

## HB 2025 -8, -10, -11, -13, -15, -16, -17, -19, -20, -21, -22, -23

### STAFF MEASURE SUMMARY

#### Joint Committee On Transportation Reinvestment

---

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

**Meeting Dates:** 6/9, 6/10, 6/11, 6/12, 6/17, 6/20

---

#### 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, and 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 (study repealed January 2, 2027).

**Section 58 was deleted from earlier draft and remains unused.**

**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 for documents and services as follows:

- registration of passenger vehicles (from \$43 to \$113)
- utility and light trailers (from \$63 to \$129)
- mopeds and motorcycles (from \$44 to \$110)
- low-speed vehicles (from \$63-\$129)
- medium-speed electric vehicles (from \$63-\$129)
- title fees (from \$77 to \$182 for new titles)
- salvage titles (from \$27 to \$44)

Provides for unspecified increases in non-divisible load permits over three biennia and for electric and non-electric vehicles hauling logs or pilings. Increases fees as follows:

- replacement registration plates (from \$12 to \$33)
- transfer of license plate (from \$30 to \$44)
- duplicate plates and/or stickers (from \$12 to \$33)
- Class C license or Class C restricted license (from \$58 to \$100)
- instruction driver permits (from \$30 to \$111)
- hardship permit applications (from \$75 to \$168)
- motorcycle endorsements (from \$60 to \$105)
- farm endorsements (from \$26 to \$87)

Increases renewal fees as follows:

- Class C driver license (from \$48 to \$74)
- Instruction driver permit (from \$26 to \$69)
- Replacement driver license or permit (from \$30 to \$56)
- Class C knowledge test (from \$7 to \$10)
- Commercial skills test to remove a restriction or add endorsement (from \$145 to \$540)

Increases dismantler fees as follows:

- new or renewed dismantler certificate covering single place of business, or supplemental certificate for each additional place of business (from \$500 to \$2,492)
- new or renewed vehicle dealer certificate (from \$1,100 to \$2,044 for single place of business, or from \$350 to \$1,053 for each additional place of business)
- new or renewal vehicle transporter certificate (from \$450 to \$1,294)
- new or renewal vehicle appraiser certificate (from \$100 to \$504)

Increases trip permits as follows:

- heavy motor vehicle trip permit (from \$10 to \$27)
- registration weight trip permit (from \$5 to \$27)
- registered vehicle trip permit (from \$7.50 to \$27)

Increases registration documents as follows:

- duplicate or replacement registration card (from \$3 to \$15)
- original or replacement plate (from \$3 to \$20, includes a sticker)
- pair of plates is set at \$25, which includes a pair of stickers
- single sticker set at \$12
- pair of stickers set at \$13
- original, replacement or duplicate trusted carrier plate set at \$36
- original, replacement or duplicate preclearance transponder set at \$79

**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 154-158: 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. Repeals advisory committee sunset provision.

#### 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:**

**-8 The -8 amendment [Rep. Drazen]** replaces the original measure in its entirety.

Section 1-4: Modifies the State Highway Fund to include:

- privilege tax revenues
- use tax revenues
- bicycle excise tax revenues
- moneys and revenues from sale of customized and specialty vehicle registration plates

Adds to State Highway Fund moneys and revenues from employee privilege tax, effective January 1, 2028.

Specifies that revenues from these new sources is to be used to improve, maintain, repair, preserve and operate state highways in Oregon.

Section 5-6: Establishes the Trucking Overpayment Credit Account within the State Highway Fund, to be appropriated to provide credits against weight-mile tax liability. Specifies that each quarter between January 1, 2026 and September 30, 2027, \$37.5 million of credit source revenues be transferred to the Account to provide credits to taxpayers in ratio to amount of past overpayment. Sunsets January 2, 2028.

Section 7: Modifies Department of Transportation Operating Fund to eliminate reference to expenses that may not be paid by moneys subject to Article IX, section 3a of the Oregon Constitution. Redirects identification card revenues to State Highway Fund. Stipulates that \$18.5 million annually shall be spent on improvement, repair, maintenance, preservation and operation of highways.

Section 8-9b: Modifies Statewide Transportation Improvement Fund to specify that only a portion of revenues from ORS 320.550 (as prescribed by ORS 320.560) end up in STIP until January 1, 2028, to allow for \$37.5 million in credit source revenues for weight-mile repayment. Redirects, beginning January 1, 2026, 50 percent of privilege tax revenues dedicated to Zero Emission Incentive Fund to State Highway Fund, increasing to 100 percent on January 1, 2028.

Section 10: Redirects revenues from bicycle excise tax to State Highway Fund.

Sections 11-11b: Redirects \$37.5 million/quarter from STIF to Trucking Overpayment Credit Account until September 30, 2027; sunsets January 1, 2028.

Section 12-13, 16-18: Eliminates the Passenger Rail Transportation Account and moves all moneys therein, and that would have been deposited into the Account, to the State Highway Fund.

Sections 14-15: Redirects moneys from Connect Oregon Fund that would have accrued to the Multimodal Active Transportation Fund to the State Highway Fund instead. Removes Connect Oregon Fund and bicycle excise tax from funding sources for Multimodal Active Transportation Fund.

Section 19: Revises distribution to qualified entities of moneys within the Statewide Transportation Improvement Fund by authorizing the Oregon Transportation Commission to distribute the funds and determine the minimum amount each qualified entity receives annually, effective January 1, 2028.

Section 20: Eliminates report from qualified entities to ODOT regarding actions taken by transit service providers within a qualified entity to mitigate the impact of the employee payroll tax on passengers who reside in

*This Summary has not been adopted or officially endorsed by action of the committee.*

low-income communities.

Sections 21-24: Repeals ORS 366.514 (requiring that cities and counties may not spend less than one percent of State Highway Fund revenues on footpaths, bicycle trails, curb cuts or ramps).

Sections 25-27: Abolishes the Emerging Small Business Account, the statutory allocation of one percent of the value of state highway contracts to the Account, contracting requirements to consider use of emerging small businesses.

Section 28: Limits low-carbon fuel standard reductions to no more than 10 percent below 2010 levels by 2025.

Section 29: Requires weight-mile tax rates be decreased in an amount necessary to achieve equity if the report indicates the heavy vehicle class ratio is greater than one and the Legislative Assembly has not enacted whatever measures necessary to make adjustments for cost responsibility.

Section 30-34: Revises weight-mile tables to simplify and streamline processes, effective July 1, 2028.

Sections 35-68: 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 to 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.

Sections 68-71: Creates the Office of Major Projects within the Department of Transportation and requires Director to assign employees with expertise in alternative contracting to Office. Establishes goal of Office is to oversee project management of no more than five major projects at one time, submit quarterly reports on the progress of each project to the Major Project Advisory Council (see Section 71), and to submit a report to the Joint Committee on Transportation if it becomes necessary to choose from more than five major projects. Requires summaries of each major project's schedule, budget, phases and completion cost and timeline to Statewide Project Website. Establishes the Major Projects Advisory Council within the Department of Transportation, consisting of the four chairs/vice-chairs of the Joint Committee on Transportation and nine members appointed by the Governor; directs Council to meet quarterly, requires staffing by ODOT, directs Council to provide technical guidance to Office of Major Projects, and requires Council to submit annual reports to Joint Committee on Transportation and Legislative Assembly with information related to major projects.

Section 72: Requires ODOT to include in contract documents for highway projects the establishment of a dispute review board to provide alternate review process prior to litigation. Requires ODOT to maintain a list of prequalified candidates to serve on dispute review boards.

**-10 The -10 amendment [Sen. Broadman]** 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 [Sen. Gorsek]** 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 [Rep. McLain, Sen. Gorsek]** 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 2-4: Revises weight-mile tables and periodic adjustments.

Sections 5-7: deleted from earlier versions of bill.

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 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 45: Changes term "years 2029 and later" to "year 2029" with regard to Commission setting price of fuel commensurate with calculation of Consumer Price Index. Modifies maximum increase from 103 percent to 104 percent.

Section 47: Modifies CPI adjustment beginning January 1, 2030, by referring to 12 consecutive months prior, rather than to 12 consecutive months ending June 30, 2027.

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 (repeals reporting requirement January 2, 2027).

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

- trailers/campers 6'-10' - increase from \$81 to \$125;
- trailers/campers 10+ feet - increase from \$81 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 64-68: Sets annual non-divisible load assessment fee rates at \$16.70

Sets annual alternate per-100 lb. assessment fee for electric motor vehicles hauling logs, poles, etc. at \$16.07.

Sets annual alternate per 100 lb. assessment fee for non-electric vehicles hauling logs, poles, etc., at \$10.28.

Sets annual alternate per-100 lb. assessment fee for sand/gravel trucks with electric motor vehicles at \$25.98.

Sets annual alternate per-100 lb. assessment fee for sand/gravel trucks with non-electric motors at \$16.63.

Sections 66-67: Deleted from previous versions.

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

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

Section 71: Revises trip permit fees as follows:

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

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

Section 84: 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, effective July 1, 2027.

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 134b: Prohibits motor vehicle rental companies from passing on per mile usage charge to consumer beyond what is reasonable to cover costs.

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 ORS 803.091 from July 1, 2026, to January 1, 2026.

Section 154-157: 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 distribution of certain tax revenues and to submit report no later than September 15, 2026 (repealed n January 2, 2027).

Section 174-175: Deposits \$1 million annually from "Lawnmower Fund" (gas tax collected for non-highway uses) 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.

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

**-15 The -15 amendment [Rep. Gamba]** 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.

**-16 The -16 amendment [Sen. Starr]** increases the annual registration fee, and registration renewal fee, for snowmobiles from \$10 to \$30.

**-17 The -17 amendment [Sen. Gorsek]** requires the LPRO director to contract with a vendor to study and prepare a report about the impact of governance reform options for passenger rail and transit operations in Oregon. it stipulates the report is to engage stakeholders to explore viability, impacts, and expected costs of establishing

either a separate department or creating an internal division within ODOT for rail and transit. It requires the report to be submitted by September 1, 2026, after which the LPRO director will submit the report to legislative transportation committees by September 15, 2026. Appropriates \$500,000 from General Fund to LPRO for study.

**-19 The -19 amendment [Rep. Mannix]** broad summary of changes from the base measure (official draft not yet available):

- Increases fuel tax in one five-cent step, effective January 1, 2026, with no indexing for inflation;
- no increase to vehicle privilege tax;
- no vehicle transfer tax;
- increases employee payroll tax in one step to 0.18 percent, effective January 1, 2026;
- includes some, but not all, of the vehicle fee increases, title and salvage fees increased, RV trip permit is only trip permit increased;
- funding for projects listed in base measure can be allocated under previous legislation authorizing the projects;
- Establishes the Oregon Rail Department Task Force to develop proposal for creating that Department;
- Requires DAS to contract with a third party to conduct engineering study relating to construction of new bridge over the Willamette River near Wheatland Ferry;
- Establishes the Westside Express Service Authority as a public corporation to plan extension of commuter rail service from Wilsonville to Salem and, eventually, Eugene;

**-20 The -20 amendment [Sen. Starr]** makes the following changes to Sections 110-116 of the base measure:

Section 110-111, 113, 115: Elevates the Newberg-Dundee Bypass project to third priority on list of Anchor Projects. Specifies that once all projects on list are completed, allocates \$125 million annually to ODOT (50 percent), counties (28.63 percent formula distribution and 1.37 percent to small counties) and cities (20 percent).

Section 112, 114, 116: No change to base measure.

**-21 The -21 amendment [Rep. Helfrich]** establishes state policy to prioritize preservation of existing highways and bridges in transportation projects and expenditures with the goal of having at least 60 percent of highways and roads classified in good condition and at least 20 percent of Oregon bridges be in good condition.

-22 **The -22 amendment [Sen. Starr]** makes the following changes to the base measure:

Section 124: Changes section references for amendments to the road usage charge sections of the measure.

Section 131: Deletes reference to "for metered use by the subject vehicle of the highways of Oregon."

Section 133: Deletes references to highways of Oregon.

-23 **The -23 amendment [Rep. McLain and Sen. Gorsek]** replaces the previous -13 amendment and includes all of the provisions of the -13 plus the following changes and additions:

Sections 2-4: Modifies weight-mile tax tables. Sets weight-mile tax tables to take effect July 1, 2028, with no additional future adjustments (resulting in Sections 5-7 being deleted).

Section 44: Reinstates provisions from base bill related to 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 64-65: Replaces incorrect road use assessment fees and flat fees with a single increase effective July 1, 2028. Removes Sections 66 and 67.

Section 153: Corrects start dates for administration and permit tags for delivery vehicles (July 1, 2028).

Section 174: Increases annual allocation from Department of Transportation Operating Fund to Multimodal Active Transportation Fund from \$1 million to \$2 million.

Section 178: Changes agency responsible for conducting study of WES expansion from DAS to ODOT.

Section 180: Increases fee for issuance or renewal of snowmobile registration from \$10 to \$30.

Section 181: Directs Oregon Department of Transportation to conduct studies on the following:

- how to increase number of EV charging stations available for all types of motor vehicles powered by electricity, including those weighing more than 26,000 pounds;
- how to encourage the purchase of electric motor vehicles through rebates or other financial incentives;
- report to Legislative Assembly by September 15, 2026; sunsets January 2, 2027.

**BACKGROUND:**

Oregon was the first state in the United States to adopt a motor vehicle fuel tax (one cent per gallon, adopted in 1919). Since that time, the fuel tax has been increased a number of times, the two most recent examples being major transportation funding packages: House Bill 2001 (2009 Session) increased the tax from 24 cents per gallon to 30 cents per gallon; House Bill 2017 (2017) increased it in four steps over four biennia to 40 cents per gallon, the most recent taking effect January 1, 2024. In both of those cases, a large portion of the new revenues were used for construction of numerous small, local improvement projects as well as a number of projects of statewide significance. A handful of the latter group of projects (including the Interstate 5 Rose Quarter project, the Abernethy Bridge, the Interstate 205 widening and seismic project, later phases of the Newberg-Dundee Bypass, and the Center Street Salem bridge, remain unfunded or underfunded.

The Oregon Department of Transportation (ODOT) reported to the Joint Committee on Transportation, shortly before the 2024 session, that the agency would soon be facing a critical shortfall that would degrade the Department's ability to carry out its mission and duties. For more than two decades it has been known that the state's reliance on the motor fuel tax (combined with the weight-mile tax for heavy trucks) was a source of declining efficacy, as steadily improving vehicle mileage ratings, combined with a growing percentage of electric and hybrid vehicles within the state, were reducing the amount of revenue taken in per vehicle mile traveled, during a time when inflation was also increasing the cost of both labor and materials for construction and maintenance activities. This factor, combined with past bonding of certain transportation revenues for project delivery, lack of action to increase funding at the federal level, and some miscalculation, resulted in an estimated shortfall of nearly \$1 billion per year.

House Bill 2025 is the transportation funding and policy package for the 2025 session. It includes increases to not only the fuel taxes, but also to fees for services and documents produced by ODOT, increases to the employee payroll tax that provides funding for transit services statewide, increases to the privilege tax and a new vehicle transfer tax to provide continued funding for electric vehicle rebates and charging infrastructure, completion of the legacy highway projects still awaiting funding, and safety projects statewide through the Great Streets and Safe Routes to Schools programs.