

“Pro and Con”
Policy Worksheet
Transportation Fee and Tax Options

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1. **Property Tax Bond Measure**: Would be put to the voters in an election and creates money source that can be bonded against. This would be similar to recent school or parks bond measures. Must be passed by 50% plus one, however the participation rate of the election must be 50% plus one. The double majority rule does not apply in the November general election.
2. **City Gas Tax** Could be passed by council, referred to voters by council or by collection of signatures.. Would not require additional collections services and would be administered through the existing state collection process. Would be a charge based on the number of gallons of fuel purchased. Bio fuels could be excluded.
3. **Utility Franchise Fee Increase** This is a fee paid by the utilities for the right to use the street to install utility poles or other facilities. The fee is currently 5.0 percent of the fees charged to the rate payers. The City of Portland currently is at the statutory limit of fees we are eligible to collect.
4. **Street Safety and Maintenance Fee (SSMF)** (with 30% low income credit) Could be passed by council, referred to voters by council or by collection of signatures. A SSMF is assessed based on trip generation or some other transportation related factor. The SSMF is often included on a utility bill based on a monthly fee. Rates can be calculated according to residential or commercial use. Captures all users of the right of way regardless of mode.
5. **Combination: SSMF, Gas Tax Increase and other**
6. **State Gas Tax Increase** Would be administered by the state, needs to originate in the house, pass both chambers and signed by the governor. Would be allocated according to the statutory scheme that allocates funds to the state, counties and to the cities. Funds are distributed to cities according to population. Suburban area population growth has been outpacing Portland.
7. **Transportation-Related Sales Tax** Could be passed by council, referred to voters by council or by collection of signatures. Would require a mechanism for collection. Would be assessed at the point of sale, based on type of merchandise.
8. **Off-Street Parking Fee** Could be passed by council, referred to voters by council or by collection of signatures. Could be designed as a surcharge on the fee for commercial parking, as a fee based on the square footage parking, or as a combination.
9. **Property Tax Increase** (would cause compression)
10. **Motor Vehicle Registration Fee Increase** (City has no authority)
11. **Expand Parking Meters/ Raise Rates** (would not raise enough revenue)
12. **Tolls/Congestion Pricing** (not politically viable)

1. Property Tax Bond Measure

Pro

- Meets tax fairness principle of “fiscal progressivity”
- Property tax increase could generate enough resources to address transportation maintenance and safety needs
- Relatively low collection costs for property tax increase due to an existing collection system
- Property tax increase could generate enough resources to address one-time capital transportation maintenance and safety needs
- Avoids “compression” due to property tax caps.

Con

- Debt costs
- “Double majority” rule hard to achieve unless on the November 2008 ballot

2. City Gas Tax (biofuels excluded)

Pro

- Meets tax fairness principle of “user pays” because city gas tax limited to transportation-related products and services
- Relatively low collection costs for sales tax due to lack of an existing collection system
- Local governments in Oregon such as Eugene (8 cents) currently charge a city gas tax
- Reportedly, Eugene gas station dealers have not experienced a decline in gas sales since tax was imposed
- Other local jurisdictions in the Metro area have a city gas tax
- City Gas tax could generate enough resources to address transportation maintenance and safety needs
- Gas Tax is “green” in that user/polluter pays

Con

- Relatively high cost of gas could produce voter resistance
- Biodiesel and ethanol exceptions would complicate collection process
- Widespread public misperception that gas tax is based on a percentage of the price and not per gallon
- City gas tax funds can only be used for road-related improvements
- Meets tax fairness principle of “fiscal progressivity” only if gas tax payers have other options than driving their car
- Historical reticence to this particular tax: Oregonians have defeated gas tax ballot measures
- If savings from avoiding a City gas tax are perceived to be valuable enough, potential taxpayers can avoid paying the tax by driving to adjacent non-city gas tax jurisdiction

3. Utility Franchise Fee Increase

Pro

- Meets a portion of the tax fairness principle of “user pays” because utilities cause damage to the transportation roadway system
- Meets a portion of the tax fairness principle of “user pays” because all Portlanders rely on maintained and safe right-of-way
- Assessed to electric utility ratepayer regardless of whether not they own or rent their home
- Assessed to electric utility ratepayer regardless of whether not they are a resident or business
- Established fee with no new administrative or collection costs

Con

- Utilities allowed to pass a share of the tax on to consumers, which will be added as a line-item on bill statements
- Focuses on only one of many groups that cause great wear and tear on the system

4. **Street Safety and Maintenance Fee (SSMF)** (with 30% low income credit)

Pro

- Meets tax fairness principle of “user pays” if SSMF estimates based on land use zoning are accurate
- Meets tax fairness principle of “user pays” because users of the public right-of-way such as bike riders, pedestrians, transit users will pay
- Meets tax fairness principle of “fiscal progressivity” if SMMF includes a low-income discount
- SSMF could generate enough resources to address transportation maintenance and safety needs
- Other local jurisdictions in the region impose a SSMF.
- Relatively low collection costs for SSMF through line item on City utility billing collection system
- Meets fairness principle of “user pays” because there is a broader societal value to efficient transportation services- even those who do not personally travel on the transportation system still derive a substantial benefit from the shipment of goods and services
- Unlike gas taxes, there are no restrictions on the types of transportation projects invested in

Con

- SSMF not directly linked to actual usage of motor vehicle

5. Combination: SSMF, Gas Tax Increase and other

Pro

- Spreads tax burden among all local transportation stakeholders
- Provides revenue stability “three-legged stool”
- Meets tax fairness principle of “user pays” because combination is limited to transportation-related products and services
- Has elements of the tax fairness principle of “fiscal progressivity”
- Combination could generate enough resources to address transportation maintenance and safety needs within 13 years
- Other local jurisdictions in Oregon impose a local gas tax and SSMF
- Relatively low collection costs for combination due to an existing collection system for each
- Seattle experience suggests this is a successful model

Con

- No other local jurisdiction in the region has a parking tax
- If savings from avoiding this combination of fees and taxes are perceived to be valuable enough, potential taxpayers can avoid paying the tax by driving to adjacent non-tax jurisdiction; businesses and residents could move

6. State Gas Tax Increase

Pro

- Meets tax fairness principle of “user pays” because tax is limited to transportation-related products and services
- Meets tax fairness principle of “user pays” because state gas tax incorporates weight-mile tax
- Gas taxes are a “green” tax option; the more fuel consumption the more gas tax is paid
- State gas tax increase of the correct amount could generate enough resources to address transportation maintenance and safety needs
- Established tax, no new administrative costs

Con

- Not happened in 12 state legislative sessions
- Inefficient tax investment for Portlanders: City pays more state gas taxes into the system than it receives back
- State gas tax currently is not indexed for inflation
- Gas taxes can only be used for roadway-related expenditures

7. Transportation-Related Sales Tax

Pro

- Meets tax fairness principle of “user pays” if sales tax limited to transportation-related products and services
- Meets tax fairness principle of “fiscal progressivity” if sales tax limited to non-essential luxury transportation-related products and services
- Sales tax could generate enough resources to address transportation maintenance and safety needs

Con

- No other local jurisdiction in the region has a sales tax
- “Luxury tax,” nobody believes *they* consume luxury goods
- Historical reticence to this particular tax: Oregonians have defeated eight sales tax ballot measures
- Relatively high collection costs for sales tax due to lack of an existing collection system
- If savings from avoiding a sales tax are perceived to be valuable enough, potential taxpayers will avoid paying the tax by driving to adjacent non-sales tax jurisdiction
- City can enact a sales tax on a limited number of products and services, such as automobile sales but would face initial complexity of defining how sales tax applies on essential vs. non-essential transportations related product or service

8. Off-Street Parking Fee

Pro

- Meets fee fairness principle of “user pays” because limited to a transportation-related service
- Meets fee fairness principle of “fiscal progressivity” if there is a link between value of a commercial property and number of parking spaces
- Once established, relatively moderate collection costs through existing City BLF collection system
- Off-Street Parking Fee could be applied to commercial parking only or all on-street parking

Con

- No other local jurisdiction in the region has a parking fee
- Revenues from a parking fee alone would generate enough revenues to address transportation maintenance and safety needs
- Might not meet fee fairness principle of “fiscal progressivity” for low-income drivers who do not have other transportation choices and end up paying for the parking fee through higher prices
- Businesses that have customers that would move with them could escape the parking fee by moving to an adjacent non-parking tax jurisdiction
- Fairly intensive initial start up costs to survey parking spots

9. Property Tax Increase

Pro

- Meets tax fairness principle of “fiscal progressivity”
- Local jurisdiction in region has property-based transportation charge: Washington County.
- Property tax increase could generate enough resources to address transportation maintenance and safety needs
- Relatively low collection costs for property tax increase due to an existing collection system
- Property tax increase could generate enough resources to address transportation maintenance and safety needs

Con

- Would cause “compression” due to property tax caps. As a result, this does not raise more revenue, but simply reallocates it from the City’s General Fund to transportation
- If based on property value and not property use, property tax does not readily meet tax fairness principle of transportation “user pays”
- Portland already has a relatively high property valuation and higher property tax rate than surrounding jurisdictions. Businesses that have customers that would move with them could escape the tax by moving to an adjacent jurisdiction

10. Motor Vehicle Registration Fee Increase

Pro

- Meets tax fairness principle of “user pays”
- Meets tax fairness principle of “fiscal progressivity” if fee is based on cost of vehicle
- Fee could generate enough resources to address transportation maintenance and safety needs
- Relatively low collection costs for fee due to an existing collection system

Con

- City does not have the legal ability to enact or refer this fee
- Historical reticence to this particular tax: Portlanders have defeated fee ballot measures

11. Expand Parking Meters/ Raise Rates

Pro

- Meets tax fairness principle of “user pays” because limited to a transportation-related service
- Provides incentive for transit ridership and cycling
- Increases space turnover and increases foot traffic in retail areas
- Ends subsidy entailed in non-market rate public parking

Con

- Potential for strong retailer and driver resistance
- Revenues likely not sufficient
- Installation and operation/maintenance costs for meters are high
- Perception that meters hurt business is prevalent

12. Tolls/Congestion Pricing

Pro

- Meets tax fairness principle of “user pays”
- Meets tax fairness principle of “user pays” in terms of non-Portland drivers would help pay for use of Portland system
- Proven in some cases to reduce congestion and thereby have positive effects in the local/regional economy
- Some taxpayers could not avoid paying the toll if they have access to transit, bike or pedestrian options
- Meets tax fairness principle of “fiscal progressivity” if low income transportation customers have access to transit
- Toll could generate enough resources to address transportation maintenance and safety needs
- Electronic toll systems make for convenient collection of tolls

Con

- No other local jurisdiction in the region has a toll
- Relatively high collection costs for sales tax due to lack of an existing collection system
- Consumer required to obtain equipment for electronic toll and set up a credit card account
- All bridges would have to be tolled to avoid traffic dislocations
- Has potential to exacerbate East-West Portland divide