

**Kevin Campbell**

Lobbyist

AAA Oregon/Idaho

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**To: Members of the Joint Committee on Transportation**

**From: Kevin Campbell  
AAA Oregon/Idaho**

**Date: April 1<sup>st</sup>, 2019**

**Re: Testimony re: HB 2020 – Cap and Trade Legislation – Dash 31 Amendments**

Chair Beyer, Chair McKeown, Vice-Chairs Boquist and Noble and members of the committee,

For the record, my name is Kevin Campbell and I am here on behalf of AAA Oregon/Idaho to comment on the dash-31 amendments to HB 2020.

AAA has been the spokesperson for the traveler and driver for more than 100 years. AAA was founded in 1902 nationally and 1905 in Oregon. We have about 700,000 members in our state. Of course, most know us for our roadside assistance, but we also offer travel and insurance services. AAA has always been at the forefront in advocating for traffic safety and transportation funding. Our mission is to be the traveler's most trusted and vocal advocate.

We believe strongly that Oregonians and our economy are best served when our transportation infrastructure is maintained and where bottlenecks and congestion are addressed. We also understand that our members, who represent a cross-section of Oregonians from throughout the state, care about the environment and the impact of carbon emissions.

As we evaluate the dash 31 amendments to HB 2020, we consider the perspective and needs of our members and utilize a comprehensive set of policies that reflect transportation best practices. With this in mind, I would like to outline our key principles and offer a few observations about the dash 31 amendments.

#### **Key Principles:**

##### **Insure constitutionally identified revenues are deposited into the Highway Trust Fund**

We believe any Cap and Trade proposal should strictly adhere to the Article IX, section 3a (1)(a) of the Oregon Constitution which clearly directs revenues generated from any "tax levied on, with respect to, or measured by the storage, withdrawal, use, sale, distribution, importation, or receipt of motor vehicle fuel" into the Highway Trust Fund. We oppose any effort to redirect funds that belong in the Highway Trust Fund. HB 2020 as originally written and the dash-31 amendments appropriately direct revenue derived from motor vehicle fuel into the Highway Trust Fund.

##### **Honor Constitutional Limitations on Expenditures within the Highway Trust Fund**

Revenues that flow into the Highway Trust Fund must be used exclusively for the purposes established in Article IX, section 3a (1) of the Oregon Constitution and clarified in *Rogers v Lane County* 771 P.2d 254 (1989) where the Court held that "*Expenditures of motor vehicle and fuel taxes within the meaning of 'improvement, operation and use' must be limited exclusively to expenditures on highways, roads, streets and roadside rest areas themselves and for other projects or purposes within or adjacent to a highway, road, street or roadside rest area right-of-way that*

*primarily and directly facilitate motorized vehicle travel.”* This ruling includes two-parts that limit expenditures from the trust fund exclusively to:

- expenditures on highways, roads, streets and roadside rest areas themselves and for other projects or purposes within or adjacent to a highway, road, street or roadside rest area right-of-way; and
- That primarily and directly facilitates motorized vehicle travel.

We are appreciative that the dash-31 amendments task the Oregon Transportation Commission with the responsibility to select the transportation projects to be funded with moneys in the Transportation Decarbonization Investments Account. However, the dash-31 amendments also provide that transportation projects cannot be funded by the account unless the commission makes a determination that the project meets the Constitutional requirements of Article 9, Section 3a and furthers the emission reduction purposes listed in Section 6 of the amendment. The amendment also adds a laundry list of additional restrictions and considerations Section 33 that are unlikely to align with the constitution. We recommend that restrictions on the use of these revenues be limited to compliance with Article IX, section 3a. Other parameters around the expenditure of these funds should be identified as a “may include” list as oppose to a “shall comply” list.

**Maintain constitutionally required cost responsibility between Cars and Trucks:**

Article IX, section 3a (3) requires that revenues in the Highway Trust Fund paid for the use of light vehicles, including cars, and those paid for the use of heavy vehicles, including trucks “is fair and proportionate to the costs incurred for the highway system because of each class of vehicle.”

**Protect the transportation funding package passed during the 2017 Legislative Session (HB 2017)**

This funding package carefully balanced the need for revenue to address a wide range of needs within our transportation system with the impacts of increased cost to motorists and the trucking industry. The package was negotiated as a “package” and the entire package as reflected in HB 2017 must be protected from any impacts from a cap and trade proposal.

**Limit increases in the costs of fuel to Oregon motorists based on passage of dash-31 amendment**

In light of the 10 cent increase in fuel taxes approved as part of the 2017 Transportation Funding Package, additional cost to motorists from cap and trade legislation is of concern. Again, let me be clear that AAA believes that Oregon motorists are concerned about the impact of carbon emissions on our environment and support efforts to address these impacts. However, Oregon motorists, based on survey research over time, also have a limited tolerance for additional increases in gas taxes. The dash-31 continues to authorize and direct the Carbon Policy Office to set “an auction floor price for 2021 and a schedule for the floor price to increase by a fixed percentage over inflation each calendar year” and a “set a hard price ceiling for 2021 and a schedule for the hard price ceiling to increase by a fixed percentage over inflation each calendar year (Section 22 (5) (a)&(c)). We believe strongly that an independent economic analysis that models the range of fuel price impacts to motorists over time should be conducted. The analysis should use all available data and consider market factors in order to determine the range of potential impacts.

The Oregon Department of Environmental Quality (DEQ) estimated the initial floor price at \$16 per ton or approximately 16 cents per gallon of gas. If the cost of allowances at auction increases above the established floor, the cost per gallon of fuel would increase as well. This cost would be added to the 10 cent increase in the gas tax negotiated in HB 2017 (transportation package) and potential increases in the gas tax due to enacting the Oregon Low Carbon Fuel Standard program. The current average price for a gallon of regular in Oregon is \$3.05. Adding 16 cents would make our average \$3.21 a gallon, which would make Oregon the third most expensive state in the country, behind Hawaii and California. By including a yearly increase in the auction floor price each year by a fixed percentage over inflation, costs of fuel associated with the program will increase every year into perpetuity.

Thank you for your consideration.