

**HB 3406 A STAFF MEASURE SUMMARY****Carrier:** Sen. Gorsek**Joint Committee On Tax Expenditures****Action:** Do pass the A-Eng bill.**Senate Vote****Yeas:** 5 - Boquist, Findley, Golden, Jama, Meek**House Vote****Yeas:** 6 - Levy B, Marsh, Nathanson, Nguyen D, Smith G, Walters**Exc:** 1 - Reschke**Fiscal:** Has minimal fiscal impact**Revenue:** Revenue impact issued**Prepared By:** Chris Allanach, Legislative Revenue Officer**Meeting Dates:** 6/8, 6/20**WHAT THE MEASURE DOES:**

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. Revises requirements for the Highway Cost Allocation Study (HCAS) to include examination of most recent study period to determine accuracy of published HCAS results. 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. 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 singular railroad is allowed to exceed \$400,000 per year. Any reduction in credit will be proportionate for all railroads. Applies to tax years 2024 and 2025.

**ISSUES DISCUSSED:**

- The background of the bill with original and the "-1" and "-2" amendments
- Shortline tax credits and the overall tax credit process and budget
- HCAS and changing the requirements for the current study process
- The work done in the Joint Transportation committee, and the amendments adopted for HB 2096
- The new amendments of the bill 1 through 7

**EFFECT OF AMENDMENT:**

No amendment.

**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. It 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.

