

OREGON

Legislative Session: 2013 Regular Session

Type of Legislation: Senate Bill 810

Primary Sponsor of Legislation: Senator Bill Hansell (R)

Summary of Legislation: This new road usage charge system in Oregon will be the first in the nation. Senate Bill 810 establishes a new program in which drivers can voluntarily participate in a mileage-based user fee system instead of paying the traditional fuel excise tax in Oregon. More specifically, 5,000 Oregon drivers can opt-in to this new system when it will be operational in July of 2015; these participants will pay 1.5 cents for each mile they drive and they will be reimbursed for the Oregon gasoline tax they will pay at the gas station.

Status of Legislation: This bill was signed into law by the Governor on August 14, 2013.

Background: The Oregon Department of Transportation administered two pilot programs to experiment with the VMT technology over the last ten years. In a 2007 study, the report concluded that ‘a mileage fee could be implemented to replace the gas tax as the principal revenue source for road funding...nine in ten participants in the study said they’d support a V.M.T. program moving forward.’”

In November 2012, the Oregon Department of Transportation performed a mileage-based user fee pilot program that focused on giving drivers choices to choose from for reporting and paying the VMT chargers. The Oregon Department of Transportation also focused on transparency, ensuring the technology was easy to use, and protecting the privacy of drivers. Participants were given a choice between five different tracking plans where two were managed by the ODOT and three were managed by a third-party vendor. Participants also had the opportunity to pay in different ways; some drivers created online accounts and paid with credit or debit, while other participants received monthly bills in the mail and paid with checks.

Lastly, participants varied in the tracking systems. Oregon’s previous pilot programs gave participating drivers the opportunity to choose between a menu of options; drivers chose to either track their miles driven through a smartphone app, a GPS device, a reporting device that did not have GPS capabilities, or to record their miles without a device. However, if they chose the advanced plans with mileage data and GPS capabilities, the drivers would only pay for public roads within the state and would not be required to pay for driving on private or out of state roads. The more rudimentary plans included odometer-type devices without GPS tracking, and drivers could pay more in fees but as a trade-off, they also receive more privacy. The final plan was designed for drivers who wanted the most privacy, and this plan did not have any tracking device. Instead, the participants would pay a flat fee that would cover monthly mileage. Eventually, the car would receive an official inspection where the inspector would assess the odometer to see if there was a discrepancy between the miles driven and miles paid and if there was, the difference would be settled.

Main Issues in Legislative Debate

Proponents of this legislation argued that charging drivers per-mile was the fairest policy because it would include fuel efficient vehicles that also drive on Oregon's roads.

Opponents to the legislation argued that the high-mileage requirement was attempting to be directed at electric cars. Representative Greg Matthews (D-Gresham) expressed apprehension about charging highly fuel-efficient vehicles because it could create a dis-incentive for drivers to invest in fuel-efficient vehicles in the long-run.

Privacy concerns about the government tracking the mileage of vehicles were successfully mitigated by making this VMT program voluntary. The ACLU initially was critical of the privacy issue, but the Oregon DOT's decision to get rid of the GPS data after 30 days and to require law enforcement to have a warrant before viewing the information helped to ultimately win over the ACLU's support.

Proponents of Senate Bill 810

- International Bridge
- Tunnel and Turnpike Association
- Reason Foundation
- ACLU Chapter

Opposition to Senate Bill 810

Organizations:

- Alliance of Automobile Manufacturers
- Oregon Electric Vehicle Association

Public Officials:

- Senator Brian Boquist (R-District 12)
- Senator Betsy Close (R-District 8)
- Senator Ted Ferrioli (R-District 30)
- Senator Tim Knopp (R-District 27)
- Senator Jeff Kruse (R-District 1)
- Senator Doug Whitsett (R-District 28)
- Representative Brent Barton (D-District 40)
- Representative Shemia Fagan(D-District 51)
- Representative Tim Freeman (R-District 2)
- Representative Joe Gallegos (D-District 30)
- Representative Vic Gilliam (R-District 18)
- Representative Chris Gorsek (D-District 49)
- Representative Bruce Hanna (R-District 7)
- Representative Wally Hicks (R-District 3)
- Representative Sherrie Sprenger (R-District 17)

- Representative Kim Thatcher (R-District 25)
- Representative Ben Unger (D-District 29)
- Representative Jim Weidner (R-District 24)
- Representative Gail Whitsett (R-56)

Public Opinion Polling on Mileage Taxes

Mineta Transportation Institute (June 2013)

For this survey, 1,500 adults in the United States were asked about their opinions about tax options and transportation infrastructure.

Although 67% of respondents reported that they would support a ten-cents-per-gallon tax increase to directly fund transportation infrastructure and maintenance, only 19% said that they would favor a mileage tax system with a flat fee of one-cent-per-mile. However, when the respondents were told that the mileage tax system could be changed depending on how much the vehicle contributed to pollution, support for the mileage fee system increased to 39%.

In 2012, 21% of respondents supported the mileage tax system with a flat fee of one-cent-per-gallon mile, and 41% supported a varied system that determined fees based on the extent to which the vehicle contributed to pollution.

Commentary from the 2012 Mineta Transportation Institute Study Results:

"The general wisdom has been [that VMT fees] are terribly unpopular, that there's no way we can go there... While the survey did find low support for a 1 cent-per-mile VMT fee -- just 21 percent were in favor of it -- the support grew to 41 percent when it was pitched as an average 1 cent-per-mile fee that would vary depending on how much pollution a driver's car produced. To me, the fact that a mileage tax could be tolerable to about half the population is quite striking and goes against the conventional wisdom."¹

Lessons Learned

- Bipartisan Support in Legislature
- Previous Pilot Programs and Studies
- Overcame Privacy Concerns

Text of Legislation

- <https://olis.leg.state.or.us/liz/2013R1/Downloads/MeasureAnalysisDocument/19087>

¹ Dr. Asha Weinstein Agrawal, June 2012

References

<http://gov.oregonlive.com/bill/2013/SB810/>

<http://www.aashtojournal.org/Pages/071213OregonVMT.aspx>

http://www.joc.com/regulation-policy/transportation-policy/us-transportation-policy/oregon-eyes-first-nation-road-usage-charge_20130709.html

<http://www.theatlanticcities.com/commute/2013/07/era-pay-mile-driving-has-begun/6150/>

<http://www.theatlanticcities.com/commute/2013/01/oregon-pushing-ahead-road-use-fees/4434/>

<http://www.transportationissuesdaily.com/again-a-different-kind-of-transportation-advisor-for-oregon-governor/>

<http://www.cmap.illinois.gov/policy-updates/-/blogs/road-usage-fee-moves-forward-in-oregon>

<http://www.opb.org/news/article/lawmakers-switch-gears-on-per-mile-road-usage-charge/>

<http://apps.leg.state.or.us/MeasureInfo/Measure/AtGlance?session=38&MeasureNumber=SB810>

Overview of bill and process. <https://olis.leg.state.or.us/liz/2013R1/Measures/Overview/SB810?area=Committees>

http://www.oregon.gov/ODOT/HWY/RUFPP/pages/ruc_overview.aspx

<http://transweb.sjsu.edu/PDFs/research/1228-American-tax-poll-2013-public-transit-highways-streets-roads.pdf>

Preliminary Pilot Program Findings Report:

http://www.oregon.gov/ODOT/HWY/RUFPP/docs/RUCPilotPrelimFind_Feb13.pdf

Report on Impact of Fees on Rural and Urban Counties.

http://www.oregon.gov/ODOT/HWY/RUFPP/docs/FINAL_Report_Impacts_RoadUserCharges_Rural_Urban_Mixed_Counties_Jan_2013.pdf

Polling Data. <http://transweb.sjsu.edu/PDFs/research/1128-american-survey-federal-taxes-public-transit-highways-streets-roads.pdf>

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