



# Oregon

John A. Kitzhaber, M.D., Governor

Department of Transportation

Director's Office  
355 Capitol St. NE  
Salem, OR 97301

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**TO:** Senate Committee on Business and Transportation

**FROM:** Victor Dodier  
Policy Analyst

**SUBJECT:** SB 247: *ConnectOregon* Plus

## INTRODUCTION

SB 247—or *ConnectOregon* Plus—is a framework developed by transportation stakeholders to address the lack of permanent and sustainable non-roadway funding. The bill creates biennial funding for freight rail, passenger rail, transit, marine, aviation, bicycle and pedestrian capital projects and operations funding for passenger rail and local transit districts. This is accomplished by creating a permanent dedication of lottery proceeds to the existing Multimodal Fund.

## BACKGROUND

Over the last year, two task forces have convened to tackle the issue of non-roadway funding for Oregon. Both task forces looked at needs of the non-roadway system as well as possible funding sources to address them. The estimated annual needs for the combined non-roadway modes exceed \$500 million per year.

The [Oregon Rail Funding Task Force](#) was created by ODOT Director Matt Garrett and chaired by Bill Wyatt, Port of Portland and Allyn Ford, Roseburg Forest Products to develop recommendations for funding freight and passenger rail improvements. Recommendations were presented to the Oregon Transportation Commission in December 2011 and included dedicated lottery funding along with several other revenue proposals.

The [Non-Roadway Transportation Working Group](#), appointed by Governor Kitzhaber and chaired by Chair Beyer and Pendleton Mayor Phil Houk took on a larger effort to engage elected officials, transportation providers, and other public and private sector stakeholders in a consensus-driven process focused upon the development and implementation of dedicated funding for non-roadway transportation projects. Expanded use of the lottery proceeds to a non-roadway program ranked at the top of the workgroup's list of recommendations.

The Oregon Transportation Forum (OTF), a multimodal group of stakeholders, met over the last year to develop a proposal for non-roadway funding which looked at the funding options presented in these task forces. The OTF developed a draft concept centered around two fundamentals dedicating lottery proceeds and building on *ConnectOregon* as the foundation.

## WHAT THE BILL DOES

SB 247 with the proposed amendments establishes a permanent allocation of lottery proceed to the Multimodal Fund, the fund that currently exists for *ConnectOregon* bond proceeds. Fifty percent of the annual allocation would be dedicated to freight capital projects (freight

rail, air, marine). This would look like *ConnectOregon* does today, with the exception of transit which would not compete in this group.

The other fifty percent would be dedicated to active—or passenger—modes (passenger rail, transit, bike & pedestrian) where the money would be further divided between capital projects and operations. The capital funds would be granted through a competitive process like *ConnectOregon* is today but would only compete amongst themselves, not against the freight projects. The operations funds would be appropriated by the legislature but would be eligible for use for passenger rail and local transit districts which will help offset the loss of the Business Energy Tax Credit (BETC).

Under SB 247 *ConnectOregon* would no longer be a lottery-backed bond program, it would be a lottery funded program.

#### **SUMMARY**

Addressing Oregon's lack of on-going funding for non-roadway projects is a challenge. Both the Oregon Rail Funding Task Force and the Non-Roadway Transportation Working Group identified a permanent dedication of the lottery to non-roadway transportation projects would be one way to begin to meet the needs of the system. SB 247 is a proposal to make *ConnectOregon* permanent and generate on-going investment in our rail, air, aviation, marine, and transit and bicycle/pedestrian systems.

Attachment: Draft *ConnectOregon* Plus Framework

