

HB 2025-15
(LC 4777)
6/17/25 (ASD/ps)

Requested by Representative GAMBA

**PROPOSED AMENDMENTS TO
HOUSE BILL 2025**

1 On page 1 of the printed bill, line 2, after “184.620,” delete the rest of the
2 line and insert “184.621, 184.623, 184.642, 184.665, 184.751, 184.758,”.

3 In line 4, after “319.940,” insert “319.950,”.

4 In line 6, after “366.805,” insert “367.091,”.

5 In line 7, after “367.095,” insert “468.449, 468.469, 468.498,”.

6 Delete pages 30 and 31.

7 On page 32, delete lines 1 through 17 and insert:

8 **“SECTION 45.** ORS 319.020 is amended to read:

9 “319.020. (1) [*Subject to subsections (2) to (4) of this section, in addition to*
10 *the taxes otherwise provided for by law,*] **This section applies to** every dealer
11 engaging in the dealer’s own name, or in the name of others, in the first sale,
12 use or distribution of motor vehicle fuel or aircraft fuel or withdrawal of
13 motor vehicle fuel or aircraft fuel for sale, use or distribution within areas
14 in this state within which the state lacks the power to tax the sale, use or
15 distribution of motor vehicle fuel or aircraft fuel.[, *shall:*]

16 “[*(a)*] **(2) Subject to subsections (5) to (7) of this section, in addition**
17 **to the taxes otherwise provided for by law,** not later than the 25th day
18 of each calendar month, **every dealer described in subsection (1) of this**
19 **section shall** render a statement to the Department of Transportation of all
20 motor vehicle fuel or aircraft fuel sold, used, distributed or so withdrawn by
21 the dealer in the State of Oregon as well as all such fuel sold, used or dis-

1 tributed in this state by a purchaser [*thereof*] **of the fuel** upon which sale,
2 use or distribution the dealer has assumed liability for the applicable license
3 tax during the preceding calendar month. The dealer shall render the state-
4 ment to the department in the manner provided by the department by rule.

5 “[*(b)*] **(3) Subject to subsections (5) to (7) of this section, in addition**
6 **to the taxes otherwise provided for by law, and** except as provided in
7 ORS 319.270, **every dealer described in subsection (1) of this section**
8 **shall** pay a license tax [*computed on the basis of 34 cents per gallon*] on the
9 first sale, use or distribution of such motor vehicle fuel or aircraft fuel so
10 sold, used, distributed or withdrawn as shown by such statement in the
11 manner and within the time provided in ORS 319.010 to 319.430[.] **computed**
12 **in accordance with subsection (4) of this section.**

13 **“(4) For purposes of subsection (3) of this section, the license tax**
14 **rate shall be computed as follows:**

15 **“(a) For calendar years 2026 and 2027, 44 cents per gallon.**

16 **“(b) For calendar years 2028 and 2029, 54 cents per gallon.**

17 **“(c) For calendar years 2030 and 2031, 64 cents per gallon.**

18 **“(d) For calendar years 2032 and 2033, 74 cents per gallon.**

19 “[*(2)*] **(5)** When aircraft fuel is sold, used or distributed by a dealer, the
20 license tax shall be computed on the basis of 11 cents per gallon of fuel so
21 sold, used or distributed, except that when aircraft fuel usable in aircraft
22 operated by turbine engines (turbo-prop or jet) is sold, used or distributed,
23 the tax rate shall be three cents per gallon.

24 “[*(3)*] **(6)** In lieu of claiming refund of the tax paid on motor vehicle fuel
25 consumed by such dealer in nonhighway use as provided in ORS 319.280,
26 319.290 and 319.320, or of any prior erroneous payment of license tax made
27 to the state by such dealer, the dealer may show such motor vehicle fuel as
28 a credit or deduction on the monthly statement and payment of tax.

29 “[*(4)*] **(7)** The license tax computed on the basis of the sale, use, distrib-
30 ution or withdrawal of motor vehicle or aircraft fuel may not be imposed

1 wherever such tax is prohibited by the Constitution or laws of the United
2 States with respect to such tax.

3 **“SECTION 46. The amendments to ORS 319.020 by section 45 of this**
4 **2025 Act become operative on January 1, 2026.**

5 **“SECTION 47.** ORS 319.020, as amended by section 45 of this 2025 Act,
6 is amended to read:

7 “319.020. (1) This section applies to every dealer engaging in the dealer’s
8 own name, or in the name of others, in the first sale, use or distribution of
9 motor vehicle fuel or aircraft fuel or withdrawal of motor vehicle fuel or
10 aircraft fuel for sale, use or distribution within areas in this state within
11 which the state lacks the power to tax the sale, use or distribution of motor
12 vehicle fuel or aircraft fuel.

13 “(2) Subject to subsections (5) to (7) of this section, in addition to the
14 taxes otherwise provided for by law, not later than the 25th day of each
15 calendar month, every dealer described in subsection (1) of this section shall
16 render a statement to the Department of Transportation of all motor vehicle
17 fuel or aircraft fuel sold, used, distributed or so withdrawn by the dealer in
18 the State of Oregon as well as all such fuel sold, used or distributed in this
19 state by a purchaser of the fuel upon which sale, use or distribution the
20 dealer has assumed liability for the applicable license tax during the pre-
21 ceding calendar month. The dealer shall render the statement to the depart-
22 ment in the manner provided by the department by rule.

23 “(3) Subject to subsections (5) to (7) of this section, in addition to the
24 taxes otherwise provided for by law, and except as provided in ORS 319.270,
25 every dealer described in subsection (1) of this section shall pay a license tax
26 on the first sale, use or distribution of such motor vehicle fuel or aircraft
27 fuel so sold, used, distributed or withdrawn as shown by such statement in
28 the manner and within the time provided in ORS 319.010 to 319.430 computed
29 in accordance with subsection (4) of this section.

30 “(4)(a) For purposes of subsection (3) of this section, **beginning with**

1 **calendar year 2033, the license tax rate [shall be computed as follows:] for**
2 **the succeeding calendar year shall be set by the Oregon Transporta-**
3 **tion Commission by multiplying the rate for the current calendar year**
4 **by one plus the percentage increase, if any, in the monthly averaged**
5 **Consumer Price Index for All Urban Consumers, West Region, for the**
6 **12 months ending August 31 of the current year over the same period**
7 **for the previous year.**

8 **“(b) Notwithstanding paragraph (a) of this subsection, the license**
9 **tax rate may not be more than 110 percent of the rate set for the**
10 **previous calendar year.**

11 *“(a) For calendar years 2026 and 2027, 44 cents per gallon.]*

12 *“(b) For calendar years 2028 and 2029, 54 cents per gallon.]*

13 *“(c) For calendar years 2030 and 2031, 64 cents per gallon.]*

14 *“(d) For calendar years 2032 and 2033, 74 cents per gallon.]*

15 **“(c)(A) The commission shall determine the license tax rate as soon**
16 **as practicable after September 30 of each year and notify the Depart-**
17 **ment of Transportation of the rate.**

18 **“(B) The license tax rate shall become operative on January 1 of the**
19 **succeeding calendar year.**

20 **“(C) Before January 1 of each year, the department shall notify**
21 **dealers of the adjusted rate.**

22 **“(5) When aircraft fuel is sold, used or distributed by a dealer, the license**
23 **tax shall be computed on the basis of 11 cents per gallon of fuel so sold, used**
24 **or distributed, except that when aircraft fuel usable in aircraft operated by**
25 **turbine engines (turbo-prop or jet) is sold, used or distributed, the tax rate**
26 **shall be three cents per gallon.**

27 **“(6) In lieu of claiming refund of the tax paid on motor vehicle fuel con-**
28 **sumed by such dealer in nonhighway use as provided in ORS 319.280, 319.290**
29 **and 319.320, or of any prior erroneous payment of license tax made to the**
30 **state by such dealer, the dealer may show such motor vehicle fuel as a credit**

1 or deduction on the monthly statement and payment of tax.

2 “(7) The license tax computed on the basis of the sale, use, distribution
3 or withdrawal of motor vehicle or aircraft fuel may not be imposed wherever
4 such tax is prohibited by the Constitution or laws of the United States with
5 respect to such tax.

6 **“SECTION 48. The amendments to ORS 319.020 by section 47 of this**
7 **2025 Act become operative on January 1, 2032.”.**

8 In line 37, delete “(6)” and insert “(5)”.

9 On page 34, line 43, delete “(6)” and insert “(5)”.

10 On page 35, delete lines 6 through 45 and delete page 36.

11 On page 37, delete lines 1 through 10 and insert:

12 **“SECTION 54. ORS 320.550 is amended to read:**

13 **“320.550. (1) As used in this section:**

14 **“(a) ‘Employer’ has the meaning given that term in ORS 316.162.**

15 **“(b) ‘Resident of this state’ has the meaning given that term in ORS**
16 **316.027.**

17 **“(c) ‘Wages’ has the meaning given that term in ORS 316.162.**

18 **“(2)(a) A tax is imposed [*at the rate of one-tenth of one percent of*] **on** the**
19 **wages of an employee who is:**

20 **“[(a)] (A) A resident of this state, regardless of where services are per-**
21 **formed.**

22 **“[(b)] (B) Not a resident of this state, for services performed in this state.**

23 **“(b) The tax shall be imposed at the following rates:**

24 **“(A) For calendar years 2026 and 2027, 0.2 percent.**

25 **“(B) For calendar years 2028 and 2029, 0.3 percent.**

26 **“(C) For calendar years 2030 and 2031, 0.4 percent.**

27 **“(3) Every employer at the time of the payment of wages shall deduct and**
28 **withhold from the total amount of the wages paid for services described un-**
29 **der subsection (2) of this section an amount equal to the total amount of**
30 **wages multiplied by the rate of tax imposed under subsection (2) of this**

1 section.

2 “(4) An employer shall report and pay the tax imposed under this section
3 to the Department of Revenue at the time and in the manner determined by
4 the department by rule.

5 “(5) For purposes of the tax imposed under this section, an employer is
6 considered a taxpayer.

7 “(6) If a lender, surety or other person who supplies funds to or for the
8 account of an employer for the purpose of paying wages of the employees of
9 such employer has actual notice or knowledge that such employer does not
10 intend to or will not be able to make timely payment or deposit of the tax
11 required to be deducted and withheld, such lender, surety or other person
12 shall be liable to the State of Oregon in a sum equal to the taxes, together
13 with interest, that are not timely paid over to the Department of Revenue.
14 Such liability shall be limited to the principal amount supplied by the lender,
15 surety or other person, and any amounts so paid to the department shall be
16 credited against the liability of the employer.

17 “(7)(a) An employer shall submit an annual return pursuant to ORS
18 316.202 to the Department of Revenue. The amounts deducted from the wages
19 during any calendar year in accordance with this section shall be considered
20 to be in payment of the tax imposed under subsection (2) of this section.

21 “(b) The return submitted by the employer shall be accepted by the De-
22 partment of Revenue as evidence in favor of the employee of the amounts so
23 deducted from the employee’s wages.

24 “(8) Nothing in this section prohibits the Department of Revenue from
25 including the tax imposed under this section in the combined quarterly tax
26 report required under ORS 316.168.

27 “(9) An employer that fails to deduct and withhold the tax required under
28 this section:

29 “(a) Is deemed responsible for the payment of the tax obligation in an
30 amount equal to the amount required to be withheld from the employee’s

1 wages and remitted to the Department of Revenue; and

2 “(b) Is subject to a penalty of \$250 per employee, up to a maximum pen-
3 alty of \$25,000, if the employer knowingly fails to deduct and withhold the
4 tax.

5 “(10) Residents subject to the tax imposed under this section on wages
6 earned outside this state from an employer not doing business within this
7 state shall report and pay the tax in an amount not to exceed [*one-tenth of*
8 *one percent of*] the wages earned outside this state **multiplied by the rate**
9 **set under subsection (2)(b) of this section**, and at the time and in the
10 manner, as determined by the Department of Revenue by rule.

11 **“SECTION 55. The amendments to ORS 320.550 by section 54 of this**
12 **2025 Act become operative on January 1, 2026.**

13 **“SECTION 55a.** ORS 320.550, as amended by section 54 of this 2025 Act,
14 is amended to read:

15 “320.550. (1) As used in this section:

16 “(a) ‘Employer’ has the meaning given that term in ORS 316.162.

17 “(b) ‘Resident of this state’ has the meaning given that term in ORS
18 316.027.

19 “(c) ‘Wages’ has the meaning given that term in ORS 316.162.

20 “(2)(a) A tax is imposed on the wages of an employee who is:

21 “(A) A resident of this state, regardless of where services are performed.

22 “(B) Not a resident of this state, for services performed in this state.

23 “(b) The tax shall be imposed at the **rate of 0.5 percent.** [*following*
24 *rates:*]

25 “[*(A) For calendar years 2026 and 2027, 0.2 percent.*]

26 “[*(B) For calendar years 2028 and 2029, 0.3 percent.*]

27 “[*(C) For calendar years 2030 and 2031, 0.4 percent.*]

28 “(3) Every employer at the time of the payment of wages shall deduct and
29 withhold from the total amount of the wages paid for services described un-
30 der subsection (2) of this section an amount equal to the total amount of

1 wages multiplied by the rate of tax imposed under subsection (2) of this
2 section.

3 “(4) An employer shall report and pay the tax imposed under this section
4 to the Department of Revenue at the time and in the manner determined by
5 the department by rule.

6 “(5) For purposes of the tax imposed under this section, an employer is
7 considered a taxpayer.

8 “(6) If a lender, surety or other person who supplies funds to or for the
9 account of an employer for the purpose of paying wages of the employees of
10 such employer has actual notice or knowledge that such employer does not
11 intend to or will not be able to make timely payment or deposit of the tax
12 required to be deducted and withheld, such lender, surety or other person
13 shall be liable to the State of Oregon in a sum equal to the taxes, together
14 with interest, that are not timely paid over to the Department of Revenue.
15 Such liability shall be limited to the principal amount supplied by the lender,
16 surety or other person, and any amounts so paid to the department shall be
17 credited against the liability of the employer.

18 “(7)(a) An employer shall submit an annual return pursuant to ORS
19 316.202 to the Department of Revenue. The amounts deducted from the wages
20 during any calendar year in accordance with this section shall be considered
21 to be in payment of the tax imposed under subsection (2) of this section.

22 “(b) The return submitted by the employer shall be accepted by the De-
23 partment of Revenue as evidence in favor of the employee of the amounts so
24 deducted from the employee’s wages.

25 “(8) Nothing in this section prohibits the Department of Revenue from
26 including the tax imposed under this section in the combined quarterly tax
27 report required under ORS 316.168.

28 “(9) An employer that fails to deduct and withhold the tax required under
29 this section:

30 “(a) Is deemed responsible for the payment of the tax obligation in an

1 amount equal to the amount required to be withheld from the employee's
2 wages and remitted to the Department of Revenue; and

3 “(b) Is subject to a penalty of \$250 per employee, up to a maximum pen-
4 alty of \$25,000, if the employer knowingly fails to deduct and withhold the
5 tax.

6 “(10) Residents subject to the tax imposed under this section on wages
7 earned outside this state from an employer not doing business within this
8 state shall report and pay the tax in an amount not to exceed the wages
9 earned outside this state multiplied by the rate set under subsection (2)(b)
10 of this section, and at the time and in the manner, as determined by the
11 Department of Revenue by rule.

12 **“SECTION 55b. The amendments to ORS 320.550 by section 55a of**
13 **this 2025 Act become operative on January 1, 2032.**

14 **“SECTION 55c.** ORS 184.751 is amended to read:

15 “184.751. (1) The Statewide Transportation Improvement Fund is estab-
16 lished in the State Treasury, separate and distinct from the General Fund.
17 Interest earned by the Statewide Transportation Improvement Fund shall be
18 credited to the fund. Moneys in the fund are continuously appropriated to
19 the Department of Transportation to finance investments and improvements
20 or to maintain existing public transportation services, except that the mon-
21 eys may not be used for **new** light rail capital expenses but may be used for
22 **maintaining existing light rail capital expenses and** light rail operation
23 expenses.

24 “(2) The Statewide Transportation Improvement Fund consists of:

25 “(a) All moneys received from the tax imposed under ORS 320.550;

26 “(b) Moneys appropriated or otherwise transferred to the fund by the
27 Legislative Assembly;

28 “(c) Moneys transferred to the fund under ORS 184.642, 323.455 or 323.457
29 (1)(d) and (2)(b);

30 “(d) Distribution repayments, if any; and

1 “(e) Other moneys deposited in the fund from any source.

2 “(3) Unless approved by the department, the moneys in the Statewide
3 Transportation Improvement Fund may not be used to supplant local and
4 regional agency moneys currently directed to public transportation service
5 providers.”.

6 On page 38, line 19, delete “received from the privilege tax”.

7 On page 39, line 31, delete “\$113” and insert “\$170”.

8 In line 33, delete “\$129” and insert “\$194”.

9 In line 34, delete “\$110” and insert “\$165”.

10 In line 35, delete “\$129” and insert “\$194”.

11 In line 36, delete “\$129” and insert “\$194”.

12 On page 57, delete lines 35 through 45 and delete pages 58 through 76.

13 On page 77, delete lines 1 through 40 and insert:

14
15 **“SALES TAXES**

16
17 **“SECTION 81.** ORS 320.400 is amended to read:

18 “320.400. As used in ORS 320.400 to 320.490 [*and 803.203*]:

19 “(1)(a) ‘Bicycle’ means:

20 “(A) A vehicle that is designed to be operated on the ground on wheels
21 for the transportation of humans and is propelled exclusively by human
22 power; or

23 “(B) An electric assisted bicycle as defined in ORS 801.258.

24 “(b) ‘Bicycle’ does not include:

25 “(A) Carts;

26 “(B) Durable medical equipment;

27 “(C) In-line skates;

28 “(D) Roller skates;

29 “(E) Skateboards;

30 “(F) Stand-up scooters;

1 “(G) Strollers designed for the transportation of children;

2 “(H) Trailer cycles or other bicycle attachments; or

3 “(I) Wagons.

4 “(2) **‘Bicycle tax’ means the excise tax imposed under ORS 320.415.**

5 “(3) **‘New taxable motor vehicle’ means a taxable motor vehicle**
6 **that:**

7 “(a) **If equipped with an odometer, has 7,500 miles or less on the**
8 **odometer; or**

9 “(b) **If not equipped with an odometer, has a manufacturer’s cer-**
10 **tificate of origin or a manufacturer’s statement of origin.**

11 “(4) **‘Privilege tax’ means the tax imposed under ORS 320.405.**

12 “(5) **‘Privilege tax vehicle’ means a new taxable motor vehicle.**

13 “(6) **‘Privilege use tax’ means the tax imposed under ORS 320.410.**

14 “[~~(2)(a)~~] (7)(a) **‘Retail sales price’ means the total price paid at retail for**
15 **a [taxable] bicycle or motor vehicle, exclusive of the amount of any excise,**
16 **privilege or use tax, to a seller by a purchaser of the [taxable] bicycle or**
17 **motor vehicle.**

18 “(b) **‘Retail sales price’ does not include the retail value of:**

19 “(A) **Modifications to a [taxable] motor vehicle that are necessary for a**
20 **person with a disability to enter or drive or to otherwise operate or use the**
21 **motor vehicle.**

22 “(B) **Customized industrial modifications to the chassis of a truck that**
23 **has a gross vehicle weight rating of at least 10,000 pounds and not more than**
24 **26,000 pounds.**

25 “(8) **‘Sales price’ means the total consideration paid or otherwise**
26 **agreed to by a purchaser for the purchase of a sales tax vehicle, as**
27 **shown on the vehicle bill of sale submitted to the Department of**
28 **Transportation, exclusive of the amount of any excise, privilege,**
29 **transfer, sales or use tax paid with respect to the transaction.**

30 “(9) **‘Sales tax’ means the tax imposed under section 83 of this 2025**

1 **Act.**

2 **“(10) ‘Sales tax vehicle’ means a new taxable motor vehicle or a**
3 **used taxable motor vehicle.**

4 **“(11) ‘Sales use tax’ means the tax imposed under section 84 of this**
5 **2025 Act.**

6 “[3)] (12) ‘Seller’ means:

7 “(a) With respect to the privilege tax [*imposed under ORS 320.405*] and
8 the **privilege** use tax [*imposed under ORS 320.410*], a vehicle dealer.

9 **“(b) With respect to the sales tax and the sales use tax, a person**
10 **that sells sales tax vehicles, whether in the course of the seller’s**
11 **business or otherwise.**

12 “[~~(b)~~] (c) With respect to the [*excise tax imposed under ORS 320.415*] **bi-**
13 **cycle tax**, a person engaged in whole or in part in the business of selling
14 bicycles.

15 “[~~(4)~~] (13) ‘Taxable bicycle’ means a new bicycle that has a retail sales
16 price of \$200 or more.

17 “[~~(5)~~] (14) ‘Taxable motor vehicle’ means a vehicle that:

18 “(a) Has a gross vehicle weight rating of 26,000 pounds or less; **and**

19 “[~~(b)~~](A) *If equipped with an odometer, has 7,500 miles or less on the*
20 *odometer; or]*

21 “[~~(B)~~ *If not equipped with an odometer, has a manufacturer’s certificate of*
22 *origin or a manufacturer’s statement of origin; and]*

23 “[~~(c)~~] (b) Is:

24 “(A) A vehicle as defined in ORS 744.850, other than an all-terrain vehicle
25 or a trailer;

26 “(B) A camper as defined in ORS 801.180;

27 “(C) A commercial bus as defined in ORS 801.200;

28 “(D) A commercial motor vehicle as defined in ORS 801.208;

29 “(E) A commercial vehicle as defined in ORS 801.210;

30 “(F) A fixed load vehicle as defined in ORS 801.285;

1 “(G) A moped as defined in ORS 801.345;

2 “(H) A motor home as defined in ORS 801.350;

3 “(I) A motor truck as defined in ORS 801.355;

4 “(J) A tank vehicle as defined in ORS 801.522;

5 “(K) A trailer as defined in ORS 801.560 that is required to be registered
6 in this state;

7 “(L) A truck tractor as defined in ORS 801.575; or

8 “(M) A worker transport bus as defined in ORS 801.610.

9 “[~~(6)~~ ‘Taxable vehicle’ means a taxable bicycle or a taxable motor vehicle.]

10 “[~~(7)~~ ‘Transportation project taxes’ means the privilege tax imposed under
11 ORS 320.405, the use tax imposed under ORS 320.410 and the excise tax im-
12 posed under ORS 320.415.]

13 **“(15) ‘Use taxes’ means the privilege use tax and the sales use tax.**

14 **“(16) ‘Used taxable motor vehicle’ means a taxable motor vehicle
15 that:**

16 **“(a) Is not a new taxable motor vehicle; and**

17 **“(b) Is sold for \$10,000 or more.**

18 “[~~(8)(a)~~] **(17)(a)** ‘Vehicle dealer’ means:

19 “(A) A person engaged in business in this state that is required to obtain
20 a vehicle dealer certificate under ORS 822.005; and

21 “(B) A person engaged in business in another state that would be subject
22 to ORS 822.005 if the person engaged in business in this state.

23 “(b) Notwithstanding paragraph (a) of this subsection, a person is not a
24 vehicle dealer for purposes of ORS 320.400 to 320.490 [~~and 803.203~~] to the
25 extent the person:

26 “(A) Conducts an event that lasts less than seven consecutive days, for
27 which the public is charged admission and at which otherwise taxable
28 [~~motor~~] **privilege tax** vehicles are sold at auction; or

29 “(B) Sells an otherwise taxable [~~motor~~] **privilege tax** vehicle at auction
30 at an event described in this paragraph.

1 **“SECTION 82.** Sections 83, 84 and 91 of this 2025 Act are added to
2 and made a part of ORS 320.400 to 320.490.

3 **“SECTION 83.** (1) A tax is imposed on the sale of sales tax vehicles
4 in this state.

5 **“(2)(a)** The tax shall be computed by multiplying the sales price by:

6 **“(A)** Two percent for new taxable motor vehicles with a sales price
7 of less than \$75,000.

8 **“(B)** Six percent for new taxable motor vehicles with a sales price
9 of \$75,000 or more.

10 **“(C)** One percent for used taxable motor vehicles.

11 **“(b)** The tax may be rounded to the nearest whole cent.

12 **“(c)** The tax becomes due upon the sale.

13 **“(3)(a)** The tax shall be collected by the Department of Transporta-
14 tion from the purchaser of the sales tax vehicle in accordance with
15 ORS 803.045.

16 **“(b)** The purchaser of the sales tax vehicle from whom the tax is
17 collected shall be considered the taxpayer for purposes of the tax im-
18 posed under this section.

19 **“SECTION 84.** (1) A use tax is imposed on the storage, use or other
20 consumption in this state of sales tax vehicles purchased from any
21 seller.

22 **“(2)(a)** The tax shall be computed on the sales price at the following
23 rates:

24 **“(A)** Two percent for new taxable motor vehicles with a sales price
25 of less than \$75,000.

26 **“(B)** Six percent for new taxable motor vehicles with a sales price
27 of \$75,000 or more.

28 **“(C)** One percent for used taxable motor vehicles.

29 **“(b)** The tax may be rounded to the nearest whole cent.

30 **“(3)** The use tax is a liability of the purchaser of the sales tax ve-

1 **hicle.**

2 “(4) The use tax shall be reduced, but not below zero, by the amount
3 of any privilege, excise, sales, transfer or use tax imposed by any ju-
4 risdiction on the sale, or on the storage, use or other consumption,
5 of the sales tax vehicle. The reduction under this subsection shall be
6 made only upon a showing by the purchaser that a privilege, excise,
7 sales, transfer or use tax has been paid.

8 “(5) The use tax shall be collected by the Department of Transpor-
9 tation from the purchaser of the sales tax vehicle in accordance with
10 **ORS 803.045.**

11 “**SECTION 85.** ORS 320.401 is amended to read:

12 “320.401. For purposes of ORS 315.037, any tax expenditure enacted with
13 respect to any or all [*transportation project*] taxes **imposed under ORS**
14 **320.400 to 320.490** shall remain in continuous effect until the Legislative
15 Assembly expressly provides otherwise.

16 “**SECTION 86.** ORS 320.405, as amended by section 59 of this 2025 Act,
17 is amended to read:

18 “320.405. (1) A tax is imposed on each vehicle dealer for the privilege of
19 engaging in the business of selling [*taxable motor*] **privilege tax** vehicles at
20 retail in this state.

21 “(2)(a) The privilege tax shall be computed at the rate of one percent of
22 the retail sales price of the [*taxable motor*] **privilege tax** vehicle. The tax
23 may be rounded to the nearest whole cent.

24 “(b) The privilege tax becomes due upon the sale at retail of a [*taxable*
25 *motor*] **privilege tax** vehicle that:

26 “(A) Has never been registered in this state; or

27 “(B) Has been registered only to a vehicle dealer for use as a demon-
28 strator in the course of the vehicle dealer’s business.

29 “(3)(a) A vehicle dealer may collect the amount of the privilege tax com-
30 puted on the retail sales price of a [*taxable motor*] **privilege tax** vehicle from

1 the purchaser of the [taxable motor] **privilege tax** vehicle.

2 “(b) Notwithstanding paragraph (a) of this subsection, the purchaser of
3 a [taxable motor] **privilege tax** vehicle from whom the privilege tax is col-
4 lected is not considered a taxpayer for purposes of the privilege tax imposed
5 under this section.

6 **“SECTION 87.** ORS 320.410, as amended by section 60 of this 2025 Act,
7 is amended to read:

8 “320.410. (1) A use tax is imposed on the storage, use or other consump-
9 tion in this state of [taxable motor] **privilege tax** vehicles purchased at retail
10 from any seller.

11 “(2) The use tax shall be computed at the rate of one percent of the retail
12 sales price of the [taxable motor] **privilege tax** vehicle.

13 “(3) The use tax is a liability of the purchaser of the [taxable motor]
14 **privilege tax** vehicle.

15 “(4) The use tax shall be reduced, but not below zero, by the amount of
16 any privilege, excise, sales or use tax imposed by any jurisdiction on the sale,
17 or on the storage, use or other consumption, of the [taxable motor] **privilege**
18 **tax** vehicle. The reduction under this subsection shall be made only upon a
19 showing by the purchaser that a privilege, excise, sales or use tax has been
20 paid.

21 “[5] *The amount of the use tax shall be separately stated on an invoice,*
22 *receipt or other similar document that the seller provides to the purchaser or*
23 *shall be otherwise disclosed to the purchaser.]*

24 “[6] *A purchaser’s liability for the use tax is satisfied by a valid receipt*
25 *given to the purchaser under ORS 320.420 by the seller of the taxable motor*
26 *vehicle.]*

27 **“(5) The use tax shall be collected by the Department of Transpor-**
28 **tation from the purchaser of the privilege tax vehicle in accordance**
29 **with ORS 803.045.**

30 **“SECTION 88.** ORS 320.420 is amended to read:

1 “320.420. [(1) A seller shall collect the use tax imposed under ORS 320.410
2 from a purchaser of a taxable motor vehicle and give the purchaser a receipt
3 for the use tax in the manner and form prescribed by the Department of Rev-
4 enue if:]

5 “[(a) The seller is:]

6 “[(A) Engaged in business in this state;]

7 “[(B) Required to collect the use tax; or]

8 “[(C) Authorized by the department, under rules the department adopts, to
9 collect the use tax and, for purposes of the use tax, regarded as a seller en-
10 gaged in business in this state; and]

11 “[(b) The seller makes sales of taxable motor vehicles for storage, use or
12 other consumption in this state that are subject to the use tax.]

13 “[(2) A seller required to collect the use tax under this section shall collect
14 the tax:]

15 “[(a) At the time of the taxable sale; or]

16 “[(b) If the storage, use or other consumption of the taxable motor vehicle
17 is not taxable at the time of sale, at the time the storage, use or other con-
18 sumption becomes taxable.]

19 “[(3)] **(1)** To ensure the proper administration of ORS 320.410 **and section**
20 **84 of this 2025 Act**, and to prevent evasion of the use [tax] **taxes**, the fol-
21 lowing presumptions are established:

22 “(a) A [taxable] motor vehicle is stored, used or otherwise consumed in
23 this state if it is present in this state for private or public display or storage.

24 “(b)[(A)] A [taxable] motor vehicle sold by any seller for delivery in this
25 state was sold for storage, use or other consumption in this state unless the
26 contrary is proved.

27 “[(B) The burden of proving the contrary is on the seller unless the seller
28 takes from the purchaser a resale certificate to the effect that the taxable motor
29 vehicle was purchased for resale in the ordinary course of the purchaser’s
30 business.]

1 “(c)(A) A taxable motor vehicle delivered outside this state to a purchaser
2 known by the seller to be a resident of this state was purchased from the seller
3 for storage, use or other consumption in this state and stored, used or other-
4 wise consumed in this state unless the contrary is proved.]

5 “[(B) The contrary may be proved by:]

6 “[(i) A statement in writing, signed by the purchaser or an authorized agent
7 of the purchaser and retained by the seller, that the taxable motor vehicle was
8 purchased for storage, use or other consumption exclusively at a designated
9 point or points outside this state; or]

10 “(2)(a) A purchaser ordinarily engaged in the business of selling
11 motor vehicles is not liable for use taxes with respect to any motor
12 vehicle purchased in the course of that business upon a showing of:

13 “(A) A resale certificate related to the purchase of the motor vehi-
14 cle; or

15 “[(ii)] (B) Other evidence satisfactory to the Department of Transporta-
16 tion that the [taxable] motor vehicle was not purchased for storage, use or
17 other consumption in this state.

18 “(b) The resale certificate must be substantially in the form pre-
19 scribed by the department by rule.

20 “**SECTION 89.** ORS 320.425 is amended to read:

21 “320.425. (1) Notwithstanding ORS 320.405, a seller is not liable for the
22 privilege tax with respect to a [taxable motor] **privilege tax** vehicle that is
23 sold to:

24 “(a) A purchaser who is not a resident of this state; or

25 “(b) A business if the storage, use or other consumption of the [taxable
26 motor] **privilege tax** vehicle will occur primarily outside this state.

27 “(2) Notwithstanding ORS 320.405, a seller is not liable for the privilege
28 tax with respect to an otherwise taxable [motor] **privilege tax** vehicle that
29 is sold at an event that lasts less than seven consecutive days, for which the
30 public is charged admission and at which otherwise taxable [motor] **privilege**

1 **tax** vehicles are sold at auction.

2 “(3)(a) Notwithstanding ORS 320.405 [*to 320.420*] **and 320.415**, a resale
3 certificate taken from a purchaser ordinarily engaged in the business of
4 selling [*taxable*] **privilege tax** vehicles **or taxable bicycles** relieves the
5 seller from the obligation to collect and remit [*transportation project*] **the**
6 **respective** taxes.

7 “(b) **For purposes of this subsection**, a resale certificate must be sub-
8 stantially in the form prescribed by the Department of Revenue by rule.

9 “(4)(a) **Notwithstanding section 83 of this 2025 Act, a purchaser or-**
10 **dinarly engaged in the business of selling sales tax vehicles is not li-**
11 **able for the sales tax with respect to any sales tax vehicle purchased**
12 **in the course of that business upon a showing of a resale certificate**
13 **related to the purchase of the sales tax vehicle.**

14 “(b) **For purposes of this subsection, a resale certificate must be**
15 **substantially in the form prescribed by the Department of Transpor-**
16 **tation by rule.**

17 “**SECTION 90.** ORS 320.430 is amended to read:

18 “320.430. (1)(a) If the amount of [*transportation project taxes*] **privilege**
19 **taxes or bicycle taxes** paid by a seller or purchaser exceeds the amount of
20 taxes due, the Department of Revenue shall refund the amount of the excess.

21 “(b) Except as provided in paragraph (c) of this subsection, the period
22 prescribed for the department to allow or make a refund of any overpayment
23 of [*transportation project*] **the** taxes paid shall be as provided in ORS 314.415.

24 “(c) The department shall apply any overpayment of tax first to any
25 amount of [*transportation project*] **the** taxes that is then outstanding.

26 “(2)(a) This subsection applies whenever a [*taxable motor*] **privilege tax**
27 vehicle with respect to which the privilege tax [*imposed under ORS*
28 *320.405*] has been paid by the vehicle dealer is returned by or on behalf of
29 the purchaser to the vehicle dealer pursuant to ORS 646A.400 to 646A.418.

30 “(b) The vehicle dealer shall notify the department of the return of the

1 [taxable motor] **privilege tax** vehicle, and the department shall refund the
2 amount of the privilege tax collected with respect to the [taxable motor]
3 **privilege tax** vehicle to the vehicle dealer.

4 “(c) Upon receipt of the refund under this subsection, the vehicle dealer
5 shall return the amount received under paragraph (b) of this subsection to
6 the purchaser.

7 **“SECTION 91. (1) If the amount of sales taxes or use taxes paid by**
8 **a purchaser exceeds the amount of taxes due, the Department of**
9 **Transportation shall refund the amount of the excess.**

10 **“(2) The department shall apply any overpayment of tax first to any**
11 **amount of sales taxes or use taxes that is then outstanding.**

12 **“SECTION 92.** ORS 320.435, as amended by section 60a of this 2025 Act,
13 is amended to read:

14 “320.435. (1) The Department of Revenue shall deposit all revenue col-
15 lected from the privilege tax [imposed under ORS 320.405 and the use tax
16 imposed under ORS 320.410] in a suspense account established under ORS
17 293.445 for the purpose of receiving the revenue. The department may pay
18 expenses for the administration and enforcement of the privilege **tax** [and
19 use taxes] out of moneys received from the privilege **tax** [and use taxes].
20 Amounts necessary to pay administrative and enforcement expenses are
21 continuously appropriated to the department from the suspense account.

22 “(2) After payment of administrative and enforcement expenses under
23 subsection (1) of this section and refunds or credits arising from erroneous
24 overpayments, the department shall transfer the balance of the moneys re-
25 ceived from the privilege **tax** [and use taxes] as follows:

26 “[a) Moneys attributable to the privilege tax shall be transferred as fol-
27 lows:]

28 [(A) Fifty percent of the gross amount of moneys shall be transferred an-
29 nually to the Railroad Fund established under ORS 824.014; and]

30 [(B) Of the remaining 50 percent:]

1 “[(i)] (a) The greater of \$12 million or 45 percent **of the gross amount**
2 of the moneys received **from the privilege tax** shall be transferred annually
3 to the Zero-Emission Incentive Fund established under ORS 468.449.

4 “[(ii)] (b) After the transfer required under [sub-subparagraph (i) of this
5 subparagraph] **paragraph (a) of this subsection**, the balance of the moneys
6 shall be transferred to the Connect Oregon Fund established under ORS
7 367.080.

8 “[(b) Moneys attributable to the use tax shall be transferred to the State
9 Highway Fund.]

10 “**SECTION 93.** ORS 320.440 is amended to read:

11 “320.440. (1) The Department of Revenue shall deposit all revenue col-
12 lected from the [excise tax imposed under ORS 320.415] **bicycle tax** in a
13 suspense account established under ORS 293.445 for the purposes of receiving
14 the [excise tax] revenue. The department may pay expenses for the adminis-
15 tration and enforcement of the [excise] **bicycle** tax out of moneys received
16 from the [excise] tax. Amounts necessary to pay administrative and enforce-
17 ment expenses are continuously appropriated to the department from the
18 suspense account.

19 “(2) After payment of administrative and enforcement expenses under
20 subsection (1) of this section and refunds or credits arising from erroneous
21 overpayments, the department shall transfer the balance of the moneys re-
22 ceived from the [excise] **bicycle** tax to the Multimodal Active Transportation
23 Fund established under ORS 367.091 for the purpose of providing grants for
24 bicycle and pedestrian transportation projects under ORS 367.093.

25 “**SECTION 94.** ORS 320.445 is amended to read:

26 “320.445. (1) [Except as otherwise provided in ORS 320.400 to 320.490 and
27 803.203, the use tax imposed under ORS 320.410 and] The [excise] **bicycle** tax
28 [imposed under ORS 320.415] shall be collected at the point of sale and
29 remitted by each seller that engages in the retail sale of taxable [vehicles]
30 **bicycles**. [Each] **The bicycle** tax is considered a tax upon the seller that is

1 required to collect the tax, and the seller is considered a taxpayer.

2 “(2) Each seller of [taxable] **privilege tax vehicles or taxable bicycles**
3 that is liable for [transportation project] **the privilege taxes or bicycle taxes**
4 shall file a return with the Department of Revenue, in the form and manner
5 prescribed by the department, on or before the last day of January, April,
6 July and October of each year for the previous calendar quarter. The return
7 shall show the amount of [transportation project] **the** taxes due for retail
8 sales made during the calendar quarter to which the return relates.

9 “(3) Each seller shall pay the [applicable transportation project] taxes to
10 the department in the form and manner prescribed by the department, but
11 not later than the date of submitting each quarterly return, without regard
12 to extensions under subsection (5) of this section.

13 “(4) Sellers of **privilege tax vehicles and** taxable [vehicles] **bicycles** shall
14 file the returns required under this section with respect to the [privilege tax
15 imposed under ORS 320.405 and the excise tax imposed under ORS 320.415]
16 **taxes** regardless of whether any taxes are owed.

17 “(5) The department may extend the time for making any return required
18 under this section if a written request is filed with the department during
19 or prior to the period for which the extension may be granted. The depart-
20 ment may not grant an extension of more than 30 days.

21 “(6) Interest shall be added to delinquent tax amounts at the rate estab-
22 lished under ORS 305.220 from the time the return to which the delinquent
23 tax amounts relate was originally required to be filed to the time of payment.

24 “**SECTION 95.** ORS 320.450 is amended to read:

25 “320.450. (1) Every seller of [taxable] **privilege tax vehicles or taxable**
26 **bicycles** [who] **that** collects any amount of [transportation project taxes]
27 **privilege taxes or bicycle taxes** shall hold the amount in trust for the State
28 of Oregon and for payment to the Department of Revenue in the manner and
29 at the time provided in ORS 320.445.

30 “(2) If a seller of [taxable] **privilege tax vehicles or taxable bicycles**

1 fails to remit any amount of [*transportation project*] **the** taxes, whether col-
2 lected or not, the department may enforce collection by the issuance of a
3 distraint warrant for the collection of the delinquent amount and all penal-
4 ties, interest and collection charges accrued on the delinquent amount. The
5 warrant shall be issued and proceeded upon in the same manner and shall
6 have the same force and effect as is prescribed with respect to warrants for
7 the collection of delinquent income taxes.

8 “(3)(a) In the case of a seller that is assessed under the provisions of ORS
9 305.265 (12) and 314.407 (1), the department may issue a notice of liability to
10 any officer, employee or member of the seller at any time within three years
11 after the assessment. Within 30 days after the date on which the notice of
12 liability is mailed to the officer, employee or member, the officer, employee
13 or member shall pay the assessment, plus penalties and interest, or advise
14 the department in writing of objections to the liability and, if desired, re-
15 quest a conference. A conference shall be governed by the provisions of ORS
16 305.265 pertaining to a conference requested from a notice of deficiency.

17 “(b) After a conference or, if no conference is requested, a determination
18 of the issues raised in the written objections, the department shall mail the
19 officer, employee or member a conference letter affirming, canceling or ad-
20 justing the notice of liability. Within 90 days after the date on which the
21 conference letter is mailed to the officer, employee or member, the officer,
22 employee or member shall pay the assessment, plus penalties and interest,
23 or appeal to the tax court in the manner provided for an appeal from a notice
24 of assessment.

25 “(c) If the department does not receive payment or written objection to
26 the notice of liability within 30 days after the notice of liability was mailed,
27 the notice of liability becomes final. The officer, employee or member may
28 appeal the notice of liability to the tax court within 90 days after the notice
29 became final in the manner provided for an appeal from a notice of assess-
30 ment.

1 “(4)(a) In the case of a seller that fails to file a return on the due date,
2 in addition to any action described in the provisions of ORS 305.265 (10) and
3 314.400, the department may issue a notice of determination and assessment
4 to any officer, employee or member of the seller at any time within three
5 years after the assessment. The time of assessment against the officer, em-
6 ployee or member is 30 days after the date on which the notice of determi-
7 nation and assessment is mailed. Within 30 days after the date on which the
8 notice of determination and assessment is mailed to the officer, employee or
9 member, the officer, employee or member shall pay the assessment, plus
10 penalties and interest, or advise the department in writing of objections to
11 the assessment and, if desired, request a conference. A conference shall be
12 governed by the provisions of ORS 305.265 pertaining to a conference re-
13 quested from a notice of deficiency.

14 “(b) After a conference or, if no conference is requested, a determination
15 of the issues raised in the written objections, the department shall mail the
16 officer, employee or member a conference letter affirming, canceling or ad-
17 justing the notice of determination and assessment. Within 90 days after the
18 date on which the conference letter is mailed to the officer, employee or
19 member, the officer, employee or member shall pay the assessment, plus
20 penalties and interest, or appeal to the tax court in the manner provided for
21 an appeal from a notice of assessment.

22 “(c) If the department does not receive payment or written objection to
23 the notice of determination and assessment within 30 days after the notice
24 of determination and assessment was mailed, the notice of determination and
25 assessment becomes final. The officer, employee or member may appeal the
26 notice of determination and assessment to the tax court within 90 days after
27 the notice became final in the manner provided for an appeal from a notice
28 of assessment.

29 “(5)(a) More than one officer or employee of a corporation may be held
30 jointly and severally liable for payment of [*transportation project*] **privilege**

1 **taxes or bicycle taxes.**

2 “(b) Notwithstanding the confidentiality provisions of ORS 320.475, if the
3 department determines that more than one officer or employee of a corpo-
4 ration may be held jointly and severally liable for payment of the [*transportation project*]
5 taxes, the department may require any or all of the officers
6 or employees to appear before the department for a joint determination of
7 liability. The department shall notify each officer or employee of the time
8 and place set for the determination of liability.

9 “(c) Each individual notified of a joint determination under this sub-
10 section must appear and present such information as is necessary to establish
11 the individual’s liability or nonliability for payment of the taxes to the de-
12 partment. If an individual who was notified fails to appear, the department
13 shall make the determination on the basis of all the information and evi-
14 dence presented. The department’s determination is binding on all individ-
15 uals notified and required to appear under this subsection.

16 “(d)(A) If any individual determined to be liable for unpaid [*transportation*
17 *project*] taxes under this subsection appeals the determination to the Oregon
18 Tax Court under ORS 320.470, the individual plaintiff shall implead all in-
19 dividuals required to appear with the plaintiff before the department under
20 this subsection. The department may implead any officer or employee who
21 may be held jointly and severally liable for the payment of the [*transporta-*
22 *tion project*] taxes. Each individual impleaded under this paragraph shall be
23 made a party to the action before the tax court and shall make available to
24 the tax court the information that was presented before the department, as
25 well as other information that may be presented to the tax court.

26 “(B) The tax court may determine that one or more individuals impleaded
27 under this paragraph are liable for unpaid [*transportation project*] taxes
28 without regard to any earlier determination by the department that an
29 impleaded individual was not liable for the unpaid taxes.

30 “(C) If an individual required to appear before the tax court under this

1 subsection fails or refuses to appear or bring such information in part or in
2 whole, or is outside the jurisdiction of the tax court, the tax court shall
3 make its determination on the basis of all the evidence introduced. Not-
4 withstanding ORS 320.475, the evidence introduced in the tax court consti-
5 tutes a public record and shall be available to the parties and the tax court.
6 The determination of the tax court is binding on all individuals made parties
7 to the action under this subsection.

8 “(e) This subsection may not be construed to preclude a determination by
9 the department or the tax court that more than one officer or employee is
10 jointly and severally liable for unpaid [*transportation project*] **privilege taxes**
11 **or bicycle** taxes.

12 **“SECTION 96.** ORS 320.460 is amended to read:

13 “320.460. (1)(a) A seller of [*taxable*] **privilege tax** vehicles **or taxable**
14 **bicycles** shall keep receipts, invoices and other pertinent records related to
15 retail sales of [*taxable*] **privilege tax** vehicles **or taxable bicycles** in the
16 form required by the Department of Revenue. Each record shall be preserved
17 for five years from the time to which the record relates, or for as long as the
18 seller retains the [*taxable*] **privilege tax** vehicles **or taxable bicycles** to
19 which the record relates, whichever is later.

20 “(b) During the retention period and at any time prior to the destruction
21 of records, the department may give written notice to the seller not to de-
22 stroy records described in the notice without written permission of the de-
23 partment.

24 “(c) Notwithstanding any other provision of law, the department shall
25 preserve reports and returns filed with the department for at least five years.

26 “(2) ORS 314.425 applies to the authority of the Department of Revenue
27 to examine, or cause to be examined by an agent or representative designated
28 by the department for the purpose, any books, papers, records or memoranda
29 bearing upon the matter required to be included in any return required under
30 ORS [*320.400 to 320.490 and 803.203*] **320.445** for the purpose of ascertaining

1 the correctness of the return or for the purpose of making an estimate of the
2 taxable sales of the taxpayer.

3 **“SECTION 97.** ORS 320.465 is amended to read:

4 “320.465. (1) The Department of Revenue may, by order or subpoena to be
5 served with the same force and effect and in the same manner as a subpoena
6 is served in a civil action in the circuit court or the Oregon Tax Court, re-
7 quire the production at any time and place the department designates of any
8 books, papers, accounts or other information necessary to carry out ORS
9 320.400 to 320.490 [*and 803.203*]. The department may require the attendance
10 of any individual having knowledge in the premises, and may take testimony
11 and require proof material for the information, with power to administer
12 oaths to the individual.

13 “(2)(a) If an individual fails to comply with a subpoena or order of the
14 department or to produce or permit the examination or inspection of any
15 books, papers, records and equipment pertinent to an investigation or inquiry
16 under ORS 320.400 to 320.490 [*and 803.203*], or to testify to any matter re-
17 garding which the individual is lawfully interrogated, the department may
18 apply to the Oregon Tax Court or to the circuit court of the county in which
19 the individual resides or where the individual is for an order to the indi-
20 vidual to attend and testify or otherwise comply with the demand or request
21 of the department.

22 “(b) The department shall apply to the court by ex parte motion, upon
23 which the court shall make an order requiring the individual against whom
24 the motion is directed to comply with the request or demand of the depart-
25 ment within 10 days after the service of the order, or within the additional
26 time granted by the court, or to justify the failure within that time. The
27 order shall be served upon the individual to whom it is directed in the
28 manner required by this state for service of process, which is required to
29 confer jurisdiction upon the court.

30 “(3) Failure to obey any order issued by the court under this section is

1 contempt of court.

2 “(4) The remedy provided by this section is in addition to other remedies,
3 civil or criminal, existing under the tax laws or other laws of this state.

4 **“SECTION 98.** ORS 320.470 is amended to read:

5 “320.470. (1) Notwithstanding the confidentiality provisions of ORS
6 320.475, the Department of Revenue may disclose information received under
7 ORS 320.400 to 320.490 [*and 803.203*] to the Department of Transportation for
8 the purposes of carrying out the provisions of ORS 320.405[, *320.410 and*
9 *803.203*] **and 320.415.**

10 “(2) The Department of Transportation may disclose information obtained
11 under ORS 320.410 and 803.203 **and sections 83 and 84 of this 2025 Act** to
12 the Department of Revenue for the purposes of carrying out the provisions
13 of ORS [*320.400 to 320.490*] **320.410** and 803.203 **and sections 83 and 84 of**
14 **this 2025 Act.**

15 “(3) Any officer or employee of the Department of Transportation to
16 whom information is disclosed under subsection (1) of this section is not re-
17 quired to execute a certificate under ORS 314.840 (3)(a).

18 “(4) Except as otherwise provided in ORS 320.400 to 320.490 [*and*
19 *803.203*], a person aggrieved by an act or determination of the Department
20 of Revenue or its authorized agent under ORS 320.400 to 320.490 [*and*
21 *803.203*] may appeal, within 90 days after the act or determination, to the
22 Oregon Tax Court in the manner provided in ORS 305.404 to 305.560. These
23 appeal rights are the exclusive remedy available to determine the person’s
24 liability for the [*transportation project taxes*] **privilege tax or the bicycle**
25 **tax.**

26 **“SECTION 99.** ORS 320.475 is amended to read:

27 “320.475. Except as otherwise provided in ORS 320.400 to 320.490 [*and*
28 *803.203*] or where the context requires otherwise, the provisions of ORS
29 chapters 305 and 314 as to the audit and examination of returns, periods of
30 limitation, determinations of and notices of deficiencies, assessments, col-

1 lections, liens, delinquencies, claims for refund and refunds, conferences,
2 appeals to the Oregon Tax Court, stays of collection pending appeal,
3 confidentiality of returns and the related penalties, and the related proce-
4 dures, apply to the determinations of taxes, penalties and interest under ORS
5 320.400 to 320.490 *[and 803.203]*.

6 **“SECTION 100.** ORS 320.480 is amended to read:

7 “320.480. (1) The Department of Revenue shall administer and enforce
8 *[ORS 320.400 to 320.490 and 803.203]* **the privilege tax and the bicycle**
9 **tax.**

10 “(2) The department may adopt or establish rules and procedures that the
11 department considers necessary or appropriate for the implementation, ad-
12 ministration and enforcement of *[ORS 320.400 to 320.490 and 803.203]* **the**
13 **privilege tax and the bicycle tax** and that are consistent with ORS 320.400
14 to 320.490 *[and 803.203]*.

15 “(3) The Department of Transportation *[shall]* **may** enter into *[an]* **any**
16 agreement with the Department of Revenue **that the departments consider**
17 **necessary or convenient** for purposes of the implementation, adminis-
18 tration and enforcement *[by the Department of Transportation of those pro-*
19 *visions of ORS 803.203, and rules or procedures adopted or established by the*
20 *Department of Revenue under this section, that the Department of Transpor-*
21 *tation and the Department of Revenue determine are necessary for the effective*
22 *and efficient implementation, administration and enforcement of ORS*
23 *803.203]* **of the privilege tax, the sales tax, the use taxes or the bicycle**
24 **tax.**

25 **“SECTION 101.** ORS 320.490 is amended to read:

26 “320.490. (1)(a) A local government may not impose a tax described in
27 **paragraph (b) of this** subsection *[(2) of this section]* unless the tax is:

28 “[a] **(A)** Authorized by statute; or

29 “[b] **(B)** Approved by the governing body of the local government and
30 in effect on or before October 6, 2017.

1 “[(2)] (b) This [section] **subsection** applies to:

2 “[(a)] (A) A tax imposed on the privilege of engaging in the business of
3 selling [taxable motor] **privilege tax** vehicles at retail; and

4 “[(b)] (B) Any privilege, excise, sales, **transfer** or use tax imposed on or
5 with respect to [taxable motor] **privilege tax** vehicles.

6 “(2) A local government may not impose any privilege, excise, sales,
7 **transfer or use tax on or with respect to sales tax vehicles unless the**
8 **tax is:**

9 “(a) Authorized by statute; or

10 “(b) Approved by the governing body of the local government and
11 **in effect on or before the effective date of this 2025 Act.**

12 “**SECTION 102. ORS 320.455 and 320.485 are repealed.**

13 “**SECTION 103.** ORS 803.045 is amended to read:

14 “803.045. (1) The Department of Transportation shall issue title for a ve-
15 hicle if the applicant and the vehicle meet the following qualifications:

16 “(a) The applicant must satisfy the department that the applicant is the
17 owner of the vehicle and is otherwise entitled to have title issued in the
18 applicant’s name.

19 “(b) Except as otherwise provided in ORS 803.050 (2), the applicant must
20 submit a completed and signed application for title described in ORS 803.050.

21 “(c) The applicant must pay the fee for issuance of a certificate of title
22 under ORS 803.090 or the fee for issuance of title in another form, as estab-
23 lished by the department by rule in accordance with ORS 803.012.

24 “(d) **The applicant must pay any amount of tax imposed under ORS**
25 **320.410 or section 83 or 84 of this 2025 Act that is due with respect to**
26 **the transaction in which the motor vehicle for which title is sought**
27 **was purchased.**

28 “[(d)] (e) If the vehicle is a reconstructed vehicle or an assembled vehicle,
29 the applicant must provide the following information in addition to any
30 other information required under this section:

1 “(A) The certificate of title last issued for the frame of the vehicle, a
2 salvage title certificate issued for the vehicle or other evidence of ownership
3 satisfactory to the department.

4 “(B) Bills of sale for major components used to build the vehicle.

5 “[*(e)*] **(f)** If the vehicle is covered by an Oregon title or salvage title cer-
6 tificate, the applicant shall surrender the Oregon title or salvage title cer-
7 tificate, submit an application as provided under ORS 803.065 or submit other
8 evidence of ownership satisfactory to the department.

9 “[*(f)*] **(g)** Unless the department adopts rules to the contrary, if the vehi-
10 cle is from another jurisdiction, the applicant shall surrender to the depart-
11 ment with the application the certificate of title issued by the other
12 jurisdiction, if such jurisdiction requires certificates of title. If such juris-
13 diction does not require certificates of title, then the applicant shall sur-
14 render the registration cards.

15 “[*(g)*] **(h)** If required by the department, the applicant must submit proof
16 of ownership as described under ORS 803.205.

17 “[*(h)*] **(i)** Other than a racing activity vehicle as defined in ORS 801.404,
18 if the department has reason to believe a vehicle was not certified by the
19 original manufacturer as conforming to federal vehicle standards, the de-
20 partment may require the applicant to provide proof satisfactory to the de-
21 partment that the vehicle conforms to federal vehicle standards.

22 “[*(i)*] **(j)** Unless the vehicle is exempted from odometer disclosure re-
23 quirements, the applicant shall submit an appropriate odometer disclosure
24 form. The department shall determine what constitutes an appropriate form
25 in any particular situation. The department may make exceptions by rule to
26 the requirement for submission of an odometer disclosure form.

27 “(2) The department may not issue title for a vehicle:

28 “(a) Required by ORS 803.210 to be inspected unless the vehicle has been
29 inspected as described in ORS 803.212 and the inspection fee paid under ORS
30 803.215.

1 “(b) If the current vehicle title, certificate, ownership document or the
2 vehicle record available through electronic record inquiry:

3 “(A) Has a junk status;

4 “(B) Is a junk title, junk certificate or similar ownership document issued
5 by another jurisdiction; or

6 “(C) Has a junk or similar brand or notation.

7 “(c) As prescribed in ORS 803.591.

8 “(3) The department may adopt any rules it considers necessary for the
9 administration of subsection (2)(a) and (b) of this section.

10 **“SECTION 104.** ORS 803.203 is amended to read:

11 “803.203. (1) A person that purchases a [*taxable motor*] **privilege tax** ve-
12 hicle from a seller that is not subject to the privilege tax imposed under ORS
13 320.405 **or a sales tax vehicle** may not register or title the [*taxable motor*]
14 vehicle in Oregon unless the person provides proof that:

15 “(a)(A) The person paid the **privilege** use tax imposed under ORS 320.410;
16 **or**

17 “[*(b)*] (B) The person is not required to pay the **privilege** use tax for the
18 reasons provided in ORS 320.410 (4) **or 320.420**; [*or*]

19 “(b)(A) **The person paid the sales tax imposed under section 83 of**
20 **this 2025 Act; or**

21 “(B) **The person is not required to pay the sales tax for the reasons**
22 **provided in ORS 320.425;**

23 “(c)(A) **The person paid the sales use tax imposed under section 84**
24 **of this 2025 Act; or**

25 “(B) **The person is not required to pay the sales use tax for the**
26 **reasons provided in ORS 320.410 (4) or 320.420; or**

27 “[*(c)*] (d) The [*taxable motor*] vehicle was purchased and titled by a car
28 rental company as defined in ORS 803.219 using an electronic integrator.

29 “(2) The person shall provide the proof described in subsection (1) of this
30 section to the Department of Transportation in the manner established by

1 the department by rule.

2 **“SECTION 105.** ORS 803.585 is amended to read:

3 “803.585. (1) Except as otherwise provided in this section or ORS 801.041
4 or 801.042, the registration fees under the vehicle code are in lieu of all other
5 taxes and licenses, except municipal license fees under regulatory ordi-
6 nances, imposed on vehicles, the owners of such vehicles or the use of or any
7 privilege related to such vehicles. Fixed load vehicles are not exempt from
8 ad valorem taxation by this section.

9 “(2) Travel trailers subject to registration and titling under the vehicle
10 code are not subject to ad valorem taxation, but may be reclassified as
11 manufactured structures and made subject to taxation as provided in ORS
12 308.880.

13 “(3) This section does not apply to the privilege tax imposed under ORS
14 320.405, [or] the **privilege** use tax imposed under ORS 320.410, **the sales tax**
15 **imposed under section 83 of this 2025 Act or the sales use tax imposed**
16 **under section 84 of this 2025 Act.**

17 **“SECTION 106.** ORS 822.043 is amended to read:

18 “822.043. (1) As used in this section:

19 “(a) ‘Integrator’ has the meaning given that term in ORS 802.600.

20 “(b) ‘Vehicle dealer’ means a person issued a vehicle dealer certificate
21 under ORS 822.020.

22 “(2) A vehicle dealer that the Department of Transportation has desig-
23 nated to act as an agent of the department under ORS 802.031 may elect to
24 prepare, submit, or prepare and submit documents necessary to:

25 “(a) Issue or transfer a certificate of title for a vehicle;

26 “(b) Register a vehicle or transfer registration of a vehicle;

27 “(c) Issue a registration plate;

28 “(d) Verify and clear a title;

29 “(e) Perfect, release or satisfy a lien or other security interest;

30 “(f) Comply with federal security requirements; or

1 “(g) Render any other services for the purpose of complying with state
2 and federal laws related to the sale of a vehicle.

3 “(3) A vehicle dealer who prepares any documents described in subsection
4 (2) of this section:

5 “(a) May charge a purchaser of a vehicle a document processing fee for
6 the preparation of those documents.

7 “(b) May not charge a purchaser of a vehicle a document processing fee
8 for the submission of any document or the issuance of a registration plate.

9 “(c) May charge a purchaser of a vehicle a document processing fee for
10 performing any of the services described in subsection (2) of this section in
11 connection with preparing the documents described in subsection (2) of this
12 section.

13 “(4) A purchaser of a vehicle may negotiate the amount of the document
14 processing fee with a vehicle dealer, but in no case shall the document pro-
15 cessing fee charged by a vehicle dealer under this section exceed:

16 “(a) \$250, if the vehicle dealer uses an integrator; or

17 “(b) \$200, if the vehicle dealer does not use an integrator.

18 “(5) If a vehicle dealer charges a document processing fee under sub-
19 section (4)(a) of this section, of the amount collected \$35 shall be paid to the
20 integrator.

21 “(6) Unless otherwise provided by rule, if a vehicle dealer uses an
22 integrator and charges a document processing fee greater than that charged
23 for not using an integrator, the dealer must inform the purchaser of the ve-
24 hicle of the option of using an integrator to prepare the documents. The
25 purchaser may then elect whether or not to have the vehicle dealer use an
26 integrator to prepare the documents.

27 “(7) If the purchaser of a vehicle pays a document processing fee, the ve-
28 hicle dealer shall prepare and submit all documents to complete the trans-
29 action as permitted by law.

30 “(8)(a) A vehicle dealer who collects the privilege tax imposed under ORS

1 320.405 from the purchaser of a [*taxable motor*] **privilege tax** vehicle may
2 collect the privilege tax at the same time and in the same manner as the
3 vehicle dealer collects document processing fees under this section. The
4 amount of the privilege tax shall be in addition to and not in lieu of docu-
5 ment processing fees collected under this section.

6 “(b) A vehicle dealer may exclude the amount of the privilege tax from
7 the capitalized cost and offering price of a [*taxable motor*] **privilege tax** ve-
8 hicle as those terms are defined by the Department of Justice by rule.

9 **“SECTION 107.** ORS 317A.100, as amended by section 26, chapter 75,
10 Oregon Laws 2024, is amended to read:

11 “317A.100. As used in ORS 317A.100 to 317A.158:

12 “(1)(a) ‘Commercial activity’ means:

13 “(A) The total amount realized by a person, arising from transactions and
14 activity in the regular course of the person’s trade or business, without de-
15 duction for expenses incurred by the trade or business;

16 “(B) If received by a financial institution:

17 “(i) If the reporting person for a financial institution is a holding com-
18 pany, all items of income reported on the FR Y-9 filed by the holding com-
19 pany;

20 “(ii) If the reporting person for a financial institution is a bank organ-
21 ization, all items of income reported on the call report filed by the bank or-
22 ganization; and

23 “(iii) If the reporting person for a financial institution is a nonbank fi-
24 nancial organization, all items of income reported in accordance with gen-
25 erally accepted accounting principles; and

26 “(C)(i) If received by an insurer, as reported on the statement of premiums
27 accompanying the annual statement required under ORS 731.574 to be filed
28 with the Director of the Department of Consumer and Business Services, all
29 gross direct life insurance premiums, gross direct accident and health insur-
30 ance premiums and gross direct property and casualty insurance premiums;

1 and

2 “(ii) The gross amount of surplus lines premiums received on Oregon
3 home state risks as shown in the report required by ORS 735.465.

4 “(b) ‘Commercial activity’ does not include:

5 “(A) Interest income except:

6 “(i) Interest on credit sales; or

7 “(ii) Interest income, including service charges, received by financial in-
8 stitutions;

9 “(B) Receipts from the sale, exchange or other disposition of an asset
10 described in section 1221 or 1231 of the Internal Revenue Code, without re-
11 gard to the length of time the person held the asset;

12 “(C) If received by an insurer, federally reinsured premiums or income
13 from transactions between a reciprocal insurer and its attorney in fact op-
14 erating under ORS 731.142;

15 “(D) Receipts from hedging transactions, to the extent that the trans-
16 actions are entered into primarily to protect a financial position, including
17 transactions intended to manage the risk of exposure to foreign currency
18 fluctuations that affect assets, liabilities, profits, losses, equity or invest-
19 ments in foreign operations, risk of exposure to interest rate fluctuations or
20 risk of commodity price fluctuations;

21 “(E) Proceeds received attributable to the repayment, maturity or re-
22 demption of the principal of a loan, bond, mutual fund, certificate of deposit
23 or marketable instrument;

24 “(F) The principal amount received under a repurchase agreement or on
25 account of any transaction properly characterized as a loan to the person;

26 “(G) Contributions received by a trust, plan or other arrangement, any
27 of which is described in section 501(a) of the Internal Revenue Code, or to
28 which title 26, subtitle A, chapter 1, subchapter (D) of the Internal Revenue
29 Code applies;

30 “(H) Compensation, whether current or deferred, and whether in cash or

1 in kind, received or to be received by an employee, a former employee or the
2 employee's legal successor for services rendered to or for an employer, in-
3 cluding reimbursements received by or for an individual for medical or edu-
4 cation expenses, health insurance premiums or employee expenses or on
5 account of a dependent care spending account, legal services plan, any cafe-
6 teria plan described in section 125 of the Internal Revenue Code or any
7 similar employee reimbursement;

8 “(I) Proceeds received from the issuance of the taxpayer's own stock,
9 options, warrants, puts or calls, or from the sale of the taxpayer's treasury
10 stock;

11 “(J) Proceeds received on the account of payments from insurance poli-
12 cies, including crop insurance policies, owned by the taxpayer, except those
13 proceeds received for the loss of commercial activity;

14 “(K) Gifts or charitable contributions received, membership dues received
15 by trade, professional, homeowners' or condominium associations, payments
16 received for educational courses, meetings or meals, or similar payments to
17 a trade, professional or other similar association, and fundraising receipts
18 received by any person when any excess receipts are donated or used exclu-
19 sively for charitable purposes;

20 “(L) Damages received as the result of litigation in excess of amounts
21 that, if received without litigation, would be treated as commercial activity;

22 “(M) Property, money and other amounts received or acquired by an agent
23 on behalf of another in excess of the agent's commission, fee or other
24 remuneration;

25 “(N) Tax refunds from any tax program, other tax benefit recoveries and
26 reimbursements for the tax imposed under ORS 317A.100 to 317A.158 made
27 by entities that are part of the same unitary group as provided under ORS
28 317A.106, and reimbursements made by entities that are not members of a
29 unitary group that are required to be made for economic parity among mul-
30 tiple owners of an entity whose tax obligation under ORS 317A.100 to

1 317A.158 is required to be reported and paid entirely by one owner, as pro-
2 vided in ORS 317A.106;

3 “(O) Pension reversions;

4 “(P) Contributions to capital;

5 “(Q) Receipts from the sale, transfer, exchange or other disposition of
6 motor vehicle fuel or any other product used for the propulsion of motor
7 vehicles;

8 “(R) In the case of receipts from the sale of cigarettes or tobacco products
9 by a wholesale dealer, retail dealer, distributor, manufacturer or seller, an
10 amount equal to the federal and state excise taxes paid by any person on or
11 for such cigarettes or tobacco products under subtitle E of the Internal
12 Revenue Code or ORS chapter 323;

13 “(S) In the case of receipts from the sale of malt beverages or wine, as
14 defined in ORS 471.001, cider, as defined in ORS 471.023 or distilled liquor,
15 as defined in ORS 471.001, by a person holding a license issued under ORS
16 chapter 471, an amount equal to the federal and state excise taxes paid by
17 any person on or for such malt beverages, wine or distilled liquor under
18 subtitle E of the Internal Revenue Code or ORS chapter 471 or 473, and any
19 amount paid to the Oregon Liquor and Cannabis Commission for sales of
20 distilled spirits by an agent appointed under ORS 471.750;

21 “(T) In the case of receipts from the sale of marijuana items, as defined
22 in ORS 475C.009, by a person holding a license issued under ORS 475C.005
23 to 475C.525, an amount equal to the federal and state excise taxes paid by
24 any person on or for such marijuana items under subtitle E of the Internal
25 Revenue Code or ORS 475C.670 to 475C.734 and any local retail taxes au-
26 thorized under ORS 475C.453;

27 “(U) Local taxes collected by a restaurant or other food establishment on
28 sales of meals, prepared food or beverages;

29 “(V) Tips or gratuities collected by a restaurant or other food establish-
30 ment and passed on to employees;

1 “(W) Receipts realized by a vehicle dealer certified under ORS 822.020 or
2 a person described in ORS 320.400 [(8)(a)(B)] **(16)(a)(B)** from the sale or other
3 transfer of a motor vehicle, as defined in ORS 801.360, to another vehicle
4 dealer for the purpose of resale by the transferee vehicle dealer, but only if
5 the sale or other transfer was based upon the transferee’s need to meet a
6 specific customer’s preference for a motor vehicle or is an exchange of new
7 vehicles between franchised motor vehicle dealerships;

8 “(X) Registration fees or taxes collected by a vehicle dealer certified un-
9 der ORS 822.020 or a person described in ORS 320.400 [(8)(a)(B)] **(16)(a)(B)**
10 at the sale or other transfer of a motor vehicle, as defined in ORS 801.360,
11 that are owed to a third party by the purchaser of the motor vehicle and
12 passed to the third party by the dealer;

13 “(Y) Receipts from a financial institution for services provided to the fi-
14 nancial institution in connection with the issuance, processing, servicing and
15 management of loans or credit accounts, if the financial institution and the
16 recipient of the receipts have at least 50 percent of their ownership interests
17 owned or controlled, directly or constructively through related interests, by
18 common owners;

19 “(Z) In the case of amounts retained as commissions by a holder of a li-
20 cense under ORS chapter 462, an amount equal to the amounts specified un-
21 der ORS chapter 462 that must be paid to or collected by the Department of
22 Revenue as a tax and the amounts specified under ORS chapter 462 to be
23 used as purse money;

24 “(AA) Receipts of residential care facilities as defined in ORS 443.400 or
25 in-home care agencies as defined in ORS 443.305, to the extent that the re-
26 cepts are derived from or received as compensation for providing services
27 to a medical assistance or Medicare recipient;

28 “(BB) Dividends received;

29 “(CC) Distributive income received from a pass-through entity;

30 “(DD) Receipts from sales to a wholesaler in this state, if the seller re-

1 ceives certification at the time of sale from the wholesaler that the whole-
2 saler will sell the purchased property outside this state;

3 “(EE) Receipts from the wholesale or retail sale of groceries, including
4 receipts of a person that owns groceries at the time of sale and compensation
5 of any consignee engaged in effecting the sale of groceries on behalf the
6 owner of the groceries, but only to the extent that the compensation relates
7 to grocery sales;

8 “(FF) Receipts from transactions among members of a unitary group;

9 “(GG) Moneys, including public purpose charge moneys collected under
10 ORS 757.612 and moneys collected to plan for and pursue cost-effective en-
11 ergy efficiency resources under ORS 757.054, that are collected from cus-
12 tomers, passed to a utility and approved by the Public Utility Commission
13 and that support energy conservation, renewable resource acquisition and
14 low-income assistance programs;

15 “(HH) Moneys collected by a utility from customers for the payment of
16 loans through on-bill financing;

17 “(II) Surcharges collected under ORS 757.736;

18 “(JJ) Moneys passed to a utility by the Bonneville Power Administration
19 for the purpose of effectuating the Regional Power Act Exchange credits or
20 pursuant to any settlement associated with the exchange credit;

21 “(KK) Moneys collected or recovered, by entities listed in ORS 756.310,
22 cable operators as defined in 47 U.S.C. 522(5), telecommunications carriers
23 as defined in 47 U.S.C. 153(51) and providers of information services as de-
24 fined in 47 U.S.C. 153(24), for fees payable under ORS 756.310, right-of-way
25 fees, franchise fees, privilege taxes, federal taxes and local taxes;

26 “(LL) Charges paid to the Residential Service Protection Fund required
27 by chapter 290, Oregon Laws 1987;

28 “(MM) Universal service surcharge moneys collected or recovered and
29 paid into the universal service fund established in ORS 759.425;

30 “(NN) Moneys collected for public purpose funding as described in ORS

1 759.430;

2 “(OO) Moneys collected or recovered and paid into the federal universal
3 service fund as determined by the Federal Communications Commission;

4 “(PP) In the case of a seller or provider of telecommunications services,
5 the amount of tax imposed under ORS 403.200 for access to the emergency
6 communications system that is collected from subscribers or consumers;

7 “(QQ) In the case of a transient lodging tax collector, the amount of tax
8 imposed under ORS 320.305 and of any local transient lodging tax imposed
9 upon the occupancy of transit lodging;

10 “(RR) In the case of a seller of bicycles, the amount of tax imposed under
11 ORS 320.415 upon retail sales of bicycles;

12 “(SS) In the case of a qualified heavy equipment provider, the amount of
13 tax imposed under ORS 307.872 upon the rental price of heavy equipment;

14 “(TT) Farmer sales to an agricultural cooperative in this state that is a
15 cooperative organization described in section 1381 of the Internal Revenue
16 Code;

17 “(UU) Revenue received by a business entity that is mandated by contract
18 or subcontract to be distributed to another person or entity if the revenue
19 constitutes sales commissions that are paid to a person who is not an em-
20 ployee of the business entity, including, without limitation, a split-fee real
21 estate commission;

22 “(VV) Receipts from the sale of fluid milk by dairy farmers that are not
23 members of an agricultural cooperative; and

24 “(WW)(i) Cost paid by a dealer for items of precious metal.

25 “(ii) As used in this subparagraph, ‘item of precious metal’ means an item
26 of gold, silver, platinum, rhodium or palladium that has been put through a
27 process of smelting or refining and that is in a state or condition that its
28 value depends on its contents and not its form.

29 “(2) ‘Cost inputs’ means:

30 “(a) The cost of goods sold as calculated in arriving at federal taxable

1 income under the Internal Revenue Code; or

2 “(b) In the case of a taxpayer that is engaged in a farming operation, as
3 defined in ORS 317A.102, and that does not report cost of goods sold for
4 federal tax purposes, the taxpayer’s operating expenses excluding labor costs.

5 “(3) ‘Doing business’ means engaging in any activity, whether legal or
6 illegal, that is conducted for, or results in, the receipt of commercial activity
7 at any time during a calendar year.

8 “(4) ‘Excluded person’ means any of the following:

9 “(a) Organizations described in sections 501(c) and 501(j) of the Internal
10 Revenue Code, unless the exemption is denied under section 501(h), (i) or (m)
11 or under section 502, 503 or 505 of the Internal Revenue Code.

12 “(b) Organizations described in section 501(d) of the Internal Revenue
13 Code, unless the exemption is denied under section 502 or 503 of the Internal
14 Revenue Code.

15 “(c) Organizations described in section 501(e) of the Internal Revenue
16 Code.

17 “(d) Organizations described in section 501(f) of the Internal Revenue
18 Code.

19 “(e) Charitable risk pools described in section 501(n) of the Internal Rev-
20 enue Code.

21 “(f) Organizations described in section 521 of the Internal Revenue Code.

22 “(g) Qualified state tuition programs described in section 529 of the
23 Internal Revenue Code.

24 “(h) Foreign or alien insurance companies, but only with respect to the
25 underwriting profit derived from writing wet marine and transportation in-
26 surance subject to tax under ORS 731.824 and 731.828 or if an insurance
27 company is subject to the retaliatory tax under ORS 731.854 and 731.859.

28 “(i) Governmental entities.

29 “(j) Any person with commercial activity that does not exceed \$750,000 for
30 the tax year, other than a person that is part of a unitary group as provided

1 in ORS 317A.106 with commercial activity in excess of \$750,000.

2 “(k) Hospitals subject to assessment under ORS 414.855, long term care
3 facilities subject to assessment under ORS 409.801 or any entity subject to
4 assessment under ORS 414.880 or section 3 or 5, chapter 538, Oregon Laws
5 2017.

6 “(L) Manufactured dwelling park nonprofit cooperatives organized under
7 ORS chapter 62.

8 “(5) ‘Financial institution’ has the meaning given that term in ORS
9 314.610, except that ‘financial institution’ does not include a credit union.

10 “(6)(a) ‘FR Y-9’ means the consolidated or parent-only financial state-
11 ments that a holding company is required to file with the Federal Reserve
12 Board pursuant to 12 U.S.C. 1844.

13 “(b) In the case of a holding company required to file both consolidated
14 and parent-only financial statements, ‘FR Y-9’ means the consolidated finan-
15 cial statements that the holding company is required to file.

16 “(7) ‘Governmental entity’ means:

17 “(a) The United States and any of its unincorporated agencies and in-
18 strumentalities.

19 “(b) Any incorporated agency or instrumentality of the United States
20 wholly owned by the United States or by a corporation wholly owned by the
21 United States.

22 “(c) The State of Oregon and any of its unincorporated agencies and in-
23 strumentalities.

24 “(d) Any county, city, district or other political subdivision of the state.

25 “(e) A special government body as defined in ORS 174.117.

26 “(f) A federally recognized Indian tribe.

27 “(8) ‘Groceries’ means food as defined in 7 U.S.C. 2012(k), but does not
28 include cannabinoid edibles or marijuana seeds.

29 “(9)(a) ‘Hedging transaction’ means a hedging transaction as defined in
30 section 1221 of the Internal Revenue Code or a transaction accorded hedge

1 accounting treatment under Financial Accounting Standards Board State-
2 ment No. 133.

3 “(b) ‘Hedging transaction’ does not include a transaction in which an
4 actual transfer of title of real or tangible property to another entity occurs.

5 “(10) ‘Insurer’ has the meaning given that term in ORS 317.010.

6 “(11) ‘Internal Revenue Code,’ except where the Legislative Assembly has
7 provided otherwise, refers to the laws of the United States or to the Internal
8 Revenue Code as they are amended and in effect on December 31, 2023.

9 “(12) ‘Labor costs’ means total compensation of all employees, not to in-
10 clude compensation paid to any single employee in excess of \$500,000.

11 “(13)(a) ‘Motor vehicle fuel or any other product used for the propulsion
12 of motor vehicles’ means:

13 “(A) Motor vehicle fuel as defined in ORS 319.010; and

14 “(B) Fuel the use of which in a motor vehicle is subject to taxation under
15 ORS 319.530.

16 “(b) ‘Motor vehicle fuel or any other product used for the propulsion of
17 motor vehicles’ does not mean:

18 “(A) Electricity; or

19 “(B) Electric batteries or any other mechanical or physical component or
20 accessory of a motor vehicle.

21 “(14) ‘Person’ includes individuals, combinations of individuals of any
22 form, receivers, assignees, trustees in bankruptcy, firms, companies, joint-
23 stock companies, business trusts, estates, partnerships, limited liability
24 partnerships, limited liability companies, associations, joint ventures, clubs,
25 societies, entities organized as for-profit corporations under ORS chapter 60,
26 C corporations, S corporations, qualified subchapter S subsidiaries, qualified
27 subchapter S trusts, trusts, entities that are disregarded for federal income
28 tax purposes and any other entities.

29 “(15) ‘Retailer’ means a person doing business by selling tangible personal
30 property to a purchaser for a purpose other than:

1 “(a) Resale by the purchaser of the property as tangible personal property
2 in the regular course of business;

3 “(b) Incorporation by the purchaser of the property in the course of reg-
4 ular business as an ingredient or component of real or personal property; or

5 “(c) Consumption by the purchaser of the property in the production for
6 sale of a new article of tangible personal property.

7 “(16) ‘Taxable commercial activity’ means commercial activity sourced to
8 this state under ORS 317A.128, less any subtraction pursuant to ORS
9 317A.119.

10 “(17)(a) ‘Taxpayer’ means any person or unitary group required to regis-
11 ter, file or pay tax under ORS 317A.100 to 317A.158.

12 “(b) ‘Taxpayer’ does not include excluded persons, except to the extent
13 that a tax-exempt entity has unrelated business income as described in the
14 Internal Revenue Code.

15 “(18) ‘Tax year’ means, except as otherwise provided in ORS 317A.103, a
16 taxpayer’s annual accounting period used for federal income tax purposes
17 under section 441 of the Internal Revenue Code.

18 “(19)(a) ‘Unitary business’ means a business enterprise in which there
19 exists directly or indirectly between the members or parts of the enterprise
20 a sharing or exchange of value as demonstrated by:

21 “(A) Centralized management or a common executive force;

22 “(B) Centralized administrative services or functions resulting in econo-
23 mies of scale; or

24 “(C) Flow of goods, capital resources or services demonstrating functional
25 integration.

26 “(b) ‘Unitary business’ may include a business enterprise the activities
27 of which:

28 “(A) Are in the same general line of business, such as manufacturing,
29 wholesaling or retailing; or

30 “(B) Constitute steps in a vertically integrated process, such as the steps

involved in the production of natural resources, which might include exploration, mining, refining and marketing.

“(20) ‘Unitary group’ means a group of persons with more than 50 percent common ownership, either direct or indirect, that is engaged in business activities that constitute a unitary business.

“(21) ‘Wholesaler’ means a person primarily doing business by merchant distribution of tangible personal property to retailers or to other wholesalers.

“SECTION 108. ORS 366.505 is amended to read:

“366.505. (1) The State Highway Fund shall consist of:

“(a) All moneys and revenues derived under and by virtue of the sale of bonds, the sale of which is authorized by law and the proceeds thereof to be dedicated to highway purposes.

“(b) All moneys and revenues accruing from the licensing of motor vehicles, operators and chauffeurs.

“(c) Moneys and revenues derived from any tax levied upon gasoline, distillate, liberty fuel or other volatile and inflammable liquid fuels, except moneys and revenues described in ORS 184.642 (2)(a) that become part of the Department of Transportation Operating Fund.

“(d) Moneys and revenues derived from the road usage charges imposed under ORS 319.885.

“(e) Moneys and revenues derived from the **privilege** use tax imposed under ORS 320.410.

“(f) Moneys and revenues derived from the sales use tax imposed under section 84 of this 2025 Act.

“~~[(f)]~~ (h) Moneys and revenues derived from or made available by the federal government for road construction, maintenance or betterment purposes.

“~~[(g)]~~ (i) All moneys and revenues received from all other sources which by law are allocated or dedicated for highway purposes.

1 “(2) The State Highway Fund shall be deemed and held as a trust fund,
2 separate and distinct from the General Fund, and may be used only for the
3 purposes authorized by law and is continually appropriated for such pur-
4 poses.

5 “(3) Moneys in the State Highway Fund may be invested as provided in
6 ORS 293.701 to 293.857. All interest earnings on any of the funds designated
7 in subsection (1) of this section shall be placed to the credit of the highway
8 fund.

9 **“SECTION 108a. The Safe, Modern, Affordable and Reliable Trans-**
10 **portation Fund is established in the State Treasury, separate and dis-**
11 **tinct from the General Fund. Interest earned by the Safe, Modern,**
12 **Affordable and Reliable Transportation Fund shall be deposited into**
13 **the fund. Moneys in the Safe, Modern, Affordable and Reliable Trans-**
14 **portation Fund are continuously appropriated to the Department of**
15 **Transportation. The fund consists of the following:**

16 **“(1) Moneys and revenues derived from the sales tax imposed under**
17 **section 83 of this 2025 Act.**

18 **“(2) Moneys and revenues derived from the sales use tax imposed**
19 **under section 84 of this 2025 Act.**

20 **“(3) Moneys transferred to the fund under section 108b of this 2025**
21 **Act.**

22 **“(4) Moneys appropriated to the fund by the Legislative Assembly.**

23 **“(5) Earnings on moneys in the fund.**

24 **“(6) Moneys from any other source.**

25
26 **“SMART FUND DISTRIBUTIONS**
27

28 **“SECTION 108b. Deposit of revenues. (1) The Department of Trans-**
29 **portation shall deposit all revenue collected from the vehicle sales tax**
30 **in a suspense account established under ORS 293.445 for the purpose**

1 of receiving the revenue. The department may pay the actual expenses
2 of the department for the administration and enforcement of the ve-
3 hicle sales tax out of moneys received from the vehicle sales tax.
4 Amounts necessary to pay administrative and enforcement expenses
5 are continuously appropriated to the department from the suspense
6 account.

7 “(2) After payment of administrative and enforcement expenses
8 under subsection (1) of this section and refunds or credits arising from
9 erroneous overpayments, the department shall transfer the balance
10 of the moneys received from the vehicle sales tax to the Safe, Modern,
11 Affordable and Reliable Transportation Fund established in section
12 108a of this 2025 Act.

13 “(3) Each biennium, \$250 million shall be deposited by the depart-
14 ment into the Anchor Project Account created under section 120 of
15 this 2025 Act and shall be used to pay for costs, including project costs,
16 on a current basis and to pay for debt service on bonds issued to fi-
17 nance transportation projects in the following order of priority:

18 “(a) The Interstate 5 Rose Quarter Project;

19 “(b) The Abernethy Bridge Project; and

20 “(c) The Oregon Transportation Commission shall determine the
21 order of completion for the following project or project phases with the
22 remaining funds:

23 “(A) The Interstate 205 Freeway Widening Project;

24 “(B) The Newberg-Dundee Bypass Project; and

25 “(C) The State Highway 22 and Center Street Bridge seismic retrofit
26 in the City of Salem.

27 “(4) When the Oregon Transportation Commission determines that
28 a project listed in subsection (3)(c) of this section is completed, the
29 commission shall reallocate any amount remaining from the allocation
30 made under this section to the next project or project phase on the

list.

“(5) Any remaining amounts after the allocation of moneys described in subsection (3) of this section shall be distributed in the following order of priority:

“(a) \$40 million each biennium shall be transferred to the Multimodal Active Transportation Fund established under ORS 367.091;

“(b) \$60 million each biennium shall be transferred to the Zero-Emission Medium- and Heavy-Duty Vehicle Incentive Fund established under ORS 468.469;

“(c) \$20 million each biennium shall be transferred to the Medium- and Heavy-Duty Electrification Charging Fund established under ORS 468.498;

“(d) \$30 million each biennium shall be transferred to the Department of Transportation Operating Fund established under ORS 184.642 for the purpose of providing rebates for the installation of electric vehicle charging stations under the department’s community charging rebates program;

“(e) \$12 million each biennium shall be transferred to the Zero-Emission Incentive Fund established under ORS 468.449.

“(f) \$30 million each biennium shall be transferred to the Rail Transit Fund established under section 108d of this 2025 Act;

“(g) \$10 million each biennium shall be transferred to the Electric Bicycle Incentive Fund established under section 166 of this 2025 Act; and

“(h) \$23 million each biennium shall be transferred to the Zero-Emission School Bus Assistance Fund established under section 173 of this 2025 Act.

“SECTION 108c. ORS 367.091 is amended to read:

“367.091. (1) As used in this section and ORS 367.093:

“(a) ‘Private entity’ means any entity that is not a public body, including

1 but not limited to a corporation, partnership, company, nonprofit organiza-
2 tion or other legal entity or natural person.

3 “(b) ‘Public body’ has the meaning given that term in ORS 174.109.

4 “(c) ‘Transportation project’ means a project or undertaking for bicycle
5 and pedestrian capital infrastructure, including bridges, paths and ways. A
6 transportation project does not include costs associated with operating ex-
7 penses or the purchase of bicycles.

8 “(2) The Multimodal Active Transportation Fund is established in the
9 State Treasury, separate and distinct from the General Fund. Earnings on
10 moneys in the Multimodal Active Transportation Fund shall be deposited
11 into the fund. Moneys in the fund are continuously appropriated to the De-
12 partment of Transportation for the purposes described in subsection (3) of
13 this section and in ORS 367.093. The fund consists of the following:

14 “(a) Moneys transferred to the fund under ORS 320.440.

15 “(b) Moneys transferred to the fund under ORS 367.081.

16 “(c) **Moneys transferred to the fund under section 108b of this 2025**
17 **Act.**

18 “[*(c)*] (d) Moneys appropriated to the fund by the Legislative Assembly.

19 “[*(d)*] (e) Earnings on moneys in the fund.

20 “[*(e)*] (f) Moneys from any other source.

21 “(3) The department shall use moneys in the fund to award grants for
22 bicycle and pedestrian transportation projects as provided in ORS 367.093.

23 **“SECTION 108d. The Rail Transit Fund. (1) The Rail Transit Fund**
24 **is established in the State Treasury, separate and distinct from the**
25 **General Fund. Interest earned by the Rail Transit Fund shall be cred-**
26 **ited to the fund.**

27 **“(2) The Rail Transit Fund shall consist of:**

28 **“(a) Amounts deposited in the fund by the Department of Trans-**
29 **portation under section 108b of this 2025 Act;**

30 **“(b) Amounts appropriated or otherwise transferred to the fund by**

1 the Legislative Assembly; and

2 “(c) Other amounts deposited in the fund from any other source.

3 “(3) Moneys in the Rail Transit Fund are continuously appropriated
4 to the Department of Transportation for the purposes of carrying out
5 programs or projects to support public transportation by rail or other
6 forms of public transportation in this state.

7 “SECTION 108e. ORS 468.469 is amended to read:

8 “468.469. (1) The Zero-Emission Medium and Heavy Duty Vehicle Incen-
9 tive Fund is established in the State Treasury, separate and distinct from the
10 General Fund. Interest earned by the Zero-Emission Medium and Heavy Duty
11 Vehicle Incentive Fund shall be credited to the fund.

12 “(2) Moneys in the Zero-Emission Medium and Heavy Duty Vehicle In-
13 centive Fund shall consist of:

14 “(a) Amounts donated to the fund;

15 “(b) Amounts deposited in the fund by the Department of Trans-
16 portation under section 108b of this 2025 Act;

17 “[b)] (c) Amounts appropriated or otherwise transferred to the fund by
18 the Legislative Assembly;

19 “[c)] (d) Other amounts deposited in the fund from any public or private
20 source; and

21 “[d)] (e) Interest earned by the fund.

22 “(3) Moneys in the Zero-Emission Medium and Heavy Duty Vehicle In-
23 centive Fund are continuously appropriated to the Department of Environ-
24 mental Quality to be used to carry out the provisions of ORS 468.463.

25 “(4) No more than 15 percent of the moneys deposited in the Zero-
26 Emission Medium and Heavy Duty Vehicle Incentive Fund per biennium may
27 be expended to pay administrative expenses incurred in the administration
28 of ORS 468.463 by:

29 “(a) The department; or

30 “(b) Any third-party organization that the department hires or contracts

1 with under ORS 468.463.

2 “(5)(a) The Environmental Quality Commission shall require by rule that
3 at least 40 percent of the moneys deposited in the fund per biennium are
4 allocated to fund the provision of rebates for vehicles located in communities
5 disproportionately burdened by diesel pollution, as described in ORS 468.463
6 (7)(c).

7 “(b) Notwithstanding paragraph (a) of this subsection, if the department
8 determines that the total amount of rebates provided to applicants eligible
9 for the rebate described in ORS 468.463 (7)(c) is unlikely to exceed 40 percent
10 of the total amount of moneys deposited in the fund during a biennium, the
11 department may release moneys allocated under paragraph (a) of this sub-
12 section to be used for the provision of any rebate under ORS 468.463.

13 **“SECTION 108f.** ORS 468.498 is amended to read:

14 “468.498. (1) The Medium and Heavy-Duty Electrification Charging Fund
15 is established in the State Treasury, separate and distinct from the General
16 Fund. Interest earned by the Medium and Heavy-Duty Electrification
17 Charging Fund must be credited to the Medium and Heavy-Duty
18 Electrification Charging Fund.

19 “(2) Moneys in the Medium and Heavy-Duty Electrification Charging
20 Fund consist of:

21 **“(a) Amounts deposited in the fund by the Department of Trans-**
22 **portation under section 108b of this 2025 Act;**

23 **“(b) Amounts donated to the fund[.];**

24 **“(c) Amounts appropriated or otherwise transferred to the fund by the**
25 **Legislative Assembly[.];**

26 **“(d) Any other amounts deposited to the fund from any public or private**
27 **source; and**

28 **“(e) Interest earned by the fund.**

29 “(3) Moneys in the Medium and Heavy-Duty Electrification Charging
30 Fund are continuously appropriated to the Department of Environmental

1 Quality for a grant program to support medium and heavy-duty zero emission
2 vehicle charging and fueling infrastructure projects authorized under ORS
3 468.035.

4 “(4) Not more than 10 percent of the moneys in the Medium and Heavy-
5 Duty Electrification Charging Fund in each biennium may be expended to
6 pay the department’s expenses, or the expenses of any other person the de-
7 partment hires or with which the department contracts, to administer the
8 grant program.

9 **“SECTION 108g.** ORS 468.449, as amended by section 11, chapter 82,
10 Oregon Laws 2024, is amended to read:

11 “468.449. (1) The Zero-Emission Incentive Fund is established in the State
12 Treasury, separate and distinct from the General Fund. Interest earned by
13 the Zero-Emission Incentive Fund shall be credited to the fund.

14 “(2) Moneys in the Zero-Emission Incentive Fund shall consist of:

15 “(a) Amounts donated to the fund;

16 “(b) Amounts transferred to the fund by the Department of Revenue under
17 ORS 320.435 **or section 108b of this 2025 Act;**

18 “(c) Amounts appropriated or otherwise transferred to the fund by the
19 Legislative Assembly;

20 “(d) Other amounts deposited in the fund from any public or private
21 source; and

22 “(e) Interest earned by the fund.

23 “(3) The Department of Environmental Quality shall encourage gifts,
24 grants, donations or other contributions to the fund.

25 “(4) Moneys in the fund are continuously appropriated to the department
26 to be used to carry out the provisions of ORS 468.442 to 468.449.

27 “(5)(a) No more than 10 percent of the moneys deposited in the fund per
28 biennium may be expended to pay administrative expenses incurred in the
29 administration of ORS 468.442 to 468.449 by:

30 “(A) The department; and

1 “(B) Any third-party organization that the department hires or contracts
2 with under ORS 468.444 and 468.446.

3 “(b) As used in this subsection, ‘administrative expenses’ does not include
4 expenses incurred by the department or third-party organizations in:

5 “(A) Conducting community outreach under ORS 468.446 (14); or

6 “(B) Otherwise engaging in efforts to promote transportation
7 electrification through participation in the programs established under ORS
8 468.444 and 468.446.

9 “(6)(a) The Environmental Quality Commission may adopt by rule pro-
10 visions for the allocation of moneys deposited in the fund between the pro-
11 grams established under ORS 468.444 and 468.446.

12 “(b) Rules adopted under this subsection must require that at least 20
13 percent of the moneys deposited in the fund per biennium are allocated to
14 fund the provision of rebates through the Charge Ahead Oregon Program
15 established under ORS 468.446.

16 “(c) The amount required to be allocated under paragraph (b) of this
17 subsection in any biennium shall be reduced, but not below zero, by the
18 amount deposited from any other source in the Charge Ahead Zero-Emission
19 Incentive Fund established under section 13, chapter 82, Oregon Laws 2024.

20 **“SECTION 108h.** ORS 184.642 is amended to read:

21 “184.642. (1) The Department of Transportation Operating Fund is estab-
22 lished in the State Treasury separate and distinct from the General Fund and
23 separate and distinct from the State Highway Fund. Except as otherwise
24 provided in subsection (3)(e) of this section, moneys in the Department of
25 Transportation Operating Fund are continuously appropriated to the De-
26 partment of Transportation to pay expenses of the department that are in-
27 curred in the performance of functions the department is statutorily required
28 or authorized to perform and that may not constitutionally be paid from
29 revenues described in section 3a, Article IX of the Oregon Constitution.

30 “(2) The operating fund shall consist of the following:

1 “(a) Taxes paid on motor vehicle fuels or on the use of fuel in a motor
2 vehicle for which a person is entitled to a refund under a provision described
3 in this paragraph but for which no refund is claimed, in amounts determined
4 under ORS 184.643. This paragraph applies to refund entitlements described
5 in ORS 319.280 (1)(a) and (e), 319.320 (1)(a) and 319.831 (1)(b).

6 “(b) Fees collected under ORS 822.700 for issuance or renewal of:

7 “(A) Dismantler certificates;

8 “(B) Vehicle dealer certificates;

9 “(C) Show licenses;

10 “(D) Vehicle transporter certificates;

11 “(E) Driver training instructor certificates;

12 “(F) Commercial driver training school certificates; and

13 “(G) Vehicle appraiser certificates.

14 “(c) Late fees collected under ORS 822.700.

15 “(d) Fees collected under ORS 822.705.

16 “(e) Moneys from civil penalties imposed under ORS 822.009.

17 “(f) Fees collected under ORS 807.410 for identification cards.

18 “(g) Fees collected by the department for issuance of permits to engage
19 in activities described in ORS 374.302 to 374.334 that are not directly con-
20 nected to the construction, reconstruction, improvement, repair, mainte-
21 nance, operation and use of a public highway, road, street or roadside rest
22 area.

23 “(h) Fees collected under ORS 835.017 for services provided to the Oregon
24 Department of Aviation.

25 “(i) **Amounts transferred to the operating fund under section 108b**
26 **of this 2025 Act.**

27 “[*i*] (j) Interest and other earnings on moneys in the operating fund.

28 “(3) Moneys in the Department of Transportation Operating Fund estab-
29 lished by subsections (1) and (2) of this section may be spent only as follows:

30 “(a) Taxes described in subsection (2)(a) of this section may be used only

1 for payment of expenses of the Department of Transportation that:

2 “(A) May not constitutionally be paid from revenues described in section
3 3a, Article IX of the Oregon Constitution;

4 “(B) Are incurred in the performance of functions the department is
5 statutorily required or authorized to perform; and

6 “(C) Are not payable from moneys described in paragraphs (b) to (e) of
7 this subsection.

8 “(b) Fees collected under subsection (2)(b) of this section may be used
9 only to carry out the regulatory functions of the department relating to the
10 businesses that generate the fees.

11 “(c) Fees collected under ORS 822.705 may be used only for the purposes
12 described in ORS 822.705.

13 “(d) Moneys collected from civil penalties imposed under ORS 822.009 may
14 be used only for regulation of vehicle dealers.

15 “(e) Moneys collected under ORS 807.410 from fees for identification cards
16 shall be used first to pay the expenses of the department for performing the
17 functions of the department relating to identification cards. After paying the
18 expenses related to identification cards, the department shall transfer the
19 remaining moneys collected under ORS 807.410 to the Statewide Transporta-
20 tion Improvement Fund established in ORS 184.751.

21 “(f) Moneys from the permits described in subsection (2)(g) of this section
22 may be used for costs of issuing the permits and monitoring the activities
23 that generate the fees.

24 **“(g) Moneys transferred from section 108b of this 2025 Act may only**
25 **be used for the purpose of providing rebates for the installation of**
26 **electric vehicle charging stations under the department’s community**
27 **charging rebates program.**

28 “[g)] (h) Moneys from interest and other earnings on moneys in the op-
29 erating fund may be used for any purpose for which other moneys in the fund
30 may be used.

1 **“SECTION 109.** Sections 83, 84 and 91 of this 2025 Act, the amend-
2 ments to ORS 317A.100, 320.400, 320.401, 320.405, 320.410, 320.420, 320.425,
3 320.430, 320.435, 320.440, 320.445, 320.450, 320.460, 320.465, 320.470, 320.475,
4 320.480, 320.490, 366.505, 803.045, 803.203, 803.585 and 822.043 by sections
5 81, 85 to 90, 92 to 101 and 103 to 108 of this 2025 Act and the repeal of
6 ORS 320.455 and 320.485 by section 102 of this 2025 Act become operative
7 on January 1, 2027.”.

8 Delete lines 44 and 45 and delete pages 78 through 80.

9 On page 81, delete lines 1 through 33 and insert:

10 **“SECTION 110.** (1) The following amounts shall be distributed in the
11 manner prescribed in this section:

12 **“(a)** The amount attributable to the increase in tax rates by the
13 amendments to ORS 319.020 and 319.530 by sections 45 and 49 of this
14 2025 Act.

15 **“(b)** The amount attributable to the increase in taxes and fees by
16 the amendments to ORS 803.420 and 803.090 by sections 62 and 63 of this
17 2025 Act.

18 **“(2)** Each year, the moneys described in subsection (1) of this sec-
19 tion shall be allocated as follows:

20 **“(a)** 50 percent to the Department of Transportation.

21 **“(b)** 30 percent to counties as follows:

22 **“(A)** The greater of \$3.5 million or 1.37 percent of the 30 percent for
23 distribution to small counties as provided in ORS 366.772 (3); and

24 **“(B)** The remainder of the amount after the distribution described
25 in subparagraph (A) of this paragraph, to counties as provided in ORS
26 366.762.

27 **“(c)** 20 percent to cities for distribution as provided in ORS 366.800.

28 **“SECTION 111.** Section 110 of this 2025 Act is amended to read:

29 **“Sec. 110.** (1) The following amounts shall be distributed in the manner
30 prescribed in this section:

1 “(a) The amount attributable to the increase in tax rates by the amend-
2 ments to ORS 319.020 and 319.530 by sections 45 and 49 of this 2025 Act.

3 “(b) The amount attributable to the increase in taxes and fees by the
4 amendments to ORS 803.420 and 803.090 by sections 62 and 63 of this 2025
5 Act.

6 **“(c) The amount attributable to moneys and revenues derived from
7 the sales use tax imposed under section 84 of this 2025 Act.**

8 **“(2) The amounts described in subsection (1) of this section shall
9 be distributed in the following order and for the following purposes:**

10 **“(a) \$125 million per year shall be deposited into the Great Streets
11 Fund established in section 156 of this 2025 Act.**

12 **“(b) \$25 million per year shall be deposited into the Safe Routes to
13 Schools Fund established under ORS 184.740, for the purpose of pro-
14 viding Safe Routes to Schools matching grants under ORS 184.742.**

15 **“(c) \$5 million per year for the Wildlife-Vehicle Collision Reduction
16 Fund established under section 117 of this 2025 Act.**

17 *“[(2) Each year, the moneys described in subsection (1) of this section shall
18 be allocated as follows:]*

19 **“(3) Each year, the moneys described in subsection (1) of this sec-
20 tion that remain after the allocation of moneys described in subsection
21 (2) of this section shall be allocated as follows:**

22 “(a) 50 percent to the Department of Transportation.

23 “(b) 30 percent to counties as follows:

24 “(A) The greater of \$3.5 million or 1.37 percent of the 30 percent for dis-
25 tribution to small counties as provided in ORS 366.772 (3); and

26 “(B) The remainder of the amount after the distribution described in
27 subparagraph (A) of this paragraph, to counties as provided in ORS 366.762.

28 “(c) 20 percent to cities for distribution as provided in ORS 366.800.

29 **“SECTION 112. The amendments to section 110 of this 2025 Act by
30 section 111 of this 2025 Act become operative on January 1, 2027.**

1 **SECTION 113.** Section 110 of this 2025 Act, as amended by section 111
2 of this 2025 Act, is amended to read:

3 **“Sec. 110.** (1) The following amounts shall be distributed in the manner
4 prescribed in this section:

5 “(a) The amount attributable to the increase in tax rates by the amend-
6 ments to ORS 319.020 and 319.530 by sections 45 and 49 of this 2025 Act.

7 “(b) The amount attributable to the increase in taxes and fees by the
8 amendments to ORS 803.420, [and] 803.090, **818.225, 825.474, 825.476 and**
9 **825.480** by sections **2, 8, 62 [and 63] to 64 and 66** of this 2025 Act.

10 “(c) The amount attributable to moneys and revenues derived from the
11 sales use tax imposed under section 84 of this 2025 Act.

12 “(2) The amounts described in subsection (1) of this section shall be dis-
13 tributed in the following order and for the following purposes:

14 “(a) \$125 million per year shall be deposited into the Great Streets Fund
15 established in section 156 of this 2025 Act.

16 “(b) \$25 million per year shall be deposited into the Safe Routes to
17 Schools Fund established under ORS 184.740, for the purpose of providing
18 Safe Routes to Schools matching grants under ORS 184.742.

19 “(c) \$5 million per year for the Wildlife-Vehicle Collision Reduction Fund
20 established under section 117 of this 2025 Act.

21 “(3) Each year, the moneys described in subsection (1) of this section that
22 remain after the allocation of moneys described in subsection (2) of this
23 section shall be allocated as follows:

24 “(a) 50 percent to the Department of Transportation.

25 “(b) 30 percent to counties as follows:

26 “(A) The greater of \$3.5 million or 1.37 percent of the 30 percent for dis-
27 tribution to small counties as provided in ORS 366.772 (3); and

28 “(B) The remainder of the amount after the distribution described in
29 subparagraph (A) of this paragraph, to counties as provided in ORS 366.762.

30 “(c) 20 percent to cities for distribution as provided in ORS 366.800.

1 **“SECTION 114.** The amendments to section 110 of this 2025 Act by
2 **section 113 of this 2025 Act become operative on July 1, 2028.**

3 **“SECTION 115.** Section 110 of this 2025 Act, as amended by sections 111
4 and 113 of this 2025 Act, is amended to read:

5 **“Sec. 110.** (1) The following amounts shall be distributed in the manner
6 prescribed in this section:

7 “(a) The amount attributable to the increase in tax rates by the amend-
8 ments to ORS 319.020 and 319.530 by sections 45, **47** and 49 of this 2025 Act.

9 “(b) The amount attributable to the increase in taxes and fees by the
10 amendments to ORS 803.420, 803.090, 818.225, 825.474, 825.476 and 825.480 by
11 sections 2, 8, 62 to 64 and 66 of this 2025 Act.

12 “(c) The amount attributable to moneys and revenues derived from the
13 sales use tax imposed under section 84 of this 2025 Act.

14 “(2) The amounts described in subsection (1) of this section shall be dis-
15 tributed in the following order and for the following purposes:

16 “(a) \$125 million per year shall be deposited into the Great Streets Fund
17 established in section 156 of this 2025 Act.

18 “(b) \$25 million per year shall be deposited into the Safe Routes to
19 Schools Fund established under ORS 184.740, for the purpose of providing
20 Safe Routes to Schools matching grants under ORS 184.742.

21 “(c) \$5 million per year for the Wildlife-Vehicle Collision Reduction Fund
22 established under section 117 of this 2025 Act.

23 “(3) Each year, the moneys described in subsection (1) of this section that
24 remain after the allocation of moneys described in subsection (2) of this
25 section shall be allocated as follows:

26 “(a) 50 percent to the Department of Transportation.

27 “(b) 30 percent to counties as follows:

28 “(A) The greater of \$3.5 million or 1.37 percent of the 30 percent for dis-
29 tribution to small counties as provided in ORS 366.772 (3); and

30 “(B) The remainder of the amount after the distribution described in

1 subparagraph (A) of this paragraph, to counties as provided in ORS 366.762.

2 “(c) 20 percent to cities for distribution as provided in ORS 366.800.

3 **“SECTION 116. The amendments to section 110 of this 2025 Act by**
4 **section 115 of this 2025 Act become operative on January 1, 2032.**

5 **“SECTION 116a.** Section 110 of this 2025 Act, as amended by sections
6 111, 113 and 115 of this 2025 Act, is amended to read:

7 **“Sec. 110.** (1) The following amounts shall be distributed in the manner
8 prescribed in this section:

9 “(a) The amount attributable to the increase in tax rates by the amend-
10 ments to ORS 319.020 and 319.530 by sections 45, 47 and 49 of this 2025 Act.

11 “(b) The amount attributable to the increase in taxes and fees by the
12 amendments to ORS 803.420, 803.090, 818.225, 825.474, 825.476 and 825.480 by
13 sections 2, **5**, 8[, *62 to 64 and 66*] **and 62 to 67** of this 2025 Act.

14 “(c) The amount attributable to moneys and revenues derived from the
15 sales use tax imposed under section 84 of this 2025 Act.

16 “(2) The amounts described in subsection (1) of this section shall be dis-
17 tributed in the following order and for the following purposes:

18 “(a) \$125 million per year shall be deposited into the Great Streets Fund
19 established in section 156 of this 2025 Act.

20 “(b) \$25 million per year shall be deposited into the Safe Routes to
21 Schools Fund established under ORS 184.740, for the purpose of providing
22 Safe Routes to Schools matching grants under ORS 184.742.

23 “(c) \$5 million per year for the Wildlife-Vehicle Collision Reduction Fund
24 established under section 117 of this 2025 Act.

25 “(3) Each year, the moneys described in subsection (1) of this section that
26 remain after the allocation of moneys described in subsection (2) of this
27 section shall be allocated as follows:

28 “(a) 50 percent to the Department of Transportation.

29 “(b) 30 percent to counties as follows:

30 “(A) The greater of \$3.5 million or 1.37 percent of the 30 percent for dis-

1 tribution to small counties as provided in ORS 366.772 (3); and

2 “(B) The remainder of the amount after the distribution described in
3 subparagraph (A) of this paragraph, to counties as provided in ORS 366.762.

4 “(c) 20 percent to cities for distribution as provided in ORS 366.800.

5 **“SECTION 116b. The amendments to section 110 of this 2025 Act by
6 section 116a of this 2025 Act become operative on January 1, 2034.”.**

7 On page 87, line 40, delete “122” and insert “127”.

8 In line 41, delete “124” and insert “129”.

9 On page 94, delete lines 30 through 45.

10 On page 95, delete lines 1 through 43 and insert:

11 **“SECTION 145.** ORS 801.041, as amended by section 178 of this 2025 Act,
12 is amended to read:

13 “801.041. The following apply to the authority granted to counties by ORS
14 801.040 to establish registration fees for vehicles:

15 “(1) An ordinance establishing registration fees under this section must
16 be enacted by the county imposing the registration fee and filed with the
17 Department of Transportation. Notwithstanding ORS 203.055 or any pro-
18 vision of a county charter, the governing body of a county may enact an
19 ordinance establishing registration fees. The governing body of the county
20 imposing the registration fee shall enter into an intergovernmental agree-
21 ment under ORS 190.010 with the department by which the department shall
22 collect the registration fees, pay them over to the county and, if necessary,
23 allow the credit or credits described in ORS 803.445 (5). The intergovern-
24 mental agreement must state the date on which the department shall begin
25 collecting registration fees for the county.

26 “(2) The authority granted by this section allows the establishment of
27 registration fees in addition to those described in ORS 803.420 and 803.422.
28 There is no authority under this section to affect registration periods, qual-
29 ifications, cards, plates, requirements or any other provision relating to ve-
30 hicle registration under the vehicle code.

1 “(3) Except as otherwise provided for in this subsection, when registration
2 fees are imposed under this section, they must be imposed on all vehicle
3 classes. Registration fees as provided under this section may not be imposed
4 on the following:

5 “(a) Snowmobiles and Class I all-terrain vehicles.

6 “(b) Fixed load vehicles.

7 “(c) Vehicles registered under ORS 805.100 to disabled veterans.

8 “(d) Vehicles registered as antique vehicles under ORS 805.010.

9 “(e) Vehicles registered as vehicles of special interest under ORS 805.020.

10 “(f) Government-owned or operated vehicles registered under ORS 805.040
11 or 805.045.

12 “(g) School buses or school activity vehicles registered under ORS 805.050.

13 “(h) Law enforcement undercover vehicles registered under ORS 805.060.

14 “(i) Vehicles registered on a proportional basis for interstate operation.

15 “(j) Vehicles with a registration weight of 26,001 pounds or more de-
16 scribed in ORS 803.420 (14)(a) or (b).

17 “(k) Vehicles registered as farm vehicles under the provisions of ORS
18 805.300.

19 “(L) Travel trailers, campers and motor homes.

20 “(m) Vehicles registered to an employment address as provided in ORS
21 802.250 when the eligible public employee or household member’s residence
22 address is not within the county of the employment address. The department
23 may adopt rules it considers necessary for the administration of this para-
24 graph.

25 “(n) Vehicles registered under ORS 805.110 to former prisoners of war.

26 “(4)(a) Any registration fee imposed by a county must be a fixed amount
27 not to exceed, with respect to any vehicle class, the sum of the registration
28 fee established under ORS 803.420 (6)(a) and the fee applicable to the regis-
29 tered vehicle under ORS 803.422. For vehicles on which a flat fee is imposed
30 under ORS 803.420, the fee must be a whole dollar amount.

1 “(b) A subject vehicle exempt under ORS 319.885 (3) from the fees
2 applicable under ORS 803.422 shall remain liable for any amount of
3 vehicle registration fee imposed by a county under this section that
4 would be required if the exemption did not exist. As used in this sub-
5 section, ‘subject vehicle’ has the meaning given that term in ORS
6 319.883.

7 “(5) Moneys from registration fees established under this section must be
8 paid to the county establishing the registration fees as provided in ORS
9 802.110.

10 “(6) Except as provided in ORS 801.044, or unless a different distribution
11 is agreed upon by the county and the cities within the jurisdiction of the
12 county, the county ordinance shall provide for payment of at least 40 percent
13 of the moneys from registration fees established under this section to cities
14 within the county.

15 “(7) The moneys for the cities and the county shall be used for any pur-
16 pose for which moneys from registration fees may be used, including the
17 payment of debt service and costs related to bonds or other obligations is-
18 sued for such purposes.

19 “(8) Two or more counties may act jointly to impose a registration fee
20 under this section. The ordinance of each county acting jointly with another
21 under this subsection must provide for the distribution of moneys collected
22 through a joint registration fee.”.

23 On page 100, line 2, delete “selected for grant awards” and insert “iden-
24 tified”.

25 In line 4, delete “awarded a grant” and insert “identified”.

26 On page 101, delete lines 4 through 45.

27 On page 102, delete lines 1 through 3 and insert:

28 **“SECTION 156. (1) The Great Streets Fund is established in the**
29 **State Treasury, separate and distinct from the General Fund.**
30 **Earnings on moneys in the Great Streets Fund shall be deposited into**

1 the fund. Moneys in the Great Streets Fund are continuously appro-
2 priated to the Department of Transportation for the purposes de-
3 scribed in this section and in section 1, chapter 323, Oregon Laws 2023.

4 “(2) The fund consists of the following:

5 “(a) Moneys appropriated to the fund by the Legislative Assembly.

6 “(b) Earnings on moneys in the fund.

7 “(c) Moneys from any other source.

8 “(3) The department shall use moneys in the Great Streets Fund to
9 fund projects identified under section 157 of this 2025 Act.

10 **“SECTION 156a.** Section 156 of this 2025 Act is amended to read:

11 **“Sec. 156.** (1) The Great Streets Fund is established in the State Treasury,
12 separate and distinct from the General Fund. Earnings on moneys in the
13 Great Streets Fund shall be deposited into the fund. Moneys in the Great
14 Streets Fund are continuously appropriated to the Department of Transpor-
15 tation for the purposes described in this section and in section 1, chapter 323,
16 Oregon Laws 2023.

17 “(2) The fund consists of the following:

18 **“(a) Moneys transferred to the fund under section 110 of this 2025**
19 **Act.**

20 **“[(a)] (b)** Moneys appropriated to the fund by the Legislative Assembly.

21 **“[(b)] (c)** Earnings on moneys in the fund.

22 **“[(c)] (d)** Moneys from any other source.

23 “(3) The department shall use moneys in the Great Streets Fund to fund
24 projects identified under section 157 of this 2025 Act.

25 **“SECTION 156b.** The amendments to section 156 of this 2025 Act by
26 section 156a of this 2025 Act become operative on July 1, 2027.

27 **“SECTION 157.** (1) The Department of Transportation may use
28 moneys in the Great Streets Fund, established under section 156 of this
29 2025 Act, to pay for projects identified by the Great Streets Advisory
30 Committee under section 1 (4), chapter 323, Oregon Laws 2023.

1 **“(2) The department, in consultation with the Great Streets Advisory**
2 **sory Committee, shall make the final selection of projects to be paid**
3 **for with moneys in the Great Streets Fund. The department shall pri-**
4 **oritize projects that:**

5 **“(a) Support jurisdictional transfers;**

6 **“(b) Benefit facilities with:**

7 **“(A) Above-average risk and rates of traffic injury or death;**

8 **“(B) Limited transportation options; or**

9 **“(C) A history of known safety concerns for vulnerable road users;**

10 **“(c) Improve safety, access and mobility for all highway users;**

11 **“(d) Combine infrastructure elements such as sidewalks, curb**
12 **ramps, crosswalks, lighting and bike lanes into coordinated projects**
13 **that promote efficient and complete highways;**

14 **“(e) Reduce vehicle miles traveled and greenhouse gas emissions;**

15 **or**

16 **“(f) Support multimodal connectivity and regional mobility.”.**

17 Delete lines 20 through 31 and insert:

18 **“SECTION 160. ORS 366.215 is amended to read:**

19 **“366.215. (1) Except as provided in subsection (2) of this section, the**
20 **Oregon Transportation Commission may select, establish, adopt, lay out, lo-**
21 **cate, alter, relocate, change and realign primary and secondary state high-**
22 **ways.**

23 **“(2) Unless safety or access considerations require otherwise, the**
24 **commission may not construct a new motor vehicle travel lane that**
25 **is less than 12 feet when:**

26 **“(a) The travel lane is on a portion of an identified freight route**
27 **on a state highway; and**

28 **“(b) The portion of state highway described in paragraph (a) of this**
29 **subsection is located outside of an urban growth boundary, as defined**
30 **in ORS 197.015.**

1 “[2)] (3) Except as provided in subsection [(3)] (4) of this section, the
2 commission may not permanently reduce the vehicle-carrying capacity of an
3 identified freight route when altering, relocating, changing or realigning a
4 state highway unless safety or access considerations require the reduction.

5 “[3)] (4) A local government, as defined in ORS 174.116, may apply to the
6 commission for an exemption from the prohibition in subsection [(2)] (3) of
7 this section. The commission shall grant the exemption if it finds that the
8 exemption is in the best interest of the state and that freight movement is
9 not unreasonably impeded by the exemption.

10 **“SECTION 161. Sections 162 and 163 of this 2025 Act are added to
11 and made a part of ORS chapter 366.**

12 **“SECTION 162. (1) As used in this section and section 163 of this
13 2025 Act:**

14 **“(a) ‘Capacity expansion project’ means construction or recon-
15 struction of a highway that adds highway traffic capacity, inter-
16 changes or provides for grade separation of motor vehicle traffic at
17 an intersection, but does not include auxiliary lanes with a length of
18 less than 2,500 feet.**

19 **“(b) ‘Fiscal year’ means 12 calendar months commencing on July 1
20 and ending on June 30 following.**

21 **“(c) ‘Induced travel demand’ means an increase in the demand for
22 motor vehicle travel that is demonstrated by an increase in vehicle
23 miles traveled due to an increase in roadway supply, such as new or
24 expanded highways or additional capacity of additional lane miles.**

25 **“(d) ‘Vehicle miles traveled’ means the total annual miles of motor
26 vehicle travel in Oregon.**

27 **“(2) Before any capacity expansion project on a highway may be
28 included in a regional or statewide transportation plan, the Depart-
29 ment of Transportation must conduct an impact assessment of all ca-
30 pacity expansion projects in a region that are under construction**

1 within a fiscal year.

2 “(3) The assessment shall measure the net change in vehicle miles
3 traveled.

4 “(4) The assessment must:

5 “(a) Include an analysis of induced travel demand, using an
6 elasticity-based methodology approved by the Oregon Transportation
7 Commission; and

8 “(b) Estimate net changes in vehicle miles traveled and changes in
9 mode of travel.

10 “(5) If the department determines through the assessment that an
11 individual project or the projects in a region are projected to result in
12 a net increase in vehicle miles traveled in a fiscal year, the department
13 shall do one or more of the following:

14 “(a) Alter the scope or design of the project or projects and conduct
15 a revised assessment;

16 “(b) Balance the projects within each region so that the net vehicle
17 miles traveled increase is offset by reductions elsewhere in the same
18 region during the applicable planning period;

19 “(c) Add to the project scope sufficient mitigation projects as pre-
20 scribed in section 163 of this 2025 Act; or

21 “(d) Halt project development.

22 “(6) For purposes of this section, a ‘region’ is one of the following
23 five regions:

24 “(a) Region one consists of Clackamas, Hood River, Multnomah and
25 Washington Counties.

26 “(b) Region two consists of Benton, Clatsop, Columbia, Lane,
27 Lincoln, Linn, Marion, Polk, Tillamook and Yamhill Counties.

28 “(c) Region three consists of Coos, Curry, Douglas, Jackson and
29 Josephine Counties.

30 “(d) Region four consists of Crook, Deschutes, Gilliam, Jefferson,

1 Klamath, Lake, Sherman, Wasco and Wheeler Counties.

2 “(e) Region five consists of Baker, Grant, Harney, Malheur,
3 Morrow, Umatilla, Union and Wallowa Counties.

4 **“SECTION 163. (1) When selecting mitigation actions to offset**
5 **projected increases in vehicle miles traveled under section 162 of this**
6 **2025 Act, the Department of Transportation shall prioritize the ge-**
7 **ographic location of mitigation projects in the following order:**

8 “(a) First, within or directly associated with at least one of the
9 communities directly impacted by the capacity expansion project that
10 triggers the mitigation requirement;

11 “(b) If no reasonably feasible mitigation project exists under para-
12 graph (a) of this subsection, then within the same region, as described
13 in section 162 of this 2025 Act, in which the project is located;

14 “(c) If no reasonably feasible mitigation project exists under para-
15 graph (a) or (b) of this subsection, then within any other location in
16 this state, provided the selected project demonstrates an effective ve-
17 hicle miles traveled reduction impact as determined by the department
18 by rule.

19 “(2) In addition to the geographic priorities described in subsection
20 (1) of this section, mitigation projects shall prioritize implementation
21 in:

22 “(a) Areas of persistent poverty as defined by the U.S. Department
23 of Transportation or another federal definition adopted by the Oregon
24 Transportation Commission;

25 “(b) Historically disadvantaged communities, including but not
26 limited to communities that have experienced disproportionate envi-
27 ronmental, health or mobility burdens; and

28 “(c) Locations with persistent or high-risk safety issues for pedes-
29 trians, cyclists and users of other forms of active transportation.

30 “(3) The department must provide a written explanation of:

1 “(a) The geographic location of the selected mitigation project or
2 projects;

3 “(b) The feasibility determination used in selecting that location
4 under the prioritization framework described in section 162 of this 2025
5 Act; and

6 “(c) The rationale for how the chosen mitigation actions meet the
7 requirements of section 162 of this 2025 Act, including expected vehicle
8 miles traveled reduction.

9 “(4) The written explanation required under subsection (3) of this
10 section must be included in all relevant planning documents, including
11 but not limited to relevant regional transportation plans and the
12 Statewide Transportation Improvement Program.

13 “(5) The Oregon Transportation Commission shall adopt rules to
14 carry out sections 162 and 163 of this 2025 Act.

15 “SECTION 164. ORS 184.621 is amended to read:

16 “184.621. The Oregon Transportation Commission shall work with
17 stakeholders to review and update the criteria used to select projects within
18 the Statewide Transportation Improvement Program. When revising the
19 project selection criteria the commission shall consider whether the project:

20 “(1) Improves the state highway system or major access routes to the state
21 highway system on the local road system to relieve congestion by expanding
22 capacity, enhancing operations or otherwise improving travel times within
23 high-congestion corridors.

24 “(2) Enhances the safety of the traveling public by decreasing traffic
25 crash rates, promoting the efficient movement of people and goods and pre-
26 serving the public investment in the transportation system.

27 “(3) Supports improvements necessary for Oregon’s economic growth and
28 competitiveness, accessibility to industries and economic development.

29 “(4) Provides the greatest benefit in relation to project costs as analyzed
30 under ORS 184.659.

1 “(5) Fosters livable communities by demonstrating that the investment
2 does not undermine sustainable urban development.

3 “(6) Enhances the value of transportation projects through designs and
4 development that reflect environmental stewardship and community sensi-
5 tivity.

6 “(7) Is consistent with the state’s greenhouse gas emissions reduction
7 goals and reduces Oregon’s dependence on foreign oil.

8 “(8) To the extent practicable, ensures that the state’s transportation
9 infrastructure is resilient in the event of a natural disaster.

10 “(9) Is located near operations conducted for mining aggregate or pro-
11 cessing aggregate as described in ORS 215.213 (2)(d) or 215.283 (2)(b).

12 **“(10) Reduces vehicle miles traveled, as defined in section 162 of this**
13 **2025 Act.**

14 **“SECTION 165. (1) As used in this section:**

15 **“(a) ‘Medical assistance’ has the meaning given that term in ORS**
16 **414.025.**

17 **“(b) ‘Qualifying electric bicycle’ means an electric assisted bicycle,**
18 **as defined in ORS 801.258, that meets criteria established by the De-**
19 **partment of Human Services by rule.**

20 **“(c) ‘Qualifying equipment’ means a bicycle helmet or a bicycle lock**
21 **purchased in the same transaction as a qualifying electric bicycle.**

22 **“(d) ‘Qualifying individual’ means an Oregon resident who:**

23 **“(A) Is 16 years of age or older; and**

24 **“(B) Is currently enrolled in the state program that provides med-**
25 **ical assistance or who has been enrolled in the program within the**
26 **previous 12 months.**

27 **“(2) The Department of Human Services shall establish by rule a**
28 **program for providing rebate vouchers to qualifying individuals for the**
29 **purchase of qualifying electric bicycles and qualifying equipment.**
30 **Rules adopted by the department must include policies and procedures**

1 for reimbursement of retailers that accept a rebate voucher as pay-
2 ment for a qualifying electric bicycle and qualifying equipment. The
3 department may hire or contract with a third-party organization to
4 implement and serve as the administrator of the program.

5 “(3) Rebate vouchers under the program shall be:

6 “(a) In the amount of \$1,200 or the purchase price of the qualifying
7 electric bicycle and any qualifying equipment, whichever is less.

8 “(b) Made only for qualifying electric bicycles and qualifying
9 equipment purchased from a retailer located in Oregon.

10 “(c) Made from moneys credited to or deposited in the Electric Bi-
11 cycle Incentive Fund established under section 166 of this 2025 Act.

12 “(4) A qualifying individual may not receive more than one rebate
13 voucher under the program.

14 “(5) The department shall coordinate with the Oregon Health Au-
15 thority to ensure that a qualifying individual may apply for a rebate
16 voucher using the Oregon Eligibility (ONE) system.

17 **“SECTION 166. (1) The Electric Bicycle Incentive Fund is estab-**
18 **lished in the State Treasury, separate and distinct from the General**
19 **Fund. Interest earned by the Electric Bicycle Incentive Fund shall be**
20 **credited to the fund.**

21 “(2) Moneys in the fund shall consist of:

22 “(a) Moneys transferred to the fund under section 108b of this 2025
23 Act;

24 “(b) Amounts donated to the fund;

25 “(c) Amounts appropriated or otherwise transferred to the fund by
26 the Legislative Assembly;

27 “(d) Other amounts deposited in the fund from any public or private
28 source; and

29 “(e) Interest earned by the fund.

30 “(3) Moneys in the fund are continuously appropriated to the De-

1 department of Human Services to be used to carry out the provisions of
2 section 165 of this 2025 Act.

3 “(4) No more than 10 percent of the moneys deposited in the fund
4 per biennium may be expended to pay administrative expenses in-
5 curred in the administration of section 165 of this 2025 Act by:

6 “(a) The department; and

7 “(b) Any third-party organization that the department hires or
8 contracts with under section 165 of this 2025 Act.

9 “**NOTE:** Section 167 was deleted by amendment. Subsequent sections were
10 not renumbered.

11 “**SECTION 168.** Sections 169 to 173 of this 2025 Act are added to and
12 made a part of ORS chapter 468.

13 “**SECTION 169.** As used in sections 169 to 173 of this 2025 Act:

14 “(1) ‘Disproportionately impacted community’ means an area of this
15 state that is disproportionately burdened by air pollution, as deter-
16 mined by criteria established by the Environmental Quality Commis-
17 sion by rule for air quality, population density and the presence of
18 populations that have a heightened vulnerability to the effects of air
19 pollution.

20 “(2) ‘School bus’ has the meaning given that term in ORS 801.460.

21 “(3) ‘School bus fleet owner’ means a school district that owns and
22 operates a fleet of school buses or a person that owns or operates a
23 fleet of school buses that contracts with a school district to provide
24 transportation to students.

25 “(4) ‘Zero-emission school bus’ means a school bus that:

26 “(a) Meets minimum standards adopted by the State Board of Edu-
27 cation under ORS 820.100; and

28 “(b) Has a drivetrain that produces zero exhaust emissions of any
29 criteria pollutant or greenhouse gas.

30 “**SECTION 170.** (1) The Legislative Assembly declares that it is the

1 policy of this state to increase the purchase of new zero-emission
2 school buses according to the following annual targets:

3 “(a) By 2030, 10 percent of new school buses purchased in this state
4 are zero-emission school buses.

5 “(b) By 2035, 50 percent of new school buses purchased in this state
6 are zero-emission school buses.

7 “(c) By 2040, 100 percent of new school buses purchased in this state
8 are zero-emission school buses.

9 “(2) The Legislative Assembly declares that it is the policy of this
10 state that at least 40 percent of available rebates, grants or other fi-
11 nancial assistance for the purchase of new zero-emission school buses
12 be provided to disproportionately impacted communities.

13 “SECTION 171. (1)(a) The Department of Environmental Quality, in
14 consultation with the State Board of Education, shall adopt rules to
15 require that, of the new school buses purchased by a school bus fleet
16 owner to transport students in disproportionately impacted communi-
17 ties:

18 “(A) By 2030, at least 50 percent must be zero-emission school buses;
19 and

20 “(B) By 2035, at least 90 percent must be zero-emission school buses.

21 “(b) Rules adopted under this subsection may establish exceptions
22 to the requirements described in subsection (1) of this section based
23 on the cost or availability of zero-emission school buses.

24 “(2)(a) A school bus fleet owner may not purchase a school bus that
25 is not a zero-emission school bus if the cost to purchase a comparable
26 and available zero-emission school bus is 100 percent or less of the cost
27 to purchase a school bus that is not a zero-emission school bus.

28 “(b) As used in this subsection, ‘cost to purchase’ means the final
29 sales price minus any grants, rebates or other financial incentives for
30 which the purchaser qualifies.

1 **“SECTION 172.** (1) The Department of Environmental Quality shall
2 provide technical and financial assistance to school bus fleet owners
3 to assist with efforts to transition to a zero-emission school bus fleet.

4 **“(2) Technical assistance may include, but need not be limited to:**

5 **“(a) Developing plans to transition to zero-emission school bus**
6 **fleets;**

7 **“(b) Assisting with applications for state and federal grants, rebates**
8 **or financial assistance; and**

9 **“(c) Planning for the development of charging infrastructure, in-**
10 **cluding integration with local energy networks and developing smart**
11 **energy solutions that improve local resilience.**

12 **“(3) Financial assistance shall be provided in accordance with the**
13 **goals established under section 170 of this 2025 Act and may include,**
14 **but need not be limited to, grants or rebates for the purchase of**
15 **zero-emission school buses.**

16 **“(4) The Environmental Quality Commission shall adopt by rule**
17 **policies and procedures for providing financial assistance to school bus**
18 **fleet owners under this section.**

19 **“SECTION 173.** (1) The Zero-Emission School Bus Assistance Fund
20 is established in the State Treasury, separate and distinct from the
21 General Fund. Interest earned by the Zero-Emission School Bus As-
22 sistance Fund shall be credited to the fund.

23 **“(2) Moneys in the Zero-Emission School Bus Assistance Fund shall**
24 **consist of:**

25 **“(a) Amounts donated to the fund;**

26 **“(b) Amounts appropriated or otherwise transferred to the fund by**
27 **the Legislative Assembly;**

28 **“(c) Other amounts deposited in the fund from any public or private**
29 **source; and**

30 **“(d) Interest earned by the fund.**

1 “(3) Moneys in the Zero-Emission School Bus Assistance Fund are
2 continuously appropriated to the Department of Environmental Qual-
3 ity to be used to provide financial assistance to school bus fleet owners
4 under section 172 of this 2025 Act.

5 “(4)(a) The Environmental Quality Commission shall require by rule
6 that at least 40 percent of the moneys deposited in the Zero-Emission
7 School Bus Assistance Fund per biennium are allocated to fund the
8 provision of financial assistance for zero-emission school buses used
9 to transport students in disproportionately impacted communities.

10 “(b) Notwithstanding paragraph (a) of this subsection, if the de-
11 partment determines that the total amount of rebates provided for fi-
12 nancial assistance for zero-emission school buses used to transport
13 students in disproportionately impacted communities is unlikely to
14 exceed 40 percent of the total amount of moneys deposited in the fund
15 during a biennium, the department may release moneys allocated un-
16 der paragraph (a) of this subsection to be used for the provision of any
17 financial assistance under section 172 of this 2025 Act.

18 “SECTION 174. (1) As used in this section:

19 “(a) ‘State highway’ means a highway that is under the jurisdiction
20 of the Department of Transportation.

21 “(b) ‘STIP’ has the meaning given that term in ORS 184.610.

22 “(2) For any transportation project adopted into the STIP that adds
23 lane miles to the state highway system, the Department of Transpor-
24 tation shall provide a funding plan for maintaining the new highway
25 lane miles in the future while also maintaining existing state high-
26 ways. The funding plan must address how the department will main-
27 tain at least 65 percent of the new highway lane miles and existing
28 state highways in a state of good repair.

29 “SECTION 175. In addition to and not in lieu of any authorization
30 to issue general obligation bonds under ORS 286A.035, in the biennium

1 beginning July 1, 2025, the State Treasurer shall issue general obli-
2 gation bonds authorized under Article XI, section 7, of the Oregon
3 Constitution, in an amount that produces \$75,000,000 of net proceeds
4 for the Hood River-White Salmon Bridge replacement project, plus an
5 amount estimated by the State Treasurer to pay bond-related costs.

6 **“SECTION 176.** In addition to and not in lieu of any authorization
7 to issue general obligation bonds under ORS 286A.035, in the biennium
8 beginning July 1, 2027, the State Treasurer shall issue general obli-
9 gation bonds authorized under Article XI, section 7, of the Oregon
10 Constitution, in an amount that produces \$30,000,000 of net proceeds
11 for the Hood River-White Salmon Bridge replacement project, plus an
12 amount estimated by the State Treasurer to pay bond-related costs.

13 **“SECTION 177.** ORS 319.950 is amended to read:

14 “319.950. (1) The governing body of a city, county or other local govern-
15 ment may enact or amend any charter provision, ordinance, resolution or
16 other provision taxing fuel for motor vehicles [*after submitting the proposed*
17 *tax to the electors of the local government for their approval*].

18 “(2) The governing body of a local government that imposes a tax on fuel
19 for motor vehicles pursuant to this section may enter into an intergovern-
20 mental agreement under ORS 190.010 with the Department of Transportation
21 pursuant to which the department shall collect and distribute the revenues
22 from the tax.

23 **“SECTION 178.** ORS 801.041 is amended to read:

24 “801.041. The following apply to the authority granted to counties by ORS
25 801.040 to establish registration fees for vehicles:

26 “(1) An ordinance establishing registration fees under this section must
27 be enacted by the county imposing the registration fee and filed with the
28 Department of Transportation. Notwithstanding ORS 203.055 or any pro-
29 vision of a county charter, the governing body of a county [*with a population*
30 *of 350,000 or more*] may enact an ordinance establishing registration fees.

1 *[The governing body of a county with a population of less than 350,000 may*
2 *enact an ordinance establishing registration fees after submitting the ordi-*
3 *nance to the electors of the county for their approval.]* The governing body of
4 the county imposing the registration fee shall enter into an intergovern-
5 mental agreement under ORS 190.010 with the department by which the de-
6 partment shall collect the registration fees, pay them over to the county and,
7 if necessary, allow the credit or credits described in ORS 803.445 (5). The
8 intergovernmental agreement must state the date on which the department
9 shall begin collecting registration fees for the county.

10 “(2) The authority granted by this section allows the establishment of
11 registration fees in addition to those described in ORS 803.420 and 803.422.
12 There is no authority under this section to affect registration periods, qual-
13 ifications, cards, plates, requirements or any other provision relating to ve-
14 hicle registration under the vehicle code.

15 “(3) Except as otherwise provided for in this subsection, when registration
16 fees are imposed under this section, they must be imposed on all vehicle
17 classes. Registration fees as provided under this section may not be imposed
18 on the following:

19 “(a) Snowmobiles and Class I all-terrain vehicles.

20 “(b) Fixed load vehicles.

21 “(c) Vehicles registered under ORS 805.100 to disabled veterans.

22 “(d) Vehicles registered as antique vehicles under ORS 805.010.

23 “(e) Vehicles registered as vehicles of special interest under ORS 805.020.

24 “(f) Government-owned or operated vehicles registered under ORS 805.040
25 or 805.045.

26 “(g) School buses or school activity vehicles registered under ORS 805.050.

27 “(h) Law enforcement undercover vehicles registered under ORS 805.060.

28 “(i) Vehicles registered on a proportional basis for interstate operation.

29 “(j) Vehicles with a registration weight of 26,001 pounds or more de-
30 scribed in ORS 803.420 (14)(a) or (b).

1 “(k) Vehicles registered as farm vehicles under the provisions of ORS
2 805.300.

3 “(L) Travel trailers, campers and motor homes.

4 “(m) Vehicles registered to an employment address as provided in ORS
5 802.250 when the eligible public employee or household member’s residence
6 address is not within the county of the employment address. The department
7 may adopt rules it considers necessary for the administration of this para-
8 graph.

9 “(n) Vehicles registered under ORS 805.110 to former prisoners of war.

10 “(4) Any registration fee imposed by a county must be a fixed amount not
11 to exceed, with respect to any vehicle class, the sum of the registration fee
12 established under ORS 803.420 (6)(a) and the fee applicable to the registered
13 vehicle under ORS 803.422. For vehicles on which a flat fee is imposed under
14 ORS 803.420, the fee must be a whole dollar amount.

15 “(5) Moneys from registration fees established under this section must be
16 paid to the county establishing the registration fees as provided in ORS
17 802.110.

18 “(6) Except as provided in ORS 801.044, or unless a different distribution
19 is agreed upon by the county and the cities within the jurisdiction of the
20 county, the county ordinance shall provide for payment of at least 40 percent
21 of the moneys from registration fees established under this section to cities
22 within the county.

23 “(7) The moneys for the cities and the county shall be used for any pur-
24 pose for which moneys from registration fees may be used, including the
25 payment of debt service and costs related to bonds or other obligations is-
26 sued for such purposes.

27 “(8) Two or more counties may act jointly to impose a registration fee
28 under this section. The ordinance of each county acting jointly with another
29 under this subsection must provide for the distribution of moneys collected
30 through a joint registration fee.

1 **“SECTION 179.** ORS 184.758 is amended to read:

2 “184.758. (1) The Oregon Transportation Commission shall distribute the
3 moneys in the Statewide Transportation Improvement Fund established under
4 ORS 184.751 to the Department of Transportation to pay for:

5 “(a) Program administration; and

6 “(b) Projects of statewide significance that support the transit network
7 and manage the operation of public transportation services.

8 “(2) The moneys described in subsection (1) of this section that remain
9 after the distribution of moneys described in subsection (1) of this section
10 shall be distributed as follows:

11 “(a) Conditioned upon the commission’s approval of a public transporta-
12 tion improvement plan, 90 percent to qualified entities;

13 “(b) Five percent to public transportation service providers based on a
14 competitive grant program adopted by the commission by rule;

15 “(c) Four percent to public transportation service providers to provide
16 funding assistance to cover the costs of improving public transportation
17 services between two or more communities; and

18 “(d) One percent to the Department of Transportation to establish a
19 statewide public transportation technical resource center, the purpose of
20 which is to assist public transportation service providers in rural areas with
21 technical assistance, training, transportation planning and information
22 technology.

23 “(3) A portion of the 90 percent distribution under subsection (2)(a) of this
24 section shall be dedicated to transit services for older adults and individuals
25 with disabilities. Each biennium the commission shall first distribute the
26 moneys transferred to the fund under ORS 184.751 as needed to maintain
27 funding that benefits older adults and individuals with disabilities in the
28 amount distributed during the 2019-2021 biennium. Each biennium thereafter,
29 the commission shall adjust this amount upward or downward based on the
30 rate of growth or decline of the Statewide Transportation Improvement Fund.

1 Moneys dedicated to transit services for older adults and individuals with
2 disabilities under this subsection shall be distributed as follows:

3 “(a) Each transportation district and mass transit district shall receive
4 that share of the moneys as the population of the counties in which the
5 district is situated, determined under ORS 190.510 to 190.610 last preceding
6 apportionment of the moneys, bears to the total population of this state.
7 However, if two or more districts are situated in a single county, distribution
8 of moneys under this subsection shall be determined as though only the mass
9 transit district is located in that county or, if there are two or more trans-
10 portation districts in the county, as though only the transportation district
11 with the highest population is located in that county.

12 “(b) Each county in which no part of a mass transit district or transpor-
13 tation district is located shall receive that share of the moneys as its popu-
14 lation, determined under ORS 190.510 to 190.610 last preceding apportionment
15 of the moneys, bears to the total population of this state.

16 “(c) Each federally recognized Indian tribe shall receive that share of the
17 moneys as the population of the tribe residing in Oregon, determined by the
18 commission by rule, bears to the total population of this state.

19 “(4) Each qualified entity under subsection (3) of this section shall receive
20 an annual target amount of \$67,700. Each biennium, the commission shall
21 adjust this amount upward or downward based on the rate of growth or de-
22 cline of the Statewide Transportation Improvement Fund.

23 “(5) After a portion of the 90 percent distribution under subsection (2)(a)
24 of this section is distributed to transit services for older adults and individ-
25 uals with disabilities under subsection (3) of this section, the commission
26 shall distribute the remaining amount to qualified entities as follows:

27 “(a) Each distribution must be in such shares that the amount of tax paid,
28 as required under ORS 320.550, in the area of each qualified entity bears to
29 the total amount of the tax paid statewide, provided that each qualified en-
30 tity receives an annual target amount of \$100,000. Each biennium, the com-

mission shall adjust this amount upward or downward based on the rate of growth or decline of the Statewide Transportation Improvement Fund.

“(b) If more than one mass transit district or transportation district is located within a single county, the commission shall distribute the moneys to the larger district.

“(6) The commission shall adopt by rule:

“(a) A competitive grant program, by which a public transportation service provider may apply for a percentage distribution under subsection (2)(b) of this section, and the terms and conditions of grants.

“(b) A competitive grant program, by which a public transportation service provider may apply for a percentage distribution under subsection (2)(c) of this section, and the terms and conditions of grants.

“(c) A process to review and approve a public transportation improvement plan submitted under subsection (7) of this section.

“(d) Procedures for appealing a rejection of a public transportation improvement plan submitted under subsection (7) of this section.

“(e) Any other provisions or procedures that are necessary for the commission to carry out the provisions of ORS 184.758 to 184.766.

“(7) To be eligible to receive a percentage distribution under subsection (2)(a) of this section, a qualified entity shall prepare and submit a public transportation improvement plan to the commission. The commission must approve the plan submitted by the qualified entity before the commission may make a percentage distribution to the qualified entity.

“(8) At a minimum, a public transportation improvement plan submitted under this section must include:

“(a) For each proposed project, the amount of moneys from the percentage distribution that would be allocated to the project to fund the following:

“(A) Increased frequency of bus service schedules in communities with a high percentage of low-income households;

“(B) Procurement of buses that are powered by natural gas or electricity

1 for use in areas with a population of 200,000 or more;

2 “(C) Implementation of programs to reduce fares for public transportation
3 in communities with a high percentage of low-income households;

4 “(D) Expansion of bus routes and bus services to reach communities with
5 a high percentage of low-income households;

6 “(E) Improvement in the frequency and reliability of service connections
7 between communities inside and outside of the qualified entity’s service area;

8 “(F) Coordination between public transportation service providers to re-
9 duce fragmentation in the provision of transportation services; **and**

10 “[*(G) Implementation of programs to provide student transit services for*
11 *students in grades 9 through 12; and*]

12 “[*(H)*] **(G)** Services for older adults and people with disabilities;

13 “(b) For the current fiscal year, a summary of any plans and project
14 proposals approved by an advisory committee under ORS 184.761; and

15 “(c) If a qualified entity was a recipient of a percentage distribution in
16 the preceding fiscal year, the amount of moneys received from the distrib-
17 ution that were allocated to a project for the purposes described under par-
18 agraph (a) of this subsection.

19 “[*(9) If practicable, as determined by the commission by rule Each qualified*
20 *entity shall spend at least one percent of the amount received each year under*
21 *subsection (2)(a) of this section to implement programs to provide student*
22 *transit services for students in grades 9 through 12.*]

23 “**(9) Each qualified entity shall provide free transit services to in-**
24 **dividuals who are 22 years of age or younger.**

25 “(10) After the commission makes a distribution under subsection (2) of
26 this section, qualified entities may enter into intergovernmental agreements
27 under ORS chapter 190 to combine the moneys received for public transpor-
28 tation improvements.

29 “(11) If the commission rejects a public transportation improvement plan
30 or a grant application submitted under this section, the commission shall

1 notify the entity or provider in writing and state the reasons for the re-
2 jection.

3 “(12) The Department of Transportation shall make all grant applications
4 submitted under this section available to the public.

5 **“SECTION 180. The amendments to ORS 184.758 by section 179 of
6 this 2025 Act become operative July 1, 2027.**

7 **“SECTION 181. Definitions. As used in sections 181 to 189 of this
8 2025 Act:**

9 **“(1) ‘TriMet’ means the Tri-County Metropolitan Transportation
10 District of Oregon, a mass transit district created under ORS chapter
11 267.**

12 **“(2) ‘Westside Express Service’ means a commuter rail line that
13 travels north and south along a route near State Highway 217 and be-
14 gins in the City of Beaverton.**

15 **“SECTION 182. Westside Express Service as public corporation; es-
16 tablishment; mission. (1) The Westside Express Service Authority is
17 established as a public corporation and shall exercise and carry out
18 all powers, rights and privileges that are expressly conferred upon the
19 authority, are implied by law or are incident to such powers. The au-
20 thority is an independent public corporation with a statewide mission
21 and purposes and without territorial boundaries. The authority is a
22 governmental entity performing governmental functions and exercis-
23 ing governmental powers but, except as otherwise provided by law, is
24 not a unit of local or municipal government or a state agency for
25 purposes of state statutes or constitutional provisions.**

26 **“(2) The mission of the authority is to provide express commuter
27 rail service from the City of Beaverton to the City of Wilsonville and
28 in the future extend the service to the cities of Salem and Eugene. To
29 accomplish its mission, the authority shall:**

30 **“(a) Operate the Westside Express Service;**

1 **“(b) Enhance the frequency of the service;**

2 **“(c) Study and support extending the service from the City of**
3 **Wilsonville to the City of Salem; and**

4 **“(d) After the service is extended to the City of Salem, extend the**
5 **service to the City of Eugene.**

6 **“(3) Unless otherwise provided by law, the authority is not subject**
7 **to ORS chapters 182, 183, 238, 238A, 240, 270, 273, 276, 279A, 279B, 279C,**
8 **282, 283, 291, 292 and 293 and ORS 35.550 to 35.575, 180.060, 180.210 to**
9 **180.235, 183.710 to 183.730, 183.745, 183.750, 190.430, 190.480 to 190.490,**
10 **192.105, 200.035, 236.605 to 236.640, 243.105 to 243.585, 243.696, 278.011 to**
11 **278.120, 279.835 to 279.855, 283.085 to 283.092, 291.050 to 291.060, 357.805 to**
12 **357.895 and 656.017 (2).**

13 **“(4) The authority shall carry out the purposes described in this**
14 **section and the duties of the authority under sections 181 to 189 of this**
15 **2025 Act in the manner that, in the determination of the authority,**
16 **best promotes and implements the mission of the authority. Subject**
17 **to any limitations established under sections 181 to 189 of this 2025 Act,**
18 **the authority may take any necessary or expedient actions to:**

19 **“(a) Enter into any agreements as necessary or expedient to per-**
20 **form any authorized function of the authority, including but not lim-**
21 **ited to any agreements with TriMet or other public or private entities**
22 **to:**

23 **“(A) Establish ownership by the authority of the Westside Express**
24 **Service commuter rail line;**

25 **“(B) Repair, maintain, upgrade and operate the service and associ-**
26 **ated property and facilities; and**

27 **“(C) Provide for the training of personnel in operation of the rail**
28 **line;**

29 **“(b) Ensure the financial viability of the authority;**

30 **“(c) Promote the service to individuals interested in using the ser-**

1 vice; and

2 “(d) Undertake improvements and maintenance activities, including
3 extending the operation of the rail line.

4 **“SECTION 183. Authority members; meetings; removal of members.**

5 (1) The Westside Express Service Authority shall consist of five mem-
6 bers appointed by the Governor and confirmed by the Senate in the
7 manner prescribed in ORS 171.562 and 171.565.

8 “(2) A member of the authority may not be an employee of the au-
9 thority. In appointing members to the authority, the Governor shall
10 endeavor to appoint members with experience or expertise in a variety
11 of subjects related to the mission and purposes of the authority or
12 with other experience or expertise that the Governor determines is
13 important to the success of the authority, including persons with ex-
14 perience in transportation and commuter rail.

15 “(3) The term of office of each member appointed by the Governor
16 is four years, but a member may be removed at any time at the
17 pleasure of the Governor. Members are eligible for reappointment.
18 Before the expiration of the term of a member, the Governor shall
19 appoint a successor. If a member position becomes vacant for any
20 reason, the Governor shall appoint a successor to fill the unexpired
21 term.

22 “(4) The authority shall elect one member as chairperson and one
23 member as vice chairperson, with terms, duties and powers as deter-
24 mined by the authority. The authority shall adopt bylaws establishing
25 the required frequency of meetings and quorum requirements.

26 “(5) A member of the authority is not entitled to compensation, but
27 may be reimbursed as provided by the policies and procedures of the
28 authority for any actual and necessary travel and other expenses in-
29 curred by the member in the performance of the member’s official
30 duties.

1 **“SECTION 184. Initial membership.** (1) The Governor shall appoint
2 the initial members of the Westside Express Service Authority no later
3 than 180 days after the effective date of this 2025 Act.

4 **“(2) Notwithstanding the term of office specified in section 183 of**
5 **this 2025 Act, of the members first appointed by the Governor to the**
6 **authority:**

7 **“(a) One shall serve for a term ending one year after the date of**
8 **appointment.**

9 **“(b) One shall serve for a term ending two years after the date of**
10 **appointment.**

11 **“(c) One shall serve for a term ending three years after the date**
12 **of appointment.**

13 **“(d) Two shall serve for a term ending four years after the date of**
14 **appointment.**

15 **“SECTION 184a.** Section 184 of this 2025 Act is repealed on January
16 **2, 2031.**

17 **“SECTION 185. Authority director; status of director and employ-**
18 **ees.** (1) The Westside Express Service Authority shall appoint an
19 executive director. The executive director is the executive officer of
20 the authority responsible for day-to-day operations. Subject to the
21 supervision of the authority, the executive director is authorized to
22 direct the affairs of the authority. The executive director serves at the
23 discretion of the authority and shall perform such duties as the au-
24 thority prescribes.

25 **“(2) The executive director may employ subordinate employees as**
26 **the executive director deems reasonable for carrying out business op-**
27 **erations and the operation and maintenance of the Westside Express**
28 **Service and related facilities of the authority. The executive director**
29 **may delegate any duty, function or power of the executive director to**
30 **a subordinate employee except as otherwise prescribed by the author-**

1 **ity.**

2 **“(3) The members of the authority, the executive director and the**
3 **employees of the authority are not state employees and are not eligible**
4 **for participation in state employee health benefit plans, state employee**
5 **deferred compensation plans or the Public Employees Retirement**
6 **System. The authority shall determine the compensation and benefit**
7 **package for the executive director and other employees of the au-**
8 **thority. For purposes of any laws applicable to the authority as a**
9 **public corporation, including but not limited to ORS 30.260 to 30.300,**
10 **the members of the authority, the executive director and the employ-**
11 **ees of the authority are officers and employees of a public body.**

12 **“(4) The authority and a state agency may enter into agreements**
13 **for the state agency to provide support services to the authority. If a**
14 **state agency provides support services to the authority, the state**
15 **agency must provide the support services at the rate that the state**
16 **agency would charge to other state agencies for the services.**

17 **“(5) The authority may invest in the investment pool described in**
18 **ORS 294.805. For purposes of ORS 294.805 to 294.895, the executive di-**
19 **rector is a local government official.**

20 **“(6) The authority may retain private legal counsel or, notwith-**
21 **standing ORS 180.060, may contract for representation by the Attorney**
22 **General. If the authority contracts for representation by the Attorney**
23 **General, the Attorney General shall charge the authority for services**
24 **at the rate charged to state agencies for similar services.**

25 **“SECTION 186. Powers and duties of authority. (1) Except as may**
26 **otherwise be provided by law, the Westside Express Service Authority**
27 **may, within or outside the state:**

28 **“(a) Adopt, alter, amend or repeal policies, procedures or bylaws for**
29 **the organization, administration, development and management of the**
30 **authority.**

1 **“(b) Enter into contracts and agreements involving property, goods**
2 **or services with any public or private entity as the authority deems**
3 **reasonable to carry out the mission and purposes of the authority or**
4 **to execute any duties, functions or powers of the authority, including**
5 **but not limited to:**

6 **“(A) Contracts and agreements related to the operation of the**
7 **Westside Express Service and associated facilities;**

8 **“(B) The performance of the business operations of the authority;**
9 **and**

10 **“(C) The construction, repair, maintenance, upgrade or insurance**
11 **of the Westside Express Service and facilities.**

12 **“(c) Establish advisory or technical committees and otherwise con-**
13 **sult, cooperate or coordinate with any public or private entity as the**
14 **authority deems necessary or expedient to broaden opportunities for**
15 **public input on or to carry out the mission and purposes or duties of**
16 **the authority.**

17 **“(d) Acquire, purchase, receive, hold, control, convey, sell, manage,**
18 **operate, lease, license, lend, invest, improve, develop, use, dispose of**
19 **and hold title in the name of the authority to real or personal property**
20 **of any nature.**

21 **“(e) Obtain any permits, approvals or permissions needed in con-**
22 **nection with the activities of the authority.**

23 **“(f) Exercise the power of eminent domain under ORS chapter 35**
24 **to acquire any right or interest in real property as necessary or expe-**
25 **dient to ensure the repair, upgrade, operation, maintenance or exten-**
26 **sion of the Westside Express Service.**

27 **“(g) Sue and be sued in its own name.**

28 **“(h) Encourage and accept grants, gifts and donations for the ben-**
29 **efit of the authority, and subject to the terms of the gift, retain, invest**
30 **and use such gifts as deemed appropriate by the authority.**

1 “(i) Acquire, receive, hold, keep, pledge, control, convey, manage,
2 use, lend, expend and invest funds, appropriations, grants, gifts, be-
3 quests, stock and revenue from any source.

4 “(j) Borrow money for the needs of the authority, in such amounts
5 and for such time and upon such terms as may be determined by the
6 authority.

7 “(k) Purchase any and all insurance, operate a self-insurance pro-
8 gram or otherwise arrange for the equivalent of insurance coverage
9 of any nature and for the indemnity and defense of any contractual
10 counterparts and the members of the authority or any officers, agents,
11 employees or other persons designated by the authority to carry out
12 or to further the mission and purposes of the authority.

13 “(L) Establish charges and fees, including but not limited to
14 charges and fees for services by the authority and for the use of the
15 Westside Express Service.

16 “(m) Contract for law enforcement or security services for author-
17 ity properties and facilities.

18 “(n) Establish and exercise broad operational authority over the
19 Westside Express Service and associated properties and facilities, in-
20 cluding but not limited to establishing days and times of service.

21 “(o) Establish an operations training program that provides educa-
22 tion for personnel of the Westside Express Service.

23 “(p) Perform any other acts that in the judgment of the authority
24 are necessary or expedient in accomplishing the public mission and
25 purposes described in section 182 of this 2025 Act or exercising the
26 powers granted by sections 181 to 189 of this 2025 Act.

27 “(2) The Westside Express Service Authority shall coordinate with
28 the freight railroad operator and owner on which the service does or
29 would operate in regard to scheduling of the rail service along the line.

30 “SECTION 187. Audits; report to Legislative Assembly. (1) Not later

1 than April 1 of each even-numbered year, the Westside Express Service
2 Authority shall submit to the Oregon Department of Administrative
3 Services a funding request applicable to the biennium beginning on
4 July 1 of the following year. The department shall include and submit
5 the authority's request to the Legislative Assembly as part of the
6 Governor's biennial budget. Any such request approved by the Legis-
7 lative Assembly shall be appropriated to the department for direct
8 grant to the authority. The legislatively appropriated funds are sub-
9 ject to any restrictions or conditions imposed by the Legislative As-
10 sembly, but such conditions and restrictions do not apply to other
11 funds in the authority's budget and operations.

12 “(2) The authority's budget shall be prepared in accordance with
13 generally accepted accounting principles and adopted by the authority
14 in accordance with ORS 192.610 to 192.705.

15 “(3) The authority may conduct independent audits if such audits
16 are considered advisable by the authority. The authority shall file any
17 completed audits with the Division of Audits of the Secretary of State.

18 “(4) The authority shall, not later than April 15 of each year, file
19 an annual report with the Governor and the Joint Committee on
20 Transportation. The report shall describe the activities and operations
21 of the authority during the preceding calendar year.

22 “SECTION 188. Unauthorized use of facilities; penalty. A person
23 who gains or attempts to gain unauthorized access to or use of the
24 Westside Express Service in violation of any use restriction or condi-
25 tion imposed by the Westside Express Service Authority, including
26 assessment of any fees, commits a Class D violation. In addition to
27 any enforcement officers specifically identified in ORS 153.005, the
28 executive director of the Westside Express Service Authority and other
29 employees under the authority may issue citations for violations under
30 this section.

1 **“SECTION 189. Transfer of service from TriMet to Westside Express**
2 **Service Authority.** (1) After the Westside Express Service Authority
3 is created, the authority shall notify TriMet.

4 **“(2) The authority shall collaborate with TriMet on the transfer of**
5 **the Westside Express Service to the authority, including all required**
6 **agreements with third parties. After all necessary agreements are**
7 **reached, TriMet shall transfer all of its right, title and ownership of**
8 **the Westside Express Service and related vehicles and facilities to the**
9 **Westside Express Service Authority, and shall execute all necessary**
10 **legal documents to carry out such transfer.**

11 **“(3) The Oregon Department of Administrative Services shall assist**
12 **in carrying out and documenting the transfer.**

13 **“(4) As part of the agreement entered into with TriMet under this**
14 **section, the authority shall pay all costs associated with the transfer**
15 **and all costs of carrying out and documenting the transfer, including**
16 **all of TriMet’s costs associated with the transfer and carrying out and**
17 **documenting the transfer.**

18 **“SECTION 190. Reports.** The Westside Express Service Authority
19 **shall report:**

20 **“(1) No later than September 15, 2027, to the Joint Committee on**
21 **Transportation on the implementation of the Westside Express Service**
22 **Authority and the progress made with regards to transferring juris-**
23 **diction from TriMet to the authority;**

24 **“(2) No later than September 15, 2028, to the Joint Committee on**
25 **Transportation on the feasibility of extending the commuter line from**
26 **the City of Wilsonville to the City of Salem; and**

27 **“(3) No later than September 15, 2029, to the Joint Committee on**
28 **Transportation on the feasibility of extending the commuter line from**
29 **the City of Salem to the City of Eugene.**

30 **“SECTION 191.** Section 190 of this 2025 Act is repealed on January

1 2, 2030.

2 **“SECTION 192.** There is appropriated to the Oregon Department of
3 Administrative Services, for the biennium beginning July 1, 2025, out
4 of the General Fund, the amount of \$_____ for distribution to the
5 Westside Express Service Authority to carry out the provisions of
6 sections 181 to 189 of this 2025 Act.

7 **“SECTION 193.** The Department of Transportation shall provide
8 passenger rail service as part of a passenger route that travels through
9 Oregon beginning in Seattle, Washington and ending in Denver,
10 Colorado.

11 **“SECTION 194.** (1) As used in this section:

12 **“(a) ‘Airo trainsets’** means Siemens-manufactured trainsets pro-
13 cured by this state for passenger rail use.

14 **“(b) ‘Talgo train’** means a trainset, manufactured by Talgo, Incor-
15 porated, owned in whole or in part by the Department of Transporta-
16 tion.

17 **“(2) Before January 1, 2036,** the department may not sell, transfer,
18 scrap or otherwise dispose of any Talgo trains.

19 **“(3) After delivery of any Airo trainsets,** the department shall pre-
20 serve all Talgo trains in a state of good repair and secure storage to
21 ensure the Talgo trains remain serviceable for redeployment as re-
22 placement stock or to be used to extend passenger rail service in
23 Oregon.

24 **“SECTION 195.** Section 194 of this 2025 Act is repealed on January
25 2, 2037.

26 **“SECTION 196.** Section 194 of this 2025 Act applies to Talgo trains,
27 as defined in section 194 of this 2025 Act, owned by the Department
28 of Transportation on or before January 1, 2026.

29 **“SECTION 197.** (1) The Legislative Policy and Research Director
30 shall contract with a qualified vendor with subject matter expertise in

1 rail transportation to conduct a study of and prepare a report about
2 the impact of governance reform options for passenger rail and transit
3 operations in this state.

4 “(2) The study and report must:

5 “(a) Engage statewide stakeholders, including private freight rail-
6 roads, short line railroads, transit agencies and rail and transit advo-
7 cate organizations, to explore the viability, impacts and expected costs
8 of either establishing a separate department of rail and transit outside
9 of the Department of Transportation or of creating an internal divi-
10 sion within the Department of Transportation for rail and transit.

11 “(b) Compare these options to rail and transit governance in other
12 states, including Virginia’s Passenger Rail Authority.

13 “(3) The study and report may include additional recommendations
14 for governance reform, contextual information or suggestions that the
15 vendor determines are helpful or warranted.

16 “(4) The vendor shall submit a draft report to the Legislative Policy
17 and Research Director no later than September 1, 2026.

18 “(5) The director shall review the draft report, confer with the
19 vendor if necessary and finalize the report. The director shall submit
20 the final report in the manner provided by ORS 192.245 to the interim
21 committees of the Legislative Assembly related to transportation no
22 later than September 15, 2026.

23 “(6) The Department of Transportation shall provide the vendor
24 with any assistance required by the vendor that the vendor determines
25 is necessary to complete the report in the manner described in this
26 section.

27 “SECTION 198. In addition to and not in lieu of any other appro-
28 priation, there is appropriated to the Legislative Policy and Research
29 Office, for the biennium beginning July 1, 2025, out of the General
30 Fund, the amount of \$500,000, which may be expended for the purposes

1 **of section 197 of this 2025 Act.”.**

2 In line 35, delete “161” and insert “199”.

3 _____