

## **Business Leaders Call for Resident-Led Committee to Examine Budget Efficiencies**

Two organizations representing Salem businesses are calling for the creation of a resident-led committee tasked with evaluating City expenditures and efficiencies.

The Salem Area Chamber of Commerce and Home Builders Association of Marion & Polk Counties are requesting a committee be convened in 2025 to recommend ways the City can save money in the face of a mounting budget shortfall. A resident-led task force previously spent months digging into potential new sources of revenue for the City, bringing forward eight options in June that included a business license fee and property tax levy – proposals that would burden our small and local businesses with additional costs.

In a letter to Mayor Chris Hoy and the Salem City Council, Tom Hoffert, CEO of the local Chamber of Commerce, and Mike Erdmann, CEO of the local Home Builders Association, said establishing a committee dedicated solely to examining the current budget would complement work that has been done on revenue while boosting transparency and public trust.

“The establishment of a resident-led Budget Efficiencies Committee would lend credibility to future decision-making, and sends a strong message to voters: the City of Salem values transparency and is taking a thoughtful, equitable, and professional approach to addressing financial challenges,” the letter states.

Together, the organizations represent approximately 1,700 businesses. Hoffert and Erdmann said their members stand ready to partner with the City on finding durable, equitable budget solutions going forward.

Earlier this year, the Chamber and Home Builders sent out a survey to gauge their members’ attitudes on each of the eight options presented by the 2024 Revenue Task Force. The only option to garner majority support was Payment in Lieu of Taxes from State Government – later dubbed the Capital District Plan, raising revenue to offset services provided to state facilities. Other options were largely opposed and criticized as further straining businesses amid high costs and inflation.

The majority of members surveyed – nearly 86% – added they did not trust the City is spending tax dollars wisely; 80% did not feel the City was being transparent about its budget needs; and 83% felt the City had not done enough to scrutinize the current budget.

Those attitudes were reflected in the City’s own recent polling, which showed 57% of voters believe Salem is on the wrong track. A higher percentage of those voters also stated they would not support any of four property tax levies offered by the City to fund services such as police, fire, parks and libraries.

Mike Herron, President of the Salem Chamber Board of Directors and Corporate Counsel for VIPS Industries Inc., said a blue-ribbon committee to analyze costs and cuts would go a long way to reestablishing trust between the City and business community.

"The issue, I think, was that the business community was sort of resistant to the whole revenue process because we didn't feel like there has been enough done on the cost side," Herron said. "The City is saying, look, we've cut everything that we can cut. Well, no, they haven't. They roll over continuously from year to year. They roll over many, many vacant jobs and vacant positions that are still built into the budget. Those are cuts that could happen."

Ted Ferry, President-elect of the Salem Chamber and an agent for State Farm Insurance, said simply imposing further costs on businesses will make it less likely they can contribute economically to the community.

"There's going to be a trickle-down effect, and so what people are going to have to start understanding is, is it worth it?" Ferry said. "We can't keep operating this way. Something has to change. Having our businesses participate in a citizen-led committee dedicated to scrutinizing the City's budget would be a good step in the right direction."