



July 23, 2025

Governor Tina Kotek
Senate President Robert Wagner
Speaker Julie Fahey

Governor Kotek, President Wagner, and Speaker Fahey,

The Association of Oregon Counties (AOC), the League of Oregon Cities (LOC), and the Oregon American Federation of State, County and Municipal Employees (Oregon AFSCME) value our role as equal partners with the state in maintaining a safe, coordinated transportation system. As you know, shared revenues through the 50/30/20 State Highway Fund distribution formula support our longstanding, critical partnership.

AOC, LOC, and Oregon AFSCME appreciate the outreach from the Governor's office, in the weeks since the adjournment of the 2025 Legislative Session to discuss how to achieve a near-term budget solution that maintains the 50/30/20 distribution formula and meets the needs of both state and local transportation agencies and workers statewide. Given that incidents on the shared system require mutual response to Oregon's transportation needs, our organizations are keenly aware of the current urgency. We are also compelled by our respective memberships to reiterate our longstanding position that the legislature must develop and pass a long term, comprehensive transportation package that stabilizes the State Highway Fund into the future - so that all Oregonians have access to their daily needs, including critical services, emergency management, school, and work.

Although most cities and counties did not develop budgets on the assumption of new revenue from House Bill 2025 (2025), without reliable revenue growth, city and county road departments will be forced to reduce maintenance and operations services in the near term. These service reductions will result in more dangerous road conditions statewide, the continued deterioration of critical transportation infrastructure, and increased burden and on the job risk for local public works departments and frontline workers, who work in partnership with each other and the Oregon Department of Transportation. It is also not feasible for already bare-bones local government road departments to fill the gap in emergency and weather response created by the potential closure of 12 ODOT maintenance facilities.

AOC, LOC, Oregon AFSCME and our members participated in the public conversations throughout the development of HB 2025 and have consistently supported the legislature's efforts to craft a comprehensive, long-term transportation package that modernizes, diversifies, and stabilizes the State Highway Fund into the future, delivers back-to-basics investments across the system, ensures transportation agencies spend public dollars efficiently and with accountability, and upholds the long-standing commitments made in House Bill 2017 (2017).

Since 1990, declining revenues have forced a reduction of over 700 county operations and maintenance staff. Over 400 new road personnel are currently needed statewide to return county road services to adequate staffing levels. Oregon's local governments face challenges from inflation, declining fuel consumption, dramatic reductions in federal funding, and limited local revenue raising options, local governments have downsized road crews, reduced services, and postponed crucial safety interventions and routine maintenance for decades. Without new, sustainable, and stable long-term revenue, local governments will continue to be forced into staffing reductions, which directly results in a deteriorating and more dangerous system.

AOC estimates that over the next five years, more than 4,500 miles of county roads will go without critical maintenance work and will quickly deteriorate beyond repair, necessitating full replacement. Over 800 miles of county roads will go without needed reconstruction, and 169 county bridges will miss essential maintenance. On average, instead of a \$40,000 per-mile repair, counties will face \$630,000 per-mile road reconstruction when left to deteriorate. As a result, heavy vehicles such as school buses, agricultural equipment, and emergency vehicles will be rerouted and forced to travel much farther.

For cities, the LOC estimates that 40 percent of city road mileage is in poor or very condition. Without a significant increase in SHF distribution road conditions will worsen, because the costs associated with road maintenance are outpacing the added revenue from the current revenue sources. Furthermore, very few cities are in the position to add their own revenue to the mix, because a full two thirds of the cities continue to face budgetary challenges and are already reducing their workforce or reducing core service delivery.

Oregon AFSCME represents roughly 60% of the county and city employees in the State of Oregon, including roughly 800 workers whose positions are paid for through the gas tax, including road workers, engineers, inspectors and city planners.

As transportation partners, AOC, LOC, and Oregon AFSCME are supportive of a special session transportation funding proposal that maintains the traditional 50/30/20 State Highway Fund distribution and addresses the near-term impacts on our shared system.

We respectfully request that the presiding officers commit to a transparent process that allows continued stakeholder engagement that informs the development of a comprehensive statewide transportation package for the 2027 legislative session that modernizes transportation funding and provides the resources necessary to maintain a safe and seamless shared system into Oregon's future. Our organizations and members are eager to partner with the legislature and engage in the give-and-take negotiations necessary to craft a comprehensive, sustainable package that can secure broad support.

Sincerely,

Association of Oregon Counties
League of Oregon Cities
Oregon AFSCME