

**Road User Fee Task Force
Meeting Minutes – March 8, 2002**

Members Present: Representative Bruce Starr, Senator Gary George, Mayor Jim Torrey, Judge Laura Pryor, John Watt, John Charles, Chris Bell, Commissioner Randy Pape.

Members Absent: Representative Joanne Verger, Senator Susan Castillo, Roger Hinshaw, Commissioner John Russell.

Staff Members Participating: Jim Whitty, Victor Dodier, Jack Svadlenak, Rachel Knowles.

A quorum being present, the chair of the Road User Fee Task Force, Representative Bruce Starr, called the meeting to order.

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A motion to approve the minutes for February 1, 2002 was made. The motion was seconded and the minutes were approved.

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Review of History, nature and condition of Oregon's state highway and county roads system.

County Roads system: Judge Laura Pryor and Bill Penhollow presented information about the history of the county road system in Oregon. (handout available)

Oregon State Highway System: Jim Whitty presented information about the history of the state roads systems in Oregon. (handout available)

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Financing Oregon's Highways with Cost Responsibility. Overview of Cost Responsibility Policy and Weight Mile Tax. John Merriss, ODOT planning, presented an explanation and history of Cost Responsibility in Oregon. (handouts available) The terms Cost Responsibility Study and Highway Cost Allocation Study can be used interchangeably.

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Overview of Federal Trust Fund Taxes. Dave Cox presented information on Federal Trust Fund revenues.

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Task Force Discussion.

Mission Statement

After discussion, the task force adopted the following mission statement.

“To develop a revenue collection design funded through user pay methods acceptable and visible to the public that ensures a form of revenue sufficient to annually maintain, preserve and improve Oregon’s state, county and city highway and road system.”

Evaluation of Potential Revenue Sources.

Pilot Projects –

Jim Whitty reported that the staff of the task force asked the ODOT region managers to involve the local Advisory Committees on Transportation (the ACTs) in identifying potential pilot projects for toll facilities in the various regions. Staff provided the region managers with criteria through which to evaluate whether a facility might possibly be a toll facility candidate. The criteria provided are the following:

- (1) For existing facilities, the facility is (or becomes) a freeway, other “freeway-like” facility for substantial stretches of large bridge; or
- (2) For improvements or new facilities, the facility is (or becomes) a freeway, other “freeway-like” facility for substantial stretches or large bridge, AND the substantial improvement adds capacity such as a long, multi-lane addition of bridge widening.

Staff will provide the list of possibilities for a toll facility pilot project at the next meeting of the task force.

Jack Svadlenak, ODOT, discussed the difficulties of instituting a tolling arrangement for a specific facility. First, the public will do whatever they can to avoid paying a toll and there are not very many places in Oregon that would not have free alternatives around a designated toll facility. Second, on routes where there are a large number of private driveways, operational recording for tolling is difficult because of the ability to turn around on the roadway.

Dave Cox, Federal Highway Administration, provided a summary of the federal requirements for tolling an interstate freeway. The requirements are that an interstate can only be tolled on bridges and tunnels and only as a part of reconstruction or replacement. A roadway is not available for tolling under the criteria. There must be a toll agreement with the state wherein the toll amount is specified. There are special exceptions to the requirements for certain pilot projects and Interstate highways that could not otherwise be adequately maintained or functionally improved without the collection of tolls (limited to three facilities nationwide).

Jim Whitty described the implementation challenges in developing pilot projects over a short period of time. A tolling pilot would involve discovering the improvements needed, including adding lanes or ramps and toll booths, and running them through an approval process that included environmental analysis and financing. If electronic tolling is involved, transponders and reading devices would be needed as well the ordinary toll booth alternative. It may take nine months or more to do a pilot “on the ground.” On the other hand, computer modeling is something that can be done rather easily.

Chair Starr said the task force may not want to get into the level of dollar investment required for an “on the ground” tolling pilot project. The task force may simply want to do some hypothetical toll pilots through modeling using existing traffic data. He said the expectation of the interim committee is not to do pilots until next biennium. There may be statutory changes needed in order to do pilots.

Ability of Rural Roads to Pay for Themselves-

Jim Whitty presented a staff analysis of selected rural roads that applies the equivalent of the state gas tax per mile (e.g. for the state fleet that averages 1 1/4 cents per mile) to the annual vehicle miles traveled (VMT) on the road. This figure is then compared to the estimated annual cost of maintaining and preserving the particular road to determine whether the road pays for itself. Only two of the eight rural roads in this analysis easily pay for themselves at existing levels of taxation. A third rural road is close to paying for itself.

Chair Starr asked staff to adjust the chart to add a column indicating what the tax would have to be in order for a particular road to pay for itself.

Potential Revenue Sources -

Jim Whitty then presented a list of the potential revenue sources the task force must consider in developing alternatives to the existing road finance system. The enabling legislation, HB 3946, requires the task force to consider all possible revenue sources.

John Charles said the task force should apply criteria for deciding which tax or fee alternatives are worthy of examining further. He said the criteria should be as follows; consistency to a user fee system, transparency to the people that pay and administrative efficiency.

- Alternative Fuel Taxes –

Jack Svadlenak noted that the use fuel tax statute requires that all fuels powering motor vehicles be taxed at rates similar to the gas tax. For example, if a vehicle used hydrogen as the fuel, a use fuel tax is paid. If they generate power from another fuel, then the other fuel would be taxed. One of the big questions before this tax force is what do you do about vehicles that are much more fuel efficient than today’s vehicles.

Victor Dodier added that another issue is the cost of actually collecting such a tax. The current gasoline tax is a very effective and inexpensive way of collecting. Use fuel taxes are paid by individual tax payers rather than a few distributors (like for the gas tax) and collection is very expensive and collects small amounts of money.

Chair Starr asked whether there was a similar process that could be designed to collect taxes on alternative fuels that is similarly efficient to the gas tax collection mechanism. Also, is there an opportunity for us to identify what the true cost is to the system? He did not want to completely abandon use fuel taxes as a possible alternative without knowing the answers to these questions.

- *New Vehicles Tax-*
- *Vehicle Ownership Tax-*
- *System Development Charges-*

Chair Starr suggested putting three alternatives “on the shelf,” the new vehicles tax, the vehicle ownership tax, and system development charges. Starr said these are not true user fees and face difficult political problems before the legislature. He said system development charges ought to be a tool of local governments and not something that the state should add to or take away. While some task force members had differing views on the issue of systems development charges, the task force reached **consensus** on putting these three alternatives on the shelf for the time being.

- *Studded Tire Fee -*

The task force reached **consensus** that a Studded Tire Fee is a user fee that ought to be studied further and receive additional consideration.

- *Title Fees -*
- *Registration Fees -*

The task force reached **consensus** that Title Fees and Registration Fees are not true user fees and should not be examined as top priorities for now.

- *Parking Fees -*

The task force reached **consensus** that Parking Fees should be placed on the shelf for now.

- *Road Utility Fees -*

The task force reached **consensus** that Road Utility Fees should also be put on the shelf because they are best used on the local level and these types of fees are not true user fees.

- *Congestion Pricing -*

The task force reached **consensus** that where congestion is an issue for the road system, congestion pricing must be examined further.

Chair Starr noted that a congestion pricing toll ring around the City of Portland is not possible because of the limitations on tolling Interstate 5 that runs through the city. David Cox responded, "Not possible is a little strong, but it would be very doubtful.

Summary of Decisions on Potential Revenue Sources -

The task force reached **consensus** on the following –

1. The New Vehicle Tax, Vehicle Ownership Tax, System Development Charges, Parking Fees, and Road Utility Fees were placed at low prioritization for further examination.
2. Title Fees and Registration Fees were placed at a second level of prioritization for further examination.
3. Facility Tolling, VMT Fee, Congestion Pricing and Alternative Fuels Tax were placed at the highest prioritization for further examination.

The task force also reached **consensus** on a structure for further examination. One possibility is a VMT fee for general system funding with facility tolling around modernization projects, a congestion pricing overlay on to the VMT fee and a fee on studded tires. The other route for general system funding would be the alternative fuels tax.

Additional Alternative Fee or Tax Mechanisms for Examination –

The task force brainstormed about additional possibilities for investigation as alternative fee or tax mechanisms to replace the current road finance system.

- ***Accommodation for Inflation -***

The task force agreed to consider an accommodation for inflation in any tax or fee mechanism that is designed.

- ***Tire Tax –***
- ***Vehicle Impact Fee -***
- ***System Access Charge -***

The task force agreed to consider a tire tax, vehicle impact fee and a system access charge as alternative mechanisms for initial examination.

Other Questions of the Task Force –

- ***Mileage Based Insurance-***

The task force desired more information about how mileage based insurance works.

- ***VMT Geographical Analysis-***

The task force wanted to explore whether Oregonians drive more in one part of the state than another and wanted staff to search for data on this.

Mini-Pilot-

Staff presented the possibility of a mini-pilot project to test VMT data retrieval technology. This might involve vehicles of members of the task force.

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Public Outreach Model.

Upon a motion and a second, the task force adopted the public outreach model pending location and date changes.

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Proposed Meeting Schedule.

The task force discussed a trip to Condon and Pendleton, a trip to Coos Bay and one to Roseburg. The purpose of these trips is to meet with the public and see the road system.

The next task force meeting is scheduled for Friday, April 12th in Salem.

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Public Testimony.

There was no public testimony.