

## Transportation Funding Overview

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

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## 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)

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## Principles of Oregon Highway Finance (System)

- Those who use the roads should pay for them.
- Road user fees should be used for constructing, improving, and maintaining roads.
- Road users should pay in proportion to the road costs for which they are responsible.

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## What is the Highway Fund?

- A Brief history (in packet)
- Constitutional dedication
- Legal definition
- Other uses of the term

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What is the Highway Fund?

## 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**.

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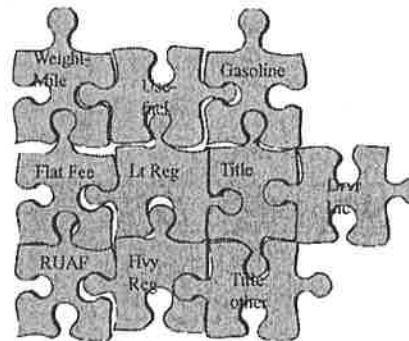
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constitutional dedication

## Oregon Road User Taxation

Oregon uses a four-tiered structure of road user fees

1. fuel tax
  - Gasoline (24 cents/Gallon) 30 cents as of 1/1/11
  - 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)



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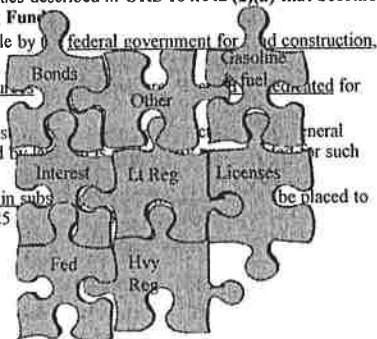
## Legal Definition of the Highway Fund Oregon Road User Taxation

### 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 created for highway purposes.
- (2) The highway fund shall be deemed and held as a trust for the Highway Fund, and may be used only for the purposes authorized by law 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.125]



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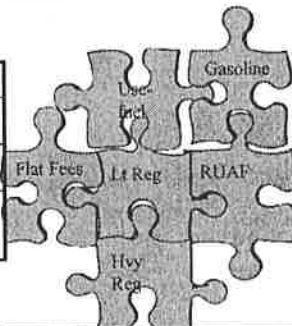
## Legal Definition of Funds to be Distributed

### 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	OTIA	Bridge	Misc.	HB 2001
States	60.05%	50%	57.53%	0%	50%
Counties	24.38%	30%	25.48%	60%	30%
Cities	15.57%	20%	16.99%	40%	20%



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## Oregon Road User Taxation (Fixed)

- vehicle registration fee
  - pays for fixed and non use-related costs
  - Fees for cars and other light vehicles weighing 8,000 pounds or less is \$30 biennially (before 2003), \$54 after (OTIA III), and \$86 with HB2001.
  - Continues to be relatively low compared to other states.
  - Fees for heavy vehicles (above 8,000 lb) based on Gross weight (2000 lb increments) from \$169 to \$636. (\$344 to \$1295 after HB2001)
- Title Fees: the new fixed cost component.
  - \$55 light, \$90 Heavy (2001 OTIA I)
  - \$77 light, \$27 salvage and duplicate Titles for light (HB2001)

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## Oregon Road User Taxation (Variable)

### Fuel Taxes

- Gasoline (any fuel the chief use of which is for)
  - Propulsion of Motor Vehicle (24¢) (30¢ after 1/1/2011)
  - Propulsion of Aircraft
    - Piston (9¢)
    - Jet (1¢)
- 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.

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## Oregon Road User Taxation (Variable) Weight-Mile Taxes

- Table A: 26,000 to 80,000 Pounds
  - Graduated Based on Weight
    - 4.98¢ per Mile @ 26,000 Pounds
    - 16.38¢ per Mile @ 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

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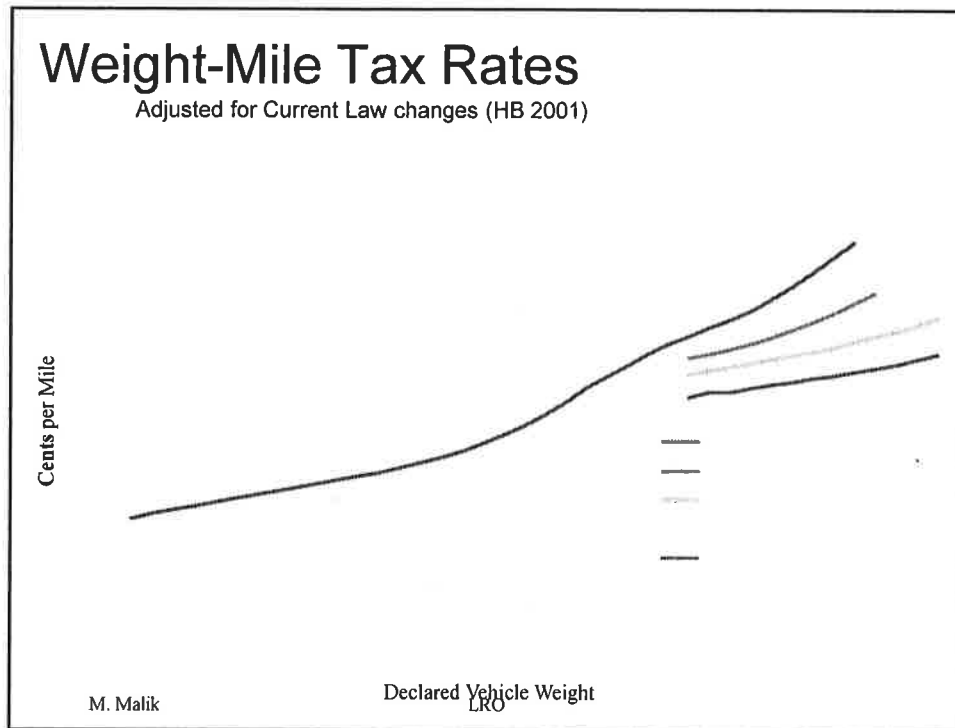
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## Why a Weight-Mile Tax “Tool” for Heavy Vehicles?

- Fuel consumption increases with vehicle size and weight, but it does not increase proportionately with cost responsibility
  - Example: per-mile cost responsibility of a 80,000 lbs truck is more than double than for a 50,000 lbs truck. The 80,000 lbs truck uses only 15-20 percent more fuel for same miles traveled

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## In Lieu Taxes (Less Variable)

Reflecting HB 2001 rates

- Flat Fees
  - Log Trucks \$7.59 per Hundred pounds of declared weight
  - Farm Trucks \$6.23 per Hundred pounds of declared weight
  - Dump Trucks \$7.53 per Hundred pounds of declared weight
  - Chip Trucks \$30.65 per Hundred pounds of declared weight
  
- Road Use Assessment Fee
  - 7.1¢ 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)

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## 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.

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## 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.”***

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## Highway cost allocation study (HCAS)

- **366.506 Highway cost allocation study; purposes; design; report; use of report by Legislative Assembly.** (1) Once every two years, the Oregon Department of Administrative Services shall conduct either a full highway cost allocation study or an examination of data collected since the previous study. The purposes of the study or examination of data are to determine:
  - (a) The proportionate share that the users of each class of vehicle should pay for the costs of maintenance, operation and improvement of the highways, roads and streets in the state; and
  - (b) Whether the users of each class are paying that share.
- (2) The department may use any study design it determines will best accomplish the purposes stated in subsection (1) of this section. In designing the study the department may make decisions that include, but are not limited to, the methodology to be used for the study, what constitutes a class of vehicle for purposes of collection of data under subsections (1) to (4) of this section and the nature and scope of costs that will be included in the study.
- (3) The department may appoint a study review team to participate in the study or examination of data required by subsection (1) of this section. The team may perform any functions assigned by the department, including but not limited to consulting on the design of the study.
- (4) A report on the results of the study or examination of data shall be submitted to the **legislative revenue committees and the legislative committees with primary responsibility for transportation by January 31 of each odd-numbered year.**
- (5) The Legislative Assembly shall use the report described in subsections (1) to (4) of this section to determine whether adjustments to revenue sources described in section 3a (3), Article IX of the Oregon Constitution, are needed in order to carry out the purposes of section 3a (3), Article IX of the Oregon Constitution. If such adjustments are needed, the Legislative Assembly shall enact whatever measures are necessary to make the adjustments. [2003 c.755 §§1,2]

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

Increases will be fully implemented by January 1, 2011.

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

- \$3 million per year to the Travel Information Council until 2020.
- \$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 percent (about \$54.6 million per year) to city street programs (on population)
  - 30 percent (about \$81.9 million per year) to county road programs on registration.
  - 50 percent (about \$136.5 million per year) to the state highway program.
  - State highway program money is allocated as follows:
    - 33 percent or about \$45 million to maintenance, preservation and safety.
    - 15.75 percent or about \$21.5 million to highway modernization program.
    - 51.25 percent or about \$70 million to bond repayment and the 2009 Transportation Projects Account for the 2009 Transportation Projects program.

More details in packet.

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## Other Transportation Revenues

- Aviation revenues
  - Fuel taxes      Jet fuel, Avgas, and Mogas
  - Other Aviation Revenues
  - Other fees and taxes for PDX
  
- Transit Revenue
  - Cigarette tax, Payroll taxes, (long range plan) and Federal
  
- Rail and Light Rail
  - Fees and general fund, Lottery bonds

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