

MEMORANDUM

TO: Clackamas County Board of Commissioners
FROM: Commissioner Paul Savas
RE: State Transportation Funding
DATE: December 12, 2023

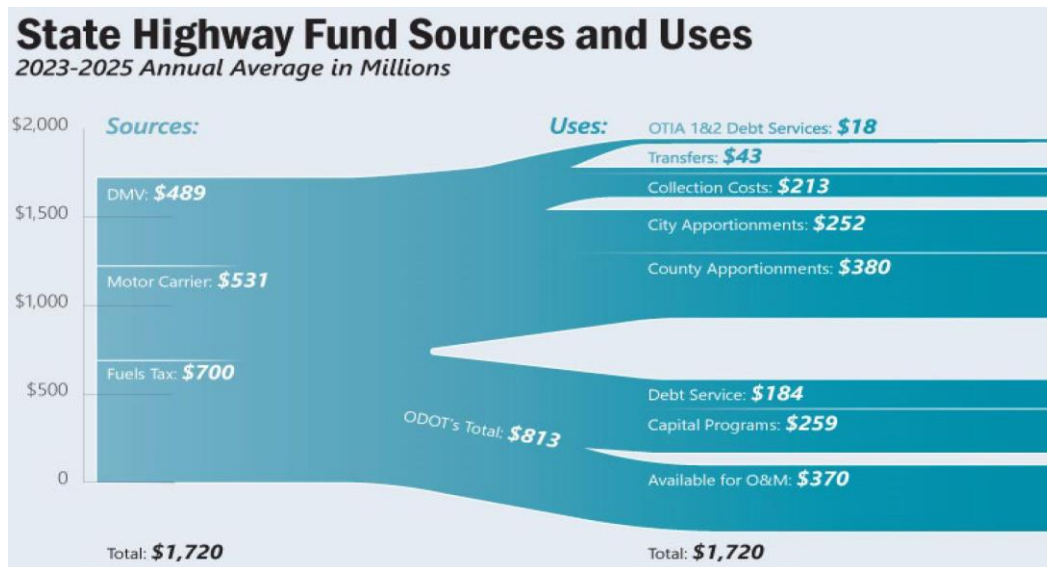
REQUEST: If not for tolling to fund construction of the third lane for I-205, what funding source would the board support?

BACKGROUND:

The Board of Commissioners recently approved the 2024 Clackamas County State Legislative Policy Agenda. Included in that agenda were the following key components:

- Opposing tolling programs as currently proposed and ensuring policies include a commitment to revenue sharing to address needed off-system improvements, mitigate diversion, and improve safety.
- Completing the I-205 Bottleneck Project in HB2017 and supporting local priority projects, including the Sunrise Gateway Corridor.

Considering that the I-205 project is a Board priority, we must work together to identify supportable funding options. The following describes current State Highway Fund Sources and Uses.



If we assume that additional annual revenue of \$30 m is necessary to fund debt service to construct all the I-205 project (Abernethy bridge replacement and the third lane), which of these mechanisms should the state consider and evaluate in lieu of tolling?

How much do Increasing Current Tax and Fee rates yield?

Units of Investment		
Existing taxes & fees	Fuel tax	Every 1-cent increase generates \$22.5 million each year
	Registration fees	Every \$10 increase generates \$53 million each year
	Existing title fees	Every \$10 increase generates \$11 million each year
	Class C License fees	Every \$10 increase generates \$6 million each year
	Use Tax	Every 0.1% increase generates \$2.4 million each year
	Privilege Tax	Every 0.1% increase generates \$10.5 million each year
	Payroll Tax	Every 0.01% increase generates \$16.3 million each year
	Bicycle Excise Tax	Every \$10 increase generates \$0.5 million each year
Debt Service will likely range from \$5.5-\$8.0 million per year for every \$100 million in bond proceeds		