

CONSERVATION FINANCE FEASIBILITY STUDY | MAY 2016

CITY OF EUGENE, OREGON



THE
TRUST
FOR
PUBLIC
LAND



February 17, 2016

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The Trust for Public Land
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Seattle, WA 98164

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The Trust for Public Land
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Dear Mr. Kundtz and Ms. Frankfourth:

By this letter, I am requesting on behalf of the Eugene City Council technical advice and assistance from your organization in connection with our efforts to develop a program to finance parks and recreation, and land conservation, and potential related ballot measure(s). As part of your advice and assistance, we understand you may provide feasibility research, conduct one or more public opinion surveys, and develop strategies for our consideration, based upon your extensive experience with these kinds of projects in support of parks and recreation systems regionally and nationally.

We are interested not only in the factual information that you can provide to us, but also your organization's analysis, professional judgment and recommendations on public financing mechanisms and measures that are available to us. Although your submissions will be directed to the attention of Craig Carnagey, Parks and Open Space Director, we understand that your responses to this request will be for the general use of the City of Eugene organization.

This request will continue in effect for any subsequent advice you offer or presentations you submit for the use of the City related to such matters. In addition, we would like to take this opportunity to request that you continue to be available to provide technical advice and assistance in this area and on related matters in the future.

Thank you for your organization's contributions to the work of the City of Eugene to continue bringing excellence to the Eugene community through our parks and recreation system.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon R. Ruiz", is written over a horizontal line.

Jon R. Ruiz
City Manager

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INTRODUCTION

The Trust for Public Land is a national nonprofit land conservation organization working to protect land for human enjoyment and well-being. The Trust for Public Land helps conserve land for parks, greenways, recreation areas, watersheds and wilderness. Since 1972, the Trust for Public Land has protected more than 3 million acres and completed more than 5,200 park and conservation projects. To help public agencies or land trusts acquire land, the Trust for Public Land's Conservation Finance program assists communities in identifying and securing public financing. The Trust for Public Land offers technical assistance to elected officials, public agencies, and community groups to design, pass, and implement public funding measures that reflect popular priorities.

Helping communities to secure dedicated conservation funding is often the tipping point that can lead to deeper ecological responsibility, including more prudent land use, better managed growth, and the increased protection of natural landscapes. To stimulate engagement across jurisdictions and constituencies, the Trust for Public Land has historically found effective partnerships among a broad spectrum of players, from the environmental left to the fiscally conservative right, and recognizes that it is important to consistently explore new tools that can encourage and strengthen the willpower of the voters to seek dedicated conservation funds. This focused, up-front investment pays dividends over the long-term in voter-supported funding that is dedicated to conservation.

Since 1996, the Trust for Public Land has been involved in nearly 500 successful ballot measures and 20 successful legislative campaigns that have created more than \$57 billion in new funding for parks, restoration, and land conservation. Voters have approved 81 percent of the ballot measures assisted by the Trust for Public Land, including 12 successful measures in Oregon since 1996. Recent successes include the passage of a \$68 million bond for park improvements and upgrades in the City of Portland in 2014, as well as the passage of a 5-year local option property levy of 9.6 cents per \$1,000 for park improvement, operations, and maintenance in the Portland Metro special district in 2013. These measures passed with 74 and 56 percent support, respectively. In 2012, voters in the Bend Park and Recreation District approved a \$29 million bond for the purpose of protecting natural areas, connecting trails, improving parks, and providing water safety. Also in 2012, a \$20 million bond for the acquisition and improvement of parks, trails, watersheds, wildlife habitat, and other natural areas was passed by voters in the Willamalane Park and Recreation District. These measures passed with 52 and 53 percent support, respectively.

The City of Eugene has asked the Trust for Public Land to explore public funding options available for parks and recreation in the city. Given the substantial investment of time and resources required for a successful conservation finance initiative, preliminary research is essential to determine the feasibility of such an effort. This research provides a stand-alone, fact-based reference document that can be used to evaluate financing mechanisms from an objective vantage point.^{1,2}

If city officials decide to pursue a funding option, then such options should match political and fiscal realities in the city. A possible next step could be testing voter attitudes toward a specific set of funding proposals. The Trust for Public Land would then recommend conducting a public opinion survey that tests ballot language, tax tolerance, and program priorities of Eugene voters.

¹ The contents of this report are based on the best available information at the time of research and drafting, March-April 2016.

² This feasibility study is not a legal document and should not be relied upon as a legal opinion.

EXECUTIVE SUMMARY

Many opportunities exist to fund parks and recreation in the City of Eugene. At the heart of the most successful funding programs is a substantial, long-term, dedicated source of local revenue. With a reliable source of funds, local governments can establish meaningful parks and recreation priorities that protect the most valuable resources, are geographically distributed, and otherwise meet important goals and values. Furthermore, local governments with significant funds are much better positioned to secure and leverage funding from the federal government and attract other local and state government or private philanthropic partners.

Nationwide, a range of public financing options has been utilized to fund parks and open space preservation. These include general obligation bonds, the local sales tax, the property tax, and less frequently used mechanisms such as special assessment districts, real estate transfer taxes, impact fees, and income taxes. Communities in Oregon have traditionally been able to rely on a mix of funding due to the availability of state funding and local conservation funding measures.

The property tax and general obligation bonds are the principal local revenue sources that could be permitted for conservation purposes in Oregon. Counties and municipalities are authorized to acquire land and easements for purposes including parks, trails, watershed protection, floodplain management, farmland, and cultural and historic preservation. In Oregon, municipalities rather than counties have largely undertaken conservation finance ballot measures. Most of these measures are bonds.

This report is intended to analyze mechanisms available to both the Parks and Open Space Division and the Recreation Division. It does not address the formation of a special district, as there are many legislative and political obstacles that would need to be overcome. Thus a special district is not included in the scope of this report. The report begins by analyzing several local public funding tools available to the City of Eugene, including revenue generating capacity, estimated costs to taxpayers, and implementation procedures. Each revenue option is available to both Parks and Recreation. The City of Eugene must determine whether to use the generated revenue for Parks, Recreation, or both divisions. These tools are summarized below, as well as in Appendix A.

- **General Obligation Bonds:** Bonds are the most utilized tool for parks capital purposes by local governments in Oregon. Generally, bond proceeds are limited to capital projects and may not be used for operations and maintenance purposes. The City of Eugene could issue a general obligation bond for \$30 million at a cost of about \$31 per household per year. Voter approval is required.
- **Local Option Property Tax Levy:** In Oregon, three jurisdictions including Eugene have been successful in dedicating a property tax to parks and recreation. The City of Eugene could levy a local option property tax of \$0.1616 per \$1,000 of assessed value and generate approximately \$2.5 million annually, at a cost of about \$33 per year for the average homeowner. Revenues may be used for operating and maintenance purposes. Voter approval is required.
- **Parks Service Fee:** The City of Eugene could implement a maintenance utility or service fee for parks and recreation facilities. A monthly fee of \$3 would generate about \$2.5 million annually at a cost of \$36 per housing unit, not accounting for the costs of administering the fee, which could be substantial. Revenues may be used for operating and maintenance purposes. Several cities in Oregon have used this mechanism. For example,

the City of Medford assesses a monthly fee for operations, administration, maintenance, repair, improvement, renewal, replacement, and reconstruction of parks and recreation facilities, beautification, and right-of-way areas. The city council may implement a city service fee by ordinance or put a measure to the voters at an election.

- **Restaurant Tax:** The City of Eugene could implement a tax on meals and non-alcoholic beverages at restaurants. For example, a 1 percent tax could generate roughly \$3.1 million per year, depending on restaurant sales and not taking into account the costs of administering the tax. Revenues may be used for operating and maintenance purposes. Two jurisdictions in Oregon levy a tax on restaurant meals. The city council may implement a restaurant tax by ordinance.
- **Transient Room Tax:** An increase of 1 percent in Eugene's TRT rate from 4.5 to 5.5 percent could net about \$467,000 in revenue in a typical year. Assuming that 70 percent is used for tourism promotion and facilities according to state law, this leaves 30 percent of the net proceeds, or about \$140,000, which would be available for city services such as parks and recreation. Revenues may be used for operating and maintenance purposes. During 2014, 85 cities and 15 counties in Oregon levied a locally administered transient room tax. The city council may increase the TRT and dedicate the new funds to parks and recreation by ordinance.
- **Marijuana Tax:** The City of Eugene might expect to generate roughly \$200,000 per year from a 3 percent tax on recreational marijuana, not including the costs to administer the tax. Revenues may be used for operating and maintenance purposes. The city council has placed a measure on the November 2016 ballot; however, the revenues are not dedicated to any particular use. Voter approval is required. Several municipalities in Colorado impose local taxes on marijuana sales. Since 2013, 52 local Colorado jurisdictions have passed taxes on marijuana.

In general, Oregon voters have shown support for funding parks and open space measures – approving 20 of 33 local funding questions (61 percent) since 1996. The most common finance mechanism utilized by local jurisdictions in the state is general obligation bonds, which accounted for 15 of the successful ballot measures, followed by the property tax, and then the meals or restaurant tax. The City of Eugene has been highly supportive of local parks and recreation measures. Creating a dedicated funding source in the city could help to address both capital and stewardship needs for parks and recreation.

This report also provides a brief summary of election trends, upcoming elections, and government structure in the City of Eugene.

OVERVIEW

Home to more than 160,000 people, Eugene is Oregon's third largest city. It covers approximately 43.8 square miles, with the Willamette River running through the heart of the city and the McKenzie River joining the Willamette to the north of town. The elevation is 426 feet above sea level and the city's topography features Skinner Butte to the north of downtown and the south, the landmark Spencer Butte, now a 310-acre city park.³

Demographics and Economy

In 2015, Eugene's population for the entire Urban Growth Boundary (as defined in the Needs Assessment, includes the City of Eugene and some surrounding areas) was 185,000. Over the next 20 years, it is estimated to grow to approximately 219,000, an increase of 18 percent. According to the city's comprehensive planning effort, Envision Eugene, this growth will primarily occur within the existing urban area, increasing the development density of the city.⁴ The table below contains general demographic information for Eugene, compared to Oregon and the United States.

Population			
	Eugene	Oregon	United States
Population, % change - April 1, 2010 to July 1, 2015	4.6%	4.8%	4.1%
Race and Hispanic Origin			
	Eugene	Oregon	United States
White alone	85.8%	83.6%	72.4%
Black or African American alone	1.4%	1.8%	12.6%
American Indian and Alaska Native alone	1.0%	1.4%	0.9%
Asian alone	4.0%	3.7%	4.8%
Native Hawaiian and Other Pacific Islander alone	0.2%	0.3%	0.2%
Two or More Races	4.7%	3.8%	2.9%
Hispanic or Latino*	7.8%	11.7%	16.3%
<i>*Hispanics may be of any race, so also are included in applicable race categories.</i>			
Housing			
	Eugene	Oregon	United States
Median value of owner-occupied housing units, 2010-2014	\$237,000	\$234,100	\$175,700
Families and Living Arrangements			
	Eugene	Oregon	United States
Language other than English spoken at home, % of persons age 5 years+, 2010-2014	11.5%	14.9%	20.9%
Education			
	Eugene	Oregon	United States
High school graduate or higher, % of persons age 25 years+, 2010-2014	93.3%	89.5%	86.3%
Bachelor's degree or higher, % of persons age 25 years+, 2010-2014	39.9%	30.1%	29.3%
Income and Poverty			
	Eugene	Oregon	United States
Median household income (in 2014 dollars), 2010-2014	\$42,715	\$50,521	\$53,482
Persons in poverty, %	24.4%	16.6%	14.8%
<i>Sources: US Census QuickFacts, Portland State University http://www.pdx.edu/prc/population-reports-estimates</i>			

³ <https://www.eugene-or.gov/1383/About-Eugene>

⁴ City of Eugene Parks and Recreation System Needs Assessment Report

At the heart of the Eugene economy are the homegrown small- and medium-sized businesses. Most of Eugene's businesses employ fewer than 20 workers. Including sole proprietorships and limited partnerships, there are more than 10,000 businesses in and around Eugene.⁵ Eugene's top ten principal employers are shown in the table below.

2015 Ten Principal Employers		
Employer	Employees	% of Total Employment
PeaceHealth Medical Group	5,500	3.45%
University of Oregon	5,406	3.39%
US Government	1,575	0.99%
City of Eugene	1,369	0.86%
Springfield School District	1,283	0.80%
Lane County	1,279	0.80%
State of Oregon	1,229	0.77%
Eugene School District 4J	1,163	0.73%
Lane Community College	1,009	0.63%
McKenzie-Willamette Medical Center	895	0.56%

Source: City of Eugene 2015 Comprehensive Annual Financial Report

Needs Assessment

Eugene's Parks and Recreation divisions fall under separate departments. Parks and Open Space, which manages the city's parks and natural areas, is part of the Public Works Department. Recreation, which provides many community programs and operates the city's pools and community centers, is part of the Library, Recreation and Cultural Services Department. In 2015, the two divisions worked together to produce a needs assessment report for the parks and recreation system. This system is comprised of 3,745 acres of natural areas, 48 neighborhood parks, 19 community and metropolitan parks, 6 community centers, 3 pools, 87 miles of paths and trails, and 6,000 programs and events per year. Each year, the system sees 9.3 million park visits and 2.7 million recreation facility visits by adults. Eugene has 26 acres of parkland per 1,000 residents.⁶ To assess Eugene's park and recreation needs, a comprehensive report was undertaken and issued in January 2016.

Parks and Natural Areas Needs

Over the past 16 years, Eugene residents have passed two bond measures that supported nearly doubling the acreage within the park system. While this expansion added great value for future residents and their park opportunities, there is a growing challenge. During those 16 years, the park maintenance budget has remained at virtually the same pre-expansion levels, leading to an annual gap of approximately \$1.5 million in funding for annual maintenance and operations of parks. Contributing to this gap are a series of budget reductions, combined with the costs of maintenance deferrals and increases in vandalism, graffiti, and illegal camping. The result of these funding shortages persisting over many years is a cumulative backlog of deferred maintenance capital projects totaling nearly \$24 million. In order to reduce costs, the Parks and Open Space Division has made adjustments including reductions in turf watering in neighborhood parks, mowing of sports fields, and materials for trail maintenance. Three park restrooms were also closed.

⁵ http://web.eugenechamber.com/business/ratings_reports.aspx

⁶ City of Eugene Parks and Recreation System Needs Assessment Report

Examples of aging park infrastructure include play equipment reaching the end of its useful life, broken and worn out park furniture, bark running trails that are not up to safety and usability standards, cracked and unsafe concrete paths, and restrooms needing repairs and aesthetic upgrades. While the city has managed to extend the life of these types of amenities for many years, eventually they will need to be removed or closed if funding for maintenance remains limited. Maintenance of natural areas through trail maintenance, vegetation management and habitat enhancement is an ongoing expense needed to keep these areas safe and protect and sustain the natural beauty valued by the community.⁷

Recreation Needs

Like most city services, operating funds for recreation programming were trimmed through the recession years. This reduction has impacted the level of service that recreation currently provides. Additional funding would be needed in the future to meet these service gaps:

- meeting the growing challenge of serving seniors and people with disabilities;
- providing additional scholarships for low-income families;
- expanding school district partnerships to provide after-school programming;
- and staffing new community centers or pools in currently underserved areas.

Five of Eugene's six community centers were built in the late 1960s and 70s (averaging 45 years old). By current standards, they have a relatively small average size of 8,500 square feet. In addition to their size, the quality and condition of the facilities reflect their age and lack of financial investment in renovation or expansion. As a result, most centers are in need of rehabilitation, are costly to maintain, and do not have the capacity or the flexibility to meet growing community programming needs. The city has identified a backlog for approximately \$10 million in rehabilitation needs in these facilities.

Two of the city's three pools were built in the late 1960s and are now 48 years old. The newest pool, which was expanded and renovated in 2001, is only open six months each year, as it is an outdoor pool. This places the burden of aquatic services through the winter months on the two older pools, which are both in need of major renovation. Many of the primary systems of both pools (plumbing, electrical, HVAC, furnishings) are beyond their expected useful life. The plumbing system in one pool complex needed its plumbing system replaced two years ago, and the other could fail at any time.⁸

Funding

Funding for renovating or replacing park and recreation amenities and facilities is limited, and, because of the magnitude of the need, will require voter-approved bond funding or another large source of capital dollars dedicated to specific projects. Ongoing sources of maintenance-eligible facility replacement funds are relatively limited when compared to the backlog of work needing to be addressed. Small amounts of the city's General Fund and developer impact fees are allowed to be dedicated to park renovation work, but in general, Community Centers, Parks and Pools tend to be managed to maintain infrastructure in its current state for as long as possible. Available capital dollars for maintenance-based re-construction in Parks has been focused almost solely on projects

⁷ City of Eugene Parks and Recreation System Needs Assessment Report

⁸ City of Eugene Parks and Recreation System Needs Assessment Report

that will reduce maintenance or make maintenance more sustainable over the long term, such as conversion of large landscape planting beds to lawn areas and conversion of sand play surfacing in playgrounds to wood fiber chips.

In general, the inability of the city to adequately fund ongoing park maintenance and to be able to significantly invest in renovation and updating of existing community center facilities and pools has contributed to the acceleration of aging infrastructure and often, reduction in park and recreation system services.⁹ This lack of adequate on-going maintenance funding has also halted construction of new facilities on land the city already owns, due to insufficient capacity to maintain additional facilities.

The table below summarizes the current annual operating and maintenance (O&M) budget of the Parks and Open Space and Recreation Divisions, as well as estimated O&M expenses for potential future parks and recreation facilities. For example, a new 4-acre neighborhood park could be expected to cost \$60,000 per year to maintain. While Recreation has quantified a shortfall in the 2016 O&M budget, services have been reduced to accommodate reduced funding. The ongoing future maintenance and operations expenses should be considered when planning to develop or construct any new parks or recreation facilities. This table includes expenses only and does not account for any revenue generated by and for these services, such as recreation fees and stormwater charges.

Annual Parks and Recreation O&M Expenses			
Parks O&M		Recreation O&M	
FY2016 Operating Budget*	\$6,265,279	FY2016 Operating Budget	\$9,993,203
O&M Shortfall	\$1,500,000		
<i>Source: City of Eugene FY 2016 Budget</i>			
<i>*Does not include Stormwater Utility funds.</i>			
Potential Future O&M Expenses			
Potential Future Parks/Rec Facility		Annual O&M Expense	
New 4-acre Neighborhood Park		\$60,000	
New 40-acre Community Park		\$750,000	
New 100-acre Natural Area		\$50,000	
New Community Center/Pool Complex		\$2,500,000	

Parks Systems Development Charges

Systems Development Charges (SDCs) are a type of development impact fee that is authorized by state statutes and Eugene's city charter for the purpose of collecting revenues to help fund development of urban infrastructure that supports and serves new growth. SDCs have been collected in Eugene since 1978, and provide funds for transportation, wastewater, stormwater, and park system infrastructure. These funds are generated by a fee assessed to new residential and commercial development. Each type of infrastructure has its own SDC methodology adopted by the city council. As specified in the Parks SDC Methodology, the majority of funds generated by the Parks SDC (77 percent) may only be used to fund park infrastructure that increases capacity to serve new growth, while a smaller percentage (23 percent) may be used to renovate existing

⁹ City of Eugene Parks and Recreation System Needs Assessment Report

facilities to maintain their capacity.¹⁰ The current net parks SDC per unit for a single-family home is \$3,953.¹¹

Currently, there is approximately \$7.8 million in collected Parks SDCs dedicated to new capacity that the city cannot responsibly spend because it does not have the resources to maintain any additional parks or facilities. Once the gap in operations and maintenance funding has been closed, the city will be able to spend the Parks SDC funds on new parks and facilities in good conscience.

Recent Issues

In 2006, Eugene voters passed a \$27.5 million bond for parks and open space. As of early 2016, about \$22 million of the authorized bond funds have been spent on projects authorized under the bond language. Due to a higher incidence of willing sellers, available sites, and lower land costs, more land has been acquired in the ridgeline system on the south side of the city than on the north side of the city. This has resulted in total expenditure of nearly \$3 million more in bond funds on the south side of the city than on the north side. Local news reports indicate that there may be some citizen concern about where the funds have been spent.¹²

Furthermore, the acquisition and development of parks, community centers, and pools has not kept pace with urban growth and development in newer areas of the city, including the north, west and southwest parts of Eugene. While progress has been made to acquire parkland in these areas, much of it remains undeveloped, due to a lack of funding. Both the north and southwest areas lack community centers and pools. The Needs Assessment identified geographical areas which are underserved in terms of access to parks and recreation facilities. Further research is needed to calculate how many residents live in these underserved areas.

¹⁰ System Development Charge Methodologies, Appendix E Excerpt (Park System Details), <https://www.eugene-or.gov/2247/Systems-Development-Charges>

¹¹ Parks SCD Unit Rates, <https://www.eugene-or.gov/DocumentCenter/View/20783>

¹² <http://registerguard.com/rg/opinion/34200649-78/city-has-parkland-promises-to-keep.html.csp#>

CHOOSING A LOCAL FUNDING STRATEGY

Generally, there are three broad-based types of revenue sources available to local governments to pay for parks and recreation: discretionary annual spending (i.e. budget appropriation), creation of dedicated funding streams such as voter-approved special taxes or fees, and the issuance of bonds. The financing options utilized by a community will depend on a variety of factors such as taxing capacity, budgetary resources, voter preferences, and political will. While most local governments can create funding for parks and recreation through their budgetary process, this either happens infrequently or does not yield adequate funding.

In the Trust for Public Land's experience, local governments that create funding via the budget process provide substantially less funding than those that create funding through ballot measures. As elected officials go through the process of making critical budgetary decisions, funding for parks and recreation lags behind other public purposes and well behind what voters would support. It is often quite difficult to raise taxes without an indisputable public mandate for the intended purpose.

The power of conservation finance ballot measures is they provide a tangible means to implement a local government's vision. With their own funding, local governments are better positioned to secure scarce funding from state or federal governments or private philanthropic partners. Having a predictable funding source empowers the municipality, county, or special district to establish long-term conservation priorities that protect the most valuable resources, are geographically distributed, and otherwise meet important community goals and values.

Nationwide, a range of public financing options has been utilized by local jurisdictions to fund parks and recreation, including general obligation bonds, the local sales tax, and the property tax. Less frequently used mechanisms have included real estate transfer taxes, impact fees, and income taxes. The ability of local governments and special districts to establish dedicated funding sources depends upon state enabling authority.

Conservation finance measures are not right for every local government or they might not be the best approach at the moment. Budget appropriations and other revenue mechanisms that can be implemented by the local government, such as developer impact fees, may well serve as short-term funding options while parks and recreation proponents develop a strategy and cultivate broad support for longer-term financing options.

Local Conservation Finance Ballot Measures in Oregon

The property tax and general obligation bonds are the principal local, voter-approved revenue sources that could be permitted for conservation purposes in Oregon. Counties and municipalities are authorized to acquire land and easements for purposes including parks, trails, watershed protection, floodplain management, farmland, and cultural and historic preservation. These mechanisms have different requirements for authorization. In Oregon, municipalities rather than counties have largely undertaken conservation finance ballot measures. Most of these measures are bonds, which can only be used for capital expenses.¹³ The property tax may be used to fund operations and maintenance.

¹³ The Trust for Public Land's Conservation Almanac Database

Oregon voters have shown support for funding parks and open space measures – approving 20 of 33 local funding questions (61 percent) since 1996. The most common finance mechanism utilized by local jurisdictions in the state is general obligation bonds, which accounted for 15 of the successful ballot measures. Two jurisdictions, the City of Portland and the Portland Metro special district, have passed local option property taxes for parks and land conservation.¹⁴

Conservation Finance Ballot Measures in Oregon, 1996-present			
Finance Mechanism	Number of Measures	Total Funds Approved	Passed
Bond	22	\$562,345,000	15
Local Option Property Tax	8	\$99,400,000	2
Constitutional Amendment	2	\$2,440,000,000	2
Meals Tax	1	\$30,000,000	1
Total	33	\$3,131,745,000	20
<i>Source: The Trust for Public Land's LandVote Database. The LandVote database tracks ballot measures that include significant funding for land acquisition.</i>			

General Obligation Bonds

Upon voter approval, a city may issue general obligation bonds to finance capital construction or capital improvements, such as land acquisition or building construction. Generally, bond proceeds are limited to capital projects and may not be used for operations and maintenance purposes.¹⁵ An Oregon city may not issue or have outstanding at the time of issuance general obligation bonds in a principal amount that exceeds three percent of the real market value of the taxable property within its boundaries.¹⁶ The city determines the maturity dates for bonds to provide for short-term, interim, or long-term borrowing and establishes the principal amounts, interest rates, and other terms and conditions of the bonds.¹⁷

In order to pay the principal of and interest on outstanding general obligation bonds, the city levies annually an ad valorem property tax on the taxable property within the boundaries of the city. The revenues of this levy may only be used to pay the principal of and interest on the general obligation bond.¹⁸ Property taxes imposed to pay the principal and interest on voter-approved general obligation bonds for capital construction or improvements are not subject to the property tax limits of Measure 5.¹⁹ Measure 5 limitations are discussed further in the following section on the Property Tax.

General obligation bonds are a popular finance mechanism for funding land conservation in Oregon. Since 1996, several municipalities in Oregon, including Eugene, have passed general obligation bonds for parks and recreation. See Appendix B for examples of municipal bond ballot language.

¹⁴ The Trust for Public Land's LandVote Database

¹⁵ Federal IRS rules governing the issuance of tax-exempt bonds limit the use of proceeds to capital purposes such that only a small fraction of bond funds may be used for maintenance or operations of facilities. State and local laws may further limit the use of bond proceeds.

¹⁶ Unless the city charter provides a lesser limitation; Oregon Revised Statutes §287A.050

¹⁷ Oregon Revised Statutes §287A.300

¹⁸ Oregon Revised Statutes §287A.140

¹⁹ Oregon Constitution Article XI Section 11b

Successful Conservation Bonds in Oregon, 1996-present				
Jurisdiction Name	Date	Description	Total Funds Approved	% Yes
Portland	11/4/2014	Bond for park improvements and upgrades	\$68,000,000	74%
Bend Park and Recreation District	11/6/2012	Bond to protect natural areas, connect trails, improve parks and provide water safety	\$29,000,000	52%
Willamalane Park and Recreation District	11/6/2012	Bond for the acquisition and improvement of parks, trails, watersheds, wildlife habitat and other natural areas	\$20,000,000	53%
Tigard	11/2/2010	Bond for the acquisition of parkland	\$17,000,000	52%
Cannon Beach	5/19/2009	Bond for the protection of Ecola Creek watershed	\$4,000,000	51%
Tualatin Hills Park and Recreation District	11/4/2008	Bond for new parks, land acquisition, trails, and facility renovation	\$100,000,000	51%
Metro-Portland	11/7/2006	Bond to preserve natural areas, and protect water quality, fish and wildlife habitats	\$227,400,000	59%
Eugene	11/7/2006	Bond to acquire parks and open space	\$27,490,000	59%
Lake Oswego	11/5/2002	Measure 3-93; Bond for parks, open space and pathways	\$9,750,000	58%
Corvallis	11/7/2000	Bond issue for open space acquisition	\$7,900,000	65%
Roseburg	11/3/1998	Bonds for parks and trails	\$2,500,000	55%
Lake Oswego	11/3/1998	Measure No. 3-20, Bond for open space, sports field renovation	\$13,000,000	60%
Eugene	11/3/1998	Ballot Measure 20-30, Bond for Parkland Acquisition, Sports Field, Swimming Pool	\$25,305,000	67%
West Linn	11/3/1998	Measure 3-37, Bond for Parks, Recreation	\$8,000,000	51%
Lincoln City	11/3/1998	Bond measure for open space acquisition	\$3,000,000	52%

Source: The Trust for Public Land's LandVote Database

Debt Capacity in the City of Eugene

Eugene's outstanding indebtedness from voter approved general obligation bonds totaled \$19 million at the end of Fiscal Year 2015. The city's general obligation debt is rated "Aa1" by Moody's Investors Service, indicating strong credit and low risk. The State of Oregon limits debt to 3 percent of real market value. However, the City of Eugene has debt policies that further limit the available debt capacity in order to reflect a more affordable level of debt that could be issued. The Budget Committee and city council have adopted debt guidelines that limit net direct debt to 1 percent of real market value. The table to the right depicts the city's debt capacity and indicates the amount of marginal capacity available. Eugene has ample capacity to issue bonds under the debt limits.

General Obligation Debt Limitation	
Real Market Value	\$22,488,946,078
Debt Capacity - 1% of Real Market Value	\$224,889,461
Outstanding Debt	(\$18,990,300)
Debt reserve	\$354,949
Net Debt Subject to 1% limitation	(\$18,635,351)
Marginal Capacity	\$206,254,110

Source: City of Eugene, FY2016 Budget, FY2015 Comprehensive Annual Financial Report

Issuing Debt for Parks and Recreation

The table below includes the general obligation bond projections from a variety of potential debt issuances displaying the average household cost for each. For example, the City of Eugene could issue \$30 million in general obligation bonds at a cost of about \$31 per year for the typical homeowner based on an average home assessed value of \$189,821. This would represent a property tax increase of \$0.1613 per \$1000 of assessed value. See Appendix B for implementation procedures and ballot language requirements.

City of Eugene Estimated Bond Financing Costs			
Bond Issue	Annual Debt Service	Mill Increase	Annual Cost Per Household*
\$10,000,000	\$735,818	0.0538	\$10
\$20,000,000	\$1,471,635	0.1075	\$20
\$30,000,000	\$2,207,453	0.1613	\$31
\$40,000,000	\$2,943,270	0.2151	\$41
\$50,000,000	\$3,679,088	0.2688	\$51
\$70,000,000	\$5,150,723	0.3764	\$71
\$100,000,000	\$7,358,175	0.5377	\$102
<i>Assumes a 20-year bond issue at 4.0% interest rate</i>			
<i>Total taxable assessed value = \$13,685,478,306, Lane County Assessment and Taxation</i>			
<i>*Average assessed value = \$189,821, Lane County Assessment and Taxation</i>			

The Trust for Public Land's bond cost calculations provide an estimate of debt service, tax increase, and cost to the average homeowner in the community of potential bond issuances for land conservation. Assumptions include the following: the entire debt amount is issued in the first year and payments are equal until maturity; 20-year maturity; and a 4 percent interest rate. Property tax estimates assume that the city would increase property taxes to pay the debt service on bonds; however, other revenue streams may be used. The cost per household represents the average annual impact of increased property taxes levied to pay the debt service. The estimates do not take into account growth in the tax base due to new construction and annexation over the life of the bonds, the property tax collection rate, or the costs of issuing the bonds. The jurisdiction's officials, financial advisors, bond counsel and underwriters would establish the actual terms.

Local Option Property Tax Levy²⁰

While property tax revenue makes up only a portion of most city budgets, it is usually a critical resource supporting daily operations. Both the Oregon Constitution and Oregon Revised Statutes limit the amount and types of tax a city may impose. The first property tax limitation came in 1990 with the passage of Ballot Measure 5. Article XI, Section 11(b), Oregon Constitution. Ballot Measure 5 imposed a tax rate limit on local governments: one for schools (kindergarten through community colleges), and one for all other local governments. Oregon local governments are limited to billing each property tax account no more than \$10.00 per \$1,000 of *real market value* (RMV) plus any voter approved general obligation bonded debt (school districts have a \$5.00 limit).

Ballot Measure 50 was adopted by the voters in November 1996. Measure 50 created a new property tax system by repealing the tax base system and replacing it with a permanent tax rate system with some local options and the concept of maximum assessed value. The measure set the

²⁰ The property tax overview was largely excerpted from League of Oregon Cities, City Handbook, May 2013

maximum assessed value for each property in 1997 equal to 90 percent of the 1995-96 real market value and placed a cap on *assessed value* (AV) growth of 3 percent annually, except for new construction, subdivision, remodeling, rezoning, loss of special assessment or exemption. Because assessed values were initially established at levels below real market values, and because the real estate market has appreciated at a rate of more than three percent in most years since Ballot Measure 50 passed, the assessed values of many properties are substantially lower than their real market values. This means that assessed values may continue to increase even though the real market value of a property can be falling as a result of current market conditions.

When the total of a local government (non-school) tax rates on a property for all purposes except payment of general obligation bonds exceed \$10 per \$1,000 of real market value, the property is said to be in compression. All property tax levies except levies for general obligation bonds are subject to compression.

Local option levies are subject to “special compression.” This means that local option levies are reduced (to zero if necessary) before other levies are reduced to bring the total tax on the property down to the Measure 5 limit. Compression is calculated separately for each property, so it is possible for one property to be in compression, and for the neighboring property not to be.

A city may determine through the budget process that it needs additional funds to operate. State law allows for local option levies, either for a specific or general purpose. Local option levies for operating purposes may only extend for five years. Levies for capital purposes may extend for ten years or the useful life of the project, whichever is shorter. Levy authority can be expressed as a target total dollar amount or as a rate per thousand.

Local option levies can be structured as either a fixed dollar amount per year for the term of the levy or as a fixed rate per thousand dollars of assessed value. There are pros and cons to each approach and a government should carefully weigh these as they decide what to put forth to the voters. Eugene has used both approaches in past levies, and the library local option levy recently approved by voters was structured as a fixed dollar levy.

Since 1996, two jurisdictions in Oregon have passed local option levies for parks and land acquisition. The City of Eugene has passed two recreation property tax levies:

- On November 7, 2000, Eugene voters passed Ballot Measure 20-37, a two-year, \$3.5 million local option tax levy, to fund youth activities. The levy expired on June 30, 2003.
- On November 5, 2002, Eugene voters passed Ballot Measure 20-67, a four year, \$0.86 per \$1,000 of assessed value local option levy expected to raise approximately \$8 million. Of this amount, 7 percent was retained by the city to directly provide youth services, and the remaining 93 percent was split between the 4J and Bethel school districts based upon their relative share of assessed value within the City of Eugene (83 percent to 4J and 17 percent to Bethel). These school district funds were used to provide five categories of services historically supported by the city.

See Appendix C for examples of local option levy ballot language.

Successful Parks and Recreation Property Tax Ballot Measures in Oregon, 1996-present				
Jurisdiction Name	Date	Description	Total Funds Approved	% Yes
Portland Metro	5/21/2013	5-year local option levy of \$0.096 per \$1,000 for park improvement and operations and maintenance	\$50,000,000	56%
Portland	11/5/2002	5-year \$0.39 per \$1,000 assessed value property tax increase for park services, repairs, maintenance, and recreation programs	\$49,400,000	65%
Eugene	11/5/2002	5-year \$0.86 per \$1000 tax rate for schools and youth recreation	\$29,200,000	54%
Eugene	11/7/2000	2-year \$3.5 million per year for recreation services	\$7,000,000	64%

Sources: *The Trust for Public Land's LandVote Database, City of Eugene*

Operating Levies

Local options levies for operating purposes provide local governments with the possibility of collecting additional operating dollars from property taxes beyond the permanent levy. Although these collections are subject to Measure 50 compression, local option levies may present the most significant, efficient and equitable form of revenue raising options for local governments.²¹ Local option levies for operating purposes may only extend for five years.

In November 2015, voters in the City of Eugene approved a five-year local option levy to fund expanded Eugene Public Library services. The levy will raise \$2.7 million annually for five years (about \$36 per year for a typical Eugene property tax statement, or about 17 cents per \$1,000 assessed value).²²

In May 2016, Lane County voters passed a levy to fund Oregon State University Extension Service's local programs. The levy will pay staff salaries and fund programs such as 4-H, Master Gardener, Master Food Preserver and others over the next five years. Property owners countywide will be charged a tax of 1.5 cents per \$1,000 of assessed value. The owner of a home assessed at \$200,000 will pay an extra \$3 a year under the levy. The levy is projected to send an estimated \$426,000 in tax revenue to the Extension Service in the first fiscal year, starting in July 2016.²³

Capital Levies

Local option levies can be used for capital purposes. Levies for capital purposes can extend up to the lesser of 10 years or the useful life of the financed capital items. Capital items can include any capitalizable asset, including items that are specifically excluded from general obligation debt by Measure 50. Capital local options levies are rarely seen in Oregon. Because the levy is subject to the same voter approval requirement as GO bonds but the revenue stream is subject to the Measure 5 tax rate limits, municipalities tend to favor GO bond authority over the local option levy. However, because general obligation bond proceeds are more limited in usage, some jurisdictions have opted for local option levies to pay for things that would otherwise be disallowed under general obligation bond provisions (for example, supplies and equipment).²⁴

²¹ League of Oregon Cities, Debt Issuance Manual, September 2007

²² <https://www.eugene-or.gov/2984/FIVE-YEAR-LIBRARY-LOCAL-OPTION-LEVY>

²³ City of Eugene, personal communication

²⁴ League of Oregon Cities, Debt Issuance Manual, September 2007

Revenue Raising Capacity in the City of Eugene

The City of Eugene levies its permanent tax rate of \$7.0058 per \$1,000 of taxable assessed value; although the effective tax rate paid in FY2016 is expected to be about \$6.90 per \$1,000 of assessed value due to the impact of the urban renewal tax increment calculation on overlapping tax rates.²⁵

The table to the right summarizes the estimated revenues and costs of various levels of mill

increase. For example, an increase of \$0.1616 per \$1000 of assessed value would generate roughly \$2.5 million per year at a cost of \$33 per year for the average household, notwithstanding any Measure 5 compression. See Appendix C for implementation procedures and ballot language requirements.

Estimated Revenue & Cost of Property Tax Increase		
Mill Increase	Annual revenue	Annual cost per household
0.0970	\$1,500,000	\$20
0.1293	\$2,000,000	\$27
0.1616	\$2,500,000	\$33
0.1939	\$3,000,000	\$40
0.2263	\$3,500,000	\$47

Parks Service Fee

City service or utility fees are typically set to recover part or all of the costs of a group of services broadly accessed by occupants of property in a city, such as police, fire, and parks. These fees are billed to persons who occupy or have use of developed property. Unlike electricity, water, stormwater, and sewer utility services, such a fee would fund services that are not delivered directly to the property and are not directly measurable. The purpose of the fee is to provide stable funding to ensure the services remain available to the community.²⁶ Several municipalities in Oregon have adopted service fees to supplement various city services, including public safety services, such as police and fire departments, and parks and recreation. City service fees may be imposed by ordinance or by placing a measure on the ballot.

The City of Eugene currently imposes stormwater and wastewater service fees. These fees are included in customers' monthly water bills. A flat service fee for parks and recreation could be added to the monthly statements in a similar manner. In this case, the city would need to work with the Eugene Water and Electric Board (EWEB) to include a fee on the utility's bills.²⁷ While the stormwater and wastewater fees are required to be collected by EWEB under the city charter, there is no such requirement for other types of fees, and EWEB would have to agree to collect the fee. Alternatively, the city could develop and implement a billing process separate from EWEB; however, administrative costs would be much higher and the collection rate would likely be lower. It is also possible to structure the fee in order to provide reduced fees for multi-family housing, low-income households, and seniors, as other municipalities have done when implementing a service fee.

A measure on the May 2013 ballot asked Eugene voters if they would rather pay a capped, monthly service fee to maintain funding for certain community services, or have those services reduced or eliminated. The fee was defeated at the ballot, with only 33 percent support.²⁸ If approved, the measure would have authorized a monthly fee to maintain public safety services, homeless and

²⁵ City of Eugene FY2016 Budget

²⁶ Revenue Team, Report to the City of Eugene Budget Committee, April 2014, <http://eugene-or.gov/2582/Revenue-Team>

²⁷ EWEB is an administrative unit of the City of Eugene, Oregon (the City) with responsibilities for operation of the water and electric utilities delegated by City Charter to the publicly elected board of five commissioners.

²⁸ Revenue Team, Report to the City of Eugene Budget Committee, April 2014, <http://eugene-or.gov/2582/Revenue-Team>

basic human services, and quality of life services including parks and recreation. The 2013 proposed City Service Fee would have been a flat fee, capped at a maximum of \$10 per month for residential and \$30 per month for nonresidential property. The actual fee would have been set by council and could be less than the cap. To produce the \$5.3 million needed to fund the specified services, it was anticipated that the actual monthly fee would be less than the cap. Actual revenue yield would depend on how the fee was implemented in an ordinance that was never drafted because the measure failed. The person who was responsible for paying the stormwater sewer service charges would have been the responsible party for paying the City Service Fee. It would have been levied on developed property, with different rates for residential and nonresidential units. The measure would also have required Council to establish a program for assistance to low income individuals.^{29,30} The ballot language from this measure can be found in Appendix D.

Precedent in Oregon

In 2005, the Medford city council approved Ordinance 2005-120 establishing a monthly fee per unit to be billed via the Medford water bill. Each developed parcel in the City of Medford is assessed a fee per unit per month. Ordinance 2005-120 states that the person paying the city's water utility charges shall pay the fee. The fee commences upon connection to the water system, completion, occupancy, or use of improvements; whichever comes first.³¹ The City of Medford operates its own water utility, so it was able to easily administer the new fee as an addition to the existing billing system.

Revenues from the monthly fee can be used for operations, administration, maintenance, repair, improvement, renewal, replacement and reconstruction of parks facilities, beautification, and right-of-way areas.³² The monthly Park Utility Fund fee, currently \$2.95, is charged for each occupied residential dwelling unit, business unit or tenant space.³³

Several other cities also impose a utility fee for parks. The table below summarizes the amount and structure of the fee for selected example cities.

Municipal Park Utility Fees		
Municipality	Monthly Residential Fee	Notes
Central Point	\$1.00	Charged per water meter for all residential and non-residential users, except multifamily, which is \$0.50 per unit
Gresham	\$7.50	Charged per unit to single-family homes, multi-family property owners, and businesses; 95% of proceeds used to support Public Safety services; remaining 5% goes toward Parks; 4.1% vacancy discount for unoccupied multi-family units
Medford	\$2.95	Charged for each occupied residential dwelling unit, business unit, or tenant space; fee not assessed when property is unoccupied
Talent	\$3.00	Charged per unit for all residential and non-residential units on developed property
Tigard	\$3.75	Charged per unit for all residential and non-residential units; ~\$7.00 for business customers, based on number of parking spaces; fee-reduction program for qualifying low-income households who earn 50 percent of the state median income.
West Linn	\$13.01	Charged to residents only, per household

²⁹ <http://www.lanecounty.org/Departments/CAO/Operations/CountyClerk/elections/Documents/backup/20-211.pdf>

³⁰ Revenue Team, Report to the City of Eugene Budget Committee, April 2014, <http://eugene-or.gov/2582/Revenue-Team>

³¹ <http://www.ci.medford.or.us/Page.asp?NavID=1065>

³² <http://www.fcsgroup.com/news/documents/ParkImpactDG.pdf>

³³ <http://www.ci.medford.or.us/Page.asp?NavID=1065>

Revenue Raising Capacity in the City of Eugene

The table below summarizes the estimated revenues and costs of various levels of service or maintenance utility fees. For example, Eugene could institute a flat-rate fee of \$3 per month per unit, which would cost each housing unit approximately \$36 annually, and would generate roughly \$2.5 million per year from residential units alone, not including a low income assistance program or any factor for non-payment or administration of the fee, which could be substantial. Further research is needed to calculate the additional revenue that could be generated from non-residential units, as well as the effects of any reduced fee programs. The proposed service fee in 2013 would have been set by the city council to generate \$5.3 million, with a maximum fee of \$10 per month for residential properties and \$30 per month for businesses. See Appendix D for implementation procedures and ballot language requirements.

Estimated Revenue & Cost of Maintenance Utility Fee			
Monthly Fee	Number of housing units*	Annual Revenue**	Annual cost per housing unit
\$1	69,951	\$839,412	\$12
\$2	69,951	\$1,678,824	\$24
\$3	69,951	\$2,518,236	\$36
\$4	69,951	\$3,357,648	\$48
\$5	69,951	\$4,197,060	\$60
<i>*US Census QuickFacts</i>			
<i>**Excludes low income assistance program, any factor for non-payment of the fees, and the cost of administering the fee.</i>			

Restaurant Tax

A retail sales tax is an excise tax levied on a range of goods and services at the point of final sale to an end-user or consumer. It can be imposed as a general sales tax applying to a broad range of goods and services. It can also be made quite narrow and selective in the range of goods and services subject to the tax. Oregon state law prevents local retail sales taxes on alcohol and tobacco products. Oregon has no general retail sales taxes, but a number of selective local retail sales taxes are in place. For example, Ashland and Yachats have city-wide retail sales taxes on restaurant meals. These are taxes on food and non-alcoholic beverages served by restaurants.³⁴

In November 2009, voters in the City of Ashland approved a 5 percent meals tax extension, with 80 percent of the revenue devoted to sewage capital projects and 20 percent for open space purchases. This measure is expected to generate \$30 million over its 20-year lifespan, of which \$6 million is set aside for open space purchases, and was approved with 59 percent support.³⁵ See Appendix E for the ballot language used in this measure.

In March 1993, the City of Eugene proposed a 3 percent restaurant tax to be used as a general revenue source. The measure failed with only 40 percent voter support.

Revenue Raising Capacity in the City of Eugene

Ashland's 5 percent meals tax generates roughly \$2 million per year.³⁶ If a similar 5 percent tax was imposed in Eugene, it could be expected to generate revenues close to \$15.5 million, based on

³⁴ Revenue Team, Report to the City of Eugene Budget Committee, April 2014, <http://eugene-or.gov/2582/Revenue-Team>

³⁵ The Trust for Public Land's LandVote Database

³⁶ <http://www.bendbulletin.com/entertainment/restaurants/1457291-151/sales-tax-islands>

Estimated Annual Revenue from Meals Tax	
Tax	Annual Revenue*
1%	\$3,100,000
3%	\$9,300,000
5%	\$15,500,000
<i>Source: City of Eugene, Revenue Team Report</i>	
<i>*Does not include cost of administration.</i>	

the \$97 per capita generated in Ashland. This estimate is in line with a 2014 report from the City of Eugene Revenue Team, which estimated that a 5 percent restaurant tax would raise approximately \$15.5 million annually, based on a 2007 Economic Census report of restaurant sales in the city.³⁷ Thus, a 1 percent tax could be

expected to generate roughly \$3.1 million per year. This tax would be borne by visitors as well as residents. Further research is needed to determine what portion of the revenue would be generated by visitors. See Appendix E for implementation and ballot language requirements.

Transient Room Tax

Transient lodging taxes (TLT), or the Transient Room Tax (TRT) in Eugene, are one of the most direct means for jurisdictions to collect revenues from visitors. During 2014, 85 cities and 15 counties in Oregon levied a locally administered TLT. This tax, ranging from 2 percent to 13.5 percent, is collected on the sale (i.e., rental) of a room at a lodging establishment such as a hotel, motel, bed and breakfast, or at a campground site or RV park.³⁸ Oregon recently raised the state lodging tax of 1 percent to 1.8 percent for four years, beginning in July 2016, and to 1.5 percent after that.³⁹

To fund the promotion of tourism, the 2003 Legislative Assembly (HB 2267) established a statewide transient lodging tax and the Oregon Tourism Commission. Transient lodging was defined as “hotel, motel and inn dwelling units that are designed for temporary overnight human occupancy, and includes spaces designed for parking recreational vehicles during periods of human occupancy of those vehicles.” The law required the Oregon Tourism Commission to use at least 80 percent of lodging tax net receipts to fund state tourism marketing programs and up to 15 percent to implement regional tourism marketing programs.⁴⁰

For new or increased local government lodging taxes imposed by cities and/or counties, the law required that at least 70 percent of net revenue be used to fund tourism promotion or tourism related facilities. The law also required that new or increased local lodging taxes allow for at least 5 percent of the tourism revenues to be retained by lodging providers to cover tax collection administrative costs.⁴¹ This leaves 30 percent which can be used for city services, such as parks and recreation.⁴²

Revenue Raising Capacity in the City of Eugene

Eugene currently imposes a 4.5 percent tax under the authority of the city’s Transient Room Tax Ordinance on all overnight stays in the city, including hotels and motels, campgrounds, retreat centers, RV parks, bed and breakfasts, and vacation rentals. The tax is collected by the lodging operator, who retains a collection fee of 5 percent of the amount collected and remits the balance to

³⁷ Revenue Team, Report to the City of Eugene Budget Committee, April 2014, <http://eugene-or.gov/2582/Revenue-Team>

³⁸ Oregon Travel Impacts 1991-2014, April 2015, Dean Runyan Associates

³⁹ <http://registerguard.com/rg/news/local/34122721-75/story.csp>

⁴⁰ Oregon’s State Lodging Tax, Oregon Department of Revenue, April 2015

⁴¹ Oregon’s State Lodging Tax, Oregon Department of Revenue, April 2015

⁴² Oregon Revised Statutes §320.350

the city. According to Eugene’s city code, all revenues must be placed in the Cultural Services Fund, which accounts for operation of the Hult Center, Community Events, Public Art and Cuthbert Amphitheater. Lane County also levies a transient room tax, as does the state of Oregon, making the current total TRT rate within Eugene 11.3 percent.⁴³

The amount of taxes currently available for any given period, approximately \$2.1 million⁴⁴ in fiscal year 2015, varies with the lodging occupancy rate. An increase of 1 percent in the tax rate from 4.5 to 5.5 percent could net about \$467,000 in revenue in a typical year. The table below illustrates the potential revenue amounts from a TRT increase. See Appendix F for implementation and ballot language requirements.

Estimated Revenue of Transient Room Tax		
TRT Rate Increase	Annual Revenue*	30% for Parks and Recreation
1%	\$466,667	\$140,000
2%	\$933,333	\$280,000
3%	\$1,400,000	\$420,000
<i>Source: City of Eugene Revenue Team Report</i>		
<i>*Based on revenue of \$2.1 million from existing 4.5% TLT, net of collection fee retained by operators.</i>		

Marijuana Tax

Municipalities in Oregon are authorized to impose a tax on the sale of recreational marijuana. HB 3400 passed in 2015, and provides that cities may adopt an ordinance, which must be referred to the voters, imposing a tax or fee of up to 3 percent on the sale of marijuana items by a retail licensee. The ordinance must be referred to the voters in a statewide general election, meaning an election in November of an even-numbered year. Although HB 3400 provides that cities may impose a tax on sales by retail licensees, it remains unclear whether a city can tax medical marijuana. In particular, a city should consult its attorney on whether the authority to impose a tax or fee on “the production, processing or sale of marijuana items,” vested solely in the Legislature except as provided in HB 3400, includes the authority to tax medical marijuana.⁴⁵

To date, no Oregon municipalities have imposed a tax on the sale of recreational marijuana. However, the Eugene city council has referred a 3 percent tax on recreational marijuana to the November 2016 ballot. The revenues have not been dedicated to any particular use; the council will discuss how to use the proceeds during a work session in September 2016. City staff estimated that the tax could raise between \$200,000 and \$600,000, but cautioned that these estimates are very speculative.

The state of Oregon currently imposes a tax of 25 percent on sales of recreational marijuana. The tax was expected to generate \$1 million in January; actual revenue was \$3.48 million, more than three times what was expected. Information on how much each county or city generated is not yet available. The revenues from the state tax, minus operating costs, will be divided among a variety of accounts: 40 percent for the common school fund, 20 percent for mental health, 15 percent for

⁴³ Revenue Team, Report to the City of Eugene Budget Committee, April 2014, <http://eugene-or.gov/2582/Revenue-Team>

⁴⁴ Net of 5% collection fee retained by operators, City of Eugene

⁴⁵ League of Oregon Cities, Local Government Regulation of Marijuana in Oregon, August 2015

state police, 10 percent for cities, 10 percent for counties, and 5 percent for the state Health Authority.⁴⁶

Several municipalities in Colorado impose local taxes on marijuana sales. Since 2013, 52 local jurisdictions have passed taxes on marijuana.⁴⁷ The table to the right shows several Colorado municipalities' taxes on recreational marijuana.

Colorado Municipal Taxes on Recreational Marijuana	
Municipality	Tax
Aurora	5%, up to 10% authorized
Boulder	3.50%
Breckenridge	5%
Denver	3.5%, up to 15% authorized
Pueblo	8%, up to 15% authorized (excise tax)
<i>Source: Colorado Municipal League</i>	

Revenue Raising Capacity in the City of Eugene

Because the sale of recreational marijuana is so new in Oregon, any revenue estimates are fairly speculative. In January 2016, the state of Oregon collected \$3.48 million in tax revenue from the state's 25 percent tax on recreational marijuana. This equates to approximately \$14 million in sales. Based on its population, Eugene's sales can be estimated at \$566,000, meaning the city could have generated nearly \$17,000 from a 3 percent sales tax in the month of January. Thus annual revenue in the city from a potential 3 percent tax on recreational marijuana could be estimated at nearly \$204,000. The table below summarizes these calculations, and does not include the cost of administering the tax.

Estimated Revenue based on State of Oregon	
Oregon sales Jan 2016*	\$14,000,000
Oregon population**	3,970,239
Marijuana sales per capita Jan 2016	\$4
Eugene population***	160,775
Estimated sales per month	\$566,931
Estimated monthly revenue from 3% tax	\$17,008
Estimated annual revenue from 3% tax	\$204,095
<i>*http://www.oregonlive.com/marijuana/index.ssf/2016/03/first_month_of_taxed_recreatio.html</i>	
<i>**US Census QuickFacts</i>	
<i>***2015 City of Eugene Comprehensive Annual Financial Report</i>	

Fort Collins, Colorado is similar in population to Eugene. While the city does not have a special tax on marijuana, collections from the city's general sales tax of 3.85 percent on marijuana sales was estimated to be \$200,000 in 2015. Thus total annual marijuana sales in the city can be estimated to total nearly \$5.2 million, which is approximately \$33 per capita. Based on this per capita estimate, Eugene's sales can be estimated at \$5.3 million, which would generate nearly \$160,000 from a 3 percent tax on recreational marijuana in the city. The table on the following page summarizes these calculations.

⁴⁶ <http://registerguard.com/rg/news/local/34174852-75/first-month-of-oregon-recreational-marijuana-taxes-nets-3.48-million.csp>

⁴⁷ Colorado Municipal League

Estimated Revenue based on Fort Collins, CO	
Fort Collins population*	156,480
2015 sales tax collections from marijuana**	\$200,000
Fort Collins general sales tax	3.85%
Estimated 2015 marijuana sales	\$5,194,805
Estimated sales per capita	\$33
Eugene population***	160,775
Estimated marijuana sales	\$5,337,390
Estimated revenue from 3% tax	\$160,122
<i>*US Census QuickFacts</i>	
<i>**Fort Collins 2015-2016 Budget</i>	
<i>***2015 City of Eugene Comprehensive Annual Financial Report</i>	

Based on these two estimates, the City of Eugene might expect to generate roughly \$160,000 to \$204,000 per year from a 3 percent tax on recreational marijuana, not accounting for the costs of administration. Once location-specific data from the January 2016 collections in Oregon is available, a more accurate estimate of Eugene’s revenue generating capacity can be calculated. However, a longer history of revenue collections will provide a more accurate estimate than calculations based on one month of data for a new revenue source such as the marijuana tax. See Appendix G for implementation procedures and an example of ballot language.

ELECTION TRENDS

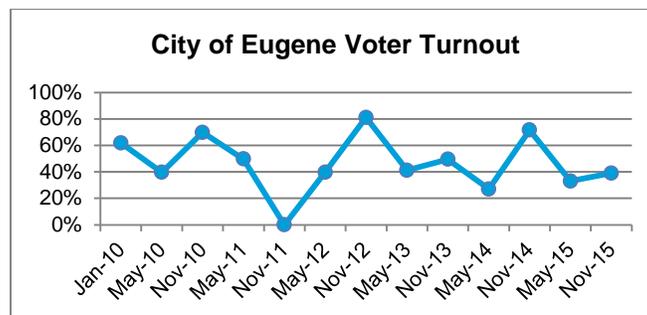
Cities across the country have an impressive track record of passing funding measures for parks and recreation. Since 1996, voters in Oregon have approved 20 of 33 state and local measures for a 61 percent success rate.

In the City of Eugene, voters have been highly supportive of local and statewide measures for parks, recreation, and conservation. In November 1998, Oregon voters approved the dedication of 15 percent of state lottery proceeds for parks, beaches, wildlife, and watershed protection. The measure passed with 67 percent support statewide and 75 percent support from Eugene. In November 2010, Oregon voted to continue this dedication, with 69 percent support statewide and 82 percent support from Eugene. The City of Eugene has also passed two bonds, once in 1998 and again in 2006, as well as two property taxes for recreation services in 2000 and 2002.⁴⁸ These results are summarized in the table below.

Conservation Ballot Measure Election Results							
Jurisdiction	Date	Description	Total Funds Approved	Conservation Funds Approved	Status	% Yes	% Yes Eugene
Oregon	11/2/2010	Constitutional amendment	\$1,740,000,000	\$1,740,000,000	Pass	69%	82%
Eugene	11/7/2006	Bond	\$27,490,000	\$20,200,000	Pass	59%	59%
Eugene	11/5/2002	Property Tax	\$29,200,000	n/a	Pass	54%	54%
Eugene	11/7/2000	Property Tax	\$7,000,000	n/a	Pass	64%	64%
Eugene	11/3/1998	Bond	\$25,305,000	\$9,070,000	Pass	67%	67%
Oregon	11/3/1998	Constitutional amendment	\$700,000,000	\$700,000,000	Pass	67%	75%

Sources: The Trust for Public Land's LandVote Database, City of Eugene

As of March 2016, the City of Eugene had 86,961 registered voters, including 42,138 Democrats (48 percent), 27,180 Independents (31 percent), and 17,643 Republicans (20 percent).⁴⁹ The chart below summarizes voter turnout in the City of Eugene for each special, primary, and general election since 2010. In November 2011, there were no City of Eugene, Lane County, or Oregon state-wide measures on the ballot, so Eugene voters did not receive ballots.⁵⁰ In November 2013, only two Eugene districts voted on a school district question, so the percent voter turnout is based on a small portion of Eugene voters (301 voters).



⁴⁸ The Trust for Public Land's LandVote Database

⁴⁹ http://app.l2political.com/reports/PDF/OR/ORCNTY_LANE-PCP.PDF

⁵⁰ <http://kval.com/news/local/oregon-election-results-november-5-2013-11-20-2015>

Upcoming Elections

There are two elections remaining in 2016: September 20 and November 8. One statewide measure has been referred to the November 8, 2016 ballot. There are several potential statewide measures. Currently no measures have been filed for Lane County. The City of Eugene has referred a 3 percent tax on recreational marijuana to the November 2016 ballot. It is too distant to know what might appear on 2017 ballots. However, there will likely be some local levies up for renewal. For instance, the Lane County Public Safety Levy will expire and may be on the ballot for renewal, likely in November 2017 or May 2018.⁵¹ School District 4J has a local option levy that runs through 2020 and will need to be renewed.⁵²

The table below outlines the City of Eugene's filing deadlines for 2016 elections. The 2017 and 2018 election schedules are not yet available; however, the deadlines will be similar.

City of Eugene 2016 Election Deadlines for Ballot Measures Referred by City Council						
Council authorizes Voters' Pamphlet process*	Last day Council may pass Resolution or Ordinance placing new measure on ballot	Ballot Title prepared by Attorney 5th business day after Recorder sends measure to Attorney	Ballot Title appeal deadline 7 business days after ballot title rec'd from CAO by CRO**	Measure filed w/LC Elections 61st day prior	Legal Notice of election published 10 days prior	2016 Election Date***
December 14, 2015	December 14, 2015	December 22, 2015	December 31, 2015	January 7, 2016	February 27, 2016 (February 23 to RG)	March 8, 2016 (2nd Tues)
February 8, 2016	February 8, 2016	February 17, 2016	February 26, 2016	March 17, 2016	May 7, 2016 (May 3 to RG)	May 17, 2016 (3rd Tues)
June 22, 2016	June 22, 2016	June 30, 2016	July 10, 2016	July 16, 2016	September 4, 2016	September 20, 2016 (3rd Tues)
July 25, 2016 (last meeting date before summer break)	July 25, 2016 (last meeting date before summer break)	August 2, 2016	August 11, 2016	September 8, 2016	October 29, 2016 (October 25 to RG)	November 8, 2016
<i>*Additional time is required for recruitment and selection of Voters' Pamphlet Opponent Committee members. This is an approximate date and authorization to begin the process may occur prior to Council action to place the measure on the ballot.</i>						
<i>**Appeals are filed with Lane County Circuit Court; therefore, timeline is contingent on court's ability to expedite hearing.</i>						
<i>***The City is charged to participate in elections other than the Primary and General in even numbered years; and the costs, which are prorated by voter count per district, would be determined by level of participation of other districts.</i>						
Source: Beth Forrest, City Recorder, City of Eugene						

⁵¹ City of Eugene

⁵² <http://www.4j.lane.edu/communications/localoptionlevy2014/>

CITY GOVERNMENT

In 1944, the citizens of Eugene adopted the council/manager form of government. In this form of government, the city council develops legislation and policies to direct the city, but hires a professional manager (the city manager) to oversee City of Eugene personnel and operations and to carry out the city council's direction. Jon Ruiz is currently serving as city manager.

The mayor serves as the city's political head and chairperson of the council. He or she is elected by the city at large on a nonpartisan ballot for a four-year term. The mayor is the formal representative of the city. He or she presides over city council meetings but has no vote except in the case of a tie. The mayor can veto any decision, but a two-thirds vote of the council can override the veto.

The city council, Eugene's legislative body, has eight members. The city council is responsible for passing laws, setting community goals, adopting policy and deciding which services the city will provide. Councilors are elected on a nonpartisan ballot for four-year terms. One councilor is elected from each of eight wards with one-half of the council elected every two years. An ordinance may be passed by majority vote of the council after it has been considered at two council meetings. Alternatively, an ordinance may be passed after only one meeting if the council votes unanimously to approve it.

City of Eugene Government			
Seat	Name	Term Ends	Notes
Mayor	Kitty Piercy	Jan 2017	Lucy Vinis won May 2016 primary
Councilmember, Ward 1	George Brown	Jan 2017	Seat up for election in 2016
Councilmember, Ward 2	Betty Taylor	Jan 2017	Seat up for election in 2016
Councilmember, Ward 3	Alan Zelenka	Jan 2019	
Councilmember, Ward 4	George Poling	Jan 2019	
Councilmember, Ward 5	Mike Clark	Jan 2019	
Councilmember, Ward 6	Greg Evans	Jan 2019	
Councilmember, Ward 7	Claire Syrett	Jan 2017	Seat up for election in 2016
Councilmember, Ward 8	Chris Pryor	Jan 2017	Seat up for election in 2016

APPENDICES

Appendix A: Revenue Options Summary

Summary of Revenue Options											
Option	Description & Revenue Generating Potential	Process	Comments & Considerations								
General Obligation Bond	<p>The City of Eugene could issue general obligation bonds to support capital purposes. For example, a general obligation bond for \$30 million would cost the average household \$31 per year.</p> <table border="1"> <thead> <tr> <th>Bond Issue</th> <th>Debt Service</th> <th>Tax Req'd</th> <th>Cost/Home/Year*</th> </tr> </thead> <tbody> <tr> <td>\$30 million</td> <td>\$2,207,453</td> <td>0.1613</td> <td>\$31</td> </tr> </tbody> </table> <p>*Average assessed value = \$189,821.</p> <p>The debt service figure for the proposed bond issue above is based upon a general obligation bond issued for 20 years at 4% interest. These estimates do not take into account bond issuance costs, property tax collection rates or changes in assessed value over the life of the bonds. This rate is used only for illustration. City officials, financial advisors, bond counsel, and underwriters would establish the actual terms of any bond issue.</p>	Bond Issue	Debt Service	Tax Req'd	Cost/Home/Year*	\$30 million	\$2,207,453	0.1613	\$31	Voter approval required.	<p>Bonds raise substantial amounts of money, enabling the city to make important acquisitions now while land is available.</p> <p>Costs would be spread out over a long time horizon, and therefore are borne by both current and future residents.</p> <p>Bond funds may not be used for operations and maintenance.</p>
Bond Issue	Debt Service	Tax Req'd	Cost/Home/Year*								
\$30 million	\$2,207,453	0.1613	\$31								
Property Tax	<p>The City of Eugene could levy a local option property tax for parks and/or recreation purposes. For example, a property tax of \$0.20 per \$1,000 of assessed value could generate approximately \$2.7 million annually, at a cost of about \$38 per year for the average homeowner.</p> <table border="1"> <thead> <tr> <th>Mill Rate</th> <th>Revenue/Year</th> <th>Cost/Home/Year*</th> </tr> </thead> <tbody> <tr> <td>0.1616</td> <td>\$2,500,000</td> <td>\$38</td> </tr> </tbody> </table> <p>*Average assessed value = \$189,821.</p>	Mill Rate	Revenue/Year	Cost/Home/Year*	0.1616	\$2,500,000	\$38	Voter approval required.	<p>A local option levy would create significant funding for parks and conservation that could be used for operations and maintenance purposes.</p> <p>A local option levy may be imposed for five years (ten years if imposed for capital purposes only). Local option levies are counted under the Measure 5 tax rate limits and are the first to be affected by compression loss if/when applicable.</p>		
Mill Rate	Revenue/Year	Cost/Home/Year*									
0.1616	\$2,500,000	\$38									
Parks Utility Fee	<p>The City of Eugene could implement a maintenance utility fee for parks. A monthly fee of \$3 would generate about \$2.5 million annually at a cost of \$36 per housing unit.</p> <table border="1"> <thead> <tr> <th>Fee/Month</th> <th>Revenue/Year*</th> <th>Cost/Housing Unit</th> </tr> </thead> <tbody> <tr> <td>\$3</td> <td>\$2,518,000</td> <td>\$36</td> </tr> </tbody> </table> <p>*Based on 69,951 housing units. Does not include a low income assistance program, any factor for non-payment, and the cost of administering and collecting the fee.</p>	Fee/Month	Revenue/Year*	Cost/Housing Unit	\$3	\$2,518,000	\$36	Ordinance or voter approval.	<p>A monthly utility fee would create significant funding for parks that could be used for operations and maintenance purposes.</p> <p>The fee would be spread out over both residential and non-residential properties, with potential for reduced fees for low-income/senior housing.</p> <p>Revenue estimate based on residential units only, further research needed to estimate potential revenue from non-residential properties.</p> <p>Eugene attempted to implement service fee via ballot measure in 2013. The measure was defeated.</p>		
Fee/Month	Revenue/Year*	Cost/Housing Unit									
\$3	\$2,518,000	\$36									
Restaurant Tax	<p>The City of Eugene could implement a meals tax. For example, a 1% tax could generate roughly \$3.1 million per year, depending on restaurant sales.</p> <p>This estimate is based on revenues collected by Ashland, as well as a 2014 report by the City of Eugene Revenue Team. Does not include the cost of administering the tax.</p>	Ordinance or voter approval.	<p>Allows the city to collect revenues from visitors.</p> <p>Eugene attempted to implement a restaurant tax via ballot measure in 1993. The measure was defeated.</p> <p>Revenues may be used for operations and maintenance.</p>								

<p>Transient Room Tax</p>	<p>The City of Eugene could increase the local tax on lodging and dedicate a portion of the revenue to parks and recreation purposes.</p> <table border="1" data-bbox="245 420 878 483"> <thead> <tr> <th>Tax Increase</th> <th>Revenue/Year*</th> <th>30% for Parks</th> </tr> </thead> <tbody> <tr> <td>1%</td> <td>\$466,667</td> <td>\$140,000</td> </tr> </tbody> </table> <p>*Based on revenue of \$2.1 million from existing 4.5% TLT.</p>	Tax Increase	Revenue/Year*	30% for Parks	1%	\$466,667	\$140,000	<p>Ordinance or voter approval.</p>	<p>Allows the city to collect revenues from visitors.</p> <p>70% of revenues must be used for tourism purposes, after netting out the 5% collection fee.</p> <p>Revenues may be used for operations and maintenance.</p>
Tax Increase	Revenue/Year*	30% for Parks							
1%	\$466,667	\$140,000							
<p>Marijuana Tax</p>	<p>The City of Eugene might expect to generate roughly \$160,000 to \$204,000 per year from a 3 percent tax on recreational marijuana.</p> <p>This estimate is based on revenues collected in January 2016 by the state of Oregon, as well as revenues collected by Fort Collins, CO in 2015. This does not take into account the costs of administering the new tax.</p>	<p>Voter approval required.</p>	<p>Several municipalities in Colorado impose local taxes on marijuana sales. Since 2013, 52 local jurisdictions have passed taxes on marijuana.</p> <p>Revenues may be used for operations and maintenance.</p>						

Appendix B: General Obligation Bond Implementation, Ballot Language Requirements, and Examples

Implementation Procedure

General obligation bonds must be approved by a majority of the voters voting in a May or November general election, or at a special election with at least 50 percent voter turnout (i.e., approved by a “double majority” of voters).⁵³

Bond measures can be submitted to voters on the following dates:

- second Tuesday in March (double majority required);
- third Tuesday in May;
- third Tuesday in September (double majority required); or
- first Tuesday after the first Monday in November.⁵⁴

The general election is held on the first Tuesday after the first Monday in November of each even-numbered year.⁵⁵

Ballot Language Requirements and Examples

The ballot title of any measure, other than a state measure, to be initiated or referred shall consist of:

- A caption of not more than 10 words which reasonably identifies the subject of the measure;
- A question of not more than 20 words which plainly phrases the chief purpose of the measure so that an affirmative response to the question corresponds to an affirmative vote on the measure; and
- A concise and impartial statement of not more than 175 words summarizing the measure and its major effect.⁵⁶

If the election is not the May or November election, and thus the “double majority” requirement applies, the ballot must include the following statement as the first statement of the ballot title summary:

- “This measure may be passed only at an election with at least a 50 percent voter turnout.”
- The words of this statement do not count towards the word limits described above.⁵⁷

The ballot title of any measure requesting elector approval of bonds, the principal and interest on which will be payable from taxes imposed on property or property ownership that are not subject to the limitations of sections 11 and 11b, Article XI of the Oregon Constitution (including general obligation bonds), shall contain the following statement immediately after the ballot title question and appearing with it, in this manner:

⁵³ League of Oregon Cities, Debt Issuance Manual, September 2007

⁵⁴ Oregon Revised Statutes §221.230

⁵⁵ League of Oregon Cities, Debt Issuance Manual, September 2007

⁵⁶ Oregon Revised Statutes §250.035

⁵⁷ Oregon Revised Statutes §250.036

- “Question: (herein the question is stated) If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.”
- The words of this statement do not count towards the word limits described above.

The ballot title statement for any measure requesting elector approval of bonds, the principal and interest on which is to be payable from taxes imposed on property or property ownership that are not subject to the limitations of sections 11 and 11b, Article XI of the Oregon Constitution (including general obligation bonds), shall contain a reasonably detailed, simple and understandable description of the use of proceeds.

The front of the outer envelope in which the ballot title is delivered shall state, clearly and boldly printed in red, “CONTAINS VOTE ON PROPOSED TAX INCREASE.”⁵⁸

Portland, November 2014
<p>Referred to the People by the City Council</p> <p>26-159 Bonds to fix playgrounds, trails; improve park facilities, safety, accessibility.</p> <p>Question: Shall Portland fix, improve park facilities by issuing bonds estimated to maintain current tax rate; require audits and public oversight? If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.</p> <p>Yes No</p>
Tigard, November 2010
<p>Bond to Acquire Open Spaces, Protect Clean Water, Improve Parklands</p> <p>Question: Shall city issue \$17 million general obligation bonds to acquire, preserve and protect open spaces, water quality, habitat, and parks? If the Bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of Sections 11 and 11b, Article XI of the Oregon Constitution.</p> <p>Summary: If approved, this measure would authorize the City of Tigard to sell up to \$17 million in bonds for land acquisition, restoration, capital construction and improvements allocated as follows:</p> <ul style="list-style-type: none"> • 80% or more to acquire land to preserve open space, parklands, and wildlife habitat, protect streams for improved local water quality to benefit fish and wildlife, • 20% or less to create and improve community parks, recreational areas and trails, and • Up to 10% of the total for downtown parkland. <p>This investment is for the benefit of current and future generations.</p> <p>The Parks and Recreation Board would provide oversight; spending would be audited by the City's yearly audit.</p> <p>Bonds would mature in 21 years or less from issuance and may be issued in one or more series. The estimated additional annual cost to property owners would be \$0.29 per \$1,000 of assessed valuation. For a home with the median assessed value of \$207,000, the City estimates that the additional monthly cost would be about \$4.99 per month, or \$60 per year.</p>

⁵⁸ Oregon Revised Statutes §250.037

Cannon Beach, May 2009

Measure 4-144 - CITY OF CANNON BEACH

BOND AUTHORIZATION ACQUIRE ECOLA TRACT TO PROTECT WETLANDS, STREAMS, FORESTLANDS

Question: Shall City acquire Ecola Tract to protect wetlands, streams, salmon habitat, forestlands; issue up to \$4 million general obligation bonds?

If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.

Summary: This measure would authorize the City of Cannon Beach to sell up to \$4 million in bonds to acquire the 800-acre Ecola Tract from the Oregon Department of Forestry for the protection of wetlands, streams, forestlands, salmon, trout and wildlife habitat. Acquired lands would expand the existing City-owned Ecola Creek Forest Reserve. Additionally, proceeds would pay associated bond issuance costs.

The City would establish a citizen oversight committee and require a yearly independent financial audit, as well as create a management plan with input from citizens for the acquired land. The management plan would focus on conservation, restoration and passive recreation.

Bonds would mature in 21 years or less from issuance and may be issued in one or more series. The estimated additional annual cost to property owners if all \$4 million in bonds are sold would be \$0.36 per \$1,000 of assessed valuation. For the owner of a home with the median assessed value of \$200,516, the additional annual cost would be approximately \$75 per year.

Appendix C: Property Tax Implementation, Ballot Language Requirements, and Examples

Implementation Procedure

Local options levies can be imposed only with voter approval. Local options levy elections are subject to the same “double majority” requirements as general obligation bonds. If the election was held in May or November, the double majority requirement would not apply. The March and September elections are subject to the “double majority” requirement.

Ballot Language Requirements and Examples

The ballot title of any measure, other than a state measure, to be initiated or referred shall consist of:

- A caption of not more than 10 words which reasonably identifies the subject of the measure;
- A question of not more than 20 words which plainly phrases the chief purpose of the measure so that an affirmative response to the question corresponds to an affirmative vote on the measure; and
- A concise and impartial statement of not more than 175 words summarizing the measure and its major effect.⁵⁹

If the election is not the May or November election, and thus the “double majority” requirement applies, the ballot must include the following statement as the first statement of the ballot title summary:

- “This measure may be passed only at an election with at least a 50 percent voter turnout.”
- The words of this statement do not count towards the word limits described above.⁶⁰

The ballot title for a measure authorizing the imposition of local option taxes shall contain the following statement and information:

- “This measure may cause property taxes to increase more than three percent.”

As part of the question, the ballot title for a measure authorizing or renewing the authorization of the imposition of local option taxes shall state:

- The length in years of the period during which the proposed local option tax will be imposed.
- The first fiscal year in which the proposed local option tax will be imposed.⁶¹

If the measure is authorizing the imposition of local option taxes, the front of the outer envelope in which the ballot title is delivered shall state, clearly and boldly printed in red, “CONTAINS VOTE ON PROPOSED TAX INCREASE”.⁶²

⁵⁹ Oregon Revised Statutes §250.035

⁶⁰ Oregon Revised Statutes §250.036

⁶¹ Oregon Revised Statutes §280.070

⁶² Oregon Revised Statutes §250.038

For a levy imposed based on a fixed amount, the statement in the ballot title for the measure that explains the chief purpose of the measure and gives reasons for the measure shall state the total amount of money to be raised by the proposed local option tax, in dollars and cents. If the statement in the ballot title for the measure submitted includes an estimated tax impact, it shall be based on the most current estimate of assessed value from the county assessor. The measure shall bear the statement:

- “The estimated tax cost for this measure is an ESTIMATE ONLY based on the best information available from the county assessor at the time of estimate and may reflect the impact of early payment discounts, compression and the collection rate.”
- This statement is to be added to and made a part of the 175-word statement, however, will not count towards the 175-word limitation.

For a levy imposed based on a fixed millage rate, an estimate of the total amount of money to be raised for each year of the proposed local option tax shall be stated in dollars and cents. If this levy raises more money than estimated, the excess collections above that estimate shall be considered a budget resource for the levy fund in the next fiscal year of the subdivision. This statute does not apply to an election authorizing general obligation bonds or the tax levies to repay general obligation bonds. This statement is to be added to and made a part of the 175-word statement, however, will not count towards the 175-word limitation.⁶³

Portland Metro, May 2013
<p>Measure No. 26-152 METRO Local option levy: improve natural areas, water quality for fish</p> <p>Question: Shall Metro improve natural areas, water quality for fish: five-year operating levy, \$.096 per \$1,000 assessed value, beginning 2013? This measure may cause property taxes to increase more than three percent.</p> <p>Summary: Twice in two decades, Metro voters approved measures to acquire thousands of acres of natural areas throughout the tri-county region. Past measures could not include money for maintenance and restoration. This levy creates a dedicated fund to improve water quality for salmon and native fish, remove invasive weeds that threaten the health of these natural areas, restore wetlands and provide opportunities for people from around the region to experience nature close to home.</p> <p>Cost The estimated cost for the typical household is \$20 per year for five years.</p> <p>Result of a “yes” vote</p> <ul style="list-style-type: none"> • Improve water quality in local rivers and streams for salmon and other native fish including the Clackamas, Sandy, Tualatin rivers; Fanno, Johnson creeks. • Restore wildlife habitat and remove weeds that choke plants wildlife need for food and shelter. • Restore wetlands and floodplains to control flooding, provide habitat for birds and amphibians. • Construct or replace capital projects in parks, such as restrooms, picnic shelters, playgrounds. • Provide nature education programs in natural areas to visitors and school-aged children. <p>The proposed rate (at \$.096/\$1,000) will raise approximately \$10.2 million in 2013-14, \$10.4 million in 2014-15, \$10.6 million in 2015-16, \$ 10.9 million in 2016-17 and \$11.2 million in 2017-18. The estimated tax cost for this measure is an ESTIMATE ONLY based on the best information available from the county assessors at the time of estimate.</p>

⁶³ Oregon Revised Statutes §280.075

Portland, November 2002

26-34 FIVE-YEAR LEVY TO RESTORE PARK SERVICES, REPAIRS, RECREATION PROGRAMS

QUESTION: Shall Portland repair, restore maintenance to parks, playgrounds, pools; levy \$.39 per \$1,000 assessed valuation for five years beginning 2003? (This measure may cause property taxes to increase by more than three percent.)

Appendix D: Service Fee Implementation, Ballot Language Requirements, and Example

Implementation Procedure

Under Oregon’s constitutional home rule powers the Eugene city charter grants the city council broad authority over matters within the city’s boundaries. The city council may implement a city service fee by ordinance. Alternatively, the fee may be placed on a ballot by the council, by citizen initiative, or by referendum petition.⁶⁴

Ballot Language Requirements and Example

The ballot title of any measure, other than a state measure, to be initiated or referred shall consist of:

- A caption of not more than 10 words which reasonably identifies the subject of the measure;
- A question of not more than 20 words which plainly phrases the chief purpose of the measure so that an affirmative response to the question corresponds to an affirmative vote on the measure; and
- A concise and impartial statement of not more than 175 words summarizing the measure and its major effect.⁶⁵

If the election is not the May or November election, and thus the “double majority” requirement applies, the ballot must include the following statement as the first statement of the ballot title summary:

- “This measure may be passed only at an election with at least a 50 percent voter turnout.”
- The words of this statement do not count towards the word limits described above.⁶⁶

There are no specific requirements for maintenance utility or service fee ballot measures.

Eugene, May 2013
<p>Monthly fee for City fire, police, homelessness and other services. Question: Shall City maintain fire, police, homelessness and quality of life services with monthly fee capped at \$10 for residences? If approved, this measure would authorize a monthly fee to maintain: -public safety services, such as a fire company (fire engine and nine firefighters/paramedics), police detectives, mobile mental health crisis team (CAHOOTS) and teen court -homeless and basic human services such as emergency shelter for homeless youth -quality of life services such as downtown and branch libraries, Sheldon swimming pool, recreation programs and services, neighborhood park restrooms and parks maintenance The measure would raise funds by authorizing City Council to impose a monthly fee of no more than \$10/month for residences and \$30/month for businesses. The actual fee would be set by Council. The measure would require Council to establish a program for assistance to low income individuals who would be subject to the fee. An oversight committee would annually determine whether revenues generated by the fee were spent for authorized purposes. Council would be required to review the fee after five years to decide if it should be revised or terminated.</p>

⁶⁴ Revenue Team, Report to the City of Eugene Budget Committee, April 2014, <http://eugene-or.gov/2582/Revenue-Team>

⁶⁵ Oregon Revised Statutes §250.035

⁶⁶ Oregon Revised Statutes §250.036

Appendix E: Restaurant Tax Implementation, Ballot Language Requirements, and Example

Implementation Procedure

Under Oregon’s constitutional home rule powers the Eugene city charter grants the city council broad authority over matters within the city’s boundaries. The city council may implement a restaurant tax by ordinance. Alternatively, the tax may be placed on a ballot by the council or by referendum petition.⁶⁷

Ballot Language Requirements and Example

The ballot title of any measure, other than a state measure, to be initiated or referred shall consist of:

- A caption of not more than 10 words which reasonably identifies the subject of the measure;
- A question of not more than 20 words which plainly phrases the chief purpose of the measure so that an affirmative response to the question corresponds to an affirmative vote on the measure; and
- A concise and impartial statement of not more than 175 words summarizing the measure and its major effect.⁶⁸

If the election is not the May or November election, and thus the “double majority” requirement applies, the ballot must include the following statement as the first statement of the ballot title summary:

- “This measure may be passed only at an election with at least a 50 percent voter turnout.”
- The words of this statement do not count towards the word limits described above.⁶⁹

There are no specific requirements for sales tax ballot measures.

Ashland, November 2009
<p>Extend the 5% tax on food and beverage to 2030.</p> <p>Question: Shall 5% tax on prepared food and beverages extend to 2030 for parks and wastewater treatment improvements including debt repayment?</p> <p>This measure extends the five percent tax on prepared food and beverages sold by restaurants, caterers, grocery store delis, coffee shops and other establishments. Alcoholic beverages are excluded. Tax revenues are dedicated for acquisition of park land and for capital improvements of parks and the wastewater treatment plant including debt repayment. Funds may only be used for park and wastewater capital improvements projects identified in the City’s adopted Capital Improvement Plan. The City Council can reduce or eliminate the tax at anytime. Restaurants retain 5% of the tax collected. The City may use up to 2% for administrative expenses. The tax is not collected on food or beverages sold on school grounds or college campuses (except food sold by an independent contractor or non-educational catered events), on hospital grounds, in vending machines, at senior centers, or by non-profits or service clubs at street booths or concessions. Food provided by bed and breakfast inns is excluded. For single events, such as weddings, costing more than \$5,000 the tax is capped at \$250.</p>

⁶⁷ Revenue Team, Report to the City of Eugene Budget Committee, April 2014, <http://eugene-or.gov/2582/Revenue-Team>

⁶⁸ Oregon Revised Statutes §250.035

⁶⁹ Oregon Revised Statutes §250.036

Appendix F: Transient Room Tax Implementation and Ballot Language Requirements

Implementation Procedure

While all revenue from Eugene’s current TRT must continue to go to the Cultural Services Fund, state law permits an increase in the tax rate to generate additional revenue. An increase in the TRT and dedication of increased revenues could be accomplished by ordinance; a public vote would not be required, but the ordinance would be referable. City code would also need to be amended if part of the increased revenue were to be directed to city operations not directly related to tourism. This can be accomplished by ordinance. The TRT could also be increased by citizen initiative, referral to the ballot by Council, or by a successful citizen referendum petition to the Council.⁷⁰

Ballot Language Requirements

The ballot title of any measure, other than a state measure, to be initiated or referred shall consist of:

- A caption of not more than 10 words which reasonably identifies the subject of the measure;
- A question of not more than 20 words which plainly phrases the chief purpose of the measure so that an affirmative response to the question corresponds to an affirmative vote on the measure; and
- A concise and impartial statement of not more than 175 words summarizing the measure and its major effect.⁷¹

If the election is not the May or November election, and thus the “double majority” requirement applies, the ballot must include the following statement as the first statement of the ballot title summary:

- “This measure may be passed only at an election with at least a 50 percent voter turnout.”
- The words of this statement do not count towards the word limits described above.⁷²

There are no specific requirements for TLT ballot measures.

⁷⁰ Revenue Team, Report to the City of Eugene Budget Committee, April 2014, <http://eugene-or.gov/2582/Revenue-Team>

⁷¹ Oregon Revised Statutes §250.035

⁷² Oregon Revised Statutes §250.036

Appendix G: Marijuana Tax Implementation and Ballot Language Example

Implementation Procedure

Cities in Oregon may adopt an ordinance, which must be referred to the voters, imposing a tax or fee of up to 3 percent on the sale of marijuana items by a retail licensee. The ordinance must be referred to the voters in a statewide general election, meaning an election in November of an even-numbered year.⁷³

Ballot Language

Below is an example of ballot language provided by the League of Oregon Cities.⁷⁴

BALLOT TITLE

*A caption which reasonably identifies the subject of the measure
10 word limit under ORS 250.035(1)(a)*

“Imposes city tax on marijuana retailer’s sale of marijuana items”

QUESTION

*A question which plainly phrases the chief purpose of the measure so that an affirmative response to the question corresponds to an affirmative vote on the measure
20 word limit under ORS 250.035(1)(b)*

“Shall City of {name} impose a {up to three percent} tax on the sale in the City of {city} of marijuana items by a marijuana retailer?”

SUMMARY

*A concise and impartial statement summarizing the measure and its major effect
175 word limit under ORS 250.035(1)(c)*

“Under state law, a city council may adopt an ordinance to be referred to the voters of the city imposing up to a three percent tax or fee on the sale of marijuana items in the city by a licensed marijuana retailer.

Approval of this measure would impose a {up to three} percent tax on the sale of marijuana items in the city by a licensed marijuana retailer. The tax would be collected at the point of sale and remitted by the marijuana retailer.

{Under state law, a city that adopts an ordinance that prohibits the establishment in the area subject to the jurisdiction of the city of a medical marijuana processor, medical marijuana dispensary, or recreational marijuana producer, processor, wholesaler, or retailer may not impose a tax or fee on the production, processing or sale of marijuana or any product into which marijuana has been incorporated. This measure would become operative only if the measure

⁷³ League of Oregon Cities, Local Government Regulation of Marijuana in Oregon, August 2015

⁷⁴ League of Oregon Cities, Local Government Regulation of Marijuana in Oregon, August 2015

proposing to prohibit the establishment of any of those marijuana entities does not pass by a majority of votes.}”⁷⁵

⁷⁵ Cities that desire to provide voters with the most options may wish to put both a measure banning certain activities and a tax measure before the voters at the same time. Cities that elect to do so should include this wording explaining the effect of the vote.

With any questions or for more information please contact:

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