

**INFORMATIONAL MEETING--HWY.  
FUND**

**PUBLIC HEARING HJR 4**

**PUBLIC HEARING HJR 5**

TAPES 64-65, A-B

**HOUSE REVENUE COMMITTEE**

**MARCH 3, 2005 1:00 PM STATE CAPITOL BUILDING**

Members Present:

- Rep. Tom Butler, Chair
- Rep. Vicki Berger, Vice-Chair
- Rep. Mark Hass, Vice-Chair
- Rep. Brian Boquist
- Rep. Sal Esquivel
- Rep. Larry Galizio
- Rep. Betty Komp
- Rep. Andy Olson
- Rep. Chuck Riley

Witnesses Present:

- Bruce Warner, Oregon Dept. of Transportation
- Doug Tindall, Oregon Dept. of Transportation

Staff Present: Paul Warner, Legislative Revenue Officer  
Mazen Malik, Economist  
Kristi Bowman, Committee Assistant

**TAPE 64, SIDE A**

002 Chair Butler Calls meeting to order at 1:03 p.m.

INFORMATIONAL MEETING – HIGHWAY FUND

012 Mazen Malik Slide Presentation: Highway Fund Overview

035 Malik Slide: What is the Highway Fund

042 Malik Slide: Brief History of Oregon Road User Taxes (2 slides)

117 Malik Slide: Constitutional Dedication

142 Malik Slide: Oregon Road User Taxation

- 167 Malik Slide: Legal Definition of the Highway Fund (2 slides)
- 231 Malik Slide: How Should Roads Be Financed
- 256 Malik Slide: Principles of Oregon Highway Finance (System)
- 280 Malik Slide: Oregon Road User Taxation (Tools)
- 330 Malik Slide: Registrations and Titles (Tools) - graph
- 345 Malik Slide: Oregon Road User Taxation (Tools)
- 375 Malik Slide: Motor Vehicle Fuel Tax Rates - graph
- 393 Malik Slide: Fuel Tax Revenue – graph
- 414 Malik Slide: Oregon Road User Taxation (Tools)

**TAPE 65, SIDE A**

- 017 Malik Slide: Why a Weight-Mile Tax “Tool” for Heavy Vehicles?
- 026 Malik Slide: Weight-Mile Tax Rates – graph
- 032 Malik Slide: In Lieu Taxes (Tools). Comments that the flat fee issue will be heard in May in the Oregon Supreme Court.
- 050 Malik Slide: Weight-Mile Tax Revenue – graph
- 055 Chair Butler Discussion with Malik regarding truck and train usage during the 1980’s.
- 079 Malik Slide: Oregon Constitution (Connection). This put the two components together—tools and systems.
- 091 Malik Slide: Oregon Constitution. Quoted is Article IX, Section 3A that requires the legislature to “provide for a biennial review” of highway revenue sources and their equity. This requirement was later clarified as stated in the next slide.
- 092 Malik Slide: Highway Cost Allocation Study (HCAS) statute language

- 143 Malik Slide: Basic Approach of Study
- 146 Malik Slide: State Imposed User Fees
- 153 Malik Slide: Summary
- 168 Rep. Berger Asks what year the voter initiative removed police and other non-highway factors from the highway fund.
- 174 Malik Responds the highway fund was established in 1989. The removal of the police was in either 1983 or 1984. Parks were removed in 1988.
- 183 Rep. Olson Comments that the state police were taken off the highway fund in 1981.
- 195 Bruce Warner Gives update on Oregon Transportation Investment Act (OTIA). Discusses written informational handout (Exhibit 2).
- 224 Bruce Warner Gives background information about OTIA I and II. Discusses the future of the OTIA program.
- 320 Bruce Warner Discusses the successes of the three phases of the OTIA program.

343 Rep. Komp Clarifies term “delivery methods” as engineer designs. Asks if ODOT uses Oregon firms or is it outsourced.

352 Bruce Warner Responds that Oregon firms are being used whenever possible, along with women and minority firms.

360 Doug Tindall Submits written informational testimony on the implementation of the Oregon Transportation Investment Act (Exhibit 3). Discusses projects in OTIA I and II.

**TAPE 64, SIDE B**

020 Tindall Discusses OTIA III planned expenditures (p. 3 of exhibit). Discusses Oregon State University bridge study that caused ODOT to make repairs rather than replacements and saves money.

059 Tindall Refers to Attachment 3 in the exhibit that shows the stages of OTIA III projects. Refers to Attachment 4 in the exhibit that shows the OTIA III modernization programs.

100 Tindall Comments about successes: finishing projects ahead of schedule, reorganizing the highway division, and money is being put into the private sector at a record rate

113 Rep. Riley

Asks how is using the private sector doing on public sector projects: is the quality of work equal to state employees, and engineering costs.

- 120 Tindall Responds that private contractors have done most construction work for several years. Adds that it is a good public value for the private sector to participate in engineering work. Regarding consultation, there are standards that both the public sector and private sector must meet. “Cheaper” is difficult to answer because there is an Infrastructure regarding the use of in-house public sector employees —increased number of facilities, transportation costs, etc. Comments that it is difficult to compare consultant fees versus using public sector employees.
- 148 Bruce Warner Adds that public vs. private sector costs have just started being tracked and it is too early to have data.
- 164 Rep. Esquivel Asks about the extraordinary length of time on getting projects started (uses a southern Oregon highway project as an example).
- 182 Bruce Warner Responds that a bridge replacement is fairly straightforward; modernization projects such as those in southern Oregon take more time due to community involvement and federal funding requirements. The Dept. has instituted streamlining processes for permits to speed the timeline.
- 215 Rep. Hass Expresses concern about the heavy reliability on bonding. Asks if ODOT has information regarding the debt service on the bonds.
- 225 Bruce Warner Responds that long-term bonds are used when a capital investment is going to last longer than the term of the bonds. The bonds also help jump-start the economy and provide jobs. Long-term bonding is

attractive when the “cost of borrowing” is at or below the rate of inflation. After 2009 the bonds will expire for the modernization program, and there will only be about \$25 M available for statewide projects.

#### OPENS PUBLIC HEARING FOR HOUSE JOINT RESOLUTION 5

- 270 Malik Gives background of HJR 5 (Exhibit 4). The bill proposes a Constitutional change to allow revenue from taxes on motor vehicle fuel and ownership and operation of motor vehicles to be used for policing of highways.
- 290 Chair Butler Gives historical background of this HJR. Refers to map in attachment that Mr. Warner [and Mr. Tindall] provided (Exhibit 3). Provides anecdotal information regarding the status of bridge repairs on Hwy. 20. States that HJR language is flawed because it is not of short-term duration as originally requested and it needs amending. Proposes using highway funds to help police the areas where bridges are constructed.
- 360 Chair Butler States that he is hesitant about taking public testimony because of previous commitments with organizations and individuals opposed to HJR 5.

#### OPENS PUBLIC HEARING FOR HOUSE JOINT RESOLUTION 4



CLOSES PUBLIC HEARING FOR HOUSE JOINT RESOLUTIONS 4 and 5.

392 Chair Butler Adjourns meeting at 2:25 p.m.

Tape Log Submitted by:

Reviewed by:

Kristi Bowman, Committee Assistant

Kim Taylor James, Committee  
Coordinator

Exhibit Summary:

1. 1. Slide Presentation: Highway Fund Overview, Malik, 15 pp., 03/03/05
2. 2. Handout: Implementation of the Oregon Transportation Investment Act, B. Warner, 5 pp., 03/3/05
3. 3. Handout: Implementation of the Oregon Transportation Investment Act, Tindall, 34 pp., 03/03/05
4. 4. HJR 5, Staff Measure Summary, Malik, 1 pg., 03/03/05
5. 5. HJR 5, Handout: House Joint Resolution 5, B. Warner, 3 pp., 03/03/05
6. 6. HJR 4, Revenue Impact Statement, Meyer, 1 pg., 03/03/03
7. 7. HJR 4, Handout: House Joint Resolution 4, B. Warner, 2 pp., 03/03/05