka – wanted to make sure he understood the amendment’s different tiers for employees and that the employer rate would stay the same.
- Councilor Semple – expressed support for this amended motion because it responds to community concerns about lowest-paid workers.
- Councilor Taylor – asked for more information about how the rates would translate to dollars; said she will vote against this motion because, while it is an improvement, it is not enough.

VOTE ON MOTION TO AMEND: PASSED 6:2, Councilors Taylor and Clark opposed.

MOTION TO AMEND: Councilor Zelenka, seconded by Councilor Syrett, moved to
1. Amend subsection (1) of section 3.724 to increase the overall employer tax rate from 0.0020 to 0.0021

2. Add a new subsection (2) to section 3.724 that states: “Notwithstanding subsection (1) of this section, the tax rate imposed on the first \$100,000 of wages paid by an employer with two or less employees is 0.0015.”

3. Renumber subsections (2) through (6) of section 2.724 as subsections (3) through (7). and

4. Update the cross references in subsections (4), (5) and (7) of section 3.724 and in section 3.726.

Council Discussion:

- Councilor Zelenka – talked about his motion and his intention to address community concerns about sole proprietors by giving them a discount but not an exemption.
- Councilor Taylor – shared concerns about employers not giving people raises because they will have to then pay more in taxes.
- Councilor Clark – said that while he understood what this amendment is trying to accomplish, it may not work out the way it’s intended.
- Councilor Syrett -said she doesn’t think there’s a perfect way to get at the issue, but would prefer this approach exempting for the first \$100,000 for businesses with one or two people versus exempting non-profits; expressed support for the amendment even if it may not get all of the relief intended.
- Councilor Yeh – asked Councilor Zelenka to explain his rationale behind the amendment and why a sole proprietor making \$100,000 would need a break.
- Councilor Zelenka – asked staff for the number of one- or two-person business within Eugene; explained that the amendment would give a break to sole proprietors making less than \$100,000.
- Councilor Clark - asked if “S” corporations pay both the employer and employee rate; asked about other situations where employers do business in Eugene but are not located in the city.

- Councilor Zelenka – explained that his intention was to give small business owners a break.

VOTE ON MOTION TO AMEND: PASSED 6:2, Councilors Taylor and Clark opposed.

MOTION AND VOTE: Councilor Clark, seconded by Councilor Evans, moved to extend the meeting 10 minutes. **PASSED 8:0.**

Council Discussion:

- Councilor Zelenka – said he thinks City Council has a responsibility to put this out for a vote on the November 2019 ballot.

MOTION TO AMEND: Councilor Zelenka, seconded by Councilor Clark, moved to delete the last two sentences of section (6) and add a new section (9) that states, “This ordinance shall take effect only if approved by voters at the November 5, 2019 election. In such an event, the ordinance shall be effective upon the Mayor’s proclamation under section 2.986 of the Eugene Code, 1971 that the measure passed.”

Council Discussion:

- Councilor Semple – said she did not feel ready to vote on this motion, as there are so many pros and cons to talk about; said council has responded to addressing low-income individuals; discussed about how the majority of people want to have better public safety services and other choices have been looked at diligently; supported moving forward.
- Councilor Clark – said that the City does have the money to bridge between the end of the current funding and the November election in reserves; said that an initiative referral will be much harder to pass than if City Council refers the tax to the voters.
- Councilor Syrett – expressed concern that if City Council doesn’t pass this tax, the current strategies and momentum will be jeopardized.
- Councilor Taylor – said she didn’t think the tax formula has been changed enough and it should be referred to voters to see if it passes.

VOTE ON MOTION TO AMEND: FAILED 3:5, Councilors Taylor, Zelenka, and Clark in support.

Council Discussion:

- Councilor Zelenka – expressed that although he would have liked to see this tax referred to the voters, he thinks that it’s important to move forward and will join the majority of the councilors in supporting the motion as amended.

VOTE ON ORDINANCE AS AMENDED: PASSED 6:2, Councilors Taylor and Clark opposed.

MOTION: Councilor Taylor, seconded by Councilor Semple, moved to adopt Attachment C, a Resolution Calling a City Election on November 5, 2019, for the Purpose of Referring to the Legal Electors of the City of Eugene a Charter Amendment that Caps the Rate and Limits the Use of the City’s Payroll Tax.

Council Discussion:

- Councilor Zelenka – shared his intention to vote no on this motion because he would like it to be a housekeeping election and not a referendum on the tax itself.

VOTE: PASSED 6:2, Councilors Zelenka and Yeh opposed.

The meeting adjourned at 7:10 p.m.

Respectfully submitted,



Beth Forrest
City Recorder

(Recorded by Elena Domingo)

Link to the webcast of this City Council meeting: [here](#).