



OREGON DEPARTMENT OF TRANSPORTATION | **BUDGET**





The Oregon Department of Transportation Budget

The Oregon Department of Transportation was established in 1969 to provide a safe, efficient transportation system that supports economic opportunity and livable communities for Oregonians. ODOT manages programs related to Oregon's system of highways, roads, and bridges; railways; public transportation services; transportation safety programs; driver and vehicle licensing; and motor carrier regulation.

This booklet is an overview of ODOT's budget — where the revenue is derived and how it is spent.



How is a budget for a state agency created?

The state of Oregon has a two-year budget cycle that begins on July 1 of odd-numbered years — the current biennium began July 1, 2007 and the next budget biennium begins July 1, 2009. Oregon's state government programs are funded by money from the state general fund, lottery funds, federal funds and other sources.

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

Agency Request Budget

Agencies submit their requests by September 1 of even-numbered years.

Governor's Recommended Budget

The governor and the Budget and Management Division (BAM) review the individual agency budget requests. They use the governor's priorities, budget policies, and current law to make budget decisions. The Governor's Recommended Budget document summarizes those decisions, includes data on the state's revenues and expenditures, and provides information on each agency's budget.



Legislatively Adopted Budget

The governor presents the Recommended Budget to the Legislature when it meets at the start of the next calendar year. Legislative committees review the proposed budget and hold public hearings. Each budget bill has a budget report that presents committee recommendations. Then the Legislature votes on each budget bill. The budget bills that are enacted into law make up the Legislatively Adopted Budget.

Agencies carry out, or execute, the budget over the two-year budget period. The Legislature's Emergency Board can make some changes to the budget between legislative sessions. Special sessions may also be called to deal with budget issues. The Legislatively Adopted Budget and the subsequent changes made to it form the Legislatively Approved Budget.

The figures contained in this booklet are based on the Legislatively Adopted Budget for 2007–2009.

Revenues (in millions)	
Beginning Balance	\$391
Motor Fuels Tax	\$890
Federal Funds	\$863
Weight Mile Tax	\$506
Driver and Vehicle Licenses	\$501
Transportation Licenses and Fees	\$67
Other Transfers to ODOT	\$136
General Fund	\$4
Lottery Proceeds	\$46
Bond/COP Sales	\$909
Sales and Charges for Service	\$22
All Other Revenue	\$39
Total Revenue	\$4374

Transportation revenue sources

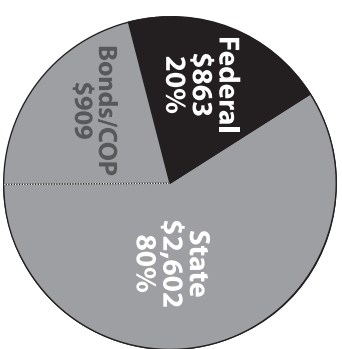
ODOT will collect about \$4.3 billion in revenue during the 2007–2009 biennium.

About 20 percent of revenue collected for transportation comes from the federal government. The other 80 percent is derived from state sources (21 percent of which comes from bond/COP sales).

Some funds “passed through”

About 15.5 percent of ODOT’s total revenue is “passed through” to Oregon cities, counties, and other agencies. In 2007–2009, cities will receive \$247 million and counties will receive \$361 million. These funds are derived from the state gas tax, weight mile tax, and licensing fees. Other agencies, including Oregon Parks and Recreation Department, Oregon Department of Aviation, and the Oregon State Marine Board, receive \$72 million. ODOT acts as a tax collector for these other agencies.

After disbursements have been made to cities, counties, and other agencies, there is \$3.4 billion remaining for ODOT’s biennial operating budget.



Dollar figures are in millions

Federal funds

Most of the federal funds ODOT receives are dispersed through the Highway Division. Smaller amounts are designated for safety, planning, public transit, and other programs. In 2007–2009, ODOT expects to receive \$863 million in federal funding.

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

State funds

Some 64 percent of ODOT's state revenue comes from:

- motor fuels or gas tax (20 percent);
- weight-mile tax (12 percent);
- driver and vehicle licenses and fees (11 percent); and
- revenue bonds (21 percent).

The remaining 16 percent of revenue comes from:

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



Gas tax generates most revenue

About 20 percent of ODOT’s revenue is derived from the gas tax. Oregon motorists pay 24 cents per gallon in state gas tax, a lower rate than any other western state except California. When registration, title fees and sales taxes are added to the gas tax, the total cost of driving a car in Oregon is significantly less than in most other states.

Vehicles weighing less than 26,000 pounds pay a gas tax when they purchase fuel. The two-year budget includes \$890 million in revenue from the state gas tax.

Heavy trucks — those weighing more than 26,000 pounds gross vehicle weight — do not pay gas tax. They pay weight-mile tax, a graduated tax based on the weight of the vehicle and the number of miles it travels on public roads. The 2007–2009 budget assumes \$506 million in revenue from the weight-mile tax.

Driver and Motor Vehicle Services (DMV) collects fees for driver licenses, car registration, vehicle titles, and other items such as specialty license plates. Driver license renewal fees pay for driver testing, recordkeeping, and related expenses. DMV fees are expected to contribute about \$501 million to the agency’s 2007–2009 budget.

The state gas tax, weight-mile tax, and DMV fees comprise about 43 percent of ODOT’s revenue.



Revenue bonds provide for road and bridge projects

Revenue from the sale of bonds is the second-largest source of funds in ODOT’s state budget, comprising \$909 million.

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

The Oregon Transportation Investment Act (OTIA), passed during the 2001 and 2003 legislative sessions, authorizes ODOT to sell revenue bonds to finance road and bridge projects. ODOT anticipates selling \$813.2 million in bonds to finance OTIA during 2007–2009. In addition, *ConnectOregon II* authorized \$100 million in lottery-backed bonds to improve transportation connections through investments in rail, air, marine and public transit.





ODOT's expenses (based on \$3.466 billion total)

The Highway Division spends 73 percent of transportation revenue on:

- Highway Maintenance Program—\$352 million: maintains and repairs existing highways to keep them safe and usable for the traveling public.
- Preservation Program—\$242 million: paves and reconstructs roads to add useful life and improve safety.
- Bridge Program—\$932 million: preserves investment and ensures safety on more than 2,600 bridges, tunnels, and culverts on the state highway system.
- Modernization Program—\$397 million: builds capacity on highways, such as new or widened lanes, to improve safety and enhance mobility.
- Highway Safety Program—\$52 million: provides engineering solutions to crash problems on state and local highways.
- Operations Program—\$49 million: invests in making the system operate more efficiently by providing up-to-date motorist information, using traffic signaling systems and ramp meters, managing highway access and improving slide and rockfall areas.
- Local Government Program—\$261 million: maintains partnerships with cities, counties, and regional governments on transportation projects.
- Special Programs—\$257 million: funds programs for salmon, watersheds, scenic byways, pedestrians and bicycles, winter recreation parking and more.



Other expenditures

The second-largest spending category — debt service — totals \$232 million. Spending in this area will increase in the coming years as the agency issues bonds authorized by the Oregon Transportation Investment Act. OTIA allows ODOT to make needed repairs and add capacity to Oregon’s roads and bridges, and strengthens the state’s economy while sustaining thousands of new jobs.

Transportation Program Development spends \$167 million on transportation system planning, land use and growth management issues, and data collection, interpretation and reporting.

Central Services spends \$157 million. This division provides a variety of essential services to ODOT including financial management, information systems, and human resources.

Driver and Motor Vehicle Services spends \$148 million. DMV licenses and regulates uses of the transportation system to promote safety and protect consumer interests through 64 field offices located throughout the state.





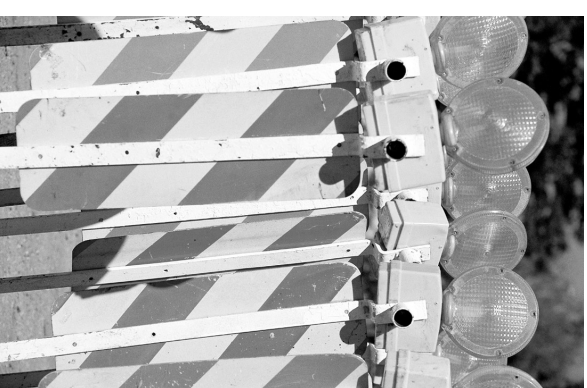
- Other spending categories include:
- Public Transportation—\$63 million for communities and local transportation providers to help people with special needs, those in rural areas, and intercity travelers;
 - Motor Carrier—\$58 million to register and inspect trucks and enforce weight, size, and safety regulations, and issue permits;
 - Rail—\$39 million to regulate rail and crossing safety for freight and passenger rail, and to coordinate intercity rail and bus operations;
 - Transportation Safety—\$27 million to provide safety programs that address intoxicated driving, young drivers, and use of safety belts and child safety seats; and
 - Infrastructure Bank and other expenses—\$33 million for the bank, which provides loans to cities and counties so they may participate in a variety of transportation projects, and for special programs.

Ongoing financial management

OTIA projects are nearly doubling ODOT’s construction spending during the next decade. To ensure that the agency is able to pay contractors on a timely basis, the amount of committed reserves will grow. The ending balance for the 2007–2009 biennial budget is projected to be \$228 million.

These funds will pay for:

- Highway Fund obligations for Statewide Transportation Improvement Program (\$127 million);
- Transportation Loan Fund (\$4 million)—The Transportation Loan Fund, also called the Oregon Transportation Infrastructure Bank, is a revolving loan fund for transportation projects. The bank makes loans to local governments, transit providers, ports, and other eligible borrowers;
- Rail, Public Transit, and Safety (\$13 million);
- Other Dedicated Highway Programs (\$15 million); and
- OTIA Debt Service Reserve (\$69 million).



For more information

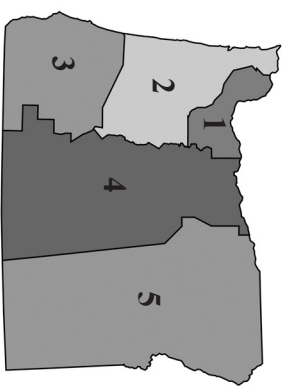
If you have a comment or question about ODOT's budget or budget process, please contact:

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(503) 986-3918
ask.odot@odot.state.or.us

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

1. Portland Metro
(503) 731-8200
2. Northwest Oregon
(503) 986-2600
3. Southwest Oregon
(541) 957-3500
4. Central Oregon
(541) 388-6180
5. Eastern Oregon
(541) 963-3177

ODOT Regions

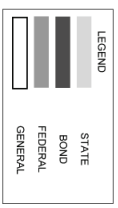


SOURCES AND USES OF FUNDS

DEPARTMENT OF TRANSPORTATION

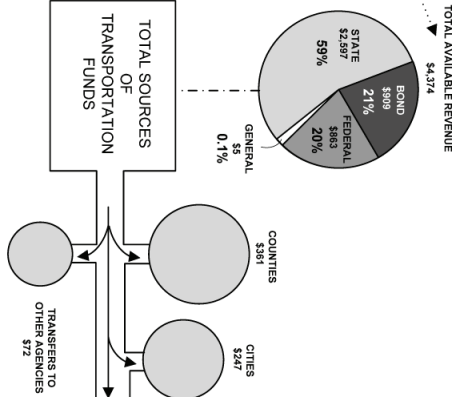
2007-2009 Legislatively Adopted Budget

(Millions)

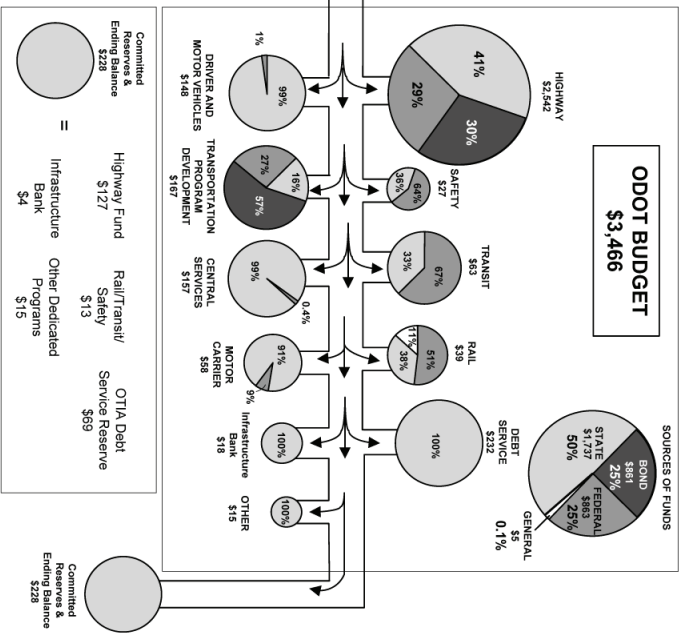
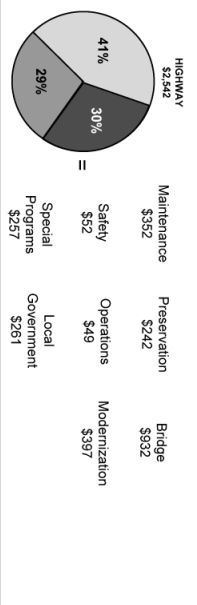


SOURCES OF FUNDS

REVENUES	
Beginning Cash Reserves	\$ 391
Motor/Fuels Tax	890
Federal Funds	863
Weight Mile Tax	506
Driver and Vehicle Licenses	501
Transportation	67
Licenses & Fees	138
Other Transfers to ODOT	4
General Fund	46
Lottery Proceeds	909
Brand/CP Sales	22
Sales and Charges for Services	39
All Other Revenue	39
TOTAL REVENUE	\$ 4,374



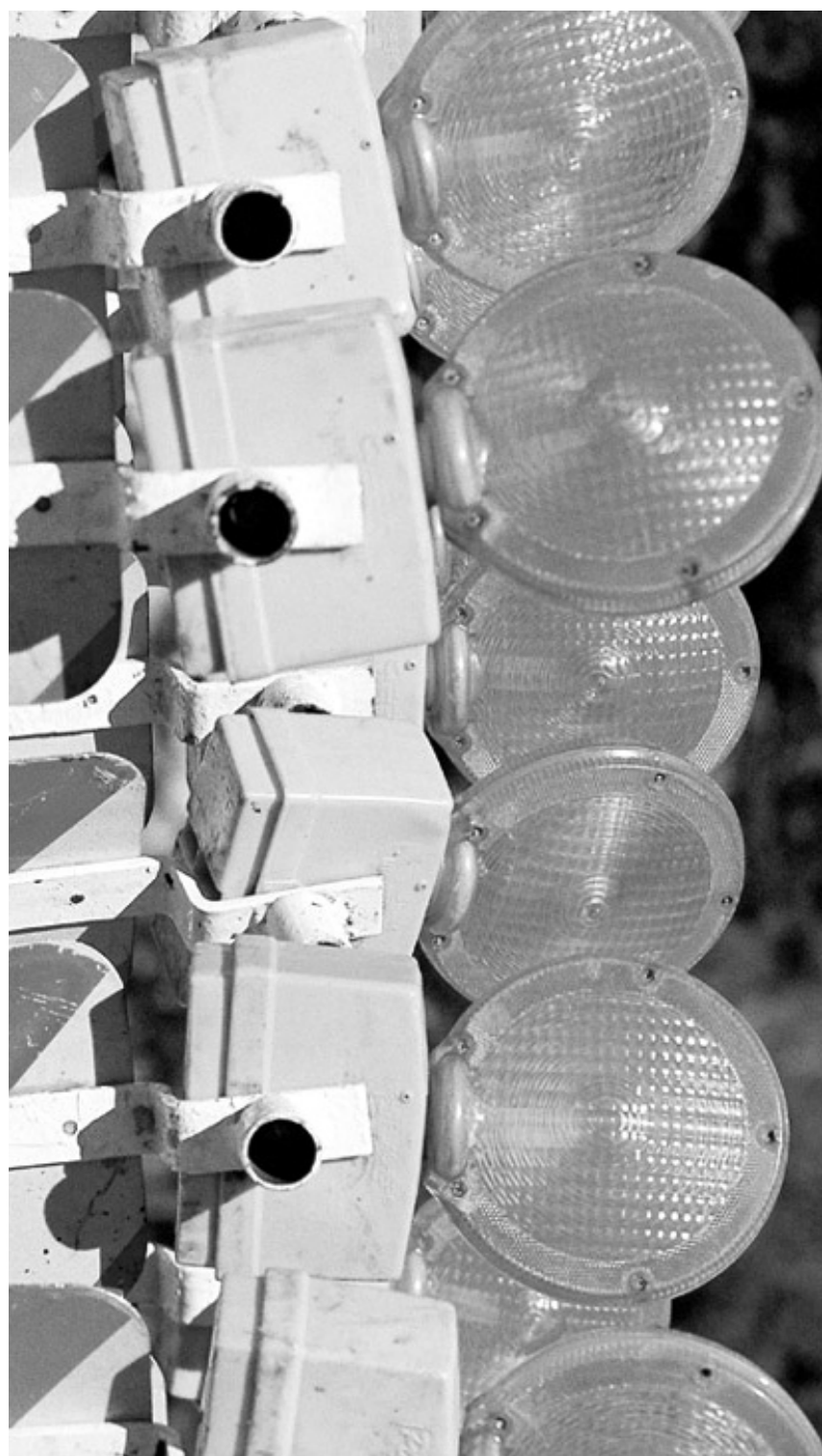
USES OF FUNDS



SOURCES AND USES OF FUNDS

OREGON DEPARTMENT OF TRANSPORTATION - 2007-2009 Legislative Adopted Budget

SOURCES OF FUNDS (Revenue)	USES OF FUNDS (Transfers Expenditures)
<p>◆ Total Transportation Revenue = \$4.374 billion.</p> <p>◆ Beginning Cash Reserves - \$391 million. Estimated cash position at beginning of biennium. Cash is permitted to highway projects, debt service payments, maintenance projects to ensure payment of extraordinary and ongoing costs.</p> <p>◆ Motor Fuels Tax - \$890 million. Includes motor fuel and aviation fuel taxes.</p> <p>◆ Federal Funds - \$863 million. Primarily for Highway Division, with lesser amounts for Transportation Safety, Transportation Program Development, Public Transit and other programs.</p> <p>◆ Weight Mile Taxes - \$506 million. Graduated tax based on vehicle's weight and miles traveled on public roads.</p> <p>◆ Other and Vehicle Licenses and Fees - \$501 million. Includes driver license fees, vehicle registrations, titling fees for passenger vehicles, buses, trailers, motorcycles, etc. This category contains a large number of fees for various areas from snowmobile titling to specially license plates.</p> <p>◆ Transportation Licenses and Fees \$87 million. Includes truck registrations, trip permits and Sno-Park permits.</p> <p>◆ Transfers to ODOT - \$136 million. These funds come from dedicated revenues from the separate tax local government match on construction projects, and Transportation Control Management Plan Land Conservation and Development.</p> <p>◆ General Fund - \$4 million. General Fund allocation for Rail Division's Passenger Rail Program.</p> <p>◆ Lottery Proceeds - \$46 million. Legislatively directed pass-through bond payments for Westside Light Rail, Short Line Rail, Industrial Spur Projects, and Corvallis Oregon.</p> <p>◆ Bond / Certificates of Participation - \$809 million. Proceeds from OTIA Bond issuances \$813 million, and Corvallis Oregon \$96 million.</p> <p>◆ Sales and Charges for Service - \$22 million. Includes sale of DMV records, damage recovery, sale of property, timber and equipment.</p> <p>◆ All Other Revenue - \$39 million. Items in this category include railroad gross revenue receipts (\$3 million), interest income (\$19 million), Infrastructure Bank - loan repayment (\$10 million), rent and fines (\$5 million), international fuel tax agreements (\$2 million), auto dealer regulation (\$2 million), and miscellaneous highway revenue (\$1 million).</p>	<p>◆ Mandated Distributions and Transfers</p> <ul style="list-style-type: none"> - Mandated distributions to counties - \$361 million. From fuels tax, weight mile, and licensing. - Mandated distributions to cities - \$274 million. From fuels tax, weight mile, and licensing. - Mandated distributions to other Oregon state agencies - \$712 million. Parks, Marine Board, Aviation and other agencies. <p>◆ Highway Division consists of the following programs:</p> <ul style="list-style-type: none"> - Highway Maintenance Program - \$325 million. Maintenance and repair of existing highways to keep them safe and usable for the traveling public. - Highway Safety Program - \$242 million. Planning and construction to add useful life and safety margins to existing highways. - Bridge Program - \$82 million. Work and design safety for over 2,800 bridges on the state highway system. - Highway Safety Program - \$307 million. Building safety improvements to highways, such as new widened lanes, and to improve highway safety. - Highway Safety Program - \$82 million. Provide engineering solutions to crash problems on state and local highways. - Operation Safety Program - \$46 million. Site and roadwork repairs, traffic signaling systems, ramp metering, access management, information for drivers, and other improvements to facilitate traffic operation on the highway system. - Local Government Program - \$261 million. Non-mandated partnerships with cities, counties, and regional governments on transportation projects. - Special Programs - \$275 million. Includes salmon and watersheds, Scenic Byways, pedestrian and bicycle, winter recreation parking, snowmobile facilities, etc. <p>◆ Driver and Motor Vehicles Services Division - \$148 million. Licenses and regulates users of the transportation system to promote transportation safety, protects consumer interest, and facilitates other government programs.</p> <p>◆ Motor Carrier Transportation Division - \$56 million. Registers and inspects trucks and enforces weight, dimension and federal safety regulations.</p> <p>◆ Public Transit Division - \$63 million. Provides grant assistance and technical help to communities and local transportation providers for elderly and disabled and public transportation services. Other programs include transportation services for the general public in rural and small cities, intercity passenger transportation, transportation demand management and transit planning.</p> <p>◆ Transportation Program Development - \$167 million. Provides funding for local governments to integrate transportation planning; conducts short/long term transportation planning, research, and data collection in support of the transportation management systems.</p> <p>◆ Included in this budget is the one time Corvallis Oregon I and II bond project proceeds of \$96 million.</p> <p>◆ Rail Division - \$39 million. Regulates rail and crossing safety for freight and passenger rail. Manages and markets inter-city passenger rail and associated bus operations.</p> <p>◆ Transportation Safety Division - \$27 million. Coordinates statewide safety programs such as intoxicated driving, youthful drivers, safety belts and seatbelts.</p> <p>◆ Central Services Unit/Inland - \$157 million. Central support: finance, gas tax collection, information systems, human resources, support services and internal audit. Includes director, communications, safety and government relations.</p> <p>◆ Debt Service - \$232 million. Includes debt projects: Westside Light Rail (\$19.9 million), Short Line (\$0.8 million), Industrial Spur (\$1.4 million), South Metro Commuter Rail (\$4.4 million), and Corvallis/Oregon (\$20.0 million).</p> <p>◆ Other Fund Projects: Oregon Transportation Investment Act (OTIA) (\$143.8 million), OTIA Local Bridge (\$32.3 million), Local Streets Network (\$7.8 million), and DMV Headquarters Building (\$1.6 million).</p> <p>◆ Infrastructure Bank - \$18 million. A revolving loan program for transportation projects. Local governments, transit providers and ports are eligible borrowers.</p> <p>◆ Other - \$15 million. Capital Improvements (\$3 million) and Construction (\$12 million), and Board of Maritime Pilots (\$2 million).</p> <p>◆ Committed Reserves and Ending Balance - \$228 million. Ending Balance is composed of the following: Highway Fund (\$127 million), Infrastructure Bank (\$4 million), Public Transit Division (\$2 million), Rail Division (\$2 million), Transportation Safety Division (\$9 million), Emerging Small Business (\$6 million), Snowmobile Fund (\$4 million), Winter Recreation Fund (\$1 million), Special City Allowment (\$1 million), Transportation Operating Fund (\$3 million), and OTIA Debt Service Reserve (\$89 million).</p>



O R E G O N D E P A R T M E N T O F T R A N S P O R T A T I O N



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