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The Economic Impact of Oregon's Proposed Transportation Package

What we can expect from HB2025

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Updated Impact Estimates

The updated *HB 2025-A28* introduces several significant revenue and spending changes. The smaller overall package reduces the tax increase and associated spending by approximately **\$255 million in the 2025–27 biennium** and by **\$1.0 billion in the 2033–35 biennium**.

Revenue Estimates for HB 2025-13 and the Newest Version, A28

Bill	Total Revenue, HB 2025-13	Total Revenue, HB 2025-A28	Difference
2025-27	\$1,047,000,000	\$792,400,000	-\$254,600,000
2027-29	\$2,595,000,000	\$1,811,800,000	-\$783,200,000
2029-31	\$3,651,000,000	\$2,806,700,000	-\$844,300,000
2031-33	\$3,957,000,000	\$3,041,700,000	-\$915,300,000
2033-35	\$4,251,000,000	\$3,211,900,000	-\$1,039,100,000

Source: CSI Analysis of the Oregon Legislative Revenue Office figures



Figure 1

Figure 2 shows the **differences in projected revenue** between the prior version of HB 2025 and the newly released version, sorted by the "FY 2033-2035" column in descending order.ⁱ Overall (in parentheses are the 2033-2035 estimates):

- The newest version increases the Vehicle Privilege Tax substantially (+\$445 million).
- Other taxes that were increased compared to the prior version include:
 - Titles (+\$245 million)
 - Use Tax (+\$111 million)
 - Heavy-Medium Use Tax (+\$10 million).
- On the other end, the newest version lowers the revenue increase from:
 - Eliminates the Motor Vehicle Tax on new/used vehicles (-\$566 million)
 - Lowers the Heavy vehicle impact (WM & FF & RUAF) (-\$405 million)
 - Lowers the vehicle registration impact (-\$307 million)
 - Eliminates the inflation indexing of the gas tax (-\$219 million)

- Lowers the revenue increase from many other components shown in the table (-\$374 million).

These changes reflect a strategic reshuffling—some tax categories see increased reliance, while others are scaled back or eliminated.

Detailed Differences in Revenue Estimates Between the A-28 Version of HB 2025 and the 13 Version

Details	FY 2025-2027	FY 2027-2029	FY 2029-2031	FY 2031-2033	FY 2033-2035
Vehicle Privilege Tax	(\$46.5)	\$138.9	\$388.2	\$413	\$444.8
Titles	\$167.6	\$242.9	\$246.2	\$243	\$245.2
Use Tax	(\$13)	\$34.2	\$96.6	\$103.2	\$111.1
Fuel Transfers to Non-Highway Users	\$14.2	\$19.7	\$20.4	\$21	\$20.9
Heavy-Med Use Tax (1.75)	\$0	\$4.2	\$8.9	\$9.5	\$10.2
RUC Commercial Light	(\$0.1)	(\$0.2)	\$0	\$0	\$0
RUC commercial / Med-Hvy	(\$0.4)	(\$0.5)	\$0	\$0	\$0
Snowmobile Fund	\$0	\$0	\$0	\$0	\$0
Abandoned Recreational Vehicle Account	\$0	\$0	\$0	\$0	\$0
Parks	\$0	\$0	\$0	\$0	\$0
Payroll Tax	\$0	\$0	\$0	\$0	\$0
CCD Cost Recovery Fees	(\$2.1)	(\$2.3)	(\$2.3)	(\$2.3)	(\$2.3)
DMV Business Regulation	(\$1.8)	(\$2.4)	(\$2.6)	(\$2.4)	(\$2.5)
Diesel Tax	\$0	(\$7.8)	(\$20.8)	(\$20.7)	(\$20.6)
Motor Vehicle Tax (1% used/2% new)	(\$17.3)	(\$36.5)	(\$37.7)	(\$36.4)	(\$37.9)
Indexing the Diesel Tax	\$0	(\$1.9)	(\$15.4)	(\$33.1)	(\$52.6)
RUC Net Revenue	(\$0.6)	(\$16.2)	(\$20.3)	(\$44.3)	(\$76.5)
Fuels	\$48.3	(\$46.7)	(\$89.4)	(\$87.3)	(\$85.9)
DMV Cost Recovery Fees	(\$68.1)	(\$92.7)	(\$100)	(\$97.1)	(\$95.9)
Indexing the Gas Tax	\$0	(\$9.2)	(\$66.9)	(\$139.5)	(\$219)
Vehicle Reg	(\$205.8)	(\$299)	(\$302.9)	(\$303.2)	(\$307)
Heavy (WM & FF & RUAF)	\$0	(\$163.2)	(\$383.2)	(\$395.1)	(\$405.3)
Motor Vehicle Tax	(\$129.3)	(\$544.3)	(\$562.8)	(\$543.9)	(\$565.5)
Grand Total	(\$254.9)	(\$783)	(\$844)	(\$915.6)	(\$1,038.8)
Total Highway Fund	(\$220.8)	(\$939.2)	(\$1,250)	(\$1,347.2)	(\$1,502)

Source: CSI Analysis of the Oregon Legislative Revenue Office figures



Figure 2

Given the large policy changes from the prior version, the economic impact changes, shown below.

Key Findings

- Oregon's Transportation ReInvestment Package (TRIP), legislatively known as House Bill (HB) 2025, has large economic impact potential, with negative and positive economic impact components. On net – when considering both the tax increase and spending portions – the proposal generates:
 - A 1,893 increase in jobs by 2030 (all figures in this list are 2030).
 - A \$560 million increase in GDP.
 - A \$290 million increase in Personal Income (mostly workers' income), but a \$82 million decrease in Disposable Personal Income.
 - A \$900 million increase in business sales (Output).
 - Prices rise marginally, by 0.23% in 2030.

Overall Economic Impact

When considering the tax increase portion with the spending portion, on net the bill boosts economic activity, with the number of jobs up 1,893 in 2030 and business sales (Output) up \$900 million.

Year	Total Employment	Private Non-Farm Employment	Population	Gross Domestic Product	Output	Personal Income	Disposable Personal Income	PCE-Price Index (%)
2030	1,893	(401)	4,723	559,974,382	900,252,223	290,182,559	(82,392,177)	0.23
2035	3,486	917	8,146	922,818,966	1,523,549,298	572,007,286	43,899,378	0.21
2040	4,424	1,774	9,787	1,193,458,361	1,994,785,622	832,449,063	198,631,241	0.18

Source: REMI, CSI Modeling



Figure 3

- Portions of the proposals have positive returns compared to others that turn out to be losers when viewed from the lens of Oregon’s future economic position.
- Of the three main components – expanded highway construction and maintenance, maintaining existing rail service and expansion to select areas, and public transit, the highway portion is responsible for the return on investment.
 - On the payroll tax/transit component: Overall, using the payroll tax to pay for current/expanded transit services reduces employment by 457 jobs, business sales by \$29 million, and disposable personal income by \$352 million. The downside effect from higher payroll taxes outweighs the potential positive effects from transit construction. Most of the downside impact is felt through reduced disposable personal income.

Transit and Payroll Tax Portion

When considering using the payroll tax to pay for existing and expanded transit service, the net result is a loss in jobs, GDP, business sales, and personal income by 2030.

\$ figures in '000s

Year	Total Employment	Private Non-Farm Employment	Population	Gross Domestic Product	Output	Personal Income	Disposable Personal Income	PCE-Price Index (%)
2026	(51)	(150)	(39)	(1,610)	4,673	499	(50,816)	0.00
2030	(457)	(1,012)	(561)	(45,253)	(29,242)	(19,775)	(352,411)	0.00
2035	39	(652)	(682)	40,131	136,092	33,116	(428,297)	0.00

Source: REMI, CSI Modeling



Figure 4

- The state may want to consider using some of the growth in personal income tax derived from transportation-related activities to fund some or all of the proposed projects. For

instance, the current General Fund revenue biennium revenue forecast made in March 2025 suggests total revenue collected of \$28.0 billion. A 6% growth rate on top of the \$28.0 billion would be \$1.68 billion in new, biennial revenue. Presuming approximately 17% of the \$1.68 billion stems from transportation-related sectors, then \$286 million of the tax increase could be avoided by simply shifting growth to more productive resources, such as expanding the economic infrastructure in the state. This is especially relevant given declining population growth and less demand for other government services.

- Given that development is typically a one-time component, and that population may shift from growth to decline in the coming two decades, policymakers may be best served aligning the desired development spending with one-time rather ongoing tax revenue increases. Of course, a portion of the proposal includes an ongoing maintenance component that would be best served with ongoing funding.

Our full report on the prior version of the transportation package is available on our website: <https://www.commonsenseinstituteus.org/oregon/research/infrastructure/the-economic-impact-of-oregons-proposed-transportation-package>.

ⁱ Differences between Figure 1 and Figure 2 stem from rounding at the detailed level.