

ODOT Funding Package Resource Library

How Oregon and Other States Pay for Roads

Each state pays for roads very differently. However, virtually all states—including Oregon—rely on a three-legged stool of fuels taxes, motor vehicle fees, and taxes on trucks as a base for transportation funding, and then supplement with other mechanisms. All told, the average Oregon passenger vehicle pays a little over 3 cents per mile in total state and local vehicle taxes and fees—about \$25 a month for a typical vehicle (about \$300 annually).

Fuels Tax

Across the country, the fuels tax is the largest source of road funding. Oregon relies on a 40 cent per gallon fuels tax as the largest single source of its road funding. With inflation playing an ever-increasing role, [24 states and the District of Columbia](#) have adopted some form of fuel tax indexing to help revenues keep pace with inflation. Oregon currently does not index its fuel tax. If Oregon had begun indexing its fuel tax in 1993 (when the fuel tax rate was \$0.24/gallon), Oregon's fuel tax rate would currently be approximately \$0.55/gallon, compared to the current rate of \$0.40/gallon.

Vehicle Fees

Oregon's base registration fee is \$63 per year (for vehicles rated at 0-19 mpg); vehicles rated at 20-39 mpg pay an additional \$5/year, while vehicles rated at 40 mpg and above pay an additional \$15/year, and electric vehicles pay an additional \$95/year. Oregon also imposes a title fee that starts at \$101 for vehicles that get 0-19 mpg, with the same surcharges for more efficient vehicles as the registration fee. These supplemental fees are intended to make up for the lower fuels tax payments by these more efficient vehicles, though even with the surcharges high-efficiency vehicles still pay less than an average vehicle. More than 30 [states](#), including Oregon, have now created additional fees on high-efficiency vehicles. Oregon also collects a 0.5% vehicle dealer privilege tax on the sale of new vehicles, though this revenue is used to fund Oregon's EV rebate program and Connect Oregon program rather than dedicated to roads.

Oregon's total vehicle taxes and fees are lower than almost any other state, as most states apply sales taxes to vehicles or have annual taxes based on the vehicle's value (known as an ad valorem tax). An ODOT [analysis of seven western states](#) that converts vehicle taxes and fees into a fuels tax per gallon equivalent shows that Oregon's total vehicle taxes come in next to last at an average of 72.9 cents per gallon. By contrast, California's total vehicle taxes average \$2.42 per gallon; Washington's average \$2.40 per gallon; Nevada's average \$1.76; Utah's average \$1.46; and Montana's are just 66.6 cents per gallon.

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Tax:	BORDERING STATES					OTHER WESTERN STATES	
	Oregon	Washington	California	Idaho	Nevada	Montana	Utah
State Gasoline Excise Tax (a)	40.0¢	49.4¢	47.3¢	32.0¢	23.0¢	33.0¢	36.5¢
Petroleum Clean-up/Load fees	0.1¢	3.43¢	0.75¢	1.0¢	0.81¢	0.75¢	0.65¢
Gasoline Sales and Local Option Taxes(b)	1.98¢	30.7¢	45.6¢	0.0¢	31.8¢	0.0¢	0.0¢
Re-Registration and Related Fees (c)	\$80.93	\$108.25	\$110.50	\$46.25	\$34.00	\$99.91	\$70.37
Tax Equivalent (Cents/Gallon)	19.9¢	26.6¢	27.1¢	11.3¢	8.3¢	24.5¢	17.3¢
Median Ad Valorem Taxes (d)	\$0.00	\$115.24	\$118.24	\$0.00	\$78.57	\$39.02	\$50.00
Tax Equivalent (Cents/Gallon)	0¢	23.0¢	23.6¢	0¢	15.7¢	7.8¢	10.0¢
Prorated Automobile Sales Taxes (e)	\$26.96	\$403.78	\$395.65	\$282.27	\$387.46	\$0.00	\$333.02
Tax Equivalent (Cents/Gallon)	6.6¢	99.1¢	97.1¢	69.3¢	95.1¢	0¢	81.7¢
Prorated Title and Related Fees (f)	\$17.67	\$31.31	\$4.17	\$3.17	\$6.21	\$2.15	\$1.00
Tax Equivalent (Cents/Gallon)	4.3¢	7.7¢	1.0¢	0.8¢	1.5¢	0.5¢	0.2¢
Total Equivalent Cents/Gallon (g)	72.9¢	239.9¢	242.5¢	114.4¢	176.2¢	66.6¢	146.4¢

Truck Taxation

States charge trucks a variety of taxes for use of the roads. Oregon’s constitution requires that passenger vehicles and trucks each pay their fair and proportionate share for their use and impact on roads, based on their share of costs and revenue as determined by a biennial highway cost allocation study (HCAS). To ensure trucks pay their fair share for their wear and tear on roads, Oregon is one of a handful of states that charges heavy trucks a weight-mile tax (WMT) based on the number of miles driven, the weight of their cargo, and their number of axles. Oregon trucks are assessed through the weight-mile tax – set at 25.12 cents per mile for a typical 80,000 truck – and pay lower registration fees than in most other states. Trucks in Oregon also pay a registration fee, although those fees are lower than in most other states. Overall, Oregon charges trucks more than other states based on the cost responsibility provision of the Oregon Constitution; the most recent [HCAS](#) found that trucks are paying more than their fair share.

Local Funding

In Oregon, cities and counties receive nearly half of the State Highway Fund after deducting the cost of collecting the revenue, totaling \$371.8 million in total state funding for counties and \$246.2 million for cities in FY 2023. Oregon is among the most generous states in sharing statewide revenue with local governments and Oregon’s local governments rely heavily on distributed State Highway Fund dollars to maintain and operate their local transportation systems; for counties, the State Highway Fund apportionments constitute the majority of county road funding.

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In addition to non-vehicle revenue sources like street utility fees and property taxes, Oregon local governments raise money through local option fuels taxes and vehicle registration fees. State law requires most local governments to approve these local funding sources through a popular vote. Three Oregon counties—Multnomah, Washington, and Clackamas—have local registration fees, and 30 cities and two counties also have local fuels taxes. ODOT collects fuels tax on behalf of most local governments, totaling about \$34 million in FY 2023.

In many other states, local governments raise much of their own transportation funding through local taxes, particularly fuels taxes, registration fees, and sales taxes; local governments in both Washington and California rely heavily on sales taxes.

Tolling

According to the [International Bridge, Tunnel, and Turnpike Association \(IBTTA\)](#), there are more than 300 toll facilities totaling more than 6,000 miles of road spread across 33 states. IBTTA also reports that US toll agencies brought in about \$19 billion in FY 2016.

The Washington State Department of Transportation 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 brought in \$196 million in gross revenue in FY 2023. Washington has a number of new toll facilities in the works.

In contrast, Oregon relies very little on toll revenue, with two local toll bridges across the Columbia River operated by local governments that together bring in just a few million dollars each year.

Road Usage Charging

As the gas tax declines as vehicles become more fuel efficient, many states are looking to shift to charge vehicles by the mile rather than the gallon of fossil fuel consumed. Hawaii created a mandatory per-mile road usage charge on electric vehicles that goes into effect later this decade; it will be collected based on an odometer reading performed during an annual vehicle safety inspection. Three states—Oregon, Utah, and Virginia—have created voluntary road usage charges that allow participants to pay a tax for every mile they drive, and receive a credit for fuels tax paid and avoid the supplemental registration fees on high efficiency vehicles. These are generally small-scale programs to test and develop the concept rather than designed to raise significant revenue. [Many other states](#) are exploring RUC through research and pilot programs. Fourteen other states have pursued RUC pilot programs.

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Other Funding Sources

A recent [report](#) on state transportation funding and governance found that “States use a remarkable variety of taxes and fees to support roads and bridges . . .” In addition to fuels taxes, vehicle fees, and truck taxes, some of these funding sources include:

- Income tax and general fund resources; some states have made episodic investments of general fund resources, while others have enacted dedicated recurring transfers.
- Sales taxes
- Lottery funds
- Cigarette and marijuana excise taxes
- Oil, natural gas, and mineral revenue
- Retail delivery fees
- Rental vehicle fees
- Transportation network company fees
- Revenue from advertising, sponsorships, concessions, and property sale and lease
- Casino taxes
- Cap and trade revenue
- Revenue from traffic fines and truck size and weight violations

