

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
83rd Oregon Legislative Assembly
2025 Regular Session
Legislative Revenue Office

Bill Number: HB 2025 - A
Revenue Area: Transportation
Economist: Mazen Malik & J. Hart
Date: 06-21-2025

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Makes various changes to transportation related taxes and fees described in detail below

Revenue Impact (\$Millions):

The bill increases and changes various taxes and fees. Summary impacts are in the table below.

Net New Revenue in \$ Millions		2025-27	2027-29	2029-31	2031-33	2033-35
FUELS (Gas& Use)	L/M	\$241.3	\$420.1	\$447.0	\$436.4	\$429.5
Diesel Tax (Hybrid System)	H	\$0.0	\$143.7	\$381.7	\$379.7	\$378.1
Vehicle Reg	L	\$275.8	\$393.4	\$398.5	\$399.0	\$403.9
Titles	L	\$87.3	\$132.4	\$128.1	\$121.1	\$116.2
Motor Vehicle Tax (1% used)(2% new) Light	L	\$129.3	\$544.3	\$562.8	\$543.9	\$565.5
RUC Net Revenue (-ODOT CC)	L	(\$15.0)	(\$3.2)	\$120.3	\$208.5	\$289.5
RUC commercial Light	L	\$0.1	\$0.3	\$0.4	\$0.5	\$0.5
Use Tax (Prvlg=) (0.5%)	L	\$13.0	\$23.0	\$25.2	\$26.9	\$29.0
Indexing the Gas Tax	L/M	\$0.0	\$9.2	\$66.9	\$139.5	\$219.0
Indexing the Diesel Tax	H	\$0.0	\$1.9	\$15.4	\$33.1	\$52.6
DMV Cost Recovery Fees	L	\$68.1	\$92.7	\$100.0	\$97.1	\$95.9
CCD Cost Recovery Fees	H	\$2.1	\$2.3	\$2.3	\$2.3	\$2.3
Motor Vehicle Tax (1% used, 2% new) (M-H)	H	\$17.3	\$36.5	\$37.7	\$36.4	\$37.9
RUC commercial /Med-Hvy	M/H	\$0.4	\$1.2	\$1.8	\$2.5	\$2.7
Heavy (WM & FF & RUAf)	H	\$0.0	\$130.7	\$267.5	\$275.8	\$282.8
Total Highway Fund		\$819.8	\$1,928.4	\$2,555.6	\$2,702.7	\$2,905.4
Fuel Tranfers to Non-Highway Uses		\$11.8	\$22.2	\$25.5	\$26.2	\$26.1
Snowmobile Fund		\$0.2	\$0.2	\$0.2	\$0.2	\$0.2
DMV Business Regulation		\$1.8	\$2.4	\$2.6	\$2.4	\$2.5
Abandoned Recreational Vehicle Account		\$3.9	\$5.3	\$5.5	\$5.7	\$6.3
Parks (ODOP)		\$17.2	\$24.0	\$26.7	\$29.9	\$30.9
Payroll Tax (STIF)		\$157.3	\$424.0	\$681.4	\$822.7	\$896.4
Vehicle Privilege Tax (0.5%) Railroad Fund		\$46.5	\$82.2	\$92.7	\$98.7	\$106.3
Grand Total for HB 2025		\$1,058.4	\$2,488.7	\$3,390.2	\$3,688.6	\$3,974.1

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The new revenue is distributed as shown in the following tables.

Distribution of Revenue	\$ Million	2025-27	2027-29	2029-31	2031-33	2033-35
Total Highway Fund Net New Revenue		\$819.8	\$1,928.4	\$2,555.6	\$2,702.7	\$2,905.4
OFF THE TOP DEDICATION						
Anchor Projects		\$125.0	\$250.0	\$250.0	\$250.0	\$250.0
Great Streets Fund		\$0.0	\$250.0	\$250.0	\$250.0	\$250.0
Safe Routs to Schools		\$0.0	\$50.0	\$50.0	\$50.0	\$50.0
Wild Life Collision		\$0.0	\$10.0	\$10.0	\$10.0	\$10.0
Subtotal Programs		\$125.0	\$560.0	\$560.0	\$560.0	\$560.0
New distributions percentages						
State	50.0%	\$313.0	\$626.0	\$872.8	\$902.5	\$962.7
Counties	28.6%	\$181.2	\$358.5	\$499.8	\$516.7	\$551.3
Counties (Small)	1.4%	\$6.6	\$17.2	\$23.9	\$24.7	\$26.4
Cities	20.0%	\$125.2	\$250.4	\$349.1	\$361.0	\$385.1
Other (existing law %) Distributions						
State		\$41.5	\$67.7	\$135.3	\$178.9	\$219.8
Counties		\$16.7	\$29.5	\$69.2	\$95.8	\$120.5
Counties (Small)		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Cities		\$10.6	\$19.1	\$45.5	\$63.2	\$79.6
Total City/ County/ State Highway Fund Distributions						
State		\$354.4	\$693.7	\$1,008.1	\$1,081.4	\$1,182.6
Counties		\$197.9	\$388.0	\$569.0	\$612.5	\$671.7
Counties (Small)		\$6.6	\$17.2	\$23.9	\$24.7	\$26.4
Cities		\$135.8	\$269.5	\$394.6	\$424.1	\$464.7
Subtotal Highway Fund Distributions		\$694.8	\$1,368.4	\$1,995.6	\$2,142.7	\$2,345.4
Total All Highway Fund Distributions		\$819.8	\$1,928.4	\$2,555.6	\$2,702.7	\$2,905.4

Non Highway Funds	2025-27	2027-29	2029-31	2031-33	2033-35
Fuel Tranfers to Non-Highway	\$11.8	\$22.2	\$25.5	\$26.2	\$26.1
Snowmobile Fund	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2
DMV Business Regulation	\$1.8	\$2.4	\$2.6	\$2.4	\$2.5
Abandoned Recreational Vehicle Account	\$3.9	\$5.3	\$5.5	\$5.7	\$6.3
Parks (ODOP)	\$17.2	\$24.0	\$26.7	\$29.9	\$30.9
Payroll Tax (STIF)	\$157.3	\$424.0	\$681.4	\$822.7	\$896.4
Vehicle Privilege Tax (0.5%) Railroad Fund	\$46.5	\$82.2	\$92.7	\$98.7	\$106.3
Grand Total Funds Distributed	\$1,058.4	\$2,488.7	\$3,390.2	\$3,688.6	\$3,974.1

Impact Explanation:

Fuel Taxes: Increases per-gallon state motor vehicle fuel tax and use-fuel tax to 50 cents beginning January 1, 2026, and to 55 cents on January 1, 2028. The measure imposes a new tax on Diesel Fuel, by modifying the definition of diesel fuel used by heavy vehicles to be treated and taxed in a comparable fashion to the motor vehicle fuel tax paid by light vehicles. This approach is known as a hybrid system of taxation for heavy vehicles, where Weight Mile taxes are augmented by a Diesel tax that is equivalent in rate, point of taxation, and collection to the fuel tax. Consequently, the new Diesel Tax is paid mostly by heavy and medium-heavy vehicles.

Indexing of fuel taxes: For all the types of taxed fuel (new and existing), the measure indexes the per-gallon tax rate to inflation, beginning January 1, 2029. The annual adjustment uses the change in the consumer price index from the prior year compared with two years prior. Each year the new rate is bounded between 100 percent and 104 percent of the prior year's rate. Applying the CPI-West forecast, indexing starts by effectively increasing the fuel tax rate by 1.1 cents in 2029, reaching an additional 1.4 cents by 2034. Revenue resulting from indexing gasoline, use-fuel, and the new diesel fuel tax are shown in separate lines in the revenue table.

Increases in the tax rate due to inflation are shown in the table below and applies to gasoline, use-fuel, and the new diesel fuel tax.

Tax Changes	1/1/2029	1/1/2030	1/1/2031	1/1/2032	1/1/2033	1/1/2034
Indexing Fuel Tax (new cents)	\$0.011	\$0.011	\$0.012	\$0.014	\$0.014	\$0.014

Vehicle Registration Fees: The measure also increases annual fees on registration of passenger vehicles by \$50, however, it does that first by adding a change in the amount of the base-fee by \$20. This revenue neutral change is accomplished by removing the first layer of the MPG surcharge (0-20 MPG) and an equivalent amount (\$20) from the other MPG tiers surcharges that were established in HB 2017 (2017 Session). After that rearrangement of registration fees and adding the \$50 increase, the net increase reflected in (section 62) of the measure shows vehicle registration fees going from \$43 to \$113. Surcharge Fees of HB 2017 are adjusted accordingly, and the EV (tier) surcharge is reduced to \$95 (section 140) before it is repealed in 2031. For mopeds and motorcycles, the measure also increases the registration fees (from \$44 to \$110), low-speed vehicles, light trailers, and medium-speed electric vehicles (\$63 to \$129).

Title fees: The measure removes and averages the MPG tiers (established in HB 2017). Effectively leaving the current title fees averaging \$112. Although the package net increase for title fees is \$70, the readjustment of title fees with adjustments of MPG tiers ends up showing as an Increase in title fees from \$77 to \$182 (in section 63).

Vehicle Transfer Tax (VTT): The measure imposes a new tax on the transfer of ownership of both new and used vehicles. Vehicles subject to the tax are all vehicles with gross vehicle weight of 26,000 pounds or less sold for a transfer sales price greater than \$10,000. The tax is levied at two percent of sales price for new vehicles or one percent of sales price for used vehicles. The measure specifies (sections 81-86) that the tax is the liability of the purchaser, who is considered the taxpayer. It also creates commensurate transfer use tax for transactions occurring outside Oregon, to be paid upon Oregon registration of the vehicle. The VTT is considered a highway fund source of revenue that is governed by the constitutional restrictions of the highway fund. The amounts of revenue shown in the revenue table above are net of 2.25% DMV collection costs. The amounts of revenue for the vehicles below 10,000 lb. are considered a light vehicle payment, while the amounts generated from vehicles between 10,000 and 26,000lb. are considered medium-heavy contributions. Both taxes are shown as a sperate source in the revenue table.

Road User Charge (RUC): The measure begins the transition to the per-mile Road Usage Charge (starting in section 132) by adding vehicle classes that must use the program currently known as OReGO. The voluntary program will be repealed in 2037 as the mandatory RUC program takes full effect. The mandatory RUC program is implemented on an expedited transitional fashion. It starts with requiring EVs that are renewing their registration with DMV to be enrolled in the RUC program on 7/1/26. New EV's will start enrolling on 1/1/27, then Hybrids and PHEV on 7/1/27. Although DMV will reduce registration fees for electric and fuel-efficient vehicles when they enroll with the RUC (section 140), they can also choose an annual flat fee payment of \$340, which will adjust with the indexing of the fuel tax. The RUC program, however, is likely to be administered by a private contractors known as Account Managers (AM). The AM expenses reduce the net revenue transferred to ODOT and are limited by the measure. The allowed expense for the AM is specified to not exceed 10% of the revenue collected starting in FY30. Prior to that, this analysis assumes costs to start at 28% and go down to 17% in FY 29. This does not include ODOT's administrative expenses that are estimated at \$8 million a biennium growing by 1% per year. The road user charge for miles driven in Oregon for passenger vehicles is set at 5 percent the rate of the per-gallon fuel tax in effect at the time of the fee assessment. Vehicles enrolled in RUC are not subject to the enhanced portion of registration fees intended to increase charges for vehicles that paid less in gasoline tax (as designed in HB 2017). By the end of 2030, all electric vehicles would be enrolled in the RUC program, thus the enhanced registration fee for EV's will no longer be necessary, and it will be repealed on 1/1/2031.

A separate RUC program charge for commercial vehicles is set at 10 percent of the fuel tax rate for electric delivery vehicles and vehicles between 10,000-26,000lb. Because the fuel tax is adjusted for inflation, the road usage charge adjusts accordingly. The measure requires enrollment of commercial delivery vehicles in July 2028. While delivery vehicles with GVW less than 10,000 lb. are counted as light payments, delivery vehicle payments of medium-heavy vehicles (10,000-26,000) are counted against that vehicle class cost responsibility. Both revenue sources are shown on separate lines in the revenue table. Revenue from the RUC program is distributed according to an existing current law formula of 50-30-20, and not subject to the dedicated or off-the-top distributions established in sections 110-114 of the measure.

The RUC program estimates are subject to several risks, including the ability of the AM to keep collection costs under the assumed limits, particularly if they must distinguish and charge payments for miles driven in Oregon only. Another risk would be the ability of the program to meticulously launch under the expedited timeline. Additionally, finding a suitable AM to administer the program might prove challenging.

Cost Recovery Fees: The measure increases several **DMV and CCD** fees to capture the amounts needed for full cost recovery for these transactions. Increasing fees for activities like new or replacement registration plates, licenses, stickers, permits, endorsements, knowledge and skills tests, dismantler certificates, and trip permits, practically frees revenue that otherwise would have been covered and subsidized by other Highway Fund revenue. This results in an increased stream of revenue available for distributions between the state and local governments. Albeit these distributions are governed by the older split of 60% to the state and 40% to local governments. The Highway Fund sources of revenue generated by these transactions comprise about \$50 million in an average year. The revenue is also classified into both Heavy and light categories.

These increased transaction fees for the Highway fund are shown in the table below.

Category	Current Rate	Proposed Rate Jan 1, 2026
Salvage Titles	\$ 27.00	\$ 44.00
Salvage Title - New from Dealer	\$ 27.00	\$ 44.00
Salvage Title - New to Oregon	\$ 27.00	\$ 44.00
Heavy Trailer Trip Permit	\$ 10.00	\$ 25.00
Registration Weight Trip Permit	\$ 5.00	\$ 25.00
Registered Vehicle Trip Permit	\$ 7.50	\$ 25.00
Replacement Plate	\$ 12.00	\$ 33.00
Replacement Plate & Sticker	\$ 12.00	\$ 33.00
Plate Transfer	\$ 30.00	\$ 44.00
Original NCL	\$ 58.00	\$ 100.00
Original Instruction Permit	\$ 30.00	\$ 75.00
Hardship Driver Permit Application	\$ 75.00	\$ 75.00
Motorcycle Endorsement Only	\$ 60.00	\$ 60.00
Motorcycle Endorsement	\$ 60.00	\$ 90.00
Farm Endorsement Only	\$ 26.00	\$ 60.00
Farm Endorsement	\$ 26.00	\$ 60.00
Renewal NCL	\$ 48.00	\$ 74.00
Renewal Instruction Driver Permit	\$ 26.00	\$ 69.00
Replacement NCL	\$ 30.00	\$ 56.00
Replacement Instruction Driver Permit	\$ 30.00	\$ 56.00
Replacement Motorcycle Instruction Driver Permit	\$ 30.00	\$ 56.00
NCL Knowledge Exam	\$ 7.00	\$ 10.00
NCL Skills Exam	\$ 45.00	\$ 50.00
CDL Skills Exam	\$ 145.00	\$ 200.00
Registration - Motorcycle	\$ 88.00	\$ 220.00
Registration - Moped	\$ 88.00	\$ 220.00
Registration - Light Trailer	\$ 126.00	\$ 258.00
Registration - Medium Speed	\$ 126.00	\$ 258.00
Registration - Low Speed	\$ 126.00	\$ 258.00
Cab Card (Truck registration card)	\$ 3.00	\$ 15.00
Registration Plate (single)	\$ 3.00	\$ 20.00
Registration Plate (pair)	\$ 6.00	\$ 25.00
Registration Sticker (single)	\$ 3.00	\$ 12.00
Registration Sticker (pair)	\$ 6.00	\$ 13.00
Trusted Carrier plates	\$ -	\$ 36.00
Heavy Truck Transponders	\$ -	\$ 79.00
Heavy		

Heavy vehicle Payments: The heavy payment category is customarily dominated by the **Weight-Mile (W-M)** tax, **Flat Fee (FF)** payments, and the **Road Use Assessment Fees (RUAF)**. This measure delays any increase in these taxes and fees until July-2028 (FY-29). At that time, the measure introduces two main reforms to the heavy vehicle taxation system.

- 1) First, is the introduction of a diesel tax discussed above in addition to the W-M tax to create a hybrid system for payments. Currently heavy vehicles (above 26,000 lb.) generate 2.4 billion VMT in an average year, which would translate to \$140 million in revenue (considering current fuel tax rate and MPG). In theory, diesel tax payments increase for heavier trucks as they consume more fuel, however, this increase is not commensurate with the damage imposed on the roads by the heavier weight vehicles. Thus, the W-M segment of the hybrid system (if calibrated correctly) is supposed to shoulder that damage difference. This hybrid system needs to be

studied and researched more thoroughly to align its effectiveness and character with the Highway Cost Allocation Study (HCAS).

- 2) Second, the resulting new weight mile rate tables (after the hybrid system is introduced) were simplified to ten gradually increasing rates. The first nine rates increase by 6,000 lb. increments from 26,000 lb. to 80,000 lb. These nine rates essentially replace the current (2,000 lb. increments) Table-A of the weight mile tax. The tenth increment of the simplified table spans all trucks weighing between 80,001 to 105,000lb. This broad single 25,000 lb. weight increment essentially replaces all of Table-B of the current W-M tax rates. It is worth noting that the current Table-B contains different (adjusting) rates of tax relative to the number of axels that a truck (of a certain weight class) uses. Table-B was initially developed to encourage vehicles with heavier weights to use more axels which distribute weights on a higher number of axels reducing damage to the roads. The new simplified system will likely need more thorough study and research to align its effectiveness to the results and research of the Highway Cost Allocation Study (HCAS).

By FY 2029, the measure initiates the diesel tax and starts the changes and increases of the weight mile taxes commensurate with the reformed structure (section 2). However, the weight mile tables for FY-29 abbreviated what otherwise would have required four different rate changes to create an HCAS balance in each respective biennium. Hence, the resulting revenue of this measure is not balanced to HCAS requirements (as shown in the Tables below). The measure also introduces a table (E) for electric trucks (which do not consume diesel) that might come online in the coming years.

The measure maintains the non-divisible load permits RUAF that are in current law until the other heavy vehicle taxes and fees come online in FY 29. Flat Fees for commodity haulers were not adjusted in the 2025-27 biennium (to reflect the results of the Flat Fee study) from current rates. However, the FY 29 rates for RUAF will go to \$24.0 (section 64). Log Haulers will increase to \$16.48 for E-vehicles, and \$14.80 for Diesel vehicles, while Sand & Gravel, will increase to \$26.64 for E-Vehicles, and \$23.95 for Diesel vehicles (section 65). Other commodity rates were repealed for the lack of use.

Highway Cost Allocation (HCAS) Implications: The Weight Mile taxes are customarily adjusted to achieve the required constitutional biennial balance reflected by the HCAS ratios. However, this measure only changes the Weight Mile taxes once (25% at the beginning of FY29) in a fashion that does not achieve balance for any of the subsequent five biennia, nor is it balanced for the total sum payments of those biennia.

The separate revenue contributions of heavy and light vehicles are shown in the tables below.

Highway Fund Revenue \$ Million	2025-27 BN	2027-29 BN	2029-31 BN	2031-33 BN	2033-35 BN
Light Payments					
FUELS (Gas& Use)	\$236.5	\$411.5	\$436.7	\$424.8	\$416.6
Vehicle Reg	\$275.8	\$393.4	\$398.5	\$399.0	\$403.9
Titles	\$87.3	\$132.4	\$128.1	\$121.1	\$116.2
MV Transfer Tax & Use (1,2)	\$129.3	\$544.3	\$562.8	\$543.9	\$565.5
Net RUC -ODOT CC	(\$15.0)	(\$3.2)	\$120.3	\$208.5	\$289.5
RUC commercial Light	\$0.1	\$0.3	\$0.4	\$0.5	\$0.5
Use Tax (Prvlg=) (0.5%)	\$13.0	\$23.0	\$25.2	\$26.9	\$29.0
DMV Cost Recovery	\$68.1	\$92.7	\$100.0	\$97.1	\$95.9
Revenue from Gas Indexing	\$0.0	\$9.2	\$66.9	\$139.5	\$219.0
Total Light	\$795.0	\$1,603.5	\$1,838.9	\$1,961.4	\$2,136.0
percentage Light Payments out of Total Revenue	97.0%	83.2%	72.0%	72.6%	73.5%

Heavy Payments	2025-27 BN	2027-29 BN	2029-31 BN	2031-33 BN	2033-35 BN
FUELS (Gas& Use) heavy	\$4.8	\$8.6	\$10.3	\$11.5	\$13.0
Heavy Cost Recovery	\$2.1	\$2.3	\$2.3	\$2.3	\$2.3
Heavy VTT	\$17.3	\$36.5	\$37.7	\$36.4	\$37.9
RUC commercial Heavy	\$0.4	\$1.2	\$1.8	\$2.5	\$2.7
Diesel Tax	\$0.0	\$143.7	\$381.7	\$379.7	\$378.1
Diesel Tax Indexing	\$0.0	\$1.9	\$15.4	\$33.1	\$52.6
Weight Mile/FF/RUAF	\$0.0	\$130.7	\$267.5	\$275.8	\$282.8
Total Heavy	\$24.7	\$324.9	\$716.7	\$741.4	\$769.3
percentage Heavy Payments out of Total Revenue	3.0%	16.8%	28.0%	27.4%	26.5%
Total Highway Fund (Light and Heavy)	\$819.8	\$1,928.4	\$2,555.6	\$2,702.7	\$2,905.4

Prior to this measure, the 25-27 HCAS projected an over payment of \$182 million by heavy vehicles. This is remedied in this measure by considering the first \$565 million payment by light vehicles as an offsetting balance. After accounting for that, additional payments by light vehicles in the 25-27 biennium results in \$82 million underpayment by heavy vehicles. Over the five biennia reflected in this analysis, the lack of balance between the vehicle classes is a result of the weight mile taxes being raised only once without particularly pursuing to balance each biennium for equity of the cost responsibility shares. The effect of the (tax increase) delay until FY29 is most pronounced in the 27-29 biennium, where heavy vehicles underpayment reaches a little over \$400 million.

Comparison of revenue and relative balance of over and (under) payments for the general broad classes of heavy (10,000 lb. and above) and light (below 10,000 lb.) vehicles are shown in the table below.

HCAS Balance	2025-27 BN	2027-29 BN	2029-31 BN	2031-33 BN	2033-35 BN
Bring 25-27 HCAS to Balance					
light payments before Heavy is needed (Heavy payments \$182)	\$565.4	\$0.0	\$0.0	\$0.0	\$0.0
Light payments needed to be balanced after (25-27) adjustment	\$229.7	\$1,603.5	\$1,838.9	\$1,961.4	\$2,136.0
Heavy needed after (25-27 Balance)	\$106.5	\$726.8	\$833.5	\$889.0	\$968.2
Other Heavy Revenue (not W/M)	\$24.7	\$194.2	\$449.2	\$465.6	\$486.5
Heavy payment WM &FF &RUAF	\$0.0	\$130.7	\$267.5	\$275.8	\$282.8
Subtotal (needed - payments)	(\$81.8)	(\$401.9)	(\$116.8)	(\$147.6)	(\$198.8)
Cost Responsibility Balance	2025-27 BN	2027-29 BN	2029-31 BN	2031-33 BN	2033-35 BN
Total Heavy (under) / over payments	(\$81.8)	(\$401.9)	(\$116.8)	(\$147.6)	(\$198.8)
Total Light (under) / over payments	\$81.8	\$401.9	\$116.8	\$147.6	\$198.8

HCAS is predicated upon allocating the revenue raised to specific expenditure categories to achieve balanced allocation of payments between vehicle classes. This revenue estimate was based on the general expenditure categories offered by ODOT. Those expenditures are assumed to cover ODOT budget rebalance in the 2025-27 biennium, while for 2027-29 and the following biennia, ODOT is assumed to direct 36% of revenue to Maintenance, 35% to Operation & Admin, 25% to Preservation, 2% to Safety, and 2% to a Flexible Reserve. Adding to that mix, the expenditure categories of dedicated (off-the-top) programs, and local government expenditures, results in light vehicles responsibility (for all light payers) of 68.83%, and heavy vehicles (all heavy payers) responsibility of 31.17%. However, the risk to the revenue estimate stems from the lack of specificity (in the measure) for those intended expenditure categories (of the revenue generated). Accordingly, the assumed expenditure profile can change at any one biennium during the coming 10 years, requiring further future adjustments of tax rates.

Highway Fund Distributions: The measure used three different formulas of distributions for the highway fund revenue. Two of these formulas were based on existing (current) law and the third was devised by this measure (sections 110-113). The impact section of this RIS (Revenue Impact Statement) shows the specific dollar amounts going to all the different uses, however, the table below shows the overall distribution for the new revenue generated by the measure. The measure also tasks LRO working with ODOT (in section 172) to study and recommend simplification of all the different distributions found in the statutes.

Highway Fund Distributions %	2025-27	2027-29	2029-31	2031-33	2033-35
Dedicated Programs	15.2%	29.0%	21.9%	20.7%	19.3%
State	43.2%	36.0%	39.4%	40.0%	40.7%
Counties	24.9%	21.0%	23.2%	23.6%	24.0%
Cities	16.6%	14.0%	15.4%	15.7%	16.0%

Vehicle Privilege Tax: The measure increases the vehicle privilege tax rate paid by vehicle dealers for the privilege of selling vehicles in Oregon from 0.5 percent to one percent of the retail sales price of the sold motor vehicles. The increase is mirrored in the vehicle use tax imposed on subject vehicles purchased

outside Oregon that are registered and titled in Oregon. Current net revenue from the 0.5% privilege tax is directed to DEQ and Connect Oregon programs. However, the revenue resulting from this measure increase in the privilege tax is directed to **Railroad Fund** and Programs (sections 60a, and 60b). While the privilege tax is allowed to be used for program other than Highway, the corollary Use tax is a Highway Fund restricted revenue source and is accounted for in the highway fund tables.

Payroll Tax: The measure increases the employee payroll tax from 0.1 percent to 0.18 percent effective January 1, 2026; to 0.25 percent effective January 1, 2028, and finally to 0.3 percent effective January 1, 2030 (section 54). By 2031 the tax raises around \$450 million per year. All the resulting net revenue from those increases still go to the STIF (Statewide Transportation Improvement Fund). The measure also expands the allowable uses of the STIF to include capital projects as well as operation of transit services.

Finally, the measure raises several fees for Recreational Vehicles (**RV**) and Trailer **transactions**. The revenue from these transactions will go to the **Department of State Parks**. The measure also creates the **Abandoned Recreational Vehicle Account (ARVA)** and directs revenues from fees to the fund. Those fees are indexed to inflation starting in FY 28 until the fund is repealed on January 2, 2036. Additionally, some **DMV business transaction fees**, that are not highway fund transitions, are raised to recover their cost of doing business. Revenue from these fees and their uses (distribution) are reflected separately in the revenue tables.

RV, Trailer fees, ARVA indexed fees, and the DMV business fees are shown in the table below.

Category	Current Rate	Proposed Rate Jan 1, 2026	Proposed Rate Jan 1,	Proposed Rate Jan 1, 2030	Proposed Rate Jan 1, 2032	Proposed Rate Jan 1, 2034
Snomobile Registration	\$ 10.00	\$ 30.00				
Dismantler Business Certificate	\$ 500.00	\$ 2,492.00				
Dismantler Supplemental Location	\$ 500.00	\$ 2,492.00				
Dealer Original Application	\$ 1,100.00	\$ 2,044.00				
Dealer Renewal Application	\$ 1,100.00	\$ 2,044.00				
Dealer Supplemental Location	\$ 350.00	\$ 1,053.00				
Transporter Business Certificate	\$ 450.00	\$ 1,294.00				
Vehicle Appraiser	\$ 100.00	\$ 504.00				
Motor Homes	\$ 288.96	\$ 445.01	\$ 460.00	\$ 480.00	\$ 502.00	\$ 522.00
Campers	\$ 127.51	\$ 196.37	\$ 203.00	\$ 212.00	\$ 222.00	\$ 230.00
Travel Trailers	\$ 203.02	\$ 312.65	\$ 323.00	\$ 337.00	\$ 353.00	\$ 366.00
RV Trip Permits	\$ 35.00	\$ 50.00	\$ 52.00	\$ 54.00	\$ 56.00	\$ 59.00
ARVA Motor Homes	\$ -	\$ 25.00	\$ 26.00	\$ 27.00	\$ 28.00	\$ 29.00
ARVA Campers	\$ -	\$ 25.00	\$ 26.00	\$ 27.00	\$ 28.00	\$ 29.00
ARVA Travel Trailers	\$ -	\$ 25.00	\$ 26.00	\$ 27.00	\$ 28.00	\$ 29.00
ARVA RV Trip Permits	\$ -	\$ 40.00	\$ 41.00	\$ 43.00	\$ 45.00	\$ 47.00
Abandoned Recreational Vehicle Account (ARVA)						
Non-Highway						

Creates, Extends, or Expands Tax Expenditure: Yes No