

DRAFT

SUMMARY

Modifies list of low carbon fuels that may be used to meet low carbon fuel standards. Requires that low carbon fuel standards be met for purposes of reducing emissions from gasoline and diesel only through compliance with low carbon fuel blending analysis standard. Prohibits use of credits as cost-containment mechanism for low carbon fuel standards.

Requires Environmental Quality Commission to adopt by rule low carbon fuel blending analysis standard.

Schedules benchmarks for carbon intensity reductions. Requires commission and State Department of Agriculture to annually determine application of benchmarks based on commercial availability of low carbon intensity fuels.

Requires retail dealers, nonretail dealers and wholesale dealers that sell or offer for sale gasoline or diesel in this state to comply with benchmarks.

Allows retail dealer, nonretail dealer or wholesale dealer to sell or offer for sale gasoline that contains more than 10 percent ethanol or other renewable liquid fuel by volume. Requires department to adopt certain minimum technological feasibility standards.

Increases tax on motor vehicle fuel and aircraft fuel and increases vehicle registration fees. Imposes fee for new motor vehicle title. Specifies use of revenues.

Modifies laws related to transportation.

Requires Commissioner of Bureau of Labor and Industries to adopt rules for transportation projects that specify how contracting agency must conduct analysis showing how agency's decision whether or not to construct public improvement using agency's own personnel and equipment conforms to state policy.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to transportation; creating new provisions; amending ORS 267.300, 279C.305, 291.405, 291.407, 319.020, 319.530, 319.883, 319.890, 367.620,

468A.275, 646.905, 646.913, 646.922, 646.957, 803.420, 807.370, 818.225, 825.476 and 825.480 and section 4, chapter 648, Oregon Laws 2013, section 1, chapter 685, Oregon Laws 2015, and sections 3 and 6, chapter 700, Oregon Laws 2015; prescribing an effective date; and providing for revenue raising that requires approval by a three-fifths majority.

Be It Enacted by the People of the State of Oregon:

LOW CARBON FUEL STANDARDS

SECTION 1. ORS 468A.275 is amended to read:

468A.275. (1) As used in this section:

(a) “Greenhouse gas” has the meaning given that term in ORS 468A.210.

(b) “Low carbon fuel standards” means standards for the reduction of greenhouse gas emissions, on average, per unit of fuel energy.

(c) “Motor vehicle” has the meaning given that term in ORS 801.360.

(2)(a) The Environmental Quality Commission shall adopt by rule low carbon fuel standards for gasoline, diesel and fuels used as substitutes for gasoline or diesel.

(b) The commission may adopt the following related to the standards, including but not limited to:

(A) A schedule to phase in implementation of the standards in a manner that reduces the average amount of greenhouse gas emissions per unit of fuel energy of the fuels by 10 percent below 2010 levels by the year 2025 or by a later date if the commission determines that an extension is appropriate to implement the standards;

(B) Standards for greenhouse gas emissions attributable to the fuels throughout their lifecycles, including but not limited to emissions from the production, storage, transportation and combustion of the fuels and from changes in land use associated with the fuels;

(C) Provisions allowing the use of *[all types of low carbon fuels to meet the low carbon fuel standards, including but not limited to biofuels, biogas,*

1 *natural gas, liquefied petroleum gas, gasoline, diesel, hydrogen and*
 2 *electricity;]* **biofuels, biogas, natural gas, liquefied petroleum gas, gaso-**
 3 **line, diesel, low carbon intensity fuels as defined in ORS 646.905 and**
 4 **hydrogen to meet the low carbon fuel standards;**

5 **(D) For the purpose of reducing the average amount of greenhouse**
 6 **gas emissions per unit of fuel energy from gasoline and diesel, pro-**
 7 **visions requiring that the standards be met only through compliance**
 8 **with the low carbon fuel blending analysis standard adopted by the**
 9 **commission under section 4 of this 2016 Act;**

10 *[(D)]* **(E)** Standards for the issuance of deferrals, established with ade-
 11 quate lead time, as necessary to ensure adequate fuel supplies;

12 *[(E)]* **(F)** Exemptions for fuels that are used in volumes below thresholds
 13 established by the commission;

14 *[(F)]* **(G)** Standards, specifications, testing requirements and other meas-
 15 ures as needed to ensure the quality of fuels produced in accordance with
 16 the low carbon fuel standards, including but not limited to the requirements
 17 of ORS 646.910 to 646.923 and administrative rules adopted by the State De-
 18 partment of Agriculture for motor fuel quality; and

19 *[(G)]* **(H)** Adjustments to the amounts of greenhouse gas emissions per
 20 unit of fuel energy assigned to fuels for combustion and drive train effi-
 21 ciency.

22 **(c)** Before adopting standards under this section, the commission shall
 23 consider the low carbon fuel standards of other states, including but not
 24 limited to Washington, for the purpose of determining schedules and goals
 25 for the reduction of the average amount of greenhouse gas emissions per unit
 26 of fuel energy and the default values for these reductions for applicable fuels.

27 **(d)** The commission shall adopt by rule provisions for managing and con-
 28 taining the costs of compliance with the standards[, *including but not limited*
 29 *to provisions to facilitate compliance with the standards by ensuring that per-*
 30 *sons may obtain credits for fuels used as substitutes for gasoline or diesel and*
 31 *by creating opportunities for persons to trade credits*]. **Provisions adopted**

under this paragraph may not allow for the generation or trading of credits.

(e) The commission shall exempt from the standards any person who imports in a calendar year less than 500,000 gallons of gasoline and diesel fuel, in total. Any fuel imported by persons that are related or share common ownership or control shall be aggregated together to determine whether a person is exempt under this paragraph.

(f)(A) The commission by rule shall prohibit fuels that contain biodiesel from being considered an alternative fuel under these standards unless the fuel meets the following standards:

(i) Fuel that consists entirely of biodiesel, designated as B100, shall comply with ASTM D 6751 and shall have an oxidation stability induction period of not less than eight hours as determined by the test method described in European standard EN 15751; and

(ii) Fuel that consists of a blend of diesel fuel and between 6 and 20 volume percent biodiesel, and designated as biodiesel blends B6 to B20, shall comply with ASTM D 7467 and shall have an oxidation stability induction period of not less than 20 hours as determined by the test method described in European standard EN 15751.

(B) The commission may adopt rules different from those required under subparagraph (A) of this paragraph if an ASTM or EN standard applicable to biodiesel is approved or amended after March 12, 2015, or if the commission finds that different rules are necessary due to changes in technology or fuel testing or production methods.

(C) As used in this subsection, "biodiesel" means a motor vehicle fuel consisting of mono-alkyl esters of long chain fatty acids derived from vegetable oils, animal fats or other nonpetroleum resources, not including palm oil.

(3) In adopting rules under this section, the Environmental Quality Commission shall evaluate:

(a) Safety, feasibility, net reduction of greenhouse gas emissions and

cost-effectiveness;

(b) Potential adverse impacts to public health and the environment, including but not limited to air quality, water quality and the generation and disposal of waste in this state;

(c) Flexible implementation approaches to minimize compliance costs; and

(d) Technical and economic studies of comparable greenhouse gas emissions reduction measures implemented in other states and any other studies as determined by the commission.

(4)(a) The provisions of this section do not apply to fuel that is demonstrated to have been used in any of the following:

(A) Motor vehicles registered as farm vehicles under the provisions of ORS 805.300.

(B) Farm tractors, as defined in ORS 801.265.

(C) Implements of husbandry, as defined in ORS 801.310.

(D) Motor trucks, as defined in ORS 801.355, used primarily to transport logs.

(E) Motor vehicles that are not designed primarily to transport persons or property, that are operated on highways only incidentally, and that are used primarily for construction work.

(F) Watercraft.

(G) Railroad locomotives.

(b) The Environmental Quality Commission shall by rule adopt standards for persons to qualify for the exemptions provided in this subsection.

LOW CARBON FUEL BLENDING PROGRAM

SECTION 2. ORS 646.905 is amended to read:

646.905. As used in **this section and** ORS 646.910 to 646.923:

(1) "Alcohol" means a volatile flammable liquid having the general formula $C_nH_{(2n+1)}OH$ used or sold for the purpose of blending or mixing with gasoline for use in propelling motor vehicles, and commonly or commercially

known or sold as an alcohol, and includes ethanol or methanol.

(2) “Biodiesel” means a motor vehicle fuel consisting of mono-alkyl esters of long chain fatty acids derived from *[vegetable oils, animal fats or other nonpetroleum resources, not including palm oil]* **nonpetroleum renewable resources**, designated as B100 and complying with ASTM D 6751.

(3) “Carbon intensity” means the amount of greenhouse gas emissions, on a full life cycle basis, per unit of fuel energy, expressed in grams of carbon dioxide equivalent per megajoule.

[(3)] (4) “Certificate of analysis” means:

(a) A document verifying that B100 biodiesel has been analyzed and complies with ASTM D 6751 biodiesel fuel test methods and specifications; and

(b) Certification of feedstock origination describing the percent of the feedstock sourced outside of the states of Oregon, Washington, Idaho and Montana.

[(4)] (5) “Co-solvent” means an alcohol other than methanol which is blended with either methanol or ethanol or both to minimize phase separation in gasoline.

[(5)] (6) “Ethanol” means ethyl alcohol, a flammable liquid having the formula C_2H_5OH used or sold for the purpose of blending or mixing with gasoline for use in motor vehicles.

[(6)] (7) “Gasoline” means any fuel sold for use in spark ignition engines whether leaded or unleaded.

(8) “Low carbon intensity fuel” means a liquid fuel substitute for gasoline or diesel fuel, including ethanol, gas-to-liquid fuel, other renewable liquid fuel, biodiesel and other renewable diesel, that has a lower carbon intensity than gasoline or diesel fuel, respectively, per unit of fuel energy.

[(7)] (9) “Methanol” means methyl alcohol, a flammable liquid having the formula CH_3OH used or sold for the purpose of blending or mixing with gasoline for use in motor vehicles.

[(8)] (10) “Motor vehicles” means all vehicles, vessels, watercraft, engines,

1 machines or mechanical contrivances that are propelled by internal com-
2 bustion engines or motors.

3 [(9)] (11) “Nonretail dealer” means any person who owns, operates, con-
4 trols or supervises an establishment at which motor vehicle fuel is dispensed
5 through a card- or key-activated fuel dispensing device to nonretail custom-
6 ers.

7 [(10)] (12) “Other renewable diesel” means a diesel fuel substitute,
8 produced from [*nonfossil renewable resources, that has an established ASTM*
9 *standard*] **nonpetroleum renewable resources, that complies with ASTM**
10 **D 975**, is approved by the United States Environmental Protection Agency,
11 meets specifications of the National Conference on Weights and Measures[,
12 *and complies with standards promulgated under ORS 646.957*] **and is not**
13 **biodiesel.**

14 (13) “Other renewable liquid fuel” means a gasoline substitute,
15 **produced from nonpetroleum renewable resources, that has an estab-**
16 **lished ASTM standard, is approved by the United States Environ-**
17 **mental Protection Agency, meets specifications of the National**
18 **Conference on Weights and Measures and is not ethanol.**

19 [(11)] (14) “Retail dealer” means any person who owns, operates, controls
20 or supervises an establishment at which gasoline is sold or offered for sale
21 to the public.

22 [(12)] (15) “Wholesale dealer” means any person engaged in the sale of
23 gasoline if the seller knows or has reasonable cause to believe the buyer
24 intends to resell the gasoline in the same or an altered form to another.

25 **SECTION 3. Section 4 of this 2016 Act is added to and made a part**
26 **of ORS 646.910 to 646.923.**

27 **SECTION 4. (1)(a) The Environmental Quality Commission shall**
28 **adopt by rule a low carbon fuel blending analysis standard to apply to**
29 **gasoline and diesel fuel for purposes of compliance with the low carbon**
30 **fuel standards adopted under ORS 468A.275. The goal of the low carbon**
31 **fuel blending analysis standard shall be to reduce by 10 percent, over**

time and subject to availability, price and feasibility, the carbon intensity of gasoline and diesel fuel sold or offered for sale in this state.

(b) For purposes of paragraph (a) of this subsection, the commission shall determine the average carbon intensity, for the year 2010, of the following:

(A) Gasoline with no low carbon intensity fuel content.

(B) Diesel with no low carbon intensity fuel content.

(c) The average values determined under paragraph (b) of this subsection are the baseline values for purposes of determining the low carbon blending benchmarks described in subsection (2) of this section. Except as necessary to establish the baseline values under paragraph (b) of this subsection, the commission may not differentiate between types of crude oil in carrying out the commission's responsibilities under this section.

(2) Subject to subsections (3) and (4) of this section, the low carbon blending benchmark schedule, expressed as the percent reduction in carbon intensity relative to the baseline value determined under subsection (1) of this section for the appropriate fuel, is as follows:

(a) 0.25 percent;

(b) 0.50 percent;

(c) 1.00 percent;

(d) 1.50 percent;

(e) 2.50 percent;

(f) 3.50 percent;

(g) 5.00 percent;

(h) 6.00 percent;

(i) 6.50 percent;

(j) 7.00 percent;

(k) 7.50 percent;

(L) 8.00 percent;

(m) 8.50 percent;

- (n) 9.00 percent;**
- (o) 9.50 percent; and**
- (p) 10.00 percent.**

(3) The carbon intensity of gasoline and diesel fuel sold or offered for sale in this state may not be required to be reduced by more than 10 percent relative to the baseline values determined by the commission under subsection (1) of this section.

(4)(a) For the purpose of establishing the applicable low carbon blending benchmarks, pursuant to the schedule set forth in subsection (2) of this section, the State Department of Agriculture shall annually complete and publish a study on the commercial availability of low carbon intensity fuels.

(b) If the department determines under paragraph (a) of this subsection that low carbon intensity fuels are commercially available in sufficient quantities to require retail dealers, nonretail dealers and wholesale dealers to meet the next incremental low carbon blending benchmark for gasoline or diesel fuel as required under the schedule set forth in subsection (2) of this section, the commission shall by rule adopt the benchmarks that must be achieved by blending low carbon intensity fuels with gasoline or diesel fuel for the calendar year beginning January 1 following adoption of the rule.

(c) In adopting by rule the low carbon blending benchmark for a calendar year under paragraph (b) of this subsection, the commission shall:

(A) Not later than February 12 of the preceding year, deliver by electronic mail, to all retail dealers, nonretail dealers and wholesale dealers, notice of intended rulemaking in the manner provided for under ORS 183.335; and

(B) Not later than July 1 of the preceding year, adopt by rule the applicable low carbon blending benchmarks.

(d) If the department determines that low carbon intensity fuels are

1 not commercially available in sufficient quantities, the commission
2 may not adopt by rule a requirement that the carbon intensity of
3 gasoline or diesel fuel, as applicable, that is sold or offered for sale in
4 this state be reduced by the next incremental low carbon blending
5 benchmark under subsection (2) of this section. The benchmark re-
6 quirement shall remain at the level set for the prior calendar year by
7 the commission under this section until the department determines
8 under paragraph (a) of this subsection that low carbon intensity fuels
9 are commercially available in sufficient quantities to require carbon
10 intensity reductions in compliance with the next progressive incre-
11 mental low carbon blending benchmark provided for under subsection
12 (2) of this section.

13 (e) A low carbon intensity fuel may not be considered commercially
14 available unless the low carbon intensity fuel:

15 (A) Is available in this state at an average market retail cost that
16 is equal to or less than the average market retail cost of the gasoline
17 or diesel fuel with which the low carbon intensity fuel would be
18 blended; and

19 (B) Meets all applicable technological feasibility standards provided
20 for in ORS 646.913 and 646.922.

21 (f) As part of the study required under paragraph (a) of this sub-
22 section, the department shall:

23 (A) Determine the capability of distribution system infrastructure,
24 including retail sites, to handle projected volumes and types of low
25 carbon intensity fuels. Any volume of low carbon intensity fuel that
26 is in excess of distribution system capability may not be considered
27 commercially available for purposes of the study.

28 (B) Assess the capability of facilities that produce low carbon in-
29 tensity fuels to supply the fuels in commercial quantities in this state.
30 The assessment under this subparagraph shall consider, for each fa-
31 cility:

1 (i) Design capacity in gallons per day;

2 (ii) Date of construction and completion;

3 (iii) Date that feedstock was first introduced into the production
4 process;

5 (iv) Date that a commercial quantity of low carbon intensity fuel
6 that meets industry standards was first produced, not considering
7 planned or advertised dates;

8 (v) Highest utilization of the facility demonstrated in a consecutive
9 three-month period;

10 (vi) Percentage of low carbon intensity fuel meeting industry stan-
11 dards that was produced without reprocessing or blending during the
12 same period considered under sub-subparagraph (v) of this subpara-
13 graph;

14 (vii) Duration, in days, of longest continuous operation of the fa-
15 cility;

16 (viii) Utilization of the facility during the preceding calendar year;

17 (ix) Percentage of low carbon intensity fuel meeting industry stan-
18 dards that was produced without reprocessing or blending during the
19 same period considered under sub-subparagraph (viii) of this subpara-
20 graph; and

21 (x) Annual production forecast for the next one to three years,
22 based on historical production and any technical issues as of the date
23 of the assessment, including variations based on projected feedstock
24 availability and changes to feedstocks.

25 (5) The commission and the department shall adopt rules necessary
26 to carry out the provisions of this section. The rules must include, but
27 need not be limited to:

28 (a) A requirement that, in addition to the requirements of ORS
29 646.913 and 646.922, a retail dealer, nonretail dealer or wholesale dealer
30 may sell or offer for sale only gasoline or diesel fuel that is blended
31 with low carbon intensity fuels that meet the low carbon blending

benchmark adopted by the commission under subsection (4) of this section;

(b) Standards for the issuance of deferrals, carryover of deficits, banking of surpluses and application of surpluses to meeting either the gasoline or diesel fuel low carbon blending benchmark requirements;

(c) Standards, specifications, testing requirements and other measures as needed to ensure the quality of fuels produced in accordance with the low carbon fuel blending analysis standard, including but not limited to the requirements of ORS 646.910 to 646.923 and rules adopted by the department for motor fuel quality;

(d) Standards for determining the life cycle greenhouse gas emissions attributable to low carbon intensity fuels; and

(e) Reporting requirements for retail dealers, nonretail dealers and wholesale dealers that are subject to the low carbon fuel blending analysis standard adopted pursuant to this section.

(6) The provisions of this section do not apply to fuels provided for under ORS 646.913 (6) and 646.922 (5)(b) and (c).

SECTION 5. Not later than July 1, 2017, the Environmental Quality Commission shall adopt by rule under section 4 of this 2016 Act the first low carbon blending benchmark for gasoline and diesel fuel that may be sold or offered for sale in this state during the calendar year beginning January 1, 2018.

SECTION 6. The Environmental Quality Commission and the State Department of Agriculture shall, not later than September 1 of each year, submit a report to the appropriate interim committees of the Legislative Assembly on the application, during the previous calendar year, of the low carbon fuel blending analysis standard adopted under section 4 of this 2016 Act.

SECTION 7. ORS 646.913 is amended to read:

646.913. (1) Except as provided in subsection [(5)] (6) of this section, a retail dealer, nonretail dealer or wholesale dealer may not sell or offer for

sale gasoline unless the gasoline contains:

(a) **At least 10 percent ethanol by volume[.]; or**

(b) **At least 10 percent other renewable liquid fuel by volume.**

(2) Gasoline containing ethanol that is sold or offered for sale meets the requirements of this section if the gasoline, exclusive of denaturants and permitted contaminants, contains not less than 9.2 percent by volume of *[agriculturally derived, denatured]* ethanol that complies with the **technological feasibility** standards for ethanol adopted by the State Department of Agriculture **under this section**.

(3) The department shall adopt **technological feasibility** standards for ethanol **and other renewable liquid fuel** blended with gasoline sold in this state. **The department shall consult the specifications established for other renewable liquid fuel by ASTM International in forming the department's standards. The department may review other specifications adopted by ASTM International, or equivalent organizations, and federal regulations and revise the standards adopted pursuant to this section as necessary.**

(4) The standards adopted **under this section** shall require that *[the]* gasoline blended with ethanol:

(a) Contains ethanol that is derived from agricultural or woody waste or residue;

(b) Contains ethanol denatured as specified in 27 C.F.R. parts 20 and 21;

(c) Complies with the volatility requirements specified in 40 C.F.R. part 80;

(d) Complies with or is produced from a gasoline base stock that complies with ASTM International specification D 4814;

(e) Is not blended with casinghead gasoline, absorption gasoline, drip gasoline or natural gasoline after the gasoline has been sold, transferred or otherwise removed from a refinery or terminal; and

(f) Contains ethanol that complies with ASTM International specification D 4806.

(5) Standards adopted under this section must ensure that gasoline that contains more than 10 percent ethanol, or more than 10 percent other renewable liquid fuel, by volume is sold or offered for sale in this state for use in motor vehicles in accordance with engine manufacturer warranties and fuel use recommendations and in a manner that will not cause engine damage.

[(4) The department may review specifications adopted by ASTM International, or equivalent organizations, and federal regulations and revise the standards adopted pursuant to this section as necessary.]

[(5)] (6) A retail dealer, nonretail dealer or wholesale dealer may sell or offer for sale gasoline that is not blended with ethanol **or other renewable liquid fuel** if the gasoline has an octane rating, as defined in ORS 646.945, of 91 or above or if the gasoline is for use in:

(a) An aircraft:

(A) With a supplemental type certificate approved by the Federal Aviation Administration that allows the aircraft to use gasoline that is intended for use in motor vehicles; or

(B) Issued a type certificate by an aircraft engine manufacturer that allows the aircraft to use gasoline that is intended for use in motor vehicles;

(b) An aircraft that has been issued an experimental certificate, described in 14 C.F.R. 21.191, by the Federal Aviation Administration and that is required by the manufacturer's specifications to use gasoline that is intended for use in motor vehicles;

(c) A light-sport aircraft, as defined in 14 C.F.R. 1.1, that is required by the manufacturer's specifications to use gasoline that is intended for use in motor vehicles;

(d) A vintage aircraft, as defined by the Oregon Department of Aviation by rule, that is required by the manufacturer's specifications to use gasoline that is intended for use in motor vehicles;

(e) An antique vehicle, as defined in ORS 801.125;

(f) A Class I all-terrain vehicle, as defined in ORS 801.190;

(g) A Class III all-terrain vehicle, as defined in ORS 801.194;

(h) A Class IV all-terrain vehicle, as defined in ORS 801.194 (2);

(i) A racing activity vehicle, as defined in ORS 801.404;

(j) A snowmobile, as defined in ORS 801.490;

(k) Tools, including but not limited to lawn mowers, leaf blowers and chain saws; or

(L) A watercraft.

SECTION 8. ORS 646.922 is amended to read:

646.922. (1) **Except as provided in subsection (5) of this section,** a retail dealer, nonretail dealer or wholesale dealer may not sell or offer for sale diesel fuel unless the diesel fuel contains:

(a) At least five percent biodiesel by volume *[or]; or*

(b) **At least five percent** other renewable diesel *[with at least five percent renewable component]* by volume.

(2) Diesel fuel that contains more than five percent biodiesel by volume or **more than five percent** other renewable diesel *[with more than five percent renewable component]* by volume must be labeled as **required by the Federal Trade Commission and the United States Environmental Protection Agency and as provided by** the State Department of Agriculture *[provides]* by rule.

[(2)] (3) A retail dealer, nonretail dealer or wholesale dealer *[may sell or offer for sale diesel fuel that]* **does not violate the requirements of subsection (1) or (2) of this section or rules the department has adopted under ORS 646.957 if the dealer sells or offers for sale diesel fuel to which substances have been added to prevent biodiesel or other renewable diesel in the diesel fuel from gelling or congealing if the diesel fuel** otherwise meets the requirements of *[subsection (1)]* **subsections (1) and (2) of this section and rules the department has adopted** *[pursuant to]* **under ORS 646.957** *[but to which there have been added substances to prevent congealing or gelling of diesel fuel containing biodiesel or other renewable diesel, without violating the requirements of subsection (1) of this*

section and rules adopted pursuant to ORS 646.957]. This subsection applies only to diesel fuel sold or offered for sale during the period from October 1 of any year to February 28 of the following year.

[(3)] (4)(a) The department shall adopt **technological feasibility** standards **and labeling standards** for biodiesel [*or*] **and** other renewable diesel sold in this state. **Labeling standards adopted by the department must comply with labeling standards required by the Federal Trade Commission and the United States Environmental Protection Agency.** The department shall consult the specifications established for biodiesel [*or*] **and** other renewable diesel by ASTM International in forming the department's standards. The department may review **other** specifications adopted by ASTM International, or equivalent organizations, and revise the **department's** standards [*adopted pursuant to this subsection*] as necessary.

(b) **Standards adopted under this subsection must ensure that diesel fuel that contains more than five percent biodiesel, or more than five percent other renewable diesel, by volume is sold or offered for sale in this state for use in motor vehicles in accordance with engine manufacturer warranties and fuel use recommendations and in a manner that will not cause engine damage.**

[(4)] (5) The **requirements for labeling and for** minimum biodiesel [*fuel content and renewable component in*] **and** other renewable diesel [*requirements under subsection (1)*] **content under subsections (1) and (2)** of this section do not apply to diesel fuel sold or offered for sale:

(a) **In any county east of the summit of the Cascade Mountains during the period from October 1 of any year to February 28 of the following year;**

(b) For use [*by*] **in:**

(A) Railroad locomotives[.];

(B) Marine engines; **or**

(C) **Motor vehicles that are not designed primarily to transport persons or property, that are operated on highways only incidentally**

1 **and that are used primarily for construction work; or**

2 **(c) For use in** home heating or to facilities that store more than 50 gal-
 3 lons of diesel fuel for use in emergency power generation.

4 ~~[(5)]~~ **(6)** All retail dealers, nonretail dealers and wholesale dealers in this
 5 state are required to provide, upon the request of the department, a certifi-
 6 cate of analysis for biodiesel received.

7 **SECTION 9.** ORS 646.957 is amended to read:

8 646.957. (1) In accordance with any applicable provision of ORS chapter
 9 183, the Director of Agriculture[, *not later than December 1, 1997,*] shall adopt
 10 rules to carry out the provisions of ORS 646.947 to 646.963. Such rules may
 11 include, but are not limited to, motor vehicle fuel grade advertising, pump
 12 grade labeling, testing procedures, quality standards and identification re-
 13 quirements for motor vehicle fuels [*and*], **including** ethanol, **other**
 14 **renewable liquid fuel**, biodiesel and other renewable diesel, as those terms
 15 are defined in ORS 646.905. Rules adopted by the director under this section
 16 shall be consistent, to the extent the director considers appropriate, with the
 17 most recent standards adopted by ASTM International. As standards of
 18 ASTM International are revised, the director shall revise the rules in a
 19 manner consistent with the **ASTM** revisions unless the director determines
 20 that [*those revised rules*] **doing so** will significantly interfere with the
 21 director's ability to carry out the provisions of ORS 646.947 to 646.963. Rules
 22 adopted pursuant to this section must adequately protect confidential busi-
 23 ness information and trade secrets that the director or the director's au-
 24 thorized agent may discover when inspecting books, papers and records
 25 pursuant to ORS 646.955.

26 (2) Testing requirements, specifications and frequency of testing for each
 27 production lot of biodiesel[, *biodiesel blend*] or other renewable diesel
 28 produced in or brought into this state shall be defined by the director by
 29 rule.

31 **REVENUE MEASURES**

1 **SECTION 10.** ORS 319.020, as amended by section 4, chapter 700, Oregon
 2 Laws 2015, is amended to read:

3 319.020. (1) Subject to subsections (2) to (4) of this section, in addition to
 4 the taxes otherwise provided for by law, every dealer engaging in the dealer's
 5 own name, or in the name of others, in the first sale, use or distribution of
 6 motor vehicle fuel or aircraft fuel or withdrawal of motor vehicle fuel or
 7 aircraft fuel for sale, use or distribution within areas in this state within
 8 which the state lacks the power to tax the sale, use or distribution of motor
 9 vehicle fuel or aircraft fuel, shall:

10 (a) Not later than the 25th day of each calendar month, render a state-
 11 ment to the Department of Transportation of all motor vehicle fuel or air-
 12 craft fuel sold, used, distributed or so withdrawn by the dealer in the State
 13 of Oregon as well as all such fuel sold, used or distributed in this state by
 14 a purchaser thereof upon which sale, use or distribution the dealer has as-
 15 sumed liability for the applicable license tax during the preceding calendar
 16 month. The dealer shall render the statement to the department in the man-
 17 ner provided by the department by rule.

18 (b) Except as provided in ORS 319.270, pay a license tax [*computed on the*
 19 *basis of 30 cents per gallon*] on the first sale, use or distribution of such
 20 motor vehicle fuel or aircraft fuel so sold, used, distributed or withdrawn as
 21 shown by such statement in the manner and within the time provided in ORS
 22 319.010 to 319.430. **The license tax shall be computed on the basis of:**

23 **(A) 32 cents per gallon; or**

24 **(B) 34 cents per gallon within a metropolitan service district estab-**
 25 **lished under ORS chapter 268 that includes a city with a population**
 26 **of 600,000 or more.**

27 (2) When aircraft fuel is sold, used or distributed by a dealer, the license
 28 tax shall be computed on the basis of [*nine*] **11** cents per gallon of fuel so
 29 sold, used or distributed, except that when aircraft fuel usable in aircraft
 30 operated by turbine engines (turbo-prop or jet) is sold, used or distributed,
 31 the tax rate shall be [*one cent*] **three cents** per gallon.

(3) In lieu of claiming refund of the tax paid on motor vehicle fuel consumed by such dealer in nonhighway use as provided in ORS 319.280, 319.290 and 319.320, or of any prior erroneous payment of license tax made to the state by such dealer, the dealer may show such motor vehicle fuel as a credit or deduction on the monthly statement and payment of tax.

(4) The license tax computed on the basis of the sale, use, distribution or withdrawal of motor vehicle or aircraft fuel may not be imposed wherever such tax is prohibited by the Constitution or laws of the United States with respect to such tax.

SECTION 11. ORS 319.020, as amended by section 4, chapter 700, Oregon Laws 2015, and section 10 of this 2016 Act, is amended to read:

319.020. (1) Subject to subsections (2) to (4) of this section, in addition to the taxes otherwise provided for by law, every dealer engaging in the dealer's own name, or in the name of others, in the first sale, use or distribution of motor vehicle fuel or aircraft fuel or withdrawal of motor vehicle fuel or aircraft fuel for sale, use or distribution within areas in this state within which the state lacks the power to tax the sale, use or distribution of motor vehicle fuel or aircraft fuel, shall:

(a) Not later than the 25th day of each calendar month, render a statement to the Department of Transportation of all motor vehicle fuel or aircraft fuel sold, used, distributed or so withdrawn by the dealer in the State of Oregon as well as all such fuel sold, used or distributed in this state by a purchaser thereof upon which sale, use or distribution the dealer has assumed liability for the applicable license tax during the preceding calendar month. The dealer shall render the statement to the department in the manner provided by the department by rule.

(b) Except as provided in ORS 319.270, pay a license tax on the first sale, use or distribution of such motor vehicle fuel or aircraft fuel so sold, used, distributed or withdrawn as shown by such statement in the manner and within the time provided in ORS 319.010 to 319.430. The license tax shall be computed on the basis of:

(A) [32] **34** cents per gallon; or

(B) [34] **36** cents per gallon within a metropolitan service district established under ORS chapter 268 that includes a city with a population of 600,000 or more.

(2) When aircraft fuel is sold, used or distributed by a dealer, the license tax shall be computed on the basis of 11 cents per gallon of fuel so sold, used or distributed, except that when aircraft fuel usable in aircraft operated by turbine engines (turbo-prop or jet) is sold, used or distributed, the tax rate shall be three cents per gallon.

(3) In lieu of claiming refund of the tax paid on motor vehicle fuel consumed by such dealer in nonhighway use as provided in ORS 319.280, 319.290 and 319.320, or of any prior erroneous payment of license tax made to the state by such dealer, the dealer may show such motor vehicle fuel as a credit or deduction on the monthly statement and payment of tax.

(4) The license tax computed on the basis of the sale, use, distribution or withdrawal of motor vehicle or aircraft fuel may not be imposed wherever such tax is prohibited by the Constitution or laws of the United States with respect to such tax.

SECTION 12. ORS 319.020, as amended by section 4, chapter 700, Oregon Laws 2015, and sections 10 and 11 of this 2016 Act, is amended to read:

319.020. (1) Subject to subsections (2) to (4) of this section, in addition to the taxes otherwise provided for by law, every dealer engaging in the dealer's own name, or in the name of others, in the first sale, use or distribution of motor vehicle fuel or aircraft fuel or withdrawal of motor vehicle fuel or aircraft fuel for sale, use or distribution within areas in this state within which the state lacks the power to tax the sale, use or distribution of motor vehicle fuel or aircraft fuel, shall:

(a) Not later than the 25th day of each calendar month, render a statement to the Department of Transportation of all motor vehicle fuel or aircraft fuel sold, used, distributed or so withdrawn by the dealer in the State of Oregon as well as all such fuel sold, used or distributed in this state by

1 a purchaser thereof upon which sale, use or distribution the dealer has as-
 2 sumed liability for the applicable license tax during the preceding calendar
 3 month. The dealer shall render the statement to the department in the man-
 4 ner provided by the department by rule.

5 (b) Except as provided in ORS 319.270, pay a license tax on the first sale,
 6 use or distribution of such motor vehicle fuel or aircraft fuel so sold, used,
 7 distributed or withdrawn as shown by such statement in the manner and
 8 within the time provided in ORS 319.010 to 319.430. The license tax shall be
 9 computed on the basis of:

10 (A) 34 cents per gallon; or

11 (B) 36 cents per gallon within a metropolitan service district established
 12 under ORS chapter 268 that includes a city with a population of 600,000 or
 13 more.

14 (2) When aircraft fuel is sold, used or distributed by a dealer, the license
 15 tax shall be computed on the basis of *[11]* **nine** cents per gallon of fuel so
 16 sold, used or distributed, except that when aircraft fuel usable in aircraft
 17 operated by turbine engines (turbo-prop or jet) is sold, used or distributed,
 18 the tax rate shall be *[three cents]* **one cent** per gallon.

19 (3) In lieu of claiming refund of the tax paid on motor vehicle fuel con-
 20 sumed by such dealer in nonhighway use as provided in ORS 319.280, 319.290
 21 and 319.320, or of any prior erroneous payment of license tax made to the
 22 state by such dealer, the dealer may show such motor vehicle fuel as a credit
 23 or deduction on the monthly statement and payment of tax.

24 (4) The license tax computed on the basis of the sale, use, distribution or
 25 withdrawal of motor vehicle or aircraft fuel may not be imposed wherever
 26 such tax is prohibited by the Constitution or laws of the United States with
 27 respect to such tax.

28 **SECTION 13.** Section 3, chapter 700, Oregon Laws 2015, is amended to
 29 read:

30 **Sec. 3.** *[(1)]* The amendments to ORS 319.020 by section 1 *[of this 2015*
 31 *Act]*, **chapter 700, Oregon Laws 2015**, apply to aircraft fuel sold, used or

distributed on or after January 1, 2016, and before January 1, [2022] **2017**.

[(2) *The amendments to ORS 319.330 by section 2 of this 2015 Act apply to fuel purchased and used in operating aircraft engines on or after January 1, 2016, and before January 1, 2022.*]

SECTION 14. Section 6, chapter 700, Oregon Laws 2015, is amended to read:

Sec. 6. [(1) *The amendments to ORS 319.020 by section 4 of this 2015 Act apply to aircraft fuel sold, used or distributed on or after January 1, 2022.*]

(1)(a) The amendments to ORS 319.020 by section 4, chapter 700, Oregon Laws 2015, and section 10 of this 2016 Act apply to fuel sold, used or distributed on or after January 1, 2017, and before January 1, 2018.

(b) The amendments to ORS 319.020 by section 11 of this 2016 Act apply to fuel sold, used or distributed on or after January 1, 2018, and before January 1, 2022.

(c) The amendments to ORS 319.020 by section 12 of this 2016 Act apply to aircraft fuel sold, used or distributed on or after January 1, 2022.

(2)(a) The amendments to ORS 319.330 by section 2, chapter 700, Oregon Laws 2015, apply to fuel purchased and used in operating aircraft engines on or after January 1, 2016, and before January 1, 2022.

[(2)] **(b) The amendments to ORS 319.330 by section 5 [of this 2015 Act], chapter 700, Oregon Laws 2015, apply to fuel purchased and used in operating aircraft engines on or after January 1, 2022.**

SECTION 15. ORS 319.530, as amended by section 3, chapter 648, Oregon Laws 2013, is amended to read:

319.530. **(1)(a) To compensate this state partially for the use of its highways, an excise tax hereby is imposed [at the rate of 30 cents per gallon] on the use of fuel in a motor vehicle at the rate of:**

(A) 32 cents per gallon; or

(B) 34 cents per gallon within a metropolitan service district estab-

lished under ORS chapter 268 that includes a city with a population of 600,000 or more.

(b)(A) Except as provided in subparagraph (B) of this paragraph, the excise tax imposed under this subsection does not apply to diesel fuel blended with a minimum of 20 percent biodiesel that is derived from used cooking oil.

(B) The exemption provided under subparagraph (A) of this paragraph does not apply to fuel:

(i) Used in motor vehicles that have a gross vehicle weight rating of 26,001 pounds or more;

(ii) That is not sold in retail operations; or

(iii) That is sold in operations involving fleet fueling or bulk sales.

(2) Except as otherwise provided in subsections (3) and (4) of this section, 100 cubic feet of fuel used or sold in a gaseous state, measured at 14.73 pounds per square inch of pressure at 60 degrees Fahrenheit, is taxable at the same rate as a gallon of liquid fuel.

(3) One hundred twenty cubic feet of compressed natural gas used or sold in a gaseous state, measured at 14.73 pounds per square inch of pressure at 60 degrees Fahrenheit, is taxable at the same rate as a gallon of liquid fuel.

(4) One and three-tenths liquid gallons of propane at 60 degrees Fahrenheit is taxable at the same rate as a gallon of other liquid fuel.

SECTION 16. ORS 319.530, as amended by section 3, chapter 648, Oregon Laws 2013, and section 15 of this 2016 Act, is amended to read:

319.530. (1)(a) To compensate this state partially for the use of its highways, an excise tax hereby is imposed on the use of fuel in a motor vehicle at the rate of:

(A) [32] **34** cents per gallon; or

(B) [34] **36** cents per gallon within a metropolitan service district established under ORS chapter 268 that includes a city with a population of 600,000 or more.

(b)(A) Except as provided in subparagraph (B) of this paragraph, the ex-

cise tax imposed under this subsection does not apply to diesel fuel blended with a minimum of 20 percent biodiesel that is derived from used cooking oil.

(B) The exemption provided under subparagraph (A) of this paragraph does not apply to fuel:

(i) Used in motor vehicles that have a gross vehicle weight rating of 26,001 pounds or more;

(ii) That is not sold in retail operations; or

(iii) That is sold in operations involving fleet fueling or bulk sales.

(2) Except as otherwise provided in subsections (3) and (4) of this section, 100 cubic feet of fuel used or sold in a gaseous state, measured at 14.73 pounds per square inch of pressure at 60 degrees Fahrenheit, is taxable at the same rate as a gallon of liquid fuel.

(3) One hundred twenty cubic feet of compressed natural gas used or sold in a gaseous state, measured at 14.73 pounds per square inch of pressure at 60 degrees Fahrenheit, is taxable at the same rate as a gallon of liquid fuel.

(4) One and three-tenths liquid gallons of propane at 60 degrees Fahrenheit is taxable at the same rate as a gallon of other liquid fuel.

SECTION 17. ORS 319.530, as amended by section 3, chapter 648, Oregon Laws 2013, and sections 15 and 16 of this 2016 Act, is amended to read:

319.530. [(1)(a)] (1) To compensate this state partially for the use of its highways, an excise tax hereby is imposed on the use of fuel in a motor vehicle at the rate of:

[(A)] (a) 34 cents per gallon; or

[(B)] (b) 36 cents per gallon within a metropolitan service district established under ORS chapter 268 that includes a city with a population of 600,000 or more.

[(b)(A) Except as provided in subparagraph (B) of this paragraph, the excise tax imposed under this subsection does not apply to diesel fuel blended with a minimum of 20 percent biodiesel that is derived from used cooking oil.]

1 *[(B) The exemption provided under subparagraph (A) of this paragraph*
 2 *does not apply to fuel:]*

3 *[(i) Used in motor vehicles that have a gross vehicle weight rating of 26,001*
 4 *pounds or more;]*

5 *[(ii) That is not sold in retail operations; or]*

6 *[(iii) That is sold in operations involving fleet fueling or bulk sales.]*

7 (2) Except as otherwise provided in subsections (3) and (4) of this section,
 8 100 cubic feet of fuel used or sold in a gaseous state, measured at 14.73
 9 pounds per square inch of pressure at 60 degrees Fahrenheit, is taxable at
 10 the same rate as a gallon of liquid fuel.

11 (3) One hundred twenty cubic feet of compressed natural gas used or sold
 12 in a gaseous state, measured at 14.73 pounds per square inch of pressure at
 13 60 degrees Fahrenheit, is taxable at the same rate as a gallon of liquid fuel.

14 (4) One and three-tenths liquid gallons of propane at 60 degrees
 15 Fahrenheit is taxable at the same rate as a gallon of other liquid fuel.

16 **SECTION 18.** Section 4, chapter 648, Oregon Laws 2013, is amended to
 17 read:

18 **Sec. 4.** *[The amendments to ORS 319.530 by section 3 of this 2013 Act apply*
 19 *to fuel sold on or after January 1, 2020.]*

20 **(1) The amendments to ORS 319.530 by section 3, chapter 648,**
 21 **Oregon Laws 2013, and section 15 of this 2016 Act apply to fuel sold on**
 22 **or after January 1, 2017, and before January 1, 2018.**

23 **(2) The amendments to ORS 319.530 by section 16 of this 2016 Act**
 24 **apply to fuel sold on or after January 1, 2018, and before January 1,**
 25 **2020.**

26 **(3) The amendments to ORS 319.530 by section 17 of this 2016 Act**
 27 **apply to fuel sold on or after January 1, 2020.**

28 **SECTION 19.** Section 20 of this 2016 Act is added to and made a part
 29 **of the Oregon Vehicle Code.**

30 **SECTION 20.** In addition to the fee for issuance of a certificate of
 31 **title specified in ORS 803.090, a person shall pay a fee of \$125 for issu-**

ance of a certificate of title if the Department of Transportation issues a title for a new motor vehicle that has not been titled in this state or any other jurisdiction.

SECTION 21. ORS 803.420 is amended to read:

803.420. This section establishes registration fees for vehicles. If there is uncertainty as to the classification of a vehicle for purposes of the payment of registration fees under the vehicle code, the Department of Transportation may classify the vehicle to ~~[assure]~~ **ensure** that registration fees for the vehicle are the same as for vehicles the department determines to be comparable. The registration fees for the vehicle shall be those based on the classification determined by the department. Except as otherwise provided in this section, or unless the vehicle is registered quarterly, the fees described in this section are for an entire registration period for the vehicle as described under ORS 803.415. The department shall apportion any fee under this section to reflect the number of quarters registered for a vehicle registered for a quarterly registration period under ORS 803.415. The fees are payable when a vehicle is registered and upon renewal of registration. Except as provided in ORS 801.041 (3) and 801.042 (7), the fee shall be increased by any amount established by the governing body of a county or by the governing body of a district, as defined in ORS 801.237, under ORS 801.041 or 801.042 as an additional registration fee for the vehicle. The fees for registration of vehicles are as follows:

(1)(a) Vehicles not otherwise provided for in this section or ORS 821.320, ~~[\$43]~~ **\$55** for each year of the registration period.

(b) Notwithstanding paragraph (a) of this subsection, vehicles described in paragraph (a) of this subsection that have a rating of 45 miles per gallon or more, as determined pursuant to a method established by the department:

(A) \$143 for each year of the registration period; or

(B) At the election of the person registering the vehicle, the per-mile road usage charge imposed under ORS 319.885 during the regis-

1 **tration period.**

2 (2) Mopeds, [~~\$24~~] **\$30** for each year of the registration period.

3 (3) Motorcycles, [~~\$24~~] **\$30** for each year of the registration period.

4 (4) Government-owned vehicles registered under ORS 805.040, \$3.50.

5 (5) State-owned vehicles registered under ORS 805.045, \$3.50 on registra-
6 tion or renewal.

7 (6) Undercover vehicles registered under ORS 805.060, \$3.50 on registra-
8 tion or renewal.

9 (7) Antique vehicles registered under ORS 805.010, \$54.

10 (8) Vehicles of special interest registered under ORS 805.020, \$81.

11 (9) Electric vehicles [*and hybrid vehicles that use electricity and another*
12 *source of motive power*], as follows:

13 (a) The registration fee for an electric [*or hybrid*] vehicle not otherwise
14 described in this subsection is [~~\$43~~] **\$200** for each year of the registration
15 period **or, at the election of the person registering the vehicle, the**
16 **per-mile road usage charge imposed under ORS 319.885 during the**
17 **registration period.**

18 (b) The registration fee for electric [*or hybrid*] vehicles that have two or
19 three wheels is [~~\$43~~] **\$200 for each year of the registration period or, at**
20 **the election of the person registering the vehicle, the per-mile road**
21 **usage charge imposed under ORS 319.885 during the registration**
22 **period.** This paragraph does not apply to electric [*or hybrid*] mopeds. Elec-
23 tric [*or hybrid*] mopeds are subject to the same registration fee as otherwise
24 provided for mopeds under this section.

25 (c) [*The registration fees for the following electric or hybrid vehicles are*
26 *the same as for*] **The registration fee for the following electric vehicles**
27 **shall be the same registration fee for each year of the registration**
28 **period as for** comparable nonelectric vehicles described in this section plus
29 50 percent of [*such*] **the fee or, at the election of the person registering**
30 **the vehicle, the per-mile road usage charge imposed under ORS 319.885**
31 **during the registration period:**

(A) Motor homes.

(B) Commercial buses.

(C) Vehicles registered as farm vehicles under ORS 805.300.

(D) Vehicles required to establish registration weight under ORS 803.430 or 826.013.

(10) Motor vehicles required to establish a registration weight under ORS 803.430 or 826.013, tow vehicles used to transport property for hire other than as described in ORS 822.210, and commercial buses, as provided in the following chart, based upon the weight submitted in the declaration of weight prepared under ORS 803.435 or 826.015:

Weight in Pounds	Fee
8,000 or less	\$ 55
8,001 to 10,000	344
10,001 to 12,000	391
12,001 to 14,000	438
14,001 to 16,000	485
16,001 to 18,000	532
18,001 to 20,000	593
20,001 to 22,000	640
22,001 to 24,000	703
24,001 to 26,000	764
26,001 to 28,000	375
28,001 to 30,000	391
30,001 to 32,000	422
32,001 to 34,000	438
34,001 to 36,000	468
36,001 to 38,000	485
38,001 to 40,000	515
40,001 to 42,000	532
42,001 to 44,000	562

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1	44,001	to	46,000	578
2	46,001	to	48,000	593
3	48,001	to	50,000	625
4	50,001	to	52,000	656
5	52,001	to	54,000	672
6	54,001	to	56,000	686
7	56,001	to	58,000	717
8	58,001	to	60,000	750
9	60,001	to	62,000	780
10	62,001	to	64,000	811
11	64,001	to	66,000	827
12	66,001	to	68,000	857
13	68,001	to	70,000	874
14	70,001	to	72,000	904
15	72,001	to	74,000	921
16	74,001	to	76,000	951
17	76,001	to	78,000	967
18	78,001	to	80,000	998
19	80,001	to	82,000	1,014
20	82,001	to	84,000	1,045
21	84,001	to	86,000	1,061
22	86,001	to	88,000	1,092
23	88,001	to	90,000	1,108
24	90,001	to	92,000	1,139
25	92,001	to	94,000	1,155
26	94,001	to	96,000	1,185
27	96,001	to	98,000	1,202
28	98,001	to	100,000	1,218
29	100,001	to	102,000	1,249
30	102,001	to	104,000	1,265
31	104,001	to	105,500	1,295

(11)(a) Motor vehicles with a registration weight of more than 8,000 pounds that are described in ORS 825.015, that are operated by a charitable organization as defined in ORS 825.017 (13), as provided in the following chart:

Weight in Pounds			Fee
8,001	to	10,000	\$ 50
10,001	to	12,000	60
12,001	to	14,000	65
14,001	to	16,000	75
16,001	to	18,000	80
18,001	to	20,000	90
20,001	to	22,000	95
22,001	to	24,000	105
24,001	to	26,000	110
26,001	to	28,000	120
28,001	to	30,000	125
30,001	to	32,000	135
32,001	to	34,000	140
34,001	to	36,000	150
36,001	to	38,000	155
38,001	to	40,000	165
40,001	to	42,000	170
42,001	to	44,000	180
44,001	to	46,000	185
46,001	to	48,000	190
48,001	to	50,000	200
50,001	to	52,000	210
52,001	to	54,000	215
54,001	to	56,000	220

1	56,001	to	58,000	230
2	58,001	to	60,000	240
3	60,001	to	62,000	250
4	62,001	to	64,000	260
5	64,001	to	66,000	265
6	66,001	to	68,000	275
7	68,001	to	70,000	280
8	70,001	to	72,000	290
9	72,001	to	74,000	295
10	74,001	to	76,000	305
11	76,001	to	78,000	310
12	78,001	to	80,000	320
13	80,001	to	82,000	325
14	82,001	to	84,000	335
15	84,001	to	86,000	340
16	86,001	to	88,000	350
17	88,001	to	90,000	355
18	90,001	to	92,000	365
19	92,001	to	94,000	370
20	94,001	to	96,000	380
21	96,001	to	98,000	385
22	98,001	to	100,000	390
23	100,001	to	102,000	400
24	102,001	to	104,000	405
25	104,001	to	105,500	415

26

27 (b) Motor vehicles with a registration weight of more than 8,000 pounds
28 that are certified under ORS 822.205, unless the motor vehicle is registered
29 under subsection (10) of this section or that are used exclusively to transport
30 manufactured structures, as provided in the following chart:

31

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1	Weight in Pounds			Fee
2	8,001	to	10,000	\$ 102
3	10,001	to	12,000	122
4	12,001	to	14,000	132
5	14,001	to	16,000	153
6	16,001	to	18,000	163
7	18,001	to	20,000	183
8	20,001	to	22,000	193
9	22,001	to	24,000	214
10	24,001	to	26,000	224
11	26,001	to	28,000	244
12	28,001	to	30,000	255
13	30,001	to	32,000	275
14	32,001	to	34,000	285
15	34,001	to	36,000	306
16	36,001	to	38,000	316
17	38,001	to	40,000	336
18	40,001	to	42,000	346
19	42,001	to	44,000	367
20	44,001	to	46,000	377
21	46,001	to	48,000	387
22	48,001	to	50,000	407
23	50,001	to	52,000	428
24	52,001	to	54,000	438
25	54,001	to	56,000	448
26	56,001	to	58,000	468
27	58,001	to	60,000	489
28	60,001	to	62,000	509
29	62,001	to	64,000	530
30	64,001	to	66,000	540
31	66,001	to	68,000	560

1	68,001	to	70,000	570
2	70,001	to	72,000	591
3	72,001	to	74,000	601
4	74,001	to	76,000	621
5	76,001	to	78,000	631
6	78,001	to	80,000	652
7	80,001	to	82,000	662
8	82,001	to	84,000	682
9	84,001	to	86,000	692
10	86,001	to	88,000	713
11	88,001	to	90,000	723
12	90,001	to	92,000	743
13	92,001	to	94,000	754
14	94,001	to	96,000	774
15	96,001	to	98,000	784
16	98,001	to	100,000	794
17	100,001	to	102,000	815
18	102,001	to	104,000	825
19	104,001	to	105,500	845

20

21 (c) The owner of a vehicle described in paragraphs (a) and (b) of this
22 subsection must certify at the time of initial registration, in a manner de-
23 termined by the department by rule, that the motor vehicle will be used ex-
24 clusively to transport manufactured structures or exclusively as described in
25 ORS 822.210, unless the motor vehicle is registered under subsection (10) of
26 this section, or as described in ORS 825.015 or 825.017 (13). Registration of
27 a vehicle described in paragraphs (a) and (b) of this subsection is invalid if
28 the vehicle is operated in any manner other than that described in the cer-
29 tification under this paragraph.

30 (12) Trailers registered under permanent registration, \$10.

31 (13) Fixed load vehicles as follows:

1 (a) If a declaration of weight described under ORS 803.435 is submitted
2 establishing the weight of the vehicle at 3,000 pounds or less, \$54.

3 (b) If no declaration of weight is submitted or if the weight of the vehicle
4 is in excess of 3,000 pounds, \$75.

5 (14) Trailers for hire that are equipped with pneumatic tires made of an
6 elastic material and that are not travel trailers or trailers registered under
7 permanent registration, \$27.

8 (15) Trailers registered as part of a fleet under an agreement reached
9 pursuant to ORS 802.500, the same as the fee for vehicles of the same type
10 registered under other provisions of the Oregon Vehicle Code.

11 (16) Travel trailers, campers and motor homes as follows, based on length
12 as determined under ORS 803.425:

13 (a) For travel trailers or campers that are 6 to 10 feet in length, \$81.

14 (b) For travel trailers or campers over 10 feet in length, \$81 plus \$6.75 a
15 foot for each foot of length over the first 10 feet.

16 (c) For motor homes that are 6 to 14 feet in length, \$54.

17 (d) For motor homes over 14 feet in length, \$126 plus \$7.50 a foot for each
18 foot of length over the first 10 feet.

19 (17) Special use trailers as follows, based on length as determined under
20 ORS 803.425:

21 (a) For lengths 6 to 10 feet, \$54.

22 (b) For special use trailers over 10 feet in length, \$54 plus \$3 a foot for
23 each foot of length over the first 10 feet.

24 (18) Fees for vehicles with proportional registration under ORS 826.009,
25 or proportioned fleet registration under ORS 826.011, are as provided for ve-
26 hicles of the same type under this section except that the fees shall be fixed
27 on an apportioned basis as provided under the agreement established under
28 ORS 826.007.

29 (19) For any vehicle that is registered under a quarterly registration pe-
30 riod, a minimum of \$15 for each quarter registered plus an additional fee of
31 \$1.

(20) In addition to any other fees charged for registration of vehicles in fleets under ORS 805.120, the department may charge the following fees:

(a) A \$2 service charge for each vehicle entered into a fleet.

(b) A \$1 service charge for each vehicle in the fleet at the time of renewal.

(21) The registration fee for vehicles with special registration for disabled veterans under ORS 805.100 is a fee of \$15.

(22) Subject to subsection (19) of this section, the registration fee for motor vehicles registered as farm vehicles under ORS 805.300 is as follows based upon the registration weight given in the declaration of weight submitted under ORS 803.435:

Weight in Pounds	Fee
8,000 or less	\$ 35
8,001 to 10,000	46
10,001 to 12,000	53
12,001 to 14,000	68
14,001 to 16,000	76
16,001 to 18,000	91
18,001 to 20,000	99
20,001 to 22,000	114
22,001 to 24,000	121
24,001 to 26,000	137
26,001 to 28,000	144
28,001 to 30,000	159
30,001 to 32,000	167
32,001 to 34,000	182
34,001 to 36,000	190
36,001 to 38,000	205
38,001 to 40,000	213
40,001 to 42,000	228

1	42,001	to	44,000	235
2	44,001	to	46,000	251
3	46,001	to	48,000	258
4	48,001	to	50,000	273
5	50,001	to	52,000	281
6	52,001	to	54,000	288
7	54,001	to	56,000	304
8	56,001	to	58,000	319
9	58,001	to	60,000	326
10	60,001	to	62,000	334
11	62,001	to	64,000	349
12	64,001	to	66,000	364
13	66,001	to	68,000	372
14	68,001	to	70,000	380
15	70,001	to	72,000	395
16	72,001	to	74,000	402
17	74,001	to	76,000	418
18	76,001	to	78,000	425
19	78,001	to	80,000	440
20	80,001	to	82,000	448
21	82,001	to	84,000	463
22	84,001	to	86,000	471
23	86,001	to	88,000	486
24	88,001	to	90,000	493
25	90,001	to	92,000	509
26	92,001	to	94,000	516
27	94,001	to	96,000	531
28	96,001	to	98,000	539
29	98,001	to	100,000	554
30	100,001	to	102,000	562
31	102,001	to	104,000	577

104,001 to 105,500 585

(23) The registration fee for school vehicles registered under ORS 805.050 is \$7.50.

(24) The registration fee for a low-speed vehicle is [~~\$43~~] **\$55**, for each year of the registration period.

(25) A rental or leasing company, as defined in ORS 221.275, that elects to initially register a vehicle for an annual or biennial registration period shall pay a fee of \$1 in addition to the vehicle registration fee provided under this section.

(26) Racing activity vehicles registered under ORS 805.035, \$81.

(27) Medium-speed electric vehicles, [~~\$43~~] **\$200** for each year of the registration period **or, at the election of the person registering the vehicle, the per-mile road usage charge imposed under ORS 319.885 during the registration period.**

SECTION 22. ORS 319.890 is amended to read:

319.890. (1) A person wishing to pay the per-mile road usage charge imposed under ORS 319.885 must apply to the Department of Transportation on a form prescribed by the department.

(2) The department shall approve a valid and complete application submitted under this section if:

(a) The applicant is the registered owner or lessee of a motor vehicle;

(b) The motor vehicle is equipped with a method selected pursuant to ORS 319.900 for collecting and reporting the metered use by the motor vehicle of the highways in Oregon;

(c) The motor vehicle has a gross vehicle weight rating of 10,000 pounds or less; and

(d) **Except as provided in subsection (5)(a) of this section,** approval does not cause the number of subject vehicles active in the road usage charge program on the date of approval to exceed 5,000, of which no more than 1,500 may have a rating of less than 17 miles per gallon and no more

1 than 1,500 may have a rating of at least 17 miles per gallon and less than
2 22 miles per gallon, such ratings to be determined pursuant to a method es-
3 tablished by the department.

4 (3) Approval of an application under this section subjects the applicant
5 to the requirements of ORS 319.920 until the person ends the person's vol-
6 untary participation in the road usage charge program in the manner re-
7 quired under subsection (4) of this section.

8 (4) **Except as provided in subsection (5)(b) of this section,** a person
9 may end the person's voluntary participation in the road usage charge pro-
10 gram at any time by notifying the department, returning any emblem issued
11 under ORS 319.945 to the department and paying any outstanding amount
12 of road usage charge for metered use by the person's subject vehicle.

13 (5) **The following apply to a person that wishes to pay the per-mile**
14 **road usage charge in lieu of a vehicle registration fee as authorized**
15 **under ORS 803.420:**

16 (a) **The maximum number of subject vehicles active in the road**
17 **usage charge program under subsection (2)(d) of this section does not**
18 **apply.**

19 (b) **If the person ends the person's voluntary participation in the**
20 **road usage charge program before the end of the registration period**
21 **for the vehicle and the person elected to participate in the road usage**
22 **charge program in lieu of paying the vehicle registration fee otherwise**
23 **required under ORS 803.420, in addition to paying any outstanding**
24 **amount described in subsection (4) of this section, the person shall pay**
25 **the full amount of the registration fee otherwise required under ORS**
26 **803.420.**

27 **SECTION 23.** ORS 319.883 is amended to read:

28 319.883. As used in ORS 319.883 to 319.945:

29 (1) "Highway" has the meaning given that term in ORS 801.305.

30 (2) "Lessee" means a person that leases a motor vehicle that is required
31 to be registered in Oregon.

(3)(a) “Motor vehicle” has the meaning given that term in ORS 801.360.

(b) “Motor vehicle” does not mean a motor vehicle designed to travel with fewer than four wheels in contact with the ground **other than a motor vehicle registered under ORS 803.420 (9)(b).**

(4) “Registered owner” means a person, other than a vehicle dealer that holds a certificate issued under ORS 822.020, that is required to register a motor vehicle in Oregon.

(5) “Subject vehicle” means a motor vehicle that is the subject of an application approved pursuant to ORS 319.890 **or for which an election is made under ORS 803.420 to pay the per-mile road usage charge.**

SECTION 24. ORS 818.225 is amended to read:

818.225. (1)(a) In addition to any fee for a single-trip nondivisible load permit, a person who is issued the permit or who operates a vehicle in a manner that requires the permit is liable for payment of a road use assessment fee of [*seven and one-tenths cents*] _____ per equivalent single-axle load mile traveled. As used in this subsection, “equivalent single-axle load” means the relationship between actual or requested weight and an 18,000 pound single-axle load as determined by the American Association of State Highway and Transportation Officials Road Tests reported at the Proceedings Conference of 1962. The Department of Transportation may adopt rules to standardize the determination of equivalent single-axle load computation based on average highway conditions.

(b) If the road use assessment fee is not collected at the time of issuance of the permit, the department shall bill the permittee for the amount due. The account shall be considered delinquent if not paid within 60 days of billing.

(c) The miles of travel authorized by a single-trip nondivisible load permit shall be exempt from taxation under ORS chapter 825.

(2) The department by rule may establish procedures for payment, collection and enforcement of the fees and assessments established by this chapter.

SECTION 25. ORS 825.476 is amended to read:
825.476.

MILEAGE TAX RATE TABLE “A”

Declared Combined	Fee Rates
Weight Groups	Per Mile
(Pounds)	(Mills)
26,001 to 28,000	[49.8] _____
28,001 to 30,000	[52.8] _____
30,001 to 32,000	[55.2] _____
32,001 to 34,000	[57.6] _____
34,001 to 36,000	[59.9] _____
36,001 to 38,000	[63.0] _____
38,001 to 40,000	[65.4] _____
40,001 to 42,000	[67.7] _____
42,001 to 44,000	[70.2] _____
44,001 to 46,000	[72.6] _____
46,001 to 48,000	[74.9] _____
48,001 to 50,000	[77.4] _____
50,001 to 52,000	[80.3] _____
52,001 to 54,000	[83.3] _____
54,001 to 56,000	[86.4] _____
56,001 to 58,000	[90.0] _____
58,001 to 60,000	[94.1] _____
60,001 to 62,000	[99.0] _____
62,001 to 64,000	[104.5] _____
64,001 to 66,000	[110.4] _____
66,001 to 68,000	[118.3] _____
68,001 to 70,000	[126.6] _____
70,001 to 72,000	[135.0] _____
72,001 to 74,000	[142.7] _____

1	74,001 to 76,000	[150.0] _____
2	76,001 to 78,000	[157.2] _____
3	78,001 to 80,000	[163.8] _____

AXLE-WEIGHT MILEAGE

TAX RATE TABLE "B"

7	Declared Combined	Number of Axles				
8	Weight Groups	5	6	7	8	9 or
9	(Pounds)	(Mills)				more
10	80,001 to 82,000	[169.2	154.8	144.7	137.4	129.6]
11		_____	_____	_____	_____	_____
12	82,001 to 84,000	[174.7	157.2	147.0	139.2	131.3]
13		_____	_____	_____	_____	_____
14	84,001 to 86,000	[179.9	160.9	149.4	140.9	133.2]
15		_____	_____	_____	_____	_____
16	86,001 to 88,000	[186.0	164.3	151.8	143.4	135.0]
17		_____	_____	_____	_____	_____
18	88,001 to 90,000	[193.2	168.6	154.3	145.8	137.4]
19		_____	_____	_____	_____	_____
20	90,001 to 92,000	[201.6	173.4	156.5	148.2	139.8]
21		_____	_____	_____	_____	_____
22	92,001 to 94,000	[210.7	178.2	159.0	150.5	141.7]
23		_____	_____	_____	_____	_____
24	94,001 to 96,000	[220.2	183.6	162.0	153.0	143.9]
25		_____	_____	_____	_____	_____
26	96,001 to 98,000	[230.4	190.2	165.6	155.5	146.4]
27		_____	_____	_____	_____	_____
28	98,001 to 100,000	[197.3	169.2	158.4	148.8]	
29		_____	_____	_____	_____	
30	100,001 to 102,000		[172.8	162.0	151.3]	
31			_____	_____	_____	

1	102,001 to 104,000	[176.4	165.6	154.3]
2		_____	_____	_____
3	104,001 to 105,500	[181.1	169.2	157.2]
4		_____	_____	_____

5 _____

6 **SECTION 26.** ORS 825.480 is amended to read:

7 825.480. (1)(a) In lieu of other fees provided in ORS 825.474, carriers en-
8 gaged in operating motor vehicles in the transportation of logs, poles, peeler
9 cores or piling may pay annual fees for such operation computed at the rate
10 of [*seven dollars and fifty-nine cents*] _____ for each 100 pounds of declared
11 combined weight.

12 (b) Any carrier electing to pay fees under this method may, as to vehicles
13 otherwise exempt from taxation, elect to be taxed on the mileage basis for
14 movements of such empty vehicles over public highways whenever operations
15 are for the purpose of repair, maintenance, servicing or moving from one
16 exempt highway operation to another.

17 (2) The annual fees provided in subsections (1), (4) and (5) of this section
18 may be paid on a monthly basis. Any carrier electing to pay fees under this
19 method may not change an election during the same calendar year in which
20 the election is made, but may be relieved from the payment due for any
21 month on a motor vehicle which is not operated. A carrier electing to pay
22 fees under this method shall report and pay these fees on or before the 10th
23 of each month for the preceding month's operations. A monthly report shall
24 be made on all vehicles on the annual fee basis including any vehicle not
25 operated for the month.

26 (3)(a) In lieu of the fees provided in ORS 825.470 to 825.474, motor vehicles
27 described in ORS 825.024 with a combined weight of less than 46,000 pounds
28 that are being operated under a permit issued under ORS 825.102 may pay
29 annual fees for such operation computed at the rate of [*six dollars and*
30 *twenty-three cents*] _____ for each 100 pounds of declared combined weight.

31 (b) The annual fees provided in this subsection shall be paid in advance

but may be paid on a monthly basis on or before the first day of the month. A carrier may be relieved from the fees due for any month during which the motor vehicle is not operated for hire if a statement to that effect is filed with the Department of Transportation on or before the fifth day of the first month for which relief is sought.

(4)(a) In lieu of other fees provided in ORS 825.474, carriers engaged in the operation of motor vehicles equipped with dump bodies and used in the transportation of sand, gravel, rock, dirt, debris, cinders, asphaltic concrete mix, metallic ores and concentrates or raw nonmetallic products, whether crushed or otherwise, moving from mines, pits or quarries may pay annual fees for such operation computed at the rate of [*seven dollars and fifty-three cents*] _____ for each 100 pounds of declared combined weight.

(b) Any carrier electing to pay fees under this method may, as to vehicles otherwise exempt for taxation, elect to be taxed on the mileage basis for movements of such empty vehicles over public highways whenever operations are for the purpose of repair, maintenance, servicing or moving from one exempt highway operation to another.

(5)(a) In lieu of other fees provided in ORS 825.474, carriers engaged in operating motor vehicles in the transportation of wood chips, sawdust, barkdust, hog fuel or shavings may pay annual fees for such operation computed at the rate of [*thirty dollars and sixty-five cents*] _____ for each 100 pounds of declared combined weight.

(b) Any carrier electing to pay under this method may, as to vehicles otherwise exempt from taxation, elect to be taxed on the mileage basis for movement of such empty vehicles over public highways whenever operations are for the purpose of repair, maintenance, service or moving from one exempt highway operation to another.

APPLICABILITY AND OPERATIVE DATE

SECTION 27. Section 20 of this 2016 Act and the amendments to

1 **ORS 319.883, 319.890, 803.420, 818.225, 825.476 and 825.480 by sections 21**
2 **to 26 of this 2016 Act apply to fees and taxes imposed on or after Jan-**
3 **uary 1, 2017.**

4 **SECTION 28. Section 20 of this 2016 Act and the amendments to**
5 **ORS 319.883, 319.880, 803.420, 818.225, 825.476 and 825.480 by sections 21**
6 **to 26 of this 2016 Act become operative on January 1, 2017.**

7
8 **DISTRIBUTION AND USE OF REVENUE**
9

10 **SECTION 29. Sections 30 and 31 of this 2016 Act are added to and**
11 **made a part of ORS chapter 366.**

12 **SECTION 30. (1) The following moneys shall be allocated as de-**
13 **scribed in subsections (2) and (3) of this section:**

14 **(a) Except as provided in section 31 of this 2016 Act, the amount**
15 **attributable to the increase in tax rates by the amendments to ORS**
16 **319.020 (1) and 319.530 by sections 10, 11, 15 and 16 of this 2016 Act.**

17 **(b) The amount attributable to the title fee established in section**
18 **20 of this 2016 Act.**

19 **(c) The amount attributable to the fee increases by the amendments**
20 **to ORS 803.420 by section 21 of this 2016 Act.**

21 **(d) The amount attributable to tax and fee increases by the**
22 **amendments to ORS 818.225, 825.476 and 825.480 by sections 24 to 26 of**
23 **this 2016 Act.**

24 **(2) The moneys described in subsection (1) of this section shall be**
25 **allocated as follows:**

26 **(a) Forty-five percent to the Department of Transportation.**

27 **(b) Thirty-two and one-half percent to counties for distribution as**
28 **provided in ORS 366.762.**

29 **(c) Twenty-two and one-half percent to cities for distribution as**
30 **provided in ORS 366.800.**

31 **(3) The moneys described in subsection (2)(a) of this section or**

equivalent amounts that become available to the Department of Transportation shall be allocated as follows:

(a) Forty-five percent for maintenance, reconstruction and seismic retrofitting of bridges.

(b) Forty percent to pay debt service on bonds issued for the purposes described in ORS 367.620 (3)(d).

(c) Fifteen percent for maintenance and replacement of state highway pavement, safety infrastructure and culverts.

SECTION 31. The additional two cents per gallon imposed within a metropolitan service district on the first sale, use or distribution of motor vehicle fuel under ORS 319.020 and the use of fuel in a motor vehicle under ORS 319.530 shall be allocated to pay debt service on bonds issued for the purposes described in ORS 367.620 (3)(e).

SECTION 32. (1) The Oregon Transportation Commission shall use the proceeds of bonds, as defined in ORS 367.010, authorized under ORS 367.620 (3)(d) for transportation projects of regional significance based on recommendations from the area commissions on transportation. In selecting transportation projects the commission and each area commission on transportation shall consider:

(a) Whether a proposed transportation project reduces transportation costs for Oregon residents, Oregon employers and Oregon businesses or improves access to jobs and sources of labor;

(b) Whether a proposed transportation project results in an economic benefit to this state;

(c) Whether a proposed transportation project is a critical link connecting elements of Oregon's transportation system that will measurably improve utilization and efficiency of the system;

(d) Whether a proposed transportation project is ready for construction; and

(e) How much of the costs, including planning, design and construction, of a proposed transportation project might be borne by

1 sources other than the bond proceeds, including, but not limited to,
2 federal matching funds and local matching funds.

3 (2) Projects must be submitted by the area commissions on trans-
4 portation to the Oregon Transportation Commission, in the manner
5 provided by the commission, not later than January 1, 2017. The
6 Oregon Transportation Commission shall select the projects to be
7 funded not later than July 1, 2017.

8 SECTION 33. (1) The Oregon Transportation Commission shall use
9 the proceeds of bonds, as defined in ORS 367.010, authorized under ORS
10 367.620 (3)(e) for transportation projects within the metropolitan ser-
11 vice district, organized under ORS chapter 268, that includes the City
12 of Portland. The commission shall use at least 10 percent of the bond
13 proceeds described in this section for the purpose of reducing con-
14 gestion, including, but not limited to, adding auxiliary lanes on each
15 of the following:

16 (a) Interstate 5, beginning where it intersects with the Fremont
17 Bridge and ending where it intersects with Interstate 205.

18 (b) State Highway 217, beginning where it intersects with Interstate
19 5 and ending where it intersects with U.S. Highway 26.

20 (c) Interstate 205, beginning where it intersects with Stafford Road
21 and ending in Oregon City, including the Abernethy Bridge.

22 (d) U.S. Highway 26, beginning where it intersects with Jackson
23 School Road and ending at the Vista Ridge Tunnels.

24 (e) Interstate 405, beginning where it intersects with Interstate 5
25 and ending where it intersects with the Fremont Bridge.

26 (2) Before selecting a transportation project under this section, the
27 commission shall:

28 (a) Consult with the board of commissioners for each county in
29 which the project is located;

30 (b) Consult with the applicable area commission on transportation;
31 and

(c) Consider the following:

(A) Whether the proposed transportation project reduces congestion and transportation costs for Oregon residents, Oregon employers and Oregon businesses or improves access to jobs and sources of labor;

(B) Whether the proposed transportation project results in an economic benefit to this state;

(C) Whether the proposed transportation project is a critical link connecting elements of Oregon's transportation system that will measurably improve utilization and efficiency of the system; and

(D) How much of the costs, including planning, design and construction, of the proposed transportation project might be borne by sources other than the bond proceeds, including, but not limited to, federal matching funds and local matching funds.

BONDS

SECTION 34. ORS 367.620 is amended to read:

367.620. (1) The principal amount of Highway User Tax Bonds issued under ORS 367.615 shall be subject to the provisions of ORS 286A.035.

(2) Highway User Tax Bonds may be issued under ORS 367.615 for the purposes described in ORS 367.622 in an aggregate principal amount sufficient to produce net proceeds of not more than \$500 million.

(3)(a) Highway User Tax Bonds may be issued under ORS 367.615 for bridge purposes described in section 10 (1), chapter 618, Oregon Laws 2003, in an aggregate principal amount sufficient to produce net proceeds of not more than \$1.6 billion.

(b) Highway User Tax Bonds may be issued under ORS 367.615 for modernization purposes described in sections 10 (2) and 11, chapter 618, Oregon Laws 2003, in an aggregate principal amount sufficient to produce net proceeds of not more than \$300 million.

(c) Highway User Tax Bonds may be issued under ORS 367.615 for the

purposes described section 64, chapter 865, Oregon Laws 2009, in an aggregate principal amount sufficient to produce net proceeds of not more than \$840 million. The proceeds from bonds issued as described in this paragraph that are not required for the purposes described in section 64, chapter 865, Oregon Laws 2009, shall be allocated to transportation projects, as defined in ORS 367.010, that are approved by the Legislative Assembly by law.

(d) Highway User Tax Bonds may be issued under ORS 367.615 for the purposes described in section 32 of this 2016 Act, in an aggregate principal amount sufficient to produce net proceeds of not more than \$_____ million.

(e) Highway User Tax Bonds may be issued under ORS 367.615 for the purposes described in section 33 of this 2016 Act, in an aggregate principal amount sufficient to produce net proceeds of not more than \$_____ million.

[(d)] (f) The Department of Transportation, with the approval of the State Treasurer, may designate the extent to which a series of bonds authorized under this subsection is secured and payable on a parity of lien or on a subordinate basis to existing or future Highway User Tax Bonds.

SECTION 35. The interests of the holders of Highway User Tax Bonds that are outstanding on the effective date of this 2016 Act and the obligations of the agreements of the Department of Transportation under its Amended and Restated Master Highway User Tax Revenue Bond Declaration dated June 1, 2006, as amended and supplemented, have priority over any interests or obligations that arise under ORS 367.620 after the effective date of this 2016 Act.

SECTION 36. Notwithstanding ORS 367.620 (1), the provisions of ORS 286A.035 do not apply to bonds described in ORS 367.620 (3)(d) or (e) for the biennium beginning July 1, 2015.

TEMPORARY DRIVER LICENSE FEE INCREASE

SECTION 37. ORS 807.370 is amended to read:

807.370. The following are the fees relating to the issuance and renewal of licenses, driver permits and endorsements:

(1) Disability golf cart driver permit fees under ORS 807.210, as follows:

(a) For issuance, \$44.

(b) For renewal fee under ORS 807.210, \$32.

(2) Emergency driver permit fee under ORS 807.220, \$23.50.

(3) Instruction driver permit fees under ORS 807.280, as follows:

(a) For issuance, \$23.50.

(b) For renewal, \$23.50.

(4) Commercial learner driver permit issuance fee under ORS 807.285, \$23.50.

(5)(a) License issuance fee for a Class C license, [~~\$54~~] **\$64**.

(b) Fee to take the knowledge test for a Class C license, \$5.

(c) Fee to take the skills test for a Class C license, \$9.

(6) License issuance fee for a restricted Class C license, \$54.

(7) License issuance fee for a commercial driver license, whether or not the license contains endorsements, \$75.50.

(8) Test fees for a commercial driver license or permit:

(a) To take the knowledge test for a Class A commercial driver license or permit, \$10.

(b) To take the skills test for a Class A commercial driver license, \$70.

(c) To take the knowledge test for a Class B commercial driver license or permit, \$10.

(d) To take the skills test for a Class B commercial driver license, \$70.

(e) To take the knowledge test for a Class C commercial driver license or permit, \$10.

(f) To take the skills test for a Class C commercial driver license, \$70.

(9) Notwithstanding subsection (7) of this section, for issuance of a commercial driver license of any class when the Department of Transportation accepts a certificate of competency issued under ORS 807.080, \$40 in addition

1 to the fee under subsection (7) of this section.

2 (10) Notwithstanding subsection (7) of this section, for original issuance
3 of a school bus endorsement to a person who has a commercial driver license
4 with a passenger endorsement:

5 (a) \$21; or

6 (b) \$61 if the department accepts a certificate of competency issued under
7 ORS 807.080.

8 (11) For a farm endorsement, \$26.

9 (12) Test fees for the knowledge test for endorsements other than motor-
10 cycle and farm endorsements:

11 (a) For a hazardous materials endorsement, \$10.

12 (b) For a tank vehicle endorsement, \$10.

13 (c) For a passenger endorsement, \$10.

14 (d) For a double and triple trailer endorsement, \$10.

15 (e) For a school bus endorsement, \$10.

16 (13) Fee to take an airbrake knowledge test, \$10.

17 (14) Fee to take an airbrake skills test to remove an airbrake restriction,
18 \$56.

19 (15) License renewal fee for a commercial driver license, \$55.50.

20 (16) License renewal fee for a Class C license, [~~\$34~~] **\$44**.

21 (17) License or driver permit replacement fee under ORS 807.160, \$26.50.

22 (18) Original endorsement issuance fee under ORS 807.170 for a motorcy-
23 cle endorsement, \$46, in addition to any fees for the endorsed license.

24 (19) Special student driver permit fee under ORS 807.230, \$23.50.

25 (20) Student Driver Training Fund eligibility fee under ORS 807.040 and
26 807.150, \$6.

27 (21) Motorcycle Safety Subaccount fee as follows:

28 (a) Upon original issuance of motorcycle endorsements under ORS 807.170,
29 \$38.

30 (b) Upon renewal of a license with a motorcycle endorsement under ORS
31 807.170, \$28.

(22) Probationary driver permit application fee under ORS 807.270, \$50.

(23) Hardship driver permit application fee under ORS 807.240, \$50.

(24) Fee for reinstatement of revoked driving privileges under ORS 809.390, \$75.

(25) Fee for reinstatement of suspended driving privileges under ORS 809.380, \$75.

(26) Fee for reinstatement of right to apply for driving privileges after a delay under ORS 809.280 (10) (1997 Edition), the same as the fee for reinstatement of suspended driving privileges.

(27) Fee for a special limited vision condition learner's permit under ORS 807.359, \$13.

(28)(a) License issuance fee for a Class C limited term license, \$23.

(b) Fee to take the knowledge test for a Class C limited term license, \$5.

(c) Fee to take the skills test for a Class C limited term license, \$9.

(29) License issuance fee for a restricted Class C limited term license, \$23.

(30) License issuance fee for a limited term commercial driver license, whether or not the license contains endorsements, \$45.

(31) License renewal fee for a limited term commercial driver license, \$14.

(32) License renewal fee for a Class C limited term license, \$8.

(33) Limited term license or limited term driver permit replacement fee under ORS 807.160, \$26.50.

(34) Limited term Student Driver Training Fund eligibility fee under ORS 807.040 and 807.150, \$2.

SECTION 38. Notwithstanding any other provision of law, the amount attributable to the increase in the license issuance and renewal fees for a Class C license by the amendments to ORS 807.370 by section 37 of this 2016 Act shall be allocated to the Department of Transportation for the following purposes:

(1) Redeveloping and modernizing the department's information technology system; and

(2) Installing self-service kiosks.

SECTION 39. The amendments to ORS 807.370 by section 37 of this 2016 Act become operative on January 1, 2017.

SECTION 40. ORS 807.370, as amended by section 37 of this 2016 Act, is amended to read:

807.370. The following are the fees relating to the issuance and renewal of licenses, driver permits and endorsements:

(1) Disability golf cart driver permit fees under ORS 807.210, as follows:

(a) For issuance, \$44.

(b) For renewal fee under ORS 807.210, \$32.

(2) Emergency driver permit fee under ORS 807.220, \$23.50.

(3) Instruction driver permit fees under ORS 807.280, as follows:

(a) For issuance, \$23.50.

(b) For renewal, \$23.50.

(4) Commercial learner driver permit issuance fee under ORS 807.285, \$23.50.

(5)(a) License issuance fee for a Class C license, [~~\$64~~] **\$54**.

(b) Fee to take the knowledge test for a Class C license, \$5.

(c) Fee to take the skills test for a Class C license, \$9.

(6) License issuance fee for a restricted Class C license, \$54.

(7) License issuance fee for a commercial driver license, whether or not the license contains endorsements, \$75.50.

(8) Test fees for a commercial driver license or permit:

(a) To take the knowledge test for a Class A commercial driver license or permit, \$10.

(b) To take the skills test for a Class A commercial driver license, \$70.

(c) To take the knowledge test for a Class B commercial driver license or permit, \$10.

(d) To take the skills test for a Class B commercial driver license, \$70.

(e) To take the knowledge test for a Class C commercial driver license or permit, \$10.

(f) To take the skills test for a Class C commercial driver license, \$70.

(9) Notwithstanding subsection (7) of this section, for issuance of a commercial driver license of any class when the Department of Transportation accepts a certificate of competency issued under ORS 807.080, \$40 in addition to the fee under subsection (7) of this section.

(10) Notwithstanding subsection (7) of this section, for original issuance of a school bus endorsement to a person who has a commercial driver license with a passenger endorsement:

(a) \$21; or

(b) \$61 if the department accepts a certificate of competency issued under ORS 807.080.

(11) For a farm endorsement, \$26.

(12) Test fees for the knowledge test for endorsements other than motorcycle and farm endorsements:

(a) For a hazardous materials endorsement, \$10.

(b) For a tank vehicle endorsement, \$10.

(c) For a passenger endorsement, \$10.

(d) For a double and triple trailer endorsement, \$10.

(e) For a school bus endorsement, \$10.

(13) Fee to take an airbrake knowledge test, \$10.

(14) Fee to take an airbrake skills test to remove an airbrake restriction, \$56.

(15) License renewal fee for a commercial driver license, \$55.50.

(16) License renewal fee for a Class C license, [~~\$44~~] **\$34**.

(17) License or driver permit replacement fee under ORS 807.160, \$26.50.

(18) Original endorsement issuance fee under ORS 807.170 for a motorcycle endorsement, \$46, in addition to any fees for the endorsed license.

(19) Special student driver permit fee under ORS 807.230, \$23.50.

(20) Student Driver Training Fund eligibility fee under ORS 807.040 and 807.150, \$6.

(21) Motorcycle Safety Subaccount fee as follows:

(a) Upon original issuance of motorcycle endorsements under ORS 807.170,

1 \$38.

2 (b) Upon renewal of a license with a motorcycle endorsement under ORS
3 807.170, \$28.

4 (22) Probationary driver permit application fee under ORS 807.270, \$50.

5 (23) Hardship driver permit application fee under ORS 807.240, \$50.

6 (24) Fee for reinstatement of revoked driving privileges under ORS
7 809.390, \$75.

8 (25) Fee for reinstatement of suspended driving privileges under ORS
9 809.380, \$75.

10 (26) Fee for reinstatement of right to apply for driving privileges after a
11 delay under ORS 809.280 (10) (1997 Edition), the same as the fee for rein-
12 statement of suspended driving privileges.

13 (27) Fee for a special limited vision condition learner's permit under ORS
14 807.359, \$13.

15 (28)(a) License issuance fee for a Class C limited term license, \$23.

16 (b) Fee to take the knowledge test for a Class C limited term license, \$5.

17 (c) Fee to take the skills test for a Class C limited term license, \$9.

18 (29) License issuance fee for a restricted Class C limited term license, \$23.

19 (30) License issuance fee for a limited term commercial driver license,
20 whether or not the license contains endorsements, \$45.

21 (31) License renewal fee for a limited term commercial driver license, \$14.

22 (32) License renewal fee for a Class C limited term license, \$8.

23 (33) Limited term license or limited term driver permit replacement fee
24 under ORS 807.160, \$26.50.

25 (34) Limited term Student Driver Training Fund eligibility fee under ORS
26 807.040 and 807.150, \$2.

27 **SECTION 41. (1) The amendments to ORS 807.370 by section 40 of**
28 **this 2016 Act become operative on January 2, 2022.**

29 **(2) Section 38 of this 2016 Act is repealed on January 2, 2022.**

30 **(3) Amounts described in section 38 of this 2016 Act that have not**
31 **been expended on the operative date specified in subsection (1) of this**

1 section for redeveloping and modernizing the Department of
2 Transportation's information technology system or installing self-
3 service kiosks may be expended in the same manner as other driver
4 license fee revenues are expended.

5 **SECTION 42.** (1) The amendments to ORS 807.370 by section 37 of
6 this 2016 Act apply to fees imposed on or after January 1, 2017, and
7 before January 2, 2022.

8 (2) The amendments to ORS 807.370 by section 40 of this 2016 Act
9 apply to fees imposed on or after January 2, 2022.

10
11 **OFFICE AND EQUIPMENT SHARING**
12

13 **SECTION 43.** (1) As used in this section, "state agency" means an
14 agency of the executive department, as defined in ORS 174.112.

15 (2) The Department of Transportation shall enter into agreements
16 with cities, counties or other state agencies that enable the depart-
17 ment to facilitate the sharing of offices, equipment or both, if sharing
18 meets the needs of both entities and decreases costs for both entities.

19 (3) The department shall attempt to enter into agreements for
20 sharing offices, equipment or both in each region described in this
21 subsection. For purposes of this subsection, the regions are as follows:

22 (a) Region one consists of Clackamas, Columbia, Hood River,
23 Multnomah and Washington Counties.

24 (b) Region two consists of Benton, Clatsop, Lane, Lincoln, Linn,
25 Marion, Polk, Tillamook and Yamhill Counties.

26 (c) Region three consists of Coos, Curry, Douglas, Jackson and
27 Josephine Counties.

28 (d) Region four consists of Crook, Deschutes, Gilliam, Jefferson,
29 Klamath, Lake, Sherman, Wasco and Wheeler Counties.

30 (e) Region five consists of Baker, Grant, Harney, Malheur, Morrow,
31 Umatilla, Union and Wallowa Counties.

1 **TRANSPORTATION PLANNING RULE**

2
3 **SECTION 44. The Land Conservation and Development Commission**
4 **shall amend its rules adopted pursuant to ORS 197.646, otherwise**
5 **known as the transportation planning rule, to limit the applicability**
6 **of the transportation planning rule to communities with a population**
7 **of 20,000 or more.**

8
9 **TRANSIT ASSESSMENT**

10
11 **SECTION 45. ORS 291.405 is amended to read:**

12 291.405. (1)(a) **As used in this section and ORS 291.407, “city transit**
13 **agency” means a city agency that is authorized to transport people by**
14 **bus or rail, and that provides to the public general or special services,**
15 **other than school, charter or sightseeing transportation services, on**
16 **a regular and continuing basis.**

17 **(b)** This section and ORS 291.407 allow the Oregon Department of Ad-
18 ministrative Services to assess state agencies and to provide moneys from the
19 assessments to mass transit districts, established under ORS 267.010 to
20 267.390, transportation districts, established under ORS 267.510 to 267.650,
21 [and] service districts, established under ORS 451.410 to 451.610 to provide
22 public transportation services, **and city transit agencies**, as reimbursement
23 for the benefit that state government receives from the districts **and city**
24 **transit agencies.**

25 (2) State agencies subject to assessment under this section include every
26 state officer, board, commission, department, institution, branch or agency
27 of the state whose costs are paid wholly or in part from funds held in the
28 State Treasury, and include the Legislative Assembly, the state courts and
29 their officers and committees.

30 (3) If the Oregon Department of Administrative Services elects to pay
31 moneys to districts **and city transit agencies** under this section and ORS

291.407, the department shall do the following:

(a) Determine what services performed for subject state agencies will be subject to assessment under this section;

(b) Determine which subject agencies have employees within each district **or service area of a city transit agency** who are performing the subject services;

(c) Determine the amount of wages paid to the agency employees for performing the subject services within each district **or service area of a city transit agency**; *[and]*

(d) **In the case of a district**, establish a rate of assessment of not more than six-tenths of one percent of the total amount of the wages determined under this subsection~~].~~; **and**

(e) **In the case of a city transit agency, establish a rate of assessment not to exceed the lesser of the payroll tax rate charged to private employers by the city for providing public transportation services or six-tenths of one percent of the total amount of the wages determined under this subsection.**

(4) When determining under subsection (3)(c) of this section the total amount of wages paid to agency employees for performing subject services within each district **or service area of a city transit agency**, the Oregon Department of Administrative Services shall include wages that are paid from federal funds only to the extent the assessment on those wages is authorized to be paid under federal regulations.

(5) Notwithstanding any other provision of this section, the Oregon Department of Administrative Services *[shall]* **may** not establish rates or impose assessments under this section that exceed the following:

(a) The Oregon Department of Administrative Services *[shall]* **may** not assess more from an agency than the Legislative Assembly provides the agency for purposes of this section, either directly or indirectly through its approval of budgets or through the Emergency Board, if the agency budget is approved by the Legislative Assembly from General Fund moneys.

(b) If an agency is an agency other than one described in paragraph (a) of this subsection, the Oregon Department of Administrative Services *[shall]* **may** not assess moneys from the agency at a greater rate than the rate applicable to an agency described in paragraph (a) of this subsection.

(6) At any time it determines appropriate, the Oregon Department of Administrative Services may:

(a) Redetermine any factors necessary to perform its duties under this section; or

(b) Vary the rate under this section within the limits established under this section.

(7) After making determinations and establishing a rate under this section, the Oregon Department of Administrative Services may direct the assessment against the payrolls of subject agencies at the rate established by the department. All moneys assessed under this section shall be promptly forwarded to the Oregon Department of Administrative Services. Assessments under this section are administrative expenses of an agency, as defined in ORS 291.305.

(8) The Oregon Department of Administrative Services shall pay any moneys it receives under this section to the State Treasurer for deposit in the account established under ORS 291.407 for use as provided in that section.

SECTION 46. ORS 291.407 is amended to read:

291.407. (1) The Mass Transit Assistance Account is established in the General Fund of the State Treasury. The account shall consist of moneys deposited in the account under ORS 291.405 and as otherwise provided by law. The moneys in the account are continuously appropriated to the Oregon Department of Administrative Services to be used as provided in this section.

(2) The Oregon Department of Administrative Services shall distribute moneys from the account established under this section to districts described in ORS 291.405 **and city transit agencies** on the last day of each calendar quarter. Subject to the limitations in this section, the amount distributed to

each district **or city transit agency** shall be equal to the total assessments received by the department during the immediate preceding three months under ORS 291.405 from agencies with employees performing subject services within that district **or service area of the city transit agency**.

(3) Distributions under this section are subject to the following limitations:

(a) Except for newly formed districts **or city transit agencies**, the Oregon Department of Administrative Services [*shall*] **may** not distribute to a district **or city transit agency** during a calendar year an amount that exceeds the amount received by the district **or city transit agency** under the district's **or city transit agency's** own taxes during the immediate preceding fiscal year of the district **or city transit agency**.

(b) The Oregon Department of Administrative Services [*shall*] **may** not distribute to a newly formed district **or city transit agency** during a calendar year an amount that exceeds the amount the budget approved by the district board **or city governing body** proposes as revenue for the district **or city transit agency** from the district's **or city transit agency's** own taxes during the current fiscal year of the district **or city transit agency**. If the district **or city transit agency** does not collect the proposed amount, the department shall make adjustments in the distributions during subsequent years to recover any amount paid under this section that is over the amount the district **or city transit agency** actually received under the district's **or city transit agency's** own taxes.

(4) The limitations imposed under this section that are based on amounts received by a district **or city transit agency** under its own taxes do not include amounts received by the district **or city transit agency** from farebox revenues, federal moneys, state moneys, gifts, investments, bonds or similar moneys received by the district **or city transit agency**.

(5) The Department of Transportation shall provide the Oregon Department of Administrative Services with any information concerning a [*mass transit district or transportation*] district **or city transit agency** that the

Oregon Department of Administrative Services determines necessary for the performance of its duties under this section and ORS 291.405. The Department of Transportation shall provide the information in the form and at times determined by the Oregon Department of Administrative Services.

(6) In exchange for payments authorized under this section to *[transit]* districts **and city transit agencies**, the State of Oregon and its agencies shall be exempt from any parking code requirements for existing state-owned buildings, construction of new state buildings or the renovation of existing state buildings, which have been or may be established by any political subdivision within the boundaries of a *[transit]* district **or service area of a city transit agency** receiving such payments.

SECTION 47. The amendments to ORS 291.405 and 291.407 by sections 45 and 46 of this 2016 Act apply to wages paid to state agency employees during calendar quarters beginning on or after the effective date of this 2016 Act.

CONTRACTING

SECTION 48. ORS 279C.305 is amended to read:

279C.305. (1) It is the policy of the State of Oregon that contracting agencies shall make every effort to construct public improvements at the least cost to the contracting agency.

(2) Not less than 30 days *[prior to adoption of the contracting agency's]* **before adopting a** budget for the subsequent budget period, each contracting agency shall prepare and file with the Commissioner of the Bureau of Labor and Industries a list of every public improvement *[known to the contracting agency]* that the contracting agency plans to fund in the budget period, identifying each improvement by name and estimating the total on-site construction costs. The list *[shall]* **must** also *[contain a statement as to]* **state** whether the contracting agency intends to perform the construction through a private contractor. If the contracting agency intends to perform con-

struction work using the contracting agency's own equipment and personnel on a project estimated to cost more than \$125,000, the contracting agency shall *[also show]* **include with the list an analysis** that **shows that** the contracting agency's decision conforms to the policy stated in subsection (1) of this section. The list *[is a]* **and analysis are** public *[record]* **records**, and *[may be revised periodically by the agency]* **the contracting agency may periodically revise the list or analysis.**

(3)(a) The commissioner shall adopt rules for transportation projects, as defined in ORS 367.010, that specify how a contracting agency must conduct the written analysis required under subsection (2) of this section. The rules must:

(A) Require a contracting agency to estimate the cost of constructing a public improvement through a private contractor and compare the estimated cost with the estimated cost of constructing the public improvement with the contracting agency's own equipment and personnel.

(B) Provide that in estimating the contracting agency's cost of constructing a public improvement with the contracting agency's own equipment and personnel, a contracting agency shall account for:

(i) The cost of labor at the applicable prevailing rate of wage that the commissioner determines under ORS 279C.815, if the public improvement is a public works project;

(ii) The cost of equipment, including any associated costs of investment and ownership;

(iii) The costs of administration and overhead the contracting agency will incur in connection with the public improvement;

(iv) Tax revenue the state will not realize if the contracting agency constructs a public improvement with the contracting agency's own equipment and personnel;

(v) The costs of subcontracts into which the contracting agency must enter; and

(vi) Other costs that a private contractor would incur, including but not limited to costs associated with obtaining applicable insurance and warranties, engaging contractors for quality control, inviting participation from enterprises and businesses certified under ORS 200.055 and traffic control.

(b) Before adopting or amending rules in accordance with this subsection, the commissioner shall consult with the Secretary of State, the Director of the Oregon Department of Administrative Services, the Director of Transportation, local contracting agencies, private contractors and subcontractors and other knowledgeable persons.

[(3)] (4) Before a contracting agency constructs a public improvement with *its* the contracting agency's own equipment or personnel, the contracting agency shall:

(a) *[If the estimated cost exceeds \$125,000, the contracting agency shall]* Prepare adequate plans and specifications and the estimated unit cost of each classification of work, **if the estimated cost of the public improvement exceeds \$125,000.** *[The estimated cost of the work must include a reasonable allowance for the cost, including investment cost, of any equipment used.]* As used in this paragraph, "adequate" means sufficient to control the performance of the work and to ensure satisfactory quality of construction by the contracting agency personnel.

(b) *[The contracting agency shall cause to be kept and preserved]* **Keep and preserve** a full, true and accurate account of the costs of performing the work, including all engineering and administrative expenses, **labor costs at the applicable prevailing rate of wage if the public improvement is a public works project** and the cost, including investment costs, of any equipment **that will be** used. The final account of the costs is a public record.

[(4)] (5) Subsections (2) *[and (3)]* **to (4)** of this section do not apply to a contracting agency *[when]* **if** the public improvement is to be used for the distribution or transmission of electric power.

1 (6) With respect to transportation projects, as defined in ORS
2 367.010, the commissioner may investigate violations of this section or
3 ORS 279C.307 or 279C.310 and in the course of the investigation may:

4 (a) Compel attendance from witnesses, examine the witnesses under
5 oath and otherwise receive testimony;

6 (b) Require a contracting agency or employee of a contracting
7 agency to produce books, records, files or other documents; or

8 (c) Take any other action that is necessary to conduct an investi-
9 gation under this subsection.

10 (7)(a) A trade association of construction contractors or another
11 person, in addition to any other remedy the trade association or other
12 person may have under the Public Contracting Code, may file a com-
13 plaint with the commissioner that alleges a violation of this section
14 or ORS 279C.307 or 279C.310, to the extent the alleged violation arises
15 out of a transportation project, as defined in ORS 367.010. The com-
16 plaint must set forth the acts or omissions that constituted the vio-
17 lation, and the trade association or other person must file the
18 complaint within one year after the acts or omissions occurred. A
19 trade association or another person may not file a complaint with the
20 commissioner under this paragraph if the trade association or other
21 person brings an action in a court of this state for a violation of this
22 section or ORS 279C.307 or 279C.310 that sets forth acts or omissions
23 that are similar to or the same as the acts or omissions in the com-
24 plaint to the commissioner. The commissioner shall dismiss a com-
25 plaint the commissioner receives under this paragraph if a trade
26 association or another person brings an action in a court of this state
27 as provided in this paragraph.

28 (b) If the commissioner reasonably believes that the acts or omis-
29 sions set forth in a complaint under paragraph (a) of this subsection
30 occurred and constituted a violation of this section or ORS 279C.307
31 or 279C.310, the commissioner, within 30 days after receiving the

1 **complaint, shall notify the contracting agency against which the**
 2 **complaint alleges the violation and:**

3 **(A) May issue a temporary order to cease and desist from the acts**
 4 **or omissions set forth in the complaint and cease any construction**
 5 **that has occurred in connection with the alleged violation.**

6 **(B) Shall investigate the complaint and, if the commissioner finds**
 7 **substantial evidence of a violation in the course of the investigation,**
 8 **shall make and deliver to the contracting agency and the trade asso-**
 9 **ciation or other person that filed the complaint a finding of substantial**
 10 **evidence that sets forth the evidence the commissioner found.**

11 **(C) May facilitate a settlement agreement between the contracting**
 12 **agency and the trade association or other person that filed the com-**
 13 **plaint to eliminate the effects of any violation and to discourage fu-**
 14 **ture violations. The commissioner may enforce the settlement**
 15 **agreement in the same manner provided under this section for en-**
 16 **forcing a violation of this section or ORS 279C.307 or 279C.310.**

17 **(c) A party to a settlement agreement under paragraph (b) of this**
 18 **subsection may bring an action to enforce the settlement agreement.**
 19 **The court may enjoin a violation of the settlement agreement or may**
 20 **require specific performance from a party to the settlement agree-**
 21 **ment.**

22 **(8)(a) If the commissioner issues a finding of substantial evidence**
 23 **under subsection (7)(b)(B) of this section and the trade association or**
 24 **other person that filed a complaint under subsection (7)(a) of this**
 25 **section and the contracting agency against which the trade association**
 26 **or other person filed the complaint do not enter into a settlement**
 27 **agreement within 30 days after the date on which the commissioner**
 28 **issues the finding of substantial evidence, the commissioner shall**
 29 **conduct a hearing on the complaint as provided in ORS 183.413 to**
 30 **183.470.**

31 **(b) After conducting a hearing under paragraph (a) of this sub-**

1 section and considering the evidence, the commissioner shall deter-
2 mine whether a violation of this section or ORS 279C.307 or 279C.310
3 occurred. If the commissioner determines that a violation has oc-
4 curred, the commissioner shall issue an order to cease and desist from
5 the conduct that constitutes the violation and may impose a fine of
6 not more than \$5,000 on the contracting agency for each violation.

7 (c) The commissioner shall apply the proceeds of a fine under par-
8 agraph (b) of this subsection first to the costs the commissioner incurs
9 in investigating the complaint that resulted in the commissioner
10 finding a violation and the costs associated with conducting a hearing
11 under paragraph (a) of this subsection. The commissioner shall
12 transfer any remaining moneys to the State Treasurer for deposit into
13 the State Highway Fund.

14 (d) An order to cease and desist that the commissioner issues under
15 paragraph (b) of this subsection must provide that the contracting
16 agency perform actions that the commissioner reasonably determines
17 will:

18 (A) Carry out the purposes of this section or ORS 279C.307 or
19 279C.310, as appropriate; and

20 (B) Eliminate the effects of the violation, which may include having
21 a private contractor perform any remaining construction on the public
22 improvement that is the subject of the violation.

23 [(5)] (9) For purposes of this section, resurfacing [of] highways, roads or
24 streets at a depth of two or more inches [and] or at an estimated cost that
25 exceeds \$125,000 is a public improvement.

26 SECTION 49. The amendments to ORS 279C.305 by section 48 of this
27 2016 Act apply to procurements that a contracting agency advertises
28 or otherwise solicits or, if the contracting agency does not advertise
29 or solicit the procurement, to public improvement contracts into
30 which the contracting agency enters on or after the operative date
31 specified in section 50 of this 2016 Act.

SECTION 50. (1) The amendments to ORS 279C.305 by section 48 of this 2016 Act become operative on January 1, 2017.

(2) The Commissioner of the Bureau of Labor and Industries, the Director of the Oregon Department of Administrative Services, the Director of Transportation or a contracting agency that adopts rules under ORS 279A.065 may adopt rules and take any other action before the operative date specified in subsection (1) of this section that is necessary to enable the commissioner, the director or the contracting agency to exercise, on and after the operative date specified in subsection (1) of this section, all of the duties, functions and powers conferred on the commissioner, the director or the contracting agency by the amendments to ORS 279C.305 by section 48 of this 2016 Act.

**OREGON STATE UNIVERSITY RESEARCH OF
CLEAN DIESEL ENGINE TECHNOLOGY**

SECTION 51. In addition to and not in lieu of any other appropriation, there is appropriated to the Higher Education Coordinating Commission, for the biennium beginning July 1, 2015, out of the General Fund, the amount of \$2,000,000 to be allocated to Oregon State University for use in engineering research and development related to clean diesel engine technology for the following purposes:

(1) Reduce greenhouse gas emissions from motor vehicles that have a gross vehicle weight rating of 26,001 pounds or more;

(2) Establish, staff and operate a research laboratory; and

(3) Fund fellowships for Oregon State University students who are participating in the research and development described in this section.

REVIEW OF DEPARTMENT OF TRANSPORTATION

SECTION 52. (1) The Secretary of State shall procure an independent performance and program audit, as those terms are defined in ORS 297.070, of the Department of Transportation. The audit must evaluate the following aspects of the department:

(a) The performance of management.

(b) Decision-making processes.

(c) Planning decisions.

(d) The amount of spending on planning for transportation projects as compared to the amount of spending on the construction of transportation projects.

(2) The audit described in this section must determine whether the activities described in subsection (1) of this section are:

(a) Documented;

(b) Easily accessible; and

(c) Transparent.

(3) If the audit finds that the conditions described in subsection (2) of this section are not met, then the audit must propose actions that the department may take to ensure that each of the activities described in subsection (1) of this section meets the conditions described in subsection (2) of this section.

(4) The secretary shall report the results of the audit to the committees or interim committees of the Legislative Assembly related to transportation and to the Oregon Transportation Commission no later than November 1, 2017.

SECTION 53. The Director of Transportation shall:

(1) Procure an independent efficiency management review of the expenditure of State Highway Fund moneys and shall report on the results of the review to the committees or interim committees of the Legislative Assembly related to transportation no later than September 15, 2017.

(2) Prepare and implement a plan, for each calendar year during the

period beginning January 1, 2018, and ending December 31, 2024, under which the department shall reduce administrative inefficiencies and redirect \$50 million per year out of moneys available to the department and not being spent on highway and bridge maintenance and preservation. The moneys that are redirected under this section shall be expended for the purpose of highway and bridge maintenance and preservation. The director shall submit an annual report on the plan to a committee or interim committee of the Legislative Assembly related to transportation not later than September 15 of each year.

SECTION 54. Section 53 of this 2016 Act is repealed on January 2, 2025.

GENERAL OBLIGATION BONDS

SECTION 55. Section 1, chapter 685, Oregon Laws 2015, is amended to read:

Sec. 1. The amounts authorized, as provided by ORS 286A.035, for issuance of general obligation bonds of the state during the 2015-2017 biennium are as follows:

GENERAL OBLIGATION BONDS

General Fund Obligations

- (1) Oregon Department of
Administrative Services,
Oregon Health and Science
University, Cancer
Institute (Art. XI-G)..... \$ 200,035,000
- (2) Higher Education Coordinating
Commission (Art. XI-G):
 - (a) Oregon State University:
 - (A) Forest Science Complex \$ 30,140,000

1	(B)	Marine Studies Campus		
2		Phase I.....	\$	25,155,000
3	(b)	Portland State University,		
4		Neuberger Hall Renovation		
5		and Deferred Maintenance	\$	10,220,000
6	(c)	University of Oregon:		
7	(A)	Klamath Hall Renovation	\$	6,325,000
8	(B)	College and Careers Building ...	\$	17,275,000
9	(C)	Chapman Hall Renovation	\$	2,550,000
10	(d)	Oregon Institute of		
11		Technology, Center for		
12		Excellence in Engineering		
13		and Technology	\$	785,000
14	(e)	Blue Mountain Community		
15		College, Animal Science		
16		Education Center	\$	3,331,350
17	(f)	Columbia Gorge Community		
18		College, Advanced Technology		
19		Center	\$	7,320,000
20	(g)	Klamath Community College,....		
21		Student Success and		
22		Career/Technical Center	\$	7,850,000
23	(h)	Mt. Hood Community		
24		College, Technology		
25		Innovation Center	\$	8,000,000
26	(i)	Rogue Community College,		
27		Health and Science Center	\$	8,000,000
28	(j)	Southwestern Oregon		
29		Community College, Health		
30		and Science Building	\$	8,000,000
31	(k)	Treasure Valley Community		

1	College, Workforce Vocational		
2	Center	\$	2,830,250
3	(L) Umpqua Community College,		
4	Industrial Arts Center	\$	8,000,000
5	(3) Oregon Business Development		
6	Department (Art. XI-M)	\$	176,870,000
7	(4) Oregon Business Development		
8	Department (Art. XI-N)	\$	30,440,000
9	(5) Department of		
10	Education (Art. XI-P)	\$	126,210,000
11	(6) Oregon Department of		
12	Administrative		
13	Services (Art. XI-Q)	\$	369,640,000
14	(7) Department of		
15	Transportation (Art. XI,		
16	section 7)	\$	[35,475,000]
17		155,475,000
18	<u>Dedicated Fund Obligations</u>		
19	(8) Department of Veterans'		
20	Affairs (Art. XI-A)	\$	100,000,000
21	(9) Higher Education Coordinating		
22	Commission (Art. XI-F(1)):		
23	(a) Portland State University:		
24	(A) Land Acquisition for University		
25	Center Building	\$	10,220,000
26	(B) Broadway Housing Purchase.....	\$	53,680,000
27	(b) Oregon State University		
28	Modular Data Center	\$	7,085,000
29	(10) Department of Environmental		
30	Quality (Art. XI-H)	\$	10,000,000
31	(11) Water Resources Department		

(Art. XI-I(1)).....	\$	30,520,000
(12) Housing and Community Services Department		
(Art. XI-I(2)).....	\$	25,000,000
(13) State Department of Energy		
(Art. XI-J).....	\$	25,000,000
<u>Total General Obligation</u>		
<u>Bonds</u>	\$	[1,345,956,600]
.....		1,465,956,600

SECTION 56. Out of the amount specified in section 1 (7), chapter 685, Oregon Laws 2015, as amended by section 55 of this 2016 Act, the State Treasurer may issue bonds under Article XI, section 7, of the Oregon Constitution, in an amount not to exceed \$120,000,000 of net bond proceeds for the purpose of providing matching funds to meet the requirements for receiving federal grants from the Nationally Significant Freight and Highway Projects Program, plus an amount estimated by the State Treasurer to pay estimated bond-related costs.

TASK FORCE

SECTION 57. (1) The Task Force on Transportation Spending is established.

(2) The task force consists of eight members appointed as follows:

(a) The President of the Senate shall appoint two members from among members of the Senate as follows:

(A) One member from the Democratic Party.

(B) One member from the Republican Party.

(b) The Speaker of the House of Representatives shall appoint two members from among members of the House of Representatives as follows:

(A) One member from the Democratic Party.

1 **(B) One member from the Republican Party.**

2 **(c) The Governor shall appoint four members as follows:**

3 **(A) Two members from among members of the Oregon Transpor-**
4 **tation Commission.**

5 **(B) Two members who are knowledgeable about issues related to**
6 **transportation and who do not receive economic benefit from the De-**
7 **partment of Transportation.**

8 **(3) The task force shall investigate, conduct research and if neces-**
9 **sary propose solutions in relation to:**

10 **(a) The Department of Transportation's processes for decision-**
11 **making, including transportation project selection, policy develop-**
12 **ment, planning and contracting and whether those activities are**
13 **clearly documented, easily accessible and transparent.**

14 **(b) The process the department uses to determine which projects**
15 **are funded.**

16 **(c) Whether all construction and planning projects are part of a**
17 **clearly defined and transparent process that allows public, stakeholder**
18 **and customer input.**

19 **(d) Whether the information provided by the department to the**
20 **Oregon Transportation Commission is adequate regarding the follow-**
21 **ing:**

22 **(A) Actions taken, activities engaged in, policies adopted and deci-**
23 **sions made by the department.**

24 **(B) Preparation for formal actions to be taken by the commission,**
25 **including:**

26 **(i) Adequacy of the time for the members of the commission to**
27 **evaluate the proposed action;**

28 **(ii) Clarity of the information provided by the department;**

29 **(iii) Documentation of arguments in support and in opposition re-**
30 **ceived by the department regarding the action;**

31 **(iv) Impact of the action upon current policies that have been**

1 adopted by the commission; and

2 (v) Whether the department regularly provides notice to interested
3 parties such that the interested parties have the time to prepare and
4 provide input to aid the commission in determining the impact of its
5 decisions.

6 (e) Whether the department is structured in a way that allows for
7 efficient and effective operations.

8 (f) Whether the department's staffing level and distribution is ap-
9 propriate to the tasks directed to the department by statutory man-
10 date.

11 (g) Whether the department takes on responsibilities beyond that
12 provided by statutory mandate.

13 (h) Whether there are statutory directives that the department has
14 not carried out or addressed, and, if so, the reason for this.

15 (i) Whether all divisions within the department are operating within
16 budgetary limitations.

17 (j) How the department's budget overruns are reported, accounted
18 for and resolved.

19 (k) Whether the department's funds are being transferred between
20 divisions to cover spending for other divisions.

21 (L) Whether the department's budget actions are clearly defined,
22 identifiable and transparent.

23 (m) How the department's decisions are made and disseminated
24 throughout the department.

25 (n) Whether there is a clear chain of command within the depart-
26 ment.

27 (o) Whether the department's decisions are clearly communicated
28 from management to staff.

29 (p) Whether there are specific individuals in the department that
30 are identified as being responsible for decisions for purposes of clar-
31 ification and response.

1 (q) Whether there are procedures in place in the department to
2 ensure that employees who are responsible for making decisions and
3 carrying out functions are held accountable for their decision-making
4 and actions, and, if so, whether the procedures are being effectively
5 implemented.

6 (r) Whether the department's decisions and the dissemination of
7 decisions are clearly documented.

8 (s) What processes in the department are built into the decision-
9 making process and dissemination of decisions to provide opportunities
10 for external input.

11 (t) What processes in the department are built into the decision-
12 making process and dissemination of decisions to provide opportunities
13 for internal comment.

14 (u) How information is provided to advisory groups within the de-
15 partment and how recommendations are developed to determine
16 whether and to what extent those processes are controlled, influenced
17 and determined by staff rather than members of those advisory
18 groups.

19 (v) Whether major transportation stakeholders are satisfied that
20 their input is being considered and valued by the department.

21 (w) Whether the process for transportation stakeholder input is
22 easy to find, use and access.

23 (x) The means by which problems within the department may be
24 appropriately conveyed to the department's management team.

25 (y) The means by which problems within the department can be
26 appropriately conveyed to the commission, to the Governor and to the
27 Legislative Assembly.

28 (4) Not later than September 15, 2018, the task force shall prepare
29 and submit a report to the Legislative Assembly in the manner pro-
30 vided by ORS 192.245 that describes the findings of the task force. The
31 report may include recommendations for legislation.

1 (5) A majority of the voting members of the task force constitutes
2 a quorum for the transaction of business.

3 (6) Official action by the task force requires the approval of a ma-
4 jority of the voting members of the task force.

5 (7) The task force shall elect one of its members to serve as chair-
6 person.

7 (8) If there is a vacancy for any cause, the appointing authority
8 shall make an appointment to become immediately effective.

9 (9) Members of the Legislative Assembly appointed to the task force
10 are nonvoting members of the task force and may act in an advisory
11 capacity only.

12 (10) The task force shall meet at times and places specified by the
13 call of the chairperson or of a majority of the voting members of the
14 task force.

15 (11) The task force may adopt rules necessary for the operation of
16 the task force.

17 (12) The Legislative Administration Committee shall provide staff
18 support to the task force.

19 (13) Members of the task force who are not members of the Legis-
20 lative Assembly are not entitled to compensation, but may be reim-
21 bursed for actual and necessary travel and other expenses incurred by
22 them in the performance of their official duties in the manner and
23 amounts provided for in ORS 292.495. Claims for expenses incurred in
24 performing functions of the task force shall be paid out of funds ap-
25 propriated to the Legislative Administration Committee for purposes
26 of the task force.

27 (14) All agencies of state government, as defined in ORS 174.111, are
28 directed to assist the task force in the performance of the task force's
29 duties and, to the extent permitted by laws relating to confidentiality,
30 to furnish information and advice the members of the task force con-
31 sider necessary to perform their duties.

AUDIT

SECTION 58. (1) The Secretary of State shall procure an independent performance and program audit, as those terms are defined in ORS 297.020, of the Department of Transportation. The purpose of the audit is to investigate, conduct research and propose solutions, as appropriate, on the issues listed in section 57 (3) of this 2016 Act.

(2) The secretary shall report the results of the audit to the Task Force on Transportation Spending established under section 57 of this 2016 Act no later than November 1, 2017.

SECTION 59. Sections 57 and 58 of this 2016 Act are repealed on December 31, 2018.

TRANSIT

SECTION 60. ORS 267.300 is amended to read:

267.300. (1) Subject to restrictions in the Oregon Constitution, a district board may finance construction, acquisition, purchase, lease, operation and maintenance of a mass transit system and related facilities for the purposes authorized under ORS 267.010 to 267.390 by:

(a) Levy of ad valorem taxes under ORS 267.305.

(b) Service charges and user fees collected under ORS 267.320.

(c) Use of the revolving fund authorized under ORS 267.310.

(d) Sale of bonds under ORS 267.330 to 267.345.

(e) Levy of business license fees under ORS 267.360.

(f) Levy of a tax measured by net income under ORS 267.370.

(g) Levy of a tax measured by employer payrolls under ORS 267.380, 267.385 and 267.420.

(h) Use of funds accepted under ORS 267.390.

(i) Short-term borrowings under ORS 267.400.

(j) Levy of a tax measured by net earnings from self-employment under

ORS 267.380 and 267.385.

(k) Any combination of the provisions of paragraphs (a) to (j) of this subsection.

(2)(a) All or any part of the funds raised or received by the district under subsection (1)(a) to (k) of this section may be expended by the district for the purpose of financing the construction, reconstruction, improvement, repair, maintenance, operation and use of the primary transit supportive system.

(b) The district may expend only the following funds for construction, reconstruction, improvement, repair, maintenance, operation and use of the secondary transit supportive system:

(A) Funds that are reserved by Article IX, section 3a, of *[However, only those funds raised or received by the district that are restricted by]* the Oregon Constitution, for the purpose of financing the construction, reconstruction, **improvement, repair, maintenance** operation and use of public highways, roads, streets and roadside rest areas; *[may be expended by the district for the secondary transit supportive system.]*

(B) Proceeds of general obligation bonds approved by voters under ORS 267.330;

(C) Grants or contributions; and

(D) Proceeds of bonds issued under ORS 267.335 that are subject to a reimbursement agreement.

(3) As used in this [subsection] section:

[(a) "Transit supportive system" means those facilities in any county in which a district operates that constitute the surface transportation system in the county, including highways, roads, streets, roadside rest areas, park-and-ride stations, transfer stations, parking lots, malls and skyways.]

[(b)] **(a) "Primary transit supportive system" means [those facilities] the parts of a transit supportive system upon which or adjacent to which the district physically operates.**

(b) "Reimbursement agreement" means a legally binding agreement between the district and another party that requires that party to re-

1 **imburse the district for the district's expenditure of the funds subject**
2 **to the agreement.**

3 (c) "Secondary transit supportive system" means [*the remainder of those*
4 *facilities that constitute the surface transportation system, but over which the*
5 *district's operation or facilities are not physically present*] **the parts of a**
6 **transit supportive system that are not included in the primary transit**
7 **supportive system.**

8 (d) "Transit supportive system" means those facilities in any county
9 in which a district operates that constitute the surface transportation
10 system in the county, including, but not limited to, highways, roads,
11 streets, roadside rest areas, park-and-ride stations, transfer stations,
12 parking lots, malls and skyways.

13
14 **CAPTIONS**
15

16 **SECTION 61. The unit captions used in this 2016 Act are provided**
17 **only for the convenience of the reader and do not become part of the**
18 **statutory law of this state or express any legislative intent in the**
19 **enactment of this 2016 Act.**

20
21 **EFFECTIVE DATE**
22

23 **SECTION 62. This 2016 Act takes effect on the 91st day after the**
24 **date on which the 2016 regular session of the Seventy-eighth Legisla-**
25 **tive Assembly adjourns sine die.**