

**Testimony of John A. Charles  
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Before the Joint Committee on Transportation Funding  
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My name is John Charles, and I am President of Cascade Policy Institute.

In 2001, I was appointed to the Oregon Road User Fee Task Force. Our job was to develop new ways to pay for roads.

At our first meeting, ODOT staff gave us a briefing in which the core message was that the gas tax would soon become obsolete, due to the coming EV revolution and improved fuel economy of the vehicle fleet.

But the mass conversion to EVs never happened. Moreover, the gas tax is just 1 of 12 different revenue sources for ODOT.

Between 2018 and 2024, ODOT's total net revenue went up from \$2 billion to 2.6 billion. Adjusted for inflation, ODOT still gained \$96 million over that period.

The ODOT prediction of doom has been wrong for the last 24 years. Maybe you should consider other options besides raising taxes. I'll suggest two:

- First, ODOT is overly constrained in how it is allowed to spend state highway fund dollars. You can change that by authorizing more flexibility.
- Second, ODOT has \$3.9 billion of highway user tax bond debt. Last year, ODOT's debt service payments totaled \$358 million, which ate up 55% of the agency's gas tax revenue. I refer to this as the ODOT tapeworm. One solution would be to reimburse ODOT for its debt service payments. Another would be to refinance the debt with lottery bonds.

The Governor's Recommended Budget for ODOT for the 25-27 biennium included \$732 million for debt service. The maintenance budget was only \$919 million.

If you solve the debt service problem, you solve the maintenance problem.

