

Table 1 - A Preliminary Evaluation of Local Revenues

<i>Criterion</i>	<i>User Charges(L,R)</i>	<i>Property tax (L)</i>	<i>Excises (R)</i>	<i>Personal Income Tax(R)</i>	<i>Payroll Tax(R)</i>	<i>Sales Tax(R)</i>	<i>Business Taxes (L, R)</i>
Revenue adequacy	OK for some activities; not in general	OK for general local government	Unlikely to suffice	Unlikely	Yes, if industrial area	Yes	Not likely
Revenue buoyancy	No	Not much	Varies	Yes	Yes	Yes	May be OK
Correspondence of payers and beneficiaries	Excellent, if well designed	Fair, if properly done	Not too high	Not high	Depends on employment pattern	Depends on mobility	Depends on design
Local Accountability	Excellent	Low	Not too good, unless rate set regionally	Low (depends on rate discretion)	OK if have rate discretion	Can be OK	Usually low
Administrative cost	Sometimes high	Fairly high	Low	Not usually feasible unless as regional surcharge	Not high	Moderate	Sometimes high
Compliance costs	Irrelevant, in principle	Depends, but not high	Low, as a rule	Medium	Not high	Moderate	Often high
Latitude for Corruption	Low?	Moderate	Low	Probably high in most countries	Low	Moderate	High
Political Acceptability	Apparently not very high in most countries	Moderate	Very high in some instances	Low	High	Perhaps	High
Distortionary Impact	None	Moderate	Can be low	Moderate	Not too high	May be OK	Usually high
Progressivity	Irrelevant?	Possibly	Regressive in general, except fuel	Largely unknown	Not very	No	Usually unknown
Reduces regional disparities	May do so to some extent	No	No	No	No	No	No