

W.S.C.

City/County Public Safety Task Force

Memorandum

To: Board of County Commissioners
From: Jim Johnson
Date: October 20, 2005
Re: Public Safety Task Force - Decisions for the Board of County Commissioners

You have had a number of discussions, work sessions, and public hearings on the conclusions and recommendations of the Public Safety Task Force (PSTF). Now it is time to begin making policy choices.

The purpose of this memo is twofold: First, to transmit a series of memos to you that are designed to provide most of the facts you need to help you reach decisions; and secondly, to describe the series of questions that we will be answering and decisions to be made in the coming weeks..

Part 1 - Facts Provided to the Board

Executive Summary. Please bring your Executive Summary of the PSTF Final Report to the meeting. We may wish to refer to it.

Timing. There are a variety of timing considerations associated with the various options before you. They are explained in Attachment A. Terry Wilson can answer questions related to timing.

Revenues, Expenditures, and Other Financial Considerations. All of you have asked questions related to revenues, expenditures, and other financial considerations under the variety of options that have come before you. The spreadsheets at Attachment B are designed to assist you in thinking about the financial aspects of the decisions before you. Dave Garnick can answer questions on this topic.

Alternative Taxes. Attachment C is a summary of information prepared by Ron Chastain on alternatives to the property tax system. Retail Sales Tax; Gross Receipts Tax; Personal Income Tax and Corporate Income Tax.

Community Surveys. Between March and October of this year, the county contracted for three community surveys. The surveys asked a variety of questions about public safety issues and preference for financing methods. Attachment D is a memo which provides summary information from the three surveys.

Part 2 - Decisions for the Board

Below are the key questions that need to be answered in order to reach a conclusion on recommendations coming from the Public Safety Task Force.

1. **Need.** Do you have any questions about public safety issues, problems, and needs?
2. **Focus and Goals.** Do you support the overall focus recommended by the PSTF of addressing illegal drugs (especially methamphetamine) and alcohol abuse. Do you agree with the four goals recommended by the Task Force and listed below?
 - Target meth producers, dealers, users, and property criminals for special action
 - Reduce family violence
 - Expand the capacity to provide drug treatment programs to offenders and nonoffenders
 - Provide prevention programs designed to prevent illegal drug use and crime
3. **Programs and Services.** Are you satisfied with the types of programs and services recommended by the PSTF to help achieve the four goals? Should the list be changed in any manner by removing or adding items?
4. **Size of Budget.** The PSTF believes the recommended budget level would be a reasonable first step toward achieving the four goals? Are you satisfied with the size of the budget for programs and services--\$24,530,000?
5. **Additional Capacity.** Should the budget include a line item for the purchase of beds to increase capacity that would then become part of Lane County's corrections system? This could be at the new Springfield jail or any other facility. A reasonable number for increased capacity would be about \$1.5 million annually.
6. **Property Tax Relief.** Should a funding mechanism for a public safety solution include an amount that would provide property tax relief by not levying some or all of the county's property taxes. Should it be \$1/\$1,000, or the entire tax rate of \$1.28/\$1,000?
7. **Safety-Net for Partial or No Federal Funds Under the Secure Rural Schools Act.** Should the ordinance you enact include a provision that would allow the property tax rate to increase back to \$1.28/\$1,000 if Secure Rural Schools legislation is not renewed by Congress? If there is partial funding, should the property tax relief be adjusted proportionately?

8. PSTF Budget or All Public Safety Services plus the PSTF Budget. Should a new funding source raise just the budget suggested by the PSTF (\$24.530 million) or should the tax raise enough to cover the Task Force budget recommendation PLUS all existing county public safety services (\$24.503 million + \$38.601 million = \$63.131 million)?

9. Send to Voters or Not. Should the Board consider enacting a new tax by ordinance without a vote of county residents? Should the Board enact the ordinance and then immediately refer the ordinance to voters?

10. Election Date. If you want to send the issue to voters, which election date would you like—March, May, September, or November, 2006?

11. Purpose of Funds Dedicated in Charter. Should the revenue from the new tax be dedicated to public safety purposes in the Lane County Charter so that it could only be changed through a vote of the people?

12. Tax Rate in Charter. Should the rate for the new tax be placed in the Lane County Charter so that it could only be changed through a vote of the people?

13. Taxing Method. Which alternative to property taxes do you favor: Retail Sales Tax; Gross Receipts Tax; or Personal Income Tax and Corporate Income Tax?

14. Election Date for Charter Changes. If you want to seek a change to the Lane County Charter to dedicate the purpose or the rate, which election date would you like—March, May, September, or November, 2006? Would you like to wait until 2007 or 2008 to refer the Charter changes?

Attachments:

Attachment A – Timing Considerations

Attachment B – Facts on Tax Revenues and Options for Rates and Yields

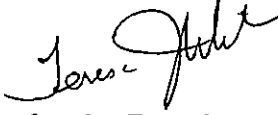
Attachment C – Summary Information on Alternative Taxes

Attachment D – Summary Information on Community Surveys by Lindholm Research

Attachment E – Ordinance 5-05 – Lane County Sales and Use Tax

Attachment F – Ordinance 6-05 – Lane County Gross Receipts Tax

MEMORANDUM

Date: October 19, 2005
To: Board of County Commissioners
From: Teresa Wilson, County Counsel 
Subject: Election Date Options/Implications for the Board

There are numerous options regarding potential election dates, depending on choices as to which election is desired; whether the Board adopts the measure itself and if so, whether a referendum petition is filed; whether the Board itself places a measure before the voters; whether a measure is described in a voters' pamphlet; and whether the Board wishes to place a Charter amendment on the ballot. The dates below work backwards from the election date; depending on the option, there are significant time gaps to cover the 90 day period allowed for the referendum petition process, or the 120 day period required (LC 2.650(1)) for placing a Charter amendment on a primary or general election ballot.

There are a variety of assumptions that underlie the following dates. They are as follows:

1. If the Board does not act to place the referendum measure on a particular ballot, under LC 2.640, it would be 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).

2. Ordinance adoption date permits full 90 days for referendum petition signature collection (Or Constitution, Article VI, Section 10), 15 days for signature verification & BCC placement on the next available ballot.

3. The dates indicated generally reflect the last possible dates for actions to take place; they do not reflect the implications for any public information efforts or any political campaign. 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.

4. The options involving voters' pamphlets for the May and November ballots 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.

MARCH ELECTION – MARCH 14, 2006

Option 1 – BCC places measure on ballot; County voters' pamphlet

(State voters' pamphlet not available at March election)

Filing deadline for arguments (OAR 165-022-010(2)(g))	January 16
Filing deadline for measure	January 12
Filing deadline for explanatory statement for County voters' pamphlet (OAR 165-022-010(2)(f))	January 12
Public hearing, BCC enacts ordinance conditionally, adopts ballot title, appoints explanatory statement committee (allows 2 weeks to write statement)	Dec. 28, 2005
First reading of ordinance (assumes only 2 readings)	Dec. 14, 2005

Option 2 – BCC enacts ordinance, a referendum petition is filed; BCC places measure on ballot; County voters’ pamphlet NOT FEASIBLE
 Election Date March 14

Option 3 – BCC places Charter Amendment on ballot; County voters’ pamphlet
 Election Date March 14
 Filing deadline for arguments (OAR 165-022-010(2)(g)) January 16
 Filing deadline for explanatory statement County voters’ pamphlet (OAR 165-022-010(2)(f)) January 12
 BCC places Charter Amendment on ballot, appoints explanatory statement committee (allows 2 weeks to write statement) Dec. 28, 2005

Option 4 – BCC places measure on ballot; NO voters’ pamphlet
 Election Date March 14
 Filing deadline for measure January 12
 Public hearing, BCC enacts ordinance conditionally, adopts ballot title January 11
 First reading of ordinance (assumes only 2 readings) Dec. 28, 2005

Option 5 – BCC enacts ordinance, a referendum petition is filed; BCC places measure on ballot; NO voters’ pamphlet NOT FEASIBLE
 Election Date March 14

Option 6 – BCC places Charter Amendment on ballot; NO voters’ pamphlet
 Election Date March 14
 Ballot title due January 12
 Board places Charter Amendment on ballot January 11

MAY ELECTION – MAY 16, 2006

Option 7 – BCC places the measure on ballot; State voters’ pamphlet
 Filing deadline for measure March 16
 Filing deadline for explanatory statement/arguments for State voters’ pamphlet (ORS 251.285) March 9
 Public hearing, BCC enacts ordinance conditionally, adopts ballot title, appoints explanatory statement committee (allows 2 weeks to write statement) February 22
 First reading of ordinance (assumes only 2 readings) February 8

Option 8 – BCC enacts ordinance, a referendum petition is filed; BCC places measure on ballot; State voters’ pamphlet
 Filing deadline for measure March 16
 Filing deadline for explanatory statement/arguments for State voters’ pamphlet (ORS 251.285) March 9
 BCC places referendum measure on ballot, appoints explanatory statement committee (allows 2 weeks to write statement) February 22
 County Clerk certifies signatures February 15
 County Clerk receives petition with signatures for verification January 31
 Public hearing/BCC enacts ordinance November 2, 2005
 First reading of ordinance (assumes only 2 readings) October 19, 2005

Option 9 – BCC places Charter Amendment on ballot; State voters’ pamphlet
 Filing deadline for explanatory statement/arguments for
 State voters’ pamphlet (ORS 251.285) March 9
 BCC appoints explanatory statement committee (allows
 2 weeks to write statement) February 22
 Ballot title due January 23
 Board places Charter Amendment on ballot January 16

Option 10 – BCC places the measure on ballot; NO voters’ pamphlet
 Filing deadline for measure March 16
 Public hearing, BCC enacts ordinance conditionally, adopts ballot title March 15
 First reading of ordinance (assumes only 2 readings) March 1

Option 11 – BCC enacts ordinance, a referendum petition is filed; BCC places measure on ballot; NO voters’ pamphlet
 Filing deadline for measure March 16
 BCC places referendum measure on ballot March 15
 County Clerk certifies signatures March 8
 County Clerk receives petition with signatures for verification February 21
 Public hearing/BCC enacts ordinance November 23, 2005
 First reading of ordinance (assumes only 2 readings) November 9, 2005

Option 12 – BCC places Charter Amendment on ballot; NO voters’ pamphlet
 Ballot title due January 23
 Board places Charter Amendment on ballot January 16

SEPTEMBER ELECTION – SEPTEMBER 19, 2006

Option 13 – BCC places the measure on ballot; County voters’ pamphlet
 (State voters’ pamphlet not available at September election)
 Filing deadline for arguments (OAR 165-022-010(2)(g)) July 24
 Filing deadline for measure July 20
 Filing deadline for explanatory statement for County voters’ pamphlet
 (OAR 165-022-010(2)(f)) July 20
 Public hearing, BCC enacts ordinance conditionally, adopts ballot title, appoints
 explanatory statement committee (allows 2 weeks to write statement) July 5
 First reading of ordinance (assumes only 2 readings) June 21

Option 14 – BCC enacts ordinance, a referendum petition is filed; BCC places measure on ballot; County voters’ pamphlet
 Filing deadline for arguments (OAR 165-022-010(2)(g)) July 24
 Filing deadline for measure July 20
 Filing deadline for explanatory statement County voters’ pamphlet
 (OAR 165-022-010(2)(f)) July 20
 BCC places referendum measure on ballot, appoints explanatory
 statement committee (allows 2 weeks to write statement) July 5
 County Clerk certifies signatures June 28
 County Clerk receives petition with signatures for verification June 13
 Public hearing/BCC enacts ordinance March 15
 First reading of ordinance (assumes only 2 readings) March 1

Option 15 – BCC places Charter Amendment on ballot; County voters’ pamphlet
 Filing deadline for arguments (OAR 165-022-010(2)(g)) July 24
 Filing deadline for explanatory statement County voters’ pamphlet
 (OAR 165-022-010(2)(f)) July 20
 BCC places Charter Amendment on ballot, appoints explanatory
 statement committee (allows 2 weeks to write statement) July 5

Option 16 – BCC places measure on ballot; NO voters’ pamphlet
 Filing deadline for measure July 20
 Public hearing, BCC enacts ordinance conditionally, adopts ballot title July 19
 First reading of ordinance (assumes only 2 readings) July 5

Option 17 –BCC enacts ordinance, a referendum petition is filed; BCC places measure on
 ballot; NO voters’ pamphlet
 Filing deadline for measure July 20
 BCC places referendum measure on ballot July 19
 County Clerk certifies signatures July 12
 County Clerk receives petition with signatures for verification June 27
 Public hearing/BCC enacts ordinance March 29
 First reading of ordinance (assumes only 2 readings) March 15

Option 18 – BCC places Charter Amendment on ballot; NO voters’ pamphlet
 Ballot title due July 20
 Board places Charter Amendment on ballot July 19

NOVEMBER ELECTION – NOVEMBER 7, 2006

Option 19 – BCC places the measure on 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
 Public hearing, BCC enacts ordinance conditionally, adopts ballot title, appoints
 explanatory statement committee (allows 12 days to write statement) August 16
 First reading of ordinance (assumes only 2 readings) August 2

Option 20 – BCC enacts ordinance, a referendum petition is filed; BCC places measure on
 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 ballot, appoints explanatory
 statement committee (allows committee 12 days to write statement) August 16
 County Clerk certifies signatures August 9
 County Clerk receives petition with signatures for verification July 25
 Public hearing/BCC enacts ordinance April 26
 First reading of ordinance (assumes only 2 readings) April 12

<u>Option 21 – BCC places Charter Amendment on ballot; State voters’ pamphlet</u>	
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	July 10
<u>Option 22 – BCC places the measure on ballot; NO voters’ pamphlet</u>	
Filing deadline for measure	September 7
Public hearing, BCC enacts ordinance conditionally, adopts ballot title	September 6
First reading of ordinance (assumes only 2 readings)	August 23
<u>Option 23 –BCC enacts ordinance, a referendum petition is filed; BCC places measure on ballot; NO State voters’ pamphlet</u>	
Filing deadline for measure	September 7
BCC places referendum measure on ballot	September 6
County Clerk certifies signatures	August 30
County Clerk receives petition with signatures for verification	August 15
Public hearing/BCC enacts ordinance	May 17
First reading of ordinance (assumes only 2 readings)	May 3
<u>Option 24 – BCC places Charter Amendment on ballot; NO voters’ pamphlet</u>	
Ballot title due	July 17
Board refers Charter Amendment to the ballot	July 10

Lane County Public Safety Measure

March 14, 2006 Election Package

Options:

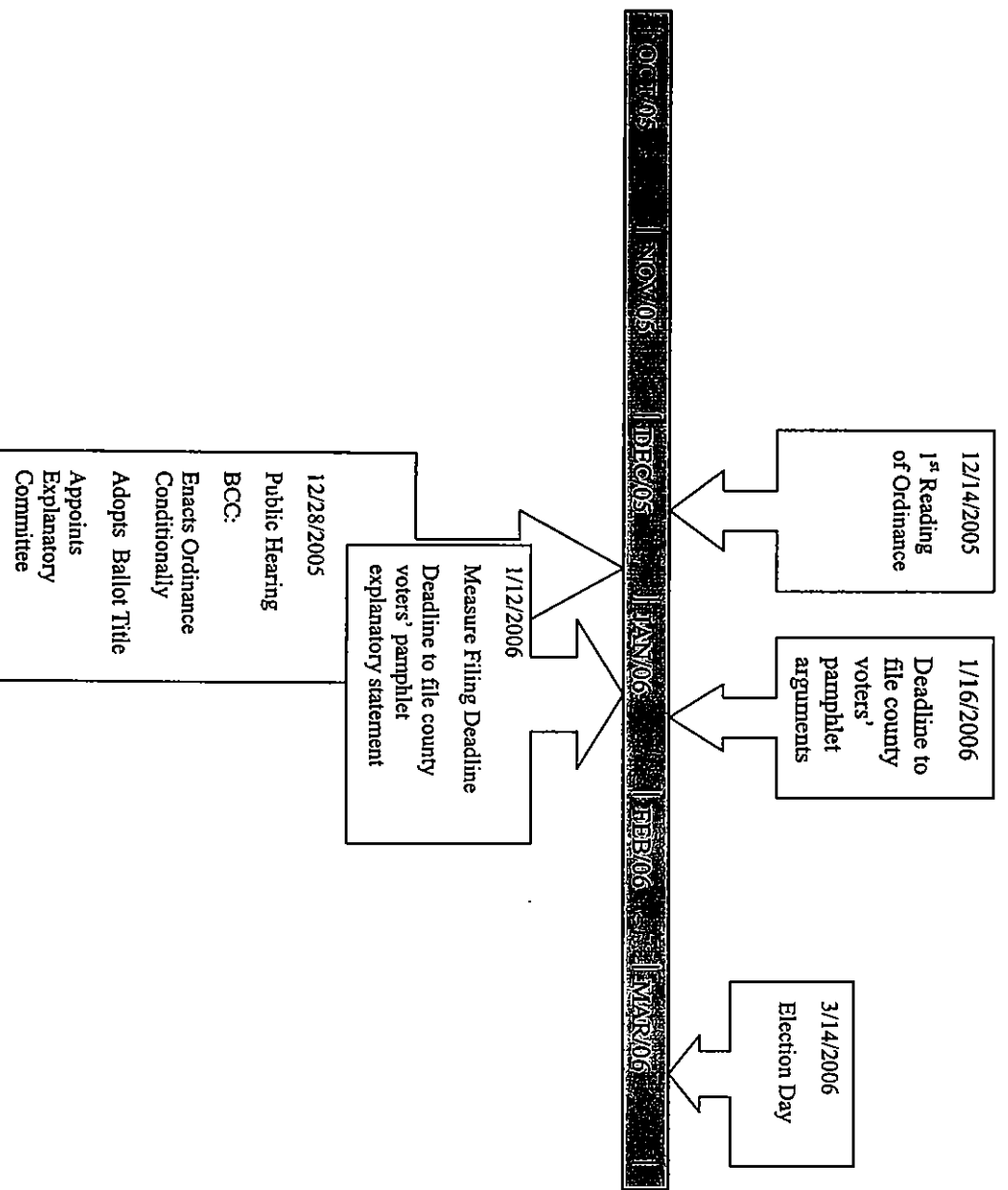
- 1 BCC places measure on ballot; County voters' pamphlet
- 3 BCC places charter amendment on ballot; county voters' pamphlet
- 4 BCC places measure on ballot; no voters' pamphlet
- 6 BCC places charter amendment on ballot; no voters' pamphlet

Note: Options 2&5 were not included due to determination of not being feasible.

Lane County Public Safety Measure

March 14, 2006 Election – OPTION 1

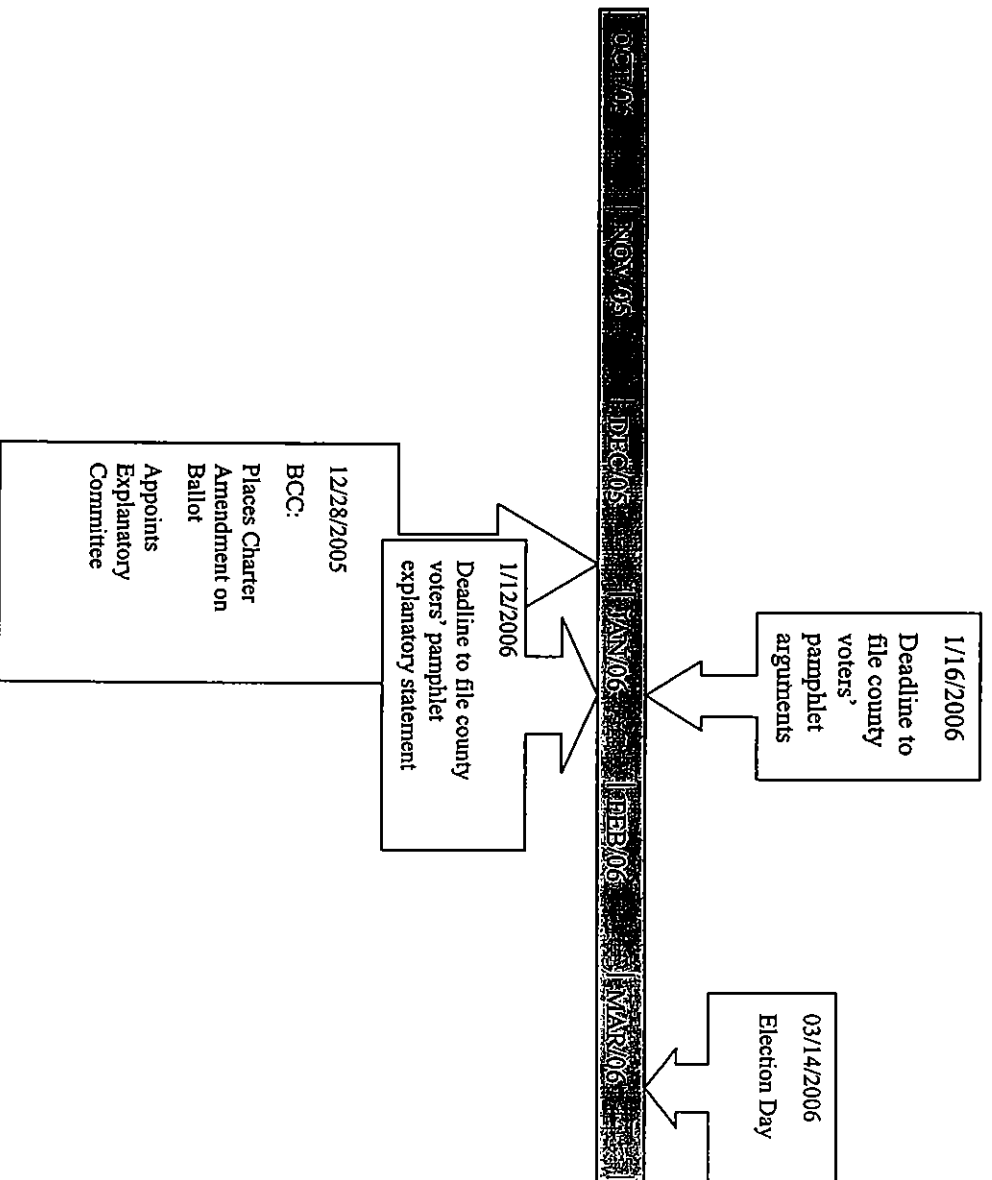
BCC Places Measure on Ballot; County Voters' Pamphlet



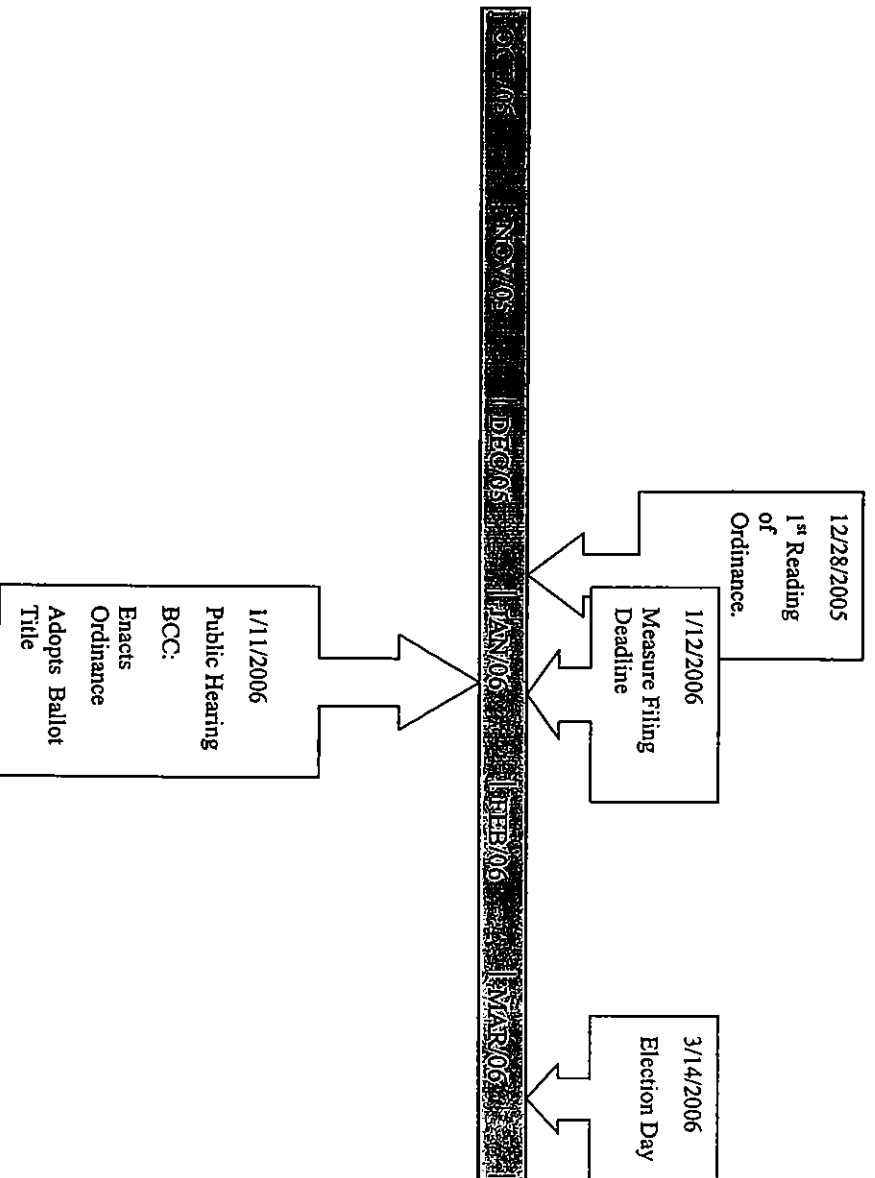
Lane County Public Safety Measure

March 14, 2006 Election – OPTION 3

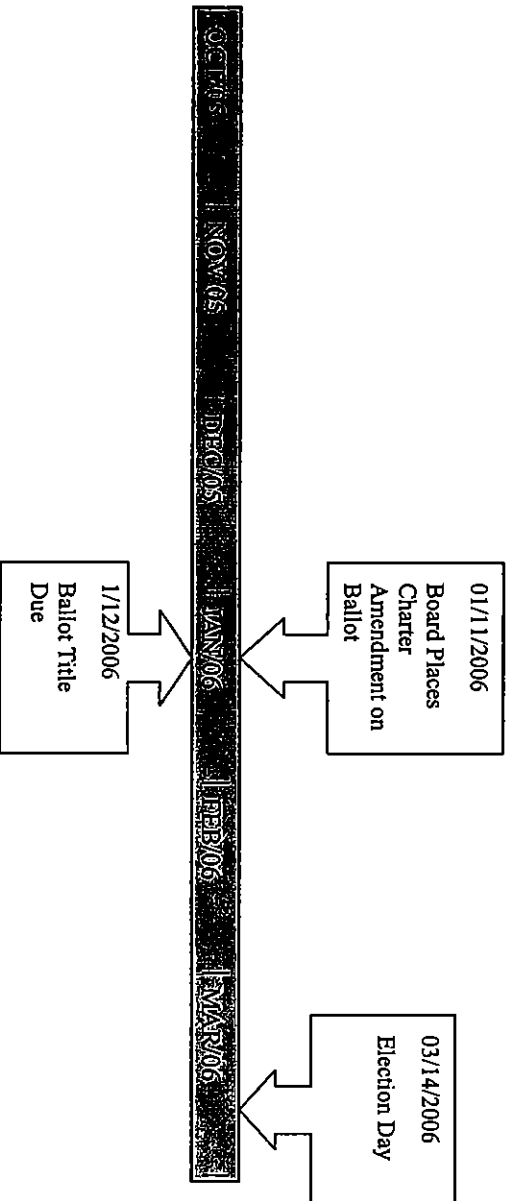
BCC Places Charter Amendment on Ballot; County Voters' Pamphlet



**Lane County Public Safety Measure
March 14, 2006 Election – OPTION 4
BCC Places Measure on Ballot;
no Voters' Pamphlet**



**Lane County Public Safety Measure
March 14, 2006 Election – OPTION 6
BCC Places Charter Amendment on Ballot;
no Voters' Pamphlet**



Lane County Public Safety Measure

May 16, 2006 Election Package

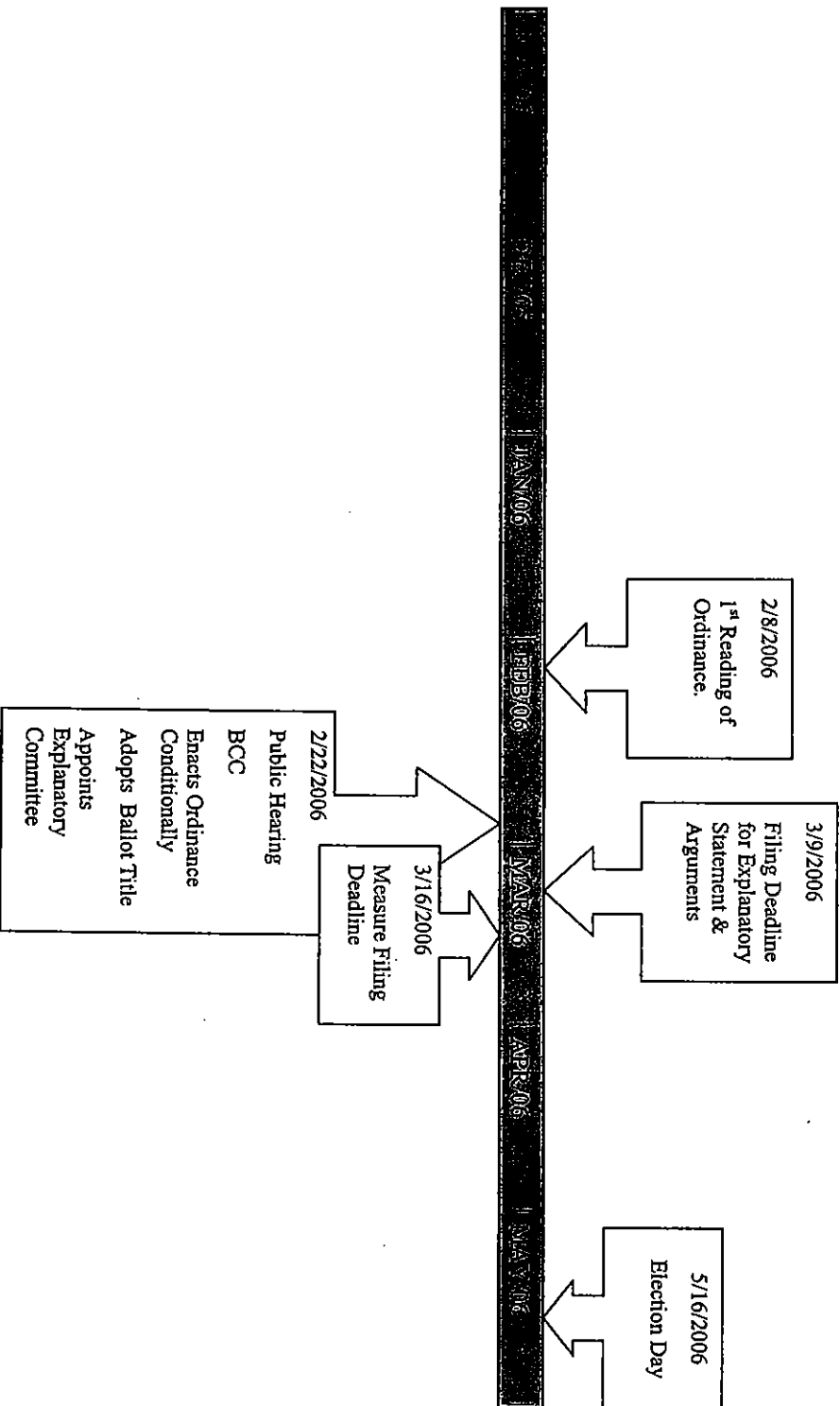
Options:

- **7 BCC places measure on ballot; state voters' pamphlet**
- **8 BCC enacts ordinance, referendum petition filed; BCC places measure on ballot; state voters' pamphlet**
- **9 BCC places charter amendment on ballot; state voters' pamphlet**
- **10 BCC places measure on ballot; no state voters' pamphlet**
- **11 BCC enacts ordinance; referendum petition filed; BCC places measure on ballot; no state voters' pamphlet**
- **12 BCC places charter amendment on ballot; no state voters' pamphlet**

Lane County Public Safety Measure

May 16, 2006 Election – OPTION 7

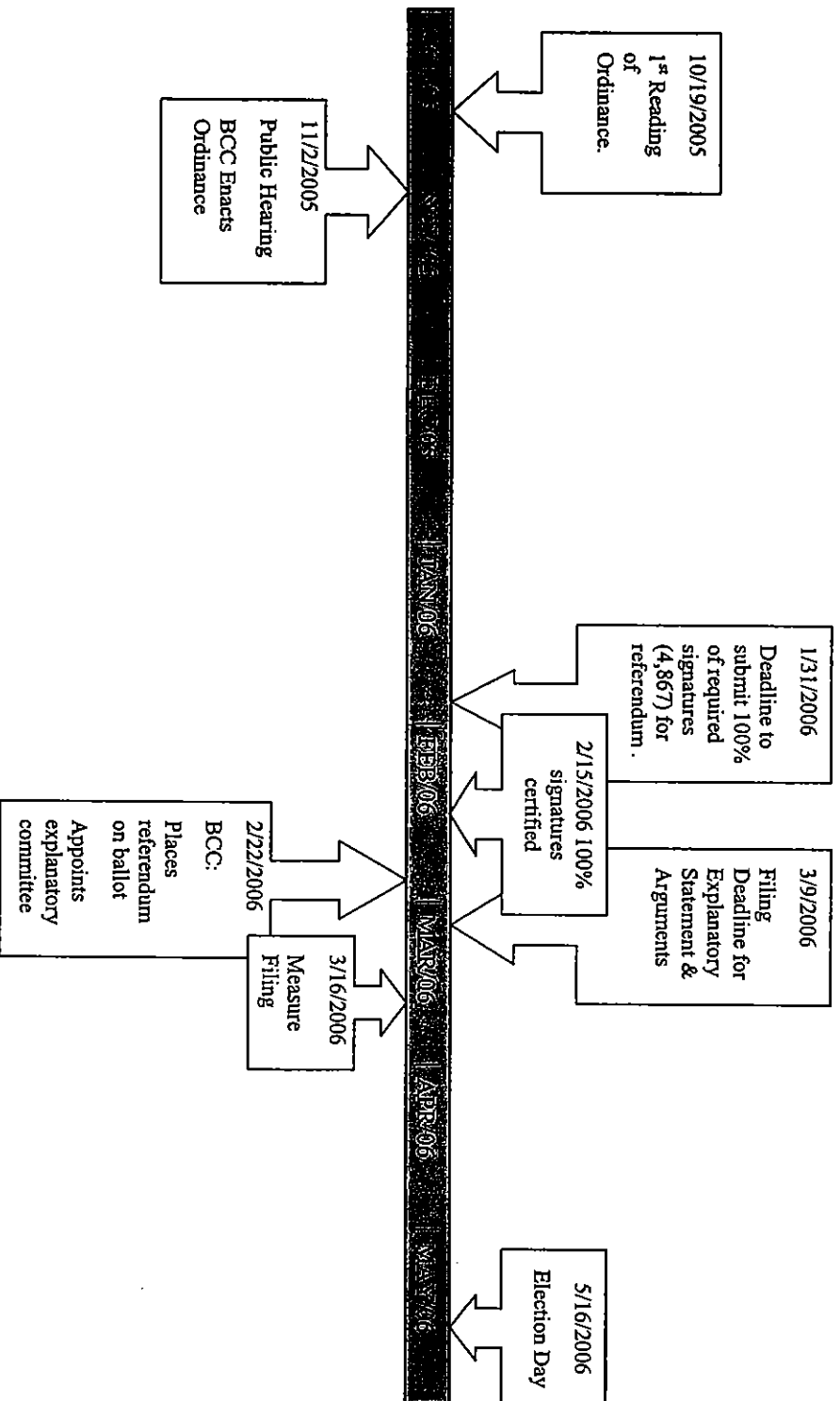
BCC Places Measure on Ballot; State Voters' Pamphlet



Lane County Public Safety Measure

May 16, 2006 – OPTION 8

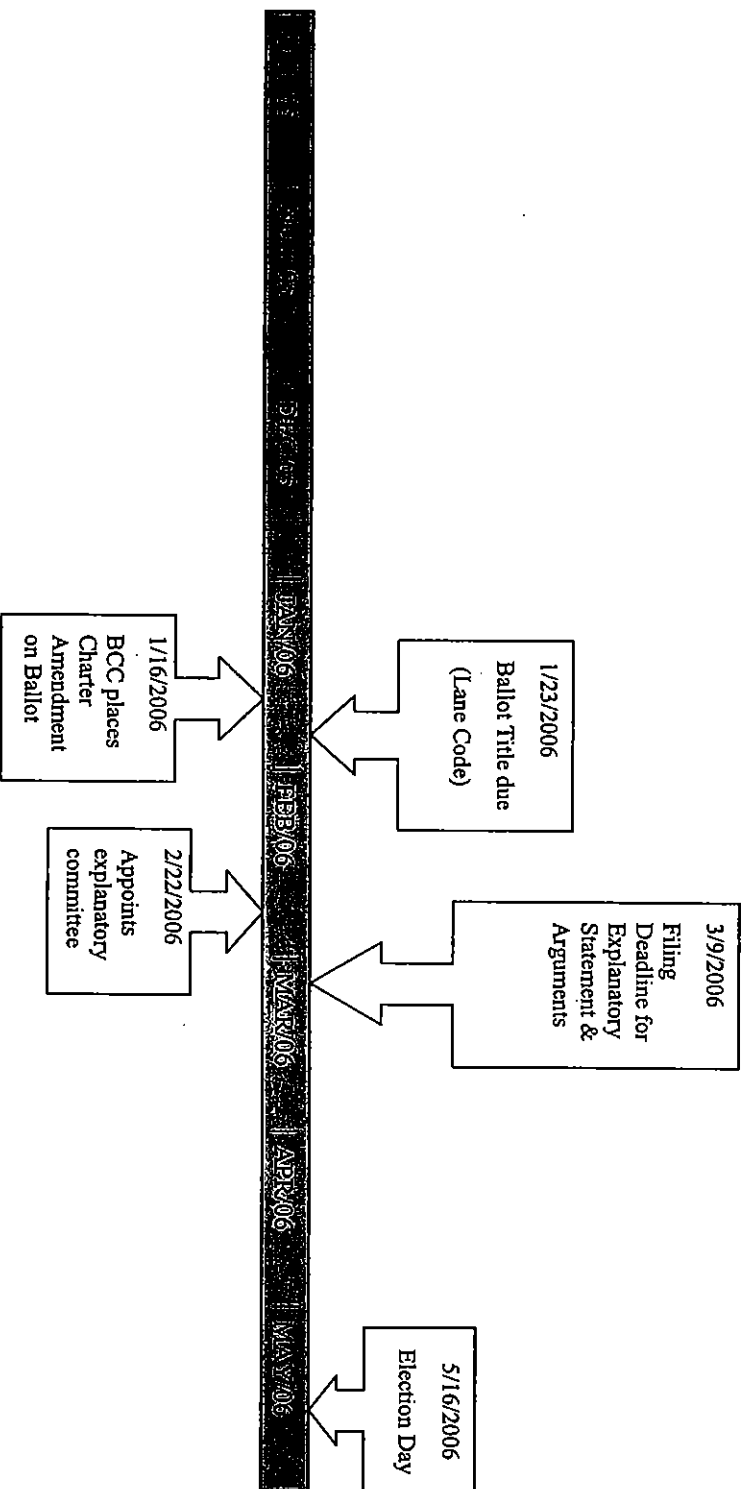
BCC Enacts Ordinance; Referendum Petition Filed; BCC Places Measure on Ballot; State Voters' Pamphlet



Lane County Public Safety Measure

May 16, 2006 – OPTION 9

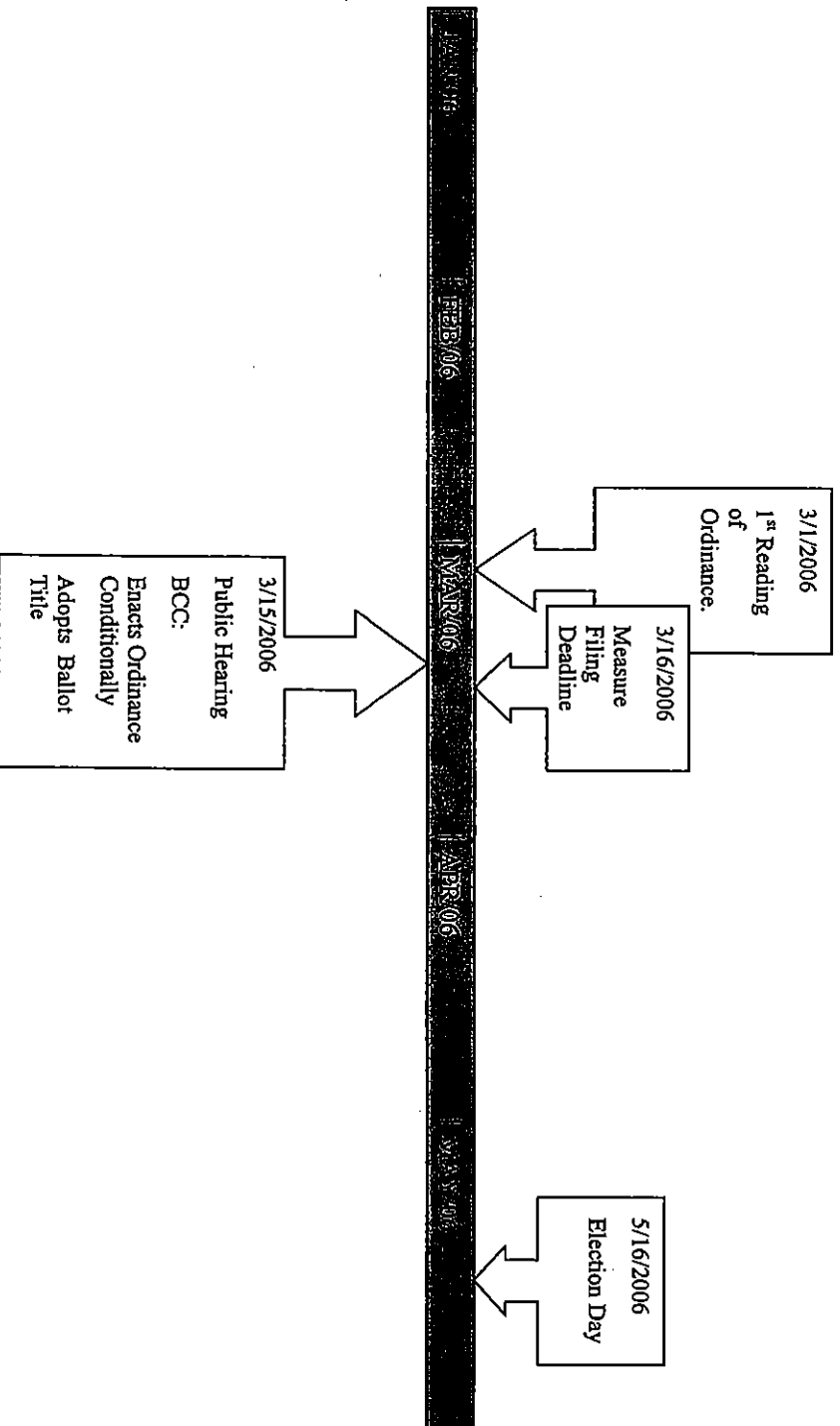
BCC Places Charter Amendment on Ballot; State Voters' Pamphlet



Lane County Public Safety Measure

May 16, 2006 Election – OPTION 10

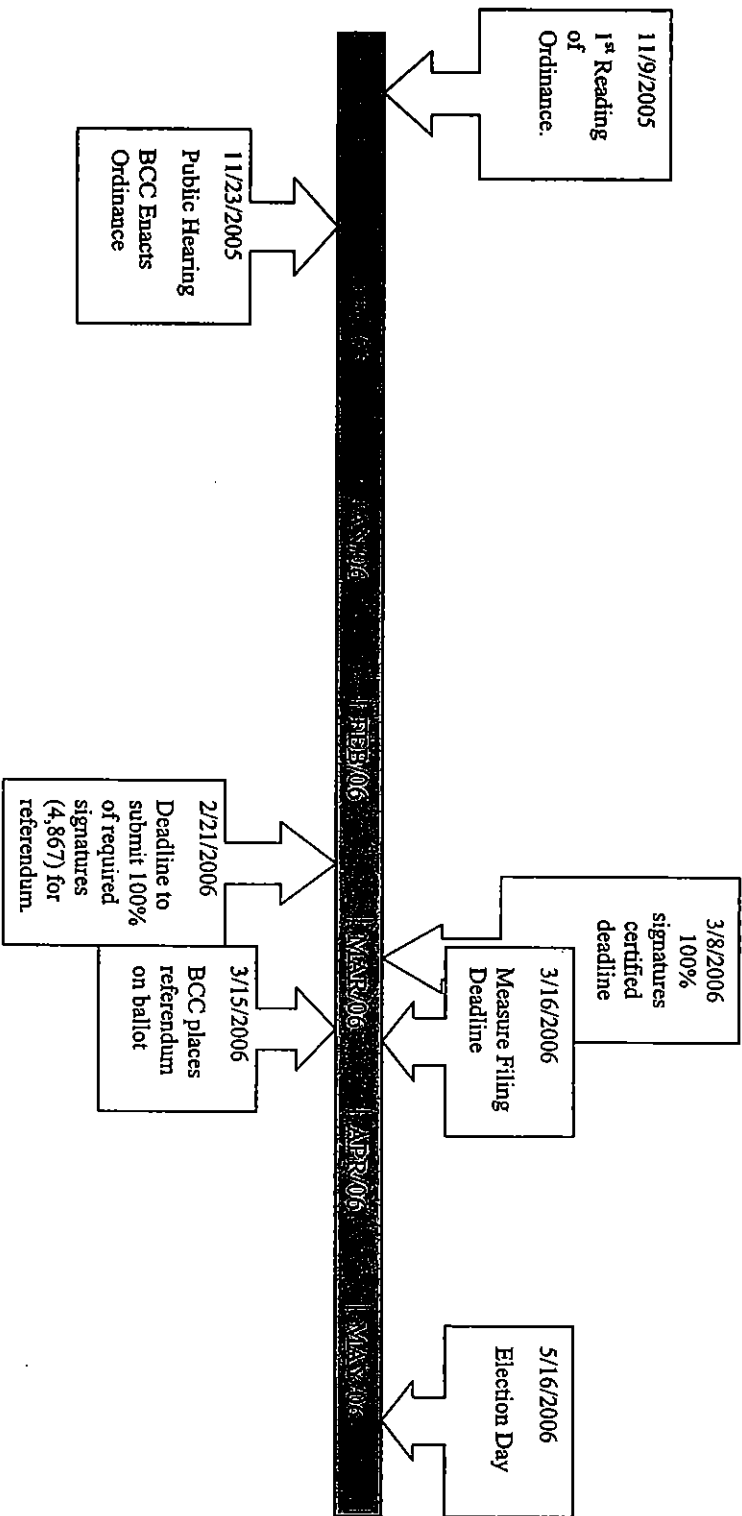
BCC Places Measure on Ballot; no State Voters' Pamphlet



Lane County Public Safety Measure

May 16, 2006 Election – OPTION 11

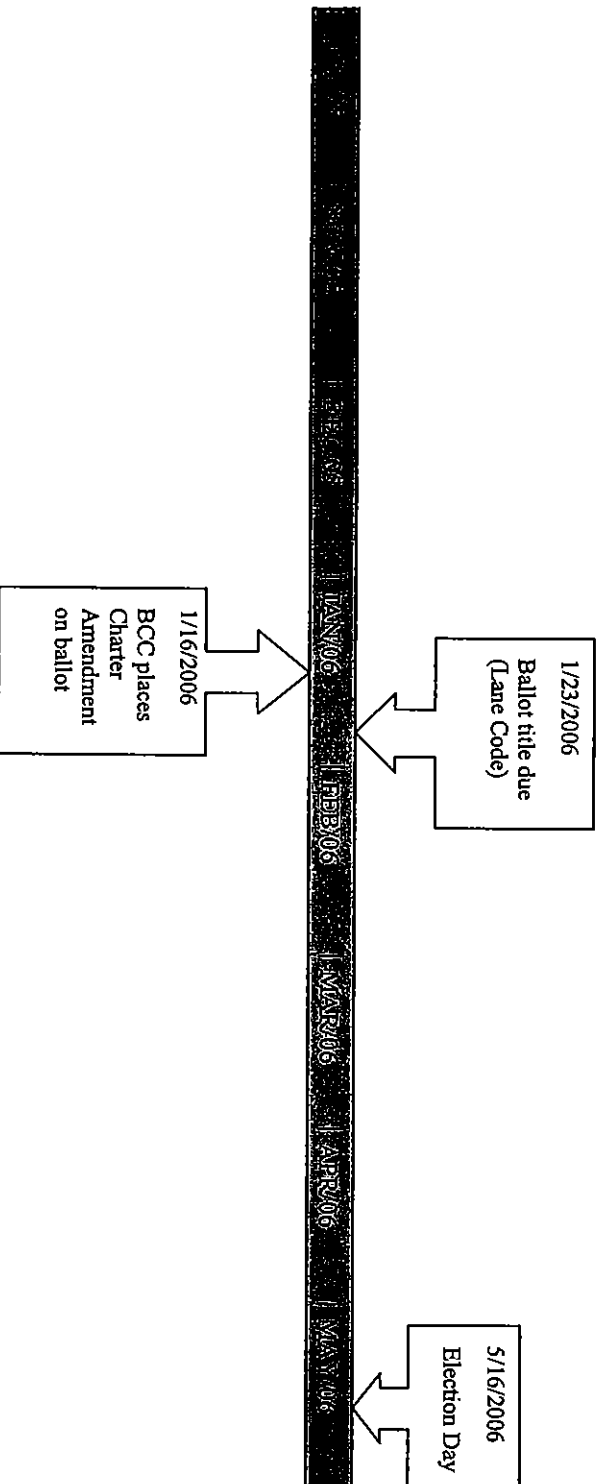
BCC Enacts Ordinance; Referendum Petition Filed; BCC Places Measure on Ballot; no State Voters' Pamphlet



Lane County Public Safety Measure

May 16, 2006 – OPTION 12

**BCC Places Charter Amendment on Ballot;
no State Voters' Pamphlet**



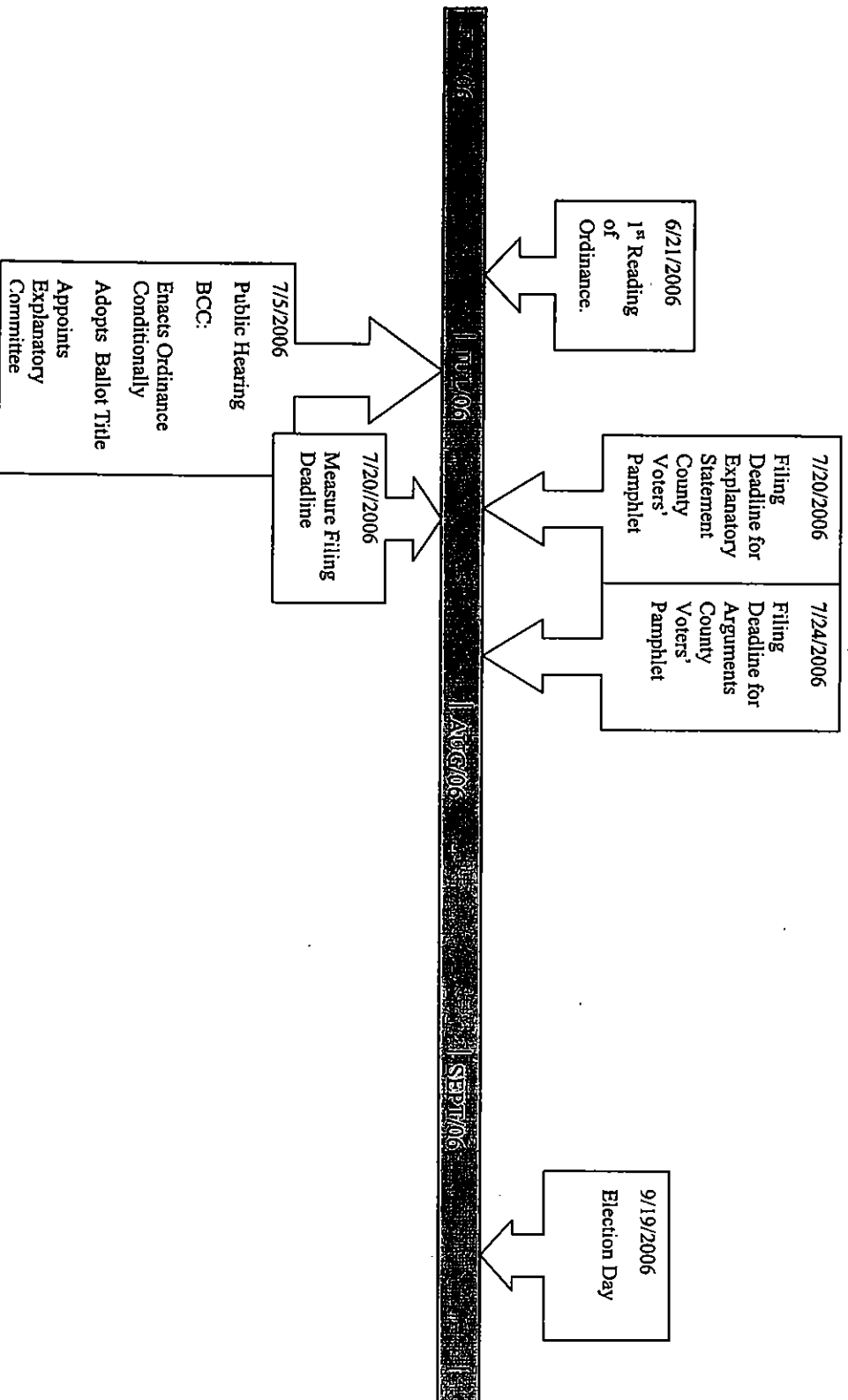
Lane County Public Safety Measure

September 19, 2006 Election Package

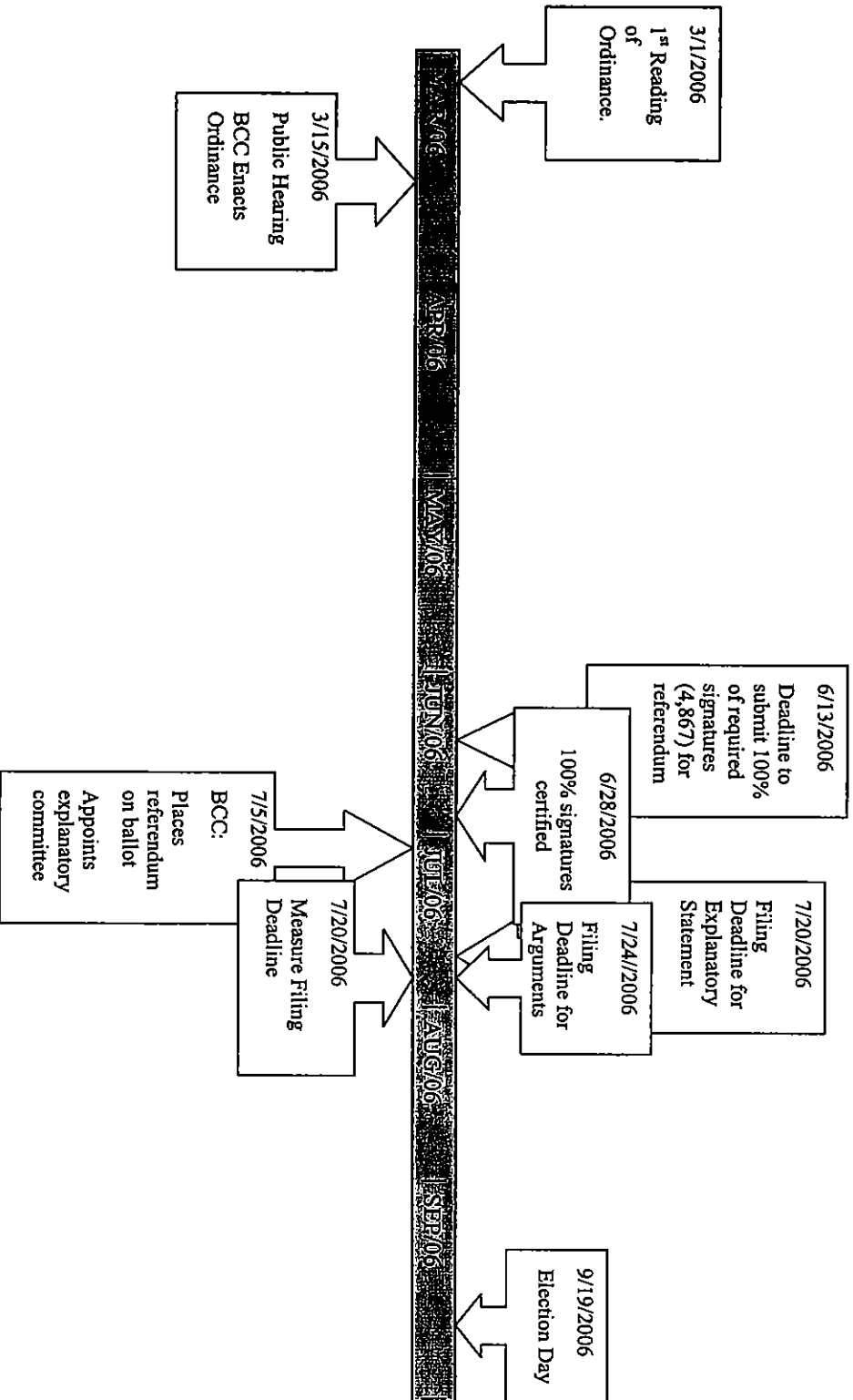
Options:

- 13 BCC places measure on ballot; county voters' pamphlet
- 14 BCC enacts ordinance, referendum petition filed; BCC places measure on ballot; county voters' pamphlet
- 15 BCC places charter amendment on ballot; county voters' pamphlet
- 16 BCC places measure on ballot; no county voters' pamphlet
- 17 BCC enacts ordinance; referendum petition filed; BCC places measure on ballot; no voters' pamphlet
- 18 BCC places charter amendment on ballot; no voters' pamphlet

Lane County Public Safety Measure September 19, 2006 Election – OPTION 13 BCC Places Measure on Ballot; County Voters' Pamphlet



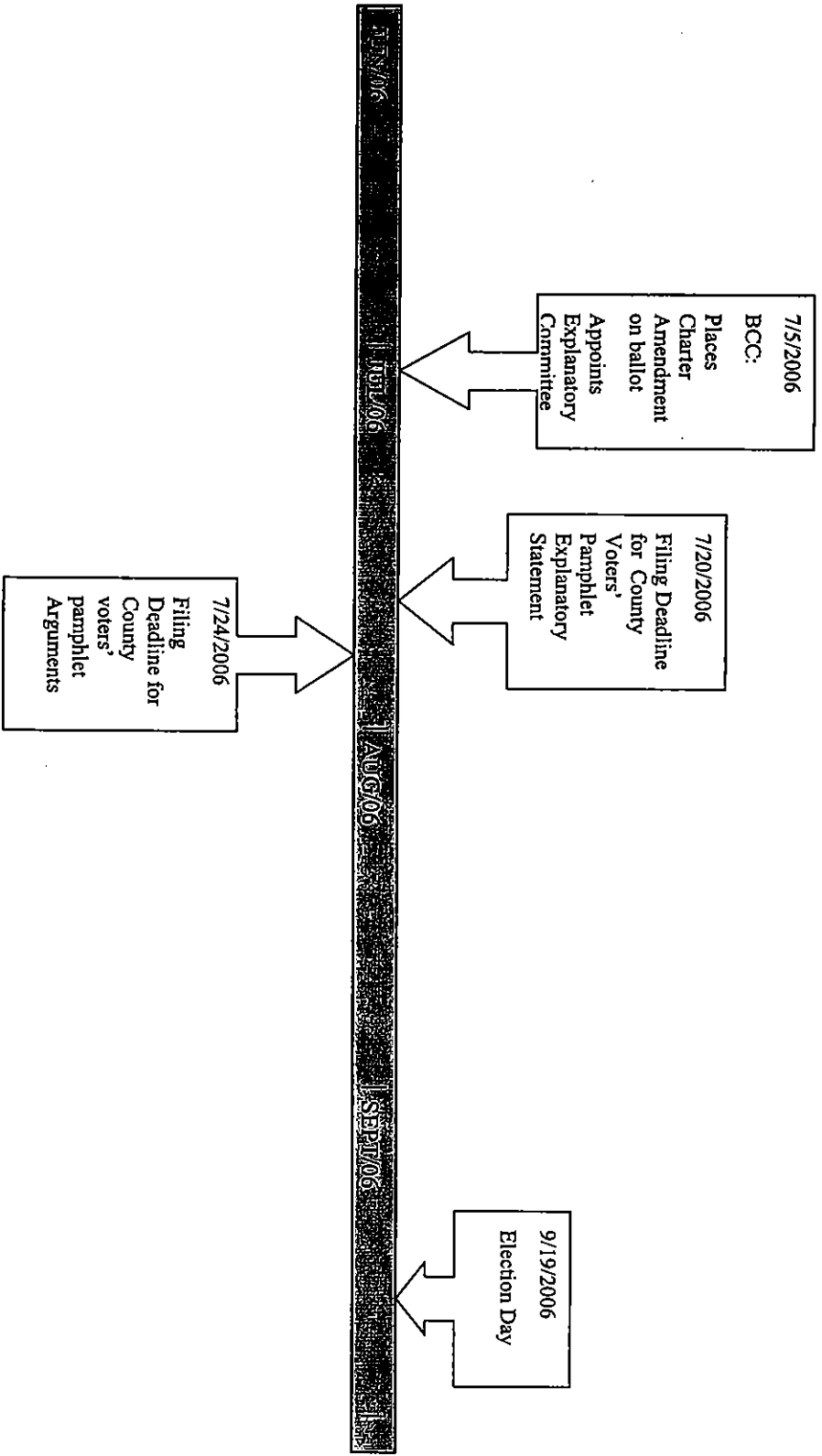
Lane County Public Safety Measure September 19, 2006 – OPTION 14 BCC Enacts Ordinance; Referendum Petition Filed; BCC Places Measure on Ballot; County Voters' Pamphlet



Lane County Public Safety Measure

September 19, 2006 Election – OPTION 15

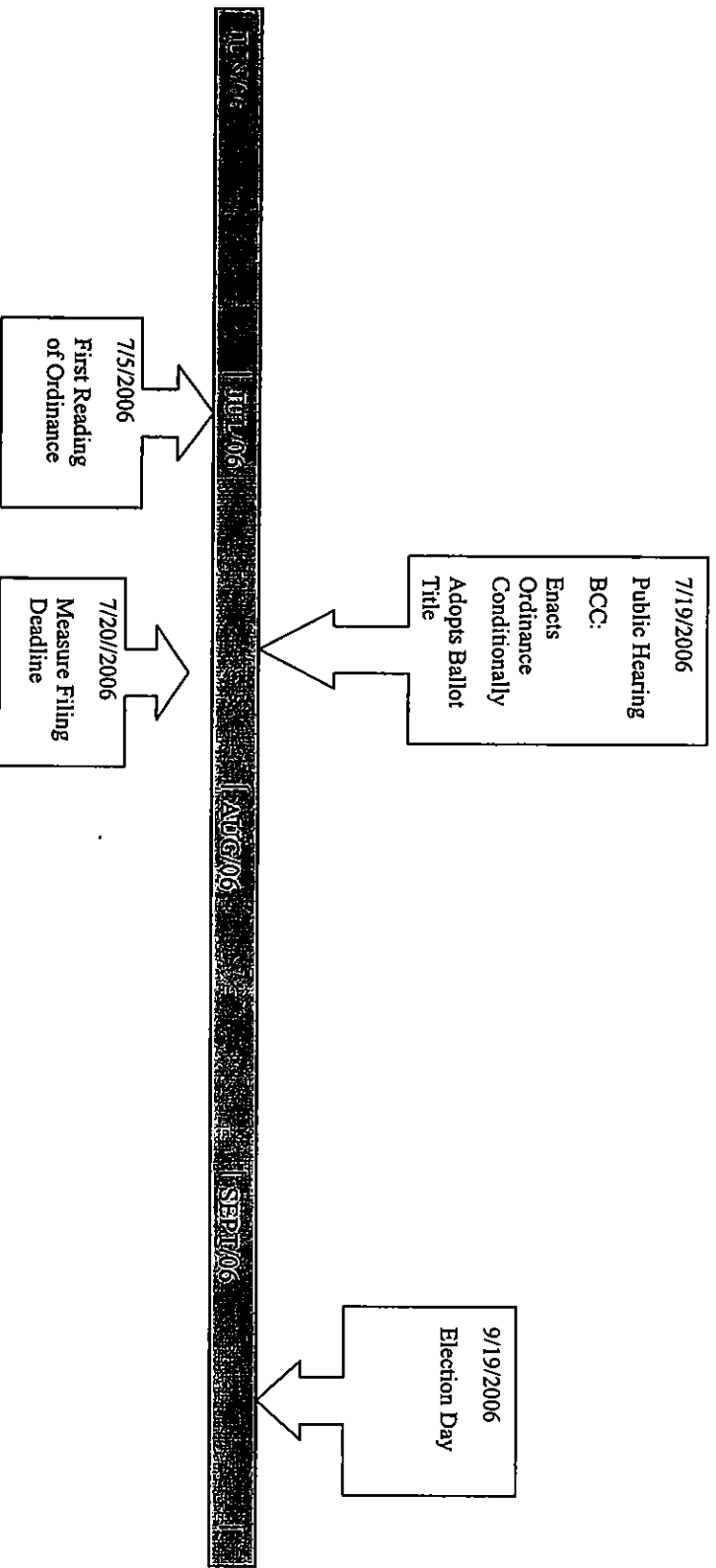
BCC Places Charter Amendment on Ballot; County Voters' Pamphlet



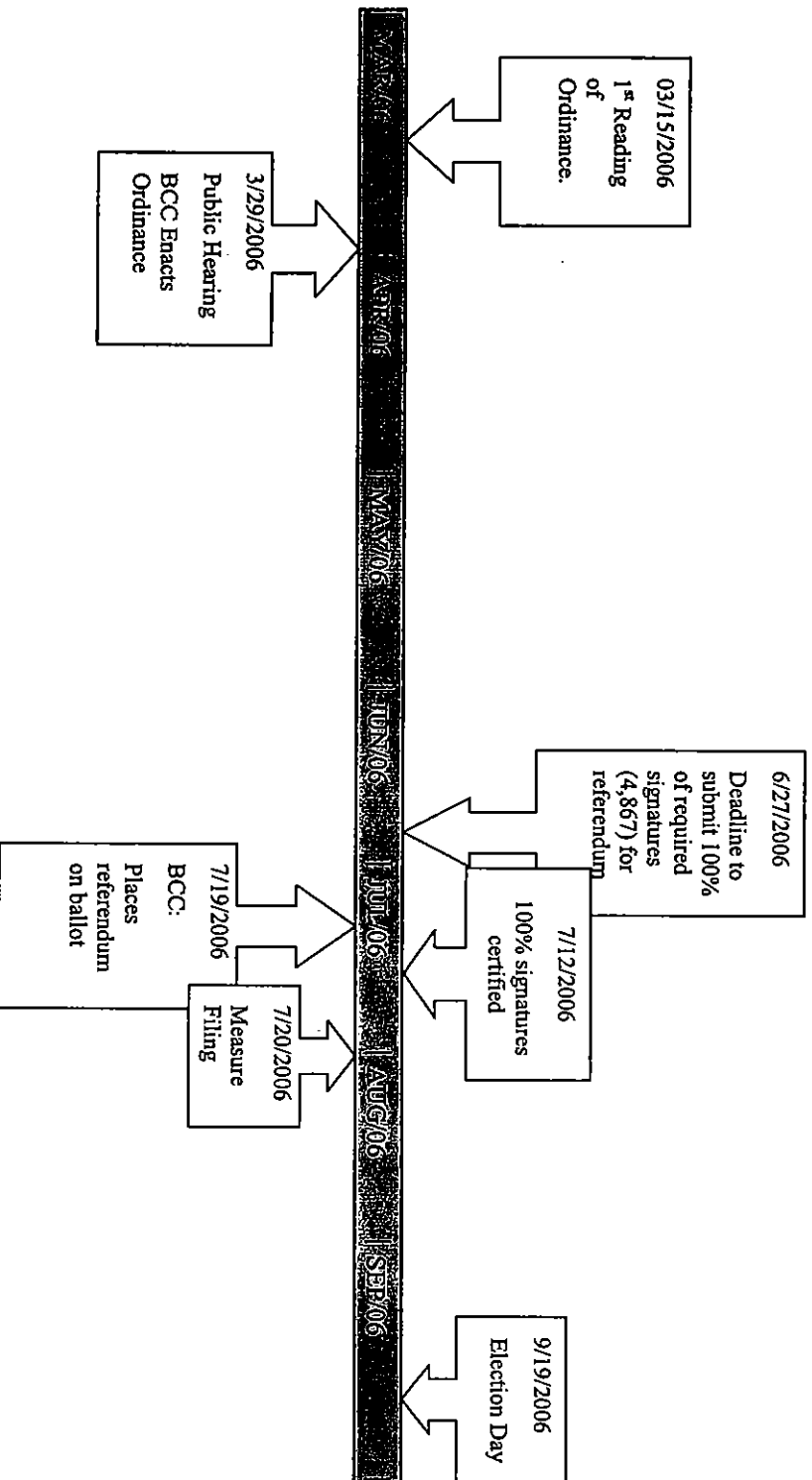
Lane County Public Safety Measure

September 19, 2006 Election – OPTION 16

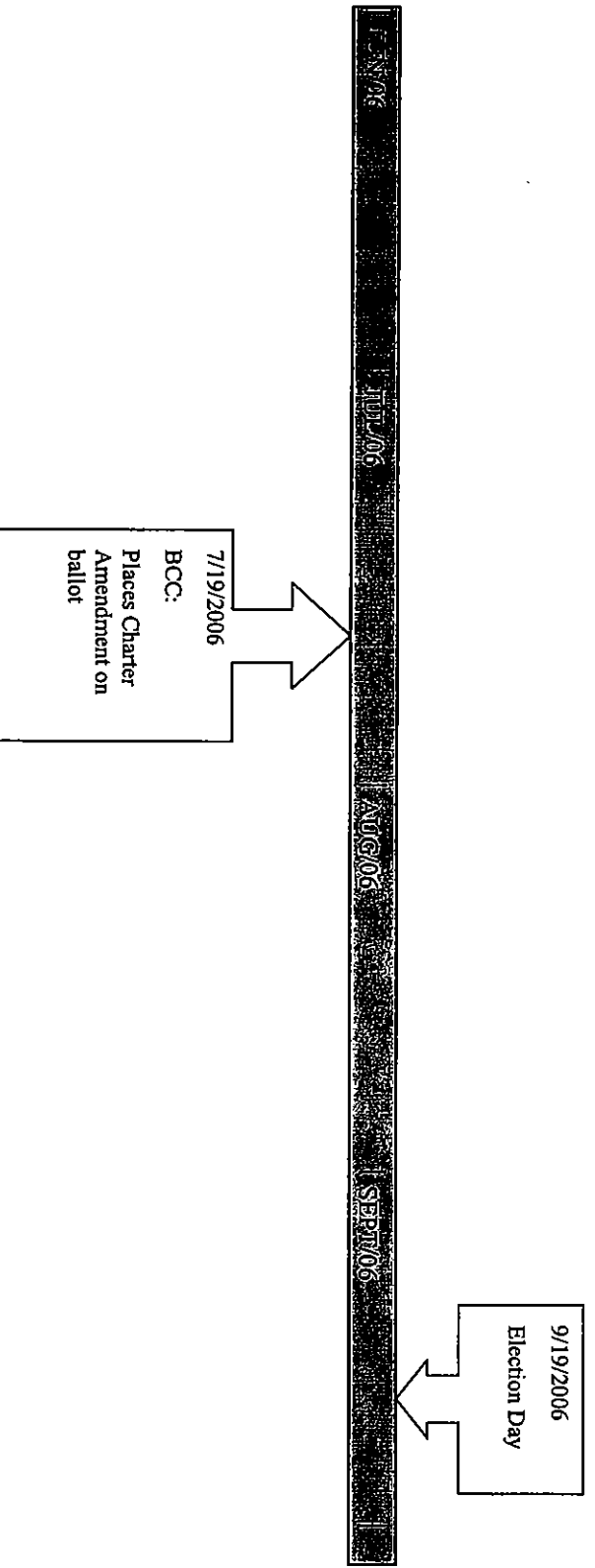
BCC Places Measure on Ballot; no Voters' Pamphlet



**Lane County Public Safety Measure
September 19, 2006 – OPTION 17
BCC Enacts Ordinance; Referendum Petition
Filed; BCC Places Measure on Ballot;
no Voters' Pamphlet**



Lane County Public Safety Measure
September 19, 2006 Election – OPTION 18
BCC Places Charter Amendment on Ballot;
no Voters' Pamphlet



Lane County Public Safety Measure

November 7, 2006 Election Package

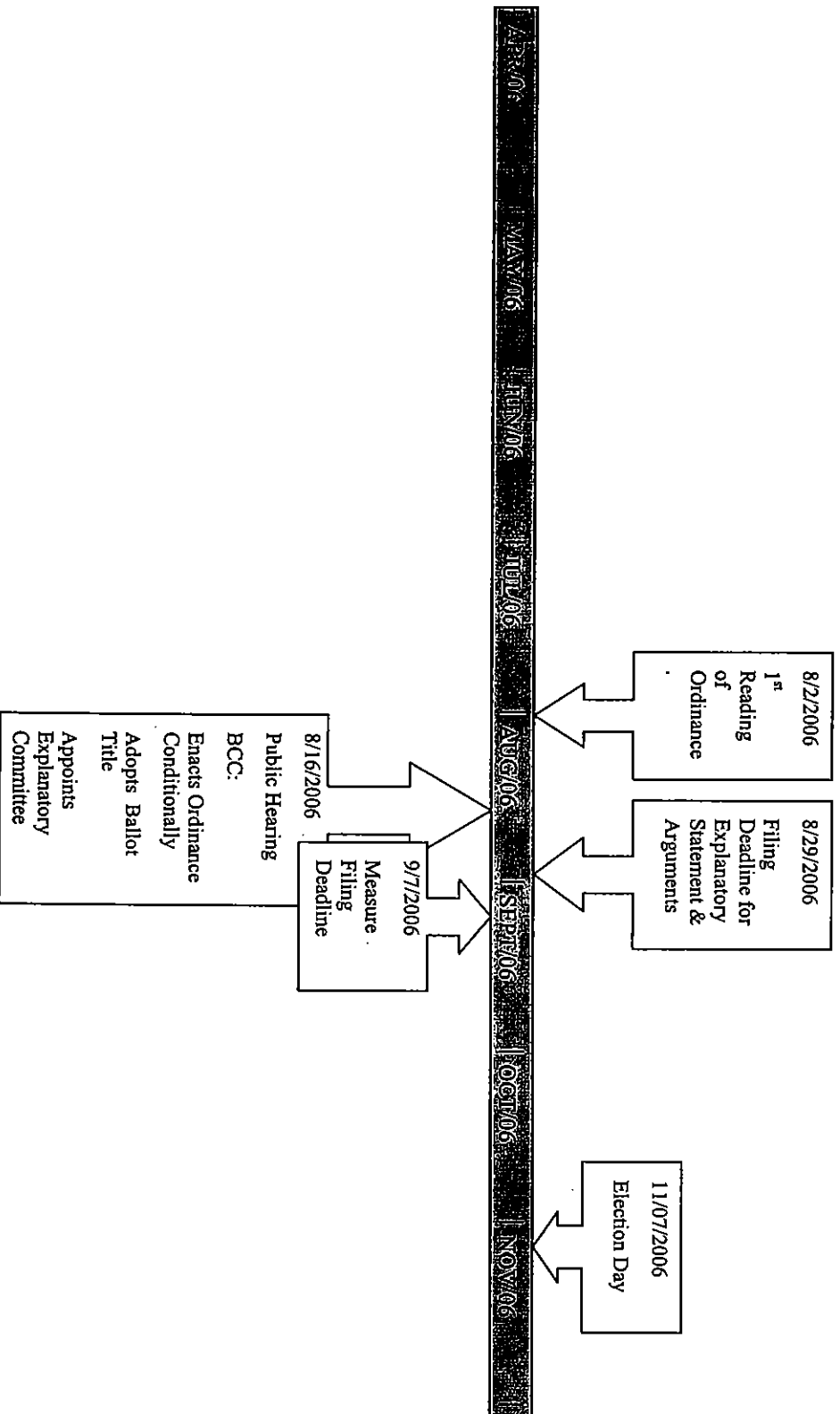
Options:

- **19 BCC places measure on ballot; state voters' pamphlet**
- **20 BCC enacts ordinance, referendum petition filed; BCC places measure on ballot; state voters' pamphlet**
- **21 BCC places charter amendment on ballot; state voters' pamphlet**
- **22 BCC places measure on ballot; no state voters' pamphlet**
- **23 BCC enacts ordinance; referendum petition filed; BCC places measure on ballot; no state voters' pamphlet**
- **24 BCC places charter amendment on ballot; no state voters' pamphlet**

Lane County Public Safety Measure

November 7, 2006 Election – OPTION 19

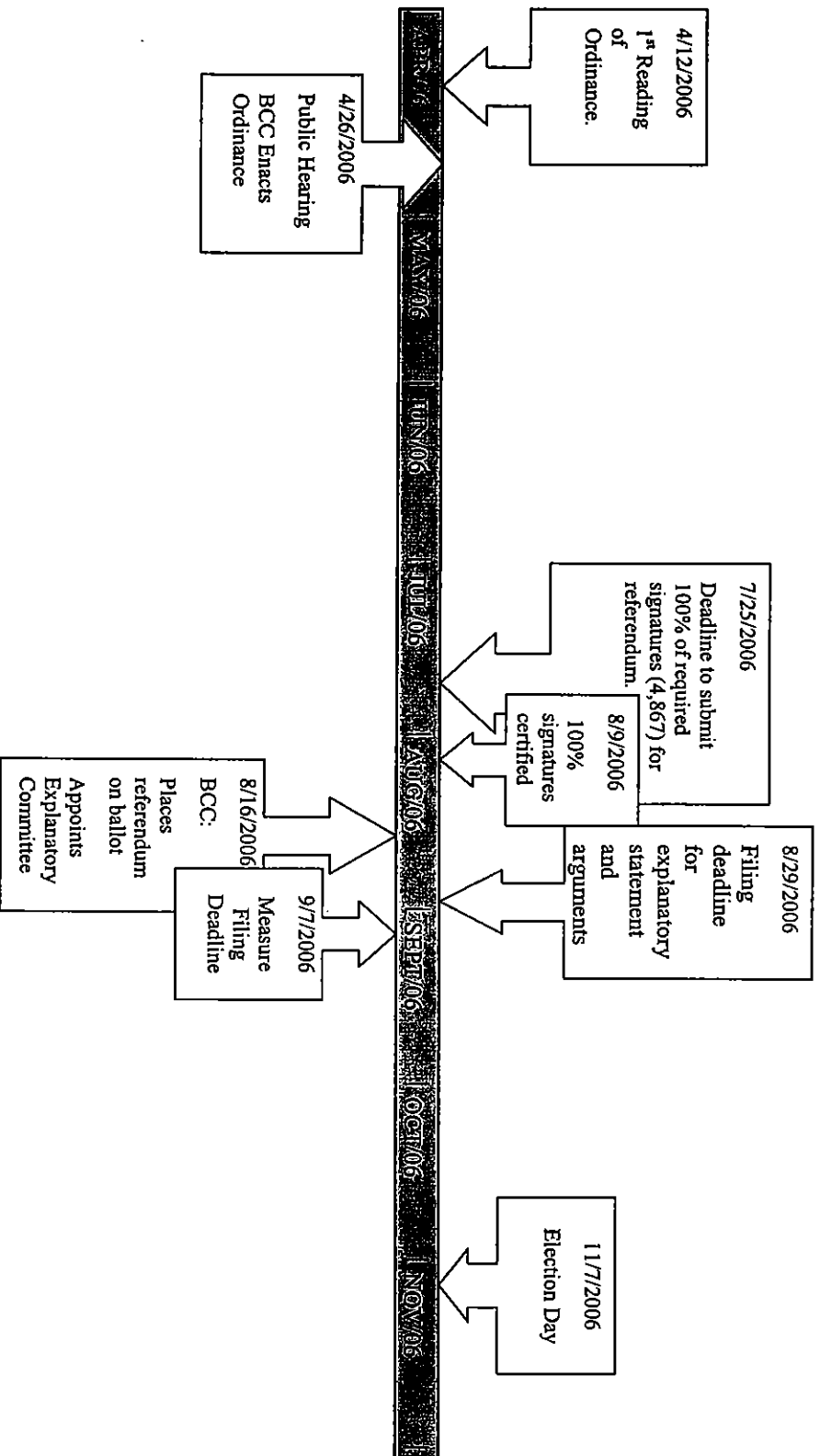
BCC Places Measure on Ballot; State Voters' Pamphlet



Lane County Public Safety Measure

November 7, 2006 Election – OPTION 20

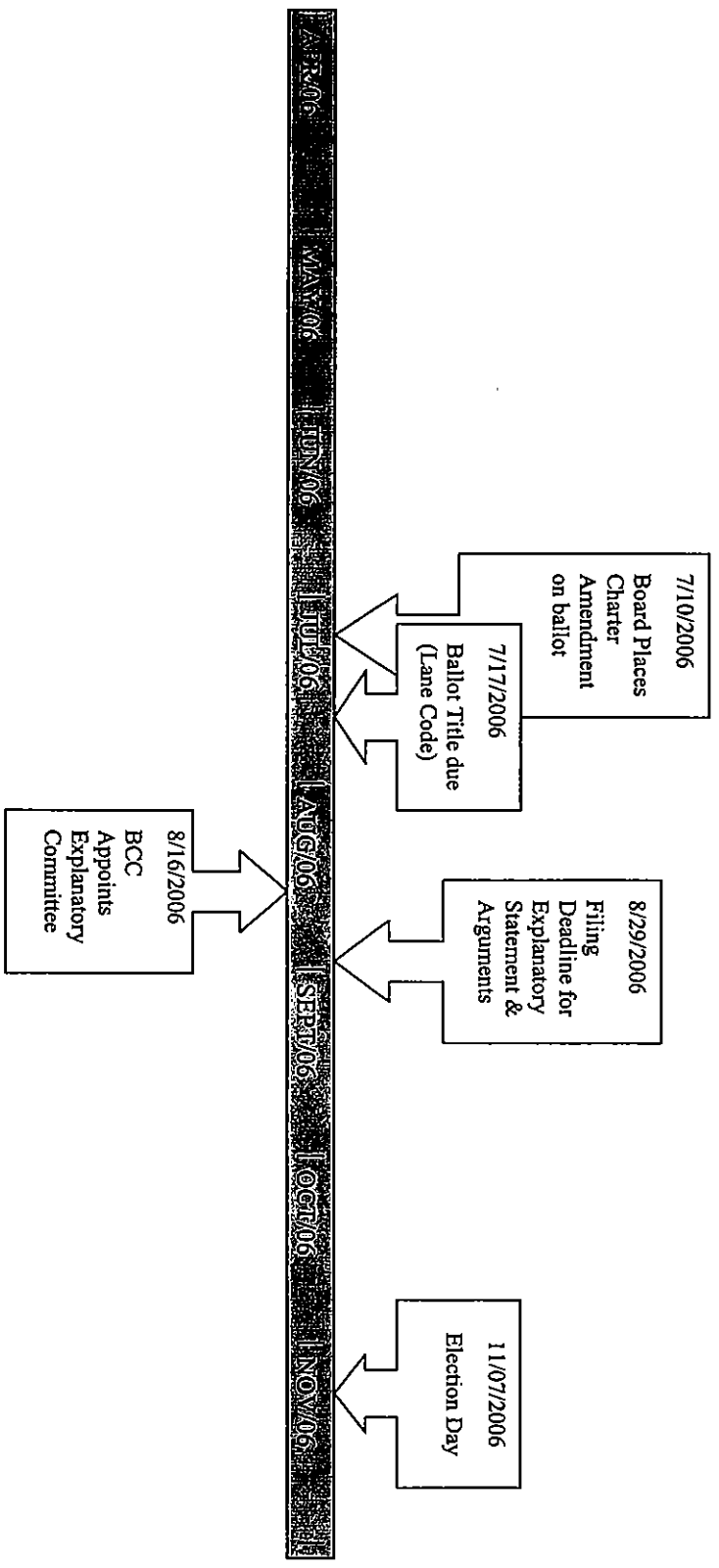
BCC Enacts Ordinance; Referendum Petition Filed; BCC Places Measure on Ballot; no State Voters' Pamphlet



Lane County Public Safety Measure

November 7, 2006 Election – OPTION 21

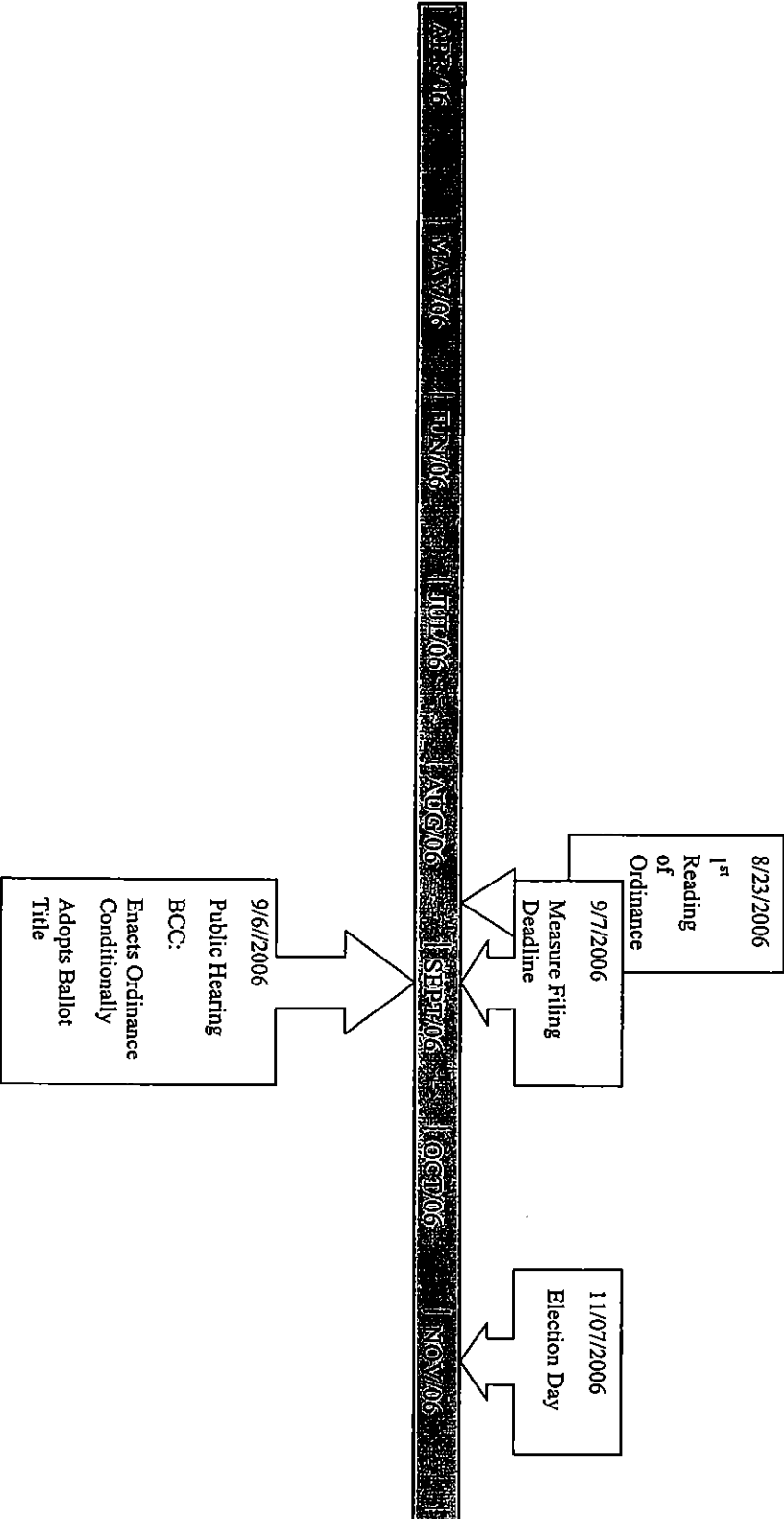
BCC Places Charter Amendment on Ballot; State Voters' Pamphlet



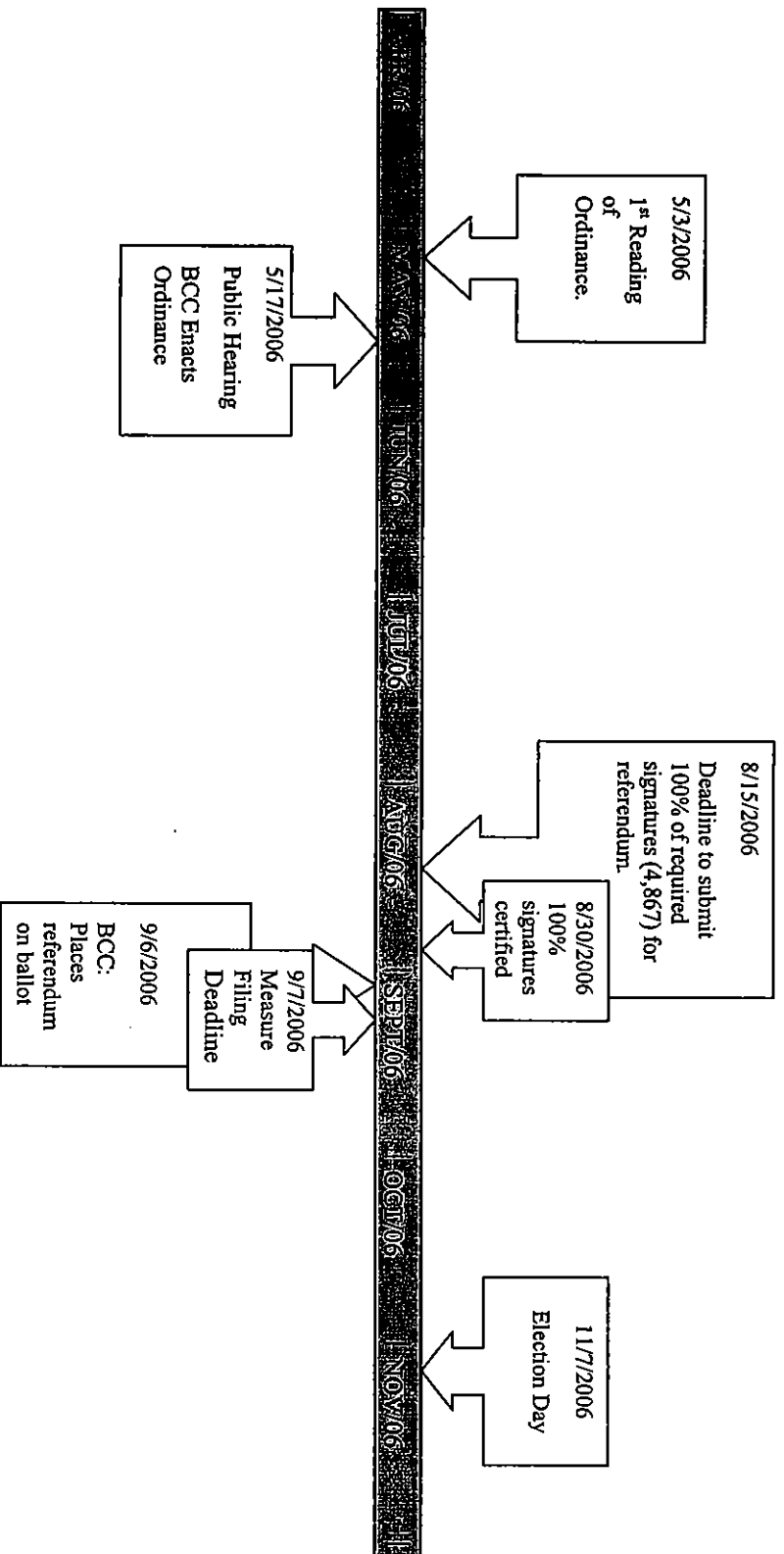
Lane County Public Safety Measure

November 7, 2006 Election – OPTION 22

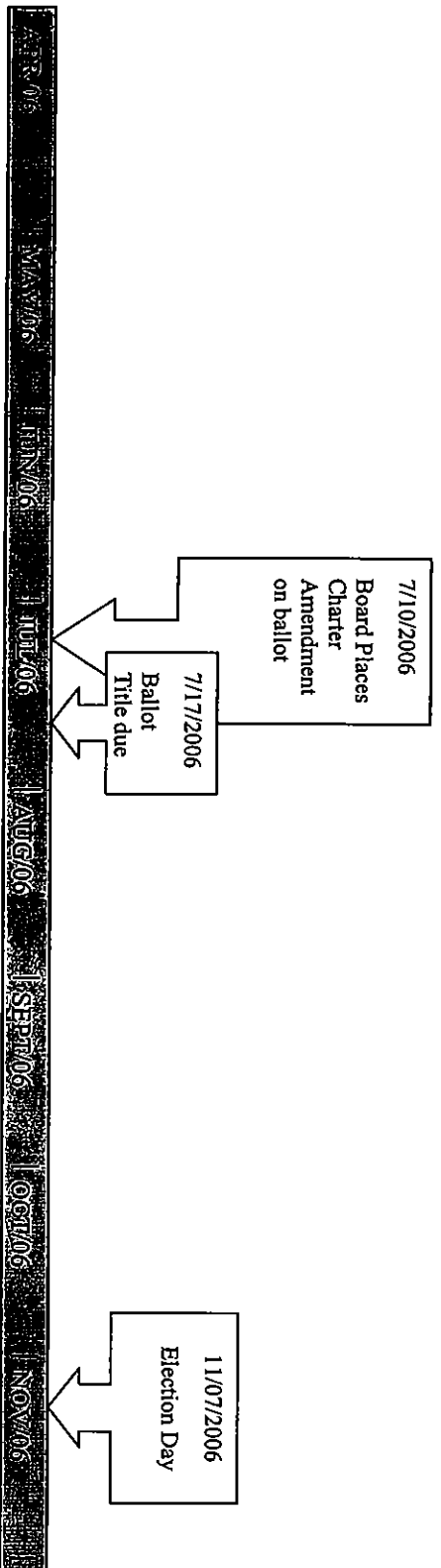
BCC Places Measure on Ballot; no State Voters' Pamphlet



**Lane County Public Safety Measure
November 7, 2006 Election – OPTION 23
BCC Enacts Ordinance; Referendum Petition
Filed; BCC Places Measure on Ballot;
no State Voters' Pamphlet**



**Lane County Public Safety Measure
November 7, 2006 Election – OPTION 24
BCC Places Charter Amendment on Ballot;
no State Voters' Pamphlet**



City/County Public Safety Task Force

Memorandum

To: Board of County Commissioners
 From: Jim Johnson
 Date: October 20, 2005
 Re: Facts on Tax Revenues and Options for Rates and Yields

Lane County Discretionary General Fund and Public Safety Share Projections for Fiscal Year 2006-2007

Total Discretionary General Fund (DGF)	\$58.144 million
Public Safety DGF Totals	\$38.601 million (66.4 percent of total DGF)
PS Task Force Suggested Additions	\$24.530 million
Public Safety Total	\$63.131 million

Property Tax Yields - Projections for Fiscal Year 2006-2007

\$ Rate/\$1,000 Value	\$1.2793
Estimated Total Tax (less uncollected)	\$26.221 million
Not Levy \$1/\$1,000 would result in	\$5.725 million to County
Or a rebate to taxpayers of	\$20.496 million

Secure Rural Schools and Community Self-Determination Act of 2000 – Estimate for Fiscal Year 2006-2007

General Fund Title I	\$15.500 million
Title II	\$.757 million
Title III	\$4.652 million
General Fund Total	\$20.458 million
Road Fund Title I	\$20.404 million
School Fund Title I	\$6.845 million
Roads and Schools Total	\$27.249 million
 Grand Total	 \$47.707 million

Financial Information on Retail Sales Tax and Gross Receipts Tax

Attached are two spreadsheets which present financial information on the Retail Sales Tax proposal and on the Gross Receipt Tax. Each spreadsheet contains Options and each presents the estimated yield at a specific tax rate.

GROSS RECEIPTS TAX OPTIONS

Option	Code Section	Tax Rate	Property Tax Relief \$1/1000	\$250,000 Exemption	Programs Included	FY06-07 Projected Program Costs	Net Tax Receipts	Workable Option Over 5 Years?
A	Delete LC 4.502(4), 4.506(2), last sentence 4.559(3)	0.14%	-	-	Task Force Only	\$24.5	\$26.3	Yes
B	Delete LC 4.506(2), last sentence of 4.559(3)	0.32%	Yes	-	TF + PS Depts	63.1	67.5	Yes
C	Delete LC 4.502(4)	0.15%	-	Yes	Task Force Only	24.5	27.0	Yes
D	As is	0.26%	Yes	Yes	Task Force Only	24.5	50.4	Yes
E	As is	0.34%	Yes	Yes	TF + PS Depts	63.1	67.7	Yes

FOOTNOTES:

Insert Tax Rate for option chosen in LC 4.503(1)

The Tax Rate builds in a modest allowance for exemptions, deductions, and rate differentials for future Board action.

Property Tax Relief is predicated upon renewal of the federal Secure Rural Schools & Community Self Determination Act of 2000.

Workable Options include sufficient revenue to cover all program and administrative costs over a five-year period, including uncollectibles.

The estimated cost to purchase 50 beds from a new Springfield Jail is \$1.5 mil. This cost is NOT included in the above matrix. To add this option, **add** 0.01% to the above rates and insert sum LC 4.503(1).

RETAIL SALES TAX OPTIONS

Option	Code Section	Tax Rate	Property Tax Relief \$1/1000	Programs Included	FY06-07 Projected Program Costs	Net Tax Receipts	Workable Option Over 5 Years?
A	Delete Lane Code: 4.402(4)	0.66%	-	Task Force Only	\$24.5	25.9	Yes
C2	As is	0.94%	Yes	Task Force Only	24.5	47.0	Yes
D	As is	1.47%	Yes	TF + PS Depts	63.1	64.9	Yes

FOOTNOTES:

Insert Tax Rate for option chosen in LC 4.404(1) and 4.410(1)

The Tax Rate builds in a modest allowance for exemptions, deductions, and rate differentials for future Board action.

Property Tax Relief is predicated upon renewal of the federal Secure Rural Schools & Community Self Determination Act of 2000.

Workable Options include sufficient revenue to cover all program and administrative costs over a five-year period, including uncollectibles.

The estimated cost to purchase 50 beds from a new Springfield Jail is \$1.5 mil. This cost is NOT included in the above matrix. To add this option, **add** 0.05% to the above rates and insert in LC 4.404(1) and 4.410(1).

City/County Public Safety Task Force

Memorandum

To: Board of County Commissioners
From: ^{Jim} Jim Johnson
Date: October 20, 2005
Re: Summary Information on Alternative Taxes

The information below is a summary of information provided by Ron Chastain. The full version is included in the Final Report of the Public Safety Task Force.

Personal Income Tax

Description of Tax: A Lane County personal income tax would tax income of residents, and possibly nonresidents', earned in Lane County. A tax rate could be applied to Oregon Adjusted Gross Income, or on a taxpayer's Oregon "Taxable Balance", the amount on which actual tax liability is calculated after deductions from Adjusted Gross Income.

Yield / Adequacy:

- For each 1-percentage point tax on adjusted gross income, estimated revenue for calendar year 2005 is estimated at \$62.5 million.
- A 1-percent tax applied to the Oregon taxable balance would yield \$47.5 million for calendar year 2005 returns.
- If the county income tax were a 10 percent "piggy-back" surtax on the state income tax, revenue for the 2005-06 fiscal year would be approximately \$34.7 million.

Advantages

- Generates substantial revenue
- A fair tax, based on ability to pay, unlike some other taxes
- Provides reasonable growth, mirrors economic conditions
- Already in effect in other Oregon county
- Relatively easy for taxpayers to compute and plan
- May be applied to residents and nonresidents, more easily paid with withholding
- Deductible for state and federal personal income tax itemizers

Disadvantages

- A highly visible tax for prospective residents

- More administration cost than by increasing property taxes
- More burdensome than sales tax for self-employed and others without withholding
- Does not tax corporate income, but does tax other business income

Corporate Income Tax

Description of Tax: A county corporate income tax would be a tax imposed on net corporate income earned within the county geographical boundary. A net income tax is applied to business profits, rather than to a broader measure of business activity, such as gross receipts.

Yield / Adequacy: A 1 percent county tax on corporate income allocated to Lane County would average a little over \$3 million per year for the remainder of this decade. Growth of revenue will parallel business activity.

Advantages

- Generates significant revenue to partially address county needs
- Reasonably fair tax, applied only to net profits, unlike some other taxes
- Currently implemented in another Oregon county, relatively easy to clone
- Would be deductible business expense for state and federal taxes
- Administration of tax likely contracted out, not requiring increased county staffing
- Does not treat small and large businesses differently
- Provides increased share of county funding from business sector

Disadvantages

- A visible tax, perceived as negative factor, for prospective corporate residents
- Receipts will fluctuate with economic conditions, difficult to predict
- Does not tax sole proprietors, partnerships

Retail Sales Tax

Description of Tax: A county sales tax would be an excise tax on practically all retail sales of goods within the county boundaries. Washington state sales tax: applies to the selling price of tangible personal property and certain services purchased at retail, i.e., by consumers; tax applies to goods, construction including labor, repair of tangible personal property, lodging of less than 30 days, telephone service and participatory recreational activities. Most services to persons and businesses are not taxed. Exempted items would include in-home food, prescription drugs, most services, medical sales, utilities, rents or fabricated for ultimate sale at retail.

Yield / Adequacy: A one-percent tax Washington-type tax on retail sales within Lane County is estimated to have raised \$47.7 million if in effect in calendar year 2005 and \$50.0 million in 2006. Over time, tax receipts will grow almost as much as personal income growth.

Advantages

- Generates adequate revenue, permitting reduction of other taxes
- Allows taxes to be paid "pay as you go", in small amounts
- Provides reasonable growth, mirrors economic conditions
- Would help "lock in" local government share if state tax enacted
- Everyone pays, including tourists and the "underground" economy

Disadvantages

- Lane County would be first Oregon county with a sales tax
- Increased administration cost for a new tax
- More regressive than income tax
- Not deductible for state and federal income tax
- Creates burden for retail businesses to collect tax

Gross Receipts Tax

Description of Tax: A gross receipts tax for Lane County would be similar to Washington's Business and Occupation (B&O) tax, which is imposed on business gross income, rather than on net income. Is considered an excise tax on the privilege of engaging in business. Is measured by gross income, gross proceeds of sales, or the value of products resulting from activities conducted within the state.

Yield / Adequacy: A 0.1 percent county tax on gross receipts would have raised about \$22.7 million in 2005. Growth of revenue will parallel business activity. Forecasted growth of revenue from a 0.1-percent county tax is estimated to increase about one million dollars per year, although assumptions are fairly tenuous

Advantages


- Generates significant revenue to partially address county needs
- Provides reasonable growth, mirrors economic conditions
- Would be deductible business expense for state and federal taxes
- Does not treat small and large businesses differently
- Provides increased share of county funding from business sector

Disadvantages

- A visible tax, perceived as negative factor, for prospective corporate residents
- Lane County would be first Oregon county with gross receipts tax
- Requires new administration cost for county, being a new tax
- Creates hardship on emerging businesses by ignoring profits
- Receipts will fluctuate with economic conditions

City/County Public Safety Task Force

Memorandum

To: Board of County Commissioners
From:  Jim Johnson
Date: October 20, 2005
Re: Summary Information on Community Surveys by Lindholm Research

The information below is summarized from the results of three surveys completed by Lindholm Research in March, August, and October, 2005.

March, 2005

The Summary Report covers only the broad countywide patterns. One or more of the below listed three factors appear to underlie most of the results found in the survey and are seen throughout the survey. This should guide the construction of the measure and the public information campaign surrounding the measure.

1. The need is seen, but is not clearly defined in respondents' minds. The top response when asked to list the top public safety problem (Question 2) is "amount of funding" at 30%. All of the potential elements are seen as important (Question 8), however, none of the initial ballot questions received more than 56% support (implying not more than 48% yes vote at an election).
2. The cost of the measure is a major factor determining opposition. There was a sharp drop in support as the cost amount increased from \$100 (56% support) to \$200 (42% support) to \$300 (36% support). A top response when asked to explain their attitudes towards possible ballot measure price amounts (Question 4) is "can't afford it" at 10%.
3. The voters are open to being convinced. Support increased 7% between the first ballot (Question 3) and second ballot (Question 10). The top reason cited for lack of support was "need more information" (Question 4), at 16%.

Other Key Conclusions. These important results should guide the construction of the measure.

1. The funds raised by the eventual ballot measure should be guaranteed to be used exclusively for public safety purposes (Question 5).

2. The county should not include split rates in the measure (Question 11). All areas of the county should be taxed equally for sheriff's patrols.

August, 2005

This survey simulates how a set of possible revenue measures would fare at a March 2005 election. These included income, property, and sales taxes at a \$39 million level and amusement, business license, and restaurant taxes at a \$2.25 million level. In addition, conceptual measures where income and sales taxes would be used to replace property taxes were tested.

- A \$39 million measure, using any of the suggested revenue sources, would have a difficult time passing in a March election:

Question 3 Property Tax: Total Support	33%
Question 4 Income Tax: Total Support	43%
Question 5 Sales Tax: Total Support	45%

- There was a significant drop in support (from 42% to 33%) for a proposed \$200 per \$100,000 assessed valuation property tax measure between the March 2005 survey of likely November General election voters and this August 2005 survey of likely March Special election voters. However, this is unlikely to reflect any drop in support. It is probably due entirely to the different voter demographics and different questionnaire design.

- Though respondents state a preference for income and sales taxes over property taxes, neither an income nor a sales tax would, at this time, have any realistic chance to be passed at a March election. Even given that they do not reach the 55% threshold, the income and sales taxes support levels are biased upward because voters are less familiar with them.

Neither property tax replacement measure tested, either with an income tax or with a sales tax, has a realistic chance to be passed at the polls.

Question 7 Income Tax: Total Support	33%
Question 8 Sales Tax: Total Support	45%

- A \$2.25 million measure could pass. There are two advantages. First, the measure raises a relatively small amount of money. Second, the measure is targeted to provide a highly valued service. An amusement tax is the preferred method of financing and has a reasonable chance of passage. A business license tax and a restaurant tax are unlikely to be passed at a March election.

Question 10 Amusement tax: Total Support	64%
Question 11 Business license tax: Total Support	45%
Question 12 Restaurant tax: Total Support	51%

October, 2005

This survey simulates how variations of proposed sales or business income (gross receipts) tax revenue measures would fare at a May 2006 election. In the specific proposals, the sales or

business tax, respectively, would be levied and property taxes would be refunded. After the basic sales or business tax, respectively, was tested, two additional provisions were tested in which either the funds were dedicated to use only for public safety and where the tax rate could only be changed by a vote of the people.

- As a baseline, a \$47 million measure for public safety starts with reasonably good support. Question 2 \$47 million measure: Total Support 60%
Question 3 \$47 million dedicated: Total Support 64%

• The business income tax plan receives more support than the sales tax plan. A business income tax plan has a reasonable chance to pass.

- Question 4 Sales Tax Plan: Total Support 42%
- Question 5 Sales Tax Dedicated: Total Support 48%
- Question 6 Sales Tax Fixed Rate: Total Support 53%
- Question 7 Business Tax Plan: Total Support 62%
- Question 8 Business Tax Dedicated: Total Support 57%
- Question 9 Business Tax Fixed Rate: Total Support 64%
- Question 10 Sales Tax or Business Tax Preference
 - Business 53%
 - Sales 29%
 - Don't Know 19%

• Newspapers and television are the preferred sources for local news. This parallels results from the August survey. These contrast with the March survey where newspapers were the clear choice as a source for local news. Again, these differences in news source could be attributed to differences in voter demographics.

Results from Question 10 may be key information to consider as you make policy choices. A cross tabulation by Commissioner District is presented below:

**Percent of Respondents Who Prefer Sales Tax or a Business Income Tax
By Commissioner District, Lindholm Survey, October, 2005**

	Commissioner District				
	W Ln Percent	Spr Percent	S Eug Percent	N Eug Percent	E Ln Percent
Prefer Sales Tax	22	31	24	31	35
Don't Know	17	22	16	20	20
Prefer Business Tax	60	47	60	49	45
Difference of Two Taxes	38	17	35	19	9

AGENDA COVER MEMO

AGENDA DATE: October 26, 2005
Memorandum Date: October 20, 2005

TO: LANE COUNTY BOARD OF COMMISSIONERS
DEPARTMENT: LANE COUNTY OFFICE OF LEGAL COUNSEL
PRESENTED BY: Teresa J. Wilson, County Counsel



AGENDA ITEM TITLE: Ordinance 5-05 – Lane County Sales and Use Tax

I. **MOTION** None at this time

II. **AGENDA ITEM SUMMARY**

The purpose of this work session is to present the facts the Board will need to help reach decisions regarding the recommendations of the Public Safety Task Force. This particular memorandum will present the highlights of what is contained in Ordinance 5-05, the Lane County Sales and Use Tax.

III. **DISCUSSION**

A. **Highlights of Ordinance.**

1. LC 4.005-4.015 Differential taxes – this is a component of the ordinance solely for the purpose of moving its location in the Code. The Differential Tax language was adopted by the Board in 1995.

2. Broad Outline:
LC 4.400-4.403 are provisions which have general application, i.e., definitions, dedication and rules of construction.
LC 4.403-4.409 are specific to the Sales Tax.
LC 4.410-4.414 are specific to the Use Tax.
LC 4.450-4.462 relate to administration and collection.

Generally, a sales tax is a tax paid by the purchaser or consumer of a product, and is calculated as a percentage of the sales price; it is collected by the retailer and then remitted to the government on a regular basis. Most governments that have sales taxes also have use taxes, which are designed to ensure that the tax is paid equally among the residents. A use tax is imposed when the purchaser buys a product outside the jurisdiction that would be taxable under the sales tax if bought locally, and then brings it home to use. The use tax is imposed at the same rate as the sales tax.

This ordinance was developed using the very general guidance provided by the Task Force regarding what should be taxed and what should be exempt, and keeping in mind that the revenue estimates used by the Task Force were premised on the work of Mr. Chastain as presented in his "Alternative Revenue Sources, 2005" report.

3. General provisions – LC 4.400-4.403

4.401 contains the definitions, which are significant features of the tax. I will point to policy implications of definitions of certain words when I discuss the relevant sections below.

4.402 provides the dedication of the revenues to a Public Safety Dedicated Tax Fund, to be used for public safety programs and administration/collection costs (here is a place where the definition is important. "Public safety programs" are defined in reference to the specific programs contained in Task Force's final report, as well as the definition developed by the Board in its consideration of a Public Safety District.) This section describes the first 5 year goals for the funds.

This section also contains one of the policy choices that the Board will need to decide, that of whether to provide property tax relief. The ordinance presents the relief at \$1/1000 assessed value for the first year, and then proportionate to public safety revenues, including Secure Rural Schools, thereafter.

4.403 describes the rules of construction—basically, provisions relating to what or who is taxable are construed liberally and provisions relating to exemptions, deductions and credits are construed narrowly.

4. Sales Tax - LC 4.403-4.409

4.404(1) imposes the sales tax at the rate determined by the Board. It is imposed on each "retail sale", which is defined as every sale of tangible personal property and every provision of "taxable service." The taxable services are generally those that are taxed in Washington, and that were included in the Chastain revenue estimates. They range from cleaning or repairing personal property; constructing, repairing, decorating or moving buildings; automobile towing; amusement and recreation services, escrow services, automobile parking, professional sporting tickets, to physical fitness services and tattoo parlor services.

4.404(3) imposes the tax on sales beginning on April 1, 2006.

4.405(1) and (2) provide the rounding methodology for sellers, and generally requires the tax be stated separately. Sellers are to pay the taxes collected quarterly. However, the Tax Administrator is given authority to adopt rules that can alter the payment frequency or collection below a specified amount.

4.405(3) provides the sellers can retain 2% of the tax collected as compensation for their additional work, if they make payments timely.

4.406 provides the list of items excluded. Generally, this list covers what the Task Force indicated should be excluded (in-home food, utilities, medical supplies and equipment (written broadly to range from prescription drugs to "recommended" supplies such as crutches). It covers other items where the County is prohibited from taxing (motor vehicle fuel, interstate commerce activities) or the revenues derived from the tax would not be available to use for the purposes of this tax (transient lodging), or the County already imposes a tax (car rental). It also excludes purchases of what generally amounts to inventory that the business will then sell.

4.407 permits a seller to take a credit for taxes paid on bad debts.

4.408 exempts sales to or by governments or nonprofits in their income tax revenue exempt activities. It also exempts internet sellers, until such time as Congress permits taxing such activity or a court determines that it is allowable.

4.409 describes "resale certificates" which are the means by which a buyer can purchase goods without paying the tax in circumstances where the goods are basically either inventory or components that the buyer will incorporate into a product that will then be sold and taxed.

5. Use Tax - LC 4.410-4.414

4.410 imposes the use tax at the rate determined by the Board. Presumably the same rate will be used for both the sales and use tax. It is imposed on the value of all taxable uses by a person, beginning April 1, 2006. "Value" is generally defined in the "Definitions" as price paid or reasonable fair market value.

4.411 contains payment provisions comparable to the sales tax, as well as provides similar authority for the Tax Administrator.

4.412 permits a credit against a use tax if the user has paid a sales tax on the item, as well as a credit for payments based on bad debts.

4.413 provides the list of exemptions. These include governments and nonprofits in their income tax exempt activity, any person whose taxable use is less than \$1000, or internet sales subject to the same conditions as the sales tax.

4.414 also provides a list of exempt transactions, which include nonresident use during a temporary stay, use of goods acquired outside the County by someone who moves here, and use of goods obtained before April 1, 2006.

6. Administration and Collection - LC 4.450-4.462

4.450 authorizes the Board to decide the most appropriate means of collection and administration. The County Administrator has asked Jim Gangle, the County Tax Assessor, if he would be willing to take on the task of being the Tax Administrator, and he has responded affirmatively. A Board Order will be presented to the Board at the time scheduled for adoption of the ordinance, to make such an appointment, but in a manner consistent with the Charter restrictions regarding removal of Assessor's functions.

4.451 authorizes the Tax Administrator to exercise the necessary authority to administer, collect and enforce the tax, including settlement authority.

4.452 authorizes the Tax Administrator to adopt administrative rules, and outlines notice and an opportunity for comment.

4.454 requires the people who work with the tax returns to keep individuals' or entities' financial information confidential, but permits general statistical information to be released. Violation of the confidentiality provisions subjects the violator to penalties in LC 4.462(7) that include a fine up to \$1000 and/or a year in jail.

4.455 gives the Tax Administrator the power to review records and take testimony.

4.456 provides that employees of the County or Tax Administrator can't represent clients before the Tax Administrator for up to two years after leaving employment.

4.457 provides for the opportunity to protest an action of the Tax Administrator, for the Tax Administrator to revise his/her determination, and then for the taxpayer to appeal the decision to a Tax Appeals Board, which the Board of Commissioners will need to create and appoint.

4.458 provides for handling of deficiencies and refunds, and includes authority for the Tax Administrator to adopt a rule setting a minimum level of refund the County would pay.

4.459 provides returns are due the last day of the month following the end of a quarter. The Tax Administrator may grant extensions, and may authorize annual payments where that makes more sense.

4.461 provides the necessary interest component for late payments, deficiencies and refunds. Interest is the same as used by the Department of Revenue.

4.462 provides for penalties. If the tax is less than 4 months late, the penalty is 5%; if it is more than 4 months, the penalty increases to 20%; if it is more than 3 years, it increases to 100%.

B. Alternatives/Options

Retail Sales Tax Options page– This page is set up so that upon selection of an option, it describes what sections of the Code need to be deleted, and what tax rate would be inserted at LC 4.404(1) for the Sales Tax at LC 4.410(1) for the Use tax. For each option, the first year (FY 06-07) projected program costs and tax revenues (net of administration/collection and uncollectibles) are shown. Because the rate of projected program costs slightly exceed the projected rate of growth of the revenue (revenue growth rate is the same as used in the Chastain report), the last column describes if there is sufficient revenue to cover costs for five years.

Option A – This option would set the tax rates at 0.66%. This means on a \$1000 purchase, the tax would be \$6.60. On a \$10 purchase, it would be \$0.07. This Option contains NO property tax relief. It would fund the list of programs identified by the Task Force at an estimated program cost of \$24.5 million. This option is sustainable over 5 years.

Option C2 – This option would set the tax rates at 0.94%. This means on a \$1000 purchase, the tax would be \$9.94. On a \$10 purchase, it would be \$0.09. This Option includes property tax relief under LC 4.402(4), which for the first year would be at a rate of \$1/1000 assessed value. The tax would fund the list of programs identified by the Task Force at an estimated program cost of \$24.5 million. This option is sustainable over 5 years.

Option D - This option would set the tax rates at 1.47%. This means on a \$1000 purchase, the tax would be \$14.47. On a \$10 purchase, it would be \$0.15. This Option includes property tax relief under LC 4.402(4), which for the first year would be at a rate of \$1/1000 assessed value. The tax would fund the list of programs identified by the Task Force plus the Departments of Public Safety, the District Attorney and Youth Services at an estimated program cost of \$63.1 million. This option is sustainable over 5 years.

Additional Capacity – as noted, the Board may wish to include \$1.5 million for the purchase of beds to increase capacity, at the Springfield jail when built or any other facility. This cost is not included in any of the 3 Options discussed above. If the Board wishes to add this funding, it would need to ADD 0.05% to the rate chosen.

IV. TIMING/IMPLEMENTATION

Timing issues are described in a separate memo from County Counsel, and laid out graphically by the Chief Deputy County Clerk.

AGENDA COVER MEMO

AGENDA DATE: October 26, 2005
Memorandum Date: October 20, 2005

TO: LANE COUNTY BOARD OF COMMISSIONERS
DEPARTMENT: LANE COUNTY OFFICE OF LEGAL COUNSEL
PRESENTED BY: Teresa J. Wilson, County Counsel



AGENDA ITEM TITLE: Ordinance 6-05 – Lane County Gross Receipts Tax

I. **MOTION** None at this time

II. **AGENDA ITEM SUMMARY**

The purpose of this work session is to present the facts the Board will need to help reach decisions regarding the recommendations of the Public Safety Task Force. This particular memorandum will present the highlights of what is contained in Ordinance 6-05, the Lane County Gross Receipts Tax.

III. **DISCUSSION**

A. **Highlights of Ordinance.**

1. LC 4.005-4.015 Differential taxes – this is a component of the ordinance solely for the purpose of moving its location in the Code. The Differential Tax language was adopted by the Board in 1995.

2. Broad Outline:

LC 4.500-4.502 cover the definitions and dedication.

LC 4.503-4.508 are specific to the Gross Receipts Tax, and rules of construction.

LC 4.550-4.562 relate to administration and collection.

Generally, a gross receipts tax is a tax paid by business based on the business gross income, before deduction for any labor, materials, expenses, taxes or other costs of doing business. A gross receipts tax is considered an excise tax on the privilege of engaging in business in the jurisdiction. It is calculated as a percentage of that gross income and then remitted to the government on a regular basis. A gross receipts tax is frequently accompanied by a business license requirement.

This ordinance was developed using the very general guidance provided by the Task Force. The Task Force had limited information regarding revenue estimates, as those were developed by Mr. Chastain in just a few days before the last meeting of the Task Force.

3. General provisions – LC 4,500-4.502

4.501 contains the definitions, which are significant features of the tax. I will point to policy implications of definitions of certain words when I discuss the relevant sections below.

4.502 provides the dedication of the revenues to a Public Safety Dedicated Tax Fund, to be used for public safety programs and administration/collection costs (here is a

place where the definition is important. "Public safety programs" are defined in reference to the specific programs contained in Task Force's final report, as well as the definition developed by the Board in its consideration of a Public Safety District.) This section describes the first 5 year goals for the funds.

This section also contains one of the policy choices that the Board will need to decide, that of whether to provide property tax relief. The ordinance presents the relief at \$1/1000 assessed value for the first year, and then proportionate to public safety revenues, including Secure Rural Schools, thereafter.

4. Gross Receipts Tax - LC 4.503-4.508

4.503(1) imposes the gross receipts tax at the rate determined by the Board. "Gross receipts" are defined as gross income the business + value of products manufactured within County + value of products extracted within the County. More simply:

GR = business income + manufactured products + extracted products

The definition of "manufacturing" covers the processing of materials for sale, and includes the creation of intellectual property and production of software. The definition of "extracting" includes mining, quarrying, cutting timber, or taking of fish.

4.503(1) imposes the tax beginning April 1, 2006.

4.504(3) and (4) provides credits if the manufactured or extracted products were sold within the County; it avoids the "double taxation" of these. Subsection (5) is a similar credit for a product that is both extracted and manufactured within the County.

4.505 provides the deductions that can be taken in calculating the gross receipts. These cover a variety of items in subsection (1) which the County is prohibited from taxing (real estate transfers, motor vehicle fuel, interstate commerce activities) or where the revenues derived from the tax would not be available to use for the purposes of this tax (transient lodging). These also cover an individual's receipt of salary or compensation as an employee (subsection 2), revenues of a nonprofit to the extent it is from its activities that are exempt from income tax (subsections 2&3), revenues that a business receives out of the Dedicated Tax monies to perform the services the tax is dedicated for (subsection 4), amounts received that have no commercial or industrial purpose or are for the individual's consumption (gifts, etc.) (subsection 6) and amounts apportioned to business conducted outside the County pursuant to rules to be developed by the Tax Administrator (subsection 10).

4.506 exempts governments. As written, subsection (2) will also exempt anyone whose gross receipts are less than \$250,000. However, in the process of writing this memo, we have discovered that the Chastain estimates were premised on deducting the first \$250,000 for all businesses, rather than an exemption of only those businesses which make \$250,000 or less. A change will need to be written to the ordinance to conform to the estimates, which I will prepare for the Board for the Second Reading and Public Hearing.

4.508 describes the rules of construction—basically, provisions relating to what or who is taxable are construed liberally and provisions relating to exemptions, deductions and credits are construed narrowly.

5. Administration and Collection - LC 4.550-4.562

4.550 authorizes the Board to decide the most appropriate means of collection and administration. The County Administrator has asked Jim Gangle, the County Tax Assessor, if he would be willing to take on the task of being the Tax Administrator, and he has responded affirmatively. A Board Order will be presented to the Board at the time

scheduled for adoption of the ordinance, to make such an appointment, but in a manner consistent with the Charter restrictions regarding removal of Assessor's functions.

4.551 authorizes the Tax Administrator to exercise the necessary authority to administer, collect and enforce the tax, including settlement authority.

4.552 authorizes the Tax Administrator to adopt administrative rules, and outlines notice and an opportunity for comment.

4.554 requires the people who work with the tax returns to keep individuals' or entities' financial information confidential, but permits general statistical information to be released. Violation of the confidentiality provisions subjects the violator to penalties in LC 4.562(7) that include a fine up to \$1000 and/or a year in jail.

4.555 gives the Tax Administrator the power to review records and take testimony.

4.556 provides that employees of the County or Tax Administrator can't represent clients before the Tax Administrator for up to two years after leaving employment.

4.557 provides for the opportunity to protest an action of the Tax Administrator, for the Tax Administrator to revise his/her determination, and then for the taxpayer to appeal the decision to a Tax Appeals Board, which the Board of Commissioners will need to create and appoint.

4.558 provides for handling of deficiencies and refunds, and includes authority for the Tax Administrator to adopt a rule setting a minimum level of refund the County would pay.

4.559 provides returns and payments are due the last day of the month following the end of a quarter. Returns are due from those businesses whose gross receipts exceed \$200,000, even if they are exempt because their gross receipts are less than \$250,000. The Tax Administrator may grant extensions, and may authorize annual payments where that makes more sense.

4.561 provides the necessary interest component for late payments, deficiencies and refunds. Interest is the same as used by the Department of Revenue.

4.562 provides for penalties. If the tax is less than 4 months late, the penalty is 5%; if it is more than 4 months, the penalty increases to 20%; if it is more than 3 years, it increases to 100%.

B. Alternatives/Options

Gross Receipts Tax Options page– This page is set up so that upon selection of an option, it describes what sections of the Code need to be deleted, and what tax rate would be inserted at LC 4.503(1). For each option, the first year (FY 06-07) projected program costs and tax revenues (net of administration/collection and uncollectibles) are shown. Because the rate of projected program costs slightly exceed the projected rate of growth of the revenue (revenue growth rate is the same as used in the Chastain report), the last column describes if there is sufficient revenue to cover costs for five years.

Option A – This option would set the tax rate at 0.14%. This means on \$100,000 gross receipts, the tax would be \$140. On \$500,000 gross receipts, it would be \$700. This option contains NO property tax relief. It would fund the list of programs identified by the Task Force at an estimated program cost of \$24.5 million. This option is sustainable over 5 years.

Option B – This option would set the tax rate at 0.32%. This means on \$100,000 gross receipts, the tax would be \$320. On \$500,000 gross receipts, it would be \$1,600.

PLEASE NOTE:

The following page was corrected on 10/24/05

This option contains NO property tax relief. The tax would fund the list of programs identified by the Task Force plus the Departments of Public Safety, the District Attorney and Youth Services at an estimated program cost of \$63.1 million. This option is sustainable over 5 years.

Option C – This option would set the tax rate at 0.15%. This means on \$100,000 gross receipts, the tax would be \$150. Under the current ordinance language, on \$500,000 gross receipts, it would be \$750. This option contains NO property tax relief. As explained with regard to LC 4.506, the revenue estimate assumes the first \$250,000 of gross receipts would not be taxed, although the ordinance language is written as an exemption for businesses with gross receipts of less than \$250,000. The ordinance language to conform to the estimate, i.e., to make the first \$250,000 free from tax, is being drafted. Under the revised language, the tax on \$500,000 gross receipts, with the first \$250,000 being deducted would be \$375. The tax would fund the list of programs identified by the Task Force at an estimated program cost of \$24.5 million. This option is sustainable over 5 years.

Option D - This option would set the tax rate at 0.26%. This means on \$100,000 gross receipts, the tax would be \$260. Under the current ordinance language, on \$500,000 gross receipts, it would be \$1,300. This option includes property tax relief under LC 4.502(4), which for the first year would be at a rate of \$1/1000 assessed value. Subject to the same caveats as Option C regarding the ordinance language, under the revised language, the tax on \$500,000 gross receipts with the first \$250,000 being deducted would be \$650. The tax would fund the list of programs identified by the Task Force at an estimated program cost of \$24.5 million. This option is sustainable over 5 years.

Option E - This option would set the tax rate at 0.34%. This means on \$100,000 gross receipts, the tax would be \$340. Under the current ordinance language, on \$500,000 gross receipts, it would be \$1,700. This option includes property tax relief under LC 4.502(4), which for the first year would be at a rate of \$1/1000 assessed value. Subject to the same caveats as Option C regarding the ordinance language, under the revised language, the tax on \$500,000 gross receipts with the first \$250,000 being deducted would be \$850. The tax would fund the list of programs identified by the Task Force plus the Departments of Public Safety, the District Attorney and Youth Services at an estimated program cost of \$63.1 million. This option is sustainable over 5 years.

Additional Capacity – as noted, the Board may wish to include \$1.5 million for the purchase of beds to increase capacity, at the Springfield jail when built or any other facility. This cost is not included in any of the 5 Options discussed above. If the Board wishes to add this funding, it would need to ADD 0.05% to the rate chosen.

IV. TIMING/IMPLEMENTATION

Timing issues are described in a separate memo from County Counsel, and laid out graphically by the Chief Deputy County Clerk.