

**SB 450 A STAFF MEASURE SUMMARY****Carrier:** Sen. Boquist**Joint Committee On Transportation****Action Date:** 04/15/19**Action:** Do pass with amendments. (Printed A-Eng.)**Senate Vote****Yeas:** 3 - Bentz, Beyer, Frederick**Exc:** 2 - Boquist, Gelser**House Vote****Yeas:** 7 - Evans, Findley, Lewis, McKeown, McLain, Noble, Witt**Fiscal:** Fiscal impact issued**Revenue:** No revenue impact, statement issued (Indeterminate Impact)**Prepared By:** Patrick Brennan, LPRO Analyst**Meeting Dates:** 3/20, 4/15**WHAT THE MEASURE DOES:**

Modifies conditions that must be met in order for fuel tax increases to occur as scheduled in 2022 and 2024. Requires Department of Transportation to withhold increased revenues from contracting agency that is materially non compliant with least-cost laws for construction of public improvements, until said contracting agency is determined to be materially compliant or enters into an agreement to remedy non compliance. Takes effect on 91st day following adjournment sine die.

**ISSUES DISCUSSED:**

- Addresses risk to step increases in fuel tax
- Consensus solution

**EFFECT OF AMENDMENT:**

Clarifies that Department is to withhold increased amounts of revenue from public contracting agency if Commissioner of Bureau of Labor and Industries finds substantial evidence of violation of ORS 279C.305 within five years immediately preceding date of the Commissioner's finding or has materially breached an agreement under ORS 279C.306.

**BACKGROUND:**

House Bill 2017 (2017) established several step increases to Oregon motor fuel taxes. The first step increase, which took effect January 1, 2018, was a four-cent increase, raising the state gas tax from 30 cents per gallon to 34 cents per gallon. Three additional increases of two cents per gallon are scheduled to take effect in 2020, 2022, and 2024, pending confirmation that certain conditions are met. The conditions for the step increases scheduled for 2022 and 2024 include a provision that specifies that neither step increase may occur unless, "to the best knowledge of the [Oregon Transportation] Commission, all bodies scheduled to receive fuel tax revenue pursuant to this 2017 Act after the operative date of the increase are in compliance with ORS 279C.305 [...] or the Commission has requested from the Bureau confirmation of such compliance". The language of the requirement means that a single entity that is out of compliance with this requirement, at the time of review, would prohibit the step increase in state fuel taxes from occurring.

Senate Bill 450-A revises the statutory language related to the fuel tax step increases scheduled for 2022 and 2024 to specify that, in the event that one or more contracting agencies scheduled to receive revenues from the increase are out of compliance with least-cost contracting requirements, the step increase will nonetheless occur, but the out-of-compliance public body will not receive its portion of the increased revenues until it is deemed to be in compliance.