

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2453 - B

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
 Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

Prepared by: Tim Walker
 Reviewed by: Linda Gilbert
 Date: 06/06/2013

Measure Description:

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

Government Unit(s) Affected:

Oregon Department of Transportation (ODOT)

Summary of Expenditure Impact:

Summary of Expenditure Impact		
	2013-15 Biennium	2015-17 Biennium
General Fund		
Lottery Funds		
Other Funds	3,122,900	2,290,961
Federal Funds		
Total Funds	\$3,122,900	\$2,290,961
Positions	11	11
FTE	10.00	9.00

Summary of Revenue Impact

	2013-15 Biennium	2015-17 Biennium
General Fund		
Lottery Funds		
Other Funds	0	890,000
Federal Funds		
Total Funds	\$0	\$890,000

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis: This bill requires persons operating certain fuel efficient motor vehicle to pay per-mile road usage charge or flat annual road usage charge in lieu of motor vehicle fuel tax and establishes a voluntary program for users.

The Oregon Department of Transportation (ODOT) will need to undertake the following activities to operationalize the provisions of this bill. This is not an exhaustive list of all the activities ODOT will need to undertake:

- Developing, testing, and implementing a mileage tax accounting system and establish operational procedures for the ODOT unit that is collecting Road User Charge revenue.
- Developing, testing, and implementing, in cooperation with Certified Service Providers (CSP), an automated revenue charging system.
- Developing certified technical and performance standards for all onboard data units that will be utilized by the Road User Charge (RUC) vehicles.
- Establishing ODOT's internal framework to accomplish the work of the RUC program, including establishing the IT infrastructure necessary to communicate with mileage tax accounting system.
- Developing and implementing a communications plan to inform the public of the RUC program.

ODOT has developed a four-biennium projection for expenses and revenue for this bill. ODOT anticipates expenses in 2017-19 to be \$1.6 million Other Funds and Other Funds revenue of \$3.07 million. In 2019-21 ODOT anticipates expenses of \$2.2 million OF and OF revenue of \$9.25 million.

Joint Committee on Ways and Means

Carrier – House: Rep.
Carrier – Senate: Sen.

Revenue:

Fiscal:

Action:

Vote:

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

Prepared By: Tim Walker, Legislative Fiscal Office

Meeting Date: [Full Committee Meeting Date]

WHAT THE MEASURE DOES: Requires persons operating certain fuel efficient motor vehicle to pay per-mile road usage charge or flat annual road usage charge in lieu of motor vehicle fuel tax. Becomes operative July 1, 2015. Permits person paying per-mile road usage charge to apply for refund of motor vehicle fuel tax and to apply for refund for miles driven on private property. In addition, the bill establishes a voluntary RUC process.

ISSUES DISCUSSED:

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EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: This measure establishes a road usage charge on mileage driven in Oregon for vehicles with fuel efficiency rating of 55 miles per gallon and higher. The road usage charge would be the main charge instead of fuel tax for those vehicles beginning the 2015 model year.

The Oregon Legislative Assembly created the Road User Task Force (RUFTF) in 2001. RUFTF proposed a charge on vehicle miles traveled to replace the fuels tax in a 2003 report to the Legislative Assembly. The Governor, Senate President, and House Speaker reconstituted the RUFTF in 2010 to address issues with the gas tax, the state's principal road revenue mechanism, as a result of the introduction of highly fuel efficient vehicles. Those vehicles will pay significantly less gas tax than was the case for vehicles manufactured just few years ago.

Oregon relies on the fuels tax as the principal component of the state's road finance structure. Furthermore, the state bases its weight mile tax rate for heavy trucks on fuels tax collections. This means Oregon's road funding is dependent upon fuels tax collection receipts for about 70 to 75 percent of road revenues.

Technology has dramatically improved since the early hybrid electric gasoline vehicles came to market. Entering the marketplace are electric vehicles and plug-in hybrid vehicles that will pay very little fuel tax or none at all. Increased public demand for fuel efficiency improvements, the price of oil, and the federal government's planned increase in the Corporate Average Fuel Economy (CAFE) standard to 54.5 miles per gallon by 2025