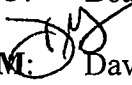


T. G. C

MEMORANDUM

DATE: Monday, January 15, 2007

TO: Board of County Commissioners

FROM:  David Garnick, Budget/Financial Planning Manager

SUBJECT: Revenue Alternatives FY 07-08

As a result of your Dec. 13, 2006 discussion regarding the Income Tax measure results I contacted Ron Chastain, our economic consultant, to start gathering more information. More specifically he is gathering the following information around retirement income:

1. Is retirement income defined anywhere in the income tax code? If not, can you find a definition you would recommend that would be the most equitable?
2. Is retirement income called out separately anywhere on the state or federal income tax form so that income can be distinguished from all other income?
3. By what age are most people retired? 62? 65? 68? Other?
4. The 2006 PERS Replacement Ratio Study indicates the most recent average payout for PERS retirees was about \$27,515 annually or 55% of the final average salary at retirement. How does this compare to other pensions?
5. Once we pick a retirement age, what would you recommend the exemption amount be and why? \$30K? \$40K? \$50K? ??
6. Based on the above, please provide estimates for the amount of adjusted gross income that would be foregone for several likely scenarios (ages/amounts).

Ron is still working on this assignment but has confirmed the following:

1. Pension income is defined in the tax code and is called out on several lines of the income tax forms. More detail to follow.
2. The Dept. of Revenue has provided us with 2005 State Income Tax data.
 - a. For Lane County, total Taxable Pension income was \$801.3 million or about 12.5% of Adjusted Gross Income.
 - b. This total includes IRA distributions, Pensions (including Oregon PERS and Fed. Employee Retirement System (FERS)), and federally taxable Social Security.
 - c. This total is \$532 million more than what was previously estimated for just PERS and FERS alone.
 - d. This Pension total does not include taxable dividends, interest, capital gains, or any other income that some might consider retirement income above a certain age.

LANE PUBLIC SAFETY SURVEY
NOVEMBER 2006
LINDHOLM RESEARCH
SUMMARY REPORT

SUMMARY OF FINDINGS

Survey Analysis of the Vote

- “Yes” and No voters appear to have had equal intensity, “No” voters appear to have decided slightly earlier than “Yes” voters.
- There was a significant information campaign in support of the measure, and 65% of voters report receiving some kind of contact from the “Yes” campaign.
- The reasons for a “Yes” vote (Questions 3 and 7)
 Providing needed services were the most important reasons to vote “Yes” (Question 3).

Top Open-Ended Reason (Question 3);
 Public safety is a necessary / important service 14%

A statistically significant number (9%) of supporters were against taxes (Question 3). This kind of incongruity implies some level of confusion due to ballot language.

Providing needed services, such as keeping children safe, were the most important reasons to vote “Yes” on the list provided (Question 7).

The charter amendment and property tax offset provisions were the least important reasons to vote “Yes” on the list provided (Question 7).

Order of reasons chosen from a list (Question 7):

7h. Need to keep children safe from harm caused by drugs	8.90
7g. The funding for treatment and prevention is sorely needed	8.45
7d. Too many offenders are not being held accountable	8.42
7f. Repeat offenders cost the taxpayers too much money	8.30
7l. Our main problem is meth and we need to be able to lock up those who commit meth related crimes	8.24
7e. Our crime rate is too high	8.14
7a. The charter amendment dedicated funding for Public Safety	7.98
7b. The charter amendment capped the income tax rate	6.52
7c. The income tax was offset by a property tax credit	5.93

Analysis of Ballot Data

- The Lane County partisan turnout percentage during this election was exceptionally favorable for money measures.
- The geographic voting pattern was very much unlike a typical money measure in Lane County.
- The precinct to precinct variation in vote percentages was much less than a typical money measure. This implies that the typical demographic groups

Indications of Confusion Among Voters

- A relatively high percentage of survey respondents did not recall their vote despite a major public information campaign. (Question 2).
- Reasons for voting in favor of the measure given by survey respondents included a statistically significant number who wanted to limit taxes (Question 3). Some "No" voters also appear to have supported additional money for public safety (Question 4), though this percentage was not statistically significant.
- The unusual voting pattern combined with the lower than normal variation, imply either that voters were widely confused by the measure or that there were carefully balancing influences affecting voter decisions and that this pattern held countywide. In either case, the precinct level election results were highly unusual.