



August 22, 2025

The Honorable Rob Wagner, Co-Chair  
The Honorable Julie Fahey, Co-Chair  
Joint Interim Committee on Transportation Funding  
Oregon State Legislature  
900 Court St NE  
Salem, OR 97301

Re: LC 2

Dear Co-Chair Wagner, Co-Chair Fahey, and Members of the Committee:

The Oregon Transit Association (OTA) supports the special session transportation funding proposal that includes a 0.1% increase to the Statewide Transportation Improvement Fund (STIF) payroll tax rate. This increase will help mitigate some of the immediate service cuts currently facing transit providers across the state.

In partnership with the State of Oregon, the OTA and its members have made meaningful progress toward expanding transit access in communities across Oregon. The Legislature created the STIF in 2017, initially funded by a 0.1% employee payroll tax from HB 2017, as the first statewide funding source for transit in Oregon. The STIF program has been transformative in stabilizing transit funding and expanding access to services across Oregon, especially in rural communities.

Since the 2017 transportation package was passed, transit operating costs have skyrocketed approximately 50% in the past five years due to inflationary pressures on labor, vehicles, facilities maintenance and equipment. Now, transit providers are relying on the 0.1% increase in STIF funding to maintain the improved transit service the program made possible.

Public transit service is an integral piece of any healthy transportation system. In Oregon, tens of thousands of people depend on transit every day. From the Rogue Valley to the Willamette Valley, west and east of the Cascades, transit is a lifeline for Oregonians. Some rely on the bus to get to their jobs. Others take the bus to the doctor's office, the pharmacy, the grocery store or school.

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Transit also supports the local economy. People take transit to restaurants, shops, access recreation opportunities and more. Communities and corridors with transit services are more attractive to developers, creating focal points for housing and employment centers. And thousands of Oregonians work in the public transportation sector — contributing to the local economy while serving their neighbors and helping them get where they need to go.

As Oregon confronts a changing climate and works to reduce climate impacts, transit is invaluable. Buses and trains replace the equivalent of millions of vehicle trips every year, reducing congestion and pollution, and making our communities cleaner and safer.

Without new state funding for transit, thousands of Oregonians may be left without the transit service they depend on. Many OTA member agencies are already preparing to cut services and jobs for lack of funding. As bus lines are eliminated and weekend and evening service are eliminated, they will leave significant and irreparable gaps in transportation networks across Oregon. Some communities are at risk of losing transit service altogether.

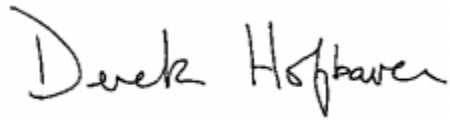
The OTA is sympathetic to concerns about increasing the tax burden on Oregonians who are already struggling to make ends meet. We believe transit is an affordability solution, not an affordability problem. Car ownership costs an average of \$1,000 per month, and transit provides access to jobs, education, and services for people who can't afford a car or can't afford to have a two-car household. Under the 0.1% employee payroll tax increase proposed for the special session, someone making \$50,000 per year would pay an additional \$4.17 per month.

The 0.1% increase in the STIF tax rate will not solve all the financial issues facing transit agencies across Oregon. However, it will provide much-needed relief for transit agencies during this biennium. The proposed STIF increase is a step in the right direction, and it will give OTA members valuable time to plan their next steps forward. OTA is hopeful that lawmakers will build on this work to craft a sustainable, long-term solution that addresses Oregon's transportation needs — including public transit — during the 2027 legislative session.

Transit in Oregon is at a crossroads. The price of inaction is to retreat from the progress we have achieved together, to strip thousands of Oregonians — many of them low-income, seniors and people with disabilities — of the transit service they need, and to set back economic revitalization, climate innovation and more.

Thanks again for your continued efforts to support transit in Oregon.

Sincerely,

A handwritten signature in black ink that reads "Derek Hofbauer". The signature is written in a cursive, flowing style. The first name "Derek" is written with a large, looped 'D' and a trailing 'k'. The last name "Hofbauer" is written with a capital 'H' and a trailing 'er'.

Derek Hofbauer  
President  
Oregon Transit Association