

RUC Administrative Costs and Net Revenue

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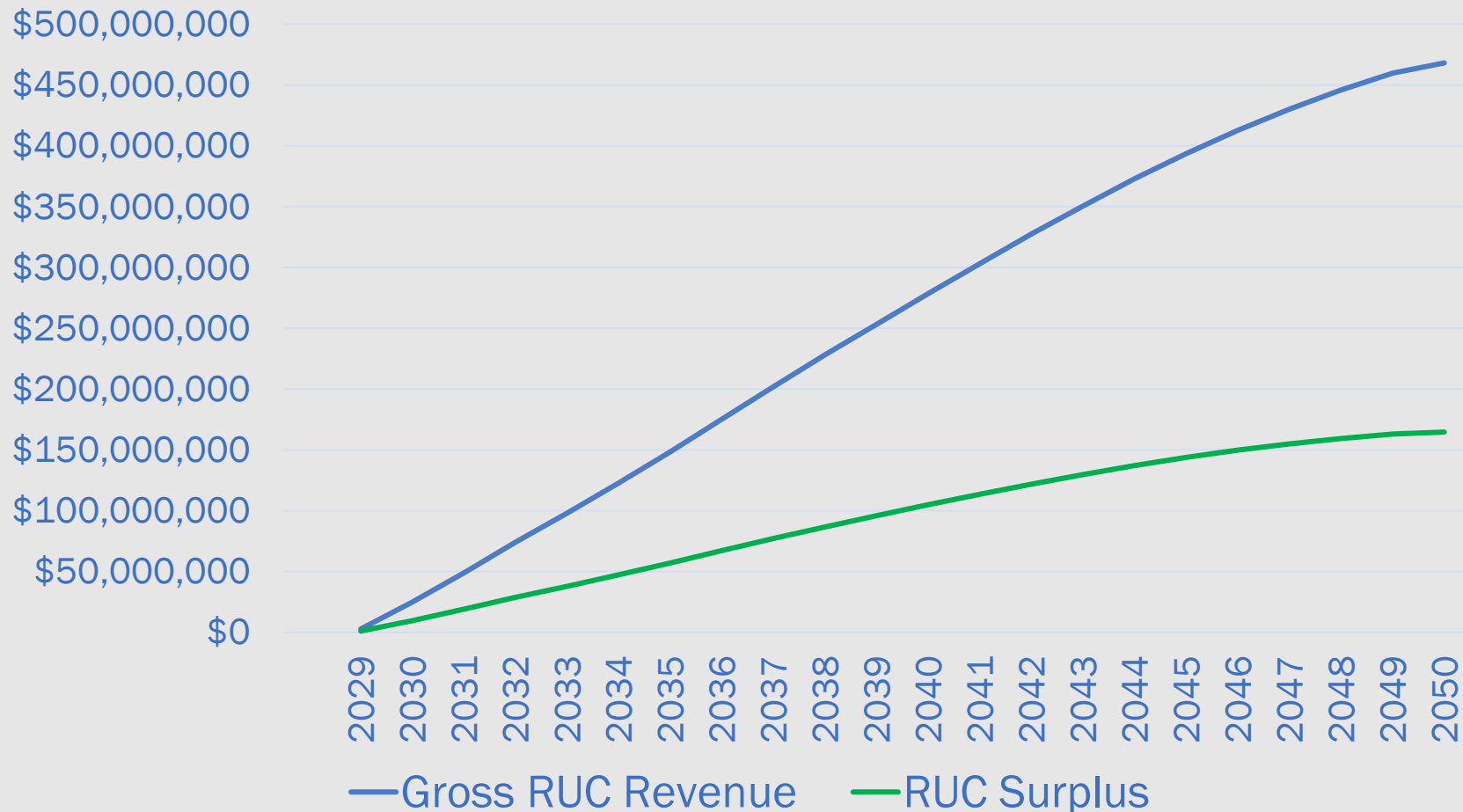
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Background on RUC Net Revenue Analysis

- To get to net RUC revenues, you need to subtract out foregone fuel taxes and registration fees as well as administrative costs
- ODOT developed estimates of RUC enrollment, RUC revenue, and foregone revenue under two RUC options
 - Scenario 1 uses the 2023 RUC bill as a starting point, with all new high-efficiency vehicles starting with a future model year
 - Scenario 2 starts the same but adds older high-efficiency vehicles to RUC in 2033
- Administrative costs are uncertain as no one has implemented RUC at large scale and each program is different
- ODOT developed administrative cost scenarios to understand how much net revenue RUC would produce at different levels of cost

RUC Gross & Surplus Revenue

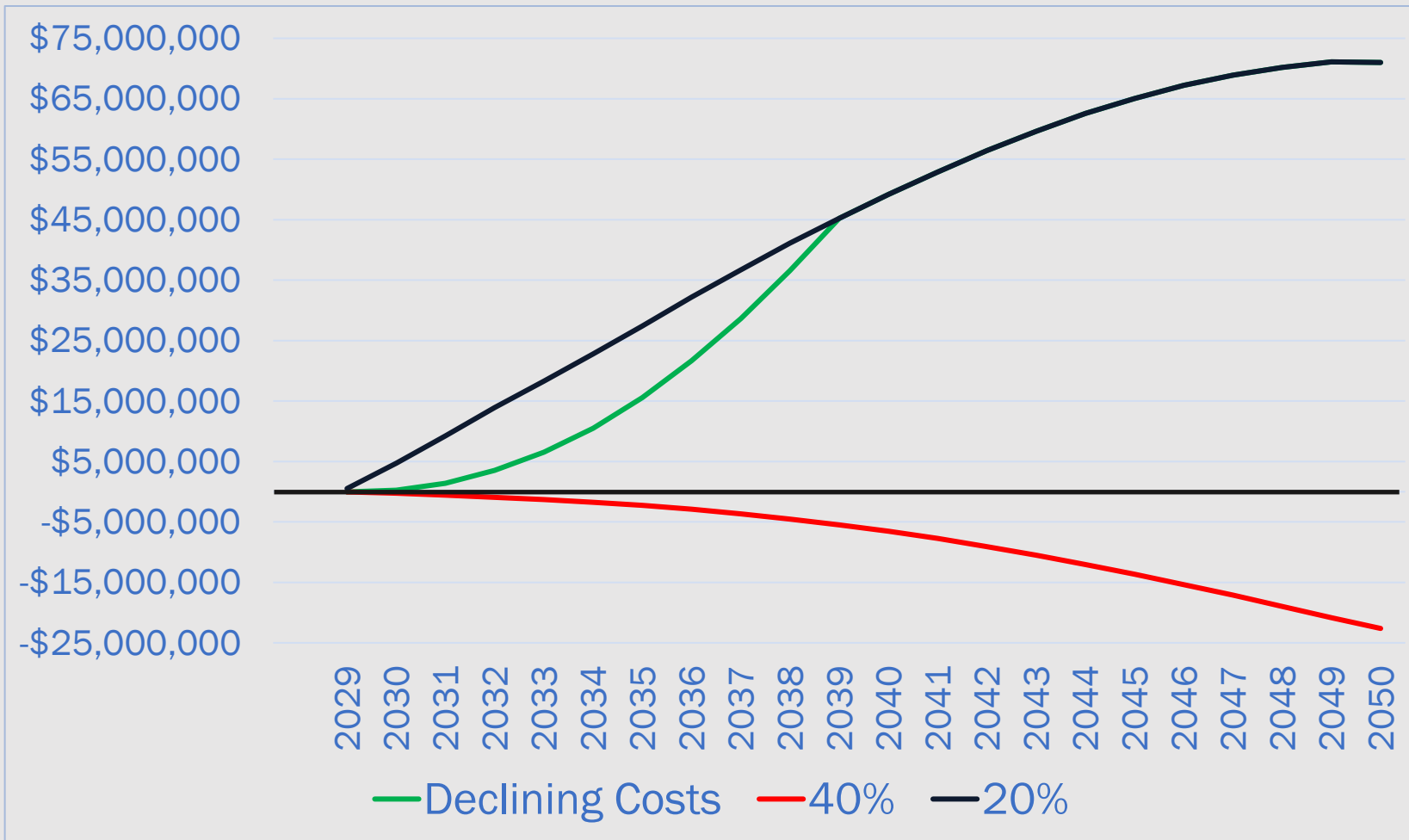
Applying RUC as a replacement to fuel tax and supplemental registration fees for new high-efficiency vehicles starting in 2029 (Scenario 1)



- Gross RUC revenue will rise over time as more vehicles join the program
- RUC surplus is gross RUC revenue offset by foregone gas taxes and supplemental registration fees

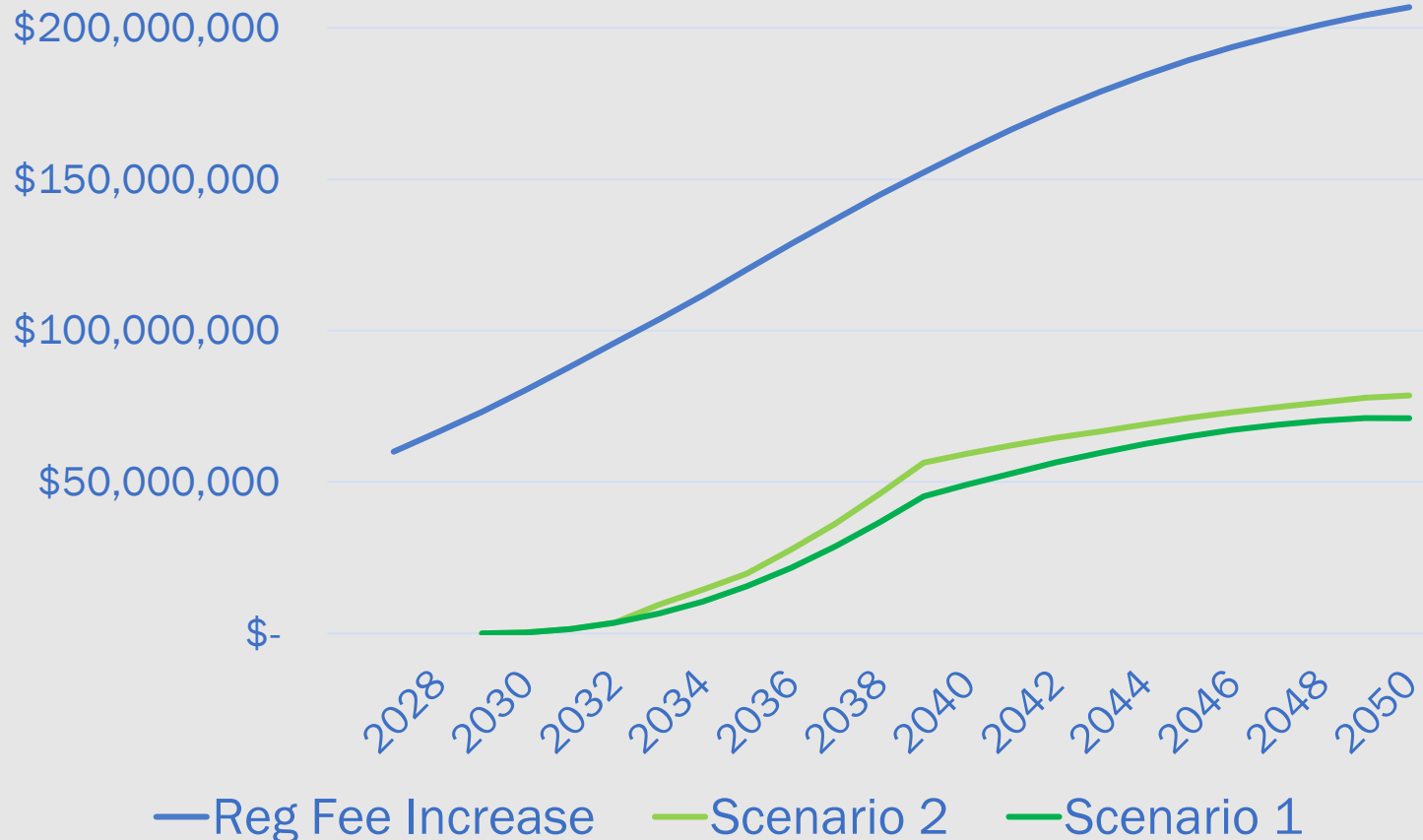
RUC Net Revenue Under Different Cost Scenarios

Applying RUC as a replacement to fuel tax and supplemental registration fees for new high-efficiency vehicles starting in 2029 (Scenario 1)



- Net revenue depends on administrative costs, which are not known
- ODOT believes costs per vehicle will start high and decline as more vehicles enter
- Costs aren't likely to fall below 20% given the small amount collected from each customer—about \$200/year

RUC Net Revenue Compared to Registration Fee Increase



- RUC Scenario 1 enrolls new efficient vehicles in RUC in 2029; Scenario 2 starts with new efficient vehicles and adds older efficient vehicles in 2033
- Net revenue from RUC will be low for a decade
- RUC net revenue is likely significantly less than significantly increasing supplemental registration fees to achieve parity

Takeaways from Net Revenue Analysis

- Foregone revenue from fuel tax and supplemental registration fees as well as the cost of administration will limit the net revenue potential of RUC
- If costs can get down to about 20%, RUC can raise a modest amount of additional revenue a decade or more in the future as the program scales up
- In the short term, increasing the supplemental registration fees on efficient vehicles would raise significant revenue while having no additional administrative cost
- In the long term, RUC could be an important component in a diversified portfolio of taxes and fees that help produce sufficient and reliable transportation funding

Comparing Road Usage Charging and Supplemental Registration Fees

	Road Usage Charge	Supplemental Registration Fees
Fairness	Ensures efficient vehicles pay for use of the roads Direct user fee, so you pay for how much you drive	Ensures efficient vehicles pay for use of the roads Proxy for user fee, so you pay the same amount no matter how much you drive
Net Revenue Potential	Net revenue impacted by higher collection costs	Minimal additional cost of collecting, so higher net revenue
Timeframe to Implement	Will take several years to implement and grow the program	Changes to existing fees can be implemented very quickly
Impact on Customer	Pay a little bit monthly/quarterly	Pay for two or four years at a time; cost can be high