

Road Use Fee Task Force
October 5, 2011
Salem, OR State Capitol Room 350

Task Force members in attendance: Mayor Craig Dirksen, Jack Roberts, Rep. Terry Beyer, Sen. Rod Monroe, Sen. Bruce Starr, Rep. Margaret Doherty (Ex-Officio), Rep. Vicki Berger (Ex-Officio), Tammy Dennee, Craig Campbell, Commissioner Tammy Baney (by phone)

ODOT Staff in attendance: James Whitty, Kathy Kleen, Chuck Larsen, Randal Thomas, Art James, Ashley Horvat, Jack Svadlenak

Guests: Curt Augustine (Alliance of Automobile Manufacturers), Paul Cosgrove (AAM), Angus Duncan (Community Investment Initiative), Barry Woods (DriveOregon), Hal Lenox (GM, by phone), Gary Graunke (Oregon Electric Vehicle Association), Paul Burkey (OEVA), Jana Gastellum (Oregon Environmental Council), Gordon Feighner (Oregon Citizen's Utility Board), Emmaline Pohnl (CUB), Patrick Brennan (Oregon House Committee Services), Mark Matteson (Washington State House of Representatives), Mazen Malik (Legislative Revenue Office), Craig Honeyman (League of Oregon Cities), Jamie Hogue (Climate Solutions), Ann Hanus (Association of Oregon Counties), Lana Cully (DMV), Dan Eisenbeis (City of Portland), Jack Opiola (D'Artagnan Consulting), Travis Dunn (D'Artagnan Consulting)

The Task Force convened at 9:05 AM.

Welcome, Introduction, and Approval of Minutes

Rep. Berger provided an update on the House Revenue Committee calendar for the upcoming 2012 session.

Meeting notes from the December 2, 2010 meeting were approved without objection.

Item: Public Testimony

Mr. Woods gave a statement on behalf of DriveOregon which represents a wide range of electric vehicle (EV) stakeholders. DriveOregon agrees that EVs should pay their "fair share" for infrastructure, understands the history and national importance of RUFTF, and respects the mission and policy implications of RUFTF. However, DriveOregon wants to ensure that Oregon's treatment of EVs is consistent. Mileage taxes would impact not only operational costs of EVs but also public perception of how such vehicles fit into tax structure.

Mr. Duncan gave a statement on behalf of the Community Investment Initiative. They wish to promote the notion of a utility model for transportation road user charging that

considers both VMT and carbon emissions/fuel efficiency as the basis for charges. They want to conduct a demonstration of the utility model in the Portland metro area that looks at access fees, usage fees, and potentially congestion fees.

Item: Review of 2011 Road User Charge Legislation

Mr. Whitty presented a summary of events during the 2011 legislative session relating to HB 2328, referring to the Policy Framework report produced by OIPP as a guide. Discussion ensued about the reasons for the bill's amendments and failure to pass. Points raised by the Task Force included the following:

- A lower per-mile rate might be desirable. The bill could gain more support if it starts small, undergoes a review, and is raised if necessary in the future. On the other hand, it may be easier to pass a bill with the higher rate built in now, so as to avoid a supermajority vote later to raise the rate, hence the graduated rate idea in HB 2328 version B.
- There is some resistance to the program because some legislators see that EVs are the first set of vehicles, and that soon other vehicle classifications will be required to participate in the mileage tax.
- The bill and the mileage tax program represent a long-term replacement for charging for use of roads. Subsidies for certain classes of vehicles, such as EVs for environmental reasons, should come out of the general fund, not out of the transportation fund.
- Starting with EVs makes sense because buyers are savvy, understand the potential value of ancillary benefits, and can convince others about the merits of the program.
- Any additional revenue added to a highway fund for general highway purposes, whether a mileage-based charge or a flat annual fee, will be considered a tax, according to the legislature's General Counsel.

Item: Consideration of Adjustments to RUFTF Policies for a Vehicle Road Usage Charge in Oregon

Mr. Whitty presented HB 2138, which passed during the 2011 legislative session. He explained the new directives it provides to RUFTF regarding pilot program policy directives. Given the legislative policy directives, he asked RUFTF whether it wishes to make any adjustments to its current policy. Discussion ensued about policy adjustments.

- There was general support for maintaining the higher per-mile rate.
- Mr. Roberts advocated for a full disclosure to the public of the long-term vision for a transition from fuel taxes to mileage taxes in order to win broad support from the beginning.
- Concern was expressed that future legislation needs to ensure cities maintain flexibility to allow their own road user charges on top of the state charges.
- It was suggested that the mileage tax policy could be advanced faster if legislators had tangible knowledge of the proposed system and its components,

such as the in-vehicle device and billing system, e.g., through a legislative pilot program.

A motion carried without discussion or objection that accepts the following policy elements of HB 2328 version B, 2011, as new RUFTF policy:

- The mileage tax will apply to EVs and PHEVs of 2016 model years and beyond beginning on July 1, 2015 at a currently unknown transitional tax rate. A flat annual tax of a currently unknown amount will be offered as an alternative to paying based on reported miles driven during this transitional period only;
- The mileage tax will apply to all EVs and PHEVs beginning on July 1, 2018 at a currently unknown standard tax rate (regardless of model year) and there will be not flat annual fee alternative offered;
- Removal of all penalties except tampering and false reporting;
- Protection of personally identifiable information;
- ODOT to set standards for compliance methods under an *open system* and work with other state agencies in doing so; and
- ODOT to develop reporting/billing cycle period based on circumstances of owner/lessee.

Mr. Whitty offered for consideration several specific new policy options to RUFTF: a flat fee option as proposed in HB 2328 version B, 2011; a subscription fee payment system modeled on a program in New Zealand; development of a system for charging out-of-state users; and addition of vehicle groups beyond EVs and PHEVs.

- After discussion of the advantages and disadvantages of the flat fee, a motion was passed without objection which called for ODOT to “come back to the Task Force with a flat rate charge that would be on the high end” as well as a “methodology for determining the rate.”
- There were many questions about how a subscription system would work and be enforced from the Task Force members. No official policy was adopted. However, the members expressed a desire to keep options open at this stage and gather more information before making any decisions.
- The issue of whether to research and develop a system for charging out-of-state motorists was not taken up and, instead, tabled for future discussion.
- No change in policy was adopted at this time on the addition of other vehicle groups beyond EVs and PHEVs.

Evaluation Criteria for New Pilot Program

Mr. Dunn presented proposed evaluation criteria for the Pilot Program. A motion passed without objection to accept the evaluation criteria as presented.

Dialogue with Electric Vehicle Advocates

Over lunch the Task Force invited EV stakeholders to participate in a dialogue. Following is a summary of major points by stakeholders:

- Mr. Woods reiterated his argument that Oregon policies encourage adoption of EVs.
- Mr. Graunke imagined an energy-based road funding policy, where users pay on the basis of energy consumed rather than transportation consumed. He also suggested the possibility of taxing electricity consumed by EVs or charging them a shadow gas tax based on their “equivalent” miles per gallon.
- Mr. Feighner disagreed with an energy-based transportation charge, pointing out that the utilities would not participate in it and that it is unprecedented to charge differential rates for electricity based on the end use. Instead he supports a mileage fee or flat fee.
- Mr. Augustine acknowledged that road funding is a critical issue of which he is supportive and agreed that a transition toward something like a mileage tax is important. His group has examined a number of alternatives including VMT taxes, flat fees, and electricity taxes. His group has not taken a formal position on VMT as general policy, but sees advantages (revenue) and disadvantages (possibility of discouraging EV adoption) in the proposal.
- Mr. Cosgrove asserted that EVs would not travel as much as other vehicles due to their limited range. He also stated his belief that there are not enough EV owners in Oregon at this time to know whether such a program would be acceptable to the broader public.
- Mr. Augustine agreed that we should not use the road funding system to incent particular types of behavior. He expressed a desire that government provide more incentives to help industry sell EVs.
- Ms. Hogue stated that Oregon can be a leader in producing EVs and encouraged adoption of policies that support that.
- Ms. Gastellum commented that she does not want to see a system set up that rewards inefficiency.
- Mr. Reinhard commented that the arguments for a VMT tax are very compelling. However, when there is talk about expanding the program to all vehicle types or to include congestion pricing, support is eroded.

Formation of EV Stakeholder Group

Task Force members noted that participation by automakers is key to legislative success for the VMT program. Automaker representatives were asked to commit to work together. New cars have computers that can collect the necessary data, and we need to work together to utilize that information as a means to collect a fee for road use. Mr. Augustine and Mr. Cosgrove agreed.

Mr. Whitty requested the formation of a RUFTF EV stakeholder group to address various legislative issues as they come up. There was a consensus among Task Force members that Mr. Whitty should indeed form such a group and engage them in further discussions as he deems necessary.

Research Program Undertaken by ODOT

For the record, Mayor Dirksen disclosed the fact that he is an employee of CH2M Hill, but that his division is distinct from the division supporting OIPP and that he had no role in evaluating or selecting contractors for this project.

Mr. Opiola presented the proposed research program to be undertaken by ODOT over the next year which includes a mileage tax (MT) pilot program, urban/rural equity analysis, financial cost model of a MT collection system, and EV/PHEV fleet growth forecast through 2030. It was suggested that the Pilot Program be started as soon as possible in order to provide information in time for the 2013 session. Mr. Whitty explained that the purpose of the pilot is slightly different from the original pilot in that ODOT employees, legislators and RUFTF members will participate in order to increase understanding among legislators, but that a preliminary evaluation would also be useful.

The following Task Force members volunteered to participate in the Pilot Program: Ms. Dennee, Mayor Dirksen, Mr. Campbell, and Sen. Starr. Rep. Beyer indicated she would confirm her commitment soon.

The Task Force passed without objection a motion to endorse/approve the work to be undertaken as part of the research program.

Additional RUFTF Activities

Next Meeting: November 17, 2011 State Capitol in Salem, OR

Adjournment

Meeting was adjourned at 1:45 pm.