

DATE: April 1, 2019

TO: Co- Chairs Beyer and McKeown, Vice-Chairs Noble and Boquist, Members of the Joint Committee on Transportation

FROM: Mike Eliason, Interim Executive Director, Association of Oregon Counties

RE: House Bill 2020 -31 Amendment

Chairs Beyer and McKeown, Vice-Chairs Noble and Boquist, Members of the Joint Committee on Transportation,

The Association of Oregon Counties (AOC) and the Oregon Association of County Engineers and Surveyors (OACES), a subsidiary of AOC, represent county public works agencies and road departments across the state and comments on HB 2020 -31.

County roads are a critical component of Oregon's integrated road system and are responsible for the largest share of Oregon's road system, with 26,670 miles under county jurisdiction (39%). The county road system also includes 3,421 bridges and approximately 26,000 culverts. Road officials and public works directors from all 36 counties understand the difficult political situations that arise from having a state as diverse as Oregon. As an organization, we are committed to urban and rural collaboration that serves the needs of all our road users. OACES strives to provide a quality transportation system that is adaptable to both the needs of its users and our changing environment. It is with these values that we would like to address three main sections of House Bill 2020 -31.

Section 31 -33: Transportation Decarbonization Funding and Projects

House Bill 2020 -31 includes a new method of delivering dedicated funds to local governments through the Transportation Decarbonization Investment Account to assist counties and cities in adapting to the changing climate. However, stormwater and vegetation management activities are only a very small portion of road maintenance. House Bill 2020 has the potential to decrease road official's ability to maintain their road system and undo the progress made in the historic funding bill HB 2017 passed by the 2017 Legislature. Below are a few of the specific questions we have regarding this issue:

- Section 32(2)(a) requires local governments to provide matching funds in order to access the new "Transportation Decarbonization" Funds. By law, the only option for providing matching funds would be to use existing, unsegregated highway trust fund account dollars, which would dilute counties and cities ability to maintain their road and street systems.
- What impact will this program have on the existing highway fund as the increase in fuel prices force drivers to make alternative choices? This may be a well-intentioned aspect of the bill, but also should hasten a move towards a Road User Charge/VMT program.

HB 2017, despite being the largest transportation funding bill passed in Oregon's history, provided only a portion of the projected funding needs to address issues on our local road system. The 2014 Road Needs Study, conducted by the County Road Program within AOC, found that counties would need an additional \$505 million per year to meet the demands of the traveling public whereas HB 2017 allocated just over \$1 billion in new funding to counties over 10 years. County road departments are investing their HB 2017 money in needed improvements to pavement, bridges and safety concerns that have been prevalent for years. If House Bill 2020 -31 is passed as written, the \$.15 -.20 increase to fuels would make it more difficult to address transportation funding needs in the future. The infrastructure improvements that qualify for HB 2020 -31 grant funding cannot be applied to regular maintenance and will have to be maintained in perpetuity. As cars become more efficient, soon fuel consumption will be unable to address the needs of our transportation system and increases in fuel taxes could become unsustainable.

Sections 34, 38, 39: Public Contracting Requirements

Sections 34, 38 and 39 of House Bill 2020 -3 mandates an unprecedented and extensive laundry list of public contracting requirements that will greatly diminish the likelihood of counties applying for funding. require public works departments to give preference to goods manufactured by companies that are subject to a cap and invest program when using at least \$50,000 from either the Climate Investment Fund or the Transportation Decarbonization Investment Account. With such a low threshold, most public works contracts are going to fall under this umbrella and be subject to additional administrative requirements that limit the source of required goods such as steel and iron and allow a 25% increase in cost. Increasing the cost of materials for construction run counter to the values expressed in House Bill 2017. A 25% increase in the cost of steel and iron could prevent counties from replacing bridges, where over 95% are rated as structurally deficient. HB 2020 -31 could have detrimental impacts on a rural county's ability to maintain their critical evacuation routes as many contain bridges that are not seismically resilient.

The additional public contracting requirements included in the bill will likely add a lot of direct and indirect costs to projects. We recommend the legislature strike these provisions from the bill and however the finished product turns out, also include county participation in the eventual rulemaking process as the impacts will weigh heavily on road officials who will be required to implement each project. The additional administrative requirements could deter small counties from applying for money since they already lack capacity.

Section 94: Fuel Refund/Credit

Section 94 creates a refund program for 100% of the increased fuel costs for those who earn below the median income of their area. While this will help offset some of the hardship that would be placed on the most vulnerable users of our transportation system, it does so without acknowledging the systems that are already created. The Road User Charge Pilot Program was created in 2006 to move away from fuel taxes and embrace higher MPG and electric vehicles as

a future funding source for infrastructure. Oregon is a leader in this technology and is seeing similar programs launched across the nation. If we are going to create a reimbursement program for low-income, vulnerable users, why are we not building on our current program to promote cleaner vehicles while still prioritizing our infrastructure needs? House Bill 2020 -31 in collaboration with the Road User Charge program can promote a sustainable funding source for infrastructure while providing support to the most vulnerable members of our society.

Thank you for allowing us the opportunity to submit our testimony. We hope you take into consideration our concerns and suggestions regarding HB 2020 -3 and its potential impacts to the local transportation system. We welcome the opportunity to work with you to find a solution that can address the needs of all of Oregon's road users.