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Joint Committee on Transportation
Oregon State Capital
900 Court Street NE
Salem, Oregon 97301

Re: GEI Testimony on HB 2342

Dear Co-Chair Beyer, Co-Chair McLain, Co-Vice Chair Boquist, Co-Vice Chair Noble, and Members of the Committee:

The Green Energy Institute at Lewis & Clark Law School (GEI) appreciates the opportunity to provide testimony on the mandatory road user charge program proposed by HB 2342. GEI is a nonprofit energy and climate law and policy institute within Lewis & Clark's top-ranked environmental, natural resources, and energy law program. We work to address the climate crisis by developing and supporting laws and policies that enable a quick and equitable transition to a clean and renewable energy system. While we support well-designed road user fees as an equitable and sustainable source of transportation revenue, the approach proposed by HB 2342 would conflict with Oregon's efforts to reduce transportation sector emissions and impose undue costs on lower-income households that invest in fuel-efficient or zero-emissions vehicles.

The transportation sector is the largest source of greenhouse gas emissions in Oregon. The transportation sector also produces toxic air pollution that threatens the health and welfare of Oregon's communities and disproportionately impacts environmental justice and BIPOC communities in the state. To address these negative impacts, Oregon has adopted statewide targets to reduce greenhouse gas emissions and transition to zero-emissions vehicles (ZEVs).

The shift from gasoline and diesel-fueled vehicles to ZEVs will provide tremendous climate and air quality benefits for Oregon. It will also dramatically reduce demand for gasoline and diesel fuels in the state, which will reduce fuel tax revenues that are currently used to maintain the state's roads and highways.

Oregon needs to establish an equitable, sustainable revenue alternative to fuel taxes that will provide funding for roads and highways, account for the externalized costs of fossil fuel combustion, and minimize financial burdens imposed on low-income Oregonians. Well-designed road user fees can provide an equitable and sustainable source of transportation funding. Unfortunately, however, the road user charge proposed by HB 2342 does not present an acceptable solution for Oregon.

HB 2342 would establish a mandatory road user charge that would effectively force fuel-efficient vehicles to subsidize gas guzzlers. Under the proposed system, the owner of a vehicle

achieving 30 miles per gallon (MPG) or more would be required to pay either a per-mile user fee or an annual flat fee in order to register their vehicle in Oregon, as well as additional registration fees. In contrast, the owner of a vehicle achieving under 30 MPG would continue to pay fuel taxes that reflect a far lower tax rate than that imposed on high-mileage vehicles. For example, a vehicle that achieves 19 MPG and travels 10,000 miles per year would pay \$207 in taxes and fees to the state (including \$189 in fuel taxes and \$18 in registration fees). In contrast, an electric vehicle (EV) that travels 10,000 miles per year would pay \$280 in taxes and fees to the state (including \$170 in road user charges and \$110 in registration fees). **The mandatory fee structure proposed by HB 2342 would effectively penalize individuals that invest in vehicles that further Oregon's climate and environmental goals, while subsidizing vehicles that emit toxic air pollutants and impede the state's efforts to reduce GHG emissions.**

Moreover, the mandatory road user charge proposed by HB 2342 would impose a regressive tax on low-income residents that invest in ZEVs or fuel efficient vehicles, and would conflict with the intent of Oregon's Charge Ahead EV rebates for lower-income households. Oregon's transportation funding mechanisms should be structured to minimize burdens on low-income residents and offer financial assistance and tax relief to lower-income and environmental justice households that wish to invest in ZEVs.

In sum, **Oregon needs an equitable, sustainable transportation funding mechanism that imposes additional costs on vehicles that use gasoline or diesel fuels and mitigates economic burdens on low-income vehicle owners.** A thoughtfully designed road user charge could achieve these objectives, but HB 2342 falls far short of furthering Oregon's equity and climate goals.

Thank you for considering our testimony.

Sincerely,



Amelia Schlusser
Staff Attorney
Green Energy Institute at Lewis & Clark Law School