
MEMORANDUM

Legislative Fiscal Office
900 Court St. NE, Room H-178
Salem, Oregon 97301
Phone 503-986-1828
FAX 503-373-7807

To: Transportation and Economic Development Subcommittee

From: Linda Gilbert, Legislative Fiscal Office
(503) 986-1845

Date: June 10, 2013

Subject: HB 2453 B
Work Session

HB 2453 B 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 Road Usage Charge process for up to 5,000 drivers.

The Work Session packet, including measure, staff measure summary, and fiscal impact are available on the Oregon Legislative Information System (OLIS). The measure has a fiscal impact in 2013-15 and no revenue impact until 2015-17.

The measure came out of the House Committee on Transportation and Economic Development on a 6-4-0 vote and from the House Committee on Revenue on a 6-3-0 vote.

Amendment

The –B1 amendment adds \$3,122,900 Other Funds expenditure limitation to ODOT’s budget, SB 5544, which has already passed this subcommittee.

Motion #1: Move the –B14 amendment to House Bill 2453-B.

Measure Motion

The measure is recommended to be moved to the full Committee on Joint Ways and Means.

Motion #2: Move HB 2453-B, as amended, to the full committee with a “do pass, as amended” recommendation.

Carriers: Full _____ House _____ Senate _____

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:

-

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 (CAFÉ) standard to 54.5 miles per gallon by 2025

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
Seventy-Seventh Oregon Legislative Assembly
2013 Regular Session
Legislative Revenue Office

Bill Number: HB 2453-B
Revenue Area: Highway Fund
Economist: Mazen Malik
Date: 05/15/2013

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

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

Revenue Impact (in millions):

<i>Biennium</i>	<i>2015-17</i>	<i>2017-19</i>	<i>2019-21</i>
Road User Charges Revenue	\$1.52	\$4.71	\$13.74
Impact of Volunteer Program	(\$0.21)	(\$0.45)	(\$0.69)
Fuels Tax/Out-of-state /Off-Road Refunds	(\$0.42)	(\$1.19)	(\$3.81)
Net (before Collection Costs)	\$0.89	\$3.07	\$9.25
<i>Assumed Collection and program costs*</i>	<i>(\$2.29)</i>	<i>(\$1.63)</i>	<i>(\$2.21)</i>
Net (After Collection Costs)	(\$1.40)	\$1.44	\$7.04
State	(\$0.70)	\$0.72	\$3.52
Counties	(\$0.42)	\$0.43	\$2.11
Cities	(\$0.28)	\$0.29	\$1.41

- *Costs don't include \$3.2 million in 2013-15 for setup costs. All costs not yet approved by Ways and means*

Impact Explanation:

The mileage fee on high MPG vehicles is highway fund dedicated revenue. The mileage fee as well as the comparable flat fee is evaluated using the highway cost allocation model. The levels of these fees are determined to be 1.55 cent per mile and that rate multiplied by 35,000 miles for that annual flat fee option of \$542.5. This revenue will be distributed among the state, counties and cities (50%, 30%, and 20%). The operative date for the mileage charge is July 1, 2015 (FY16) and applies to cars of model year 2015 and above. The vehicles subject to road user charge (RUC) are assumed to be 2,318 in 2013 growing rapidly to almost 70,000 registered vehicles by 2021. The volunteer program is assumed to start with about 1,000 in 2016 and reaching the maximum limit of 5,000 by 2021.

Calendar Year	2015	2016	2017	2018	2019	2020	2021
RUC Vehicles	2,318	4,663	8,307	14,263	24,331	41,722	69,618
Miles	23,556,042	45,363,229	80,739,049	140,267,037	242,785,883	421,828,456	675,125,687

Creates, Extends, or Expands Tax Expenditure: Yes No

State Capitol Building
900 Court St NE, Room 143
Salem, Oregon 97301-1347

Phone (503) 986-1266
Fax (503) 986-1770
<http://www.leg.state.or.us/comm/lro/>