



Oregon

Kate Brown, Governor

Department of Transportation

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DATE: May 28, 2015

TO: Senate Committee on Judiciary

FROM: Paul Mather, Administrator
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SUBJECT: HB 3524-A – disposition of state property

INTRODUCTION

HB 3524-A adds a requirement that state property be offered to sale to nonprofit organizations that will develop it for housing purposes prior to selling the property to the public.

BACKGROUND

Because of the Oregon Constitutional limits on the use of state highway funds, ODOT may only purchase property it needs for transportation purposes. For a variety of reasons ODOT may own more than is needed for the immediate project; however, the agency is also required by law to sell property that is surplus to its needs. ODOT routinely reviews properties to determine whether the parcel is surplus to future needs. We generate on average more than \$9 million per biennium that is returned to the state highway fund in revenue from sales and leases of property. Whenever possible, we lease properties that will be needed for future transportation uses until such time as they are needed.

When we sell surplus property, we first offer parcels to other state agencies, then to local government entities before offering it for sale to the public, according to Oregon law. ODOT must recoup fair market value for the property because of the Constitutional restrictions on the use of state highway funds.

DISCUSSION

Should HB 3524-A become law, ODOT would offer parcels to housing authorities along with local governments, after offering them for sale to other state agencies.

The amended bill exempts ODOT from the requirement in the bill that agencies declare property to be surplus and offer it for sale if it has not been used for a public purpose in five years, keeping us in line with the Constitutional restrictions on the use of state highway funds. The transportation planning window for property is much longer than five years; HB 3524-A addresses ODOT's need to retain property longer for transportation purposes.

It is important to note that any proceeds from the sale or lease of ODOT property must be returned to the state highway fund because of the Oregon Constitutional restriction of those dollars.

SUMMARY

ODOT currently identifies and sells property surplus to the department's needs and returns proceeds from those sales or from leases to the state highway fund as required by the Oregon Constitution. Under HB 3524-A, ODOT would offer housing authorities the opportunity to purchase surplus ODOT property prior to offering it for sale to the public.