

## CHAPTER 4. WEIGHT-MILE TAX

The weight-mile tax is one of two components of transportation taxes in Oregon; the other is the gas and use fuel taxes. In general, vehicles are subject to one tax or the other, but never both taxes. Heavy vehicles which are generally subject to the weight-mile tax are therefore not subject to the use fuel tax. Revenue from the weight-mile tax totaled \$408 million in the 1995–97 biennium, and is projected to be \$447 million for the 1999–01 biennium. This tax revenue is dedicated to the construction and maintenance of roads in Oregon.

This tax is imposed on heavy vehicles, in lieu of paying fuel tax, according to a combination of the number of axles and/or combined weight of the vehicle, and the number of miles driven. Studies show that, although fuel consumption increases with vehicle size and weight, it does not increase proportionately with cost responsibility. Above 26,000 pounds registered weight, the overall weight and axle loads become important factors in determining requirement for the strength of pavements, bridges, and other structures. Therefore, fuel tax is not a proper measure of cost responsibility for heavy vehicles.

The tax rate schedule changes as: (1) the weight of the vehicle increases from 26,000 pounds to 105,500 pounds; and (2) the number of axles increases. Within each weight or axle group, a truck pays the stated amount multiplied by the number of miles the truck travels each year on Oregon public roads. The weight-mile tax schedules are based on results of cost responsibility studies which determine the fair share that heavy vehicles should pay for the maintenance, operation, and improvement of the state's highway system.

The tax rates consist of separate schedules for vehicles with registered weights between 26,001-80,000 pounds and those operated under special permit with registered weights between 80,001-105,500 pounds. Within each schedule, vehicles are separated into groups in 2,000 pounds increment. The tax rates per mile for vehicles with registered weights between 26,001-80,000 range from 4.15 cents to 13.65 cents. The tax rates for vehicles with registered weights between 80,001-105,500 are based on both the weight and number of axles. There are separate rates for five, six, seven, eight and nine or more-axle vehicles. Since lower average weight per axle reduces pavement wear, the tax rate decreases as number of axle increases within this group. For example, vehicles with five axles weighing 96,001-98,000 pounds pay 19.2 cents per mile, the highest weight-mile tax rate; vehicles of the same weight group pay only 12.2 cents per mile if they have nine or more axles.

Since 1947, the weight-mile tax schedules have been adjusted 12 times as the result of updated cost responsibility studies and revenue measures passed by the legislature. The most recent revision occurred on January 1, 1996, when the weight-mile rates were reduced by an average of 6.2 percent to reflect the results of the 1994 Cost Responsibility Study. The next Cost Responsibility Study is expected to be completed by March 15, 1999.

## 4.001 FARMING OPERATIONS

Oregon Statutes: 825.017(4), 825.017(18), and 825.024

Sunset Date: None

Year Enacted: 1983

Total	
1997-99 Revenue Impact:	\$2,100,000
1999-01 Revenue Impact:	\$2,100,000

**DESCRIPTION:** Vehicles being used in conjunction with farming operations are exempt from the payment of weight-mile taxes. This includes implements of husbandry, low speed vehicles, and farm related equipment as referenced in the three Oregon statutes cited.

Implements of husbandry are those vehicles and trailers used exclusively in agricultural operations. The definition for farm related equipment is more inclusive than for implements of husbandry and identifies uses incidental to farming operations such as transportation of supplies and equipment, as well as the personal use of vehicles by the farmer and his family or employees. Low speed vehicles must be designed for off-road use and no more than 15 percent of their mileage can be on the road.

Vehicles registered as farm equipment are used primarily off the road system, and in most cases, the transportation of such vehicles on the road is incidental to their use. Approximately two thirds of the vehicles operated in conjunction with farming weigh less than 26,000 pounds and are not subject to weight-mile taxation. This provision applies only to those farm vehicles that exceed 26,000 pounds.

**PURPOSE:** These laws may have been initiated in recognition of the importance of farming activities to the economy of the state.

**WHO BENEFITS:** There are approximately 37,500 farming operations in the state, and about 43,400 registered farm vehicles. The average benefit is about \$24 annually per farm.

It should be noted that all farm vehicles are subject to fuel tax unless they are operated off the road system, in which case a refund is allowed under ORS 319.320(3). Since farm vehicles over 26,000 pounds pay fuel tax, they are not subject to weight-mile tax. Therefore, the revenue impact reported here is the difference between what they pay in fuel tax and what they would pay under the higher weight-mile tax.

**EVALUATION:** This expenditure appears to achieve its purpose. However, the benefit per farm is very small, and probably does not provide a competitive edge for farming in Oregon. Of course, larger farming operations benefit according to the amount of equipment in operation. The reduction in the revenue impact since the 1997-99 Tax Expenditure Report is due mainly to the decrease in the heavy vehicle responsibility share of the road user tax revenues from 38.7 percent to 37.7 percent effective in 1996. *[Evaluated by the Department of Transportation.]*

**4.002 FOREST PRODUCTS ON COUNTY ROADS**

Oregon Statute: 825.017(8)

Sunset Date: None

Year Enacted: 1977

	Total
1997-99 Revenue Impact:	\$0
1999-01 Revenue Impact:	\$0

**DESCRIPTION:** Under certain conditions, vehicles being used for the removal of forest products on a public road are exempt from the payment of weight-mile taxes. An agreement with the State Board of Forestry, the State Forester, or an agency of the United States must authorize the use of the road and require the user to pay for or perform the construction or maintenance of the county road. In some cases, construction of specific roadway is necessary for the removal of forest products. This provision allows counties to contract with the users of a roadway for the maintenance and improvement of the specific section of roadway used.

**PURPOSE:** In most cases, the fuels and weight-mile taxes pay for the general use of the transportation system where tracking user damage to identifiable areas is difficult. In this case, however, the section of roadway over which heavy loads are moved is easily identified, and cost to the user can be more directly allocated to a specific section of roadway.

**WHO BENEFITS:** Potential beneficiaries include the 36 county governments and roadway users, but none of them use it.

**IN LIEU:** Financial responsibility for the construction and maintenance of the roadway in use is contracted with the county court and county commissioners in lieu of paying the weight-mile tax.

**EVALUATION:** This expenditure is ineffective in achieving its purpose as the costs of construction or maintenance of the county road would be higher than that of weight-mile tax.

Furthermore, virtually no one knows about this provision. The public works department of counties with major timber operations, the Forest Service, and timber industry representatives were contacted. There was only one case identified where this provision had been exercised and it was approximately 30 years ago. *[Evaluated by the Department of Transportation.]*

### 4.003 ELEMENTARY AND SECONDARY SCHOOLS

Oregon Statute: 825.017(1)

Sunset Date: None

Year Enacted: Pre-1953

Total	
1997-99 Revenue Impact:	\$300,000
1999-01 Revenue Impact:	\$300,000

**DESCRIPTION:** Vehicles being used by, or under contract with, any elementary or secondary school district are exempt from the payment of weight-mile taxes when engaged exclusively in transporting students to or from school or authorized school activities, or those activities sponsored by the State Board of Higher Education.

**PURPOSE:** Weight-mile taxation is generally applied to for-hire commercial vehicles. School buses are either owned by a school district or contractor supplying services to a school district and are not for-hire vehicles. This provision reduces the record keeping and audit cost of the refund application process.

**WHO BENEFITS:** In 1997-98 there were 199 school districts operating 1,237 elementary and secondary schools. This provision applies only to those school buses that exceed 26,000 pounds. Approximately 70 percent of the miles traveled by school buses are in weight classes equal to or less than 26,000 pounds.

It should be noted that school buses are subject to fuel tax. Since they pay fuel tax, they are not subject to weight-mile tax. Therefore, the revenue estimate reported here is the difference between what they pay in fuel tax and what they would pay under the higher weight-mile tax.

**EVALUATION:** This expenditure achieves its purpose. Although the direct benefit to schools is relatively small, this provision also reduces record keeping costs. The reduction in the revenue impact since the 1997-99 Tax Expenditure Report is due mainly to the decrease in the heavy vehicle responsibility share of the road user tax revenues from 38.7 percent to 37.7 percent effective in 1996. [*Evaluated by the Department of Transportation.*]

### 4.004 GOVERNMENT OWNED OR OPERATED VEHICLES

Oregon Statutes: 825.017(11) and 825.017(13)

Sunset Date: None

Year Enacted: Pre-1953

Total	
1997-99 Revenue Impact:	\$4,900,000
1999-01 Revenue Impact:	\$4,900,000

**DESCRIPTION:** Vehicles being used in the performance of public services are exempt from weight-mile taxes. Exempt vehicles include those:

- owned or operated by the United States, the state of Oregon, any county, city, town or municipality in this state, or any department of any of them except when owned or operated as a carrier for hire;

- involved in transportation of United States mail on rural or star routes by contract or employed by the Postal Service.

**PURPOSE:** To avoid reciprocal taxation among public entities when the tax revenue would be used largely for the same purpose as the activity being taxed (road construction and maintenance).

**WHO BENEFITS:** Beneficiaries include 240 incorporated cities and towns, 36 counties, and the Postal Service. Some public service vehicles are exempt from both the use fuel and weight-mile taxes. Those vehicles are included in the revenue impact reported here, and are also included in the fuels tax expenditure Public Services (3.003). However, it should be noted that vehicles would not be subject to both taxes. Vehicles that were subject to weight-mile tax would be exempt from taxation on use fuel, and vice versa.

**EVALUATION:** This expenditure achieves its purpose. Cities and counties, who are the major beneficiary of this provision, operate equipment subject to this tax largely in conjunction with the construction and maintenance of roads. Revenue generated through this tax is dedicated for this purpose, and this provision reduces the processing of funds prior to returning them to public agencies to be used for this purpose. This is an effective continuation of established policies that avoid the reciprocal taxation of governing agencies. The reduction in the revenue impact since the 1997–99 Tax Expenditure Report is due mainly to the decrease in the heavy vehicle responsibility share of the road user tax revenues from 38.7 percent to 37.7 percent effective in 1996. [*Evaluated by the Department of Transportation.*]

#### 4.005 MASS TRANSIT VEHICLES

Oregon Statute: 825.017(12)

Sunset Date: None

Year Enacted: 1977

	Total
1997–99 Revenue Impact:	\$3,200,000
1999–01 Revenue Impact:	\$3,200,000

**DESCRIPTION:** Vehicles owned or operated by a mass transit district are exempt from weight-mile taxes.

**PURPOSE:** To lower the cost of providing public transportation services.

**WHO BENEFITS:** There are three mass transit districts in Oregon. Ultimate beneficiary would be transit riders if cost savings lead to lower fares. Some transit vehicles are exempt from both the use fuel and weight-mile taxes. Those vehicles are included in the revenue impact reported here, and are also included in the fuels tax expenditure Public Transportation (3.004). However, it should be noted that vehicles would not be subject to both taxes. Vehicles that were subject to weight-mile tax would be exempt from taxation on use fuel, and vice versa.

## Weight-Mile Tax

**EVALUATION:** This expenditure achieves its purpose. Without this exemption, fares could be higher, which would decrease ridership, particularly those from lower income groups. *[Evaluated by the Department of Transportation.]*

### 4.006 FIRE PROTECTION

Oregon Statute: 825.017(23)

Sunset Date: None

Year Enacted: 1977

Total	
1997-99 Revenue Impact:	Less than \$50,000
1999-01 Revenue Impact:	Less than \$50,000

**DESCRIPTION:** Vehicles used for the purposes of forest protection and fire suppression are exempt from weight-mile taxes when directed by the State Forester. This exemption also applies to the vehicles being moved to or from the work area. The primary purpose of this law is to station additional water supply trucks near logging operation when deemed necessary by the forestry officials.

**PURPOSE:** To lower the cost of providing fire protection services normally provided through public services.

**WHO BENEFITS:** The timber industry, forest owners, and fire fighters. It should be noted that fire protection vehicles are subject to fuel tax. Since they pay fuel tax, they are not subject to weight-mile tax. Therefore, the revenue estimate reported here is the difference between what they pay in fuel tax and what they would pay under the higher weight-mile tax.

**EVALUATION:** This expenditure appears to achieve its purpose. These fire protection vehicles are very few in numbers and operate primarily off the highway system and would not be subject to taxation, with the exception of the provision that allows movement to and from the work area. This provision is effective as the cost associated with record keeping and weight-mile audit would likely exceed any revenue generated. This is a minimal investment in supporting activities to protect Oregon's forest resources. *[Evaluated by the Department of Transportation.]*

### 4.007 CHARITABLE ORGANIZATIONS

Oregon Statute: 825.017(15)

Sunset Date: None

Year Enacted: 1977

Total	
1997-99 Revenue Impact:	Less Than \$50,000
1999-01 Revenue Impact:	Less Than \$50,000

**DESCRIPTION:** Vehicles owned, or under contract with, a charitable organization are exempt from the payment of weight-mile taxes when engaged exclusively in performing transportation necessary to the operation of the charitable organization.

**PURPOSE:** To help support public services provided by organizations that fulfill a socially desirable function. The elimination of such services would further burden existing social services provided by government agencies.

**WHO BENEFITS:** There are approximately 9,100 charitable organizations registered in the state. It should be noted that vehicles used by charitable organizations are subject to fuel tax. Since they pay fuel tax, they are not subject to weight-mile tax. Therefore, the revenue estimate reported here is the difference between what they pay in fuel tax and what they would pay under the higher weight-mile tax.

**EVALUATION:** Although the benefit in this case is relatively small, this provision is believed to be effective in achieving its purpose. There are relatively few vehicles being operated by charitable organizations that exceed the 26,000 pounds lower limit of the rate schedules.

Charitable organizations are excluded from all provisions of Chapter 825 of the ORS which include operating authority and regulatory requirements prior to deregulation. At this time this exemption was passed, the exclusion from those provisions of Chapter 825 would have granted such organizations greater operating freedom, and may have been the original incentive to provide this exemption. [*Evaluated by the Department of Transportation.*]