ALTERNATIVE TRANSPORTATION FUNDING REPORT

December 2025

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Background

City Council Direction

On July 16, 2025, Portland City Council approved Resolution 37712 (refer to Appendix A), introduced by Councilor Olivia Clark, that directed the Public Works Service Area and Budget and Finance Service Area (now the Office of the Chief Financial Officer) to develop a comprehensive strategy to identify and evaluate viable alternative transportation funding sources and report back to Council on their work in December 2025.

This report is the first phase of the response to Resolution 37712. It provides background on the need for alternative funding and evaluation of potential funding options. It also makes recommendations for a second phase of work that will meet the call in Resolution 37712 for robust and inclusive community engagement, ensuring participation from a broad spectrum of stakeholders to help determine the most feasible and equitable path forward.

The direction from City Council aligns with City of Portland (City) goals of fiscal responsibility and effective governance. The 2035 Transportation System Plan calls for stewardship and a focus on maintenance and system operations needs. The 2022 Climate Emergency Workplan calls for Portland to decouple transportation funding from fossil fuels. In 2025, City Council also passed legislation confirming priorities such as asset management, transportation safety, and equitable outcomes.

Transportation Funding Challenge

The City of Portland, like governments at every level around the country, is in the throes of a deepening transportation budget crisis, and it is clear that this problem will not be solved for us at the federal or state level.

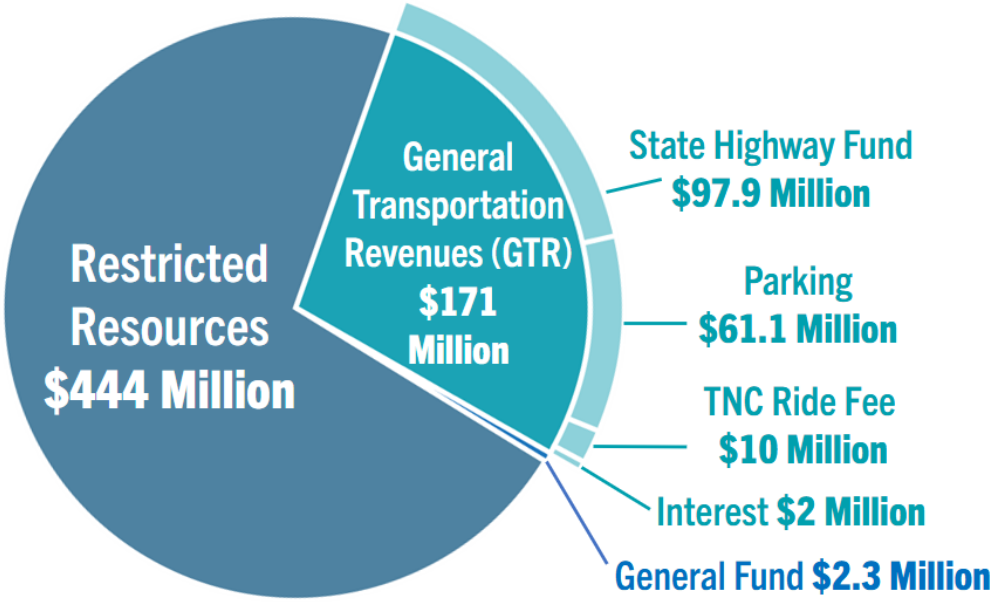
The Portland Bureau of Transportation (PBOT) manages a complex transportation system valued at more than $22 billion in assets, which includes streets, bridges, sidewalks, traffic signals and lighting, signs, markings, bikeways, streetcar, tram, and parking operations. A functioning transportation system is vital to our economic prosperity, housing production, and climate goals, but without additional, ongoing, and stable funding sources, the City will not be able to meet community expectations for safety, reliability and equitable access. While the City takes actions to reduce costs and increase efficiency to the greatest extent reasonably possible, it is also necessary to establish a more stable platform of transportation revenue.

Over 70% of PBOT's funding comes from restricted sources. Many of these sources are legally tied to specific expenses, such as grants that are received specifically to construct named improvements. Even some of PBOT's more "discretionary" funds have significant constraints, such as the obligation to repay debt from previous projects such as ADA curb ramp improvements and the construction of the Sellwood Bridge. The pool of money (General Transportation Revenues, or GTR) that PBOT can spend with greater flexibility comes primarily from the state gas tax and local parking revenue. GTR is the main funding source for basic maintenance, operations and safety of the system. It funds the critical work to fill potholes, keep signals operational, evaluate community safety concerns, plow streets and so much more.

PBOT's current total sources of revenue (see Figure 1 below) are neither sufficient nor stable. Parking revenue dropped significantly during the pandemic and has not rebounded to pre-pandemic levels. State and local gas taxes have not kept up with inflation. From the beginning of 2017 to 2022, nationwide highway construction costs increased by 71%. The steep increase over the last five years is much greater than general inflation as shown in indicators like the Consumer Price Index. During this time, transportation revenue has increased only slightly, substantially eroding transportation buying power.

Oregon legislators also recognize the urgency of the needs across the state and have been working toward a state-level solution to eroding transportation revenue. The legislature adopted a bill in the 2025 session that increases gas taxes and fees on a one-time basis. While this legislation will increase the revenue to the City of Portland, it does not include any mechanism to increase the tax in the future to avoid erosion by inflation (as both Washington and California's gas taxes do) or by transitioning to new forms of revenue to replace the gas tax as fuel-efficiency increases. A potential referendum is also threatening to delay or cancel the implementation of even the one-time revenue increases in this bill.

Figure 1: PBOT Revenue Sources Breakdown (FY25-26)



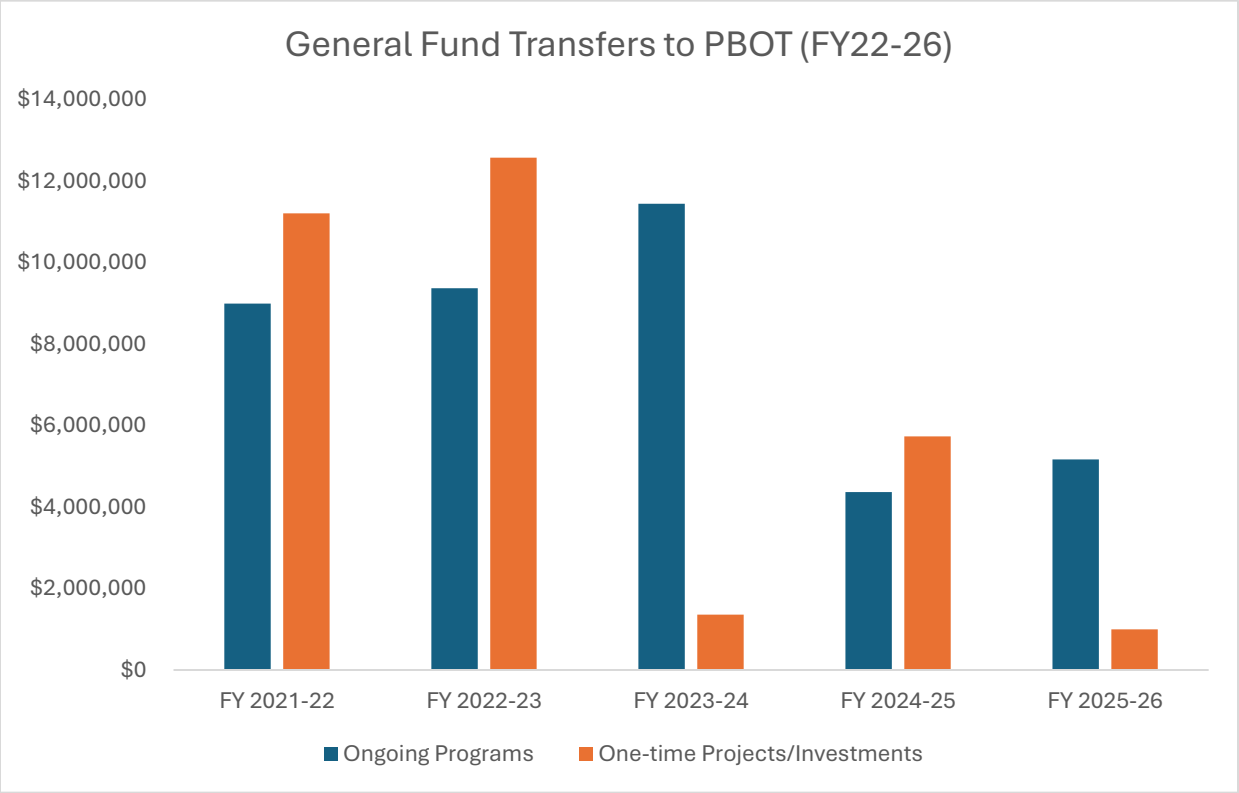
Recent Budget Cuts

Since FY 2019-20, PBOT has experienced $42 million in reductions to discretionary GTR-funded programs and services. During this same period, the bureau drew down GTR reserves by $63 million and eliminated 66 FTE. Programs that experienced significant cuts include:

- residential street sweeping
- preventive paving maintenance
- vegetation management
- maintenance for street signs, pavement markings, signals and streetlights
- project delivery support functions like finance and technology
- 823-SAFE community response line for traffic calming and safety improvements

PBOT often receives some funding from the City's General Fund, but rarely in significant amounts. The allocation is subject to City Council choices in any given year and is typically dedicated to a specific use, such as street cleaning, Sunday Parkways, derelict RV removal, and paving gravel streets. The general fund allocation to PBOT in FY 2025-26 was $2.3 million.

Figure 2: General Fund Transfers to PBOT (FY22-26)



The ongoing funding amount reflected in FY 2025-26 includes $3.87M of debt service payments made directly by the General Fund to install ADA compliant curb ramps as required by the CREEC settlement agreement. These are not funds transferred to PBOT but are shown on this graph to be consistent with how General Fund investments for ADA ramps were displayed in previous years as direct payments to PBOT. Since these funds were not a direct transfer in FY 2025-26, they are not reflected in the PBOT Revenue Sources Breakdown chart on the previous page, which accounts for the discrepancy in the two transfer amounts for FY 2025-26.

Impacts from Inadequate Funding

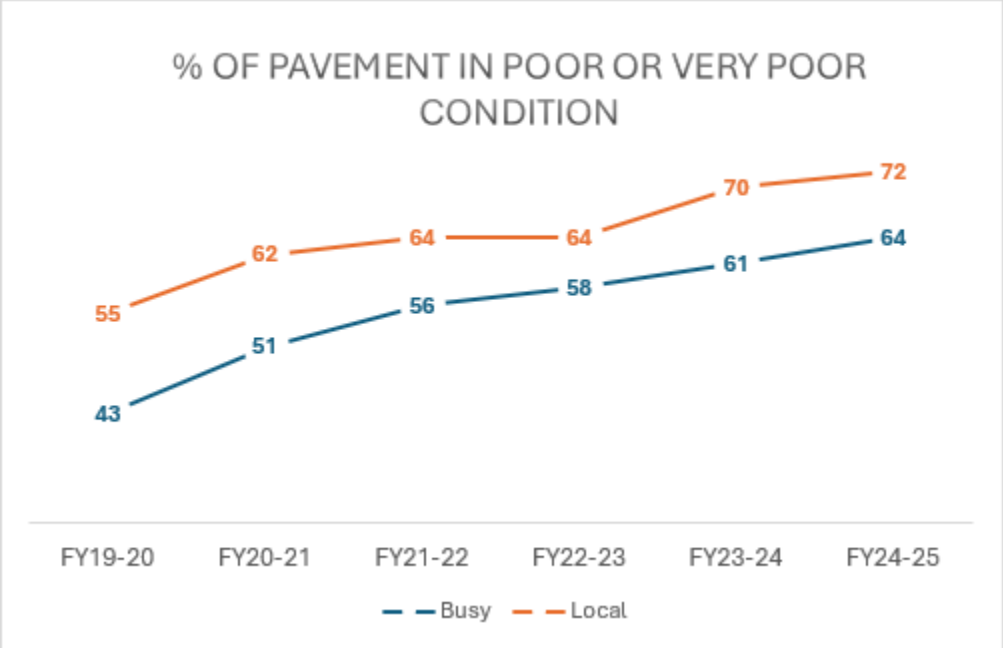
Portlanders see the consequences of these cuts every day, in the increasing presence of potholes, deteriorating pavement, streetlights that go unfixed, clogged storm drains, and

slowing response times. These impacts fall into three general categories – quality of infrastructure, safety, and quality of life.

Worsening Condition of Roads

- A growing percentage of roads, bridges, signals and other infrastructure are in disrepair. The longer we wait to repair these the more expensive and expansive the problems become.
- Travelers experience increasing potholes, bridges with weight restrictions, faded crosswalks, and broken signals.
- Over the last five-years, the percentage of streets in poor condition has increased significantly – from 55% to 72% on local streets and from 43% to 64% on busy streets (see Figure 3 below).
- Almost half of the bridges PBOT maintains are at or past their expected asset life and twenty percent are weight restricted.

Figure 3: Pavement Condition Trends on Busy and Local Streets

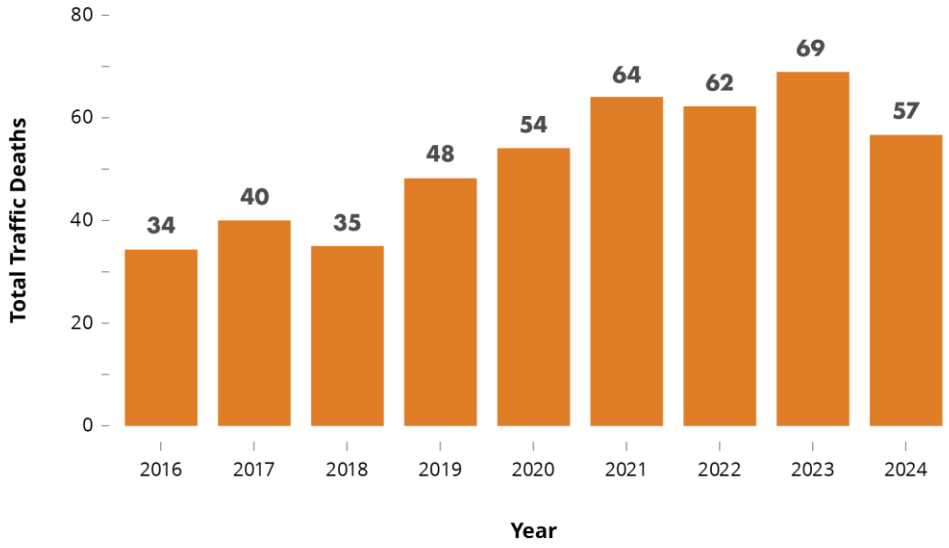


Streets Less Safe

- Traffic fatalities and serious injuries remain unacceptably high.
- Lack of funding to fully implement safety improvements even on the relatively small percentage of our streets that are the most dangerous.

- Every year staff receive requests that cannot be fulfilled to create a safer system through things like residential speed calming.
- There is a huge unmet need for even relatively small safety interventions like improving visibility at corners, small sidewalk infill projects, and adding pedestrian head start signals.

Figure 4: Traffic death trends in Portland



Communities Less Livable

- PBOT struggles to meet community expectations around basic cleanliness and services, including addressing increases in graffiti.
- Residential street sweeping and leaf pickup services are far below the level of demand.
- Responding to increasingly extreme snow and ice events means diverting resources from other basic services.
- PBOT cannot meet expectations around other increasingly common weather-related events such as landslide response, repair and prevention.

Investment of New Funding

With increased funding, PBOT could begin to address these impacts. Below are examples of potential investments PBOT could make with new revenue. However, any decisions about how to spend additional funding would need to reflect community input and be

decided through City budget processes. The proposed second phase of this work includes public outreach activities in each of the Council districts to hear directly from community about transportation funding priorities.

Maintenance and Asset Management: Fix It First

- Preventive paving maintenance
- Preserve bridges with measures such as sealing bridge decks and repairing bridge joints to prevent further deterioration and weight restrictions
- Replace older traffic signals and streetlights for safety and improved traffic flow

Safety

- Protect pedestrians by adding pedestrian head starts, pedestrian islands, and ADA compliant curb ramps
- Increase intersection safety by adding no turn on red, protected left turns, and improving visibility at corners
- Traffic calming near schools, parks and other destinations

Community Services/Livability

- Graffiti clean-up, trash pick-up, and vegetation management
- Expanded street sweeping and leaf pick up
- Faster responses to landslides, flooding, snow, ice and other extreme weather
- More support for community events and spaces in the right-of-way

Recent Work Informing This Study

As the City reviews potential funding sources for transportation maintenance, operations and safety, it is important to consider the context of other recent work done by City, state, and private entities.

State

In advance of the 2025 Oregon Legislature, the Joint Committee on Transportation created a Transportation Needs and Funding Subcommittee. This group documented the significant unmet transportation funding need for the State, Counties, and Cities. The subcommittee was presented with an overall funding need for Oregon cities at over $ 1.7 billion. The subcommittee also documented the need for cities to continue to meet their needs with federal, state, and local funding. The state legislature developed a comprehensive transportation funding bill in response to this need, but was unable to pass it in the regular session. The legislature did pass a much-reduced funding bill in a special

session, but it addresses only the most minimal and short-term elements of the larger need (and may yet be repealed by a referendum).

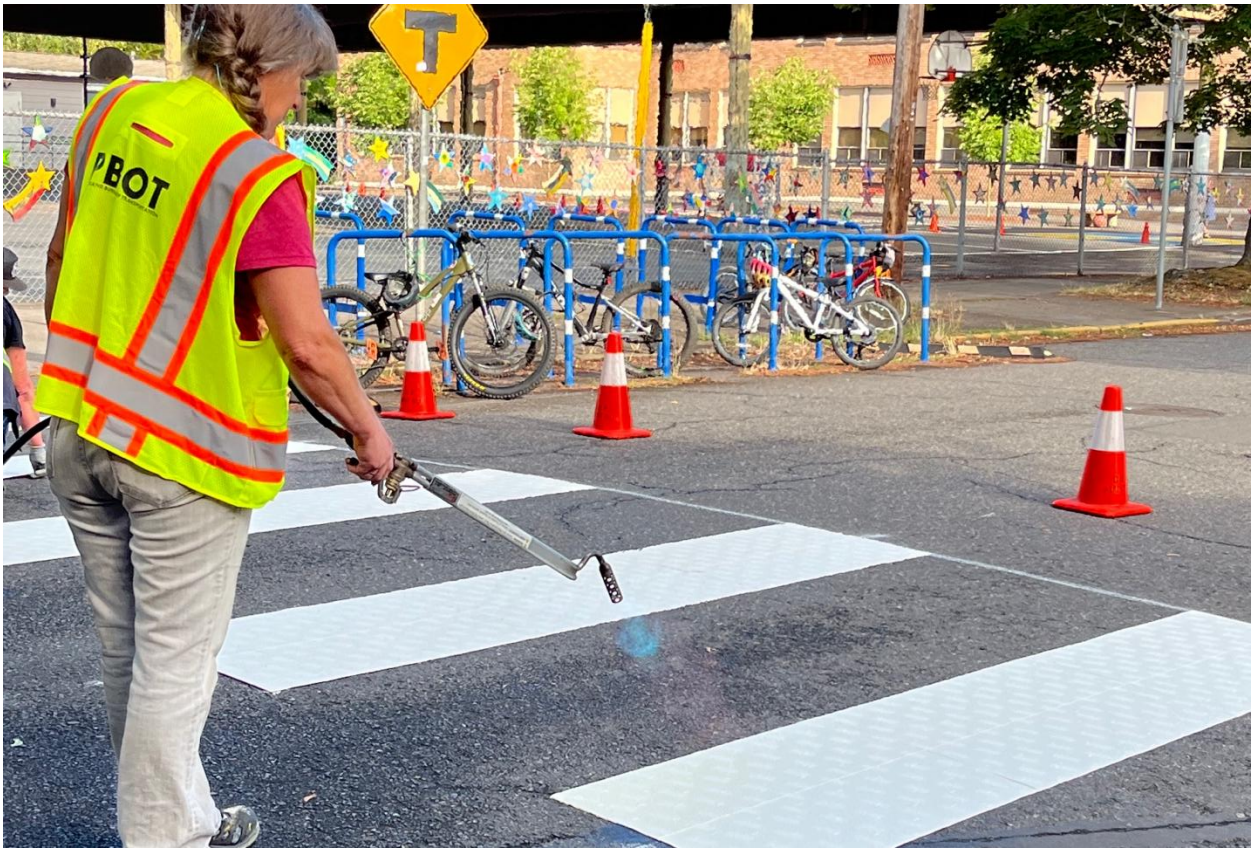
Federal

The federal government funding landscape is also currently difficult to predict. In 2025, under the Trump Administration, several federal grants that were awarded for capital investments and programmatic work in Portland have been rescinded or allowed to lapse. While this does not directly impact maintenance and operations work, which federal dollars usually cannot fund, it does mean there are fewer opportunities to do major rebuilding work that helps mitigate the effect of deferred maintenance.

Local

Other cities across the nation are grappling with funding crises in their own communities by researching and piloting different revenue tools. For example, Seattle charges a $50 annual Vehicle License Fee that helps fund transportation and also passed in 2024 an eight-year levy that is expected to bring in about $1.55 billion for transportation maintenance and investment. Milwaukee (WI) annually charges snow removal and streetlighting fees (based on street frontage) on residential utility bills. Many cities use sales taxes to fund transit and/or transportation investment and operations.

At the local level in Portland, there are several past and current activities underway that are relevant to this analysis. In 2016, Portland voters approved a 10-cent fuel tax and, that same year, City Council adopted a companion Heavy Vehicle Use Tax (HVUT). Together, these revenue sources make up PBOT's Fixing Our Streets Program which funds basic maintenance and safety improvements. Portland voters approved the renewal of the 10-cent fuel tax in 2020 and most recently in 2024 by an overwhelming 72%. PBOT has also created a robust accountability structure that includes an oversight committee to provide additional assurance for the community and City leadership that PBOT is spending Fixing Our Streets dollars as intended. While Fixing Our Streets raised $150 million for basic safety improvements and street repairs between 2016 and 2024, this is still insufficient given the bureau's overall need and, moving forward, it is expected to flatten due to loss in buying power resulting from inflation. A new, stable, ongoing revenue source(s) could build off the infrastructure of the Fixing Our Streets Program and increase investments dedicated to basic maintenance and safety.



The June 2025 recommendations of the Governor's **Portland Central City Task Force** (PCCTF) identified the challenge of budget shortfalls, revenue misalignment, structural tax challenges, and strained infrastructure. Their recommendations suggest that there is a need for increased investments in transportation infrastructure to catalyze development,

while also demonstrating effective governance and remaining thoughtful about the local tax environment.

The recommendations of the PBOT-led **Pricing Options for Equitable Mobility (POEM) Taskforce** were accepted by City Council in 2021. The motivating pressures leading to the creation of the POEM project were increasing congestion and the need to make the existing system more efficient, sustainable and equitable. The recommendations are focused on using pricing as a policy tool, not on the need for revenue to maintain the system's basic functions. However, since there are overlapping strategies, the POEM recommendations remain relevant to this work.

The **Institute of Portland Metropolitan Studies** (IMS) at Portland State University is currently conducting a Local Transportation Funding Research Project. The project will include a technical analysis of a wide range of funding options, evaluated against specific criteria applicable to the region, along with case studies of how options have been employed elsewhere. It will also provide examples of how to make the case to the public for increased funding. A second phase will include focused public opinion research on a subset of options. The project will involve feedback from key stakeholders and is scheduled to have products released in the spring and summer of 2026. PBOT staff are in regular communication with IMS about the project.

Initial Review of Funding Options

Environmental Scan

Major Revenue Sources Used in Other Cities

Transportation agencies across all levels of government in the United States continue to face challenges in identifying funding strategies that are both adequate and sustainable. Each city operates within its own unique legal and political framework, requiring tailored approaches to address its specific funding needs.

The tables below present a summary of funding sources for a group of U.S. cities frequently referenced as peer comparisons to Portland, as well as for several cities across Oregon.

Almost all cities invest general fund dollars into transportation, though the proportions vary widely and often are dependent on the state of the city's overall budget in a given year. Parking fees are also often at least partially directed to transportation, after operating costs are met, though typically the revenue is minimal. The amount of state gas tax directed to cities also varies widely, and a few cities, particularly in Oregon, receive transportation

revenue from local (city/county) gas taxes. Oregon cities often receive a portion of the vehicle registration fees charged by counties.

Table 1: Transportation Funding Tools Used in Cities Outside of Oregon

	Portland	Sacramento	San Diego	Austin	Denver	Seattle	Milwaukee	Minneapolis
Sales Tax	No	**Yes (regional)**	**Yes (regional)**	No (though sales tax funds public transit)	No (though sales tax funds public transit)	No (though sales tax funds public transit)	No	No (though regional sales tax funds public transit)
Transportation Utility Fee	No	No	No	**Yes**	**Yes (sidewalk fee paid on stormwater bill)**	No	**Yes (for snow removal & streetlights)**	No
General Fund	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	No	**Yes**
Parking Fees	**Yes**	**Yes**	**Yes**	No	**Yes**	No	**Yes**	No
State Gas Tax/Other State Revenues	**Yes**	**Yes**	**Yes**	No	**Yes**	**Yes**	**Yes**	**Yes**
Local Gas Tax	**Yes**	No	No	No	No	No	No	No
Street Damage Restoration Fee	No	No	**Yes**	**Yes**	No	No	No	No
GO Bonds / Levies	No	No	No	**Yes**	**Yes**	**Yes (safety, maintenance)**	No	**Yes**
Other					**Sales tax on vehicle purchase, ownership tax**	**Vehicle license fee, commercial parking tax**	**Vehicle registration fee**	**Property special assessment levy**

Table 2: Transportation Funding Tools Used in Cities in Oregon

Funding Mechanism for transportation	Portland	Eugene	Bend	Hillsboro	Milwaukie
Sales Tax	No	No	No	No	No
Transportation Utility Fee	No	No	Yes	Yes	Yes
General Fund	Yes	No	Yes	No	No
Parking fees	Yes	No	No	No	No
State gas tax/other state revenues	Yes	Yes	Yes	Yes	Yes
Local gas tax	Yes	Yes	No	Yes	Yes
GO Bonds/Levies	No	Yes	Yes	No	No
Street Damage Restoration Fee	No	No	No	No	No

Review of Revenue Mechanisms

PBOT has conducted many reviews of transportation funding tools over the last two decades. In assembling the current list, staff looked to past work as well as approaches used in other cities.

General Fees/Taxes

- Transportation Utility Fee
- Street Damage Restoration Fee
- Retail Delivery Fee
- Third-Party Food Delivery Fee
- Sales Tax
- Utility License Fee
- Franchise Fees
- Local Transportation Levy
- Vehicle Property/Ownership Tax
- Business License Tax Surcharge
- TNC Ride Fee
- Vehicle Purchase Fee

- Charging Fee
- Transportation Impact Fees on Vacation Rentals

User/Damage Fees

- Carbon Fee
- Congestion Pricing
- Studded Tire Fee
- Vehicle Registration Fee (weight)

Parking Fees

- Meter Rate Increases
- Area Permits/Expansion of On-Street Meters
- Garage Rate Increases
- Fee for Off-Street Parking
- Fee for Commercial Parking
- Curb Management

Staff developed a set of criteria to screen the most common funding sources used by the peer cities as well as an expanded list of other types of transportation funding tools that are used more selectively or are being considered by other jurisdictions. Staff sought to align the criteria with City policy and good governance. Staff also reviewed examples of criteria used in prior analysis of revenue strategies.

While each revenue mechanism can be evaluated on its own merit, the complexity of system needs and impacts suggests that a combination of complementary strategies may offer the most effective approach. For instance, implementing a broad-based funding source is essential, as the transportation system benefits all users and a wide funding base enhances revenue stability. This approach can be paired with user fees that assign greater responsibility to those who benefit from or place higher demands on the system. When combined, these strategies can create a transportation funding framework that is both more resilient and equitable.

Table 3: Evaluation Criteria

EVALUATION KEY	High Rating *Better*	Medium Rating *Neutral*	Low Rating *Worse*
1. Revenue Capacity (Adequacy)			
Generates significant revenue	Generates significant annual net revenue ($10M +)	Generates moderate amount of annual net revenue ($5M - $9M)	Generates low amount of annual net revenue (< $5M)
Long-term sustainable funding	Stable and resilient over decades.	Moderate risk of decline.	Likely to decline or be phased out.
2. Connection to Use / Benefit (Logic)			
Logical – Fee based on use	Fee completely connected to use	Fee partially connected to use	Fee unconnected to use
Broad-based – Everybody benefits/pays	Everyone who benefits also pays.	Some groups are excluded or overburdened.	Costs fall on narrow subset; benefits not aligned with payers.
3. Ease of Implementation			
Proven	Widely implemented with documented success.	Limited implementation or results unclear.	Untested, or failed in past applications.
Legal authority	Clearly authorized by existing laws.	Some ambiguity or may require new legislation.	No legal authority; requires significant legislative change.
Efficient collection	Low administrative cost, easy to track/collect.	Moderate cost or complexity.	High cost, inefficient or hard to enforce.
4. Low Income and Business Impacts			
Low-income discounts	Built-in mechanisms for low-income users.	Some limited relief available.	Regressive impact with no mitigation.
Acknowledge broader tax environment for business	Integrates well with existing tax structure, avoids overlap.	Some overlap or risk of overburden.	Adds significantly to tax burden or conflicts with existing systems.
5. Dependence on Fossil Fuels			
Not dependent on fossil fuels	Not dependent on fossil fuel consumption.	Partially dependent but adaptable.	Revenue strongly tied to fossil fuel use.

Evaluation Identifying Short/Mid-Term Options

The application of the criteria to the list of possible revenue mechanisms yielded a short list of higher-scoring approaches, which could be implemented in the short to mid-term timeframe.

Table 4: Short/Mid-Term Options

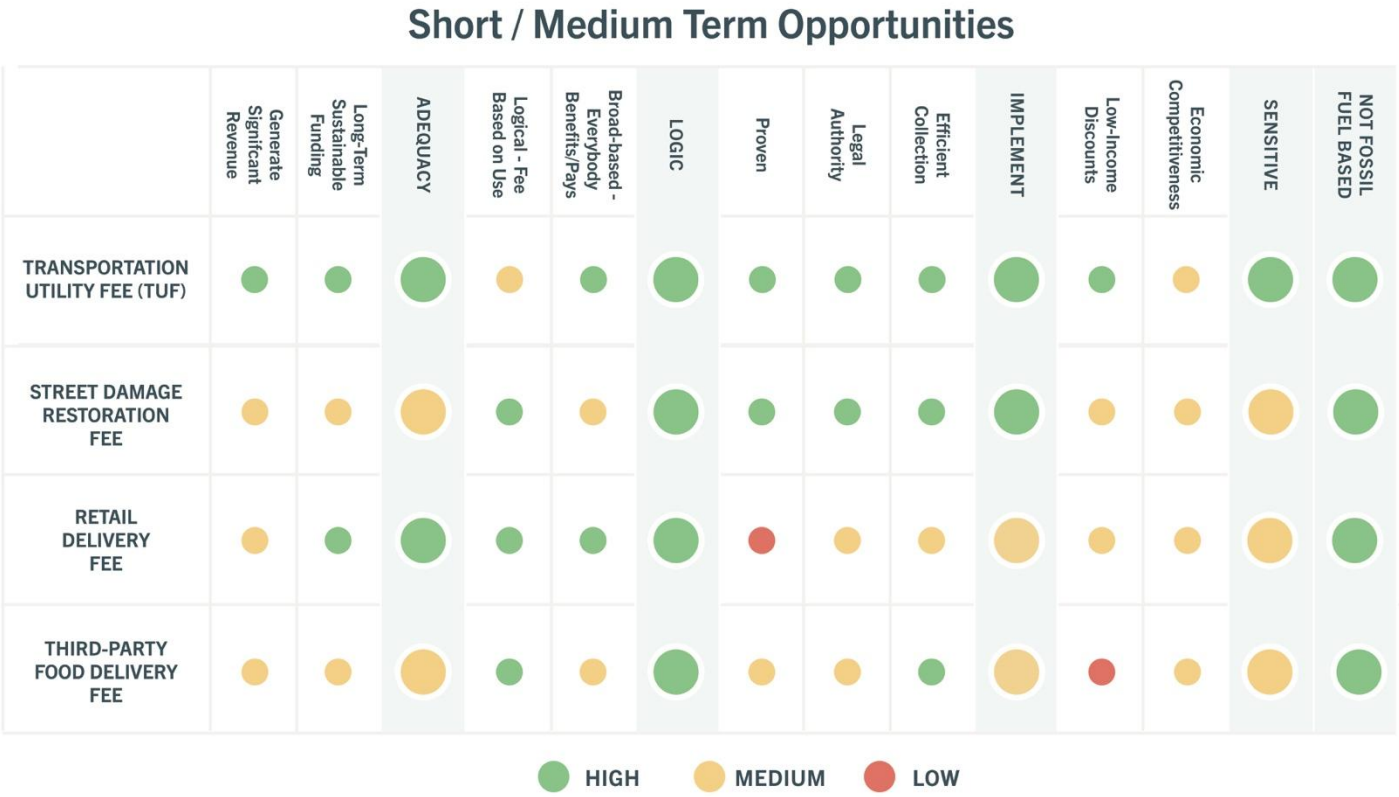


Table 5: Other Revenue Mechanisms

Some of the revenue mechanisms that did not make the short/mid-term opportunities list may still be worth considering and developing further. We reviewed 20 additional revenue mechanisms and evaluated them against the criteria. For additional information about these revenue mechanisms, see Appendix B.

General Fees / Taxes

	Generate Significant Revenue	Long-Term Sustainable Funding	ADEQUACY	Logical - Fee Based on Use	Broad-based - Everybody Benefits/Pays	LOGIC	Proven	Legal Authority	Efficient Collection	IMPLEMENT	Low-Income Discounts	Economic Competitiveness	SENSITIVE	NOT FOSSIL FUEL BASED
SALES TAX	MEDIUM	MEDIUM	MEDIUM	LOW	MEDIUM	MEDIUM	HIGH	MEDIUM	LOW	MEDIUM	LOW	MEDIUM	MEDIUM	HIGH
UTILITY LICENSE FEE	MEDIUM	MEDIUM	MEDIUM	MEDIUM	MEDIUM	MEDIUM	HIGH	HIGH	HIGH	HIGH	LOW	LOW	LOW	HIGH
FRANCHISE FEES	MEDIUM	MEDIUM	MEDIUM	MEDIUM	MEDIUM	MEDIUM	HIGH	HIGH	HIGH	HIGH	LOW	LOW	LOW	HIGH
LOCAL TRANSPORTATION LEVY	HIGH	LOW	MEDIUM	MEDIUM	HIGH	MEDIUM	HIGH	HIGH	HIGH	HIGH	LOW	MEDIUM	MEDIUM	HIGH
VEHICLE PROPERTY / OWNERSHIP TAX	MEDIUM	HIGH	MEDIUM	MEDIUM	MEDIUM	MEDIUM	HIGH	MEDIUM	MEDIUM	MEDIUM	MEDIUM	MEDIUM	MEDIUM	HIGH
TRANSPORTATION IMPACT FEES ON VACATION RENTALS	LOW	LOW	LOW	MEDIUM	MEDIUM	MEDIUM	LOW	MEDIUM	MEDIUM	MEDIUM	LOW	MEDIUM	MEDIUM	HIGH
BUSINESS LICENSE TAX SURCHARGE	LOW	LOW	LOW	MEDIUM	MEDIUM	MEDIUM	MEDIUM	MEDIUM	HIGH	HIGH	MEDIUM	LOW	MEDIUM	HIGH
TNC FEE	LOW	LOW	LOW	MEDIUM	MEDIUM	MEDIUM	HIGH	HIGH	HIGH	HIGH	LOW	MEDIUM	MEDIUM	HIGH
VEHICLE PURCHASE FEE	LOW	LOW	LOW	MEDIUM	MEDIUM	MEDIUM	MEDIUM	MEDIUM	LOW	MEDIUM	LOW	MEDIUM	MEDIUM	HIGH
CHARGING FEE	LOW	LOW	LOW	MEDIUM	MEDIUM	MEDIUM	MEDIUM	HIGH	LOW	MEDIUM	LOW	MEDIUM	MEDIUM	HIGH

HIGH MEDIUM LOW

User / Damage Fees

Parking

Additional Detail on Short/Mid-Term Options

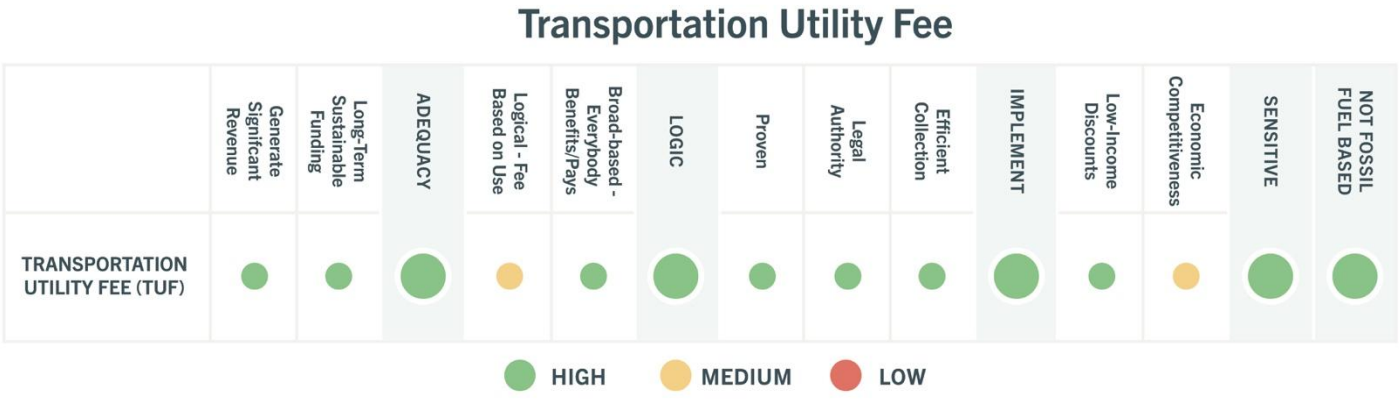
The following section provides more details on the short/mid-term options.

Transportation Utility Fee

Who pays: Utility billpayers

A Transportation Utility Fee (sometimes called a "TUF" or "Street Fee") is a fee for maintenance and improvement of the transportation system paid for by a broad base of users, typically collected using existing public utility billing systems. This broad collection base allows for substantial revenue generation at relatively low cost for rate payers. Implementation is low-cost because of the ability to use existing billing systems and leverage existing low-income discount programs. Fees are not tied to fossil fuel consumption or driving single-occupancy vehicles and thus do not create cross-incentives for City revenue and policy goals.

The premise of the Transportation Utility Fee is that the transportation system is a utility, like the electric or water system, that benefits everybody and should be supported to some extent by everybody; even a person who never leaves their residence benefits from the goods and services that travel on the transportation system. A Transportation Utility Fee provides stable, robust support for the transportation system that does not shift with user behavior changes. This fee can be partially connected to system use through trip generation by use. For example, rates for single family and multi-family residences, and businesses can be calculated based on estimated trips generated by property type for residential properties, and property type and size for non-residential properties.



Evaluation – Transportation Utility Fee:

1. **Revenue Capacity (Adequacy)**

    A. Revenue Potential (HIGH): The Transportation Utility Fee can generate over $10 million annually by applying a monthly charge to all customers who receive a City utility bill.

    B. Revenue Resilience: (HIGH): Since the Transportation Utility Fee would likely be collected through the City's utility billing system and not directly tied to a less predictable base such as fuel sale, property values, or development activity, revenues are likely to be stable over both the short and long-term.

2. **Connection of Fee/Tax to Use/Benefit (Logic)**

    A. Logical - Fee/Tax Based on Use: (MEDIUM): This fee can be partially connected to system use through estimated trip generation by user type. Monthly rates for single family, multi-family, and businesses are calculated based on estimated trips generated by property type for residential properties and property type and building size for non-residential properties.

    B. Broad Based – Everybody Who Benefits Pays (HIGH): All utility customers contribute regardless of whether they or their properties generate trips by driving, walking, transit, or a combination of these trip types.

3. **Ease of Implementation**

    A. Proven: (HIGH): Cities across Oregon have Transportation Utility Fees, demonstrating documented success and administrative feasibility. These fees are typically collected on the existing household utility bill, and residential fees in the metro region range from $6.60 to $18.53/month. There are different approaches to structuring the fee for non-residential properties, but many cities calculate the fee based on estimated trip generation, which is a measure of the intensity of transportation system use based on property type.

    Other cities in the United States also use a Transportation Utility Fee. Austin established a transportation user fee in 1992 to fund the maintenance and repairs of streets, signals, sidewalks, and other

transportation assets. In 2025, Austin's monthly transportation fee for a single-family home was $21.70.

B. Legal Authority: (HIGH): A TUF is clearly authorized under Oregon's home-rule authority, with validated court rulings upholding Transportation Utility Fees as service charges. A TUF would require only City Council action.

C. Efficient Collection: (HIGH): It could be added to the existing water/stormwater bill, leveraging the City's transition to a fully integrated water, sewer, and transportation public works service area. Integration with existing utility billing is achievable but requires inter bureau coordination and some initial work to corollate city utility billing system with business types and sizes. Once established, administrative costs are relatively low.

4. **Low Income and Business Impacts (Sensitivity)**

A. Low-Income Discount: (HIGH): A low-income discount for households could be administered through the existing Portland Water Bureau discount program. Staff have identified challenges applying the discount to multi-household buildings, which pay a single water bill. Some multifamily housing properties are enrolled in the current Regulated Affordable Multifamily Assistance Program (RAMP) pilot through the Water Bureau, this could be applied to a Transportation Utility Fee as well.

B. Impact on Business Tax Environment: (MEDIUM): Adds moderate costs to commercial utility bills but is a tax mechanism that is used widely in Oregon and the Portland region. The rate could be set below regional average to increase economic competitiveness.

5. **Dependency on Fossil Fuels (Sustainability)**

A. Not Dependent on Fossil Fuel (HIGH): Revenue is independent of fuel consumption and remains viable as Portlanders transition to electric and high mile per gallon vehicles.

Street Damage Restoration Fee

Who pays: Utilities that cut into the public streets

Transportation maintenance experts have identified that when streets are cut open for utility work, the "trenching" damages the integrity of the street and accelerates deterioration. Cutting into a street, even when the cut is patched, can shorten its life by up to 65%, meaning the city needs to repair it about 10 years sooner than expected. A Street Damage Restoration Fee (SDRF) can ensure that when utilities cut into streets to reach water, sewer, gas, or telecom lines, they share in the cost of the wear and tear that work creates. The existence of this fee also incentivizes utilities to better coordinate cuts with scheduled street work in order to avoid duplicative work, minimize disruption to the transportation system, and avoid incurring the fees. Portland already charges a fee in the Utility Street Opening permit process, but it is intended to pay for staff time to process the permit, not to address the future maintenance costs resulting from the cut.

Evaluation – Street Damage Restoration Fee (SDRF):

1. **Revenue Capacity (Adequacy)**

    A. Revenue Potential (MEDIUM): The SDRF can generate a moderate level of annual revenue by charging public and private utilities for pavement damage/loss of asset life caused by street cuts. While it may not generate more than $10 million per year, it could provide an important cost recovery mechanism.

    B. Revenue Resilience: (MEDIUM): Revenue is relatively stable but tied to the pace of utility work. Periods of reduced capital investment could reduce collections.

2. **Connection of Fee/Tax to Use/Benefit (Logic)**

    A. Logical - Fee/Tax Based on Use: (HIGH): The SDRF has a strong connection to use, directly linking fees to pavement impacts caused by trenching. The charge proportionally reflects damage caused by trenching work. Fees could be reduced based on higher level restoration standards or work in advance of planned paving work.

    B. Broad Based – Everybody Who Benefits Pays (MEDIUM): The SDRF targets entities performing street cuts. Since the vast majority of the fee will be paid by public and private utilities, most of this fee will likely be passed on to a broad base of people paying public and private utility bills.

3. **Ease of Implementation**

    A. Proven: (HIGH): The SDRF has been successfully implemented in numerous cities. San Francisco has a Street Damage Restoration Fee that brings in about $9 million annually. The funds are invested in paving and street restoration. The fee is based on the square footage of pavement cut, but the rate is variable based on the age and type of pavement, so cutting into newer streets is more expensive.

    Los Angeles has a Street Damage Restoration Fee that brings in about $12 million annually. The funds are invested in pavement preservation and rehabilitation. The fee is based on the square footage of pavement cut, but the rate is variable based on the depth of the cut and the type of the street.

Austin has a Street Cut/Restoration Fee that brings in about $4 million annually. The funds are invested in street maintenance and overlays. The fee is based on street type, cut size and age of pavement.

B. Legal Authority: (HIGH): Portland has authority to assess fees for damage restoration under existing right-of-way management authority and home-rule authority.

C. Efficient Collection: (HIGH): The SDRF can be collected efficiently by incorporating this fee within existing permit and right-of-way management billing systems. The fee could be applied as part of the existing Street Opening permit process.

4. **Low-Income and Business Impacts (Sensitivity)**

   A. Low-Income Discount: (MEDIUM): The fee is primarily paid by public and private utilities, but may be passed on to consumers. Where that is the case, public utility customers that are participating in a low-income discount program will receive some relief.

   B. Impact on Business Tax Environment: (MEDIUM): Since the fee is relatively low and utility providers can pass the fee on to customers it would likely have a moderate impact on the business tax/fee environment.

5. **Dependency on Fossil Fuels (Sustainability)**

   A. Not Dependent on Fossil Fuel (HIGH): The SDRF is based on trenching activity and is therefore independent of fossil fuel consumption.

Third-Party Food Delivery Fee

Who pays: Consumers who use third party food delivery apps

The growth of third-party app-based food delivery has dramatically increased vehicle trips on city streets, particularly in high-demand commercial and residential districts. These services generate thousands of short, high-frequency trips every day, contributing to congestion, double-parking, emissions, curbside conflicts, wear and tear on roads. A small per-order fee on prepared food deliveries would generate meaningful new revenue and

ensure that those benefiting from these services contribute to a broad array of investments that address the growing impacts of prepared food delivery.

A prepared food delivery fee in Portland could be implemented through an expansion of PBOT's Private For-Hire regulations over taxis, limousines, and Transportation Network Companies (TNC, ie. Uber/Lyft) to entities like Uber Eats, DoorDash, Postmates, and more. In many ways, these gig-delivery companies function like a TNC. As such, the City may have similar interests in ensuring these currently unregulated companies, vehicles, and drivers are safe, follow the rules of the road, and contribute their fair share to maintenance and improvement of the transportation system. Like the per-trip TNC fee, this charge would be added at point of sale and remitted by the third-party food delivery platforms to the City. Implementation of a delivery fee for prepared food would likely be easier to implement than a Retail Delivery Fee. Given this is a newer revenue mechanism, it would require more research and stakeholder engagement, making it a mid-term policy option.

Evaluation – Third-Party Food Delivery Fee:

1. **Revenue Capacity (Adequacy)**

    A. Revenue Potential (MEDIUM): Data on prepared food delivery in Portland is limited. The revenue potential is highly dependent on the amount of the fee per delivery. It is likely this fee could generate a moderate amount of revenue.

    B. Revenue Resilience (MEDIUM): Revenue is relatively stable as food delivery has been shown to be a continually growing segment of the economy. Where its growth may plateau is uncertain. Despite this,

prepared food delivery is often thought of as a luxury item and could be impacted by broader economic patterns.

2. **Connection of Fee/Tax to Use/Benefit (Logic)**

    A. Logical - Fee/Tax Based on Use (HIGH): Prepared food delivery has similar impacts to the right-of-way as other high-mileage services, like Transportation Network Companies, which the City regulates. Together, these companies rely on having a well-maintained transportation system to operate their businesses. In addition, food delivery may reduce foot traffic at restaurants and can contribute to a lack of vibrancy that attracts people.

    B. Broad Based – Everybody Who Benefits Pays (MEDIUM): Anyone who chooses to have prepared food delivered by a third party pays this fee. The users of third-party food delivery benefits from improved safety systems and infrastructure maintenance on the streets.

3. **Ease of Implementation**

    A. Proven (MEDIUM): Washington D.C. and the City of Boston have begun rulemaking to bring third-party food delivery under city regulations. Washington D.C. has created the Carrier for-Hire rules that mirror their Private for-Hire rules, focusing on all third-party delivery companies. This includes Door Dash, Uber Eats, and Amazon Flex. The City of Boston is focusing specifically on third-party food delivery platforms such as Door Dash and Uber Eats by requiring operators to carry a permit. While these cities are pioneering this new approach, economic factors in both cities differ from Portland.

    B. Legal Authority (MEDIUM): The City currently has the authority to regulate Private-For Hire transportation services such as taxis, Uber, and Lyft. Adjusting code to clarify that For-Hire services include passenger and third-party delivery services would extend the authority of the City to regulate both Uber and Uber Eats.

    C. Efficient Collection (HIGH): The City currently charges a per-trip ride fee on all Transportation Network Company trips. This is paid by the passenger to the company, and the company pays the fees to the City on a quarterly basis. A similar approach could be efficiently applied to Third-Party Food Delivery companies.

4. **Low Income and Business Impacts (Sensitivity)**

A. Low Income Discount (LOW): It may be possible to deliver a low-income program through app-based platforms. In addition, the City could create and administer an assistance program, similar to the Transportation Wallet, to minimize impacts on low-income residents. However, this area needs further research.

B. Impact on Business Tax Environment (MEDIUM): This is not a direct fee on business. This is a small fee applied to the convenience of having prepared food delivered. It is borne by the consumer, not the delivery company or restaurant. Users who do not wish to pay for the convenience of delivery have the opportunity to pick up food directly from the restaurant or dine in person, possibly spending more money per order. The fee does not apply to restaurants that use their own workers to conduct their own deliveries. Possible impacts of this small fee on restaurant revenues are uncertain, but engaging the restaurant industry will be critical to understanding opportunities and challenges of fee.

5. **Dependency on Fossil Fuels (Sustainability)**

A. Not Dependent on Fossil Fuel (HIGH): Fee is focused on the delivery of prepared foods, not on fuel source of the delivery vehicle. The City could align the fee with other policies and goals to encourage a transition in vehicle types or fuel sources.

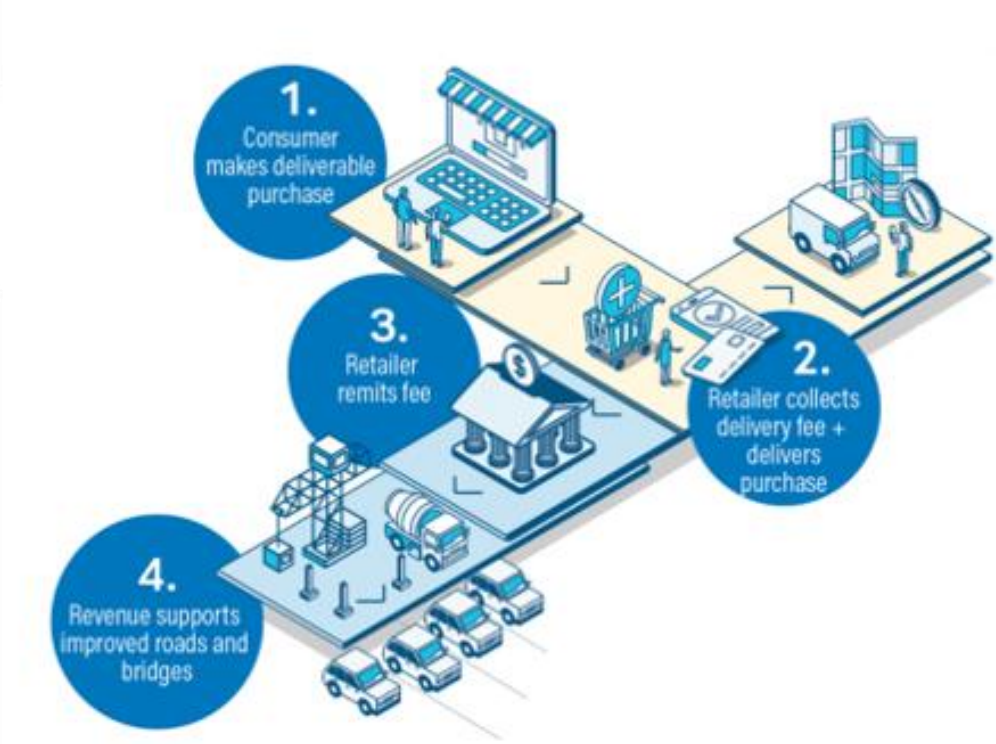
Retail Delivery Fee

Who pays: Consumers receiving retail goods delivered to Portland addresses

In the development of the Fiscal Year 2025-26 Annual City Budget, Council approved Councilor Sameer Kanal's Budget Note 13 directing PBOT and the Revenue Division to study a potential municipal package delivery fee option and produce a report for Council. This work is currently underway.

As e-commerce and home delivery have grown, so too have the number of delivery trucks and vans traveling on Portland's streets each day. These trips contribute to congestion, emissions, and street wear, while placing increasing demands on curb space. Several cities are exploring potential delivery fees, but no city has yet implemented them. Two states – Colorado and Minnesota – have implemented fees on delivery of retail purchases. A Retail Delivery Fee would ensure that customers who choose delivery share in the cost of maintaining and improving the transportation system that supports these services.

The fee would apply to most retail goods delivered to a Portland address. A small, per-transaction amount would appear at point of sale and be remitted to the City by qualified retailers. Exemptions could also be considered for specific goods and to reduce administrative burdens of collection for businesses below certain revenue thresholds. Revenue from a Retail Delivery Fee could support a broad array of investments that address the growing impacts of delivery and e-commerce activity. Stakeholder engagement with residents and businesses will be critical to understanding the opportunities and challenges of this fee.



Source: Washington State Retail Delivery Fee Analysis, 2024

Implementing a Retail Delivery Fee will require more than a year. It would require coordination between PBOT, the Revenue Division, and the City Attorney, and education and outreach to retailers to establish a collection and reporting system. Unlike Colorado and Minnesota which have statewide sales tax systems to administer delivery fees, Portland lacks an existing point-of-sale mechanism, but other pathways exist for feasible implementation. Because of these factors, a Retail Delivery Fee is a mid-term policy option.

Evaluation – Retail Delivery Fee:

1. **Revenue Capacity (Adequacy)**

    A. Revenue Potential (MEDIUM): Data on retail delivery in Portland is limited. Revenue potential is highly dependent on the amount of the fee per delivery. It is likely this fee could generate a moderate amount of revenue.

    B. Revenue Resilience: (HIGH): Revenue is expected to be relatively stable and likely increasing over time as consumers increasingly prioritize convenience. For example, e-commerce continues to experience strong year-over-year growth. Unlike prepared food delivery, retail delivery is likely to be less impacted by broader economic trends as people increasingly use retail delivery because of its convenience.

B. **Connection of Fee/Tax to Use/Benefit (Logic)**

    A. Logical - Fee/Tax Based on Use (HIGH): The continued rise in e-commerce results in more vehicle trips making deliveries, creating safety and maintenance impacts on Portland's streets. These services rely on having a well-functioning and maintained transportation system to complete deliveries. In addition, e-commerce may compete with people visiting small businesses and could contribute to a lack of vibrancy surrounding the businesses.

    B. Broad Based – Everybody Who Benefits Pays (HIGH): A retail delivery fee targets users who elect for convenient delivery of their items, rather than choosing to shop in-person or select pick up options. Data about retail delivery is limited, but the State of Washington recently estimated that the average adult has approximately 40 packages delivered each year.

C. **Ease of Implementation**

A. Proven (LOW): Colorado and Minnesota have implemented state-level retail delivery fees. Several states with sales tax mechanisms in place have and are exploring it. The Oregon Department of Transportation did preliminary research in 2024 as part of researching funding mechanisms. Separately, some cities nationally are exploring the topic, but none have implemented a retail delivery fee at this time.

B. Legal Authority (MEDIUM): Early analysis has not identified legal barriers. New legislation by the City would be required.

C. Efficient Collection (MEDIUM): Early analysis from the Revenue Division suggests that there would be moderate costs and complexity to collection. If new legislation were passed, City agencies would also require approximately 9-12 months to complete critical implementation efforts prior to starting any revenue collection. During that time, the City would also need sufficient time to educate businesses about the fee and the related reporting and remitting processes.

D. **Low Income and Business Impacts (Sensitivity)**

A. Low Income Discount (MEDIUM): Targeted discounts for individuals based on socio-economic status is not likely feasible. Exemptions are possible for select categories of goods, such as groceries or medicine, which could lessen impacts on low-income users. Users could avoid any fee through in-store pick up, by using lockers, or by shopping in person. Implementation should include education, outreach, and possible adjustments to reflect real-life needs and burdens.

B. Impact on Business Tax Environment (MEDIUM): Since the retail delivery fee is relatively low, it may likely have a low impact on the business tax/fee environment. Exemptions could also be considered to reduce administrative burdens of collection for businesses below certain revenue thresholds.

E. **Dependency on Fossil Fuels (Sustainability)**

A. Not Dependent on Fossil Fuel (HIGH): Fee is focused on the delivery of retail goods, not on fuel source of the delivery vehicle. The City could

align the fee with other policies and goals to encourage a transition in vehicle types or fuel sources.

Next Steps for Additional Community Feedback

Candidates for Additional Discussion

Based on the evaluation above, the following four options are most ready for further engagement, discussion, and policy refinement in the short/mid-term. These options include:

- Transportation Utility Fee
- Street Damage Restoration Fee
- Third Party Food Delivery Fee
- Retail Delivery Fee

Recommended Public Engagement

To continue with the second phase of work directed in Resolution 37712, it is necessary to provide a transparent process with opportunity for meaningful public review and input. This process should not only include review of the above revenue mechanisms, but the potential allocations of new revenue.

Public engagement should include PBOT's modal committees. These volunteer committees advise PBOT, City Council, and other bureaus on transportation related matters. If a Transportation Utility Fee is being considered, the Portland Utility Board (PUB) should also be engaged. While transportation is not under the PUB's purview, they have an interest in anything that affects the utility bill.

For broader public engagement, activities should be coordinated in the different council districts to ensure geographic representation. There should be an open house in each district where community members can learn about the different revenue options and potential allocations and provide their input. Open houses should be supplemented with other means of gathering feedback from the public such as surveys. PBOT should keep an updated website where this report is available and alternative funding project activities and timelines can be maintained.

Accountability Structures

Any new transportation revenue approach should include considerations for accountability to provide transparency for the public and City leadership about how the money is being collected, prioritized, and ultimately, spent to achieve improved transportation system outcomes.

Portland has recent experience with establishing an accountability approach for a new revenue source. In 2016, voters passed the Fixing Our Streets local gas tax with a commitment to spend the new revenue in specific categories. The categories approved by voters are Community Street Services, Smoother Streets, and Safer Streets, each receiving a third of the revenue. Smoother Streets focuses on paving, Safer Streets focuses on Safe Routes to School and safety investments on both busy streets and neighborhood streets. Community Street Services includes programs for streetlighting maintenance, filling potholes, traffic calming interventions, and more. These investment categories provide flexibility while ensuring that the revenue is spent on Portlanders' priorities for the transportation system.

The Fixing Our Streets oversight structure includes regular reporting and an oversight committee. The Fixing Our Streets Oversight Committee reviews and approves the project lists and reviews and provides feedback on reports on implementation of the project lists. A similar approach could be used to monitor spending of new revenue, depending on commitments made to Portlanders.

Conclusion

The City of Portland's transportation system has a well-documented and significant unmet need. Lack of maintenance, safety improvements and basic community services impacts Portlanders every day. The erosion of buying power over decades and the failure of state and federal governments to provide support have brought us to this point, with a transportation agency already unable to sustain a functioning system into the future.

The collaborative cross service area research and analysis documented in this report, makes it clear that solutions are possible. Moving forward, advancing any new transportation revenue mechanisms as city policy will require council direction as well as work by staff and leadership across service areas to deliver further analysis, meaningful public engagement, and fine-tuning of final policy approaches.

Appendix A: Resolution 37712

Resolution No. 37712

Urge the Public Works and Budget and Finance Service Areas to develop a comprehensive strategy for alternative funding for transportation and infrastructure

WHEREAS, funding for Portland's transportation system has been in long-term decline, resulting in the City's inability to provide adequate basic maintenance for its transportation infrastructure; and

WHEREAS, every day, Portlanders face cracked pavements, unsafe crossings, crumbling streets, and potholes that the City lacks the resources to properly address; and

WHEREAS, pavement conditions across the City continue to deteriorate, with 56% of busy streets and 64% of local streets currently rated in poor or worse condition; and

WHEREAS, the Portland Bureau of Transportation (PBOT) has experienced successive budget reductions since Fiscal Year 2019; and

WHEREAS, general transportation revenue, primarily derived from fuel taxes and parking fees, is both unsustainable and declining due to increased adoption of fuel-efficient and zero-emission vehicles; and

WHEREAS, the majority of PBOT's existing funding sources are legally or contractually restricted in their use, and therefore cannot be used to address critical gaps in operations and street maintenance; and

WHEREAS, Portland's 4,800-mile street network is the City's largest physical asset, covering approximately 30% of the City's land area; and

WHEREAS, the Oregon State Legislature did not pass a comprehensive statewide transportation funding package during its 2025 session, resulting in further reductions to PBOT's operations and maintenance budget; and

WHEREAS, there is an urgent need to identify and develop systemic and sustainable funding alternatives to support the ongoing cost of delivering essential transportation services and infrastructure maintenance;

NOW, THEREFORE, BE IT RESOLVED that Council urges the Public Works Service Area, in collaboration with the Budget and Finance Service Area, to develop a comprehensive strategy to identify and evaluate viable alternative funding sources. This strategy shall

include robust and inclusive community engagement, ensuring participation from a broad spectrum of stakeholders—including, but not limited to, individual residents, neighborhood associations, community-based organizations, and representatives of the full range of business interests—to help determine the most feasible and equitable path forward; and

BE IT FURTHER RESOLVED that the Service Areas shall prepare and submit a comprehensive report to the appropriate committees no later than December 1, 2025. This report shall include detailed funding scenarios, a summary of stakeholder input, and key considerations related to implementation.

BE IT FURTHER RESOLVED that City Council urges the Governor to call a special session, as soon as possible, to pass a comprehensive statewide transportation funding package, to avoid further reductions to PBOT's operations and maintenance budget, as well as those in other communities statewide.

Appendix B: Other Revenue Mechanisms

User Fees

User fees are typically useful as a policy lever to create desired policy outcomes such as increased positive activity or decreased negative activity. Often, the fees are used in a way that supports that policy outcome, such as using money from tobacco taxes to fund smoking-prevention programs.

Carbon Fee

Who pays: Fuel importers and generators

Additional background: Carbon fees typically are levied on fuels based on their carbon intensity, to incentivize movement away from carbon consumption. There are many different approaches to this – some cities, for example, impose fees on the installation of new fossil fuel heating systems or natural gas hookups. In 2022, Portland considered but did not adopt a carbon fee on emissions for large-volume producers.

Congestion Pricing

Who pays: Users of congested roads

Additional background: Congestion pricing charges vehicle users for driving on congested roads. This is a policy tool used to incentivize drivers to shift to another time, another mode, or another route while generating revenue typically used to further support those choices. For example, New York City charges congestion fees for drivers in the congested downtown area and directs the revenue into public transit. The Pricing Options for Equitable Mobility (POEM) Task Force considered cordon type congestion pricing (charges to drive within or into a congested area within a city) and recommended it for longer-term exploration.

Road User Charge

Who pays: Users of roads

Additional background: A Road User Charge (or Vehicle Miles Traveled) fee is a user fee that reflects the impact of driving on roads, regardless of fuel. Oregon has a pilot state-level Road User Charge program that tracks and charges users for miles driven. Enrollment in the state-level program will become mandatory for electric vehicles. A locally-controlled RUC was one of the POEM policy recommendations for longer-term exploration.

Studded Tire Fee

Who pays: Users of studded tires

Additional background: A studded tire fee would be paid by people choosing to use studded tires on their vehicles because of the increased road damage done by studded tires. It would be administered by collecting the fee from tire retailers. The fee would be easy to evade by purchasing tires elsewhere and developing a regulatory structure to prevent that evasion would be challenging and expensive.

Vehicle Registration Fee (weight-based)

Who pays: Owners of vehicles, especially those that are heavier

Additional background: Some cities, such as Washington DC, charge a vehicle registration fee that is based on weight, reflecting the negative impact that heavier vehicles have on street wear and tear, and safety. Vehicle registration fees cannot be imposed by cities in Oregon. This could be considered as a statewide strategy.

General Fees

Sales Taxes

Who pays: Purchasers of the taxed products

Sales taxes are a popular way to fund government in general, and often cities choose to spend a portion of their sales tax revenue on transportation, or to dedicate a specific sales tax to transportation and/or public transit. These taxes are typically implemented using the collection structure used for the state sales taxes. Oregon is one of five states that have no sales tax, in spite of nine efforts to pass one over the last century.

Cities outside of Oregon use sales tax to fund government functions, including transportation. The City of Vancouver, WA has a sales tax dedicated to transportation spending that brought in $6.95M in 2024. Several regions in California have regional sales taxes dedicated to transportation. Dedicated sales taxes in Seattle, Denver, and Austin fund public transit and sometimes street improvements around transit stops, but do not directly fund the transportation system. Denver also charges a tax on the purchase of a new or used vehicle (in or out of state), with the revenue dedicated to transportation. Washington DC charges an excise tax based on the weight of the vehicle and the sales prices.

Increase in Utility License/Franchise Fees

Who pays: Utilities and indirectly ratepayers

Franchise fees are collected by governments as payment for use of the right-of-way, and may apply to different kinds of uses, such as use for installation of cable, poles, or electric vaults. These fees typically go into a city's general fund, as is the case in Portland. Cities

may choose to apply the revenue from these fees to transportation. For example, Bend uses solid waste franchise revenues to fund transportation maintenance and operations.

Since Portland established the Utility License Fee, City Councils have taken several actions to direct this revenue to specific services. In 1988, they established a target for spending 28% of the revenue on transportation (Resolution 34423). This target was met only in the first year, and the language was removed from city financial policy in 2015 (Resolution 37107). If Portland's Council chose to increase the fee, and/or continually allocate a portion of the Utility License Fee to PBOT, it could provide a stable and growing revenue source for transportation priorities.

Business License Tax Surcharge

Who pays: Businesses that pay a business license tax

Additional background: A surcharge added to the existing Business License Tax (a net income tax on business activity in Portland) would be relatively simple to implement but would also likely incur significant negative feedback from the business community. The Business License Tax revenue goes into the General Fund. It is a volatile revenue stream, which reduces its utility as a sustainable source of transportation-specific funding.

GO Bonds & Levies

Who pays: Property owners

Many cities have turned to bonding against property taxes to fund transportation work, particularly capital projects. More recent bonding efforts tend to fund smaller projects like safety improvements and ADA ramp construction, and sometimes even explicitly fund maintenance activities. Oregon state law restricts bonding to pay for only capital projects which limits their value in supporting ongoing operational needs. Levies are typically limited to only a few years before requiring renewed voter approval, which presents challenges to sustainable ongoing funding.

The 2024 Seattle Transportation Levy funds are being spent not only on safety improvements but also roadway repaving, programs for sidewalk construction and repair, preventive bridge maintenance, and paving and sidewalk spot improvements. This levy is estimated to cost about $27/month for the owner of a $500,000 home, bringing in about $1.55 billion over 8 years. Bend's 2020 transportation levy is estimated to cost about $170/year for the owner of a $415,000 home, bringing in about $190 million for capital projects.

Vehicle Ownership and Licensing Fees

Who pays: Owners of vehicles

Charging a fee or tax on the ownership/licensing of a vehicle is a hybrid of a user fee and a general fee – a person who owns a car is likely to have more impact on and receive more benefits from the transportation system, but the approach does not reflect how much the user actually drives. The fee can be based on the cost of the car, which provides some progressivity, or be established as a flat fee. This approach would collect revenues only from people who live in the city, however, allowing people who live outside the city but regularly travel in or through it to benefit for free from the transportation investments paid for by City residents.

Denver levies a tax on vehicle ownership, both based on the cost of the car, paid each year when the vehicle registration is renewed. Seattle has an annual $50 Vehicle Licensing Fee that funds transportation, also paid during vehicle registration renewal.

Transportation Impact Fees on Vacation Rentals

Who pays: Owners and/or users of vacation rentals

Additional background: A transportation impact fee would be charged to owners of vacation rentals, typically as a one-time fee. It could also be added to the Transient Lodging Tax (TLT) that is already collected. Currently, all short-term rental TLT revenue goes to the Housing Investment Fund (HIF). Additionally, they already have a separate $4 nightly fee that also goes to the HIF.

Transportation Network Company Ride Fee

Who pays: TNC riders

Additional background: Portland, like many other cities, has an existing per-ride fee that is imposed on riders who use Transportation Network Companies (TNCs). This fee was recently increased.

Vehicle Purchase Fee

Who pays: Purchasers of vehicles

Additional background: Some cities, such as Denver, charge a sales tax on newly purchased vehicles that are registered in the city, regardless of where they were purchased. Oregon cities cannot impose registration fees.

Charging Fee

Who pays: Users of electric vehicles who use public charging stations

Additional background: Some states have begun to charge a tax on electricity used in public charging. Most recently, Minnesota adopted a five-cent fee per kilowatt hour of electricity at public charging stations with a capacity above 50 kilowatts, effective in 2027. Because most charging (about 80%) happens at home, a truly effective EV charging tax

would have to be implemented at the residential level, which would be logistically challenging (though this is likely to become more feasible as utilities implement Vehicle-Grid Integration programs that would allow identification of how much electricity is used for vehicle charging). Also, fees that are only applied to non-residential charging are likely to fall more heavily on people who do not have access to at-home charging, such as renters and residents of multi-family housing, which raises questions of fairness.

Parking Fees

Parking fees are a type of user fee that not only raise revenue, but are also a key tool to influence travel behavior in how people access high demand commercial and mixed-use districts. They are an important transportation policy tool for cities to help ensure economic prosperity and support other transportation goals. Rates can be set to maximize revenue, to influence user behavior, or a hybrid of both approaches. This makes parking fees especially complex. The parking supply is also a complicated combination of different types of private and public spaces that require multiple tools to manage.

Parking pricing can be set in two ways:

- Variable rates (e.g., performance-based pricing, event meter districts)- vary rates across a variety of dimensions such as geography, time of day, day of week, or short- and long-term parking demand. This is a useful tool to manage parking demand by making it more expensive to park at high-demand locations and times, encouraging people with more flexibility to choose to travel by other modes or at different times, freeing up space for people who really need it. Seattle and San Francisco both use this management approach to downtown parking rates. Portland's Performance-based Parking Management Manual lays out Portland's approach to using on-street variable rate parking fees.
- Flat rates (e.g., parking taxes & fees)- directly charge end users or indirectly charge end users via facility owners on the basis of land value, surface area, or number of available parking spaces. This can influence end user behavior or incentivize property or facility owners to make land use choices.

Meter Rate Increases

Who pays: Users of metered parking spaces

Additional background: Raising rates on metered parking spaces can raise revenue and change travel behavior. As described above, rates can be variable, shifting based on demand, or fixed. PBOT has adjusted meter rates recently, based on policy choices around demand.

Area Permits/Expansion of Metered On-street Parking

Who pays: Users of area permits or metered parking spaces

Additional background: Zone Parking Permits are annual parking permits that can be purchased by residents or businesses within an established parking permit zone. The permit allows purchasers to park on the street past the posted visitor time limits. Creating new priced on-street parking permit and meter districts was included as a short-term policy action in the POEM recommendations. An expansion could apply to the whole city, requiring a permit from anybody parking in the public right-of-way. Increasing the number of metered spaces also requires spending of capital and operations/maintenance costs.

Garage Rate Increases

Who pays: Users of downtown parking garages

Additional background: The City owns the SmartPark garages downtown and can change these rates administratively. Adjusting the rates at this time has limited utility because downtown parking use has not returned to pre-COVID levels.

Fee for Off-street Parking

Who pays: Owners and/or users of off-street parking

Additional background: Some cities charge taxes on off-street parking lots, typically as a policy tool to encourage property owners to redevelop surface parking lots. Montreal charges a tax on all non-residential parking spaces in the central area, with a higher tax on surface parking lots (vs structured, indoor parking garages). The explicit goal of this tax is to encourage redevelopment, and the revenue is dedicated to public transit. The POEM recommendations listed this as a short-term policy action.

Fee for Commercial Paid Parking

Who pays: Owners and/or users of commercial paid parking businesses

Additional background: Some cities charge owners of commercial parking lots or require them to collect a tax from people who park in those lots. Seattle, for example, requires owners of commercial parking lots to collect a 14.5% tax from drivers, and pay the collected money when taxes are filed. Spokane, Washington just passed a 12% tax on commercial parking lots, with the revenue dedicated to transportation. Chicago requires parking businesses to collect a 23.25% tax from customers to remit to the city.

Curb Management

Who pays: Users of curb space

Additional background: Curb management policies, which include parking and other curb uses such as loading zones, pickup-drop-off zones, EV charging, etc., are typically designed to promote efficient use of curb space to achieve city goals. Pricing, particularly if dynamic, helps increase this efficiency. A comprehensive curb management policy would require new time and resources to map curb assets and develop a system to manage them.