



Asphalt Pavement Association of Oregon

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Joint Committee on Transportation
Oregon State Legislature
900 Court St. NE
Salem, OR 97301

RE: Transportation Funding

Dear Joint Committee on Transportation Members,

Roads are critical infrastructure. Maintaining Oregon's roadway infrastructure is essential for every business and individual in the state. It is easier said than done and we appreciate the challenge you face since many Oregonians do not understand how roads are funded or how little they actually pay. We also share concerns over whether infrastructure funds have been spent in the right way and on the right programs. This letter is to provide the infrastructure construction industry's perspective because we have expertise in pavement and bridge conditions and funding, and it may help you make tough decisions.

Oregon Has Serious Needs

In March, ODOT published a [Pavement Condition Report](#) that has a message that is confirmed by driving Oregon roads – conditions are declining and many pavements considered fair are approaching poor.

- **Pavement funding has been flat since 2000.** Costs have gone up due to employee pay increases, inflation, and factors such as ensuring asphalt plants have appropriate environmental and safety controls. Traffic has also increased.
- Ignoring low volume highways would result in **paying five times more** – “[w]e can maintain them now for \$15 to \$20 million per year or pay \$70 to \$100 million per year to rehabilitate them after they have severely deteriorated.”
- Under present funding levels, we need bridges that can last 100 years at a maximum to last 900 years, and we need pavements that can last 15-20 years without preservation measures to last 160 years (in some cases up to 500 years).
- **Oregon's 25-year model of demanding more from the pavement system without increasing funding while costs are increasing is unsustainable.**

Funding Roads Saves Money and Reduces Emissions

Repair and maintenance costs increase exponentially as pavement conditions decline. Maintaining good pavement conditions is the most efficient use of infrastructure dollars. Compared to a surface repair, repairing the underlying pavement structure requires more work, delays travelers longer, and requires contractors to manufacture more materials.

What is less understood is how smoother roads prolong pavement life, decrease user costs (smoother roads require less energy to use, which means less fuel purchased), and decrease emissions (less fuel means fewer emissions). Research published in 2025 by Oregon State University confirms that the savings is substantial ([The Impact of Declining Roadway Conditions on Road User Costs and Greenhouse Gas Emissions](#)).

- Over the past 20 years, if ODOT had sufficient funding to maintain smoother pavements:
 - Oregonians would have saved \$142 million per year in tire wear and fuel costs. The savings are more than ODOT's pavement budget of \$110 million per year over that time period.
 - 423,462 metric tons of greenhouse gasses ("GHGs") would not have been emitted.
- Over the next 10 years:
 - If ODOT has enough funding to *substantially* improve smoothness, Oregonians would save \$221 million per year (\$190 million per year if Oregon's electric vehicle ("EV") predictions are correct), and there would be 579 million fewer metric tons of GHGs emitted (543 million fewer metric tons if Oregon's EV predictions are accurate).
 - If ODOT has enough funding to *slightly* improve smoothness, Oregonians would save an average of \$73 million per year (\$63 million per year if Oregon's EV predictions are correct), and there would be 192 million fewer metric tons of GHGs emitted (173 million fewer metric tons if Oregon's EV predictions are accurate).

There are nuances to the research and this summary is not a substitute for reading the report. We summarized the conclusions because they are largely unknown and yet critical.

- Smoother roads can only be achieved by maintaining and preserving existing roads more frequently.
- Providing funding for smoother roads costs money, but there is a corresponding financial savings to drivers and significant reductions in carbon emissions.
- Even if EV use increases as predicted, energy use will remain important and smoother roads will reduce grid demand because EVs use less energy on smooth roads.

- Smoother roads last longer, which lessens preservation needs over time.
- **Increasing funding to allow ODOT to deliver a smoother system requires investment, but the investment pays for itself over time because it creates a system that is cheaper to use, will be more durable, and will result in significantly fewer emissions.**

How Does Oregon Compare?

States that have sustainable funding have one thing in common – they have a major funding source in addition to gas taxes and registration fees.

- Utah: Sales taxes and general fund transfers together provide more than three times the state gas tax for infrastructure. In fact, Utah has fewer lane miles than Oregon and its transportation funding is 30 percent more.
- Virginia: Different types of sales and use taxes together provide nearly double the state gas tax for infrastructure.
- Florida: Tolls and registration fees provide almost equivalent funding as the state gas tax for infrastructure.
- Texas: Sales taxes (on oil and gas extraction exports) and other taxes provide almost equivalent funding as the state gas tax for infrastructure

States obviously differ in terms of population, culture, and economic base, which make direct comparisons tricky. The same is true for gas tax comparisons – comparing Oregon's gas tax to other states' gas tax without considering alternative funding sources is a false comparison.

Utah provides the closest comparison to Oregon in terms of population and economic base. Why would a conservative state vote to fund infrastructure through sales taxes, gas taxes, and major general fund transfers? The 2002 Winter Olympics. Oregon isn't going to host the Olympics anytime soon, but the lesson is that investing in roads and bridges positioned Utah for success over the long-term. It is on a different economic path than Oregon – largely because it has enough funding to build and maintain the roads and bridges its citizens and economy need.

Notably, no other state has successfully utilized a vehicle miles traveled program to an extent that has made a difference – that type of program might be the future, but that future is not here yet.

Funding Roads Supports Oregon Workers

Oregon asphalt pavement companies have shuttered and laid off crews at an alarming rate. That means less competition and increased prices – and it also means less money in our local communities.

Most of the money on any project goes to pay for materials and workers – all of whom are paid family wages. Those workers pay state and federal taxes and use the remainder to support themselves and their families – in other words, part of their pay goes back to the state and the remainder helps sustain communities in Oregon where they live. The same cannot be said for industries where manufacturing and services are largely based in other states and countries.

Portable asphalt plants provide an example of the effect of decreased funding. Portable plants are used in rural areas where there is not enough paving to support a plant and crew every year. There are about 20 employees per portable plant. Over the past decade, 7 to 10 portable plants have been sold or disassembled. Few of those 140 to 200 workers remain in the industry. Although the trend is most evident among portable plants, it is not confined to portable plants – there are fewer plants and workers across the entire industry.

When the roads in rural Oregon degrade to the point where repaving must happen immediately, there won't be any Oregon-based companies or crews and Oregonians will pay a premium for companies based elsewhere to pave our roads.

The current funding trajectory is dire for every worker employed by an Oregon paving company. The industry's concern is survival, not margins. **If Oregon continues to underfund its pavements, more companies will shut down and it will continue the snowball effect that has already started where Oregon will not be able to maintain road conditions and Oregonians will pay substantially more for a deficient system that causes more GHG emissions.**

Solutions

The solutions are all tough. Raising taxes is never popular – even though taxes for pavements and bridges is conservative in the sense that it saves money and makes the system cheaper to use. Highway construction is also not viewed favorably by climate activists – even though making the system smoother is the best thing Oregon could do to reduce emissions and ensure long-term electrical grid stability.

There are also valid questions about whether ODOT has spent money appropriately. We agree with concerns over the source of ADA Program funding and whether money spent on certain urban projects would have been better spent elsewhere. However, those issues are

policy oriented and separate from how money has been spent within the pavement and bridge programs. The engineers in those programs utilize engineering and asset management principles – the problem has been getting the money to those programs. Ensuring funding for those programs should be the starting point for any package.

Considerations:

- Every revenue source should be indexed for inflation and adjusted yearly.
- The Legislature and ODOT should disseminate the results of the [OSU research](#) referenced above through a public information campaign and should publish a summary on ODOT's website – **people need to know that smoother roads save them money, reduce electrical grid demand, and significantly reduce GHG emissions.**
- Gas taxes need to be raised – and ODOT and the Legislature should highlight that comparing gas taxes from different states is a false comparison because many other states have additional funding sources that dwarf their gas tax.
- General fund transfers have worked in other states and have justification in Oregon since they are viewed more favorably than sales taxes and ODOT has obligations in addition to pavements and bridges.
- **\$400 million per year is needed to preserve Oregon's pavements and \$650 million per year is needed to preserve Oregon's bridges.**
- **Local government funding for pavements and bridges should be increased by at least 40%. We are unaware of any local agency that has sufficient infrastructure funding, which has forced some to enact local gas taxes that has created a hodgepodge system that has created disparities.**

The worst possible result would be for politics or fears about public perception cause the Legislature to continue a pattern of assuming the problem can be solved later or implementing funding sources that simply do not provide anywhere near enough. **The need to repair our roads will not go away. Every day that passes results in more expensive repairs, longer projects, decreased safety, more GHG emissions, and a larger burden for the next generation.**

The transportation package should dedicate sufficient funding to pavements, bridges, and local agencies. We are willing to help – if there is anything you need from us or anything we can do to help develop a solution specific to pavements and bridges, please do not hesitate to ask.

Sincerely,



John J. Hickey, P.E., Esq.
Executive Director