# Opinion / Local

— GUEST OPINION —

## ODOT's fiscal cliff

**By Sen. Doug Whitsett**

Oregon has been spent into a monumental, multi-agency, multi-billion dollar budgetary hole during the past several legislative sessions.

The Oregon Department of Transportation (ODOT) is among the state agencies facing the worst financial challenges for the 2017-19 biennium and beyond. Most of the agency's financial woes are the result of legislative and agency management decisions made over the past dozen years.

The lion's share of ODOT's state highway division funding is raised by the fuel and weight-per-mile taxes, as well as certain vehicle license and registration fees. That highway fund revenue is constitutionally dedicated to the maintenance, preservation and construction of Oregon highways and bridges.

ODOT's budget has traditionally been done on a pay-as-you-go basis. Prior to 2002, the agency was not authorized to spend more revenue than it collected during each budget cycle.

That all changed during the administrations of former Governor's John Kitzhaber and Ted Kulongoski. An undeniably large backlog of much-needed highway and bridge improvements had accumulated.

At the time, the amount of money needed to pay for those deferred highway construction projects would have required very significant increases in fuel and weight-per-mile taxes. Rather than taking potentially unpopular actions to raise the necessary revenue, legislators began approving a series of laws authorizing borrowing the money to pay for the needed highway projects.

Legislators were told the agency would be able to immediately spend about six dollars, on highway and bridge construction projects, for each dollar borrowed and bonded against future income from newly enacted highway taxes and fees. The principle and interest on the new highway revenue bonds would be paid by future revenue raised from the new taxes and fees.

A super-majority of the Legislative Assembly allowed themselves to be repeatedly convinced this was good fiscal policy. They enacted smaller tax and fee increases, and bonded a lot of the future revenue from those increases, to get a much greater "bang for the buck."

Beginning in 2003, the Legislative Assembly enacted a series of Oregon Transportation Investment Acts as well as the 2009 Oregon Jobs and Transportation Act to help address the backlog of bridge repairs and the expansion of Oregon highway capacity. The preponderance of the new highway and bridge construction projects were funded by issuing highway revenue bonds.

The new laws required the debt to be repaid with fuel and weight-per-mile tax receipts collected over the next 25 years. I voted against these bills because I was concerned they would diminish the state highway fund and negatively affect ODOT's future ability to maintain highways throughout Oregon.

The Legislative Assembly also authorized borrowing several hundred million dollar in lottery revenue bonds to fund a series of Connect Oregon bills. Originally, the funding was to be used for needed multimodal freight and public transit projects. Most of those projects have already been completed.

They will be paid for out of the state's share of future lottery earnings over the next 25 years. I voted for these bills because they did not negatively impact the capacity of the state highway fund.

The ODOT highway division has been spending nearly half a billion dollars of this borrowed money during each two-year budget cycle for more than a decade. The projects funded with borrowed money did pay for improvements to bridges and other key aspects of our state highway, transit and freight infrastructure. However, the debt accrued to fund all that work is now jeopardizing the agency's entire budget.

As previously stated, the principle and interest on all highway revenue bonds must be paid out of future state highway funds. The debt service on currently outstanding highway revenue bonds will cost nearly half a billion dollars per budget cycle until the year 2034.

Additionally, the principle and interest on lottery revenue bonds must be paid from the state's share of future lottery earnings.

ODOT has already spent all but about $100 million of the bonded money. Between four and a half billion and five billion dollars of future highway fund and lottery revenue will be required to pay the total principle and interest on all of that borrowed money.

Not a single dollar of that enormous amount of money will be available to maintain, preserve or build Oregon highways until after the year 2034.

In short, a future generation will be forced to pay for the roads and bridges and other facilities constructed with the proceeds from these highway and lottery revenue bonds. That infrastructure will largely be deteriorated by the time the debt is repaid.

The story being told to Oregonians is that revenues derived from the fuel taxes are declining and are now inadequate to meet the agency's needs. Further, the alleged revenue reduction is supposedly due to increasing fuel efficiency and the advent of more electric and hybrid vehicles.

These allegations simply are not accurate. Both fuel tax and weight per mile tax revenues coming into Oregon state highway fund coffers have continued to increase each biennium in an almost linear fashion. Receipts from vehicle license and registration fees have continued to grow in a similar manner.

The number of electric and hybrid cars registered in Oregon is hardly a rounding error compared to the total number of automobiles registered in the state. Their cumulative effect on either highway wear and tear or highway fund revenue is insignificant and is likely to remain negligible into the foreseeable future.

The real reasons for ODOT's budget shortfall are significantly more complex. The monumental budget deficit is caused by a combination of the agency's growing and prolonged debt payments, the reality that there is no more borrowed money to spend, the impending huge compensation increases for its approximately 2,500 highway division employees and its propensity for spending too much highway fund revenue for "highway-related" purposes. The state's own graphics demonstrate both the causes and the immense size of that fiscal cliff.

ODOT spends an enormous amount of highway fund money on agency administration, land use and environmental mitigation planning, as well as other non-highway motor vehicle services, including certain funding for public transit, highway and bridge art, extensive landscaping, facilities for bicycle and pedestrians, solar installations and electric vehicle charging stations. Much of this spending could, and I believe should, be refocused on the actual preservation, maintenance and construction of highways and bridges.

ODOT leadership and some legislators appear to be promoting the enactment of a vehicle mileage tax (VMT) to raise the money needed to continue funding its operations. According to this recent article in the Oregonian, the VMT may be among the options considered by lawmakers in the upcoming 2017 session to help ODOT fill its ever-growing budget gap.

Make no mistake, simple math demonstrates the proposed 1.5 cent per mile VMT is anything but a "revenue neutral" shift in how Oregonians are charged to use their highways. It would create a massive tax increase for vehicles that are designed to comply with the federal Corporate Average Fuel Efficiency (CAFE) standards.

Oregon currently charges a 30 cent per gallon tax on motor fuel. An automobile making 20 miles per gallon (MPG) would break even at the proposed level of taxation and vehicles making less than 20 MPG could actually pay less.

However, for vehicles designed to comply with CAFE standards, the proposed VMT will amount to a 50 percent increase for cars making 30 MPG, a 100 percent increase for cars making 40 MPG and a 200 percent increase for cars making 60 MPG.

Trucks currently pay a commensurate weight-per-mile tax based on their calculated share of wear and tear they cause to Oregon roads. The proposed new tax would "equitably" increase the weight-per-mile tax to maintain that balance of shared cost.

*Submitted Photo*

Sen. Doug Whitsett represents Oregon's Senate District 28.

Moreover, the VMT will unfairly tax rural Oregonians who must drive further for virtually every daily activity. For instance, a five-mile round trip to the grocery store would tax an urban dweller seven and a half cents, while each 70-mile round trip to town will tax the rural Oregonian $1.05, regardless of vehicle fuel mileage.

As is often the case in Oregon, ODOT officials began their attempts to implement a VMT through voluntary means. A pilot project, OreGO, was launched in the hopes of demonstrating Oregon's success in being the first state in the nation to fund its highway division with a VMT.

ODOT spent more than $6 million attempting to convince a minimum of 5,000 Oregonians to volunteer to sign up for the pilot program. Agency expenses included extensive travel to other states and nations to convince their governments to enact similar taxes. Thus far, no other jurisdiction within the United States has enacted a VMT.

The lack of public support among Oregonians for either the VMT or the pilot program is also apparent. To date, fewer than 900 Oregonians have volunteered for the demonstration project. The bleak, less than 20 percent participation rate, was achieved only after the agency's staff mounted a statewide promotional campaign and ODOT paid a public relations firm more than half a million dollars over two years to promote the pilot project.

In order to bolster those dismal volunteer numbers, the aforementioned Oregonian article states that ODOT appears to have leveraged the inclusion of about 50 more vehicles from the fleets of four private firms that contract with the agency's highway construction division. Still, basic math shows how this social engineering experiment has cost taxpayers nearly $7,000 per vehicle registered in the program.

The use of borrowed money, and other budgetary ploys, is far too often instrumental in the legislative process. The gimmicks are routinely used for building political and public support for programs that would not otherwise pass scrutiny or gain approval.

The long-term consequences of such approaches are proving to be both prohibitively expensive to the public and severely limiting to the ability of our public agencies to function effectively. Oregon voters should expect, and demand, better use of their tax money.

Political leadership assumes that someone is actually following. Oregon's elected and bureaucratic elite have a long history of attempting to be first, regardless of precedent, fiscal confidence or widespread public support. Ironically, we were the first state in the nation to implement a gas tax!

Another good example of this includes our statewide, comprehensive land use system that we started in the 1970s that no other state has emulated to date. More recent examples include our "motor voter" automatic voter registration program, a three-tiered minimum wage that perpetuates income inequality based on geography and an anti-coal bill that will nearly double Oregonians' utility bills, do very little to reduce global greenhouse gas emissions and, at best, subsidize green energy jobs in other states.

Too often, these well intended "we know better than the voting public" schemes have been enacted at the expense of their constituents. In my opinion, it is time for ODOT management and legislators alike to abandon their VMT concept that virtually no one else appears to like or want.

Please remember—if we do not stand up for rural Oregon, no one will.

## Library book sale planned

Give your summer reading a boost! Come to the Miners Jubilee Friends of the Library Book Sale, held at the Baker County Library, 2400 Resort Street.

The sale offers nearly new, used, and special collectible books and audiovisual materials, and all proceeds benefit our wonderful County Library, as well as its six branches. The Book Sale opens Friday morning, July 15th, and continues for two full weekends, plus the week in between.

New books will be put out daily.

Dates and times of the Book Sale are as follows: Friday July 15th, 9 a.m. to 6 p.m.; Saturday July 16th, 9 a.m. to 4 p.m.; Sunday July 17th, 10 a.m. to 4 p.m.; Monday through Thursday July 18th through 21st, 9 a.m. to 7 p.m.; Friday July 22nd, 9 am to 6 p.m.; Saturday July 23rd, 10 am to 4 p.m.; Sunday July 24th, 12 noon to 4 p.m.

## Hells Canyon road closed

The road will be closed on top of Hells Canyon Dam on Wednesday, July 6, through Friday, July 8, from 7 a.m. to 5:30 p.m. MDT. The road will be opened for 30 minutes beginning at 10 a.m. and again at 2 p.m. to allow traffic to pass.

Flaggers will be on the road to assist with traffic control. Drivers should expect delays and plan their crossings accordingly. Crews will use a crane to install stoplogs on the upstream side of the dam.

**Letter to the Editor Policy:** The Baker County Press reserves the right not to publish letters containing factual falsehoods or incoherent narrative. Letters promoting or detracting from specific for-profit businesses will not be published. Word limit is 375 words per letter. Letters are limited to one every other week per author. Letters should be submitted to Editor@TheBakerCountyPress.com.

**Advertising and Opinion Page Disclaimer:** Opinions submitted as Guest Opinions or Letters to the Editor express the opinions of their authors, and have not been authored by and are not necessarily the opinions of The Baker County Press, any of our staff, management, independent contractors or affiliates. Advertisements placed by political groups, candidates, businesses, etc., are printed as a paid service, which does not constitute an endorsement of or fulfillment obligation by this newspaper for the products or services advertised.


— CONTACT US —

The Baker County Press

PO Box 567
Baker City, Ore. 97814

Open Monday-Thursday for calls
9 AM - 4 PM
Open 24/7 for emails

Phone: 541.519.0572

TheBakerCountyPress.com

**Kerry McQuisten, Publisher**
Editor@TheBakerCountyPress.com

**Wendee Morrissey, Advertising and Sales**
Wendee@TheBakerCountyPress.com

**David Conn, Advertising and Sales**
David@TheBakerCountyPress.com

Published weekly every Friday.
Subscription rates per year are $29.95 all areas, e-mail delivery. $39.95 print issue, home delivery, Baker City city limits only. $49.95 print issue, mail delivery, outside Baker City city limits only. Payment in advance.

A division of
Black Lyon Publishing, LLC




YOUR ELECTED OFFICIALS

**President Barack Obama**
202.456.1414
202.456.2461 fax
Whitehouse.gov/contact

**US Sen. Jeff Merkley**
503.326.3386
503.326.2900 fax
Merkley.Senate.gov

**US Sen. Ron Wyden**
541.962.7691
Wyden.Senate.gov

**US Rep. Greg Walden**
541.624.2400
541.624.2402 fax
Walden.House.gov

**Oregon Gov. Kate Brown**
503.378.3111
Governor.Oregon.gov

**State Rep. Cliff Bentz**
503.986.1460

**State Sen. Ted Ferrioli**
541.490.6528

**Baker County Commissioners Bill Harvey; Mark Bennett; Tim Kerns**
541.523.8200
541.523.8201