

**REVENUE IMPACT OF  
PROPOSED LEGISLATION  
79th Oregon Legislative Assembly  
2017 Regular Session  
Legislative Revenue Office**

**Bill Number: HB 2017 - 10  
Revenue Area: Transportation  
Economist: Mazen Malik  
Date: 07/01/2017**

***Only Impacts on Original or Engrossed  
Versions are Considered Official***

**Measure Description:**

The measure is the Transportation Improvement, Modernization and Preservation package of the 2017 session. It changes many fees and taxes and creates others.

**Revenue Impact (in \$Millions):**

Revenue Raised		\$ Million	2017-19 Biennium	2019-21 Biennium	2021-23 Biennium	2023-25 Biennium	2025-27 Biennium		
<b>Highway Fund</b>			\$338.2	\$621.3	\$815.3	\$972.4	\$1,022.1		
	Collection Costs		(\$4.0)	(\$8.0)	(\$8.3)	(\$8.5)	(\$8.7)		
	Net		\$334.2	\$613.3	\$807.1	\$964.0	\$1,013.4		
Notes for Bonding Revenue at thee bottom of the page									
<b>Privilege Tax</b>			\$40.3	\$56.1	\$56.4	\$55.5	\$54.8		
	Collection Costs		(\$1.1)	(\$1.1)	(\$1.1)	(\$1.1)	(\$1.1)		
	Net		\$39.2	\$55.0	\$55.3	\$54.3	\$53.7		
<b>Payroll tax</b>			\$115.8	\$250.1	\$275.0	\$302.6	\$334.2		
	Collection Costs		(\$10.1)	(\$10.5)	(\$10.8)	(\$11.2)	(\$11.6)		
	Net		\$105.7	\$239.7	\$264.2	\$291.3	\$322.5		
<b>Bike Excise</b>			\$2.1	\$2.8	\$2.8	\$2.8	\$2.8		
	Collection Costs		(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)		
	Net		\$2.0	\$2.7	\$2.7	\$2.7	\$2.7		
<b>Total Gross Revenue</b>			<b>\$496.4</b>	<b>\$930.3</b>	<b>\$1,149.6</b>	<b>\$1,333.2</b>	<b>\$1,413.9</b>		
<b>Total Collection Costs</b>			<b>(\$15.3)</b>	<b>(\$19.7)</b>	<b>(\$20.3)</b>	<b>(\$20.9)</b>	<b>(\$21.5)</b>		

**Impact Explanation:**

The bill increases highway fund taxes and fees and constructs a long-term transportation program. The program will be financed through a gradual increase in the motor fuels tax and motor vehicles registration and titling fees. Registration fees will be increased \$13 in 2018; title fees, \$16 in 2018. Registration and title fees will be tiered, starting in 2020, to acknowledge that vehicles with different mile-per-gallon (MPG) ratings pay differing levels of motor fuels taxes. The first increase to tiers happens in 2020, where the tiers in the registration fees are 0-19 MPG (\$18), 20-39 MPG (\$23), 40+ MPG (\$33), and electric vehicles

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	Current Rate	Jan-18	Jan-19	Jan-20	Jan-21	Jan-22	Jan-23	Jan-24	Total increase	% increase
Motor Fuels Tax cents/Gallon	30	34	34	36	36	38	38	40	40	33.3%
Weight Mile Tax	100%	25%		105%		105%		106%	53.3%	53.3%
	Total	125%		131%		145%		153%		
Registration Fees (Light)	\$43.0	\$13.0		\$5.0		\$2.0		\$0.0	\$20.0	\$0.5
Registration Fees (Heavy) MCTD	100%	0%		0%		0%		0%	0.0%	0.0%
Registration Fees (Heavy) DMV	100%	27%		8%		0%		0%	35.0%	35.0%
		127%		135%		135%		135%		
Titles (Light)	\$77.0	\$16.0		\$5.0		\$3.0		\$0.0	24.0	31.2%
Titles (Heavy)	\$90.0	\$0.0		\$0.0		\$0.0		\$0.0	0.0	0.0%

(\$110). Owners of electric vehicles will have the option of joining the OReGO program in lieu of paying the higher registration fee. Likewise, this methodology will apply to titling fees. The motor fuels tax will be increased as follows:

January 2018 – four cents per gallon, January 2020 – two cents per gallon, January 2022 – two cents per gallon, January 2024 – two cents per gallon.

The increases in 2020, 2022 and 2024 are conditional. They will go into effect only if the OTC certifies in a report to the JCT that the commission and the department have met certain milestones that justify the increase.

The weight/mile tax and other heavy vehicle fees are increased separately based on the cost responsibility model to ensure that those vehicles are paying a proportionate share of highway costs.

The measure also imposes payroll tax at the rate of 0.1% to fund transit around the state. It also imposes a privilege tax on vehicle dealers at the rate of 0.5% and uses the funds to subsidize electric vehicles for six years, and to fund the connect Oregon multimodal program. A bicycle excise tax is also started and directed to the multimodal program for Bike and Ped programs. The uses of the revenue in the bill are shown in the table below.

Money distributed for the state highway system will be used for highway safety (\$10 million), for specific projects, for bridges, for seismic improvements related to highways and bridges, to replace and maintain highway pavement and culverts, and for state highway maintenance, preservation, and safety improvements. The measure lists priority projects that ODOT must complete.

For more description of the bill please refer to the section by section and the Staff Measure Summary.

<https://olis.leg.state.or.us/liz/2017R1/Downloads/CommitteeMeetingDocument/137420>

<https://olis.leg.state.or.us/liz/2017R1/Downloads/CommitteeMeetingDocument/137380>

The table below shows the different uses and distributions that the new revenue goes towards.

		\$\$ Million	2017-19 Biennium	2019-21 Biennium	2021-23 Biennium	2023-25 Biennium	2025-27 Biennium
	<b>Highway Fund</b>						
<b>Net revenue</b>			<b>\$334.2</b>	<b>\$613.3</b>	<b>\$807.1</b>	<b>\$964.0</b>	<b>\$1,013.4</b>
Fuel Transfers to other agencies			(\$2.1)	(\$3.1)	(\$4.2)	(\$6.2)	(\$6.9)
Congestion fund Transfer (Rose quarter \$400 MBonds )					(\$45.0)	(\$60.0)	(\$60.0)
Safe Routes to school			(\$15.0)	(\$20.0)	(\$27.5)	(\$30.0)	(\$30.0)
All Counties share @30%			(\$95.1)	(\$177.1)	(\$219.1)	(\$260.3)	(\$274.9)
Special County program			(\$5.0)	(\$5.0)	(\$5.0)	(\$5.0)	(\$5.0)
All cities Share @ 20%			(\$63.4)	(\$118.0)	(\$146.1)	(\$173.5)	(\$183.3)
Small City program			(\$4.0)	(\$4.0)	(\$4.0)	(\$4.0)	(\$4.0)
OTIC Rest Areas	section 125-128		(\$14.1)	(\$9.6)	(\$6.4)	(\$6.9)	(\$3.1)
Safety			(\$15.0)	(\$20.0)	(\$27.5)	(\$30.0)	(\$30.0)
Bonds (\$450 million 2022) and expenditures for Section 71 projects			(\$15.0)	(\$25.0)	(\$27.0)	(\$30.0)	(\$30.0)
<b>Total Transfers and set asides</b>			<b>(\$229)</b>	<b>(\$382)</b>	<b>(\$512)</b>	<b>(\$606)</b>	<b>(\$627)</b>
<b>Balance of revenue to system preservation Programs</b>			<b>\$105.4</b>	<b>\$231.5</b>	<b>\$295.4</b>	<b>\$358.0</b>	<b>\$386.2</b>
	Bridges	40%	\$42.2	\$92.6	\$118.1	\$143.2	\$154.5
	Seismic	30%	\$31.6	\$69.4	\$88.6	\$107.4	\$115.8
	Maintenance and Culverts	24%	\$25.3	\$55.6	\$70.9	\$85.9	\$92.7
	Maintenance pres. & safe	6%	\$6.3	\$13.9	\$17.7	\$21.5	\$23.2
<b>Fuel Transfers to Other agencies</b>	<b>Off Highway Consumption</b>						
Dredging Fund (new) Biz O	section 86		\$0.42	\$0.45	\$0.45	\$0.49	\$0.60
MARINE BOARD			\$0.42	\$0.79	\$1.21	\$2.10	\$2.79
HIGHWAY DIVISION (SNOWMOBILE)			\$0.14	\$0.21	\$0.27	\$0.41	\$0.46
AERONAUTICS DIVISION			\$0.02	\$0.03	\$0.05	\$0.07	\$0.08
PARKS (ATV CLASS 1,2,3,4)			\$1.09	\$1.63	\$2.18	\$3.27	\$3.63
<b>Total Fuel Transfers</b>			<b>\$2.08</b>	<b>\$3.12</b>	<b>\$4.16</b>	<b>\$6.24</b>	<b>\$6.93</b>
<b>Net Revenue From Dealer Privilege Tax</b>			<b>\$39.2</b>	<b>\$55.0</b>	<b>\$55.3</b>	<b>\$54.3</b>	<b>\$53.7</b>
	Zero-emission Incentive [sec 150		\$18.0	\$24.0	\$18.0	\$0.0	\$0.0
	Connect Oregon Fund		\$21.2	\$31.0	\$37.3	\$54.3	\$53.7
<b>Bicycles Excise Tax</b>	Connect Oregon Fund		\$2.0	\$2.7	\$2.7	\$2.7	\$2.7
<b>Total Connect Oregon Fund</b>			<b>\$23.1</b>	<b>\$33.6</b>	<b>\$40.0</b>	<b>\$57.0</b>	<b>\$56.4</b>
<b>Net Revenue From Payroll Tax</b>			<b>\$105.7</b>	<b>\$239.7</b>	<b>\$264.2</b>	<b>\$291.3</b>	<b>\$322.5</b>
Formula	90%		\$95.13	\$215.71	\$237.79	\$262.19	\$290.27
Discretionary Service Enhancements	5%		\$4.76	\$10.79	\$11.89	\$13.11	\$14.51
Intercity	4%		\$0.19	\$0.43	\$0.48	\$0.52	\$0.58
Statewide Resource Center	1%		\$0.00	\$0.00	\$0.00	\$0.01	\$0.01

Creates, Extends, or Expands Tax Expenditure: Yes  No

Start an electric program for electric vehicles that sunsets after six years.