

## MEMORANDUM

TO: Mayor and City Council

FROM: Richard Meyers, City Manager

SUBJECT: LOCAL GAS TAX DISCUSSION OF POSSIBLE INCREASE

DATE: July 20, 2016

### Background

A number of communities have been discussing the possibility of placing an increase in the local gas tax on the November General Election Ballot. Members of the Council have expressed a desire to look into the possibility of increasing the local Motor Vehicle Fuel tax in Cottage Grove.

Since the City adopted our local Motor Vehicle Fuel Tax State statutes have been changed to requiring any creation of a Motor Vehicle Fuel tax or increases to an existing tax to go to a vote.

Currently the City's gas tax is \$.03 per gallon. The City of Eugene increased their gas tax several years ago and it is now \$.05 a gallon. The City of Springfield is discussing the possibility of increasing their \$.03 tax to \$.06.

We will have additional information at the meeting regarding the amount of revenue the current tax produces. Generally we have seen the revenues stay flat with no growth as the costs to maintain or construct roads has grown significantly. The additional \$.02 will increase local gas tax revenues by \$210,000 to \$240,000 a year. The use of Gas Tax revenues is restricted by the State Constitution and the funds can only be used for road projects. It is not used in any other fund or activity.


If the City Council is interested in considering placing the measure to increase the local gas tax on the ballot, staff will prepare the necessary materials for the next City Council meeting.

### Recommendation

That the City Council discuss the possibility and provide direction to staff if they wish to officially consider placing a local gas tax increase before the voters at the November General election.

### Cost

No Cost



Richard Meyers, City Manager