

POSSIBLE LOCAL REVENUE SOURCES FOR COUNTIES

Counties have several revenue raising options available which in most instances require a countywide vote unless the county's home rule charter or the state statutes authorizes the enactment of a revenue measure without a vote. The following is a partial list of other revenue-raising measures available to counties:

- **Local Option Ad Valorem Tax Levy for Roads.** A countywide property tax levy for roads must be approved by the voters and must be shared with cities and road districts as provided in ORS 280.040 to 280.145 and ORS 368.710
- **County Service District for Roads.** A county service district for roads may be established by the voters under ORS 451.010 to 451.610 with a permanent ad valorem tax rate and may also levy local option taxes. It may be authorized to impose service or user charges, connection charges, and sell bonds in addition to levying property taxes, or any combination thereof.
- **County Vehicle Registration Feeⁱ.** A county vehicle registration fee may be imposed by ordinance subject to voter approval. Counties with populations greater than 350,000 (currently Clackamas, Lane, Multnomah and Washington Counties) are authorized by statute to enact a county registration fee without voter approval. The local option fee must be a fixed, whole dollar amount regardless of vehicle type and cannot exceed the state registration fee which currently is \$43 annually (ORS 803.420). The fee is imposed on all registered vehicle types with the exception of those exempted by statute under ORS 801.041(3). Oregon law requires the county ordinance imposing a county vehicle registration fee to apply to all vehicle classes except for those vehicle classes specifically exempted by the law and requires that at least 40 percent of the revenue be distributed to the cities within the county unless the county and cities agree otherwise. The law (ORS 801.041) provides that the local option fee must be imposed on the following vehicle classes: passenger vehicles including electrical vehicles and hybrid vehicles, motorcycles and mopeds, commercial buses, trucks, pickups and vans weighing 26,000 pounds or less, and light trailers and trailers for rent. The following is a partial list of vehicles that the law exempts from the fee: school buses, farm trucks and trucks weighing over 26,000 pounds, snowmobiles and all-terrain vehicles, vehicles registered with disabled veteran

plates, antique vehicles, government-owned vehicles, travel trailers, campers and motor homes.

- **County Gas Tax.**ⁱⁱ A county gas tax may be imposed by ordinance subject to voter approval unless the enactment is authorized under the county's charter. However, the 2009 Legislature enacted a measure (Chapter 865, Oregon Laws 2009) which prohibited a city, county or other local government from enacting or amending any ordinance imposing a tax on motor vehicle fuel from October 2009 to January 2014. On and after January 2, 2014, the law further requires a city, county or other local government to get voter approval before levying any fuel tax. After that date, when a county is interested in considering a county gas tax, county officials should contact ODOT's Fuel Tax Group to discuss the county's plans, the details of the ordinance, and determine whether or not it makes fiscal sense for ODO to administer the ordinance or whether it is more cost effective for the county administer the ordinance. If the ordinance is enacted, and the county wishes ODOT to administer it, an intergovernmental agreement outlining the terms of ODOT's administration needs to be approved for ODOT to administer the program.
- **System Development Charges.** ORS 223.297 to 223.314 authorizes a county to impose system development charges (SDCs) by ordinance or resolution for present and/or future capital improvements to meet additional capacity requirements of a new development. SDCs are designed to elicit a contribution from new development to provide funds for the extra capacity area wide facilities need to accommodate new growth. The revenue can build a fund for future construction or to reimburse a county for construction completed or underway. "Improvement fee" is a fee for costs associated with capital improvements to be constructed. "Reimbursement fee" means a fee for costs associated with capital improvements already constructed, or under construction. Reimbursement fees may be spent only on capital improvements associated with the systems for which the fees are assessed including expenditures relating to repayment of indebtedness. SDCs are assessed or collected at the time of increased usage of a capital improvement or issuance of a development permit, building permit or connection to the capital improvement. Clackamas County and the City of Happy Valley by intergovernmental agreement developed a joint capital improvement plan and extended the county's SDCs

across jurisdictional boundaries to jointly address capacity needs of the two jurisdictions.

- **Traffic Impact Fee.** By a voter-approved county ordinance, the county governing body may establish traffic impact fees (TIF) countywide rather than SDC fees to help finance capacity improvements to arterials and collectors in urban as well as rural areas of the county. TIF is similar to an SDC but there are some differences. With the cooperation of the cities, the TIF is imposed countywide applying within cities as well as in unincorporated areas and thus requiring approval of the voters of the county. The fee is collected at the time building permits are issued and is used for capacity improvements. Washington County voters have approved its TIF ordinance in 1990 and creating the Washington County Coordinating Committee to coordinate the program with the cities of the county.
- **Transportation Development Tax.** In 2009 Washington County modified its TIF ordinance with voter-approval of its Transportation Development Tax (TDT). The county's TDT is a refinement of the TIF, increasing the previous TIF rates as well as updating and clarifying various procedures to address the SDC statutory requirement as well as Oregon's taxation laws.
- **Road Utility Fee.** A county with voter approval may impose a road utility fee for county road maintenance, preservation and construction cost by county ordinance. The major obstacle in using a road utility fee is finding a viable method of collecting the fee.
- **Intergovernmental Entity for Transportation Facilities.** ORS 190.083 authorized the creation of such an entity subject to voter approval and provides broad funding authority for financing the operation, maintenance, repair and modernization of all types of transportation facilities including bonding authority.
- **Bonded Indebtedness for County Roads.** ORS 367.700 to 367.750 offers a county several options in bonding for road maintenance and improvements subject to the approval of the county voters.
- **County Road Bonding Act.** ORS 370.010 to 370.240 and ORS 287A.001 to 287A.640. Any county may issue bonds for the purpose of raising money to be used for the construction and maintenance of "permanent roads of the county." Requires the county governing body to develop the road work plan and specifications and submit to bid. However, the governing body "may reject any and all bids." ORS

370.031 sets forth the election procedure for the issuance of bonds under ORS 370.010. The authority to issue bonds must be decided by election.

- **Improvement of Streets and Roads in Unincorporated Areas.** By the authority of ORS 371.605 to 371.660, a county by resolution or petition of property owners may maintain or improve a county road or roads and assess the cost of the improvements to the benefited properties. ORS 371.605 provides a broad definition of "improvements."

OREGON JURISDICTIONS THAT HAVE IMPLEMENTED LOCAL REVENUES

Twenty three Oregon cities have adopted a transportation or street utility fee. The cities of Ashland, Bay City, Canby, Clatskanie, Corvallis, Dufur, Eagle Point, Grants Pass, Hillsboro, Hubbard, La Grande, Lake Oswego, Medford, Milwaukie, North Plains, Oregon City, Philomath, Phoenix, Talent, Tigard, Tualatin, West Linn, and Wilsonville all have a Transportation or Street Utility Maintenance Fee. To date, no counties have adopted a transportation utility fee.

Gas taxes are collected by Multnomah County (3 cents per gallon) and Washington County (1 cent per gallon), there are also 22 Oregon cities with gasoline taxes between 1 to 5 cents per gallon. The cities are Astoria, Canby, Coburg, Coquille, Cornelius, Cottage Grove, Dundee, Eugene, Hood River, Milwaukie, Newport, Oakridge, Sandy, Sisters, Springfield, Stanfield, The Dalles, Tigard, Tillamook, Veneta, Warrenton and Woodburn.

Multnomah County is currently the only county that has implemented a county vehicle registration fee. The Multnomah County registration fee is \$19.00 for each year of the registration period, dedicated to the Sellwood Bridge project.

ⁱ The county vehicle registration fee can be enacted by Clackamas, Lane, Multnomah and Washington counties without a public vote (i.e., counties with a population of 350,000 or more), although it requires voter approval in most counties.

ⁱⁱ The Oregon Jobs and Transportation Act of 2009 (Chapter 865, Oregon Laws, 2009) prohibited cities, counties or other local governments from enacting or amending any ordinance imposing a tax on motor vehicle fuel from October

2009 to January 2, 2014, and further requires cities, counties or other local governments to first seek voter approval before levying a tax on motor vehicle fuel on or after January 2, 2014.