Oregon Counties

State Summary of Transportation Funding and Finance

## **Transportation and Financial Authority:**

• Counties are authorized to issue bonds and contract debt to exercise any county authority or function, including general obligation and revenue bonds. The amount of debt contracted for revenue bonds may not exceed one percent of the real market value of property within the county

• Counties are authorized to levy any tax necessary to discharge debt or finance a county public improvement. The commission may collect taxes and distribute them to county service districts as loans in anticipation of revenue, provided the service district reimburses the county later.

• A county may establish a special taxing districts funded by local option taxes for a variety of purposes that mainly consist of the provision of basic public services.

Mandated/Authorized Transportation Services:

• County commissions are charged with laying out, altering, vacating, constructing, and maintaining county roads. The county may levy taxes, receive grants, and make expenditures pursuant to this duty.

• The county commission may create a mass transit district in any metropolitan statistical area to provide convenient public transportation to county residents. The commission may then provide public transportation including buses, subways and other public easements. The commission may also levy a schedule of fees on the county’s residents for the use of public transportation.

## **Funding Sources for County Transportation Projects:**

Counties Receive:

• Each county receives a portion of the revenues from state taxes on motor fuel and state taxes on motor carriers. These revenues are channeled to counties through the State Highway Fund according to the relative numbers of vehicles and trailers in each county. Counties must use the funds for the construction and maintenance of highways, roads, and rest stops.

• The counties’ share of highway fund revenue was 24.38 percent, which was established in 1986, when an agreement was reached to distribute 50 percent of highway fund revenues to the state, 30 percent to counties and 20 percent to cities. The county share of highway fund revenue is distributed to counties based on the number of vehicle registrations in the county divided by the total vehicle registrations in the state.

• Federal Forest revenues are distributed to counties and earmarked for road purposes.

• In 2003, 53 percent of Oregon Transportation and Investment Act (OTIA III) revenue became earmarked for the state portion of the system. Counties receive only 27 percent of the revenues, 50 percent of which was earmarked for bridges. OTIA relied on highway-user funding sources other than the gas tax.

• Currently, two counties—Washington County and Multnomah County—charge a county gas tax.

## **Challenges in Funding and Financing Transportation Projects:**

• Counties have very little discretionary funding for many important road projects because 50 percent of their funds are earmarked for bridge maintenance and construction.

• The gas tax had not increased since 1993, but was raised from 24 cents per gallon to 30 cents per gallon in 2011. For many counties, it is the main source of transportation funding, but is declining because a decline in purchasing power (due to inflation) and increased numbers of fuel efficient and electric vehicles.

• Oregon counties have been hit hard by the loss of funding from federal timberlands grants.

## **Innovative Solutions to Funding and Financing Challenges**

• The Oregon Department of Transportation (ODOT) conducted a study of a vehicle miles traveled (VMT) tax in Portland, Ore. This was a 12-month pilot program that began in April 2006. The program tested the technological and administrative feasibility of implementing a VMT tax to raise additional transportation revenue. The study included 285 vehicles, 299 motorists, and two service stations in the Portland, Ore. area.

• In 2015 ODOT will implement a VMT tax program using 5,000 volunteer drivers. The mileage tax under the program will be 1.5 cents per mile.