

# House Bill 3379

Sponsored by Representatives D EDWARDS, HUFFMAN, WHISNANT, Senator TELFER; Representatives BEYER, SCHAUFLEER, STIEGLER, Senators FERRIOLI, STARR

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Authorizes issuance of lottery bonds for transportation projects. Establishes City Transportation Improvement Fund to finance Department of Transportation grants and loans to cities. Specifies uses of moneys.

Permits city to apply for extension or submit alternative plan if city is unable to meet funding requirements of transportation planning rule.

Establishes Critical Transportation Needs Income Tax Sequestration Pilot Project. Allows Oregon Transportation Commission to identify up to specified number of transportation projects and establish tax sequestration zones for areas benefited by projects. Authorizes issuance of revenue bonds to fund projects and directs Department of Revenue to sequester tax revenues from sequestration zones. Continuously appropriates moneys to Department of Transportation to repay bonds and pay costs of projects from sequestered tax revenues. Prohibits tax sequestration funded transportation projects from being established after specified date.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to transportation; appropriating money; and prescribing an effective date.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. (1) As used in sections 1 to 4 of this 2009 Act:**

5 (a) "City" means an incorporated city or town.

6 (b) "Transportation project" has the meaning given that term in ORS 367.010.

7 (2) **The City Transportation Improvement Fund is established separate and distinct from**  
8 **the General Fund. Earnings on moneys in the City Transportation Improvement Fund shall**  
9 **be deposited into the fund. Moneys in the City Transportation Improvement Fund are con-**  
10 **tinuously appropriated to the Department of Transportation for the purposes described in**  
11 **subsection (3) of this section.**

12 (3) **The department shall use moneys in the City Transportation Improvement Fund to**  
13 **provide grants and loans for transportation projects as provided in sections 1 to 4 of this 2009**  
14 **Act. Grants and loans may be provided only for projects that provide significant economic**  
15 **benefits to the community within the urban growth boundary of a city.**

16 (4) **All moneys received by the department as interest on loans made under this section**  
17 **and as repayment of principal of loans made under this section shall be deposited into the**  
18 **City Transportation Improvement Fund.**

19 **SECTION 2. (1) Pursuant to ORS 286A.560 to 286A.585, for the biennium beginning July**  
20 **1, 2009, the State Treasurer may issue lottery bonds to finance grants and loans for trans-**  
21 **portation projects described in section 1 of this 2009 Act.**

22 (2) **The use of lottery bond proceeds pursuant to this section is authorized based on the**  
23 **following findings:**

24 (a) **There is an urgent need to improve and expand transportation infrastructure to**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 support economic development in this state.

2 (b) Local governments and private sector businesses often lack capital and the technical  
3 capacity to undertake needed transportation projects.

4 (c) Public financial assistance can stimulate industrial growth and commercial enterprise  
5 and promote employment opportunities in this state.

6 (d) Public investment in transportation infrastructure will create jobs and further eco-  
7 nomic development in this state.

8 (3) The aggregate principal amount of lottery bonds issued pursuant to this section may  
9 not exceed the sum of \$ \_\_\_\_\_ plus an additional amount established by the State  
10 Treasurer to pay bond-related costs. The State Treasurer may issue lottery bonds pursuant  
11 to this section only at the request of the Director of Transportation.

12 (4) The net proceeds of the lottery bonds issued pursuant to this section shall be dis-  
13 tributed to cities with transportation projects that are approved by the department under  
14 sections 1 to 4 of this 2009 Act.

15 **SECTION 3.** (1) The Department of Transportation may provide, from moneys in the City  
16 Transportation Improvement Fund established by sections 1 to 4 of this 2009 Act, grants and  
17 loans for transportation projects to cities.

18 (2) The department shall adopt rules specifying the process by which a city may apply for  
19 a grant under sections 1 to 4 of this 2009 Act and prescribing the terms and conditions of  
20 grants.

21 **SECTION 4.** (1) The Oregon Transportation Commission shall approve transportation  
22 projects to be funded with moneys in the City Transportation Improvement Fund established  
23 by section 1 of this 2009 Act.

24 (2) In selecting transportation projects the commission shall consider whether the  
25 projects provide significant economic benefits to the community.

26 **SECTION 5.** (1) The Oregon Transportation Commission shall allocate at least 15 percent  
27 of the net proceeds of the lottery bonds authorized by section 2 of this 2009 Act to each re-  
28 gion described in this section. For purposes of this section, the regions are as follows:

29 (a) Region one consists of Clackamas, Columbia, Hood River, Multnomah and Washington  
30 Counties.

31 (b) Region two consists of Benton, Clatsop, Lane, Lincoln, Linn, Marion, Polk, Tillamook  
32 and Yamhill Counties.

33 (c) Region three consists of Coos, Curry, Douglas, Jackson and Josephine Counties.

34 (d) Region four consists of Crook, Deschutes, Gilliam, Jefferson, Klamath, Lake,  
35 Sherman, Wasco and Wheeler Counties.

36 (e) Region five consists of Baker, Grant, Harney, Malheur, Morrow, Umatilla, Union and  
37 Wallowa Counties.

38 (2) The commission shall adopt rules for the administration of this section.

39 **SECTION 6.** (1) Except as provided in subsection (2) of this section, if a local government  
40 is unable to meet the funding requirements of the transportation planning rule adopted by  
41 the Land Conservation and Development Commission the local government may:

42 (a) Apply for an extension of time to meet the requirements; or

43 (b) Submit a plan to the commission proposing alternative methods to funding that will  
44 meet the standards of the commission.

45 (2) The commission may not approve more than three applications for extension or al-

1 alternative plans in each Department of Transportation region in a calendar year. For pur-  
2 poses of this subsection, the regions are as follows:

3 (a) Region one consists of Clackamas, Columbia, Hood River, Multnomah and Washington  
4 Counties.

5 (b) Region two consists of Benton, Clatsop, Lane, Lincoln, Linn, Marion, Polk, Tillamook  
6 and Yamhill Counties.

7 (c) Region three consists of Coos, Curry, Douglas, Jackson and Josephine Counties.

8 (d) Region four consists of Crook, Deschutes, Gilliam, Jefferson, Klamath, Lake,  
9 Sherman, Wasco and Wheeler Counties.

10 (e) Region five consists of Baker, Grant, Harney, Malheur, Morrow, Umatilla, Union and  
11 Wallowa Counties.

12 (3) The commission shall adopt rules for the administration of this section.

13 **SECTION 7.** Sections 8 to 12 of this 2009 Act shall be known and may be cited as the  
14 Critical Transportation Needs Income Tax Sequestration Pilot Project.

15 **SECTION 8.** As used in sections 8 to 12 of this 2009 Act:

16 (1) "Base amount of income taxes" means the amount of income taxes that will be raised  
17 from the sequestration zone using the apportionment formula described in section 10 of this  
18 2009 Act.

19 (2) "Income taxes" means personal income taxes imposed under ORS chapter 316 and  
20 corporate income and excise taxes imposed under ORS chapter 317 or 318.

21 (3) "Sequestration zone" means the geographic area identified in a transportation project  
22 as the area from which income taxes are to be sequestered as prescribed in sections 9 and  
23 10 of this 2009 Act.

24 (4) "Transportation project" has the meaning given that term in ORS 367.010.

25 **SECTION 9.** (1) The Oregon Transportation Commission shall identify and establish as  
26 many as 12 transportation projects for which:

27 (a) There is a critical need; and

28 (b) The nature of which predominantly benefits a particular geographic area.

29 (2) No more than five transportation projects established under this section may be lo-  
30 cated in any one region described in section 5 of this 2009 Act.

31 (3) To establish a transportation project under this section, the commission shall:

32 (a) Describe the transportation project;

33 (b) Describe the area benefited by the project;

34 (c) Identify the boundaries of the sequestration zone; and

35 (d) State the maximum period of time for which the income tax sequestration is to be in  
36 effect.

37 (4) The commission shall give notice to the Department of Revenue about the establish-  
38 ment of a transportation project under this section and may consult with the department  
39 concerning the establishment of the boundaries that will comprise the sequestration zone.

40 **SECTION 10.** (1) For each transportation project established under section 9 of this 2009  
41 Act, the Department of Revenue shall identify an amount of income taxes that are derived  
42 from the sequestration zone, determined as follows:

43 (a) All personal income taxes of residents shall be allocated to the sequestration zone;  
44 and

45 (b) That portion of corporate income and excise taxes of businesses that are present in

1 the sequestration zone shall be apportioned to the sequestration zone using an apportion-  
 2 ment formula of equally weighted property, payroll and sales factors, as those factors are  
 3 defined in ORS 314.655, 314.660 and 314.665, except substituting the term “sequestration  
 4 zone” for “state” in the definitions.

5 (2)(a) For the first year for which income tax sequestration is in effect for a transpor-  
 6 tation project established under section 9 of this 2009 Act, the department shall transfer 75  
 7 percent of the income tax revenues identified as being derived from the sequestration zone  
 8 under subsection (1) of this section. The department shall transfer the moneys to the ap-  
 9 propriate subaccount of the Critical Transportation Projects Account established under sec-  
 10 tion 11 of this 2009 Act.

11 (b) For each year thereafter, the department shall transfer an amount equal to the  
 12 amount transferred under paragraph (a) of this subsection for the previous year multiplied  
 13 by a growth factor equal to the department’s estimate of the percentage growth in personal  
 14 income and corporate income and excise tax receipts statewide. Transfers under this sub-  
 15 section shall cease as of the date the transportation project is complete and revenue bonds  
 16 issued to fund the project have been repaid.

17 (3) The moneys shall be transferred from miscellaneous tax receipts prior to their deposit  
 18 in the General Fund under ORS 316.502, 317.850 and 318.070.

19 **SECTION 11.** (1) The Critical Transportation Projects Account is established in the Gen-  
 20 eral Fund. Moneys deposited in the account shall be retained in the account and do not re-  
 21 vert to the General Fund at the end of a biennium.

22 (2) For each transportation project established under section 9 of this 2009 Act, a sub-  
 23 account shall be established in the Critical Transportation Projects Account. Moneys in each  
 24 subaccount are continuously appropriated to the Department of Transportation for the pur-  
 25 pose of paying costs of the transportation project for which the subaccount is associated,  
 26 including the payment of principal and interest on revenue bonds issued under section 12 of  
 27 this 2009 Act with respect to the project.

28 **SECTION 12.** (1) At the request of the Department of Transportation, the State Treas-  
 29 urer may issue revenue bonds of the State of Oregon that are payable solely from all or any  
 30 portion of the moneys deposited in a subaccount of the Critical Transportation Projects Ac-  
 31 count and may issue bonds for the purpose of undertaking the transportation project estab-  
 32 lished under section 9 of this 2009 Act for which the subaccount is established. Moneys in the  
 33 subaccount may be pledged for the repayment of the bonds, but the State Treasurer or de-  
 34 partment may not pledge or otherwise encumber any moneys of the State of Oregon other  
 35 than those described in this subsection.

36 (2) Revenue bonds authorized under this section shall be issued in accordance with ORS  
 37 chapter 286A.

38 **SECTION 13.** A transportation project may not be established under section 9 of this 2009  
 39 Act on or after January 1, 2012.

40 **SECTION 14.** This 2009 Act takes effect on the 91st day after the date on which the  
 41 regular session of the Seventy-fifth Legislative Assembly adjourns sine die.  
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