

ODOT Funding Package Resource Library

Revenue Options

Indexing Taxes and Fees to Inflation

Oregon's fuel tax is set at a fixed rate, currently at 40 cents per gallon, and requires Legislative action to make adjustments. This is also true of Oregon's registration and title fees. Due to inflationary pressures and growing fuel efficiency, revenues from the gas tax and vehicle fees have not kept up with the rising costs of highway construction or of day-to-day system maintenance and operations. Since 2017, the National Highway Construction Cost Index has nearly doubled, and equipment costs have increased about 25% in the past four years.

According to the National Conference of State Legislatures, [twenty-four states and Washington, D.C.](#) have variable rate fuel taxes that adjust based on inflation or another index, meaning that the fuels tax rate can adjust without the need for legislative action.

Background

Even without rate increases, revenue from most taxes—including property, sales, income, and payroll taxes—rises over time as property values, prices, and incomes increase. Currently, none of the State Highway Fund's revenue sources adjust with higher prices in any way. This includes the motor fuels tax, heavy truck taxes and fees, and DMV fees. Instead, tax and fee rates are set by the Legislature in statute and are infrequently increased over time, typically as part of large transportation packages. For example, the Oregon fuels tax rate remained constant from 1993 to 2011 at 24 cents per gallon before increasing to 30 cents per gallon. However, over this same period general inflation as measured by the consumer price index (CPI) increased over 50 percent. Similarly, the fuels tax rose from 30 cents in 2011 to 40 cents per gallon in 2024, a one-third increase during a period when the National Highway Construction Cost Index more than doubled.

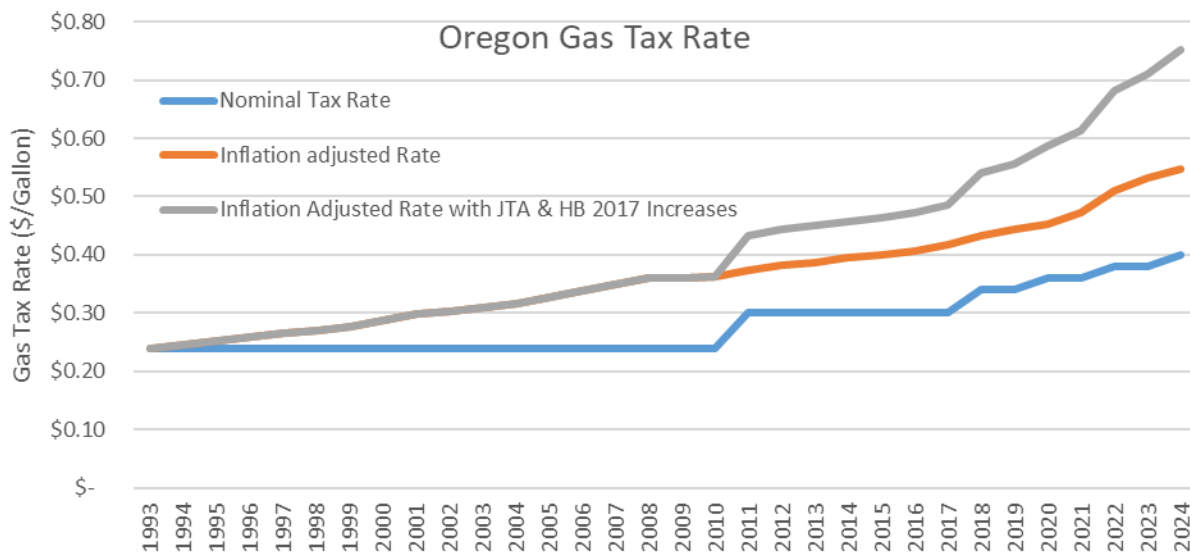
In addition to the impact of prices and cost of labor and materials, the fuels tax has been further eroded by the increasing fuel efficiency of the light- and medium-duty vehicle fleets. In Oregon, passenger vehicle fuel efficiency increased about 25 percent between 2009 and 2023, which means a vehicle can travel about 25 percent further on the same amount of fuel today than they did in 2009. As a result, people are paying less in real terms for every mile they drive, and these forces have a compounding impact on the overall ability of the fuels tax to remain a stable source of revenue.

Twenty-four other states plus Washington, D.C. have already moved to address the impact of inflation on the fuels tax using a variety of methods. Fourteen states and Washington, D.C. index

the tax rate directly to some kind of price index like the CPI, while the other ten tie the rate to fuel price changes. In addition, seven of the states combine either the price index or fuel price with an additional index. Examples of the additional index include fuel efficiency, personal income, and population.

In Oregon, if the 1993 rate was indexed to inflation using the CPI, the rate in 2024 would be about 55 cents per gallon rather than the 40 cents per gallon statutory rate. For just calendar year 2024 alone, this would have produced almost \$260 million in additional revenue. If the recent Jobs and Transportation Act (JTA) and HB 2017 increases are included on top of indexing the rate would be 75 cents per gallon.

Looking ahead, indexing to the CPI by itself would yield on average about a one-cent increase in the fuels tax rate per year. Indexing registration and title fees—the other major sources of revenue—to inflation would increase these fees by \$2-3 per year and ensure that they continue to cover the cost of processing the transaction and yield additional revenue for the State Highway Fund. If the entirety of the State Highway Fund were indexed to inflation, it would add about \$50-60 million in revenue on an annual basis.

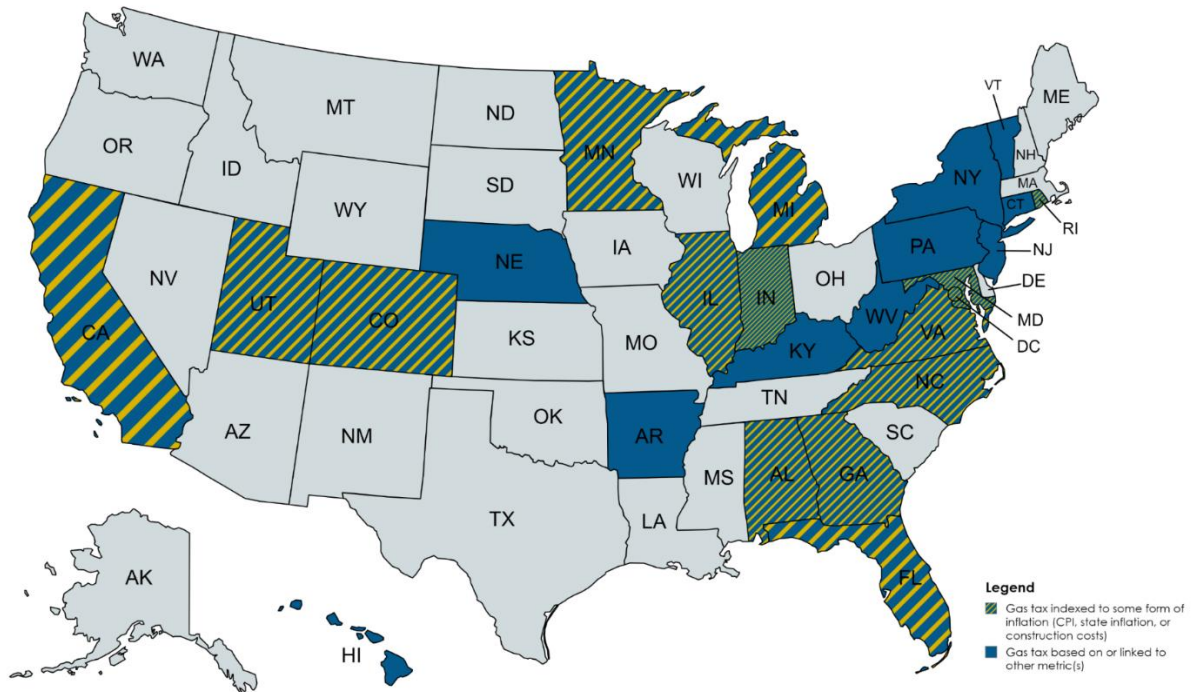


There are several indices—consumer price index (CPI); producer price index (PPI); National Highway Cost Construction Index (NHCCI)—that could serve for the index of choice. A combination of these could be used, but that would result in a more complicated methodology. In indexing taxes and fees, decisionmakers would need to identify the year from which the fees would be indexed.

A cap could be imposed that limits how much the taxes and fees can increase on an annual basis to avoid significant escalations during periods of high inflation. The National Highway Construction Cost Index, for example, has nearly doubled since 2017; a cap would help prevent intense

upsurges while still ensuring that rates increase. While rarer, a floor could also be imposed to prevent decreases in the event of deflation or negative rates.

Figure 1: States with Variable Rate Fuel taxes



Created with mapchart.net based on [National Conference of State Legislatures – Variable Rate Gas Taxes](#). February 9, 2024.

Vehicle Ad Valorem Tax

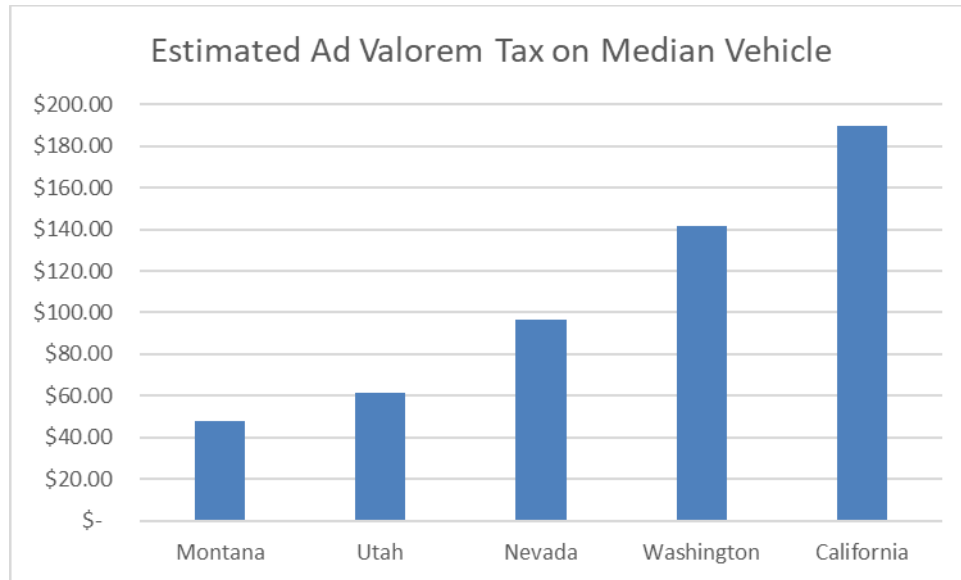
Nationally, 27 states impose a vehicle ad valorem tax (commonly called a property tax). Of six neighboring and nearby states, Oregon and Idaho are the only states that do not impose such a tax, though Idaho does have a sales tax on vehicles. The typical vehicle in Oregon’s fleet would pay an annual ad valorem tax of between \$39 and \$154 if it adopted an ad valorem tax from one of the five nearby states, which could raise \$125-493 million annually in Oregon.

Analysis

Ad valorem taxes, often called property taxes on vehicles, are assessed in 26 states, according to a recent study by WalletHub. WalletHub estimated the annual costs of property taxes on a \$26,000 vehicle in these states range from \$26 in Louisiana to \$1,050 in Virginia. In addition to these 26 states, Utah also has a uniform annual fee based on the age of a vehicle, rather than the vehicle value. Utah’s fee is easier to administer than other states that have to keep a database or official guide for the value of a vehicle based on original MSRP and age-based depreciation. However,

removing original MSRP from the fee calculation raises concerns that it may be regressive or inequitable, as it is the same whether one buys a \$150,000 or \$15,000 car.

While ORS 803.585 states that Oregon has registration fees in lieu of all other taxes and licenses, states with similar registration fees also have ad valorem fees not present in Oregon.



Revenue Impact

An estimate of the revenue that could potentially be raised from adopting the same ad valorem taxes as nearby states ranges from \$39 to \$154 per vehicle, or the equivalent to a gas tax increase of 7.8 cents to 30.9 cents per gallon. Based on a rough estimate of 3.2 million registered passenger vehicles in Oregon, such a tax would result in \$125-493 million annually. Adopting Utah's simplified table based only on age would result in approximately \$160 million additional annual revenue, and vehicles in Oregon would still be the second least taxed of any neighboring states.

As a fee on the ownership of a vehicle, an ad valorem tax would be subject to Oregon's constitutional dedication of funds to highway purposes.

Implementation and Challenges

Implementation of the ad valorem tax requires four decisions:

1. An assessment of a vehicle's value on which to impose the tax
2. Which governmental agency will collect the tax, and at what jurisdictional level
3. Any minimums, maximums, or exemptions from the tax
4. How to administer and enforce compliance

Assessing a vehicle's value requires information on sale price and age of the vehicle. Many states use data on initial MSRP combined with a depreciation factor that reduces total value based on the

age of the vehicle. These states, including Minnesota, use a tax table with a stated rate for a given vehicle initial price in \$1,000 increments. Nevada establishes a formula that sets a base depreciation and annual depreciation factor based on vehicle age to determine the value of the vehicle on which to impose the ad valorem tax. Utah's tax depends only on the age of the vehicle, regardless of initial or current value.

While some states collect the tax at the state level, a number of states require counties to assess and collect the tax. In South Carolina, annual registration of a vehicle cannot be completed until a vehicle has paid its property tax to the county. In these states, it is common that the property tax is paid in advance, at the start of the year for which the tax would be owed.

Because data on older vehicles may be difficult to come by, some states establish minimum payments for vehicles older than 10 years. States like Utah, which do not depend on vehicle value, have an implicit maximum payment, and some states impose maximum payments for weight-based fees. Maximums reduce the equity of the tax but may simplify administrative costs. Exemptions can be made based on use type. For example, many states have separate depreciation tables or exemptions on farm vehicles.

The primary challenge in implementing this tax is determining a reliable system to assess vehicle value and thus amount owed. Other states appear to rely on outside data collectors for MSRP values and keep those values as a database on which they can calculate the tax. Staff would be necessary to process and assist with payments, and policies would need to be put in place to ensure compliance.

Electric Vehicle (EV) Charging Tax

Electric vehicles do not use liquid fuels and thus do not pay fuels tax, but they do require electricity to charge their batteries, providing for the potential to tax electricity used for vehicle charging. Several states have passed laws that establish a per kilowatt-hour or similar tax on public charging stations.

These taxes are relatively new, with implementation generally only occurring in recent years, so there is limited information on how much revenue is being generated. At this time, revenue potential appears to be minimal, as the tax rates are relatively low and relatively little charging takes place at public stations.

Iowa has begun to [report](#) on kWh tax collections within the state. Based on monthly fuel tax reports for 2024, an average value of \$18,393 in electric fuel taxes were remitted per month through July; this would amount to roughly \$220,700 over the course of the year. Wisconsin recently passed legislation on this topic and has [estimated](#) annual revenue in FY25 to be between \$211,400 and \$317,100 and in FY26 to be between \$285,100 and \$427,600.

[Data](#) from Oregon’s section of the West Coast Electric Highway (WCEH) provides an opportunity to simulate this type of tax in Oregon. With 44 DC fast charge stations, however, the WCEH is only a small portion of Oregon’s public charging network, so this example does not capture all public charging. In 2023, a total of 644,274 kilowatt-hours were used to charge EVs across Oregon’s WCEH, with an average of 19.08 kilowatt-hours per session. An average of 19.08 kWh multiplied by \$0.03 per kWh would produce an average tax paid per charging session of \$0.57. A total of 644,274 kWh for the year multiplied by \$0.03 per kWh would produce total revenue of \$19,328.

Importantly, most of the policies noted above only intend to tax electricity used at public charging stations, the rationale being to capture revenue from out-of-state EV drivers. Taxing residential EV charging, at this stage of EV adoption, would likely be difficult to identify and enforce. Most EV charging in Oregon tends to take place at private residences. A 2018 [study](#) conducted by the Transportation Research and Education Center at Portland State University found that “[j]ust under two-thirds of respondents reported that 100% of their weekly charging takes place at home” (29).

Current trends may differ given that the study is several years old and has not since been updated. For example, as EVs gain an increasing share of new vehicle sales and as federal funds are deployed to build additional EV infrastructure, public charging might come to be seen as a convenient option. Moreover, with a more comprehensive charging network, any range anxiety among existing and prospective EV owners may decrease, resulting in longer trips that require charging at a public station, which could capture both in-state and out-of-state drivers.

Conversely, more households might opt to install Level 2 chargers for [at-home charging](#) and, depending on their driving habits, may not need to utilize public charging stations. A tax on public charging might not impact those who own a home and are able to install personal charging equipment, but renters and those living in multifamily housing might be more likely to be subject to a public charging tax, depending on whether property owners provide EV charging infrastructure for those dwellings. This could result in an inequitable taxing structure, as households living in multifamily housing tend to fall on the lower end of the income spectrum.

Another consideration for implementing a kWh fee on public charging stations is the matter of who pays the fee – the EV owner, the charging station owner/operator, or the electric utility. Not all charging stations bill by kWh, which could require changes to the charging infrastructure (e.g. installation of meters) and/or point-of-sale billing systems. If charging station owner/operators are responsible for remitting the tax, processes will need to be developed and communicated to the variety of entities that own and/or operate public charging stations in Oregon to report usage and remit the tax.

Table 1: States with EV Charging Taxes

State	Rate	Effective Date	Additional Information
Georgia	\$0.26 per gasoline gallon equivalent	January 2025	Motor fuels that are not commonly sold or measured by the gallon are taxed according to their gasoline gallon equivalent (GGE). A GGE of electricity may not exceed 11 kilowatt-hours. For electricity, the excise tax only applies to electricity sold at public electric vehicle charging stations.
Iowa	\$0.026 per kilowatt-hour	July 2023	Tax applies to electricity delivered or placed in an EV at any location in Iowa other than a residence.
Kentucky	\$0.03 per kilowatt-hour	January 2024	Charging station operators are responsible for collecting and remitting the tax; if a station operator provides free electricity, the operator will be responsible for paying the tax on stations installed after June 30, 2022. Beginning January 1, 2025, the tax rate must be adjusted annually in alignment with the National Highway Construction Cost Index 2.0, up to a maximum 5% annual increase or decrease.
Montana	\$0.03 per kilowatt-hour	July 2023	Tax applies to public EV charging stations; EV charging stations at private residences or homeowners' associations are exempt. Tax revenue is apportioned to the highway restricted account.
Oklahoma	\$0.03 per kilowatt-hour	January 2024	Tax applies to public EV charging stations only; does not apply to private residences. Revenue from the tax goes into the Driving on Road Infrastructure with Vehicles of Electricity (DRIVE) Revolving Fund. Residents may apply tax payments as income tax credits and may be carried forward for up to five years.
			The retail sale of electricity for EV charging is subject to a 12.5% tax. The

Utah	12.5%	January 2024	tax may be based on kilowatt-hours sold, the cost to charge per hour, or a subscription fee.
Wisconsin	\$0.03 per kilowatt-hour	March 2024	Fee applies to public EV charging stations; applies to all level 3 charging stations, and level 1 or level 2 stations installed after March 22, 2024.

Retail Delivery Fees

With significant economic activity taking place via purchases made online, states are beginning to explore the idea of implementing delivery fees on retail purchases to help fund their transportation systems. As of July 2024, two states—Colorado and Minnesota—have passed laws that establish a delivery fee on retailers that ship and deliver products to customers in those states. The fees are imposed on retailers, which can choose to absorb the cost or collect the fee from their customers. Colorado’s retail delivery fee [generated approximately](#) \$75.9 million in FY23 and had raised \$69.7 million through the end of March 2024 in FY24. Minnesota has [estimated](#) that its retail delivery fee will raise \$59 million in FY25 and \$64.8 million in FY26. It is important to note that both states have existing sales and use tax systems that they can leverage in the implementation of their retail delivery fees. With no sales tax, implementation of a retail delivery fee would be more complicated in Oregon in absence of existing taxing infrastructure. Washington State commissioned a [comprehensive analysis](#) of a retail delivery fee, published in June 2024, that explored revenue potential across several scenarios. Other states including Nevada, Ohio, and New York have also studied retail delivery fees.

Retail delivery fees have generally been conceptualized as a tax on the impact of commercial deliveries on the transportation system. As such, given the conceptual nexus to roads and highways, such a fee would likely be subject to Oregon’s constitutional restrictions on transportation revenue as a tax or fee on the ownership, operation, or use of a motor vehicle. However, if the tax is designed as a business tax on the privilege of selling or delivering packages to Oregonians, it might not be subject to the constitutional restriction, just as the vehicle dealer privilege tax is not.

Retail Delivery Fees Implemented in Other States

Colorado

Rate: 29 cents per sale

- The fee was implemented in 2022.
- The total retail delivery fee is made up of six individual delivery fees that fund specific accounts, such as the clean fleet enterprise and statewide bridge enterprise.

- The fee is indexed to inflation. It started at \$0.27 and increased from \$0.28 in FY24 to \$0.29 in FY25.
- The fee applies to deliveries by motor vehicle with at least one item of tangible personal property subject to state sales or use tax.
- The retailer or marketplace facilitator that collects the sales or use tax on the item is liable for remitting the retail delivery fee. Retailers are allowed an election to either pay the fee for the customer in which case they are not required to itemize the fee on receipts, or to collect the fee from customers in which case they must separately list the fee on a receipt.
- Exemptions exist for businesses whose retail sales in Colorado totaled \$500,000 or less the previous year.

Minnesota

Rate: 50 cents per sale

- The fee was implemented in July 2024.
- It applies to transactions where charges for tangible personal property subject to sales tax or clothing equal or exceed \$100
- It does not apply to drugs; medical devices, accessories, and supplies; or food, food ingredients, or prepared food; items delivered electronically (e.g. software); utilities delivered through wires or pipes (e.g. natural gas and electricity). Certain baby products are also exempt from the fee.
- It does not apply to deliveries made by a food and beverage service establishment
- Retailers are not required to itemize the fee on receipts.
- Exemptions exist for retailers whose Minnesota retail sales totaled less than \$1,000,000 the previous calendar year.

States Exploring a Retail Delivery Fee

Washington's Joint Transportation Committee recently evaluated a retail delivery fee and the findings were documented in a June 2024 [report](#). A \$0.30 fee was assumed, which would yield between \$45 million to \$112 million, depending on policy parameters, in revenue in 2026 and up to \$160 million by 2030. The study finds that small business exemptions would have minimal impact on revenue potential. The average customer would pay about \$14/year with a \$0.30 fee. Notably, following an equity review of demographics and online shopping trends, most customers would be mid or higher income households. Washington, a sales tax state, estimates that administrative costs would be between \$200,000 and \$540,000 annually for the first years and then be about \$160,000 per year. A 1.9% annual increase in costs is assumed after 2029.

More recently, in Nebraska, a [bill](#) proposed to levy a \$0.27 fee on "all motor vehicles delivering to a location within the state with at least 1 item of tangible personal property subject to state sales or use tax. Items already exempt from Nebraska sales tax and wholesale deliveries would be exempt.

New businesses and businesses with gross sales under 500,000 dollars in a year would be exempt as well. The revenue from LB26 would go towards the General Fund.”

Oregon Department of Transportation Revenue Estimate

Based on revenue collected in Colorado and estimated revenue for Washington, a package delivery fee in Oregon is estimated to generate revenue of about \$1.88 million for every penny of the fee. A 30-cent package delivery fee could thus generate about \$50-60 million. This is a very rough estimate based solely on extrapolating based on revenue estimates in other states, and the Legislature would need to make a number of policy decisions that would determine net revenue—including the fee per package and what sales it would apply to.

Table 2: Oregon Retail Delivery Fee Revenue Estimate

	Colorado	Washington		Oregon
Tax rate (cents)	27	30	30	30
Revenue yield (\$2023)	\$75,900,000	\$95,377,105	\$103,711,026	\$56,548,390
Per penny yield	\$2,811,111	\$3,179,237	\$3,457,034	\$1,884,946
State Population	5,840,000	7,786,000	7,786,000	4,240,000
Population share relative to OR	138%	184%	184%	100%
Adjusted per penny yield for OR	\$2,040,944	\$1,731,308	\$1,882,587	\$1,884,946

Implementation Issues and Costs

ODOT consulted with the Oregon Department of Revenue (DOR) about how a retail delivery fee would be implemented and the costs associated with implementation and collection of the fee. DOR has identified at least three major challenges in implementation and policy considerations necessary to determine costs to implement a new retail delivery fee.

Administrative Challenges

1. Administering retail-level taxes and fees poses a unique challenge for Oregon DOR. Unlike tax agencies in many other states, DOR does not administer a general retail sales tax, so the department doesn’t have the same legal authorities, tools, or organizational infrastructure that are typically used to administer retail-level tax programs. DOR may need to set up new functions and take on new responsibilities. While these issues are not insurmountable, the cost of implementing and administering a retail delivery fee in Oregon will likely be significant. It should also be noted that Oregon will not be able to implement a new retail delivery fee as quickly as other states with retail sales taxes.

2. Upcoming GenTax upgrades may impact implementation of new programs. DOR is planning a substantial update to GenTax, the department’s tax accounting system. Attempting to implement a new program in the midst of a major system upgrade will drain limited IT resources and will increase the risk of faulty or failed implementation of the new program.

3. An extensive outreach campaign will be necessary. No state agency or organization has a comprehensive list of all retailers and marketplace facilitators with presence in Oregon. It will be difficult to identify all potential feepayers, complicating efforts to notify businesses of a new fee program and ultimately posing compliance issues, particularly for out-of-state retailers or marketplace facilitators selling into Oregon. In addition, Oregon businesses are not familiar with general retail taxes and will need detailed guidance and educational materials.

Policy Considerations

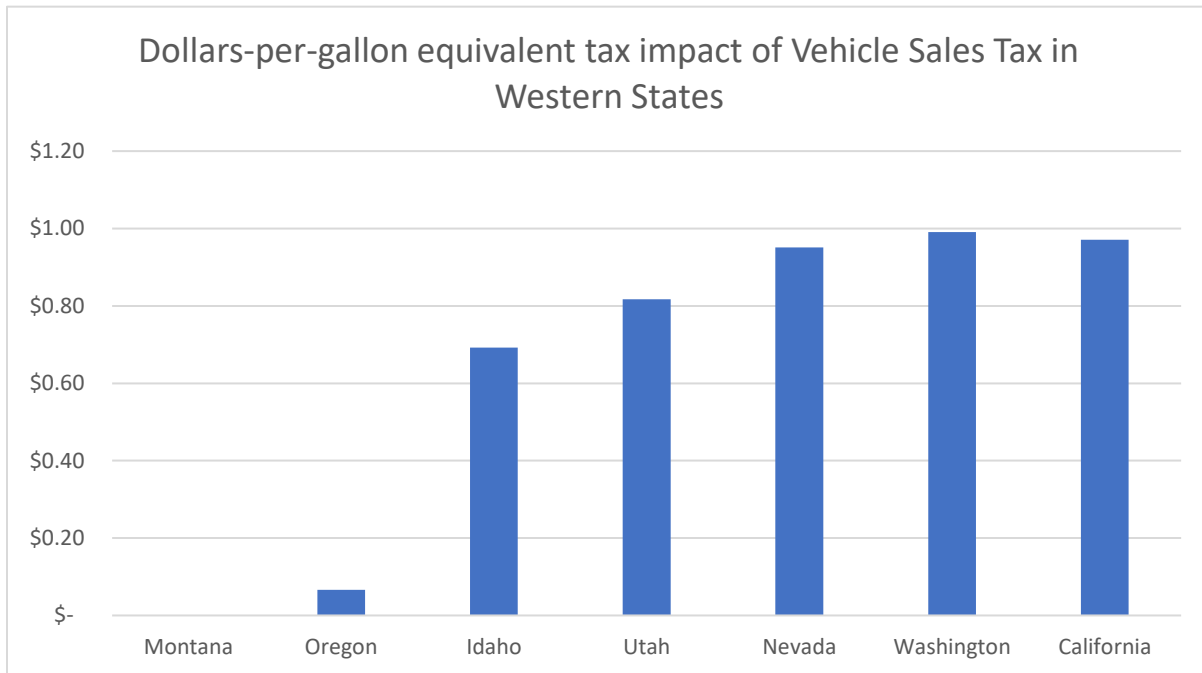
DOR identified numerous policy questions that must be answered before they can estimate the time, cost, and resources needed to implement and administer a retail delivery fee program. Among these:

- Will there be a minimum threshold to exempt small businesses or certain types of businesses from the fee? Similarly, will there be a minimum threshold to exempt smaller purchases from the fee? The minimum thresholds will likely affect the scale of the program and how it is administered.
- What (if any) items will be excluded? Numerous exemptions create complexity, increase reporting requirements, and may impose a higher compliance burden on businesses if they’re required to track certain items differently. A highly complex program will also increase the resources needed for DOR to administer and enforce the fee.
- Is the fee imposed on the seller or the purchaser? It is important to know on whom the fee is imposed and who is liable for remitting the fee, as this directly impacts how the program is administered. If imposed on the seller but passed on to the purchaser, what are the implications for the seller?
- Will the fee be a flat rate, a percentage of the purchase or delivery cost, or something else? DOR can administer any structure, but a flat rate may be less complicated for feepayer compliance than a percentage rate or tiered structure.
- How often will fees be reported and remitted to the state? This information is necessary to accurately estimate the amount of work and resources that would be required to administer the fee. Monthly filing requires substantially more work for DOR and feepayers; DOR suggests quarterly filing at most.

Vehicle Excise Tax

Oregon is one of only five states that does not have an excise tax on vehicle sales. Nationally, reports estimate vehicle excise taxes range from 2% to 8.5%, though local option rates may nudge the effective tax rate higher. These taxes are collected at time of sale, so the revenues become available right away, while registration fees and gas taxes are collected over a much longer time period. Consumers are likely able to minimize the impact of these taxes by rolling the costs into loans and leases where that is allowed, minimizing their impact to a monthly car payment.

Comparing nearby and neighboring states, Washingtonians pay the highest effective excise tax rate on vehicles due to local sales taxes averaging to about 1.78%. Other than Montana, the only nearby state that does not collect sales tax on vehicles, Idaho’s estimated effective sales tax rate is lowest due to the absence of local option taxes on top of the statewide tax. Nevada, Utah, and California fall between Idaho and Washington. The sales tax on vehicles is the largest vehicle tax in the states where it is levied, equivalent to a fuels tax of 69 to 99 cents per gallon.

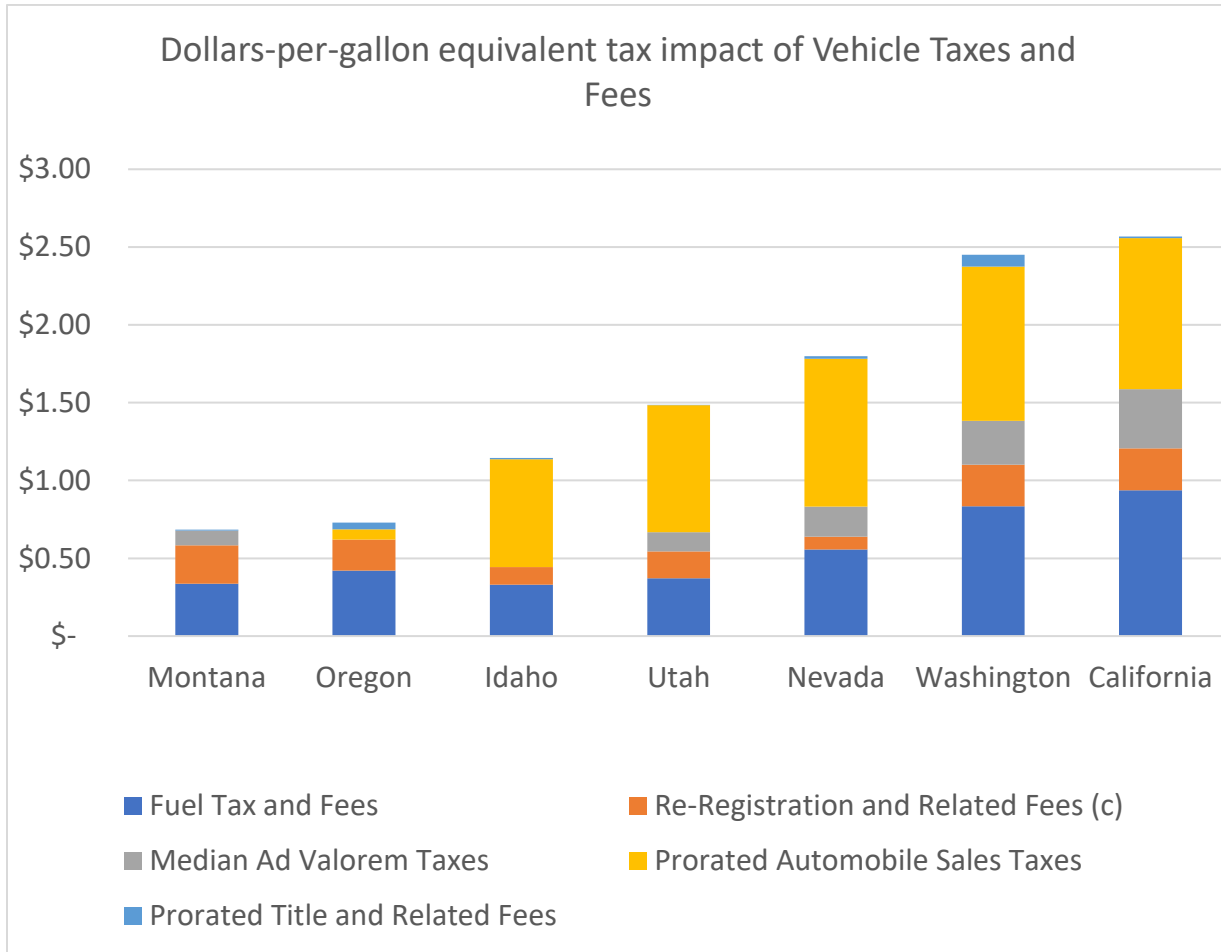


Oregon’s Privilege and Use Tax of 0.5% on the sale of new vehicles is not technically a sales tax, though it does generate revenue in a similar way. According to data from Department of Revenue on the Privilege and Use Tax, about 170,000 new vehicles are sold to Oregon residents each year with an average price of around \$45,000. Oregon collected \$33 million in Privilege Tax revenues and \$11 million in Use Tax revenues for FY 2024 based on a tax rate of 0.5% of a new vehicle’s sales price. The average Privilege and Use Tax payment is about \$225 on a \$45,000 new vehicle purchase price. If Oregon imposed Idaho’s state excise tax of 6.0% on only new vehicles, the Privilege and Use Tax would raise 12 times the above revenues, or \$433 million annually. This would equate to \$2,700 in excise tax revenue on a new vehicle costing \$45,000. Most states also impose an excise tax on used vehicle sales, but limited data on used vehicle sales make it difficult to estimate revenue.

As a tax on the ownership of a motor vehicle, a vehicle excise tax would be subject to Oregon’s constitutional dedication to highway purposes, so all revenue derived from such a tax would flow into the State Highway Fund for use on the state’s roads.

ODOT analyzed total vehicle taxes and fees across Western states. While Oregon does have much higher annualized registration fees than Idaho and Nevada, its lack of a vehicle sales tax is a major

factor in why the state’s overall vehicle taxes and fees are much lower than all nearby western states other than Montana.



Tolling

Tolling is used across the country to pay for large projects, such as building new bridges, rehabilitating or replacing existing bridges, upgrading tunnels, or adding new lanes. Tolling can also be used to reduce congestion by encouraging drivers to use other modes or travel at different times, and it can be used on individual lanes to make traffic flow more efficiently. This in turn makes the limited highway capacity more efficient in moving traffic and can help reduce greenhouse gas emissions.

Types of Tolling

There are two general types of tolling.

- Managed lanes—also known as express toll lanes, high occupancy toll lanes, or by other names—impose a toll on one or more lanes of a multi-lane highway, generally leaving two or more lanes toll-free. Managed lanes help traffic in the tolled lanes flow more efficiently,

often by using prices that change based on traffic levels (known as “dynamic pricing”). Managed lanes typically raise very little net revenue and tolls on new lanes rarely pay for their construction.

- All lanes tolling is typically used to raise money to pay for transportation investments. This type of tolling is most frequently used on a new or reconstructed highway, bridge, or tunnel to pay for the cost of constructing or reconstructing the facility.

Tolling in National Context

According to the International Bridge, Tunnel, and Turnpike Association (IBTTA), there are more than 300 toll facilities totaling about 6,000 miles of road spread across 34 States. IBTTA also reports that US toll agencies brought in about \$15 billion in 2018.

The Washington State Department of Transportation (WSDOT) operates five toll facilities in the Puget Sound metro region, including three bridges or tunnels—SR 520 across Lake Washington, the Tacoma Narrows Bridge, and the SR 99 tunnel—and two sets of managed lanes on I-405 and SR 167. These five toll facilities raised 196 million in gross revenue in FY 2023. WSDOT is planning additional toll deployments in coming years to pay for new highway projects.

Other than pre-Interstate toll facilities, federal law generally limits new tolls to new highways, bridges and tunnels when they are reconstructed, and creation of managed lanes by building new lanes or converting high occupancy vehicle lanes. The law does permit some exceptions to these limitations.

History of Tolling in Oregon

Tolls have been used to pay for all or part of the construction of all the bridges over the Columbia River between Oregon and Washington; the sole exception is the I-205 Glenn Jackson Bridge that was built during the Interstate era when the federal government paid 90% of the cost of interstate construction.

The last ODOT toll bridge built in Oregon was the US 101 Astoria-Megler Bridge across the Columbia River. Construction began in 1962 and was completed over four years later. It was originally tolled to help pay for the \$24 million (in 1962 dollars) in construction costs. Tolls were suspended in December 1993 once the bridge was paid for, and bridge maintenance and preservation is now paid for from other revenue sources available to ODOT and WSDOT. Maintenance in the harsh coastal environment, which includes exposure to salt air and unpredictable high winds, is constant. Bridge restoration was last completed in 2023 at a cost of \$17.5 million. Restoration included repairs to damaged steel, removal of paint, and repainting with corrosion-resistant paint. The next major maintenance project will begin in 2025. The bridge is also painted every three to four years.

Two toll bridges remain in Oregon: Bridge of the Gods in Cascade Locks (operated by the Port of Cascade Locks), and Hood River Bridge between Hood River and White Salmon (operated by the

Port of Hood River). Toll revenues are used primarily to fund bridge maintenance and port operations.

Tolling Under HB 2017

HB 2017 directed ODOT to toll on I-5 and I-205 in the Portland metro region to pay for projects and improve traffic. Under this direction, ODOT developed two toll projects that have since been canceled or put on hold.

- **I-205.** The I-205 toll project was developed to raise money to pay for improvements on I-205 and manage traffic congestion. Initially the project was envisioned to toll at both the Abernethy Bridge over the Willamette River and the Tualatin River bridges to raise money for reconstructing the Abernethy Bridge and adding a lane to the corridor between Stafford Road and OR 213. A variable toll rate would be used to manage congestion. In 2023 the additional lane portion of the project was put on hold and tolling was scaled back to tolling only the Abernethy Bridge; in 2024 Governor Kotek directed ODOT to indefinitely pause all tolling on I-205 and the environmental analysis and design work underway stopped. Preliminary traffic and revenue analyses indicated tolling could have provided about \$700 million for reconstructing the Abernethy Bridge and widening the freeway. In the absence of tolls ODOT is using money previously designated for other projects to pay for the Abernethy Bridge project and has no funding to pursue widening of I-205.
- **Regional Mobility Pricing Project.** The RMPP would have used variable time of day pricing on I-5 and I-205 to improve traffic flow and create revenue for investments in the system. This project was canceled in 2024 at the direction of Governor Kotek. Environmental analysis under NEPA was not completed. Preliminary high-level traffic and revenue analyses indicated the project could have raised substantial resources to invest in the transportation system.

Governor Kotek also directed ODOT to pause work on back-office systems needed to serve customers and collect tolls. If ODOT were again directed to toll, it would likely take several years to restart this work and build the systems needed to collect tolls.

Interstate Bridge Tolls

Toll collection is a critical component of the finance plan for the Interstate Bridge Replacement (IBR) Project. Tolls are expected to cover about \$1.24 billion of the project's \$5-7.5 billion cost. Because ODOT has paused its tolling program, WSDOT will implement tolling on the Interstate Bridge and collect tolls. ODOT will, however, still be heavily involved in IBR toll implementation for operational efforts (e.g. account reconciliation, enforcement, sign maintenance).

The Oregon Transportation Commission and the Washington State Transportation Commission are working in partnership to develop toll rates and policies for the IBR. The two commissions have created a Bi-State Toll Subcommittee made up of two commission members from each state. The two commissions have jointly approved four toll rate scenarios to analyze in a Level 3 investment-

grade traffic and revenue analysis. This analysis will be completed in 2025, allowing the two commissions to jointly approve toll rates and begin tolling in 2026 or 2027.