

****Opposition to Oregon House Bill 2025: A Costly Burden on Oregonians Without Accountability****

Oregonians are no strangers to high costs. With some of the highest gas prices in the nation, averaging \$4.12 per gallon as of mid-2025—well above the national average of \$3.45—families and businesses are already stretched thin. Yet, the Oregon Legislature is pushing House Bill 2025, a massive transportation funding package that would pile on nearly 20 new or increased taxes and fees, including a 12-cent gas tax hike, a 350% increase in the vehicle privilege tax, and a tripling of the payroll tax. This bill, projected to raise \$11.7 billion over the next decade, comes at a time when the Oregon Department of Transportation (ODOT) has admitted to a staggering \$1 billion budgeting error, casting serious doubt on its ability to manage funds responsibly. For working families, small businesses, and young adults like my children who are already struggling to stay in Oregon, HB 2025 is an unaffordable overreach that prioritizes tax hikes over meaningful reform and accountability.

A Gas Tax Hike That Hits Hard

Oregon's gas tax, currently at 40 cents per gallon, is already among the highest in the country. HB 2025 proposes to increase it by 12 cents, bringing it to 52 cents per gallon starting in 2026, with further adjustments tied to inflation. This would make Oregon's gas tax one of the most burdensome in the nation, further inflating pump prices that are already a strain. For the average Oregonian driving 12,000 miles per year in a vehicle with 25 miles per gallon fuel efficiency, this hike translates to an additional \$57.60 annually at the pump. For families with multiple vehicles or those in rural areas who rely on longer commutes, the costs add up quickly. Small businesses, especially those in transportation or agriculture, face even steeper increases, as diesel taxes would also rise.

This tax hike comes at a time when Oregonians are grappling with rising costs of living. Inflation has driven up expenses for groceries, housing, and utilities, leaving little room in household budgets. My young adult children, who are just starting their careers, are already considering moving out of state to escape Oregon's high costs. Adding another layer of expense at the gas pump makes it harder for them to stay and build a future here. Oregonians deserve relief, not a heavier burden.

A Punitive Vehicle Privilege Tax Increase

HB 2025 doesn't stop at the pump. It proposes a 350% increase in the vehicle privilege tax, raising it from 0.5% to 2.25% of a vehicle's sale price by 2028. This tax, paid by car dealers but often passed on to consumers, would apply to both new and used vehicles over \$10,000. For a \$30,000 vehicle, this means an additional \$525 in taxes—a significant hit for families or young adults purchasing their first car. Combined with proposed increases in vehicle registration fees (from \$43 to \$113 for passenger vehicles) and title fees (from \$77 to \$182), buying and owning a car in Oregon becomes a luxury few can afford.

These costs are particularly punishing for younger Oregonians. My children, like many in their 20s, are already navigating student debt, rising rents, and stagnant wages. A 350% tax increase on vehicle purchases makes it harder for them to achieve basic milestones like owning a reliable car to get to work. Instead of fostering opportunity, HB 2025 pushes young people out of Oregon, as they seek more affordable states like Idaho or Washington. The Legislature should be focused on keeping our youth here, not taxing them into leaving.

Tripling the Payroll Tax: A Direct Hit to Workers

Perhaps the most egregious part of HB 2025 is the tripling of the payroll tax, which funds transit programs. Currently set at 0.1%, the tax would rise to 0.18% in 2026, 0.25% in 2028, and 0.3% by 2030. For a worker earning \$50,000 annually, this means an additional \$100 per year taken directly from their paycheck by 2030. For small businesses already struggling with tight margins, this tax increase adds to labor costs, potentially forcing layoffs or price hikes that get passed on to consumers.

This payroll tax hike is particularly tone-deaf given Oregon's economic challenges. The state's unemployment rate, at 4.8% in mid-2025, is higher than the national average of 4.1%. Workers are already feeling the pinch, and businesses are hesitant to expand. Tripling the payroll tax not only burdens employees but also stifles job growth, making it harder for young adults like my children to find stable employment. Oregon needs policies that support economic growth, not ones that siphon more from paychecks.

ODOT's Mismanagement: No Accountability, No Trust

The most galling aspect of HB 2025 is its failure to address ODOT's well-documented mismanagement. In 2023, ODOT revealed a \$1 billion accounting error, overestimating federal funding and forcing the agency to delay projects and issue \$500 million in new debt. This wasn't a one-off mistake—ODOT has a history of cost overruns, high turnover, outdated financial systems, and poor project management, as confirmed by an independent review in 2025. Yet, HB 2025 offers no meaningful reforms to ensure taxpayer dollars are spent wisely.

Instead of demanding accountability, the bill hands ODOT billions in new revenue without addressing these systemic issues. Proposed measures, like performance audits or shifting the ODOT director's appointment to the governor, are superficial at best. Oregonians have been promised better roads and bridges before—most recently with the 2017 transportation package, which raised \$5.3 billion over a decade. Yet, potholes persist, bridges remain weight-limited, and traffic fatalities are rising. Why should we trust ODOT with more money when it has failed to deliver on past promises?

A Better Path Forward

Oregonians aren't opposed to safe roads or reliable infrastructure, but HB 2025's approach—piling on taxes without fixing ODOT's inefficiencies—is the wrong solution.

House Republicans have proposed an alternative, House Bill 3982, which redirects existing funds from non-essential programs like climate initiatives and vacant staff positions to road maintenance, saving \$732 million without new taxes. This plan prioritizes ODOT's core mission—safe roads and bridges—while avoiding further burdening taxpayers.

The Legislature should also explore innovative solutions, like expanding the OReGO road usage charge program for electric vehicles, which ensures all drivers pay their fair share without blanket tax hikes. Additionally, ODOT must undergo a comprehensive overhaul, adopting modern financial software, reducing administrative bloat, and prioritizing maintenance over costly megaprojects like the \$1 billion Interstate 5 Rose Quarter expansion.

The Human Cost

For families like mine, HB 2025 isn't just about numbers—it's about survival. My young adult children are being priced out of Oregon, forced to consider leaving the state they love because they can't afford to live here. The gas tax hike, vehicle privilege tax increase, and payroll tax tripling make it harder to stay afloat. Small businesses, farmers, and rural communities face similar pressures, as higher transportation costs ripple through the economy. Oregonians deserve a transportation system that works without being treated as an ATM for ODOT's failures.

Conclusion

House Bill 2025 is a shortsighted, burdensome proposal that fails to address Oregon's transportation challenges responsibly. With nearly 20 new or increased taxes and fees, it exacerbates the state's already high cost of living, hitting working families, young adults, and small businesses the hardest. ODOT's \$1 billion budgeting blunder demands reform and accountability, not a blank check. The Legislature must reject HB 2025 and pursue solutions that prioritize efficiency, fairness, and affordability. Oregonians can't afford this bill—and neither can our future.

Thank You,
Shelena Hunter