

Proposal to Create New Fund From the County Share of the State Highway Fund

Background

Members of the Oregon Association of County Engineers and Surveyors (OACES) believe state, county and city roads serve our citizens as a seamless transportation system. Just as agricultural and other products need to move from the rural parts of the state to local and global markets, urban residents want to access recreational and other opportunities in rural Oregon. The State Highway Fund (SHF) is currently distributed to counties based on the number of registered vehicles in each county.

Counties currently only receive 25 percent of the revenue raised for the SHF, although for the past several decades all government partners have agreed new SHF revenues will be allocated 50 percent to the state, 30 percent to counties and 20 percent to cities.

Problem

Many counties with small populations and a high number of road miles receive a share of the SHF which is inadequate to support a road department. For example, Wheeler County's 2016 SHF allocation is just \$140,000 with 259 miles of roads. This amount makes it almost impossible to operate a road department; you could barely afford a couple of employees with no equipment or materials!

The other option for an underfunded rural county is to raise local revenue, but there are often so few residents that a local gas tax or vehicle registration fee would barely cover the ODOT cost to administer the program.

Process

For this reason, OACES worked collaboratively to propose a new fund from a portion of new revenue generated if a package is passed during the 2017 Legislative Session. The OACES funding committee included two members from every Association of Oregon Counties (AOC) district, and they met multiple times over the past two years. The committee considered full formula changes on existing revenue, new revenue, a "\$1 Million Minimum" for each county, and a wide variety of other options.

Solution

This proposal assumes the transportation package will raise an annual sum of \$300 million statewide, equivalent to a 10.5 cent gas tax increase (including an equivalent weight-mile tax increase). The counties 30 percent share, which is the only part impacted by this new proposal, would amount to \$90 million.

The proposal is to take no more than \$5 million off the top of the \$90 million and redistribute it via a new formula. The new formula allocates this \$5 million to counties with less than 200,000 registered vehicles according to the ratio of miles per vehicle in that county. This method accounts for a county's inability to self-finance their road system.

At the OACES Spring Conference in May, this proposal was supported unanimously by the road officials in attendance. In September, the AOC also unanimously supported this proposal.

Special County Allotment (SCA) Based on a Miles / Registered Vehicles Ratio

New SCA Fund: \$ 5,000,000
 New Revenue: \$ 85,000,000

Amount expected for traditional allocation

County	Road Miles	Registered Vehicles	Miles / Vehicles	Existing 2016 State Highway Fund	New SCA to County	Total New Revenue	New Transportation Package (2017)	
							\$ Change	% Change
Sherman	447	3,732	0.1197	\$ 216,476	\$ 664,248.22	\$ 1,034,517	\$ 738,340	249.3%
Gilliam	407	3,589	0.1134	\$ 207,375	\$ 629,235.51	\$ 1,001,900	\$ 700,489	232.4%
Wheeler	259	2,436	0.1065	\$ 139,733	\$ 591,092.88	\$ 787,524	\$ 639,455	431.9%
Harney	812	11,580	0.0701	\$ 660,103	\$ 389,070.79	\$ 1,550,982	\$ 618,971	66.4%
Morrow	959	15,999	0.0600	\$ 914,718	\$ 332,855.96	\$ 1,673,277	\$ 650,487	63.6%
Wallowa	713	12,135	0.0588	\$ 691,350	\$ 326,119.10	\$ 1,258,387	\$ 567,037	82.0%
Lake	729	13,335	0.0547	\$ 758,177	\$ 303,553.01	\$ 1,326,472	\$ 568,295	75.0%
Malheur	1,735	36,574	0.0474	\$ 2,109,598	\$ 263,258.50	\$ 3,286,914	\$ 989,369	43.1%
Grant	488	11,757	0.0415	\$ 672,122	\$ 230,321.79	\$ 1,135,858	\$ 463,736	69.0%
Baker	905	23,818	0.0380	\$ 1,363,860	\$ 210,825.89	\$ 2,047,549	\$ 683,689	50.1%
Jefferson	601	27,877	0.0216	\$ 1,576,191	\$ 119,647.81	\$ 2,249,286	\$ 673,095	42.7%
Wasco	674	32,710	0.0206	\$ 1,863,437	\$ 114,299.91	\$ 2,627,135	\$ 763,697	41.0%
Umatilla	1,670	92,438	0.0181	\$ 5,287,865	\$ 100,297.19	\$ 7,223,350	\$ 1,935,485	36.6%
Union	598	33,907	0.0176	\$ 1,936,525	\$ 97,896.60	\$ 2,707,583	\$ 771,058	39.8%
Crook	472	34,367	0.0137	\$ 1,928,481	\$ 76,205.89	\$ 2,686,981	\$ 758,500	39.3%
Klamath	869	85,381	0.0102	\$ 4,889,810	\$ 56,472.45	\$ 6,641,367	\$ 1,751,557	35.8%
Tillamook	328	34,862	0.0094	\$ 1,985,530	\$ 52,291.02	\$ 2,729,942	\$ 744,413	37.5%
Douglas	1,141	135,254	0.0084	\$ 7,737,713	\$ 46,819.44	\$ 10,469,754	\$ 2,732,041	35.3%
Columbia	538	65,029	0.0083	\$ 3,700,018	\$ 45,921.28	\$ 5,036,972	\$ 1,336,954	36.1%
Linn	1,103	142,304	0.0078	\$ 8,113,324	\$ 43,043.39	\$ 10,981,554	\$ 2,868,230	35.4%
Curry	225	30,623	0.0074	\$ 1,746,769	\$ 40,842.76	\$ 2,395,576	\$ 648,807	37.1%
Coos	526	75,830	0.0069	\$ 4,323,831	\$ 38,521.00	\$ 5,867,819	\$ 1,543,988	35.7%
Hood River	203	30,741	0.0066	\$ 1,756,276	\$ 36,652.05	\$ 2,403,235	\$ 646,959	36.8%
Lincoln	339	54,206	0.0063	\$ 3,083,904	\$ 34,753.77	\$ 4,194,819	\$ 1,110,915	36.0%
Yamhill	669	109,825	0.0061	\$ 6,254,889	\$ 33,838.10	\$ 8,469,103	\$ 2,214,214	35.4%
Polk	478	80,351	0.0060	\$ 4,558,625	\$ 33,029.32	\$ 6,186,877	\$ 1,628,252	35.7%
Benton	447	81,941	0.0055	\$ 4,676,446	\$ 30,293.13	\$ 6,333,529	\$ 1,657,083	35.4%
Josephine	561	105,078	0.0053	\$ 5,985,059	\$ 29,624.00	\$ 8,100,816	\$ 2,115,756	35.4%
Clatsop	229	43,845	0.0052	\$ 2,499,526	\$ 28,969.23	\$ 3,398,958	\$ 899,432	36.0%
Deschutes	937	222,066	0.0042	\$ 12,487,163		\$ 16,895,880	\$ 4,408,716	35.3%
Jackson	962	237,059	0.0041	\$ 13,485,087		\$ 18,191,462	\$ 4,706,375	34.9%
Lane	1,436	368,590	0.0039	\$ 21,009,786		\$ 28,327,469	\$ 7,317,684	34.8%
Marion	1,116	338,960	0.0033	\$ 19,215,647		\$ 25,945,081	\$ 6,729,434	35.0%
Clackamas	1,411	434,650	0.0032	\$ 24,745,463		\$ 33,374,647	\$ 8,629,185	34.9%
Washington	1,394	518,568	0.0027	\$ 29,349,957		\$ 39,645,181	\$ 10,295,224	35.1%
Multnomah	293	730,013	0.0004	\$ 41,442,925		\$ 55,936,005	\$ 14,493,079	35.0%