

October 30, 2020

Dear Road User Fee Task Force Members:

The transition from the gas tax to a road user charge is an extraordinary opportunity for Oregon to lead the country in creating a transportation revenue system designed to provide sufficient revenue for a healthy transportation system while also supporting the state's goals for equity, and climate, including the Governor's Executive Order 20-04. The legislation currently proposed falls short of meeting these goals. In its current iteration, it appears to have been designed with only one goal in mind: to merely partially fill the budget hole caused by the state's failure to raise and index the gas tax over time.

The transition to a road user charge makes sense in order to maintain a revenue source for transportation as we look to a decarbonized future in which less gas is sold every year. If structured thoughtfully from the beginning, a road user charge could form the scaffolding for a robust 21st-century revenue system that is progressive, sufficient to meet the system's needs, and supports greenhouse gas reduction. Oregon, thanks to the work already put into piloting OReGO, is well-positioned to build this revenue system. The RUFTF has a choice now about whether to move to put that in motion or to approve a minor half-measure that would serve only to scrape up a few more dollars for ODOT from the pockets of people who drive cars that already pollute less.

The gas tax, when priced correctly, creates an incentive for people to use less fossil fuel. Moving away from that is in direct conflict with the Governor's Executive Order 20-04, which directs state agencies to do all they can to reduce greenhouse gas emissions, and to integrate emissions reduction into their planning, budgets, investments, and policy making decisions. To make matters worse, the current legislative concept would make enrollment in OReGO mandatory for fuel-efficient vehicles only, actually *increasing* the operating costs for vehicles that burn less fossil fuel per mile. This is profoundly short-sighted and undercuts the EV rebate and other efforts of the state to support transportation electrification in alignment with SB1044. **In order to meet EO 20-04, the road user charge must include an additional cost for burning fossil fuels.**

This legislation also does not address the cost of transportation for low-income Oregonians. The pandemic and associated economic crisis are weighing heavily on communities that are already cost-burdened by transportation, and who are dependent on a personal vehicle because of the state's longstanding failure to invest in a more equitable and sustainable system. The gas tax is regressive; we can do better for Oregonians in this transition than just creating a new regressive funding approach. **In order to be more equitable and fair, the road user charge needs to be structured from the beginning to lessen the burden on low-income Oregonians.**

We oppose the proposed legislative concept. We would support a legislative concept that includes the following changes:

- **Make it clear that legislative intent is to move towards fees that capture the impact of pollution, especially carbon.** Proposed draft language to revise point 8 in the current proposal accordingly: ODOT shall work with other state agencies to produce a report on the feasibility and best strategies for including pollution fees in the road user

*charge system, of a kind and level that will help accelerate Oregon's transition to a fully zero emission fleet, as measured against the benchmarks in SB1044. ODOT is encouraged to undertake necessary research and demonstration projects to address any technical, policy, or program design questions. ODOT shall submit its report during the 2023 Legislative Session. The report must include proposed implementing legislation to address greenhouse gas pollution impacts prior to the implementation of a mandatory system in 2026.*

- **Make it clear that legislative intent is to address equity from the beginning, not just study it.** Proposed draft language to revise point 9 in the current proposal accordingly: *ODOT shall work with other state agencies to produce a report evaluating the likely impacts of the transition from a fuels tax system to a road usage charge system by income, race, and socio-economic status, as well as in urban, rural, and suburban communities, and evaluating the feasibility and best strategies by which legislators could adjust this system to mitigate negative impacts on highly impacted communities. ODOT is encouraged to undertake necessary research and demonstration projects to address any technical, policy, or program design questions. ODOT shall submit its report during the 2023 Legislative Session. The report must include proposed implementing legislation to address equity impacts prior to the implementation of a mandatory system in 2026.*
- **Clarify this transition applies to all vehicles.** Delete bullet #5, and in #6, make the transition "buy out" fee equal for all vehicles.

We ask you to bring forward legislation that establishes a transportation funding approach for Oregon that is not only sufficient to support the system, but is also equitable and supports the state's goals to reduce greenhouse gas pollution. Let's do this right from the start.

Sincerely,

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