

Submitter: Jim Rabe
On Behalf Of: Tax payer
Committee: Joint Interim Committee On Transportation
Funding
Measure, Appointment or Topic: LC 2

Subject: Opposition to Proposed Tax and Fee Increases for ODOT Budget Shortf

Dear Committee ,I am writing to express my strong opposition to the proposed tax and fee increases to address the \$350 million shortfall in the Oregon Department of Transportation (ODOT) budget, as outlined for the special legislative session on August 29, 2025. While I recognize the importance of maintaining Oregon's transportation infrastructure, raising gas taxes, vehicle registration and title fees, payroll taxes, and imposing new charges on electric vehicles is not the solution. Below, I outline key reasons why these measures should be reconsidered in favor of alternative approaches.Reprioritize Existing Revenue Instead of Raising Taxes Oregon's biennial budget of approximately \$140 billion offers ample opportunity to reallocate funds to cover the \$350 million shortfall. Currently, only 6% of transportation funds are allocated to road maintenance, with the rest tied to capital projects or transit programs. Redirecting existing revenue, as suggested by House Republican Leader Christine Drazan through the Legislative Emergency Board, could address the shortfall without burdening Oregonians with new costs. ODOT's history of cost overruns, such as on the Interstate 5 Rose Quarter project, underscores the need for better management rather than additional revenue.

Oregonians Are Already Financially Strained

The proposed 6-cent gas tax increase (to 46 cents per gallon), \$42 vehicle registration fee hike, \$139 title fee increase, \$30 electric vehicle surcharge, and doubling of the payroll tax from 0.1% to 0.2% place an undue burden on working families and small businesses. For the average Oregon worker earning \$68,283 annually, the payroll tax hike alone adds \$136 per year. Public sentiment, reflected in an 82% opposition rate in a recent KATU News poll, shows Oregonians feel overtaxed and underserved by the state's transportation system.

ODOT's Mismanagement Must Be Addressed. First

ODOT's funding challenges stem partly from statutory restrictions that limit maintenance spending to just \$23 million of the nearly \$1 billion raised by House Bill 2017. Amending these restrictions could free up funds without new taxes.

Furthermore, ODOT's lack of transparency and inefficient spending have eroded public trust. Increasing taxes without addressing these issues risks perpetuating inefficiencies.

Disproportionate Impact on Low-Income and Rural Communities

The proposed tax and fee increases disproportionately harm low-income households and rural Oregonians who rely on personal vehicles due to limited public transit options. The payroll tax, which funds urban transit systems like TriMet, offers little benefit to rural residents, creating an inequitable cost burden. This exacerbates

financial pressures at a time when housing, groceries, and utilities are already straining budgets.

Explore Alternative Funding Solutions

Creative solutions, such as redirecting federal grants or non-essential program funds, could cover the shortfall. For example, ODOT previously reallocated \$100 million in federal highway funds from painting the Fremont Bridge to retrofitting the Abernethy Bridge. Similar flexibility, combined with emergency board funds, could protect jobs and services without new taxes.

Risk of Discouraging Environmentally Friendly Choices

The \$30 surcharge on electric vehicles and mandatory OReGo program for EVs and hybrids may deter adoption of low-emission vehicles, undermining Oregon's environmental goals. A gradual, equitable transition to a road usage charge for all vehicles, as some lawmakers propose, would be a fairer long-term solution than penalizing EV owners now.

Lack of Public Input in the Special Session

The rushed timeline of the special session, scheduled just before Labor Day, limits public debate.

Please find a way to redirect money without raising taxes and fees.

Sincerely,

Jim Rabe