

Enrolled House Bill 2274

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Transportation and Economic Development)

CHAPTER

AN ACT

Relating to transportation funding; creating new provisions; amending ORS 367.080, 367.082, 367.084, 367.086 and 824.237 and section 11, chapter 786, Oregon Laws 2013; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 367.080 is amended to read:

367.080. *[(1) As used in ORS 367.080 to 367.086, "transportation project" has the meaning given that term in ORS 367.010.]*

(1) As used in ORS 367.080 to 367.086:

(a) "Bicycle" has the meaning given that term in ORS 801.150.

(b) "Transportation project" means a project or undertaking for transit, rail, marine, aviation and bicycle and pedestrian capital infrastructure, including bridges, paths and ways, or a project that facilitates the transportation of materials, animals or people. A transportation project does not include costs associated with operating expenses or the purchase of bicycles.

(2) The [Multimodal Transportation] Connect Oregon Fund is established separate and distinct from the General Fund. Earnings on moneys in the [Multimodal Transportation] Connect Oregon Fund shall be deposited into the fund. Moneys in the [Multimodal Transportation] Connect Oregon Fund are continuously appropriated to the Department of Transportation for the purposes described in subsection (3) of this section and in ORS 367.086.

(3) The department shall use moneys in the [Multimodal Transportation] Connect Oregon Fund to provide grants [and loans] for transportation projects as provided in ORS 367.080 to 367.086. Grants [and loans] may be provided only for projects that involve one or more of the following modes of transportation:

- (a) Air;**
- (b) Marine;**
- (c) Rail;**
- (d) Public transit; and**
- (e) Bicycle and pedestrian.**

[(4) All moneys received by the department as interest on loans made under this section and as repayment of principal of loans made under this section shall be deposited into the Multimodal Transportation Fund.]

SECTION 2. ORS 367.082 is amended to read:

367.082. (1) Except as provided in subsection (2) of this section, the Department of Transportation may provide, from moneys in the [*Multimodal Transportation*] **Connect Oregon** Fund established by ORS 367.080,[:]

[(a)] grants for transportation projects to public bodies, as defined in ORS 174.109, and to private entities[:; and]

[(b)] *Loans for transportation projects to public bodies, as defined in ORS 174.109, and to private entities*].

(2) Grants [*and loans*] may not be made from the [*Multimodal Transportation*] **Connect Oregon** Fund for transportation projects that could constitutionally be funded by revenues described in section 3a, Article IX of the Oregon Constitution.

(3) The Department of Transportation shall adopt rules[:]

[(a)] *Specifying the process by which a public body or private entity may apply for a loan under this section and prescribing the terms and conditions of loans, including but not necessarily limited to interest rates and repayment schedules; and*

[(b)] specifying the process by which a public body or private entity may apply for a grant under this section and prescribing the terms and conditions of grants, including but not necessarily limited to a requirement that the public body or private entity receiving the grant provide at least [20] **30** percent of the moneys required for the transportation project.

SECTION 3. ORS 367.084 is amended to read:

367.084. (1) The Oregon Transportation Commission shall select transportation projects to be funded with moneys in the [*Multimodal Transportation*] **Connect Oregon** Fund established by ORS 367.080.

(2)(a) Prior to selecting aeronautic and airport transportation projects, the commission shall solicit recommendations from the State Aviation Board.

(b) Prior to selecting freight transportation projects, the commission shall solicit recommendations from the Freight Advisory Committee.

(c) Prior to selecting public transit and rail projects, the commission shall solicit recommendations from its public transit and rail advisory committees.

(d) Prior to selecting marine projects, the commission shall solicit recommendations from the Oregon Business Development Department.

(e) Prior to selecting bicycle and pedestrian projects, the commission shall solicit recommendations from the advisory committee created by ORS 366.112.

(3) In selecting transportation projects the commission shall consider:

(a) Whether a proposed transportation project reduces transportation costs for Oregon businesses or improves access to jobs and sources of labor;

(b) Whether a proposed transportation project results in an economic benefit to this state;

(c) Whether a proposed transportation project is a critical link connecting elements of Oregon's transportation system that will measurably improve utilization and efficiency of the system;

(d) How much of the cost of a proposed transportation project can be borne by the applicant for the grant [*or loan*] from any source other than the [*Multimodal Transportation*] **Connect Oregon** Fund; [*and*]

(e) Whether a proposed transportation project is ready for construction[:]; **and**

(f) Whether a proposed transportation project has a useful life expectancy that offers maximum benefit to the state.

(4) To promote fairness in the selection process, the Director of Transportation may not choose a member of a final review committee:

(a) Who represents an entity that submitted an application for a Connect Oregon Fund grant that is being considered for funding by a final review committee; or

(b) Has a direct financial interest in an application that is being considered for funding by a final review committee.

SECTION 4. ORS 367.086 is amended to read:

367.086. (1) The Department of Transportation, in cooperation with the Oregon Department of Aviation, shall administer aeronautic and airport transportation projects selected under ORS 367.084 for funding with moneys in the [*Multimodal Transportation*] **Connect Oregon** Fund. The Oregon Department of Aviation may use moneys from the [*Multimodal Transportation*] **Connect Oregon** Fund to pay administrative costs incurred by the Oregon Department of Aviation in carrying out the provisions of ORS 367.080 to 367.086.

(2) Except as provided in subsection (1) of this section, the Department of Transportation shall administer all transportation projects that are selected under ORS 367.084. The Department of Transportation may use moneys from the [*Multimodal Transportation*] **Connect Oregon** Fund to pay administrative costs incurred by the Department of Transportation in carrying out the provisions of ORS 367.080 to 367.086.

SECTION 5. Section 11, chapter 786, Oregon Laws 2013, is amended to read:

Sec. 11. (1) For the biennium beginning July 1, 2013, at the request of the Oregon Department of Administrative Services, in consultation with the Department of Transportation, the State Treasurer is authorized to issue lottery bonds pursuant to ORS 286A.560 to 286A.585 in an amount that produces \$42 million in net proceeds and interest earnings for the purpose described in subsection (2) of this section, plus an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs.

(2) Net proceeds of lottery bonds issued pursuant to this section and interest earnings must be transferred to the Department of Transportation for deposit in the [*Multimodal Transportation*] **Connect Oregon** Fund established under ORS 367.080 in an amount sufficient to provide \$42 million for the department to finance grants [*and loans*] for transportation projects as provided in ORS 367.080 to 367.086.

(3) Bond-related costs for the lottery bonds authorized by this section must be paid from the gross proceeds of the lottery bonds and from allocations for the purposes of ORS 286A.576 (1)(c).

(4) The Legislative Assembly finds that issuing lottery bonds to finance transportation projects pursuant to this section is essential to promoting the state's economic development and the use of lottery bond proceeds is authorized based on the following findings:

(a) There is an urgent need to improve and expand publicly owned and privately owned transportation infrastructure to support economic development in this state.

(b) A safe, efficient and reliable transportation network supports the long-term economic development and livability of this state.

(c) A multimodal network of air, rail, public transit, highway and marine transportation moves people and goods efficiently.

(d) Local governments and private sector businesses often lack capital and the technical capacity to undertake multimodal transportation projects.

(e) Public financial assistance can stimulate industrial growth and commercial enterprise and promote employment opportunities in this state.

(f) Public investment in transportation infrastructure will create jobs and further economic development in this state.

(g) The use of lottery bond proceeds as provided in this section will create jobs, further economic development, finance public education or restore and protect parks, beaches, watersheds, and native fish and wildlife within Oregon, and issuance of lottery bonds for the purpose described in this section is therefore an appropriate use of state lottery funds under Article XV, section 4, of the Oregon Constitution, and ORS 461.510.

SECTION 6. ORS 824.237 is amended to read:

824.237. (1) Notwithstanding ORS 367.082, a railroad company may not receive, directly or indirectly, a grant [*or loan*] of moneys from the [*Multimodal Transportation*] **Connect Oregon** Fund established in ORS 367.080 if the railroad company charges a landowner for an easement to cross a railroad that is necessary for the landowner to access the landowner's property.

(2)(a) This section applies only to a railroad company that operates a railroad located wholly within the boundaries of Benton and Linn Counties.

(b) The provisions of this section do not apply to a railroad company that was imposing and collecting the charge before January 1, 2013.

(3) Rules adopted by the Department of Transportation under ORS 367.082 relating to applications for grants [or loans] of moneys from the [Multimodal Transportation] **Connect Oregon** Fund must provide for notice to applicants of the restrictions imposed by this section.

(4) If the department determines that a railroad company has charged a landowner for an easement in violation of this section, the department may not thereafter make any further grants [or loans] of moneys from the [Multimodal Transportation] **Connect Oregon** Fund that would benefit the railroad company.

SECTION 7. The Connect Oregon Fund is a continuation of the Multimodal Transportation Fund established by ORS 367.080. Moneys contained in the Multimodal Transportation Fund on the effective date of this 2015 Act are considered to be moneys in the Connect Oregon Fund.

SECTION 8. (1) The amendments to ORS 367.080, 367.082, 367.084, 367.086 and 824.237 and section 11, chapter 786, Oregon Laws 2013, by sections 1 to 6 of this 2015 Act apply only to grant applications received on or after the effective date of this 2015 Act. Any loan or grant application received before the effective date of this 2015 Act shall continue to be governed by ORS 367.080, 367.082, 367.084, 367.086 and 824.237 and section 11, chapter 786, Oregon Laws 2013, as those statutes were in effect immediately before the effective date of this 2015 Act.

(2) All moneys received by the Department of Transportation as interest on, and as repayment of principal of, loans made under ORS 367.080 and 367.082, as those statutes were in effect immediately before the effective date of this 2015 Act, shall be deposited in the Connect Oregon Fund.

SECTION 9. This 2015 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect on its passage.

Passed by House June 30, 2015

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Timothy G. Sekerak, Chief Clerk of House

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Tina Kotek, Speaker of House

Passed by Senate July 2, 2015

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Peter Courtney, President of Senate

Received by Governor:

.....M.,....., 2015

Approved:

.....M.,....., 2015

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Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2015

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Jeanne P. Atkins, Secretary of State