

MEMORANDUM

To: Joint Committee on Transportation Funding

From: Amanda Beitel, Legislative Fiscal Officer

Date: August 28, 2025

Subject: Dedicated Transportation Funds

During the LC 2 public hearing on August 25, 2025, the Joint Interim Committee on Transportation Funding requested additional information on existing transportation revenues that could be redirected through statutory changes to support Oregon Department of Transportation (ODOT) operations and maintenance activities. In coordination with the ODOT, the Legislative Fiscal Office (LFO) has summarized non-State Highway Fund transportation revenues, as well as statutory dedications within the State Highway Fund (SHF) on the following pages.

The tables provide a brief description of the dedicated revenue source, current purpose, statutory reference, and estimated annual revenue. Fund balances as of August 26, 2025 are also provided, as well as the portion of the current balances that are not obligated or otherwise committed.

Please note that this does not include an analysis of the various impacts on existing programs should revenues be statutorily redirected to operations and maintenance.

NON-STATE HIGHWAY FUNDS

Revenue Source and Purpose	ORS Reference	Annual Revenue	Fund Balance ¹	Unobligated Balance
Statewide Transit Tax – 0.1% payroll tax on employee wages is dedicated to the Statewide Transportation Improvement Fund (STIF) established in ORS 184.751 to improve or maintain existing public transportation services.	ORS 320.550	\$150 million	\$70 million	\$15 million
Vehicle Privilege Tax – 0.5% tax on new vehicle sales is deposited in the Connect Oregon Fund established under ORS 367.080 for aviation, marine, and rail infrastructure projects, with 7% dedicated to bicycle and pedestrian transportation projects.	ORS 320.405	\$20 million ²	\$98 million	\$59 million
Transportation Operating Fund – Taxes on motor vehicle fuels used to operate equipment or for driving on private roads support ODOT expenditures that are not eligible to be paid from the SHF.	ORS 184.642	\$18 million ³	\$25 million	\$1.8 million
Identification Card Fees – Fees for identification cards are deposited in the Transportation Operating Fund and transferred to the STIF for public transportation services. ODOT utilizes these funds to specifically support elderly and disabled transit services.	ORS 807.410	\$5 million	\$0	\$0
Custom License Plates – Fees for customized registration plates are deposited in the Passenger Rail Transportation Account established under ORS 802.100 for passenger rail programs.	ORS 805.240	\$4 million	\$8.5 million	\$0
Gross Rail Receipts – 0.35% tax on the gross operating revenue of railroads is deposited in the Railroad Fund established under ORS 824.014 for the rail program.	ORS 824.010	\$3.5 million	\$0.3 million	\$0
Business Regulation Fees – Motor vehicle business fees are deposited in the Transportation Operating Fund and used to support costs related regulation of motor vehicle businesses.	ORS 184.642(2)(b)-(e)	\$1.7 million	\$1 million	\$0
Cigarette Tax – A small portion of cigarette tax revenues are deposited in the STIF to support elderly and disabled transit services.	ORS 323.455(1) ORS 323.457(1)(d)	\$1.5 million	\$0	\$0
Bicycle Excise Tax – \$15 fee on the sale of new bicycles over \$200 is dedicated to bicycle and pedestrian infrastructure.	ORS 320.415	\$0.7 million	\$5 million	\$5 million
Grade Crossing Safety Improvement Fund – Civil penalties from violations related to grade crossings are dedicated to grade crossing maintenance and safety improvement projects.	ORS 824.019	\$0.5 million	\$3 million	\$0.9 million
Consumer Protection Household Moves Account – Fees and penalties related to the transportation of household goods are dedicated to the regulations of mover and consumer protection.	ORS 825.326	\$0.1 million	\$0.2 million	\$0

1. Fund balances are reported as of August 26, 2025.

2. Estimated annual revenues only include the vehicle privilege tax received by ODOT. The greater of \$12 million or 45% of gross privilege taxes are transferred to the Department of Environmental Quality Zero-Emission Incentive Fund established under ORS 468.449.

3. Approximately 64% of annual revenue supports passenger rail.

STATE HIGHWAY FUND DEDICATIONS

Revenue Dedication and Purpose	ORS Reference	Annual Revenue	Fund Balance ¹	Unobligated Balance
Safe Routes to School – \$15 million is deposited annually in the Safe Routes to School Fund to provide grants for bicycle and pedestrian safety projects near schools.	ORS 184.740	\$15 million	\$54 million	\$15 million
Bicycle and Pedestrian – At least 1% of State Highway Funds received by ODOT must be spent on bicycle and pedestrian infrastructure.	ORS 366.514	\$7.4 million	\$0	\$0
Emerging Small Business – 1% of public improvement highway construction contracts are deposited in the Emerging Small Business Account to provide assistance to small businesses in procuring public contracts.	ORS 200.190	\$4 million	\$5 million	\$3 million
Student Driver Training – A portion of driver license fees (\$6) are deposited in the Student Driver Training Fund for driver education programs and materials.	ORS 336.810	\$3 million	\$9 million	\$6 million
Small City Fund – \$2.5 million is transferred annually into a separate account to provide funding for projects in cities with population of less than 5,000.	ORS 366.800	\$2.5 million	\$2 million	\$0
Winter Recreation – Winter recreation parking permit revenue is used to support snow removal for winter recreation parking locations.	ORS 811.600	\$2 million	\$5.5 million	\$4 million
Grade Crossing Protection Account – \$300,000, plus 50% of ODOT's costs to regulate railroad crossings, is deposited in the Grade Crossing Protection Account from vehicle registration and drivers licenses fees for railroad-highway crossing safety.	ORS 824.018	\$1 million	\$2.5 million	\$1 million
Motorcycle Safety – Motorcycle Safety Subaccount fees fund motorcycle safety and training courses and materials.	ORS 802.340	\$1 million	\$3 million	\$0
Snowmobile – Fees related to the regulation of snowmobiles support facility and snowmobile trail maintenance.	ORS 821.050	\$0.8 million	\$3 million	\$1 million

1. Fund balances are reported as of August 26, 2025.

STATE HIGHWAY FUND DEDICATIONS

In addition to the SHF dedications on the previous page, transportation funding packages have specified the allocation of ODOT's share of increased State Highway Fund revenues to specific purposes.

Transportation Package Allocations	ORS Reference	Annual Revenue
Jobs and Transportation Act (2009) ¹		
15.75% to the Modernization Program	ORS 366.752	\$10 million
HB 2017 (2017) ²		
70% to bridges and seismic improvements for highways and bridges ³	ORS 367.095	\$135 million
24% to preservation projects	ORS 367.095	\$46 million
\$10 million per year to safety projects	ORS 367.095	\$10 million

1. JTA also included a pre-apportionment annual dedication of \$24 million to long-term planning.

2. HB 2017 also included a pre-apportionment set aside of \$30 million per year for urban mobility strategy projects, including the Rose Quarter project, I-205 Improvements, and I-5 Boone Bridge Seismic Improvements. Approximately \$16 million is currently supporting debt service on outstanding bonds issued for projects.

3. Includes the \$35 million allocated each year to local governments for the fund exchange program (ORS 367.098).