

SB 1519 STAFF MEASURE SUMMARY

Joint Committee On Transportation

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/20

WHAT THE MEASURE DOES:

Modifies fee rates per mile traveled within weight-mile tax tables. Requires the Oregon Department of Transportation (ODOT) to adopt rules specifying the manner of calculating, applying, and issuing refunds to taxpayers who have been found to have overpaid weight-mile taxes. Directs that \$41.4 million be transferred from weight-mile tax collections each quarter, beginning September 1, 2024, and ending June 30, 2025, for the purpose of providing refunds for overpayment of weight-mile taxes. Directs ODOT to limit percentage of expenditures for specified programs. Takes effect on 91st day following adjournment sine die.

NOTE: *Measure has a subsequent referral to the Committee on Ways and Means*

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Oregon's primary state funding source for road construction and maintenance is a tax on motor fuels for passenger vehicles and a corresponding weight-mile tax on heavy trucks. For over 70 years, Oregon has had used a system of "cost responsibility" in which each of these two classes of vehicles pays an aggregate total roughly in proportion to the costs of maintenance and modernization for which they are responsible. Oregon conducts periodic studies of the program to determine whether each class is paying its "fair share;" the first such study was conducted in 1937, and the most recent was released in 2023. The biennial Highway Cost Allocation Study (HCAS) is performed to both determine the share that each class of road user should pay, based on their respective share of costs for maintenance, operation, and improvements of the state's road system, and, if necessary, to recommend adjustments to existing tax rates and fee schedules to bring the two classes closer to a balance with their impacts. The studies were previously conducted by the Oregon Department of Transportation; however, in recent years, that task has been delegated to the Department of Administrative Services, which formed a Study Review Team (SRT) for the 1999 study and has continued to utilize it since.

The primary mechanism used to make periodic adjustments to achieve cost responsibility has been adjustments in weight-mile tax schedules that are used to collect revenue from heavy trucks using Oregon's roads on a per-mile basis, adjusted for total vehicle weight and number of vehicle axles. Each biennium, if the HCAS indicated that the two classes were out of balance sufficient to warrant adjustment, the weight-mile tables could be updated to change the cost paid by heavy trucks relative to the motor fuel taxes paid by light passenger vehicles. On the occasions when the state gasoline tax was increased, as was most recently the case with passage of House Bill 2001 (2009) and House Bill 2017 (2017), corresponding increases were made to the weight-mile tables to maintain cost responsibility.