

HB 2017 A STAFF MEASURE SUMMARYCarrier: Rep. McKeown, Rep.
Bentz**Joint Committee On Transportation Preservation and Modernization****Action Date:** 07/01/17**Action:** Do pass with amendments. (Printed A-Eng.)**House Vote****Yeas:** 7 - Bentz, Lively, McKeown, McLain, Olson, Smith G, Smith Warner**Senate Vote****Yeas:** 5 - Beyer, Boquist, Monroe, Taylor, Winters**Nays:** 2 - Girod, Johnson**Fiscal:** Fiscal impact issued**Revenue:** Revenue impact issued**Prepared By:** Patrick Brennan, LPRO Analyst**WHAT THE MEASURE DOES:**

Clarifies members of Oregon Transportation Commission (OTC) serve at pleasure of Governor and may be removed by Governor following notice and public hearing. Modifies meeting requirements and duties for OTC, including 20-year multimodal plan, plan for each transportation mode, and 20-year project list. Clarifies that OTC may exercise power statutorily granted to Oregon Department of Transportation (ODOT). Directs OTC to maintain an inventory of real property owned by ODOT. Establishes Continuous Improvement Advisory Committee (CIAC) to advise OTC. Requires OTC, cities, and counties to report and maintain information on condition of transportation infrastructure. Directs OTC to maintain website of transportation projects within Statewide Transportation Improvement Program (STIP). Requires written cost-benefit analysis be prepared on STIP projects over \$15 million and modifies STIP selection criteria to include seismic resiliency and proximity to aggregate source. Modifies duties and oversight of ODOT internal auditor and directs OTC to report to Legislative Assembly regarding audits. Designates OTC as appointing authority for ODOT Director. Directs OTC to conduct studies on adequacy of funding in measure to meet state's transportation infrastructure needs, on I-205 Abernethy Bridge project and I-205 widening project, on I-5 Rose Quarter project, and upgrade of inner Powell Boulevard and its transfer to the City of Portland.

Establishes a Joint Committee on Transportation (JCT), consisting of members appointed by the Senate President and the Speaker of the House, which has a continuous existence and meets during legislative sessions and interim. Outlines duties of the Joint Committee on Transportation, which includes oversight of the Department of Transportation.

Creates additional registration fee and title fee surcharges of \$13 effective January 1, 2018; institutes four tiers of vehicle registration fee and title fee increases, based on vehicle fuel efficiency rating (\$18 for 0-19 mpg, \$23 for 20-39 mpg, \$33 for 40+ mpg, and \$110 for plug-in electric vehicles not enrolled in OReGO program) beginning January 1, 2020, increasing to \$20/\$25/\$35/\$115 on January 1, 2022. Increases registration fees for other types and classifications of vehicles. Increases motor fuel tax by four cents effective January 1, 2018 and provides additional two-cent increases effective January 1, 2020, 2022, and 2024, provided that the Oregon Transportation Commission certifies that certain conditions have been met. Makes commensurate increases to trip permits, variance permits, and weight-mile tax schedules. Specifies allocation of revenues from above taxes and fees by formula to ODOT, cities, and counties and for specified projects, including allocation of \$10 million (\$15 million after 2022) for Safe Routes to Schools Fund and \$30 million for bonds to finance the I-5 Rose Quarter project after 2021 prior to the state-local split. In addition, \$10 million of state portion is designated for safety projects. Lists priority projects that must be

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funded from the state portion.

Increases State Highway Fund small city allotment from \$1 million to \$5 million and directs ODOT to establish a small city advisory committee to review applications and make recommendations for allocations from Fund. Increases from \$750,000 to \$5.75 million the State Highway Fund small county allotment and allocates moneys, to specified counties and by formula, to all counties with fewer than 200,000 registered vehicles.

Directs OTC to conduct study on proportionate share that users of vehicles powered by different means should pay for maintenance, operation, and improvement of highways and to report results to the JCT.

Makes allocations to specified multimodal projects from moneys within the Connect Oregon Fund, subject to submission of plans to OTC. Increases from 30 percent to 50 percent required match for Class I Railroads for *Connect Oregon* funds. Directs OTC to divide *ConnectOregon* into two parts: Part One (55 percent) consists of air, marine, rail, bicycle, and pedestrian projects; Part Two (45 percent) consists of projects of statewide significance in air, marine or rail modes. Outlines criteria to be considered when awarding Part Two grants. Directs Parks and Recreation Department to reimburse ODOT for up to \$4 million for bicycle and pedestrian grants from *ConnectOregon*.

Funds maintenance dredging at Oregon ports and marinas through the Marine Navigation Improvement Fund and allocates two cents per gallon of fuel equivalent to Fund, to be appropriated to the Oregon Business Development Department for that purpose.

Imposes a privilege tax of 0.5 percent of the retail sales price of new taxable motor vehicles with a gross vehicle weight of 26,000 or fewer pounds sold in this state. Imposes a use tax of 0.5 percent of the retail price of a new taxable motor vehicle purchased from any seller outside of Oregon and brought into the state. Imposes excise tax of \$15 on the sale of taxable bicycles valued at \$200 or more at retail in this state. Deposits revenues from privilege tax as follows: \$12 million annually to the Zero-Emission Incentive Fund established by this measure; and remaining moneys transferred to the Connect Oregon Fund. Deposits moneys from use tax to State Highway Fund. Deposits moneys from bicycle excise tax into Connect Oregon Fund for grants for bicycle and pedestrian transportation projects. Establishes collection procedures for privilege, use, and excise taxes. Prohibits local governments from imposing privilege tax on sale of taxable motor vehicles unless authorized by statute or approved by governing body on or before measure's effective date.

Asserts legislative intent that privilege tax revenues are not subject to provisions of Article IX, section 3a of the Oregon Constitution and provides process for expedited judicial review should assertion be subject to legal challenge. Provides that if measure or any part thereof is referred to voters and not approved, all specified sections are repealed.

Sets schedule of incremental increases to per-mile tax rate under OReGO road usage charge program, beginning January 1, 2018, and culminating January 1, 2024.

Directs Department of Administrative Services (DAS) to conduct feasibility study on performing highway cost allocation study within boundaries of Metro, Tri-Met, or a county, regarding revenue raised within said boundaries subject to Article IX, section 3a of the Oregon Constitution. Directs DAS to submit report to JCT by September 15, 2018.

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Directs OTC to establish a traffic congestion relief program. Directs OTC to seek necessary approval from Federal Highway Administration (FHWA) to implement value pricing. Requires that value pricing be implemented, upon receipt of FHWA approval, on Interstate 205 and on Interstate 5 between the interchange with Interstate 205 and the Washington border; authorizes OTC to implement congestion pricing in other areas of the state. Creates Congestion Relief Fund and specifies that revenues from value pricing are to be deposited into the Fund.

Creates a Task Force on Mega Transportation Projects to study how the State of Oregon selects and approves mega transportation projects, defined as those costing at least \$360 million, that attract public attention or public interest, or that require a high level of attention to manage.

Creates a Statewide Transportation Improvement Fund (STIF). Imposes a statewide tax of 0.1 percent on employee wages, to be withheld by employers, remitted to Department of Revenue, and deposited into the STIF. Directs OTC to distribute moneys from STIF to mass transit districts, transportation districts, counties that do not include a mass transit district or transportation district, and federally recognized Indian tribes, as follows: 90 percent by formula; five percent by competitive grant; four percent to provide funding assistance for improving public transportation services between two or more communities; and one percent to ODOT to establish a statewide public transportation technical resource center. Outlines eligibility requirements for formula distribution and grant eligibility and criteria for evaluation of requests. Requires OTC to report to JCT on implementations and outcomes of program.

Authorizes OTC to provide matching grants for safety improvement projects near schools. Requires 40 percent match by grant applicants, or 20 percent match for schools in small cities, projects within safety corridors, and Title I schools. Designates projects located within one mile of schools as priorities for grant awards and outlines uses for matching grant moneys.

Expands list of roadside rest areas managed and maintained by the Travel Information Council (TIC) in two phases and allocates \$8.005 million (2018-19) and \$9.16 million annually thereafter from State Highway Fund to TIC for management of rest areas. Makes annual allocations to TIC from State Highway Fund for capital improvements to rest areas beginning July 1, 2018, and ending June 30, 2026. Directs TIC to report to JCT on transition plan by September 15, 2018.

Provides for the following jurisdictional transfers: two segments of Pacific Highway West, State Highway 91, from ODOT to City of Eugene; Springfield Highway, State Highway 228, from ODOT to City of Springfield; portions of Powell Boulevard from ODOT to City of Portland; portions of Territorial Highway, State Highway 200, within Lane County from ODOT to Lane County; portion of of Springfield-Creswell Highway, State Highway 222, from ODOT to Lane County; portion of Delta Highway from Lane County to ODOT; and portion of Cornelius Pass Road from Multnomah and Washington counties to ODOT.

Directs OTC to develop a statewide winter maintenance strategy that includes the use of rock salt or similar solid rock product and to submit report to JCT.

Abolishes the Urban Trail Fund and deposits unexpended moneys therein to Connect Oregon Fund.

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Directs Department of Environmental Quality (DEQ) to establish rebate program for purchase of new, light-duty, zero-emission, or plug-in electric vehicles with retail price less than \$50,000. Permits rebate of \$750 to \$2,500, based on battery storage capacity. Directs DEQ to establish Charge Ahead Oregon Program to provide rebates to low- and moderate-income households that voluntarily retire high-emission passenger vehicles and replace them with new or used light-duty zero-emission vehicles. Permits Charge Ahead rebate of \$1,250 to \$2,500. Permits rebates of \$375 to \$750 for neighborhood electric vehicles and zero-emission motorcycles, effective January 1, 2019. Requires periodic updates of rebate programs. Establishes the Zero-Emission Incentive Fund and deposits \$12 million annually from vehicle privilege tax to Fund for purposes of rebate program.

Directs DEQ to monitor the availability of fuels needed for compliance with the low carbon fuel standard (LCFS), calculate annual cost or cost savings per gallon of gasoline and greenhouse gas (GHG) emissions reductions, and make the information available on its website. Directs DAS and DEQ to coordinate on fuel supply forecast for compliance with LCFS and directs DEQ to declare forecast deferral if forecast projects that number of credits will be less than necessary for regulated parties to comply. Specifies actions that may be taken under forecast deferral. Directs DEQ to order emergency deferral if magnitude of shortage is more than five percent of amount forecasted to be available or upon declaration of the Governor of an energy emergency. Outlines procedure for termination of forecast deferrals and emergency deferrals. Directs clean fuels program to include provisions necessary for DEQ to hold credit clearance to facilitate compliance with LCFS and specifies process for sale of credits of up to \$200 in 2018, and adjusted for inflation in subsequent years. Permits DEQ to make adjustments to address market stability if prices increase by 100 percent or more in a three-month period. Directs DEQ to complete a review of clean fuels program by February 1, 2022, and report to legislative interim committees. Allows gas stations to disclose cost of LCFS and concurrent GHG emission reductions attributable to LCFS.

Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Work of Committee and Governor's Vision Panel on Transportation to develop legislation
- Accountability provisions of measure
- Importance of addressing traffic congestion
- Measure will help make Oregon more economically competitive with its neighbors
- Importance of addressing maintenance and preservation needs
- Importance of small city program
- Need for intermodal freight facilities to move Oregon products
- Need for additional funding for transit and passenger rail
- Changes over time in cost of construction materials and labor
- Importance of biking, walking, and active transportation options
- Strategies for meeting state's greenhouse gas emission goals
- Addressing safety concerns in high-risk corridors and near schools
- Cost estimates for major highway projects
- Impact of increased taxes and fees on public
- Use of tolling and congestion pricing to address traffic
- Privilege tax and bicycle excise tax impacts on dealers
- Need for incentive program for electric and hybrid vehicles

EFFECT OF AMENDMENT:

Replaces the original measure.

BACKGROUND:

The Legislative Assembly appointed the Joint Committee on Transportation Preservation and Modernization in May of 2016 to gather information regarding transportation needs and concerns in communities across Oregon. Formation of the Committee was driven in part by the Governor's Vision Panel on Transportation, which released its final report in May 2016, following more than a year of study and analysis, which recommended making significant investments to address highway maintenance and preservation, highway bottlenecks, reduce gaps in transit service, boost support for bicycle and pedestrian facilities, solidify and increase multimodal transportation investment, improve seismic resilience, provide a process for jurisdictional transfer of transportation facilities, improve transportation innovation, and track impacts of carbon emissions.

To that end, the Committee held 13 meetings in 10 communities throughout Oregon, where they toured transportation facilities, met with local elected officials and stakeholders, and held public hearings. The Committee also formed work groups in five areas (accountability, highway preservation and seismic upgrade, traffic congestion and freight mobility, public transportation and transportation safety, and multimodal freight) to research and develop policy initiatives, funding options and statutory changes. House Bill 2017-A is the product of these efforts.