

The background of the slide features a large, faint, circular seal of the State of Oregon. The seal contains an eagle with wings spread, perched on a shield. Below the eagle is a banner with the text "THE UNION". At the bottom of the seal, the year "1859" is inscribed. The words "STATE OF OREGON" are written around the perimeter of the seal.

Intersection Between Oregon's System of Highway Funding and Potential Carbon Policies

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Why We Care: Article IX Section 3a

Use of revenue from taxes on motor vehicle use and fuel; legislative review of allocation of taxes between vehicle classes.

(1).... revenue from the following shall be used exclusively for the construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads, streets and roadside rest areas in this state:

(a) Any tax levied on, with respect to, or measured by the storage, withdrawal, use, sale, distribution, importation or receipt of motor vehicle fuel or any other product used for the propulsion of motor vehicles; and

(b) Any tax or excise levied on the ownership, operation or use of motor vehicles.

(3) Revenues described in subsection (1) of this section that are generated by taxes or excises imposed by the state shall be generated in a manner that ensures that the share of revenues paid for the use of light vehicles, including cars, and the share of revenues paid for the use of heavy vehicles, including trucks, is fair and proportionate to the costs incurred for the highway system because of each class of vehicle. The Legislative Assembly shall provide for a biennial review and, if necessary, adjustment, of revenue sources to ensure fairness and proportionality.





Highway Cost Allocation in Oregon

- A white paper on the potential implications of a cap & trade policy has been produced as part of Oregon's 21st Highway Cost Allocation Study; the first was in 1937 by famed bridge engineer Conde McCullough
- Since 1999, Oregon's constitution has required a study every two years, and adjustment of rates if found necessary
- The BI2017-19 HCAS study was prepared by ECONorthwest, under the guidance of a Study Review Team comprised of stakeholders and academics.





White Paper Takeaways

Cap & Trade policies have the potential to shift the share of revenue paid by light and heavy vehicles and the cost responsibility of each vehicle class:

- **Who pays?** Light vehicles account for more than 90% of vehicle miles travelled in Oregon, so will bear most of increased fuel revenue despite higher average MPGs.
- **Who benefits?** The implications for cost responsibility depend upon the type of projects any revenues are spent on. Although light vehicles account for most traffic, heavy vehicles do a disproportionate amount of damage to physical roadways. Heavy vehicles will bear more cost responsibility when funds are spent on items like pavement and bridges, rather than items like traffic signals and transit infrastructure.
- **What if highway costs are no longer equitably funded?** The legislature would need to act to restore equity by adjusting current tax instruments (weight-mile taxes, gasoline taxes) and/or adding new tax instruments or credits.





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