

Submitter: MIKE SLAGLE
On Behalf Of: This bill will hurt Oregonians
Committee: Joint Committee On Transportation Reinvestment
Measure, Appointment or Topic: HB2025

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

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- **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 lastminute introduction of such a significant and half-baked policy shift compounds the negative economic consequences