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Director

June 7, 2013

Sen. Betsy Johnson, Co-Chair  
Rep. Bob Jenson, Co-Chair  
Joint Ways and Means Subcommittee on Transportation and Economic Development  
900 Court St. NE  
Salem, Oregon 97301

Co-Chair Johnson, Co-Jenson, and Members of the Committee,

The Portland Bureau of Transportation (PBOT) supports HB 2453, which provides a mechanism for collecting user fees from high-mileage motor vehicles. This bill would produce an equitable and relatively simple mechanism for collecting and allocating funds to support the continued maintenance and expansion of the transportation system across Oregon.

Like all cities, Portland relies heavily on the existing gasoline tax to support our transportation system. The combination of more efficient vehicles, increasing demands from the public, declining infrastructure quality and increasing costs of materials have significantly reduced the purchasing power of the existing gas tax revenue. Moving forward, we believe it is essential that the State and cities collectively move toward a more sustainable funding structure to support our transportation work. A fee on high-mileage motor vehicle-miles-travelled is a reasonable and logical next step, and we feel the \$0.155 per mile fee is appropriate at this time. We urge your support for HB 2453.

Thank you for your consideration,

A handwritten signature in cursive script that reads "John Widmer".

John Widmer  
Interim Director  
Portland Bureau of Transportation

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**HB 2453-B**  
**Ways and Means Subcommittee**  
**on Transportation and Economic Development**  
~~**on Transportation and Economic Development**~~  
**Road User Charges**  
~~February 25~~ June 10, 2013  
Ann Hanus

The Association of Oregon Counties supports HB 2453 which would require road user charges for high mileage vehicles. This legislation is important for the long term sustainable funding of our state and local road system and to ensure that all users contribute to the cost of maintaining our roads on an equitable basis.

As gasoline revenues continue to decline due to the increased fuel efficiency of vehicles, fewer revenues will be collected to support state and local roads. In FY 2012-13, half of Oregon's State Highway Fund revenues were from the Motor Vehicle Fuels Tax.

Counties receive 30 percent of the State Highway Fund. In FY2012-13 counties were allocated \$212,753,310 of State Highway Funds, which was 46 percent of ~~the~~ total County Road Fund ~~Revenues~~revenues. It is vital to counties that the State Highway Fund not decline in the years ahead.

With the expiration of the USFS safety net payments from the Secure Rural Schools and Community Self Determination Act, County Road Revenues will decline an additional \$40 million. At that point, the State Highway Fund revenues will amount to 50% of County Road Fund revenues.

Over the past decade, the state has conducted a number of studies, convened the Road User Task Force (which included County representation), and had extensive outreach to stakeholders. As a result, the proposal before you has been vetted, refined, and recently road tested.

Over the past several months, I participated in the Road Usage Charge Pilot Program. I installed the device in my car and paid through automatic charges to my visa. It required little time on my part and proved to be an efficient means to collect revenue.

We believe it is both timely and feasible to initiate this program for high mileage vehicles. The longer we wait to charge high mileage vehicles for their road usage, the more we will see revenues decline especially when the state, counties, and cities need to have the resources to maintain our roads. If we do not act, our system of funding roads will be jeopardized over the next ten years resulting in deteriorating road conditions and an increasingly inequitable funding structure.

**Joint Subcommittee on Transportation and  
Economic Development**

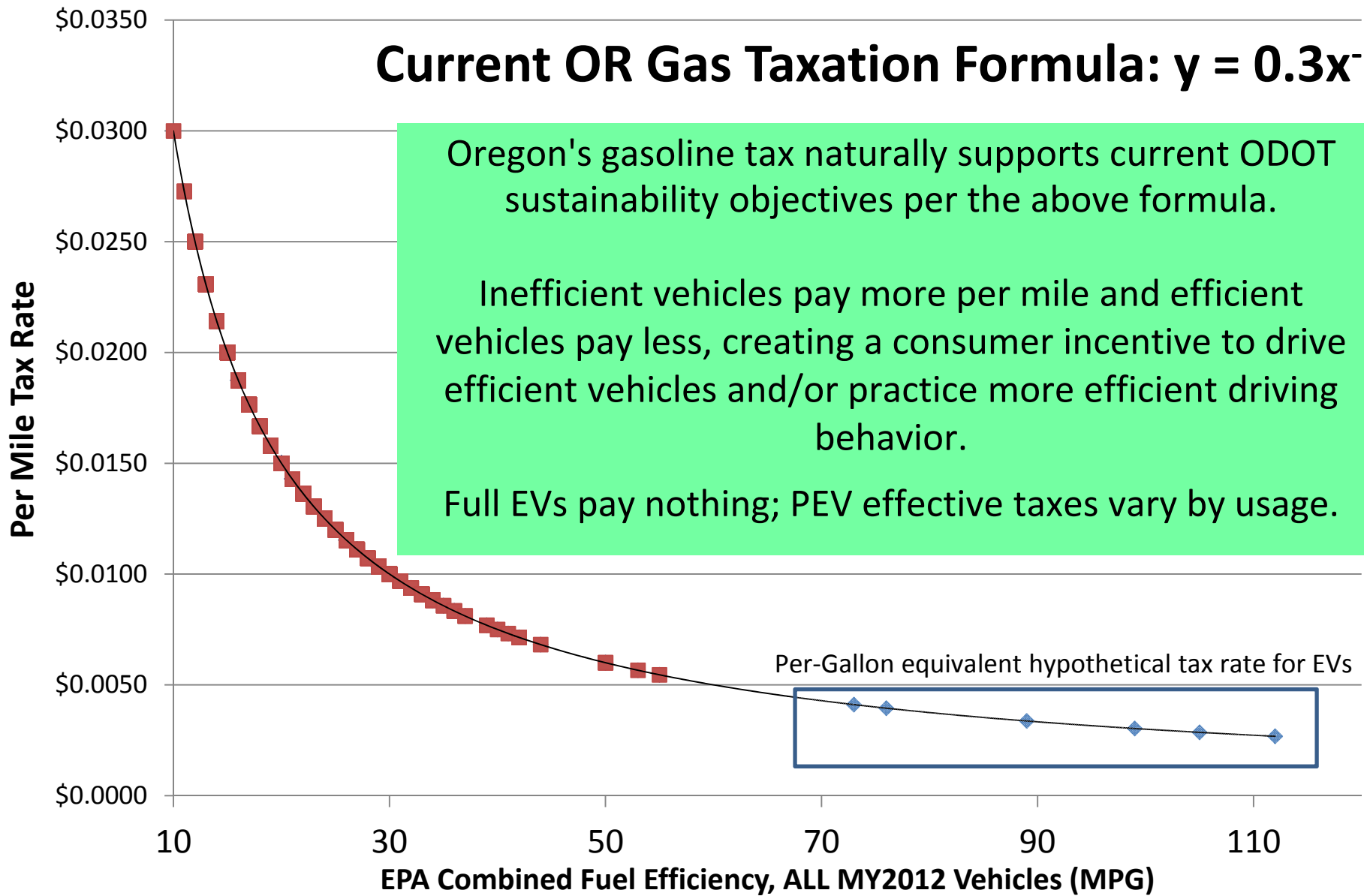
**June 10<sup>th</sup>, 2013: 1300**

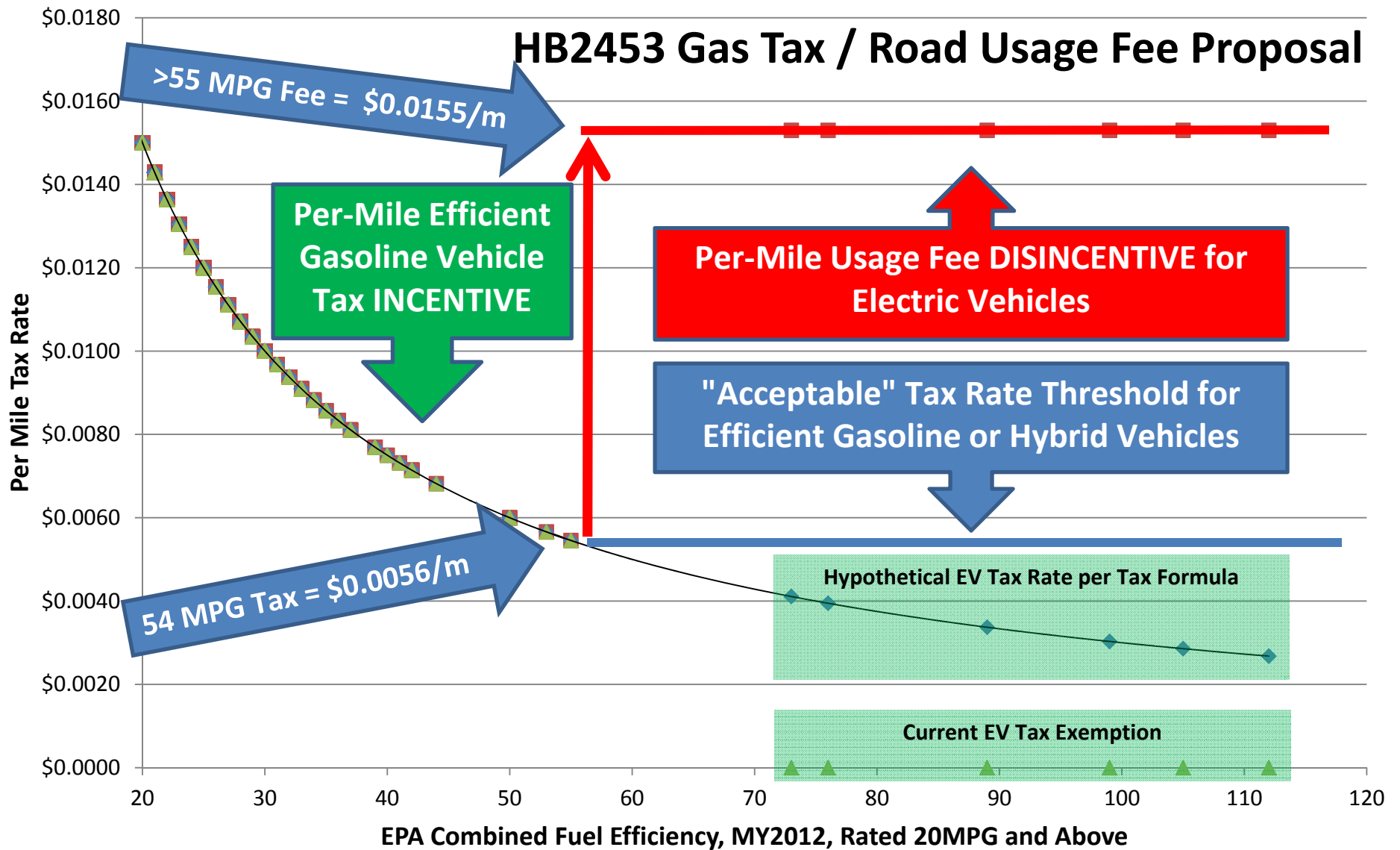
**HB2453B**

**“Requires persons operating certain high-mileage motor vehicles to pay per-mile road usage charge or flat annual road usage charge.”**

Testimony Against Adoption of HB2543B as Amended by the House May 14<sup>th</sup>, 2003 by Jeffrey Allen, Salem Resident

# Current OR Gas Taxation Formula: $y = 0.3x^{-1}$





**At a rate of \$0.0155/Mile, Highly Efficient Vehicles will be Taxed at the Same Rate as vehicles achieving roughly 19 MPG like the F-150 Truck, Corvette, Nissan GT-R, Lexus LS460, and most AWD Mid-Sized Luxury SUVs but 3X the rate of comparably efficient gasoline and hybrid vehicles.**

“[The EV and Infrastructure Program] and future projects are helping Oregon create a sustainable transportation system by reducing the state's reliance on imported petroleum and by reducing greenhouse gas emissions.” [ODOT EV&I P](#)

***Contrary to the ODOT mission statement and EV Program objectives, HB2453 creates EV ownership disincentives including GPS tracking, data-mining, tampering fines, and higher taxes than on all efficient gas and hybrid vehicles.***

“When considered in total, the fees paid to the state – either through a state gas tax or through a road usage charge — is actually a very small proportion of the total cost to operate and maintain a vehicle.” [FAQ#15, roadchargeoregon.org](#)

***At a rate of \$0.0155/mile, the monthly operating expenses for an EV owner who drives 1000 miles a month and charges during off-peak hours will DOUBLE. (EVs require considerably less maintenance than combustion engine vehicles.)***

“...the goal is to create a usage charge that replaces the state gas tax for these highly fuel-efficient vehicles to continue maintenance of the roads. So, while the road usage charge will require that drivers of fuel-efficient vehicles pay more in state fees than they currently do, it will create a more equitable system.”

[FAQ#15, roadchargeoregon.org](#)

***Drivers of vehicles with greater than 54MPG(e) will pay 3X the tax per mile than drivers of most hybrid vehicles; \$0.0155/mile = 19.35 MPG tax rate***

# Summary and Observations

1. Existing Tax Model Supports Sustainability Objectives
2. Proposed Model ***conflicts*** with state sustainability initiatives, objectives, and current projects
3. A portion of these ‘road usage fees’ will be diverted to private data-collection contractors instead of ODOT, Cities, or Counties
4. Pilot Program included only two EVs in the sample group, one of which traveled fewer than 200 taxable miles
5. Pilot Program per-mile rate is far from “equitable” when an “average fleet” fuel economy rate is applied only to a select group of highly efficient vehicles

# Suggestions

1. Set EV mileage rate to the *acceptable efficiency threshold*. At **54MPG**, the current gas tax equates to **\$0.0056/mile**.
2. -AND- Reduce high annual flat-rate opt-out charge of **35,000 miles = \$542/y. This is more than twice the total annual operating cost of an EV at 12,000m/year!**
3. -THEN- Reduce the efficiency threshold in the future as needed to address road repair budget shortfalls; use it as the baseline at which all more efficient vehicles are charged.
4. -- **ALTERNATE PLAN** – Annually adjusted EV registration fee (currently \$67.20 assuming 12,000 miles at 54MPG rate) where 100% of collected fees are divided among state, city, and county road repair budgets, eliminating complexity, privacy and data-mining concerns, and numerous EV ownership disincentives found throughout **HB2453**.



# References

## **HB2453B:**

<http://www.leg.state.or.us/13reg/measure/hb2400.dir/hb2453.b.html>

## **EPA Fuel Economy Guide 2012:**

<http://www.fueleconomy.gov/feg/pdfs/guides/feg2012.pdf>

## **Electric Vehicles and Infrastructure Program:**

[http://www.oregon.gov/ODOT/HWY/OIPP/Pages/inn\\_ev-charging.aspx](http://www.oregon.gov/ODOT/HWY/OIPP/Pages/inn_ev-charging.aspx)

## **Oregon's Road Usage Charge Program:**

<http://roadchargeoregon.org/frequently-asked-questions/>

## **Road Usage Charge Pilot Program Preliminary Findings:**

[http://www.oregon.gov/ODOT/HWY/RUFPP/docs/RUCPilotPrelimFind\\_Feb13.pdf](http://www.oregon.gov/ODOT/HWY/RUFPP/docs/RUCPilotPrelimFind_Feb13.pdf)

# A Final Observation

Using the model proposed in HB2453 to recover road damage expenses caused by studded tires will result in significantly more revenue than targeting users of highly efficient vehicles.

Assuming Les Schwab's estimate of 20,000 Oregon studded tire users<sup>(1)</sup>, ODOT's average studded tire damage figure of \$30M/Y<sup>(2)</sup>, and an average of 1000 miles per vehicle per month during the 5 months in which studded tire usage is allowed<sup>(3)</sup>, the per-mile road usage fee for studded tire users comes to **\$0.30/Mile** and covers nearly **10 X as many vehicles**. That's **19.3 X higher** than the rate proposed for Highly Efficient Vehicles, tied directly to actual road damage estimates, and more "equitable" than proposals in HB's 2278, 2277, 2397, or 2453.

(1) [http://www.oregonlive.com/opinion/index.ssf/2012/07/lawmakers\\_should\\_leave\\_studded.html](http://www.oregonlive.com/opinion/index.ssf/2012/07/lawmakers_should_leave_studded.html)

(2) <http://roadchargeoregon.org/frequently-asked-questions/>

(3) <http://www.tripcheck.com/Pages/RCMap.asp?staticNav=ChainLaws>