

Email from Mark Gharst, Lobbyist for the League of Oregon Cities to Jerry Keene
8/16/2021

RE: Oceanside, Oregon

ONA EMAILS/INCORPORATION



Mark Gharst

Mon, Aug 16, 4:16 PM

to me

Hi Jerry,

Per our conversation I looked into what Oceanside might expect from state shared revenue were it to incorporate. Most of this information comes from our [2021 State Shared Revenue](#) report. We estimate revenues out through the 2022-23 fiscal year, and I am using those numbers as the basis of the below numbers. These are obviously estimates only, and could be affected by either a law change or the general economy. The pandemic has obviously affected these numbers, and the estimates do not assume future lockdowns due to the Delta variant for instance. Finally, some of the sources have requirements that must be met to receive the funds.

Transportation is pretty straightforward, you are looking at **\$76.32 per capita** for the 2022-23 fiscal year. These funds are restricted, permitted use includes construction, reconstruction, maintenance, etc. of highways, roads, streets, bike paths, foot paths and rest areas. See ORS 366.790; Art. IX, section 3a of the Oregon Constitution; and statutes pursuant to that section. There are also competitive grants for small cities, so there could be some additional resource there. Cities must file an online bridge and payment conditions report with ODOT, see ORS 184.657.

Cigarette taxes have been a loser for us revenue wise as folks have quit smoking, not a bad thing. Cities are expected to receive **\$0.73 per capita** for 2022-23, though there are some assumptions built into that number around how much smoking will decrease with the recent \$2.00 per pack increase in tax. These funds are unrestricted and there are no real certification requirements in cities in counties with a population under 100,000 (like Tillamook).

Alcohol is more complex, cities receive 34% of net revenues from the sale of alcohol and there are two pots, referred to as the 20% share and the 14% share. Our 2022-23 estimate for the 20% share of revenues is **\$19.27 per capita**. The 14% share is distributed based on a complex formula that takes into account total taxes in the city (higher income and property taxes relative to other cities increases distributions) but all things being equal it would amount to **maybe \$13.49 per capita**, though this could be significantly higher or lower depending on where your property tax rate landed and what your residents pay in income tax, see ORS 221.770 (4). **In order to receive a share of alcohol revenues your city would need to certify to the Oregon Department of Administrative Services by July 31 that the city levied a property tax in the prior year, see ORS 221.770.** These funds are unrestricted and can be used for any city services.

State marijuana revenues also have a similar split distribution, 75% of the total city share is by population, and we anticipate that will be **\$1.26 per capita** for 2022-23. The remaining 25% of the total share is based on the number of licensees, I believe you said you had no stores, so you would not receive any of those funds. **In order to receive any of these funds a city must certify to DAS that they do not ban any type of marijuana establishment (grow, retail, processor, or medical), see ORS 475B.759.** If you did have a store, you could also seek voter approval to levy an additional 3% local marijuana tax on the retail sales price. These funds are unrestricted and can be used for any city services.

I will just close by reiterating what I said at the beginning, these are estimates, and there are assumptions built in that may or may not be correct in a couple years. So, no promises, but I hope this helps!

Mark



Mark Gharst, *Lobbyist*

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From: Oceanside NA <oceansidefriends@gmail.com>
Sent: Friday, August 13, 2021 7:30 AM
To: Mark Gharst <mgharst@orcities.org>
Subject: Re: Oceanside, Oregon

Thanks for checking in, Mark.

Jerry Keene

On Aug 13, 2021, at 6:54 AM, Mark Gharst <mgharst@orcities.org> wrote:

Hey Jerry, I haven't gotten to this but I'm blocking out some time on Monday. I haven't forgotten about you guys.

Mark
503-991-2192

From: Oceanside NA <oceansidefriends@gmail.com>
Sent: Monday, August 2, 2021 8:09:57 AM
To: Mark Gharst <mgharst@orcities.org>
Subject: Oceanside, Oregon

Mark -

I am President of the community association in Oceanside, Oregon. I am heading an effort to explore the legal and financial implications of incorporating as a city. We are already served by special districts for fire/emergency, waste treatment, water and transportation. These are joint enterprises with other communities, so they and their existing funding/administration would remain in place notwithstanding incorporation. In essence, that leaves only the funding and staffing needed to cover administration, land use planning, roads and public safety.

Oceanside's median income is over \$100,000 and median residence property value is over \$500,000. Our crime rate is nearly nonexistent (.01 %), and there are no parks or properties to maintain. The community center is owned by a nonprofit board and funded by rentals for weddings and conferences. The only (3 block) main street is a state highway maintained by ODOT that comprises our entire commercial area (2 motels, 2 restaurants and a coffee shop). We also have a community foundation 501(c)(3) that is able to qualify for many grant opportunities when needed. Based on these facts and the availability of third-party contracting for most services, we estimate that 2-3 FTEs would more than amply cover needed functions.

What makes this particularly feasible is that - while modest in geographic and demographic terms (about 500 residents) - Oceanside generated an outsized \$400,000 to \$500,000 in Transient Lodging Tax revenues over each of the past 6 years. That money currently goes to Tillamook County (with virtually none of it being returned). Incorporation would enable us to capture 90% of those funds. While only 30% of TLT revenues may be allocated for general use, the entire community is essentially a tourism facility (a high concentration of local homes are county licensed short term rentals within walking distance of our centrally located state park beach access/parking area). That means we could likely come up with solid rationales for utilizing a significant portion of the remaining 70% for local improvements and services.

The biggest remaining financial variable (before estimating any necessary city property taxes or fees) is the amount of estimated state revenue sharing (per capita and otherwise) available to what would be a community of about 500-600 residents with no liquor or marijuana stores. I've read over your excellent online annual report addressing Oregon shared revenues statewide, but am not sure I can correctly extrapolate it to our hypothetical city. Are you available to assist me with some rough estimates of anticipated Oregon revenue sharing that we might reasonably anticipate? While not currently incorporated, we are a recognized census area with an identified community growth boundary that the county uses for tax computations, so I think we can come up with fairly concrete figures for population, total assessed value and geographic size.

I would appreciate any help or referrals you might be willing to provide.

Regards,

Jerry Keene, President
Oceanside Neighborhood Association