

Transportation Finance Background & HB 2017 Revenue package Overview

Joint Committee on Transportation

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Oregon Transportation System

- Definition and Identification.
- Who controls which segments?
- How is it financed and who pays?
- History and Latest Funding Packages.
- Special interest Topics (Constitutional and other)

Oregon Transportation System

- Transportation System Components:
 - Highway system and road network
 - Public Transit system and network
 - Rail system for passengers and freight
 - Aviation and Airports
 - Marine transportation and maritime ports
- System Ownership / Operation:
 - Public and Private
 - State
 - Local (Cities and Counties)
 - Transportation Agencies
 - Local districts (Taxing and non)

Highway Funding Overview

- How does Oregon Fund Highways. ?
- Highway Fund (bank account or System)?
- Revenue sources, distributions and uses of Hwy Fund.
- The different bonding programs (OTIA, I, II, III). HB 2001 (2009 Session) Jobs and Transportation Act.
- Other constitutional requirements.
- HB 2017 Transportation Funding package

How Should Roads Be Financed?

- Equity
 - Principle: users should pay in proportion to the costs they impose.
 - Users (different classes)
 - Costs
 - Planned expenditures for construction, ... , operation; or
 - Damage to the system (marginal cost)
 - Congestion costs. Pollution costs.
- Economic Neutrality (no winners and losers)
- Cost Efficient (efficient building, the right facilities)

Economic Efficiency

Principles of Oregon Highway Finance (System)

- Public Finance (Government owned) system
- Financed through taxes and fees, Simulating Road user fee.
- Revenue from fees should be only used for constructing, improving, and maintaining roads.
- Those who use the roads should pay for them.
- Road users (weight classes) should pay in proportion to the road costs for which they are responsible.

Brief History of Oregon Road User Taxes

- 1899 - Oregon First car arrives.
- 1905 - First statewide registration fee instituted (\$3 one time).
- 1912 - $\frac{1}{4}$ mill tax on assessed property.
- 1919 - First gas tax (in the nation) 1 cent.
- 1921- first increase in gas tax to 2 cents.
- 1925 - Ton-mile tax enacted.
- 1933- Annual \$5 registration fee.
- 1943 - Fuel tax extended to diesel and other fuels (5 cents/gallon).
- 1947 - Weight-mile tax first enacted.
- 1949 - Gas tax @ 6 cents.
- 1951 - Weight mile increased, but referred to voters.
- 1952 – Constitutional amendment rejected by 3 to 1.
- 1967 - Gas tax @ 7 cents with equivalent weight mile increase.
- 1969 - Sand and gravel flat fee option in lieu of weight-mile tax.

Brief History of Oregon Road User Taxes

Continued

- 1983 – Woodchip haulers get flat fees.
- 1982-1993 gas tax increased 11 times to reach 24 cents.
- 1982-1992 Weight Mile taxes are increased 8 times to adjust. Table B introduced.
- 1990 - vehicle registration fees increased to \$30 for a biennium. Up from \$ 20 since 1973.
- 1996 -Weight Mile rate reduced. Sand/gravel FF increased.
- 2000 – Weight Mile rate reduced (12%).
- 2001 – (OTIA) Increase title fees to \$55 for light vehicles, and to \$90 for heavy vehicles and trailers. DMV increases many fees to achieve cost recovery. Dedicates \$71 million to bonds, and changes distribution percentages between state and local.
- 2003 – (Bridge program) Increases Vehicle registrations to \$54. increases other DMV fees. Increases Truck registration fees by 53%, and Weight Mile and Flat fees by 10%. Changes distribution percentages.

HB 2001 (2009 session). Jobs and Transportation Act.

January 1, 2011. raise \$300 million per year. The money will be distributed as follows:

- \$3 million per year to the Travel Information Council until 2020. (changed)
- \$24 million per year (\$2 million per month) to ODOT long range.
- The balance of the money, about \$273 million per year, is distributed as follows:
 - 20 % (about \$54.6 million per year), 30 % (about \$81.9 million per year) to counties, 50 % (about \$136.5 million per year) to the state highway program.
 - State highway program money is allocated as follows:
 - 33 % or about \$45 million to maintenance, preservation and safety.
 - 15.75 % or about \$21.5 million to highway modernization program.
 - 51.25 % or about \$70 million to bond repayment for the **2009 Projects**.
 - No local gas tax till 2014, but Counties can impose Registration Fees.

HB 2017

Transportation Package raise \$700 million per year (\$500 highway)

Will be further explored in detail in few slides

What is the Highway Fund ?

And Relation to System design

- Constitutional dedication
- Legal definition
- Other uses of the term

Constitutional dedication

Except as provided in subsection (2) of this section, revenue from the following shall be used exclusively for the **construction, reconstruction, improvement, repair, maintenance, operation and use** of public highways, roads, streets and roadside rest areas in this state:

(a) Any tax levied on, with respect to, or measured by the storage, withdrawal, use, sale, distribution, importation or receipt of **motor vehicle fuel** or any other product used for the propulsion of motor vehicles; and

(b) Any tax or excise levied on the **ownership, operation or use** of motor vehicles.

(2) Revenues described in subsection (1) of this section:

(a) May also be used for the cost of **administration and any refunds** or credits authorized by law.

(b) May also be used for the **retirement of bonds** for which such revenues have been pledged.

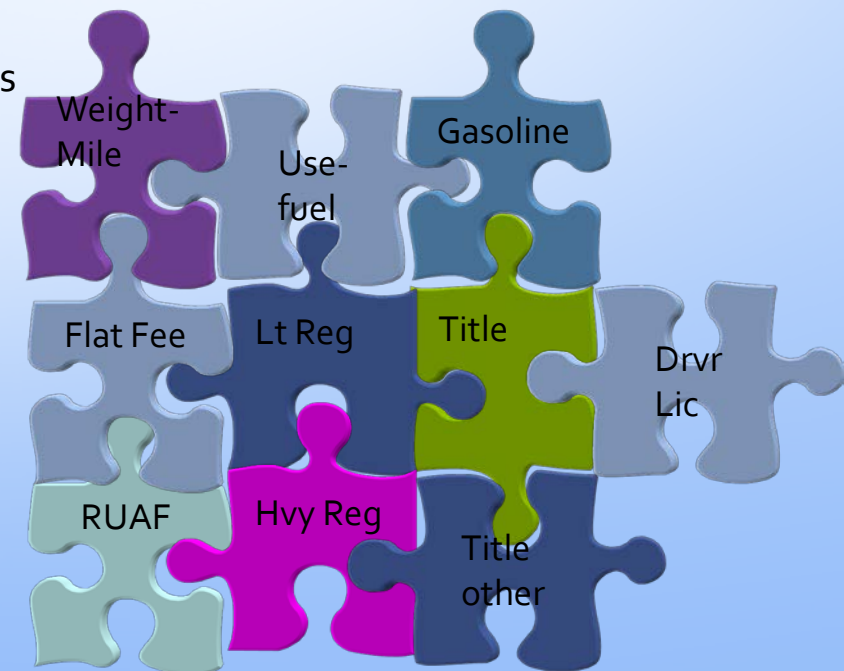
(c) If from levies under paragraph (b) of subsection (1) of this section on **campers, motor homes, travel trailers, snowmobiles, or like vehicles**, may also be used for the acquisition, development, maintenance or care of **parks or recreation areas**.

(d) If from levies under paragraph (b) of subsection (1) of this section on vehicles used or held out for use for commercial purposes, may also be used for **enforcement of commercial vehicle weight, size, load, conformation and equipment regulation**.

Oregon Road User Taxation

Oregon uses a four-tiered structure of road user fees

1. fuel tax
 - Gasoline 34 cents/Gallon as of 1/1/18
 - Use-fuel: Diesel, CNG and other (equivalent)
2. weight-mile tax
 - Table A and B
 - Flat fees
 - Road Use Assessment Fees
3. vehicle registration fee
 - Light
 - Heavy
4. Title fees
 - Other
 - Light
5. Operation ?? (Drivers)



Legal Definition of the Highway Fund

Oregon Road User Taxation

STATE HIGHWAY FUND

ORS 366.505 Composition and use of highway fund

(1) The State Highway Fund shall consist of:

(a) All moneys and revenues derived under and by virtue of the **sale of bonds**, the sale of which is authorized by law and the proceeds thereof to be **dedicated to highway purposes**.

(b) All moneys and revenues accruing from the licensing of motor vehicles, operators and chauffeurs.

(c) Moneys and revenues derived from any tax levied upon gasoline, distillate, liberty fuel or other volatile and inflammable liquid fuels, **except** moneys and revenues described in **ORS 184.642 (2)(a) that become part of the Department of Transportation Operating Fund**.

(d) Moneys and revenues derived from or made available by the federal government for road construction, maintenance or betterment purposes.

(e) All moneys and revenues received from all other sources that are dedicated for highway purposes.

(2) The highway fund shall be deemed and held as a trust fund, separate from the General Fund, and may be used only for the purposes authorized by law and is continually appropriated for such purposes.

(3) All interest earnings on any of the funds designated in subsection (1) shall be placed to the credit of the highway fund. [Amended by 1953 c.12]



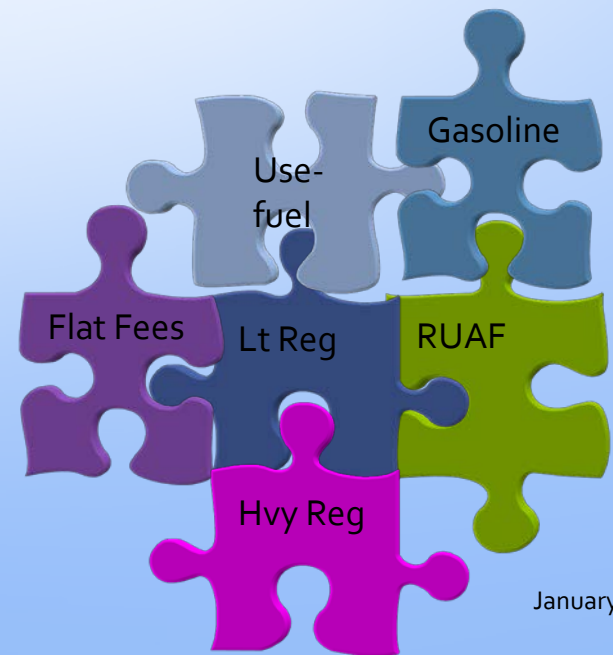
Legal Definition of Funds to be Distributed

366.739 Allocation of moneys to counties and cities generally.

Except as otherwise provided in ORS 366.744, the taxes collected under ORS 319.020, 319.530, 803.090, 803.420, 818.225, 825.476 and 825.480, minus \$71.2 million per biennium, shall be allocated 24.38 % to counties under ORS 366.762 and 15.57 % to cities under ORS 366.800. Wedge money after bond payments be allocated 50 % to the Department of Transportation, 30 % to counties and 20 % to cities.

Plate fees, trip permits and driver tests.

Recipient	Base	OTI A	Bridge	Misc.	HB 2001 & HB 2007
States	60.05%	50%	57.53%	0%	50%
Counties	24.38%	30%	25.48%	60%	30%
Cities	15.57%	20%	16.99%	40%	20%



Oregon Road User Taxation instruments (Fixed)

- vehicle registration fee
 - pays for fixed and non use-related costs
 - Fees for cars and other light vehicles weighing 10,000 pounds or less is \$30 biennially (before 2003), \$54 after (OTIA III), and \$86 with HB2001. (\$112 1st increase in HB 2017, then tiered)
 - Continues to be relatively low compared to other states.
 - Fees for heavy vehicles (above 10,000 lb) based on Gross weight (2000 lb increments) from \$169 to \$636. (\$344 to \$1295 after HB2001) no increase in HB 2017
 - New County Reg. Fee \$19/Y (\$38/BN) (Multnomah)
- Title Fees: the new fixed cost component.
 - \$55 light, \$90 Heavy (2001 OTIA I)
 - \$77 light, \$27 salvage and duplicate Titles for light (HB2001)
 - Add (\$16) in 2018 by HB 2017 then tiered by MPG starting 2020

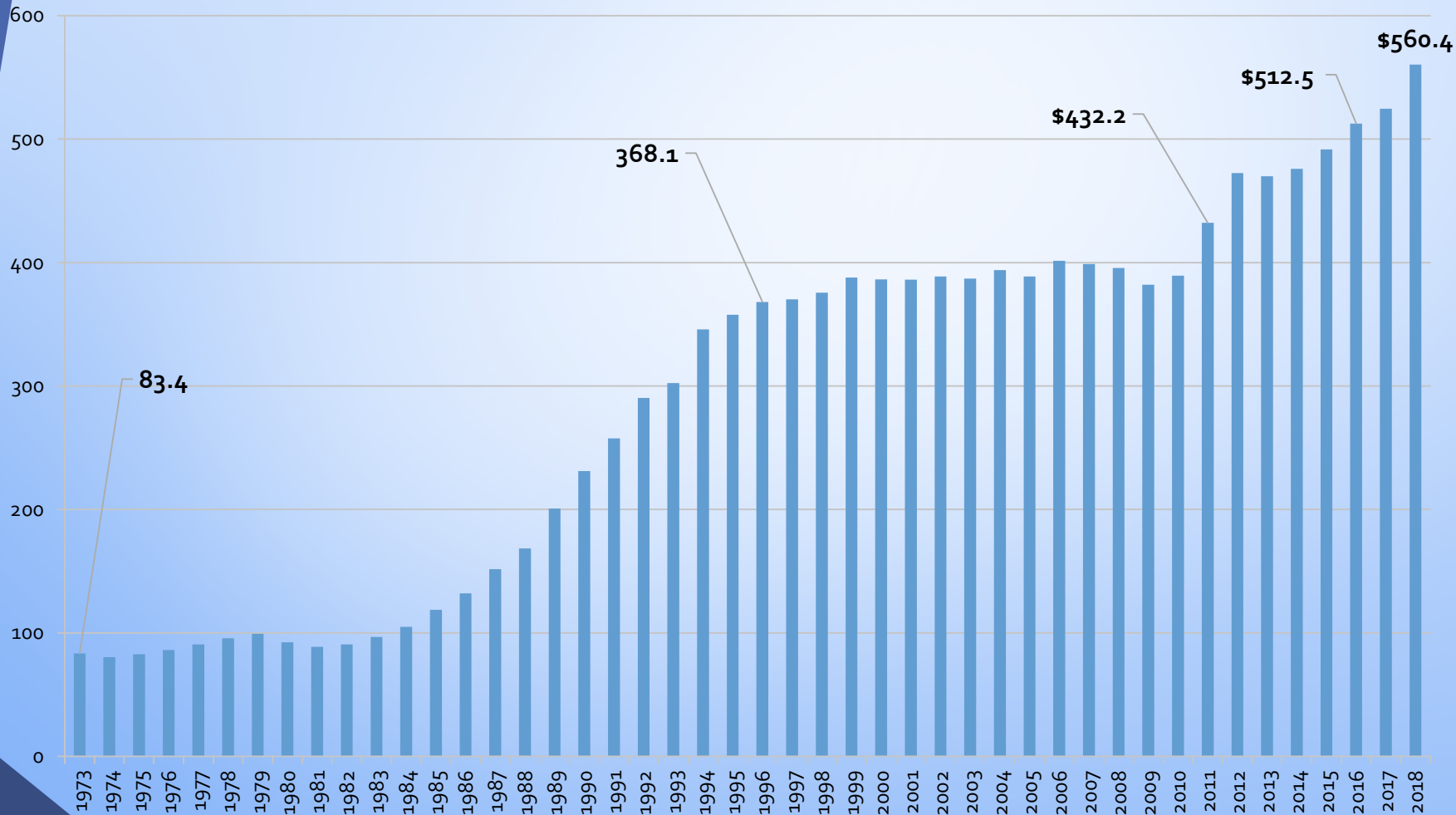
Oregon Road User Taxation instruments (Variable)

Fuel Taxes

- Gasoline (any fuel the chief use of which is for)
 - Propulsion of Motor Vehicle (30¢) (34¢ after 1/1/2018)
 - Local Gas Taxes
 - Counties (Mult, Wash)
 - Cities (24)
- Diesel, CNG, & etc (Use fuel) . Used to
 - Propel a Motor Vehicle (24¢) (30¢ after 1/1/2011)
- Fuel not used to propel. Refund or other funds.
 - Aviation, ATV, Snowmobile, or operating (lawnmower) fund.

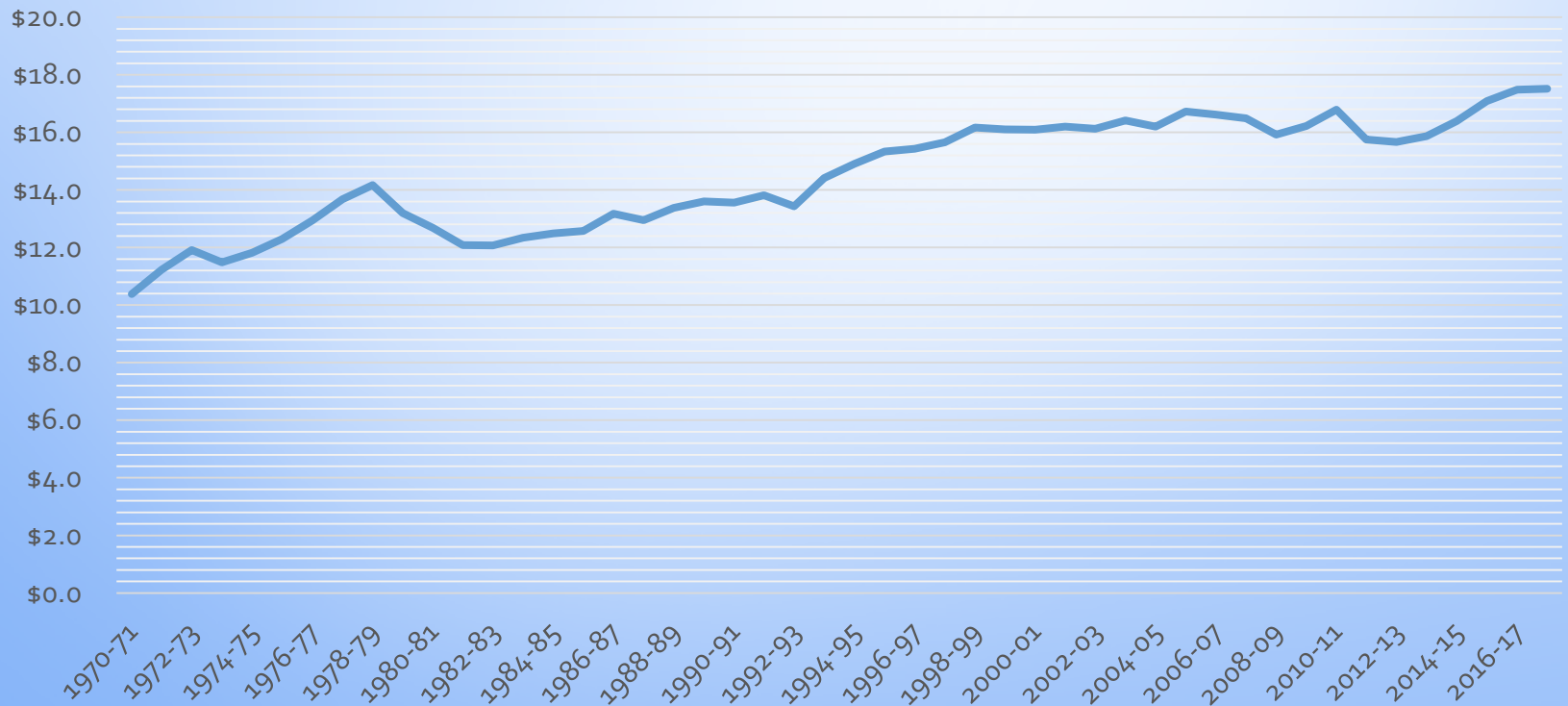
Fuel Tax Revenue (variable)

Millions of Dollars

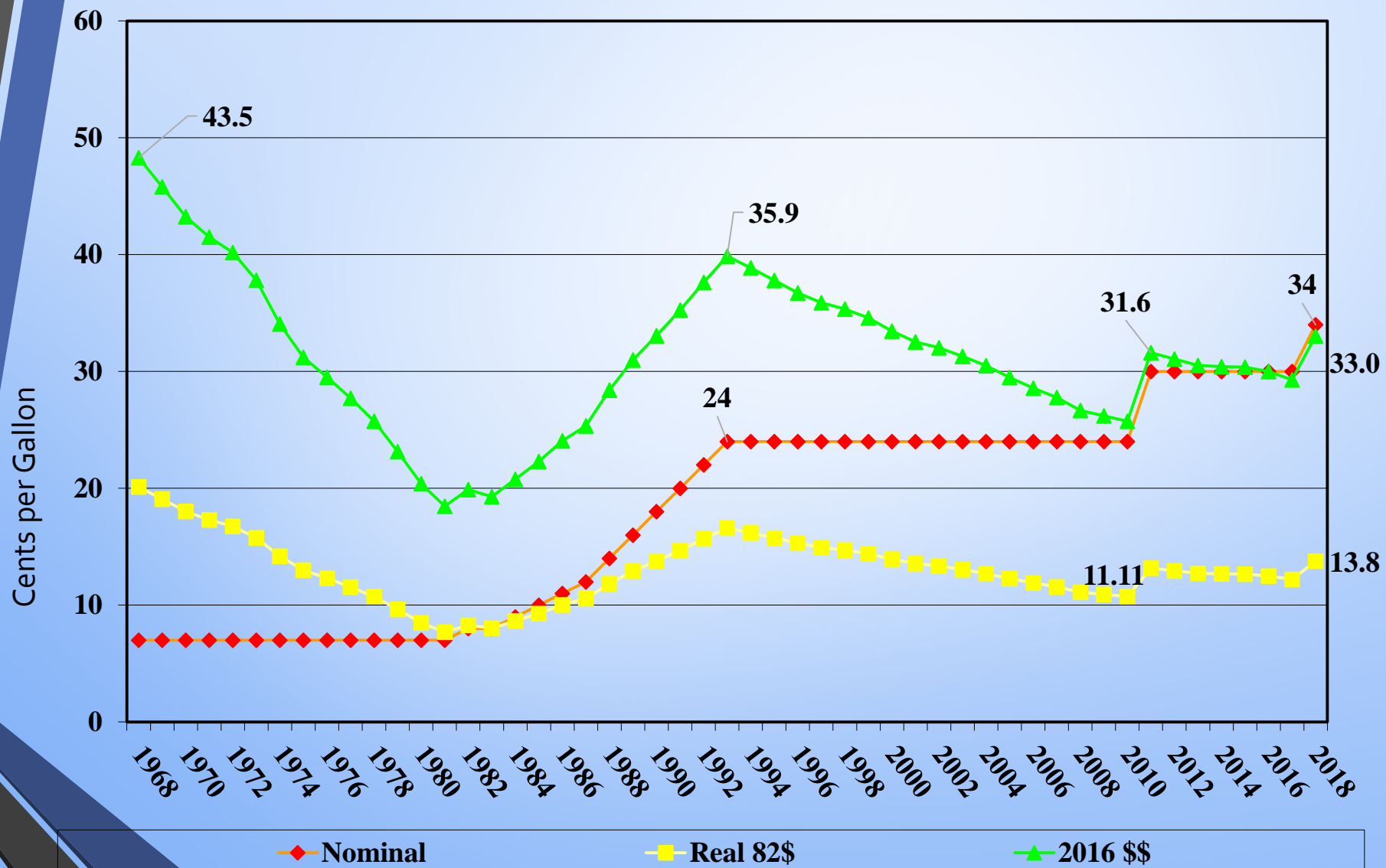


Fuel Tax Revenue per penny

Millions of \$\$ per Penny of Tax

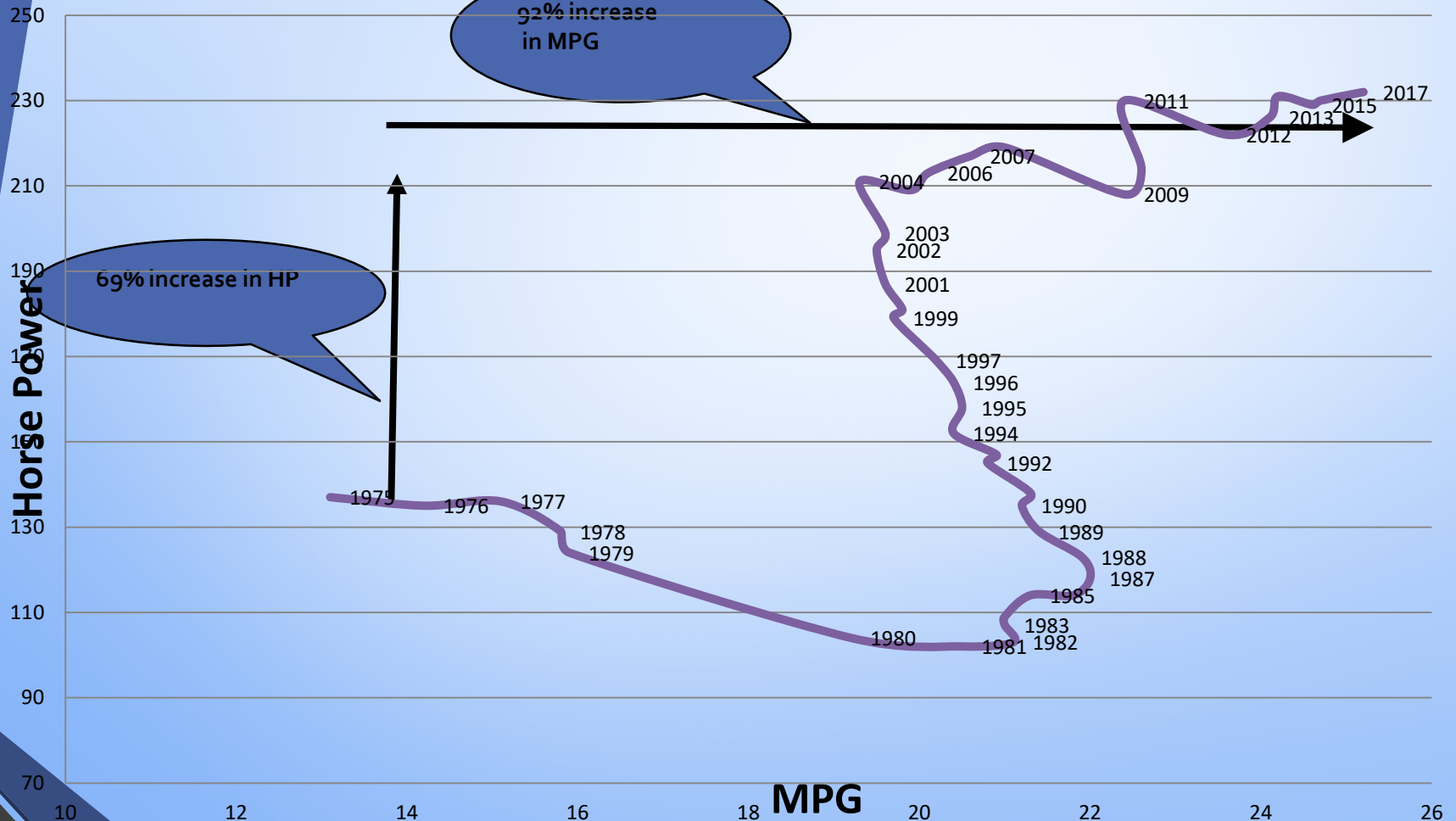


Motor Vehicle Fuel Tax Rates



Change in MPG and Engine power

FUEL Economy and Horse Power 1975 to 2017



Source: EPA Trends Report

Oregon Road User Taxation instruments (Variable)

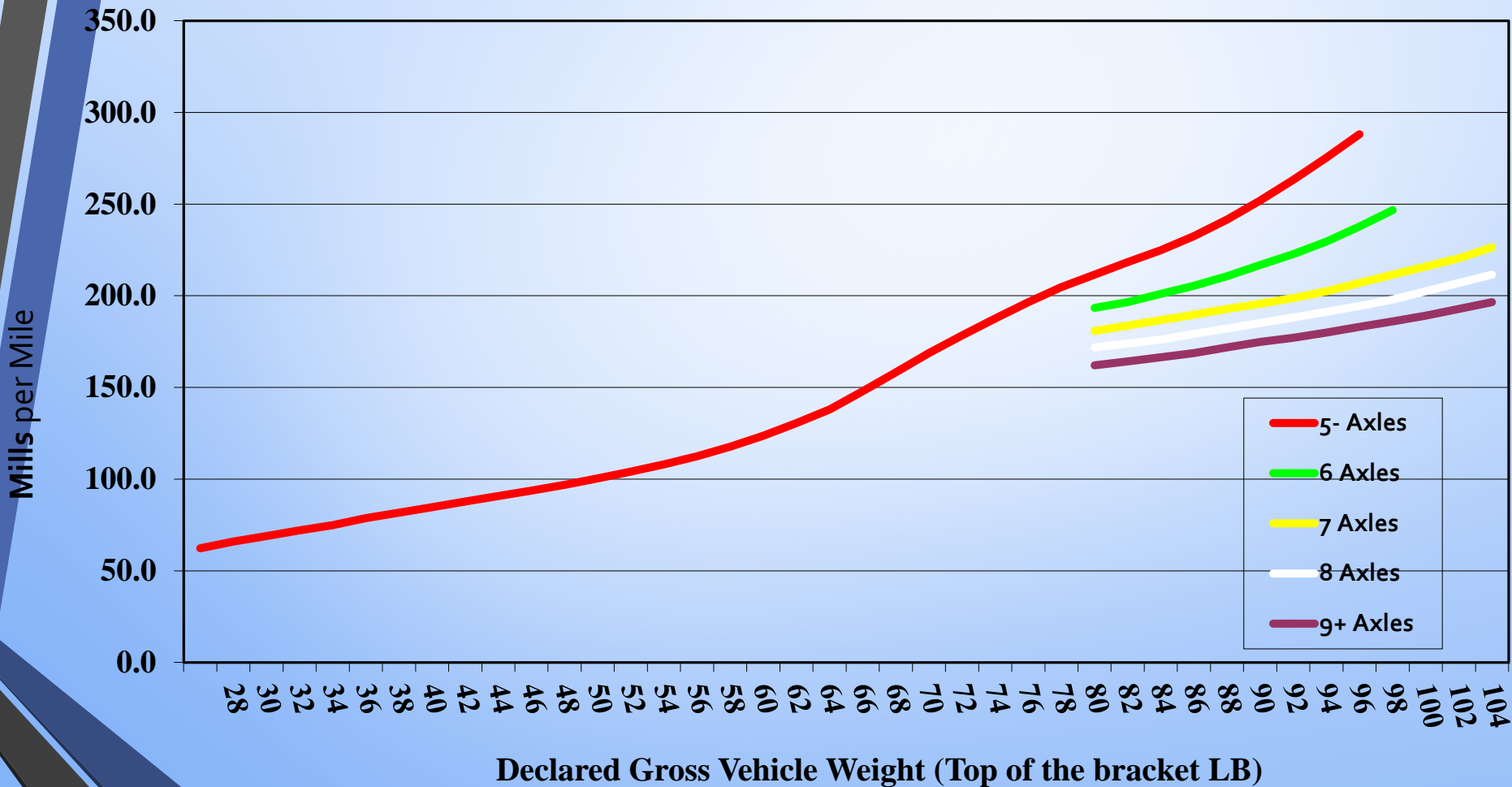
Weight-Mile Taxes

until 2020

- Table A: 26,000 to 80,000 Pounds
 - Graduated Based on Weight
 - 6.23¢ per Mile @ 26 to 28,000 Pounds
 - 20.48¢ per Mile @ 78 to 80,000 Pounds
- Table B: 80,000 to 105,500 Pounds
 - Graduated based on Weight and Axles
- In Lieu (Flat Fees)
 - Log, Sand & Gravel, and Chip Trucks
- Road Use Assessment Fee

Weight-Mile Tax Rates

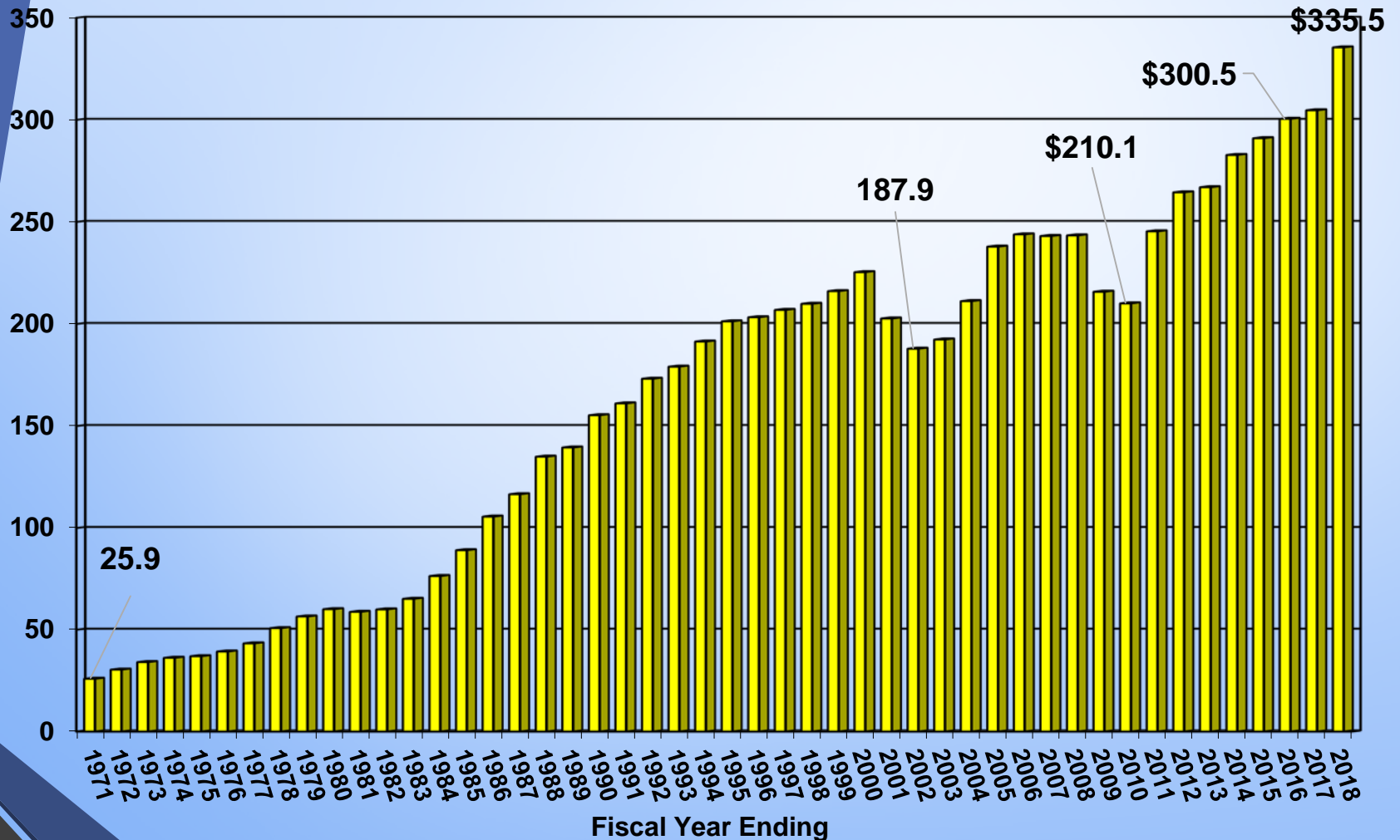
Adjusted for Current Law changes (HB 2007) until 2020



Weight-Mile Tax Revenue

(including FF & RUAF)

Millions of Dollars



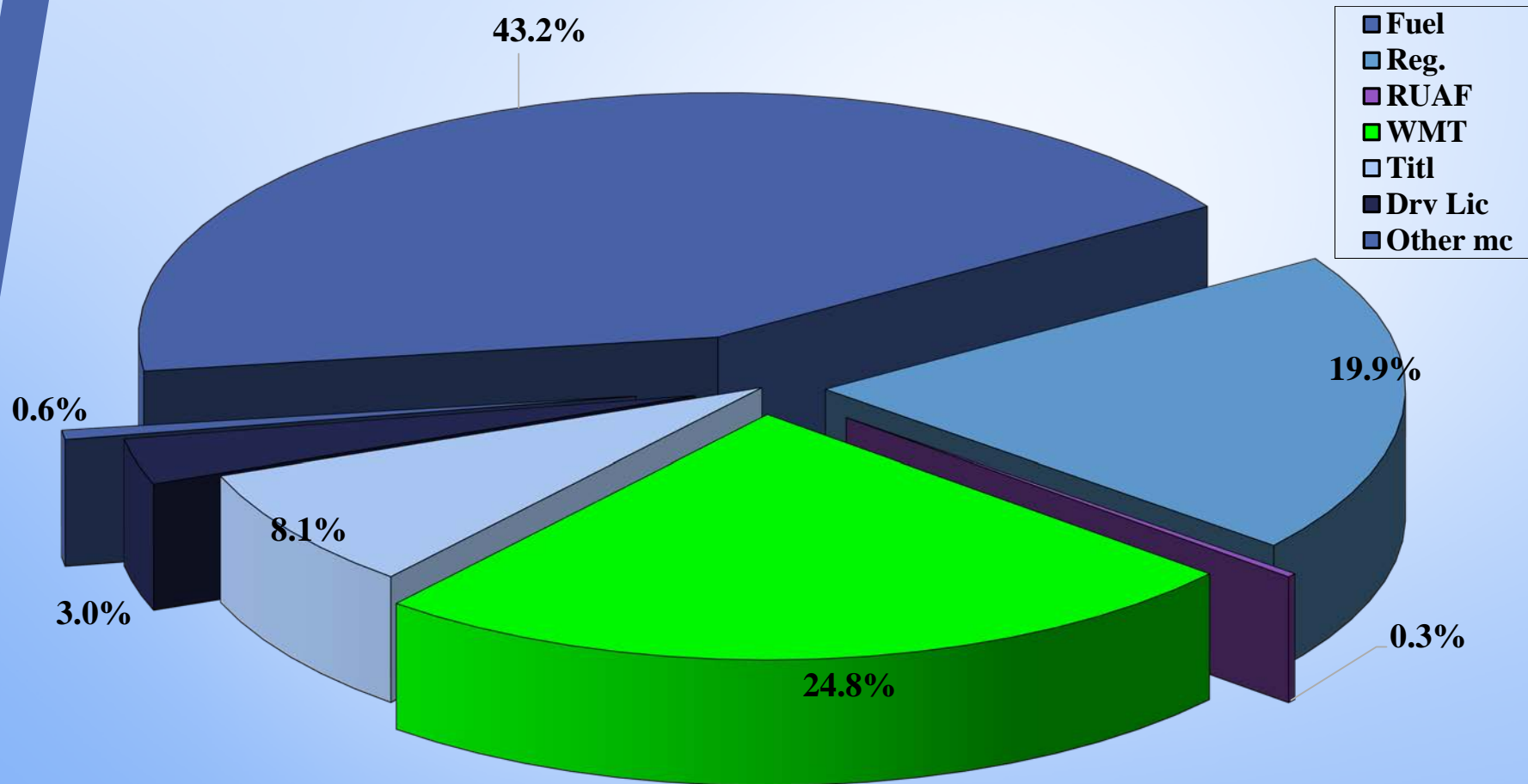
In Lieu Taxes (Less Variable)

Reflecting HB 2007 rates

- Flat Fees
 - Log Trucks \$9.10 per Hundred pounds of declared weight
 - Farm Trucks \$7.50 per Hundred pounds of declared weight
 - Dump Trucks \$9.10 per Hundred pounds of declared weight
 - Chip Trucks \$36.80 per Hundred pounds of declared weight
- Road Use Assessment Fee
 - 8.5¢ per ESAL* Mile

equivalent single-axle load” means the relationship between actual or requested weight and an 18,000 pound single-axle load as determined by the American Association of State Highway and Transportation Officials Road Tests reported at the Proceedings Conference of 1962. (ORS 818.225)

State Imposed User Fees (17-19)



Avg annual: \$1,186 million

Oregon Constitution (Connection)

- (Tools) Revenue dedicated to construction, ..., operation of road systems
 - Any tax levied on motor vehicle fuel,
 - Any charge for ownership or operation of motor vehicles.
- (System) State Imposed User Fee Structure
 - Vehicle classes pay in proportion to costs incurred on their behalf.

Oregon Constitution

Constitutional Article IX, Section 3A

*"(3) Revenues described in subsection (1) of this section that are generated taxes or excise imposed by the state shall be generated in a manner that ensures that the share of revenues paid for the use of light vehicles, including cars, and the share of revenues paid for the use of heavy vehicles, including trucks, is fair and proportional to the costs incurred for the highway system because of each class of vehicle. **The Legislative Assembly shall provide for a biennial review and , if necessary, adjustment, of revenue sources to ensure fairness and proportionality."***

(HCAS) Highway Cost Allocation Study

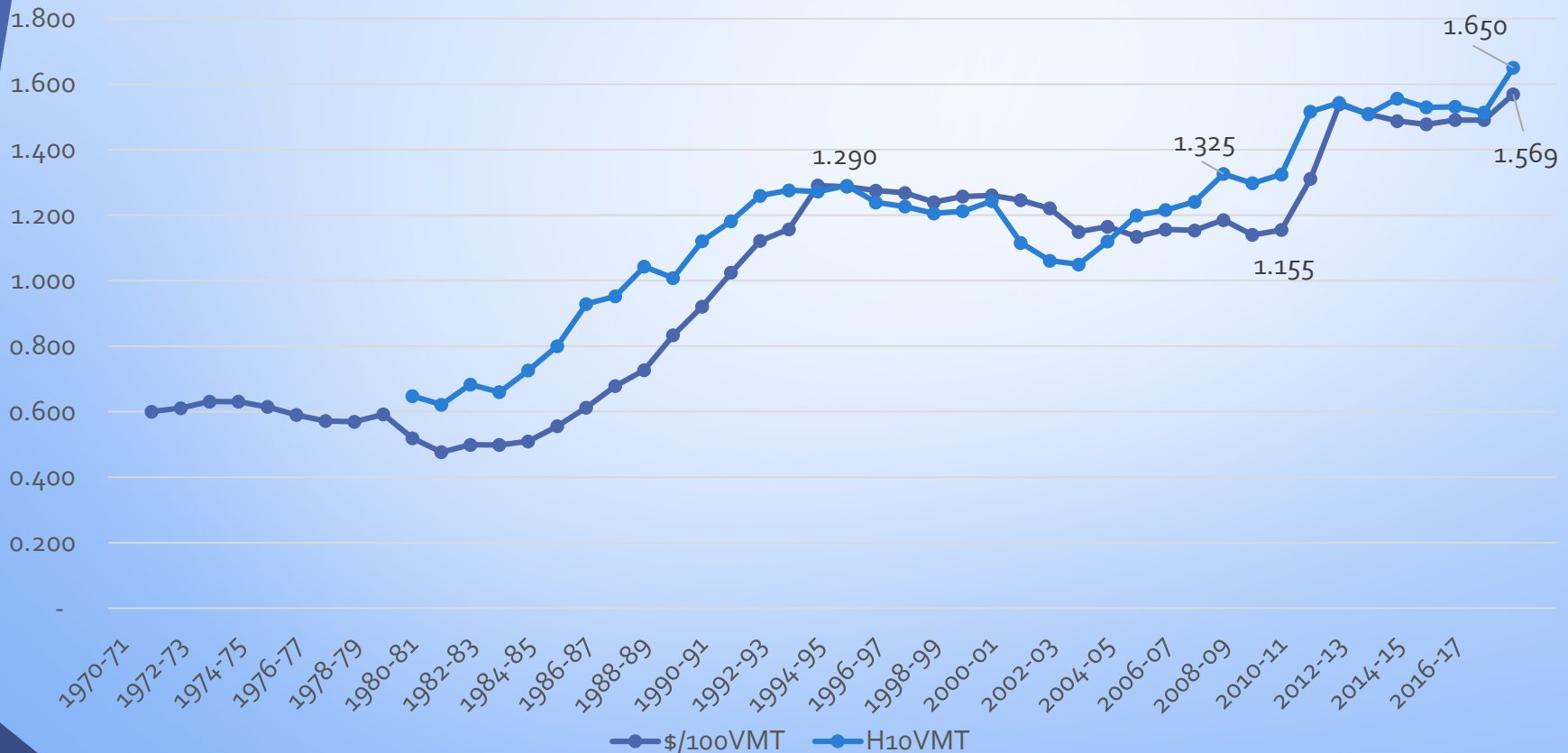
- Highway Cost Allocation Study
 - Cost responsibility study to determine a fair share that each class of road users should pay for the maintenance, operation, and improvement of the state's highway system
 - The HCAS establishes "fair share". It does not establish the tax system or tools to accomplish this goal.
 - Recent studies have been asked to recommend rate changes
- Oregon has conducted studies in 1937, 1947, 1963, 1974, 1980, 1986, 1990, 1992, 1994, 1999, 2001, 2003, 2005, 2007, 2009, 2011, 2013, 2015 and 2017. 2019 latest to come
- All studies prior to 1999 were conducted by ODOT
- In early 1999, the study was transferred to the Department of Administrative Services (DAS), Office of Economic Analysis (State Economist) . Done by consultants

Basic Approach of Study

- Allocate projected expenditures (responsibilities) to vehicle classes.
- Attribute projected revenues (tax payments) to vehicle classes.
- Calculate equity ratio (= revenues/expenditures allocated) for each class or group of vehicles:
 - Ratio <1 : Underpayment
 - Ratio $=1$: Class pays its “fair share”
 - Ratio >1 : Overpayment
 - Current 1.0076 light, and 0.9865 Heavy

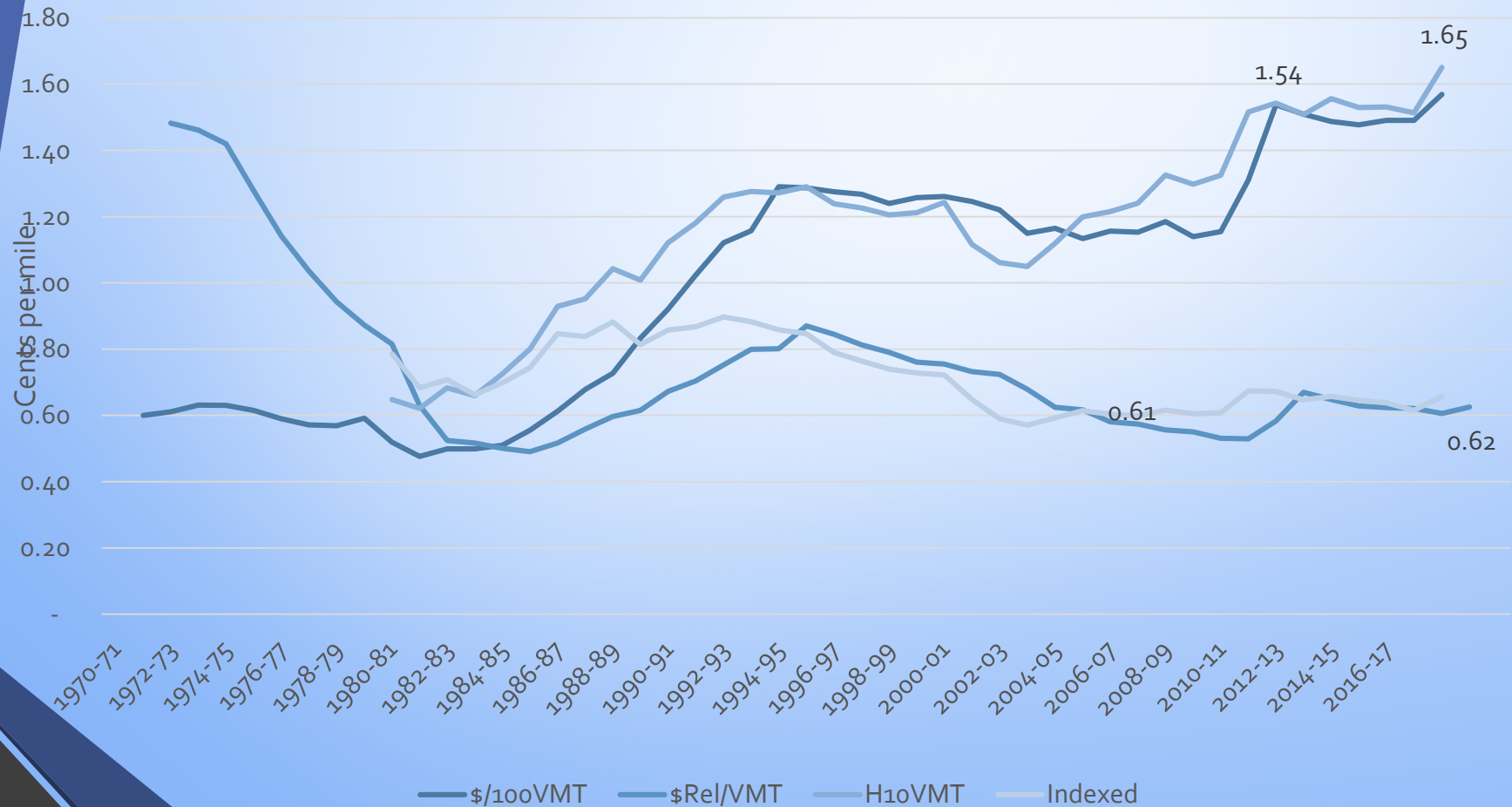
How effective is the pricing system?

Cost of 100 VMT light vs. 10 VMT Heavy



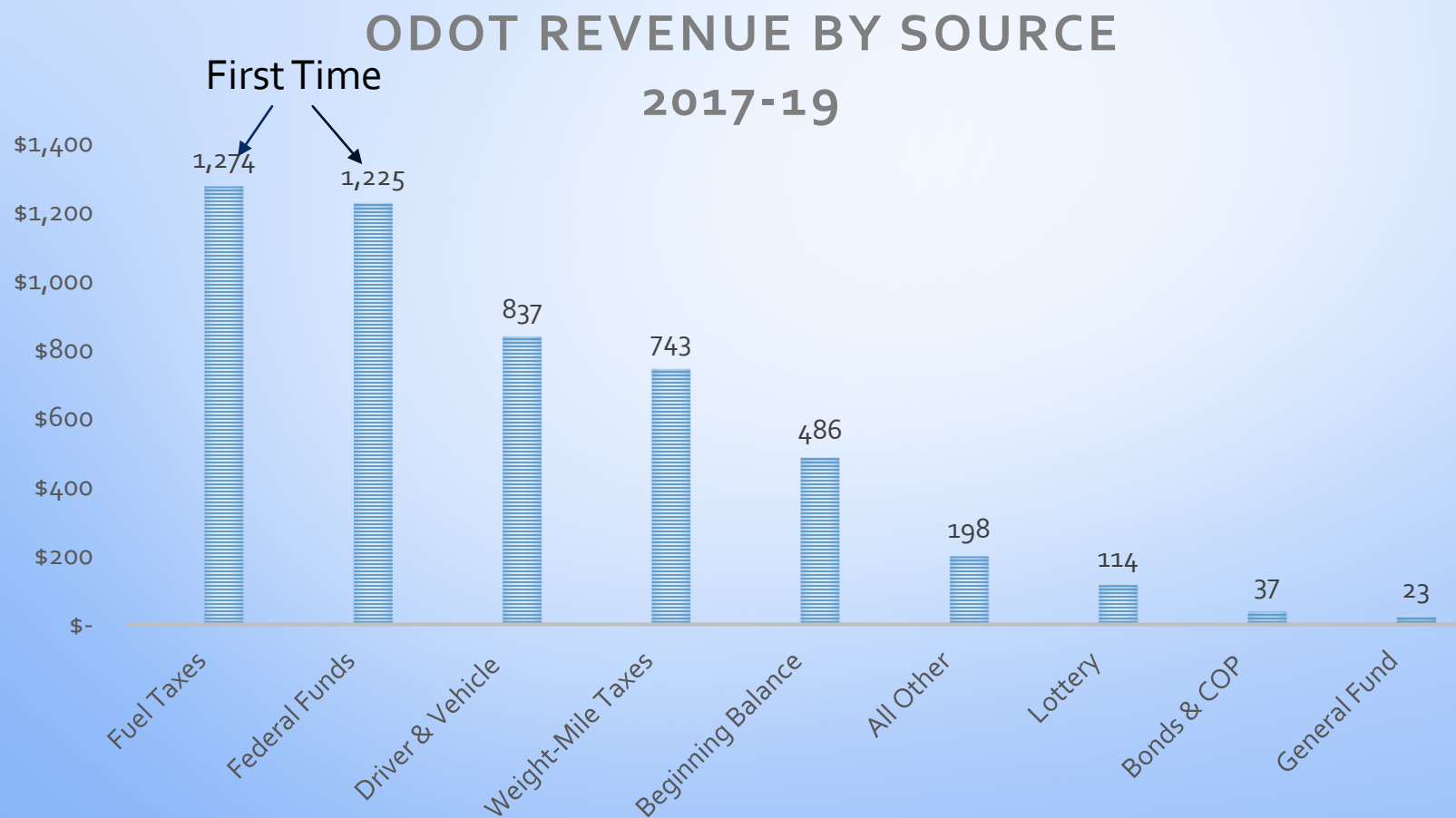
The pricing system in constant \$\$

Cost of 100 VMT light vs. 10 VMT Heavy



ODOT Budget LAB All Sources of Funds For the 2017-19 Biennium. (\$5.3 Billion)

Millions of Dollars



Federal Revenues

\$482 million in FY 2016

- **Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA)**
 - Established and authorized transportation programs and funding for the period 1992-1997.
 - Represented a major change to transportation policy by adopting an overall intermodal approach to highway and transit funding with collaborative planning requirements and assigning significant responsibilities to metropolitan planning organizations (MPOs).
 - Provided an annual average of \$26 billion per year for Highway and Transit Programs
- **Transportation Efficiency Act for the 21st Century, 1998 (TEA-21)**
 - Established and authorized transportation programs and funding for the period 1998-2003.
 - Continued and expanded intermodal policy changes established under ISTEA.
 - Provided an annual average of \$34 billion per year for Highway and Transit Programs.
 - Modified TEA-21 provisions and funding continued for FY 2004.
- **Safe, Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users, 2005 (SAFETEA-LU)**
 - Established and authorized transportation programs and funding for the period 2005-2009.
 - Continued and expanded policy changes established under TEA-21.
 - Provided an annual average of \$49 billion per year for Highway and Transit Programs.
 - Modified SAFETEA-LU provisions and funding continued for federal fiscal years 2010, 2011 and 2012.
- **Moving Ahead for Progress in the 21st Century Act, 2012 (MAP-21)**
 - Established and authorized transportation programs and funding for the period 2013-2014
 - Continued focus of the development of an overall intermodal transportation system through an increased emphasis on performance and flexibility in use of transportation funds.
 - Consolidated formula programs and eliminated previously established discretionary programs.
 - Provided an annual average of \$53 billion per year for Highway and Transit Programs.
 - MAP-21 provisions and funding at the FY 2014 funding level have been authorized through May 31, 2015.
- **Fixing America's Surface Transportation Act, 2015 (FAST Act)**
 - Establishes and authorizes surface transportation programs and funding for the period 2016-2020.
 - Continues focus on the development of an overall intermodal transportation system through an increased emphasis on performance management and flexibility in use of transportation funds.
 - Revises Surface Transportation Program to include funding for Transportation Alternatives as a set-aside and renames program as the Surface Transportation Block Grant Program.
 - Provides an average of \$59 billion per year for Highway and Transit Programs.
 - Establishes new formula and discretionary programs for freight projects. Provides an annual average of \$1.3 billion for the new formula program and an average of \$900 million per year for the new competitive grant program.

TIGER (Transportation Investments Generating Economic Recovery) Program

established under American Recovery and Reinvestment Act (ARRA) of 2009 has been funded in appropriations bill each year since 2010. Beginning in 2018, the name of the program was changed to Better Utilizing Investments to Leverage Development (BUILD) Program. Annual funds provided for the program have varied from year to year.

Federal Revenues

	Apportionments			Obligation	Obligation
	Formula Programs	High Priority Projects	Total	Limitation	Limitation Rate
2005	355,298,573	61,393,440	416,692,013	355,366,858	84.67%
2006	354,891,267	60,779,506	415,670,773	359,516,959	86.18%
2007	395,468,060	62,460,162	457,928,222	413,355,570	89.97%
2008	400,308,850	61,393,440	461,702,290	425,579,922	91.85%
2009	415,671,651	61,393,440	477,065,091	441,203,818	93.30%
2010	474,219,039		474,219,039	443,021,395	93.22%
2011	518,684,306		518,684,306	479,921,369	92.28%
2012	484,226,759		484,226,759	458,332,073	94.48%
2013	482,022,426		482,022,426	462,480,057	95.87%
2014	482,423,497		482,423,497	458,128,589	94.88%
2015	482,423,497		482,423,497	455,723,407	94.27%
2016	507,004,353		507,004,353	481,738,214	94.93%
2017	514,134,905		514,134,905	478,011,044	92.86%
2018	526,123,426		526,123,426	483,635,486	91.79%
2019 est	539,793,595		539,793,595	484,993,075	90.15%

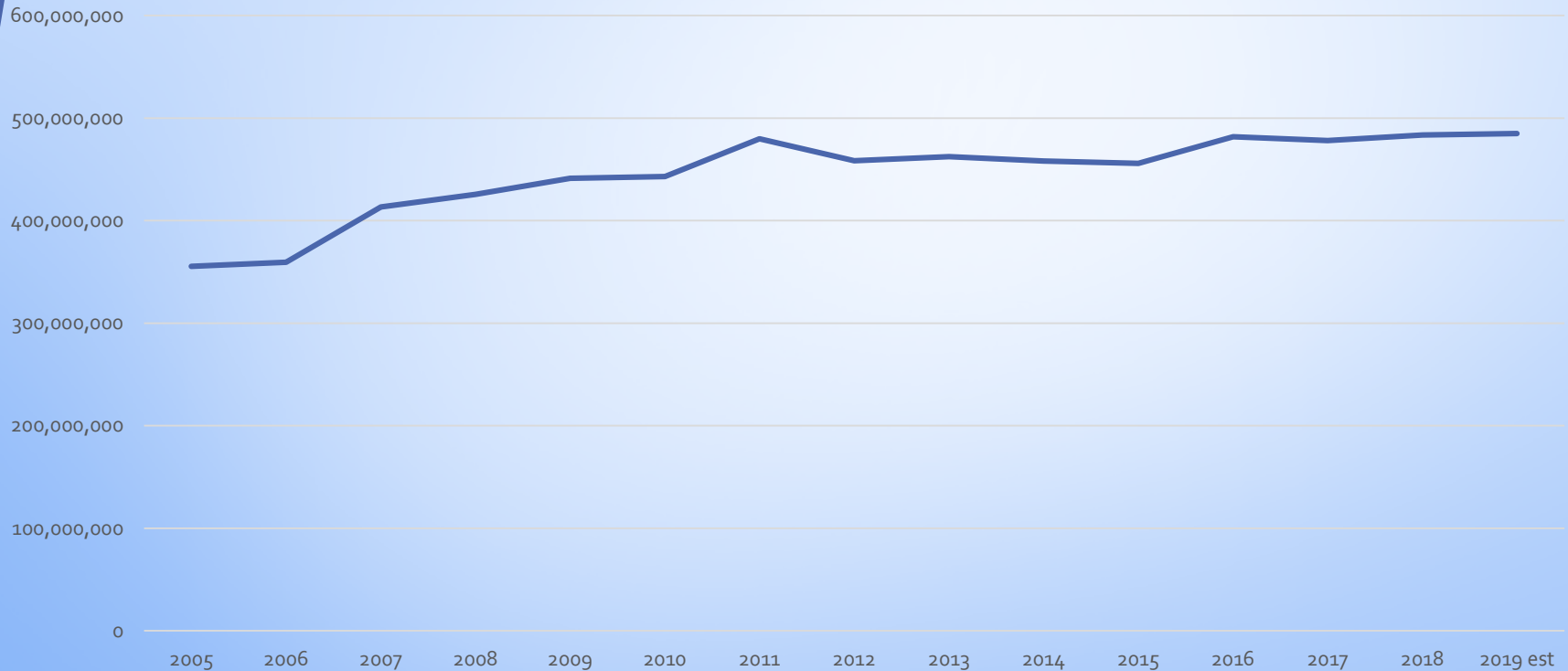
NOTE: Federal Highway Program is a reimbursement program.

Beginning in FY 2008, the provision of Highway and Transit Program funding levels has only been accomplished with the infusion of funding from other federal sources. Since 2008, some \$144 billion has been transferred from other funding sources to support established Highway and Transit Program funding levels. If Highway Program levels were limited to normal highway program revenues (revenues to the Highway Account of the federal Highway Trust Fund), the existing level of annual highway program funding would need to be reduced by 25-33 percent.

Latest forecast from the Congressional Budget Office estimates that about \$165 billion in new taxes or bailout transfers will be necessary to keep the Highway and Transit Accounts solvent at baseline spending levels for the next decade.

Federal Funds (what to expect?)

Obligation Limitation



Apportionments/Obligation Limitation: Principal source of federal highway funding. Apportionments identify amount of funding states can expect to receive for formula programs and special programs such as the High Priority Projects Programs; Obligation Limitation is the amount of funding actually received for established apportionments and is almost always less than apportionments. The obligation limitation rate

Basic Economic Assumptions

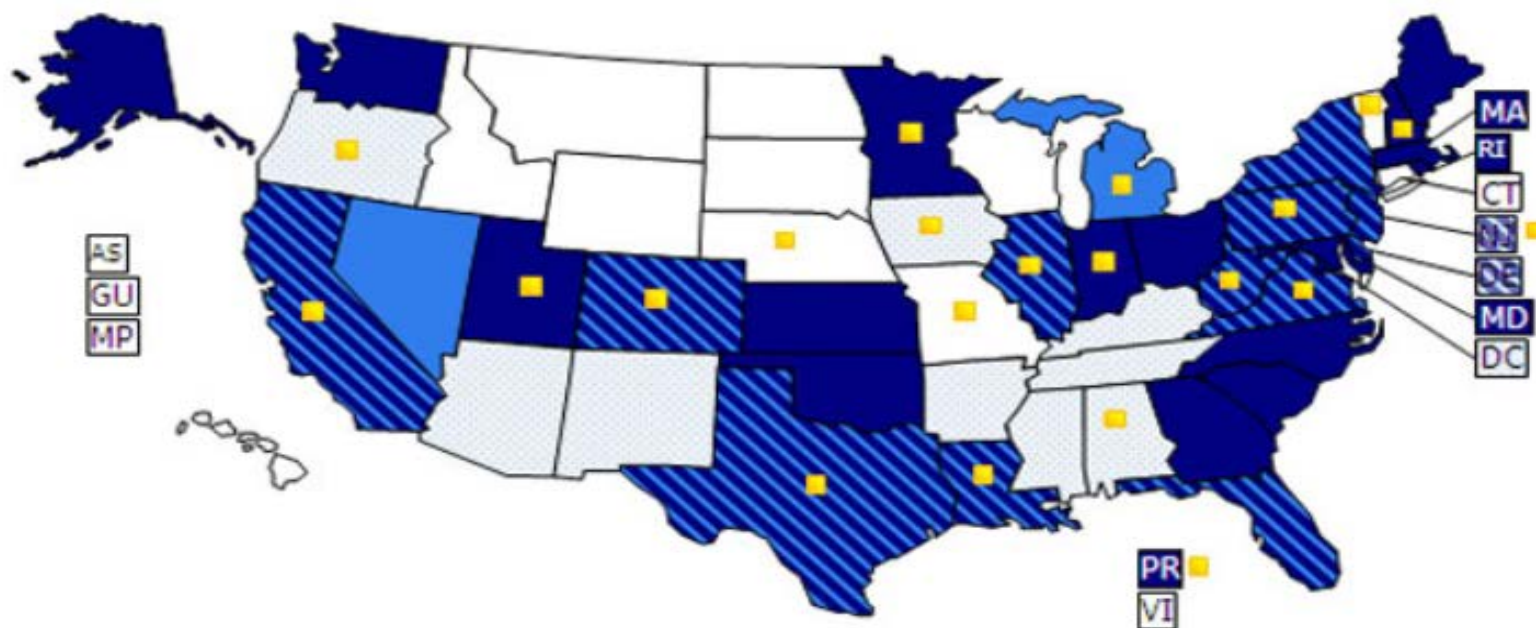
- Everything Else staying the same “ceteris paribus”
- Change can be understood and managed
- Fair Pricing
- The more of a good thing the better
- The less of a bad thing
- We like what we have (system) and paid for

Road Use Fees

- Roadway tolling
- Per-mile road user charges
- Fixed and variable (congestion)
- The coming change in 10 years.
- Things no longer staying the same

Road Use Fees

- Roadway tolling
- Road Use Charge



Aviation

- Aviation Department revenues
 - Fuel taxes Propulsion of Aircraft Piston (11¢) Jet (3¢)
 - Jet fuel (\$5.1M), Avgas(\$332K), and Mogas (\$122K)
 - Other Aviation Revenues (pilot \$56 K, Reg \$282 K, other \$1 M)
 - Federal Funds (\$5 M) (40% of total revenue)
 - State airports (28), Other Airports local and private.
- Other Aviation Revenue
 - Other fees and taxes for PDX (15 M passengers).
(Port of Portland, Troutdale & Hillsboro) (Min Corp)
(\$250 charges, \$10 Prop Tax, \$36.5 M use charge, \$33.5 M other)

Aviation Revenue Package

- Last package House Bill 2075 passed in the **2015** Legislative Session.
- Increased aircraft fuel from (9¢) to (11¢) per gallon and jet fuel from (1.5¢) to (3¢) cents per gallon.
- five percent of the revenues will be appropriated to ODA to administer the program, the remaining 95% are distributed as follows:
- (a) 50% to assist airports in Oregon with match requirements for Federal Aviation Administration Airport Improvement Program grants, emergency preparedness and infrastructure projects in accordance with the Oregon Resilience Plan.
- (b) 25% for the purposes of assisting commercial air service to rural Oregon, and;
- (c) 25% towards state-owned airports for the purposes of safety improvements and infrastructure projects at public use airports.
- The State Aviation Board and Area Commissions on Transportation (ACTs) will review and recommend.
- House Bill 2075 became effective January 1, 2016 and has a sunset date of January 1, 2022.

Aviation Revenue

Department of Aviation Revenue



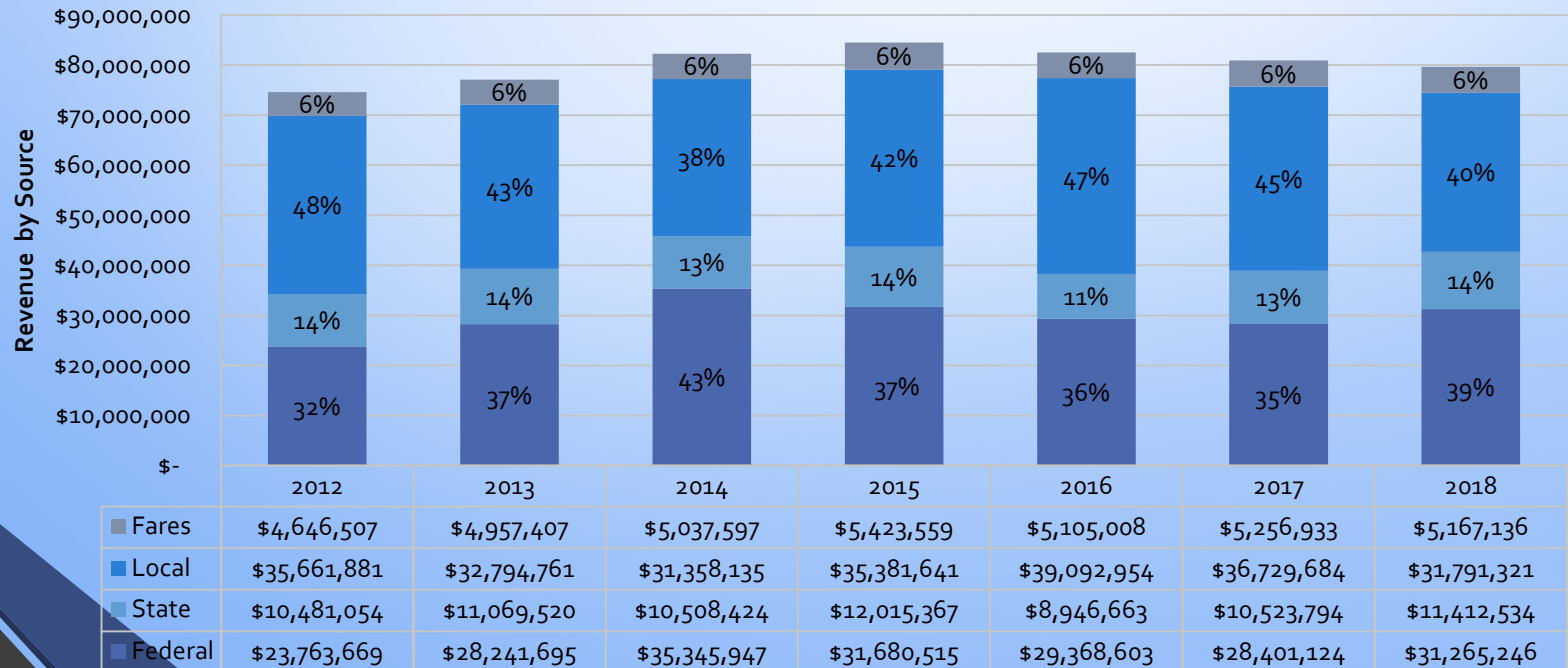
Public Transit Revenues

- Local districts and Counties (44 providers)
- 8 local transit districts, Rural Transit Districts, cities and counties and Tribal Govt.
- The big 4 operate 90%
 - Payroll taxes, property taxes, fares and Federal (FTA and Flex funds), ODOT
 - Bonds /Lottery
 - TriMet: \$340 M payroll Tax, \$115 M fares & \$300 M ST/FD, \$100 M, \$30 other. (op/ \$650 Total)
 - Lane Transit: \$30 M payroll, \$7.4 M fares & \$12 M ST/FD. (\$48M total)
 - Salem Transit: Property Tax (\$11.2M), \$3.1 fares, \$5.5M state, \$12 M fed. (\$35 M total).
 - RVTD: Tax (\$2.6 M), Fares (\$1.1 M), FD/ST (\$3.2 M), Other (\$2 M). (\$10 M total).

Public Transit Revenues

- Transit Revenue Mostly distributions
- Transit Division Revenues of about \$95M/BN
- State (ODOT): BN #'s Cigarette tax (2c = \$6.5 M to districts), ID money (\$4.2M), Non highway fuel tax (\$6.8), GF 8.5 M, (HB 2001 long range plan), and federal distributions.
- STF to 33 counties, districts and 9 tribal govt.
- Small Urban and Rural Local districts and Counties.

Small Urban and Rural Transit Revenues SFY 2012-2018



Other Transportation Modes

- Rail and Commuter Rail
 - Rail lines are mostly privately owned
 - Public funding for crossing safety and other improvements.
 - Fees State fund (\$1 M), mostly Federal (FRA & FHWA, ARRA) Avg \$10M/Y. Some GF.
 - Short Commuter Rail (Lottery bonds)
 - Connect Oregon funding for some projects
- Marine Ports (23 ports)
 - Fees, Leases, taxes and Federal
 - Lottery Bonds for deepening Columbia and Coos Bay Channels.
- Bike and Ped
 - 1% of highway fund and other state funds.
 - Local funds, Lottery and Federal
- **Connect Oregon (I,II,II,IV,V,VI) (05,07,09,11,13,15 BN) Lottery Bonds.**
\$100M first three \$40M in 11, \$42 in 13, \$45 in 15 Aviation, Rail, Marine, and Transit
<http://www.oregon.gov/ODOT/TD/TP/ConnectOregon%20Documents/Funded%20Project%20Lists/All%20CO%20Summary.pdf>



HB 2017

Transportation Package

Revenue Review

Increases in Rates and Revenue Raised

Some traditional, some innovative, and some new

Increases Commonly considered in packages:

- State gas (motor fuel and use fuel) tax
 - Current - 30¢ per gallon
 - 14th highest gas tax in the country
 - \$28 million additional for each 1 cent increase (Average Balanced)

- Gas Tax and use fuel increase (Total 10 cents increase)

● 4 cents on January 2018	30 to 34
● 2 cents on January 2020	34 to 36 Conditional on OTC report (sec 45)
● 2 cents on January 2022	36 to 38 Conditional on OTC report
● 2 cents on January 2024	38 to 40 Conditional on OTC report

Vehicle Fees

Typical increase for one time

Registration Fee increase

- **43rd highest registration in the country**
- **\$5.9 million additional for each \$1 increase (Avg balanced)**
- \$13 in addition to the current \$43 January 1/2018 to December 31st 2019 (\$56)
- Many other fixed fees changed. Example fixed load, for hire, Antique, special use, motorcycle, racing and government owned. (Sections 34-36)

Title Fees Surcharge

- Adds a surcharge of \$16 to the current title fee of \$77 / \$90 for heavy vehicles. on January 1 / 2018 to December 31st 2019 (\$93)
 - 39th highest title fee in the country
 - \$1.2 million additional for each \$1 increase in light fee

Vehicle Fees

Innovative registration

On January 1/2020 a new way of treating Vehicle fees that is based on MPG rating (tiered).

Alternative for flat registration fee - Tiered based on fuel-economy

- Then change the recovery (**registration**) fee in alignment to use (responsibility) of the road (sec 32-37)
 - The fee is variable and based on MPG rating starting on January 1/2020
 - 0-19 MPG, \$18
 - 20-39 MPG, \$23
 - Over 40 MPG, \$33
 - Electric vehicles, \$110 unless the owner has registered the vehicle in the OReGO program.
 - The variable MPG fee is increased on January 1/2022
 - 0-19 MPG, \$20
 - 20-39 MPG, \$25
 - Over 40 MPG, \$35
 - Electric vehicles, \$115 unless the owner has registered the vehicle in the OReGO program.

Vehicle Fees Innovative Titles

On January 1/2020 a new way of treating Vehicle fees that is based on MPG rating (tiered).

Electric vehicle Title fee. tiered structure based on fuel-economy

- Alternative – adopt a higher Title fee for electric vehicles

- change the Fixed Cost **Title** (buy in) fee in alignment to (potential) use of the road
 - The fee is variable (tiered) and based on MPG rating starting on January 1/2020
 - 0-19 MPG, \$21
 - 20-39 MPG, \$26
 - Over 40 MPG, \$36
 - Electric vehicles, \$110
 - The variable MPG **Title** surcharge is increased on January 1/2022
 - 0-19 MPG, \$24
 - 20-39 MPG, \$29
 - Over 40 MPG, \$39
 - Electric vehicles, \$115

Rest of the responsibility Picture

- OTC studies and reports on the different vehicles contributions to cost by 2023 (Electric, Hybrids, Etc.)
- Increases The weight mile and Flat fees by 53.3% in four increments 2018, 2020, 2022, and 2024.
- Cost responsibility aligned at 62.87% light, 37.13% heavy.

New Highway Revenue

	Current Rate	Jan-18	Jan-19	Jan-20	Jan-21	Jan-22	Jan-23	Jan-24	Total increase	% increase
Motor Fuels Tax cents/Gallon	30	34	34	36	36	38	38	40	40	33.3%
Weight Mile Tax	100%	25%		105%		105%		106%	53.3%	53.3%
	Total	125%		131%		145%		153%		
Registration Fees (Light)	\$43.0	\$13.0		\$5.0		\$2.0		\$0.0	\$20.0	\$0.5
Registration Fees (Heavy) MCTD	100%	0%		0%		0%		0%	0.0%	0.0%
Registration Fees (Heavy) DMV	100%	27%		8%		0%		0%	35.0%	35.0%
		127%		135%		135%		135%		
Titles (Light)	\$77.0	\$16.0		\$5.0		\$3.0		\$0.0	24.0	31.2%
Titles (Heavy)	\$90.0	\$0.0		\$0.0		\$0.0		\$0.0	0.0	0.0%

HB 2017 Highway Revenue

	2017-19 Biennium	2019-21 Biennium	2021-23 Biennium	2023-25 Biennium	Full Biennium 2025-27	Revenue Total Start to full implementation
Motor Fuels Tax cents/Gallon	\$ 110,428,698	\$ 203,181,293	\$ 275,745,856	\$ 346,989,714	\$ 358,989,135	\$ 1,295,334,695
Weight Mile Tax	\$ 109,669,121	\$ 186,004,228	\$ 262,244,404	\$ 334,466,475	\$ 363,387,373	\$ 1,255,771,600
Registration Fees (Light)	\$ 81,894,583	\$ 166,403,979	\$ 200,465,497	\$ 209,563,518	\$ 216,844,451	\$ 875,172,029
Registration Fees (Heavy) MCTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Registration Fees (Heavy) DMV	\$ 8,204,817	\$ 13,872,308	\$ 14,747,305	\$ 14,567,081	\$ 13,568,404	\$ 64,959,916
Titles (Light)	\$ 23,981,884	\$ 44,803,687	\$ 53,968,151	\$ 56,540,205	\$ 58,240,019	\$ 237,533,945
Titles (Heavy)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highway revenue subtotal	\$334,179,103	\$614,265,494	\$807,171,214	\$962,126,993	\$1,011,029,383	\$ 3,728,772,186
Other Revenue Use tax & other fees	\$ 1,952,325	\$ 3,953,458	\$ 4,002,876	\$ 4,052,912	\$ 4,103,574	\$ 18,065,145
Fuel to other Uses	\$ 2,079,000	\$ 3,118,500	\$ 4,158,000	\$ 6,237,000	\$ 6,930,000	\$ 22,522,500
Total Revenue Gross	\$338,210,428	\$621,337,452	\$815,332,090	\$972,416,905	\$1,022,062,956	\$ 3,769,359,831
Collection & program costs	(\$3,975,000)	(\$8,049,375)	(\$8,250,609)	(\$8,456,875)	(\$8,668,296)	(\$37,400,155)
Totals	\$ 334,235,428	\$ 613,288,077	\$ 807,081,481	\$ 963,960,030	\$ 1,013,394,660	\$ 3,731,959,676
Total light	\$ 218,257,490	\$ 418,342,417	\$ 534,182,381	\$ 617,146,349	\$ 638,177,179	\$2,426,105,815
Total Heavy	\$ 117,873,938	\$ 199,876,536	\$ 276,991,709	\$ 349,033,556	\$ 376,955,777	\$1,320,731,516
Cost responsibility is aligned to program	62.87%					
Current Revenue form the sources above \$ 2.2 billion for Base				38.73 ¢		
Hwy package Revenue Increase at fu	46.5%			17.84 ¢		46%

Distribution Changes and Innovations.

- **State wide importance** projects (off the top and before distributions)
 - \$30 million a year to **Rose Quarter** bonding (\$400-\$500 million)
 - \$10 million/year, going to \$15 million by 2022 to **Safe Routs** to Schools
 - The balance is distributed 50,30,20
 - Special projects of **\$450 million bonded (section 71)** about **\$30 million a year.**
 - **Small city** program for distributions to small cities \$4 million a year. (keep the current \$1 million) \$2.5 million contribution from ODOT share, and \$2.5 million contribution from cities.
 - Special counties of \$750,000 distributed to the **6 small counties**
 - \$5 million a year goes to counties with **less than 200,00 vehicles** with proportion of lane miles over vehicles.
 - State share Pays the OTIC for **Rest Areas** specified in sec (125-131)
 - **Safety** dedication \$10 million a year going to \$15 by 2022
- The remainder is used 40% bridge, 30% seismic, 24% maintenance and culvert, 6% pres & safety

Transfer to Marine Navigation Improvement Fund

- Statute requires Department of Administrative Services, Oregon State Marine Board and ODOT to determine how much gasoline is used by power boats and to transfer the amount of revenue attributable to the tax collected, net of refunds and collections cost, to Oregon State Marine Board. The statute is amended to:
- Transfer an amount equivalent **to 2¢ of gasoline tax to Business** Oregon's Marine Navigation Improvement Fund to operate the State of Oregon's portable dredge.
- Changes to the Marine Navigation Improvement Fund allowing the Fund to accept and spend money for the operation of the State's dredge

Existing Transfer: gasoline used by power boats & transferred to State Marine Board

- 1¢ increase in gas tax - \$130,000 increase in transfer to OSMB
- Revenue for 2¢ would allocate \$260,000 to dredging program

Diesel used by boats – Currently not taxed

- 1.2 million gallons used annually ,2¢ diesel tax - \$24,000 / year

New Taxes

Administered by the Department of Revenue (DOR)

- **Privilege Tax:** A tax on dealer's sales of New vehicles in Oregon. 0.5% of retail price. Not a highway fund source, thus can be used to do other endeavors not on the highway. Dealers have the choice to show it on sales receipt. 1/1/18
 - with moratorium on local taxes for 3 years.
 - Expedites court challenge to supreme court (section 112)
 - Stay on expenditures but not collections until Decision
- Directs the Department of Revenue to deposit proceeds of the privilege tax, net of administrative and enforcement expenses, until December 31, 2023, as follows:
 - \$12 million to the **Zero-Emission Incentive Fund** to provide rebates for the purchase of light-duty zero-emission or plug-in hybrid electric vehicles.
 - The balance to the **Connect Oregon Fund**.
 - All privilege tax Revenue, net of administrative and enforcement expenses to the **Connect Oregon Fund**, after January 1, 2024.
- Vehicle Privilege tax
 - Through Q3 ---\$21M

New Taxes Funding For Multi-Modal

- If more than \$75 million available for Connect Oregon, the amount available will be used as follows:
- 47% to Connect Oregon **Part One (Traditional)** for: Sec(78 to 85)
Air, Marine, Rail
- 7% to Connect Oregon Part One for bike / ped.
- 1% to ODOT to pay Connect Oregon administrative cost.
- 45% to Connect Oregon **Part Two (new criteria)** for:
- Air, Marine, Rail
- In the event that there is not at least \$75 million available for Connect Oregon Program, Connect Oregon Part Two would not apply. The amount available for Connect Oregon will be used as follows:
- 92% to Connect Oregon Part One for:
- Air, Marine, Rail
- 7% to Connect Oregon Part One for bike / ped.
- 1% to ODOT to pay Connect Oregon administrative cost.
- Actuals, will leave about \$16 (\$32 BN) million to multi modal

New Taxes

Administered by the DOR

- **Use Tax**: a tax equivalent to the privilege tax on vehicles bought outside of Oregon. This is considered highway Fund revenue and goes to the Highway Fund. 1/1/18
- All verified by DMV before registration and title
- Vehicle Use tax –consumers and dealers
 - Through Q3 ---\$6M
- **Bicycle Excise tax**: a \$15 flat fee imposed on new bicycles at the point of sale with price higher than \$200. 1/1/18
- proceeds of the excise tax on bicycles, net of administrative and enforcement expenses go to Connect Oregon Fund for the purposes of grants for bicycle and pedestrian transportation projects.

Bicycle tax Through Q3 ---\$489K

New Payroll Taxes (Transit)

Payroll Tax: Employee paid payroll tax of 0.1% of wages earned in Oregon 07/1/18

Directs employers to withhold the tax and deduct it from wages. report and pay withholding to the Oregon Department of Revenue. file an annual report of the tax paid by employees with Oregon Department of Revenue. Penalizes employers for failure to withhold the tax from wages.

• First quarter (Q3) --\$20.7 M so far Compliance rate is approximately 80% (\$7 M/M)

Uses and distributions of the payroll Tax

- Prescribes the formula to be used by the OTC for distribution of money from the Statewide Transportation Improvement Fund:
- **90%** to mass transit and transportation districts in proportion to the amount of tax paid, in counties where no district exists, and federally recognized tribal governments, provided no entity receives less than \$100,000.
- **5%** to transportation districts, counties where no district exists, and federally recognized tribal governments for competitive grants.
 - 4% for intercity public transportation service providers to improve service between communities.
 - 1% for a public transportation technical resource center to assist providers in rural areas.

Payroll Tax

OTC to adopt rules
for competitive
grants, for intercity
service

Payroll Tax Revenue Goals

- Expand bus routes and service, and Increase the frequency of bus service in communities with a high percentage of low-income households.
- Procure buses powered by natural gas or electricity in areas with a population of 200,000 or more (TriMet, Salem-Keizer, and Eugene-Springfield).
- Implement reduced fare programs in communities with a high percentage of **low income households**
- Improve frequency and reliability of connections between communities both within and outside of the provider's service area. Coordinate between service providers to reduce **the fragmentation of service**.
- A qualified entity must show how it allocated money in the preceding year, if it received money in the preceding year.
- ODOT must make applications for funding available to the public.

Total Revenue (all uses) Raised by HB 2017

Revenue Raised		\$\$ Million	2017-19 Biennium	2019-21 Biennium	2021-23 Biennium	2023-25 Biennium	2025-27 Biennium		Revenue Total Start to full implementation
Highway Fund			\$338.2	\$621.3	\$815.3	\$972.4	\$1,022.1		\$3,769.4
	Collection Costs		(\$4.0)	(\$8.0)	(\$8.3)	(\$8.5)	(\$8.7)		(\$37.4)
	Net		\$334.2	\$613.3	\$807.1	\$964.0	\$1,013.4		\$3,732.0
Privilege Tax			\$40.3	\$56.1	\$56.4	\$55.5	\$54.8		\$263.0
	Collection Costs		(\$1.1)	(\$1.1)	(\$1.1)	(\$1.1)	(\$1.1)		(\$5.6)
	Net		\$39.2	\$55.0	\$55.3	\$54.3	\$53.7		\$257.4
Payroll tax			\$115.8	\$250.1	\$275.0	\$302.6	\$334.2		\$1,277.7
	Collection Costs		(\$10.1)	(\$10.5)	(\$10.8)	(\$11.2)	(\$11.6)		(\$54.3)
	Net		\$105.7	\$239.7	\$264.2	\$291.3	\$322.5		\$1,223.4
Bike Excise			\$2.1	\$2.8	\$2.8	\$2.8	\$2.8		\$13.3
	Collection Costs		(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)		(\$0.6)
	Net		\$2.0	\$2.7	\$2.7	\$2.7	\$2.7		\$12.7
Total Gross Revenue			\$496.4	\$930.3	\$1,149.6	\$1,333.2	\$1,413.9		\$5,323.4
Total Collection Costs			(\$15.3)	(\$19.7)	(\$20.3)	(\$20.9)	(\$21.5)		(\$97.8)
Net Revenue			\$481.1	\$910.6	\$1,129.3	\$1,312.3	\$1,392.3		\$5,225.6

Revenue from Bonds is not Included Bill sets aside two revenue stream for bonding, each when let, to generate \$450 million, Section 71, and Rose Quarter, for total of \$900 million

Congestion Pricing Revenue is not Estimated

Section 120

Section 120 a

Other Revenue transfers coming to Connect Oregon Fund and governed by Section 78 to 80 not included

Increases contingent on conditions on 2020, 2022, 2024 are assumed to be implemented

Section 45