

## A Testing Scenario Vision for a Mileage Fee

*(Note: The Testing Scenario Vision is based on Scenarios One, Two and Five in the Preliminary Report presented to the Oregon Legislative Assembly September 30, 2002)*

### **Mileage Fee (a. k. a. Vehicle Miles Traveled Fee)**

#### **Central Collection or Fuel Pump Collection with a Gas Tax Credit**

##### **Description**

Actual mileage data is uploaded to a reader for transmission to either a service station computer or independent collection center for fee calculation and payment. All operators of vehicles containing necessary technology would be charged a mileage based on mileage since the last reading. User receives credit for gas tax paid.

##### **Data Collection Technology**

GPS or Odometer Tag Technology. The task force prefers a policy that encourages or mandates installation of technology that facilitates electronic collection of mileage data or purposes of straight application of a fee charge per mile. In this respect, the task force chose the options of either a “simple” Global Positioning System (GPS) or an Odometer Tag device, depending upon the interoperability of these technologies with other elements of the mileage fee system.

##### **Data Upload Technology**

Radio Frequency Upload. Mileage data would be uploaded from GPS device or Odometer Tag device within the vehicle via radio frequency to readers at service stations or other central locations for purposes of calculating the fee based upon actual mileage.

##### **Data Collection and Fee Retrieval**

Paid at Service Stations (Actual Mileage). The mileage fee would be paid at gasoline service stations by application of the fee rate to actual mileage collected by readers at the service station. Service stations would forward the fees collected to the Highway Fund net of an administrative charge.

**OR**

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Collection Center. The mileage fee would be paid via monthly billing. A collection center would calculate a mileage fee on a periodic basis, by application of the fee rate to actual mileage data collected by readers at service stations or other central locations, and send the vehicle owner a billing. The vehicle owner would pay the billing and the collection center would remit the fees collected to the appropriate taxing authority net of an administrative charge and costs.

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

Collection of Mileage Fee Net of Gas Tax Credit. The incidence of gasoline taxation would remain at distributor level. Service stations apply a credit for gas tax paid against the mileage fee before forwarding the net amount to the Highway Fund. If gas tax paid exceeded the assessed mileage fee for any transaction, there would be no rebate of any portion of the gas tax paid but the payer would receive an income tax credit for the excess amount.

**OR**

Gas Taxes Refunded as Income Tax Credit. Passenger vehicle owners who pay a mileage fee would receive an income tax credit for actual gas tax payments during the same period.

**Enforcement**

Mandated Collection of Mileage Fee. Collection of mileage fee would be a mandated requirement for the sale of fuel at service stations.

**OR**

Private Collection and Traffic Fines. The collection center would have the authority to collect delinquent fees through the private collection system (e.g. civil judgments, debt collection agencies, liens etc). Traffic fines would also be assessed for operation of a motor vehicle without payment of mileage fees. Suspension of vehicle registration would occur upon accumulation of fines above a threshold amount.

**Retrofitting/ Phase-In Application**

Phase In of Acquisition of Electronic Mileage Data Calculation and Transmission Device (Newly Purchased Vehicles)/ No Mandatory Retrofitting. The mileage fee would be phased in for vehicles containing either a simple GPS device or Odometer Tag device and associated data transmission technology. An electronic

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mileage data collection device and data transmission technology would be required for newly purchased vehicles only. Owners of older vehicles would be allowed to participate by voluntarily retrofitting the necessary technology.

**Privacy Protections**

Design Limitation. State builds into the data collection system a design limitation that prevents state from location of passenger vehicles in real time or to determine detailed travel history of vehicle other than to upload summary mileage data.  
**AND**

Legal Prohibition. A civil and/or criminal law statute would prohibit anyone connected with a state agency from accessing a mileage data collection device, without the consent of the vehicle owner, for purposes of locating passenger vehicles in real time or to determine detailed travel history of vehicle locations.

**Non-resident Fee Payments**

Defer Resolution of Non-Resident Tax Issue. Wait to resolve non-resident tax issues until after mileage fee is fully phased-in. An interstate compact will likely resolve taxation issues pertaining to interstate travel before gas tax can be fully phased out. **AND**

Continue Gas Tax. Continue gas tax indefinitely for passenger vehicles traveling in Oregon without the necessary mileage fee technology.

**Setting Rate Including Administrative Cost Recovery**

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 current 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.

**Rate Adjustment Overlays**

Congestion Pricing Only Overlay. The mileage fee rate would only be adjusted for congestion pricing (See Targeted Revenue Options) when mileage fee fully phased in.