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BWIP Repository Project

Working Draft

Interim Fiscal Profile—Benton and Franklin Counties, Washington

F. B. Dong
M. K. Dugan
D. C. Clark

February 1988

Prepared by
Battelle Human Affairs Research Centers
for the Pacific Northwest Laboratory
under Contract DE-AC06-76RLO 1830
for the U. S. Department of Energy

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EXECUTIVE SUMMARY

This report presents a fiscal profile of Benton and Franklin counties, and of the cities of Richland, Kennewick, and Pasco. Overall, changes in operating revenues and expenditures in these jurisdictions have corresponded with changes in the local economy. The combined operating expenditures of Benton County, Franklin County, Kennewick, Pasco, and Richland, expressed in current dollars, tripled between 1975 and 1985, increasing from $18.1 million to $55.0 million, an annual average increase of 11.8 percent. During this time, the population of the Benton-Franklin MSA increased from 100,000 to 140,900 people, and the national all-items price index for urban consumers doubled, increasing from 161.2 to 322.2. Adjusted for inflation, per capita expenditures by these governments increased only slightly during this period, from $361.8 in 1975 to $390.3 in 1985.

Employment in the Benton-Franklin MSA rose from 40,080 workers in 1970 to a peak of 75,900 in 1981 before declining to 61,100 in 1985, primarily due to the loss of 9,928 jobs in the Washington Public Power Supply System after 1981. The MSA's population followed a similar trend, with a slight lag. In 1970, total population in the Benton-Franklin MSA was 93,356 people. The MSA's population grew rapidly during the late 1970s, reached a peak of 147,900 persons in 1982, and then declined to 139,300 in 1986. As a consequence of this dramatic change in employment and population, governmental jurisdictions were faced with rapidly changing demands for services and consequent changes in responsibilities and finances. Many jurisdictions constructed new facilities and expanded staff during the growth period in order to serve the expanding population. Some jurisdictions then experienced a drop in demand that resulted in excess capacity and staff. Adjustments to these changes are ongoing, and current fiscal conditions have been affected by this history.

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1.0 BACKGROUND AND OVERVIEW

1.1 Overview of the BWIP Program

By the end of this century, the Federal Government plans to begin operating the first geologic repository for permanent disposal of commercial spent nuclear fuel and high-level radioactive waste. The Office of Civilian Radioactive Waste Management (OCRWM) of the U.S. Department of Energy (DOE) is responsible for implementing the Nuclear Waste Policy Act of 1982 (NWPA). In the NWPA, Congress approved geologic disposal by declaring that one of the key purposes of the NWPA is to "establish a schedule for the siting, construction, and operation of repositories that will provide a reasonable assurance that the public and the environment will be adequately protected from the hazards posed by high-level radioactive waste and such spent nuclear fuel as may be disposed of in a repository" (42 U.S.C. §111(b)(1) (1982)).

The NWPA specifies the process for selecting a repository site and involving the public in the siting decision. The DOE's final siting guidelines (10 CFR Part 960) further detail the steps leading to the siting decision. Following this process, in February, 1983, the DOE identified nine potentially acceptable sites for the first repository. These sites were evaluated in accordance with the DOE's siting guidelines. The results of these evaluations were reported in Draft Environmental Assessments (EAs), which were issued for public review and comment in December, 1984. The final EAs were issued in May, 1986. Chapter 4 of each EA included a description of site characterization activities and an analysis of the potential for environmental and socioeconomic impacts resulting from these activities. At that time, the Secretary of Energy identified five sites as suitable for site characterization and recommended three sites for characterization as candidate sites for the first repository. On May 28, 1986, the President approved characterization at these three sites: Deaf Smith, Texas; Yucca Mountain, Nevada; and Hanford, Washington. This formally began the site characterization phase of the repository siting process. Site characterization is expected to last approximately seven years.

Issue resolution strategies have guided, and will continue to guide, the design of the site characterization activities at the Hanford Site. As part of this effort, the DOE will prepare a Site Characterization Plan (SCP) that describes in some detail the site, the proposed site characterization activities, and plans for decommissioning the exploratory shaft facility (ESF) and mitigating any significant environmental impacts caused by site characterization should the site be decommissioned. A significant part of the site characterization effort (which will be described in the SCP) will be research performed from the exploratory shaft facility. At each of the three proposed sites, one or more shafts will be sunk to the level where the potential repository would be built. Underground drifts connecting these shafts and underground rooms will be excavated so that tests and measurements can be made. In addition to the ESF, extensive surface-based

field studies will be implemented during site characterization. These studies, which represent a significant level of effort, include surveys of soil conditions, monitoring of seismic activity, geologic and hydrologic investigations at the ground surface and in boreholes not hydrologically connected with the ESF, and selected environmental reviews. Technical descriptions of the environmental and socioeconomic studies to be undertaken during site characterization will be provided in the Environmental and Socioeconomic Monitoring and Mitigation Plans (MMPs) and Comprehensive Environmental and Socioeconomic Plans (CEP and CSP).

The Mined Geologic Disposal System Program administers the overall site characterization effort for the Repository Program, and is responsible for site selection and repository construction. At Hanford, this program is organized into eight components: (1) Systems Engineering; (2) Waste Package Engineering; (3) Site Characterization; (4) Repository Design; (5) Regulatory and Institutional Activities; (6) Exploratory Shaft; (7) Test Facilities; and (8) Program Management. To implement the site characterization phase of the repository program, a work force of management, technical, and support services workers will be employed and a variety of materials and services will be procured. The program will pay taxes and make Payments Equal to Taxes (PETT) to state, county, and local government units. The program also involves extensive regulatory and institutional activities that include communication and liaison with other federal agencies, and with state, tribal, and local governments.

1.2 Purpose of the BWIP Socioeconomic Profile Reports

The BWIP Socioeconomic Profile Reports are designed to provide information about the characteristics of the communities in which socioeconomic impacts from the BWIP may occur. The Profile Reports present a compilation of historical information about socioeconomic conditions in the affected communities. These reports are designed to provide a transition between the BWIP EA, published in 1986, and the Monitoring Reports associated with the BWIP SMMP and CSP. The principal objectives of the Profile Reports are to update the DOE BWIP socioeconomic database by compiling available secondary and primary data and to make this information available to both the DOE program and other interested parties. The initial Profile Reports will help identify the need for additional data. The database developed for the profiles will assemble socioeconomic data in a uniform, readily accessible format.

A series of BWIP Socioeconomic Profile Reports are being prepared. This report is one of the first set of five separate BWIP Profile Reports, which cover the following topics:

- Economic/Demographic Conditions;
- Fiscal Conditions;
- Housing Characteristics;
- Public Services and Facilities; and

- Socioeconomic Conditions in Cultural Communities.

The Profile Reports will be supported by an Interim Monitoring Report on BWIP Project Characteristics, which will provide information about the work force, purchases, and tax payments of the BWIP Program. The Interim Monitoring Report on BWIP Project Characteristics will include data from a survey of the BWIP work force that was conducted in August, 1987.

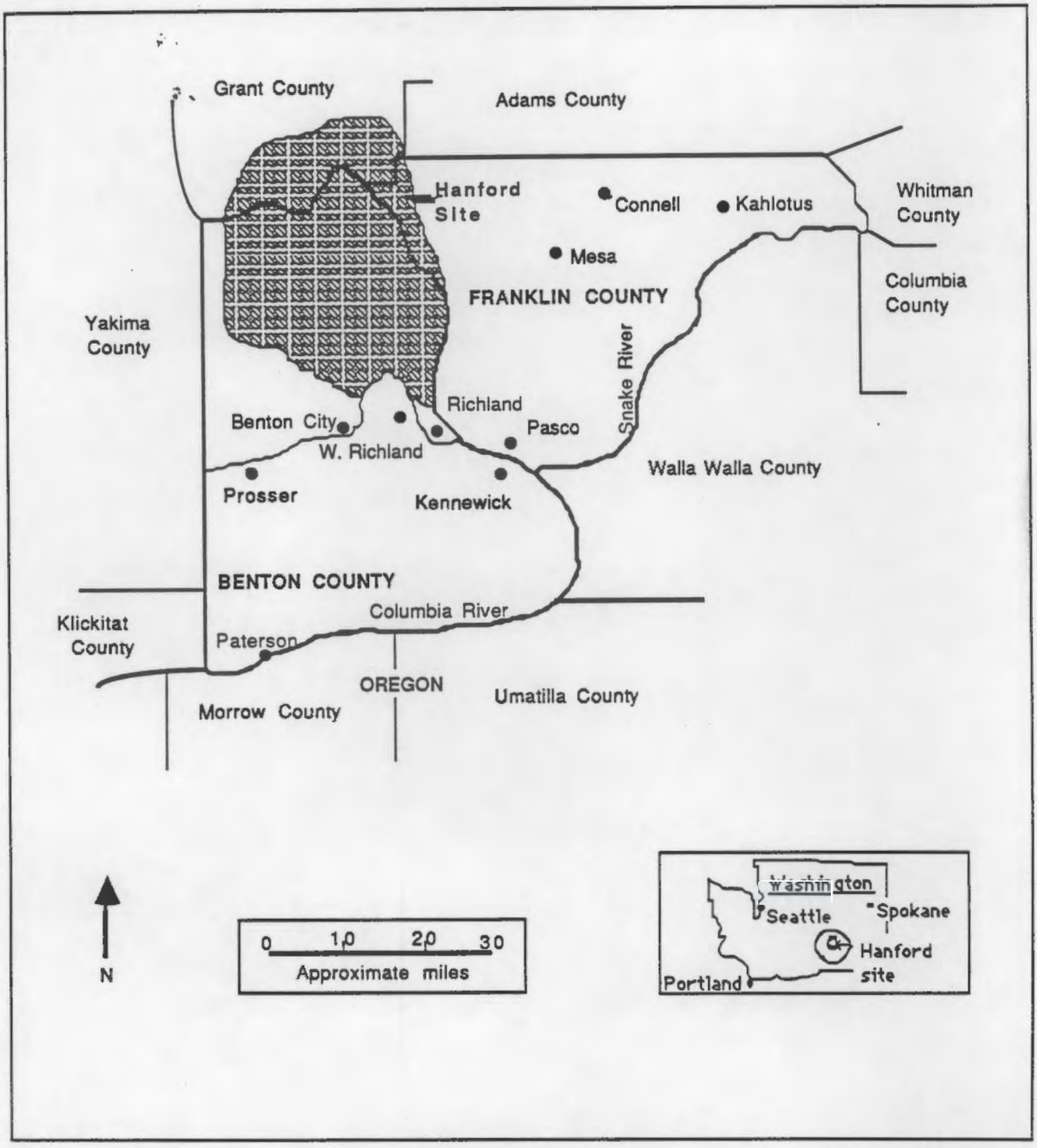
1.3 Overview of the Study Area Described in the Profile Report

The BWIP Reference Repository Location (RRL) is located within the DOE-controlled Hanford Site in south-central Washington. The 570 square mile Hanford Site is institutionally controlled. Since 1943 it has been restricted to projects directly associated with nuclear activities. As shown in Figure 1, the Hanford Site extends into Benton, Franklin, and Grant counties and is near the communities of Richland, Kennewick, Pasco, W. Richland, and Benton City. During the decade of the 1970s, the Benton-Franklin MSA[1] was one of the most rapidly growing metropolitan areas in the nation. However the November, 1981 termination of Washington Public Power Supply System Nuclear Project WNP-4 and the mothballing of WNP-1 abruptly reversed this growth and initiated a period of employment and population decline that continued through the mid-1980s.

Since 1970 the economy of the Benton-Franklin MSA has been dominated by three primary influences: (1) nuclear weapons-grade fuel manufacturing by the DOE and its contractors, (2) construction of nuclear power plants by the Washington Public Power Supply System (the "Supply System") at the Hanford Site between 1973 and 1983, and (3) agriculture. These three activities have directly employed about 40 percent of the employed labor force in the MSA, and have supported additional workers through local purchases of goods and services. The high salaries and wages paid by the DOE, the Supply System, and their contractors enhanced the income of many families in the MSA. Between 1981 and 1983, however, the Supply System completed one nuclear power plant (WNP-2) and halted construction on the two additional units (WNP-1 and WNP-4) being built on the Hanford Site. The resulting loss of about 10,000 jobs, along with a downturn in the agricultural economy, was largely responsible for a local recession that lasted from 1982 through 1984. Average annual employment of Benton-Franklin MSA residents fell from 75,900 people in 1981 to 59,400 in 1984 before gradually rising to 62,100 in 1986. Had it not been for increasing employment by DOE and its contractors on other projects, the local recession probably would have been sharper and more prolonged.

[1] MSAs, metropolitan statistical areas, are urbanized areas that constitute integrated economic areas. MSAs are used by the U.S. Department of Commerce, Bureau of the Census, as geographic reporting units for a variety of social and economic data. The Benton-Franklin Metropolitan Statistical Area is composed of Benton and Franklin counties.

FIGURE 1. Map of Benton and Franklin Counties, Washington



Population in the Benton-Franklin MSA has exhibited similar fluctuation. The MSA's total population grew from 93,356 people in 1970 to 147,900 in 1982, fueled largely by increasing employment opportunities. The decrease in employment opportunities between 1981 and 1984 led to out-migration. By 1986 the total population had fallen to 139,300. Although the MSA's population increased slightly in 1987 to 139,600 due to natural increase (births minus deaths), out-migration continued in 1987, despite growth in employment.

For this report, the study area is defined as Benton and Franklin counties and the cities of Kennewick, Pasco, and Richland. Depending upon the results of the work force survey conducted in August, 1987 and information about project procurements (Clark 1987), the study area may be expanded to include other jurisdictions both within and outside Benton and Franklin counties. Expansion of the geographic and jurisdictional scope of the fiscal profile is discussed in Section 4.

1.4 Organization of this Profile Report

This report is divided into five sections. Section 2 summarizes the methods used to compile and analyze the data presented in the report. It includes a discussion of the Quality Assurance context within which the data were collected, analyzed, and stored; a definition of the variables and time period included in the profile; a description of the secondary and primary data collection, compilation, and analysis procedures used in preparing the report; and a summary of the database management system that will be used to store and provide access to the data presented in the report. Section 3 contains the profile information, organized by topic. A combination of tables, figures, and text are used to describe the fiscal conditions in Benton and Franklin counties and the Tri-Cities. Section 4 summarizes outstanding technical issues and data requirements, and Section 5 provides a bibliography of the documents and personal communications from which the data in this report were obtained.

2.0 METHODS

2.1 Quality Assurance Context

The Quality Assurance Program of Battelle's Pacific Northwest Laboratories ensures that researchers conduct activities in a planned and controlled manner and verify the quality of their results. Quality assurance for the data reported here is guided by PNL-MA-60, Quality Assurance Manual for License-Related Programs (Battelle 1985). PNL-MA-60 is designed to satisfy the requirements of NQA-1-1983, 10 CFR 50 Appendix B, and DOE-RL Order 5700.1A, Quality Assurance.

QA Plan ED-29 specifies which elements of PNL-MA-60 must be implemented for the Basalt Waste Isolation Environmental and Socioeconomic Program. Technical procedures for data collection for the Basalt Waste Isolation Environmental and Socioeconomic Program are prepared in accordance with PNL Administrative Procedure (PAP) 501, Preparation, Review and Approval of Procedures (PNL-MA-60, Procedures for License-Related Programs, Vol. I).

The data presented in this report were collected in accordance with Technical Procedures SMP-101 and SMP-102, which guide the collection of primary and secondary data, respectively (Battelle 1987a, 1987b). SMP-101, Documentation of Primary Data Collection, is designed to ensure that sound social science practices are used in the collection of data from individual respondents, through direct observations, or from primary historical records, and that methods for data collection have been documented. SMP-102, Documentation of Secondary (Documentary) Data Collection, is designed to ensure complete and accurate attribution is made for all secondary data cited in any project report.

Data traceability is provided through the application of procedures spelled out in SMP-101 and SMP-102. Reference to the source and origin of all data, whether collected from primary or secondary sources, will be provided by the BWIP database management system. This system will support the cataloging, cross referencing, and retrieval of full citations for all data elements.

2.2 Variables and Time Period Included in the Profile

Conceptual Framework

Fiscal impact analysis focuses on the financial condition of local governments. In general, the financial condition is summarized by comparing local government revenues and expenditures since this determines whether there are sufficient funds to pay for public services. Such an examination focuses on the level, timing, and structure of revenues versus the level, timing and

structure of expenditures. Net fiscal impact, a comparison of expected expenditures with expected revenues, is calculated to determine whether a fiscal surplus or deficit is anticipated. However, because local governments are required to balance their budgets, financial conditions cannot be properly understood by observing only the net fiscal conditions. Since both revenues and expenditures must be adjusted to produce balanced budgets, analysis of fiscal impact requires consideration of the trade-offs in tax rates or service provision needed to achieve this balance. Development of a fiscal model to facilitate such analysis is the long-term goal toward which the fiscal profile is directed.

In order to develop a model for forecasting fiscal impact, it is necessary to examine the underlying structure of revenue and expenditures in the local government jurisdictions. By dividing revenues and expenditures into their principal components, the factors influencing each component may be identified and analyzed. In order to address the primary question of net fiscal impact, the fiscal impact analysis should be considered in conjunction with an analysis of public services and facilities to answer the following questions:

- What was the demand for public services and what will this demand be in the future?
- What proportion or amount of this demand is due to the project being analyzed?
- How much did it or will it cost each agency to provide these facilities and services?
- What were the revenues for each public service agency and what will they be in the future?
- What revenues were or will be received that are due to the project?
- How do the public service costs due to the project compare to the revenues due to the project?

The information presented in this paper provides some of the historical data needed to answer the last three of these questions, which focus directly on fiscal issues.

Jurisdictions Included in this Profile

This report addresses fiscal conditions in five governmental jurisdictions: (1) Benton County, (2) Franklin County, (3) the City of Kennewick, (4) the City of Pasco, and (5) the City of Richland. In most cases, data are presented for each of the five jurisdictions separately. However, for some of the analyses, data for all three cities or for both counties are combined into one total or per capita figure. When this has been done, the result is referred to as a "Tri-City municipalities" or "Benton-Franklin counties" measure. These jurisdictions represent two distinctive, and important, types of governmental units--counties and municipalities. Together, Kennewick, Pasco, and Richland represent a large proportion of the population living in incorporated areas of Benton and Franklin counties (87.6 percent in 1985) (Washington Office of Financial

Management 1986). As discussed in Section 4, it is anticipated that similar data will be developed for any additional municipalities identified in the future as possibly experiencing fiscal impacts from the BWIP programs.

In addition to cities and counties, other types of government jurisdictions (for example, fire and school districts) may be subject to fiscal impact from the BWIP program. Data on the fiscal conditions of these jurisdictions are an outstanding data need, as discussed in Section 4.

Time Period Covered in the Profile

The data in this report cover the period from 1975 to 1987. As discussed below, a principal source of data concerning fiscal conditions in counties and municipalities is the Local Government Comparative Statistics reports and tapes prepared by the Office of the State Auditor. Because of changes in the way the data were compiled and presented, data prior to 1975 are not readily comparable with post-1975 data and have not been included in this report. However, the pre-1975 data are of interest since they represent the study area's response to the build-up of activity on the Washington Public Power Supply System nuclear power plants WNP-1, 2, and 4. This incompatibility represents an outstanding data need and is discussed in Section 4.

The Local Government Comparative Statistics data for 1985 through 1986 are not yet available. Consequently, data for these years have been obtained directly from local government budgets and are not strictly comparable to those presented for 1975 to 1985. They have been included because it was considered important to provide current information about the budgets.

Variables Included in the Profile

This profile report describes the level and distribution of operating expenditures and revenues in the Tri-Cities area. Capital, enterprise, and special assessment funds are not included, for several reasons. In general, these funds are used for major capital improvements. Detailed examination of capital projects would be warranted for impact assessments for large construction projects in a community with little excess capacity in its capital facilities (e.g., roads, schools, and water and sewage treatment facilities). Impact assessment for the BWIP is unlikely to involve these conditions: the BWIP is not expected to involve large construction or operation work forces, and the Tri-Cities' capital facilities generally have substantial excess capacity (see Friedli 1987). In addition, capital funds have been excluded to reduce the distortion created by large, periodic capital expenditures and to allow more clear analysis of changes and trends in operating funds. Enterprise funds, which represent expenditures by utilities, are also excluded; they would involve analysis of somewhat different fiscal issues than those associated with operating budgets. Special assessment funds, which often result from voter-approved special levies, are targeted for specific purposes such as local improvement districts and construction

projects. They are excluded for similar reasons. Information about these funds represents an outstanding data need. The need for this information is discussed in more detail in Section 4.

This report also incorporates economic and demographic data needed to describe the tax base and compute per capita figures. The principal focus of the report is on the five jurisdictions (Benton County, Franklin County, Kennewick, Pasco, and Richland); however, for comparison similar data are presented for all municipalities and counties in Washington.[2] The following variables have been included in the analysis:

- Fiscal Data

  - Operating Revenues

  - Total Revenues
  - Property Tax Revenues (primarily local government's share of taxes levied on real estate, including taxes on the title of property as well as excise taxes on timber harvests)
  - Sales Tax Revenues (primarily local government's share of excise taxes on retail sales, including motel/hotel transient taxes)
  - Other Taxes (local business and occupation tax, franchise fees, admission taxes, and real estate excise tax)
  - Total Intergovernmental Revenue (direct and indirect federal grants, federal revenue sharing, state grants, state shared revenues, and payments in lieu of taxes)
  - Other Revenue (charges for services, excluding charges for utilities, airports, or transit districts; licenses and permits; leasehold excise tax; fines and forfeits; penalty and interest on delinquent taxes; and miscellaneous revenues such as return on investment)

  - Operating Expenditures

  - Total Expenditures
  - General Government Expenditures (legislative, judicial, executive branches of government, and support services)
  - Public Safety Expenditures (law enforcement, fire control, detention and correction facilities, emergency services, and communications)
  - Transportation Expenditures (road, street, and highway maintenance)
  - Physical Environment Expenditures (parks and recreation, conservation, pollution control, housing and community development, and other related services)[3]
  - Other Expenditures (welfare programs for the elderly, public health, employment opportunity and development programs, community events, and similar programs)

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[2]The Tri-Cities municipalities are compared to the average of all municipalities in Washington. Benton and Franklin counties are compared to the average of all counties in Washington. In addition, where the state-wide averages are substantially skewed, the Tri-Cities municipalities are compared to the median of all cities in the State of Washington with a population of over 1,000 persons in the year being analyzed and the relative rank of the study area municipalities is presented. For consistency, the municipalities are always ranked from lowest to highest, and the ranking of the study area municipalities is presented numerically (for example, 54th out of 167). Similarly, when the average for counties is skewed, the study area counties are compared to the median of all counties and are ranked against all counties in the state. Both the averages and rankings include the study area jurisdictions.

[3]Does not include sewer and garbage collection.

- Tax Rates

- Economic Data
  - Taxable Retail Sales
  - Assessed Property Values
  - Consumer Price Indices (the national "all items" index for urban consumers)

- Demographic Data
  - Estimated total population, by jurisdiction

This profile encompasses the period from 1975 through 1987. All data have been compiled by year, but the availability of data varies, and not all data are available for all years. In many cases, comparable data have been collected for the study area and other municipalities and counties throughout the state to provide a basis for comparison. The set of revenue and expenditure categories are mutually exclusive and exhaustive. As shown in Section 3, each of the revenue and expenditure categories included in the analysis represents a substantial share of the total.

2.3 Secondary Data Collection, Compilation, and Analysis

This report relies entirely upon secondary data. Fiscal data have been collected from three sources: (1) the Office of the State Auditor's Local Government Comparative Statistics; (2) the published budgets from each of the five study-area jurisdictions; and (3) the county assessors' offices in the two study-area counties. Economic data have been collected from the State Department of Revenue, the county assessors' offices, and the U.S. Department of Labor Bureau of Labor Statistics. Demographic data were collected from the Washington Office of Financial Management.[4]

Data analysis has generally been straightforward. The report characterizes fiscal conditions in the study area through comparisons over time and comparisons with other municipalities and counties throughout the state. In order to achieve maximum comparability, total revenues and expenditures, as well as their components, are adjusted for inflation and population size. Over the study period, inflation increased the level of revenues and expenditures in the study area jurisdictions, making comparisons over time difficult to interpret. Adjusting revenues and expenditures for inflation by using the consumer price index is more likely to reveal real changes in levels of revenue and expenditures and in the fiscal structure of the study area jurisdictions. For this report, the annual Consumer Price Index (CPI) was used to convert current

[4]The Washington Office of Financial Management provides annual population estimates. For census years, these estimates match U.S. Census figures. The estimated annual figures are generally not retrospectively corrected for errors. Consequently, annual estimates during periods of rapid population change are likely to be in error (Kitagawa 1980).

dollar expenditures and revenues into constant or inflation-adjusted dollar figures. In calculating constant dollar figures, 1985 has been used as the base year.

To neutralize the effect of increased population and reveal effects of scale, revenues and expenditures are presented as per capita rates. Combined with adjustments for inflation, the use of per capita rates allows a clearer analysis of changes over time and across jurisdictions. To strengthen this analysis, the inflation-adjusted per capita revenues and expenditures for the counties and cities in the study area are compared with similar measures for all counties and all municipalities in the state of Washington. Comparing study area jurisdictions with the state-wide mean and median helps determine whether trends observed in the study area correspond with or diverge from state-wide trends. However, conclusions drawn from these comparisons must be tempered by the following qualifications. The same consumer price index (CPI) adjustment factor was used for all geographic areas since most of the counties and cities in Washington are not part of an MSA and do not have individual CPI estimates. This means that some differences in revenues and expenditures due to differences in costs of living between areas still remain.[5] Furthermore, the state-wide averages have been calculated by summing revenues or expenditures, by category, across jurisdictions and dividing by the total population in those jurisdictions. This "population-weighted average" may be significantly influenced by a few, large jurisdictions with unusually high or low per capita revenue or expenditure levels. To correct for this bias, the relative ranking of the jurisdictions in the study area is presented when the population-weighted average (state-wide mean) differs substantially from the median.[6]

Inflation-adjusted per capita figures do not address a number of factors that can influence revenues and expenditures. Fiscal impact analysis has traditionally relied on inflation-adjusted per capita figures as a first stage of analysis on the assertion that population and consumer prices are the most powerful factors influencing costs and revenues, at least in the long run. Employment, disposable personal income, construction activity, the age structure of the population, crime rates, and a number of other factors are also important determinants of fiscal conditions. Future analyses should take these other factors into account.

Approximately 40 account categories of revenues and expenditures were selected as appropriate descriptive data for this profile report. Data for all counties and municipalities in the State of Washington were coded from the published volumes of the Local Government Comparative Statistics for each year between 1975 and 1979, inclusive. Category totals for these accounts were also coded. For the period between 1980 to 1985, the same information was abstracted from the State Auditor's computer diskettes. This required collapsing the data from the diskettes into account categories comparable to the earlier (1975 to 1979) period.

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[5] As discussed in Section 4.8, development of a more precise method for accounting for the effects of inflation constitutes an outstanding technical issue.

[6] See Footnote 2.

To provide more current fiscal information than that available from the Local Government Comparative Statistics, the most recent budgets for the two counties and three cities were compiled and coded. Generally, these budgets show planned levels of revenue or expenditures for 1986 and 1987. These data generally differ somewhat from actual revenues or expenditures since the planned budgets include funds for contingencies and forecasted revenues. In some cases, the budgets include actual amounts for 1985, though these figures may differ from those obtained from the State Auditor's reports due to corrections made during auditing (the budgets are unaudited) and variations in category definition.

2.4 Primary Data Collection, Compilation, and Analysis

No primary data were collected for this profile report. The focus has been on assembling an initial database that can be used to determine primary data collection requirements. It is anticipated that the principal need for primary data will be in interpretation of trends and specific aspects of local budgeting and decision-making.

2.5 Data Storage and Access

To support the profiling effort, a database system is needed that supports multiple users and networks and provides access, security, integrity, and synchronization. Both research specialists and casual users need the data to be available on an ad hoc as well as a production basis and they need to be able to access any combination of data elements. To meet quality assurance requirements, the data in the system must be modifiable only by authorized personnel who follow specified procedures. In addition, the system must be constructed and operated in a manner that assures the data are accurate, without inconsistencies or anomalies in design or values.

In order to meet these requirements, the BWIP Socioeconomic Program is establishing a relational database in which the data presented in this paper will be stored. A relational database is best suited to the storage and retrieval of the quantity and type of information included in the profile reports. It represents the data in tables and provides commands that allow manipulation of the data to create new tables that contain the data elements of particular interest. In this database system, Standard Query Language (SQL) will be used because it provides the necessary power, ease of use, flexibility, and accessibility. SQL is emerging as a standard for database languages. The database management system (DBMS) will use INGRES, a well-known commercial software program that provides access level authorization, journaling, and built-in referential integrity for related data elements. An expanded data dictionary structure will be provided in the database system to facilitate system access and use. The dictionary, coupled with a basic knowledge of SQL, will enable the user to access needed information quickly and easily while protecting data integrity and security. To further ensure data integrity, software control procedures are being

implemented for database creation and maintenance.[7] For ease of use, the system will support multiple users and networks.

[7]The database design for the relational database model will be based on Entity-Relationship diagramming, using Yourdon-DeMarco data flow diagrams for analysis. The relationships have been put into Third Normal Form, with referential keys identified.

3.0 FISCAL PROFILE OF BENTON AND FRANKLIN COUNTIES

3.1 General Background and Overview

The recent economic and demographic history of the Benton-Franklin MSA has been dominated by three primary influences: (1) nuclear energy and weapons-grade fuel production by the U.S. Department of Energy (DOE) and its contractors, (2) construction of nuclear power plants by the Washington Public Power Supply System (the "Supply System"), and (3) the agricultural sector. Although other activities are also important to the local economy, the overall economic health of the MSA has been most affected by the employment and income generated by these three sectors. Current fiscal conditions of government jurisdictions in the MSA have been influenced by their experience with rapid growth and abrupt decline.

Employment in the Benton-Franklin MSA rose from 40,080 workers in 1970 to a peak of 75,900 in 1981 before declining to 61,100 in 1985, primarily due to the loss of 9,928 Supply System jobs after 1981 (U.S. Department of Commerce 1986, Cluett et al. 1984). The MSA's population followed a similar trend, with a slight lag. In 1970, total population in the Benton-Franklin MSA was 93,356 people (U.S. Bureau of the Census 1973). The MSA's population grew rapidly during the late 1970s, reached a peak of 147,900 persons in 1982, and then declined to 139,300 in 1986 (Washington Office of Financial Management 1986). As a consequence of this dramatic change in employment and population, governmental jurisdictions were faced with rapidly changing demands for services and consequent changes in responsibilities and finances. Many jurisdictions constructed new facilities and expanded staff during the growth period in order to serve the expanding population. Some jurisdictions then experienced a drop in demand that resulted in excess capacity and staff. Adjustments to these changes are ongoing, and current fiscal conditions have been affected by this history. The data included in this report document the changes that took place between 1975 and 1987 in operating revenue and expenditures for the five largest governmental jurisdictions in the study area: Benton County, Franklin County, Kennewick, Pasco, and Richland.

Overall, changes in operating revenues and expenditures in the study area have corresponded with changes in the local economy. The combined operating expenditures of Benton County, Franklin County, Kennewick, Pasco, and Richland, expressed in current dollars, tripled between 1975 and 1985, increasing from $18.1 million in 1975 to $55.0 million in 1985, an annual average increase of 11.8 percent. During this time, the population of the Benton-Franklin MSA increased from 100,000 to 140,900 people, and the national all-items price index for urban consumers doubled, increasing from 161.2 to 322.2. (Washington Office of the State Auditor 1975, 1985; Washington Office of Financial Management 1985; U.S. Bureau of Labor Statistics 1987.) Adjusted for inflation, per capita expenditures by these governments increased only

slightly during this period, from $361.8 in 1975 to $390.3 in 1985. Population and price index figures used to derive the adjusted per capita revenues and costs presented in the remainder of this report are shown in Table 1.

TABLE 1. Population and Consumer Price Index Trends Used to Derive Inflation-adjusted Per Capita Costs and Revenues[a]

Municipality by County	1975	1976	1977	1978	1979	
Population:						
Benton Co.	73,300	78,700	85,400	90,600	97,400	
Kennewick	18,253	21,301	23,638	26,564	29,810	
Richland	28,600	30,009	31,050	32,350	33,550	
Franklin Co.	26,700	27,500	29,200	30,400	31,800	
Pasco	14,450	14,618	15,375	16,000	16,370	
Consumer Price Index[b]	161.2	170.5	181.5	195.4	217.4	
Municipality by County	**1980**	**1981[b]**	**1982**	**1983**	**1984**	**1985**
Population:						
Benton Co.	109,444	113,400	111,700	108,700	107,700	105,200
Kennewick	34,397	34,700	35,350	35,700	37,240	36,990
Richland	33,578	33,700	33,550	32,000	31,660	30,508
Franklin Co.	35,025	36,700	36,200	36,000	36,300	35,700
Pasco	18,428	18,700	19,050	19,100	18,930	18,700
Consumer Price Index[c]	246.8	272.4	289.1	298.4	311.1	322.2

[a] The population figures used are adapted from the Washington Office of the State Auditor, 1975-1985, except the 1980 figures from the Bureau of the Census. These figures originated from the Washington Office of Financial Management, which has revised the 1975-1979 figures. Those revisions are not reflected in the figures shown.

[b] The 1981 figures for Benton and Franklin County were adjusted by Office of Financial Management (1986). The fiscal report uses the unadjusted figures.

[c] Figure for Seattle-Everett MSA.

Adapted from Washington Office of Financial Management 1986, U.S. Department of Commerce 1973, Office of Financial Management 1987, and Washington Office of the State Auditor 1975-1985.

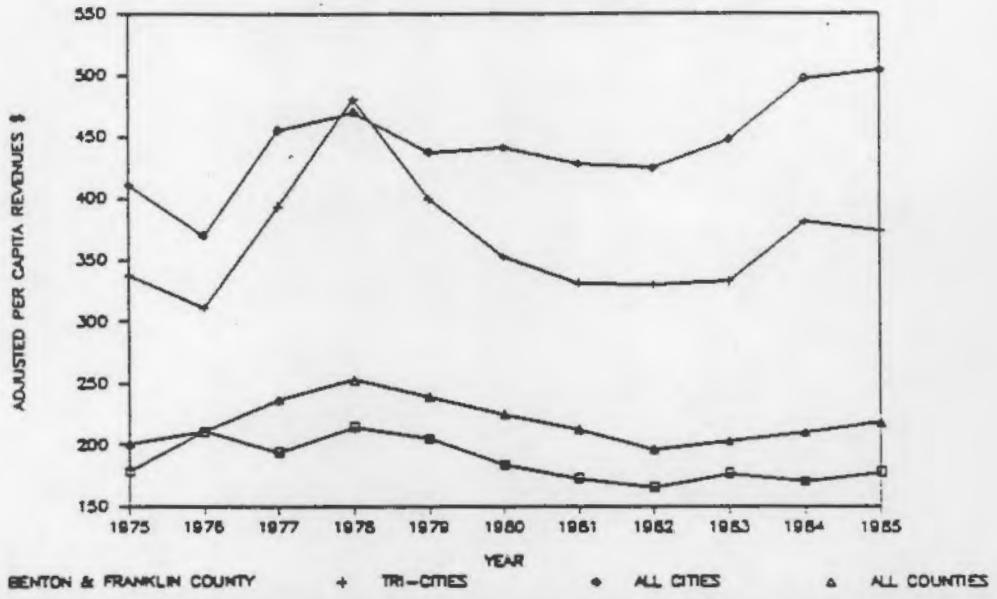
The remainder of this section is divided into five subsections. Section 3.2 provides an overview of the total per capita operating revenues and expenditures, adjusted for inflation, for the Tri-Cities (Kennewick, Richland, and Pasco combined) and Benton and Franklin counties combined and compares these figures to state-wide totals. These data, once adjusted for changes in the cost of living and differences in population, are presented to illustrate trends in revenues and expenditures for the study area over time. In addition, this section presents a

comparison of revenues and expenditures for the combined Tri-Cities municipalities and Benton and Franklin counties.

Section 3.3 presents an analysis of operating revenues for each of the jurisdictions in the study area. This section presents trends in per capita operating revenues, changes in the relative contribution of specific revenue sources, and trends in the level of revenues. It also provides a comparison of the relative contribution of different revenue sources in 1975 and 1984. Section 3.4 presents information about the tax base for each of the jurisdictions in the study area. Information on the structure of the property tax, the level of assessed property values, the structure of the sales tax, and the level of taxable retail sales is included in this section. Section 3.5 presents an analysis of operating expenditures for each of the jurisdictions in the study area. This section is organized in a manner parallel to Section 3.3. Section 3.6 presents information on current fiscal conditions in each of the jurisdictions in the study area. Budgets for each of the jurisdictions are included in this section.

Total Per Capita Operating Revenues

FIGURE 2. Total Per Capita Operating Revenues, 1975-1985
(1985 Dollars)



Adapted from U.S. Bureau of the Census 1987, Washington Office of the State Auditor 1975-1985, and Washington Office of Financial Management 1975-1986.

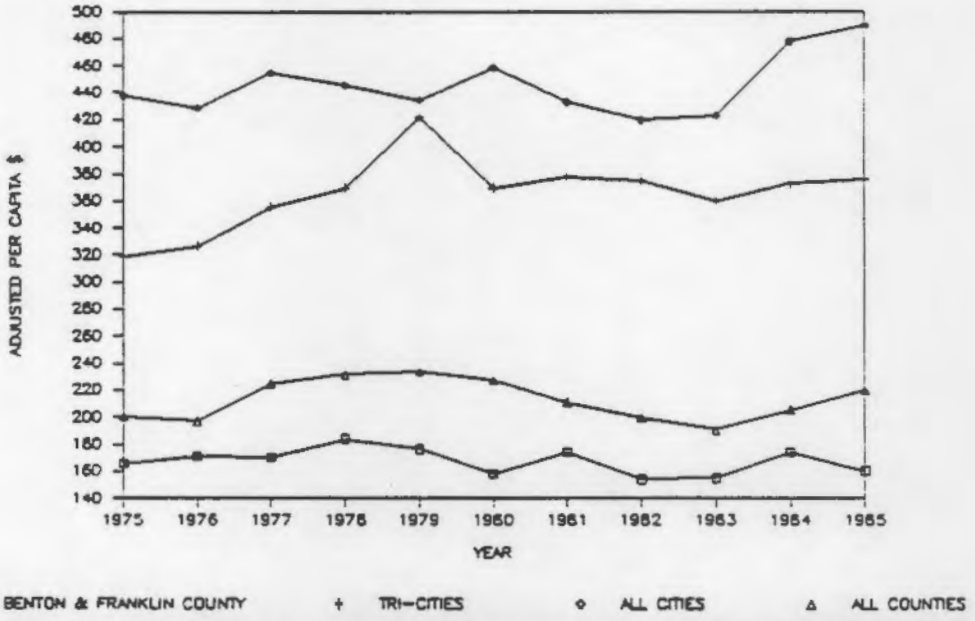
Figure 2 shows the trends in inflation-adjusted per capita operating revenues for the Tri-Cities municipalities (Kennewick, Pasco, and Richland combined), all cities in Washington,[8] Benton and Franklin counties combined, and all counties in Washington. As seen in this figure, adjusted per capita operating revenues for all cities increased between 1975 and 1985 and exceeded per capita revenues for the Tri-Cities municipalities in every year but 1978. Inflation-adjusted per capita revenues in the Tri-Cities municipalities, however, varied more widely. They declined between 1975 and 1976, then increased rapidly from 1976 to 1978, primarily due to increases in sales taxes and intergovernmental revenues associated with Supply System construction (described later in this report). Per capita revenues then declined rapidly from 1978 to 1981 and, subsequently, remained at approximately the 1975 level until 1983. Collectively, the three cities experienced more growth in inflation-adjusted per capita operating revenues than the two counties between 1975 and 1985, although the cities' average annual rate of growth in per capita operating revenues was only 1.0 percent over this period.

Adjusted per capita operating revenues for counties were considerably lower than for cities, but showed similar trends--peaking in 1978, declining through 1982, and increasing between 1982 and 1985. Except for 1975, adjusted per capita operating revenues in Benton and Franklin counties were lower than the average for all counties in the state.

[8]For brevity, the term "all cities" is used to refer to data for all municipalities in the state. Per capita data for all cities represent a population-weighted average of all municipalities in the state, including the Tri-Cities.

Total Per Capita Operating Expenditures

FIGURE 3. Total Per Capita Operating Expenditures, 1975-1985
(1985 Dollars)



Adapted from U.S. Bureau of the Census 1987, Washington Office of the State Auditor 1975-1985, and Washington Office of Financial Management 1975-1986.

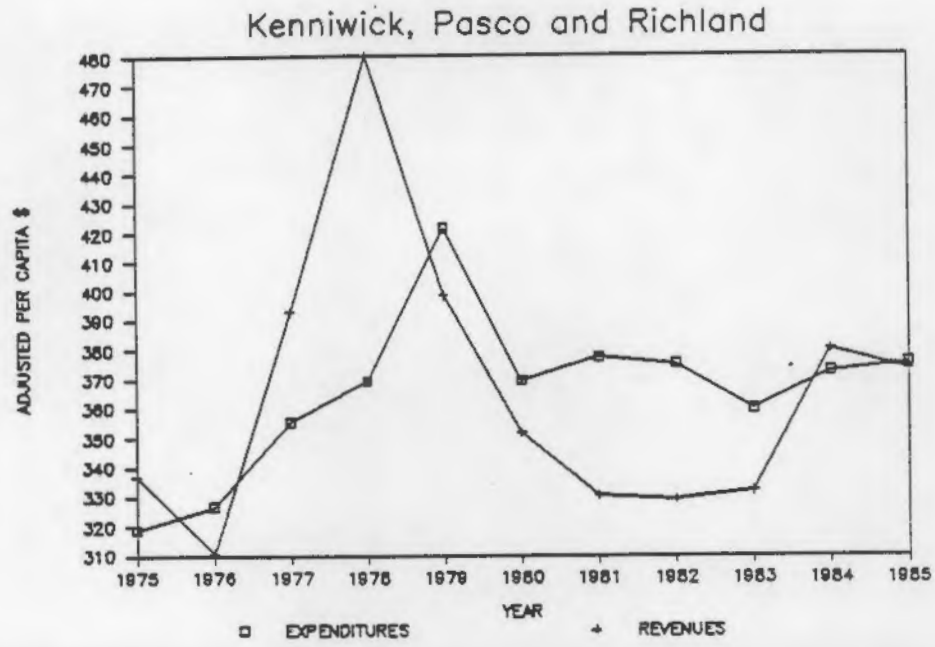
Figure 3 shows the changes in inflation-adjusted per capita operating expenditures for the counties and municipalities from 1975 to 1985. Inflation-adjusted per capita operating expenditures increased slightly between 1975 and 1985, but exhibit small peaks in the late 1970s. Inflation-adjusted per capita operating expenditures for Benton and Franklin counties and Tri-Cities municipalities peaked in 1978 and 1979, respectively, several years before the area reached its peak in employment and population. As with revenues, per capita operating expenditures, adjusted for inflation, were consistently lower in the study area than in the state as a whole.[9] Between 1975 and 1985, the Tri-Cities municipalities changed somewhat more in terms of per capita operating expenditures than the average of all cities, while Benton and Franklin counties changed somewhat less than the average of all counties. However, the patterns for the study area governments were generally similar to those of the population-weighted state averages.

[9]Since both state-wide figures are population-weighted averages, some of this difference may be attributable to the higher cost of living in the Puget Sound area, where a large proportion of the state's population resides.

Comparison of Per Capita Operating Expenditures and Revenues

Tri-Cities Municipalities

FIGURE 4. Comparison of Per Capita Operating Revenues and Expenditures in the Tri-Cities Municipalities, 1975-1985 (1985 Dollars)

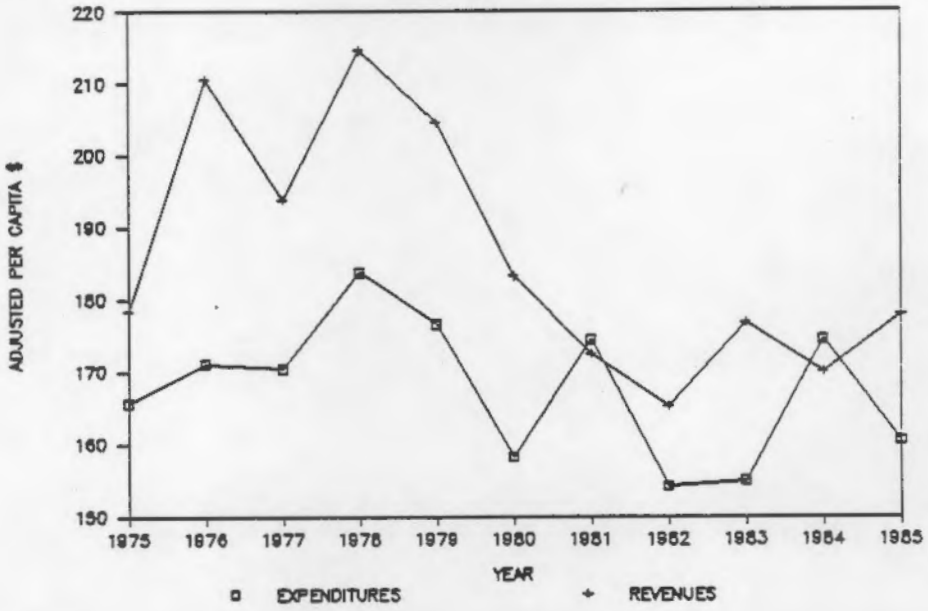


Adapted from U.S. Bureau of the Census 1987, Washington Office of the State Auditor 1975-1985, and Washington Office of Financial Management 1975-1986.

Figure 4 shows a comparison of inflation-adjusted per capita operating revenues and expenditures in the Tri-Cities municipalities by year from 1975 through 1985. In constant 1985 dollars, per capita operating revenues for the Tri-Cities increased at an annual average rate of 1.0 percent between 1975 and 1985. Over this period, per capita operating expenditures, adjusted for inflation, increased somewhat more quickly, at an average annual rate of 1.7 percent. On average, the Tri-Cities municipalities built cash reserves during the height of Supply System construction activities of the late 1970s and drew down those reserves during the early 1980s. By 1985, per capita operating expenditures and revenues were approximately equal, due to increased revenues and stabilized costs. Over this same period, adjusted per capita operating revenues and expenditures for all cities in Washington increased at average annual rates of 2.0 percent and 1.1 percent, respectively.

Benton-Franklin Counties

FIGURE 5. Comparison of Per Capita Operating Revenues and Expenditures in Benton and Franklin Counties, 1975-1985 (1985 Dollars)



Adapted from U.S. Bureau of the Census 1987, Washington Office of the State Auditor 1975-1985, and Washington Office of Financial Management 1975-1986.

Figure 5 shows inflation-adjusted per capita operating revenues and expenditures for Benton and Franklin counties between 1975 and 1985. Over this period, these revenues declined at an average annual rate below 1 percent; inflation-adjusted per capita operating expenditures declined at an average annual rate of 3.1 percent.[10] In all but two years (1981 and 1984), per capita operating revenues of Benton and Franklin counties exceeded per capita operating expenditures.

[10]Between 1975 and 1985 , the average annual growth rates of inflation-adjusted per capita operating revenues and expenditures for all counties in Washington were 0.8 percent and 0.9 percent, respectively.

Tax Payments by the Supply System

TABLE 2. Estimated Sales and Use Tax Payments to Benton County by the Supply System

Year	Payments	Year	Payments
1975	$ 24,000	1979	$1,835,000
1976	20,000	1980	1,598,000
1977	780,000	1981	2,302,000
1978	848,000		

Adapted from Washington State Public Power Supply System 1982.

Governmental revenues in the study area were significantly affected by construction of the Supply System, which resulted in substantial tax and non-tax payments to jurisdictions in the Tri-Cities. However, very little reliable information is available concerning Supply System payments to Tri-Cities jurisdictions. The primary categories of direct payments were sales and use taxes, generation (or "privilege") taxes, property taxes, and contractor's business and occupation taxes, according to a Washington Public Power Supply System study (1982). Business and occupation taxes are levied by the state, leaving only sales and use, generation, and property taxes as sources of direct payments to local jurisdictions. Tabulations of direct taxes paid are available only for the years 1975-1981.

Indirect taxes received by local jurisdictions were also substantial. These taxes include a variety of taxes generated by re-spending of Supply System wage and salary payments and the general economic growth stimulated by Supply System construction. The reliability of existing indirect tax estimates is considered very low and hence no estimates are reported in this profile. The following is a summary of the direct payments made by the Supply System to the cities and counties in the Tri-Cities as reported by the Supply System study.

Sales and use taxes are direct taxes paid on pre-purchased material and contract construction. These included both taxes paid during the construction period, and taxes that continue to be paid on fuel purchases by WNP-2. These taxes are collected for local jurisdictions by the State Department of Revenue, which retains 1.5 percent of the taxes collected. Of the remainder, counties receive 100 percent of the taxes generated in their unincorporated areas, and 15 percent of taxes generated within their incorporated areas.[11] Cities receive 85 percent of the taxes generated within their boundaries (after the state's 1.5 percent collection fee).

[11]For those areas in the Tri-Cities that are part of the transit district, the overall retail sales tax rate in 1987 was 7.8 percent. Of this total, in the unincorporated areas of Benton and Franklin County that are part of the transit district, 6.5 percent goes to the state, 1.0 percent to the counties (the allowable city or county maximum rate was 0.5 percent during 1975-1986 but has since been raised), and 0.3 percent to the Benton-

Since virtually all of the sales and use taxes collected from the Supply System and its contractors were for activities in the unincorporated area, Supply System construction provided substantial direct sales and use tax revenues for Benton County, but very little, or none, for other Tri-Cities jurisdictions; the Supply System study (Washington Public Power Supply System 1982) did not report direct sales and use tax payments to local jurisdictions other than Benton County. Sales and use tax payments to Benton County are shown in Table 2. The Supply System report also contains predictions of sales and use taxes on both construction and fuels for the years 1982 to 2000, but those predictions were made before the rampdown and termination of construction of WNP-1 and WNP-4. No estimates of sales and use taxes applied to fuel purchases by WNP-2 are available.

Generation taxes are 1.5 percent of the wholesale value of the power generated by WNP-2. These are distributed to all taxing jurisdictions within a 35-mile radius of WNP-2 according to a formula established by the state legislature (Washington Public Power Supply System 1982). Although the amounts collected by local jurisdictions were not estimated in the Supply System study, they probably comprise a large proportion of "other taxes" reported.

Property taxes are not paid by public projects in Washington, but the value of contractors' real and personal property is subject to property taxes. The large size of the Supply System construction project undoubtedly caused the purchase of real and personal property by contractors, and the property taxes generated by these purchases can be considered "direct." However, no estimates of property taxes paid by Supply System contractors are available between 1975 and 1981. The Supply System study estimated 1982 property tax payments (presumably to Benton County, although some contractors may have been assessed for equipment stored elsewhere) at $0.5 million.

Impact assistance funds paid in the form of state-shared revenues were not included in the Supply System study. These one-time payments, made in 1978, amounted to $341,800 for Franklin County, $1,797,300 for Richland, and $874,300 for Kennewick (Washington Office of the State Auditor, 1978). Benton County did not receive impact assistance payments, since it collected substantial sales and use taxes from the Supply System.

Franklin Transit District. Unincorporated areas that are not part of the transit district have an overall sales tax rate of 7.5 percent. For taxable sales made within each city, the overall rate is also 7.8 percent.

Property Tax Rates

TABLE 3. Property Tax Rate Trends[a]
(Dollars per $1,000 assessed valuation)

Municipality by County	1975	1976	1977	1978	1979
Benton Co.	1.0797	1.0371	1.0421	1.0544	0.8901
Kennewick	2.9631	2.9728	3.1416	2.7331	2.4167
Richland	2.7176	2.7976	2.5069	2.2949	2.0550
Franklin Co.	1.6050	1.50617	1.29037	1.2779	1.3309
Pasco	3.60	3.4684	3.4735	3.3709	3.1731

Municipality by County	1980	1981	1982	1983	1984	1985
Benton Co.	0.9803	0.9012	0.8453	0.8612	0.9802	1.0905
Kennewick	2.5151	2.6559	2.0608	2.1454	2.6151	2.9017
Richland	2.1034	1.4855	1.5579	1.6579	1.9064	2.2653
Franklin Co.	1.2742	1.0877	1.1006	1.1160	1.2576	1.3607
Pasco	2.7628	2.4050	2.3141	2.3304	2.7025	2.8719

[a] Rate for current expenses.

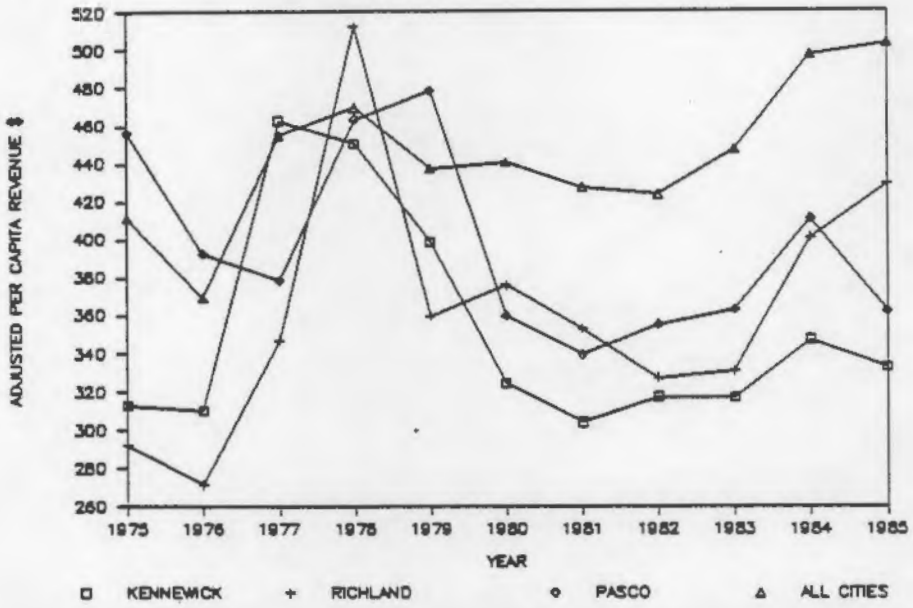
Adapted from Benton County Taxes and Franklin County Taxes, annual issues, years indicated.

The previous section described the importance of the Supply System construction activities to the study area jurisdictions' revenues. Receipt of these revenues has had a number of effects on the fiscal conditions in the study area, including effects on property taxes. Property tax collections vary with changes in the tax rate and tax valuations. Property tax rates are set each year. State law constrains local governments' abilities to set property tax rates by limiting annual increases in property tax collections to 6 percent from one year to the next, excluding new valuations accounted for by new construction and utility valuations. Thus, in years of high growth in valuations of existing properties, property tax rates may decline. Table 3 shows this to have been the case in the Tri-Cities between 1975 and 1982. Since 1982 property tax rates have been increasing again; in some jurisdictions, property tax rates had risen by 1985 to close to their 1975 levels.

3.2 Operating Revenues by Jurisdiction

Total Per Capita Operating Revenues by Municipality

FIGURE 6. Total Per Capita Operating Revenues in Selected Cities, 1975-1985 (1985 Dollars)



Adapted from U.S. Bureau of the Census 1987, Washington Office of the State Auditor 1975-1985, and Washington Office of Financial Management 1975-1986.

The cumulative effect of changing levels of operating revenues is shown in Figure 6. Per capita revenue, adjusted for inflation, peaked in the Tri-Cities between 1977 and 1979. During this period, per capita revenue was equal to or greater than the average for all cities; the all-city average exceeded the 1978 levels only in 1984 and 1985. The 1978-1979 peaks in the Tri-Cities were related to the rapid rate of construction of the Supply System facilities during this time. The decline in per capita revenue levels in the Tri-Cities that occurred between about 1979 and 1982 may be at least partially related to the rapid increase in the area's population; rapid numerical population declines or increases may result in the opposite per capita revenue trends as an area's physical and administrative systems adjust with somewhat of a lag. The per capita revenue increases after 1982 are primarily the result of increases in intergovernmental revenues and taxes other than sales and property taxes. These trends are discussed in greater detail in the following sections.

Distribution of Operating Revenues by Municipality

TABLE 4. Distribution of Revenues in Selected Cities by Source,1975 and 1984 (Percent)

	All Cities[a]		Kennewick		Pasco		Richland	
	1975	1984	1975	1984	1975	1984	1975	1984
Property Tax	17.1	18.3	17.0	20.8	12.6	16.7	16.8	19.5
Sales Tax	11.0	18.2	21.5	11.5	17.4	15.0	10.6	7.7
Other Taxes	17.5	23.6	8.4	20.1	9.1	22.3	17.7	22.0
Total Intergovernmental Revenue	38.0	20.8	26.3	28.9	46.2	29.6	37.5	23.7
Other Revenue	16.5	19.2	26.8	18.7	14.7	16.3	17.4	27.0
Total Taxes	45.6	60.1	46.9	52.4	39.1	54.0	45.1	49.3
Total Non-Tax Revenues	54.5	39.0	53.1	47.6	60.9	45.9	54.9	50.7
Total Revenues ($000,000 1985)[b]	$822.3	$1,035.1	$5.7	$12.9	$6.6	$7.8	$8.4	$12.7

[a] All cities in Washington with population of 1,000 or more in specified years.
[b] CPI inflation factors of 1.999 and 1.036 were used to convert 1975 and 1984 data to constant 1985 dollars.

Adapted from U.S. Bureau of the Census 1987; Washington Office of Financial Management 1975, 1984; Washington Office of the State Auditor 1975, 1984.

As shown in Table 4, total revenues in Richland and Kennewick increased dramatically between 1975 and 1985, while Pasco's revenues increased only slightly, at about the state-wide average rate. Non-tax revenues provided more than half of the total operating revenues in Kennewick, Richland, and Pasco in 1975; the average of all cities was 54.5 percent. Intergovernmental revenues were the greatest source of revenues for the municipalities of Kennewick, Pasco, and Richland in 1975. They were also the greatest source of revenues for other municipalities in Washington, accounting for 38.0 percent of the operating revenues of all cities. Among the Tri-Cities municipalities, intergovernmental revenues were most important to Pasco (46.2 percent) and least important to Kennewick (26.3 percent). In 1975, property taxes provided between 8.6 and 15.4 percent of operating revenues in the Tri-Cities, compared to an average of 14.7 percent in all cities. Sales tax accounted for a greater percentage of operating revenues in Kennewick (21.5 percent) than in Richland or Pasco, and was also greater than the state average.

Between 1975 and 1984, the percentage of operating revenues obtained from non-tax sources declined in each of the Tri-Cities, falling below 50 percent in Kennewick and Pasco; the

corresponding average for all cities fell below 40 percent.[12] Over this period, intergovernmental revenues declined for the study area municipalities and, on average, for all cities, while the percentage obtained from "other taxes" increased. By 1984, operating revenues were more equally divided among sources in each of the Tri-Cities than they had been in 1975. In general, the distribution of revenues among sources in 1984 was similar for the Tri-Cities and for all cities in the state, although intergovernmental revenues were somewhat more important and sales tax revenues were somewhat less important to study area municipalities than average.

[12]As illustrated in Figures 5 through 8, revenues by source and expenditures by category in the study area jurisdictions--and throughout the state--fluctuated widely from year to year between 1975 and 1985. Consequently, comparisons made at one point in time, such as those discussed in this section, must be interpreted with caution. A more complete analysis of trends in the distribution of revenues and expenditures is needed to provide a basis for impact analysis and forecasting. See Section 4 for further discussion of this outstanding analytic issue.

Trends in Municipal Per Capita Operating Revenues, by Source

Figure 7, on the following pages, charts inflation-adjusted per capita revenue by source for each of the Tri-Cities, as well as the average of all Washington cities.

As shown in Figure 7, inflation-adjusted per capita revenues from property tax increased between 1975 and 1985. However, the Tri-Cities consistently raised less revenue from this source than the average for all cities in the state. In each of the Tri-Cities, per capita property tax revenues, adjusted for inflation, increased sharply in 1977, reaching the highest level of the entire period in Kennewick and Pasco. These peaks were probably related to the high rate of growth in residential and commercial construction in the Tri-Cities that occurred during the middle 1970s, as well as to increased real and personal property used by contractors for Supply System construction projects.

The average for all cities showed a similar (though, between 1976 and 1980, less dramatic) trend. In 1984, the average per capita revenue from property taxes for all cities in the state of Washington, adjusted for inflation, was $91.60. However, the state-wide median was $64.80, somewhat lower than the average. Richland and Kennewick were below the median in inflation-adjusted per capita revenue from property tax. They ranked 35th and 54th, respectively, out of all cities with a population over 1,000. Pasco ranked 85th, and was above the median.

Inflation-adjusted per capita revenues from sales taxes increased between 1975 and 1978 in each of the Tri-Cities; the average of all cities also increased.[13] However, unlike property tax revenues, per capita revenues from sales taxes in the Tri-Cities then declined for the remainder of the period. Until 1982, Pasco exceeded the average for all cities in per capita revenues from sales tax. After 1982, the average per capita revenue from sales taxes for all cities, adjusted for inflation, increased dramatically and was substantially higher than in any of the Tri-Cities between 1983 and 1985.

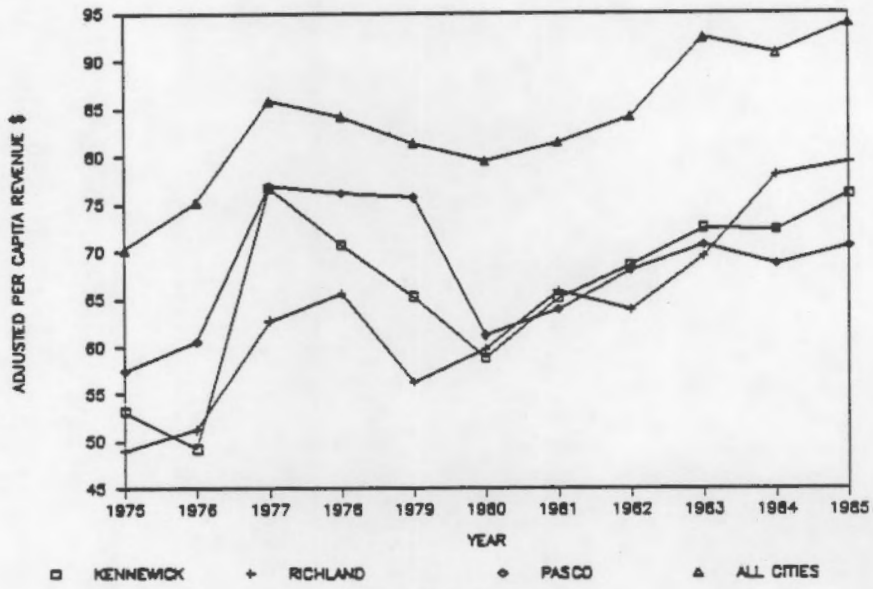
These trends are notable for several reasons. First, they underscore the importance of the Supply System to the cities' sales tax revenues. None of the cities received substantial direct sales taxes on Supply System purchases of materials and equipment (the bulk of those taxes accrued to Benton County). However, the indirect effects of the project--increased earnings by construction workers and their families, and "multiplier" effects arising from re-spending of that income on local goods and services generally increased sales taxes throughout the study area.

It is also notable that Pasco's per capita sales tax revenues have historically been higher than Richland's or Kennewick's, a result that may be surprising given Pasco's lower concentration

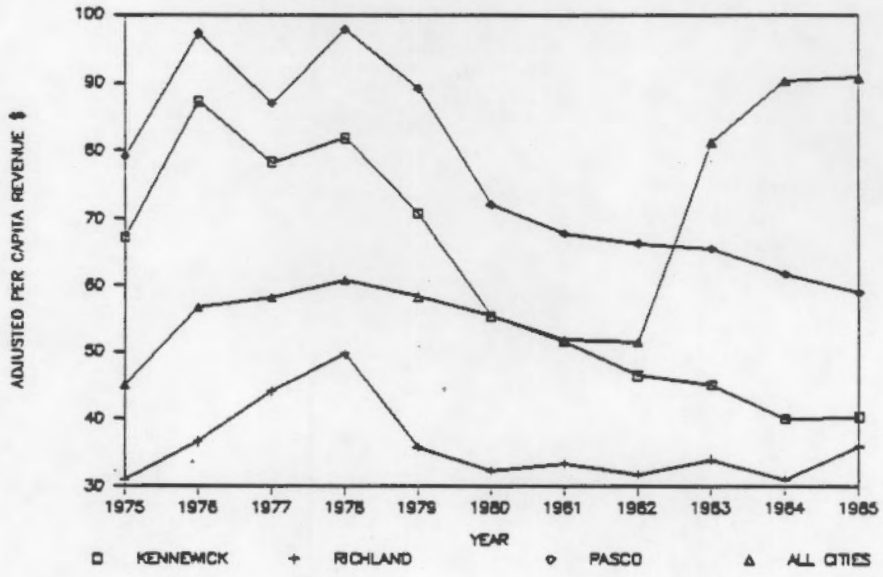
[13]These data need to be interpreted with caution, however, since food, a major component of retail sales, has been treated differently at various times over the study period. See Section 3.3 for more detail.

FIGURE 7. Revenues by Source, All Cities, 1975-1985 (1985 Dollars)

Total Property Taxes



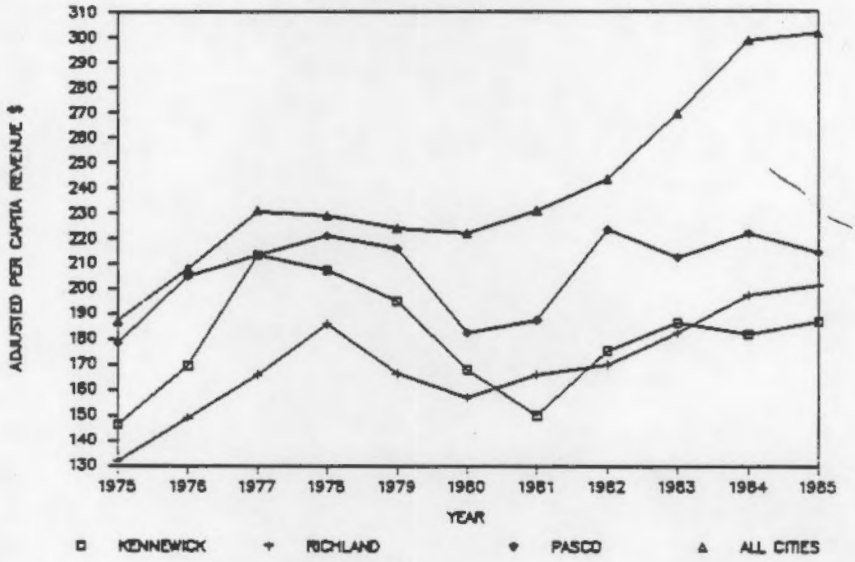
Retail Sales Taxes



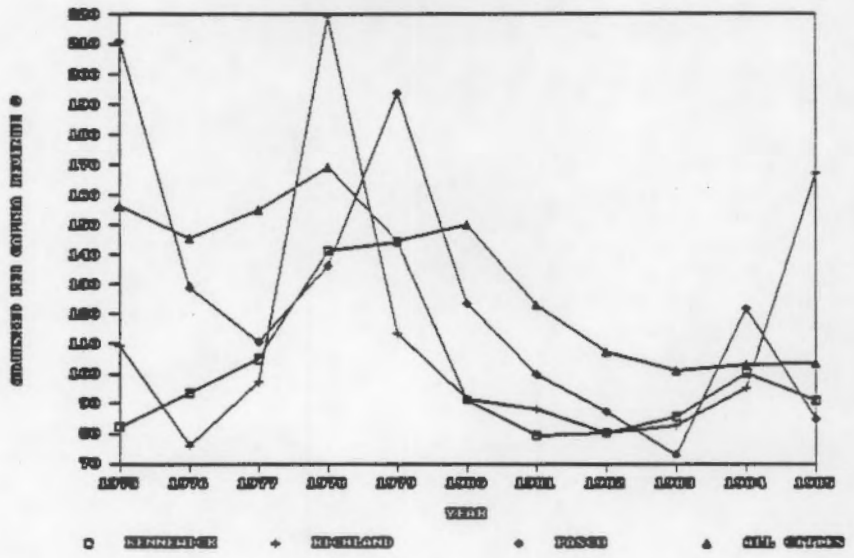
(Figure 7 continued on next page)

FIGURE 7 (continued). Revenues by Source, All Cities, 1975-1985 (1985 Dollars)

Total Taxes



Total Intergovernmental Revenue



Adapted from U.S. Bureau of the Census 1987, Washington Office of the State Auditor 1975-1985, and Washington Office of Financial Management 1975-1986.

of shopping facilities. Pasco's higher per capita revenues may be due to (1) its concentration of auto dealers and farm implement sales outlets, which sell high-priced items that are relatively less available in Richland and Kennewick; and (2) possible underestimation by the Office of Financial Management of Pasco's population, which greatly increases during the agricultural harvest season.

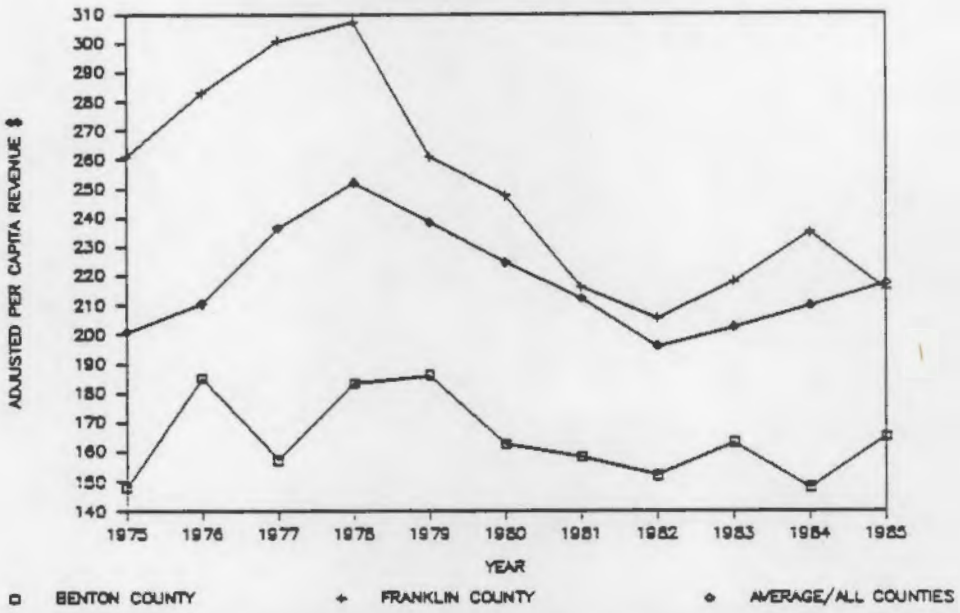
Another notable trend is the area-wide decline in inflation-adjusted per capita sales tax revenues between 1978 and 1985. Over this period, inflation-adjusted per capita personal incomes in Benton and Franklin counties actually declined.

Adjusted for inflation, per capita revenues from all taxes (property, sales, and other) increased in each municipality between 1975 and 1977, peaked in 1977 or 1978, and then declined until 1980 or 1981 before increasing again through 1985. Between 1975 and 1985, per capita revenues from taxes, adjusted for inflation, were lower in the Tri-Cities than the average for all cities. The discrepancy between per capita tax revenues in the Tri-Cities and the average for all cities increased after 1982.

Inflation-adjusted per capita revenues from intergovernmental transfers have fluctuated widely, particularly between 1975 and 1980. Aside from single-year peaks in 1978 and 1979, the level of per capita intergovernmental revenues in the Tri-Cities, adjusted for inflation, has been below the average of all cities in the state. The high 1978 levels in Richland and Kennewick reflect receipt of impact assistance payments for Supply System construction (Pasco did not receive any). Kennewick's 1979 peak resulted primarily from a large increase in state-shared revenues. Pasco's 1979 peak occurred because of high federal and state grants for transportation. During the late 1970s, state-shared funding for cities was at a fairly high level, in part because federal funding for states was high. As federal funding to states declined, state funding for local jurisdictions also decreased.

Total Per Capita Operating Revenues by County

FIGURE 8. Total Per Capita Operating Revenues in Selected Counties, 1975-1985 (1985 Dollars)



Adapted from U.S. Bureau of the Census 1987, Washington Office of the State Auditor 1975-1985, and Washington Office of Financial Management 1975-1986.

As shown in Figure 8, total per capita revenues for Benton and Franklin counties, adjusted for inflation, reached peak levels in 1978 and 1979, respectively, and then declined until 1982. The average for all counties in the state followed a similar pattern.

Franklin County's total per capita revenues were above the average for all counties while Benton County's were below this average. In 1984, Benton County ranked 38th and Franklin County ranked 14th out of 39 counties in the state in per capita total revenues. The higher Franklin County per capita property taxes may be related to (1) the lower population density of the county, which could result in higher costs of services and hence higher tax rates necessary to fund those services; and (2), possibly, underestimation of the county's population by the state Office of Financial Management (see Table 1 for population estimates), particularly in light of the County's large seasonal migrant farm worker population.

Breakdowns of total revenues are provided in the following sections.

Distribution of Operating Revenues by County

TABLE 5. Distribution of Revenues in Selected Counties by Source, 1975 and 1984 (Percent)

Source	All Counties 1975	All Counties 1984	Benton County 1975	Benton County 1984	Franklin County 1975	Franklin County 1984
Property Tax	31.9	34.7	29.6	32.4	35.7	34.9
Sales Tax	6.1	9.1	19.0	9.0	6.2	5.0
Other Taxes	1.9	4.0	1.5	4.7	1.8	5.7
Total Intergovernmental Revenue	42.7	31.7	37.2	28.2	42.3	38.1
Other Revenue	17.5	20.5	12.8	25.7	14.0	16.3
Total Taxes	39.9	47.8	50.1	46.1	43.7	45.6
Total Non-Tax Revenues	60.2	52.2	49.0	53.9	56.3	54.4
Total Revenues ($000,000 1985)[a]	$701.5	$908.1	$10.9	$15.9	$6.9	$8.5

[a] CPI inflation factors of 1.999 and 1.036 were used to convert 1975 and 1984 data to constant 1985 dollars.

Adapted from U.S. Bureau of the Census 1987; Washington Office of Financial Management 1975, 1984; and Washington Office of the State Auditor 1975, 1984.

Table 5 shows the distribution of operating revenues among sources for Benton County, Franklin County, and all counties in the state for 1975 and 1984. Between 1975 and 1984, total inflation-adjusted revenues increased in Benton County at a much higher rate than in Franklin County or the state-wide average. For Franklin County and the average of all counties, non-tax revenues accounted for more than half of the total operating revenues in 1975 (56.3 and 60.2 percent, respectively). Non-tax revenues accounted for 49 percent of total operating revenues in Benton County in 1975. Intergovernmental revenues were an important source of operating funds for county governments in both 1975 and 1984, although the percentage of total operating funds obtained from this source decreased in all of these jurisdictions between 1975 and 1984. In 1975, intergovernmental revenues accounted for 42.3 percent of total operating revenues in Franklin County, 37.2 percent in Benton County, and 42.0 percent in the average county. By 1984, these percentages had declined to 38.1, 28.2, and 31.7 percent, respectively. Although the percentage of total operating revenues obtained from non-tax sources declined between 1975 and 1984 in Franklin County, non-tax revenues accounted for over 50 percent of operating revenues in all three county jurisdictions in 1984. On average, this percentage also declined in the state.

Property taxes were a more important source of operating revenue for counties than for municipalities in both 1975 and 1984. The percentage of operating revenues derived from property tax increased in Benton County and the average county between 1975 and 1984, but

decreased in Franklin County. In 1984, property taxes accounted for 32.4 percent of total operating revenues in Benton County, and 34.9 percent of operating revenues in Franklin County; the state-wide average was 34.7 percent.

In 1975, Benton County obtained 19.0 percent of its operating revenue from sales taxes, a considerably higher percentage than either Franklin county (6.2 percent) or the average county (6.1 percent). By 1984, the percentage of Benton County's total operating revenues obtained from sales taxes had declined to 9.0 percent, a level higher than Franklin County (5.0 percent) but similar to the state average (9.1 percent).

Trends in County Per Capita Operating Revenues, by Source

Figure 9 shows inflation-adjusted per capita operating revenues, by source, received by Benton and Franklin counties, and the corresponding averages for all counties in Washington between 1975 and 1985. As this figure shows, per capita revenue, by source, did not fluctuate as widely in counties as in municipalities. Per capita revenues from property tax, adjusted for inflation, remained relatively stable, with Franklin County consistently higher than the average for all counties and Benton County consistently lower. As noted earlier, the higher Franklin County per capita property taxes may be related to (1) the lower population density of the county, which could result in higher costs of services and hence higher tax rates necessary to fund those services; and (2), possibly, underestimation of the county's population by the state Office of Financial Management (see Table 1 for population estimates), particularly in light of the County's large seasonal migrant farm worker population.

Per capita revenues from sales taxes generally followed a similar pattern, although both Benton and Franklin counties exhibited consistently lower levels of revenue than the state average, and Benton County exhibited a larger fluctuation than either Franklin County or the state average.[14] Sales tax revenues in Benton County showed a particularly large increase between 1977 and 1979; as noted earlier, Benton County was the primary recipient of direct sales taxes from construction of the Supply System. Franklin County's low receipts are due to the unincorporated area's relative lack of retail stores and the fact that it received no sales tax revenues from Supply System construction.

Benton County's per capita revenues from taxes were consistently below the state averages for counties between 1975 and 1985, while Franklin County's revenues were consistently above the state averages. In 1984, Benton County ranked second lowest of the thirty-nine counties in Washington. Franklin County ranked thirty-second lowest (eighth highest).

Inflation-adjusted per capita intergovernmental revenues in Benton and Franklin counties declined between 1975 and 1985. Franklin County remained above the state average during this period while Benton County remained below the average. The relatively high per capita intergovernmental receipts for Franklin County are partially a result of receipt in 1978 of $341,800 in state-shared impact mitigation funds from the Supply System, and the decline through 1982 is related to reductions in a variety of state and federal grants. Benton County's total intergovernmental receipts have been historically higher than Franklin County's, but Benton County's higher population has resulted in lower per capita levels. Of the thirty-nine counties in Washington, Benton County ranked third lowest in per capita intergovernmental revenue produced in 1984.

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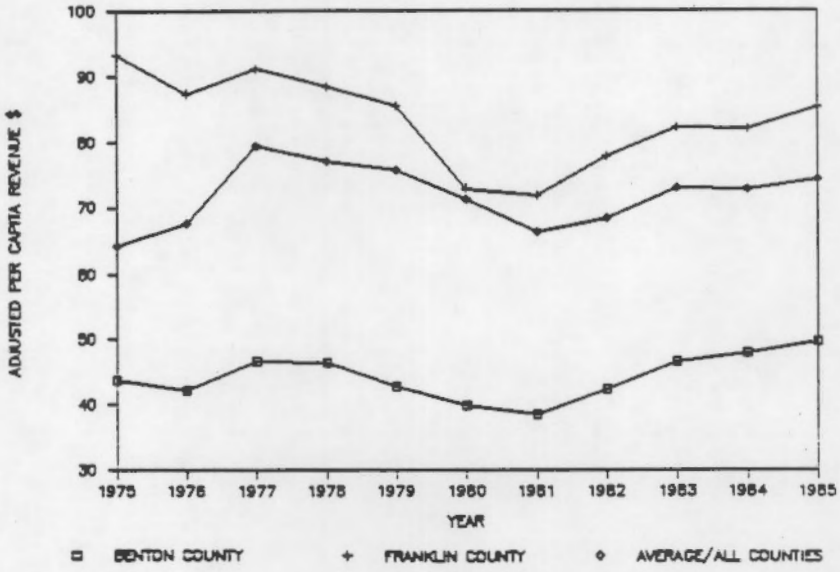
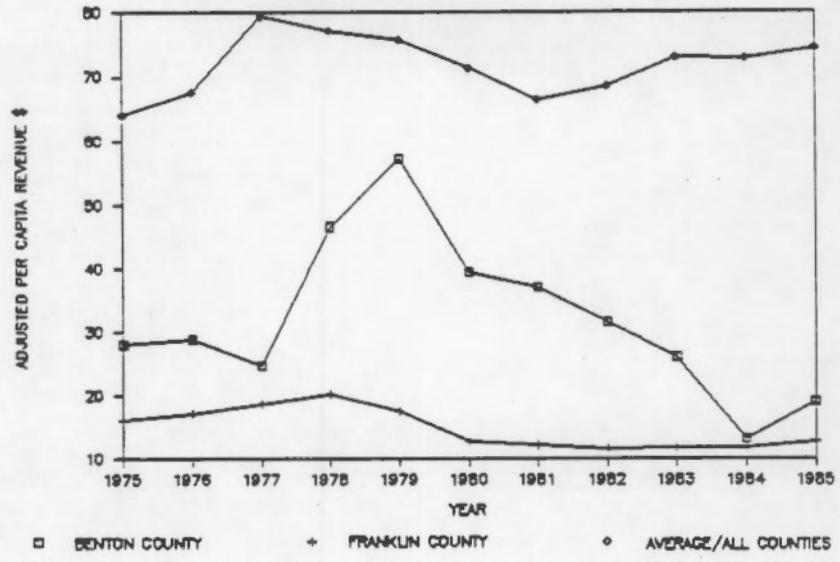
[14]These data should be interpreted with caution, however, since food, a major component of retail sales, has been treated differently at various times over the study period. See Section 3.3 for more detail.

FIGURE 9. Revenues by Source, Selected Counties, 1975-1985 (1985 Dollars)

Property Taxes

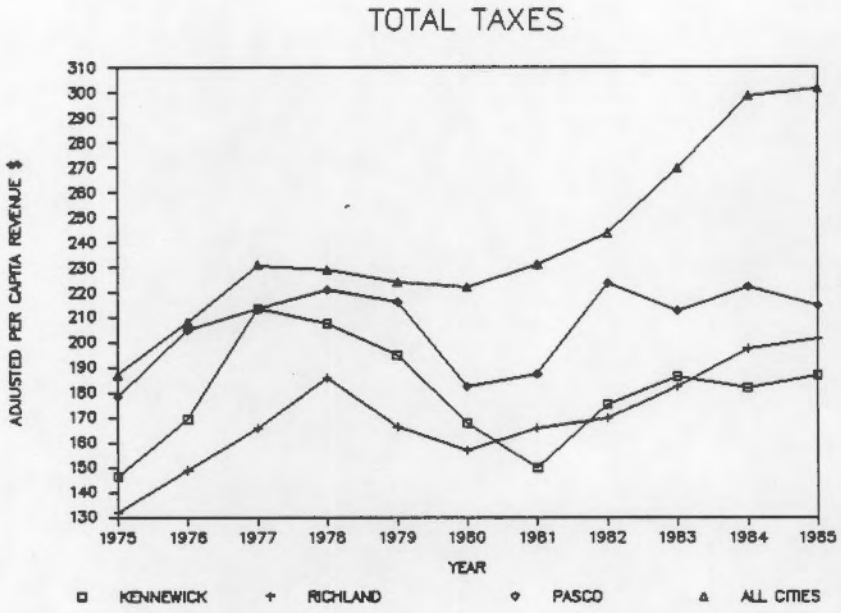


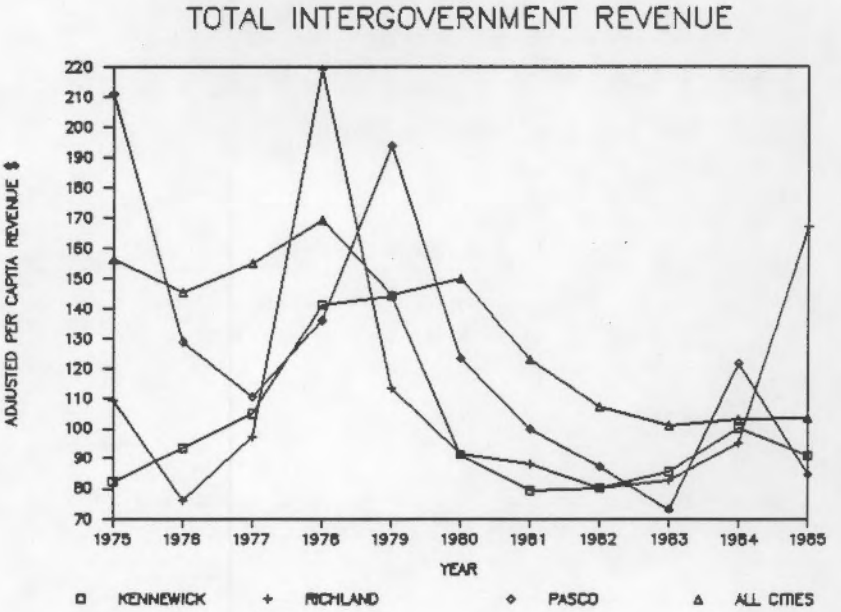
Retail Sales Taxes



(Figure 9 continued on next page)

FIGURE 9 (continued). Revenues by Source, Selected Counties, 1975-1985 (1985 Dollars)



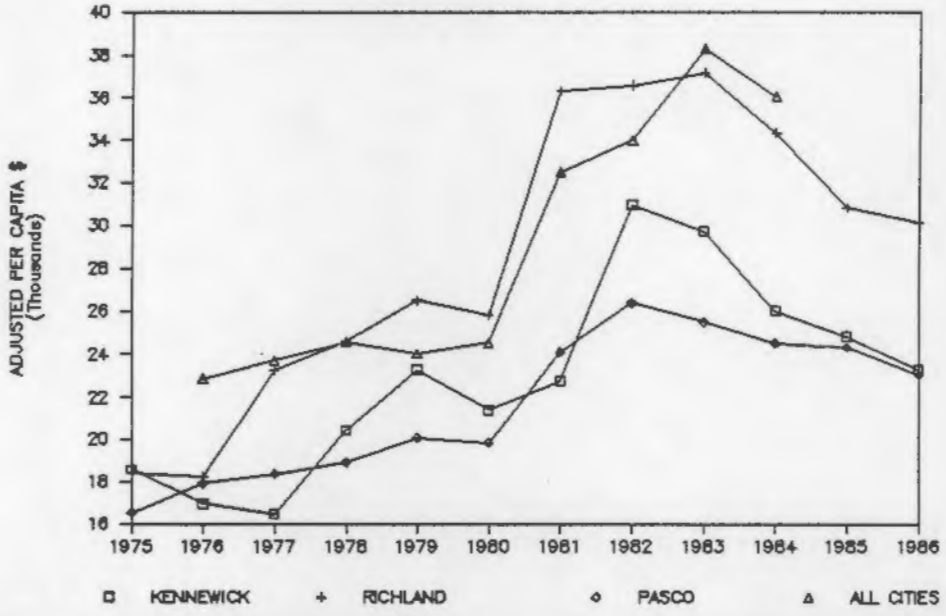


Adapted from U.S. Bureau of the Census 1987, Washington Office of the State Auditor 1975-1985, and Washington Office of Financial Management 1975-1986.

3.3 Tax Base

Assessed Property Values in the Tri-Cities Municipalities

FIGURE 10. Per Capita Assessed Property Values in the Tri-Cities, 1975–1986 (1985 Dollars)



Adapted from Breeze 1987, Morrow 1987, U.S. Bureau of the Census 1987, and Washington Office of Financial Management 1975-1986.

The tax base is important in determining the ability of local governments to raise taxes. As indicated in Table 1, taxes accounted for a large percentage of the total revenues available to the study area municipalities. The level and allocation of intergovernmental transfers from the federal government and the state cannot be controlled by local communities and their elected officials. Consequently, modification of local tax rates represent the major mechanism available to local officials for adjusting revenues when fiscal requirements change. Property and sales taxes are the primary taxes raised by local governments.[15] Revenues from property taxes depend upon the tax rate and the value of property within the jurisdiction. Figure 10 shows assessed property values, adjusted for inflation, for each of the Tri-Cities from 1975 to 1986 and the corresponding average for all cities between 1975 and 1984.[16] Per capita property values, adjusted for inflation, increased in each of the Tri-Cities between 1975 and 1982, but have declined in recent years along with the level of general economic activity in the Tri-Cities area (see Clark 1987).

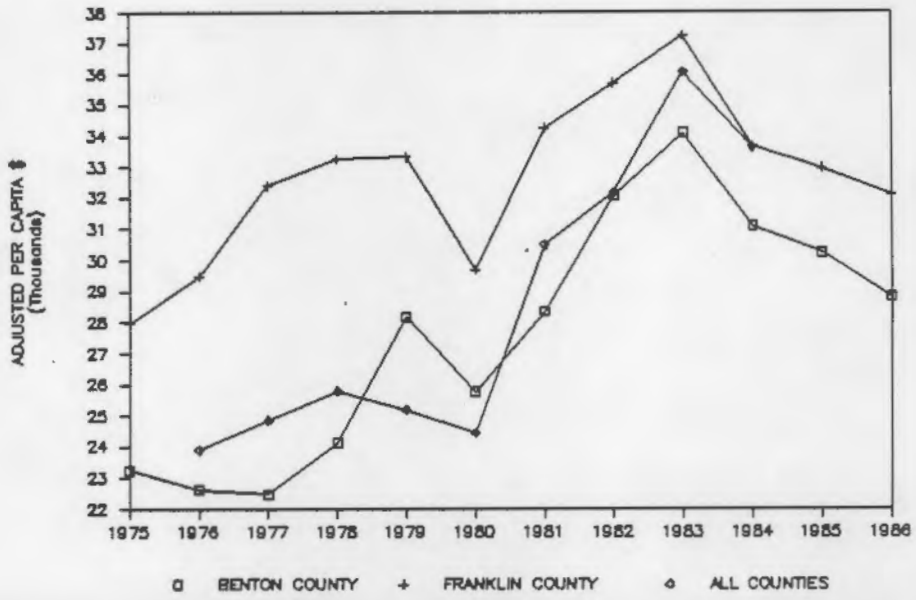
[15]Limits to the ability of local governments to levy sales and property taxes exist, however. A maximum sales tax rate of 1.0 percent is available by state statute (both counties and all three cities have set 1.0 percent rates), but during the 1975-1984 data period used in this report, a 0.5 percent rate was the legal maximum (all jurisdictions also levied this amount). Property tax collections are also limited by state statute to a 6 percent annual increase, excluding collections arising from new construction and utility valuations.

[16]Data are not available for all cities in 1975, 1985, or 1986.

Given the absence of state-wide data for 1985 and 1986, it is not possible to determine whether this represents a general state-wide trend or is unique to the study area. Between 1978 and 1984, inflation-adjusted per capita property values in Richland were equal to or higher than the average for all cities in the state, and were substantially higher than in Pasco and Kennewick.

Assessed Property Values in Benton and Franklin Counties

FIGURE 11. Per Capita Assessed Property Values in Benton and Franklin Counties, 1975-1986 (1985 Dollars)



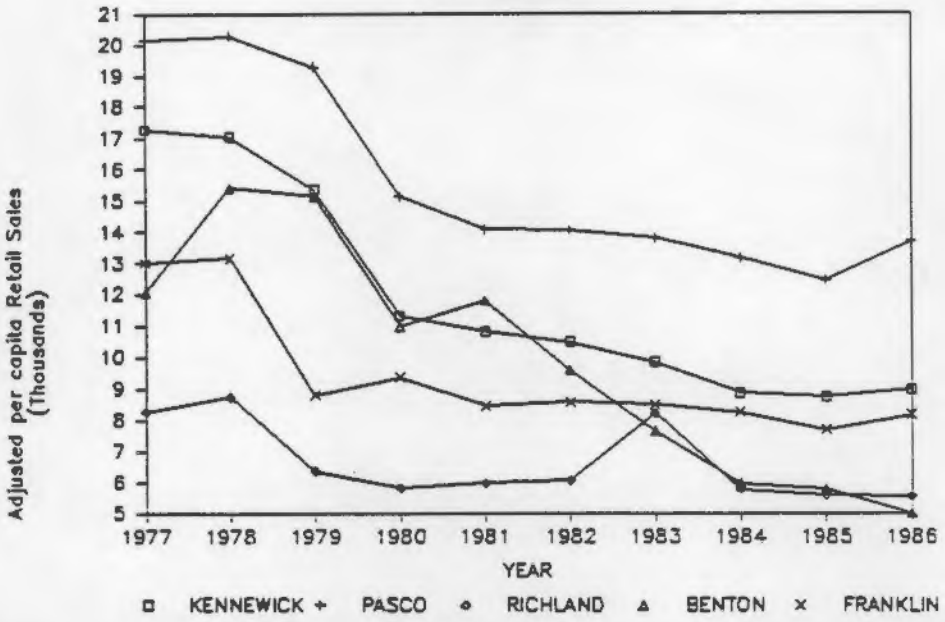
Adapted from Breeze 1987, Morrow 1987, U.S. Bureau of the Census 1987, and Washington Office of Financial Management 1975-1986.

Figure 11 shows the per capita assessed property values in Benton and Franklin counties, adjusted for inflation, and the corresponding average for all counties in the state.[17] Per capita assessed property values were consistently higher in Franklin County than in Benton County. Franklin County's higher per capita values may be due in part to Franklin County's lower population density, higher-valued agricultural land (more farmland in Franklin County is irrigated than in Benton County), and possibly an underestimation of population by the Office of Financial Management. Per capita assessed property values increased in Franklin County from 1975 to 1979, declined sharply in 1980, and then increased again until 1983. In 1983, the figures for both counties in the study area and the average for all counties in the state reached a peak for the period shown. After 1983, as in the study area municipalities, per capita assessed property values declined.

[17] Data are not available for all counties in 1975, 1985, or 1986.

Taxable Retail Sales

FIGURE 12. Per Capita Taxable Retail Sales in the Tri-Cities and Benton and Franklin Counties, 1977-1985 (1985 Dollars)



Adapted from Breeze 1987, Morrow 1987, U.S. Bureau of the Census 1987, Washington Office of Financial Management 1975-1986, and Washington State Department of Revenue 1977-1987.

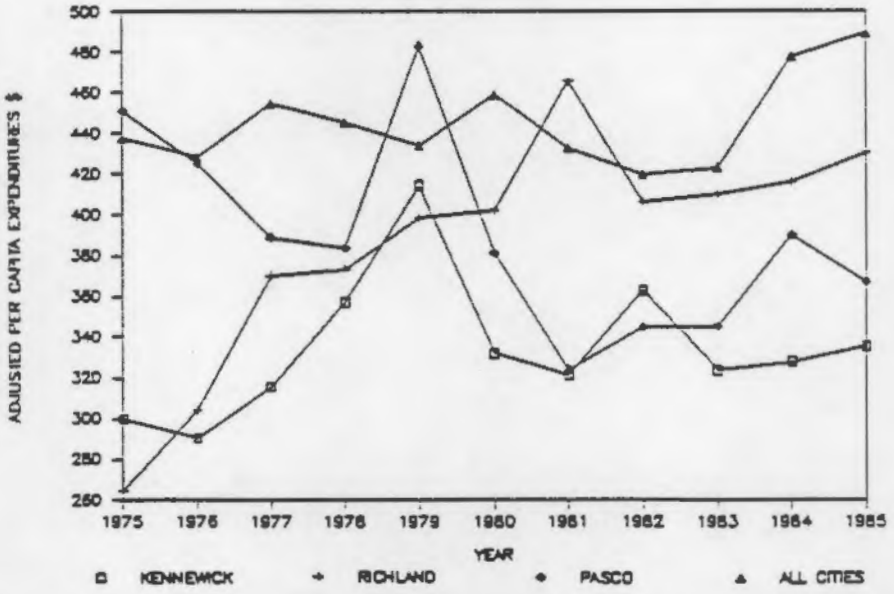
Figure 12 shows per capita taxable retail sales in each of the Tri-Cities municipalities and study area counties from 1977 to 1985, adjusted for inflation. Per capita retail sales were consistently higher in Pasco than in Kennewick and Richland, but were consistently lower in Richland. As noted earlier, this somewhat surprising result is probably attributable to Pasco's relatively high concentration of auto and farm implement dealers. Per capita taxable retail sales were higher in Benton County than in Franklin County between 1978 and 1982 (when Benton County received significant income from Supply System-generated sales taxes), but lower in Benton than Franklin County between 1983 and 1986. Per capita taxable retail sales, adjusted for inflation, declined in all three municipalities and both counties between 1977 and 1985, with few exceptions. These data need to be interpreted with caution, however, since food, an important component of retail sales, has not been treated consistently over this period. Sales tax on food has been removed (in 1978), imposed (in 1982), and again removed (in 1983) during this time. The revenues obtained from a given level of taxable retail sales varies from jurisdiction to jurisdiction depending upon the sales tax rate.[18]

[18]For those areas in the Tri-Cities that are part of the transit district, the overall retail sales tax rate in 1987 was 7.8 percent. Of this total, in the unincorporated areas of Benton and Franklin County that are part of the transit district, 6.5 percent goes to the state, 1.0 percent to the counties (the allowable county maximum rate was 0.5 percent during 1975-1986 but has since been raised), and 0.3 percent to the Benton-Franklin Transit District. Unincorporated areas that are not part of the transit district have an overall sales tax rate of

3.4 Operating Expenditures by Jurisdiction

Total Per Capita Operating Expenditures by Municipality

FIGURE 13. Total Per Capita Operating Expenditures in Selected Cities, 1975-1985 (1985 Dollars)



Adapted from U.S. Bureau of the Census 1987, Washington Office of the State Auditor 1975-1985, and Washington Office of Financial Management 1975-1986.

Per capita total operating expenditures for each of the municipalities in the study area, adjusted for inflation, are shown in Figure 13. Except for peaks in Pasco in 1975 and 1979 and Richland in 1981, the level of per capita expenditures in the Tri-Cities was below the state-wide average of all cities. Per capita expenditures, adjusted for inflation, varied substantially between 1975 and 1985. In addition, trends in per capita expenditures in the three cities differed. Kennewick exhibited the least change in inflation-adjusted per capita expenditures between 1975 and 1985; although a substantial increase occurred from 1976 to 1979, it was followed by a nearly equivalent decline between 1979 and 1981. Pasco had the highest per capita expenditure level of the Tri-Cities from 1975 to 1979, but reduced expenditures substantially thereafter. In Richland, inflation-adjusted per capita expenditures generally increased over this period, with the exception of a decline between 1981 and 1982, and ended the period with the highest level of the three municipalities. These trends are described in more detail in the following sections.

7.5 percent. For taxable sales made within each city, the overall rate is also 7.8 percent, but each city retains 0.85 percent and the county receives 0.15 percent.

Distribution of Operating Expenditures by Municipality

TABLE 6. Distribution of Operating Expenditures in Selected Cities by Category, 1975 and 1984 (Percent)

	All Cities[a]		Kennewick		Pasco		Richland	
	1975	1984	1975	1984	1975	1984	1975	1984
General Government	16.8	23.3	13.6	21.0	9.9	23.0	25.5	33.0
Public Safety[b]	32.8	30.7	33.5	22.5	33.8	33.2	40.4	29.2
Law Enforcement	19.7	18.4	18.4	15.6	21.3	21.8	21.9	17.7
Fire Control	13.1	12.3	15.1	6.9	12.5	11.4	18.5	11.5
Other	15.9	14.5	14.7	13.9	6.8	9.3	10.5	9.3
Transportation	20.8	16.6	23.8	22.8	31.1	12.8	11.1	12.3
Physical Environment	13.7	14.8	14.4	19.8	18.4	21.7	12.5	16.2
Total Expenditures ($000,000 1985)[c]	$875.3	$993.9	$5.5	$12.2	$6.5	$7.4	$7.6	$13.2

[a] All cities in Washington.

[b] Includes law enforcement and fire control.

[c] CPI inflation factors of 1.999 and 1.036 were used to convert 1975 and 1984 data to constant 1985 dollars.

Adapted from U.S. Bureau of the Census 1987; and Washington Office of Financial Management 1975, 1984.

Table 6 shows the distribution of operating expenditures by Kennewick, Pasco, Richland, and all cities in Washington for 1975 and 1984. Richland's and Kennewick's total expenditures grew rapidly over the period, while Pasco's operating expenditure growth rate was very low and close to the state-wide average. In 1975, Kennewick and Pasco spent a smaller percentage of their total operating expenditures on general government and a higher percentage on transportation and the physical environment than the average city; Richland, however, spent a higher percentage than average on general government and a lower percentage than average on transportation and the physical environment. Each of the Tri-Cities devoted a greater percentage of its operating expenditures on public safety than the average city, but by only a slight margin.

Between 1975 and 1984, the average city in Washington increased the percentage of its operating expenditures allocated to general government and the physical environment and reduced the percentage allocated to public safety and transportation. Aside from Richland's increase in the percentage spent on transportation, each of the Tri-Cities demonstrated a similar pattern of change in expenditures between 1975 and 1984, although the degree of change varied. In Pasco, the percentage of expenditures for general government more than doubled between 1975 and 1984, increasing from 9.9 to 23.0 percent, while the percentage of expenditures for transportation dropped from 31.1 to 12.8 percent. In 1984, Kennewick spent a smaller percentage on public safety (particularly fire control) than the other municipalities and a greater percentage on transportation.

Trends in Municipal Per Capita Operating Expenditures, by Type of Expense

Figure 14 shows per capita expenditures by category for Kennewick, Pasco, Richland, and the average pattern for all cities in Washington between 1975 and 1985.

Municipalities throughout the state, including the Tri-Cities, showed different patterns of expenditures on transportation between 1975 and 1985. For all cities in the state, inflation-adjusted per capita expenditures on transportation declined from 1975 to 1977, remained relatively constant from 1977 to 1983, and then increased substantially in 1984 and 1985. Between 1975 and 1985, expenditures on transportation by the Tri-Cities were usually slightly lower than the state average. Per capita expenditures on transportation, adjusted for inflation, varied widely in Pasco, which exhibited by far the highest expenditures on transportation in 1975, 1979, and 1980. Kennewick also significantly increased expenditures on transportation in 1979, and maintained a level of expenditures somewhat higher than the other Tri-Cities between 1975 and 1985, though Kennewick's expenditures were generally slightly lower than the state average. The high per capita expenditures in Kennewick and Pasco in 1979 were a result of construction of the bridge between the two cities. In Richland, expenditures on transportation remained relatively constant over this period at a level lower than in the other study area municipalities or the average for all cities. In 1984, Kennewick ranked above the median of all cities in per capita expenditure on transportation (106th out of 157) while Pasco and Richland ranked near the median (72nd and 77th, respectively).

In Richland, per capita expenditures for general government, adjusted for inflation, increased substantially between 1975 and 1985 and were higher than the average for all cities between 1978 and 1985. Richland's increasing trend after 1982 is partially attributable to relatively constant total expenditures and declining population, and partially to current expense charges related to the opening of the new city hall annex. In Kennewick and Pasco, expenditures for general government were below the average for all cities, although these expenditures increased slightly between 1975 and 1985. In 1984, the Tri-Cities spent more per-capita on general government than the median for all municipalities with at least 1,000 in population. Richland ranked among the top 20 municipalities in the state in per capita spending on general government.[19] By 1985, per capita expenditures for general government ranged from $61 in Pasco to $170 in Richland, a substantially wider spread than in 1975.

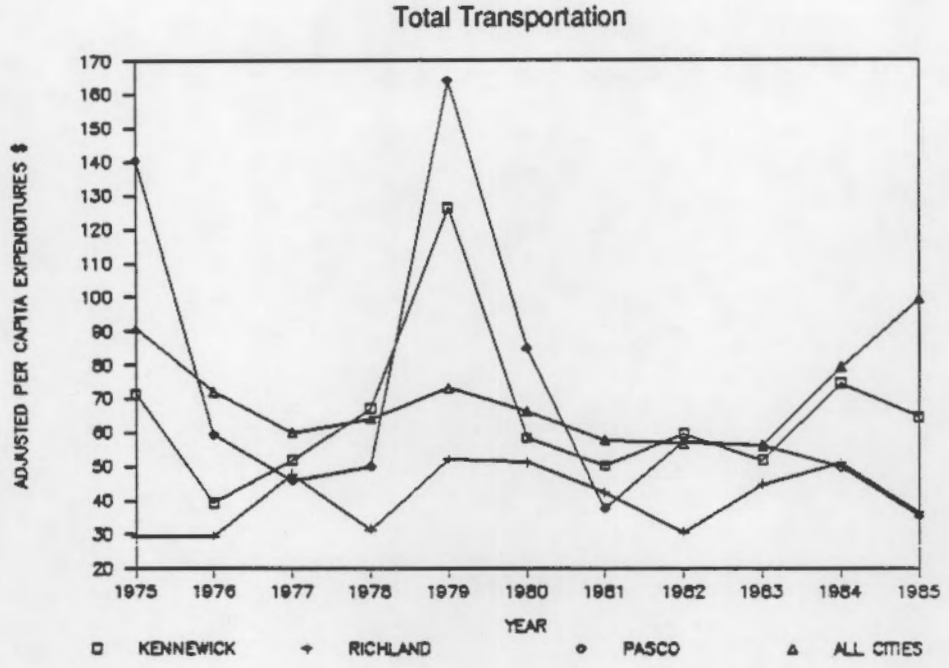
Aside from Richland, which experienced a sharp increase in per capita expenditures on the physical environment from 1979 to 1981 due to park facility construction charged against

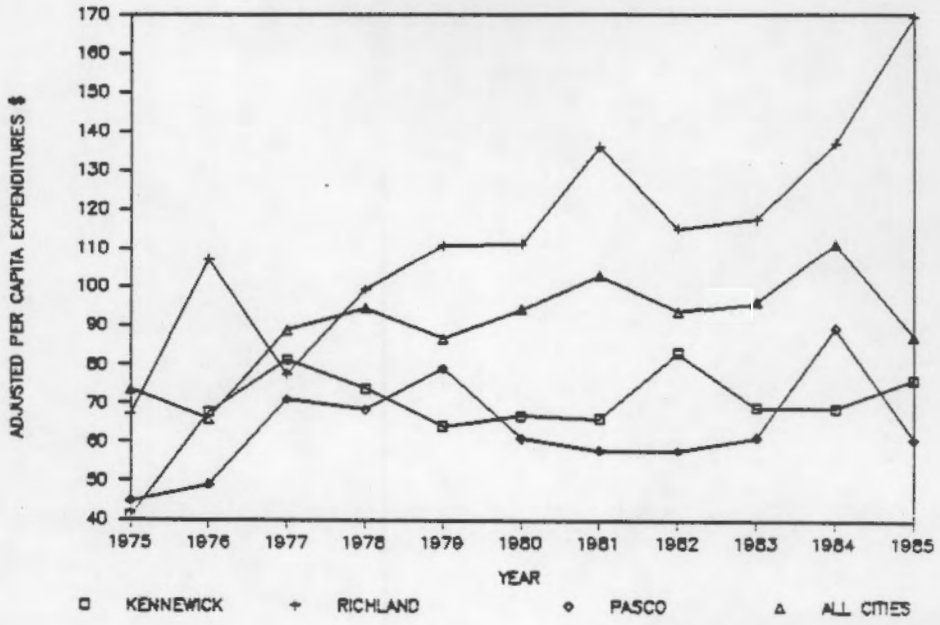
[19]The average per capita expenditure on general government was higher than the median for the 157 municipalities in Washington with populations of at least 1,000, indicating that a few large municipalities with high rates of per capita expenditures on general government were influencing the average. To indicate the relative standing of study area jurisdictions, the 157 municipalities were ranked in ascending order (from lowest to highest). A ranking of 78 or lower indicates a value lower than the state-wide median.

operating funds and experienced sharp decreases thereafter, inflation-adjusted per capita expenditures on the physical environment were relatively stable between 1977 and 1984, with little difference between jurisdictions in spending levels. The increase in Richland's per capita expenditures in 1981 is primarily due to large expenditures on parks and recreation facilities. As shown in Figure 14, expenditures on the physical environment declined in each of the Tri-Cities between 1984 and 1985, due to a reclassification that removed parks and recreation from the category of physical environment; the state average declined for the same reason.

Expenditures on law enforcement fluctuated substantially between 1975 and 1984 in the study area municipalities, although the average for all cities remained relatively constant. Fluctuations were particularly wide in Kennewick, where adjusted per capita expenditures were substantially below the state average and lower than either of the other two Tri-Cities. Prior to 1980, Pasco's expenditures on law enforcement were higher than the average for all cities. Kennewick's per capita law enforcement expenditures were constant from 1978 to 1982, but declined substantially from 1982 to 1984, due primarily to sharp reductions in expenditures for crime prevention and communications.

FIGURE 14. Per Capita Operating Expenditures by Category, All Cities, 1975-1985 (1985 Dollars)

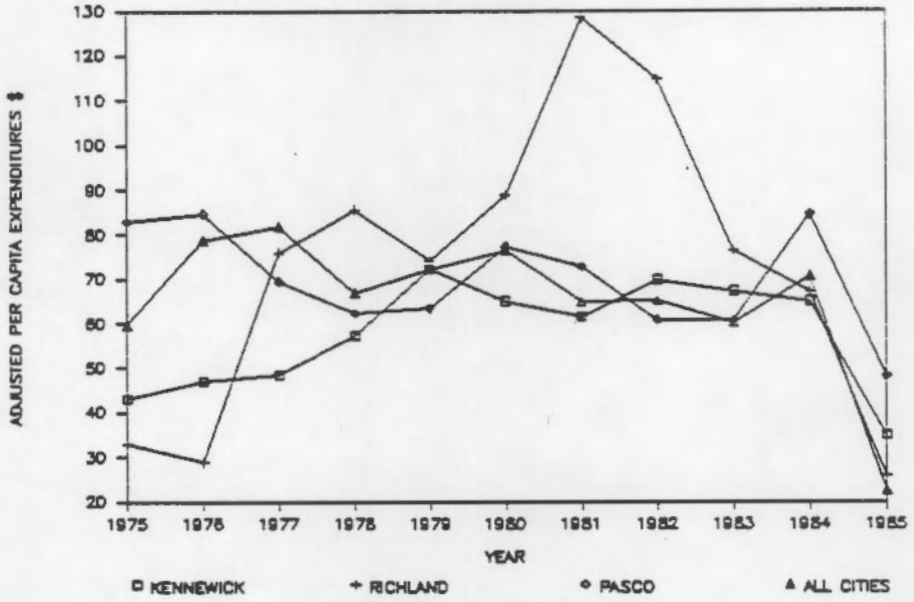




(Figure 14 continued on next page)

FIGURE 14 (continued). Per Capita Operating Expenditures by Category, All Cities,1975-1985 (1985 Dollars)

Physical Environment



Law Enforcement

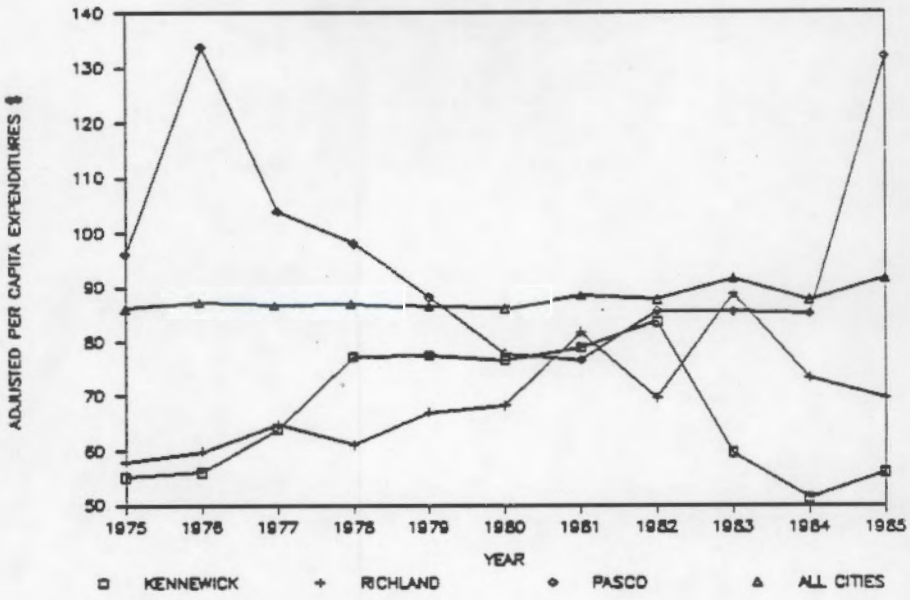


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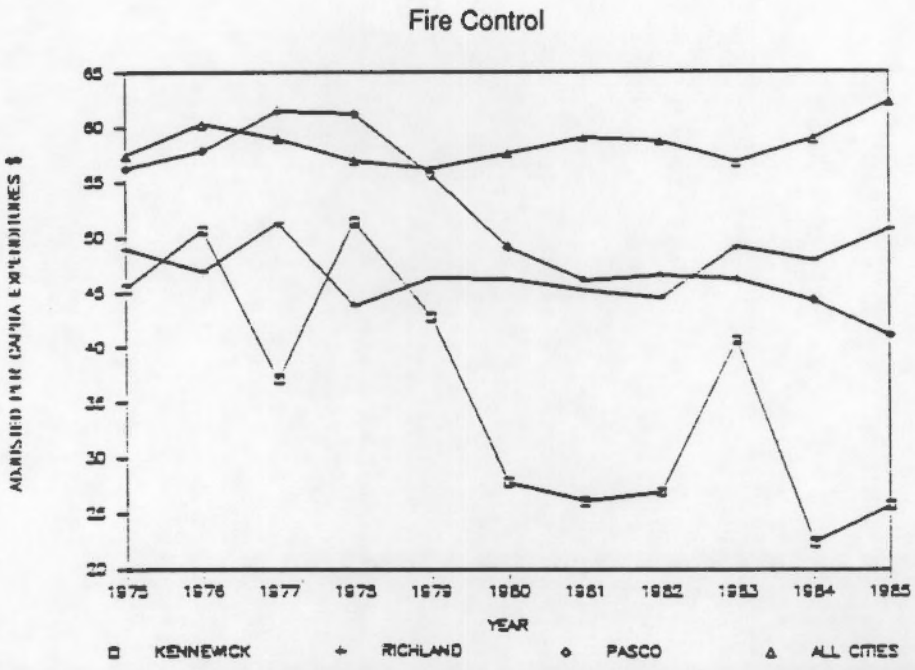
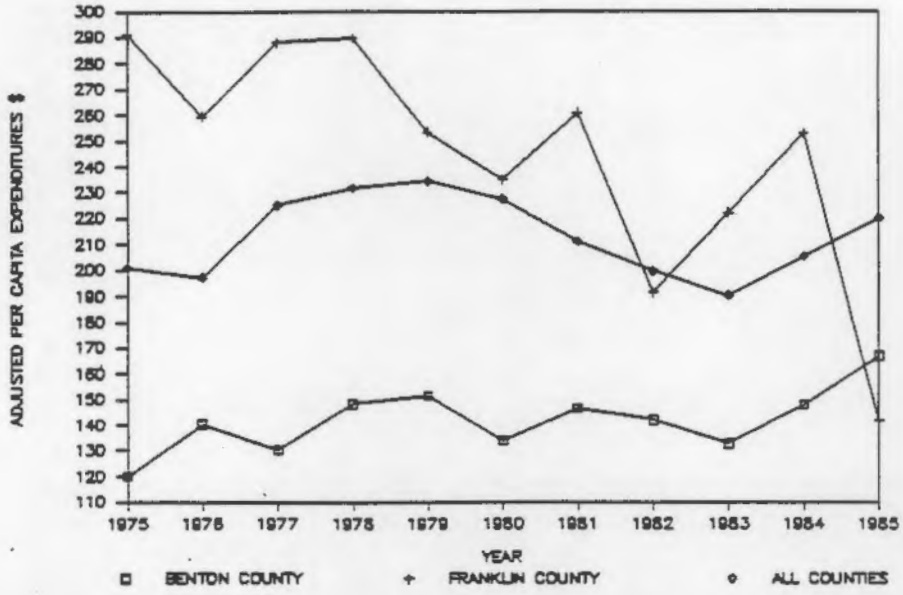
FIGURE 14 (continued). Per Capita Operating Expenditures by Category, All Cities,1975-1985 (1985 Dollars)



Adapted from U.S. Bureau of the Census 1987, Washington Office of the State Auditor 1975-1985, and Washington Office of Financial Management 1975-1986.

Total Per Capita Operating Expenditures by County

FIGURE 15. Total Per Capita Operating Expenditures by County, 1975-1985



Adapted from U.S. Bureau of the Census 1987, Washington Office of the State Auditor 1975-1985, and Washington Office of Financial Management 1975-1986.

Reflecting the cumulative effect of changes in a number of expenditure categories, Franklin County exhibited both higher and more widely fluctuating per capita operating expenditures than Benton County or the state-wide average between 1975 and 1985, as shown in Figure 15. These patterns probably result, at least in part, from Franklin County's lower population density, and possibly from the county's high seasonal influx of migrant farm workers, who may not be fully represented in the state Office of Financial Management's population estimates. Although substantially above the state average for much of this period, per capita operating expenditures in Franklin County trended downward after 1978. Between 1975 and 1985, Benton County's per capita operating expenditures were substantially below the state-wide average. These trends are described in greater detail in the following sections.

Distribution of Operating Expenditures by County

TABLE 7. Distribution of Operating Expenditures in Selected Counties, 1975 and 1984
(Percent)

	All Counties		Benton County		Franklin County	
	1975	1984	1975	1984	1975	1984
General Government	27.6	28.8	28.9	32.8	22.9	30.1
Public Safety[a]	16.4	19.4	15.7	19.8	19.3	19.8
Other	22.5	23.8	27.5	27.4	14.9	12.6
Transportation	25.9	23.1	23.4	16.3	23.9	35.6
Physical Environment	7.6	5.0	4.5	3.7	19.1	1.9
Total Expenditures (thousands of 1985 dollars)[b]	$702.0	$888.6	$8.8	$16.0	$7.8	$9.2

[a] Includes law enforcement and fire control.
[b] CPI inflation factors of 1.999 and 1.036 were used to convert 1975 and 1984 data to constant 1985 dollars.

Adapted from U.S. Bureau of the Census 1987; and Washington Office of Financial Management 1975, 1984.

Table 7 shows the distribution of operating expenditures by Benton County, Franklin County, and the corresponding average for all counties in Washington in 1975 and 1984. Total inflation-adjusted expenditures increased greatly in Benton County over the period, while Franklin County totals increased slightly, at approximately the state-wide rate. In 1975, the distribution of expenditures was generally similar across these jurisdictions, with the exception of the high percentage of operating expenditures allocated to the physical environment by Franklin County (19.3 percent). Expenditures on general government accounted for between 22.9 percent (Franklin County) and 28.9 percent (Benton County) of total operating expenditures in 1975. Transportation received 23.4 and 23.9 percent of Benton County and Franklin County expenditures, respectively, compared to the state average of 25.9 percent.

Between 1975 and 1984, Benton County substantially reduced the percentage of operating expenditures allocated to transportation (from 23.4 to 16.3 percent). Like Franklin County and the state average, the percentage allocated to general government and public safety increased in Benton County. Over this same period, the percentage spent on transportation in Franklin County increased from 23.9 to 35.6 percent.

Trends in County Per Capita Operating Expenditures, by Type of Expense

Figure 16 shows the trends in per capita operating expenditures in Benton and Franklin counties and the corresponding averages for all counties in the state from 1975 to 1985, adjusted for inflation. These data show that except for expenditures on the physical environment, Benton County had lower inflation-adjusted per capita expenditures than the state-wide average, while Franklin County expenditures were above the state-wide average.

Inflation-adjusted per capita expenditures on transportation were relatively constant for Benton County and the average county between 1975 and 1985, but transportation expenditures in Franklin County fluctuated substantially, reaching a period-high peak in 1978 and another, though somewhat lower, peak in 1984. The zero level of 1985 per capita expenditures on transportation in Franklin County is apparently an error in the state auditor's data.

Per capita expenditures for general government in Benton County were below the state average between 1975 and 1984, but exhibited a slight upward trend. In Franklin County, expenditures for general government were consistently above the state average, and tended to decline after 1977. Trends in both counties closely paralleled the state-wide averages.

Inflation-adjusted per capita spending on the physical environment by Benton and Franklin counties tended to remain relatively stable between 1976 and 1984. The state-wide average for counties was also relatively stable, though at a somewhat higher level than either of the study area counties.[20] In 1984, both Benton and Franklin counties ranked below the median of the thirty-nine counties in the state on per capita expenditures on the physical environment (18th and 14th respectively).[21]

Inflation-adjusted per capita expenditures on public safety varied greatly in Franklin County and until 1985 were generally above the state-wide averages. Expenditures by Benton County on public safety increased somewhat between 1975 and 1985, closely paralleling, but below, the average for all counties in the state. In 1984, only four counties in the state had lower per capita expenditures on public safety than Benton County.

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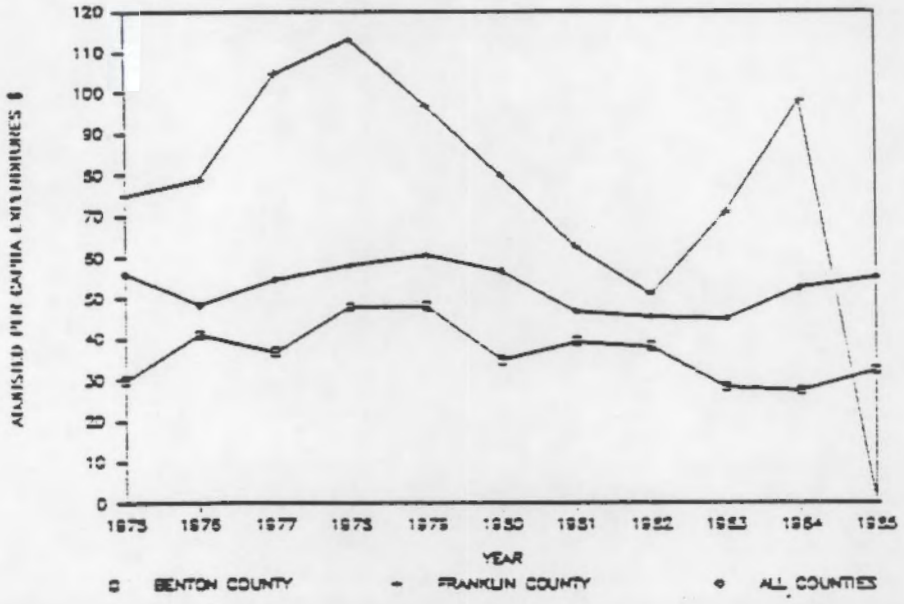
[20] An obvious exception to this pattern occurred in 1975 when Franklin County spent over three times the state average on the physical environment, due to facilities expenditures for housing and community development (Washington Office of the State Auditor 1975).

[21] To indicate the relative standing of study area jurisdictions, the 39 counties in the state were ranked in ascending order (from lowest to highest). A ranking of 19 or lower indicates a value lower than the state-wide median.

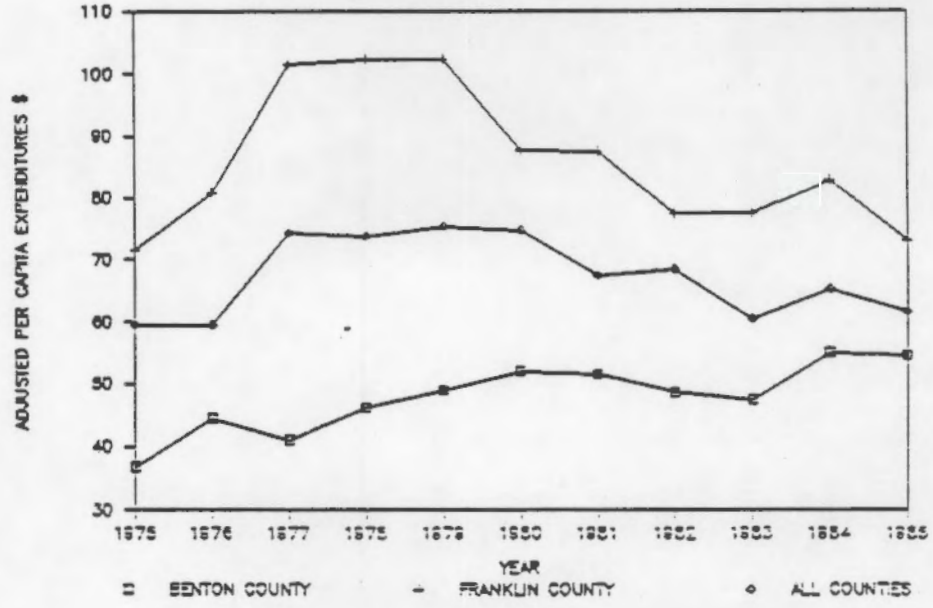
FIGURE 16. Inflation-Adjusted Per Capita Operating Expenditures by Category, Benton and Franklin Counties and State-wide Averages, 1975-1984
(1985 Dollars)

Total Transportation [a]



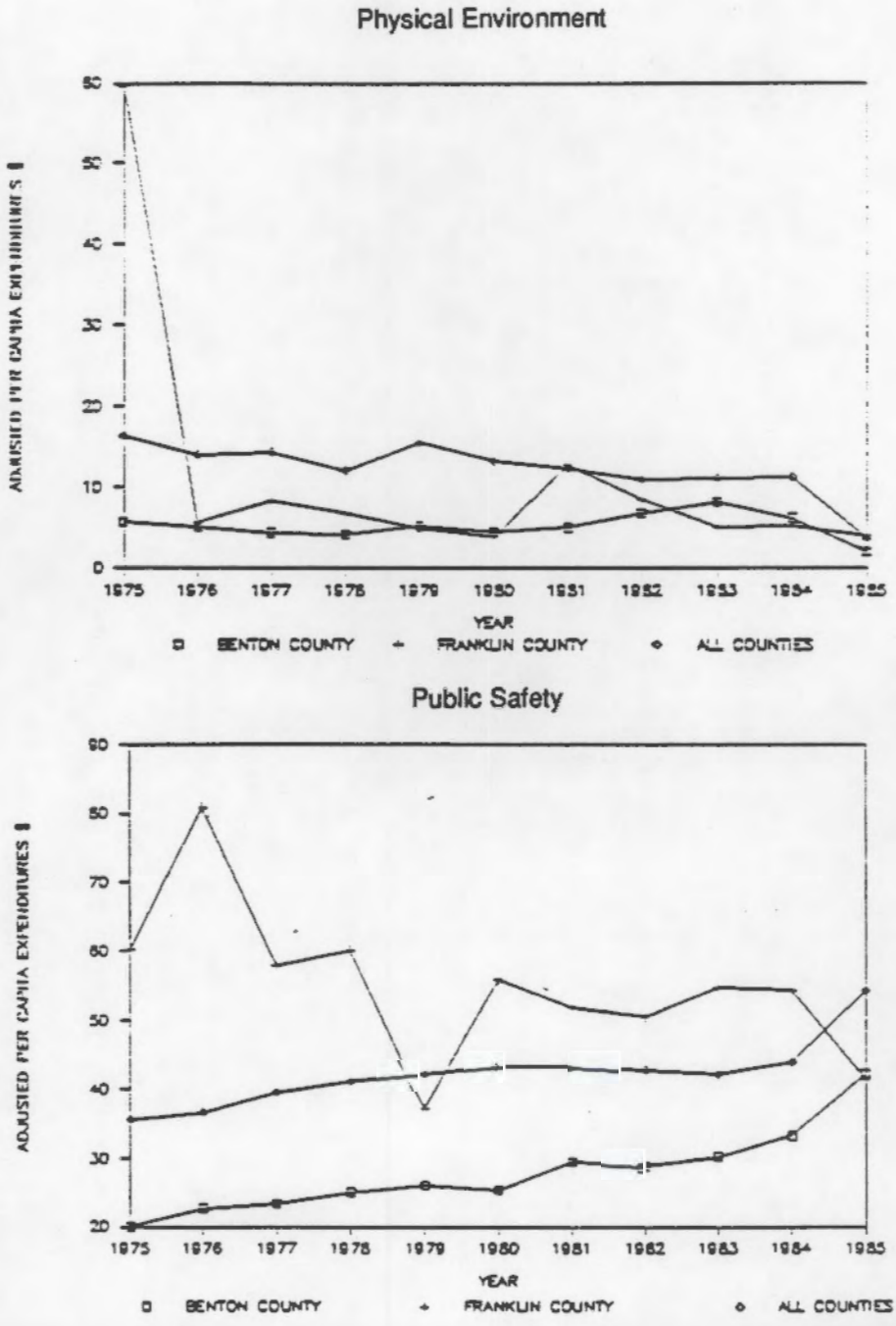
[a] The zero level of 1985 per capita expenditures on transportation in Franklin County is apparently an error in the data provided by Franklin County to the state auditor.

General Government



(Figure 16 continued on next page)

FIGURE 16 (continued). Inflation-Adjusted Per Capita Operating Expenditures by Category, Benton and Franklin Counties and State-wide Averages, 1975-1984 (1985 Dollars)



Adapted from U.S. Bureau of the Census 1987, Washington Office of the State Auditor 1975-1985, and Washington Office of Financial Management 1975-1986.

3.5 Current Fiscal Conditions

Kennewick

TABLE 8. City of Kennewick Sources of Funds, 1985-1987

Fund	1985 Actual Amount	%	1986 Actual Amount	%	1987 Budgeted Amount	%
Taxes	$6,818,600	23.2	$7,775,000	23.0	$9,284,079	26.0
Licenses and Permits	279,800	1.0	270,100	0.8	298,000	0.8
Intergovernmental Revenue	5,820,238	19.8	5,942,801	17.6	4,019,124	11.2
Charges for Services	5,208,060	17.7	5,902,450	17.4	6,330,400	17.7
Fines and Forfeits	187,250	0.6	202,211	0.6	244,400	0.7
Miscellaneous Revenue/ Proceeds	1,275,975	4.3	4,518,503	13.4	2,405,189	6.7
Non-revenues	272,658	0.9	66,328	0.2	92,350	0.3
Interfund Transfers	1,510,801	5.1	1,872,301	5.5	1,608,950	4.5
Beginning Cash Balance	7,977,188	27.2	7,279,604	21.5	11,461,306	32.1
Total	$29,350,570		$33,829,298		$35,743,798	

Adapted from Kennewick City Manager's Office and Finance Department 1987.

The source of all funds for Kennewick in 1985 (actual), 1986 (budgeted), and 1987 (adopted) are shown in Table 8. These data represent estimates of the funds expected to be available for the city of Kennewick.[22] As seen in this table, taxes are expected to increase between 1985 and 1987 while intergovernmental revenues are expected to decline. Both of these changes are consistent with the longer-term trends observed in the analysis of historical revenue patterns. It should be noted that not all of the funds shown in Table 6 can be considered revenues. For example, beginning cash balance represents funds that may be spent, but is an asset, not an income, during the budget year. Similarly, the category "non-revenue" may represent funds generated from the sale of surplus public property or bonds. The distinction between funds and revenue is important. Funds is a more inclusive term than revenues: funds include ordinary income (revenues) and extraordinary income (such as income obtained from the sale of property).

[22]Budgets are produced by local governmental jurisdictions annually as part of a planning process and fulfillment of statutory requirements. In some cases, monies received by a governmental agency must be used for particular purposes. Fund accounting procedures are used to manage these monies and to show the sources and uses of monies received. With fund accounting, the amount budgeted for any function, such as general government or fire protection, is not necessarily equal to the amount that fund receives or the amount that will be spent from that fund. If they were equal, fund amounts would correspond with revenue sources and expenditure categories. However, the fund in a budget represents the total amount of money available for that activity, and is equal to the beginning fund balance plus any additional monies the fund receives. Expenditures are computed by taking the beginning fund balance, adding additional funds received over the year, and then subtracting the ending fund balance. Because budgets are prepared ex ante, neither the amount a fund will receive nor the amount that will be spent from it are known with certainty. This means that there are discrepancies, sometimes large, between the budget and the actual expenditures and revenues.

TABLE 9. City of Kennewick Total Budget Expenditure Summary, 1985-1987

Fund	1985 Actual Amount	%	1986 Budgeted Amount	%	1987 Adopted Amount	%
General Fund	$12,009,582	39.0	$12,134,467	35.1	$12,912,524	36.1
Street	1,742,128	5.7	1,268,507	3.7	1,230,558	3.4
Arterial Street	818,893	2.7	1,533,345	4.4	678,082	1.9
Urban Arterial Street	443,384	1.4	862,250	2.5	719,500	2.0
Airport Property	483,865	1.6	386,690	1.1	368,096	1.0
Community Development	372,215	1.2	713,122	2.1	731,371	2.0
Recreational Trails and Paths	9,686	0.03	13,530	0.04	18,500	0.1
Park Reserve	40,350	0.1	43,150	0.1	31,650	0.1
Senior Center	0		22,472	0.1	25,250	0.1
Federal Revenue Sharing	619,414	2.0	490,500	1.4	0	
Debt Service	351,431	1.1	319,954	0.9	295,035	0.8
Capital Improvements	0		450,000	0.1	2,801,000	7.8
Public Facilities	70,167	0.2	59,500	0.2	45,200	0.1
1979 GO Bond Construction	73,229	0.2	42,500	0.1	50,000	0.1
1981 GO Bond Construction	57,000	0.2	0		0	
Vista Airfield Construction	38,846	0.1	71,000	0.2	55,000	0.2
Park Development/Construction	225,935	0.7	222,800	0.6	94,000	0.3
1986 GO Bond Construction	0		3,450,000	10.0	0	
Water and Sewer	7,610,909	24.7	7,519,730	21.8	8,823,500	24.7
Equipment Rental	3,452,003	11.2	1,910,304	5.5	3,419,384	9.6
Central Stores	75,161	0.2	69,500	0.2	112,000	0.3
Risk Management	224,221	0.7	705,000	2.0	866,000	2.4
Firemen's Pension	1,232,117	4.0	1,365,000	3.9	1,389,000	3.9
Emergency Dispatch Center	577,446	1.9	707,194	2.0	847,148	2.4
Bi-County Police Info. Network	161,947	0.5	199,500	0.6	231,000	0.6
Total	$30,780,929		$34,560,015		$35,743,798	

Adapted from Kennewick City Manager's Office and Finance Department 1987.

Table 9 summarizes the budgeted expenditures for the city of Kennewick between 1985 and 1987. The general fund, which represents the broadest category of expenditures, comprised 36.1 percent of the 1987 budget. Dramatic short-term fluctuations occur in these budgets; for example, "capital improvements" is budgeted to increase from $450,000 in 1986 to $2,801,000 in 1987. Comparison of this table with the budgets for Richland and Pasco and the two counties illustrates the variability in fund structure across jurisdictions. One of the major advantages of the Local Government Comparative Statistics compiled by the State Auditor is that they establish consistent categories of revenues and expenditures for all jurisdictions.

Pasco

TABLE 10. City of Pasco Total Budget Expenditure Summary, 1985-1987

Fund	1985 Actual Amount	%	1986 Budgeted Amount	%	1987 Adopted Amount	%
General	$6,144,062	45.3	$6,907,422	54.5	$6,353,600	46.2
City Street	815,619	6.0	830,000	6.6	630,100	4.6
Arterial Street	279,926	2.1	410,000	3.2	220,000	1.6
Street Overlay	316,649	2.3	250,000	2.0	247,500	1.8
Comm. Dev. Block Grant	294,605	2.2	611,790	4.8	270,000	2.0
King Community Center	28,209	0.2	30,995	0.2	31,650	0.2
Contingency	70,556	0.5	0		79,000	0.6
Cemetery	103,737	0.8	89,080	0.7	92,400	0.7
Athletic Programs	63,734	0.5	61,295	0.5	57,250	0.4
Senior Center	171,269	1.3	192,152	1.5	204,173	1.5
Old Bridge Demolition	115,396	0.9	100,000	0.8	214,000	1.6
Boat Basin	8,267	0.1	6,750	0.6	8,100	0.1
Demolition and Repair	1,114	0.0	3,000	0.0	3,800	0.0
Park	70,798	0.5	0		76,300	0.6
Capital Improvement	0		0		75,000	0.5
Stadium/Convention. Center	276,373	2.0	27,500	0.2	386,000	2.8
1971 B.O.B. Bridge	79,832	0.6	67,455	0.5	81,555	0.6
Water and Sewer	1,570,121	11.6	1,960,000	15.5	1,966,000	14.3
Golf Course	288,626	2.1	291,700	2.3	309,000	2.2
Equip. Rental - Operating	325,033	2.4	325,925	2.6	232,450	1.7
Equip. Rental - Replace	444,887	3.3	357,500	2.8	403,420	2.9
Central Stores	17,625	0.1	11,950	0.1	25,000	0.2
Cemetery Trust	111,238	0.8	0		121,000	0.9
Fire Pension	851,705	6.3	52,800	0.4	566,375	4.1
L.I.D. Guaranty	1,105,041	8.2	76,134	0.6	1,103,000	8.0
Total	$13,554,422		$11,663,448		$13,756,673	

Adapted from Pasco City Manager 1987.

Table 10 shows the budgeted expenditures for the city of Pasco from 1985 to 1987. As in Kennewick, the general fund is the largest single item in the budget, accounting for 45 percent of all operating funds in 1985,55 percent in 1986, and 46 percent in 1987. The other largest expenditure categories was water and sewer (over 10 percent each year). This budget also illustrates the high variability in planned patterns of expenditure from year to year.

Richland

TABLE 11. City of Richland Summary of Estimated Revenues, 1987

Major Source	Total Estimated Revenue Amount	%
Taxes	$7,679,620	11.2
Licenses and Permits	326,200	0.5
Intergovernmental Revenue	4,143,898	6.1
Charges for Services	33,157,756	48.5
Fines	205,000	0.3
Miscellaneous	7,876,579	11.5
Transfers In	1,112,106	1.6
Beginning Fund Balance	13,907,307	20.3
Total Available Revenue	68,408,466	

Adapted from Richland City Manager 1987.

Table 11 summarizes the major sources of estimated revenues for the city of Richland in 1987. Table 12, on the following page, summarizes budgeted expenditures for the city of Richland in 1985-1987. These tables illustrate one of the important structural differences between Richland and Kennewick. Richland operates public utilities that charge for service and generate considerable revenue--over $33 million in 1987, for instance. Tables 10 and 11 demonstrate that it is necessary to know the specific characteristics of each jurisdiction in the study area when trying to understand local conditions and fiscal management procedures. It is important to control for these types of structural differences when comparing cost of service and per capita revenues and expenditures across jurisdictions.

TABLE 12. City of Richland Summary of Estimated Expenditures, 1985-1987

Fund	1985 Actual Amount	%	1986 Budgeted Amount	%	1987 Adopted Amount	%
General Fund	$10,664,869	19.9	$10,530,159	21.4	$11,557,559	16.9
City Streets Fund	598,624	1.1	556,343	1.1	605,511	0.9
Arterial Streets Fund	1,203,534	2.2	439,548	0.9	842,422	1.2
Highway Improvement Fund	987,753	1.8	425,600	0.9	466,000	0.7
Library Fund	621,916	1.2	659,737	1.3	691,971	1.0
Park Reserve Fund	47,412	0.1	340,692	0.7	40,487	0.1
Industrial Development Fund	1,305,048	2.4	396,854	0.8	645,009	0.9
Capital Improvements Fund	0		0		112,416	0.2
Fire Equipment Reserve Fund	8,443	0.0	27,069	0.1	61,788	0.1
W.P.P.S.S.	327,303	0.6	229,526	0.5	513,893	0.8
Hotel/Motel Tax Fund	279,680	0.5	125,656	0.3	781,456	1.1
Resource Development Fund	213,252	0.4	374,316	0.8	181,800	0.3
Rental Rehab Program	61,599	0.1	278,203	0.6	0	
Fiscal Assistance Fund	293,288	0.5	237,609	0.5	0	
Library Refunding Bond Fund	99,835	0.2	100,833	0.2	160,945	0.2
Recreation Debt Service Fund	133,215	0.2	134,365	0.3	174,888	0.3
Swim Pool Debt Service Fund	139,025	0.3	135,225	0.3	175,400	0.3
Electric Fund	25,274,036	47.1	20,913,979	42.6	30,423,917	44.5
Water Fund	2,698,200	5.0	2,933,872	6.0	3,957,817	5.0
Sewer Fund	3,473,700	6.5	3,876,791	7.9	5,003,912	7.3
Solid Waste Fund	1,529,566	2.9	1,556,529	3.2	1,861,310	2.7
Central Stores Fund	54,927	0.1	78,000	0.2	106,010	0.2
Equipment Maintenance Fund	893,478	1.7	838,380	1.7	894,225	1.3
Equipment Rental Fund	605,684	1.1	1,444,819	2.9	2,806,356	4.1
Office Equipment Reserve Fund	7,666	0.0	28,630	0.1	222,190	0.3
Claims Payment Reserve Fund	218,100	0.4	251,950	0.5	801,704	1.2
Employee Benefits Program Fund	914,076	1.7	934,402	1.9	1,408,188	2.1
Unemployment Trust Fund	30,454	0.1	75,000	0.2	338,052	0.5
L.I.D. Guaranty Fund	277,212	0.5	502,988	1.0	1,336,933	2.0
Firemen's Pension Fund	354,880	0.7	304,004	0.6	1,394,551	2.0
Policemen's Pension Fund	294,266	0.6	294,667	0.6	752,701	1.1
Construction Impact Fund	0		500		7,706	0.0
Electric Worker's Vacation Fund	17,652	0.0	94,347	0.2	80,263	0.1
Economic Development Construction	295	0.0	1,680	0.0	1,086	0.0
Total	$53,628,990		$49,122,273		$68,408,466	

Adapted from Richland City Manager 1987.

Benton and Franklin Counties

Tables 13 and 14, on the following pages, present a summary of the budgeted expenditures for Benton and Franklin counties for 1985-1987. In these tables, the current expense fund is comparable to the general fund for cities. The current expense fund in Benton County was budgeted to be 47 percent of total expenditures in 1985 and 36 percent of the total in 1987. In Franklin County, the current expense fund was budgeted at 42 percent of revenues and 43 percent of expenditures in 1987.

Road maintenance is an important county function and represented either the largest or second largest expenditure category in the Benton and Franklin County budgets over the periods shown. The number of revenue and expenditure funds represented in these budgets illustrates the importance of establishing a consistent set of expenditure categories that can be used to standardize the data and provide a basis for comparisons across jurisdictions and over time.

TABLE 13. Benton County Budget Expenditure Summary, 1987

Fund	1985 Actual Amount	%	1986 Budgeted Amount	%	1987 Final Amount	%
Current Expense	$10,185,202	47.1	$10,579,738	33.9	$11,135,665	36.3
County Road	3,528,430	16.3	7,615,556	24.3	7,855,020	25.6
Alcohol and Drug Abuse	621,796	2.9	687,495	2.2	500,068	1.6
Flood Control	0	0.0	6,400	0.0	7,700	0.0
Indigent Soldier	0	0.0	45,000	0.1	45,000	0.1
Law Library	29,911	0.1	25,000	0.1	26,400	0.1
TB Hospital	40,392	0.2	69,840	0.2	50,000	0.2
MH & MR Pooling	0	0.0	82,904	0.3	121,476	0.4
Other Services and Charges	66,438	0.3	67,290	0.2	48,738	0.2
Park Development	36,116	0.2	240,000	0.8	200,000	0.7
Election Reserve	108,524	0.5	200,425	0.6	154,370	0.5
Fiduciary Service	38,725	0.2	47,713	0.2	66,969	0.2
Benton-Franklin Fair	1,221,554	5.7	733,154	2.3	658,600	2.1
BC Horse Race	456,767	2.1	914,149	2.9	0	0.0
Paths and Trails	2,417	0.0	43,584	0.1	55,740	0.2
Juvenile Center	1,504,378	7.0	1,589,285	5.1	1,224,683	4.0
Inmate Benevolence Fund	1,237	0.1	23,100	0.1	38,100	0.1
Courthouse Improvement	122,650	0.6	2,100,000	6.7	1,300,000	4.2
Facilities Reserve	518,952	2.4	205,034	0.7	134,700	0.4
Crime Victim Compensation	26,564	0.1	17,873	0.1	17,252	0.1
Developmental Disabilities	409,670	1.9	346,344	1.1	427,054	1.4
Mental Health	693,838	3.2	1,299,395	4.2	1,203,802	3.9
Job Training	0	0.0	4,241	0.0	4,241	0.0
DWI Training Fund	35,648	0.2	42,000	0.1	37,345	0.1
Investigative Fund	0	0.0	10,000	0.0	12,500	0.0
Emergency Management	107,799	0.5	119,632	0.4	127,412	0.4
Animal Control	0	0.0	0	0.0	3,500	0.0
Federal Shared Revenue	0	0.0	626,183	2.0	0	0.0
1976 G.O. Bond Refunding	0	0.0	127,368	0.4	128,468	0.4
Benton County Series A Bond	545,213	2.5	508,150	1.6	504,275	1.6
Series B Bond Fund	26,988	0.1	26,075	0.1	29,925	0.1
Juvenile Construction	7,197	0.0	10,000	0.0	10,000	0.0
Capital Investment	0	0.0	0	0.0	79,800	0.3
Detox Construction	0	0.0	32,000	0.1	32,000	0.1
Courthouse Construction	0	0.0	0	0.0	1,146,592	3.7
Columbia Park Campground	0	0.0	0	0.0	42,133	0.1
Columbia Park Golf Course	0	0.0	0	0.0	82,243	0.3
Equipment Rental and Reserve	768,173	3.6	2,177,000	7.0	2,127,000	6.9
Central Services	422,569	2.0	455,056	1.5	452,403	1.5
B.C. Workmen's Compensation	82,392	0.4	200,650	0.6	243,730	0.8
Insurance Management	0	0.0	0	0.0	255,000	0.8
Accumulated Leave	0	0.0	0	0.0	76,000	0.2
Weed Dist. #1	9,680	0.0	0	0.0	11,400	0.0
Total	$21,619,017		$31,277,640		$30,677,304	

Adapted from Benton County 1987.

TABLE 14. Franklin County Budget, 1987

Fund	Revenues Amount	%	Expenditures Amount	%
Current Expense	$ 4,850,490	41.6	$ 5,134,784	43.3
Alcoholism	600	0.0	600	0.0
G.O. 1970 Limited Bond (Pub. Safety)	29,000	0.2	29,000	0.2
G.O. 1974 Refund Bond (Pub. Safety)	65,048	0.6	65,048	0.5
G.O. 1976 Unlimited Bond (Juv. Bldg.)	52,803	0.5	52,803	0.4
Capital Outlays 1/4% Excise Tax	60,000	0.5	60,000	0.5
Law Library	79,525	0.7	27,840	0.2
Park District No. 3	45	0.0	45	0.0
Park District No. 4	3,000	0.0	3,000	0.0
Park District No. 6	4,800	0.0	4,800	0.0
Crime Victims/Witness Assistance	12,269	0.1	12,269	0.1
Franklin County Road	4,903,800	42.1	4,903,800	41.3
Franklin County Equipment Rental	1,330,000	11.4	1,330,000	11.2
C.R.I.D. No. 1	2,500	0.0	2,500	0.0
C.R.I.D. No. 6	33,000	0.3	33,000	0.3
C.R.I.D. No. 7	19,282	0.2	19,282	0.2
Paths and Trails	40,094	0.3	40,094	0.3
Flood Control	900	0.0	900	0.0
Seized Money	5,000	0.0	5,000	0.0
Seized Assets	5,000	0.0	5,000	0.0
Jail Commissary	64,000	0.5	64,000	0.5
Radio Maintenance	19,733	0.2	19,733	0.2
K-9 Fund	5,000	0.0	5,000	0.0
Soldiers and Sailors Relief Fund	21,750	0.2	21,750	0.2
Treasurer's O & M	18,100	0.2	18,100	0.2
Franklin County Unemployment Trust (CE)	12,000	0.1	12,000	0.1
County Road Unemployment Trust (Misc.)	9,500	0.1	9,500	0.1
Total	$11,647,239		$11,870,848	

Adapted from Corkrum 1987.

4.0 OUTSTANDING TECHNICAL ISSUES AND DATA REQUIREMENTS

4.1 Introduction

Although based on a consistent and comprehensive secondary data source, this document does not cover all the data that are available to describe the fiscal conditions of local jurisdictions in the study area. Further work is needed to incorporate other useful data sources; expand the geographic and jurisdictional scope of the database; and provide additional detail, particularly regarding fiscal issues that are important to monitoring, assessing, and managing the impact of the BWIP.

4.2 Expanding the Time Frame of the Analysis

The analysis of revenue and expenditures has been limited to the period between 1975 and 1985 because of difficulties with data availability and data consistency. The years 1970 through 1974 are potentially important, however, because they represent a period when the study area was unaffected or only minimally affected by the Supply System's major development projects. If the discrepancies in the earlier years can be resolved, these data would be useful in describing fiscal conditions typical for the study area before it experienced the fluctuations in employment and population that occurred between 1975 and 1983.

4.3 Expanding the Number and Types of Jurisdictions Included in the Profile

To date, the analysis of fiscal conditions has been limited to the three major cities and the two counties in the study area. Additional jurisdictions should be examined, including the smaller municipalities, school districts, and other independent districts. Based upon the results of the BWIP work force survey conducted in August, 1987 and an analysis of the procurement patterns of the BWIP, jurisdictions other than those discussed here may be included in future profile efforts.

4.4 Extend the Profile to Include Other Funds and Integrate the Fiscal and Facilities and Services Analyses

This report has restricted its examination to operating revenues and expenditures. It is also important to understand changes in capital, enterprise, and special assessment funds. This will require analysis and coding of data into revenue and expenditure categories that are comparable across jurisdictions and over time. It will also require descriptions of the facilities and services supported by these funds.

4.5 Improve Comparability Across Jurisdictions

Fiscal conditions may differ among jurisdictions as a result of the factors that can be identified and quantified. For example, differences in the average income of residents may account for a major share of the difference in fiscal conditions across jurisdictions. Certain residential patterns (for example, percent of the population living in unincorporated areas) may increase county revenues and expenditures because there is less overlap between county and municipal jurisdictions. Further analysis of existing data are needed to identify these factors and analyze their effect.

4.6 Tax Rates and Revenue Sharing Formulas

Additional time series data are needed on tax structure, including tax rates and revenue sharing formulas. An analysis of the changes in tax structure in the study area jurisdictions between 1973 and 1987 could help clarity the patterns of revenue change over time, especially if compared to other jurisdictions in the study area.

4.7 Resolve Differences in Fiscal Data Sources

The information provided by the State Auditor is generally the best available for comparisons over time and across jurisdictions. However, the information provided by the Auditor is not available as soon as local budgets, and imposes a structure that may not reflect local conditions. If the discrepancies between these two sources are resolved, the assessment of impacts can be more timely, and local conditions can be better understood.

4.8 Relationship Between Fiscal Conditions and Economic Factors

Fiscal conditions vary with changes in the local economy. Further analysis is needed to examine the empirical relationships between economic and fiscal conditions between 1975 and 1985. The results of this analysis are useful for the development of a fiscal model. In particular, alternatives to the use of the national consumer price index (all items for urban consumers) to adjust for differences in cost-of-living across jurisdictions and over time need to be identified and evaluated.

4.9 Improved Data on Tax Revenues Related to the Supply System and DOE Activities

Supply System construction activities significantly affected historical fiscal conditions in the Tri-Cities, reducing the ability to use conditions in those years as a basis of estimates of likely conditions in the future. However, data on Supply System-related tax payments are not readily available. Better data would improve understanding of the trends underlying historical data.

Similarly, fiscal conditions in the study area are probably greatly affected by tax payments related to DOE activities. Further study is warranted to collect and analyze tax payments by DOE and its contractors. Some of the relevant data are being collected for the Draft Project Characteristics Interim Monitoring Report but are not yet available.

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