



Metro

# Equitable Transportation Funding Research Report

Analysis and recommendations developed in support of the 2023 Regional  
Transportation Plan update

*Final Version: October 27, 2022*

Prepared by:  
Nelson\Nygaard Consulting Associates



# Acknowledgements

This study was led by the following **Metro** staff:

Margi Bradway

Lake McTighe

Kim Ellis, AICP

Ted Leybold

Tom Kloster

Alex Oreschak

Josh Harwood

Metro hired a **Nelson\Nygaard consultant team** to support research, technical analysis, and process for this work:

Theresa Carr, AICP

Esther Needham

Aria Wong

Eryn Rosenblum

Sam Huffman

Metro wishes to thank the **Transportation Policy Alternatives Committee (TPAC)**, who reviewed and provided comments for the draft report.

# Contents

<b>Executive Summary</b>	<b>iv</b>
<b>Figures and Illustrations</b>	<b>ix</b>
<b>List of Abbreviations</b>	<b>x</b>
<b>Purpose and Overview</b>	<b>1</b>
How We Talk About Equity and Project Goals	2
Report Organization	3
<b>01 Outcomes of Discriminatory Planning</b>	<b>4</b>
History of Discriminatory Planning in the Greater Portland Region	4
Regional Demographics Today	7
<b>02 Foundation of Current Work</b>	<b>9</b>
Regional Desired Outcomes	9
Metro’s Strategic Plan	9
2023 Regional Transportation Plan (RTP) Update	9
2023 RTP Financial Plan	10
Pricing Policy Work	10
Findings from Public Outreach	10
Regional Congestion Pricing Study	11
Pricing Options for Equitable Mobility (POEM) Task Force Final Report	11
Equity and Mobility Advisory Committee (EMAC) Shaping an Equitable Toll Program	12
<b>03 Funding the Transportation System</b>	<b>13</b>
Revenue Allocation	19
<b>04 Key Findings and Equity Challenges</b>	<b>20</b>
The Disproportionate Burden and Worsening Inequities for Low-Income Households	22
Long-Term Community Impacts of Fines and Penalties	28
The Burden of Being Underbanked or Unbanked	31
Revenue Allocation Constraints	32
<b>05 Recommendations to Improve Equity Outcomes</b>	<b>34</b>
<b>Next Steps</b>	<b>38</b>
<b>Glossary</b>	<b>39</b>
<b>Appendices</b>	<b>A</b>
Appendix A: Equity Assessment Framework for Transportation Revenue Sources	A
Appendix B: Allocation and Constraints by Revenue Source	B

## Executive Summary

Portland Metro and its jurisdictional partners recognize that there are disparities in access to transportation and opportunities in the greater Portland region and are committed to an ongoing effort to advance transportation equity to those most disproportionately impacted by historical transportation decisions.

Transportation planning and funding practices disproportionately burden and harm low-income households, Black, Indigenous, and people of color (BIPOC) communities, and people with disabilities. Transportation funding can lead to different outcomes for different communities; therefore, it is critical for regional partners to examine the varying impacts and implications of existing and future funding strategies prior to implementation.

The key questions being asked are:

*Who does revenue collection burden and benefit the most?*

*How can the revenue collection and disbursement be balanced to address inequities?*

Metro and its partners strive to advance the quality of transportation through prioritizing investments that will provide the most benefit while avoiding, minimizing, or mitigating negative impacts. The purpose of this report is to analyze existing, emerging, and potential revenue sources through an income and racial equity lens and recommend strategies to equitably transform transportation funding while increasing revenues.

This research report will update *Chapter 5: Our Transportation Funding Outlook* of the 2023 Regional Transportation Plan and is intended to inform discussions as agencies consider potential new revenues and update transportation funding strategies. The report draws from the existing literature on a diverse range of transportation funding sources and provides a robust equity evaluation. This resource can then aid and inform policy design and decision making as we reconsider the way transportation systems are funded.

## Recommendations to Improve Equity Outcomes

Transportation needs in the greater Portland region exceed existing revenue capacity. This report uses an equity lens to explore the benefits and costs of the funding sources that the greater Portland region relies on; it considered how revenues are collected and who pays, and how revenues are distributed and who benefits. We have identified several recommendations that we believe will be helpful to policy makers and transportation providers. These recommendations are directed at the state, regional and local transportation

agencies responsible for collecting and distributing revenues in the greater Portland region, and are intended to be applied in a variety of ways and contexts by the relevant policy and decision makers. Furthermore, they are also intended to be used as a tool by community-based organizations with an interest in advancing equity. They are not directed at any one plan or process; rather, they serve as background considerations to inform processes where needed. For example, the following approaches can be referenced when new revenue sources are being considered, or when the allocation of existing revenues are being decided in state, regional and local plans and programs, or when funding programs are being created and refined.

## Laying a Foundation to Advance Equity Outcomes

There are a few general tenets that serve as a foundation for all our recommendations when it comes to more equitable outcomes in the area of transportation funding. These are:

- **No one solution.** Equitable transportation funding is not one solution that can be achieved immediately, so it should be broken down into numerous smaller, tenable goals, which contribute to achieving the overall goal of improving equitable outcomes in transportation funding.
- **Transparency is key.** Publishing the goals of transportation agencies so that they are viewable by the public in an easily accessible location is crucial to positive public perception, accountability, and building strong community and regional partnerships.
- **Elevate community voices.** Continuing to strengthen existing partnerships with local community organizations can provide more individuals with voices that may not have had the platform to be heard. This can be beneficial when establishing goals and receiving meaningful input during the early planning phases of policy initiatives or developments.
- **Put it into policy.** Policies in state, regional and local transportation and capital improvement plans, legislation, and other areas, helps to determine how revenues are collected and what they can be spent on; policy can be used to achieve more equitable outcomes. Adopting a policy stating that future revenue collection and disbursement should lead to more equitable outcomes is a central recommendation to this work and establishing standards for revenue collection that does not disproportionately burden marginalized and low-income groups is one of the key starting points to equitable revenue collection.

## Offering Fair and Accessible Opportunities for Meaningful Public Engagement and Input

Offering ample opportunities for meaningful public engagement and input<sup>1</sup> is critical to hearing diverse perspectives on equity-based goals, projects, and policies. Several recommendations related to public engagement include:

- Opportunities should be offered in-person and online, at a variety of locations and times, and available for individuals of varying English proficiency and non-English speakers. Participants should also be compensated for their time.
- Public outreach and involvement must be meaningful and intentional. Working with the community organizations that the agency has relations with will impact trust and participation.
  - Include a broad array of community members before, and during, the early planning phase; this builds trust and ensures that more voices are heard.
  - Utilize the relationships that the agency has with community-based organizations, groups, and trusted figures.
  - Hire trusted community members to do engagement work. Make sure to recruit several community members who are active in different areas.
- Communities affected by specific policies, funding efforts, or developments must be key contributors to the planning process. This results in an inclusive and iterative process where the communities affected by and benefiting from initiatives—like congestion pricing—are helping shape the program.

---

<sup>1</sup> The Climate Friendly and Equitable Communities Rules, adopted in July 2022, provide updated rules and add new rules for public engagement focused on advancing equity. These are located at [https://www.oregon.gov/lcd/LAR/Documents/CFEC\\_NoticeFilingTrackedChanges.pdf](https://www.oregon.gov/lcd/LAR/Documents/CFEC_NoticeFilingTrackedChanges.pdf). The rules define traditionally underserved populations to include Black and African American people, Indigenous people, People of Color, people with limited English proficiency, people with disabilities, low-income Oregonians, youth and seniors, and more. They require mapping of traditionally underserved populations, local consideration of a set of anti-displacement actions should decisions contribute toward displacement, centering the voices of underserved populations in decision-making, and regular reporting on efforts to engage traditionally underserved populations." (accessed at: <https://www.oregon.gov/lcd/CL/Documents/SixPageOverview.pdf>). The updated rules pertinent to engagement are: OAR 660-012-0120 (Transportation System Planning Engagement), OAR 660-012-0125 (Underserved Populations), OAR 660-012-0130 (Decision-making with Underserved Populations), and OAR 660-012-0135 (Equity Analysis).

## Equitable Revenue Collection

The systems currently in place to raise revenues for transportation have been built over decades of policy decisions. These decisions have disproportionately placed a large burden on the most vulnerable people. Revenue collecting for existing, emerging, and new sources should be restructured to be more equitable. This can take many forms and should not end after one change. Several restructuring revenue collection suggestions are listed below:

- Restructuring fines so they are non-compounding and do not impact credit scores or employment eligibility.
- Prorating (based on income or item value) payment structures for parking, license and registration fees, violation fines, and tolling and congestion charges.
- Providing alternate options to paying fines, including in lieu of programs and split-payment plans.
- Continuing the line of good work being done by TriMet<sup>2</sup> and others to restructure diversion programs for fare evasion to be more lenient.
- Consider eliminating fare evasion programs to avoid severely impacting those with the least ability to pay.
- Allowing license and registration renewal for people with unpaid fines.
  - Removing remaining barriers to acquiring reduced or free transit fares can make it possible for individuals with limited access to documents, identification, or internet able to receive these benefits.<sup>3</sup>

---

<sup>2</sup> In 2017, HB2777 gave TriMet the authority to resolve fare citations outside of the court system <https://news.trimet.org/2017/06/new-law-gives-trimet-authority-to-offer-some-fare-evaders-a-second-chance-to-stay-out-of-court-system/>. In 2018 the TriMet Board approved changes to fare evasion penalty charges <https://news.trimet.org/2018/02/trimet-board-of-directors-approves-fare-evasion-penalty-changes/>, and separately approved a revision to TriMet fare code to make fare evasion a non-criminal offense <https://news.trimet.org/2018/11/trimet-board-approves-revision-to-trimet-code-to-clarify-proof-of-payment-required-to-ride/>.

<sup>3</sup> As an example, currently obtaining a TriMet Honored Citizen Fare Card requires proof of income and government-issued ID to be uploaded to an online portal for the card to be mailed to them upon approval (see <https://trimet.org/income/index.htm>). Alternatively, enrollment locations are available for on-the-spot visits and the applicant can receive a card at that time, but these locations are only open during business hours on weekdays. For someone who may not have a valid license, or works throughout those hours, and/or someone with limited internet access, this card may be difficult to obtain.

- Reduce reliance on regressive tax strategies and encourage more progressive taxes and fees, such as TNC fees to ease the burden on transit users.
- Adjust the gas tax according to inflation.
- Explore financial assistance programs for low-income households that could be applied to costs of fees and transportation services. For example, the City of Portland is currently running a Transportation Wallet Affordable Housing Pilot, offering a package of free transportation options (transit passes, bike-share credits, taxi ride credits, etc.) for residents of selected affordable housing sites. <sup>4</sup>

## Equitable Revenue Disbursement

Inequities in revenue collection may be mitigated by how the revenues are spent. For example, a revenue source that is rated poorly in Appendix A, may mitigate or minimize some of the inequities created in the collection through policies and programs that advance equity outcomes.

- Allocate revenues from pricing to safety, transit, and active transportation projects in equity focus areas.
- Major transportation investment can lead to an increase in cost of living and rent rates. Incorporate anti-displacement policies in plans and programs to mitigate the potential for displacement.
- Explore using revenues from any new transportation funding sources to offset transportation taxes and fees for low-income households. Covering taxes and fees would reduce a portion of the cost of living for low-income households, ultimately allowing them greater financial flexibility.
- Encourage and incentive environmentally friendly investments in mid- and low-income households to provide financial benefits for the household and reduce the overall carbon footprint. Examples of this could include: Offer discounts and rebates to households that want to invest in electric vehicles, in solar panels, or transit passes.

---

<sup>4</sup> [City of Portland Bureau of Transportation. \(2022\). "Transportation Wallet Affordable Housing Pilot".](#)



## Figures and Illustrations

Figure 1	Timeline of Discriminatory Planning and Advancements in Equity in the greater Portland region.....	5
Figure 2	Transportation Cost Burden and Commute Times.....	7
Figure 3	Annual Transportation Revenue Flow to the 2018 RTP Projects and Programs.....	14
Figure 4	Revenue Sources to 2018 RTP Projects and Programs by Government Level.....	15
Figure 5	Federal Transportation Revenue Sources.....	16
Figure 6	State Transportation Revenue Sources, Oregon .....	17
Figure 7	Regional Transportation Revenue Sources, TriMet and SMART .....	18
Figure 8	Local Transportation Revenue Sources, greater Portland region .....	18
Figure 9	Planned Transportation Funding Allocations within the Greater Portland Region (2018-2040) .....	19
Figure 10	Disparity in Burden of Transportation Costs versus Benefits from Transportation Investment.....	21
Figure 11	Share of Individual Income Spent on Motor Fuel in the United States, 2019.....	23
Figure 12	Communities with High Levels of Poverty and Limited Access to Jobs via Transit .....	24
Figure 13	The Equity of Transportation Spending Allocations .....	25

## List of Abbreviations

FHWA	Federal Highway Administration
FTA	Federal Transit Administration
HTF	Federal Highway Trust Fund
ODOT	Oregon Department of Transportation
PBOT	Portland Bureau of Transportation
PGE	Portland General Electric
POEM	Pricing Options for Equitable Mobility (an Oregon Metro Task Force Report)
PPB	Portland Police Bureau
ROW	Right-of-Way
RTP	Regional Transportation Plan (cited as the Oregon Metro Regional Transportation Plan)
TDM	Transportation Demand Management
TDT	Transportation Development Tax
TNC	Transportation Network Company
TriMet	Tri-County Metropolitan Transportation District of Oregon
TSDC	Transportation System Development Charge
VMT	Vehicle Miles Traveled

## Purpose and Overview

Portland Metro and its jurisdictional partners recognize that there are disparities in access to transportation and opportunities in the greater Portland region and are committed to an ongoing effort to advance transportation equity to those most disproportionately impacted by historical transportation decisions.

Transportation planning and funding practices disproportionately burden and harm low-income households, Black, Indigenous, and people of color (BIPOC) communities, and people with disabilities. The most vulnerable people in the community, including those that are houseless, have been incarcerated, or are experiencing mental or physical health crises are much more likely to bear the brunt of inequitable systems. Therefore, it is crucial for regional partners to consider the breadth of impacts and implications of existing and future funding strategies prior to implementation.

The key questions being asked are:

*Who does revenue collection burden and benefit the most?*

*How can the revenue collection and disbursement be balanced to address inequities?*

Metro and its partners strive to advance the quality of transportation through prioritizing investments that will provide the most benefit while avoiding, minimizing, or mitigating negative impacts. The purpose of this report is to analyze existing, emerging, and potential revenue sources through an income and racial equity lens and recommend strategies to equitably transform transportation funding while increasing revenues.

This research report will update *Chapter 5: Our Transportation Funding Outlook* of the 2023 Regional Transportation Plan and is intended to inform discussions as agencies consider potential new revenues and update transportation funding strategies. The report draws from the existing literature on a diverse range of transportation funding sources and provides a robust equity evaluation. This resource can then aid and inform policy design and decision making as we reconsider the way transportation systems are funded.

## How We Talk About Equity and Project Goals

**Transportation equity** is generally understood to be the elimination of barriers and disparities relating to transportation. Addressing inequities in access to safe, affordable, convenient, and reliable transportation and opportunities requires listening to and working with the communities that pay the highest share of their income for transportation but typically receive the least benefit, and typically suffer the most from penalties and costs. It also means committing to future equitable actions, to provide thoughtful, accommodating, and sensible support to these groups to achieve fairer outcomes.

**Equitable transportation funding** considers the collection and disbursement of revenues in relation to a larger community context with goals of addressing past harms and avoiding further burdens for people with lower income and improving mobility options for all. Leading with race recognizes that racism is the foremost, deeply pervasive factor contributing to unequal access, opportunities, and health outcomes that persist today.<sup>5</sup>

Recognizing and empowering these communities paves the way for them to thrive. The State of Oregon defines these concepts in their *Equity Framework in COVID-19 Response and Recovery*.<sup>6</sup> Metro's *Strategic Plan to Advance Racial Equity, Diversity, and Inclusion* supports the same objectives and identifies racial equity as the highlighted strategic direction, as people of color experience the greatest inequities.<sup>7</sup>

### Defining Equity as a Metric for Transportation Funding

Appendix A: Equity Assessment of Revenue Sources evaluates the ways we currently and can potentially fund our transportation system, to identify the varying impacts on low-income households and people of color. Six measures were developed to evaluate revenue sources that fund and could fund the Regional Transportation Plan, with a focus on sources that collect revenue from individuals, businesses, and commercial operations.

#### Equity Assessment Measures for Revenue Sources

- **Share:** Do lower-income households pay a higher share of their income?
- **Burden:** Does the source provide subsidies or exemptions to alleviate unfair burdens?
- **Tiered:** Is the fee or tax graduated based on the value of the item?
- **Benefits:** Are low-income households and people of color directly benefiting?
- **Payment:** Are unbanked or underbanked individuals unfairly penalized?
- **Penalties:** Do unpaid fines, fees, or taxes trigger penalties and legal repercussions?

<sup>5</sup> [City of Portland. \(2021\). "Pricing Options for Equitable Mobility."](#)

<sup>6</sup> [State of Oregon. \(2020\). "State of Oregon Equity Framework in COVID-19 Response and Recovery."](#)

<sup>7</sup> [Oregon Metro. \(2016\). "Strategic plan to Advance Racial Equity, Diversity and Inclusion."](#)

## Report Organization

This report is comprised of five main sections.

**01 Outcomes of Discriminatory Planning:** The sociocultural and historical contexts in which transportation agencies plan, highlighting the pervasive issues that inhibit equity in communities.

**02 Foundation of Current Work:** An overview of foundational plans and policies that led to, and supports, the creation of this report.

**03 Funding the Transportation System:** The technical side of fees, fines, and fares; explaining the processes that differentiate revenue sources from funding allocations.

**04 Key Findings and Equity Challenges:** The equity impacts of both revenue collection and funding allocations on people of color and lower income households.

**05 Recommendations to Improve Equity Outcomes:** The wide array of emerging and potential future revenue sources, including a set of recommendations to improve equity in the way Metro manages transportation funding.

## 01 Outcomes of Discriminatory Planning

The greater Portland region has been shaped by historical national and local planning and population trends. Discriminatory planning practices were enacted in the region, like much of the country, and shaped how and where people of color were able to live, travel, purchase property, or make a living. The region experienced a World War II population boom, as did much of the west coast, as workers flocked to industrial and manufacturing jobs to support the war effort. Many of these jobs restricted Black workers from skilled labor jobs and union protections.<sup>8</sup> The post-war federal support for national highway expansion along with decisions made by local planners destroyed Albina, a Black neighborhood in Portland, and changed the way funding and transportation investments were made. This is the regional context in which today's transportation planning and funding decisions are made.

### History of Discriminatory Planning in the Greater Portland Region

The history of the Portland region's discriminatory planning is rooted in the 1844 Black Exclusion Law, excluding Black people from living legally in Oregon. People of color and low-income households have historically been impacted by planning decisions that targeted struggling areas for development. Major roads and freeways were often built on top of already disadvantaged communities to avoid affecting wealthy, white neighborhoods. Decisions like this split neighborhoods, displaced families, permanently damaged communities, and even led to higher rates of air pollution and chronic illness.<sup>9</sup> Figure 1 provides a visual timeline of discriminatory planning in the greater Portland region from the late 19<sup>th</sup> century to the present. In the graphic, gold circles reflect the shift away from discrimination and the beginnings of a path towards equity.

Exclusionary zoning, which excluded Black, Indigenous, and other people of color from owning property and growing wealth, was common practice in the greater Portland region.<sup>10</sup> Single-family zoning, racially restrictive covenants, and other discriminatory planning and lending tactics were used to restrict multi-family developments in white neighborhoods, forcing multi-family development into segregated neighborhoods.<sup>11</sup> The 1930s, 1940s, and 1950s saw a boom in single family zoning, and by the end of this period, multi-family zones accounted for only 5% of residential development. These trends clustered together minority

---

<sup>8</sup> [Linder, John. \(2019\). "Liberty Ships and Jim Crow Shipyards." OHQ 120:4.](#)

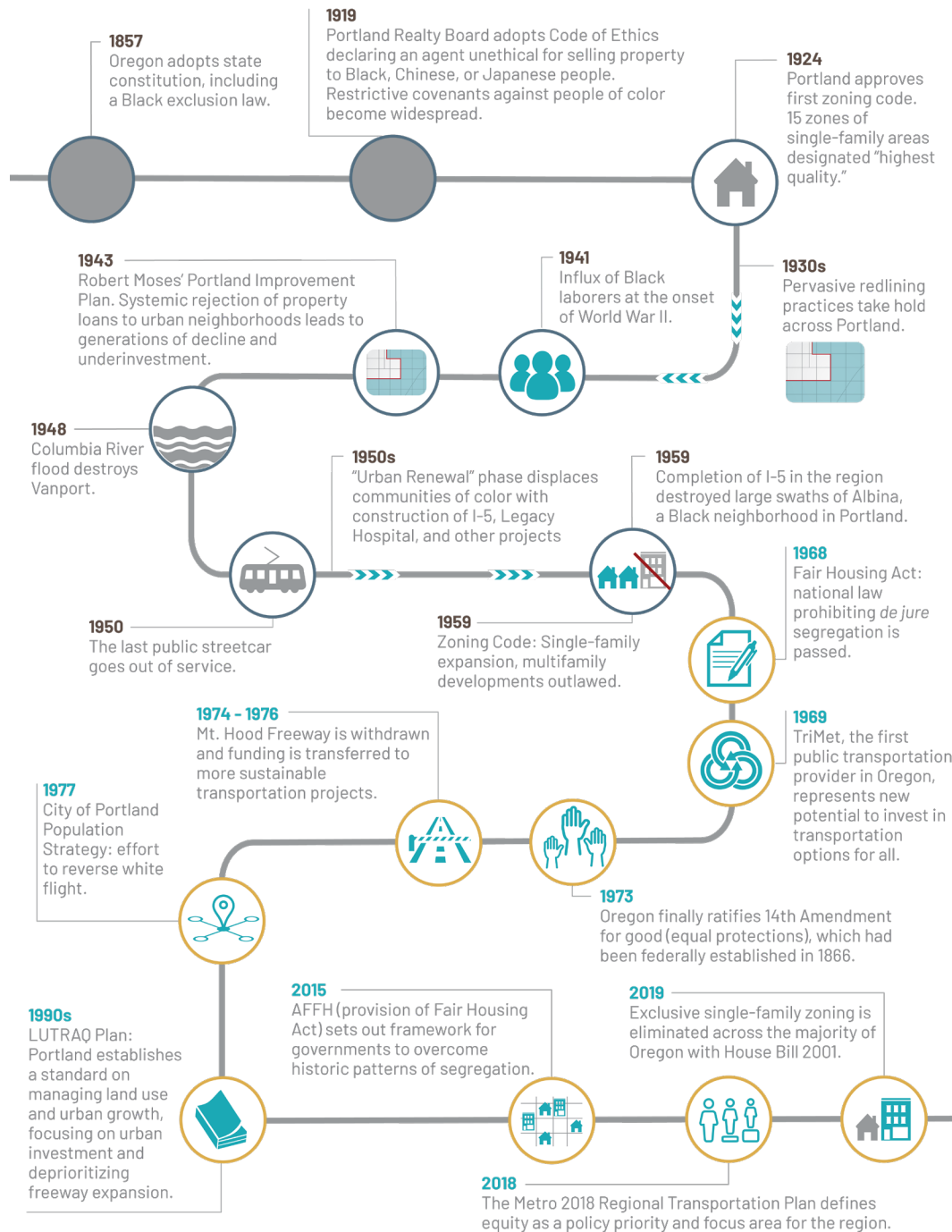
<sup>9</sup> [Oregon Metro. \(2022\). "2023 Regional Transportation Plan Update: Work Plan."](#)

<sup>10</sup> [https://www.oregonencyclopedia.org/articles/blacks\\_in\\_oregon/#.Y0mqhXbMJPY](https://www.oregonencyclopedia.org/articles/blacks_in_oregon/#.Y0mqhXbMJPY)

<sup>11</sup> [Department of Land Conservation and Development. \(2022\). "Housing Choices \(House Bill 2001\)."](#)

and low-income households, creating neighborhoods that were vulnerable to disinvestment, industrial uses, infrastructure development, and urban renewal plans.<sup>12</sup>

**Figure 1 Timeline of Discriminatory Planning and Advancements in Equity in the greater Portland region**



<sup>12</sup> [Hughes, Jena. \(2019\). "Historical Context of Racist Planning." Bureau of Planning and Sustainability.](#)

Urban renewal, a way for governments to exploit 'blighted' areas in their jurisdictions, swept across the United States in the mid-twentieth century. Fundamentally, this gave localities the power to implement sweeping redevelopments in marginalized, often Black, communities without consulting them. This took on many forms: transportation infrastructure, large-scale multi-family housing, event centers, parks, office buildings, etc. When this occurred, those living in the neighborhood were systematically displaced, and the owners of any property were bought out for a fraction of their property's value. Portland, like many other cities across the U.S., has a long history of urban renewal practices.<sup>13</sup>

Portland's Albina neighborhood developed into a thriving business district after the population boom throughout World War II and became a haven and area of opportunity for Black people living in the city. This sudden population growth also led to the development of Vanport in North Portland, which was initially built to provide temporary housing for shipyard workers. Many of these workers were African American and were unable to find other suitable nearby housing. In 1948, Vanport was destroyed by a flood, taking numerous lives and forcing residents to relocate, many of whom moved to Albina. In the 1950s, planners decided to build the Interstate 5 freeway through Albina, destroying homes and businesses, forcing displacement, and tearing the fabric of the neighborhood apart.

Events like these shaped the context of transportation and land use planning in the region. Exclusionary zoning and racial segregation still influence where people live and work today. Exclusive single-family zoning was eliminated in the majority of Oregon through the passing of House Bill 2001. As of June 2022, cities with a population over 25,000 and cities in the greater Portland region must allow duplexes, triplexes, quadplexes, cottage clusters, and townhouses in residential areas. Yet much still needs to be done to untangle the legacy of displacement and damage inflicted in years past. Even with the progress made since the late 1960s, the disproportionate impact of lack of transportation access to opportunities for people of color and people with low-income persists. Gentrification, population growth, and increasing demands on housing continue to threaten to further destabilize people of color and low-income communities. Implementing the recommendations in this report and continuing efforts to advance racial and income equity in future RTPs, plans, and programs, are critical to righting the wrongs of the past.<sup>14</sup>

---

<sup>13</sup> Killen, John. (2015). "Throwback Thursday: 60 years ago, Portland began urban renewal plan for South Auditorium district." [Oregon Live](#).

<sup>14</sup> Much of the existing academic literature and subsequent discussions are around the City of Portland, however the patterns of exclusion and discrimination are well established to have been rampant across the country, Oregon, and the greater Portland region.

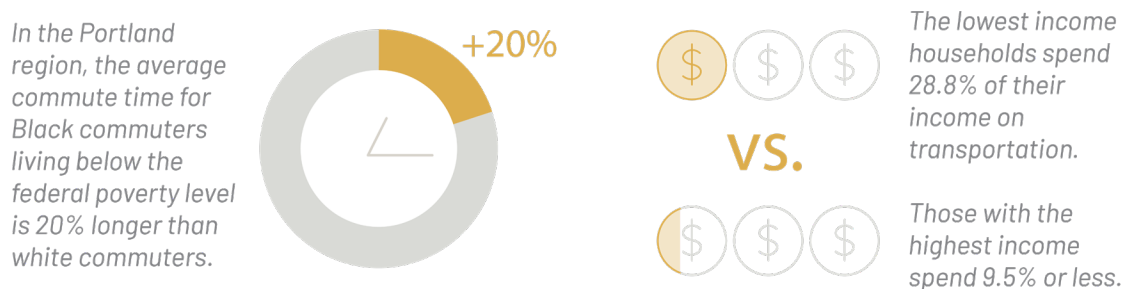


## Regional Demographics Today

The greater Portland region is growing. By 2040, 600,000 new residents are expected to move into the region, and the BIPOC population is growing at an even faster rate. In 2015, 10% of people living in the average Census tract were people of color<sup>15</sup> and that number grew to 12% in 2020.<sup>16</sup> Population growth puts new pressures on housing and infrastructure. New development and gentrification can lead to displacement, of which people of color and low-income households are disproportionately affected by. As housing and transportation costs increase, households are being forced to move to areas with less transit service and other transportation options.<sup>17</sup>

The transportation cost burden in the greater Portland region differs across race and income levels. In 2019, Black commuters living below 100% of the federal poverty level had commutes that were 20% longer than their white counterparts at equivalent income levels.<sup>18</sup> Furthermore, analysis from the U.S. Bureau of Transportation Statistics reveals that the lowest 20% of income earners spend 28.8% of their after-tax income on transportation, almost 20% more than the proportion which the wealthiest Americans pay. The direct and recurring costs of car ownership comprise a sizeable portion of spending, which suggests that living in areas with less viable transportation options severely impacts financial outlooks, social mobility, jobs access, and other opportunities.<sup>19</sup> Figure 1 summarizes these findings:

**Figure 2 Transportation Cost Burden and Commute Times**



<sup>15</sup> American Community Survey. (2022). "2011-2015 American Community Survey 5-year estimates."; [Oregon Metro. \(2018\). "2018 Regional Transportation Plan."](#)

<sup>16</sup> American Community Survey. (2022). "2016-2020 American Community Survey 5-year estimates."; [Oregon Metro. \(2022\). "2023 Regional Transportation Plan Update: Work Plan."](#)

<sup>17</sup> [Rose, Eliot. \(2022\). "Memo to TPAC: Proposed approach to the 2018 regional transportation needs assessment." July 13<sup>th</sup>, 2022.](#)

<sup>18</sup> [National Equity Atlas. \(2019\). "Commute time: All workers should have reasonable commutes."](#)

<sup>19</sup> [Bureau of Transportation Statistics. \(2020\). "Household Spending on Transportation." U.S. Department of Transportation.](#)

Moreover, it is well established that proximity to heavily auto-centric infrastructure is correlated with worsened health outcomes; the National Equity Atlas rated Black households in the greater Portland region with an air pollution exposure index of 73, six points higher than white households at 67. This index indicates the exposure risk to both carcinogenic and non-cancerous air pollutants, and Black households here in Portland face a higher risk than 73% of census tracts nationwide.<sup>20</sup> One can only imagine the 'hidden' cost burden of transportation that results from this exposure, in the form of medical bills and chronic illness treatments. The way the transportation system is funded can play a key role in reshaping how infrastructure and its associated upkeep can help narrow this disparity in health outcomes.

---

<sup>20</sup> [National Equity Atlas. \(2019\). "Air pollution: Healthy neighborhoods are free of pollution and toxins that undermine safety, health, and well-being."](#)

## 02 Foundation of Current Work

Development of this report drew from regional and local documents and plans. This section provides a brief description of each of these documents and how they relate to this report.

### Regional Desired Outcomes

In 2008, the Metro Council and the Metro Policy Advisory Committee adopted six desired outcomes for the greater Portland region. These outcomes are equity, vibrant communities, economic prosperity, safe and reliable transportation, clean air and water, and climate leadership. The 2018 Regional Transportation Plan (RTP) identifies the next steps to continue working towards achieving these desired outcomes. The 2023 update to the RTP will build upon this. The desired outcomes particularly focus on equity for current and future residents and how people's lives are impacted by transportation planning decisions. They create an outcomes-based framework for Metro's work and set the stage for forthcoming plans and research, including prioritizing equitable transportation system funding.

### Metro's Strategic Plan

Metro's 2016 Strategic Plan<sup>21</sup> demonstrates an ongoing and future commitment to advancing racial equity, diversity, and inclusion in their projects. Metro set a framework for equitable transportation funding, through identifying which communities have faced and continue to face greater barriers to access. This report builds on the Strategic Plan principles to purposefully engage and account for historic and current disadvantaged populations. Like the Strategic Plan, equitable transportation funding will achieve their objectives by leading with race, targeted universalism, building infrastructure, generating support, partnering with communities of color, and measuring progress. The Metro Planning & Development Department's Strategic Action Plan, updated in 2018, supports the continuous work in equity and in addressing projects through a racial equity lens.

### 2023 Regional Transportation Plan (RTP) Update

The RTP was adopted by the Joint Policy Advisory Committee on Transportation (JPACT) and Metro in 2018 and equity was a core priority, with goals of 44% of total transportation projects to take place in Metro's Equity Focus Areas by 2040.<sup>22</sup> The RTP is the blueprint that guides investments for all forms of travel – driving, transit, biking and walking – and the movement of goods and services throughout greater Portland. It identifies urgent and long-term transportation needs, investments to meet those needs, and the funds the region

---

<sup>21</sup> [Oregon Metro. \(2016\). "Strategic plan to advance racial equity, diversity and inclusion."](#)

<sup>22</sup> [Oregon Metro. \(2019\). "Advancing racial equity, diversity and inclusion in regional planning."](#)

expects to have available over the next 20 years. The plan is updated every five years with input from community members, business and community leaders and governments. The next update is expected by December 2023.

## 2023 RTP Financial Plan

To develop the equitable transportation funding report, RTP finance plans, planned projects, projected revenues, and other relevant sources were reviewed to understand where and how the transportation system is funded and what the equity implications are as a result. This report will help inform the development of the 2023 RTP financial plan and can be used by decision makers to inform future funding discussions on the mechanisms, revenue sources, and strategies to increase the equitable funding of transportation.

## Pricing Policy Work

As part of the 2023 RTP, Metro and its jurisdictional partners identified six pricing policies to advance the region's mobility, climate change, and equity goals. These policies address mobility, equity, safety, diversion, climate and air quality, and technology and user experience. Each policy has a set of action items to guide implementation of pricing programs and projects.

## Findings from Public Outreach

Metro has conducted extensive public outreach since the 2018 RTP update.<sup>23</sup> The focus has been on people of color, people with low incomes, and other groups that have historically been excluded from public engagement.<sup>24</sup> This outreach has informed the 2020 regional transportation funding measure, the Regional Mobility Policy update, and other processes. The work has consistently found that these groups desire safer and more accessible transportation options. Some of the community themes that rose to the top include:

- Focus on people and address racial, social, and economic disparities and historic disinvestment and transportation decisions that have harmed communities.
- Travel options, including a variety of modes, and a well-connected, integrated, and seamless system.

---

<sup>23</sup> [Oregon Metro. \(2020\). "Regional Mobility Policy.": Oregon Metro. \(2022\). "2023 Regional Transportation Plan: Public Input."](#)

<sup>24</sup> Groups who have been denied access and/or suffered past institutional discrimination in the United States. This includes people who are Black, Indigenous, multi-racial, and people of color, people who may speak a language other than English, people with low-income, youth, older adults, and people with disabilities, who may face challenges accessing employment and other services ([Oregon Metro. \(2018\). "2018 Regional Transportation Plan."](#)).

- Quality transit service that is fast, frequent, reliable, and serves all types of trips (including off-peak travel times).
- Affordable transportation options, especially more affordable transit that connects people to the places and things they need to thrive.
- Investments in communities underserved by the current transportation system while protecting against involuntary displacement. And investments that are context sensitive and contribute to a sense of place and community identity.

These themes and priorities directly relate to how the transportation system is funded, both in how the revenue is generated and is disbursed. Revenue generation that does not overburden community members with the lowest incomes and investments that provide more affordable transportation options are vital to creating a more equitable system.

## Regional Congestion Pricing Study

In 2021, Metro completed the Regional Congestion Pricing Study (RCPS). Directed by JPACT and the Metro Council in the 2018 RTP, the study evaluated a variety of pricing strategies to understand if the region could benefit from pricing. Results from the study demonstrated that pricing can be an effective strategy for reducing drive-alone trips and overall VMT, but its impacts can vary widely by geography and demographics, as well as by what specific strategy is implemented and how it is implemented. The RCPS helped illustrate the limitations and risks to people with low-income if pricing programs and projects are implemented without considerations of equity from the outset.

## Pricing Options for Equitable Mobility (POEM) Task Force Final Report

Portland Bureau of Transportation's Pricing Options for Equitable Mobility (POEM) explored if and how new pricing strategies could be used in the City of Portland to improve mobility, address the climate crisis, and advance equity for people historically underserved by the transportation system. In October 2021, Portland City Council accepted the POEM Task Force final recommendation report.<sup>25</sup> This recommendation report includes principles of pricing for equitable mobility, nearer-term pricing strategies, longer-term pricing recommendations, and a suite of complementary strategies to advance alongside pricing. POEM provided guidance to understanding equitable pricing strategies to be used in the Portland area.<sup>26</sup>

---

<sup>25</sup> [City of Portland, Oregon. \(2021\). "Task Force Recommendations and Next Steps."](#)

<sup>26</sup> [City of Portland, Oregon. \(2022\). "Pricing Options for Equitable Mobility \(POEM\)."](#)

## Equity and Mobility Advisory Committee (EMAC) Shaping an Equitable Toll Program

The Oregon Department of Transportation (ODOT)'s Equity and Mobility Advisory Committee (EMAC) was created to directly advise the Oregon Transportation Commission (OTC) and ODOT on how tolls on Interstate 205 (I-205) and Interstate 5 (I-5), in combination with other demand-management strategies, can include benefits for populations that have been historically and are currently underrepresented or underserved by transportation projects. The purpose of the committee is to address four equity pillars: full participation of impacted populations and communities, affordability, access to opportunity, and community health. EMAC goals specify that equity and mobility strategies must go beyond pricing revenue and show reinvestments into better functioning transportation infrastructure and a decrease in personal car usage. These goals directly align with the goals of equitable transportation funding.<sup>27</sup>

---

<sup>27</sup> [Oregon Department of Transportation. \(2022\). "Equity and Mobility Advisory Committee: Shaping an Equitable Toll Program."](#)

## 03 Funding the Transportation System

Transportation involves multiple levels of government, each of which has separate revenue collection and distribution methods. Revenues flow through a variety of programs, redistributions, and formulae before being invested in the greater Portland region's local and regional transportation networks. The diagram below (Figure 3) illustrates annual revenue flows for the Regional Transportation Plan.

The **left side of Figure 3** shows the different types of funding sources that comprise local, state, and federal revenues for transportation. For example, the gray box denoting "Federal Sources \$57 billion" describes the total revenues that are collected at the federal level (such as federal income taxes and gas taxes). These funds are not typically directly allocated by the federal government, but instead are disbursed to state and local governments who then prioritize the projects for funding in the 2018 Regional Transportation Plan.

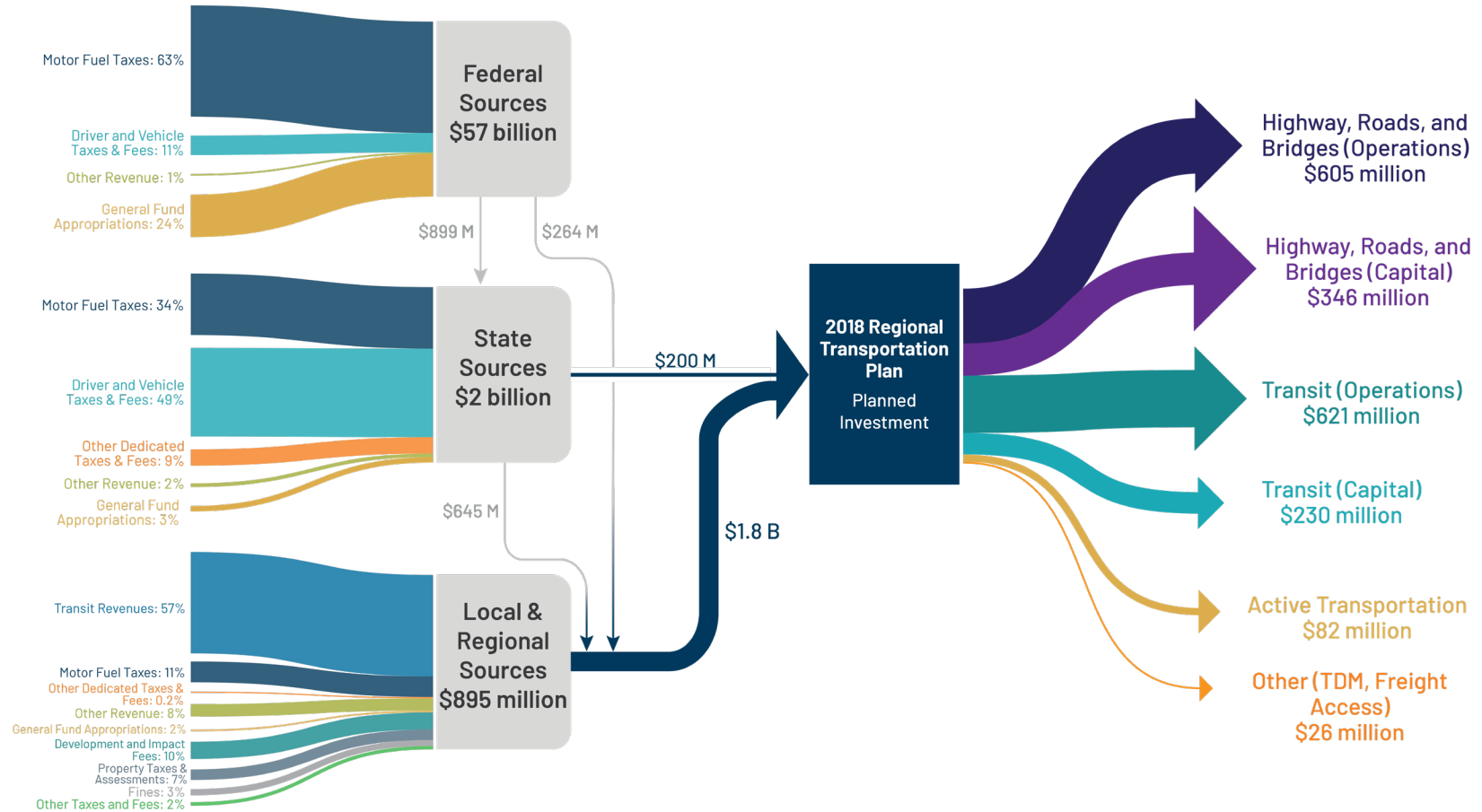
The **gray arrows** illustrate transfer of funds between federal, state, and local levels, also known as intergovernmental transfers, or suballocations. Transfers are combined with local and regional own-source revenues to fund the programmed projects, as shown with **blue arrows**.

Finally, the **right side of the chart** shows the types of projects that are proposed for funding in the Regional Transportation Plan.

Transportation revenues can be classified along two main categories:

1. **User Fees:** costs that are levied on users of goods and services, such as motor fuel taxes (paid by users of motor fuels) and weight-mile taxes (paid by heavy vehicle owners).
2. **General Taxes:** paid to the government as a blanket levy without clear explanation of where the money is distributed. Income taxes, property taxes, and sales taxes can all contribute in some part to transportation funding, but they are subject to extensive policymaking and decisions before allocations are determined.

**Figure 3 Annual Transportation Revenue Flow to the 2018 RTP Projects and Programs<sup>28</sup>**

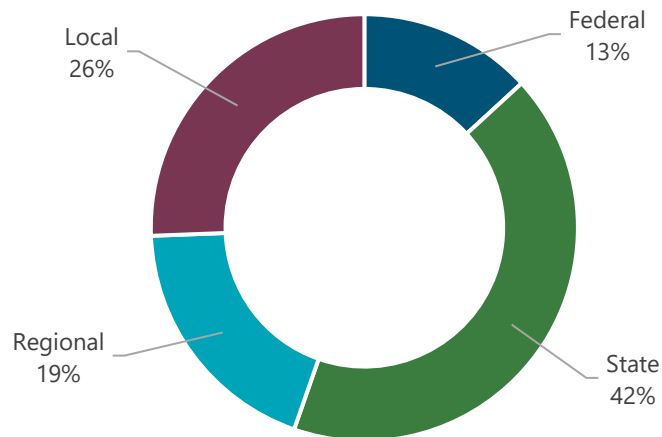


<sup>28</sup> [Tax Policy Center. \(2021\). "Briefing Book: A citizen's guide to the fascinating \(though often complex\) elements of the federal Tax System.";](#) [Oregon Department of Transportation. \(2021\). "2021-2023 Legislatively Adopted Budget report.";](#) Oregon Metro and other agencies. (2018). Local Revenue Summary Reports and 2018 Revenue Projections.; [TriMet. \(2022\). "Adopted Budget 2022-2023.";](#) [Oregon Metro. \(2018\). "2018 Regional Transportation Plan: Chapter 5: Our Transportation Funding Outlook."](#)



The following figures summarize revenue sources by the government level that originally collects the revenue, before any suballocations are made to other entities. Figure 4 breaks down the total pool of funding that went into the 2018 RTP by level of government at the time of collection, prior to any regional suballocations.

**Figure 4 Revenue Sources to 2018 RTP Projects and Programs by Government Level<sup>29</sup>**



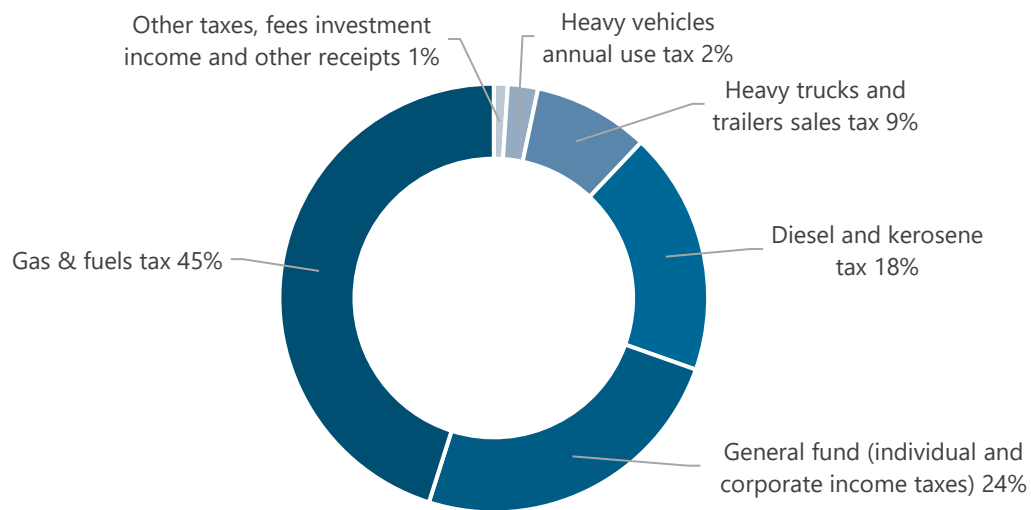
Thirteen (13) percent of the revenues in the RTP financial plan are collected at the federal level. The funds are primarily comprised of:

- Funds disbursed by the Federal Highway Administration (FHWA) Highway Trust Fund (HTF) for roadway capital and maintenance efforts
- Funds disbursed by the Federal Transit Administration (FTA) for transit capital and maintenance efforts
- Funds disbursed through the Oregon Department of Transportation (ODOT) for capital projects and improvements
- Funds disbursed through ODOT for roadway maintenance and operations

---

<sup>29</sup> [Oregon Metro. \(2018\). "2018 Regional Transportation Plan: Chapter 5: Our Transportation Funding Outlook."](#)

**Figure 5 Federal Transportation Revenue Sources<sup>30</sup>**



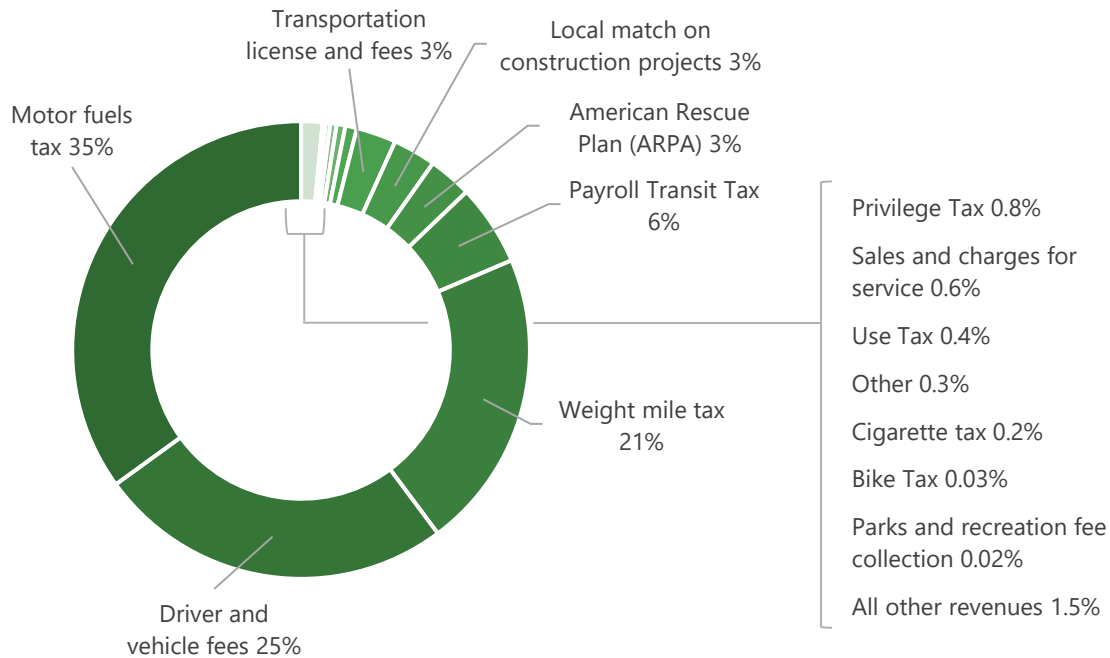
The Federal Highway Trust Fund (HTF) is funded primarily by the federal gas tax, a key revenue source that has seen decreasing returns in recent years. Between changing travel behaviors, inflation, and the rising demand for infrastructure, the HTF has increasingly relied on general revenue transfers to cover its deficit. A portion of this revenue goes to states specifically to maintain federal roadways—Interstate Highways and U.S. Highways—and the remainder is further distributed to various states and localities for their local transportation needs, through formula and grant programs. Figure 5 above provides a breakdown of the revenue sources that make up the Highway Trust Fund.

State funds comprise 42% of the Regional Transportation Plan’s financial plan. These revenues fund transit, roadway capital and maintenance projects. Figure 6 shows the breakdown of revenue sources collected at the state level that contribute to ODOT’s budget. Roughly 28% of ODOT transportation revenues are from driver, vehicle, and other transportation license fees. ODOT also levies a weight-mile tax on commercial vehicles with a gross weight over 26,000 pounds, to account for their heavier toll on road conditions.<sup>31</sup>

<sup>30</sup> [Tax Policy Center. \(2020\). “Briefing Book: A citizen’s guide to the fascinating \(though often complex\) elements of the federal Tax System.”](#)

<sup>31</sup> [Oregon Department of Transportation. \(2022\). “Report Your Taxes.”](#)

**Figure 6 State Transportation Revenue Sources, Oregon<sup>32</sup>**



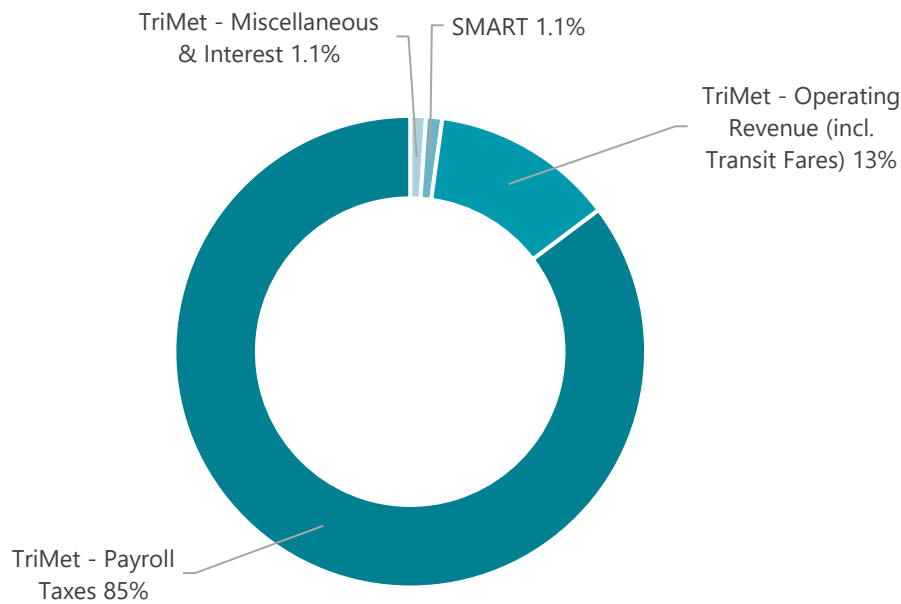
Regional transit sources represent 19% of transportation revenues in the Regional Transportation Plan. Figure 7 shows the composition of regional transit revenues, which are generated by TriMet and SMART. Most of these revenues (85%) come from TriMet via payroll taxes, while 13% is generated by operating revenues from transit service.

About one quarter (26%) of transportation revenues in the Regional Transportation Plan are collected from local sources, such as property taxes, parking fees and fines, and local gas taxes. The prevalence of local revenue sources reflects how local funding can play a significant role in influencing equitable outcomes.

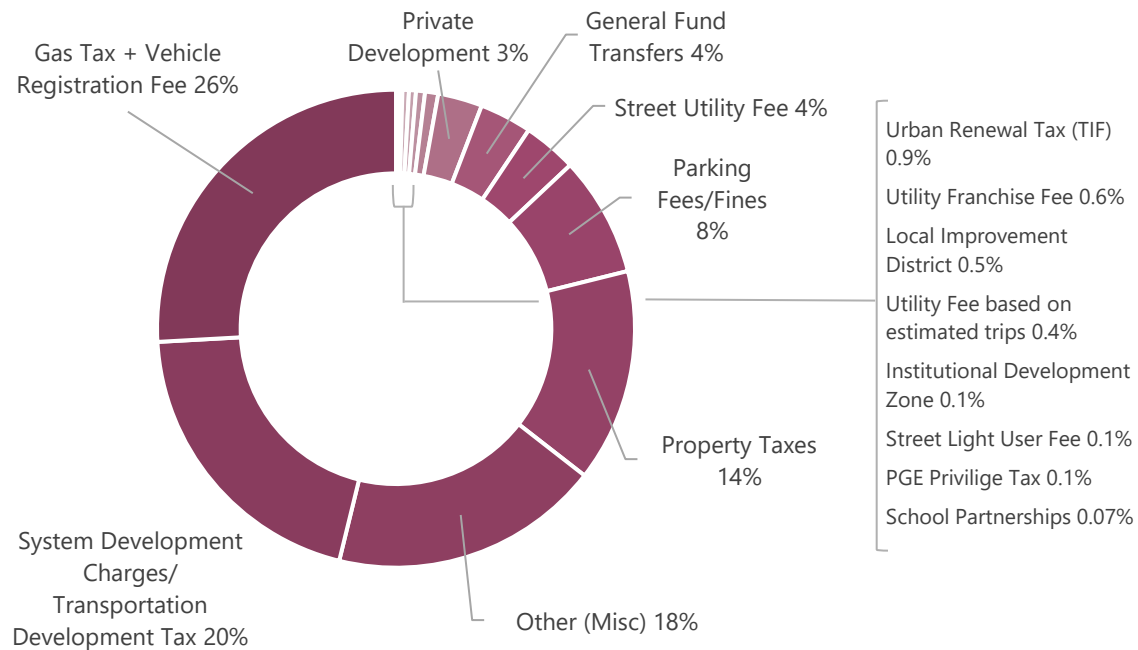
Figure 8 illustrates local own-source revenues, which were drawn from local budget documents. It should be noted that each jurisdiction within the greater Portland region experiences a different proportional breakdown. For example, the City of Portland's Bureau of Transportation (PBOT) brings in roughly \$31 million each year in parking fees and fines, which account for a noticeably greater portion of its transportation revenues than other municipalities with lower density and parking demand. As such, parking fee policies in the City of Portland carry more weight in the equity discussion than would similar strategies deployed in less populous areas of the greater Portland region.

<sup>32</sup> [Oregon Department of Transportation, \(2021\). "2021-2023 Legislatively Adopted Budget."](#)

**Figure 7 Regional Transportation Revenue Sources, TriMet and SMART <sup>33</sup>**



**Figure 8 Local Transportation Revenue Sources, greater Portland region<sup>34</sup>**



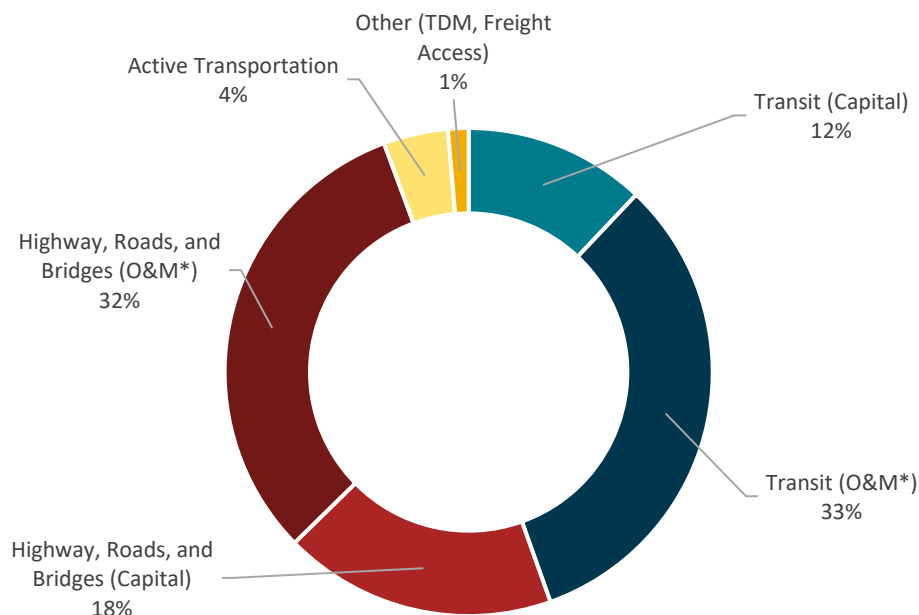
<sup>33</sup> [TriMet. \(2022\). "Adopted 2022-2023 Budget."](#)

<sup>34</sup> Oregon Metro and other agencies. (2018). Local Revenue Summary Reports and 2018 Revenue Projections.

## Revenue Allocation

Depending on the jurisdiction, legal constraints are placed on the usage of certain funding sources. In Oregon, revenue generated from motor vehicles is constitutionally limited for exclusive use on roadway projects. This means state motor fuel taxes and heavy vehicle fees, which are two of the most prominent funding sources at the state and local level, cannot be allocated for public transit or separated bicycle trails, as examples. Federal gas taxes are not subject to similar constraints. Figure 9 provides an overview of how transportation revenues identified for the 2018 RTP are allocated.

**Figure 9** Planned Transportation Funding Allocations within the Greater Portland Region (2018-2040)<sup>35</sup>



*\*O&M stands for Operations and Maintenance.*

<sup>35</sup> [Oregon Metro. \(2018\). "2018 Regional Transportation Plan: Chapter 5: Our Transportation Funding Outlook."](#)

## 04 Key Findings and Equity Challenges

The region's transportation system is funded through a variety of revenue sources and financing mechanisms, each originating at different jurisdictional levels. There are many societal benefits to funding the ongoing maintenance, operations, and continued improvement of the transportation system. The goal of the Equity Assessment (Appendix A) is to evaluate the present funding of the greater Portland region's transportation system and how it impacts low-income households and people of color, informing recommendations on how to make the transportation funding processes more equitable.

The sources of funding and how and where that funding is invested play a key role in the equity of the region's transportation system. The Equity Assessment evaluates revenue sources for six different measures of equity.<sup>36</sup> Each measure looks at the impacts of equity from a different perspective: the cost burden of the source, whether it is tiered, whether people with lower-income and people of color are likely to see greater benefits, if the payment methods create barriers for under or unbanked households, and the potential for penalties that can lead to debt and legal repercussions.

### Equity Assessment Measures for Revenue Sources

- **Share:** Do lower-income households pay a higher share of their income?
- **Burden:** Does the source provide subsidies or exemptions to alleviate unfair burdens?
- **Tiered:** Is the fee or tax graduated based on the value of the item?
- **Benefits:** Are low-income households and people of color directly benefiting?
- **Payment:** Are unbanked or underbanked individuals unfairly penalized?
- **Penalties:** Do unpaid fines, fees, or taxes trigger penalties and legal repercussions?

The revenue sources are organized by government levels, broken down by status (existing, emerging, future), and rated on a scale of Good, Fair, or Poor, based on the five key metrics. The findings from this work, and an explanation of the rating scale, are provided in full in Appendix A.

---

<sup>36</sup> The Equity Assessment (Appendix A) includes many, but not all, of the existing revenue sources at the federal, state, and local levels. The focus of the assessment is on sources which collect revenue from individuals, businesses, or commercial operations. It does not include revenue that is gathered from financing mechanisms like bonds or from passive revenue sources like transit advertising, rent, loan repayment, land use planning fees or other similar sources. The last section of the Equity Assessment lists identified revenue sources which were excluded from this analysis.

Of the 30 existing sources that were assessed:

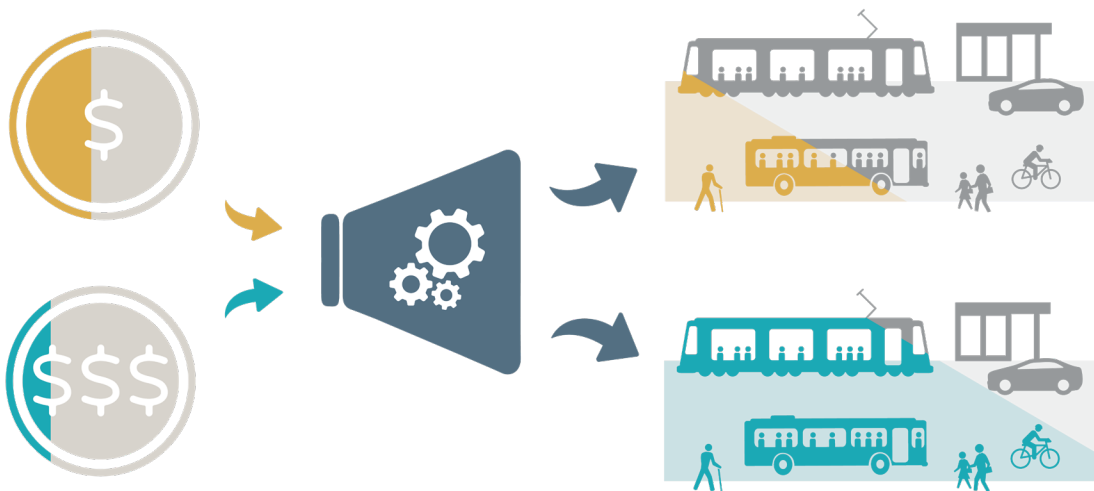
- 9 were rated 'Good,' 5 were 'Fair,' and 16 were 'Poor' for how equitable the **share** of costs are across income levels;
- 6 were rated 'Good,' 7 were 'Fair,' and 17 were 'Poor' for the extent of measures that could alleviate these unfair cost **burdens**.

This disparity highlights how lower income individuals and households in the greater Portland region face larger cost burdens for their transportation needs under the status quo. There are twice as many regressive revenue sources than those with costs equitably distributed. While certain programmatic elements (such as how a tax or fee is tiered and scaled) can alleviate and subsidize how low-income households experience these costs, not all of what they pay goes directly into transportation infrastructure that benefits them. For example, fines for traffic violations and parking penalties that are collected on roadways are disproportionately levied on people of color but are typically not reinvested into the transportation system.

**Figure 10 Disparity in Burden of Transportation Costs versus Benefits from Transportation Investment**

People with **lower incomes** spend more of their income on transportation costs than people with **higher incomes**...

...but lower-income communities are **less likely** to benefit from spending on transportation projects.



The following section highlights and explores some of the key trends identified during the equity-oriented analysis of transportation revenue sources. These discussions factor in key statistics relevant to the region, illuminating some of the reasoning behind how ratings were reached in the equity assessment.

## The Disproportionate Burden and Worsening Inequities for Low-Income Households

As shown in Figures 5 through 8, some revenue sources play larger roles in funding the transportation system than others, confirming that these sources likely have significant cost burdens and negative impacts on equity. Motor fuel taxes, transportation system development charges, property taxes, and cannabis and alcohol taxes are key funding streams that have compounding and regressive impacts on lower-income communities. These implications are explored below.

### Motor Fuel Taxes

Transportation revenue sources that are most relied upon often disproportionately burden low-income and marginalized households, exacerbating existing inequities. As previously discussed, motor fuel taxes comprise a significant proportion of transportation revenue collected at every level of government. Motor fuel taxes are a form of excise tax; a sales tax targeted on specific products determined by quantity purchased rather than a consumer's ability to pay. In the case of transportation, which is relatively inelastic, access to mobility options is often needed regardless of one's income (e.g., for school, work, errands etc.). This means that the out-of-pocket cost to low-income individuals and households inevitably consume a bigger proportion of their income.

Motor Fuels Taxes Equity Snapshot	
Share:	Poor
Burden:	Poor
Tiers:	Poor
Benefits:	Fair
Payment:	Good
Penalties:	Good

The necessity to own, drive, and maintain a personal vehicle exacerbates this burden. Residents of the greater Portland region spend more on transportation than any other household expenditures besides housing; in 2020, residents spent more than \$10,000 on transportation expenses per person.<sup>37</sup> Data from the U.S. Bureau of Labor Statistics reveals that nationally, the top 20% of income earners on average spend less than 2% of their after-tax income on motor fuel, contrasted with the lowest 20% who spend 8.2%. In periods of inflation (as seen at the time of this writing), this proportion can inflate to as much as 12%, although the tax-specific burden largely remains unchanged.<sup>38</sup>

<sup>37</sup> [U.S. Bureau of Labor Statistics. \(2022\). "Portland Area Economic Summary." United States Department of Labor.](#)

<sup>38</sup> [Peck, Emily. \(2022\). "Percentage of after-tax income spent on gas, by income bracket." Axios.](#)



**Figure 11 Share of Individual Income Spent on Motor Fuel in the United States, 2019<sup>39</sup>**



The per-unit cost of the gas tax particularly penalizes low mileage efficiency vehicles, which are also heavily represented amongst low-income and rural populations. Where more affluent households increasingly transition to electric or newer more fuel-efficient vehicles, diminishing the tax base, the transportation system's continued reliance on motor fuel taxes for revenue thus falls heavier upon financially vulnerable and low-income communities. The Federal Highway Trust Fund (HTF) has not fully funded the nation's surface transportation needs since 2001, and the revenue deficit has only continued to worsen.<sup>40</sup> Discussions surrounding increasing the tax rate to “fix” this revenue source are problematic from an equity perspective, as the incidence would fall heavily upon long distance commuters and low-income populations. These complexities are thus reflected as “Poor” ratings under the “Share” and “Burden” categories in Appendix A, especially as there are no quick or obvious fixes to the inequity of motor fuel taxes. To tackle the declining efficacy of motor fuel revenues equitably and holistically, other revenue sources will need to be taken into consideration.

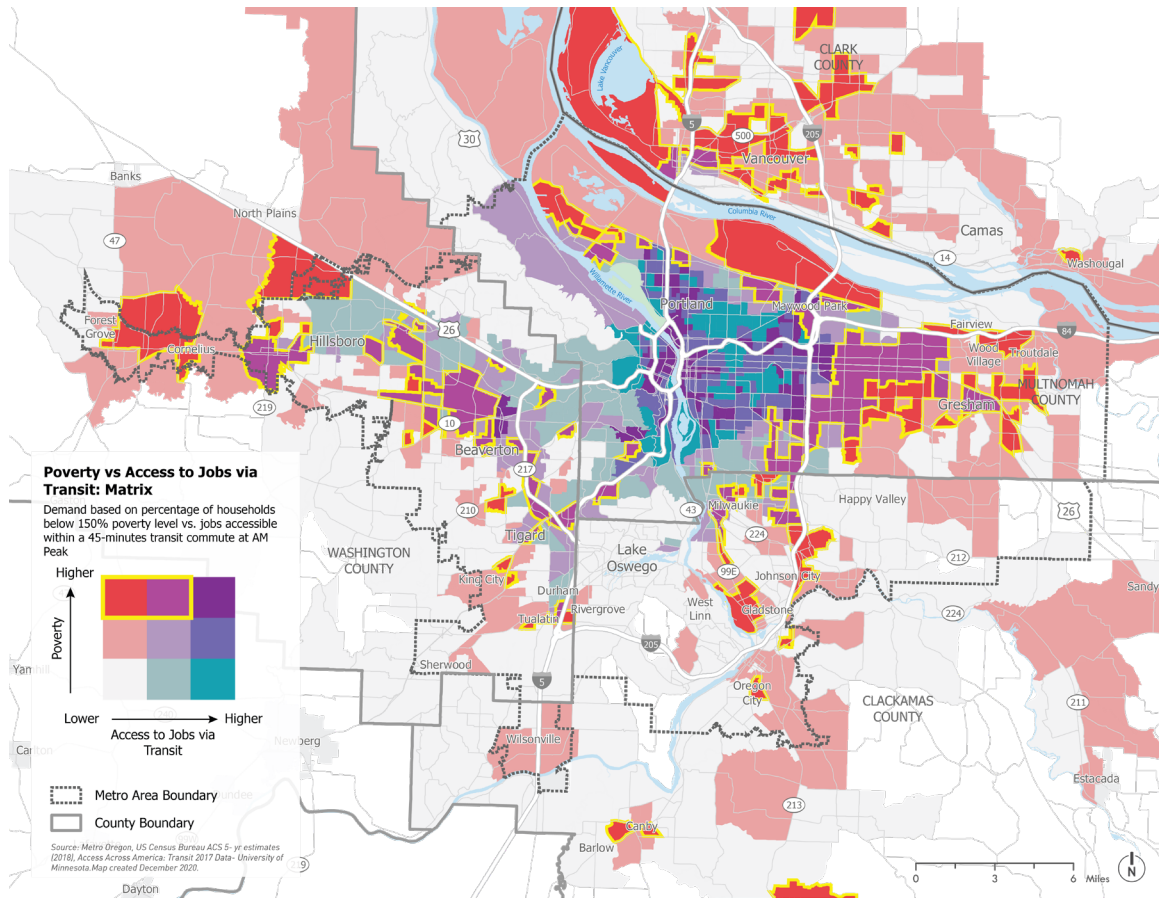
Oregon has in recent years explored the feasibility of expanding Road User Charges (RUCs), as an emerging alternative to declining motor fuel tax revenues. RUCs are charged by the mile for use of the state’s public roads and highway network, and depending on program design can treat different types of vehicles equally (i.e. EVs, combustion engine, hybrid). Oregon’s OReGO is the nation’s first RUC program, having begun operations in 2015. The existing program was found by ODOT to still impose a disproportionate burden on lower-income households, however the RUC program design has greater flexibility and potential for targeted exemptions that could mitigate this outsized burden.<sup>41</sup>

<sup>39</sup> [Peck, Emily. \(2022\). “Percentage of after-tax income spent on gas, by income bracket.” \*Axios\*.](#)

<sup>40</sup> [Congressional Research Service. \(2020\). “Funding and Financing Highways and Public Transportation.”](#)

<sup>41</sup> [Oregon Department of Transportation. \(2022\). “Road Usage Charging: Vehicle Ownership & Socioeconomic Equity”.](#)

**Figure 12 Communities with High Levels of Poverty and Limited Access to Jobs via Transit<sup>42</sup>**



Another possible means of alleviating the motor fuel tax burden is through the provision of alternative methods of transportation, namely public transit and active transportation. The greater Portland region has made substantial investments into public transit and street design over the past two decades; the availability of these alternatives has allowed Portland to enjoy 25% fewer vehicle miles driven per year than other US metropolitan areas.<sup>43</sup> These investments have been predominantly concentrated in central urban areas, and issues of regional coverage and service frequency due to available funding are a limitation to growing transit use. Figure 12 illustrates the lingering disparities in access to employment opportunities via public transportation.

<sup>42</sup> [Oregon Metro. \(2021\). "Regional Congestion Pricing Study."](#) ; data sourced from US Census Bureau ACS 5-Year Estimates (2018) and University of Minnesota "Access Across America: Transit 2017 Data". TriMet has since made service changes since the creation of this map. An assessment of TriMet service and future network concepts can be found at <https://trimet.org/forward/>.

<sup>43</sup> [Small, Rebecca. \(2016\). "You are here: A snapshot of how the Portland region gets around." Metro News.](#)

While more transit services are needed, the most significant funding sources do not incentivize transit investment. For example, the federal gas tax rate is currently 18.3 cents-per-gallon, of which only 2.86 cents-per-gallon goes towards the mass transit account.<sup>44</sup> The Oregon state constitution dictates the exclusive use of motor vehicle-related revenues for the upkeep of highway rights-of-way (ROW).

**Figure 13 The Equity of Transportation Spending Allocations<sup>45</sup>**



## Transportation System Development Charges (TSDCs)

Transportation System Development Charges (TSDCs) are a popular means of financing infrastructure improvements at the local level, and account for 20% of locally collected transportation revenues, the second largest source of local revenue. These charges, also commonly known as Transportation Development Taxes, are one-time fees levied on new development such as buildings to cover the cost of new public infrastructure capacity needed to service said development. Eligible projects can include new bicycle lanes, transit infrastructure, and roadway improvements, all of which are explicitly stated to meet the anticipated capacity needs of the area after property development is completed. TSDCs are an upfront cost to most developers, which are compounded by other System Development Charges (SDCs) such as stormwater and sewage SDCs.

<b>TSDC/TDTs</b>	
<i>Equity Snapshot</i>	
Share:	Poor
Burden:	Fair
Tiers:	Poor
Benefits:	Poor
Payment:	Good
Penalties:	Good

<sup>44</sup> [United States Department of Transportation Federal Highway Administration. \(2017\). "FAST Act Fact Sheets – Highway Trust Fund and Taxes".](#)

<sup>45</sup> [Oregon Metro. \(2021\). "Regional Congestion Pricing Study."](#)

The equity and cost burden of TSDCs vary significantly by programmatic design, and policies often differ by municipality. Many cities in the greater Portland region utilize uniform or flat tax rates with some differentiation by use type such as residential or commercial. The City of Portland offers tax subsidies for projects with affordable housing components, and dollar-for-dollar credit for projects that incorporate infrastructure improvements on the city's project list.<sup>46</sup>

Studies have shown that holistic assessment methodologies are needed to better estimate a new building's per unit infrastructural impacts, factoring density and availability of transportation demand management (TDM) programs, among other factors, to ensure the right incentives are put in place.<sup>47</sup> On the other hand, TSDC rates that are set too low can hinder a city's ability to complete the necessary requisite infrastructure projects. The City of Portland's TSDC model generally only covers 30% of projected project costs; this informs the "Poor" rating assessed to the Benefits Received criteria in the Equity Framework (see Appendix A).<sup>48</sup>

Furthermore, TSDCs are taxes on the supply-side of an economy, which means that the tax incidence can be shifted onto consumers. In this case, the higher cost of development can lead to higher rents, and renters will suffer the costs of worsened housing affordability. As low-income individuals and households are more likely to be renters, the cascading cost burdens on financially vulnerable communities are highly inequitable. To offset or alleviate the share of these costs, a reevaluation of TSDCs should be conducted to better understand if a programmatic redesign or fundamental policy change is needed.<sup>49</sup>

## Property Taxes

Property taxes can be regressive and vary based on the assessed value of each property, even though on the surface property tax rates are flat. The tax becomes regressive when lower-value homes are valued at higher effective rates. In Oregon, the 1997 state ballot Measure 50 locked property values at 1995 rates, with annual increases capped at 3%. Actual property values have risen much more than 3%, and the greater Portland region has seen actual home values triple since 1995.<sup>50</sup> This linear tax model results in an effective tax rate that can vary

---

<sup>46</sup> [City of Portland, Oregon. \(2022\). "Transportation System Development Charges."](#)

<sup>47</sup> [Oregon Metro. \(2007\). "System Development Charges."](#)

<sup>48</sup> [City of Portland, Oregon. \(2022\). "Transportation System Development Charges."](#)

<sup>49</sup> [League of Oregon Cities. \(2020\). "System Development Charges Survey Report." Pages 12, 125;](#) [Portland Housing Bureau. \(2022\). "HOU-3.03 – System Development Charge \(SDC\) Exemption Home Ownership Program." City of Portland, Oregon.](#)

<sup>50</sup> [Nius, Elliot. \(2018\) "Property tax rates in Oregon's 36 counties, ranked". \*The Oregonian\*.](#)

significantly between similar properties depending on their time of sale, creating equity concerns.

As property tax rates and revenues become more detached from real home values, lower-income homeowners may end up paying a higher proportion of their real value in taxes due to overvalued property. On the other side, higher-value properties may be undervalued, allowing for wealthier individuals to pay a lower proportion of their real value in taxes. A University of Chicago study on nationwide property value assessment disparities found that in Multnomah County, 82% of the lowest value homes are over-valued compared with only 35% of the highest value homes. From 2007 to 2019, the study determined the least expensive homes to have had an effective tax rate 1.63 times the rate applied to the most expensive homes.<sup>51</sup> This property tax burden falls disproportionately on Black and Latinx communities, due to the cumulative effects of discriminatory planning practices, including redlining, that have stagnated property values while tax rates inflate. Despite living in the same location and having the same tax rates, these populations were reported to face a 10-13% higher tax burden than other households.<sup>52</sup>

Property Taxes Equity Snapshot	
Share:	Fair
Burden:	Poor
Tiers:	Good
Benefits:	Good
Payment:	Fair
Penalties:	Poor

Property taxes are not scaled by a homeowner's financial situation (such as their income). Equity disparity arises in circumstances where low-income earners are living in high-value properties. The correlation between household income and assessed property values is not direct, as they are separately influenced by factors such as inequitable value assessments and the labor market. The penalties for those who struggle to pay the taxes out of pocket are severe, ranging from additional fines to foreclosure of the property. The negative equity implications of property taxes might be mitigated through alternative assessment approaches or changing the process of determining tax rates.

### Cannabis and Alcohol Taxes (Excise Taxes)

The cannabis tax, like most sales taxes, is fundamentally regressive and thus rated 'Poor' for its share of cost in the Equity Assessment (Appendix A). Therefore, addressing inequities in the allocation of the tax is especially important.

---

<sup>51</sup> [Berry, Christopher. \(2022\). "An Evaluation of Property Tax Regressivity in Multnomah County, Oregon." \*The University of Chicago - Center for Municipal Finance\*.](#)

<sup>52</sup> [Avenancio-León, Carlos and Troup Howard, \(2020\). "The Assessment Gap: Racial Inequalities in Property Taxation", \*Washington Center for Equitable Growth\*.](#)

The relationship between revenues from taxing alcohol and cannabis and transportation safety leads to fascinating discourse from an equity perspective. Most tax revenues from the sales of cannabis and alcohol are not used for transportation infrastructure or program purposes. However, nearly 40% of fatal crashes involve drugs and/or alcohol. A portion of tax revenues from alcohol and cannabis are spent on policing, recovery and public health programs; uses that impact the safety of the transportation system. While minimizing driving under the influence through public health interventions is an upstream approach to public safety, funding police with these taxes can exacerbate racial and income inequities. Since 2014, the State of Oregon has levied a 17% excise tax on recreational cannabis, and municipalities in Oregon can voluntarily elect to levy an additional 3% tax at the point of sale. The state and municipal legislatures respectively determine how these revenues are allocated for spending. For example, the City of Portland dedicated nearly half of the cannabis tax revenue (over \$3 million) to its Vision Zero safety program in FY 2017-2019, recognizing the relationship of drugs and traffic crashes.<sup>53</sup>

## Long-Term Community Impacts of Fines and Penalties

Fines and penalties have the potential to be major sources of debt, especially when citations are paid late or not at all. Of the revenue sources evaluated on their penalties in the Equity Assessment, (Appendix A), 10 had 'Poor' and 6 had 'Fair' ratings. Poor or Fair ratings were given for sources that had potential to bring in sizable revenue, but could lead to significant penalties, legal repercussions, or snowballing debt if left unpaid or paid late. Examples of these revenue sources include parking fines, income taxes, property taxes amongst others. Revenue sources with the lowest or no chance of penalties (thus rated 'Good') are those that collect at the point of sale (excise taxes). These include items like gas taxes or vehicle or bicycle purchase taxes, which do not offer options to defer payment of the tax. Using penalties to hold businesses or commercial operations accountable was also found to be more equitable.

### The System of Penalties

In Portland, parking citations issued by the Portland Bureau of Transportation (PBOT) must be paid within 30 days. If left unpaid, the citation becomes delinquent. At a minimum, the dollar amount of a delinquent citation will double. A court may also decide to issue a warrant for immobilization or impoundment of the vehicle, enter a judgement and impose a fine up to the maximum allowed by law, or send the citation to collections.<sup>54</sup> Debts in collections will

---

<sup>53</sup> [Portland City Auditor, City of Portland. \(2019\). "Recreational Cannabis Tax: Greater transparency and accountability needed" and 2023 RTP Transportation Needs Assessment and analysis of 2016-2020 ODOT crash data.](#)

<sup>54</sup> [City of Portland, Oregon. \(2022\). "Pay and/or contest a parking ticket."](#)



see added fees and may harm a person's credit score. Credit scores impact an individual's ability to access financing and resources or obtain a job. Accounts in collections, or other negative marks from late payments, will generally stay on a credit report for seven years.<sup>55</sup>

In Oregon, the State can seize debt from tax returns for unpaid citations or court-imposed fees, and these debts stay on the books for 20 years. Low-income households are more likely to be burdened by citations and often rely on tax refunds to make ends meet. In Multnomah County, from 2019 to 2021, 61% of tax refunds seized on behalf of state courts occurred in ZIP codes with household incomes below the county's overall median household income, and 33% of these seized refunds occurred in five ZIP codes that have some of the lowest median household incomes and highest portions of people of color in the county.<sup>56</sup>

### Racial Disparities in Enforcement and Penalties

Parking tickets, traffic citations, and fare evasion fines are levied on Black individuals at a higher rate than white individuals.<sup>57</sup> In Multnomah County, Black individuals are charged three to thirty times more often than white residents for the same violations. Individual citations are also given at skewed rates. Black individuals are charged fifteen times more often for failing to cross the street at a right angle, eight and a half for jaywalking, three for failing to use vehicle lights, six for disabled vehicle parking violations, and five and a half for walking in the road. While not all of these violations are related to revenue sources that fund transportation, it in no uncertain terms highlights the pervasiveness of racial inequity.<sup>58</sup>

There is also a gap in the fines levied against Blacks than their white counterparts. Default judgements may be to blame, which occur when the defendant does not perform a court-ordered action—typically appearing at court for a hearing—and the judge by default rules in the plaintiff's favor.<sup>59</sup> The gap in fines between Black and white people in Multnomah County are as follows:<sup>60</sup>

- Jaywalking: \$379 compared to \$280
- Disabled parking: \$317 compared to \$183
- Failure to wear a seatbelt: \$142 compared to \$106

---

<sup>55</sup> [Pyles, Sean. \(2021\). "How do Collections Accounts Affect your Credit?" Nerd Wallet.](#)

<sup>56</sup> [Iboshi, Kyle. \(2022\). "Oregon garnishes millions in tax refunds to collect old, unpaid parking tickets and court fees." KGW8.](#)

<sup>57</sup> US Commission on Civil Rights. (2017). "Targeted Fines and Fees against Communities of Color – Civil Rights & Constitutional Implications." While this research was conducted at the national level, the trends and patterns of prejudice are undoubtedly echoed throughout local regions.

<sup>58</sup> [Budnick, Nick \(2017\), "The High Costs of Disparities for People of Color in Multnomah County"](#)

<sup>59</sup> [Legal Information Institute. \(2022\). "Default Judgment." Cornell Law School.](#)

<sup>60</sup> [Budnick, Nick \(2017\), "The High Costs of Disparities for People of Color in Multnomah County"](#)

- TriMet fare violations: \$384 compared to \$225
- Speeding: \$190 compared to \$162

## The Criminal Justice System and Compounding Impacts of Fines

A majority of transportation related fines do not directly fund the transportation system despite their occurrence on the public right-of-way. In the region, only parking tickets and TriMet fare evasion fines are put back into the transportation system. All other motor vehicle, pedestrian, and cycling related fines typically go to general funds, policing, and the criminal justice system. The City of Portland's fixed-speed camera program is an exception, dedicating any remaining revenue not used for maintaining the program to traffic safety. However, since the program began in 2016, there has yet to be excess revenue.

People with low-income and people of color disproportionately bear the burden of policing and suffer from well-documented racial bias in police forces around the country, including the greater Portland region.<sup>61</sup> Fines are not applied based on a person's ability to pay. This means that people with low-income receive a harsher punishment than those with high income, for the same violation. Moreover, fines can compound which leads to debt and cyclic consequences for those least able to pay or navigate the system. Such systemic incidents where individuals face disproportionate and compounding consequences over minor offences, have seen recent documentation and analysis in the media.<sup>62</sup>

Fines, especially those collected for minor offences, are not only an inequitable source of government revenue, but they are inefficient. Research has demonstrated that the costs of court activities, collecting and enforcing payments, and jailing those unable to pay can use 70% to 115% of the revenue raised through such efforts.<sup>63</sup> This system has a cascading impact throughout society. It creates and ingrains patterns of racialized indebtedness and cycles of poverty, extracts financial resources from the community, undercuts the ability to build intergenerational wealth, supports predatory lending and other exploitative financial practices, and reproduces systems of inequality for individuals and communities.<sup>64</sup>

The City of Portland is developing an in-depth report on the current state and impact of this system, titled *Fines, fees, and traffic-camera enforcement in Portland, Oregon*. The report

---

<sup>61</sup> [Griggs, Taylor. \(2022\). "Despite police directive, Portlanders of color still overrepresented in traffic stops." \*Bike Portland\*. Greene, Emily \(2018\). "The poorer you are the more you owe <https://www.streetroots.org/news/2018/11/09/unpaid-fine-poorer-you-are-more-you-owe>." \*Street Roots\*.](#)

<sup>62</sup> [Ramakrishnan, Jayati. \(2022\). "She skipped a \\$2.50 TriMet fare. She spent 183 days in custody." \*The Oregonian\*.](#)

<sup>63</sup> [Menendez, Matthew. Lauren-Brooke Eisen, Noah Atchison, and Michael Crowley. \(2019\). "The Steep Costs of Criminal Justice Fees and Fines." \*Brennan Center for Justice\*.](#)

<sup>64</sup> Fines, fees, and traffic-camera enforcement in Portland, Oregon – work not yet published



provides recommendations for Portland's fixed speed-camera program and the system of fines and fees in general. The recommendations provide level of effort and estimated impacts for each recommendation. The recommendations include better instructions that accompany traffic camera tickets, reducing minimum fine rates, creating ability-to-pay parameters in Oregon state law to guide payment plan decisions, eliminating credit reporting for accounts referred to collections, and many other similar recommendations to make Oregon's fine and fee system more equitable.<sup>65</sup>

## The Burden of Being Underbanked or Unbanked

As shown in Appendix A, 18 sources were ranked 'Good' for the accessibility of their payment methods, 8 were 'Fair,' and 4 were 'Poor.' This means that most existing revenue collection methods do not overwhelmingly burden those without access to banking or digital payment services. Many revenue sources are collected at the point of sale or are levied from businesses and industries that already have the financial means. However, this should not overshadow the potential equity implications for individuals who are unbanked (those without access to a bank account with an insured institution) and/or underbanked (those who do not have the ability to use a bank account).<sup>66</sup> An FDIC study in 2019 reported a 2.5% Unbanked Rate across the Portland-Vancouver-Hillsboro Metropolitan Statistical Area (MSA).<sup>67</sup> They remain a vulnerable demographic as payment collection methods shift towards digital platforms.

Parking fees and fines are a significant sector of transportation revenue that can heavily burden the unbanked. Parking fees can be paid at meters and pay stations using a mobile app, credit card, or coins. However, cash payments must be exact since change is not offered. The Oregon Judicial Department (OJD) requires all parking citations to be paid using checks, money orders, or credit cards, either online or by phone. The only way to pay with cash is to visit the court in person, which is a heavier burden to bear by way of commute time and costs.<sup>68</sup> Some jurisdictions across the nation have sought different strategies to alleviate this burden; in 2020, Arizona

<b>Parking Fees and Fines</b> <b>Equity Snapshot</b>	
Share:	Poor
Burden:	Poor
Tiers:	Good
Benefits:	Fair
Payment:	Poor
Penalties:	Poor

<sup>65</sup> Fines, fees, and traffic-camera enforcement in Portland, Oregon – work not yet published

<sup>66</sup> [Chicago Metropolitan Agency for Planning. \(2021\). "Equity in Transportation Fees, Fines, and Fares."](#)

<sup>67</sup> [Federal Deposit Insurance Corporation. \(2019\). "How America Banks: Household Use of Banking and Financial Services."](#)

<sup>68</sup> [Oregon Judicial Department. \(2022\). "Parking Citations."](#)

partnered with retail chains such as 7-Eleven to provide a "PayNearMe" service, where residents can pay traffic and parking fines at their local store.

Collecting transit fares can also create accessibility challenges especially for people who are unbanked, as many systems embrace contactless payment systems. TriMet most recently reported that their Hop Fastpass digital fare system accounted for 83.5% of fares collected on fixed route services, which means the remaining 16.5% relied on cash payments on buses and trains.<sup>69</sup> Moreover, a 2022 review of transit rider surveys found that 37% of those aged 55+ in Portland/Gresham did not have a smartphone, and another 30% did not have a mobile data plan for their phones; 20% of riders aged 35 and below were unbanked, which is the highest amongst all age groups.<sup>70</sup> Although these statistics reflect only the circumstances of a portion of the region's ridership, and TriMet has taken steps to make the system more accessible for them, it still serves as a critical reminder that technological innovations in fare collection systems cannot, and do not, solve all equity issues for transit riders. TriMet does maintain some options to serve riders who rely on paying for rides with cash. For example, riders can purchase and reload a Hop card at close to 400 retail locations in the region by cash.<sup>71</sup>

Transit Fares Equity Snapshot	
Share:	Good
Burden:	Fair
Tiers:	Good
Benefits:	Good
Payment:	Fair
Penalties:	Fair

## Revenue Allocation Constraints

Funding constraints determine where and how revenue can be spent and are applied at the revenue source, fund, or program level. Appendix B lists the various revenue sources evaluated and their allocation constraints as applied in Oregon. State and local motor fuel taxes all are subject to the constitutional requirement for exclusive spending on roadways, prohibiting the use of those funds for capital transit investments. While motor fuel tax funds and other motor vehicle revenue sources are collected by users of roadways, restricting these

<sup>69</sup> [TriMet. \(2021\). "Business Plan: FY2022 – FY2026."](#)

<sup>70</sup> [Aaron Golub et al. \(2022\). "Equity and exclusion issues in cashless fare payment systems for public transportation." \*Transportation Research Interdisciplinary Perspectives\*.](#)

<sup>71</sup> [Hop Fastpass. \(2022\) "Home"](#). TriMet has implemented various measures to make purchasing tickets more accessible. Riders can: use cash to purchase a paper ticket on all buses and use cash to purchase a Hop ticket at light rail stations; purchase and reload a Hop card using cash at retail locations. Additionally, TriMet partners with CBOs to issue grant-funded free fares to riders and to sign up those who qualify for the Honored Citizen Program.

funds to pay for further roadway improvements raises equity issues.<sup>72</sup> These restrictions encourage further use and funding of roadway networks that require access and ability to use a personally owned vehicle. The cost of owning and maintaining a personal vehicle is \$9,500 dollars annually,<sup>73</sup> while the cost of an adult, unlimited TriMet transit pass is \$1,200 dollars per year, with one month free if you pay in advance.<sup>74</sup> Personal vehicles also require the physical ability to drive, which can be a barrier for those of old age, severe illness, or disability.

---

<sup>72</sup> State and local vehicle registration and driver's license fees are included, See Appendix B for more information about constraints and allocation per revenue source.

<sup>73</sup> [Bureau of Transportation Statistics. \(2022\). "Average Cost of Owning and Operating an Automobile."](#)

<sup>74</sup> [TriMet. \(2022\). "Fares."; Trimet. \(2022\). "1-Year Pass"](#). TriMet's 1-Year Pass is only \$308 per year for Honored Citizens and Youth.

## 05 Recommendations to Improve Equity Outcomes

Transportation needs in the greater Portland region exceed existing revenue capacity. This report uses an equity lens to explore the benefits and costs of the funding sources that the greater Portland region relies on; it considered how revenues are collected and who pays, and how revenues are distributed and who benefits. We have identified several recommendations that we believe will be helpful to policy makers and transportation providers. These recommendations are directed at the state, regional and local transportation agencies responsible for collecting and distributing revenues in the greater Portland region, and are intended to be applied in a variety of ways and contexts by the relevant policy and decision makers. Furthermore, they are also intended to be used as a tool by community-based organizations with an interest in advancing equity. They are not directed at any one plan or process; rather, they serve as background considerations to inform processes where needed. For example, the following approaches can be referenced when new revenue sources are being considered, or when the allocation of existing revenues are being decided in state, regional and local plans and programs, or when funding programs are being created and refined.

### Laying a Foundation to Advance Equity Outcomes

There are a few general tenets that serve as a foundation for all our recommendations when it comes to more equitable outcomes in the area of transportation funding. These are:

- **No one solution.** Equitable transportation funding is not one solution that can be achieved immediately, so it should be broken down into numerous smaller, tenable goals, which contribute to achieving the overall goal of improving equitable outcomes in transportation funding.
- **Transparency is key.** Publishing the goals of transportation agencies so that they are viewable by the public in an easily accessible location is crucial to positive public perception, accountability, and building strong community and regional partnerships.
- **Elevate community voices.** Continuing to strengthen existing partnerships with local community organizations can provide more individuals with voices that may not have had the platform to be heard. This can be beneficial when establishing goals and receiving meaningful input during the early planning phases of policy initiatives or developments.
- **Put it into policy.** Policies in state, regional and local transportation and capital improvement plans, legislation, and other areas, helps to determine how revenues are collected and what they can be spent on; policy can be used to achieve more

equitable outcomes. Adopting a policy stating that future revenue collection and disbursement should lead to more equitable outcomes is a central recommendation to this work and establishing standards for revenue collection that does not disproportionately burden marginalized and low-income groups is one of the key starting points to equitable revenue collection.

## Offering Fair and Accessible Opportunities for Meaningful Public Engagement and Input

Offering ample opportunities for meaningful public engagement and input<sup>75</sup> is critical to hearing diverse perspectives on equity-based goals, projects, and policies. Several recommendations related to public engagement include:

- Opportunities should be offered in-person and online, at a variety of locations and times, and available for individuals of varying English proficiency and non-English speakers. Participants should also be compensated for their time.
- Public outreach and involvement must be meaningful and intentional. Working with the community organizations that the agency has relations with will impact trust and participation.
  - Include a broad array of community members before, and during, the early planning phase; this builds trust and ensures that more voices are heard.
  - Utilize the relationships that the agency has with community-based organizations, groups, and trusted figures.
  - Hire trusted community members to do engagement work. Make sure to recruit several community members who are active in different areas.

---

<sup>75</sup> The Climate Friendly and Equitable Communities Rules, adopted in July 2022, provide updated rules and add new rules for public engagement focused on advancing equity. These are located at [https://www.oregon.gov/lcd/LAR/Documents/CFEC\\_NoticeFilingTrackedChanges.pdf](https://www.oregon.gov/lcd/LAR/Documents/CFEC_NoticeFilingTrackedChanges.pdf). The rules define traditionally underserved populations to include "Black and African American people, Indigenous people, People of Color, people with limited English proficiency, people with disabilities, low-income Oregonians, youth and seniors, and more. They require mapping of traditionally underserved populations, local consideration of a set of anti-displacement actions should decisions contribute toward displacement, centering the voices of underserved populations in decision-making, and regular reporting on efforts to engage traditionally underserved populations." (<https://www.oregon.gov/lcd/CL/Documents/SixPageOverview.pdf>). The updated rules pertinent to engagement are: OAR 660-012-0120 (Transportation System Planning Engagement), OAR 660-012-0125 (Underserved Populations), OAR 660-012-0130 (Decision-making with Underserved Populations), and OAR 660-012-0135 (Equity Analysis).

- Communities affected by specific policies, funding efforts, or developments must be key contributors to the planning process. This results in an inclusive and iterative process where the communities affected by and benefiting from initiatives—like congestion pricing—are helping shape the program.

## Equitable Revenue Collection

The systems currently in place to raise revenues for transportation have been built over decades of policy decisions. These decisions have disproportionately placed a large burden on the most vulnerable people. Revenue collecting for existing, emerging, and new sources should be restructured to be more equitable. This can take many forms and should not end after one change. Several restructuring revenue collection suggestions are listed below:

- Restructuring fines so they are non-compounding and do not impact credit scores or employment eligibility.
- Prorating (based on income or item value) payment structures for parking, license and registration fees, violation fines, and tolling and congestion charges.
- Providing alternate options to paying fines, including in lieu of programs and split-payment plans.
- Continuing the line of good work being done by TriMet<sup>76</sup> and others to restructure diversion programs for fare evasion to be more lenient.
- Consider eliminating fare evasion programs to avoid severely impacting those with the least ability to pay.
- Allowing license and registration renewal for people with unpaid fines.

---

<sup>76</sup> In 2017, HB2777 gave TriMet the authority to resolve fare citations outside of the court system <https://news.trimet.org/2017/06/new-law-gives-trimet-authority-to-offer-some-fare-evaders-a-second-chance-to-stay-out-of-court-system/>. In 2018 the TriMet Board approved changes to fare evasion penalty charges <https://news.trimet.org/2018/02/trimet-board-of-directors-approves-fare-evasion-penalty-changes/>, and separately approved a revision to TriMet fare code to make fare evasion a non-criminal offense <https://news.trimet.org/2018/11/trimet-board-approves-revision-to-trimet-code-to-clarify-proof-of-payment-required-to-ride/>.

- Removing remaining barriers to acquiring reduced or free transit fares can make it possible for individuals with limited access to documents, identification, or internet able to receive these benefits.<sup>77</sup>
- Reduce reliance on regressive tax strategies and encourage more progressive taxes and fees, such as TNC fees to ease the burden on transit users.
- Adjust the gas tax according to inflation.
- Explore financial assistance programs for low-income households that could be applied to costs of fees and transportation services. For example, the City of Portland is currently running a Transportation Wallet Affordable Housing Pilot, offering a package of free transportation options (transit passes, bike-share credits, taxi ride credits, etc.) for residents of selected affordable housing sites.<sup>78</sup>

## Equitable Revenue Disbursement

Inequities in revenue collection may be mitigated by how the revenues are spent. For example, a revenue source that is rated poorly in Appendix A, may mitigate or minimize some of the inequities created in the collection through policies and programs that advance equity outcomes.

- Allocate revenues from pricing to safety, transit, and active transportation projects in equity focus areas.
- Major transportation investment can lead to an increase in cost of living and rent rates. Incorporate anti-displacement policies in plans and programs to mitigate the potential for displacement.
- Explore using revenues from any new transportation funding sources to offset transportation taxes and fees for low-income households. Covering taxes and fees would reduce a portion of the cost of living for low-income households, ultimately allowing them greater financial flexibility.
- Encourage and incentive environmentally friendly investments in mid- and low-income households to provide financial benefits for the household and reduce the

---

<sup>77</sup> As an example, currently obtaining a TriMet Honored Citizen Fare Card requires proof of income and government-issued ID to be uploaded to an online portal for the card to be mailed to them upon approval (see <https://trimet.org/income/index.htm>). Alternatively, enrollment locations are available for on-the-spot visits and the applicant can receive a card at that time, but these locations are only open during business hours on weekdays. For someone who may not have a valid license, or works throughout those hours, and/or someone with limited internet access, this card may be difficult to obtain.

<sup>78</sup> [City of Portland. \(2022\). "Transportation Wallet Affordable Housing Pilot".](#)

overall carbon footprint. Examples of this could include: Offer discounts and rebates to households that want to invest in electric vehicles, in solar panels, or transit passes.

## Next Steps

Improving equity in transportation is a key concern in the greater Portland region. Inequities in transportation funding are wide-ranging and systemic. Leaders around the region may use the findings from this study to inform policies, including the development of the 2023 RTP and future RTPs and support transportation providers as they discuss current and future funding programs.



## Glossary

BIPOC	Black, Indigenous, and People of Color. Those who identify as Black, Native American and Alaska Native, Native Hawaiian and Pacific Islander, Central and South American Indigenous, Asian, Hispanic/Latinx/a/o, and/or one or more non-white races or marginalized ethnic groups.
Direct Spending	Project spending led by agencies at each level.
Diversion Program	An alternative pathway for individuals in the criminal justice pipeline to exit from the system and resolve their outstanding penalties without incurring a criminal record.
Equity Lens	A critical thinking approach to undoing racial and economic disparities by evaluating burdens, benefits, and outcomes to underserved communities.
Funding Program	The requirements and conditions that dictate how revenues are spent. Federal, state, regional and local governments establish criteria and guidelines that define the eligibility, purpose of the program, desired outcomes, etcetera. Revenues from different sources may be combined into one program; one revenue source may also be spent through a variety of programs.
Inequities	A particular kind of disparity that is not only of concern for being potentially unfair, but which is believed to reflect injustice.
Intergovernmental Transfers	The funds that agencies at the federal, state, and local levels are sending to other levels of government for use on their respective projects.
Low Income	Persons or households with incomes 150% below the federal poverty level.
Older Adults	Individuals 65 years old or older.
Own-Source Revenue Flows	The funds raised by transportation agencies themselves at the federal, state, and local levels.
People Living with Disabilities	People who have a physical or mental impairment that substantially limits one or more major life activities, people who have a history or record of such an impairment, or a person who is perceived by others as having such an impairment.
Race	The social construct that artificially divides people into distinct groups based on characteristics such as physical appearance (particularly color),

ancestral heritage, cultural affiliation, cultural history, ethnic classification, and the social, economic and political needs of a society at a given period of time. Racial categories subsume ethnic groups.

Regressivity/ Regressive Tax	Refers to programs or tax policy designs that do not account for people's ability to pay, thus imposing a heavier cost burden upon those with lower incomes.
Revenue	A government organization's annual income from which public expenses are met.
Revenue Collection	The processes by which a government body gathers its income from public or private sources, via payments, sales, or other methods.
Revenue Disbursement	The processes that government bodies use to allocate revenues after collection, either in reallocation to other government organizations or for direct spending.
Split Payment Plans	A payment option to settle a single amount of payment via multiple different transactions and payment methods
Systemic Racism	The system of interrelated policies, practices, and procedures that work to advantage and position white people and communities over people of color. It can result in discrimination in criminal justice, employment, housing, health care, political power, and education, among other issues.
Transportation Network Company (TNC)	Also known as ride-hail or ridesharing companies; a transportation service model where passengers pay a fee to prearrange a trip through an online, network-enabled platform.
Unbanked	Households where no member has access to a checking or savings account.
Underbanked	Households that have a checking or savings account with an insured institution, but do not have the ability to use the account or have used alternative financial services in the past 12 months such as money orders, payday loans, pawn shop loans, check cashing, etcetera.
Underserved	The people and places that historically and currently have not had equitable resources or access to infrastructure, healthy environments, housing choice, etc. Disparities may be recognized in both services and in outcomes.

## **Appendices**

### **Appendix A: Equity Assessment Framework for Transportation Revenue Sources**

## EQUITY ASSESSMENT OF REVENUE SOURCES

The transportation system in the region is funded through a variety of revenue sources and financing mechanisms, each originating at different jurisdictional levels. There are many societal benefits to funding the ongoing maintenance, operations, and continued improvement of our transportation system. The goal of this assessment is to evaluate the impacts of the way the system is currently funded on low-income households and people of color in order to inform recommendations to improve equity in our funding processes.

The sources of funding and how and where that funding is invested play a key role in the equity of the region's transportation system. This assessment aims to evaluate revenue sources for six different measures of equity. Each measure looks at the impacts of equity from a different perspective: the cost burden of the source, whether it is tiered, whether people with lower-income and people of color are likely to see greater benefits, if the payment methods create barriers for under or unbanked households, and the potential for penalties that can lead to debt and legal repercussions.

The first table below details the equity assessment for existing sources of revenue. These sources were drawn from the revenue forecast data developed for the 2018 Regional Transportation Plan, federal, state, and local budget documents, and other sources. Specific sources are noted in the footnotes.

The second table includes an assessment of emerging and potential future revenue sources. These sources are drawn from the Regional Congestion Pricing Study, the One Oregon report and other sources. The list is intended to be illustrative. The equity assessment for many of these sources are listed as variable. More information about each source and what types of program design may lead a potential future source to be more or less equitable is included in the rating details tables which follow the summary tables. Information about potential future sources will help guide recommendations for a more equitable funding system.

This assessment includes many, but not all, of the existing revenue sources at the federal, state, and local levels. The focus of this assessment is on sources which collect revenue from individuals, businesses, or commercial operations. It does not include revenue that is gathered from financing mechanisms like bonds or from passive revenue sources like transit advertising, rent, loan repayment, land use planning fees or other similar sources. The last section of this report lists identified revenue sources which were excluded from this analysis.

### Equity Ratings

**Variable:** Equity impacts dependent on program design and guiding policies

**Poor:** Negative impact on people with lower income or people of color

**Fair:** Some negative impact on people with lower income or people of color, balanced by benefits provided

**Good:** Does not negatively impact people with lower income or people of color

**Equity Evaluation of Existing and Emerging Revenue Sources**  
Metro

**Existing Revenue Sources – Summary Table<sup>1</sup>**

Source	Overall Equity Rating	Share	Burden	Tiered	Benefits Received	Payment Methods	Penalties
<b>Federal</b>							
Fuels tax	Poor	Poor	Poor	Poor	Fair	Good	Good
Heavy trucks and trailers sales tax	Good	Good	Good	Good	Fair	Good	Good
Heavy vehicles annual use tax	Good	Good	Good	Good	Fair	Good	Good
Individual income taxes, corporate income taxes (General Fund transfer)	Fair	Good	Fair	Fair	Fair	Poor	Poor
<b>State</b>							
Motor Fuels Tax	Poor	Poor	Poor	Poor	Fair	Good	Good
Weight Mile Tax	Good	Good	Good	Good	Fair	Good	Good
Driver and Vehicle Fees	Poor	Poor	Poor	Fair	Poor	Good	Fair
Transportation License and Fees	Good	Good	Good	Good	Fair	Good	Good
Cigarette Tax	Fair	Poor	Poor	Fair	Good	Good	Good
Bike Tax	Poor	Poor	Poor	Fair	Good	Fair	Fair
Privilege Tax	Fair	Fair	Poor	Good	Good	Good	Good
Statewide Transit Tax (employee paid)	Fair	Fair	Poor	Fair	Good	Fair	Poor
Income Tax (General Fund Transfer)	Poor	Poor	Fair	Fair	Fair	Poor	Poor
Lottery Revenues	Fair	Poor	Poor	Fair	Good	Good	Good
<b>Local (differs by municipality)</b>							
Transit Payroll Tax (employer paid)	Good	Good	Good	Good	Good	Fair	Fair
Transit Fares (Passenger Revenues)	Good	Good	Fair	Good	Good	Fair	Fair

<sup>1</sup> The revenue sources represented in this table are not an exhaustive list of all sources of funding in the region. See the Revenue Sources Not Included in Assessment section of this document for more details.

**Equity Evaluation of Existing and Emerging Revenue Sources**  
Metro

Source	Overall Equity Rating	Share	Burden	Tiered	Benefits Received	Payment Methods	Penalties
Gas Tax	Poor	Poor	Poor	Poor	Fair	Good	Good
Vehicle Registration Fees	Poor	Poor	Poor	Poor	Fair	Good	Fair
Transportation System Development Charges	Fair	Poor	Fair	Poor	Poor	Good	Good
Trip-Based Utility Fees	Fair	Fair	Fair	Good	Good	Fair	Poor
Franchise Fees	Fair	Fair	Fair	Poor	Fair	Good	Good
PGE Privilege Tax	Poor	Poor	Poor	Poor	Fair	Good	Poor
Parking Fees and Fines	Poor	Poor	Poor	Good	Fair	Poor	Poor
Urban Renewal	Poor	Poor	Poor	Good	Good	Fair	Poor
Street Light User Fee	Poor	Poor	Poor	Good	Fair	Good	Poor
Property Taxes	Fair	Fair	Poor	Good	Good	Fair	Poor
TNC Fee	Fair	Good	Poor	Good	Good	Poor	Fair
Local Improvement District Tax	Poor	Poor	Poor	Fair	Poor	Fair	Poor
Heavy Vehicle Use Tax	Good	Good	Good	Fair	Fair	Good	Good
Cannabis Tax	Fair	Poor	Fair	Fair	Fair	Good	Good
<b>Total: 30</b>							

**Emerging and Potential Future Revenue Sources – Summary Table**

Source	Overall Equity Rating	Share	Burden	Tiered	Benefits Received	Payment Methods	Penalties
<b>Emerging</b>							
Freeway Tolling	Variable	Variable	Variable	Variable	Variable	Poor	Variable
Vehicle Miles Traveled Fee/Road User Charges	Variable	Poor	Variable	Variable	Variable	Poor	Variable
Cordon Pricing	Variable	Variable	Variable	Variable	Variable	Poor	Variable
Roadway Pricing	Variable	Variable	Variable	Variable	Variable	Poor	Variable

**Equity Evaluation of Existing and Emerging Revenue Sources**  
Metro

Source	Overall Equity Rating	Share	Burden	Tiered	Benefits Received	Payment Methods	Penalties
Parking Pricing	Variable	Variable	Variable	Variable	Variable	Poor	Variable
<b>Potential Future</b>							
Carbon Fee	Variable	Variable	Variable	Poor	Variable	Variable	Variable
Regional Gas Tax	Fair	Poor	Poor	Poor	Good	Good	Good
Gas Tax Indexing	Fair	Poor	Poor	Poor	Poor	Good	Good
Studded Tire Fee	Variable	Fair	Variable	Poor	Variable	Variable	Good
Regional Vehicle Registration Fee / Electric Vehicle Fee	Variable	Variable	Variable	Variable	Fair	Fair	Fair
First-time Title Fee on New Vehicles	Variable	Fair	Variable	Fair	Fair	Fair	Fair
General Sales Tax	Variable	Poor	Poor	Poor	Variable	Poor	Good
Targeted Sales Tax	Variable	Variable	Variable	Variable	Variable	Variable	Good
Business Income Tax	Variable	Variable	Variable	Variable	Variable	Poor	Fair
Corporate Activities Tax	Variable	Good	Fair	Good	Fair	Fair	Fair
Zero-Emission Zone (ZEZ) / Low Emission Zone (LEZ)	Variable	Variable	Variable	Variable	Variable	Variable	Variable
Curb Use Fees	Variable	Variable	Variable	Variable	Variable	Variable	Variable
First/Last Mile Delivery Fees	Variable	Variable	Variable	Variable	Variable	Variable	Variable
Vehicle Rental Fees	Variable	Variable	Variable	Variable	Variable	Variable	Variable
Traffic Fines	Poor	Poor	Poor	Poor	Poor	Poor	Poor
Public-Private Partnerships	Variable	Variable	Variable	Variable	Variable	Variable	Variable
Naming Rights or Sponsorships	Variable	Good	Good	N/A	Variable	N/A	N/A
Allowance of Use of ROW for Rest Areas/Privatization	Variable	Good	Good	N/A	Variable	N/A	N/A
Overweight Truck and SUV Personal Tax	Variable	Fair	Fair	Fair	Fair	Variable	Variable

# Measures and Methods Defined

This assessment relies on six measures, defined below. These measures aim to target different attributes about a given revenue source that impact equity. This ranges from whether low-income households pay a higher share of their income to whether the source has the potential, if unpaid or paid late, to cause additional penalties or legal repercussions. The measures were developed through research and literature review, including the One Oregon report<sup>2</sup>, Chicago’s Improving equity in transportation fees, fines, and fares report<sup>3</sup>, and Metro’s Regional Congestion Pricing Study<sup>4</sup>.

This is a qualitative assessment. The methods for assigning ratings (poor, fair, good) to each measure for each revenue source are based on research of available information online, information known to Metro, and review of local budget documents. Researchers searched for indications of exemptions and penalties, for example, and based the ratings on the degree to which these items would appear to impact low-income households negatively or positively. Therefore, this assessment has some gray area and users of this report are urged to read the details of each revenue source in the rating details tables.

## Measures

- **Share:** Do lower-income<sup>5</sup> households pay a higher share of their income?
- **Burden:** Does the source provide targeted exemptions or subsidies to avoid an unfair burden for households below an income threshold? If yes, does obtaining the targeted exemption of subsidy place substantial burden of proof on applicants?
- **Tiered:** Is the fee or tax tiered based on the value of the priced item, like vehicles?
- **Benefits Received:** Are low-income households and people of color directly benefitting?
- **Payment Methods:** Does the payment method of the fee or tax provide options for unbanked and underbanked individuals? Is the payment method burdensome?
- **Penalties:** Do unpaid fines, fees, or taxes trigger penalties or legal repercussions? Can the fines or penalties compound to become a major source of debt for people with lower income?

## Overall Rating Methodology

While each measure is important for describing the potential for equity impacts, an overall rating per revenue source was useful for summarizing the information. Though the assessment is qualitative, the simplest way to create an overall rating while remaining objective was to take a quantitative approach. The approach is described below. Numerical

---

<sup>2</sup> [State of Oregon Transportation Vision Panel. \(2016\). “One Oregon: A Vision for Oregon’s Transportation System.”](#)

<sup>3</sup> [Chicago Metropolitan Agency for Planning. \(2021\). “Improving equity in transportation fees, fines, and fares.”](#)

<sup>4</sup> [Oregon Metro and Nelson\Nygaard. \(2021\). “Metro Regional Congestion Pricing Study.”](#)

<sup>5</sup> Lower-income households are defined by Metro as 150% of the federal poverty level.



## Equity Evaluation of Existing and Emerging Revenue Sources

Metro

points were assigned to each rating, and the overall sum of available points, were used to organize the information and are meant to be relative to one another. The ratings for the Share and Burden measures were weighted times three. This weight was given to reflect the importance of these measures and their outsized impacts on equity. If a revenue source is scaled based on household income and offers appropriate exemptions and subsidies, the impact of the other measures is lessened.

For example: The impact of penalties is diminished if a revenue source is based on an individual's ability to pay. This would greatly reduce the number of people which find themselves unable to afford to pay in the first place, mitigating the possibility of them being drawn into the criminal justice system. Hence the Share metric is weighted more strongly.

### Steps to create the overall rating:

- Step 1: Poor = 1, Fair = 2, Good = 3
- Step 2: Share and Burden are weighted times 3
- Step 3: Sum all of the points achieved for each revenue source.
- Step 4: Find the percentage of the points achieved compared to the total available points. For example, if the revenue source gets 15 weighted points, and the total available is 30, the revenue source is achieving 50% of its available points. Total available points is the sum of points across measures if each measure received a good rating.
- Step 5: Assign the overall rating based on thresholds for point percentage achieved.
  - Poor = 50% or less
  - Fair = 75% or less
  - Good = greater than 75%

REVENUE SOURCES RATING DETAILS

Federal

Fuels Tax

Fuels tax includes gasoline, diesel, and kerosene. Gasoline for motor vehicles is taxed at \$0.184 per gallon. Diesel is taxed at \$0.244 per gallon. Flat tax on a per gallon rate rather than as a general fuel sales tax limits the impact of inflation and price adjustments on the tax burden.

Share	Poor	Everyone pays the same tax on gasoline regardless of income. Lower income households may have longer commute times to work but may drive less for leisure activities. <sup>6</sup> However, lower income households still pay a greater percentage of their income than a higher income household. <sup>7</sup>
Burden	Poor	There are no targeted exemptions or subsidies available.
Tiered	Poor	The fuel tax is the same regardless of the fuel-efficiency of the vehicle. Lower income households are more likely to driver older, less fuel-efficient vehicles and have fewer resources to invest in electric vehicles. Electric vehicles on average cost \$10,000 more than traditional gas-powered vehicles and often require installation of home charging stations. While the federal government offers a tax credit for electric vehicles of up to \$7,500, it requires purchasers to pay the upfront cost and the tax credit is reduced once a manufacturer has sold 200,000 vehicles. <sup>8</sup>
Benefits Received	Fair	Road users are paying the tax which supports the Highway Trust Fund. The fuel tax funds roadways, transit, and bike and pedestrian infrastructure. <sup>9</sup> The Mass Transit Account receives 15.5% of the revenue generated by the gasoline tax and 11.7% of the revenue generated by the tax on diesel fuel. More people with low income and people of color rely on transit. <sup>10</sup> The majority of the Highway Trust Fund supports roadways. A higher percentage of the gas tax supporting transit would provide a more positive impact for the people with the greatest needs.

<sup>6</sup> [BikePortland. \(2016\). "Low-income households drive much less than high-income households."](#)

<sup>7</sup> [Axios. \(2022\). "High gas prices hit low-income Americans the hardest."](#)

<sup>8</sup> [Natural Resources Defense Council. \(2022\). "Electric vs. Gas Cars: Is It Cheaper to Drive an EV?"](#)

<sup>9</sup> [Congressional Research Service. \(2021\). "Federal-Aid Highway Program \(FAHP\): In Brief."](#)

<sup>10</sup> [U.S. Department of Transportation Federal Highway Administration. \(2017\). "Highway Trust Fund and Taxes."](#)

**Equity Evaluation of Existing and Emerging Revenue Sources**  
Metro

		The federal gas tax has not kept pace with inflation and has not been increased since 1993. It has also seen declining revenues due to electric vehicles. Since 2008, revenues in the Highway Trust Fund have not been enough to cover the costs of surface transportation spending. <sup>11</sup>
<b>Payment Methods</b>	Good	Payment is collected at point of sale. It is common practice for gas stations to provide a cash option which can support unbanked individuals, and which may be a lower posted cost than paying with credit.
<b>Penalties</b>	Good	Payment is collected at point of sale.

<sup>11</sup> [Congressional Research Service. \(2020\). “Funding and Financing Highways and Public Transportation.”](#)

### Heavy Trucks and Trailers Sales Tax

A 12% tax is applied to the sale of automobile truck chassis and bodies, truck trailer and semitrailer chassis and bodies, and tractors of the kind chiefly used for highway transportation in combination with a trailer or semitrailer.<sup>12</sup> The tax only applies to vehicles which have a gross vehicle weight (GVW) over 33,000 pounds and trailers with a GVW over 26,000. Vehicles of this weight are typically commercial vehicles.

<b>Share</b>	Good	Tax rates are not based on household income; however, the tax is for commercial operations and is less likely to impact low-income households.
<b>Burden</b>	Good	No targeted exemptions or subsidies provided; however, the tax is for commercial operations and is less likely to impact low-income households.
<b>Tiered</b>	Good	The sales tax is 12%, higher cost vehicles pay more in tax.
<b>Benefits Received</b>	Fair	The tax supports roadway maintenance and improvements through the Highway Trust Fund <sup>13</sup> and is levied on heavy vehicles that do the most damage. However, research has shown that heavy vehicles do a disproportionate amount of roadway damage that is not made up for by the revenue they generate for the transportation system. Additionally, funding roadways does not always have a positive impact on the people with the greatest needs.
<b>Payment Methods</b>	Good	Payment is collected at point of sale. The sales tax is included in the price of the vehicle and an individual without the ability to purchase an eligible vehicle would not be impacted. Additionally, the tax is only eligible for commercial operations and therefore is less likely to impact unbanked individuals.
<b>Penalties</b>	Good	Payment is collected at point of sale.

<sup>12</sup> [Cornell Law School Legal Information Institute. \(2000\). "Imposition of tax on heavy trucks and trailers sold at retail."](#)

<sup>13</sup> [United States Environmental Protection Agency. \(2022\). "Learn About Federal Excise Tax Exemption."](#)

## Heavy Vehicles Annual Use Tax

An annual fee is levied on heavy vehicles operating on public highways, with exemptions for specific groups or types of vehicles such as mass transit authorities. Heavy vehicles are defined as exceeding 55,000 pounds.<sup>14</sup> The maximum tax is \$550 per year.

<b>Share</b>	Good	Everyone pays the same tax regardless of income. However, this tax generally applies to commercial vehicles or companies and is less likely to impact individual household incomes.
<b>Burden</b>	Good	The tax provides exemptions for several groups and vehicle categories, including public transit authorities, the American Red Cross, nonprofit volunteer fire departments, ambulance associations, or rescue squads, Indian tribal governments for vehicles used in essential tribal government functions. This tax is more relevant for commercial vehicles or companies; however, these exemptions include a number of nonprofits and historically marginalized communities. <sup>15</sup>
<b>Tiered</b>	Good	The tax is tiered based on two weight categories. This ties directly to the damage higher weight vehicles do to roadways.
<b>Benefits Received</b>	Fair	The tax supports roadway maintenance and improvements through the Highway Trust Fund <sup>16</sup> and is levied on heavy vehicles that do the most damage. However, research has shown that the heaviest vehicles do a disproportionate amount of roadway damage that is not made up for by the revenue they generate for the transportation system. <sup>17</sup> Additionally, funding roadways does not always have a positive impact on the people with the greatest needs.
<b>Payment Methods</b>	Good	Payments are made through submission of IRS Form 2290 along with payment via credit or debit card, electronic funds withdrawal, or via the Electronic Federal Tax Payment System. <sup>18</sup> This tax generally applies to commercial vehicles or companies and is less likely to impact unbanked individuals.
<b>Penalties</b>	Good	Penalties for non-compliance can be high and states also suspend the registration of vehicles that have not produced proof of payment. For those actively evading the tax, penalties can include fines and incarceration. While penalties for low-income households who cannot afford certain taxes or fees have a negative equity impact, holding businesses and commercial operations accountable for paying for their use and wear and tear of the transportation system is important.

<sup>14</sup> [U.S. Department of Transportation Federal Highway Administration. \(2020\). "Heavy Vehicle Use Tax."](#)

<sup>15</sup> [Congressional Research Service. \(2020\). "Funding and Financing Highways and Public Transportation."](#)

<sup>16</sup> [U.S. Department of Transportation Federal Highway Administration. \(2016\). "The Heavy Vehicle Use Tax."](#)

<sup>17</sup> The U.S. Department of Transportation in its most recent Highway Cost Allocation Study estimated that light single-unit trucks, operating at less than 25,000 pounds, pay 150 percent of their road costs while the heaviest tractor-trailer combination trucks, weighing over 100,000 pounds, pay only 50 percent of their road costs. [FHWA. The Heavy Vehicle Use Tax.](#) and [The Hill. \(2017\). "Feds could pay for road improvements by charging big trucks by the mile."](#)

<sup>18</sup> [IRS. \(2022\). "About Form 2290, Heavy Highway Vehicle Use Tax Return."](#)

**Individual income taxes, corporate income taxes (General Fund transfer)**

To maintain solvency of the Highway Trust Fund, transfers from the General Fund have been authorized by Congress every year since FY 2008. In total \$114.7 billion has been transferred to the Highway Account and \$28.9 billion to the Mass Transit Account. The General Fund collects revenue from personal income tax and corporate income tax, among other sources.

<b>Share</b>	Good	Personal income tax brackets increase the tax rate progressively as incomes increase. Low-income households pay a smaller percentage on taxable income than higher income households. The corporate income tax is progressive. The majority of its burden is carried by high-income households via taxes on income from dividends, capital gains, and other forms of capital income. <sup>19</sup>
<b>Burden</b>	Fair	The IRS offers a number of deductions and credits for personal income tax. <sup>20</sup>
<b>Tiered</b>	Fair	Personal income and corporate income taxes are based on the amount of income. However, income is grouped into brackets which can have a wide range.
<b>Benefits Received</b>	Fair	The personal income tax is paid by most Americans who also benefit from the transportation system. Corporations also rely on the transportation system to do business. While there is not a direct connection between the personal and corporate income tax and the transportation system, the ability to access jobs, goods, and services relies on the transportation system. The General Fund supports the Highway Trust Fund which funds roadways, transit, and bike and pedestrian infrastructure. Transit and bike and pedestrian projects help to support people with the greatest needs.
<b>Payment Methods</b>	Poor	Filing taxes can be an onerous process and often requires access to the internet or the time and money to research and access forms or to hire a tax preparer. It is possible to pay in cash but can only be done so via an authorized Cash Processing Company. <sup>21</sup>
<b>Penalties</b>	Poor	The IRS charges penalties for late filings, incorrect payment, and incorrect returns. The penalties can be eliminated if there is a “reasonable” cause which puts the burden on lower-income households. Black and lower-income households are more likely to be audited than high-income households, resulting in more penalties. <sup>22</sup>

<sup>19</sup> [Tax Policy Center. \(2020\). “Are federal taxes progressive?”](#)

<sup>20</sup> [USAGov. \(2022\). “Tax Credits and Deductions.”](#)

<sup>21</sup> [IRS. \(2022\). “Pay with Cash at a Retail Partner.”](#)

<sup>22</sup> [Inequality.org. \(2022\). “Whither the Wealth Squad?”](#)

## State Transportation Revenues

### Motor Fuels Tax

The motor fuels tax category includes the state gas tax and aviation fuel taxes. Gasoline for motor vehicles is taxed at \$0.38 per gallon as of 2022.<sup>23</sup> A portion of revenues are from fuel purchases for non-automotive purposes (such as fuel purchased for boats, lawn mowers, etc.); these gas tax revenues are not bound by the constitutional restriction that they be used on road projects. A portion of these funds are allocated to the State Transportation Improvement Fund program for transit.

<b>Share</b>	Poor	Everyone pays the same tax on gasoline regardless of income. Lower income households may have longer commutes to work but may drive less for leisure activities. <sup>24</sup> However, lower income households still pay a greater percentage of their income than a higher income household. <sup>25</sup>
<b>Burden</b>	Poor	There are no targeted exemptions or subsidies available. Oregon state law provides for motor fuels tax refunds for the purchase of gasoline for uses other than travel on public roadways. Refunds are not based on income and require burden of proof. <sup>26</sup> House Bill 3055, passed in 2021, provides an exemption for federally recognized Indian tribes, tribal entities, and tribal member owned entities. However, the new law requires that the tribal entities levy a tax on motor vehicle fuels at the same rate as the Oregon state motor vehicle fuels tax. <sup>27</sup>
<b>Tiered</b>	Poor	The fuel tax is the same regardless of the fuel-efficiency of the vehicle. Lower income households are more likely to driver older, less fuel-efficient vehicles and have fewer resources to invest in electric vehicles. Electric vehicles on average cost \$10,000 more than traditional gas-powered vehicles and often require installation of home charging stations. While the federal government offers a tax credit for electric vehicles of up to \$7,500, it requires purchasers to pay the upfront cost and the tax credit is reduced once a manufacturer has sold 200,000 vehicles. <sup>28</sup>
<b>Benefits Received</b>	Fair	Gas tax revenue is deposited into the State Highway Fund. Under state law, the Highway Fund must be spent in the road right-of-way, including roadways, bikeways, and walkways. While supporting bike and pedestrian infrastructure can have a positive equity impact, the majority of this funding is spent on improvements for motor vehicles. A higher share of funding supporting bike and pedestrian infrastructure would provide a more positive impact for the people with the greatest needs.

<sup>23</sup> [Oregon.gov. \(2022\). "Current Fuel Tax Rates."](#)

<sup>24</sup> [BikePortland. \(2016\). "Low-income households drive much less than high-income households."](#)

<sup>25</sup> [Axios. \(2019\). "Percentage of after-tax income spent on gas, by income bracket."](#)

<sup>26</sup> [OregonLaws. \(2021\). "Motor Vehicle and Aircraft Fuel Taxes."](#)

<sup>27</sup> [Oregon.gov. \(2022\). "Indian Tribal Exemption."](#)

<sup>28</sup> [Natural Resources Defense Council. \(2022\). "Electric vs. Gas Cars: Is It Cheaper to Drive an EV?"](#)

**Equity Evaluation of Existing and Emerging Revenue Sources**  
Metro

		Fuel tax revenue is not always used in the same geographic location as collected. State statute dictates that 40% of the State Highway Fund, which includes the motor fuels tax as a major source of revenue, must be distributed to cities and counties. <sup>29</sup>
<b>Payment Methods</b>	Good	Payment is collected at point of sale. It is common practice for gas stations to provide a cash option which can support unbanked individuals, and which may be a lower posted cost than paying with credit.
<b>Penalties</b>	Good	Payment is collected at point of sale.

<sup>29</sup> [Oregon.gov. \(2022\). "Transportation Funding in Oregon."](#)



## Weight Mile Tax

A tax per mile driven in Oregon for motor carriers operating vehicles in commercial operations on public roads with a gross weight over 26,000 pounds.<sup>30</sup>

<b>Share</b>	Good	Tax rates are not based on household income; however, the tax is for commercial operations and is less likely to impact low-income households.
<b>Burden</b>	Good	The tax provides limited exemptions for government, charitable, private, or off-road operations. The tax is for commercial operations and is less likely to impact low-income households.
<b>Tiered</b>	Good	The tax is tiered based on weight of vehicle and miles driven within Oregon. <sup>31</sup>
<b>Benefits Received</b>	Fair	Heavy vehicles incur more damage on roadways than lighter vehicles and the tax funds roadway repair and maintenance which commercial vehicle operations rely on. However, research has shown that heavy vehicles do a disproportionate amount of roadway damage that is not made up for by the revenue they generate for the transportation system. Additionally, funding roadways does not always have a positive impact on the people with the greatest needs.
<b>Payment Methods</b>	Good	The tax is only eligible for commercial operations and is therefore less likely to impact unbanked individuals.
<b>Penalties</b>	Good	ODOT may suspend an operator's account if they fail to file, do not pay the tax, do not pay on time, or fail to file or comply with other rules. Suspension results in all OR DOT plates and tax-enrolled vehicles to be invalid which makes operating illegal and can result in further citations, fines, and penalties. While penalties for low-income households who cannot afford certain taxes or fees have a negative equity impact, holding businesses and commercial operations accountable for paying for their use and wear and tear of the transportation system is important.

<sup>30</sup> [Oregon Department of Transportation. \(2020\). "Motor Carrier Educational Manual – Weight-Mile Tax."](#)

<sup>31</sup> [Oregon Department of Transportation. \(2022\). "Mileage Tax Rates."](#)

### Driver and Vehicle Fees

Includes driver license fees, vehicle registrations, title fees for passenger vehicles, buses, trailers, motorcycles, and others. This category contains many fees for various areas from snowmobile titles to specialty license plates. This analysis will focus on driver license, vehicle registration, and title fees.

<b>Share</b>	Poor	Low-income drivers pay the same amount in fees as high-income drivers. Fees are set at a flat rate.
<b>Burden</b>	Poor	There are no targeted exemptions or subsidies available.
<b>Tiered</b>	Fair	Driver license fees for non-commercial operations are the same regardless of personal vehicle owned. Vehicle registration and title fees are tiered based on the age of the vehicle. Electric vehicles do not have age-tiered fees and are currently required to pay \$192 while the maximum non-electric vehicle fee is \$116. <sup>32</sup> Electric vehicles are charged a higher fee because they do not contribute to funding the transportation system via revenues gained through the gas tax. People with lower income are less likely to own an electric vehicle due to their relative higher cost and more likely to drive an older vehicle which would be subject to lower fees.
<b>Benefits Received</b>	Poor	Drivers and owners of vehicles pay the fees; however, the amount of the fees is not based on the amount that a driver operates a vehicle or the number of miles a particular vehicle is driven. Driver license and vehicle fees are deposited into the State Highway Fund. Under state law, the Highway Fund must be spent in the road right-of-way, including roadways, bikeways, and walkways. While supporting bike and pedestrian infrastructure can have a positive equity impact, the majority of this funding is spent on improvements for motor vehicles. A higher share of funding supporting bike and pedestrian infrastructure would provide a more positive impact for the people with the greatest needs.
<b>Payment Methods</b>	Good	The Oregon DMV accepts cash, check, money order, or credit or debit card as payment for services. <sup>33</sup>
<b>Penalties</b>	Fair	Driver license and vehicle registration and title fees must be paid to receive the license or registration. Penalties may be incurred for driving without a license or for operating an unregistered vehicle. <sup>34</sup> People of color are more likely to be charged. In Multnomah County, Black people are charged three to 30 times more often than white people for the same violations. Black people also pay higher fines for the same violations. <sup>35</sup>

<sup>32</sup> [Oregon.gov. \(2022\). "Vehicle Title, Registration & Permit Fees."](#)

<sup>33</sup> [Oregon.gov. \(2022\). "DMV Fees."](#)

<sup>34</sup> [Oregon Judicial Department. \(2021\). "Schedule of Fines on Violations."](#)

<sup>35</sup> [Investigate West. \(2017\). "The High Costs of Disparities for People of Color in Multnomah County."](#)

### Transportation License and Fees

Includes heavy vehicle registrations, vehicle and Sno-Park permits. This analysis will focus on the heavy vehicle registration fee. Heavy vehicle registration fees are tiered based on the weight category of the vehicle and generally begin at 8,000 pounds.<sup>36</sup>

<b>Share</b>	Good	Everyone pays the same fee regardless of income. However, this fee generally applies to heavy commercial vehicles and is less likely to impact low-income households.
<b>Burden</b>	Good	No targeted exemptions or subsidies provided. However, this fee generally applies to heavy commercial vehicles and is less likely to impact low-income households.
<b>Tiered</b>	Good	The fee is tiered based on weight of vehicle.
<b>Benefits Received</b>	Fair	Heavy vehicles incur more damage on roadways than lighter vehicles and the fee funds roadway repair and maintenance which commercial vehicle operations rely on. However, research has shown that heavy vehicles do a disproportionate amount of roadway damage that is not made up for by the revenue they generate for the transportation system. Additionally, funding roadways does not always have a positive impact on the people with the greatest needs.
<b>Payment Methods</b>	Good	The Oregon DMV accepts cash, check, money order, or credit or debit card as payment for services. <sup>37</sup> The fee generally applies to commercial operations and is therefore less likely to impact unbanked individuals.
<b>Penalties</b>	Good	The fee must be paid in order to receive the registration. Penalties may be incurred for operating an unregistered vehicle. <sup>38</sup> While penalties for low-income households who cannot afford certain taxes or fees have a negative equity impact, holding businesses and commercial operations accountable for paying for their use and wear and tear of the transportation system is important.

<sup>36</sup> [Oregon Driver and Motor Vehicle Services. \(2022\). Fee Schedule – Heavy Motor Vehicles and Buses.](#)

<sup>37</sup> [Oregon Driver & Motor Vehicle Services. \(2022\). “DMV Fees.”](#)

<sup>38</sup> [Oregon Judicial Department. \(2021\). “Schedule of Fines on Violations.”](#)

Cigarette Tax

The cigarette tax is \$3.33 per stamp. Every pack of cigarettes sold in Oregon must have a stamp.<sup>39</sup>

Share	Poor	Everyone pays the same tax regardless of income. Lower income households pay a greater percentage of their income than a higher income household. Cigarette taxes are generally regarded as regressive. <sup>40</sup> Some smokers may change their behavior, but many will not or cannot and cigarette smoking disproportionately impacts people with low-income. <sup>41</sup>
Burden	Poor	There are no targeted exemptions or subsidies available.
Tiered	Fair	The tax is the same regardless of the cost of an individual pack of cigarettes, but the amount paid is based on the price.
Benefits Received	Good	The costs are paid by smokers regardless of their use of the transportation system and the revenue source does not have a direct connection to transportation. However, a portion of the revenue is dedicated to transit services for seniors and disabled people which has a positive equity component. <sup>42</sup> Seniors and disabled people are more likely to live in low-income households.
Payment Methods	Good	Payment is collected at point of sale. Payment options vary by vendor, but many locations accept cash as a form of payment.
Penalties	Good	Payment is collected at point of sale.

<sup>39</sup> [Oregon.gov. \(2022\). "Cigarette Tax Overview."](#)

<sup>40</sup> [State of Oregon Transportation Vision Panel. \(2016\). "One Oregon: A Vision for Oregon's Transportation System."](#)

<sup>41</sup> [National Library of Medicine. \(2004\). "Poor Smokers, Poor Quitters, and Cigarette Tax Regressivity."](#)

<sup>42</sup> [Oregon Department of Transportation. \(2022\). "Transportation Funding in Oregon."](#)

### Bike Tax

The Oregon Bicycle Excise tax is a flat tax of \$15 that is levied on bicycles purchased for \$200 or more.<sup>43</sup>

Share	Poor	Everyone pays the same tax regardless of income. Lower income households pay a greater percentage of their income than a higher income household. While the tax is only applied to new bicycles, the threshold of \$200 is quite low compared to current new bicycle costs.
Burden	Poor	There are no targeted exemptions or subsidies. Nonprofits and state agencies are not exempt, federal agencies are exempt. While the tax is only applied to new bicycles, the threshold of \$200 is quite low compared to current new bicycle costs.
Tiered	Fair	The fee is not tiered but bicycles costing less than \$200 are not taxed.
Benefits Received	Good	The tax is paid by people buying bicycles and is intended to provide funding for bike and pedestrian projects. Supporting bike and pedestrian infrastructure can have a positive equity impact.
Payment Methods	Fair	Payment is generally collected at point of sale. However, if a consumer is not charged the tax they must pay separately later and are provided with an online option for payment.
Penalties	Fair	Payment is generally collected at point of sale. However, if not and the consumer is responsible, there is a 5 percent late penalty and a 20 percent penalty if not filed within 30 days of due date. Interest is added to any unpaid tax.

<sup>43</sup> [Oregon Department of Revenue. \(2022\). "Bicycle Excise Tax."](#)

### Privilege Tax

The vehicle privilege tax is a tax for the privilege of selling vehicles in Oregon. The tax is .005 percent on the retail price of any taxable vehicle. Taxable vehicles are those that are purchased from a dealer in Oregon, have been driven less than 7,500 miles, and are less than 26,000 pounds.<sup>44</sup>

<b>Share</b>	Fair	Everyone pays the same tax regardless of income. Lower income households pay a greater percentage of their income than a higher income household. However, taxes on new vehicles are generally considered to be less regressive than other revenue sources. <sup>45</sup>
<b>Burden</b>	Poor	There are no targeted exemptions or subsidies.
<b>Tiered</b>	Good	The tax is based on the sale price of the vehicle.
<b>Benefits Received</b>	Good	The tax is paid by vehicle owners. The funds are deposited into Connect Oregon. Connect Oregon is restricted to projects outside the road right-of-way but funds active transportation, rail projects, and the Zero-Emission Incentive Fund which have a positive equity component. <sup>46</sup>
<b>Payment Methods</b>	Good	Payment is collected at point of sale.
<b>Penalties</b>	Good	Payment is collected at point of sale.

<sup>44</sup> [Oregon Department of Revenue. \(2022\). "Vehicle privilege and use taxes."](#)

<sup>45</sup> [State of Oregon Transportation Vision Panel. \(2016\). "One Oregon: A Vision for Oregon's Transportation System."](#)

<sup>46</sup> [Oregon Department of Transportation. \(2022\). "Connect Oregon."](#)

## Statewide Transit Tax

The statewide transit tax is imposed on the wages of each employee. The tax is .001% from wages of Oregon residents or non-residents who perform services in Oregon.<sup>47</sup>

<b>Share</b>	Fair	The tax is a percentage based on wages, so low-income earners do not pay the same amount as high-income earners. However, they are considered to be more regressive than employer payroll taxes. <sup>48</sup>
<b>Burden</b>	Poor	Employees who aren't subject to regular income tax withholding due to high exemptions, wages below the threshold for income tax withholding, or other factors are still subject to statewide transit tax withholding, impacting low wage earners.
<b>Tiered</b>	Fair	The tax is calculated based on the employee's wages.
<b>Benefits Received</b>	Good	There is no direct connection to revenue source and use because employees working and living in areas without transit or good transit will pay but not directly benefit. The tax is deposited into the Statewide Transportation Improvement Fund and is limited to investments and improvements in public transportation services, except for those involving light rail. Funding transit has a positive equity component.
<b>Payment Methods</b>	Fair	Payments can be made by cash, check, money order, or EFT. However, if an employee's employer does not withhold the tax, the burden is on the employee to file the appropriate paperwork and pay the tax.
<b>Penalties</b>	Poor	If an employee does not file or pay on time, they may be subject to penalties and interest.

<sup>47</sup> [Oregon Department of Revenue. \(2022\). "Statewide transit tax."](#)

<sup>48</sup> [State of Oregon Transportation Vision Panel. \(2016\). "One Oregon: A Vision for Oregon's Transportation System."](#)

### Income Tax (General Fund Transfer)

The Oregon General Fund is primarily made up of state personal and corporate income taxes. Personal income tax is the largest share of revenue at 86% of projected revenue for the 2019-2021 adopted budget.<sup>49</sup> This analysis focuses on the personal income tax in Oregon.

<b>Share</b>	Poor	Oregon's personal income tax is progressive, with high-income earners paying a higher portion of their annual income than low-income earners. <sup>50</sup> However, the tax rate begins at 4.75% and tops out at 9.9%. The gap between the brackets for the lower rates is small. A couple filing together that makes \$18,400 will pay the same tax rate as a couple earning \$200,000. <sup>51</sup>
<b>Burden</b>	Fair	Oregon provides a refundable Earned Income Tax Credit.
<b>Tiered</b>	Fair	The amount of tax owed is based on the amount of wages earned. However, as stated above, the brackets can include a wide range of income.
<b>Benefits Received</b>	Fair	While there is not a direct connection between the personal income tax (which is paid by most Oregonians) and the transportation system, the ability to access jobs, goods, and services relies on the transportation system.
<b>Payment Methods</b>	Poor	Filing taxes can be an onerous process and often requires access to the internet or the time and money to research and access forms or to hire a tax preparer. Oregon accepts online payments, checks, or money orders. <sup>52</sup>
<b>Penalties</b>	Poor	Oregon does not allow an extension to pay taxes. Late payments incur a 5% penalty. Payments more than three months late receive a 20% late-filing penalty. There are additional penalties for not filing at all or other types of tax avoidance. <sup>53</sup>

<sup>49</sup> [Oregon Secretary of State Shemia Fagan. \(2022\). "Government Finance: State Government."](#)

<sup>50</sup> [Institute on Taxation and Economic Policy. \(2018\). "Who Pays? A Distributional Analysis of the Tax Systems in All 500 States."](#)

<sup>51</sup> [Oregon Center for Public Policy. \(2021\). "8 things to know about Oregon's tax system."](#)

<sup>52</sup> [Oregon Department of Revenue. \(2022\). "Payments."](#)

<sup>53</sup> [Oregon Department of Revenue. \(2022\). "Penalties and interest for personal income tax."](#)



Lottery Revenues

A portion of funds from the Oregon Lottery are deposited into Connect Oregon.

Share	Poor	Participating in the lottery will cost the same across income groups and is generally regarded as regressive. <sup>54</sup> Research has found that low-income people disproportionately participate in the lottery and that lottery retailers are more highly concentrated in minority and low-income neighborhoods. <sup>55</sup>
Burden	Poor	No exemptions or subsidies for discounted lottery tickets or games are provided.
Tiered	Fair	The cost of the lottery is dependent on how much one participates and what games or tickets are purchased.
Benefits Received	Good	Lottery revenue is deposited into fund rebates for electric vehicles and Connect Oregon which funds active transportation, rail projects, and the Zero-Emission Incentive Fund which have a positive equity component. <sup>56</sup>
Payment Methods	Good	There is a wide array of options to pay for lottery tickets or games.
Penalties	Good	Payment for lottery service is due at point of sale.

<sup>54</sup> [State of Oregon Transportation Vision Panel. \(2016\). “One Oregon: A Vision for Oregon’s Transportation System.”](#)

<sup>55</sup> [CBS News. \(2022\). “State lotteries transfer wealth out of needy communities, investigation finds.”](#)

<sup>56</sup> [Oregon.gov. \(2022\). “Connect Oregon.”](#)

## Local Transportation Revenues

### Transit Payroll Tax (Employer paid)

The mass-transit tax is a tax on the wages earned by employees and the net earnings from self-employment for services performed within specified transit district boundaries. It is a tax on employers, not employees, based on the amount of payroll and includes all salaries, commissions, bonuses, fees, payment to a deferred compensation plan, or other items of value.<sup>57</sup> The TriMet District Boundary has a tax of 0.7837%<sup>58</sup> and the Wilsonville Transit District, which funds SMART, has a tax of 0.005%.<sup>59</sup>

Share	Good	The tax is a percentage based on wages, so low-income earners do not pay the same amount as high-income earners. The tax is paid by the employer.
Burden	Good	There are no targeted exemptions or subsidies, but it is a tax paid by employers. Nonprofits are still subject to the tax.
Tiered	Good	The tax is calculated based on the employee's wages.
Benefits Received	Good	Only employers with employees working in the TriMet district pay the tax. The tax helps fund mass transportation in the TriMet district. <sup>60</sup> Some people may have better access to transit than others. However, funding transit has a positive equity component.
Payment Methods	Fair	Filings can be online or through paper forms. <sup>61</sup>
Penalties	Fair	If an employer does not file or pay on time, they are subject to penalties and interest.

<sup>57</sup> [Oregon Department of Revenue. \(2022\). "Oregon Transit Payroll Taxes for Employers."](#)

<sup>58</sup> [TriMet. \(2022\). "Payroll and Self-Employment Tax Information."](#)

<sup>59</sup> [Wilsonville Oregon. \(2022\). "Transit Payroll Tax Information."](#)

<sup>60</sup> [Oregon Department of Revenue. \(2021\). "TriMet Self-Employment Tax."](#)

<sup>61</sup> [Oregon Department of Revenue \(2022\). "Payroll tax basics."](#)

### Transit Fares (Passenger Revenues)

Fares are charged by TriMet for each passenger. The fares make up 7% of TriMet’s FY2023 Budget.<sup>62</sup>

<b>Share</b>	Good	Fares are a flat rate and low-income households would pay a larger share of their income, however, TriMet offers discounted fares to youth, elders, and people with low income. Additionally, TriMet’s Fare Relief Program provides reduced fares to people that do not meet the requirements for the income-based fare Honored Citizen program, or those who are in need of immediate assistance. <sup>63</sup> TriMet is also one of the few agencies in the country to adopt fare capping. With fare capping, riders who pay per ride are not charged additional fares once they incur the equivalent cost of an unlimited transit pass. This ensures that riders who can’t afford the upfront cost of a weekly or monthly pass no longer pay more than riders who can.
<b>Burden</b>	Fair	TriMet offers an Honored Citizen Fare and a Youth Fare, which are half the price of a full adult fare, to Seniors 65+, people on Medicare, with disabilities, with qualifying incomes, youth ages 7-17, and students in high school or pursuing a GED. Qualifying incomes include people enrolled in the Oregon Health Plan, SNAP, or TANF and people with household income less than double the federal poverty level. <sup>64</sup> The Honored Citizen Fare requires proof of eligibility and a valid photo ID. Both may be barriers for qualified people. <sup>65</sup> The Youth Fare does not require advance application, but riders must carry proof of age or student status when riding TriMet, which may also be a barrier. <sup>66</sup>
<b>Tiered</b>	Good	Tiered fares for transit are not desirable. Distance-based fares make prices difficult to discern and are inequitable for people with lower income that need to travel longer distances. Transfer fees, which could be considered a type of tiering, are also inequitable for similar reasons, where lower-income long distance commuters are disproportionately disadvantaged. <sup>67</sup> TriMet has a flat-rate, easy to understand system and no charge for transfers.
<b>Benefits Received</b>	Good	Fares are paid by riders and the funds go directly back to the transit system. Funding transit has a positive equity component.
<b>Payment Methods</b>	Fair	TriMet accepts cash, tickets, or electronic payment. To pay with cash for the MAX, tickets must be pre-purchased, which serves as a barrier especially for those who are trying to make unplanned trips. <sup>68</sup>

<sup>62</sup> [TriMet. \(2022\). “Adopted Budget 2022-2023.”](#) Page 44, passenger revenue % of TriMet FY2023 budget

<sup>63</sup> [TriMet. \(2022\). “Access Transit: Fare Relief Program”](#)

<sup>64</sup> [TriMet. \(2022\). “Honored Citizen Fare.”](#)

<sup>65</sup> [TriMet. \(2022\). “Reduced Fare for Riders Who Qualify Based on Income.”](#)

<sup>66</sup> [TriMet. \(2022\). “Youth Fare.”](#)

<sup>67</sup> [TransitCenter. \(2019\). “A Fare Framework: How transit agencies can set fare policy based on strategic goals.”](#)

<sup>68</sup> [TriMet. \(2022\). “Using cash on buses and MAX.”](#)

Equity Evaluation of Existing and Emerging Revenue Sources  
Metro

Penalties	Fair	TriMet has worked with the state legislature to resolve fares directly with riders, omitting police involvement. Fare evasion can result in financial penalties or community service. Penalties may be waived if a person accused of fare evasion is qualified for and enrolls in the Honored Citizen Fare. While these penalties are an improvement over resolving fare evasion through the court system, the penalty for the first offense is \$75. <sup>69</sup> For people with low or no income, that could represent a significant burden. Additionally, progressive changes to fare evasion penalties only apply for adults over 18. <sup>70</sup>
-----------	------	---

<sup>69</sup> [TriMet. \(2022\). “Fares and Fare Enforcement on TriMet.”](#)

<sup>70</sup> For youth under 18 a fare evasion citation must still be resolved in court. The presumptive fine will be \$175 and the maximum fine will be \$250. For more, see <https://citation.trimet.org/hc/en-us>

# Gas Tax

Motor Vehicle Fuels Tax in counties and cities in the Portland region.<sup>71</sup>

<b>Share</b>	Poor	Everyone pays the same tax on gasoline regardless of income. Lower income households may have longer commutes to work but may drive less for leisure activities. <sup>72</sup> However, lower income households still pay a greater percentage of their income than a higher income household. <sup>73</sup>
<b>Burden</b>	Poor	There are no targeted exemptions or subsidies available. Oregon state law provides for motor fuels tax refunds for the purchase of gasoline for uses other than travel on public roadways. Refunds are not based on income and require burden of proof. <sup>74</sup>
<b>Tiered</b>	Poor	The fuel tax is the same regardless of the fuel-efficiency of the vehicle. Lower income households are more likely to drive older, less fuel-efficient vehicles and have fewer resources to invest in electric vehicles. Electric vehicles on average cost \$10,000 more than traditional gas-powered vehicles and often require installation of home charging stations. While the federal government offers a tax credit for electric vehicles of up to \$7,500, it requires purchasers to pay the upfront cost and the tax credit is reduced once a manufacturer has sold 200,000 vehicles. <sup>75</sup>
<b>Benefits Received</b>	Fair	Under state law, gas tax revenue must be spent in the road right-of-way, including roadways, bikeways, and walkways. While supporting bike and pedestrian infrastructure can have a positive equity impact, the majority of this funding is spent on improvements for motor vehicles. A higher share of funding supporting bike and pedestrian infrastructure would provide a more positive impact for the people with the greatest needs.  In Portland, heavy vehicles (over 26,000 lbs.) are exempt from the tax but are levied the Heavy Vehicle Use Tax in replacement. <sup>76</sup>
<b>Payment Methods</b>	Good	Payment is collected at point of sale. It is common practice for gas stations to provide a cash option which can support unbanked individuals, and which may be a lower posted cost than paying with credit.
<b>Penalties</b>	Good	Payment is collected at point of sale.

<sup>71</sup> [Oregon.gov. \(2022\). "Current Fuel Tax Rates."](#)

<sup>72</sup> [BikePortland. \(2016\). "Low-income households drive much less than high-income households."](#)

<sup>73</sup> [Axios. \(2019\). "Percentage of after-tax income spent on gas, by income bracket."](#)

<sup>74</sup> [OregonLaws. \(2021\). "Motor Vehicle and Aircraft Fuel Taxes."](#)

<sup>75</sup> [Natural Resources Defense Council. \(2022\). "Electric vs. Gas Cars: Is It Cheaper to Drive an EV?"](#)

<sup>76</sup> [City of Portland Bureau of Transportation. \(2022\). "Heavy Vehicle Use Tax \(HVUT\) Background and Projects."](#)

## Vehicle Registration Fee

A vehicle registration fee that is collected by the state for local jurisdictions. Fee amount varies by municipality

<b>Share</b>	Poor	Low-income drivers pay the same amount in fees as high-income drivers. Fees are set as a flat rate.
<b>Burden</b>	Poor	There are no targeted exemptions or subsidies available.
<b>Tiered</b>	Poor	The fee is not tiered based on age or value of vehicle.
<b>Benefits Received</b>	Fair	Under state law, motor vehicle fee or tax revenue must be spent in the road right-of-way, including roadways, bikeways, and walkways. While supporting bike and pedestrian infrastructure can have a positive equity impact, the majority of this funding is spent on improvements for motor vehicles. A higher share of funding supporting bike and pedestrian infrastructure would provide a more positive impact for the people with the greatest needs.
<b>Payment Methods</b>	Good	The Oregon DMV accepts cash, check, money order, or credit or debit card as payment for services. <sup>77</sup>
<b>Penalties</b>	Fair	Vehicle registration fees must be paid in order to receive the registration. Penalties may be incurred for operating an unregistered vehicle. <sup>78</sup>

<sup>77</sup> [Oregon Driver & Motor Vehicle Services. \(2022\). "DMV Fees."](#)

<sup>78</sup> [Oregon Judicial Department. \(2021\). "Schedule of Fines on Violations."](#)

## Transportation System Development Charges

The majority of the region’s cities and counties have transportation system development charges (TSDCs). TSDCs are one-time fees levied on new development, usually at the time a building permit is issued, that are meant to recoup a fair share of the cost of additional infrastructure capacity required to serve the development.<sup>79</sup> In Oregon, state law requires that revenue only be spent on capital projects.<sup>80</sup> Local municipalities may have additional requirements on use of revenue.

<b>Share</b>	Poor	The fee is levied on developers; however, the cost may be passed on to residents. As mentioned in the “nexus” and “tiered” measures, biases in assessing the amount of TSDCs owed by developments may reduce the amount of development of dense and more affordable housing.
<b>Burden</b>	Fair	Portland offers exemptions and reductions of TSDCs for developers building affordable housing. <sup>81</sup> Policies differ by municipality.
<b>Tiered</b>	Poor	Most infrastructure impact/finance methodologies fail to account for variations in the characteristics of a unit and its impact on the overall infrastructure system. Middle housing has a lesser per unit impact on infrastructure systems in comparison to single-family detached dwellings, yet most infrastructure planning and finance methodologies assume similar per unit impacts, regardless of the characteristics of the unit or local context of development, both of which significantly affect the actual infrastructure impact of a particular development. <sup>82</sup>
<b>Benefits Received</b>	Poor	The developer, and potential residents, paying the fee will benefit from improved infrastructure. The fee is levied to cover the costs of additional infrastructure capacity required by the development. However, this dynamic biases TSDC estimates against smaller and higher-density developments, precludes housing development where the demand is greatest, and decreases the affordability of housing. <sup>83</sup>
<b>Payment Methods</b>	Good	The fee is paid by the developer who is unlikely to be unbanked. Portland allows for payment by cash, check, money order, or credit card. <sup>84</sup>
<b>Penalties</b>	Good	The fee is paid by the developer, typically at the time the City issues the building permit.

<sup>79</sup> [Metro. \(2007\). “System Development Charges.”](#)

<sup>80</sup> [Oregon Legislature. \(2021\). “Local Improvements and Works Generally.”](#)

<sup>81</sup> [Portland Housing Bureau. \(2022\). “System Development Charge \(SDC\) Exemption Program.”](#)

<sup>82</sup> [National Housing Conference. \(2022\). “NHC Housing policy Guide, Common Revisions to Impact Fees.”](#)

<sup>83</sup> [National Housing Conference. \(2022\). “NHC Housing policy Guide, Common Revisions to Impact Fees.”](#)

<sup>84</sup> [Portland.gov. \(2022\). “Systems Development Charges \(SDCs\).”](#)

## Trip-Based Utility Fees

Several local jurisdictions levy a trip-based utility fee that funds transportation.<sup>85 86 87 88 89</sup>

<b>Share</b>	Fair	Dependent on the jurisdiction. Everyone pays the same fee regardless of income. But some jurisdictions offer qualified low-income households the opportunity to waive the fee, which does help balance the higher proportion of income that low-income households would have to pay.
<b>Burden</b>	Fair	Dependent on the jurisdiction. Utility assistance programs are available but may have limited funds and may only cover assistance once annually.
<b>Tiered</b>	Good	Dependent on the jurisdiction. In some locations rates are tiered based on property type, the benefit a property will receive from improvements, and the estimated number of trips a property generates.
<b>Benefits Received</b>	Good	Dependent on the jurisdiction. Rates are partially set based on the estimated number of trips a property generates. Properties that will receive a greater benefit pay a higher rate. Fees are generally spent locally on street maintenance, active transportation projects, or ADA improvements.
<b>Payment Methods</b>	Fair	Dependent on the jurisdiction. Payments options are available with cash, check, money order, online payment, or credit/debit card. In-person cash payments may be limited depending on the location or fee that must be paid.
<b>Penalties</b>	Poor	Dependent on the jurisdiction. Late payments may result in fees or penalties. Non-payment may result in termination of utility services.

<sup>85</sup> [Milwaukie, Oregon. \(2022\). "Transportation Utility Rates."](#)

<sup>86</sup> [City of Sherwood Oregon. \(2022\). "Current Service Rates."](#)

<sup>87</sup> [City of Tualatin Oregon. \(2022\). "Usage Rates."](#)

<sup>88</sup> [City of Sherwood Oregon. \(2022\). "Low Income/Hardship Assistance."](#)

<sup>89</sup> [City of Milwaukie. \(2022\). "Other Ways to Pay."](#)



Franchise Fees

Utility franchise fees that fund transportation are collected in Beaverton, Milwaukie, and West Linn. Utility franchise fees are paid by utility providers, such as NW Natural Gas, to the municipality for use of the right-of-way. In Beaverton, the tax is 5% of gross revenue.<sup>90</sup>

Share	Fair	Fees paid by utility companies. Fees may be passed on to consumers.
Burden	Fair	No targeted exemptions or subsidies provided.
Tiered	Poor	The tax is a set percentage regardless of the value of the service.
Benefits Received	Fair	The companies paying the fees benefit from the use of the right-of-way. Collection is based on use of the right-of-way and funds return to the transportation system.
Payment Methods	Good	Payment is through utility providers who are not unbanked.
Penalties	Good	Right-of-way permits will not be granted without payment of the fee.

<sup>90</sup> [Beaverton Oregon. \(2022\). “Rights of Way.”](#)

## PGE Privilege Tax

Portland General Electric (PGE) privilege tax is collected in Milwaukie. It is a 1.5% tax on total PGE revenues in the city. The tax is passed to customers of PGE as an itemized charge on electricity bills.<sup>91 92</sup>

<b>Share</b>	Poor	Everyone pays the same tax regardless of income. Lower income households pay a greater percentage of their income than a higher income household.
<b>Burden</b>	Poor	There are targeted exemptions or subsidies available to qualified customers, but funding is limited and there is no guarantee that assistance will be granted. <sup>93</sup>
<b>Tiered</b>	Poor	The tax is the same regardless of energy consumption per person.
<b>Benefits Received</b>	Fair	All consumers of electricity pay the tax regardless of their use of the transportation system, but funds are spent locally on street repair and maintenance.
<b>Payment Methods</b>	Good	PGE accepts cash, account transfer, and credit or debit card as payment for services. <sup>94</sup>
<b>Penalties</b>	Poor	Late-payment charges may be applied if a bill is not paid in full. <sup>95</sup>

<sup>91</sup> [City of Milwaukie. \(2006\). "Street Surface Maintenance Program."](#)

<sup>92</sup> [City of Milwaukie. \(2013\). "Milwaukie PGE Privilege Tax."](#)

<sup>93</sup> [Portland General Electric. \(2022\). "Energy Assistance Programs \(OEAP, LIHEAP Oregon & More\)."](#)

<sup>94</sup> [Portland General Electric. \(2022\). "Billing & Payment Options."](#)

<sup>95</sup> [Portland General Electric. \(2022\). "Understanding My Bill."](#)

### Parking Fees and Fines

Portland charges for parking in a set of districts across the city, including Downtown and the Lloyd District, amongst others. Parking costs vary from \$1 to \$2 per hour depending on the district. Parking is generally charged a fee during the day on weekdays with some districts offering free parking on one or both weekend days.<sup>96</sup>

<b>Share</b>	Poor	Low-income drivers pay the same amount in fees as high-income drivers. Fees are set as a flat rate.
<b>Burden</b>	Poor	No targeted exemptions or subsidies available.
<b>Tiered</b>	Good	Parking fees are based on time of day and location, approximating the value of the parking space.
<b>Benefits Received</b>	Fair	The funds return to the transportation system but do not always fund parking or vehicle-related improvements; Parking fee revenue is general discretionary transportation revenue at PBOT. <sup>97</sup>
<b>Payment Methods</b>	Poor	Parking is paid for via app or at a meter via credit or debit card. Citations may be paid with check, money order, online, or credit or debit card.
<b>Penalties</b>	Poor	Drivers may receive a citation if they do not pay to park or stay past the paid period. Penalties may occur for unpaid or paid late citations. <sup>98</sup>

<sup>96</sup> [Portland Bureau of Transportation. \(2022\). "Public parking in Portland."](#)

<sup>97</sup> [Portland Bureau of Transportation. \(2021\). "Adopted Budget FY 2021-2022, Volume 1 City Summaries & Bureau Budgets."](#) On-street parking meter revenues comprises one of the largest portions of discretionary (unrestricted) revenues at PBOT. Pg. 522.

<sup>98</sup> [Portland Bureau of Transportation. \(2022\). "Common Parking Violations and Bail Schedule."](#)

## Urban Renewal Tax

Urban renewal areas, also known as Tax Increment Financing (TIF) districts, receive funding in two different ways: the Urban Renewal Division of Tax and the Urban Renewal Special Levy. Division of tax funds are a portion of existing property taxes that are dedicated to a given TIF district, they are not an additional tax on residents. Special levies are additional taxes that are used to pay bonded indebtedness in special districts that receive a limited amount of “divide-the-tax” revenue. In Portland, there are three districts that receive special levy funds, all of which are set for repayment by 2025.<sup>99</sup> Portland taxes are collected through Multnomah County. Clackamas County has urban renewal districts but only relies on TIF funds that are generated through existing property taxes, not special levy funds.<sup>100</sup>

<b>Share</b>	Fair	Property taxes are based on the assessed value of a property, not the owner’s ability to pay. Lower income households may pay a greater percentage of their income than a higher income household. However, property taxes are less regressive than many other types of transportation revenue sources.
<b>Burden</b>	Poor	Multnomah County offers a limited tax exemption based on qualifying income and property. Exemptions and deferrals are also offered for senior citizens, disable citizens, active-duty military, and veterans. <sup>101</sup> Clackamas County does not appear to offer any income-based exemptions or subsidies.
<b>Tiered</b>	Good	Tax amounts are based on assessed value of the property. Higher-income earners typically, but not always, live in higher-valued homes.
<b>Benefits Received</b>	Good	Taxes are paid by all homeowners in a jurisdiction and revenue is spent on local transportation projects within specified districts. TIF districts can be used to fund improvements in historically underserved communities, including transportation projects and supporting transit and active transportation, which have a positive equity component.
<b>Payment Methods</b>	Fair	Payments can be made with direct transfer, credit or debit, or by check. Property taxes only impact property owners, which are less likely to be unbanked. <sup>102 103</sup>
<b>Penalties</b>	Poor	Interest accrues on past due payments at a rate of 16% annually. Property with three years of delinquent taxes may be subject to foreclosure. <sup>104 105</sup>

<sup>99</sup> [Prosper Portland. \(2021\). “Your property tax bill and urban renewal.”](#)

<sup>100</sup> [Clackamas County. \(2011\). “Urban Renewal in Clackamas County.”](#)

<sup>101</sup> [Multnomah County. \(2022\). “DART Special Programs.”](#)

<sup>102</sup> [Multnomah County. \(2022\). “Pay Property Taxes.”](#)

<sup>103</sup> [Clackamas County. \(2022\). “Payment Options.”](#)

<sup>104</sup> [Multnomah County. \(2022\) “Property Tax Payment FAQs.”](#)

<sup>105</sup> [Clackamas County. \(2022\). “Foreclosures.”](#)

Street Light User Fee

Wilsonville charges a Street Light User Fee. The fee is based on the cost of street lighting and takes into consideration the type of pole and light fixture. The fee is included in the municipal utility bill.<sup>106 107</sup>

Share	Poor	Everyone pays the same fee regardless of income. Lower income households pay a greater percentage of their income than a higher income household.
Burden	Poor	The City provides an annual grant to Wilsonville Community Sharing (WCS), a local community social-services agency. WCS provides assistance with utility bills for individuals that qualify based on income. Access to information about WCS is not apparent on the government’s utility billing website. <sup>108</sup>
Tiered	Good	The fee amount is based on the type of fixture in the surrounding area.
Benefits Received	Fair	All units are charged a Street Light fee regardless of lighting for the location of service. Fees are used to exclusively fund the installment and maintenance of streetlights. <sup>109</sup>
Payment Methods	Good	The City accepts cash, check, Visa, Mastercard, or Discover for utility billing payments.
Penalties	Poor	Late fees for utility bills are 9% Per Annum or a Minimum of \$5.00 whichever is greater

<sup>106</sup> [Wilsonville Oregon. \(2022\). “Utility Billing Rates & Fees.”](#)  
<sup>107</sup> [Wilsonville Oregon. \(2022\). “City of Wilsonville Utility Billing.”](#)  
<sup>108</sup> [Wilsonville Community Sharing. \(2022\). “Utilizing our Services.”](#)  
<sup>109</sup> [Wilsonville Code of Ordinances. \(2022\). “Street Lighting Fund.”](#)

# Property Taxes

Washington County partially funds their Major Streets Transportation Improvement Program (MSTIP) and Urban Road Maintenance District with property taxes.<sup>110</sup>

Share	Fair	Property taxes are based on the assessed value of a property, not the owner’s ability to pay. Lower income households may pay a greater percentage of their income than a higher income household. However, property taxes are less regressive than many other types of transportation revenue sources. <sup>111</sup>
Burden	Poor	There are no targeted exemptions or subsidies available based on ability to pay. Exemptions and deferrals are offered for senior citizens, citizens with disabilities, and veterans.
Tiered	Good	Tax amounts are based on assessed value of the property. Higher-income earners typically, but not always, live in higher-valued homes.
Benefits Received	Good	Taxes are paid by property owners and revenue is spent on local transportation projects through the Major Streets Transportation Improvement Program (MSTIP). MSTIP funding improves the transportation system for bicyclists, pedestrians, drivers, and transit passengers. Funding transit and active transportation has a positive equity component.
Payment Methods	Fair	Payments can be made with direct transfer, credit or debit, or by check. Property taxes only impact property owners, which are less likely to be unbanked. <sup>112</sup>
Penalties	Poor	Interest accrues on past due payments at a rate of 16% annually. Property with three years of delinquent taxes may be subject to foreclosure.

<sup>110</sup> [Washington County Oregon. \(2022\). “Major Streets Transportation Improvement Program \(MSTIP\).”; “FAQ – Assessment and Taxation.”; “Urban Road Maintenance District.”](#)

<sup>111</sup> [State of Oregon Transportation Vision Panel. \(2016\). “One Oregon: A Vision for Oregon’s Transportation System.”](#)

<sup>112</sup> [Washington County Oregon. \(2022\). “Washington County Assessment and Taxation.”](#)

## TNC Fee

Fees can be charged on trips provided by transportation network companies (TNCs) such as Uber and Lyft. Beginning in 2018, the City of Portland charges a \$.50 fee per TNC ride that the Portland Bureau of Transportation uses to fund programs like PDX WAV<sup>113</sup> to support on-demand transportation for users who require a wheelchair accessible vehicle. Airports also commonly charge a fee to TNCs. In October 2021, the Pricing for Equitable Mobility final report was released to modify the existing fee structure.<sup>114</sup>

<b>Share</b>	Good	All riders pay the same \$0.50 fee regardless of length of trip or household income. This could be beneficial for low-income riders who use the service from out of town.
<b>Burden</b>	Poor	Could impact the cost of TNCs which could impact people with lower income.
<b>Tiered</b>	Good	Typically, a flat fee.
<b>Benefits Received</b>	Good	This fee funds programs that help remove barriers to mobility. Program examples include Wheelchair-Accessible Vehicle program, Safe Ride Home Program, Taxi business incubator, and Transportation Wallet Initiative. In the POEM new recommendations, fees will also enhance driver working conditions. <sup>115 116</sup>
<b>Payment Methods</b>	Poor	TNCs do not typically take cash payment or not smart-phone ride requests.
<b>Penalties</b>	Fair	Riders would need to pay the fee to use the TNC. However, SB 1558 went into effect in June 2022, which could create inequitable debt for drivers.

<sup>113</sup> [BikePortland. \(2022\). "Ridesharing bill would preempt Portland plans for driving fees."](#)

<sup>114</sup> [City of Portland. \(2021\). "Pricing Options for Equitable Mobility."](#)

<sup>115</sup> [Portland Bureau of Transportation. \(2022\). "Private For-Hire Transportation & Regulations."](#)

<sup>116</sup> [Portland Bureau of Transportation. \(2019\). "City program offers discounted travel options for holiday revelers this Saturday, March 16."](#)

Local Improvement District Tax

A Local Improvement District (LID) is a mechanism for neighboring property owners to share the cost of improvements to infrastructure, where property owners agree to tax themselves (typically at least 51% of the property owners must be in favor). For transportation, it is often used to pave unimproved streets or build sidewalks. Typically, a government agency manages the design and construction of the project and often pays the indirect costs of the work. Property owners pay the direct costs, such as engineering, financing, and the payments to the contractor. Financing may be used, and individual property owners can select 5-, 10-, or 20-year financing terms. Most jurisdictions can create LIDs. Portland is the only jurisdiction in the region that included LIDs revenues in the RTP financial assumptions.<sup>117</sup>

Share	Poor	Assessed values for improvements are not based on income. Lower income households pay a greater percentage of their income than a higher income household. Portland only requires 51% of benefitting homeowners to be in support of a LID but all homeowners are required to share in the cost.
Burden	Poor	There are no targeted exemptions or subsidies available.
Tiered	Fair	The cost is based on the cost of the project, but it is not typically tiered based on property values.
Benefits Received	Poor	The cost is based on actual project design and construction costs. Property owners paying the cost are directly benefiting.
Payment Methods	Fair	Property owners make payments over time. LIDs only impact property owners, which are less likely to be unbanked.
Penalties	Poor	Non-payment may result in late interest based on the amount of past due installments, penalties equal to 5% of delinquent installments, and collection charges. If unpaid after a year, the city may enforce its property lien and foreclose and sell the property to collect the outstanding loan balance, this could exacerbate inequities for low-income property owners. <sup>118</sup>

<sup>117</sup> [Portland.gov. \(2022\). "Local Improvement District Projects."](#)

<sup>118</sup> [Portland.gov. \(2019\). "Assessment Loan Program Policy."](#)



## Heavy Vehicle Use Tax

The Portland Heavy Vehicle Use Tax (HVT) applies to individuals or businesses that operate one or more heavy vehicles on streets owned or maintained by the City of Portland. A heavy vehicle is considered any vehicle that is subject to the Oregon Weight-Mile Tax (over 26,000 lbs.). For 2020-2023 the tax is 3% of the taxpayer's total Oregon Weight-Mile Tax.<sup>119</sup> Heavy Vehicles pay this in lieu of the Portland local gas tax.<sup>120</sup>

<b>Share</b>	Good	Tax rates are not based on household income, however, the tax is for commercial operations and is less likely to impact low-income households.
<b>Burden</b>	Good	No targeted exemptions or subsidies provided, however, the tax is for commercial operations and is less likely to impact low-income households.
<b>Tiered</b>	Fair	The tax is not tiered based on weight of vehicle or miles driven within Portland. A tiered tax would more directly tie to the damage higher weight vehicles do to roadways and may enable higher taxes for certain vehicles.
<b>Benefits Received</b>	Fair	Heavy vehicles incur more damage on roadways than lighter vehicles and the tax funds roadway repair and maintenance which commercial vehicle operations rely on. However, research has shown that heavy vehicles do a disproportionate amount of roadway damage that is not made up for by the revenue they generate for the transportation system. Additionally, funding roadways does not always have a positive impact on the people with the greatest needs.
<b>Payment Methods</b>	Good	The tax is only eligible for commercial operations and is therefore less likely to impact unbanked individuals.
<b>Penalties</b>	Good	Failure to pay the tax or pay on time may result in penalties. While penalties for low-income households who cannot afford certain taxes or fees has a negative equity impact, holding businesses and commercial operations accountable for paying for their use and wear and tear of the transportation system is important.

<sup>119</sup> [Portland.gov. \(2022\). "Heavy Vehicle Use Tax."](#)

<sup>120</sup> [City of Portland Bureau of Transportation. \(2022\). "Heavy Vehicle Use Tax \(HVUT\) Background and Projects."](#)

## Cannabis Tax

The State of Oregon and many cities in the greater Portland region currently impose a tax on legal purchases of recreational use cannabis or cannabis products. The State currently levies a 17% excise tax on cannabis, and municipalities in Oregon can voluntarily elect to levy an additional 3% tax. Each government body makes their own decisions on where these revenues are directed for spending; transportation is one of many policy areas that are eligible. For example, voters in the City of Portland agreed to Ballot Measure 26-180, which dedicates part of the 3% cannabis tax revenue to public safety investments, for reducing the “impacts of drug and alcohol abuse” and “street infrastructure projects that improve safety”.<sup>121</sup> State Measure 110 which was passed in 2020 will shift most of this revenue to addiction treatment programs.

<b>Share</b>	Poor	Taxes on cigarettes, alcohol, and cannabis are generally regressive. Everyone pays the same tax per unit regardless of income. Lower income households pay a greater percentage of their income than a higher income household.
<b>Burden</b>	Fair	As the cannabis excise tax is targeted directly at recreational cannabis, medical cannabis purchases can be seen as ‘exempted’ from the levy. While no subsidies or other exemptions exist for recreational cannabis, the burden does not disproportionately impact those who rely on the substance for medical and health purposes.
<b>Tiered</b>	Fair	There is no tiered system on the cannabis tax, but the amount paid is based on the price of the product. Additionally, cannabis for medical use is not taxed in the State of Oregon.
<b>Benefits Received</b>	Fair	This tax is collected into a general fund, which is then allocated to a variety of spending programs by policy and legislature. However, depending on the program design by each municipal jurisdiction, this revenue is not necessarily required to be spent on transportation. Indirect externalities of the public safety and drug abuse mitigation programs that come out of cannabis tax revenue can include general roadway safety improvements and reduced incidents of reckless driving. <sup>122</sup>
<b>Payment Methods</b>	Good	Tax is collected at point of sale in the payment medium the sale is made in. Most retail locations offer cash options.
<b>Penalties</b>	Good	Due to the payment method, there is no ability to have unpaid fines which result in negative outcomes or increase the cost of the revenue source due to lack of payment. The tax is collected on every transaction.

<sup>121</sup> [City of Portland. \(2016\). “Notice of Measure Election 26-180”;](#) [Portland City Auditor, City of Portland. \(2019\). “Recreational Cannabis Tax: Greater transparency and accountability needed”.](#)

<sup>122</sup> [State of Oregon Transportation Vision Panel. \(2016\). “One Oregon. A Vision for Oregon’s Transportation System”.](#) See Appendix D: Funding Applicability Matrix.

## Emerging Transportation Revenue Sources

### Freeway Tolling

Drivers pay to drive on a particular roadway, the fee is a flat rate and not dependent on congestion or time of day.

Share	Variable	If the freeway tolling program subsidizes tolls under an income threshold, the fee is more progressive.
Burden	Variable	Freeway tolling that use transponders can be less equitable because while they can offer discounted tolls based on the vehicle traveling through, the discount can only be used after purchasing a transponder, which is a barrier to access. <sup>123</sup>
Tiered	Variable	Freeway tolling can be equitable if the fee is dependent on type of vehicle used to travel on the roadway.
Benefits Received	Variable	Tolling programs that use the revenue to pay for wear and tear on those roadways are less equitable than programs that use the revenue to fund transit infrastructure projects.
Payment Methods	Poor	The majority of roadway and toll pricing technology has evolved beyond physical toll booths which provide a cash option. Roadway and toll pricing typically relies on a variety of technologies to identify vehicles passing a certain point on roadways. Bills may be sent directly to drivers or pre-pay systems may be set up. Though direct bills may have the potential to be paid by unbanked individual, using this method on an ongoing basis would be burdensome and introduce opportunities for unpaid fees
Penalties	Variable	Fees that are collected at point of sale are more equitable than fees that are charged at a later date and can compound into debt.

<sup>123</sup> [U.S. Department of Transportation Federal Highway Administration. \(2008\). "Income-Based Equity Impacts of Congestion Pricing."](#)

**Vehicle Miles Traveled (VMT) Fee/ Road User Charge (RUC)**

Drivers pay for every mile traveled, as known as a road user charge. In 2013, the Oregon State Legislature passed SB 810, which created the permanent voluntary RUC program known as OReGO. The program went live on July 1, 2015, and became the first fully functional VMT fee/ road user charge program in the nation. ODOT’s Road User Fee Taskforce has since conducted a tax equity review of the RUC.<sup>124</sup>

<b>Share</b>	Poor	Data from Oregon’s OReGO program (2009-2011 data) revealed that lower-income households pay a disproportionate percentage of their income to the RUC; the higher the household income, the smaller the percentage.
<b>Burden</b>	Variable	VMT fees and RUC programs can be designed to exempt certain demographics or target particular vehicle types, which can alleviate the regressivity.
<b>Tiered</b>	Variable	Again, variable by program design. Fees that are based on the price of the vehicle travelling on the roadway are more equitable.
<b>Benefits Received</b>	Variable	Fees that are linked to the type of roadway are more equitable because they ensure that revenue is generated to improve the areas where the payer is traveling. <sup>125</sup>
<b>Payment Methods</b>	Poor	VMT programs may implement different tracking mechanisms. Self-reporting and a cash option may be feasible but would present a burden. Oregon’s pilot program, OReGO, requires a bank card to open an OReGO account. <sup>126</sup>
<b>Penalties</b>	Variable	Variable by program design.

<sup>124</sup> [Oregon Department of Transportation. \(2022\). “Road Usage Charging: Vehicle Ownership & Socioeconomic Equity”.](#)

<sup>125</sup> Transportation Research Record. (2012). “Equity Evaluation of Fees for Vehicle Miles Traveled in Texas.”

<sup>126</sup> [OReGO. \(2022\). “Sign up for OReGO!”](#)

Cordon Pricing

Drivers pay to enter a designated area.

Share	Variable	Income based fees are more progressive. <sup>127</sup>
Burden	Variable	Fee exemptions, rebates, and discounts for low-income households are more equitable. <sup>Ibid.</sup>
Tiered	Variable	Vehicle- and mode-based fees are more progressive. <sup>Ibid.</sup>
Benefits Received	Variable	Pricing is equitable when revenue is reinvested in equitable and sustainable transportation options, like transit. <sup>Ibid.</sup>
Payment Methods	Poor	Cordon pricing typically relies on a variety of technologies to identify vehicles entering a priced area. Bills may be sent directly to drivers or pre-pay systems may be set up. Though direct bills may have the potential to be paid by unbanked individual, using this method on an ongoing basis would be burdensome and introduce opportunities for unpaid fees. <sup>Ibid.</sup>
Penalties	Variable	Progressive fees are collected at point of sale.

<sup>127</sup> [Portland Bureau of Transportation. \(2020\). "Tolling: Background Memo."](#)

## Roadway Pricing

Drivers pay to drive on a particular roadway, the fee is variable based on congestion or time of day.

<b>Share</b>	Variable	Progressive fees vary depending on household income.
<b>Burden</b>	Variable	Pricing that subsidizes or target exemption fees under an income threshold is more equitable.
<b>Tiered</b>	Variable	Tiering payments based on time of day is beneficial to increasing the equity of a fee since “peak hour drivers have higher incomes.” <sup>128</sup>
<b>Benefits Received</b>	Variable	Fees that targeted transit, bike, and pedestrian reinvestment would be more progressive. <sup>129</sup>
<b>Payment Methods</b>	Poor	The majority of roadway and toll pricing technology has evolved beyond physical toll booths which provide a cash option. Roadway and toll pricing typically relies on a variety of technologies to identify vehicles passing a certain point on roadways. Bills may be sent directly to drivers or pre-pay systems may be set up. Though direct bills may have the potential to be paid by unbanked individual, using this method on an ongoing basis would be burdensome and introduce opportunities for unpaid fees
<b>Penalties</b>	Variable	Progressive fees are collected at point of sale.

<sup>128</sup> [City Commentary. \(2017\). “Transportation equity: Why peak period road pricing is fair”](#); University of Minnesota. (2015). “Integrated Public Use Microdata Series: Version 6.0.”

<sup>129</sup> [Oregon Metro. \(2021\). “Metro Regional Congestion Pricing Study.”](#)

Parking Pricing

Drivers pay to park in certain areas.

Share	Variable	Parking pricing that accepts vouchers, transit credits, or reduced fares depending on household income promotes equity.
Burden	Variable	Outcomes are dependent on program design. For example, the City of Portland is not currently able to put into place a parking meter discount or exemption program for low-income drivers. This will require better data, outreach, policy development and potentially technology changes. However, the City has identified an interim step in alignment with POEM recommendations, the transaction fee will allow PBOT to expand distribution of its affordable housing Transportation Wallet program, which provides households on lower incomes with passes and credits that can be used for transit, BIKETOWN, scooter-share, taxis, Uber and Lyft, and other options. It will also help support the BIKETOWN for All program that provides discounted bike-share memberships for Portlanders living on a low income. Finally, the fee will also fund greater research and policy development to inform more robust affordability protections in advance of any future rates increases, as well as outreach around existing affordability programs, such as the SmartPark swing shift reduced rates for people living on low incomes. <sup>130</sup>
Tiered	Variable	Tiered parking pricing based on household income promotes equity.
Benefits Received	Variable	Programs that reinvest revenue from parking fees to transportation affordability remove barriers to access active transportation options.
Payment Methods	Poor	The majority of parking meter technology has evolved beyond coin operated machines and relies on the use of a credit card. If a cash option is available, it would require additional steps for the driver to submit a form and payment.
Penalties	Variable	Progressive fees are collected at point of sale.

<sup>130</sup> [Portland.gov. \(2022\). "Parking Climate and Equitable Mobility Transaction Fee Overview."](#)

## Potential Future

### Carbon Fee

Emitters are charged for each ton of greenhouse gas emissions they emit. Also known as emissions fees, carbon fees can be applied to emitters directly or as a tax on goods or services that are greenhouse gas-intensive such as a carbon tax on gasoline.<sup>131</sup> The implementation of carbon fees are primarily conducted through two policy mechanisms, emissions trading (cap-and-trade); and emissions tax.

<b>Share</b>	Variable	On its own, the purely financial share of an emissions tax is generally regressive, meaning lower income households would pay a larger proportion of their income towards a carbon tax. This is due in many ways to how carbon-intensive technologies and consumption is cheaper than green technology. <sup>132</sup> However, parts of the carbon fee revenue can be used to offset income taxes for lower-income households, creating a net positive effect.
<b>Burden</b>	Variable	To offset the regressivity of an energy, emissions, or carbon tax, other forms of subsidies such as income tax credits can be helpful. However, the burden is placed upon lower income households to demonstrate need for and knowledge of potential rebates available to them.
<b>Tiered</b>	Poor	The carbon tax is the same regardless of the fuel-efficiency of the vehicle. Lower income households are more likely to driver older, less fuel-efficient vehicles.
<b>Benefits Received</b>	Variable	The benefits of a carbon tax are highly dependent on the program design, especially if additional measures such as rebates and tax credits are included. Although lower-income households are much more likely to change their behaviors as a result of a carbon tax, those who can afford the added cost may not necessarily change their behaviors. Once again, the actual net financial benefit for transportation funding and for vulnerable populations are largely variable and not immediately evident.
<b>Payment Methods</b>	Variable	Depending on what carbon or emissions sources are taxed, the payment methods could be as straightforward as a post-transaction addition (such as a sales tax on purchasing gas), or added to an energy bill. If the emissions fee is taxed upstream at the point of production, this cost might also be imposed upon consumers via price increases in the purchase of the energy goods themselves. As such, payment methods should be largely unchanged from the status quo.
<b>Penalties</b>	Variable	This is dependent on the payment method. Generally, an indirect sales tax or a price increase would not offer opportunities to not pay the cost of a carbon tax.

<sup>131</sup> [Center for Climate and Energy Solutions. \(2022\). "Carbon Tax."](#)

<sup>132</sup> [National Bureau of Economic Research. \(2010\). "How Regressive is a Price on Carbon?"](#)



Regional Gas Tax

Taxes on motor fuels can be collected at multiple levels of government, including regionally. Metro, the Portland regional government does not currently collect motor fuel taxes.

Share	Poor	Everyone pays the same tax on gasoline regardless of income. Lower income households may have longer commutes to work but may drive less for leisure activities. <sup>133</sup> However, lower income households still pay a greater percentage of their income than a higher income household. <sup>134</sup>
Burden	Poor	There are no targeted exemptions or subsidies available.
Tiered	Poor	The fuel tax is the same regardless of the fuel-efficiency of the vehicle. Lower income households are more likely to driver older, less fuel-efficient vehicles and have fewer resources to invest in electric vehicles. Electric vehicles on average cost \$10,000 more than traditional gas-powered vehicles and often require installation of home charging stations. While the federal government offers a tax credit for electric vehicles of up to \$7,500, it requires purchasers to pay the upfront cost and the tax credit is reduced once a manufacturer has sold 200,000 vehicles. <sup>135</sup>
Benefits Received	Good	Road users would pay a tax collected and spent regionally, benefiting more directly than gas taxes collected at the state or federal level. The fuel tax funds roadways, transit, and bike and pedestrian infrastructure. <sup>136</sup>
Payment Methods	Good	Payment is collected at the pump and is included in the overall price of gasoline. It is common practice for gas stations to provide a cash option which can support unbanked individuals, and which may be a lower posted cost than paying with credit.
Penalties	Good	Due to the payment method, there is no ability to have unpaid fines which result in negative outcomes or increase the cost of the revenue source due to lack of payment.

<sup>133</sup> [BikePortland. \(2016\). “Low-income households drive much less than high-income households.”](#)

<sup>134</sup> [Axios. \(2022\). “High gas prices hit low-income Americans the hardest.”](#)

<sup>135</sup> [Natural Resources Defense Council. \(2022\). “Electric vs. Gas Cars: Is It Cheaper to Drive an EV?”](#)

<sup>136</sup> [Congressional Research Service. \(2021\). “Federal-Aid Highway Program \(FAHP\): In Brief.”](#)

## Gas Tax Indexing

Indexing the motor fuel tax to the Consumer Price Index or other index allows the tax rate to keep pace with the pace of inflation.<sup>137</sup>

<b>Share</b>	Poor	Everyone pays the same tax on gasoline regardless of income. Lower income households pay a greater percentage of their income than a higher income household. Lower income household may also have longer commutes to work and less access to transit.
<b>Burden</b>	Poor	There are no targeted exemptions or subsidies available.
<b>Tiered</b>	Poor	The fuel tax is the same regardless of the fuel-efficiency of the vehicle. Lower income households are more likely to driver older, less fuel-efficient vehicles.
<b>Benefits Received</b>	Good	Road users are paying the tax which supports the Highway Trust Fund. The Mass Transit Account receives 15.5% of the revenue generated by the gasoline tax and 11.7% of the revenue generated by the tax on diesel fuel. <sup>138</sup> The majority of the Highway Trust Fund supports roadways. The fuel tax funds roadways, transit, and bike and pedestrian infrastructure. <sup>139</sup>
<b>Payment Methods</b>	Good	Payment is collected at the pump and is included in the overall price of gasoline. It is common practice for gas stations to provide a cash option which can support unbanked individuals, and which may be a lower posted cost than paying with credit.
<b>Penalties</b>	Good	Due to the payment method, there is no ability to have unpaid fines which result in negative outcomes or increase the cost of the revenue source due to lack of payment.

<sup>137</sup> [Mobility Investment Priorities. \(2022\). "Index Statewide Motor Fuels Tax."](#)

<sup>138</sup> [U.S. Department of Transportation Federal Highway Administration. \(2022\). "Fixing America's Surface Transportation Act or "FAST Act."](#)

<sup>139</sup> [Congressional Research Service. \(2021\). "Federal-Aid Highway Program \(FAHP\): In Brief."](#)

### Studded Tire Fee

Studded tires increase wear to road surfaces, reducing pavement life. Charging a fee on new studded tires can offset some of the road maintenance costs.<sup>140</sup>

Share	Fair	Fees are set as a flat rate; however, not all drivers use studded tires. A studded tire fee disproportionately impacts drivers based on their geography, particularly areas that face heavier snowfall and treacherous driving conditions. Since rural areas are typically lower income per capita than urban areas (which often have snow-clearing services), a studded tire fee can potentially impact lower income households disproportionately.
Burden	Variable	This is dependent on program design (e.g., Washington State has exemptions for their studded tire fee). Exemptions based on time of year can help reduce year-round costs to users, and promotion of alternatives such as non-studded traction tires can help reduce the reliance on cheaper studded tires. Discouraging the use of safer tires can have fatal consequences, especially if drivers are forced to use regular tires due to cost.
Tiered	Poor	Fees are the same regardless of type of vehicle.
Benefits Received	Variable	This is dependent on program design. In most existing examples the fee is used to fund road maintenance costs caused by studded tires, which benefits all road users.
Payment Methods	Good	Payment is collected by the tire seller and is included in the overall price of the tire.
Penalties	Good	Due to the payment method, there is no ability to have unpaid fines which result in negative outcomes or increase the cost of the revenue source due to lack of payment.

<sup>140</sup> [Department of Revenue Washington State. "Tire fees and studded tire fees."](#)

## Regional Vehicle Registration Fees

A vehicle registration fee collected by the state and distributed to regional governments. A regional vehicle registration fee is not currently collected.<sup>141</sup> Vehicle registration fees can be tiered by classification of the vehicle, and is often applied heavily on electric vehicles to recover decreasing motor fuels tax revenue.

<b>Share</b>	Variable	This is dependent on program design and tiering. Fees are generally set at a flat rate for each tier. For example, if fuel efficiency is used, this can disproportionately impact lower-income households as older cars tend to have lower MPG ratings. By classification, EV specific fees shifts part of the lifetime cost of vehicle ownership upfront, which can further disincentivize purchase of EVs. Recurring ongoing costs are known to be less psychologically influential as a one-time, larger upfront cost.
<b>Burden</b>	Variable	This is dependent on program design and highly dependent on what other confounding priorities exist in transportation and urban policy. While exemptions for financially vulnerable demographics can alleviate the initial barrier to accessing an EV, the long-term tradeoff of reduced revenue will hurt infrastructure improvements that those very communities may rely on. In Multnomah County, veterans with disabilities are exempt from the fee. Other exemptions and reductions can be designed, including coordination with incentive programs for registering and purchasing new electric vehicles.
<b>Tiered</b>	Variable	This is dependent on program design. Fees can be applied higher or lower depending on size, fuel efficiency, or classification of a vehicle. Electric vehicles are charged a heavier fee in some states to recoup expected lost revenues from their lack of motor fuel purchases.
<b>Benefits Received</b>	Fair	Drivers and owners of vehicles pay the fees, however, the amount of the fees is not based on the amount that a driver operates a vehicle or the number of miles a particular vehicle is driven. Under state law, the vehicle registration fees must be spent in the road right-of-way, including roadways, bikeways, and walkways. Depending on program design, some states have appropriated parts of EV specific fees to pay for charging infrastructure, which will further incentivize EV purchase (and emissions reductions). The greatest benefit will go to those using the roadways the most.
<b>Payment Methods</b>	Good	The Oregon DMV accepts cash, check, money order, or credit or debit card as payment for services.
<b>Penalties</b>	Fair	Vehicle registration fees must be paid to receive the registration. Penalties may be incurred for operating an unregistered vehicle.

<sup>141</sup> [Eco-Northwest. \(December 2019\). "Metro Transportation Revenue Tool Analysis and Evaluation, Final Analysis."](#)

### First-Time Title Fee on New Vehicles

A vehicle registration fee or vehicle title fee assessed at a higher rate for new vehicles. A first-time fee on new vehicles differs from the existing privilege tax. The privilege tax is a .005 percent tax on the retail price of any vehicle purchased from a dealer in Oregon, with a few exceptions. This fee would be an additional title fee for new vehicles. The difference would likely be that this would be a flat fee or a scaled fee based on vehicle value, but it would not exceed certain thresholds, unlike the privilege tax.<sup>142</sup>

<b>Share</b>	Fair	Lower-income households are more likely to buy used cars, but not exclusively.
<b>Burden</b>	Variable	This is dependent on program design. Administering agencies can opt to exempt different demographics based on the priorities of the agency, such as income or residential demographics.
<b>Tiered</b>	Fair	Dependent on program design but any new vehicle fee is tiered when not applied to used vehicles.
<b>Benefits Received</b>	Fair	Buyers of new vehicles pay the fees; however, the greatest benefit will go to those using the roadways the most. Under state law, vehicle fees must be spent in the road right-of-way, including roadways, bikeways, and walkways.
<b>Payment Methods</b>	Good	When collected at time of vehicle purchase.
<b>Penalties</b>	Fair	Vehicle registration and licensing fees must be paid to receive the registration. Penalties may be incurred for operating an unregistered vehicle.

<sup>142</sup> [Oregon Driver & Motor Vehicle Services. \(2022\). "Vehicle Title, Registration & Permit Fees."](#)

## General Sales Tax

Sales taxes are applied to the purchase of all or most goods and services as a percentage of the total sale.

<b>Share</b>	Poor	Everyone pays the same tax on items regardless of income. Lower income households pay a greater percentage of their income than a higher income household. General sales tax exemptions for items such as groceries and utilities that constitute a larger share of income for poorer taxpayers, or targeted low-income tax credits instead of exemptions are options to provide relief for low-income taxpayers and make the tax more progressive. <sup>143</sup>
<b>Burden</b>	Poor	There are no targeted exemptions or subsidies available.
<b>Tiered</b>	Poor	Sales is the same regardless of the purchases made.
<b>Benefits Received</b>	Poor	This is dependent on program design. General sales taxes have few direct connections to transportation projects.
<b>Payment Methods</b>	Good	Collected at point of sale in the payment medium the sale is made in.
<b>Penalties</b>	Good	Due to the payment method, there is no ability to have unpaid fines which result in negative outcomes or increase the cost of the revenue source due to lack of payment.

<sup>143</sup> [Institute on Taxation and Economic Policy. \(2011\). "Options for Progressive Sales Tax Relief."](#) "Exemptions and credits are both progressive options for low-income tax relief—but neither is sufficient to offset the basic regressivity of sales taxes. Sales tax exemptions and credits should each be part of a broader strategy for tax fairness that includes a progressive, graduated personal income tax, but sales tax breaks are likely to be insufficient on their own to eliminate the unfairness of state and local taxes."

Targeted Sales Tax

Targeted sales taxes are applied to specific goods and services. Also known as an excise tax if it is levied at moment of manufacture rather than a sale.<sup>144</sup>

Share	Variable	This is dependent on the goods and services that are taxed. In general, lower income households pay a greater percentage of their income than a higher income household. Some products are taxed at multiple levels, which compounds regressivity and diminishes consumption. This can potentially lead to a decline in tax revenue at other levels of government.
Burden	Variable	This is dependent on program design, as well as the goods and services that are taxed. Targeting the tax on non-essential goods such as tobacco, alcohol, and betting can have potential in avoiding the blanket regressivity of a general sales tax, but can also exacerbate the financial struggles of long-term users. Excise taxes on luxury goods can be more equitable.
Tiered	Variable	This is dependent on program design. Exemptions could be made on certain tax-free days, such as back-to-school sales where school supplies are made exempt. This would be a form of time and product-based tiering.
Benefits Received	Variable	This is dependent on program design. Most taxation of this form rarely goes towards transportation projects.
Payment Methods	Good	Collected at point of sale in the payment medium the sale is made in.
Penalties	Good	Due to the payment method, there is no ability to have unpaid fines which result in negative outcomes or increase the cost of the revenue source due to lack of payment.

<sup>144</sup> [Multnomah County. \(2022\). “Excise Taxes.”](#)

Business Income Tax

All businesses except partnerships file an annual federal income tax return, states can also levy income taxes on businesses.<sup>145</sup>

Share	Variable	This is dependent on program design, and what the thresholds are for each bracket. Whether this income tax is regressive, highly depends on how much small and local businesses pay relative to what national or multinational corporations are responsible for.
Burden	Variable	This is dependent on program design. Similar to personal income taxes, tax credits can be implemented to alleviate the burden on small businesses and local enterprises.
Tiered	Variable	This is dependent on how the tax brackets and thresholds are designed. Business income taxes can also be tiered by number of employees, and whether they qualify as small-and-medium-enterprises (SMEs).
Benefits Received	Poor	This is dependent on program design, but there is no direct connection to transportation projects.
Payment Methods	Good	Is paid by businesses directly.
Penalties	Fair	Penalties or fine could pose a burden for small businesses.

<sup>145</sup> [Internal Revenue Service. \(2022\). “Business Taxes.”](#)



Corporate Activities Tax

Applied in Oregon to business with \$1 million or more taxable commercial activity, the total amount a business realizes from transactions in Oregon. The funds are currently dedicated to student and education spending.<sup>146</sup>

Share	Good	Paid by businesses with a threshold of commercial activity.
Burden	Fair	Passed on in the price of commercial activity, but not directly levied on low-income residents.
Tiered	Good	Applies only to businesses above a threshold.
Benefits Received	Fair	All will benefit but some businesses may rely on transportation network more than others.
Payment Methods	Good	Is paid by businesses directly.
Penalties	Fair	Penalties or fine could pose a burden for small businesses.

<sup>146</sup> [Oregon Department of Revenue. \(2019\). "Corporate Activity Tax \(CAT\)."](#)

**Zero-Emission Zone (ZEZ) and Low Emission Zone (LEZ)**

Zero-Emission Zones (ZEZ) and Low Emission Zones (LEZ) are a similar concept to cordon-based congestion pricing, zones are identified and vehicles entering are charged a fee if they do not meet emissions and other requirements.<sup>147</sup> This approach can also apply to deliveries only.<sup>148</sup> Enforcement is generally conducted through traffic cameras, which run license plates through registration databases.

<b>Share</b>	Variable	Similar to emissions fees, these have potential to be regressive as highly pollutive vehicles are more likely to be represented in lower income households.
<b>Burden</b>	Variable	This is dependent on program design. ZEZ and LEZ should not be enforced in low-income neighborhoods. Low-income households should not need to pay ZEZ and LEZ fees, as these zones may house essential places for individuals, e.g., place of work, grocery, medical services.
<b>Tiered</b>	Variable	This is dependent on program design. A tiered fee based on income level would remove some barriers to accessibility.
<b>Benefits Received</b>	Variable	This is dependent on program design. Equitable ZEZ and LEZ fees would be invested into accessible transit to and from low-income neighborhoods.
<b>Payment Methods</b>	Variable	This is dependent on program design. An equitable payment method would provide accessible payment programs by cash, check, card, or loan system.
<b>Penalties</b>	Variable	This is dependent on program design. It would be most equitable to offer low-income households prepaid debit cards to use for entering ZEZ and LEZ.

<sup>147</sup> [The International Council on Clean Transportation. \(2021\). “A Global Overview of Zero-Emission Zones in Cities and Their Development Progress.”](#)

<sup>148</sup> [Los Angeles Cleantech Incubator. \(2022\). “Santa Monica Zero Emissions Delivery Zone Pilot.”](#)

Curb Use Fees

Fees can be charged to delivery vehicles, TNCs (e.g., Uber, Lyft), and other curb users who are regulated through additional fees such as the TNC fee described above. Charging all curb users a fee requires metering or other form of payment system.

Share	Variable	This is dependent on program design. For Uber, drivers make around \$30K less than the Portland median income <sup>149</sup> . As a result, TNC should pay for curb use fees or allow drivers to pay based on their income.
Burden	Variable	This is dependent on program design. To promote equity, TNC can subsidize fees for drivers below a certain income threshold.
Tiered	Variable	This is dependent on program design. Tiered pricing based on the value of the car would make the fees more equitable.
Benefits Received	Variable	This is dependent on program design. Equitable benefits would ensure fees went into transit access and installation.
Payment Methods	Variable	This is dependent on program design. An equitable payment method would provide accessible payment programs by cash, check, card, or loan system.
Penalties	Variable	This is dependent on program design. Penalties should not force drivers to lose their jobs or go into debt, as that would create an endless cycle.

<sup>149</sup> [Indeed. \(2022\). "Driver yearly salaries in the United States at Uber."](#)

### First/Last Mile Delivery Fees

The Zero Emission Zone (ZEZ) and Low Emission Zone (LEZ) (a similar concept to cordon-based congestion pricing, zones are identified and vehicles entering are charged a fee if they do not meet emissions and other requirements.<sup>150</sup> This approach can also apply to deliveries only<sup>151</sup>) as well as curb use fees that can be applied specifically to delivery to incentive more sustainable delivery and raise revenue. Electrifying First/Last Mile Delivery Fees can significantly decrease heavy-duty vehicle use. A fee for vehicles outside of ZEZ or LEZ can help incentivize the change.<sup>152</sup> To approach this equitably, the employer should be responsible for those fees or households on a tiered system could be responsible if they are high-income. Lower-income households should not be penalized for living outside the city center when the city center is too expensive to be livable. Additionally, if corridors provide EV charging stations, this creates more opportunity to drive in a ZEZ or LEZ.

<b>Share</b>	Variable	This is dependent on program design. TNC would need to cover the fees or low-income households would pay a proportionate fee to make the fee equitable.
<b>Burden</b>	Variable	This is dependent on program design; however, an equitable program would subsidize fees for households below an income threshold.
<b>Tiered</b>	Variable	This is dependent on program design, but equitable tiered fees would change depending on the weight and value of the vehicle entering the ZEZ or LEZ.
<b>Benefits Received</b>	Variable	This is dependent on program design. To make the program equitable, fees need to be reinvested in transit programs and access in low-income neighborhoods.
<b>Payment Methods</b>	Variable	This is dependent on program design. An equitable payment method would provide accessible payment programs by cash, check, card, or loan system.
<b>Penalties</b>	Variable	This is dependent on program design. Individuals should not be penalized for driving in ZEZ or LEZ even if they still have unpaid fees when they are working or accessing essential locations. If their fees cannot be paid, there should be a re-evaluation of the fee structure for the most equitable program.

<sup>150</sup> [The International Council on Clean Transportation. \(2021\). "A Global Overview of Zero-Emission Zones in Cities and Their Development Progress."](#)

<sup>151</sup> [Los Angeles Cleantech Incubator. \(2022\). "Santa Monica Zero Emissions Delivery Zone Pilot."](#)

<sup>152</sup> [The International Council on Clean Transportation. \(2022\). "Electrifying Last-Mile Delivery: A Total Cost of Ownership Comparison of Battery-Electric and Diesel Trucks in Europe."](#)

### Vehicle Rental Fees

Additional fee that renter pays to the jurisdiction that enacts the fee. Depending on the state and region, the fee will be reinvested into the surrounding area but not necessarily into transportation funding.<sup>153</sup>

<b>Share</b>	Variable	This is dependent on program design but would be most equitable if fees were paid by rental companies or charged depending on household income.
<b>Burden</b>	Variable	This is dependent on program design. To avoid regressive taxes/fees, fees should be eliminated for households below an income threshold, where various forms of proof are acceptable.
<b>Tiered</b>	Variable	This is dependent on program design. The value and weight of the vehicle that is rented should determine the exact amount paid by renter.
<b>Benefits Received</b>	Variable	This is dependent on program design. A general fund does not provide equitable benefits, nor do tourism-related events; however, fees that fund transportation projects allow for accessible and equitable opportunities.
<b>Payment Methods</b>	Variable	This is dependent on program design. An equitable payment method would provide accessible payment programs by cash, check, card, or loan system.
<b>Penalties</b>	Variable	This is dependent on program design. To eliminate any penalty structure or legal repercussion, fees should be included in initial cost and be available by loan system if necessary.

<sup>153</sup> [Tax Foundation. \(2019\). "Reforming Rental Car Excise Taxes."](#)

### Traffic Fines

Fines incurred by the person driving a car for violating a variety of different regulations, ultimately determined by the police officer issuing the ticket. Black Oregonians have paid roughly \$5.6 million more than White Oregonians.<sup>154</sup>

<b>Share</b>	Poor	Lower-income households pay the same fines.
<b>Burden</b>	Poor	There are no exemptions. Payment plans can be set-up through calling the accounting department, but the exact details of the plans offered are not available.
<b>Tiered</b>	Poor	The fine does not vary.
<b>Benefits Received</b>	Poor	The first \$50 goes to the state, the last \$16 goes to the jail fund, and the remainder is split between the county and agency who issued the fine. About 30% of the revenue is invested into the city, which is does not specifically go towards active transportation projects.
<b>Payment Methods</b>	Good	Payment can be made in a variety of ways and both online and by mail.
<b>Penalties</b>	Poor	Fines can add up to a large debt and can also lead to warrants if unpaid. Research has shown that lower-income households ultimately owe more.

<sup>154</sup> [InvestigateWest. \(2017\). "The High Cost of Disparities For People of Color in Multnomah County."](#)

Public-Private Partnerships

Public-private partnerships (sometimes called P3s) can be used to finance, build, and operate projects. Private partners may have access to additional forms of financing or flexibility. P3s require a source of revenue to pay for the financing, it is not a source of funding.<sup>155</sup>

Share	Variable	This is dependent on program design. This could be equitable if private companies fund active transportation projects to go towards low-income households.
Burden	Variable	This is dependent on program design. Equitable P3s need to ensure they do not displace housing or remove transit access for low-income households.
Tiered	Variable	This is dependent on program design, but private companies that put forth large sums of money to invest in transit and pedestrian improvements are more equitable.
Benefits Received	Variable	This is dependent on program design. A good score would result from the growth of transit and pedestrian improvements and enhancements.
Payment Methods	N/A	
Penalties	N/A	

<sup>155</sup> [The World Bank. \(2022\). “How PPPs Are Financed.”](#)

Naming Rights or Sponsorships

Naming rights or sponsorships can generate revenue depending on the arrangement (e.g., Salesforce Transit Center in San Francisco).<sup>156</sup>

Share	Good	Only advertisers opt to pay.
Burden	Good	No monetary burden to residents.
Tiered	N/A	
Benefits Received	Variable	This is dependent on program design, but funds raised on advertising are typically spent on the systems being advertised to.
Payment Methods	N/A	
Penalties	N/A	

<sup>156</sup> [U.S. Department of Transportation Federal Highway Administration. “Advertising, Naming Rights, Sponsorships.”](#)



Allowance of Use of ROW for Rest Areas/Privatization

Excess right of way not being used for transportation can be used for rest areas or other developments. Transit agencies are best positioned to benefit from transit-oriented development on their land, development along large roads have noise and pollution challenges.<sup>157 158 159</sup>

Share	Good	Only developers opt to pay.
Burden	Good	No monetary burden to residents.
Tiered	N/A	
Benefits Received	Variable	Revenue that is used to increase transit-oriented-develop and invest in access to transit is a progressive fee.
Payment Methods	N/A	
Penalties	N/A	

<sup>157</sup> [Delaware Valley Regional Planning Commission. \(2020\). “SEPTA Transit-Oriented Development \(TOD\) Policy Research.”](#)

<sup>158</sup> [U.S. Department of Transportation Federal Highway Administration. “Right-of-Way Use Agreements.”](#)

<sup>159</sup> [Transportation Policy Research Center. \(2014\). “Public Use of Rail Right-of-Way in Urban Areas.”](#)

### Overweight Truck and SUV Personal Tax

Multnomah County is exploring a tax for people purchasing vehicles over 6,000 pounds. In D.C., this tax is \$500 annually. This tax is created to help combat pollution and fatalities and serious injuries. Owners of EV vehicles that surpass the 6,000-pound mark will have a “1,000 pound credit”.<sup>160</sup>

<b>Share</b>	Fair	The tax is based on the weight of the vehicle, not household income. The initial price of this vehicle creates a barrier for lower income households to own this vehicle.
<b>Burden</b>	Fair	There are no subsidies or exemptions available, and this tax (as exemplified in D.C.) is still applicable whether the vehicle is personal use or needed for work.
<b>Tiered</b>	Fair	The tax is determined by weight, not value of the vehicle. However, vehicles that are over 6,000 pounds carry a higher value than those weighing less.
<b>Benefits Received</b>	Fair	Taxes would contribute to street safety enhancements. The tax is aimed to increase safety for vulnerable users, the majority of which are low-income.
<b>Payment Methods</b>	Variable	This is dependent on program design. Equitable payment methods would allow people to pay their fine over time, with no interest or penalties accrued for late payment.
<b>Penalties</b>	Variable	This is dependent on program design. Equitable penalties would enforce additional fines based on income levels and wave penalty fees if household is below poverty line.

<sup>160</sup> [Bloomberg. \(2022\). “A City Fights Back Against Heavyweight Cars.”](#)

## Revenue Sources not Included in Assessment

This list details items that were not included because the item was a financing mechanism rather than a revenue source or did not represent a significant equity impact based on available information. Many of these items are often grouped together under an 'other' category in budget documents and typically do not generate a large share of revenue.

- Bond Proceeds (revenues that generate bond proceeds (e.g., gas tax) are included in the equity assessment). Bonds are a financing mechanism, rather than a specific revenue source.
- Transit advertising. Transit advertising is ads or other forms of advertising, including digital media, placed on public transportation vehicles or areas, such as bus stops.
- Contract Revenue/Service Contracts are typically revenues paid from one agency to another, or one department to another for services rendered. For example, the City of Portland contracts with TriMet for operating personnel for the Portland Streetcar.
- Federal Other taxes, fees investment income and other receipts. This group includes penalties and fines imposed for violation of motor carrier safety requirements, penalties related to highway-user taxes, NHTSA motor vehicle safety penalties, and interest on invested balance.
- Various Revenues generated from government activities (sale of government property, interest income, loan repayment, rent and fines).
- Land Use Planning Fees are charged for each type of land use review. The fee includes portions that are allocated different government departments, including Transportation.
- Potential future Advertising Revenues (for use within ROWs or assets). Billboards on public land, naming rights of facilities, and advertisement on transit vehicles and at stops are some of potential sources of advertising revenue.
- Institutional Zone Development. Hospitals, universities, and other large institutions invest in transportation infrastructure improvements through their conditional use permits and/or Master Plans. The new Comprehensive Plan proposes to implement institutional zones which will remove the Conditional Use status for these institutions. We anticipate institutions will continue to invest in transportation improvements as a part of the new Institutional Zone Development process.
- School Partnerships. Funding included in a school bond measure for traffic safety improvements at schools. In Portland, the process developed in partnership between PPS and the City ensures that development fees are prioritized for safety improvements near the schools that need them the most.

## Appendix B: Allocation and Constraints by Revenue Source

Source	Category	Allocation and Constraints Description
Federal		
Fuels tax	Roadways, transit, bike, and pedestrian	Federal revenue sources fund the Highway Trust Fund (HTF). The HTF is made up of the Mass Transit Account and the Highway Account.  The Mass Transit Account receives 15.5% of the revenue generated by the gasoline tax and 11.7% of the revenue generated by the tax on diesel fuel. The remainder of the fuel tax is dedicated to the Highway Account. The Mass Transit Account funds transit projects while the Highway Account funds roadway, bike, and pedestrian projects. Federal funding from the HTF flows through state DOTs and to local agencies and is allocated using formula funds. <sup>79</sup>
Heavy trucks and trailers sales tax		
Heavy vehicles annual use tax		
Individual income taxes, corporate income taxes (General Fund transfer)		
State		
Motor Fuels Tax	Roadways, bike, and pedestrian within the right-of-way	These revenue sources fund the State Highway Fund. The State Highway Fund is restricted to funding construction, operation, and maintenance of roads, including bike and pedestrian projects in the right-of-way. <sup>80</sup> In 1971, ORS 366.514 dedicated at least 1% of highway funds to bicycle and pedestrian projects. <sup>81</sup>
Weight Mile Tax		
Driver and Vehicle Fees		
Transportation License and Fees		
Cigarette Tax	Transit	A portion of the Cigarette tax is dedicated to transit services for seniors and disabled people. <sup>82</sup>
Bike Tax	Bike	Revenue from the bicycle excise tax goes into Multimodal Statewide Investments Management Fund. It used to fund a bike and pedestrian program within Connect Oregon. <sup>83</sup>
Privilege Tax	Outside of right-of-way – aviation, rail, and marine	Funds are allocated to the Connect Oregon Fund and fund rebates for electric vehicles. The Connect Oregon Fund is restricted to projects outside the highway right-of-way. Historically these projects included active transportation but most recently funds are dedicated to aviation, rail, and marine projects. Any project that is eligible for funding from the State Highway Fund is not eligible for funding from Connect Oregon. <sup>84</sup>
Lottery Revenues		

<sup>79</sup> [U.S. Department of Transportation Federal Highway Administration. \(2017\). "Fixing America's Surface Transportation Act or "FAST Act.""](#)

<sup>80</sup> [Oregon Department of Transportation. \(2022\). "Transportation Funding in Oregon."](#)

<sup>81</sup> [Interpretation of ORS 366.514](#)

<sup>82</sup> [Oregon Department of Transportation. \(2022\). "Transportation Funding in Oregon."](#)

<sup>83</sup> [Oregon Department of Transportation. \(2022\). "Connect Oregon."](#)

<sup>84</sup> [Oregon Department of Transportation. \(2022\). "Connect Oregon."](#)

Equitable Transportation Funding  
Oregon Metro

Source	Category	Allocation and Constraints Description
Payroll Transit Tax	Transit except light rail	The tax is deposited into the Statewide Transportation Improvement Fund and is limited to investments and improvements in public transportation services, except for those involving light rail. <sup>85</sup>
Income Tax (General Fund Transfer)	Variable	As state legislatively directed. In the past it has been used for capital projects such as light rail.
<b>Local</b>		
Mass-Transit (TriMet) Tax	Transit	The tax funds mass transportation in the TriMet district. <sup>86</sup>
Transit Fares (Passenger Revenues)	Transit	Fares fund the transit system. They make up 7% of TriMet's FY2023 Budget. <sup>87</sup>
Gas Tax	Roadways, bike, and pedestrian within the right-of-way.	Under state law, motor vehicle revenue is restricted to funding construction, operation, and maintenance of roads, including bike and pedestrian projects in the right-of-way.
Vehicle Registration Fee		
Transportation System Development Charges	Capital projects that increase or improve capacity	Fees are dedicated to recoup the cost of additional infrastructure projects required to serve new developments. <sup>88</sup> In Oregon, state law requires that revenue only be spent on capital projects. <sup>89</sup> Local municipalities may have additional requirements on use of revenue, such as specifically serving the impacted area and related parameters.
Street Utility Fees	Street repair and maintenance	Funds are spent locally on street maintenance.
Utility Fees based on estimated number of trips	Street repair and maintenance, Bike and Pedestrian Accessibility, ADA Transition	Revenue funds projects outlined in Milwaukie's Street Surface Maintenance Program, Bicycle and Pedestrian Accessibility Program, and the federal ADA Transition Plan. Funding transit, ADA improvements, and active transportation has a positive equity component.
Franchise Fees	Flexible	Franchise fees feed directly into the General Fund to support a portion of a city's transportation budget.
PGE Privilege Tax	Street repair and maintenance	Funds are spent locally on street maintenance.

<sup>85</sup> [Oregon Department of Revenue. \(2022\). "Statewide transit tax."](#)

<sup>86</sup> [TriMet. \(2021\). "Form OR-TM Instructions."](#)

<sup>87</sup> [TriMet. \(2022\). "Adopted 2022-2023 Budget."](#)

<sup>88</sup> [Oregon Metro. \(2007\). "System Development Charges."](#)

<sup>89</sup> [Oregon Legislature. \(2021\). "Chapter 223 – Local Improvements and Works Generally."](#)

Equitable Transportation Funding  
Oregon Metro

Source	Category	Allocation and Constraints Description
Parking Fees/Fines	Flexible, discretionary PBOT revenue	Parking fee revenue is general discretionary transportation revenue at PBOT. <sup>90</sup>
Urban Renewal	Flexible but must be spent within TIF districts	Taxes are paid by all homeowners in a jurisdiction and revenue is spent on local transportation projects within specified districts. Tax Increment Financing (TIF) districts can be used to fund improvements in historically underserved communities, including transportation projects. <sup>91 92</sup>
Property Taxes	Flexible, must be on major road.	For example, taxes are paid by local homeowners in Washington County and revenue is spent on local transportation projects through the Major Streets Transportation Improvement Program (MSTIP). MSTIP funding improves the transportation system for bicyclists, pedestrians, drivers, and transit passengers. Projects must improve safety, improve traffic flow or congestion, be on a major road, address needs for all travelers. <sup>93</sup>
TNC Fee	Flexible, funds programs	This fee has been used to fund programs that help remove barriers to mobility. Program examples include Wheelchair-Accessible Vehicle program, Safe Ride Home Program, safety inspections, and Transportation Wallet Initiative. <sup>94 95</sup>
Local Improvement District	Flexible, must be spent in the LID	A Local Improvement District (LID) is a mechanism for neighboring property owners to share the cost of improvements to infrastructure, where property owners agree to tax themselves (typically at least 51% of the property owners must be in favor). For transportation, it is often used to pave unimproved streets or build sidewalks.
Heavy Truck Fee	Street repair, maintenance, and safety	In Portland, the fee is allocated for 56% Street Repair/Maintenance and 44% Traffic Safety. Projects for both safety and maintenance should focus on streets important to freight movement. <sup>96</sup>

<sup>90</sup> [Portland Bureau of Transportation. \(2019\). "PBOT Financial Overview."](#)

<sup>91</sup> [Prosper Portland. \(2021\). "Your property tax bill and urban renewal."](#)

<sup>92</sup> [Clackamas County Development Agency. \(2011\). "Urban Renewal in Clackamas County."](#)

<sup>93</sup> [Washington County, Oregon. "Major Streets Transportation Improvement Program \(MSTIP\)."](#)

<sup>94</sup> [City of Portland, Oregon. "Private For-Hire Transportation & Regulations."](#)

<sup>95</sup> [Schafer, Hannah. \(2019\). "PBOT News Release: PBOT, Portland Police Bureau encourage Portlanders to take a Safe Ride Home on St. Patrick's Day." Portland Bureau of Transportation.](#)

<sup>96</sup> [Portland Bureau of Transportation. "Heavy Vehicle Use Tax \(HVUT\) Background and Projects."](#)