
**FROM GAS TANK TO PAYCHECK:
OREGON'S PLAN TO TAX
EVERYTHING THAT MOVES**

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Table 1: Transportation Packages: Proposed Increases in Taxes, Fees, and Charges

Tax / Fee Component	Current Rate/Fee	TRIP 2025	SMART (Gamba / Pham)	HB 2025 Leaked	Primary Payer(s)
1. Gas Tax	\$0.40/gallon	+\$0.20/gallon (staggered to \$0.60/gallon by 2032, then indexed to inflation)	+\$0.40/gallon (increasing by \$0.10/per gallon to \$0.80/gallon in 2032, then indexed to inflation)	+\$0.15/gallon (+\$0.10 in 2026, +\$0.05 to \$0.55/gallon in 2028, then indexed to inflation)	Fuel Consumers
2. Vehicle Registration Fee	Varies (e.g., \$126-\$316 for passenger cars)	+\$66 (biennial)	+50% (biennial)	+\$50 (biennial)	Vehicle Owners
3. Vehicle Titling Fee	Varies (e.g., \$101-\$192 for passenger cars)	+\$90 (one-time)	+\$90 (one-time)	+\$70 (one-time)	Vehicle Owners
4. Weight-Mile Tax (Heavy Vehicles)	Varies by weight/miles	+16.9%	+16.9%	Not mentioned	Trucking Companies
5. Vehicle Sales Tax	None	New 1% of vehicle sale price (new & used)	New 2% on new vehicle sale price, 1% on used cars over \$10,000	New 2% on new vehicle sale price, 1% on used cars over \$10,000	Vehicle Purchasers
6. Road Usage Charge (Light Vehicles)	Voluntary (OReGO at ~\$0.02/mile) / Higher EV Reg. Fees	Mandatory for EVs & high-MPG; Flat annual fee or per-mile charge (rates	Undisclosed	Mandatory for EVs & high-MPG; per-mile rate at 5% of the state gas tax	Owners of EVs & High-MPG Vehicles
7. Road Usage Charge (Corp. Delivery)	None	New per-mile charge for fleets of 10+ medium-duty vehicles (rates undefined)	Undisclosed	New per-mile charge for fleets of 10+ medium-duty vehicles; per-mile rate at 10% of the state gas tax	Delivery Companies
8. Statewide Transit Payroll Tax	0.1% of wages	Increase to 0.18% of wages	Incremental increase to 0.5% of wages by 2032	Increase to 0.3% of wages	Oregon Workers
9. Auto Dealer "Privilege" Tax	0.5% of vehicle price	Increase to 0.8% of vehicle price	Increase to 0.8% of vehicle price	Increase to 1% of vehicle price	Auto Dealers (passed to buyers)
10. Tire Sales Tax	None	New 3% of tire sale price	Not mentioned	Not mentioned	Tire Purchasers
11. Bicycle Sales Tax	\$15 (on bikes \$200+)	Increase to \$24.50	0.8% of sales price	Not mentioned	Bicycle Purchasers

Largest increases are shaded

Table 2: Transportation Packages: Estimated Amount of Household & Business Tax Increases

Tax / Fee Component	TRIP 2025	SMART (Gamba / Pham)	HB 2025 Leaked	Primary Payer(s)
1. Gas Tax	2026: \$32 a year 2032: \$80 a year	2026: \$40 a year 2032: \$160 a year	2028: \$40 a year 2032: \$60 a year	Fuel Consumers
2. Vehicle Registration Fee	\$33 a year	\$32-\$79 a year	\$25 a year	Vehicle Owners
3. Vehicle Titling Fee	\$12.86 a year (avg.)	\$12.86 a year (avg.)	\$10 a year (avg.)	Vehicle Owners
4. Weight-Mile Tax (Heavy Vehicles)	Not disclosed	Not disclosed	Not disclosed	Trucking Companies
5. Vehicle Sales Tax	New: \$480 Used: \$252	New: \$959 Used: \$252	New: \$959 Used: \$252	Vehicle Purchasers
6. Road Usage Charge (Light Vehicles)	Charge not disclosed	Charge not disclosed	2028: \$295 a year 2032: \$324 a year	Owners of EVs & High- MPG Vehicles
7. Road Usage Charge (Corp. Delivery)	Charge not disclosed	Charge not disclosed	Unknown	Delivery Companies
8. Statewide Transit Payroll Tax	\$20 a year	\$101 a year	\$50 a year	Oregon Workers
9. Auto Dealer "Privilege" Tax	New: \$144 Used: \$76	New: \$144 Used: \$76	New: \$240 Used: \$126	Auto Dealers (passed to buyers)
10. Tire Sales Tax	\$21 for four tires	n/a	n/a	Tire Purchasers
11. Bicycle Sales Tax	\$9.50 per bike	No increase for bikes under \$3,062	n/a	Bicycle Purchasers

Largest increases are shaded

Executive summary

Three major transportation funding proposals are circulating in the Oregon Legislature: TRIP 2025, the SMART Framework, and HB 2025. While these proposals aim to address legitimate transportation funding challenges, they would impose the largest tax increases in Oregon’s history through twelve new or expanded taxes and fees, as shown in Table 1. Each package would generate approximately \$1.5-2 billion in new revenue every two years.

Current Funding Crisis

Oregon faces real transportation funding pressures. Despite state gas tax revenues at an all-time high of \$652 million,¹ policymakers fear that soon, fewer people will buy less gas due to electric and fuel-efficient vehicles, reducing gas tax revenue. Construction costs have also risen faster than expected.

Other factors have exacerbated the challenges, such as growing spending on ancillary services such as an expensive highway cover on I-5 at the Rose Quarter mandated by then-governor Kate Brown,² plans to expand light rail to Vancouver as part of the Interstate Bridge Replacement Plan,³ and growing debt service payments on construction bonds.⁴

¹ Mazen Malik, Fuel Tax Revenue (Variable), Legislative Revenue Office (Mar. 2025). See also Legislative Revenue Office, *2025 Oregon Public Finance: Basic Facts* (Jan. 21, 2025), <https://www.oregonlegislature.gov/lro/Documents/Basic%20Facts%202025.pdf>.

² Rachel Monahan, *Gov. Kate Brown Wins Agreement From Local Elected Officials for Rose Quarter Project With Highway Caps*, WILLAMETTE WEEK (Feb. 10, 2022), <https://www.wweek.com/news/state/2022/02/10/gov-kate-brown-wins-agreement-from-local-elected-officials-for-rose-quarter-project-with-highway-caps/>.

³ Kelly Moyer, *Camas Poised to Oppose Light Rail on Future I-5 Bridge*, POST-RECORD (Jan. 16, 2025), <https://www.camaspостrecord.com/news/2025/jan/16/camas-poised-to-oppose-light-rail-on-future-i-5-bridge/>.

⁴ Pat Dooris & Jamie Parfitt, *With ODOT in a Funding Jam, Oregonians Will Need to Pay One Way or Another—Whether by Mile or by Toll Bridge*, KGW (Mar. 25, 2024), <https://www.kgw.com/article/news/local/the-story/odot-oregon-tolling-funding-mile-tax-revenue-gas-fuel/283-1814b94e-d650-4139-9d68-5b5dfb32417f> (“ODOT is paying \$553 million every two years on that debt, which means less money to spend on other priorities.”).

In addition, the Oregon Department of Transportation (ODOT) has also acknowledged a \$1.1 billion federal funding overestimation and has a troubling history of project cost overruns.

Major Tax and Fee Increases

The proposals include significant new costs for Oregon families and businesses (Table 1):

- **Gas Tax Increase:** Would increase from 40 cents to 55-80 cents per gallon by 2032, costing the average driver \$60-160 more annually.
- **Vehicle Fee Increases:** Registration fees would increase by \$50-66 per two-year period, while title fees would rise by \$70-90 per purchase.
- **New Vehicle Sales Tax:** A new 1-2% tax on vehicle purchases, adding \$327-1,199 to typical car purchases.
- **Payroll Tax Increase:** The transit payroll tax rate would double to quintuple, costing workers \$20-101 annually, despite less than 10% of Oregonians using public transit.
- **New Road Usage Charges:** Electric and fuel-efficient vehicles would pay new per-mile fees, potentially costing \$235-324 annually.
- **Weight-Mile Tax Increase:** Commercial trucking would face 16.9% higher weight-mile taxes, while delivery companies would pay new fleet charges.

These proposals raise several red flags:

- **Excessive Burden:** The combined tax increases would significantly strain household budgets, hurting rural families and those with multiple vehicles with fewer transportation alternatives (Table 2).
- **Regressive Impact:** Many taxes disproportionately affect lower and middle-income Oregonians, who spend more of their income on transportation necessities.
- **Complex System:** The numerous overlapping taxes create administrative burdens for businesses and confusion for taxpayers, making compliance costly and error-prone.

- **Weak User-Pay Principles:** Revenue from vehicle-related taxes would fund non-road projects like rail operations and salmon habitat restoration, breaking the traditional link between who pays and who benefits.

“Cap and Pave” Controversy

Perhaps most concerning is the “Cap and Pave” component, which would create a new carbon cap-and-trade program and redirect much of the revenue to highway projects rather than environmental programs. This approach could increase gasoline prices by \$0.10-3.00 per gallon while potentially encouraging more driving and emissions.

ODOT’s Accountability Problems

ODOT’s track record raises serious questions about whether new funding would be used effectively. Recent examples include:

- The I-205 Abernathy Bridge project cost jumped from \$248 million to \$815 million;
- The I-5 Rose Quarter project faces ongoing delays and cost concerns; and
- Multiple projects from the 2017 transportation package remain incomplete with significant overruns.

ODOT has been criticized for “low-balling” initial estimates and then hiding cost increases through accounting methods that don’t count overruns until after contracts are awarded.

Alternative Approach Needed

Rather than imposing massive new tax burdens, Oregon should prioritize:

- **Accountability First:** Conduct independent audits and reforms of ODOT’s project management before adding new funding.
- **Focus on Basics:** Prioritize maintaining existing roads and bridges over expensive new projects with questionable benefits.
- **True User-Pay System:** Design simpler, fairer funding mechanisms that directly link costs to usage without cross-subsidizing unrelated programs.

- **Transparency:** Ensure any new taxes are clearly necessary, easy to understand, and subject to regular legislative review rather than automatic increases.

Recommendation

While Oregon's transportation system needs investment, these proposals go too far, too fast, with too little accountability. The combination of historic tax increases, regressive impacts on working families, and ODOT's poor track record of managing taxpayer dollars makes these packages fiscally irresponsible. Legislators should reject these proposals and instead demand meaningful ODOT reforms before considering more modest, targeted funding increases that protect taxpayers and prioritize essential infrastructure maintenance over expensive new projects.

Oregon's families and businesses are already struggling with the high cost of living. Adding billions in new transportation taxes without fixing the underlying problems at ODOT would be throwing good money after bad while making Oregon less affordable for everyone.

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Several transportation packages have been circulating in the waning days of the 2025 legislative session. Each of these would fundamentally change how Oregon funds its transportation system. The plans include eleven major tax and fee increases,⁶ plus a twelfth component called “Cap and Pave” that would redirect environmental program revenues to highway projects.⁷ Two additional proposals have been unveiled since the initial “starting point” TRIP 2025 proposal was released. First, several Democrats in the Oregon Legislature offered the “SMART Framework,” with many of the same components as TRIP 2025.⁸ A day or two

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⁶ Kathryn Jones, Oregon Transportation ReInvestment Package (TRIP) 2025—Starting Point (Apr. 3, 2025), available at [https://www.oregonlegislature.gov/smithd/Documents/Oregon%20TRIP%202025_starting%20point%20\(002\).pdf](https://www.oregonlegislature.gov/smithd/Documents/Oregon%20TRIP%202025_starting%20point%20(002).pdf) [hereafter, “Starting Point”].

⁷ Memorandum from Sen. Rob Wagner, President of the Senate and Rep. Julie Fahey, Speaker of the House re: Update on discussions on the Transportation Reinvestment Package (TRIP) (May 22, 2025), available at https://bikeportland.org/wp-content/uploads/2025/05/TRIP-negotiation-update_5.22.25.pdf.

⁸ The SMART Framework (June 4, 2025), available at <https://bikeportland.org/2025/06/04/democrats-push-sales-tax-for-new-cars-in-bid-to-raise-more-flexible-transportation-funds-394831>. See also, Transpo Package Comparison Explainer (May 28, 2025), <https://docs.google.com/document/d/1Nv7y8KKheSiT8ca7FkxuLdCZf40PbceoiwP30TMDPi8/edit?tab=t.0> [collectively hereafter “SMART Framework”].

later, an outline of proposed Oregon HB 2025 was leaked, again with many of the same components as TRIP 2025.⁹

Currently, Oregon funds transportation primarily through:

- A 40-cent per gallon gas tax;
- Vehicle registration and title fees;
- A weight-mile tax on heavy trucks; and
- A payroll tax for transit.¹⁰

Oregon's transportation system faces genuine financial pressures. Like many states, Oregon confronts a "structural deficit" in transportation funding – meaning that traditional revenue sources aren't keeping pace with infrastructure needs and costs. Several factors contribute to this challenge, including the adoption of electric vehicles and more fuel-efficient vehicles, reducing anticipated gas tax revenue per mile driven, and higher-than-expected construction cost inflation. In addition to factors out of the state's control, as discussed below, ODOT has a long history of cost overruns on major projects and has recently acknowledged a \$1.1 billion overestimation of federal funding in the last budget cycle.

However, the scale of proposals extends far beyond addressing a structural deficit, with each proposal representing the largest tax increases in Oregon's history and by adding new taxes and substantially increasing existing ones:

1. Gas Tax Increases

The largest single component would increase Oregon's gas taxes from 40 to 80 cents per gallon by 2032, depending on the proposal. The SMART Framework proposes the biggest increase of 10 cents a gallon each biennium until 2032, doubling the state's current rate of 40 cents per gallon.

⁹ Dirk VanderHart, *Oregon Democrats Prepare to Release Major Transportation Funding Bill*, OPB (June 6, 2025), <https://www.opb.org/article/2025/06/06/transportation-funding-oregon-bill/>. See also Oregon House Republicans (@OregonHouseGOP), X (June 6, 2025, 9:24 AM), <https://x.com/OregonHouseGOP/status/1931024526529499518> [collectively hereafter "HB 2025"].

¹⁰ Both TriMet and Lane Transit District have imposed their own payroll taxes for decades and those programs have imposed legislatively-authorized rate increases approved in both 2003 and 2009. Oregon Dept. of Revenue, *A Guide to TriMet and Lane Transit Payroll Taxes* (Dec. 4, 2024), https://www.oregon.gov/dor/forms/formspubs/transit-payroll-taxes_211-503.pdf.

HB 2025 proposes a 15-cent-per-gallon increase by 2028. All three proposals index future gas tax increases with inflation.

2. Vehicle Registration Fee Increase

TRIP 2025 proposes registration fees, which vary by vehicle type, would increase by \$66 for the two-year registration period. The SMART Framework proposes a 50% increase, and HB 2025 proposes a \$50 increase.

3. Vehicle Title Fee Increase

Both TRIP 2025 and the SMART Framework propose a \$90 increase in the one-time fee paid when purchasing or transferring vehicle ownership. HB 2025 proposes a \$70 increase.

4. Weight-Mile Tax Increase

Under TRIP 2025 and the SMART Framework, commercial trucking companies would pay 16.9% more in weight-mile taxes, despite industry claims that trucks already overpay their share of road costs.

The legislature estimates the first four items in TRIP 2025 will generate about \$1.5 billion in new tax revenues every two years.¹¹

5. Vehicle Sales Tax

Oregon would join most other states in taxing vehicle purchases. TRIP 2025 proposes a new 1% tax on both new and used vehicles, generating an estimated \$486 million every two years. The SMART Framework and HB 2025 would impose a new 2% tax on new vehicles and a 1% tax on used vehicle sales over \$10,000.

6. Road Usage Charges for Fuel-Efficient Vehicles

Electric vehicles and high-efficiency cars (30+ mpg) would be required to pay either a flat annual fee or a per-mile charge to replace lost gas tax revenue. The specific rates are undefined in TRIP 2025 and the SMART Framework. HB 2025 proposes a per-mile charge of 5% of the gas tax.

7. Commercial Delivery Fleet Charges

Companies operating 10 or more medium-duty delivery trucks (like Amazon, FedEx, and UPS) would pay new per-mile charges. The specific rates

¹¹ Starting Point, *supra* note 6.

- are undefined in TRIP 2025 and the SMART Framework. HB 2025 proposes a per-mile charge of 10% of the gas tax.
8. **Transit Payroll Tax Increase**
Under TRIP 2025, the statewide payroll tax funding transit would nearly double from 0.1% to 0.18% of wages. HB 2025 would triple the payroll tax to 0.3% of wages; the SMART Framework would quintuple it to 0.5%.
 9. **Auto Dealer Tax Increase**
TRIP 2025 and the SMART Framework would increase the “privilege tax” that dealers pay for selling vehicles from 0.5% to 0.8% of vehicle prices; costs typically passed to buyers. HB 2025 would increase the tax to 1%.
 10. **Tire Sales Tax (3% of purchase price)**
TRIP 2025 would impose a new tax on tire purchases with revenue directed to rail operations, wildlife crossings, and salmon habitat restoration. Neither the SMART Framework nor HB 2025 mentions the tire sales tax.
 11. **Bicycle Tax Increase**
Under TRIP 2025, the existing \$15 tax on bicycles costing \$200 or more would increase to \$24.50. Revenues earmarked for “off system bike and pedestrian facilities.” The SMART Framework would replace the flat tax with a 0.8% sales tax.
 12. **“Cap and Pave” Revenue Diversion**
Perhaps the most controversial component, this would create or modify a cap-and-trade program for carbon emissions, then redirect much of the revenue to highway projects rather than environmental programs.

1 Economic Theory and Transportation Pricing

Transportation economists generally support the concept that those who use transportation infrastructure should pay for it in proportion to their usage and the costs they impose on the system. This “user-pays principle” promotes economic efficiency by ensuring that transportation decisions reflect actual costs, providing sustainable funding for infrastructure, and creating incentives for efficient travel choices.

However, each proposal deviates significantly from pure user-pay principles through cross-subsidization between different user groups and transportation modes. The complex array of taxes and fees creates different effective prices for similar transportation services, potentially leading to inefficient travel and vehicle purchase decisions. For example, “standard” internal-combustion vehicles would be subject to the gas tax, EVs would be subject to road usage charges, and “high efficiency” vehicles would be subject to *both* the gas tax and road usage charges. Whether a delivery vehicle is subject to commercial delivery fleet charges depends on the number of vehicles in the fleet. This suite of new taxes would be so complex that any rates established by state regulators will be little more than arbitrary guesses based on hitting revenue targets rather than improving roadway user benefits. Moreover, the complexity of the proposed taxes would inject unnecessary uncertainty into household and business transportation and purchasing decisions, stifling economic activity and investment.

Under user pays, those who use the roads (i.e., motor vehicle operators) should primarily bear the costs of building and maintaining them through mechanisms like fuel taxes, vehicle registration fees, and titling fees. At the same time, user-pays indicate the revenue generated from these sources would ideally be reinvested into the road network, creating a direct link between the payments made by users and the benefits they receive in the form of well-maintained and improved roadways.

Each proposal is a severe diversion from user-pays principles by weakening the link between user charges and user benefits. For example, under TRIP 2025, revenue from the new tire tax, paid by those purchasing tires (predominantly motor vehicle owners), is specifically divided among projects unrelated to road usage: 50% for rail operations, 25% for wildlife crossings, and 25% for salmon habitat restoration. Here, motor vehicle users would directly fund rail (a non-automotive mode) and environmental projects. While these projects may have broader societal benefits, they do not directly enhance the road infrastructure for the tire purchaser in the traditional sense.

Similarly, under TRIP 2025, the increased auto dealer “Privilege” Tax—which is typically passed on directly to vehicle purchasers—is directed to the Connect Oregon program. This program funds rail, aviation, and marine projects. Again, revenue generated from motor vehicle sales is channeled to non-automotive transportation modes.

Each proposal raises the existing payroll tax paid by Oregon workers to fund transit services. While this is a broader tax on wages rather than a direct motor vehicle user fee, its inclusion and increase within a transportation package highlight the use of general revenue mechanisms to subsidize specific transit modes, which may not be utilized equally by all who contribute.

Most revenue from traditional sources in the proposals comes from increased gas tax, vehicle registration, and title fees. This revenue is directed to the State Highway Fund. Proponents state that 90% of this new State Highway Fund revenue will go to “operations and maintenance.” However, TRIP 2025 also introduces new, specifically earmarked taxes like the tire tax. It also expands others, like the vehicle privilege tax for non-road purposes. These new and expanded taxes demonstrate the increasing trend toward cross-subsidization. This shift reflects a broader policy approach to funding a multimodal transportation system and addressing related environmental concerns. Still, it also moves away from a strict interpretation of the user-pays principle for road infrastructure.

Each distinct tax, such as fuel taxes, vehicle registration fees, payroll taxes, and excise taxes, requires businesses to track different sets of data, file separate forms, and stay updated on varying deadlines and rules. This multiplies the time and effort spent on tax compliance tasks, such as recordkeeping, learning about new laws, and preparing required submissions. As the number and complexity of taxes grow, businesses often must hire or contract tax professionals, invest in specialized software, or dedicate more internal staff to compliance. Navigating a patchwork of taxes increases the likelihood of mistakes such as miscalculations, missed filings, or misinterpretations of requirements. Errors can result in audits, fines, or legal disputes, further raising the cost and risk of doing business. While large companies may manage these risks and absorb these costs more easily, evidence shows that smaller firms are disproportionately burdened by tax complexity, as they have fewer resources to devote to compliance and less bargaining power to pass costs on to customers.

Each additional tax or fee requires its own collection, monitoring, enforcement, and customer service infrastructure. This means more government staff, more IT systems, and more resources devoted to handling taxpayer inquiries and disputes. Recently discovered errors in the state’s Highway Cost Allocation Studies caution against embarking on a wide range of complex taxes and road usage

charges.¹² At a minimum, the legislature should have an understanding of the cost of implementing, collecting, and enforcing any proposed new taxes, fees, or charges.

2 Direct Cost Analysis for Oregon Households

The financial strain of large, one-time fees, such as the vehicle sales tax and title fee, should not be underestimated. For households with limited savings or access to affordable credit, these upfront costs can create significant budgetary challenges, forcing difficult trade-offs or reliance on higher-cost financing options. This immediate financial pressure represents a cost beyond the simple dollar amount of the tax when amortized over time.

Furthermore, the burden of these increases will not be evenly distributed. Households with multiple vehicles, an everyday necessity in areas with limited public transportation or for larger families, will see many of these costs multiply. Rural households, which often face longer travel distances (higher VMT) and have fewer transportation alternatives, are particularly vulnerable to increases in fuel taxes, RUCs, and potentially more frequent tire replacements due to varied road conditions. Therefore, each of the proposals has the potential to disproportionately affect those with greater, less discretionary transportation needs.

2.1 Gas Tax Increase

TRIP 2025 proposes a \$0.20/gallon gas tax increase “upon implementation,” with “staggered” increases to \$0.60/gallon by 2032 and then indexed to inflation.

The immediate 20-cent per gallon increase will directly impact gasoline-powered vehicle drivers. Based on an average of 11,780 vehicle miles traveled (VMT) per Oregon driver annually¹³ and an average fuel efficiency of 29.5 miles per gallon

¹² Carlos Fuentes, *State Discovers Errors in Key Study That Determines Cost Share for Trucks Versus Cars to Maintain Oregon's Roads*, BEND BULLETIN (Apr. 17, 2025), <https://bendbulletin.com/2025/04/17/state-discovers-errors-in-key-study-that-determines-cost-share-for-trucks-versus-cars-to-maintain-oregons-roads/> (“State officials, who contracted with economic consulting firm ECONorthwest to conduct the study, have directed the firm to rapidly redo its analysis for this year and dig through previous reports dating back to 2019 to weed out more errors.”)

¹³ Julia Taliesin, *Average Miles Driven Per Year in the U.S. (2025)*, INSURIFY (Oct. 16, 2024), <https://insurify.com/car-insurance/knowledge/average-miles-driven-per-year/>.

(MPG) for 1—to 5-year-old cars in Oregon for 2024,¹⁴ an average driver consumes nearly 400 gallons of gasoline per year.

The 20-cent increase would, therefore, cost the average Oregon driver an additional \$80 a year. Households with multiple vehicles,¹⁵ older, less fuel-efficient cars,¹⁶ or those driving more than average will face higher costs.

Assuming no change in vehicle purchasing and driving behavior, by 2032, the average driver would pay:

- \$80 more per year under TRIP 2025 (60 cents per gallon);
- \$160 more per year under the SMART Framework (80 cents per gallon); and
- \$60 more per year under HB 2025.

2.2 Vehicle Registration Fee and Vehicle Title Fee Increases

TRIP 2025 proposes a \$66 increase in biennial registration fees, which equates to an additional \$33 a year per vehicle. HB 2025 proposes a \$50 increase, or \$25 a year per vehicle. The SMART Framework proposes a 50% increase, which amounts to an increase of \$63 to \$158, depending on the vehicle.

Both TRIP 2025 and the SMART Framework propose a \$90 increase in vehicle titling fees, which is a one-time cost incurred at the time of purchase or title transfer. If amortized over an average vehicle ownership period of seven years,¹⁷ this represents an average annual impact of approximately \$12.86. HB 2025 proposes a \$70 increase.

¹⁴ *The Best and Worst States for Fuel Efficiency and Hybrid/EV Adoption*, iSEECARS (2025), <https://www.iaseecars.com/green-car-adoption-study>.

¹⁵ In Oregon, there are 1,333 vehicles per 1,000 licensed drivers, or 1.3 vehicles per driver. Clara Haverstic, *Car Ownership Statistics 2024*, MARKETWATCH (Aug. 1, 2024), <https://www.marketwatch.com/insurance-services/auto-insurance/car-ownership-statistics/>.

¹⁶ The average vehicle age in the U.S. is 12.6 years. Nishant Parekh & Todd Campau, *Average Age of Vehicles Hits New Record in 2024*, S&P GLOBAL MOBILITY (May 22, 2024), <https://www.spglobal.com/mobility/en/research-analysis/average-age-vehicles-united-states-2024.html>.

¹⁷ Susan Meyer, Survey: *Average Length of Car Ownership in America*, THE ZEBRA (Apr. 19, 2024), <https://www.thezebra.com/resources/driving/average-length-of-car-ownership/>.

2.3 Road Usage Charges for Fuel-Efficient Vehicles

The financial impact of the proposed mandatory road usage charge (RUC) is difficult to quantify precisely as specific per-mile rates or flat annual fees have not yet been established in the TRIP 2025 framework, which states: “Vehicles could enroll with the RUC program or pay a flat RUC annual fee. Once enrolled, EVs would no longer pay higher registration rates.”¹⁸

Oregon’s existing voluntary OReGO program charges participants approximately 2 cents per mile.¹⁹ If a similar rate were applied mandatorily, an EV owner driving 11,780 miles annually would pay approximately \$235.60 per year.

HB 2025 proposes charging a per-mile rate equal to 5% of the gas tax. Assuming HB 2025’s gas tax rates (50 cents per gallon in 2026 and 55 cents per gallon in 2028), the per-mile RUC would begin at 2.5 cents per mile and rise to 2.75 cents per mile. The annual cost would be \$294.50 in the first years, and rise to \$323.95 in 2028.

While this would replace existing higher registration fees for EVs, the net financial effect will depend on the final RUC rates and the alternative flat fee option. The League of Oregon Cities has estimated that, under TRIP 2025, the total annual tax burden for a \$40,000 vehicle could reach \$1,172 by 2032 when the plan is fully implemented.²⁰ This amount would drop to around \$500 for subsequent years (accounting for the gas tax, system use fee, and privilege tax).

2.4 Vehicle Sales Tax and Auto Dealer Privilege Tax Increases

TRIP 2025 proposes a 1% sales tax on all vehicle sales, which it characterizes as a “one-time system use fee.” Both the SMART Framework and HB 2025 propose a 2% tax on new vehicles and a 1% tax on used vehicles selling for more than \$10,000. That SMART Framework would characterize the tax as a “sales tax”

¹⁸ Starting Point, *supra* note 6.

¹⁹ Oregon Dept. of Transportation, OReGO: Oregon’s Road Usage Charge Program (retrieved June 1, 2025), <https://www.oregon.gov/odot/programs/pages/orego.aspx>.

²⁰ League of Oregon Cities, *supra* note **Error! Bookmark not defined.**. See also League of Oregon Cities, TRIP 2025 Comparison (May 9, 2025), https://www.orcities.org/application/files/1317/4680/8265/Copy_of_TRIP2025_Comparison.pdf.

rather than a “system use fee,” as a way to divert the revenues away from the Highway Trust Fund.²¹

Both TRIP 2025 and the SMART Framework would increase the state’s vehicle “privilege” tax on dealers selling vehicles from 0.5% of the vehicle price to 0.8%. HB 2025 would increase the tax to 1% of the vehicle price.

In March 2025, the average new car price was \$47,962, and the average used car price was \$25,180.²² The new sales tax and the increased dealer privilege tax would increase the taxes on vehicle purchases:

- TRIP 2025: \$624 for new vehicles, \$327 for used;
- SMART Framework: \$1,103 for new vehicles, \$327 for used; and
- HB 2025: \$1,199 for new vehicles, \$378 for used.

2.5 Transit Payroll Tax Increase

Under TRIP 2025, the statewide payroll tax funding transit would nearly double from 0.1% to 0.18% of wages. HB 2025 would triple the payroll tax to 0.3% of wages; the SMART Framework would quintuple it to 0.5%. This tax is deducted directly from workers’ paychecks.

The Oregon Bluebook reports in 2023:

Oregon workers (excluding self-employed and most agricultural workers) earned an annual average of \$68,283 in 2023, although wages vary widely by industry and occupation. The average annual pay in the information industry was \$129,052, the most of any broad sector. This was followed by federal government (\$92,653), professional and business services (\$91,967), financial activities (\$87,573), and manufacturing (\$83,704).²³

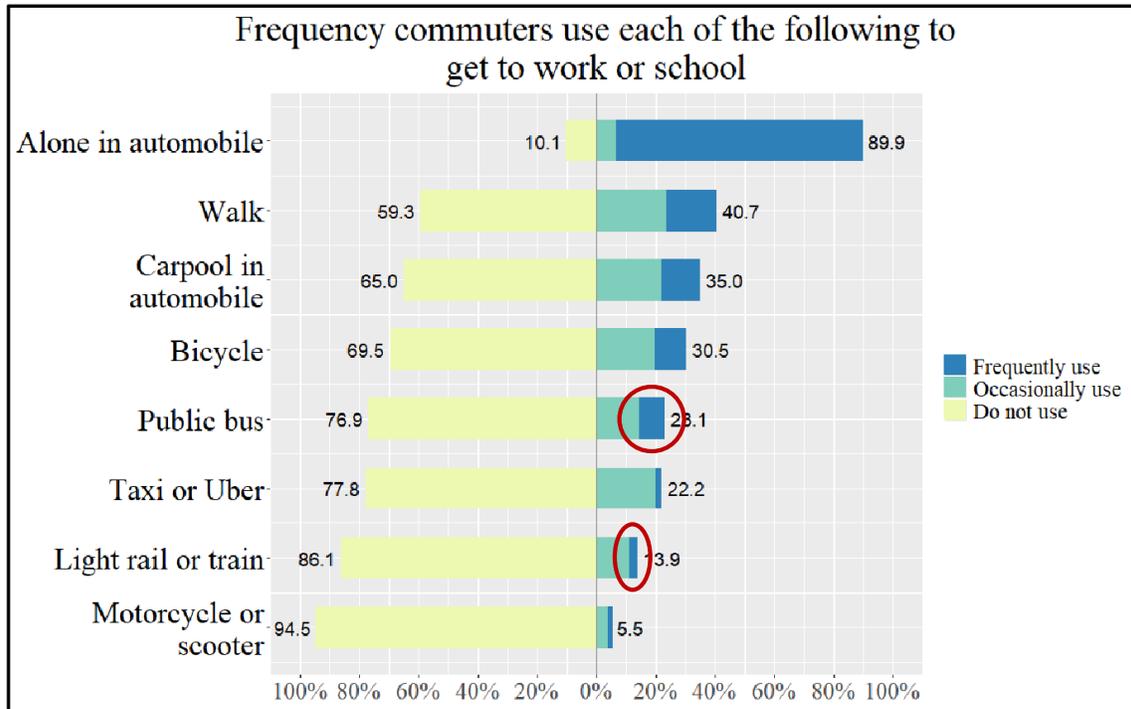
²¹ Explainer, *supra* note 8.

²² Ben Luthi, *The Average Car Price Is Nearing All-Time High* (May 11, 2025), EXPERIAN, <https://www.experian.com/blogs/ask-experian/average-car-price/>.

²³ Oregon Secretary of State, *Oregon’s Economy: Wages*, OREGON BLUEBOOK (retrieved June 1, 2025), <https://sos.oregon.gov/blue-book/Pages/facts/economy-wages.aspx>.

For the average worker, the payroll tax increases would amount to an additional \$20 to \$101 a year in taxes.

ODOT reports that less than 10% of commuters use public buses to get to work or school, and less than 3% use light rail or train, as shown in the figure below.²⁴ Transit ridership is down more than 40% from pre-pandemic levels, according to ODOT.²⁵



In contrast to the user-pay principle, the transit payroll tax imposes a burden on all Oregon employees, with revenues spent to support transit services used by only a small and shrinking portion of the population.

²⁴ Tony Knudson, FY 2023 Oregon Transportation Needs and Issues Survey: Summary of Statewide Results, Oregon Dept. of Transportation, Fig. 2.18 (Dec. 2022), <https://www.oregon.gov/odot/Programs/ResearchDocuments/TNIS2023Final.pdf>.

²⁵ Memorandum from Kristopher W. Strickler, Director, Oregon Dept. of Transportation, to Oregon Transportation Commission re: Key Performance Measure Report (July 18, 2024), https://www.oregon.gov/odot/Get-Involved/OTCSupportMaterials/Consent_07_KPM_Report_PACKET.pdf (reporting the average number of transit rides each year per Oregonian declined from 29.3 in 2019 to 16.8 in 2023).

2.6 Tire Sales Tax

TRIP 2025 proposes a tire “pollution” tax of 3% of the “total” tire purchase. As with much of TRIP 2025, it is not clear what the proposal means by “total.” However, it would be reasonable to assume it would include the costs of installation of the new tire and disposal of the old tires. The cost of tires varies, but assuming an average cost of \$700 for a set of four tires plus installation.²⁶ The 3% tax would add \$21 to this purchase.

The tire sales tax is the clearest violation of the user-pay principle in that none of the tax revenues are earmarked for transportation. Instead, the money is targeted for rail operations (50%), wildlife crossings (25%), and salmon restoration (25%).

3 Direct Financial Impact on Oregon Businesses

Oregon businesses, ranging from sole proprietorships to large corporations, are set to confront a variety of new direct costs under the proposals. These increased expenses will inevitably affect operational budgets, influence investment decisions, and, in many cases, translate into higher consumer prices.

The combination of increased taxes on fuel, heavy vehicles, and delivery operations will create a compounding effect on the cost of moving goods within Oregon. This will particularly affect businesses reliant on efficient logistics, including those serving rural or remote areas, potentially leading to localized price disparities or service reductions.

3.1 Weight-Mile Tax Increase

TRIP 2025 and the SMART Framework provide little information regarding the proposed weight-mile tax increase other than a 16.9% increase and a notion to “simplify” weight-mile rates. HB 2025 anticipates an increase, but does not specify the amount, noting only “waiting math.”²⁷

²⁶ Discount Tire, *Tire Price Guide—How Much Are Tires?* (retrieved June 1, 2025), <https://www.discounttire.com/blog/tire-prices-guide>; Goodyear, *What Does Tire Installation Cost?* (retrieved June 1, 2025), https://www.goodyear.com/en_US/learn/choosing-your-tires/tire-installation-cost.html.

²⁷ Oregon House Republicans, *supra* note 5.

This substantial increase directly impacts the operating costs of freight haulers. The trucking industry has repeatedly argued that it already overpays its share of road costs under the current system.²⁸ This argument has gained further traction with recent reports of significant errors in the state’s Highway Cost Allocation Study, the very study used to justify such tax apportionments.²⁹

While the TRIP 2025 framework mentions simplifying the weight-mile system, the net effect is a considerable tax hike for an industry crucial to the state’s supply chain. These costs are typically passed on to shippers and, ultimately, to consumers through higher prices for goods.

3.2 Commercial Delivery Fleet Charges

Each of the three proposals introduces a new road usage charge for companies operating fleets of 10 or more medium-duty delivery vehicles (such as those used by Amazon, FedEx, and UPS). Neither TRIP 2025 nor the SMART Framework discloses the proposed rates; HB 2025 indicates that the rate per mile would be 10% of the gas tax.

Imposing an RUC for commercial delivery vehicles represents a significant new operational expense. The framework specifies that mileage rates will be set “between light and heavy vehicle rates,” but the lack of defined rates creates considerable planning uncertainty for these businesses.

This uncertainty can make it difficult to budget for future operating costs or make timely investment decisions in fleet upgrades or expansion, potentially dragging down economic activity in the logistics and e-commerce sectors. These costs will also likely be reflected in higher delivery fees for both consumers and businesses relying on these services.

²⁸ Jayati Ramakrishnan, *Trucking Companies Sue Oregon, Saying Truckers Pay More than Their Share of Road Taxes*, OREGONIAN (Jan. 31, 2024), <https://www.oregonlive.com/commuting/2024/01/trucking-companies-sue-oregon-saying-truckers-pay-more-than-their-share-of-road-taxes.html>.

²⁹ Fuentes, *supra* note 12.

4 “Cap and Pave” Revenue Diversion

A recent and particularly contentious element emerging in the transportation package discussions is the “Cap and Pave” proposal.³⁰ This initiative suggests re-directing revenue from a potential future cap-and-trade program—or a similar market-based emissions reduction mechanism—towards funding highway projects. This development has alarmed environmental and active transportation advocates and added a new dimension of complexity and controversy to the transportation funding debate.³¹

4.1 Details of the “Cap and Pave”

According to legislative updates and media reports, lawmakers are contemplating the replacement of Oregon’s current Climate Protection Program with a new market-based emissions allowance system, potentially modeled after programs in Washington and California.³²

A key feature of this discussion is the proposal that revenue generated from emissions allowances, particularly those related to gasoline and diesel fuel, would be dedicated to the State Highway Fund. These funds would then be available for “core operations and major projects,” which often include highway expansion and large-scale road construction. While a portion of the remaining emissions allowance revenue might be allocated to other purposes such as wildfire prevention, public transit, and community-based climate programs, the primary thrust appears to be a new funding stream for traditional road infrastructure.

The late introduction of such a significant policy shift—with many details still undisclosed as the legislative session nears its conclusion—also raises serious concerns about transparency and the opportunity for adequate public review

³⁰ Dirk VanderHart, *Oregon Lawmakers Are Now Considering a “Cap-and-Trade” Program to Fund Roads, Wildfire Prevention*, OPB (May 22, 2025), <https://www.opb.org/article/2025/05/22/oregon-lawmakers-cap-and-trade-salem-pollution-greenhouse-gas-emissions-bridge/>.

³¹ Jonathan Maus, *Advocates in Shock as Dems Float “Cap and Pave” Plan While Funding Bill Remains Secret*, BIKEPORTLAND (May 23, 2025), <https://bikeportland.org/2025/05/23/advocates-in-shock-as-dems-float-cap-and-pave-plan-while-funding-bill-remains-secret-394590>.

³² Anthony Macuk, *Oregon Transportation Package Discussions Now Include New Cap-and-Trade Program*, KGW (May 23, 2025), <https://www.kgw.com/article/news/politics/cap-and-trade-transportation-package-oregon-legislature/283-beb1ae81-378a-4fa7-83d0-d7f62b0117f7>.

and input. From a policy perspective, the “cap and pave” proposal appears to prioritize political expediency—garnering broader support for an overall transportation package by appealing to pro-highway interests—over policy coherence.

4.2 Increased Energy Costs and Consumer Burden

A primary impact of cap-and-trade is an increase in the cost of energy. By putting a price on carbon emissions, the operational costs for industries reliant on fossil fuels, including electricity generation and fuel production, rise. These costs are often passed on to consumers through higher gasoline, diesel, natural gas, and electricity prices. An analysis of Oregon’s Climate Protection Program (CPP), which shares characteristics with cap-and-trade, projected potential increases of \$0.10 to \$0.36 per gallon for motor gasoline and \$0.09 to \$0.39 per gallon for diesel between 2025 and 2050 due to compliance costs.³³ A 2016 technical study by FTI Consulting analyzing a possible cap-and-trade law projected an increase in the retail price of gasoline by more than \$3 per gallon by 2050.³⁴ Such increases directly impact household budgets and business operating expenses.³⁵

According to the Oregon Department of Environmental Quality, these increased energy costs often fall disproportionately on lower- and middle-income households.³⁶ Because these households tend to spend a larger percentage of their

³³ Energy Strategies, LLC & RECON Insights, LLC, *Macroeconomic Impact Analysis: Oregon Department of Environmental Quality’s Proposed Climate Protection Program Regulation* (Oct. 25, 2021), <https://www.oregon.gov/deq/ghgp/Documents/GHG21MacroReport.pdf>,

³⁴ Ken Ditzel, Scott Nystrom & Evan Klein, *Oregon Cap-and-Trade: An Analysis of the Economic Impacts of SB 1574 (2016)*, FTI Consulting (Mar. 21, 2017), <https://www.remi.com/wp-content/uploads/2017/11/Oregon-Cap-and-Trade-An-Analysis-of-the-Economic-Impacts-of-Oregon-SB-1574-2016-slide-report-MARCH-2017.pdf>.

³⁵ *Id.* In addition to increased costs for gasoline and diesel, the report concludes a cap-and-trade policy would double the price of natural gas by 2050.

³⁶ Oregon Dept. of Environmental Quality, *Considerations for Designing a Cap-and-Trade Program in Oregon* (Feb. 14, 2017), available at <https://web.archive.org/web/20220120091702/https://www.oregon.gov/deq/FilterDocs/ghgmarketstudy.pdf> (“A cap-and-trade program increases the cost of fossil fuels. This could place a larger burden on low-income households because they generally spend a higher proportion of their income on energy. These households are also less able to make investments to adapt to higher energy prices, such as buying more efficient vehicles and appliances. Rural parts of Oregon tend to be less economically

income on essential energy needs, any price increase consumes a greater share of their disposable income compared to higher-income households. This regressive effect can exacerbate existing economic inequalities.

4.3 Impact on Economic Growth and Employment

Numerous economic analyses suggest that cap-and-trade programs can negatively affect economic growth and employment.³⁷ Higher energy and compliance costs can reduce business profitability, leading to decreased investment, slower job creation, or even job losses, particularly in energy-intensive industries. Studies by the Cascade Policy Institute on previous Oregon cap-and-trade proposals projected significant job losses and reduced economic growth.³⁸ While some analyses project job creation in “green” industries, these are often offset or outweighed by losses in other sectors.³⁹

Oregon businesses, particularly in manufacturing and other energy-intensive sectors, could face a competitive disadvantage if subjected to a state-level cap-and-trade system that neighboring states or key trading partners do not mirror. This can lead to “carbon leakage,” where businesses relocate to jurisdictions with less stringent or no carbon pricing, resulting in job and investment losses for Oregon without necessarily achieving a net global reduction in emissions. The Oregon DEQ itself has acknowledged leakage as a concern in designing its Climate Protection Program.⁴⁰

diverse than urban areas, meaning impacts on industries in rural communities could be felt more acutely. For these reasons, a cap-and-trade program could disproportionately impact disadvantaged households and rural areas unless it includes measures designed to neutralize negative effects on these communities.”)

³⁷ Toni Johnson, *Cap and Trade’s Economic Impact*, Council on Foreign Relations (Mar. 10, 2009), <https://www.cfr.org/expert-roundup/cap-and-trades-economic-impact> (“Many studies assessing the costs of mitigation of climate change (either through some cap-and-trade system or by means of a carbon tax) indicate that the losses in consumer welfare are likely to be enormous.”)

³⁸ Kathryn Hickok, *Cap-and-Trade in Oregon: A Primer for Legislators and Citizens*, Cascade Policy Institute (Mar. 6, 2009), <https://caspolicy.org/environment/cap-and-trade-in-oregon-a-primer-for-legislators-and-citizens/>.

³⁹ Johnson, *supra* note 37 (“And don’t count on a cap-and-trade system to deliver a big long-term economic boost. Jobs created in new energy industries will probably be roughly offset by job losses elsewhere (both in traditional energy and in the balance of the economy).”)

⁴⁰ Oregon Dept. of Environmental Quality, *Fact Sheet: Climate Protection Program 2024* (Nov. 21, 2024), <https://www.oregon.gov/deq/ghgp/Documents/cppFS2024.pdf>.

4.4 Complexity and Efficiency Concerns

Cap-and-trade systems are inherently complex, involving the setting of caps, allocation of allowances (whether auctioned or freely distributed), and monitoring and enforcement. The design of these elements significantly impacts the program's economic efficiency and distributional outcomes. If caps are set too high, the program may be ineffective; if set too low or if allowances are poorly allocated, it can impose excessive costs.

Furthermore, the revenue generated from allowance auctions, as potentially contemplated under the "cap and pave" scenario, introduces further debate about these funds' most efficient and equitable use. Using such revenue for highway projects, as suggested by the "Cap and Pave" idea, raises questions about whether this is the optimal use of funds generated by a carbon pricing mechanism, especially if it encourages activities that contribute to emissions.

5 Institutional and Accountability Concerns

A significant, albeit indirect, cost associated with the proposal is the risk of inefficient utilization of the newly raised taxpayer dollars. This concern is amplified by the ODOT's documented history of challenges with fiscal management, including substantial project cost overruns and notable accounting errors. These incidents are not isolated but point to systemic problems in how ODOT manages large-scale projects and its overall budget.

Critics point to ODOT's tendency to "low-ball" initial cost estimates to gain legislative and public approval for projects, only for those costs to escalate significantly later.⁴¹ The agency's own Key Performance Indicators (KPIs) have been criticized for misleadingly claiming high rates of projects completed under budget by narrowly defining "overruns" as only those costs incurred after contracts are awarded, effectively concealing initial underestimations. Furthermore, ODOT has been accused of "re-baselining" projects—retroactively changing initial cost estimates to hide increases—and its project databases reportedly omit many large projects that have experienced substantial cost overruns.

⁴¹ Joe Cortright, *Unaccountable: ODOT Covers Up Cost Overruns*, CITY OBSERVATORY (May 22, 2025), <https://cityobservatory.org/unaccountable-odot-covers-up-cost-overruns/>.

For example, the **I-205 Abernathy Bridge** project's estimated cost escalated from an initial \$248 million in 2018 to \$495 million when bids were opened in 2022 and has since climbed to \$815 million as of 2024, with further increases anticipated.⁴² This initial doubling of costs from \$248 million to \$495 million was not captured by ODOT's KPI for cost overruns because it occurred before the contract was awarded.

Similarly, the **Iowa Street I-5 Viaduct** project experienced an approximate 47% cost overrun, a fact obscured by ODOT, and the project itself is missing from ODOT's "Project Tracker" dashboard.⁴³

The **I-5 Rose Quarter Improvement Project** in Portland is another prominent example of a major ODOT undertaking fraught with challenges.⁴⁴ Designed to address congestion and safety issues at the convergence of I-5, I-84, and I-405 and to reconnect the historically Black Albina neighborhood, the project has been a subject of ongoing debate and scrutiny. Despite being identified as a priority in the 2017 "Keep Oregon Moving" (HB 2017) transportation package, which allocated \$30 million annually from fuel tax increases starting in 2022, the project has faced delays and escalating cost concerns.

The TRIP 2025 framework proposes using funds from the new 1% "System Use Fee" on vehicle sales to help cover costs for previously committed "megaprojects with massive cost overruns."⁴⁵ The Rose Quarter project's estimated start date is 2026. However, efforts to advance early work are being explored, and it continues to be a focal point in discussions about ODOT's capacity to manage large, complex infrastructure investments.

Beyond specific project overruns, ODOT acknowledged a significant **\$1 billion overestimation** of federal funding in a previous budget cycle, a major accounting error that further eroded public confidence.⁴⁶ Many projects funded under the

⁴² *Id.*

⁴³ *Id.*

⁴⁴ Eric Fruits, *A Pile-Up in the Rose Quarter*, PORTLAND TRIBUNE (Sep. 23, 2021), <https://pamplinmedia.com/pt/10-opinion/522284-417338-fruits-issues-pile-up-on-rose-quarters-i-5-project>; John Charles, *Rose Quarter Highway Project Should Focus on Congestion and Traffic Safety. Period.* (Mar. 14, 2023), <https://cascadepolicy.org/transportation/rose-quarter-highway-project-should-focus-on-congestion-and-traffic-safety-period/>.

⁴⁵ Maus, *supra* note 31.

⁴⁶ Fuentes, *supra* note 12.

2017 transportation package remain uncompleted and suffer from cost overruns and mismanagement.⁴⁷

Attempts by ODOT to address these concerns, such as its “Strategic Review,” have been criticized as superficial efforts aimed more at improving the agency’s image before the legislature than at implementing genuine, effective reforms.⁴⁸ This review, conducted by consultants with existing ties to ODOT, reportedly failed to adequately identify the scale of cost overruns or propose specific, actionable solutions.⁴⁹

The combination of demanding substantial new taxes while ODOT faces public criticism for past mismanagement can erode public trust in the government’s capacity to spend taxpayer money wisely. This trust deficit is not merely a political issue; it has economic ramifications. When taxpayers perceive that their contributions are likely to be wasted or inefficiently managed, their willingness to support future necessary revenue measures may decline, potentially leading to increased tax avoidance behaviors or a general cynicism that dampens civic engagement and economic vitality.

6 Conclusion and Policy Recommendations

Each transportation package proposal presents the most significant expansions of state taxation for transportation in recent memory, aiming to secure nearly \$2 billion in additional revenue per biennium and potentially more through mechanisms like the “Cap and Pave” initiative. While the need for adequate transportation infrastructure is undeniable, this package’s scale, complexity, and economic implications warrant deep and skeptical scrutiny. The cumulative cost burden on Oregonian households and businesses, through direct taxes on fuel, vehicle

⁴⁷ Anastasia Mason, *Costs for Transportation Projects in 2017 Oregon Bill Soar*, STATESMAN JOURNAL (Feb. 10, 2025), <https://www.statesmanjournal.com/story/news/politics/2025/02/09/oregon-house-bill-2017-transportation-projects-status/77547145007/>.

⁴⁸ Joe Cortright, *ODOT’s “Strategic Review”: Conflicted Consultants Whitewashing Mismanagement*, CITY OBSERVATORY (Mar. 28, 2025), <https://cityobservatory.org/odots-strategic-review-conflicted-consultants-whitewashing-mis-management/>.

⁴⁹ *Id.* See Anastasia Mason, *ODOT Told to Utilize Consultants for Big Projects as Part of Push for Accountability*, STATESMAN JOURNAL (May 28, 2025), <https://www.statesmanjournal.com/story/news/politics/2025/05/28/oregon-department-of-transportation-management-review-recommendations/83878324007/>.

purchases, ownership, tires, and payrolls, compounded by indirect costs passed on through the economy, would be substantial.

The proposals raise several critical concerns:

- **Excessive Tax Burden:** The package signifies a major increase in the government's extraction of resources from the private sector. The funds individuals and businesses will be compelled to pay in new taxes have an opportunity cost; these resources could otherwise be saved, invested, or spent according to private priorities, potentially yielding more efficient economic outcomes than if directed by governmental bodies. Insufficient attention appears to have been paid to the overall economic drag these taxes will create and their impact on Oregon's affordability and competitiveness.
- **Regressive and Complex Taxation:** The reliance on a multitude of new and increased taxes, many of which are regressive (such as the gas tax and flat fees), places an undue burden on lower- and middle-income Oregonians. The complexity of the package, with its numerous components and undefined elements like RUC rates, also hinders transparency and public understanding.
- **Accountability Deficit:** The proposal seeks to inject billions more into the Oregon Department of Transportation (ODOT), an agency with a documented history of significant cost overruns, accounting errors, and project mismanagement. The package lacks robust, upfront reforms to ensure greater accountability, efficiency, and transparency within ODOT, making it difficult to assure taxpayers that new funds will be spent wisely. The "trust deficit" is a significant impediment.
- **Policy Lock-In:** Once such a large and multifaceted tax package is implemented, it creates new revenue streams and bureaucratic dependencies that become exceedingly difficult to reform or dismantle, even if specific components prove to be economically detrimental or inefficient. This "policy lock-in" can entrench existing practices and hinder future market-oriented or taxpayer-friendly reforms.

A more fiscally sound and economically prudent approach to Oregon's transportation funding challenges should prioritize the following:

- **Efficiency and Accountability First:** Before imposing substantial new tax burdens, a rigorous, independent audit and overhaul of ODOT's budgeting, project management, and accounting practices are essential. Taxpayers deserve assurance that existing resources are being used with maximum efficiency.
- **Prioritization of Core Mission:** Funding should be laser-focused on the maintenance, repair, and safety of existing essential infrastructure—primarily roads and bridges—before embarking on costly new expansion projects, particularly those with questionable cost-benefit analyses or those funded via convoluted mechanisms like “Cap and Pave.”
- **Exploration of True User-Pays and Market-Based Solutions:** Where appropriate, alternative funding mechanisms that more directly align costs with actual use and demand should be explored. This includes transparently structured road usage charges that are revenue-neutral replacements for fuel taxes, not additive burdens, and consideration for value capture or private investment where viable. However, the legislature should hold off on imposing any RUCs until (1) ODOT can demonstrate competence in implementing the charges and (2) the RUCs are designed to avoid disproportionate impacts on essential travel for lower-income individuals.
- **Taxpayer Protection and Transparency:** Any new revenue measures must be demonstrably necessary, simple for taxpayers to understand, and structured to minimize adverse economic consequences and regressive impacts. Automatic tax increases through mechanisms like inflation indexing should be avoided, preserving legislative oversight and public accountability for all future tax adjustments.
- **Rejection of “Cap and Pave”:** The proposal to divert potential carbon pricing revenue to highway expansion is fundamentally flawed. The last-minute introduction of such a significant and half-baked policy shift compounds the negative economic consequences of cap-and-trade with a diversion of funds to projects that would likely increase emissions.

In their current forms, the proposals prioritize revenue generation over comprehensive fiscal reform and economic prudence. While Oregon's transportation system requires ongoing investment, this must be achieved through responsible, transparent, and efficient means that respect the state's taxpayers and the principles of a sound, free-market economy. With its extensive new taxes, inherent

complexities, and lack of convincing ODOT reforms, the present package falls short of these crucial standards.