



Date: March 9, 2015

To: Chair Shemia Fagan and members of the House Committee on Consumer Protection and Government Effectiveness

Re: HB 3062

Good afternoon. My name is Chris Tucker, Director of Revenue Operations at TriMet in Portland, Oregon. TriMet provides public transportation service throughout the greater Portland Metropolitan region. I'm here as the project leader for an electronic fare system (or eFare for short) and to request approval of HB 3062, which will allow TriMet to retain all of the fare revenue it collects.

As background, I would like to explain how TriMet currently collects fares and contrast that with the proposed eFare system, which TriMet plans to implement in 2016. eFare is a payment system that will better serve our riders by allowing them to pay as they board a bus or train with a transit debit card. Instead of fumbling with cash or needing to purchase a pass at the grocery store, customers simply tap a validator and board the vehicle. The system also has a myriad of other benefits, such as balance protection if someone loses their card; the ability to reload value online anytime, anywhere; and less waiting time because of the streamlined boarding process of tapping a card.

To support this new way to pay, the system creates a transit account for the customer, and they can store money in that account for future usage, similar to how a bank account works. The system tracks usage which allows riders to verify their charges and the balance remaining on their account.

Our eFare project is similar to electronic fare collection systems implemented in Seattle, Salt Lake City, and San Francisco. Like the transit agencies in those cities, we have encountered a problem with the way State law treats unused fare revenue and propose a similar legislative solution.

The Problem: Because cash and paper fares are valid at the time of sale, TriMet recognizes the revenue at the point of sale and retains it as fare revenue. Unlike the current cash fare system, with eFare TriMet will not record a fare as revenue until it is used. Because the unused balance on an eFare account is considered unearned revenue, it would be subject to Oregon's unclaimed property law and would escheat to the State after a certain period of inactivity, which means TriMet would lose that revenue to the State of Oregon.

The Solution to this problem is HB 3062. Modeled after similar laws in other States, HB 3062 would exclude transit fare card balances from the unclaimed property and gift card statutes. Thus, instead of losing unused fare card balances to the State, TriMet would retain the revenue for public transportation in a manner similar to how it retains all fare revenue currently.

Thank you for your time today. I am happy to answer any questions you may have.

A handwritten signature in black ink, appearing to read "Chris Tucker".

Chris Tucker  
Director  
Revenue Operations