



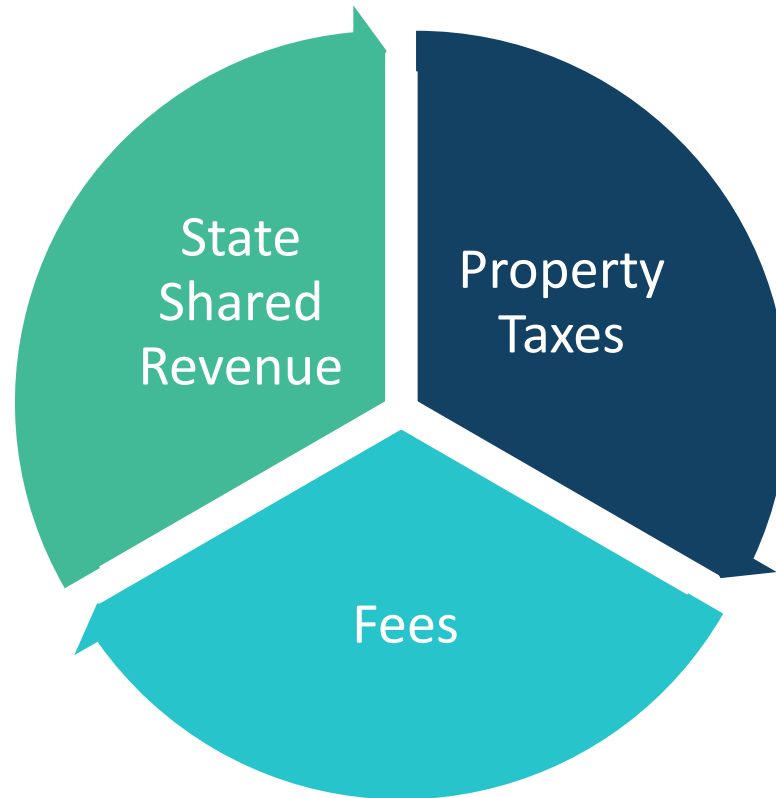
**League of Oregon Cities**

## Running on Empty – Cities Facing Revenue Declines

JENNA JONES, LOBBYIST

# Sources of City Revenue

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# State Shared Revenues

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Highway Trust  
Fund



Liquor  
Revenues



Marijuana Tax



Cigarette Tax

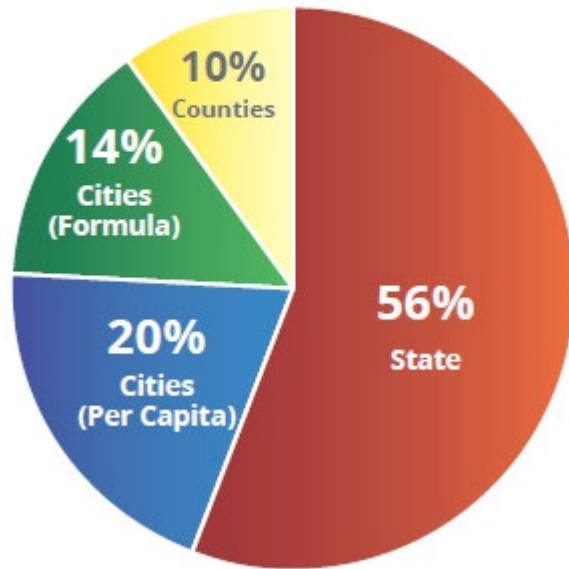


9-1-1 Tax

# Liquor State Shared Revenues

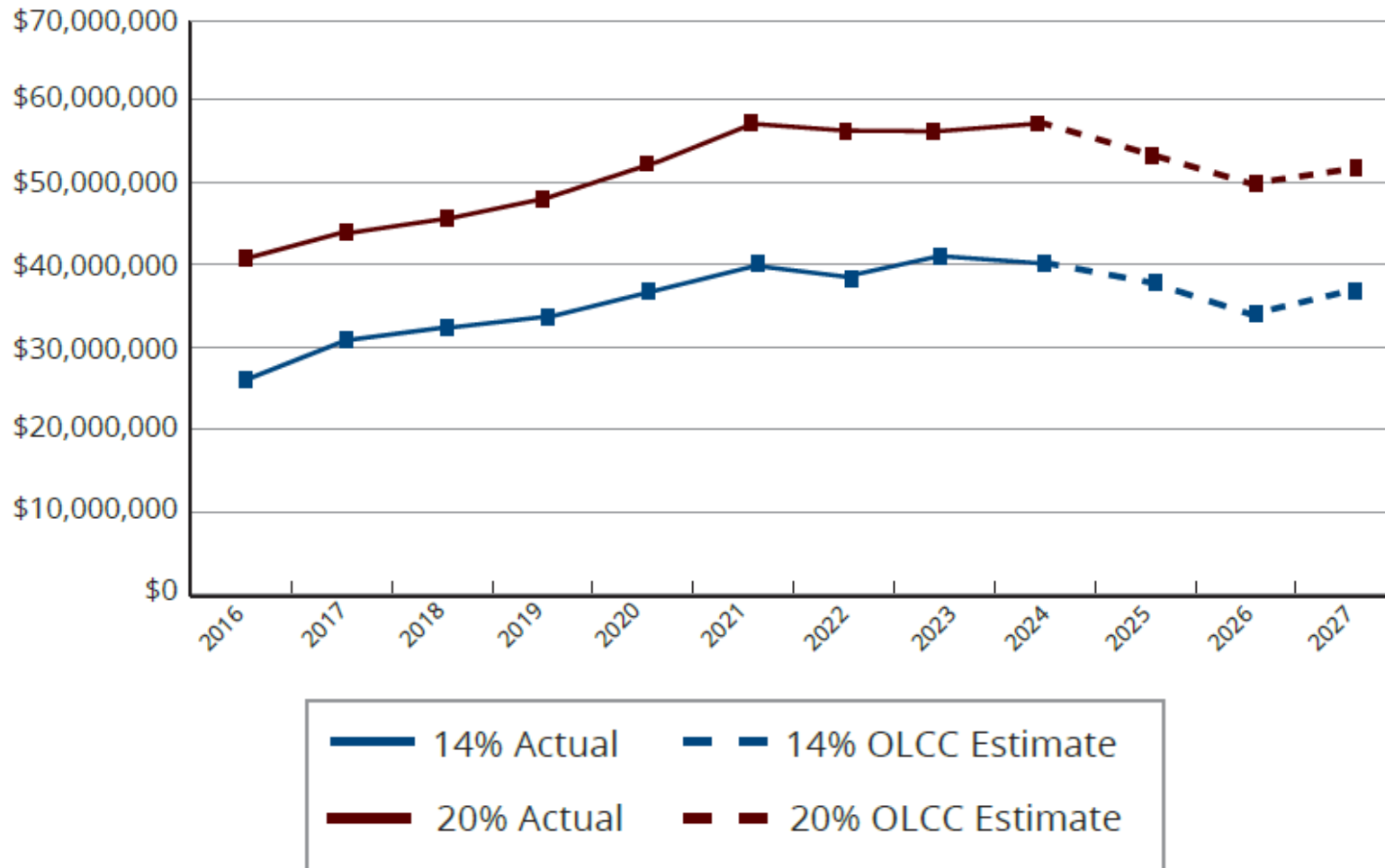
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## Distribution of Liquor Tax Revenues



- The three major contributors to this revenue source are: the sale of distilled spirits; liquor licensing fees; and taxes on beer, wine, and cider.
- Cities' share of this state shared revenue source is 34%, of which 20% is distributed per capita, with 14% distributed using a formula that factors in property taxes, population, and income.
- Cities may not impose a tax or fee on malt beverages or any alcoholic liquors (See ORS 471.045 and ORS 473.190). Cities also are restricted on the amount they may impose for licensing fees.
- There are city certification requirements to receive SSRs

## Actual and Projected Liquor Tax Disbursements to Cities with Per Capita Distributions



# What Changed?

## RECENT CHANGES (CIRCA 2021)

- Increase compensation to liquor store agents and distillery tasting room owners have reduced net distributions from this revenue source
- New OLCC Warehouse
  - The cost of the project, including land acquisition and construction, has increased from the first estimate of \$62.5 million to \$145.8 million, making the 34% city share of the project cost \$50 million.
  - Any expenses used for the new warehouse reduce shared revenue for cities, since the bonds are paid for out of the gross liquor revenue.

## HISTORICAL DECISIONS ON STATE SHARED REVENUES THAT HAVE HAD AN IMPACT

- 50 cent per bottle surcharge on distilled spirits restricted to state GF
- M108 - \$2 cigarette increase (cities receive no share), city preemption on vaping tax
- M110 – Caps on revenue and diverted resources to Drug Treatment and Recovery Services Fund



What does this  
look like for cities  
across the state?

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# City of Eugene Financial Condition





# General Fund Structural Gap

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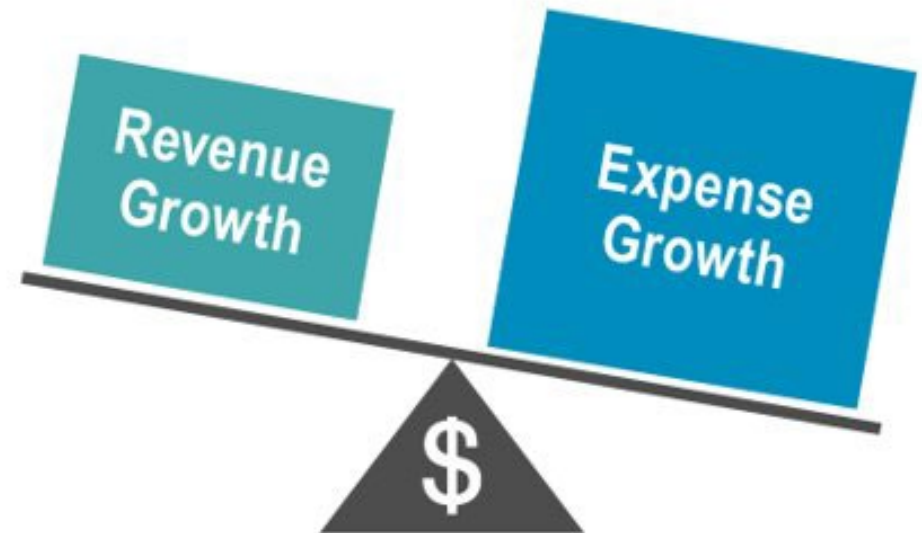
City of Eugene

## 2023-2025

Adopted Biennial Budget

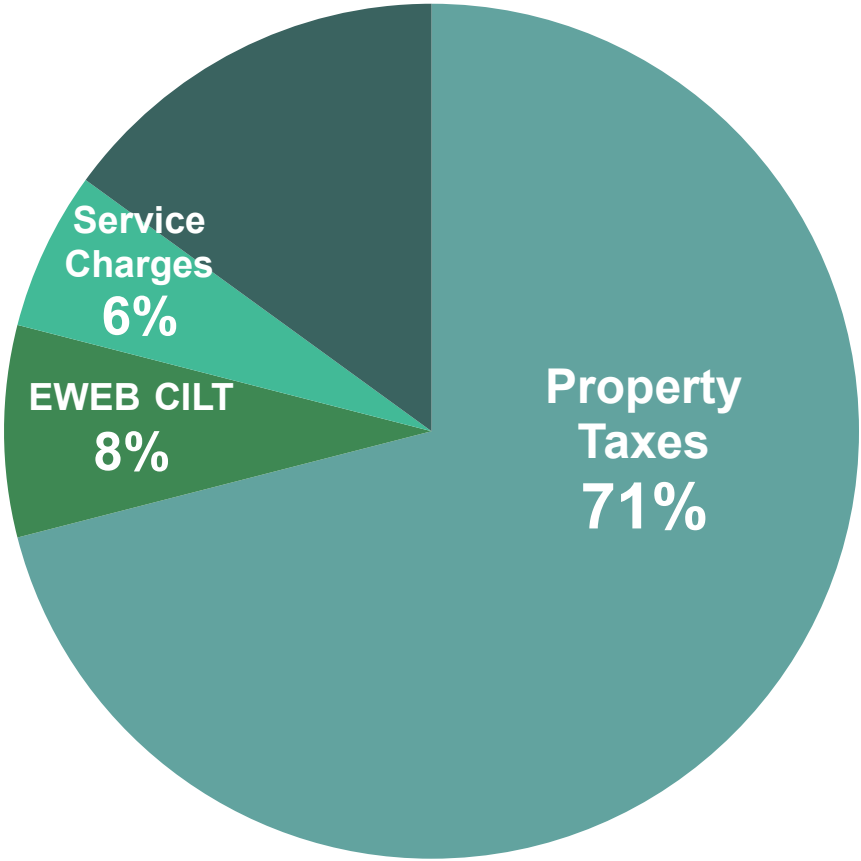


Sarah Medary, City Manager



# General Fund Impact

Top 3 revenue types represent 85% of General Fund revenues

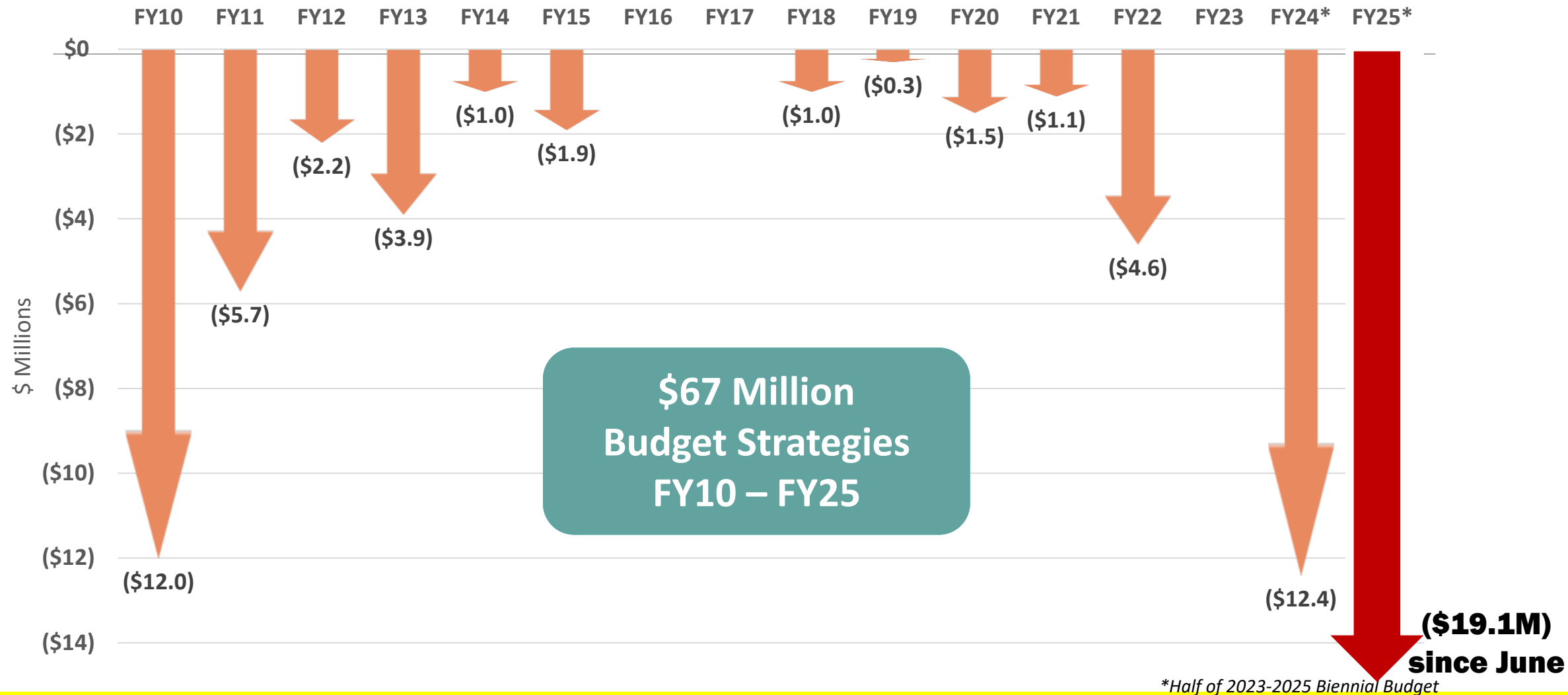


Revenue Type	Actual Average Annual Growth FY19 - FY23
Property Taxes	+4.0%
EWEB CILT	0.0%
Service Charges	-0.6%
All Revenue Types	+2.6%

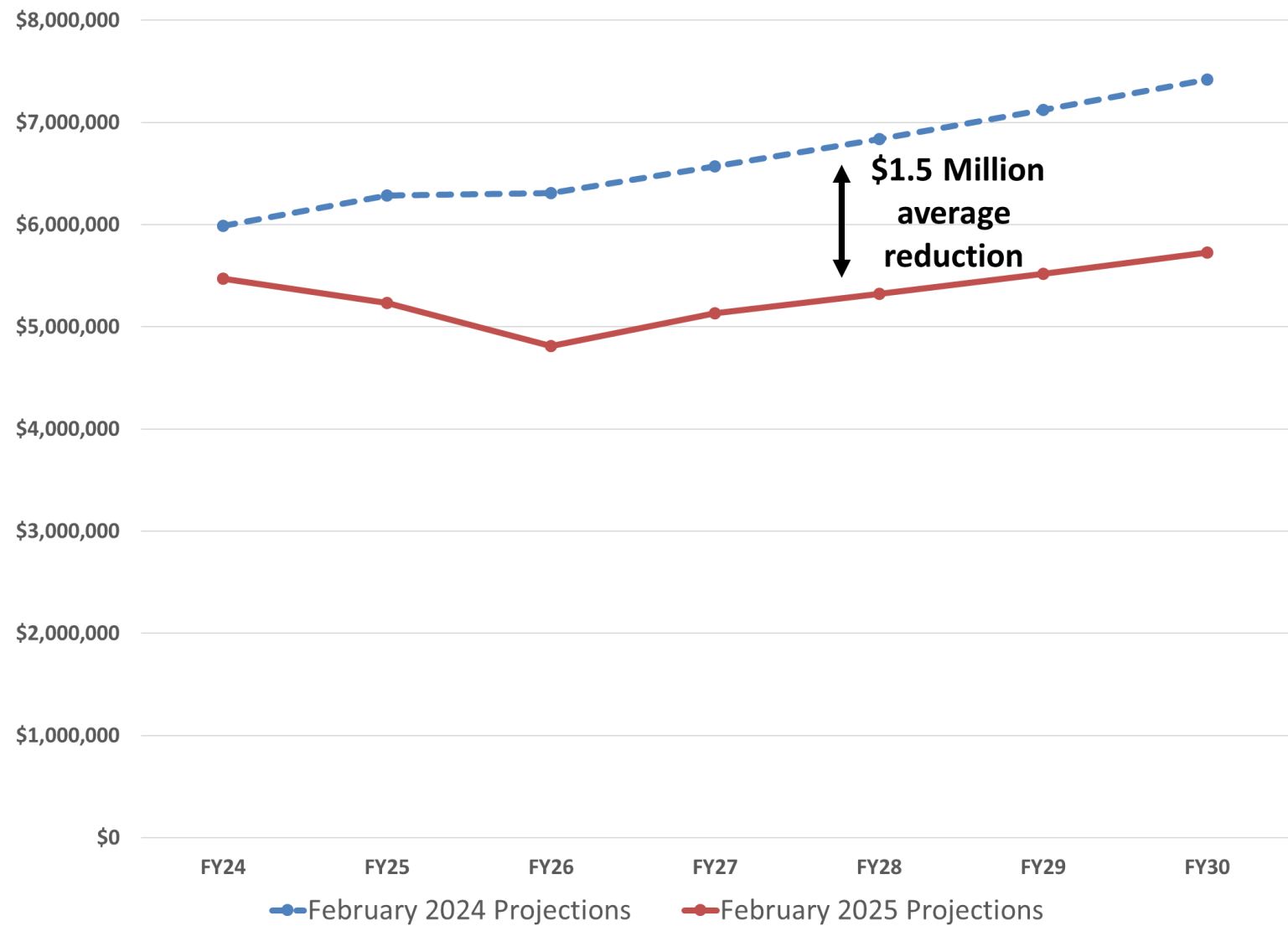
*Note: Excludes one-time ARPA, State homelessness response, and opioid settlement funds*

All Expense Types <u>INCLUDING</u> Expenditures of One-Time Funds	+5.1%
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# General Fund Budget Strategies



# Liquor Tax Revenue Projections – City of Eugene





**2025 - 2027**  
Proposed Biennial Budget



# Looking to the Future

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LONG RANGE FINANCIAL PLANNING  
STRATEGIC PLANNING/BUDGETING

# Questions?

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