



September 12, 2024

Joint Committee on Transportation

Attn: Co-Chair McLain, Co-Chair Gorsek, Vice-Chairs and Committee Members

Submitted via: [JCT.exhibits@oregonlegislature.gov](mailto:JCT.exhibits@oregonlegislature.gov)

**RE: Testimony in support of a 2025 legislative transportation funding package**

Dear Co-Chair McLain, Co-Chair Gorsek, Vice-Chairs and Committee Members,

Welcome to Central Oregon and Deschutes County! Thank you for taking the time to tour the many counties, cities and ODOT Regions in our state in consideration of your role in helping prepare a transportation funding package for contemplation in the 2025 legislative session.

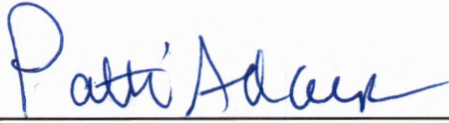
By now you have heard from many counties and cities regarding the need for a significant transportation funding package next session. Like many other local governments, our request and input can be summarized succinctly in the following points:

1. **Inflation:** While HB 2017 was described as a generational funding package when passed in 2017, the unfortunate impacts of unforeseen and unprecedented inflation have completely eroded the purchasing power of that prior investment. The 33% increase in state fuel tax implemented by HB 2017 has been eclipsed by a 44% increase in construction costs in the subsequent seven year period. The legislature should also consider indexing transportation revenue sources to inflation to replace infrequent and politically unsavory large scale funding adjustments with manageable annual increases as dictated by economic conditions.
2. **50-30-20 State Highway Fund Apportionment:** It is imperative to maintain the 50-30-20 split of State Highway Fund revenue in a new funding package. Counties in Oregon are highly, if not exclusively dependent upon the 30% State Highway Fund revenue apportionment to maintain and operate (and improve) their transportation systems. Unlike cities, counties are restricted from using property tax and have few viable or permissible tools to generate local transportation funding (prohibition on franchise fees, local fuel tax establishment complexities, etc).

While ODOT's well-advertised maintenance and operations shortfall and large project over-runs will drive the transportation funding conversation within the legislature in 2025, it is important to note that local governments encounter the same challenges in meeting maintenance needs and delivering capital projects.

Thank you again for conducting extensive outreach across the state to gather information in advance of the 2025 legislative session.

Yours truly,

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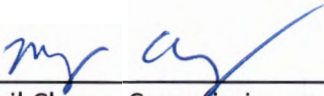
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Patti Adair, Chair

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Anthony DeBone, Vice-Chair

A handwritten signature in blue ink that reads "Phil Chang". The signature is written in a cursive style with a large initial "P".

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Phil Chang, Commissioner