



Legislative Fiscal Office
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Bill Title: Relating to transportation; providing for revenue raising that requires approval by a three-fifths majority.

Government Unit(s) Affected: Oregon Liquor and Cannabis Commission, Bureau of Labor and Industries, Information Technology, Department of Forestry, Legislative Revenue Office, Department of State Lands, Oregon Business Development Department, Counties, Department of Aviation, Department of Revenue, Judicial Department, Legislative Policy and Research Office, Parks and Recreation Department, Special Districts, Cities, Department of Agriculture, Department of Fish and Wildlife, Department of Transportation, Metro, Secretary of State, Department of Environmental Quality, Bonding, Department of Administrative Services, Department of State Police, Legislative Assembly, Marine Board, School Districts, Oregon Military Department, Criminal Justice Commission, Department of Justice, Oregon Youth Authority, Employment Department, Department of Corrections, District Attorneys, Public Defense Commission, Department of the State Fire Marshal, Department of Education, Oregon Lottery Commission

<Revised to reflect recalculation of tax expenditures by the Department of Administrative Services>

Summary of Fiscal Impact

2025-27 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Oregon Department of Transportation	\$ -	\$ -	\$ 16,933,719	\$ -	\$ 16,933,719	75	32.50
Department of Administrative Services	\$ 175,000	\$ -	\$ 630,945	\$ -	\$ 805,945	-	-
Secretary of State	\$ -	\$ -	\$ 479,446	\$ -	\$ 479,446	2	1.50
Oregon State Police	\$ 194,400	\$ 12,960	\$ 51,840	\$ -	\$ 259,200	-	-
Legislative Policy and Research Office	\$ 300,000	\$ -	\$ -	\$ -	\$ 300,000	-	-
Total Fiscal Impact	\$ 669,400	\$ 12,960	\$ 18,095,950	\$ -	\$ 18,778,310	77	34.00

2027-29 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Oregon Department of Transportation	\$ -	\$ -	\$ 29,015,510	\$ -	\$ 29,015,510	88	71.50
Department of Administrative Services	\$ -	\$ -	\$ 1,798,316	\$ -	\$ 1,798,316	-	-
Secretary of State	\$ -	\$ -	\$ 639,263	\$ -	\$ 639,263	2	2.00
Oregon State Police	\$ 328,050	\$ 21,870	\$ 87,480	\$ -	\$ 437,400	-	-
Total Fiscal Impact	\$ 328,050	\$ 21,870	\$ 31,540,569	\$ -	\$ 31,890,489	90	73.50

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

Measure Description

This measure makes a variety of changes related to transportation.

Transportation Funding

The revenues generated by this measure will be addressed in the Revenue Impact Statement produced by the Legislative Revenue Office (LRO). Increases to taxes and fees are summarized below, including the administration of these funds and how they are used, as well as the impact to some agencies.

Taxes and fees effective January 1, 2026

As of January 1, 2026, the measure specifies annual or biennial adjustments to taxes for motor vehicle or aircraft fuel, with the tax increasing from 34 cents to 50 cents per gallon in calendar years 2026 and 2027, 55 cents per gallon for 2028, and then set by the Oregon Transportation Commission (OTC) based on the Consumer Price Index for calendar year 2029 and beyond, with increases capped at 4% from the prior calendar year.

The payroll tax is increased from 0.1% of employee wages to 0.18% for calendar years 2026 and 2027, to 0.25% in calendar years 2028 and 2029, and to 0.3% in subsequent years.

The vehicle privilege tax and vehicle use tax are increased from 0.5% to 1% of the retail sales price of a taxable motor vehicle.

A per-mile usage charge phases in for vehicles that are not wholly fuel powered. The per-mile road usage charge (RUC) is 5% of the rate of the per-gallon license tax in effect at the time the charge becomes due; for electric delivery vehicles, the rate is 10% of the rate of the per-gallon license tax. The charge is to be phased in semi-annually: electric vehicles that are not new beginning July 1, 2026; all electric vehicles starting January 1, 2027; plug-in hybrid and hybrid electric vehicles starting July 1, 2027; electric delivery vehicles starting July 1, 2028; and then vehicles currently subject to a road use charge before July 1, 2031. In lieu of the per-mile charge, vehicle owners or lessors may pay a flat annual fee of \$340, which is increased annually by the same percentage as the per-gallon license tax.

The measure increases certain ODOT vehicle titling fees, vehicle business certificates, trip permits, and commercial vehicle fees, as well as fees to obtain or renew some licenses and endorsements. Some vehicle registration fees are also modified. Two new fees for recreational vehicles are also established, with additional details in later sections. Fee changes under this measure are specified in the Revenue Impact Statement.

Taxes and fees effective January 1, 2027

As of January 1, 2027, a new vehicle transfer tax and use tax are established, with each tax totaling 1% of the sales price for used vehicles, and 2% for new vehicles. Both taxes are paid by the purchaser of the vehicle, to be collected by the Oregon Department of Transportation (ODOT), for deposit in the State Highway Fund.

Taxes and fees effective July 1, 2028

As of July 1, 2028, the measure simplifies the weight mile tax. Diesel is added to the list of fuels subject to the motor vehicle fuel tax. Diesel is defined to include biodiesel, renewable diesel, and other diesel fuel blends; dyed diesel is not subject to the tax. Certain carrier fees and road use assessments are also changed.

Allocation of Funds*Distributions of additional tax and fee revenues effective January 1, 2026*

As of January 1, 2026, the amounts attributable to the increase in fuel taxes and increased registration and title fees, are to be allocated 50% to ODOT, 30% to counties (with the greater of \$3.5 million or 1.37% of the 30% for distribution to small counties), and 20% to cities.

The use of vehicle privilege tax revenues is modified, with 50% of the gross amount of revenues transferred to the Railroad Fund, while the remaining 50% transferred to the existing statutory dedications to the Zero-Emission Incentive Fund, and the Connect Oregon Fund. Moneys in the Railroad Fund are continuously appropriated to ODOT for programs or projects that support public transportation by rail, and any expenses ODOT incurs in performing railroad related duties.

The Legislative Fiscal Office (LFO) notes that the measure specifies that 100% of the gross amount of funds are to be transferred to the Railroad Fund, Zero-Emission Incentive Fund, and the Connect Oregon Fund. The measure is not clear if by specifying the gross amount of funds, instead of the net amount, will conflict with the Department of Revenue's (DOR) ability to use some of this funding for costs of administering the vehicle privilege tax.

Distributions of additional tax and fee revenues effective July 1, 2027

Starting July 1, 2027, the amounts attributable to the vehicle transfer tax and transfer use tax, in addition to the additional revenues from the fuel tax and registration and title fees, are to be distributed in the following ways:

- \$125 million per year is to be deposited into the newly created Great Streets Fund. The Great Streets Fund is separate and distinct from the General Fund, with earnings on moneys in the fund to be deposited in the fund. Moneys in the Great Streets Fund are continuously appropriated to ODOT for three jurisdictional transfer projects each biennium, as identified by the Great Streets Advisory Committee (previously the Jurisdictional Transfer Advisory Committee).
- \$25 million per year is to be deposited into the Safe Routes to Schools Fund to provide Safe Routes to Schools matching grants.
- \$5 million per year is for the newly created Wildlife-Vehicle Collision Reduction Fund. This fund is established in the State Treasury separate and distinct from the State Highway Fund. Interest earned by the fund is to be credited to the fund, and moneys are continuously appropriated to ODOT to carry out an existing program to reduce wildlife-vehicle collisions. LFO notes that funding is generally specified as being deposited into a fund or account, and not designated as "for" a purpose.
- \$125 million per year will be deposited in the newly created Anchor Project Account within the State Highway Fund. Moneys in the account are continuously appropriated to ODOT, and interest on the account is credited to the State Highway Fund. Funds are to be used to pay for costs, including project costs, on a current basis and to pay for debt service on bonds issued to finance transportation projects. The transportation projects are to receive funds in order of priority, with initial funds going to the Interstate 5 Rose Quarter Project and then the Abernethy Bridge Project. OTC will determine when projects are complete and will reallocate any remaining funds to the next project on the list.

Funds remaining after the statutory deposits of funds will be allocated 50% to ODOT, 30% to counties, and 20% to cities.

Distributions of additional tax and fee revenues effective July 1, 2028

Starting July 1, 2028, the amount attributable to the increase in road use assessment fees, carrier assessments, and weight-mile taxes will also be distributed for the purposes outlined above.

Recreational vehicle disposal

The measure establishes an abandoned recreational vehicle (RV) disposal fee of \$25, which is to be paid in addition to other registration fees, for each year of the registration period for campers, travel trailers, and motor homes. An abandoned RV disposal fee of \$40 is also established, which is to be paid in addition to RV trip permit fees. These fees are to be adjusted each biennium based on the Consumer Price Index. Existing registration fees for trailers, campers, and motor homes, as well as RV trip permits, are required to be increased biennially based on the Consumer Price Index.

Revenue from the new fees is to be deposited into the newly created Abandoned Recreational Vehicle Account. The account is established in the General Fund, with interest on the account credited to the account. Moneys in the account are continuously appropriated to ODOT to reimburse a person disposing of abandoned RVs at the request of a local government, special district, or state agency. ODOT may use up to 5% of the funds for administrative and operational expenses. This program is in effect until January 2, 2036, at which point all funding in the Abandoned Recreational Vehicle Account is transferred to the State Highway Fund.

Oregon Department of Transportation Operations

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

ODOT is to conduct four studies, most to be reported to the Joint Committee on Transportation (JCT) by September 15, 2026:

- A review of the method of funding distribution from the Statewide Transportation Improvement Fund (STIF) to determine ODOT's ability to effectively and equitably distribute moneys to address current and reasonably expected transit service levels around the state. ODOT is also to review how to improve interagency partnerships and service to address transit gaps and unmet needs in the Metro region. As part of the review, the Department of Administrative Services (DAS) is directed to evaluate if there is sufficient funding to cover the administrative costs related to the payroll tax and STIF.
- A study on the feasibility of having qualified entities who receive moneys from STIF provide free transit services to people under the age of 22. The study is also to include development of a policy that would require ODOT to consider the net change in vehicle miles traveled for all new federal and state capacity expansion projects. ODOT is additionally directed to collaborate with cities and counties to study and develop a plan to improve interagency partnerships and service, and address transit gaps and unmet needs in each region.
- A study on the expansion of the Westside Express Service from Beaverton to Wilsonville, as well as to Salem and Eugene.
- A study on how to increase the number of electric vehicle charging stations available across the state for all types of motor vehicles, and encourage the purchase of electric motor vehicles through rebates or other financial incentives. This is to be reported to the interim committees of the Legislative Assembly related to transportation by September 15, 2026.

The measure modifies ODOT's operations in the following ways as of July 1, 2028:

- Permits ODOT to inspect records and equipment of dealers and brokers during business hours, to assess compliances with statutes governing motor vehicle fuel and aircraft fuel taxes; and to assess civil penalties for noncooperation.
- Authorizes ODOT to deny an international fuel tax agreement license and removes the cap for fees that ODOT may charge for these agreements.
- Permits a weighmaster or motor carrier enforcement officer to issue citations to persons operating certain vehicles without driving privileges, failing to comply with an international fuel tax agreement, and improper use of dyed diesel.

- Requires out-of-state motor carriers not licensed under an international fuel tax agreement to obtain a valid fuel trip permit from ODOT under specified circumstances and directs ODOT to set the fee for permits by rule.
- Permits ODOT representatives to inspect fuel supply tanks at test or inspection sites.

Oregon Department of Transportation Oversight

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 Department. 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 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.

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 JCT on Key Performance Measures and 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. This includes the review of transportation project expenditures, and 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.

Other Measure Elements

The measure also includes the following:

- Requires a lane width of 12 feet on freight routes on a state highway and outside of an urban growth boundary.
- Increases the amount available for certain road maintenance for cities with populations of less than 5,000, from \$5 million to \$6 million.
- Modifies the purposes of STIF so moneys may be used for maintaining existing light rail. The measure also adds project selection criteria OTC may use when selecting Statewide Transportation Improvement Program projects.
- Requires an annual \$2 million transfer from the ODOT Operating Fund to the Multimodal Active Transportation Fund, for grants for bicycle and pedestrian transportation projects.
- LRO, in consultation with ODOT, cities, and counties is to study how to simplify and streamline methods of distributing certain fees and taxes and is to submit a report to JCT by September 15, 2026.
- Establishes four Class A traffic violations, one Class A violation, on Class A misdemeanor, two Class B misdemeanors, and one Class C misdemeanor.

As of July 1, 2028, the measure:

- Allows assessment of civil penalties by ODOT for failure to adhere to dyed diesel requirements, with revenues going to the State Highway Fund.
- Deposits any sums collected from International Fuel Tax Agreement (IFTA) member jurisdictions into the Motor Carrier Account.

Fiscal Analysis

The fiscal impact of this measure is \$18.8 million total funds, which includes \$0.7 million General Fund, \$12,960 Lottery Funds, \$18.1 million Other Funds, and 77 positions (34.00 FTE) in the 2025-27 biennium. The total impact in the 2027-29 biennium is \$31.9 million total funds, which includes \$328,050 General Fund, \$21,870 Lottery Funds, and \$31.5 million Other Funds, and 90 positions (73.50 FTE).

Oregon Department of Transportation

The estimated fiscal impact for ODOT is \$16.9 million Other Funds in the 2025-27 biennium and \$29 million Other Funds in the 2027-29 biennium. In the 2025-27 biennium this includes 75 positions (32.50 FTE) and 88 positions (71.50 FTE) in the 2027-29 biennium. This amount includes only what is required for implementation of this measure. It does not include existing positions and projects within ODOT's budget that will be funded by any additional revenues generated under this measure. Other Funds are primarily sourced from the State Highway Fund, though positions administering funding from the payroll tax are also paid for with these funds. Positions administering the RUC will be paid for from that revenue source.

To implement the requirements of this measure, ODOT would hire the following positions. All positions are full-time, permanent, and 0.75 FTE in the 2025-27 biennium and 1.00 FTE in the 2027-29 biennium unless noted otherwise.

General Operations

This category includes two positions (1.50 FTE in the 2025-27 biennium and 1.00 FTE in the 2027-29 biennium) with \$416,957 for personal services and \$33,357 for position-related services and supplies in the 2025-27 biennium and \$555,944 for personal services and \$44,476 for position-related services and supplies in the 2027-29 biennium. Positions include:

- One Operations and Policy Analyst 3 to staff the Continuous Improvement Advisory Committee.
- One limited duration Program Analyst 2 (0.75 FTE in the 2025-27 biennium) to establish a process for local governments to request to expand the scope of a highway improvement project.

Diesel Tax

This category includes eight positions (3.00 FTE) in the 2025-27 biennium, and 14 positions (9.50 FTE) in the 2027-29 biennium. Costs are estimated at \$725,620 for personal services and \$58,050 for position-related services and supplies in the 2025-27 biennium and \$2 million for personal services and \$159,986 for position-related services and supplies in the 2027-29 biennium. Positions include:

- One Business Operations Manager 3 to manage IT updates related to the diesel tax.
- One Operations and Policy Analyst 3 to assist with IT updates related to the diesel tax.
- Six limited duration Transportation Service Representative positions (0.25 FTE each in the 2025-27 biennium and 0.50 FTE each in the 2027-29 biennium) to support increased development, testing, and implementation of the diesel tax system.
- Six Motor Carrier Enforcement Officer 1 positions (0.75 FTE each in the 2027-29 biennium) to conduct roadside compliance checks for fuel tax evasion.

Statewide Transportation Improvement Fund

This category includes five positions (3.75 FTE in the 2025-27 biennium, 5.00 FTE in the 2027-29 biennium), with \$917,369 for personal services and \$73,390 for position-related services and supplies in the 2025-27 biennium

and \$1.2 million for personal services and \$97,853 for position-related services and supplies in the 2027-29 biennium. Positions include:

- Two Program Analyst 3 positions, one to manage the Discretionary and Intercommunity grants programs that are funded by STIF, and one to serve as a statewide coordinator for STIF work with qualified entities and public transit service providers.
- Two Program Analyst 2 positions, one to ensure compliance with STIF regulations, and one to support reporting, communication, and process improvement work.
- One Fiscal Analyst 2 position to provide financial management and administer grant contracts related to the increase in STIF revenues.

General Road Usage Charge

This category includes 13 positions (8.63 FTE), with \$2.2 million for personal services and \$179,153 for position-related services and supplies in the 2025-27 biennium. In the 2027-29 biennium, this includes 18 positions (16.58 FTE) with \$4 million for personal services and \$327,787 for services and supplies. Positions include:

- One Business Operations Manager 2 to oversee the road user fee program.
- One Public Affairs Specialist 3 to direct public outreach and communications activities.
- Three Operations and Policy Analyst positions (one OPA 2 and two OPA 3s; totaling 1.88 FTE in the 2025-27 biennium, and 3.00 FTE in the 2027-29 biennium) to develop the program and account manager processes, as well as support program operations.
- One Fiscal Analyst 2 (0.88 FTE in the 2027-29 biennium) to provide financial reporting and analysis.
- One Project Manager 3 (0.63 FTE in the 2025-27 biennium and 1.00 FTE in the 2027-29 biennium) to manage business programs and projects.
- Two Information Systems Specialist 7s to work on IT projects related to the RUC.
- Two Program Analyst 1s to provide customer service support for the RUC.
- Two Compliance Specialists (CS 2 and CS 3; totaling 0.75 FTE in the 2025-27 biennium, and 1.75 FTE in the 2027-29 biennium) to support revenue collection and compliance processes for the RUC.
- One Operations and Policy Analyst 2 (0.63 FTE in the 2025-27 biennium, and 1.00 FTE in the 2027-29 biennium) to audit account managers and manage data and reporting for the RUC.
- One Accounting Technician 2 (0.25 FTE in the 2025-27 biennium, and 1.00 FTE in the 2027-29 biennium) and an Accountant 2 (0.88 FTE in the 2027-29 biennium), to administer RUC funds.
- One Executive Support Specialist 2 (0.88 FTE in the 2027-29 biennium) to provide program administrative support.

Road Usage Charge for Electric Medium Duty Fleets

This category includes three positions (1.38 FTE), with \$315,459 for personal services and \$25,237 for position-related services and supplies in the 2025-27 biennium. In the 2027-29 biennium, this includes six positions (6.13 FTE), with \$1.3 million for personal services and \$104,954 in services and supplies. Positions include:

- One Program Analyst 3 position (Tax Coordinator) to develop and implement the new RUC.
- Two Transportation Service Representative 2 positions (0.25 each in the 2025-27 biennium, and 1.00 each in the 2027-29 biennium) to support increased account monitoring for the new tax.
- Two Compliance Specialist positions (CS 2 and CS 3) to support compliance processes for the new RUC (1.00 FTE each in the 2027-29 biennium).
- One Transportation Service Representative 2 (1.00 FTE in the 2027-29 biennium) to process new applications and provide customer support.
- One existing Electronic Publishing and Design Specialist 2 (0.13 FTE per biennium) within the Commerce and Compliance Division to update internal and external publications.

Vehicle Transfer and Transfer Use Taxes

This category includes 39 positions (13.00 FTE in the 2025-27 biennium, 27.50 in the 2027-29 biennium), with \$2.2 million for personal services and \$174,510 for position-related services and supplies in the 2025-27 biennium and \$4.6 million for personal services and \$369,435 for position-related services and supplies in the 2027-29 biennium. All positions are 0.33 FTE in the 2025-27 biennium; permanent positions are 1.00 FTE and limited duration positions are 0.50 FTE in the 2027-29 biennium. Positions include:

- Twelve permanent and 16 limited duration Transportation Service Representative 1 positions for increased transaction processing times in DMV offices due to the vehicle transfer and transfer use taxes.
- Two permanent and three limited duration Administrative Specialist 1 positions, and two permanent and four limited duration Office Specialist 2 positions in Headquarters and DMV's Customer Assistance Group to assist people with vehicle transfer and transfer use tax questions and transactions.

Specific Funds

This category includes five positions (1.26 FTE in the 2025-27 biennium and 5.00 FTE in the 2027-29 biennium), with \$299,841 for personal services and \$23,987 for position-related services and supplies in the 2025-27 biennium, and \$1.2 million for personal services and \$95,176 for position-related services and supplies in the 2027-29 biennium. Positions include:

- One permanent Program Analyst 3 (0.13 FTE in the 2025-27 biennium, 1.00 FTE in the 2027-29 biennium) to administer the wildlife-vehicle collision reduction program.
- One permanent Program Analyst 3 (0.50 FTE in the 2025-27 biennium, 1.00 FTE in the 2027-29 biennium) to administer the Great Streets program.
- One permanent Program Analyst 1 (0.25 FTE in the 2025-27 biennium, 1.00 FTE in the 2027-29 biennium) to coordinate the Safe Routes to Schools grant process due to the additional funding in this program.
- Two Program Analyst 2 positions (one 0.25 FTE and one 0.13 FTE in the 2025-27 biennium, both 1.00 FTE in the 2027-29 biennium) to support Safe Routes to Schools grantees and manage the program and grants, due to the additional funding in this program.

Additional estimated costs include:

- \$4 million in the 2025-27 biennium and \$10.5 million in the 2027-29 biennium to develop a new Commercial Vehicle Information Exchange Window for reporting related to the IFTA; current systems are unable to connect to IFTA systems as required for participation in the IFTA.
- \$1.1 million each biennium for IT work related to the RUC, primarily for enrollment in the program, as well as QA work.
- \$1.3 million each biennium for IT work for fleet RUC.
- \$1 million each biennium for public outreach related to the RUC.
- \$220,000 each biennium for equipment for dip testing for dyed fuel.
- \$800,000 in the 2025-27 biennium for programming costs related to the new vehicle taxes.
- \$500,000 in the 2025-27 biennium for contract costs to reprogram the agency's weight-mile tax system.
- \$350,000 in the 2025-27 biennium to develop rules and processes, update materials, and for printing and mailing costs related to the vehicle transfer and transfer use taxes.
- \$639,263 in the 2027-29 biennium to pay for the costs of the SOS performance audit.

There will be additional costs for ODOT to conduct the studies required under this measure. The costs are not known at this time but could be up to \$500,000. ODOT anticipates that an existing consultant contract can be used for some of this work, so total costs are not yet known and further analysis is needed.

There is an additional indeterminate, but potentially significant fiscal impact related to the lane width requirements, which could increase costs for some projects in which lane width requirements apply.

There are additional indeterminate costs related to railroad projects, as the measure increases the funds available for railroad-related work but does not identify specific projects to be funded. Additional direction will be needed on the use of funds.

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.

ODOT anticipates minimal costs for administration of the RV disposal program.

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.

ODOT will also need additional Other Funds expenditure limitation in the 2027-29 biennium to spend additional revenues dedicated to specific programs under this measure.

The scope and magnitude of IT components of the measure may require ODOT to comply with the state's IT investment oversight policies, procedures, and process. The estimated fiscal impact of this component is therefore preliminary and subject to change when the agency begins this process. The process requirements include the following steps: (1) analysis of business requirements; (2) business case development; (3) establishing a project management team or other professional staff resources; and (4) developing foundational project management plans and updated cost estimates. Depending on various cost or risk factors, including (but not limited to) the scope and complexity of the IT work or contract(s) that may be required, ODOT may also be required to contract for additional independent quality management services in compliance with ORS 276A.223.

Department of Administrative Services

DAS costs are estimated at \$175,000 General Fund and \$630,945 Other Funds in the 2025-27 biennium, and \$1.8 million Other Funds in the 2027-29 biennium. DAS provides vehicles for most state agencies, and so would be impacted by the increase in fuel taxes and vehicle fees. Agencies with their own fleets that do not contract with DAS for vehicles are discussed in more detail in a later section.

DAS anticipates spending \$20 million in vehicle purchases in the 2025-27 biennium; the new and modified taxes related to vehicle purchases are estimated to increase costs by approximately \$175,000 in the 2025-27 biennium and \$500,000 in the 2027-29 biennium, though these could change based on the timing and number of vehicles purchased. Based on the number of gallons of fuel purchased by DAS in the 2023-25 biennium, fuel tax increases are estimated to increase fuel costs by \$543,445 in the 2025-27 biennium, and \$996,316 in the 2027-29 biennium; and the costs related to the RUC for hybrid and electric vehicles are estimated a \$45,500 in the 2025-27 biennium, and \$246,000 in the 2027-29 biennium, though these amounts could change based on the types of vehicles purchased. Changes to title fees are estimated to increase costs by approximately \$42,000 to \$56,000 per biennium depending on the timing of vehicle purchases.

Oregon State Police

Oregon State Police (OSP) estimates that the increase in fuel taxes will cost the agency \$259,200 total funds in the 2025-27 biennium, and \$437,400 total funds in the 2027-29 biennium. In the 2025-27 biennium, this includes \$194,400 General Fund, \$12,960 Lottery Funds, and \$51,840 Other Funds.

Secretary of State

SOS costs are estimated at \$479,446 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 (0.75 FTE in the 2025-27 biennium

and 1.00 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 in the 2025-27 biennium since that amount is capped biennially. In subsequent biennia, SOS will likely directly charge ODOT for the full costs of the audit.

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

There is an indeterminate fiscal impact for school districts. The State School Fund (SSF) is one of the state's largest General Fund expenses. The SSF Transportation Grant reimburses school districts 70% of eligible transportation costs. As of the 2024 school year, there were 15,942 buses statewide, with 10,158 running on diesel, 3,965 on gas, and 1,699 on propane. The remaining 120 buses were either electric or hybrid electric. School districts will have increased costs due to the increased fuel taxes, as the majority of school buses statewide are diesel-fueled. Most costs would occur in the 2027-29 biennium when fuel taxes for diesel takes effect. Any increase in school district's transportation costs related to bus routes or academic travel would directly impact the State School Fund, and consequently the General Fund. Increased fuel expenses related to travel for sporting events and non-academic fieldtrips will directly impact school district budgets. There is an additional indeterminate impact due to the increases in some fees under this measure.

Other state agencies with substantial fuel use (beyond ODOT, DAS, and OSP, as discussed above), as well as local governments, may be impacted by the increase in fuel taxes and vehicle fees under this measure. The increases are indeterminate at this time and are assumed to be absorbable for agencies with smaller fleets. The Oregon Department of Fish and Wildlife (ODFW) has a large number of vehicles and other fuel-powered equipment and is likely to have future budgetary impacts due to the increase in fuel taxes. The Oregon Department of Forestry (ODF) also has a significant number of vehicles and could be impacted. Other agencies with their own fleets include the Oregon Department of Agriculture, Oregon Parks and Recreation Department (OPRD), Department of Education, Oregon Military Department, Department of the State Fire Marshal, and Oregon State Lottery. These costs 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 weight-mile costs may impact contract costs for delivery.

There is an indeterminate impact for the Oregon State Marine Board (OSMB). OSMB receives a portion of fuel tax revenues based on the amount of fuel used for recreational boating. OSMB may receive additional revenues due to the increase in fuel taxes, but this amount is dependent on a study of recreational boat use conducted every four years, with the next survey coming in late 2025.

There is an indeterminate impact for OPRD. The Department receives a portion of RV registration and trip permit revenues, as well as fuel tax revenues based on the number of all-terrain vehicle permit holders. This measure could increase the amount of available revenues. OPRD, ODF, and the Department of State Lands also would be impacted by the RV disposal program, with revenues from that program able to offset the agency costs of RV disposal on lands they manage, though that impact is minimal.

There is an indeterminate, but anticipated to be minimal, impact for the Oregon Judicial Department (OJD). There will be one-time costs for updates to OJD's case management system. There will also be additional cases filed in circuit courts due to new and expanded infractions under this measure, as well as the potential for additional liens on vehicles that violate fuel tax requirements. Increases in licensing and vehicle fees may result in more traffic violations in circuit courts. A minimal number of additional tax court appeals, and Court of Appeals case filings are also anticipated.

LRO anticipates minimal costs to perform the study directed under this measure.

This measure has minimal fiscal impact for the Department of Justice, Department of Revenue, Bureau of Labor and Industries, Public Defense Commission, and district attorneys.

There is no fiscal impact for the Department of Environmental Quality, Oregon Employment Department, Department of Aviation, Oregon Youth Authority, Department of Corrections, Criminal Justice Commission, Oregon Business Development Department, or the Legislative Assembly.

Relevant Dates

The measure takes effect January 1, 2026.

Other dates are included in the Measure Summary.