

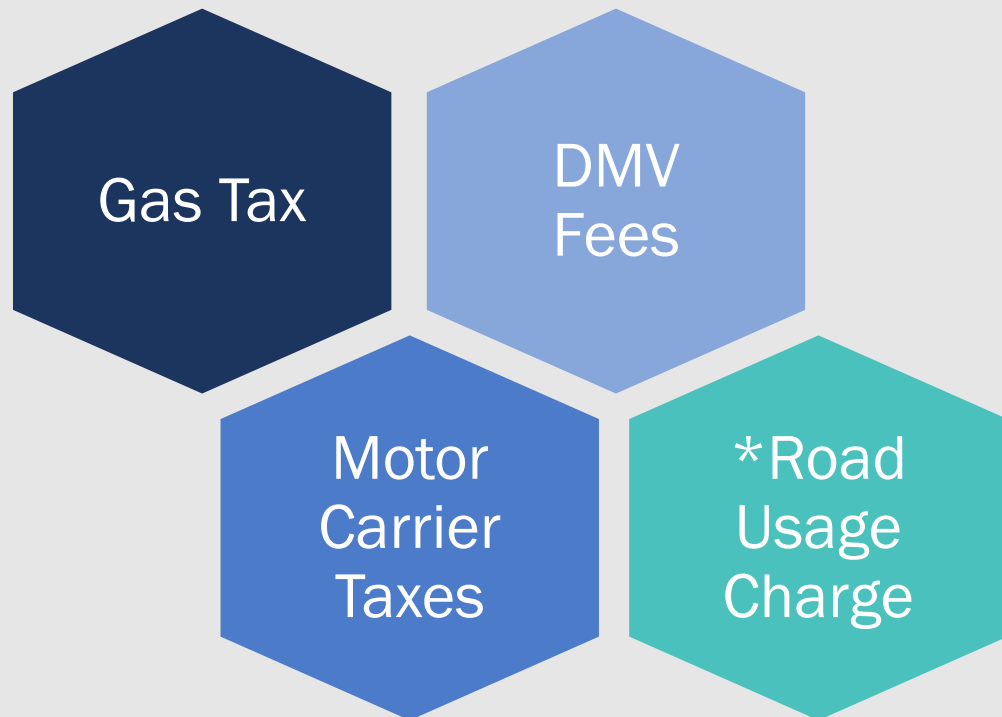
Road User Fee Task Force (RUFTF) Background & Mandatory Road Usage Charge (RUC) Legislation

Presentation to the Road User Fee Task Force

September 24, 2026

State Highway Fund

How Oregon pays to improve and maintain roads and bridges



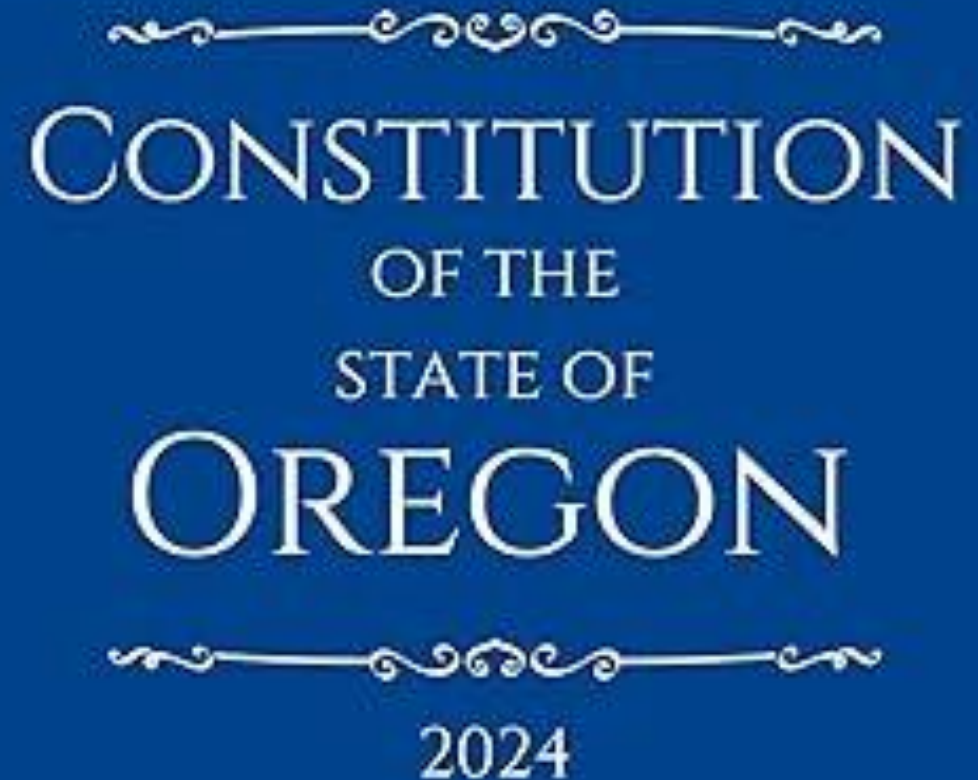
*Starting 2027



Oregon's Constitutional Requirements for Highway Funds

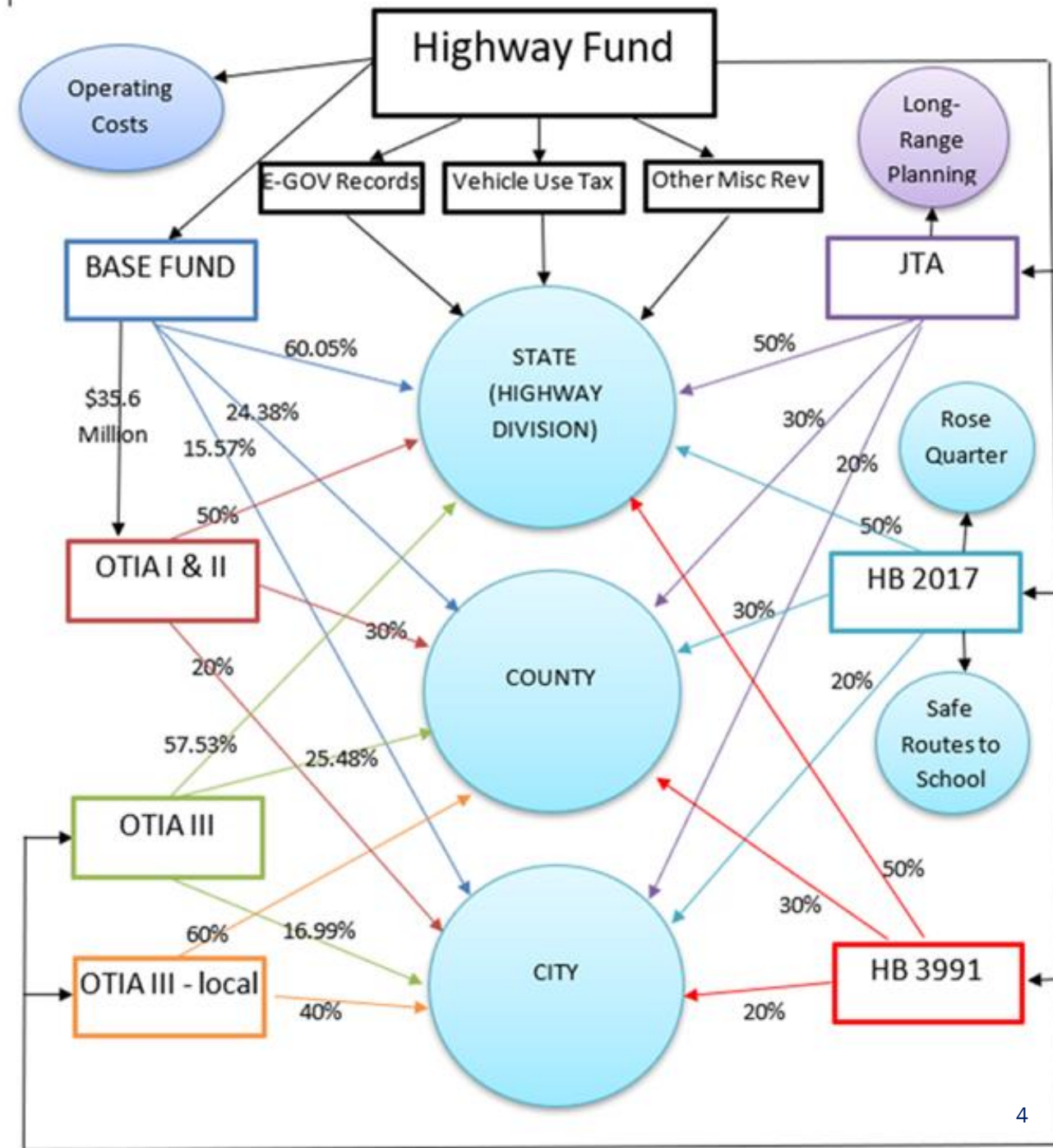
Article IX Section 3a requires:

- All revenue from taxes on fuels and any tax or fee on ownership, operation, or use of a motor vehicle can only be used for highway purposes
- Taxes and fees between passenger vehicles and trucks must be fair and proportionate to their costs, based on Highway Cost Allocation Study



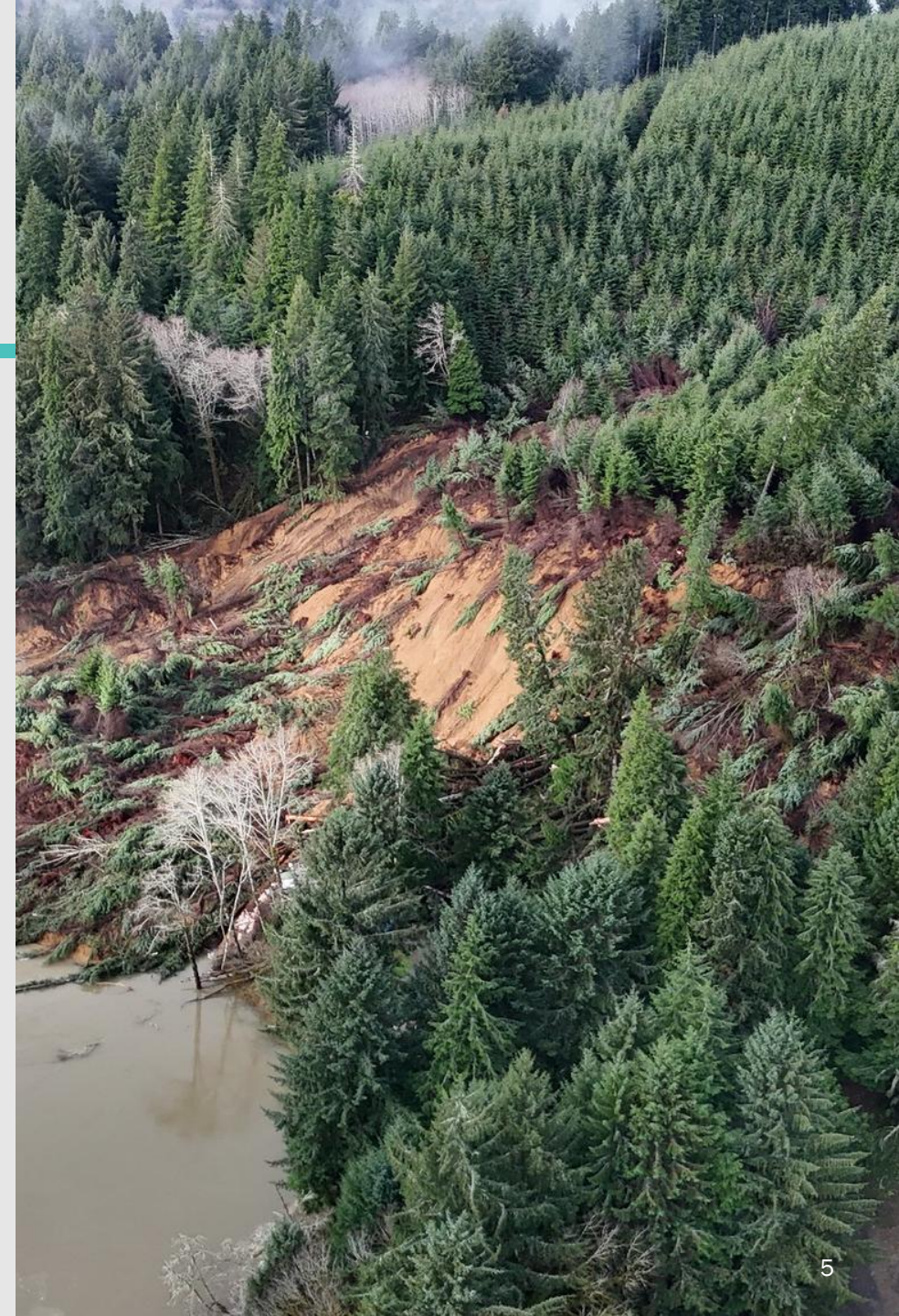
The State Highway Fund is a Shared Resource

- State Highway Fund split between ODOT, counties, cities
- Since 2009 additional revenue has been apportioned 50% to ODOT, 30% to counties, and 20% to cities (with exceptions)
- SHF distributed by 7 formulas; **overall distribution is 55% ODOT, 27% counties, 18% cities**
- Current method breaks in 2029 when trucks move to the diesel tax



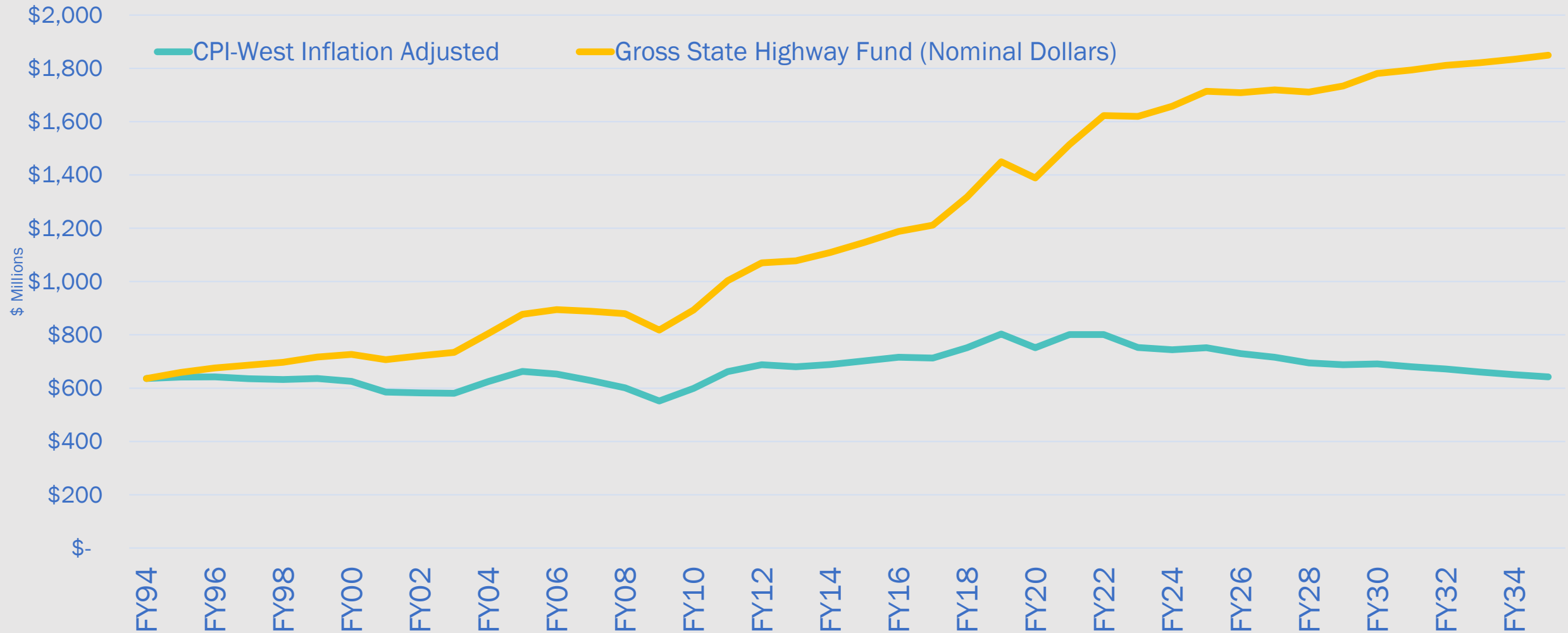
Transportation funding is not keeping up with rising costs

- **Declining gas tax revenue** as vehicles become more fuel-efficient and electric vehicle use increases.
- **Inflation driving up costs.** Oregon's gas tax and vehicle and freight hauler fees are not tied to inflation.
- **Dollars are legally restricted** to specific purposes.



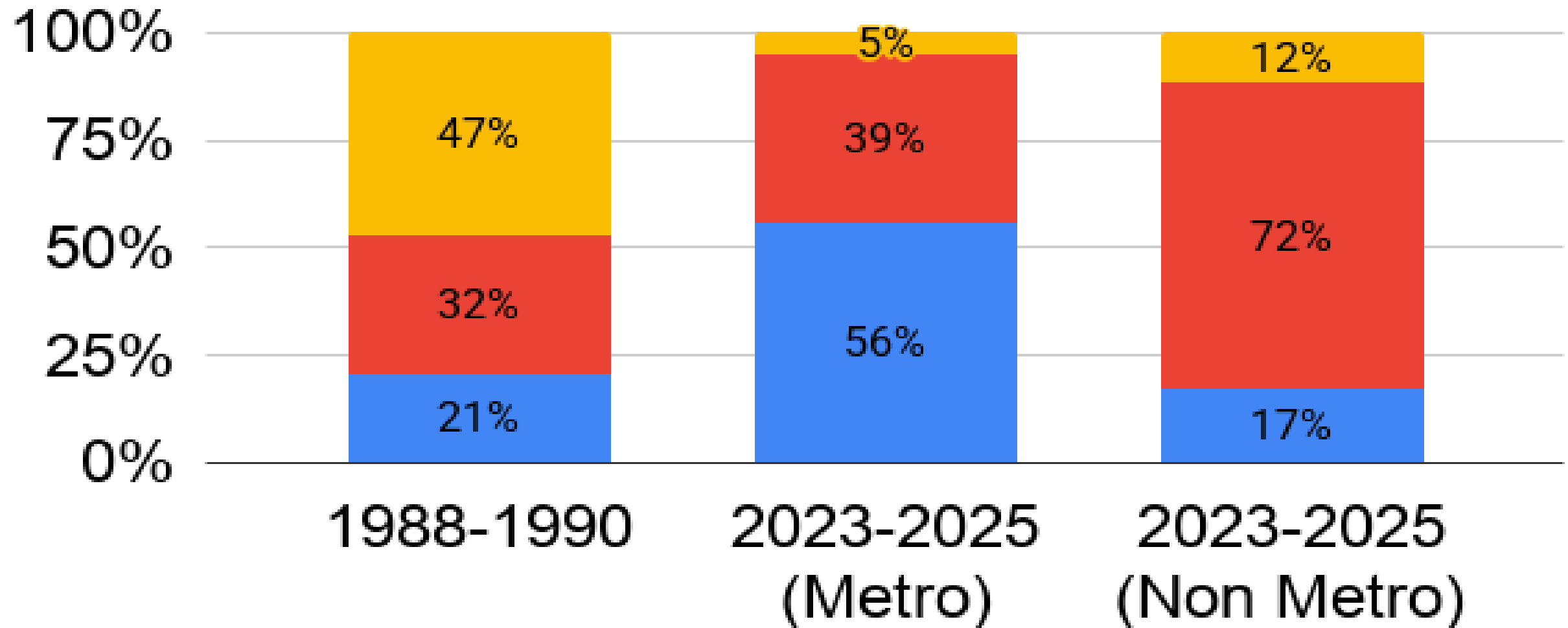
Inflation has eroded any potential gains

Gross State Highway Fund Revenues, Nominal and Inflation Adjusted

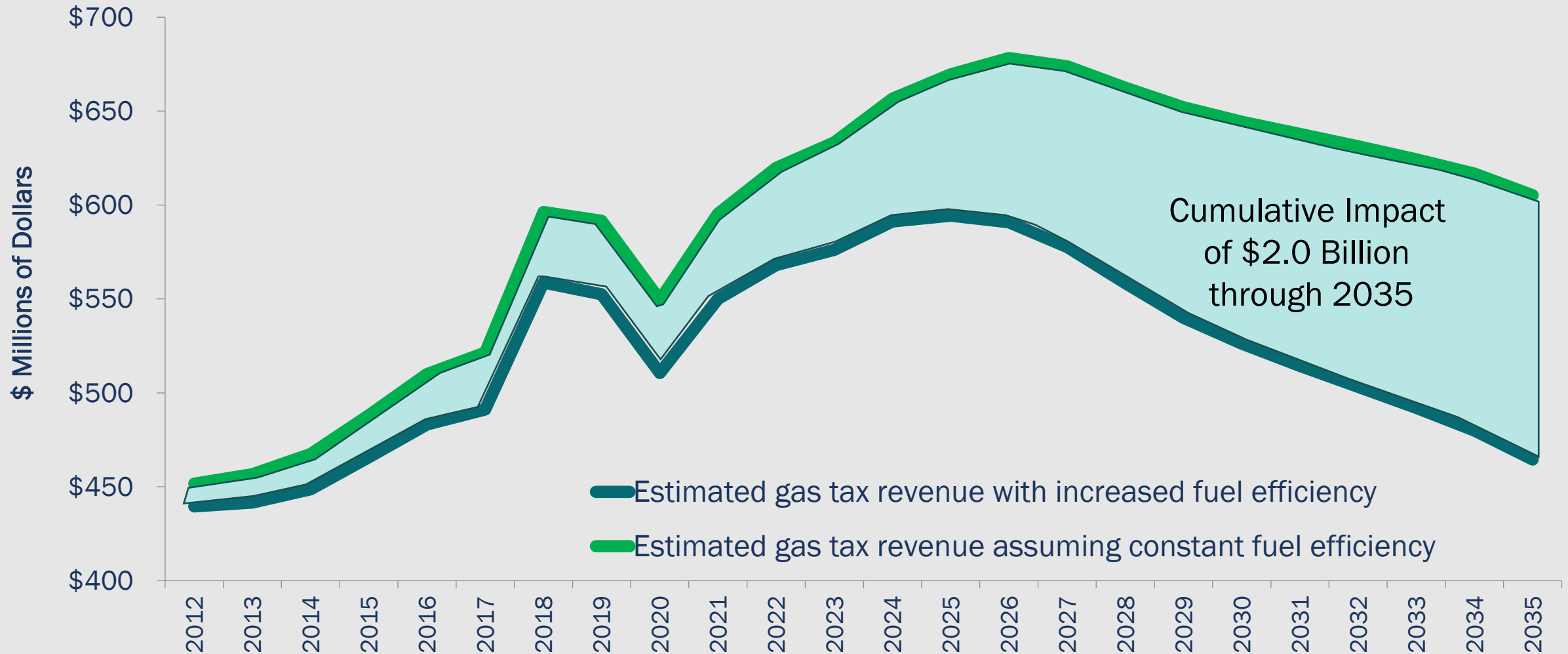


County State, Federal, and Local Funding History

■ Federal ■ State ■ Local



Passenger Vehicles in Oregon are Becoming More Fuel Efficient



How Fuel Efficiency Impacts Fuel Tax Revenue

2009 TOYOTA CAMRY



25 MPG

\$160 state fuel tax paid

2026 TOYOTA CAMRY HYBRID



52 MPG

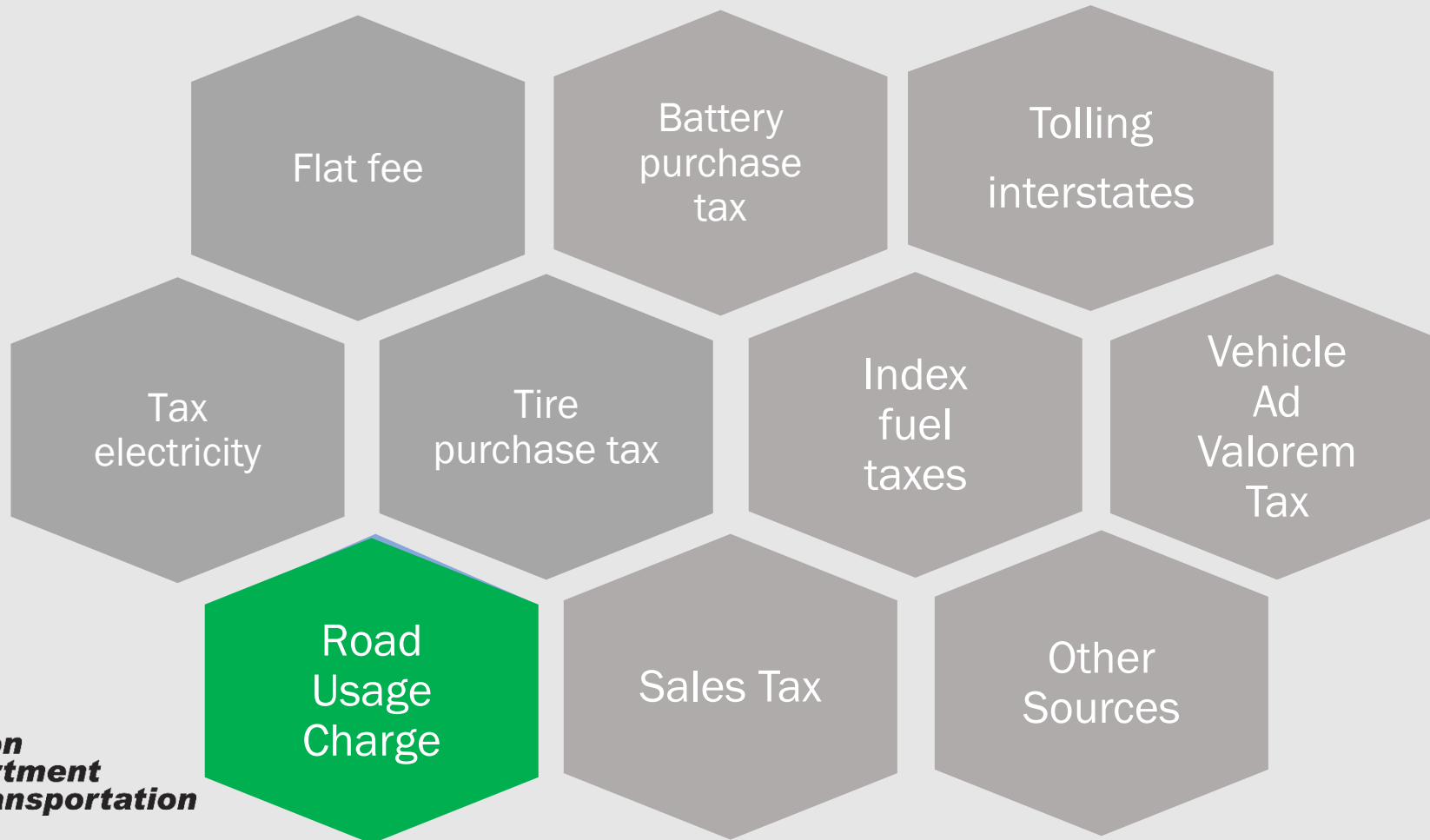
\$77 state fuel tax paid

Road User Fee Task Force (2001)

RUFTF's statutory charge: “[t]o develop a design for revenue collection for Oregon’s roads and highways that could replace the current system for revenue collection.” (ORS 184.843)

Mission Statement: To develop a revenue-collection design funded through user pay methods, acceptable and visible to the public, that ensures a flow of revenue sufficient to annually maintain, preserve and improve Oregon’s state, county and city highway and road system.

RUFTF considered these ideas



Legislative History

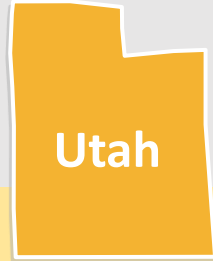


- 2001** HB 3946 explores alternative funding methods to traditional fuel taxes. Road User Fee Task Force created.
- 2006** First RUC pilot executed.
- 2012** Second RUC pilot executed.
- 2013** SB 810 directs ODOT to establish a fully operational, voluntary RUC program by July 2015.
- 2015** Oregon launches the voluntary OReGO program.
- 2019** HB 2881 lays groundwork for future expanded program by:
 - Indexing the RUC rate to the state fuel tax rate
 - Exempting program participants with vehicles rated ≥ 40 MPG from paying supplemental registration fees
 - Converting refunds of excess fuel taxes paid to non-refundable credits against RUC charges
- 2024** ODOT begins work on point-of-sale project to promote enrollment at dealerships and encourage participation.
- 2025** HB 3991 includes provisions that create a mandatory road usage charge program phased in for certain vehicles over time.

Four States with Operational RUC Programs



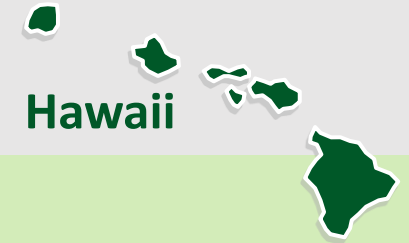
- Enhanced registration fees waived.
- **1,000+** vehicles enrolled.
- Mandatory for certain vehicles beginning July 2027.



- RUC as an option in lieu EV flat fee, capped at flat fee.
- **7,200** EVs (and legacy hybrids) enrolled.
- Aiming to expand to all vehicles.



- Drivers of 25+ MPG cars, including hybrids and EVs, choose between flat fee and capped per-mile charge.
- **~32,000** vehicles enrolled.



- Replaces EV flat fee with choice of per-mile RUC.
- **Mandatory for all EVs in 2028.**
- Plan to replace gas tax for all light-duty vehicles by 2033.

July 2015

January 2020

July 2022

July 2025

Launching a Mandatory RUC for Oregon

- HB 3991 (2025) establishes a mandatory passenger vehicle RUC program with types of vehicles phased in over time. ➡
- Drivers either pay \$0.02/mile or flat fee of \$340/year and **receive a credit on fuels tax paid.**
- Vehicles in RUC program are **not subject to supplemental registration fees** based on vehicle efficiency.



Vehicle Class	Start Date
Currently registered EVs (at next reg. renewal)	July 1, 2027
New EVs (at point of sale)	Jan. 1, 2028
New and currently registered hybrids (at point of sale and next reg. renewal)	July 1, 2028

Fuel Tax Model: Based on Vehicle's Efficiency

Ex: Monthly state fuel tax paid for 1,000 miles driven
State gas tax = 40 cents per gallon



RUC Model: Based on Use of System

Ex: Monthly state transportation taxes paid for 1,000 miles driven
RUC rate = 2 cents per mile; fuel tax = 40 cents per gallon

\$20



Electric Vehicle

\$20



Hybrid (50 mpg)

\$16



Avg. Car (25 mpg)

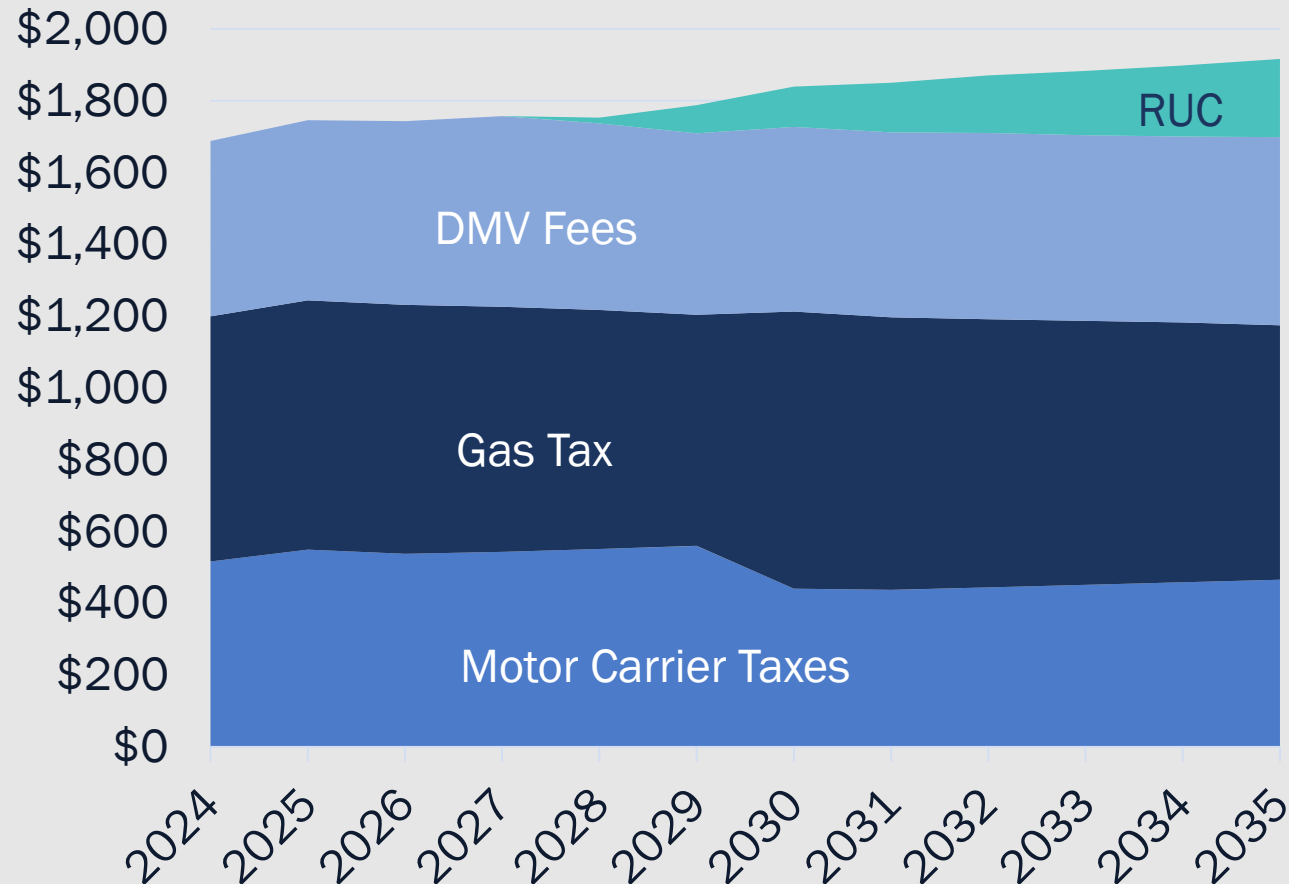
\$40



Avg. Truck (10 mpg)

Gross State Highway Fund Revenue

April 2026 Revenue Forecast



- Gross State Highway Fund projected to grow 10% in nominal terms from 2025-2035 - 1% per year
- Road Usage Charge is responsible for all growth



Questions?