

ODOT Funding Package Resource Library

Truck Taxation in Oregon: Background Information

With a requirement for cost responsibility between passenger vehicles and heavy trucks built into the Oregon Constitution, Oregon has structured its system of truck taxation around a weight-mile tax that charges trucks based on their weight, the distance they travel, and the number of axles. Other states typically charge trucks a diesel tax—which Oregon does not—and also have higher truck registration fees. Other states also often charge trucks a variety of other taxes. Oregon’s Constitution requires cost responsibility regardless of the mechanism used to collect the tax; this constitutional requirement results in trucks paying more to operate in the state of Oregon than in any other state (all other factors being equal). The latest Highway Cost Allocation Study showed trucks are overpaying and passenger vehicles are underpaying based on the costs and revenues attributed to both types of vehicles.

Oregon’s Constitutional Requirement for Cost Responsibility

Oregon’s Constitution requires a fair allocation of costs between passenger vehicles and heavy trucks. Specifically, Article IX Section 3a requires that highway revenues “shall be generated in a manner that ensures that the share of revenues paid for the use of light vehicles, including cars, and the share of revenues paid for the use of heavy vehicles, including trucks, is fair and proportionate to the costs incurred for the highway system because of each class of vehicle.” To ensure fairness and proportionality, the Constitution also requires that a review take place every two years; based on this Highway Cost Allocation Study (HCAS), the Legislature is directed to adjust revenue sources if necessary. The last HCAS from 2023 found that light vehicles were underpaying and heavy trucks were overpaying. A new HCAS in early 2025 will provide updated information.

Weight Mile Tax

While most states charge trucks primarily through a diesel tax and registration fees, since the 1950s Oregon has structured its truck taxes around a weight-mile tax that is agnostic to the type or amount of fuel used to propel a truck. The weight-mile tax charges heavy trucks based on their weight, the distance they travel, and the number of axles, to ensure heavy trucks pay their fair share for their impact on the roads. Under the weight-mile tax, trucks from 26,001 pounds up to 80,000 pounds pay in 2,000-pound increments. Rates range from 7.64 cents per mile for a truck at 26,001-28,000 to 25.12 cents per mile for trucks at 78,001-80,000 pounds. Trucks above 80,000 pounds pay under a formula known as “Table B” based on weight and number of axles. The vast majority of trucks fall into the 78,001-80,000 pounds bracket.

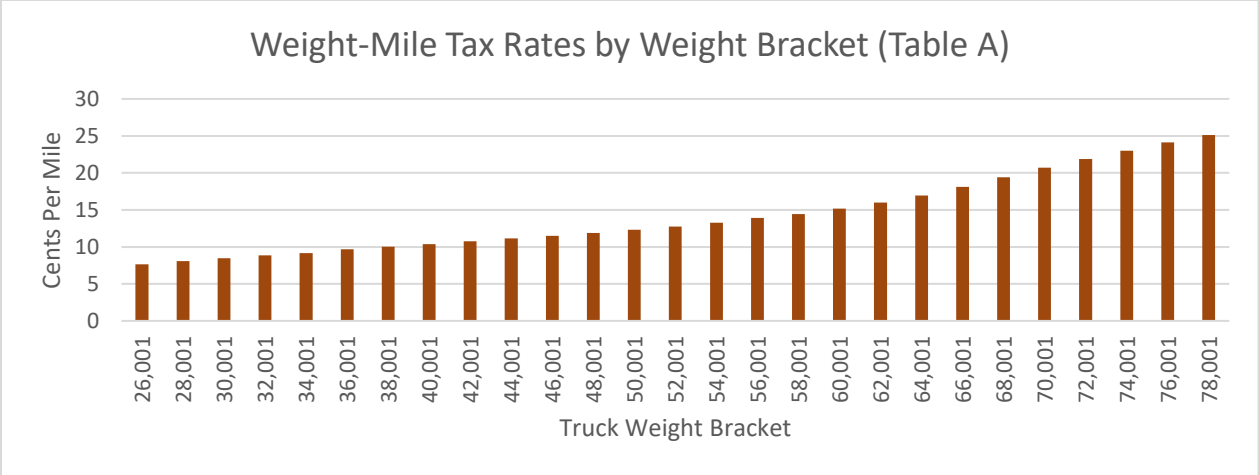


Table 1: Weight-Mile Tax Table B - Rates in Cents Per Mile

Weight Group	5 Axles	6 Axles	7 Axles	8 Axles	9 Axles+
80,001-82,000	25.94	23.73	22.18	21.07	19.87
82,001-84,000	26.78	24.11	22.54	21.34	20.14
84,001-86,000	27.58	24.66	22.91	21.61	20.42
86,001-88,000	28.52	25.20	23.27	21.99	20.69
88,001-90,000	29.62	25.84	23.65	22.35	21.07
90,001-92,000	30.90	26.59	23.99	22.71	21.44
92,001-94,000	32.30	27.31	24.38	23.08	21.72
94,001-96,000	33.77	28.15	24.83	23.46	22.07
96,001-98,000	35.33	29.17	25.39	23.84	22.45
98,001-100,000	NA	30.25	25.94	24.28	22.81
100,001-102,000	NA	NA	26.49	24.83	23.19
102,001-104,000	NA	NA	27.05	25.39	23.65
104,001-105,500	NA	NA	27.77	25.94	24.11

Oregon’s weight-mile tax system has two additional elements.

- Road Use Assessment Fee:** Heavy loads over 98,000 pounds that cannot be divided, such as a single piece of machinery, pay a Road Use Assessment Fee based on number of axles and weight, instead of the weight-mile tax. The RUAF rate table includes thousands of rates for trucks up to 900,000 pounds and 25 axles.
- Flat Fees:** Carriers hauling certain commodities – sand/gravel, wood chips, and logs – may elect to pay a flat fee in lieu of paying the weight-mile tax. This tax is a monthly fee based on each 100 pounds of weight, with sand/gravel trucks paying 96 cents per 100 pounds, log trucks paying 97 cents, and wood chip trucks paying \$3.92. ODOT is required to complete an analysis of whether the flat fee rates set in statute ensures revenue neutrality with weight-mile taxes. The most recent analysis in 2024 indicated that sand/gravel rates need

to increase to \$1.42 per 100 pounds to achieve revenue neutrality and the rates for logs need to decrease to \$0.88 cents per 100 pounds. The Oregon Transportation Commission has approved forwarding this recommendation to the Legislature for consideration.

Registration Fees

Oregon also charges heavy trucks a registration fee that ranges from \$375 for a truck 26,001-28,000 pounds to \$998 for a truck in the 78,001-80,000 pound bracket. Registration fees are an important component of the heavy vehicle revenue stream, accounting for \$44 million per year in Oregon. These registration fees are less than most states due to Oregon's reliance on the weight-mile tax. For comparison, neighboring states annual 80,000 registration fees are as follows:

- Washington: \$2,017
- California: \$2,185
- Idaho: 5 tier system based on ID mileage, ranges from \$505-\$3,385

National and International Truck Taxation

Other states typically require trucks to pay a diesel tax as well as registration fees. These registration fees are typically higher than Oregon's to achieve some semblance of cost responsibility in the absence of a weight-mile tax. In addition, other states typically charge other taxes and fees on trucks. Some examples of fees charged in addition to registration and diesel taxes include:

- In addition to a weight-based fee, South Carolina charges a Road Use Fee calculated on fair market value, the percentage of the truck's travel in South Carolina, and a mileage rate.
- Colorado charges a weight-based fee, a Bridge Safety Surcharge, a Road Safety Surcharge, and a Road Usage Equalization Fee.
- Multiple states charge a weight-based fee.

States participate in the exchange of registration and fuels tax revenues collected by different states based on truck travel across the country through the International Registration Plan and International Fuels Tax Agreement.

International Registration Plan (IRP)

IRP is a registration reciprocity agreement among US states, the District of Columbia, and ten Canadian provinces. Commercial motor vehicles over 26,000 pounds traveling across state/province boundaries generally register under IRP in their base/home jurisdiction. The base jurisdiction apportions fees based on the miles driven in each jurisdiction and the corresponding jurisdiction registration rate. The associated data and monies are transferred monthly to a centralized data repository, where the data and monies are reconciled and redistributed to each jurisdiction based upon where miles were driven. Audits are conducted by base jurisdictions on behalf of all participating members.

International Fuels Tax Agreement (IFTA)

IFTA is a tax collection agreement among US states and ten Canadian provinces for collection of fuels tax from vehicles over 26,000 pounds traveling across state/province boundaries. Fuels tax rates are set by each jurisdiction and carriers pay tax at the pump. Tax paid/due to each jurisdiction is balanced via a quarterly fleet level tax return based on miles traveled in each jurisdiction, fuel purchased, and fleet miles per gallon. Base jurisdictions administer the balancing process and transmit funds via a clearinghouse. Audits are conducted by base jurisdictions on behalf of all jurisdictions. Oregon is a member of IFTA as a service to Oregon-based carriers, even though Oregon does not assess a diesel tax. Oregon collects and transmits funds and conducts audits but does not collect an IFTA tax for Oregon. Monies are distributed monthly to participating jurisdictions.