State of Oregon’s Per Mile Road Usage Charge

COMPASS
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Why try VMT?
Definition of a Road Usage Charge
A fee charged for the distance a vehicle is driven

Count the miles (and fuel used)
Collect the tax
Administer the program
Motivations for Change in Road Funding

- Changes to nation’s vehicle fleet
- CAFE standards increasing - 54.5 MPG by 2025
- Societal inequity resulting from new vehicle purchases
Transportation Funding is Declining

Federal funds are stagnant.

Construction costs are going up.

Fuels taxes are failing to keep up.
INFLATION vs ROAD CONSTRUCTION

Household costs have risen since 1993.*
The same amount of money buys each of us fewer goods.

1993
1 Loaf of Bread
1 Pound Ground Coffee
12 Ounces Orange Juice
1 Gallon Whole Milk

2014
1/2 Loaf of Bread
1/2 Pound Ground Coffee
7 1/2 Ounces Orange Juice
2/3 Gallon Whole Milk
The same holds true for road construction materials.
The economy needs to keep moving.

Emergency services must be delivered.

We are modernizing our transportation system – and how we fund it, to meet the state’s needs.
How did we get here?
Oregon’s Early Per Mile Charge Pilot Programs

1. **Road User Fee Pilot (2006-07)**
   - Mileage reporting and payment at fuel pump

2. **Road Usage Charge Pilot (2012-13)**
   - Mileage reporting wirelessly from machine to machine
   - Private sector account manager
Charge a flat annual fee.
Tax electricity for vehicle use.
Tax tire purchases – especially studded tires.
Tax battery purchases.
Charge a toll on interstate highways.
Raise fuel taxes.
The fairness issue

Rural drivers
- Pay more fuel taxes now
- Fewer trips/more off-road driving
- Number of miles roughly the same

Fuel efficient vehicles
- Not paying fair share for road use
- Already avoid cost of fuel
- Road usage charge not a large burden

Non-resident drivers
- Still pay fuel tax
- Western States Consortium addressing a solution
A per-mile user fee is the fairest way
Penalizing vehicle efficiency

From: http://energy.gov/articles/egallon-how-much-cheaper-it-drive-electricity#
How does OReGO work?
The Road Usage Charge Program (7/1/2015)
FULLY OPERATIONAL FOR 5,000 VOLUNTEERS
myOReGO.org

• 1.5 cents per mile
• Fuel tax credit
• Mileage reporting *choices*
• GPS *not* required
• Open system
• Private sector administration option
• Penalties for fraud
• Protects personally identifiable information
Why it’s called OReGO

In Oregon, the brand attributes define OReGO as:
- Trailblazing
- Approachable, friendly and adventurous
- A good value
- Viable product
- Superior customer experience

Don’t be afraid to say “Road Charging is a better way...”
- more sustainable
- addresses declining gas tax revenues
- everyone pays their fair share
Oregon Road Usage Charging
Open System Concept

Technology options:
- Mileage reporting device
- Telematics
- Other?

ODOT Account Manager

Commercial Account Manager(s)

Transaction Processing  Account Management

Report

$  

Bank

Mileage and fuel data

Mileage Collection

ODOT

Monitor & Reporting
Inquires & Issue Resolution
Manager Volunteer
Tax Collection
Tax Reconciliation
Manage Account Managers

DMV
Accounting
Evaluation
Public Outreach
Road Usage Charge Account Management

DOT Account Management
- Must accept any volunteer
- Only basic reporting (no GPS)
- No value added services
- Cannot sell mileage data

Commercial Account Managers
- Recruit and choose volunteers
- All mileage reporting technologies that meet standards
- Add value added services
- With express approval of RUC Payer, can sell mileage data
Volunteer Experience - Entry

1. Select Provider

Sign up with an OReGO account manager!

Thanks for helping us test drive this first in the nation program to charge by the mile for road usage. Signing up with OReGO is really easy. To start your OReGO journey, read about the different options offered by each of our vendors by clicking on one of the green buttons below. Once you’ve decided on an option you can click on the logo of your selected account manager. That will take you to the account manager’s website where you can sign up as an OReGO volunteer. Be sure to have your VIN, license plate, and odometer reading handy!
Volunteer Experience – Sign Up

2. Sign up and select mileage reporting method

3. Install/activate mileage reporting device

4. Drive
Volunteer Experience - Payment

5. Account settlement
- Nature of billing
- Timing of payment
- Method of payment

Varies by account manager
Status Report and Next Steps
OReGO Accomplishments to Date

- ODOT contracted with three private sector firms to provide OReGO account management to volunteers
- ODOT built a system for validating eligible vehicle, tracking issues, and reporting outcomes
- ODOT certified three firms to proceed with account management services for OReGO
  1. Sanef
  2. Azuga
  3. Verizon Telematics
- 900 vehicles are enrolled in OReGO as of September 21, 2015
  - Below 17 MPG = 225
  - Between 17 and 22 MPG = 275
  - 22 MPG and above = 400

Almost 1,000 sign-ups in 12 weeks!
What Happens Next With OReGO?

• Between now and October 20, OReGO account managers capture mileage, apply 1.5 cents for every mile driven within the state of Oregon, and credit the fuel tax attributable to those miles.

• Every week, Errors and Events Report due from account managers.

• Key Performance Indicators Report from account managers are delivered monthly.

• On October 20, OReGO account managers report transaction data to ODOT and pay net amount of road usage charge into Oregon State Treasury.

• Evaluate OReGO for Oregon legislature and public.

• Launch marketing campaign for next round of volunteers in October.
What is the end game?
Methods may change
How will miles be counted

**Electronic methods**
- Driven by the market
- Can be influenced with incentives

**Governmental limits**
- Role of location technology (GPS)
- Minimum and maximum reporting frequencies and amounts
- Open or closed system

**Manual backup methods**
- When all else fails
Policy choices to be made

- **Which** vehicles are in the program
- **When** vehicles are in the program (transition plan)
- **What** rate structure
- **What** is impacted
Work with other states

• Defining best practices
• Sharing information including lessons learned
• Setting standards
Western Road Usage Charge Consortium
... and the end state?

If constructed properly, an open, market-based road usage charge system adopted by the states will

- Be interoperable across the states,
- Be flexible enough to allow for individual state policy adaptations, and
- Put the nation’s road funding on a solid financial foundation
MyOReGO.org

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