Oregon’s Road Usage Charge Program

NACo Symposium On America’s County Transportation and Infrastructure
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Oregon Transportation Commissioner
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Let’s Get On the Same Page
The Revenue Forecast…

Potholes with a slight chance of complete deterioration.
Federal funding is stagnant and uncertain due to the Highway Trust Fund’s deficit.

Highway Account Revenue, Expenditures and Balance
Source: U.S. Department of Transportation
State Highway Fund revenue forecasts have fallen.

State Highway Fund Revenue Forecast: Total Revenue for 2010-2015
Source: ODOT

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<th>June 2009</th>
<th>December 2013</th>
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<td>Billions of Dollars</td>
<td>7.0</td>
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State Highway Fund revenue sources...

- DMV: 28%
- Motor Carrier: 28%
- Fuels Tax: 44%
Driving less...
Vehicle miles traveled are down…

Miles Per Driver in the United States, 1984-2011

Source: University of Michigan Transportation Research Institute
Total Light-duty Vehicle Miles Traveled in Three Cases (1995-2040)

Fuel efficiency...It’s changed!
Fuel efficiency of new vehicles is increasing

Oregon’s First Per Mile Charge Pilot Program

Road User Fee Pilot Program
2006-07

• Mileage reporting at fuel pump
• GPS mileage reporting device selected by ODOT
• Payment at fuel pump with fuel purchase
Public Concerns With Road Usage Charging

- Privacy
- Government bureaucracy
- Complexity
- Cost
- Fairness
Oregon’s Second Per Mile Charge Pilot Program

Road Usage Charge Pilot Program 2012-13

• Mileage reporting wirelessly
• Commercial market offered three choices for mileage reporting
• Payment of periodic billing by check or card
The Genesis of Oregon’s Road Usage Charge Program
Strategic Objective for Road Use Charging in Oregon

“Create a sustainable road usage charge market that encourages evolution of mileage reporting technologies and business systems into effective, affordable, convenient and attractive options for the motoring public.”
Redesign of Oregon’s Distance Charging Concept

Design program with open architecture to allow for evolution of technologies (2009)

Government should not select mileage reporting technology (2010)

Provide motorists choices from market for mileage reporting technologies (2010)

Provide access to private sector transaction processing and account management abilities (2010)

Create per-mile charging system that is flexible, scalable and geographically unlimited (2012)
Oregon’s Per Mile Road Usage Charge Law

- Road usage charge program begins July 2015
- Open system
- Taxpayer choices for mileage reporting, one without vehicle location capability
- 5,000 volunteers from Oregon
- 1.5 cents per mile
- Fuel tax credit
- Protects personally identifiable information

- Certified private sector firms provide
  - Collection of mileage data
  - Tax processing
  - Account management
Calming Public Concerns

• **Privacy**
  
  **Solutions:** No GPS mandate  
  No government selected reporting device  
  Require choices for mileage reporting  
  Protect personal identifiable information

• **Government bureaucracy**
  
  **Solution:** Create a market with private sector firms doing the collecting

• **Complexity**
  
  **Solution:** Let driver choose simplicity

• **Cost**
  
  **Solution:** Bigger is better

• **Fairness**
  
  **Solution:** In the hands of state legislatures
The Fairness Issue

• Rural drivers
  ▪ Pay fuel tax now
  ▪ More off-road driving

• Fuel efficient vehicles
  ▪ Currently not paying fair share for road use
  ▪ Already avoid cost of fuel
  ▪ Road Usage Charge not a large burden

• Non-resident driving
  ▪ Until regional system developed, still pay fuel tax
  ▪ Western RUC Consortium addressing solution
Oregon’s Platform for Per-mile Charge

- Machine to machine communications via standard mileage message
- DOT certifies private sector entities to collect mileage data, process the charge and manage accounts
Road Usage Charge Account Management

Creating a Commercial Market

**ODOT Account Management**
- Must accept any volunteer
- Only basic reporting (no GPS)
- No value added services
- Cannot sell mileage data
- Cannot keep mileage data beyond 30 days

**Commercial Account Managers**
- Recruit and choose volunteers
- All mileage reporting technologies that meet standards
- Can sell value added services
- Can sell mileage data with express approval of RUC payer
- Can retain mileage data beyond 30 days with consent of RUC payer
Volunteer Entry into Road Usage Charge Program

1. Select provider via ODOT website

2. Select mileage reporting method*
   - Basic
   - Advanced
   - Switchable

3. Activate mileage reporting device
   - Access telematics within vehicle, or
   - Install after-market device in vehicle

Or, recruitment by commercial account manager

*Method selected determines fuel tax refund method
Invoicing and Payment

1. Receive invoice by
   - mail
   - e-mail
   - automatic account access

2. Payment Options
   - cash
   - check
   - credit
   - debit
   - electronic funds transfer
How Road Usage Charge Transactions Will Work

1. In-vehicle mileage counter transmits miles and fuel consumption totals to private sector account manager.

2. Account manager sends a bill (or net refund) to vehicle owner for mileage charge less fuel tax.

3. Vehicle owner pays road usage charge as part of account manager’s total bill.

4. Account manager sends road usage charge collected from driver to State of Oregon.
Timeline for Road Usage Charge Program

- ODOT signs contracts with account managers *(Completed!)*
- ODOT certifies technologies and business practices *(February 2015)*
- Issue permanent commercial account manager procurement documents *(March 2015)*
- Operational trial *(March to May 2015)*
- Launch *(July 1, 2015)*
- Communications *(Continuous)*
**Western Road Usage Charge Consortium**

**MEMBER STATES**
- Arizona
- California
- Colorado
- Idaho
- Hawaii
- Montana
- Nevada
- Oregon
- Texas
- Utah
- Washington

**ELIGIBLE STATES**
- Alaska
- Nebraska
- New Mexico
- North Dakota
- Oklahoma
- South Dakota
- Wyoming
Predictions for Future of Road Use Charging

**Within five years…**

- Western Road Usage Charge Consortium answers key per-mile charging questions
- Western states establish a multi-state certification process for commercial account managers
- Several states access Oregon’s Road Usage Charge system for pilot programs
- Oregon Legislature mandates payment of a Road Usage Charge for some vehicles

**Within ten years…**

- Western states adopt a multi-state flexible mileage reporting and road usage charge collection system based upon Oregon’s program
- Commercial road usage charge market grows and available technology and provider choices multiply
What Road Use Charging Means for Counties

- Adopt county funding policies that align with your state’s funding priorities

- Access Oregon’s road usage charge system via intergovernmental agreement
Road Usage Charge Pilot Program 2013 & Per-Mile Charge Policy in Oregon

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