

Road Usage Charging

Administrative Costs

Road User Fee Task Force

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Why administrative costs will be higher under RUC compared to fuels tax

- The fuel tax collects a vast amount of money at the wholesale level; most fuel taxes are remitted by only a handful of fuel sellers
- RUC will be a retail transaction with 3.5+ million vehicles, which will inherently cost more – akin to DMV transactions
- There are two sides to the costs, currently:
 - Account managers
 - Agency

Why administrative costs will be higher under RUC compared to fuels tax

- Account managers (AMs) provide mileage reporting technologies, customer service, and billing functions
- ODOT oversees the work of the account managers, certifies their service offerings, audits their tax reports, and offers a public option
- Currently, ODOT provides account managers 40% of the gross RUC revenue they collect
- In the future, AM compensation may be based on fixed and variable costs that incorporate economies of scale and other factors

Current factors that limit the ability to reduce OReGO administrative costs

- Reliance on plug-in mileage reporting devices, which are expensive to purchase
- A small number of participants (difficult to spread out costs)
- Multiple account managers with few participants each
 - No AM has much scale yet
- Few states have active RUC programs
 - AM marketplace is still forming and evolving
 - Additional state participation will aid in developing new processes and tech

What we need to explore in the future for a low-cost program

- A more competitive and mature account manager marketplace that provides customer choice and access to innovations
 - Negotiate with AMs based on per vehicle price rather than percentage of revenue → negotiate discounts and savings for economies of scale
- ODOT must develop systems and capacity to provide its own low-tech mileage reporting option
 - Would require development of a back office/acct. mgmt. system
 - Could also be utilized as a broader tax system to serve multiple needs
 - DMV could play a role in this scenario

What we need to explore in the future for a low-cost program

- Large scale – hundreds of thousands of vehicles to spread fixed costs across
 - This can be accomplished through:
 - Better communication about the program to drive voluntary enrollment
 - Higher supplemental registration fees to provide incentive to enroll
 - A mandate on certain vehicles to participate
- Moving away from plug-in mileage reporting devices due to cost, enforcement challenges, and other issues

What we need to explore in the future for a low-cost program

- Free or low-cost access to mileage data derived from vehicle telematics
 - Through a national clearinghouse, subscriber opt in, or other method
- Continue to refine other low-cost mileage reporting options for customers
 - Odometer capture
 - Smartphone applications
 - Manual reporting

Example: Utah's Road Usage Charge Program

- Utah's program caps RUC at what a person would have paid for the registration surcharge, but there are plans to remove the cap in the future so that EVs pay for every mile driven
- Utah expects to drive significant reduction in cost through a number of changes to their program (see next slide)

Utah – RUC program design choices that reduce administrative costs

- Quarterly reporting and billing/payment
- Elimination of plug-in devices for mileage reporting
 - Odometer capture as the default option for participants
 - Vehicle telematics for those who subscribe to the service
- No location data collection (= no option for avoiding payment for out-of-state miles driven)
- Use of a single account manager

ODOT's strategies for analyzing and reducing administrative costs

- ODOT has hired CDM Smith to update its revenue and cost model
- Identify ways to reduce costs by working with
 - multistate partnerships like RUC America and the Eastern Transportation Coalition
 - states with active programs (Hawaii, Utah, and Virginia)
 - industry organizations like MBUFA, IBTTA, and others
- Continue to work with account managers to identify opportunities to drive down costs

ODOT's strategies for analyzing and reducing administrative costs

- Research and development efforts related to new mileage reporting options (e.g. odometer capture, telematics)
- Collaborate with standard-setting/certification organizations such as SAE, IEEE, and OmniAir Consortium
- Continue to serve as a leader in the RUC space and advance the national conversation to help grow the market, mature the program, and develop relevant technologies