

Transportation Funding Measure: Revenue mechanisms

Metro Council
Work Session
Jan. 28, 2020



Metro



Today's agenda

Update on
#GetMoving
communications &
outreach

Revenue
mechanisms:
What's available,
what's possible

Staff analysis

Council direction



Update: Comms & engagement

Listening to community

Programs Community workshops

Online Programs survey

Stakeholder conversations

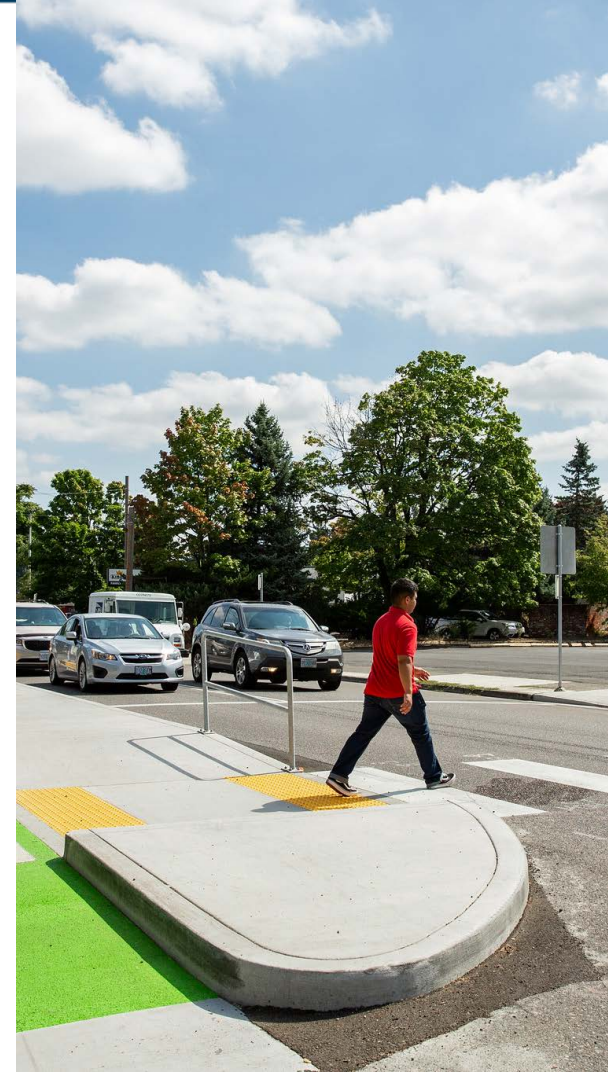
Community Partners

Telling the story

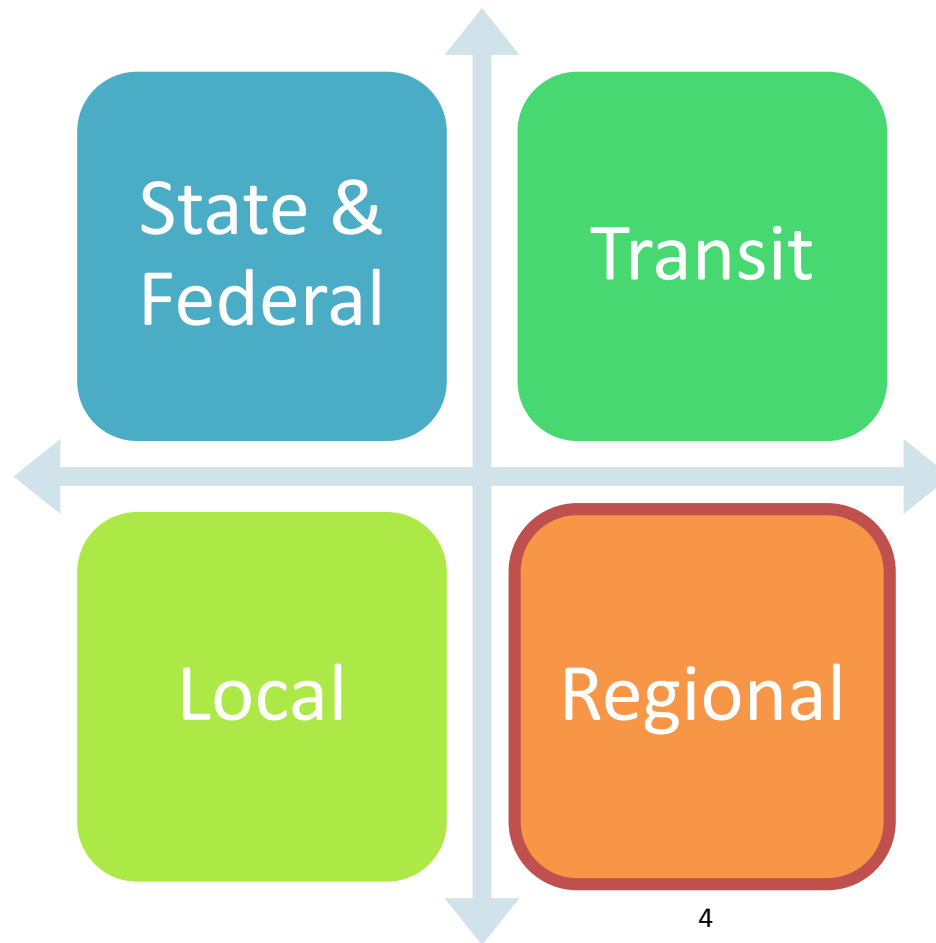
Getmoving2020.org

Fact sheets & materials

Presentation support



Pieces of the funding puzzle



Federal funding in the region

Regional Flexible Funds

Major transit projects

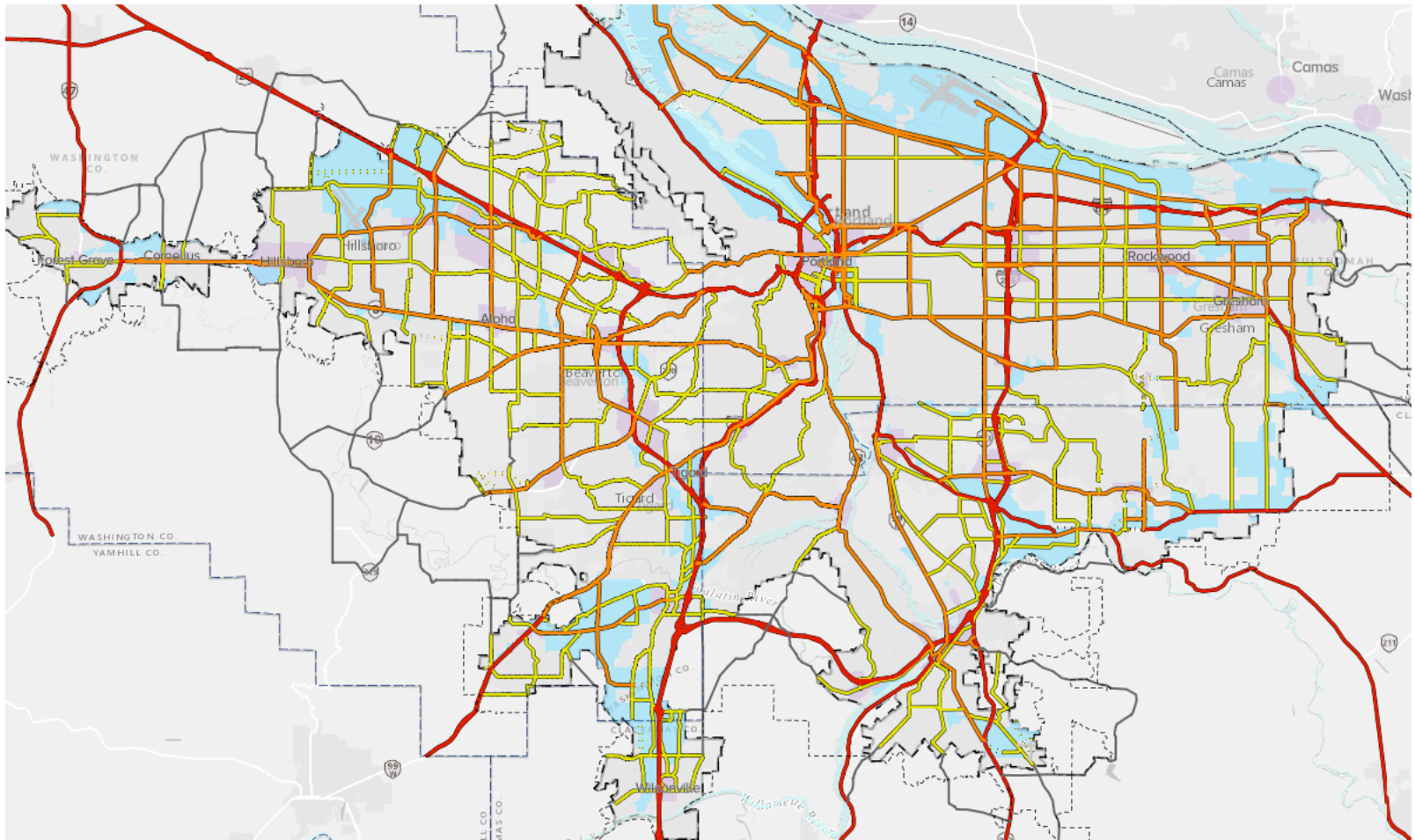
Part of ODOT's budget

Other grant programs

Limitations: Unreliable,
shrinking, complex



State funds: The state's system



Transportation Investments

Roads & Bridges



Most of ODOT's funding will go to road maintenance and preservation for lasting fixes that keep Oregon's roads and bridges in good condition today and for future generations.

Local Control



Half of road funding will go to cities and counties to complete local communities' top priority road maintenance and improvements.

Reducing Congestion



Relieving congestion bottlenecks will help people get where they want to go

quickly and reliably. New lanes on I-5 at the Rose Quarter will save motorists 2.5 million hours wasted in gridlock each year, and widening sections of OR 217 and I-205 in Portland will improve reliability.

Better Public Transportation



Rural and urban bus service will provide choices to help people get around, while reducing air pollution and greenhouse gas emissions.

Safe Biking & Walking Options



Sidewalks, bike lanes, and crossings near schools will help kids get to school safely. Funding from a new bike tax will build

off-road paths that separate bikes and walkers from auto traffic.

Moving Freight



Improvements to rail and ports will get products from Oregon's farms, forests, and factories to markets across the world. New intermodal rail facilities will shift freight from truck to train, freeing up space on crowded freeways.

Electric Vehicle Incentives

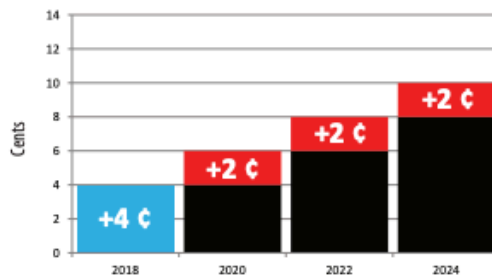


Rebates for zero emission vehicle purchases will help Oregon transition to a sustainable transportation system.

HB 2017 Funding sources

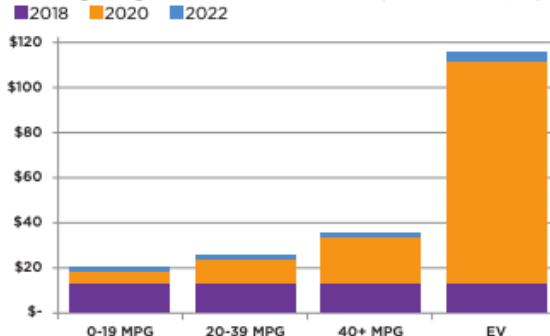
Gas tax, vehicle registration & title fees

Gas tax will increase 10 cents in four steps—with the last three increases conditioned on meeting accountability requirements.



Registration and title fees increase in three steps. Surcharges for electric vehicles and hybrids that pay little in gas tax ensure they pay their fair share for roads.

Light registration and title fees stepped and tiered
Passenger registration annual increase (current rate \$43)



Bicycle Tax

\$15 fee on new adult bicycles that cost \$200 or more will generate \$1.2 million a year for separated biking and walking paths.



New Light Vehicle Dealer Privilege Tax

0.5% dealer privilege tax on new light vehicles dedicated to electric vehicle rebates and multimodal transportation projects.

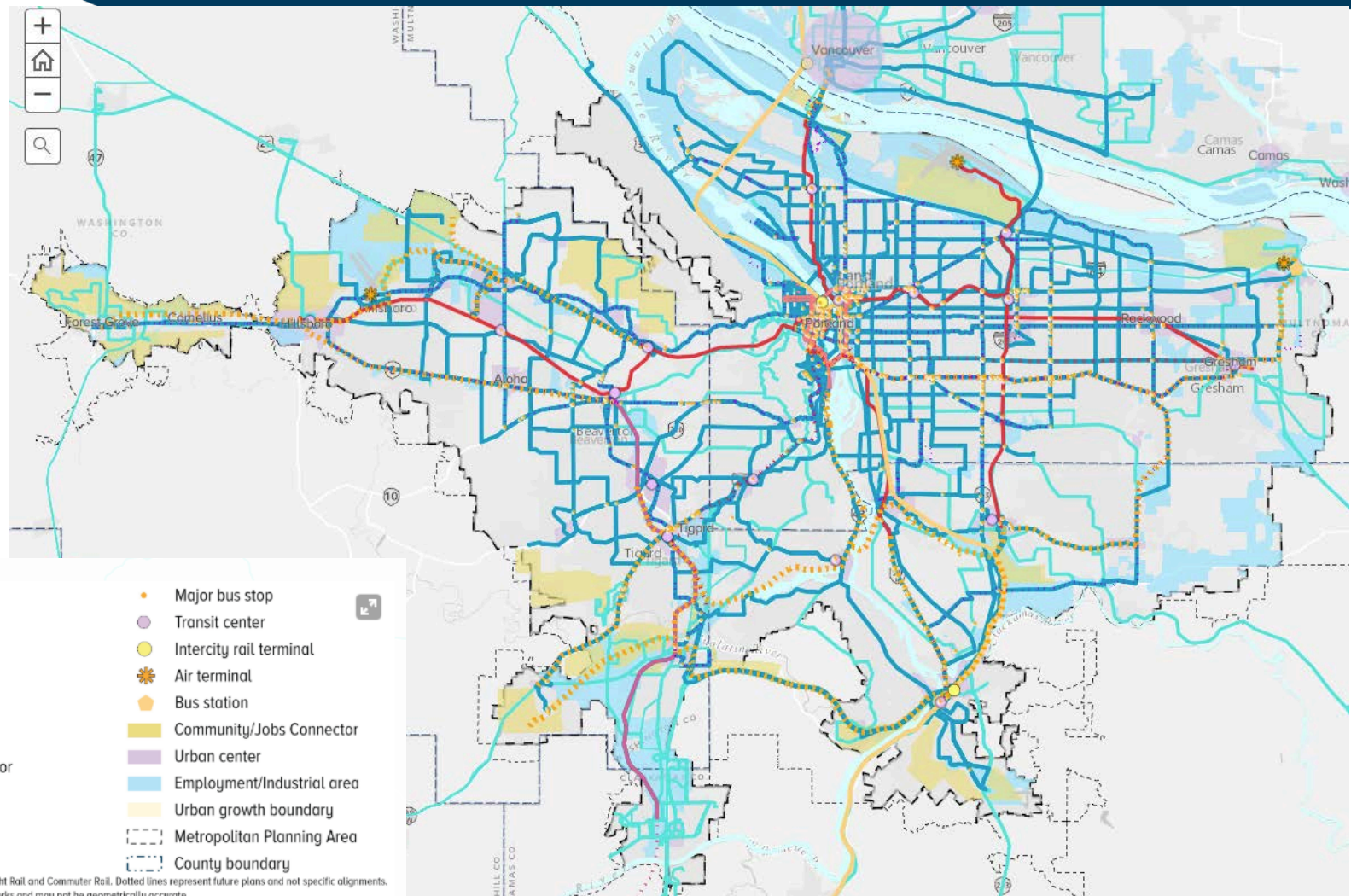


Public Transportation Payroll Tax

Less than \$1 a week for the average worker from a 1/10 of 1% tax on wages will generate \$115 million a year for better public transportation.

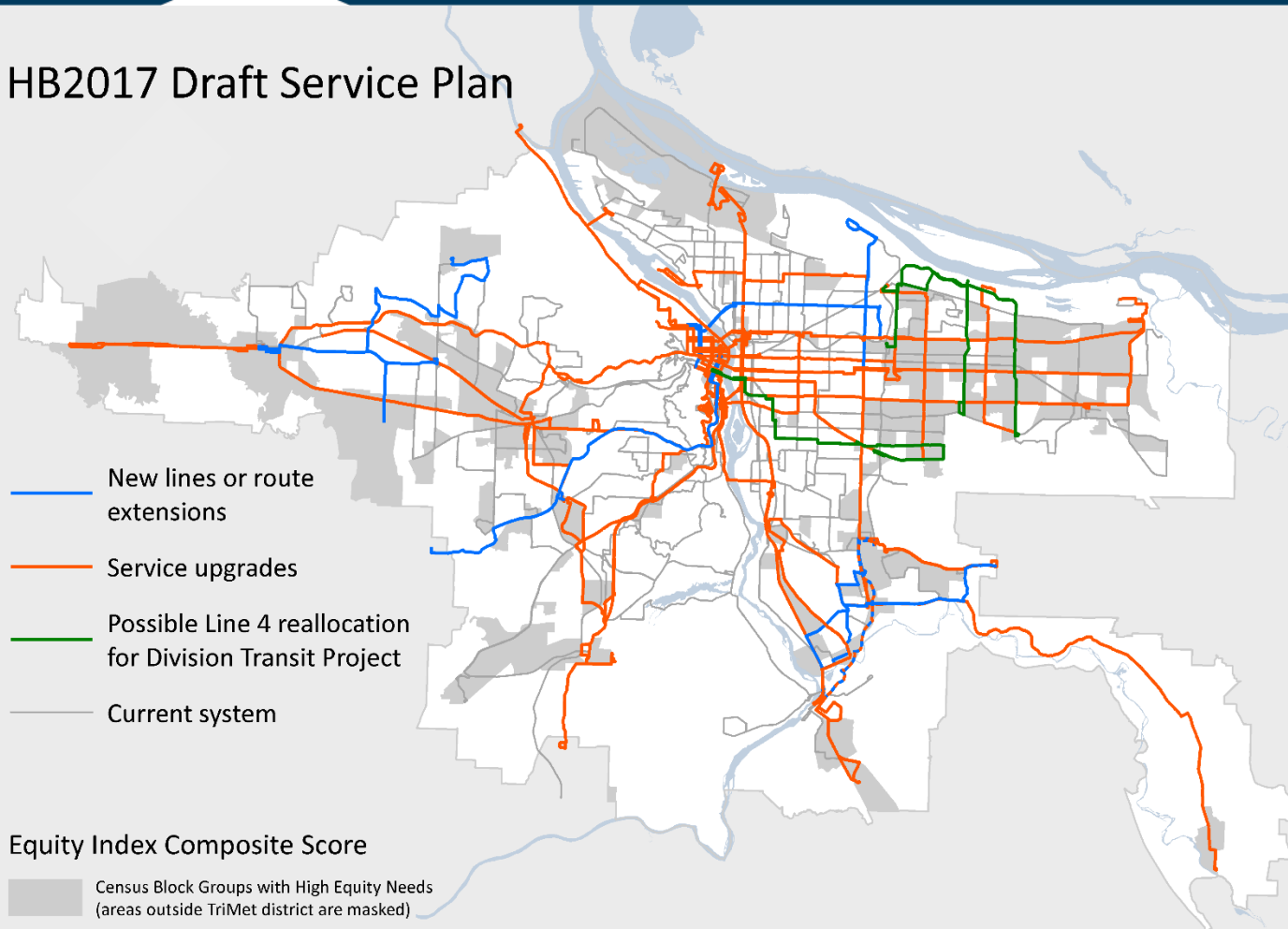


Transit



Making transit better: HB 2017 service improvements

HB2017 Draft Service Plan



Data sources: RLIS, TriMet, US Census

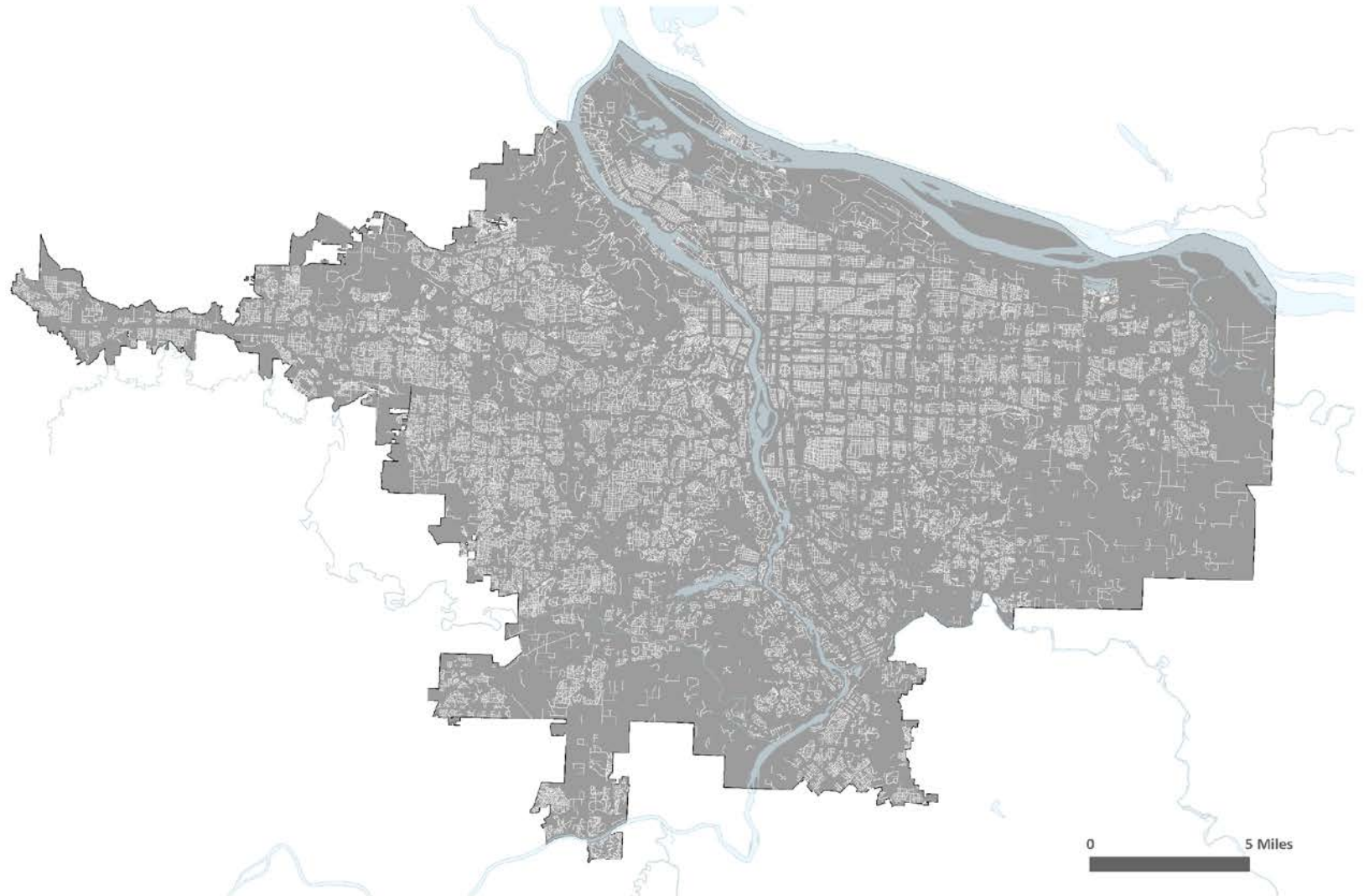
TriMet GIS Team. Path: G:\PUBLIC\GIS\Planning\HB2017\Maps\HB2017_draft_service_plan_FINAL.mxd Date Saved: 9/21/2018



Improvements

- 5 new bus lines
- 3 weekend improvements
- 7 route extensions or route changes
- 10 frequency upgrades
- 8 early/late/midday improvements
- 2 24-hr. service additions
- 5 new 15-min. Frequent Service Lines
- 4 Frequent Service Lines upgraded to 12 min. service

The local network



Local funding examples



Other local gas taxes: Milwaukie, Tigard, Troutdale, Multnomah County, Washington County



MSTIP

MAJOR STREETS TRANSPORTATION IMPROVEMENT PROGRAM

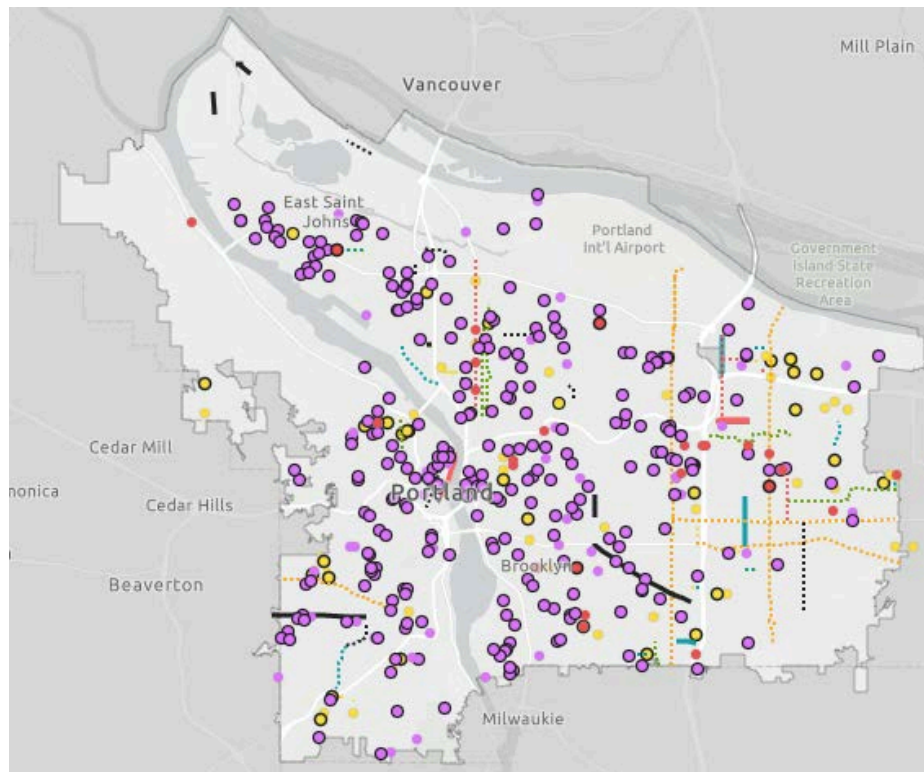
Property Taxes (Wash. County)

County vehicle registration fees

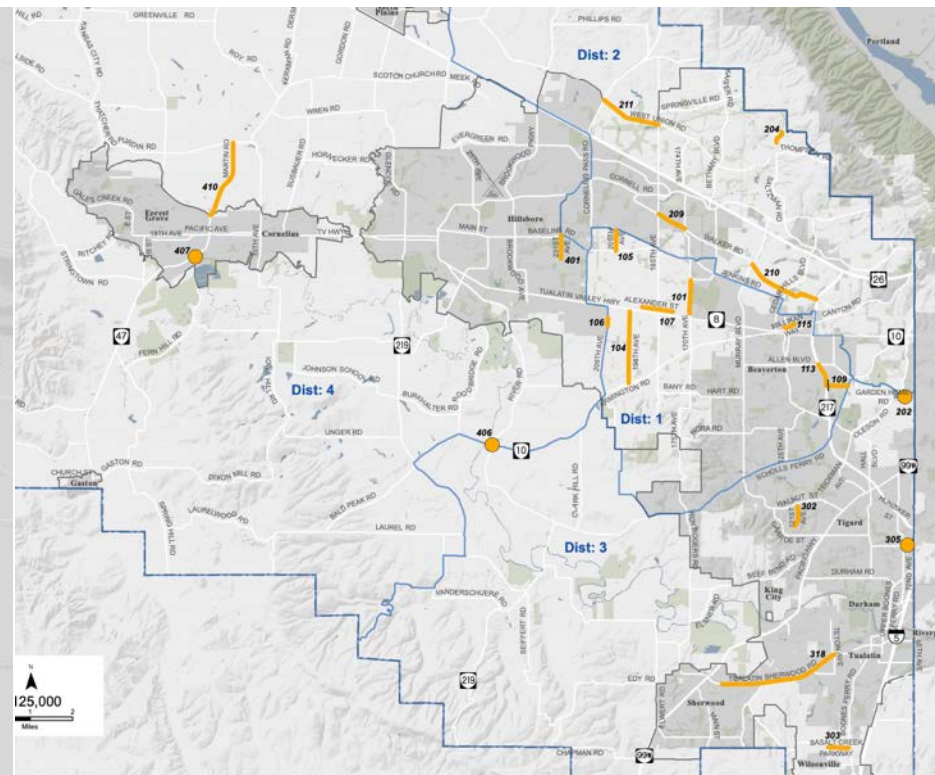
Local street utility fees: Hillsboro, Lake Oswego, Milwaukie, Oregon City, Tigard, Tualatin, Wilsonville

Pairing with development (SDCs)

Local funding: Focus on local fixes

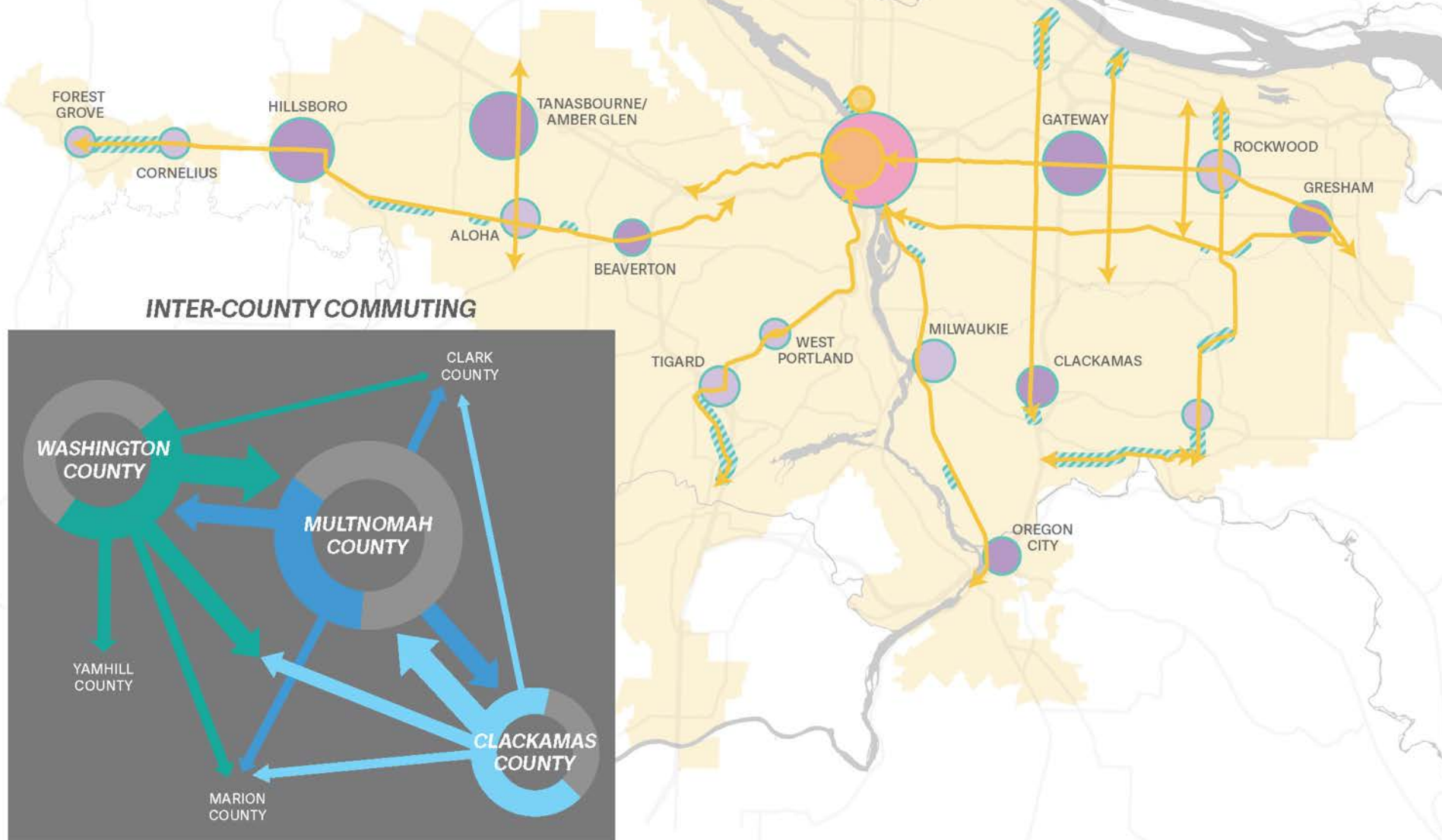


PBOT: Fixing our Streets projects



Washington County MSTIP projects

Regional corridors: Connecting a regional system

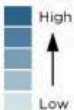


Regional programs: Potential to meet regional needs

Metro Regional Safe Routes to School Strategy

Regional School Site Analysis

OVERALL SCORE



School District Boundaries

INPUTS

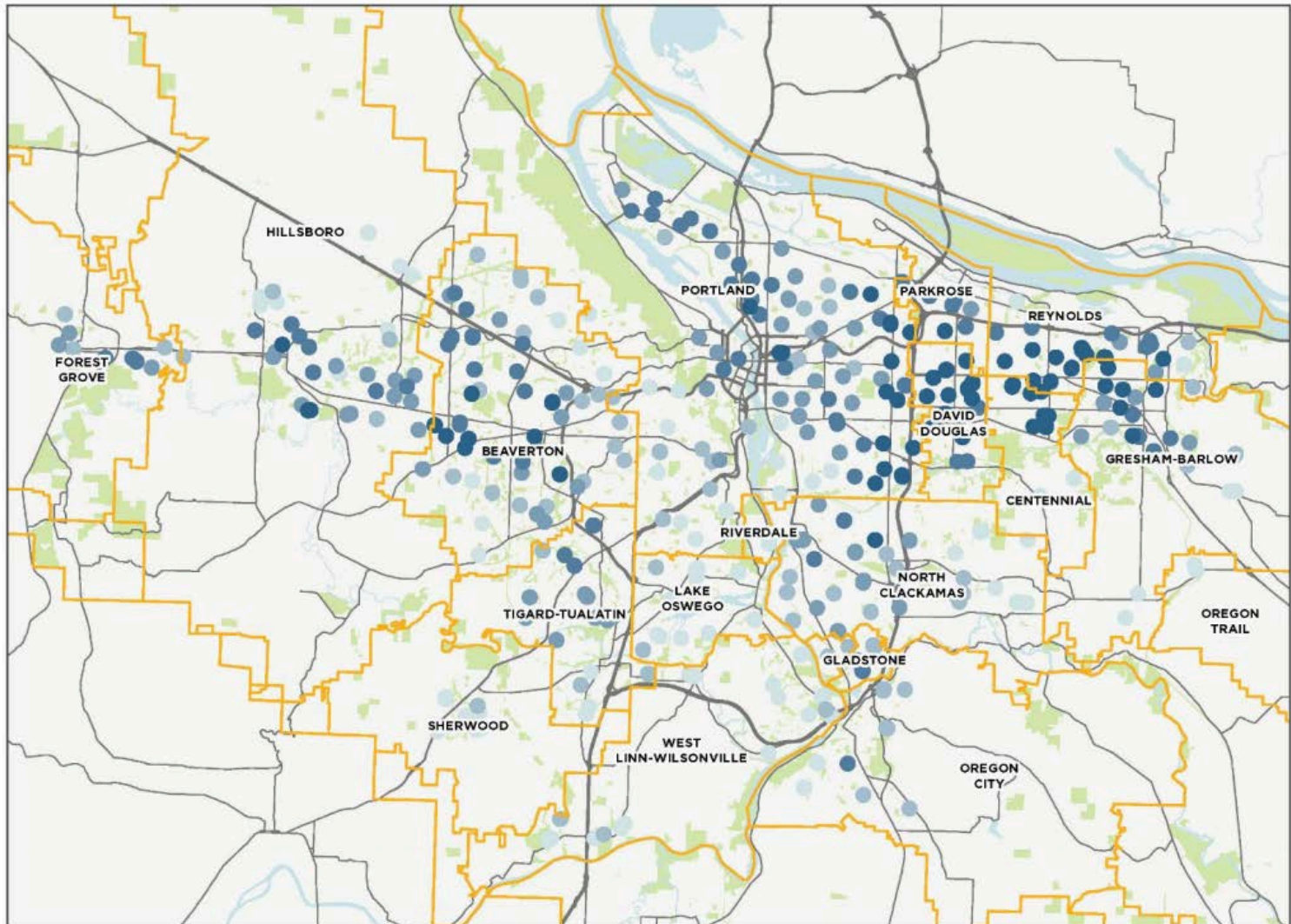
- Household Income
- Students Eligible for Free or Reduced Lunch
- Non-white Student Percentage
- Pedestrian and Bicycle Crashes
- Sidewalk Coverage
- Barriers to Walking and Biking
- Youth Population
- Density of Local Street Network
- Enrollment

0 1 2 3 MILES

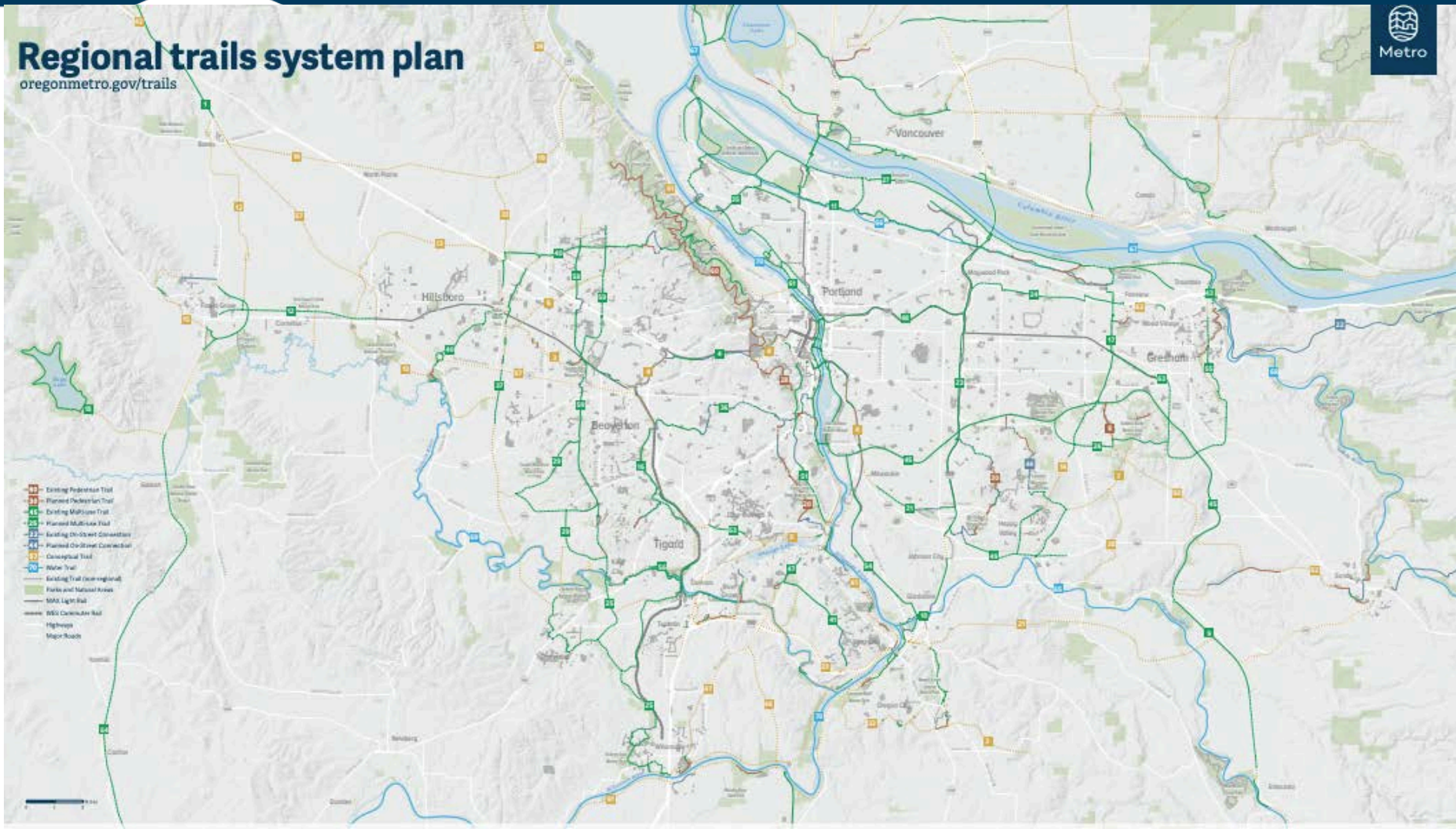
DATA SOURCE: Metro's 40,000, 0001, 0002, and 0003
Map produced October 2015



Metro



Regional programs: Making regional connections



Overview: Is an option feasible?

Can Metro use it?

Can it be collected easily?

Does it help raise enough?

Could voters and key stakeholders support it?





Considering options: Property Tax

How could we raise \$100M per year?

\$0.552 per \$1000/assessed value: \$100M

Would raise Metro's total to \$1.225/\$1000

Advantages: Well understood, relatively easy administration, familiar, very stable

Constraints: Inequities in Oregon taxing system; Bonds limited to capital spending

Considering options: Vehicle Registration Fee

How could we raise \$100M per year?

Max rate (\$56 for cars): Only raises \$65M

Advantages: Well understood, stable, easy to collect, clear user tax

Constraints: Spending restrictions, rate cap, limited revenue raised, likely flat rate

Considering options: Vehicle Privilege Tax

How could we raise \$100M per year?

2.6% dealer tax on sales = \$100M

Advantages: Relatively easy administration,
clear user tax

Constraints: Requires change to state law

Considering options: Regional Gas Tax

How could we raise \$100M per year?

Gas only: \$0.16 per gallon

Gas + Diesel combined: \$0.13 per gallon

Advantages: Well understood, easy to collect, stability, clear user tax

Constraints: Spending restrictions, flat rate

Considering options: Employer Payroll Tax

How could we raise \$100M per year?

0.21% employer/self-employment payroll tax

Advantages: Well understood, easy to collect,
relative stability

Considering options: Corporate Activities Tax

How could we raise \$100M per year?

0.1% gross receipts tax = \$100M

Advantages: Substantial revenue, stability

Constraints: Would require change in state law

Considering options: Business Income Tax

How could we raise \$100M per year?

0.8% business income tax = \$100M

Advantages: Relatively easy
administration

Constraints: Volatile, 1% rate cap

Considering options: Personal Income Tax

How could we raise \$100M per year?

0.2% flat income tax = \$100M

Alternative: Tiered income tax

Advantages: Tax rises with income,
familiar, relatively easy administration

Constraints: Volatile, 1% rate cap

Considering options: General Sales Tax

How could we raise \$100M per year?

0.18% to 0.25% sales tax = \$100M

Advantages: Relatively stable, substantial revenue potential

Constraints: Everyone pays the same rate; no collection system in place

Considering options: Prepared Food/Beverage Sales Tax

How could we raise \$100M per year?

1.3 to 1.8% food/bev sales tax = \$100M

Advantages: No spending restrictions,
relatively stable

Constraints: Everyone pays the same rate;
Administration challenges; no collection
system in place

What do we need to raise?

Corridors

Task Force Recommendations
Tier 1 Measure investments

\$3.81B

Leveraged FTA & Local
Investments

\$2.22B

Total Tier 1
Corridor Investments

\$6.03B

Programs

\$50 million/year for 20 years

\$1B

Total Investments \$7.03B

Total revenue stream needed

\$350-\$450 million annually for 20 years



What do voters think?

FM3 Research survey of likely voters, Dec. 1-5, 2019, n=962

More favorable regional funding options

- Payroll & business taxes

- Vehicle registration fees

- Vehicle privilege tax

Less favorable regional funding options

- Property tax

- Gas tax

- Sales tax



Possible combinations for raising sufficient revenue

FM3 Research survey of likely voters, Dec. 1-5, 2019, n=962

Strongest support

Vehicle registration fee (\$50) +
Personal income tax (1% over \$100,000) +
Employer payroll tax (0.6%)

Vehicle registration fee (\$50) +
Business income tax (1%)

Weak support

Vehicle registration fee (\$50) +
Property tax (40 cents/\$1,000 assessed value) +
Employer payroll tax (0.6%)

Task Force discussion themes: 12/11 & 1/15

Reflect/advance racial equity goals

Avoid disproportionate burden on people with lower incomes

Engage business community & other stakeholders early

Support for blending mechanisms:
Everyone contributes



Staff analysis: Feasibility

More feasible options:

- Employer payroll tax
- Vehicle registration fee
- Business income tax
- Personal income tax

Not recommended at this time: Property tax

Not feasible at this time:

- Sales tax
- Regional gas tax
- Vehicle privilege tax
- Corporate activity tax



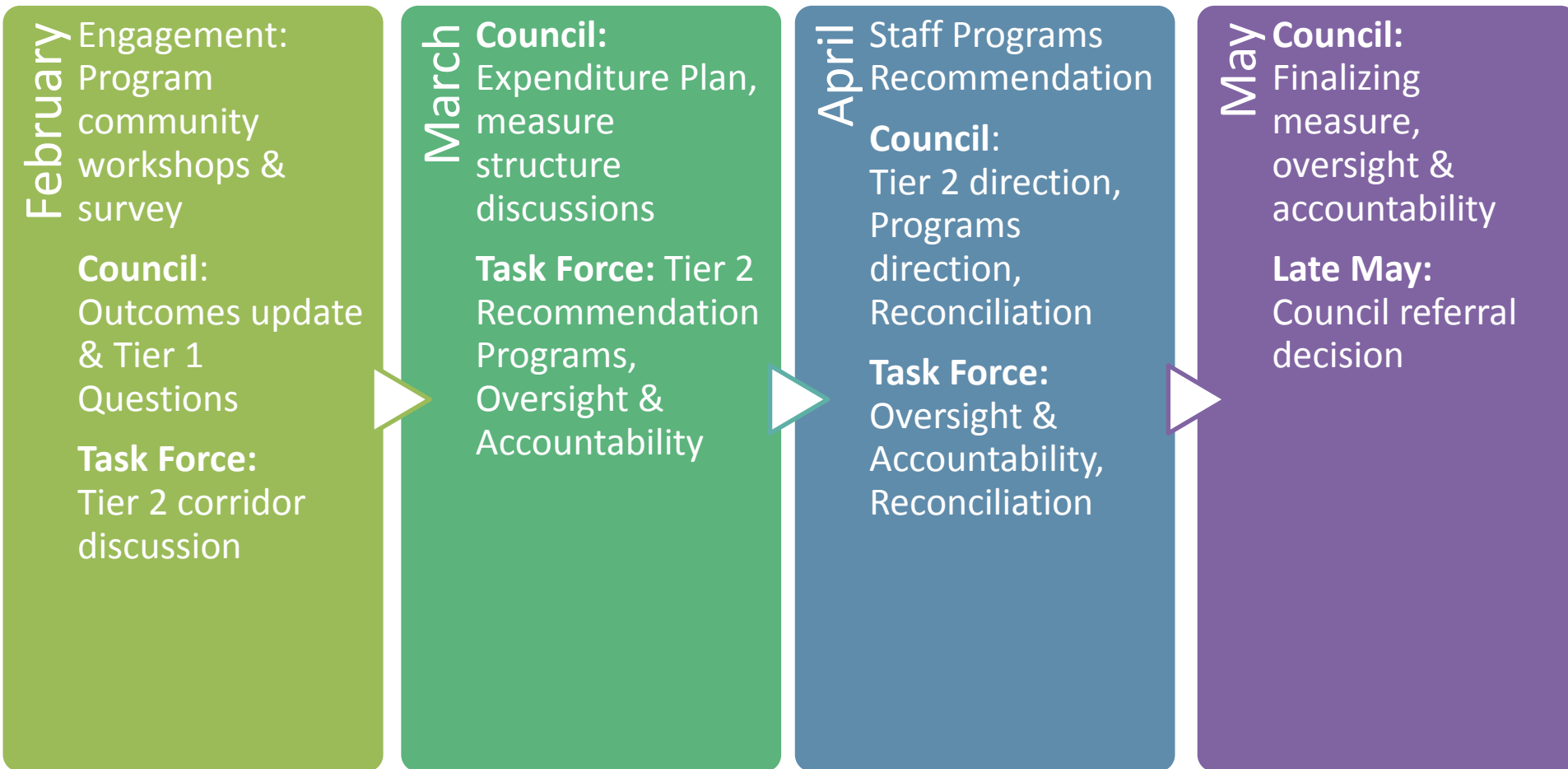
Council discussion

Does Council support narrowing revenue options under consideration?

Does Council have questions for staff to explore?



Timeline update: Highlights



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