

Submitter: Lellaniah Adams

On Behalf Of:

Committee: Joint Interim Committee On Transportation
Funding

Measure, Appointment or
Topic: LC 2

Dear Members of the Oregon State Legislature,

I strongly oppose the proposed tax and fee increases in Governor Tina Kotek's transportation funding plan for the August 29, 2025, special session. The 6-cent gas tax hike (from 40 to 46 cents per gallon), \$42 vehicle registration fee increase, \$139 vehicle titling fee increase, \$30 electric vehicle fee, and doubling of the payroll tax from 0.1% to 0.2% will raise \$620 million in the 2025-27 biennium. These measures burden Oregonians already struggling with high taxes and affordability issues, while failing to address the Oregon Department of Transportation's (ODOT) mismanagement.

ODOT Mismanagement

ODOT's \$354 million shortfall stems from inefficiency, not insufficient revenue. A September 2024 agency report cited poor morale and communication breakdowns among managers, signaling internal dysfunction. Economist Joe Cortright, using U.S. Census Bureau data, found Oregon's transportation spending is average among Western states, debunking ODOT's claim of being underfunded. The agency's \$6.9 billion 2023-25 budget is constrained by laws locking 94% of 2017 transportation funds into capital projects, many inflated by non-essential priorities. Instead of new taxes, ODOT should redirect existing funds to maintenance needs like pothole repairs.

High Tax Burden

Oregon's 9.9% income tax and local surcharges already make it one of the highest-taxed states. The proposed payroll tax doubling will cost workers earning \$40,200 annually significant income, especially with plans to raise it to 0.5% by 2033. The gas tax, up 20 cents since 2010, has outpaced inflation, yet ODOT claims a crisis, pointing to mismanagement, not revenue shortages.

Affordability Crisis

Oregonians face a cost-of-living crisis. The proposed taxes could cost families over \$500 yearly, straining budgets amid rising housing and grocery costs. House Republican Leader Christine Drazan notes constituents' struggles with Oregon's high costs. The session's rushed timing limits public input, eroding trust.

Alternatives

Reform ODOT's budget to shift funds from capital projects to maintenance.

Increase audits to address inefficiencies.

Redirect funds from non-essential programs like EV incentives.

I urge you to reject these tax increases and prioritize efficiency and affordability.

Thank you for considering my testimony.