

The background of the slide features a large, faint, light blue seal of the State of Oregon. The seal is circular and contains an eagle with spread wings at the top, a plow and a sheaf of wheat in the center, and a banner that reads "THE UNION". The words "STATE OF OREGON" are written around the perimeter of the seal, and the year "1859" is at the bottom.

Transportation Work to Date

May 1, 2026

Office of Governor Kotek
Kelly Brooks, Transportation Advisor



What I hope you know at the end.

The major elements included in Oregon's last transportation package (HB 2017)

The work the Joint Committee on Transportation completed in 2024

The major elements and funding tools included in the HB 2025B

The major elements and funding tools included in HB 3991

The elements of HB 3991 that are now subject to Referendum 120

Which transportation funds, and in what amounts, were reallocated during the 2026 session



HB 2017 – Focus Areas

Congestion Relief

- Urban Mobility Projects
 - 217
 - I-205
 - Rose Quarter
- Value Pricing / Tolling

Multimodal

- State Transportation Improvement Fund (STIF)
- Safe Routes to School
- Ongoing funding for off road trails
- Dedicated to Connect Oregon funding

Maintenance

- HB 2017 Fix-it (dedicated funding for bridge, pavement and culverts)

Accountability

- Benefit-cost for major projects
- Continuous Improvement Advisory Committee
- Audits
- Transparency and performance website



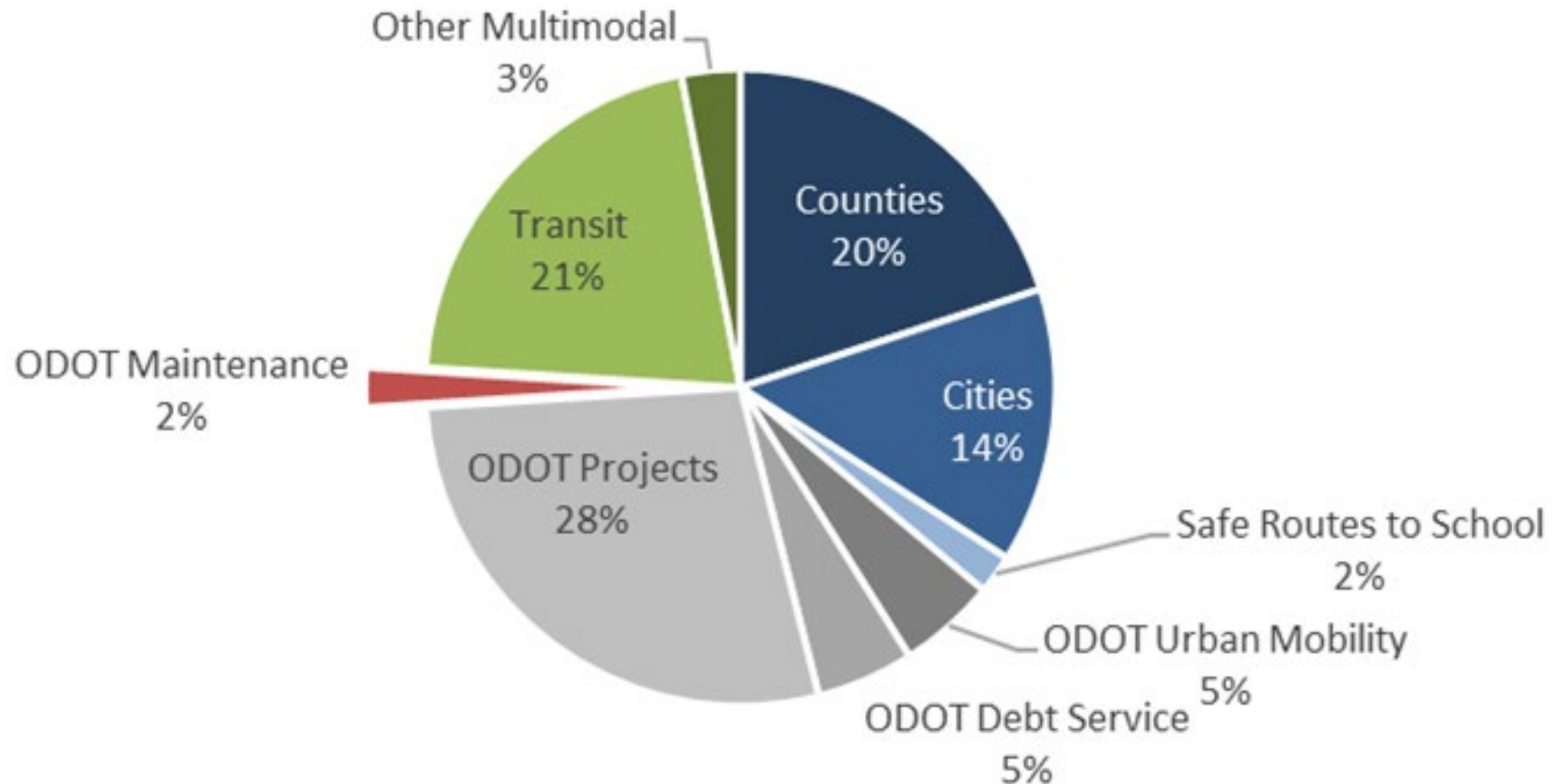
HB 2017 – Funding Tools

Tool	What It Did	What It Funded
Gas Tax	(+10c) Phased increases: +4¢ in 2018, then +2¢ in 2020, 2022, and 2024, tied to accountability requirements	State Highway Fund 50/30/20 + Off-the-tops Major Projects and SRTS
Title Fees	Increased title fees, with higher fees for vehicles that get better fuel economy	State Highway Fund 50/30/20 + Off-the-tops Major Projects and SRTS
Registration Fees	Increased registration fees; tiered by MPG / vehicle efficiency	State Highway Fund 50/30/20 + Off-the-tops Major Projects and SRTS
Employee Payroll Tax	0.1% statewide employee payroll tax	Dedicated transit funding through STIF
Privilege Tax	0.5% tax on in-state new vehicle sales	EV rebates, Connect Oregon, Multimodal investments
Use Tax	0.5% tax on out-of-state new vehicle sales	State Highway Fund
Weight-Mile	Increased heavy-truck weight-mile, road use assessment and flat fees	State Highway Fund 50/30/20 + Off-the-tops Major Projects and SRTS
Bicycle Excise	\$15 tax on qualifying new adult bicycles	Off-road bicycle and pedestrian commuter paths



HB 2017 Funding Distribution

HB 2017 Funding Distribution





2024 Analysis and Engagement



Interim Workgroups

- Back-to-Basics Maintenance and Preservation
- Public and Active Transit
- Finishing 2017 Priority Commitment



2025 – Accountability Reviews



ODOT Has Taken Steps to Improve the Budget Development Process, But More Actions Are Needed

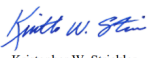
Report 25-02
January 9, 2025

Marlene Hartinger, Chief Auditor
James Hanseling, Principal Internal Auditor
Meredith Kim, Senior Internal Auditor



Oregon
Tina Kotek, Governor

Oregon Transportation Commission
Office of the Director, MS 11
355 Capitol St NE
Salem, OR 97301-3871

DATE: February 27, 2025
TO: Oregon Transportation Commission
FROM: 
Kristopher W. Strickler
Director
SUBJECT: Agenda Item G – Strategic Review – Close-out Report

Requested Action:

Receive a presentation on the work the agency has completed in response to the Strategic Review conducted last spring. Review and discuss the Strategic Review Close-out Report and provide feedback on the agency's implementation plans outlined in the report.

Background:

The Oregon Department of Transportation maintains an approach and culture of continuous improvement, always seeking to find ways to deliver our work more efficiently, more safely, and more effectively. ODOT is a national leader among peers, pioneering innovative approaches, cultivating talented and dedicated leaders and staff, and challenging ourselves to evolve and grow to meet the changing needs of our state.

In furtherance of this mission and in light of recent specific challenges related to program delivery, ODOT requested an independent assessment of the agency's current state. In April 2024, a third-party expert review panel comprised of transportation professionals with more than 150 years combined experience performed a rapid assessment Strategic Review (SR), including identifying and recommending approaches foundational to top-performing transportation agencies nationwide. The SR evaluated specific topic areas and independently explored the agency's overall health, culture, and performance. The SR's work concluded in a report describing the agency's strengths, challenges, and opportunities for improvement.

Overall, the Strategic Review found the following agency strengths and clear indicators of high performance:

- General good condition of state highway system
- Dedicated agency staff
- Strong relationships with executive branch partners
- Notable stakeholder engagement within the Portland metro region
- Continuous improvement and growth mindset

The Strategic Review also found opportunities for improvement, including observations aligned with findings from the 2017 McKinsey report.

Agenda_G_Strategic_Review_Closeout_Report_Ltr.docx
March 13, 2025 OTC Meeting



MANAGERIAL REVIEW OF THE Oregon Department of Transportation (ODOT)

Prepared for
THE OREGON LEGISLATIVE ASSEMBLY





HB 2025 TRIP – Initial Components

- Indexed the fuels tax
- Proposed a one-time system use fee (1%) at time of purchase
- Proposed a tire pollution tax (3% of tire purchase)
- Mandatory Road User Charge for EVs, Plug-in Hybrids and 30 MPG+
- Reclassification of diesel as a motor vehicle fuel
- Simplification of weight-mile rates
- ODOT accountability



HB 2025B* TRIP Funding & Uses

Tool	What It Did	What It Funded
Gas Tax	Increased state motor vehicle fuel tax and use fuel tax to 52¢/gallon beginning Jan. 1, 2026	State Highway Fund 50/30/20 + Off-the-tops SRTS and wildlife crossings.
Registration Fees	Increased passenger vehicle fees; \$43 to \$75	State Highway Fund 50/30/20 + Off-the-tops SRTS and wildlife crossings.
Diesel tax for heavy vehicles	Created a new diesel tax as part of a hybrid heavy-vehicle tax system, adding diesel tax alongside weight-mile tax	State Highway Fund 50/30/20 + Off-the-tops SRTS and wildlife crossings.
Title Fees	Increased to \$312 after averaging out HB 2017 MPG title tiers	State Highway Fund 50/30/20 + Off-the-tops SRTS and wildlife crossings.
RUC – passenger vehicles	Transition to mandatory RUC. EVs and hybrid/PHEV; allowed a flat annual fee option of \$340	State Highway Fund 50/30/20. No off-the-tops.
RUC – delivery vehicles	10% of state fuel tax rate for EV and 10,000–26,000 lbs. delivery vehicles	State Highway Fund 50/30/20. No off-the-tops.
Employee Payroll Tax	Increase from 0.1% to 0.3% employee payroll tax over 3 years	Dedicated transit funding through STIF
Privilege Tax	Increased to 2.25% vehicle privilege tax on new vehicle sales and used vehicles over \$10,000	38% Great Streets Fund, 38% Anchor Projects, 10% EV rebates, 8% Connect Oregon, 6% Rail
Use Tax	Increased to 2.25% vehicle use tax on new vehicle sales and used vehicles over \$10,000	Wildlife crossings, SRTS, State Highway Fund 50/30/20
Weight-Mile	Delayed increases; simplified weight-mile tables and increased heavy-vehicle payments	State Highway Fund 50/30/20 + Off-the-tops SRTS and wildlife crossings.



HB 3991 Components

Gas Tax

- + 6 Cents

Registration Fees

- +\$42 Base
- +\$30 Supplemental Fee for EVs and 40 MPG

Title Fees

- +\$139

- ODOT Accountability
- Weight Mile Simplification
- Mandatory Road User Charge (one year delayed)
- HCAS methodology update



HB 3991 – Funding Tools

Tool	What It Did	What It Funded
Gas Tax	Increased state motor vehicle fuel tax and use fuel tax to 52-6c/gallon beginning Jan. 1, 2026	50/30/20 - Maintenance and Operations
Registration Fees	Increased base passenger vehicle fees; \$4342 to \$85 +\$30 Supplemental Fee for EVs and 40 MPG	50/30/20 - Maintenance and Operations
Diesel tax for heavy vehicles	Created a new diesel tax as part of a hybrid heavy-vehicle tax system, adding diesel tax alongside weight-mile tax	50/30/20 - Maintenance and Operations
Title Fees	Increased to \$312 after averaging out HB 2017 MPG title tiers Base Title Fee +\$139 (maintained tiers)	50/30/20 - Maintenance and Operations
RUC – passenger vehicles	Transition to mandatory RUC. EVs and hybrid/PHEV; allowed a flat annual fee option of \$340 - Pushed out implementation by one year.	State Highway Fund 50/30/20.
RUC – delivery vehicles	10% of state fuel tax rate for EV and 10,000–26,000 lbs. delivery vehicles	State Highway Fund 50/30/20. No off-the-tops.
Employee Payroll Tax	Increase from 0.1% to 0.3% employee payroll tax over 3 years Sunsets in 2028.	Dedicated transit funding through STIF
Privilege Tax	Increased to 2.25% vehicle privilege tax on new vehicle sales and used vehicles over \$10,000	38% Great Streets Fund, 38% Anchor Projects, 10% EV rebates, 8% Connect Oregon, 6% Rail
Use Tax	Increased to 2.25% vehicle use tax on new vehicle sales and used vehicles over \$10,000	Wildlife crossings, SRTS, State Highway Fund 50/30/20



Referendum 120

Increases fuel taxes, registration/title fees for roads, tax on wages for public transportation services

- **Result of "Yes" Vote:** "Yes" vote increases fuel taxes, certain vehicle registration/title fees for state, local road construction, maintenance, improvements; increases tax on wages for public transportation services.
- **Result of "No" Vote:** "No" vote retains fuel taxes at 40 cents per gallon, rejects increases to vehicle registration and title fees, tax on wages for public transportation services.

• **If it passes**

- The highway trust fund will receive \$400M per year that will be split 50/30/20.
- STIF will receive \$242M prior to the sunset.

• **If it fails**

- The gas tax and payroll revenue increases will go away.
- The EV surcharge, Mandatory RUC, weight mile simplification and accountability portions of the law stay in place.



2026 Budget Adjustment

Source	Reduction	25-27 Available Unobligated
Vacancy Savings and Tier 1 Reductions	78,200,000	N/A
Student Driver Training	5,000,000	0
HB 2017 Federal Fund Redistribution	85,000,000	0
Transportation Operating Fund	20,000,000	0
Safe Routes to School	17,000,000	10,000,000
Privilege Tax (Connect OR)	42,000,000	25,000,000
Privilege Tax (Community Paths)	8,000,000	0
OR 58	6,000,000	0
HB 2017 Unobligated	35,000,000	49,000,000
Total	296,200,000	