

2023-2025 Highway Cost Allocation Study Summary



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Highway Cost Allocation in Oregon



For over 70 years, Oregon has based the financing of its highways on the principle of cost responsibility:

- This is Oregon's 23rd study; the first was in 1937 by Conde McCullough
- Since 1999, Oregon's constitution requires a study biennially, and adjustment of rates if necessary (IX section 3a, ORS 366.506)
- The 2023-2025 HCAS study was prepared by ECONorthwest, under the guidance of a Study Review Team comprised of stakeholders and experts.

Bottom Line



- Over the past two studies, Oregon's system of highway financing has shifted away from being equitable, with light vehicles currently paying less than the costs that they impose.

	Equity Ratio, Full-Fee	
	Basic	Heavy
2011	1.00	1.01
2013	0.99	1.01
2015	1.00	1.00
2017	1.01	0.99
2019	0.98	1.03
2021	0.93	1.16
2023	0.88	1.32

Heavy vehicles are defined as > 10,000 lbs

Contributing Factors



Project Types

- Mix of investments have changed, with more responsibility on light vehicles
- Light vehicles are responsible for most of the costs for project types like bicycle paths because they are largest amount of vehicle fleet
- Heavy vehicles responsible for outsized share of pavement costs because of their weight

Revenues

- Pandemic changed traffic flows and types of traffic
- Registration and fuel sales for light vehicles remain below pre-pandemic levels while trucking activity is up
- Shifts occurred during rate adjustments for HB 2017

Pavement Factors

- New data has improved traffic count estimates
- More granular estimates across vehicle classes and road types were incorporated into study

Looking Ahead to the 2025-27 Study



Tolling

- Future HCAS will need to incorporate tolling decisions into equity estimates for overall highway system
- 2023-2025 study includes white paper based on October 2022 I-205 Toll Traffic and Revenue Study, providing an initial framework on maintaining equity

Revisiting Past Studies

- HCAS is a forward-looking exercise, estimating equity during upcoming biennium
- Future revenues do not always match actuals, and project spending does not always match the transportation plan
- HB 3406 (2023), requires reexamination of past three HCAS's to see how equity estimates align with what came to pass

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