



January 31, 2023

Joint Committee on Transportation  
Attn: Co-Chairs Gorsek and McLain, Vice-Chairs Boquist and Boshart Davis  
Hearing Room F, January 31, 2023 (5:00PM)

**RE: Testimony in support of HB 2101**

Dear Co-Chairs Gorsek and McLain, Vice-Chairs Boquist and Boshart Davis, and Committee Members,

Thank you for the opportunity to submit testimony in **support of HB 2101**, which seeks to expand fund exchange opportunities and codify the Fund Exchange Program for Local Governments in Oregon.

**Background**

Transportation funding is complicated in Oregon for local governments, especially counties. State statutes limit and restrict local funding options for Oregon counties and this forces a significant dependency upon state and federal funding sources.

One of the more significant funding sources available to local government is the federal Surface Transportation Block Grant (STBG) Program. This program distributes funds to states for the purpose of improving and preserving conditions of the federal-aid highway system, which includes city/county arterials and collectors.

STBG funds are federal funds which come with significant processes and requirements that, in turn, add substantial time and cost to local projects; **few local agencies are qualified or capable of delivering federal-aid projects**. Most local agencies utilize ODOT to deliver local federal-aid projects, which in addition to adding a burden to ODOT, also adds cost which further devalues the purchasing power of STBG funds.

To address this inefficiency, many state Departments of Transportation (DOTs) have developed federal fund exchange programs. **Exchange programs offer a practical solution for both DOTs and local agencies by defederalizing locally administered federal-aid projects, allowing local agencies to exchange federal dollars for state dollars**. ODOT has the administrative infrastructure and processes in place to comply with federal requirements and many state projects can be converted to meet the federal-aid requirements with little deviation from ODOT standard practice.

**The Problem:**

ODOT has administered a Fund Exchange Program in Oregon since 1980s – a span which included many lean years with regard to transportation funding. Counties expected that the passage of HB 2017 (in 2017) and its influx of \$250M annually to ODOT (available for fund exchange) would eliminate any thought of reduction or elimination of the \$36M annual Fund Exchange Program. Instead, **ODOT has implemented a 50% reduction in Fund Exchange and has further indicated outright elimination of program as likely in the coming years**.

**The Solution:**

ODOT points to the restrictions placed on revenue from HB 2017 as the reason why the Department cannot utilize some of this revenue for fund exchange. HB 2101 modifies the restrictions on a portion of HB 2017 revenue to provide additional capacity for fund exchange. Furthermore, HB 2101 codifies the Fund Exchange Program – a program which maximizes the value and efficiency of taxpayer funds.

**Please Support HB 2101**

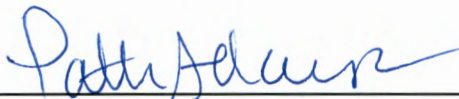
We appreciate the opportunity to provide testimony to the Joint Transportation Committee in support of HB 2101. The bill is a simple solution to preserve a valuable program that is a win-win for both local government and ODOT.

Yours Truly,



---

Anthony DeBone, Chair



---

Patti Adair, Vice-Chair



---

Phil Chang, Commissioner