

TINA KOTEK  
GOVERNOR



**TO: THE JOINT COMMITTEE ON TRANSPORTATION FUNDING**

**FR: KELLY BROOKS, TRANSPORTATION ADVISOR TO GOVERNOR TINA KOTEK**

**DT: AUGUST 29, 2025**

**RE: INTERIM COMMITTEE ON TRANSPORTATION FUNDING QUESTIONS AND RESPONSES**

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**INTRODUCTION:**

The following memo provides responses to the questions posed by members of the Joint Interim Committee on Transportation Funding during its public hearing on August 25, 2025.

**QUESTIONS AND ANSWERS:**

**1. Rep. Drazan: The LAB eliminated 121 positions in ODOT's budget. Are those being bought back by LC 2? Are those vacancy savings from the original ODOT budget still being realized?**

ODOT started the budget process with a \$354 million budget shortfall, which was calibrated to leave a \$75 million ending balance to address cash flow needs and cover additional and unexpected costs.

In ODOT's budget bill, the Legislature eliminated 121 positions and made other budget reductions, cutting the budget shortfall needing to be restored to \$308 million. LC 2 is designed to fill the remaining budget gap following the legislature's elimination of these positions; it does not restore or buy back the 121 positions.

The LRO revenue estimate on LC 2 shows \$587 million in State Highway Fund revenue this biennium, with \$290 million directed to ODOT. The agency has worked with the Legislative Fiscal Office to determine whether this amount is sufficient to cover the spending in the Legislatively Approved Budget and leave a sufficient ending fund balance. LFO concluded that due to projected savings in ODOT's budget, including savings from austerity measures in the first five months of the biennium and cancellation of a maintenance facility project, that the additional revenue in LC 2 would be sufficient to cover the projected spending and leave an estimated \$87 million ending fund balance. As a result, no additional reductions will be necessary to close the budget gap if LC 2 is passed, but none of the positions eliminated in the LAB are restored.

**2. Sen. Bonham: Has there ever been a time with more gas tax revenue than today?**

The Legislative Revenue Office is responding to this question.

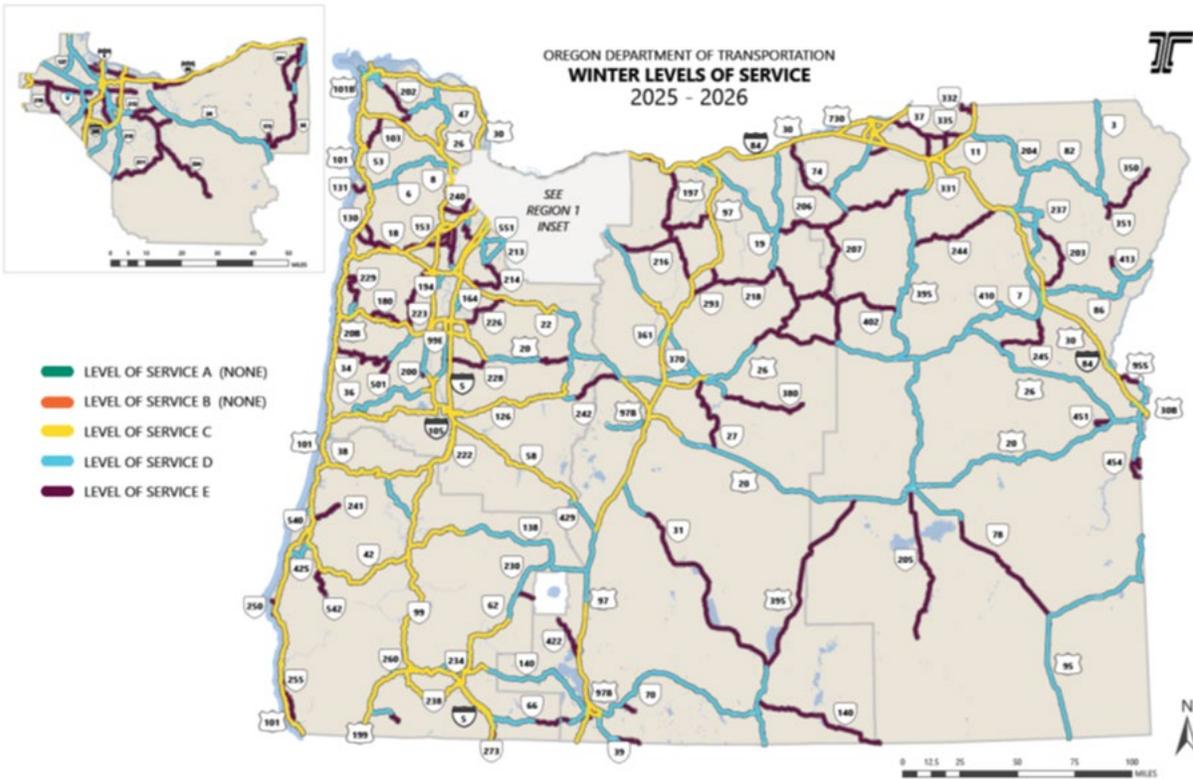
**3. Rep. Bowman: How many road miles will not be plowed this winter without additional transportation funding? Assuming we can't plow those roads, do we have a plan re: emergency response?**

- All state highways will see reduced levels of winter service.
- ODOT will be forced to close 12 maintenance stations that take care of 765 road miles without new funding.
- The more than 3,400 highway miles maintained at ODOT's highest levels of winter service last biennium will be maintained at lower service levels with no highways receiving winter maintenance at the two highest service level categories without additional funding.
- Nearly two thirds of our state highway miles will receive limited winter maintenance at ODOT's two lowest service levels, up from 16% previously.

Without the passage of LC 2, the Oregon Department of Transportation (ODOT) will face a severely strained maintenance budget to perform essential services that Oregonians rely on and will lay off 212 maintenance workers and eliminate 170 vacant positions on September 15. The limited funding and staffing resources will be balanced between critical competing maintenance needs, one of which is winter maintenance services for the 2025 and 2026 winter seasons.

In the absence of additional funding for the 2025-2027 biennium, ODOT will be forced to close 12 maintenance stations that take care of 765 road miles. These stretches of road will need to be split among the agency's remaining stations, which have also faced reductions that impact their capacity. As a result, whereas more than 3,400 highway miles were maintained at ODOT's highest levels of winter service (i.e., Service Levels A & B) last biennium, zero highway miles will be maintained at such levels this biennium without additional funding. A corresponding amount of highway miles will be maintained at lower service levels, with the number of miles receiving the lowest level of service increasing from 25 to 2,150 . Interstate 5 and Interstate 84 have traditionally been maintained at Level of Service A or B, but even these key routes will drop to Level of Service C. Additional details on anticipated winter service levels along with a description of each level are included below.

The following map illustrates the expected level of service (LOS) on state roads if LC 2 does not pass.:



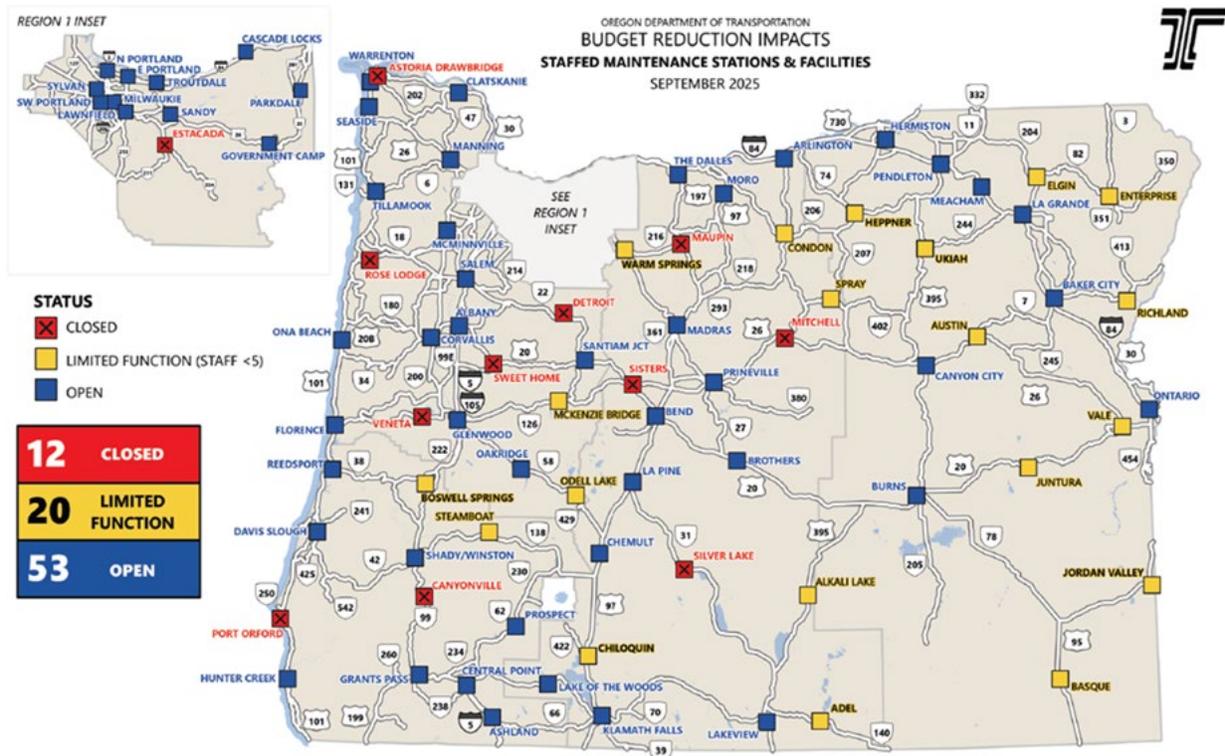
As illustrated in the LOS map above, ODOT will be unable to provide Level of Service A & B anywhere in Oregon for the duration of the 2025-207 biennium with current funding levels. For context here is the [Winter Service Level Map from 23-24](#).

The following table describes each LOS category and what Oregonians can expect:

Service Level A	<p>These roads are top priority. Meaning:</p> <ul style="list-style-type: none"> <li>● Crews work continuously during storms, with overtime expected.</li> <li>● Cycle times for plows are more frequent.</li> <li>● Roads are pretreated and actively treated with deicer and sand where needed.</li> <li>● These roads are cleared to bare pavement as soon as practical and reopened quickly after closures.</li> <li>● Chain and traction tire requirements will be limited in duration.</li> </ul>
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<p>Service Level B</p>	<ul style="list-style-type: none"> <li>● These roads are plowed continuously, though cycle times may be longer and there may be gaps between crew shifts.</li> <li>● Overtime may be used in these locations if critically needed.</li> <li>● Pretreatment and materials like salt and sand application is more reserved to trouble spots (e.g. hills, curves, and intersections) and other areas where appropriate.</li> <li>● Travelers should expect patches of ice, slush, and snow throughout and after storms.</li> <li>● Roads are reopened as soon as practical after crashes or other incidents.</li> <li>● Chain and traction tire requirements will be more frequent and longer lasting than LOS A.</li> </ul>
<p>Service Level C</p>	<ul style="list-style-type: none"> <li>● Crews may be limited to only daytime shifts when resources are limited.</li> <li>● Plow cycle times will be longer than service level B.</li> <li>● Overtime use is minimized.</li> <li>● Materials like sand and de-icer are limited to use only in trouble areas.</li> <li>● Travelers should expect snow and ice will regularly accumulate, and closures due to storms or incidents will generally be longer than service levels A&amp;B.</li> <li>● Chain and traction tire requirements are more likely to be in place for the duration of the storm.</li> </ul>
<p>Service Level D</p>	<ul style="list-style-type: none"> <li>● These roads are maintained generally only during daylight shifts.</li> <li>● Overtime is not usually authorized.</li> <li>● Pretreatment is generally not done, and sanding is limited to trouble spots and only when resources are available.</li> <li>● Plow cycles are more infrequent than service level C.</li> <li>● Travelers should expect snow and ice may persist, and closures or delays will be more common and longer lasting.</li> <li>● Chain and traction tire requirements will typically be in place for the duration of the storm and beyond.</li> </ul>
<p>Service Level E</p>	<ul style="list-style-type: none"> <li>● These roads are often closed for extended periods during adverse weather. If open, they may have very limited plowing, and only during day shifts when resources are available.</li> <li>● Overtime is not used.</li> <li>● ODOT will generally not sand, pretreat, de-ice or salt these roads; including roads that are closed all winter, like OR 242 over McKenzie Pass in Central Oregon.</li> </ul>

Responding to winter events on Service Level C, D & E roads will be impacted by a combination of staff availability, locality to open maintenance facilities, and available resources. Without the passage of LC 2, ODOT will have to close 12 maintenance stations that currently take care of 765 miles of road in Oregon. Services for these roads will need to be split among the remaining maintenance stations. It's important to note the remaining maintenance facilities will also have smaller crews. Per the map below, twenty of the remaining maintenance stations will have fewer than five staff with some stations having as few as one or two staff members. At these levels, a 24/7 maintenance schedule is not possible, and the agency will have no resiliency to absorb retirements, resignations, or employees out on sick or medical leave, which will further impact the agency's ability to respond to winter events. In addition to the permanent and seasonal staff reductions, ODOT will also be constrained in hiring temporary staff to help with winter maintenance.



Due to the factors described above, all state roads in Oregon will see a decrease in winter maintenance services. Snowplow frequency and use of materials will be greatly reduced as a significant number of highway miles drop to LOS D & E. The chart below shows the approximate miles of state roads that will be in each level of service category during the 2025-2027 biennium compared to the 2023-2025 biennium:

### Approximate Highway Miles by Level of Service Category Comparison<sup>1</sup>

Category	2023-2025	2025-2027
Level of Service A	765	0
Level of Service B	2660	0
Level of Service C	2810	2700
Level of Service D	1140	2550
Level of Service E	25	2150

<sup>1</sup> Mileage excludes frontage road and connector mileage.

Given the staffing levels described above and the expected winter level of service in the absence of additional funding, ODOT expects there will be impacts for school districts, emergency services, and commuters on the state system. Most level of service D and E routes and some level of service C routes will have daytime shifts only, which means it will not be possible to provide services on all routes prior to morning school bus trips or morning commutes or to respond to incidents or winter events. ODOT will try to support ambulance calls during storm events when staffing availability and resources allow. When incidents requiring emergency services occur outside of scheduled shifts, ODOT's response will be delayed due to staff capacity and locality of the closest open maintenance station. ODOT is performing outreach to emergency response partners as part of the agency's regional winter planning efforts to ensure they can factor this into their winter planning.

#### **4. Rep. Boshart Davis: What other non-SHF monies are available to pay for things like winter maintenance?**

The Legislative Fiscal Office prepared a comprehensive memo on both highway and non-highway funds that flow through ODOT that are statutorily directed towards specific programs. Here is some additional background on these revenues and the impacts of redistribution. Redirecting revenue from these sources would diminish funding for programs that support safety, small businesses, transit options for seniors and individuals with disabilities, and more. Furthermore, the unobligated total of funds available from the additional sources of state highway fund dollars does not close the ODOT budget gap for this biennium.

#### **Specialty Fees, Penalties and Set Asides - \$18.3M per year, \$17.9M unobligated**

These are generally funded by specific fees on a particular service or industry. Examples of these include: Business Regulation Fees, Custom License Plates, Gross Rail Receipts, Grade

Crossing Safety Improvement Fund, Consumer Protection Household Moves Account, Bike Excise, Student Driver Training, Winter Recreation, Grade Crossing Protection Account, Motorcycle Safety, Snowmobiles

These programs charge fees or set aside a portion of fines to fund programs services. For example, the \$800,000 in the snowmobile fund is paid by taxes and fees on snowmobile users for trail maintenance.

### **Connect Oregon, Safe Routes to School, Bike and Pedestrian \$42.4M per year - \$74M unobligated**

#### **Connect Oregon:**

The Connect Oregon program was established by the 2005 state legislature to invest in non-highway modes of transportation. The program currently funds aviation, rail, and marine projects via competitive grants and matching funds for federal grant programs. In past years, the program also funded bicycle, pedestrian and transit projects. As of 2024, there have been eight competitive grant funding opportunities under the program and the program has awarded \$512 million to 240 projects to all regions throughout the state. A complete list of projects is available [here](#).

The program was initially funded through six rounds of lottery bonds. In HB 2017, the Legislature shifted funding to a portion of the vehicle dealer privilege tax to have an ongoing dedicated funding source. Each year, the privilege tax provides just under \$20 million in revenue for the Connect Oregon program. By law, ODOT can issue a grant solicitation when we have \$50 million in the fund for grants. The next competitive grant round will likely launch in 2026.

The most recent Competitive Grant funding round for the Connect Oregon program concluded in October 2024. The Oregon Transportation Commission approved \$48 million towards 19 aviation, marine and rail projects at their October 2024 meeting.

Impact: Most Connect Oregon projects – particularly rail and marine projects – do not have other funding sources, so they would be unlikely to be funded.

#### **Safe Routes to School:**

“Safe Routes to School” refers to efforts that improve, educate, or encourage children safely walking (by foot or mobility device) or biking to school. The Oregon Department of Transportation has two main types of Safe Routes to School (SRTS) programs:

- **Construction projects** focus on making sure safe walking and biking routes exist through investments in crossings, sidewalks, bike lanes, flashing beacons, and the like within 2 miles of schools. This program was created in HB 2017 when the Legislature set aside \$15 million per year off the top of the additional State Highway Fund resources. The OTC has supplemented this with Federal Highway Administration formula funds.
- **Education and technical assistance** focus on education and outreach to assure awareness and safe use of walking and biking routes. This has been funded by Federal Highway Administration formula funds that are focused on walking and biking.

Because FHWA formula funds cannot be redirected to operations and maintenance, only the \$15 million in State Highway Fund dollars directed under HB 2017 (ORS 316.095) could be used to close ODOT's O&M funding gap.

To date, ODOT has awarded 151 construction grants in all regions of the state, as shown on an interactive map on our [SRTS website](#). Most grants go to local governments for improvements on city and county roads, but ODOT also receives some funds for improvements on state highways. In the most recent round of grants from January 2025, the Oregon Transportation Commission awarded more than [\\$31 million in funding to 28 projects](#) in all five ODOT regions in both urban and rural areas. ODOT received 89 applications requesting \$138 million.

Impact: If Safe Routes to School funds were redirected to O&M, local governments and school districts would not be able to invest in these valuable student safety projects.

### **Bike and Pedestrian:**

The "Pedestrian and Bicycle Bill" (ORS 366.514) was enacted in 1971 to ensure Oregon roadways provide facilities that allow for safe travel by people walking and biking. The law establishes when pedestrian and bicycle facilities must be provided as part of transportation projects. The law applies to all transportation projects in the state, regardless of who owns the facility, project funding source, or amount.

Under ORS 366.514, ODOT, cities and counties are required to use at least 1% of their allocation of the State Highway Fund for bikeways and walkways. This is State Highway Fund money, meaning it is subject to the constitutional restriction and must be used for projects within the highway right of way.

ODOT uses the 1% for bike/ped improvements on the state highway system. Some of these are standalone projects, and in other cases bicycle/pedestrian features are added to existing projects. Some of the money is used for quick fix and maintenance works. Each region receives an allocation of funds.

Impact: Elimination of these dedicated funds would make it more difficult to cover the cost of bike and pedestrian elements on ODOT projects.

### **Small Cities Fund - \$2.5M per year, \$0 Unobligated**

The Small City Allotment (SCA) program provides annual grant funding for local transportation projects in cities with populations of 5,000 or less. Grants are available up to \$250,000. As the need for these funds far exceeds the availability, grants are awarded per a competitive process. The program is funded at \$5 million per year, half from an appropriation of highway funds for cities and half from moneys available from the State Highway Fund. [In 2025](#), ODOT funded projects in 22 small cities in all regions of the state.

Impact: Reallocation of this funding would cut the total dollars available by 50%, greatly impacting small city access to local infrastructure improvements.

### **Emerging Small Business Program - \$4M per year, \$3M unobligated**

Under ORS 200.190, ODOT deposits 1% of the value of highway construction contracts into the Emerging Small Business Account. These funds are used for contracting with Oregon's small business community on projects up to \$250,000. These funds are often used for operations and maintenance related work, including repairs to maintenance facilities and minor maintenance projects on state highways.

Impact: Last biennium, ODOT undertook nearly 100 small projects all across the state using these funds, much of which went to maintenance and operations. If ESB were redirected, ODOT would need to find other O&M funding to backfill these funds.

### **Transportation Operating Fund - \$18M per year, \$1.8M unobligated**

The Transportation Operating Fund (TOF) is created under ORS 184.642 and by law consists primarily of non-highway motor fuel taxes, such as from lawnmowers or off-road equipment. This fund is not constitutionally restricted to highways.

By statute, ODOT is allowed to use these funds to pay for functions the department is statutorily required or authorized to perform and that are not eligible for the State Highway Fund. This frequently includes instances when the Legislature passes bills that direct ODOT to take action but doesn't provide general fund resources. The OTC approves the agency's allocation of TOF each biennium in the Agency Request Budget.

The following are among the major uses of the TOF and the associated impact of reallocation:

- **Passenger rail:** The TOF is the largest source of funding for passenger rail, projected at \$23.5 million in the 2025-2027 biennium.
  - Impact: Without this funding source, ODOT would have to cancel the Amtrak Cascades service between Portland and Eugene, as other funding sources would be inadequate to cover the costs.
- **Senior and disabled transit:** About \$6.5 million a biennium is transferred to senior and disabled transit.
  - Impact: Reallocating these funds would reduce funding that supports transit for seniors and individuals with disabilities.
- **Match for federal rail grants:** ODOT has set aside \$4 million in TOF funds to match federal Consolidated Rail Infrastructure and Safety Improvements (CRISI) grants that improve passenger and freight rail infrastructure.
  - Impact: Without this funding, ODOT would likely not be able to apply and would lose out on federal matching funds for passenger and freight rail infrastructure safety
- **Community Paths:** The Community Paths program is a grant program for local governments that funds off-road trails to improve access and safety for people walking and biking. ODOT supplements federal funds and state funds from the bicycle excise tax and vehicle dealer privilege tax with \$3 million in additional TOF funds.
  - Impact: ODOT would have to cut back funding for this popular program without this revenue.

- **Community Charging:** ODOT's Climate Office uses TOF for small grants that help install Level 2 charging stations.
  - Impact: This is the program's only funding source so ODOT would have to end the program.
- **Innovative Mobility Program:** The OTC directed \$5 million in TOF to the Innovative Mobility Program, which is designed to improve historically underserved communities' access to public and active transportation, reduce the number of trips Oregonians make by car, and reduce greenhouse gas emissions.
  - Impact: Without this funding, the program would rely exclusively on federal funds that can be more difficult for grantees to use.
- **Rail Safety Oversight:** ODOT's Rail Safety program uses TOF to cover match on federal grants for the State Safety Oversight Program, which focuses on ensuring safety of rail fixed guideway systems like the MAX. This is a required function that states must have for any transit provider in the state to receive Federal Transit Administration funds.
  - Impact: Without TOF, ODOT would not have a match source for this program and would have to end the program, jeopardizing all FTA funding flowing to the state.
- **DMV:** DMV uses the TOF for a wide variety of specialty functions, from Motor Voter to specialty plate and Towing Board upfront expenditures that are expected to be reimbursed in the future.
  - Impact: This biennium, DMV may need TOF funding to cover costs of regulatory functions such as auto dismantler regulation because the fees no longer cover the cost of this work.
- **Transportation Safety Office (TSO):** The TSO uses TOF for a variety of small safety programs and projects that can't be covered with State Highway Fund dollars.
  - Impact: Without TOF ODOT would be unable to support these safety programs.
- **Household Goods:** The Commerce and Compliance Division (CCD) uses TOF to cover a portion of the [household goods moving](#) regulatory program, which is not a highway function.
  - Impact: ODOT would likely have to reduce or end this program.
- **Workzone Safety:** ODOT uses a small amount of TOF for workzone safety enforcement activities that are not State Highway Fund eligible.
  - Impact: Reduced funding for workzone safety.
- **Litter:** ODOT provides a small increment of TOF funding to SOLVE for programs related to litter cleanup.
  - Impact: Reduced funding for litter cleanup.
- **Fallen Hero Memorial Signs:** ODOT uses a small amount of TOF to cover the cost of implementing HB 3001 (2023) for Fallen Hero Memorial Signs.
  - Impact: Reduced funding for this signage that commemorates fallen heroes.

**STIF - \$150M per year from employee payroll tax, \$15M unobligated; \$6.5M per year from ID cards and Cigarette Tax Revenue, \$0 Unobligated.**

The STIF is distributed primarily in three funds: STIF Formula, STIF Discretionary, and STIF Intercommunity.

STIF Formula is 90% of STIF funding and provides stable revenue for Qualified Entities (transit districts, counties, and tribal governments across the state. It includes two components: payroll tax funding distributed where the payroll tax was collected, and population-based formula funding for service for seniors and the disabled. STIF Discretionary grants (5% of STIF funding) support competitively selected projects that improve public transportation in Oregon. STIF Intercommunity grants (4% of STIF funding) specifically support projects that improve the coordination and connectivity of the statewide transit network. The STIF program also funds the statewide public transportation technical resource center (TRC).

- The STIF formula program has distributed \$680M to 42 Qualified Entities to invest in transit between 2019 and June 2025.
- STIF Plans for 2025-27 describe \$425M in transit investments planned for the next two years, including operations, vehicles, and planned capital projects.
- Through March 2025, the STIF Formula program has supported more than 71 million rides across Oregon.
- Between April 2024 and March 2025, STIF Formula supported 18 million transit rides. Of these, 1.7 million rides were provided in rural and tribal areas, or approximately 66% of all rides in these regions. This included 837,000 (33% of total) trips made by older adults and people with disabilities.
- In addition, the STIF Intercommunity program, which connects rural and urban areas, supported a significant increase in coverage and connections, with new lines and more frequent service. Since 2019, agencies developed new services, expanded service hours, provided reduced fares, and scaled up operations.

Impact: Eliminating STIF payroll tax funding would reduce many rural Oregonians' access to employment, education, healthcare, commercial opportunities, and recreation because these services would be canceled. There would also be impacts to older adults and people with disabilities.

If STIF were eliminated, agencies in both urban and rural parts of the state would drastically cut services or even cease operations. A few examples include:

- TriMet would be forced to make significant service cuts, including reducing frequency and hours of operation, shortening routes, and eliminating some bus lines entirely.
- The Link would be forced to cut all service to the remote parts of Wasco County.
- Lane Transit District would have to cut all rural transit services.
- Gilliam County would cease public transportation operations entirely.

Eliminating STIF would hinder transit agencies' ability to get new federal funds because it is used for local match dollars. As of the end of 2024, every STIF dollar leverages 27 cents of matching investment from local and federal resources.

## **5. Sen. Starr: Does this LC get us to cost responsibility?**

The Legislative Revenue Office is responding to this question.