
KEEP OREGON MOVING (HB 2017) FREQUENTLY ASKED QUESTIONS

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INVESTMENTS IN TRANSPORTATION

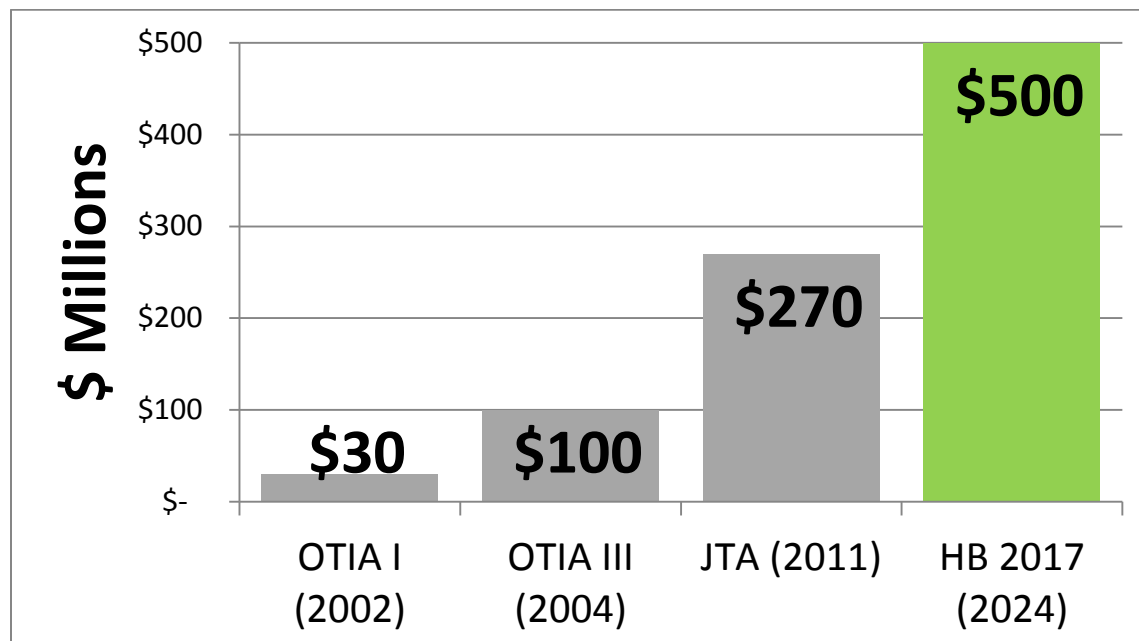
How much will HB 2017 invest in Oregon’s transportation system?

The Legislative Revenue Office estimates Keep Oregon Moving (HB 2017) will produce \$5.3 billion in total revenue over 10 fiscal years, including both highway and non-highway funding. At full implementation of the taxes and fees in 2024, HB 2017 will produce \$500 million in State Highway Fund revenue.

How does this compare to previous legislative funding packages?

The Jobs and Transportation Act of 2009 produced \$270 million in State Highway Fund revenue at full implementation, and the Oregon Transportation Investment Act III of 2003 produced \$100 million.

TABLE 1: COMPARISON OF ANNUAL HIGHWAY FUND REVENUE AT FULL IMPLEMENTATION



How much money will local governments receive?

About half of the additional State Highway Fund provided by Keep Oregon Moving will go to local governments, who will receive a 50 percent increase in the amount they get from the State Highway Fund to fund local road and street maintenance and improvements. For specific distributions, see the [legislative committee revenue distribution table](#).

Are there any provisions to ensure that cities and counties with small populations receive an adequate amount?

Keep Oregon Moving increases the amount set aside for grants to small cities with populations under 5,000 to \$5 million, allowing them to receive regular grants to address their transportation needs. The bill also sets aside \$5 million of county funds to ensure counties with small populations but large amounts of roads receive an adequate amount to maintain their roads.

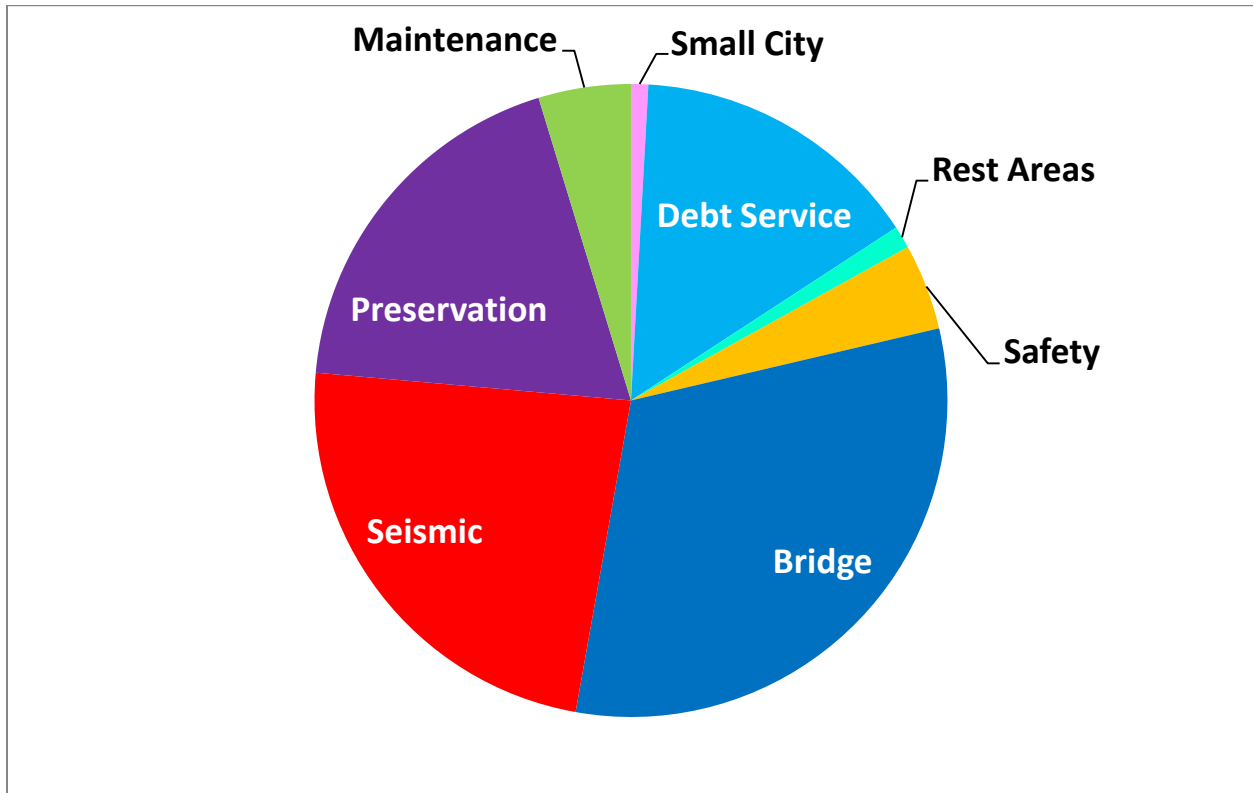
How does the legislation direct ODOT to spend its share of funding?

The Legislature specified a number of projects that will be built around the state, but the majority of the funding coming to ODOT will go to fix bridges and roads, make them safer, and make them resilient to a major earthquake.

This money will be allocated to projects by the Oregon Transportation Commission in the Statewide Transportation Improvement Program.

The chart below does not include off the top for allocations for Safe Routes to School (\$10 million per year rising to \$15 million in 2023) or I-5 Rose Quarter project (\$30 million per year taken off the stop starting in 2022).

TABLE 2: ALLOCATION OF ODOT HIGHWAY FUNDS UNDER HB 2017



When will the Oregon Transportation Commission select projects?

ODOT is already working to select projects so we can begin design work. ODOT presented a list of proposed projects for 2018-2021 to the Oregon Transportation Commission in August, and the Commission will formally incorporate the projects into the Statewide Transportation Improvement Program this fall. ODOT will start selecting projects for 2022-2024 in 2018.

When will we start seeing projects underway?

A number of projects will be under construction in 2018, and the volume of work will grow as the funding phases in over time.

How many jobs will these investments create?

Based on the widely used Impact Analysis for Planning economic modeling system, ODOT estimates its portion of the funding package will support approximately 16,000 short-term jobs in total over the eight years from 2018 to 2025. The estimate is based on about 9.1 jobs per year per each one million dollars of spending in the highway program. Local government projects, Connect Oregon spending, and public transportation will sustain additional jobs.

REVENUE SOURCES

What revenue sources will fund these investments?

Keep Oregon Moving increases the gas tax and vehicle title and registration fees over a seven year period. The annual registration fees and title fees will be tiered based on vehicle fuel efficiency in order to ensure that more efficient vehicles that pay little gas tax contribute their fair share for use of the roads. In addition, the weight-mile tax on heavy trucks will increase to ensure that trucks pay their fair share for their wear and tear on the roads. All of these funds are constitutionally dedicated to the State Highway Fund and can only be used for roads.

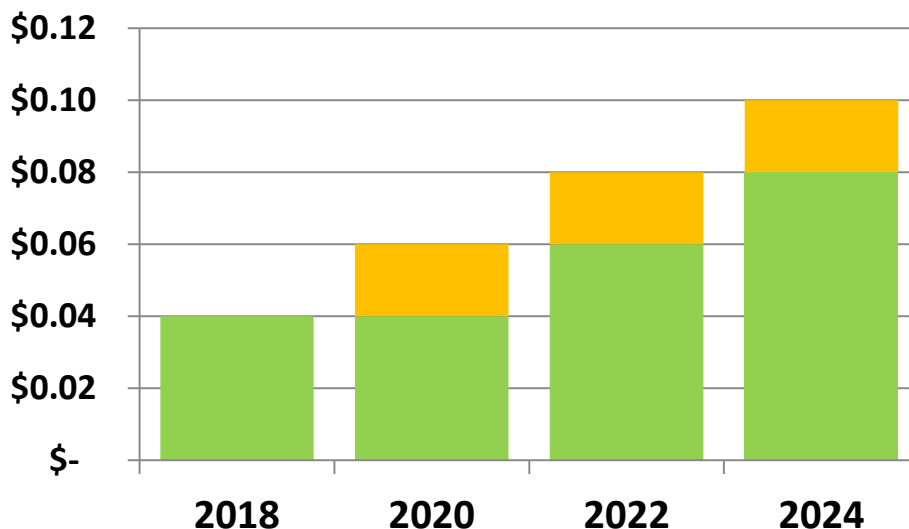
In addition, Keep Oregon Moving creates three new taxes.

- A **0.5% vehicle dealer privilege tax** on new car sales will go to fund rebates to encourage sales of electric vehicles and also provide an ongoing dedicated funding source for the multimodal Connect Oregon program.
- A **0.1% employee payroll tax** (\$1 for every \$1000 in payroll) will improve public transportation service in both rural and urban communities. This equates to less than \$1 per week for the average Oregon worker.
- A **\$15 tax on the sale of new bicycles with tires over 26 inches that cost at least \$200** will go into Connect Oregon to fund off-road bicycle and pedestrian paths that serve commuters.

MOTOR FUELS TAX

The motor fuels tax (currently 30 cents per gallon) will increase by 4 cents in 2018. It will also increase 2 cents in 2020, 2022 and 2024 subject to meeting accountability and reporting requirements.

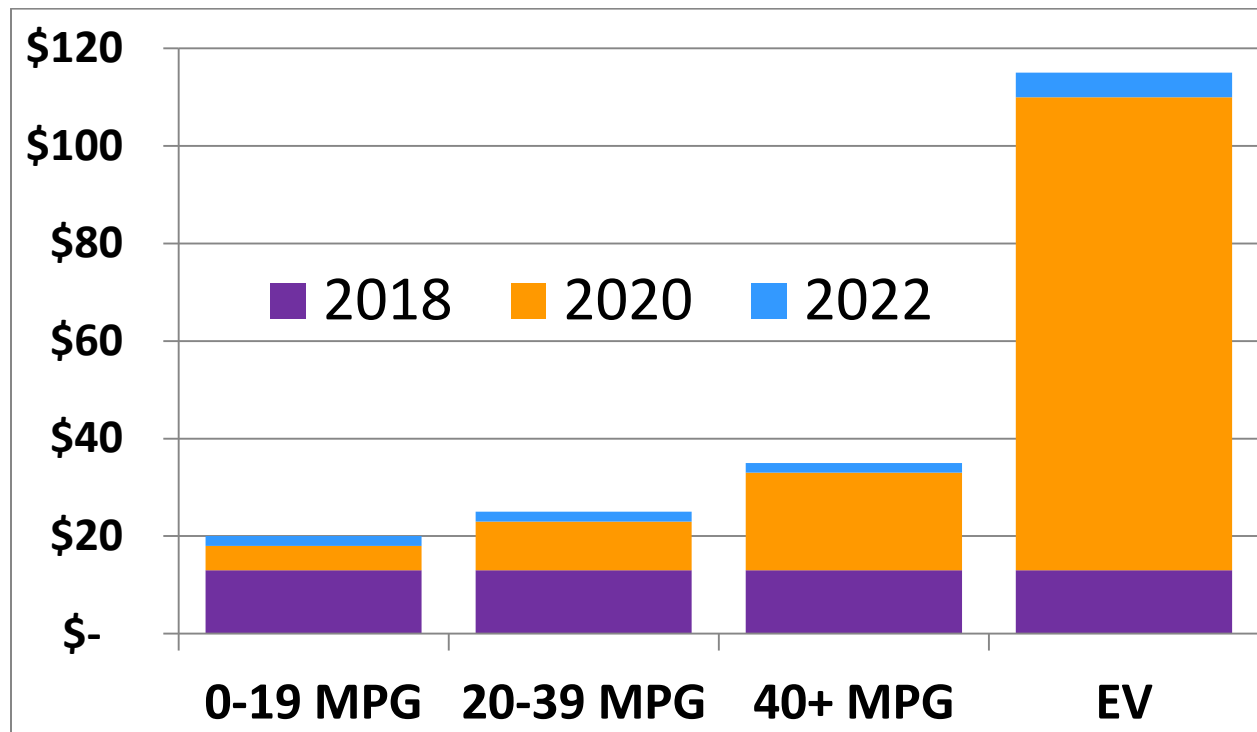
TABLE 3: MOTOR FUELS TAX INCREASE BY CALENDAR YEAR



ANNUAL REGISTRATION FEE INCREASE

The legislation creates a registration surcharge of \$13 in addition to the current \$43 per year registration fee paid for cars, pickup, vans, SUVs and similar vehicles and increases the vehicle registration surcharge in tiers based on MPG rating, effective January 1, 2020.

TABLE 4: ANNUAL REGISTRATION FEE INCREASE



How much more will an average Oregonian driver pay each year?

The average driver will pay less than 0.8 cents per mile— or about \$6.40 per month— in gas tax and registration and title fees.

How will Oregon’s automobile taxes compare to other states?

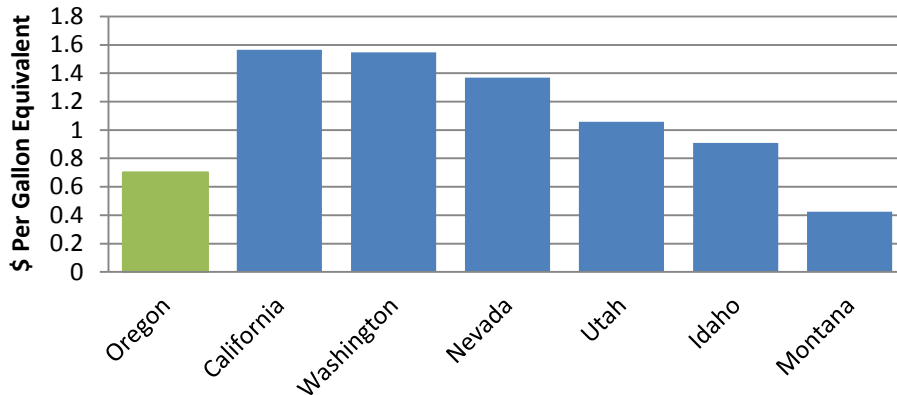
At full implementation in 2024, Oregon’s gas tax will be lower than the gas tax in California and Washington.

- At full implementation in 2024, Oregon’s gas tax will reach 40 cents per gallon.
- Washington’s gas tax was raised to 49.4 cents per gallon in 2016.
- California’s gas tax is [estimated to reach 58.3 cents per gallon in 2019](#) and will continue to increase due to inflation indexing.

Oregon’s total vehicle taxes and fees will rank 50th among the 50 states and District of Columbia. Oregon’s total automobile related taxes will be the lowest of any nearby western state other than Montana.

TABLE 5: COMPARISON OF AUTOMOBILE RELATED TAXES IN WESTERN STATES

Comparison of Automobile Related Taxes in Western States



PROJECTS IN THE BILL

What projects are included in the bill?

While most of ODOT’s funding will go to fixing roads and bridges and making them safer, a portion of ODOT’s funding was dedicated to specific projects around the state.

- Keep Oregon Moving funds a number of congestion relief projects in the Portland metro region, including new lanes on I-5 at the Rose Quarter, new lanes on Oregon 217, and improvements on I-205 in Portland.
- The Legislature also named a number of congestion relief, safety, bicycle and pedestrian, and bridge projects in other parts of the state.
- Multimodal freight projects funded under Connect Oregon, including two facilities to move products from truck to train, will help get more freight off the road and onto rail so it can get to market efficiently.

Legislators included an allocation in the bill for each region rather than specifying in law how much each project gets in order to simplify the process of transferring leftover funds after a project is complete. The leaders of the Joint Committee provided the Oregon Transportation Commission information on the intended allocation for each project and the project schedule. ODOT intends to manage scope, schedule and budget in accordance with legislative intent.

What congestion relief projects in the Portland region will receive funding?

I-5 Rose Quarter: Keep Oregon Moving funds improvements on I-5 at the Rose Quarter, one of the worst bottlenecks for freight and passenger vehicles in the entire nation. Building the Rose Quarter project will improve safety and save more than 2.5 million hours of travel time each year.

Oregon 217: ODOT will widen the freeway by building new auxiliary lanes south from Beaverton-Hillsdale Highway to Oregon 99W and north from OR 99W to Scholls Ferry Road. Auxiliary lanes help vehicles get on and off the freeway safely and efficiently, which reduces recurring bottlenecks and make traffic flow more reliably.

I-205: Two projects on I-205 will improve reliability.

- The I-205 corridor bottleneck project will build an auxiliary lane on northbound I-205 from Powell Boulevard to the I-84 west interchange. The new auxiliary lane will separate slower traffic movements from through traffic on the freeway and provide more room for traffic to merge onto I-205. This will reduce the frequency of crashes by nearly 30%, which will reduce congestion and provide more reliable travel times.
- The I-205 active transportation management project is an active traffic management system that will improve safety and reliability with real-time information to dynamically manage and control traffic demand, smoothing traffic flow and reducing crashes. This is similar to the system ODOT built on Oregon 217. Crashes on OR 217 dropped by nearly 21 percent in the first year after the signs were activated even as traffic in the region increased. Funding will deploy an ATM system on I-205 from Powell Boulevard to I-84.

What state highways will be transferred to local governments, and what local roads will become state highways?

Keep Oregon Moving transfers a number of state highways to local governments to provide greater local control of these roads. Many of these local governments will receive funding for making upgrades. Two roads that connect state highways will be transferred to ODOT.

Portland Metro Region

- Cornelius Pass Road between US 30 and US 26 will be transferred from Washington and Multnomah counties to ODOT.
- Powell Boulevard between I-205 and the Portland city limits will be transferred from ODOT to the city of Portland. The legislation provides \$110 million to upgrade this section of Powell.

Lane County

- Sections of Oregon 99 (Pacific Highway West) will be transferred from ODOT to the city of Eugene. Keep Oregon Moving provides \$5 million for upgrades to the highway.
- Springfield Highway will be transferred from ODOT to the city of Springfield in exchange for the city receiving \$12 million to upgrade 42nd Street.
- Territorial Highway in Lane County is transferred from ODOT to Lane County, which gets \$30 million to upgrade it. ODOT will keep a number of bridges for now and transfer them to the county after they are replaced.
- Springfield-Creswell Highway from Jasper-Lowell to Emerald Parkway in Lane County will be transferred to Lane County. ODOT will keep a number of bridges for now and transfer them to the county after they are replaced.
- Delta Highway, a freeway in Eugene that connects I-105 to the Randy Pape Beltline, will be transferred from Lane County to ODOT.

NON-HIGHWAY FUNDING

What funding will public transportation receive?

Keep Oregon Moving will provide over \$100 million per year to improve public transportation services in both rural and urban communities in Oregon. The Oregon Transportation Commission will distribute most of the money directly to transit districts, counties, and Native American tribal governments that submit plans for how they will improve public transportation. A portion of the money will be used for connections between communities. The

funding will come with strong accountability and reporting requirements, as well as with requirements to improve service for low income residents who rely on public transportation.

What funding will go to bicycle and pedestrian infrastructure?

Keep Oregon Moving includes a new Safe Routes to School program to provide better ways for children to bike and walk safely to school; this program is funded at \$10 million per year initially and grows to \$15 million per year. In addition, 1 percent of the State Highway Fund is set aside for sidewalks and bike lanes in the road right of way. Multi-use paths for commuters will receive additional funding from the multimodal Connect Oregon program, which is funded by the bicycle excise tax and a portion of the new dealer privilege tax.

Is there any funding for the multimodal Connect Oregon program?

The Connect Oregon program, which under the legislation funds rail, port, aviation, and bicycle/pedestrian projects, will receive funding from three sources:

- A portion of the vehicle dealer privilege tax on new vehicles.
- The bicycle excise tax.
- Lottery funding dedicated to parks and recreation.

ACCOUNTABILITY

What accountability measures are included to make sure the money is spent effectively?

Keep Oregon Moving includes strong measures to ensure accountability, transparency, and efficiency in the use of funds. 6 cents of the gas tax increase go into effect only if the Oregon Transportation Commission meets accountability and reporting requirements. In addition, HB 2017:

- Strengthens the oversight role of the Oregon Transportation Commission, ODOT's governing body.
- Creates a Continuous Improvement Advisory Committee to maximize ODOT's efficiency and performance.
- Requires local governments and ODOT to report on the condition of the road system, including pavement and bridge conditions.
- Requires ODOT to create a website that will show information on ongoing and completed projects so the public can see where money is being spent and whether projects are being completed on time and on budget.
- Requires ODOT to complete benefit-cost analyses for large highway capacity expansion projects to ensure that money is being invested in projects that will provide a strong return on investment.
- Strengthens the role of ODOT's auditor to ensure programs are operating effectively and money is spent efficiently.
- Requires public transportation providers to report on their use of the new Statewide Transportation Improvement Fund and submit financial and program audits to ensure they're operating effectively.

TOLLING AND VALUE PRICING

What is value pricing?

Value pricing, also known as congestion pricing, is a type of tolling in which a higher price is set for driving on a road when demand is greater, usually in the morning and evening rush hours. The goal is to reduce congestion by encouraging people to travel at less congested times and to provide a more reliable travel time for paying users. Value pricing can include converting a carpool lane (also known as a high occupancy vehicle or HOV lane) to a high occupancy toll lane so non-carpoolers can choose to pay to use the lane to save time; putting a variable toll on a new highway lane; using tolls on bridges that vary by time of day; and other applications.

What does the legislation require around value pricing, including tolling?

Keep Oregon Moving requires the Oregon Transportation Commission to develop a proposal for value pricing on I-5 and I-205 from the Columbia River to the junction of the two freeways, with the stated purpose of reducing congestion. The OTC must seek approval from the Federal Highway Administration to implement value pricing no later than December 31, 2018. If FHWA approves, the Commission is required to implement value pricing.

How will ODOT approach this value pricing requirement?

In order to develop a proposal to FHWA, ODOT will work with local government officials and stakeholders and seek public input so that the voice of all those who may be affected can be heard. The OTC, ODOT's governing body, has created a policy advisory committee to evaluate options, consider public input, and inform the Commission on how each option will impact road users, the transportation system, and the community, economy and environment. The OTC must approve any proposal.

What role will the federal government play?

Once the OTC finalizes a proposal, they must seek approval from FHWA before implementing it. Federal law restricts where tolling can occur, particularly on the interstate. Federal law generally only allows new tolls on interstate highways like I-5 or I-205 when reconstructing or replacing a bridge, tolling a new lane, or converting a carpool (HOV) lane to a HOT lane. ODOT may seek authority to toll under the federal value pricing pilot program, which allows FHWA to waive some restrictions on tolling.

When will ODOT begin to charge tolls?

If FHWA approves Oregon's application, based on experience in other states it will likely take ODOT a couple years to set up tolls—including setting up the on-road technology and developing systems for billing and customer service.

How much will tolls cost drivers, and will there be exemptions for low-income drivers or certain types of vehicles?

Toll rates and any exemptions will be determined at the end of the process, after the Commission has developed a proposal and FHWA has approved it. Under state law, the OTC sets toll rates. Any tolls will be collected through state of the art all-electronic tolling technology so people won't have to stop at toll booths.

How will toll revenue be spent?

Under the Oregon Constitution, toll revenue must be spent on roads.