Revenue Source	Metro Rate	Estimated Annual Revenue Production
Property Tax	$10/1,000 Regional Govt. Rate	$60.5 million in FY '91
Hotel/Motel Tax	1.00% on all region hotels	$1,500,000
Meal Excise Tax	1.00%	$6.9 to $10.4 million
Vehicle Rental Tax	1.00%	$1.0 to $1.6 million
Gas Tax	$.01 per gallon	$3.1 to $4.2 million
Admissions/Membership/Rental Tax	1.00%	$1.0 to $1.5 million
General Sales & Service Tax	1.00%	$68.9 to $125.9 million
Real Estate Transfer Tax	1.00%	$19.0 to $38.0 million
New Construction Fee	1.00%	$11.2 million
Tri-Met Payroll Tax Surcharge	1.00% (Increase Tri-Met rate from .615% to .621%)	$.6 to $.7 million
Personal/Corporate Income Tax	1.00%	$99.8 to $125.4 million
Uniform Utility Fees	1.00%	$2.8 to $3.7 million
Uniform SDC's for New Construction	$1,000 per equiv. dwelling unit	$10.5 million
Business Income Tax	1.00%	$19 to $37 million
Nonresidential Parking Surcharge	$1/space per year	$.35 to $.65 million
Fuel Oil Tax	1.00%	$.4 to $.51 million
Video Poker Excise Tax	1.00%	unknown
Spray Paint Can Surcharge	1.00%	$10,000 to $20,000

SOURCE: Sonny Conder, "Technical Memorandum No. 2 on Metro Fiscal Capacity for Growth Management"

SUMMARY TABLE: FUNDING AND FINANCING OPTIONS FOR MUNICIPAL INFRASTRUCTURE PROJECTS IN OREGON

PART 1 FUNDING SOURCES

FUNDING/FINANCING SOURCES	SOURCE OF REPAYMENT	ADVANTAGES	DISADVANTAGES
Property Taxes	By all non-exempt property owners.	Established taxation system.	Tax payment may not relate to benefits received. *Obstacles: Property taxes are subject to voter approval and can be politically unpopular, partly due to overuse.* *Remedies: Add legislative authority for other forms of taxes.*
Other Taxes (Hotel/Motel, Income, Sales, Etc.)	By all taxpayers. Who pays what tax depends on nature of tax – i.e., property, business income, hotel/motel, and gasoline taxes.	Reduces dependence upon property taxes.	Many taxes are dedicated purpose or raise relatively small amounts. *Obstacles: Voter resistance, where voter approval required. New collection systems and costs where new.* *Remedies: Provide statewide collection system and county-wide or regional use.*
Special Assessments (i.e., Local Improvement Districts)	By assessed property owners at time of construction, or over time (10–20 years) to pay bond debt service.	Matches payments with benefits of project. Projects can be financed with Bancroft Bonds which can lower financing and interest costs.	Approval of a percentage of assessed owners required before can levy assessment. *Obstacles: Not permitted for "community – wide" projects such as a water treatment facility. Assessed property owners may resist.* *Remedies: Legislate approval for use on community – wide projects. Incorporate statutory language from other states where more permissive such as Mello Roos in California.*
Tax Increment (Urban Renewal Districts)	Urban Renewal Agency retains property tax revenues collected above the "frozen" assessed value base. Revenues can be collected over time to pay bond debt service.	Can be used to remedy "blighted" conditions which exist within a specified area of a community.	Revenues collect must be spent within district. Impacts other districts. *Obstacles: Can only be used in areas which qualify as "blighted." Concerns that is not used solely to generate otherwise inaccessible growth.* *Remedies: Further clarify blighted areas. Amend statutes to address growth management concerns. Limit term over which can exist.*

SUMMARY TABLE: FUNDING AND FINANCING OPTIONS FOR MUNICIPAL INFRASTRUCTURE PROJECTS IN OREGON

FUNDING/FINANCING SOURCES	SOURCE OF REPAYMENT	ADVANTAGES	DISADVANTAGES
User Fees	By rate payers.	Improvements and facilities are paid by those who specially benefit.	Revenue stream may be insufficient to fund large projects. Rate increases to support project development may be politically unpopular. *Obstacles: generally few other than rate payer resistance. If fees too high, can adversely impact demand for service.*
System Development Charges, Exactions, Impact Fees	By developers and/or customers	Requires developers and new customers to pay for impacts and infrastructure expansion resulting from new development.	Ineffective funding/financing source for areas with little or no new development. The imposition of such fees and charges can be politically unpopular. Developers resist. Revenues can fluctuate greatly from year to year. *Obstacles: Developer resistance and ability to pay. Recessions affect. Adverse effect on competition if neighbor does not have.* *Remedies: Adopt county-wide fees to reduce competitive disadvantages to those who use fees.*
Grants	No repayment needed	Free source of funds. Depending on the nature of the grant, funds may be available to address unmet community infrastructure needs.	Grants are becoming increasingly scarce and may not suit needs. *Obstacles: Applications may be costly with no guarantee of receiving funds. Ongoing monitoring to meet grant conditions may be expensive.* *Remedies: provide assistance with application expenses.*

SUMMARY TABLE: FUNDING AND FINANCING OPTIONS FOR MUNICIPAL INFRASTRUCTURE PROJECTS IN OREGON

PART 2 FINANCING OPTIONS

FUNDING/FINANCING SOURCES	SOURCE OF REPAYMENT	ADVANTAGES	DISADVANTAGES
Pay-as-you-go		Funds available immediately. Preserves borrowing capacity and saves interest costs.	Annual funds may be insufficient for infrastructure development. *Obstacles: Competing operational demands for ongoing revenue sources.*
Serial Levies for Capital Construction (Property Tax Levy)	All property tax payers.	Same as above. Serial targeted for a specified infrastructure project(s) and can be imposed outside a municipality's six-percent tax base limitation.	*Obstacles: Annual levy may be insufficient for large capital projects. Voter approval required. Remedies: Legislate authority for debt paid from serial levy only. Provide longer term for levy.*
Tax Exempt General Obligation Bonds: Tax or Self–Supporting; Unlimited and Limited Tax (including Bancroft Bonds)	Repayment ranges from 10-30 years; by property tax payers if tax supported and by revenues generated by project financed if self-supported. The issuer's General Obligation taxing power serves as security on self-supporting GO bonds.	Commonly accepted form of financing. Unlimited GO's have the lowest issuing and interest cost of any type of bond. Property taxes can be levied outside of local tax base limits. Closely ties payments with benefits received, particularly Bancroft Bonds.	Voter approval is required for unlimited GO's. Debt may apply to a jurisdiction's debt limit. Interest costs are higher for limited GO's. Bancroft Bonds are not permitted for community-wide projects. *Obstacles: Voter perception of GOs as always paid from taxes, even if self-supporting. Debt limits generally not a problem since many types exempt. Remedies: Legislate clear authority for limited tax GOs (like Washington which permits "Councilmanic" LTGO's to be issued up to 3/4 of 1% of TCV without a vote.)*
Revenue Bonds (Tax Exempt) includes: Enterprise, Special Fund, Special Assessment, and Lease Rental Revenue Bonds	Paid over time from revenues generated by project financed. "Special Fund" Revenue Bonds can include non-project related revenues.	Ties payment to benefits received. Voter approval is generally not required, unless by petition. Property taxes may not be used to pay debt service nor is there risk to a jurisdiction's general fund.	Interest rates and the costs of issuance can be substantially higher than General Obligation Bonds. Risk of default is greater. More bond "covenants" are required including coverage ratios which decrease the amount of bonds that can be issued. *Obstacles: Higher costs and covenants. Remedies: Further clarify legislative authority for "Special Fund" Revenue Bonds and for new revenue sources.*

SUMMARY TABLE: FUNDING AND FINANCING OPTIONS FOR MUNICIPAL INFRASTRUCTURE PROJECTS IN OREGON

FUNDING/FINANCING SOURCES	SOURCE OF REPAYMENT	ADVANTAGES	DISADVANTAGES
Certificates of Participation (Tax Exempt)	Depends on type of project financed. Can be various tax sources (i.e., property, hotel/ motel taxes) and/or revenues generated by project or "special fund" revenues. COPs can be issued as Limited Tax GOs.	Takes advantage of leasing power of local governments. No voter approval is generally required. General funds revenues can be used to pay debt service, if needed.	Interest rates are generally higher than GO bonds. Types of projects which can be financed are limited because of leasing concept. A non-appropriation clause is required for general fund support, which carries an interest rate penalty. *Obstacles: Non-appropriation is costly to COP issuance.* *Remedies: Legislate authority to issue without non-appropriation clause. Washington permits issuance of 3/4 of 1% (additional to LTGO) TCV with LTGO security for term of COPs.*
Tax Increment Bonds (Tax Exempt)	Over time by taxpayers with Urban Renewal District	Ties payment to benefit received with Urban Renewal District. Urban Renewal Agency collects property tax revenues in excess of "frozen" assessed value base.	Revenue stream dependent upon growth in assessed value within the district. Tax increment bonds can be riskier than other forms of bonds, therefore can have higher interest rates.
Taxable Bonds – Can be used for all types of bonds described above	Same as other bonds, depending on type and structure of bond.	Can be viable tool for infrastructure projects which otherwise do no qualify for tax exempt financing status under Federal law. Other advantages depend upon type of bonds.	Interest rates higher due to absence of tax-exempt status. Other disadvantages same as described above. *Obstacles: Higher cost.* *Remedies: Permit exemption from Oregon income taxes if for Oregon infrastructure.*
Privatization (i.e., Industrial Development Revenue Bonds, Leases, Service or Operating Contracts)	By private investors, taxpayers, and/or project revenues.	Local government can avoid issuing debt to finance facilities, even if cost is greater. The risk of the project is shared with private investors.	The types of public/private infrastructure projects which are economically feasible is limited, partly due to changes in Federal law. *Obstacles: Federal law. Also state laws affecting treatment of public property.* *Remedies: Find ways to lower the private front-end costs (e.g., tax abatement programs, land leases, or swaps, etc.). Legislate greater authority to trade, lease, or sell public property.*