



DATE: June 10, 2013

TO: Ways and Means Subcommittee on Transportation and Economic Development

FROM: James Whitty, Oregon Department of Transportation
Oregon Innovative Partnerships Program Manager

SUBJECT: HB 2453-B – A Road Usage Charge on Highly Fuel Efficient Vehicles

INTRODUCTION

House Bill 2453-B would impose a road usage charge for operators of highly fuel efficient vehicles—those rates at 55 MPGe and above—beginning in 2015. The road usage charge would replace the fuel tax for operators of highly fuel efficient vehicles that pay very little or no fuel tax.

BACKGROUND

In 2001, the Oregon Legislature created the Road User Fee Task Force (RUFTF) to design a new revenue system for measuring and charging for road use (HB 3946 (2001)). The task force chose a distance based road user fee as the most feasible alternative to the fuel tax. This law also directs ODOT to develop pilot programs to test a fee based on highway use that replaces the fuel tax. ODOT has completed two such pilot programs, first in the nation in 2006-07 and a second that just concluded in February of this year.

Currently, highly fuel efficient vehicles number slightly over 2,200 in Oregon and the loss of revenues is barely measureable. Nevertheless, this negative impact to fuel tax revenues will gradually become more severe. Last year, the federal government reached agreement with the automakers to raise the fuel economy standards—known as the Corporate Average Fuel Economy standards (CAFE)—for new vehicles to 54.5 MPG on average beginning in 2025. This will result in a large contingent of vehicles in Oregon that exceed 54.5 MPG as the 2025 date approaches.

WHAT THE BILL DOES

HB 2453-B enacts a road usage charge of 1.55 cents per mile to owners and lessees of vehicles rated at 55 miles per gallon and above beginning on July 1, 2015 with the 2015 model year.

- Directs ODOT to develop the methods for reporting mileage data but GPS technology must not be mandated. *Section 6(2)(c)*
- Mandates that ODOT provide choices to motorists for mileage reporting. *Section 6(3)*
- Mandates that ODOT allow access to the open market for technologies motorists choose to use for mileage reporting. *Section 6(2)(d)*
- Allows drivers of vehicles to avoid reporting miles altogether by assuming maximum miles driven of 35,000 annually and paying a flat annual road usage charge. *Section 4*

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- Protects personally identifiable information from disclosure and mandate destruction of travel pattern data within 30 days after use in tax processing. *Section 9*
- Mandates that ODOT develop public private partnerships to offer motorists a private sector alternative for mileage data collection and tax processing. *Section 23 (2)*
- ODOT must offer a refund of fuel tax paid for a driver paying the road usage charge. *Sections 16 and 17*
- Allows drivers who pay the road usage charge to apply for a refund for metered use on private property. *Section 12*
- Allows 5000 vehicles, at any fuel economy standard, to “opt-in” to pay the road usage charge in lieu of fuel tax. *Section 6a*

FISCAL/REVENUE IMPACTS

Implementation costs for 2013-15 are estimated at \$3.12 m. Eleven existing positions will be used to start up and administer the program, including:

- Procure, certify, evaluate and audit private sector service providers, and
- Integrate the new system with existing collection and records systems at ODOT (DMV, Motor Carrier & Fuels Tax Group).

The new charge is applied beginning in 2015, with revenue estimated at \$0.89 m in 2015-17. Expenses are estimated at \$2.29 for this same time. Net revenue gains are projected beginning in 2017-19 at \$1.44 m and increase to \$7.04 m in 2019-21 and continue to increase each biennium thereafter as more road usage charge is collected as federal fuel efficiency standards are implemented.

SUMMARY

House Bill 2453-B enacts a mileage charge on vehicles that currently pay very little or no fuel tax for the use of Oregon’s roads. The bill imposes a charge of 1.55 cents per mile on vehicles that are rated 55 MPG and above for 2015 model years and later beginning on July 1, 2015.

Attachment: Comparison of Fuel Tax to Per-Mile Charge

Relative Impact of the Fuel Tax in Comparison to the Per-Mile Charge (HB 2453-B)

The Oregon fuel tax is 30 cents per gallon of gasoline and diesel. The table below summarizes the amount of fuel tax a driver currently pays annually based on the fuel efficiency of their vehicle and number of miles driven.

Fuel Tax	MPG	Fuel tax per 100 miles	Total annual fuel tax paid by miles driven in a year			
			5,000	10,000	15,000	20,000
30¢/gallon	10	\$3.00	\$150	\$300	\$450	\$600
30¢/gallon	15	\$2.00	\$100	\$200	\$300	\$400
30¢/gallon	20	\$1.50	\$75	\$150	\$225	\$300
30¢/gallon	35	\$0.86	\$43	\$85	\$129	\$171
30¢/gallon	55	\$0.50	\$27	\$55	\$82	\$109
30¢/gallon	All electric	\$0.00	\$0	\$0	\$0	\$0

The proposed per-mile charge for new highly fuel efficient vehicles is 1.55 cents per mile driven. The table below summarizes the amount that these vehicles would be charged annually based on the number of miles driven.

Per-mile Charge	MPG	Per-mile charge / 100 miles	Total annual per-mile charge paid by miles driven in a year			
			5,000	10,000	15,000	20,000
1.55¢/mile	55+	\$1.55	\$77.50	\$155	\$232.50	\$310