# Need Summary for Proposed Draft STIF Rule Changes

June 2026

**Introduction**

ODOT's Public Transportation Office (PTO) is developing STIF Program administrative rule changes for the following reasons:

(1) The legislature passed SB 1544 during 2026 session. That bill modified the definition of "Qualified Entity" to include intergovernmental entities that "provide public transportation services on behalf of" a county or federally recognized Indian Tribe. Rule changes are needed to implement the statutory change.

(2) Miscellaneous clean-up changes to the program rules were identified following the adoption of the substantial STIF program rules update by the OTC on January 22, 2026.

(3) There is a need to replace a temporary rule allowing STIF Discretionary funds to be used for ongoing operations with a time-limited, permanent version to make sure it remains in effect through the 2027-28 grant solicitation cycle.

This document summarizes the need for each of the proposed rule changes.

**The following rules will be adopted:**

<u>Chapter 732, Division 42 – Statewide Transportation Improvement Fund – Formula</u>

- OAR 732-042-0003:
    - This rule is needed to create an framework through which intergovernmental entities that will serve as Qualified Entities within the STIF formula program are locally identified and made eligible to receive STIF formula fund distributions. The only limitation that SB 1544 includes to determine which intergovernmental entities will become STIF formula Qualified Entities is that those Qualified Entities provide public transportation services "on behalf of" a county or Tribe. Without rulemaking, the statute creates the possibility that more than one Qualified Entity could submit a STIF Plan for the same county or Tribe, creating ambiguity regarding which entity would receive STIF formula funds. The rule requires a formal designation by a county or Tribe's governing body before ODOT will accept a STIF Plan or distribute STIF formula funds to an intergovernmental entity

to avoid the possibility that more than one Qualified Entity will attempt to claim the same share of STIF funding from ODOT.

**The following rules will be amended:**

Chapter 732, Division 40– Statewide Transportation Improvement Fund – General Information

- OAR 732-040-0005
  - (5) This change defines the "area of responsibility" for intergovernmental entity Qualified Entities, so that ODOT can calculate a STIF formula fund allocation for those entities
  - (18) The definition of "intergovernmental entity" in ORS 190.010 does not include federally recognized Indian Tribes as an entity that may create intergovernmental entities. This change modifies the rule to include entities that provide public transportation services, and which were created pursuant to an agreement between a Tribe and another Qualified Entity or a unit of local government. This places Tribes in the same position as other Qualified Entities for purposes of SB 1544.
  - (33) This change incorporates the statutory change to the definition of Qualified Entity into rule.

- OAR 732-040-0020
  - (4) This rule modifies the record retention period for STIF from three to six years. The six-year requirement has been incorporated into STIF contracts, and this change is needed to bring the rule and contracts into alignment

- OAR 732-040-0035
  - The changes to this rule set standards for the composition and membership of advisory committees appointed by intergovernmental entities. They are intended to maintain consistency, wherever possible, between composition and membership requirements for advisory committees appointed by counties and Tribes and requirements for advisory committees appointed by intergovernmental entities acting on behalf of counties or Tribes. For example, an advisory committee appointed by an intergovernmental entity acting on behalf of a county will be subject to the same standards as an advisory committee appointed by a county.

Chapter 732, Division 42 – Statewide Transportation Improvement Fund – Formula

- OAR 732-042-0005

  - (8) This change eliminates a deadline that applied only to STIF Plans submitted during the first STIF formula funding cycle.

- OAR 732-042-0010
  - (5) The changes to this section clarify that the share of SITF formula population funds that would have otherwise passed to a county or Tribe will instead go to an intergovernmental entity that has been designated as providing public transportation services on behalf of the county or Tribe.
  - (7)(a) This rule requires that an intergovernmental entity fund STIF population formula projects in all counties where it provides public transportation services, and it must provide that support at least proportionally to the share of population funds received for each county.
  - 7(b)(B) As it stands, if a Qualified Entity and sub-recipients cannot agree on sub-allocation factors through a collaborative process, they must use a sub-allocation method based "solely" on the proportionate amount of payroll tax revenue generated in the area of a Public Transportation Service Provider. This language does not allow any tiebreakers to be used if a Public Transportation Service Provider’s territory overlaps with the Qualified Entity or another Public Transportation Service Provider. This creates challenges for implementation, since the same funds cannot be allocated to more than one entity. This rule change strikes the word “solely,” and will allow tiebreakers to be used for funds collected in overlapping areas.
  - (7)(b)(D) Currently, this sub-section requires mass transit or transportation districts to provide a summary of estimated distributions to sub-recipients for areas outside of their district boundaries. Other types of Qualified Entities have no obligation to share estimated formula fund distributions. The change applies this information sharing requirement to all Qualified Entities that sub-allocate funds based on payroll tax distributions, and will apply to all such funds, not just those to be distributed outside of a Qualified Entity’s district boundaries. This ensures such information is shared with all affected Public Transportation Service Providers.
- OAR 732-042-015
  - (2)(c)(H) This change ensures that the expenditure reporting requirement for services for older adults and people with disabilities matches the statutory reporting requirements in ORS 184.758.
  - (2)(j) This change requires an intergovernmental entity submitting a STIF Plan to include documentation that it followed the procedure set out in OAR 732-042-0003 with its Plan.

<u>Chapter 732, Division 44 – Statewide Transportation Improvement Fund – Discretionary Funds</u>

- OAR 732-044-0000

  - (1) This change replaces the temporary rule allowing for STIF discretionary funds to be used for ongoing operations projects with a version that will apply through the full funding cycle. This change is needed for the current funding cycle due to the risk that transit services will be interrupted due to funding uncertainty.
- OAR 732-044-0040
  - (1)(c) This change modifies the deadline for quarterly reports on STIF Discretionary and Intercommunity grants to 60 days after the end of each quarter, starting July 1, 2027. This change is needed to align the discretionary grant reporting deadline with the STIF formula reporting deadline.

**How to comment:**

ODOT 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.