



# PUBLIC TRANSPORTATION

## BACKGROUND BRIEF

LPRO: LEGISLATIVE POLICY AND RESEARCH OFFICE

The shared trip, sharing cost and saving time, has historically been a key element for social and economic progress. Transit systems were largely private prior to 1950, but as automobiles and fuel became more available and affordable, private transit companies gradually lost business to a growing auto industry. Subsidies to support public transportation programs began six decades ago. Policy makers discovered that the benefits of transportation alternatives to single-occupancy vehicles go beyond the people who use the service. Reductions in congestion, pollution, and fuel consumption, and improved social equity, economic competitiveness, and community health are direct benefits of an efficient and well-used connected transit system.

### BACKGROUND

Federal funding for public transportation (also referred to as public transport, public transit, or mass transit) dates to 1961, with the enactment of the Housing and Urban Development Act that funded transit demonstration projects. Oregon's involvement with transit began in 1969 with the creation of the Oregon Highway Department's Public Transit Division and the statutory authorization of mass transit districts. One of the most significant changes to the transit landscape occurred in 1990 with the passage of the federal Americans with Disabilities Act (**ADA**). The ADA requires accessibility features on transit vehicles and provision of transportation services for those who cannot use existing fixed-route systems; it has been a major cost driver for transit providers. An aging population is expected to dramatically increase demand for such services. Recent court rulings have again increased ADA requirements to improve transit equipment.

With the passage of [House Bill 2017 \(2017\)](#), the Legislative Assembly made a significant investment in transportation options to ensure ongoing, stable funding to support the state's public transportation system.

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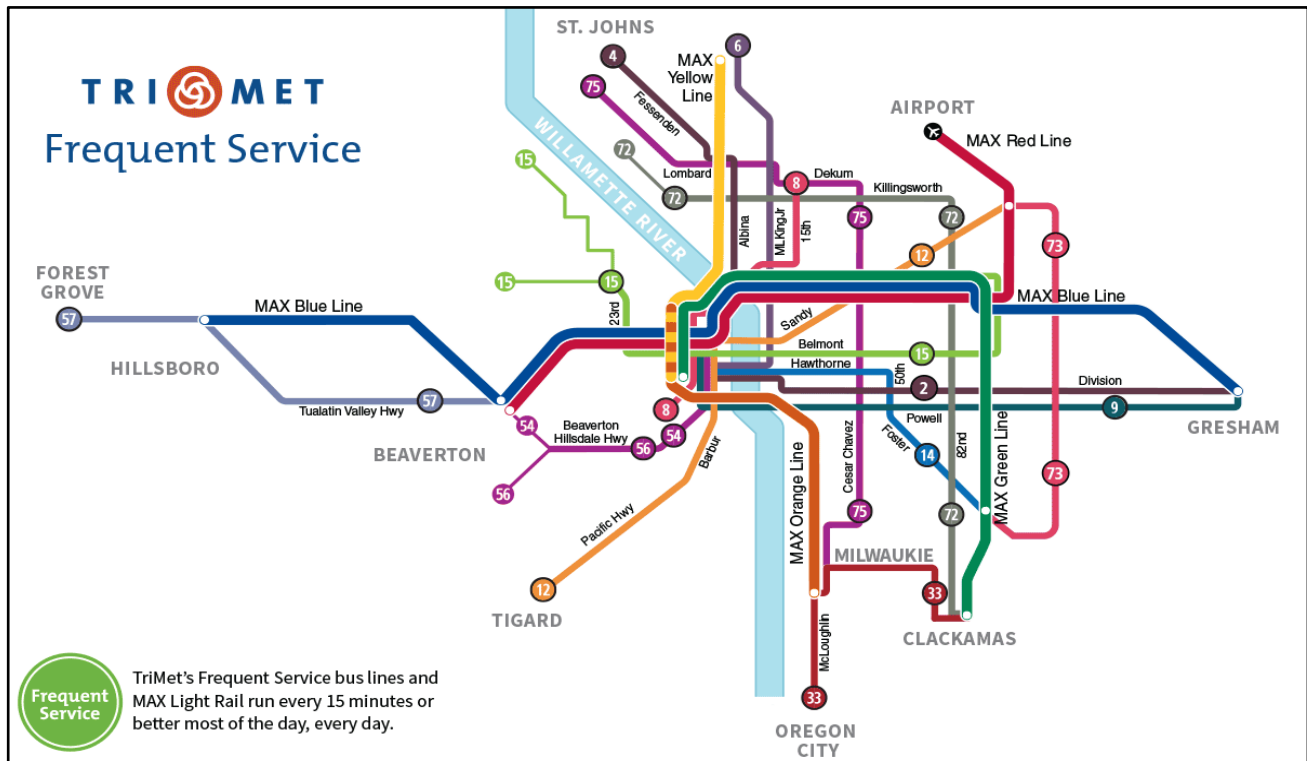
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**TRANSIT STRUCTURE AND FUNDING IN OREGON**

Oregon’s public transportation system employs hundreds of workers and expends over \$589 million annually on operations in Oregon. Large- and small-system providers deliver more than 130.3 million trips across the state annually. The Tri-County Metropolitan Transportation District (**TriMet**) in the urbanized Portland metropolitan area provides about 78 percent of transit trips in Oregon (see Figure 1); two other providers, Lane Transit District (**LTD**) and the Salem Area Mass Transit District (**SAMTD**) provide 8.2 percent and 2.79 percent of annual trips, respectively, while other urban centers and rural areas make up the remainder of trips. A fleet of more than 2,400 publicly owned transit vehicles serve Oregon; approximately 900 serve the Portland Metro area, 700 in other urban systems, and 800 around the state in rural communities. About half of these vehicles have been purchased with assistance from the Oregon Department of Transportation (**ODOT**).

**Figure 1: TriMet Frequent Service Lines Map**



Source: TriMet

The Public Transportation Advisory Committee (**PTAC**), created by the Oregon Transportation Commission (**OTC**) in January 2000, represents the interests of counties, districts, tribes, and other stakeholders as it advises the Commission on public transportation policy, vision, and investment strategy. The mission of PTAC is to move the State of Oregon forward using strategies that address the transportation needs of all Oregonians through collaboration with the OTC. The advisory committee focuses on both current realities and the future direction of public transit.

Oregon's locally operated public transportation systems include 103 different mass transit districts, transportation districts, cities, counties, local jurisdictions, and non-profit providers statewide. Many are senior centers and other small, private non-profit entities serving seniors and persons with disabilities.

TriMet is the state's largest transit provider. Its district boundaries cover most of the metropolitan areas of Washington, Multnomah, and Clackamas counties. It operates 79 bus lines with 6,591 stops, five light rail lines with 97 stations, a commuter rail line with five stations, and LIFT special transportation for people with disabilities. TriMet provided over 98 million passenger trips in Fiscal Year (FY) 2017, an average of nearly 300,000 per day. LIFT provided one million trips in FY 2017.

Aside from TriMet, there are ten other transit systems in areas across Oregon serving communities with populations greater than 50,000:

- South Metro Area Regional Transit (**SMART**), operated by the City of Wilsonville;
- Salem Area Mass Transit District, serving the urban area of Marion and Polk Counties;
- Lane Transit District, serving the urban area of Eugene/Springfield;
- Rogue Valley Transportation District (**RVTD**), serving the urban area of Medford, Ashland, and Central Point;
- Corvallis Transit System serving the Corvallis area;
- Cascades East Transit (**CET**), serving the Bend area and Confederated Tribes of Warm Springs, and providing city connectors;
- Josephine County Transportation, serving the Grants Pass area;
- Albany Transit Service, serving the Albany urban area;
- Milton-Freewater with the Confederated Tribes of Umatilla Indian Reservation (**CTUIR**), serving the Walla Walla/Milton-Freewater urban area; and
- Columbia County Rider (**CCR**), serving Columbia County, including trips to Kelso/Longview, Washington.

Collectively, these urban agencies provided approximately 126 million trips in FY 2016, with all but 3.6 million of those occurring in areas with populations over 200,000. Additionally, about 4.1 million trips were provided in rural areas.

Rural transit districts include:

- Sunset Empire Transportation District, serving Clatsop County;
- Hood River County Transportation District;
- Tillamook County Transportation District;
- South Clackamas Transportation District, serving the Molalla area;
- Basin Transit Service Transportation District, serving Klamath Falls;
- Grant County Transportation District;
- County transportation service districts in four counties: Lincoln, Yamhill, Coos, and Curry; and
- SAMTD, LTD and CET also provide rural service.

*Note: Douglas County is currently in the process of forming a transportation district.*

Cities and counties also operate transit services, including the cities of Albany, Canby, Cottage Grove, Lebanon, Pendleton, Sandy, Silverton, Sweet Home, and Woodburn; and the counties of Benton, Clackamas, Columbia, Coos, Curry, Douglas, Gilliam, Grant, Harney, Hood River, Lake, Lincoln, Linn, Morrow, Sherman, Tillamook, Umatilla, Wheeler, and Yamhill.

In some rural areas of the state, a regional agency operates the service on behalf of the area, including: Community Connection of Northeast Oregon, on behalf of Wallowa, Union, and Baker Counties; Mid-Columbia Economic Development District, on behalf of Wasco County; and Malheur Council on Aging and Disabilities, on behalf of Malheur County and in coordination with Payette County, Idaho.

The Confederated Tribes of Warm Springs, Confederated Tribes of Siletz Indians, Confederated Tribes of the Grand Ronde, Confederated Tribes of the Umatilla Indian Reservation, Coquille Indian Tribe, and Klamath Tribe receive Federal Tribal Transit Funding. Several of the nine Indian Tribal governments in Oregon operate or are developing transit services, frequently in coordination with other local transit agencies. For example, Confederated Tribes of the Umatilla Indian Reservation offers regional service linking Mission and Pendleton to Walla Walla, La Grande, and the Tri-Cities in Washington. The Klamath Tribes “Quail Trail” operates transit services in the Chiloquin area, Bonanza, Bly, and Beatty, linking to Basin Transit Service in Klamath Falls; the Burns Paiute Tribe operates a circulator service between the reservation and Burns. The Confederated Tribes of the Grand Ronde, Confederated Tribes of Siletz Indians, Cow Creek Band of Umpqua Tribe of Indians, Confederated Tribes of Warm Springs, and Coquille Indian Tribe purchase service in coordination with transit districts or agencies.

In many areas of Oregon, public transit services are supplemented by the efforts of non-profit and human service agencies offering volunteer driver programs, such as those providing rides for veterans to visit their health care providers. Ride Connection, Inc., a non-profit agency operating in Washington, Clackamas, and Multnomah Counties, operates a regional network of volunteer driver programs in coordination with the Oregon and federal veterans’ agencies, as well as local hospitals, American Red Cross, Multnomah County Aging and Disability Services, City of Forest Grove, and many other partners. In rural areas, the Oregon Department of Human Services and regional hospitals operate volunteer programs that offer a critical link to health care for many people.

With legislative support, ODOT funded three veterans’ medical transportation pilot projects, which were conducted from 2013 through 2016. Key findings included the following: the high cost of individual rides associated with long-distance medical trips to Veterans Administration-sponsored medical appointments was a barrier to project implementation by transit agencies (the average cost per ride was \$74 per one-way trip); the number of shared trips was low, primarily because the destination for veterans’ medical services is not the same as for the general public; over the duration of the pilot

project, the travel distances became shorter as veterans' medical services became more locally available; veterans in the more urban areas are more likely to use traditional bus systems and other independent options. The estimates to implement a statewide veterans' transportation program range from \$1M to \$12M, depending on the scope of the effort.

Rural providers and private non-profit agencies collectively provided about 7.8 million rides in the 2015-17 biennium, including those for older adults and people with disabilities.

#### *LOCAL FINANCING*

Oregon's local public transit services are funded in a variety of ways, including some local property taxes, local payroll taxes paid by employers, transit fares, federal funds, state funds, and lesser amounts from advertising, private funds, and other sources. Different services are paid for in a variety of ways due to property tax caps and/or swings in the economy. They can also be dependent on levies or indexing.

In other states, common sources of revenue for transit include state fuel taxes, vehicle registration fees, and sales taxes. Local sources in other states include local sales taxes, local fuel taxes, fares, and payroll taxes. Due to Oregon's unique constitutional restrictions on the use of fuels tax revenues and the lack of a state sales tax, common revenue sources used to fund transit service in other states, such as gas and sales tax in Washington state, are not available options in Oregon.

Oregon's larger transit providers rely primarily on local and federal revenues, while small transit providers are more dependent on state and federal assistance. It is common for large systems to receive a higher percentage of operating revenues from fares than small systems. Larger transit providers compete for federal discretionary dollars to help complete larger capital improvement projects. In 2016, Oregon's urban systems spent \$144.1 million in federal capital assistance and \$121 million in federal operating assistance.

The average cost per trip on fixed-route service ranges from about \$3 on high-frequency routes to \$10 in rural areas. Special transportation route costs are much higher, ranging from \$15 to \$35, due to the one-to-one nature of the service. Labor accounts for a large portion of the cost.

Of the nearly 40 agencies providing general public transit services, 12 collect local taxes dedicated to public transit services. Only six districts collect taxes that are more than 50 percent of their annual budgets. ODOT's Rail and Public Transit Division estimates that grant funds allocated to transit operators form about 20-50 percent of its operations budgets. The majority of vehicles and other capital items purchased to support public transit services are obtained from federal- and state-source grants.

*STATE AND FEDERAL FUNDING*

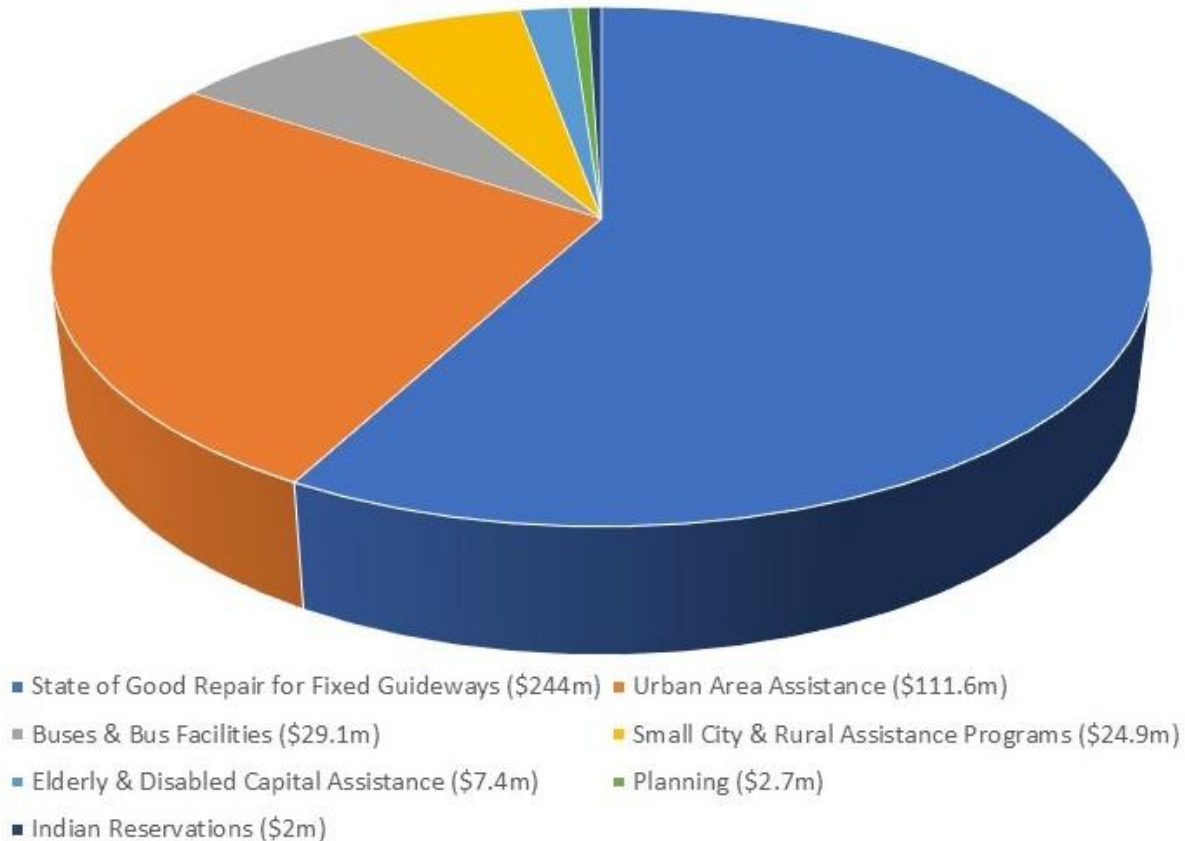
During the 2015-17 biennium, ODOT allocated \$27.2 million in state funds to 33 counties and transportation districts and nine tribal governments. State dollars support local transportation services for older adults and people with disabilities and are distributed through both a formula based on service-area population and a discretionary grant program.

State transit funding is composed of five sources, four of which fund the Special Transportation Fund Program, which funds transit operations for older adults and people with disabilities and is frequently used to match federal funds. Revenues in the Special Transportation Fund Program are generated from: \$0.02 per pack dedicated from the state's cigarette tax; a portion of non-vehicle fuel taxes; a portion of state identification card fees; and state General Fund moneys. For the 2017-19 biennium, the state expects to distribute nearly \$7 million in cigarette tax revenues, \$9.7 million from the General Fund, \$6.6 million in non-vehicle fuel taxes, and \$4.3 million in state identification card fees. The funds are used to help provide 20.3 million demand-response and fixed-route transit rides for older adults and people with disabilities per year.

A fifth state revenue source used to fund transit programs was established by House Bill 2017 (2017), which imposed a statewide 0.1 percent payroll tax on employee wages. The payroll tax funds a new Statewide Transportation Improvement Fund, which will be used primarily for formula allocations and competitive grants to qualified public transportation service providers. This new revenue source marks a significant change for Oregon by providing a new dedicated source of funding to improve and expand the public transportation system in Oregon.

In addition to state revenue, in the 2017-19 biennium, ODOT expects to distribute \$25 million in capital funding from the federal Surface Transportation Program to providers of transportation for older adults, people with disabilities, and rural communities. These funds are the result of federal legislative initiatives starting in 1999.

Federal funds, administered by the Federal Transit Administration (**FTA**), are derived from approximately 80 percent of federal gas taxes and highway diesel taxes that are deposited into the Mass Transit Account. The Mass Transit Account receives 2.86 cents each from the \$0.184/gallon federal gas tax and the \$0.244/gallon federal highway diesel tax, as well as a percentage of federal alternative fuel taxes. The remainder of FTA funding comes from General Fund resources from the U.S. Treasury. Federal programs provided approximately \$421 million in assistance to Oregon transit providers during the 2015-17 biennium. Amounts received by Oregon providers for targeted federal programs are displayed in Chart 1:

**Chart 1: Programs Funded by Federal Transit Funds (in millions)**

Source: Legislative Policy and Research Office  
 Data: Oregon Department of Transportation

The state also supports multiple transit districts through moneys “in lieu of payroll tax” for state employees in those districts that levy employer payroll taxes. In the 2015-17 biennium, about \$17.9 million, in lieu of payroll tax revenue, was distributed to 10 taxing districts. This revenue represents a significant share of SAMTD operating revenue due to the number of state employees based in Salem.

## STATEWIDE TRANSPORTATION IMPROVEMENT FUND

House Bill 2017 (2017), also known as “Keep Oregon Moving,” represented an historic investment in Oregon’s transportation system. The measure established a statewide employee payroll tax of 0.1 percent (similar to existing employer payroll taxes imposed by some transit districts, but paid by employees rather than employers), the revenues of which are deposited into a newly created Statewide Transportation Improvement Fund (**STIF**). The employee payroll tax took effect on July 1, 2018; the Legislative Revenue Office estimates that it will generate in excess of \$1.2 billion during its first ten years.

These new revenues will be used for four interrelated transit funding programs:

- *Formula Fund Program:* consists of 90 percent of net STIF revenues, which will be distributed to mass transit districts, transportation districts, and counties that lack a mass transit district or transportation district, as well as to federally recognized tribes based on a formula allocation that approximates the amount of revenue collected in a given service area. To receive their formula funds, qualified entities must prepare and submit a public transportation improvement plan to the OTC and appoint a local advisory committee to advise on plans and projects to be funded. Entities without an approved plan may not receive their formula allocation. Each qualified entity is eligible to receive a percentage of the total formula fund based on the amount of wages paid in its geographic area; the legislation provides a minimum amount of formula funding for each qualified entity of no less than \$100,000 annually.
- *Discretionary Fund Program:* consists of five percent of net STIF revenues. This program will be administered as a competitive grant program. Applicants must provide a 20 percent match; some circumstances may allow a lower match rate. Matching funds may include federal funds, Special Transportation Funds, or STIF formula funds. The OTC approves grant applications and enters into agreements for disbursement of STIF funds. Grant recipients are responsible for making quarterly reports on project progress.
- *Intercommunity Discretionary Fund Program:* consists of four percent of net STIF revenues. This program is a competitive grant program similar to the Discretionary Fund, but specifically targets projects and programs designed to improve public transportation between two or more communities.
- *Technical Resource Center:* consists of one percent of net STIF revenues. This program directs ODOT to establish and operate a statewide public transportation technical resource center to assist public transportation providers in rural areas and to cover the cost of administering the Fund.

The Oregon Department of Transportation estimates the first round of STIF Formula Funds will be distributed as early as spring 2019, while the first Discretionary and Intercommunity Discretionary Fund grant agreements will be completed by fall 2019.

## LIGHT RAIL

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The State of Oregon was one of the funding partners for construction of TriMet's east and west side Metropolitan Area Express (**MAX**) light rail lines. For the east side, the Legislative Assembly in 1979 appropriated \$16.1 million to a Light Rail Construction Fund. Interest earnings over the project life increased the state contribution to \$25 million. For the west side, the legislature in 1991 dedicated up to \$20 million per biennium in lottery revenues for repayment of \$113.6 million in bonds sold to help finance the project. The principal funding sources for both the east and west side construction projects were federal funds and locally approved property taxes. The federal share for the west side was 75 percent, while the state share was approximately 12.5 percent. The state did not contribute to construction of the Airport MAX line (opened in 2001) or the Interstate Avenue extension (opened May 2004), but did



approve \$250 million in lottery-backed bonds to extend the Green Line south to Clackamas Town Center, which opened in September 2009. Construction has also been completed on the Orange Line to Milwaukie, which began providing service in 2015.

TriMet's Southwest Corridor plan includes a proposal for a sixth MAX line that would extend from downtown Portland to Tigard and Tualatin, terminating at Bridgeport Village. The proposal includes plans for all necessary infrastructure, including bicycle, pedestrian, and road projects, in order to provide access to stations. The preferred route will be finalized in 2018; pending full regional and federal funding, the new line is expected to open as soon as 2025.

## BUS RAPID TRANSIT

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A number of local transit systems in Oregon, including LTD, are using or planning bus rapid transit (**BRT**) systems. These systems combine dedicated bus lanes, limited stops, signal prioritization and, in some cases, "fixed guideways" and train-like stations to improve service and encourage transit-oriented development. In 2009, LTD expended \$21.9 million in federal funds, \$2.1 million in state funds (including a \$1.9 million expansion provided by the Legislative Assembly), and \$5 million in local funds on Eugene-area transit improvements for its Emerald Express (**EmX**) BRT system.

The community's first EmX corridor, the Franklin line, was introduced in January 2007 and currently operates between downtown Eugene and downtown Springfield. In its first year of operation, the EmX service exceeded 20-year ridership projections and more than doubled passenger boardings from previous conventional bus service. The second EmX corridor, the Gateway line, began operating in January 2011, extending EmX service beyond the Franklin line. The line connects downtown Springfield with the new PeaceHealth medical complex and the Gateway area.

A third corridor, the West Eugene expansion, opened in September 2017. The new line averages more than 3,300 weekday boardings and has increased systemwide ridership by one percent. The total project cost of \$100 million was provided by the following sources:

- \$75 million in Federal Small Starts Funding;
- \$17.8 million in Oregon lottery bond proceeds;
- \$3.4 million in local funds;
- \$2 million in federal formula funds; and
- \$1.6 million from a Connect Oregon grant.

## RAIL INITIATIVES

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TriMet inaugurated its commuter rail connection between Beaverton and Wilsonville, known as the Westside Express Service (**WES**), in February 2009. The train provides service during morning and afternoon commute hours, serving stops in Tigard and Tualatin (see *Freight and Passenger Rail* Background Brief for more information).

*Trolleys and Streetcars:*

Portland and TriMet operate an eight-mile streetcar loop between Legacy Good Samaritan Hospital and the South Waterfront District. Streetcars serve 46 stations and run approximately every 12 minutes. Service began in July 2001. The Portland Streetcar Loop Project began as a 3.3-mile, double-track extension of the existing Portland Streetcar and extended tracks from the Pearl District across the Broadway Bridge to Lloyd Center, south to OMSI, and back across to the Pearl District. The Loop Project provided 28 new streetcar stop locations and opened in fall 2013. The loop was eventually completed with the opening of the Tillikum Crossing, which provides for two lines; “A Loop” crosses the Broadway Bridge and travels south along Martin Luther King, Jr. Boulevard, traverses the Tillikum Crossing, and completes the loop by traveling north on SW/NW 10<sup>th</sup>; the “B Loop” runs the opposite direction along NW/SW 11<sup>th</sup> and Grand Avenue. In 2007, the Legislative Assembly provided \$20 million in lottery-backed bonds to support the manufacture of streetcars in Oregon for the new loop. All cars have been successfully manufactured and delivered.

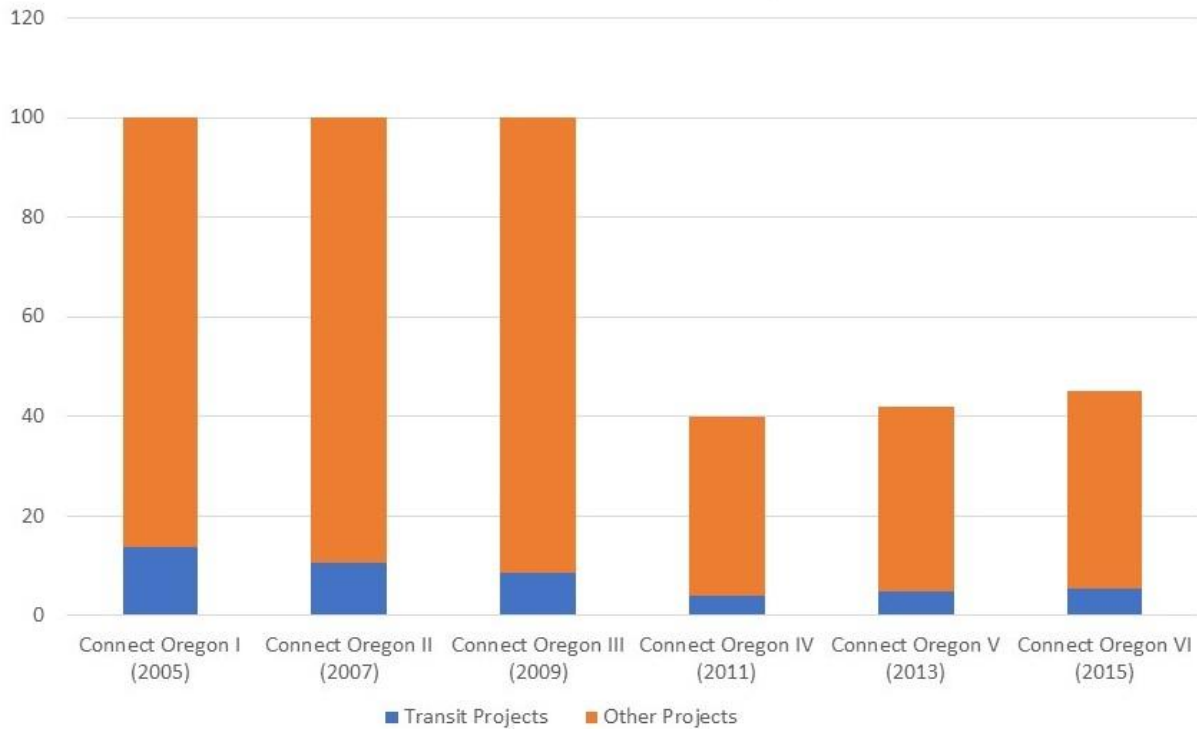
Additionally, four vintage trolleys operate Sundays only on light rail track between Union Station and Portland State University. Astoria operates a riverfront trolley between Memorial Day and Labor Day. Lake Oswego operates the *Willamette Shore Trolley* on a six-mile historic rail line from the city’s downtown area into Portland.

**CONNECT OREGON**

The Legislative Assembly created the multimodal Connect Oregon program in 2005, authorizing \$100 million in lottery-backed bonds during each of the 2005, 2007, and 2009 sessions; \$40 million in the 2011 session; \$42 million in the 2013 session; and \$45 million in the 2015 session. Connect Oregon has provided grants and loans for non-highway transportation projects, including aviation, marine, rail passenger and rail freight, bike/pedestrian, and public transportation projects. ODOT administers a competitive application process for Connect Oregon, and the OTC selects projects for funding, with input from modal and regional committees, and a final review committee.

The OTC approved \$13.7 million in grants for six transit projects for Connect Oregon I, five transit projects totaling \$10.5 million for Connect Oregon II, six projects totaling \$8.6 million for Connect Oregon III, four projects totaling \$4 million for Connect Oregon IV, eight projects totaling \$4.9 million for Connect Oregon V, and five projects totaling \$5.5 million for Connect Oregon VI. Chart 2 provides more details on Connect Oregon funding.

**Chart 2: Connect Oregon Funding to Transit Projects (in millions)**



Source: Legislative Policy and Research Office  
 Data: Oregon Department of Transportation

With the creation of the Statewide Transportation Improvement Fund securing a stable, ongoing funding source for transit projects and operations, revisions made to the Connect Oregon program by House Bill 2017 (2017) removed transit from the list of eligible projects for Connect Oregon grants.

**STATE SAFETY OVERSIGHT PROGRAM**

The State Safety Oversight (**SSO**) Program, housed in the Rail Safety Section of ODOT, obtained necessary certification in June 2018, thereby assuring a continued flow of FTA grant funds to all Oregon recipients. The SSO program is responsible for safety and security oversight of rail fixed guideway public transportation systems in Oregon. Oversight includes audits, inspections, investigations, and document review, among other tasks, to ensure compliance with state and federal rules and regulations.

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