Road Usage Charge Implementation

Background

ODOT has been refining Oregon's Road Usage Charge (RUC) program since the first pilot sponsored by the Road User Fee Task Force. From the beginning, collecting mileage-based fees for individual vehicles presented a series of complex challenges: accurately counting miles, distinguishing chargeable miles, calculating charges, establishing strong privacy protections, and billing and collecting charges reliably. These challenges have been magnified by a rapidly evolving policy and technology environment.

Very early on, it became clear that a successful RUC program would require a flexible, business function-driven framework—one capable of adapting to continuous changes in vehicles, connectivity, wireless technologies, cloud computing, and application architectures. The OReGO Program was designed around a fundamental principle: choice among multiple options. Participants can choose how mileage is reported, what technology is used, and whether to use a Commercial Account Manager (CAM) or the ODOT Account Manager. Oregon law (SB 810 from 2013, as embodied in ORS 319.900) established an "open system" concept for road usage charging—which is described in ORS 319.900 as "an integrated system based on common standards and an operating system that has been made public so that components performing the same function can be readily substituted or provided by multiple providers."

The OReGO Marketplace allows qualified private-sector providers to compete for participants based on cost, technology, customer service and value-added services. Rather than requiring ODOT to predict which single provider, technology and business model will produce the best result over the life of the program, the marketplace creates an environment in which qualified providers can continuously compete, adapt and provide multiple options to participants.

This model provides several important advantages:

1. Participant choice rather than a one-size-fits-all solution.
2. Ongoing competitive pressure on vendor cost and performance rather than competition only at the time of procurement.
3. Access to evolving technology and private-sector innovation.
4. Multiple providers and reduced dependence on a single supplier.
5. Continuous market information regarding cost, service, technology and participant preferences.
6. An economic incentive for vendors to attract and retain participants by delivering value.
7. The ability for ODOT to establish and enforce minimum standards while allowing the market to determine which qualified providers succeed.

A marketplace changes the nature of state oversight but does not eliminate the need for State oversight. ODOT establishes the rules, certifies providers, protects participants, monitors performance and enforces contractual requirements. Qualified vendors then compete within those boundaries and offer multiple options.

In the voluntary program, two account managers each provide their own transaction processors and a range of mileage-collection devices, while ODOT serves as the single jurisdiction administrator and uses a single banking partner. Other states, including Washington, are now using this same architecture for multi-state, multi-account-manager pilots. The advantage of this approach is long-term adaptability: system components that can evolve or be replaced without requiring a full system rebuild.

Providing choice to RUC participants has been fundamental to the program's success. When people can select from multiple account managers, reporting methods, and technology options—from low-tech, non-GPS devices to high-tech automated solutions—they are more likely to find an option that fits their preferences. This reduces risk, strengthens public acceptance, and supports broader adoption.

The value of this adaptable, choice-based approach has been demonstrated repeatedly. Despite changes in the vehicle fleet and technology, RUC account managers have consistently delivered reliable mileage-reporting and accounts-receivable services—and often improved their systems without any need for contract amendments from ODOT. This flexibility has allowed innovative options to emerge while maintaining compliance with program requirements. Over time, some account managers have exited the program and others have entered it, further proving the resilience of the architecture.

Many of the other states that are implementing or testing RUC have followed ODOTs framework, architecture and requirements as the starting point for those efforts. This has allowed those other states to kickstart their efforts.

Privacy Protections

Oregon law requires that RUC participants only pay for miles driven on public roads within Oregon. While current technology typically relies on GPS to determine in-state miles, early public concern about government access to location information led ODOT to make "Oregon-only miles" reporting optional. Participants who prefer not to let government or account managers to know where they drive can select third-party account managers and options that just count all miles (such as submitting an odometer reading). ODOT still offers those RUC payors processes to refunds, as required by statute, for individuals who can provide evidence that miles were driven out of state or on private roads. The new legislation also allows for paying a flat fee.

ODOT also requires all third-party providers to protect, manage, and destroy data according to state privacy standards. It also requires all third-party providers to have a successful SSAE018 audit, which is done by independent certified public accountants.

Another privacy protection, required by ORS 319.915, is the destruction of personally identifiable information, like travel pattern data, within 30 days of account settlement. This means that the third party providers are responsible for destroying that information in that time period following the later of payment or dispute resolution.

Implementation of the Mandatory Program

While the existing voluntary program provides a strong foundation, transitioning to a mandatory program for a wider range of vehicles requires new processes and systems for enrollment, compliance, and scaling operations. In many cases, existing processes must be modified to handle much larger volumes of participants and transactions. These adjustments build on the existing platform while ensuring that the program can support statewide implementation beginning in 2027.

One of the challenges is providing for enforcement at several stages: enrollment, mileage reporting, and collection of funds. OReGO plans to use the traditional three-legged stool approach to gaining compliance starting with education. The next leg is ensuring that payers who need assistance receive it in a timely manner and then using enforcement as a last resort to gain compliance.

Phased Implementation
The Oregon Mandatory RUC Project (OMRP) is structured in four phases, with the first three aligned directly with statutory milestones. Each phase involves coordinated work across all implementation workstreams, ensuring systems, processes, staff, and communications are ready to support each newly included group of vehicles.

- ***Phase 1 – May/July 2027:*** Enrollment of existing electric vehicles begins at registration renewal in May, with mileage-based charging beginning in July.
- ***Phase 2 – January 2028:*** Enrollment expands to all newly registered electric vehicles.
- ***Phase 3 – July 2028:*** Enrollment extends to existing hybrids at registration renewal and to newly registered hybrids.
- ***Phase 4 – Post-Implementation Enhancements***: After the statutory phases, work will continue to updating features and improvements that enhance user experience and operational efficiency.

The timeline for implementation was shortened due to the legislative enactment period. Despite these constraints, ODOT is committed to delivering the program on schedule. To meet the mandatory deadlines, the project is applying disciplined project-management practices, with an emphasis on closely managing scope and implementing only those elements necessary for statutory compliance and core program functionality.

Progress on Implementing the OMRP Project

ODOT is on track to deliver the mandatory RUC program by the July 1, 2027 deadline. As with any large, technology-enabled program, we are closely monitoring schedule risks. The success of the implementation is highly dependent on timely delivery and certification of systems by the account managers. While there are risks, our planning and project management practices are using best practices focused on ensuring readiness and being transparent.

The Legislature designed the rollout to occur gradually and escalate over time. This increases our ability to deliver on time. However, delays in establishing the program after the 2025 session reduced the implementation timeline significantly. Part of this risk resulted from the delay in adding additional staffing, which is generally a three-to-six-month process.

Implementation requires coordinated changes across multiple workstreams and several divisions. ODOT's implementation approach organizes this work into several key areas, each of which must be updated or expanded to support enrollment, compliance, and customer service at statewide scale.

Workstreams Established to Deliver the Program

External Relations
This is a key workstream focused on direct communication with impacted vehicle owners. ODOT has acquired an external communication contractor who can leverage lessons learned from prior communication efforts. As registration renewals trigger enrollment into the mandatory program, clear and timely outreach is essential to ensure participants understand their options and obligations. To that end, ODOT intends to send registered owners of subject vehicles introductory letters before they receive their registration materials. This will familiarize those individuals with the requirements. They will then receive materials with their registration packets that advise them of what is required. We are going to be working with fleets to understand the best process for them, which is likely to involve bulk enrollments. This process may be different for public fleets than for private fleets.

Organizational Change Management
While external communication is critical, internal readiness is equally important. This workstream prepares ODOT staff for new roles, updated processes, and changes in workload. Training and change-management activities help ensure consistent, high-quality service delivery across the agency.

Process and Data Flow Development
The shift to mandatory enrollment requires detailed mapping of new end-to-end processes. This includes defining enrollment workflows, compliance processes, and supporting data exchanges. Many existing processes must be modified, and new requirements identified during process workshops are incorporated into system and operational design.

Oregon Administrative Rules (OARs)
Implementation requires drafting, reviewing, and adopting new administrative rules. These rules establish the regulatory framework that governs participant requirements, program operations, and administration of the mandatory RUC. It will also define the penalties for non-compliance. These rules will be reviewed by the Road User Fee Task Force and approved by the Oregon Transportation Commission.

Program Development
This area includes defining the program's organizational structure, roles, and responsibilities. It also encompasses staff hiring, contract activities, and account-manager certification. As the program scales, ODOT must ensure adequate operational capacity and clearly defined functions. These functions include ensuring that the third-party providers are meeting program expectations as outlined in the service level agreements, which are the metrics used to monitor their service to the public.

System Changes
The mandatory program affects several major systems, including DMV systems, the RUC administration system, commercial account-manager systems, the data warehouse, the fuels-tax remission application, and the RUC Choice page. Each system requires updates to support enrollment, data exchange, transaction processing, and reporting. These system changes are interdependent and require close coordination.