



From the desk of

*Christine Dragan*

Representative Christine Dragan

## AS SPECIAL SESSION LOOMS ON TRANSPORTATION FUNDING, ODOT QUIETLY OFFERS **ALTERNATIVE** TO NEW TAXES

By: Nigel Jaquiss

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On Aug. 18, the Oregon Department of Transportation produced a [news release](#) titled “Five things to know about ODOT’s funding crisis.”

The communication from the highway department comes in advance of an Aug. 29 special legislative session that Gov. Tina Kotek has called to increase the gas tax and other transportation-related fees to shore up ODOT’s finances.

State Rep. Shelly Boshart Davis (R-Albany), the House Republicans’ point person on transportation and co-vice chair of the Joint Committee on Transportation during the 2025 legislative session, says she found the release unusual for two reasons.

First, Boshart Davis notes, state agencies don’t typically advocate for their own budgets. Rather, they present factual information to lawmakers and the public, and let the governor, legislative allies, and other interested parties make their case.

But as ODOT’s communication noted, these are not typical times: “This crisis could result in the largest layoff in Oregon state government history,” it said. (After the failure of a transportation funding bill in June, Kotek and the department announced the layoffs of 483 workers, most of whom work in maintenance positions.)

More striking still, Boshart Davis says, was ODOT’s next sentence: “Only new funding or *having the flexibility to use existing funding in new ways* [emphasis added] can prevent layoffs and service reductions.”

Right now, only “new funding” is on the table for the Aug. 29 special session. The latest version of the bill that lawmakers will consider next week includes a 6-cent gas tax increase, a doubling of registration fees, an increase in title fees from \$139 to \$216, and a doubling of the payroll tax for transit agencies around the state from 0.1% to 0.2%.

ODOT has been very public about its financial condition for the past year, with agency director Kris Strickler warning repeatedly that he might have to lay workers off if the Legislature didn’t find a solution.

While Democrats initially introduced a bill that would have increased funding far more than the current proposal, Republicans produced their own plan, which would have reallocated existing funding without increasing taxes and fees. Because Democrats possess three-fifths supermajorities in both chambers (18-12 in the Senate and 36-24 in the House), that plan went nowhere.

In some respects, ODOT’s finances are puzzling. Over the past decade, the agency’s budget increased about 60% from \$3.81 billion in 2013–15 to \$6.12 billion in 2023–25. Much of that increase came from a 2017 funding bill that increased the gas tax, raised fees, and instituted a statewide payroll tax for transit.

Over the past two years, for example, the new taxes and fees in HB 2017 raised nearly \$1 billion, but only about \$23 million went to maintenance.

That’s because there are mandatory allocations to cities and counties (which collectively get half the money) as well as statutorily required spending on bridge projects, the expansion of Interstate 5 through the Rose Quarter in Portland, the Safe Routes to School program, and debt service before anything trickles down to paving and plowing.



"All of this new money came into this agency, and only a little went to maintenance," Boshart Davis says.

In other words, the agency has money, just not for routine operations like fixing and plowing roads. ODOT says its hands are tied: Money earmarked for capital projects may not be used for maintenance, and vice versa.

That can be confusing sometimes because the agency has regularly demonstrated flexibility with its funding streams. Case in point: The Oregon Transportation Commission gave the agency permission last year to take \$100 million in federal highway money set aside for painting the Fremont Bridge over the Willamette River in Portland and use the money instead to retrofit the Abernethy Bridge over the Willamette between West Linn and Oregon City.

Although diverting money for bridge painting to a capital project appears to exhibit the kind of flexibility ODOT says it does not legally possess—to divert money from capital projects like the stalled Rose Quarter project, for instance—ODOT spokesman Kevin Glenn says that's not the case.

"Though a bridge repainting project like the one planned for the Fremont Bridge does seem like maintenance, it is in fact preservation—a distinct legal category," Glenn tells OJP. "Federal law makes a distinction between maintenance and preservation and requires that states and local governments pay for routine maintenance."

Glenn says that separation goes for money raised within Oregon (as distinct from federal funds) as well.

"Because most of the new money for the last 24 years has gone into construction, this pre-2001 funding is the foundation of ODOT's operations and maintenance funding and represents most, but not all, of what we can use for operations and maintenance," Glenn adds.

But, as Boshart Davis notes, since the Legislature has tied ODOT's hands by directing how money raised by Oregon's gas tax and truckers' weight-mile tax may be spent, it can change the laws that dictate that spending—and redirect some of it to maintenance.

She says she has repeatedly advocated that lawmakers revisit the statutes that direct ODOT's spending, a request that fell on deaf ears—until now. "I kept saying: 'We change laws all the time in the Legislature. That's what we do. Lift the restrictions. Change the statutes,'" Boshart Davis says.

As ODOT's financial picture has worsened in recent years, some lawmakers have grown skeptical of the agency and have been reluctant to consider giving it more flexibility.

Boshart Davis says she hopes her colleagues and Gov. Kotek will respond to the looming layoffs with more creativity and long-term vision than simply raising taxes. "Do we trust ODOT?" she asks. "Not really. But let's find a short-term fix in the interim and then have a real bipartisan process and figure what's good for all of Oregon for the long term. You can't do that in a special session."

A spokesperson for Kotek says Kotek and a broad group of stakeholders believe the package of tax and fee increases is the best solution to ODOT's budget issues.

"If the legislature changed current state law to redirect unobligated funding this biennium, the revenue would fall well short of what's needed to preserve maintenance and operations services and support core services for local government," says spokeswoman Roxy Mayer. "The tradeoffs of redirecting such funding would be significant, as it would cancel critically important bridge, street, and infrastructure projects."

Mayer adds that Kotek is insisting that a number of accountability measures be included in the funding bill lawmakers will consider next week.

A public hearing on the special session bill is scheduled Monday, Aug. 25, at 3 pm in Hearing Room F at the Oregon State Capitol Building.