

REVENUE: Revenue Impact Statement Issued

FISCAL: Fiscal Impact Issued

Action: Do Pass as Amended, be Printed Engrossed and be referred to Ways and Means by prior Reference.

Vote: 6-3-0

Yeas: Bailey, Berger, Gelser, Read, Vega Pederson, Barnhart

Nays: Bentz, Conger, Davis

Exc.: 0

Prepared By: Mazen Malik, Economist

Meeting Dates: 4/11, 4/12, 5/1, 5/14

WHAT THE BILL 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.

ISSUES DISCUSSED:

- Background and history of RUFTF.
- Rates from different sources and assumptions, flat and variable rates.
- Different bill sections and amendments. Needed amendments.

EFFECT OF COMMITTEE AMENDMENTS: Allows for local government pilot programs. Allows Multijurisdictional research. Removes emblem provisions and ensures heavy trucks paying weight distance tax are not subject to RUC. Enables pledging of RUC revenues for bonding purposes. Defines the per-mile rate and the flat rate. Introduces a volunteer pilot program for 5000 vehicles.

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. As a result of the introduction of highly fuel efficient vehicles, 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. 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.

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.