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**MARION COUNTY – CELEBRATING 175 YEARS OF SERVICE**

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Between 1840 and 1860, approximately 53,000 settlers trekked the 2,000 mile Oregon Trail to settle the Pacific Northwest. They joined French-Canadian fur traders that had been in the area since the late 1700s. By 1842, there were an estimated 500 non-indigenous people in the Willamette Valley and on May 2, 1843, these settlers and fur traders gathered on a bluff overlooking the Willamette River for an historic vote to establish Oregon’s first provisional government. Two months later on July 5, 1843, the Organic Laws of Oregon were formally adopted and the Oregon Country was established.

What would become Marion County was an immense area, stretching east to the Rocky Mountains and south to California and Nevada. One of the four districts that made up the Oregon Territory was called Champooick, later changed to Champoege. In 1849, Champoege was changed to Marion County in honor of Revolutionary War General Francis Marion.

At 1,194 square miles, Marion County is comparatively small in size, relatively large in population, yet undeniable in its 175 years of political, economic, and educational influence. The county gained its present boundaries in 1856 after Wasco, Polk, Linn, and other counties were carved from its vast breadth. The oldest university in the West, Willamette University, was founded here in 1842. Salem, the county seat, became the territorial capital in 1851 and was confirmed as the state capital in 1864.



Marion County Courthouse 1854-1873 (original drawing)

The Marion County Courthouse hosted the Oregon Constitutional Convention in 1857. The resulting foundational charter became the basis for Oregon joining the Union as the 33rd state on February 14, 1859.

The state assumed responsibility for the courts in the 1940s. However, many of the 19th and 20th century demands for services still remain with the county: roads, ferries, law enforcement, animal regulation, land management, assistance for the indigent, public and behavioral health services, veterans care, property assessment, and tax collection to pay for those services.

Much has changed in the 175 years since 1843, but Marion County’s place as the heart of Oregon government has remained constant.



Marion County Courthouse 1873-1952

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**FORM OF GOVERNMENT**

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Marion County had a county court form of government for the first century of its existence and was presided over by the Marion County Court which consisted of a judge and two commissioners. In 1961, the Legislative Assembly enabled a county court with no judicial functions to reorganize as a three-member board of county commissioners. With court approval, the Marion County Court was abolished and replaced by the Marion County Board of Commissioners on January 1, 1963. Today, Marion County is one of the 27 general law counties in the state.

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**COUNTY PROFILE**

Marion County, Oregon is located south of the Portland metropolitan area, and stretches from the Willamette River to the Cascade Mountains.

**Quick Facts**

- Capital: Salem (located primarily within Marion County)
- Land Area: 1,194 square miles
- Established: July 5, 1843
- Population: 341,286 (2017 estimate)\*
- Persons Per Square Mile: 267 (Oregon average: 40)
- Housing units, 2016: 124,162\*\*
- Mean travel time to work (minutes): 23
- Cities: 20 incorporated
- Elevation: 154 feet at Salem and 1,595 feet at Detroit Lake
- Average Temperature: January 39.3 F; July 66.3 F
- Annual Precipitation: 40.35 inches
- Principal Industries: Agriculture, education, food processing, government, lumber, manufacturing, and tourism.

\* U.S. Census Bureau, American Fact Finder, Annual Estimates of the Resident Population, July 1, 2017 (<https://factfinder.census.gov>)

\*\* U.S. Census Bureau, American Fact Finder, ACS Demographic and Housing Estimates, 2016 (<https://factfinder.census.gov>)

**Marion County Cities**

Incorporated Cities	Population	Unincorporated Communities	
Aumsville	3,965	Breitenbush	Mehama
Aurora	970	Broadacres	Monitor
Detroit	210	Brooks	Niagara
Donald	985	Butteville	North Howell
Gates	485	Central Howell	North Santiam
Gervais	2,565	Clear Lake	Orville
Hubbard	3,225	Concomly	Pratum
Idanha	140	Crestwood	Roberts
Jefferson	3,195	Downs	Rockie Four Corners
Keizer	37,505	Drakes Crossing	Rosedale
Mill City	1,860	Elkhorn	St. Louis
Mt. Angel	3,375	Fargo	Shaw
St. Paul	430	Hazel Green	Sidney
Salem	162,060	Hopmere	Skunkville
Scotts Mills	365	Labish Center	Sunnyside
Silverton	9,725	Little Sweden	Talbot
Stayton	7,745	Lone Pine Corner	Waconda
Sublimity	2,775	Macleay	West Stayton
Turner	1,945	Marion	
Woodburn	24,795		

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There are 20 incorporated cities and 37 unincorporated communities in Marion County. Incorporated cities population data is from 2016 Oregon Blue Book. As reported by the 2010 Census, the total population of Marion County was 315,335, a 10% increase over 2000. The United States Census Bureau population estimate for July 1, 2017 is 341,286.

**Points of Interest**

Oregon State Capital, Champoeg State Park, The Oregon Garden, Silver Falls State Park, Detroit Dam and the North Santiam River, Breitenbush Hot Springs, Willamette River, Mt. Angel Abbey, Willamette University, Chemeketa Community College, Marion County Historical Society, Wheatland and Buena Vista Ferries, Mission Mill Museum and historic Bush House, Deepwood Estates House and Gilbert House Children’s Museum, are just a few of the attractions Marion County has to offer.

**CHARACTERISTICS OF THE PEOPLE**

The following are selected census data that compare characteristics of the people of Marion County to those of the United States collectively. The characteristics selected show that there are significant variances between the County and the U.S. for some items, for others there is only a small variance. The interpretation of the data will be left to the reader.

**ECONOMIC CHARACTERISTICS**

	Marion County		U.S.
Population 18 years and over	240,334	74.3%	79.0%
In Civilian Labor Force	150,391	62.6%	64.4%
Employed	135,269	56.3%	57.0%
Unemployed	15,122	6.3%	6.9%
Commute to Work - drove alone	94,875	71.5%	76.6%
<i>Industry Employment (top 5):</i>			
Educational services, and health care and social assistance	27,195	20.1%	23.2%
Retail Trade	15,610	11.5%	11.7%
Manufacturing	15,008	11.1%	10.4%
Public Administration	12,302	9.1%	5.2%
Construction	11,340	8.4%	6.2%
Class of Worker - Government	25,781	19.1%	15.3%
Persons Below Poverty Level	N/A	16.0%	13.8%
Medium Household Income	\$ 46,069		\$ 51,914

Source: U.S. Census Bureau, 2010 Census

Note: The U.S. Census Bureau categories of industry are somewhat different from those utilized by the state as reported in a Principal Employers and Employment by Industry table that is presented later in this section.

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POPULATION AND HOUSING CHARACTERISTICS

	Marion County		U.S.
Total Population	315,335	100.0%	100.0%
15 years and under	73,974	23.5%	21.2%
16 years through 64 years	200,812	63.6%	65.8%
65 years and older	40,549	12.9%	13.0%
Male Population	157,117	49.8%	49.2%
Female Population	158,218	50.2%	50.8%
Vacant housing units	7,991/120,948	6.6%	11.4%
Homeownership Rate		61.0%	66.6%
<i>Residence 1 year ago:</i>			
Same house		81.3%	84.6%
Different house, same county		12.2%	9.4%

Source: U.S. Census Bureau, 2010 Census

SOCIAL CHARACTERISTICS

	Marion County	U.S.
Family households (families)*	68.2%	66.4%
Average household size	2.45	2.58
<i>Educational Attainment:</i>		
Percent high school graduate or higher	82.2%	85.6%
Percent bachelor's degree or higher	20.9%	28.2%
Civilian Veterans	9.3%	11.7%
Born in the United States	84.8%	85.7%
Institutionalized population	2.1%	1.3%
Language spoken at home - English only	75.7%	79.4%

\* Out of total number of households

Source: U.S. Census Bureau, 2010 Census

# MARION COUNTY FY 2018-19 BUDGET

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### **ECONOMIC FORECAST**

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The Budget Officer has addressed local economic conditions in his transmittal, i.e., budget message, to the Budget Committee for the fiscal year 2018-19 budget. An additional perspective comes from the following excerpt from the Oregon Office of Economic Analysis executive summary of its most recent economic forecast for Oregon. The Office of Economic Analysis recognizes in the larger, more in-depth report, that economic growth is not expected to be at the same pace in the spectrum between larger metropolitan areas and rural areas, with many variables from county-to-county such as prevalent industries.

#### EXECUTIVE SUMMARY

March 2018

The U.S. economy continues to perform well. Economic growth has picked up in recent quarters and job gains remain strong enough to pull down the unemployment rate even as more individuals are looking for a job. More importantly the near-term prospects for economic growth are good. The business cycle is not yet waning. The tight labor market drives wage growth higher. And as the economy approaches capacity, inflation is set to rise after five years running below target. From this relatively strong cyclical vantage point, the recently passed Tax Cut and Jobs Act by the federal government will boost near-term growth even further. However, longer-run forecasts remain relatively unchanged, in part due to the temporary and expiring provisions in the legislation.

In Oregon, the outlook remains bright as the economy continues to hit the sweet spot. Employment growth is more than enough to meet population gains and to absorb the workers coming back into the labor market. Wages are rising faster than in the typical state, as are household incomes. That said, employment and measures of economic wages have come in below expectations in the second half of 2017. From this somewhat lower starting point, the modest economic boosts provided by federal tax changes results in a relatively unchanged forecast overall.

Since the September 2017 forecast, two significant factors have come into play that have changed Oregon's General Fund revenue outlook. The first factor, the new federal tax law (Tax Cuts and Jobs Act), stands to reduce state revenues in the near term, and will boost them in future budget periods. The second factor, a potential equity market correction, draws down revenues after a short delay.

Oregon's tax collections are tied to federal tax law both directly and indirectly. The starting point for calculating Oregon income tax is taxable income from a filer's federal return. As a result, most federal changes to what is defined as income, or to what can be deducted or excluded from it, directly feed into Oregon tax collections. The new 20% federal deduction for pass-through income will feed directly into lower Oregon taxable income, and reduce Oregon revenues.

Ignoring behavioral responses and other dynamic effects for now, static impact estimates suggest that Oregon's General Fund revenues will be reduced by more than \$200 million in the current biennium due to TCJA. This impact reverses during the next decade, increasing revenues by more than \$200 million per biennium. Several provisions contribute to this pattern, including accelerated depreciation (expensing), new inflation factors, expiring individual provisions and repatriated income from multinational corporations. Due to a quirk in current tax law, multinational repatriation represents a near-term revenue loss in Oregon rather than a windfall.

These static revenue impact estimates only tell part of the story, however, as households, firms and tax professionals are all certain to change their behavior in light of the new rules of the game. Many of these behavioral responses, including the macroeconomic effects, will serve to mute the impact of TJCA on Oregon General Fund collections. While changes in the timing of tax payments are already evident, it will take some time before it becomes clear how many taxpayers will change their filing status in light of TJCA provisions.

Finally, Oregon's General Fund is sensitive to equity prices, given our dependence on personal income taxes. The performance of equity markets feed into personal and corporate tax liability in many complex ways, but capital gains are the largest single piece. Although housing wealth is playing a larger role in driving taxable capital gains during the current business cycle than in the past, earnings and losses in stock markets account for the lion's share of movements in taxable capital gains in the typical year.

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**COUNTY FINANCIAL POSITION**

The County will continue to manage the fiscal year with an acceptable financial position and a low ratio of outstanding debt to the real market value of taxable property within the county. Major long-term budget concerns include reductions in federal and state funding, rising employee benefit costs, and continued capital project needs. The county prepares a five year capital improvements project document identifying infrastructure items and supporting equipment needing upkeep and replacement.

**County Debt**

Debt Policy

Marion County has no formal debt policy, primarily because the county is not a regular issuer of debt. The most recent bond debt issue was in 2005 and bank loan financing for major infrastructure projects in 2013, 2016 and 2018. In practice, the county seeks to use internal financing sources or cash when possible. A significant amount of statutory debt authority exists for Marion County.

Legal Debt Limits

State statute (ORS 278A.100) limits the amount of bonded debt a county may issue to a percentage of the real market value of the County's taxable property; the limit is 2 percent for general obligation bonds and 1 percent for limited tax obligations. Based on the County's real market value for fiscal year 2017, the current limitation is \$780 million for general obligation bonds and \$390 million for limited tax obligations. As of June 30, 2017, the County's total outstanding debt represents 0.163% of real market value.

Long-Term Debt

At the end of the 2016-17 fiscal year, the County had total debt outstanding of \$63,459,495, an increase of 10 percent from the previous fiscal year due to the issuance of a capital financing agreement. This amount includes \$271,091 in revenue bonds (Oregon Garden), \$8,375,789 in refunding bonds (Courthouse Square), \$17,775,756 in capital financing agreements, \$36,595,471 in limited tax pension obligations (PERS) and \$441,388 in notes payable (service districts). The County received an AA rating from Standard & Poor's for its issuance of refunding bonds in fiscal year 2005. The County currently has no outstanding general obligation bonds.

**Marion County's Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Revenue bonds	\$ 794,059	\$ 271,091	\$ -	\$ -	\$ 794,059	\$ 271,091
Refunding bonds	9,538,188	8,375,789	-	-	9,538,188	8,375,789
Capital financing agreements	9,075,343	17,775,756	-	-	9,075,343	17,775,756
Limited tax pension obligations	37,614,562	36,595,471	-	-	37,614,562	36,595,471
Notes payable	-	-	459,334	441,388	459,334	441,388
<b>Total</b>	<b>\$ 57,022,152</b>	<b>\$ 63,018,107</b>	<b>\$ 459,334</b>	<b>\$ 441,388</b>	<b>\$ 57,481,486</b>	<b>\$ 63,459,495</b>

Debt Payments

Principal and interest payments on Courthouse Square revenue bonds, PERS obligations bonds, and loans on notes are payable through the Debt Services Fund located in the Non-Departmental section of this book.

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**COUNTY EMPLOYMENT BY INDUSTRY  
AND PRINCIPAL PROPERTY TAXPAYERS**

EMPLOYMENT BY INDUSTRY  
Current Fiscal Year and Ten Years Ago

	2017			2007		
	Units	Employment	% of Employment	Units	Employment	% of Employment
<b>Government Employers:</b>						
Federal government	55	1,253	0.88%	60	1,470	1.05%
State government	188	20,625	14.51%	201	18,133	12.94%
Local government	319	14,311	10.07%	257	14,187	10.12%
	562	36,189	25.47%	518	33,790	24.11%
<b>Private Employers:</b>						
Natural resources and mining	511	9,550	6.72%	425	10,122	7.22%
Construction	1,191	9,034	6.36%	1,301	8,966	6.40%
Manufacturing	398	1,003	0.71%	404	11,600	8.28%
Trade, transportation and utilities	1,726	25,260	17.78%	1,626	23,568	16.81%
Information services	126	1,117	0.79%	117	1,436	1.02%
Financial activities	912	5,458	3.84%	981	5,777	4.12%
Professional and business services	1,466	12,775	8.99%	1,223	12,239	8.73%
Education and health services	1,106	22,470	15.81%	949	16,446	11.73%
Leisure and hospitality	858	13,292	9.35%	742	11,213	8.00%
Other services	1,748	5,949	4.19%	1,066	5,021	3.58%
	10,042	105,908	74.53%	8,834	106,388	75.89%
Total County Employment	10,604	142,097	100.00%	9,352	140,178	100.00%

Source: Oregon Employment Department

Notes:

- (1) Information is presented for the prior calendar year.
- (2) Includes full-time and part-time employees.

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**PRINCIPAL PROPERTY TAXPAYERS**

Current Fiscal Year and Nine Years Ago

Taxpayer	2017			2008		
	Rank	Taxable Assessed Value	% of Total Taxable Assessed Value	Rank	Taxable Assessed Value	% of Total Taxable Assessed Value
Portland General Electric Co	1	\$257,780,798	1.10%	1	\$204,242,050	1.17%
Northwest Natural Gas Co	2	143,292,600	0.61%	2	111,271,200	0.64%
Winco Foods LLC	3	100,080,762	0.43%	3	78,121,357	0.45%
Woodburn Premium Outlets LLC	4	62,473,396	0.27%			
CenturyLink (Qwest Corp)	5	69,974,320	0.30%	4	87,459,550	0.50%
Norpac Foods Inc.	6	69,047,262	0.30%	6	91,454,440	0.52%
Lancaster Development Company	7	56,428,400	0.24%	5	34,536,530	0.20%
Wal-Mart Real Estate	8	50,818,350	0.22%	8	57,584,100	0.33%
Donahue Schriber Realty Group	9	59,975,400	0.26%			
Metropolitan Life Insurance Co.	10	46,093,960	0.20%	9	35,395,980	0.20%
Craig Realty Group Woodburn				7	41,245,830	0.24%
Food Services of America Inc.				10	31,566,560	0.18%
Total for principal taxpayers		\$915,965,248	3.92%		\$772,877,597	4.43%
Total taxable assessed value		<u>\$23,371,520,094</u>			<u>\$17,437,346,702</u>	

Sources: Marion County Tax Assessor and Tax Collector

**Notes:**

- (1) Information in this schedule satisfies the county's annual disclosure requirements under SEC Rule 15c2-12.