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Oregon Legislature Votes to Save Oregon's Roads

SALEM—The Oregon Legislature has enacted House Bill 2017, the first comprehensive transportation funding bill to pass in Oregon since 2009. The bill provides for accelerated repair and replacement of bridges, sustainable statewide transit (bus) funding, increases in allocations to cities and counties for road repair, money for specific transportation and intermodal (rail) projects around the state, improved funding for seismic upgrades, a cap on and disclosure of the cost per gallon of the Low Carbon Fuel Standard, vastly improved accountability requirements for the Oregon Dept. of Transportation (ODOT), cities, and counties, and for satisfaction of statutorily established standards of performance before the last three phased increases in the gas tax can occur.

The bill pays for road and bridge investments by a gas tax increase of 10-cents per gallon phased-in over seven years, and by increasing automobile registration fees by \$20 and title fees by \$24 with each of these increases phased-in over five years. Expanded transit funding will be provided by a one-tenth of one percent statewide payroll tax on employees; the funding for intermodal improvements (not constitutionally eligible for gas tax or registration fee funding) will be provided by a one-half of one percent privilege tax on car dealers calculated on the value of the dealer's new car sales. New adult bicycles costing over \$200 will be taxed a flat \$15 fee at point-of-sale to raise money for bicycle and pedestrian paths.

The bill contains a carefully designed consumer protection cap on spikes in fuel costs which may result from Oregon's Low Carbon Fuel Standard (LCFS), along with a provision for public disclosure at service stations of the LCFS's cost per gallon. About one-half of the car dealer privilege tax is allocated to a limited and variable subsidy for electric cars, which will sunset in six years. This subsidy is intended to help reduce the cost of the LCFS imposed on drivers of cars using liquid fuel. The balance of this tax is dedicated to fund the Connect Oregon program which supports intermodal (rail, air, water) transportation projects.

Because the cost of upgrading highways, interchanges, and bridges in Portland vastly exceeds the political appetite for statewide increases in the gas tax, the bill contains a "congestion pricing" (tolling) provision, subject to federal approval, applicable to several of the freeways in

Portland (I-205 and I-5). If authorized, money raised is required to be used on improvements to the freeway where the toll is collected.

The bill is also designed to help small cities (with populations under 5,000) and counties with less than 200,000 registered vehicles. The Small Cities Fund is increased from \$1 million to \$5 million per year. This will allow Oregon's 160 small cities to access up to \$75,000 about every third year. The Special Counties Fund will reallocate \$5 million dollars per year, on a ratio of road miles to population, from Oregon's six most populated counties to Oregon's 30 lower population counties. This allocation will result in significant increases in road funds available to Baker, Grant, Harney, Lake, and Malheur Counties.

The bill also contains a first-time-in-Oregon transit funding provision, paid for by a one-tenth of one percent employee payroll tax. For a person making minimum wage, this tax amounts to around 40-cents per week—a modest price to pay for much improved availability of public transit for our senior citizens and others unable to drive or afford the increasing cost of private transportation.

“No one likes to pay higher taxes,” said Rep. Cliff Bentz (R-Ontario), Co-Vice Chair of the Joint Committee that drafted the bill, “but when the 15 county commissioners from my five counties, the mayors from the largest cities in my district, and the constituents that attended transportation meetings I arranged last year, unanimously ask that I do something to help—you listen and then you design a bill that balances accountability, need, and due recognition of people's ability to pay. This bill does these things.”

“For example, when fully implemented seven years from now, the 10-cent gas tax increase will amount to about \$53 per year for the average Oregon driver. By spreading this cost of preservation across all users of the system, we were able to keep the costs per driver within an acceptable range. I am particularly happy that the bill allocates \$5 million each year from the more populated parts of the state to help pay for roads that cross the vast, and mostly empty, reaches of Eastern Oregon. And, of course, I am pleased that we were able to include in the bill protection against the most dangerous impacts of the Low Carbon Fuel Standard, along with specific freight and road improvements which will directly benefit Eastern Oregon,” Rep. Bentz added.

This is not a complete summary of the contents of the 146-page bill. For more information about the bill, please visit the Oregon Legislative Information System website at:
<https://olis.leg.state.or.us/liz/2017R1/Measures/Overview/HB2017>

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