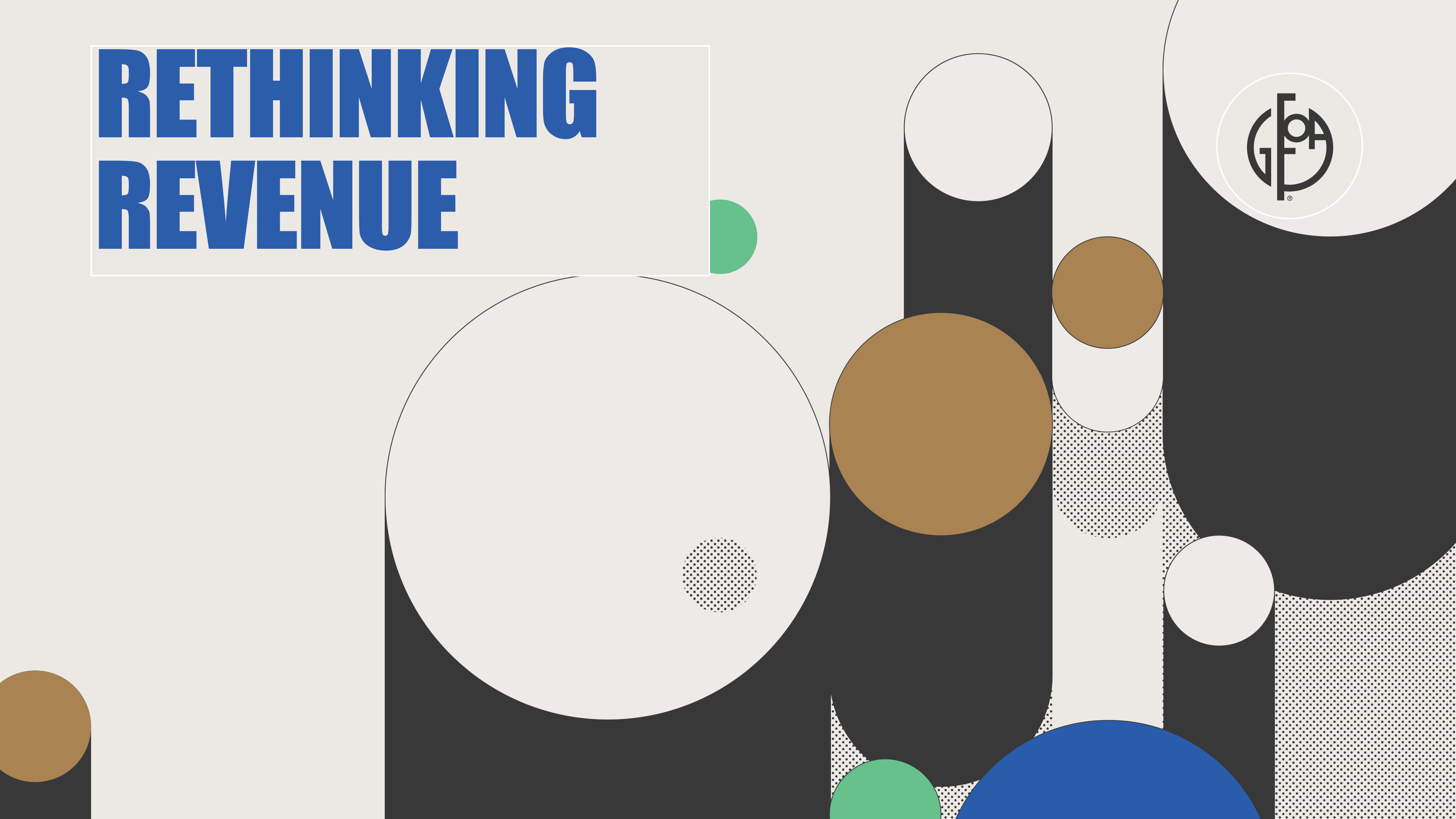
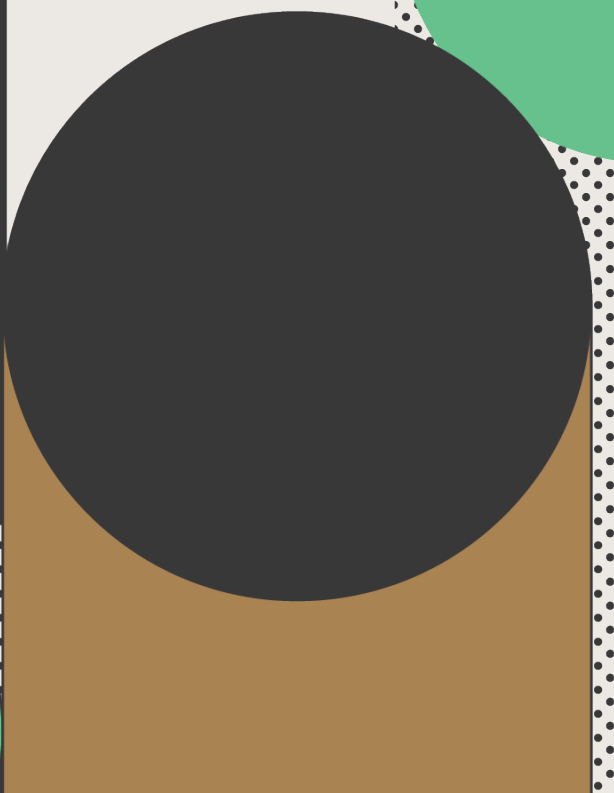
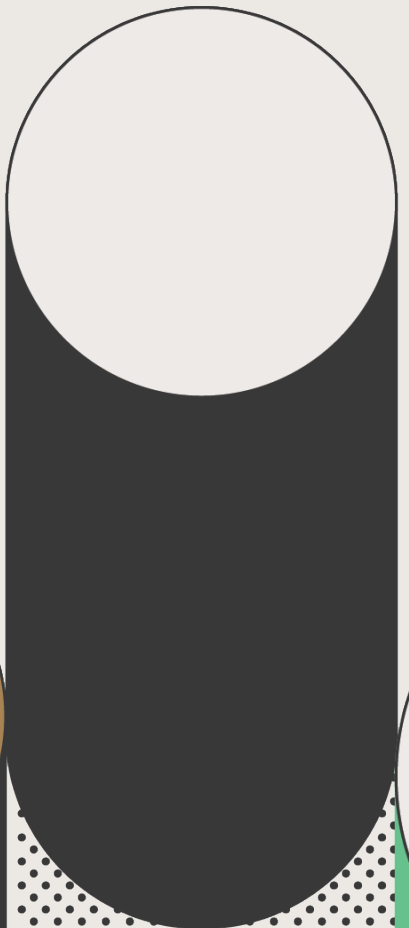
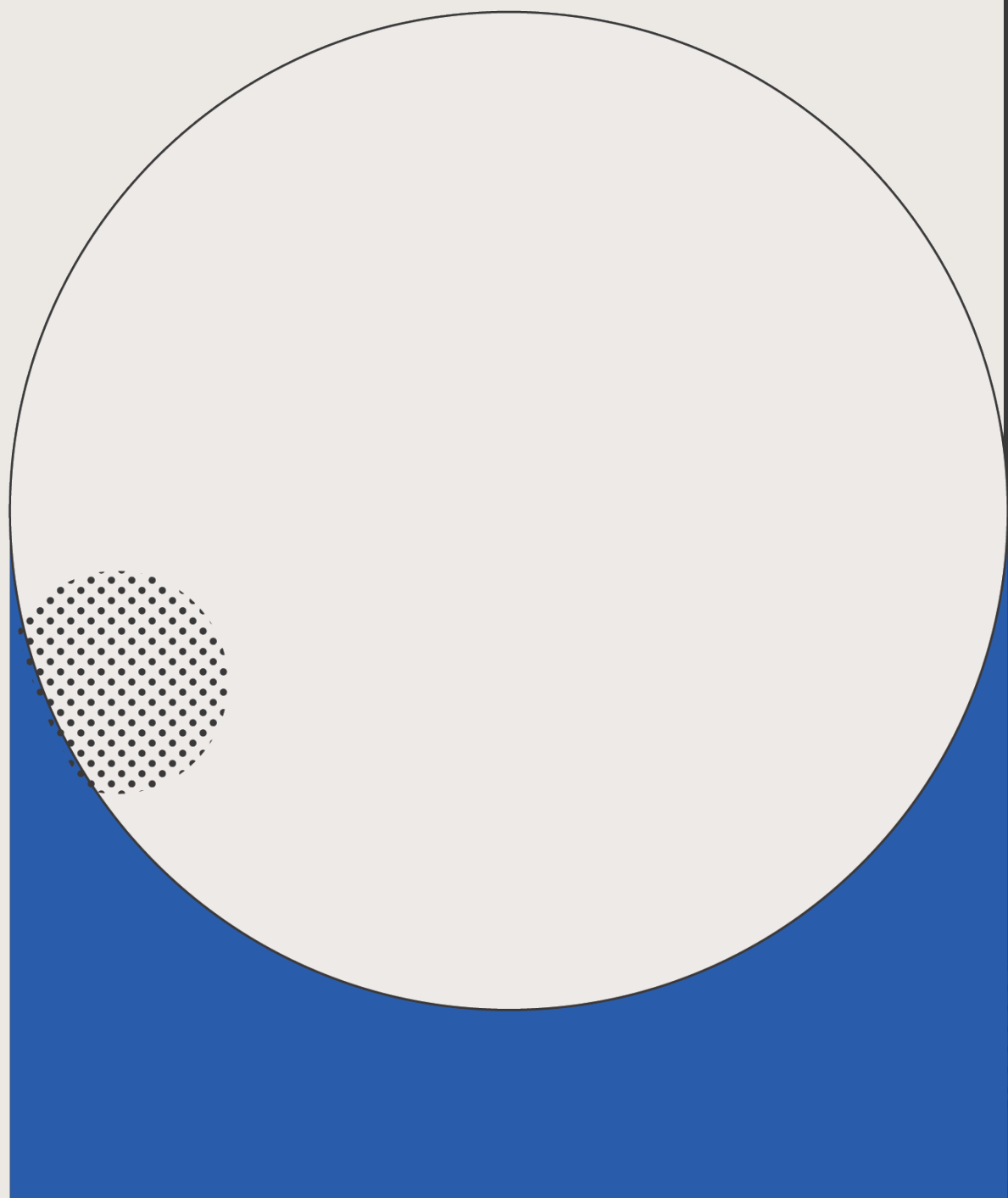
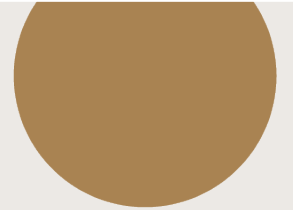
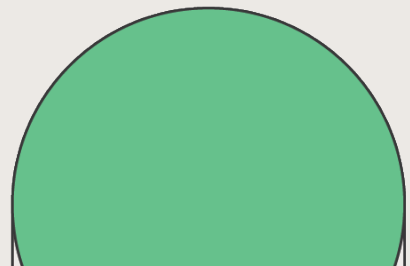


RETHINKING REVENUE



OUR PARTNERS





CITIES STRONG TOGETHER



ICMA



American Planning Association

Creating Great Communities for All



THE UNIVERSITY OF CHICAGO

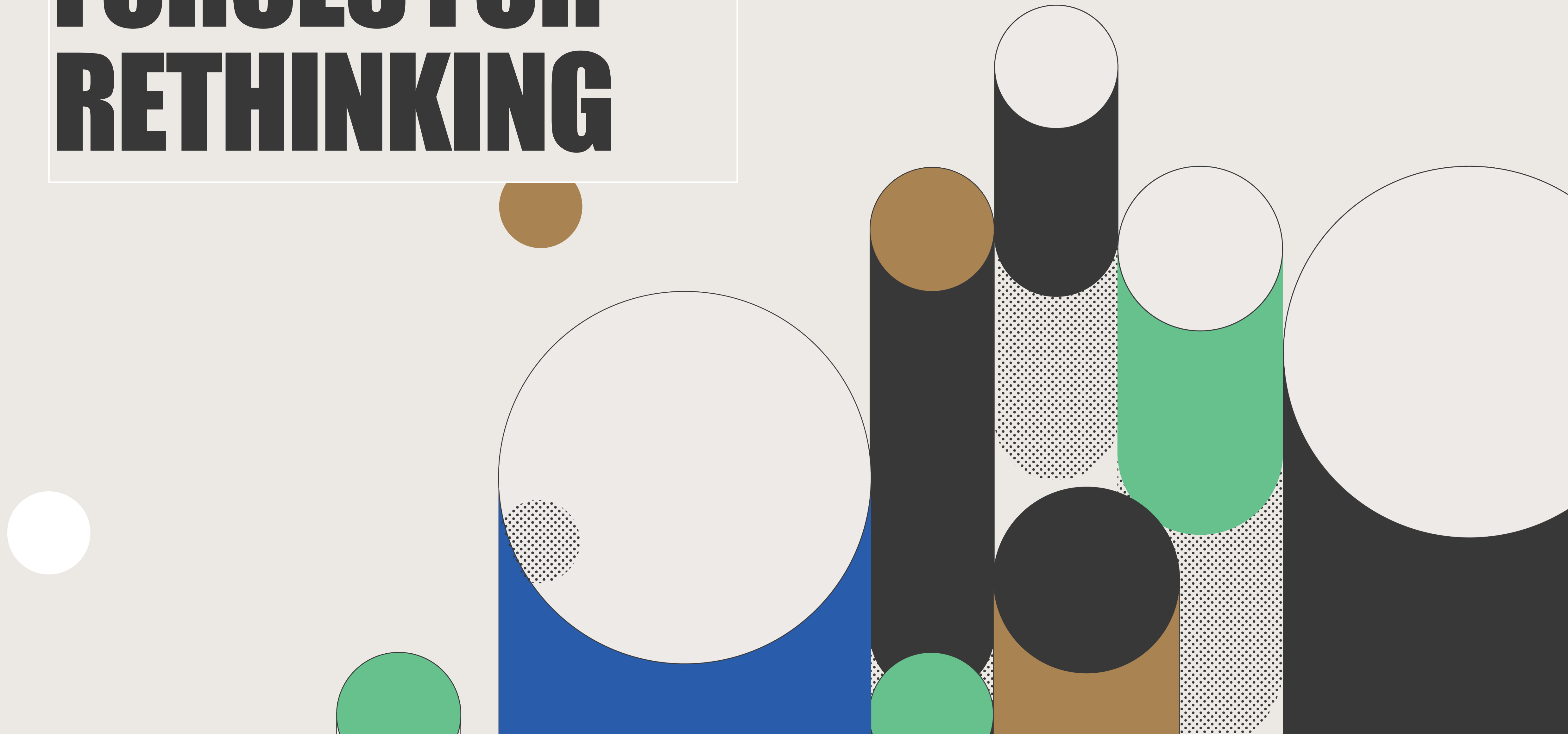
**HARRIS SCHOOL
OF PUBLIC POLICY**

CENTER FOR MUNICIPAL FINANCE

DISCUSSION QUESTION

What brings you here today? Why are you concerned about local government revenues?

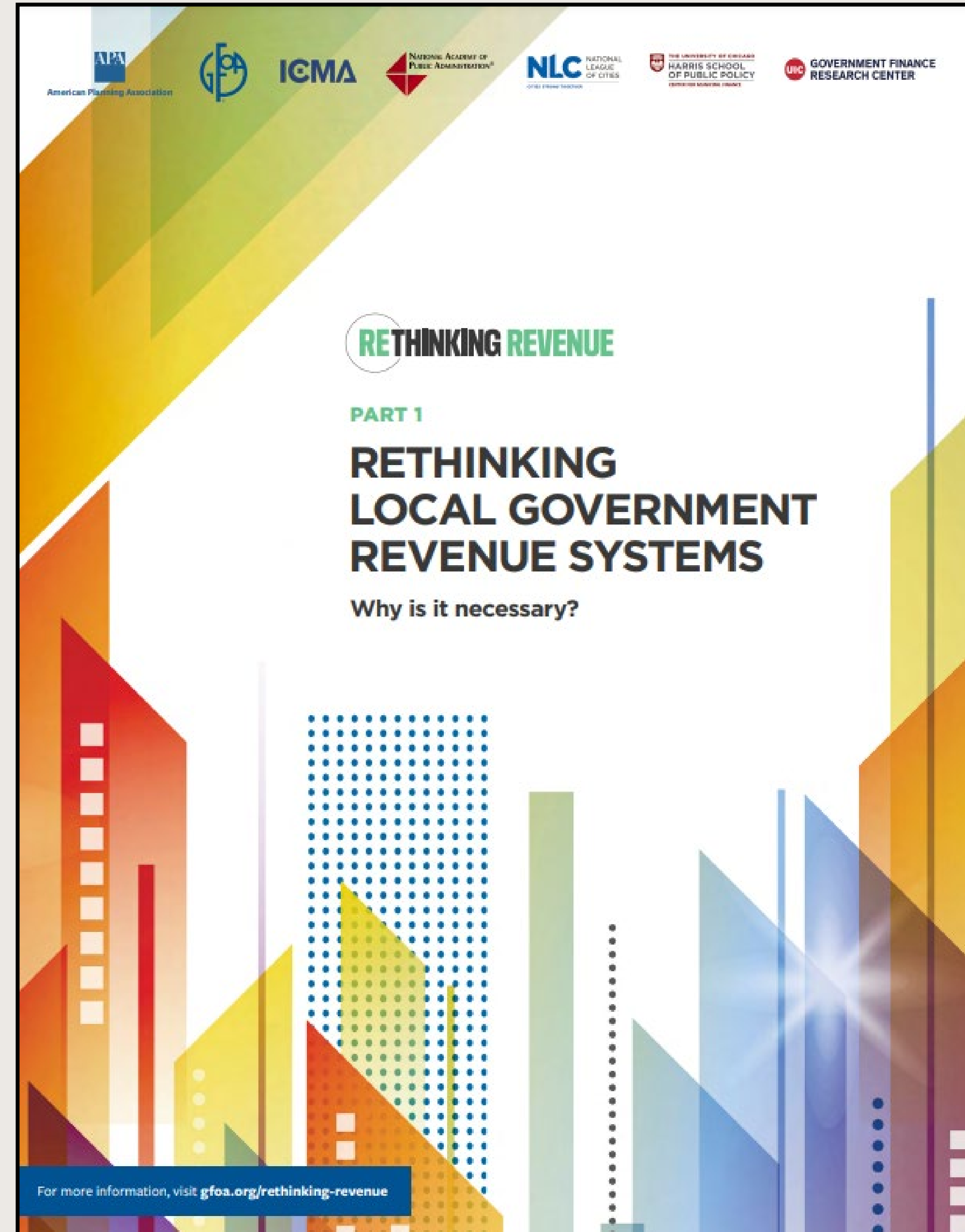
FORCES FOR RETHINKING



<https://www.gfoa.org/materials/rethinking-local-government-revenue-systems>

PART 1

Define the Problem



Pew Research Center, October 2021

Many see need for significant political, economic and health care reform

% who say the ____ system in (survey public) needs to be completely reformed/needs major changes



WEALTH LESS CONNECTED TO REAL PROPERTY



From 1989 to 2019, the top five fastest-growing categories of wealth held by families were types of financial instruments.

Financial assets increased as share of total assets, from 31% to 42%.

OVERRELIANCE ON FINES AND FEES



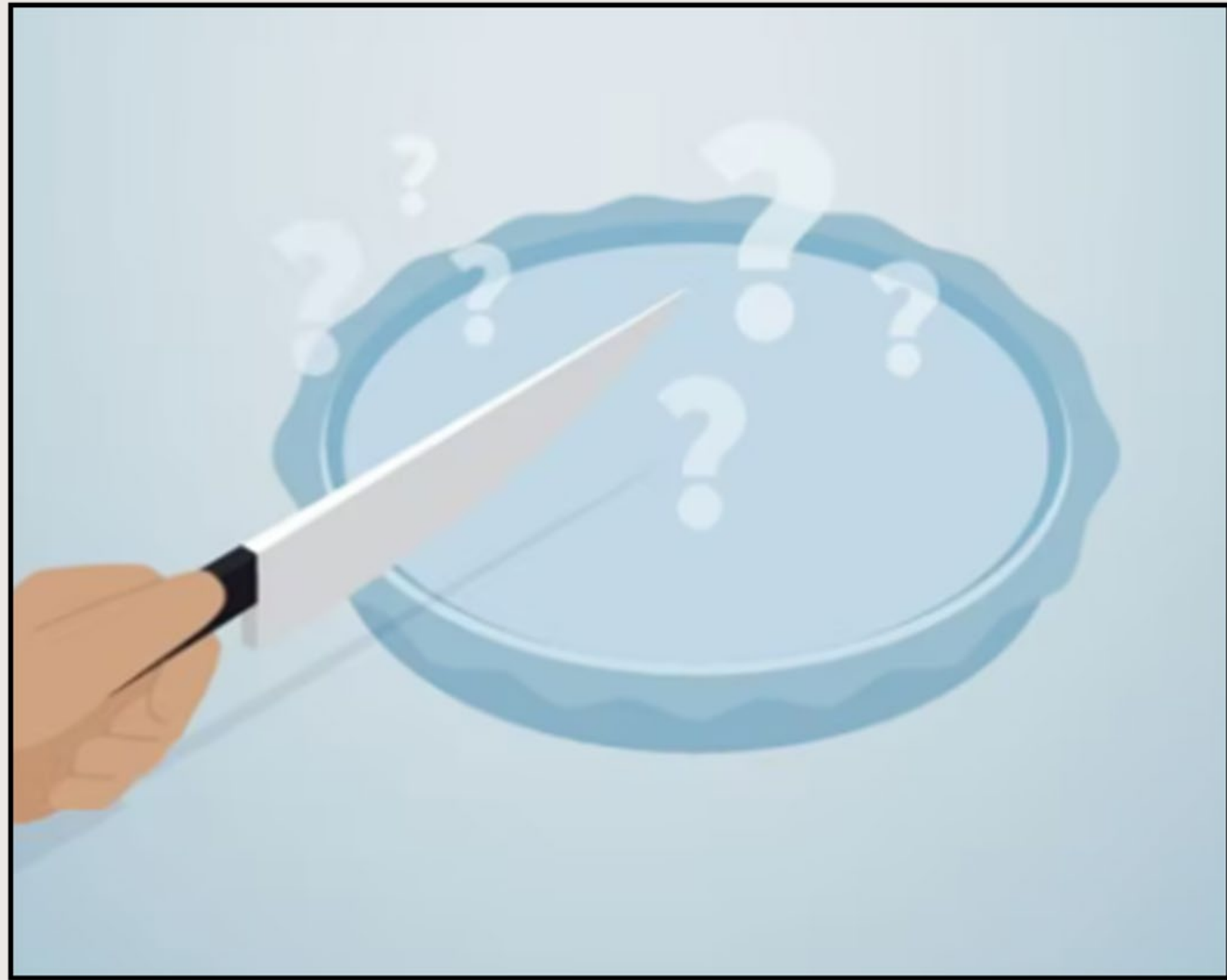
An in-depth study of the 39 largest cities in the U.S. showed that from 2003 to 2018, charges grew so much as to equal tax revenue for half the cities.

SERVICE NEEDS



Infrastructure
Schools
Public safety

FAIRNESS



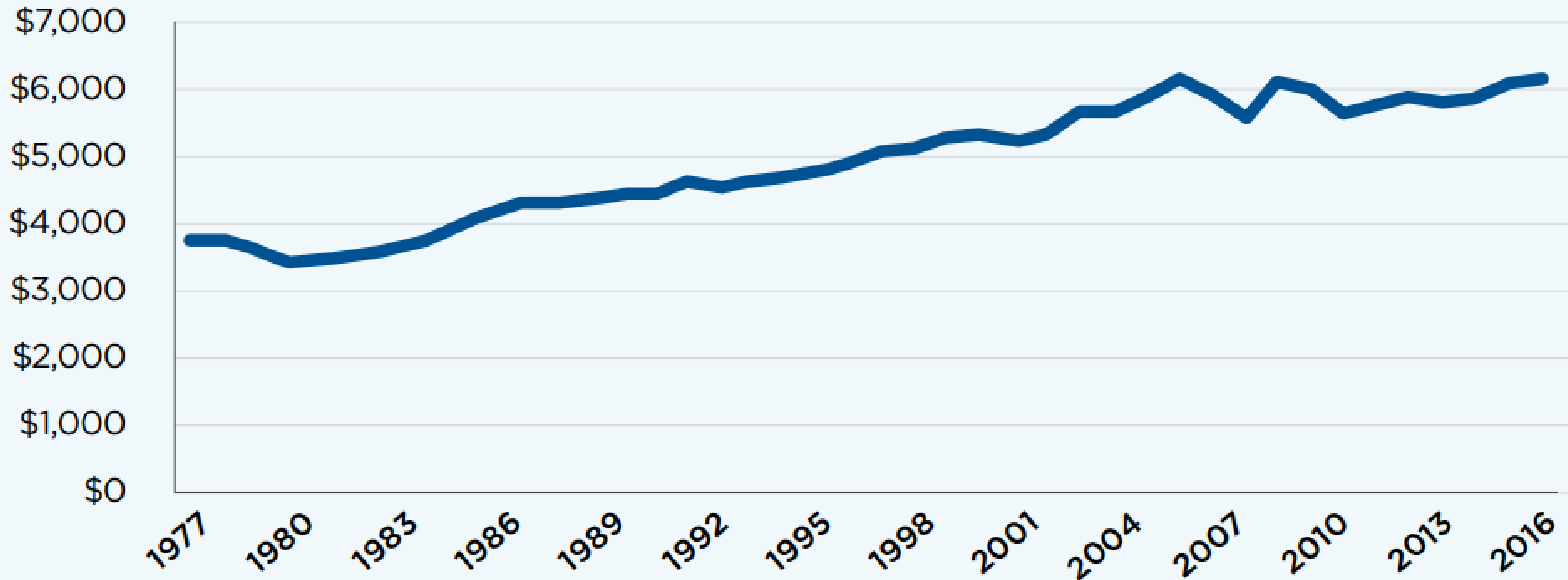
Sales Taxes

User Fees

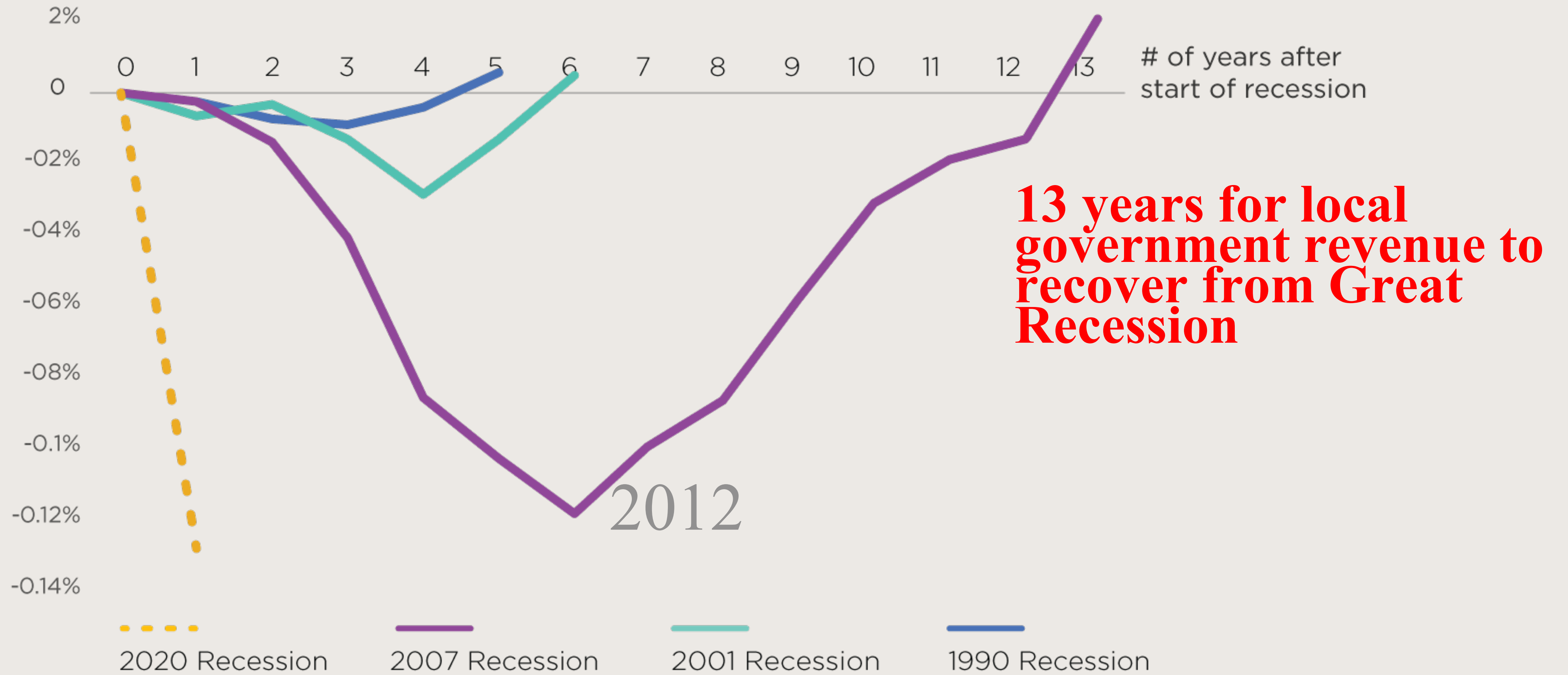
Property taxes

SCALE OF PROBLEM

EXHIBIT 1 | Real Per Capita Revenue for All Local Governments



Comparative Revenue Trends During Recent Recessions



SLOWING ECONOMIC GROWTH

Slowing labor productivity and slowing growth in labor force

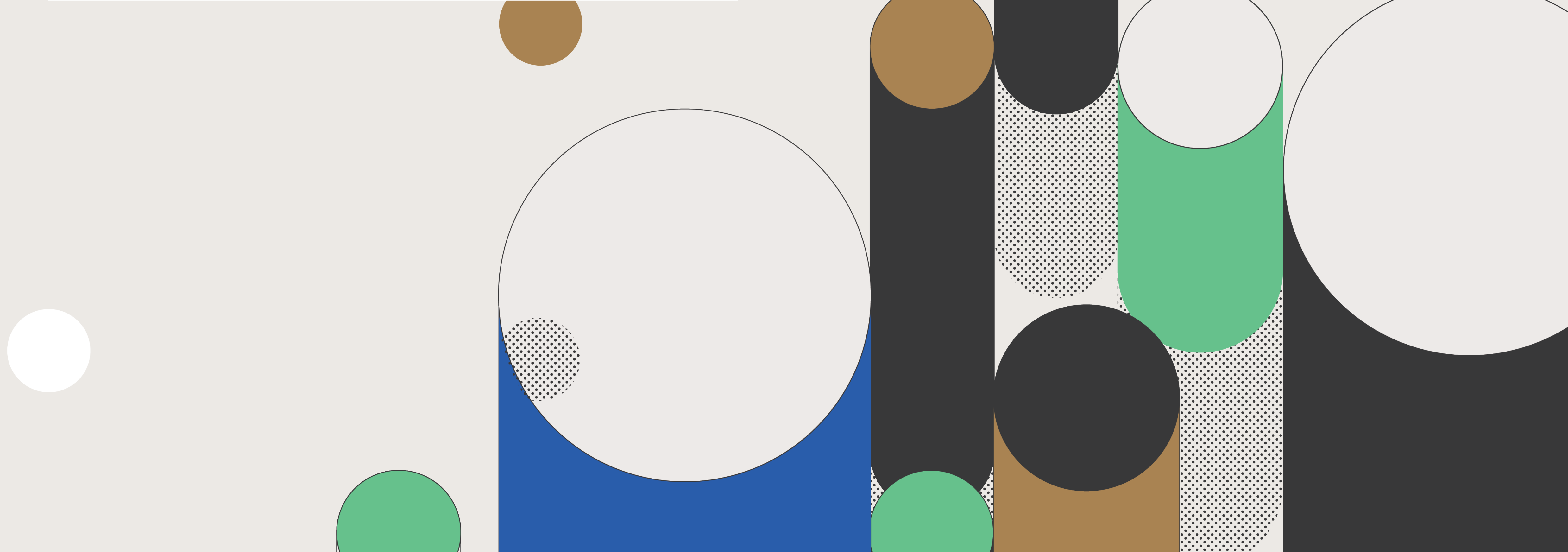
- 4.5% in post WW2 to 1960
- 3% for 60s thru 90s
- 2% in 21st century

DISCUSSION QUESTION

What do you think is the most compelling reason to rethink local government revenue?

It could be some version of something we've discussed or a new idea.

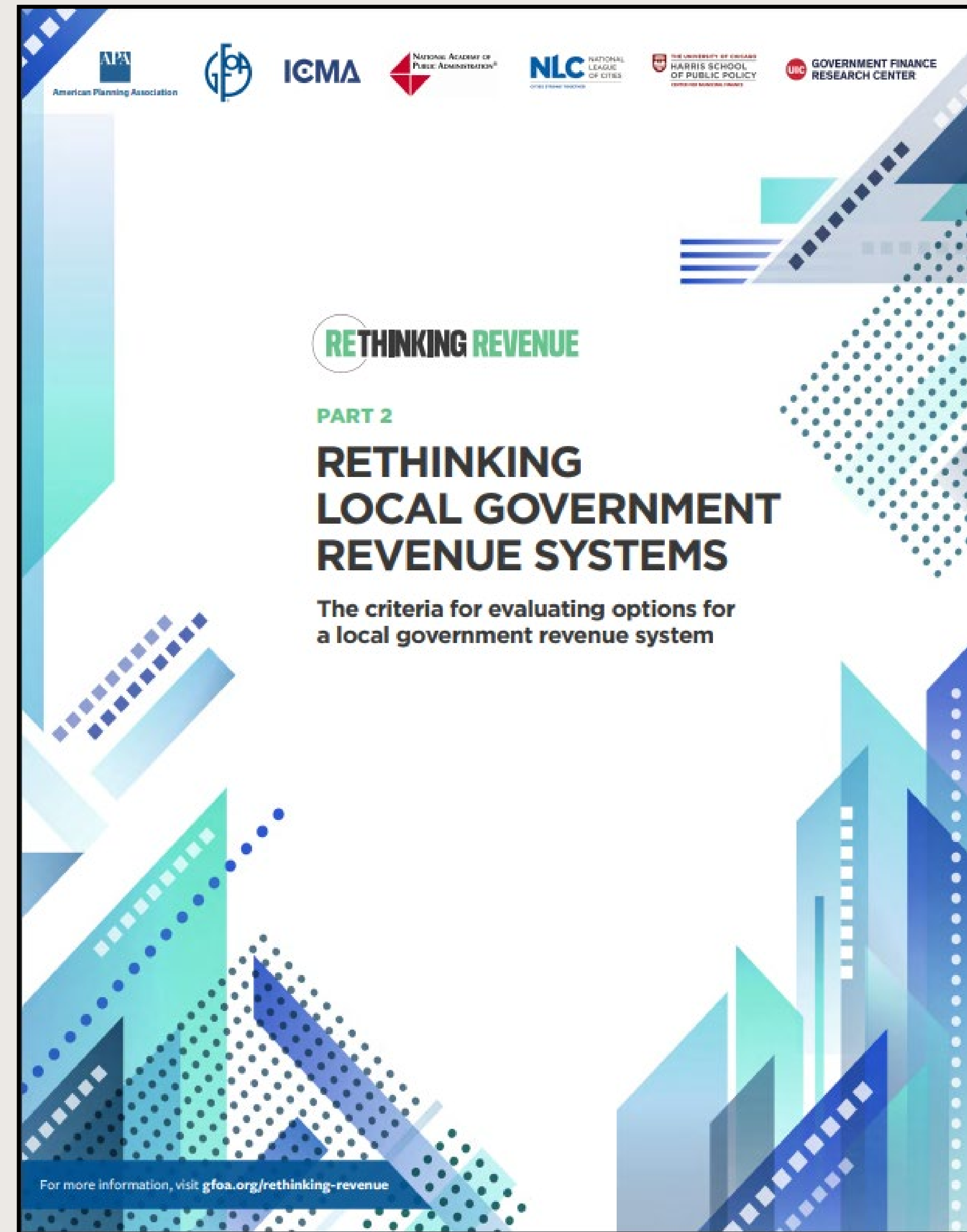
EVALUATING OPTIONS



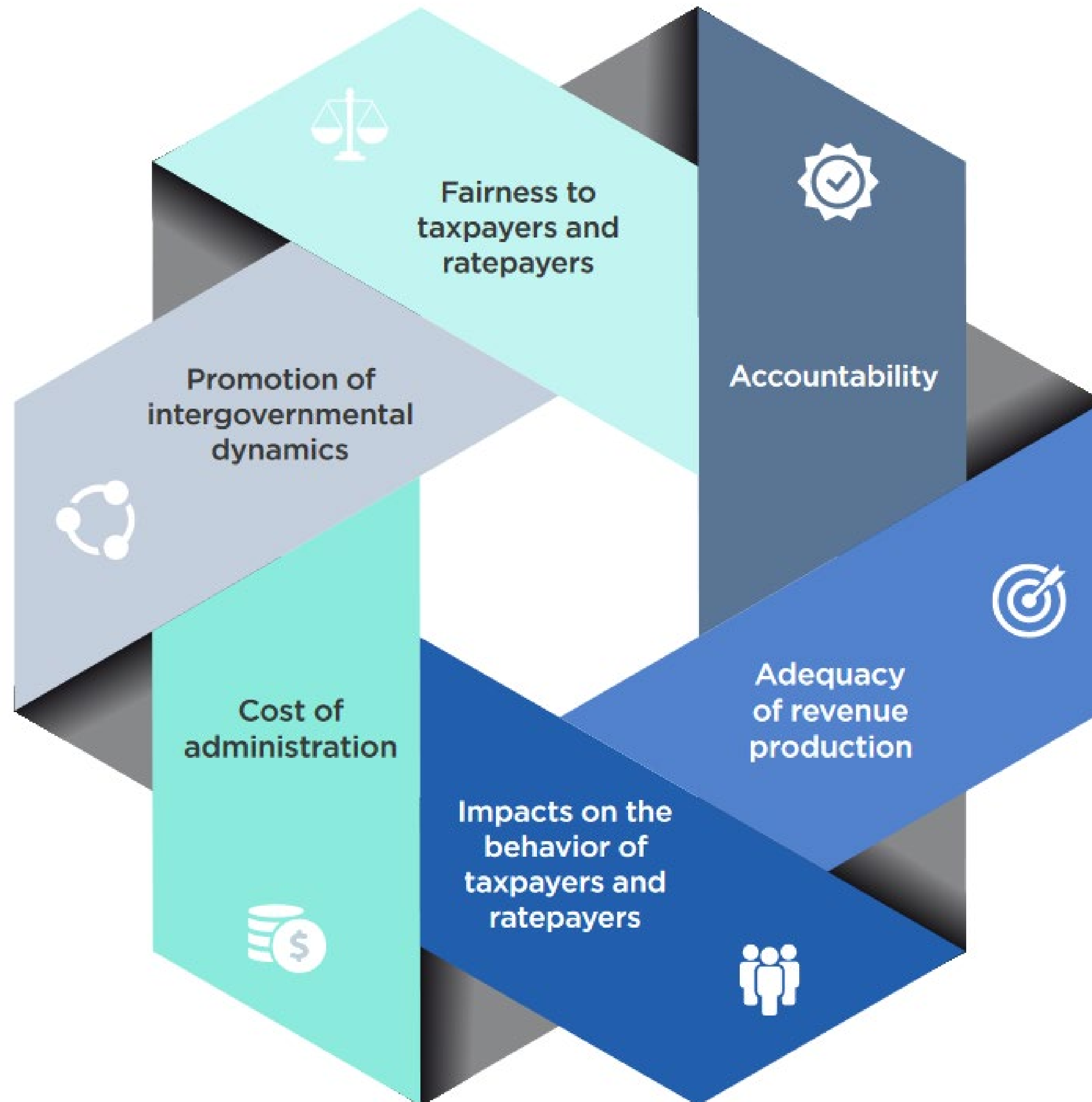
<https://www.gfoa.org/materials/rethinking-local-government-revenue-systems-p2>

PART 2

Define our Criteria



SIX CRITERIA TO JUDGE LOCAL GOVERNMENT REVENUE



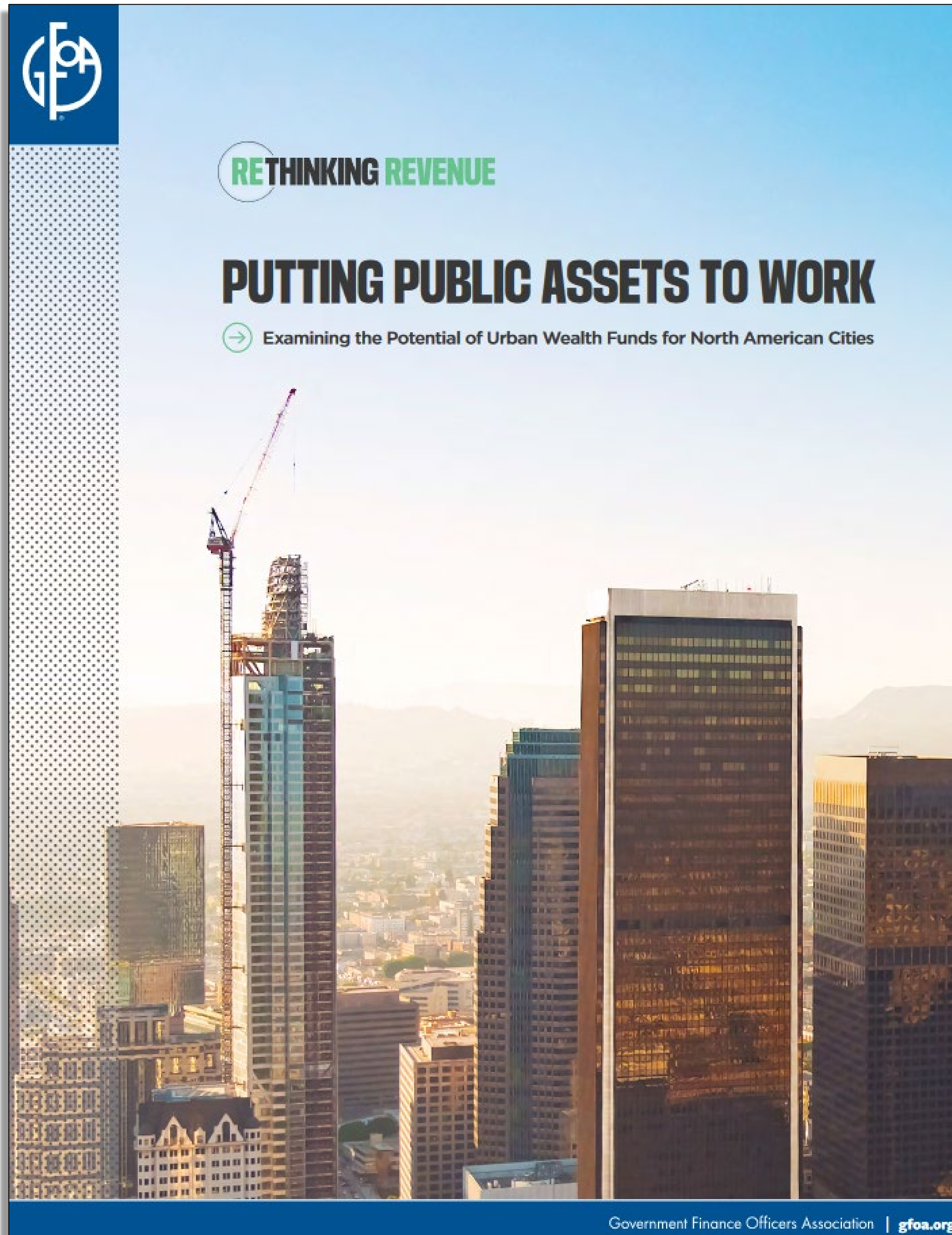
SOLUTIONS

So far...





RETHINKING REVENUE

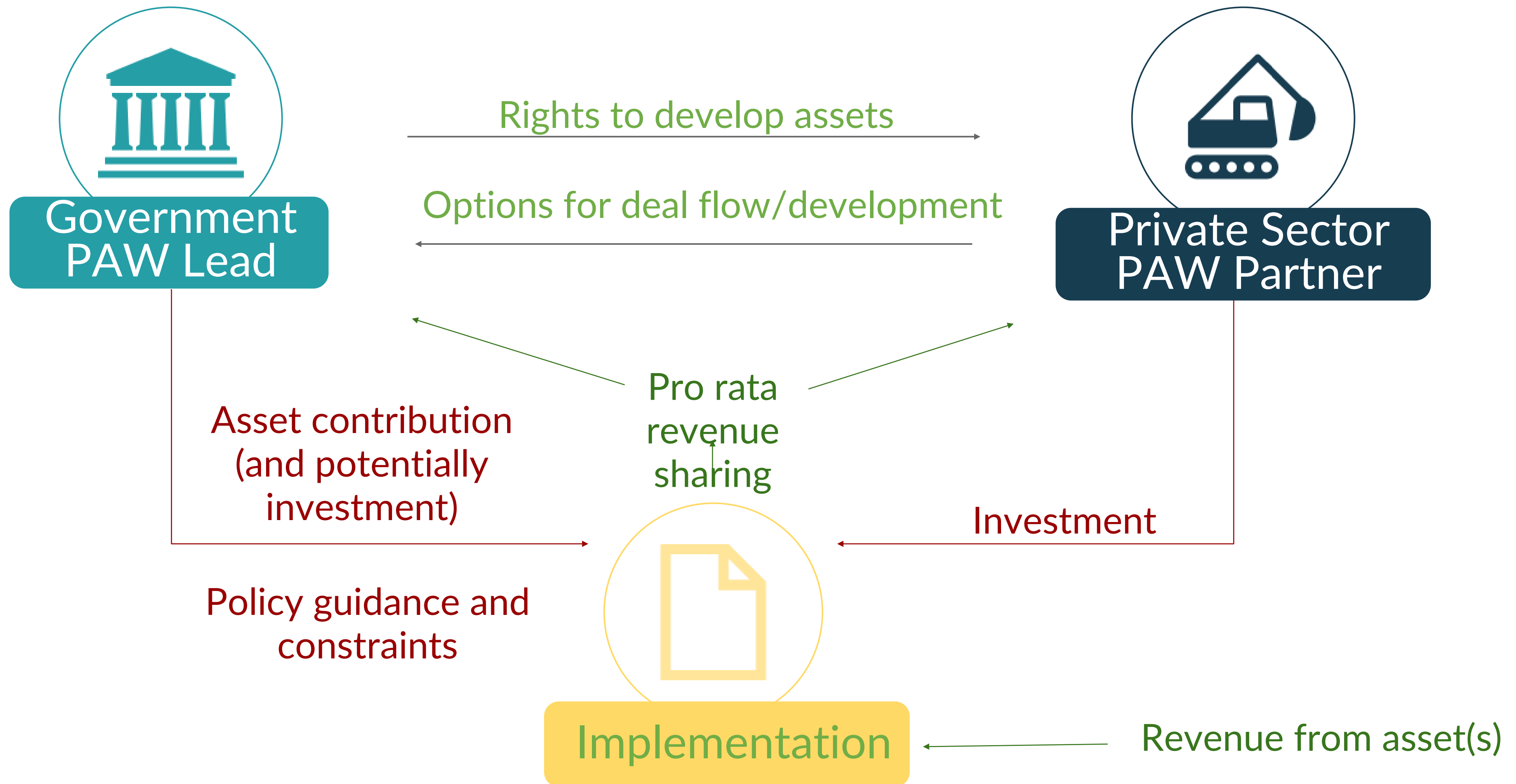


Key features of Urban Wealth Funds

- ✓ Transparency – fair market value of public property
- ✓ Political independence – delegate management of the commercial portfolio to professional management
- ✓ Clear objective of value maximization



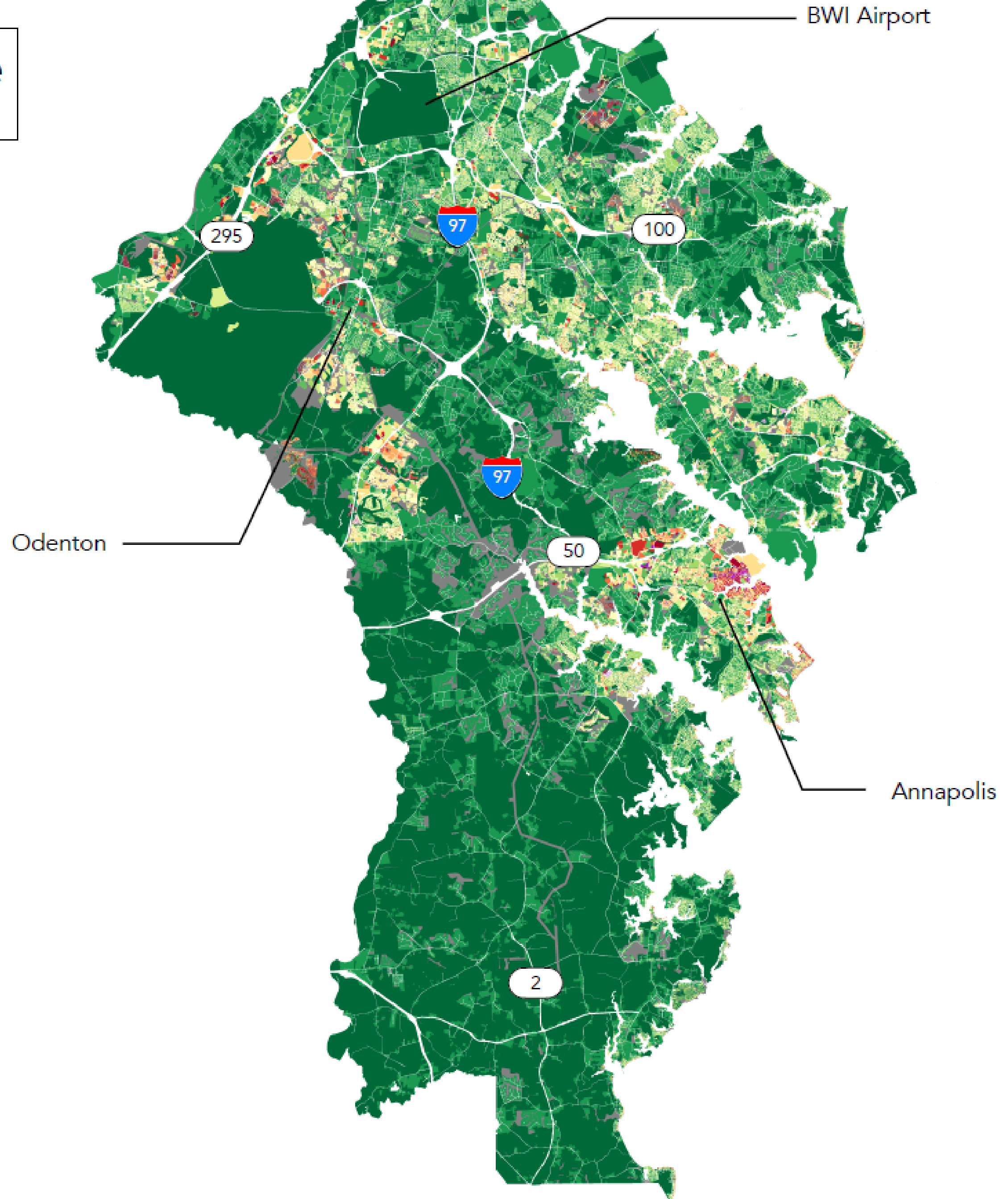
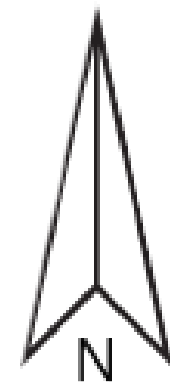
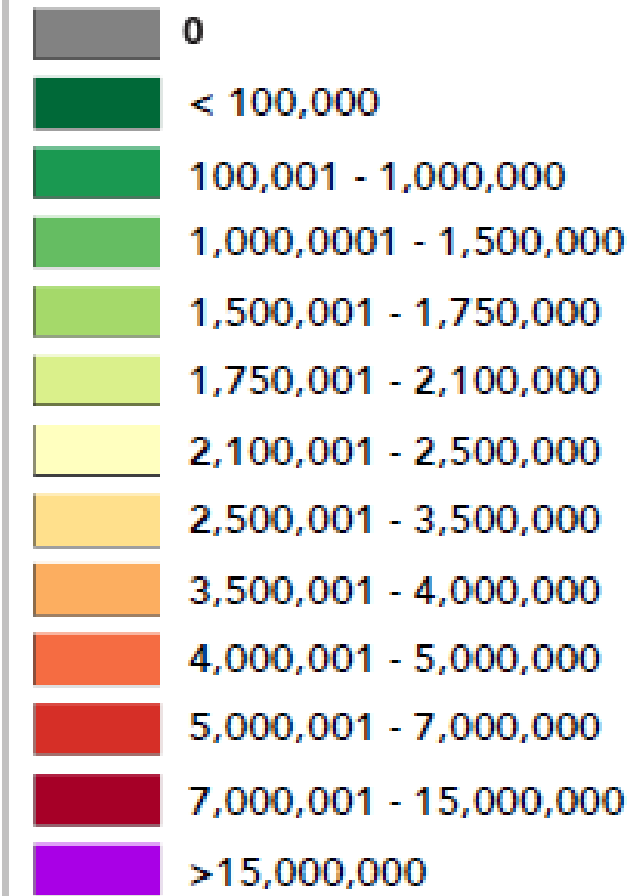
Proposed Putting Assets to Work Structure



Appraised Value per Acre

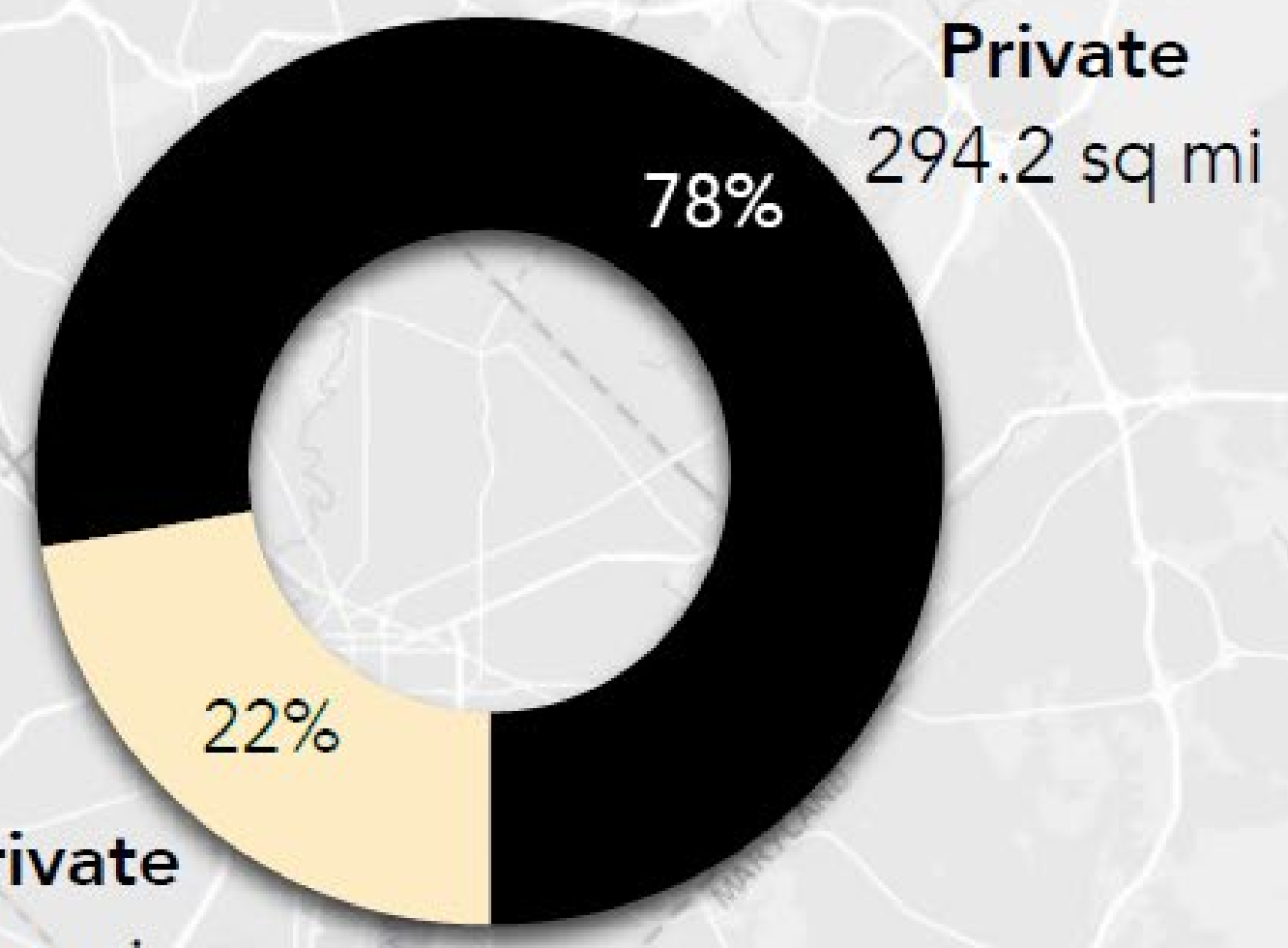
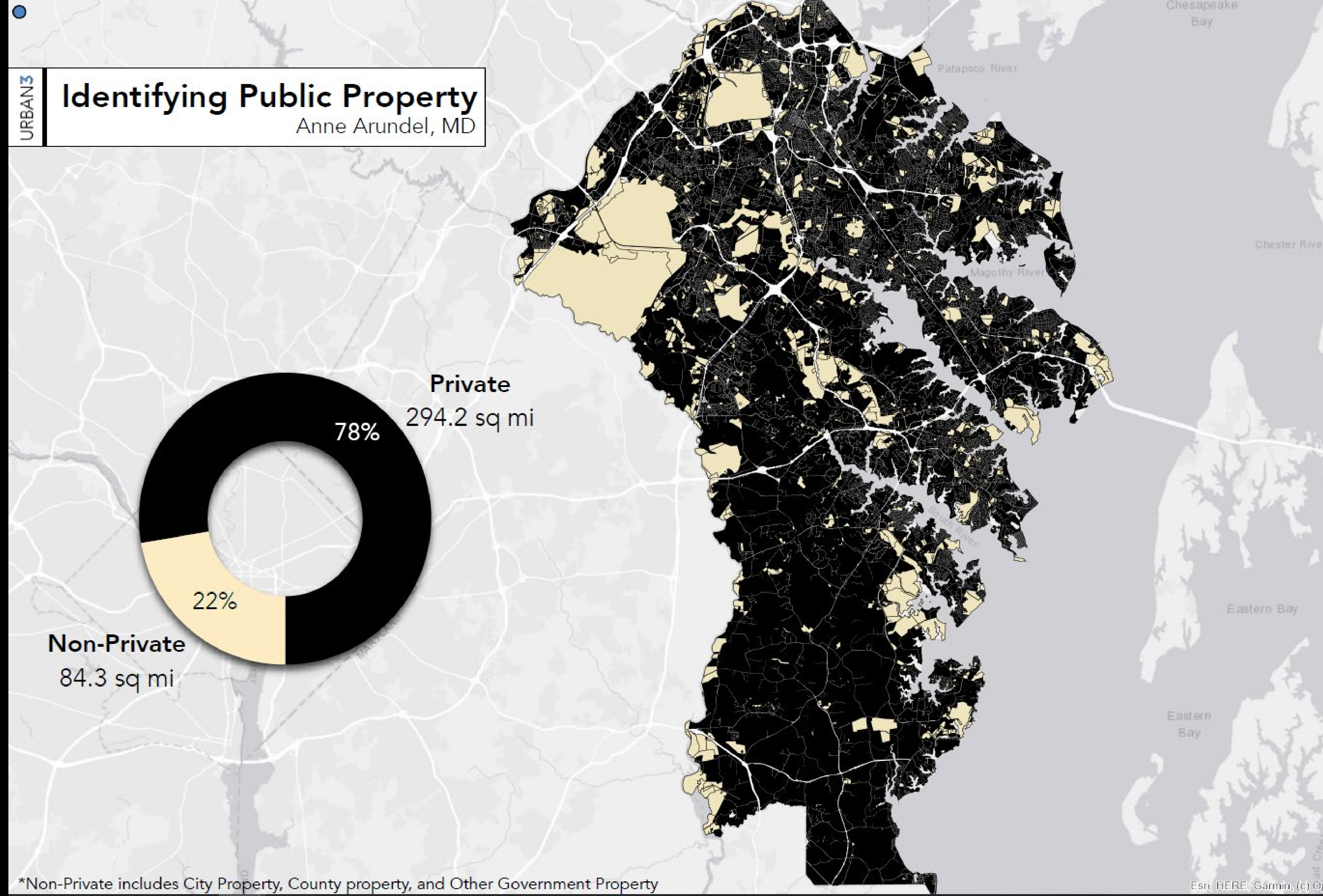
Anne Arundel County, MD

Appraised Value Per Acre (\$)



Identifying Public Property

Anne Arundel, MD

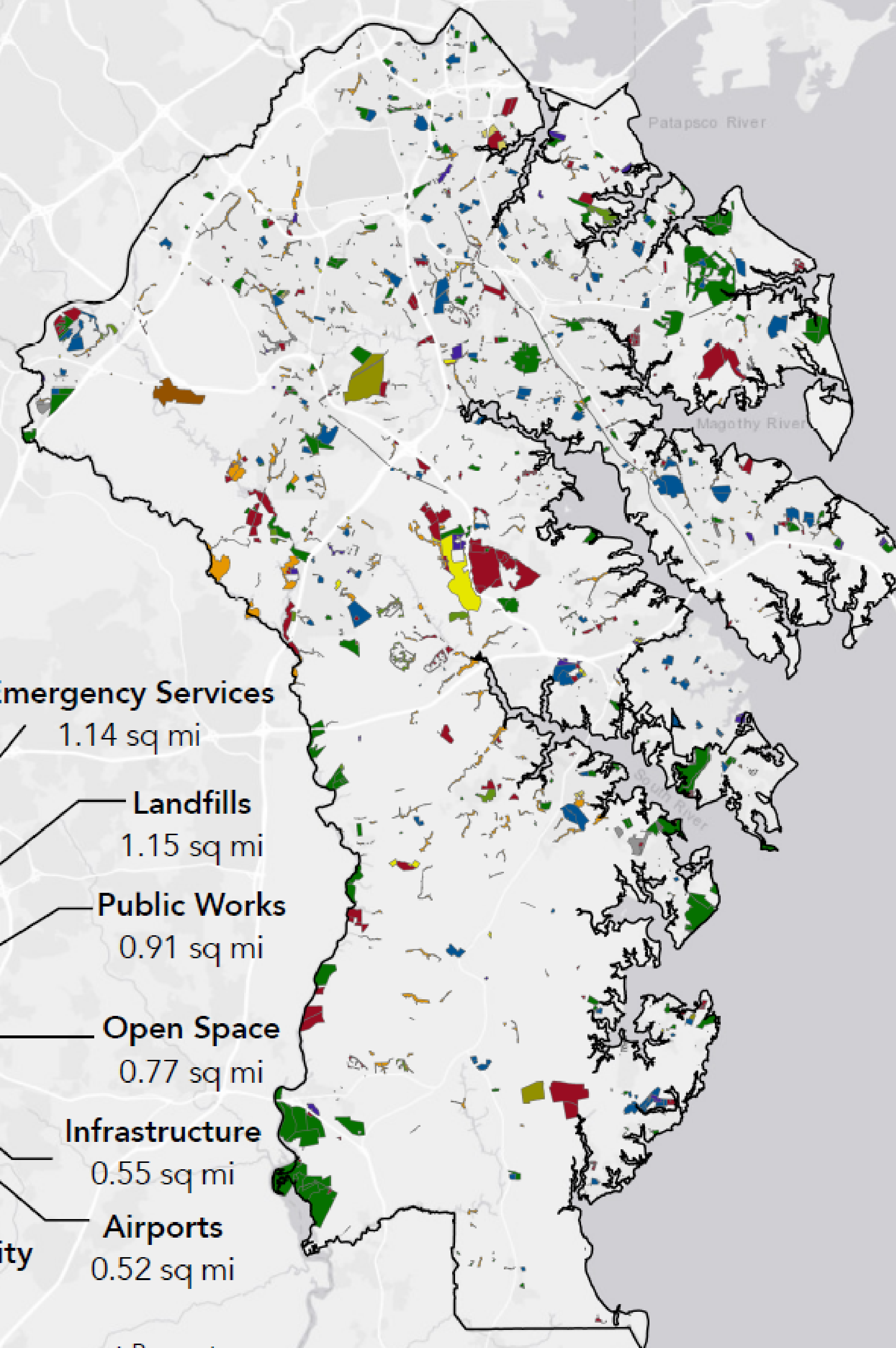
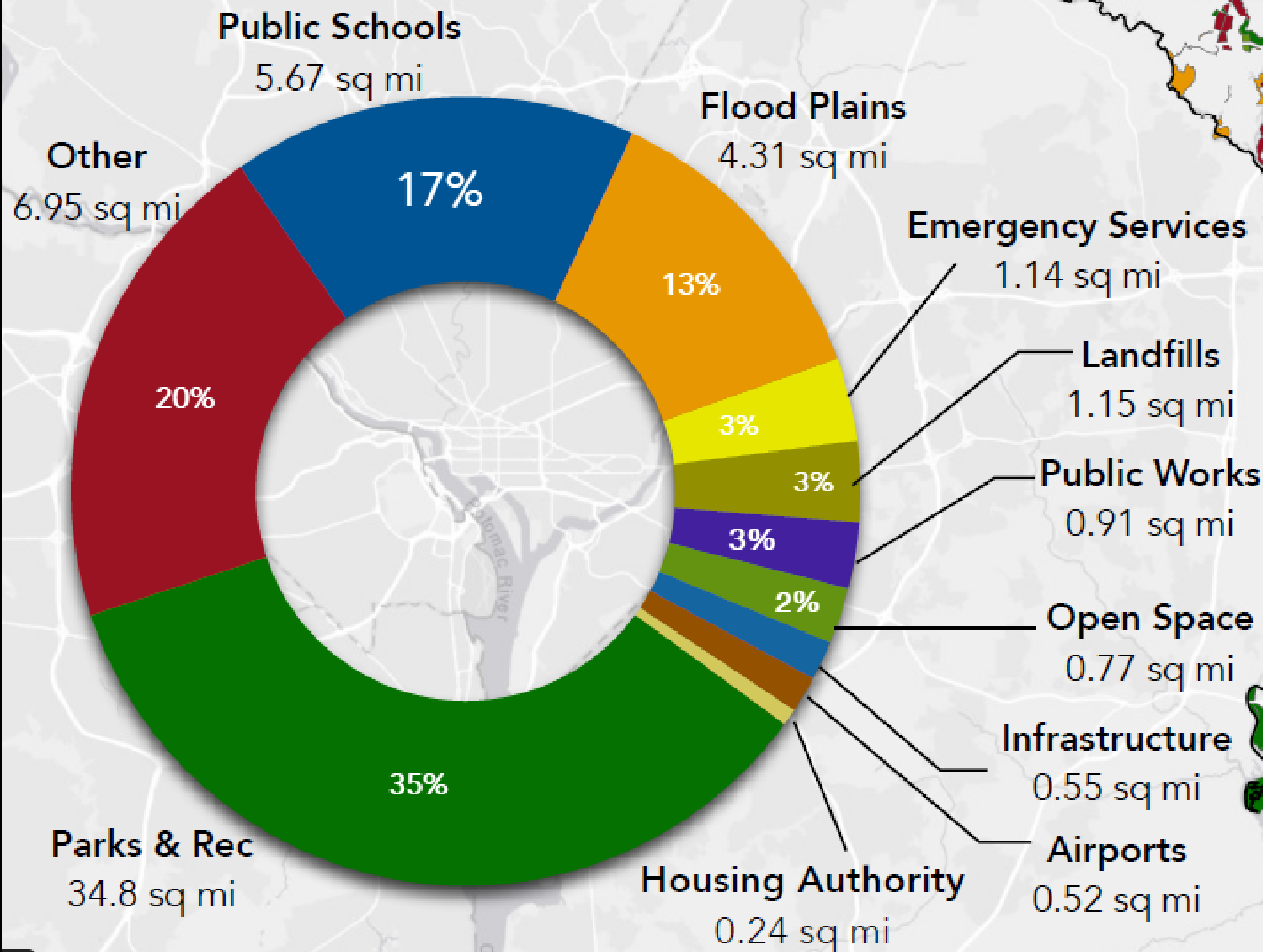


*Non-Private includes City Property, County property, and Other Government Property

Identifying Public Property

Anne Arundel, MD

Potentially Developable
County-Owned Property:
34.1 sq mi



Non-Private includes City Property, County property, and Other Government Property

Identifying Public Property

Anne Arundel, MD

County-Owned

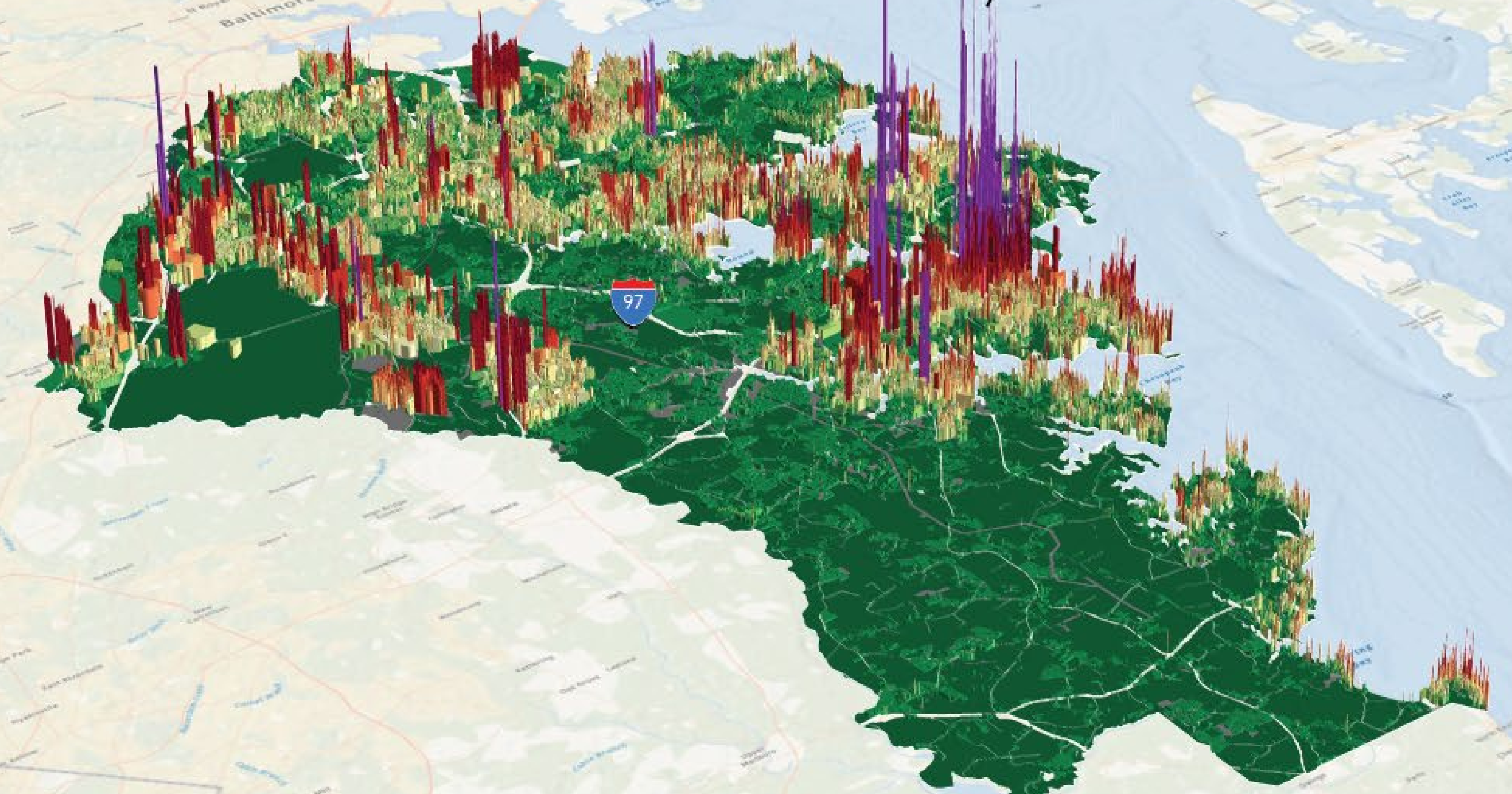
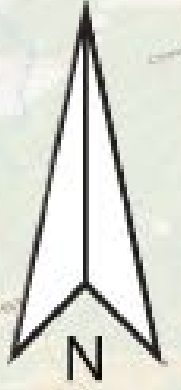
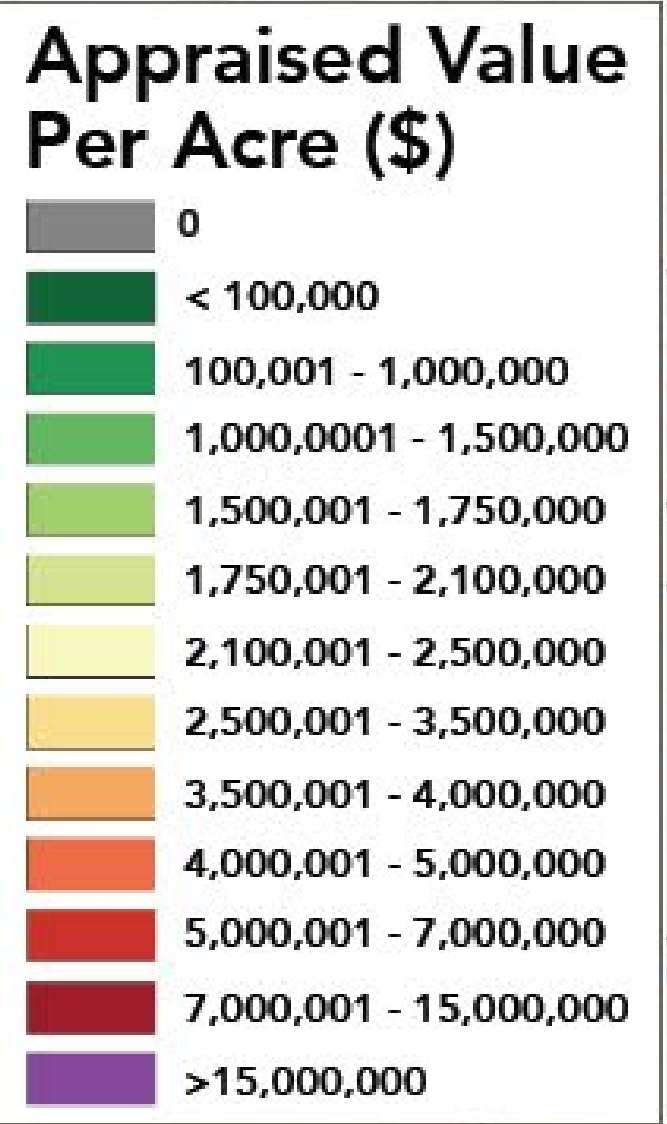
34.1 sq mi ≈



7X

Appraised Value per Acre

Anne Arundel, MD



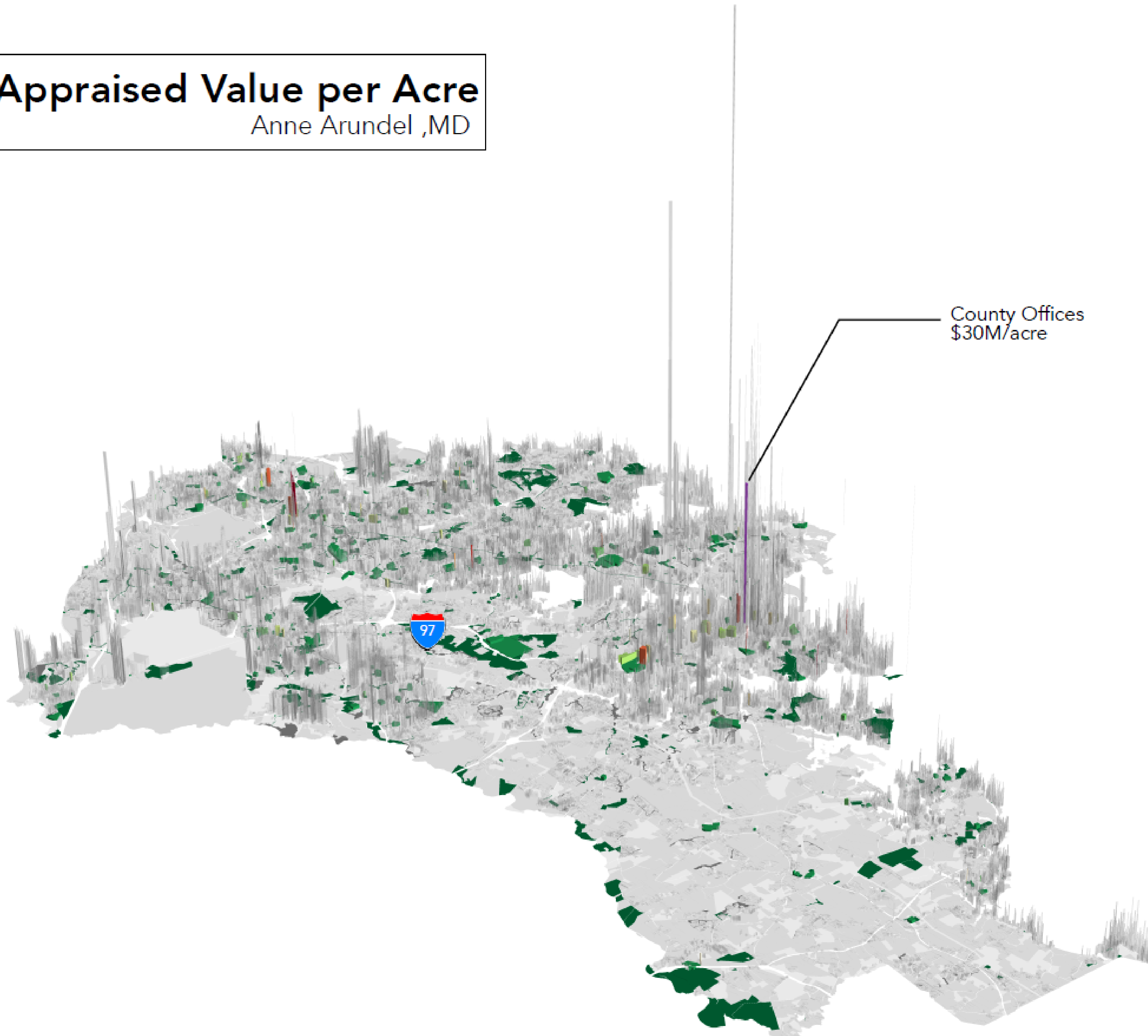
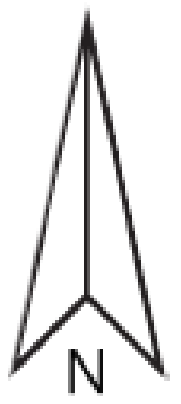
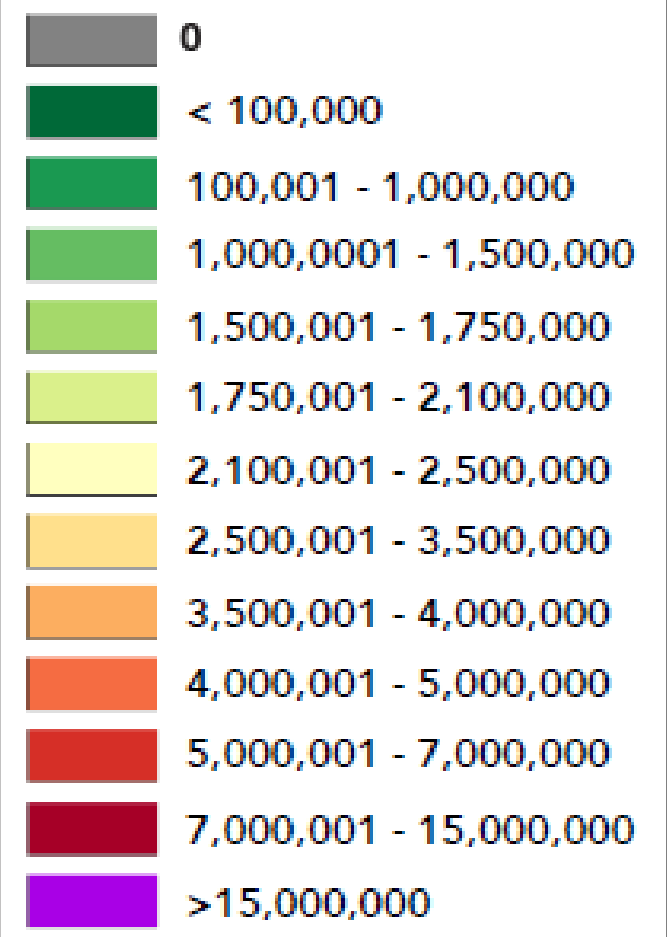
Annapolis

County-wide
Value:
\$110B
Value per Acre:
\$.45M/acre

County Portfolio Appraised Value per Acre

Anne Arundel, MD

Appraised Value Per Acre (\$)



County-wide

Value:

\$110B

Value per Acre:

\$.45M/acre

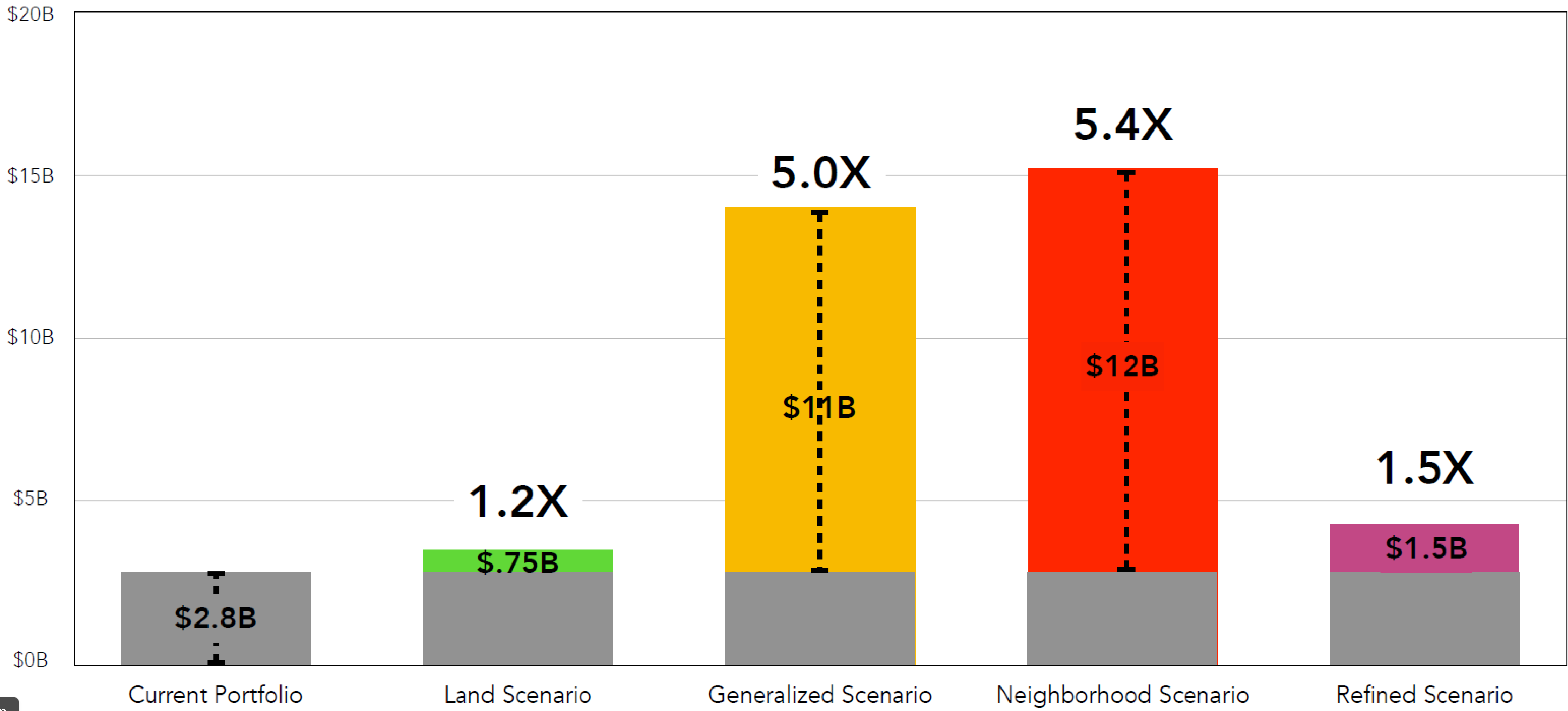
County Properties

Value:

\$2.8B

Value per Acre:

\$.13M/acre





Legacy Assets

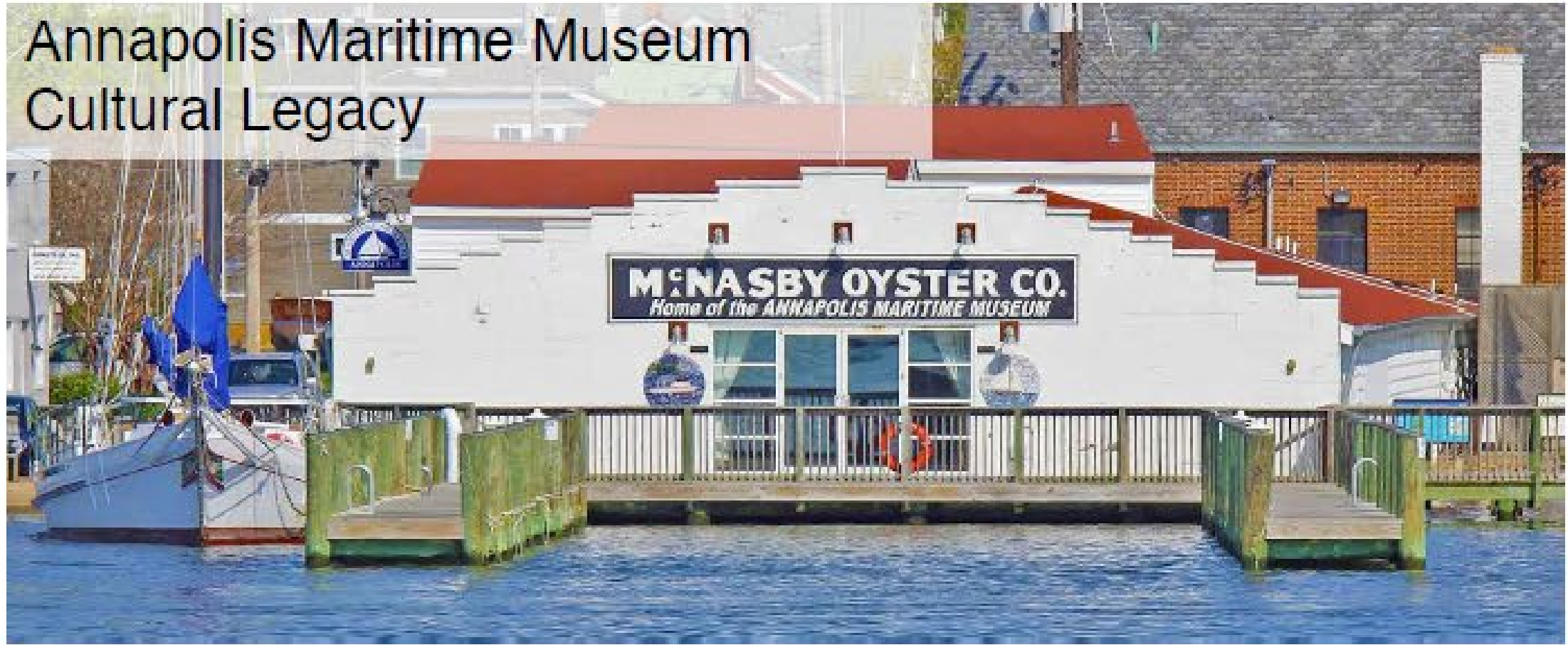
Things we want to preserve

Legacy assets include real estate assets such as watershed lands or other parcels held subject to a conservation easement, historic facilities the City intends to hold and preserve in its current state, or any other asset for which the present and future use removes the asset from a Public Asset Yield consideration.

Bacon Ridge Natural Area
Environmental and Recreational Legacy



Annapolis Maritime Museum
Cultural Legacy



Charles Carroll House
Historical and Cultural Legacy





Policy Assets

Things we want to provide service now

Policy assets include real estate assets such as the City's Public Safety Building and fire stations. These assets are used to advance important public policy objectives and are not prime for Public Asset Yield considerations.

Stanton Community Center
Community Resources Goals



Michael E Busch Public Library
Education and Resource Goals



Annapolis Fire Station 35
Public Safety and Civic Goals



Yield Assets

Sources of funding for other goals

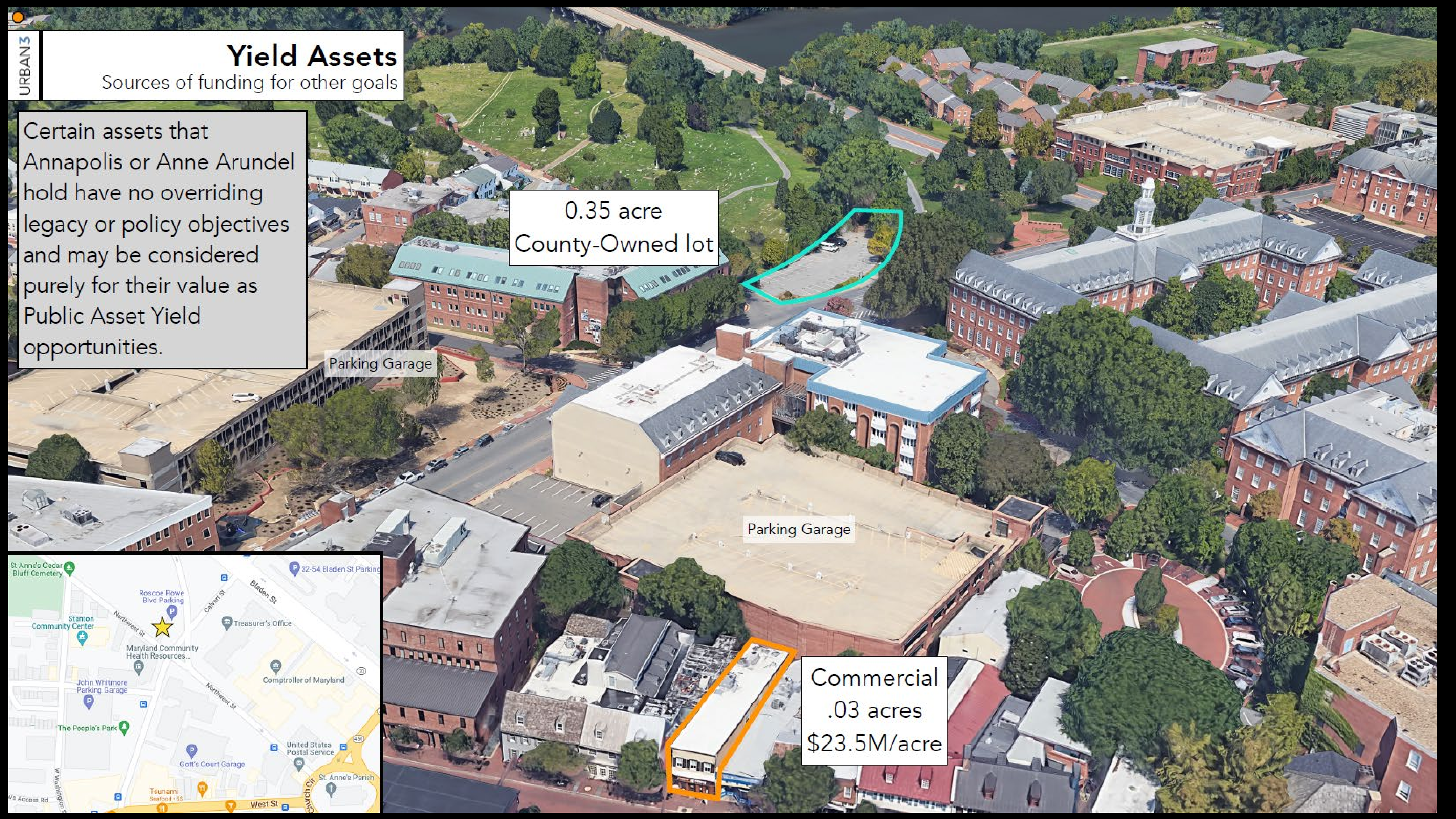
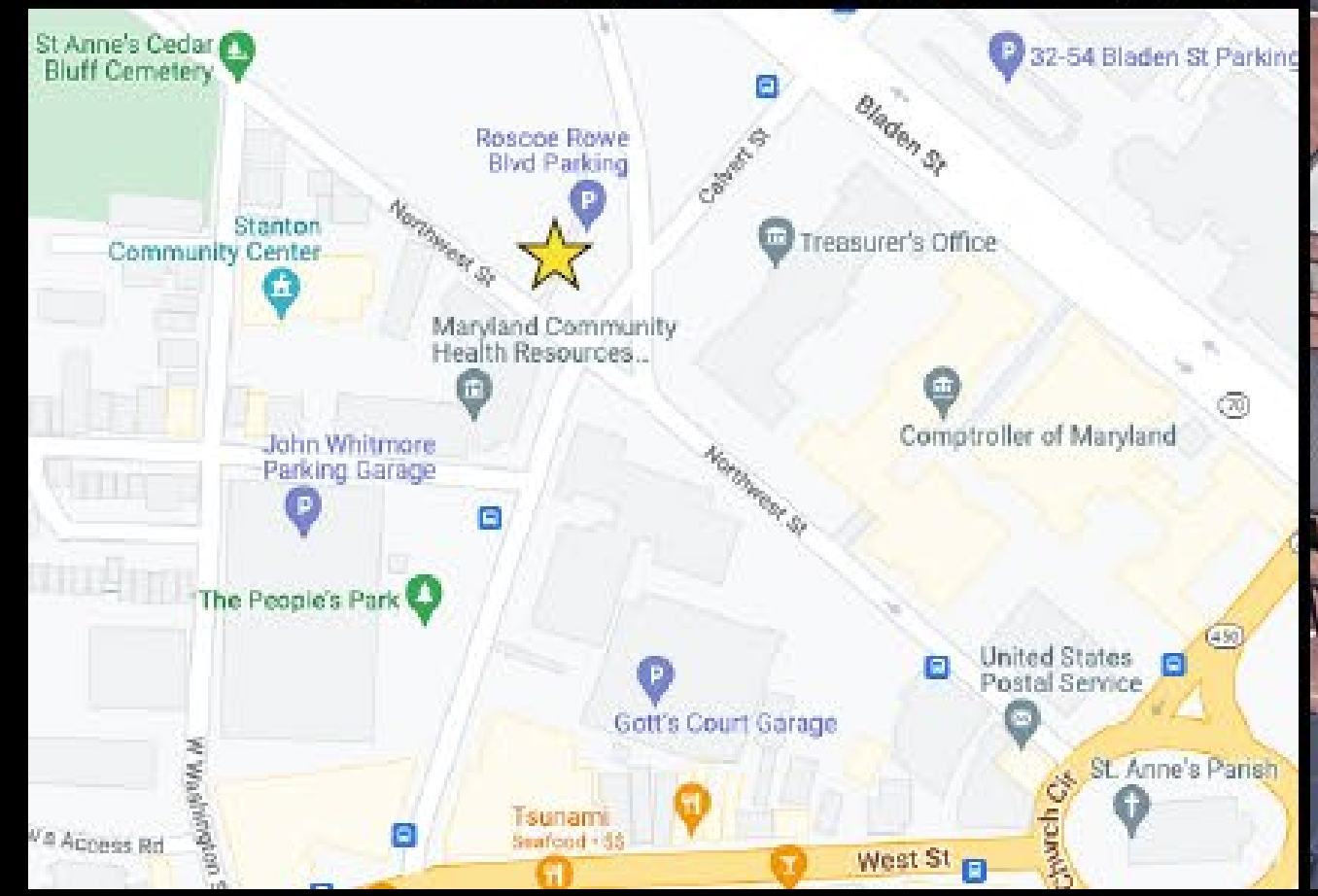
Certain assets that Annapolis or Anne Arundel hold have no overriding legacy or policy objectives and may be considered purely for their value as Public Asset Yield opportunities.

0.35 acre
County-Owned lot

Parking Garage

Parking Garage

Commercial
.03 acres
\$23.5M/acre



Yield Assets

Sources of funding for other goals

Certain assets that Annapolis or Anne Arundel hold have no overriding legacy or policy objectives and may be considered purely for their value as Public Asset Yield opportunities.

Could add \$16.6M

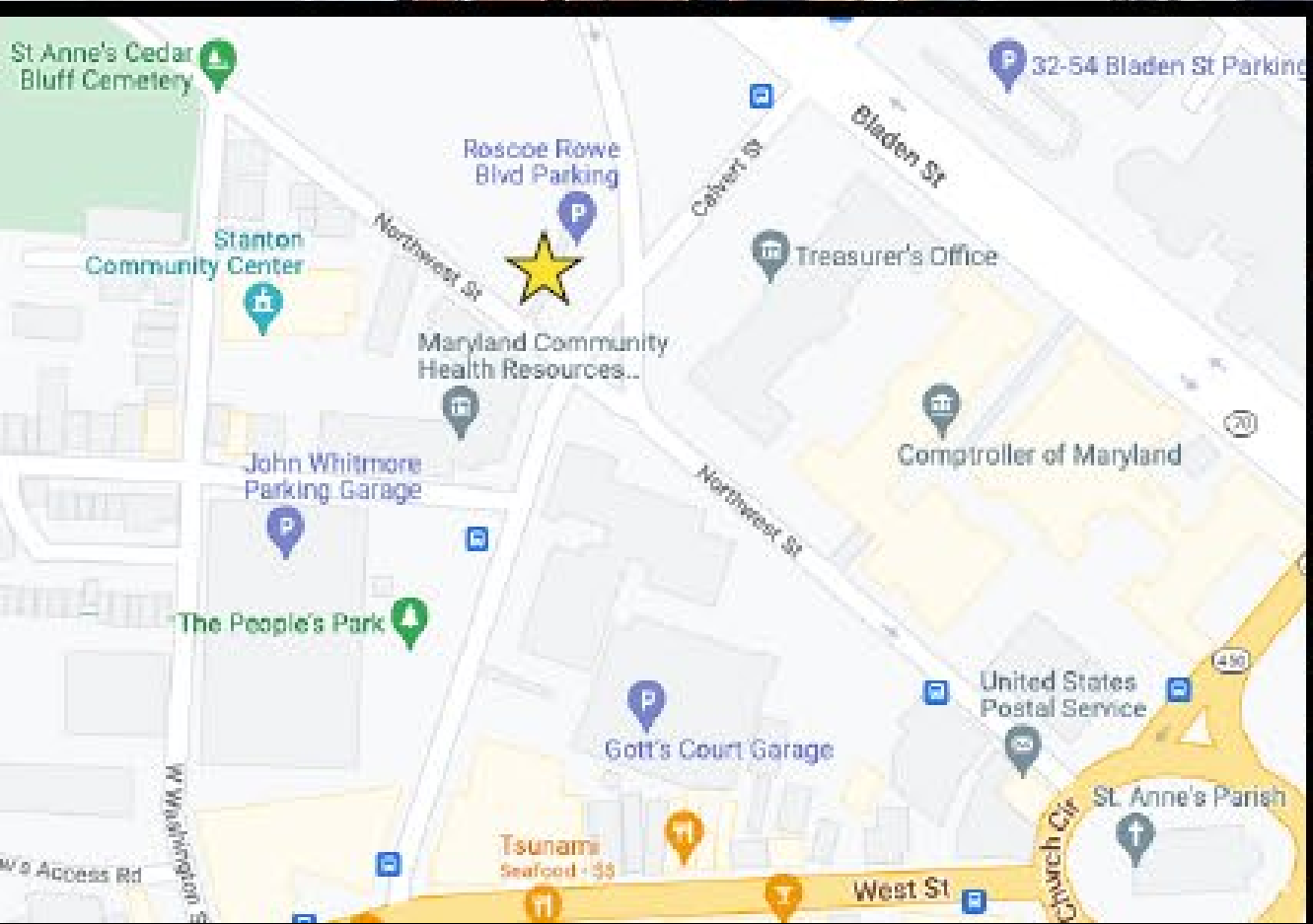
0.35 acre
County-Owned lot



Parking Garage

Parking Garage

Commercial
.03 acres
\$23.5M/acre



HOW COULD STATE GOVTS SUPPORT UWFS?

- Perform an inventory and valuation of state assets. Model the practice and catalyze local action.
- Perform inventory and valuation for local government. Access economies of scale.
- Or develop incentives for local governments to inventory and assess value
- Facilitate market for working with govt to develop assets (e.g., publicly accessible database of assets)
- Make sure public procurement laws are supportive of partnerships with developers to create best value
- Make sure laws are supportive of intergovernmental cooperation to pool assets

DISCUSSION QUESTIONS

What opportunities do you see for states to support Putting Assets to Work?

What limitations or risks concern you?



RETHINKING REVENUE

The image shows the cover of a report from ICMA (International City/County Management Association). The background is a dark, high-angle photograph of a parking garage with several orange parking tickets being processed by a machine. The text on the cover includes:

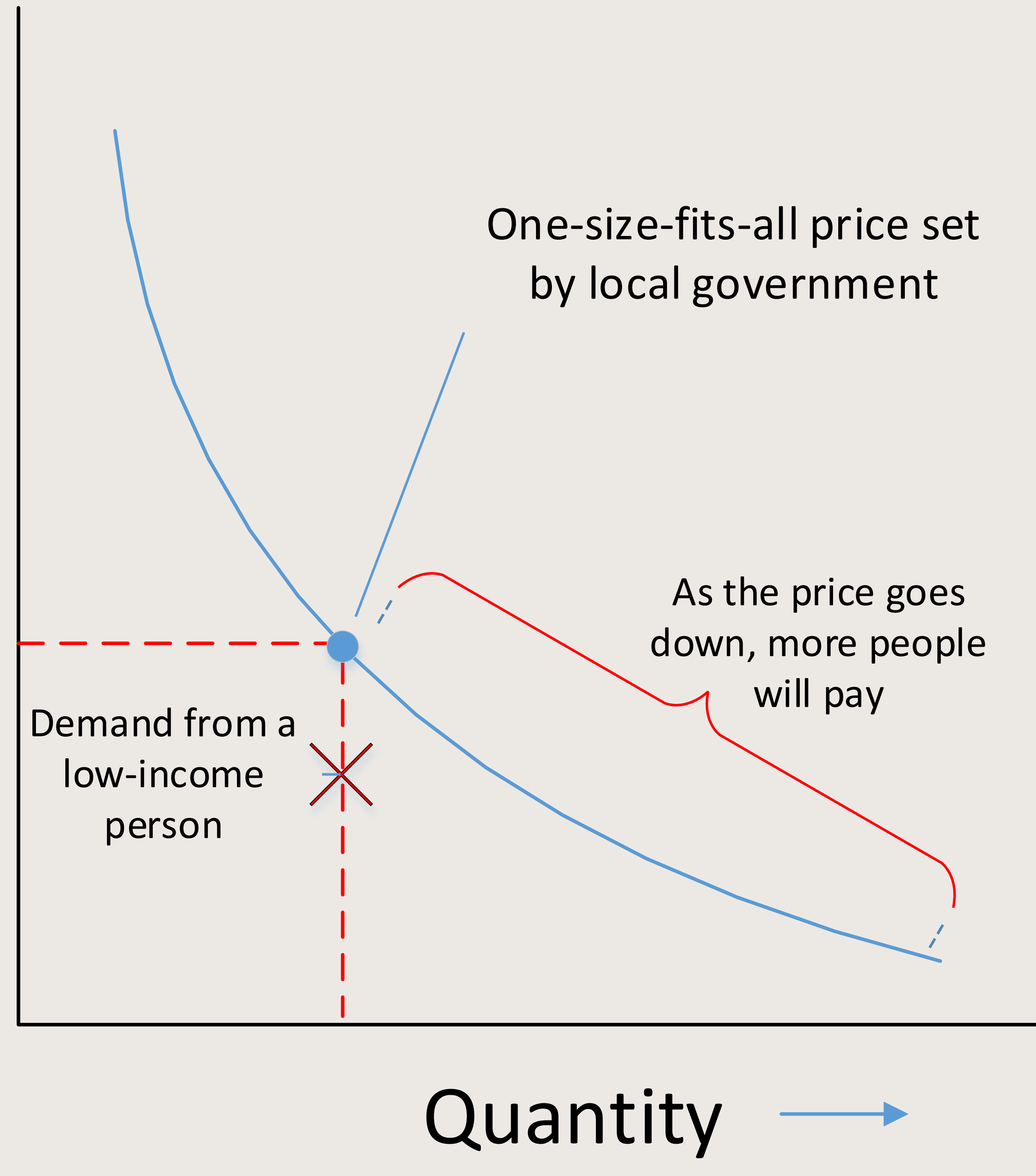
- ICMA logo in the top left corner.
- RETHINKING REVENUE** in green text.
- SEGMENTED PRICING FOR FINES AND FEES** in large white text.
- A green arrow icon followed by the text: "Increasing Revenues and Fairness at the Same Time".
- At the bottom, a blue bar contains the text: "For more information, visit gfoa.org/rethinking-revenue".

- ✓ Charge people the price they can afford, no more and no less
- ✓ Could raise revenues, even if only done at the lower end of the income scale!
- ✓ Threads the fairness needle

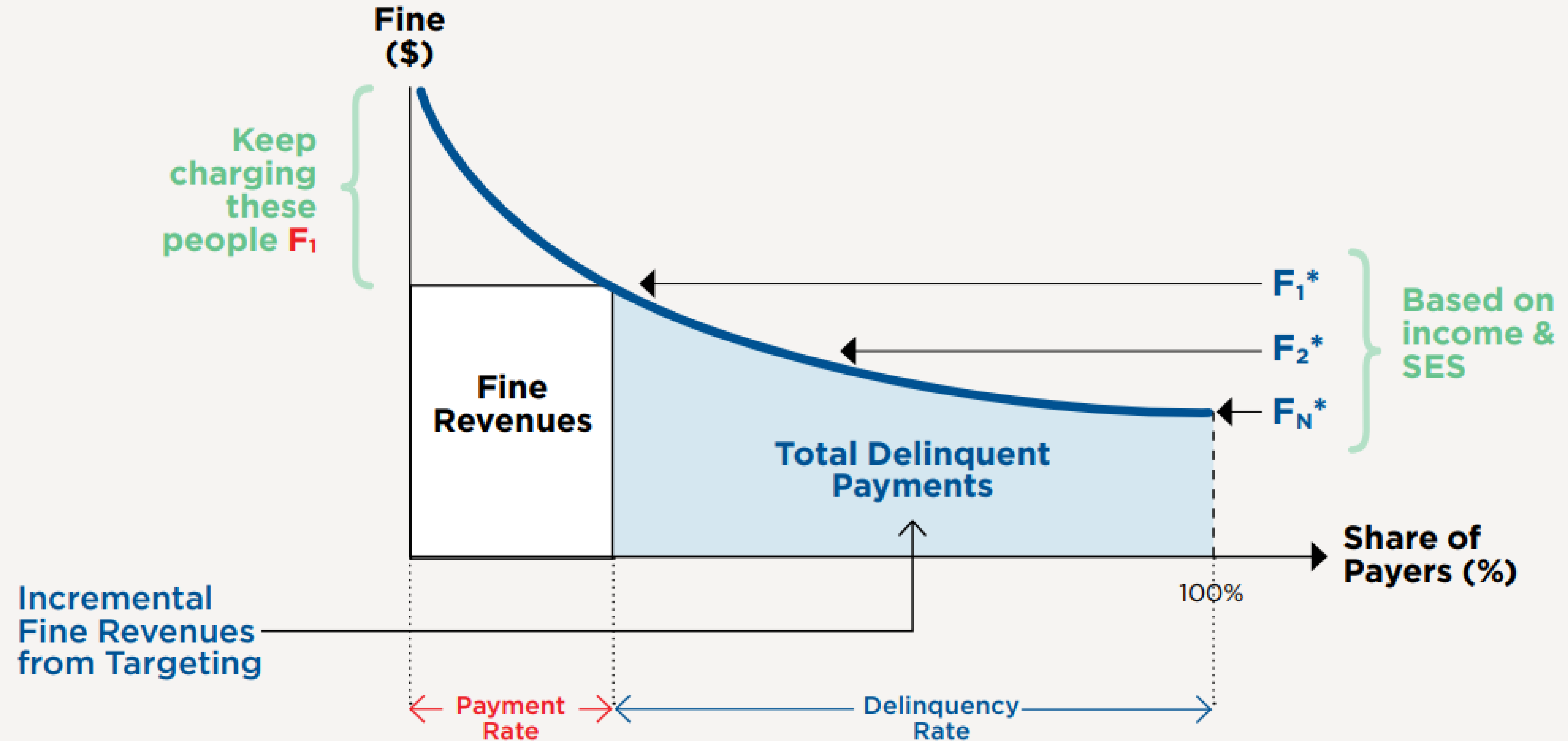
SEGMENTED PRICING

Basic Demand Curve

Price ↑



SEGMENTED PRICING IN ACTION



HOW COULD STATE GOVTS SUPPORT SEGMENTED PRICING ?

- Give local governments ability to give pricing discounts based on income or ability to pay.
- Require ability to pay assessments for fines and fees in court systems



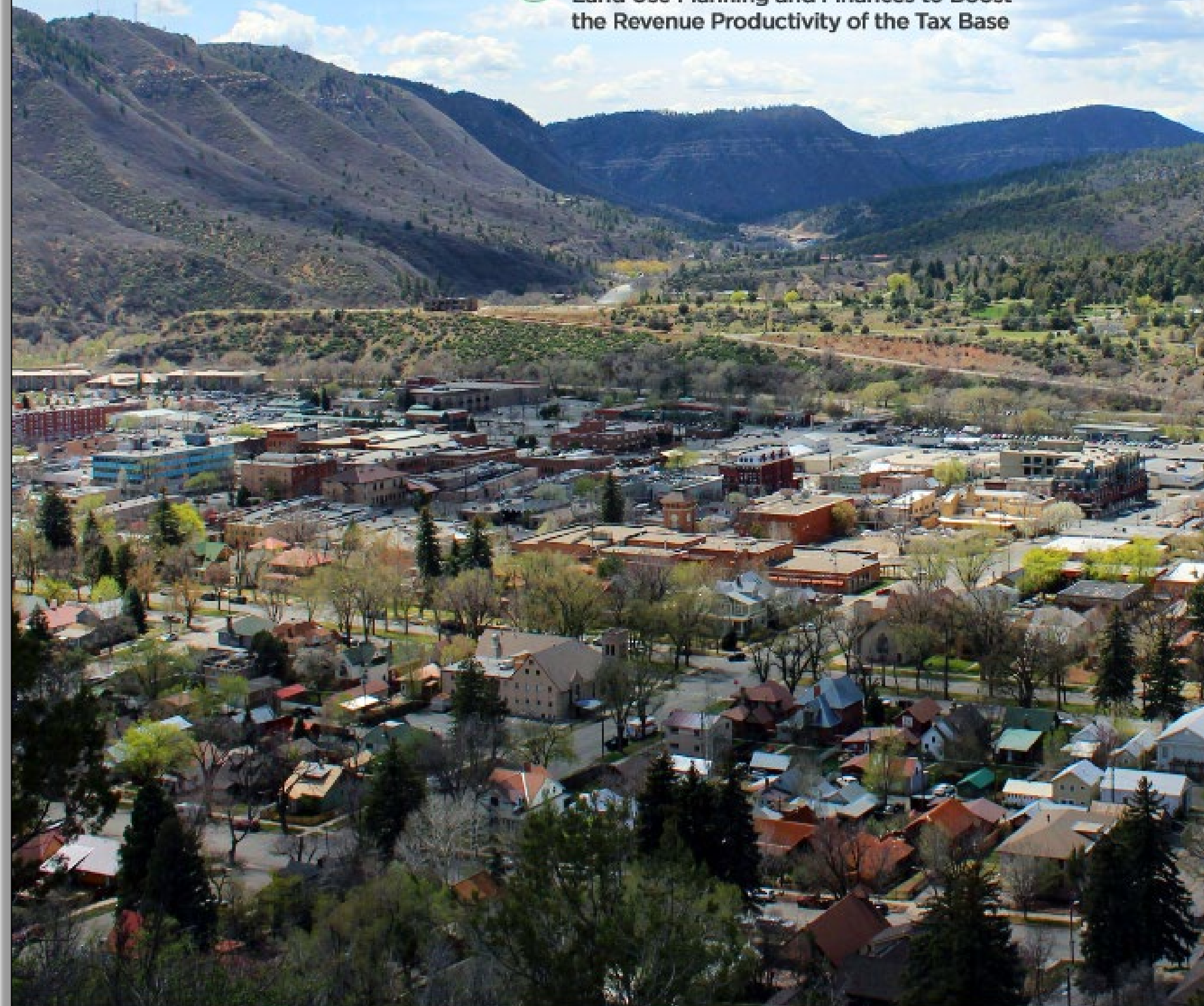
RETHINKING REVENUE



RETHINKING REVENUE

THE ROOT OF LOCAL GOVERNMENT REVENUES

→ Rethinking the Intersection between Land Use Planning and Finances to Boost the Revenue Productivity of the Tax Base

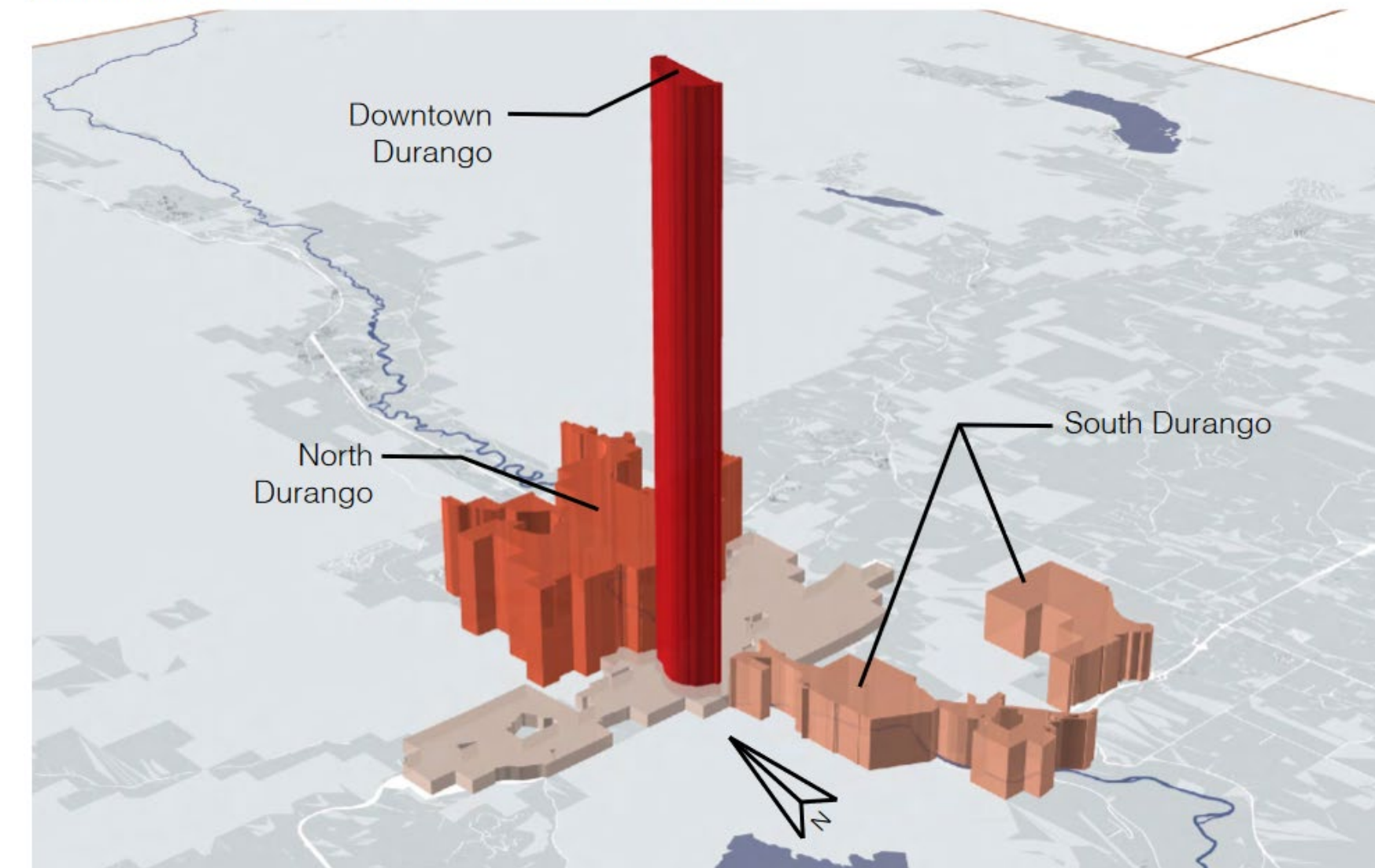


For more information, visit gfoa.org/rethinking-revenue

Improve revenue per acre

- ✓ Promote fiscally savvy development
- ✓ Calculate revenue per acre

EXHIBIT 3 | SALES TAX PER ACRE FOR DURANGO, COLORADO



Graphic courtesy of Urban3

- ✓ Encourage infill not greenfield
- ✓ Understand how building & zoning regulations impact revenue
- ✓ Understand cross-subsidization



RETHINKING REVENUE



ICMA

RETHINKING REVENUE

BOSTON'S PILOT PROJECT

(PAYMENT IN LIEU OF TAXES)

How the City of Boston worked with local tax-exempt institutions to secure fair and sustainable financial support for city government



For more information, visit gfoa.org/rethinking-revenue



- ✓ Develop clear vision for PILOT
- ✓ Strategy based on trust and open communication
- ✓ Invite NGOs to help define contribution arrangements
- ✓ Define clear rules that govern size of contributions
- ✓ Make sure all NGOs are treated fairly

THE END

Stay in touch on LinkedIn:

Shayne Kavanagh, GFOA

Visit: gfoa.org/rethinking-revenue

