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37648

Resolution

Refer a measure to City voters for the May 21, 2024 election authorizing the extension of a program dedicated to street repair, maintenance, and traffic safety through a temporary, 10 cents per gallon tax on motor vehicle fuels in Portland for vehicles not subject to weight-mile tax (amend City Code 17.105)

Adopted

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 4,878 lane miles of paved streets show continuing decline, with 56% of the city's busiest streets in poor or very poor condition, the most expensive categories to repair; and

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

WHEREAS, 31 local jurisdictions (29 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 (PBOT) 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 workgroup, and a nonprofit and low-income workgroup. The workgroups were comprised of representatives of more than 60 different groups and organizations across Portland; and

Introduced by

[Commissioner Mingus Mapps](#)

Bureau

[Transportation](#)

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Requested Agenda Type

Time Certain

Date and Time Information

Requested Council Date

January 24, 2024

Requested Start Time

9:45 am

Time Requested

30 minutes (1 of 2)

WHEREAS, the three workgroups agreed there is considerable need for new funds to address the street repair needs of existing infrastructure and to address known traffic safety needs. They found that a new revenue generating mechanisms was needed because PBOT's budget was 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, the traditional sources the City has relied on for transportation funding – State Highway Trust Funds and parking revenues – continue to fail to keep pace with inflation and produce the level of revenue needed to adequately address street repair, maintenance and traffic safety needs; and

WHEREAS, in 2016 voters approved a temporary 10 cents per gallon tax on motor vehicle fuels in Portland for vehicles not subject to weight-mile tax; and

WHEREAS, in 2016 PBOT developed and implemented a local Heavy Vehicle Use Tax to ensure that trucks pay their fair share of revenue since they are exempt from the local gas and diesel tax; and

WHEREAS, in 2020 voters again approved a temporary 10 cents per gallon tax on motor vehicle fuels in Portland for vehicles not subject to weight-mile tax; and

WHEREAS, PBOT in 2020 continued with the local Heavy Vehicle Use Tax to ensure that trucks pay their fair share of revenue since they are exempt from the local gas and diesel tax; and

WHEREAS, over the past eight years, the fuel tax has raised approximately \$150 million dedicated to the Fixing Our Streets program, which repaved over 80 lane miles of city streets, repaired over 40,000 potholes, and made over 200 safety improvements across Portland; 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 \$70.5 million over the next four years; and

WHEREAS, the tax will be collected no earlier than January 2025 and expire four years after collection begins; and

WHEREAS, PBOT will use the revenue from the temporary motor vehicle fuels tax to continue the Street Repair, Maintenance and Traffic Safety Program which is restricted to street repair, maintenance and traffic safety projects; and

WHEREAS, to ensure accountability PBOT has developed a specific Fixing Our Streets 2024-28 Funding Allocation Plan (Exhibit D) for transportation maintenance and safety projects and community street services that will be undertaken by the Street Repair, Maintenance and Traffic Safety Program. The 2024-28 Funding Allocation Plan was based on the Fixing Our Streets 2016-20 and 2020-24 programs.

WHEREAS, any changes to the proposed allocations that result from more or less revenue and/or project implementation issues will be reviewed and approved by the Fixing Our Streets Oversight Committee. These changes will be highlighted in the Fixing Our Streets annual report and will be approved by City Council as part of the budget approval process. Exhibit D will serve as a guide for these decisions.

WHEREAS, as detailed in Exhibit E, the Fixing Our Streets Community Oversight Committee will ensure Program accountability by reviewing revenues, expenditures, and program/project implementation. The Fixing Our Streets Community Oversight Committee will provide an annual report to City Council and the public; and

WHEREAS, the Street Repair, Maintenance and Traffic Safety Program will receive an annual independent financial audit; 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, maintenance and traffic safety; and

WHEREAS, the City of Portland has decided to refer a measure to the voters at the May 21, 2024 election which, if approved, would require the Council to amend the City of Portland Code to extend the program dedicated to street repair, maintenance and traffic safety through a temporary, 10 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 amending Chapter 17.105, included as Exhibit A.1 to provide for the extension of a program dedicated to street repair, maintenance and traffic safety through a temporary, 10 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 21, 2024. 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 an Oversight Committee (Exhibit E) will be appointed to review revenues, expenditures, and the implementation of the Street Repair, Maintenance 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 \$70.5 million over four years, shall be used for the purposes of Street Repair, Maintenance and Traffic Safety. The allocation of funds and program guidance are identified in the Fixing Our Streets 2024-28 Funding Allocation Plan (Exhibit D) and changes to this allocation plan will be reviewed by the Citizen Oversight Committee; and

BE IT FURTHER RESOLVED, the Street Repair, Maintenance and Traffic Safety Program will receive an annual independent financial audit; and

BE IT FURTHER RESOLVED that the Council submits the ballot title for the May 21, 2024 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 21, 2024 election ballot.

Documents and Exhibits

 Exhibit A (https://www.portland.gov/sites/default/files/council-documents/2024/exhibit-a-motor-vehicle-fuels-tax-an-act_0.docx)	13.01 KB
 Exhibit A.1 (https://www.portland.gov/sites/default/files/council-documents/2024/exhibit-a1-chapter-12-105_cao-edit-plus-ml-dbedits.docx)	35.46 KB
 Exhibit B (https://www.portland.gov/sites/default/files/council-documents/2024/exhibit-b-ballot-title-motor-vehicle-fuels-tax.docx)	17.44 KB
 Exhibit C (https://www.portland.gov/sites/default/files/council-documents/2024/exhibit-c-motor-vehicle-fuels-tax-explanatory-statement_0_2.docx)	25.03 KB
 Exhibit D (https://www.portland.gov/sites/default/files/council-documents/2024/exhibit-d-funding-allocation-plan_0.docx)	1.77 MB
 Exhibit E (https://www.portland.gov/sites/default/files/council-documents/2024/exhibit-e-oversight-committee.docx)	20.89 KB

Impact Statement

Purpose of Proposed Legislation and Background Information

Portland streets are one of our most valuable public assets. Due to lack of funding, the City is behind in addressing the maintenance needs of many of our streets and the condition of our streets continues to decline, leading to more costly future maintenance costs. Additionally, we lack funding to complete many critical traffic safety improvements to help take care of Portlanders, providing safe routes to students to walk to school and seniors to access transit.

Traditional sources of transportation funding are not able to provide the level of revenue needed to adequately address street repair, maintenance and traffic safety needs and there is widespread recognition that local governments must develop new or additional mechanisms to supplement existing transportation funds.

This legislation will ask voters to amend the City of Portland Code, Title 17 by amending Chapter 17.105, included as Exhibit A.1 to provide for the four-year continuation of a program dedicated to street repair and traffic safety through a temporary, 10 cent per gallon tax on motor vehicle fuels in Portland for vehicles not subject to weight-mile tax.

Financial and Budgetary Impacts

Change in current and future revenues - If passed in the May 21, 2024 ballot, this Legislation will generate approximately \$17.8 million gross revenue annually, beginning January 1, 2025. The revenue will be raised by a temporary, 10 cent per gallon tax on motor fuels sold in Portland for vehicles not subject to the weight-mile tax. The measure continues a program dedicated to street repair, maintenance and traffic safety that will be funded by the temporary tax. This program will also be temporary and will sunset 4 years after the tax implementation date established by the Tax Administrator.

FY 24-25 Budget Impacts - This legislation will generate revenue in FY 24-25 based off \$17.8 million gross revenues annually, prorated based on implementation date. Administering the gas tax collections is estimated to cost approximately 1% of gross revenues annually, starting in FY 24-25, prorated based on program implementation date. These estimates are medium confidence.

Change in expenses - This legislation will authorize additional spending on both new and existing projects. New safety and capital maintenance projects will be funded and will provide new capacity for ongoing maintenance work.

Current and future staffing levels - This legislation will renew funding for capital, maintenance, and operational projects. The legislation will renew funding at current levels and should not have significant impacts on staffing. However, impacts are also dependent on total workloads in the bureau's

capital, maintenance, and operational programs. These estimates are medium confidence.

Long-term financial impacts for the City – There will be positive financial impacts for the City by performing earlier preventive maintenance, thereby avoiding more costly future repair costs. There will be an increase in the City's ability to address long-standing safety needs that will reduce fatalities and injuries.

Financial Agreements – This legislation will result in new contracts. This will give the Portland Bureau of Transportation (PBOT) the opportunity to meet equity contracting goals. PBOT will be partner with ODOT to administer the collections of the program.

Community Impacts and Community Involvement

In developing the original 2016-2020 Fixing Our Streets program, the City did extensive public outreach on potential funding options and projects that would be funded with additional revenue. Eleven public Town Hall meetings were conducted across the City, including one geared towards small businesses. Two Citywide scientific telephone surveys were conducted in English. Those surveys were translated into five languages and put online: Chinese, Somali, Vietnamese, Spanish, and Russian.

To ensure that we were increasing our understanding of specific transportation needs of Portland communities that are often missed in traditional outreach, PBOT contracted with the Office of Equity and Human Rights to work with the Community Engagement Liaisons (CEL).

In addition to public meetings, survey work, and targeted outreach, the City formed a 26-person Transportation Needs and Funding Advisory Committee to develop potential revenues and expenditures. This group was useful in identifying funding priorities and other critical elements of a successful program.

The City received additional feedback from Portland's City Club recommending that City move forward with a City Gas Tax. In developing the initial City Gas Tax proposal, City staff reviewed this temporary gas tax proposal with NWNW, NECN, SE Uplift, EPNO, SWNI, CNN, Portland's Bureau Advisory Committee, Freight, Bike, Pedestrian modal committees, Venture Portland, and Portland Business Alliance.

In 2020 the ten cent local gas tax was renewed and projects were selected based off of additional extensive public outreach, including through outreach processes including the Pedestrian Master Plan (PedPDX), Vision Zero Safety Strategy, and a Safe Routes to School strategy.

The 2024-2028 program renewal builds off of all of the past outreach. The draft proposal was reviewed with over 15 organizations – including our Bicycle and Freight Advisory committees, Fixing Our Streets Oversight Committee, and Bureau Budget Advisory Committee.

This proposal benefits all of Portland by repairing streets and making safety improvements that will help to reduce fatalities and serious injuries. These investments will make it easier to cross streets to access transit, improve safe access to parks and schools, maintain signals and streetlights, fill potholes and other critical investments that improve maintenance, safety and livability.

In addition to providing citywide benefits, this program will prioritize projects that score high on [PBOT's Equity Matrix](https://www.portland.gov/transportation/justice/pbot-equity-matrix) (<https://www.portland.gov/transportation/justice/pbot-equity-matrix>) and in places with higher crashes.

100% Renewable Goal

N/A

Agenda Items

66 Time Certain in [January 24, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/1/24) (<https://www.portland.gov/council/agenda/2024/1/24>)

Adopted

Commissioner Carmen Rubio Yea

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Mayor Ted Wheeler Yea