

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

Bill Number: SB 810 - B
Revenue Area: Highway Fund
Economist: Mazen Malik
Date: 07/05/2013

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

Measure Description:

Creates a program that persons operating certain high-mileage motor vehicles may choose to pay per-mile road usage charge. Becomes Operative on July, 1, 2015.

Revenue Impact (in millions): The measure has an indeterminate Impact but likely to be small to minimal.

Impact Explanation:

The mileage fee on high MPG vehicles is highway fund dedicated revenue. The mileage fee is evaluated using the highway cost allocation model and was determined to be 1.55 cent per mile. This revenue will be distributed among the state, counties and cities (50%, 30%, and 20%). The concept was initially designed for a 5000 cars that choose to be in a pilot program to pay the road user charge (RUC) instead of tax on fuel (through a refund mechanism). The revenue impact under the initial unconstrained design is shown in the table below.

<i>Biennium</i>	<i>2015-17</i>	<i>2017-19</i>	<i>2019-21</i>
Net Impact of Volunteer Program before -A7	(\$0.21)	(\$0.45)	(\$0.69)

The operative date for the mileage charge is July 1, 2015 (FY16) and applies to program participants divided into three different categories. The ceilings of the categories impose restrictions on the participation of program by specifying that no more than:

- * 1,500 vehicles with a fuel economy of less than 17 mpg
- * 1,500 vehicles with a fuel economy greater than 17 mpg but less than 22 mpg
- * 2,000 vehicles with a fuel economy of greater than 22 mpg

If the assumptions for the three different categories are average fuel economy at 13.5 mpg, 19 mpg and 25.6 mpg, then the revenue impact will be curtailed significantly. These restrictions have the effect of limiting the less fuel efficient vehicles from taking all the available spots, as it offers them a discount on road taxes. Limiting that imbalance reduces the impact of the revenue loss as a result of the program, and still allows for the testing of paying RUC in place of fuel-tax. However, the limits might be reached in one category and not the other, and it is still not clear if all 5,000 allowed openings will be filled under this three-tier program design.

Creates, Extends, or Expands Tax Expenditure: Yes No