



**June 14, 2025**

**RE: HB 2025, Key Pieces Still Needed to Meet Climate Goals**

Co-Chairs McLain, Gorsek, and members of the Committee,

My name is Brett Morgan, Transportation Policy Director at Climate Solutions, a Northwest clean-energy nonprofit. I grew up bucking hay and running tractors on my grandparents' farm outside Forest Grove. But being a farmer in Oregon is harder and harder when you take into context climate change. Heat domes, wildfire smoke, and erratic spring weather now threaten both the crop and the family livelihood. Those very changes trace back, in large measure, to Oregon's largest source of climate pollution: transportation. HB 2025 can help us turn that corner. It already contains historic wins for safety and mobility that deserve protection, but it also leaves key climate gaps that must be filled before we can truly call the package transformational.

**The progress worth keeping**

First, HB 2025 moves the needle farther than any prior package on basic safety. Record investments in Safe Routes to School, Great Streets, and Jurisdictional Transfer will let kids walk and roll without fear, fix long-neglected local roads, and reconnect communities split by dangerous arterials. Coupled with unprecedented rail and transit funding that averts a fiscal cliff for agencies statewide, these measures prevent service cuts, preserve jobs, and keep riders moving. Even the bill's revenue mix breaks new ground: by modernizing taxes and fees it shifts a greater share of costs off lower-income Oregonians. These are genuine victories for safety, equity, and climate, and they must remain intact as you finalize the legislation.

**The gaps that still threaten our climate goals**

Yet the HB 2025 base bill has no funding for off-street multi-use paths or the electrification that will anchor Oregon's clean-vehicle future. That omission sidelines the very projects—trail networks, e-bike connections, public depot chargers—that give communities real alternatives to driving with fossil fuels and cut emissions fastest.

Worse, several provisions would actually penalize drivers who choose cleaner cars. Having talked with staff working on the bill, it is my understanding forthcoming amendments to the base bill will help clarify some of the most significant concerns that are summarized below:

Provision	Why it matters
<b>Road-usage charge set 25MPG with Growth to 30MPG by 2028</b>	An EV would pay the same per-mile cost as a 20 mpg gasoline car, erasing the operating-cost advantage that federal policy is designed to create. The federal average MPG is close to 24MPG, and the Oregon average is closer to 30MPG. Therefore setting the MPG so low gives a cost advantage to any gas powered car EVs, and undercuts maintenance funding.
<b>\$110 extra EV registration fee</b>	The surcharge sticks around even after EVs start paying per-mile fees, effectively charging them twice until 2031. Low- and middle-income families considering used EVs will notice—and may walk away. It is my understanding that these provisions will be clarified in future amendments.
<b>Plug-in hybrids risk double payment</b>	Because PHEV owners would owe both per-mile fees and gas taxes without a clear reconciliation mechanism, the state could over-collect and create confusion.
<b>Commercial Delivery Fee</b>	As written, this would punish EV adoption for delivery vehicles. From the language in the bill, it appears that this is attempting to be a VMT delivery fee, and a Medium Duty Road Use Charge. The reality is it is neither. The commercial RUC should apply to all vehicle fuel types, including diesel and propane. In addition or alternatively, they state could institute a medium duty RUC to capture vehicles under 26,000 lbs that do not pay gas tax or WMT. The current language will harm fragile momentum in a targeted way.

Left unchanged, these provisions slow the very adoption curve the Legislature has been urging for a decade on electrification. Many of these elements, like the RUC, could be groundbreaking when implemented, but careful consideration is needed to ensure it enhances EV adoption, not penalizes it. EV drivers should pay their fair share, but some provisions as written in the base bill are strikingly unfair.

## Medium- and heavy-duty trucks: urgency after the ACT delay

Earlier this session the Committee postponed Oregon's Advanced Clean Truck (ACT) standard to 2027. That decision bought time for industry, but it also pushed back mandatory zero-emission truck sales and prolonged exposure to diesel soot. Freight corridors—often low-income or rural—will feel the strain in higher asthma rates, heart disease, and avoidable health costs that researchers peg at nearly **\$1 billion statewide over the next decade**.

Meanwhile manufacturers of charging equipment, electric buses, and supply-chain components wait for a clear demand signal. Absent near-term funding support for truck and bus rebates and charging infrastructure, Oregon's clean-tech economy will lag its neighbors and we will miss interim climate targets.

## **A practical fix: a 4 % luxury-vehicle tax**

The cleanest path to close these gaps is the forthcoming *dash-A* amendment: a **4 % sales tax on new vehicles priced above \$75,000**. Fewer than six percent of vehicles sold in Oregon clear that bar, so working families are unaffected. Every dollar raised would flow outside the highway fund to purposes the package currently overlooks:

- Roughly one-third for **Oregon Community Paths**, letting communities build safe trails and multi-use connectors wherever the right-of-way ends. This is money used by local governments for projects, and is oversubscribed 4:1.
- Two thirds go into **electrification programs** that increase investments in **clean trucks and buses, public and rural charging networks, e-bike incentive programs**, and programs that help slash climate pollution overnight.

The concept has broad grass-roots backing of Move Oregon Forward Adding it to HB 2025 would align luxury consumption with investments that benefit *every* Oregonian—cleaner air, safer streets, and a more resilient climate. Oregonians want demonstrably progressive tax wins in this package, beyond just the investments the package achieves.

## **Recommended adjustments before passage**

1. **Adopt the 4 % luxury-vehicle tax amendment** and dedicate proceeds as outlined above, and fund unmet needs in community trails and paths, and electrification in this package.
2. **Reset the EV road-usage charge to a 25 MPG equivalent, matching the national MPG average, and consider raising it to 30 MPG in 2028.**
3. **Repeal the EV registration surcharge immediately** instead of in 2031 to avoid double payment.
4. **Expand the Commercial Delivery Fee to all vehicle fuel types, and or, create a medium duty RUC**, but the current commercial delivery fee will absolutely penalize a profitable use of electric trucks in a hyper targeted way.
5. **Create a straightforward credit for PHEV owners** who already pay fuel taxes when they enroll in the mileage fee.

HB 2025 is poised to become a landmark transportation package—one that can cut fatalities, keep buses rolling, and launch a cleaner freight future. With the targeted changes above, the Committee can ensure every dollar moves Oregon toward its safety, equity, and climate goals without overburdening families or businesses. Oregon has a strong history of action through programs like clean fuels, and forward thinking land use. This package grows this legacy

through a clear commitment to safety, transit, and rail, that help people have options other than driving, but the data<sup>1</sup> clearly says we need to complement these investments with rapid acceleration towards a electrification and clean truck, bus, and car future.

Respectfully submitted,

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<sup>1</sup> <https://www.climatesolutions.org/resources/reports/transforming-our-transportation>