

# 2025-2026 Legislative Priorities – League of Oregon Cities

## Adopted October 16, 2024

### COMMUNITY INFRASTRUCTURE AND HOUSING DEVELOPMENT FUNDING

**RECOMMENDATION:** *The LOC will advocate for a comprehensive infrastructure package to support increased investments in water, sewer, stormwater, and roads. This includes funding for system upgrades to meet increasingly complex regulatory compliance requirements, capacity to serve needed housing and economic development, deferred maintenance costs, seismic and wildfire resiliency improvements, and clarity and funding to address moratoriums. The LOC will also champion direct and programmatic infrastructure investments to support a range of needed housing development types and affordability.*

*Without needed infrastructure investments, communities cannot build needed housing. To support this, the LOC will advocate to maintain and increase state investments to support the development and preservation of a range of needed housing types and affordability, including: publicly supported affordable housing and related services; affordable homeownership; permanent supportive housing; affordable modular and manufactured housing; middle housing types; and moderate-income workforce housing development. In addition, the LOC will seek opportunities to address structural barriers to production of different housing options at the regional and state level.*

**Background:** Cities continue to face the challenge of how to fund infrastructure improvements – to maintain current, build new, and improve resiliency. Increasing state resources in programs that provide access to lower rate loans and grants will assist cities in investing in vital infrastructure. Infrastructure development impacts economic development, livability, and importantly how much housing we as a state can develop. The level of funding for these programs has been inadequate compared to the needs over the last few biennia, and the funds are depleting and unsustainable without significant program modifications and reinvestments.

This priority will focus on maximizing both the amount of funding and the flexibility of the funds to meet the needs of more cities across the state to ensure long-term infrastructure investment. The 2024 LOC Infrastructure Survey revealed the increasing need for water and road infrastructure funding. The results show \$11.9 billion of infrastructure funds needed (\$6.4 billion for water and \$5.5 billion for roads).

Combined with the federal-cost share decline on water infrastructure projects – despite the recent bi-partisan infrastructure law investment – cities face enormous pressure to maintain and upgrade water infrastructure. At the same time, cities across the state are working urgently to address Oregon’s housing crisis. To unlock needed housing development and increase affordability, the most powerful tool the Legislature can deploy is targeted investments in infrastructure to support needed housing development.

Recent legislation and executive orders have made significant changes to the state’s land use planning process, including new housing production directives for cities and counties. These updates have resulted in extensive, continuous, and sometimes conflicting efforts that are not supported by adequate state funding. Cities do not have the staff capacity or resources needed to implement existing requirements. Additional state support is needed to assist local implementation, including technical assistance and education for local staff and decision makers, and workforce development. The state should prioritize implementation and coordination of existing programs in the 2025-2026 legislative sessions before considering any new policies.

## **2025 TRANSPORTATION PACKAGE**

**RECOMMENDATION:** *The LOC supports a robust, long-term, multimodal transportation package focused on: stabilizing funding for operations and maintenance for local governments and ODOT; continued investment in transit and bike/ped programs, safety, congestion management, and completion of projects from HB 2017. As part of a 2025 package, the funding level must maintain the current State Highway Fund (SHF) distribution formula and increase investments in local programs such as Great Streets, Safe Routes to Schools, and the Small City Allotment Program.*

*In addition, the package should find a long-term solution for the weight-mile tax that stabilizes the program with fees that match heavier vehicles' impact on the transportation system. The funding sources for this package should be diverse and innovative. Additionally, the package should maintain existing choices and reduce barriers for local governments to use available funding tools for transportation investments.*

**Background:** Oregon has one of the country’s most transportation-dependent economies, with 400,000 jobs (1 in 5) related directly to transportation via rail, road, and ports. The State Highway Fund (SHF) is the primary revenue source for the state’s transportation infrastructure and comes from various sources, including gas and diesel

tax, weight mile tax, vehicle registration fees, vehicle title fees, and driver’s license fees. These funds are distributed using a 50-30-20 formula, with 50% to the state, 30% to counties, and 20% to cities. Continued investment in transportation infrastructure is critical for public safety objectives such as “[Safe Routes to Schools](#)” and the “[Great Streets](#)” program. The Legislature must develop a plan to match inflationary costs and a plan to transition from a gas tax to an impact fee based on miles traveled to stabilize transportation investment.

## **RESTORATION OF RECREATIONAL IMMUNITY**

**RECOMMENDATION:** *The LOC will introduce legislation to protect cities and other landowners who open their property for recreational purposes from tort liability claims.*

**Background:** An adverse court ruling stemming from a recreational injury sustained on a city owned trail opened cities and other public and private landowners to tort claims for injuries sustained by people who are recreating. The Legislature enacted a temporary restoration of the immunity in 2024 that will expire on July 1, 2025. Legislation to make the immunity permanent will be needed for cities to offer recreational amenities without fear of tort liability lawsuits or excessive risk premiums.

## **BEHAVIORAL HEALTH ENHANCEMENTS**

**RECOMMENDATION:** *The LOC will introduce and support legislation to expand access to behavioral health treatment beds and allow courts greater ability to direct persons unable to care for themselves into treatment through the civil commitment process.*

**Background:** While Oregon has historically ranked at or near the bottom nationally for access to behavioral healthcare, the state has made significant investments over the past four years. It will take time for investments in workforce development and substance abuse treatment to be realized, and areas for improvement remain. The standard for civilly committing a person into treatment remains very high in Oregon, and as a result, individuals who present a danger to themselves or others remain untreated, often producing tragic results. Additionally, the number of treatment beds for residential care does not meet demand, with services unavailable in multiple areas of the state.

## **LODGING TAX FLEXIBILITY**

**RECOMMENDATION:** *The LOC will advocate for legislation that increases the flexibility to use locally administered and collected lodging tax revenue to support tourism-impacted services. These services include public safety, community infrastructure, and housing-related investment.*

**Background:** In 2003, the Legislature passed the state lodging tax and restricted local transient lodging tax (TLT) by requiring that revenue from any new or increased local lodging tax be spent according to a 70/30 split: 70% of local TLT must be spent on “tourism promotion” or “tourism related facilities” and up to 30% is discretionary funds. Tourism has created an increased demand on municipal service provision. Some of the clearest impacts are on roads, infrastructure, public safety, parks, and public restrooms. Short term rentals and vacation homes also reduce the housing supply and exacerbate housing affordability issues. Cities often play an active role in tourism promotion and economic development efforts, but requiring that 70% of lodging tax revenue be used to further promote tourism is a one-size fits all approach that does not meet the needs of every tourism community. Cities must be allowed to strike the balance between tourism promotion and meeting the needs for increased service delivery for tourists and residents.

## **SHELTER AND HOMELESS RESPONSE**

**RECOMMENDATION:** *The LOC will support a comprehensive homeless response package to fund the needs of homeless shelter and homeless response efforts statewide. Funding should include baseline operational support to continue and strengthen coordinated regional homeless response and include a range of shelter types and services, including alternative shelter models, safe parking programs, rapid rehousing, outreach, case management, staffing and administrative support, and other related services. The LOC will also support capital funding for additional shelter infrastructure and site preparation.*

*Oregon’s homeless response system must recognize the critical role of cities in homeless response and meaningfully include cities in regional funding and decision-making, in partnership with counties, community action agencies, continuums of care, housing authorities, and other service provider partners.*

**Background:** The LOC recognizes that to end homelessness, a cross-sector coordinated approach to delivering services, housing, and programs is needed. Despite historic legislative investments in recent years, Oregon still lacks a coordinated, statewide shelter and homeless response system with stable funding. Communities across the state have developed regional homeless response collaboratives, beginning with the HB 4123 pilot communities funded by the legislature in 2022 and the more recently established Multi-Agency Collaboratives and Local Planning Groups created by Governor Kotek’s [Executive Order on Affordable Housing and Homelessness](#). As Oregon continues to face increasing rates of unsheltered homelessness, the LOC is committed to strengthening a regionally based, intersectional state homeless response system to ensure all Oregonians can equitably access stable housing and maintain secure, thriving communities.

## ADDRESS ENERGY AFFORDABILITY CHALLENGES FROM RISING UTILITY COSTS

**RECOMMENDATION:** *The LOC will: support actions to maintain affordable and reliable energy resources; invest in programs and new technology that support energy efficiency, renewable energy, and battery storage to help reduce overall energy costs and demands; and address grid challenges during peak energy demand and the associated rising costs, while balancing the pace of energy production and power supply that impact rates.*

**Background:** In recent years, rising utility costs have increased the energy burden on Oregonians, particularly low-income Oregonians, those with fixed incomes, and those who are unable to work. Costs contributing to these increases include, infrastructure upgrades, maintenance, and modernization, climate impacts from increased extreme weather events (wildfires, ice storms, snowstorms, flooding, etc.) and mitigation costs associated with them, fuel costs, inflation, legislative and gubernatorial actions, and investments in new energy-producing technology, and battery storage, are some of many reasons that are impacting utility rates. While many investment opportunities exist, more cooperation and collaboration needed to find a path forward that reduces the need for large rate increases that impact Oregonians. Rate increases should balance and prioritize vital labor, infrastructure, and mitigations necessary to sustain present and future energy demands with compensation.

In addition, the LOC would advocate for new tools and utilizing existing tools to modernize rate structures to provide flexibility and account for the time of year of rate increases (phasing in of rate increases) and recognize the higher burden for low and moderate-income and fixed-income Oregonians.

## OPERATOR-IN-TRAINING APPRENTICESHIPS

**RECOMMENDATION:** *The LOC will advocate for funding for apprenticeship training programs and the expansion of bilingual training opportunities to promote workforce development of qualified wastewater and drinking water operators due to the significant lack of qualified operators.*

**Background:** Water utilities must resolve a human-infrastructure issue in order to keep our water and wastewater systems running. Currently, water utilities face challenges in recruiting, training, and retaining certified operations employees. In addition, retirements of qualified staff over the next decade will exacerbate the problem.

In 2023, the Legislature approved one-time funding for the development of a training facility for certified operators and technical assistance staff in partnership with the Oregon Association of Water Utilities. Sustained funding for regional training facilities and direct funding for utilities hosting training programs is needed to train the next generation of water and wastewater operators.

## ORS 195.530 JOHNSON v. GRANTS PASS

**RECOMMENDATION:** *The LOC will advocate public policy that allows cities to*

*respond to the unique needs of their community's housed and unhoused members. This advocacy will include adjustments to ORS 195.530 to provide cities with the necessary tools to address unsafe camping conditions, safeguard public spaces, and protect the health, safety, and wellness of all community members.*

**Background:** To understand ORS 195.530, one must first understand a series of federal court decisions, and the Oregon Legislature's concern that the United States Supreme Court may one day reverse those court decisions, with the court decisions being released in 2018, 2022, and 2023. For access to a more detailed account of the court cases and outcomes [click here](#).

In 2018, the U.S. Ninth Circuit Court of Appeals, in *Martin v. Boise* opinion specifically states that local units of government could impose reasonable time, place, and manner restrictions on where people may sit, sleep, or lay on public property, but the court failed to provide any specific guidance on what would constitute a reasonable regulation.

In 2022 (and with a subsequent decision in 2023), the Ninth Circuit released its opinion in *Johnson v. Grants Pass*, expanding its decision in *Martin v. Boise*, in several ways.

Grants Pass appealed the *Johnson* case to the United States Supreme Court, which issued a ruling this summer, finding that the 8th Amendment does not prohibit cities from enacting and enforcing generally applicable camping ordinances to regulate public spaces, even if the regulations and enforcement thereof impact people experiencing homelessness.