



February 20, 2024

TO: Joint Committee on Transportation

FR: Sharla Moffett, Oregon Business & Industry

RE: Support for Concepts in HB 4165, SB 1519 and SB 1543

Oregon Business & Industry (OBI) is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

In the interest of time, my testimony addresses the three highway cost responsibility bills being heard today: HB 4165, SB 1519 and SB 1543.

This committee is well-versed in highway cost responsibility and acutely aware of the disproportionate cost freight users are currently bearing for our transportation system. This circumstance comes at a time when declining state highway trust fund revenue is failing to keep pace with basic ODOT functions such as maintenance and preservation of Oregon's roads. As you all know, the disproportionate transportation costs our freight community is shouldering are well-documented and the state has acknowledged it needs to be fixed.

These three bills are aimed at resolving this growing problem, and OBI fully supports rebalancing highway cost responsibility so that it is equitable across vehicle classes. At the same time, it's essential that highway fees generate adequate revenue for ODOT to fund Oregon's critical transportation infrastructure needs and services. So, while we support the objective of these bills, our preference would be to see both challenges addressed at the same time.

OBI represents retailers, manufacturers and others for whom it is essential that products get to where they need to be. To a significant degree, these high, disproportionate costs incurred by freight are ultimately being borne by consumers and others who purchase these goods—and this is at a time when the cost of goods has increased significantly across the board.

However, that doesn't tell the whole story. Manufacturers of commodities don't have the same luxury of recovering costs since those costs are set by the market. Trucking companies are also at a significant disadvantage because many of their competitors primarily operate in other states with more equitable highway funding structures, and contracts with larger companies may not factor in these higher costs.

Under the current formula, freight users will have overpaid by half a billion dollars by next year. Our state Constitution requires equity and fairness in the allocation of highway costs, and the current formula certainly is not equitable.

The disproportionate cost freight is shouldering is a basic fairness issue. The point is simply that this problem must be resolved and it must be resolved in a way that provides ODOT the funding it needs to carry out its critical functions.

We urge this committee to engage stakeholders and work toward a comprehensive solution in the 2025 transportation package.

Thank you.