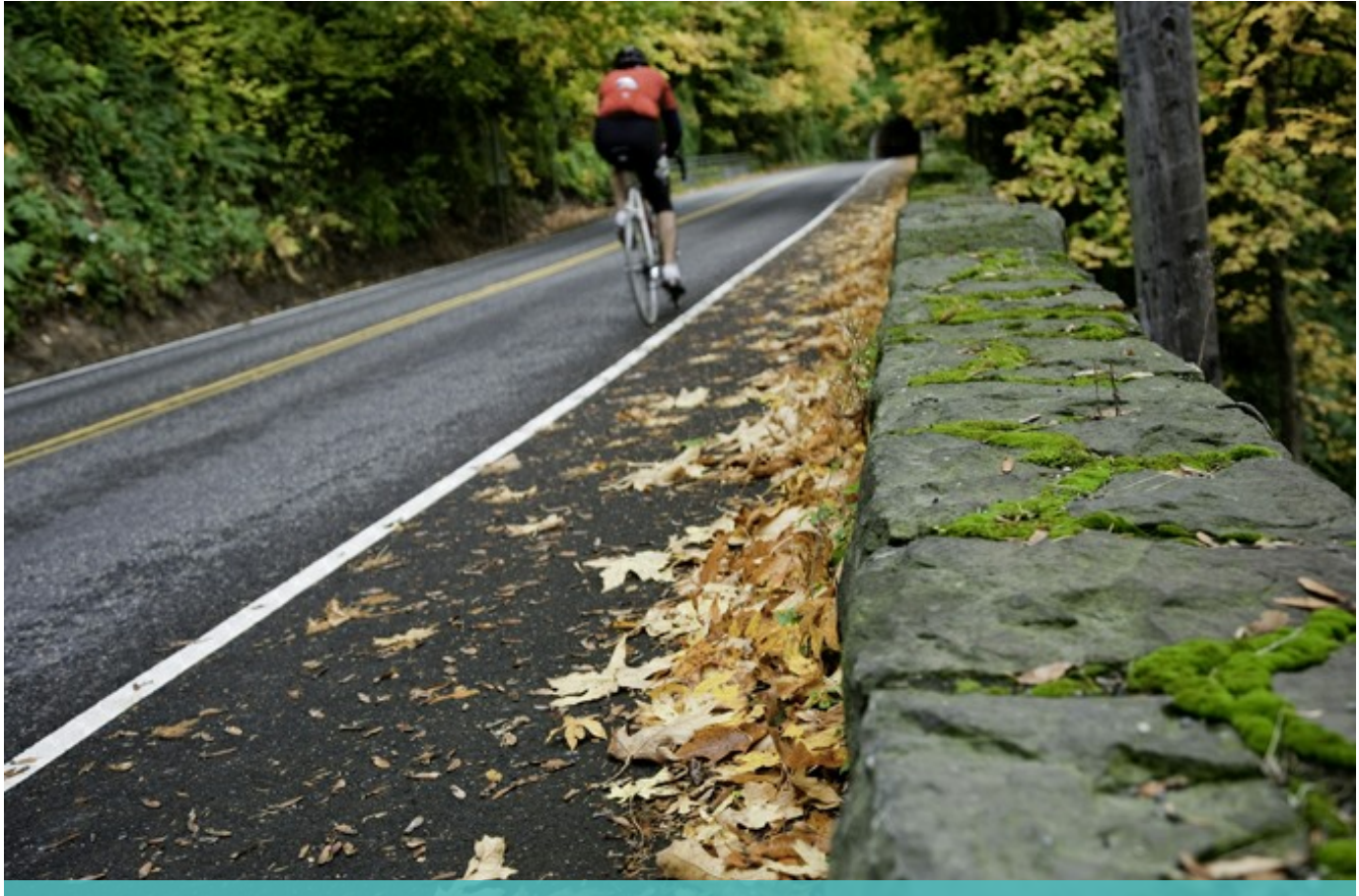


## Oregon: First state-wide bike tax generates controversy and revenue



David M. Kall | Thursday, September 21, 2017

On Aug. 8, 2017, Oregon's governor, Kate Brown, signed [HB 2017](#), a transportation-funding package, into law. Called the Transportation Improvement, Modernization and Preservation (TIMP) package, the legislation will be financed through a gradual increase in the motor fuels tax and motor vehicles registration and titling fees, among other things, according to the [revenue impact statement](#). The registration fee and title fee surcharges are set to take effect on Jan. 1, 2018.

After that, beginning Jan. 1, 2020, TIMP institutes four tiers of vehicle registration and title fees, based on vehicle fuel efficiency ratings. Starting January 1, 2022, it imposes increases for each tier:

- \$18 for 0-19 mpg, increasing to \$20
- \$23 for 20-39 mpg, increasing to \$25
- \$33 for 40+ mpg, increasing to \$35
- \$110 for plug-in electric vehicles not enrolled in the OReGO program, increasing to \$115. OReGO is the state's road usage charge program in which drivers pay taxes based on their miles driven, not on gallons of gas purchased.

In addition, TIMP increases registration fees for other types and classifications of vehicles, and raises motor fuel tax by 4 cents, effective Jan. 1, 2018. After that, there are 2 cent increases effective Jan. 1, 2020, 2022, and 2024, provided that the Oregon Transportation Commission certifies that certain conditions have

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been met.

According to the [fiscal impact statement](#), distribution of the new revenue is as follows:

- For calendar years beginning on or after Jan. 1, 2022, \$30 million for the [I5 Rose Quarter Project](#), an initiative designed to improve travel by widening a segment of Interstate 5 known as the Rose Quarter, which has the highest crash rate in the state.
- \$10 million for [Safe Routes to Schools](#), which is designed to establish “safe, convenient, and fun opportunities for children to walk, bike and roll to and from school.”

Subsequent to these disbursements, funds will be distributed as follows:

- 20 percent to cities
- 30 percent to counties
- 50 percent to Oregon Department of Transportation (ODOT)

Of the ODOT funding, the measure allocates \$10 million to safety, and splits the remainder as follows:

- 40 percent for bridges
- 30 percent for seismic improvements related to highways and bridges
- 24 percent for state highway pavement preservation and culverts
- 6 percent for state highway maintenance and safety improvements

The revenue impact statement reveals that expected net revenue for the 2017-2019 biennium is \$481 million. In future biennia:

- 2019-21 biennium: \$910 million
- 2021-23 biennium: \$1.1 billion
- 2023-25 biennium: \$1.3 billion
- 2025-27 biennium: \$1.4 billion

The cumulative net revenue figure through 2027 is \$5.2 billion.

### **The bike tax**

A unique feature of the TIMP legislation is its use of a bike tax to generate some revenue for infrastructure. A mid July [article](#) in PinkBike.com noted that Oregon is the first state to use a bike tax to fund infrastructure. But the city of Colorado Springs has had a relatively uncontroversial bike tax in place for nearly 30 years, of \$4 per new bike with wheels greater than 14 inches in diameter. The Editorial Board at the *Denver Post* [contended](#) that Oregon’s could help commuters quite a bit. Even so, the PinkBike piece observed, the “cycling community is up in arms” over it because HB 2017 imposes an excise tax of \$15 on each retail sale of a “taxable bicycle.” A taxable bicycle is defined as “a new bicycle that has wheels of at least 26 inches in diameter and a retail sales price of \$200 or more.”

The excise tax is the buyer’s liability, to be collected at the time of the sale. The revenue impact statement shows anticipated tax collections of \$12.7 million through 2027. In the first biennium, 2017-19, the projection is \$2 million, and in future years, the projection is \$2.7 million per biennium.

The opinions keep coming in. *Forbes* offers food for thought in a Sept. 5, 2017 article “[By Taxing Bicyclists](#),

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[Has Oregon Paved The Way To The Future Of Infrastructure Funding?](#)” The opinion columnist acknowledged that bike enthusiasts are not happy with the tax, but wondered whether it really is “that crazy of an idea” after all.

Pointing to taxes on sugar sweetened beverages, electronic cigarettes and tanning beds, the author recognized that most other high-profile taxes are designed to discourage unhealthy behavior. On this calculus, Oregon’s bike tax is “a little odd.”

However, the author suggested that rather than trying to discourage certain behaviors, lawmakers were “simply trying rolling out a usage-based tax which will pay for road and bike lanes and the like with the tax dollars of those who use them most.”

The piece quotes one bicyclist that supports the tax for that reason:

I feel, as a biker, I’ve received great benefits in the past years living in Oregon, specifically Portland. The bike lanes have improved, the new bike laws and bike boxes at intersections have provided more security, and the overall environment to be a biker is improving. But there is still more to do! Given the moderate onetime cost of \$15 at the time of purchase of a new bike I feel it’s not overtaxing on most of us.

The [Tax Foundation](#) observed that “[m]any advocates would like to see more people biking to work, just as many would like to see more people driving electric cars. So do you tax bicycles (and electric cars) or not?” The group pointed out that in Portland, 7 percent of commuters do so by bike, which is the highest rate of any U.S. city. In commenting on the conflicting opinions of a bike tax, it recognized that “[t]o some, this fact only contributes to the urgency of bringing a significant number of commuters back into the tax code. To others, a bike tax is an impediment to a continued shift to cycling. Oregon’s balancing act won’t be the last.”

HB 2017 will take effect on Oct. 6, 2017.

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**David M. Kall**

[Team member bio](#)