

LC 338-EXPLAN  
(HB 3991,  
2025 special session)  
2/10/26 (HE/ps)

THIS EXPLANATION HAS NOT BEEN  
REVIEWED OR APPROVED BY THE  
LEGISLATIVE COUNSEL COMMITTEE.

**MEASURE NO.**

## **INCREASES FUEL TAXES, REGISTRATION/TITLE FEES FOR ROADS, TAX ON WAGES FOR PUBLIC TRANSPORTATION SERVICES**

Submitted to the Electorate of Oregon by Referendum Petition to be voted on at the Primary Election, May 19, 2026.

1 **Explanation**

3 Ballot Measure \_\_\_\_ amends Oregon statutes to increase the fuel tax, vehicle  
4 registration fees and title fees and temporarily increase the payroll tax used for public  
5 transportation.

Under current law and the Oregon Constitution, state fuel taxes and registration fees are imposed to pay for highways, bridges and roadside rest areas in Oregon. Payroll taxes, fares and other funds are used to pay for public transportation. Currently, a payroll tax is imposed at a rate of one-tenth of one percent. The payroll tax applies to the wages of an employee who is a resident of this state, regardless of where services are performed, or of an employee who is not a resident of this state, for services performed in this state. The revenue from the payroll tax is given to public transportation agencies across the state to provide public transportation, like bus service.

15                   The Legislative Assembly enacted House Bill 3991 in a 2025 special session.  
16 Among other things, the bill increases vehicle fuel taxes and some vehicle registration and  
17 title fees. House Bill 3991 requires owners of electric vehicles and hybrids to pay a flat fee  
18 or a per mile fee for miles driven; imposes additional accountability measures for the  
19 Department of Transportation; eliminates existing statutory language requiring tolling for  
20 some highway projects; and simplifies the state's "weight-mile" system of taxing heavy  
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1 trucks. The bill provides that the new funding from increasing the fuel tax, registration fees  
2 and title fees will be shared among the Department of Transportation, counties and cities.  
3 In particular, cities and counties with smaller populations will get more funding than they  
4 currently receive and the state agency that is responsible for most of the roadside rest areas  
5 in the state will get additional funding to improve and maintain the rest areas along  
6 highways.

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8 Petitioners collected sufficient signatures to invoke the right of referendum to ask  
9 voters to approve or reject certain increases in the fuel tax, vehicle registration and title fees  
10 and payroll taxes, as set forth in Ballot Measure \_\_\_\_\_. Ballot Measure \_\_\_\_ raises the state's  
11 fuel tax to 46 cents and raises vehicle registration fees by \$42 for passenger vehicles, utility  
12 and light trailers, low-speed vehicles, mopeds and motorcycles. Ballot Measure \_\_\_\_ raises  
13 title fees for passenger vehicles by \$139.

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15 The measure also temporarily increases the payroll tax for public transportation.  
16 Public transportation agencies will get more funding from the temporary increase in payroll  
17 taxes. The measure provides that the tax rate will increase to two-tenths of one percent until  
18 January 1, 2028. Starting January 1, 2028, the payroll tax rate will return to one-tenth of  
19 one percent.

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21 If voters do not approve Ballot Measure \_\_\_\_\_, fuel taxes, registration fees and title  
22 fees will remain at their current levels. Also, the payroll tax for public transportation services  
23 will remain at its current level.

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