

August 27, 2025

RE: LC 2 – Transportation Special Session Testimony

Dear Members of the Joint Interim Committee on Transportation Funding,

Associated General Contractors – Oregon Columbia Chapter represents a broad spectrum of the commercial construction industry, including open shop and union, rural and urban, highway and building contractors. Most of our members are small, locally-based businesses, dedicated to building Oregon’s infrastructure and economy. Our members build the roads and bridges that Oregonians rely on every day.

We understand the impetus behind LC 2 and the need to ensure that ODOT is able to continue its functions. However, we remain unable to fully support this bill because it does not deliver what Oregonians need both now and in the future—a bold and comprehensive change to our transportation funding model. We urge the Legislature and Governor’s office to continue their work, and seek a comprehensive solution to our transportation funding needs. This solution should look to the future to both fill current gaps and provide a blueprint for funding the infrastructure investment Oregon will need in the future. Additionally, the process to deliver such a package must be bipartisan from start to finish. A significant funding package like the one our state needs requires a wide range of perspectives, and that can only come with a bipartisan effort.

Oregon desperately needs to retool its current method of funding of its transportation system. Currently, the incoming funding from fuel taxes is insufficient to maintain the infrastructure we already have, let alone to fund new infrastructure. Oregon’s bridges and roads need substantial maintenance, and major projects that have been promised to Oregonians have yet to come to fruition. While there is a cost associated with maintaining existing roads and bridges in good or fair condition, the cost of rehabilitating them to operating condition after they have failed due to a lack of investment is significantly greater. Without making real changes to the funding structure for Oregon’s transportation system, our state will continue to fall further behind in its transportation needs.

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During the 2024 transportation roadshow and subsequent small group meetings, AGC, along with others, offered a variety of options for increasing transportation funding beyond raising the gas tax. One of these was the expansion of the Road Usage Charge (RUC) to all vehicles. While LC 2 advances this effort by establishing a RUC requirement for certain vehicles, broadening this requirement to include all vehicles is a crucial step toward reducing our state's dependence on the gas tax, especially as fuel tax revenues continue to decline, further deepening ODOT's funding shortfall. Additionally, a portion of Oregon's Federal tax revenue comes from the Federal fuels tax as well. Implementing a mandatory RUC program for all vehicles would diversify funding sources for ODOT, particularly if the Federal government maintains its gas tax, which has remained unchanged since 1993.

Other solutions were offered as well; some focused on tackling the root causes of the problems with our worsening roads. For example, increased fees on studded tires would help offset the damage that they do to roads. We need to look at various solutions to our ongoing needs, and to be creative in looking beyond the current methods of transportation funding.

To be clear, Oregon needs transportation funding. However, what Oregon requires is a comprehensive funding package that takes a complete approach to address both current issues with preservation and maintenance, as well as future infrastructure needs. We urge the Legislature to come together with stakeholders to find a solution that works for Oregon's transportation needs, now and in the future.

Thank you for considering these comments. We look forward to working with you all on a future robust solution to our state's transportation funding needs.

Sincerely,

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Associated General Contractors, Oregon-Columbia Chapter

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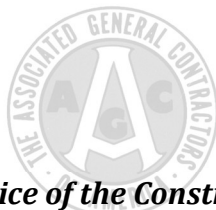
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