



To: Joint Interim Committee on Transportation Funding

From: Jana Jarvis, President & CEO

Date: August 25, 2025

RE: LC2

Chair Fahey, Chair Wagner and members of the Committee, I am Jana Jarvis, President & CEO of the Oregon Trucking Association here today to testify in favor of LC2.

There are a number of provisions in this bill, but I am here to speak to the sections directly related to the trucking industry.

Oregon historically had been a leader in transportation taxes – we were the first to institute a gas tax in 1919, and the first to institute weight mile taxes on commercial vehicles in 1933. But we have been the last to change and update our taxing methodology of heavy vehicles to align with the rest of the country.

Today, 49 states collect taxes from the trucking industry via fuel taxes. Four of these states have also implemented a simplified weight-mile tax as a supplement to their budgets. In the 80's and 90's, as other states moved from the WM system to fuel taxes, the industry looked for ways to simplify the distribution of those fuel taxes proportionately. In 1983 the 48 contiguous states and the 10 provinces of Canada established the International Fuel Tax Agreement that centralized the data required to establish how these taxes were distributed. Today, carriers file their mileage by state to IFTA, and the fuel tax revenue they have paid is redistributed to each state.

Oregon's participation with IFTA is minimal, making it harder to audit carriers to ensure their WM tax statements match the mileage they file with IFTA. ODOT recognizes this and periodically does a study to establish the rate of evasion and lost revenue affecting their budget. Most recently, this evasion rate was determined to be around 10% - so when the various rates are established via transportation package taxes, this 10% is added to the rates that compliant carriers pay. No wonder we are the most expensive state for trucking taxes and fees!

It is past time for Oregon to fully join IFTA by instituting diesel fuel taxes for heavy vehicles. It is also time for Oregon to simplify their weight-mile system of taxation. LC 2 accomplishes both

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of these goals. It simplifies our current system of 87 rates to 10 tax rates by 2027, and then brings on a diesel tax in 2029, adjusting the WM rates accordingly.

There is likely a certain amount of evasion in the collection of diesel taxes in Oregon as well. Rather than collect the tax at the rack as they do with gasoline, it is up to every gas station to file a report of sales and remit the appropriate tax to the state. If we can move that point of taxation to the rack, it will become much harder to evade.

And with that in mind, LC 2 adds an “auto-correct” provision that allows DAS to adjust rates **when the Legislature fails to**. The rates contained in this bill are ODOT’s best estimates of revenue to be collected with these changes. Should there be more revenue collected from the heavy vehicle sector than what is required, there is a process for these rates to be adjusted.

I can’t stress enough that this is the most significant policy bill for the trucking industry in the past 30 years. We have spent years trying to modify trucking’s system of taxation to reduce the administrative costs to both carriers and the State, as well as allow Oregon to fully participate in the international agreements that all other US states and the Canadian provinces participate in. We ask for your support of LC2.

