

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ENDORSING)	RESOLUTION NO. 00-2920
VOTER APPROVAL OF BALLOT)	Introduced by Councilor Rod Monroe
MEASURE 82)	

WHEREAS, the 1999 Oregon Legislature passed, and the Governor signed, House Bill 2082 to increase the gas tax and vehicle registration fees and substitute the truck weight-mile tax with a diesel tax; and

WHEREAS, House Bill 2082 will be referred to the voters as Ballot Measure 82 at the May 16, 2000, Primary; and

WHEREAS, regional transportation improvements are an essential element of the Metro 2040 Growth Concept; and

WHEREAS, by Resolution No. 99-2878B, Metro adopted the Regional Transportation Plan; and

WHEREAS, funding for operation, maintenance and improvement of the Regional Transportation System is severely underfunded; and

WHEREAS, the Oregon Legislature last increased funding for transportation at the 1991 session; and

WHEREAS, the consequences of continued underfunding included further deterioration of state and local roads, increased congestion and gridlock; and

WHEREAS, Ballot Measure 82 includes a \$600 million Bond Program for improvements to the State Highway System, including \$190 million of improvements in the Metro region; and

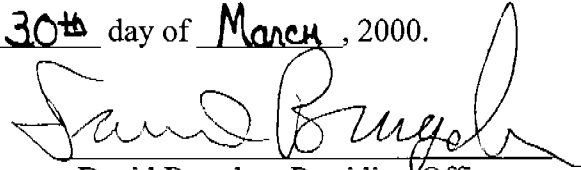
WHEREAS, Metro's local partners will received \$29 million annually to address critical local transportation needs; and

WHEREAS, Ballot Measure 82 includes increased fees on autos and trucks, maintaining equitable cost-responsibility between heavy and light vehicles; now therefore

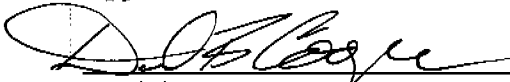
BE IT RESOLVED

That the Metro Council endorses voter approval of Ballot Measure 82.

ADOPTED by the Metro Council this 30th day of March, 2000.


David Bragdon, Presiding Officer

Approved as to form:


Daniel B. Cooper, General Council

ACC:rmb

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Staff Report

IN CONSIDERATION OF RESOLUTION NO. 00-2920, FOR THE PURPOSE OF ENDORSING VOTER APPROVAL OF BALLOT MEASURE 82

March 1, 2000

Presented by: Councilor Monroe

Purpose

Adoption of Resolution No. 00-2920 would provide for Council endorsement of voter approval of Ballot Measure 82 on the May primary election ballot.

Background

The 1999 Oregon Legislative Assembly enacted House Bill 2082 for the purpose of increasing the state gas tax and vehicle registration fees and replacing the truck weight-mile tax with a diesel fuel tax. The legislation also would permit counties to establish a local vehicle registration fee, not to exceed \$10 annually. AAA of Oregon subsequently gathered a sufficient number of signatures to refer the measure to the May 16 primary election. The referred measure is designated as Ballot Measure 82.

The proposed measure would increase the state's per gallon gas tax by 5 cents, from 24 cents to 29 cents. This would be the first increase in the gas tax since 1993. The state vehicle registration fee would increase \$5 annually (\$40 for the two-year renewal period). These additional revenues would provide \$120 million annually for road maintenance and preservation and would fund a \$600 million bond measure for new highway projects. The state/local breakdown of the funds would be as follows:

- Three cents of the five-cent increase—Directly to local governments for road and bridge maintenance, preservation and modernization.
- One cent for state highway maintenance and preservation.
- One cent for the \$600 million bond measure.

Supporters of the measure calculate that the combined effect of the gas tax increase, state vehicle registration fee increase and a local option vehicle registration fee would be about \$45 annually, or \$3.75/month for the average motorist

Regional Impacts. The Portland metropolitan region faces an enormous deficit between its transportation system needs that have been defined in project lists adopted by JPACT and the Metro Council and projected available funds. Over the next 20 years, it is estimated that the total regional needs for the road system alone total \$3.5 billion, while projected revenues are estimated to be \$1 billion.

The passage of Measure 82 would provide significant new revenue to the region to meet these needs. For example, the proposed \$600 million bond measure would provide \$188 million for 16 new highway improvement projects in the Portland region. Some of these projects are designed to relieve congestion on major highways, such as I-5, the Sunset Highway and Highway 217. The more efficient movement of freight is addressed by projects along Columbia Boulevard and Killingsworth and connections to I-205 in Clackamas County. Other projects will

directly relate to the implementation of the 2040 Growth Concept, such as the modernization of Sandy and Barbur Boulevards using Metro's Main Street design guidelines.

In addition to the projects funded by the bond measure, the region's local governments also will receive an estimated \$29.4 million annually from the local allocation of additional gas tax revenues. These funds will assist these governments in meeting their ongoing road maintenance and preservation needs. The optional local vehicle registration fee also could assist in meeting these needs.

Outstanding Issues. The principal issue related to Ballot Measure 82 concerns the relative level of taxes to be paid by motor vehicles and trucks. AAA argues that the replacement of the weight-mile tax with a diesel tax represents a \$50 million shift of the overall tax burden from trucks to motorists. The organization recently released a study, which it claims supports this conclusion.

Supporters of the measure cite a study completed by the non-partisan Legislative Research Office that concluded that the effect on trucks and motorists would be revenue-neutral. Supporters also note that Measure 76, approved by the voters in November 1999, will insure that the tax system remains fair and that there will be no shift of cost responsibility from trucks to motorists. In addition, the effects of the proposed changes on cost-responsibility will be periodically reviewed and the truck diesel tax and registration fee increases will be automatically repealed in 2006 and the weight-mile tax reinstated unless a super-majority (60%) of both houses of the legislature votes to renew them.

Various anti-tax organizations also have indicated opposition to the measure. These groups have questioned the size of the tax increase and argued that better management of existing resources would provide adequate funding to meet the state's transportation needs. Supporters have countered this argument by noting that, while Oregon's gas tax is relatively high, the total of all transportation-related state taxes and fees are the lowest among the western states. Oregon's vehicle registration fee is among the lowest in the nation and the state has no sales or ad valorem taxes related to vehicle ownership.

Some environmental organizations have expressed that increased funding for the state's road system may contribute to increased sprawl. However, Metro is actively endeavoring to insure that this does not occur. For example, Metro has adopted the 2040 Growth Concept, and will adopt a new Regional Transportation Plan in July that will closely tie development of the transportation system to implementation of the 2040 Growth Concept. In addition, the allocation of MTIP flexible transportation funds is based, in part, on how the proposed projects support the 2040 Growth Concept.

Budget Impact

The passage of Ballot Measure 82 would supplement the resources available for the maintenance, preservation and modernization of the region's transportation system. The large volume of new projects could result in increased demand for Metro's transportation planning and local government technical assistance services.