

Written Testimony in Opposition to HB 2025
Submitted to the House Committee on Transportation
June 2025 – Oregon Legislative Assembly

Chairperson and Members of the Committee,

I submit this testimony in firm opposition to House Bill 2025, not out of disdain for the legitimate needs of Oregon's aging transportation infrastructure, but because the mechanism chosen to address them, namely, a wide-ranging suite of regressive taxes and administrative fees, reflects a failure of both fiscal prudence and legislative integrity.

HB 2025, styled as the "Transportation Reinvestment Package," is in fact an omnibus tax vehicle masquerading as reform. The bill layers substantial cost burdens on individual citizens and small businesses, while avoiding the more difficult and necessary task of structural realignment within the Oregon Department of Transportation (ODOT) and its underlying budget architecture. It is a document heavy on funding mechanisms and conspicuously light on performance accountability, cost containment, and statutory safeguards to ensure proper execution.

1. On the Bill's Fiscal Burden and Regressive Nature

The bill proposes a 15-cent increase to the state gas tax, phased in by 2029, and indexed to inflation, effectively creating a perpetual tax escalator that is immune from future legislative scrutiny. Registration fees, DMV testing costs, and titling expenses would rise dramatically, in some cases more than doubling. Even basic transactions such as transferring vehicle ownership or applying for license plates would trigger heightened fees, affecting low-income Oregonians disproportionately.

Of particular concern is the 2% excise tax on new vehicles and 1% on used vehicle transfers. These taxes apply indiscriminately, without means testing or exemption for essential service workers, rural residents, or those already paying above-average vehicle maintenance due to underinvestment in existing roads. The constitutional principle of equal protection under the law must include economic considerations, especially when legislation so clearly burdens mobility and commerce.

2. On the Statutory Authority and Administrative Risk

HB 2025 grants expanded fee collection authority to multiple state agencies, including the DMV, ODOT, and the Department of Revenue, without concomitant internal controls or independent review. New systems will be required to administer per-mile tracking for electric vehicles, commercial fleet permitting, and trip-based taxation. These systems, in addition to being ripe for cost overruns and implementation delays, also raise serious privacy and enforcement concerns that the bill does not address.

Additionally, the bill proposes the dedication of revenue into specific sub-accounts, such as the Anchor Project Fund, Great Streets Fund, and Safe Routes to Schools, yet fails to establish robust auditing protocols, sunset clauses, or refund mechanisms in the event of project delays or underperformance.

While the inclusion of performance audits by the Division of Audits may seem prudent, the bill offers no statutory recourse in the event those audits reveal mismanagement, cost inflation, or improper prioritization. In other words, oversight is nominal, not operative.

3. On the Legislative Process and Constitutional Implications

There is a troubling lack of legislative transparency surrounding the origins and development of HB 2025. While proponents speak of broad stakeholder engagement, key revenue provisions were reportedly negotiated in non-public forums, without meaningful input from the full legislative body or affected constituents.

This raises serious questions under Article IV, Section 25 of the Oregon Constitution, which requires clarity of legislative purpose and deliberation commensurate with the fiscal weight of the bill. Moreover, the multi-faceted nature of the tax increases may violate the single-subject rule, insofar as transportation-related taxation is being expanded through unrelated fee channels, e.g., DMV licensing and fleet permits, without demonstrating how those specific increases are essential to the stated purpose of highway rehabilitation.

4. A Better Path Forward

I urge the legislature to defer passage of HB 2025 and instead pursue the following amendments to any future transportation package:

- Impose mandatory spending caps tied to performance benchmarks on all earmarked transportation sub-funds.
- Require zero-based budgeting audits of ODOT prior to approval of new tax mechanisms.
- Institute income-based offsets or rebates to mitigate the regressive nature of new fees.
- Implement a statutory requirement for legislative re-authorization of all inflation-indexed taxes every biennium.

The people of Oregon are not merely taxpayers, they are citizens entitled to prudent governance. House Bill 2025 offers a long list of charges but very few guarantees. It expands the state's reach into private mobility and commerce while asking the public to trust the very institutions that have already wasted billions and mismanaged the backlog in infrastructure maintenance.

To pass HB 2025 in its current form would be to institutionalize inefficiency and codify regressivity. I urge you to vote no.

Respectfully submitted,
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