Funding Tools and Financial Scenarios Subgroup

Report to the Rebuilding Our Transportation Vision Workgroup

November 2026

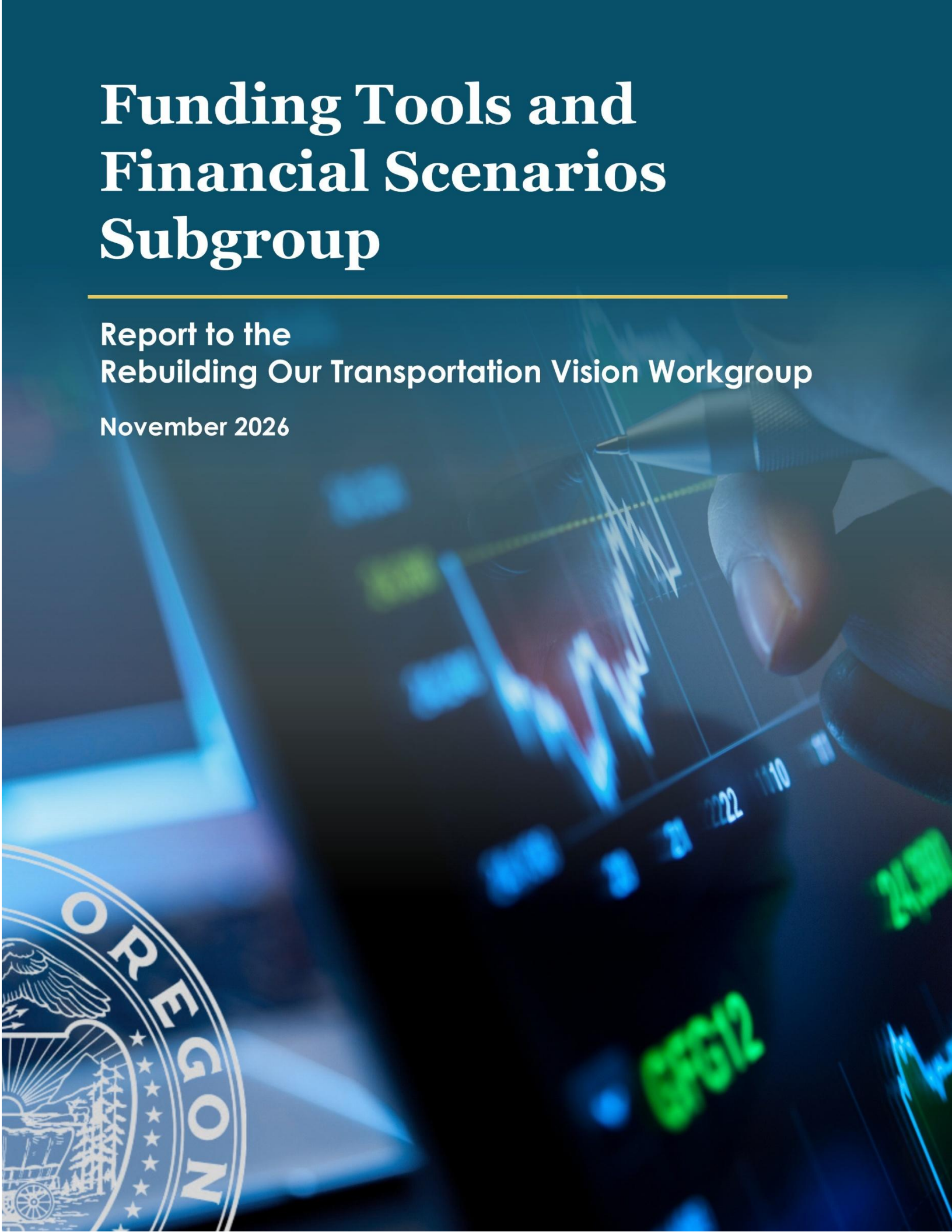


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The Funding Tools and Financial Scenarios Subgroup was charged with developing and evaluating transportation funding and finance options to support the work of five topic-specific subgroups established by the Governor's Rebuilding Our Transportation Vision Workgroup:

- Maintenance, Operations, Preservation and Emergency Response.
- Community Livability and Safety Programs.
- Transit and Passenger Rail.
- Freight Mobility.
- Major Project Funding and Delivery.

The five subgroups were asked to describe current conditions, performance, and the consequences of inaction, and to evaluate a 10-year outlook under three funding scenarios:

- No new funding.
- Stabilizing and sustaining core services.
- Incremental investment, generally about 20% above the second scenario.

This memo presents mostly state-level revenue options that could support the subgroups' funding scenarios. The criteria offer a common basis for comparison, not a ranking or endorsement of every source. Where information is incomplete, options appear as a list and will need more work to detail. Each revenue option is evaluated for:

- Revenue potential.
- Average annual cost to the payer.
- Stability and predictability, including resilience to inflation.
- Implementation timeframe.
- Administrative and collection requirements.
- Legal complexity.
- Connection between the payer and the services funded.
- Prevalence in other states.

The analysis also identifies current or potential uses and whether revenues are restricted to road purposes or available for other transportation purposes.[1] Two broad financing questions framed the subgroup's analysis:

- How to sustain the integrated network of state highways, county roads, city streets and bridges?
- How to support transit, passenger rail and other transportation services?

[1] The Oregon Constitution creates this restriction, which divides taxes and fees that can fund road and bridge work from other state taxes and fees that fund the non-road parts of the system. The Maintenance, Operations, Preservation and Emergency Response subgroup and the Major Project Funding and Delivery subgroup fall wholly in the restricted group. Portions of the Freight and Community Livability and Safety Programs subgroups are also restricted where work is on the road or within the right-of-way.

Transportation Funding in Oregon Today

Transitioning to a Modern Transportation System

With the rapid and widespread availability and adoption of the automobile in the early 20th century, Oregon needed to develop a modern transportation system. Roads were no longer simply a local connection between farms, towns and markets instead they allowed for regular crossings of county and state lines. Oregonians demanded a connected network built to consistent standards.

That change required a larger state role. Oregon established the State Highway Commission and began developing a statewide highway network. In 1917, the commission approved substantial general-obligation bonding to accelerate road improvements. Two years later Oregon became the first state in the nation to enact a gasoline tax, initially one cent per gallon, which was dedicated to roads.

The gas tax was an extraordinarily successful innovation.

It connected payment closely to use. People who drove more, generally purchased more gasoline and paid more tax. Larger, less efficient vehicles that damaged the system more generally consumed more fuel and paid more tax. Plus, as overall vehicle travel increased, revenues increased with it.

At the same time, it became clear that the statewide system depended on local roads. The 1919 *Market Road Act* created a way for state funds to assist with county road development, with counties providing matching local revenues. The basic Oregon model was taking shape: cities and counties would own and operate much of the road network, while the state would increasingly finance and coordinate a connected statewide system.

The federal government soon became the third major partner. The *Federal Aid Road Act of 1916* began a significant federal-state highway partnership and federal involvement expanded through subsequent decades with the decisive transformation coming after World War II. The *Federal-Aid Highway Act of 1956* created the Interstate Highway System and established a massive federal commitment to highway construction. Federal fuel taxes financed the Highway Trust Fund and the federal government generally paid 90% of interstate construction costs.

Over the following decades, Oregon built the core highway network that exists today. The Interstate system, state highways, county roads and increasingly extensive networks of city streets transformed the Oregon economy. The transportation system connected producers with national markets, enabled metropolitan growth, dramatically increased personal mobility and connected ports, farms, forests, factories to the nearby communities. However, after completion of the modern statewide road network the central public-policy challenge changed from building the network to owning, maintaining and ultimately replacing it.

Financing Challenges for a Mature Transportation Network

The institutions and financing mechanisms that were created during the road-building era remain largely intact today, including the core sources of funding for the State Highway Fund (SHF). However, the problem that needs to be solved has changed. **The 21st century question increasingly is: How do we maintain, rehabilitate and eventually replace the enormous road network we have already built?** A mature infrastructure system requires a different financial discipline than a rapidly expanding one.

Oregon's principal road revenues remain fuel taxes, vehicle registration and title fees, driver fees, heavy-truck taxes and federal highway funds. SHF revenues are distributed among state and local governments. How this revenue is distributed has changed over the decades.

- Since the comprehensive *1986 Oregon Roads Finance Study* and following legislative sessions, new revenue is mostly shared 50% with the state, 30% to counties and 20% to cities.
- The current system of distribution is a complicated series of layers built on a base increment of older revenue distributed 60.05% to the state, 24.38 % to the counties and 15.57 % to the cities with new revenue layered on top.

Deferred maintenance is not free.

Road deterioration is nonlinear. Relatively inexpensive preventive treatments can extend pavement life for years. Once pavement deteriorates beyond certain thresholds, the cost of rehabilitation rises dramatically. Eventually reconstruction becomes necessary.

Failing to spend a dollar at the right time can therefore create a requirement to spend several dollars later. From an economic perspective, deferred maintenance is a liability. Yet unlike conventional debt, that liability often does not appear clearly on government balance sheets.

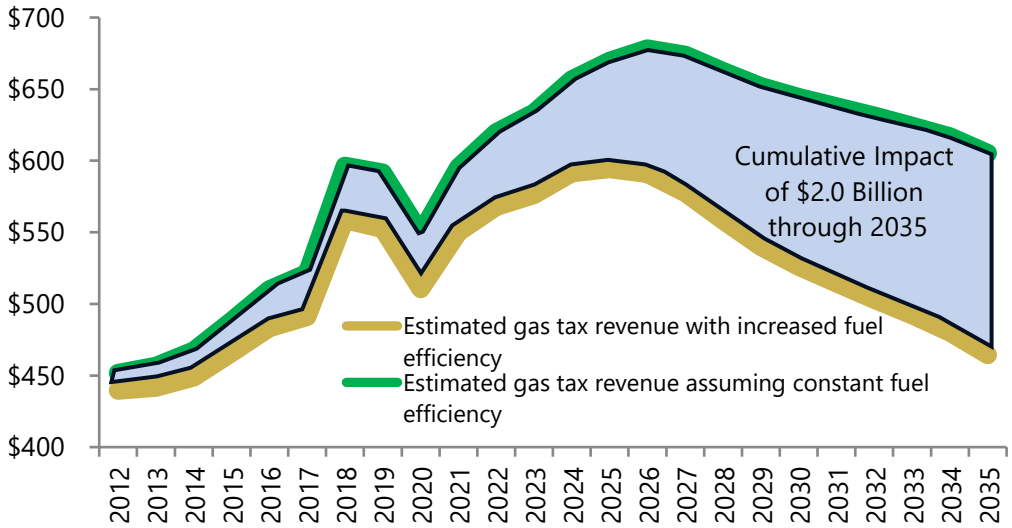
Oregon needs to know the size of this liability - not only at ODOT but for every significant publicly owned road system in the state.

- With the passage of the first *Oregon Transportation Investment Act (OTIA)* in 2001, each piece of transportation funding legislation distributed the incremental revenue generated by formulas set in each law.
- Initial justification for these distribution percentages was based on a comprehensive *Road Finance Study*, but no new study validated these percentages in the last 30 years.
- County and city revenue are not distributed the same way. County revenue is distributed to the individual counties based on each county's share of registered vehicles. While city revenue is distributed based on population within each city.

For many decades this system has worked reasonably well. But several structural changes have weakened it. We have a financing system increasingly mismatched with the financial requirements of a mature transportation network.

- **First, vehicles have become dramatically more fuel efficient.** Using the most recent DMV data, the average passenger vehicle's MPG is 25.4, compared to 19.8 MPG at the end of 2010. That's a 28% increase in efficiency in just 15 years. Electric vehicles consume no gasoline at all. Consequently, growth in fuel-tax revenue collected for each mile driven is under tremendous pressure. Through 2025, the cumulative revenue lost was about $500 million but is expected to balloon over the next ten years for a total of $2 billion (Figure 1).

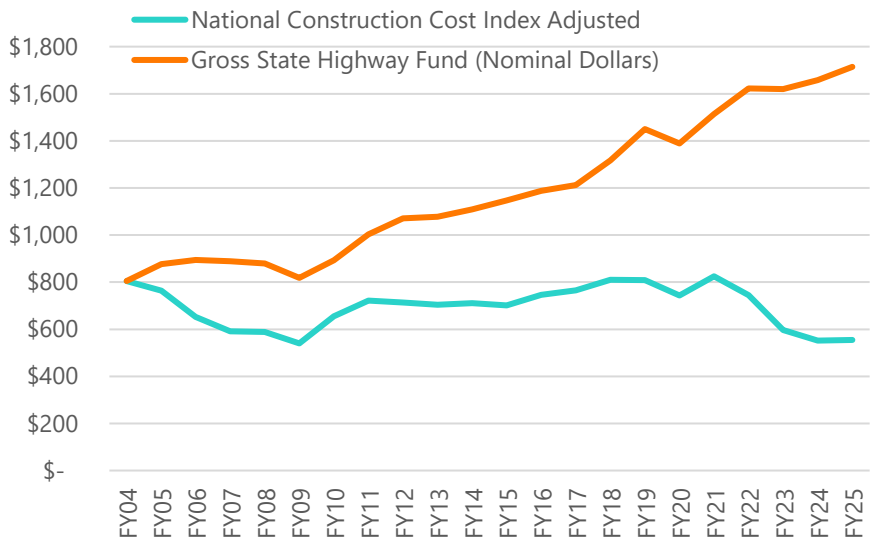
Figure 1 – Gas tax revenues generated with current fuel efficiency vs constant efficiency of 20MPG (2010-35 forecast); millions of dollars.



- **Second, Oregon's fuel taxes and many vehicle fees have not historically been automatically indexed to inflation.** Construction materials, equipment and labor have become considerably more expensive while the purchasing power of transportation revenues has declined. The Oregon Department of Transportation (ODOT) now explicitly identifies both flattening fuel-tax revenue and persistent inflation as fundamental structural problems.

- Figure 2 shows that despite significant legislative actions to increase taxes and fees, they haven't been sufficient to stay on top of inflation. In fiscal year 2004, state revenue totaled $800 million and then leveled off and even declined during the Great Recession, before increasing again following implementation of the *Jobs and Transportation Act (JTA)* in 2009. In 2012, the economy began to grow more rapidly, leading to several years of increased revenue before House Bill (HB) 2017 was passed and implemented in phases, beginning 2018, with the final full year of new revenue in fiscal year 2025 at just over $1.7 billion. While $1.7 billion is over twice the 2004 revenue, once adjusted for inflation it's lower than the 2004 number. The rapid rise in inflation has left the SHF under $600 million in real dollars, compared to the $800 million back in fiscal year 2004.

Figure 2 - The impact of inflation on the State Highway Fund (SHF) revenue; in millions



- **Lastly, federal transportation funding does not solve the maintenance problem.** Oregon currently receives roughly $700 million annually in Federal Highway Administration funding, but federal funds are usually directed toward capital construction and generally cannot support routine day-to-day maintenance and ODOT operations.

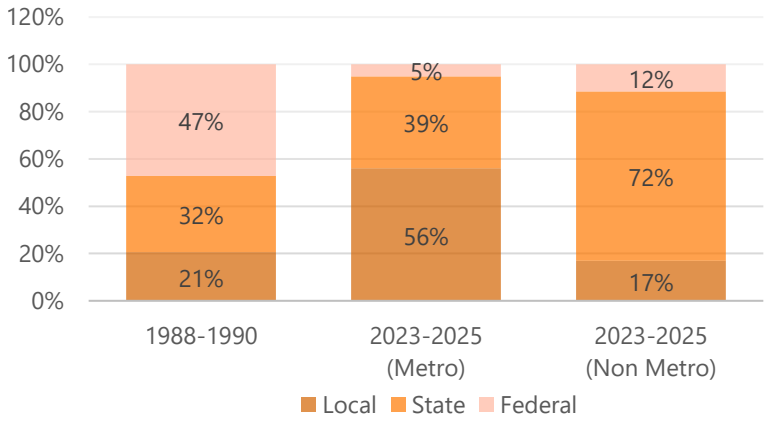
Rethinking the Value of Roads

The starting point for a new approach should be to stop thinking about roads primarily as an annual government expenditure and start thinking about them as an asset. For example, Oregon's state highways, county roads, city streets and bridges collectively may have a replacement value of approximately $500-$700 billion, with roughly $600 billion a useful midpoint for thinking about the scale of the system. That would make the road network one of the largest categories of physical capital in Oregon.

An electric utility wouldn't be operated without knowing the value and condition of its generating plants, transmission lines, substations and distribution system. A utility estimates depreciation,

replacement requirements, maintenance costs and future capital needs and establishes rates intended to provide sufficient revenue to maintain reliable service. Oregonians do not approach the road system with comparable discipline. Instead, transportation funding is debated periodically, often in response to immediate budget shortfalls or proposed projects. That is fundamentally different from managing an asset.

Figure 3 – County average share of revenue by source



Local Funding Options Vary Across Oregon

Oregon's transportation discussion frequently centers on ODOT because it is the state's transportation agency and is visible to the Legislature. But ODOT controls only part of the road network. Cities and counties own enormous inventories of streets, roads and bridges. Their resources vary widely. Some jurisdictions have dedicated local revenues and sophisticated pavement-management programs. Others do not. Consequently, significant deferred maintenance has accumulated throughout the local system.

Federal Funding

Today, federal payments make up 8% of all county road revenue, 57% comes from the state and local funds make up 35%. To fill the gap left by the significant reduction in federal timber harvest receipts, counties have had to rely more on local revenue sources as well as the state collected gas tax, DMV fees and the weight mile heavy truck tax that cities, counties and ODOT share through the SHF.

For most Oregon counties before 1990, federal forest receipts were the most significant source of road funds for Oregon counties. Federal funds made up 47% of all county road revenue,[2] state-collected gas taxes and DMV fees made up 32% and local funds made up 21%.

Beginning in the late 1980s, the federal government greatly reduced logging on federal land to preserve spotted owl and salmon habitats, along with other endangered species. As logging revenue dramatically diminished, so did the timber receipts that went to county road departments. Congress passed the *Secure Rural Schools (SRS) Act* in 2000 to replace rapidly declining federal timber harvest receipts. SRS must be regularly reauthorized by Congress – it is a declining and unreliable revenue source.

[2] Funds came primarily from US Forrest Service timber harvest receipts resulting from a 1908 Act.

State Funding

The SHF remains a critical funding source for county road departments today. On average the SHF makes up over 50% of county road budgets, for many small and rural counties it can be over 80% of annual revenue. Counties rely on the SHF for operations and maintenance, while utilizing federal and local funds for dedicated and capital projects.

Local Funding

While state and local revenue for county road departments has increased since 1990, it has not compensated for the significant loss of federal funding. Consequently, counties continue to fall behind due to rising inflation and a growing deferred maintenance backlog.

Counties have grown their local revenue sources proportionately with the growth of the SHF. Since 1990, counties have increased local revenue generation by 90% while the county share of the SHF has increased by 83%. However, not all counties have meaningful access to local revenue sources. Over 76% of locally generated county revenue is collected within three metro areas. For those three metro counties, 56% of their road funds are locally generated, 39% are state funds and 5% are federal.

For counties in Eastern, Southwest and coastal Oregon there are fewer local revenue options. They typically generate 17% local funds, relying on 72% from state and 12% from federal sources.

Additionally, state law restricts many local revenue options for counties. Many small- to medium-sized counties also lack the local tax base to raise adequate funding through local gas taxes and vehicle registration fees. In many counties, a local gas tax would not even cover the cost of half-a-mile of pavement overlays.

Challenges to Other Modes of Transportation

Oregon's transportation system is multimodal and includes transit, rail, marine, aviation, bike and pedestrian modes. Service levels for these modes are also unsustainable without additional investment; many of the same issues facing the road system exist for all modes of transportation. The discussion and analysis about Oregon's roadway system can be viewed as a case study for the broader transportation system.

Bike and Pedestrian

In 1971 Oregon passed the *"Bike Bill"*, requiring state and local governments to spend at least 1% of their SHF on bike and pedestrian infrastructure within the right-of-way. Since that time, other sources of state revenue have been added; particularly for projects outside of the right-of-way. However, not all funding is statutorily dedicated and some of what has been dedicated is fixed dollar amounts. This allows for inflation to quickly erode the purchasing power of these sources and non-dedicated funding is always at risk of being utilized elsewhere. In addition, demand for the uses of these funds is high and

the programs supported by these funds are either oversubscribed or lack the funds to achieve the program goals. Some of these programs were further challenged by the 2026 Legislature redirecting funds out of these programs into ODOT maintenance and operations to balance the budget.

Rail, Marine and Aviation

Rail, marine and aviation state level funding has traditionally come from the Connect Oregon Program, which provides grants to help fund these projects. It was established in 2005 and relied on lottery bond proceeds for over a decade until the Legislature passed HB 2017, creating the Privilege Tax as the new funding source for this program. This new dedicated source eliminates the competition for lottery bond proceeds, but the amount of funding constrains the size of projects. In addition, this program was also subject to redirection from the 2026 Legislature, eroding the size of the current grant solicitation and pushing back the timing of the next solicitation.

Passenger Rail

The Passenger Rail program (Amtrak Cascades) has relied on funding from off-road gas taxes for its primary source of revenue outside of ticket sales for the last couple of decades. This is not a statutorily dedicated source and competition for funding is strong. Funding from this source has been held constant for several decades, which is causing the program to draw down balances and is not sustainable in the long-term.

Transit

Transit funding varies across Oregon both in terms of the sources and size of agencies' budgets and includes federal, state and local funding, as well as farebox revenue and other transit agency revenue. While those percentages reflect the statewide numbers, they vary widely by agency. For example, state funding for TriMet makes up less than 7.5% of its budget, whereas state funding for Wallowa County makes up 70% of its transit budget. The scale of transit agency budgets is very different statewide, ranging from a few hundred thousand for small agencies to close to a billion for the largest.

Federal Funding for Transit

Most federal transit funding comes to Oregon through annual formula-based apportionments determined by Congress, with each funding source governed by its own statutory formulas and eligibility criteria (i.e., 5304, 5307, 5310, 5311, etc.). While ODOT administers some of these programs, most federal transit funds flow directly to urban transit agencies such as TriMet (Portland-Metro region), Lane Transit District (LTD), Salem Area Mass Transit District (SAMTD) and Rogue Valley Transit District (RVTD), which are designated direct recipients. Additional federal dollars are distributed through competitive awards and certain funds are allocated directly to five of the nine federally recognized Tribes. For ODOT's 5310 program specifically, the Oregon Transportation

Commission has historically dedicated some Federal Highway Administration (FHWA) Surface Transportation Block Grant funding to support services for older adults and people with disabilities, although this funding is expected to drop by 90% in the coming years.

Federal transit funds support capital, operations and planning activities. However, most resources are dedicated to capital investments (vehicles purchases) and infrastructure and facility construction. Some funding streams are specifically targeted to rural or urban areas, while others focus on serving particular populations, including older adults, people with disabilities and Tribal members. Eligibility varies by program, but public agencies, counties, Tribes, transit districts and ODOT are the primary recipients. In some cases, nonprofits and private for profit transportation providers may also qualify. Funding levels come from federal authorizations, which typically last five years. During each authorization, funding levels generally grow slowly on an annual basis but can increase substantially when a new authorization takes effect. For example, during the *Fixing America's Surface Transportation (FAST) Act* period, Oregon federal FTA funds only grew an average of about 2% per year, but when the IIJA authorization took effect, revenues jumped over 20% before reverting to an average annual growth of about 2% during the authorization period.

State Funding for Transit

Prior to 2017, state dollars for transit consisted of just the Special Transportation Fund (STF) which was comprised of revenue from fees on cigarettes and identification cards as well as the off-road gas tax. Funding from the STF was directed to support transit services for older adults and people with disabilities. In 2017, state funding for transit significantly increased with the establishment of the Statewide Transportation Improvement Fund (STIF) and an employee payroll tax of 0.1% (or $1 for every $1,000 in income). For a household that earns the statewide median income of about $85,000, this works out to $85 per year or $0.24 cents per day.

Although the revenue from the payroll tax increases annually as wages increase, costs are rising at a faster pace than the additional money coming in. On average, STIF brings in about 4.4% more revenue every year, while costs are increasing by about 5.8% per year. Transit agency costs are heavily influenced by operational expenses. Within operations, nearly three-fourths of expenses are for labor, which have been growing rapidly. Transit providers are also experiencing major increases in insurance costs (healthcare, liability, vehicle, property, cybersecurity), vehicle costs, preventive maintenance and parts replacements.

Local Funding for Transit

Local funds keep better pace with rising costs, but the buying power of state (STIF) and federal funding dollar's fall short and expenditures are growing faster than revenue. Going back to the eight states that are like Oregon in terms of demographics and economics, spending in Oregon Ranks fifth, with an

average annual expenditure of $31 per person over the 2018-2023 period. Only Oklahoma is significantly lower than that, while three of the states (Connecticut, Utah and Maryland) have much higher per capita spending.

Funding in Other States

Examining how other states fund their transportation network highlights Oregon's funding challenges, uncovers where Oregon differs and the funding levels that other states contribute to their transportation network. Is Oregon unique or are all states struggling with this same problem?

By looking at funding levels per capita, larger and smaller states can be compared to Oregon. Using FHWA Capital Outlays from 2023-2024 and Census population data, the per capita spending on different areas of road transportation between the states including D.C. is shown in Table 1.

Table 1 - 2024 Oregon Per Capita Transportation Spending National Ranking (Non-Transit)

	Total Spending	Road and Bridge	Road Maintenance	Capital Construction	Engineering	Environmental	Safety	Right of Way
Rank	**45**	**48**	**50**	**40**	**18**	**41**	**27**	**27**
Amount	*$227*	*$55*	*$40*	*$56*	*$55*	*$4*	*$18*	*$7*

Data Source: FHWA 2023-2024 SF-12A

In 2024, Oregon ranked 45 out of 51 in spending per capita on transportation, spending only $227 per person on road transportation compared to the national average of $422. Oregon ranked 50 on road maintenance, 48 on road and bridge maintenance spending and 40 on capital construction spending, which includes new construction and replacement of roads and bridges. Oregon only ranks higher than the bottom 50% of States in engineering expenditures.

Eight states were chosen to compare to Oregon due to similarities in their demographics, economies and transportation systems. Not surprisingly, Oregon is the lowest in total funding, road, environmental and road/bridge maintenance spending. Oregon has the fourth lowest spending on road

and bridge maintenance at only $55 per person. This is just shy of three times less per person compared to the national average at $162 in 2024.

The closest state comparison is Colorado at $299 per person versus Oregon's $227. However, there is significant difference in maintenance spending, with Colorado outspending Oregon by 90% and 82% in the two maintenance categories.

Table 2 - 2024 National Per Capita Transportation Spending Comparative State Ranking (Non-Transit)

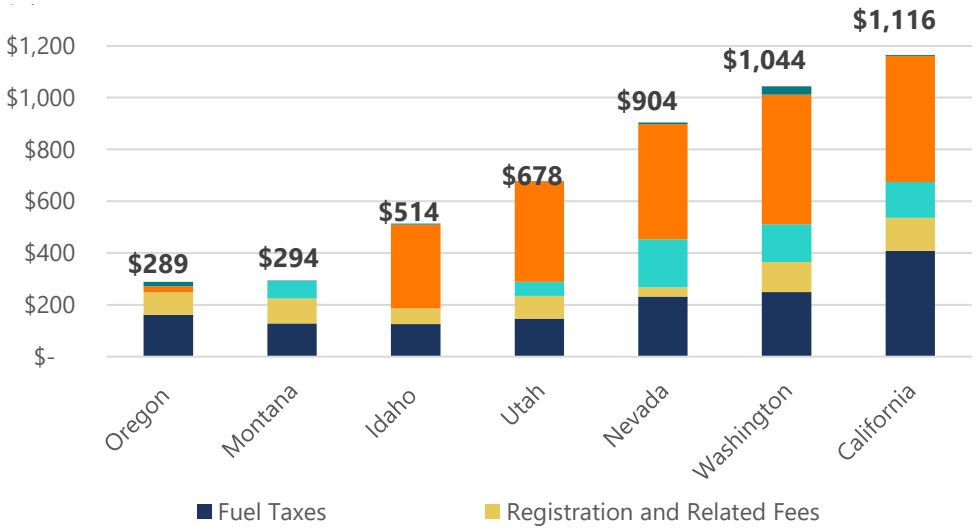
		Total Spending	Road and Bridge	Road Maintenance	Capital Construction	Engineering	Environmental	Safety	Right of Way
Colorado	**Rank**	**37**	**32**	**34**	**37**	**44**	**21**	**8**	**45**
	Amount	*$299*	*$105*	*$73*	*$59*	*$23*	*$13*	*$33*	*$2*
Connecticut	**Rank**	**26**	**27**	**37**	**43**	**28**	**6**	**5**	**39**
	Amount	*$378*	*$132*	*$65*	*$34*	*$44*	*$57*	*$54*	*$3*
Kentucky	**Rank**	**16**	**22**	**23**	**20**	**13**	**36**	**7**	**7**
	Amount	*$455*	*$142*	*$125*	*$144*	*$58*	*$5*	*$34*	*$31*
Maryland	**Rank**	**32**	**8**	**6**	**47**	**39**	**27**	**29**	**19**
	Amount	*$353*	*$252*	*$242*	*$26*	*$27*	*$9*	*$16*	*$12*
Nevada	**Rank**	**35**	**28**	**26**	**36**	**12**	**14**	**33**	**23**
	Amount	*$324*	*$124*	*$100*	*$60*	*$60*	*$25*	*$12*	*$9*
Oklahoma	**Rank**	**15**	**34**	**39**	**9**	**36**	**17**	**32**	**5**
	Amount	*$478*	*$99*	*$63*	*$174*	*$30*	*$18*	*$14*	*$35*
Oregon	**Rank**	**45**	**48**	**50**	**40**	**18**	**41**	**27**	**27**
	Amount	*$227*	*$55*	*$40*	*$56*	*$55*	*$4*	*$18*	*$7*
Utah	**Rank**	**18**	**40**	**38**	**13**	**10**	**10**	**19**	**1**
	Amount	*$439*	*$79*	*$65*	*$159*	*$66*	*$26*	*$23*	*$46*

Data Source: FHWA 2023-2024 SF-12A

By looking at how much it costs the average road user in Oregon (vehicle related taxes and fees for ownership and operation of a light motor vehicle) compared to the surrounding western states (Washington, California, Idaho and Nevada as well as Montana and Utah), there is a clear difference of expenditure. To the extent possible, all taxes and fees compared are those in current law as of 2026. The comparison includes:

- State gasoline excise tax.
- Gasoline sales and local option taxes.
- Re-registration and related fees.
- Ad valorem "value-based taxes."
- Prorated automobile sales taxes.
- Prorated title and related fees.
- The federal excise tax of 18.4 cents per gallon, state/local air emissions fees and tolls are excluded.

Figure 4 – Light vehicle taxes and fees, in dollars per year by tax category, for western states



The typical motorist taxes and fees are lower in Oregon than in other western states at $289 per year, regardless of whether the money is spent on highways or not. Closest to Oregon in total cost is Montana, while the remaining states are double to four times the Oregon annual amount (California). The main reason for this disparity is the lack of a general sales tax in Oregon and Montana. Vehicle sales taxes are lowest in Idaho at 6% and increase from there across the other states. Oregon has a privilege tax of 0.5% on new vehicle sales, compared 6% in Idaho.

In Oregon, other than the privilege tax, all motorist taxes and fees are constitutionally dedicated to roads. Other western states place some motorist revenues in their general funds to support non-highway/transit programs, even non-transportation programs. Many western states impose both a state sales tax and a local option sales tax on automobile purchases. These sales taxes usually generate more revenue than the gas tax on a cents per gallon basis for the typical motorist.

Funding in Oregon Tomorrow

Over more than a century, Oregonians built an extraordinary transportation network in response to the automobile. Cities and counties developed local road systems. The state connected communities through a statewide highway network. Gas taxes created a powerful user-financing mechanism. Federal investment helped build the Interstate and freeway era. Together, these investments created the mature system Oregon depends upon today.

We have now inherited the accumulated product of those investments - an asset potentially worth hundreds of billions of dollars. Our governance and financial systems have not fully made the transition from building that network to owning it.

That will be the central challenge for the next generation of Oregon transportation policy. Building on existing state and local asset inventories and condition assessments, Oregon should continue improving its understanding of long-term maintenance, preservation and replacement needs, including the costs of deferred maintenance. This work should help inform investment priorities.

Scenario 1: No Additional Funding

The immediate temptation is to ask how Oregon closes the next budget gap or finances the next group of transportation projects. Those questions matter. But they are downstream of a much larger issue.

The question Oregon should be asking is: How should Oregon govern, maintain, finance, replace and strategically expand one of the most valuable assets the people of this state collectively own? Answering that question could provide the foundation for a transportation system that is financially sustainable for the next 50 years. This work will not be done overnight and will take years of diligent effort to achieve.

Additional Funding Needs

In the short-term transportation agencies across the state are facing difficult challenges and will need additional funding to sustain current levels or make critical investments. Each subgroup identified funding needs to support these efforts, as well as potential funding and policy solutions to support increased investment in these areas. Most of the existing options could be described as short-term solutions, since they can be implemented quickly. Many of the new funding options are longer term solutions, as they require a longer implementation timeframe and are new to the state. *All Subgroup tables of these options are available in the Appendices, along with a description of the evaluation categories within the options tables.*

Overall Recommendations

Oregon needs practical measures to address immediate transportation needs and a durable framework for financing its system over time. The need for short-term revenue should not cloud the need for a longer-term, enduring framework.

Oregon's Road and Highway System

- **Pursue practical short-term options to address critical needs.** Indexing the fuels tax is one possible solution. Or a more creative idea would be to consider a mechanism that adjusts gas tax rates inversely with gasoline prices, easing the tax burden when fuel prices rise and collecting more when prices fall. Evaluate how such an approach would affect consumers and the adequacy and predictability of transportation revenues.
- **Treat city, county and state roads and bridges as one interconnected system.** Establish a common accounting and measurement framework to evaluate current conditions and project future conditions under current and alternative funding levels. Make explicit how deferred maintenance increases long-term system costs, so funding decisions reflect both immediate savings and future obligations.
- **Move towards replacing the fuels tax** with a combination of road usage fees that are not tied to a specific fuel type, including road usage charges (RUC), weight-mile taxes, tolls and congestion pricing.
- **Develop a framework that connects what users pay to the cost of maintaining, preserving, replacing and improving the system.**
- **Clarify city, county and state responsibilities for road maintenance and preservation.** Develop a shared understanding of each level of government's role and how funding arrangements support those responsibilities across the interconnected network.

Community Livability and Safety

Investment levels to sustain or modestly increase funding would lead to safer multimodal infrastructure, thereby decreasing the rate of injuries and deaths that people, including kids, are experiencing when they walk, bike or roll. The current programs are supported by a mix of constitutionally restricted and other state sources, with some work completed within the road right-of-way and others outside of it. State funding has expanded through passage of HB 2017, but with fixed amounts dedicated in programs like Safe Routes to School, inflation is eroding the buying power

of these funds. In addition, legislative redirection of funds during the 2026 Session has reduced amounts available for some of these already oversubscribed programs.

Transit and Passenger Rail

Revenue sources identified in this report to support transit and passenger rail could be utilized to sustain or increase service levels. **No single source has emerged with an obvious, direct connection between those who would pay and the services funded. Choices will therefore require weighing trade-offs between investments, revenue adequacy, affordability, stability and the distribution of costs and benefits.** HB 2017 created a new stable long-term state source of funding dedicated to public transit but rising costs have increased faster than revenue growth leaving transit agencies falling behind. Passenger Rail faces an even tougher challenge with reliance on multiple state sources where with only one is statutorily dedicated.

Freight Investments Off the Road

Going forward, it is important to recognize the competing demands for lottery dollars will make that source unreliable and consideration of other sources in this report should be given to support these investments. The off-road freight investments have typically come from lottery-backed bonds. While that is still true in some instances, a new source of funding was created in HB 2017 to replace the need for lottery bonds specifically for the Connect Oregon grant program. This has allowed the program to move forward funded through the vehicle privilege tax. However, legislative redirection of funds during the 2026 Session has reduced amounts available, which is impacting the size of the grant program.

Subgroup Members

ODOT and the Governor's Office would like to thank the Funding Tools and Financial Scenarios Subgroup for dedicating their time and expertise to this memo.

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Additional Funding Appendices

Each subgroup identified amounts needed to support two scenarios with increased funding. These scenarios are consistent across all subgroups.

- Scenario 2 provides the amount needed to maintain the current investment levels, which allows the current investment to remain inflation adjusted over time.
- Scenario 3 achieves this same goal, while also adding some additional critical investments. The amounts needed are expressed annually over 10 years and include a 10-year total and an annual average.

Below are the revenue options that could be used to support the additional investments from the each of the subgroup's scenarios. *These revenue options are listed in alphabetical order and are included in separate tables.*

- **First table contains the existing options**, which include the current funding options that are already in place.
- **Second table provides a list of potential new options**. These options are either new to Oregon or currently exist but are used to fund something else.
- **Third table contains a list of options that are not necessarily new taxes and fees,** but rather a potential redirection of current revenue that is not dedicated to transportation to a transportation use.
- **List of additional new options where limited information is generally available** and more analysis will need to be conducted to determine the revenue impact.

Maintenance, Operations, Preservation and Emergency Response

Scenario 2: Sustain Core Services

Scenario 2 provides a funding increase of 5.3% annually to keep pace with average annual inflation rates. This 5.3% increase would be applied to existing SHF allocated to Maintenance and Preservation resulting in an average annual funding increase of $236 million for ODOT and $236 million for cities and counties.

Table 3- Amount needed for Scenario 2

	2028	2030	2032	2034	2036	2037	TOTAL	Average Annual
ODOT	$38,799,041	$119,156,062	$208,194,433	$306,388,541	$396,719,436	$436,609,772	$2,361,269,185	$236,126,919
ODOT +Local	$77,598,082	$238,312,124	$416,388,866	$612,777,082	$793,438,872	$873,219,544	$4,722,538,370	$472,253,837

Scenario 3: Critical Investments

Scenario 3 provides a 20% funding increase to existing SHF allocated to Maintenance and Preservation plus 5.3% annually to keep pace with average annual inflation rates resulting in an average annual funding increase of $439 million for ODOT and $439 million for cities and counties. Funding for these scenarios could come from a variety of existing or new revenue sources. Some of the most likely sources to support this additional funding are as follows.

Table 4 - Baseline maintenance and preservation funding increased by 20% plus 5.3% inflation rate compounded over 10 years

	2028	2030	2032	2034	2036	2037	TOTAL	Average Annual
ODOT	$205,840,883	$283,637,828	$461,287,990	$506,462,767	$633,029,727	$699,831,391	$4,392,003,483	$439,200,348
ODOT + Local	$411,681,767	$567,275,655	$922,575,980	$1,012,925,534	$1,266,059,454	$1,399,662,783	$8,784,006,966	$878,400,697

Table 5 – Existing Revenue Options

	Revenue Potential (Yield)	Stability/Predictability
Base Light Title Fee - Current rate is $77/year and is assessed on light duty vehicles when title is transferred.	$10 million/year for each $10 per transaction.	High – not indexed to inflation.
Base Passenger Registration Fee - Current rate is $43/year and is assessed on passenger vehicles.	$39 million per $10/year.	High – not indexed to inflation.
Enhanced Light Vehicle Title Fee - Current rate ranges from $20 to $115/year and is assessed on passenger vehicles based on vehicle MPG.	$10 million/year for each $10 per transaction for all tiers equally.	High – not indexed to inflation.
Enhanced Passenger Registration Fee - Current rate ranges from $20 to $115/year and is assessed on passenger vehicles based on vehicle MPG.	$39 million per $10/year for all tiers equally.	High – not indexed to inflation.
Light Vehicle Trip Permit - Current rate is $35/permit, which is paid by unregistered light vehicles not sold through vehicle dealers.	$2 million/year for a $10 per transaction increase.	Medium - not indexed to inflation.
Motor Vehicle Fuels Tax - Tax on gasoline, diesel, propane and compressed natural gas used in on-road light and medium duty vehicles. Current state tax rate is 40 cents per gallon.	$16 million per penny/year; if bonded would generate about $230 million in proceeds.	Medium - Heading downward slowly and not adjusted for inflation.
Non-Commercial Driver License - $58 fee for an original issuance, $48 for renewal and $30 for a replacement license. These fees are designed to cover the cost of issuing the licenses.	$0.7 million per $1.	Medium - renewals follow a cyclical pattern so revenue fluctuates annually.
Plate Manufacturing Fee - Current rate is $13 per plate, which is paid on all new plates purchased through DMV.	$1.1 million/year for a $1 per plate increase.	High – not indexed to inflation.
Road Usage Charge (RUC) - Current rate is set at 5% of the fuels tax rate, which is 2 cents per mile. Tax will be paid by electric and hybrid passenger vehicles beginning in July 2027.	Yields will vary as more vehicles are required to enroll. A 1 cent increase in the fuels tax rate will yield $1-$3 million.	Low - does solve for increasing fuel efficiency; not indexed for inflation.
Vehicle Use Tax - Companion to the Vehicle Privilege Tax for qualifying vehicles purchased out-of-state. Rate needs to match the Privilege Tax rate, currently 0.5%.	$2 million per 0.1%.	Medium - does grow as prices grow but volatile.

Table 6 – New Revenue Options

	Revenue Potential (Yield)	Stability/ Predictability	Timing for Availability	Prevalence in Other States
Congestion/Cordon Pricing - A congestion price could be added to a RUC but only imposed on specific road segments at specific times of day. Similarly, a cordon price would encompass a specific geographic area and would add to a RUC charge when a vehicle enters the area.	It will depend on volumes during the period of the charge and the proposed rate, while considering diversion.	Low to start and likely medium in the long term, but would need rate to be indexed to inflation.	Long - would need to stand up a new program.	Medium
Indexing Fuels Tax - None of Oregon's state transportation taxes or fees are indexed for any automatic inflation adjustment. 26 states plus D.C. have some kind of automatic inflation adjustment on their fuels tax. Besides adjusting the rate automatically to a price index, another option is to set the fuels tax rate based on price of fuel (price goes down tax goes up).	Indexing to the CPI would equate to about a penny/year increase ($16 million).	Medium - indexing solves a price inflation issue, but not increasing fuel efficiency.	Short	High
Metro area Fuels Tax or Registration Fee - Legislature could create a tax on fuel or registration fees within a Metropolitan area.	Would need details on the Metro area in question and what tax or fee options to look at.	Medium - could be high if indexed.	Short	Low
Passenger Vehicle Weight and Size-Based Registration - Rather than a standard registration fee for all passenger vehicles, this concept would charge heavier and larger passenger vehicles more based on Gross Vehicle Weight (GVW).	3.9 million passenger vehicles. Passenger vehicle GVW breakdown: 46% 4,001 lbs. and under 80% 6,001 and under 90% 8,001 and under.	Medium - Stable source of revenue and vehicle weights have increased over time. Would not be indexed without action.	Short	Medium

	Revenue Potential (Yield)	Stability/ Predictability	Timing for Availability	Prevalence in Other States
Rental Vehicle Tax - Tax imposed on the rental of a vehicle. Could be limited to passenger vehicles only or include moving trucks or trailers.	Estimated statewide tax of $3.5 million per percent tax rate.	Low - If set as a percentage, some measure of inflation adjustment is built in as the rental price increases.	Long - would need to stand up a new program.	High
Retail Delivery Fee - Charge on the vehicle or package being delivered. As proposed during the 2025 Session it would only apply to electric vehicles.	Depends on construction of the tax, particularly relevant would be whether it is a vehicle tax or a package tax.	Medium - Likely set as either a per mile or per package rate, which would not be indexed to inflation unless specified by law.	Long - would need to stand up a new program.	Low
Rideshare Fee - Most likely a per mile charge on the owners/operators of rideshare services. This could be imposed by a local jurisdiction or as a state charge.	Estimated statewide tax of $0.15 million per penny.	Low - volatile source of revenue and not indexed at a per ride charge.	Long - would need to stand up a new program.	Medium
RUC Expansion - Expand the per mile charge currently assessed on heavy trucks over 26,000 lbs., plus electric and hybrid passenger vehicles beginning in July 2027. Expansion could include higher efficiency internal combustion engine light vehicles and medium duty vehicles.	Depends on what vehicles are included and how they are phased into the program, as well as tax rate. Currently RUC is a replacement to the fuels tax and the payer receives credit for the estimated fuels tax paid.	Medium - initial volatility as vehicles transition to the RUC. RUC solves the fuel efficiency problem, but is not indexed to inflation currently.	Medium - require adding to existing program. Some modifications required.	Low
Seasonal State Fuels Tax - Impose a surtax in the summer months to capture increased demand on the system during this period.	$1.6 million per penny tax for each month of June through August	Medium - Heading downward slowly and not adjusted for inflation.	Short	Does not exist on the state level; local Oregon jurisdictions do them.

	Revenue Potential (Yield)	Stability/ Predictability	Timing for Availability	Prevalence in Other States
Studded Tire Tax - A tax on the purchase of studded tires or installation of studs into existing tires.	$10 per tire tax would yield about $2.8 million/year.	Low - usage has been declining and is not adjusted for inflation unless set as a percentage of the price of the tire.	Long - would need to stand up a new program.	Low
Tolling - Implement a state tolling program for tolling of specific state-owned facilities. The most common use would be for bridge replacements or new toll lanes.	Depends on volumes and rates along with potential diversion options.	Medium - Would need to ensure that rate is indexed to inflation.	Long - would need to stand up a new program.	High
Vehicle Transfer Tax - Essentially a sales tax on new and used vehicle sales in Oregon, including a use tax for out of state sales for Oregon owned vehicles. A modification of this would be to have the tax only apply to vehicles sold over a certain price point.	Per 1% tax rate, yields could be about $100 million for new vehicles and $150 million for used vehicles.	Medium - Is somewhat inflation indexed as the price of vehicles increase over time.	Long - would need to stand up a new program.	High

Other potential options where more analysis is needed include:

- Cell phone tax for the State Radio program.
- Public EV charging tax.
- Increase in the statewide transient lodging tax with a potential progressive rate structure.
- Vehicle property tax (ad valorem).

Safety: Livability and Access

Scenario 2: Sustain Core Services

Scenario 2 provides a modest increase in Safe Routes to Schools (SRTS) Construction and Education funding while keeping pace with inflation for multimodal programs with a total annual average increase of $10.4 million.

Table 7 - Amount needed for Scenario 2

	2028	2030	2032	2034	2036	2037	TOTAL	Average Annual
Oregon Community Paths + SRTS Construction +SRTS Education	$4,117,267	$6,563,505	$9,319,392	$12,421,122	$15,968,278	$17,879,459	$104,423,005	$10,442,301

Scenario 3: Critical Investments

Scenario 3 prioritizes narrowing the gap between demand and availability of funding while keeping pace with inflation. The total annual average increase would be $31 million per year.

Table 8 - Amount needed for Scenario 3

	2028	2030	2032	2034	2036	2037	TOTAL	Average Annual
Oregon Community Paths + SRTS Construction +SRTS Education	$9,597,115	$12,675,721	$16,137,126	$20,025,984	$24,483,147	$26,872,488	$316,603,428	$17,542,258
Great Streets	$10,530,000	$11,675,759	$12,946,186	$14,354,848	$15,916,785	$16,760,374	$134,314,605	$13,431,461

Funding for these scenarios could come from a variety of existing or new revenue sources. Some of the most likely sources to support this additional funding are in Table 9.

Table 9 – Existing Revenue Options

	Revenue Potential (Yield)	Stability/Predictability
Bike Excise Tax - Revenue collected from a $15 excise tax imposed on the retail sale of new bicycles with a sales price greater than $200 in Oregon.	$0.5 million per $10.	Low - not indexed to inflation.
Privilege Tax - 0.5% tax on new vehicle sales in Oregon. The first 45% of revenue is transferred to DEQ for Electric Vehicle (EV) rebates and the remainder is deposited in the Connect Oregon Fund for aviation, marine and rail infrastructure projects.	$4 million per 0.1%.	Low - does grow as prices grow, but volatile as sales fluctuate
Safe Route to School - $15 million/year set aside from HB 2017 SHF.	Legislative discretion. Can be a percentage or dollar amount of SHF.	Medium - not indexed to inflation but is likely a combination of SHF sources.
Student Driver Training - Revenue collected from fees paid from driver license and renewals for approved student driver education and training programs. Current rate is $6, added to the cost of a driver license paid at issuance and renewal.	$0.5 million per $1 increase.	Medium - not indexed to inflation.
Transportation Operating Fund - Revenue from motor fuel taxes paid (40 cents/ gallon) on fuel used for non-highway purposes that are not refunded to purchasers.	$0.5 million per penny fuels tax.	Low - electrification of small engine equipment will likely lead to a decline over time.

Table 10 – New Revenue Options

	Revenue Potential (Yield)	Stability/Predictability	Timing for Availability	Prevalence in Other States
Alcohol Taxes - Either a tax increase or a redirection of current revenue to ODOT and/or local governments. Malt beverage tax is currently $2.60/Barrel (~31 gallons). Table wines are $0.67/gallon and dessert wines $0.77/gallon. Distilled spirits are not included. Currently revenues support mental health and drug abuse treatment, Oregon Wine Board, Oregon Liquor and Cannabis Commission (OLCC), General Fund, counties and cities.	1% increase in malt beverage and wine taxes would yield about $155,000/year. Distilled spirits are not included.	Low - Expected to decline about 4% per year. As a percent of sales price, the tax is somewhat indexed.	Short	High

	Revenue Potential (Yield)	Stability/Predictability	Timing for Availability	Prevalence in Other States
Cannabis Taxes - Either a tax increase or a redirection of current revenue to ODOT and/or local governments. Current rate is 17% of retail sales price of the cannabis product. Currently revenues support mental health and drug abuse treatment, OLCC, State School Fund, OSP, counties and cities.	A percentage point increase in the tax rate would yield about $17 million in revenue.	Low - Expected to grow about 5% per year. As a percent of sales price, the tax is somewhat indexed.	Short	High
Cap and Trade - This could be a cap and invest or cap and trade program, or even some other concept that would limit fossil fuel emissions, while creating a market for buying and selling of allowances generating public revenue.	**Cap and Invest:** revenue potential would depend on 1) how many allowances purchased by covered transportation fuel suppliers and 2) the auction price of those allowances (which will fluctuate from auction to auction). **Current CPP:** there is no public revenue potential for transportation purposes because DEQ does not have legal authority to collect fees or sell allowances to regulated entities.	**Cap and Invest:** Low to start, medium in near-term, low over long-term (5 years+). As the cap declines over time, the number of allowances sold at auction will decline and associated revenues will decline. Cap and invest revenues are traditionally designed to offset consumer costs associated with decarbonization strategies. They do not provide a stable and predictable source of revenue over time. **CPP:** None (no public revenue).	Long - would need to stand up a new program.	Medium
Retail Delivery Fee - Charge on the vehicle or package being delivered. As proposed during the 2025 Session it would only apply to EV's.	Depends on construction of the tax, particularly relevant would be whether it is a vehicle tax or a package tax.	Medium - Likely set as either a per mile or per package rate, which would not be indexed to inflation unless specified by law.	Long - new tax program.	Low

	Revenue Potential (Yield)	Stability/Predictability	Timing for Availability	Prevalence in Other States
Tire Tax - Percentage tax on the retail sale of tires to fund specific transportation programs. 45 states have sales taxes on tires. Although it is not clear if any of the revenue is dedicated to transportation.	Estimated $7 million/year per 1% rate for all tires sold in Oregon.	Likely high based on available tire sale data.	Long - new tax program.	High

Table 11 –Revenue Redirection Options

	Revenue Potential Yield (Point in time estimate)	Stability/Predictability	Timing for Availability	Prevalence in Other States
Alcohol Taxes - Either a tax increase or a redirection of current revenue to ODOT and/or local governments. Malt beverage tax is currently $2.60/Barrel (~31 gallons). Table wines are $0.67/gallon and dessert wines $0.77/gallon. Distilled spirits are not included. Currently revenues support mental health and drug abuse treatment, Oregon Wine Board, OLCC, General Fund, counties and cities.	1% increase in malt beverage and wine taxes would yield about $155,000/year. Distilled spirits are not included.	Low - Expected to decline about 4% per year. As a percent of sales price, the tax is somewhat indexed.	Short	High
Cannabis Taxes - Either a tax increase or a redirection of current revenue to ODOT and/or local governments. Current rate is 17% of retail sales price of the cannabis product. Currently revenues support mental health and drug abuse treatment, OLCC, State School Fund, OSP, counties and cities.	A percentage point increase in the tax rate would yield about $17 million in revenue.	Low - Revenue is forecasted to remain flat. As a percent of sales price, the tax is somewhat indexed.	Short	High
CAT Tax Redirection - Modify existing Corporate Activity Tax to send a portion of the tax to fund public transit. Currently the CAT Tax is entirely dedicated to public education through the Fund for Student Success.	It would depend on how much, either in terms of a percentage of the tax or flat amount that would be redirected.	Medium - price and volume sensitive.	Short	High - most states have some type of sales tax.

	Revenue Potential Yield (Point in time estimate)	Stability/Predictability	Timing for Availability	Prevalence in Other States
CAT Tax Redirect from Vehicles Sales - Currently the CAT Tax is entirely dedicated to public education through the Fund for Student Success.	Unknown but calculable if vehicle sales revenue can be isolated.	Medium - price and volume sensitive.	Medium - some work needed to isolate tax payments from specific business types.	High - most states have some type of sales tax.
Oral Nicotine Tax - Either a tax increase or a redirection of current revenue to ODOT and/or local governments. Oral nicotine products in packages of 20 or fewer units are taxed at $0.65 per package, for packages containing more than 20 units, the tax is calculated at $0.0325 per unit.	$168 thousand /year if all sold as packages with 20 or fewer units.	Low - not indexed to inflation but quantity of oral nicotine products sold is expected to grow.	Short	High
Other Tobacco Tax - Either a tax increase or a larger share of current revenue to ODOT and/or local governments. Other tobacco products include cigars (65% of wholesale sales prices, maximum tax $1 per cigar), moist snuff ($1.89 per oz, minimum tax of $2.27 per retail container) and all other forms of tobacco that can be chewed or smoked except cigarettes and little cigars (65% of wholesale sales price).	$635 thousand /year if increase wholesale sales price share by 1%.	Low - does grow as prices grow but sales expected to fall.	Short	High

Other potential options where more analysis is needed include:

- Ad valorem tax on parking lots.
- General sales tax on goods and services.

- Graduated fines for repeat traffic violations.
- Insurance surcharge.
- Pied a terre tax on second homes.
- Public EV charging tax.
- Statewide clean energy fee on large corporations.
- Traffic fine violation in school zones either redirected or increased with new revenue for Safe Routes to School.
- Vehicle pollution privilege tax on new and used vehicles.

Safety: Fatalities and Serious Injuries

Scenario 2: Sustain Core Services

Scenario 2 keeps pace with inflation (5.3%) for safety programs with an annual average increase of $29.6 million.

Table 12 - Amount needed for Scenario 2

2028	2030	2032	2034	2036	2037	TOTAL	Average Annual
$10,260,497	$17,971,293	$26,454,134	$35,788,259	$46,061,183	$51,579,524	$297,861,445	$29,606,144

Scenario 3: Critical Investments

Scenario 3 increases funding by $52.8 million per year. The funding increase was calculated by first keeping up with inflation (5.3%) and then doubling reductions in fatalities and serious injuries (by an additional 2,000 over 10 years).

Table 13 - Amount needed for Scenario 3

2028	2030	2032	2034	2036	2037	TOTAL	Average Annual
$41,417,343	$45,923,922	$50,920,858	$56,491,506	$62,605,026	$65,923,092	$528,295,728	$52,829,573

Funding for these scenarios could come from a variety of existing or new revenue sources. Some of the most likely sources to support this additional funding are as follows.

Table 14 – Existing Revenue Options

	Revenue Potential (Yield)	Stability/Predictability
Motorcycle Safety Fee - Motorcycle endorsement surcharge on issuance and renewal. Issuance is $38 and a renewal is $28.	$1 increase yields about $35 thousand.	Medium - renewals follow a cyclical pattern so revenue fluctuates on an annual basis.
Safety Dedicated Funds from HB 2017 - $10 million /year set aside from HB 2017 SHF.	Highway.	Medium - not indexed to inflation in any way but is likely a combination of SHF sources.
Student Driver Training - Revenue collected from fees paid from driver license and renewals for approved student driver education and training programs. Current rate is $6, added to the cost of a driver license paid at issuance and renewal.	$0.5 million per $1 increase.	Medium - not indexed to inflation.

Table 15 – New Revenue Options

	Revenue Potential (Yield)	Stability/Predictability	Timing for Availability	Prevalence in Other States
Alcohol Taxes - Either a tax increase or a redirection of current revenue to ODOT and/or local governments. Malt beverage tax is currently $2.60/Barrel (~31 gallons). Table wines are $0.67/gallon and dessert wines $0.77/gallon. Distilled spirits are not included. Currently revenues support mental health and drug abuse, Oregon Wine Board, OLCC, General Fund, counties and cities.	1% increase in malt beverage and wine taxes would yield about $155,000 /year. Distilled spirits are not included.	Low - Expected to decline about 4% per year. As a percent of sales price, the tax is somewhat indexed.	Short	High
Cannabis Taxes - Either a tax increase or a redirection of current revenue to ODOT and/or local governments. Current rate is 17% of retail sales price of the cannabis product. Currently revenues support mental health and drug abuse OLCC, State School Fund, OSP, counties and cities.	A percentage point increase in the tax rate would yield about $17 million in revenue.	Low - Expected to grow about 5% per year. As a percent of sales price, the tax is somewhat indexed.	Short	High

Cap and Trade - This could be a cap and invest or cap and trade program, or even some other concept that would limit fossil fuel emissions, while creating a market for buying and selling of allowances generating public revenue.	**Cap and Invest:** revenue potential would depend on 1) how many allowances purchased by covered transportation fuel suppliers and 2) the auction price of those allowances (which will fluctuate from auction to auction). **Current CPP:** no public revenue potential for transportation purposes because DEQ does not have legal authority to collect fees or sell allowances to regulated entities.	**Cap and Invest:** Low to start, medium in near-term, low over long-term (5 years+). As the cap declines over time, the number of allowances sold at auction will decline and associated revenues will decline. Cap and invest revenues are traditionally designed to offset consumer costs associated with decarbonization strategies. They do not provide a stable and predictable source of revenue over time. **CPP:** None (no public revenue).	Long - would need to stand up a new program.	Medium
Passenger Vehicle Weight and Size-Based Registration - Rather than a standard registration fee for all passenger vehicles, this concept would charge heavier and larger passenger vehicles more.	3.9 million passenger vehicles. Passenger vehicle GVW breakdown: 46% 4,001 lbs. and under 80% 6,001 and under 90% 8,001 and under.	Medium - Stable source of revenue and vehicle weights have increased over time. But would not be indexed without action.	Short	Medium
Tire tax	Estimated $7 million/year per 1% rate for all tires sold in Oregon.	Unknown	Long - new tax program.	Unknown

Table 16 –Revenue Redirection Options

	Revenue Potential Yield (Point in time estimate)	Stability/Predictability	Timing for Availability	Prevalence in Other States
Alcohol Taxes - Either a tax increase or a redirection of current revenue to ODOT and/or local governments. Malt beverage tax is currently $2.60/Barrel (~31 gallons). Table wines are $0.67/gallon and dessert wines $0.77/gallon. Distilled spirits are not included. Currently revenues support mental health and drug abuse treatment, Oregon Wine Board, OLCC, General Fund, counties and cities.	1% increase in malt beverage and wine taxes would yield about $155,000 /year. Distilled spirits are not included.	Low - Expected to decline about 4% per year. As a percent of sales price, the tax is somewhat indexed.	Short	High
Cannabis Taxes - Either a tax increase or a redirection of current revenue to ODOT and/or local governments. Current rate is 17% of retail sales price of the cannabis product. Currently revenues support mental health and drug abuse treatment, OLCC, State School Fund, OSP, counties and cities.	A percentage point increase in the tax rate would yield about $17 million in revenue.	Low - Revenue is forecasted to remain flat. As a percent of sales price, the tax is somewhat indexed.	Short	High
CAT Tax Redirection - Modify existing CAT to send a portion of the tax to fund public transit. Currently the CAT Tax is entirely dedicated to public education through the Fund for Student Success.	It would depend on how much, either in terms of a percentage of the tax or flat amount that would be redirected.	Medium - price and volume sensitive	Short	High - most states have some type of sales tax
CAT Tax Redirect from Vehicles Sales - Currently the CAT Tax is entirely dedicated to public education through the Fund for Student Success.	Unknown but calculable if vehicle sales revenue can be isolated.	Medium - price and volume sensitive.	Medium - some work needed to isolate tax payments from specific business types.	High - most states have some type of sales tax.

	Revenue Potential Yield (Point in time estimate)	Stability/Predictability	Timing for Availability	Prevalence in Other States
Oral Nicotine Tax - Either a tax increase or a redirection of current revenue to ODOT and/or local governments. Oral nicotine products in packages of 20 or fewer units are taxed at $0.65/package, for packages containing more than 20 units, the tax is calculated at $0.0325/unit.	$168 thousand/year if all sold as packages with 20 or fewer units.	Low - not indexed to inflation in any way but quantity of oral nicotine products sold is expected to grow.	Short	High
Other Tobacco Tax - Either a tax increase or a larger share of current revenue to ODOT and/or local governments. Other tobacco products include cigars (65% of wholesale sales prices, maximum tax $1/cigar), moist snuff ($1.89/oz, minimum tax of $2.27/retail container) and all other forms of tobacco that can be chewed or smoked except cigarettes and little cigars (65% of wholesale sales price).	$635 thousand /year if increase wholesale sales price share by 1%.	Low - does grow as prices grow but sales expected to fall.	Short	High

Other potential options where more analysis is needed include:

- Ad valorem tax on parking lots.
- General sales tax on goods and services.
- Graduated fines for repeat traffic violations.
- Insurance surcharge.
- Pied a terre tax on second homes.
- Statewide clean energy fee on large corporations.
- Traffic fine violation in school zones either redirected or increased with new revenue for Safe Routes to School.

Transit

Scenario 2: Sustain Core Services

Scenario 2 would increase state funding for transit but not enough to maintain today's service levels. The average annual increase is $143 million.

Table 17 - Amount needed for Scenario 2

2028	2030	2032	2034	2036	2037	TOTAL	Average Annual
$150,596,365	$147,766,289	$143,758,569	$139,563,820	$135,739,560	$133,817,824	$1,425,999,330	$142,599,933

Scenario 3: Critical Investments

Scenario 3 sustains existing service. The average annual increase is $321 million.

Table X - Amount needed for Scenario 3

2028	2030	2032	2034	2036	2037	TOTAL	Average Annual
$338,814,821	$332,474,151	$323,456,781	$314,018,595	$305,414,010	$301,083,354	$3,208,491,744	$320,849,174

Funding for these scenarios could come from a variety of existing or new revenue sources. Some of the most likely sources to support this additional funding are as follows.

Table 18 – Existing Revenue Options

	Revenue Potential (Yield)	Stability/Predictability
Cigarette Tax - Revenue collected from a $3.33 per-pack state excise tax imposed on cigarette distributors for cigarettes sold in Oregon; 3.45% of the net revenue after administrative costs and refunds is dedicated by statute to transportation services for older adults and individuals with disabilities.	$0.5 million per penny increase if at 3.45% share.	Low - not indexed to inflation in any way and is expected to decline significantly as cigarette sales fall.
ID Cards - Revenue collected from fees paid by individuals for the issuance ($47), renewal ($43) and replacement ($40) of Oregon identification cards.	$1.1 million per $10 increase.	High - not indexed to inflation in any way.

	Revenue Potential (Yield)	Stability/Predictability
Transit Tax (STIF Payroll Tax) - Revenue collected from a 0.1% statewide payroll tax, assessed on employee wages and paid by employers.	$150 million per 0.1%.	High - Grows with economic growth plus inflation (employment and wages).
Transportation Operating Fund - Revenue from motor fuel taxes paid (40 cents per gallon) on fuel used for non-highway purposes that are not refunded to purchasers.	$0.5 million per penny fuels tax.	Low - electrification of small engine equipment will likely lead to a decline over time.

Table 19 – New Revenue Options

	Revenue Potential (Yield)	Stability/ Predictability	Timing for Availability	Prevalence in Other States
Alcohol Taxes - Either a tax increase or a redirection of current revenue to ODOT and/or local governments. Malt beverage tax is currently $2.60/Barrel (~31 gallons). Table wines are $0.67/gallon and dessert wines $0.77/gallon. Distilled spirits are not included. Currently revenues support mental health and drug abuse, Oregon Wine Board, OLCC, General Fund, counties and cities.	1% increase in malt beverage and wine taxes would yield about $155,000 /year. Distilled spirits are not included.	Low - Expected to decline about 4% per year. As a percent of sales price, the tax is somewhat indexed.	Short	High
Cannabis Taxes - Either a tax increase or a redirection of current revenue to ODOT and/or local governments. Current rate is 17% of retail sales price of the cannabis product. Currently revenues support mental health and drug abuse OLCC, State School Fund, OSP, counties and cities.	A percentage point increase in the tax rate would yield about $17 million in revenue.	Low - Expected to grow about 5% per year. As a percent of sales price, the tax is somewhat indexed.	Short	High

	Revenue Potential (Yield)	Stability/ Predictability	Timing for Availability	Prevalence in Other States
Cap and Trade - This could be a cap and invest or cap and trade program, or even some other concept that would limit fossil fuel emissions, while creating a market for buying and selling of allowances generating public revenue.	**Cap and Invest:** revenue potential would depend on 1) how many allowances purchased by covered transportation fuel suppliers and 2) the auction price of those allowances (which will fluctuate from auction to auction). **Current CPP:** no public revenue potential for transportation purposes because DEQ does not have legal authority to collect fees or sell allowances to regulated entities.	**Cap and Invest:** Low to start, medium in near-term, low over long-term (5 years+). As the cap declines over time, the number of allowances sold at auction will decline and associated revenues will decline. Cap and invest revenues are traditionally designed to offset consumer costs associated with decarbonization strategies. They do not provide a stable and predictable source of revenue over time. **CPP**: None (no public revenue)	Long - would need to stand up a new program.	Medium
Progressive Statewide Transit Tax - Modify the current statewide employee payroll tax for transit to create a progressive rate structure where higher income earners pay a higher rate. About half the states have progressive income taxes.	Rate schedule and income thresholds would determine yield potential.	Likely pretty high as the base includes all employees.	Short	Low - no state has a state level progressive payroll tax dedicated to transit.
Statewide Employer Payroll Tax - Unemployment tax already exists. This would add a new tax specifically	$150 million per 0.1% if structured like the	High	Long - new tax program.	Low - as a statewide tax for transit,

	Revenue Potential (Yield)	Stability/ Predictability	Timing for Availability	Prevalence in Other States
dedicated to transit. All states have an employer payroll tax for unemployment.	current statewide employee payroll tax.			more common at city level.
Tire Tax - Percentage tax on the retail sale of tires to fund specific transportation programs. 45 states have sales taxes on tires. Although it is not clear if any of the revenue is dedicated to transportation.	Estimated $7 million /year per 1% rate for all tires sold in Oregon.	Medium to high depending on program requirements.	Long - new tax program.	High

Table 20 –Revenue Redirection Options

	Revenue Potential Yield (Point in time estimate)	Stability/ Predictability	Timing for Availability	Prevalence in Other States
Alcohol Taxes - Either a tax increase or a redirection of current revenue to ODOT and/or local governments. Malt beverage tax is currently $2.60/Barrel (~31 gallons). Table wines are $0.67/gallon and dessert wines $0.77/gallon. Distilled spirits are not included. Currently revenues support mental health and drug abuse treatment, Oregon Wine Board, OLCC, General Fund, counties and cities.	1% increase in malt beverage and wine taxes would yield about $155,000/year. Distilled spirits are not included.	Low - Expected to decline about 4% per year. As a percent of sales price, the tax is somewhat indexed.	Short	High
Cannabis Taxes - Either a tax increase or a redirection of current revenue to ODOT and/or local governments. Current rate is 17% of retail sales price of the cannabis product. Currently revenues support mental health and drug abuse treatment, OLCC, State School Fund, OSP, counties and cities.	A percentage point increase in the tax rate would yield about $17 million in revenue.	Low - Revenue is forecasted to remain flat. As a percent of sales price, the tax is somewhat indexed.	Short	High
CAT Tax Redirection - Modify existing CAT to send a portion of the tax to fund public transit. Currently the tax is entirely dedicated to public education through the Fund for Student Success.	It would depend on how much, either in terms of a percentage of the tax or flat amount that would be redirected.	Medium - price and volume sensitive.	Short	High - most states have some type of sales tax.

	Revenue Potential Yield (Point in time estimate)	Stability/ Predictability	Timing for Availability	Prevalence in Other States
CAT Tax Redirect from Vehicles Sales - Currently the CAT Tax is entirely dedicated to public education through the Fund for Student Success.	Unknown but calculable if vehicle sales revenue can be isolated.	Medium - price and volume sensitive.	Medium - some work needed to isolate tax payments from specific business types.	High - most states have some type of sales tax.
Oral Nicotine Tax - Either a tax increase or a redirection of current revenue to ODOT and/or local governments. Oral nicotine products in packages of 20 or fewer units are taxed at $0.65/package, for packages containing more than 20 units, the tax is calculated at $0.0325/unit.	$168 thousand /year if all sold as packages with 20 or fewer units.	Low - not indexed to inflation in any way but quantity of oral nicotine products sold is expected to grow.	Short	High
Other Tobacco Tax - Either a tax increase or a larger share of current revenue to ODOT and/or local governments. Other tobacco products include cigars (65% of wholesale sales prices, maximum tax $1/cigar), moist snuff ($1.89/oz, minimum tax of $2.27/retail container) and all other forms of tobacco that can be chewed or smoked except cigarettes and little cigars (65% of wholesale sales price).	$635 thousand /year if increase wholesale sales price share by 1%.	Low - does grow as prices grow but sales expected to fall	Short	High

Other potential options where more analysis is needed include:

- Ad valorem tax on parking lots.
- Corporate income surtax.
- General sales tax on goods and services.
- High income surtax.
- Insurance surcharge.
- Pied a terre tax on second homes.
- Statewide clean energy fee on large corporations.
- Increase in the statewide transient lodging tax with a potential progressive rate structure.

Passenger Rail

Scenario 2: Sustain Core Services

Scenario 2 sustains existing service. Additional revenue would keep pace with costs, preserving passenger rail services in Oregon.

Table 21 - Amount needed for Scenario 2

2028-2029	2030-2031	2032-2033	2034-2035	2036-2037	TOTAL
$0	$0	$6.0 million	$11.0 million	$15.2 million	$32.2 million

Scenario 3: Critical Investments

Scenario 3 increases today's passenger rail service from two round trips per day to three through projects developed with Union Pacific Railroad and the Federal Railroad Administration.

Table 22 - Amount needed for Scenario 3

	2028-2029	2030-2031	2032-3033	2034-3035	2036-2037	TOTAL
Includes 3rd Roundtrip	$0	$71.3 million	$42.3 million	$26.6 million	$30.8 million	$171 million

Funding for these scenarios could come from a variety of existing or new revenue sources. Some of the most likely sources to support this additional funding are as follows.

Table 23 – Existing Revenue Options

	Revenue Potential (Yield)	Stability/Predictability
Custom Plates - Revenue collected from additional registration fees paid by vehicle owners who choose specialty or custom license plates, with fee amounts set in statute and varying by plate type. Current rate is $50/year of registration.	$0.9 million per $10 annual increase.	High - not indexed to inflation in any way.
Transportation Operating Fund - Revenue from motor fuel taxes paid (40 cents per gallon) on fuel used for non-highway purposes that are not refunded to purchasers.	$0.5 million per penny fuels tax.	Low - electrification of small engine equipment will likely lead to a decline over time.

Table 24 - Amount needed for Scenario 3

New Revenue Option	Revenue Potential (Yield)	Stability/ Predictability	Timing for Availability	Prevalence in Other States
Alcohol Taxes - Either a tax increase or a redirection of current revenue to ODOT and/or local governments. Malt beverage tax is currently $2.60 per Barrel (~31 gallons). Table wines are $0.67 per gallon and Dessert wines $0.77 per gallon. Distilled spirits are not included. Currently revenues support mental health and drug abuse, Oregon Wine Board, OLCC, General Fund, counties and cities.	1% increase in malt beverage and wine taxes would yield about $155,000 /year. Distilled spirits are not included.	Low - Expected to decline about 4% per year. As a percent of sales price, the tax is somewhat indexed.	Short	High
Cannabis Taxes - Either a tax increase or a redirection of current revenue to ODOT and/or local governments. Current rate is 17% of retail sales price of the cannabis product. Currently revenues support mental health and drug abuse OLCC, State School Fund, OSP, counties and cities.	A percentage point increase in the tax rate would yield about $17 million in revenue.	Low - Expected to grow about 5% per year. As a percent of sales price, the tax is somewhat indexed.	Short	High
Cap and Trade - This could be a cap and invest or cap and trade program, or even some other concept that would limit fossil fuel emissions, while creating a market for buying and selling of allowances generating public revenue.	**Cap and Invest:** revenue potential would depend on 1) how many allowances purchased by covered transportation	**Cap and Invest:** Low to start, medium in near-term, low over long-term (5 years+). As	Long - would need to stand up a new program	Medium

New Revenue Option	Revenue Potential (Yield)	Stability/ Predictability	Timing for Availability	Prevalence in Other States
	fuel suppliers and 2) the auction price of those allowances (which will fluctuate from auction to auction). **Current CPP:** no public revenue potential for transportation purposes because DEQ does not have legal authority to collect fees or sell allowances to regulated entities.	the cap declines over time, the number of allowances sold at auction will decline and associated revenues will decline. Cap and invest revenues are traditionally designed to offset consumer costs associated with decarbonization strategies. They do not provide a stable and predictable source of revenue over time. **CPP:** None (no public revenue).		
Tire tax - Percentage tax on the retail sale of tires to fund specific transportation programs. 45 states have sales taxes on tires. Although it is not clear if any of the revenue is dedicated to transportation.	Estimated $7 million/year per 1% rate for all tires sold in Oregon.	Medium to high depending on program requirements.	Long - new tax program	High

Table 25 – Revenue Redirection Option

	Revenue Potential Yield (Point in time estimate)	Stability/Predictability	Timing for Availability	Prevalence in Other States
Alcohol Taxes - Either a tax increase or a redirection of current revenue to ODOT and/or local governments. Malt beverage tax is currently $2.60 per Barrel (~31 gallons). Table wines are $0.67/gallon and dessert wines $0.77/gallon. Distilled spirits are not included. Currently revenues support mental health and drug abuse treatment, Oregon Wine Board, OLCC, General Fund, counties and cities.	1% increase in malt beverage and wine taxes would yield about $155,000 /year. Distilled spirits are not included.	Low - Expected to decline about 4% per year. As a percent of sales price, the tax is somewhat indexed.	Short	High
Cannabis Taxes - Either a tax increase or a redirection of current revenue to ODOT and/or local governments. Current rate is 17% of retail sales price of the cannabis product. Currently revenues support mental health and drug abuse treatment, OLCC, State School Fund, OSP, Counties and Cities	A percentage point increase in the tax rate would yield about $17 million in revenue.	Low - Revenue is forecasted to remain flat. As a percent of sales price, the tax is somewhat indexed.	Short	High
CAT Tax redirection - Modify existing CAT to send a portion of the tax to fund public transit. Currently the CAT Tax is entirely dedicated to public education through the Fund for Student Success.	It would depend on how much, either in terms of a percentage of the tax or flat amount that would be redirected.	Medium - price and volume sensitive.	Short	High - most states have some type of sales tax
CAT Tax Redirect from Vehicles Sales - Currently the CAT Tax is entirely dedicated to public education through the Fund for Student Success.	Unknown but calculable if vehicle sales revenue can be isolated.	Medium - price and volume sensitive.	Medium - some work needed to isolate tax payments from specific business types	High - most states have some type of sales tax

	Revenue Potential Yield (Point in time estimate)	Stability/Predictability	Timing for Availability	Prevalence in Other States
Oral Nicotine Tax - Either a tax increase or a redirection of current revenue to ODOT and/or local governments. Oral nicotine products in packages of 20 or fewer units are taxed at $0.65/package, for packages containing more than 20 units, the tax is calculated at $0.0325/unit.	$168 thousand /year if all sold as packages with 20 or fewer units.	Low - not indexed to inflation in any way but quantity of oral nicotine products sold is expected to grow.	Short	High
Other Tobacco Tax - Either a tax increase or a larger share of current revenue to ODOT and/or local governments. Other tobacco products include cigars (65% of wholesale sales prices, maximum tax $1/cigar), moist snuff ($1.89/oz, minimum tax of $2.27/retail container) and all other forms of tobacco that can be chewed or smoked except cigarettes and little cigars (65% of wholesale sales price).	$635 thousand /year if increase wholesale sales price share by 1%.	Low - does grow as prices grow but sales expected to fall.	Short	High

Other potential options where more analysis is needed include:

- Ad valorem tax on parking lots.
- Corporate income surtax.
- High income surtax.
- Insurance surcharge.
- Pied a terre tax on second homes.
- Statewide clean energy fee on large corporations.
- Increase in the statewide transient lodging tax with a potential progressive rate structure.

Freight Mobility

Scenario 2: Sustain Core Services

This scenario would increase funding to Connect Oregon from $40 million to $50 million per biennium for an annual increase of $10 million.

Table 26 - Amount needed for Scenario 2

	2028	2030	2032	2034	2036	2037	TOTAL	Average Annual
CO	$10,000,000	$10,000,000	$10,000,000	$10,000,000	$10,000,000	$10,000,000	$100,000,000	$10,000,000

Scenario 3: Critical Investments

This scenario would increase funding to Connect Oregon from $40 million to $60 million per biennium for an annual increase of $20 million.

Table 27 - Amount needed for Scenario 3

2028	2030	2032	2034	2036	2037	TOTAL	Average Annual
$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$200,000,000	$20,000,000

Funding for these scenarios could come from a variety of existing or new revenue sources. Some of the most likely sources to support this additional funding are as follows.

Table 28 – Existing Revenue Options

	Revenue Potential (Yield)	Stability/Predictability
Aviation Fuels Tax - 3 cent per gallon tax on Jet fuel sold in Oregon and 11 cent per gallon tax on Aviation gas sold in Oregon.	$2 million per penny increase.	High - not indexed to inflation in any way.
Gross Rail Receipts - Revenue collected from a tax assessed on the gross operating revenues of railroad companies operating in Oregon, with rates capped at 0.035% of gross operating revenue.	$1 million per 10 hundredths of 1 percent.	Medium - does grow as gross revenue increases.
Privilege Tax - 0.5% tax on new vehicle sales in Oregon. The first 45% of revenue is transferred to DEQ for EV rebates and the remainder is deposited in the Connect Oregon Fund for aviation, marine and rail infrastructure projects.	$4 million per 0.1%.	Low - does grow as prices grow, but volatile as sales fluctuate.

Table 29 – New Revenue Options

	Revenue Potential (Yield)	Stability/Predictability	Timing for Availability	Prevalence in Other States
Vehicle Privilege Tax Expansion - Expand the privilege tax to used vehicle dealers. Another option would be to expand the tax to other motor vehicle types beyond cars and trucks, such as marine craft, aircraft and all-terrain vehicles.	Per 1% tax rate, yields could be about $100 million for new vehicles and $150 million for used vehicles.	Medium - Is somewhat inflation indexed as the price of vehicles increase over time.	Long - would need to stand up a new program.	High

Other potential options where more analysis is needed include:

- Aircraft taxes and fees.
- Marine fuels tax.
- Rail fuels tax.

Major Project Funding and Delivery

Scenario 2: $100 Million Annual Allocation to Major Projects

Table 30 - Amount needed for Scenario 2

	2028	2030	2032	2034	2036	2037	TOTAL	Average Annual
MP Fund	$100,000,000	$100,000,000	$100,000,000	$100,000,000	$100,000,000	$100,000,000	$1,000,000,000	$100,000,000

Scenario 3: $200 Million Annual Allocation to Major Projects

Table 31 - Amount needed for Scenario 3

	2028	2030	2032	2034	2036	2037	TOTAL	Average Annual
MP Fund	$200,000,000	$200,000,000	$200,000,000	$200,000,000	$200,000,000	$200,000,000	$2,000,000,000	$200,000,000

Funding for these scenarios could come from a variety of new revenue sources. Some of the most likely sources to support this additional funding are as follows.

Table 32 – New Revenue Options

	Revenue Potential (Yield)	Stability/Predictability	Timing for Availability	Prevalence in Other States
Congestion/Cordon Pricing - A congestion price could be added to a RUC but only imposed on specific road segments at specific times of day. Similarly, a cordon price would encompass a specific geographic area and would add to a RUC charge when a vehicle enters the area.	It will depend on volumes during the period of the charge and the proposed rate, while considering diversion.	Low to start and likely medium in the long term, but would need rate to be indexed to inflation.	Long - would need to stand up a new program.	Medium

Metro area Fuels Tax or Registration Fee - Legislature could create a tax on fuel or registration fees within a Metropolitan area.	Would need details on the Metro area in question and what tax or fee options to look at.	Medium - could be high if indexed.	Short	Low
Seasonal State Fuels Tax - Impose a surtax in the summer months to capture increased demand on the system during this period.	$1.6 million per penny tax for each month of June through August.	Medium (Heading downward slowly and not adjusted for inflation in any way).	Medium	Does not exist on the state level, but even in Oregon local jurisdictions do have seasonal fuels taxes.
Tolling - Implement a state tolling program for tolling of specific state-owned facilities. The most common use would be for bridge replacements or new toll lanes.	Depends on volumes and rates along with potential diversion options.	Medium - Would need to ensure that rate is indexed to inflation.	Long - would need to stand up a new program.	High
Vehicle Transfer Tax - Essentially a sales tax on new and used vehicle sales in Oregon, including a use tax for out of state sales for Oregon owned vehicles. A modification of this would be to have the tax only apply to vehicles sold over a certain price point.	Per 1% tax rate, yields could be about $100 million for new vehicles and $150 million for used vehicles.	Medium - Is somewhat inflation indexed as the price of vehicles increase over time.	Long - would need to stand up a new program.	High

One other potential option was presented where more analysis would be needed:

- Vehicle property tax (ad valorem).

Revenue Options Matrix

The following pages contain the entirety of the revenue options matrix divided into three tables.

- The first table contains existing options where the fee or tax is currently in place and is already dedicated to transportation.
- The second table contains either new tax and fee concepts for Oregon or a change in how the current fee and tax options are utilized. Each of the options has a series of categories that provide various levels of information about the option. The categories are listed below along with a short description of what each means.
- The last table is simply a list of options that came up through the various subgroups, but due to time constraints or lack of specific details there is very little information available and more time or option details will be required to do a more complete analysis.

Option Matrix Categories

- **Revenue Option** - Provides a basic description of the option and the current tax or fee rate(s) if applicable. *The options in each table are listed in alphabetical order.*
- **Current or Potential Revenue Purpose** - A description of how the revenue is or could be used. Also includes any notes on limitations or other considerations. For new sources, use is just a suggestion based on the revenue source and any Constitutional restrictions.
- **Highway/Non-Highway** - Designates whether a tax or fee is Constitutionally dedicated to construction, maintenance and operation of the roads (Highway), or is available for other uses which could be defined in ORS (Non-Highway). Some new sources will require additional legal analysis to determine whether the source is restricted by the Oregon Constitution.
- **Revenue Potential -** If available, this field will provide an estimated revenue yield per unit of the revenue. This could be expressed as a dollar value or as a percentage and is shown in annual amounts. In some cases, more information will be required to estimate a potential yield and is noted in the field. It's important to note these are point in time estimates. Forecast changes and other analysis will impact the yields as new data becomes available.
- **Average Annual Cost to Payer** - Estimate of the amount a typical user would pay on an annual basis. If the fee or tax is paid once or upfront and covers a period of multiple years that will be noted. In some cases, more information would be required to produce an estimate as noted.
- **Stability/Predictability** - Qualitatively reviews a revenue source from the perspective of whether it is easy to predict and whether it has any resilience built in for inflation. If the source is increasing, flat, or decreasing at a consistent and understandable rate, then it is considered predictable. This is contrasted to a volatile source that is difficult to model and predict. Additionally, if the source is flat or increasing and has some built in ability to account for inflation it is considered stable.
  - Low – unstable and not easy to predict
  - Medium – has either some elements or stability or predictability but not both
  - High – is a flat or increasing source and is easy to predict
- **Timing for Availability** - Qualitatively evaluates each source based on when a change in the existing rate or how soon a new tax or fee program could be implemented. For existing taxes and fees, it assumes any current Constitutional restrictions would remain in place and only changes to ORS and OAR are required.
  - Short – a modification in law that would be implemented 91 days after sine die or the beginning of the next calendar year
  - Medium – a modification that would be implemented in the following year, but due to timing of payment the new revenue may take a year to be utilized
  - Long – likely a new tax or fee program that would need time to develop and be implemented. This would take two or more years to implement.
- **Administrative and Collection Requirements** - Qualitatively evaluates the revenue options based on the level of effort and expected resource requirements to change the current tax or fee rate or implement a new option. Further analysis can be done to better understand and quantify the costs for administration and implementation of a new tax or fee option.

  - Low – increasing tax or fee rates of existing sources would fall into this category as the cost to implement is low and administration of the tax or fee already exists
  - Medium – would require some modifications to an existing system, but not creation of a new system or tax program
  - High – requires creation of a new system and or tax program. This would mean significant implementation costs as well as a new or greatly increased cost to administer the program.
- **Legal Complexity** - Qualitatively measures the changes to existing law(s) or creation of new law(s) needed to implement the revenue option. Changes could range from simple OAR or ORS changes to complex ORS and Constitutional changes. This measure in no way speaks to the political challenges of successful passage, rather this measure is solely looking at the complexity of required changes.
  - Low – requires only a fee or tax rate change in statute or OAR impacting one section of law
  - Medium – Would require some modification of multiple ORSs, whether it be for fee or tax rate changes as well as other required modifications
  - High – Requires a Constitutional change or creation of new sections of statute that may require conforming amendments or adjustments to other statutes
- **Connection to Use** - A qualitative assessment of how close the payer of the tax or fee benefits from the use of the tax or fee revenue. A close relationship implies the payer directly benefits from the use of the tax or fee revenue.
  - Low – the payer of the tax or fee does not on average directly benefit from the use of the revenues and likely only sees induced benefits
  - Medium – the categorical use of the revenues is related to the tax or fee that is paid, but in an indirect way
  - High – the use of the revenues directly benefits the payer of the tax or fee
- **Prevalence in Other States** - A qualitative assessment of how frequently a proposed new revenue option is found in other states. A novel concept not readily adopted will score low, versus a concept that is already implemented by many states.
  - Low – Oregon is likely the only state or one of a few states that will be implementing this concept
  - Medium – several states have already adopted this concept, but not a majority of states
  - High – most states have already adopted this concept

Existing Revenue Options

The options are listed in alphabetical order.

Table 33 – Existing Revenue Options

	Current Revenue Purpose	Highway/ Non-Highway *	Revenue Potential Yield (Point in time estimate)	Current Total Average Annual Revenue	Average Annual Cost to Payer	Stability/Predictability	Timing for Availability	Administrative and Collection Requirements	Legal Complexity	Connection to Use
Aviation fuels tax **3 cent per gallon tax on Jet fuel sold in Oregon and 11 cent per gallon tax on Aviation gas sold in Oregon**	Dedicated to Dept. of Aviation	Non-Highway	$2 million per penny increase	$6.5 million	Cost spread amongst jet fuel and AVGAS users.	High - not indexed to inflation in any way	Short	Low	Low	High - revenue directly supports the Dept. of Aviation programs
Base Light Title Fee **Current rate is $77 per year and is assessed on light duty vehicles when title is transferred**	Second largest source of DMV revenues and is shared between ODOT, Counties and Cities.	Highway	$10 million per year for each $10 per transaction	$70 million	$10 per transaction. Average ownership length is 6 years, averaging $1.67 per year.	High - not indexed to inflation in any way	Short	Low	Low	Medium/High - Access charge and revenues directly support the construction, maintenance and

	Current Revenue Purpose	Highway/ Non-Highway *	Revenue Potential Yield (Point in time estimate)	Current Total Average Annual Revenue	Average Annual Cost to Payer	Stability/Predictability	Timing for Availability	Administrative and Collection Requirements	Legal Complexity	Connection to Use
										operation of the road system
Base Passenger Registration Fee **Current rate is $43 per year and is assessed on Passenger vehicles**	Largest source of DMV revenues and is shared between ODOT, Counties and Cities.	Highway	$39 million per $10 per year	$165 million	$10 per year, for most renewals (2-years) the upfront cost would be $20.	High - not indexed to inflation in any way	Short	Low	Low	Medium/High - Access charge and revenues directly support the construction, maintenance and operation of the road system
Bike Excise Tax **Revenue collected from a $15 excise tax imposed on the retail sale of new bicycles with a sales price greater than $200 in Oregon.**	Dedicated to Bike/ped projects	Non-Highway	$0.5 million per $10	$0.7 million	$10 per bicycle sale over $200. If replacement cycle is 10 years that equates to $1 per year.	Low - not indexed to inflation in any way	Short	Low	Low	High - tax revenue invested exclusively in bike/ped projects
Cigarette Tax **Revenue collected from a $3.33 per-pack state excise tax imposed on cigarette distributors for cigarettes sold in Oregon; 3.45% of the net revenue after administrative costs and refunds is dedicated by statute to transportation services for older adults and individuals with disabilities.**	Supports transportation services for older adults and individuals with disabilities, primarily for access to medical care, essential services, and community mobility. Funds are programmatically dedicated and limited to eligible population groups and service types.	Non-Highway	$0.5 million per penny increase if at 3.45% share	$1.5 million	Increase price of a pack of cigarettes by about 20 cents.	Low - not indexed to inflation in any way and is expected to decline significantly as cigarette sales fall	Short	Low	Low	Low - no direct connection to the use
Custom Plates **Revenue collected from additional registration fees paid by vehicle owners who choose specialty or custom license plates, with fee amounts set in statute and varying by plate type. Current rate is $50 per year of registration.**	Supports the production, issuance, and administration of specialty vehicle registration plates and the distribution of associated revenues to statutorily designated beneficiaries or programs; expenditures are limited to authorized plate programs and related administrative costs and are not available	Non-Highway	$0.9 million per $10 annual increase	$4.5 million	$10 per year, for most registrations (2-years) the upfront cost would be $20.	High - not indexed to inflation in any way	Short	Low	Low	Low - tax paid by users of the road system

	Current Revenue Purpose	Highway/ Non-Highway *	Revenue Potential Yield (Point in time estimate)	Current Total Average Annual Revenue	Average Annual Cost to Payer	Stability/Predictability	Timing for Availability	Administrative and Collection Requirements	Legal Complexity	Connection to Use
	for general transportation purposes.									
Enhanced Light Vehicle Title Fee **Current rate ranges from $20 to $115 per year and is assessed on Passenger vehicles based on vehicle MPG**	Largest source of DMV revenues and is shared between ODOT, Counties and Cities.	Highway	$10 million per year for each $10 per transaction for all tiers equally	$30 million	$10 per transaction. Average ownership length is 6 years, averaging $1.67 per year.	High - not indexed to inflation in any way	Short	Low	Low	Medium/High - Access charge and revenues directly support the construction, maintenance and operation of the road system
Enhanced Passenger Registration Fee **Current rate ranges from $20 to $115 per year and is assessed on Passenger vehicles based on vehicle MPG**	Largest source of DMV revenues and is shared between ODOT, Counties and Cities.	Highway	$39 million per $10 per year for all tiers equally	$100 million	$10 per year, for most renewals (2-years) the upfront cost would be $20.	High - not indexed to inflation in any way	Short	Low	Low	Medium/High - Access charge and revenues directly support the construction, maintenance and operation of the road system
Gross Rail Receipts **Revenue collected from a tax assessed on the gross operating revenues of railroad companies operating in Oregon, with rates capped at 0.035% of gross operating revenue**	Supports rail safety oversight, inspection, and regulatory activities, including rail crossing safety, compliance monitoring, and enforcement responsibilities carried out by the state; expenditures are limited to rail-related safety and regulatory purposes.	Non-Highway	$1 million per 10 hundredths of 1 percent	$3.5 million	$1 million cost would be shared based on gross operating revenues from the various class 1 and 3 railroads.	Medium - does grow as gross revenue increases	Medium - annual payment	Low	Low	High - Rail companies are the payers and beneficiaries
ID Cards **Revenue collected from fees paid by individuals for the issuance ($47), renewal ($43) and replacement ($40) of Oregon identification cards.**	Provides supplemental funding for transportation services serving older adults and individuals with disabilities, including non-emergency medical	Non-Highway	$1.1 million per $10 increase	$5 million	A $10 increase for an 8-year card would cost $1.25 per year.	High - not indexed to inflation in any way	Short	Low	Low	Medium - ID cards are for people who don't or can't drive and transit is the likely alternative

	Current Revenue Purpose	Highway/ Non-Highway *	Revenue Potential Yield (Point in time estimate)	Current Total Average Annual Revenue	Average Annual Cost to Payer	Stability/Predictability	Timing for Availability	Administrative and Collection Requirements	Legal Complexity	Connection to Use
	transportation and community access trips. Revenues are tied to ID card issuance and are restricted to specialized transportation programs.									
Light Vehicle Trip Permit **Current rate is $35 per permit, which is paid by unregistered light vehicles not sold through vehicle dealers**	Revenues support past transportation packages and are shared between ODOT, Counties and Cities.	Highway	$2 million per year for a $10 per transaction increase	$7 million	$10 and can only buy two per year.	Medium - not indexed to inflation in any way	Short	Low	Low	Medium/High - Access charge and revenues directly support the construction, maintenance and operation of the road system
Motor Vehicle Fuels Tax **Tax on gasoline, diesel, propane, and compressed natural gas used in on-road light and medium duty vehicles. Current state tax rate is 40 cents per gallon.**	Largest source of State Highway Funds. Shared between ODOT, Counties, and Cities.	Highway	$16 million per penny per year; if bonded would generate about $230 million in proceeds.	$690 million	$4 per year per penny	Medium (Heading downward slowly and not adjusted for inflation in any way)	Short	Low	Low	High - User pays for only what they use, and revenues directly support the construction, maintenance and operation of the road system
Motorcycle Safety Fee **Motorcycle endorsement surcharge on issuance and renewal. Issuance is $38 and a renewal is $28.**	Net revenue funds the Motorcycle Safety program including driving courses and materials	Highway	$1 increase yields about $35K	$1 million	Endorsement is once and renewal is every 8 years	Medium - renewals follow a cyclical pattern so revenue fluctuates on an annual basis	Short	Low	Low	Medium - Fee supports general motorcycle education, which is connected to the motorcycle license program
Non-Commercial Driver License **$58 fee for an original issuance, $48 for renewal, and $30 for a replacement license. These fees are designed to cover the cost of issuing the licenses.**	Revenue is used to cover DMV costs to support the program, which allows people to acquire a license to legally drive in Oregon. This only includes the cost for the license, not the Student Driver Training fee that is added on.	Highway	$0.7 million per $1	$31 million	A license is valid for 8 years but is paid upfront.	Medium - renewals follow a cyclical pattern so revenue fluctuates on an annual basis	Short	Low	Low	Medium/High - Access charge and revenues directly support DMV

	Current Revenue Purpose	Highway/ Non-Highway *	Revenue Potential Yield (Point in time estimate)	Current Total Average Annual Revenue	Average Annual Cost to Payer	Stability/Predictability	Timing for Availability	Administrative and Collection Requirements	Legal Complexity	Connection to Use
Plate Manufacturing Fee **Current rate is $13 per plate, which is paid on all new plates purchased through DMV**	Revenues support past transportation packages and are shared between ODOT, Counties and Cities.	Highway	$1.1 million per year for a $1 per plate increase	$13 million	Most light vehicles have two plates so a $1 per plate increase would cost $2.	High - not indexed to inflation in any way	Short	Low	Low	Medium/High - Access charge and revenues directly support the construction, maintenance and operation of the road system
Privilege Tax **0.5% tax on new vehicle sales in Oregon. The first 45% of revenue is transferred to DEQ for EV rebates and the remainder is deposited in the Connect Oregon Fund for aviation, marine, and rail infrastructure projects.**	Funds Connect Oregon (Marine, Aviation, Rail) projects as well as 7% of the funds are transferred into the Multimodal Active Transportation Fund for Bike/Ped projects	Non-Highway	$4 million per 0.1%	$40 million total and about $20 million for Connect and $2 million for Bike/Ped	$45 per 0.1% for each new vehicle purchased. Average length of ownership is 6 years.	Low - does grow as prices grow, but volatile as sales fluctuate	Short	Low	Low	Low - tax paid by users of the road system
Road Usage Charge **Current rate is set at 5% of the fuels tax rate, which is 2 cents per mile. Tax will be paid by electric and hybrid passenger vehicles beginning in July, 2027**	Companion to the Fuels Tax and is shared between ODOT, Counties, and Cities	Highway	Yields will vary as more vehicles are required to enroll. A 1 cent increase in the fuels tax rate will yield about $1 million to $3 million.	$16 million in year 1 to about $220 million by year 8.	An average vehicle driving 10,000 miles per year will pay $200. A 1 cent increase in the fuels tax will increase this amount by $5 per year.	Low - does solve for increasing fuel efficiency, but is not in any way indexed for inflation	Short	Low	Low	High -User pays for only what they use, and revenues directly support the construction, maintenance and operation of the road system
Safe Routes to School **$15 million per year set aside from HB 2017 State Highway Funds**	Fund the Safe Routes to School grant program	Highway	Legislative discretion. Can be a percentage or dollar amount of new State Highway Funds.	$15 million	Roughly equivalent to a penny per year in fuels tax, so about $4 per year per	Medium - not indexed to inflation in any way but is likely a combination of State Highway Fund sources	Short	Low	Low	Medium - source is from all State Highway Funds

	Current Revenue Purpose	Highway/ Non-Highway *	Revenue Potential Yield (Point in time estimate)	Current Total Average Annual Revenue	Average Annual Cost to Payer	Stability/Predictability	Timing for Availability	Administrative and Collection Requirements	Legal Complexity	Connection to Use
Safety Dedicated Funds from HB 2017 **$10 million per year set aside from HB 2017 State Highway Funds**	Funds are used for Statewide Transportation Improvement Fund Safety projects	Highway	Highway	$10 million	Roughly equivalent to 2/3's penny per year in fuels tax, so about $2.50 per year per	Medium - not indexed to inflation in any way but is likely a combination of State Highway Fund sources	Short	Low	Low	Medium - source is from all State Highway Funds
Student Driver Training **Revenue collected from fees paid from driver license and renewals for approved student driver education and training programs. Current rate is $6, added to the cost of a driver license paid at issuance and renewal.**	Funds student driver education and training programs delivered through schools and approved providers, including classroom and behind-the-wheel instruction, curriculum requirements, and program oversight; expenditures are limited to eligible driver training purposes.	Non-Highway	$0.5 million per $1 increase	$3 million	A $10 increase for an 8-year license would cost $1.25 per year.	Medium - not indexed to inflation in any way	Short	Low	Low	Medium - Fee supports general driver education, which is connected to the driver license program
Transit Tax (STIF Payroll Tax) **Revenue collected from a 0.1% statewide payroll tax, assessed on employee wages and paid by employers.**	Provides ongoing, formula-based funding to local and regional transit providers to operate, expand, and maintain public transportation services, including bus service, vehicle replacement, and service frequency improvements. Funds are distributed statewide based on statutory formulas and are not available for highway maintenance or operations. Nine percent of funds are set aside for grant programs for improving service.	Non-Highway	$150 million per 0.1%	$150 million	$74 per 0.1%	High - Grows with economic growth plus inflation (employment and wages)	Short	Low	Low	Low - all employees pay regardless of use

	Current Revenue Purpose	Highway/ Non-Highway *	Revenue Potential Yield (Point in time estimate)	Current Total Average Annual Revenue	Average Annual Cost to Payer	Stability/Predictability	Timing for Availability	Administrative and Collection Requirements	Legal Complexity	Connection to Use
Transportation Operating Fund **Revenue from motor fuel taxes paid (40 cents per gallon) on fuel used for non-highway purposes that are not refunded to purchasers.**	Supports transportation programs that cannot be funded with constitutionally restricted highway revenues, including driver and vehicle services, motor carrier regulation, rail and transit oversight, transportation safety programs, planning and policy development, and related administrative support. Expenditures are limited to eligible non-highway purposes.	Non-Highway	$0.5 million per penny fuels tax	$20 million	A person using 10 gallons per year of gasoline off-road would pay 10 cents more per penny of tax.	Low - electrification of small engine equipment will likely lead to a decline over time	Medium - annual frequency	Low	Low	Low - tax paid by users of the fuel
Vehicle Use Tax **Companion to the Vehicle Privilege Tax for qualifying vehicles purchased out-of-state. Rate needs to match the Privilege Tax rate, currently 0.5%.**	As an ownership tax the revenue is considered State Highway funds and can be used for any eligible State Highway Fund activity.	Highway	$2 million per 0.1%	$10 million	$45 per 0.1% for each new vehicle purchased. Average length of ownership is 6 years.	Medium - does grow as prices grow but can be volatile	Short	Low	Low	Medium/High - Access charge and revenues directly support the construction, maintenance and operation of the road system

** Designates whether a tax or fee is Constitutionally dedicated to construction, maintenance and operation of the roads (Highway) or is available for other uses which could be defined in ORS (Non-Highway).*

New Revenue Options

The options are listed in alphabetical order.

Table 34 – New Revenue Options

New Revenue Option	Potential Revenue Purpose	Highway/ Non-Highway *	Revenue Potential Yield (Point in time estimate)	Average Annual Cost to Payer	Stability/Predictability	Timing for Availability	Administrative and Collection Requirements	Legal Complexity	Connection to Use	Prevalence in Other States
Alcohol taxes **Either a tax increase or a redirection of current revenue to ODOT, and/or local governments. Malt beverage tax is currently $2.60 per Barrel (~31 gallons). Table wines are $0.67 per gallon and Dessert wines $0.77 per gallon. Distilled spirits are not included. Currently revenues support mental health and drug abuse treatment, Oregon Wine Board, OLCC, General Fund, Counties, and Cities**	Revenue could be used for a variety of safety improvements.	Non-Highway	1% increase in the malt beverage and wine taxes would yield about $155,000 per year. Distilled spirits are not included.	NA	Low - Expected to decline about 4% per year. As a percent of sales price the tax is somewhat indexed.	Short	Low	Low	Low	High
Cannabis taxes **Either a tax increase or a redirection of current revenue to ODOT, and/or local governments. Current rate is 17% of retail sales price of the cannabis product. Currently revenues support mental health and drug abuse treatment, OLCC, State School Fund, OSP, Counties and Cities**	Revenue could be used for a variety of safety improvements.	Non-Highway	A percentage point increase in the tax rate would yield about $17 million in revenue.	NA	Low - Revenue is forecasted to remain flat. As a percent of sales price the tax is somewhat indexed.	Short	Low	Low	Low	High
Cap and Trade **This could be a cap and invest or cap and trade program, or even some other concept that would limit fossil fuel emissions, while creating a market for buying and selling of allowances generating public revenue.**	Constitutionally dedicated portions would need to be used for on-road or within right-of-way maintenance and improvements. Non-highway portions could support a range of other transportation programs.	Could be both or just one depending on what is taxed. Any tax on the use, sale or distribution of motor vehicle fuel	Under a cap and invest program, revenue potential would depend on 1) how many allowances purchased by covered transportation	Cap and invest: Depends on auction prices. In other states, transportation fuel providers have incorporated allowance prices into	Cap and Invest: Low to start, medium in near-term, low over long-term (5 years+). As the cap declines over time, the number of allowances sold at auction will decline, and associated revenues will decline. Cap and invest revenues are	Long - would need to stand up a new program	Cap and Invest: Initially high, then declining once program rules and auction mechanisms are established. CPP: None (no public revenue)	High	Low to Medium depending on use of funds	Medium

New Revenue Option	Potential Revenue Purpose	Highway/ Non-Highway *	Revenue Potential Yield (Point in time estimate)	Average Annual Cost to Payer	Stability/Predictability	Timing for Availability	Administrative and Collection Requirements	Legal Complexity	Connection to Use	Prevalence in Other States
		would be Highway.	fuel suppliers, and 2) the auction price of those allowances (which will fluctuate from auction to auction). Under the current CPP, there is no public revenue potential for transportation purposes because DEQ does not have legal authority to collect fees or sell allowances to regulated entities.	prices at the pump. CPP: None (no public revenue)	traditionally designed to offset consumer costs associated with decarbonization strategies. They do not provide a stable and predictable source of revenue over time. CPP: None (no public revenue)					
Congestion/Cordon Pricing **A congestion price could be added to a RUC but only imposed on specific road segments at specific times of day. Similarly a cordon price would encompass a specific geographic area and would added to a RUC charge when a vehicle enters the area.**	Funding could support maintenance and projects within a specific geographic area. Could be used for multimodal safety uses in the right-of-way.	Highway	It will depend on volumes during the period of the charge and the proposed rate, while taking into account diversion.	Varies by use	Low to start and likely medium in the long term, but would need rate to be indexed to inflation	Long - would need to stand up a new program	Could be medium to low depending on how easy it would be to modify the RUC existing system	Medium	High - user pays	Medium
Indexing fuels tax **None of Oregon's state transportation taxes or fees are indexed for any**	Adjusting the fuels tax to inflation would lead to increased revenue,	Highway	Indexing to the CPI would equate to about a	$4 per year per penny	Medium - indexing solves a price inflation issue, but not	Short	Low	Low	High - user pays	High

New Revenue Option	Potential Revenue Purpose	Highway/ Non-Highway *	Revenue Potential Yield (Point in time estimate)	Average Annual Cost to Payer	Stability/Predictability	Timing for Availability	Administrative and Collection Requirements	Legal Complexity	Connection to Use	Prevalence in Other States
automatic inflation adjustment. 26 states plus D.C. has some kind of automatic inflation adjustment on their fuels tax. Besides adjusting the rate automatically to a price index, another option is to set the fuels tax rate based on price of fuel (price goes down tax goes up).	shared between ODOT, Counties and Cities for a broad range of Constitutionally eligible uses.		penny per year increase ($16 million).		increasing fuel efficiency					
Metro area Fuels Tax or Registration Fee **Legislature could create a tax on fuel or registration fees within a Metropolitan area.**	Most likely revenue would be dedicated to maintenance and preservation projects within the area of revenue collected.	Highway	Would need details on the Metro area in question and what tax or fee options to look at.	Payer would be assessed the per year rate and most would pay the fee every two years are registration renewal	Medium - could be high if indexed	Short	Low	Medium	High for fuels tax and medium/high for registration fees	Low
Oral Nicotine Tax **Either a tax increase or a redirection of current revenue to ODOT, and/or local governments. Oral nicotine products in packages of 20 or fewer units are taxed at $0.65 per package, for packages containing more than 20 units, the tax is calculated at $0.0325 per unit.**	Revenue could be used for a variety of safety improvements.	Non-Highway	$168k per year if all sold as packages with 20 or fewer units.	NA	Low - not indexed to inflation in any way but quantity of oral nicotine products sold is expected to grow	Short	Low	Low	Low	High
Other Tobacco Tax **Either a tax increase or a larger share of current revenue to ODOT, and/or local governments. Other tobacco products include cigars (65% of wholesale sales prices, maximum tax $1 per cigar), moist snuff ($1.89 per oz, minimum tax of $2.27 per retail container), and all other forms of tobacco that can be chewed or smoked except cigarettes and little cigars (65% of wholesale sales price).**	Revenue could be used for a variety of safety improvements.	Non-Highway	$635k per year if increase wholesale sales price share by 1%.	NA	Low - does grow as prices grow but sales expected to fall	Short	Low	Low	Low	High

New Revenue Option	Potential Revenue Purpose	Highway/ Non-Highway *	Revenue Potential Yield (Point in time estimate)	Average Annual Cost to Payer	Stability/Predictability	Timing for Availability	Administrative and Collection Requirements	Legal Complexity	Connection to Use	Prevalence in Other States
Passenger vehicle weight and size based registration **Rather than a standard registration fee for all passenger vehicles, this concept would charge heavier and larger passenger vehicles more.**	Revenue could be used for a variety of safety improvements	Highway	3.9 million Passenger Vehicles. Passenger Vehicle GVW Low breakdown: 46% 4,001 lbs. and under 80% 6,001 and under 90% 8,001 and under	If tied to registration it would be 2 times the amount paid upfront for renewals and 4 times for new vehicles. Titles would be paid one time for the ownership life of the vehicles, which averages 6 years.	Medium - Stable source of revenue and vehicle weights have increased over time. But would not be indexed without action.	Short	Medium	Low	Medium/High - Access charge and revenues directly support the construction, maintenance and operation of the road system	Medium
Progressive Statewide Transit Tax **Modify the current statewide employee payroll tax for transit to create a progressive rate structure where higher income earners pay a higher rate.**	Revenue would support transit programs	Non-Highway	Rate schedule and income thresholds would determine yield potential	Would vary based on income level and rate. The current average worker pays $74 per year at the 0.1% rate	Likely pretty high as the base includes all employees	Short	Low since the program already exists	Low	Low	About half the states have progressive income taxes, but no state has a state level progressive payroll tax dedicated to transit.
Rental Vehicle Tax **Tax imposed on the rental of a vehicle. Could be limited to passenger vehicles only or include moving trucks or trailers.**	Most likely revenue would be dedicated to maintenance and preservation projects within the area of revenue collected. A 17% local rate already exists in Multnomah County, so a statewide rate would stack and	Highway	Estimated statewide tax of $3.5 million per percent tax rate.	A week rental would be about $4 per percent.	Low - If set as a percentage, some measure of inflation adjustment is built in as the rental price increases	Long - would need to stand up a new program	High	Medium	High - user pays	High

New Revenue Option	Potential Revenue Purpose	Highway/ Non-Highway *	Revenue Potential Yield (Point in time estimate)	Average Annual Cost to Payer	Stability/Predictability	Timing for Availability	Administrative and Collection Requirements	Legal Complexity	Connection to Use	Prevalence in Other States
	could lead to price sensitivity issues.									
Retail delivery fee **Charge on the vehicle or package being delivered. As proposed during the 2025 Session it would only apply to EV's.**	Constitutionally dedicated portions would need to be used for on-road or within right-of-way functions. Non-highway portions could support a range of other transportation programs.	Could be either one depending on construction of the program. If per delivery, an Oregon estimate would be $1.9 million per penny charge.	Depends on construction of the tax, particularly relevant would be whether it is a vehicle tax or a package tax.	At 50 deliveries per year, that would be 50 cents per penny charge.	Medium - Likely set as either a per mile or per package rate, which would not be indexed to inflation unless specified by law	Long - would need to stand up a new program	High	Medium	Depends on the tax construction and what the intended use will be	Low
Rideshare Fee **Most likely a per mile charge on the owners/operators of rideshare services. This could be imposed by a local jurisdiction or as a state charge.**	Most likely revenue would be dedicated to maintenance and preservation projects within the area of revenue collected. A $2 per ride charge already exists in Portland, so a statewide rate would stack and could lead to price sensitivity issues.	Highway	Estimated statewide tax of $0.15 million per penny.	Would depend on rate and use of the service	Low - volatile source of revenue and not indexed at a per ride charge.	Long - would need to stand up a new program	High	Medium	High - user pays	Medium
Road Usage Charge Expansion **Expand the per mile charge currently assessed on heavy trucks over 26,000 lbs. and electric and hybrid passenger vehicles beginning in July, 2027. Expansion could include higher**	Current RUC revenue is split 50/30/20 between ODOT, Counties and Cities and the revenue is available for any	Highway	Depends on what vehicles are included and how they are phased into the program, as	Will vary depending on vehicle MPG	Medium - initial volatility as vehicles transition. RUC solves the fuel efficiency problem, but is not indexed to inflation currently	Medium - require adding to the existing program. Some modifications will likely be required.	Medium - Likely some additional staff would be required	Medium	High - user pays	Low

New Revenue Option	Potential Revenue Purpose	Highway/ Non-Highway *	Revenue Potential Yield (Point in time estimate)	Average Annual Cost to Payer	Stability/Predictability	Timing for Availability	Administrative and Collection Requirements	Legal Complexity	Connection to Use	Prevalence in Other States
efficiency internal combustion engine light vehicles and medium duty vehicles.	Constitutionally eligible use.		well as tax rate. Currently RUC is a replacement to the fuels tax and the payer receives a credit for the estimated fuels tax paid.							
Seasonal State Fuels Tax **Impose a surtax in the summer months to capture increased demand on the system during this period**	Revenue used for broader maintenance, operations and preservation of the system.	Highway	$1.6 million per penny tax for each month of June through August	per penny of tax the cost would likely be around 30 to 50 cents per month	Medium (Heading downward slowly and not adjusted for inflation in any way)	Short	Low	Low	High - user pays	Does not exist on the state level, but even in Oregon local jurisdictions do have seasonal fuels taxes
Statewide Employer Payroll Tax **Unemployment tax already exists. This would add a new tax specifically dedicated to transit.**	Revenue would support transit programs	Non-Highway	$150 million per 0.1% if structured like the current statewide employee payroll tax	$74 per 0.1% if structured like the statewide employee payroll tax	High	Long - new tax program	High	High	Low	All states have an employer payroll tax for unemployment. Prevalence is low as a statewide tax for transit, more common at city level.
Studded Tire Tax **A tax on the purchase of studded tires or installation of studs into existing tires**	Revenue would likely be used for maintenance of studded tire damaged roads.	Probably Non-Highway, but we're not sure if there is any legal opinion on it	$10 per tire tax would yield about $2.8 million per year	$40 for a set of four tires. Average life is 4 years.	Low - usage has been declining and not adjusted for inflation unless set as a percentage of the price of the tire	Long - would need to stand up a new program	High	Medium	High if used to repair roads damaged by studs	Low

New Revenue Option	Potential Revenue Purpose	Highway/ Non-Highway *	Revenue Potential Yield (Point in time estimate)	Average Annual Cost to Payer	Stability/Predictability	Timing for Availability	Administrative and Collection Requirements	Legal Complexity	Connection to Use	Prevalence in Other States
Tire tax **Percentage tax on the retail sale of tires to fund specific transportation programs.**	Revenue could support safety and transit programs	Probably Non-Highway, but we're not sure if there is any legal opinion on it	Estimated $7 million per year per 1% rate for all tires sold in Oregon	Would add about $6.50 per set of four passenger tires at 1%	Likely high based on available tire sale data	Long - new tax program	Medium to high depending on program requirements	Likely high if similar to HB 3362 (2025 Session)	Low	45 states have sales taxes on tires. Although it is not clear if any of the revenue is dedicated to transportation.
Tolling **Implement a state tolling program for tolling of specific state-owned facilities. The most common use would be for bridge replacements or new toll lanes.**	Revenue could support the facility (road or bridge) being tolled.	Highway	Depends on volumes and rates along with potential diversion options	Dependent on use	Medium - Would need to ensure that rate is indexed to inflation	Long - would need to stand up a new program	High	Medium	High - user pays	High
Vehicle Privilege Tax Expansion **Expand the privilege tax to used vehicle dealers. Another option would be to expand the tax to other motor vehicle types beyond cars and trucks, such as marine craft, aircraft and all-terrain vehicles.**	Increase funding for Connect Oregon and other modal specific transportation projects	Non-Highway	Per 1% tax rate, yields could be about $100 million for new vehicles and $150 million for used vehicles	Each percentage would add about $450 to the price of an average new vehicle, and $250 to the price of an average used vehicle. Vehicles on average are replaced every 6 years.	Medium - Is somewhat inflation indexed as the price of vehicles increase over time	Long - would need to stand up a new program	High	Medium	Medium/High - Access charge and revenues directly support the construction, maintenance and operation of the road system	High

New Revenue Option	Potential Revenue Purpose	Highway/ Non-Highway *	Revenue Potential Yield (Point in time estimate)	Average Annual Cost to Payer	Stability/Predictability	Timing for Availability	Administrative and Collection Requirements	Legal Complexity	Connection to Use	Prevalence in Other States
Vehicle Transfer Tax **Essentially a sales tax on new and used vehicle sales in Oregon, including a use tax for out of state sales for Oregon owned vehicles. A modification of this would be to have the tax only apply to vehicles sold over a certain price point.**	Revenue used for broader maintenance, operations and preservation of the system.	Highway	Per 1% tax rate, yields could be about $100 million for new vehicles and $150 million for used vehicles	Each percentage would add about $450 to the price of an average new vehicle, and $250 to the price of an average used vehicle. Vehicles on average are replaced every 6 years.	Medium - Is somewhat inflation indexed as the price of vehicles increase over time	Long - would need to stand up a new program	High	Medium	Medium/High - Access charge and revenues directly support the construction, maintenance and operation of the road system	High

** Designates whether a tax or fee is Constitutionally dedicated to construction, maintenance and operation of the roads (Highway) or is available for other uses which could be defined in ORS (Non-Highway).*

Revenue Redirection Options

The options are listed in alphabetical order.

Table 35 –Revenue Redirection Options

Revenue Redirection Option	Potential Revenue Purpose	Highway/ Non-Highway *	Revenue Potential Yield (Point in time estimate)	Average Annual Cost to Payer	Stability/Predictability	Timing for Availability	Administrative and Collection Requirements	Legal Complexity	Connection to Use	Prevalence in Other States
Alcohol taxes **Either a tax increase or a redirection of current revenue to ODOT, and/or local governments. Malt beverage tax is currently $2.60 per Barrel (~31 gallons). Table wines are $0.67 per gallon and Dessert wines $0.77 per gallon. Distilled spirits are not included. Currently revenues support mental health and drug abuse treatment, Oregon Wine Board, OLCC, General Fund, Counties, and Cities**	Revenue could be used for a variety of safety improvements.	Non-Highway	1% increase in the malt beverage and wine taxes would yield about $155,000 per year. Distilled spirits are not included.	NA	Low - Expected to decline about 4% per year. As a percent of sales price, the tax is somewhat indexed.	Short	Low	Low	Low	High

Revenue Redirection Option	Potential Revenue Purpose	Highway/ Non-Highway *	Revenue Potential Yield (Point in time estimate)	Average Annual Cost to Payer	Stability/Predictability	Timing for Availability	Administrative and Collection Requirements	Legal Complexity	Connection to Use	Prevalence in Other States
Cannabis taxes **Either a tax increase or a redirection of current revenue to ODOT, and/or local governments. Current rate is 17% of retail sales price of the cannabis product. Currently revenues support mental health and drug abuse treatment, OLCC, State School Fund, OSP, Counties and Cities**	Revenue could be used for a variety of safety improvements.	Non-Highway	A percentage point increase in the tax rate would yield about $17 million in revenue.	NA	Low - Revenue is forecasted to remain flat. As a percent of sales price, the tax is somewhat indexed.	Short	Low	Low	Low	High
CAT Tax redirection **Modify existing Corporate Activity Tax to send a portion of the tax to fund public transit. Currently the CAT Tax is entirely dedicated to public education through the Fund for Student Success.**	Provide support for public transportation and livability options.	Non-Highway	It would depend on how much, either in terms of a percentage of the tax or flat amount that would be redirected.	Would not increase cost due to no increase in the tax rate	Medium - price and volume sensitive	Short	Low as the infrastructure already exists to collect the tax	Low	Low	High - most states have some type of sales tax
CAT tax redirect from vehicles sales **Currently the CAT Tax is entirely dedicated to public education through the Fund for Student Success.**	Revenue could support safety and transit programs.	Non-Highway	Unknown but calculable if vehicle sales revenue can be isolated	As a redirect, there is no increase in the tax rate	Medium - price and volume sensitive	Medium - some work needed to isolate tax payments from specific business types	Low	Low	Low to moderate - Purchasers of vehicles would benefit from safety investments, transit less so	High - most states have some type of sales tax

Revenue Redirection Option	Potential Revenue Purpose	Highway/ Non-Highway *	Revenue Potential Yield (Point in time estimate)	Average Annual Cost to Payer	Stability/Predictability	Timing for Availability	Administrative and Collection Requirements	Legal Complexity	Connection to Use	Prevalence in Other States
Oral Nicotine Tax **Either a tax increase or a redirection of current revenue to ODOT, and/or local governments. Oral nicotine products in packages of 20 or fewer units are taxed at $0.65 per package, for packages containing more than 20 units, the tax is calculated at $0.0325 per unit.**	Revenue could be used for a variety of safety improvements.	Non-Highway	$168k per year if all sold as packages with 20 or fewer units.	NA	Low - not indexed to inflation in any way but quantity of oral nicotine products sold is expected to grow	Short	Low	Low	Low	High
Other Tobacco Tax **Either a tax increase or a larger share of current revenue to ODOT, and/or local governments. Other tobacco products include cigars (65% of wholesale sales prices, maximum tax $1 per cigar), moist snuff ($1.89 per oz, minimum tax of $2.27 per retail container), and all other forms of tobacco that can be chewed or smoked except cigarettes and little cigars (65% of wholesale sales price).**	Revenue could be used for a variety of safety improvements.	Non-Highway	$635k per year if increase wholesale sales price share by 1%.	NA	Low - does grow as prices grow but sales expected to fall	Short	Low	Low	Low	High

** Designates whether a tax or fee is Constitutionally dedicated to construction, maintenance and operation of the roads (Highway) or is available for other uses which could be defined in ORS (Non-Highway).*

Other Options

A list of other options that came up through the various subgroups, but due to time constraints or lack of specific details there is very little information available and more time or option details will be required to do a more complete analysis. *Listed alphabetically.*

- **Ad valorem tax on parking lots.**
- **Aircraft taxes and fees** - Higher fees for private aircraft, including potentially the sale and purchase of airplanes, charter flights, or aircraft registration
- **Cell phone tax for State Radio.**
- **Corporation income surtax.**
- **General Sales and Use Tax.**
- **Graduated fines for repeat traffic violations** - Fines increase for repeat offenses. The increase would be directed to the Criminal Fine Account and restricted for use by ODOT and/or local governments for a statutorily authorized purpose.
- **High Income surtax** - Incremental personal income tax rate for high income earners, potentially those over $1 million.
- **Insurance surcharge.**

- **Marine fuels tax** - A specific tax on the fuel used in marine craft could be imposed to support marine and port projects and maintenance.
- **Pied a terre tax** - Tax on second homes (not primary residence).
- **Public EV charging tax** - While there's currently no practical way to measure household charging, public EV charging could be measured and taxed and a few states currently do this.
- **Rail fuels tax -** A specific tax on the fuel used by locomotives could be imposed to support rail projects and maintenance.
- **Statewide Clean Energy Fee on large companies.**
- **Traffic violation in school zones** - Either an increase in the fine or a portion of the current fine would be directed to the Criminal Fine Account and restricted for use by ODOT and/or local governments for a statutorily authorized purpose.
- **Transient Lodging Taxes** - Increase Statewide lodging tax, with potential progressive rate structure. Existing tax rate is 1.5% increasing to 2.75% beginning January 1, 2027.
- **Vehicle Pollution Privilege Tax** - A pollution-based vehicle privilege tax (new and used), charging more for high-emitting vehicles and potentially subsidizing cleaner ones like electric trucks through incentive programs. An additional option is to include a tax specific for diesel trucks based on size or emissions.
- **Vehicle Privilege Tax Expansion** - Expand the privilege tax to used vehicle dealers. Another option would be to expand the tax to other motor vehicle types beyond cars and trucks, such as marine craft, aircraft and all-terrain vehicles.
- **Vehicle Property Tax (Ad valorem)** - Likely as part of an annual registration process, this tax would apply a rate based on the age and value of the vehicle attached to a depreciation schedule.