Oregon’s Mileage Fee Concept and Road User Fee Pilot Program

Presented to
Transportation Research Forum
New York, New York
March 23, 2006

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Legislative Mandate:

“To develop a design for revenue collection for Oregon’s roads and highways that will replace the current system for revenue collection.”
Effect of New Technology Vehicles on Highway Fund Revenue

**LIGHT VEHICLE FUEL TAX REVENUE**

- Revenue Without MPG Improvement
- Small Fuel Economy Increase
- Medium Fuel Economy Increase
- Large Fuel Economy Increase
A Solution: The Mileage Fee

- A per-mile charge based on Vehicle Miles Traveled (VMT) within a state
- Replaces fuel tax for participating motorists
Collection Possibilities

- Human Data Gathering
- Centralized Electronic Collection
- Collection at Fueling Stations
Structural Issues with Mileage Fee Collection

- Cost of Start Up and Operations
- Collection Enforcement
- Integration with Current Fuel Tax Collection System
- System Redundancy
- Ease of Use by Motoring Public
Oregon’s
Mileage Fee Concept
A per-mile charge based on miles driven within Oregon by zone.

Zone 1 = in state

Zone 2 = out of state

Optional

Zone 3 = rush hour

Zone 4 = local option
Characteristics of Collection

VMT collected electronically by zone
Characteristics of Collection

- VMT transmitted electronically at fueling stations
- VMT data transfer from vehicles when fueling
- Communication is short range!
Characteristics of Collection

- Mileage fee imposed as part of fuel purchase
- Fuel tax deducted from fuel purchase price
Key Features

- Fuel tax maintained for non-equipped vehicles
- Mileage fee integrates with fuel tax collection system
- Oregon’s weight-mile tax retained for heavy trucks
- Allows peak period pricing
Privacy

- No vehicle location data stored in vehicle

- No data transferred except mileage totals within zones

- Data transferred only at time of fueling via short range radio frequency
Cost of Full Implementation

**Vehicles**
- No retrofitting
- Components installed during vehicle manufacture

**Service Stations**
- Capital costs (Oregon): $33 million
- Annual operating costs (Oregon): $1.6 million
System Integration

- Bulk of revenue stream remains at distributor level (fewer taxpayers)
- Mileage fee gradually becomes predominant
- Retain current multi-state anti-evasion processes
- Fuel tax retained as redundant system to guard against system failure and tampering
Policy Issues Remaining

1. Retrofitting cost versus long phase-in
2. Setting mileage fee rate
3. Interstate system standardization and revenue allocation
4. Integration with federal solution
Oregon’s Pilot Program

**Time Line:** March 2006 – May 2007 for Full Pilot

**Pre-Pilot:** Preliminary control technology test [completed]

**Warm Up:** 10-vehicle managed start at fueling stations

**Full Pilot:** 280 vehicles from one community paying mileage fee in lieu of gas tax. Service stations outfitted with integrated point-of-sale systems

**Rush Hour:** Portion of volunteers participate in Rush Hour Pricing
RUFTF Website

www.oregon.gov/ODOT/HWY/OIPP/ruftf.shtml
System Integration: No change in gas tax collection

Wholesale Level

ODOT

$ Gas Tax

Wholesale Distribution Industry

$ Cost of fuel + gas tax reimbursement

Retail Station
System Integration: Consumers pay either gas tax or mileage fee, not both

Consumer Level

$ gas tax + fuel cost

Retail Station

$ Mileage Fee + fuel cost

Non-mileage fee vehicle

Mileage Fee Vehicle
System Integration: Tax data periodically run through a “true-up” calculation by ODOT

- If fuel taxes + mileage fees collected are less than 24 cents per gallon paid for fuel, ODOT remits the difference
- If total fuel taxes + mileage fees collected exceed 24 cents per gallon paid for fuel, ODOT sends a bill for the balance due