

**ORDINANCE No. 188086**

Make administrative changes to Motor Vehicle Fuel Tax Code for more efficient implementation of the Street Repair and Traffic Safety Program (Ordinance; amend Code Chapter 17.105)

The City of Portland ordains:

Section 1. The Council Finds:

1. 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.
2. The City is behind in addressing the maintenance needs of much of its aging infrastructure. Portland has 4,833 lane miles of paved streets and 45% of the City's busiest streets are in poor or very poor condition, the most expensive categories to repair.
3. The Portland Bureau of Transportation (PBOT) estimates that it would cost an additional \$131 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.
4. The traditional sources the City has relied on for transportation funding – federal, state and county gas taxes – continue to fail to produce the level of revenue needed to adequately address street repair and traffic safety needs.
5. There is widespread recognition that local governments must develop new or additional mechanisms to supplement existing resources to fund their transportation needs.
6. On January 27, 2016, City Council referred 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 creating City Code 17.105.
7. On May 17, 2016 the voters of Portland passed the measure creating the Street Repair and Traffic Safety Program through a temporary, ten-cents per gallon tax on motor vehicle fuels in Portland for vehicles not subject to weight-mile tax and created City Code Chapter 17.105.
8. On September 21<sup>st</sup>, 2016 City Council entered into an Intergovernmental Agreement with the Oregon Department of Transportation (ODOT) to administer the temporary, ten-cents per gallon tax on motor vehicle fuels in Portland for vehicles not subject to weight-mile tax.

9. Vehicles that are subject to Oregon weight-mile tax are not subject to the temporary, ten-cents per gallon tax on motor vehicles in Portland. Instead they pay for their fair share of the Street Repair and Traffic Safety Program through a separate Heavy Vehicle Use Tax.
10. City Code Chapter 17.105 applies the tax at first sale which means Dealers (point of first sale) will remit the tax and pass the cost of the tax to Sellers and Users (end users). Vehicles subject to the Oregon weight-mile tax will pay the ten-cents per gallon tax and will need to apply for a refund.
11. Based on recent feedback regarding streamlining collections from the Oregon weight-mile tax payers as well as the Oregon Department of Transportation, the Portland Bureau of Transportation is proposing to make minor administrative changes to City Code Chapter 17.105 to collect the diesel portion of the motor vehicle fuels tax in a way that is more efficient.
12. The administrative changes will make City Code Chapter 17.105 consistent with the Oregon Revised Statute (ORS) Chapter 319.
13. The following administrative changes to Chapter 17.105 will apply the exemption by ensuring that Oregon weight-mile tax payers are not required to first pay the tax and then apply for a refund, rather they will be simply exempt from paying the temporary, ten-cents per gallon tax on motor vehicle fuels.

Administrative Changes to Chapter 17.105 to be consistent with ORS 319

- Adjust the tax due date from the 25<sup>th</sup> of the month to the 20<sup>th</sup> of the month
  - Change the late penalty amount from 1% through the end of the month and then 10% additional if not paid by the 1st of the month, to 10% of the unpaid tax
  - Change the taxation point from the point of first sale to the when the fuel is placed into the fuel tank of a motor vehicle
  - Add a definition of Users that is consistent with ORS to the City of Portland code
14. The administrative changes to City Code Chapter 17.105 will have no impact on the tax, the tax base, or amount of tax that is collected over the life of the temporary, four-year tax program. The ten-cents per gallon tax is estimated to raise \$64 million over four years. Heavy Trucks will pay their fair share of the Street Repair and Traffic Safety Program through the Heavy Vehicle Use Tax, which is estimated to raise \$10 Million over four years.

NOW, THEREFORE, the Council directs:

1. City Code Chapter 17.105 is amended as set forth in the attached EXHIBIT A.

188086

Passed by the Council, **NOV 16 2016**  
Commissioner Steve Novick  
Prepared by: Mark Lear:sld  
Date Prepared: October 28, 2016

**Mary Hull Caballero**  
Auditor of the City of Portland  
By *Gayla Jennings*  
Deputy

~~1254~~ 1284

Agenda No.  
**ORDINANCE NO. 188086**  
Title

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*Chapter*

INTRODUCED BY Commissioner/Auditor: <b>COMMISSIONER STEVE NOVICK</b>	CLERK USE: DATE FILED <b>NOV 01 2016</b>
<b>COMMISSIONER APPROVAL</b> Mayor—Finance and Administration - Hales Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Saltzman Position 4/Safety - Novick <i>aw</i>	Mary Hull Caballero Auditor of the City of Portland  By: <i>[Signature]</i> Deputy
<b>BUREAU APPROVAL</b> <b>Bureau: Transportation</b> <b>LEAH TREAT, DIRECTOR</b> Prepared by: Mark Lear Date Prepared: 10/28/2016 <i>MSL</i> Supervisor: Leah Treat	<b>ACTION TAKEN:</b> <b>NOV 09 2016 PASSED TO SECOND READING NOV 16 2016 9:30 A.M.</b>
Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<b>City Auditor Office Approval:</b> required for Code Ordinances <i>Toni</i>	
<b>City Attorney Approval:</b> required for contract, code, easement, franchise, comp plan, charter <i>ham</i>	
<b>Council Meeting Date</b> <b>November 9<sup>th</sup>, 2016</b>	

<b>AGENDA</b>
<b>TIME CERTAIN</b> <input type="checkbox"/> <b>Start time:</b> _____  <b>Total amount of time needed:</b> _____ (for presentation, testimony and discussion)
<b>CONSENT</b> <input type="checkbox"/>
<b>REGULAR</b> <input checked="" type="checkbox"/> <b>Total amount of time needed:</b> <b>20 min</b> (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	✓	
2. Fish	_____	
3. Saltzman	_____	
4. Novick	✓	
Hales	✓	