



**Testimony Before the House Committee on Energy and Environment
Relating to HB 2674 -1 amendments**

March 3, 2020

Submitted by Jim McCauley, Legislative Director - League of Oregon Cities

Chair Marsh, Vice-Chair Helm and Brock Smith, and members of the committee. The League of Oregon Cities (LOC) is offering the following comments regarding one element of the -1 amendments for HB 2674.

Section 18 on page 15 of the 48-page amendment covers a local government clean diesel engine tax moratorium. The LOC as many of you know has supported the efforts of the task force that has developed a series of recommendations for the legislature to consider. While we have yet to weigh in directly on each of those recommendations from the task force, we are puzzled with the moratorium for the local fuels tax, because it was not part of the recommendations from the task force. LOC is very concerned about this preemption advancing in HB 2674.

Since 1977, cities in Oregon have had statutory authority to establish a local fuels tax, so for over 40 years a number of cities has established and continue to establish a local fuel tax to augment a mix of transportation funds to invest in projects and the core operations and maintenance needs of their communities. Several cities within the metro area including the city of Portland currently have a gas tax in place and recently went through a renewal. The previous two transportation investment packages passed by the legislature had elements of preemptions related to revenue generation at the local level.

2017 Session

[HB 2017](#) – Keep Oregon Moving. **SECTION 111.** Tax moratorium. (1) A local government may not impose a tax described in subsection (2) of this section unless the tax is: (a) Authorized by statute; or Enrolled House Bill 2017 (HB 2017-A) Page 103 (b) Approved by the governing body of the local government and in effect on or before the effective date of this 2017 Act. (2) This section applies to: (a) A tax on the privilege of engaging in the business of selling taxable motor vehicles at retail; and (b) Any other privilege, excise, sales or use tax on taxable motor vehicles.

What is key about this preemption is that it was for a new source of revenue production via a privilege tax on the sale of new vehicles. LOC did not have a concern about this preemption, because it did not jeopardize the historical core local government funding options for transportation and the scope of the generational investment was of such a scale at \$5.3 billion HB 2017 was worth the League's support.

2009 Session

[HB 2001](#) –Jobs and Transportation Act. **SECTION 25.** (1) A city, county or other local government may not enact any charter provision, ordinance, resolution or other provision

taxing fuel for motor vehicles. (2) A city, county or other local government may not amend any charter provision, ordinance, resolution or other provision taxing fuel for motor vehicles.

SECTION 26. Section 25 of this 2009 Act is repealed on January 2, 2014.

The LOC agreed to support HB 2001 because it was a short-term preemption on new local government fuel taxes and the scope of the \$900 million in project investments across that in addition to increased distribution of funds generated in the State Highway Fund, which are then shared with all cities and counties.

LOC is requesting that the Committee not support the -1 amendments unless Section 18 is removed or extend a Committee recommendation for the removal of Section 18 if HB 2674 advances to House Revenue Committee.