

HOUSE COMMITTEE ON TRANSPORTATION

March 17, 1999 Hearing Room D

8:00 a.m. Tapes 49 - 50

MEMBERS PRESENT: Rep. Bob Montgomery, Chair

Rep. Mike Lehman, Vice-Chair

Rep. Richard Devlin

Rep. Jim Hill

Rep. Jeff Kropf

Rep. Jerry Krummel

Rep. Jane Lokan

Rep. Jackie Taylor

Rep. Vicki Walker

Rep. Larry Wells

STAFF PRESENT: Janet Adkins, Administrator

Brad Daniels, Administrative Support

MEASURE/ISSUES HEARD: HB 2082 Public Hearing

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
TAPE 49, A		

004	Chair Montgomery	Opens the meeting at 8:04 a.m. Opens the public hearing on HB 2082.
<u>HB 2082 PUBLIC HEARING</u>		
018	Rep. Tom Butler	District 60. Acknowledges that passage of HB 2478 represents a good foundation to begin looking at a gas tax increase. Asks the committee to consider the situation in the City of Ontario. Discusses Ontario's deteriorating road system. Notes that the rehabilitation cost is \$16 million and growing. Supports HB 2082 in light of HB 2478.
060	Rep. Lehman	Asks if passing HB 2478, the accountability act, can be justified given that, under the four-cent increase, ODOT will receive less revenue from the gas tax than cities and counties.
068	Butler	Replies that the same emphasis on accountability, including the limitations it implies, should be focused on all agencies that receive revenue from tax increases.
080	David Barenberg	League of Oregon Cities. States that much of the data in their presentation comes from a survey of Oregon cities (EXHIBIT A).
110	Lou Ogden	Mayor, Tualatin. Emphasizes that transportation issues are a crisis in the state. Underlines the ubiquity of the transportation problem and lack of funding for cities across the state.
150	Roger Reason	Mayor, Burns. Notes the dire need for maintenance in his area. Discusses the high volume of truck traffic on highway 20. Indicates the need for bypasses in Ontario and Burns. Cites the negative effects of declining timber receipts on road funding.
201	Chair Montgomery	Asks if Harney County was sharing some timber money with the cities.
204	Reason	Replies yes. Explains the method of distributing forest receipts for roads.
213	Chair Montgomery	Asks if Harney County was sharing the money with communities other than the two incorporated cities.
216	Reason	Replies that the county took care of the other communities' roads.
218	Rep. Lehman	Asks where the top priority road projects would be: city, county or state roads.
225	Reason	Replies that it would be a combination of all three.
236	Rep. Wells	Asks if the situation is different between Eastern and Western Oregon with

		respect to system development charges (SDC) and franchise fees. Inquires if these charges and fees are being charged in Eastern Oregon.
251	Reason	Replies that they do not have SDCs due to a lack of growth, but they are using franchise fees.
267	Rep. Devlin	Asks Ogden to explain the use of SDCs in Tualatin.
272	Ogden	Responds that in Washington County, SDCs account for about a fourth of the cost of adding new roads.
282	Mark Yaeger	Principal Utilities Engineer, Albany. Explains the factors affecting the rising cost of maintaining and operating bridges and roads, including increased population and miles (EXHIBIT A)
312	Chair Montgomery	Asks about cost factors or the cost per mile.
314	Yaeger	Replies that he will address that subject later. Continues the discussion of factors in rising costs: <ul style="list-style-type: none"> • Increased use ñNotes that miles traveled, and congestion related to that use, has increased • Increased complexity ñUnderlines the challenges of congestion • Increased age ñStates that roads built before and during the 1970s are in need of major rehabilitation or timely preservation.
378	Chair Montgomery	Asks if the same quality of materials is being used.
385	Yaeger	Replies that the quality of rock has declined slightly since the 1970s.
401	Rep. Lokan	Suggests that the synchronization of signals should have been a standard practice for some time.
419	Yaeger	Agrees with Rep. Lokan, but notes that the higher level of congestion makes synchronization more critical and more expensive.
439	Rep. Lokan	States that the current need for signal synchronization is not totally attributable to population growth.
446	Yaeger	Agrees with Rep. Lokan, but adds that cities have been required to prioritize road construction over signal programming.
TAPE 50, A		

014	Rep. Lehman	Asks why the purchasing power of a dollar is decreasing.
021	Yaeger	Replies that it can be attributable to both raw material price increases and increases in demand. Acknowledges the Engineering News Record's Construction Cost Index as his source for information on this issue.
032	Rep. Lehman	Asks for anecdotal examples of increasing construction costs over time.
036	Yaeger	Describes a delayed project and the cost differential between one year and the next.
050	Chair Montgomery	Asks if all roads are built to the same standards.
053	Yaeger	Replies no. Explains that they tailor their roads based on factors such as traffic volumes and soil conditions.
062	Chair Montgomery	Asks if they have weight limits on some residential streets.
063	Yaeger	Replies that the city council is currently debating, but has not established, truck routes or weight limits.
068	Chair Montgomery	Asks if the manufacturing standards could be lowered on streets where trucks do not travel.
071	Yaeger	Notes that these types of adjustments are generally done now.
077	Rep. Hill	Expresses concern that cities or counties may shift money intended for roads to buttress strapped general funds. Asks how they can be assured that additional revenue from the gas tax will actually go to roads.
090	Ogden	Explains the dedication and segregation of money allocated for transportation needs.
104	Rep. Hill	Asks if the city of Tualatin currently does not use general fund dollars to build roads. Asks if franchise fees have any relationship to road funding.
109	Ogden	Replies yes to the first question. Responds that franchise fees, in general, are general fund money.
115	Rep. Hill	Asks if franchise fees are used for roads or other purposes.
119	Ogden	States that franchise fees do go to the general fund, but expresses reluctance to guarantee that no general fund money will ever be used for road repair.

125	Rep. Hill	Asks if some communities will use the gas tax money to reimburse general funds that have gone to road construction. Expresses concern that money will simply be shifted around.
140	Ogden	Replies that, considering the current financial and social situations, the money does not exist to employ the kind of strategies to which Rep. Hill alludes.
152	Yaeger	Summarizes the current financial needs of cities for the road system.
168	Ogden	Indicates that cities currently raise half their revenue locally, but need the other half to sustain their infrastructure. States that accountability occurs at the local level through constituent contact. Describes how most of the new revenue will be used at the local level. Stresses that a funding package is needed to solve an Oregon problem.
216	Rep. Hill	Asks if cities would prefer a six or four-cent increase.
218	Ogden	Replies that six cents would be best, but four cents would be better than nothing. Expresses concern about the sunset clause.
240	Laura Pryor	Judge, Gilliam County. Reviews the accountability measures that are in place at the county level. Relates her request that concerns about accountability at the local level be addressed at the present time (EXHIBIT B).
290	Pryor	Discusses the transportation funding needs of the various counties. Introduces the ñ1 amendments (EXHIBIT C).
315	Tom Brian	Commissioner, Washington County. Supports HB 2082 and the ñ1 amendments. Explains the deterioration of the road structure and the need for further funding.
343	Rep. Hill	Asks for a direct answer to his question about a six or four-cent increase.
351	Brian	Replies that he prefers a six-cent increase. Adds that, from a political standpoint, the reaction to a four-cent increase is probably going to be no different than a six-cent increase.
365	Rep. Hill	Asks for comments on the sunset clause.
380	Brian	Opposes a sunset clause. Reports that the sunset clause only requires legislators to return to make the same politically difficult choice in two years.
401	Pryor	Indicates that six cents, or more, is needed. States that the sunset clause needs to be eliminated.

TAPE 49, B

014	Chair Montgomery	Emphasizes the deteriorating condition of roads.
019	Bill Penhollow	Association of Oregon Counties. States that they do like the immediacy of the leadership's proposal.
036	Pryor	Explains that the issue of the Oregon Department of Transportation (ODOT) involvement in the revenue distribution was never a county issue. Stresses that the counties see the transportation system as a whole.
048	Chair Montgomery	Asks for an explanation of the partnerships between counties and the state.
053	Pryor	Describes the exchange of equipment and materials between counties and ODOT.
078	Lynn Peterson	1000 Friends of Oregon. Supports an increase in the gas tax. Stresses the importance of preservation and maintaining current highways. Suggests a goal of 90% fair or better rating for roads. Supports the weight-mile tax. Opposes using the gas tax to build new roads that will contribute to urban or rural sprawl (EXHIBIT D).
123	Rep. Hill	Asks where the money will come from to address the effects of the recent endangered species designation of salmon.
130	Peterson	Expresses uncertainty.
134	Governor John Kitzhaber	Commends Chair Montgomery for his leadership on this issue and the Senate leadership for putting a funding package together. Supports HB 2082 as presented. Expresses concerns about the level of funding and lack of consideration for transit in the Senate leadership proposal (-2 amendments). Notes that the four-cent increase will give the state \$26 million, an ineffective amount.
175	Gov. Kitzhaber	Supports a six-cent increase, not sunsetted, with a \$10 increase in registration fee and maintaining the existing revenue distribution. Discusses the importance of modernization projects and transit. Recommends supplying \$14 million from the General Fund for transit improvements.
218	Gov. Kitzhaber	Notes the policy contradiction between focusing on safety at the same time as raising the speed limit and eliminating the helmet law.
228	Rep. Krummel	Asks if Gov. Kitzhaber would support an additional \$10 increase in registration fees for high growth counties.

233	Gov. Kitzhaber	Answers that he is open to this option.
236	Rep. Wells	Notes that an additional six-cent gas tax increase will place Oregon as the second highest gas tax in the nation. Asks if excise taxes or higher registration fees need to be examined.
245	Gov. Kitzhaber	Replies that the base of funding needs to be broadened. Stresses that the overall transportation costs to citizens in Oregon are relatively low.
258	Rep. Wells	Asks how concerns about the weight-mile tax and of the trucking industry will be addressed.
263	Gov. Kitzhaber	Expresses his conditional support for a diesel tax that has the same elements of cost accountability, does not shift responsibility from one class of truck to other trucks or cars, and generates the same amount of revenue, noting that it may be impossible to achieve.
281	Rep. Lehman	Asks if the transit package earlier referred to would expand light rail.
286	Gov. Kitzhaber	Replies no.
287	Rep. Hill	Asks about the endangered species listing of salmon and its affect on transportation costs.
295	Gov. Kitzhaber	Replies that the first step is to assess the scope of the current problem. Notes that he is hopeful of receiving federal money to address this problem.
327	Frank Angelo	Chair, Westside Economic Alliance (WEA) Transportation Committee. Describes WEA and underlines its concern with transportation. Supports HB 2082 and a six-cent increase. Notes that a portion of the revenue should be targeted toward modernization needs (EXHIBIT E).
400	Rep. Krummel	Asks if he would support an additional \$10 increase in the registration fee for high-growth counties.
408	Angelo	Replies yes.
415	Fred Nussbaum	Strategic Planner, Association of Oregon Rail and Transit Advocates (AORTA). Expresses neutrality toward the substantive issues (the amount of tax increase, etc.). Stresses the total costs of car travel, including air pollution and water runoff. Supports an increase in funding for rail and bus programs.
TAPE 50, B		

035	Nussbaum	Supports the weight-mile tax in principle as a method of enforcing cost accountability.
058	Rep. Wells	Asks where AORTA will stand on the gas tax increase that focuses exclusively on highways.
071	Nussbaum	States that AORTA would have a problem if all that emerges from the legislature is a highway funding package. Lists the losses that will be incurred if transit is not adequately funded.
080	Rep. Wells	Asks if he has any suggestions for a transit funding mechanism besides general fund money.
084	Nussbaum	States that the only options, under the Oregon Constitution, may be general fund or lottery money.
107	Mike Marsh	Executive Deputy Director, ODOT. States that 57% of the 1999-01 budget for the highway program is external contractor payments. Adds that administration represents 1.9% of the highway program budget. Lists the various budget amounts for ODOT, local governments and the highway program. Stresses the divisions between the highway fund and other expenditures.
150	Marsh	States that the cost of driving in Oregon is less than the seven other Western states. Comments on the taxation amounts in other states compared to Oregon.
167	Rep. Wells	Expresses concern about using sales taxes as a factor in comparing the costs of car ownership in Oregon with other states. States that income taxes should be taken into account.
178	Marsh	Agrees with Rep. Wells.
180	Rep. Lokan	Asks if Marsh has incorporated other forms of taxes in his statistics.
184	Marsh	Replies yes.
193	Rep. Lokan	Cites a different table (EXHIBIT F).
194	Marsh	States that the adjusted figures he cited previously include other forms of taxation that are imposed on vehicles and their use.
206	Rep. Taylor	Asks how toll roads would affect costs.
215	Marsh	Replies that each state must make its own policy decisions.

218	Rep. Taylor	Asks if toll roads are one reason that some states require a lower fuel tax.
220	Marsh	Replies yes.
224	Rep. Krummel	Asks if Washington has a \$37 annual registration fee. Notes that Washington's registration fee is considerably higher.
244	Rep. Hill	Notes that the figure is adjusted by a property tax equivalent.
251	Rep. Kropf	Asks if ODOT has done any comparison between their administrative or construction costs and those of other states.
263	Marsh	Explains that he has attempted a study of this type, but it is very difficult to make accurate comparisons due to the number of disparate issues between states, including weather and standards of construction.
300	Rep. Hill	Refers to the cost responsibility study. Asks if it is possible to obtain information about a miles of road-per-employee relationship and any increase in full-time employees (FTE).
320	Marsh	Answers that he will provide the requested information.
338	Rep. Devlin	Asks when a modification of the STIP would occur if a gas tax increase passes.
346	Marsh	Expresses uncertainty. Describes the STIP and its function.
356	Rep. Devlin	Reiterates Rep. Hill's request for information about the increase of FTE.
390	Chair Montgomery	Adjourns the meeting at 9:55 a.m.

Submitted By, Reviewed By,

Brad Daniels, Janet Adkins,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñHB 2082, written testimony, League of Oregon Cities, 21 pp.

B ñHB 2082, written testimony, Laura Pryor, 9 pp.

C ñHB 2082, -1 amendments, staff, 4 pp.

D ñHB 2082, written testimony, Lynn Peterson, 2 pp.

E ñHB 2082, written testimony, Frank Angelo, 2 pp.

F ñHB 2082, tax table, staff, 1 p.