

Road User Fee Task Force
April 23, 2024
Meeting Minutes

APPROVED

Task Force members in attendance: Chair Commissioner Lee Beyer, Vice Chair Rep. John Lively, Commissioner Jeff Baker, Rep. Rick Lewis, Councilor Steve Uffelman, Commissioner Dan Dorran, Jeff Allen, Marie Dodds, Keith Wilson

Task Force members not in attendance: Bruce Zimmerman

ODOT staff in attendance: Dave Adams, Peter Alotta, Linda Beuckens, Scott Boardman, Maureen Bock, Travis Brouwer, Bo Camero, Jenny Cherrytree, Sata Donaca, Megan Eichelberger, Kait Frederickson, Don Hamilton, Justin Hauschild, Judith Ingram-Moore, Chuck Larsen, Tracy Olander, Andre Orso, Daniel Porter, Emily Salter-Cook, Randal Thomas, Brian Zelinka

Members of the public in attendance: Nick Downen, Joseph Gardner, Lynda Gardner, Dan Jarman, Devon Morales, Greg Remensperger

Chair Beyer convened the meeting at 10:05 a.m.

Meeting Minutes

Councilor Uffelman moved to approve the March 2024 minutes; Commissioner Baker seconded the motion. The March 2024 minutes were unanimously approved.

Public Comment

No public comments were received ahead of the meeting. Chair Beyer invited comment from members of the public attending online; no comments were received.

Workplan

Scott Boardman, Innovative Programs Policy Advisor and ODOT staff to RUFTF, presented an updated workplan to Task Force members. He noted that this meeting would focus on statewide revenue options while the next meeting, yet to be scheduled, would emphasize local government revenue options.

Commissioner Baker requested that the topic of tolling and congestion pricing be split into two distinct items given the Governor's direction to pause development of the tolling program. Commissioner Dorran suggested that ODOT coordinate with the Association of Oregon Counties and League of Oregon Cities in preparation for the local government revenue options discussion. Scott noted that he would continue to update the workplan as RUFTF progressed through its 2024 schedule.

Road Usage Charging / OReGO

Maureen Bock, Chief Innovation Officer and manager of the Road User Fee Section, provided Task Force members with a presentation on road usage charging in Oregon and how the OReGO program has developed over time. Of particular interest to Task Force members was content related to differences in payments by urban and rural residents under a RUC; Maureen explained that many rural residents would not initially be subject to a mandatory road usage charge, as the proposed policy would apply to new, highly efficient vehicles, and rural residents tend to drive less efficient vehicles.

Maureen noted that drivers of highly efficient vehicles can have their enhanced registration surcharges waived if they enroll their vehicle in OReGO. Task Force members asked questions related to how enhanced registration surcharges are allocated and spent. Daniel Porter, Chief Economist, explained that enhanced registration surcharges are subject to constitutional restrictions at the state level but that the money distributed to counties and cities does not have additional restrictions. He noted that road usage charge revenues are subject to the same constitutional restrictions as the enhanced registration surcharges.

Commissioner Baker asked clarifying questions related to OReGO account managers, which are private companies that provide services to program participants. Commissioner Dorran asked if account managers are permitted to sell participant data; Maureen replied that they are not permitted to do so unless given permission by the participant. Commissioner Baker asked about the account manager payment structure; Maureen replied that account managers currently retain 40% of RUC revenues, which is a reflection of a nascent, developing market.

Task Force members asked about the collection costs for fuels tax and the weight-mile tax; Daniel replied that fuel tax collection costs are approximately 0.3% and weight-mile tax collection costs are approximately 11 percent. ODOT staff noted that RUC collection costs are difficult to estimate given that the program is small and in its early stages but that initial costs are likely to be higher than the weight-mile program. Staff stated that the agency is in the process of updating its cost model.

Statewide Revenue Options Workshop

Travis Brouwer, Assistant Director for Revenue, Finance and Compliance, kicked off the workshop and provided context for the exercise. He noted that with a transportation funding conversation expected to take place in the 2025 legislative session, it provides an opportunity for RUFTF to inform the legislature on various options. He said that the options included in the workshop were items that have been discussed in the Joint Committee on Transportation as well as in previous RUFTF meetings. He suggested that RUFTF's report to the legislature consider the pros and cons of several options and not necessarily propose one single option as a funding solution.

Megan Eichelberger, Senior System Analyst, served as facilitator of the workshop and provided Task Force members with guidance on how it would function. She asked members to log their thoughts and reactions to each revenue option with notepad colors corresponding to members' reactions – pros, cons, and more information desired. Maureen began the revenue options review

with an overview of characteristics that make for a successful tax program, including considerations such as fairness, simplicity, and transparency.

Scott provided information on how each revenue option was analyzed and presented for the workshop, with consideration given to implementation timelines, collection costs, and revenue potential. Building on Maureen's earlier presentation, ODOT staff covered road usage charging as the first option for review. Chair Beyer stated his opinion that politics would be the biggest challenge to passing legislation with a mandatory RUC component; he expressed his preference for keeping OReGO voluntary but increasing the enhanced registration surcharge as a way to naturally transition to RUC as vehicles continue to become increasingly efficient. Commissioner Dorrان recommended that ODOT dedicate additional funding for outreach and education related to road usage charging.

Travis covered mileage-based fees for medium-duty vehicles, noting that there's a strong business case for medium-duty fleets to electrify given that many start at and return to the same location on a daily basis. Task Force members asked several questions related to how medium-duty vehicles currently contribute revenue via registration fees and fuel tax.

Daniel covered supplemental registration fees for efficient vehicles. Rep. Lively expressed concern about the equity implications of increasing the supplemental fee; he stated that enhanced registration fees could provide additional revenue but that they would be a minor component in making up a \$2 billion shortfall. Commissioner Baker proposed modeling registration fee structures after the leased car model, in which customers pay based on blocks of mileage – e.g. a lower fee for up to 5,000 miles per registration period; a higher fee for up to 10,000 miles per registration period; and so on.

Task Force members asked for estimates as to how many people are potentially driving unregistered vehicles. Daniel replied that there are 3.5 million registered passenger vehicles in the state, but there was a peak of 3.8 million registered vehicles prior to the pandemic. He noted, however, that that reduction could be due to out-migration or those vehicles no longer being driven.

Daniel covered indexing taxes and fees to inflation. Task Force members responded favorably to the idea but were uncertain of the best approach. Task Force members generally expressed a preference for indexing to the cost of construction rather than the Consumer Price Index, as it would be more directly tied to transportation costs rather than the economy at large. Some members suggested indexing to a composite of indices.

Scott covered a tax on electricity used for charging electric vehicles at public charging stations. He noted that, based on reporting from other states with such a tax in place, the current revenue potential is minimal. Commissioner Baker replied that that could make it easier to implement in the near term and that the revenue potential might be much greater in the future. Councilor Uffelman expressed concerns about equity, noting that a tax on public charging stations is more likely to impact non-homeowners. Rep. Lively emphasized the importance of how "public" is defined for the purposes of this kind of tax. Commissioner Dorrان described a variation of this idea as proposed in Umatilla County.

Scott covered retail delivery fees, providing a description of how these programs were designed and implemented in Colorado and Minnesota. There was discussion about the challenges of ensuring that medium-duty vehicles register properly with DMV, as many register as passenger vehicles as opposed to commercial vehicles.

Following discussion of all the covered options, Task Force members were provided five stickers to place on the corresponding flipcharts to indicate their interest in that option. Task force members could place as few or as many of their five stickers as they wanted on any given option. The exercise was intended to help identify which options were of most interest to task force members. The number listed next to the options below indicates the number of stickers the option received; options are listed in descending order.

- Road Usage Charging (11)
- Indexing Taxes and Fees to Inflation (8)
- Supplemental Registration & Title Fees for Efficient Vehicles (7)
- Mileage-Based Fee for Medium-Duty Vehicles (5)
- A Tax on Electricity Used for Charging Electric Vehicles at Public Charging Stations (0)
- Retail Delivery Fees (0)

Future Meeting Dates and Next Steps

Task Force members expressed their desire to hold a similar workshop-style discussion for the next meeting focused on local government revenue options. Scott stated that he would begin coordinating with RUFTF members and AOC/LOC to identify a date, likely in June.

The meeting adjourned at 3:05 p.m.