

Oreg 6-22-92

MONEY Maker

Municipal bond redemption July 1 may be single largest

Up to \$10 billion in cash will flood the U.S. municipal bond market July 1 in what may be the single-largest municipal bond redemption day in history.



The swell of money looking for a new tax-exempt home is caused by the convergence of several things on July 1: It's a common maturity date for municipals; it's a call date for governments that want to refinance bonds at a lower interest rate; and it's a day when pre-refunded issues from the mid-1980s run out.

What does that mean for tax-exempt investors in Oregon? Disappointment, surely, when they learn that the issues available for reinvesting their money will earn them from 2 percentage points to 5 percentage points less than the bonds that are being redeemed.

The slash in yields has not been a secret, but for investors who've been on the moon, "There's a big shock coming," says Robert W. Chamberlin, Dean Witter's director of municipal bond research. "They could lose as much as half of what they'd been earning."

You can expect to get double tax-free municipals now at about these rates: 6.25 percent for 20 to 30-year maturities; 5.70 percent for 10-year maturities; and 3.10 percent to 3.40 percent for one year or less. You'd have to get from 5 percent to 9 percent on a taxable investment, like a CD, to exceed the tax-exempt bonds.

The supply of bonds is good, says U.S. Bank's Mark Stephenson, following a surge in issues earlier this year. The supply will grow the week of July 7, when \$125 million in Tri County Metropolitan Transportation District general obligation bonds — West Side Light Rail bonds — comes to market.

LO Review 6/25/92

How much do you know about Metro?

To the Editor:

On June 30, Metro has scheduled a meeting that will present the proposed Metro Charter. How many Lake Oswegians really know what Metro may do in taxation and land use and resource and planning controls.

Currently, Metro answers to the Oregon Legislature. This will end with the adoption of the Charter. It is vital that this Charter provides the necessary controls in this area of ever-growing government.

Management contract: Metro currently manages the Oregon Convention Center, Washington Park Zoo, Memorial Coliseum, Civic Stadium, Performing Arts Center. Metro receives income through the Excise Tax at these facilities.

Services: It runs the Data Resource Center, Metro Business Licensing, Recycling Programs and the Solid Waste Disposal. Currently, it receives 88 percent of its revenue from the Solid Waste Disposal Services.

Planning Controls & Tax: Metro controls planning for a Light Rail, Urban Growth, Water Resource Management, Housing, Solid Waste Management and Economic Development. For this, Metro charges the city \$.43 head tax annually (yes, we are paying taxes to Metro).

Property tax: In addition, property owners are taxed at a rate of \$.15 per \$1,000 property value. It is allowed to go as high as \$.50 per \$1,000. Metro also has the ability to levy special assessments against property that directly benefits from infrastructure projects.

Increased taxation: With voter approval, Metro may levy a personal income tax up to 1 percent on residents and non-residents who derive their income within the metro boundaries; may levy a Business Income Tax up to 1 percent of net income; and a Vehicle Registration Fee not

to exceed the amount imposed by the state.

Revenue Bonds: Metro may issue Revenue Bonds to construct facilities and to carry out any of its functions without voter approval.

What do you really know about metro: Finally. When was the last time you spoke with your representative on the Metro Board? Or, do you know the name of your Metro Representative? Isn't it time we, as citizens of Lake Oswego, learn more about this layer of government?

Jeanette Gouldsberry
Lake Oswego

This Week 6-24-92
Environment

Summer Waterfowl and Wildlife Cruises • John Inskeep Environmental Learning Center's research vessel "Envirotrekker" invites cruise participants Fridays, Saturdays and Sundays in the summer at 6 and 7:30 p.m., for viewing and learning about wildlife and riverside habitats. For information and registration: 657-6958, Ext. 2351, Tuesday-Saturday.

Proposed Metro charter hearings
Meetings are planned for 6-9 p.m. June 25 at Northwest Natural Gas Co., 220 N.W. Second Ave.; 6-9 p.m. June 29 at Washington County Public Services Building, 155 N. First Ave., Hillsboro; 6-9 p.m. June 30 at Lake Oswego City Hall, 380 A Ave. If you would like to testify at one of these hearings, or would like a copy of the charter draft, phone 273-5570.