



The Oregon Road User Fee Concept and Pilot Program

Office of Innovative Partnerships
and Alternative Funding





Road User Fee Task Force

Legislative Mandate:

“To develop a design for revenue collection for Oregon’s roads and highways that will replace the current system for revenue collection.”





The Gas Tax – A Nearly Perfect Tax

- Raises substantial revenue
- Easy to pay
- Easy to collect
- Easy to administer
- Minimal evasion
- Protects privacy
- Minimal burden on business

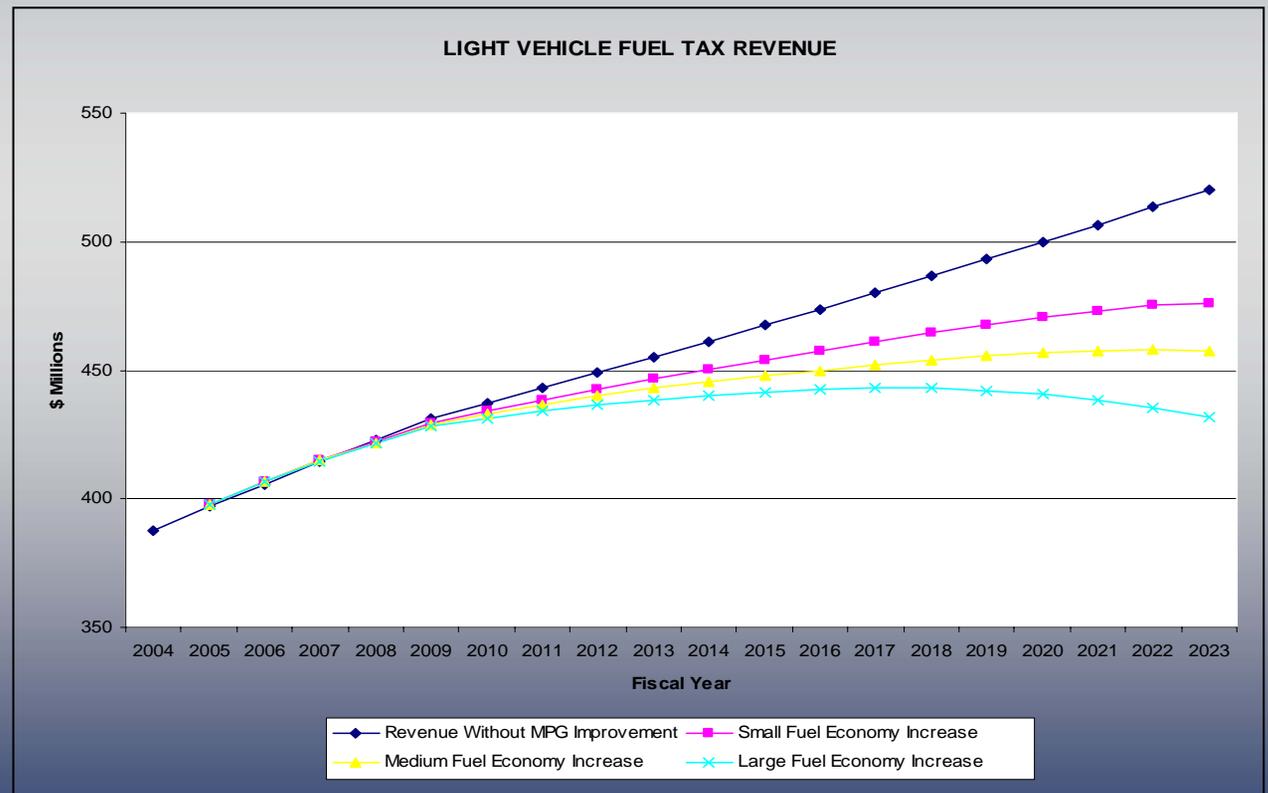




The Gas Tax – A Not So Perfect Tax

Revenue erosion

Disconnected from highway system





Solution: A Mileage Fee

A per-mile charge on
in-state mileage

Replaces state fuel tax





Mileage Fee Collection Challenges

- Start up and operations costs
- Collection enforcement
- Integration with current system
- Seamless transition
- System redundancy
- Ease of use by motoring public





Collection Possibilities for Data and Payment



Centralized collection

- Operations costly
- Collection enforcement problematic
- No gas tax integration
- No system redundancy
- Not motorist friendly



- ✓ Collection at fuel pump
 - Solves all structural issues



Oregon's Mileage Fee Concept: Two Purposes

- 1** Create a reliable, broad-based charge to replace fuel tax as principal road funding mechanism
- 2** Create an electronically collected charge to assist management of road congestion levels



Zones – NOT Location Detail

Charge on miles driven
within Oregon by zone

Zone 1 = in state

Zone 2 = out of state

Zone 3 = rush hour





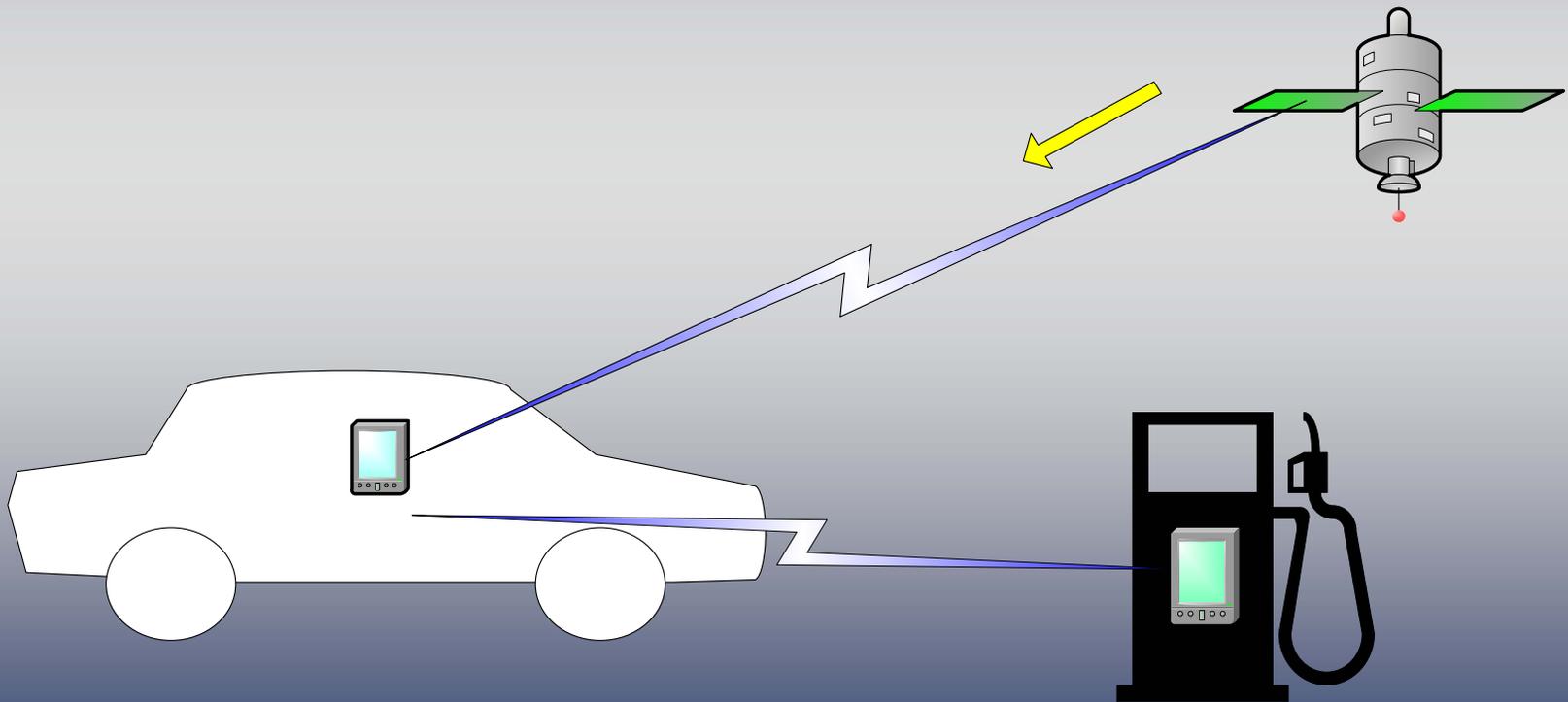
Steps Required

- 1** Data generation
- 2** Data upload
- 3** Data management
- 4** Payment



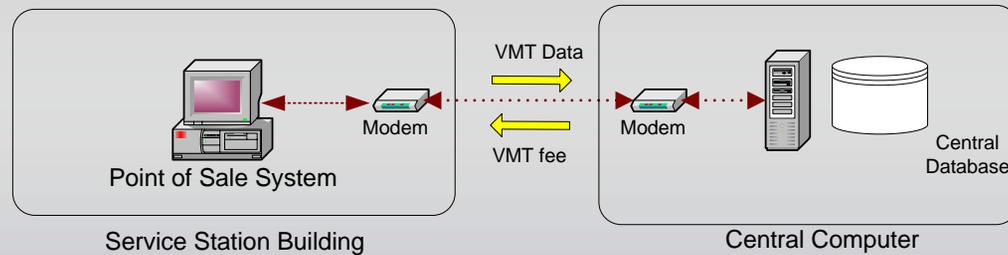


Data Transmission





Process Data and Charge the Proper Fee





csr
R# 1 S# 1 T# 882316 10:55 AM
06/09/06

Leathers Fuels
11421 SE Powell Blvd
Portland, OR 97266

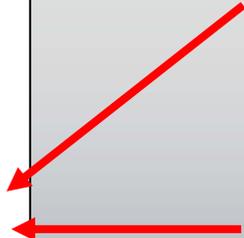
Pump# 1 Unleaded			
19.50	@	2.549	49.71
ST Fuel Tax	@	.24	(4.68)
VMT Fee	:		5.12
Rush Hour	:	40	
In-Oregon	:	28.6	
Non-Oregon	:	0	
No Signal	:	0	
		Subtotal	50.15
		Total	50.15
		Cash	50.15

Thank You !

The Receipt

Fuel tax deducted from fuel purchase price

Mileage fee imposed as part of fuel purchase



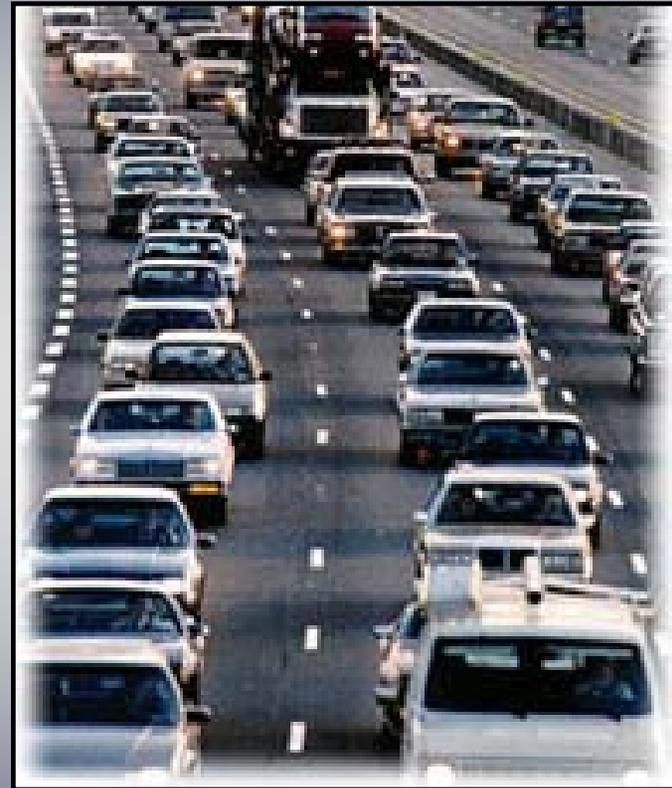


What About...

Heavy trucks?

Non-equipped cars?

Integration with the gas tax?





Integration with Fuel Tax

Bulk of revenue stream pre-paid at distributor level

Mileage fee gradually becomes predominant

Fuel tax retained to guard against system failure and tampering





Capitol Costs for Full Implementation in Oregon

Vehicles

No retrofitting

Components installed in new vehicles prior to sale



Service Stations

Capital costs: \$35 m

Annual operating costs: \$1.6 m



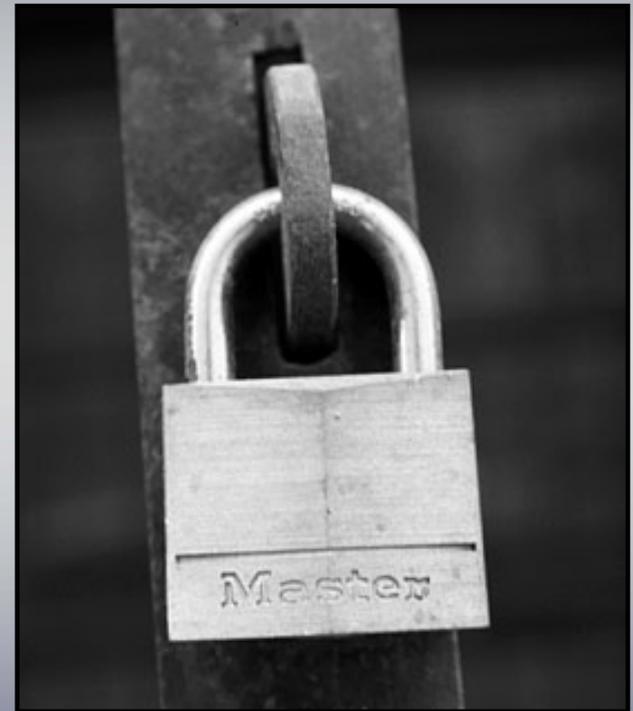


Privacy

No vehicle location data stored in vehicle

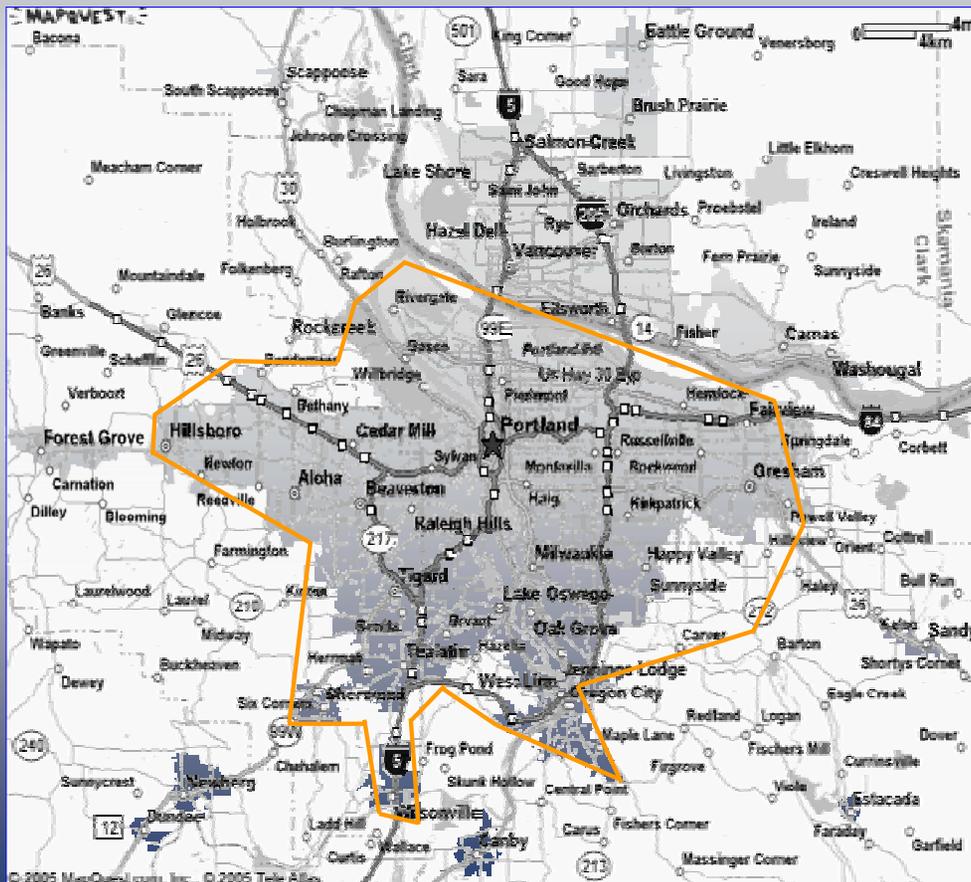
No data transferred except mileage totals within zones

Data transferred only at time of fueling via short range radio frequency





Multi-Jurisdictional and Variable Pricing Applications



Local Option

Defined boundaries

Differing rates

Area Pricing

Higher rates at peak periods



How Oregon Mileage Fee Compares with Gas Tax

Raises substantial revenue

Easy to collect

Easy to administer

Easy to pay

Minimal evasion potential

Protects privacy

Minimal burden on business

Directly connected to highway use

No revenue erosion for fuel efficiency





Road User Fee Pilot Program

April 1, 2006 to
March 25, 2007





Pilot Program Field Test

260 participant vehicles

Compensation of \$300 per vehicle

Control phase & experiment phase

Three test groups



1. Control group paid state gas tax
2. VMT group paid 1.2 cents per mile but no state gas tax
3. Rush hour group paid 10 cents per mile in congestion zone, .43 cents per mile for other Oregon travel but no state gas tax



On-Vehicle Device





Visitors to Road User Fee Pilot Project



October 26, 2006
USDOT Secretary
Mary Peters



Preliminary Results

Successes

- Zone differentiation
- Mileage counting
- Transaction administration
- 85% Vehicle identification
- 100% Transmission accuracy
- 91% Acceptance



Needs More Work

- Perfect vehicle identification
- Improve cash transaction time

Lessons Learned

- Retrofitting extremely difficult
- Technical assistance to stations



Final Results: Fall 2007

Technology assessment

Administrative assessment

Behavior assessment

Steps to statewide implementation





Key Steps to Implementation of Mileage Fee

Refine technologies and investigate alternatives

Define manufacturing standards

Address concerns of fuel distribution industry

Integration with other revenue collection systems

Study effects

- Sociological

- Economic

- Environmental

- Income

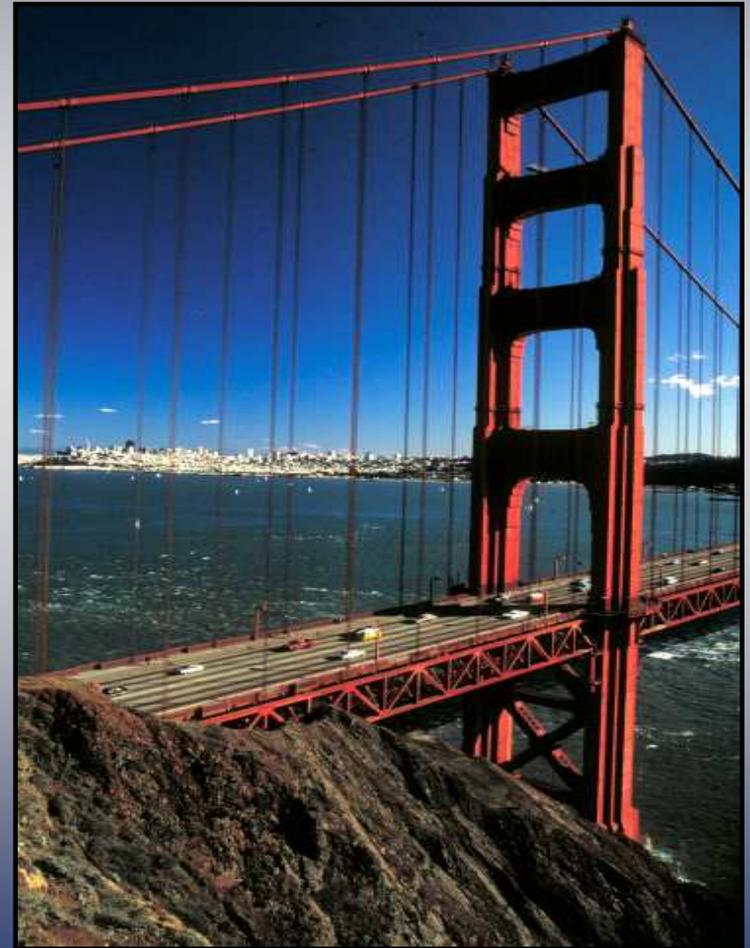
- Energy





Additional Uses: Facility Pricing

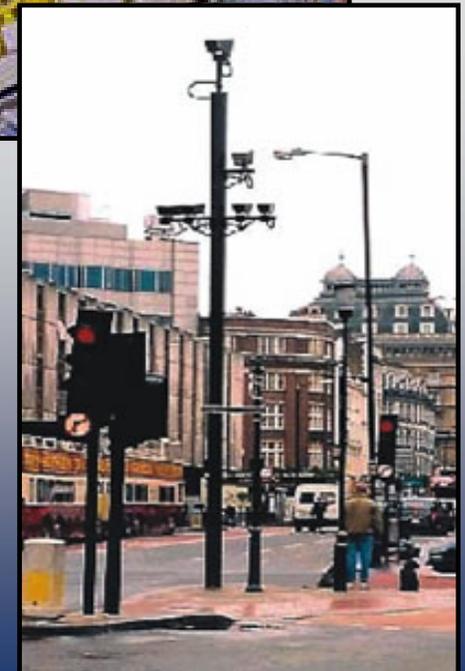
Tolling new bridges or roads





Additional Uses: Cordon Pricing

Point charges without cameras, back room operations or central billing





Additional Uses: Pricing On-Ramps

Managing traffic flow on limited access highways without additional physical infrastructure

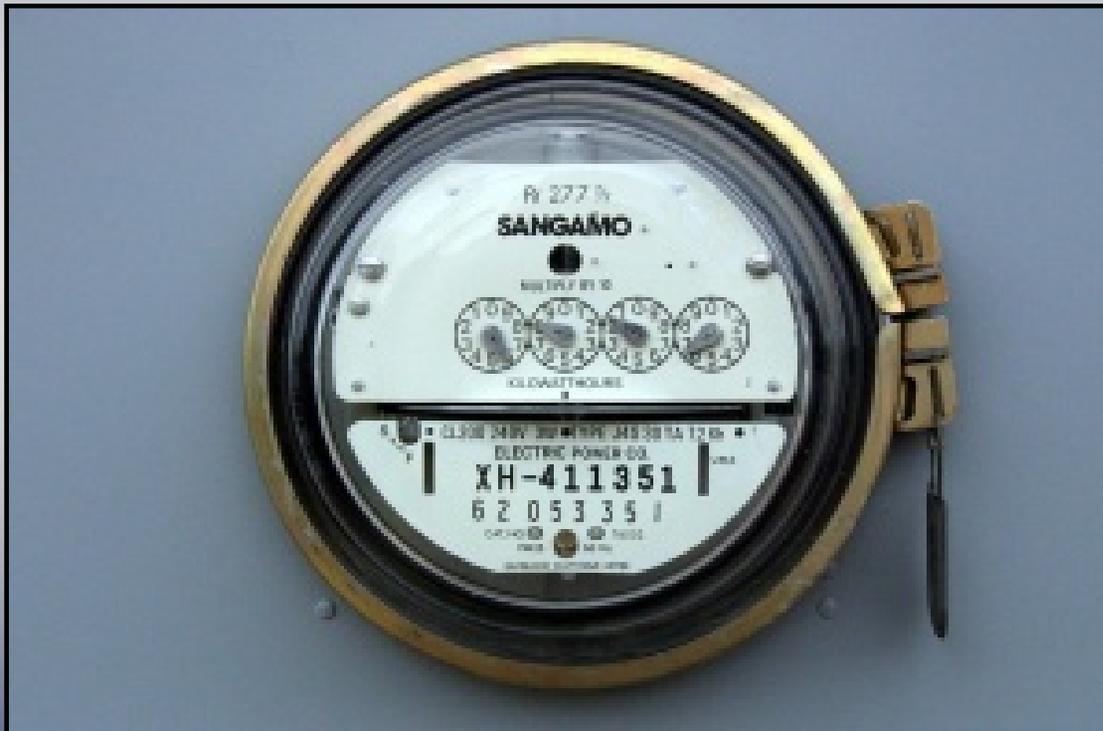
Point charge or distance charge





Future Concept Development

Home Fueling Collections

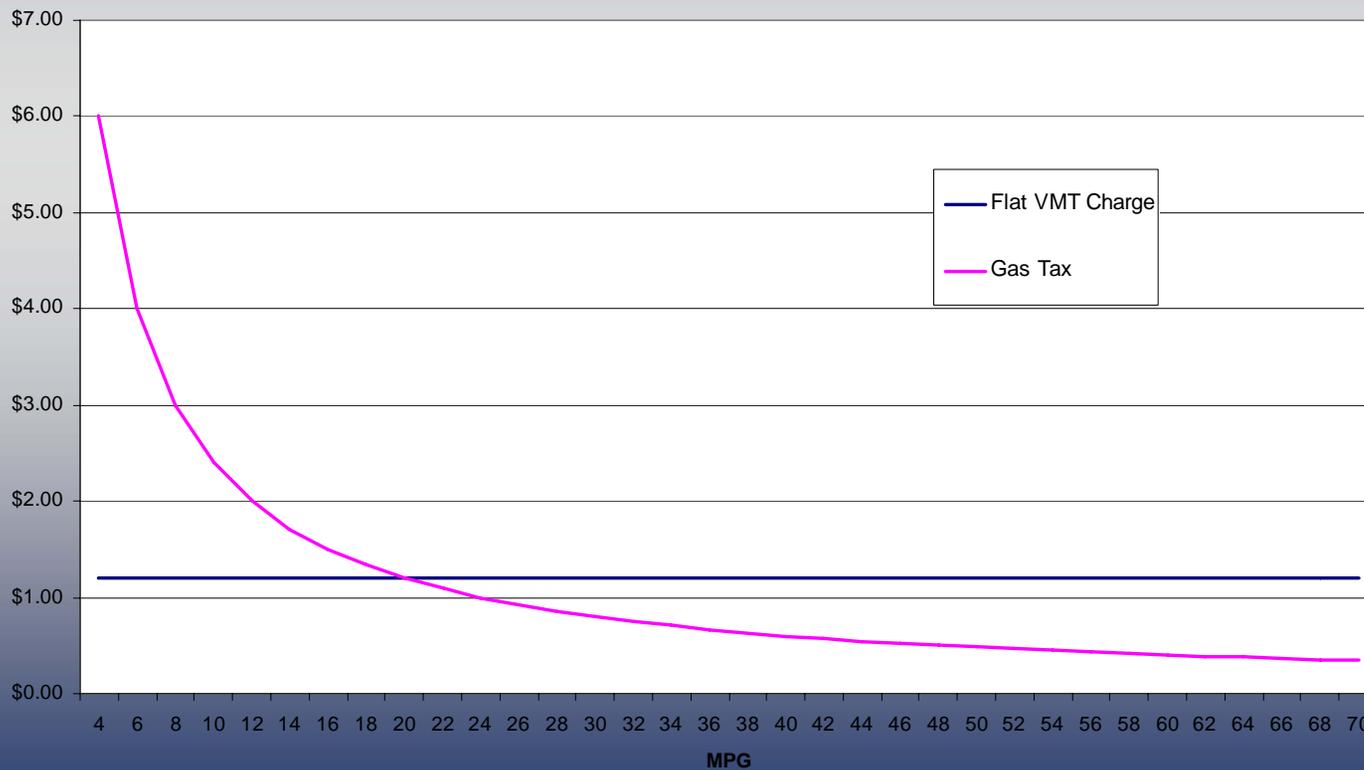




Key Policy Issue – The Rate Structure

Possibility # 1: Flat mileage charge

FLAT VMT CHARGE VS. FUEL TAX

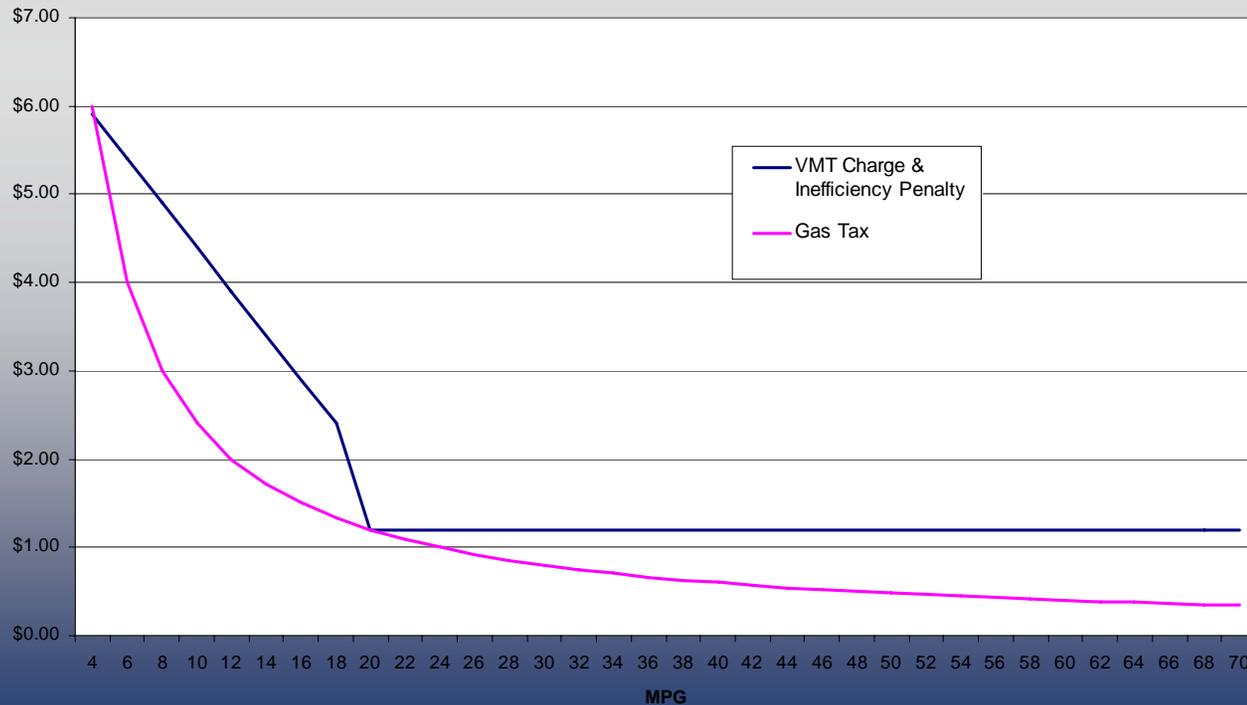




Key Policy Issue – The Rate Structure

Possibility # 2: Add fuel inefficiency penalty to mileage charge

VMT CHARGE & INEFFICIENCY PENALTY VS. FUEL TAX

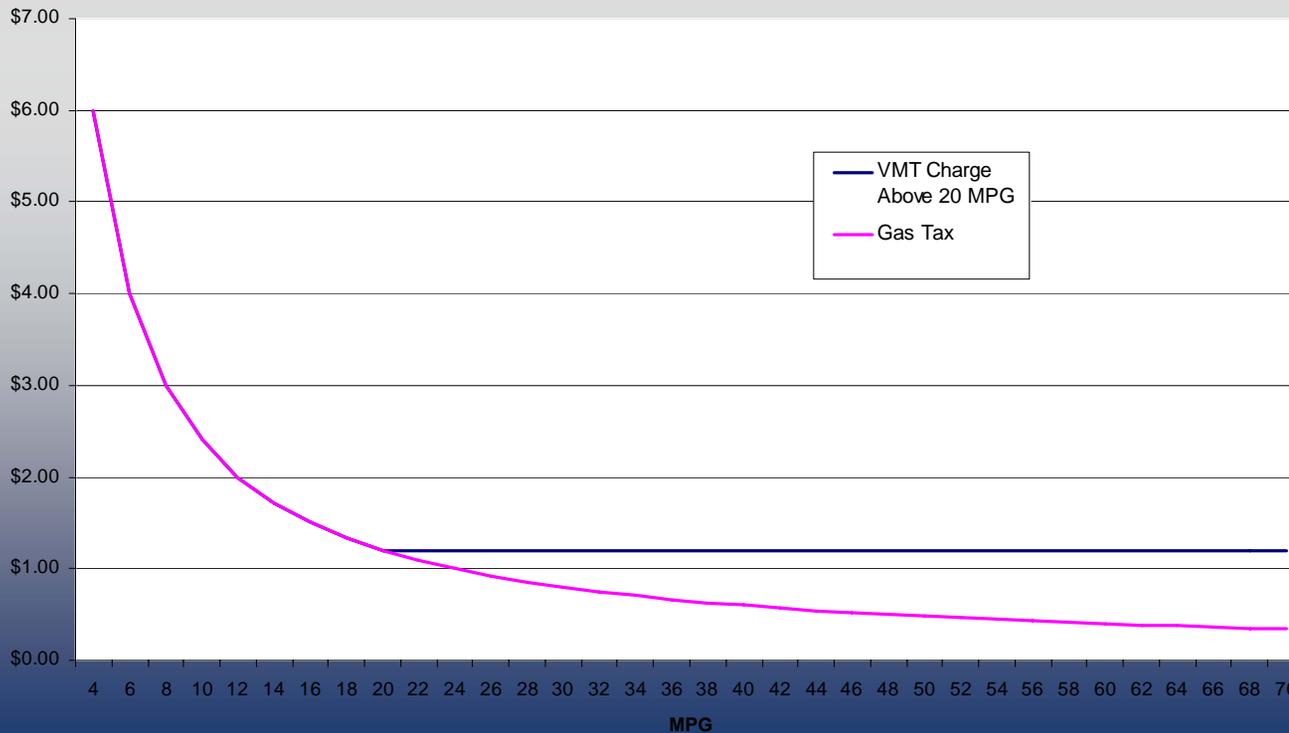




Key Policy Issue – The Rate Structure

Possibility # 3: Fuel efficient vehicles pay mileage charge & Low fuel efficiency vehicles pay gas tax

VMT CHARGE Above 20 MPG VS. FUEL TAX





Obtaining Public Acceptance

Conduct public attitude surveys

The public must understand the problem

Gas tax loss may have to be obvious





Road User Fee Pilot Program Website

www.oregon.gov/ODOT/HWY/OIPP/mileage.shtml

