

2010 Special Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 1059 **STATUS:** A-Engrossed
SUBJECT: Greenhouse gas emission reductions for motor vehicles
GOVERNMENT UNIT AFFECTED: Department of Transportation, Department of Land Conservation and Development, Department of Environmental Quality, Department of Energy, Department of Higher Education, Cities and Counties
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DATE: February 12, 2010

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES:		
Oregon Department of Transportation (ODOT)		
Personal Services – All Funds	\$ 114,300	\$ 0
Services and Supplies/Consulting Services – All Funds	\$ 1,075,000	\$ 1,275,000
Transfer to DLCD – Federal Funds	\$ 415,415	\$ 239,376
Total All Fund Expenditures	\$ 1,604,715	\$ 1,514,376
<i>Federal Funds Subtotal</i>	\$ 1,440,515	\$ 1,359,476
<i>General Fund Match Subtotal</i>	\$ 164,200	\$ 154,900
 Department of Land Conservation and Development (DLCD)		
Personal Services – Other Funds (OF)	\$ 378,126	215,710
Personal Services – General Fund (GF)	\$ 107,060	61,075
Services and Supplies – OF	\$ 37,289	23,665
Services and Supplies – GF	\$ 10,558	6,701
DLCD Totals – All Funds	\$ 533,033	307,151

	<u>2009-2011</u>	<u>2011-2013</u>
REVENUES:		
See Analysis.		

POSITIONS / FTE:		
ODOT - Planner 3	1/0.75	
DLCD – Planner 3	4/2.33	2/1.75
DLCD – Planner 4	1/0.67	

EFFECTIVE DATE: On passage.

INTERIM JOINT COMMITTEE ON WAYS AND MEANS: The budgetary impact of this bill was not reviewed and approved by the Interim Joint Committee on Ways and Means Committee and is not included in the omnibus budget bill to be introduced by the committee.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: The bill directs Oregon Transportation Commission (OTC) to adopt statewide transportation strategy on greenhouse gas emissions to aid in achieving emission reduction goals in ORS 468A.205, after consultation with metropolitan planning organizations (MPOs) and other state agencies and stakeholders; directs Department of Transportation (ODOT) and Department of Land Conservation and Development (DLCD) to establish guidelines for developing and evaluating alternative transportation scenarios to reduce greenhouse gas emissions and toolkit to assist local governments in developing and executing actions to reduce greenhouse gas emissions from vehicles with gross vehicle weight rating of 10,000 pounds or less; directs Land Conservation and Development Commission (LCDC) adopt rules identifying reduction targets for greenhouse gas emissions from vehicles with gross vehicle weight rating of 10,000 pounds or less to be met by each region served by MPO on or before June 1, 2011; directs ODOT, the Department of Environmental Quality and the Department of Energy to provide LCDC with information or projections necessary to determine the proposed greenhouse gas emission reduction target for 2035; directs ODOT and DLCD, in cooperation with other state agencies and the Oregon University System, to educate public about need to reduce greenhouse gas emissions from vehicles with gross vehicle weight rating of 10,000 pounds or less and cost and benefits of reducing greenhouse gas emissions; directs local governments within MPO boundaries, after consultation with and in cooperation with MPO and state agencies, determine if immediate action can be taken to reduce greenhouse gas emissions and consider how regional transportation plans can be altered to reduce greenhouse gas emissions. Does not apply to MPO serving Portland; directs ODOT and DLCD make joint report to Legislative Assembly in 2011 providing information regarding financing and potential sources of financing needed to cover costs of local governments preparing and cooperatively selecting land use and transportation scenarios; and directs ODOT and DLCD make joint report to Legislative Assembly in 2013 regarding progress made in developing statewide transportation strategy, scenario guidelines and toolkit.

Oregon Department of Transportation (ODOT)

ODOT's fiscal analysis assumes that HB 2001 (2009) activities, once completed, will minimize the costs associated with this bill. ODOT anticipates needing one new limited duration Planner 3 position to support rulemaking activities required in Section 5, for total Personal Services expenditures of \$114,300. ODOT also anticipates \$1,075,000 in contract services and a special payment to DLCD of \$415,415 during the 2009-11 biennium. ODOT indicates that the collaborative development of a Statewide Transportation Strategy, guidelines, toolkit and reporting requirements can be assumed with existing resources. LFO is concerned that this statement doesn't adequately separate the expenditures associated with implementation of this bill from those of HB 2001 (2009). ODOT indicates that HB 2001 (2009) expenditures are estimated at \$2.4 million, which includes approximately \$1 million to support the Metropolitan Service District's work. A revised fiscal may be issued when more specific information of ODOT expenditures to develop a strategy, guidelines, toolkit and reporting becomes available.

ODOT indicates that partial funding for this bill could come from the federal Surface Transportation Program, however, use of this source requires a 10.23 percent match. ODOT indicates that the restrictions on State Highway Funds prohibit the use of this fund as a match source, and ODOT operational expenditure accounts are expected to be swept so there is no additional available funds in that source to meet the match. The only remaining option is to request a General Fund match.

Department of Land Conservation and Development (DLCD)

DLCD anticipates needing to five limited duration Planner positions (3.1 FTE) to implement the bill in the 2009-11 biennium. Activities include participating in statewide strategy development, develop of guidelines and a toolkit, conducting rulemaking activities, coordinating outreach and to reporting. Total expenditures are anticipated to be \$533,033 all funds for the 2009-11 biennium. DLCD anticipates receiving an Other Fund (federal fund) transfer from ODOT of \$415,415 in the 2009-11 biennium to cover some of these expenditures, however, DLCD would need a General Fund match of \$ 117,618 to be in compliance with receipt of transferred federal funds.

DLCD indicates that the fiscal estimates to implement this bill are above and beyond those to implement HB 2001, which were estimated to be \$401,468 all funds (\$312,881 OF and \$88,587 GF) on May 22, 2009. The Department has not yet received the GF appropriation and OF expenditure limitation to implement this bill.

Department of Environmental Quality (DEQ) and Department of Energy (DOE)

HB 2001 (2009) required similar activities of DEQ and DOE for the Metropolitan Service District that are required under this bill for MPOs, so a similar level of effort is assumed. To implement the bill DEQ is required to work with the DOE to estimate greenhouse gas emissions for 1990 resulting from travel by motor vehicles, estimate average greenhouse gas emissions in 2035 emitted by motor vehicles, recommend to LCDC a percentage by which the emission from motor vehicles should be reduced below 1990 emission levels by 2035, calculate miles of travel by motor vehicles by MPO for 2035, recommend modeling tools and methods to LCDC, and provide this information by March 1, 2011. DEQ anticipated dedicating approximately a quarter of the time of two existing Natural Resource Specialists to complete this work by March 1, 2011. The estimated cost of \$47,000 will be absorbed with existing General Fund resources. DOE anticipates dedicating approximately a quarter of the time of one existing position to assist with implementation, and that this additional work can be absorbed with existing Other Fund resources.

DEQ and DOE did not provide fiscal assessment at the time HB 2001 (2009) was considered by the Legislature. If the combined work of HB 2001 and this bill proves to be more than estimated, one or both of these agencies may need to return to the Emergency Board for additional General Fund or Other Fund expenditure limitation.

Department of Higher Education

The fiscal impact on the Oregon University System (OUS) is indeterminate. If ODOT decides to contract with OUS to provide assistance with education and outreach, OUS considers this a standard research contract which does not require Other Funds limitation.

Association of Oregon Counties (AOC)

The AOC indicates that Benton, Lane, Deschutes, Jackson, Marion and Polk counties will be impacted by the bill. Section 7 of the bill directs local government to “determine whether any immediate action can be taken to reduce greenhouse gas emissions.” AOC anticipates that impacted county will need to have staff evaluate potential actions and, if action is taken, potentially amend comprehensive land use and transportation plans. The resulting fiscal impact is expected to be between \$50,000 and \$100,000 per impacted county or \$300,000 to \$600,000 total, no funding source for this work has been identified.

League of Oregon Cities (LOC)

Similar to AOC, LOC anticipates an impact to cities to implement Section 7 of the bill. LOC indicates that there are 17 MPO cities affected by the bill, and the aggregate fiscal is anticipated to be as high as \$1 million. No funding source for this work has been identified.

Department of Administrative Services (DAS)

DAS is responsible for the management of the state motor fleet. The agency anticipates a minimal fiscal impact from the bill.