



**DATE:** April 20, 2021  
**TO:** Co-Chairs McLain and Beyer, Joint Committee on Transportation  
**FROM:** Mike Bezner, Oregon Association of County Engineers & Surveyors President  
Brian Worley, Association of Oregon Counties Road Program Director  
**RE:** House Bill 2342, Oregon Road Usage Charge Program

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Co-Chairs McLain and Beyer, Members of the Joint Committee on Transportation,

On behalf of the Oregon Association of County Engineers and Surveyors (OACES) which represents county public works agencies and road departments, and the Association of Oregon Counties (AOC) which represents Oregon's 36 county governments, we submit the following testimony of county priorities for the future of Oregon's transportation financing and a fair user-pay road usage charging system.

While AOC has not taken an official position on House Bill 2342, we appreciate Representative Lively's leadership on this issue and the significant amount of time and consideration that went into these recommendations from the Road User Fee Task Force (RUFTF).

### **Background**

Oregon counties are responsible for the largest share of Oregon's public road system, with over 32,000 road miles under county jurisdiction (41 percent) and over 3,400 bridges. Counties rely on their statutorily guaranteed 30 percent of State Highway Fund allocations to provide essential services, transportation enhancements, and for preservation and maintenance of critical infrastructure, roads, bridges, sidewalks, paths, traffic signals, and vegetation management to ensure a safe and reliable multimodal transportation system to connect people and support our economy.

Over the past two decades, dwindling federal funds and shared U.S. Forest Service timber receipts, increasing deferred maintenance, and limited local funding options have forced severe cuts to county transportation department budgets. This has been exacerbated by the COVID-19 pandemic—counties will lose an estimated \$63 million in projected State Highway Fund dollars from March 2020 through the end of Fiscal Year 2021, and an additional \$40 million by 2025. The State Highway Fund is the largest dedicated funding source (50 percent on average) for county road maintenance and preservation in the public right of way.

In the 2017 Session, the State Legislature passed the largest transportation funding package in Oregon's history, House Bill 2017 "Keep Oregon Moving," which allocated approximately \$1

billion in new revenue to counties over 10 years. The additional funding, primarily raised through increased gas tax, is estimated to cover *half* of the projected need to improve and maintain the county road system to an adequate condition.

While county roads have several local revenue raising options available such as local gas tax, vehicle registration fee, or service districts, most instances require a countywide vote and provide inadequate revenue to meet the full operational, maintenance, and enhancement needs of the system.

### **Transportation System Funding Trends**

Current funding constraints require county road departments to be strategic with their programs, and changing technology and travel behavior makes the future uncertain. County roads need to meet the needs of the traveling public, but the way the transportation system is currently funded—through state and federal gas taxes—is becoming obsolete.

Fuel taxes revenue and purchasing power have been declining since the early 1990s. This diminishing trend is expected to continue as drivers convert to more fuel-efficient and fully electric vehicles, which threatens the future of both the State and Federal Highway Funds. Travelers can drive more miles on less fuel, meaning people are using the roads more than ever and are paying less in the taxes that support that infrastructure. Although HB 2017 (2017) implemented state gas tax increases, the federal fuel tax was last increased 28 years ago in 1993. Each year the gas tax buying power decreases in value as inflation rises and project construction costs become more expensive.

### **The Future of Transportation System Funding**

Oregon has a long history supporting a “user pays” principle with the nation's first gas tax and heavy freight trucks paying their fair share through the weight-mile tax. Our state is also a pioneer in alternative funding and road usage fees. The Oregon Legislature created the Road User Fee Task Force in 2001 to investigate options for generating sustainable funding for Oregon's transportation system. In 2015, Oregon lawmakers launched the first fully operational road usage charge program. The U.S. Department of Transportation and other states are following Oregon's lead by studying and piloting pay-per-mile systems.

As more fuel efficient and electric passenger vehicles are adopted, Oregon counties support moving to a sustainable funding model where all vehicles pay their fair share of the transportation system. As the state begins to take concrete steps toward a mandatory road usage fee, it is important that ODOT continues partnering with local governments and ensures public trust in this transformational funding model. OReGO will need acceptance from a majority of Oregonians to create a sustainable revenue program that is transparent, ensures equity for rural Oregonians and low income households, keeps administrative costs low and protects public privacy.

Counties are grateful to ODOT and Representative Lively for working with us on the -3 amendment which clarifies that HB 2342 and the road usage charge program will not impact individual counties' authority to charge and collect vehicle registration fees.

AOC and OACES appreciate the introduction of House Bill 2342 this session and look forward to your consideration and continued support of a sustainable State Highway Fund that supports Oregon's shared multimodal transportation system and all communities.

Sincerely,



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