

## HB 2025 STAFF MEASURE SUMMARY

### Joint Committee On Transportation Reinvestment

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**Prepared By:** Patrick Brennan, LPRO Analyst

**Meeting Dates:** 6/9, 6/10, 6/11, 6/12

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#### WHAT THE MEASURE DOES:

The measure increases several transportation taxes and fees, creates a new vehicle transfer tax, imposes audit requirements on the Oregon Department of Transportation, Deand expands applicability of the OReGO road usage charge program.

#### Detailed Summary

**Section 1: Audits:** Directs SOS Audits Division to conduct biennial performance audits on responsible use of State Highway Fund moneys, and annual performance audits on ODOT capital projects. Specifies audit results are to be presented to appropriate legislative committees. Directs LPRO to contract for performance audit of ODOT operations, including whether and how it addressed recommendations from study conducted this year.

**Section 1a - 1c: ODOT Director:** Specifies that ODOT director is appointed by, and serves at the pleasure of, the Governor, with Senate confirmation.

**Section 1d: Continuous Improvement Advisory Committee:** Revises provisions and membership of CIAC to include commission members, ODOT director, and ODOT chief engineer, as well as individuals with expertise in major projects and application of National Environmental Policy Act (NEPA). Requires monthly meetings and quarterly reports from CIAC to OTC and Joint Committee on Transportation.

**Section 1e-1f: Joint Transportation Committee Review of Major Projects:** Adds to statutory responsibilities of JCT the review of scope, schedule, changes and budget updates of major projects on quarterly basis, as well as city or county projects f less than \$25 million proposed but not funded and make appropriate funding recommendations to Joint Ways and Means and Emergency Board as appropriate.

**Sections 2-10: Weight Mile Taxes:** Outlines scheduled changes in weight-mile tax tables over four biennia to weight-mile tables (values to be determined later through Highway Cost Allocation Study) and simplifies the number of tables based on declared combined truck weight. Creates new Table E for electric vehicles subject to the weight mile tax that are not issued an annual variance permit to operate at weight above 26,000 pounds.

**Sections 11-43: Administration of Diesel Fuel Tax and Motor Carrier Regulation:** Adds diesel fuel to definition of "motor vehicle fuel" rather than a use fuel. Exempts dyed diesel from definition of motor vehicle fuel. Revises inspection of premises and records authority of ODOT over enforcement of motor vehicle fuel taxes. Authorizes ODOT to deny any international fuel tax agreement (IFTA) license based on reasonable grounds and eliminates \$650 maximum fee but maintains requirement that fee not exceed cost to Department. Revises list of offenses for which motor carrier enforcement officers may issue citations to include two new offenses: failure to comply with IFTA; or improper use of dyed diesel (designates both as Class A traffic violations). Establishes circumstances under which a person may operate or maintain a motor vehicle on state highways with dyed diesel and requirements for doing so; establishes civil penalties ODOT may impose for highway uses of dyed diesel, not to exceed the greater of \$10 per gallon capacity or \$1,000, plus the amount of unpaid tax. Requires valid fuel trip permits for out-of-state vehicles not licensed under IFTA. Limits number of trip permits that may be issued to any single vehicle to three per year, with each permit good for up to three consecutive days, and allows ODOT to set fee rate by rule. Permits ODOT to require operator of vehicle combination to submit t inspection of the fuel

supply tank, designating violation as a Class B misdemeanor. Repeals provision allowing credit for motor fuel tax paid against weight mile tax assessed.

**Section 44: Highway Cost Allocation Study:** Specifies that biennial HCAS is to incorporate results of examination of most recent study results for which actual data are available. Establishes circumstances under which weight-mile tax rates would be reduced automatically should Legislative Assembly not have enacted measures necessary to make needed adjustments or if the equity ratio for heavy vehicles exceeds 1.5/100.

**Sections 45-53: Motor Vehicle Fuel Tax Increases:** Increases per-gallon state motor vehicle fuel tax to 50 cents beginning January 1, 2026, and to 55 cents beginning January 1, 2028. Specifies that beginning January 1, 2029, the per-gallon motor vehicle fuel tax rate will be adjusted for inflation per the Consumer Price Index for All Urban Consumers West Region for the 12 consecutive months ending June 30 for the year ending June 30, 2027, based on a ratio, with caveat that the ratio shall not be below 100 percent nor shall it exceed 103 percent. Modifies use fuel tax comparable to motor vehicle fuel tax.

**Sections 54-57: Employee Payroll Tax for Transit:** Increases the employee payroll tax from 0.1 percent to 0.18 percent effective January 1, 2026; imposes additional increase to 0.25 percent effective January 1, 2028, and third increase to 0.3 percent effective January 1, 2030. Directs ODOT to conduct study and review of method of funding distribution from Statewide Transportation Improvement Fund (STIF) to determine effective and equitable distribution of STIF to address transit service levels around the state.

**Section 58 was deleted by amendment.**

**Section 59-61: Vehicle Privilege Tax:** Increases the privilege tax rate, and commensurate use tax rate, from .5 percent to one percent of the retail sales price of taxable motor vehicles. Stipulates that 50 percent of privilege tax revenue is to be annually transferred to Railroad Fund (ORS 824.014), with remainder continuing to be used to fund zero-emission vehicle rebates and Connect Oregon Fund. Modifies uses of Railroad Fund.

**Sections 62-81: Vehicle Fees and Taxes:** Increases annual fees on registration of passenger vehicles (from \$43 to \$113), mopeds and motorcycles (from \$44 to \$110), low-speed vehicles (\$63-\$129), medium-speed electric vehicles (\$63-\$129). Increases title fees from \$77 to \$182 for new titles and from \$27 to \$44 for salvage titles. Provides for unspecified increases in non-divisible load permits over three biennia and for electric and non-electric vehicles hauling logs or pilings. Increases fee for new or replacement registration plates, licenses, stickers, permits, endorsements, knowledge and skills tests, dismantler certificates, and trip permits.

**Sections 81-92: Transfer Taxes:** Imposes a new tax on the transfer of a new or used vehicle with a gross weight of 10,000 pounds or less sold for a transfer sales price greater than \$10,000, paid at one two percent of sales price for new vehicles or one percent of sales price for used vehicles. Specifies that the tax is the liability of the purchaser, who is considered the taxpayer. Creates commensurate transfer use tax for transactions occurring outside Oregon, to be paid upon Oregon registration of the vehicle. Stipulates that both transfer tax and use tax are subject to State Highway Fund limitations. Modifies statutory references of "taxable motor vehicle" to account for separate and distinct privilege tax and transfer tax. Outlines duties of dealers with regard to transfer tax and transfer use tax.

**Sections 93-109: Bicycle Tax, Privilege Tax, and Excise Tax Collection:** Clarifies collection and payment procedures for bicycle excise tax established in House Bill 2017 (2017) and that of privilege tax revenues. Prohibits local governments from imposing privilege, excise, sales, transfer, or use taxes unless authorized by statute or approved by a governing body prior to measure's effective date.

**Sections 110-122: Use of Revenues:** Provides for use of fuel taxes to Anchor Project Account to pay for following projects in priority order: I-5 Rose Quarter, Abernethy Bridge, and as determined by OTC for the following

projects: Interstate 205 widening, Newberg-Dundee Bypass, State Highway 22/Center Street Bridge retrofit, with remaining revenues distributed 50/30/20 to ODOT, counties and cities, with 1.37 percent of county share going to a small county distribution. Modifies distribution, effective July 1, 2027, to provide \$125 million to Great Streets Fund, \$25 million to Safe Routes to Schools Fund, and \$5 million to Wildlife-Vehicle Collision Reduction Fund, with additional \$125 million per year to pay for costs including debt service, of Anchor Project Account projects. Modifies funding sources beginning July 1, 2028 and again on July 1, 2034. Establishes the Wildlife-Vehicle Collision Reduction Fund to reduce instances of vehicle collisions with wildlife, effective July 1 2027. Establishes the Anchor Project Account to carry out project delivery of listed anchor projects. Outlines use of revenues for small county distribution. Increases small city allotment from \$2.5 million to \$3 million from both county and state share of State Highway Fund.

**Sections 123-153: Road Usage Charge:** Sets alternate flat fee for participation in Road Usage Charge Program at \$340 per year. Requires owners of delivery fleets to enroll its electric fleet vehicles in road usage charge program and assesses per-mile charge of 10 percent the rate of the per-gallon fuel tax in effect at the time of assessment. Requires enrollment of plug in electric vehicles, plug-in hybrid vehicles beginning in 2026.

**Sections 154- : Great Streets Program:** Changes name of Jurisdictional Transfer Advisory Committee to Great Streets Advisory Committee. Specifies that annual recommendations report is to be submitted to both Joint Committee on Transportation and to the Oregon Transportation Commission, as well as grant awards and progress report on projects already awarded. Establishes a Great Streets Fund to provide grants to support beneficial transfers, benefit facilities with above-average risk and rates of injury or death, limited transportation options, history of safety concerns and/or vulnerable users, and other factors.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

House Bill 2025 is the transportation funding and policy package for the 2025 Session.