



133 SW 2nd Avenue, Suite 201 • Portland, OR 97204 • (503) 497-1000 • fax (503) 223-0073 • www.friends.org
Southern Oregon Office • PO Box 2442 • Grants Pass, OR 97528 • (541) 474-1155 • fax (541) 474-9389
Willamette Valley Office • PO Box 51252 • Eugene OR 97405 • (541) 520-3763
Central Oregon Office • 155 NW Irving Ave • Bend OR 97703 • (541) 797-6761

June 5, 2017

Joint Committee on Transportation Preservation and Modernization
State Capitol
900 Court Street NE
Salem, OR 97301

Re: Transportation package: HB 2017-3

Dear Co-Chairs Senator Beyer and Rep. McKeown and Committee Members:

Thank you for the opportunity to share our thoughts with you on the proposed Transportation Package. We wish to express our appreciation for the time and effort the Committee and ODOT staff have put into developing this comprehensive, multi-modal package, beginning with the hearings you held around the state last summer. The Committee worked hard to engage a broad array of Oregonians, which is reflected in the package.

1000 Friends of Oregon is a member of the Transportation for Oregon's Future coalition, as well as a board member of the Oregon Transportation Forum. The organizations within Transportation for Oregon's Future share a joint agenda. However, to avoid redundancy, our testimony will focus on the transit aspects of the proposed package.

This 2017 transportation package is an opportunity - decisions made now will determine how our state grows, whether all Oregonians will be able to access those opportunities, and whether we set up our future generations for success. A transportation system for the future provides options for how workers get to jobs; lets children walk and bike safely to and from school; allows older Oregonians and people with disabilities to get where they need to go; and ensures that freight is efficiently transported by truck, rail, and other modes. Transit is a lifeline to opportunity for those who have the fewest options, including in particular lower income Oregonians and those who do not or cannot drive - our youth and many seniors.

Thank you for including funding statewide transit, at a meaningful level, in this package. The proposed employee payroll tax of 1/10th of 1% will raise \$107 million annually. Transit was one of the top priorities this Committee heard in its tour across the state, no matter the size or location of the community. All Oregonians need convenient and reliable transit service, in both urban areas and rural towns. Currently, Oregon woefully underfunds transit operations compared to other states (about 3% compared to a national average of about 25%). Robust statewide transit funding must remain a core element of this package.

While we support the transit funding in this package, the proposed method - an employee payroll tax - is regressive, especially when considering that a much higher percentage of low income people also take transit and so will also be paying a fare. The Committee's transit subgroup committed to address this by requiring transit providers who receive funding from this source to demonstrate how they will mitigate for the impact on low income individuals and families. This is addressed in Section 122p, on pages 263-65.

However, the bill's method by which transit providers are to meet this is clunky and could fail to actually meet the needs of low income transit riders. This section can be easily modified to correct this.

Section 122p(5), starting on page 263 at line 24, requires each transit provider to submit a public transportation improvement plan (PTIP) to receive the transit funding. However, this PTIP requires the transit provider to report only on how it used funding in the *past* year to mitigate the impact of the payroll tax on low income households. The bill lists 4 specific actions that must be addressed: (p. 264, lines 6-13):

- “(A) Increase the frequency of bus service schedules in communities with a high percentage of low-income households;
- “(B) Procure buses that are powered by natural gas or electricity for use in areas with a population of 200,000 or more;
- “(C) Implement programs to reduce fares for public transportation in communities with a high percentage of low-income households; and
- “(D) Expand bus routes and bus services to reach communities with a high percentage of low-income households.

We support these actions, but this backwards look is inadequate. First, it would let transit providers off the hook for the 1st year of funding. The bill does not require a report until *after* a provider has already received funds in the prior fiscal year. (p. 264, lines 3-5) Second, and moreover, the critical issue is how *will* the transit provider meet this need with the funds for which they are applying? While a year-end report on how the transit provider actually performed is good, it seems that will already be captured in the separate report required by Section 122r. (p. 265, lines 7-9)

This matter can easily be addressed, by adding an affirmative statement that in order to qualify for the funding provided under this bill, in its Public Transit Improvement Plan the transit provider must identify the steps it *will* take, in coordination with community involvement, to mitigate the impact of the tax on low incomes households, including the 4 actions already listed in the bill. (p. 263, lines 6-13)

While this bill, HB 2017-3, does not address reducing fares for youth transit directly, action (C) (p. 264, lines 10-12), requires the transit providers to “[i]mplement programs to reduce fares for public transportation in communities with a high percentage of low-income households.” This could include providing reduced fares for youth transit, as is proposed in HB 2693, legislation which complements this bill well by by mitigating the regressivity that low income families will experience through the employee wage tax.

Sincerely,



Mary Kyle McCurdy
Deputy Director