

## **HB 2881 STAFF MEASURE SUMMARY**

### **Joint Committee On Transportation**

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**Prepared By:** Patrick Brennan, LPRO Analyst

**Sub-Referral To:** Joint Committee On Ways and Means

**Meeting Dates:** 3/13

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#### **WHAT THE MEASURE DOES:**

Replaces vehicle weight rating with designation as a passenger vehicle as qualification for per-mile road usage charge program. Removes cap on number of vehicles that may participate in program. Increases minimum mile-per-gallon (MPG) rating for participation in program from 17 to 20 and grandfathers vehicles with MPG rating below 20 already in program. Exempts vehicles with MPG rating of 40 or more that participate in program from registration surcharge fee imposed by House Bill 2017 (2017) and specifies that exempted vehicles that leave program must pay registration surcharge fee. Replaces per-mile fee with formula equal to five percent of state's per-gallon gasoline license tax. Specifies that persons paying more in fuel taxes than is owed in per-mile tax during a reporting period will not be issued refund. Directs Department of Transportation to consult with vehicle dealers to determine ways to encourage participation in per-mile road usage charge program at point of sale of vehicle. Grants Department rulemaking authority for program. Takes effect on 91st day following adjournment sine die.

#### **ISSUES DISCUSSED:**

#### **EFFECT OF AMENDMENT:**

No amendment.

#### **BACKGROUND:**

The Legislative Assembly created the Road User Fee Task Force (RUFTF) in 2001 to develop a revenue collection system to fund Oregon's roads and highways that could replace the existing gasoline tax. Because motor fuel taxes had not kept pace with inflation, and because the mileage ratings of the vehicle fleet had steadily improved for two decades, revenues for maintaining and improving the state's road system had not kept pace with need. The RUFTF studied 28 different options, eventually determining that a new system should be designed that would assess costs to drivers based on the number of miles driven on public roads and highways in Oregon.

Two pilot programs were conducted in 2006-07 and 2012-13, during which technology and administration was tested and refined for the program. In 2013, the Legislative Assembly enacted Senate Bill 810, creating a permanent voluntary program, known as OReGO, in which up to 5,000 vehicles could pay 1.5 cents per mile in lieu of the gasoline tax. Drivers use onboard connected technology to track miles traveled on Oregon public roads and are either billed for costs accrued that exceed the amount of gas tax paid, or are reimbursed for gas taxes paid that exceed the road usage charge. There are currently about 650 vehicles that participate in the OReGO program.

House Bill 2881 represents a suite of policy changes recommended by the Road User Fee Task Force for adjustments to the OReGO program.