

**Date: January 28, 2025**

**Time: 3:00 PM – 4:30 PM**

**Meeting Attendees:**

- Matthew Kitchen (ECONorthwest)
- Sean Wallace (ECONorthwest)
- Zach Leshner (ECONorthwest)
- Bob Russell (Oregon Trucking Association)
- Jana Jarvis (Oregon Trucking Association)
- Mazen Malik (Legislative Revenue Office)
- Jon Hart (Legislative Revenue Office)
- Marie Dodds (AAA Oregon/Idaho)
- Tim Morgan (AAA Oregon/Idaho)
- Sarah Iannarone (The Street Trust)
- Carl Riccadonna (Office of Economic Analysis)
- Jordan Macias (Office of Economic Analysis)
- Mitchell D'Sa (Office of Economic Analysis)
- Brian Worley (Association of Oregon Counties)
- Kevin Campbell (Victory Group)
- Daniel Porter (Oregon Department of Transportation)
- Allen Molina (Oregon Department of Transportation)
- Patrick H. Brennan (Joint Committee on Transportation)
- Heidi Elliot (Oregon Legislative Counsel)

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## **Agenda Overview**

- Review of the updated HCAS equity ratios.
- Discussion of tax rate adjustments and revenue neutrality.
- Consideration of alternative rate structures.
- Finalizing edits and recommendations for the report.
- Addressing outstanding questions related to the legislative presentation.

## **Key Discussion Points**

### **HCAS Equity Ratios and Cost Responsibility**

- Matthew Kitchen presented updates to the HCAS equity ratios, highlighting continued underpayment by light-duty vehicles and overpayment by heavy-duty vehicles.
- The group discussed how changes in project mix, federal funding allocations, and administrative costs have influenced these shifts.
- Sarah Iannarone emphasized the importance of clearly communicating these trends to legislators to ensure informed decision-making.

### **Tax Rate Adjustments and Revenue Neutrality**

- The team examined the impact of adjusting fuel taxes and registration fees to achieve a more equitable distribution of cost responsibility.
- Sean Wallace reported that increasing the light vehicle registration fee from \$74 to \$79, along with a 9-cent increase in the fuel tax, would bring equity ratios to approximately 0.999 for light vehicles and 1.002 for heavy vehicles.
- The concept of revenue neutrality was reaffirmed, with the recommendation that adjustments should not result in a net gain or loss of user fee revenue.
- Discussion also included the necessity of adjusting heavy vehicle fees in alignment with these changes, ensuring proportionality.

### **Alternative Rate Structures and Legislative Considerations**

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- Several members raised concerns about the complexity of current weight-mile tax rate structures and whether adjustments should be made by 2,000-pound increments.
- Bob Russell pointed out that historical practices have dictated these rate adjustments, but questioned whether a more streamlined approach should be considered.
- Daniel Porter and others agreed that excessive detail in the legislative presentation could complicate discussions and suggested a focus on high-level takeaways.

### **Finalizing Report Edits and Recommendations**

- The team set a deadline for submitting final edits by close of business on January 29, allowing minor changes until January 30 if necessary.
- Members agreed that substantive changes should be shared with the entire SRT group for transparency.
- The final report will include references to previous studies, including the flat fee study, without incorporating direct adjustments into the HCAS model at this stage.

### **Legislative Presentation Planning**

- The presentation will focus on:
  - The shift in cost responsibility trends over time.
  - Proposed adjustments to fuel taxes and registration fees.
  - The importance of balancing equity across vehicle classes.
- Tim Morgan urged the group to avoid excessive precision in projections, emphasizing that the estimates should be framed as reasonable approximations rather than absolute figures.
- Members agreed to exclude highly technical rate tables from the presentation while retaining them in the report for reference.