Oregon’s History on Paying for Distance Traveled and the Road Usage Charge Program

Washington State Road Usage Charge Assessment Steering Committee
September 12, 2013
Implementation
Oregon Road Usage Charge Legislation (SB 810)

- For 5,000 volunteer light vehicles
- Rate of 1.5 cents per mile
- Rebate of fuel tax paid
- ODOT develops methods of reporting
- Mandates choices for motorists
- At least one reporting choice must not use GPS
- Open market for reporting technologies
- Private sector administration option
- Penalties for false statements, non-payment and tampering
- Protection of personally identifiable information
Per-Mile Charge Work Completed in Oregon

- 1st Pilot Program Development and Operation (2003-07)
- System Architecture (2010)
- Strategic Plan (2011)
- Preliminary Concept of Operations (2011)

- 2nd Pilot Program Development and Operation (2012-2013)
- System Requirements Specifications (2012)
- Economic and Financial Cost Model (2013)
- Urban Rural Analysis (2013)
- Focus Groups (2013)
- Risk Matrix (2013)
- Economic Viability (2013)
- Pre-Legislative Concept of Operations (2013)
- RUC Program Implementation Plan (2013)
History of *User Pays Policy* in Oregon

- Nation’s first gas tax enacted in 1919
- Nation’s first weight mile tax for heavy vehicles enacted in 1933
- Nation’s first cost allocation study completed in 1937
Initial Legislation

Road User Fee Task Force

House Bill 3456 (2001)

- Develop policy recommendations for new revenue system based on road use to replace current system
- Directs DOT to administer RUFTF
- Directs DOT to develop and implement pilot programs based on RUFTF policy recommendations
- Allows for fuel tax refund for pilot participants paying mileage fee
Oregon’s Weight Mile Tax for Heavy Vehicles

- Applies to vehicles at 26,000 pounds and above
- Based on four factors
  1) Declared weight
  2) Configuration
  3) Number of axles
  4) Distance traveled
- Manual reporting
- Electronic reporting pilot testing
Policy Directives to ODOT

**Statutory Directives**
- Reliability
- Ease of motorist use
- Enforceability
- Low capital costs
- Low relative operating costs

**Road User Fee Task Force Directives**
- Not charge out-of-state travel
- Protect motorist privacy
- Provide gas tax credit
- Seamless transition
- Minimal private sector burden
- Allow congestion pricing
- Allow local option
Structural Issues for Mileage Based Fees

- Administration
- How to credit gas tax
- Integration with existing systems
- Reliability and back up system
- Managing nonpayment and fraud
- Operating costs relative to revenue
- Transition management
- Overall system risk
The Basics

Key Policy Issues for Per-Mile Charge System

• Augment or replace fuel tax
• Manual data collection or electronic data collection
• One method of reporting or multiple choices for reporting
• Basic mileage reporting or location based mileage reporting
• Government selected technology (closed system) or market selected technology (open system)
• Government operations or private sector operations
• One method for billing or multiple methods
The Original Pilot (2006-07)

Pay-at-the-Pump Model

Wireless Reader

Vin, VMT data, Fuel purchase amount

Service Station POS System

VMT Data
VMT Charge

Central Database

GPS Satellite Signals
Original Pilot Program Technologies
National Review & Support
Problem

Pay-at-the-Pump was a *Closed System*

“A *closed system* is an internally integrated system controlled by a single entity with essential components that cannot be substituted by other external components which could perform the same functions”

*There is only one way to do it*
Public Concerns

Privacy
- GPS
- Government mandated device

Confidence in system
- Efficiency
- Fairness
- Perceptions of costly bureaucracy

Rural driving

Rate structure
- Rate equity
The Original Pilot (2006-07)

Pay-at-the-Pump Model

Wireless Reader

Service Station POS System

GPS Satellite Signals

Central Database

START OVER

VIN, VMT data, Fuel purchase amount

VMT Data

VMT Charge
Observations Concerning Mobile Technologies Circa 2010

- Citizens around globe apprehensive about government mandates for GPS in vehicles
- Citizens around globe use GPS in mobile phones
- Mobile phone/computer technologies evolves with consumer demand
- Market for smart devices in passenger vehicles emerging
Road User Fee Task Force
Reconstituted 2010

Purpose
Consider revenue options for the emerging fleet of electric and plug-in hybrid electric vehicles that will pay no or only a small amount of fuel tax
Policy Directives for Second Pilot

**Statutory Directives**
- Reliability
- Ease of motorist use
- Potential for evading accurate reporting
- Low cost implementation & administration
- Public acceptance

**RUFTF Directives (2011)**
- No GPS mandate
- Motorist choice
- Open system
- Public private partnerships
- Protect motorist personal information
- Provide fuel tax credit
The Basics

Mileage Reporting

1. Basic: Report all miles driven
   - Manual reporting
   - Electronic mileage reporting with *no* GPS

2. Advanced: Report miles by location
   - Electronic mileage reporting with GPS

3. Switchable: Changeable reporting of miles
   - Switching between basic and advanced by preference

4. Simplified: Assume maximum annual mileage
   - No reporting of actual miles traveled
The Basics

Options for Electronic Mileage Reporting

- Activate a metering device within vehicle
- Install a metering device in vehicle
The Basics

Payment of Road Usage Charge

Invoice

- Receive by mail or email or automatic account access

Options for payment

- Cash
- Check
- Credit
- Debit
- Electronic Funds Transfer
The Basics

Key Policy Issues for Per-Mile Charge System

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- One method for billing or multiple methods
What is an Open System?

“An integrated system based on common standards and an operating system accessible to the marketplace whereby components performing the same function can be readily substituted or provided by multiple providers”

There are multiple ways to do it
Oregon’s Second Pilot
Road Usage Charge Pilot Program

- November 1, 2012 to February 28, 2013
- 44 volunteer participants from Oregon
  - 8 state legislators
  - Others with policy interest
- Paid road usage charge with fuel tax credit
- Private sector firms provide
  - Mileage reporting technologies
  - Tax processing and account management
- Washington DOT and Nevada DOT managed 44 additional participants
Option 1: The Basic Plan  
(without GPS)

Option 2: The Smart Phone Plan

Option 3: The Advanced Plan  
(with GPS)

On Line Payment
Credit Card Payments
Debit Card Payments
Option 4: The Basic Plan (without GPS)

Mail
Pay by Check

Option 5: Flat Rate Plan
### Choosing your plan

To activate your account, you must choose a charging plan. Your charging plan will include a road usage charge service provider – either ODOT or a private provider, Sanef – and a method to report the miles you drive (click on the plan title in the table below).

Need help? Call toll-free 855-797-1265 or RUCPP@odot.state.or.us

### Plan Options

<table>
<thead>
<tr>
<th>Plan Options</th>
<th>Miles Reported</th>
<th>Invoice</th>
<th>Payment</th>
<th>Online account management</th>
<th>Uses GPS?</th>
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<tr>
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<td>All</td>
<td>Mailed Monthly</td>
<td>Check</td>
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<td>No, does not report where miles are driven</td>
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<td>ODOT Flat Rate Plan</td>
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<td>No device</td>
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<td>Sanef Basic Plan</td>
<td>All</td>
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<td>credit/debit card</td>
<td>Yes</td>
<td>No, does not report where miles are driven</td>
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<td>Public roads in Oregon only</td>
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<td>Yes</td>
<td>Yes, when the application is running</td>
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Installation of an On Board Unit
## Road Usage Charge Statement

**From:**
Sanef S.A.
30, Boulevard Gallieni
92 130 Issy les Moulineaux
France

**On behalf of:**
Oregon Department of Transportation
3700 SE 92nd Ave
Portland
Oregon
97216

**To:**
A Customer
123 Main Street
Portland
Oregon
97201

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<th>Amount</th>
<th>Rate ($)</th>
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<td>Vehicle: BMW Mini Clubman D</td>
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<tr>
<td>Mileage Tax</td>
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<td><strong>4.73</strong></td>
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**TOTAL Mileage Tax Due**

**$17.60**

**Payment Date**

Dec 05 12

To pay your Mileage Tax, please visit https://odot.saneftolling.co.uk and follow the on-screen instructions.
Pilot Participant Experiences

“It was extremely easy to get started; directions were clear and help was available if needed.”
– Terry Beyer, State Representative

“Selecting a plan and signing up was fairly easy. I read information about the plans, selected the one I was most comfortable with, and completed the process in less than 20 minutes.”
– Martin Callery, North Bend resident

“Making a change from something we’re used to is always a bit nerve wracking, but paying the bill for our Road Usage Charge was pretty easy.”
– Tobias Read, State Representative
Oregon’s Platform for Per-Mile Charge

• Machine to machine communications via standard mileage message

• DOT certifies private sector entities under an open system for:
  1) Mileage reporting technologies
  2) Tax processing
  3) Account management

• Scalable, flexible and geographically unlimited
Oregon’s Platform
Standard Mileage Message

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}

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Oregon’s Platform
Standard Mileage Message Decoded

- Vehicle identification number
- Reporting device identification number
- Timestamp for installations and removals of mileage reporting device
- Total mileage during reporting period
- Fuel consumption during reporting period
- For advanced plans, mileage coordinates
Critical Issues
Privacy Solutions

- Choices of Reporting Method and Provider
  - Basic reporting from odometer
  - Advanced reporting using vehicle location technology
  - Simplified reporting of assumed maximum miles driven

- Selection of Mileage Reporting Device from marketplace

- Protection of Personally Identifiable Information (Sec. 9, SB 810)
  - Limits who has access to PII
  - Imposes obligation to protect PII
  - Destroy mileage data within 30 days after later of
    - Payment processing
    - Dispute resolution
    - Noncompliance investigation
Rate Structure Issues for Mandatory Road Usage Charge

- Fairness versus Simplicity
- Totally or Partially Replacing Fuel Tax
- Low Entry Rate or Average Rate
- Single Rate or Multiple Rates
- Complete Policy or Multiple Steps
Additional Thoughts, Recommendations and Lessons Learned
“... the unfamiliar, the vaguely perceived, the mysterious, the hidden, the unexpected are all apt to be threatening. One way of rendering them familiar, predictable, manageable, controllable, i.e., unfrightening, and harmless, is to know them and to understand them.”

Abraham Maslow
Recommendations to State of Washington

- Access Oregon Platform for Pilot Program
  - Use Oregon’s standard mileage message
  - Access vendors hired by Oregon DOT
  - Access back end capabilities of Oregon consulting team
  - Advantages:
    1) Save time
    2) Save money
    3) Design pilot program elements desirable and acceptable in Washington

- Adopt pilot program legislation allowing for rebate/offset of fuel tax for those paying RUC
Building Political Support

- Legislative involvement in RUC policy and pilot program development
- Appearance before legislative committees
- Governor, DOT and Commission leadership
- Extensive interaction with key interest groups
- Pilot participation of persons with policy interest in road usage charging
Communications

Three Steps to Public Acceptance

1. Determine public attitudes and expectations
2. Design mileage charging system for public needs
3. Implement education and communications program
What’s Next

• Implementation of SB 810 in Oregon by July 1, 2015
  ▪ Establish mileage reporting methods and administrative practices
  ▪ Market formation for road usage charge collection
  ▪ Marketing to volunteers

• Western Road Usage Charge Consortium
  ▪ Research multi-jurisdictional issues
  ▪ Precision communications
  ▪ Multiple state pilots
  ▪ Potential for regional system

• Oregon Road Usage Charge Summit
  ▪ Seminar for state DOTs and legislators from across USA
  ▪ Workshop for vendors