



OREGON DEPARTMENT OF TRANSPORTATION | BUDGET 2009 – 2011





## **Understanding Oregon’s Transportation Budget**

The Oregon State Highway Department, created in 1913 to “get Oregon out of the mud,” became the Oregon Department of Transportation in 1969. ODOT’s modern-day mission is to provide a safe, efficient transportation system that supports economic opportunity and livable communities for Oregonians. To do this, ODOT responsibly manages a budget that funds programs related Oregon’s system of highways, roads and bridges; railways; public transportation services; transportation safety programs; driver and vehicle licensing; and motor carrier regulation.

This publication provides an overview of ODOT’s budget, focusing on where the revenue comes from and how it is spent.





## How is a budget for a state agency created?

The state of Oregon has a two-year budget cycle that begins on July 1 of odd-numbered years — the current biennium began July 1, 2009, and the next budget biennium begins July 1, 2011. Oregon’s state government programs are funded by money from the state general fund, lottery funds, federal funds, fees and licenses, and other sources.

The budget development process has three major phases: Agency Request, Governor’s Recommended, and Legislatively Adopted.

- **Agency Request:** agencies submit their requests by September 1 of even-numbered years.
- **Governor’s Recommended Budget:** The governor and the Budget and Management Division (BAM) review the individual agency budget requests. They use the governor’s priorities, budget policies and current law to make budget decisions. The Governor’s Recommended Budget document summarizes those decisions, includes data on the state’s revenues and expenditures, and provides information on each agency’s budget.

- **Legislatively Adopted Budget:** The governor presents the Recommended Budget to the Legislature when it meets at the start of the calendar year in which the legislature meets. Legislative committees review the proposed budget and hold public hearings. Each budget bill has a budget report that presents committee recommendations. Then the Legislature votes on each budget bill. The budget bills that are enacted make up the final ***Legislatively Adopted Budget***.

Agencies then carry out the budget over the two-year period. When the legislature isn't in session, its Emergency Board (E-Board) can make some changes to the budget. Special sessions may also be called to deal with budget issues. When it's all said and done, the Legislatively Adopted Budget and the subsequent changes made to it form the Legislatively Approved Budget.

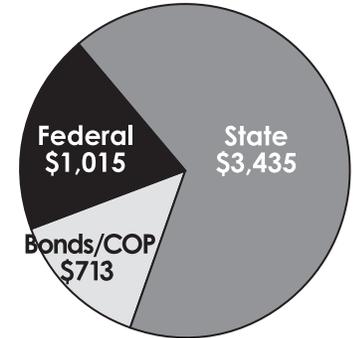
The figures contained in this booklet are based on the Legislatively Adopted Budget for 2009 – 2011.

<b>Revenues (in millions)</b>	
Beginning Balance	\$766
Motor Fuels Tax	\$980
Federal Funds	\$1,015
Weight Mile Tax	\$630
Driver and Vehicle Licenses	\$640
Transportation Licenses and Fees	\$73
Other Transfers to ODOT	\$142
General Fund	\$10
Lottery Proceeds	\$85
Bond/COP Sales	\$713
Sales and Charges for Service	\$34
All Other Revenue	\$75
<b>Total Revenue</b>	<b>\$5,163</b>

## Transportation revenue sources

ODOT will collect about \$5.163 billion in revenue during the 2009 – 2011 biennium.

- About 20 percent of revenue collected for ODOT comes from the federal government.
- The other 80 percent is derived from state sources.
  - 21 percent of state source funds come from bond/Certificates of Participation (COP) sales.



Dollar figures are in millions

### Some funds “passed through”

About 16.1 percent of ODOT’s total revenue is “passed through” to Oregon cities, counties and other agencies. In 2009 – 2011, cities will receive \$303 million and counties will receive \$452 million. These funds are derived from the state gas tax, weight mile tax and licensing fees.

Other state agencies, such as Oregon Parks and Recreation Department, Oregon Department of Aviation, and the Oregon State Marine Board, receive \$77 million. ODOT acts as a tax collector for these other agencies.

After disbursements have been made to cities, counties and other agencies, about \$4.3 billion remains for ODOT’s 2009 – 2011 biennial operating budget.

### **Federal funds**

Most of the federal funds ODOT receives are dispersed through the Highway Division. Smaller amounts are designated for safety, planning, public transit, and other programs. In 2009 – 2011, ODOT expects to receive \$1,015 million (\$1 billion, 15 million) in federal funding.

All motorists in the United States pay the federal fuel tax (currently 18.4 cents per gallon of gasoline and 24.4 cents per gallon of diesel) which is returned to the states. The amount is determined using a complex formula based on population, number of roads and other factors.

### **State funds**

ODOT's state revenue comes from:

- tax on motor fuels (19 percent);
- weight-mile tax (12 percent);
- driver and vehicle licenses and fees (12 percent); and
- bond proceeds (21 percent).

The remaining sources of state revenue include the following:

- cigarette tax revenues dedicated to elderly and disabled transit;
- matching funds from state and local sources;
- loan payments from local agencies;
- lottery funds; and
- a variety of transportation-related permits and fees.





### **Gas tax generates most revenue**

About 19 percent of ODOT’s revenue is derived from the state gas tax. Oregon motorists have paid 24 cents per gallon in state gas tax since 1993, the last time the gas tax was raised. In 2009, as part of the 2009 Jobs and Transportation Act, the legislature authorized increases in the state gas tax:

1. when the state experiences an increase of at least 2 percent each quarter for two or more consecutive quarters in seasonally adjusted nonfarm payroll employment OR
2. on January 1, 2011, whichever comes first.

Vehicles weighing less than 26,000 pounds pay a gas tax when they purchase fuel. The two-year budget includes \$980 million in revenue from the state gas tax.

Heavy trucks — those weighing more than 26,000 pounds gross vehicle weight — do not pay gas tax. They pay weight-mile tax, a graduated tax based on the weight of the vehicle and the number of miles it travels on public roads. The 2009 – 2011 budget assumes \$630 million in revenue from the weight-mile tax.

Driver and Motor Vehicle Services (DMV) collects fees for driver licenses, car registration, vehicle titles, and other items such as specialty license plates. Driver license renewal fees pay for driver testing, recordkeeping, and related expenses. DMV fees are expected to contribute about \$640 million to the agency’s 2009–2011 budget.

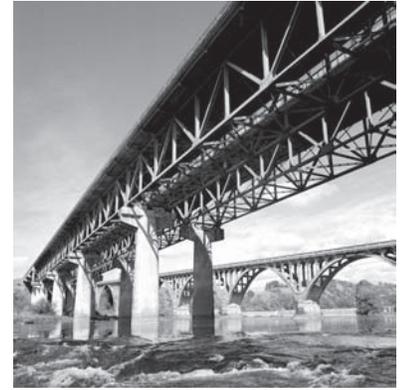
The state gas tax, weight-mile tax, and DMV fees comprise about 43 percent of ODOT’s revenue.

## **Revenue bonds provide for road and bridge projects**

Revenue from the sale of bonds is the second-largest source of funds in ODOT's state budget, comprising \$1,065 million (\$1 billion, 65 million).

A revenue bond is a type of municipal bond in which principal and interest are secured by future revenues. Investors who buy these bonds are lending money to ODOT to fix roads and bridges as soon as possible. In exchange, ODOT promises to pay back the principal plus interest. ODOT pays debt service (interest and a portion of the principal) every six months.

The Oregon Transportation Investment Act (OTIA), passed during the 2001 and 2003 legislative sessions, authorizes ODOT to sell highway revenue bonds to finance road and bridge projects. ODOT anticipates selling \$535 million in bonds to finance OTIA during 2009 – 2011. In addition, \$100 million in lottery-backed bonds was authorized for *ConnectOregon III*, a program that improves connections through investments in multimodal transportation such as rail, air, ports/marine and public transit. Furthermore, ODOT intends to issue \$76 million in Certificates of Participation for the Oregon Wireless Interoperability project.





## **ODOT's expenses (based on \$4.07 billion total)**

The Highway Division spends 62 percent (\$2.626 billion) of ODOT's budget on:

- Highway Maintenance Program — \$400 million: maintains and repairs existing highways to keep them safe and usable for the traveling public.
- Preservation Program — \$389 million: paves and reconstructs roads to add useful life and improve safety.
- Bridge Program — \$670 million: preserves investment and ensures safety on more than 2,600 bridges, tunnels, and culverts on the state highway system.
- Modernization Program — \$348 million: builds capacity on highways, such as new or widened lanes, to improve safety and enhance mobility.
- Highway Safety Program — \$72 million: provides engineering solutions to crash problems on state and local highways.
- Operations Program — \$71 million: invests in making the system operate more efficiently by providing up-to-date motorist information, using traffic signaling systems and ramp meters, managing highway access and improving slide and rockfall areas.
- Local Government Program — \$391 million: maintains partnerships with cities, counties and regional governments on transportation projects.
- Special Programs — \$185 million: funds programs for salmon, watersheds, scenic byways, pedestrians and bicycles, winter recreation parking and more.

**Other expenditures**

The second-largest spending category — debt service — totals \$389 million. Spending in this area will increase in the coming years as the agency issues bonds authorized by the Oregon Transportation Investment Act. OTIA allows ODOT to make needed repairs and add capacity to Oregon’s roads and bridges, and strengthens the state’s economy while sustaining thousands of new jobs.

Transportation Program Development spends \$220 million on transportation system planning, land use and growth management issues, and data collection, interpretation and reporting.

Central Services spends \$257 million. This division provides a variety of essential services to ODOT including financial management, information systems and human resources.

Driver and Motor Vehicle Services spends \$160 million. DMV licenses and regulates uses of the transportation system to promote safety and protect consumer interests through 64 field offices located throughout the state.





**Other spending categories include:**

- **Public Transit** — \$110 million for communities and local transportation providers to help people with special needs, those in rural areas, and intercity travelers.
- **Motor Carrier** — \$62 million to register and inspect trucks and enforce weight, size, and safety regulations, and issue permits.
- **Rail** — \$296 million to regulate rail and crossing safety for freight and passenger rail, and to coordinate intercity rail and bus operations.
- **Transportation Safety** — \$29 million to provide safety programs that address intoxicated driving, young drivers, and use of safety belts and child safety seats.
- **Infrastructure Bank and other programs** — \$21 million for the bank, which provides loans to cities and counties so they may participate in a variety of transportation projects, and for capital construction and capital improvement.

## Ongoing financial management

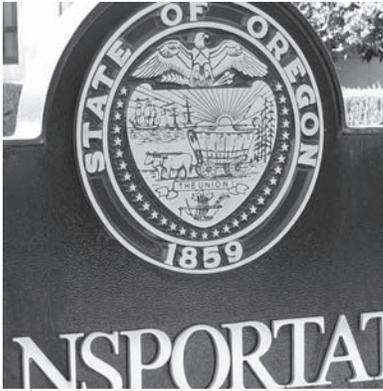
The ending balance for the 2009 – 2011 biennial budget is projected to be \$261 million. This is mainly due to the timing around the payout of the bond sale proceeds.

These funds will pay for:

- Highway Program obligations (\$163 million), including:
  - Statewide Transportation Improvement Program (STIP)
  - Emerging Small Business (ESB) program
  - Snowmobile recreation development and maintenance
  - Winter recreation parking and maintenance
  - Special city allotments
  - OTIA Proceeds
- Transportation Loan Fund (\$12 million) — The Transportation Loan Fund, also called the Oregon Transportation Infrastructure Bank, is a revolving loan fund for transportation projects. The bank makes loans to local governments, transit providers, ports and other eligible borrowers.
- Rail, Public Transit, Transportation Program Development and Safety (\$79 million)
- Other Dedicated Highway Programs (\$7 million)



## For more information



**If you have a comment or question about ODOT's budget or budget process, please contact:**

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**To learn more about ODOT and Oregon's transportation system, please visit ODOT's web site at [www.oregon.gov/ODOT](http://www.oregon.gov/ODOT) or contact one of ODOT's five**

regional offices:

- 1. Portland Metro  
(503) 731-8200
- 2. Northwest Oregon  
(503) 986-2600
- 3. Southwest Oregon  
(541) 957-3500

- 4. Central Oregon  
(541) 388-6180
- 5. Eastern Oregon  
(541) 963-3177

### ODOT Regions

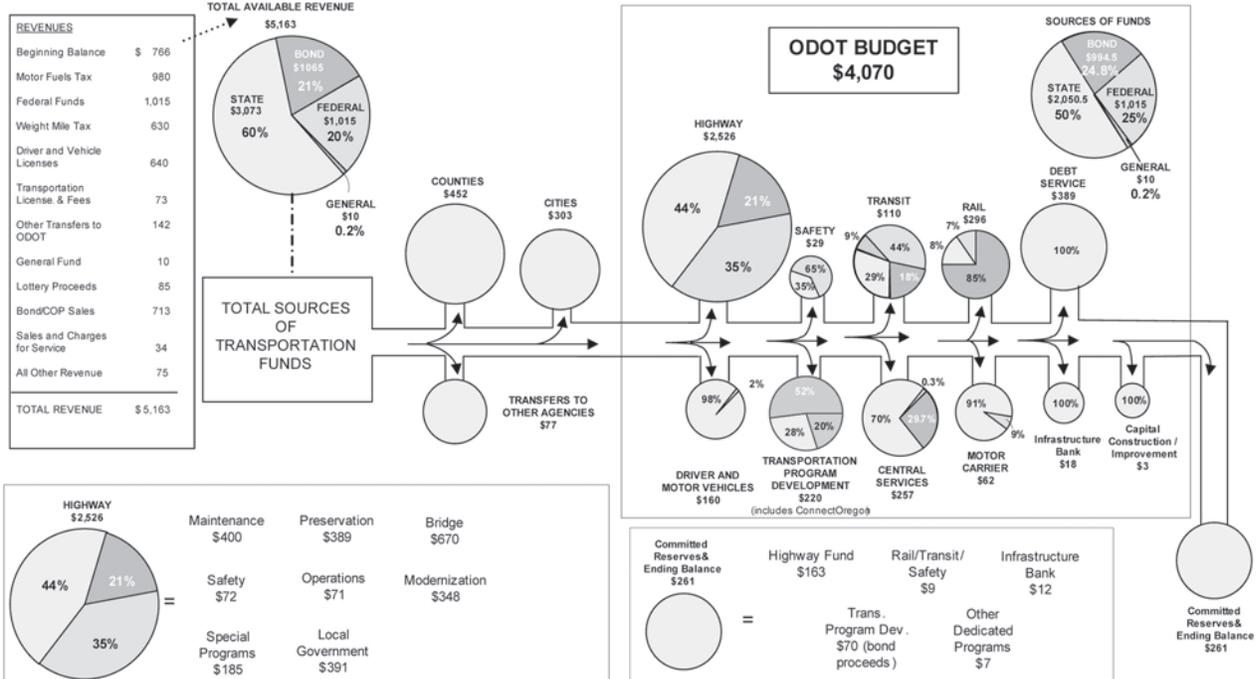
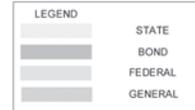


# SOURCES AND USES OF FUNDS

## DEPARTMENT OF TRANSPORTATION

2009-2011 Legislative Approved Budget

Includes Jobs & Transportation Act and ConnectOregon III



## SOURCES AND USES OF FUNDS

OREGON DEPARTMENT OF TRANSPORTATION - 2009-2011 Legislative Approved Budget

### SOURCES OF FUNDS (Revenue)

- ◆ Total Transportation Revenue: \$5,163 million.
- ◆ Beginning Balance: \$766 million. Estimated reserve of revenue.
- ◆ Motor Fuels Tax: \$980 million. Includes motor fuel and aviation fuel taxes.
- ◆ Federal Funds: \$1,015 million. Primarily for Highway Division, with lesser amounts for Transportation Safety, Transportation Program Development, Public Transit and other programs.
- ◆ Weight Mile Taxes: \$630 million. Graduated tax based on vehicle's weight and miles traveled on public roads.
- ◆ Driver and Vehicle Licenses and Fees: \$640 million. Includes driver license fees, vehicle registrations, titling fees for passenger vehicles, buses, trailers, motorcycles, etc. This category contains a large number of fees for various areas from snowmobile titling to specialty license plates.
- ◆ Transportation Licenses and Fees: \$73 million. Includes truck registrations, vehicle and Sno-Park permits.
- ◆ Transfers to ODOT: \$142 million. These funds come from dedicated revenues from the cigarette tax (\$8m), local government match on Construction projects (\$130m), Department of Energy (\$2m), Parks & Rec fee collection (\$0.8m) and other agencies.
- ◆ General Fund: \$10 million. Allocation for Public Transit's Senior and Disabled Operating Grants
- ◆ Lottery Funds: \$85 million. Legally directed pass-through bond payments for Westside Light Rail, Rail Short Line, Rail Industrial Spur Projects, South Metro Commuter Rail, Connect Oregon I, II, and III, Street Car Project, and Southeast Metro Milwaukie Extension.
- ◆ Bond / Certificates of Participation: \$713 million. Proceeds from OTIA Bond issuances \$535 million, Connect Oregon \$102 million, & Oregon Wireless Interoperability Network \$76 million.
- ◆ Sales & Charges for Service: \$34 million. Includes sale of DMV records, Highway Division miscellaneous services, and sale of property, timber and equipment.
- ◆ All Other Revenue: \$75 million. Items in this category include railroad gross revenue receipts (\$5 million), interest income (\$46 million), Infrastructure Bank - loan repayment (\$10 million), rent and fines (\$5 million), and other miscellaneous revenue (\$9m).

### USES OF FUNDS (Transfers / Expenditures)

- ◆ Mandated Distributions and Transfers
  - Mandated distributions to Counties - \$452 million. From Fuels Tax, Weight Mile, and Licensing.
  - Mandated distribution to Cities - \$303 million. From Fuels Tax, Weight Mile, and Licensing.
  - Mandated distributions to other Oregon State Agencies - \$77 million. Parks, Marine Board, Aviation and other agencies.
- ◆ Highway Division consists of the following programs
  - Highway Maintenance Program - \$400 million. Maintenance and repair of existing highways to keep them safe and usable for the traveling public.
  - Preservation Program - \$389 million. Paving and reconstruction to add useful life and safety improvements to existing highways.
  - Bridge Program - \$670 million. Work to preserve and ensure safety on over 2,600 bridges, tunnels, and culverts on the state highway system.
  - Modernization Program - \$348 million. Building capacity improvements to highways, such as new or widened lanes, and to improve highway safety.
  - Highway Safety Program - \$72 million. Provide engineering solutions to crash problems on state and local highways.
  - Operations Program - \$71 million. Slide & rockfall repairs, traffic signaling systems, ramp metering, access management, information for drivers, and other improvements to facilitate traffic operation on the system.
  - Local Government Program - \$391 million. Non-mandated partnerships with Cities, Counties, and regional governments on transportation projects.
  - Special Programs - \$185 million. Includes Salmon and Watersheds, Scenic Byways, Pedestrian and Bicycle, Winter Recreation Parking, Snowmobile Facilities, etc.
- ◆ Driver and Motor Vehicles - Services Division - \$160 million. Licenses and regulates users of the transportation system to promote transportation safety, protects consumer interest, and facilitates other government programs.
- ◆ Motor Carrier Transportation Division - \$62 million. Registers and inspects trucks and enforces weight, dimension and federal safety regulations.
- ◆ Public Transit Division - \$110 million. Provides grant assistance and technical help to communities and local transportation providers for elderly and disabled and public transportation services. Other programs include transportation services for the general public in rural and small cities, Intercity Passenger Transportation, Transportation Demand Management and Transit Planning. The 2009-2011 budget includes \$20 million for the Street Car Project Fund.
- ◆ Transportation Program Development - \$220 million. Provides funding for local governments to integrate transportation planning; conducts short/long term transportation planning, research, and data collection in support of the transportation management systems. Included in this budget is the Connect Oregon Bond Project Proceeds of \$192 million.
- ◆ Rail Division - \$296 million. Regulates rail and crossing safety for freight and passenger rail. Manages and markets inter-city rail and associated bus operations.
- ◆ Transportation Safety Division - \$29 million. Coordinates statewide safety programs such as intoxicated driving, youthful drivers, safety belts and restraints.
- ◆ Central Services Limitation - \$257 million. Central support finance, gas tax collection, information systems, human resources, support services and internal audit. Includes director, communications, safety and government relations. Included in this budget is the Oregon Wireless project (\$76 million).
- ◆ Debt Service - \$389 million. Includes Lottery Projects: Westside Light Rail (\$2.9 million), Short Line (\$ 8 million), Industrial Spur (\$1.4 million), South Metro Commuter Rail (\$3.2 million), Connect Oregon I, II and III (\$33.9 million), Street Car Project Fund (\$4.0), and Southeast Metro Milwaukie Extension (39.7 million). Other Fund Projects: OTIA (\$254.4 million), OTIA Local Bridge (\$32.3 million), Local Streets Network (\$5.6 million), Connect Oregon III (\$2.3 million), DMV HQ Building (\$1.6 million), and OWIN (\$7.7 million).
- ◆ Infrastructure Bank - \$18 million. A revolving loan program for transportation projects. Local Governments, Transit providers and Ports are eligible borrowers.
- ◆ Capital Construction / Improvement - \$3 million. Capital Construction (\$1 dollar) for remodel of Headquarters Building and Capital Improvement (\$3 million).
- ◆ Committed Reserves & Ending Balance - \$261 million. Ending Balance is composed of the following: Highway Fund (\$154 million), Infrastructure Bank (\$12 million), Public Transit Division (\$0.1 million), Rail Division (\$0.6 million), Transportation Safety Division (\$8 million), Transportation Program Development (\$70m in bond proceeds), Emerging Small Business (\$5 million), Snowmobile Fund (\$6 million), Winter Recreation Fund (\$0.9 million), Special City Allotment (\$1 million), and Transportation Operating Fund (\$4 million).

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