

Public Hearing and Possible Work Session: HB 2415 HB 2416 HB 2417 HB 2418
HB 2420 HB 2424 HB 2428 Tapes 19-20 A/B
21 yB
22 A

HOUSE COMMITTEE ON
HOUSE REVENUE AND SCHOOL FINANCE
PROPERTY TAX SUBCOMMITTEE
FEBRUARY 10, 1993 8:00 AM HEARING ROOM A STATE CAPITOL
BUILDING

Members Present: Representative Tom Brian, Chair
Representative Nike Burton
Representative Margaret Carter
Representative Fred Girod
Representative Delna Jones
Representative Jim Whitty

Witnesses Present: Mark Ford, Manager of Strategic Planning, Department of
Transportation
Terry Smith, League of Oregon Cities
Bill Penhollow, Association of Oregon Counties
Roger Martin, Transportation '93
Bob Carpenter, Harney County, Oregon
Dick Feeney, Director of Governmental Affairs, Tri-Met
Mike Sherlock, Executive Director, Oregon
Gasoline Dealers' Association
Larry Hill, Oregon Gasoline Dealers'
Association

Staff: James Scherzinger, Legislative Revenue Officer
Terry Drake, Legislative Revenue Office
Paula McBride, Committee Assistant

TAPE 00 SIDE A

011 CHAIR BRIAN called the meeting to order at 9:10

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019 CHAIR BRIAN opened the Public Hearing on HB 2415, HB 2416, HB 2417, HB
2418, HB 2420, HB 2424, and HB 2428.

024 MARK FORD resumed his discussion with members about the "Oregon
Transportation Plan Investment Package (bills mentioned above). His
testimony was in response to previous questions members had concerning
financing of the Transportation Plan, which he believed fell into four
general categories. He referred to a previous exhibit entitled "Oregon
Transportation Plan: Investment Package Overview" (see Exhibit 1, 2/5/93,
House Revenue and School Finance Committee). Exhibit 1

075 MARK FORD discussed a pie chart, shown on the overhead projector, that
showed "Use of New Highway Revenue, 1993-99: State Program," which depicted
an inflation factor of \$380 million.

Exhibit 2, page
2

Questions and discussion

090 TERRY SMITH verified the inflation figure on the pie chart. Exhibit 2, page 2

Questions and discussion about the inflation figure and how it was derived, with MARK FORD and TERRY SMITH. Exhibit 2, page 2

120 MARK FORD further clarified the derivation of the inflation figure in his transparency. also Exhibit 2, page 2

134 MARK FORD discussed other major categories in the highway program, specifically the "Intermodal Service Transportation Efficiency Act" (ISTEA), which has a funding category entitled "Surface Transportation Programs, that can be used for either transit or highway. Exhibit 2, page 2
Questions and discussion

176 MARK FORD showed an additional pie chart concerning that was also entitled "Use of New Highway Revenue, 199399" but was divided according to "Distribution by Jurisdiction." Exhibit 2, page 3

Questions and discussion with MARK FORD and TERRY SMITH concerning the Federal contribution to the funds for the Oregon Transportation Plan.

351 MARK FORD addressed the members' question, "Where are the state funds going?" Exhibit 2, page 2

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Questions and discussion

TAPE 20 SIDE A

002 Questions and discussion continued about how state funds would be spent in the Transportation Plan.

016 MARK FORD clarified that the distribution of funds out of the Highway Fund goes to local and county government, mandated by law, and that the Department of Transportation does not keep track of that money.

Questions and discussion continued about how state funds would be spent.

106 MARK FORD described how the Transportation Plan had looked at Oregon highways, and he pointed out on a chart (see "Oregon Transportation Plan," Exhibit 2, 2/5/93) the planned expansion of highways.

134 MARK FORD said there are a myriad of other transportation projects, that have positive benefit-cost ratios, that are not in the Plan. These are listed in the existing six-year "T.I.P." that current runs between \$2-3 of unfunded project proposals for every dollar actually funded.

147 CHAIR BRIAN wanted to match up the Transportation Plan priorities to the specific legislative bills. He summarized testimony, stating to fund \$1.8 billion for inflation, maintenance, etc. involves the 4 cent gas tax for four years (HB 2415), doubling the auto registration (HB 2416), the transportation access fee (HB 2421, \$200 a car), the studded tire fee (HB 242 2, \$2 a tire), and repeal of gasoholic exemption measure (HB 2423).

Discussion

193 TERRY SMITH said he was gathering information from around the State on the local and county levels that will have an analysis of the transportation needs in those areas. He discussed examples of what might happen on the local level if individual bills did not pass.

240 TERRY SMITH talked about the primary needs of cities and counties, which are primarily preservation/maintenance. He noted that many areas already have a backlog of work that must be done. There are close to 30,000

miles of back roads in the state. Some

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new projects will be undertaken, but most of the funds will go toward preserving roads already in existence.

Questions and discussion

interspersed

327 TERRY SMITH addressed the issue of the "distribution formula" in Oregon and transportation needs that even the Transportation Plan financing will not fund. The Plan only funds about 51% of each district's needs.

Questions and

discussion

TAPE 19 SIDE B

002 TERRY SMITH, in discussing about the "revenue split," members of the Task Force made detailed calculations on the benefit costs of various investments by the many jurisdictions. He believed the Transportation Plan was very thoroughly balanced between state, county, and local needs.

Additionally, if cuts were made in the funding, all the districts would share them.

Questions and

discussion

020 CHAIR BRIAN clarified that the distribution fund would not be changed.

Questions and

discussion

068 MARK FORD said there are four different programs laid out in the Transportation Plan, as follows: (1) What if revenues weren't increased at all, with inflation taking its toll? As pursued by the Task Force, this program was totally unacceptable; (2a) What if we keep up with inflation and do status quo projects, and the revenue is distributed the same as it is currently, or (2b) the investment strategy was totally changed, eliminating highway funding. Both 2a and 2b were found to be unacceptable.

Questions and

discussion

093 MARK FORD stressed that a conclusion of the Transportation Plan was that investment must be made in transit and alternative transportation modes. However, the highway side of the Plan must also be funded, because it provides most of the access to rail stations, airports, and ports.

106 REP. CARTER believed that further deliberation was needed on

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the financial issues surrounding the Transportation Plan. She wanted sufficient funding at inception of the program to eliminate the possibility of asking for further funding during the next Legislation Session.

Questions and discussion

152 CHAIR BRIAN conducted administrative business. He gave the members a handout from the Legislative Staff concerning the location in the assembly of the 17 transportation-related bills. Exhibits 4

Discussion

194 BILL PENHOLLOW provided an overview of the county road system in Oregon, its priority needs, and an indication of how counties have used revenues from past increases in highway user fees for roads. His testimony was based on a handout. Exhibit 5

405 MARK FORD discussed the mechanics of HB 2415, relating to the gas tax. Exhibit 6, pages 1-3

TAPE 20 SIDE B

002 MARK FORD continued his testimony.

Questions and discussion

043 ROGER MARTIN described the make-up of his organization, and he discussed how other states fund transportation. He referred to the packet of information MARK FORD had given the members, regarding amendments to all the bills in the Transportation Plan. Exhibits 6 and 7.

Questions and discussion interspersed

104 TERRY SMITH related that Federal money currently used for road purposes would be shifted to transit, and the money would be replaced by the gas taxes. He reiterated the importance of passing all the bills in the Transportation Plan.

Questions and discussion

129 BILL PENHOLLOW related that the amendments proposed to HB 2415 would be a first step toward more equitable distribution of money among counties (reference to Exhibit 6). Counties would be held

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harmless during the phase-in period of a new distribution.

Questions and discussion about the proposed amendments to HB 2415.

210 BOB CARPENTER provided the members with additional information concerning his opposition to the Transportation Plan and the financing that would be needed. He expressed extreme mistrust of "the bureaucracy." He believed the construction and trucking industries would not be able to withstand the pace of the proposed Transportation Plan. Exhibit 8

Questions and discussion

TAPE 21 SIDE A

002 BOB CARPENTER continued with his testimony.

Exhibit 8

Questions and discussion

175 DICK FEENEY supported the entire Transportation Plan, and HB 2415

particularly. The Plan will allow Tri-Met to both maintain its services, and to expand them in the near future. He discussed Tri-Met goals and its strategic plan, including the revenues that would be needed, not all of which will be financed by the Transportation Plan. He also mentioned accomplishments made by Tri-Met during the past few years. His testimony was based on a handout given to the members. Exhibit 9
Questions and discussion interspersed

TAPE 22 SIDE

A

002 Questions and discussion continued with Dick Feeney about TriMet and its relationship to the Transportation Plan. Exhibit 9

170 MIKE SHERLOCK related that the Oregon Gasoline Dealers' Association is the organized voice for the independent gasoline dealers in Oregon. He testified (for LARRY HILL) in support amendments (HB 2415-2) proposed by his organization for HB 2415, which would prevent local governments from "piggy-backing" local gas taxes on the state gas tax, creating an unfair competitive disadvantage for retail fuel stations within the local government's boundaries. This occurs currently in Washington and Multnomah counties. His testimony was based on a handout given to the members.

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Questions and
discussion

229 MIKE SHERLOCK submitted additional amendments to HB 2415 (HB 2415-1) that would change the level of the gas tax and the month of implementation. He agreed that the highways needed additional funding, but he believed Oregon citizens would reject such a high increase (4 cents). He proposed that the tax hike be limited to 2 cents for each of the next two years, and that the month be changes from January to July, again to reduce adverse consumer impact.

Questions and discussion
interspersed

356 LARRY HILL clarified the intent of the Oregon Gasoline Dealers' Association, which was to address inequity in gas taxes around the state. He mentioned reasons for this inequity. He advocated a unified gas tax that addressed both local and state needs.

Questions and discussion
interspersed

TAPE 21 SIDE B

002 Questions and discussion continued with LARRY HILL and MIKE SHERLOCK concerning their proposed amendments to HB 2415.

050 LARRY HILL believed that the Transportation Plan underutilizes revenue bonds, which other states use more than we do. He suggested looking at revenue bonds as a way to capitalize repairs and expansions up front, and then have more gradual increases to retire the bonds.

060 CHAIR BRIAN conducted administrative business.
Discussio

n

090 CHAIR BRIAN adjourned the meeting at 12:01 pm.

Paula K.McBride, Committee
Assistant
Kimberly Taylor, Office
Manager

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EXHIBIT SUMMARY

1. Testimony of Mark Ford, Manager of Strategic Planning, Oregon Department of Transportation, in support of "Oregon Transportation Plan Investment Package. 2/10/93.
2. State Highway Program Priorities, Mark Ford, Manager of Strategic Planning, Oregon Department of Transportation, (hard copies of transparencies shown in Committee hearing).
3. List of Oregon Transportation Plan Investment Package bills, by issues, Chair Brian, 2/10/93.
4. List of Oregon Transportation Plan Investment Package bills, by bill number, Terry Drake, Legislative Revenue Office.
5. Testimony of Bill Penhollow, Association of Oregon Counties, 2/10/93.
6. HB 2415-Gas Tax: Proposed Amendment, Mark Ford, Manager of Strategic Planning, Oregon Department of Transportation.
7. Transportation '93 Committee, Roger Martin.
8. Testimony of Bob Carpenter.
9. Tri-Met Strategic Plan: Pursuing a Shared Vision, and Testimony of Dick Feeney, Executive Director of Government Affairs, Tri-Met, 2/10/93
10. Testimony of Larry Hill, Oregon Gasoline Dealers' Association.
11. Proposed Amendments (HB 2415-2) to HB 2415, submitted by Larry Hill, Oregon Gasoline Dealers' Association.
12. Proposed Amendments (HB 2425-1) to HB 2415, submitted by Larry Hill, Oregon Gasoline Dealers' Association.

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