

MEMORANDUM

TO: Mayor and City Council

FROM: Richard Meyers, City Manager

SUBJECT: A RESOLUTION CALLING AN ELECTION ON NOVEMBER 8, 2016 TO REFER TO THE VOTERS OF THE CITY OF COTTAGE GROVE, OREGON A THREE CENT INCREASE IN THE CITY'S MOTOR VEHICLE FUEL TAX AND ADOPTING A BALLOT TITLE.

DATE: August 3, 2016

Background

At the previous City Council meeting the Council discussed placing an increase in the Motor Vehicle Fuel Tax (Gas Tax) on the November Ballot. As a result of that discussion the Council instructed staff to prepare the materials needed to place a \$.03 increase in the local Gas Tax on the November Ballot. The attached Resolution places the Ordinance on the November Ballot that would add a \$.03 Gas Tax to the existing \$.03, resulting in a \$.06 per gallon total Gas Tax.

The additional \$.03 is estimated to basically double the current local Gas Tax revenue. The local Gas Tax revenue over the last full twelve years has averaged annually \$337,851. (The lowest collection was in 2008-09 with \$319,128 and the highest full year of 2010-11 with revenue of \$353,988.) So far the total collections for 2015-16 (without June's revenue) is \$368,859. The increased Gas Tax is estimated to generate from \$675,000 to \$700,000 in annual revenue.

The following chart shows the impact of the additional Gas Tax on vehicle owners who drive about 12,000 miles in a year.

Miles/Gallon	15	17	21	25
Annual Gallons	800	705.88	571.43	480
\$.03 Annual Cost	\$24	\$21.18	\$17.14	\$14.40

A 2015 study by TRIP, a national transportation research group, examined the annual cost to drivers from poor roads.

TRIP estimates that driving on roads in need of repair costs the average driver \$516 annually in extra vehicle operating costs. Individual driver operating costs may be somewhat higher or lower depending on the amount of travel by an individual driver and the type of vehicle driven, as larger vehicles tend to have greater increases in operating costs due to substandard roads. (*Bumpy Roads Ahead: America's Roughest Rides and Strategies to Make our Roads Smoother*, July 2015, pg 17)

A copy of the full report is available at:

http://www.tripnet.org/docs/Urban_Roads_TRIP_Report_July_2015.pdf

The proposed increase in the Gas Tax will be beneficial and help accomplish a number of projects

on the list of needed street repairs, but will not be a long-term solution. Just like the initial \$.03 Gas Tax total collection revenue will increase very little, if any growth, over the years, while the costs to repair and maintain the roads will grow substantially. Improvements in fuel economy and the growth of electric or alternative fueled vehicles will continue to impact the the Gas Tax. The Gas Tax alone would be very challenging to maintain as a source for funding street improvements and maintenance and would require periodic increases to continue to maintain or improve our local roads.

As part of the discussion at the last meeting a couple of questions were asked regarding the Gas Tax.

- Can the Gas Tax be indexed to increase at the rate of inflation in construction costs or CPI? After visiting with the City Attorney we believe that could be possible. The adjustment could be an annual adjustment or over the course of a number of years. The ordinance placed before the voters would have to specifically identify the details of the index.
- Can Council set a Gas Tax and then adjust it down if fuel prices increase substantially? After visiting with the Attorney, we believe that would also be possible by adopting a Gas Tax “not to exceed” a certain amount. The vote would be on the maximum amount and the Council could adjust it as long as they did not go above the amount set.

Both of these options described above have merit and also have issues that may affect voter response. Indexing could result in a substantially higher Gas Tax. Council reductions in the Gas Tax may not result in lower prices at the pump.

As a result of the discussion at the previous City Council meeting and the Council’s familiarity with the City Budget and street project list the need for additional transportation funding is understood. Does the public have the same understanding? Will the issue benefit from more public discussion and information? Delaying the placement of the Gas Tax increase on the ballot could allow more community discussion and the creation of a package of that could include a Gas Tax increase, bonding or other source. The additional input could also help determine the support for indexing or the level of the increase.


Once the measure is placed on the ballot, State Law prohibits the involvement of City Staff in the presentation of information regarding the measure. Public employees are prohibited from providing information that advocates a position on the measure.

Recommendation

That the City Council consider the attached Resolution Calling an Election on November 8, 2016 to Refer to the Voters of the City of Cottage Grove, Oregon a Three Cent increase in the City’s Motor Vehicle Fuel Tax and Adopting a Ballot Title.

Cost

No cost for the City.


Richard Meyers, City Manager

RESOLUTION NO. _____

A RESOLUTION CALLING AN ELECTION ON NOVEMBER 8, 2016, TO REFER TO THE VOTERS OF THE CITY OF COTTAGE GROVE, OREGON, A THREE CENT INCREASE IN THE CITY'S MOTOR VEHICLE FUEL TAX AND ADOPTING A BALLOT TITLE

WHEREAS, Section 4 of the Charter of the City of Cottage Grove provides that the City has all powers that the constitutions, statutes and common law of the United States and Oregon expressly or impliedly grant or allow the City, as fully as though this charter specifically enumerated each of those powers; and

WHEREAS, Chapter 5.26 of the Cottage Grove Municipal Code imposes a business license tax on motor vehicle fuel dealers of \$.03 per gallon of all motor vehicle fuel sold, used or distributed by the dealer in the City (Gas Tax); and

WHEREAS, proceeds from the City's Gas Tax are used by the City to construct, reconstruct, improve, repair, maintain, and operate public highways, roads, and streets within the City; and

WHEREAS, the Cottage Grove City Council desires to increase the amount of the City's Gas Tax by \$.03, for a total tax of \$.06 per gallon; and

WHEREAS, ORS 319.950 requires that any change in the amount of the City's Gas Tax be approved by the voters of Cottage Grove.

NOW, THEREFORE, THE CITY OF COTTAGE GROVE RESOLVES AS FOLLOWS:

Section 1. A city election is called for the purpose of submitting to the qualified electors of the City of Cottage Grove an ordinance increasing the amount of the City's business license tax on motor vehicle fuel dealers (Gas Tax) to \$.06 per gallon, a copy of which is attached to this Resolution as Exhibit A and incorporated into this Resolution by reference.

Section 2. The ballot title for this measure shall be as follows:

CAPTION: Increase City Gas Tax to \$.06 Per Gallon

QUESTION: Shall the City's Gas Tax increase from \$.03 per gallon to \$.06 per gallon?

SUMMARY: If adopted by the voters, this measure would increase the City's gas tax by \$.03 per gallon, for a total city gas tax of \$.06 per gallon. Revenues from the City's gas tax are used exclusively to construct, reconstruct, improve, and maintain City streets. The proposed increase in the City's gas tax would create more revenue for road construction, maintenance and repair in the City.

Section 3. The City Council orders this City election to be held in the City of Cottage Grove, Oregon, concurrently with the general election, on the 8th day of November, 2016, in accordance with the provisions of Chapter 254 of the Oregon Revised Statutes. The ballots shall be counted and tabulated and the results certified as provided by law.

Section 4. The election shall be conducted by Lane County. The County Clerk for Lane County is hereby instructed to prepare ballots and to take other actions necessary to conduct the election.

Section 5. If a majority of the legal voters of the City voting on this measure approve this measure, the ordinance attached as Exhibit A to this Resolution shall take effect on January 1, 2017.

Section 6. This Resolution, including the proposed ballot title shall be delivered to the City Recorder on the date of its adoption.

Section 7. The City Recorder shall give notice of this measure as required by law and take such other actions and otherwise proceed with the election as provided by law so as to carry out the purposes of this Resolution.

Section 8. This Resolution shall become effective immediately upon its adoption.

PASSED BY THE COUNCIL AND APPROVED BY THE MAYOR THIS 8TH DAY OF AUGUST, 2016.

Thomas C. Munroe, Mayor

Dated: _____

ATTEST:

Richard Meyers, City Manager

Dated: _____

Exhibit A
ORDINANCE NO. _____

WHEREAS, Section 4 of the Charter of the City of Cottage Grove provides that the City has all powers that the constitutions, statutes and common law of the United States and Oregon expressly or impliedly grant or allow the City, as fully as though this charter specifically enumerated each of those powers; and

WHEREAS, Chapter 5.26 of the Cottage Grove Municipal Code imposes a business license tax on motor vehicle fuel dealers of \$.03 per gallon of all motor vehicle fuel sold, used or distributed by the dealer in the City (Gas Tax); and

WHEREAS, proceeds from the City's Gas Tax are used by the City to construct, reconstruct, improve, repair, maintain, and operate public highways, roads, and streets within the City; and

WHEREAS, the citizens of the City of Cottage Grove desire to increase the amount of the City's Gas Tax by \$.03, for a total tax of \$.06 per gallon;

NOW THEREFORE, THE CITY OF COTTAGE GROVE ORDAINS AS FOLLOWS:

Section 1. Section 5.26.030 of the Cottage Grove Municipal Code is amended as follows:

5.40.010 Amount and payment.

In addition to any fees or taxes otherwise provided for by law, every dealer engaging in the city in the sale, use or distribution of motor vehicle fuel shall:

A. Not later than the twenty-fifth day of each calendar month, render a statement to the tax administrator on forms prescribed, prepared and furnished by the tax administrator of all motor vehicle fuel sold, used or distributed by him/her in the city as well as all such fuel sold, used or distributed in the city by a purchaser thereof upon which sale, use or distribution the dealer has assumed liability for the applicable license tax during the preceding calendar month.

B. Pay a license tax computed on the basis of six cents per gallon of such motor vehicle fuel so sold, used or distributed as shown by such statement in the manner and within the time provided in this code.

Section 2. Severability. Any provision of this Ordinance which proves to be invalid, void, or illegal shall in no way affect, impair, or invalidate any other provision of this Ordinance, and the remaining provisions of this Ordinance shall remain in full force and effect.

Section 3. Effective Date. If approved by a majority of the voters of the City of Cottage Grove at the statewide general election held on Tuesday, November 8, 2016, this ordinance shall take effect on January 1, 2017.

Notice of Receipt of Ballot Title

Notice is hereby given that a ballot title for a City Council referred measure was filed with the Elections Officer of the City of Cottage Grove on _____, 2016.

Electors may submit a petition for review of this ballot title in the Lane County Circuit Court no later than 5:00 p.m. on _____ [the seventh business day following the date of the Council meeting where the Council adopted the resolution referring the gas tax increase] _____, 2016.

The text of the ballot title is as follows:

CAPTION: Increase City Gas Tax to \$.06 Per Gallon

QUESTION: Shall the City's Gas Tax increase from \$.03 per gallon to \$.06 per gallon?

SUMMARY: If adopted by the voters, this measure would increase the City's gas tax by \$.03 per gallon, for a total city gas tax of \$.06 per gallon. Revenues from the City's gas tax are used exclusively to construct, reconstruct, improve, and maintain City streets. The proposed increase in the City's gas tax would create more revenue for road construction, maintenance and repair in the City.

Notice is also hereby given that a regular city election will be held in the City of Cottage Grove on November 8, 2016.

Published pursuant to ORS 250.275

Richard Meyers, City Manager

DATE OF PUBLICATION