



February 15, 2024

To: Co-Chairs McLain & Gorsek, Co-Vice Chairs Boquist and Boshart-Davis and Joint Transportation Committee Members

Re: **OPPOSE SB 1519 & 1543 Decreases Weight Mile Taxes**

Dear Joint Transportation Chairs and Co-Vice Chairs:

The Street Trust is a membership advocacy organization working to win policy and investments that save lives, reduce barriers, and expand mobility and opportunities to the people and neighborhoods our current system neglects. We served on the 2023 Highway Cost Allocation Study (HCAS) Review Team and are poised to renew our service for the 2025 study, which kicks off on March 18, 2024.

Throughout the 2023 HCAS process, we raised concerns about the premises and methodology of the HCAS as currently administered, which have resulted in the widespread misunderstanding that freight interests are significantly overpaying for their use of Oregon's roadways and thus must be discounted and/or refunded, as proposed in SB 1519 and 1543.

I want to offer the caveat that our critique is not intended to impugn the professional bone fides of the economists who design and undertake the study, but rather are grounded in a lack of clarity statutorily and methodologically, particular in terms of which externalities are accounted for and by what mechanisms. Further, we believe that discussion of Federally funded active transportation (bike/ped) investments in particular distract from the HCAS mandate of achieving cost parity in a 1:1 ratio between heavyweight (freight) vehicles and lightweight (passenger motor) vehicles.

There has been much discussion in the 2023 HCAS regarding investments in active transportation (bike/ped) infrastructure which are not germane to achieving freight and passenger vehicle parity. There is no statutory mandate in the HCAS or otherwise relating to parity between bike/ped investments and either heavy or passenger vehicle investments. Further, the preponderance of active transportation investments are made with Federal dollars. Finally, the project types are manually categorized by ODOT staff and we have not been able to ascertain how it is decided whether a project falls into any given category. We need to pull active transportation revenue and expenditures out of future HCAS altogether.

ODOT's own budgeting and project priorities are skewing 1:1 ratio in the 2023 study. ODOT administration and planning activities continue to balloon while the agency's investments in roadway maintenance and delivery of highway expansion projects are lagging, which would accrue to the freight side of the project mix equation.

At the structural level, The Street Trust maintains serious concerns about efficacy of the HCAS as currently undertaken in assessing the true costs of various vehicle types on Oregon's transportation system. including pavement wear and tear, surely, but also on the natural environment, on health and human safety, on equity, and for local economic development. It is noteworthy that in 2009, the State Legislature directed the Oregon Department of Administrative Services to prepare a second highway cost allocation study based on the concept of the efficient pricing of highways, in addition to the traditional study. ORS 366.506 Section 30 in House Bill 2001 specifically required that an efficient fee study "consider the actual costs users impose on the highway system, including but not limited to highway replacement costs, traffic congestion costs and the cost of greenhouse gas emissions." Additionally, the efficient fee study report needed to "include recommendations for legislation to implement the efficient fee method of cost allocation." The results of the 2011 Oregon Efficient Fee Highway Cost Allocation Study were presented in a separate report, which we have not yet reviewed but will attempt to do before undertaking the 2025 HCAS.

In conclusion, even if we did not have methodological or categorical concerns with the current study, **the takeaway from the 2023 HCAS should not be that heavy vehicles are overpaying and must be discounted but rather that light (passenger) motor vehicles are underpaying their fair share and we need to recalibrate our revenue sources and expenditures to achieve the 1:1 ratio.** Much of this work can be done through a comprehensive 2025 Transportation Funding Package designed to progressively and sustainably generate revenue via a variety of sources including VMT tax (aka road user charge), tolling, registration fees assessed by vehicle weight and size at the DMV, and tying to inflation the gas tax even as we transition off of it. We look forward to working with ODOT, lawmakers, and the public in the coming year to ensure these funding streams are secured equitably, and that our future investments are aligned with the goals and strategies in the 2023 Oregon Transportation Plan and other transportation system plans across the state.

Respectfully submitted.



Sarah Iannarone
Executive Director, The Street Trust