

Appendix B

Revenue Sources

General Utility User Fees	
Sewer	Within the billing structure for sewer are elements for debt payment and reserves and replacement reserves.
Stormwater	Within the billing structure for stormwater are elements for debt payment and reserves and replacement reserves.
Water	Within the billing structure for water are elements for debt payment and reserves and replacement reserves.
Taxes	
Motor Vehicle Excise Tax	This fund is collected and distributed by the State. Cities are required to spend these funds for police and fire protection and the preservation of public health (including capital facilities). Funds are distributed on a per capita basis
Property Tax	State law authorizes this tax on the assessed valuation or real property. Tax rates are expressed in mills (1/10 cent per dollar of taxable value). The present maximum is \$3.60 per \$1,000 of assessed value, minus \$0.50 for the library and \$1.50 for the fire district. A second provision limits annual increases to 1.0% or the implicit price deflator, whichever is less.
Real Estate Excise Tax	A tax of ½ of 1.0% is collected by the county and distributed to the city based on sale of property within the city. The revenue must be used solely for capital improvement projects identified in the Capital Facilities Plan.
State Fuel Tax	These funds are distributed to cities based on population. This funding was referred to in the past as the ½-cent gas tax. The funds are placed the Street and Arterial Street funds for new construction and repairs of existing transportation facilities and maintenance of existing streets.

Utility Tax	The city collects a 6.0% tax on the cost of electrical, natural gas, telephone, garbage, water, and sewer. A portion of these funds have been set aside for capital improvements, including transportation and parks.
Grants	
Centennial Clean Water	This state grant and loan program, administered through the Department of Ecology, may be used for design, acquisition, construction, and improvement of water pollution control facilities for stormwater management and ground water protection. Funds are awarded on a competitive basis.
Recreation and Conservation Office	This state grant program provides funds for park or other outdoor recreation projects. Grant agreements require 25% of eligible project expenses be paid from local matching funds.
Federal Transportation	This program is administered for the federal government by Washington State Department of Transportation. The funds are distributed to the local Metropolitan Planning Office (Thurston Regional Planning Council). Grants are distributed to the local agencies on a competitive project basis. Funds can be used for all transportation modes, not just roadways.
Transportation Partnership Program	This state grant program is funded from gas taxes. The program is administered by the Transportation Improvement Board (TIB). Grants are made on a competitive basis to cities and counties. The funds are intended to relieve urban congestion problems caused by economic development and growth. The funds can be used for new roadways or improvement of existing roadways. Preference is given to projects with multiple agency involvement (i.e. city, county, transit), which provide for economic development, and which have private property owner contributions (i.e. LID, developer contribution).
Arterial Improvement Program	This state grant program is funded from gas taxes. The Program (AIP) program is administered by the Transportation

	Improvement Board (TIB). Grants are made on a competitive basis to cities and counties. Grants are awarded based on a ranking system based on existing deficiencies of the roadway and intersections within the project limits. Funding is based on a 20% local match.
Loans	
Community Economic Revitalization Board (CERB)	This state low interest loan (and occasionally grant) program is awarded on a competitive basis. The amount of funding depends on the number of jobs to be created and is based on “if not for these funds, the economic revitalization will not occur.” The average requirement is to create one job per \$1,000 of CERB financing. The emphasis is on manufacturing and businesses that support trading of goods and services outside of the State’s borders. Funding is not available to support retail shopping developments or projects that would displace existing jobs in a community of the state. Funds can be used to finance sewer, water, access roads, and bridges for a specific private sector development.
Public Works Trust Fund	This is a revolving loan fund administered by the Public Works board of the Department of Community Development. This program provides low interest loans (1-3%) for the repair and upgrade of existing public works infrastructure.
Bonds	
Councilmanic Bonds	These bonds may be authorized by the City Council for specific capital improvement projects without a vote of the people. The bond debt is paid from the general funds of the city. The city is limited by State law as to the amount of Councilmanic bonds which can be issued based on the assessed value of the city.
Revenue Bonds	These bonds require a specific source of revenue such as enterprise funds, i.e. water, sewer, or stormwater. The funds are used for construction purposes.
Voter Approved General Obligation Bonds	These bonds are authorized by the voters within the jurisdiction for specific capital improvement projects. The bond debt is levied against all

	<p>property within the jurisdiction and is in addition to the general property tax. These bonds require validation by having votes cast equal to 40% of the last general election and 60% affirmative vote.</p>
<p>Private Sources</p>	
<p>Development/SEPA Mitigation</p>	<p>As part of the development process, developers may be required to pay a proportionate share of off-site impacts on parks, streets (particularly intersections), and schools.</p>
<p>Latecomer's Agreements</p>	<p>These agreements are between the city and a developer or property owner who has paid to construct an improvement that will benefit other properties. The agreement requires the city to collect from other developments a proportionate share of the cost of the improvement and to reimburse the funds to the original developer or property owner. This allows the developer to recover other properties if the subsequent development occurs within 15 years.</p>
<p>Local Improvement Districts (LID) and Utility Improvement Districts (ULID)</p>	<p>These are special assessment districts created to capital improvements with the costs assessed to the benefited properties. Generally, a majority of the property owners must support the formation of the LID or ULID. A formula determines the assessment to be levied on each property. LID's can be used for improvements or construction of streets while ULID's are for water and sewer.</p>
<p>Local Transportation Act (LTA)</p>	<p>State law (RCW 39.92) authorizes local governments to transportation mitigation fees to fund transportation improvements necessitated in whole or in part by economic development and growth with their respective jurisdictions. Lacey Municipal Code Chapter 14.21 establishes local transportation mitigation methods, including "direct mitigation" where transportation improvements are required to be financed and constructed as a condition of development, and "mitigation fees" collected as a result of a particular new development to pay for transportation improvements mitigating the impacts of the development.</p>

<p>Transportation Benefit Districts</p>	<p>This is a special district established to fund transportation bonds, and form LID's. A TBD may cross jurisdictional lines with the approval of all affected agencies. The funds must be used for transportation improvements identified in the adopted transportation plans.</p>
<p style="text-align: center;">Taxes and Fee Revenue Not Adopted Locally</p>	
<p>Local Option Fuel Tax</p>	<p>State law allows a county-wide fuel tax as a local option tax subject to voter approval. The tax is equivalent to 10% of the statewide Motor Vehicle Fuel Tax and a special fuel tax of 2.3 cents per gallon. The funds would be used for general highway purposes that include capacity and non- capacity related improvements.</p>
<p>Metropolitan Park District</p>	<p>State law authorizes lifting 1.0% increase lid referenced above so that a city can increase the amount of tax collected up to the full \$3.60 per \$1,000 of assessed value. This requires a majority approval by voters.</p>
<p>Property Tax "Lid Lift"</p>	<p>State law authorizes lifting 1.0% increase lid referenced above so that a city can increase the amount of tax collected up to the full \$3.60 per \$1,000 of assessed value. This requires a majority approval by voters.</p>