Ladies and Gentlemen of the Oregon Legislature,

My name is Joseph Cusic, a lifelong resident of Oregon. I stand before you today to vehemently oppose the proposed gas tax hike under consideration in the special session convened by Governor Tina Kotek. This proposal, which seeks to increase the state's already burdensome 40-cent-per-gallon gas tax by an additional 6 cents starting in January 2026, is not only ill-timed but also detrimental to the economic well-being of everyday Oregonians. While framed as a necessary measure to fund transportation infrastructure and prevent layoffs at the Oregon Department of Transportation (ODOT), this tax increase represents yet another regressive burden on working families, seniors, and small businesses at a time when inflation and living costs are already squeezing household budgets. I urge you to reject this shortsighted approach and explore alternative solutions that prioritize fiscal responsibility over endless tax hikes.

First, let's clarify what this proposal entails. Governor Kotek's plan, as outlined in recent amendments to transportation funding legislation, includes raising the gas tax to 46 cents per gallon, hiking vehicle registration fees, increasing title fees, and doubling the state's payroll tax for transit from 0.1% to 0.2%. These changes are projected to generate approximately $150 million annually, split between state and local governments for road maintenance and public transit. 41 However, this comes on the heels of failed attempts earlier in 2025 to pass even larger packages, such as an 11.7-billion-dollar transportation bill that would have imposed a 12-cent gas tax increase and other fees. 37 A last-ditch effort for a modest 3-cent hike also collapsed in June, highlighting the contentious nature of these measures. 42 Proponents argue that these funds are essential to address ODOT's funding shortfalls and maintain our infrastructure, but I contend that continually turning to taxpayers' pockets ignores deeper systemic issues and exacerbates economic inequality.

One of the most compelling reasons to oppose this gas tax hike is its regressive impact on low- and middle-income families. Gas taxes disproportionately affect those who can least afford them—rural residents who rely on vehicles for long commutes, delivery drivers, and families in suburban areas without robust public transit options. In Oregon, where the median household income hovers around $70,000, an additional 6 cents per gallon might seem minor, but for a family driving 15,000 miles annually in a vehicle getting 25 miles per gallon, that's an extra $36 per year—just from the gas tax alone. When combined with rising registration and title fees, the cumulative effect could add hundreds of dollars to annual household expenses. This is particularly galling amid Oregon's ongoing cost-of-living crisis, where housing, groceries, and energy prices have surged. According to recent economic analyses,

such taxes widen the wealth gap, as wealthier individuals can more easily absorb the costs or switch to electric vehicles subsidized by the state, while lower-income households are left paying the bill for everyone. 38

Moreover, this proposal comes at a time when Oregon is grappling with a staggering $5 billion budget deficit projected for the 2025-2027 biennium. Rather than addressing this shortfall through spending cuts or efficiency reforms, the governor's approach seems to default to tax increases, perpetuating a cycle of fiscal irresponsibility. The deficit, driven by factors like rising healthcare costs, pension obligations, and economic slowdowns, requires bold reforms—not more taxes that could stifle recovery. For instance, the Public Employees Retirement System (PERS) continues to burden the state with unfunded liabilities exceeding $25 billion, yet there's little mention in this transportation package of redirecting funds from non-essential programs or reforming PERS