

Requested by Senator BONHAM

**PROPOSED AMENDMENTS TO
HOUSE BILL 3991**

On page 1 of the printed bill, line 2, after “ORS” delete the rest of the line and delete lines 3 through 9 and insert “184.642, 184.751, 366.505, 366.514, 367.080, 367.091, 468.449, 468A.295 and 802.110; and prescribing an effective date.”.

Delete lines 11 through 24 and delete pages 2 through 53 and insert:

“HIGHWAY FUNDING

“SECTION 1. (1) As used in this section, ‘highway’ has the meaning given that term in ORS 366.005.

“(2) To improve, repair, maintain, preserve and operate the highways in this state, the Department of Transportation may use any of the following:

“(a) Moneys from the privilege tax imposed under ORS 320.405 and in the Zero-Emission Incentive Fund established under ORS 468.449 and the Connect Oregon Fund established under ORS 367.080.

“(b) Moneys in the Multimodal Active Transportation Fund established under ORS 367.091.

“(c) Moneys in the Passenger Rail Transportation Account established under ORS 802.100.

“(d) Moneys received from the tax imposed under ORS 320.550 in the

1 **Statewide Transportation Improvement Fund established under ORS**
2 **184.751.**

3 **“(e) Moneys in the Department of Transportation Operating Fund**
4 **established under ORS 184.642.**

5 **“(f) Moneys received in the State Highway Fund that are specified**
6 **in ORS 366.505 (1)(g).**

7 **“SECTION 2. ORS 468.449, as amended by section 11, chapter 82, Oregon**
8 **Laws 2024, is amended to read:**

9 **“468.449. (1) The Zero-Emission Incentive Fund is established in the State**
10 **Treasury, separate and distinct from the General Fund. Interest earned by**
11 **the Zero-Emission Incentive Fund shall be credited to the fund.**

12 **“(2) Moneys in the Zero-Emission Incentive Fund shall consist of:**

13 **“(a) Amounts donated to the fund;**

14 **“(b) Amounts transferred to the fund by the Department of Revenue under**
15 **ORS 320.435;**

16 **“(c) Amounts appropriated or otherwise transferred to the fund by the**
17 **Legislative Assembly;**

18 **“(d) Other amounts deposited in the fund from any public or private**
19 **source; and**

20 **“(e) Interest earned by the fund.**

21 **“(3) The Department of Environmental Quality shall encourage gifts,**
22 **grants, donations or other contributions to the fund.**

23 **“(4) Moneys in the fund are continuously appropriated to the department**
24 **to be used to carry out the provisions of ORS 468.442 to 468.449 and, upon**
25 **written request of the Department of Transportation, transferred to**
26 **the State Highway Fund to be used for the purposes described in sec-**
27 **tion 1 of this 2025 special session Act.**

28 **“(5)(a) No more than 10 percent of the moneys deposited in the fund per**
29 **biennium may be expended to pay administrative expenses incurred in the**
30 **administration of ORS 468.442 to 468.449 by:**

1 “(A) The Department of **Environmental Quality**; and

2 “(B) Any third-party organization that the department hires or contracts
3 with under ORS 468.444 and 468.446.

4 “(b) As used in this subsection, ‘administrative expenses’ does not include
5 expenses incurred by the department or third-party organizations in:

6 “(A) Conducting community outreach under ORS 468.446 (14); or

7 “(B) Otherwise engaging in efforts to promote transportation
8 electrification through participation in the programs established under ORS
9 468.444 and 468.446.

10 “(6)[(a)] The Environmental Quality Commission may adopt by rule pro-
11 visions for the allocation of moneys deposited in the fund between the pro-
12 grams established under ORS 468.444 and 468.446.

13 “[*(b) Rules adopted under this subsection must require that at least 20*
14 *percent of the moneys deposited in the fund per biennium are allocated to fund*
15 *the provision of rebates through the Charge Ahead Oregon Program estab-*
16 *lished under ORS 468.446.]*

17 “[*(c) The amount required to be allocated under paragraph (b) of this sub-*
18 *section in any biennium shall be reduced, but not below zero, by the amount*
19 *deposited from any other source in the Charge Ahead Zero-Emission Incentive*
20 *Fund established under section 13, chapter 82, Oregon Laws 2024.]*

21 **“SECTION 3.** ORS 367.080 is amended to read:

22 “367.080. (1) As used in ORS 367.080 to 367.086:

23 “(a) ‘Private entity’ means any entity that is not a public body, including
24 but not limited to a corporation, partnership, company, nonprofit organiza-
25 tion or other legal entity or natural person.

26 “(b) ‘Public body’ has the meaning given that term in ORS 174.109.

27 “(c)(A) ‘Transportation project’ means a project or undertaking for rail,
28 marine or aviation capital infrastructure, including bridges, or a project that
29 facilitates the transportation of materials, animals or people.

30 “(B) A transportation project does not include costs associated with op-

erating expenses.

“(2) The Connect Oregon Fund is established in the State Treasury, separate and distinct from the General Fund. Earnings on moneys in the Connect Oregon Fund shall be deposited into the fund. Moneys in the Connect Oregon Fund are continuously appropriated to the Department of Transportation for the purposes described in subsection (3) of this section and in ORS 367.086 **and section 1 of this 2025 special session Act**. The fund consists of the following:

“(a) Moneys transferred to the fund under ORS 320.435.

“(b) Moneys appropriated to the fund by the Legislative Assembly.

“(c) Earnings on moneys in the fund.

“(d) Lottery bond proceeds.

“(e) Moneys from any other source.

“(3) The department shall use moneys in the Connect Oregon Fund to provide grants for transportation projects as provided in ORS 367.080 to 367.086. Grants may be provided only for projects that involve one or more of the following modes of transportation:

“(a) Aviation;

“(b) Marine; and

“(c) Rail.

“SECTION 4. ORS 367.091 is amended to read:

“367.091. (1) As used in this section and ORS 367.093:

“(a) ‘Private entity’ means any entity that is not a public body, including but not limited to a corporation, partnership, company, nonprofit organization or other legal entity or natural person.

“(b) ‘Public body’ has the meaning given that term in ORS 174.109.

“(c) ‘Transportation project’ means a project or undertaking for bicycle and pedestrian capital infrastructure, including bridges, paths and ways. A transportation project does not include costs associated with operating expenses or the purchase of bicycles.

1 “(2) The Multimodal Active Transportation Fund is established in the
2 State Treasury, separate and distinct from the General Fund. Earnings on
3 moneys in the Multimodal Active Transportation Fund shall be deposited
4 into the fund. Moneys in the fund are continuously appropriated to the De-
5 partment of Transportation for the purposes described in subsection (3) of
6 this section and in ORS 367.093. The fund consists of the following:

7 “(a) Moneys transferred to the fund under ORS 320.440.

8 “(b) Moneys transferred to the fund under ORS 367.081.

9 “(c) Moneys appropriated to the fund by the Legislative Assembly.

10 “(d) Earnings on moneys in the fund.

11 “(e) Moneys from any other source.

12 “(3) The department shall use moneys in the fund to award grants for
13 bicycle and pedestrian transportation projects as provided in ORS 367.093
14 **and to carry out the purposes described in section 1 of this 2025 special**
15 **session Act.**

16 **“SECTION 5.** ORS 802.110 is amended to read:

17 “802.110. Any procedures the Department of Transportation establishes for
18 financial administration of those functions of the department dealing with
19 driver and motor vehicle services and for the disposition and payment of
20 moneys it receives from the provision of driver and motor vehicle services
21 shall comply with all of the following:

22 “(1) The department shall deposit all moneys it receives related to driver
23 and motor vehicle services in the Department of Transportation Driver and
24 Motor Vehicle Suspense Account for approved expenses and disbursements before
25 payment of general administrative expenses of the department related to the
26 provision of driver and motor vehicle services. Notwithstanding this sub-
27 section, the department may return a bank check or money order when re-
28 ceived in incorrect or incomplete form or when not accompanied by the
29 proper application.

30 “(2) The department shall pay the following approved expenses and dis-

1 bursals from the Department of Transportation Driver and Motor Vehicle
2 Suspense Account before payment of the general administrative expenses of
3 the department related to driver and motor vehicle services:

4 “(a) Refunds authorized by any statute administered by the department
5 when such refunds are approved by the department.

6 “(b) Amounts transferred to the State Treasurer under ORS 319.410 (2) for
7 the purpose of carrying out the state aviation laws, amounts transferred to
8 the Boating Safety, Law Enforcement and Facility Account and to the Ma-
9 rine Navigation Improvement Fund by ORS 319.415, amounts transferred to
10 the State Aviation Account by ORS 319.417 and amounts transferred to the
11 Department of Transportation Operating Fund by ORS 184.643.

12 “(c) After deduction of expenses of collection, transfer and administration,
13 the department shall pay moneys collected from the Student Driver Training
14 Fund eligibility fee under ORS 807.040, 807.150 and 807.370 to the State
15 Treasurer for deposit in the Student Driver Training Fund. The moneys de-
16 posited in the Student Driver Training Fund under this paragraph are con-
17 tinuously appropriated to the department for the following purposes:

18 “(A) To the extent of not more than 10 percent of the amount transferred
19 into the Student Driver Training Fund in any biennium, to pay the expenses
20 of administering ORS 336.795, 336.800, 336.805, 336.810 (2) and 336.815.

21 “(B) The remaining moneys, for reimbursing school districts and com-
22 mercial driver training schools as provided under ORS 336.805.

23 “(d) After deduction of expenses of collection, transfer and administration,
24 the department shall pay moneys collected for the Motorcycle Safety Subac-
25 count under ORS 807.170 to the State Treasurer for deposit in the Motorcycle
26 Safety Subaccount of the Transportation Safety Account. Moneys paid to the
27 State Treasurer under this paragraph shall be used for the purpose of ORS
28 802.320.

29 “(e) After deduction of expenses for the administration of the issuance of
30 customized registration plates under ORS 805.240, the department shall place

1 moneys received from the sale of customized registration plates in the Pas-
2 senger Rail Transportation Account. The moneys placed in the account are
3 continuously appropriated to the department and shall be used for the pay-
4 ment of expenses incurred in administering passenger rail programs **and for**
5 **the purposes described in section 1 of this 2025 special session Act.**

6 “(f) After deduction of expenses of collection, transfer and administration,
7 the department shall pay moneys from any registration fees established by
8 the governing bodies of counties or a district, as defined in ORS 801.237,
9 under ORS 801.041 or 801.042 to the appropriate counties or districts. The
10 department shall make the payments on at least a monthly basis unless an-
11 other basis is established by the intergovernmental agreements required by
12 ORS 801.041 and 801.042 between the department and the governing bodies
13 of a county or a district.

14 “(g) After deducting the expenses of the department in collecting and
15 transferring the moneys, the department shall make disbursements and payments
16 of moneys collected for or dedicated to any other purpose or fund except the
17 State Highway Fund, including but not limited to, payments to the Depart-
18 ment of Transportation Operating Fund established by ORS 184.642 (1) and
19 (2).

20 “(3) The department shall refund from the Department of Transportation
21 Driver and Motor Vehicle Suspense Account any excess or erroneous pay-
22 ment to a person who made the payment or to the person’s legal represen-
23 tative when the department determines that money has been received by it
24 in excess of the amount legally due and payable or that it has received
25 money in which it has no legal interest. Refunds payable under this sub-
26 section are continuously appropriated for such purposes in the manner for
27 payment of refunds under this section. If the department determines that a
28 refund is due, the department may refund the amount of excess or erroneous
29 payment without a claim being filed. Except as provided in ORS 319.290,
30 319.375, 319.820 and 319.831, any claim for a refund from the department must

1 be filed within 12 months after the date payment is received by the depart-
2 ment.

3 “(4) After payment of those expenses and disbursements approved for payment
4 before general administrative expenses related to the provision of driver and
5 motor vehicle services, the department shall pay from the Department of
6 Transportation Driver and Motor Vehicle Services Administrative Account
7 its general administrative expenses incurred in the administration of any law
8 related to driver and motor vehicle services that the department is charged
9 with administering and any other expenses the department is permitted by
10 law to pay from moneys held by the department before transfer of the moneys
11 to the State Highway Fund. The following limitations apply to payments of
12 administrative expenses under this subsection:

13 “(a) The department shall make payment of the expenses of administering
14 the issuance of winter recreation parking permits under ORS 811.595 from
15 those moneys received from issuing the permits.

16 “(b) The department shall pay its expenses for administering the regis-
17 tration and titling of snowmobiles under ORS 821.060 and 821.100 from the
18 fees collected from administering those sections. The department shall also
19 pay its expenses for the administration of the snowmobile driver permit
20 program under ORS 821.160 from the moneys otherwise described in this
21 paragraph.

22 “(c) The department shall pay its expenses for determining the amount
23 of money to be withheld under ORS 802.120 from the fees collected for ad-
24 ministering the registration and titling of snowmobiles. The amount used to
25 pay expenses under this paragraph shall be such sum as necessary but may
26 not exceed \$10,000 during each biennium.

27 “(d) The department shall retain not more than \$15,000 in any biennium
28 for the expenses of collecting and transferring moneys to the Student Driver
29 Training Fund under this section and for the administration of ORS 336.810
30 (3).

1 “(5) Except as otherwise provided in this subsection, the department shall
2 transfer to the State Highway Fund the moneys not used for payment of the
3 general administrative expenses or for approved expenses and disbursements be-
4 fore payment of general administrative expenses. The following apply to this
5 subsection:

6 “(a) If the Director of Transportation certifies the amount of principal
7 or interest of highway bonds due on any particular date, the department may
8 make available for the payment of such interest or principal any sums that
9 may be necessary to the extent of moneys on hand available for the State
10 Highway Fund regardless of the dates otherwise specified under this section.

11 “(b) Notwithstanding paragraph (a) of this subsection, the department
12 may not make available for purposes described in paragraph (a) of this sub-
13 section any moneys described in ORS 367.605 when there are not sufficient
14 amounts of such moneys in the State Highway Fund for purposes of bonds
15 issued under ORS 367.615.

16 “(6) Notwithstanding any other provision of this section, the following
17 moneys shall be transferred to the State Highway Fund at the times de-
18 scribed:

19 “(a) Moneys received under ORS 802.120 and not used for the payment of
20 administrative expenses of the department shall be transferred before July
21 31 of each year.

22 “(b) Moneys received from the registration of snowmobiles that are not
23 to be used for payment of administrative expenses of the department shall
24 be transferred within 30 days after the end of the quarter.

25 “(c) Moneys received from the issuance of winter recreation parking per-
26 mits that are not used for payment of administrative expenses of the de-
27 partment shall be transferred within 30 days after the end of the quarter.

28 “(7) The following moneys transferred to the State Highway Fund under
29 this section may be used only for the purposes described as follows:

30 “(a) Moneys collected from the issuance of winter recreation parking

1 permits, and the interest on such moneys, shall be used to enforce the re-
2 quirement for winter recreation parking permits and to remove snow from
3 winter recreation parking locations designated under ORS 810.170. Any re-
4 maining moneys shall, upon approval by the Winter Recreation Advisory
5 Committee:

6 “(A) Be used to maintain parking locations developed with moneys ob-
7 tained under ORS 810.170 and snowmobile facilities that are parking lots
8 developed with moneys as provided under this section;

9 “(B) Be used to develop additional winter recreation parking locations
10 under ORS 810.170; or

11 “(C) Be carried over to be used in subsequent years for the purposes and
12 in the manner described in this paragraph.

13 “(b) Moneys received from the registration of snowmobiles or under ORS
14 802.120 may be used for development and maintenance of multiuse trails
15 within urban growth boundaries or for the development and maintenance of
16 snowmobile facilities, including the acquisition of land therefor by any
17 means other than the exercise of eminent domain. Moneys received under
18 ORS 802.120 may also be used for the enforcement of ORS 811.590, 821.100 to
19 821.120, 821.140, 821.150, 821.190, 821.210 and 821.240 to 821.290.

20 “(8) The department shall maintain the Revolving Account for Emergency
21 Cash Advances separate from other moneys described in this section. From
22 the account, the department may pay for the taking up of dishonored remit-
23 tances returned by banks or the State Treasurer and for emergency cash
24 advances to be subsequently reimbursed. The account shall be used only as
25 a revolving fund. The department shall at all times be accountable for the
26 amount of the account, either in cash or unreimbursed items and advances.
27 The moneys in the account are continuously appropriated for the purposes
28 of this subsection. The amount of moneys in the account under this sub-
29 section may not exceed \$40,000 from moneys received by the department in
30 the performance of its driver and motor vehicle services functions and mon-

1 eys otherwise appropriated for purposes of this subsection. The account un-
2 der this subsection shall be kept on deposit with the State Treasurer. The
3 State Treasurer is authorized to honor and pay all properly signed and
4 indorsed checks or warrants drawn against the account.

5 **“SECTION 6.** ORS 184.751 is amended to read:

6 “184.751. (1) The Statewide Transportation Improvement Fund is estab-
7 lished in the State Treasury, separate and distinct from the General Fund.
8 Interest earned by the Statewide Transportation Improvement Fund shall be
9 credited to the fund. Moneys in the fund are continuously appropriated to
10 the Department of Transportation to finance investments and
11 improvements, *[or]* to maintain existing public transportation services, *[ex-*
12 *cept that the moneys may not be used for light rail capital expenses but may*
13 *be used]* **to pay** for light rail operation expenses~~].~~ **and to carry out the**
14 **purposes of section 1 of this 2025 special session Act. The moneys may**
15 **not be used for light rail capital expenses.**

16 “(2) The Statewide Transportation Improvement Fund consists of:

17 “(a) All moneys received from the tax imposed under ORS 320.550;

18 “(b) Moneys appropriated or otherwise transferred to the fund by the
19 Legislative Assembly;

20 “(c) Moneys transferred to the fund under ORS ~~[184.642,]~~ 323.455 or
21 323.457 (1)(d) and (2)(b);

22 “(d) Distribution repayments, if any; and

23 “(e) Other moneys deposited in the fund from any source.

24 “(3) Unless approved by the department, the moneys in the Statewide
25 Transportation Improvement Fund may not be used to supplant local and
26 regional agency moneys currently directed to public transportation service
27 providers.

28 **“SECTION 7.** ORS 366.514 is amended to read:

29 “366.514. (1) Out of the funds received by the Department of Transporta-
30 tion or by any county or city from the State Highway Fund reasonable

1 amounts *[shall]* **may** be expended as necessary to provide footpaths and bi-
2 cycle trails, including curb cuts or ramps as part of the project. Footpaths
3 and bicycle trails, including curb cuts or ramps as part of the project,
4 *[shall]* **may** be provided wherever a highway, road or street is being con-
5 structed, reconstructed or relocated. Funds received from the State Highway
6 Fund may also be expended to maintain footpaths and trails and to provide
7 footpaths and trails along other highways, roads and streets.

8 “*[(2) Footpaths and trails are not required to be established under sub-*
9 *section (1) of this section:]*”

10 “*[(a) Where the establishment of such paths and trails would be contrary*
11 *to public safety;]*”

12 “*[(b) If the cost of establishing such paths and trails would be excessively*
13 *disproportionate to the need or probable use; or]*”

14 “*[(c) Where sparsity of population, other available ways or other factors*
15 *indicate an absence of any need for such paths and trails.]*”

16 “*[(3) The amount expended by the department or by a city or county as re-*
17 *quired or permitted by this section shall never in any one fiscal year be less*
18 *than one percent of the total amount of the funds received from the highway*
19 *fund. However:]*”

20 “*[(a) This subsection does not apply to a city in any year in which the one*
21 *percent equals \$250 or less, or to a county in any year in which the one percent*
22 *equals \$1,500 or less.]*”

23 “*[(b) A city or county in lieu of expending the funds each year may credit*
24 *the funds to a financial reserve fund in accordance with ORS 294.346, to be*
25 *held for not more than 10 years, and to be expended for the purposes required*
26 *or permitted by this section.]*”

27 “*[(c) For purposes of computing amounts expended during a fiscal year*
28 *under this subsection, the department, a city or county may record the money*
29 *as expended:]*”

30 “*[(A) On the date actual construction of the facility is commenced if the*

1 *facility is constructed by the city, county or department itself; or]*

2 *“[(B) On the date a contract for the construction of the facilities is entered*
3 *with a private contractor or with any other governmental body.]*

4 **“(2) Footpaths and trails may not be established under this section**
5 **where the establishment of such paths and trails would be contrary**
6 **to public safety.**

7 *“[(4)] (3) For the purposes of this chapter, the establishment of paths,*
8 *trails and curb cuts or ramps and the expenditure of funds as authorized by*
9 *this section are for highway, road and street purposes. The department shall,*
10 *when requested, provide technical assistance and advice to cities and coun-*
11 *ties in carrying out the purpose of this section. The department shall re-*
12 *commend construction standards for footpaths and bicycle trails. Curb cuts*
13 *or ramps shall comply with the requirements of ORS 447.310 and rules*
14 *adopted under ORS 447.231. The department shall, in the manner prescribed*
15 *for marking highways under ORS 810.200, provide a uniform system of sign-*
16 *ing footpaths and bicycle trails which shall apply to paths and trails under*
17 *the jurisdiction of the department and cities and counties. The department*
18 *and cities and counties may restrict the use of footpaths and bicycle trails*
19 *under their respective jurisdictions to pedestrians and nonmotorized vehicles,*
20 *except that motorized wheelchairs shall be allowed to use footpaths and bi-*
21 *cycle trails.*

22 *“[(5)] (4) As used in this section, ‘bicycle trail’ means a publicly owned*
23 *and maintained lane or way designated and signed for use as a bicycle route.*

24 **“SECTION 8. ORS 184.642 is amended to read:**

25 **“184.642. (1) The Department of Transportation Operating Fund is estab-**
26 **lished in the State Treasury separate and distinct from the General Fund and**
27 **separate and distinct from the State Highway Fund. Except as otherwise**
28 **provided in subsection (3)(e) of this section, moneys in the Department of**
29 **Transportation Operating Fund are continuously appropriated to the De-**
30 **partment of Transportation to pay expenses of the department that are in-**

1 curred in the performance of functions the department is statutorily required
2 or authorized to perform [*and that may not constitutionally be paid from*
3 *revenues described in section 3a, Article IX of the Oregon Constitution*].

4 “(2) The operating fund shall consist of the following:

5 “(a) Taxes paid on motor vehicle fuels or on the use of fuel in a motor
6 vehicle for which a person is entitled to a refund under a provision described
7 in this paragraph but for which no refund is claimed, in amounts determined
8 under ORS 184.643. This paragraph applies to refund entitlements described
9 in ORS 319.280 (1)(a) and (e), 319.320 (1)(a) and 319.831 (1)(b).

10 “(b) Fees collected under ORS 822.700 for issuance or renewal of:

11 “(A) Dismantler certificates;

12 “(B) Vehicle dealer certificates;

13 “(C) Show licenses;

14 “(D) Vehicle transporter certificates;

15 “(E) Driver training instructor certificates;

16 “(F) Commercial driver training school certificates; and

17 “(G) Vehicle appraiser certificates.

18 “(c) Late fees collected under ORS 822.700.

19 “(d) Fees collected under ORS 822.705.

20 “(e) Moneys from civil penalties imposed under ORS 822.009.

21 “(f) Fees collected under ORS 807.410 for identification cards.

22 “(g) Fees collected by the department for issuance of permits to engage
23 in activities described in ORS 374.302 to 374.334 that are not directly con-
24 nected to the construction, reconstruction, improvement, repair, mainte-
25 nance, operation and use of a [*public*] highway[, *road, street*] or roadside rest
26 area.

27 “(h) Fees collected under ORS 835.017 for services provided to the Oregon
28 Department of Aviation.

29 “(i) Interest and other earnings on moneys in the operating fund.

30 “(3) Moneys in the Department of Transportation Operating Fund estab-

lished by subsections (1) and (2) of this section may be spent *[only]* as follows:

“(a) Taxes described in subsection (2)(a) of this section may be used only for payment of expenses of the Department of Transportation that:

“*[(A) May not constitutionally be paid from revenues described in section 3a, Article IX of the Oregon Constitution;]*

“*[(B)] (A)* Are incurred in the performance of functions the department is statutorily required or authorized to perform; and

“*[(C)] (B)* Are not payable from moneys described in paragraphs (b) to (e) of this subsection.

“(b) Fees collected under subsection (2)(b) of this section may be used only to carry out the regulatory functions of the department relating to the businesses that generate the fees.

“(c) Fees collected under ORS 822.705 may be used only for the purposes described in ORS 822.705.

“(d) Moneys collected from civil penalties imposed under ORS 822.009 may be used only for regulation of vehicle dealers.

“(e) Moneys collected under ORS 807.410 from fees for identification cards shall be used first to pay the expenses of the department for performing the functions of the department relating to identification cards. After paying the expenses related to identification cards, the department shall transfer the remaining moneys collected under ORS 807.410 to the *[Statewide Transportation Improvement Fund established in ORS 184.751]* **State Highway Fund**.

“(f) Moneys from the permits described in subsection (2)(g) of this section may be used for costs of issuing the permits and monitoring the activities that generate the fees.

“(g) **On the improvement, repair, maintenance, preservation and operation of highways.**

“*[(g)] (h)* Moneys from interest and other earnings on moneys in the op-

erating fund may be used for any purpose for which other moneys in the fund may be used.

“(4) As used in this section, ‘highway’ has the meaning given that term in ORS 366.005.

“CLIMATE PROTECTION PROGRAM MONEYS

“SECTION 9. Section 10 of this 2025 special session Act is added to and made a part of ORS chapter 468A.

“SECTION 10. (1) As used in this section:

“(a) ‘Alternative compliance instrument’ means a compliance instrument that is based on the avoidance of greenhouse gas emissions or removal of greenhouse gases from the atmosphere.

“(b) ‘Climate protection program’ has the meaning given that term in ORS 468A.295.

“(c) ‘Compliance instrument’ means a regulatory instrument that represents a specified quantity of greenhouse gas emissions and that may be surrendered by a covered entity to satisfy a compliance obligation.

“(d) ‘Compliance obligation’ means a regulatory obligation derived from greenhouse gas emissions attributable to a covered entity.

“(e)(A) ‘Covered entity’ means a person subject to the requirements of a greenhouse gas regulation program.

“(B) ‘Covered entity’ does not include a person that voluntarily participates in a greenhouse gas regulation program.

“(f)(A) ‘Greenhouse gas regulation program’ means a program that:

“(i) Establishes a total cap on greenhouse gas emissions from an identified group of emitters; and

“(ii) Establishes a system for distributing compliance instruments, allowances, credits or any other similar instrument, which a person

1 must acquire and surrender to satisfy a compliance obligation.

2 “(B) ‘Greenhouse gas regulation program’ does not include the
3 clean fuels program adopted by rule by the Environmental Quality
4 Commission under ORS 468A.266.

5 “(g) ‘Motor vehicle’ has the meaning given that term in ORS
6 801.360.

7 “(h) ‘Motor vehicle fuel’ means any substance used to propel a
8 motor vehicle.

9 “(i) ‘Motor vehicle fuel supplier’ means a covered entity that
10 produces, imports, sells or distributes motor vehicle fuel for use in this
11 state.

12 “(2) In carrying out any greenhouse gas regulation program, in-
13 cluding the climate protection program, the Environmental Quality
14 Commission shall establish by rule provisions for making compliance
15 instruments available for purchase by motor vehicle fuel suppliers.
16 Rules adopted pursuant to this section must:

17 “(a) Establish procedures for the sale of compliance instruments to
18 motor vehicle fuel suppliers by the Department of Environmental
19 Quality;

20 “(b) Establish a price schedule for compliance instruments pur-
21 chased under this section;

22 “(c) Establish a usage limit on the amount of compliance instru-
23 ments purchased under this section that a motor vehicle fuel supplier
24 may use to satisfy the motor vehicle fuel supplier’s compliance obli-
25 gation;

26 “(d) Prohibit the transfer of compliance instruments purchased
27 under this section by the purchaser to another covered entity; and

28 “(e) Prohibit the use of alternative compliance instruments by mo-
29 tor vehicle fuel suppliers to satisfy a compliance obligation.

30 “(3) If a greenhouse gas regulation program allows covered entities

1 to acquire and surrender alternative compliance instruments, includ-
2 ing community climate investment credits generated under the cli-
3 mate protection program, the price established under subsection (2)(b)
4 of this section and the usage limit established under subsection (2)(c)
5 of this section must be equal to any price or usage limit established
6 by the commission or the department for alternative compliance in-
7 struments for the same compliance period.

8 “(4) The department shall transfer all moneys received by the de-
9 partment under this section to the State Highway Fund to be used by
10 the Department of Transportation for the purposes described in sec-
11 tion 1 of this 2025 special session Act.

12 “**SECTION 11.** ORS 468A.295 is amended to read:

13 “468A.295. (1) As used in this section and ORS 468A.298:

14 “(a) ‘Climate protection program’ means the program to reduce
15 greenhouse gas emissions from certain air contamination sources in Oregon,
16 first adopted by the Environmental Quality Commission by rule on December
17 16, 2021.

18 “(b) ‘Community climate investment entity’ means a nonprofit organiza-
19 tion that has been approved by the Department of Environmental Quality
20 and has entered into a written agreement with the department to implement
21 projects supported by community climate investment funds.

22 “(c) ‘Community climate investment funds’ means moneys paid by a cov-
23 ered [*fuel supplier*] **entity** to a community climate investment entity to sup-
24 port implementation of community climate investment projects.

25 “[*(d) ‘Covered fuel supplier’ means a fuel supplier, in-state producer or local*
26 *distribution company subject to the requirements of the climate protection*
27 *program.*]

28 “(d) ‘Covered entity’ means any person that:

29 “(A) Is subject to the requirements of the climate protection pro-
30 gram; and

1 **“(B) Does not produce, import, sell, or distribute motor vehicle fuel**
2 **for use in this state.**

3 “(2) The commission may establish by rule a fee to be paid by community
4 climate investment entities. The fee established under this section:

5 “(a) Must be reasonably calculated to cover the costs to the department
6 of administering and overseeing those portions of the climate protection
7 program related to community climate investments; and

8 “(b) May not exceed five percent of the total community climate invest-
9 ment funds received by a community climate investment entity during the
10 period for which the fee applies.

11 “(3) Fees collected under this section shall be deposited into the Commu-
12 nity Climate Investment Oversight Account established under ORS 468A.298.

13 **“SECTION 12.** ORS 366.505 is amended to read:

14 **“366.505.** (1) The State Highway Fund shall consist of:

15 “(a) All moneys and revenues derived under and by virtue of the sale of
16 bonds, the sale of which is authorized by law and the proceeds thereof to be
17 dedicated to highway purposes.

18 “(b) All moneys and revenues accruing from the licensing of motor vehi-
19 cles, operators and chauffeurs.

20 “(c) Moneys and revenues derived from any tax levied upon gasoline,
21 distillate, liberty fuel or other volatile and inflammable liquid fuels, except
22 moneys and revenues described in ORS 184.642 (2)(a) that become part of the
23 Department of Transportation Operating Fund.

24 “(d) Moneys and revenues derived from the road usage charges imposed
25 under ORS 319.885.

26 “(e) Moneys and revenues derived from the use tax imposed under ORS
27 320.410.

28 “(f) Moneys and revenues derived from or made available by the federal
29 government for road construction, maintenance or betterment purposes.

30 **“(g) Moneys deposited under section 10 of this 2025 special session**

1 **Act by the Department of Environmental Quality from the sale of**
2 **compliance instruments.**

3 “[(g)] (h) All moneys and revenues received from all other sources which
4 by law are allocated or dedicated for highway purposes.

5 “(2) The State Highway Fund shall be deemed and held as a trust fund,
6 separate and distinct from the General Fund, and may be used only for the
7 purposes authorized by law and is continually appropriated for such pur-
8 poses.

9 “(3) Moneys in the State Highway Fund may be invested as provided in
10 ORS 293.701 to 293.857. All interest earnings on any of the funds designated
11 in subsection (1) of this section shall be placed to the credit of the highway
12 fund.

13
14 **“CAPTIONS**

15
16 **“SECTION 13. The unit captions used in this 2025 special session**
17 **Act are provided only for the convenience of the reader and do not**
18 **become part of the statutory law of this state or express any legisla-**
19 **tive intent in the enactment of this 2025 special session Act.**

20
21 **“EFFECTIVE DATE**

22
23 **“SECTION 14. This 2025 special session Act takes effect on the 91st**
24 **day after the date on which the 2025 special session of the Eighty-third**
25 **Legislative Assembly adjourns sine die.”.**