

## HB 3406 -1, -2, -3, -4, -5, -6, -7 STAFF MEASURE SUMMARY

### Joint Committee On Tax Expenditures

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**Meeting Dates:** 6/8, 6/20

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#### WHAT THE MEASURE DOES:

Requires Department of Transportation to study development of uniform standards for speed bump height and markings. Sunsets January 2, 2025.

#### ISSUES DISCUSSED:

- The background of the measure
- Shortline tax credits and the overall tax credit process and budget
- The work done in the Joint Transportation committee and the amendments to HB 2096

#### EFFECT OF AMENDMENT:

-1

Permits a road authority to allow a person to operate a vehicle as part of a parade that is otherwise prohibited from operating on road, provided the vehicle is operated under approval and conditions of the road authority and complies with weight and size limits established by federal or state statute or by rule. Revises requirements for Highway Cost Allocation Study (HCAS) to include examination of most recent study period to determine accuracy of published HCAS results, and of prospective study period based on projected data. Specifies report on HCAS is to be made to Joint Committee on Transportation. Directs Department of Administrative Services to submit report analyzing at least the three most recent iterations of HCAS to evaluate proportionate share paid by users of each vehicle class. Sunsets January 2, 2025. Eliminates tiers based on track length or public ownership of railroads that establish distinctions between types of short line railroads for the purpose of determining the amount of tax credit allowed for rehabilitation of short line railroads. Applies to tax years beginning January 1, 2024, and before January 1, 2026. Takes effect on 91st day following adjournment sine die.

-2

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-4 Establishes a commitment for the Interstate Bridge Replacement for \$1 billion in Go bonds. Caps the IBR to \$6.3 billion with adjustment to inflation.

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-5 Establishes the Trucking Overpayment Refund Account. sends \$41.4 million quarterly to the fund from weight mile tax payments starting September 2023 Until June 2025. The Department of Transportation shall adopt rules specifying the manner of calculating, applying and issuing refunds under this section to taxpayers who overpaid weight-mile taxes.

-6 Removes distinction between tier I & tier II short lines, raising tax credit cap to \$3,500 per mile of short line track taxpayer owns/leases in OR (current law: tier I cap is \$1,000 per mile). Specifies OR credit amount does not include costs associated with federal credit (whether federal credit is claimed or not). If biennial credit certification cap of \$4M is reached then, no railroad allowed to exceed \$400,000 per year, and reduction is proportionate for all railroads. Applies to tax years 2024 and 2025.

-7 combines the "-2" and the "-6" amendments.

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### **BACKGROUND:**

This measure's amendments constitute an omnibus policy measure that includes three separate provisions. First, the measure clarifies language that allows road authorities to permit operation of vehicles on road that would otherwise not be permitted to do so, provided that the operation is under the authority's conditions and in compliance with state and federal law. Second, the measure revises the requirement of the biennial Highway Cost Allocation Study, requires DAS to review a minimum of the last three versions of the study, and mandates a report to the Joint Committee on Transportation. Finally, the measure eliminates the distinction between types of short line railroads with regard to tax credits allowed for their rehabilitation.

Every two years, the Department of Administrative Services (DAS) Office of Economic Analysis performs a Highway Cost Allocation Study to determine the proportional responsibility of Light (passenger) vehicles and heavy (trucks) vehicles for maintenance, preservation, and modernization costs of the state's highway system. The results of the study are used to set statutory taxes on light and heavy vehicles for the following biennium.