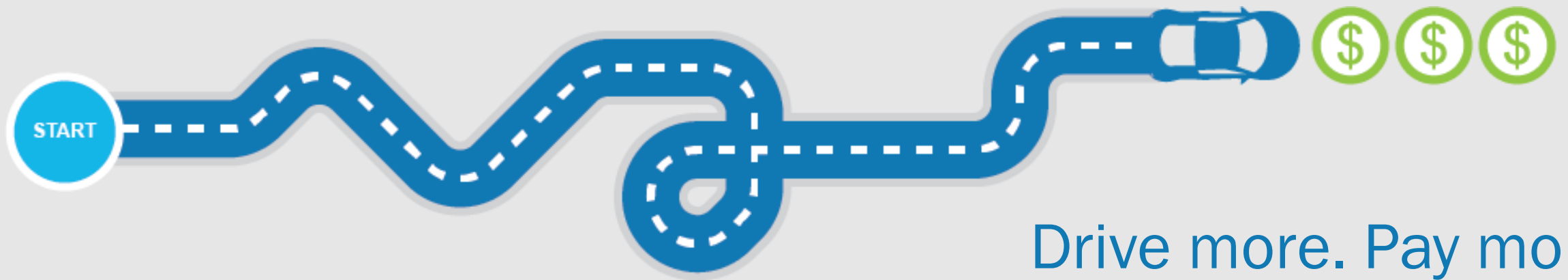


Road Usage Charging

An Introduction

A road usage charge is a return to the “user pays” approach



Drive more. Pay more.



Drive less. Pay less.

Paying By the Mile Through OReGO

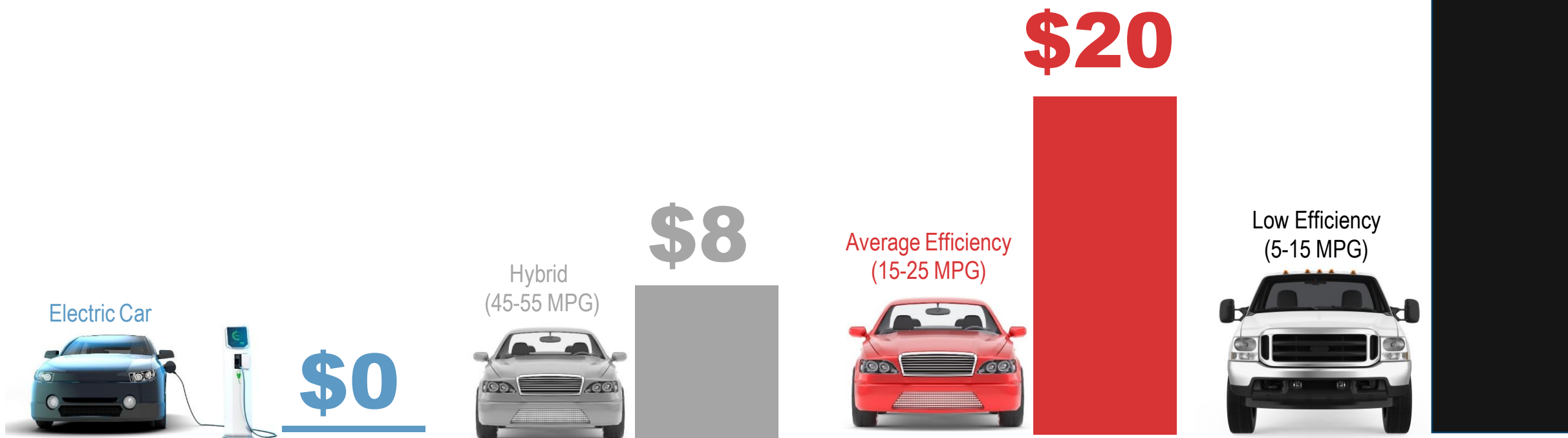
- First operational RUC program in the world when it went live in 2015
- Vehicles 20 MPG+ can voluntarily choose to pay by the mile, receive a non-refundable state fuel tax credit
- RUC rate is set at 5% of fuel tax in law – equivalent to 20 mpg vehicle
- Volunteers pay 2 cents per mile, receive a non-refundable credit for fuel tax paid
- Vehicles over 40 MPG don't pay tiered registration fees if they join OReGO
- Volunteers choose among account managers
- GPS not required, and privacy is protected



OReGO

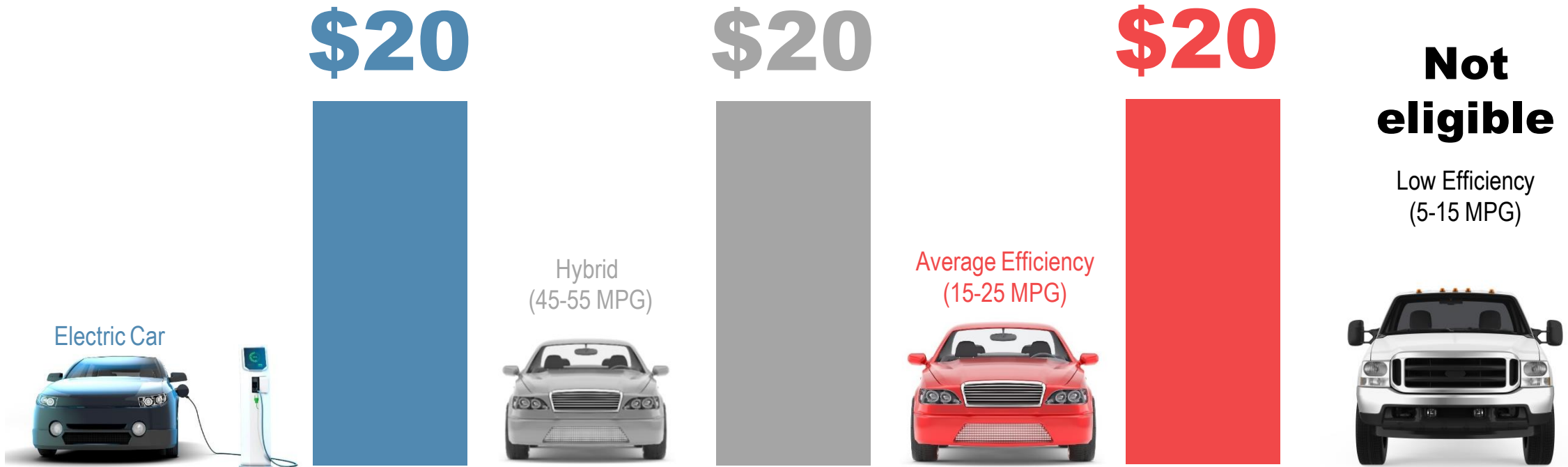
Fuel Tax Model: Pay based on vehicle's efficiency

Ex: Monthly fuel tax paid for 1,000 miles driven



OR RUC Model: Pay for impact based on system use

Ex: Monthly RUC paid for 1,000 miles driven

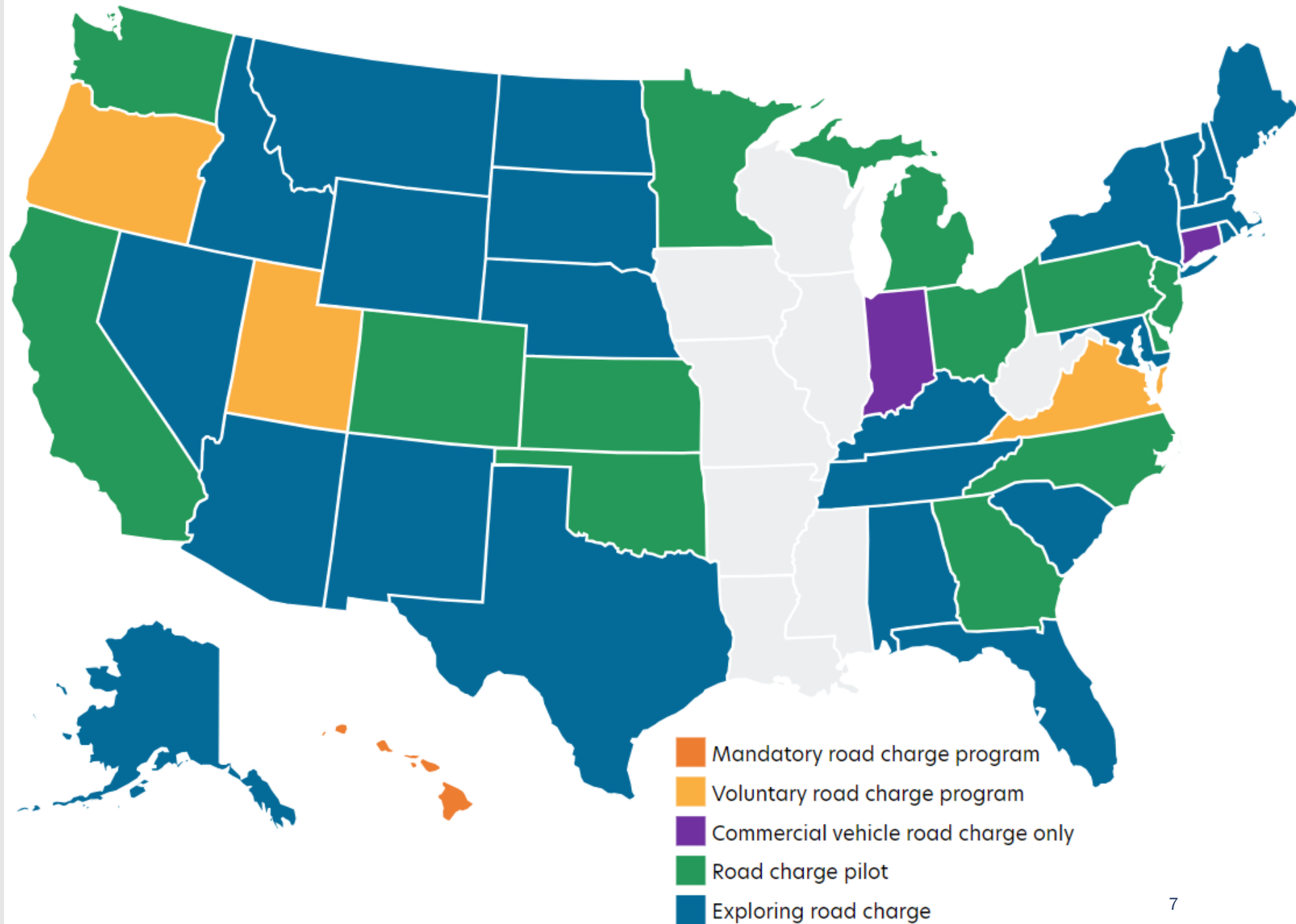


2023 Oregon RUC Bill (HB 3297)

- Requires vehicles rated at 30 MPG or greater to enroll in OReGO, starting July 1, 2027, with model year 2028
- Fuel tax remains in place for non-RUC vehicles
- People responsible for either RUC or fuels tax – not both
- Multiple options to report and pay – including manual report
- Allows people to opt-out by paying flat annual fee
- Replaces higher title fees on high-efficiency vehicles with revenue-neutral flat title fee on all vehicles
- RUC participants don't have to pay supplemental registration fee on high-efficiency vehicles
- Study development of mileage tax for medium-duty vehicles

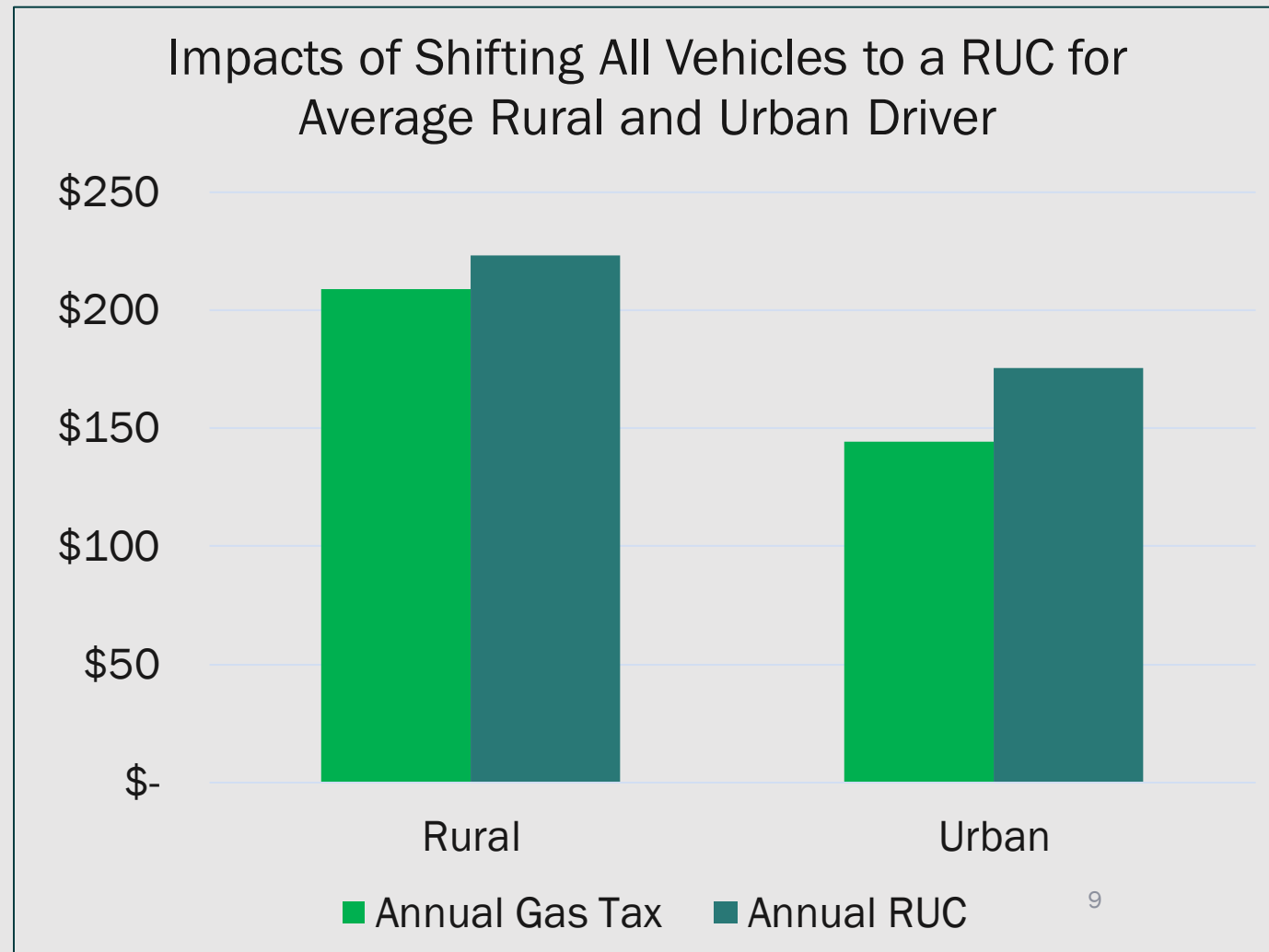


RUC Across the US



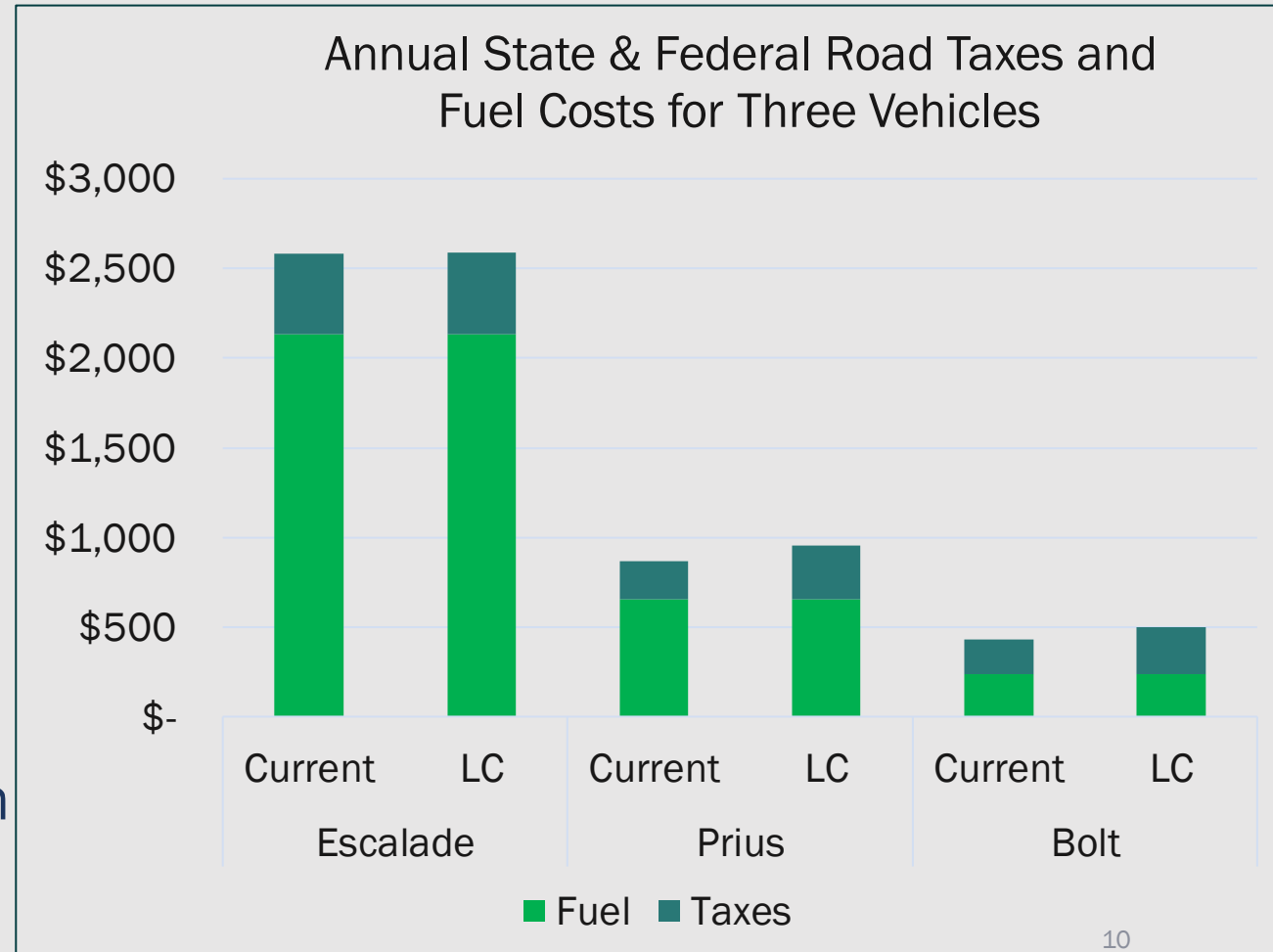
Rural/Urban Fairness

- Rural drivers pay a lot more in gas tax today because they drive more miles in less fuel-efficient vehicles
- Rural residents are less likely to be subject to a RUC applied to new efficient vehicles
- Even if all vehicles shift to a RUC, rural drivers would be impacted less than urban drivers



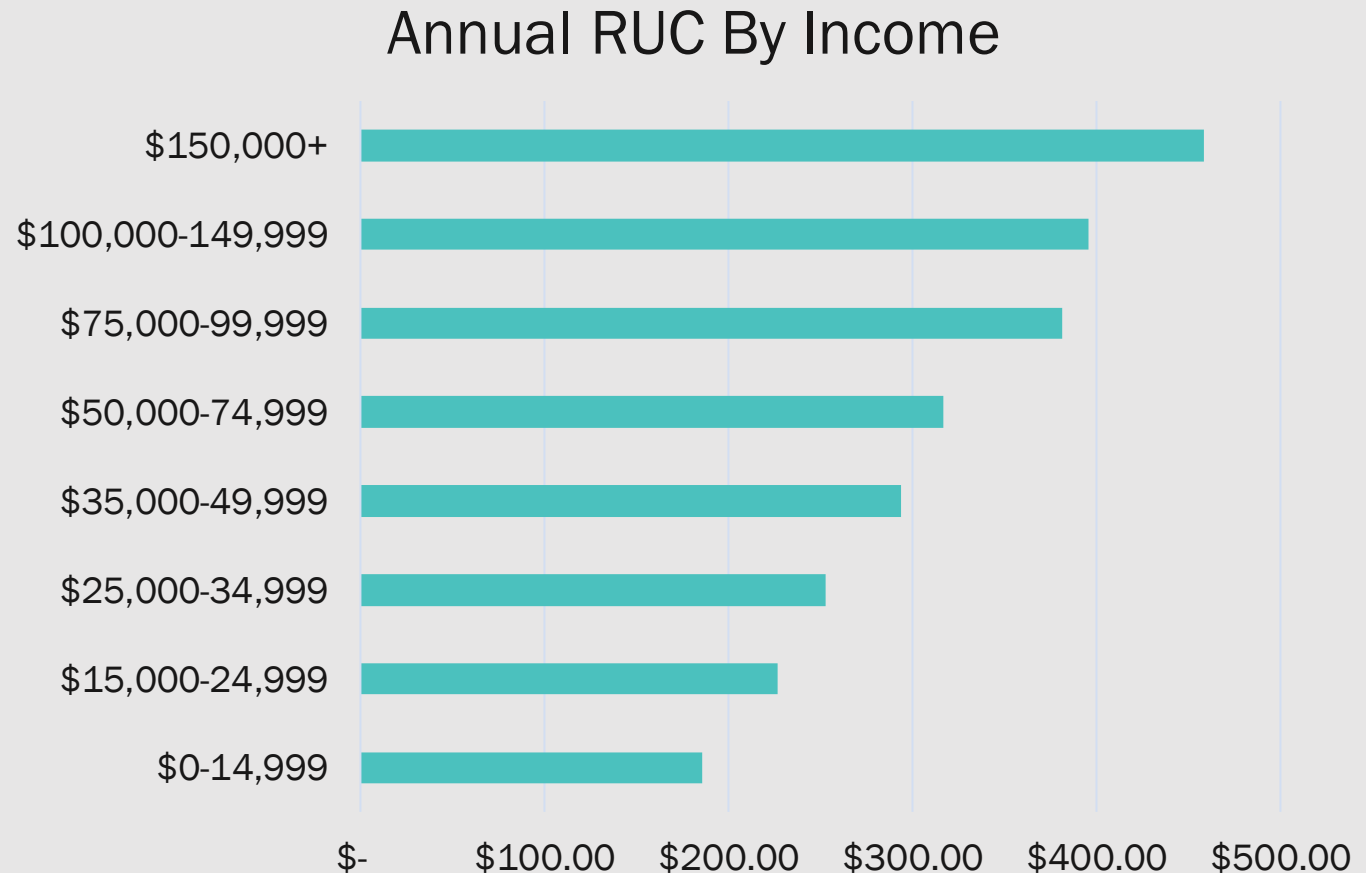
Electric & Efficient Vehicles

- Upfront costs of buying an EV would be reduced by \$542
- Low efficiency vehicles would remain on the gas tax
- Road taxes on EVs would increase slightly – about \$6/month
- Efficient vehicles would still have significantly lower overall operating costs due to fuel savings
- Overall lifetime ownership cost of an EV would increase by about 2%



Socioeconomic Equity – Road Taxes

- While transportation **costs** are a big part of low-income household budgets, road **taxes** are a fairly small portion
- Low-income households are unlikely to be subject to a RUC applied to new efficient cars
- RUC ensures purchasers of new efficient vehicles – who are disproportionately higher income – pay for roads



Privacy & Data Security

- Existing statute has robust privacy protections
- GPS not required
- Travel data is destroyed within 30 days of payment
- ODOT never receives personal location information
- Manual reporting option allowed
- Bill allows participants to opt out by paying annual fee





Administrative Costs

- RUC will cost more to collect than the fuels tax, which is extremely efficient to collect; RUC costs will be closer to the weight-mile tax or vehicle registration
- ODOT will offer both high-tech and low-tech options, including manual reporting, to help drive the costs down
- ODOT expects higher enrollment will reduce costs through economies of scale

Communication is key. Outreach can change attitudes.

Fairness

“I don’t get it.”

Research shows that messaging is needed around fairness to address myths about RUC.

“Seems fair, convince me.”

Messages about everyone paying their fair share and sustainable funding are the most convincing regarding a road usage charge.

“RUC is fair and necessary?”

More Oregonians think RUC is fairer than ever because they understand the need for alternative funding.

Data privacy

“I don’t trust government to do this.”

The top three concerns of using RUC are privacy, infringement on personal freedom, and overall distrust in the government.

“Can I trust the OReGO system?”

Privacy issues came up in every group as the major hurdle standing in the way of acceptance of road use charging, in spite of the fact that OReGO offers a non-GPS option.

More trust, comfort.

Data privacy is still a priority for respondents, but the level of privacy concerns with OReGO has dropped by 6% compared to 2016.

2014

2016

2020

Point of Sale Enrollment Project

- Effort to improve and streamline the process of enrolling a vehicle in OReGO at the point of sale at a dealership
- Educating auto dealers on the program and working with them to determine what kind of materials will be most impactful for customers
- Ensure that customers understand their options – as well as consequences if they leave the program during the reg. term
- Potential exploration of Electronic Vehicle Registration integration