

## HB 3297 STAFF MEASURE SUMMARY

### Joint Committee On Transportation

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

**Sub-Referral To:** House Committee On Revenue

**Meeting Dates:** 5/11

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#### WHAT THE MEASURE DOES:

Makes participation in per-mile road usage charge program mandatory for registered owners and lessees of passenger vehicles of model year 2028 or later that have a 30 miles per gallon rating or better, beginning July 1, 2027. Makes participation mandatory for registered owners and lessees of passenger vehicles of model year 2036 or later that have a 20 miles per gallon rating or better, beginning July 1, 2035. Repeals voluntary per-mile road usage charge program on July 1, 2030. Provides for annual fee in lieu of participation in per-mile road usage charge program. Specifies that vehicles exempted from specified state registration fees are still liable for locally-imposed registration fees. Directs Department of Transportation to submit reports to Road User Fee Task Force on implementation of mandatory road usage charge. Requires Department to seek federal funding to study interaction of road usage charges and the impact of motor vehicle usage on the environment. Takes effect on 91st day following adjournment sine die.

#### ISSUES DISCUSSED:

##### EFFECT OF AMENDMENT:

No amendment.

##### BACKGROUND:

Oregon was the first state to institute a tax on motor fuels when it adopted a flat one-cent gas tax in 1919. As time has gone by, other states, local governments, and the federal government have adopted similar taxes, and Oregon's has increased periodically to its current level of 36 cents per gallon. Since fuel taxes are increased only periodically, fuel taxes have tended not to keep pace with inflation in materials and labor costs, and because increased fuel efficiency of motor vehicles has resulted in more miles traveled per gallon of fuel, governments have experienced a reduction of their ability to use these funds to maintain and modernize their road systems.

The Legislative Assembly responded to this phenomenon by creating the Road User Task Force (RUTTF) in 2001 to develop a design for revenue collection for Oregon's roads and highways that could replace the current fuel tax-based system for revenue collection. The initial pilot program (2006-2007) involved 285 test vehicles and was funded by a grant from the Federal Highway Administration. Senate Bill 810 (2013) created OReGO, a voluntary, permanent program which allows up to 5,000 vehicles to register and pay a per-mile road usage charge for each mile traveled on Oregon public roads. Participating drivers are charged 1.8 cents per mile (previously 1.5 cents per mile prior to the increase in gas taxes in 2018 and 2020); if they paid gas taxes during the same period, those taxes count against the per-mile charge, and drivers either are reimbursed for excess fuel taxes paid or charged the balance if they paid less than the per-mile charge required.