

# Oregon Transportation Reinvestment Package (TRIP) 2025 – Starting Point

The below package stays true to Oregon’s values of a user-pay system and enhancing access through a multimodal approach. Its creation has spanned over two years: It was built by the public’s voice, heard throughout the 13 legislative listening tour stops all over the state in the spring and summer of 2024, as well as by the advice of transportation experts and advocates during the fall transportation workgroups. All recommendations are rooted in building and maintaining a safe, equitable, and environmentally responsible transportation system.

**State Highway Fund:** Our economy and quality of life depend on our ability to keep our roadways operating daily. Without funding reform, Oregon will continue to see a decline in the safety, reliability, and quality of its transportation system. Though the below proposal is less than the requested amount in the Governor’s Requested Budget, the raised revenue will be essential to maintaining safety across the state.

## *Purpose*

- The vast majority of revenue raised (almost 90%) for the **State Highway Fund** will be dedicated to **operations, maintenance and preservation efforts** to ensure our roads remain safe and we maintain Oregon’s investment into its system. This includes paving priority routes, restoring bridges, restoring maintenance forces, road clearing, replacing culverts and storm facilities, fixing road and pedestrian infrastructure, and other critical safety investments like rumble strips, fixing unstable slopes, repairing signals and more.
- The remaining revenue will go toward honoring previous project commitments in the last transportation package.

## *Revenue*

A projected total of **\$1.9 billion per biennium** into the **State Highway Fund**

- **\$1.5 billion per biennium** through increases to **existing revenue streams:**
  - **Fuels Tax: +20¢/gallon** with staggered implementation
    - January 1, 2026: +8¢/gallon
    - January 1, 2028: +4¢/gallon
    - January 1, 2030: +4¢/gallon
    - January 1, 2032: +4¢/gallon
  - **Registration: +\$66**
  - **Title: +\$90**
  - **Weight-Mile: +16.9%**

- **\$486 million per biennium** through a **one-time system use fee** on all vehicles at time of purchase, at **1% of vehicle price**. Oregon is one of five states that does not have this revenue stream (and of those five, one of only two states that does not have other non-standard fees and charges on vehicles at time of purchase).

#### *Distribution*

- More than \$1.7 billion per biennium (existing revenue stream increases and nearly half of the one-time system use fee) will follow the regular distribution method in the State Highway Fund of 50/30/20 – approximately \$850 million to the state / \$510 million to counties / \$340 million to cities (per biennium) to ensure all levels of government can maintain the safety of their infrastructure and stability of their revenue streams.
  - Funding for programs that have a strong nexus to local government and local safety, like Great Streets and Safe Routes to School, are distributed outside of the 50/30/20 formula.
- The first \$250 million per biennium of the **one-time system use fee** will go toward **completing prior commitments**.

#### *Modern Transportation Funding*

- **Index Fuels Tax** to tie it to inflation to ensure future solvency of the revenue stream.
- Phase in a mandatory **Road Usage Charge (RUC) for light vehicles**. Vehicles could enroll with the RUC program or pay a flat RUC annual fee. Once enrolled, EVs would no longer pay higher registration rates. Any generated revenue after administration costs will be available for formula distribution in the State Highway Fund. Rollout timeline:
  - July 2026: Existing EVs
  - July 2027: Newly purchased EVs
  - July 2028: Plug-In Hybrids
  - July 2029: New vehicles rated at 30 MPG or greater (starting with model year 2030).
- Phase in mandatory **Road Usage Charge for corporate delivery fleets**. A business that operates at least 10 medium duty vehicles (10,001-26,000 pounds) to deliver packages to homes or businesses in Oregon would be required to enroll. Mileage rates would be between the light and heavy mileage rates. Once enrolled, these medium duty vehicles would no longer pay higher registration rates. Any generated revenue after administration costs will be available for formula distribution in the State Highway Fund.

#### *Stewardship & Accountability*

- **Restore Highway Cost Allocation balance** per the Oregon Constitution.

- **Reclassify diesel as a motor vehicle fuel** to reduce fuels tax evasion and help alleviate administrative burdens on small company fuel sellers and fuel users.
- **Simplify weight-mile rates** to reduce weight-mile tax evasion and alleviate administrative burdens on trucking companies.
- Ensure **ODOT Accountability** through a thorough review of ODOT's existing accounting, budget, and project delivery processes and practices. The JCT is working on accountability and review of ODOT through a consultant that will deliver final results in May.

**Transit:** As Oregon's population continues to age and grow, it becomes increasingly important to provide sustainable ways for all Oregonians to access their needs and their community, especially for the estimated one-third of residents who cannot or do not drive. Investing in a multimodal transportation system is an investment in lower emissions, safety for pedestrians, access for all citizens and businesses, and a healthy, thriving Oregon.

- **Maintain current transit service levels**
- **Expand service areas and levels**
- Invest in **Youth Pass** expansion
- Invest in **rural transit developments**
- Expand **Veteran Passes**
- **Increase the payroll tax** The current tax rate is one-tenth of one percent (0.1%). Increasing the payroll roll tax by 0.08% (for a total of **0.18%**) will result in **\$ 268.6 million per biennium**

**Rail:** Freight and passenger rail are instrumental in the state's transportation system to efficiently move freight to and from port and passengers up and down the I-5 area. Rail offers a great alternative to congested highways, is the most environmentally responsible way to ship freight by land, and provides a much safer transportation alternative.

- \$17 million per biennium to maintain the new **Amtrak service levels** (including necessary upgraded equipment) and maintain if not enhance passenger rail experience and timetables.
- Invest in safety through **signals and crossing infrastructure** where rail meets road.
- Invest in **more sidings** to allow trains to pass each other so passenger trains run on time and freight trains are not held up.
- Invest in **track curvature improvements and bridge repair** to increase safety and maintain train speeds.
- **Increase Vehicle Privilege Tax** (currently 0.5% of vehicle price) by 0.3% (for a **total tax of 0.8%**) to further Connect Oregon goals of investing in rail, aviation, and marine projects. Revenue estimates are **\$44.8 million per biennium**.
- **Institute a Tire Pollution Tax at 3% of total tire purchase.** Revenue projections are **\$50 million per biennium**.
  - 50% of revenue will go to **Rail Operations**.
  - 25% of revenue will go to **Wildlife Crossings** to help save the lives of drivers and wildlife.

- 25% of revenue will go to **Salmon Restoration** to negate the environmental impact of tire pollution runoff into Oregon waterways.

**Off system bike and pedestrian facilities:** More than 80 percent of Oregonians report using local trails. Trails create the safest places for people of all ages and abilities to walk, bike, scoot, and skate. They also help communities reduce miles in vehicles, and help the state meet climate goals as well as support local tourism economies. Trails also increase access to nature, health, and wellness.

- Invest in Oregon's **Community Paths** program.
- The current bike tax is \$15 per bike with a sales price of \$200 or more, collected at point of sale. An **increase of \$9.50 per bike** (total \$24.50) would increase revenue by **about \$1 million per biennium**.