



Office of Governor  
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# Transportation Budget Framework

*Kelly Brooks, Transportation Policy Advisor*

*Interim Committee on Transportation Funding*

*August 25, 2025*

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# *Overview*

## ■ Current Challenge & Background

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## ■ LC 2 Overview

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## ■ Outcomes

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# Pending Impacts to Drivers and Transit Users



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- Fewer snowplows
- More potholes
- More snow and ice on major roads
- Longer traffic closures because maintenance teams need to travel from farther away
- More trash and graffiti
- Slower response to crashes and other incidents
- Closed rest areas
- Reduction in transit service

# Position Distribution & Management Cuts

Agency Area	Vacancies	Layoffs	Total
Maintenance	170	212	382
Project Delivery	189	127	316
Administrative Services	56	97	153
Finance and Budget	8	14	22
DMV	14	5	19
Policy, Data & Analysis	3	12	15
Public Transportation	0	9	9
Commerce and Compliance	6	3	9
Local Government	3	4	7
Total	449	483	932

- Pending cuts will eliminate 103 management positions, a number that is approximately proportionate to their share of ODOT’s workforce.
- Support Services Division, Finance and Budget Division and the Director’s office also took deep reductions (\$75M) which accounts for 20% of total reduction even though these groups employ only 12% of agency staff and 5% of the agency’s budget.

# State Highway Fund: Structural Funding Challenge



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## Future Fuels Tax Revenue Decline



- The average driver consumes almost 25% less fuel per year than 10 years ago. At today's rate, that's over \$40 less per year in gas tax paid per vehicle.



## Reliance on Few Sources of Revenue

- Oregon does not utilize inflation-resistant funding mechanisms to support transportation system needs.

## Rigid Statutory Structure

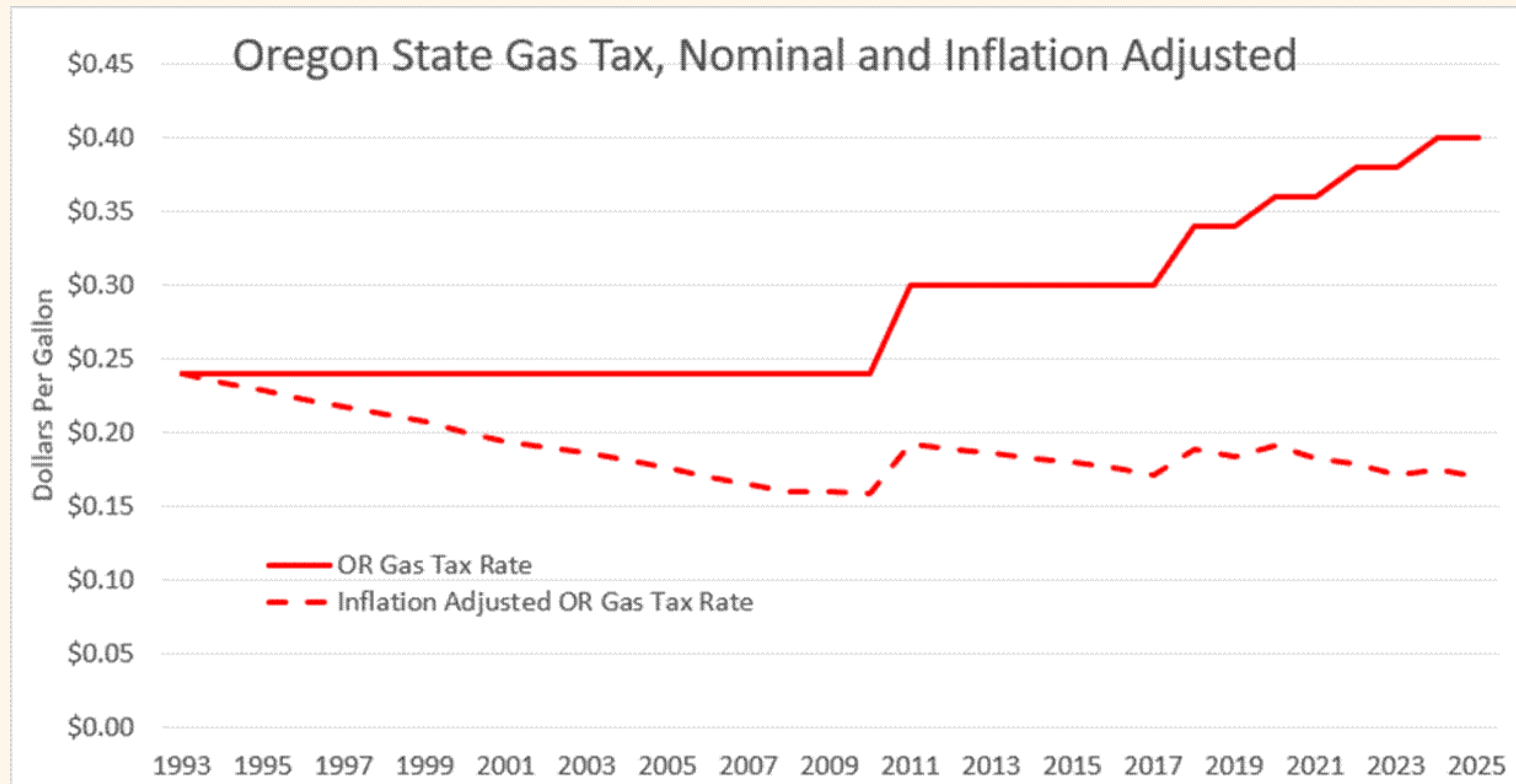


- Less than 2% of additional taxes and fees raised by HB 2017 were legislatively directed to state highway maintenance and operations.



## Record Inflation

- Equipment costs have increased about 25% in the past four years.
- Paint costs have increased over 30% in the last four years.





# We aren't alone.

# Mississippi gas tax to rise on July 1

Washington State Standard

POLITICS ENVIRONMENT HOUSING EDUCATION HEALTH CARE POLICE & COURTS ECONOMY

ECONOMY POLITICS TRANSPORTATION

# WA Legislature approves gas tax increase

The 6 cent hike is part of a \$3.2 billion transportation revenue package. Legislators plan to release their finalized transportation spending plan on Saturday.

BY: JAKE GOLDSTEIN-STREET - APRIL 25, 2025 1:00 PM

# Wyoming Legislators Consider 43 % Fuel Tax Hike, WYDOT Warns Of \$400M Shortfall

The transportation committee on Wednesday contemplated a bill to raise Wyoming's fuel tax 43% — from 23 cents to 33 cents by the summer of 2028. But it's challenging, lawmakers said, because constituents hate the word "tax."



**Clair McFarland**  
August 19, 2025 • 5 min read

## Oregon's highway trust fund faced 'unsustainable' financial crisis even before COVID-19 hit

Updated: Apr. 30, 2020, 2:06 p.m. | Published: Apr. 30, 2020, 12:05 p.m.

# Reallocating existing state trust fund dollars to pay for maintenance would have impacts.



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## State Highway Fund \$ Not Currently Committed to Operations and Maint.

- Debt Service - \$200M per year
- Federal Fund Match - \$45M to \$50M
- Local Fund Exchange - \$35M
- 25-27 Unobligated Projects - \$80M in one-time funding.

## Impact

- Debt - Contractually obligated to pay.
- Match - Lose 9 federal matching dollars for every 1 dollar of state highway fund reallocated.
- Exchange - Local government projects would be more expensive and burdensome.
- Projects - ODOT would cancel bridge, preservation, safety and culvert repair projects.



# 2025-2027 Unobligated HB 2017 State Highway Funds

Project Key Number	Project Name	Work Phase	Cur Phase	Funding Responsibility	HB Amount
20448	US101: Trask River Bridge	CN	2026	HB2017 BridgeSeismic	\$382,382.00
22036	Bear Drive: Irrigation Canal bridge	CN	2026	HB2017 BridgeSeismic	\$1,415,297.83
22065	Seismic Program - Landslides FFY2022-2024	CN	2027	HB2017 BridgeSeismic	\$1,532,174.11
22552	Willamette River: Stormwater source control improvements	CN	2026	HB2017 BridgeSeismic	\$2,962,296.26
22963	I-5:N Umpqua R & CORP NB & SB bridges (Winchester)	CN	2026	HB2017 BridgeSeismic	\$1,108,650.00
23290	Statewide Bridge program construction reserve FFY27	CN	2027	HB2017 BridgeSeismic	\$21,984,208.11
23276	Major bridge maintenance, federal fiscal year 2026	CN	2026	HB2017 BridgeSeismic	\$15,000,000.00
23277	Major bridge maintenance, federal fiscal year 2027	CN	2027	HB2017 BridgeSeismic	\$15,000,000.00
22876	Major interstate maintenance program FFY26	CN	2026	HB2017 Preservation	\$4,959,200.00
22877	Major interstate maintenance program FFY27	CN	2027	HB2017 Preservation	\$5,000,000.00
23315	Statewide pavement preservation program reserve 2024-2027	CN	2026	HB2017 Preservation	\$5,156,844.09
24094	I-84: Pendleton Interchange bridges	PE	2027	HB2017 Preservation	\$34,232.00
23322	Major culvert maintenance program FFY26	CN	2026	HB2017 Culvert	\$3,000,000.00
23323	Major culvert maintenance program FFY27	CN	2027	HB2017 Culvert	\$3,000,000.00
22576	Monroe St: SE 21st Ave - 34th Ave (Milwaukie)	CN	2026	HB2017 Safety R1	\$1,547,633.00
					\$82,082,917.40



## LC 2 Objectives

- Stop layoffs and facility closures

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- Maintain 50/30/20 split with local governments and support stabilization of transit service.

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- Modernize funding tools and taxing structures to improve efficiency and stabilize service delivery.

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# *Accountability*

- Performance Audit by Secretary of State and review by Legislative Policy and Research Office.

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- Grants Governor the authority to hire and fire the ODOT Director

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- Repurposed Continuous Improvement Committee will oversee on time and budget delivery of major projects. Will report to Joint Committee on quarterly basis.

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- Greater legislative oversight on major projects, agency performance measures and local contributions to applicable projects.

# Equitable Revenue Collection



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## *Highway Cost Allocation*

- Brings passenger vehicles and trucks into equity

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- Requires Office of Economic Analysis to undertake thorough review of Highway Cost Allocation Study methodology

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- If future imbalance occurs, DAS Chief Economist can automatically adjust tax rates if Legislature doesn't act starting in 2030

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## Revenue Sources and Increases

### State Highway Fund:

- 6 cent/gallon gas tax increase
- \$42 increase in base registration fee
- \$30 increase in supplemental registration fees for EVs and 40+ mpg vehicles
- \$139 increase in title fee

### State Transportation Improvement Fund:

- 0.1% increase in employee payroll tax for public transportation

# LC 2 - Mandatory Road User Charge



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- ODOT has a voluntary program (OReGO) that charges drivers by the mile instead of at the pump. The program launched on July 1, 2015.
- LC 2 includes a section on RUC that implements a timeline for mandatory enrollment for EVs and fuel-efficient vehicles
- This section mirrors HB 2025 but adjusts the start date out by one year to minimize budget impacts this biennium and does not include a fee for commercial vehicles.
- Mandatory RUC would begin on the following dates for the following types of vehicles:
  - 7/1/27: Existing EVs
  - 1/1/28: New EVs
  - 7/1/28: Hybrids/plug-in hybrids
- Rate per mile is 5% of the fuels tax rate. Equivalent to the tax paid by a 20MPG vehicle.
- Includes option to pay a flat fee of \$340.
- Supplemental registration fees are repealed when enrolled.





# Tolling & Rest Areas

- LC 2 repeals ORS 383.150 which eliminates the mandatory toll program.
- LC 2 includes a modest increases operating funds for rest areas managed by the Oregon Travel Information Council to avoid layoffs and closures.





# Truck Table Simplification & Diesel Taxes

**Reduces weight-mile tax rates from 85 rates to just 10**, simplifying payment and compliance for trucking industry

**Shifts trucks to paying diesel tax** while reducing weight-mile tax rates

**Moves the collection point for diesel taxes** to rack/first sale as with motor vehicle fuels like gasoline to improve efficiency and reduce evasion.





# Outcomes



## Maintenance Personnel and Facilities

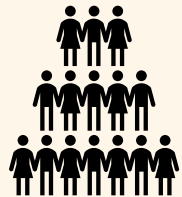
- Saves 382 jobs and prevents closures of 12 maintenance facilities

## Winter Maintenance



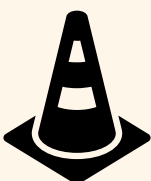
- Allows for same level of service as 2024-25 winter season
- Keeps critical mountain passes open, clears Sno-Parks, and performs edgeline striping on low-volume roads

## Vacancy Hires



- Vacancy hires will prioritize frontline maintenance, operations, and DMV customer service staff

## Project Delivery

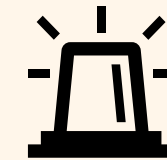


- Saves jobs needed to deliver hundreds of projects on state highways and local roads



## Litter and Graffiti Clean Up

- Allows for continued partnership with the City of Portland and contractors to keep state highways in the metro region clean and safe



## Incident and Event Response

- Maintains traffic control measures to clear incidents quickly and ensures continued emergency traffic control during wildfires and other emergencies



## DMV Services

- Allows DMV to fill vacant jobs in field offices to reduce wait times, keep offices open, and better serve customers

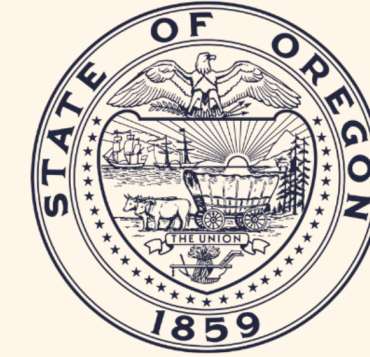


## Administrative Support

- Ensures ODOT has the IT staff to maintain computer systems that serve millions of customers at DMV

**Thank You**

# Auto Adjust Example



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## Published Full Fee 2021-23

Category	Annual Expenditures	Expenditure Share	Annual Revenues	Revenue Share	Equity Ratio
Heavy Vehicles	\$626,582,974	30.4%	\$490,726,634	33.7%	1.1054
Light Vehicles	\$1,431,429,531	69.6%	\$967,380,551	66.3%	0.9539
Combined Total	\$2,058,012,505	100.0%	\$1,458,107,185	100.0%	

## Revenue Adjustment to Achieve Equity

	Adjusted Annual Revenue Contribution	Annual Amount of Change	Adjusted Revenue Share	Adjusted Equity Ratio
Adjusted Light Revenue	\$994,181,222	26,800,671	68.2	0.9803
Adjusted Heavy Revenue	\$463,925,963	(26,800,671)	31.8	1.0450
Combined Total	\$1,458,107,185	0	100%	100.0%

- A 1.7 cent increase in the fuels tax rate would raise approximately \$53.6 million in additional revenue during the 2021-23 biennium.
- A 6.47 percent decrease in the weight-mile tax rates would reduce weight-mile revenue by \$53.6 million.
- These rate changes would achieve a heavy vehicle equity ratio of 1.045 which is what is directed in the bill.