

Road Usage Charging

Policy & Implementation Options

Road User Fee Task Force

August 5, 2024

Key Takeaways from June RUFTF Meeting

- Take actions to reduce road usage charge (RUC) administrative costs
- Raise supplemental registration fees
 - Achieve parity with internal combustion engine (ICE) vehicles
 - Incentivize highly efficient vehicles to opt into OReGO
- Focus initially on enrolling new, highly efficient vehicles in a mandatory RUC program
- RUC should be a replacement for the fuels tax and supplemental registration fee – not an additional tax

Policy Decisions – More Feedback Sought

- Basis of mandate – efficiency or motive power or a combination of these?
- When should the mandate take effect?
- How should RUC rate initially be implemented?
- What should be done with medium-duty vehicles?

Basis of Mandate

Efficiency

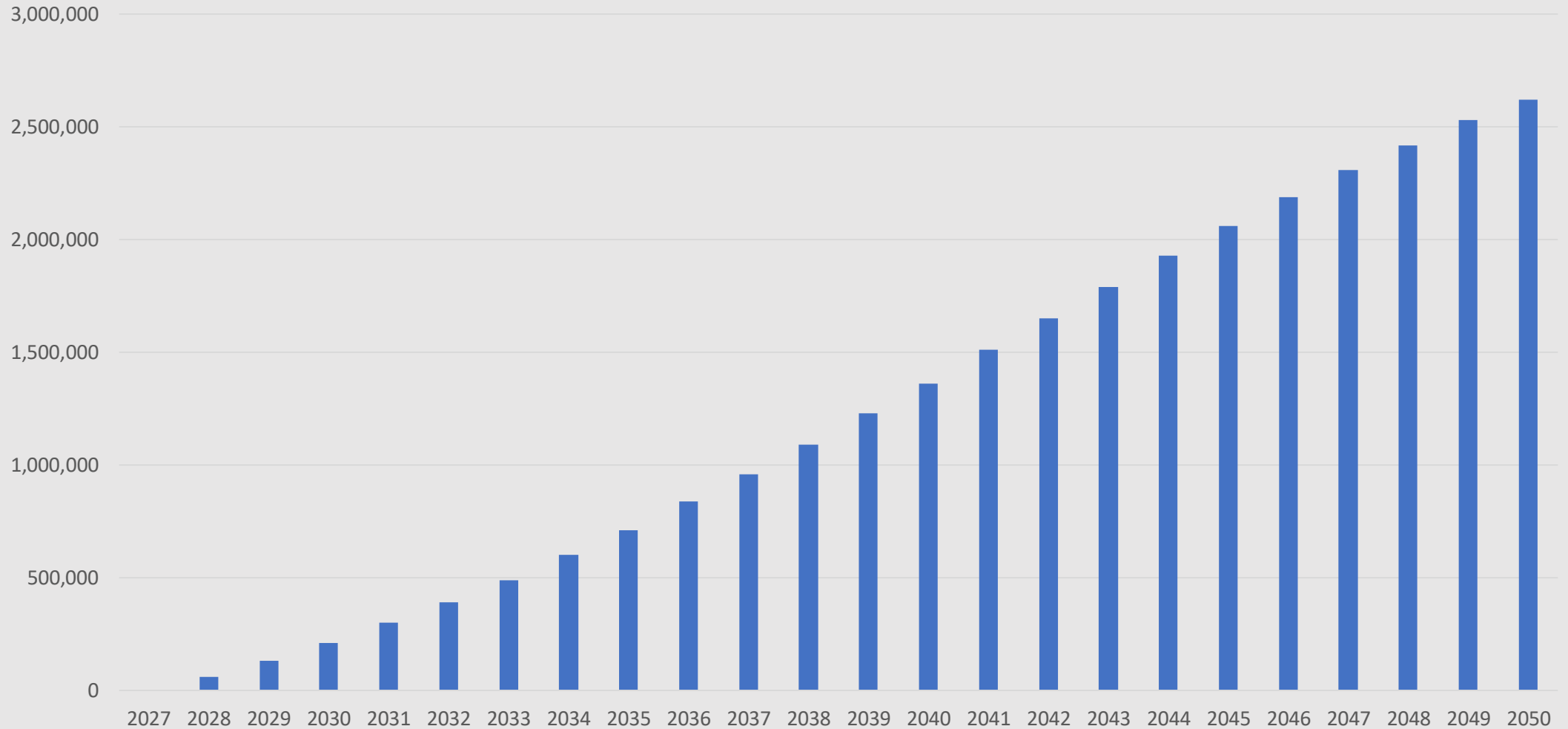
- Captures all types of motive power, including highly efficient ICE vehicles
- What is correct threshold? 30 MPG has been proposed in past
- Potential challenges with VIN decoding, but most new passenger vehicles are likely to be >30 MPG by time of implementation, which should mitigate those challenges

Motive Power

- Easier to accurately discern compared to MPG; clear lines of distinction between types of motive power
- Which types would be included in mandate?
 - EV / hybrid / plug-in hybrid?
 - Excludes highly efficient ICE vehicles

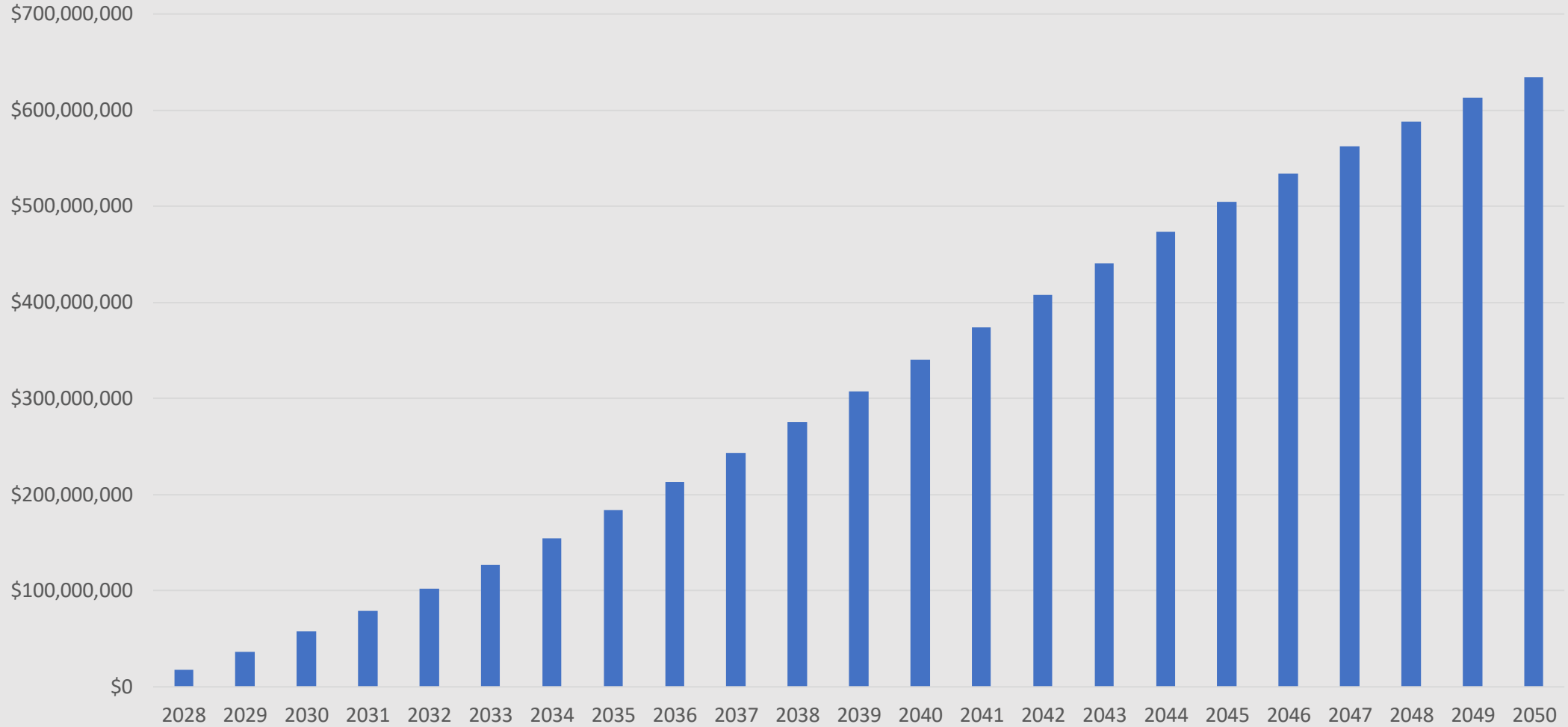
Vehicle Enrollment Projections

Vehicles Subject to RUC by Year
Efficiency-based Approach



Gross Revenue Projections

Gross RUC Revenue by Year
Efficiency-based Approach



Effective Date

- When should a mandatory program take effect?
- Feasibility of start date likely impacted by other policy choices, such as basis of mandate
- For initial Legislative Concept submitted at end of July, ODOT proposed July 2029 for all Model Year 2030 vehicles and later (rated at 30+ MPG)

RUC Rate Implementation

- Based on RUFTF recommendation to keep administrative costs low, ODOT proposes that the RUC initially be implemented as a flat rate per mile
- All eligible vehicles, at least at the outset, would pay same rate per mile – so everybody pays a base rate for use of the roads
- Once program has matured, RUFTF and Legislature could explore differential rates
- Local RUC is feasible but requires location data
 - Would be made simpler by requiring OEMs to provide the state with telematics data

Mileage-Based Fee for Medium-Duty Vehicles

- Medium-duty vehicle (MDV) = 10,001 to 26,000 lbs
 - 129,687 MDVs registered in Oregon as of April 1, 2024
- With passenger fleet transition to RUC and weight-mile tax (WMT) in place for heavy-duty vehicles, MDV fleet presents opportunity
- [Advanced Clean Trucks](#) rule will require percentage of sales to be zero emission vehicles beginning with 2025 model year
- Beyond regulatory framework, MDV fleet could be likely to electrify due to fuel cost savings and centralization of operations



Mileage-Based Fee for Medium-Duty Vehicles

- Implementation might be simpler (fewer MDVs), but compliance could be more of a challenge (failure to comply with registration requirements)
- More work to be done in exploration of transitioning MDVs to paying by the mile
- RUFTF could recommend that Legislature state intent to transition MDVs to a mileage-based fee
- RUFTF could recommend that DAS analyze options for implementation of a WMT or RUC for MDVs in the next Highway Cost Allocation Study