

**CHAPTER 280  
LOCAL BUDGET**

**150-280.060-(A)**

**Calculating the Estimated Dollar Weighted Life for Local Option Taxes**

(1) For local option taxes used to fund capital projects, the estimated dollar weighted life of capital projects shall be calculated in the following manner.

- (a) The useful life of the project shall be estimated in years.
- (b) The cost of the project shall be estimated in dollars and cents.
- (c) The estimated useful life of the project shall be multiplied by the estimated cost of the project.

This is the weight of the project.

(d) The weight of the project is divided by the cost of the project to come up with the estimated dollar average life of the project. This is the maximum time that may be financed using a local option tax.

(2) For a local option tax that only funds one capital project, the estimated dollar weighted life of the project will equal the useful life of the project.

(3) For a local option tax that supports more than one capital project, complete (1)(a) through (1)(c) above for each capital project. Sum the cost of all of the projects and sum the weight of all the projects in the local option tax. Then divide the total weight by the total cost to arrive at the estimated dollar average life of the capital project for this tax.

*Example:* A city decides to go out for a local option for their police department. The local option tax is going to be used to purchase 2 new computers, 2 patrol cars and rewire the station house. What is the estimated dollar average life of the capital projects financed by this local option levy?

ITEM	COST	USEFUL LIFE	WEIGHT
2 computers	10,000	2 years	20,000
2 patrol cars	80,000	5 years	400,000
Rewiring Station	50,000	10 years	500,000
TOTALS	140,000		920,000

$920,000 \div 140,000 = 6.6$  or 7 years estimated dollar average life.

(3) Normal rounding is used in calculating the estimated dollar average life.

(4) Local option tax for capital projects can not exceed 10 years.

Stat. Auth.: ORS 305.100

Stats. Implemented: ORS 280.060

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