Dear Members of the Oregon State Legislature,

As a concerned Oregon citizen, I am submitting this written testimony to strongly oppose all proposed new fees and tax increases in the special session on August 29, 2025, aimed at addressing the Oregon Department of Transportation's budget shortfall. These measures—including a 6-cent gas tax hike, increases in vehicle registration fees by $42 and titling fees by $139, an additional $30 fee for electric vehicles, doubling the statewide transit payroll tax from 0.1% to 0.2%, and mandatory enrollment in the OReGO road usage charge program for electric and hybrid vehicles. These will impose undue hardship on regular Oregonians already struggling with a high cost of living. These fees are broadly unpopular, harm the economy, and are unnecessary given ODOT's mismanagement and viable alternatives. Instead, the state should address chronic mismanagement within ODOT and the broader government, cut wasteful programs like ODOT's expensive Diversity, Equity, and Inclusion initiatives, and learn from other states that achieve better results with less funding. Below, I outline these concerns with supporting facts.

Hardship on Regular Oregonians and Broader Economic Impacts

The proposed fees are regressive, disproportionately affecting low- and middle-income families who can least afford them. Oregon faces severe cost-of-living pressures, ranking eighth nationally for both grocery spending as a share of income and housing costs, with residents spending $42,843 annually on housing—54% of take-home pay—driven by a median home price of $498,500 and rents averaging $1,380 monthly. About 35.9% of households (613,000) are cost-burdened, spending over 30% of income on housing, leaving little for other necessities. Transportation costs, averaging $6,039 annually (6th nationally), and utilities, often exceeding $200 monthly, further strain budgets. Many Oregonians work multiple jobs to cope with rising costs for housing, food, transportation, and child care, a trend increasing in recent years. Oregonians are already heavily taxed, with a 9.9% top income tax rate (among the highest nationally) and a total tax burden of 10.8% of income (13th highest), exceeding states like Idaho and Georgia that maintain better roads with less. State taxes and fees that hit poor people harder exacerbate inequality, leaving families with fewer resources. The doubled transit payroll tax would cost the average Oregonian (2023 salary of $68,283) an additional $136 annually, while the gas tax increase could add $50–$100 or more per year for the typical driver, depending on mileage. Combined with other fees, these increases compound the financial strain at a time when fiscal policies are already harming hardworking Oregonians through higher effective tax burdens.

Beyond direct costs, these fees would have broader economic repercussions that amplify hardship for low-income Oregonians. An independent economic impact analysis of a similar transportation package (HB 2025) confirms its regressive nature, noting that fuel taxes and road usage charges disproportionately affect low-income households, who pay a higher percentage of their income on transportation and often rely on older, less efficient vehicles. The analysis projects that while revenue could reach $3.2 billion by the 2033-35 biennium, the tax increases would initially decrease GDP by $2.5 billion, personal income by $1.7 billion, and business sales by $4.2 billion by 2030, with net job losses in areas like transit funding (457 jobs lost). This burden falls heaviest on rural families and those already grappling with inflation-driven rises in housing and utilities, as testified by Clackamas County resident Amy Reiner, who warned that such policies "make Oregon harder to live in" and could force people to leave the state. Additionally, increased transportation costs would be passed on to consumers through higher prices for goods, further straining household budgets statewide.

Widespread Public Opposition to Tax Increases

These proposed fees not only create personal and economic hardship but also fly in the face of clear public sentiment against further tax hikes. A June 2025 poll commissioned by Oregon House Republicans revealed that 80% of Oregonians oppose increasing the gas tax, with 79% preferring to address ODOT's issues by cutting wasteful spending rather than raising revenue. Similarly, a survey by the Oregon Values and Beliefs Center found that voters are not overly concerned about road conditions and strongly reject a 10-cent gas tax increase, indicating broad, bipartisan resistance to such measures amid ongoing affordability challenges. Lawmakers should heed this feedback and avoid policies that ignore the will of the people they represent.

Mismanagement of Funds in State Government

Raising taxes without addressing ODOT's well-documented mismanagement is irresponsible. Recent audits reveal a pattern of fiscal errors and inefficiencies that have squandered taxpayer dollars. ODOT overestimated its revenue by $1.1 billion in the 2023–25 budget cycle, leading to a massive shortfall that could have been avoided with better oversight. The agency is plagued by project delays, high staff turnover, and cost overruns, as detailed in a May 2025 report highlighting structural issues that extend turnaround times and inflate expenses. ODOT remains out of compliance with federal requirements, with inaccurate and incomplete databases undermining contract management and Disadvantaged Business Enterprise (DBE) tracking. Projects funded by the 2017 transportation package have exceeded budgets, and revenue has fallen short of projections, further eroding public trust. These issues reflect broader state government inefficiencies that waste resources before they reach critical infrastructure needs.

Other States Achieve Better Results with Less Funding

Oregon can do better by emulating states that maintain superior road quality with more efficient funding models. According to 2023 data, Oregon ranks 21st nationally in road quality, with 15% of urban pavements and 2% of rural pavements in rough condition. In contrast, Idaho ranks 5th, with only 11% urban and 5% rural roughness, despite a similar reliance on user fees (78.9% of road spending covered, compared to Oregon's 74.4%). Georgia, ranked 8th (5% urban and 1% rural roughness), achieves this with less dependence on user fees (58.4%), suggesting smarter allocation of resources. Minnesota, ranked 2nd (5% urban and 3% rural roughness), demonstrates that high-quality roads are possible through efficient management with lower user-fee coverage (44.1%). Nationally, U.S. roads infrastructure earns a D+ grade in 2025, with a $684 billion funding gap, but these states show that efficiency—through life-cycle cost analysis, transparent prioritization, and optimized use of existing networks—can bridge gaps without constant tax increases.

Cutting ODOT's Expensive DEI Program

To free up funds without new taxes, ODOT should eliminate its costly DEI initiatives, which divert resources from core transportation priorities. Oregon spends over $70 million annually on DEI staff across agencies, with a mission to redistribute resources that often prioritizes ideology over efficiency. ODOT maintains dedicated DEI programs, including affirmative action efforts and an Assistant Director overseeing diversity, as part of a mandate from former Governor Kate Brown. These programs have drawn federal scrutiny, with the U.S. Department of Transportation threatening to withhold funds in April 2025 unless Oregon ends certain DEI practices, citing potential violations. Cutting these non-essential expenditures—estimated to cost taxpayers millions within ODOT alone—could help stabilize the budget without burdening citizens.

Viable Alternatives: Redirect Funds and Cut Wasteful Mega-Projects

Rather than imposing new taxes, ODOT's shortfall can be addressed through smarter allocation of existing resources and eliminating unnecessary expenditures. Republicans proposed House Bill 3982 as an alternative, which redirects funding from non-essential areas without any tax increases, focusing on core maintenance needs like road repairs and snow plowing. Economist Joe Cortright points out that ODOT's issues arise from mismanagement and cost overruns on large projects, such as the Abernethy Bridge (costs ballooned from $250 million to $815 million) and the $2.1 billion Rose Quarter expansion, which proceeds despite losing $450 million in federal funding. By scuttling or rethinking these mega-projects and redirecting funds to essential operations, Oregon could close the budget gap without burdening taxpayers—mirroring successful approaches in states like Massachusetts, where projects were reevaluated after funding losses. This would align with public preferences for cutting waste over raising taxes, ensuring accountability and efficiency.

Political Risks for Legislators Supporting Unpopular Measures

Beyond the policy flaws, lawmakers should consider the political ramifications of aligning with Governor Kotek's tax proposals, given her persistently low favorability ratings. Recent polls, including a Morning Consult survey from April-June 2025, place Kotek's approval at around 45% (among the lowest for any U.S. governor) with 39% disapproval. This reflects widespread frustration with state leadership on affordability and governance issues, similar to the challenges faced by her predecessor. Supporting these tax hikes, which polls show are opposed by 80% of Oregonians, could tarnish legislators' own reputations and jeopardize reelection bids in 2026, as voters increasingly hold incumbents accountable for policies that exacerbate economic hardships. In a politically divided state, prioritizing constituent concerns over following an unpopular executive agenda is essential for maintaining public trust and electoral viability.

Conclusion

I urge you to reject these tax and fee increases. Oregonians deserve an accountable government that addresses mismanagement, learns from efficient states, and trims waste like DEI programs and bloated mega-projects before demanding more from our wallets. The widespread public opposition to these measures, their economic harm, and the political risks for legislators underscore the need for solutions like those in HB 3982 that prioritize existing resources. Please focus on reforms over revenue grabs to ensure safe, well-maintained roads without creating further hardship.

Sincerely,

Cameron Henlin
cam.henlin@gmail.com
Oregon Resident