



<b>Date:</b>	June 12, 2025
<b>To:</b>	Joint Committee on Transportation Reinvestment
<b>From:</b>	Mallorie Roberts, Association of Oregon Counties Legislative Affairs Director
<b>Subject:</b>	House Bill 2025

The Association of Oregon Counties (AOC) and the Oregon Association of County Engineers and Surveyors (OACES) support a comprehensive transportation funding package that grows and stabilizes the State Highway Fund, modernizes and diversifies its revenue sources, and maintains the county 30% share of State Highway Fund revenues.

AOC appreciates this committee's engagement with counties as you've developed House Bill 2025. You heard from commissioners and county road department staff at every stop of your listening tour last summer, and the message shared was consistent - counties are the state's partner in maintaining a safe and seamless shared transportation system, and shared revenues through the 50/30/20 State Highway Fund formula support this partnership.

Oregon counties are responsible for the largest share of Oregon's public road system, with over 32,000 miles and over 4,000 bridges. The county road system is very diverse – 1/3 of our road miles are unpaved, they are urban and suburban, rural and rural residential, they are forest roads, farm-to-market routes, alternatives to state highways, and critical emergency routes.

Statewide, nearly 5,000 county road miles and 2,355 county bridges are in poor or fair condition. Counties own half of all the bridges in Oregon, but are burdened with 76% of Oregon's structurally deficient bridges. A total of 987 county bridges have become restricted for heavy trucks in recent years. New revenue from HB 2025 would allow for transformational safety investments and system enhancements for county roads and bridges.

Like our state and city partners, counties rely on the State Highway Fund to maintain the transportation infrastructure on which all Oregonians depend. On average, the State Highway Fund makes up about 50% of all county road budgets. While counties have several local revenue-raising options for roads available, such as local gas taxes, vehicle registration fees, or service districts, most county tax bases are simply too small to meet the maintenance and enhancement needs of our road system, and counties generally are precluded by statute from using property tax revenues for roads.

Unfortunately, over the last 30 years, the federal government has abandoned Oregon's rural roads in particular. Dwindling timber harvest receipts that historically heavily supported road budgets in the many counties with a large amount of federal land left a very significant gap that has never fully been remedied. In 2000, Congress passed the Secure Rural Schools Act (SRS)

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to mitigate that revenue gap. As of today, the SRS has not been reauthorized by Congress. If Congress does not reauthorize SRS, Oregon county road departments face a collective reduction of almost \$30 million in federal funding this fiscal year.

House Bill 2017, Oregon's last historic transportation funding package, helped many counties maintain critical services and preserve our roads – though inflation has consumed much of the progress from those investments. Smaller rural counties particularly rely on the Small County Allotment program created by HB 2017.

Under current statute, \$5,750,000 is redistributed from the county 30% share of the State Highway Fund. \$5M is distributed outside of the typical county formula, which is based on registered vehicles, specifically to counties with fewer than 200k registered vehicles, and according to a ratio of road miles to registered vehicles. Another \$750K is distributed to six specific counties. Sections 110 and 121 of HB 2025 include AOC's proposal to modernize the small county allotment so that it increases commensurate with the overall increases in county funding through HB 2025. There will be a correction to this language so that it's a percentage of the county 30%, not of the whole State Highway Fund. This county-initiated/county-supported allotment ensures low population counties can maintain their thousands of road miles and bridges.

As the legislature continues to negotiate a final version of HB 2025, AOC would like to call out two items for further clarification and possible adjustment. It appears that the intent of HB 2025 Section 160 is to apply just to state-owned facilities, as the Oregon Transportation Commission does not have jurisdiction over county roads. Clarifying page 175, lines 12-13 language, to "state freight routes" would cement this intent.

We also understand that it is the legislature's intent for the new Transfer Tax to pay for Anchor Projects, Great Streets, and Safe Routes. AOC supports this intent, which maintains direct, sustainable investments in operations and maintenance on the shared system. However, we are concerned that the structure as proposed in HB 2025, funding for these new items could come at the expense of traditional funding mechanisms and back-to-basics programs – a critical priority of local governments, shared by ODOT, and by this committee. To ensure that existing State Highway Fund revenue mechanisms are not utilized for these programs, we would support and recommend amending HB 2025 to specify that the funding for Great Streets, Safe Routes to Schools, Anchor Projects must be funded solely by the new Transfer Tax and not at the expense of the shared 50-30-20 formula.

Counties from around the state have submitted testimony to the record about the urgency of passing a comprehensive package this session and the safety investments they will make. AOC is committed to working with you to pass a comprehensive package this session so that all transportation agencies can fund the operations, maintenance, and preservation of our shared transportation system and keep Oregonians safe.