



Staff Report

File #: 17-222

Version: 1

Date: 5/8/2017

Item #: 3.3 f.

TO: Mayor and City Council
THROUGH: Steve Powers, City Manager
FROM: Council Legislative Committee

SUBJECT:

Position on elements of a possible state transportation funding package

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

ISSUE:

Shall the City Council ratify Salem's position on elements of a possible transportation funding package, as may be proposed in the Oregon State Legislature, as recommended by the Council Legislative Committee?

RECOMMENDATION:

Ratify Salem's position on elements of a possible transportation funding package, as may be proposed in the Oregon State Legislature, as recommended by the Council Legislative Committee.

SUMMARY AND BACKGROUND:

On April 28, 2017, the City Council Legislative Committee met to consider transportation funding options being considered by the State Legislature. Councilor Lewis, who represents Salem on the regional metropolitan planning organization, the Salem Keizer Transportation Study (SKATS) Board, was also present.

A transportation bill is expected this legislative session.

FACTS AND FINDINGS:

Based on the scope of current discussion regarding transportation funding options at the State Legislature, the Committee recommends the City take the following positions:

- 1. Support a mechanism for new transit funding**, including a statewide employee payroll

tax which may result in as much as \$6.5 million annually for Salem-Keizer Transit, bringing much-needed evening and weekend bus service to Salem. The transit component of a potential transportation package would likely be funded by an employee payroll tax of .1%, or one-tenth of one percent. At that rate, a full-time, minimum wage worker would pay \$0.38 per week. The tax will generate \$107 million annually, and the distribution of funds would be based on payroll-tax base. Salem-Keizer Transit would receive \$6.4 million annually. This would be enough to begin weekend service, and improve evening and rural service.

2. **Support adding transportation funding tools** to improve local transportation congestion, including establishing taxing district authority for local metropolitan planning districts (MPOs). The Committee discussed the regional nature of many congestion relief projects and that this type of a funding mechanism could provide a source to solve regional needs. To-date, two possible *MPO-wide* taxes have been discussed: an excise tax on new vehicle registration or a gas tax. Citing concerns with property tax compression locally, the Committee supported precluding MPOs from assessing a property tax.
3. **Advocate for lesser share of local jurisdiction's congestion relief project costs**, outside the Portland metropolitan region. To help fund congestion relief projects, a statewide 1% excise tax on new vehicle registration is being discussed. As proposed, the local MPO could match as much as 50% of the total cost of the significant congestion relief transportation project. Citing concerns with most local jurisdiction's ability to match at 50% the total cost of a significant project, the Committee supported advocating for a lesser share, such as a 25% local/75% State ratio.

The City Council Legislative Committee is comprised of Mayor Bennett and Councilors Andersen, McCoid, and Nanke, with Councilor Kaser serving as an alternate member.

Courtney Knox Busch
Strategic Initiatives Manager

Attachments:
1.None

04/28/2017