

House Bill 2017 –10 Amendment
Transportation Proposal
Section by Section Review

Accountability
Section 1. <ul style="list-style-type: none">○ Definitions for Oregon Transportation Commission and Department of Transportation statutes.
Oregon Transportation Commission
Section 2. Amends ORS 184.612 to: <ul style="list-style-type: none">• Clarify that members of the Oregon Transportation Commission serve at the pleasure of the Governor.• Allow the Governor to remove a commissioner, provided notice is given with an opportunity for a hearing.• Prohibit members of the Commission from having a direct or indirect fiduciary interest in matters that relate to the Commission’s duties at the time of their appointment.• Require Commission to meet at least quarterly (currently, the Commission meets monthly).• Set Commission quorum and general duties.• Authorize Commission to hire staff.
Sections 3 & 4. <ul style="list-style-type: none">• Deleted.
Section 5. Amends ORS 184.619 <ul style="list-style-type: none">• Allows OTC to adopt rules and establish policy (re-statement of current law).
Section 6. General Duties. Re-organizes and restates current law. Amends ORS 184.619 <ul style="list-style-type: none">• Develop and maintain state transportation policies• Develop and maintain 20-year plan for multi-modal to include aviation, highways, mass transit, ports, rails, and waterways (restates and expands on ORS 184.618).• Coordinate with OSMB, OBDD, Aviation, cities, counties, mass transit districts, and transportation districts.• Develop list of projects for 20-years in the future that are capable of being accomplished using resources reasonably expected to be available.• Review and approve STIP, budget, capital construction, construction priorities, and selection, vacation, or abandonment of state highways.• Adopt statewide transportation strategy to reduce greenhouse gas emissions (re-states ORS 184.889)
Section 7. <ul style="list-style-type: none">• Adds Sections 8 to 13 and ORS 366.150 to the Department of Transportation section of Chapter 184 (ORS 184.610 to 184.656).
Section 8. Authority to enter into agreements. <ul style="list-style-type: none">• Expands the Commission’s authority to undertake research projects.• Specifies some terms that must be included in research agreements.

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Section 9. Real property inventory

- Requires the Commission to compile an inventory of property that is in excess of the department's operating needs.
- Requires the Commission to periodically review the department's property to ensure that property is being used to support the state highway system.

Section 10. Continuous Improvement Advisory Committee (CIAC)

- OTC shall appoint a CIAC composed of members of the commission, employees of ODOT, and transportation stakeholders.
- CIAC will advise OTC on ways to maximize efficiency, submit key performance measures, and report each odd-numbered year to the Joint Committee on Transportation concerning activities, recommendations, and actions taken.

Section 11. Describing transportation infrastructure conditions.

- Directs the Commission, in cooperation with counties and cities to develop uniform standards to describe the condition of the infrastructure
- Requires each county and city to report on the condition of the infrastructure under its jurisdiction.
- Requires the withholding of distribution of highway money to any county or city that has not reported by February 1 each year.
- Requires the Commission to report to the Legislative Assembly on the condition of the state's transportation infrastructure by April 1 in odd-numbered years.

Section 12. Website

- Requires the Commission and ODOT to develop and maintain an internet web site with certain information:
 - List of projects in the STIP, including information concerning each project and its status as it proceeds through the process. At completion, the information must report on a project's initial estimates for completion date and cost.
 - Reports of expenditures from counties and cities
 - Reports of the condition of Oregon's transportation infrastructure including information received from local government.
 - Results of audit reports.
 - Links to county and city web sites.
 - Links to web sites for *ConnectOregon* projects.

Section 12a.

- Applies requirements for reporting historical data to 2018 and afterwards.

Section 13. Cost Benefit Analysis

- Sets out the requirements for the Benefit / Cost analysis that must be completed before a large project (over \$15 million) that adds capacity to the state highway system is added to the STIP.
- Requires that a project's Benefit / Cost analysis be available to the public when the project is considered for addition to the STIP.
- Exempts the statewide balancing projects (section 71d), multimodal projects (section

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<p>71f) and congestion relief projects (section 12) selected by Legislative action from the Benefit / Cost Analysis requirement.</p>
<p>Section 14. Criteria for Project Selection</p> <ul style="list-style-type: none"> • Changes the criteria that the Commission must use when selecting projects for the STIP: <ul style="list-style-type: none"> ○ Removes three criteria (operational effectiveness/reliability; reduce need for future highway capacity; and, improve connectivity) ○ Strengthens Benefit / Cost criteria, linking it to B/C analysis (section 13) ○ Adds consideration of seismic resiliency ○ Adds consideration of aggregate site locations
<p>Section 15. Internal Auditor</p> <ul style="list-style-type: none"> • Directs the Commission to designate an internal auditor who reports jointly to the Commission and the ODOT director. • Sets out the duties of the internal auditor. • Requires the internal auditor to submit audit reports on the Commission. The Commission is required to post the reports after redacting material exempt from public disclosure.
<p>Sections 16 and 17. Deleted.</p>
<p>Section 18. Report to Joint Legislative Audit Committee</p> <ul style="list-style-type: none"> ○ Directs OTC to report on audits of ODOT to Joint Legislative Audit Committee and Joint Transportation Committee once each biennium.
<p>Section 19. Department of Transportation. Amends ORS 184.615</p> <ul style="list-style-type: none"> • Establishes the Department of Transportation. • Outlines responsibility of OTC for strategic planning for the statewide transportation systems.
<p>Section 20. Appointment of ODOT Director. Amends ORS 184.620</p> <ul style="list-style-type: none"> • Authorizes the Oregon Transportation Commission to appoint the Director of Transportation after consultation with Governor. • Director of Transportation serves at the pleasure of the Commission. • Restates the Director’s authority to organize the department.
<p>Sections 21 to 24. Deleted.</p>
<p>Section 25. Director’s duties. Amends ORS 184.633</p> <ul style="list-style-type: none"> • Adds a duty to construct, coordinate and promote an integrated transportation system in cooperation with cities, counties, districts ports and private entities.
<p>Joint Committee on Transportation</p>
<p>Section 26. Committee Membership and Terms</p> <ul style="list-style-type: none"> • Establishes Joint Committee on Transportation • Specifies appoint authority, membership and terms.

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- Provides for staffing of the Joint Committee by the Legislative Policy and Research Office.

Section 27. Committee's Responsibilities

- Responsibilities to include examination of transportation policy, general legislative oversight of ODOT, and recommendations to the Joint Committee on Ways and Means relating to transportation.

Section 27a & 27b.

- Requires the Committee to study whether the funds provided by this 2017 Act are adequate to maintain the state's transportation infrastructure.
- Requires the Committee to report prior to the adjournment of the 82nd legislative session (2023).
- Sunsets the requirement to study the adequacy of infrastructure funding on January 2, 2024.

Section 27c and 27d. Project Cost Reports

- Requires the OTC to study and report to the Joint Committee:
 - The cost to complete the Abernethy Bridge and I-205 Freeway Widening Project no later than February 1, 2018.
 - The cost to complete the I-5 Rose Quarter Project no later than February 1, 2020.
- Sunsets the study and reporting requirement on June 30, 2020.

Section 27e and 27f. Inner Powell Boulevard Study

- Directs the OTC to study the cost of upgrading Inner Power (SE Powell from SE 9th to I-205) and of transferring Inner Powell to the City of Portland.
- Directs the OTC to report to the Joint Committee on Transportation (see section 26).
- Sunsets the study and reporting requirement on June 30, 2020.

Sections 28, 28a, 28b, 29 and 30. Conforming amendments

Highway Maintenance, Preservation, and Seismic Upgrades

Vehicle Registration Fees, Title Fees and Fuel Taxes

Tax & Fee Schedules will Change in next edition of the rough draft -10s

Section 31. Adds Sections 32 and 37 to Oregon Vehicle Code

Sections 32, 33 and 39. Registration Fee Surcharge

- Directs ODOT to determine the combined MPG rating for each registered vehicle.
- Creates a registration surcharge of \$13 in addition to the current \$43 per year registration fee paid for cars, pickup, vans, SUVs and similar vehicles.
- Increases the vehicle registration surcharge in tiers based on MPG rating, effective January 1, 2020:

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- 0-19 MPG, \$18
- 20-39 MPG, \$23
- Over 40 MPG, \$33
- Electric vehicles, \$110 unless the owner has registered the vehicle in the OReGO program.
- Increases the vehicle registration surcharge, effective January 1, 2022:
 - 0-19 MPG, \$20
 - 20-39 MPG, \$25
 - Over 40 MPG, \$35
 - Electric vehicles, \$115 unless the owner has registered the vehicle in the OReGO program.

Section 34. Registration Fee Changes, Effective January 1, 2018

- Increases the surcharge for vehicles held by rental or leasing companies to \$2 (was \$1).
- Sets the fee for utility or light trailers at \$58.
- Increases the registration fee for mopeds and motorcycles to \$39 (was \$24).
- Increases the registration fee for low-speed vehicles and medium-speed electric vehicles to \$58 (was \$43).
- Increases the registration fee for state-owned and undercover vehicles to \$10 (was \$3.50).
- Increases the registration fee for fixed-load vehicles to:
 - \$61, for vehicles under 3,000 pounds GVW (was \$54).
 - \$82, for vehicles over 3,000 pounds GVW (was \$75).
- Increases registration fee for trailers for hire to \$30 (was \$27) on the effective date of this Act.
- Increases the registration fee for government-owned vehicles to \$10 (was \$3.50) and school vehicles to \$10 (was \$7.50).
- Increases the registration fee for motor homes that are 6 to 14 feet in length to \$86 (was \$54).
- Increases registration fee certain vehicles registered by owner-class:
 - Government-owned, \$5 (was \$3.50)
 - School vehicles, \$5 (was \$7.50).
- Increases registration fee certainly permanently registered vehicles:
 - Antique vehicles to \$100 (was \$54)
 - Special interest vehicles to \$100 (was \$81).
 - Racing activity vehicles to \$100 (was \$81).
 - Trailers to \$10.
- Increases the surcharge for adding a vehicle to a fleet to \$3 (was \$2) and for renewing registration for a vehicle within a fleet to \$2 (was \$1).
- Increases the registration fees for trucks registered between 8,000 pounds and 26,000, tow trucks, commercial buses, vehicles operated by charitable organizations that are registered by weight, trucks used to transport manufactured structures and farm vehicles in order to maintain cost responsibility on January 1, 2018.

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Sections 35 and 36. Registration Fee Changes, Effective January 1, 2022.

- Increases the fee for utility or light trailers at \$63 (was \$58).
- Increases the registration fee for mopeds and motorcycles to \$44 (was \$39).
- Increases the registration fee for low-speed vehicles and medium-speed electric vehicles to \$63 (was \$58).
- Increases the registration fees for heavy vehicles registered as tow trucks, commercial buses, vehicles operated by charitable organizations that are registered by weight, trucks used to transport manufactured structures and farm vehicles in order to maintain cost responsibility.

Section 37. Title Fee Surcharge

- Directs ODOT to determine the combined MPG rating for each vehicle.
- Creates a title surcharge of \$16 in addition to the current title fee.
- Increases the title surcharge in tiers depending on MPG, effective January 1, 2020:
 - 0-19 MPG & non-motorized, \$21
 - 20-39 MPG, \$26
 - Over 40 MPG, \$36
 - Electric vehicles, \$110

Sections 38 and 39. Title Fee Surcharge, effective January 1, 2022.

- Increases the title surcharge in tiers depending on MPG:
 - 0-19 MPG & non-motorized, \$24
 - 20-39 MPG, \$29
 - Over 40 MPG, \$39
 - Electric vehicles, \$115

Sections 39a. Amends ORS 803.090.

- Restructures title fee statute. The fees for title transactions are not changed.

Sections 39b to 39t.

- Conforming amendments.

Sections 40 and 44. Gas Tax Increase

- January 1, 2018, 34¢ per gallon 4¢ per gallon increase in gasoline tax

Sections 41 and 44.

- Repeats the changes the gas tax because, under current law, the temporary 11¢ aviation gas tax, also in ORS 319.020, will sunset.

Sections 42 and 44. Use Fuel (Diesel, Propane and CNG) Tax

- January 1, 2018, 34¢ per gallon 4¢ per gallon increase

Sections 43 and 44.

- Repeats the changes the use fuel tax because, under current law, the temporary waiver of the tax on biodiesel made from used cooking oil, also in ORS 319.530, will sunset on January 1, 2020.

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Section 45. Conditional increases in fuel tax after 2020.

In order for a 2¢ per gallon tax increase on motor fuel and use fuel to become effective on January 1, 2020, the OTC must certify the items below in a report to the Joint Committee on Transportation:

- The OTC has identified sufficient shovel-ready highway projects and maintenance or operational uses of the increased fuel tax revenue to justify the increase.
- The uniform reporting standards for state, county and local transportation have been developed and are being followed.
- City and County reports have been submitted and posted as required.
- ODOT is implementing the tiered registration and title fees.
- The I-205 Active Traffic Management Project and the I-205 Corridor Bottleneck Project have been completed.

The OTC must also submit a report on:

- A list of the shovel-ready highway projects that will be undertaken with the revenue that will become available as a result of the increase.
- The amount of bonds the commission considers necessary to be issued to complete shovel-ready highway projects to be commenced after January 1, 2020.
- The status of any projects exceeding \$20 million that have not been completed, including:
 - The Treasure Valley Intermodal Facility Project.
 - The Value Pricing Set-Up Project.
 - The design, cost analysis and construction option packages for construction of the I-5 Rose Quarter Project for legislative consideration.
 - The design, construction, financial status and progress of projects estimated to cost more than \$20 million that are identified in this 2017 Act (I-205 Abernethy Bridge and Freeway Widening Project, the OR 217 Northbound Project, OR 217 Southbound Project) and other state transportation projects implemented after October 2017.

In order for a 2¢ per gallon tax increase on motor fuel and use fuel to become effective on January 1, 2022, the OTC must certify the items below in a report to the Joint Committee on Transportation:

- The Continuous Improvement Advisory Committee (CAIC) has been appointed and has reviewed on all transportation projects costing \$50 million or more and completed.
- CIAC recommendations for improvement reported to the OTC at least 6 months before the report date have been implemented.
- The OTC has identified sufficient shovel-ready highway projects and maintenance or operational uses of the increased fuel tax revenue to justify the increase.
- The uniform reporting standards for state, county and local transportation have been developed and are being followed.
- City and County reports have been submitted and posted as required.
- Payments to cities and counties that are delinquent with required reports have been

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withheld.

- Public contracting agencies that would receive fuel tax revenue are in compliance with public contracting least cost requirements of the public contracting code (ORS 279C.305 or under review by the Bureau of Labor and Industries for compliance with ORS 279C.305 or the commission has requested from the bureau confirmation of such compliance;
- ODOT is implementing the tiered registration and title fees.

The OTC must also submit a report on:

- A list of the shovel-ready highway projects that will be undertaken with the revenue that will become available as a result of the increase.
- The amount of bonds the commission considers necessary to be issued to complete shovel-ready highway projects to be commenced after January 1, 2024.
- The status of any projects exceeding \$50 million.
- The design, construction, financial status and progress of projects estimated to cost more than \$20 million that are identified in this 2017 Act (I-205 Abernethy Bridge and Freeway Widening Project, the OR 217 Northbound Project, OR 217 Southbound Project) and other state transportation projects implemented after October 2017.

In order for the 2¢ per gallon increase on January 1, 2024 to become effective, the OTC must certify the items below in a report to the Joint Committee on Transportation:

- The Continuous Improvement Advisory Committee (CAIC) has reviewed on all transportation projects costing \$50 million or more and completed.
- CIAC recommendations for improvement reported to the OTC at least 6 months before the report date have been implemented.
- The OTC has identified sufficient shovel-ready highway projects and maintenance or operational uses of the increased fuel tax revenue to justify the increase.
- The uniform reporting standards for state, county and local transportation have been developed and are being followed.
- City and County reports have been submitted and posted as required.
- Payments to cities and counties that are delinquent with required reports have been withheld.
- Public contracting agencies that would receive fuel tax revenue are in compliance with public contracting least cost requirements of the public contracting code (ORS 279C.305 or under review by the Bureau of Labor and Industries for compliance with ORS 279C.305 or the commission has requested from the bureau confirmation of such compliance;

The OTC must also submit a report on:

- A list of the shovel-ready highway projects that will be undertaken with the revenue that will become available as a result of the increase.
- The amount of bonds the commission considers necessary to be issued to complete shovel-ready highway projects to be commenced after January 1, 2022.
- The design, construction, financial status and progress of projects estimated to cost

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more than \$20 million that are identified in this 2017 Act (I-205 Abernethy Bridge and Freeway Widening Project, the OR 217 Northbound Project, OR 217 Southbound Project) and other state transportation projects implemented after October 2017.
Sections 46 through 47. Deleted.
(Fees related to heavy trucks)
<p>Sections 48 to 50. Permit Fees</p> <ul style="list-style-type: none"> • Adjusts light vehicle trip permits in sync with fuel tax and registration fee surcharge increases on January 1, 2018, 2020, 2022 and 2024. • Light vehicle and recreational trip permits increase from \$30 (current law) to \$35 (January 1, 2024).
<p>Sections 51 to 53. Road Use Assessment Fee</p> <ul style="list-style-type: none"> • Increases the road use assessment fee (a weight mile tax for extraordinary loads) to maintain cost responsibility in 2018, 2020, 2022 and 2024. • The fee increases from 7.1¢ per mile (current law) to 11.8¢ per mile by January 1, 2024.
<p>Sections 54 to 56. Variance Permit Fees</p> <ul style="list-style-type: none"> • Increases variance permit fees to maintain cost responsibility in 2018, 2020, 2022 and 2024. • The four individual fees each increase by \$1.50 from current law by January 1, 2024.
<p>Sections 57 to 59. Weight Receipt</p> <ul style="list-style-type: none"> • Increases the fee for a weight receipt to maintain cost responsibility in 2018, 2020, 2022 and 2024. • The weight receipt fee increases by \$2.00 from current law by January 1, 2024.
Sections 60 to 62. Deleted.
<p>Sections 63 to 65. Weight Mile Tax</p> <ul style="list-style-type: none"> • Increases the weight-mile tax tables to maintain cost responsibility in 2018, 2020, 2022 and 2024. • Many heavy commercial trucks are registered at 80,000 gross vehicle weight. These vehicles pay 16.38¢ per mile (current law). They will pay 25.12¢ per mile on or after January 1, 2024.
<p>Sections 66 to 68. Flat Fees</p> <ul style="list-style-type: none"> • Increases the flat fees (an alternative to the weight-mile tax available to log haulers, farm trucks, sand and gravel trucks and chip haulers) to maintain cost responsibility in 2018, 2020, 2022 and 2024. • The annual fees per 100 weight on or after January 1, 2024 will be: <ul style="list-style-type: none"> ○ Log haulers - \$12.60 (from \$7.59 in current law) ○ Farm trucks - \$10.30 (from \$6.23) ○ Sand and gravel - \$12.60 (from \$7.53) ○ Chip haulers - \$50.80 (from \$30.65)

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Section 69. Deleted

Sections 70 and 71. Replacement of Heavy Vehicle Registration Card

- Adjusts the fee for replacement heavy vehicle registration card to align with other heavy vehicle fee increases to \$3.00 effective January 1, 2020 (\$2.50 in current law).

Section 71a, 71b and 71c. Distribution of Revenue

- Distributes the revenue raised by the tax and fee increases in this Act according to the following formula:
 - \$30 million per year after 2021 to pay debt service for bonds to finance the I-5 Rose Quarter Project
 - \$10 million per year (\$15 million per year after 2022) for the Safe Routes to Schools Program
 - Balance:
 - 50 percent to ODOT for state highways
 - 30 percent to Counties
 - 20 percent to Cities
- Designates the money to be received by ODOT for the following purposes:
 - To repay bonds authorized by this Act and then,
 - For Highway Safety - \$10 million per year (increasing to \$15 million after 2022)
 - For the following purposes:
 - 40% for bridges
 - 30% for seismic improvements to highways and bridges
 - 24% for maintenance and replacement of pavement and culverts
 - 6% for maintenance, preservation and safety improvements

Section 71d. Highway, Road and Street Projects

- Requires the OTC to use the bond proceeds to finance the transportation projects identified within each ODOT region.
- Requires the OTC to allocate money to designated projects in ODOT Regions no later than January 1, 2024:
 - Region 1, \$249,700,000 for the following projects:
 - OR 211 Improvements from the intersection with OR 213 to the intersection with Molalla Avenue in City of Molalla
 - WaNaPa Street Improvements in City of Cascade Locks
 - Port of Hood River Bridge Replacement EIS
 - Columbia Blvd Pedestrian Safety Improvements
 - Powell Blvd jurisdiction transfer (see section 134)
 - I-205 Active Traffic Management
 - I-205 Corridor Bottleneck Project
 - OR 217 Northbound Project
 - OR 217 Southbound Project
 - Improvements to Graham Road at I-84 in City of Troutdale
 - Region 2, \$201,950,000 for the following projects:
 - Oregon Manufacturing Innovation Center Access Roads in Columbia

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- County
 - I-5 at Aurora-Donald Interchange, Phase 1
 - OR 99E in City of Halsey
 - OR 214 pedestrian safety improvements at the intersection with Jefferson Street in City of Silverton
 - Territorial Highway jurisdictional transfer (see section 134)
 - US 20 Safety Upgrades: Albany to Corvallis
 - OR 58, passing lanes west of Oakridge
 - OR 22, Center Street Bridge seismic retrofit in City of Salem
 - OR 99 Improvements in Eugene - jurisdictional transfer (see section 134)
 - OR 126 Florence-Eugene Highway EIS Study
 - 42nd Street in City of Springfield (see section 134)
 - Newberg-Dundee Bypass, Phase 2 (design only)
- Region 3, \$75,000,000 for the following projects:
 - Scottsburg Bridge on OR 38
 - Southern Oregon Seismic Triage
- Region 4, \$76,493,000 for the following projects:
 - US 97 / Cooley Rd Mid-term Improvements
 - US 97 at Terrebonne
 - Improvements to Alder Creek Road in Wheeler County
 - Pedestrian safety improvements in City of Dufur
 - Pedestrian safety and road improvements in City of Prineville
 - Tom McCall Road Roundabout
 - Pedestrian safety and road improvements in City of Arlington
- Region 5, \$43,647,000 for the following projects:
 - Port of Umatilla Road
 - Hermiston North First Place Project
 - OR 30 / Hughes Lane intersection
 - Eastern Oregon Trade and Event Center Access Road Project
 - Pedestrian safety and road improvements in City of Heppner
 - Pedestrian safety and road improvements in City of Milton-Freewater
 - Columbia Development Authority - Umatilla Army Depot Access
 - Pedestrian safety and road improvements in City of Burns
 - Pedestrian safety and road improvements in City of Irrigon
 - US 20 Freight Mobility Enhancements
 - Cedar St. / Hughes Lane intersection enhancements in Baker County
- The Commission may reallocate money to projects within the region in which a project is located when the project is completed for less than the amount allocated. When all the projects within a region are completed, the Commission may reallocate any remaining balance to projects in the remaining regions.
- Jurisdictions participating in transfers of jurisdiction may receive the amount allocated only after agreeing to the transfer (see section 134).

Section 71e. Deleted.

Section 71f. Multimodal Projects

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- Directs the department to fund the following projects from the Connect Oregon Fund:
 - Mid-Willamette Valley Transmodal Facility, \$25,000,000
 - Treasure Valley Transmodal Facility, \$26,000,000
 - Port of Morrow - Rail Expansion in East Beach Industrial Park, \$6,550,000
 - Brooks Rail Siding Extension - \$2,600,000
- Requires each potential recipient of a designated multimodal project to prepare a plan detailing expenditure of the moneys no later than January 1, 2020. If no plan is submitted, the legislative priority expires.

Section 71g. Deleted.

Section 71h through 71k. Highway User Tax Bond Authorization and Debt Service

- Allows the department to pay debt service for bonds issued to complete the projects listed in 71d from the money that it receives.
- Authorizes the issuance of \$480 million in Highway User Tax Revenue Bonds to finance the projects listed in section 71d.
- Protects the interests of individuals who hold debt that was issued prior to this authorization.
- Makes these bond provisions operative on January 1, 2020.

Section 71L. Revenue Reporting

- Requires ODOT to make a quarterly report on revenues from taxes and fees authorized in this Act and other transportation revenues to the committees related to revenue or to the Legislative Revenue Officer, if the legislature is not session.

(Small cities and counties)

Section 72. Small City Program

- Increases the Small City Program from \$1 million per year to \$5 million per year:
 - \$2.5 million contribution from ODOT.
 - \$2.5 million contribution from cities.
- Requires the ODOT Director, in consultation with the League of Oregon Cities, to appoint a small city advisory committee to review and recommend applications from small cities for funding. The advisory committee will consist of a representative from a small city located in each of ODOT's five regions.

Section 73. Small County Program

- Increases the Small County Program from \$750,000 to \$5,750,000:
 - \$250,000 contribution from ODOT
 - \$5,500,000 contribution from counties.
- Grandfathers the allocation made in 2016 to six counties from the former \$750,000 "county road base funding" program.
- Allocates \$5,000,000 to counties with fewer than 200,000 vehicles to each county in proportion to the ratio of county road miles to vehicles in the county.
- Rescinds the language that set out the formula for determining "county road base funding."

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Section 74. Free Bridge Design Program

- Conforming amendment to the statute that qualifies counties for free bridge design. It recognizes the change in the basis for determining the allocation of money to counties qualifying for the Small County Program.

Section 74a. Small City and Small County Program Changes Operative Date

- The changes to the small county and small city programs become operative on January 1, 2018.

Research on Payments from Classes of Light Vehicles

Section 75 and 76.

- Requires the Oregon Transportation Commission to determine:
 - The proportionate share that users of cars, pickup, vans and SUVs powered by different means (gasoline, diesel, propane, compressed natural gas, electricity, etc.) pay to maintain, operate and improve Oregon highways.
 - Whether users of such vehicles are paying a proportionate share.
- Allows the OTC to include recommendations for legislation, if it finds that some users are not paying a proportionate share.
- The Commission must report study results to the Joint Transportation Committee no later than September 2023.
- Sunsets the study requirement on January 2, 2024.

Section 77. Deleted.

**Multimodal Transportation
(Connect Oregon)**

Section 78. *ConnectOregon* Fund Amendments

- Adds definitions for the terms “Public body” and “Project of statewide significance” as used in the *ConnectOregon* program.
- Expands the funding sources for the *ConnectOregon* Fund to include the privilege tax and bicycle excise tax revenue.
- Removes public transit from eligibility for the *ConnectOregon* grants.

Section 79. Match Requirements

- Changes the required match for *ConnectOregon* grants to:
 - 50% from private entities that are Class I railroads.
 - 30% from public bodies and private entities, except for Class I railroads.

Section 80. *ConnectOregon* Part 1 and Part 2

- Part 1, traditional *ConnectOregon*:
 - Adds input from area commissions on transportation
 - Retains air, bicycle/pedestrian, marine and rail projects as eligible.
 - Retains modal review process.
 - Retains considerations for project selection.

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- Adds consideration of whether a project is located near an aggregate mining or processing site for project selection.
- Part 2, projects of statewide significance:
 - Makes air, marine and rail “projects of statewide significance” eligible
 - Creates new considerations for selection of aviation projects.
 - Creates new considerations for selection of marine, Class I rail, and Class II or Class III rail “Enhance” projects.
 - Creates new considerations for selection of marine, Class I rail, and Class II or Class III rail “maintenance” projects.
- Limits eligibility of bicycle and pedestrian to those projects that expand and improve commuter routes, including trails, footpaths and multiuse trails.
- Removes the public transit modal review process because public transit projects are no longer eligible for *ConnectOregon* grants.
- Creates criteria for Part 2 projects that are marine enhancement transportation projects:
 - Is located in a deep water port.
 - Is located where freight is transferred between water and another transportation mode.
 - Improves efficiency of port operations or transportation system efficiency.
 - Improves accessibility, connections, safety or mobility between port and other modes of transportation.
 - Has a significant economic benefit.
 - Leverages private funding.
- Creates criteria for Part 2 projects that are marine maintenance transportation projects:
 - Maintains or improves channel depth or width.
 - Preserves high-use or high-volume dock or pier infrastructure.
 - Maintains connections to a port facility.
 - Preserves critical equipment necessary to maintain port functionality.
- Creates criteria for Part 2 projects that are Class II or Class III railroad enhancement transportation projects:
 - Allows a Class II or Class III railroad to transportation a substantial volume or value of freight in relation to other Class III railroads.
 - Connects a Class II or Class III railroad to a deep water port.
 - Improves efficiency of the line.
 - Improves capacity of the line.
 - Connects to new or expanding business requiring rail service.
 - Improves connectivity with Class II or Class III railroads.
- Creates criteria for Part 2 projects that are Class II or III railroad maintenance transportation projects:
 - Maintains or increases functionality of the railroad.
 - Maintains or improves a critical bridge, tunnel or other structure needed for rail service.
 - Provides jobs to economically disadvantaged areas.
 - Helps protect rail infrastructure from seismic vulnerability.

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- Improves a railroad that serves industries important to Oregon.
- Increases the volume or value of freight.
- Improves connections to highways or intermodal terminals.
- Creates criteria for Part 2 projects that are Class I railroad enhancement transportation projects:
 - Eliminates or improves an identified rail congestion point.
 - Improves the capacity or efficiency of the rail system.
 - Has a strong benefit to Oregon’s economy.
 - Improves operations and efficiency of shared rail passenger service providers.
 - Improves accessibility to ports or other intermodal terminal.
 - Improves the safety or reliability of the rail system.
- Creates criteria for Part 2 projects that are Class I railroad maintenance transportation projects:
 - Connects to Class II or Class III railroads, ports, intermodal terminals or highways.
 - Improves seismically vulnerable portions of the railroad or bridges.
- Creates criteria for Part 2 projects that are aviation transportation projects:
 - Be located at a category I, II, III or IV airport.
 - Facilitate rescue or recovery efforts following a seismic event.
 - Serves joint military and civilian operations.
 - Facilitates expanded commercial services, excluding purchase or operation of aircraft.

Section 80a.

- Conforming amendment, recognizing a change in the numbering for the aviation criteria within *ConnectOregon* criteria.

Section 81.

- Conforming amendment, recognizing that 1% of the money available for *ConnectOregon* is allocated to ODOT for administrative expense in section 83.

Section 82.

- Direction to Legislative Counsel concerning the compilation of the next edition of ORS, putting the next four sections of the bill into the sections of ORS concerning the *ConnectOregon* program, ORS 367.080 to 367.086.

Section 83. Distribution of *ConnectOregon* funding.

- If more than \$75 million available for *ConnectOregon*, the amount available will be used as follows:
 - 47% to *ConnectOregon* Part One for:
 - Air
 - Marine
 - Rail
 - 7% to *ConnectOregon* Part One for bike / ped.
 - 1% to ODOT to pay *ConnectOregon* administrative cost.
 - 45% to *ConnectOregon* Part Two for:

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- Air
- Marine
- Rail
- In the event that there is not at least \$75 million available for *ConnectOregon* Program, *ConnectOregon* Part Two would not apply. The amount available for *ConnectOregon* will be used as follows:
 - 92% to *ConnectOregon* Part One for:
 - Air
 - Marine
 - Rail
 - 7% to *ConnectOregon* Part One for bike / ped.
 - 1% to ODOT to pay *ConnectOregon* administrative cost.

Section 84.

- Allows ODOT to request reimbursement from the State Parks and Recreation Department for bicycle and pedestrian projects that comply with Constitutional provisions that apply to State Park’s money for trails and paths.

Section 85.

- Requires OTC to streamline *ConnectOregon* application review process.
- Requires OTC to report to the Joint Committee on Transportation on implementation of the streamlined application review process by September 15, 2017.

(Dredging)

Sections 86 to 88. Transfer to Marine Navigation Improvement Fund

- Statute requires Department of Administrative Services, Oregon State Marine Board and ODOT to determine how much gasoline is used by power boats and to transfer the amount of revenue attributable to the tax collected, net of refunds and collections cost, to Oregon State Marine Board. The statute is amended to:
 - Transfer an amount equivalent to 2¢ of gasoline tax to Business Oregon’s Marine Navigation Improvement Fund to operate the State of Oregon’s portable dredge.
- Changes to the Marine Navigation Improvement Fund allowing the Fund to accept and spend money for the operation of the State’s dredge.

**Revenue for Traffic Congestion, Freight Mobility and
Multimodal Transportation Projects**

Section 89. Definitions for sections 89 to 106

- Defines a “taxable bicycle” as a new bicycle with a wheel diameter of at least 26 inches and a retail sales price of \$200 or more.
- Defines a “taxable motor vehicle” as a new vehicle with a gross vehicle weight rating of 26,000 or less that is:
 - An automobile, van, minivan, sports utility vehicle, cargo van, recreational vehicle,

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motorcycle, all-terrain vehicle, trailer, pickup truck or truck other than an all-terrain vehicle (ATV).

- A bus trailer;
- A commercial bus, motor vehicle, or vehicle;
- An electric assisted bicycle;
- A fixed load vehicle;
- A moped or motor-assisted scooter;
- A camper;
- A motor home;
- A tank vehicle;
- A motor truck, a truck tractor or a truck trailer; or,
- A worker transport bus

Section 90. Privilege Tax on Retail Motor Vehicle Sale

- Imposes a tax on the privilege of engaging in the business of selling taxable motor vehicles at retail.
- Computes the privilege tax by multiplying retail sales price of a new taxable motor vehicle by 0.50%.
- Allows a vehicle dealer to collect the amount of the privilege tax from the purchaser of the motor vehicle.

Section 90a. Collection by Vehicle Dealers

- Allows vehicle dealers to collect and process the privilege tax at the same time/manner dealers collect other document processing fees.
- Clarifies that the privilege fee is in addition to and not in lieu of any document processing fee.

Section 91. Use Tax on Motor Vehicles

- Imposes a use tax computed by multiplying retail sales price of a new taxable motor vehicle by 0.50% for vehicles purchased outside of Oregon.
- Allows the use tax to be reduced to zero by the amount of tax paid where the vehicle was purchased.

Section 92. Excise Tax on Bicycles

- Imposes a \$15 excise tax on a taxable bicycle (26 inch or greater wheel diameter with a retail price of \$200 or more).

Section 93. Use Tax Collection

- Collection of use tax.

Section 94. Exemptions from Privilege Tax

- Exempts the sale of taxable motor vehicles from the privilege tax when the vehicle is sold to:
 - A purchaser who is not an Oregon resident, or,
 - A business if the use of the vehicle will primarily take place outside of Oregon.
- Allows vehicle dealers to obtain a resale certificate to avoid pyramiding of the excise tax on vehicles purchased for resale.

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Section 95.

- Refunds for excess payments of privilege tax.

Section 96.

- Directs the Department of Revenue to deposit of proceeds of the privilege tax, net of administrative and enforcement expenses, until December 31, 2023, as follows:
 - \$12 million to the Zero-Emission Incentive Fund to provide rebates for the purchase of light-duty zero-emission or plug-in hybrid electric vehicles.
 - The balance to the Connect Oregon Fund.
- Directs the Department of Revenue to deposit of proceeds of the use tax on taxable motor vehicles, net of administrative and enforcement expense, will be deposited in the State Highway Fund.

Sections 96a and 96b.

- Directs the Department of Revenue to deposit of proceeds of the privilege tax, net of administrative and enforcement expenses in the Connect Oregon Fund, on or after January 1, 2024.

Section 97.

- Directs the Department of Revenue to deposit of proceeds of the excise tax on bicycles, net of administrative and enforcement expenses, in the Connect Oregon Fund for the purposes of grants for bicycle and pedestrian transportation projects.

Administrative Provisions for Privilege and Use Tax and Excise Tax

Section 98. Collection Point

- Defines the collection point for the privilege tax and the use tax on motor vehicles and excise tax on bicycles as the point of sale.
- Requires sellers of taxable vehicles to file returns with the Department of Revenue.

Section 99.

- Requires a seller of taxable vehicles to hold the funds in trust until required to provide payment to the Department of Revenue.
- Outlines the method of issuing a notice of liability and appeals process.

Section 100.

- Requires purchasers of taxable vehicles to remit use (motor vehicles) and excise taxes (bicycles) by 20th of the month following the month the tax was due.

Section 101.

- Requires a seller of taxable vehicles to retain records related to retail sales for five years from the sale of vehicles.

Section 102.

- Allows the Department of Revenue to issue subpoenas in civil actions and outlines responsibility of individual to respond to subpoena.

Section 103. Disclosure of Tax Information

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- Allows the Department of Revenue to disclose information to the Department of Transportation and vice-versa for purposes of administering the motor vehicle use tax.
- Identifies circumstances in which an individual may appeal the disclosure.

Section 104.

- Outlines applicability of other provisions of tax law to the privilege tax, use tax and excise tax provisions of sections 89 to 111.

Section 105.

- Requires Department of Revenue to collect the privilege, use and excise tax.
- Allows the Department of Revenue to adopt or establish rules and procedures necessary for the implementation, administration and enforcement of the provision of this 2017 Act.
- Directs ODOT to enter an agreement with the Department of Revenue for the purposes of implementation, administration and enforcement of Section 112 of this 2017 Act.

Section 106. Administration of Vehicle Use Tax

- Directs the Department of Revenue to enter into an agreement with ODOT for assistance in the administration of the vehicle use tax.

Section 107.

- Applies the privilege, use and excise tax provisions (sections 89 to 106) to transactions that occur on or after January 1, 2018.

Section 108.

- Directs Legislative Counsel to place the next section in the Oregon Vehicle Code (ORS chapters 801 and following).

Section 109. Proof of Payment of Taxes When Registering and Titling Vehicles

- Requires that a purchaser of a taxable motor vehicle who purchased the vehicle from a seller that is not subject to the privilege tax to provide proof to ODOT / DMV before registering or titling the vehicle:
 - That the use tax has been paid; or,
 - That the use tax is not required.
- Authorizes ODOT to adopt rules to administer this provision.

Section 110.

- The preceding provision becomes operative on January 1, 2018.

Section 111. Tax Moratorium

- Prohibits a local government from imposing certain taxes listed below unless the tax is authorized by statute or in effect prior to the effective date of this Act (see section 176). Local government may not impose:
 - A privilege tax on the business of selling taxable motor vehicles at retail unless the tax is in effect prior to the effective date of this Act (see section 176).
 - Any other privilege, excise, sale or use tax on taxable motor vehicles that is in effect prior to the effective date of this Act (see section 176).

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- The moratorium on local option taxes on motor vehicle taxes is lifted three years after the effective date of this Act (see section 176).

Section 111a. Report on Enforcement of Vehicle Dealer Regulations

- Directs ODOT to submit a report to the Joint Committee on Transportation on its enforcement of the law requiring certification of vehicle dealers.
- ODOT must submit reports twice, before September 15, 2019 and before September 15, 2021.

Section 112. Expedited Review by the Oregon Supreme Court

- States Legislative intent: The revenue raised by the privilege tax is not subject to the provisions of Article IX, section 3a of the Oregon Constitution.
- Establishes the Oregon Supreme Court as the court of original jurisdiction over the question of whether the Legislative intent is valid.
- Allows any person affected or aggrieved by the Legislative intent to petition the Supreme Court for expedited review if:
 - The petition for review is filed within 30 days of the effective date of this Act.
 - The petition shows grounds for review.
- Requests the Supreme Court to give priority for review.
- Filing of petition stays the crediting of the balance of funds received, but not the collection of the tax.
- Limits subject of review to:
 - Provisions imposing the privilege tax.
 - Legislative history and supporting documents related to Article IX Section 3a,
- Allows the Supreme Court to appoint a special master to hear evidence and to prepare recommended finds of fact in this matter.
- Rescinds the privilege tax, if the Supreme Court determines that the privilege tax is a tax on the ownership, operation or use of a motor and, therefore, that the use of privilege tax revenue would be governed by Article IX, section 3a.

Sections 113 and 114. Deleted.

Section 115.

- Conforming amendment in the tax code concerning penalties for not filing required tax returns.

Section 116.

- Conforming amendment to the State Highway Fund statute, recognizing receipt of use tax revenue.

Section 117.

- Exempting the privilege and use tax from provisions that exempt vehicles that are titled and registered vehicles from ad valorem taxes.

Sections 118,118a and 118b. Road Usage Charge Rate

- Adjusts the road usage charge, the per-mile fee that is paid by participants in the OReGO program so that it remains in sync with the fuel tax. The road usage charge is

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currently 1.5¢ per mile.

- 1.70¢ per mile, beginning January 1, 2018.
- 1.80¢ per mile, beginning January 1, 2020.
- 1.90¢ per mile, beginning January 1, 2022.
- 2.10¢ per mile, beginning January 1, 2024.

Section 118c. Electric Vehicles In OReGO

- Allows an electric vehicle owner to participate in OReGO without regard to the 5,000 participant limit to the OReGO pilot program.

**Traffic Congestion Relief and Freight Mobility
Congestion Relief Districts**

Section 119. Feasibility Study within Highway Cost Allocation Study

- Directs the Office of Economic Analysis (OEA) to study the feasibility of performing a highway cost allocation study within the boundaries of a county, Metro and TriMet.
- OEA must report to the Joint Committee on Transportation on the results of the study no later than September 15, 2018.

Traffic Congestion and Freight Mobility

Section 120.

- Directs OTC to establish traffic congestion relief program.
- Directs OTC to seek federal approval, if federal approval is needed, to implement value pricing no later than December 31, 2018.
- Directs OTC, after it has obtained federal approval, to implement value pricing on:
 - I-205 beginning at the Washington state line to where it intersects with I-5.
 - I-5 beginning at the Washington state line to the intersection of I-205.
- Allows OTC to use value pricing at other locations.
- Allows the proceeds of value pricing to be deposited in the Congestion Relief Fund for the traffic congestion relief program, subject to any restrictions in federal law.
- Allows OTC to enter into agreements with State of Washington for back office infrastructure for collecting tolls.
- Requires OTC to report to the Joint Committee on Transportation prior to imposing value pricing.

Section 120a. Congestion Relief Fund

- Creates the Congestion Relief Fund
- Sets out purpose of the Congestion Relief Fund a implementation and administering the congestion relief program established by the OTC (see section 120).

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(Task Force on Mega Transportation projects)

Section 121

- Establishes the Task Force on Mega Transportation projects. Defines mega transportation packages as:
 - Projects in excess of \$360 million
 - Attract high level of attention
 - Has substantial direct and indirect impacts on the community or environment
 - Require a high level of attention to manage successfully
- Outlines the membership and duties of the task force.
- Directs LPRO to provide staff support.

Section 122

- Sunsets task force on December 31, 2018.

Public Transportation and Public Safety

Section 122a

- Imposes an employee-paid payroll tax of one-tenth-of-one-percent on wages earned in Oregon.
- Directs employers to withhold the tax and deduct it from wages.
- Directs employers to report and pay withholding to the Oregon Department of Revenue.
- Directs employers to file an annual report of the tax paid by employees with Oregon Department of Revenue.
- Penalizes employers for failure to withhold the tax from wages.

Sections 122b to Section 122h.

- Conforming amendments to statutes relating to tax withholding.

Section 122i.

- Applies statutory provisions concerning audit of tax returns, refunds, assessments, etc. to the new employee-paid tax imposed under section 122a.

Section 122j

- Directs Department of Revenue to deposit revenue collected in a suspense account.
- Directs Department of Revenue to transfer the proceeds, net of administrative and enforcement expense, to the Statewide Transportation Improvement Fund.

Section 122k.

- Applies the new tax program to tax periods on or after July 1, 2018.

Section 122L.

- Creates the Statewide Transportation Improvement Fund for the purpose of improving public transportation service, except that moneys from the fund may not be used for light rail.

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Section 122m.

- Definitions that apply to the public transportation improvement program described in sections 122o thru 122r.

Section 122n.

- Prescribes the formula to be used by the OTC for distribution of money from the Statewide Transportation Improvement Fund:
 - 90% to mass transit and transportation districts, counties where no district exists, and federally recognized tribal governments, provided no entity receives less than \$100,000.
 - 5% to transportation districts, counties where no district exists, and federally recognized tribal governments for competitive grants.
 - 4% for intercity public transportation service providers to improve service between communities.
 - 1% for a public transportation technical resource center to assist providers in rural areas.
- Distributes the 90% to qualified entities (districts, counties and tribal governments) in proportion to the amount of tax paid in each entity's area, provided that no entity is eligible for less than \$100,000. Also, no public transportation provider that receives money under the program shall receive less than a similar proportionate amount.
- Allows the OTC to supplement grants for intercity service from the amount set aside for competitive grants.
- Allows the OTC to adopt rules for competitive grants, for intercity service and as needed to implement the public transportation improvement program.
- Specifies the minimum content of an improvement plan. An improvement plan must identify the percentage allocated to each improvement project to:
 - Increase the frequency of bus service in communities with a high percentage of low-income households.
 - Procure buses powered by natural gas or electricity in areas with a population of 200,000 or more (TriMet, Salem-Keizer, and Eugene-Springfield).
 - Implement reduced fare programs in communities with a high percentage of low income households
 - Expand bus routes and service in communities with a high percentage of low income households
 - Improve frequency and reliability of connections between communities both within and outside of the provider's service area.
 - Coordinate between service providers to reduce the fragmentation of service.
- A qualified entity must show how it allocated money in the preceding year, if it received money in the preceding year.
- ODOT must make applications for funding available to the public.

Section 122o.

- Requires the governing body of a mass transit, transportation district or county to appoint an advisory committee to assist the governing body in disbursing the money that it receives from the Statewide Transportation Improvement Fund.

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- Describes the duties of the advisory committee.

Section 122p.

- Requires every recipient of money from the Statewide Transportation Improvement Fund to report within 30 days of the end of each fiscal year:
 - Actions taken to mitigate impact on low-income communities.
 - The adopted budget for the upcoming fiscal year.
 - Results of any audit including the Comprehensive Annual Financial Report, tri-annual review by the Federal Transit Administration, and any federal audit.

Section 122q.

- Requires OTC to report on the implementation and outcomes to the Joint Committee on Transportation no later than February 1, 2020.

Section 122r.

- Makes the Statewide Transportation Improvement Program (section 122m to 122q) operative on January 1, 2019.
- Allows the Commission and the department to take actions necessary to implement the program prior to the operative date.

(Safe Routes to Schools)

Section 123.

- OTC may provide matching grants for Safe Routes to Schools subject to the following:
 - Projects must fit within plan developed under ORS 195.115 (Reducing barriers to pedestrians and bikes).
 - Cash match of 40%.
 - Provide other information required by the Commission.
- Provides for reduced match of 20% if:
 - School is located within city with population less than 5,000,
 - Project reduces hazards within a safety corridor, or
 - The school qualifies as a Title I school.
- OTC will prioritize grants for projects located within 1 mile of pre-K, K, grades 1–8, or any combination of K–12 schools.
- Match-grants must be used to reduce barriers and hazards for children walking or bicycling to school including, but not limited to, projects that:
 - Improve sidewalks,
 - Reduce vehicle speeds,
 - Improve pedestrian and bicycle crossings, or
 - Create or improve bicycle lanes.

Section 124.

- Adds references to Section 123 to ORS 184.740 (Safe Routes to Schools).

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Roadside Rest Areas
<p>Section 125.</p> <ul style="list-style-type: none">• Transfers \$3.33 million to the Oregon Travel Information Council (OTIC) for management of the rest areas currently in its portfolio for management from January 1, 2018 to June 30, 2018.
<p>Sections 126 and 128. Rest Areas Transferred in FY 2019-20</p> <ul style="list-style-type: none">• Transfers rest areas from ODOT and State Parks and Recreation to the OTIC. The rest areas are Suncrest (I-5 near milepost 22), Deadman Pass (I-84 near milepost 229), The Maples (OR 22 near milepost 35), Sunset (US 26 near milepost 29), Cow Canyon (US 97 near milepost 69), Beaver Marsh (US 97 near milepost 207), and Midland (US 97 near milepost 282).• Requires ODOT to transfers \$8.005 million to OTIC for FY 2019 (an increase from \$6.55 million per year) to reflect management responsibility for these rest areas and the others under OTIC's management.
<p>Sections 127 and 128. Rest Areas Transferred in FY 2020-21</p> <ul style="list-style-type: none">• Transfers rest areas from ODOT and State Parks and Recreation to the OTIC. The rest areas transferred are Van Duzer Corridor State Park (OR 18 near milepost 10), Ellmaker Wayside State Park (US 20 near milepost 32), and Peter Skene Ogden State Park (US 97 near milepost 113).• Requires ODOT to transfers \$9.16 million to OTIC for each fiscal year beginning with FY 2020 to reflect management responsibility for these and other rest areas under OTIC management.
<p>Section 129.</p> <ul style="list-style-type: none">• Requires OTIC to develop a transition plan for the additional rest areas in consultation with ODOT and State Parks and Recreation.• Requires OTIC to present its transition plan to the Joint Committee on Transportation no later than September 15, 2018.
<p>Section 130.</p> <ul style="list-style-type: none">• At least 6 months before each rest area transfer takes place:<ul style="list-style-type: none">○ The ODOT or State Parks and Recreation must provide site maps, interagency agreements and intergovernmental agreements, and contracts associated with each rest area due to be transferred.○ OTIC must conduct a full site inspection of each rest area.
<p>Section 131.</p> <ul style="list-style-type: none">• Requires ODOT to transfer about \$19.4 million to OTIC so that OTIC can make capital improvements to rest areas under its management.• Sets out an eight schedule for the transfers.

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Former City of Damascus

Section 132.

- Corrects an error in the transitional legislation for the former city of Damascus. The 2015 statute required the former city's apportionment of State Highway Fund money to be deposited in Clackamas County's general fund. The correction specifies the State Highway Fund money must be used for uses permitted by Article IX, section 3a for the Oregon Constitution.

Overcrossing Fences

Section 133. Overcrossings. Amends ORS 366.462

- Allows ODOT to conduct a risk assessment before installing fences on overpasses. Legislation adopted in 1993 requires ODOT to install fences on overpasses to prevent vandals from throwing rock and other objects onto traffic.

Jurisdiction Transfer

Sections 134 and 135.

- The following jurisdiction transfers must be made after ODOT reaches agreement with the respective cities:
 - Two segments of OR 99 (State Highway No. 91) in Eugene to the City of Eugene, excepting that the department will retain ownership of two bridges.
 - Pioneer Parkway (State Highway No. 228) to the City of Springfield.
- ODOT must use money allocated for SE Powell from its intersection with I-205 (approx. SE 174th) to its intersection with the city limits of Portland to make improvements prior to transferring segments of SE Powell to the City of Portland. The department may upgrade and transfer SE Powell in phases.
- The following jurisdiction transfers must be made after ODOT reaches agreement with the respective counties:
 - The portion of Territorial Highway (State Highway No. 200) within Lane County must be transferred to Lane County, excepting that the department will retain ownership of certain bridges until the bridges are replaced. The transfer may take place in phases.
 - A portion of the Springfield-Creswell Highway (State Highway No. 222) must be transferred to Lane County, excepting that the department will retain ownership of certain bridges until the bridges are replaced.
 - The Delta Highway, a Lane County road, from the intersection with I-105 to the intersection with Beltline must be transferred to ODOT.
 - The Cornelius Pass Road, a Multnomah County and Washington County road, must be transferred to ODOT from the intersection with US 30 to the intersection with US 26.

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Sections 136 to 138. Statewide Winter Maintenance Strategy

- Requires the OTC to develop a statewide winter maintenance strategy that includes the use of salt, taking into consideration best environmental practices.
- Requires the OTC to report on its winter maintenance strategy no later than September 15, 2019 to the Joint Transportation Committee.
- Sunsets the reporting requirement on January 2, 2020.

Section 139. Operative Dates for Tax and Fee Increases

- Makes sections increasing fuel taxes, registration fees, title fees, etc. operative on January 1, 2018, 2020, 2022 and 2024.

Repeals

Section 140.

- Repeals ORS 184.613 (OTC meetings), 184.618 (Duties of the Commission), 367.017 (Urban Trail Fund), 184.889 (Statewide Transportation Strategy development), and section 17, chapter 63, Oregon Laws 2012 (Authority of OTC to change allocations to OTIC).

Section 141.

- Abolishes Urban Trail Fund and transfers remaining balance to Connect Oregon Fund.

Sections 142 and 143. Conflict Amendment with Enrolled HB 2149 (Chapter 62, OL 2017)

- Resolves conflicts between HB 2017, as amended, and Enrolled HB 2149, that sets the registration fee rate for prisoner off war registration plates, if both become law. HB 2149 has already become law.

Sections 144 to 146. Conflict Amendment with HB 2290 A-Engrossed

- Repeals sections of HB 2290A to resolve conflicts in motor vehicle fee rates if both HB 2017, as amended, and HB 2290A are adopted. HB 2290A related to fee collected by ODOT DMV. HB 2290A is currently in Ways and Means.

Severability

Section 147.

- States legislative intent that all parts of this Act are independent. If any part is determined to be unconstitutional by the Oregon Supreme Court or is referred to voters and not approved, remaining parts of the Act shall remain in effect.

Zero-Emission And Electric Vehicle Rebates

Section 148. Definitions for the Rebate Program

- “Light-duty zero emission vehicle” means a vehicle that:
 - Has a GVWR of 8,500 pounds or less.
 - Can go at least 55 MPH
 - Is primarily powered by a battery and may have flywheel or capacitor energy

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storage.

- Is primarily powered by fuel-cell technology or
- Has energy storage capacity to travel 75 miles or more and a zero-emission alternative power unit.
- “Plug-in hybrid electric vehicle” is a hybrid electric vehicle that:
 - Has a 10 mile range on electricity alone.
 - Has a super ultra-low emission of power source as defined by the Environmental Quality Commission.

Section 149. Rebates for New Vehicles

- Directs the Department of Environmental Quality (DEQ) to set up a program to provide rebates to purchasers of new light-duty zero emission or plug-in hybrid electric vehicles (qualifying vehicles).
- Allows DEQ to hire a contractor to manage the program.
- Sets limits for the rebates provided for purchase of qualifying vehicles:
 - \$2,500 - \$1,500 - vehicles with 10 kilowatt hours or more storage capacity.
 - \$1,500 - \$750 – vehicles with less than 10 kilowatt hours of storage capacity.
- Sets eligibility criteria for purchases and 24 or more month leases.
- Requires at least a 24 month holding period or notice to DEQ / its manager and claw-back of rebate if the qualifying vehicle will be sold sooner.
- Allows a vehicle dealer to advertise the availability of rebates on its premises.
- Allows the Environmental Quality Commission to adopt rules for administration of the rebate program.

Charge Ahead Oregon Program

Section 150. Rebates for New or Used (Low / Moderate Income)

- Directs DEQ to establish the program to offer rebates to low-income and moderate-income households that scrap high-emission (20 year or older, internal combustion powered) vehicles and replace them with new or used light-duty zero-emission vehicles.
- Allows DEQ to design the program, including designating geographic areas and limiting the number of rebates available.
- Allows Charge Ahead rebates to range from \$1,250 to \$2,500.
- Sets eligibility criteria for purchasers, purchases and 24 or more month leases.
- Requires at least a 24 month holding period or notice to DEQ / its manager and claw-back of rebate if the qualifying vehicle will be sold sooner.
- Allows DEQ to hire a contractor to manage the program.
- Allows the Environmental Quality Commission to adopt rules for administration of the rebate program.

Section 151. Performance Audits

- Directs DEQ to periodically audit both the Zero-Emission and Electric Vehicle Rebate and the Charge Ahead Oregon programs.
- Requires DEQ to report to the legislature annually by October 30 of each year with:

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- Description how money from the Zero-Emission Incentive Fund have been used.
- An analysis of the programs’ effectiveness.
- Recommendations for legislation to improve the programs.
- Reports of the audit results.

Section 152. Zero-Emission Incentive Fund

- Creates the Fund.
- Links the fund to revenue from the privilege tax (see section 96).
- Allows DEQ and its contractors to use money from the fund for zero-emission and charge ahead program purposes.

Sections 153, 154 and 155. Zero-Emission Neighborhood Electric Vehicles and Motorcycles

- Expands the Zero-Emission Vehicle Rebate Program to allow neighborhood electric vehicles and zero-emission motorcycles on January 1, 2019.
- Sets limits for the rebates:
 - \$750 - \$375 – neighborhood electric vehicles.
 - \$750 - \$375 – zero-emission motorcycles.

Sections 156 and 157. Operative and Sunset Dates

- The Zero-Emission Vehicle Rebate and Charge Ahead Oregon provisions become operative on the effective date of this 2017 Act (see section 176).
- The Zero-Emission Vehicle Rebate and Charge Ahead Oregon provisions sunset on January 2, 2024.

Low Carbon Fuel Standards

Section 158.

- Adds sections 159 to 167 to ORS Chapter 468A, Air Quality.
 -

Section 159.

- Defines terms for the low carbon fuel standards (LCFS) provisions.
 - “Biodiesel” means a motor vehicle fuel derived from nonpetroleum resources, except palm oil.
 - “Credit” means a unit of measure generated when a fuel with a carbon intensity that is less than the LCFS is available for use in Oregon. One credit is equal to one metric ton of carbon dioxide equivalent.
 - “Deficit” means a unit of measure generated when a fuel with a carbon intensity that is more than the applicable LCFS is available for use in Oregon. One deficit is equal to one metric ton of carbon dioxide equivalent.
 - “Regulated party” means a person responsible for complying with the LCFS.

Section 160. LCFS – Amends ORS 468A.275

- Directs the Environmental Quality Commission (EQC) to adopt by rule a clean fuels program (see section 162) to facilitate compliance with the LCFS and manage and contain the cost of compliance with LCFS.

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- Removes statutory provisions that are duplicative of the direction to adopt a clean fuels program.

Section 161.

- Requires EQC to adopt rules that prohibit B100 from being considered as a low-carbon fuel unless it meets national standards (ASTM D 6751) when tested using the European standard testing procedure (EN 15751).
- Allow EQC to adopt new rules if the referenced standards are changed.

Section 162. Clean Fuels Program

- Sets out minimum design requirements for the EQC's rule establishing the clean fuels program:
 - Regulated parties generate deficits and may reconcile the deficits to comply with the low carbon fuel standards for a compliance period by obtaining and retiring credits.
 - Regulated parties and credit generators may generate credits for fuels used as substitutes or alternatives for gasoline or diesel.
 - Regulated parties, credit generators and credit aggregators may have opportunities to trade credits.
 - Regulated parties may carry a small deficit over to the next compliance period without penalty.
- Directs DEQ to:
 - Monitor the availability of fuels needed to comply with the low carbon fuel standards throughout the compliance period.
 - Monitor the price of credits on a monthly basis and make the information available on its web site.
 - Calculate the average cost or cost-savings per gallon of gasoline and diesel and the total greenhouse gas emissions reductions attributable to the LCFS annually.
 - Post the formula for the calculations and the results on its web site.
 - Provide information to the Oregon Department of Agriculture so that it can provide the formula and results to each gas station so that gas station owners or operators can make the information available to the public.

Section 163. Office of Economic Analysis Role

- Directs the Office of Economic Analysis (OEA) at the Department of Administrative Services to coordinate with DEQ to develop a fuel supply forecast to project fuel supplies that comply with LCFS. OEA will also forecast the supply of credits. Specifies minimum content of the forecast.
- Allows OEA to appoint a forecast review team to consult, among other tasks, on the design of the forecast.
- Requires that the forecast be made available no later than 90 days prior to the beginning of the calendar year.

Section 164. Forecast Deferral

- Requires DEQ to order forecast deferral at least 30 days prior to the beginning of the calendar year if the fuel supply forecast projects that the amount of credits available is

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less than 100 percent of those needed to comply with the LCFS.

- Sets out minimum content of the DEQ order.

Section 165. Emergency Deferral

- Requires DEQ to issue an emergency deferral within 15 days of when it determines that there is a known shortage of fuel or fuel required to meet the LCFS. Sets out standards.
- Sets out steps that DEQ must take if DEQ orders an emergency deferral.

Section 166. Credit Clearance Markets

- EQC's rules concerning the clean fuels program must include credit clearance markets, in addition to the other requirements set out for the rule (see section 162).
- Requires DEQ to hold a credit clearance market when at least one regulated party reports a net deficit during a compliance period. The regulated party must participate in the clearance market.
- Sets \$200 as the maximum price for credits in 2018 and allows the maximum price to be adjusted for inflation using the West Region CPI.
- Prescribes actions by a regulated party that still has a deficit when the credit market closes.

Section 167. Exemptions from the Clean Fuels Program

- The clean fuels program does not apply to fuel used in:
 - Farm vehicles
 - Farm tractors
 - Implements of husbandry
 - Log trucks
 - Vehicles that are used primarily in construction work and transportation goods or people on the highway only incidentally.
 - Boats and other watercraft
 - Railroad locomotives.

Section 168 and 169. Price Volatility Review

- Requires DEQ, after January 1, 2019, to review the price history of clean fuels program credits. If credit prices have been volatile, DEQ must analyze the price history to determine the cause of the volatility and to recommend measures to address it.
- DEQ recommendations to address price volatility may not:
 - Require regulated parties to purchase credits for more than the maximum price.
 - Require regulated parties to sell credits.

Section 170. Program Review

- Requires DEQ to conduct a program review of the clean fuels program no later than February 1, 2022. DEQ must report the program review results to the interim legislative committees related to environment and natural resources.
- Prescribes topics to be covered by the review.
- Requires DEQ to consult with the OEA with regard to the fuel supply forecast.

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Section 171. Public Information on LCFS Effect on Gas Price.

- Amends current law that requires gas station owners and operators to post information about the amount of federal, state and local tax included in the retail price of gasoline.
- Requires station owners and operators to disclose the per-gallon cost of the LCFS to customers. Owners/operators may post the information on the pumps, printing it on receipts, or post it nearby where customers can see it.
- Prescribes the wording of the LCFS notice.

Sections 172 and 173. Operative Dates for LCFS Provisions

- LCFS provisions become operative on January 1, 2018, except for section 168 that becomes operative on January 1, 2019.
- Allows EQC to adopt rules and DEQ to take actions prior to the operative date to implement the clean fuels program.

Section 174. Exemption

- The EQC rulemaking for the clean fuels program is exempt from the criteria that EQC rulemakings in this area must meet.

Miscellaneous

Section 175. Captions

Section 176. Effective Date

- This 2017 Act become effective on the 91st day following adjournment sine die (October 8th assuming a July 10th adjournment).