



**OREGON DEPARTMENT OF TRANSPORTATION | BUDGET 2011 – 2013**





## Understanding Oregon's Transportation Budget

The Oregon State Highway Department, created in 1913 to “get Oregon out of the mud,” became the Oregon Department of Transportation in 1969. ODOT's modern-day mission is to provide a safe, efficient transportation system that supports economic opportunity and livable communities for Oregonians. To do this, ODOT responsibly manages a budget that funds programs related to Oregon's system of highways, roads and bridges; railways; public transportation services; transportation safety programs; driver and vehicle licensing; and motor carrier regulation.

This publication provides an overview of ODOT's budget, focusing on where the revenue comes from and how it is spent.





## How is a budget for a state agency created?

The state of Oregon has a two-year budget cycle that begins on July 1 of odd-numbered years – the current biennium began July 1, 2011 and the next budget biennium begins July 1, 2013. Oregon’s state government programs are funded by money from the state general fund, lottery funds, federal funds, fees and licenses, and other sources.

The budget development process has three major phases: Agency Request, Governor’s Balanced, and Legislatively Adopted.

- **Agency Request:** agencies submit their requests by September 1 of even-numbered years.
- **Governor’s Balanced Budget:** The governor and the Budget and Management Division (BAM) review the individual agency budget requests. They use the governor’s priorities, budget policies and current law to make budget decisions. The Governor’s Balanced Budget document summarizes those decisions, includes data on the state’s revenues and expenditures, and provides information on each agency’s budget.

- **Legislatively Adopted Budget:** The governor presents the Balanced Budget to the legislature when it meets at the start of the calendar year in which the legislature meets. Legislative committees review the proposed budget and hold public hearings. Each budget bill has a budget report that presents committee recommendations. Then the legislature votes on each budget bill. The budget bills that are enacted make up the final ***Legislatively Adopted Budget***.

Agencies then carry out the budget over the two-year period. When the legislature isn't in session, its Emergency Board can make some changes to the budget. Special sessions may also be called to deal with budget issues. When it's all said and done, the Legislatively Adopted Budget and the subsequent changes made to it form the Legislatively Approved Budget.

The figures contained in this booklet are based on the **Legislatively Adopted Budget** for 2011 – 2013.

## Where do transportation revenues come from?

### 2011 - 13 Revenues (in millions)

Beginning Balance	\$576
Motor Fuels Tax	\$1,106
Federal Funds	\$998
Weight Mile Tax	\$611
Driver and Vehicle Licenses	\$676
Transportation Licenses and Fees	\$97
Other Transfers to ODOT	\$121
General Fund	\$17
Lottery Proceeds	\$70
Bond/COP Sales	\$640
Sales and Charges for Service	\$25
All Other Revenue	\$49
<b>Total Revenue</b>	<b>\$4,986</b>

ODOT will collect about \$4.986 billion in revenue during the 2011 – 2013 biennium.

- About 20 percent of revenue collected for ODOT comes from the federal government.
- The other 80 percent is derived from state sources.
  - 21 percent of state source funds come from bond proceeds/ Certificates of Participation sales.

### Some funds “passed through”

About 18.1 percent of ODOT’s total revenue is “passed through” to Oregon cities, counties and other agencies. In 2011 – 2013, cities will receive \$333 million and counties will receive \$495 million. These funds are derived from the state gas tax, weight-mile tax and licensing fees.

Other state agencies, such as Oregon Parks and Recreation Department, Oregon Department of Aviation, and the Oregon State Marine Board, receive \$75 million. ODOT acts as a tax collector for these other agencies.

After disbursements have been made to cities, counties and other agencies (\$903 million), about \$3.8 billion (\$3.796 billion) remains for ODOT’s 2011 – 2013 biennial operating budget.

## **Federal funds**

Most of the federal funds ODOT receives are dispersed through the Highway Division. Smaller amounts are designated for safety, planning, public transit, and other programs. In 2011 – 2013, ODOT expects to receive \$998 million in federal funding.

All motorists in the United States pay the federal fuel tax (currently 18.4 cents per gallon of gasoline and 24.4 cents per gallon of diesel) which is returned to the states. The amount is determined using a complex formula based on population, number of roads and other factors.

## **State funds**

ODOT's state revenue comes from:

- tax on motor fuels or gas (22 percent);
- bond proceeds (21 percent);
- weight-mile tax (12 percent);
- driver and vehicle licenses and fees (14 percent).

The remaining sources of state revenue include the following:

- cigarette tax revenues dedicated to elderly and disabled transit;
- matching funds from state and local sources;
- loan payments from local agencies;
- lottery funds; and
- a variety of transportation-related permits and fees.





**Gas tax generates most revenue**

About 22 percent of ODOT’s revenue is derived from the state gas tax. Oregon motorists pay 30 cents per gallon in state gas tax.

Vehicles weighing less than 26,000 pounds pay a gas tax when they purchase fuel. The two-year budget includes \$1,106 million in revenue from the state gas tax.

Heavy trucks — those weighing more than 26,000 pounds gross vehicle weight — do not pay gas tax. They pay weight-mile tax, a graduated tax based on the weight of the vehicle and the number of miles it travels on public roads. The 2011–2013 budget assumes \$611 million in revenue from the weight-mile tax.

Driver and Motor Vehicle Services (DMV) collects fees for driver licenses, car registration, vehicle titles, and other items such as specialty license plates. Driver license renewal fees pay for driver testing, recordkeeping, and related expenses. DMV fees are expected to contribute about \$676 million to the agency’s 2011–2013 budget.

The state gas tax, weight-mile tax, and DMV fees comprise about 48 percent of ODOT’s revenue.

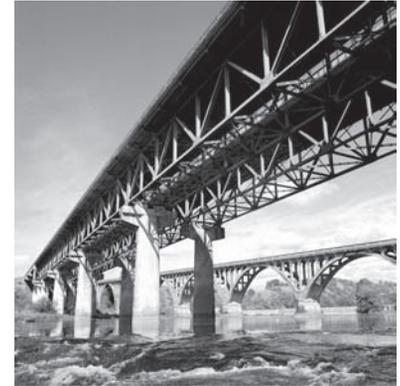
## **Revenue bonds provide for road and bridge projects**

Revenue from the sale of bonds is one of the largest sources of funds in ODOT's state budget, comprising \$640 million\*.

A revenue bond is a type of municipal bond in which principal and interest are secured by future revenues. Investors who buy these bonds are lending money to ODOT to fix roads and bridges as soon as possible. In exchange, ODOT promises to pay back the principal plus interest. ODOT pays debt service (interest and a portion of the principal) every six months.

The 2009 legislative session passed House Bill 2001 (Jobs and Transportation Act, or JTA), authorizing \$840 million in net proceeds. In the 2011-13 biennium, ODOT forecasts over \$600 million in JTA-related revenue bonds sales. In addition, \$40 million in lottery-backed bonds was authorized for *ConnectOregon IV*, which is designed to improve transportation connections through investments in multimodal transportation such as rail, air, ports/marine and public transit.

*\*Total bond revenue available for 2011 - 2013 is \$1,051 million. Of that, \$640 million in bonds is scheduled for sale in 2011 - 2013.*





## Where do transportation revenues go?

Based on \$3.796 billion total, following are the various categories and descriptions of expenses.

The Highway Division spends 66 percent of ODOT's budget on:

- Highway Maintenance Program — \$422 million: maintains and repairs existing highways to keep them safe and usable for the traveling public.
- Preservation Program — \$338 million: paves and reconstructs roads to add useful life and improve safety.
- Bridge Program — \$615 million: preserves investment and ensures safety on more than 2,600 bridges, tunnels, and culverts on the state highway system.
- Modernization Program — \$390 million: builds capacity on highways, such as new or widened lanes, to improve safety and enhance mobility.
- Highway Safety and Operations Program — \$134 million: provides engineering solutions to crash problems on state and local highways and invests in making the system operate more efficiently by providing up-to-date motorist information, using traffic signaling systems and ramp meters, managing highway access, and improving slide and rockfall areas.
- Local Government Program — \$380 million: maintains partnerships with cities, counties and regional governments on transportation projects.
- Special Programs — \$210 million: funds programs for salmon, watersheds, scenic byways, pedestrians and bicycles, winter recreation parking and more.

**Other expenditures**

The second-largest spending category — debt service — totals \$458 million. Spending in this area will increase in the coming years as the agency issues bonds authorized by the Oregon Transportation Investment Act. OTIA allows ODOT to make needed repairs and add capacity to Oregon’s roads and bridges, and strengthens the state’s economy while sustaining thousands of new jobs.

Transportation Program Development spends \$236 million on transportation system planning, land use and growth management issues, and data collection, interpretation and reporting.

Central Services spends \$186 million. This division provides a variety of essential services to ODOT including financial management, information systems and human resources.

Driver and Motor Vehicle Services spends \$160 million. DMV licenses and regulates uses of the transportation system to promote safety and protect consumer interests through 63 field offices located throughout the state.





Other spending categories include:

- **Public Transit** — \$83 million for communities and local transportation providers to help people with special needs, those in rural areas, and intercity travelers.
- **Motor Carrier** — \$64 million to register and inspect trucks and enforce weight, size, and safety regulations, and issue permits.
- **Rail** — \$67 million to regulate rail and crossing safety for freight and passenger rail, and to coordinate intercity rail and bus operations.
- **Transportation Safety** — \$32 million to provide safety programs that address intoxicated driving, young drivers, and use of safety belts and child safety seats.
- **Infrastructure Bank and other programs** — \$21 million for the bank, which provides loans to cities and counties so they may participate in a variety of transportation projects, and for capital construction and capital improvement.

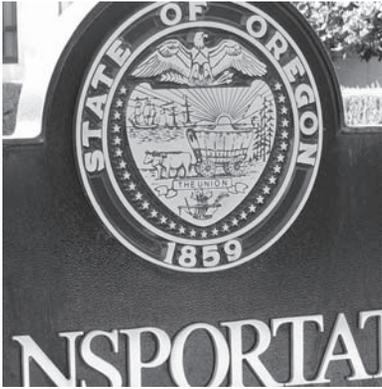
## Ongoing financial management

The ending balance for the 2011 - 2013 biennial budget is projected to be \$287 million. This is mainly due to the timing around the payout of the bond sale proceeds.

These funds will pay for:

- Highway Program obligations (\$161 million), including:
  - Statewide Transportation Improvement Program (STIP)
  - Emerging Small Business (ESB) program
  - Snowmobile recreation development and maintenance
  - Winter park recreation and maintenance
  - Special city allotments
  - OTIA Proceeds
- Transportation Loan Fund (\$7 million) — The Transportation Loan Fund, also called the Oregon Transportation Infrastructure Bank, is a revolving loan fund for transportation projects. The bank makes loans to local governments, transit providers, ports and other eligible borrowers.
- Rail, Public Transit, Transportation Program Development and Safety (\$63 million)
- Other Dedicated Highway Programs (\$56 million)





### **For more information**

If you have a comment or question about ODOT's budget or budget process, please contact:

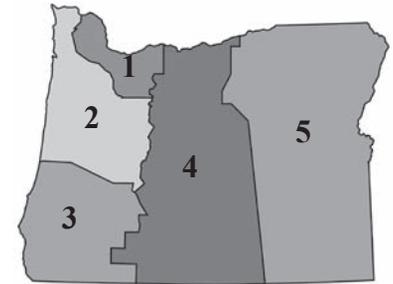
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To learn more about ODOT and Oregon's transportation system, please visit ODOT's web site at [www.oregon.gov/ODOT](http://www.oregon.gov/ODOT) or contact one of ODOT's five regional offices:

1. Portland Metro  
(503) 731-8200
2. Northwest Oregon  
(503) 986-2600
3. Southwest Oregon  
(541) 957-3500

4. Central Oregon  
(541) 388-6180
5. Eastern Oregon  
(541) 963-3177

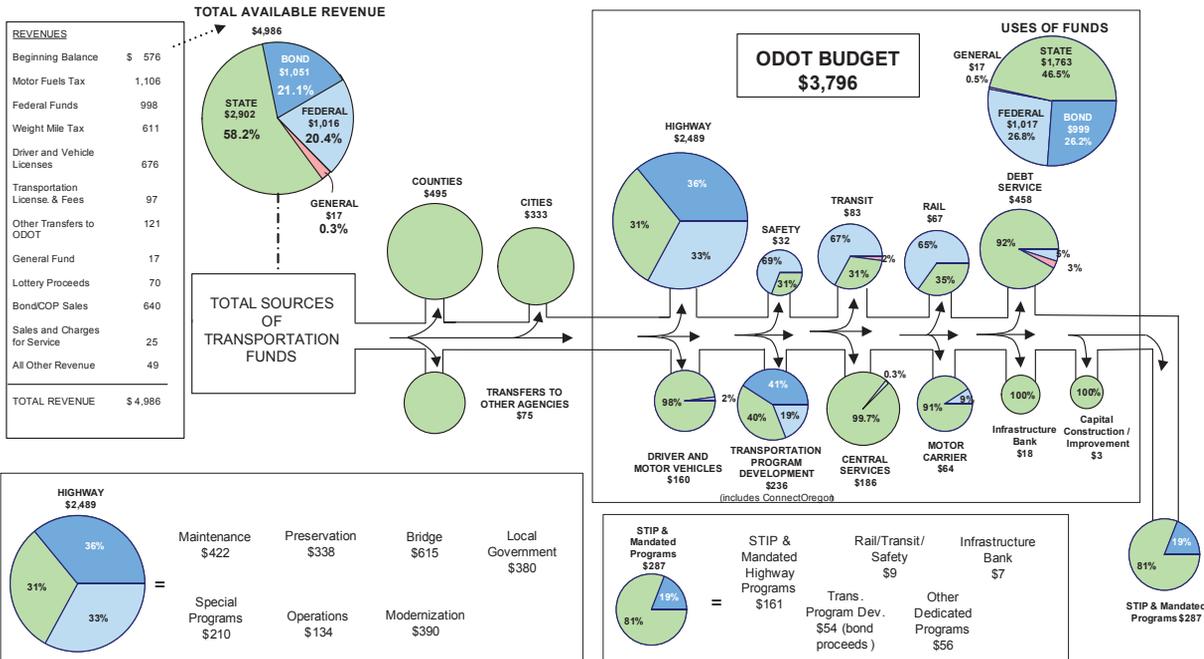
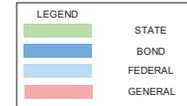
### ODOT Regions



# SOURCES AND USES OF FUNDS

## DEPARTMENT OF TRANSPORTATION

2011-2013 Legislatively Adopted Budget



# SOURCES AND USES OF FUNDS

OREGON DEPARTMENT OF TRANSPORTATION - 2011-2013 Legislatively Adopted Budget

## SOURCES OF FUNDS (Revenue)

- ◆ Total Transportation Revenue: \$4,986 million.
- ◆ Beginning Balance: \$576 million. Estimated reserve of revenue.
- ◆ Motor Fuels Tax: \$1,106 million. Includes motor fuel and aviation fuel taxes.
- ◆ Federal Funds: \$998 million. Primarily for Highway Division, with lesser amounts for Transportation Safety, Transportation Program Development, Public Transit and other programs.
- ◆ Weight Mile Taxes: \$611 million. Graduated tax based on vehicle's weight and miles traveled on public roads.
- ◆ Driver and Vehicle Licenses and Fees: \$676 million. Includes driver license fees, vehicle registrations, titling fees for passenger vehicles, buses, trailers, motorcycles, etc. This category contains a large number of fees for various areas from snowmobile titling to specialty license plates.
- ◆ Transportation Licenses and Fees: \$97 million. Includes truck registrations, vehicle and Sno-Park permits.
- ◆ Transfers to ODOT: \$121 million. These funds come from dedicated revenues from the cigarette tax (\$8m), local government match on Construction projects (\$110m), Parks & Rec fee collection (\$0.7m) and other agencies
- ◆ General Fund: \$17 million. Allocation for OWIN debt service and administration costs
- ◆ Lottery Funds: \$70 million. Legislatively directed pass-through bond payments for Rail Short Line, Rail Industrial Spur Projects, South Metro Commuter Rail, Connect Oregon I, II, and III, Street Car Project, and Southeast Metro Milwaukie Extension.
- ◆ Bond / Certificates of Participation: \$640 million. Bond Proceeds from JTA \$600 million and ConnectOregon IV \$40 million.
- ◆ Sales & Charges for Service: \$25 million. Includes sale of DMV records, Highway Division miscellaneous services, and sale of property, timber and equipment.
- ◆ All Other Revenue: \$49 million. Items in this category include railroad gross revenue receipts (\$4 million), interest income (\$19 million), Infrastructure Bank - loan repayment (\$8 million), rent and fines (\$4 million), and other miscellaneous revenue (\$14m).

## USES OF FUNDS (Transfers / Expenditures)

- ◆ Mandated Distributions and Transfers
  - Mandated distributions to Counties - \$495 million. From Fuels Tax, Weight Mile, and Licensing.
  - Mandated distribution to Cities - \$333 million. From Fuels Tax, Weight Mile, and Licensing.
  - Mandated distributions to other Oregon State Agencies - \$75 million. Parks, Marine Board, Aviation and other agencies.
- ◆ Highway Division consists of the following programs
  - Highway Maintenance Program - \$422 million. Maintenance and repair of existing highways to keep them safe and usable for the traveling public.
  - Preservation Program - \$338 million. Paving and reconstruction to add useful life and safety improvements to existing highways.
  - Bridge Program - \$615 million. Work to preserve and ensure safety on over 2,600 bridges, tunnels, and culverts on the state highway system.
  - Modernization Program - \$390 million. Building capacity improvements to highways, such as new or widened lanes, and to improve highway safety.
  - Operations/Safety Program - \$134 million. Slide & rockfall repairs, traffic signaling systems, ramp metering, access management, information for drivers, and other improvements to facilitate traffic operation on the system.
  - Local Government Program - \$380 million. Non-Mandated partnerships with Cities, Counties, and regional governments on transportation projects.
  - Special Programs - \$210 million. Includes Salmon and Watersheds, Scenic Byways, Pedestrian and Bicycle, Winter Recreation Parking, Snowmobile Facilities, etc.
- ◆ Driver and Motor Vehicles Services Division - \$160 million. Licenses and regulates users of the transportation system to promote transportation safety, protects consumer interest, and facilitates other government programs.
- ◆ Motor Carrier Transportation Division - \$64 million. Registers and inspects trucks and enforces weight, dimension and federal safety regulations.
- ◆ Public Transit Division - \$83 million. Provides grant assistance and technical help to communities and local transportation providers for elderly and disabled and public transportation services. Other programs include transportation services for the general public in rural and small cities, Intercity Passenger Transportation, Transportation Demand Management and Transit Planning.
- ◆ Transportation Program Development - \$236 million. Provides funding for local governments to integrate transportation planning; conducts short/long term transportation planning, research, and data collection in support of the transportation management systems. This budget includes \$97 million for Connect Oregon
- ◆ Rail Division - \$67 million. Regulates rail and crossing safety for freight and passenger rail. Manages and markets inter-city rail and associated bus operations.
- ◆ Transportation Safety Division - \$32 million. Coordinates statewide safety programs such as intoxicated driving, youthful drivers, safety belts and restraints.
- ◆ Central Services Limitation - \$186 million. Central support includes: finance, gas tax collection, information systems, human resources, support services, internal audit, director's office, communications, safety and government relations.
- ◆ Debt Service - \$458 million. Due to SB 5508, ODOT is under-budgeted for Lottery Debt Service. We will try and recover these funds in January. Includes Lottery Projects: Short Line (\$.5 million), Industrial Spur (\$1.4 million), South Metro, Commuter Rail (\$3.3 million), Connect Oregon I, II and III (\$33.3 million), Street Car Project Fund (\$2.7), and Southeast Metro Milwaukie Extension (28.5 million).  
  
Other Projects: Based on 6/1/11 debt service schedules, ODOT is under-budgeted for other funds debt service due to SB 5508, but we will monitor variable rates and outstanding bond sales to see if limitation increase is necessary. Forecast indicates the following: OTIA (\$296.3 million), OTIA Local Bridge (\$32.3 million), Local Streets Network (\$9.2 million), DMV HQ Building (\$1.6 million), JTA (\$18.2 million), Transportation Building (\$6.8 million), and OWIN (\$15.3 million Other Funds, \$15.4 million General Fund).
- ◆ Infrastructure Bank - \$18 million. A revolving loan program for transportation projects. Local Governments, Transit providers and Ports are eligible borrowers.
- ◆ Capital Construction / Improvement - \$3 million. ODOT Capital Improvement (\$3 million).
- ◆ Committed STIP Reserves & Dedicated Funds - \$287 million - includes the following: Highway Fund (\$156.9 million), Transportation Operating Fund (\$2.1 million), Infrastructure Bank (\$7 million), Lottery Debt Service (\$34 million), Other Fund Debt Service (\$13 million), Rail (\$0.8 million), Transportation Safety (\$8.3 million), Transportation Program Development (\$53 million in bond proceeds), Emerging Small Business (\$5 million), Snowmobile Fund (\$5 million), Winter Recreation Fund (\$0.9 million), and Special City Allotment (\$1 million).

