

# **Written Testimony in Opposition to the Oregon Department of Transportation Funding Bill**

**Submitted to the Oregon House of Representatives**

**Date: June 10, 2025**

Honorable Members of the Oregon House of Representatives,

I am writing to express my strong opposition to the proposed Oregon Department of Transportation (ODOT) funding bill, which seeks to impose significant new taxes and fees on Oregonians. While I acknowledge the need for a functional transportation system, this bill represents an unacceptable burden on Oregon citizens, particularly in light of ODOT's well-documented history of waste, mismanagement, and lack of accountability. Furthermore, Oregonians are already subject to an extensive array of transportation-related taxes and fees, which this bill would exacerbate without addressing the root causes of ODOT's financial and operational failures. Below, I outline the pervasive issues of waste and mismanagement within ODOT and provide a comprehensive overview of the current layers of taxes and fees borne by Oregon citizens.

## **ODOT's History of Waste and Mismanagement**

The Oregon Department of Transportation has repeatedly demonstrated inefficiencies and mismanagement that undermine public trust and justify opposition to additional

funding. These issues are not speculative but are grounded in documented failures that have cost Oregonians dearly. Key examples include:

**1. Budgeting Errors and Financial Mismanagement:**

In February 2025, ODOT's assistant director and top finance official, Travis Brouwer, revealed a staggering \$1 billion error in the agency's 2023–2025 budget. This is not a minor oversight but a systemic failure in financial oversight that calls into question ODOT's ability to responsibly manage taxpayer dollars. Such errors erode confidence that additional revenue from new taxes and fees would be used effectively.

**2. Project Delays and Cost Overruns:**

Major projects funded under House Bill 2017 (HB 2017), such as the Rose Quarter Improvement Project and the Abernethy Bridge, remain incomplete with costs ballooning far beyond initial estimates. For example, ODOT now estimates a \$3 billion shortfall to complete these projects, despite HB 2017's promise to generate \$5.3 billion over a decade—a target it is expected to miss by \$200 million. These overruns reflect poor planning and prioritization, leaving Oregonians with unfinished infrastructure and escalating costs.

**3. Inefficient Allocation of Resources:**

ODOT has been criticized for diverting funds to non-essential priorities, often referred to as “mission creep.” Republican lawmakers and citizens alike have pointed to excessive administrative costs, with one analysis showing that the majority of toll revenue would be consumed by administrative overhead rather than road improvements.

Additionally, ODOT's decision to allocate funds to projects like passenger rail (\$38 million) and the Oregon Clean Vehicle Rebate Program, while neglecting basic maintenance, highlights misplaced priorities.

4. **Lack of Accountability:**

ODOT has faced accusations of inadequate oversight for years. In 2025, Republican lawmakers noted that the agency's "ballooning costs, project delays, and budget shortfalls" stem not only from declining gas tax revenue but from "mismanagement and a major lack of oversight." A 2023 Highway Cost Allocation Study further exposed inequities in the weight-mile tax, prompting a lawsuit from the Oregon Trucking Association for violating constitutional requirements for fair taxation. These issues suggest an agency that is not only inefficient but also fundamentally unaccountable to the public.

5. **Failure to Address Core Functions:**

ODOT has warned that without additional funding, it will reduce essential services like road maintenance, snow plowing, and DMV operations by 2027. Yet, the agency's own budget choices—such as prioritizing costly megaprojects over basic road preservation—have exacerbated this crisis. Critics, including former Metro Council president David Bragdon, have argued that ODOT's budget is unsustainable because it "chooses to spend and incur debt far beyond its means" while neglecting maintenance. Throwing more money at an agency that fails to prioritize core functions is not a solution but a perpetuation of failure.

Given this track record, it is unconscionable to ask Oregonians to bear additional financial burdens without first addressing ODOT's systemic inefficiencies. The proposed funding bill does not include meaningful reforms to ensure accountability or prevent further waste, making it an irresponsible approach to Oregon's transportation needs.

## **Current Layers of Taxes and Fees on Oregon Citizens**

Oregonians already face a complex and burdensome array of transportation-related taxes and fees, which collectively place a significant strain on household budgets. The proposed bill's additional taxes and fees would pile onto an already oppressive tax structure, particularly at a time when Oregonians are grappling with high living costs. Below is a detailed breakdown of the existing layers of taxes and fees:

### **1. State Gas Tax:**

- **Rate:** 40 cents per gallon as of January 2024, increased incrementally from 30 cents in 2018 under HB 2017.
- **Impact:** For a driver filling a 15-gallon tank weekly, this equates to \$6 per fill-up or \$312 annually. The tax is not indexed to inflation, yet ODOT estimates it would need to be 51 cents per gallon to keep pace with 2023 inflation, indicating its already substantial burden.
- **Additional Local Gas Taxes:** Some cities, like Eugene, impose additional local gas taxes (e.g., 5 cents per gallon), further increasing costs for residents.

### **2. Vehicle Registration Fees:**

- **Cost:** Range from \$126 to \$156 every two years for standard vehicles, with higher fees for electric vehicles (\$316).
- **Impact:** For a family with two vehicles, this can cost \$252–\$312 biennially, or \$126–\$156 annually. These fees were increased under HB 2017 to fund transportation projects, yet ODOT continues to cite funding shortfalls.
- **Local Registration Fees:** Counties like Multnomah, Washington, and Clackamas add local registration fees, which can add \$30–\$60 annually per vehicle in those areas.

### 3. **Vehicle Title Fees:**

- **Cost:** \$101–\$116 for standard vehicles, \$192 for electric vehicles.
- **Impact:** These are one-time fees per vehicle purchase or transfer but represent a significant upfront cost, particularly for low-income households purchasing used vehicles. HB 2017 increased these fees, yet projects remain underfunded.

### 4. **Vehicle Privilege Tax:**

- **Rate:** 0.5% of the purchase price of new vehicles, paid by dealers but often passed on to consumers.
- **Impact:** For a \$30,000 new vehicle, this adds \$150 to the purchase cost. This tax, introduced under HB 2017, was intended to fund transportation but has not resolved ODOT's financial woes.

## 5. **Payroll Tax for Transit:**

- **Rate:** 0.1% of wages, deducted from every Oregon worker's paycheck to fund transit services.
- **Impact:** For a worker earning the median Oregon income of \$40,200, this tax costs \$40.20 annually. While modest individually, it affects all workers, including those who do not use transit, adding to the cumulative tax burden.

## 6. **Bicycle Tax:**

- **Rate:** \$15 per new bicycle costing \$200 or more, introduced under HB 2017.
- **Impact:** This tax targets cyclists, who already face limited infrastructure, and discourages sustainable transportation options. For a family purchasing two bicycles, this adds \$30 to their costs.

## 7. **Weight-Mile Tax for Commercial Vehicles:**

- **Rate:** Varies based on vehicle weight and miles traveled, paid by truckers.
- **Impact:** While primarily affecting commercial operators, these costs are often passed on to consumers through higher prices for goods and services. The Oregon Trucking Association has challenged this tax as unconstitutional, citing its disproportionate burden on truckers, who pay 34% of motorist taxes despite accounting for 14% of vehicle miles traveled.

## 8. **DMV Transaction Fees:**

- **Cost:** Fees for driver licenses, commercial licenses, and other DMV services, with proposed increases in 2023 to cover ODOT's short-term deficits (e.g., commercial driver license issuance rising from \$75 to \$160, regular license tests from \$9 to \$45).
- **Impact:** These fees affect all drivers and can total \$50–\$200 per transaction, particularly for commercial operators. Frequent renewals and tests add to the cumulative cost.

#### 9. **OReGO Road Usage Charge (Voluntary):**

- **Rate:** 1.8 cents per mile for participants in ODOT's voluntary program, primarily for electric and fuel-efficient vehicles.
- **Impact:** While currently voluntary, the proposed bill would mandate this charge for electric vehicles and fuel-efficient cars, potentially costing a driver traveling 12,000 miles annually \$216 per year.

#### 10. **City and County Taxes and Fees:**

- **Examples:** In addition to local gas taxes and registration fees, some jurisdictions impose other transportation-related fees, such as utility fees or street maintenance fees, which vary by locality but add to the overall burden.
- **Impact:** These fees can range from \$10–\$100 annually per household, depending on the jurisdiction, and are often opaque to residents.

## **The Proposed Bill's Additional Burdens**

The proposed funding bill would layer even more taxes and fees onto this already extensive framework, including:

- A 15-cent gas tax increase to 55 cents per gallon by 2028, costing a typical driver an additional \$117 annually.
- A 2% transfer tax on new car sales and 1% on used cars over \$10,000, adding hundreds to vehicle purchases.
- A tripling of the payroll tax for transit to 0.3%, increasing the annual cost to \$120.60 for a median earner.
- A mandatory road usage charge for electric and fuel-efficient vehicles, potentially costing \$216 annually.
- Increases to vehicle registration and title fees, further inflating costs for vehicle ownership.

These additions are projected to raise \$1.9 billion biennially but come at a time when Oregonians are already struggling with high costs of living, as noted by Republican lawmakers who called the proposal “tone-deaf.” A 2025 poll indicated that over 75% of Oregonians oppose tax increases, preferring tax cuts and greater accountability.

## **Conclusion and Recommendations**

The proposed ODOT funding bill is an ill-conceived response to a problem rooted in the agency’s own mismanagement. Oregonians should not be asked to pay more until ODOT demonstrates fiscal responsibility and prioritizes core functions like road maintenance over bloated megaprojects and administrative overhead. I urge the Oregon House to reject this bill and instead pursue the following:

1. Conduct an independent audit of ODOT's finances and operations to identify and eliminate waste.
2. Reform ODOT's budgeting and project management processes to ensure transparency and accountability.
3. Redirect existing funds from non-essential programs to critical maintenance needs.
4. Explore innovative funding mechanisms, such as public-private partnerships, that do not burden taxpayers.

Oregonians deserve a transportation system that is efficient, equitable, and accountable. This bill fails to deliver on those principles and instead punishes citizens for ODOT's failures. I respectfully urge you to vote against this legislation and demand better from our state's transportation agency.

Thank you for your consideration.

Sincerely,

Dustin James