

Road Use Fee Task Force

Meeting of December 2, 2010

Location: Salem, Capital Room 350

Task Force Members in Attendance: Commissioner Mary Olson, Commissioner Don Lindly, Mayor Craig Dirksen, Jack Roberts, Rep. Cliff Bentz (via conference line), Rep. Terry Beyer, Sen. Rod Monroe, Rep. Margaret Doherty (Ex-Officio), Tammy Dennee (OWGL), Susan Brody

ODOT Staff: Jim Whitty, Lynn Averbeck, Kathy Kleen, Jack Svadlenak, Amy Joyce, Maureen Bock, Darrell Capps (ODOT), Heidi Elliot (Legislative Counsel)

Guests: Michael O'Hollaran (CH2M Hill), Sam Seskin (CH2M Hill), Paul Butcher (Intel), Kevin Bross (Intel)

The Task Force convened at 9:05 am.

The notes from November 4, 2010 meeting were approved.

There was no public testimony.

Technology Presentation

Mr. O'Hollaran of CH2M Hill, Paul Butcher and Kevin Bross of Intel gave a presentation about wireless technology and intelligent transportation architecture.

Draft Bill Discussion

Mr. Whitty presented an overview of the draft bill, LC 1440. Discussion ensued about importance of having support of both parties. Task Force agreed that it needs to be clear that this is a replacement tax and a rate of 0.60 cents per mile.

Task Force considered including the per mile charge option for non-electric vehicle owners to voluntarily choose as an option. Mr. Whitty reported that ODOT already has the authority to do that on a pilot basis. Such a provision would be a change from the Task Force decision made last meeting. Task Force wants to be ready to include this provision in case it becomes an issue when the bill is in committee and under discussion by the legislators.

Administration fee for ODOT in addition to the normal registration fee will be problematic. Consensus was reached to delete this from Section 2.

Weight mile program was used as model for the late charges and penalties. What is the appeal process? Ms. Bock explained the fuel and trucker weight mile tax penalties and appeal process,

which allows 30 days to provide evidence and correct, then can be appealed to court system. Most let charges flow to the next month and pay it then. Notices are not sent for small charges, because it is not cost effective. Licenses can be revoked but that is a very rare occurrence. Fuel tax is prepaid by the retailer. There is no opportunity to purchase fuel without the tax.

Miles driven outside Oregon: modeled after the weight mile tax program. Under this program, trucking firms can show receipts that they drive out of state and refunds can be aggregated. Refund requests are only processed if there is proof that the fuel tax was actually paid. Task Force wants this to be clear in the bill language. Mr. Whitty will re-work this in LC 1440.

Discussion – Is language referring to revenue use needed? Task Force agreed it would be clear that its part of the Highway Fund and does not need to be specifically called out in LC 1440.

ODOT Staff raised issues at the request of the Chair Beyer on the impacts of LC 1440 on related activities.

- Issue: City/County (50/30/20) split for this bill and how to deal with diesel plug-in hybrids. ORS 319 would need to be changed if intent of new legislation is to cover that. Right now, diesel can be purchased tax free and paid later.

Task Force agreed that provisions to cover these issues should be incorporated into LC 1440. Task Force agreed that the bill should include the current 50/30/20 distribution policy in order to encourage local government support for the bill. Discussion continued over whether this would be a new tax or not. Staff clarified that this would result in a degradation of the Highway Fund over the long term, if it is viewed as a replacement for old revenue base.

Task Force agreed it should be presented as new revenue because electric cars don't currently pay fuel tax. If and when per mile is imposed on all vehicles it will be a replacement tax. Task Force agreed that the City/County split discussion is part of a much larger discussion. Mr. Whitty pointed out that ultimately this is both a replacement and new tax.

Questions from Sen. Bentz:

- How many EVs are currently registered? (Answer: 320 EVs, 42000 hybrid not plug in)
- Is there a collection system for natural gas and propane vehicles (Answer: yes, under ors 319 – pay at the pump)
- What is the cost to ODOT of implementing the program? (Answer: not sure yet – full implementation analysis has not been done. waiting for the final legislation to make final determination. Does have an additional impact, probably 1 or 2 additional FTE)
- Is there any benefit to the state (money savings) or is it just more expensive? (Answer: cost in early years, building system from scratch. Once in place that cost would go away).
- Would it be huge undertaking for DMV to start tracking PHEV in the hybrid category? Staff confirmed that it would be rather expensive for DMV to do that.

Commissioner Olson suggested that ODOT have a conversation with vehicle manufacturers to start using a special VIN for PHEVs.

Staff concerns on Impacts of LC 1440, continued:

- Issue: Providing adequate protection for the revenue stream. Companies collecting per mile taxes on ODOTs behalf are bonded. Don't currently require ACHS transactions. Could contract the tax collection function out. Registration renewal when there is an unpaid charge will be difficult (note: what do you do about new owner not being aware of past due charges?) ODOT does not have authority to collect past due registrations when a new owner comes in to register a purchased vehicle. ODOT recommendation is to NOT collect past due taxes when ownership changes, and write it off as a cost of doing business. DMV has problem of multiple owners of a vehicle without any request for registration. It is incumbent upon new owner to inform DMV. There is a penalty if not done within 30 days. If vehicle type (EV or PHEV) is known when it is registered, the past VMT tax could be added at registration. This is dissimilar to purchasing a car that has traffic citations tied to it. DMV does not hold the new owner responsible for prior owner non-compliance. Can the past due VMT be added to driver's license renewal? Would require additional statutory language, but is possible. Bill language is modeled after DEQ and insurance requirements, which are covered under two existing statutes.

Task Force agreed not to punish the new owner at title transfer, provided they have registered the purchase as required under current rule. All past due tax would have to be paid at registration renewal if ownership has not changed. Task Force agreed to give ODOT the authority to collect back tax due.

The Task Force agreed it is generally better to "dis-incent" not paying than to incur the collection expense.

DMV does track monthly payments and does outreach if a month is missed.

- Issue: Situation where a person not considered the registered owner trades to a dealer. Dealer is required to notify DMV that the vehicle is in their inventory but the dealer does not become the registered owner. Mileage is incurred in test drives while on the lot.

Discussion: Charge dealer a flat rate and provide an exemption for tax or just an exemption? Task Force agreed to provide an exemption for this situation and provide a specific exclusion rather than let it go unstated and covered under existing DMV rules. Miles accrued by dealers will be lost for taxing purposes.

Adopted October 5, 2011

- Issue: Limiting refunds by rule - provide an offset provision, limit by time period (such as one annually), set minimum amount to be able to claim refund. Also, DMV cannot refund for tax they are collecting for local jurisdictions.

Discussion: does bill require local jurisdictions to refund their portion? (Staff Answer: AG position is no, unless locals change their ordinances to require it).

ODOT issued over 400 refunds during the RUFPP. 26 hours of time to do that, for very small dollar amounts. Each refund transaction costs \$10. Task Force agreed to credit offset towards future tax due rather than refund if possible (especially for small amounts), giving ODOT flexibility to determine what will be most cost-effective during the rule-making process. Task Force agreed to mirror existing systems in place for refunds.

- Issue: additional workload for processing and coordination between Freight and DMV. Fiscal impact of that won't be calculated until final bill is done. DMV audits any new staff position to make sure fiscal impact is true after implementation.
- Issue: ODOT is currently looking into electronic filing for weight/mile fuel tax and wants to be mindful that a new RUF will work with that. Recommends making sure e-filing is available when people expect it to be. What happens when system goes down for whatever reason?
- Issue: DEQ handles 27% of the state registration renewals. Notice to owner two months prior to expiration. At renewal reminder, they can be two months in arrears. Will have to do a second check, but DEQ systems will have to be revised to accommodate that.
- Issue: Mr. Svadlenak presented a chart showing revenue lost for EV and PHEV and asked: Would the Task Force like to add recovery points to VRUC rate for revenue loss and if so what would that point be?

Discussion: trigger for review at certain point and re-adjust rate? This doesn't consider fuel efficiency improvements over time, which would increase the revenue loss. Should trigger be a certain market share of EV/PHEV registered vehicles? Task force agreed to require a trigger for review by legislature rather than an escalation factor, with annual reports of fiscal and other impacts to legislature. Existing biennial Highway Cost Allocation Study can include this report. Normally a report to legislature requires a specific date. Task Force agreed to recommend to legislature rather than include it in the bill. Task Force agreed to make a recommendation to legislature to put the reporting requirement into a separate bill. Task Force agreed not to change recommended 6 cent per mile rate based on Mr. Svadlenak's Revenue Loss Benchmark Report.

Ms. Elliott reviewed and asked for confirmation of next round of changes: non-payment penalty of ten percent of amount not paid; provide for a credit against tax in lieu of a refund; alteration to audit provisions. Task Force agreed.

Motion made to recommend next draft to legislature, seconded without discussion or amendment and approved by the Task Force.

Chair Beyer invited any task force member to let Mr. Whitty know if they would like to testify or have any recommendations for the testimony.

Chair Beyer asked if there were any other issues or legislation for consideration by this committee?

Electric vehicle task force – how does that relate to this committee’s work and what are they doing? (EV market impacts and grid issues)

Commissioner Olson asked what future role of this committee is. Chair Beyer predicted that, while the initial mission is very focused, it is likely that it will be asked for additional service. Mr. Whitty said committee may be asked to reconvene next Spring after legislature has considered the bill. Sen. Monroe asked if this committee might be asked to consider studded tire use. Commissioner Olson would like to have this committee be the brainchild for all future transportation funding issues, including transit and rail. Chair Beyer said this group could be expanded or other committee(s) could be enacted for non-highway funding issues. Commissioner Olson pointed out that the definition of “road user” may change over time to include transit, bicycles, indirect users (delivery services), etc.

Meeting was adjourned at 1:05pm.