

## REVENUE OPTIONS

### AD VALOREM TAX

Authority: Cities, counties, county service districts, school districts, Metro (268.500), special districts.

Metro uses for funding the Zoo and retiring debt on the Convention Center.

Obstacles: Voter approval required. Limits of Ballot Measure 5.

### BUSINESS LICENSE FEE

Authority: Cities and home rule counties.

Note: Metro administers a contractors' and builders' license fee program for cities in the region,

Portland exempted. Metro retains administrative costs for the program (701.015).

### EXCISE TAXES

Description: Taxes levied on specific commodities or services. Metro may impose them for the use of Metro facilities and services, limited to 6% of the gross revenues collected by Metro (268.507). Current tax rate (FY '91-92) is set at 5.25%. The tax is not imposed on the Coliseum, Stadium or PCPA under the terms of agreement with Portland.

#### **Hotel/motel**

Authority: Cities and home rule counties.

Note: Multnomah County transfers 3% of its 9% hotel/motel tax to MERC.

Revenue production: 1% on all of the region's hotels could raise about \$1.5 million.

#### **Gasoline**

Authority: Cities and home rule counties.

Obstacles: Proceeds restricted to fund highway and road construction and maintenance.

Note: Multnomah County (at 3%) and Washington County (at 1%) are the only jurisdictions in the area to use the tax.

Revenue production: One penny/gallon could raise \$3.1-4.2 million/year.

#### **Rental car**

Used by Multnomah County at 10%.

Revenue production: 1% on rentals in the region could raise \$1-1.6 million.

#### **Entertainment admissions**

Used by Metro, capped at 6% of gross revenues collected, and limited to Metro facilities. Could be added to movie theaters, night clubs.

#### **Prepared food**

#### **Fuel oil**

Revenue production: 1% could raise \$19-37 million/year.

#### **Video rental**

#### **Video poker**

#### **Parking spaces**

#### **Real estate transfer**

Used by Washington County at .1%. Statute moratorium (306.815) until 1994 prevents other jurisdictions from taking advantage of it.

Revenue production: 1% could raise \$19-38 million/year.

#### **Solid waste**

Metro imposes on publications, disposal and user fees, regional transfer charges, franchises, salvage revenue, tarp sales and sublease income.

#### **Zoo**

Metro imposes on admissions building and conveyance rentals, food service, retail sales, tuition and lectures, exhibits, and railroad rides.

**Building management**

Metro imposes on subleases and parking fees.

**Planning and Development**

Metro imposes on conference fees and Urban Growth Boundary fees.

**Transportation**

Metro imposes on contract services and publications.

**Convention Center**

Metro imposes on building and equipment rental, utility service, parking, and labor reimbursement.

**Construction (gross value)**

**Construction excise tax scheme (gross floor area), from Montgomery County, Maryland**

Imposes an excise tax on persons who build or add to a building.

Tax is based on the square feet of gross floor area, not on property value.

Tax rates are lower on buildings owned by non-profit organizations compared to rates of those owned by businesses. Tax rates are also lower on multi-family housing as compared to single-family dwellings.

"Gross floor area" doesn't include unfinished basements, parking garages or areas, or heating and air-conditioning equipment.

Exemptions are allowed for initial amounts of space in certain types of buildings. The tax does not apply to the first 1,200 square feet in any non-residential building, nor to the first 1,200 of each dwelling in a multi-family building.

Government buildings and buildings used for religious activities are exempt from the tax.

**VEHICLE REGISTRATION FEES**

Authority: State, counties, mass transit and transportation districts, and Metro (268.503, by voter approval). Metro doesn't use. State imposes a \$30 fee.

Obstacles: Constitution (Article IX, Section 3a) limits to highway and road use.

**PAYROLL TAX**

Used by Tri-Met at .615%.

**PERSONAL INCOME TAX**

Authority: Home rule charter and Metro (268.505, with voter approval).

Note: Not utilized by any jurisdiction other than the state.

**BUSINESS INCOME TAX**

Authority: Cities, home rule counties and Metro, with voter approval (268.505).

Note: Multnomah County levies 1.46%.

Revenue production: 1% could raise \$19-37 million.

**SALES TAXES**

Authority: Home rule charter

Note: Not used by state or local governments.

Revenue production: 1% could raise \$1-1.5 million/year.

**SPECIAL ASSESSMENTS**

Description: Levied on properties that are directly benefitted by infrastructure projects. Funding for these projects may be structures as pay-as-you-go or proceeds used to pay debt service on bonds.

Authority: ORS 268.46 enables Metro to establish special assessment districts, but not used currently.

Obstacles: Assessed property owners may resist.

**Local improvement districts**

Description: Used by cities (ORS 223.387) to fund infrastructure projects such as streets, sidewalks, water and sewer improvements, and neighborhood recreational facilities and equipment. Formulas for assessments on properties are usually based on frontage, square footage or combination of the two.

**Economic improvement districts**

Description: Assessments on lots which are benefitted by development improvements. Projects include parking lot improvements, landscaping of public areas, or business promotional activities. May be levied for a maximum of 5 years, not to exceed 1% of the true cash value of the property in any year.

Authority: cities.

Obstacles: Can't be levied against residential property. Subject to Ballot Measure 5 limitations.

**TAX INCREMENT FINANCING**

**Urban renewal districts**

Description: Established to benefit "blighted" property conditions within an area of a community. Funds derived from the increase of property values in the district are reinvested to pay for infrastructure improvements in the district, further increasing the property values. Tax increment funds are often used to pay bonded indebtedness incurred at the formation of the districts.

Authority: Cities and counties (ORS Chapter 457 and Oregon Constitution Article IX, Section 1c).

Obstacles: Vulnerable to variations in tax rate. Subject to Ballot Measure 5 limitations.

**Hotel/motel taxes**

Taken on increases in proceeds. Being used to finance Curry County Convention Center project.

**Sales taxes**

Taken on increases in proceeds. Used in Baltimore to fund its Convention Center.

**Payroll taxes**

Taken on increases in payrolls due to business development.

**USER FEES AND SERVICE CHARGES**

Authority: Municipal corporations, including Metro (268.515).

Note: Metro may impose and collect in payment for its services, and dedicate it to financing planning, construction and maintenance of its facilities.

**Freeway use**

Add coin boxes at freeway on-ramps.

**SYSTEM DEVELOPMENT CHARGES**

Authority: Cities, counties, certain special districts, not Metro.

Note: Assessed against new properties to provide infrastructure needs.

Obstacles: Can only be used to fund capital improvements in connection with water, transportation, and parks and recreation. Can't be applied against schools.

**IMPACT FEES**

Charge to cover costs for added infrastructure needs, such as increased road use.

**DEVELOPER EXACTIONS**

Authority: Cities and counties

Developer payments to help defray infrastructure costs. Negotiated on a project-by-project basis.

## TRANSFERS FROM THE STATE

### **Gasoline taxes**

24% shared with counties and 15.6% with cities. Must be spent on roads.

### **Cigarette taxes**

About 15% shared with cities and counties.

### **Liquor taxes**

About 45% distributed to cities and counties.

## FRANCHISE FEES

Authority: Cities, on electric, natural gas, telephone and cable TV utilities, as well as on garbage collectors. Metro may adopt a franchise system for the disposal of solid and liquid waste (268.318).

## TIMBER REVENUES

### **US Forest Service timber revenues**

Go to 31 counties with timber sales.

### **O & C Lands**

Distributed to 17 counties.

## PAYMENTS IN LIEU OF PROPERTY TAXES

### **Private timber owners/timber severance taxes**

Tax based on stumpage value of timber at harvest time.

### **Publicly owned electric utility and cooperatives tax**

### **Operators of leased port property**

### **Operators of rural telephone exchanges**

## GRANTS

Obstacles: Lack of resources from state and federal governments. Application preparation is costly.  
Creates an incentive to be needy.

## REVENUE SHARING SCHEMES

### **Minneapolis\St.Paul**

#### **Description:**

Revenue redistribution to local communities within the regional area.

Derived from 40% of commercial and industrial property tax base growth.

Growth is determined by subtracting commercial-industrial (C-I) tax capacity for 1971 from the current C-I tax capacity.

C-I property in place prior to 1971 is exempt.

Revenue is redistributed based on local fiscal capacity, which is derived by dividing the value of real property in a city by the city's population and then comparing it with the average fiscal capacity of the metro area. Cities with below-average fiscal capacity receive a larger contribution from the pool.

### **Missouri**

Plan adopted by the legislature to distribute local general sales taxes to municipalities in two ways--"point-of-sale" and "pool."

"Pool" jurisdictions--cities and unincorporated county areas--share sales tax proceeds on a per capita basis. All area incorporated since 1983 must be a "pool" city.

The remaining jurisdictions are "point-of-sale" cities--currently 37. They are allowed to keep all sales tax proceeds generated within the cities' boundaries.

The system creates inequities, such that the 1987 pool allocation was \$71 per capita, however, one point-of-sale city received \$2,800 per capita.

From a county perspective, any annexation or incorporation is a direct revenue loss.