

# House Bill 4055

Sponsored by Representative DAVIS (Presession filed.)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Modifies list of low carbon fuels that may be used to meet low carbon fuel standards. Requires that low carbon fuel standards be met for purposes of reducing emissions from gasoline and diesel only through compliance with low carbon fuel blending analysis standard. Prohibits use of credits as cost-containment mechanism for low carbon fuel standards.

Requires Environmental Quality Commission to adopt by rule low carbon fuel blending analysis standard.

Schedules benchmarks for carbon intensity reductions. Requires commission and State Department of Agriculture to annually determine application of benchmarks based on commercial availability of low carbon intensity fuels.

Requires retail dealers, nonretail dealers and wholesale dealers that sell or offer for sale gasoline or diesel in this state to comply with benchmarks.

Allows retail dealer, nonretail dealer or wholesale dealer to sell or offer for sale gasoline that contains more than 10 percent ethanol or other renewable liquid fuel by volume. Requires department to adopt certain minimum technological feasibility standards.

Increases tax on motor vehicle fuel and aircraft fuel and increases vehicle registration fees. Imposes fee for new motor vehicle title. Specifies use of revenues.

Modifies laws related to transportation.

Requires Commissioner of Bureau of Labor and Industries to adopt rules for transportation projects that specify how contracting agency must conduct analysis showing how agency's decision whether or not to construct public improvement using agency's own personnel and equipment conforms to state policy.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

Relating to transportation; creating new provisions; amending ORS 267.300, 279C.305, 291.405, 291.407, 319.020, 319.530, 319.883, 319.890, 367.620, 468A.275, 646.905, 646.913, 646.922, 646.957, 803.420, 807.370, 818.225, 825.476 and 825.480 and section 4, chapter 648, Oregon Laws 2013, section 1, chapter 685, Oregon Laws 2015, and sections 3 and 6, chapter 700, Oregon Laws 2015; prescribing an effective date; and providing for revenue raising that requires approval by a three-fifths majority.

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

## LOW CARBON FUEL STANDARDS

**SECTION 1.** ORS 468A.275 is amended to read:

468A.275. (1) As used in this section:

(a) "Greenhouse gas" has the meaning given that term in ORS 468A.210.

(b) "Low carbon fuel standards" means standards for the reduction of greenhouse gas emissions, on average, per unit of fuel energy.

(c) "Motor vehicle" has the meaning given that term in ORS 801.360.

(2)(a) The Environmental Quality Commission shall adopt by rule low carbon fuel standards for gasoline, diesel and fuels used as substitutes for gasoline or diesel.

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (b) The commission may adopt the following related to the standards, including but not limited  
2 to:

3 (A) A schedule to phase in implementation of the standards in a manner that reduces the aver-  
4 age amount of greenhouse gas emissions per unit of fuel energy of the fuels by 10 percent below 2010  
5 levels by the year 2025 or by a later date if the commission determines that an extension is appro-  
6 priate to implement the standards;

7 (B) Standards for greenhouse gas emissions attributable to the fuels throughout their lifecycles,  
8 including but not limited to emissions from the production, storage, transportation and combustion  
9 of the fuels and from changes in land use associated with the fuels;

10 (C) Provisions allowing the use of [*all types of low carbon fuels to meet the low carbon fuel*  
11 *standards, including but not limited to biofuels, biogas, natural gas, liquefied petroleum gas, gasoline,*  
12 *diesel, hydrogen and electricity;*] **biofuels, biogas, natural gas, liquefied petroleum gas, gasoline,**  
13 **diesel, low carbon intensity fuels as defined in ORS 646.905 and hydrogen to meet the low**  
14 **carbon fuel standards;**

15 (D) **For the purpose of reducing the average amount of greenhouse gas emissions per**  
16 **unit of fuel energy from gasoline and diesel, provisions requiring that the standards be met**  
17 **only through compliance with the low carbon fuel blending analysis standard adopted by the**  
18 **commission under section 4 of this 2016 Act;**

19 [(D)] (E) Standards for the issuance of deferrals, established with adequate lead time, as neces-  
20 sary to ensure adequate fuel supplies;

21 [(E)] (F) Exemptions for fuels that are used in volumes below thresholds established by the  
22 commission;

23 [(F)] (G) Standards, specifications, testing requirements and other measures as needed to ensure  
24 the quality of fuels produced in accordance with the low carbon fuel standards, including but not  
25 limited to the requirements of ORS 646.910 to 646.923 and administrative rules adopted by the State  
26 Department of Agriculture for motor fuel quality; and

27 [(G)] (H) Adjustments to the amounts of greenhouse gas emissions per unit of fuel energy as-  
28 signed to fuels for combustion and drive train efficiency.

29 (c) Before adopting standards under this section, the commission shall consider the low carbon  
30 fuel standards of other states, including but not limited to Washington, for the purpose of deter-  
31 mining schedules and goals for the reduction of the average amount of greenhouse gas emissions per  
32 unit of fuel energy and the default values for these reductions for applicable fuels.

33 (d) The commission shall adopt by rule provisions for managing and containing the costs of  
34 compliance with the standards[, *including but not limited to provisions to facilitate compliance with*  
35 *the standards by ensuring that persons may obtain credits for fuels used as substitutes for gasoline or*  
36 *diesel and by creating opportunities for persons to trade credits*]. **Provisions adopted under this**  
37 **paragraph may not allow for the generation or trading of credits.**

38 (e) The commission shall exempt from the standards any person who imports in a calendar year  
39 less than 500,000 gallons of gasoline and diesel fuel, in total. Any fuel imported by persons that are  
40 related or share common ownership or control shall be aggregated together to determine whether  
41 a person is exempt under this paragraph.

42 (f)(A) The commission by rule shall prohibit fuels that contain biodiesel from being considered  
43 an alternative fuel under these standards unless the fuel meets the following standards:

44 (i) Fuel that consists entirely of biodiesel, designated as B100, shall comply with ASTM D 6751  
45 and shall have an oxidation stability induction period of not less than eight hours as determined by

1 the test method described in European standard EN 15751; and

2 (ii) Fuel that consists of a blend of diesel fuel and between 6 and 20 volume percent biodiesel,  
 3 and designated as biodiesel blends B6 to B20, shall comply with ASTM D 7467 and shall have an  
 4 oxidation stability induction period of not less than 20 hours as determined by the test method de-  
 5 scribed in European standard EN 15751.

6 (B) The commission may adopt rules different from those required under subparagraph (A) of  
 7 this paragraph if an ASTM or EN standard applicable to biodiesel is approved or amended after  
 8 March 12, 2015, or if the commission finds that different rules are necessary due to changes in  
 9 technology or fuel testing or production methods.

10 (C) As used in this subsection, "biodiesel" means a motor vehicle fuel consisting of mono-alkyl  
 11 esters of long chain fatty acids derived from vegetable oils, animal fats or other nonpetroleum re-  
 12 sources, not including palm oil.

13 (3) In adopting rules under this section, the Environmental Quality Commission shall evaluate:

14 (a) Safety, feasibility, net reduction of greenhouse gas emissions and cost-effectiveness;

15 (b) Potential adverse impacts to public health and the environment, including but not limited to  
 16 air quality, water quality and the generation and disposal of waste in this state;

17 (c) Flexible implementation approaches to minimize compliance costs; and

18 (d) Technical and economic studies of comparable greenhouse gas emissions reduction measures  
 19 implemented in other states and any other studies as determined by the commission.

20 (4)(a) The provisions of this section do not apply to fuel that is demonstrated to have been used  
 21 in any of the following:

22 (A) Motor vehicles registered as farm vehicles under the provisions of ORS 805.300.

23 (B) Farm tractors, as defined in ORS 801.265.

24 (C) Implements of husbandry, as defined in ORS 801.310.

25 (D) Motor trucks, as defined in ORS 801.355, used primarily to transport logs.

26 (E) Motor vehicles that are not designed primarily to transport persons or property, that are  
 27 operated on highways only incidentally, and that are used primarily for construction work.

28 (F) Watercraft.

29 (G) Railroad locomotives.

30 (b) The Environmental Quality Commission shall by rule adopt standards for persons to qualify  
 31 for the exemptions provided in this subsection.

32  
 33 **LOW CARBON FUEL BLENDING PROGRAM**

34  
 35 **SECTION 2.** ORS 646.905 is amended to read:

36 646.905. As used in **this section and** ORS 646.910 to 646.923:

37 (1) "Alcohol" means a volatile flammable liquid having the general formula  $C_nH_{(2n+1)}OH$  used  
 38 or sold for the purpose of blending or mixing with gasoline for use in propelling motor vehicles, and  
 39 commonly or commercially known or sold as an alcohol, and includes ethanol or methanol.

40 (2) "Biodiesel" means a motor vehicle fuel consisting of mono-alkyl esters of long chain fatty  
 41 acids derived from [*vegetable oils, animal fats or other nonpetroleum resources, not including palm*  
 42 *oil*] **nonpetroleum renewable resources**, designated as B100 and complying with ASTM D 6751.

43 (3) "**Carbon intensity**" means the amount of greenhouse gas emissions, on a full life cycle  
 44 basis, per unit of fuel energy, expressed in grams of carbon dioxide equivalent per megajoule.

45 [(3)] (4) "Certificate of analysis" means:

1 (a) A document verifying that B100 biodiesel has been analyzed and complies with ASTM D 6751  
2 biodiesel fuel test methods and specifications; and

3 (b) Certification of feedstock origination describing the percent of the feedstock sourced outside  
4 of the states of Oregon, Washington, Idaho and Montana.

5 [(4)] (5) "Co-solvent" means an alcohol other than methanol which is blended with either  
6 methanol or ethanol or both to minimize phase separation in gasoline.

7 [(5)] (6) "Ethanol" means ethyl alcohol, a flammable liquid having the formula C<sub>2</sub>H<sub>5</sub>OH used or  
8 sold for the purpose of blending or mixing with gasoline for use in motor vehicles.

9 [(6)] (7) "Gasoline" means any fuel sold for use in spark ignition engines whether leaded or un-  
10 leaded.

11 (8) "Low carbon intensity fuel" means a liquid fuel substitute for gasoline or diesel fuel,  
12 including ethanol, gas-to-liquid fuel, other renewable liquid fuel, biodiesel and other  
13 renewable diesel, that has a lower carbon intensity than gasoline or diesel fuel, respectively,  
14 per unit of fuel energy.

15 [(7)] (9) "Methanol" means methyl alcohol, a flammable liquid having the formula CH<sub>3</sub>OH used  
16 or sold for the purpose of blending or mixing with gasoline for use in motor vehicles.

17 [(8)] (10) "Motor vehicles" means all vehicles, vessels, watercraft, engines, machines or me-  
18 chanical contrivances that are propelled by internal combustion engines or motors.

19 [(9)] (11) "Nonretail dealer" means any person who owns, operates, controls or supervises an  
20 establishment at which motor vehicle fuel is dispensed through a card- or key-activated fuel dis-  
21 pensing device to nonretail customers.

22 [(10)] (12) "Other renewable diesel" means a diesel fuel substitute, produced from [*nonfossil*  
23 *renewable resources, that has an established ASTM standard*] **nonpetroleum renewable resources,**  
24 **that complies with ASTM D 975,** is approved by the United States Environmental Protection  
25 Agency, meets specifications of the National Conference on Weights and Measures[, *and complies*  
26 *with standards promulgated under ORS 646.957*] **and is not biodiesel.**

27 (13) "Other renewable liquid fuel" means a gasoline substitute, produced from **nonpetro-**  
28 **leum renewable resources, that has an established ASTM standard, is approved by the United**  
29 **States Environmental Protection Agency, meets specifications of the National Conference**  
30 **on Weights and Measures and is not ethanol.**

31 [(11)] (14) "Retail dealer" means any person who owns, operates, controls or supervises an es-  
32 tablishment at which gasoline is sold or offered for sale to the public.

33 [(12)] (15) "Wholesale dealer" means any person engaged in the sale of gasoline if the seller  
34 knows or has reasonable cause to believe the buyer intends to resell the gasoline in the same or  
35 an altered form to another.

36 **SECTION 3. Section 4 of this 2016 Act is added to and made a part of ORS 646.910 to**  
37 **646.923.**

38 **SECTION 4. (1)(a) The Environmental Quality Commission shall adopt by rule a low**  
39 **carbon fuel blending analysis standard to apply to gasoline and diesel fuel for purposes of**  
40 **compliance with the low carbon fuel standards adopted under ORS 468A.275. The goal of the**  
41 **low carbon fuel blending analysis standard shall be to reduce by 10 percent, over time and**  
42 **subject to availability, price and feasibility, the carbon intensity of gasoline and diesel fuel**  
43 **sold or offered for sale in this state.**

44 (b) For purposes of paragraph (a) of this subsection, the commission shall determine the  
45 average carbon intensity, for the year 2010, of the following:

1 (A) Gasoline with no low carbon intensity fuel content.

2 (B) Diesel with no low carbon intensity fuel content.

3 (c) The average values determined under paragraph (b) of this subsection are the baseline  
4 values for purposes of determining the low carbon blending benchmarks described in sub-  
5 section (2) of this section. Except as necessary to establish the baseline values under para-  
6 graph (b) of this subsection, the commission may not differentiate between types of crude  
7 oil in carrying out the commission's responsibilities under this section.

8 (2) Subject to subsections (3) and (4) of this section, the low carbon blending benchmark  
9 schedule, expressed as the percent reduction in carbon intensity relative to the baseline  
10 value determined under subsection (1) of this section for the appropriate fuel, is as follows:

11 (a) 0.25 percent;

12 (b) 0.50 percent;

13 (c) 1.00 percent;

14 (d) 1.50 percent;

15 (e) 2.50 percent;

16 (f) 3.50 percent;

17 (g) 5.00 percent;

18 (h) 6.00 percent;

19 (i) 6.50 percent;

20 (j) 7.00 percent;

21 (k) 7.50 percent;

22 (L) 8.00 percent;

23 (m) 8.50 percent;

24 (n) 9.00 percent;

25 (o) 9.50 percent; and

26 (p) 10.00 percent.

27 (3) The carbon intensity of gasoline and diesel fuel sold or offered for sale in this state  
28 may not be required to be reduced by more than 10 percent relative to the baseline values  
29 determined by the commission under subsection (1) of this section.

30 (4)(a) For the purpose of establishing the applicable low carbon blending benchmarks,  
31 pursuant to the schedule set forth in subsection (2) of this section, the State Department  
32 of Agriculture shall annually complete and publish a study on the commercial availability of  
33 low carbon intensity fuels.

34 (b) If the department determines under paragraph (a) of this subsection that low carbon  
35 intensity fuels are commercially available in sufficient quantities to require retail dealers,  
36 nonretail dealers and wholesale dealers to meet the next incremental low carbon blending  
37 benchmark for gasoline or diesel fuel as required under the schedule set forth in subsection  
38 (2) of this section, the commission shall by rule adopt the benchmarks that must be achieved  
39 by blending low carbon intensity fuels with gasoline or diesel fuel for the calendar year be-  
40 ginning January 1 following adoption of the rule.

41 (c) In adopting by rule the low carbon blending benchmark for a calendar year under  
42 paragraph (b) of this subsection, the commission shall:

43 (A) Not later than February 12 of the preceding year, deliver by electronic mail, to all  
44 retail dealers, nonretail dealers and wholesale dealers, notice of intended rulemaking in the  
45 manner provided for under ORS 183.335; and

1 (B) Not later than July 1 of the preceding year, adopt by rule the applicable low carbon  
2 blending benchmarks.

3 (d) If the department determines that low carbon intensity fuels are not commercially  
4 available in sufficient quantities, the commission may not adopt by rule a requirement that  
5 the carbon intensity of gasoline or diesel fuel, as applicable, that is sold or offered for sale  
6 in this state be reduced by the next incremental low carbon blending benchmark under sub-  
7 section (2) of this section. The benchmark requirement shall remain at the level set for the  
8 prior calendar year by the commission under this section until the department determines  
9 under paragraph (a) of this subsection that low carbon intensity fuels are commercially  
10 available in sufficient quantities to require carbon intensity reductions in compliance with  
11 the next progressive incremental low carbon blending benchmark provided for under sub-  
12 section (2) of this section.

13 (e) A low carbon intensity fuel may not be considered commercially available unless the  
14 low carbon intensity fuel:

15 (A) Is available in this state at an average market retail cost that is equal to or less than  
16 the average market retail cost of the gasoline or diesel fuel with which the low carbon in-  
17 tensity fuel would be blended; and

18 (B) Meets all applicable technological feasibility standards provided for in ORS 646.913 and  
19 646.922.

20 (f) As part of the study required under paragraph (a) of this subsection, the department  
21 shall:

22 (A) Determine the capability of distribution system infrastructure, including retail sites,  
23 to handle projected volumes and types of low carbon intensity fuels. Any volume of low car-  
24 bon intensity fuel that is in excess of distribution system capability may not be considered  
25 commercially available for purposes of the study.

26 (B) Assess the capability of facilities that produce low carbon intensity fuels to supply  
27 the fuels in commercial quantities in this state. The assessment under this subparagraph  
28 shall consider, for each facility:

29 (i) Design capacity in gallons per day;

30 (ii) Date of construction and completion;

31 (iii) Date that feedstock was first introduced into the production process;

32 (iv) Date that a commercial quantity of low carbon intensity fuel that meets industry  
33 standards was first produced, not considering planned or advertised dates;

34 (v) Highest utilization of the facility demonstrated in a consecutive three-month period;

35 (vi) Percentage of low carbon intensity fuel meeting industry standards that was  
36 produced without reprocessing or blending during the same period considered under sub-  
37 subparagraph (v) of this subparagraph;

38 (vii) Duration, in days, of longest continuous operation of the facility;

39 (viii) Utilization of the facility during the preceding calendar year;

40 (ix) Percentage of low carbon intensity fuel meeting industry standards that was  
41 produced without reprocessing or blending during the same period considered under sub-  
42 subparagraph (viii) of this subparagraph; and

43 (x) Annual production forecast for the next one to three years, based on historical pro-  
44 duction and any technical issues as of the date of the assessment, including variations based  
45 on projected feedstock availability and changes to feedstocks.

1 (5) The commission and the department shall adopt rules necessary to carry out the  
2 provisions of this section. The rules must include, but need not be limited to:

3 (a) A requirement that, in addition to the requirements of ORS 646.913 and 646.922, a  
4 retail dealer, nonretail dealer or wholesale dealer may sell or offer for sale only gasoline or  
5 diesel fuel that is blended with low carbon intensity fuels that meet the low carbon blending  
6 benchmark adopted by the commission under subsection (4) of this section;

7 (b) Standards for the issuance of deferrals, carryover of deficits, banking of surpluses  
8 and application of surpluses to meeting either the gasoline or diesel fuel low carbon blending  
9 benchmark requirements;

10 (c) Standards, specifications, testing requirements and other measures as needed to en-  
11 sure the quality of fuels produced in accordance with the low carbon fuel blending analysis  
12 standard, including but not limited to the requirements of ORS 646.910 to 646.923 and rules  
13 adopted by the department for motor fuel quality;

14 (d) Standards for determining the life cycle greenhouse gas emissions attributable to low  
15 carbon intensity fuels; and

16 (e) Reporting requirements for retail dealers, nonretail dealers and wholesale dealers  
17 that are subject to the low carbon fuel blending analysis standard adopted pursuant to this  
18 section.

19 (6) The provisions of this section do not apply to fuels provided for under ORS 646.913 (6)  
20 and 646.922 (5)(b) and (c).

21 **SECTION 5.** Not later than July 1, 2017, the Environmental Quality Commission shall  
22 adopt by rule under section 4 of this 2016 Act the first low carbon blending benchmark for  
23 gasoline and diesel fuel that may be sold or offered for sale in this state during the calendar  
24 year beginning January 1, 2018.

25 **SECTION 6.** The Environmental Quality Commission and the State Department of Agri-  
26 culture shall, not later than September 1 of each year, submit a report to the appropriate  
27 interim committees of the Legislative Assembly on the application, during the previous cal-  
28 endar year, of the low carbon fuel blending analysis standard adopted under section 4 of this  
29 2016 Act.

30 **SECTION 7.** ORS 646.913 is amended to read:

31 646.913. (1) Except as provided in subsection [(5)] (6) of this section, a retail dealer, nonretail  
32 dealer or wholesale dealer may not sell or offer for sale gasoline unless the gasoline contains:

33 (a) At least 10 percent ethanol by volume[.]; or

34 (b) At least 10 percent other renewable liquid fuel by volume.

35 (2) Gasoline containing ethanol that is sold or offered for sale meets the requirements of this  
36 section if the gasoline, exclusive of denaturants and permitted contaminants, contains not less than  
37 9.2 percent by volume of [*agriculturally derived, denatured*] ethanol that complies with the **techno-**  
38 **logical feasibility** standards for ethanol adopted by the State Department of Agriculture **under this**  
39 **section.**

40 (3) The department shall adopt **technological feasibility** standards for ethanol **and other**  
41 **renewable liquid fuel** blended with gasoline sold in this state. **The department shall consult the**  
42 **specifications established for other renewable liquid fuel by ASTM International in forming**  
43 **the department's standards. The department may review other specifications adopted by**  
44 **ASTM International, or equivalent organizations, and federal regulations and revise the**  
45 **standards adopted pursuant to this section as necessary.**

1 (4) The standards adopted **under this section** shall require that *[the]* gasoline blended with  
 2 ethanol:

3 (a) Contains ethanol that is derived from agricultural or woody waste or residue;

4 (b) Contains ethanol denatured as specified in 27 C.F.R. parts 20 and 21;

5 (c) Complies with the volatility requirements specified in 40 C.F.R. part 80;

6 (d) Complies with or is produced from a gasoline base stock that complies with ASTM Interna-  
 7 tional specification D 4814;

8 (e) Is not blended with casinghead gasoline, absorption gasoline, drip gasoline or natural gaso-  
 9 line after the gasoline has been sold, transferred or otherwise removed from a refinery or terminal;  
 10 and

11 (f) Contains ethanol that complies with ASTM International specification D 4806.

12 (5) **Standards adopted under this section must ensure that gasoline that contains more**  
 13 **than 10 percent ethanol, or more than 10 percent other renewable liquid fuel, by volume is**  
 14 **sold or offered for sale in this state for use in motor vehicles in accordance with engine**  
 15 **manufacturer warranties and fuel use recommendations and in a manner that will not cause**  
 16 **engine damage.**

17 *[(4) The department may review specifications adopted by ASTM International, or equivalent or-*  
 18 *ganizations, and federal regulations and revise the standards adopted pursuant to this section as nec-*  
 19 *essary.]*

20 *[(5)]* (6) A retail dealer, nonretail dealer or wholesale dealer may sell or offer for sale gasoline  
 21 that is not blended with ethanol **or other renewable liquid fuel** if the gasoline has an octane rat-  
 22 ing, as defined in ORS 646.945, of 91 or above or if the gasoline is for use in:

23 (a) An aircraft:

24 (A) With a supplemental type certificate approved by the Federal Aviation Administration that  
 25 allows the aircraft to use gasoline that is intended for use in motor vehicles; or

26 (B) Issued a type certificate by an aircraft engine manufacturer that allows the aircraft to use  
 27 gasoline that is intended for use in motor vehicles;

28 (b) An aircraft that has been issued an experimental certificate, described in 14 C.F.R. 21.191,  
 29 by the Federal Aviation Administration and that is required by the manufacturer's specifications to  
 30 use gasoline that is intended for use in motor vehicles;

31 (c) A light-sport aircraft, as defined in 14 C.F.R. 1.1, that is required by the manufacturer's  
 32 specifications to use gasoline that is intended for use in motor vehicles;

33 (d) A vintage aircraft, as defined by the Oregon Department of Aviation by rule, that is required  
 34 by the manufacturer's specifications to use gasoline that is intended for use in motor vehicles;

35 (e) An antique vehicle, as defined in ORS 801.125;

36 (f) A Class I all-terrain vehicle, as defined in ORS 801.190;

37 (g) A Class III all-terrain vehicle, as defined in ORS 801.194;

38 (h) A Class IV all-terrain vehicle, as defined in ORS 801.194 (2);

39 (i) A racing activity vehicle, as defined in ORS 801.404;

40 (j) A snowmobile, as defined in ORS 801.490;

41 (k) Tools, including but not limited to lawn mowers, leaf blowers and chain saws; or

42 (L) A watercraft.

43 **SECTION 8.** ORS 646.922 is amended to read:

44 646.922. (1) **Except as provided in subsection (5) of this section,** a retail dealer, nonretail  
 45 dealer or wholesale dealer may not sell or offer for sale diesel fuel unless the diesel fuel contains:



1 (a) At least five percent biodiesel by volume *[or]*; or

2 (b) **At least five percent** other renewable diesel *[with at least five percent renewable*  
3 *component]* by volume.

4 (2) Diesel fuel that contains more than five percent biodiesel by volume or **more than five**  
5 **percent** other renewable diesel *[with more than five percent renewable component]* by volume must  
6 be labeled as **required by the Federal Trade Commission and the United States Environmental**  
7 **Protection Agency and as provided by** the State Department of Agriculture *[provides]* by rule.

8 [(2)] (3) A retail dealer, nonretail dealer or wholesale dealer *[may sell or offer for sale diesel fuel*  
9 *that]* **does not violate the requirements of subsection (1) or (2) of this section or rules the**  
10 **department has adopted under ORS 646.957 if the dealer sells or offers for sale diesel fuel to**  
11 **which substances have been added to prevent biodiesel or other renewable diesel in the diesel**  
12 **fuel from gelling or congealing if the diesel fuel** otherwise meets the requirements of *[subsection*  
13 *(1)]* **subsections (1) and (2) of this section and rules the department has adopted** *[pursuant to]*  
14 **under ORS 646.957** *[but to which there have been added substances to prevent congealing or gelling*  
15 *of diesel fuel containing biodiesel or other renewable diesel, without violating the requirements of sub-*  
16 *section (1) of this section and rules adopted pursuant to ORS 646.957].* This subsection applies only  
17 to diesel fuel sold or offered for sale during the period from October 1 of any year to February 28  
18 of the following year.

19 [(3)] (4)(a) The department shall adopt **technological feasibility standards and labeling stan-**  
20 **dards** for biodiesel *[or]* **and** other renewable diesel sold in this state. **Labeling standards adopted**  
21 **by the department must comply with labeling standards required by the Federal Trade**  
22 **Commission and the United States Environmental Protection Agency.** The department shall  
23 consult the specifications established for biodiesel *[or]* **and** other renewable diesel by ASTM Inter-  
24 national in forming the department's standards. The department may review **other** specifications  
25 adopted by ASTM International, or equivalent organizations, and revise the **department's** standards  
26 *[adopted pursuant to this subsection]* as necessary.

27 (b) **Standards adopted under this subsection must ensure that diesel fuel that contains**  
28 **more than five percent biodiesel, or more than five percent other renewable diesel, by volume**  
29 **is sold or offered for sale in this state for use in motor vehicles in accordance with engine**  
30 **manufacturer warranties and fuel use recommendations and in a manner that will not cause**  
31 **engine damage.**

32 [(4)] (5) The **requirements for labeling and for** minimum biodiesel *[fuel content and renewable*  
33 *component in]* **and** other renewable diesel *[requirements under subsection (1)]* **content under sub-**  
34 **sections (1) and (2) of this section do not apply to diesel fuel sold or offered for sale:**

35 (a) **In any county east of the summit of the Cascade Mountains during the period from**  
36 **October 1 of any year to February 28 of the following year;**

37 (b) For use *[by]* **in:**

38 (A) Railroad locomotives<sup>[,]</sup>;

39 (B) Marine engines; or

40 (C) **Motor vehicles that are not designed primarily to transport persons or property, that**  
41 **are operated on highways only incidentally and that are used primarily for construction**  
42 **work;** or

43 (c) **For use in** home heating or to facilities that store more than 50 gallons of diesel fuel for  
44 use in emergency power generation.

45 [(5)] (6) All retail dealers, nonretail dealers and wholesale dealers in this state are required to

1 provide, upon the request of the department, a certificate of analysis for biodiesel received.

2 **SECTION 9.** ORS 646.957 is amended to read:

3 646.957. (1) In accordance with any applicable provision of ORS chapter 183, the Director of  
4 Agriculture[, *not later than December 1, 1997,*] shall adopt rules to carry out the provisions of ORS  
5 646.947 to 646.963. Such rules may include, but are not limited to, motor vehicle fuel grade adver-  
6 tising, pump grade labeling, testing procedures, quality standards and identification requirements for  
7 motor vehicle fuels [*and*], **including** ethanol, **other renewable liquid fuel**, biodiesel and other  
8 renewable diesel, as those terms are defined in ORS 646.905. Rules adopted by the director under  
9 this section shall be consistent, to the extent the director considers appropriate, with the most re-  
10 cent standards adopted by ASTM International. As standards of ASTM International are revised, the  
11 director shall revise the rules in a manner consistent with the **ASTM** revisions unless the director  
12 determines that [*those revised rules*] **doing so** will significantly interfere with the director's ability  
13 to carry out the provisions of ORS 646.947 to 646.963. Rules adopted pursuant to this section must  
14 adequately protect confidential business information and trade secrets that the director or the  
15 director's authorized agent may discover when inspecting books, papers and records pursuant to  
16 ORS 646.955.

17 (2) Testing requirements, specifications and frequency of testing for each production lot of  
18 biodiesel[, *biodiesel blend*] or other renewable diesel produced in or brought into this state shall be  
19 defined by the director by rule.

## 20 21 REVENUE MEASURES

22  
23 **SECTION 10.** ORS 319.020, as amended by section 4, chapter 700, Oregon Laws 2015, is  
24 amended to read:

25 319.020. (1) Subject to subsections (2) to (4) of this section, in addition to the taxes otherwise  
26 provided for by law, every dealer engaging in the dealer's own name, or in the name of others, in  
27 the first sale, use or distribution of motor vehicle fuel or aircraft fuel or withdrawal of motor vehicle  
28 fuel or aircraft fuel for sale, use or distribution within areas in this state within which the state  
29 lacks the power to tax the sale, use or distribution of motor vehicle fuel or aircraft fuel, shall:

30 (a) Not later than the 25th day of each calendar month, render a statement to the Department  
31 of Transportation of all motor vehicle fuel or aircraft fuel sold, used, distributed or so withdrawn  
32 by the dealer in the State of Oregon as well as all such fuel sold, used or distributed in this state  
33 by a purchaser thereof upon which sale, use or distribution the dealer has assumed liability for the  
34 applicable license tax during the preceding calendar month. The dealer shall render the statement  
35 to the department in the manner provided by the department by rule.

36 (b) Except as provided in ORS 319.270, pay a license tax [*computed on the basis of 30 cents per*  
37 *gallon*] on the first sale, use or distribution of such motor vehicle fuel or aircraft fuel so sold, used,  
38 distributed or withdrawn as shown by such statement in the manner and within the time provided  
39 in ORS 319.010 to 319.430. **The license tax shall be computed on the basis of:**

40 **(A) 32 cents per gallon; or**

41 **(B) 34 cents per gallon within a metropolitan service district established under ORS**  
42 **chapter 268 that includes a city with a population of 600,000 or more.**

43 (2) When aircraft fuel is sold, used or distributed by a dealer, the license tax shall be computed  
44 on the basis of [*nine*] **11** cents per gallon of fuel so sold, used or distributed, except that when air-  
45 craft fuel usable in aircraft operated by turbine engines (turbo-prop or jet) is sold, used or distrib-

1 uted, the tax rate shall be *[one cent]* **three cents** per gallon.

2 (3) In lieu of claiming refund of the tax paid on motor vehicle fuel consumed by such dealer in  
 3 nonhighway use as provided in ORS 319.280, 319.290 and 319.320, or of any prior erroneous payment  
 4 of license tax made to the state by such dealer, the dealer may show such motor vehicle fuel as a  
 5 credit or deduction on the monthly statement and payment of tax.

6 (4) The license tax computed on the basis of the sale, use, distribution or withdrawal of motor  
 7 vehicle or aircraft fuel may not be imposed wherever such tax is prohibited by the Constitution or  
 8 laws of the United States with respect to such tax.

9 **SECTION 11.** ORS 319.020, as amended by section 4, chapter 700, Oregon Laws 2015, and sec-  
 10 tion 10 of this 2016 Act, is amended to read:

11 319.020. (1) Subject to subsections (2) to (4) of this section, in addition to the taxes otherwise  
 12 provided for by law, every dealer engaging in the dealer's own name, or in the name of others, in  
 13 the first sale, use or distribution of motor vehicle fuel or aircraft fuel or withdrawal of motor vehicle  
 14 fuel or aircraft fuel for sale, use or distribution within areas in this state within which the state  
 15 lacks the power to tax the sale, use or distribution of motor vehicle fuel or aircraft fuel, shall:

16 (a) Not later than the 25th day of each calendar month, render a statement to the Department  
 17 of Transportation of all motor vehicle fuel or aircraft fuel sold, used, distributed or so withdrawn  
 18 by the dealer in the State of Oregon as well as all such fuel sold, used or distributed in this state  
 19 by a purchaser thereof upon which sale, use or distribution the dealer has assumed liability for the  
 20 applicable license tax during the preceding calendar month. The dealer shall render the statement  
 21 to the department in the manner provided by the department by rule.

22 (b) Except as provided in ORS 319.270, pay a license tax on the first sale, use or distribution  
 23 of such motor vehicle fuel or aircraft fuel so sold, used, distributed or withdrawn as shown by such  
 24 statement in the manner and within the time provided in ORS 319.010 to 319.430. The license tax  
 25 shall be computed on the basis of:

26 (A) ~~[32]~~ **34** cents per gallon; or

27 (B) ~~[34]~~ **36** cents per gallon within a metropolitan service district established under ORS chapter  
 28 268 that includes a city with a population of 600,000 or more.

29 (2) When aircraft fuel is sold, used or distributed by a dealer, the license tax shall be computed  
 30 on the basis of 11 cents per gallon of fuel so sold, used or distributed, except that when aircraft fuel  
 31 usable in aircraft operated by turbine engines (turbo-prop or jet) is sold, used or distributed, the tax  
 32 rate shall be three cents per gallon.

33 (3) In lieu of claiming refund of the tax paid on motor vehicle fuel consumed by such dealer in  
 34 nonhighway use as provided in ORS 319.280, 319.290 and 319.320, or of any prior erroneous payment  
 35 of license tax made to the state by such dealer, the dealer may show such motor vehicle fuel as a  
 36 credit or deduction on the monthly statement and payment of tax.

37 (4) The license tax computed on the basis of the sale, use, distribution or withdrawal of motor  
 38 vehicle or aircraft fuel may not be imposed wherever such tax is prohibited by the Constitution or  
 39 laws of the United States with respect to such tax.

40 **SECTION 12.** ORS 319.020, as amended by section 4, chapter 700, Oregon Laws 2015, and  
 41 sections 10 and 11 of this 2016 Act, is amended to read:

42 319.020. (1) Subject to subsections (2) to (4) of this section, in addition to the taxes otherwise  
 43 provided for by law, every dealer engaging in the dealer's own name, or in the name of others, in  
 44 the first sale, use or distribution of motor vehicle fuel or aircraft fuel or withdrawal of motor vehicle  
 45 fuel or aircraft fuel for sale, use or distribution within areas in this state within which the state

1 lacks the power to tax the sale, use or distribution of motor vehicle fuel or aircraft fuel, shall:

2 (a) Not later than the 25th day of each calendar month, render a statement to the Department  
3 of Transportation of all motor vehicle fuel or aircraft fuel sold, used, distributed or so withdrawn  
4 by the dealer in the State of Oregon as well as all such fuel sold, used or distributed in this state  
5 by a purchaser thereof upon which sale, use or distribution the dealer has assumed liability for the  
6 applicable license tax during the preceding calendar month. The dealer shall render the statement  
7 to the department in the manner provided by the department by rule.

8 (b) Except as provided in ORS 319.270, pay a license tax on the first sale, use or distribution  
9 of such motor vehicle fuel or aircraft fuel so sold, used, distributed or withdrawn as shown by such  
10 statement in the manner and within the time provided in ORS 319.010 to 319.430. The license tax  
11 shall be computed on the basis of:

12 (A) 34 cents per gallon; or

13 (B) 36 cents per gallon within a metropolitan service district established under ORS chapter 268  
14 that includes a city with a population of 600,000 or more.

15 (2) When aircraft fuel is sold, used or distributed by a dealer, the license tax shall be computed  
16 on the basis of *[11]* **nine** cents per gallon of fuel so sold, used or distributed, except that when air-  
17 craft fuel usable in aircraft operated by turbine engines (turbo-prop or jet) is sold, used or distrib-  
18 uted, the tax rate shall be *[three cents]* **one cent** per gallon.

19 (3) In lieu of claiming refund of the tax paid on motor vehicle fuel consumed by such dealer in  
20 nonhighway use as provided in ORS 319.280, 319.290 and 319.320, or of any prior erroneous payment  
21 of license tax made to the state by such dealer, the dealer may show such motor vehicle fuel as a  
22 credit or deduction on the monthly statement and payment of tax.

23 (4) The license tax computed on the basis of the sale, use, distribution or withdrawal of motor  
24 vehicle or aircraft fuel may not be imposed wherever such tax is prohibited by the Constitution or  
25 laws of the United States with respect to such tax.

26 **SECTION 13.** Section 3, chapter 700, Oregon Laws 2015, is amended to read:

27 **Sec. 3.** *[(1)]* The amendments to ORS 319.020 by section 1 *[of this 2015 Act]*, **chapter 700,**  
28 **Oregon Laws 2015,** apply to aircraft fuel sold, used or distributed on or after January 1, 2016, and  
29 before January 1, *[2022]* **2017.**

30 *[(2)]* *The amendments to ORS 319.330 by section 2 of this 2015 Act apply to fuel purchased and*  
31 *used in operating aircraft engines on or after January 1, 2016, and before January 1, 2022.]*

32 **SECTION 14.** Section 6, chapter 700, Oregon Laws 2015, is amended to read:

33 **Sec. 6.** *[(1)]* *The amendments to ORS 319.020 by section 4 of this 2015 Act apply to aircraft fuel*  
34 *sold, used or distributed on or after January 1, 2022.]*

35 **(1)(a) The amendments to ORS 319.020 by section 4, chapter 700, Oregon Laws 2015, and**  
36 **section 10 of this 2016 Act apply to fuel sold, used or distributed on or after January 1, 2017,**  
37 **and before January 1, 2018.**

38 **(b) The amendments to ORS 319.020 by section 11 of this 2016 Act apply to fuel sold, used**  
39 **or distributed on or after January 1, 2018, and before January 1, 2022.**

40 **(c) The amendments to ORS 319.020 by section 12 of this 2016 Act apply to aircraft fuel**  
41 **sold, used or distributed on or after January 1, 2022.**

42 **(2)(a) The amendments to ORS 319.330 by section 2, chapter 700, Oregon Laws 2015, apply**  
43 **to fuel purchased and used in operating aircraft engines on or after January 1, 2016, and**  
44 **before January 1, 2022.**

45 *[(2)]* **(b) The amendments to ORS 319.330 by section 5 *[of this 2015 Act]*, chapter 700, Oregon**

1 **Laws 2015**, apply to fuel purchased and used in operating aircraft engines on or after January 1,  
2 2022.

3 **SECTION 15.** ORS 319.530, as amended by section 3, chapter 648, Oregon Laws 2013, is  
4 amended to read:

5 319.530. (1)(a) To compensate this state partially for the use of its highways, an excise tax  
6 hereby is imposed [*at the rate of 30 cents per gallon*] on the use of fuel in a motor vehicle **at the**  
7 **rate of:**

8 **(A) 32 cents per gallon; or**

9 **(B) 34 cents per gallon within a metropolitan service district established under ORS**  
10 **chapter 268 that includes a city with a population of 600,000 or more.**

11 **(b)(A) Except as provided in subparagraph (B) of this paragraph, the excise tax imposed**  
12 **under this subsection does not apply to diesel fuel blended with a minimum of 20 percent**  
13 **biodiesel that is derived from used cooking oil.**

14 **(B) The exemption provided under subparagraph (A) of this paragraph does not apply to**  
15 **fuel:**

16 **(i) Used in motor vehicles that have a gross vehicle weight rating of 26,001 pounds or**  
17 **more;**

18 **(ii) That is not sold in retail operations; or**

19 **(iii) That is sold in operations involving fleet fueling or bulk sales.**

20 (2) Except as otherwise provided in subsections (3) and (4) of this section, 100 cubic feet of fuel  
21 used or sold in a gaseous state, measured at 14.73 pounds per square inch of pressure at 60 degrees  
22 Fahrenheit, is taxable at the same rate as a gallon of liquid fuel.

23 (3) One hundred twenty cubic feet of compressed natural gas used or sold in a gaseous state,  
24 measured at 14.73 pounds per square inch of pressure at 60 degrees Fahrenheit, is taxable at the  
25 same rate as a gallon of liquid fuel.

26 (4) One and three-tenths liquid gallons of propane at 60 degrees Fahrenheit is taxable at the  
27 same rate as a gallon of other liquid fuel.

28 **SECTION 16.** ORS 319.530, as amended by section 3, chapter 648, Oregon Laws 2013, and sec-  
29 tion 15 of this 2016 Act, is amended to read:

30 319.530. (1)(a) To compensate this state partially for the use of its highways, an excise tax  
31 hereby is imposed on the use of fuel in a motor vehicle at the rate of:

32 (A) [32] **34** cents per gallon; or

33 (B) [34] **36** cents per gallon within a metropolitan service district established under ORS chapter  
34 268 that includes a city with a population of 600,000 or more.

35 (b)(A) Except as provided in subparagraph (B) of this paragraph, the excise tax imposed under  
36 this subsection does not apply to diesel fuel blended with a minimum of 20 percent biodiesel that is  
37 derived from used cooking oil.

38 (B) The exemption provided under subparagraph (A) of this paragraph does not apply to fuel:

39 (i) Used in motor vehicles that have a gross vehicle weight rating of 26,001 pounds or more;

40 (ii) That is not sold in retail operations; or

41 (iii) That is sold in operations involving fleet fueling or bulk sales.

42 (2) Except as otherwise provided in subsections (3) and (4) of this section, 100 cubic feet of fuel  
43 used or sold in a gaseous state, measured at 14.73 pounds per square inch of pressure at 60 degrees  
44 Fahrenheit, is taxable at the same rate as a gallon of liquid fuel.

45 (3) One hundred twenty cubic feet of compressed natural gas used or sold in a gaseous state,

1 measured at 14.73 pounds per square inch of pressure at 60 degrees Fahrenheit, is taxable at the  
 2 same rate as a gallon of liquid fuel.

3 (4) One and three-tenths liquid gallons of propane at 60 degrees Fahrenheit is taxable at the  
 4 same rate as a gallon of other liquid fuel.

5 **SECTION 17.** ORS 319.530, as amended by section 3, chapter 648, Oregon Laws 2013, and  
 6 sections 15 and 16 of this 2016 Act, is amended to read:

7 319.530. *[(1)(a)]* (1) To compensate this state partially for the use of its highways, an excise tax  
 8 hereby is imposed on the use of fuel in a motor vehicle at the rate of:

9 [(A)] (a) 34 cents per gallon; or

10 [(B)] (b) 36 cents per gallon within a metropolitan service district established under ORS chap-  
 11 ter 268 that includes a city with a population of 600,000 or more.

12 *[(b)(A) Except as provided in subparagraph (B) of this paragraph, the excise tax imposed under  
 13 this subsection does not apply to diesel fuel blended with a minimum of 20 percent biodiesel that is  
 14 derived from used cooking oil.]*

15 *[(B) The exemption provided under subparagraph (A) of this paragraph does not apply to fuel:]*

16 *[(i) Used in motor vehicles that have a gross vehicle weight rating of 26,001 pounds or more;]*

17 *[(ii) That is not sold in retail operations; or]*

18 *[(iii) That is sold in operations involving fleet fueling or bulk sales.]*

19 (2) Except as otherwise provided in subsections (3) and (4) of this section, 100 cubic feet of fuel  
 20 used or sold in a gaseous state, measured at 14.73 pounds per square inch of pressure at 60 degrees  
 21 Fahrenheit, is taxable at the same rate as a gallon of liquid fuel.

22 (3) One hundred twenty cubic feet of compressed natural gas used or sold in a gaseous state,  
 23 measured at 14.73 pounds per square inch of pressure at 60 degrees Fahrenheit, is taxable at the  
 24 same rate as a gallon of liquid fuel.

25 (4) One and three-tenths liquid gallons of propane at 60 degrees Fahrenheit is taxable at the  
 26 same rate as a gallon of other liquid fuel.

27 **SECTION 18.** Section 4, chapter 648, Oregon Laws 2013, is amended to read:

28 **Sec. 4.** *[The amendments to ORS 319.530 by section 3 of this 2013 Act apply to fuel sold on or  
 29 after January 1, 2020.]*

30 (1) **The amendments to ORS 319.530 by section 3, chapter 648, Oregon Laws 2013, and  
 31 section 15 of this 2016 Act apply to fuel sold on or after January 1, 2017, and before January  
 32 1, 2018.**

33 (2) **The amendments to ORS 319.530 by section 16 of this 2016 Act apply to fuel sold on  
 34 or after January 1, 2018, and before January 1, 2020.**

35 (3) **The amendments to ORS 319.530 by section 17 of this 2016 Act apply to fuel sold on  
 36 or after January 1, 2020.**

37 **SECTION 19.** Section 20 of this 2016 Act is added to and made a part of the Oregon Ve-  
 38 hicle Code.

39 **SECTION 20.** In addition to the fee for issuance of a certificate of title specified in ORS  
 40 803.090, a person shall pay a fee of \$125 for issuance of a certificate of title if the Department  
 41 of Transportation issues a title for a new motor vehicle that has not been titled in this state  
 42 or any other jurisdiction.

43 **SECTION 21.** ORS 803.420 is amended to read:

44 803.420. This section establishes registration fees for vehicles. If there is uncertainty as to the  
 45 classification of a vehicle for purposes of the payment of registration fees under the vehicle code,

1 the Department of Transportation may classify the vehicle to [*assure*] **ensure** that registration fees  
 2 for the vehicle are the same as for vehicles the department determines to be comparable. The reg-  
 3 istration fees for the vehicle shall be those based on the classification determined by the department.  
 4 Except as otherwise provided in this section, or unless the vehicle is registered quarterly, the fees  
 5 described in this section are for an entire registration period for the vehicle as described under ORS  
 6 803.415. The department shall apportion any fee under this section to reflect the number of quarters  
 7 registered for a vehicle registered for a quarterly registration period under ORS 803.415. The fees  
 8 are payable when a vehicle is registered and upon renewal of registration. Except as provided in  
 9 ORS 801.041 (3) and 801.042 (7), the fee shall be increased by any amount established by the gov-  
 10 erning body of a county or by the governing body of a district, as defined in ORS 801.237, under  
 11 ORS 801.041 or 801.042 as an additional registration fee for the vehicle. The fees for registration  
 12 of vehicles are as follows:

13 (1)(a) Vehicles not otherwise provided for in this section or ORS 821.320, [~~\$43~~] **\$55** for each year  
 14 of the registration period.

15 **(b) Notwithstanding paragraph (a) of this subsection, vehicles described in paragraph (a)**  
 16 **of this subsection that have a rating of 45 miles per gallon or more, as determined pursuant**  
 17 **to a method established by the department:**

18 **(A) \$143 for each year of the registration period; or**

19 **(B) At the election of the person registering the vehicle, the per-mile road usage charge**  
 20 **imposed under ORS 319.885 during the registration period.**

21 (2) Mopeds, [~~\$24~~] **\$30** for each year of the registration period.

22 (3) Motorcycles, [~~\$24~~] **\$30** for each year of the registration period.

23 (4) Government-owned vehicles registered under ORS 805.040, \$3.50.

24 (5) State-owned vehicles registered under ORS 805.045, \$3.50 on registration or renewal.

25 (6) Undercover vehicles registered under ORS 805.060, \$3.50 on registration or renewal.

26 (7) Antique vehicles registered under ORS 805.010, \$54.

27 (8) Vehicles of special interest registered under ORS 805.020, \$81.

28 (9) Electric vehicles [*and hybrid vehicles that use electricity and another source of motive*  
 29 *power*], as follows:

30 (a) The registration fee for an electric [*or hybrid*] vehicle not otherwise described in this sub-  
 31 section is [~~\$43~~] **\$200** for each year of the registration period **or, at the election of the person**  
 32 **registering the vehicle, the per-mile road usage charge imposed under ORS 319.885 during the**  
 33 **registration period.**

34 (b) The registration fee for electric [*or hybrid*] vehicles that have two or three wheels is [~~\$43~~]  
 35 **\$200 for each year of the registration period or, at the election of the person registering the**  
 36 **vehicle, the per-mile road usage charge imposed under ORS 319.885 during the registration**  
 37 **period.** This paragraph does not apply to electric [*or hybrid*] mopeds. Electric [*or hybrid*] mopeds  
 38 are subject to the same registration fee as otherwise provided for mopeds under this section.

39 (c) [*The registration fees for the following electric or hybrid vehicles are the same as for*] **The**  
 40 **registration fee for the following electric vehicles shall be the same registration fee for each**  
 41 **year of the registration period as for comparable nonelectric vehicles described in this section**  
 42 **plus 50 percent of [*such*] the fee or, at the election of the person registering the vehicle, the**  
 43 **per-mile road usage charge imposed under ORS 319.885 during the registration period:**

44 (A) Motor homes.

45 (B) Commercial buses.

1 (C) Vehicles registered as farm vehicles under ORS 805.300.

2 (D) Vehicles required to establish registration weight under ORS 803.430 or 826.013.

3 (10) Motor vehicles required to establish a registration weight under ORS 803.430 or 826.013,  
 4 tow vehicles used to transport property for hire other than as described in ORS 822.210, and com-  
 5 mercial buses, as provided in the following chart, based upon the weight submitted in the declara-  
 6 tion of weight prepared under ORS 803.435 or 826.015:

7

8

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9	Weight in Pounds	Fee
10	8,000 or less	\$ 55
11	8,001 to 10,000	344
12	10,001 to 12,000	391
13	12,001 to 14,000	438
14	14,001 to 16,000	485
15	16,001 to 18,000	532
16	18,001 to 20,000	593
17	20,001 to 22,000	640
18	22,001 to 24,000	703
19	24,001 to 26,000	764
20	26,001 to 28,000	375
21	28,001 to 30,000	391
22	30,001 to 32,000	422
23	32,001 to 34,000	438
24	34,001 to 36,000	468
25	36,001 to 38,000	485
26	38,001 to 40,000	515
27	40,001 to 42,000	532
28	42,001 to 44,000	562
29	44,001 to 46,000	578
30	46,001 to 48,000	593
31	48,001 to 50,000	625
32	50,001 to 52,000	656
33	52,001 to 54,000	672
34	54,001 to 56,000	686
35	56,001 to 58,000	717
36	58,001 to 60,000	750
37	60,001 to 62,000	780
38	62,001 to 64,000	811
39	64,001 to 66,000	827
40	66,001 to 68,000	857
41	68,001 to 70,000	874
42	70,001 to 72,000	904
43	72,001 to 74,000	921
44	74,001 to 76,000	951
45	76,001 to 78,000	967



1	78,001	to	80,000	998
2	80,001	to	82,000	1,014
3	82,001	to	84,000	1,045
4	84,001	to	86,000	1,061
5	86,001	to	88,000	1,092
6	88,001	to	90,000	1,108
7	90,001	to	92,000	1,139
8	92,001	to	94,000	1,155
9	94,001	to	96,000	1,185
10	96,001	to	98,000	1,202
11	98,001	to	100,000	1,218
12	100,001	to	102,000	1,249
13	102,001	to	104,000	1,265
14	104,001	to	105,500	1,295

15

16

17 (11)(a) Motor vehicles with a registration weight of more than 8,000 pounds that are described  
 18 in ORS 825.015, that are operated by a charitable organization as defined in ORS 825.017 (13), as  
 19 provided in the following chart:

20

21

22	Weight in Pounds		Fee
23	8,001	to 10,000	\$ 50
24	10,001	to 12,000	60
25	12,001	to 14,000	65
26	14,001	to 16,000	75
27	16,001	to 18,000	80
28	18,001	to 20,000	90
29	20,001	to 22,000	95
30	22,001	to 24,000	105
31	24,001	to 26,000	110
32	26,001	to 28,000	120
33	28,001	to 30,000	125
34	30,001	to 32,000	135
35	32,001	to 34,000	140
36	34,001	to 36,000	150
37	36,001	to 38,000	155
38	38,001	to 40,000	165
39	40,001	to 42,000	170
40	42,001	to 44,000	180
41	44,001	to 46,000	185
42	46,001	to 48,000	190
43	48,001	to 50,000	200
44	50,001	to 52,000	210
45	52,001	to 54,000	215

1	54,001	to	56,000	220
2	56,001	to	58,000	230
3	58,001	to	60,000	240
4	60,001	to	62,000	250
5	62,001	to	64,000	260
6	64,001	to	66,000	265
7	66,001	to	68,000	275
8	68,001	to	70,000	280
9	70,001	to	72,000	290
10	72,001	to	74,000	295
11	74,001	to	76,000	305
12	76,001	to	78,000	310
13	78,001	to	80,000	320
14	80,001	to	82,000	325
15	82,001	to	84,000	335
16	84,001	to	86,000	340
17	86,001	to	88,000	350
18	88,001	to	90,000	355
19	90,001	to	92,000	365
20	92,001	to	94,000	370
21	94,001	to	96,000	380
22	96,001	to	98,000	385
23	98,001	to	100,000	390
24	100,001	to	102,000	400
25	102,001	to	104,000	405
26	104,001	to	105,500	415

27

28

29 (b) Motor vehicles with a registration weight of more than 8,000 pounds that are certified under  
 30 ORS 822.205, unless the motor vehicle is registered under subsection (10) of this section or that are  
 31 used exclusively to transport manufactured structures, as provided in the following chart:

32

33

34	Weight in Pounds		Fee
35	8,001	to 10,000	\$ 102
36	10,001	to 12,000	122
37	12,001	to 14,000	132
38	14,001	to 16,000	153
39	16,001	to 18,000	163
40	18,001	to 20,000	183
41	20,001	to 22,000	193
42	22,001	to 24,000	214
43	24,001	to 26,000	224
44	26,001	to 28,000	244
45	28,001	to 30,000	255

1	30,001	to	32,000	275
2	32,001	to	34,000	285
3	34,001	to	36,000	306
4	36,001	to	38,000	316
5	38,001	to	40,000	336
6	40,001	to	42,000	346
7	42,001	to	44,000	367
8	44,001	to	46,000	377
9	46,001	to	48,000	387
10	48,001	to	50,000	407
11	50,001	to	52,000	428
12	52,001	to	54,000	438
13	54,001	to	56,000	448
14	56,001	to	58,000	468
15	58,001	to	60,000	489
16	60,001	to	62,000	509
17	62,001	to	64,000	530
18	64,001	to	66,000	540
19	66,001	to	68,000	560
20	68,001	to	70,000	570
21	70,001	to	72,000	591
22	72,001	to	74,000	601
23	74,001	to	76,000	621
24	76,001	to	78,000	631
25	78,001	to	80,000	652
26	80,001	to	82,000	662
27	82,001	to	84,000	682
28	84,001	to	86,000	692
29	86,001	to	88,000	713
30	88,001	to	90,000	723
31	90,001	to	92,000	743
32	92,001	to	94,000	754
33	94,001	to	96,000	774
34	96,001	to	98,000	784
35	98,001	to	100,000	794
36	100,001	to	102,000	815
37	102,001	to	104,000	825
38	104,001	to	105,500	845

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41 (c) The owner of a vehicle described in paragraphs (a) and (b) of this subsection must certify  
 42 at the time of initial registration, in a manner determined by the department by rule, that the motor  
 43 vehicle will be used exclusively to transport manufactured structures or exclusively as described in  
 44 ORS 822.210, unless the motor vehicle is registered under subsection (10) of this section, or as de-  
 45 scribed in ORS 825.015 or 825.017 (13). Registration of a vehicle described in paragraphs (a) and (b)

1 of this subsection is invalid if the vehicle is operated in any manner other than that described in  
 2 the certification under this paragraph.

3 (12) Trailers registered under permanent registration, \$10.

4 (13) Fixed load vehicles as follows:

5 (a) If a declaration of weight described under ORS 803.435 is submitted establishing the weight  
 6 of the vehicle at 3,000 pounds or less, \$54.

7 (b) If no declaration of weight is submitted or if the weight of the vehicle is in excess of 3,000  
 8 pounds, \$75.

9 (14) Trailers for hire that are equipped with pneumatic tires made of an elastic material and that  
 10 are not travel trailers or trailers registered under permanent registration, \$27.

11 (15) Trailers registered as part of a fleet under an agreement reached pursuant to ORS 802.500,  
 12 the same as the fee for vehicles of the same type registered under other provisions of the Oregon  
 13 Vehicle Code.

14 (16) Travel trailers, campers and motor homes as follows, based on length as determined under  
 15 ORS 803.425:

16 (a) For travel trailers or campers that are 6 to 10 feet in length, \$81.

17 (b) For travel trailers or campers over 10 feet in length, \$81 plus \$6.75 a foot for each foot of  
 18 length over the first 10 feet.

19 (c) For motor homes that are 6 to 14 feet in length, \$54.

20 (d) For motor homes over 14 feet in length, \$126 plus \$7.50 a foot for each foot of length over  
 21 the first 10 feet.

22 (17) Special use trailers as follows, based on length as determined under ORS 803.425:

23 (a) For lengths 6 to 10 feet, \$54.

24 (b) For special use trailers over 10 feet in length, \$54 plus \$3 a foot for each foot of length over  
 25 the first 10 feet.

26 (18) Fees for vehicles with proportional registration under ORS 826.009, or proportioned fleet  
 27 registration under ORS 826.011, are as provided for vehicles of the same type under this section  
 28 except that the fees shall be fixed on an apportioned basis as provided under the agreement estab-  
 29 lished under ORS 826.007.

30 (19) For any vehicle that is registered under a quarterly registration period, a minimum of \$15  
 31 for each quarter registered plus an additional fee of \$1.

32 (20) In addition to any other fees charged for registration of vehicles in fleets under ORS  
 33 805.120, the department may charge the following fees:

34 (a) A \$2 service charge for each vehicle entered into a fleet.

35 (b) A \$1 service charge for each vehicle in the fleet at the time of renewal.

36 (21) The registration fee for vehicles with special registration for disabled veterans under ORS  
 37 805.100 is a fee of \$15.

38 (22) Subject to subsection (19) of this section, the registration fee for motor vehicles registered  
 39 as farm vehicles under ORS 805.300 is as follows based upon the registration weight given in the  
 40 declaration of weight submitted under ORS 803.435:

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Weight in Pounds	Fee
8,000 or less	\$ 35
8,001 to 10,000	46

1	10,001	to	12,000	53
2	12,001	to	14,000	68
3	14,001	to	16,000	76
4	16,001	to	18,000	91
5	18,001	to	20,000	99
6	20,001	to	22,000	114
7	22,001	to	24,000	121
8	24,001	to	26,000	137
9	26,001	to	28,000	144
10	28,001	to	30,000	159
11	30,001	to	32,000	167
12	32,001	to	34,000	182
13	34,001	to	36,000	190
14	36,001	to	38,000	205
15	38,001	to	40,000	213
16	40,001	to	42,000	228
17	42,001	to	44,000	235
18	44,001	to	46,000	251
19	46,001	to	48,000	258
20	48,001	to	50,000	273
21	50,001	to	52,000	281
22	52,001	to	54,000	288
23	54,001	to	56,000	304
24	56,001	to	58,000	319
25	58,001	to	60,000	326
26	60,001	to	62,000	334
27	62,001	to	64,000	349
28	64,001	to	66,000	364
29	66,001	to	68,000	372
30	68,001	to	70,000	380
31	70,001	to	72,000	395
32	72,001	to	74,000	402
33	74,001	to	76,000	418
34	76,001	to	78,000	425
35	78,001	to	80,000	440
36	80,001	to	82,000	448
37	82,001	to	84,000	463
38	84,001	to	86,000	471
39	86,001	to	88,000	486
40	88,001	to	90,000	493
41	90,001	to	92,000	509
42	92,001	to	94,000	516
43	94,001	to	96,000	531
44	96,001	to	98,000	539
45	98,001	to	100,000	554

1	100,001	to	102,000	562
2	102,001	to	104,000	577
3	104,001	to	105,500	585

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(23) The registration fee for school vehicles registered under ORS 805.050 is \$7.50.

(24) The registration fee for a low-speed vehicle is [~~\$43~~] **\$55**, for each year of the registration period.

(25) A rental or leasing company, as defined in ORS 221.275, that elects to initially register a vehicle for an annual or biennial registration period shall pay a fee of \$1 in addition to the vehicle registration fee provided under this section.

(26) Racing activity vehicles registered under ORS 805.035, \$81.

(27) Medium-speed electric vehicles, [~~\$43~~] **\$200** for each year of the registration period **or, at the election of the person registering the vehicle, the per-mile road usage charge imposed under ORS 319.885 during the registration period.**

**SECTION 22.** ORS 319.890 is amended to read:

319.890. (1) A person wishing to pay the per-mile road usage charge imposed under ORS 319.885 must apply to the Department of Transportation on a form prescribed by the department.

(2) The department shall approve a valid and complete application submitted under this section if:

(a) The applicant is the registered owner or lessee of a motor vehicle;

(b) The motor vehicle is equipped with a method selected pursuant to ORS 319.900 for collecting and reporting the metered use by the motor vehicle of the highways in Oregon;

(c) The motor vehicle has a gross vehicle weight rating of 10,000 pounds or less; and

(d) **Except as provided in subsection (5)(a) of this section,** approval does not cause the number of subject vehicles active in the road usage charge program on the date of approval to exceed 5,000, of which no more than 1,500 may have a rating of less than 17 miles per gallon and no more than 1,500 may have a rating of at least 17 miles per gallon and less than 22 miles per gallon, such ratings to be determined pursuant to a method established by the department.

(3) Approval of an application under this section subjects the applicant to the requirements of ORS 319.920 until the person ends the person's voluntary participation in the road usage charge program in the manner required under subsection (4) of this section.

(4) **Except as provided in subsection (5)(b) of this section,** a person may end the person's voluntary participation in the road usage charge program at any time by notifying the department, returning any emblem issued under ORS 319.945 to the department and paying any outstanding amount of road usage charge for metered use by the person's subject vehicle.

**(5) The following apply to a person that wishes to pay the per-mile road usage charge in lieu of a vehicle registration fee as authorized under ORS 803.420:**

**(a) The maximum number of subject vehicles active in the road usage charge program under subsection (2)(d) of this section does not apply.**

**(b) If the person ends the person's voluntary participation in the road usage charge program before the end of the registration period for the vehicle and the person elected to participate in the road usage charge program in lieu of paying the vehicle registration fee otherwise required under ORS 803.420, in addition to paying any outstanding amount described in subsection (4) of this section, the person shall pay the full amount of the regis-**

1 **tration fee otherwise required under ORS 803.420.**

2 **SECTION 23.** ORS 319.883 is amended to read:

3 319.883. As used in ORS 319.883 to 319.945:

4 (1) "Highway" has the meaning given that term in ORS 801.305.

5 (2) "Lessee" means a person that leases a motor vehicle that is required to be registered in  
6 Oregon.

7 (3)(a) "Motor vehicle" has the meaning given that term in ORS 801.360.

8 (b) "Motor vehicle" does not mean a motor vehicle designed to travel with fewer than four  
9 wheels in contact with the ground **other than a motor vehicle registered under ORS 803.420**  
10 **(9)(b).**

11 (4) "Registered owner" means a person, other than a vehicle dealer that holds a certificate is-  
12 sued under ORS 822.020, that is required to register a motor vehicle in Oregon.

13 (5) "Subject vehicle" means a motor vehicle that is the subject of an application approved pur-  
14 suant to ORS 319.890 **or for which an election is made under ORS 803.420 to pay the per-mile**  
15 **road usage charge.**

16 **SECTION 24.** ORS 818.225 is amended to read:

17 818.225. (1)(a) In addition to any fee for a single-trip nondivisible load permit, a person who is  
18 issued the permit or who operates a vehicle in a manner that requires the permit is liable for pay-  
19 ment of a road use assessment fee of [*seven and one-tenths cents*] \_\_\_\_\_ per equivalent single-axle  
20 load mile traveled. As used in this subsection, "equivalent single-axle load" means the relationship  
21 between actual or requested weight and an 18,000 pound single-axle load as determined by the  
22 American Association of State Highway and Transportation Officials Road Tests reported at the  
23 Proceedings Conference of 1962. The Department of Transportation may adopt rules to standardize  
24 the determination of equivalent single-axle load computation based on average highway conditions.

25 (b) If the road use assessment fee is not collected at the time of issuance of the permit, the de-  
26 partment shall bill the permittee for the amount due. The account shall be considered delinquent if  
27 not paid within 60 days of billing.

28 (c) The miles of travel authorized by a single-trip nondivisible load permit shall be exempt from  
29 taxation under ORS chapter 825.

30 (2) The department by rule may establish procedures for payment, collection and enforcement  
31 of the fees and assessments established by this chapter.

32 **SECTION 25.** ORS 825.476 is amended to read:

33 825.476.

34  
35  
36 MILEAGE TAX RATE TABLE "A"

37 Declared Combined	Fee Rates
38 Weight Groups	Per Mile
39 (Pounds)	(Mills)
40 26,001 to 28,000	[49.8] _____
41 28,001 to 30,000	[52.8] _____
42 30,001 to 32,000	[55.2] _____
43 32,001 to 34,000	[57.6] _____
44 34,001 to 36,000	[59.9] _____
45 36,001 to 38,000	[63.0] _____

1	38,001 to 40,000	[65.4] _____
2	40,001 to 42,000	[67.7] _____
3	42,001 to 44,000	[70.2] _____
4	44,001 to 46,000	[72.6] _____
5	46,001 to 48,000	[74.9] _____
6	48,001 to 50,000	[77.4] _____
7	50,001 to 52,000	[80.3] _____
8	52,001 to 54,000	[83.3] _____
9	54,001 to 56,000	[86.4] _____
10	56,001 to 58,000	[90.0] _____
11	58,001 to 60,000	[94.1] _____
12	60,001 to 62,000	[99.0] _____
13	62,001 to 64,000	[104.5] _____
14	64,001 to 66,000	[110.4] _____
15	66,001 to 68,000	[118.3] _____
16	68,001 to 70,000	[126.6] _____
17	70,001 to 72,000	[135.0] _____
18	72,001 to 74,000	[142.7] _____
19	74,001 to 76,000	[150.0] _____
20	76,001 to 78,000	[157.2] _____
21	78,001 to 80,000	[163.8] _____

22

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24

AXLE-WEIGHT MILEAGE

TAX RATE TABLE "B"

26 Declared Combined 27 Weight Groups 28 (Pounds)	29 Number of Axles				
	30 5	31 6	32 7	33 8	34 9 or 35 more
36 80,001 to 82,000	37 [169.2]	38 154.8	39 144.7	40 137.4	41 129.6]
42 82,001 to 84,000	43 [174.7]	44 157.2	45 147.0	46 139.2	47 131.3]
48 84,001 to 86,000	49 [179.9]	50 160.9	51 149.4	52 140.9	53 133.2]
54 86,001 to 88,000	55 [186.0]	56 164.3	57 151.8	58 143.4	59 135.0]
60 88,001 to 90,000	61 [193.2]	62 168.6	63 154.3	64 145.8	65 137.4]
66 90,001 to 92,000	67 [201.6]	68 173.4	69 156.5	70 148.2	71 139.8]
72 92,001 to 94,000	73 [210.7]	74 178.2	75 159.0	76 150.5	77 141.7]
78 94,001 to 96,000	79 [220.2]	80 183.6	81 162.0	82 153.0	83 143.9]
84 96,001 to 98,000	85 [230.4]	86 190.2	87 165.6	88 155.5	89 146.4]



1					
2	98,001 to 100,000	[197.3	169.2	158.4	148.8]
3					
4	100,001 to 102,000	[172.8	162.0	151.3]	
5					
6	102,001 to 104,000	[176.4	165.6	154.3]	
7					
8	104,001 to 105,500	[181.1	169.2	157.2]	
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**SECTION 26.** ORS 825.480 is amended to read:

825.480. (1)(a) In lieu of other fees provided in ORS 825.474, carriers engaged in operating motor vehicles in the transportation of logs, poles, peeler cores or piling may pay annual fees for such operation computed at the rate of *[seven dollars and fifty-nine cents]* \_\_\_\_\_ for each 100 pounds of declared combined weight.

(b) Any carrier electing to pay fees under this method may, as to vehicles otherwise exempt from taxation, elect to be taxed on the mileage basis for movements of such empty vehicles over public highways whenever operations are for the purpose of repair, maintenance, servicing or moving from one exempt highway operation to another.

(2) The annual fees provided in subsections (1), (4) and (5) of this section may be paid on a monthly basis. Any carrier electing to pay fees under this method may not change an election during the same calendar year in which the election is made, but may be relieved from the payment due for any month on a motor vehicle which is not operated. A carrier electing to pay fees under this method shall report and pay these fees on or before the 10th of each month for the preceding month's operations. A monthly report shall be made on all vehicles on the annual fee basis including any vehicle not operated for the month.

(3)(a) In lieu of the fees provided in ORS 825.470 to 825.474, motor vehicles described in ORS 825.024 with a combined weight of less than 46,000 pounds that are being operated under a permit issued under ORS 825.102 may pay annual fees for such operation computed at the rate of *[six dollars and twenty-three cents]* \_\_\_\_\_ for each 100 pounds of declared combined weight.

(b) The annual fees provided in this subsection shall be paid in advance but may be paid on a monthly basis on or before the first day of the month. A carrier may be relieved from the fees due for any month during which the motor vehicle is not operated for hire if a statement to that effect is filed with the Department of Transportation on or before the fifth day of the first month for which relief is sought.

(4)(a) In lieu of other fees provided in ORS 825.474, carriers engaged in the operation of motor vehicles equipped with dump bodies and used in the transportation of sand, gravel, rock, dirt, debris, cinders, asphaltic concrete mix, metallic ores and concentrates or raw nonmetallic products, whether crushed or otherwise, moving from mines, pits or quarries may pay annual fees for such operation computed at the rate of *[seven dollars and fifty-three cents]* \_\_\_\_\_ for each 100 pounds of declared combined weight.

(b) Any carrier electing to pay fees under this method may, as to vehicles otherwise exempt for taxation, elect to be taxed on the mileage basis for movements of such empty vehicles over public highways whenever operations are for the purpose of repair, maintenance, servicing or moving from

1 one exempt highway operation to another.

2 (5)(a) In lieu of other fees provided in ORS 825.474, carriers engaged in operating motor vehicles  
 3 in the transportation of wood chips, sawdust, barkdust, hog fuel or shavings may pay annual fees for  
 4 such operation computed at the rate of *[thirty dollars and sixty-five cents]* \_\_\_\_\_ for each 100  
 5 pounds of declared combined weight.

6 (b) Any carrier electing to pay under this method may, as to vehicles otherwise exempt from  
 7 taxation, elect to be taxed on the mileage basis for movement of such empty vehicles over public  
 8 highways whenever operations are for the purpose of repair, maintenance, service or moving from  
 9 one exempt highway operation to another.

10  
 11 **APPLICABILITY AND OPERATIVE DATE**

12  
 13 **SECTION 27.** Section 20 of this 2016 Act and the amendments to ORS 319.883, 319.890,  
 14 803.420, 818.225, 825.476 and 825.480 by sections 21 to 26 of this 2016 Act apply to fees and  
 15 taxes imposed on or after January 1, 2017.

16 **SECTION 28.** Section 20 of this 2016 Act and the amendments to ORS 319.883, 319.880,  
 17 803.420, 818.225, 825.476 and 825.480 by sections 21 to 26 of this 2016 Act become operative on  
 18 January 1, 2017.

19  
 20 **DISTRIBUTION AND USE OF REVENUE**

21  
 22 **SECTION 29.** Sections 30 and 31 of this 2016 Act are added to and made a part of ORS  
 23 chapter 366.

24 **SECTION 30.** (1) The following moneys shall be allocated as described in subsections (2)  
 25 and (3) of this section:

26 (a) Except as provided in section 31 of this 2016 Act, the amount attributable to the in-  
 27 crease in tax rates by the amendments to ORS 319.020 (1) and 319.530 by sections 10, 11, 15  
 28 and 16 of this 2016 Act.

29 (b) The amount attributable to the title fee established in section 20 of this 2016 Act.

30 (c) The amount attributable to the fee increases by the amendments to ORS 803.420 by  
 31 section 21 of this 2016 Act.

32 (d) The amount attributable to tax and fee increases by the amendments to ORS 818.225,  
 33 825.476 and 825.480 by sections 24 to 26 of this 2016 Act.

34 (2) The moneys described in subsection (1) of this section shall be allocated as follows:

35 (a) Forty-five percent to the Department of Transportation.

36 (b) Thirty-two and one-half percent to counties for distribution as provided in ORS  
 37 366.762.

38 (c) Twenty-two and one-half percent to cities for distribution as provided in ORS 366.800.

39 (3) The moneys described in subsection (2)(a) of this section or equivalent amounts that  
 40 become available to the Department of Transportation shall be allocated as follows:

41 (a) Forty-five percent for maintenance, reconstruction and seismic retrofitting of  
 42 bridges.

43 (b) Forty percent to pay debt service on bonds issued for the purposes described in ORS  
 44 367.620 (3)(d).

45 (c) Fifteen percent for maintenance and replacement of state highway pavement, safety

1 infrastructure and culverts.

2 **SECTION 31.** The additional two cents per gallon imposed within a metropolitan service  
 3 district on the first sale, use or distribution of motor vehicle fuel under ORS 319.020 and the  
 4 use of fuel in a motor vehicle under ORS 319.530 shall be allocated to pay debt service on  
 5 bonds issued for the purposes described in ORS 367.620 (3)(e).

6 **SECTION 32.** (1) The Oregon Transportation Commission shall use the proceeds of bonds,  
 7 as defined in ORS 367.010, authorized under ORS 367.620 (3)(d) for transportation projects of  
 8 regional significance based on recommendations from the area commissions on transporta-  
 9 tion. In selecting transportation projects the commission and each area commission on  
 10 transportation shall consider:

11 (a) Whether a proposed transportation project reduces transportation costs for Oregon  
 12 residents, Oregon employers and Oregon businesses or improves access to jobs and sources  
 13 of labor;

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

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

19 (d) Whether a proposed transportation project is ready for construction; and

20 (e) How much of the costs, including planning, design and construction, of a proposed  
 21 transportation project might be borne by sources other than the bond proceeds, including,  
 22 but not limited to, federal matching funds and local matching funds.

23 (2) Projects must be submitted by the area commissions on transportation to the Oregon  
 24 Transportation Commission, in the manner provided by the commission, not later than Jan-  
 25 uary 1, 2017. The Oregon Transportation Commission shall select the projects to be funded  
 26 not later than July 1, 2017.

27 **SECTION 33.** (1) The Oregon Transportation Commission shall use the proceeds of bonds,  
 28 as defined in ORS 367.010, authorized under ORS 367.620 (3)(e) for transportation projects  
 29 within the metropolitan service district, organized under ORS chapter 268, that includes the  
 30 City of Portland. The commission shall use at least 10 percent of the bond proceeds described  
 31 in this section for the purpose of reducing congestion, including, but not limited to, adding  
 32 auxiliary lanes on each of the following:

33 (a) Interstate 5, beginning where it intersects with the Fremont Bridge and ending where  
 34 it intersects with Interstate 205.

35 (b) State Highway 217, beginning where it intersects with Interstate 5 and ending where  
 36 it intersects with U.S. Highway 26.

37 (c) Interstate 205, beginning where it intersects with Stafford Road and ending in Oregon  
 38 City, including the Abernethy Bridge.

39 (d) U.S. Highway 26, beginning where it intersects with Jackson School Road and ending  
 40 at the Vista Ridge Tunnels.

41 (e) Interstate 405, beginning where it intersects with Interstate 5 and ending where it  
 42 intersects with the Fremont Bridge.

43 (2) Before selecting a transportation project under this section, the commission shall:

44 (a) Consult with the board of commissioners for each county in which the project is lo-  
 45 cated;

1 **(b) Consult with the applicable area commission on transportation; and**

2 **(c) Consider the following:**

3 **(A) Whether the proposed transportation project reduces congestion and transportation**  
 4 **costs for Oregon residents, Oregon employers and Oregon businesses or improves access to**  
 5 **jobs and sources of labor;**

6 **(B) Whether the proposed transportation project results in an economic benefit to this**  
 7 **state;**

8 **(C) Whether the proposed transportation project is a critical link connecting elements**  
 9 **of Oregon’s transportation system that will measurably improve utilization and efficiency of**  
 10 **the system; and**

11 **(D) How much of the costs, including planning, design and construction, of the proposed**  
 12 **transportation project might be borne by sources other than the bond proceeds, including,**  
 13 **but not limited to, federal matching funds and local matching funds.**

14 **BONDS**

15  
 16  
 17 **SECTION 34.** ORS 367.620 is amended to read:

18 367.620. (1) The principal amount of Highway User Tax Bonds issued under ORS 367.615 shall  
 19 be subject to the provisions of ORS 286A.035.

20 (2) Highway User Tax Bonds may be issued under ORS 367.615 for the purposes described in  
 21 ORS 367.622 in an aggregate principal amount sufficient to produce net proceeds of not more than  
 22 \$500 million.

23 (3)(a) Highway User Tax Bonds may be issued under ORS 367.615 for bridge purposes described  
 24 in section 10 (1), chapter 618, Oregon Laws 2003, in an aggregate principal amount sufficient to  
 25 produce net proceeds of not more than \$1.6 billion.

26 (b) Highway User Tax Bonds may be issued under ORS 367.615 for modernization purposes de-  
 27 scribed in sections 10 (2) and 11, chapter 618, Oregon Laws 2003, in an aggregate principal amount  
 28 sufficient to produce net proceeds of not more than \$300 million.

29 (c) Highway User Tax Bonds may be issued under ORS 367.615 for the purposes described sec-  
 30 tion 64, chapter 865, Oregon Laws 2009, in an aggregate principal amount sufficient to produce net  
 31 proceeds of not more than \$840 million. The proceeds from bonds issued as described in this para-  
 32 graph that are not required for the purposes described in section 64, chapter 865, Oregon Laws 2009,  
 33 shall be allocated to transportation projects, as defined in ORS 367.010, that are approved by the  
 34 Legislative Assembly by law.

35 **(d) Highway User Tax Bonds may be issued under ORS 367.615 for the purposes described**  
 36 **in section 32 of this 2016 Act, in an aggregate principal amount sufficient to produce net**  
 37 **proceeds of not more than \$\_\_\_\_\_ million.**

38 **(e) Highway User Tax Bonds may be issued under ORS 367.615 for the purposes described**  
 39 **in section 33 of this 2016 Act, in an aggregate principal amount sufficient to produce net**  
 40 **proceeds of not more than \$\_\_\_\_\_ million.**

41 [(d)] **(f) The Department of Transportation, with the approval of the State Treasurer, may des-**  
 42 **ignate the extent to which a series of bonds authorized under this subsection is secured and payable**  
 43 **on a parity of lien or on a subordinate basis to existing or future Highway User Tax Bonds.**

44 **SECTION 35. The interests of the holders of Highway User Tax Bonds that are out-**  
 45 **standing on the effective date of this 2016 Act and the obligations of the agreements of the**

1 Department of Transportation under its Amended and Restated Master Highway User Tax  
 2 Revenue Bond Declaration dated June 1, 2006, as amended and supplemented, have priority  
 3 over any interests or obligations that arise under ORS 367.620 after the effective date of this  
 4 2016 Act.

5 **SECTION 36.** Notwithstanding ORS 367.620 (1), the provisions of ORS 286A.035 do not  
 6 apply to bonds described in ORS 367.620 (3)(d) or (e) for the biennium beginning July 1, 2015.

7  
 8 **TEMPORARY DRIVER LICENSE FEE INCREASE**

9  
 10 **SECTION 37.** ORS 807.370 is amended to read:

11 807.370. The following are the fees relating to the issuance and renewal of licenses, driver per-  
 12 mits and endorsements:

13 (1) Disability golf cart driver permit fees under ORS 807.210, as follows:

- 14 (a) For issuance, \$44.
- 15 (b) For renewal fee under ORS 807.210, \$32.

16 (2) Emergency driver permit fee under ORS 807.220, \$23.50.

17 (3) Instruction driver permit fees under ORS 807.280, as follows:

- 18 (a) For issuance, \$23.50.
- 19 (b) For renewal, \$23.50.

20 (4) Commercial learner driver permit issuance fee under ORS 807.285, \$23.50.

- 21 (5)(a) License issuance fee for a Class C license, [~~\$54~~] **\$64**.
- 22 (b) Fee to take the knowledge test for a Class C license, \$5.
- 23 (c) Fee to take the skills test for a Class C license, \$9.

24 (6) License issuance fee for a restricted Class C license, \$54.

25 (7) License issuance fee for a commercial driver license, whether or not the license contains  
 26 endorsements, \$75.50.

27 (8) Test fees for a commercial driver license or permit:

- 28 (a) To take the knowledge test for a Class A commercial driver license or permit, \$10.
- 29 (b) To take the skills test for a Class A commercial driver license, \$70.
- 30 (c) To take the knowledge test for a Class B commercial driver license or permit, \$10.
- 31 (d) To take the skills test for a Class B commercial driver license, \$70.
- 32 (e) To take the knowledge test for a Class C commercial driver license or permit, \$10.
- 33 (f) To take the skills test for a Class C commercial driver license, \$70.

34 (9) Notwithstanding subsection (7) of this section, for issuance of a commercial driver license  
 35 of any class when the Department of Transportation accepts a certificate of competency issued un-  
 36 der ORS 807.080, \$40 in addition to the fee under subsection (7) of this section.

37 (10) Notwithstanding subsection (7) of this section, for original issuance of a school bus  
 38 endorsement to a person who has a commercial driver license with a passenger endorsement:

- 39 (a) \$21; or
- 40 (b) \$61 if the department accepts a certificate of competency issued under ORS 807.080.

41 (11) For a farm endorsement, \$26.

42 (12) Test fees for the knowledge test for endorsements other than motorcycle and farm  
 43 endorsements:

- 44 (a) For a hazardous materials endorsement, \$10.
- 45 (b) For a tank vehicle endorsement, \$10.

- 1 (c) For a passenger endorsement, \$10.
- 2 (d) For a double and triple trailer endorsement, \$10.
- 3 (e) For a school bus endorsement, \$10.
- 4 (13) Fee to take an airbrake knowledge test, \$10.
- 5 (14) Fee to take an airbrake skills test to remove an airbrake restriction, \$56.
- 6 (15) License renewal fee for a commercial driver license, \$55.50.
- 7 (16) License renewal fee for a Class C license, [~~\$34~~] **\$44**.
- 8 (17) License or driver permit replacement fee under ORS 807.160, \$26.50.
- 9 (18) Original endorsement issuance fee under ORS 807.170 for a motorcycle endorsement, \$46,
- 10 in addition to any fees for the endorsed license.
- 11 (19) Special student driver permit fee under ORS 807.230, \$23.50.
- 12 (20) Student Driver Training Fund eligibility fee under ORS 807.040 and 807.150, \$6.
- 13 (21) Motorcycle Safety Subaccount fee as follows:
- 14 (a) Upon original issuance of motorcycle endorsements under ORS 807.170, \$38.
- 15 (b) Upon renewal of a license with a motorcycle endorsement under ORS 807.170, \$28.
- 16 (22) Probationary driver permit application fee under ORS 807.270, \$50.
- 17 (23) Hardship driver permit application fee under ORS 807.240, \$50.
- 18 (24) Fee for reinstatement of revoked driving privileges under ORS 809.390, \$75.
- 19 (25) Fee for reinstatement of suspended driving privileges under ORS 809.380, \$75.
- 20 (26) Fee for reinstatement of right to apply for driving privileges after a delay under ORS
- 21 809.280 (10) (1997 Edition), the same as the fee for reinstatement of suspended driving privileges.
- 22 (27) Fee for a special limited vision condition learner's permit under ORS 807.359, \$13.
- 23 (28)(a) License issuance fee for a Class C limited term license, \$23.
- 24 (b) Fee to take the knowledge test for a Class C limited term license, \$5.
- 25 (c) Fee to take the skills test for a Class C limited term license, \$9.
- 26 (29) License issuance fee for a restricted Class C limited term license, \$23.
- 27 (30) License issuance fee for a limited term commercial driver license, whether or not the li-
- 28 cense contains endorsements, \$45.
- 29 (31) License renewal fee for a limited term commercial driver license, \$14.
- 30 (32) License renewal fee for a Class C limited term license, \$8.
- 31 (33) Limited term license or limited term driver permit replacement fee under ORS 807.160,
- 32 \$26.50.
- 33 (34) Limited term Student Driver Training Fund eligibility fee under ORS 807.040 and 807.150,
- 34 \$2.

35 **SECTION 38. Notwithstanding any other provision of law, the amount attributable to the**  
 36 **increase in the license issuance and renewal fees for a Class C license by the amendments**  
 37 **to ORS 807.370 by section 37 of this 2016 Act shall be allocated to the Department of Trans-**  
 38 **portation for the following purposes:**

- 39 (1) **Redeveloping and modernizing the department's information technology system; and**
- 40 (2) **Installing self-service kiosks.**

41 **SECTION 39. The amendments to ORS 807.370 by section 37 of this 2016 Act become op-**  
 42 **erative on January 1, 2017.**

43 **SECTION 40. ORS 807.370, as amended by section 37 of this 2016 Act, is amended to read:**

44 807.370. The following are the fees relating to the issuance and renewal of licenses, driver per-  
 45 mits and endorsements:

- 1 (1) Disability golf cart driver permit fees under ORS 807.210, as follows:
  - 2 (a) For issuance, \$44.
  - 3 (b) For renewal fee under ORS 807.210, \$32.
- 4 (2) Emergency driver permit fee under ORS 807.220, \$23.50.
- 5 (3) Instruction driver permit fees under ORS 807.280, as follows:
  - 6 (a) For issuance, \$23.50.
  - 7 (b) For renewal, \$23.50.
  - 8 (4) Commercial learner driver permit issuance fee under ORS 807.285, \$23.50.
  - 9 (5)(a) License issuance fee for a Class C license, [~~\$64~~] **\$54**.
  - 10 (b) Fee to take the knowledge test for a Class C license, \$5.
  - 11 (c) Fee to take the skills test for a Class C license, \$9.
  - 12 (6) License issuance fee for a restricted Class C license, \$54.
  - 13 (7) License issuance fee for a commercial driver license, whether or not the license contains
    - 14 endorsements, \$75.50.
    - 15 (8) Test fees for a commercial driver license or permit:
      - 16 (a) To take the knowledge test for a Class A commercial driver license or permit, \$10.
      - 17 (b) To take the skills test for a Class A commercial driver license, \$70.
      - 18 (c) To take the knowledge test for a Class B commercial driver license or permit, \$10.
      - 19 (d) To take the skills test for a Class B commercial driver license, \$70.
      - 20 (e) To take the knowledge test for a Class C commercial driver license or permit, \$10.
      - 21 (f) To take the skills test for a Class C commercial driver license, \$70.
    - 22 (9) Notwithstanding subsection (7) of this section, for issuance of a commercial driver license
      - 23 of any class when the Department of Transportation accepts a certificate of competency issued un-
        - 24 der ORS 807.080, \$40 in addition to the fee under subsection (7) of this section.
      - 25 (10) Notwithstanding subsection (7) of this section, for original issuance of a school bus
        - 26 endorsement to a person who has a commercial driver license with a passenger endorsement:
          - 27 (a) \$21; or
          - 28 (b) \$61 if the department accepts a certificate of competency issued under ORS 807.080.
        - 29 (11) For a farm endorsement, \$26.
        - 30 (12) Test fees for the knowledge test for endorsements other than motorcycle and farm
          - 31 endorsements:
            - 32 (a) For a hazardous materials endorsement, \$10.
            - 33 (b) For a tank vehicle endorsement, \$10.
            - 34 (c) For a passenger endorsement, \$10.
            - 35 (d) For a double and triple trailer endorsement, \$10.
            - 36 (e) For a school bus endorsement, \$10.
          - 37 (13) Fee to take an airbrake knowledge test, \$10.
          - 38 (14) Fee to take an airbrake skills test to remove an airbrake restriction, \$56.
          - 39 (15) License renewal fee for a commercial driver license, \$55.50.
          - 40 (16) License renewal fee for a Class C license, [~~\$44~~] **\$34**.
          - 41 (17) License or driver permit replacement fee under ORS 807.160, \$26.50.
          - 42 (18) Original endorsement issuance fee under ORS 807.170 for a motorcycle endorsement, \$46,
            - 43 in addition to any fees for the endorsed license.
          - 44 (19) Special student driver permit fee under ORS 807.230, \$23.50.
          - 45 (20) Student Driver Training Fund eligibility fee under ORS 807.040 and 807.150, \$6.

- 1 (21) Motorcycle Safety Subaccount fee as follows:
- 2 (a) Upon original issuance of motorcycle endorsements under ORS 807.170, \$38.
- 3 (b) Upon renewal of a license with a motorcycle endorsement under ORS 807.170, \$28.
- 4 (22) Probationary driver permit application fee under ORS 807.270, \$50.
- 5 (23) Hardship driver permit application fee under ORS 807.240, \$50.
- 6 (24) Fee for reinstatement of revoked driving privileges under ORS 809.390, \$75.
- 7 (25) Fee for reinstatement of suspended driving privileges under ORS 809.380, \$75.
- 8 (26) Fee for reinstatement of right to apply for driving privileges after a delay under ORS
- 9 809.280 (10) (1997 Edition), the same as the fee for reinstatement of suspended driving privileges.
- 10 (27) Fee for a special limited vision condition learner's permit under ORS 807.359, \$13.
- 11 (28)(a) License issuance fee for a Class C limited term license, \$23.
- 12 (b) Fee to take the knowledge test for a Class C limited term license, \$5.
- 13 (c) Fee to take the skills test for a Class C limited term license, \$9.
- 14 (29) License issuance fee for a restricted Class C limited term license, \$23.
- 15 (30) License issuance fee for a limited term commercial driver license, whether or not the li-
- 16 cense contains endorsements, \$45.
- 17 (31) License renewal fee for a limited term commercial driver license, \$14.
- 18 (32) License renewal fee for a Class C limited term license, \$8.
- 19 (33) Limited term license or limited term driver permit replacement fee under ORS 807.160,
- 20 \$26.50.
- 21 (34) Limited term Student Driver Training Fund eligibility fee under ORS 807.040 and 807.150,
- 22 \$2.

23 **SECTION 41.** (1) The amendments to ORS 807.370 by section 40 of this 2016 Act become  
24 operative on January 2, 2022.

25 (2) Section 38 of this 2016 Act is repealed on January 2, 2022.

26 (3) Amounts described in section 38 of this 2016 Act that have not been expended on the  
27 operative date specified in subsection (1) of this section for redeveloping and modernizing the  
28 Department of Transportation's information technology system or installing self-service  
29 kiosks may be expended in the same manner as other driver license fee revenues are ex-  
30 pended.

31 **SECTION 42.** (1) The amendments to ORS 807.370 by section 37 of this 2016 Act apply to  
32 fees imposed on or after January 1, 2017, and before January 2, 2022.

33 (2) The amendments to ORS 807.370 by section 40 of this 2016 Act apply to fees imposed  
34 on or after January 2, 2022.

35

36

**OFFICE AND EQUIPMENT SHARING**

37

38 **SECTION 43.** (1) As used in this section, "state agency" means an agency of the executive  
39 department, as defined in ORS 174.112.

40 (2) The Department of Transportation shall enter into agreements with cities, counties  
41 or other state agencies that enable the department to facilitate the sharing of offices,  
42 equipment or both, if sharing meets the needs of both entities and decreases costs for both  
43 entities.

44 (3) The department shall attempt to enter into agreements for sharing offices, equipment  
45 or both in each region described in this subsection. For purposes of this subsection, the re-



1 **gions are as follows:**

2 (a) **Region one consists of Clackamas, Columbia, Hood River, Multnomah and Washington**  
 3 **Counties.**

4 (b) **Region two consists of Benton, Clatsop, Lane, Lincoln, Linn, Marion, Polk, Tillamook**  
 5 **and Yamhill Counties.**

6 (c) **Region three consists of Coos, Curry, Douglas, Jackson and Josephine Counties.**

7 (d) **Region four consists of Crook, Deschutes, Gilliam, Jefferson, Klamath, Lake,**  
 8 **Sherman, Wasco and Wheeler Counties.**

9 (e) **Region five consists of Baker, Grant, Harney, Malheur, Morrow, Umatilla, Union and**  
 10 **Wallowa Counties.**

11  
 12 **TRANSPORTATION PLANNING RULE**

13  
 14 **SECTION 44.** **The Land Conservation and Development Commission shall amend its rules**  
 15 **adopted pursuant to ORS 197.646, otherwise known as the transportation planning rule, to**  
 16 **limit the applicability of the transportation planning rule to communities with a population**  
 17 **of 20,000 or more.**

18  
 19 **TRANSIT ASSESSMENT**

20  
 21 **SECTION 45.** **ORS 291.405 is amended to read:**

22 291.405. (1)(a) **As used in this section and ORS 291.407, “city transit agency” means a city**  
 23 **agency that is authorized to transport people by bus or rail, and that provides to the public**  
 24 **general or special services, other than school, charter or sightseeing transportation services,**  
 25 **on a regular and continuing basis.**

26 (b) **This section and ORS 291.407 allow the Oregon Department of Administrative Services to**  
 27 **assess state agencies and to provide moneys from the assessments to mass transit districts, estab-**  
 28 **lished under ORS 267.010 to 267.390, transportation districts, established under ORS 267.510 to**  
 29 **267.650, [and] service districts, established under ORS 451.410 to 451.610 to provide public trans-**  
 30 **portation services, and city transit agencies, as reimbursement for the benefit that state govern-**  
 31 **ment receives from the districts and city transit agencies.**

32 (2) **State agencies subject to assessment under this section include every state officer, board,**  
 33 **commission, department, institution, branch or agency of the state whose costs are paid wholly or**  
 34 **in part from funds held in the State Treasury, and include the Legislative Assembly, the state courts**  
 35 **and their officers and committees.**

36 (3) **If the Oregon Department of Administrative Services elects to pay moneys to districts and**  
 37 **city transit agencies under this section and ORS 291.407, the department shall do the following:**

38 (a) **Determine what services performed for subject state agencies will be subject to assessment**  
 39 **under this section;**

40 (b) **Determine which subject agencies have employees within each district or service area of**  
 41 **a city transit agency who are performing the subject services;**

42 (c) **Determine the amount of wages paid to the agency employees for performing the subject**  
 43 **services within each district or service area of a city transit agency; [and]**

44 (d) **In the case of a district, establish a rate of assessment of not more than six-tenths of one**  
 45 **percent of the total amount of the wages determined under this subsection[.]; and**

1       **(e) In the case of a city transit agency, establish a rate of assessment not to exceed the**  
 2 **lesser of the payroll tax rate charged to private employers by the city for providing public**  
 3 **transportation services or six-tenths of one percent of the total amount of the wages deter-**  
 4 **mined under this subsection.**

5       (4) When determining under subsection (3)(c) of this section the total amount of wages paid to  
 6 agency employees for performing subject services within each district **or service area of a city**  
 7 **transit agency**, the Oregon Department of Administrative Services shall include wages that are  
 8 paid from federal funds only to the extent the assessment on those wages is authorized to be paid  
 9 under federal regulations.

10       (5) Notwithstanding any other provision of this section, the Oregon Department of Administra-  
 11 tive Services *[shall]* **may** not establish rates or impose assessments under this section that exceed  
 12 the following:

13       (a) The Oregon Department of Administrative Services *[shall]* **may** not assess more from an  
 14 agency than the Legislative Assembly provides the agency for purposes of this section, either di-  
 15 rectly or indirectly through its approval of budgets or through the Emergency Board, if the agency  
 16 budget is approved by the Legislative Assembly from General Fund moneys.

17       (b) If an agency is an agency other than one described in paragraph (a) of this subsection, the  
 18 Oregon Department of Administrative Services *[shall]* **may** not assess moneys from the agency at a  
 19 greater rate than the rate applicable to an agency described in paragraph (a) of this subsection.

20       (6) At any time it determines appropriate, the Oregon Department of Administrative Services  
 21 may:

22       (a) Redetermine any factors necessary to perform its duties under this section; or

23       (b) Vary the rate under this section within the limits established under this section.

24       (7) After making determinations and establishing a rate under this section, the Oregon Depart-  
 25 ment of Administrative Services may direct the assessment against the payrolls of subject agencies  
 26 at the rate established by the department. All moneys assessed under this section shall be promptly  
 27 forwarded to the Oregon Department of Administrative Services. Assessments under this section are  
 28 administrative expenses of an agency, as defined in ORS 291.305.

29       (8) The Oregon Department of Administrative Services shall pay any moneys it receives under  
 30 this section to the State Treasurer for deposit in the account established under ORS 291.407 for use  
 31 as provided in that section.

32       **SECTION 46.** ORS 291.407 is amended to read:

33       291.407. (1) The Mass Transit Assistance Account is established in the General Fund of the State  
 34 Treasury. The account shall consist of moneys deposited in the account under ORS 291.405 and as  
 35 otherwise provided by law. The moneys in the account are continuously appropriated to the Oregon  
 36 Department of Administrative Services to be used as provided in this section.

37       (2) The Oregon Department of Administrative Services shall distribute moneys from the account  
 38 established under this section to districts described in ORS 291.405 **and city transit agencies** on  
 39 the last day of each calendar quarter. Subject to the limitations in this section, the amount distrib-  
 40 uted to each district **or city transit agency** shall be equal to the total assessments received by the  
 41 department during the immediate preceding three months under ORS 291.405 from agencies with  
 42 employees performing subject services within that district **or service area of the city transit**  
 43 **agency**.

44       (3) Distributions under this section are subject to the following limitations:

45       (a) Except for newly formed districts **or city transit agencies**, the Oregon Department of Ad-

1 ministrative Services *[shall]* **may** not distribute to a district **or city transit agency** during a cal-  
 2 endar year an amount that exceeds the amount received by the district **or city transit agency**  
 3 under the district's **or city transit agency's** own taxes during the immediate preceding fiscal year  
 4 of the district **or city transit agency**.

5 (b) The Oregon Department of Administrative Services *[shall]* **may** not distribute to a newly  
 6 formed district **or city transit agency** during a calendar year an amount that exceeds the amount  
 7 the budget approved by the district board **or city governing body** proposes as revenue for the dis-  
 8 trict **or city transit agency** from the district's **or city transit agency's** own taxes during the  
 9 current fiscal year of the district **or city transit agency**. If the district **or city transit agency** does  
 10 not collect the proposed amount, the department shall make adjustments in the distributions during  
 11 subsequent years to recover any amount paid under this section that is over the amount the district  
 12 **or city transit agency** actually received under the district's **or city transit agency's** own taxes.

13 (4) The limitations imposed under this section that are based on amounts received by a district  
 14 **or city transit agency** under its own taxes do not include amounts received by the district **or city**  
 15 **transit agency** from farebox revenues, federal moneys, state moneys, gifts, investments, bonds or  
 16 similar moneys received by the district **or city transit agency**.

17 (5) The Department of Transportation shall provide the Oregon Department of Administrative  
 18 Services with any information concerning a *[mass transit district or transportation]* district **or city**  
 19 **transit agency** that the Oregon Department of Administrative Services determines necessary for  
 20 the performance of its duties under this section and ORS 291.405. The Department of Transportation  
 21 shall provide the information in the form and at times determined by the Oregon Department of  
 22 Administrative Services.

23 (6) In exchange for payments authorized under this section to *[transit]* districts **and city transit**  
 24 **agencies**, the State of Oregon and its agencies shall be exempt from any parking code requirements  
 25 for existing state-owned buildings, construction of new state buildings or the renovation of existing  
 26 state buildings, which have been or may be established by any political subdivision within the  
 27 boundaries of a *[transit]* district **or service area of a city transit agency** receiving such payments.

28 **SECTION 47. The amendments to ORS 291.405 and 291.407 by sections 45 and 46 of this**  
 29 **2016 Act apply to wages paid to state agency employees during calendar quarters beginning**  
 30 **on or after the effective date of this 2016 Act.**

31  
 32 **CONTRACTING**

33  
 34 **SECTION 48.** ORS 279C.305 is amended to read:

35 279C.305. (1) It is the policy of the State of Oregon that contracting agencies shall make every  
 36 effort to construct public improvements at the least cost to the contracting agency.

37 (2) Not less than 30 days *[prior to adoption of the contracting agency's]* **before adopting a** budget  
 38 for the subsequent budget period, each contracting agency shall prepare and file with the Commis-  
 39 sioner of the Bureau of Labor and Industries a list of every public improvement *[known to the con-*  
 40 *tracting agency]* that the contracting agency plans to fund in the budget period, identifying each  
 41 improvement by name and estimating the total on-site construction costs. The list *[shall]* **must** also  
 42 *[contain a statement as to]* **state** whether the contracting agency intends to perform the construction  
 43 through a private contractor. If the contracting agency intends to perform construction work using  
 44 the contracting agency's own equipment and personnel on a project estimated to cost more than  
 45 \$125,000, the contracting agency shall *[also show]* **include with the list an analysis** that **shows**

1 **that** the contracting agency’s decision conforms to the policy stated in subsection (1) of this section.  
 2 The list [*is a*] **and analysis are** public [*record*] **records**, and [*may be revised periodically by the*  
 3 *agency*] **the contracting agency may periodically revise the list or analysis.**

4 **(3)(a) The commissioner shall adopt rules for transportation projects, as defined in ORS**  
 5 **367.010, that specify how a contracting agency must conduct the written analysis required**  
 6 **under subsection (2) of this section. The rules must:**

7 **(A) Require a contracting agency to estimate the cost of constructing a public improve-**  
 8 **ment through a private contractor and compare the estimated cost with the estimated cost**  
 9 **of constructing the public improvement with the contracting agency’s own equipment and**  
 10 **personnel.**

11 **(B) Provide that in estimating the contracting agency’s cost of constructing a public**  
 12 **improvement with the contracting agency’s own equipment and personnel, a contracting**  
 13 **agency shall account for:**

14 **(i) The cost of labor at the applicable prevailing rate of wage that the commissioner de-**  
 15 **termines under ORS 279C.815, if the public improvement is a public works project;**

16 **(ii) The cost of equipment, including any associated costs of investment and ownership;**

17 **(iii) The costs of administration and overhead the contracting agency will incur in con-**  
 18 **nection with the public improvement;**

19 **(iv) Tax revenue the state will not realize if the contracting agency constructs a public**  
 20 **improvement with the contracting agency’s own equipment and personnel;**

21 **(v) The costs of subcontracts into which the contracting agency must enter; and**

22 **(vi) Other costs that a private contractor would incur, including but not limited to costs**  
 23 **associated with obtaining applicable insurance and warranties, engaging contractors for**  
 24 **quality control, inviting participation from enterprises and businesses certified under ORS**  
 25 **200.055 and traffic control.**

26 **(b) Before adopting or amending rules in accordance with this subsection, the commis-**  
 27 **sioner shall consult with the Secretary of State, the Director of the Oregon Department of**  
 28 **Administrative Services, the Director of Transportation, local contracting agencies, private**  
 29 **contractors and subcontractors and other knowledgeable persons.**

30 ~~[(3)]~~ **(4) Before a contracting agency constructs a public improvement with [*its*] the contracting**  
 31 **agency’s own equipment or personnel, the contracting agency shall:**

32 **(a) [*If the estimated cost exceeds \$125,000, the contracting agency shall*] Prepare adequate plans**  
 33 **and specifications and the estimated unit cost of each classification of work, if the estimated cost**  
 34 **of the public improvement exceeds \$125,000. [*The estimated cost of the work must include a rea-***  
 35 **reasonable allowance for the cost, including investment cost, of any equipment used.] As used in this**  
 36 **paragraph, “adequate” means sufficient to control the performance of the work and to ensure sat-**  
 37 **isfactory quality of construction by the contracting agency personnel.**

38 **(b) [*The contracting agency shall cause to be kept and preserved*] **Keep and preserve** a full, true  
 39 and accurate account of the costs of performing the work, including all engineering and adminis-  
 40 trative expenses, **labor costs at the applicable prevailing rate of wage if the public improve-**  
 41 **ment is a public works project** and the cost, including investment costs, of any equipment **that**  
 42 **will be used.** The final account of the costs is a public record.**

43 ~~[(4)]~~ **(5) Subsections (2) [*and (3)*] to (4) of this section do not apply to a contracting agency**  
 44 **[*when*] if the public improvement is to be used for the distribution or transmission of electric power.**

45 **(6) With respect to transportation projects, as defined in ORS 367.010, the commissioner**

1 may investigate violations of this section or ORS 279C.307 or 279C.310 and in the course of  
 2 the investigation may:

3 (a) Compel attendance from witnesses, examine the witnesses under oath and otherwise  
 4 receive testimony;

5 (b) Require a contracting agency or employee of a contracting agency to produce books,  
 6 records, files or other documents; or

7 (c) Take any other action that is necessary to conduct an investigation under this sub-  
 8 section.

9 (7)(a) A trade association of construction contractors or another person, in addition to  
 10 any other remedy the trade association or other person may have under the Public Con-  
 11 tracting Code, may file a complaint with the commissioner that alleges a violation of this  
 12 section or ORS 279C.307 or 279C.310, to the extent the alleged violation arises out of a  
 13 transportation project, as defined in ORS 367.010. The complaint must set forth the acts or  
 14 omissions that constituted the violation, and the trade association or other person must file  
 15 the complaint within one year after the acts or omissions occurred. A trade association or  
 16 another person may not file a complaint with the commissioner under this paragraph if the  
 17 trade association or other person brings an action in a court of this state for a violation of  
 18 this section or ORS 279C.307 or 279C.310 that sets forth acts or omissions that are similar  
 19 to or the same as the acts or omissions in the complaint to the commissioner. The com-  
 20 missioner shall dismiss a complaint the commissioner receives under this paragraph if a  
 21 trade association or another person brings an action in a court of this state as provided in  
 22 this paragraph.

23 (b) If the commissioner reasonably believes that the acts or omissions set forth in a  
 24 complaint under paragraph (a) of this subsection occurred and constituted a violation of this  
 25 section or ORS 279C.307 or 279C.310, the commissioner, within 30 days after receiving the  
 26 complaint, shall notify the contracting agency against which the complaint alleges the vio-  
 27 lation and:

28 (A) May issue a temporary order to cease and desist from the acts or omissions set forth  
 29 in the complaint and cease any construction that has occurred in connection with the alleged  
 30 violation.

31 (B) Shall investigate the complaint and, if the commissioner finds substantial evidence  
 32 of a violation in the course of the investigation, shall make and deliver to the contracting  
 33 agency and the trade association or other person that filed the complaint a finding of sub-  
 34 stantial evidence that sets forth the evidence the commissioner found.

35 (C) May facilitate a settlement agreement between the contracting agency and the trade  
 36 association or other person that filed the complaint to eliminate the effects of any violation  
 37 and to discourage future violations. The commissioner may enforce the settlement agree-  
 38 ment in the same manner provided under this section for enforcing a violation of this section  
 39 or ORS 279C.307 or 279C.310.

40 (c) A party to a settlement agreement under paragraph (b) of this subsection may bring  
 41 an action to enforce the settlement agreement. The court may enjoin a violation of the  
 42 settlement agreement or may require specific performance from a party to the settlement  
 43 agreement.

44 (8)(a) If the commissioner issues a finding of substantial evidence under subsection  
 45 (7)(b)(B) of this section and the trade association or other person that filed a complaint un-

1 der subsection (7)(a) of this section and the contracting agency against which the trade as-  
 2 sociation or other person filed the complaint do not enter into a settlement agreement within  
 3 30 days after the date on which the commissioner issues the finding of substantial evidence,  
 4 the commissioner shall conduct a hearing on the complaint as provided in ORS 183.413 to  
 5 183.470.

6 (b) After conducting a hearing under paragraph (a) of this subsection and considering the  
 7 evidence, the commissioner shall determine whether a violation of this section or ORS  
 8 279C.307 or 279C.310 occurred. If the commissioner determines that a violation has occurred,  
 9 the commissioner shall issue an order to cease and desist from the conduct that constitutes  
 10 the violation and may impose a fine of not more than \$5,000 on the contracting agency for  
 11 each violation.

12 (c) The commissioner shall apply the proceeds of a fine under paragraph (b) of this sub-  
 13 section first to the costs the commissioner incurs in investigating the complaint that re-  
 14 sulted in the commissioner finding a violation and the costs associated with conducting a  
 15 hearing under paragraph (a) of this subsection. The commissioner shall transfer any re-  
 16 maining moneys to the State Treasurer for deposit into the State Highway Fund.

17 (d) An order to cease and desist that the commissioner issues under paragraph (b) of this  
 18 subsection must provide that the contracting agency perform actions that the commissioner  
 19 reasonably determines will:

20 (A) Carry out the purposes of this section or ORS 279C.307 or 279C.310, as appropriate;  
 21 and

22 (B) Eliminate the effects of the violation, which may include having a private contractor  
 23 perform any remaining construction on the public improvement that is the subject of the  
 24 violation.

25 [(5)] (9) For purposes of this section, resurfacing [of] highways, roads or streets at a depth of  
 26 two or more inches [and] or at an estimated cost that exceeds \$125,000 is a public improvement.

27 **SECTION 49.** The amendments to ORS 279C.305 by section 48 of this 2016 Act apply to  
 28 procurements that a contracting agency advertises or otherwise solicits or, if the contract-  
 29 ing agency does not advertise or solicit the procurement, to public improvement contracts  
 30 into which the contracting agency enters on or after the operative date specified in section  
 31 50 of this 2016 Act.

32 **SECTION 50.** (1) The amendments to ORS 279C.305 by section 48 of this 2016 Act become  
 33 operative on January 1, 2017.

34 (2) The Commissioner of the Bureau of Labor and Industries, the Director of the Oregon  
 35 Department of Administrative Services, the Director of Transportation or a contracting  
 36 agency that adopts rules under ORS 279A.065 may adopt rules and take any other action  
 37 before the operative date specified in subsection (1) of this section that is necessary to enable  
 38 the commissioner, the director or the contracting agency to exercise, on and after the op-  
 39 erative date specified in subsection (1) of this section, all of the duties, functions and powers  
 40 conferred on the commissioner, the director or the contracting agency by the amendments  
 41 to ORS 279C.305 by section 48 of this 2016 Act.

42  
 43 OREGON STATE UNIVERSITY RESEARCH OF  
 44 CLEAN DIESEL ENGINE TECHNOLOGY  
 45

1       **SECTION 51.** In addition to and not in lieu of any other appropriation, there is appro-  
 2 priated to the Higher Education Coordinating Commission, for the biennium beginning July  
 3 1, 2015, out of the General Fund, the amount of \$2,000,000 to be allocated to Oregon State  
 4 University for use in engineering research and development related to clean diesel engine  
 5 technology for the following purposes:

- 6       (1) Reduce greenhouse gas emissions from motor vehicles that have a gross vehicle  
 7 weight rating of 26,001 pounds or more;
- 8       (2) Establish, staff and operate a research laboratory; and
- 9       (3) Fund fellowships for Oregon State University students who are participating in the  
 10 research and development described in this section.

11  
 12   **REVIEW OF DEPARTMENT OF TRANSPORTATION**  
 13

14       **SECTION 52.** (1) The Secretary of State shall procure an independent performance and  
 15 program audit, as those terms are defined in ORS 297.070, of the Department of Transpor-  
 16 tation. The audit must evaluate the following aspects of the department:

- 17       (a) The performance of management.
- 18       (b) Decision-making processes.
- 19       (c) Planning decisions.
- 20       (d) The amount of spending on planning for transportation projects as compared to the  
 21 amount of spending on the construction of transportation projects.

22       (2) The audit described in this section must determine whether the activities described  
 23 in subsection (1) of this section are:

- 24       (a) Documented;
- 25       (b) Easily accessible; and
- 26       (c) Transparent.

27       (3) If the audit finds that the conditions described in subsection (2) of this section are  
 28 not met, then the audit must propose actions that the department may take to ensure that  
 29 each of the activities described in subsection (1) of this section meets the conditions de-  
 30 scribed in subsection (2) of this section.

31       (4) The secretary shall report the results of the audit to the committees or interim  
 32 committees of the Legislative Assembly related to transportation and to the Oregon Trans-  
 33 portation Commission no later than November 1, 2017.

34       **SECTION 53.** The Director of Transportation shall:

35       (1) Procure an independent efficiency management review of the expenditure of State  
 36 Highway Fund moneys and shall report on the results of the review to the committees or  
 37 interim committees of the Legislative Assembly related to transportation no later than  
 38 September 15, 2017.

39       (2) Prepare and implement a plan, for each calendar year during the period beginning  
 40 January 1, 2018, and ending December 31, 2024, under which the department shall reduce  
 41 administrative inefficiencies and redirect \$50 million per year out of moneys available to the  
 42 department and not being spent on highway and bridge maintenance and preservation. The  
 43 moneys that are redirected under this section shall be expended for the purpose of highway  
 44 and bridge maintenance and preservation. The director shall submit an annual report on the  
 45 plan to a committee or interim committee of the Legislative Assembly related to transpor-

tation not later than September 15 of each year.

**SECTION 54.** Section 53 of this 2016 Act is repealed on January 2, 2025.

**GENERAL OBLIGATION BONDS**

**SECTION 55.** Section 1, chapter 685, Oregon Laws 2015, is amended to read:

**Sec. 1.** The amounts authorized, as provided by ORS 286A.035, for issuance of general obligation bonds of the state during the 2015-2017 biennium are as follows:

**GENERAL OBLIGATION BONDS**

General Fund Obligations

(1)	Oregon Department of Administrative Services, Oregon Health and Science University, Cancer Institute (Art. XI-G).....	\$	200,035,000
(2)	Higher Education Coordinating Commission (Art. XI-G):		
(a)	Oregon State University:		
(A)	Forest Science Complex .....	\$	30,140,000
(B)	Marine Studies Campus Phase I.....	\$	25,155,000
(b)	Portland State University, Neuberger Hall Renovation and Deferred Maintenance .....	\$	10,220,000
(c)	University of Oregon:		
(A)	Klamath Hall Renovation .....	\$	6,325,000
(B)	College and Careers Building ...	\$	17,275,000
(C)	Chapman Hall Renovation .....	\$	2,550,000
(d)	Oregon Institute of Technology, Center for Excellence in Engineering and Technology .....	\$	785,000
(e)	Blue Mountain Community College, Animal Science Education Center .....	\$	3,331,350
(f)	Columbia Gorge Community College, Advanced Technology Center .....	\$	7,320,000
(g)	Klamath Community College,.... Student Success and Career/Technical Center .....	\$	7,850,000
(h)	Mt. Hood Community College, Technology Innovation Center .....	\$	8,000,000



1	(i) Rogue Community College,		
2	Health and Science Center.....	\$	8,000,000
3	(j) Southwestern Oregon		
4	Community College, Health		
5	and Science Building.....	\$	8,000,000
6	(k) Treasure Valley Community		
7	College, Workforce Vocational		
8	Center .....	\$	2,830,250
9	(L) Umpqua Community College,		
10	Industrial Arts Center .....	\$	8,000,000
11	(3) Oregon Business Development		
12	Department (Art. XI-M).....	\$	176,870,000
13	(4) Oregon Business Development		
14	Department (Art. XI-N).....	\$	30,440,000
15	(5) Department of		
16	Education (Art. XI-P) .....	\$	126,210,000
17	(6) Oregon Department of		
18	Administrative		
19	Services (Art. XI-Q).....	\$	369,640,000
20	(7) Department of		
21	Transportation (Art. XI,		
22	section 7).....	\$	[35,475,000]
23	.....		<b>155,475,000</b>
24	<u>Dedicated Fund Obligations</u>		
25	(8) Department of Veterans'		
26	Affairs (Art. XI-A).....	\$	100,000,000
27	(9) Higher Education Coordinating		
28	Commission (Art. XI-F(1):		
29	(a) Portland State University:		
30	(A) Land Acquisition for University		
31	Center Building .....	\$	10,220,000
32	(B) Broadway Housing Purchase.....	\$	53,680,000
33	(b) Oregon State University		
34	Modular Data Center .....	\$	7,085,000
35	(10) Department of Environmental		
36	Quality (Art. XI-H).....	\$	10,000,000
37	(11) Water Resources Department		
38	(Art. XI-I(1)).....	\$	30,520,000
39	(12) Housing and Community		
40	Services Department		
41	(Art. XI-I(2)).....	\$	25,000,000
42	(13) State Department of Energy		
43	(Art. XI-J).....	\$	25,000,000
44	<u>Total General Obligation</u>		
45	<u>Bonds</u> .....		<b>\$[1,345,956,600]</b>

1 ..... 1,465,956,600

2 **SECTION 56.** Out of the amount specified in section 1 (7), chapter 685, Oregon Laws 2015,  
3 as amended by section 55 of this 2016 Act, the State Treasurer may issue bonds under Article  
4 XI, section 7, of the Oregon Constitution, in an amount not to exceed \$120,000,000 of net bond  
5 proceeds for the purpose of providing matching funds to meet the requirements for receiving  
6 federal grants from the Nationally Significant Freight and Highway Projects Program, plus  
7 an amount estimated by the State Treasurer to pay estimated bond-related costs.

8  
9 **TASK FORCE**

10  
11 **SECTION 57.** (1) The Task Force on Transportation Spending is established.

12 (2) The task force consists of eight members appointed as follows:

13 (a) The President of the Senate shall appoint two members from among members of the  
14 Senate as follows:

15 (A) One member from the Democratic Party.

16 (B) One member from the Republican Party.

17 (b) The Speaker of the House of Representatives shall appoint two members from among  
18 members of the House of Representatives as follows:

19 (A) One member from the Democratic Party.

20 (B) One member from the Republican Party.

21 (c) The Governor shall appoint four members as follows:

22 (A) Two members from among members of the Oregon Transportation Commission.

23 (B) Two members who are knowledgeable about issues related to transportation and who  
24 do not receive economic benefit from the Department of Transportation.

25 (3) The task force shall investigate, conduct research and if necessary propose solutions  
26 in relation to:

27 (a) The Department of Transportation’s processes for decision-making, including trans-  
28 portation project selection, policy development, planning and contracting and whether those  
29 activities are clearly documented, easily accessible and transparent.

30 (b) The process the department uses to determine which projects are funded.

31 (c) Whether all construction and planning projects are part of a clearly defined and  
32 transparent process that allows public, stakeholder and customer input.

33 (d) Whether the information provided by the department to the Oregon Transportation  
34 Commission is adequate regarding the following:

35 (A) Actions taken, activities engaged in, policies adopted and decisions made by the de-  
36 partment.

37 (B) Preparation for formal actions to be taken by the commission, including:

38 (i) Adequacy of the time for the members of the commission to evaluate the proposed  
39 action;

40 (ii) Clarity of the information provided by the department;

41 (iii) Documentation of arguments in support and in opposition received by the depart-  
42 ment regarding the action;

43 (iv) Impact of the action upon current policies that have been adopted by the commis-  
44 sion; and

45 (v) Whether the department regularly provides notice to interested parties such that the

1 interested parties have the time to prepare and provide input to aid the commission in de-  
2 termining the impact of its decisions.

3 (e) Whether the department is structured in a way that allows for efficient and effective  
4 operations.

5 (f) Whether the department's staffing level and distribution is appropriate to the tasks  
6 directed to the department by statutory mandate.

7 (g) Whether the department takes on responsibilities beyond that provided by statutory  
8 mandate.

9 (h) Whether there are statutory directives that the department has not carried out or  
10 addressed, and, if so, the reason for this.

11 (i) Whether all divisions within the department are operating within budgetary limita-  
12 tions.

13 (j) How the department's budget overruns are reported, accounted for and resolved.

14 (k) Whether the department's funds are being transferred between divisions to cover  
15 spending for other divisions.

16 (L) Whether the department's budget actions are clearly defined, identifiable and trans-  
17 parent.

18 (m) How the department's decisions are made and disseminated throughout the depart-  
19 ment.

20 (n) Whether there is a clear chain of command within the department.

21 (o) Whether the department's decisions are clearly communicated from management to  
22 staff.

23 (p) Whether there are specific individuals in the department that are identified as being  
24 responsible for decisions for purposes of clarification and response.

25 (q) Whether there are procedures in place in the department to ensure that employees  
26 who are responsible for making decisions and carrying out functions are held accountable for  
27 their decision-making and actions, and, if so, whether the procedures are being effectively  
28 implemented.

29 (r) Whether the department's decisions and the dissemination of decisions are clearly  
30 documented.

31 (s) What processes in the department are built into the decision-making process and  
32 dissemination of decisions to provide opportunities for external input.

33 (t) What processes in the department are built into the decision-making process and  
34 dissemination of decisions to provide opportunities for internal comment.

35 (u) How information is provided to advisory groups within the department and how rec-  
36 ommendations are developed to determine whether and to what extent those processes are  
37 controlled, influenced and determined by staff rather than members of those advisory  
38 groups.

39 (v) Whether major transportation stakeholders are satisfied that their input is being  
40 considered and valued by the department.

41 (w) Whether the process for transportation stakeholder input is easy to find, use and  
42 access.

43 (x) The means by which problems within the department may be appropriately conveyed  
44 to the department's management team.

45 (y) The means by which problems within the department can be appropriately conveyed

1 to the commission, to the Governor and to the Legislative Assembly.

2 (4) Not later than September 15, 2018, the task force shall prepare and submit a report  
3 to the Legislative Assembly in the manner provided by ORS 192.245 that describes the  
4 findings of the task force. The report may include recommendations for legislation.

5 (5) A majority of the voting members of the task force constitutes a quorum for the  
6 transaction of business.

7 (6) Official action by the task force requires the approval of a majority of the voting  
8 members of the task force.

9 (7) The task force shall elect one of its members to serve as chairperson.

10 (8) If there is a vacancy for any cause, the appointing authority shall make an appoint-  
11 ment to become immediately effective.

12 (9) Members of the Legislative Assembly appointed to the task force are nonvoting  
13 members of the task force and may act in an advisory capacity only.

14 (10) The task force shall meet at times and places specified by the call of the chairperson  
15 or of a majority of the voting members of the task force.

16 (11) The task force may adopt rules necessary for the operation of the task force.

17 (12) The Legislative Administration Committee shall provide staff support to the task  
18 force.

19 (13) Members of the task force who are not members of the Legislative Assembly are not  
20 entitled to compensation, but may be reimbursed for actual and necessary travel and other  
21 expenses incurred by them in the performance of their official duties in the manner and  
22 amounts provided for in ORS 292.495. Claims for expenses incurred in performing functions  
23 of the task force shall be paid out of funds appropriated to the Legislative Administration  
24 Committee for purposes of the task force.

25 (14) All agencies of state government, as defined in ORS 174.111, are directed to assist  
26 the task force in the performance of the task force's duties and, to the extent permitted by  
27 laws relating to confidentiality, to furnish information and advice the members of the task  
28 force consider necessary to perform their duties.

29  
30 **AUDIT**

31  
32 **SECTION 58.** (1) The Secretary of State shall procure an independent performance and  
33 program audit, as those terms are defined in ORS 297.020, of the Department of Transpor-  
34 tation. The purpose of the audit is to investigate, conduct research and propose solutions,  
35 as appropriate, on the issues listed in section 57 (3) of this 2016 Act.

36 (2) The secretary shall report the results of the audit to the Task Force on Transporta-  
37 tion Spending established under section 57 of this 2016 Act no later than November 1, 2017.

38 **SECTION 59.** Sections 57 and 58 of this 2016 Act are repealed on December 31, 2018.

39  
40 **TRANSIT**

41  
42 **SECTION 60.** ORS 267.300 is amended to read:

43 267.300. (1) Subject to restrictions in the Oregon Constitution, a district board may finance  
44 construction, acquisition, purchase, lease, operation and maintenance of a mass transit system and  
45 related facilities for the purposes authorized under ORS 267.010 to 267.390 by:

- 1 (a) Levy of ad valorem taxes under ORS 267.305.
- 2 (b) Service charges and user fees collected under ORS 267.320.
- 3 (c) Use of the revolving fund authorized under ORS 267.310.
- 4 (d) Sale of bonds under ORS 267.330 to 267.345.
- 5 (e) Levy of business license fees under ORS 267.360.
- 6 (f) Levy of a tax measured by net income under ORS 267.370.
- 7 (g) Levy of a tax measured by employer payrolls under ORS 267.380, 267.385 and 267.420.
- 8 (h) Use of funds accepted under ORS 267.390.
- 9 (i) Short-term borrowings under ORS 267.400.
- 10 (j) Levy of a tax measured by net earnings from self-employment under ORS 267.380 and 267.385.
- 11 (k) Any combination of the provisions of paragraphs (a) to (j) of this subsection.

12 (2)(a) All or any part of the funds raised or received by the district under subsection (1)(a) to  
 13 (k) of this section may be expended by the district for the purpose of financing the construction,  
 14 reconstruction, improvement, repair, maintenance, operation and use of the primary transit sup-  
 15 portive system.

16 **(b) The district may expend only the following funds for construction, reconstruction,**  
 17 **improvement, repair, maintenance, operation and use of the secondary transit supportive**  
 18 **system:**

19 **(A) Funds that are reserved by Article IX, section 3a, of** [*However, only those funds raised*  
 20 *or received by the district that are restricted by*] the Oregon Constitution, for the purpose of financing  
 21 the construction, reconstruction, **improvement, repair, maintenance** operation and use of public  
 22 highways, roads, streets and roadside rest areas; [*may be expended by the district for the secondary*  
 23 *transit supportive system.*]

24 **(B) Proceeds of general obligation bonds approved by voters under ORS 267.330;**

25 **(C) Grants or contributions; and**

26 **(D) Proceeds of bonds issued under ORS 267.335 that are subject to a reimbursement**  
 27 **agreement.**

28 **(3) As used in this [subsection] section:**

29 [(a) “Transit supportive system” means those facilities in any county in which a district operates  
 30 that constitute the surface transportation system in the county, including highways, roads, streets,  
 31 roadside rest areas, park-and-ride stations, transfer stations, parking lots, malls and skyways.]

32 [(b)] (a) “Primary transit supportive system” means [*those facilities*] **the parts of a transit**  
 33 **supportive system** upon which or adjacent to which the district physically operates.

34 (b) **“Reimbursement agreement” means a legally binding agreement between the district**  
 35 **and another party that requires that party to reimburse the district for the district’s ex-**  
 36 **penditure of the funds subject to the agreement.**

37 (c) “Secondary transit supportive system” means [*the remainder of those facilities that constitute*  
 38 *the surface transportation system, but over which the district’s operation or facilities are not physically*  
 39 *present*] **the parts of a transit supportive system that are not included in the primary transit**  
 40 **supportive system.**

41 (d) **“Transit supportive system” means those facilities in any county in which a district**  
 42 **operates that constitute the surface transportation system in the county, including, but not**  
 43 **limited to, highways, roads, streets, roadside rest areas, park-and-ride stations, transfer**  
 44 **stations, parking lots, malls and skyways.**

45

**CAPTIONS**

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**SECTION 61. The unit captions used in this 2016 Act are provided only for the convenience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this 2016 Act.**

**EFFECTIVE DATE**

**SECTION 62. This 2016 Act takes effect on the 91st day after the date on which the 2016 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.**

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