

(Connect Oregon Projects)

367.080 Connect Oregon Fund. (1) As used in ORS 367.080 to 367.089:

(a) "Bicycle" has the meaning given that term in ORS 801.150.

(b) "Private entity" means any entity that is not a public body, including but not limited to a corporation, partnership, company, nonprofit organization or other legal entity or natural person.

(c) "Public body" has the meaning given that term in ORS 174.109.

(d) "Statewide significance" means a transportation project that:

(A) Benefits the regional and statewide economy; and

(B) Sustains employment within the community or region in which the transportation project is located beyond the employment associated with construction or implementation of the project.

(e) "Transportation project" means a project or undertaking for transit, rail, marine, aviation and bicycle and pedestrian capital infrastructure, including bridges, paths and ways, or a project that facilitates the transportation of materials, animals or people. A transportation project does not include costs associated with operating expenses or the purchase of bicycles.

(2) The Connect Oregon Fund is established in the State Treasury, separate and distinct from the General Fund. Earnings on moneys in the Connect Oregon Fund shall be deposited into the fund. Moneys in the Connect Oregon Fund are continuously appropriated to the Department of Transportation for the purposes described in subsection (3) of this section and in ORS 367.086. The fund consists of the following:

(a) Moneys transferred to the fund under ORS 320.435 and 320.440.

(b) Moneys appropriated to the fund by the Legislative Assembly.

(c) Earnings on moneys in the fund.

(d) Lottery bond proceeds.

(e) Moneys from any other source.

(3) The department shall use moneys in the Connect Oregon Fund to provide grants for transportation projects as provided in ORS 367.080 to 367.089. Grants may be provided only for projects that involve one or more of the following modes of transportation:

(a) Air;

(b) Marine;

(c) Rail; and

(d) Bicycle and pedestrian. [2005 c.816 §1; 2013 c.765 §1; 2015 c.707 §1; 2017 c.750 §78]

Note: 367.080 to 367.089 were enacted into law by the Legislative Assembly but were not added to or made a part of ORS chapter 367 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

(Temporary provisions relating to Connect Oregon Fund)

Note: Sections 8 and 9, chapter 748, Oregon Laws 2017, provide:

Sec. 8. (1) For the biennium beginning July 1, 2017, at the request of the Oregon Department of Administrative Services, in consultation with the Department of Transportation, the State Treasurer is authorized to issue lottery bonds pursuant to ORS 286A.560 to 286A.585 in an amount that produces \$30 million in net proceeds and interest earnings for the purpose described in subsection (2) of this section, plus an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs.

(2) Net proceeds of lottery bonds issued pursuant to this section and interest earnings must be transferred to the Department of Transportation for deposit in the Connect Oregon Fund established under ORS 367.080 in an amount sufficient to provide \$30 million for the department to finance grants for transportation projects as provided in ORS 367.080 to 367.086 [series became 367.080 to 367.089].

(3) Bond-related costs for the lottery bonds authorized by this section must be paid from the gross proceeds of the lottery bonds and from allocations for the purposes of ORS 286A.576 (1)(c).

(4) The Legislative Assembly finds that issuing lottery bonds to finance transportation projects pursuant to this section is essential to promoting the state's economic development, and the use of lottery bond proceeds is authorized based on the following findings:

(a) There is an urgent need to improve and expand publicly owned and privately owned transportation infrastructure to support economic development in this state.

(b) A safe, efficient and reliable transportation network supports the long-term economic development and livability of this state.

(c) A multimodal network of transportation options moves people and goods efficiently.

(d) Local governments and private sector businesses often lack capital and the technical capacity to undertake multimodal transportation projects.

(e) Public financial assistance can stimulate industrial growth and commercial enterprise and promote employment opportunities in this state.

(f) Public investment in transportation infrastructure will create jobs and further economic development in this state.

(g) The use of lottery bond proceeds as provided in this section will create jobs, further economic development, finance public education or restore and protect parks, beaches, watersheds and native fish and wildlife within Oregon, and issuance of lottery bonds for the purpose described in this section is therefore an appropriate use of state lottery funds under Article XV, section 4, of the Oregon Constitution, and ORS 461.510. [2017 c.748 §8]

Sec. 9. To the extent that proposed transportation projects meet the qualifications established by the Oregon Transportation Commission by rule, the commission shall allocate at least 10 percent of the net proceeds of the lottery bonds authorized by section 8 of this 2017 Act to each region described in this section. For purposes of this section, the regions are as follows:

(1) Region one consists of Clackamas, Hood River, Multnomah and Washington Counties.

(2) Region two consists of Benton, Clatsop, Columbia, Lane, Lincoln, Linn, Marion, Polk, Tillamook and Yamhill Counties.

(3) Region three consists of Coos, Curry, Douglas, Jackson and Josephine Counties.

(4) Region four consists of Crook, Deschutes, Gilliam, Jefferson, Klamath, Lake, Sherman, Wasco and Wheeler Counties.

(5) Region five consists of Baker, Grant, Harney, Malheur, Morrow, Umatilla, Union and Wallowa Counties. [2017 c.748 §9]

Note: Section 71f, chapter 750, Oregon Laws 2017, provides:

Sec. 71f. (1) Notwithstanding ORS 367.080 to 367.086 [series became 367.080 to 367.089] and subject to subsection (3) of this section and the availability of funds, the Department of Transportation shall first distribute the moneys in the Connect Oregon

Fund, other than moneys dedicated for purposes described in Article XV, section 4a, of the Oregon Constitution, for the projects listed in subsection (2) of this section.

(2) The department shall distribute the following amounts for the projects listed below:

(a) Mid-Willamette Valley Intermodal Facility	\$	25 million
(b) Treasure Valley Intermodal Facility	\$	26 million
(c) Rail expansion in East Beach Industrial Park at the Port of Morrow	\$	6.55 million
(d) Extend Brooks rail siding	\$	2.6 million

(3) No later than January 1, 2020, to receive a distribution under this section, a potential recipient of moneys shall prepare and submit a plan to the Oregon Transportation Commission. At a minimum, the plan submitted must certify when and how the potential recipient plans to spend the moneys for the project with no more than five percent of the allocated funds to be available to recipients for development of the plan. The commission shall promptly review any submitted plans and if the commission approves the plan, the Department of Transportation shall distribute the moneys after adopting an agreement with the recipient. The agreement shall follow rules adopted by the commission for projects that receive grants from the Connect Oregon Fund.

(4) After the distributions, if any, are made under this section, the remainder of the moneys in the Connect Oregon Fund shall be distributed as described in ORS 367.080 to 367.086. [2017 c.750 §71f]

367.081 Distribution of amounts in Connect Oregon Fund. (1) If there is \$75 million or more in the Connect Oregon Fund on July 1 of an odd-numbered year, the amounts available under ORS 367.080 shall be distributed for transportation projects within the Connect Oregon program as follows:

(a) For projects within Connect Oregon Part One:

(A) Forty-seven percent for transportation projects that involve one or more of the following modes of transportation: (\$35.25 million)

(i) Aviation;

(ii) Marine; or

(iii) Rail.

(B) Seven percent for bicycle and pedestrian transportation projects.(\$5.25 million)

(C) One percent is appropriated to the Department of Transportation to pay administrative costs incurred by the department in carrying out the provisions of ORS 367.080 to 367.089. (\$750,000)

(b) For transportation projects within Connect Oregon Part Two, forty-five percent. (\$33.75 million)

(2) If there is less than \$75 million in the Connect Oregon Fund on July 1 of an odd-numbered year, the amounts available under ORS 367.080 shall be distributed for transportation projects within the Connect Oregon program as follows for projects within Connect Oregon Part One:

(a) Ninety-two percent for transportation projects that involve one or more of the following modes of transportation:

(A) Aviation;

(B) Marine; or

(C) Rail.

(b) Seven percent for bicycle and pedestrian transportation projects.

(c) One percent is appropriated to the Department of Transportation to pay administrative costs incurred by the department in carrying out the provisions of ORS 367.080 to 367.089.

(3) To the extent that proposed transportation projects meet the qualifications established by the Oregon Transportation Commission by rule, the commission shall allocate at least 10 percent of the amount described in subsection (1) or (2) of this section to each of the five regions described in ORS 366.805. [2017 c.750 §83]

Note: See first note under 367.080.

367.082 Grants from Connect Oregon Fund; rules. (1) Except as provided in subsection (2) of this section, the Department of Transportation may provide, from moneys in the Connect Oregon Fund established under ORS 367.080, grants for transportation projects to public bodies, as defined in ORS 174.109, and to private entities.

(2) Grants may not be made from the Connect Oregon Fund for transportation projects that could constitutionally be funded by revenues described in Article IX, section 3a, of the Oregon Constitution.

(3) The Department of Transportation shall adopt rules specifying the process by which a public body or private entity may apply for a grant under this section and prescribing the terms and conditions of grants. An applicant receiving a grant must provide the following amounts:

(a) For public bodies and private entities, other than Class I railroads, 30 percent of the moneys required for the transportation project.

(b) For Class I railroads, 50 percent of the moneys required for the transportation project. [2005 c.816 §3; 2015 c.707 §2; 2017 c.750 §79]

Note: See first note under 367.080.

367.084 Selection of projects. (1) The Oregon Transportation Commission shall select transportation projects to be funded with moneys in the Connect Oregon Fund established under ORS 367.080.

(2)(a) Prior to selecting transportation projects, the commission shall seek input from the applicable area commission on transportation.

(b) Prior to selecting aeronautic and airport transportation projects, the commission shall solicit recommendations from the State Aviation Board.

(c) Prior to selecting freight transportation projects, the commission shall solicit recommendations from the Freight Advisory Committee.

(d) Prior to selecting rail projects, the commission shall solicit recommendations from the rail advisory committee.

(e) Prior to selecting marine projects, the commission shall solicit recommendations from the Oregon Business Development Department.

(f) Prior to selecting bicycle and pedestrian projects, the commission shall solicit recommendations from the advisory committee created by ORS 366.112.

(3) The commission shall divide the Connect Oregon program into two parts to be known as Connect Oregon Part One and Connect Oregon Part Two.

(4) Connect Oregon Part One consists of transportation projects that involve one or more of the following modes of transportation:

(a) Air;

(b) Marine;

(c) Rail; and

(d) Bicycle and pedestrian.

(5) Connect Oregon Part Two consists of transportation projects that:

(a) Are transportation projects of statewide significance; and

(b) Enhance or maintain one or more of the following modes of transportation:

(A) Air;

(B) Marine;

(C) Class I railroads;

(D) Class II railroads; or

(E) Class III railroads.

(6) In selecting transportation projects within Connect Oregon Part One, the commission shall consider:

(a) Whether a proposed transportation project reduces transportation costs for Oregon businesses or improves access to jobs and sources of labor;

(b) Whether a proposed transportation project results in an economic benefit to this state;

(c) Whether a proposed transportation project is a critical link connecting elements of Oregon's transportation system that will measurably improve utilization and efficiency of the system;

(d) How much of the cost of a proposed transportation project can be borne by the applicant for the grant from any source other than the Connect Oregon Fund;

(e) Whether a proposed transportation project is ready for construction;

(f) Whether a proposed transportation project has a useful life expectancy that offers maximum benefit to the state; and

(g) Whether a proposed transportation project is located near operations conducted for mining aggregate or processing aggregate as described in ORS 215.213 (2)(d) or 215.283 (2)(b).

(7) The commission may award grants only for bicycle and pedestrian transportation projects that expand and improve commuter routes for non-motorized vehicles and pedestrians, including bicycle trails, footpaths and multiuse trails.

(8) In selecting marine enhancement transportation projects within Connect Oregon Part Two, the commission shall consider whether a proposed transportation project:

- (a) Is located in a deep-water port;
- (b) Is located in a port with commercial activities where freight is transferred between water and another mode of freight transport;
- (c) Improves efficiency of port operations or transportation system;
- (d) Improves accessibility, connections, safety or mobility between a port and another modes of transportation;
- (e) Has a significant economic benefit to this state including but not limited to adding jobs, retaining a high number of existing jobs or supporting business expansion at a port facility; and
- (f) Leverages private funding.

(9) In selecting marine maintenance transportation projects within Connect Oregon Part Two, the commission shall consider whether a proposed transportation project:

- (a) Maintains or improves channel depth or width;
- (b) Preserves high-use or high-volume dock or pier infrastructure;
- (c) Maintains connections to a port facility, including railroads or highways; and
- (d) Preserves critical equipment necessary to maintain port functionality including but not limited to cranes, lifts, hoists and moorings.

(10) In selecting Class II or III railroad enhancement transportation projects within Connect Oregon Part Two, the commission shall consider whether a proposed transportation project:

- (a) Allows a Class II or III railroad to transport a substantial volume or value of freight in relation to other Class II or III railroads;
- (b) Connects a Class II or III railroad to a deep-water port;
- (c) Improves efficiency of the line;

- (d) Improves capacity of the line;
- (e) Connects to new or expanding businesses requiring rail service; and
- (f) Improves connectivity with Class I railroads.

(11) In selecting Class II or III railroad maintenance transportation projects within Connect Oregon Part Two, the commission shall consider whether a proposed transportation project:

- (a) Maintains or increases functionality of the railroad;
- (b) Maintains or improves a critical bridge, tunnel or other structure necessary to maintain rail service;
- (c) Provides jobs to economically disadvantaged areas, as determined by the Oregon Business Development Department by rule;
- (d) Helps protect critical rail infrastructure from seismic vulnerability;
- (e) Improves railroads that serve industries that are important to this state;
- (f) Increases the volume or value of freight; and
- (g) Improves connections to highways or intermodal terminals.

(12) In selecting Class I railroad enhancement transportation projects within Connect Oregon Part Two, the commission shall consider whether a proposed transportation project:

- (a) Eliminates or improves an identified rail congestion point;
- (b) Improves the capacity or efficiency of the rail system;
- (c) Has a strong benefit to Oregon's economy;
- (d) Improves operations and efficiency of shared rail passenger service providers;
- (e) Improves accessibility to ports or other intermodal terminals; and
- (f) Improves the safety or reliability of the rail system.

(13) In selecting Class I railroad maintenance transportation projects within Connect Oregon Part Two, the commission shall consider whether a proposed transportation project:

(a) Connects to Class II or III railroads, ports, intermodal terminals or highways;
and

(b) Improves seismically vulnerable portions of the railroad or bridges.

(14) To receive a grant under Connect Oregon Part Two a proposed aviation transportation project must benefit a category I, II, III or IV airport, as defined by the Oregon Department of Aviation by rule and the airport must be eligible for federal matching funds. In addition the commission shall consider whether a proposed transportation project:

(a) Facilitates rescue or recovery efforts following a seismic event;

(b) Serves joint military and civilian operations; or

(c) Facilitates expanded commercial service, excluding the acquisition or operation of aircraft.

(15) To promote fairness in the selection process, the Director of Transportation may not choose a member of a final review committee:

(a) Who represents an entity that submitted an application for a Connect Oregon Fund grant that is being considered for funding by a final review committee; or

(b) Has a direct financial interest in an application that is being considered for funding by a final review committee. [2005 c.816 §4; 2007 c.859 §3; 2013 c.765 §2; 2015 c.707 §3; 2017 c.750 §80]

Note: See first note under 367.080.

367.086 Administration of projects. (1) The Department of Transportation, in cooperation with the Oregon Department of Aviation, shall administer aeronautic and airport transportation projects selected under ORS 367.084 for funding with moneys in the Connect Oregon Fund. The Oregon Department of Aviation may use moneys from the Connect Oregon Fund to pay administrative costs incurred by the Oregon Department of Aviation in carrying out the provisions of ORS 367.080 to 367.089.

(2) Except as provided in subsection (1) of this section, the Department of Transportation shall administer all transportation projects that are selected under ORS 367.084. [2005 c.816 §6; 2013 c.765 §3; 2015 c.707 §4; 2017 c.750 §81]

Note: See first note under 367.080.

367.089 Reimbursement from State Parks and Recreation Department for certain grants. (1) When the Department of Transportation provides a grant under

ORS 367.080 to 367.089 for a bicycle and pedestrian transportation project that is consistent with any restrictions under Article XV, section 4 or 4a, of the Oregon Constitution, the department may request reimbursement from the State Parks and Recreation Department in an amount not to exceed \$4 million each biennium.

(2) If the State Parks and Recreation Department determines that the grant for the bicycle and pedestrian transportation project is consistent with any restrictions of Article XV, section 4 or 4a, of the Oregon Constitution, the State Parks and Recreation Department shall reimburse the Department of Transportation from the Parks Subaccount established under ORS 390.135 within five days after receiving the request for reimbursement. [2017 c.750 §84]