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Impact of the Six Percent Tax Base Limitation on Local Government Financing of Infrastructure Needs of Urban Growth

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Urban Growth Management Study

**Impact Of The Six Percent Tax Base
Limitation On Local Government Financing
Of Infrastructure Needs of Urban Growth**

Prepared by

Center for Urban Studies
Portland State University

and

Regional Financial Advisors, Inc.

December 1990

Oregon Department of Land Conservation and Development

Land Conservation and Development Commission

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3/8/91

Please Note

The Department of Land Conservation and Development has commissioned this report as part of its Urban Growth Management Study. In issuing this report, the department is not endorsing all the recommendations contained in it. The department is in the process of preparing a summary report which will contain proposals for improving growth management in Oregon. It will draw on the analysis and recommendations in this and other contractor reports and should be available for public distribution by mid April 1991.

The department expects to recommend the formation of several task groups to consider the proposals the department's summary report contains. The task groups will be asked to develop specific recommendations for either LCDC rulemaking in 1992 or legislative action in the 1993 session of the Legislative Assembly. The proposals in the department's report will serve as starting points; the task groups will be invited to add, drop, or modify proposals.

If you have any questions about the contents of this report, please contact John Kelly at DLCD, 373-0070.

DEPT. OF LAND

CONSERVATION

AND

DEVELOPMENT



**IMPACT OF THE SIX PERCENT TAX BASE
LIMITATION ON LOCAL GOVERNMENT FINANCING
OF INFRASTRUCTURE NEEDS OF URBAN GROWTH**

Prepared for the
Oregon Department of Land Conservation and Development

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FOREWORD

The Center for Urban Studies at Portland State University and Regional Financial Advisors, Inc., prepared this report under contract to the Oregon Department of Land Conservation and Development. The report is one of two produced by the study team: one on local government infrastructure revenue sources and finance and one on the impact of the six percent limitation on municipal tax base growth imposed by Oregon's constitution.

The contract with the Center and Regional Financial Advisors is one of four study contracts comprising the Department's Urban Growth Management Study. Other studies examine annexation and urban growth management, Oregon's farm and forest land tax deferral policies inside urban growth boundaries, and growth management in four fast-growing urban areas of the State. Copies of study reports are available by contacting the Department.

The views contained within this report are those of the study team and not necessarily the views of the Department. Readers reviewing this report are encouraged to send comments to the Department at the address contained on the cover. The Department plans to issue a report summarizing results from all four urban growth management study contracts and stating the Department's recommendations.

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Urban Growth Management Study
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SUMMARY OF FINDINGS AND RECOMMENDATIONS

This report examines the impact of Oregon's six-percent limitation on the ability to fund infrastructure associated with new growth. The amount of property taxes an Oregon jurisdiction can levy can increase at no more than six percent per year without voter approval. As a consequence, new development within a jurisdiction does not increase the amount of tax revenue which can be generated regardless of increased requirements for service provision.

Findings

- The six percent limitation on tax base growth does not substantially limit local governments' ability to finance infrastructure development associated with urban growth. Most use of property taxes for infrastructure development and maintenance is through special levies and debt levies, outside of the six percent limitation.
- Allowing tax bases to rise by the proportion of new construction within a jurisdiction would provide revenue to fund additional services and maintenance needed because of growth, but not infrastructure development.
- Annexation decisions would be simplified if new construction were added to the tax base; the decision on when to annex is sometimes influenced by the different treatment of new development before versus after annexation.
- Average growth in property tax collections for cities, counties, and school districts between 1982 and 1989 exceeded six percent.
 - Total property tax levies increased at more than twice the rate of assessed value increases between 1982 and 1989.
 - Voters have approved new tax bases for many school districts and local governments, reducing the reliance on special levies.
 - The proportion of total property taxes levied by each major user has remained approximately constant in the 1980's.
- Tax bases are not changed by Measure 5, but it may not be possible under the Measure to collect all of the revenue authorized by the base.

- Under Measure 5 new development will generate additional revenue for those jurisdictions which exceed the maximum limits of the measure.

Recommendation

Change property tax laws to allow tax bases to rise by the proportion of property values added by new construction in a jurisdiction.

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INTRODUCTION

Population growth may create demands for more classrooms, widened highways, more water and sewer treatment capacity, and other infrastructure additions as well as demands for other expanded services. But in Oregon new development does not automatically generate additional property tax revenue to pay for infrastructure additions and expanded services. This lack of additional revenue from new development may be making it difficult to accomplish the Statewide Planning Goal 14 objectives of orderly and economic provision of public facilities and services and maximum efficiency of land uses within and on the fringe of existing urban areas.

This report examines Oregon's property tax system, especially the six percent limitation, and its impact on infrastructure finance. The analyses uses data compiled by the Oregon Department of Revenue on property taxes and assessments, information from interviews with local finance officials in twelve jurisdictions in growing areas of the state, review of infrastructure budgets of the selected jurisdictions, and review of pertinent literature.

The report includes the following sections:

- Description of the property tax system and its users
- Use of property taxes by the selected study jurisdictions
- Effects of the six percent limitation on annexation
- Allowing tax bases to rise when growth occurs

DESCRIPTION OF THE PROPERTY TAX SYSTEM AND ITS USERS

The property tax is used by Oregon cities, counties, schools and special districts to fund the general operations of local government. The State Constitution, Article XI Section 11, state tax law, and Department of Revenue administrative rulings regulate the use of this tax. Property tax use is limited by the fact that no local government may levy any property taxes without approval of the voters. There are several kinds of levies that voters may approve.

Tax Base Levies

Tax base levies are approved by voters as a permanent amount the local government can levy. Tax base levies may increase by up to six percent per year, a feature known as the six percent limitation. Voters may approve tax base increases over the six percent limitation, permanently making the tax base levy larger. In addition, when jurisdictions annex territory, they are able to increase their tax base by adding the amount of taxes the annexed territory would have produced if it had been taxed at the previous year's tax rate.

Special Levies

Special levies provide temporary taxing authority for one to ten years. These levies may be for special purposes, such as library operations, law enforcement, parks development or road construction, or for general local government operations.

Debt Levies

Debt levies provide funds to pay the principal and interest on bonded debt. Voters must approve the issuance of general obligation bonds which are sometimes paid off with future taxes and are secured by the ability to tax. General obligation bonds are typically used to finance infrastructure projects requiring large capital outlays, such as school buildings and water treatment plants.

USING PROPERTY TAXES TO FINANCE INFRASTRUCTURE

Growing areas may find the six percent annual increase in their tax base levies inadequate to meet demands for additional services and facilities, including infrastructure. Options for financing additional infrastructure vary depending upon the legal, financial and political feasibilities. They include:

- Asking voters to approve a larger tax base levy.
- Using property tax funding sources outside the six percent limitation, such as special levies, debt levies, and tax increment financing.
- Increasing use of non-property tax sources of revenue for infrastructure, such as user charges, connection fees, system development charges, special assessments, and other taxes.
- Using revenue from non-property tax sources to secure bonds.
- Requiring new development to provide more infrastructure both on and off-site.
- Reducing spending on other programs.
- Not providing additional infrastructure capacity, possibly resulting in congested roads, crowded schools, and other problems.

This report looks in detail at the use of property taxes to finance infrastructure.

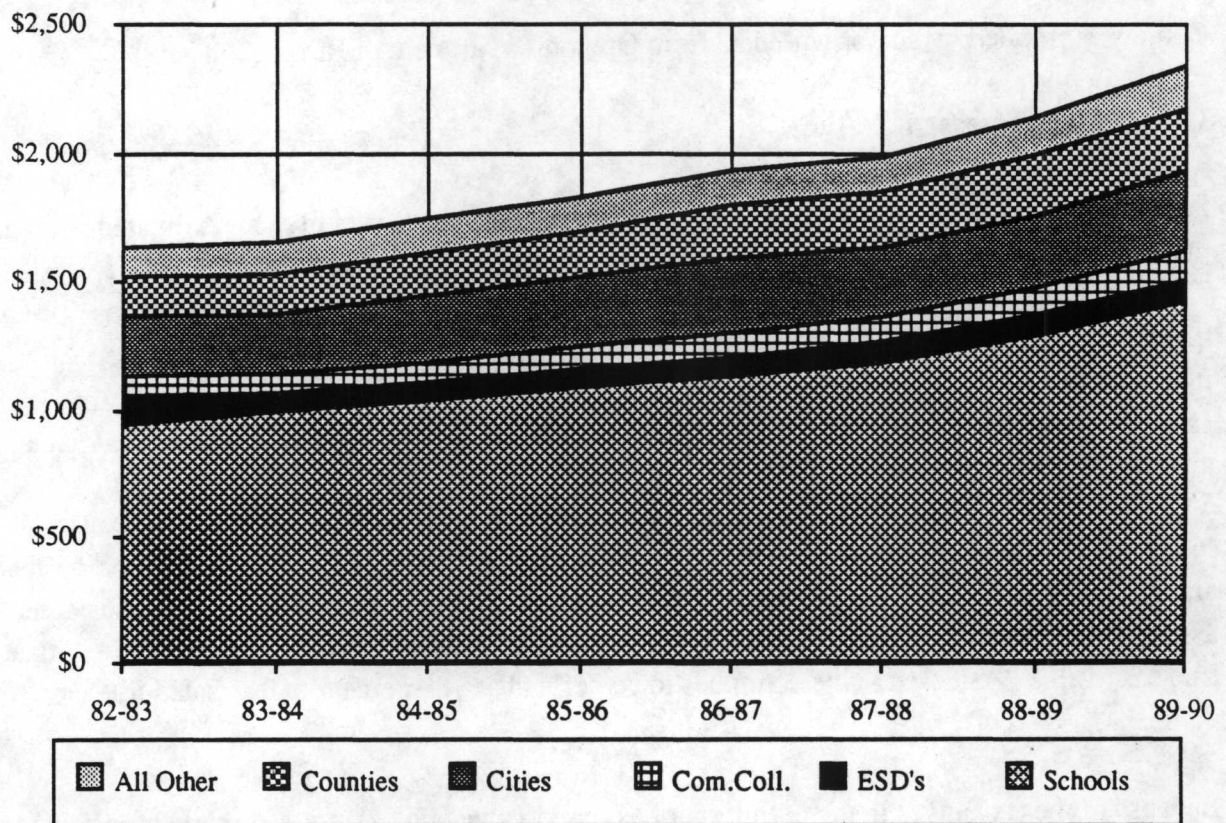
PROPERTY TAXES LEVIED IN OREGON

The following analysis uses data assembled by the Oregon Department of Revenue on all Oregon taxing districts for FY 82-83 through FY 89-90.

Growth in Property Taxes

Figure 1 shows the growth in property taxes levied by Oregon local governments between FY 82-83 and FY 89-90. Total property taxes levied increased steadily from \$1,635 million in FY 82-83 to \$2,348 million in FY 89-90, a 43.6 percent increase. Public schools levied the majority of taxes, with levies of \$947 million in FY 82-83 and \$1,422 million in FY 89-90. The three educational providers--public schools, Educational Service Districts (ESD's), and Community College--levied about 70 percent of all property taxes. The remainder was levied by counties, cities, and other districts. Among the "all other" districts, fire districts levy about half of the taxes, and park districts, ports, and service districts about 10 percent each. Water supply and sewer districts levy small amounts, only three to four percent each of the "all other" taxes.

Figure 1
Total Property Taxes Levied by Oregon Local Governments
FY 82 - 83 to FY 89 - 90
(in millions of dollars)



The proportion of property taxes levied by each major type of local government was quite stable, as Table 1 shows. No one type of jurisdiction contributed disproportionately to property tax growth. There have been shifts, however, among the smaller districts in the "all other" category with fire districts' share declining while service districts and ports have increased their share.

Table 1

PERCENT OF PROPERTY TAXES LEVIED BY TYPE OF JURISDICTION

Year	82-83	83-84	84-85	85-86	86-87	87-88	88-89	89-90
Schools	58%	60%	60%	60%	59%	59%	60%	61%
ESD's	7%	4%	4%	4%	4%	4%	4%	4%
Com. Coll.	5%	5%	5%	5%	5%	5%	5%	5%
Counties	10%	9%	10%	10%	10%	11%	11%	10%
Cities	14%	14%	14%	15%	15%	13%	13%	13%
All other	7%	7%	8%	7%	7%	7%	7%	7%

Source: Compiled by author with data from Oregon Department of Revenue

Growth in Assessed Value

Figure 2 shows that assessed value, like taxes levied, has grown steadily, but estimated true cash value has not. For this analysis, "true cash value" is the assessors' estimates of property values. These estimates may lag behind actual changes in market values. When property values were increasing dramatically in the late 1970's the 1979 Legislature limited statewide assessed value increases to no more than five percent per year. Assessed values therefore were lower than estimated true cash value until 1985, when the Legislature repealed the limit on assessed value growth (Oregon Department of Revenue, 1990).

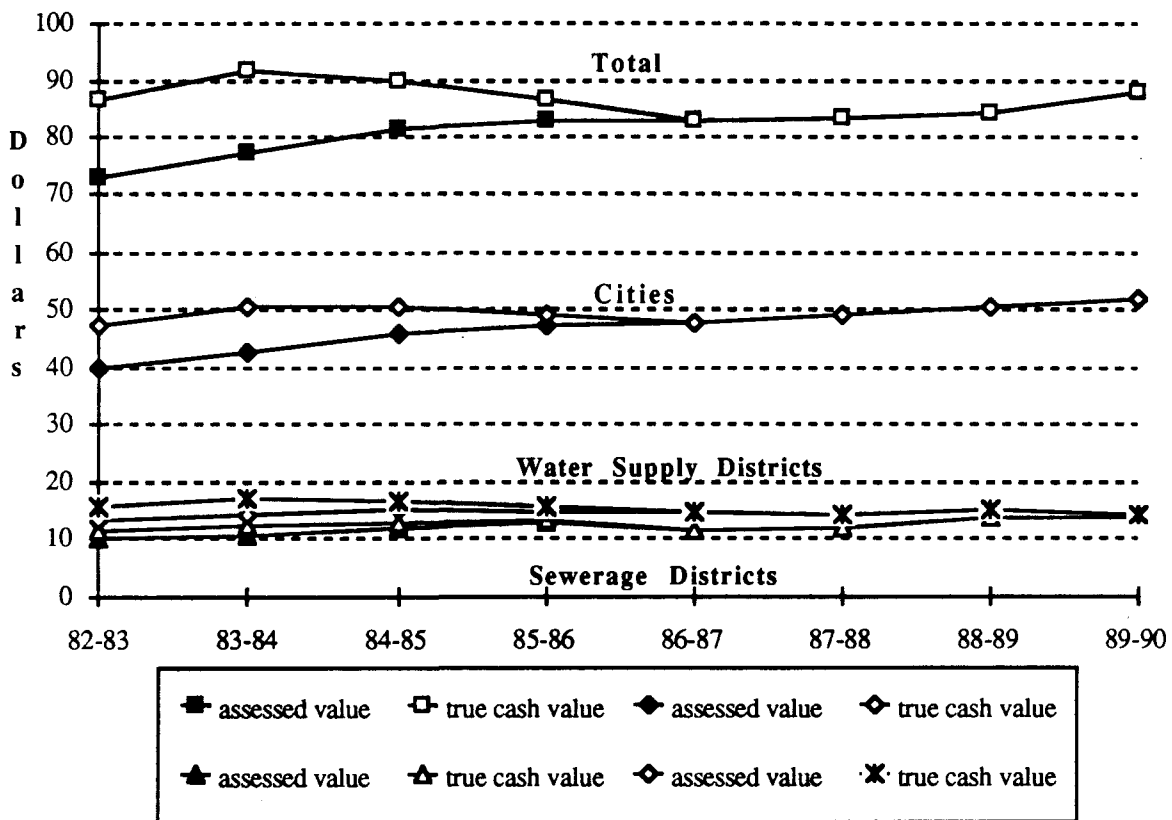
In FY 82-83 assessed values statewide were set at 83.8 percent of true cash value for homesteads and 85.1 percent for all other property. The proportion of estimated true cash value considered as assessed value gradually rose until in FY 86-87 assessed value equalled 100 percent of estimated true cash value. Assessed value continues to be defined as 100 percent of estimated true cash value.

Because of these changes in the definition of assessed value and a depressed market for housing in the early 1980's, total assessed value has risen steadily while estimated true cash value declined between FY 83-84 and FY 86-87. Total assessed value increased from \$73 billion in FY 82-83 to

\$88 billion in FY 89-90. This 20.5 percent increase is, however, less than half the 43.6 percent increase in taxes levied.

Even with growth in parts of the state, total estimated true cash value was less in FY 89-90 than in FY 83-84. A comparison of FY 83-84, the year true cash value peaked, with FY 89-90, the most recent year for which figures are available, shows a decline in property values from \$92 billion to \$88 billion, a 3.8 percent decrease. Although data was not available from all counties, it appears that property values continued to rise in FY 90-91 putting true cash value at a new high.

Figure 2
Total Assessed Value and True Cash Value of Real Property
in Selected Types of Oregon Jurisdictions
(in billions of dollars)



Assessment Quality

One of the responses to Measure 5 in areas where local governments' levies exceed the \$10 limit may be to increase assessed values. This would increase the amount of revenue that could be collected within the limit. Increasing assessed values could, however, be difficult because Measure 5 redefines assessed value as "minimum" rather than "average" market values and because Oregon's assessment system has been noted as one of the best in the nation.

The 1982 Census of Governments compared assessed values and market values in the Portland metropolitan area in 1981. The results for single-family homes are summarized in Table 2. The single family assessment to sales ratios in the market studies were 97-99 percent of the official homestead assessed value rate for the state, indicating that estimates of true cash value were very close to actual market values. Of course, some single family residences are not homesteads and should have been assessed at the higher "all other" rate, but even with this adjustment the rates are remarkably close. The Census of Government also found that Oregon had one of the most uniform assessment patterns in the country (Bureau of the Census. 1983).

Table 2

COMPARISON OF SINGLE FAMILY ASSESSMENT TO SALES RATIOS WITH ASSESSMENT TO TRUE CASH VALUE RATIOS IN 1981

	Assessments to Sales Ratio	Statewide Assessments to True Cash Value Ratios	
		Homestead	All Other
Clackamas Co.	80.74%	81.6%	84.4%
Multnomah Co.	79.21%	81.6%	84.4%
Washington Co.	81.04%	81.6%	84.4%

Source: Bureau of the Census. 1983. 1982 Census of Governments, Vol. 2: Taxable Property Values and Assessment Sales Price Ratios, pp. 227-228,264.

The Oregon Department of Revenue report called Disintegration of Oregon's Property Tax System, which was issued in 1987, warns that the quality of assessments is declining. This report focuses on assessment processes and personnel. It documents a 37 percent cut in appraisal staff between 1980 and 1986 and an increasing number of counties unable to physically reappraise properties

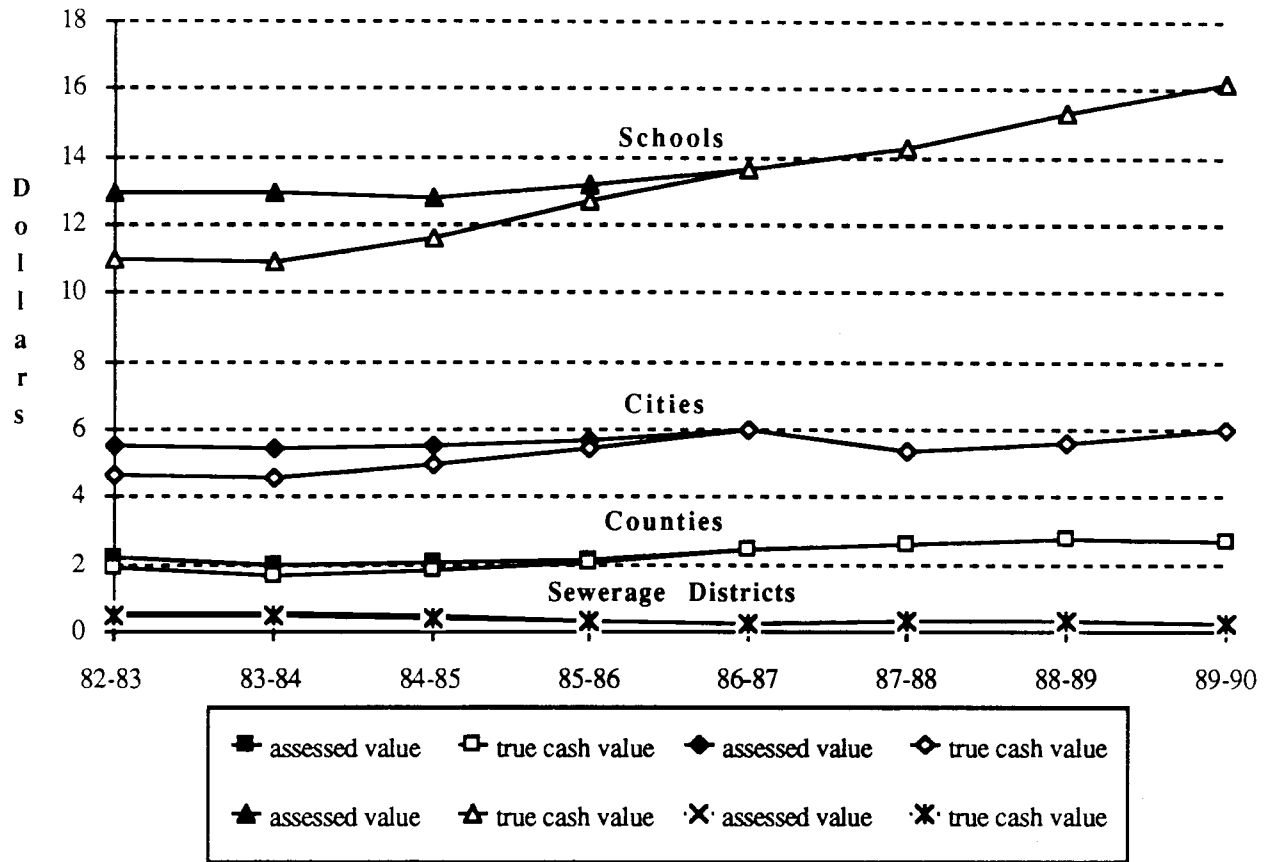
every six years, as required by state law. Although the report implies that assessments were becoming less uniform, it does not prove this. The 1987 Census of Governments did not include market studies, and we were unable to locate more recent studies comparing market and assessed values. Thus we do not actually know how much room there currently is for increasing assessed values.

Growth in Tax Rates

With property tax levies increasing at a faster rate than assessed values, property tax rates must rise. Average property tax rates for selected types of jurisdictions are illustrated in Figure 3. These are crude rates based on total levies and assessed and estimated true cash value without considering any of the adjustments that assessors use when determining actual tax rates.

For the years when assessed value was less than true cash value, rates computed with assessed value must be higher than rates computed with estimated true cash value. True cash value rates for schools and counties are generally increasing, with schools showing the largest rate of increase. City rates fluctuate. The drop in city tax rates in FY 87-88 reflects decreased use of special levies, especially in Portland, and more growth in assessed value than schools or counties had (see Figure 2).

Figure 3
Average Property Tax Rates per \$1,000 Using Assessed Value and
True Cash Value for Selected Types of Oregon Jurisdictions



Growth in Property Tax Use by Type of Jurisdiction and Type of Levy

Figures 4 through 8 show growth in tax base levies, special levies, and bond levies of counties, cities, schools, water supply districts, and sewerage districts, respectively. In comparing figures 4 to 8, keep in mind that the vertical scales, while all in millions of dollars, are different. School districts levy many times the taxes of sewer districts.

Figures 4 to 6 show that counties, cities, and schools use all three types of levies. Tax bases have grown steadily while use of special levies has declined. Water and sewerage districts, shown in

Figures 7 and 8, mainly use debt levies with only a small portion of taxes for tax base or special levies.

Figure 4
Total Property Taxes Levied by Oregon Counties
(in millions of dollars)

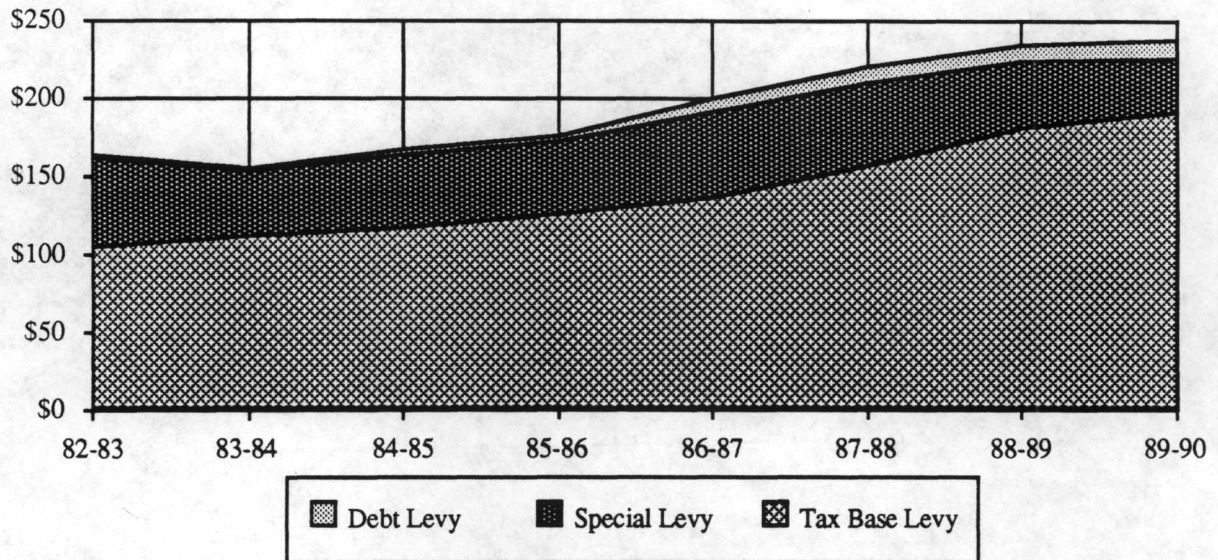


Figure 5
Total Property Taxes Levied by Oregon Cities
(in millions of dollars)

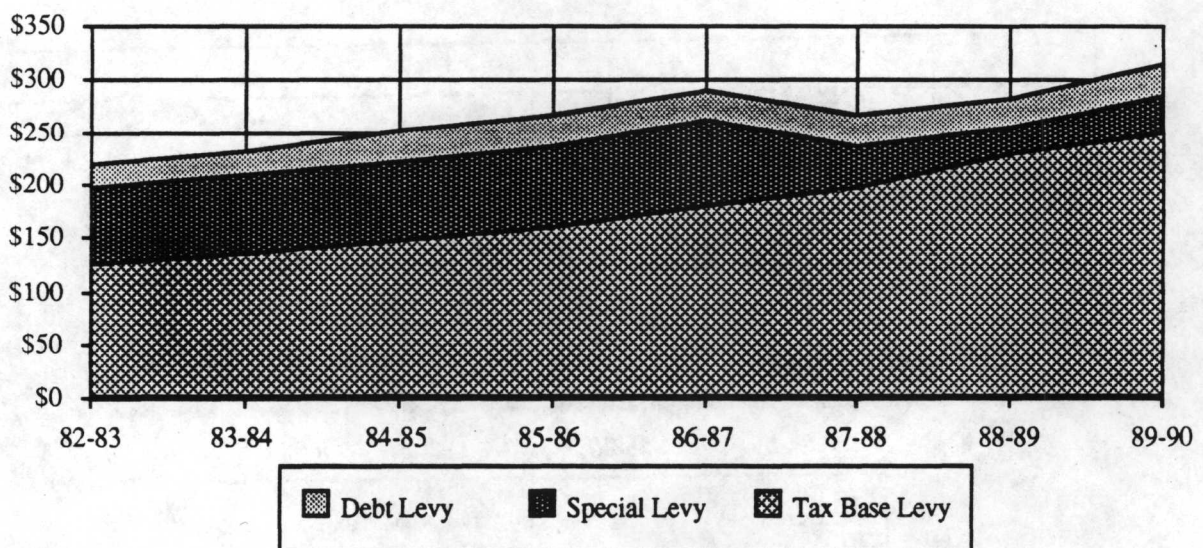


Figure 6
Total Property Taxes Levied by Oregon School Districts
(in millions of dollars)

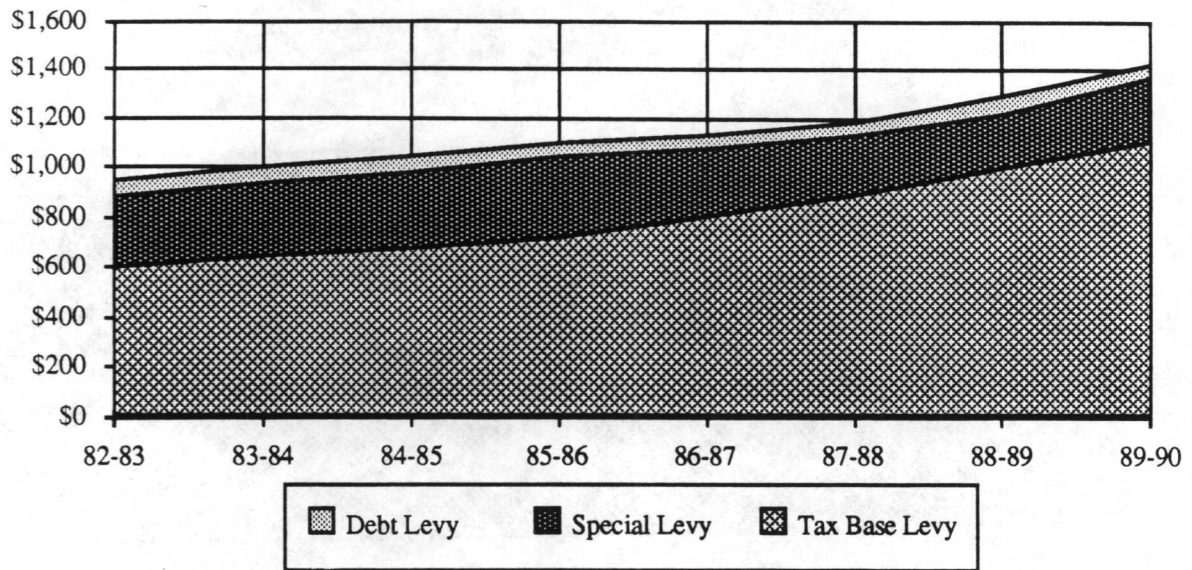


Figure 7
Total Property Taxes Levied by Oregon Water Supply Districts
(in millions of dollars)

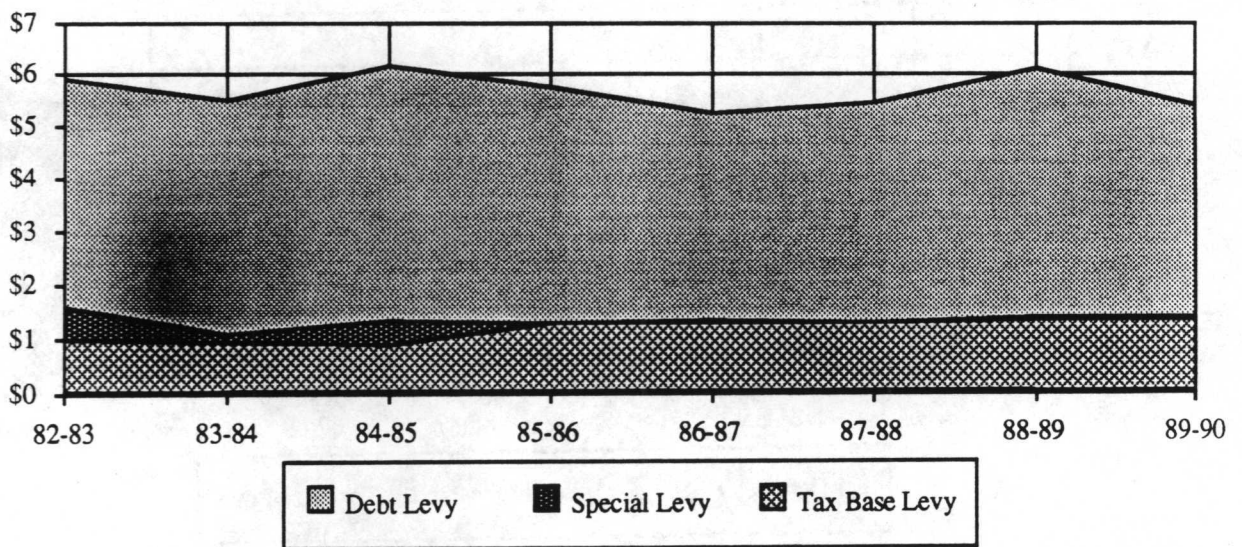


Figure 8
Total Property Taxes Levied by Oregon Sewerage Districts
(in millions of dollars)

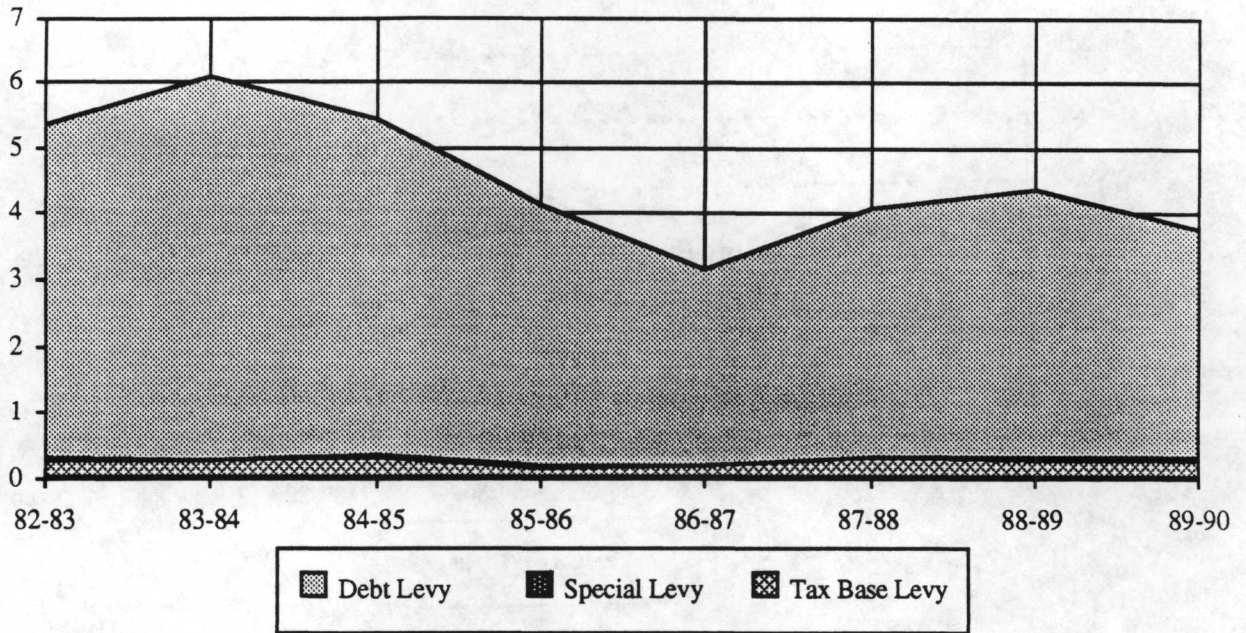


Figure 9
Actual Tax Base Growth Compared to 6% Annual Growth
Oregon Counties and Cities
(in millions of dollars)

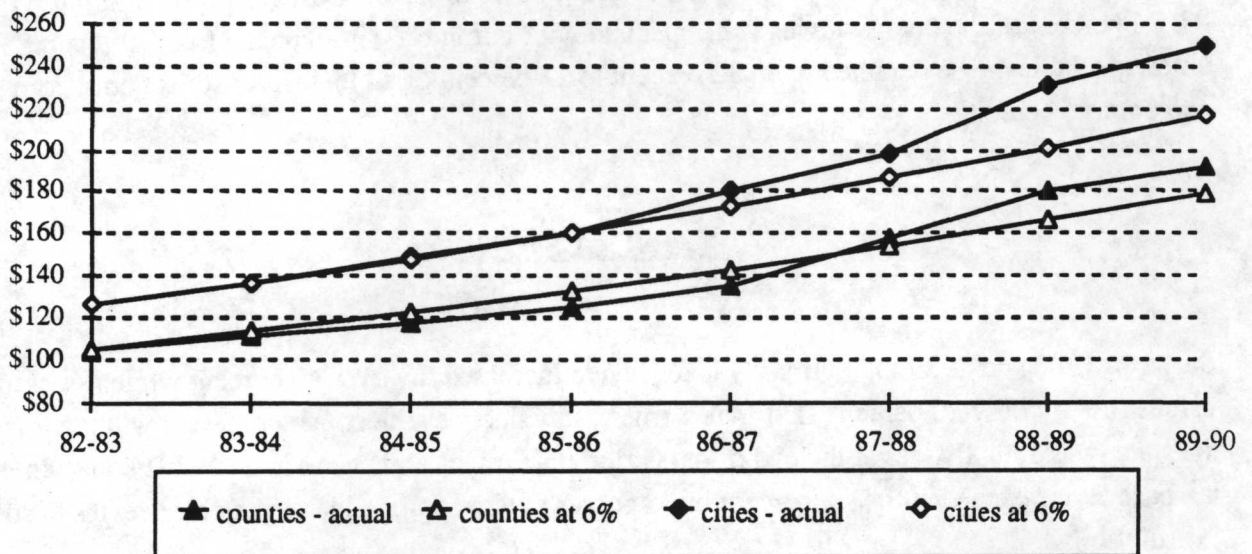
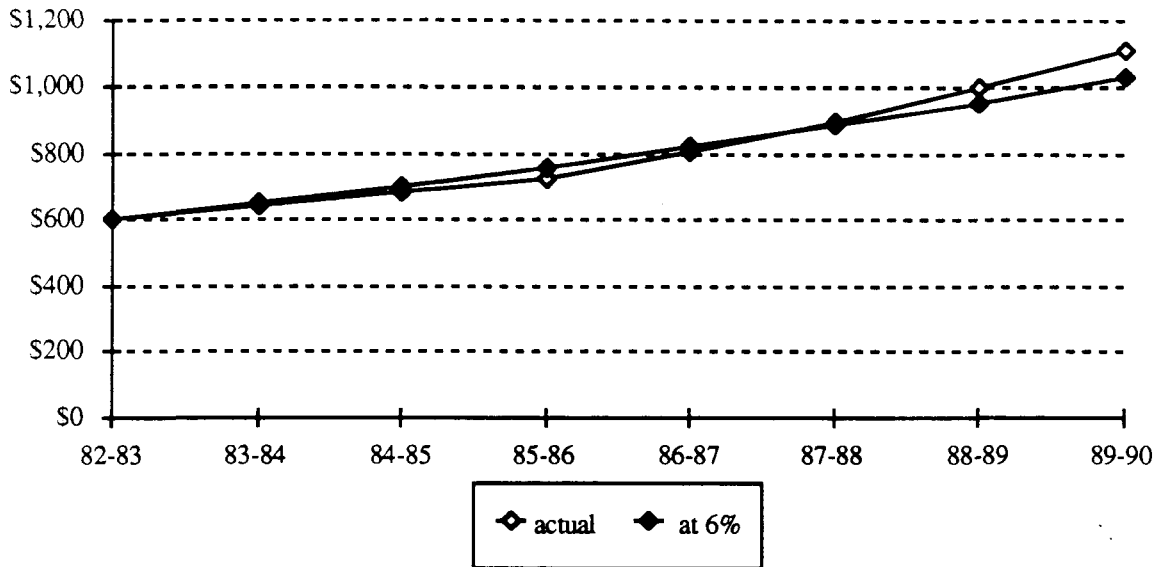


Figure 10
Actual Tax Base Growth Compared to 6% Annual Growth
Oregon School Districts
(in millions of dollars)



For counties, cities, and schools, tax bases have grown steadily while use of special levies has declined. Figures 9 and 10 compare actual tax base growth with growth at six percent per year. At the end of the period county tax bases were 6.5 percent more than they would have been at a six percent rate of increase, cities' were 15.0 percent higher, and schools 7.9 percent higher. Except for some city growth due to annexation, these increased tax bases reflect voter approval of more permanent taxing authority. Special levy use declined as new tax bases were approved. In FY 82-83, 34 percent of the county levies were special levies but in FY 89-90 only 11 percent were. For cities special levy use declined from 32 percent to 11 percent of all levies and for schools from 30 percent to 8 percent.

CONCLUSIONS

Between 1982 and 1989 total property taxes levied increased by over 40 percent while assessed values rose by only 20 percent. Estimated true cash value, despite considerable growth in parts of the state, was actually less at the end of the period than it was at its peak in 1983. The growth in tax base levies exceeded the six percent limitation as voters approved larger tax base levies in some jurisdictions.

USE OF PROPERTY TAXES BY THE SELECTED STUDY JURISDICTIONS

PROPERTY TAX LEVIES OF SELECTED JURISDICTIONS

Property taxes levied by individual jurisdictions may follow quite different patterns from the aggregate as shown in Figures 11 through 14 for the counties, cities, schools, and special districts selected for detailed analysis in this study. These jurisdictions were selected because they were growing; other jurisdictions with stable or declining populations might have different tax levy patterns.

Counties

Figure 11 shows the two counties in the study, Washington and Lincoln. For all except the last year, Lincoln County levied only the tax base levy. Washington County used special levies for both operations and capital improvements until a new tax base was approved in FY 87-88. After adopting the new tax base, special levy use was mainly for capital projects. For example, the county has had two serial levies for a Major Street Transportation Improvement Program. Both counties increased debt levy use in FY 89-90.

Figure 11a
Property Taxes Levied by Washington County
(in millions of dollars)

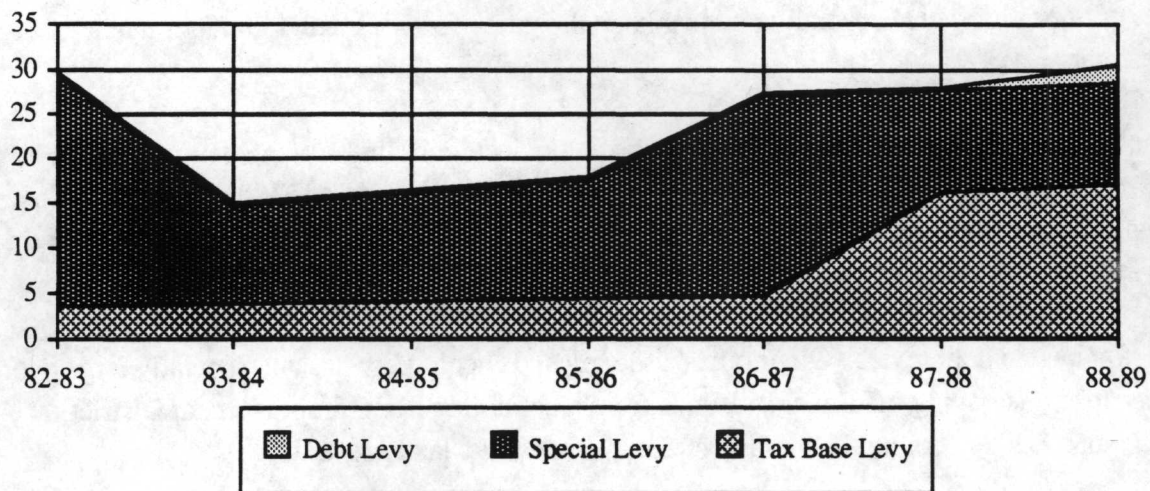
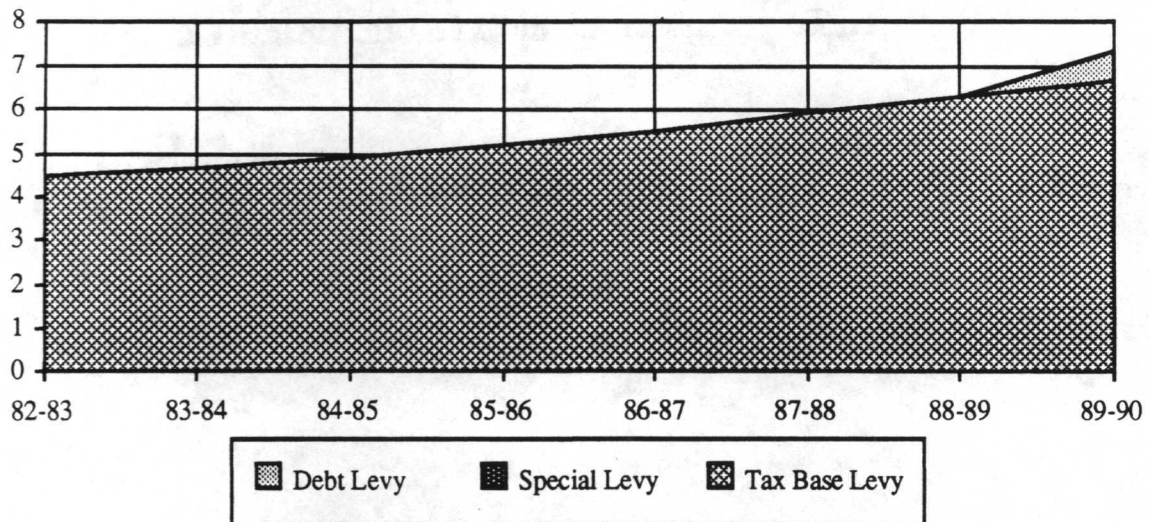


Figure 11b
Property Taxes Levied by Lincoln County
(in millions of dollars)



Cities

The cities show quite different patterns of use of levies as illustrated in Figure 12. All of the smaller cities--Tualatin, Cornelius, Newport, and Lincoln City--adopted new tax bases during the period while the larger cities--Portland, Gresham, Beaverton--had tax base growth only because of annexation and the six percent increase. Some cities like Beaverton effectively had increases in their tax base because they did not levy the entire authorized amount throughout the period. The effects of annexation are especially noticeable on the graph for Gresham with its irregular rate of tax base increase.

Gresham and Beaverton rarely or never use special levies. Portland's special levy use declined in FY 87-88 and FY 88-89. A major street light levy expired at the end of FY 86-87 without voter approval of a new levy. The smaller cities' use of special levies declined as new tax bases were approved.

Beaverton has no debt levies. Other cities' use varies. Lincoln City has an especially large debt levy because it is paying off Bancroft Bonds from a defaulting Local Improvement District. Tualatin also has a substantial debt levy in comparison to its tax base levy.

Figure 12a
Property Taxes Levied by the City of Portland
(in millions of dollars)

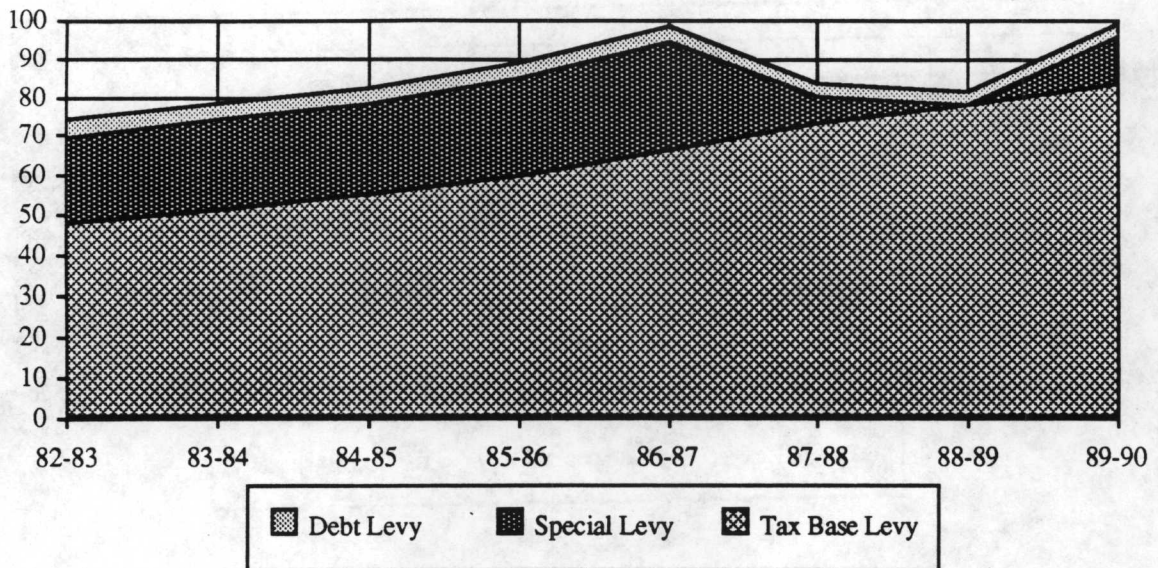


Figure 12b
Property Taxes Levied by the City of Gresham
(in millions of dollars)

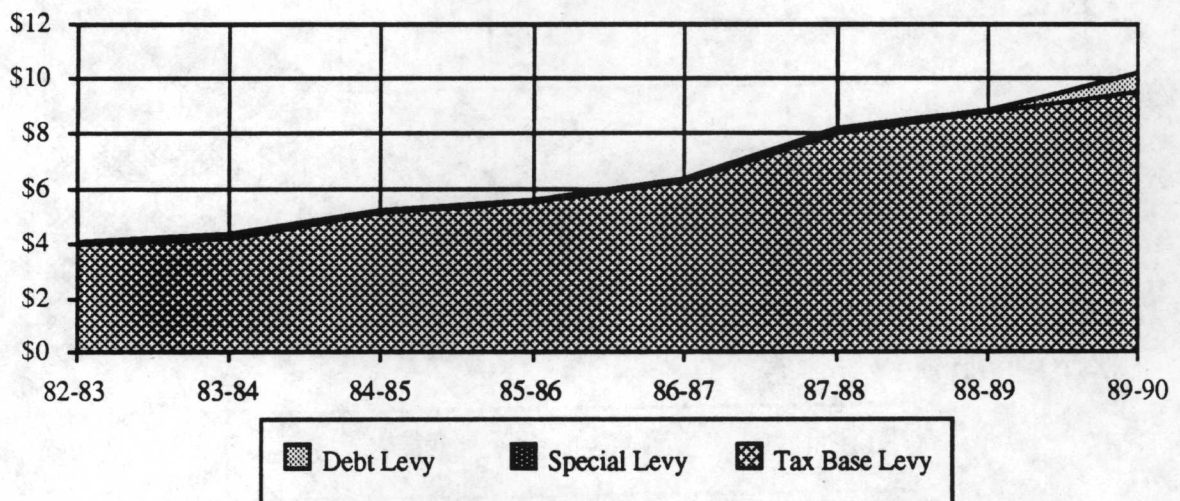


Figure 12c
Property Taxes Levied by the City of Beaverton
(in millions of dollars)

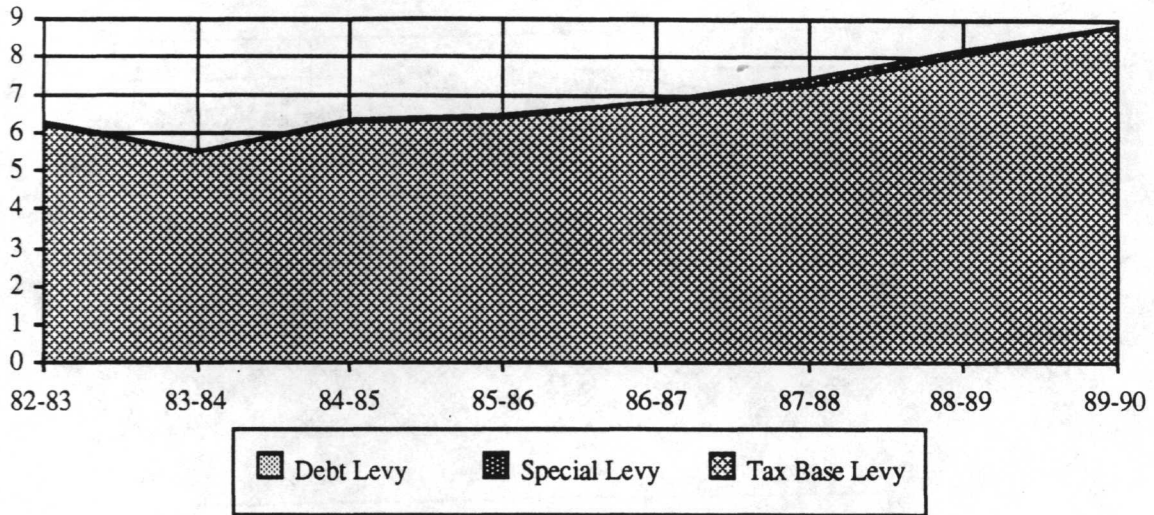


Figure 12d
Property Taxes Levied by the City of Tualatin
(in millions of dollars)

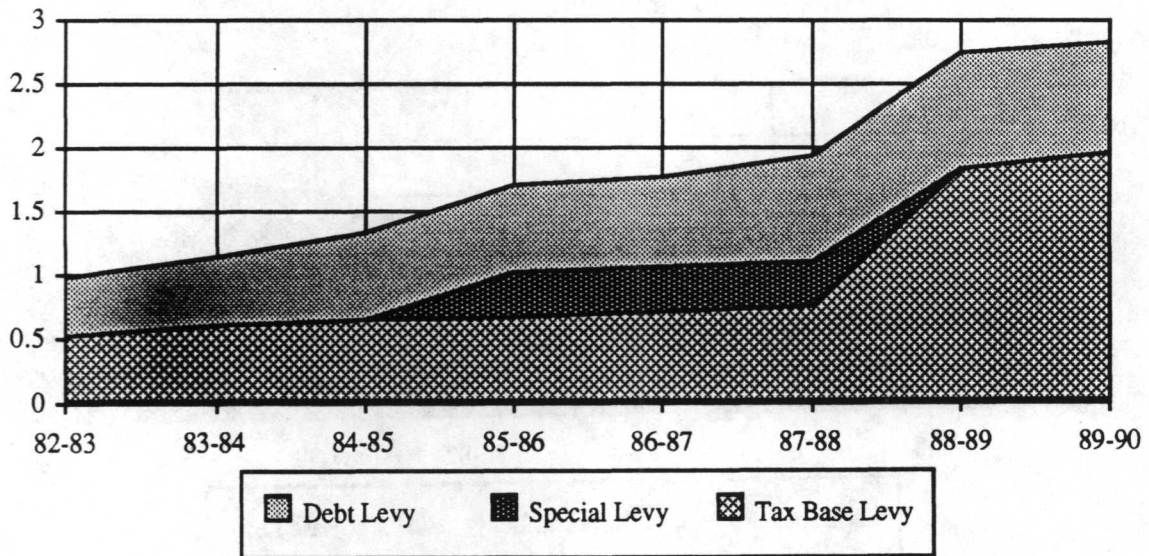


Figure 12e
Property Taxes Levied by the City of Cornelius
(in \$10,000's)

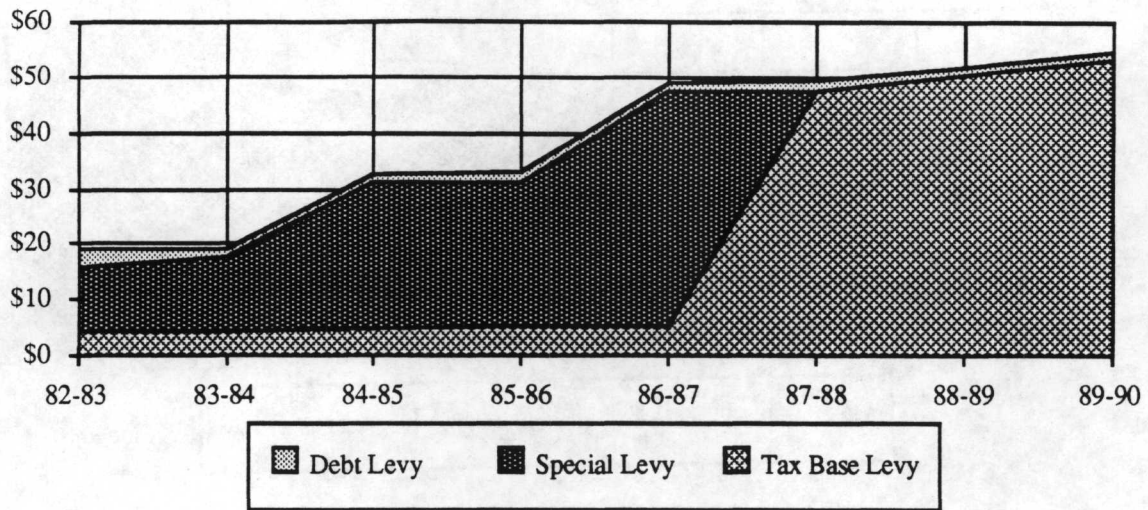


Figure 12f
Property Taxes Levied by Lincoln City
(in millions of dollars)

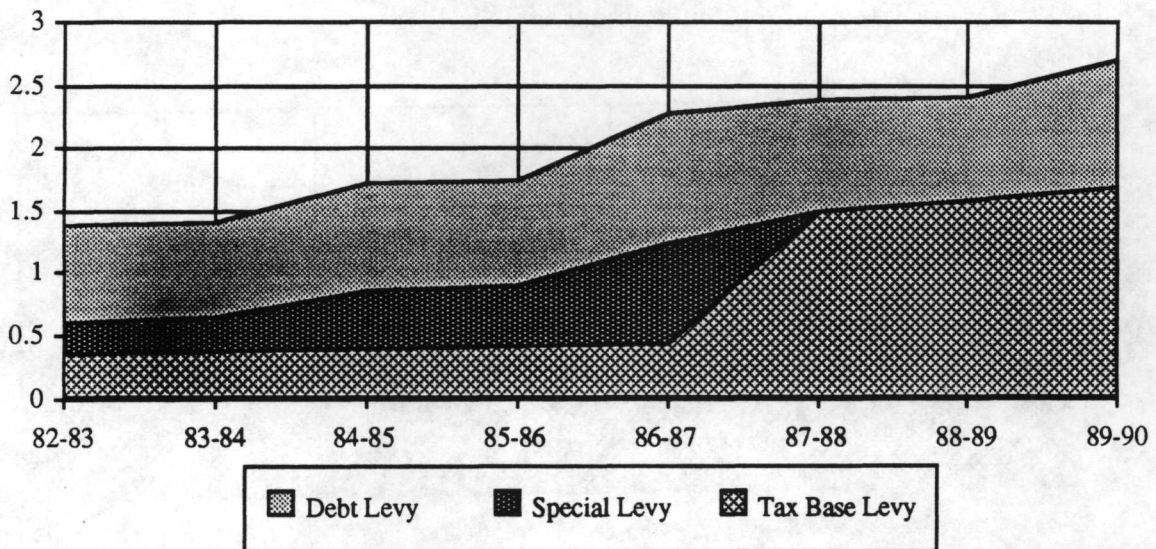
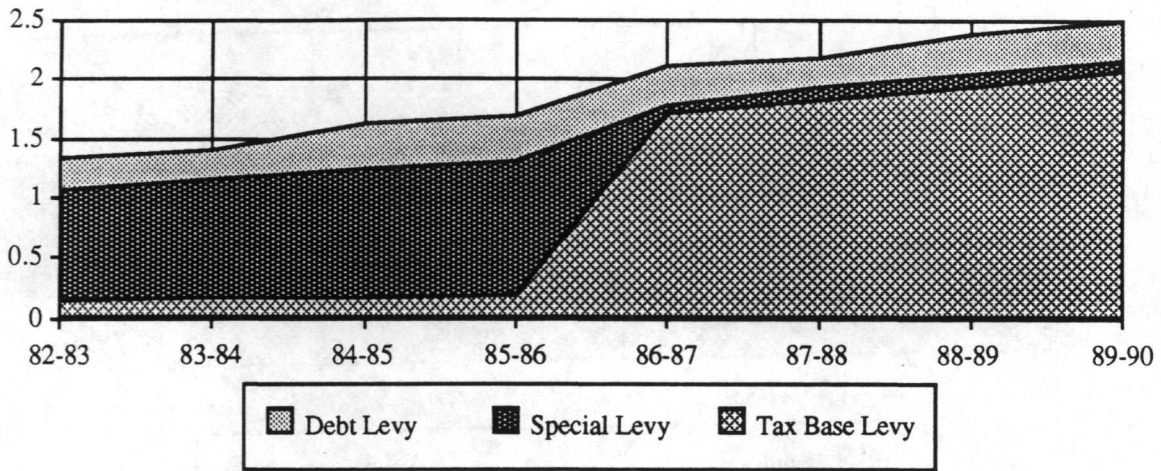


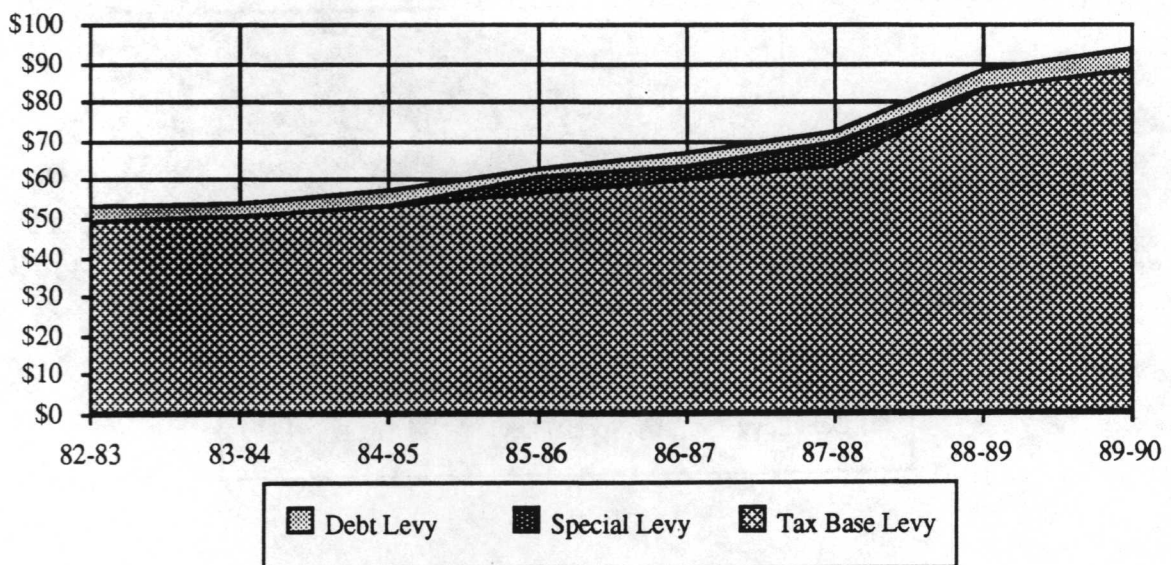
Figure 12g
Property Taxes Levied by the City of Newport
(in millions of dollars)



School Districts

The Beaverton School District, shown in Figure 13, has mainly lived within its tax base using small special levies for three years until a new tax base was approved. Only a small portion of their property tax levy is for debt payment.

Figure 13
Property Taxes Levied by the Beaverton Public Schools
(in millions of dollars)



Special Districts

The two special districts, Unified Sewerage Agency in Washington County and Kernville-Gleneden Beach-Lincoln Beach Water District in Lincoln County, shown in Figure 14, used property taxes exclusively for debt payment. The water district paid off its general obligation debt (although it has subsequently passed another debt levy), while the sewerage district is still making payments. The sewerage district intends to back bonds with user charges in the future and not depend on property taxes.

Figure 14a
Property Taxes Levied by Kernville-Gleneden-Lincoln Beach Water District
(in \$10,000's)

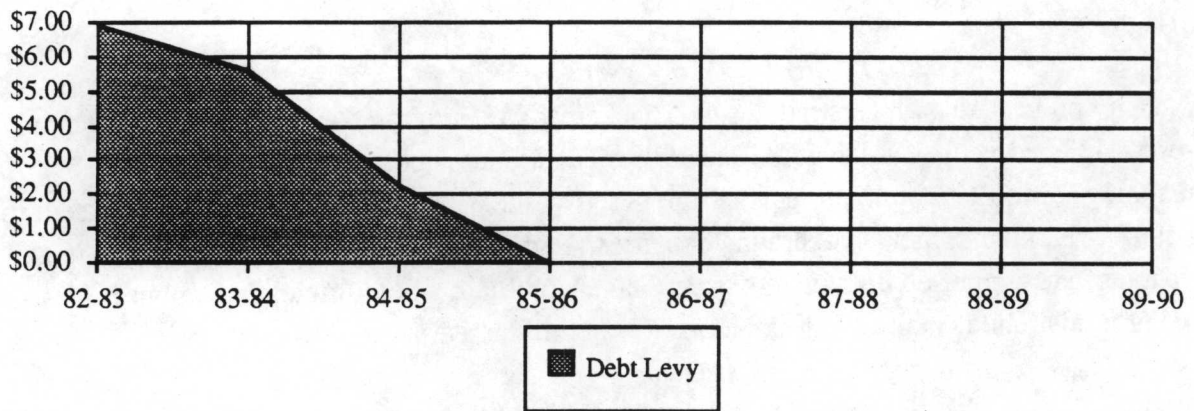
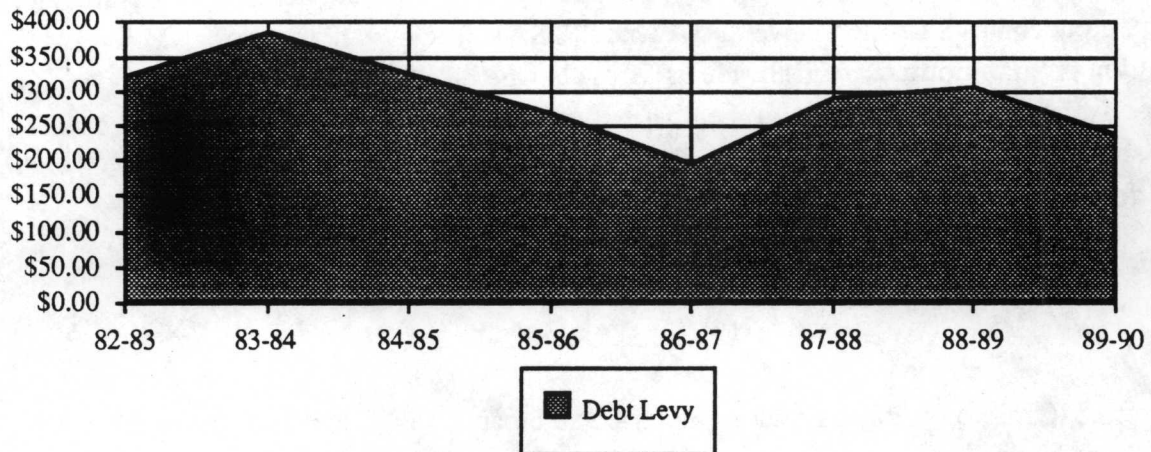


Figure 14b
Property Taxes Levied by the Unified Sewerage Agency
(in millions of dollars)



USING PROPERTY TAXES FOR INFRASTRUCTURE FINANCE

The budgets of the selected jurisdictions were examined to try to determine the proportion of infrastructure funding from property taxes and from other sources. Because of the great variety of budgeting formats and procedures, we were unable to develop a composite picture. Instead, the city of Tualatin's infrastructure budget is used as an example of how smaller, growing cities fund infrastructure and allocate these funds to ongoing expenses and capital improvements. This is followed by a more general discussion of the revenue sources allocated to infrastructure by counties, schools, and special districts.

Cities

The City of Tualatin, which straddles the Clackamas-Washington County line, has grown rapidly from 7,483 people in 1980 to 13,340 in 1989. Tualatin uses both pay-as-you-go and debt financing for infrastructure projects. Table 3 shows the pay-as-you-go funds which, except for Parks Development, include operating expenses. Parks operations and maintenance are in a separate fund supported by transfers from the general fund, a hotel-motel tax, and user fees. Because this fund is mainly for operations it is not discussed in detail in this report.

The city also uses Local Improvement Districts (LID's) and tax increment financing districts for selected projects. These districts use debt financing backed by revenues to complete projects. Tualatin has also used general obligation bonds to finance a library and water systems improvements and has a debt levy to pay the principal and interest. Table 4 summarizes LID, Bancroft bond, tax increment financing, and GO bond debt budgets.

Two special districts serve parts of the city--the Tualatin Hills Park and Recreation District and Washington County's Unified Sewerage Agency (USA). The city, however, has a city parks and recreation program for most of its residents. It is also the billing agent for all sewer and storm sewer charges and is responsible for the distribution system. The budget includes payments to USA and to Lake Oswego for sewage treatment and storm water management. Residents within USA do pay additional property taxes for USA's general obligation debt.

Pay-As-You-Go Funds

Tualatin's \$10 million in pay-as-you-go funds are summarized in Table 3.

Table 3

**TUALATIN PAY-AS-YOU-GO INFRASTRUCTURE BUDGET
FY 90-91**

	<u>Water</u>	<u>Sewer</u>	<u>Roads</u>	<u>Storm Sewer</u>	<u>Parks Dev.</u>	<u>Total</u>
<u>REVENUE SOURCES</u>						
Beg. Balance	48%	16%	33%	10%	33%	33%
User Charges	38%	52%	18%	54%		34%
New Dev. Fees	11%	27%	10%	27%	6%	15%
Interest	3%	1%	2%	2%	3%	2%
Misc.		4%	5%	8%		2%
Property Taxes					43%	6%
State Gas Tax			28%			5%
County Gas Tax			3%			1%
Grants					16%	2%
Total	100%	100%	100%	100%	100%	100%
<u>EXPENDITURES</u>						
Materials&Serv	24%	65%	26%	31%	3%	33%
Transfers	24%	13%	23%	29%	0%	18%
Systems Imp.	31%	16%	31%	22%	88%	34%
Other Capital	1%	0%	1%	0%	0%	0%
Contingency	20%	6%	19%	17%	9%	15%
Total	100%	100%	100%	100%	100%	100%
<u>AMOUNT BUDGETED</u> (in thousands of dollars)						
Total Budget	\$3669	\$2692	\$1970	\$560	\$1346	\$10237
Systems Imp.	\$1139	\$435	\$614	\$125	\$1181	\$3494

Source: City of Tualatin Fiscal Year 1990-91 Budget

Revenues. Like other cities interviewed Tualatin depends primarily on user charges and fees rather than property taxes for pay-as-you-go infrastructure funds. User charges include the usual water, sewer, and storm sewer charges plus a street utility fee. Sewer and storm sewer charges for residents within USA are set by USA, but collected by the city. Up to 54 percent of the funds available for any infrastructure fund come from user charges, with an average rate of 34 percent.

New development fees are variously called connection fees, traffic impact fees, and systems development charges. The traffic impact fee is the recently adopted Washington county fee, and the sewer and storm sewer connection fees are those set by USA for the entire urbanized area of Washington County. The city also charges new development fees for water and road connections

and parks systems development. All charges from new development must be spent on connecting new development to existing systems or for additional capacity needed because of growth. On average, 15 percent of the infrastructure budget is from new development charges.

Taxes provide only 12 percent of the pay-as-you-go infrastructure funding, with about half from property taxes and half from state and county gas taxes. Property taxes are from a parks development special levy, and they account for 43 percent of the revenue available to this fund. State and county gas taxes fund about one-third of the road budget.

Expenditures. It is difficult to clearly separate operating from capital improvement expenses. Materials and services is basically an operating account but in the sewer fund includes payments to USA and Lake Oswego, and they may spend some of the revenue on capital improvements. Water fund transfers are both for operating expenses and partial payment of general obligation debt for previous capital improvements. The table and discussion therefore only provide approximations of operating and capital improvement expenditures.

Operating expenses are basically in the materials and services, transfers, and other capital (equipment) accounts. Sewer materials and services expenses are high because payments to USA and Lake Oswego are included. Transfers include funds to operations, engineering, and administration for personnel and other operating expenses. In addition \$10,000 of the road fund is transferred to the LID fund for start-up costs and \$104,000 of the water fund is transferred to the General Obligation Debt Fund. Overall, materials and services, transfers, and other capital account for 51 percent of the budgets.

Because the parks development fund does not include operating expenses, most of this fund is for systems improvements. On average, systems improvements total 34 percent of the budgets with rates ranging from 16 percent for sewers (where other jurisdictions have responsibility for treatment facilities) to 88 percent for parks development.

Other Infrastructure Financing Mechanisms

The budget for other infrastructure financing mechanisms is in Table 4.

Table 4

**TUALATIN BUDGET FOR OTHER INFRASTRUCTURE FINANCING
MECHANISMS, FY 90-91**

	<u>LID</u>	<u>Bancroft Bond</u>	<u>Urban Renewal</u>	<u>GO Debt</u>
<u>REVENUE SOURCES</u>				
Beg. Balance	4%	58%	67%	31%
Interest	1%	39%	4%	3%
Property Tax				59%
Transfers	1%	3%	2%	7%
Sale of Bonds & Warrants	94%		12%	
Tax Increment			11%	
Miscellaneous			4%	
Total	100%		100%	99%
<u>EXPENDITURES</u>				
Materials&Services	12%		3%	
Systems Imp.	80%		23%	
Interest on Warrants	2%			
Debt Service		49%	31%	70%
Transfers			2%	
Contingency	6%	50%	41%	29%
Total	100%	99%	100%	99%
<u>AMOUNT BUDGETED</u> (in \$1000's of dollars)				
Budget	\$769	1,250	\$14,218	\$1,533
Systems Imp.	\$615		\$3,283	

Source: City of Tualatin Fiscal Year 1990-91 Budget

Local Improvement Districts and Bancroft Bonds. While the city has used LID's for water, sewer, and road projects, the current year activity shown in Table 4 under LID is a road construction project. Most income is from construction warrants and most expenditures are for construction and right-of-way purchase. Bancroft Bonds were used to finance earlier LID projects and are being paid with LID assessments as the Bancroft Bond budget shows.

Urban Renewal - Tax Increment Financing. The Tualatin Urban Renewal Agency has responsibilities for two districts--the Central Urban Renewal District and the Leveton Tax Increment District. The Central district accounts for 84 percent of the urban renewal budget. This budget has a large beginning balance with additional revenue from the two districts' property tax increment and the sale of bonds.

The tax increment is the amount of property taxes generated by increases in assessed value above each district's Certified Frozen Base. These taxes are collected outside the six percent limitation since the increased assessed value within the districts is not considered when tax rates for the city or any overlapping taxing district are determined. The tax increment can only be spent within the urban renewal district in which it is generated. Funds are spent primarily on debt service and infrastructure improvements.

General Obligation Debt

As Figure 12 showed earlier, Tualatin has substantial general obligation debt. Property taxes in the form of debt levies plus a small transfer from the water fund pay the principal and interest on this debt, as the GO Debt column in Table 4 indicates.

Summary of Infrastructure Budget

Table 5 summarizes Tualatin's infrastructure budget. Half the budgeted funds were brought forward from the previous year. The largest sources of new revenues are user charges (12 percent of budgeted revenue), property taxes in various forms (11 percent), sale of bonds and warrants (9 percent), and new development charges (6 percent). All of the property taxes are levied outside the six percent limitation as special levies, debt levies, or tax increments. These property taxes add up to about \$3 million, considerably more than Tualatin's \$1.9 million tax base levy. Major expenses are systems improvements (26 percent) and debt service (22 percent). If materials and services and transfers are considered operating expenses, about the same amount was budgeted for operations as for debt service.

Table 5

SUMMARY OF TUALATIN'S INFRASTRUCTURE BUDGET, FY 90-91
(in \$1000's of dollars)

	<u>Budget</u>	<u>% of Budget</u>
<u>REVENUE SOURCES</u>		
Beg. Balance	\$14,109	50%
User Charges	3457	12%
New Development Fees	1,568	6%
Property Taxes		
Park Levy	573	2%
Debt Levy	900	3%
Tax Increment	1,560	6%
Gas Taxes	628	2%
Sale of Bonds & Warrants	2,441	9%
LID Assessments	492	2%
Other	2,279	8%
Total	\$28,007	100%
<u>EXPENDITURES</u>		
Materials & Services	\$3,921	14%
Transfers	2,128	8%
Other Capital (Equipment)	52	0%
Systems Improvements	7,392	26%
Debt Service & Interest on Warrants	6,085	22%
Contingency & End. Bal.	8,432	30%
Total	\$28,010	100%

Source: City of Tualatin Fiscal Year 1990-91 Budget

Summary

In Tualatin, as in most other cities interviewed, the six percent limitation is not constraining infrastructure provision because the city has decided to fund infrastructure entirely outside their tax base levy. They utilize most other options available including special levies, general obligation debt, user charges, new development fees, LID's, tax increment financing, and special districts. Of the new revenue sources, 22 percent are from property taxes, 24 percent from user charges, 18 percent from sale of bonds and warrants, 12 percent from new development charges, and 24 percent from miscellaneous other sources.

COUNTIES

Counties are not as involved in infrastructure provision as cities. The two counties selected for interviews, Lincoln and Washington, provide county roads. They rely on special districts such as water and sewer districts to provide other needed infrastructure.

Table 6 summarizes county road budgets in the state of Oregon for FY 89-90. Expenditures and revenues in Table 6 do not equal each other because beginning and ending balances and contingency funds are not included in this table.

Table 6

OREGON COUNTY ROAD BUDGETS - FY 89-90

(in millions of dollars)

	<u>Budget</u>	<u>% of Budget</u>
<u>Revenues</u>		
Local Revenues		
Non-Road (Special Assessments and General Fund)	\$26	11%
Road User Taxes	9	4%
Receipts from other local governments	3	1%
Sale of bonds and notes	6	3%
Other	3	1%
State Highway and Other Aid	75	31%
Federal Sources		
Federal Aid to Highways	23	10%
National Forest Timber Sales	90	38%
Other	4	2%
Total	\$239	100%
<u>Expenditures</u>		
Operations and Maintenance	\$89	35%
Repair and Preservation	44	17%
Construction and Expansion	70	27%
Administration	19	7%
Debt Service	4	2%
Payments to other governments	28	11%
Other	1	0%
Total	\$255	100%

Source: Making the Right Turn: Progress Report, 1989, Appendix.

Revenues. Non-local revenue sources dominate county road budgets. Property taxes are included in the first line item, Non-Road Revenue, and are not a major source of revenue. Overall, counties are highly dependent on National Forest timber sales for financing roads, a source not directly available to cities. This varies depending on the amount of National Forest land and the timber sale activity within each county; five counties contain no National Forest lands and must rely totally on other revenue sources for roads. State highway aid, mostly the local share of the gas tax, is the second largest source of revenue. Local sources, especially special assessments and general fund revenue, are the third main source. Federal highway aid is the fourth source.

Expenditures. Counties budget priorities appear to be operations and maintenance, construction and expansion, and repair and preservation in that order with smaller amounts for administration and payments to other governments such as cities, the state, and other local agencies.

SCHOOLS

The only source of revenue for school construction is the property tax, making school districts the only type of local government which makes extensive use of property taxes for infrastructure. School construction is generally financed with debt levies outside the six percent limitation. Temporary arrangements such as portable classrooms may, however, be financed within the six percent limitation.

SPECIAL DISTRICTS

Although Figure 14 indicated some use of tax base and special levies by water and sewerage districts, neither of the selected districts use these levies. They have both used debt levies for major facilities, the major use of property taxes by water and sewerage districts. The Washington County Unified Sewerage Agency intends to use only revenue bonds once the current general obligation bonds are paid off. In areas with many second homes, such as the Kernville-Gleneden Beach-Lincoln Beach Water District, general obligation debt paid with property taxes may be more popular with full-time, voting residents than raising water rates to pay for revenue bonds.

CONCLUSIONS

Individual jurisdictions' use of property taxes do not necessarily follow the aggregate pattern for each type of jurisdiction. However, property taxes are not a major source of revenue for infrastructure development or maintenance. Most of the property taxes that are used are outside the six percent limitation. Schools are the one type of local government highly dependent on property tax revenues for infrastructure. Cities, counties, and special districts also use property taxes for parks, libraries, and police and fire stations.

EFFECTS OF THE SIX PERCENT LIMITATION ON ANNEXATION

None of the cities interviewed has explicit policies about the stage in the development process when they should annex land. The larger cities, which are also more active at annexation, indicated a preference for annexation after the development of infrastructure. But other policies such as city-county agreements may not allow this. Smaller cities, which sometimes are inactive on annexation, prefer annexing before development so that infrastructure will be built to community standards.

Annexation is a complex, multi-faceted process, and tax base growth is only one issue. If a city annexes land prior to development, it controls the standard of development, but may incur costs for infrastructure and will add less to its tax base. If it annexes after development, the city's tax base will grow more at the time of annexation, but the county may have set lesser standards than the city prefers for the development.

Annexation in the selected cities typically occurred before full development. In some cases, intergovernmental agreements control when annexation occurs. In Multnomah County, the urban services agreement of the cities and county stipulates that only cities provide urban services. Therefore, if an area's residents desire an urban level of infrastructure, they must annex to a city to obtain it.

But the city of West Linn recently decided to delay the annexation of a developing area until after development because of the substantial differences in values added to the tax base before and after development. This was a change from their usual early annexation to control standards for West Linn.

Some of the cities interviewed were not pursuing annexation at this time. Cornelius has adopted a moratorium on annexation, and Lincoln City and Newport have only annexed small areas. The six percent limitation may be a factor discouraging annexation. This may make it more difficult to accomplish the Statewide Planning Goal 14 objectives of orderly and economic provision of public facilities and services and maximum efficiency of land uses. However, the complexity of these issues and the limited focus on annexation of this study do not allow us to draw a definitive conclusion.

ALLOWING TAX BASES TO RISE WHEN GROWTH OCCURS

Allowing tax bases to increase by a proportion of the value of new development within a jurisdiction would increase the property taxes revenue growing cities could raise. This is illustrated in Figures 15 and 16 for the cities of Gresham and Newport. Gresham could increase its actual tax base by about 12 percent over a four year period and Newport by about nine percent by adding the proportionate value of new development.

Figures 15 and 16 start at a base year and then calculate tax rates under four scenarios. One line shows a simple six percent per year increase. Another shows the actual tax base growth which deviates from the six percent line because of annexation. Newport annexed little territory while Gresham was actively adding to the city through annexation. Two other lines show the effects of exempting new development from the tax base--one ignoring and one including annexation.¹

While adjusting the tax base for growth would increase property tax revenues in growing areas, it is not the only way to increase the tax base. As noted earlier, all of the smaller, growing cities interviewed increased their tax bases by getting voter approval for larger ones. Adding new value annually would, however, provide a gradual increase in the tax base as growth occurs while tax base approvals generally occur only when there is substantial need.

Furthermore, new property tax revenues obtained by increasing tax bases probably would not be used for infrastructure development. None of the jurisdictions interviewed felt that the six percent limitation was limiting their ability to finance infrastructure. They do not depend on the tax base levy as a major source of revenue for infrastructure. The six percent limitation has more impact on other governmental services financed in the general fund, and exempting new development from the limitation would make it easier for cities to finance other services like police and fire protection. It would also remove one issue from annexation decisions, simplifying those decisions.

¹ Data on the assessed value of new development was not available for this analysis. The value of building permits for new construction, compiled by the Oregon Housing Agency, was used as a proxy. Projects issued building permits during the calendar year were assumed to be completed and worth their permit value on July 1 of the following year when the tax base is determined. Some projects could, of course, take longer, never be built, or change in value and some would be exempt from taxes. These adjustments were not considered nor was the considerable value of alterations, especially in the non-residential sector. The addition to the tax base for new development was calculated in the same way as the annexation addition is figured.

Figure 15

Tax Base Growth in Gresham Under Various Scenarios
(in millions of dollars)

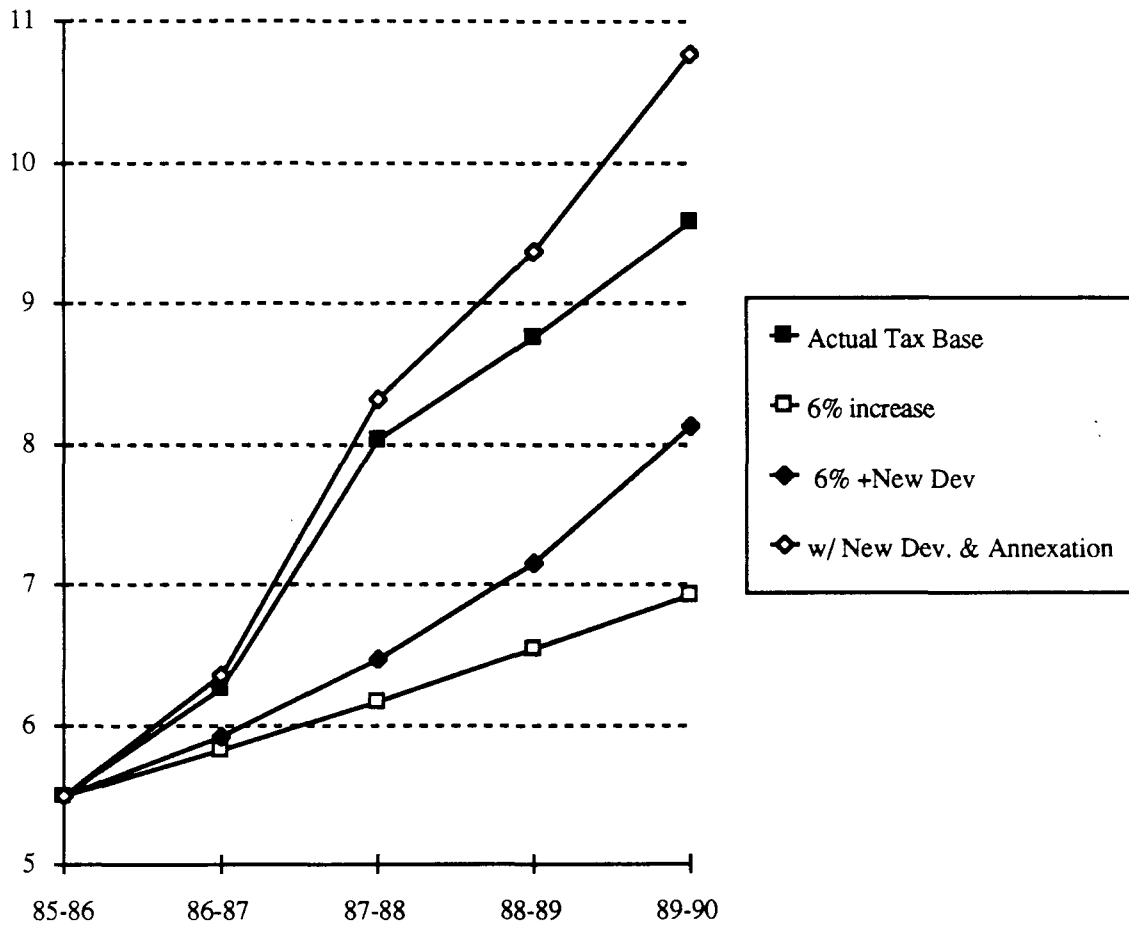
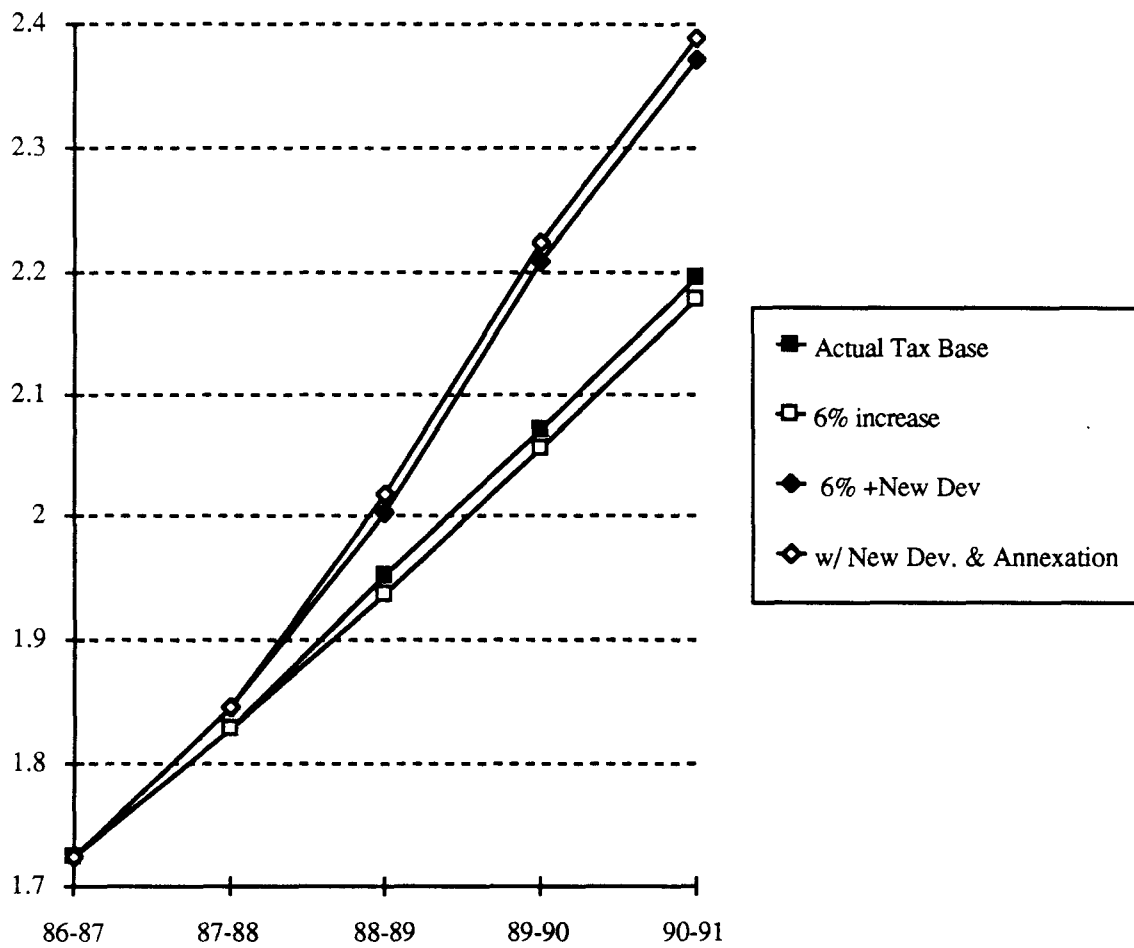


Figure 16

Tax Base Growth in Newport Under Various Scenarios
(in millions of dollars)



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APPENDIX 1

LOCAL OFFICIALS INTERVIEWED

Cities

Beaverton - Odie Sarmiento, Finance Director
Cornelius - Jerald Taylor, City Manager
Gresham - Greg DiLoreto, City Engineer
Lincoln City - Richard Ullian, Director of Planning, and Bill Works, City Recorder/Finance Director
Newport - Kenneth Hobson, Director of Community Planning and Development
Portland - Robert Stacey, Acting Planning Director
Tualatin - Marilyn Matthias, Finance Director

Counties

Lincoln County - Matthew Spangler, Director of Planning
Washington County - John Rosenberger, Deputy Director of Land Use and Transportation

School Districts

Beaverton - Steve Gray, Executive Director of Business Services

Special Districts

Kernville-Gleneden Beach-Lincoln Beach Water District - Harold Haight, Manager
Unified Sewerage Agency - Robert Swenson, Manager of Administrative Services

APPENDIX 2

DESCRIPTION OF INTERVIEWS

In order to supplement the larger study, twelve jurisdictions in growing urban areas were selected for more detailed analysis. Both special districts and full service municipalities were chosen. Small and large jurisdictions were also included. The jurisdictions were selected in order to better understand infrastructure finance in growing areas. This sample provides a taste of the local government perspectives on infrastructure finance and growth but cannot be considered definitive because of the small size of the sample.

A key person who was familiar with the financing of infrastructure within each jurisdiction was contacted and interviewed. In several instances, the finance director was selected; however, in a number of jurisdictions, the city manager or the planning director was the person of contact because of availability and knowledge.

Using a structured in-depth interview format, these individuals were questioned about the sources of revenue and financing mechanisms used by the jurisdiction, the factors contributing to the demand for new infrastructure, the overall problems of maintaining and providing infrastructure, the relationship of growth to infrastructure development, and the role of the state in providing assistance to the jurisdictions.

While the information gathered is detailed, it is for the most part qualitative. Interviewees were asked to recall information and judgements were requested. Their responses should not be assumed to represent the perspective of the elected officials or the people within the jurisdiction as we have sought information from public administrators only.

A brief discussion of each selected jurisdiction follows.

COUNTIES

Lincoln County grew by 12% in the 1980's¹ but is for all practical purposes out of the business of providing infrastructure with the exception of the county jail. The county has a policy of maintaining roads and not funding infrastructure development to support growth and development. The county regulates the provision of new infrastructure through its land use approval function. It requires developers to provide the infrastructure and for mechanisms to be established either by annexation or by creation of special districts to maintain the roads. The only sources of revenue are from the local share of state gas tax and state timber sales.

Washington County is heavily involved in the process of maintaining and providing roads. There was 20% growth in the population during the 1980's which the County believes it has managed. However, the county is confronted with problems from growth which occurred in the 1960's when there was little response from the County in terms of providing adequate infrastructure.

¹ All population growth estimates are from Center for Population Research and Census, Portland State University, 1990, Population Estimates for Oregon, 1980 -1989.

CITIES

Beaverton, population 44,265, has undergone considerable growth (39% increase) in the last decade. The city provides streets, water, sewer and storm drain collection, libraries, and police and fire stations. Most of the city's infrastructure is relatively new.

Cornelius is a small Washington County community (population 5,105) which grew by 14% over the last decade. The city provides water distribution, sewer collection, storm drainage, parks, a library, and police station. The infrastructure system is barely adequate and needs improvement.

Gresham is a fast growing community. In the decade of the 1980's, the municipality's population grew by 98% from 33,005 to 65,470. Most of this growth was the result of annexation. The infrastructure is relatively new and in good shape. Gresham provides streets, sewer, water, storm drainage, parks, and police and fire stations.

Lincoln City, population 8,710, had 16% growth in the 1980's. The city provides sewer, water, streets, storm, drainage, parks, libraries, and police stations. All of the systems are relatively old. The city is still burdened with debt incurred when it used Bancroft bonds to finance infrastructure on undeveloped properties and the developer defaulted on the bonds.

Newport is a relatively stable, working community located in Lincoln County on the coast. Newport is a full service city. Of moderate size, the city has grown from 7,519 to 8710, or by approximately 16%, between 1980 and 1990. Infrastructure is for the most part older.

Portland is the largest city in the State and provides full services to its citizens. (Libraries, however, are provided by Multnomah County.) While the infrastructure is older, it is not as old as in some eastern cities. Portland grew by 17.39% from 368,139 to 432,175 during the 1980's. Annexation contributed substantially to its population growth.

Tualatin is a fast growing community in Washington County. From 1980-90 the population increased from 7,483 to 13,340, or by 78%. Providing streets, water, sewer and storm drainage collection, parks, library, and police station, the infrastructure of the community is quite new and in good shape.

SPECIAL DISTRICTS

The Kernville-Gleneden Beach-Lincoln Beach Water District in Lincoln County has a service base of 17,000 residential units, most of which are vacation homes. Its voting population numbers approximately 1,000. Its main service is water; however, it also provides sewers for nearby areas.

The Unified Sewerage Agency is a very large service district which provides sanitary sewage and storm water management within the urbanized area of Washington County. Sewer and storm water treatment is also provided to 12 cities within the area. Formed in 1969, the agency brought together 26 separate sewer districts. The agency is governed by the County Commissioners, but its budget is independent of the County's.

SCHOOL DISTRICTS

The Beaverton School District, the only school district interviewed, has grown over the last decade from 22,000 students to 28,000 students.

APPENDIX 3

Protocol: Infrastructure Funding/Growth Management

NAME _____ DATE _____

BACKGROUND

We will begin with a few general questions and then have you focus on several specific questions regarding revenue mechanism.

1. Please describe the types of infrastructure which your jurisdiction provides.

2. How would you evaluate the level and quality of infrastructure provided in your community?

- a. Needs improvement
- b. adequate
- c. in very good shape

Probe: what are the problems and/or why?

3. How would you evaluate your general capacity to fund infrastructure in your community.

- a. good shape
- b. fair
- c. struggling

Probe: mechanisms which the jurisdiction relies on and problems or strengths.

FINANCING PREVIOUS NEW INFRASTRUCTURE

4. What types of infrastructure have you built or acquired in the last five years? (Keep in general terms)

5. What sources of revenue/ financing mechanisms did you use to fund these additions?

6. What factors contributed to the use of these financing mechanism/sources of revenue?

7. Were other mechanisms considered?

a. What were they?

b. Why weren't they used?

8. How does your jurisdiction fund maintenance of infrastructure?

Probe: gas tax

9. Is maintenance and replacement a larger expense than new infrastructure?

10. Would it be possible to free the sources of financing for maintenance for use in funding new infrastructure development?

11. What are the most important aspects of the current financing situation which you would like to see changed.

GROWTH QUESTIONS

12. Please describe the type of growth that has occurred in your jurisdiction over the last few years.

Probe for specific classification, e.g.,., residential, fringe, fill in etc.

13 Has growth affected your ability to provide adequate infrastructure?

If no, why not (probe: excess capacity, adequate revenue)

If yes, describe problems.

15. Has growth had an effect on the types of financing which the jurisdiction uses?

Probe: put strain on existing sources of revenue; led to consideration or use of other sources.

16. Do you anticipate future growth in the jurisdiction?

Probe: kind of growth

17. Will future growth affect your ability to provide adequate infrastructure?

18. Will future growth have an effect on the type(s) of financing mechanisms which the jurisdiction uses?

FACTORS AFFECTING DEMAND/PROVISION OF NEW INFRASTRUCTURE

19. A number of factors including growth determine the level of infrastructure which a jurisdiction needs to provide. What factors have been most important to your jurisdiction in the last five years. Please rank in order of importance.

--growth (kind)

--regulation changes

--aging infrastructure

--other

20. If your revenue sources are inadequate to meet your future needs, how will the jurisdiction respond.

21. What are the most important aspects of the current financing situation which you would like to see changed?

SPECIFIC REVENUE SOURCES AND FINANCING TECHNIQUES

Let's shift to more specific information about infrastructure funding.

1. Please review this list of ways to fund infrastructure and tell me which are applicable in your jurisdiction. Is the list missing any significant revenue sources or financing mechanisms that you could use?

2. Let's review the methods of funding new infrastructure that you currently use.

Then ask for more detailed information about methods used.

3. If uses property tax,

How dependent is your jurisdiction on the property tax for funding new infrastructure?

Is the 6% limitation on tax base increases affecting your ability to fund infrastructure with property taxes as your community grows?

4. If system development charges, ask

For which types of infrastructure to you have system development charges?

How long have you been using them?

Are you making any changes in your systems development charges because of the new state law (Systems Development Charge Act of 1989--goes into effect July 1991)?

5. How important are intergovernmental revenues for funding infrastructure development in your jurisdiction?

6. At the current time, approximately how much of your infrastructure development is funded from reserves, from current revenues, and from borrowing? Which method or methods does your jurisdiction prefer?

7. If has capital improvement fund(s), ask

METHODS OF FUNDING INFRASTRUCTURE DEVELOPMENT

REVENUE SOURCES

Local Determined Revenue Sources

Taxes

- Property
- Local Income
- Local Sales
- Dedicated excise tax
- Other _____

Fees

- User fees
- Hook-up fees
- Systems development charges
- Other _____

Intergovernmental Revenue

- Local portion of state gas tax
- Timber sales on federal lands
- Timber sales on state lands
- State grants
- State loans
- Federal grants or loans
- Other _____

FINANCE MECHANISMS

- Current Revenue
- Capital Improvement Fund
- General Obligation Bonds
- Revenue Bonds
- Certificates of Participation
- Special Assessment Districts
- Local Improvement Districts
- Urban Renewal Districts (Tax Increment Financing)
- Service Districts
- Other _____

NON FINANCIAL SOURCES OF INFRASTRUCTURE

- Exactions (for off-site infrastructure)

How are the funds raised and allocated?

Is the fund adequate for its purposes?

8. If uses bonds, ask

Do you originate the bond issues or do you participate in some other local pools?

For what sorts of projects do you use GO bonds? revenue bonds? How do you choose between these two types?

If uses revenue bonds, what sources of revenue are backing these.

9. If uses special assessments or local improvement districts, ask:

What types are used?

What type of infrastructure is financing with them?

How extensively are they used?

Are they used for new development? If not, why not?

10. If uses urban renewal, ask

What types of development used for?

How many districts has?

11. If uses exactions, are they negotiated on a case-by-case basis or are there specific rules which structure the exaction amount? Do exactions reduce impact fees, if also used?

12. Do any of the funding methods you use have shortcomings or obstacles to use that you would you like to see changed?

Turning to the mechanisms your jurisdiction does not use,
(Review from sheet)

13. Why doesn't your jurisdiction use certain revenue sources or finance mechanisms for infrastructure development? (Probe on

systems development charges, bonded indebtedness, local improvement districts, urban renewal).

14. Would any of these mechanisms be more attractive to your jurisdiction if there were changes in the authorizing legislation?

STATE ASSISTANCE

22. The state has the following programs to assist local communities in financing infrastructure.

---DEQ-Revolving Loan Fund

---Economic Development Department(EDD) Community development Block Grant program and Special Public Works Fund

---Department of Energy, Small Scale Energy Program

---ODT, Highway Opportunity Fund

---Department of Water Resources, Water Dev. Loan Prog.

Which of these programs have you used?

23. Does the design of state programs match your local needs for state assistance or would you like to see different programs?

24. Did you have any problems using these program (e.g., difficult to contact, unclear procedures etc).

25. If the state provided more of such programs would you use them?

26. State provides assistance to local communities in accessing capital markets by

---bond pooling

---giving technical assistance

---and through revolving funds

Which techniques have you used?

27. Which do you prefer?

28. Would you like to see these services for loans or bonds consolidated into a centralized program.

29. If not meeting needs, how could the state be of more assistance.

---information

---expertise

---change laws

---access capital markets

---other .

30. What kind of program would you design to provide more assistance?

31. If the state increased its assistance by accessing capital markets for local jurisdictions, would you use such a service?

32. What kinds of projects would you finance with this mechanism?

33. If the state provides this service would you be willing to incur more long term debt?
(revenue vs. go?)

34. If the state were going to increase assistance to communities, would the consolidation of services be helpful?

POLICY/PHILOSOPHY

1. What criteria does your jurisdiction use in deciding which revenue sources and finance mechanisms to use for infrastructure development? (benefits received, ability to pay, political expediency, fear that growth will go elsewhere, etc.)

2. What is your jurisdiction's policy or philosophy with regard to growth?

pro-----anti

encourage-----just happens-----manage-----restrict

3. How to you plan for future infrastructure needs? If has Capital Improvement Plan or equivalent, ask

How do you decide which projects to include in your plan?

Does your plan ensure sufficient funding for these projects?

How well has your infrastructure planning process worked?

4. Do the ways your jurisdiction funds infrastructure help satisfy your growth policy/objectives?

5. Would you like to see a better fit between your growth policy/philosophy and infrastructure funding? What changes at the local and state level would help you find that fit?

ANNEXATION QUESTIONS

Cities/ Counties

35. How much land has your city annexed in the last five years? (Or for counties, How much unincorporated land has been annexed by cities in the last five years.)

36. At what stage of development was the land you annexed?

37. Does you have a city policy about annexing land at a certain stage of development? I

If yes, what is it?

Why was the policy adopted?

Probe: see if explicit or otherwise policy on stage of development at which to annex.

38. In your opinion does deferring annexation until a parcel is fully developed create any problems with accomplishing the objectives of statewide planning Goal 14 (orderly and economic provision of public facilities and services and maximum efficiency of land use within and on the fringe of existing urban areas).

If problems indicated: how could they be solved?

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