

PUBLIC HEARING: HB 2082

WORK SESSION: HB 2129

TAPES 139, 140 A/B, 141 A

HOUSE REVENUE COMMITTEE

APRIL 20, 1999 @ 8:15 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Rep. Ken Strobeck, Chair

Rep. Anitra Rasmussen, Vice Chair

Rep. Deborah Kafoury

Rep. Jeff Merkley

Rep. Diane Rosenbaum

Rep. Lane Shetterly

Rep. Max Williams

Rep. Bill Witt

Members Absent: Rep. Jim Welsh

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Richard Yates, Economist, Legislative Revenue Office

Barbara Guardino, Committee Assistant

Witnesses: Henry Hewitt, Oregon Transportation Commission.

Charlie Hales, Commissioner, City of Portland

Lee Ogden, Mayor, Tualatin

Mark Yeager, City of Albany

David Barrenberg, League of Oregon Cities

Judge Laura Pryor, Gilliam County.

Sharron Kelley, Multnomah County Commissioner

Bill Kennemer, Clark County Commissioner

Bill Penhollow, Associated Oregon Counties

TAPE 139, SIDE A

008 Chair Strobeck Called meeting to order at 8:15 a.m. Opened public hearing on HB 2082.

PUBLIC HEARING n HB 2082

015 Henry Hewitt Spoke in support of the measure. Gave brief overview of Transportation Commission, the Oregon Dept. of Transportation and how they intersect. Plan is for a comprehensive, balanced transportation system. Commission is responsible to oversee it. There is a disconnect between the responsibility of the Commission and the mission of ODOT, which is largely related to highway finance and road project implementation. ODOT budget is complex and difficult to understand. Commission has attempted to present it in an understandable way. The 1999 program budget gives an understanding of how the money is spent. For simplified highlights, see ODOT Sources and Uses of Funds (**EXHIBIT 1**), and graph entitled Sources and Uses of Funds (**EXHIBIT 2**).

075 Hewitt Discussed exhibit 1, item-by-item:

Gross Revenues

Ending Balance, etc.

129 Hewitt Central Services

Transportation Development, etc.

169 Hewitt Maintenance

Highway Planning, etc.

206 Hewitt Preservation

287 Bridges

Modernization

297 Hewitt Summarized: Given the foreseen revenues, parties can talk about how to spend the money, but the amount that is left (\$218 million) is for modernization. Commission

would like nothing more than to address the backlog of projects.

- 313 Hewitt Referred to 2000-2003 Pavement Options Summary (**EXHIBIT 3**). Issue is one of safety, but also economics.
- 328 Hewitt Referred to Discussion Draft: 1998-2001 STIP Modernization Projects (**EXHIBIT 4**). List is divided into three categories:
- A. STIP Projects that will be constructed in next four years
 - B. Priority Future Modernization Projects
 - C. Additional Current Modernization Needs (Unfunded)
- Discussed "A" list (top priority)
- 390 Hewitt Discussed "B" list (second priority)
- 441 Hewitt Discussed "C" list (third priority)

TAPE 140, SIDE A

- 032 Hewitt Discussed chart, Comparison of Automobile Related Taxes (**EXHIBIT 5**).
- In Oregon, the average amount spent for transportation is among the lowest in the nation. Gas tax and registration fees are only regular fees relating to transportation system, less than \$200 per year per driver. In other states, registration fees are higher; other states collect property taxes and sales tax on vehicles, etc.
- Summarized, Oregon needs to spend more money on preservation and repairs. Can only do this with more money. Problem won't be solved just by resolving inefficiencies within ODOT.
- 084 Rep. Merkley Asked Hewitt to comment on how \$24 million figure from general fund was determined.
- 086 Hewitt General fund money is money proposed in governor's budget for uses other than highway-related. This includes transportation for seniors and disabled, high-speed rail, etc.
- 099 Rep. Witt Is 4 cent per gallon gas tax increase adequate?
- 103 Hewitt In 1995, Rep. Montgomery chaired a committee. From this, he proposed a 10 cent gas tax. It didn't pass. Believes 4 cents is not adequate, state needs a more significant step, but that is the political reality. This amount will not improve spending power.

Would not alter 50/30/20 split among state, counties and cities.

- 154 Chair Strobeck Would not close the door on any option at this point. Asked Hewitt to comment on proposed 2-cent local bonding over 15 years. Would this assure that projects would be completed?
- 177 Hewitt With bonding, projects on "A" list could be addressed, and some projects on the "B" list.
- 192 Chair Strobeck With this bonding package, how long until construction would occur?
- 196 Hewitt Depending on funding availability, two to three years. "A" list projects are already scheduled, but would be accelerated.
- 217 All Questions and discussion.
- 292 David Barrenberg Barrenberg and colleagues (Ogden, Hales and Yeager) will discuss the transportation needs facing cities, why it is critical to address these needs.
- 310 Lee Ogden Directed members attention to City Road & Bridge Update (**EXHIBIT 6**). Page 1: City Roads and Bridges
- Last 10 years there has been a 20% increase in population in Oregon. 90% reside in cities. Result is, city road miles have increased by 25%. People are driving twice as much. Therefore, in the last 15 years, total miles traveled on city roads has increased 50% with no additional funding to city road programs. Result is, nearly one-fourth of city streets are in poor condition. Nearly 60% of money that goes into highway system is funded locally. Biggest effect on citizens (maintenance) is insidious. Citizens are frustrated with potholes and etc., but they don't see full magnitude of problem.
- 392 Ogden Page 15: City Needs Summary: Legislative Fiscal Office
- To keep the present maintenance level, cities are \$100 million per biennium short. To maintain present congestion level, state needs \$200 million per biennium more. If state put the entire 4-cent increase into maintenance, the city's share would be \$50 million per biennium. That is about half of maintaining the present level. An additional 2-cents would solve the problem by half again.
- 462 Ogden Understands political concern of a gas tax increase. Crowded roads create "road rage." It is difficult to run a government like a business, but any business with an investment the size of Oregon's infrastructure that did nothing would not be in business long.

049	Mark Yeager	Continued presentation of City Road & Bridge Update Page 7: Increased Population Page 8: Increased Miles Page 9: Increased Use Page 10: Increased Complexity Page 11: Increased Age Page 12: Life Cycles of Streets
125	Ogden	Page 13: Increased Costs Page 15: City Needs Summary: Legislative Fiscal Office Page 16: Street System Funding: Albany
169	Charlie Hales	Focused comments upon case study in Portland. City streets are in poor condition. While legislature has not acted upon a gas tax increase, number of miles of street in Portland in poor condition has gone from 406 to 493. It will cost 10s of millions of dollars more to resurface those streets than to repair them. Meanwhile, citizen demand for safety improvements is increasing. Streets need additional street signs and signals, crossings, etc.
208	Chair Strobeck	Does city pay for traffic lights, pedestrian overpasses, etc.?
213	Hales	That is correct. The only ongoing general fund commitment is \$5.2 million per year for street lights. Portland deals with congestion, although is not increasing size of street system. Clark County, Washington is making significant improvements in its infrastructure. This causes a serious economic concern for Portland's industrial base. (Displayed samples of asphalt.) Portland has taken general fund money and applied it to the transportation budget, and has emptied its reserves. This is because paving crews cannot be hired at a moment's notice. Those capable of working on streets are in demand, and will be hired elsewhere if state lays them off. Portland has attempted to keep them employed, but this strategy will not last through this budget year. City will have to make further staff cuts and it will be difficult to rehire workers if legislature fails to act.
311	All	Questions and discussion on Portland transportation.
330	Hales	Portland had done extensive studies on contracting out versus using its own crews. It contracts out almost all capital construction and some maintenance. In routine overlay work, it is more cost-effective to use city crews.

- 343 Yeager Directed members attention to exhibit 6, Page 18, Street maintenance Efficiency: Albany. Lists services that Albany contracts out. Lists intergovernmental agreements.
- 355 Ogden In the City of Tualatin, city streets are neighborhood streets. Main streets are county roads and freeways. The majority of local transportation money spent in Tualatin is on the county and state roads.
- 380 All More questions and comments concerning how much tax increase is adequate.
- 435 Barrenberg Does not believe 4-cent gas tax increase is adequate. Would prefer 8-10 cents. League of Oregon Cities believes 50/30/20 split is appropriate for spending of new revenues, if approved.

TAPE 140, SIDE B

- 052 Bill Penhollow Spoke in support of HB 2082. See Association of Oregon Counties (**EXHIBIT 7**), paraphrased, facts about the county road system.
- 085 Penhollow Presented photo albums of road systems in Central Oregon counties to show poor condition of the roads. Over past 10 years because of a loss of timber tax revenues, counties have lost millions of dollars for roads. 60% of total population growth have been in these four counties. Half of 36 counties have fewer dollars today than in 1990. This is result of loss of timber revenues and flattening out of highway fund revenues. Legislative Revenue Office has done an assessment on the needs. County's share of needs for just preserving the system is over \$528 million for the next biennium. They will receive \$290 million.
- 140 Laura Pryor Spoke in support of the measure. Gilliam has 500 miles of road; only 90 are paved. County moves 5 million bushels of grain per year to Port of Portland. Association of Oregon Counties (AOC) supports this bill, but with 11 amendments (still to come) that will address the differences in population base among the 36 counties.
- 165 Judge Pryor AOC has its own ABC list. See **EXHIBIT 8**, page 2.
- A. Alternative funding to partially restore lost forest receipts in 12 Eastern Oregon counties
 - B. Basic funding for small counties in rural Oregon to "keep the doors open."
 - C. Congestion strategies for high-growth urban counties
- 174 Sharron Kelley See written testimony (**EXHIBIT 9**) and brochure, Multnomah County's Willamette River Bridges (**EXHIBIT 10**). Additional \$10 automobile registration fee for high growth counties are necessary in regard to 10 Willamette River bridges. These bridges are old and have accumulated almost \$195 million in deferred maintenance needs. City of Portland has captured \$35 million in federal funds, but is required to come up with a local match. Portland doesn't have the money, and is requesting a \$10 rise in vehicle registration fees.

- 230 Bill Kennemer Spoke in support of the measure. See Clackamas County's Transportation Issues **(EXHIBIT 11)**. Discussed congestion strategies for high growth urban counties. In the last 20 years, 60% of state's population has occurred in four counties. In Washington County, 600 of the county's 700 miles of road lie in rural areas outside the urban growth boundary. It is forced to convert failed roads back to gravel. In Marion County, \$70 million are needed for roads, and the county has only \$13 million. County bridges need \$30 million with no money allocated. In Clackamas County, 48% of roads are in fair to poor condition. Congestion is out of control. Clackamas County is rapidly falling behind in its road maintenance. Capital needs are about \$400 million.
- 288 Pryor Counties in Eastern Oregon have been hit hard. They have 10,000 county miles and have lost between 45-95% of their revenues due to timber revenue losses. Most of roads are not paved, they are dirt and rock. They move heavier and heavier loads because rail lines have shut down.
- 315 Pryor Gave short perspective as to why counties are requesting -11 amendments. Trying to keep in place enough of an operations side of the system to retain what is left. Gilliam County's road department has cooperated with ODOT on rock crushing. If this is taken away, county will have nothing.
- 11 amendments address eastside timber issue, congestion and small counties safety net. County and state systems are interconnected. Asked committee to consider 11 amendments.
- 378 Chair Strobeck Closed public hearing on HB 2082. Opened work session on HB 2129.

WORK SESSION - HB 2129

- 413 Chair Strobeck HB 2129 -11 amendments **(EXHIBIT 12)** incorporate essential elements of amendments that have been adopted. Directed members' attention to summary sheet: HB 2129 -11 Amendments: Two Options **(EXHIBIT 13)**.
- Option 1: Change personal property lien date from July 1 to January 1
- Option 2: Leave the lien date for personal property at July 1
- 453 Rep. Witt Commented on his earlier objection to changing lien date. It is not good public policy to have taxes paid up to 10 months in advance.

TAPE 141, SIDE A

- 029 Chair Strobeck Asked committee's consensus on maintaining July 1 date or changing it to January 1.
- 036 Rep. Merkley Would support option 2.

039	Chair Strobeck	Would support option 2.
045	Chair Strobeck	MOTION: SUSPEND THE RULES TO RECONSIDER THE VOTE BY WHICH COMMITTEE ADOPTED HB 2129-8 AND HB 2129-10 AMENDMENTS. ASKED FOR ANY OBJECTIONS TO MOTION. HEARING NO OBJECTIONS, THE CHAIR SO ORDERED.
049	Chair Strobeck	MOTION: WITHDRAW ADOPTION OF HB 2129-8 AND HB 2129-10 AMENDMENTS. ASKED FOR ANY OBJECTIONS TO MOTION. HEARING NO OBJECTIONS, THE CHAIR SO ORDERED.
053	Chair Strobeck	MOVED -11 AMENDMENTS TO HB 2129 BE ADOPTED. ASKED FOR ANY OBJECTIONS TO MOTION. HEARING NO OBJECTIONS, THE CHAIR SO ORDERED.
056	Chair Strobeck	MOTION: MOVED HB 2129, AS AMENDED, TO THE HOUSE FLOOR WITH A DO PASS AS AMENDED RECOMMENDATION.
057	VOTE	ROLL CALL VOTE: MOTION PASSES 8-0-1 REPRESENTATIVES VOTING AYE: KAFOURY, MERKLEY, ROSENBAUM, SHETTERLY, WELSH, WITT, VICE CHAIR RASMUSSEN, CHAIR STROBECK REPRESENTATIVES EXCUSED: WILLIAMS REP. WITT WILL CARRY THE BILL.
065	Chair Strobeck	Closed work session on HB 2129. Adjourned meeting at 10:10 a.m.

Submitted by, Reviewed by,

Barbara J. Guardino Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2082, Hewitt, ODOT Sources and Uses of Funds, 1 p.
2. HB 2082, Hewitt, Sources and Uses of Funds, 2 pp.

3. HB 2082, Hewitt, 2000-2003 Pavement Options Summary, 1 p.
4. HB 2082, Hewitt, Discussion Draft, 13 pp.
5. HB 2082, Hewitt, Comparison of Automobile Related Taxes, 2 pp.
6. HB 2082, Ogden, City Road & Bridge Update, 29 pp.
7. HB 2082, Penhollow, Association of Oregon Counties (AOC), 1 p.
8. HB 2082, Pryor, Association of Oregon Counties (AOC) Presentation to the House Revenue Committee, 9 pp.
9. HB 2082, Kelley, Testimony in Support of House Bill 2082 A Engrossed, 2 pp.
10. HB 2082, Kelley, Essential Links in the Transportation System, Multnomah County's Willamette River Bridges, 6 pp.
11. HB 2082, Kennemer, Clackamas County's Transportation Issues, 2 pp.
12. HB 2129, Martin-Mahar, Proposed Amendments to House Bill 2129, 3 pp.
13. HB 2129, Martin-Mahar, HB 2129 ñ Amendments, 1 p.