

Resolution - Motor Vehicle Fuels Tax to Referral to Voters

Refer a measure to City voters for the May 17, 2016 election authorizing the creation of a program dedicated to street repair and traffic safety through a temporary, ten-cents per gallon tax on motor vehicle fuels in Portland for vehicles not subject to weight-mile tax and create City Code 17.105.

(Resolution)

Whereas, one of the primary responsibilities of the City of Portland is to protect public safety, health, and welfare by ensuring safe and well-maintained streets for its community members, businesses, and visitors; and

Whereas, the City is behind in addressing the maintenance needs of much of its aging infrastructure. Portland's 4,834 lane miles of paved streets show continuing decline, with 49 percent of the city's busiest streets in poor or very poor condition, the most expensive categories to repair; and

Whereas, the Portland Bureau of Transportation (PBOT) estimates that it would cost an additional \$119 million per year for ten years to improve the city's pavement system to a fair or better condition. Deferring these improvements will result in higher costs in the out-years since it is more expensive to rebuild streets after they have failed than it is to perform timely street repair; and

Whereas, the traditional sources the City has relied on for transportation funding – State and County gas taxes – continue to fail to produce the level of revenue needed to adequately address street repair and traffic safety needs; and

Whereas, there is widespread recognition that local governments must develop new or additional mechanisms to supplement existing resources to fund their transportation needs; and

Whereas, Twenty-six local jurisdictions (twenty-four cities, two counties) in Oregon have implemented a local tax on gasoline to address their respective transportation needs. The rationale of a motor vehicle fuels tax is that those using the transportation system have a responsibility to help pay the costs required to maintain the assets and improve the safety of that system; and

Whereas, in July 2014 the Portland Bureau of Transportation began community conversations on a fair and reasonable approach to raising new revenue to fund outstanding street repair and traffic safety needs. PBOT convened a funding advisory committee, a business work group, and a nonprofit and low-income work group. The work groups were comprised of representatives of more than 60 different groups and organizations across Portland; and

Whereas, the three work groups agreed there is considerable need for new funds to address the street repair needs of existing infrastructure and to address known traffic safety needs. A new revenue generating mechanism is needed because PBOT's current budget is insufficient to address the problems; and

Whereas, in September 2015, the City Club of Portland published a report, Portland's Streets: End the funding gridlock. The City Club recommended a motor vehicle fuels tax, specifically stating, "The City should immediately pursue a fee for use. At the moment, the most technically feasible is a city motor vehicle fuels tax. A motor vehicle fuels tax would generate revenue from most users – including those

transporting goods across Portland streets and those who don't reside in Portland – and would discourage congestion and pollution”; and

Whereas, a temporary ten (10) cents per gallon tax on motor vehicle fuels in Portland for vehicles not subject to weight-mile tax is estimated to raise \$64 million over four years; and

Whereas, the tax will be collected no earlier than September 2016, and expire four years after collection begins; and

Whereas, PBOT is exploring different mechanisms for capturing revenue from heavy weight vehicles that currently pay weight-mile taxes; and

Whereas, PBOT will use the revenue from the temporary motor vehicle fuels tax to create a Street Repair and Traffic Safety Program which will be restricted to street repair and traffic safety projects; and

Whereas, PBOT has developed a list (Exhibit D) of transportation maintenance and safety projects that will be undertaken by the Street Repair and Traffic Safety Program. The project list has been identified using existing transportation plans, known community priorities, review from transportation modal committees, and extensive public involvement; and

Whereas, the paving projects on the list (Exhibit D) are examples of the type of paving projects to be undertaken over the four-year time period, with Portland's Pavement Management System and the Street Repair and Traffic Safety Citizen Oversight Committee making recommendations for final project selection; and

Whereas, the safety projects on the list (Exhibit D) are the specific projects to be completed, with any changes processed through the Street Repair and Traffic Safety Program Oversight Committee. If any projects are funded from other sources, or no longer required, additional safety projects will be recommended by the Oversight Committee; and

Whereas, if revenue amounts differ from projections, the ratio of street repair to safety projects will remain the same; and

Whereas, as detailed in Exhibit E, a Citizen Oversight Committee will be appointed to ensure Program accountability by reviewing revenues, expenditures, and program/project implementation. The Citizen Oversight Committee will provide an annual report to City Council and the public; and

Whereas, the City will annually audit the Street Repair and Traffic Safety Program. This information will be provided to the Oversight Committee and the public; and

Whereas, Oregon Revised Statutes Chapter 319, subject to voter approval authorizes the City to collect a motor vehicle fuels tax. The money collected by the City from the motor vehicle fuels tax must be used for street repair and traffic safety; and

Whereas, the City of Portland has decided to refer a measure to the voters at the May 17, 2016 election, which if approved would require the Council to amend the City of Portland Code to create a program dedicated to street repair and traffic safety through a temporary, ten-cents per gallon tax on motor vehicle fuels in Portland for vehicles not subject to weight-mile tax. The proposed code amendments are Exhibit A.1.

NOW THEREFORE BE IT RESOLVED that the Council submits an Act, attached hereto as Exhibit A, entitled: "A Measure, amending the City of Portland Code, Title 17 by ordinance, by adding Chapter 17.105, included as Exhibit A.1 to provide for the creation of a program dedicated to street repair and traffic safety through a temporary, ten-cents per gallon tax on motor vehicle fuels in Portland for vehicles not subject to weight-mile tax" to the legal voters of the City of Portland, Oregon for adoption or rejection at the election in the City of Portland, Multnomah County, Clackamas County, and Washington County to be held on May 17, 2016. Each voter who votes upon said proposed measure shall vote "yes" or "no" in the space indicated for such vote on the City ballot at said election; and

BE IT FURTHER RESOLVED that a Citizen Oversight Committee (Exhibit E) will be appointed to review revenues, expenditures and the implementation of the Street Repair and Traffic Safety Program and ensure the program's accountability; and

BE IT FURTHER RESOLVED, the funds collected from the motor vehicle fuels tax, which are estimated to be \$64 million over four years, shall be used for the purposes of Street Repair and Traffic Safety. The projects to be completed with the funds are identified in the project list (Exhibit D) and any changes to this list will be reviewed by the Citizen Oversight Committee. If revenue amounts differ from projections, the ratio of street repair to safety projects will remain the same; and

BE IT FURTHER RESOLVED that the City will annually audit the Street Repair and Traffic Safety Program and share the audit with the Citizen Oversight Committee and the public; and

BE IT FURTHER RESOLVED that PBOT will staff a subcommittee of the Portland Freight Committee to continue to research other potential mechanisms for generating revenue from heavy weight vehicles that currently pay weight-mile taxes; and

BE IT FURTHER RESOLVED that the Council submits the ballot title for the May 17, 2016 election ballot, as shown in the attached Exhibit B; and

BE IT FURTHER RESOLVED that the Council directs the Auditor to publish the ballot title as shown in Exhibit B in accordance with City Code; and

BE IT FURTHER RESOLVED that the Council directs the Auditor to submit the explanatory statement attached as Exhibit C to the Multnomah, Clackamas and Washington County elections offices for publication in each County's voters' pamphlet; and

BE IT FURTHER RESOLVED that the City Auditor is directed to forward to Multnomah, Clackamas and Washington County Elections offices all materials necessary to place this measure on the May 17, 2016 Election ballot.