

Oregon is unusual in the breadth of different tax instruments it has authorized to fund transportation projects, particularly for public transit. However, despite a relatively liberal legal framework for the adoption of local option taxes, the state has not seen a major shift toward their widespread use. Voters seem willing to accept small transportation taxes, but tend to reject the larger taxes that would be able to fund major new infrastructure projects. Instead, there has been a shift toward local issuance of general revenue bonds.

## 1. Fuel and Vehicle Taxes

Cities and counties may adopt gasoline taxes by local ordinance. According to Oregon's constitution, all motor fuel and motor vehicle tax revenues must be used for the construction and maintenance of highways, roads, and streets.<sup>1</sup> Gasoline taxes have been adopted in Multnomah and Washington counties, and the cities of The Dalles, Tillamook, and Woodburn.<sup>2</sup> Together, these taxes generate, about \$8.6 million annually. Gas taxes have been proposed elsewhere, but have been defeated at the ballot.<sup>3</sup>

Counties, transportation districts, and the Portland area's Metropolitan Service District ("Metro") have the power to levy motor vehicle registration fees to fund various transportation projects, subject to voter approval.<sup>4</sup> Voters in several counties considered adopting these fees in 1997, but all rejected the proposal.<sup>5</sup>

## 2. Property Taxes and Assessments

Counties and several types of county-established road districts may adopt property taxes for the construction and maintenance of county roads and bridges.<sup>6</sup> In all, Oregon has 123 road districts, of which 86 receive revenues from dedicated local property taxes.<sup>7</sup>

Transit districts may use property taxes to fund their operations or repay debt.<sup>8</sup> Currently, six transit districts (Basin, Hood River, Lincoln County, Rogue Valley, Salem Area, and Sunset Empire) receive property tax revenues to support operations. The Portland area's Tri-County Metropolitan Transit District ("Tri-Met," covering parts of Clackamas, Multnomah, and Washington counties) uses the revenue from its property tax to repay debt from the construction of its West Side Light Rail project. Together, transit property taxes generate \$19.4 million annually (about \$6 per capita averaged statewide).<sup>9</sup>

## 3. Sales and Other Taxes

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<sup>1</sup> Constitution of Oregon, Article IX, § 3a.

<sup>2</sup> Oregon Department of Transportation, Fuels Tax Group, "Required Tax Disclosures and Current Tax Rates," (May, 2000).

<sup>3</sup> Oliver, "Five counties reject transportation taxes," *The Oregonian* (November 5, 1997).

<sup>4</sup> Oregon Revised Statutes, §§ 267.001, 268.503, and 801.041. While Metro has the authority to provide transportation services, it primarily serves as a transportation planning agency; Tri-Met is the main provider of transit in the region.

<sup>5</sup> Oliver, *op. cit.*

<sup>6</sup> Oregon Revised Statutes, §§ 368.705, 370.180, 371.065, and 371.336.

<sup>7</sup> Oregon Department of Revenue, *Oregon Property Tax Statistics*, Fiscal Year 1998-99.

<sup>8</sup> Oregon Revised Statutes, §§ 267.305 and 268.500.

<sup>9</sup> Oregon Department of Revenue, *Oregon Property Tax Statistics*, Fiscal Year 1998-99.

Oregon does not have a state sales tax or a local option sales tax. However, unlike local governments in most other states, Oregon counties and cities have the power to devise their own non-property tax and other local revenue structures without specific state enabling legislation. As a result, Oregon cities and counties levy a wide variety of local taxes.<sup>10</sup>

Metro, transit districts, and transportation districts may levy income taxes of up to 1% or payroll and self-employment taxes of up to 0.6%.<sup>11</sup> No districts currently impose the income tax, but the payroll and self-employment taxes are collected by Tri-Met and the Lane County Transit District. These taxes generate rather high revenues: \$62 per capita in the Lane County district, and \$153 per capita in Tri-Met, for a total of \$165 million annually. Tri-Met is using its payroll taxes to help fund an extension of its light rail system to Portland's airport.

Hotel and motel taxes are another minor source of revenue for transportation finance. Of the many jurisdictions that impose the tax, just four (Lake Oswego, Lincoln City, Umatilla County, and Union County) dedicate the revenue to transportation projects. Together these taxes raise nearly \$1 million annually.

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<sup>10</sup> Oregon Revised Statutes, § 279.035; Letter from Association of Oregon Counties (December 20, 2000).

<sup>11</sup> Oregon Revised Statutes, §§ 267.370, 267.380, and 268.305.

# OREGON

## Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Max. Duration	Purposes	Adoption Process
<b>General</b>	ORS 203.035	Home Rule Powers**	Cities, Counties	1973	Any	-	Roads, streets, highways	C
<b>Vehicle</b>	ORS 267.001; ORS 268.503; ORS 801.041, .042	Vehicle Registration Fees	Counties; Portland Metro; Transit or Transportation Districts	1989	Up to \$30 every two years	-	Roads, streets, highways	C
<b>Property</b>	ORS 267.305	Property Taxes	Transit Districts	1969	Specified at creation of district	-	Transit operations	C
	ORS 267.620	Property Taxes	Transportation Districts	1974	Up to 0.5%, higher for bonds	-	Transit operations, repay bonds	C
	ORS 267.310, .615	Property Taxes	Transit or Transportation Districts	1969	0.15%	-	Transit capital improvements	C
	ORS 268.500	Property Taxes	Portland Metro	1969	0.50%	-	Any*	C
	ORS 280.060	Property Taxes	Any political subdivision	1953	Any	10 years	Capital improvements	C
	ORS 368.705	Property Taxes	Counties	1963	Any	-	County roads and bridges	B
	ORS 370.180	Property Taxes	Counties	1963	Any	-	County roads and bridges	B
	ORS 371.065	Property Taxes	County Drainage Road Districts	1981	Any	-	Build, maintain roads	B
ORS 371.336	Property Taxes	County Special Road Districts, Road Assessment Districts	1961	Any	-	Build, maintain roads	E	
ORS 451.420, .540	Property Taxes	County Service Districts	1955	0.05%	-	Build/maintain roads, transportation systems	C	
<b>Other</b>	ORS 268.505	Income Tax	Portland Metro	1969	1.0%	-	Any*	C
	ORS 267.370, .615	Income Tax	Transit or Transportation Districts	1969	1.0%	-	Transit	C
	ORS 267.380, .385, .420, .615	Payroll & Self-Employment Tax	Transit or Transportation Districts	1969	0.6%	-	Transit	C
	ORS 267.360	Business License Fees	Transit or Transportation Districts	1969	-	-	Transit	C
	ORS 268.507	Metropolitan Service District Excise Tax	Portland Metro	1989	Excise tax on Metro facilities	-	Any*	B

\*The Portland Metropolitan Service District ("Metro") funds transportation and land use planning; solid waste management; regional parks; zoo; and public facilities. It does not directly fund transportation construction, maintenance, or operations.

\*\*These powers have been used to adopt gasoline taxes.

A = State Law  
 B = County/Local Law  
 C = Popular Vote  
 D = Majority of City Councils  
 E = Vote of agency or district

# OREGON

## Adopted County, District, and Local Transportation Taxes

Jurisdictions	Pop. 1998	Transportation Property Taxes 1999			Other (FY 1999)					Note
		Purpose	Property Taxes (\$1000)	Special Assess. (\$1000)	Revs per capita	Type	Rate	Purpose	Revenue (\$1000)	
<b>Counties:</b>										
BAKER	16,411									
BENTON	77,823	Roads		29.7	\$0.38					
CLACKAMAS	334,773	Roads		7,282.7	\$21.75					
CLATSOP	35,364	Roads	1,636.1		\$46.26					
COLUMBIA	44,513	Roads	4.1		\$0.09					
COOS	62,156									
CROOK	17,295									
CURRY	21,071	Roads		3.1	\$0.15					
DESCHUTES	105,731	Roads		100.3	\$0.95					
DOUGLAS	101,839	Roads		5.9	\$0.06					
GILLIAM	2,020	Roads	310.5		\$153.70					
GRANT	8,037									
HARNEY	7,201									
HOOD RIVER	19,595									
JACKSON	173,243	Roads		36.9	\$0.21					
JEFFERSON	16,747	Roads	6.5		\$0.39					
JOSEPHINE	74,166									
KLAMATH	63,160									
LAKE	7,157									
LANE	313,344	Roads		170.6	\$0.54					
LINCOLN	45,282	Roads		9.3	\$0.21					
LINN	104,461									
MALHEUR	28,549	Roads		22.0	\$0.77					
MARION	268,910	Roads		107.8	\$0.40					
MORROW	9,953	Roads	1,398.1		\$140.47					
MULTNOMAH	630,573									
POLK	61,403	Roads		16.5	\$0.27					
SHERMAN	1,795	Roads	535.3		\$298.22					
TILLAMOOK	24,283	Roads		14.6	\$0.60					
UMATILLA	65,591									
UNION	24,874									
WALLOWA	7,334									
WASCO	23,101									
WASHINGTON	400,715	Roads	2,531.7	243.2	\$6.92	Gasoline	1¢/gal.	Roads	806.0	\$2.01
WHEELER	1,570									
YAMHILL	82,015									
<b>Special Districts:</b>										
Basin Transit District	18,561	Transit Oper.	651.1		\$35.08					
Hood River Co. TD	19,595	Transit Oper.	68.6		\$3.50					
Lane County TD	221,400					Payroll	0.6%	Transit	13,831.7	\$62.47 (1)
Lincoln County TD	45,282	Transit Oper.	338.5		\$7.48					
Rogue Valley TD	122,790	Transit Oper.	1,137.2		\$9.26					
Salem Area Mass TD	160,000	Transit Oper.	5,726.1		\$35.79					
Sunset Empire TD	21,000	Transit Oper.	429.9		\$20.47					
Tri County Metro TD ("Tri Met")	988,284	Transit Cap.	11,006.1		\$11.14	Payroll	0.618%	Transit	151,422.0	\$153.22 (1,2)
Port of Portland	-	Port Cap/Op	5,213.0							
Portland Metro Svc District ("Metro")	1,300,000	Gen. Revs	25,007.5		\$19.24	Excise	7.5%	Gen. Revs	7,877.2	\$6.06 (3)
Malheur Rd Dist #2		Roads	231.2							
Malheur Rd Dist #3		Roads	438.0							
Malheur Rd Dist #4		Roads	0.1							
Malheur Rd Dist #5		Roads	14.9							
<b>Cities:</b>										
Albany	38,832	Roads		490.3	\$12.63					
Ashland	18,095									
Beaverton	62,111	Roads	775.0	410.9	\$19.09					
Bend	34,321									
Canby	12,084									
Central Point	10,583									
Coos Bay	15,259									
Corvallis	50,202	Roads	654.5		\$13.04					
Dallas	12,331	Roads	106.5	45.8	\$12.35					
Eugene	128,240	Roads		1,827.3	\$14.25					
Forest Grove	15,200									
Gladstone	11,762	Roads	8.3		\$0.71					
Grants Pass	21,366									
Gresham	85,021									
Hermiston	11,514	Roads		27.4	\$2.38					

Jurisdictions	Pop. 1998	Transportation Property Taxes 1999				Other (FY 1999)					Note
		Purpose	Property Taxes (\$1000)	Special Assess. (\$1000)	Revs per capita	Type	Rate	Purpose	Revenue (\$1000)	Revs per capita	
Hillsboro	61,111										
Keizer	28,967	Roads		6.3	\$0.22						
Klamath Falls	18,538										
La Grande	12,060	Roads		1.7	\$0.14						
Lake Oswego	34,704										
Lebanon	12,471										
McMinnville	24,086	Roads		183.6	\$7.62						
Medford	57,156										
Milwaukie	19,895	Roads		8.7	\$0.44						
Newberg	16,962										
Ontario	10,848										
Oregon City	20,940										
Pendleton	16,060										
Portland	503,891	Roads		2,705.7	\$5.37						
Redmond	11,728										
Roseburg	19,289	Roads		871.0	\$45.16						
Salem	126,702	Roads	9,707.0		\$76.61						
Springfield	50,682	Roads		415.1	\$8.19						
The Dalles	11,211					Gasoline	1.5¢/gal		306.7	\$27.36	
Tigard	36,920										
Tillamook	4,327					Gasoline	3¢/gal.		?		
Troutdale	13,576										
Tualatin	19,978										
West Linn	21,202										
Wilsonville	13,124	Roads		2,002.3	\$152.56						
Woodburn	14,981					Gasoline	1¢/gal.		88.3	\$5.90	
<b>STATE TOTAL</b>	<b>3,282,055</b>	Roads	18,357.8	17,038.7	\$10.78	Gasoline		Roads	8,559.0	\$2.61	
		Transit	19,357.5	0.0	\$5.90	Payroll		Transit	165,253.7	\$50.35	

(1) Data for FY 1997. Includes Self-Employment Tax.

(2) The property tax funds the West Side light rail project. Data from 1998 National Transit Database.

(3) Excise tax applies only to Metro's own facilities and services