



The Vehicle Miles Tax

Lessons from Oregon's Pilot
Program

Infrastructure and Economic Growth: Measuring the Impact and Funding Models Conference
Federal Reserve Bank of Chicago

Presented by:

James Whitty, Program Manager, ODOT

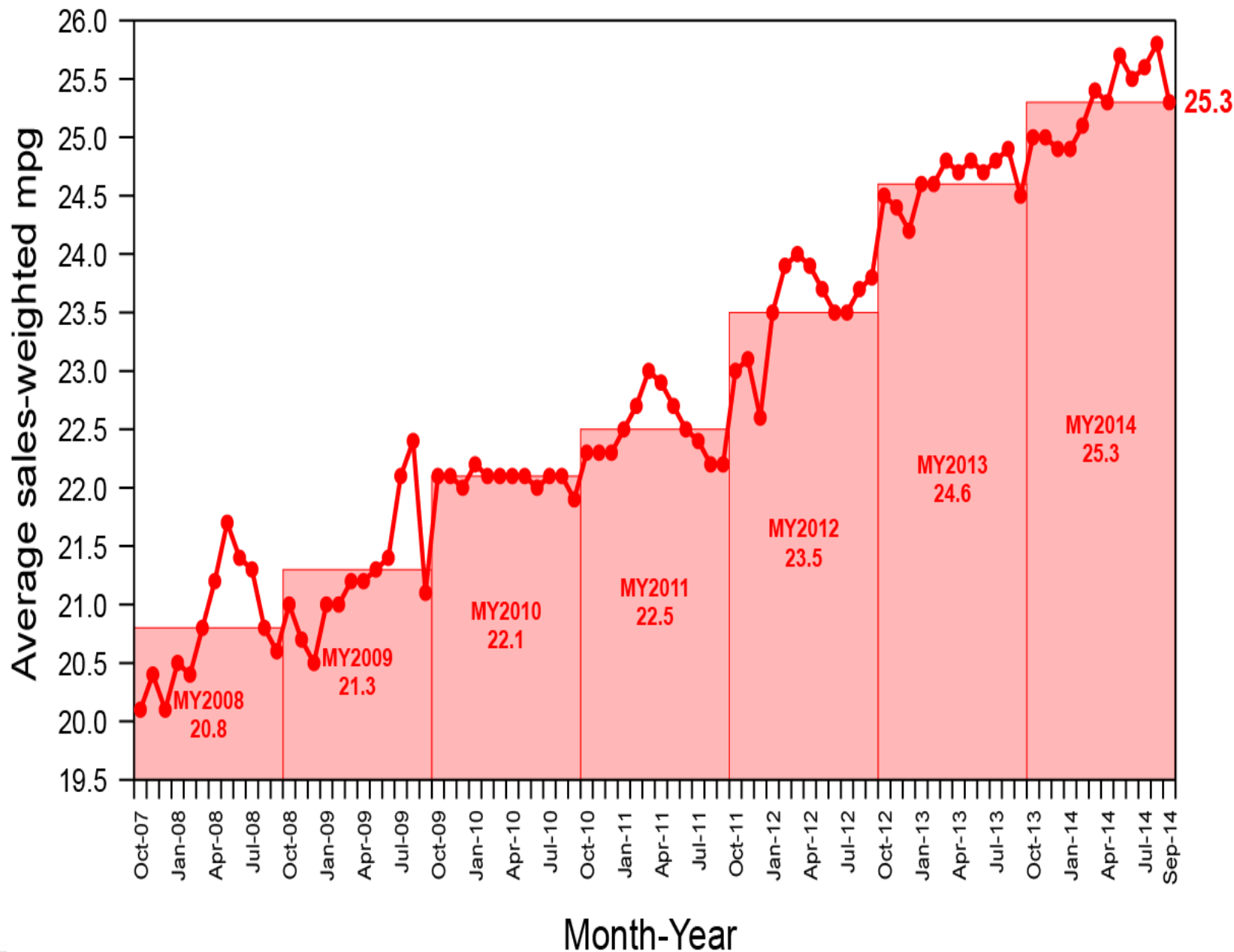
November 3, 2014



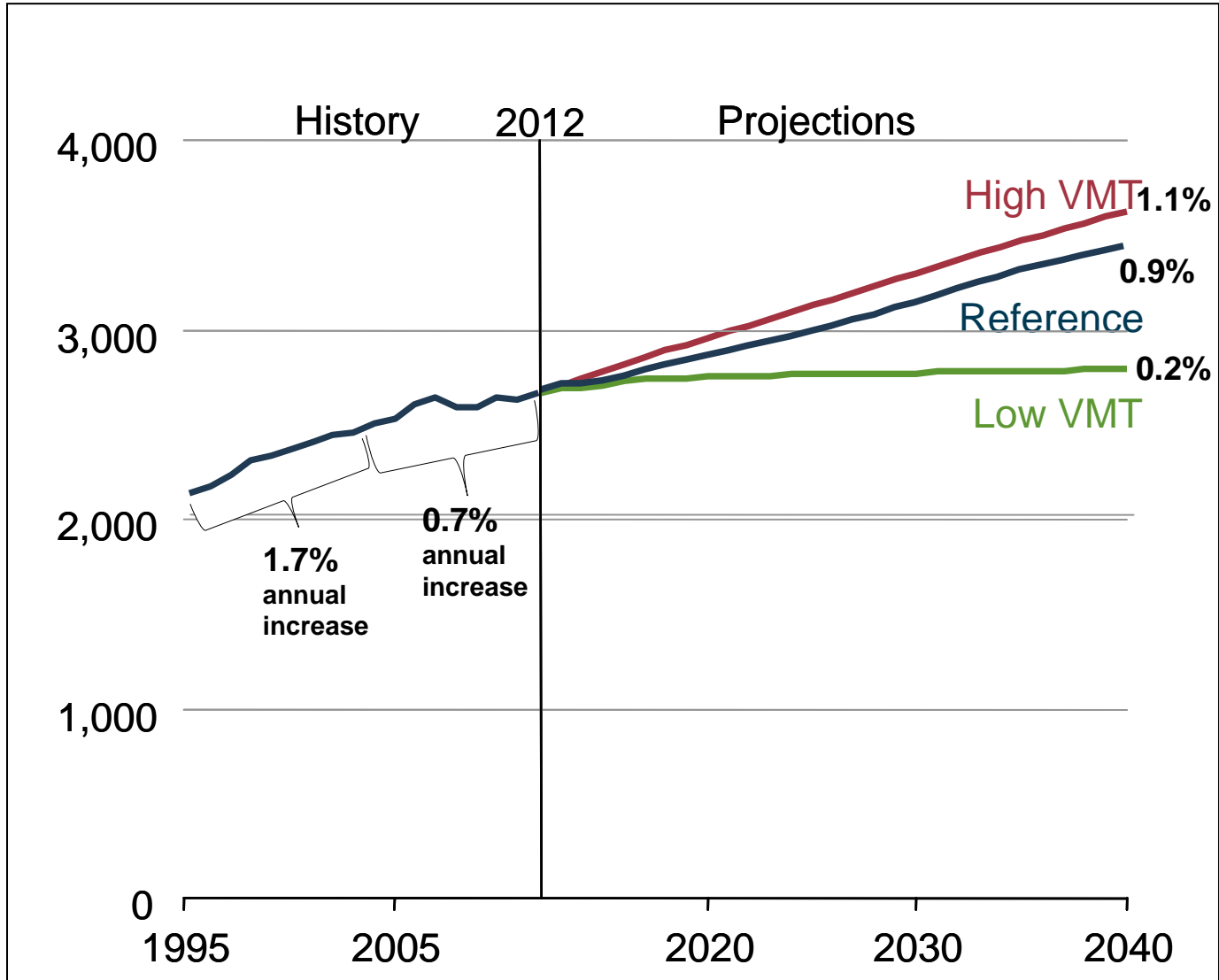
Oregon's Per-Mile Road Usage Charge Law



Senate Bill 810 directs the implementation of a fully operational per-mile charging program for up to 5,000 light vehicles on July 1, 2015



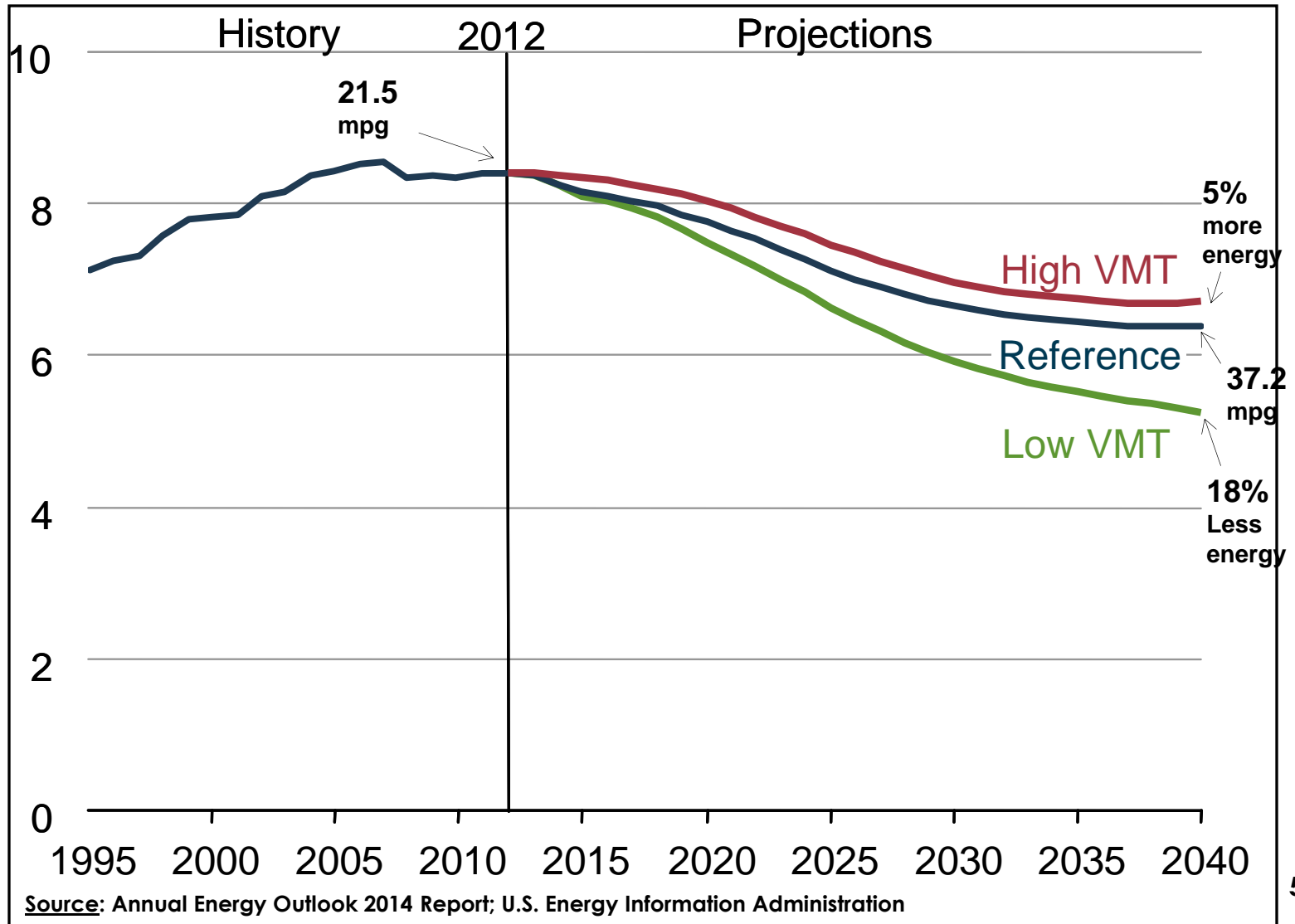
Total Light-duty Vehicle Miles Traveled in Three Cases (1995-2040)



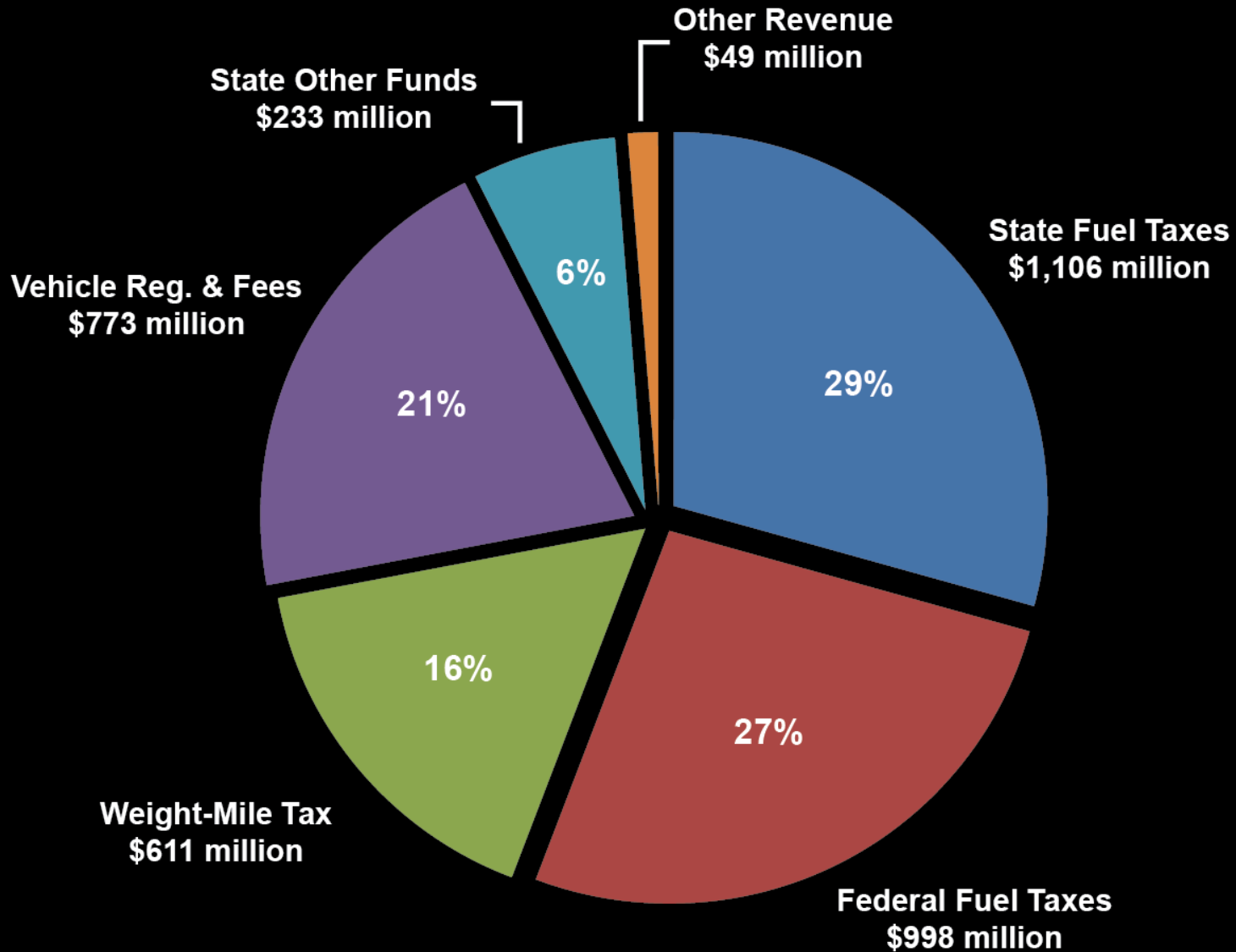
Source: Annual Energy Outlook 2014 Report; U.S. Energy Information Administration



U.S. Light-Duty Vehicle Energy Use in Three Cases (1995-2040)



Oregon Road Revenue Sources
2011 - 2013 Legislatively Approved Biennial Budget
(\$3.770 billion, excluding bond revenue)

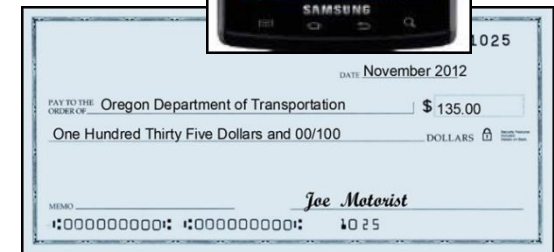
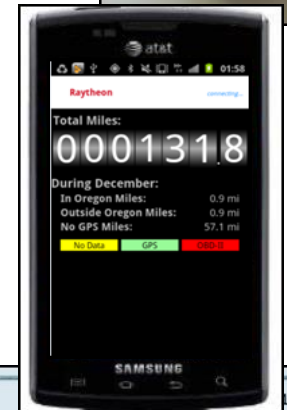


Fundamentals of Road Usage Charging



Categories of Mileage Reporting

1. **Reporting all miles driven**
(basic)
2. **Reporting miles by location**
(advanced)
3. **Changeable reporting of miles**
(switchable)
4. **Assume maximum annual miles**
(simplified)



Road Usage Charge and Data Collection

THE OPTIONS

- **Government only collection**
 - A closed system
- **Establishment of a commercial market for collection**
 - An open system
- **Combination of commercial and government collection**
 - An open system



Oregon's Road Usage Charging Program



Road Usage Charge Program (SB 810)

- **Implement operational road usage charge program by July 1, 2015**
- **Open system with taxpayer choices for mileage reporting**
- **5,000 volunteers from Oregon**
- **Pay a road usage charge of 1.5 cents per mile and receive fuel tax credit**
- **Certified private sector firms provide**
 - Collection of mileage data
 - Tax processing
 - Account management
- **Protection of personally identifiable information by legal requirement**



Oregon's Platform for Per-mile Charge

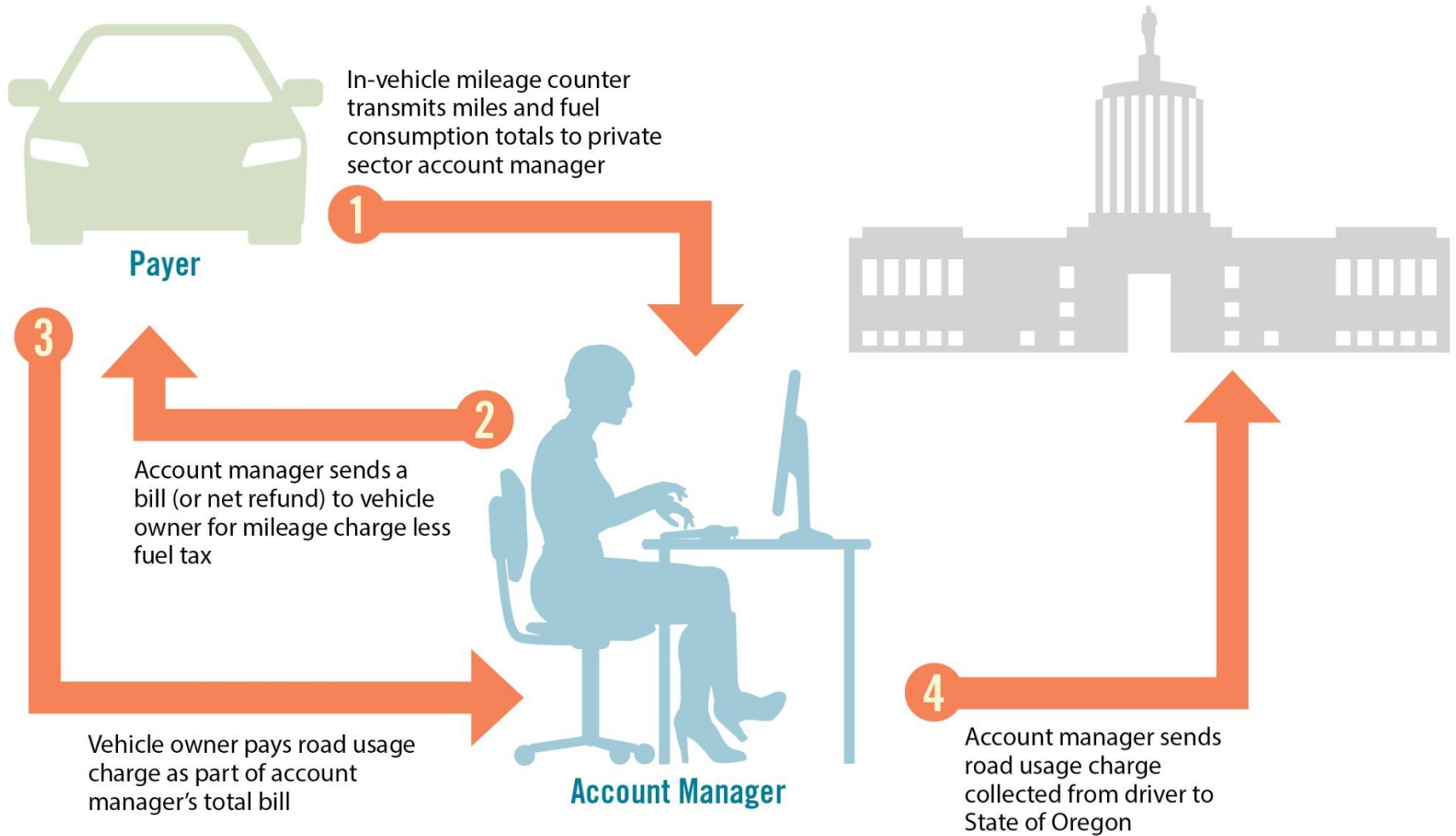
- Machine to machine communications via standard mileage message
- DOT certifies private sector entities to collect mileage data, process the charge and manage accounts



**STAMP OF
APPROVAL**



Oregon's Road Usage Charge Program

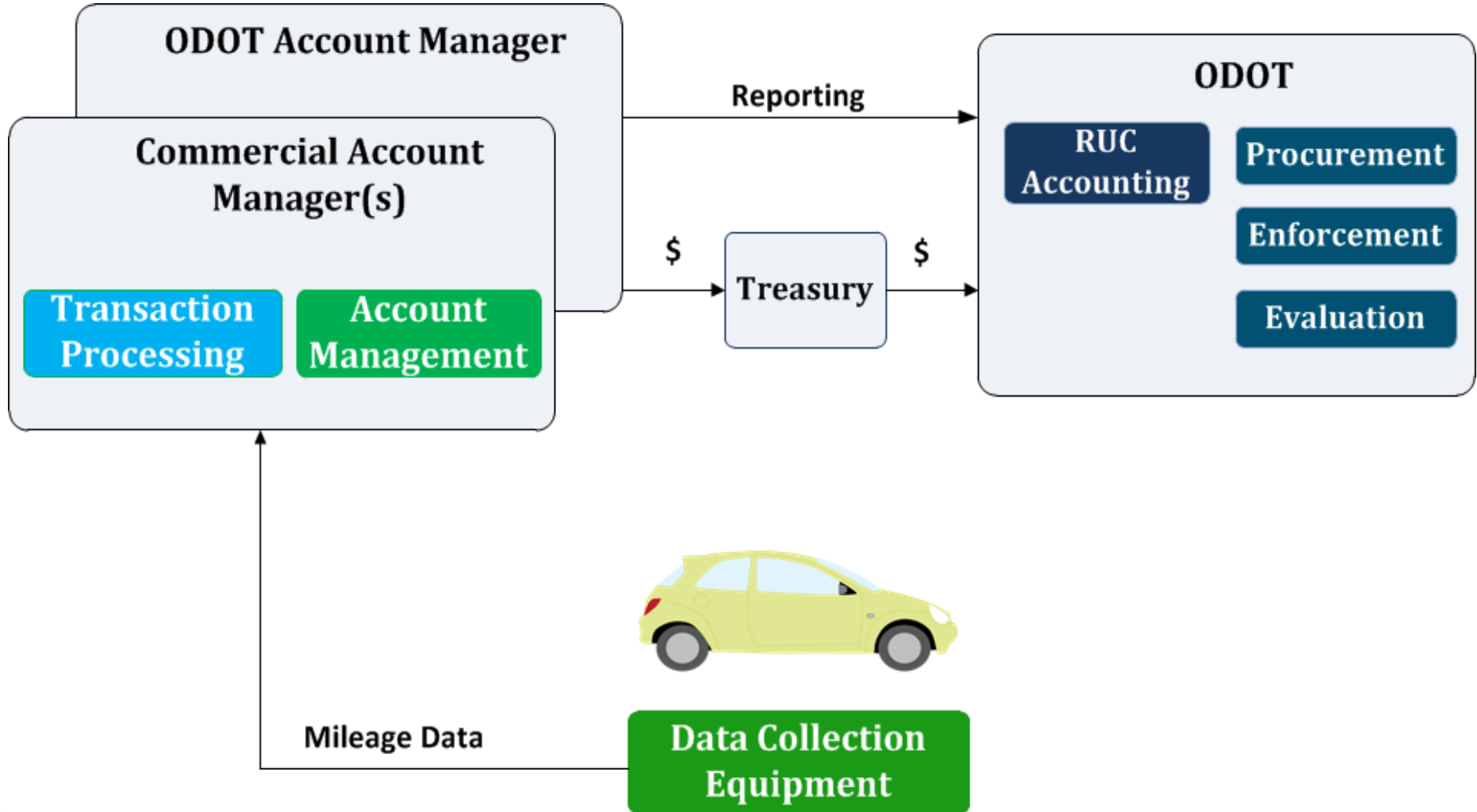


Oregon's Platform: Requirements, Contractual Provisions and Certification

- **System requirements specifications**
 - **Business requirements documents**
 - **Interface control documents**
 - **Verification cross reference index**
 - **Contracts and service level agreements**
- Certification of technologies, systems and business processes



Oregon's Open System Platform



Choice of Mileage Reporting Provider

Volunteer program entry options

- **Recruited by commercial account manager**
- **Access through on line matrix provided by ODOT**

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

	Miles Reported	Invoice	Payment	Online account management	Uses GPS?
ODOT Basic Plan	All	Mailed Monthly	Check	No	No, does not report where miles are driven
ODOT Flat Rate Plan	N/A	Once, at start	Check	No	No device
Sanef Basic Plan	All	Emailed Monthly	credit/debit card	Yes	No, does not report where miles are driven
Sanef Advanced Plan	Public roads in Oregon only	Emailed Monthly	Credit/debit card	Yes	Yes
Sanef Smartphone Plan	With application running, only roads in Oregon; without application running, all roads	Emailed Monthly	Credit/debit card	Yes	Yes, when the application is running



Oregon's Reporting Methods at Commencement

Mileage Reporting

- Basic
- Advanced



Refunds

- Automatic refunds of fuel tax
- Manual refunds for off public road mileage for those choosing basic reporting

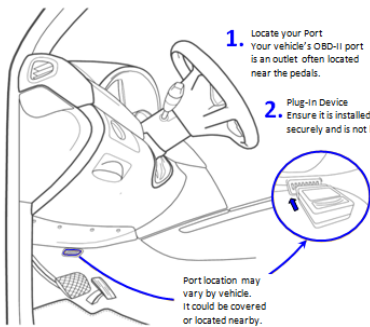


Mileage Reporting Device Activation

1. Activate device built into vehicle, or



HOW TO INSTALL THE MILEAGE REPORTING DEVICE



1. Locate your Port
Your vehicle's OBD-II port
is an outlet often located
near the pedals.

2. Plug-in Device
Ensure it is installed
securely and is not loose.

Port location may
vary by vehicle.
It could be covered
or located nearby.

Once installed, it is
important you wait 1-2
minutes before starting
your vehicle to allow the
Device to configure.

Your mileage data will

If your OBU becomes disconnected for any reason, simply rep



2. Install device into vehicle



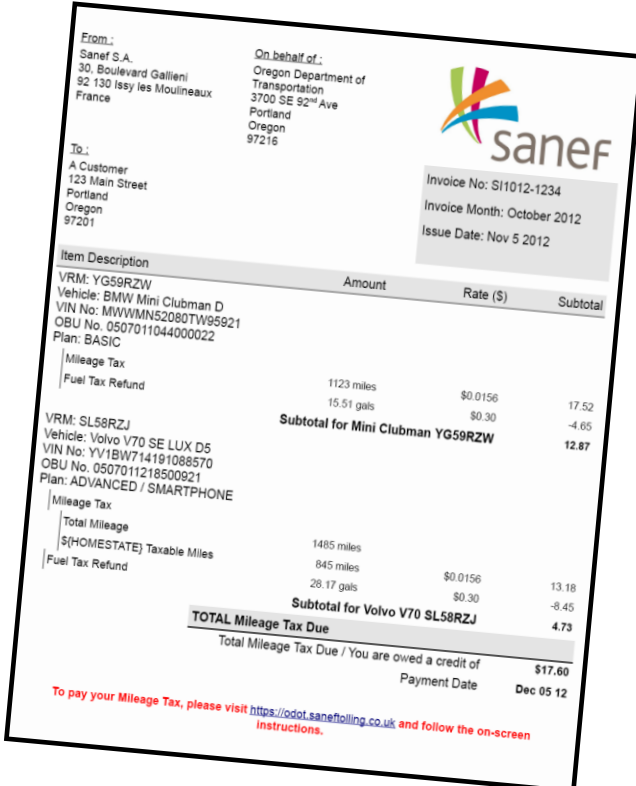
Invoicing and Payment

Invoice

- Receive by mail, email or automatic account access
- Summarized totals

Options for payment

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



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

Invoice No: SI1012-1234
Invoice Month: October 2012
Issue Date: Nov 5 2012

Item Description	Amount	Rate (\$)	Subtotal
VRM: YG59RZW			
Vehicle: BMW Mini Clubman D			
VIN No: MWWMNS2080T195921			
OBU No. 0507011044000022			
Plan: BASIC			
Mileage Tax			
Fuel Tax Refund	1123 miles	\$0.0156	17.52
	15.51 gals	\$0.30	-4.65
Subtotal for Mini Clubman YG59RZW			12.87
VRM: SL58RZJ			
Vehicle: Volvo V70 SE LUX D5			
VIN No: YV1BW714191088570			
OBU No. 0507011218500921			
Plan: ADVANCED / SMARTPHONE			
Mileage Tax			
Total Mileage	1485 miles		
\$(HOMESTATE) Taxable Miles	845 miles	\$0.0156	13.18
Fuel Tax Refund	28.17 gals	\$0.30	-8.45
Subtotal for Volvo V70 SL58RZJ			4.73
TOTAL Mileage Tax Due			\$17.60
Total Mileage Tax Due / You are owed a credit of			Payment Date Dec 05 12

To pay your Mileage Tax, please visit <https://odot.sanefolling.co.uk> and follow the on-screen instructions.



How Oregon's Road Usage Charge Program Addresses Main Concerns of the Public



Public Concerns with Road Usage Charging



- **Privacy**
- **Government bureaucracy**
- **Complexity**
- **Cost**
- **Fairness**

Issue #1: Privacy

SB 810 solutions

- Provide *choices* for reporting method and technology
- Select mileage reporting device from marketplace
- No mandate for vehicle location capability (GPS)
- Legal mandate to personally identifiable information



Protection of Personally Identifiable Information

SB 810, Section 9

Constrains use of Personally Identifiable Information

- Limits access
- Imposes obligation to protect
- Exception for express approval

Data destruction of mileage data within 30 days after later of:

- Payment processing
- Dispute resolution
- Noncompliance investigation



Issue #2: Governmental Bureaucracy

Solution: Bring in private sector and create a market

RFQ for Commercial Account Managers (CAMs)

- Multiple types of mileage reporting
- Evolution of technologies and business systems
- Value added services



Issue #3: Complexity

Solution: Let RUC payer choose simplicity

- Choice of provider
- Choice of how to report
- Choice of how to pay



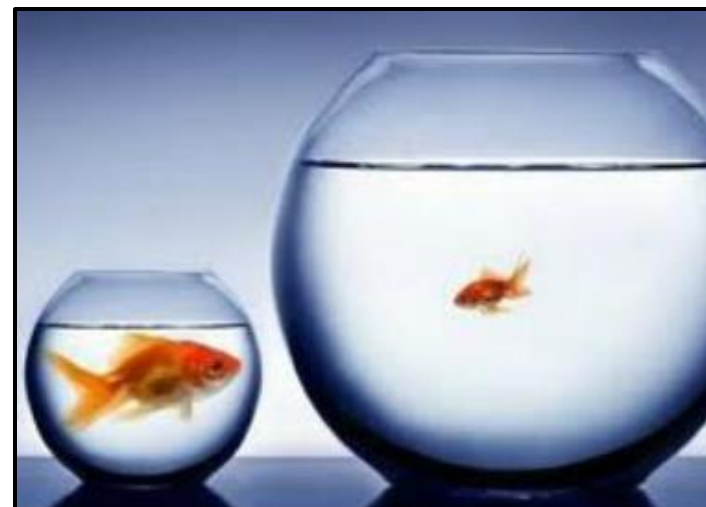
Issue #4: Cost of Operations

Financial & Operational Cost Model

Number of RUC Accounts	Administrative Costs as % of Revenues
10,000	55%
100,000	12%
500,000	5.2%
1,000,000	4.6%
4,000,000	3.3%

Issue #5: Fairness

- **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



What Happens Going Forward?

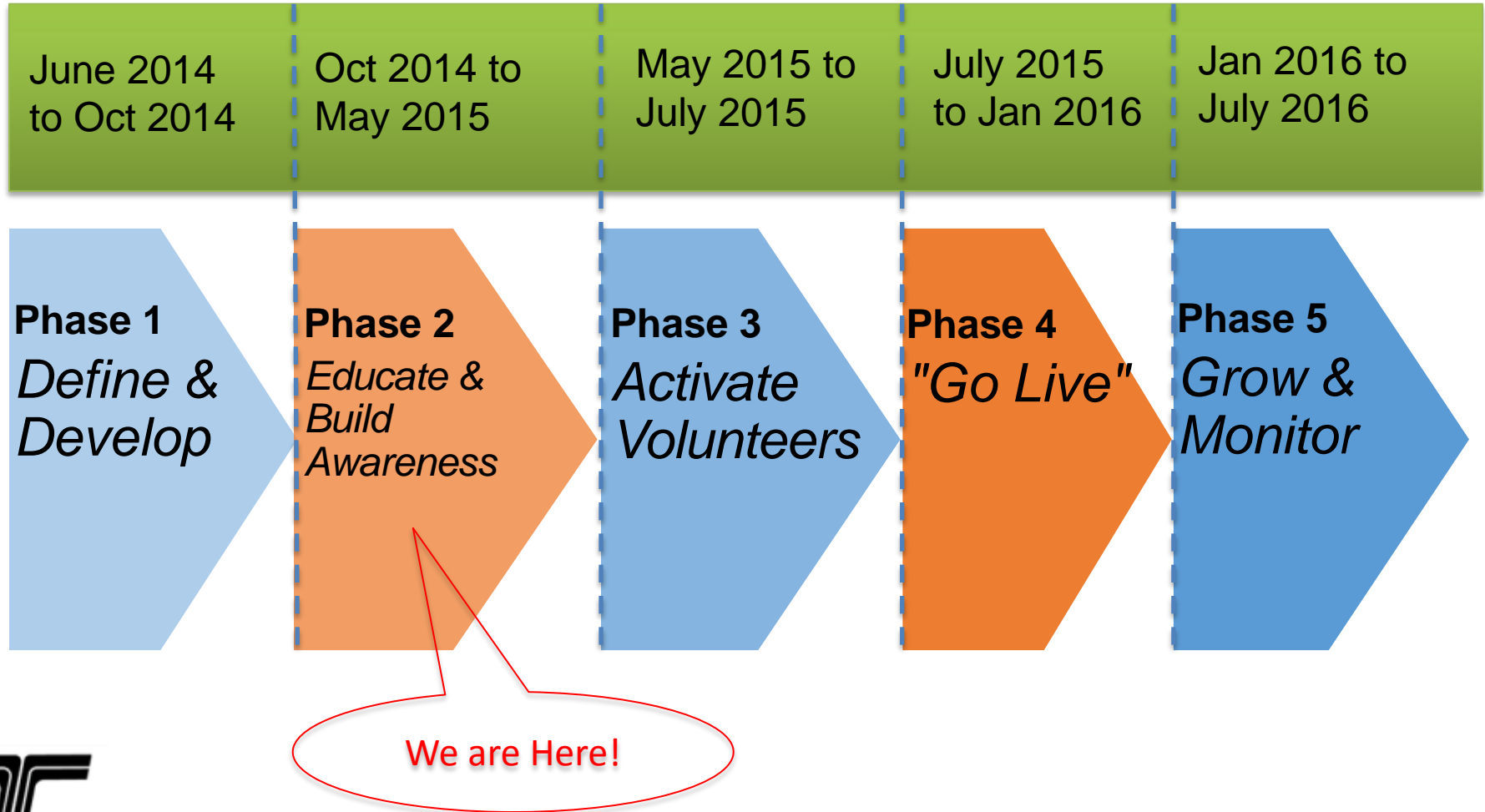


Timeline

- ODOT signs contracts with account managers (November 2014)
- ODOT certifies technologies and business practices (February 2015)
- Issue permanent CAM procurement documents (March 2015)
- Operational trial (March to May 2015)
- Launch of Road Usage Charge Program (July 1, 2015)
- Additional R&D and assistance to other states (Now and Beyond)
- Expand Oregon Road Usage Charge Program to mandated RUC payers (Whenever Oregon Legislature is ready)

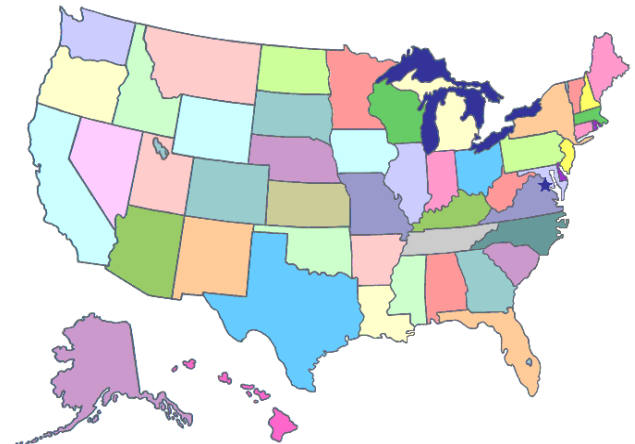


Communications



Oregon DOT Recommendations to US States

1. **Initiate institutional knowledge of mileage charging policies through high level task force or committee**
2. **Access Oregon's open system Road Usage Charge Platform for individual or regional pilot programs**
 - Access Oregon's technology and business standards
 - Access OAM and CAMs hired by Oregon DOT
 - Advantages:
 - Save time
 - Save money
 - Design own pilot program

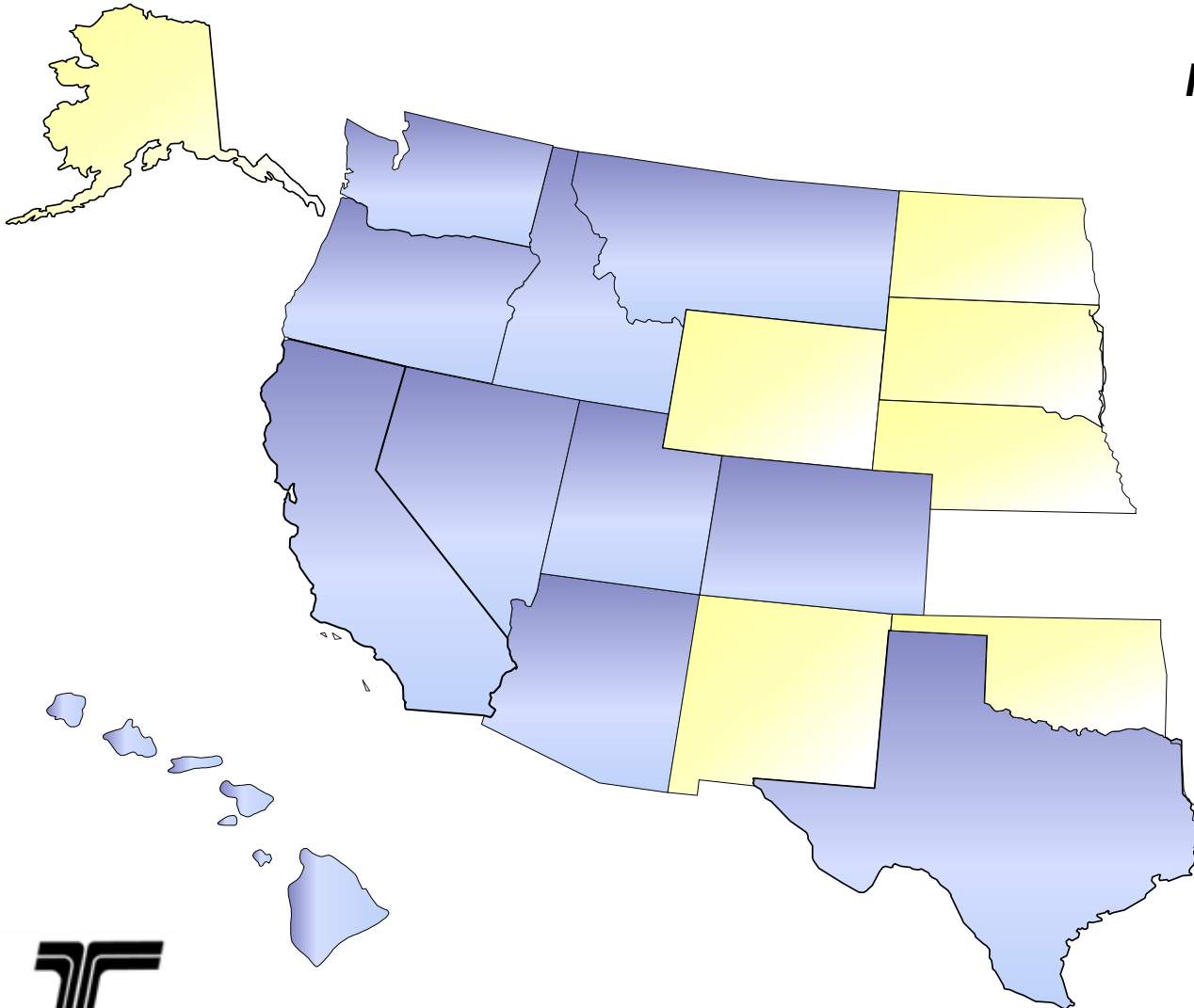


California's Enactment of SB 1077

- **Road Usage Charge Pilot Program with 6,000 volunteers**
- **Begins no later than January 1, 2017**
- **Task Force to explore policy options**
- **Exploring use of Oregon's Road Usage Charge Platform**



Western Road Usage Charge Consortium



MEMBER STATES



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

