

INTEROFFICE MEMORANDUM

TO: Road User Fee Task Force

FROM: Maureen Bock, Lori Bowman, Jack Svadlenak

RE: Implementation Challenges

DATE: December 2, 2010

Subject matter experts from throughout ODOT met to discuss implementation challenges. A high-level overview of the issues follows:

Potential changes to legislative concept include:

- Reference to apportionment of revenues to cities and counties (ORS 366.739 - .820)
- Reference regarding how to address diesel plug-in hybrids (ORS 319.550, 319.600 & 319.831)

Process issues that may need changes to the legislative concept include:

- Providing appropriate protections for the revenues
 - Bonding of ODOT's fee collection agents
 - Requiring ACH transactions initiated by ODOT
 - Compliance with ORS 293.265
 - Persons in possession of state money must turn it over to Oregon State Treasury not later than one business day after collection or receipt
 - Alternative: document and maintains information that a valid business reason exists for a longer transmittal period and that the period is no longer than necessary to satisfy that business reason
 - The alternative must be submitted to the Division of Audits of the Secretary of State for review
 - Department cannot renew registration until proof person has paid charge
 - If vehicle is sold to new owner without seller paying charges, new owner could not renew registration until prior fees paid. Examples include:
 - Vehicle with multiple interim owners.
 - Vehicle retitled in other state and brought back to Oregon.
 - If vehicle is traded in to dealership, no one is responsible for mileage added
 - Dealer not required to title/register in dealership name and not considered the registered owner
 - Dealer may have multiple transfers between business locations

- Limiting fuels tax refunding for plug-in HEVs so processing is streamlined & cost-effective
 - Options could include
 - Offsetting refunds against tax owed,
 - Limiting refund claims by time, or
 - Setting a minimum per claim
 - Setting a maximum based on average MPG for the vehicle type
 - Give ODOT the authority to limit refunds by statute
 - Note: ODOT cannot refund local option fuels taxes for the programs it administers
 - RUF pilot experience – 26 hours to process 400 refund claims

Internal Challenges Driving Fiscal Impacts

- Staffing to address the additional workload
 - Audit workloads – increased numbers of entities (vehicle registrants & third parties)
 - Refunds – need to ensure tax was paid to ODOT and fuel used in a plug-in hybrid
 - Coordination between DMV, FTG and third parties
 - Ensure DMV has notice of payments (registration/non-payment)
 - Ensure FTG has notice of vehicle transfers (ownership information/refunds/emblems)
 - Data capture and quality assurance
- Building scalable processes supported by technology
 - Fuels Tax Group is working on a system replacement with a vendor portal, which may be an initial solution for payments and refund requests
 - Workloads associated with more refunds, ACH transactions, etc. need to be addressed through staffing models
 - Ensuring system availability if automated
- Having a back-up plan in the event of system failures
 - Ensures business continuity
 - Provides expected level of service to the public
- Ensuring data capture of information about plug-in hybrids
 - Reliance on owner to disclose
 - Conversions & kit cars
- Registration renewal conducted by other entities
 - Both DEQ and Oregon dealers process registration renewal transactions and could be impacted depending on implementation strategy selected