

# Overview of Projections & Forecasts

## Transportation Revenue & Vehicle Fleet

---

Road User Fee Task Force

January 22, 2024

# Our transportation funding system is old. *Really* old.

Oregon Introduces  
1<sup>st</sup> State Fuel Tax  
in U.S.

1932

Oregon Levies 1<sup>st</sup>  
Weight-Mile Tax

1993

Oregon Begins  
Nation's 1<sup>st</sup>  
RUC Program

2021

1919

U.S. Institutes 1<sup>st</sup>  
Federal Fuel Tax

1947

Congress Approves  
Last Federal Fuel  
Tax Increase

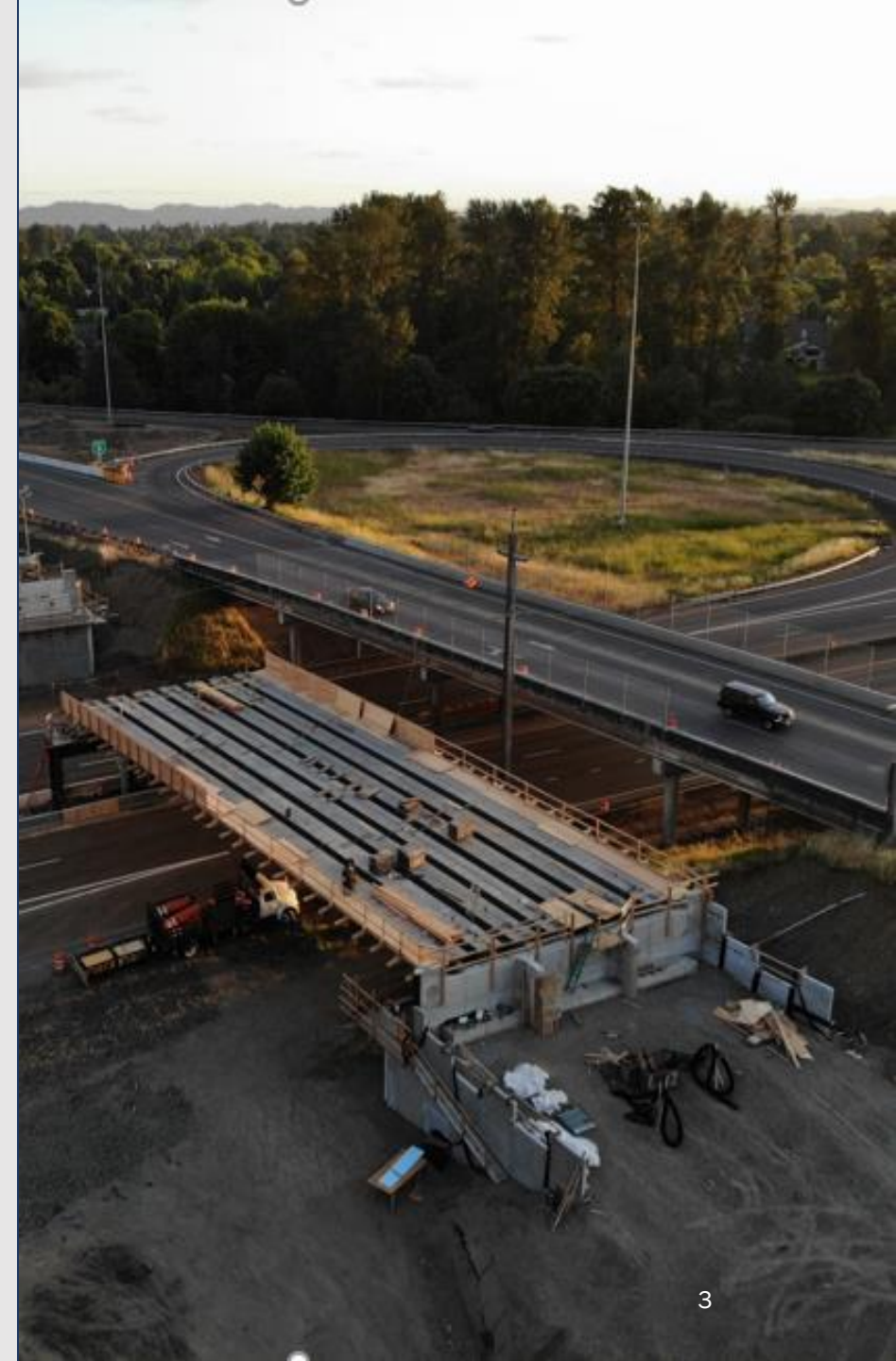
2015

13 States Introduce  
RUC Legislation

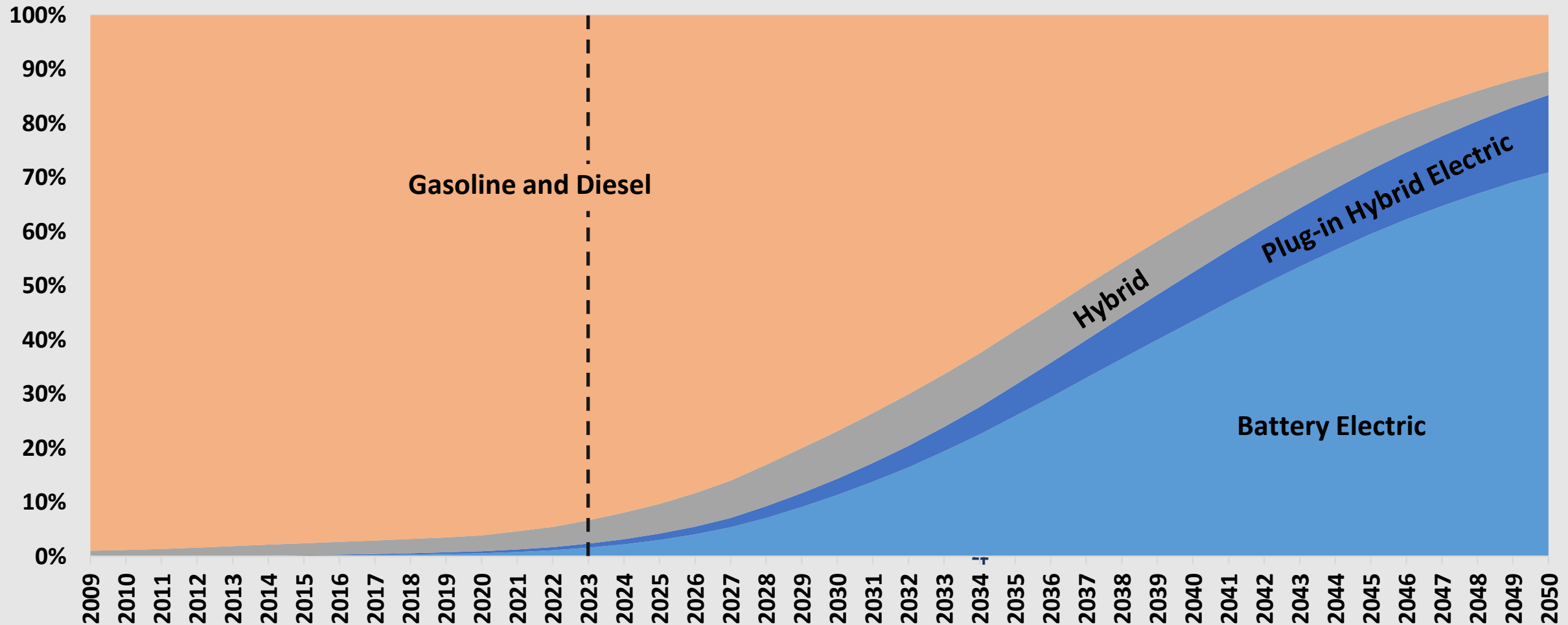
# Transportation Funding Challenges

---

- Growing fuel efficiency continues to diminish the gas tax
- Inflation erodes most revenue sources
- Federal funding isn't keeping up with construction costs; cannot be used for maintenance
- ODOT faces shortfall for operations and maintenance
- Light vehicles are underpaying, trucks are overpaying
- Cities and counties rely heavily on the state due to limited local options
- Inadequate public and active transportation funding

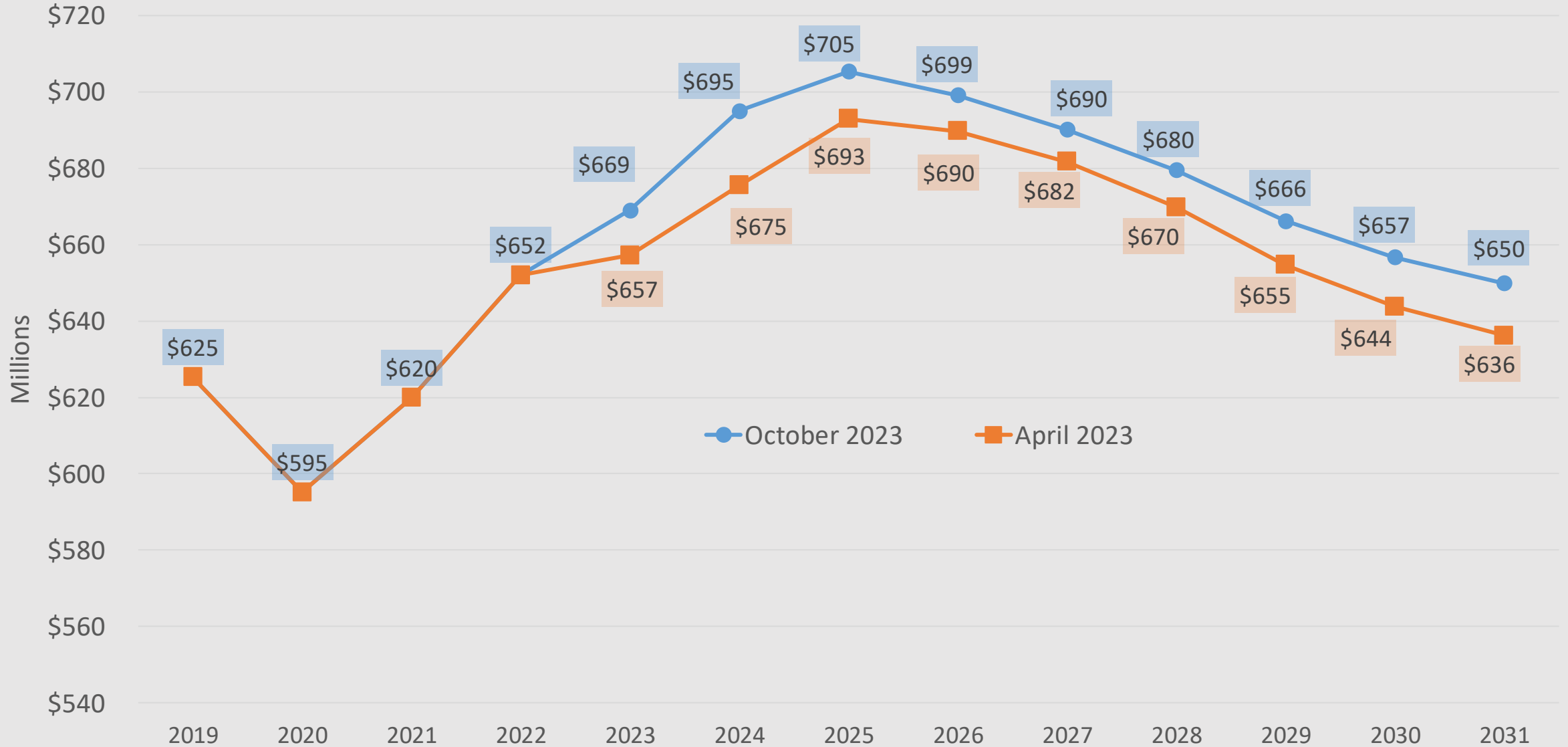


# Passenger Vehicles in Oregon are Becoming More Fuel Efficient



# Oregon Motor Fuels Tax Forecast Comparison

In millions of nominal dollars

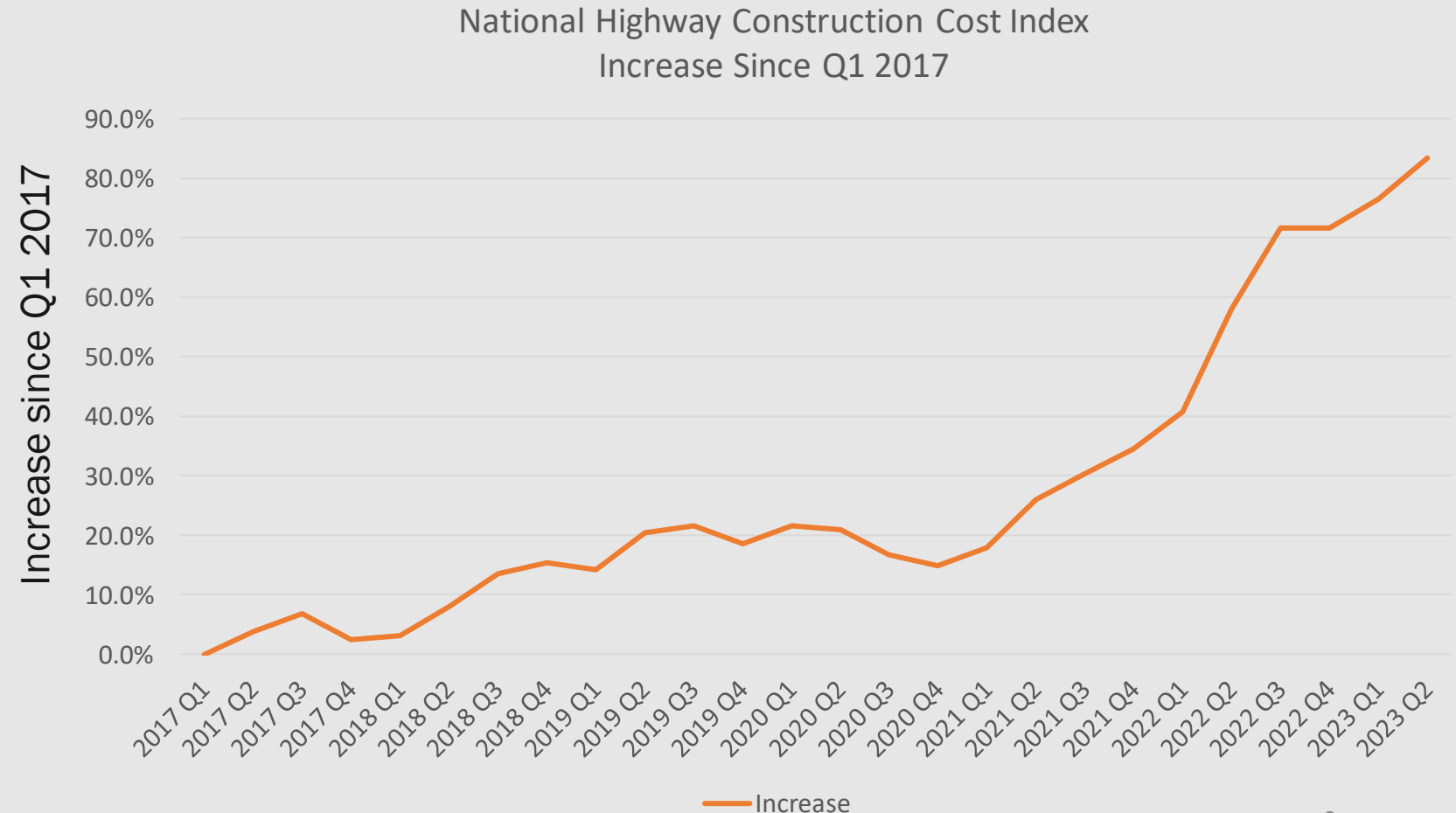


# Construction Cost Inflation

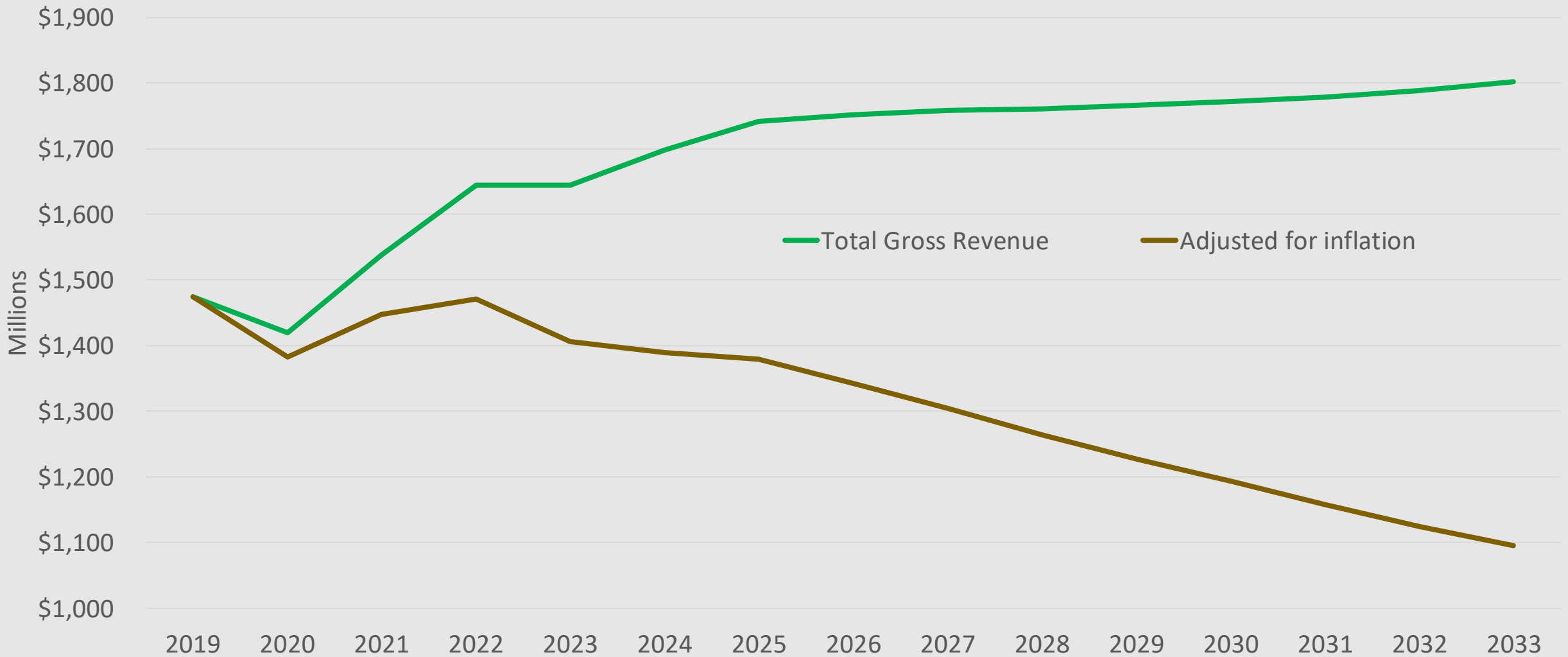
## FHWA National Highway Construction Cost Index

Nationwide highway construction costs increased 71% from beginning of 2017 to end of 2022

Continued to rise through 2023 Qs for which we have data



# Total Gross State Highway Fund Forecast



October 2023 Forecast

A snowplow is clearing a road in a snowy mountain landscape. The plow is yellow and black, and it is moving from right to left, pushing a large pile of snow. The background shows a steep, rocky mountain slope covered in snow, with several evergreen trees. The sky is blue with some white clouds. The overall scene is a winter mountain setting.

# Operations & Maintenance Funding



# A Tale of Two Budgets



## Transportation Projects & Programs

Dedicated federal & state funds for:

- Construction projects
- Grant programs



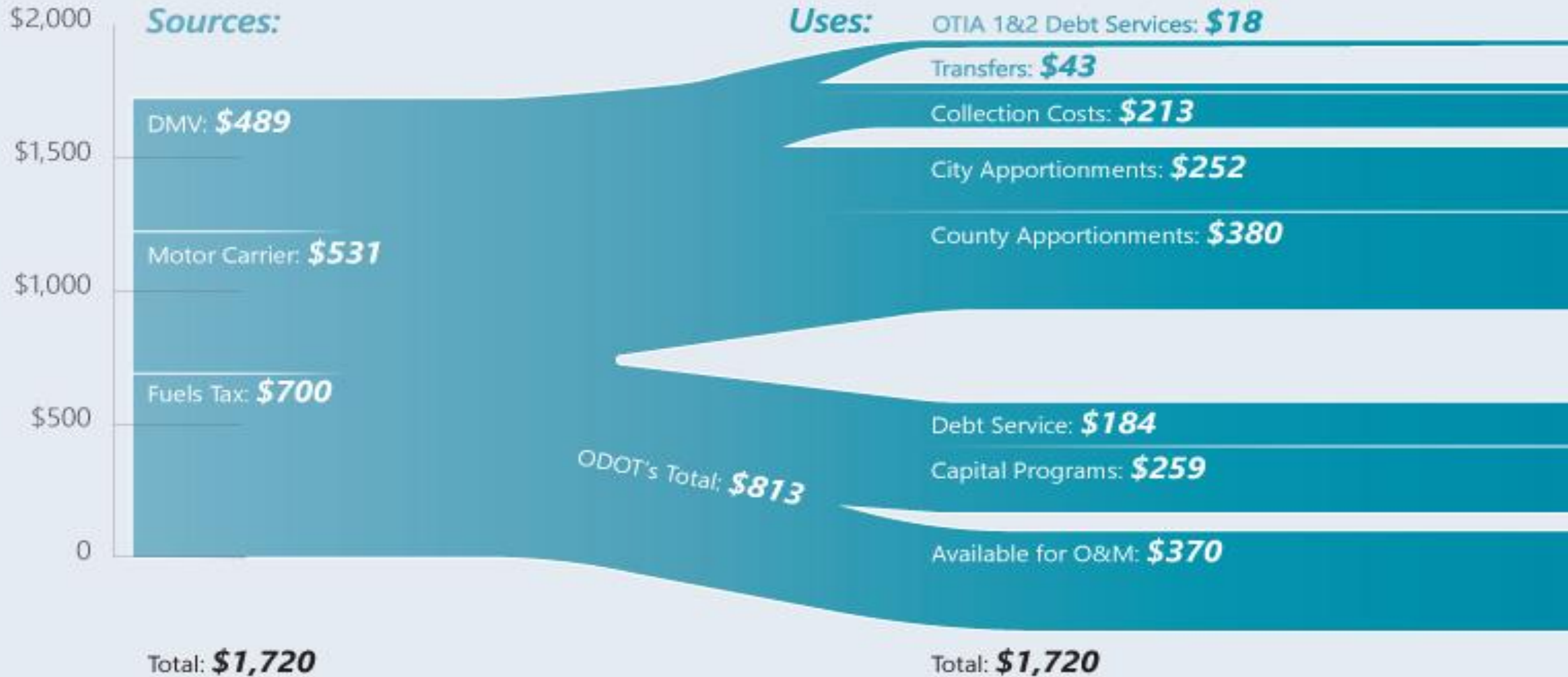
## Maintenance & Agency Operations

State Highway Fund dollars available to run the agency:

- Road maintenance
- DMV & CCD
- Central services like IT, HR 9

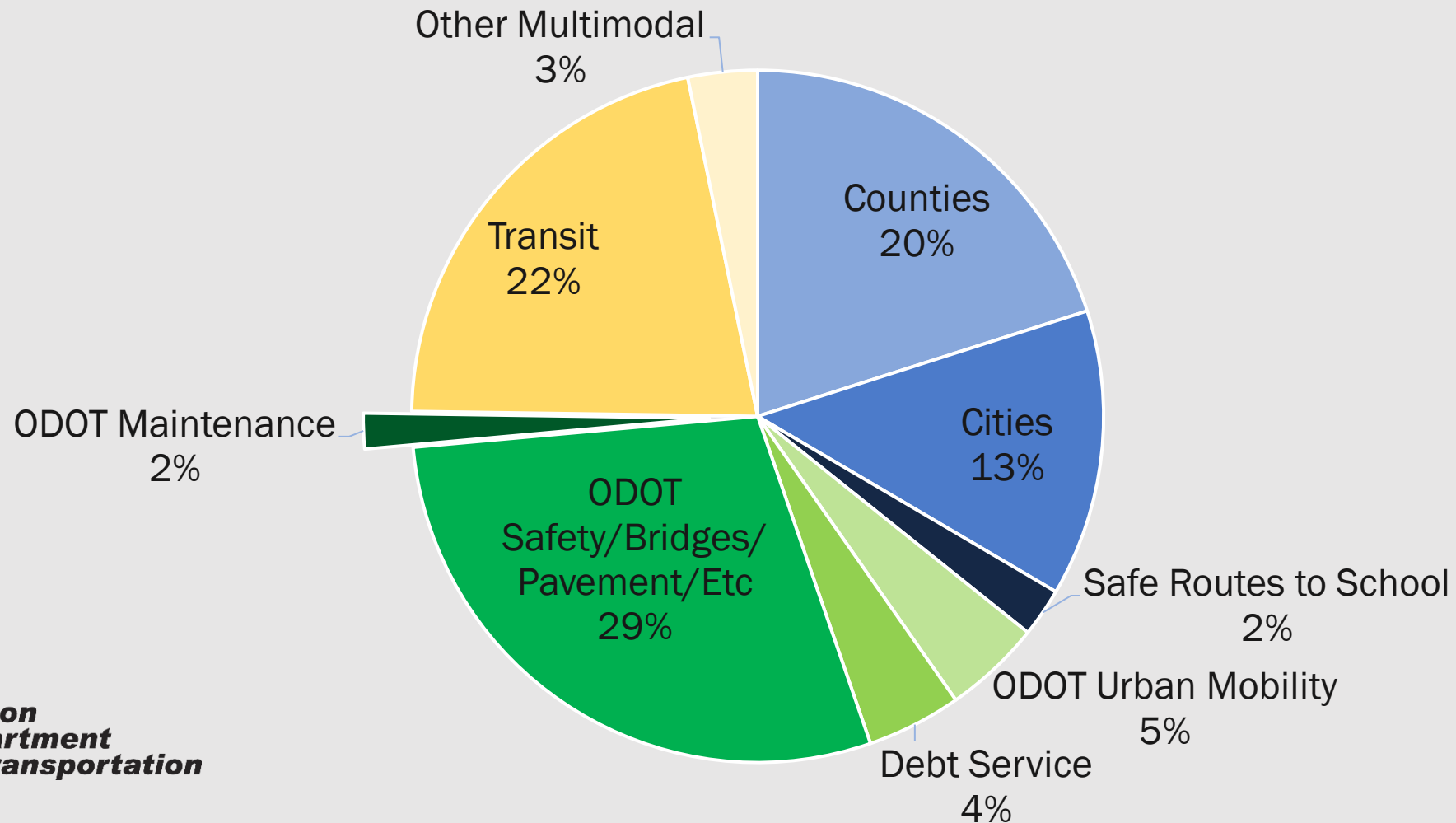
# State Highway Fund Sources and Uses

2023-2025 Annual Average in Millions

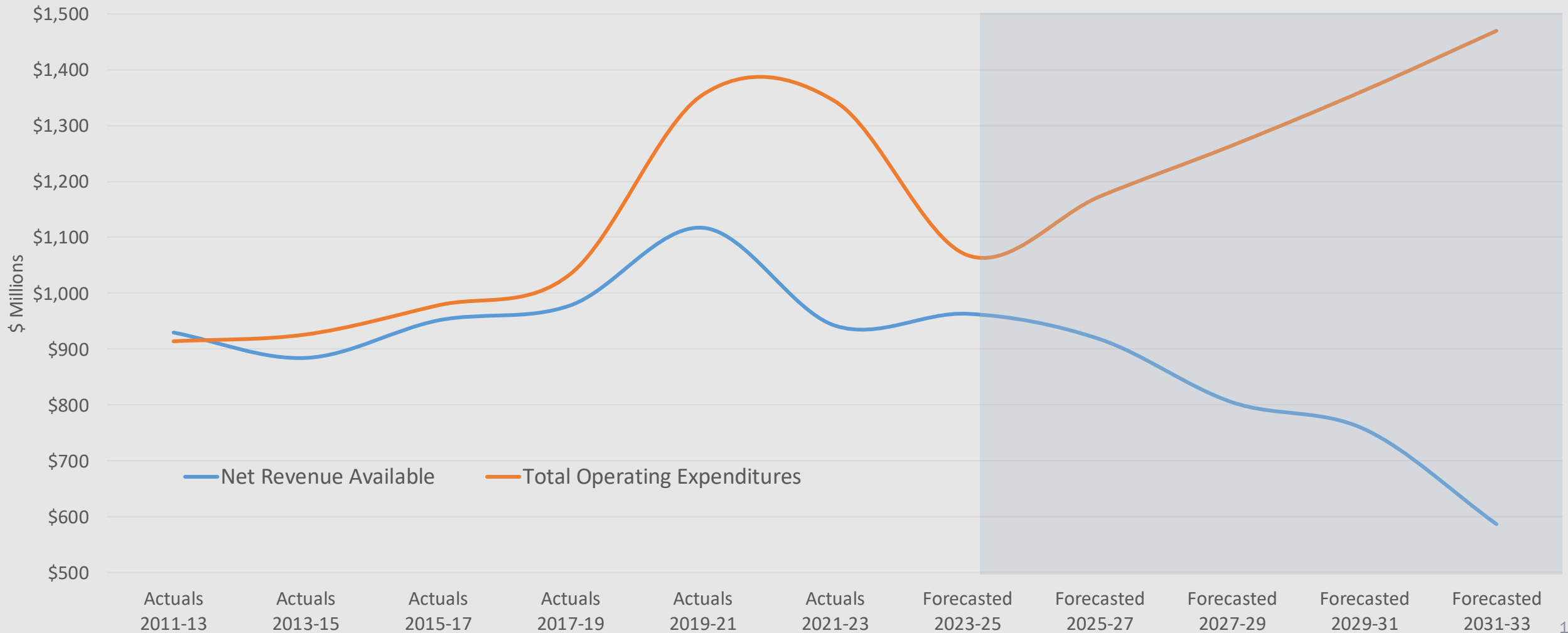


# HB 2017 Funding Distribution

Forecast for FY 2025; \$658 million total projected revenue

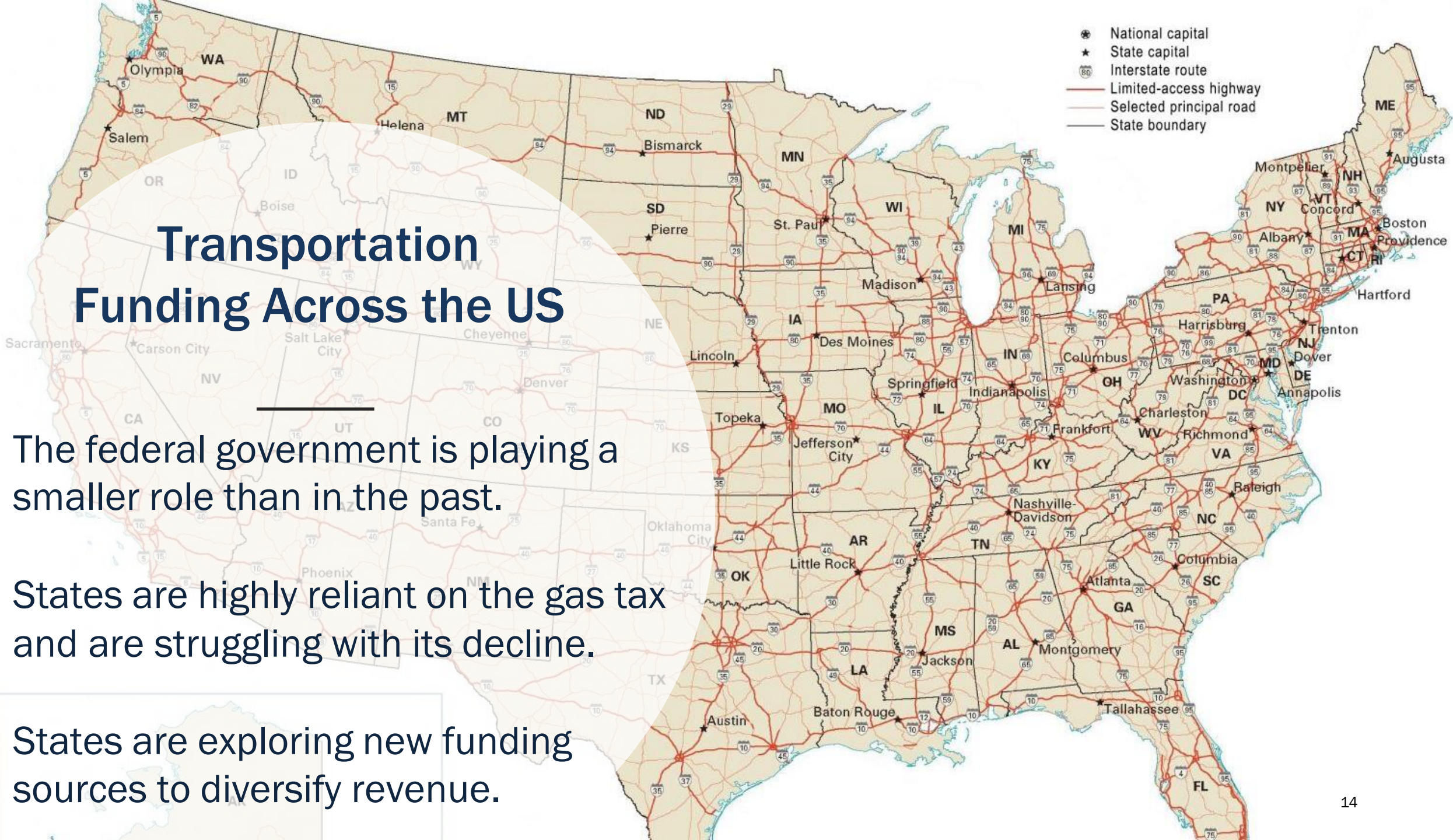


# ODOT State Highway Fund O&M Revenue and Expenditures



The background image shows three construction workers in high-visibility yellow and green safety gear and hard hats. They are working on a construction site at night, illuminated by a bright light source. One worker is operating a piece of machinery, while the others are observing. The scene is dark, with the workers' gear and the machinery providing the primary light source.

# Potential Options



# Transportation Funding Across the US

The federal government is playing a smaller role than in the past.

States are highly reliant on the gas tax and are struggling with its decline.

States are exploring new funding sources to diversify revenue.

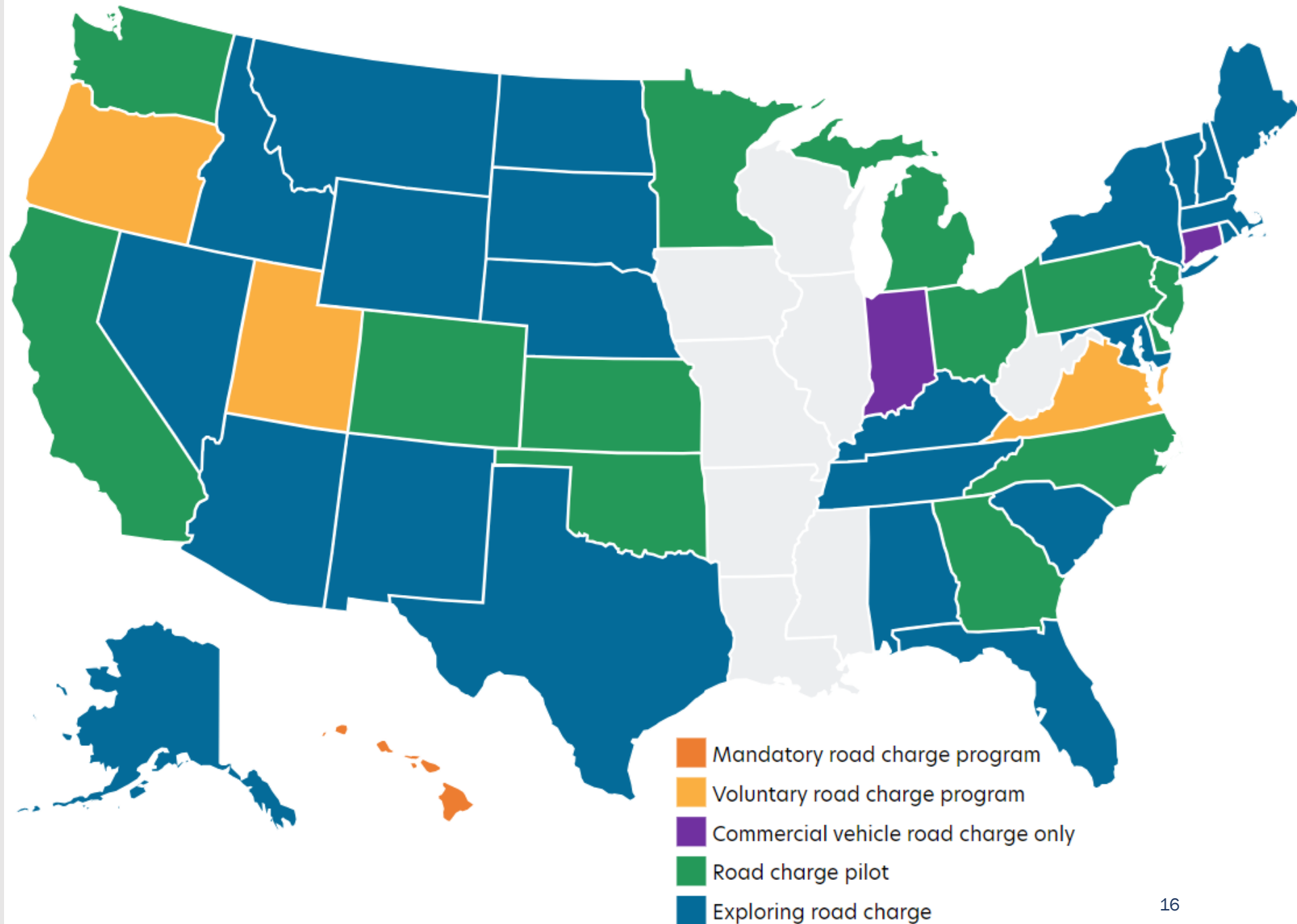
# Shared Approaches Across States

---

- Reliance on gas tax
- Use of vehicle registration & title fees
- Electric vehicle fee/ registration surcharge
- Exploring road usage charging



# RUC Across the US





# Ways Oregon Is Different

## Things We Have that Others Don't

- Cost responsibility & weight-mile tax

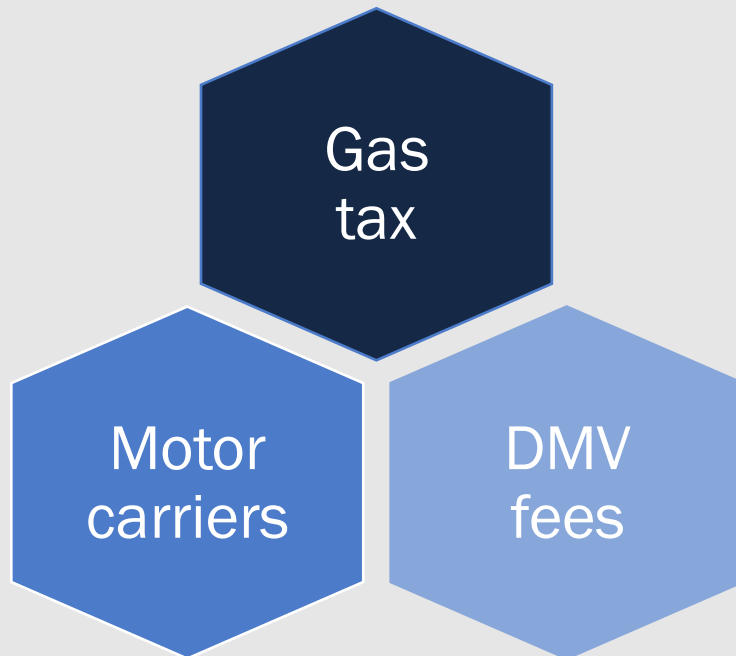
## Things We Don't Have

- Gas tax indexing
- Tolling on state highways
- Sales tax for local governments
- General fund/other non-user fee funds

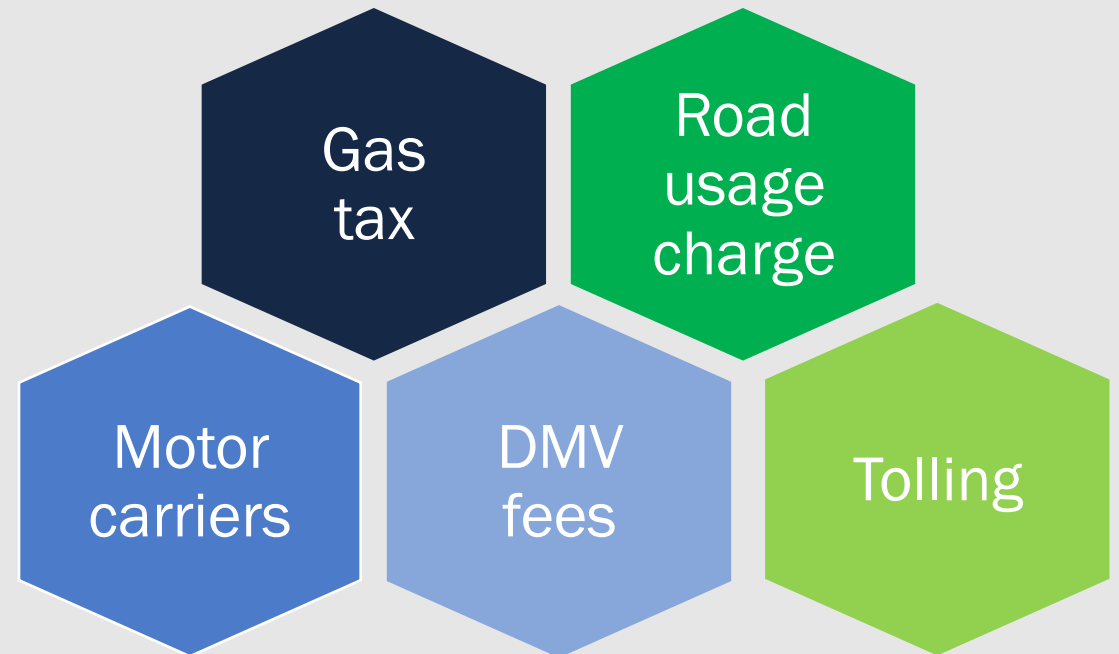


# Diversifying Oregon's Road Funding Streams

Where we are today



Where we want to be



# Potential Solutions

- Increase and inflation index major taxes and fees
- Ensure DMV fees cover cost of service
- Increase tiered registration fees on high-efficiency vehicles
- Shift toward a road usage charge for high-efficiency vehicles
- Focus new resources on maintenance



A worker in a red safety suit and hard hat is positioned on a blue lift bucket, working on a steel bridge structure. The background is a dense forest of evergreen trees. The scene is overlaid with a semi-transparent blue filter.

# Additional Discussion & Questions