



**Eugene City Council**

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[www.eugene-or.gov](http://www.eugene-or.gov)

# EUGENE CITY COUNCIL AGENDA

December 13, 2021

**5:30 p.m. CITY COUNCIL WORK SESSION**

As the state and community recover from the COVID-19 pandemic, City Council meetings will continue to be held remotely using virtual meeting technology. Information about online or other options for access and participation will be available at <https://www.eugene-or.gov/3360/Webcasts-and-Meeting-Materials>

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**Meeting of December 13, 2021;  
Her Honor Mayor Lucy Vinis Presiding**

**Councilors**

Jennifer Yeh, President  
Mike Clark  
Randy Groves  
Emily Semple

Claire Syrett, Vice President  
Greg Evans  
Matt Keating  
Alan Zelenka

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**5:30 p.m. CITY COUNCIL WORK SESSION**

- 1. WORK SESSION: Funding for Climate Change and Homelessness Initiatives**
- 2. WORK SESSION: Housing Implementation Pipeline (HIP) – Downtown Housing**

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El consejo de la Ciudad de Eugene agradece su interés en estos asuntos de la agenda. El lugar de la reunión tiene acceso para sillas de ruedas. Se puede proveer a un intérprete para las personas con discapacidad auditiva si avisa con 48 horas de anticipación. También se puede proveer interpretación para español si avisa con 48 horas de anticipación. Para reservar estos servicios llame al 541-682-5010. Las reuniones del consejo de la ciudad se transmiten en vivo por Metro Television, Canal 21 de Comcast y son retransmitidas durante la semana.

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or visit us online at [www.eugene-or.gov](http://www.eugene-or.gov).

# EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



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## Work Session: Funding for Climate Change and Homelessness Initiatives

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Meeting Date: December 13, 2021  
Department: Central Service  
[www.eugene-or.gov](http://www.eugene-or.gov)

Agenda Item Number: 1  
Staff Contact: Twylla Miller  
Contact Telephone Number: 541-682-8417

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### ISSUE STATEMENT

The purpose of this meeting is to explore potential on-going funding sources to support climate change and homelessness initiatives and provide an update on the current funding outlook for City services including possible upcoming ballot measures.

### BACKGROUND

Over the past several years, there has been a shift in the services and investments needed to support climate change and homelessness efforts. While the City has made targeted investments in both service areas, there has not been the capacity to add on-going funding to support current community needs given economic conditions and the health of the General Fund.

There are a number of factors to consider when evaluating potential funding sources including but not limited to: the cost of service to be funded, funding type needed (capital or operating), what other City services are currently being funded with short-term funding (e.g. levies/bonds), revenue generation levels/stability, administrative efforts, and the impact of a new revenue source on items such as other Council goals, a healthy business climate, low-income community members, and the environment.

Traditionally, when beginning a discussion on new/expanded revenue sources, staff begin by reviewing revenue source templates to evaluate which revenue sources would be most appropriate given the funding problem they are trying to solve. Attachment A shows the revenue templates used as part of the analysis for a prior revenue team effort and the Community Safety Initiative revenue team work which gives a sense of possible revenue generation options and related impacts.

Staff have also begun a preliminary analysis of what other jurisdictions are doing in terms of revenue sources for both climate and homelessness efforts which is summarized in Attachment B. The Sustainability Commission also sent a memo to Council that includes some possible funding options to fund a Climate Action Fund (Attachment C). It should be noted that the airport fee is not a viable option due to federal regulations and gas taxes have constitutional limits on uses. Gas tax revenues can be used within the ROW for bike facilities, sidewalks and other transportation projects that focus on reducing emissions, however they would not be eligible for use on shared-

use paths, etc., outside of ROWs.

At the December 13th work session, staff will provide an update on the expiration of existing levies/bonds, possible upcoming ballot measures from other jurisdictions, discuss tax compression in relation to local option levies, and potential revenue sources. It is expected that this work session will be the first in a series of work sessions related to long-term funding solutions for climate and homelessness services.

### **COUNCIL OPTIONS**

Informational work session only.

### **ATTACHMENTS**

- A. Revenue Templates
- B. Matrix: Climate and Homelessness Revenue Sources
- C. Sustainability Commission Memo

### **FOR MORE INFORMATION**

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Telephone: 541-682-8417  
Staff E-Mail: [tmiller@eugene-or.gov](mailto:tmiller@eugene-or.gov)

# Revenue Team

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Report to the City of Eugene Budget Committee



**April 8, 2014**



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# MEMORANDUM

Date: April 4, 2014  
To: Eugene Budget Committee  
From: Sue Cutsogeorge, Finance Director  
Subject: Revenue Team Final Report

Attached is the final report of the Budget Committee Revenue Team. The Revenue Team is one part of a multi-faceted approach designed to address a long-term sustainable financial strategy for the City of Eugene. Other components of the approach include a series of meetings to gather input about the community's perspective on the budget, a Finance Investigative Team to review potential budget savings items in a fact finding effort, media outreach about the Budget Committee's activities to keep the community informed and engaged, a series of Budget Committee work sessions to develop FY15 budget balancing options and public hearings on potential budget strategies.

The Revenue Team's charge was to identify potential General Fund revenue strategies that might make sense for the Budget Committee and City Council to consider. The Team should focus on revenue strategies that would:

- Provide significant new revenue;
- Be likely to be accepted by the community; and
- Could be implemented by FY16 (i.e., be legal and practical to implement).

The Revenue Team analyzed a list of 24 potential revenue alternatives. They looked at factual information provided by City staff, and discussed the pros, cons and political feasibility of each of the options. The final report will provide an excellent revenue "toolbox" for the Budget Committee and City Council to use when you begin our conversations around how to achieve a sustainable budget.

The Revenue Team also acknowledged that some of the revenue alternatives in the report would not meet the criteria set out above, but might be worthy of City Council consideration for policy reasons other than General Fund revenue generation.

## Membership:

John Barofsky  
Ken Beeson  
Jen Bell  
Rob Bennett  
Bob Clarke

Chelsea Clinton  
Jill Featherstonhaugh  
Gerry Gaydos  
Dave Hauser  
Andrea Ortiz

George Poling  
Greg Rikhoff  
Claire Syrett  
Laurie Trieger  
Marty Wilde



**General Fund Revenue Alternatives  
Budget Committee Revenue Team – Winter 2014**

<b>Admissions Tax</b>	
Description	An admissions tax is a specific excise tax which would be applied to the price of admission for performances, entertainments, spectator events, festivals, sporting events and other activities for which admissions are charged. It may also be referred to as an entertainment tax. The tax can be applied to a narrow or broad range of venues and types of events. It can be applied to cost of admission as a flat fee or as a tax rate.
Legal Authority & Restrictions	<p>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 tax on admissions by ordinance. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative petition or by referendum petition.</p> <p>Types of organizations or specific activities subject to the tax would need to be decided when the tax is established. Exemptions from the tax vary by jurisdiction but typically include performances sponsored by elementary and secondary schools and admission charged to museums and botanical gardens.</p> <p>The tax could not be levied on admissions sold by a public university or other public agencies, but a contribution in lieu of tax could be collected only if an intergovernmental agreement is mutually agreed upon. Revenue would be unrestricted and available to the General Fund.</p>
Precedence	<p>Admission taxes are levied by many U.S. cities including Seattle, Tacoma, Alexandria, Roanoke, Richmond, Denver, Boulder, Cincinnati, Minneapolis, Santa Cruz, and others. Many counties and states also levy admission taxes. Rates and activities taxed vary widely.</p> <p>In Oregon there appears to be no admission taxes supporting general municipal or county services. There are admission taxes for very specific services however. In Eugene, the Cultural Services Division currently imposes a ticket Patron User Fee by City Ordinance, used to offset expenditures for operations and equipment repair and replacement at the Hult Center and the Cuthbert Amphitheater.</p>
Revenue Yield & Stability	Revenue would depend on the types and number of events and venues to which the tax would apply. Tax revenues would fluctuate with general economic conditions. Changes in consumer spending may occur.
Administrative Effort	Implementation, administration and collection of the tax may require additional FTE, depending upon types and number of events and activities taxed and the structure of the tax.
Timeline	It could take from one to two years to fully implement.

Who Pays	<p>The tax would be paid primarily by individual consumers whether they live within the city or not. Businesses that purchase admissions would also pay the tax.</p> <p>Admissions are typically purchased with a household's discretionary income. This makes an admission tax relatively progressive because low-income households would not normally purchase as many taxable admissions as higher-income households.</p>
Fairness & Indirect Implications	<p>This tax would be less regressive than other excise taxes because it taxes discretionary spending. Depending on the tax level, an admissions tax could encourage some consumers to reduce admission purchases, seek out free activities, or avoid the tax by patronizing events and venues outside city limits. A small fee would be unlikely to discourage economic activity.</p> <p>An admissions tax would likely have a negative impact on the Council Goal of encouraging accessible, thriving recreation and culture, where arts and outdoors are integral to our social and economic well-being and are available to all.</p>
Sustainability Impact	<p>A tax on the price of admissions could disproportionately impact low-income and large families. This could be mitigated by capping the tax at a certain number of admissions per purchase.</p>
MTC Task Force Recommendation	<p>Not included in Meeting the Challenge report.</p>
Budget Committee Revenue Team Comments	<p><b>Pros</b> – May be able to capture revenue from non-residents as well as residents. Can be scalable to capture many types of venues or fewer types, depending on administration preference.</p> <p><b>Cons</b> – The tax may be costly and difficult to administer. University, school district and government events would be exempt, which could significantly reduce revenue generation.</p> <p><b>Political Feasibility</b> – Tax could negatively impact economic activity related to event attendance. Public agencies would not be subject to a tax and may not be open to paying a fee in lieu of tax.</p>

**General Fund Revenue Alternatives  
Budget Committee Revenue Team – Winter 2014**

<b>Bicycle Registration Fee</b>	
Description	An annual or one-time fee levied on bicycle ownership in Eugene. This could instead be structured as a tax added to the purchase of a new bicycle in city limits.
Legal Authority & Restrictions	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 bicycle registration fee by ordinance without state enabling legislation. Alternatively, the fee may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would be unrestricted and available to the General Fund.
Precedence	<p>Eugene had a mandatory \$2 bicycle registration fee in place from 1974 to 1977. The mandatory program was discontinued due to compliance issues.</p> <p>The city and county of Honolulu, Hawaii requires the registration of all bicycles with 20” or larger wheels. The charge is a one-time \$15 fee, with an additional \$5 charge when transferring ownership. After administrative costs, the bicycle registration program nets approximately \$100,000 per year in a county with a population of approximately 976,000. Fees go towards bicycle infrastructure.</p> <p>Although it no longer exists, Colorado Springs had a mandatory registration program that taxed \$4 at the point of sale and raised up to \$150,000 per year with a population of approximately 430,000 people. Fees went towards bicycle infrastructure.</p> <p>In Oregon, proposed State legislation in the 2009 session would have required various transfer-of-license fees as well as a registration fee for every bicycle at \$54 every other year. The bill stalled in committee. Similar legislation was introduced in the 2013 session, SB 769, which lowered the registration fee to a one-time \$10. This bill also stalled in committee. All funds received in both instances were to be deposited into a bicycle transportation improvement fund for bicycle lanes, paths and related projects.</p> <p>Several Oregon communities have had voluntary bicycle registration programs with associated fees, including Grants Pass (now discontinued). Free voluntary programs have been offered subsequently, intended primarily to discourage bicycle theft and facilitate recovery and return of stolen bikes. Eugene’s program currently has approximately 5,000 registrants. The University of Oregon reports that their free compulsory bike registration program has 109 registrants out of nearly 25,000 enrolled students from September 2013 through January 2014.</p>

Revenue Yield & Stability	<p>Applying the point-of-sale model from Colorado Springs to Eugene's (estimated population of 159,580 could yield approximately \$56,000 before accounting for any administration costs. A blanket fee on existing and new bicycles (based on Honolulu's model) could net approximately \$16,000 after administrative costs.</p> <p>The census estimate for Eugene bike commuters is 8.7% of the population, excluding trips for recreation and school (per Public Works Transportation), which would translate into about 10,000 bike commuters.</p>
Administrative Effort	<p>There are currently no specific estimates of the cost of administration, collection and enforcement associated with this revenue source. As there is currently no existing similar program at the City, administration costs may be significant compared to revenue generation potential. Start-up cost estimates would also need to include the cost of educating the public about the program and implementing a tracking system. The effort and effectiveness of enforcement needs to be evaluated further.</p>
Timeline	<p>This tax would take possibly 6-12 months to implement depending on the necessary level of administration.</p>
Who Pays	<p>This fee would primarily be paid by Eugene residents. If it were a tax on bike sales, some non-residents could pay if they purchased a bike in Eugene.</p>
Fairness & Indirect Implications	<p>This fee would directly impact citizens, and unless minimum income provisions were included in the structure, would negatively impact low income citizens that use bicycles as a cost-effective mode of transportation. The equity of this fee would largely depend on its structure. A point-of-sale fee on bicycle purchases over a predetermined price would ease burdens on recreational purchases for families or low-income citizens. In the case of a flat fee for all bicycles owned by citizens, provisions could be included to exempt low-income bicycle owners and/or bicycles with certain sized wheels. However, adding qualifications and exemptions to a fee collection program would significantly increase administration costs and would likely lower yield.</p>
Sustainability Impact	<p>This fee could discourage the purchase or use of bicycles, which are generally accepted as a preferable method of transportation for environmental reasons.</p> <p>This fee could increase costs to citizens who practice a method of commuting that is generally encouraged by the Council.</p> <p>People who use bicycles for transportation because they cannot afford other means of transportation would be negatively impacted.</p>
MTC Task Force Recommendation	<p>Not included in Meeting the Challenge report.</p>

<p>Budget Committee Revenue Team Comments</p>	<p><b>Pros</b> – Registration could assist return of stolen bikes to owners.</p> <p><b>Cons</b> – Compliance would likely be low and enforcement challenging and costly. Other agencies have discontinued their programs due to lack of popularity. Can be seen as contrary to the triple bottom line if it discourages bike use or impacts people with no other transportation alternatives. Revenue would not be significant.</p> <p><b>Political Feasibility</b> – May be difficult to gain community acceptance. Children’s bike could be exempted to improve acceptance.</p>
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**General Fund Revenue Alternatives  
Budget Committee Revenue Team – Winter 2014**

<b>Business Gross Receipts Tax</b>	
Description	<p>A gross receipts tax has a simple broad-based structure. It taxes all for-profit business sales transactions, with few or no exemptions or deductions. Business and occupations taxes are often a form of a gross receipts tax.</p> <p>Because the values of transactions are taxed, a gross receipts tax is often compared to retail sales taxes. However, while retail sales taxes apply only to final sales to consumers, gross receipts taxes tax wholesale transactions as well, including intermediate business-to-business purchases of supplies, raw materials and equipment.</p> <p>As a result of the tax's application to intermediate sales, a gross receipts tax create an extra layer of taxation at each stage of production that sales and other taxes do not—something economists call "tax pyramiding."</p> <p>A gross receipts tax's very broad base that distributes the impact of the tax, allowing a very low tax rate.</p>
Legal Authority & Restrictions	<p>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 gross receipts tax by ordinance. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would be unrestricted and available to the General Fund.</p>
Precedence	<p>A number of state have gross receipts taxes, including Washington, Delaware, Florida, Hawaii, Illinois Mississippi, Montana, New Mexico, Ohio, Pennsylvania, and West Virginia. Cities with a gross receipts tax include Los Angeles, San Francisco, Oakland CA, Bellevue WA, Alexandria VA, among others.</p> <p>The City of Eugene administered a Downtown Development District Tax with a gross sales and receipt component from 1973-1992 for the purpose of operating the City's downtown free parking program. Under this program, any person engaging in business in the Downtown Development District was required to pay the City a tax at rates of \$2.80-\$3.50 per \$1,000 of the gross retail sales and receipts from business.</p>
Revenue Yield & Stability	<p>In 2001 a 0.1% tax on gross receipts was estimated to yield about \$11 million. This analysis will need to be updated to determine potential revenue at this time.</p>
Administrative Effort	<p>Significant City effort would be necessary to implement, collect and administer a City gross receipts tax.</p>
Timeline	<p>Implementation would likely take one to two years.</p>
Who Pays	<p>A broad gross receipts tax would apply to for-profit business of all kinds. Although a gross receipts tax is not a retail sales tax, it would likely be passed on in the purchase price of goods and services. Both residents and non-residents purchasing goods and services within the City would pay.</p>

Fairness & Indirect Implications	<p>Lower income households spend a larger percentage of their disposable income for basic necessities than higher income households. As a result these households would experience more impact in any increase in goods and services resulting from a gross receipts tax.</p> <p>Since Eugene is a part of a larger metro area, consumers could shop outside the City to avoid the tax, although a very low rate of the tax would help minimize this effect. Similarly, business location decisions could be adversely impacted if there were substantial increases in the cost of doing business within the City. The “tax pyramiding” aspect of a gross receipts tax could cause a shift of some wholesale and manufacturing activity to areas outside the City. Again, a very low tax rate would help minimize this.</p>
Sustainability Impact	<p>Because the tax is levied on receipts and not the profit of a business, new and struggling businesses will be disproportionately impacted by a gross receipts tax as they attempt to make profits or minimize their losses.</p> <p>Lower income households will experience a larger negative impact if the tax results in higher costs associated with purchase of goods and services.</p>
MTC Task Force Recommendation	Not reviewed in the Meeting the Challenge report.
Budget Committee Revenue Team Comments	<p><b>Pros</b> – A low rate would generate a significant amount of revenue.</p> <p><b>Cons</b> – No precedence in Oregon. Would be difficult and costly to enact and administer. Businesses with small margins will experience largest impact from the tax. May require many businesses to change their existing business models.</p> <p><b>Political Feasibility</b> – If implemented with other taxes/fees that apply to business owners it could be onerous and costly for that segment of the population. Business community would likely aggressively oppose this tax.</p>

**General Fund Revenue Alternatives  
Budget Committee Revenue Team – Winter 2014**

<b>Business License Fee</b>	
Description	A business license fee is a fee for the privilege of conducting business within the city limits. It could be imposed on any person, partnership, corporation or similar entity doing business in Eugene. The fee calculation could take several different forms: a fixed amount per business, a flat percentage of income earned in the city, a fixed fee levied on business according to the number of employees. It is typically paid prior to engaging in business, paid on an annual basis, and does imply a regulatory relationship.
Legal Authority & Restrictions	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 business license fee by ordinance. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would be unrestricted and available to the General Fund.
Precedence	<p>The City of Portland business license rate is 2.2% of net income after allowable deductions. The annual minimum fee is \$100. Business licenses are required from the opening date of business. Multnomah County's business income tax rate is 1.45% of the net income after allowable deductions. The annual minimum fee is \$100 (started 2008). Business income taxes are due after each tax year end. Both have exemptions, most notably businesses that gross less than \$50,000 annually.</p> <p>Springfield has a set of specific license fees as set out in their code. The city's Finance Director estimates that 75-80% of the estimated \$105,000 - \$120,000 generated per year revenue is devoted to personnel expenses to administer the program. A large portion of the remaining revenue covers software, supervision, and indirect program costs, leaving approximately 5-10% of collection as net revenue.</p> <p>Many other Oregon municipalities also collect business license fees, with amounts varying greatly by jurisdiction. Some jurisdictions, such as the City of Springfield, restrict business license fees to certain types of businesses, while others, e.g. Portland, Gresham and Beaverton collect this fee from all businesses operating within their city limits. A number of other Oregon municipalities, e.g. the City of Salem, do not impose a business license fee.</p> <p>Eugene currently requires the following businesses to apply and pay a fee for a license from the City: payday lenders, public passenger vehicles, and tobacco retail sales.</p>

Revenue Yield & Stability	<p>Based on Oregon Employment Department records, there were approximately 5,800 businesses registered in Eugene area zip codes as of 2001. According to the 2005 study by Chastain Economic Consulting, the number of private firms in Lane County has grown by an average 1.7% per year between 1990 and 2004; however, it is likely that this trend has reversed during the recent recession. A flat fee of \$100 per year would generate approximately \$580,000 in business license revenue, assuming 100% collection and no increase in the number of businesses since 2001.</p> <p>Using Springfield's model and basing assumptions on population, Eugene's gross revenue would be approximately \$280,000 to \$330,000. Net revenue would range from \$14,000 to \$33,000.</p> <p>The stability of this revenue source would fluctuate with the area's economic conditions.</p>
Administrative Effort	<p>The City currently has a small business license program for payday lenders, public passenger vehicles, and tobacco retail sales but it would need to be expanded if an overarching fee program were to be implemented. Cost estimates would also need to include the cost of implementing a tracking and enforcement system. Using Springfield's model, administration costs could be in the range of \$250,000 to \$300,000.</p>
Timeline	<p>The timeline for implementation of an overarching business license program would be a minimum of 8-12 months from Council approval of the program.</p>
Who Pays	<p>While this fee would be paid by businesses, some portion of it may be passed on to the customers.</p>
Fairness & Indirect Implications	<p>The fairness of this fee would largely depend on its structure. A flat fee per business would be a greater burden on smaller businesses. Some jurisdictions have a fee structure that attempts to alleviate this issue; for instance, the fee may be based on number of employees and/or whether it is a home-based business. This fee would not be related to business profitability. It would be a deductible business expense for federal and state tax purposes.</p> <p>Research shows that Oregon ties North Carolina for having the lowest state and local business tax in the U.S.</p>
Sustainability Impact	<p>The license fee would increase the cost of doing business within the City of Eugene and would make the city a slightly more expensive place to do business.</p> <p>Businesses and residents in the city benefit from a favorable business climate associated with adequate provision of general government services, such as police and fire protection, parks and libraries.</p>
MTC Task Force Recommendation	<p>The Business License Fee was dropped from consideration since the effort required to implement the fee would not result in a substantial revenue source (less than \$2 million annually) and the administrative costs would likely be substantial. The revenue stream would be more appropriate for new City services.</p>

<p>Budget Committee Revenue Team Comments</p>	<p><b>Pros</b> – Established precedent in many Oregon cities. Many new businesses expect the City to have an overarching program.</p> <p><b>Cons</b> – Based on estimates it could be costly to administer. The purpose of most business license programs is to provide regulation and oversight of businesses, not to generate significant additional revenue. Current negative business sentiment towards City could be exacerbated.</p> <p><b>Political Feasibility</b> – There was some difference of opinion as to whether there would be a high rate of acceptance of the fee by businesses new to Eugene. May be politically challenging if the business community rallies against a proposal.</p>
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**General Fund Revenue Alternatives  
Budget Committee Revenue Team – Winter 2014**

<b>City Service Fee</b>	
Description	<p>Service 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. These fees are billed to persons who occupy or have use of developed property. Unlike electricity, water, stormwater and sewer utility services, this 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 service remains available to the community.</p>
Legal Authority & Restrictions	<p>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. Revenue would be unrestricted and available to the General Fund.</p> <p>In January, 2007, the Oregon Supreme Court, in <i>Knapp v. City of Jacksonville</i>, upheld Jacksonville’s public service fee. This case clarified that city fees for utility services may be charged to a person with the right to occupy or use property, but they may not be based on property ownership or value.</p>
Precedence	<p>Measure 20-211 on the May 21, 2013 ballot asked Eugene voters if they would rather pay a capped, monthly City Service Fee to maintain funding for certain community services, or have those services reduced or eliminated. The fee was defeated at the ballot, with 67% voting no.</p> <p>Several municipalities in Oregon charge city service fees for libraries, parks, street operations and maintenance, police and/or fire services.</p> <ul style="list-style-type: none"> <li>• Gresham implemented a temporary Police, Fire and Parks Fee on households and businesses and a one-time surcharge on large businesses to help maintain essential police positions and keep fire stations open. The fee was implemented without a vote and expires in June 2014. The City will ask voters to replace the fee with a local option property tax levy on the May 20, 2014 election ballot.</li> <li>• Jacksonville enacted a Fire Protection Act in 2003 to move fire services from volunteer to paid fire service. In 2011, the rate was set at \$31/month on the occupant of each unit of developed property.</li> <li>• Medford charges \$4.60 per single-family home per month for police and fire services. Medford also charges a parks maintenance fee of \$2.95 per month per single-family home and business unit for maintenance and operation of city parks.</li> <li>• Newberg charges \$3 per residential unit per month for public safety services and \$1.50 per month fire fee.</li> <li>• Shady Cove charges a fee of \$15 per month per residential or non-residential unit, dedicating the revenue to police services.</li> </ul>

Revenue Yield & Stability	<p>Yield will vary with the fee level. City service fee revenue usually supplements other resources. Fees are set with consideration of the impact on the customer as well as the target revenue yield. Service fee revenues are stable because the fee is levied broadly across the community and the typical basis for the fee (occupancy and use of property) is fairly inelastic.</p> <p>The 2013 proposed City Service Fee would have been a flat fee, capped at a maximum of \$10/month for residential and \$30/month for non-residential property. The actual fee would be 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 at the polls.</p>
Administrative Effort	<p>Most cities collect service fees as part of the city's sewer, stormwater or water utility billing for a property unit. In many cities, this is practical because the cities operate and bill for their own utility services. In Eugene, this would require cooperation by EWEB. If the fee is levied on a per-unit basis and is included on existing EWEB utility bills annual costs of administration, billing, collection and enforcement could be relatively low. The City has talked with EWEB in the recent past about being the billing agent for the 2013 City Service Fee. City and EWEB staff would need to agree that the charges would be placed on the EWEB bill. Administrative costs could be much higher and the collection rate lower if the City had to develop and implement a billing process separate from EWEB. In addition, administrative costs would likely be higher if the basis of the fee requires development and maintenance of property-specific data on which to base the fee.</p>
Timeline	<p>Time would be needed to determine billing, collection and enforce processes. It would likely take a longer period of time, perhaps two years, to implement a new city service fee.</p>
Who Pays	<p>This would be determined through specific ordinance language, with a goal of broadly spreading the cost of community-wide public services to both residential and non-residential properties.</p> <p>For the 2013 proposed City Service Fee, the person who was responsible for paying the stormwater sewer service charges would be the responsible party for paying the City Service Fee. It was levied on developed property and there were different rates for residential vs. non-residential units. Council determined that 4J and Bethel would pay at the residential rate for any school owned by those districts. The measure included creation of a low-income assistance program that would be defined in the ordinance, which was never written as the measure failed at the polls.</p>



Fairness & Indirect Implications	The successes of cities that have implemented monthly fees for public services demonstrates that such fees can be seen as fair and can be politically feasible. However, given the recent experience in Eugene, it is likely that substantial additional community discussion would be required before a consensus on fairness emerges and a politically feasible approach could be developed.
Sustainability Impact	Some would consider this tax as regressive in that the fee is the same regardless of property value/household income. Low income households would pay a greater percent of their income than businesses/households with higher income unless there was an exemption or low-income assistance program.
MTC Task Force Recommendation	After a Restaurant Tax, the Task Force recommended a City Service Fee of between \$5 and \$10 a month to pay for services that are not deemed to be essential services such as public safety.
Budget Committee Revenue Team Comments	<p><b>Pros</b> – Has the ability to raise a significant amount of revenue. Initial polling of the fee in 2013 was positive. May be well accepted if it is time limited and/or supporting specific new or existing services and programs.</p> <p><b>Cons</b> – The 2013 ballot measure failed and it may be difficult to get the community to reconsider. Would require new messaging and an explanation as to how the gap was solved when the previous measure failed.</p> <p><b>Political Feasibility</b> – There was some difference of opinion as to whether the community would accept a second attempt at a City Service Fee. May be politically necessary to allow more time before attempting another ballot measure.</p>



**General Fund Revenue Alternatives  
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<b>Commuter Tax</b>	
Description	<p>A commuter tax is levied specifically on non-resident workers employed within a jurisdiction. It is intended to fund a share of the costs of general-funded services that broadly benefit the non-resident worker and their employment.</p> <p>The tax can be a schedule of flat fees per employee or rates applied to wages and salaries. It may also apply to self-employed people. The rate schedule may vary depending on the industry or business activity.</p> <p>Employers typically deduct the tax from their non-resident employee's wages and salaries and remit the revenue to the taxing jurisdiction. The tax is often but not always imposed in conjunction with a parallel occupational privilege tax on residents, in which case the non-resident tax might be at a lower rate than the resident rate to reflect the difference in benefit received from public services. Commuter tax revenue would be available to the General Fund.</p>
Legal Authority & Restrictions	<p>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 commuter tax by ordinance. Alternatively, the tax may be placed on a ballot by the Council, or by citizen initiative or a successful referendum petition.</p>
Precedence	<p>This tax has been implemented by cities or counties in Alabama, Michigan, Missouri, Ohio and Pennsylvania. In Oregon there are currently no commuter taxes.</p>
Revenue Yield & Stability	<p>Jurisdictions with commuter taxes in the form of flat fees generally charge from \$25 up to \$50 per worker per year. Among jurisdictions with the tax based on earnings, the tax rates range from 0.25% to over 2%.</p> <p>It is not certain that a commuter tax could be applied to all employees within the City, such as people working at federal and state agencies. Additional legal research will be needed on this issue. Exclusions will reduce estimated yield. Revenues vary with level of employment and wages.</p> <p>The commuter tax would be an ongoing revenue source, fluctuating from year to year to the extent that there are swings in the number of non-resident workers or their personal income earned within the City. In times of a general economic slowdown, revenue would drop, then rise again in a recovery. Long-term changes in the distribution of metropolitan area urban development, business location decisions and City annexation practices would affect the growth in revenue from a commuter tax.</p>
Administrative Effort	<p>Administration and enforcement mechanisms and costs will depend on the tax's structure and complexity. It is possible that one to three FTE would be required.</p>
Timeline	<p>The tax may take from one to two years to implement.</p>

Who Pays	The tax would be paid by non-residents working within the City of Eugene.
Fairness & Indirect Implications	Non-residents working within the City are benefited directly and indirectly by General Fund services but contribute little revenue to help fund City services unless they also own taxable property. A commuter tax could help improve horizontal equity of a city's tax system because it would be paid by non-residents who benefit from the provision of the range of City General Fund services that directly and indirectly benefits them and supports their employment within the City. The tax can include self-employed non-residents doing business in the City as well as non-residents employed by others.
Sustainability Impact	<p>A commuter tax would have a larger impact on low-income commuters who may not be able to afford to live in the Eugene metro area.</p> <p>The tax could encourage some commuters to move into the city limits, which could slightly decrease commuter tax revenue and possibly reduce fuel consumption.</p> <p>The tax could make it more difficult for businesses to recruit employees.</p>
MTC Task Force Recommendation	Not reviewed in Meeting the Challenge report.
Budget Committee Revenue Team Comments	<p><b>Pros</b> – Would capture revenue from non-residents that benefit from City services.</p> <p><b>Cons</b> – May disproportionately impact those in lower paying positions that cannot afford to live inside city limits. Revenue raised would be used to support city services however the City and its employees might not be required to pay the tax. May be difficult and costly to administer.</p> <p><b>Political Feasibility</b> – Would face challenges because public agencies and their employees would not be required to pay the tax. May be confused with the LTD payroll tax.</p>

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<b>Corporate Income Tax</b>	
Description	<p>A corporate income tax is different from a general income tax in that only for-profit corporations doing business or otherwise obtaining income from within the taxing jurisdiction are subject to the tax. Self-employed persons, sole proprietorships, partnerships and other non-corporate business entities are not taxed as corporations. Income from these businesses is taxed as personal income. S-corporations may or may not be subject to a corporate tax. Public agencies and governments are not subject to corporate taxes and non-profit corporations are exempted as well.</p> <p>It is usually implemented as a schedule of tax rates applied to corporate net taxable income earned within the taxing jurisdiction, or it may be in the form an excise tax based on the carrying of business within the jurisdiction. Corporate tax structures can be complex, differing widely in details of structure, implementation, and definition of income, rates, exemptions, credits and deductions allowed, and so forth.</p>
Legal Authority & Restrictions	<p>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 corporate income tax by ordinance. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative, or by referendum petition. Revenue would be unrestricted and available to the General Fund.</p>
Precedence	<p>The State of Oregon is among the 46 states taxing corporations based on either income or sales, whichever is greater.</p> <p>The State corporate tax rate on income is 6.6% of Oregon net income under \$1 million, or \$66,000 plus 7.6% on incomes over \$1 million. Alternatively a minimum excise tax of \$150 may be levied instead, based on sales of under \$500,000 in sales. This excise tax rises to \$100,000 for sales of \$100 million or more.</p> <p>Across the nation there are examples of local corporate taxes. The cities of New York, Detroit, Columbus, and Lansing are among cities using this revenue source. In Oregon, no local jurisdiction has imposed a corporate tax.</p>
Revenue Yield & Stability	<p>Revenue yield could be significant, depending on structure and rate schedule of the tax. A 2003 staff analysis estimated that a 1% corporate income tax could yield about \$2.7 million annually, while a 10% surcharge on State corporate income tax would yield \$1.8 million. Further analysis will be necessary.</p>

Administrative Effort	A City corporate tax could be administered and collected most efficiently as a surcharge on a corporation's existing State corporate tax liability. This would greatly simplify imposition of the local tax. Effort and costs to implement and administer a City corporate income tax would depend on whether the City could reach agreement with the State Department of Revenue to collect the tax as a surcharge on existing State corporate tax. If the City were to implement and collect the tax itself the administrative effort would be very high.
Timeline	Implementation would likely take several years.
Who Pays	Corporations conducting business or deriving income from within the City of Eugene would pay the tax.
Fairness & Indirect Implications	Although a corporate income tax is imposed on net income there is likely to be an indirect impact on the prices of goods and services because some or all of the cost of the tax would then be passed on in the wholesale or retail sale of goods and services, to be paid by the consumer.
Sustainability Impact	<p>A corporate income tax could discourage new businesses from establishing residence in Eugene, and could also encourage existing businesses to move to a lower tax city. This would result in an overall loss in taxes for the City.</p> <p>An increase in the price of goods or services as a pass-through to consumers would negatively impact low-income residents.</p>
MTC Task Force Recommendation	Not included in the Meeting the Challenge report.
Budget Committee Revenue Team Comments	<p><b>Pros</b> – A low rate would generate a significant amount of revenue. Can be structured to be somewhat progressive. Could potentially piggyback on state tax for more streamlined administration.</p> <p><b>Cons</b> – Would be difficult and costly to enact and administer. Would target certain type of businesses (c-corporations) and provide a disincentive to forming them. Businesses that are able may choose to move outside city limits to avoid the tax.</p> <p><b>Political Feasibility</b> – If implemented with other taxes/fees that apply to business owners it could be onerous and costly for that segment of the population. Business community would likely aggressively oppose this tax.</p>

**General Fund Revenue Alternatives  
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<b>E-Cigarette Tax</b>	
Description	<p>This would be a tax based on sales or use of e-cigarettes and other personal vaporizers and vaporizer liquids. A personal vaporizer is a pocket-sized, battery-powered device for turning liquid into vapor, utilizing an atomizer. It converts e-liquid into a vapor that is inhaled and is meant to act as a simulant and substitute for tobacco smoking.</p> <p>Vaporizers and supplies are available in vapor shops in Eugene and Springfield, and are also readily available for purchase online. The tax could be applied at point of sale, or could be applied to gross value of the taxed sales. Online sales could not be taxed by the City. Revenue would be available to the General Fund.</p>
Legal Authority & Restrictions	<p>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 tax on admissions by ordinance. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative petition or by referendum petition. Revenue would be unrestricted and available to the General Fund.</p> <p>Currently, federal and Oregon law does not regulate sale or use of these devices. The Oregon Legislative Assembly has recently considered, but has not passed, legislation to limit access to personal vaporizers by minors and to regulate their use in public areas, similar to regulation of conventional tobacco use. Future legislation that regulates vaporizers might preempt the City’s ability to tax vaporizer sales.</p>
Precedence	<p>A number of states and local governments have regulated sales of vaporizers to minors and several have restricted use of vaporizers in public spaces.</p> <p>As of December, 2013 only Minnesota has put in place a specific state tax policy for e-cigarettes, a decision reached in 2012. The products are subject to a 95% tax on the wholesale cost of the product. At least 30 other states are expected to consider vaporizer taxes of some kind this year.</p>
Revenue Yield & Stability	<p>Revenue yield would depend on the level of the tax and the vaporizer sales activity occurring within Eugene. Currently only two vapor shops are located in Eugene. Vaporizers and supplies may be available at other shops, and can readily be purchased online. Number and values of vaporizer sales within Eugene are not known at this time.</p> <p>If the City tax rate were high, consumers could avoid the tax by going to vaporizer shops in Springfield. The ready online availability of vaporizers and supplies will likely reduce the potential tax revenue.</p> <p>There is a possibility that the Oregon State Legislature may tax and regulate vaporizers, and could preempt local taxes on these items.</p>

Administrative Effort	Implementation, collection and administration of the tax by the City would likely require one or two FTE, depending on the number of shops that sell vaporizers and supplies. Businesses selling taxed items would have the administrative responsibility to collect and remit the tax to the City.
Timeline	This tax could likely be implemented within one year.
Who Pays	Consumers of vaporizers would pay a tax applied at point of sale. If the tax were applied to gross value of taxed sales, the business would be liable for payment and would likely pass on some or all of the tax to the customer in prices.
Fairness & Indirect Implications	A tax on sales of vaporizers and supplies would be considered regressive because it would not be related to ability to pay. Vaporizers are promoted as a more healthful alternative to smoking because they do not produce ash and other harmful particulates. Increasing the cost of vaporizers may have the effect of discouraging use of vaporizers, indirectly contributing to continued smoking by consumers.
Sustainability Impact	Social inequity would not be increased. Economic activity could be marginally decreased. If vaporizers were discouraged as an alternative to smoking due to increased costs of the tax, public health may be negatively impacted.
MTC Task Force Recommendation	Not included in Meeting the Challenge report.
Budget Committee Revenue Team Comments	<p><b>Pros</b> – May be a growing market that could be captured before the State preempts local taxes with their own legislation. Could potentially support positive public health outcomes.</p> <p><b>Cons</b> – May not initially constitute a significant amount of revenue, and those revenues may be outpaced by the cost of administration. Taxing a commodity that is easily purchased in surrounding areas or online could reduce the potential revenue.</p> <p><b>Political Feasibility</b> – City would need to act quickly before a local tax is preempted by the State.</p>



**General Fund Revenue Alternatives  
Budget Committee Revenue Team – Winter 2014**

<b>Heavy Vehicle Tax</b>	
Description	<p>A heavy vehicle tax could be levied on vehicles over a certain weight and registered to an individual or business within the city. Since most heavy vehicles are used by business, the tax would be implemented as a business license tax, and payment of the tax would be a condition of doing business within Eugene.</p> <p>Studies have shown that although fuel consumption increases with size and weight, it does not increase proportionately with cost responsibility for damage done to roads by heavy vehicles. Above 26,000 lbs. the overall weight and axle loads become important factors in apportioning cost responsibility for damage to roads. For this reason the State of Oregon applies a weight-mile tax to heavy vehicles, while exempting these vehicles from the state motor vehicle fuel tax.</p> <p>The City of Eugene has imposed a local motor vehicle fuel tax since 2003. However heavy vehicles over 26,000 lbs. are exempt from the state fuel tax and are also eligible for an 80% refund for the local fuel tax. In addition there are vehicles below 26,000 lbs. that impose a heavier burden on city streets than passenger autos.</p> <p>The heavy vehicle business license tax rate would be proportional to the vehicle's weight &amp; axle configuration. Mileage would probably not be a practical factor in determining the local tax. Heavy vehicles would be grouped into classes. Each class would have an assigned tax rate reflecting proportionate shares of estimated costs of the local transportation system they impose less the estimated local fuel tax revenue they contribute.</p> <p>The purpose of the heavy vehicle business license tax would be to impose a share of cost responsibility for local streets to heavy vehicles to recover revenue towards costs of damage such vehicles cause to the City's transportation system.</p>
Legal Authority & Restrictions	<p>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 heavy vehicle business license tax by ordinance without state enabling legislation. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would have to be dedicated to streets under Article IX of Oregon's Constitution.</p> <p><b><i>Revenue from a heavy vehicle tax would be subject to Article IX of the Oregon Constitution requiring that it be spent within the street right-of-ways. It may be possible to use the revenue for alternative mode activities within street right-of-ways, but it could not be used to plug the General Fund budget gap.</i></b></p>

Precedence	<p>The City has imposed a local motor vehicle fuel tax within Eugene. However, vehicles of over 26,000 lbs. are eligible for an 80% refund on the local fuel tax, as well as exemption from the state fuel tax.</p> <p>The U.S. Department of Transportation imposes a heavy vehicle use tax (HVUT) on heavy vehicles operating on public highways at registered gross weights equal to or exceeding 55,000 pounds. Vehicles between 55,000 and 75,000 lbs. pay \$100 plus \$22 per 1,000 pounds over 55,000 lbs. Vehicles over 75,000 lbs. pay \$550.</p> <p>An initial search has not identified any other municipalities with a heavy vehicle tax.</p> <p>State taxes based on weight or weight-mileage of heavy vehicles are common. The State of Oregon implements a weight-mile tax on heavy trucks, while exempting them from state fuel taxes.</p>
Revenue Yield & Stability	Additional direction and information is needed to estimate revenue.
Administrative Effort	A heavy vehicle business license tax could impose a substantial administrative burden. The program would require reporting by the taxpayer, use of Department of Motor Vehicles, PUC and ODOT data for administration, audit and enforcement purposes. It may be difficult to identify and license parties located outside the city that regularly conduct business in Eugene. A field capability will probably be needed. The program could be fairly expensive to administer, depending on its complexity.
Timeline	This tax would take a longer period of time to implement, at least one or more years depending on the necessary level of administration.
Who Pays	Businesses with registered heavy vehicles would pay.
Fairness & Indirect Implications	Any party conducting business in Eugene would be subject to the license requirement and tax. Heavy vehicles are operated primarily by businesses. Only heavy vehicles over a certain weight would be subject to the tax.
Sustainability Impact	If the tax were set too high business could begin using multiple smaller vehicles as a part of their fleet, thus increase fuel usage and trips made to conduct business at the same level.
MTC Task Force Recommendation	Not included in the Meeting the Challenge report.
Budget Committee Revenue Team Comments	<p><b>Pros</b> – Could be used to compensate for road damage inflicted by heavy vehicles.</p> <p><b>Cons</b> – It may be possible to use the revenue for alternative mode activities within street right-of-ways, but it could not be used to plug the General Fund budget gap.</p> <p><b>Political Feasibility</b> – Not discussed because this tax would not benefit the General Fund.</p>

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<b>Local Option Property Tax Levy</b>	
Description	A local option levy is a temporary property tax that is paid by all owners of taxable property within the City limits. The City could impose a local option levy for General Fund services for a maximum of five years or for capital projects for up to 10 years.
Legal Authority & Restrictions	New or additional property taxes must be approved by a majority of the people voting in a primary or general election.
Precedence	<p>The City has had three local option levies for the libraries. The first in November 1998 was a four-year serial option levy to raise \$8,760,000. The measure passed with 63.3% voting yes. In May 2002 another four-year local option levy was proposed and passed by 56% of the vote. This levy raised \$19,600,000 over the four-year period. The last City of Eugene four-year local option levy for the library was placed on the November 2006 ballot. This measure passed with 52.1% of the vote and raised \$10,750,000 over four years.</p> <p>In November 2008 4J proposed to renew a five-year local option levy to generate \$75,000,000 over the course of the levy through FY15. This passed with 63.7% voting in the affirmative.</p> <p>In May 2013 Lane County proposed a local option tax levy to fund jail beds and youth offender services. Over the five year period this levy is expected to raise \$79,459,479. The measure passed with 57% voting in the affirmative.</p>
Revenue Yield & Stability	<p>To fund \$3 million of operating costs with a five-year local option levy, a tax rate of about \$0.25 to \$0.30/\$1000 of AV would be needed, which would mean the typical homeowner would pay approximately \$50 per year.</p> <p>Local option levies are subject to the \$10/\$1000 of real market value tax rate cap for all general governments under Measure 5 which amended the Oregon constitution. Local option levies are the first to be reduced in the event of tax rate compression. This means that if the combined total levies for the overlapping general governments exceed the Measure 5 cap, any local option levies would be proportionally reduced until the tax rate limit is satisfied.</p>
Administrative Effort	Property taxes are administered by the County. The County prepares the tax bills, collects the funds, and remits the appropriate amount to the City on a regular basis. Enforcement is performed by the County in the foreclosure process.
Timeline	The deadline to place the measure on the ballot for the May 2014 election is February 10, and revenue could be collected starting in FY15. To be placed on the ballot for the November 2014 election the deadline is July 30, and revenue could be collected starting in FY16.

Who Pays	The tax is paid by all owners of taxable property within City limits. Property owners include business and residences. Businesses may choose to pass the tax on to their customers.
Fairness & Indirect Implications	<p>The property tax is a proportional tax on the assessed value of real and personal property for both businesses and residences. It does not take into account the ability of the taxpayer to pay the tax. There are numerous exemptions from the property tax designed to promote a variety of policy goals, including some designed to lessen the impact on low-income owners and tenants.</p> <p>A local option levy is not necessarily a long-term solution as future funding would be contingent upon voters renewing the levy in future years to continue the revenue stream.</p>
Sustainability Impact	An additional property tax levy could affect how affordable housing is in the community.
MTC Task Force Recommendation	Local option levy is not recommended because by statute the funding is limited to 5 years for operating purposes. The revenue from the levy is not ongoing and should not be used to pay for ongoing expenses.
Budget Committee Revenue Team Comments	<p><b>Pros</b> – Could generate significant revenue if approved by voters. Limited duration may make this option more palatable to voters. City could demonstrate progress on program/service before asking voters to renew the levy. Could be used as a bridge to establishing a special district.</p> <p><b>Cons</b> – Would not provide ongoing, sustainable revenue source because of the possibility of defeat at each election. Could result in Measure 5 tax rate compression issues depending on the amount, with subsequent loss of some revenue.</p> <p><b>Political Feasibility</b> – Generally considered feasible because of community familiarity with property taxes as a General Fund revenue source and the short duration would provide City with the opportunity to establish public trust. More politically feasible if it is a service or program that is well-supported by the public.</p>

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<b>Luxury Tax</b>	
Description	<p>A luxury tax is a sales or excise tax that would be applied to the price of specific luxury goods or services. Luxury goods generally are products that are not considered essential and are purchased by very wealthy consumers. The tax has been typically applied to particular classes of luxury goods such as expensive vehicles, jewelry, airplanes, boats, etc.</p>
Legal Authority & Restrictions	<p>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 tax on admissions by ordinance. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative petition or by referendum petition. Revenue would be unrestricted and available to the General Fund.</p> <p>A luxury tax levied on motor vehicles might fall within the Oregon Constitution’s requirement that revenue from a tax levied on the “ownership” of a motor vehicle must be dedicated to roads. Additional legal research would be required. Real estate transfer taxes are prohibited at the local level in Oregon.</p>
Precedence	<p>In the United States there do not appear to be many local, state or federal luxury taxes. In 2011, Connecticut enacted a luxury tax in lieu of the sales tax on certain items: (1) motor vehicles exceeding \$50,000; (2) vessels exceeding \$100,000; (3) jewelry (real or imitation) exceeding \$5,000, and (4) clothing, footwear, handbags, luggage, wallets, umbrellas, or watches with a sales price exceeding \$1,000. The rate was initially 7% on all of these goods, but in 2013 the rate on luxury yachts was reduced to the same rate as the general sales tax (6.35%) due to the negative impact on the boating industry in the state. Some states have a real estate transfer tax rate that increases for higher value properties, such as New Jersey and New York. Other luxury taxes have been considered, but not enacted, such as consideration in Washington State recently.</p> <p>In November 1991, The United States Congress enacted a luxury tax that has since been repealed. This tax was levied on material goods such as watches, expensive furs, boats, yachts, private jet planes, jewelry and expensive cars. Congress enacted a 10 percent luxury surcharge tax on boats over \$100,000, cars over \$30,000, aircraft over \$250,000, and furs and jewelry over \$10,000. The federal government estimated that it would raise \$9 billion in revenues over the following five-year period. However, only two years after its imposition, in August 1993, the Congress decided to limit application of the tax. The revenues generated were disappointing and it also negatively impacted the incomes of the sellers of the luxury items. However the luxury automobiles tax was still active for the next 13 years until that was also repealed.</p> <p>Mexico levies a luxury tax on several items. Australia has levied the tax on luxury cars with a maximum tax rate of 33%. Hungary levied a luxury tax on yachts and cars whose value exceeded \$150,000.</p>

Revenue Yield & Stability	Revenue would depend on the sales values of the goods to which the tax would apply. Tax revenues would fluctuate with general economic conditions. Depending on the tax rate, a luxury tax could encourage some wealthy consumers to easily avoid the tax by purchasing luxury goods outside city limits. Alternatively consumers could purchase lower cost untaxed goods rather than higher cost taxed goods.
Administrative Effort	Implementation, administration and collection of the tax may require additional FTE, depending upon the structure of the tax.
Timeline	It could take from one to two years to fully implement.
Who Pays	The tax would be paid by the relatively few purchasers of the taxed luxury goods. Since the taxed goods would be expensive the purchasers would likely be wealthy households and businesses. The luxury tax would be relatively progressive because low-income and middle-income households would not normally purchase luxury goods, while wealthy consumers would be subject to the tax.
Fairness & Indirect Implications	It is likely that only wealthy households and businesses would pay the tax. The tax would have a negative effect on economic activity insofar that sellers of luxury goods would be discouraged from conducting business within the city.
Sustainability Impact	Social inequity would not be increased. Economic activity could be marginally decreased. There would be no burden passed on to future generations.
MTC Task Force Recommendation	Not included in the Meeting the Challenge report.
Budget Committee Revenue Team Comments	<p><b>Pros</b> –Would be paid by individuals perceived to have the most disposable income.</p> <p><b>Cons</b> – Administration would be difficult whether it was structured as point-of-sale tax or ongoing personal property tax. Point-of-sale may risk driving purchases of expensive items to other cities without such a tax. Difficult to generate revenue because tax can be easily avoided by people with the capacity to purchase luxury goods. Taxes on motor vehicles must be used for road-related purposes.</p> <p><b>Political Feasibility</b> – This was attempted at a federal level and did not generate significant revenue and was repealed within a few years of implementation.</p>

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<b>Motor Vehicle Rental Tax</b>	
Description	A tax imposed on people renting a motor vehicle from a commercial establishment within the city of Eugene. The two most common methods of rate calculation are a percentage of gross rental fee or a flat per day fee. Rates vary significantly among jurisdictions with percentages ranging from 1%-17% and flat fees ranging from \$2-\$4 per day.
Legal Authority & Restrictions	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 motor vehicle rental tax by ordinance without state enabling legislation. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would be unrestricted and available to the General Fund. Further legal analysis is needed to assess the legality of taxing rental companies at the Eugene Airport but the City may need to annex the Airport to enact the tax at that location.
Precedence	<p>The City has not previously enacted a motor vehicle rental tax.</p> <p>Lane County levies a car rental tax of 10% of the gross rental fee on all motor vehicles obtained from a commercial establishment in Lane County. The County's definition of a motor vehicle excludes vehicles designed and used primarily for the transportation of property (e.g. U-Haul moving vans) or vehicles rented for more than 30 days. Between FY04 and FY13 annual gross revenues ranged from approximately \$1.1 million to \$1.35 million. Revenues appeared to be significantly impacted by the recession in FY09-FY10. This funding has historically been dedicated to County Parks and the County General Fund.</p> <p>The City of Eugene Airport has imposed a Customer Facility Charge on car rental agencies operating at the Eugene Airport Location. The charge is \$2/day per car rented. The revenue is dedicated to financing improvements to facilities at the airport and is not available for General Fund services. The Customer Facility Charge generated approximately \$400,000 to \$500,000 annually over the past three years.</p> <p>It is estimated that 38 states and over 80 local governments impose a vehicle rental tax. Uses are varied and include construction of stadiums/arenas, transportation, education, arts/tourism and general fund activities. Multnomah County currently impose a tax equal to 10% of the gross rental fee charged by the commercial company for the rental. Multnomah County directs all funds received to the County General Fund.</p>

Revenue Yield & Stability	<p>The yield would vary dependent on the rate charged. In FY2006 approximately \$1.2 million in vehicle rental tax receipts were generated in Lane County. Two of the rental companies have facilities in Springfield and/or Cottage Grove and the split between Eugene and all others is unknown. Further information would be needed to accurately project revenues, including the legality of taxing businesses at the Eugene Airport.</p> <p>The revenue history for the past ten years shows this to be a stable revenue source, although this revenue could fluctuate somewhat with economic conditions, as people may travel less during a slowdown of the economy.</p>
Administrative Effort	Lane County currently collects the county-wide car rental tax quarterly. The City could ask the county to collect the additional City share and remit the funds to the City quarterly. The County currently deducts an administration fee from revenues before distributing funds to County Parks and the County General Fund. A similar fee could be deducted from the City of Eugene's portion before distribution.
Timeline	Because a mechanism already exists for collection of this fee within Lane County, this fee might be relatively simple to implement, if an intergovernmental agreement can be reached with Lane County for collection.
Who Pays	People/businesses who rent motor vehicles from rental companies located in Eugene.
Fairness & Indirect Implications	This tax would primarily be borne by non-residents, however some local residents rent vehicles such as when their car breaks down and they rent a vehicle for the time period their car is in the shop.
Sustainability Impact	<p>If the rate were increased high enough, there might be incentive for those renting vehicles (particularly those rentals not from the Airport or Amtrak station) to rent vehicles in Springfield.</p> <p>A high tax has the potential to dissuade some visitors from renting a vehicle and could perhaps encourage a higher use of alternative transportation methods.</p>
MTC Task Force Recommendation	Not included in the Meeting the Challenge report.
Budget Committee Revenue Team Comments	<p><b>Pros</b> – Could possibly be broadly structured to not only include passenger vehicle rentals but moving vans to capture a larger market. Lane County and the Airport already charge a fee on passenger vehicle rentals. The majority of tax revenue would come from non-residents visiting the city.</p> <p><b>Cons</b> – Would likely not include revenue from vehicles rented at the Airport because it is outside city limits at this time.</p> <p><b>Political Feasibility</b> – Due to the established precedents this tax is feasible.</p>



**General Fund Revenue Alternatives**  
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<b>Paper Bag Fee</b>	
Description	A paper bag fee was established by City Council by ordinance in October 2012. This option would direct some or all of the vendor paper bag revenue pass-through to the City.
Legal Authority & Restrictions	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 direct the paper bag fee to the City by ordinance. Alternatively, the fee may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would be unrestricted and available to the General Fund.
Precedence	<p>In July 2013 the City of Boulder, CO implemented a \$0.10 for every plastic or paper bag used at the checkout. \$0.04 is kept by the retailer and the remainder is sent to the city for administrative costs associated with developing and implementing the fee, providing reusable bags to the community, community educational efforts about disposable bag impacts, and related programs. At the time of implementation it was estimated that the city used 33 million checkout bags per year. The ban does not apply to restaurants, bulk or produce bags, newspaper bags, or any other kind of food packaging bags.</p> <p>In 2008 Seattle enacted an ordinance for a plastic bag tax of \$0.20 per bag. Stores with annual gross sales of under \$1,000,000 could keep all of the fees they collected to cover their costs. Other stores could keep 25% of the fees they collected, and would send the remainder to the City to support garbage reduction and recycling programs. The stores would get a business-tax deduction for the fees they collected. The bag tax was subsequently referred to the August 2009 ballot where the measure was defeated with 53% voting against it.</p> <p>Beginning in January 2010, all Washington D.C. businesses selling food or alcohol are required to charge a minimum \$0.05 for each disposable paper or plastic carryout bag. The businesses retains one cent (or two cents if it offers a rebate when customers bring their own bag), and the remaining three or four cents is submitted to the D.C. government and placed in The Anacostia River Clean Up and Protection Fund.</p>
Revenue Yield & Stability	Original estimates showed that prior to implementation of the plastic bag ban, Eugene used an estimated 67 million single-use plastic carryout bags each year and paper bag use was unknown. Further analysis is required to determine total paper bag use in Eugene if this option is selected for consideration.
Administrative Effort	There is no estimate for the cost of administration (including tracking), collection and enforcement efforts associated with this potential revenue source.

Timeline	If this option is selected for further action, revenue analysis and program scoping would require 3 months. Upon adoption of an ordinance, a reasonable timeline for implementation of collection of a paper bag fee would be 12-18 months to provide adequate time for Eugene businesses to change current operations.
Who Pays	Retailers that currently collect the fee as a cost pass-through would share some, or all, of the fee with the City.
Fairness & Indirect Implications	Currently the fee applies to all businesses. It is possible to structure it to exempt small local businesses based on square footage or sales revenues.
Sustainability Impact	<p>The fee for paper bags has previously been established in Eugene, and unless a decision was made to increase this fee, shoppers would not notice a change in program structure.</p> <p>Retailers would experience increased administration costs associated with tracking the purchases and remitting the required portion to the City.</p> <p>If the current fee is increased it could increase the number of reusable shopping bags and further decrease one-time use bags.</p>
MTC Task Force Recommendation	Not included in the Meeting the Challenge report.
Budget Committee Revenue Team Comments	<p><b>Pros</b> – Existing ordinance in place that would only require an amendment to enact the change. Would not be a new fee to citizens, just a redirection of funds. Could expand application to plastic bags.</p> <p><b>Cons</b> – Will be an unknown administrative burden to retailers and City will need to establish administrative process for collection and enforcement. Should be a diminishing revenue source as more shoppers adopt reusable bags. Opening ordinance for amendment could jeopardize entire program.</p> <p><b>Political Feasibility</b> – May be some consumer pushback depending on where funds are directed. A clear nexus between the fee and its use may encourage support, such as parks maintenance and to a possible lesser degree the sustainability program.</p>

**General Fund Revenue Alternatives  
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<b>Parking Tax</b>	
Description	A parking tax is usually structured as an excise tax associated with the rental or leasing of parking spaces. It could alternatively be structured as a type of business privilege or gross receipts tax levied on businesses that provide parking to employees, customers or participants, and on industrial or fleet parking.
Legal Authority & Restrictions	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 could establish the tax by ordinance. It could also be placed on the ballot by citizen initiative, or referred to the ballot by Council or by a successful citizen referendum petition. Revenue would be available for General Fund services.
Precedence	<p>Parking taxes are currently in effect in at least 49 cities across the United States. The rates for parking taxes can vary considerably. As of 2014 parking taxes based on parking revenue ranged widely, from 6-40%.</p> <p>The City of San Francisco imposes a 25% tax on all commercial, off-street, non-residential parking. Miami has a 15% tax, Los Angeles’ tax is \$5.07 per \$1,000 gross receipts and Pittsburg imposes a 40% tax. Chicago imposes a 20% tax for daily parking on weekends and 20% on weekday and long-term parking.</p> <p>In the state of Washington, the City of Bremerton imposes a 15% rate on commercial operators, while Bainbridge Island’s rate of 30% applies to both private and public parking. The City of Seattle enacted a tax on commercial parking operators in 2006. The tax rate is 12.5%, added to the fee drivers pay to park in Seattle’s commercial parking lots. Drivers pay the tax when they park but it is the responsibility of the business to charge and collect the tax. The business is liable for the tax whether or not it is collected.</p> <p>The City of Salem has had a Downtown Parking District since 1976 to provide funding for economic promotion and public parking within Salem’s downtown core. The District is supported by tax assessments on all for-profit businesses of a proportionate share of the costs of the District, calculated on type of business, square footage and associated customer parking demand. Annual assessments currently range from \$200 for small offices to \$43,000 for the largest department store.</p> <p>The City of Eugene has used this revenue source in the past. In 1973 a measure was passed authorizing establishment of a Downtown Development District, including public parking and transportation and the power to tax in the district. This district is no longer in existence. From 1977 to 1986 voters approved several measures to levy a Downtown Free Parking District tax.</p> <p>The Eugene Budget Committee Citizen Subcommittee considered a parking tax as an option for funding transportation system needs in 2001, but decided not to pursue this option.</p>

Revenue Yield & Stability	<p>Parking taxes are usually a tax rate applied to the parking revenues generated by the owner or operator, or paid by the parking patron. Other less common approaches include a flat fee per space or transaction, or a tiered rate system based on parking location, type of parking and/or length of use. The tax could be based only on commercial parking or on all parking. This could include parking at office buildings, residences, on-street parking, and so on.</p> <p>Operation of the City of Eugene’s parking system generates about \$4.3 million in revenue per year. Adding a parking tax of 10% would generate \$430,000, assuming there was no drop in parking demand as a result of the increased cost. There are no estimates available for the revenues generated by other commercial parking operators, such as Diamond Parking.</p> <p>In 2006 a parking needs assessment of only the Eugene downtown area was done. At that time the study identified about 15,250 spaces in the downtown area, of which approximately 5,000 were on and off-street publicly-owned spaces. The remaining approximately 10,000 are presumed to be free or paid commercial parking. If public parking was excluded and the owners/operators of these downtown commercial spaces were taxed \$60 annually per space then the tax would produce about \$600,000 revenue annually.</p> <p>As part of a 2007 study of transportation funding options, City staff estimated an approximate number of parking spaces citywide. Total parking spaces were estimated at 250,000, of which approximately 100,000 were nonresidential (estimate generated from impervious surface data) and 150,000 were residential (estimate generated from number of residential units). Beyond these approximate numbers no further information is currently available on citywide parking spaces.</p>
Administrative Effort	<p>Administration of this tax will require parking owners or operators to maintain reliable records of their parking revenues or their parking transaction activities, depending on the method of taxation. Under reporting of taxable activity is a difficulty faced by governments that have adopted a parking tax.</p> <p>The administration of a parking tax would fall on the various parties affected by the tax. For the City, operating costs would include the salaries of additional employees needed to collect, monitor, and enforce the tax. These costs would depend on the specifics of the tax structure and payment periods. Parking operators, building owners, and employers who charge their employees for parking, would bear costs for recordkeeping and remitting the tax. These costs could be passed onto customers.</p>
Timeline	The tax could be implemented within 12-18 months.

Who Pays	<p>A parking tax can be structured to be paid by the owners or operators of parking facilities, or by the direct users of the parking spaces. Taxes paid by owners or operators of parking facilities may be passed on to the direct users of the parking, depending on the economics of the parking market in the area.</p> <p>A parking tax would be paid by anyone who parks in the facilities that are subject to the tax. It is likely that non-residents would pay a significant share of the parking tax because about one-half of people employed in Eugene are commuters. If a parking tax were structured to capture revenue from all free and commercial spaces, then it would be paid by all businesses and residences. The City would probably not be able to levy this tax on parking provided by the federal or state government.</p>
Fairness & Indirect Implications	<p>The tax would increase the cost of parking in Eugene, which may have the effect of encouraging consumers to travel to neighboring cities that have lower parking costs. Studies in other cities have indicated that a 10% increase in parking costs could reduce parking demand by 2-4%, as a result of consumers using other forms of transportation, consolidating trips, or driving elsewhere for goods or services.</p>
Sustainability Impact	<p>A parking tax is considered regressive because it is not based on the income of a parking patron. Parking patrons that have no reasonable alternative to parking downtown for lower wage jobs or to access necessary shopping or services could bear a significant financial burden. If a parking tax were levied on all parking, including free parking associated with rental housing, lower income citizens would bear an additional significant financial burden.</p> <p>A parking tax could be seen as a way to encourage the use of alternate modes. For instance, the City of San Francisco's parking tax was implemented in the 1970's as part of an overall strategy to discourage the use of private automobiles. On the other hand, a parking tax could encourage suburban sprawl. If a parking tax is levied only on commercial spaces that generate parking revenue, the effect could be to encourage businesses to locate in outlying areas where parking is free.</p>
MTC Task Force Recommendation	<p>Not included in the Meeting the Challenge report.</p>

<p>Budget Committee Revenue Team Comments</p>	<p><b>Pros</b> – Would provide a method for generating revenue from large events throughout Eugene. May generate some revenue from non-residents benefitting from City services. Could help to offset losses experienced by the City for providing parking. Could be structured in many different ways. Could apply to free or paid parking, public or private spaces, on-street or structured parking. May encourage development of sites downtown rather than keeping them for parking.</p> <p><b>Cons</b> – May be unable to limit the tax to just downtown parking. Would likely not apply to universities, schools or other public agencies. Could be difficult to administer. A higher cost of parking could have a negative economic impact on some businesses, especially downtown. Some conflict of interest where code requires the provision of parking by businesses and then City taxes them on this requirement.</p> <p><b>Political Feasibility</b> – Taxing residential parking would likely result in broad opposition. Business would likely oppose tax on non-residential parking.</p>
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**General Fund Revenue Alternatives**  
**Budget Committee Revenue Team – Winter 2014**

<b>Payroll Tax</b>	
Description	<p>Payroll taxes are levied when employers pay employees their wages and salaries earned within the taxing jurisdiction. The tax can be applied to self-employed people as well as those employed by others.</p> <p>The tax can take the form of a flat fee per employee or a tax rate applied to gross earnings paid by an employer within the taxing jurisdiction. It can be levied on the employer based on the employee's wages, or the employee as a deduction from an employee's wages. In the latter case this tax would not be the same as a local income tax, which would tax all income after adjustments under applicable income tax laws. The tax revenue would be available to the General Fund.</p>
Legal Authority & Restrictions	<p>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 payroll tax by ordinance. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or through a successful referendum petition.</p>
Precedence	<p>Many countries levy national payroll taxes of various kinds. In the United States we are familiar with income, Social Security, Medicare and unemployment taxes. All U.S. states also collect a range of payroll taxes, as do a number of cities nationwide.</p> <p>While there are no payroll taxes to generally support city or county services in Oregon, there are payroll taxes being collected under state law for the specific purpose of funding local mass transit. The State of Oregon collects a transit tax on gross payroll within the Lane Transit District (LTD) in Eugene/Springfield area and the Tri-County Metropolitan Transit District (Tri-Met) in the Portland area to provide partial funding for those districts. Transit districts do not have the home rule authority and so may not impose these taxes unless specifically allowed by the state statute.</p> <p>In 2003, Oregon legislature provided LTD with the authority to increase the rate annually until it reaches 0.7% in 2014. On January 1, 2013, the rate increased to .0069 (\$6.90 per \$1,000) of the wages paid by an employer and the net earnings from self-employment for services performed within the Lane Transit District boundary. Certain wages, such as those paid by the federal government units and public school districts are exempt from the transit tax under the state law. A number of other employers, including cities and the county and non-profits, are exempted from the transit tax by an LTD ordinance. While the University of Oregon is exempt from the LTD tax, the State provides payments to LTD in lieu of the tax. State in-lieu payments would not be available to the City if it imposes a payroll tax however.</p>

Revenue Yield & Stability	<p>According to an analysis completed in 2001, a 1% payroll tax in Eugene would raise an estimated \$29.6 million per year if applied to all gross payrolls. Legal review is needed to determine if there are payrolls that are likely to be exempt from a City payroll tax, including federal and state agencies and non-profits. Exclusions will reduce estimated yield.</p> <p>The most efficient way for the City to implement a payroll tax would be to use the same mechanism as the existing Lane Transit District payroll tax, imposed under state statutes and collected by the Oregon Department of Revenue. The current LTD tax rate is .0069 (\$6.90 per \$1,000) applied to districtwide subject gross payroll of about \$4 billion. This will produce over \$27 million in revenue for Lane Transit District in FY14. It is reasonable to assume that 40% to 60% of the subject payroll occurs within City of Eugene boundaries. Based on this rough estimate a City payroll tax at the rate of .001 (\$1 per \$1000) would gross between \$1.6 million and \$2.4 million annually. Further analysis will be needed to provide a more accurate revenue estimate.</p> <p>The amount of revenue collected is likely to mirror employment and wage trends and therefore correlate strongly with the current economic conditions in the area.</p>
Administrative Effort	<p>It may be possible to reach agreement with the State Department of Revenue to “piggyback” a local tax on the existing LTD payroll tax. If agreement can be reached collection would be done by the State Department of Revenue under agreement with the City. It is likely that the State would require compensation for administrative and collection costs. If the City of Eugene were to collect this tax on its own, the administrative and collection costs of doing so would be very high.</p>
Timeline	<p>Negotiations with the Department of Revenue could be time-consuming. Implementation would likely take two or more years, depending on the structure and means of administering and collecting the tax.</p>
Who Pays	<p>Depending on the structure of the tax, either employers or employees would be liable for the tax for wages or salaries paid within the City.</p>
Fairness & Indirect Implications	<p>In many or most instances a payroll tax paid by the employer would be passed on either to the employee through downward pressure on wages and salaries or to the consumer in the price of goods and services. If structured as a flat fee per employee the tax would be somewhat regressive. Structuring the tax as a rate applied to wages and salaries would provide a more progressive effect. More analysis would be needed to determine if the tax could be applied to public agencies and non-profit organizations. Employee-paid payroll tax is deductible by on state and federal income taxes.</p>
Sustainability Impact	<p>If the tax is passed from employer onto the employee this will be equivalent to a pay reduction in an economy that has seen stagnant or lower wages in the recession. Current living wage jobs could fall under that level as a result of a pass-through tax.</p>
MTC Task Force Recommendation	<p>The payroll tax was reviewed and was “not recommended” in the Meeting the Challenge report.</p>



<p>Budget Committee Revenue Team Comments</p>	<p><b>Pros</b> – Ability to generate a significant amount of revenue when applying a small tax rate. Could be structured to apply to either the employer or the employee. Method for collection is already in place through LTD tax.</p> <p><b>Cons</b> – Universities, schools and other public agencies and non-profits would likely be exempt. Employees making minimum wage may be impacted by even a small tax rate.</p> <p><b>Political Feasibility</b> – The LTD payroll tax is generally considered unpopular but has established precedence for this type of tax in the area. Might be considered unfair because universities, schools, other public agencies and non-profits would likely be exempt.</p>
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**General Fund Revenue Alternatives  
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<b>Personal Income Tax</b>	
Description	A tax on income of residents of Eugene.
Legal Authority & Restrictions	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 personal income tax on residents by ordinance. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would be unrestricted and available to the General Fund.
Precedence	<p>In November 1985 there was an income tax measure on the Eugene ballot. It failed 89% to 11%.</p> <p>In the summer of 1994 the City Club of Eugene issued a report suggesting the City Council consider a personal income tax.</p> <p>A personal income tax on incomes above \$100,000 to fund public safety services was considered and rejected by City Council in July of 1996.</p> <p>In 1997, the Council Committee on Finance reviewed multiple revenue sources that would stabilize the General Fund after the impact of Measure 50. The committee recommended that Council direct staff to develop an implementation plan for a business and personal income tax. Council took no action on the recommendation.</p> <p>In November of 1999, Lane County proposed an 8% income tax surcharge to support public safety needs. The measure failed, 74% no 26% yes; in Eugene it failed 68% no to 32% yes.</p> <p>In May of 2007, Lane County proposed a 1.1% income tax measure to support public safety needs. It failed 71.1% to 28.9% in Lane County.</p> <p>In January 2010 two statewide tax measures were passed by voters, one of which raised tax rates on income above \$125,000 to fund education, health care, public safety and other services.</p> <p>In a May 2011 special election, Eugene’s Measure 20-182 proposed a temporary City income tax for schools. 62% voted against the measure.</p> <p>In 2003 Multnomah County passed a three-year temporary personal income tax on County residents to fund public schools, healthcare, senior services and public safety. The tax raised about \$128 million per year.</p>

Revenue Yield & Stability	<p>In 2011, Eugene's Temporary City Income Tax for Schools was structured with tiered rates applied to Oregon Taxable Income: incomes below \$22,000 were not taxed; between \$22,001 and \$35,000 had a rate of 0.35%; between \$35,001 and \$50,000 had a rate of 0.47%; between \$50,001 and \$75,000 had a rate of 0.75%; and income above \$75,000 had a rate of 1.2%. These rates were for joint incomes and single filer income levels were half of the joint levels. It was estimated that this would generate a net amount of \$16.8 million per year, after subtracting tax avoidance and evasion, exemptions and administration.</p> <p>Tax revenues would fluctuate with changes in personal income and mirror economic conditions.</p>
Administrative Effort	<p>For the 2011 Temporary City Income Tax for Schools, Eugene staff entered into discussions with the City of Portland Revenue Bureau about possible collections of this tax. Portland collected the Multnomah County income tax, as well as Portland's Business License Tax and Art Tax. In addition to a contract for tax collection, additional City staff would be needed to manage the program.</p> <p>The cost to administer a local income tax would be substantial. Compliance would be affected by whether employers would be required to withhold taxes. For Eugene's 2011 tax, employers would not have been required to withhold.</p>
Timeline	<p>This tax would take a longer period of time to implement, approximately one year. The City would have to establish a collection mechanism, either in house or through contract with another entity like the Portland Revenue Bureau, to establish procedures around the distribution of the tax. There would also need to be a significant information campaign to educate Eugene residents about their responsibilities for paying the tax.</p>
Who Pays	<p>Eugene's proposed 2011 income tax for schools applied to all Eugene residents.</p>
Fairness & Indirect Implications	<p>A personal income tax may be viewed as unfair especially given the high unemployment rate in the region since the recession. Lane County was unable to pass a personal income tax in a more stable economic environment. The tax could be structured to provide exemptions for low-income households, however this would increase the rate needed to generate a particular dollar amount and increase the associated administration costs.</p>
Sustainability Impact	<p>Generally an income tax is designed to be progressive, but the structure of the tax can increase or decrease progressivity.</p>
MTC Task Force Recommendation	<p>The Task Force agreed that the Personal Income Tax was the best, most fair tax to pay for a broad range of General Fund services, but it is politically unfeasible at the current time. Measure 66 which raises the personal income taxes State-wide and was on the ballot in January 2010 was the reason for not considering the tax any further.</p>

<p>Budget Committee Revenue Team Comments</p>	<p><b>Pros</b> – Could generate a significant amount of revenue.</p> <p><b>Cons</b> – May negatively impact the City’s economic prosperity initiatives. Would likely face significant, aggressive political opposition. Implementation may be difficult and costs of administration would likely be high.</p> <p><b>Political Feasibility</b> – Generally determined to not be politically feasible, especially given the failure of the City’s 2011 ballot measure to fund schools.</p>
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**General Fund Revenue Alternatives  
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<b>Red Light Cameras</b>	
Description	<p>A citation for violation of ORS 811.265 (Driver failure to obey traffic control device) may be issued on the basis of photographs from a camera taken without the presence of a police officer.</p> <p>This Photo Red Light option is presented as a means to generate revenue. It should be noted that EPD enforces traffic laws for public safety, not for the purpose of generating revenue.</p>
Legal Authority & Restrictions	<p>If a city chooses to operate a camera that complies ORS 810.434 (Photo red light), a citation for violation of ORS 811.265 (Driver failure to obey traffic control device) may be issued on the basis of photographs from a camera taken without the presence of a police officer if certain conditions are met.</p> <p>ORS 810.434 Photo red light requires:</p> <p>(1) Any city may, at its own cost, operate cameras designed to photograph drivers who violate ORS 811.265 (Driver failure to obey traffic control device) by failing to obey a traffic control device.</p> <p>(2) Cameras operated under this section may be mounted on street lights or put in other suitable places.</p> <p>(3) A city that chooses to operate a camera shall:</p> <p style="padding-left: 40px;">(a) Provide a public information campaign to inform local drivers about the use of cameras before citations are actually issued; and</p> <p style="padding-left: 40px;">(b) Once each biennium, conduct a process and outcome evaluation for the purposes of subsection (4) of this section that includes:</p> <p style="padding-left: 80px;">(A) The effect of the use of cameras on traffic safety;</p> <p style="padding-left: 80px;">(B) The degree of public acceptance of the use of cameras; and</p> <p style="padding-left: 80px;">(C) The process of administration of the use of cameras.</p> <p>(4) By March 1 of each odd-numbered year, each city that operates a camera under this section shall present to the Legislative Assembly the process and outcome evaluation conducted by the city under subsection (3) of this section. [1999 c.851 §1; 1999 c.1051 §327; 2001 c.474 §1; subsection (5) of 2001 Edition enacted as 2001 c.474 §3; 2003 c.14 §491; 2003 c.339 §1; 2005 c.686 §1; 2007 c.640 §1; 2011 c.545 §65]</p> <p>Revenue generated from the Photo Red Light could be used for the General Fund, net of any one-time or ongoing operational expenses.</p>

Precedence	<p>Beaverton, Medford, Salem and Portland all utilize Photo Red Light Cameras as allowed by ORS 810.434. Based on information from other communities, there appear to be a few key elements related to the implementation of a photo red light program.</p> <p><b>The primary purpose of the project is to increase the level of compliance with red light (stop) signals which may reduce the incidence of collisions directly related to red light violations.</b> This affects the location, and therefore the traffic volume, anticipated under the program. Prior to actual implementation of a camera system, staff would conduct traffic surveys at intersections where historically high levels of red-light running have occurred. Based on the long-term experience of other communities, collisions directly related to red light violations are reduced only in the intersections where the systems are installed. Eugene has more than 700 traffic crashes annually on our streets. Photo red light systems installed in four intersections may reduce traffic collisions by roughly ten to fifteen. However, it's important to note that collisions at signalized intersections may be caused by a variety of factors that a camera system will not affect, so there is no guarantee that a camera system will be an effective strategy to improve overall traffic safety.</p> <p><b>A camera system may augment, but should not replace, any part of the City's current traffic enforcement efforts.</b> Camera systems may be an effective deterrent to red-light running but do not necessarily effect other driving habits/actions. For example, recent targeted enforcement efforts have shown that contact with an officer often produces several additional beneficial outcomes by improving community safety through DUII enforcement, impounding vehicles from drivers without insurance or who are driving with a suspended license, etc. Staff recommends that resources currently devoted to traffic enforcement or any other public safety activity should not be diverted to this effort.</p> <p><b>Revenue generation should not be a goal of the system.</b> Other jurisdictions have experienced significant public criticism in part due to the perception of implementing red light cameras in order to generate funds.</p>
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Revenue Yield & Stability	<p>In 2010, EPD contacted the cities of Beaverton, Medford, Salem and Portland regarding their Photo Red light Programs. Staff from Portland stated that the use of Photo Red Light was used to prevent and reduce accidents—not to generate revenue.</p> <p>According to Portland’s biennial report submitted to the 2011 Legislature, the program’s net revenue since its inception in 2002 is a net loss of \$47,000. In 2010 Beaverton’s data shows that the program has a cumulative net loss of \$425,000 since 2001. Medford’s 2010 data indicated that from FY08-09 they were averaging approximately \$30,000 in revenues although they were not charging program time for a coordinator, sergeant, and officer because this program is only a portion of their assignments. Salem’s 2010 data indicated that after subtracting vendor costs, annual revenue is approximately \$225,000-\$250,000, however this does not include costs associated with the Traffic Sergeant or any non-volunteer hours required to review the citations before they are issued. The data from Beaverton, Medford and Salem does not appear to include any FTE costs from the Prosecutor’s office who will generally experience increased caseloads and records requests associated with the alleged violations.</p> <p>When Photo Red Light was initially explored by Eugene in 2002 and 2004, estimates showed a negative impact to the General Fund. Similar programs in other cities have shown that drivers become aware of red light cameras and change their driving behavior which reduces revenue generated from this type of program and that these programs are put in place to promote public safety. It is unknown if this program would generate any net revenue or incur ongoing liability.</p>
Administrative Effort	<p>There are currently no specific estimates of the cost of administration, additional FTE, vendor contracts, and collection associated with this revenue source. Start-up cost estimates including the identification and survey of intersections would also need to be included. Additionally it is estimated that FTE may need to be added to both the City’s Municipal Court and the Prosecutor’s Office to process the additional citations that the program would create.</p>
Timeline	<p>If funding were available for the initial start-up costs, a pilot program would take about a year to implement.</p>
Who Pays	<p>The individual violating ORS 811.265: Driver failure to obey traffic control device. This could be both residents and non-residents of the city.</p>
Fairness & Indirect Implications	<p>The issuance of citations would directly affect only those violating traffic laws in intersections where the system is installed.</p> <p>Some states have forbidden photo red light systems when they were viewed as a means to unfairly generate revenue.</p>
Sustainability Impact	<p>A higher rate of compliance with red light signals may reduce collisions directly related to red light violations, possibly enhancing public safety.</p> <p>Opponents of photo red light programs frequently cite privacy concerns and scope creep (using the cameras for anything other than red light traffic infractions) as arguments against implementation.</p>

MTC Task Force Recommendation	Not included in the Meeting the Challenge report.
Budget Committee Revenue Team Comments	<p><b>Pros</b> – Could lead to positive changes in driving habits and compliance with traffic regulations.</p> <p><b>Cons</b> – Revenue is not apparent and may be a net loss when accounting for all personnel required administering the program.</p> <p><b>Political Feasibility</b> – Concerns about privacy could result in public resistance over implementation of such a program. May be feasible to promote not as a revenue option but as a benefit to public safety and traffic regulation adherence.</p>

**General Fund Revenue Alternatives  
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<b>Restaurant Tax</b>	
Description	Tax on sales of food and non-alcoholic beverages served by restaurants in Eugene. The tax is typically applied as a rate and paid by customers on their restaurant bill.
Legal Authority & Restrictions	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 without state enabling legislation. Alternatively, the fee may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would be unrestricted and available to the General Fund.
Precedence	<p>Currently, there are two cities in Oregon that collect this tax. The City of Yachats collects a 5% tax that applies to most prepared foods and dispensed beverages, not including alcoholic beverages. Yachats City Council voted 4-1 in favor of the tax on November 6, 2006; collection of this tax started in July of 2007. Tax proceeds are dedicated to debt payments on the wastewater treatment plant. The ordinance that imposed the tax does not have a sunset clause, and contains a provision allowing the City Council to increase the tax rate in the future after a public hearing.</p> <p>The City of Ashland collects a 5% tax on all prepared food. One percent is used to purchase open spaces for parks and four percent is used to offset the costs associated with the building of the new wastewater treatment plant. The tax was to sunset in 2010. On November 3, 2009, Ashland voters voted to extend the 5% tax to 2030, 58.8% to 41.2% in favor. One of the factors in this vote was that the wastewater rates would have gone up by 55% had the tax not been renewed.</p> <p>In February 2011, Cottage Grove City Manager proposed for the ballot a 3% restaurant tax for continuing the operation of the aquatic center which previously had been funded by the owner, South Lane School District. This proposal was an alternative to creating a separate tax district to fund pool operations. The proposal was for a 3% tax on all prepared food and (non-alcoholic) beverages. The proposed tax did not apply to grocery items - only restaurant, deli or foods prepared for possible immediate consumption. Cottage Grove City Council voted 6-1 against placing the proposal on the May 2011 ballot.</p> <p>In March 1993, the City of Eugene proposed a 3% restaurant tax to be used as a general revenue source; the proposal failed at public vote with 60% opposed and 40% in favor.</p> <p>In major cities that have a “meals tax” it is in addition to sales tax – the combined taxes on meals range from 5% to almost 11%. The meals tax rates alone range up to 5.5% with the average being just over 2%.</p>

Revenue Yield & Stability	Revenues would fluctuate with changes in personal income and the economic environment. The 2007 Economic Census reports \$309,133,000 in restaurant sales in the City of Eugene. The Bureau of Labor Statistics reports that between 2007 and 2012 consumers spent approximately 0.4% more on food away from home. If levied at a 1% rate, this tax would raise approximately \$3.1 million annually before administration costs. If levied at a 5% rate, this tax would raise approximately \$15.5 million annually before administration costs.
Administrative Effort	If patterned after Ashland's process, businesses would remit the tax quarterly to the City. After the initial registration of all eligible businesses, staff time would be required to post payments, work with business owners and enforce the tax uniformly. Dedicated staff would be needed to perform this function. An effort will need to be made to clearly identify foods and beverages that are subject to this tax to make compliance easier for local businesses. A portion of the proceeds may be retained by the restaurants to help defray the costs associated with collections and remittance activities.
Timeline	This tax would take a longer period of time to implement, possibly one year or more. Lead time would be necessary to establish administrative and enforcement mechanisms.
Who Pays	Determining how much of this amount would be paid by out-of-town visitors vs. City residents would require additional research, as this data is not readily available.
Fairness & Indirect Implications	<p>In the current economic environment, an additional tax on food and beverages may be seen as unfair by some segments of the local community, including businesses and those representing low-income populations. One way to possibly address this concern is to exempt fast food.</p> <p>Although it is possible that some consumers may choose to go outside of city limits to avoid the tax, a small tax is unlikely to significantly impact local restaurant revenues, similar to the implementation of the gas tax.</p>
Sustainability Impact	In the political campaign of 1992-93, it was argued that this tax is regressive because low income households spend a high proportion of their income on "fast food". However, according to the Economic Research Service/USDA, "The wealthiest households tend to spend a greater share of their food budget on eating away from home than the least wealthy households: 47% versus 36% in 2008 – almost double the share of low-income households."
MTC Task Force Recommendation	The Task Force recommended a 5% Restaurant Tax.

<p>Budget Committee Revenue Team Comments</p>	<p><b>Pros</b> – Could generate a significant amount of revenue. Two Oregon cities have established this tax. Could be structured to provide exemptions and a small tax rate. A portion of revenues could be dedicated to assisting restaurants with implementation and administration costs.</p> <p><b>Cons</b> – Targeting one specific industry may be seen as unfair. May result in some lost business for Eugene restaurants. Restaurant margins may be too slim to absorb administration costs.</p> <p><b>Political Feasibility</b> – Would be aggressively opposed by the Oregon Restaurant &amp; Lodging Association (ORLA) and has previously been rejected by voters. Tax is a “dining out” tax or “prepared foods” tax and should be represented as such.</p>
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**General Fund Revenue Alternatives  
Budget Committee Revenue Team – Winter 2014**

Sales Tax	
Description	<p>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. The tax can be structured to apply to leases and rentals as well as sales.</p> <p>It is usually levied only on sales of tangible personal property (goods). Services, real estate and financial instruments such as stocks and bonds are not tangible personal property and are usually exempt, although some jurisdictions do include specific categories of services as taxable services.</p> <p>Purchases of goods and services by households are generally retail sales and are taxable. Purchases by businesses are also taxable if consumed by the business, and goods consumed by business such as machinery and equipment (which wear out or are consumed slowly) and supplies that are used up in the production process but do not become part of the final product, are also retail sales. Wholesale sales are not taxable because those sales are not made to final consumers. Remote sales, such as purchases of goods over the internet, cannot be taxed unless the vendor has a physical location within the taxing jurisdiction.</p> <p>Typical exemptions from sales taxes include food for human consumption, prescription medicines, utilities, gasoline, animals and feed for animals, agricultural supplies, and items that become a component of goods manufactured for later retail sale. It is typically structured as a tax rate applied to the value of the sale. Different rates may be applied to specific categories of goods and services.</p>
Legal Authority & Restrictions	<p>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 retail sales tax by ordinance. Alternatively, the tax may be placed on a ballot by the Council or by referendum petition. Revenue would be unrestricted and available to the General Fund.</p> <p>State law prevents local retail sales taxes on alcohol and tobacco products and real estate transactions. Local taxes on motor vehicle fuel, real estate transactions and transient lodging are restricted. Internet sales from remote vendors are not subject to a local sales tax under federal court decisions.</p>

Precedence	<p>Forty-five states impose general sales taxes that apply to the sale or lease of most goods and some services, and most states also levy selective sales taxes on the sale or lease of particular goods or services. Many cities and counties across the nation have local sales taxes.</p> <p>The definition of retail sales and what goods and services are taxable vary among the taxing jurisdictions. Nearly all jurisdictions provide numerous categories of goods and services that are exempt from sales tax, or taxed at reduced rates. The purchase of goods for further manufacture or for resale is uniformly exempt from sales tax. Most jurisdictions exempt food sold in grocery stores, prescription medications, and many agricultural supplies.</p> <p>Oregon has no general retail sales taxes, but a number of selective retail sales taxes are in place. The State and a number of cities and counties, including Eugene, charge a tax on transient lodging. Ashland and Yachats have city retail sales taxes on restaurant meals.</p> <p>In Oregon, state taxes on tobacco and alcohol as well as state and local taxes on motor vehicle fuel are collected at the wholesale or distributor level. While these are excise taxes they are not retail sales taxes.</p>
Revenue Yield & Stability	<p>Revenue would depend on the structure and rates of the tax, and the range of goods and services to which the tax would apply. Tax revenues would fluctuate with general economic conditions. Changes in consumer spending may occur due to tax-avoidance behavior. Local sales tax is sensitive to interjurisdictional competition. Previous studies estimate that a 1 percent rate differential in local sales tax leads to a 3 to 7 percent decrease in retail sales.</p>
Administrative Effort	<p>Because there is no existing infrastructure in Oregon to collect a general sales tax, the effort to implement, administer and collect a local general retail sales tax would certainly be high, requiring several FTE to implement, administer, collect and enforce.</p>
Timeline	<p>Implementation would likely take several years.</p>
Who Pays	<p>This will depend on the structure and coverage of the tax. A general retail sales tax could apply to a broad range of consumers, while a more selective retail sales tax could apply to a much smaller number of consumers.</p>
Fairness & Indirect Implications	<p>A broad, general retail sales tax is regressive because lower income households typically spend a much larger percentage of their available income on goods and services subject to the tax, while households with higher incomes spend a smaller percentage of their available income on taxed goods and services. Typical exemptions for food for human consumption, prescription medicines, utilities and similar essential goods and services mitigates, but does not eliminate, the regressivity of a general sales tax.</p> <p>Selective, targeted retail sales taxes can be much less regressive, in particular when applies to goods and services that are non-essential or luxury purchases.</p>



Sustainability Impact	<p>Lower income households will experience a larger negative impact if a sales tax is enacted.</p> <p>Businesses may experience a significant increase in costs associated with administration of a tax that is generally not applied in Oregon</p>
MTC Task Force Recommendation	Not included in the Meeting the Challenge report.
Budget Committee Revenue Team Comments	<p><b>Pros</b> – Could generate significant revenue.</p> <p><b>Cons</b> – Would require significant administrative effort and would take a significant period of time to implement. A broad sales tax is regressive.</p> <p><b>Political Feasibility</b> – Oregon voters have a long history of rejecting sales tax proposals.</p>



**General Fund Revenue Alternatives  
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<b>Solid Waste Collection Fee</b>	
Description	A surcharge on solid waste haulers using a percentage increase across account types. <b><i>If the purpose of this fee is to pay for the added damage that heavy garbage trucks place on Eugene's streets, then the revenue from the fee would go into the Road Fund and would not provide any relief for the General Fund shortfall.</i></b>
Legal Authority & Restrictions	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 solid waste collection fee by ordinance without state enabling legislation. Alternatively, the fee may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would be unrestricted and available to the General Fund.
Precedence	In 2007, a Council Subcommittee on transportation funding recommended charging road fees to heavy vehicles operating within the City. In 2008, the City Manager presented options to the City Council, including this surcharge. After several discussions and public hearings by both the City Council and the Budget Committee in 2009, the Eugene City Council voted not to adopt an ordinance which would have established a 5% surcharge on solid waste fee collection to generate an estimated \$900,000 for the operations and maintenance of city streets.
Revenue Yield & Stability	Based upon customer information submitted by haulers in the 2013 rate review and using the current rate structure, the equivalent of a 2.5% rate increase across all account types would generate approximately \$355,000 per year. For the average residential customer (a 32 gallon can collected once per week), the monthly increase would be \$0.51 if this cost were passed through to the customer.
Administrative Effort	<p>The City currently sets the solid waste rate structure used by haulers operating within City limits. The City sets rates to ensure the largest hauler achieves a target profit level of 11%. Any significant increases through a tax or fee would increase expenses and reduce hauler profit thereby requiring a rate increase.</p> <p>An alternative might be to have the haulers bill the same fee on their monthly statements as a "City fee" and remit the funds to the City. The haulers would have increased administrative costs associated with this added billing function and it is possible that rates might have to be raised to keep haulers at the target profit level.</p> <p>Both alternatives would require additional administrative oversight to ensure revenues received aligned with yearly customer counts and amounts collected.</p>
Timeline	Because there is already a collection mechanism in place, this option would take less time to implement than some other new revenue types.

Who Pays	Haulers would be responsible for collecting and remitting the fee to the City; however, citizens would pay either in the form of a direct line item on their bill or through increased rates.
Fairness & Indirect Implications	As the fee would be assessed on Eugene customer accounts, only city of Eugene residents would be assessed the fee. Both commercial and residential customers would be assessed the same percentage increase. Any significant increase would essentially raise rates, and have a financial impact on all citizens regardless of income levels.
Sustainability Impact	If customers perceive rates to be too high, they might haul their own garbage or illegally dump garbage creating additional disposal costs and potential environmental hazards.
MTC Task Force Recommendation	Not included in the Meeting the Challenge report.
Budget Committee Revenue Team Comments	<p><b>Pros</b> – The administrative mechanism for collection currently exists so this would be relatively easy and inexpensive to implement.</p> <p><b>Cons</b> – Fee singles out one industry, and this industry is not the only one that stresses infrastructure. If this is a fee to compensate for damage to roads, revenue would not be usable for General Fund.</p> <p><b>Political Feasibility</b> – At this time Lane County is also considering raising tipping fee which may lead to difficulty in implementing City's fee at the same time or shortly thereafter.</p>

**General Fund Revenue Alternatives  
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Special Districts	
Description	<p>Special districts are governmental entities that provide a single service or a group of services within a delineated local service area. Oregon state law authorizes formation of many different special districts for particular purposes. Each special district has services, formation requirements, governance structure, revenue authority, and other powers and limitations described in the Oregon statutes, usually in a “principal Act” for each type of district.</p> <p>Some types of special districts may provide urban services that may also be provided by a city, such as fire protection or park services. However, a special district and a city may not provide the same services to the same territory.</p>
Legal Authority & Restrictions	<p>The formation process for most types of special districts is covered in ORS Chapter 198 – “Special Districts Generally”. Some types have additional requirements for formation that are found in the district’s principal Act. Applicable law also addresses annexation to an existing special district. Formation of or annexation to a special district requires voter approval.</p> <p>Each type of district’s principal Act describes its governing structure, service areas, revenue authority and debt authority. Most kinds of districts are operated under a separate elected governing board. Many, but not all, special districts can levy property taxes with voter approval, and some may charge fees or assessments for services. Special districts are subject to Oregon Constitutional property tax limitations.</p> <p>A new special district could be established within a city, or city territory could be annexed to an existing special district, if the applicable urban land use plan permits it. The adopted Metropolitan Plan of the City of Eugene currently restricts the use of special districts within the city. The Metro Plan would first need to be amended if a special district were to be established.</p> <p>If permitted by the Metro Plan, special districts could be considered to provide fire, emergency medical, park &amp; recreation, or library services now provided by the City of Eugene.</p> <p>In the case of formation of a new special district a vote would need to be held on the establishment of the district, election of a governing board and a separate vote would be needed to approve a permanent property tax rate to support the district’s services.</p> <p>If annexation to an existing district were proposed a vote would be required on the annexation question, but the existing governing board and permanent rate of the district would automatically apply to the annexed territory if the voters approve the proposal.</p> <p>With either a new district or annexation to an existing district the City would need to terminate or transfer to the special district all current City services that would be provided by the district within the City’s territory.</p>

Precedence	<p>Special districts have a long history and are found throughout Oregon. Most districts provide services in rural or unincorporated urban areas but, as long as there is no duplication of services, special districts may also provide services within city boundaries.</p> <p>Several dozen districts currently provide services in areas of Lane County. Within the Eugene-Springfield metropolitan area special districts currently provide fire protection, ambulance services, library, and park &amp; recreation services.</p>
Revenue Yield & Stability	<p>Each special district is granted particular revenue and debt authority by its principal Act. Some types of districts can charge fees or collect assessments for services. Many types are authorized to establish a permanent property tax rate and levy local option property tax levies with voter approval. Property tax revenue yield depends on the tax rate and the taxable assessed value of property within the district.</p> <p>The following lists a number of districts within the Eugene-Springfield urban area, with their current tax rates per \$1,000 of assessed value as of FY14.</p> <ul style="list-style-type: none"> <li>• <b>Willamalane Park &amp; Recreation District:</b> 1.9720 permanent.</li> <li>• <b>River Road Park District:</b> 3.0559 permanent / 0.4700 local option.</li> <li>• <b>Santa Clara Rural Fire Protection District:</b> 1.0439 permanent / 0.6000 local option.</li> <li>• <b>River Road Water District:</b> 1.9694 permanent.</li> <li>• <b>Lane Rural Fire/Rescue:</b> 2.1174 permanent.</li> <li>• <b>Willakenzie Rural Fire Protection District:</b> 3.0669 permanent.</li> <li>• <b>Lane Library District:</b> 0.5900 permanent.</li> </ul> <p>Special districts are subject to property tax limitations under the Oregon Constitution, including compression of property tax revenue under certain conditions. Districts providing general governmental services, such as fire protection or park services share the general government property tax cap of \$10 per \$1,000 of real market value, along with cities and counties.</p> <p>When a special district is formed within a city or a city's territory is annexed to a special district, the city's existing permanent tax rate does not change.</p>
Administrative Effort	<p>A very high and sustained level of effort would be required to establish a new special district within the city of Eugene or to annex city territory to an existing special district.</p>
Timeline	<p>The formation process for a special district within city of Eugene would likely take at least two years. First the Metro Plan would need to be amended, which could take a year or more. The process of district formation or annexation could then take an additional year or more. The question would finally need to go to the ballot for voter approval.</p>
Who Pays	<p>After formation or annexation, owners of taxable property would be liable for district property taxes as well as city property taxes. A district may also be able to charge fees or assessments for services provided.</p>

Fairness & Indirect Implications	A special district is established and levies property taxes only with the approval of its voters. If a district serves territory within a city there may be increased likelihood of tax compression, which would reduce property tax revenue to both district and the city. The addition of a new governing board supporting specific services within the city could result in conflicting services priorities and less coordination of urban services overall.
Sustainability Impact	Establishment of a special district could provide urban services that are important for urban quality of life, that otherwise could not be funded by a city. The additional property taxes levied by a district would increase the overall tax load within the city, and could be a burden to households with limited income. Increased taxes could have a negative impact on economic investment within the city. There would not likely be an increased burden transferred onto future generations however.
MTC Task Force Recommendation	Not included in the Meeting the Challenge report.
Budget Committee Revenue Team Comments	<p><b>Pros</b> – Popular services provided by the City (e.g. parks, recreation, library) may stand a higher chance of being accepted as a special district. Could possibly annex to an existing special district.</p> <p><b>Cons</b> – Would take 3-5 years to implement due to the necessity of amending the current metro plan. Could result in Measure 5 tax rate compression issues depending on the amount, with subsequent loss of some revenue. Voter approval of district formation as well as ability to tax would be required.</p> <p><b>Political Feasibility</b> – More politically feasible if it is a service or program that is well-supported by the public.</p>





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<b>Transient Room Tax</b>	
Description	A transient room tax (TRT) is levied as a rate applied to the cost of rentals of temporary lodging. The tax is collected from hospitality providers (hotels, motels, lodges, bed & breakfasts) and RV parks and campgrounds, including private, city, county, and state. Federal parks are exempt.
Legal Authority & Restrictions	<p>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 could increase the fee by ordinance. It could also be increased by citizen initiative, referral to the ballot by Council or by a successful citizen referendum petition.</p> <p>State law requires that 100% of the revenue from the City’s current 4.5% tax must continue to go to tourism promotion and tourism-related facilities; it cannot be diverted to other purposes.</p>
Precedence	<p>The City currently imposes a 4.5% 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% of the amount collected and remits the balance to the city. City Code directs that all the revenue is placed in the Cultural Services Fund, which accounts for operation of the Hult Center, Community Events, Public Art and Cuthbert Amphitheater.</p> <p>Lane County also levies a transient room tax as does the State, making the current total tax rate within Eugene 10.5%.</p>
Revenue Yield & Stability	<p>The amount of taxes currently available for any given period, approximately \$1.6 million annually, varies with the lodging occupancy rate. State law requires that 100% of the revenue from the current 4.5% tax must continue to go to tourism promotion and tourism-related facilities; it cannot be diverted to other purposes.</p> <p>While all revenue from the current TRT must continue to go to the Cultural Services Fund, state law permits an increase in the tax rate to generate additional revenue of which at least 70% shall be used for tourism promotion or tourism-related facilities, while a maximum of 30% may be used for city operations not directly related to tourism. An increase in the Transient Room Tax and assignment of increased revenues could be accomplished by ordinance; a vote would not be required. 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.</p> <p>An increase in the tax rate from 4.5% to 5.5% could net about \$355,000 in revenue in a typical year. A maximum of 30% or about \$105,000 would be available for city services unrelated to tourism promotion or tourism-related facilities. A minimum of 70% or about \$250,000 would have to be used for tourism promotion or tourism-related facilities.</p>
Administrative Effort	An increase in the tax rate would require little additional administrative effort or costs.

Timeline	An increase could be accomplished within a few months.
Who Pays	Since the room tax is primarily paid by visitors and not city residents, an increase may be more widely accepted by the community than would alternative tax proposals that primarily tax residents.
Fairness & Indirect Implications	<p>An increase to the City rate would make the total tax within Eugene the highest of any city within Lane County. Lodging and other hospitality businesses have generally opposed increasing the tax or using the TRT revenue for other than tourism-related industries.</p> <p>Any increase in the tax rate would result in higher costs to persons renting lodging within the City. Depending on the size of any rate increase, this could make Eugene lodging less competitive and cause some visitors to obtain lodging outside the City. City revenue may not increase if our largest tourism related events and conventions go to more affordable cities. A possible negative economic effect may extend to our restaurants, retail stores, and small businesses throughout Eugene.</p>
Sustainability Impact	<p>An increase in room rates would disproportionately affect those without stable housing or in transition.</p> <p>The bulk of the tax would be paid by non-residents.</p>
MTC Task Force Recommendation	Not included in the Meeting the Challenge report.
Budget Committee Revenue Team Comments	<p><b>Pros</b> – Good method for capturing revenue from non-residents. Would increase funding to promote tourism and cultural services. Cost of administration would be small because the collection mechanisms already exist.</p> <p><b>Cons</b> – Would only generate a small amount of revenue for the General Fund. An increase could make Eugene’s the highest rate in the state.</p> <p><b>Political Feasibility</b> – May be opposed by Travel Lane County and others representing the travel industry.</p>

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<b>Utility Consumption Tax</b>	
Description	A tax on consumers for use of utility services; levied on the amount consumed or established as a flat fee per account. Utility services include electricity, natural gas, water, stormwater and/or wastewater.
Legal Authority & Restrictions	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 utility consumption tax by ordinance without state enabling legislation. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would be unrestricted and available to the General Fund.
Precedence	<p>The City of Ashland imposes an Electric Utility User Tax. The tax is designed as a surcharge of 25% on monthly energy use. This tax generates revenue to fund general City services such as Police, Fire, Planning, Building and Senior Programs, offsetting property taxes. This tax generates approximately \$2.8 million annually. Ashland has a municipally-owned electric utility.</p> <p>In March 1996, the City of Eugene proposed a 1% utility consumption tax to fund low income housing which failed at public vote; 61% no to 39% yes. That tax would have dedicated 10% of the proceeds for low-income energy assistance programs.</p>
Revenue Yield & Stability	<p>If the tax were structured as a surcharge on the use of electricity, natural gas, water, storm water and wastewater a rough estimate for potential yield (numbers from 2010 analysis) was about \$2.2 million for every 1% surcharge. The monthly impact to the average residential user of electric, gas, water, storm water and wastewater services (numbers from 2010 analysis) was about \$1.25 for every 1% surcharge. Impact to commercial users is not provided as commercial consumption varies greatly by business. Residential consumption accounts for approximately 60% of the electric retail revenue collected by EWEB.</p> <p>A portion of the tax revenue would be needed to offset administrative costs for utilities to collect and remit the tax. An annual allocation could be set to help mitigate the financial impacts of the tax on low-income households. Implementation of these items would reduce the yield estimates given.</p>
Administrative Effort	Utility service providers (City, EWEB, NWNG) would be responsible for collection of the tax. An administrative fee for collecting and remitting the tax to the City could be negotiated with EWEB and NWNG. As an example, if an administrative fee of 5% of the tax were instituted, the foregone revenue would be approximately \$110,000 at the 1% tax level.
Timeline	This tax would take a longer period of time to implement, possibly a year or more, due to the negotiations and coordination with the utility providers who would collect the tax.

Who Pays	All consumers of the subject utilities in the city would pay.
Fairness & Indirect Implications	This tax would have a greater impact on large businesses, low income residents or those who are out of work. The tax could be structured to provide relief for low-income households but this would increase the rate and the administrative costs associated with the collection.
Sustainability Impact	<p>When the tax is established as a percent of consumption, large utility users are affected more than other users in the community. Developing a program to rebate some portion of the tax to large users could mitigate creating a barrier to economic development.</p> <p>The tax could lead to reduced consumption, a sustainable practice which is a high priority value for the City.</p> <p>An increase would be a greater financial burden to low-income households who have little to no discretionary income.</p>
MTC Task Force Recommendation	As an alternative to the Restaurant Tax, a Utility Consumption Tax of 1.5% that would net \$2 million annually after administrative costs and adjustments for low income and high volume users was recommended by the Task Force.
Budget Committee Revenue Team Comments	<p><b>Pros</b> – Cost of administration would be small because the collection mechanisms already exist. Could be matched with another small revenue as a package of options to implement.</p> <p><b>Cons</b> – This would be a regressive tax. Public agencies would be exempt from paying.</p> <p><b>Political Feasibility</b> – Utility fees are consistently rising and consumers are sensitive to price increases so this option may not receive the necessary votes to implement.</p>

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<b>User Fees &amp; Service Charges</b>	
Description	<p>A user fee or service charge is paid by those who use and benefit from a specific public good, service or facility, as a condition for receiving or using it. A fee or charge is usually based on a share of the cost of the good, service or facility that is used. The revenue generated is retained by the fund within which the good, service or facility is budgeted and is used to defray some or all of the costs.</p> <p>The terms user fee and service charge are frequently used interchangeably, but “user fee” generally refers to payment for specific, discrete and time-limited admissions, events or services, usually imposed at the time and location the good or service is delivered or the facility is used. In comparison, the term “service charge” often refers to payment for multiple uses of goods, services or facility usage accruing over a period of time. Service charges may occur under a contractual arrangement, while user fees typically do not.</p>
Legal Authority & Restrictions	<p>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 Council may impose user fees and charges for services or facility use, and has delegated responsibility to the City Manager to administer user fees and charges for service consistent with the Eugene City Code.</p>
Precedence	<p>Most cities impose a range of user fees and service charges. The City of Eugene currently imposes fees and charges for more than 120 specific General-funded goods and services, with budgeted revenue of about \$9.7 million for the General Fund in FY14. It is possible to establish new charges for goods and services not currently charged for.</p>

Revenue Yield & Stability	<p>The City's user fees and service charges are adjusted periodically to recover increased costs of the good, service or facility. General Fund fees may provide all but more typically yield only part of the direct cost and overhead costs. Fees are usually set with consideration of the impact on the customer as well as the revenue yield. Some considerations that influence fee levels are a possible need to regulate demand for a good or service, a desire to subsidize a certain good or service, administrative concerns such as the cost of collection, the promotion of other goals. If fees are set too high, customer volume and eventually revenue may decline. If the fees are too low then not enough of the costs will be recovered to support the good or service. Fee revenues will vary with economic conditions, as the local economy fluctuates and households' disposable income increases or decreases. These concerns are usually taken into account when fees are set or contracts are negotiated.</p> <p>Revenue from new fees or increase of existing fees would be small compared to the General Fund budget gap. Many of the user fees and charges are routinely increased for inflationary cost increases so there would not be any additional gap-filling potential for those items. A number of fees and charges, such as fire and police charges, are billed out at cost, so they cannot be increased beyond the cost of providing the services.</p> <p>In the FY15 discussions with the Budget Committee, recreation user fees and charges, which total about \$2.8 million, are already slated for increases as part of the FY15 budget strategy.</p>
Administrative Effort	<p>Administrative effort for new or increased fees would be moderate. If a fee increase is considered then an analysis of costs, customer demand for the service, economic conditions and other considerations may be necessary. Development of new charges for service may require more substantial administrative effort. Once set or adjusted, charges are relatively simple to impose and collect at the time and place of delivery of the good or service.</p>
Timeline	<p>Charges for service are set administratively by the City Manager. Adjustment of existing charges may be done within a few weeks, while establishing new charges may take several months or longer.</p>
Who Pays	<p>User fees are only paid by users; nonusers do not have to pay the fee. On the other hand, increasing or expanding fees may exclude some lower-income households from accessing some goods or services. Equity can be a concern if charges are set so high that some people cannot afford to pay, even though they desire the service. City policy towards maintaining affordable charge levels may come into play to address equity concerns. Fees or charges for service can be avoided if the services they fund are optional to the customer. If fees are set too high, then fee revenue may suffer and the good or service may require greater subsidization from taxpayers as a whole.</p>
Fairness & Indirect Implications	<p>Perception of fairness will vary depending on the good or service involved and the level of the charge. Existing City charges are generally seen by Council and community as a fair way to generate revenue for the particular service provided.</p>

Sustainability Impact	<p>An increase in fees could have a larger negative impact on low income households or families that participate in City activities, making the events cost-prohibitive for those that the events may generally target.</p> <p>Raising user fees and charges could have a negative impact on the Council Goal of encouraging accessible, thriving recreation and culture, where arts and outdoors are integral to our social and economic well-being and are available to all.</p>
MTC Task Force Recommendation	<p>The Task Force recommended reviewing existing fees for services regularly and making predictable, periodic adjustments to reflect the increased cost of the good or service.</p>
Budget Committee Revenue Team Comments.	<p><b>Pros</b> – Cost of administration would be small because collection mechanisms already exist.</p> <p><b>Cons</b> – May not be a source of significant revenue because staff has consistently analyzed and implemented fee and charge increases where viable.</p> <p><b>Political Feasibility</b> – When a clear nexus appears between the revenue source and program it may be seen as more palatable to implement increases. Recreation user fee increases are a part of the City Manager’s proposed FY15 Budget Strategies accepted by the Budget Committee.</p>





## Revenues Brainstormed But Not Considered

**CILT on Stormwater and Wastewater** – In 2009, City Council approved an ordinance allowing the use of stormwater and wastewater funds for Road Fund purposes. The idea of a right-of-way payment or CILT on stormwater and wastewater came out of a recommendation from the City Manager in 2008. The two City utilities now pay 6% of their gross user fees to the Road Fund.

**Increase in EWEB CILT** – The EWEB General Manager and the Eugene City Manager reached an agreement with regard to changing the CILT payments prior to detailed discussion by the Revenue Team on this topic; therefore, no additional Revenue Team consideration was needed.

**Increase Toxics Right to Know Fee to Cover Hazmat Team** – Use of this fee is defined under the City's charter. Changing the fee to cover additional costs outside of the TRTK program would require a charter amendment, approved by Eugene voters.

**Library User Fee** – Charging a user fee for residents to use library services would require that the City undergo a “disestablishment process” to designate the library as a non-State sanctioned library (similar to Alvadore, Blue River, Dexter and the River Road/Santa Clara Volunteer libraries in Lane County). The implications of operating as a non-sanctioned library would be the loss of access to significant services and funding, such as inter-library loans, statewide database services, and state and federal grants. Those losses would far outweigh any revenue that could be gained from charging a library user fee.

**Medical Marijuana: Product Sales Tax or Dispensary Fee or Tax** – Current state statute places broad restrictions on local regulation of agricultural seed or products of agriculture seeds, which would include marijuana. Local taxes or fees are a form of regulation and are likely encompassed under the statutes that prohibit local laws or measures that regulate activities such as growth, distribution, marketing, and transportation. Additional legal research would be needed on this idea.

**Sin Taxes** – Taxes on alcohol and cigarettes. Local taxes for these items are prohibited by State law.

**Sponsorships or Advertising** – This has been considered by staff in the past, but because of First Amendment rights around free speech, the idea has been deemed not feasible. The City would likely want to be able to refuse advertising that was not in alignment with its goals and mission, but under the Constitution, this would not be possible.

**Voter-Approved Redistribution of Bond Funds** – This is possible, if City Council were to refer a measure to the ballot. Funds may only be used for capital purposes in accordance with State law, and would not be available for General Fund operating purposes.

## CLIMATE/SUSTAINABILITY FUNDING MATRIX - 2021

Entity	Revenue Options	Amount/Rate	Annual Revenue	Funding Type	Notes	Link	Add'l Links
Albany, CA	Measure DD - Utility Users' Tax	9.50%	~\$2.0M	Tax	energy consumption tax	<a href="https://www.albanycal.org/departments/city-clerk/election-information/ballot-measures-november-">https://www.albanycal.org/departments/city-clerk/election-information/ballot-measures-november-</a>	
Ann Arbor, MI	From County Mental Health Millage Tax	\$1B Climate plan; Millage rate = \$1/\$1000 AV, 24% of total allocated to City of Ann Arbor	~\$1M annually	Tax	A <sup>2</sup> Zero Climate Action Plan- goal to achieve carbon neutrality by 2030 by eliminating 2.1M metric tons of CO <sub>2</sub> E emissions annually	<a href="https://www.smartcitiesdive.com/news/ann-arbor-michigan-climate-plan-resiliency-coronavirus/575482/">https://www.smartcitiesdive.com/news/ann-arbor-michigan-climate-plan-resiliency-coronavirus/575482/</a>	
Aspen & Pitkin Co., CO	Renewable Energy Mitigation Program (REMP)	Variable based on home sqft and energy usage; see link	\$816,000 in 2021; projected \$800,000 per year	Fee	The fund is sourced from mitigation fees charged to property owners that elect to install snowmelt, pools or spas on their premises, but do not install renewable energy systems onsite. One fee for homes >5000sqft, another fee up to \$100k if allotted building code "energy budget" is exceeded. Designed to promote renewable energy and energy efficiency, REMF is the first program of its kind in the world. Since its inception, CORE has granted over \$8.2 million in REMF funds, which underwrite sustainable energy projects while allowing new homes to mitigate their environmental impacts. Similar programs in Snowmass Village, Carbondale, & Eagle County, CO; as well as Martha's Vineyard, MA;	<a href="https://ilsr.org/rule/climate-change/2536-2/">https://ilsr.org/rule/climate-change/2536-2/</a>	
Bay Area	Carbon Pricing Program	\$0.044/carbon ton fee on 500 businesses	\$1.1M	Fee	Oregon State Carbon Pricing proposal failed in 2019	<a href="https://www.baaqmd.gov/plans-and-climate/climate-protection">https://www.baaqmd.gov/plans-and-climate/climate-protection</a>	
Berkeley CA	Utility Users Tax	7.50%	\$13-\$15M	Tax	For all users of a given utility (electric, gas, phone, cable, cellular) other than the corporation providing the utility. Utility Users Tax (UUT) has generally been a steady and reliable source of General Fund revenue for most cities, and Berkeley's 4th largest source of GF revenue.	<a href="https://www.cityofberkeley.info/uploadedFiles/Manager/Budget/cob-proposed-budget-fy2022.pdf">https://www.cityofberkeley.info/uploadedFiles/Manager/Budget/cob-proposed-budget-fy2022.pdf</a>	Pgs 65 & 78
Boulder Co.	Sustainability Tax	\$0.125 sales tax	\$10M	Tax	Portion of sales and use tax revenue to fund sustainability infrastructure and programs (per Nov 2016 ballot measure)	<a href="https://www.bouldercounty.org/environment/sustainability/marijuana-offset-fund/">\\cesrv900\cesrv900\Budget\New Revenue Efforts\Alternative Revenue Options\Boulder Cty Sustainability Tax</a>	<a href="https://www.bouldercounty.org/environment/sustainability/matching-grant-program/">https://www.bouldercounty.org/environment/sustainability/matching-grant-program/</a>
City of Boulder	Energy Impact Offset Fund	\$0.0185/kWh per license or energy offsets	\$300k-\$400k	Fee/License	Boulder County also has an Energy Impact Offset Fund (EIOF)	<a href="https://www.bouldercounty.org/environment/sustainability/marijuana-offset-fund/">https://www.bouldercounty.org/environment/sustainability/marijuana-offset-fund/</a>	
City of Boulder	Trash Tax	\$3.50/household; \$0.85/yd for comm'l	Unknown; likely rolled up into the Climate Action Plan Fund	Tax	Circular Economy efforts are supported by the city's Trash Tax, which was first instituted in 1989 (without a vote); renewed by voter approval in 1994; and in 2009, increased (by council action) to the voter-approved maximum (\$3.50/household and \$0.85/yd for commercial trash).	<a href="https://bouldercolorado.gov/media/5813/download?inline">https://bouldercolorado.gov/media/5813/download?inline</a>	Pgs 81-82
City of Boulder	Climate Action Plan Tax	\$8.62/kwh? For residents, \$1.52/kwh for commercial	\$1.7M	Tax	Current Tax expires Mar 2023; Triggered once users exceed a certain threshold	<a href="https://ilsr.org/rule/climate-change/2535-2/">https://ilsr.org/rule/climate-change/2535-2/</a>	<a href="https://bouldercolorado.gov/media/5813/download?inline">https://bouldercolorado.gov/media/5813/download?inline</a>
Denver, CO	Polluters Must Pay Tax [Proposed]	For usage above monthly allowance: \$0.02-0.05/kWh Electricity Tax; \$0.20-0.50/therm Natural Gas Tax	TBD	Tax	In this proposal, energy consumption taxation would be triggered only after residential, commercial and industrial customers exceed pre-defined "allowances" set in terms of both electricity (kWh) and natural gas (thermal units) usage.	<a href="https://wp-denverite.s3.amazonaws.com/wp-content/uploads/sites/4/2021/01/Polluters-Must-Pay-Draft.pdf">https://wp-denverite.s3.amazonaws.com/wp-content/uploads/sites/4/2021/01/Polluters-Must-Pay-Draft.pdf</a>	
Flagstaff, AZ	Environmental Management Fee	\$2/month per utility bill	\$1.2M FY22 (est. ~\$30M for Eugene)	Fee	Sustainability and Environmental Management Fund includes money from Federal and State grants, investment earnings, and Environmental Services	<a href="https://www.flagstaff.az.gov/DocumentCenter/View/70386/FY-2021-2022-Final-Budget-Book---Online">https://www.flagstaff.az.gov/DocumentCenter/View/70386/FY-2021-2022-Final-Budget-Book---Online</a>	Pg 57
Gresham, OR	Utility License Fee	10%; \$3.11/month (1% to the Streetlight program)	\$1.3M for Streetlight Fund, total of \$19.5M in FY22 [est. \$1.4M - Eugene]	Fee	See page 55 of FY22 Adopted Budget document; Most of the revenue collected from utility license fees pays for core services such as police, fire and parks. A small portion (1%) pays for the streetlight program. The electric utility license fee is assessed on prior year electric utility revenues; a rate of 1.0% is designated for the Streetlight Fund. The natural gas utility license fee is assessed on quarterly natural gas utility revenues; a rate of 1.6% is designated for the Streetlight Fund.	<a href="https://greshamoregon.gov/Utility-License-Fees/">https://greshamoregon.gov/Utility-License-Fees/</a>	
Harvard University	Green Revolving Fund (GRF)	\$12M	\$4M in energy savings	Revolving Fund	A green revolving fund is an internal investment vehicle that provides financing to parties within an organization for implementing energy efficiency, renewable energy, and other sustainability projects that generate cost-savings. These savings are used to replenish the fund for the next round of green investments.	<a href="http://greenbillion.org/wp-content/uploads/2015/07/GRF_Full_Implementation_Guide.pdf">http://greenbillion.org/wp-content/uploads/2015/07/GRF_Full_Implementation_Guide.pdf</a>	
Ithaca, NY	Private Equity funding for Building De-carbonization	\$100M	Undetermined	Private Equity	Using private financing to help fund projects such as building upgrades in low- and moderate-income communities, at 1,000 residential units at \$50,000 per home and a budget of \$500 million in a city which has an annual budget of \$85 million	<a href="https://www.cnbc.com/2021/11/04/ithaca-is-first-us-city-to-begin-100percent-decarbonization-of-buildings.html?utm_term=Autofeed&amp;utm_medium=Social&amp;utm_content=Main&amp;utm_source=Twitter#Echobox=1636050236">https://www.cnbc.com/2021/11/04/ithaca-is-first-us-city-to-begin-100percent-decarbonization-of-buildings.html?utm_term=Autofeed&amp;utm_medium=Social&amp;utm_content=Main&amp;utm_source=Twitter#Echobox=1636050236</a>	
Long Beach, CA	Fossil fuel barrel production tax	<\$0.30/bbl	\$1.33M in FY22; ~\$250k for climate action	Tax	Oil producers conducting, managing, or carrying on business of oil production from any well located in the City, including the City when functioning in the capacity of a unit operator, shall pay an annual maximum business license tax to the City of thirty cents (\$.30) per barrel produced, subject to annual adjustments for inflation/deflation.	<a href="https://www.longbeach.gov/citymanager/measure-us/">https://www.longbeach.gov/citymanager/measure-us/</a>	
Los Angeles, CA	Mobile Source Air Pollution Reduction Trust Fund	\$6/vehicle fee; 27% of revenues allocated to cities	\$5.2M in FY22	Fee	Chapter 7 to Part 5 of Division 26 of the Health and Safety Code provide for a distribution of funds to cities from a fee imposed on motor vehicle registration in order to implement the California Clean Air Act of 1988. A \$6 per vehicle fee is imposed on vehicles in the South Coast Air Quality Management District. Twenty-seven percent of revenues are allocated to cities based on population. Funds are to be used for programs to reduce air pollution from motor vehicles. Section 5.345 of the Los Angeles Administrative Code established the Mobile Source Air Pollution Reduction Trust Fund to receive fee revenues to implement mobile source air pollution reduction programs.	<a href="https://lacontroller.org/wp-content/uploads/2021/09/Budget-2021-22-Electronic.pdf">https://lacontroller.org/wp-content/uploads/2021/09/Budget-2021-22-Electronic.pdf</a>	Pg 284
Los Angeles, CA	Waste Hauler Fees (Citywide Recycling Trust Fund)	Undetermined	\$27.4M in FY21; est. \$29.0M in FY22	Fee/Permit	designed to increase solid waste diversion rates in the industrial, commercial, multi-family, and any other non-residential institutional sectors within the City.	<a href="https://lacontroller.org/wp-content/uploads/2021/09/Budget-2021-22-Electronic.pdf">https://lacontroller.org/wp-content/uploads/2021/09/Budget-2021-22-Electronic.pdf</a>	Pg 318

Miami, FL	Miami Forever Bond (Green Bond)	\$400M total; \$192M for Sea-level Rise Mitigation and Flood Prevention	NA	Bonds	The Bond will fund a series of projects that will transform the future of Miami by investing a total of \$400 million in five key categories, which align with the City's most pressing needs: Sea-Level Rise and Flood Prevention, Roadways, Parks and Cultural Facilities, Public Safety and Affordable Housing. \$100M will be allocated to Affordable Housing	<a href="https://www.miamigov.com/My-Government/Departments/Office-of-Capital-Improvements/Miami-Forever-Bond">https://www.miamigov.com/My-Government/Departments/Office-of-Capital-Improvements/Miami-Forever-Bond</a>	
Multnomah Co.	Commercial Property Assessed Clean Energy (CPACE) Loan	Undetermined	Undetermined	Property Tax Lien	Administered by Prosper Portland, PropertyFit is a program to assist owners of commercial property with securing the financing of cost-effective energy improvements. The CPACE Program supports the financing of energy efficiency and renewable energy upgrades on commercial buildings using a property tax lien.	<a href="https://www.propertyfitoregon.com/how-it-works">https://www.propertyfitoregon.com/how-it-works</a>	
Portland, OR	Healthy Climate Fee [Proposed]	\$18/carbon ton	\$1.6M - Eugene	Fee	Imposed on entities emitting >2,500 tons/yr; would apply to 12 entities in Eugene	<a href="https://www.portland.gov/bps/climate-action/healthy-climate/clean-air-healthy-climate-proposal">https://www.portland.gov/bps/climate-action/healthy-climate/clean-air-healthy-climate-proposal</a>	
Portland, OR	Clean Energy Community Benefits Fund ( <b>See Notes</b> )	1% gross receipts tax	\$44-\$61M	Tax	Large Retailers Tax (Walmart, Target, Best Buy); State of Oregon's 2019 Corporate Activity Tax prohibits other cities from enacting similar legislation	<a href="https://www.portland.gov/bps/cleanenergy/about-pcef#:~:text=Background-,Purpose,advances%20racial%20and%20social%20justice,&amp;text=PCEF%20centers%20Black%20and%20Indigenous,in%20addressing%20the%20climate%20crisis">https://www.portland.gov/bps/cleanenergy/about-pcef#:~:text=Background-,Purpose,advances%20racial%20and%20social%20justice,&amp;text=PCEF%20centers%20Black%20and%20Indigenous,in%20addressing%20the%20climate%20crisis</a>	
Portland, OR	Clean Air Surcharge [ <b>Proposed</b> ]	\$20,000/yr base charge for permits; tiered \$15/\$25/\$40k for Simple, Standard or Title V air emission permit	\$2,000,000	Fee	The Clean Air Surcharge would establish a \$20,000 annual base fee on facilities that generate air pollution locally and are required to hold Simple or Standard Air Contaminant Discharge Permits or Title V Permits from the Oregon DEQ. Standardized fee levels to \$20,000 base charge for Simple, Standard, and Title V air emission permits (was tiered \$15/\$25/\$40K) in response to public feedback. Added additional \$250/ton emissions surcharge for Title V permit holders in response to public feedback. A similar program in Eugene would affect 41 facilities.	<a href="https://www.portland.gov/bps/climate-action/clean-air/clean-air-healthy-climate-proposal">https://www.portland.gov/bps/climate-action/clean-air/clean-air-healthy-climate-proposal</a>	
Portland, OR	Green Bond - Bureau of Transportation	N/A	\$18.5M total	Bond	Gas Tax Bond Redemption Fund In FY 2020-21, the bureau called the remaining principal on the 2011 Series A gas tax bonds. No debt remains within the fund. Resources primarily consist of gas tax revenues from the City's share of the state and county collections.	<a href="https://www.portlandoregon.gov/cbo/article/785597">https://www.portlandoregon.gov/cbo/article/785597</a>	Pg 168
Seattle, WA	Payroll Expense Tax	0%-2.4%	Total of ~\$218M in FY21; \$234.6M in FY22; \$2.75M for the Office of Sustainability & Env't in FY22	Tax	Payroll tax funds Seattle's Green New Deal which includes Duwamish Valley Program investments supporting the green economy and environmental justice: \$1,775,000; Environmental Justice Fund: \$550,000 in new grant funding; Clean Buildings Accelerator program to help business owners comply with new state commercial buildings standards: \$220,000; and Oil home heating conversions: \$200,000 in one-time funding for rebates and staff support. Tax rates range from 0% for employees w/ compensation <\$150,000, to 2.4% for employees w/ compensation of >=\$400,000, working in businesses with total payroll of \$1 billion or greater	<a href="http://www.seattle.gov/Documents/Departments/Finance/Department/22proposedbudget/2022_Proposed_Budget.pdf">http://www.seattle.gov/Documents/Departments/Finance/Department/22proposedbudget/2022_Proposed_Budget.pdf</a>	Pg 72
Seattle, WA	Heating Oil Tax	\$236 per gallon of heating oil sold at retail	\$800,000 in 2021	Tax	The tax is intended to reduce carbon emissions and will fund programming to help homeowners convert from oil heat to electric heat pumps. Revenue from the heating oil tax will be used to help pay for low income households to switch from oil to energy-efficient electric heat pumps. Households that are not income qualified will also have access to rebates to help offset the cost of switching to a heat pump. Some revenue from the tax will support heating oil providers with workforce development and business consulting services to support their transition to clean energy technologies.	<a href="https://www.seattle.gov/license-and-tax-administration/business-license-tax/other-seattle-taxes/heating-oil-tax">https://www.seattle.gov/license-and-tax-administration/business-license-tax/other-seattle-taxes/heating-oil-tax</a>	See Also 2022 Proposed Budget, Pg 68
Seattle, WA	Sweetened Beverage Tax	\$0.0175/oz (1.75 cents per ounce)	\$5.2-6.7M	Tax	Total Tax revenue is split among multiple departments; annual revenue shown is that which is budgeted for the Office of Sustainability and Environment, may not directly fund sustainability programs	<a href="https://www.seattle.gov/license-and-tax-administration/business-license-tax/other-seattle-taxes/sweetened-beverage-tax">https://www.seattle.gov/license-and-tax-administration/business-license-tax/other-seattle-taxes/sweetened-beverage-tax</a>	See Also 2022 Proposed Budget, Pg 72
Seattle, WA (WA Dept. of Revenue)	Real Estate Excise Tax (REET)	0.5% local rate + state rate of: 1.1-3.0%; at a graduated rate structure	\$2.5M in 2021	Tax	a capital project spanning multiple departments that makes energy efficiency improvements to City-owned facilities. In 2021, this programming will be supported by \$2.5 million in Real Estate Excise Tax (REET) revenues. Total REET annual revenues are \$32-\$51M.	<a href="https://dor.wa.gov/taxes-rates/other-taxes/real-estate-excise-tax">https://dor.wa.gov/taxes-rates/other-taxes/real-estate-excise-tax</a>	See Also 2021 Budget book Pgs 59, 510
Upper Willamette Soil and Water Conservation District	Property Tax	\$0.07/\$1000AV	~1M - Eugene	Tax	Measure 20-312; A permanent rate limit in which the maximum amount the District can levy is \$0.07 per \$1000 assessed value. By law this rate cannot be raised. If the maximum amount is levied, it will cost about \$16 per year on a property value assessed at \$231,000. The revenue generated will allow the District to enhance services in their current programs and fund new conservation efforts within the local community through projects for urban and rural residents.	<a href="https://lwlvc.org/ballot-measure-20-312/">https://lwlvc.org/ballot-measure-20-312/</a>	
Corvallis, OR	Climate Action Revolving Loan Program	Loans awarded under this program have interest rates deferred for two years. Any remaining balance after two years is subject to a 1.5% annual interest rate.	Current Fund Availability: \$27,900 (Sept 2021)	Revolving Fund	The Climate Action Revolving Loan Program is designed to assist not-for-profit, cooperative, & gov't educational institutions in their efforts to implement substantial energy efficiency and/or energy conservation projects either at their own facilities, within the community, or through the aggregation of projects that may include individual households, businesses, and other organizations. Funds received by loan repayments will be deposited back into this program and made available to fund additional projects.	<a href="https://archives.corvallisoregon.gov/public/ElectronicFile.aspx?dbid=0&amp;docid=2237968">https://archives.corvallisoregon.gov/public/ElectronicFile.aspx?dbid=0&amp;docid=2237968</a>	Pg 122

# HOMELESS SERVICES FUNDING MATRIX - 2021

Entity	Revenue Options	Amount/Rate	Annual Revenue	Funding Type	Notes	Link	Add'l Links
Bend, OR	Affordable Housing Fund	1/3 of 1%	\$1.2M (\$2.4M in biennial budget)	Fee	The City Council approved an ordinance in June 2006 that made the City of Bend the first city in the State to implement a fee on new development to aid in the funding of Affordable Housing. This program is funded by a fee of 1/3 of 1% of the total building permit valuation for all building permits issued by the City. All funding from this source must be targeted for housing opportunities for residents at or below 100% of median income.	<a href="https://www.bendoregon.gov/home/showpublisheddocument/51242/637703296219070000">https://www.bendoregon.gov/home/showpublisheddocument/51242/637703296219070000</a>	Pgs 243-244
Bend, OR	Commercial and Industrial Construction Tax (CICT)	1/3 of 1%	\$550,000 (\$1.1M in Biennial budget)	Fee	This program is funded by an additional fee of 1/3 of 1% of the total building permit valuation for commercial and industrial building permits issued by the City. Under State law, these funds are collected in the General Fund then transferred to the CICT program to manage revenue and expenses. The City may retain an amount not to exceed four percent (4%) as an administrative fee to recoup the expenses of complying with state requirements. After deducting the administrative fee, the City shall use fifty percent (50%) of the remaining revenues received to fund programs related to housing. See page 246 in the referenced budget document (link) to view goals and services supported by this fund.	<a href="https://www.bendoregon.gov/home/showpublisheddocument/51242/637703296219070000">https://www.bendoregon.gov/home/showpublisheddocument/51242/637703296219070000</a>	Pgs 245-246
Berkeley CA	Measure P - Property Transfer Tax	2.50%	FY22 estimate 6,247,414	Tax	A tax increase on the transfer of real property in Alameda County. Tax increased from 1.5% to 2.5% for property sales and transfers over 1.5M. Funding goes to general city purposes and the establishment of a homeless services panel.	<a href="https://ballotpedia.org/Berkeley,_California,_Measure_P,_Real_Property_Transfer_Tax_Increase_(November_2018)">https://ballotpedia.org/Berkeley,_California,_Measure_P,_Real_Property_Transfer_Tax_Increase_(November_2018)</a>	
Berkeley, CA	Measure U1 - Business License Tax	2.88% gross receipts tax for owners of five or more residential rental units	~\$4.7M in FY22; \$4.5M-5.6M FY18-FY20	Tax	The measure would direct the Housing Advisory Commission to make recommendations on funding and programs to increase affordable housing and protect Berkeley residents from homelessness, either annually or biannually. The tax increase would not apply to units owned by a nonprofit corporation whose primary purpose is the provision of affordable housing; units whose rents are controlled under state or federal law, deed restrictions, or agreements with public agencies, at rental rates that are affordable to households earning no more than 80% of AMI and whose tenants must be income-qualified; units subject to rent control that are occupied by a tenant who resided in that unit prior to January 1, 1999; and units occupied by tenants receiving monthly rental assistance (such as Section 8 vouchers or Shelter + Care) from the Berkeley Housing Authority or City of Berkeley. In addition, all new units would be exempt from the increased tax for the first 12 years after the issuance of a certificate of occupancy.	<a href="https://ballotpedia.org/Berkeley,_California,_Business_License_Tax,_Measure_U1_(November_2016)">https://ballotpedia.org/Berkeley,_California,_Business_License_Tax,_Measure_U1_(November_2016)</a>	
Berkeley, CA	Affordable Housing Mitigation Fee	~\$35k-\$40k per new unit of rental housing	Undetermined	Fee	20% of the units in the development must be provided to qualified households at rental rates affordable to Low-income and Very Low-income households. Half of the affordable units must be provided to households with rents and incomes no greater than Low Income (80% of Area Median for the household and unit size) and half at Very Low-Income (50% of Area Median). If an odd number of affordable units are provided, the majority must be Very Low-Income.	<a href="https://www.cityofberkeley.info/ContentDisplay.aspx?id=74682">https://www.cityofberkeley.info/ContentDisplay.aspx?id=74682</a>	
Berkeley, CA	Measure O - G. O. Housing Bonds	\$23/\$100,000 AV	Up to \$135M total	Tax/G.O Bonds	up to \$135 million in bonds at an estimated tax rate of \$23 per \$100,000 in assessed property value for 36 years to fund housing for "low-, very low-, low-, median-, and middle-income individuals and working families, including teachers, seniors, veterans, the homeless, students, people with disabilities, and other vulnerable populations,"	<a href="https://ballotpedia.org/Berkeley,_California,_Measure_O,_Housing_Bonds_(November_2018)">https://ballotpedia.org/Berkeley,_California,_Measure_O,_Housing_Bonds_(November_2018)</a>	
Boulder, CO	Affordable Housing Fund	n/a	Fund financials shared; FY20 actuals were \$14,144,619. This includes \$7M of 1x real estate sales.	Real Estate sales, Linkage fee, cash in lieu of affordable units, short-term rental tax, fees from Ponderosa Mobile Home park.	Cash in lieu of contributions from developers, used to construct, purchase, and maintain permanently affordable housing units in Boulder.	<a href="https://bouldercolorado.gov/services/affordable-housing-grants">https://bouldercolorado.gov/services/affordable-housing-grants</a>	
Boulder, CO	Community Housing Assistance Program (CHAP)	n/a	Fund financials shared; FY20 actuals were \$3,562,347 (mostly from property tax)	Tax	Proceeds from property tax, a housing excise tax, and fees are used to increase the supply of affordable housing.		
Boulder, CO	Eviction Prevention and Assistance Program (EPRAS)	n/a	\$1.5M (beg. 2022)	Tax	Long-term rental tax collected to provide legal and rental assistance for those facing potential eviction. Created in 2021		
Corvallis, OR	Affordable Housing Construction Excise Tax	1% of the permit value (residential), 1.5% commercial/industrial	Varies- \$1.2M in FY19, \$400,000 in FY22 adopted budget	Tax	The construction excise tax is 1% of the permit value for residential construction, the maximum tax rate allowed, and 1.5% for commercial and industrial. The construction excise tax is administered in accordance with Corvallis Municipal Code Chapter 8.16 Affordable Housing Construction Excise Tax. Construction excise taxes are allocated to the following special revenue funds: Community Development Revolving Fund and the Development Services Fund. Revenue rises and falls with the level of for-profit development activity in the City every year.	<a href="https://archives.corvallisoregon.gov/public/ElectronicFile.aspx?dbid=0&amp;docid=2237968">https://archives.corvallisoregon.gov/public/ElectronicFile.aspx?dbid=0&amp;docid=2237968</a>	Pgs 73 & 186

Flagstaff, AZ Housing Authority (FHA)	Rent/Other Tenant Income	Variable; generally 30% of family income	\$1.275M FY22 Budgeted; ~\$1.3M annually	Fee	FHA Fund supported by Federal grants, Rents & Other Tenant Income, and miscellaneous funding; Total FY22 budgeted amount for fund is \$234.4M	<a href="https://www.flagstaff.az.gov/DocumentCenter/View/70386/FY-2021-2022-Final-Budget-Book---Online">https://www.flagstaff.az.gov/DocumentCenter/View/70386/FY-2021-2022-Final-Budget-Book---Online</a>	Pg 104 & Pg 59
Los Angeles Housing Department (LAHD)	Affordable Housing Linkage Fee	<b>Residential Fee</b> Ranges from \$8.31-\$18.69/SQFT for single-family homes & 6+ unit multifamily buildings. Ranges from \$1.04-\$18.69/SQFT for small multifamily buildings with 2-5 units. <b>Nonresidential Fee</b> Ranges from \$3.11-\$5.19/SQFT	Varies	Fee	Fee on certain new market-rate residential and commercial developments to generate local funding for affordable housing production and preservation. The amount of the fee varies by the type of use and by geography across the city. The AHLF also includes various exemptions and deductions based on certain characteristics	<a href="https://housing.lacity.org/policy-data/affordable-housing-linkage-fee-background">https://housing.lacity.org/policy-data/affordable-housing-linkage-fee-background</a>	
Los Angeles, CA	Affordable Housing Trust Fund	Undetermined	\$1.6M FY22	Bonds/Loans	Funded by interest earnings & "Program Income"; initially funded by a 2001 business tax and payroll expense tax amnesty program and \$5M seed funding; federal HOME funds, city general funds, McKinney Act bond funds.	<a href="https://codelibrary.amlegal.com/codes/los_angeles/latest/laac/0-0-0-26973">https://codelibrary.amlegal.com/codes/los_angeles/latest/laac/0-0-0-26973</a>	<a href="https://reports.nihc.org/rental-programs/catalog/los-angeles-affordable-housing-trust-fund">https://reports.nihc.org/rental-programs/catalog/los-angeles-affordable-housing-trust-fund</a>
Los Angeles, CA	Rental Registration Fees (Rent Stabilization Trust Fund)	\$38.75 per building unit	\$20.1M FY22	Fee	Fees for the registration of rental units and other charges collected under the Rent Stabilization Ordinance, Section 151 of the Los Angeles Municipal Code are deposited in the Rent Stabilization Trust Fund. Receipts are used exclusively for rent regulation within the City.	<a href="https://lacontroller.org/budgets/2021-2022/">https://lacontroller.org/budgets/2021-2022/</a>	<a href="https://aoausa.com/los-angeles-city-rent-stabilization-new-laws-and-updates-by-patricia-a-harris/">https://aoausa.com/los-angeles-city-rent-stabilization-new-laws-and-updates-by-patricia-a-harris/</a>
Multiple	Community Services Block Grant Trust Fund	Various; based on population	Varied	Grant	Federal Grant open to municipalities	<a href="https://www.oregon.gov/biz/programs/CDBG/Pages/default.aspx">https://www.oregon.gov/biz/programs/CDBG/Pages/default.aspx</a>	
Portland Metro	G.O. Housing Bonds	~\$27M for Portland; \$196.2M for total Metro bond funding	Initial bond proceeds = \$652.8M; Interest earnings ~\$271k to date.	Bond	Metro's affordable housing bond; Metro partnered with cities of Portland, Gresham, Hillsboro, and Beaverton, as well as Clackamas, Multnomah, and Washington counties. LIHTC equity and permanent loan debt are the primary sources of leveraged funding for projects in the Metro bond portfolio. LIHTC equity ranges from 47% to 60% of project funding, with an average of 52%, and permanent loans range from 0% to 47% of project funding, with an average of 25%. Other funding sources include grants and subordinated loans, sponsor contributions including cash investment, contributed land, and/or deferred developer fees, and Metro bond funding. As the gap funding for the projects in the portfolio, bond funding provides the balance of funding needed to fully fund the projects, representing 27% of the portfolio's funding.	<a href="https://www.oregonmetro.gov/sites/default/files/2021/05/17/metro-affordable-housing-bond-program-report-with-exec-summary-05142021.pdf">https://www.oregonmetro.gov/sites/default/files/2021/05/17/metro-affordable-housing-bond-program-report-with-exec-summary-05142021.pdf</a>	
Portland, OR	Metro Supportive Housing Services Income Tax	1% income tax	Undetermined	Tax	Regional coordination with tri-county area: Clackamas, Multnomah, & Washington counties.	<a href="https://www.portland.gov/revenue/shs">https://www.portland.gov/revenue/shs</a>	<a href="https://www.oregonmetro.gov/public-projects/supportive-housing-services">https://www.oregonmetro.gov/public-projects/supportive-housing-services</a>
Portland, OR	Department of Neighborhood Empowerment Fund	n/a	n/a	n/a	No funding source - they provide technical assistance.	<a href="https://www.portland.gov/bds/empowered-communities-programs/neighborhoods">https://www.portland.gov/bds/empowered-communities-programs/neighborhoods</a>	
Seattle, WA	Affordable Housing Linkage Fee	\$8 - \$17.50/square foot for commercial zones in Downtown and South Lake Union; \$5 - \$10/sf elsewhere.	fees are projected to provide well over \$195 million over the next decade for affordable housing	Fee	Developers either pay fee per square foot, or dedicate 3.5% of units to households below 80% area median income (AMI)	<a href="https://www.seattle.gov/council/issues/past-issues/creating-affordable-housing-with-a-linkage-fee">https://www.seattle.gov/council/issues/past-issues/creating-affordable-housing-with-a-linkage-fee</a>	<a href="https://housingtrustfundproject.org/seattle-adopts-commercial-linkage-fee-to-fund-homes/#:~:text=Basic%20details%20of%20the%20linkage,to%20%2410%20per%20square%20foot.">https://housingtrustfundproject.org/seattle-adopts-commercial-linkage-fee-to-fund-homes/#:~:text=Basic%20details%20of%20the%20linkage,to%20%2410%20per%20square%20foot.</a>
Seattle, WA	ESHB 1070	0.1% sales tax	Undetermined	Tax	Modifies allowed uses of local 1 10th of 1% sales tax revenue for affordable housing and related services to include acquisition and construction of affordable housing & facilities; At least 60% of revenues must be directed towards affordable housing, housing-related services, or mental and behavioral health-related services	<a href="https://app.leg.wa.gov/bills/summary?BillNumber=1070&amp;year=2021">https://app.leg.wa.gov/bills/summary?BillNumber=1070&amp;year=2021</a>	<a href="https://lawfilesexternal.wa.gov/biennium/2021-22/Pdf/Bill%20Reports/House/1070-S.E%20HBR%20PL%2021.pdf">https://lawfilesexternal.wa.gov/biennium/2021-22/Pdf/Bill%20Reports/House/1070-S.E%20HBR%20PL%2021.pdf</a>
Seattle, WA	E2SHB 1277 (SB 5279)	\$70 Local Homeless Housing & Assistance surcharge, \$13 Affordable Housing for all surcharge	\$280M FY21-23	Fee	Increases document recording fees by \$100 generating \$280 million for FY 21-23 to fund operations and maintenance of permanent supportive housing, landlord mitigation fund and the home security fund to address homelessness and housing stability.	<a href="https://app.leg.wa.gov/bills/summary?BillNumber=1277&amp;year=2021">https://app.leg.wa.gov/bills/summary?BillNumber=1277&amp;year=2021</a>	<a href="https://lawfilesexternal.wa.gov/biennium/2021-22/Pdf/Bill%20Reports/House/1277-S2.E%20HBR%20FBR%2021.pdf?q=20211130143238">https://lawfilesexternal.wa.gov/biennium/2021-22/Pdf/Bill%20Reports/House/1277-S2.E%20HBR%20FBR%2021.pdf?q=20211130143238</a>
Vancouver, WA	Affordable Housing Fund	\$42M over 7 years	\$6.0M	Levy	In November 2016, Vancouver voters passed a levy to raise \$42 million over seven years for affordable housing and services available to very low-income residents. The City uses its Affordable Housing Fund resources to increase the supply of affordable housing, preserve existing housing, and provide homelessness prevention assistance. The Vancouver Affordable Housing Fund is restricted and may only be used to serve households at 50% AMI or below.	<a href="https://www.cityofvancouver.us/eph/page/affordable-housing-fund">https://www.cityofvancouver.us/eph/page/affordable-housing-fund</a>	

## *Proposal: Eugene Climate Action Fund*

### **Introduction**

Eugene recently enacted a new Climate Action Plan CAP2.0 that sets goals to reduce greenhouse gas emissions and the city's carbon footprint. However, many actions in the plan are either not funded at all or underfunded. This document highlights existing challenges with the implementation plan of the CAP and offers potential solutions around funding options.

### **Funding challenges with the CAP 2.0**

Overall there are widespread funding shortfalls for the CAP implementation, including many energy efficiency actions (B2-B4), all community Equity Panel recommendations, and many EV actions. Additional shortfalls include:

- **Lack of staff resources for CAP implementation.** The City has just 2.0 FTE for Sustainability serving a City of 175,000 and tasked with implementing an ambitious climate plan. One of these positions is currently listed as a temporary position.
- **Lack of funding to incentivize community actions.** Incentives would make these actions feasible for a broader spectrum of people and funding could prioritize lower income residents. Incentives could include: energy efficiency upgrades, electrification, solar installation, EV.
- **Lack of funding for bike and pedestrian projects from the TSP.** The transportation sector represents 78% of emission reductions in the CAP Gap Analysis but is lacking funding for actions to close this gap or to fully implement the TSP.

### **Recommendation**

To address these financial challenges the Sustainability Commission recommends the establishment of a dedicated fund to support actions and incentives addressing climate change as part of the CAP2.0 implementation.

Therefore, the Eugene Sustainability Commission urges the Eugene City Council to establish the **Eugene Climate Action Fund** to implement the actions detailed in the CAP2.0. The Fund would be supported by one or more funding mechanisms related to carbon use, as well as grant funds as available, with income earmarked for use solely by the Fund.

Funding opportunities and their preliminary evaluations are described in the accompanying attachment.



# Possible Funding Mechanisms for the Eugene Climate Action Fund

Below is a list of various funding mechanisms with examples of how they are being used in other places.

## 1. Carbon Pricing

[Carbon pricing](#) is a market-based mechanism that creates financial incentives to reduce greenhouse gas (GHG) emissions. Carbon pricing programs can be implemented through legislative or regulatory action at the local, state or national level. Eleven states that are home to over a quarter of the U.S. population and account for a third of U.S. GDP have [active carbon-pricing programs](#) and are successfully reducing emissions. There are a [variety of carbon pricing proposals](#) at the federal level. The state of Oregon's attempt at carbon pricing was not successful in 2019.

There are a handful of examples of local areas utilizing carbon pricing to fund climate work. ([Reference here](#))

- In 2008, the Bay Area Air Quality Management District, which spans nine counties, passed a 4.4 cent per carbon ton fee that applies to 500 businesses. This established a much lower price on carbon pollution than is needed to truly incentivize a transition to clean energy, but was nevertheless the time a locale in the US approved carbon pricing. The tax was approved by air pollution regulators 15-1. It generates \$1.1 million per year in revenue.
- BOULDER, COLORADO The Climate Action Plan (CAP) tax became America's first voter-approved climate mitigation tax in 2006. Under CAP, the city's only electric utility, Xcel Energy, charges residents and businesses a fee via their monthly utility bills. The CAP tax is not a traditional carbon tax because it is imposed based off electric usage (in kWh), not carbon content. But because there is only one electric provider, and because CAP exempts renewable energy consumers, it has the same effect of a carbon tax. It effectively imposes a \$8.62 per carbon ton fee for residents and a \$1.52 per ton fee for businesses. Tax revenue is used to fund weatherization efforts, sustainability projects, and solar rebates. The program was renewed in 2012.
- ASPEN AND PIKE COUNTY, COLORADO The Renewable Energy Mitigation Program (REMP) requires new homes to meet a strict energy budget or pay additional fees. Homeowners who go over their established budget, and consume extra energy, must either install a renewable energy system or pay an emissions tax. Revenue from this tax, established in 2000, is subsequently invested in energy efficiency measures. While this is not a straight carbon tax, it effectively incentivizes renewable energy usage. The REMP model has been applied to a number of other locales in Colorado, including Snowmass Village, Carbondale, and Eagle County. It has also been implemented in Martha's Vineyard, Massachusetts.

## Airport Fee

Airline travel is a source of carbon emissions. This again is a natural place to focus climate action fundraising. The recent Airport Master Plan Update shows that, pre-pandemic, over 500,000 commercial tickets are serviced per year and that number is expected to rise. Charging a \$2.00 fee per

ticket would thus raise a bit over \$1 million per year, in effect being a locally-directed, carbon offset potential for airline travel.

## **Carbon Tax**

This would be a tax on the consumption of natural gas and gasoline. The purpose of a carbon tax is to reflect the social and environmental cost of burning carbon. Carbon taxes ensure that companies and consumers help reduce and mitigate the impacts of burning carbon.

From CAP2.0, we see that Eugene emits about 856,000 metric tons of CO<sub>2</sub> year from transportation and buildings. If we were to collect \$1.00 per metric ton, we could generate \$856,000 per year. There are two main sources of this CO<sub>2</sub>, vehicle gasoline and natural gas for buildings.

Burning one gallon of gasoline generates about 20 pounds of CO<sub>2</sub>. This is 1/100th of a ton (0.01) of a ton, so if we charge \$0.01 per gallon (one cent), we would collect \$1.00 per ton of CO<sub>2</sub> emitted by burning gasoline.

The other major source of CO<sub>2</sub> emissions is the burning of natural gas for heating and other uses. Burning one thousand cubic feet of natural gas emits about 120 pounds of CO<sub>2</sub>, That is 0.06 of a ton, so if we charge \$0.06 per thousand cubic feet (6 cents), we would collect \$1.00 per ton of CO<sub>2</sub>.

## **Healthy Climate Fee**

Potential funds raised: \$1,600,000

The City of Portland is pursuing enacting a “[Healthy Climate Fee](#)” of \$25/ton on entities emitting over 2,500 tons per year. This is a form of carbon pricing solely targeting the largest individual emitters. A similar fee in Eugene would affect 12 entities (see appendix).

## **2. Property Tax (Ballot measure)**

Buildings and other developments are significant factors in emissions. A ballot measure could add a property tax to create a sustained funding source for CAP efforts. This tax would not be based upon carbon use directly, but would be a broad-based means for raising needed funds. Examples are the recently passed operating levy and bond measure for parks maintenance and development.

Another example is the 2020 [measure 20-312](#) which secured funding for the Upper Willamette Soil and Water Conservation District with a \$0.07 tax per \$1000 of assessed property value (no more than \$14 per year for a home valued at \$200,000). The advantages of this funding mechanism is it would create a secure, long term source of money, though it requires a lot of effort and resources to get a measure on the ballot.

A tax of \$0.06 per thousand assessed value would yield around \$1 million per annum, as Eugene’s total assessed property value is about \$17 billion. That is \$30 annually for a home valued at \$500,000.



### 3. Green/Climate Bonds

[Green bonds](#) are essentially infrastructure bonds tailored specifically to finance climate solutions. The scope of projects that can be financed is determined by the issuer and can be broad or specific. According to the Climate Trust, “Climate bonds can be structured exactly the same as traditional Treasury-style bonds (marketable, fixed-interest U.S. government debt security with a maturity of more than 10 years) and are thus easily included into institutional investment portfolios.” These bonds can attract private sector investment to help bridge the climate finance gap.

In 2016, [The City of Portland](#) was the first place to sell a Green Bond in the state of Oregon. Proceeds of the bonds will provide \$18.5 million to the Bureau of Transportation to convert the City’s existing street lights from high pressure sodium bulbs to energy-efficient LEDs. This conversion is expected to result in an energy savings of almost 30 million kilowatt hours per year, or the amount of energy needed to power 3,000 homes.

### 4. Property Assessed Clean Energy (PACE) Loans

PACE loans are a financing mechanism implemented by local governments that allows residential or commercial property owners to finance energy efficiency and renewable energy improvements. The repayment of qualified energy improvements is done via a voluntary property tax assessment collected by local governments, just as other public infrastructure investments are financed. PACE project financing may be provided by municipal bonds or third-party capital secured by the property assessment payments. Homeowners repay the loans via a line item on their property tax bill and repayment responsibility transfers to the next owner if the home is sold.

California passed legislation to enable PACE financing in 2007, and since has financed billions of dollars in both residential and commercial clean energy projects around the state.

Oregon passed PACE-enabling legislation in 2014 for renewable and energy efficiency improvements. Currently, only Multnomah County has a program.

- Multnomah County currently has a [commercial PACE program](#)
- [View this site](#) for more information on PACE programs

### 5. Revolving Loan Fund

According to the [US Department of Energy](#), A Green Revolving Fund (GRF) is “an internal capital pool that is dedicated to funding energy efficiency, renewable energy, and/or sustainability projects that generate cost savings. A portion of those savings are then used to replenish the fund (i.e. revolved) allowing for reinvestment in future projects of similar value. This establishes an ongoing funding vehicle that helps drive energy efficiency and sustainability over time, while generating cost savings and ensuring capital is available for important projects.”

[Harvard University](#) uses a [GRF](#) to implement sustainability projects. Since 2002 the fund has supported nearly 200 projects that have yielded over \$4 million in energy savings annually.

## 6. Natural Gas Franchise Fee or Excise Tax.

Potential funds raised: \$1,400,000

Franchise fee or excise tax can be set by a city [ordinance as Gresham](#) did so that NW Natural pays for clean air, energy efficiency, and climate protection programs. The current franchise fee of 5% raises approximately \$1.4 million per year.

## 7. Grants

There are several public and private foundations supporting work by cities on climate change action. A subset are:

- [USDN Innovation Fund](#) (Urban Sustainability Directors Network)
- [Kresge Foundation Environment Program](#)
- The Funders Network- [Partners in Places](#)
- Surdna Foundation [Social and Environmental Justice](#)

## 8. Funding through Utility Fees

One example of a local utility raising funding for clean power is Los Angeles Department of Water and Power (LADWP). [Their board voted](#) to raise the rates to fund clean power because city regulations required carbon reductions. The board estimated that around 80% of power revenue would go to clean energy and climate change goals. The City of Eugene could work with EWEB to expand local programs.

## 9. Clean Air Fee

Potential funds raised: \$900,000

The Clean Air Protection Fee would establish a tiered fee (\$15,000/\$25,000/\$40,000) on facilities that generate substantial hazardous air pollution locally and are therefore required to hold Simple Air Contaminant Discharge Permits, Standard Air Contaminant Discharge Permits, or Title V Permits from the Oregon DEQ. A similar program here would affect 41 facilities (see appendix).

Currently, the City of Portland is going through rulemaking for this program. Following Portland’s model, this fund could be used to support the City in administering community-wide pollution reduction programs and environmental justice protection.

The program priorities would be developed collaboratively with community partners, such as:

1. Analyze how levels of air pollution vary within the city and how that exposure impacts Eugene residents, especially BIPOC communities, to inform and prioritize action plans that protect the most marginalized and health impaired in the community, including helping to resource communities. This includes improved access to data and information for communities, City staff, and regional partners.
2. Develop and manage programs that reduce exposure to air pollution from motor vehicles, construction equipment, residential wood combustion, wildfire events, and heat, with a priority focus on the most marginalized and impacted communities. The City will work with frontline community organizations and other jurisdictional leaders, like Lane County, LRAPA, and DEQ, to develop priority actions.

Develop and implement a community plan to protect Eugene residents from poor air quality and protect the most vulnerable from bad air quality days (for example, expanding access to air filtration systems and cooling community centers for heat and wildfire events). This work will be done in coordination with Lane County, LTD, City agencies, health care and community partners.

## 10. Transportation Funding Options

The 20 year bike and pedestrian projects from the TSP is not on pace to be completed with current funding levels and requires a dedicated plan to fully fund its implementation. These funding mechanisms could support city staff to work with the Active transportation Committee to create a plan to fully fund the project list from the [Transportation System Plan](#) within the 20-year timeframe of the plan (set to end in 2037) through a combination of state and federal funds, road bonds, gas taxes, vehicle registration fees, other road fund, and grants.

### Road Bonds

Potential funds raised: \$1,000,000

Most [recent bond in 2017 approved \\$5 million](#) in spending for biking and walking safety projects out of \$51.2 million in total Bond revenue. This was an increase in the percentage of bond funds dedicated to bike and pedestrian safety projects from the previous bond. Another bond will likely be recommended by the Active Transportation Committee for approval by voters in 2022 and this may be an opportunity to increase funds for these types of projects.

### Gas Taxes

Potential funds raised: \$600,000-\$6,000,000

[Eugene currently has a \\$.05 local gas tax](#) raising approximately \$3 million per year distributed to the City annually. An increase in this rate could be dedicated to bike and pedestrian safety projects.

## **Registration Fees**

Potential funds raised: \$750,000-\$4,000,000

[Clackamas County](#) has enacted such a fee (\$30 per annum) to fund needed road safety projects. Perhaps we could do this for transportation-related emissions reduction projects such as bike path improvements or bike and car charging stations. [Oregon State DMV statistics show in 2019](#) 336,000 passenger cars and 3300 trucks registered in Lane County. Assuming one-half of cars and one-third of trucks are registered in Eugene, an annual \$10 registration fee on these vehicles would collect more than \$1 million.

An increase in registration fees could be tailored to equalize fees paid by different types of vehicles, where more fuel-efficient vehicles currently pay more (e.g., raising registration fees for all internal combustion engine vehicles to \$152 or \$162 for a two-year period)

[Current 2-year registration fee rates](#) for passenger vehicles:

0-19 mpg vehicles - \$122

20-39 mpg vehicles - \$132

40+ mpg vehicles - \$152

EV's - \$306

## **Clean Energy Fund**

The Portland Clean Energy Community Benefits Fund (PCEF) provides dedicated funding for [climate action](#) that advances racial and social justice and was created by a local ballot measure.

The Fund is anticipated to bring \$44 - \$61 million in new annual revenue for green jobs, healthy homes, and a climate-friendly Portland. The State of Oregon's 2019 Corporate Activity Tax explicitly prohibits other cities from enacting a similar legislation so this is not a replicable funding option for Eugene.

# EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



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## Work Session: Housing Implementation Pipeline – Downtown Housing

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Meeting Date: December 13, 2021  
Department: Planning & Development  
[www.eugene-or.gov](http://www.eugene-or.gov)

Agenda Item Number: 2  
Staff Contact: Will Dowdy  
Contact Telephone Number: 541-682-5340

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### ISSUE STATEMENT

At this work session, staff will provide a focused update on housing in downtown Eugene, as a part of the broader process of creating the Housing Implementation Pipeline (HIP). The HIP is a 5-year internal work plan to coordinate current and future resources, goals, and priorities with a systems-thinking approach to housing across the full spectrum from people experiencing homelessness to market rate housing. The focus of this work session responds to needs accentuated by the pandemic for a greater supply of housing downtown, as well as a specific target in the draft HIP for downtown housing due to its positive impact on a variety of policy goals related to climate, transportation, economic development and more.

### BACKGROUND

Downtown is the social, economic and cultural heart of the Eugene community. Compact development, in the walkable and bikeable downtown area reduces climate impacts, which is consistent with goals set by the City's adopted Climate Action Plan 2.0. It produces more tax revenue than any other part of the city (on a per acre basis) and is a highly effective use of land. Additionally, compact development is one of the seven Envision Eugene Pillars. Prior City support for downtown housing has come in multiple forms, especially:

- 1) Affordable Housing investments, such as HOME funds and tax exemptions from the Low Income Residential Housing Property Tax Exemption (LIRHPTE) program;
- 2) tax exemptions under the Multi Unit Property Tax Exemption (MUPTE) program;
- 3) Urban Renewal; and
- 4) regulatory incentives, such as the removal of parking minimums in the downtown area, waiver of land use fees, and the reduction of Transportation Systems Development Charges (SDCs).

These tools, especially when used in combination, have led to the creation of the majority of the housing units in downtown today, including Broadway Place, First on Broadway, Aurora, and West Town on 8<sup>th</sup>. Existing downtown housing units are shown in Attachment A.

Throughout this presentation and the HIP, downtown Eugene is defined as the area within the 2004 Downtown Plan boundary, which is provided in Attachment B.

### *HIP & Downtown*

Housing affordability and supply is a long-standing and growing problem in Eugene. There are two paths to increasing housing affordability: a) stabilize the housing market and b) raise incomes. The latter is the continued focus of the City's economic prosperity efforts with local partners. To stabilize housing, and more specifically, to prioritize, fund, and implement actions that will have an impact on the cost of housing, staff created the draft HIP. The draft HIP sets out the City's internal cross-departmental workplan over the next five years. It creates a policy framework connecting funding sources and actions, while clearly showing how actions meet goals identified across the housing continuum. The draft HIP incorporates the City's existing tools and goals; and identifies opportunities to create new goals and explore implementation of new tools that will enable the City to work towards achieving housing affordability. Council reviewed the draft HIP on November 10, 2021 (see that [Agenda Item Summary](#) for the draft and additional background information).

In the HIP's Overall Housing Supply section, goal #4 is to increase downtown housing by 50% from 2021, an increase of approximately 1,250 units during the HIP period (FY23-27). Towards this goal, 754 units currently are forecasted to be in the pipeline: 75 Affordable Housing units in the Downtown Riverfront, 129 Mixed Income units at 1059 Willamette, and an estimated 550 Market Rate units by Atkins Dame at the Downtown Riverfront (these units are projected, not guaranteed, and are contingent on a final funding plan and selection of a development partner for the Affordable Housing, and Council approval of MUPTE applications for the other developments). If all of these units are achieved within the HIP period as anticipated, the downtown would see 129 units at the center of downtown and 625 units in the northeast corner of the plan area; the final 500 units to get to the 1,250 unit goal would need to come from currently unidentified projects. If Council would like to 1) ensure these remaining units are developed, 2) increase the target number of units, or 3) influence the location of downtown units, further support would be necessary.

### *Next Steps*

- Council work session for final review and action on the HIP document (January 2022)
- If directed, staff will return with more information about opportunities to catalyze the development of housing in downtown Eugene (early 2022)

Other related upcoming Council items include:

- Funding Source for Climate Change and Homelessness work session (December 13, 2021)
- Middle Housing Code Public Hearing (early 2022)
- Growth Monitoring (early 2022)
- Review of MUPTE applications for 3 properties in the Downtown Riverfront development (Feb-Mar 2022)

### **PREVIOUS COUNCIL DIRECTION**

[October 13, 2021 work session](#) - Council reviewed an updated compilation of the Housing Tools and Strategies Action Inventory and the City's plan to draft the HIP.

[November 10, 2021 work session](#) – Council reviewed the draft HIP, in preparation for the final review and action in January.

### **COUNCIL OPTIONS**

1. Direct the City Manager to return with information about opportunities to provide further incentives for the development of downtown housing.
2. Take no further action.

Additionally, if Councilors would like the goal of a 50% increase in downtown housing to be amended (increased or decreased) or removed from the HIP, Council can provide such direction.

### **CITY MANAGER'S RECOMMENDATION**

The City Manager supports returning with information about opportunities to provide further incentives for the development of downtown housing.

### **SUGGESTED MOTION**

Move to direct the City Manager to return with information about opportunities to provide further incentives for the development of downtown housing.

### **ATTACHMENTS**

- A. Downtown housing map
- B. Map of downtown and relevant boundaries

### **FOR MORE INFORMATION**

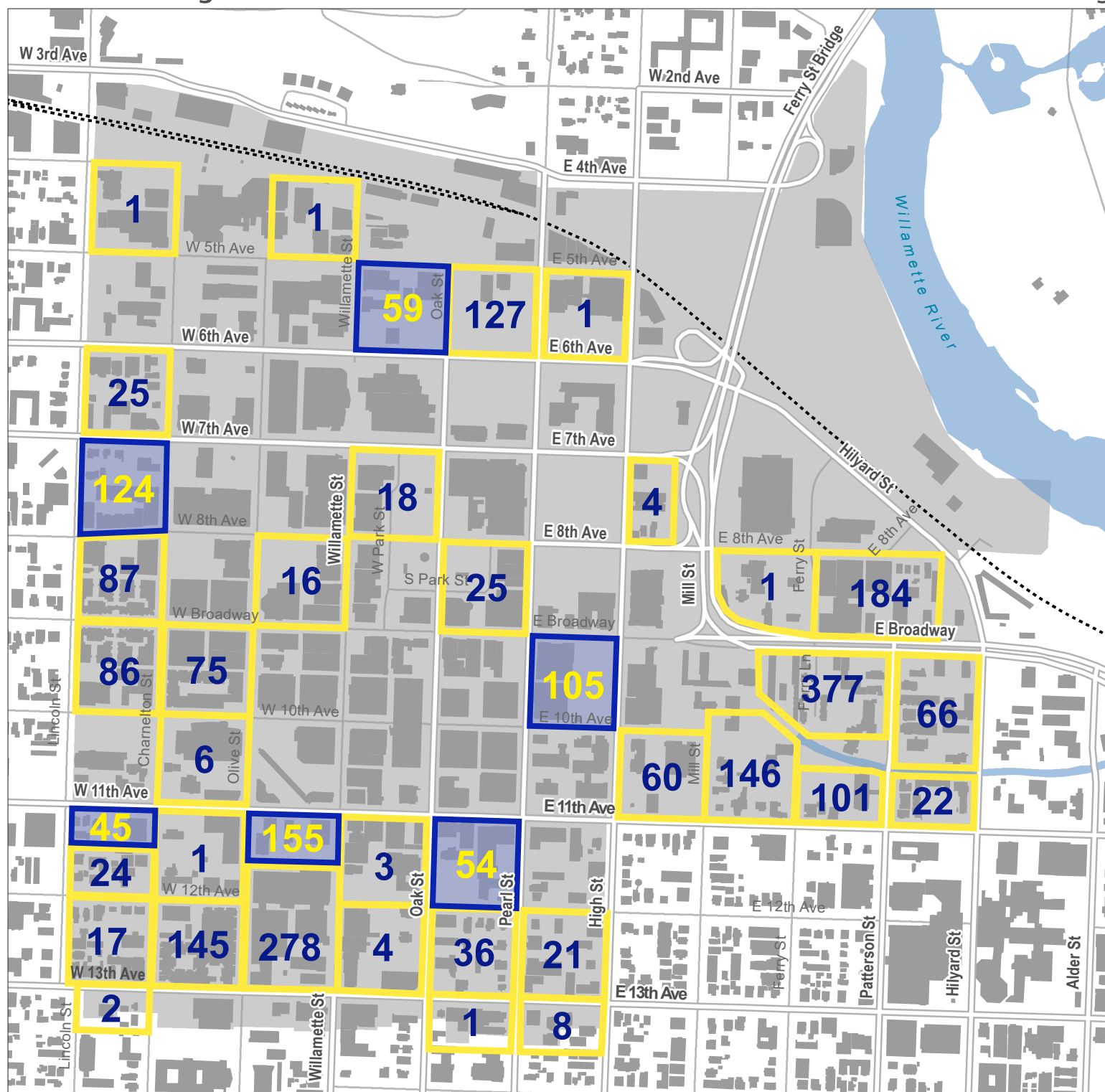
The HIP is a collaboration between the division leadership and staff of multiple divisions, including: Community Development, Planning, Public Works Engineering, Building & Permit Services, and the City Manager's Office.

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## Downtown Eugene

## Housing



	Downtown Plan Area	Affordable Units	497	19.8%		
		Market Rate Units	2,014	80.2%		
		<b>Total</b>	<b>2,511</b>	<b>100%</b>		

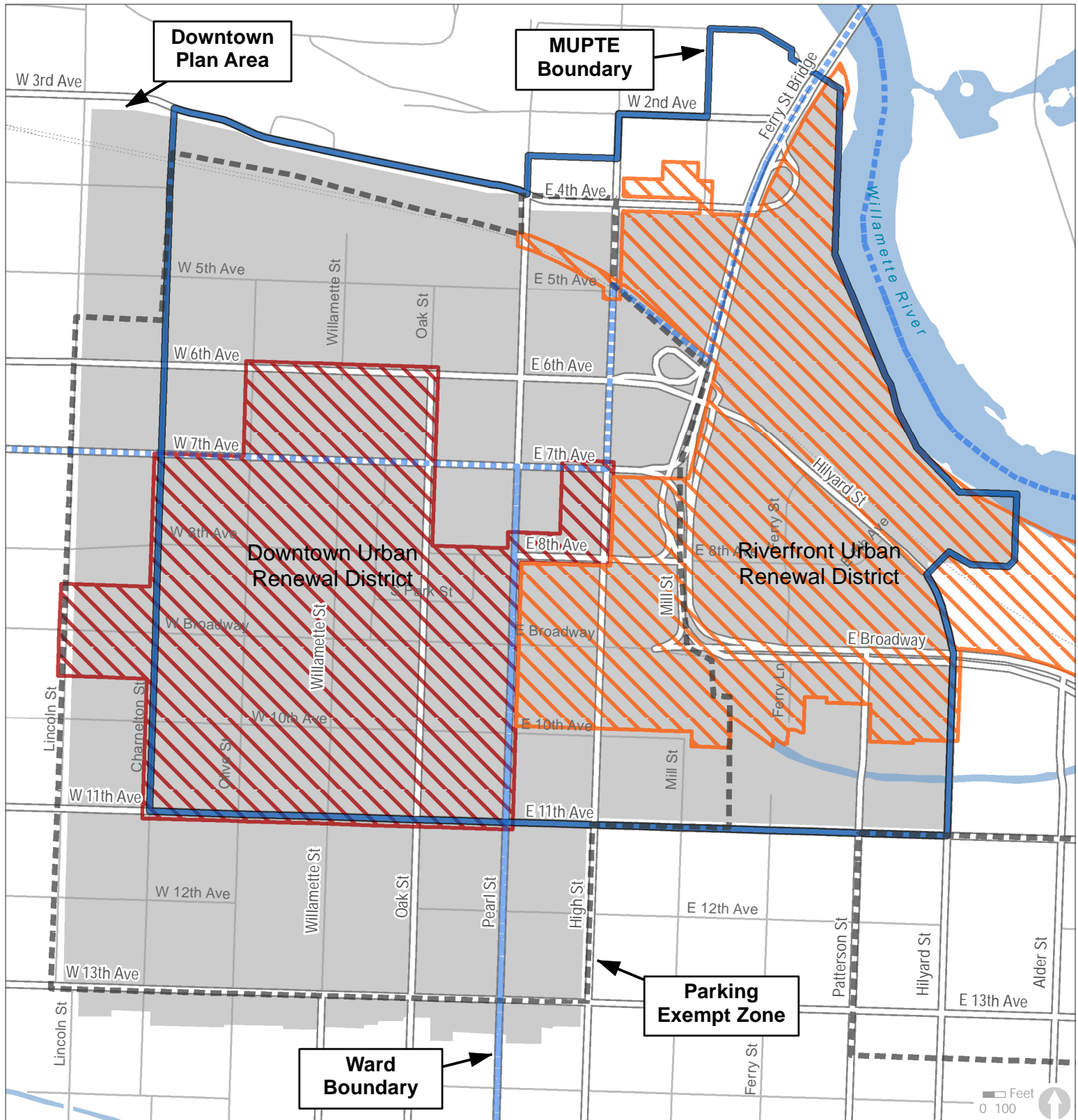
Tenant-occupied units: 93.6-100%

Housing in downtown Eugene identified with regional GIS site address data file query: USECODE in ( 'D', 'K', 'M', 'N', 'Q', 'S' )  
 Caution: This map is based on imprecise source data, subject to change, and for general reference only.  
 In keeping with standards of the COE Growth Monitoring program, housing units are counted by the date of permit issuance. Not all units indicated on this map are completed.

City of Eugene, PDD  
 11/30/2021







- |  |                                   |
|--|-----------------------------------|
| Eugene City Council Wards                  | Downtown Urban Renewal District   |
| Parking Exempt Zones                       | Riverfront Urban Renewal District |
| Multi-unit Property Tax Exemption Boundary | Downtown Plan Boundary            |

Caution: This map is based on imprecise source data, subject to change, and for general reference only. 12/1/2021