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April 11, 2013

To: Rep. Phil Barnhart, Chair

Rep. Jules Bailey, Vice-Chair

Rep. Vicki Berger, Vice-Chair

Members of the House Revenue Committee

Fr: Craig Honeyman, Legislative Director, League of Oregon Cities

Re: HB 2453 – High Mileage Vehicle User Charge

Good morning Chair Barnhart and members of the House Revenue Committee. My name is Craig Honeyman, Legislative Director for the League of Oregon Cities. The League represents all 242 cities in the state.

I appear today in support of HB 2453. The reason is very simple: there currently is not enough funding for cities to properly manage and maintain their streets. In a study done by the League in February 2011, it is estimated that cities, which own 22,500 lane miles of streets, face an annual funding gap of nearly \$190 million. And while the Jobs and Transportation Act of 2009 closed this gap by \$54.5 million, the continued deferral of city road maintenance is resulting in more deterioration and increased repair costs. It is basically an infrastructure investment that is being wasted. Keep in mind that reconstruction can cost 6 to 10 times the cost of regular maintenance.

The funding that cities receive for their street budgets comes largely from their share of the State Highway Fund. Those revenues come from state gas taxes. Also, 23 cities have local gas taxes. But gas tax revenues have begun a slow and inexorable decline due to general economic conditions, the price of fuel at the pump and the advent of more fuel-efficient automobiles. It is becoming an increasingly unreliable source of transportation funding and ultimately will need to be replaced as the state's principle user fee.

The Road User Fee Task Force is presenting you with an alternative user fee based on Vehicle Miles Traveled (VMT). This proposal has been well researched and addresses both issues of technology and privacy. It has been tested through a second pilot program conducted by the Oregon Department of Transportation. It provides the user with choices in terms of technology used to measure VMT as well as a lump sum payment option.

*Helping Cities Succeed*

While there has been concern registered over the potential disincentive that such a fee might create for the adoption or purchase of new automobile technology, we believe that if the rate that is decided upon is equitable, the legislation will not have an adverse impact. Indeed, now is the time – fairly early in the development of new auto technology – to begin the transfer to a new user fee system.

It is also a matter of equity. High mileage vehicles have the same impact on the state's highways, roads and streets that lower mileage vehicles do. We must all pay our fair share.

Oregon was the first-in-the nation gas tax state. It is time to be innovative again and adopt a VMT-based road user fee methodology. Other states, indeed, the federal government, are sure to follow. Let's provide for the sustainability of our surface transportation system by enacting HB 2453.

Thank you.