

Submitter: Thomas Williams
On Behalf Of:
Committee: Joint Interim Committee On Transportation
Funding
Measure, Appointment or LC 2
Topic:

I support the Cascade Policy Institute outlook on this matter.

It's not a revenue problem; it's a spending problem.

Since 2001, as part of by the Oregon Transportation Investment Act bond program (OTIA), the legislature has forced ODOT to spend most new gas tax monies on construction projects while ignoring highway maintenance. Thus, while gas tax revenue has increased, the amount going to operations has decreased.

The legislature also voted to sell nearly \$4 billion in bonds backed by gas tax revenues. While ODOT revenue increased by 30 percent from 2018 to 2024, debt service increased 41 percent. As a result, ODOT paid \$358 million in debt service last year, consuming 55 percent of its gas tax revenue. In 2007 debt service was only \$70 million.

To paraphrase Warren Buffett, debt service is the tapeworm eating ODOT's gas tax money.

When legislators meet on August 29th, they should repeal gas tax restrictions put in place by OTIA Programs I, II and III, allowing ODOT management the discretion to spend money where it's needed the most. They should also begin paying down ODOT's remaining bond debt of \$3.9 billion with lottery funds. This would free up gas tax revenue to be spent on road maintenance and avoid the need for any new tax increases.

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