



Oregon

Kate Brown, Governor

Department of Transportation

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TO: House Committee on Transportation Policy

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SUBJECT: HB 2464 – Proposed Changes to Enhance Road Usage Charging Program

INTRODUCTION

House Bill 2464 is the third proposal the Road User Fee Task Force, staffed by the Oregon Department of Transportation (ODOT), has brought forward for road usage charging in Oregon. This proposal builds on over a decade's worth of work by the task force. In particular, it builds on the creation of Oregon's current voluntary road usage charge program, OReGO, in 2013 with the passage of Senate Bill 810.

BACKGROUND

Recognizing that fuels tax will no longer remain viable as more fuel efficient and electric vehicles use the roads, the 2001 Legislature sought to address the long term sustainability of Oregon road financing through the passage of House Bill 3946 (2001), which formed the Road User Fee Task Force. The bill directed the task force to establish a long-term vision for Oregon road funding and the Legislature established the following statutory purpose for the task force:

To develop a design for revenue collection for Oregon's roads and highways that will replace the current system for revenue collection.¹

A road revenue system based on use is longstanding policy in Oregon, dating back to 1919, with enactment of the nation's first gas tax, followed by enactment of a weight mile tax for heavy trucks and a requirement for road cost allocation between light and heavy vehicles. The history of road funding in Oregon indicates a strong preference for a *user pays* revenue system. Thus, the task force chose a distance based road user fee as the most feasible alternative to the fuels tax.

Through the task force, Oregon conducted multiple pay-per-mile pilot initiatives that led to the current road usage charge program.

DISCUSSION

OReGO is voluntary for light duty vehicles, and successfully charges drivers for every mile driven, not for every gallon consumed. It has been operating since July 1, 2015.

¹ ORS 184.843 (2)

The current requirements for Oregon's road usage charge program include a provision that no more than 5,000 light duty vehicles (gross vehicle weight rating of less than 10,000 pounds) can be enrolled in the program at any time. ODOT is required to protect personally identifiable information, such as trip data. It charges 1.5 cents per mile driven, and credits back 30 cents of state fuels tax for every gallon consumed. Tax paid at the pump is treated as a pre-payment of the road usage charge; therefore, drivers pay either per mile, or per gallon, but not both. An open system enables new technologies and private sector companies to provide choices to drivers. Vehicle location technology, such as GPS, is offered but is not required.

House Bill 2464 proposes to update the voluntary road usage charge program, by eliminating the cap on the number of vehicles that can currently enroll in the volunteer program; requiring ODOT to establish a point of sale enrollment system for purchases of light duty vehicles; and, making the program mandatory on January 1, 2025 for all light duty vehicles model year 2026 or later, with an Environmental Protection Agency (EPA) fuel efficiency rating of at least 20 miles per gallon. These changes will have varying levels of impact. First, more than 5,000 vehicles could be enrolled at any time. The department's systems are scalable to accommodate this. Second, the department would work with auto dealers to ensure a solution to inform buyers about road usage charging, including how to enroll. However, the biggest change is to change the program to a mandatory program beginning in 2025.

Moving to a mandatory program would be a significant investment. To shift from a voluntary to a mandatory road usage charging system, the department will need to identify and manage eligible vehicles from the time of first purchase until the vehicle is no longer eligible, such as when it is dismantled or registered out of state. Close coordination between the road usage charge program, Driver and Motor Vehicle Services Division (DMV) and auto dealers is necessary to enroll and manage eligible vehicles. The department would update its current information technology system that interfaces with account managers in OReGO to accommodate the influx of participants in the mandatory program. Additionally, the department would amend account manager contracts, write rules and implement robust communication and outreach focused on the public and auto dealers.

The department is currently enhancing the OReGO program through a number of projects funded by a grant from Federal Highway Administration. This work will inform how the department would implement a mandatory program in 2025. This work includes developing a mechanism for manual reporting, looking at new reporting technologies, and studying potential enforcement mechanisms.

SUMMARY

House Bill 2464 expands Oregon's current voluntary road usage charge program to a mandatory program in 2025 for all light duty vehicles model year 2026 or later, with an EPA fuel efficiency rating of at least 20 miles per gallon. In addition to collecting revenue for Oregon's transportation system, the task force has identified protecting privacy, providing participants' choices and maintaining an open market for account managers as core components of an effective road usage charge program. These core components are built into today's voluntary program and would continue in House Bill 2464's expanded program as well.