

HB 2025 -10, -11, -13, -14, -15 STAFF MEASURE SUMMARY

Joint Committee On Transportation Reinvestment

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Meeting Dates: 6/9, 6/10, 6/11, 6/12, 6/17, 6/18

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 of less than \$25 million with a requested cost increase of at least 10 percent, or projects exceeding \$25 million if the request is an increase of at least five percent 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 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 Collisions 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:

- Importance of completing promised projects
- Potential traffic and safety improvements
- Need to adequately maintain existing highway system and infrastructure
- Need for maintaining cost responsibility through Highway Cost Allocation Study
- Contracting for construction projects
- Tax burden on Oregonians, particularly low-income Oregonians
- Questions about Oregon Department of Transportation's ability to absorb more duties
- Need for greater transportation electrification
- Tendency for cost overruns in large projects
- Need for transportation construction projects dashboard
- Fees for different classes of vehicles
- State environmental and greenhouse gas reduction goals
- Importance of transit options for non-drivers
- Consider larger increase in the employee payroll tax to improve transit
- More funding for Great Streets and Safe Routes to Schools
- Desire to move away from motor vehicle-centric transportation system
- Need greater investment in Community Paths program
- Transit ridership is improving, though not yet back to pre-pandemic levels in many areas
- Better road design needed to improve safety
- Health benefits of active transportation
- Need for increased funding for intercity passenger rail for greater speed, efficiency, and safety
- Problems related to deferred maintenance
- Many local government transportation systems "at breaking point"

- Maintain the 50/30/20 state-local revenue split
- Constraints on local government transportation funding
- Potential impact of privilege tax, transfer tax and registration fees on car sales
- Need to protect safety of highway workers
- Areas of the state with very little highway worker coverage
- Consider privatization of some government services as alternative to higher fees
- Consider imposing landing fees on all Oregon airports
- Aging information systems need upgrades
- Consider applying road usage charge on all passenger vehicles

EFFECT OF AMENDMENT:

-10 The -10 amendment defines Kei Trucks and authorizes them for use on Oregon roads. It sets an annual registration fee of \$63 for Kei Trucks. It also creates the offense of unlawful operation of a Kei Truck on highways with a posted speed exceeding 65 miles per hour, treated as a Class B traffic violation.

-11 The -11 amendment makes the following changes to the base bill:

Sections 59-60A: Modifies calculation for privilege tax from one percent to four percent in cases where the retail sales price of the vehicle is at least \$75,000. Dedicates revenue from privilege tax on high-value motor vehicles to Multimodal Active Transportation Fund (33 percent), Zero-Emission Medium-and Heavy-Duty Vehicle Incentive Fund (37 percent), Medium-and Heavy-Duty Electrification Charging Fund (15 percent), ODOT for rebates for installation of EV charging stations under its community charging rebates program (10 percent), and Electric Bicycle Incentive Fund in section 60c below (five percent).

Section 60b: Directs Department of Human Services to establish, by rule, a program to provide rebate vouchers to persons 16 or older enrolled in a state program that provides medical assistance for the purpose of purchasing qualifying electric bicycles and qualifying equipment. Sets voucher amount at lesser of \$1,200 or the purchase price of bicycle and qualifying equipment.

Section 60c: Establishes an Electric Bicycle Incentive Fund for purposes of rebate vouchers; limits administrative costs to 10 percent of moneys in fund.

Section 60d-60g: Conforming amendments to connect various funds to revenue provided in Section 60a.

Sections 86-87: Conforming amendments to privilege tax sections to add reference to four-percent tax on vehicles with retail sales price greater than \$75,000.

Section 92: Conforming amendments to provisions from Section 59-60a above.

-13 The -13 amendment makes the following changes to the base bill:

Section 1: Defines "performance audit" and combines the biennial performance audit on use of State Highway Fund moneys into a single report with performance audit of department capital projects.

Section 1g & 1h (NEW): relocates LPRO professional services contract for ODOT performance audit and sunsets requirement on January 2, 2027.

Sections 2-6: Revises weight-mile tables and periodic adjustments.

Section 15: Clarifies offenses of operating vehicle without commercial driving privileges and operating vehicle while commercial privileges are suspended or revoked by adding classifications for gross vehicle weight rating of 10,001+ pounds, gross combination weight rating of 10,001+ pounds, gross combination weight of 10,001+ pounds, and gross vehicle weight of 10,001+ pounds. Reorganizes statute related to weighmaster authority to issue citations for listed offenses.

Section 44: Deletes entire section, eliminating amendments to ORS 366.506 requiring weight-mile rates to be reduced to achieve equity between light and heavy vehicles under specified circumstances related to equity ratios and whether the Legislative Assembly has enacted measures to carry out Article IX, section 3a(3).

Section 56: Adds requirement that study include how to improve interagency partnerships and service to address transit gaps and unmet needs in the Metro region. Establishes goal to include input by cities, counties, and transit providers in tri-county metro area to identify gaps and unmet needs. Directs that report be submitted to Joint Committee on Transportation by September 15, 2026.

Section 62: Revises fee schedules for trailers, campers and recreational vehicles:

- trailers/campers 6'-10' - increase from \$84 to \$125;
- trailers/campers 10+ feet - increase from \$84 to \$125 (maintain additional \$7/ft)
- motor homes 6'-14' - increase from \$86 to \$132
- motor homes 14+ feet - increase from \$126 to \$194 (maintain additional \$8/ft)

Section 64: Fills in annual indivisible load assessment fee rates as follows:

- July 1, 2028 - December 31, 2029: \$24.03
- January 1, 2030 - December 31, 2031: \$11.41
- January 1, 2032 - December 31, 2033: \$17.12

Fills in annual assessment fee for electric motor vehicles hauling logs, poles, etc. as follows:

- January 1, 2026 - June 30, 2027: \$10.50
- July 1, 2028 - December 31, 2029: \$23.15
- January 1, 2030 - December 31, 2031: \$10.99
- January 1, 2032 - December 31, 2033: \$14.87

Fills in annual assessment fee for non-electric vehicles hauling logs, poles, etc., as follows:

- January 1, 2026 - June 30, 2027: \$10.50
- July 1, 2028 - December 31, 2029: \$14.82
- January 1, 2030 - December 31, 2031: \$7.04
- January 1, 2032 - December 31, 2033: \$10.56

Fills in annual assessment fee for sand/gravel trucks with electric motor vehicles as follows:

- January 1, 2026 - June 30, 2027: \$16.98
- July 1, 2028 - December 31, 2029: \$37.44
- January 1, 2030 - December 31, 2031: \$17.78
- January 1, 2032 - December 31, 2033: \$26.68

Fills in annual assessment fee for sand/gravel trucks with non-electric motors as follows:

- January 1, 2026 - June 30, 2027: \$16.98
- July 1, 2028 - December 31, 2029: \$23.97
- January 1, 2030 - December 31, 2031: \$11.38

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- January 1, 2032 - December 31, 2033: \$17.08

Section 69: Revises the following fee schedules for documents/services issued/performed by DMV:

- instruction driver permit: decrease from \$111 to \$75
- hardship permit: decrease from \$168 to \$75
- original motorcycle endorsement: decrease from \$105 to \$90
- original farm endorsement: decrease from \$87 to \$60
- skills test Class C: decrease from \$111 to \$50
- Skills test CDL: decrease from \$540 to \$200

Section 71: Revises trip permit fees as follows:

- heavy trailer: decreases from \$27 to \$25
- recreational trip permit: increases from \$35 to \$50
- registration weight trip permit: decreases from \$27 to \$25
- registered vehicle trip permit: decreases from \$27 to \$25

Section 81 (12)(a): widens applicability of vehicle transfer tax to all vehicles with a gross vehicle weight rating of 26,000 pounds or less.

Section 84 (4): Adds reference to privilege use tax to other taxes paid relative to the transfer use tax.

Section 110: clarifies 50/30/20 split of moneys after deposit into Anchor Projects Fund.

Section 111: Relocated anchor projects list and retains 50/30/20 split.

Section 119: deleted by amendment.

Section 120a: sets effective date of Anchor Project Fund July 1, 2027.

Section 127: adds definition of "hybrid electric vehicle" and "plug-in hybrid electric vehicle" - treats both the same with regard to road usage charge for delivery vehicles.

Section 131: Increases per mile road usage charge flat fee annually as percentage of price of per-gallon license tax for same period.

Section 136: Limits maximum administrative cost of road usage charge program by limiting agreement with service provider for retaining administrative costs more than 10 percent of the road usage charge collected under the agreement, allowing for penalties should service provider violate this section.

Section 140: Modifies mile-per-gallon registration surcharge as follows:

- 20-39 MPG: reduces from \$25 to \$5
- 40+ MPG: reduces from \$35 to \$15
- Electric Vehicles: reduces from \$115 to \$95

Section 148: Changes repeal date of RS 803.091 from July 1, 2026 to January 1, 2026.

Section 154: changes terms "selected for grant awards" and "awarded a grant" to "identified."

Section 156: changes term "provide grants" with "fund projects identified."

Section 157: Removes references to grants from Great Streets program.

Section 160: Specifies that the limitation on 12-foot lane width applies on portions of state highways inside of urban growth boundaries.

Sections 162-166: Amends in provisions related to recreational vehicle trip permit surcharges to pay for disposal of abandoned vehicles; sunsets provisions on January 2, 2036 [House Bill 3209, 2025 Session.

Sections 167-168: Adjusts fee changes for trailers, campers and motor homes according to changes in inflation per Consumer Price Index.

Section 170: Allows use of funds from Statewide Transit Improvement Fund (STIF) for capital expenses related to maintenance of existing light rail.

Section 171: Modifies selection criteria for Statewide Transportation Improvement Program (STIP) to include whether a project reduces overall demand for motor vehicle travel on highways, is located in an area where the receiving government has made a good faith effort to maintain, preserve and operate highways to satisfaction of the Oregon Transportation Commission.

Sections 172-173: Requires Legislative Revenue Office to conduct a study on collection of certain tax revenues and to submit report no later than September 15, 2026 (repealed on January 2, 2027).

Section 174-175: Deposits \$1 million annually from "Lawnmower Fund" into Multimodal Active Transportation Fund.

Section 176-177: Directs ODOT to conduct the following studies:

- allowing all STIF entities to provide free youth passes for persons age 22 and younger;
- impact of travel demand for all new federal/state capacity expansion projects;
- collaborate with cities and counties to develop a plan to improve interagency partnerships and address transit gaps and unmet needs in each region of the state.

Sections 178-179: Directs Department of Administrative Services to study expansion of Westside Express Commuter Rail to Salem and Eugene.

1. Section 180: Increases snowmobile registration and renewal cost from \$10 to \$30.

-14 The -14 amendment directs ODOT to conduct a study on how to improve and increase electric charging infrastructure for all types of vehicles weighing over 26,000 pounds. It also directs ODOT to study how to encourage the purchase of electric motor vehicles through rebates or other financial incentives. It directs the Department to submit the report by September 15, 2026, along with recommendations for legislation, to legislative transportation committees. It sunsets these provisions on January 2, 2027.

-15 The -15 amendment makes the following changes:

Section 45: increases fuel taxes in four stages:

- 2026-2027 = 44 cents per gallon
- 2028-2029 = 54 cents per gallon
- 2030-2031 = 64 cents per gallon
- 2032-2033 = 74 cents per gallon

Section 47: indexes fuel tax for inflation every year by September 30, to become operative the following January 1. Limits tax rate from exceeding 110 percent of the rate set for the previous calendar year. Indexing takes effect January 1, 2032.

Section 54-55c: increases employee payroll tax in four stages:

- 2026-2027 = 0.2 percent
- 2028-2029 = 0.3 percent
- 2030-2031 = 0.4 percent
- 2033 onward = 0.5 percent

Allows use of STIF funds for maintaining existing light rail capital expenses.

Section 62: Increases fee schedules for several vehicle types:

- passenger vehicles: increases from \$113 to \$170
- Utility and light trailers: increases from \$129 to \$194
- Mopeds and Motorcycles: increases from \$110 to \$165
- low speed vehicles: increases from \$129 to \$194
- medium speed electric vehicles: increases from \$129 to \$194

Sections 81-108: replaces transfer tax with a sales tax on new motor vehicles and used motor vehicles sold for at least \$10,000. Rate is two percent for new vehicles with price less than \$75,000, and six percent for vehicles with price greater than \$75,000. Tax collected by ODOT and purchaser is considered the taxpayer. Creates concurrent use tax for vehicle sales taking place outside Oregon, paid upon registration.

Section 108a: Establishes the SMART fund consisting of sales tax revenues, sales use tax revenues, to be used to pay for anchor projects (list identical to existing bill), with remainder distributed as follows:

- \$40 million/biennium to Multimodal Active Transportation Fund
- \$60 million/biennium to Zero-Emission Medium- and Heavy-Duty Vehicle Incentive Fund
- \$20 million/biennium to Medium- and Heavy-Duty Electrification Charging Fund
- \$30 million/biennium to Department of Transportation Operating Fund for charging station rebates
- \$12 million/biennium to Zero-Emission incentive Fund
- \$30 million/biennium to Rail and Transit Fund (see section 108d) support public transportation by rail or other forms of public transportation in Oregon.

Section 110: clarifies 50/30/20 split for state highway fund revenues.

Section 160 : Limits situations where new motor vehicle travel lanes may exceed 12 feet to identified freight routes and portions of state highways outside urban growth boundaries.

Section 162-163: Requires ODOT to conduct impact assessments for new highway capacity expansion projects to measure expected change in vehicle miles traveled, induced travel demand, and estimated net changes and changes in modes of travel. Requires that ODOT revise or halt work on projects that show net increase in vehicle miles traveled. Outlines prioritized locations for mitigation projects.

Section 165-166: Directs Department of Human Services to establish, by rule, a program to provide rebate vouchers to persons 16 or older enrolled in a state program that provides medical assistance for the purpose of purchasing qualifying electric bicycles and qualifying equipment. Sets voucher amount at lesser of \$1,200 or the purchase price of bicycle and qualifying equipment. Creates Electric Bicycle Incentive Fund.

Sections 169-173: Creates the Zero-Emission Schl Bus Assistance Fund and program and establishes state goals for electrification of school bus fleets.

Section 174: Requires ODOT to provide a maintenance and operation funding plan for every new highway lane mile constructed in the future, requiring plan to keep 65 percent of lane miles in good repair.

Section 175-176: Authorizes \$75 million in bonds to pay for Hood River-White Salmon bridge replacement. Authorizes an additional \$30 million next biennium.

Section 178: Allows all counties to adopt registration fees.

Section 179: Directs all qualified entities to provide free transit services to individuals up to age 22.

Sections 181-190: Establishes the Westside Express Authority as a public corporation **[see HB 3453]** and establishes list of reports for the Authority to fulfill. Sunsets authority on January 2, 2030.

Section 193: Directs ODOT to provide passenger rails service that travels through Oregon, beginning in Seattle, and ending in Denver, Colorado.

Section 194: Prohibits ODOT from selling, transferring or scrapping its Talgo trainsets before January 1, 2036.

Section 197-198: Directs LPRO to contract with qualified vendor to study and report on impact of governance reform options for passenger rail and transit operations in Oregon. Allocates \$500,000 to LPRO for project.

BACKGROUND:

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