

2025 End of State Session Recap & Federal Update



THORN RUN PARTNERS



Legislative Session Overview

- Budget Landscape
 - Economic Forecast
 - Federal Uncertainty
- Major Themes
 - Transportation Funding
 - Behavioral Health
 - Wildfire Funding
 - K-12 Funding
- Major Legislation
 - SB 916 (unemployment benefits for striking workers)
 - HB 2321 (property tax reform)
 - SB 179 (landowner immunity)



Special Session

➤ Timeline

- August 25: virtual public hearings
- August 29: House Floor vote
 - Depending on rules suspension, the Senate may not convene until September 1 for final debate and floor vote

➤ Funding & Policy Components

- Gas tax increase of \$0.06, bringing Oregon's gas tax of \$0.40 to \$0.46
- Title fee increase of \$139/vehicle, and registration fee increase of \$42/vehicle and a surcharge of \$30 for EVs
- Revenue generated from fees go to the SHF and are distributed 50-30-20, where cities will see a 25-30% increase in their SHF distribution for local roads
- Employee payroll tax increase of 0.1% to reach a total of .2%
- Increased accountability and transparency measures for ODOT
- Road User Charge (RUC) required registration for electric and hybrid vehicles



Priority Projects

- Seismic Valving
 - Secured \$1.75 million in General Fund dollars through HB 5006
 - Legislative champion: Rep. Walters (D-West Linn) and Sen. Wagner (D-Lake Oswego)
 - Lobby day on Feb. 20
 - Tualatin delegation
 - Leadership
 - Co-Chairs on Capital Construction
 - Focus: critical infrastructure, emergency management, and resiliency



Looking Ahead

- Legislative Narrative for 2026
 - Tight budget cycle
 - Anticipated theme(s): Medicaid

- Legislative Timeline
 - September 2025: Interim Legislative days take place September 29-October 1.
 - November 2025: Interim Legislative days take place November 17-19. The deadline for requesting legislative bill drafts is November 21.
 - January 2026: Interim Legislative Days take place Jan 13-15. Draft bills are returned January 9 and must be filed with the clerk by January 16.
 - February 2026: The 2026 Short Session begins on February 2 and runs through March 9.



Federal Update

➤ Federal Appropriations

- FY 2025: funding for the Police Station fell apart when Congress failed to effectively fund the government earlier this year
- FY 2026: Rep. Salinas secured \$250,000 in a House bill for the 65th and Borland project.
 - Senators Wyden and Merkley both supported the project, but it was not funded in the Senate bill.

➤ TANC-UP Project

- Remain hopeful that funding may still come through.
- Admin just released formula funds to states for EV charging (the other half of the NEVI/CFI program which funds the City's project).



Federal Update

- City has advocated on a host of other important programs:
 - CDBG
 - Proposed for elimination by the Admin; House proposes \$3.3B; Senate \$3.1B.
 - Maintain Tax-Exempt Municipal Bonds
 - These were not altered by the budget reconciliation bill (aka the One Big Beautiful Bill Act) despite threats.
 - Railroad Crossing Elimination (RCE) Grant Program
 - Need to maintain program in next iteration of surface transportation authorization, necessary before next September.
 - City could apply for funding from the program in the future.



Federal Update

➤ Looming Concerns:

- Potential for additional "pocket" recession packages that could impact programs important to the City.
 - Deemed illegal by the Government Accountability Office; White House Office of Management and Budget (OMB) disagrees.
 - Issue may have to be sorted out by the courts.
- Continued impoundment of funding provided by Congress, yet not spent by the Administration
- Significant changes to FEMA
 - Fewer federal disaster declarations
 - Less money for reimbursement
 - Potential for no future funding for hazard mitigation

