

Legislative Testimony on HB 2025

Oregon Joint Committee on Transportation Reinvestment, June 26, 2025

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Co-Chairs McLain and Pham, and members of the committee:

My name is Joe Cortright, I'm an economist with City Observatory and I am here today to urge you to vote NO on HB 2025. While we need to address Oregon's transportation challenges, this bill fundamentally fails to solve ODOT's financial crisis and instead perpetuates the very problems that created our current predicament.

The Real Problem: ODOT's Management Failures

Let me be clear about how we arrived at this crisis. The Oregon Department of Transportation's financial woes are not primarily due to electric vehicles or fuel-efficient cars, as the agency claims. They stem from a pattern of systematic management failures, including persistent cost overruns on megaprojects and wildly optimistic revenue projections.

Consider the track record since the 2017 transportation package. The I-5 Rose Quarter project, initially promised at \$450 million, has ballooned to \$2.1 billion—a 362% cost overrun. The I-205 Abernathy Bridge project has tripled from \$250 million to \$815 million, with ODOT acknowledging further increases are coming. The Newberg-Dundee Bypass has seen a 417% cost increase, and the Salem Center Street Bridge has experienced a staggering 550% increase.

This is not accountability—this is fiscal recklessness.

HB 2025: Promising More Than It Can Pay For

HB 2025 creates an "Anchor Projects" fund receiving roughly \$100 million annually to fund five named projects. However, the bill contains no estimate of what these projects will actually cost.

Based on ODOT's own figures, these five projects require approximately \$5.2 billion total, with roughly \$3.5 billion currently unfunded.

Section 120, the anchor projects fund, writes a check that Section 60, 38 percent of the privilege & use tax, can't cash. Nothing in the testimony, the staff report or the fiscal impact statement discloses the actual cost of these promises. Together the five named projects will need an additional \$3.5 to 4.0 billion, and when bonded, the net increase in revenue over the next 25 years, would cover less than half that: only about \$1.3 to 1.4 billion. You're automatically creating a future budget hole.

This funding shortfall virtually guarantees that ODOT will employ its familiar "driving stakes, selling bonds" strategy: start projects with insufficient funding, then return to demand more money once construction begins.

The Elephants in the Hearing Room

Perhaps most troubling, HB 2025 makes no provision for the largest transportation project in Oregon's history: the Interstate Bridge Replacement. For 18 months, ODOT has promised updated cost estimates for this project while repeatedly missing its own deadlines. It's likely the project will increase in cost to \$9 billion, adding a billion dollars to Oregon's share of project costs, yet HB 2025 provides nothing for these anticipated cost overruns or likely shortfalls in hoped for federal funding.

Similarly, the bill ignores the \$1.1 billion Hood River Bridge project, which has already doubled from its original \$520 million estimate. These omissions represent billions in additional unfunded liabilities that will inevitably fall to Oregon taxpayers.

False Accountability Measures

The committee has heard claims that HB 2025 addresses ODOT's accountability problems, but these measures are largely cosmetic. Having the Governor hire and fire ODOT's director merely reverses changes made in 2017 that were supposed to improve accountability then. Creating dashboards, periodic audits, and oversight committees repeats measures that have already been tried and proven ineffective.

More concerning is the reliance on conflicted consultants. WSP, hired by ODOT, has billed nearly \$80 million on the Interstate Bridge project. AtkinsRealis, hired by the Legislature, just spent \$300 million to acquire David Evans and Associates—the second-largest contractor on the Rose Quarter project and a firm that auditors found submitted \$17 million in questionable claims on the failed Columbia River Crossing.

These firms profit when projects go over budget. Asking them to recommend fiscal discipline is like paying foxes to offer ideas on henhouse security.

The Inevitable Outcome

If HB 2025 passes, here's what will happen: ODOT will launch multiple megaprojects simultaneously with insufficient funding. When cost overruns occur—and they will—the agency will claim a legislative mandate to complete these projects. It will then shortchange maintenance and operations while demanding additional funding from higher taxes or the General Fund, diverting money from schools, healthcare, and essential services.

This is exactly what happened after HB 2017. ODOT raided Rose Quarter funding to pay for Abernathy Bridge overruns, then shifted money back when tolling revenue disappeared. Meanwhile, Oregon's roads continued deteriorating because available funds were consumed by megaproject cost overruns.

A Better Path Forward

Instead of repeating these mistakes on an even larger scale, Oregon needs genuine transportation reform. This means:

- Really prioritizing maintenance and operations over open-ended commitments to expensive highway expansions
- Right-sizing projects to match available resources
- Requiring accurate, independently verified cost estimates and complete financial plans before any project begins
- Implementing meaningful penalties for contractors and agencies that exceed budgets
- Eliminating conflicts of interest in project oversight

The Bottom Line

HB 2025 represents a huge tax increase, yet fails to solve the underlying problems that created our transportation crisis. Instead, it promises billions more in megaproject spending than it can fund, setting up an even larger financial problem in the years ahead.

You cannot have accountability without accounting, and HB 2025 fails this basic test. The bill's authors couldn't even tell us how much each of these promised projects would cost, yet they expect taxpayers to trust ODOT with additional billions in taxes plus writing a blank check for future cost overruns.

Oregon deserves better than this fiscally irresponsible package that feeds the megaproject machine while failing to address our real transportation needs. I urge you to vote NO on HB 2025 and demand genuine reform that puts fiscal responsibility first.

Analysis of Anchor Project Costs, Cost Overruns and Remaining Unfunded Liability

Project	Initial Cost	Year	Latest Estimate	Year	Overrun	Remaining St. Unfunded
I-5 Rose Quarter	\$450	2017	\$2,080	2025	362%	\$1,000
I-205 Abernathy Bridge	\$248	2018	\$815	2024	229%	\$600
Newberg Dundee Bypass (All Phases)	\$222	2002	\$1,148	2024	417%	\$800
Salem Center St. Bridge	\$60	2017	\$390	2025	550%	\$300
I-205 Stafford Road to West Linn	\$453	2022	\$800	2024	77%	\$800
Total			\$5,233			\$3,500