



June 6, 2017

Joint Committee on Transportation Preservation and Modernization
Co-Chairs Senator Lee Beyer and Representative Caddy McKeown

Re: OFA Testimony on Transportation Package

Dear Co-Chairs Beyer and McKeown and Members of the Committee:

The purpose of this testimony is to outline the position of the Oregon Fuels Association (OFA) on HB 2017. OFA is a trade organization supporting fuel distributors and fueling site operators serving the State of Oregon. We are governed by an Executive Board elected by our members and I serve as President of the OFA Board. We work on behalf of our members to support their businesses.

OFA supports a comprehensive statewide transportation package including funding for greatly-needed infrastructure upgrades, congestion relief, lane additions and road widening. However, we have deep concerns with the addition of the local tax in HB 2017, which creates a competitive disadvantage and viability problem for fueling stations inside the Portland metropolitan region and other metro regions.

Oregon has an existing 30-cent state gas tax. Coupled with the 18-cent federal gas tax, all stations in Oregon already build 48-cents into the price of fuel. Under HB 2017's 14-cent increase over 10 years, just the tax cost in fuel is increased to 62-cents statewide.

In addition to this 62-cents, for fueling stations in the City of Portland, City of Tigard, and Multnomah County, all of which have local gas taxes, there is an additional up to 10-cent tax, bringing the tax assessed on fuel to 72-cents per gallon. Under HB 2017's language allowing JPACT and other metro governments to add nine (9) more cents to the price of fuel, stations within the City of Portland and the JPACT region will need to build in 81-cents into the price of their fuel. That is nearly 20-cents more than the tax included in fuel outside of the Portland metro region.

Imagine the scenario where one station sits within the metro boundaries and another is just outside of the boundaries. The station outside of the boundaries, even if we are merely talking about the other side of the street, has 19-cents less of tax built into the cost of their fuel. Even for the best reasons (and congestion relief is a concept we support), this is an untenable scenario and will force stations inside the Portland metro region to go out of business, force customers to look

outside of the metro area for fuel, and for those unable to travel outside of the city boundaries, their cost of living will increase dramatically.

If a regional tax is essential to this package, we believe it can be done in two different ways. One way is to eliminate all local gas taxes within the regional government jurisdiction for the duration of the metro tax. A second option is to not impose the metro tax, but rather require existing local gas taxes to be diverted to congestion relief projects.

Thank you for considering the adverse impact of local taxes. We urge you to pass a sensible statewide transportation package without creating more inequalities for customers in disparate regions of the state.

Sincerely,

Mark Gram
OFA Board President 2017