Oregon’s Per Mile Road Usage Charge: A Replacement for the Fuel Tax?
Oregon Per-Mile Road Usage Charge Law

Senate Bill 810 directs Oregon DOT to implement a per-mile road usage charge for 5,000 light vehicles as an operational program on July 1, 2015.
Why Charge By the Mile?
Motivations for Change in Road Funding
Declining fuel tax revenue and unfairness of fuel tax growing worse

Changes to nation’s vehicle fleet

CAFE standard to 54.5 MPG by 2025

Societal inequity resulting from new vehicle purchases
Total Light-duty Vehicle Miles Traveled in Three Cases (1995-2040)


* Billion miles

History 2012 Projections

21.5 mpg

37.2 mpg

* Million barrels of oil equivalent per day

History of the Per-Mile Charge in Oregon
The First Pilot (2006-07)
Pay-at-the-Pump Model

Wireless Reader

VIN, VMT data, Fuel purchase amount

Service Station POS System

Mileage Data
Per Mile Charge

Central Database

GPS Satellite Signals

The diagram illustrates the system for the First Pilot (2006-07) pay-at-the-pump model. It involves a Wireless Reader at the service station, which captures VIN, VMT data, and Fuel purchase amount. This information is then sent to a Service Station POS System, which calculates the Mileage Data based on Per Mile Charge and sends it to a Central Database.
National Review & Support
Public Concerns With Road Usage Charging

- Privacy
- Government bureaucracy
- Complexity
- Cost
- Fairness
The New Strategic Objective for Road Use Charging in Oregon (2010)

“Create a sustainable road usage charge market that is simple and easy for payers, flexible, interoperable and encourages evolution of mileage reporting technologies and business systems into effective, affordable, convenient and attractive options for the motoring public.”
Oregon’s Second Per Mile Charge Pilot Program

Road Usage Charge Pilot Program 2012-13

- Mileage reporting wirelessly from machine to machine
- Commercial market offered three choices for mileage reporting
- Payment of periodic billing by check or card
Oregon's Road Usage Charging Program
Oregon’s Road Usage Charge Program

Will Oregon’s Road Usage Charge Program be a government operated, single technology, closed system that will be expensive to operate and extremely difficult to change?

Nope. Oregon is establishing an open market for its road usage charging system that could be a model for the nation.
Organizing Characteristics for Oregon’s Per Mile Charge System

- Design program with open architecture
- Government should not select the technology
- Provide motorists choices
- Provide access to private sector account management
- Scalable and geographically unlimited
- Policy Neutral
Road Usage Charge Transactions

1. In-vehicle mileage counter transmits miles and fuel consumption totals to private sector account manager.

2. Account manager sends a bill (or net refund) to vehicle owner for mileage charge less fuel tax.

3. Vehicle owner pays road usage charge as part of account manager’s total bill.

4. Account manager sends road usage charge collected from driver to State of Oregon.
Road Usage Charge Account Management

Creation of a Commercial Market

DOT Account Management
• Must accept any volunteer
• Only basic reporting (no GPS)
• No value added services
• Cannot sell mileage data

Commercial Account Managers
• Recruit and choose volunteers
• All mileage reporting technologies that meet standards
• Can sell value added services
• Can sell mileage data with express approval of RUC payer
Volunteer Entry into Road Usage Charge Program On July 1

1. Select provider via ODOT website
   Or, recruitment by commercial account manager

2. Select mileage reporting method
   • Basic
   • Advanced

3. Activate mileage reporting device
   • Install after-market device in vehicle

4. Drive
In the Future
Entry into Road Usage Charge Program

1. Select provider in more ways other than on-line matrix and recruitment

2. Select mileage reporting method
   • Basic
   • Advanced
   • Switchable
   Or, assume annual maximum miles driven

3. Activate mileage reporting device
   • Access telematics within vehicle, or
   • Install after-market device in vehicle

4. Drive

tbd
How Will An Open Market Affect Road Usage Charge Operations?

- Minimizes Government Footprint
- Competition Fosters Evolution of Technologies
- Value Added Services Reduce Cost of Administration
- Competition Improves Efficiency of Operations
- Volume Reduces Per Unit Costs
- More Options Provides Comfort to Payers
How Oregon’s Road Usage Charging Program Solves Key Issues
Issue #1: Privacy

**SB 810 solutions**

- Provide choices for reporting method and technology
- Select mileage reporting device from marketplace
- No mandate for GPS
- Legal mandate to protect personally identifiable information
Protection of Personally Identifiable Information

**SB 810, Section 9**

- Constrains use of Personally Identifiable Information
  - Limits access
  - Imposes obligation to protect
  - Exception for express approval

- Data destruction of mileage data within 30 days after needed for payment processing, dispute resolution or noncompliance investigation
Issue #2: Governmental Bureaucracy

**Solution:** Bring in private sector and create a market

RFQ for Commercial Account Managers (CAMs)

- Multiple types of mileage reporting
- Evolution of technologies and business systems
- Value added services
Issue #3: Complexity

**Solution:** Let payer choose simplicity

- Choice of provider
- Choice of how to report
- Choice of how to pay
### Financial & Operational Cost Model

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<th>Administrative Costs as % of Revenues</th>
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Source: ODOT Road Usage Charge Economic Viability Report
Issue #5: Fairness

• **Rural drivers**
  - Pay fuel tax now
  - More off-road driving

• **Fuel efficient vehicles**
  - Currently not paying fair share for road use
  - Already avoid cost of fuel
  - Road Usage Charge not a large burden

• **Non-resident driving**
  - Until regional system developed, still pay fuel tax
  - Western RUC Consortium addressing solution
Road Usage Charge Investigations in the United States
Western Road Usage Charge Consortium

12 MEMBER STATES

- Arizona
- California
- Colorado
- Idaho
- Hawaii
- Montana
- Nevada
- North Dakota
- Oregon
- Texas
- Utah
- Washington
Road Usage Charge
Activity Outside Oregon

- California’s pilot - SB 1077
- Washington’s recommended pilot
- Colorado’s demonstration
- Indiana’s investigation
- Illinois’s investigation and legislation
- Florida’s legislation
Following Slides
Reserved for Q & A
Most Frequently Suggested Funding Alternatives to the Per Mile Charge

- Raise fuel tax
- Tax vehicle electricity use
- Tax tires
- Tax batteries
- Toll interstate highways
- Flat annual fee
- General fund