



## SB 317: mile-based motor vehicle insurance

Testimony by Elsa Porter, Tax Credit Committee, 5.9.2013

This act, which was originally passed ten years ago, in 2003, should be allowed to sunset.

Its objective was to promote "Pay-as-you-drive" auto insurance as a simple way to reward people who drive less, thereby reducing traffic, air pollution and car accidents. Oregon tried to do this by providing tax credits to auto insurance companies offering mile-based or time-based rating plans.

This effort has been rendered obsolete by new technology which now allows insurers to offer multiple incentives to drive less and save more. It has become their competitive edge and new venue for profitable growth.

According to the 2013-15 Tax Expenditure Report, "fewer than ten corporate taxpayers have benefited from this tax credit with a total revenue impact of less than \$100,000 per tax year." The tax credit allowed was \$100 per vehicle insured under the policy (up to \$300 per policy.) Because of disclosure laws and the small number of taxpayers who have claimed this credit we do not know who they are, nor can we ascertain the hoped for environmental impact of this measure. All we know is that of the more than 130 auto insurance companies in Oregon, only six qualified for the tax credits provided by this law. Lucky six!

But today they no longer need a tax incentive to offer these choices. As early adopters of PAYD, they now have a significant competitive advantage over other companies who are turning en masse to offer these choices. According to [Tom Powers Consulting Firm](#), an auto insurance revolution is underway.

New technology is the reason (not tax credits.) Over the last few years the industry has developed low cost data logging devices which allow insurance companies to read miles and driving behavior without impinging on personal privacy concerns. "**Usage based auto insurance (UBI, sometimes called pay-as-you-drive insurance or telematic rating), is transforming the auto insurance industry.** It is providing actual driving data to determine more accurate rates and give customers ways to control their premiums."

**Early adopters are gaining an enormous competitive advantage. In the US most major insurers have already launched a UBI project."**

Oregon is the only state to have offered this incentive. A similar bill was introduced in Colorado in 2009 but failed to pass.

We can be proud to have led the auto insurance revolution, which is ready now to let the market take over and finish the job.

*Tax Fairness Oregon is a nearly all-volunteer group advocating for fair, stable and adequate taxes*