CLACKAMAS COUNTY

OFFICE OF COUNTY COUNSEL
PUBLIC SERVICES BUILDING
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August 11, 2016

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Board of County Commissioners
Clackamas County

Members of the Board:

Approval of a Resolution Referring a Ballot Measure Authorizing a Motor Vehicle Fuel Tax for County Road Maintenance

Purpose/Outcomes	Authorize a 6-cent-per-gallon tax on motor vehicle fuel sales in Clackamas County.
Dollar Amount and Fiscal Impact	Nominal internal staff costs. Estimated annual revenues of $9 million.
Funding Source	Motor vehicle fuel tax
Duration	Seven years
Previous Board Action	Numerous policy sessions, including June 9, June 28, and July 12, 2016.
Strategic Plan Alignment	1. Build a strong infrastructure 2. Ensure safe, healthy and secure communities
Contact Person	Stephen L. Madkour, County Counsel Barbara Cartmill, Director DTD

BACKGROUND:
Funding for road maintenance and safety improvements primarily comes from gas taxes. State law forbids using ad valorem property taxes for roads. The County uses road funds efficiently, but is unable to keep pace with maintenance needs. Current efforts show a $17 million annual gap between funds needed to maintain roads and revenue. Under the current funding structure, every year a larger percentage of county roads slip below minimum safety or maintenance levels due to the lack of funding, and the cost to reconstruct a road in the future is more than 10 times greater than the cost of providing preventive maintenance today.

The County desires to provide appropriate and safe roads for Clackamas County citizens and is searching for the approach means and manner for obtaining funding to provide the same. The Board of County Commissioners sought public feedback and input on road funding challenges. An advisory vote in May by the citizens of Clackamas County provided additional information for the Board of Commissioners in deciding the optimal way to meet the road funding challenge.

Clackamas County held a summit in June seeking feedback from the cities about means to address county road maintenance funding needs that could also support city transportation funding needs. The feedback from the cities at the summit included support for a "gas" tax contingent upon the County's commitment to split the revenues with the cities – 60% to the County and 40% to the cities – and contingent upon the cities signing a resolution in support of the ballot measure.

The Clackamas County Board of Commissioners agreed to pursue a $0.06 cent per gallon fuel tax and confirmed the intent for cities to sign an Inter-Governmental Agreement (IGA) to memorialize the 60/40 percentage split should the measure succeed. The imposition of a fuel tax requires voter approval.

RECOMMENDATION:
Staff recommends the Board approve the Resolution Referring a ballot measure authorizing a motor vehicle fuel tax for county road maintenance.

Respectfully submitted,

Stephen L. Madkour
County Counsel

Attachments:
Resolution
Ballot Title
Explanatory Statement

In the Matter Referring
A Ballot Measure Authorizing
A Motor Vehicle Fuel Tax for
County Road Maintenance

RESOLUTION NO. 2016-____

WHEREAS, ORS 319.950 authorizes a County to enact an ordinance taxing fuel for motor vehicles after submitting the proposed tax to the electors of the County for their approval; and

WHEREAS, Clackamas County will submit a ballot measure in November 2016 for a countywide, seven-year $0.06 motor vehicle fuel tax; and

WHEREAS, Clackamas County held a summit on June 9, 2016 seeking feedback from the cities about means to address county road maintenance funding needs that could also support city transportation funding needs; and

WHEREAS, feedback from the cities at the summit on June 9 included support for a "gas" tax contingent upon the County's commitment to split the revenues with the cities – 60% to the County and 40% to the cities – and contingent upon the cities signing a resolution in support of the ballot measure; and

WHEREAS, a Clackamas County policy session on June 28, 2016, the Clackamas County Board of Commissioners (BCC) agreed to pursue a $0.06 cent per gallon fuel tax and confirmed the intent for cities to sign an Inter-Governmental Agreement (IGA) to memorialize the 60/40 percentage split should the measure succeed; and

WHEREAS, at a Clackamas County policy session on July 12, 2016, the BCC agreed the terms of an IGA should include the County's commitment to only use 60% of the revenue from a fuel tax, while 40% of the fuel tax revenue would be shared only among cities that sign the IGA by September 1, 2016; and

WHEREAS, the County has agreed to spend its 60% share of revenue to address road maintenance needs for 7 paving packages and safety projects in unincorporated Clackamas County; and

WHEREAS, cities within Clackamas County are encouraged to create similar project lists and are required to spend their share of the 40% of revenue on transportation projects; and

WHEREAS, the motor vehicle fuel tax is scheduled to sunset 7 years after it begins; and

WHEREAS, cities and the County have the opportunity, with a successful vote, to work together to improve the transportation through the cities and county;

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS that**:**

1. A measure is hereby referred to the voters of Clackamas County regarding road funding substantially in the form attached hereto as Exhibit A and related explanatory statement, subject only to ministerial correction by staff.

2. The measure election hereby called shall be held in Clackamas County on Tuesday, November 8, 2016.

3. The County hereby authorizes the Chair, the County Administrator, the County Counsel or their designees to submit, sign and otherwise take all necessary action to effectuate the foregoing and to file the ballot title with the County Clerk for publication.

DATED this 11th day of August, 2016.

BOARD OF COUNTY COMMISSIONERS

_____
Chair

_____
Recording Secretary

EXHIBIT A

BALLOT TITLE

CAPTION (10 words):

Temporary 6-Cent Per Gallon Vehicle Fuel Tax

QUESTION (20 words):

Shall Clackamas County adopt a seven-year, 6-cent-per-gallon motor vehicle fuel tax dedicated to road maintenance projects?

BALLOT SUMMARY (175 words):

The measure imposes a temporary 6-cent-per-gallon tax on motor vehicle fuel sales within Clackamas County. The tax revenues must be used as required by the Oregon Constitution for construction, reconstruction, improvement, repair, maintenance, operation and use of public roads and streets within the county. The tax is estimated to raise approximately $9 million per year. The County will use 60 percent of the net revenue for specific County road paving and safety projects, and will distribute the remaining 40 percent of the net revenue to supporting cities in Clackamas County to use for their own transportation projects. To be eligible to receive fuel tax revenues, a city must have entered into an Inter- Governmental Agreement with the County prior to September 1, 2016. A list of county projects and their estimated costs can be found at http://theroadahead.us/.

The tax is implemented in March 2017 and will expire seven years after the implementation date. The County will adopt an ordinance for the administration of the motor vehicle fuel tax and establish and implement licensing requirements.

EXPLANATORY STATEMENT

Road funds primarily come from motor vehicle fuel taxes and vehicle registration fees. Oregon law prohibits using ad valorem (property) taxes for roads. The county uses road funds efficiently, but is unable to keep pace with maintenance needs. There is a $17 million annual gap between funds needed to maintain roads and revenue.

Over 50% of Clackamas County's 1,400 road miles are in fair or poor condition. Every year, a larger percentage of county roads slip into disrepair, and the county doesn't have the necessary revenue to keep up. Waiting also comes at a price, as the cost to reconstruct a road in the future is more than 10 times greater than the cost of providing preventive maintenance today.

Ongoing preventive maintenance is critical to safe roads. Smooth roadways, clear lane markings, unobstructed sightlines, drainage and well-marked intersections help reduce crashes and keep travelers safe.

Oregon law allows the voters of a county to vote to impose a motor vehicle fuel tax. The measure would impose a 6-cent per gallon tax on motor vehicle fuel sold in Clackamas County. Annual revenues generated by the vehicle fuel tax are estimated to be $9 million. The tax would be collected by the Oregon Department of Transportation. The County will distribute 40% of the tax net revenues collected to supporting cities in Clackamas County. The County and Cities will enter into an Inter-governmental Agreement to memorialize this arrangement. To be eligible to receive fuel tax revenues, each City must enter into the Inter-governmental Agreement before September 1, 2016. The tax must be used as required by the Oregon Constitution for construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads, streets and roadside rest areas in the county. The tax would expire after seven years.

Explanatory Statement Furnished by Clackamas County Board of Commissioners

_____ Date: _____, 2017

Authorized Signature