

## **SB 1543 -1, -3, -5, -6 STAFF MEASURE SUMMARY**

### **Senate Committee On Transportation**

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**Meeting Dates:** 2/2, 2/9, 2/16

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#### **WHAT THE MEASURE DOES:**

The measure modifies the make-up and duties of the Oregon Transportation Commission (OTC). It increases the size of the OTC to include two nonvoting state legislators, requires geographic and travel mode representation among voting members, and adds term limits. It directs the OTC to develop a debt financing management policy with specified criteria, gives the OTC review authority for debt finance requests from the Oregon Department of Transportation (ODOT), and increases reporting and public notice requirements for transportation projects.

#### Detailed Summary:

- Increases OTC membership from 5 to 7; the new members are nonvoting members: a state Senator appointed by the President of the Senate, and a state Representative appointed by the Speaker of the House of Representatives
- Specifies the 5 voting members must include one representative from each of the state's five transportation regions, and one of whose primary method of travel is not by vehicle
- Adds a two-term limit to serving as a commission member and specifies the chairperson must be a voting member
- Directs the OTC, in consultation with the State Treasurer, and chairs and vice chairs of transportation-related Legislative committees, to develop a debt financing management policy covering highway projects; directs the OTC to annually review and update the policy and submit a report to transportation-related Legislative committees
- Gives the OTC review authority for ODOT debt finance requests
- Directs the OTC to review and amend its bylaws by January 1, 2027, which must provide for the publishing of meeting materials for forthcoming OTC decisions, with reasonable notice for public comment on matters which may impact the public
- Declares an emergency and would be effective on passage

*Fiscal impact: May have fiscal impact, but no statement yet issued*

*Revenue impact: May have revenue impact, but no statement yet issued*

#### **ISSUES DISCUSSED:**

- Budget challenges for ODOT, Oregon, and transportation projects
- Delegation of legislative authority over transportation projects and spending
- Differences between existing debt management policy versus changes in the bill
- ODOT's bond rating, bond proceeds and their use toward transportation projects
- Effect of inflation on project costs and savings

#### **EFFECT OF AMENDMENT:**

-1 The amendment specifies legislators appointed to the Oregon Transportation Commission (OTC) be from different political parties. It removes proposed changes to geographic representation on the OTC, retaining the existing requirement one member be from east of the Cascade Range. It allows the OTC to set the annual debt service for highway projects at a percentage of the State Highway Fund which does not require payments large enough to require reduction in other portions of the budget, instead of setting a predefined limit in statute.

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*Fiscal impact: Has minimal fiscal impact*

*Revenue impact: No revenue impact*

-3 The amendment replaces the measure. It directs the Oregon Transportation Commission (OTC) to develop a debt financing management policy with specified criteria, gives the OTC review authority for debt finance requests from the Oregon Department of Transportation (ODOT), and provides for public comment during OTC review of bond requests. It declares an emergency and takes effect on passage.

### Detailed Summary:

- Directs the OTC, in consultation with the State Treasurer, and chairs and vice chairs of transportation-related Legislative committees, to develop a debt financing management policy covering highway projects and which must address specified financial issues
- Directs the OTC to annually review and update the debt finance policy and submit a report to transportation-related Legislative committees
- Gives the OTC review authority for ODOT debt finance requests, with prerequisites for approval such as the opportunity for public comment
- Allows the OTC to set the annual debt service for highway projects at a percentage of the State Highway Fund which does not require payments large enough to require reduction in other portions of the budget
- Requires a report on proposed debt of at least \$10 million in net proceeds, with requirements on what the report must include

*Fiscal impact: Has minimal fiscal impact*

*Revenue impact: No revenue impact*

-5 The amendment replaces the measure. It directs the Oregon Transportation Commission (OTC) to review and amend its bylaws, sets requirements for what must be included, and directs the OTC to report to transportation related legislative committees on these actions by September 15, 2027. It modifies existing audit reporting requirements of the OTC by setting a report deadline of January 31 each odd-numbered year, and adds projects financed by debt issuance to what the report must cover. It directs the OTC to include the amount of money estimated to be needed to complete a Statewide Transportation Improvement Program project to its website. It declares an emergency and takes effect on passage.

*Fiscal impact: Has minimal fiscal impact*

*Revenue impact: No revenue impact*

-6 The amendment replaces the measure. It contains the same language as the -3 amendment with the following changes:

- Removes “federal advanced construction funds” from language specifying what the debt financing management policy must cover
- Clarifies that a report on bonds in excess of \$10 million net proceeds includes preliminary numbers based on good faith estimates that may change due to market conditions
- Excludes refunding bonds, refunding revenue bonds, and grant anticipation revenue bonds issued under specified statutes from Oregon Transportation Commission review
- Declares an emergency and would be effective upon passage

*Fiscal impact: No fiscal impact*

*Revenue impact: No revenue impact*

### **BACKGROUND:**

The Oregon Transportation Commission (OTC) is established by statute (ORS 366.205) and is directed to supervise and control matters pertaining to Oregon’s highways and winter maintenance policy. The OTC has rulemaking

authority, and of the moneys available to the Oregon Department of Transportation (ODOT) for highway activities, is limited to using 10 percent for administration and engineering of highway construction.

The OTC adopts rules for infrastructure loans and assistance, and approves funding plans and selects projects for programs including but not limited to the Connect Oregon Fund, Multimodal Active Transportation Fund, and projects specified in House Bill 2017 (2017). House Bill 2017 (2017) also created the Continuous Improvement Advisory Committee, which advises the OTC on improving ODOT. The OTC consists of five commissioners appointed by the Governor.

ODOT manages multiple bond programs, which are generally repaid using the State Highway Fund or state Lottery funds. These bonds are used to fund transportation projects, such as those specified by the 2009 Jobs and Transportation Act (House Bill 2001 (2009)). \$668 million was allocated for debt service in ODOT's 2025-2027 legislatively adopted budget, up from \$615 million in the prior biennium.

One recent challenge facing ODOT includes lower than projected revenue in its 2023-2025 budget, estimating \$1.1 billion more than the actual revenue amount. The agency credits Inflation and declining gas tax revenues as major factors contributing to insufficient moneys for the State Highway Fund, impacting the system's maintenance and operations.