Proposed Draft STIF Rule Changes

June 2026

ODOT's Public Transportation Office has prepared draft rules and is seeking feedback from public transportation providers and other interested members of the public on these proposed rule changes. We anticipate submitting these changes to the Oregon Transportation Commission for approval at its meeting on October 8, 2026.

We will be hosting a listening session related to the proposed rule changes on July 9, 2026 from 10:30-11:30 am. You may offer comments during the listening session or provide written comments on the proposed draft rules to STIF Program Analyst Ben Goldberg by email at ben.h.goldberg@odot.oregon.gov.

Contents

Division 40
STATEWIDE TRANSPORTATION IMPROVEMENT FUND - GENERAL INFORMATION

732-040-0005: Definitions

The following definitions apply to rules in Chapter 732, Divisions 40, 42, and 44:

(1) "Advisory Committee" means either a committee formed by a Qualified Entity to assist the Qualified Entity in carrying out the purposes of the STIF Formula Fund and the Advisory Committee requirements specified in ORS 184.761(1) or a joint committee formed by two or more Qualified Entities for the same purposes, pursuant to ORS 184.761(5).

(2) "Agency" means Oregon Department of Transportation ("ODOT").

(3) "Americans with Disabilities Act" ("ADA") means section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990 as amended by the ADA Amendments Act of 2008.

(4) "Area Commission on Transportation" ("ACT") means an advisory body chartered under the authority of the Commission, and subject to the Commission's oversight and final decision-making authority.

(5) "Area of Responsibility" means the geographic area for which each Qualified Entity is responsible to provide STIF Formula Fund moneys.

(a) For a Qualified Entity that is a county, the Area of Responsibility is the geographic area within the county's jurisdictional boundaries.

(b) For a Qualified Entity that is a Mass Transit or Transportation District that shares continuous jurisdictional boundaries with a county, the Area of Responsibility is the geographic area within the District's jurisdictional boundaries.

(c) For a Qualified Entity that is a Mass Transit or Transportation District that does not share continuous jurisdictional boundaries with a county, the Area of Responsibility is the geographic area within the jurisdictional boundaries of the county or counties in which any part of the District is located.

(d) For a Qualified Entity that is an Indian Tribe, the Area of Responsibility is the geographic area on which the Indian Tribe's Tribal Enterprises are located.

(e) For a Qualified Entity that is an Intergovernmental Entity, the Area of Responsibility is:

(i) The geographic area of a county or counties on whose behalf the Intergovernmental Entity provides public transportation services as described in OAR 732-042-0003; or

(ii) The geographic area on which the Tribal Enterprises of the Indian Tribe or Indian Tribes on whose behalf the Intergovernmental Entity provides public transportation services as described in OAR 732-042-0003.

(6) "Biennium" (plural, "Biennia") means a two-year period which runs from July 1 of an odd-numbered year to June 30 of the next odd-numbered year.

(7) "Calendar Year" means the year which begins on January 1 and ends on December 31.

(8) "Capital Asset" means real property or tangible items purchased or leased with STIF moneys, including without limitation vehicles and structures, with a purchase price of $5,000 or more and a useful life of at least one year.

(9) "Client-Only Project" means a project where the underlying transportation service is offered to a limited group of people and not made available to the general public.

(10) "Commission" means the Oregon Transportation Commission ("OTC") established under ORS 184.612.

(11) "Community with a high percentage of low-income households" means either:

(a) A group of people living in geographic proximity to each other who have a higher percentage of low-income households than the state average; or

(b) A group of people sharing a common characteristic, such as enrollment in Medicaid, the Supplemental Nutrition Assistance Program (SNAP), or another income-eligible program, who have a higher percentage of low-income households than the state average, regardless of where any person within the group is located.

(12) "Discretionary Fund" means up to five percent of STIF funds to be disbursed to Public Transportation Service Providers, which includes Qualified Entities, through a competitive grant funding process, pursuant to ORS 184.758(2)(b).

(13) "Fiscal Year" means the Agency's fiscal year which begins on July 1 and ends on June 30.

(14) "Governing Body" means the decision-making body or board of a Qualified Entity.

(15) "Indexed Minimum" means the smallest amount to be distributed under the Population-Based Formula and Payroll-Based Formula to any one Qualified Entity. This amount is tied to the minimum distribution of the STIF Formula program in the 2023-2025 Biennium, adjusted biennially by the rate of growth in the overall STIF Fund.

(16) "Indian Tribe" means a federally recognized Indian Tribe in Oregon that has members residing on a reservation or in tribal trust lands in Oregon.

(17) “Intercommunity Discretionary Fund” means up to four percent of STIF funds to be disbursed to Public Transportation Service Providers through a competitive grant funding process, pursuant to ORS 184.758(2)(c).

(18) “Intergovernmental Entity” means entities organized under ORS 190.010 **or any entities created to provides public transportation services through an agreement between an Indian Tribe and any other Qualified Entity or a unit of local government**.

(19) “Local Plan” means a local or regional public transportation plan(s), which may include adopted policy(ies) that is developed and approved by the Governing Body of a Qualified Entity, Public Transportation Service Provider, or Metropolitan Planning Organization and which includes, at a minimum:

(a) A planning horizon of at least four years;

(b) An existing and future conditions analysis that includes:

(A) Current and forecast population and demographics, including locations of people who are often transit dependent, including low-income households, individuals of age 65 or older, youth, and individuals who are racially and ethnically diverse;

(B) Locations of existing housing, employment centers, medical and social and human services centers, major destinations, and other locations with needs for public transportation services and programs;

(C) Inventories of current Public Transportation Services located within, adjacent to, or with the reasonable potential to connect to the local or regional public transportation services, as applicable;

(c) Prioritized lists of public transportation improvements and capital projects; and

(d) Identified opportunities to coordinate public transportation services within and outside the county, district, or tribal area and with other agencies and areas to improve efficiency and effectiveness of service and reduce gaps in service.

(e) Local Plans include, but are not limited to: Coordinated Public Transit Human Services Transportation Plans, Transportation System Plans, Transit Development Plans, and Transit Master Plans.

(20) “Low-Income Household” means a household the total income of which does not exceed 200% of the poverty guidelines updated periodically in the Federal Register by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9902(2) for the 48 Contiguous States and the District of Columbia.

(21) “Mass Transit District” means a district organized under ORS 267.010 to 267.390.

(22) “Operations Reserve Project funds" refer to funds set aside for a use as described in OAR 732-042-0015(4).

(23) “Payroll-Based Formula” means the portion of STIF Formula Funds disbursed per ORS 184.758(5).

(24) “Plan Contingency Project funds" refer to funds set aside for contingency use as described in OAR 732-042-0015(5).

(25) “Planned Carry Forward Project funds" refer to funds set aside for use in a future STIF Plan as described in OAR 732-042-0015(6).

(26) “Population-Based Formula” means the portion of STIF Formula Funds disbursed per ORS 184.758(3).

(27) “Prior STIF Plan Period funds" refer to Planned Carry Forward Project funds, Plan Contingency Project funds, Operation Reserve Project funds and Unused Project funds disbursed to a Qualified Entity that were not spent during the STIF Plan Period in which they were disbursed. For STIF Plans with an effective date prior to July 1, 2027, Prior STIF Plan Period funds also refer to any STIF Formula Fund moneys budgeted for a task categorized in the STIF Plan as a "Program Reserve/Contingency" and any STIF Formula Fund moneys budgeted for a Project described in the STIF Plan as a "Project using planned carry forward funding" that were not spent during the STIF Plan Period in which they were disbursed.

(28) “Project” means a public transportation improvement or maintenance activity or group of activities eligible for STIF moneys and a plan or proposal for which is included in a STIF Plan or in a grant application to a Qualified Entity or the Agency. Examples of project types include, but are not limited to: discrete activities, such as purchasing transit vehicles, planning, or operations; and groups of activities for a particular geographic area or new service, such as a new route that includes purchase of a transit vehicle, and maintenance and operations on the new route.

(29) “Public Corporation” means an independent legal entity that was formed by legislative action, serves a public purpose, and is under exclusive public management or control.

(30) “Public Transportation Advisory Committee” (“PTAC”) means the ODOT Public Transportation Advisory Committee established by the Commission in 2000.

(31) “Public Transportation Service Provider” means a Qualified Entity or a city, county, Special District, Intergovernmental Entity or any other political subdivision or municipal or Public Corporation that provides Public Transportation Services.

(32) "Public Transportation Services" means any form of passenger transportation by car, bus, or other conveyance, either publicly or privately owned, which provides service to the general public (not including charter, sightseeing, or exclusive school bus service) on a regular and continuing basis. Such transportation may include services designed to meet the needs of a specific user group, including for older adults and individuals with disabilities, for purposes such as health care, shopping, education, employment, public services, personal business, or recreation. Public Transportation Services must be designed and advertised as Shared-Ride Service.

(33) "Qualified Entity" means, a county in which no part of a Mass Transit District or Transportation District exists, a Mass Transit District, a Transportation District, ~~or~~ an Indian Tribe**, or an Intergovernmental Entity that provides public transportation services on behalf of a county, counties, or an Indian Tribe as described in OAR 732-042-0003(2).**

(34) "Recipient" means a Qualified Entity that has a STIF Plan approved by the Commission and enters into an agreement with the Agency or a Public Transportation Service Provider that enters into an agreement directly with the Agency to receive STIF funds.

(35) "Satisfactory Continuing Control" means the legal assurance that a Capital Asset will remain available to be used for its originally authorized purpose throughout its useful life or until disposition.

(36) "Shared-Ride Service" means a service where neither the operator nor any passenger may refuse to permit additional passengers that are otherwise complying with the operator's rules and policies.

(37) "Special District" means a service district organized under ORS 451.010(1)(h).

(38) "Statewide Transit Network" means the collection of all transit service that operates in Oregon.

(39) "STIF Formula Fund" means up to 90 percent of the Statewide Transportation Improvement funds to be disbursed to Qualified Entities conditioned upon the Commission's approval of a STIF Plan, pursuant to ORS 184.758(2)(a).

(40) "STIF" or "Statewide Transportation Improvement Fund" means the fund established under ORS 184.751.

(41) "STIF Plan" means a public transportation improvement plan that is approved by a Governing Body and submitted to the Agency for review and approval by the Commission in order for the Qualified Entity to receive a share of the STIF Formula Fund.

(42) “STIF Plan Maximum” means the total amount of funding sought in a Qualified Entity’s Commission-approved STIF Plan. It does not include any Prior STIF Plan Period funds.

(43) “STIF Plan Period” means the effective date specified in a Commission-approved STIF Plan through the end date of the STIF Plan.

(44) “Student Transit Services” means Public Transportation Services within the Qualified Entity's area of responsibility that can feasibly and efficiently be used by students in grades 9 through 12.

(45) “Sub-Recipient” means any entity, including but not limited to a Public Transportation Service Provider, that has entered into an agreement with a Recipient in order to complete one or more tasks specified in the agreement between the Agency and the Recipient. A Sub-Recipient does not include an entity or person that a Recipient has identified as a contractor pursuant to OAR 732-042-0055.

(46) “These Rules” means OAR Chapter 732 Divisions 40, 42, and 44.

(47) “Transportation District” means a district organized under ORS 267.510 to 267.650.

(48) “Tribal Enterprise” means a commercial activity or business managed or controlled by an Indian Tribe.

(49) “Unused Project funds” are STIF Formula Fund moneys that a Qualified Entity included in the budget for a Project during a STIF Plan Period but did not spend during that STIF Plan Period. Unused Project funds do not include Planned Carry Forward Project funds, Plan Contingency Project funds or Operations Reserve Project funds. For STIF Plans with an effective date prior to July 1, 2027, Unused Project funds also do not include any STIF Formula Fund moneys budgeted for a task categorized in the Plan as a "Program Reserve/Contingency" and any STIF Formula Fund moneys budgeted for a Project described in the STIF Plan as a "Project using planned carry forward funding" that a Qualified Entity did not spend during the STIF Plan Period in which they were disbursed.

(50) “Work Group” means a subcommittee formed by a Qualified Entity's Governing Body or Advisory Committee for the purpose of providing additional input on STIF Formula Fund projects.

Statutory/Other Authority: ORS 184.619, 184.758 & 184.761
Statutes/Other Implemented: ORS 184.751-184.766
History:
PTD 2-2026, amend filed 01/22/2026, effective 01/22/2026
PTD 3-2022, amend filed 05/24/2022, effective 07/01/2023

PTD 1-2022, amend filed 01/25/2022, effective 01/25/2022

PTD 1-2018, adopt filed 06/26/2018, effective 07/01/2018

732-040-0020: Accounting Requirements

(1) The Agency shall account separately for moneys in the STIF Formula Fund, Discretionary Fund, and Intercommunity Discretionary Fund.

(2) Recipients shall manage STIF moneys in separate governmental accounts for each of the applicable STIF funds: STIF Formula Fund, STIF Discretionary Fund, and STIF Intercommunity Discretionary Fund. Any interest accrued must be added to the moneys and must be reported to the Agency 60 days after the end of the Fiscal Year in which it was earned.

(3) Recipients shall document the expenditure of all STIF funds disbursed by the Agency. Recipients shall create and maintain all expenditure records in accordance with generally accepted accounting principles and in sufficient detail to permit the Agency to verify how the STIF funds were expended.

(4) Record Retention:

(a) Recipients shall maintain all financial records for at least ~~three~~ **six** years after the Agency's final disbursement under the STIF Plan or grant agreement; and

(b) Recipients shall maintain all records relating to Capital Assets for ~~three~~ **six** years after disposition.

Statutory/Other Authority: ORS 184.619, 184.758 & 184.761
Statutes/Other Implemented: ORS 184.751-184.766
History:
PTD 2-2026, amend filed 01/22/2026, effective 01/22/2026
PTD 3-2022, amend filed 05/24/2022, effective 07/01/2023
PTD 1-2022, amend filed 01/25/2022, effective 01/25/2022
PTD 1-2018, adopt filed 06/26/2018, effective 07/01/2018

732-040-0035: Advisory Committee Composition

(1) If the Qualified Entity is an Indian Tribe **or an Intergovernmental Entity that provides services on behalf of an Indian Tribe as described in OAR 732-042-0003(2),** then the Advisory Committee must be composed of at least three members, each of whom must be able to represent the public transportation needs of individuals served by the Indian Tribe. The Governing Body may authorize a larger Advisory Committee.

(2) If the Qualified Entity is a Transportation District, county**, or an Intergovernmental Entity that provides public transportation services on behalf of a county as described in OAR 732-042-0003(2)**, then the Advisory Committee must be composed of at least five members. The Governing Body may authorize a larger Advisory Committee.

(3) If the Qualified Entity is a Mass Transit District, then the Advisory Committee must be composed of at least seven members. The Governing Body may authorize a larger Advisory Committee.

(4) A Qualified Entity that is an Intergovernmental Entity that provides public transportation services on behalf of more than one county(ies) or Indian Tribe(s) may form one Advisory Committee for each county or Tribe or form a combined Advisory Committee for multiple counties or Indian Tribes. Forming a combined Advisory Committee to represent some counties or Indian Tribes does not preclude the Intergovernmental Entity from forming another Advisory Committee for a different county or Indian Tribe.

(A) If an Intergovernmental Entity's combined Advisory Committee is formed on behalf of a county or counties, then it must be composed of at least 5 members, or a higher number if required to meet the requirements of this Section. The Governing Body may authorize a larger Advisory Committee. The Advisory Committee shall meet the composition of requirements as described in Section (6) through (8) of this Rule. In addition, at least one member of the Committee must be able to represent the public transportation needs of individuals served by each county or Tribe included in the Committee.

(B) If the Intergovernmental Entity's combined Advisory Committee is formed on behalf of only Indian Tribes, then the Advisory Committee must be composed of at least 3 members, or a higher number if required to meet the requirements of this Section. The Governing Body may authorize a larger Advisory Committee. The Advisory Committee shall meet the composition requirements described in Section (1) of this rule, and at least one member of the Committee must be able to represent the public transportation needs of individuals served by each Tribe included in the Committee.

(5) ~~(4)~~ If the Advisory Committee is a joint Advisory Committee formed by two or more Qualified Entities, then the minimum number of Advisory Committee members will be determined based on the types of Qualified Entities participating in the joint Advisory Committee. The minimum number of members of the joint Advisory Committee must be equal to the highest minimum number that would be required for each type of Qualified Entity participating in the joint Advisory Committee.

(6) ~~(5)~~ To be qualified to serve on the Advisory Committee for a Qualified Entity that is a Transportation or Mass Transit District or county**, or an Intergovernmental Entity that provides public transportation services on behalf of a county,** or on a joint Advisory Committee in which a Transportation or Mass Transit District or county participates, an individual must:

(a) Be knowledgeable about the public transportation needs of residents or employees located within or traveling to and or from the Transportation or Mass Transit District or county; and

(b) Be a person who is a member of or represents one or more of the following:

(A) Local governments, including land use planners;

(B) People with disabilities;

(C) Veterans;

(D) Low-income individuals;

(E) Social equity advocates;

(F) Environmental advocates;

(G) Black, indigenous, and people of color;

(H) Bicycle and pedestrian advocates;

(I) People with limited English proficiency;

(J) Public health, social and human service providers;

(K) Transit users who depend on transit for accomplishing daily activities;

(L) Individuals age 65 or older;

(M) educational institutions;

(N) Public Transportation Service Providers;

(O) Non-profit entities which provide public transportation services;

(P) Neighboring Public Transportation Service Providers;

(Q) Employers; or

(R) Major destinations for users of public transit.

(7) ~~(6)~~ Notwithstanding other provisions of this rule, if a Qualified Entity is a Mass Transit District, a Transportation District or a county with a population of 50,000 persons or more, **or an Intergovernmental Entity that provides public transportation services on behalf of a county with a population of 50,000 persons or more,** then its Advisory Committee, or the joint Advisory Committee in which it participates, must include at least four members who, separately, are members of or represent each of the following four groups:

(a) Low-income individuals;

(b) Individuals age 65 or older;

(c) People with disabilities; and

(d) Public Transportation Service Providers or non-profit entities which provide public transportation services.

(8) ~~(7)~~ If a Qualified Entity is a county with a population fewer than 50,000 persons, **or an Intergovernmental Entity that provides public transportation services on behalf of a county with a population of fewer than 50,000 persons,** then its Advisory Committee, or the joint Advisory Committee in which it participates, must include at least three members who collectively represent each of the groups listed in 732-040-0035(6)(a-d).

(9) ~~(8)~~ A Qualified Entity that is a Mass Transit District or a Transportation District shall include Advisory Committee members from the district's area of responsibility, both within and outside district boundaries. If a Mass Transit District or a Transportation District is party to a joint Advisory Committee agreement, the joint Advisory Committee must also include at least one member from outside the district's boundary but within the district's area of responsibility.

Statutory/Other Authority: ORS 184.619, ORS 184.658 & ORS 184.761
Statutes/Other Implemented: ORS 184.751-184.766
History:
PTD 3-2022, amend filed 05/24/2022, effective 07/01/2023
PTD 1-2022, amend filed 01/25/2022, effective 01/25/2022
PTD 1-2018, adopt filed 06/26/2018, effective 07/01/2018

Division 42
STATEWIDE TRANSPORTATION IMPROVEMENT FUND - FORMULA

732-042-0003: Intergovernmental Entity as a Qualified Entity

(1) An Intergovernmental Entity that provides public transportation services on behalf of a county or an Indian Tribe, as described in Section (2) of this rule, is a Qualified Entity and may submit a STIF Plan(s) for review by the agency and approval by the Commission and may enter an agreement with the Agency to receive distributions of STIF Formula Fund moneys pursuant to OAR 732-042-0010(1).

(2) For purposes of this Rule, an Intergovernmental Entity provides services "on behalf of" a county or Indian Tribe only if the governing body of the county or the Indian Tribe has designated the Intergovernmental Entity to serve as its Qualified Entity through an official action of its governing body. The action of the governing body shall include the following:

(a) Documentation that the Intergovernmental Entity is entitled to receive all STIF Formula Fund moneys that would otherwise be distributed to the appointing county or Indian Tribe as calculated in OAR 732-042-0010;

(b) The effective dates that the Intergovernmental Entity is to serve as the Qualified Entity;

(c) Documentation that the action meets the threshold for decision making required by the governing directives of the county or Indian Tribe;

(d) Documentation that the Intergovernmental Entity has agreed to serve as the Qualified Entity on behalf of the country or Indian Tribe; and

(e) An indication regarding whether the Intergovernmental Entity will adopt and submit the STIF Plan(s) or administer the STIF Plan adopted and submitted by the county or Indian Tribe.

(3) For purposes of these Rules, a "Qualified Entity's STIF Plan" refers to either:

(a) a STIF Plan adopted and submitted by an Intergovernmental Entity, or

(b) a STIF Plan adopted and submitted by a county or Indian Tribe that has designated an Intergovernmental Entity to serve as its Qualified Entity pursuant to Section (2) of this Rule.

(4) No county in which any part of a Mass Transit District or Transportation District exists may designate an Intergovernmental Entity to act on its behalf pursuant to Section (2) of this rule.

732-042-0005: STIF Formula Fund Cycle

(1) The STIF Formula Fund cycle will be structured around a Biennium, with key dates and exceptions identified in these rules.

(2) After the first disbursement of STIF moneys following the enactment of Oregon Laws 2017, chapter 750, the Agency shall make disbursements quarterly beginning at the beginning of the first quarter of each Biennium, subject to the provisions of OAR 732-042-0010.

(3) No later than December 31 of each year, the Agency shall provide written notice to each Qualified Entity of the estimated allocation of STIF Formula Fund moneys for which it is eligible in the coming calendar year.

(4) As determined by the Agency, but at least four months prior to the beginning of a Biennium, Qualified Entities shall submit their STIF Plans to the Agency.

(5) Qualified Entities may prepare their STIF Plans for a period of one or two Biennia. The Commission may approve a STIF Plan for one or two Biennia.

(6) The Commission shall decide to accept or reject STIF Plans no later than July 1 of the coming Biennium.

(7) The Agency shall email notice of the Commission's decision to affected Qualified Entities within seven days of the issuance of the Commission's decision. A Qualified Entity may appeal a rejection of its STIF Plan as described in OAR 732-040-0050.

~~(8) During the first STIF Formula Fund Cycle after the enactment of Oregon Laws 2017, chapter 750, a Qualified Entity may submit its STIF Plan either three months or nine months after the effective date of OAR Chapter 732, Division 042. A Qualified Entity that submits a STIF Plan under this section shall submit a STIF Plan for a period that ends at the end of the 2019-2021 Biennium. The Commission shall decide to accept or reject a STIF Plan submitted under this section no later than four months after it is received by the Agency, following the approval procedures described in OAR 732-042-0025.~~

Statutory/Other Authority: ORS 184.619, 184.658 & 184.761
Statutes/Other Implemented: ORS 184.751-184.766
History:
PTD 3-2024, amend filed 10/10/2024, effective 10/10/2024
PTD 1-2018, adopt filed 06/26/2018, effective 07/01/2018

732-042-0010: STIF Formula Fund Calculation and Disbursement

(1) STIF Plan Agreements

(a) The Agency may not disburse STIF Formula Fund moneys to a Qualified Entity until the Commission has approved the Qualified Entity's STIF Plan and the Legislative Fiscal Office and the State's Chief Financial Officer have determined that there is sufficient revenue in the Statewide Transportation Improvement Fund to fund the STIF Formula Fund disbursements.

(b) Upon Commission approval of the Qualified Entity's STIF Plan, the Agency will enter into a STIF Plan Agreement with the Qualified Entity.

(c) The STIF Plan Agreement shall contain a remedy provision. For STIF Plans with an effective date on or after July 1, 2027, that remedy provision shall provide for escalating corrective actions for violations of the STIF Plan Agreement.

(2) The Statewide Transportation Improvement Fund Formula program shall be distributed pursuant to ORS 184.758 to a Qualified Entity with an approved STIF Plan and an executed STIF Plan Agreement as follows:

(a) First, the portion of the fund fixed to the 2019-2021 Biennium Statewide Transportation Fund disbursement, as adjusted by the growth of the overall fund pursuant to ORS 184.758(3), will be distributed to Qualified Entities by a population-based formula described in subsection (5)(a) of this rule to support transit services for older adults and individuals with disabilities.

(b) The remainder of the funds shall be distributed to Qualified Entities by the proportion of the taxes collected under ORS 320.550.

(3) Estimated Distributions:

(a) For distributions under subsection (2)(a) of this rule, the Agency shall distribute the Indexed Minimum to each Qualified Entity unless the Qualified Entity is entitled to a larger distribution based on the population calculation described in section (5) of this rule.

(b) For distributions under subsection (2)(b) of this rule, the Agency shall distribute the Indexed Minimum to each Qualified Entity unless the Qualified Entity is entitled to a larger distribution based on the wages calculation described in section (5) of this rule.

(4) Estimation of STIF Formula Fund Disbursements:

(a) The Agency shall estimate STIF Formula Fund disbursements based on the Agency's projections of the amount of revenue appropriated to the fund, transit payroll tax to be collected, the Agency's projections of minimum distributions as described under section (3) of this rule, and the proportionate share calculated for each Qualified Entity in section (5) of this rule.

(b) The Agency shall estimate the proportionate share annually.

(c) Estimated disbursements are not guaranteed. If revenues in the Statewide Transportation Improvement Fund are less than the Agency's projections, the Agency may proportionately reduce quarterly payments to Qualified Entities from its estimated disbursements.

(5) Calculation of STIF Formula Fund Disbursements:

(a) The Agency shall calculate the proportionate share for each Qualified Entity under subsection (2)(a) of this rule by dividing the count of the population located within the boundary of the Qualified Entities' areas of responsibility, by the total population of the state.

(A) The Agency shall use the population estimates calculated by Portland State University pursuant to ORS 190.520 for the basis of the population counts of Qualified Entities, except as to Indian Tribes.

(B) Each Indian Tribe that is a Qualified Entity will receive STIF moneys as a share of their tribal population residing in Oregon:

(i) Tribal population is defined as the members of each Tribe residing in Oregon;

(ii) Each Indian Tribe will provide to the Agency its population residing in Oregon by county of residence; and

(iii) The tribal populations will be subtracted from county populations before calculating the population of the Districts and counties.

(C) The Agency shall exclude from the calculation of proportionate shares any Qualified Entity that is entitled to the Indexed Minimum under subsection (3)(a) of this rule.

(D) An Intergovernmental Entity that provides public transportation services on behalf of an Indian Tribe as described in OAR 732-042-0003(2) will receive the share of STIF moneys that would have passed to the Tribe.

(E) An Intergovernmental Entity that provides public transportation services on behalf of a county as described in OAR 732-042-0003(2) will receive the proportionate share that would have passed to the county as calculated under Section (5)(a) of this rule.

(b) The Agency shall calculate the proportionate share for each Qualified Entity under subsection (2)(b) of this rule by dividing the amount of wages paid by employers located within the boundary of the Qualified Entities' areas of responsibility, by the total amount of the wages paid by employers statewide.

(A) The Agency shall use the final wage data collected by the Oregon Employment Department for the prior Calendar Year and reported to the Agency.

(B) The Agency shall exclude from the calculation of proportionate shares any Qualified Entity that is entitled to the Indexed Minimum under subsection (3)(b) of this rule.

(c) Each fiscal quarter, the Agency shall calculate the quarterly distribution as follows:

(A) For the Population-Based Formula:

(i) The product of the amount of revenue collected in the preceding fiscal quarter attributed to the STIF Formula Fund for the portion described in section (2)(a), as reduced by the Indexed Minimum distributions required under subsection (3)(a) of this rule and funds held under OAR 732-042-0030, multiplied by the Qualified Entity's proportionate share calculated in subsection (5)(a) of this rule; or

(ii) The Indexed Minimum as determined under subsection (3)(a) of this rule.

(B) For the Payroll-Based Formula:

(i) The product of the amount of revenue collected in the preceding fiscal quarter attributed to the STIF Formula Fund for the portion described in section (2)(b), as reduced by the Indexed Minimum distributions required under subsection (3)(b) of this rule and funds held under OAR 732-042-0030, multiplied by the Qualified Entity's proportionate share calculated in subsection (5)(b) of this rule; or

(ii) The Indexed Minimum as determined under subsection (3)(b) of this rule.

(6) Distribution of STIF Formula Funds to Qualified Entities:

(a) The Agency shall disburse STIF Formula Funds to Qualified Entities in quarterly distributions.

(b) If more than one Mass Transit District or Transportation District is located within a single county, the Agency shall distribute the moneys to the larger district.

(c) A Qualified Entity's STIF Plan Maximum is the total amount of STIF Formula Fund moneys that the Agency is authorized to disburse to the Qualified Entity during the STIF Plan Period.

(d) If there is a significant unexpected shortfall in revenues in the Statewide Transportation Improvement Fund, or if there has been an overpayment in a prior quarter, the Agency may proportionately reduce quarterly payments to Qualified Entities.

(e) Qualified Entities are not responsible for satisfying Sub-Recipients' budgetary shortfalls or remedying delays in funding to Sub-Recipients for any reason beyond the Qualified Entities' direct control.

(f) If a Qualified Entity's proportionate share of STIF Formula funds calculated under section (5) of this rule is more than the Qualified Entity's STIF Plan Maximum, the Agency will retain and hold excess moneys for distribution to the Qualified Entity at the beginning of the next STIF Plan period for which the Qualified Entity has a STIF Plan approved by the Commission, unless:

(A) The Qualified Entity amends its STIF Plan in accordance with the procedures described in OAR 732-042-0045; or

(B) The Qualified Entity does not have an approved STIF Plan for two consecutive biennia because the Qualified Entity did not submit a STIF Plan or the Commission rejected its STIF Plan. In either case, the Agency shall release any excess STIF Formula Funds in the manner described in OAR 732-042-0030(2) and (3).

(7) Distribution of STIF Funds from Qualified Entity to Sub-Recipient.

(a) For the portion of funds described in subsection (2)(a) of this rule:

(A) The Qualified Entity will determine the purposes for which the STIF Formula Fund moneys will be used, in accordance with its STIF Plan;

(B) The Qualified Entity may use procedures of its choice to distribute STIF Formula Fund moneys;

(C) The Qualified Entity that is a Mass Transit or Transportation District is responsible for funding Projects benefiting older adults and individuals with disabilities both within its boundaries and outside them in the surrounding county(ies);

(D) Projects outside the Mass Transit District or Transportation District will receive a proportionate amount of the STIF Formula Fund moneys based on the population outside the Mass Transit District or Transportation District;

(E) The proportion is based on population estimates calculated by Portland State University; and

(F) The Mass Transit District and Transportation District will report the distribution of STIF Formula Fund moneys in its application to the Agency.

(G) An Intergovernmental Entity that provides services on behalf of more than one county or Indian Tribe is responsible for funding projects benefiting older adults and individuals with disabilities within the boundaries of each county and benefiting older adults and individuals with disabilities who are members of each Indian Tribe. Projects benefiting older adults and people with disabilities for each county or Indian Tribe shall receive at least the same amount of population formula funds that would have passed to the county or Indian Tribe, as calculated under Section (5) of this rule.

(b) For the portion of funds described in subsection (2)(b) of this rule:

(A) Qualified Entities shall work collaboratively with Public Transportation Service Providers and other potential Sub-Recipients, as relevant, to develop a method for sub-allocating STIF Formula Fund moneys to Public Transportation Service Providers. The Qualified Entity and Public Transportation Service Providers may collaboratively develop factors used to formulate the sub-allocation method.

(B) If the Qualified Entity and Public Transportation Service Providers do not collaboratively develop factors used to formulate the sub-allocation method, the sub-allocation method shall be based ~~solely~~ on the proportionate amount of payroll tax revenue generated within the geographic territory of each Public Transportation Service Provider based on data provided by the Agency.

(C) A Qualified Entity shall share all data used to develop the sub-allocation method with each Public Transportation Service Provider and other potential Sub-Recipients, as relevant, included in its STIF Plan.

(D) A Qualified Entity **that sub-allocates STIF formula funds using the method described in sub-section 7(b)(B)** ~~that is a Mass Transit or Transportation District which does not share contiguous jurisdictional boundaries with a county shall work collaboratively with Public Transportation Service Providers and other potential Sub-Recipients to develop~~ **shall provide** an estimate of STIF Formula Fund disbursements **to Public Transportation Providers and other potential Sub-Recipients based on the sub-allocation method developed pursuant to subsection (7)(b).** ~~for those areas of the county(ies) in which the District is located that are outside the District's own jurisdictional boundaries~~.

(c) The sub-allocation method is not an entitlement to the Public Transportation Service Provider and decision criteria may affect the prioritization of Projects.

(8) Qualified Entities shall notify the Agency in writing of any adjustment to the geographic boundaries of their areas of responsibility within thirty days of the effective date of the adjustment.

(9) A Qualified Entity shall carry forward all Prior STIF Plan Period funds either by an amendment to a STIF Plan made pursuant to OAR 734-042-0045 or by identifying the funds in a future STIF Plan in a manner consistent with OAR 734-042-0015.

(10) Each Qualified Entity is required to spend at least one percent of STIF Formula Fund moneys received each year on Student Transit Services for students in grades 9 through 12, if practicable.

Statutory/Other Authority: ORS 184.619, 184.758, 184.761 & 184.766
Statutes/Other Implemented: ORS 184.642, 184.751-184.766 & 323.457

History:

PTD 2-2026, amend filed 01/22/2026, effective 01/22/2026

PTD 1-2025, temporary amend filed 05/12/2025, effective 07/01/2025 through 12/27/2025

PTD 3-2022, amend filed 05/24/2022, effective 07/01/2023

PTD 1-2022, amend filed 01/25/2022, effective 01/25/2022

PTD 1-2018, adopt filed 06/26/2018, effective 07/01/2018

732-042-0015: STIF Plan Contents

(1) A Qualified Entity shall adopt a written STIF Plan to establish a list of Projects for public transportation located within the Qualified Entity's area of responsibility to guide STIF Formula Fund investments.

(a) A STIF Plan must cover at least a Biennium, but it may include up to two Biennia subject to Commission approval.

(b) A STIF Plan must address the transportation needs of people residing in or traveling into and out of the Qualified Entity's area of responsibility.

(c) A Qualified Entity that is a Mass Transit District or Transportation District with jurisdictional boundaries within a county or counties which are not Qualified Entities shall adopt a STIF Plan that considers the Public Transportation Services for the area outside of district boundaries but within the remainder of the county or counties.

(d) A STIF Plan may be included in a Qualified Entity's Local Plan or it may be a stand-alone plan.

(e) A STIF Plan must include a description of the Qualified Entity's method to sub-allocate STIF Formula Fund moneys to Public Transportation Service Providers and other potential Sub-Recipients and the process for developing the method.

(f) A STIF Plan with an effective date prior to July 1, 2027 must contain an explanation of how the plan defines and identifies communities with a high percentage of Low-Income Households. A STIF Plan with an effective date on or after July 1, 2027 shall use the definition of "community with a high percentage of low-income households" in OAR 732-040-0005(11).

(2) A Qualified Entity's STIF Plan must contain the following sections:

(a) Descriptions of Proposed Projects: For each proposed Project, the STIF Plan must include the factors listed in section (3) of this rule.

(b) Summary of Planned Expenditures: The STIF Plan must include a summary listing:

(A) The total funding sought in the STIF Plan;

(B) The total funding sought for each Recipient or Sub-Recipient; and,

(C) For Qualified Entities that are Mass Transit Districts or Transportation Districts which do not share contiguous jurisdictional boundaries with a single county, the total funding sought by geographic area inside and outside the district's jurisdictional boundary but within its area of responsibility.

(c) Summary of Prior Expenditures on Specific Improvements: If the Qualified Entity received STIF Formula Funds in the preceding two Fiscal Years, the STIF Plan must include a summary of the amount of moneys allocated to fund each of the following:

(A) Increased frequency of bus service schedules in communities with a high percentage of Low-Income Households;

(B) The expansion of bus routes and bus services to reach communities with a high percentage of Low-Income Households;

(C) Fund the implementation of programs to reduce fares for public transportation in communities with a high percentage of Low-Income Households;

(D) The procurement of buses that are powered by natural gas, electricity or other low or no emission propulsion for use in areas with populations of 200,000 or more;

(E) The improvement in the frequency and reliability of service connections between communities inside and outside of the Qualified Entity's service area;

(F) Coordination between Public Transportation Service Providers to reduce fragmentation in the provision of transportation services;

(G) Implementation of programs to provide Student Transit Services for students in grades 9 through 12;

(H) ~~Implementation of programs that enhance~~ Services for older adults and people with disabilities; and

(I) Support for the operation of existing service.

(d) Summary of Current Projects: The STIF Plan must include a summary of Projects recommended by the Qualified Entity's Advisory Committee for the duration of the STIF Plan, identified by Fiscal Year.

(e) Advisory Committee Information: The STIF Plan must include a list of the Qualified Entity's current Advisory Committee and the online or other location(s) where Advisory Committee materials may be reviewed as described in OAR 732-040-0030(4)(b). In addition, the STIF Plan must include a statement that the Qualified Entity consulted with its Advisory Committee as required by these rules and, if applicable, an explanation of why the Advisory Committee's recommendation was not adopted by the Governing Body.

(f) Recipient Accountability Methods: The STIF Plan must include a description of the methods the Qualified Entity will use to ensure that it complies with these rules and achieves the goals identified in the STIF Plan.

(g) Sub-Recipient Accountability Methods: The STIF Plan must include a description of the methods and agreement or contract language that the Qualified Entity will use to oversee its Sub-Recipients, address deficiencies in Sub-Recipient performance, and to ensure that the Qualified Entity can accomplish the applicable requirements of these rules, including but not limited to audit and compliance requirements, accounting requirements, capital asset requirements and reporting requirements.

(h) Remediation Strategies: If the Qualified Entity has submitted three or more Quarterly Reports within the past two years which indicate that it failed to substantially comply with its approved STIF Plan, the STIF Plan must include a description of the Qualified Entity's strategies to ensure that it will substantially comply with the proposed STIF Plan.

(i) Governing Body Adoption: The STIF Plan must include documentation that the Governing Body approved the STIF Plan prior to its submittal to the Agency. If STIF Formula funds will be jointly managed by two or more Qualified Entities, the STIF Plan must include documentation demonstrating each Governing Body's commitment to joint management.

(j) STIF Plans submitted by Intergovernmental Entities: If the Qualified Entity is an Intergovernmental Entity, the STIF Plan must include documentation that the Intergovernmental Entity provides public transportation services on behalf of the county or tribe as described in OAR 732-042-0003.

(3) The STIF Plan must include descriptions of each proposed Project as described below. A Qualified Entity shall include in its STIF Plan only Projects which appear in a Local Plan. For proposed Projects, the STIF Plan must describe:

(a) Proposed funding level for each Project and a description of what the Qualified Entity intends to do with the STIF Formula Fund moneys it receives for the individual Project.

(b) Whether the Project would improve or expand public transportation or maintain an existing service. For Projects that would maintain an existing public transportation service, the STIF Plan must specify the amount and percentage of each Project budget for this purpose.

(c) Any anticipated benefits and discrete measurable outcomes associated with the Project and whether the Project advances each of the criteria listed at 732-042-0015(2)(c).

(d) Identification of the Local Plan(s) from which each Project was derived and identification of the board, council, commission, or other governing body which approved the Local Plan.

(e) The proposed Recipient or Sub-Recipient of the STIF Formula Fund moneys for that Project.

(f) A full budget including fund sources and for yet-to-be obligated fund sources, the timing for funding decisions, if known.

(g) For proposed Projects which are part of a larger multi-phase Project, the phasing plan including schedule and budget with known and potential funding sources identified.

(h) The amount of moneys from the STIF Formula Fund distribution that would be allocated to fund each of the criteria listed at 732-042-0015(2)(c).

(i) Identification of the extent to which the Project is consistent with Oregon Public Transportation Plan goals, policies, and implementation plans.

(j) At least one Project described in the STIF Plan must implement a program(s) to provide Student Transit Services for students in grades 9 through 12, if practicable, and allocate at least one percent of the Qualified Entity's estimated STIF Formula Fund disbursement to that program(s) each year. In this instance, a program(s) is considered practicable when Public Transit Services within the Qualified Entity's area of responsibility can be feasibly and efficiently used by students in grades 9 through 12. If the Qualified Entity determines that it is not Practicable to identify such a Project or to allocate funding for this purpose, it shall specify in its STIF Plan the reason(s) for its determination.

(4) A STIF Plan may include an Operations Reserve Project or projects consisting of STIF Formula Fund moneys that may be transferred to any operations Project in the STIF Plan in the event of significant, unexpected declines in transit operations revenue, subject to the following provisions:

(a) A STIF Plan may include one Operations Reserve Project for the Qualified Entity and one for each Sub-Recipient that has a project in the STIF Plan. An Operations Reserve Project may also be shared between a Qualified Entity and one or more Sub-Recipients.

(b) If a STIF Plan includes an Operations Reserve Project for the Qualified Entity and one for each Sub-Recipient, then each Operations Reserve Project shall not exceed 12.5% of each entity's operations expenses budgeted for use in the STIF Plan Period.

(c) If an Operations Reserve Project is to be shared between a Qualified Entity and one or more Sub-Recipients, it shall not exceed 12.5% of the total operations expenses budgeted for use in the STIF Plan period.

(5) A STIF Plan may include one or more Plan Contingency Projects consisting of STIF Formula Fund moneys that may be used for Project costs that were not foreseen at the time the Qualified Entity submitted a STIF Plan to the Commission for approval, subject to the following provisions:

(a) The total amount of funding included in all Plan Contingency Projects may not exceed 15% of the total expenditures budgeted for the STIF Plan period or an amount set by the QE's governing body, whichever is lower. For purposes of this subsection, total expenditures do not include STIF Formula fund moneys budgeted for Planned Carry Forward Projects and Operations Reserve Projects described in this rule.

(b) Plan Contingency Project moneys may not be used for an Operations Reserve Project or a Planned Carry Forward Project.

(6) A STIF Plan may include one or more Planned Carry Forward Projects for capital improvements that cannot be funded in a single STIF Formula Fund funding cycle or for bond payments on the acquisition of a Capital Asset. A Qualified Entity must specify in its STIF Plan the reason for the Planned Carry Forward Project and the deadline by which the Qualified Entity intends to expend all Planned Carry Forward Project funds. The Qualified Entity may not carry forward Planned Carry Forward Project funds beyond the deadline without Agency approval.

(7) If during a STIF Plan period the rate of the payroll tax imposed under ORS 320.550 is increased or decreased by more than 50%, the Agency may:

(a) Temporarily increase the percentage caps on the amount of funding that a Qualified Entity is allowed to include in its STIF Plan for Operations Reserve Projects and Plan Contingency Projects; or

(b) Temporarily increase the percentage of Unused Project funds that trigger the requirement for a Qualified Entity to provide the Agency with a written report of the reason the funds were not spent under OAR 732-042-0035(4).

Statutory/Other Authority: ORS 184.619, 184.758 & 184.761
Statutes/Other Implemented: ORS 184.751-184.766
History:
PTD 2-2026, amend filed 01/22/2026, effective 01/22/2026
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PTD 1-2022, amend filed 01/25/2022, effective 01/25/2022
PTD 5-2020, amend filed 09/23/2020, effective 09/23/2020
PTD 1-2018, adopt filed 06/26/2018, effective 07/01/2018

Division 44
STATEWIDE TRANSPORTATION IMPROVEMENT FUND - DISCRETIONARY FUNDS

732-044-0000: Purposes of the Funds

(1) The Discretionary Fund is intended to provide a flexible funding source to improve public transportation in Oregon. It is not a source of ongoing operations funding**, except for operations projects to sustain existing services that the Oregon Transportation Commission approves after review of projects submitted for funding for the 2027-2028 grant solicitation cycle.**

(2) The Intercommunity Discretionary Fund is for improving connections between communities and between communities and other key destinations important for a connected Statewide Transit Network. As a competitive funding source, ongoing operations Projects are subject to risk of not receiving continuous funding.

Statutory/Other Authority: ORS 184.619, 184.758 & 184.761
Statutes/Other Implemented: ORS 184.751-184.766
History:
PTD 1-2026, temporary amend filed 01/22/2026, effective 02/15/2026 through 08/13/2026
PTD 1-2018, adopt filed 06/26/2018, effective 07/01/2018

732-044-0040: Reporting Requirements

(1) Quarterly Reports:

(a) Using a form or web-based system provided by the Agency, each Recipient shall prepare a quarterly report to the Agency which details Project progress, outcomes achieved, and expenditures of discretionary STIF moneys by itself and its Sub-Recipients.

(b) The Agency may require additional documentation or deliverables appropriate to the type of Project specified in the grant agreement with the Recipient. Recipients may require additional reporting from its Sub-Recipient.

(c) **For grant agreements with an effective date before July 1, 2027,** ~~T~~**t**he Quarterly report must be submitted no later than 45 days following the end of each quarter. **For grant agreements with an effective date on or after July 1, 2027, the Quarterly report must be submitted no later than 60 days following the end of each quarter.** The fourth and eighth quarter reports may be preliminary reports, subject to adjustment after the completion of the Recipient's audit.

(2) Capital Assets: Recipients that have acquired, purchased or leased Capital Assets using STIF discretionary funds shall provide the Agency with a report of the Capital Asset inventory, described in OAR 732-044-0050. Recipients of Capital Assets will report regularly as specified by the Agency, during the period of useful life or exceeding useful life while still in use for public transportation of the Capital Asset.

Statutory/Other Authority: ORS 184.619, ORS 184.658 & ORS 184.761
Statutes/Other Implemented: ORS 184.751-184.766
History:
PTD 1-2018, adopt filed 06/26/2018, effective 07/01/2018