



August 25, 2025

Co-Chair Senate President Robert Wagner  
Co-Chair Speaker Julie Fahey  
Co-Vice Chair Daniel Bonham  
Co-Vice Chair Christine Drazan  
Joint Interim Committee on Transportation Funding

Co-Chairs President Wagner and Speaker Fahey,

The League of Oregon Cities, representing all of Oregon's 241 cities, urges your support for LC 2.

It's important to highlight that the LOC has a deliberate process for setting legislative priorities every two years. It's a member-driven effort led by elected officials and city staff, representing a diverse range of Oregon's cities—from large to small, urban to rural—and spanning 12 regions across the state. Our members organize seven policy committees, with each one submitting policy options for the entire membership to vote on a ballot.

Out of 23 policy recommendations listed on a ballot, support for a transportation package was the second most popular policy choice. This was a common priority across all cities and closely aligned with the LOC's members. The focus of this transportation choice was the statement:

- *The LOC supports a robust, long-term, multimodal transportation package:*

The core principles from LOC's Transportation Policy Committee in developing a transportation package for the 2025 session included the following:

- *Stabilizing funding for operations and maintenance for local governments and ODOT.*
- *Continued investment in transit and bike/ped programs, safety, congestion management, and completion of projects from HB 2017.*

- *The State Highway Fund (SHF) distribution must maintain 50-30-20 and increase investments in local programs such as Great Streets, Safe Routes to Schools, and the Small City Allotment Program.*
- *Find a long-term solution for the weight-mile tax that stabilizes the program.*
- *The funding sources for this package should be diverse and innovative.*

LC 2 does not cover all the principles, but it does have enough of these core elements to warrant LOC's support. An important component of our support is that the Governor and legislative leadership understand that LC 2 is a short-term solution and that transportation investment in Oregon needs a long-term solution. LOC will reset our transportation focus for principles that can frame a long-term transportation vision and package for the 2027 session.

I do want to highlight the core elements of LC 2.

- Since most road miles (80%) are managed locally following the current revenue-sharing formula that maintains 50-30-20 is a foundational component of LC 2. The State Highway Fund (SHF) and distribution ensure that every community across Oregon can point to transportation investments as a result of this new revenue.
- Increasing public transit investments from the 2017 payroll tax benefits communities without other transportation options and expanding routes and hours for rural and urban communities where transit previously didn't exist remains critically important to many cities across Oregon.
- Finding a pathway for a solution that resolves HCAS and modernizes the diesel tax is supported by cities.
- Additional funding for the small city allotment program is much appreciated. With two-thirds of Oregon's cities having populations of less than 5,000, this program is critical for projects of significance.
- Finally, the accountability measures called for in LC 2 remain important to cities.

Based on LOC's member surveys in 2024, we estimate that up to two-thirds of our members are facing budget challenges this fiscal year. That means the delivery of core services and staffing is being scaled back. LC 2 provides cities with a crucial injection of funding to implement temporary measures on the transportation side of their budgets and will help ensure that key transportation-related operations and maintenance needs can continue.

The LOC believes LC 2 is a positive step forward. We acknowledge that more work is needed, and our members will continue to engage in transportation advocacy. Finding a long-term funding solution for transportation is vital for Oregon's economy and communities. By consistently investing in the entire transportation network, communities will remain connected to jobs, freight, schools, and healthcare, helping create a transportation system that contributes to the state's prosperity.

The LOC is hopeful that you can join our cities and this diverse coalition and support LC 2.

Sincerely,

Jim McCauley  
Legislative Director  
League of Oregon Cities