



Legislative Fiscal Office
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Bill Title: Relating to transportation.

Government Unit(s) Affected: Oregon Lottery Commission, Oregon Liquor and Cannabis Commission, Department of Administrative Services, Secretary of State, Department of Transportation, Marine Board, Oregon Military Department, Parks and Recreation Department, Department of State Police, Department of Education, Department of Fish and Wildlife, Department of Forestry, Department of Justice, Department of Agriculture, Department of Aviation, Special Districts, Counties, Cities, School Districts, Metro, Legislative Policy and Research Office, Department of the State Fire Marshal

Summary of Fiscal Impact

2025-27 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Oregon Department of Transportation	\$ -	\$ -	\$ 476,011	\$ -	\$ 476,011	2	1.76
Secretary of State	\$ -	\$ -	\$ 559,354	\$ -	\$ 559,354	2	1.76
Legislative Policy and Research Office	\$ 300,000	\$ -	\$ -	\$ -	\$ 300,000	-	-
Total Fiscal Impact	\$ 300,000	\$ -	\$ 1,035,365	\$ -	\$ 1,335,365	4	3.52

2027-29 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Oregon Department of Transportation	\$ -	\$ -	\$ 288,159	\$ -	\$ 288,159	1	1.00
Secretary of State	\$ -	\$ -	\$ 639,263	\$ -	\$ 639,263	2	2.00
Legislative Policy and Research Office	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
Total Fiscal Impact	\$ -	\$ -	\$ 927,422	\$ -	\$ 927,422	3	3.00

- There is an additional indeterminate impact for school districts, local governments, and state agencies that have fleets. These entities may have additional costs due to the changes in vehicle fees and fuel taxes under this measure.

Measure Description

This measure makes a variety of changes related to transportation.

The measure requires the Secretary of State (SOS) Audits Division to conduct a biennial performance audit on the use of moneys in the State Highway Fund and capital projects carried out by the Oregon Department of Transportation (ODOT). Audits are to be submitted to an appropriate standing or interim committee of the Legislative Assembly, though the measure does not specify how or when the audits should be reported.

The measure specifies that the Director of Transportation is to be appointed by the Governor instead of the Oregon Transportation Commission (OTC) in consultation with the Governor.

The membership of the existing ODOT Continuous Improvement Advisory Committee is specified, and the Committee is directed to meet monthly and to report quarterly to OTC and Joint Committee on Transportation (JCT) on Key Performance Measures and with recommendations on ways the Commission and Department can be more efficient.

JCT's responsibilities are expanded to include legislative oversight of the Oregon Department of Aviation. JCT is also to review transportation project expenditures and do a quarterly review of changes and budget updates to major projects. The Committee is to make recommendations related to transportation and appropriation of funding to the Joint Committee on Ways and Means, Emergency Board, or Joint Interim Committee on Ways and Means.

JCT is also to review requests for certain project scope expansion requests submitted by cities and counties for highway improvement projects that have been approved by OTC. These are defined as state highway projects for which ODOT may use federal transportation funds, in which the city or county is not covering the costs of the expanded scope, and the project cost will increase by at least 5% for projects over \$25 million, and at least 10% for projects of less than \$25 million. The Committee may submit recommendations for appropriations to cover the costs of the expanded scope.

The Legislative Policy and Research Office (LPRO) is to enter a professional services contract for a performance audit of ODOT operations, including ODOT management, and whether and how the Department addresses recommendations from a management review that was conducted under SB 5550 (2025). The measure does not specify how or when the audit should be reported, but the requirement is repealed January 2, 2027.

As of January 1, 2026, taxes for motor vehicle or aircraft fuel, and certain forms of gas, increase to 43 cents per gallon. Passenger vehicle registration fees increase from \$43 to \$64 per year. Vehicle title fees increase from \$77 to \$168 for vehicles that do not have a salvage title or a vehicle title for trailers. All increases from fees, and any amounts attributable to the taxes changed under this measure that are in excess of 40 cents per gallon, are allocated to ODOT.

The revenues generated by this measure will be addressed in the Revenue Impact Statement produced by the Legislative Revenue Office.

Fiscal Analysis

The fiscal impact of this measure is \$1.3 million total funds, which includes \$300,000 General Fund, \$1 million Other Funds, and four positions (3.52 FTE) in the 2025-27 biennium. The total impact in the 2027-29 biennium is \$927,422 Other Funds, and three positions (3.00 FTE).

Oregon Department of Transportation

The estimated fiscal impact for ODOT is \$476,011 Other Funds in the 2025-27 biennium and \$288,159 Other Funds in the 2027-29 biennium. ODOT would hire one permanent, full-time Operations and Policy Analyst 3 (0.88 FTE in the 2025-27 biennium, 1.00 FTE in the 2027-29 biennium) to staff the Continuous Improvement Advisory Committee, and one limited duration Program Analyst 2 (0.88 FTE in the 2025-27 biennium) to establish a process for local governments to request to expand the scope of a highway improvement project.

ODOT will also pay \$639,263 in the 2027-29 biennium for the costs of the SOS performance audit; this is included in the SOS section of this fiscal impact statement.

Additionally, ODOT vehicles and equipment would be subject to the fuel tax increases under this measure. There could be additional costs for ODOT due to these increased prices, though the amount is indeterminate at this time. There is also the potential for increased contract costs, though it is not possible to estimate the degree of this impact.

While the measure directs an audit of ODOT's progress in implementing recommendations from a recent management review, the measure does not explicitly direct ODOT to implement these recommendations. Any associated costs with implementation of those recommendations are not included in this fiscal analysis.

The amounts included here only cover what is required for implementation of this measure. This does not include existing positions and projects within ODOT's budget that will be funded by additional revenues generated under this measure. Other Funds are sourced from the State Highway Fund.

Secretary of State

SOS costs are estimated at \$559,354 Other Funds in the 2025-27 biennium, and \$639,263 Other Funds in the 2027-29 biennium. The agency would hire two full-time, permanent positions (1.76 FTE in the 2025-27 biennium and 2.00 FTE in the 2027-29 biennium), a State Senior Auditor and a State Principal Auditor. These positions would complete the biennial ODOT performance audit directed under this measure.

Other Funds in the 2025-27 biennium will be sourced from statewide government service charges that are paid by all state agencies, as well as some direct charges to ODOT. SOS is limited in the amount that can be directly charged to ODOT each biennium and this amount has already been set for the 2025-27 biennium. In subsequent biennia, SOS anticipates directly charging ODOT for the full costs of these audits as these costs will be built into the direct charge limit for ODOT.

Legislative Policy and Research Office

LPRO costs are estimated at \$300,000 General Fund in the 2025-27 biennium, to contract for a performance audit of ODOT operations and management.

Other Entities

Other state agencies with substantial fuel use, as well as local government entities and school districts, may be impacted by the increase in fuel taxes and title fees under this measure.

The Oregon Department of Forestry (ODF) has a large number of vehicles and other fuel-powered equipment and is likely to be impacted, though the exact impact is indeterminate at this time. For context, ODF spends from \$1.4 to \$3.1 million on fuel each biennium, largely based on fire season costs. They also have over 1,100 vehicles and other equipment, so the increase in costs could be significant. The Department of Administrative Services provides vehicles for most state agencies and anticipates purchasing 600 vehicles next biennium that would be subject to increased title fees, in addition to any costs due to the increase in fuel taxes. Oregon State Police, Oregon Department of Fish and Wildlife, Oregon Department of Agriculture, Oregon Department of Education, Oregon Military Department, Department of the State Fire Marshal, Oregon State Lottery, and Oregon Parks and Recreation Department (OPRD) all have their own fleets and equipment and could also be impacted. Costs for these agencies are anticipated to be absorbable at present but may be reflected in future budgetary adjustments.

There is an indeterminate impact for the Oregon Liquor and Cannabis Commission (OLCC). OLCC contracts with private companies that deliver distilled spirits. Increased fuel costs may impact contract costs for delivery.

There is an indeterminate impact for the Oregon State Marine Board (OSMB) and OPRD. Both agencies receive a portion of fuel tax revenues based on the amount of fuel used for recreational boating and the number of all-terrain vehicle permit holders. Amounts for OSMB are dependent on a study of recreational boat use conducted

every four years, with the next survey coming in late 2025.

There is minimal impact for the Department of Justice, and no fiscal impact for the Department of Aviation.

Relevant Dates

The measure takes effect on the 91st day after sine die.