

## **Options for Scenario Five Mileage Fee (DMV Collection)**

Mileage data is uploaded to Department of Motor Vehicles locations for fee calculation and payment as a condition of registering passenger vehicles. User receives credit for gas tax paid.

### **a. Data Collection and Fee Retrieval**

- Staff Conception – Paid at DMV Locations (Actual VMT with Estimated Gas Tax Credit). The mileage fee would be paid at DMV locations by application of the fee rate to actual VMT data collected at the DMV locations. DMV would forward fees to Highway Fund.

### **b. Data Collection Technology**

- Task Force Preference – Electronic Odometer (either GPS or Odometer Tag). The task force prefers a policy that encourages or mandates installation of technology that facilitates electronic collection of VMT data for purposes of straight application of a fee amount per mile. In this respect, the task force chose an electronic odometer in the form of either a “simple” Global Positioning System (GPS) or an Odometer Tag, depending upon cost and the interoperability of these technologies with other elements of the preferred mileage fee system. **(Note: This option is research dependent.)**

### **c. Data Upload Technology**

- Staff Conception – Radio Frequency Upload at DMV Station. Vehicle VMT data would be uploaded to DMV locations from an electronic odometer (either GPS or Odometer Tag) via radio frequency. **(Note: This option is research dependent.)**

### **d. Phasing Into Current Oregon Road Finance System (Credit for Gas Tax Paid by Mileage Fee Payers).**

- Staff Recommendation – Credit for Estimated Gas Taxes Paid. Passenger vehicle owners who pay a mileage fee would receive a credit for estimated gas taxes paid for the same period. The credit for estimated gas tax paid would be determined as a function of the vehicle miles traveled for the period, the gas tax rate and the EPA fuel efficiency rating for the vehicle. The amount of the credit would be

limited to the amount of the mileage fee assessed. **[Alert: Raises New Revenue]** This option has two sub-options –

- (a) First Sub-Option - Credit Offsets Mileage fee. Passenger vehicle owners would only be obligated to pay the amount of the mileage fee in excess of the credit for estimated gas taxes paid.
  - (b) Second Sub-Option - Credit Reimbursement. The amount of the credit for estimated gas taxes paid would be reimbursed to the taxpayer in the form of a check to avoid double taxation.
- First Alternative Option - Gas Taxes Refunded as Income Tax Credit. Passenger vehicle owners who pay a mileage fee would receive a credit for estimated gas taxes paid for the same period. These taxpayers would receive a credit for gas tax payments against income taxes owed. The credit for estimated gas tax paid would be determined as a function of the vehicle miles traveled for the period, the gas tax rate and the EPA fuel efficiency rating for the vehicle. The amount of the credit would be limited to the amount of mileage fee assessed. The Highway fund would reimburse the state general by the amount of the total credits for estimated gas tax paid. **[Alert: Raises New Revenue]**
  - Second Alternative Option – Credit for Estimated Gas Taxes Paid Against Registration Fee (Increase Flat Registration Fee). Passenger vehicle owners who pay a mileage fee would receive a credit for estimated gas taxes paid for the same period. This would involve an increase in the passenger vehicle registration fee rate and a reduction in gas tax rate sufficient to accommodate the credit for gas tax payments against a flat registration fee. The credit for estimated gas tax paid would be determined as a function of the vehicle miles traveled for the period, the gas tax rate and the EPA fuel efficiency rating for the vehicle. The amount of the credit would be limited to the amount of the mileage fee assessed. Changes in registration fee and gas tax rates would be staged over two years to avoid cash flow shortfalls in the Highway Fund. **[Alert: Raises New Revenue]**

e. **Enforcement**

- Staff Conception – Non-renewal of Vehicle Registration. DMV would refuse to renew vehicle registration for non-payment of mileage fee. Enforcement system would require no change from status quo.

f. **Retrofitting/ Phase-In Application**

- Task Force Preference – Phase In of GPS Acquisition (Newly Purchased Vehicles)/ No Retrofitting. Mileage fee would be phased in for vehicles containing a simple GPS form of electronic odometer and associated data transmission technology. GPS and data collection technology would be required for newly purchased vehicles only. Owners of older vehicles would be allowed to participate by voluntarily retrofitting the necessary technology. **OR**
- Task Force Preference – Phase In of Odometer Tag (Retrofitting). All Oregon passenger vehicles would be required to be equipped with the Odometer Tag form of electronic odometer and associated data transmission technology. Odometer Tag and associated data transmission technology would be required for newly purchased vehicles. State would pay the cost of retrofitting older vehicles over a multi-year time period.
- First Alternative Option – Phase In of GPS Acquisition (Initially Registered Vehicles)/ No Retrofitting. Mileage fee phased in for vehicles containing a simple GPS form of electronic odometer and associated data transmission technology. GPS and data collection technology would be required for passenger vehicles initially registering after effective date of law. Owners of other vehicles would be allowed to participate by voluntarily retrofitting the necessary technology.
- Second Alternative Option – Phase In of GPS/ No Retrofitting. Same as staff recommendation or the first alternative option except that a complex GPS form of electronic odometer would be mandated, including a charge for telematic services (currently estimated at \$20 per month). Owners of other vehicles would be allowed to participate by voluntarily retrofitting the necessary technology and agreeing to the charge for telematic services.
- Third Alternative Option – Retrofitting All Passenger Vehicles. Mileage fee would apply to all passenger vehicles in Oregon. All Oregon passenger vehicles would be required to be equipped with a simple GPS form of electronic odometer and associated data transmission technology. State would pay the cost of retrofitting older vehicles.

**g. Privacy Protections**

- Task Force Preference – Design Limitation. State would be required to build into the data collection system a design limitation that prevents state from accessing a GPS device to locate passenger vehicles in real time or to determine detailed travel history of vehicle other than to upload summary data. **AND**
- Task Force Preference – Legal Prohibition. A civil and/or criminal law statute would prohibit anyone connected with a state agency from using accessing a GPS device to locate passenger vehicles in real time or to determine detailed travel history of vehicle other than to upload summary data. **OR**
- Task Force Preference – No Privacy Protections Needed. No Privacy Protections Necessary for using Odometer Tag in data collection.

**h. Non-resident Fee Payments**

- Task Force Preference – Defer Resolution of Non-Resident Road Taxes. Wait to resolve non-resident tax issues until after mileage fee is fully phased-in and gas tax is fully phased out. Interstate compact is likely to resolve taxation issues pertaining to interstate travel before gas tax is fully phased out. **AND**
- Task Force Preference – Continue the Gas Tax. Continue gas tax indefinitely.
- Second Alternative Option – Tolling for Non-Residents. Design tolling method for non-residents entering state as a proxy for mileage fee and implement this method after gas tax is fully phased out.

**i. Rate Adjustment Overlays**

- Task Force Preference – Congestion Pricing Only Overlay. The mileage fee rate would only be adjusted for congestion pricing (See Targeted Revenue Options).
- Staff Recommendation – Congestion Pricing and Fuel Efficiency Overlays (Surcharge on Less Fuel Efficient Vehicles). The mileage fee rate would be adjusted for congestion pricing (See Targeted Revenue Options) and fuel efficiency. The rate adjustment for fuel efficiency would be calculated as a flat mileage fee rate combined with a low mileage vehicle surcharge that reflects the additional amount the

vehicle operator would have paid under the gas tax. **[Alert: Raises new revenue.]**

- Second Alternative Option - Congestion Pricing and Fuel Efficiency Overlays (Graduated Rate for Fuel Efficiency). The mileage fee rate would be adjusted for congestion pricing (See Targeted Revenue Options) and fuel efficiency. The rate adjustment for fuel efficiency would be calculated as a graduated mileage fee rate based on fuel efficiency above and below the statewide fleet average for any given year. The rate reduction shall not exceed   x   percent for fuel efficient vehicles. The rate increase shall not exceed   x   percent for non-fuel efficient vehicles. **[Alert: Raises new revenue.]**
- Third Alternative Option – Fuel Efficiency Only Overlay. The mileage fee rate would only be adjusted for fuel efficiency either in the manner described in the staff recommendation or the first alternative option. **[Alert: Raises new revenue.]**
- Fourth Alternative Option – No Rate Adjustment Overlays. The mileage fee rate would be flat.

j. **Setting Rate Including Administrative Cost Recovery**

- Task Force Preference – Revenue Neutrality Plus Cost Recovery. The mileage fee rate would be based on three factors. One, a rate of 1.22 cents per mile (e.g. based on the 24 cents gas tax divided by the 2002 passenger vehicle fleet average of 19.7 miles per gallon). Two, an amount per mile for the cost recovery of fee collection overhead. Three, an amount per mile for the cost recovery of amortized capital expenditures related to implementation of the new fee system.
- Alternative Option – Additional Revenue. An additional revenue factor would be added to the staff recommendation to provide new revenue for road system improvements, including a rate adjustment for inflation.