Oregon’s Road Usage Charge Program

AAMVA International Conference

Tom McClellan
Oregon Dept. of Transportation
August 18, 2016
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1919</td>
<td>Oregon Legislature enacts the nation's first gas tax.</td>
</tr>
<tr>
<td>1943</td>
<td>Oregon passes Use Fuel Taxes for non-gasoline fuels.</td>
</tr>
<tr>
<td>1947</td>
<td>Oregon enacts weight-mile tax for commercial vehicles in excess of 20,000 pounds.</td>
</tr>
<tr>
<td>2001</td>
<td>Oregon forms the Road User Fee Task Force to explore new ways of funding the state's transportation system.</td>
</tr>
<tr>
<td>2006-2007</td>
<td>First Road User Fee Pilot Program. 300 vehicle test.</td>
</tr>
<tr>
<td>2012-2013</td>
<td>Oregon welcomes 88 volunteers for a Road Usage Charge Pilot Program</td>
</tr>
</tbody>
</table>
SB 810 (2013) - Road Usage Charge Program

Fully operational for up to 5,000 vehicles

1.5 cents per mile
Fuel tax credit
Mileage reporting *choices*
GPS *not* required
Open system
Private sector administration
Penalties for fraud
Protects personally identifiable information

myOReGO.org
How the program works
What is a Road Usage Charge?
A fee charged for the distance a vehicle is driven

Collect fuel tax as a prepayment of RUC
Count the miles and multiply by the rate
Collect the net tax or... refund the difference
Oregon Road Usage Charging
Open system concept

- ODOT Account Manager
  - Commercial Account Manager(s)
    - Transaction Processing
    - Account Management
- Reporting
- Bank
- ODOT
  - Collect Tax
  - Connect OReGO & DMV
  - Administer OReGO
  - Certify account managers & devices
- Mileage Reporting Device
  - Data
  - Mileage Collection
Open System
Uses non-proprietary standards

External Systems
- Commercial Account Manager

ODOT Interface
- RUCAS*

ODOT Existing Systems
- TEAMS (Accounting)
- AvaTax (Fuels Tax Administration)
- DMV

*ODOT-developed Road Usage Charge Administration System
Certification of Account Managers
Ensures account managers deliver services to the public in a secure, acceptable manner

- Business requirements
- Data security
- Accurate devices
- Service level agreements
- Test
- Communication
Operations Overview

- Tax Reporting and Reconciliation
- Account Manager and Device Certification
- Volunteer Customer Service
- Contract Management
- Ongoing Program Evaluation and Improvement
- Compliance
Privacy protection
Deployed solution must:

• Provide mileage reporting choices
• Allow private sector account management
• Protect personally identifiable information

And GPS is not required
## Ongoing Work

<table>
<thead>
<tr>
<th>Task</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resolve volunteer issues and Inquiries</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Conduct volunteer exit surveys</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Refine processes and requirements</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Enhance RUCAS</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Rewrite rules</td>
<td>Started</td>
</tr>
<tr>
<td>Certify Sanef as a CAM</td>
<td>Started</td>
</tr>
</tbody>
</table>
Volunteer Experience

Sign Up

Please take a few minutes to give us the information we need to

Step 1. Register Your Vehicle
Enter the VIN of the vehicle registered with In-Drive.

Next

Step 2. About You

Sign up and select mileage reporting method

Install/activate mileage reporting device

Drive
Volunteer Experience

Payment
Account settlement (varies by account manager)

| Nature of billing | Timing of payment | Method of payment |
National Recognition

SALEM, Oregon—Evan Burroughs plopped into his 1996 Subaru Outback and pointed to a green plastic box tucked below the steering column. It blinked once. As Burroughs eased the car out of the parking lot and drove toward the highway, the box kept track of his speed and braking, but most importantly, of how many miles he drove.

The green box, part of a pilot program, sends the data to a private contractor like a GPS device manufacturer, which reports the miles to Oregon, which calculates Burroughs’ tax bill—1.5 cents per mile.

As revenue from the standard per-gallon gas tax diminishes, states are looking for other ways to pay for the construction and maintenance of roads and bridges. California recently authorized its own mileage tax pilot project. Between 2008 and 2014, at least 19 states considered 55 measures related to mileage-based fees, according to the National Conference of State Legislatures.
Volunteer Feedback

Bill appreciates “the good customer service and follow up.”

“Hi, I wanted to let you know that from my perspective, using the Azuga service as part of OReGO, the transition to paying by the mile has been pretty seamless. … I also didn't realize I didn't have to save my gas receipts because Azuga could calculate the fuel used and therefore how much gas tax to refund. Glad to be a part of this – hope it yields results that are helpful to decision-makers.” – Emily

“I was part of the Sustainability Committee … that encouraged this program to be trialed … I want it to work!” – Víctor
Volunteers

Exit surveys

- Ease of initial application
- Ease of online account setup
- Ease of checking account balance
- Quality of service you received with the Account Manager
- Account Manager’s knowledge about OReGO
- Account Manager’s response time to inquiries and requests
- Accuracy of reported mileage
- Accuracy of reported fuel usage
The most enrolled vehicle types: Toyota Prius, Ford F-150 and the Subaru Outback
Reporting - Monthly
Performance Measures

- Inquiries – Resolve within two business days
- Issues – Follow up at least once per week
- Identify most commonly asked questions
Oversight
Internal Audit

Objective: Determine if ODOT has taken prudent steps to assure that mileage data collected in OReGO Program is sufficiently accurate
First year in review
First Year in Review
Vehicles & Volunteers

Total enrolled: 1,238
Total active on 6/30/2016: 1,025
Retention Rate: 82.68%

Total enrolled: 1,103
Total active on 6/30/2016: 879
Retention Rate: 79.69%
First Year in Review
Geographic Distribution

Cumulative OReGO vehicles by county July 1, 2016 (estimated)
First Year in Review
Public Education

Increasing public awareness

- Outreach
- Conferences
- Media
- Blog/email
- Research
## First Year in Review

### Ending Enrollment

<table>
<thead>
<tr>
<th>#</th>
<th>Reason for vehicle exit</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>73</td>
<td>Unknown, no longer enrolled</td>
<td>33.80%</td>
</tr>
<tr>
<td>48</td>
<td>Switched vehicles</td>
<td>22.22%</td>
</tr>
<tr>
<td>26</td>
<td>Removed for non-participation</td>
<td>12.05%</td>
</tr>
<tr>
<td>10</td>
<td>Device/Vehicle incompatibility</td>
<td>4.63%</td>
</tr>
<tr>
<td>10</td>
<td>Other/Multiple</td>
<td>4.63%</td>
</tr>
<tr>
<td>9</td>
<td>OBD-II port repurposed</td>
<td>4.17%</td>
</tr>
<tr>
<td>7</td>
<td>Program dissatisfaction</td>
<td>3.25%</td>
</tr>
<tr>
<td>5</td>
<td>Data discrepancies</td>
<td>2.31%</td>
</tr>
<tr>
<td>5</td>
<td>Moving out of state/country</td>
<td>2.31%</td>
</tr>
<tr>
<td>5</td>
<td>Unknown, still a volunteer</td>
<td>2.31%</td>
</tr>
<tr>
<td>5</td>
<td>Vehicle does not qualify</td>
<td>2.31%</td>
</tr>
<tr>
<td>4</td>
<td>Account manager dissatisfaction</td>
<td>1.85%</td>
</tr>
<tr>
<td>3</td>
<td>Cost too high</td>
<td>1.39%</td>
</tr>
<tr>
<td>2</td>
<td>Vehicle registration invalid</td>
<td>0.93%</td>
</tr>
<tr>
<td>1</td>
<td>Fuel efficiency disincentive</td>
<td>0.46%</td>
</tr>
<tr>
<td>1</td>
<td>Security concerns</td>
<td>0.46%</td>
</tr>
<tr>
<td>1</td>
<td>Vehicle accident/theft</td>
<td>0.46%</td>
</tr>
<tr>
<td>1</td>
<td>Switched account managers</td>
<td>0.46%</td>
</tr>
</tbody>
</table>

Data review shows these are common reasons for vehicle exits. This helps the team identify the primary motivators that drive program retention. Results are compiled from OReGO's issue log, volunteer feedback submitted by account managers, and volunteer exit survey results.

Most who voluntarily remove a vehicle either:
- Switch to a new vehicle; or
- Want to repurpose the OBD-II port (use for an auto insurance discount).
Future of road usage charging in Oregon
### Planning for the Future
OReGO Executive Board

<table>
<thead>
<tr>
<th>Ensure poised as a viable revenue program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitor market opportunities</td>
</tr>
<tr>
<td>Reduce barriers</td>
</tr>
<tr>
<td>Further partnerships with other states</td>
</tr>
<tr>
<td>Plan for potential expansion</td>
</tr>
</tbody>
</table>
FAST Act Federal Grant Application

- Expand the Market
- Increase Public Awareness
- Evaluate Compliance
- Explore Interoperability
Expand the Market
Providing more options to users

- Mileage Reporting Device (Dongle)
- Road Usage Charge Technology Options
- Connected Vehicles
- Vehicle Maintenance Reporting Services
- Data Aggregation
- Fuel Station Technology/Pump Connectivity
- Cell phone Imagery
Expand the Market
Manage open market

• Align requirements with existing standards

• Refine & streamline certification

• Provide notification to RUC payers

• Refine processes for account manager exit
Expand the market
Develop a manual reporting option

Oregon Broadband Internet Access
Share of Population without a Computer and Broadband Internet at Home

<table>
<thead>
<tr>
<th>Age</th>
<th>By Age</th>
<th>&lt;18</th>
<th>18-64</th>
<th>65+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>14%</td>
<td>14%</td>
<td>30%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education</th>
<th>By Education (25+)</th>
<th>&lt;HS</th>
<th>HS + Some College</th>
<th>Bach. or More</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>36%</td>
<td>21%</td>
<td>8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Population Size</th>
<th>By Population Size</th>
<th>Metropolitan</th>
<th>Micropolitan</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>19%</td>
<td>29%</td>
<td>34%</td>
</tr>
</tbody>
</table>

Data: ACS 2014  | Source: Census, Oregon Office of Economic Analysis
Increase Public Awareness

- MyOReGO.org
- Surveys
- Statewide education tour
- Test messages
- Develop new tools
- Presentations
Evaluate compliance

Account managers & RUC payers

- Account Managers
  - Contractual
  - Refine metrics
  - Analyze other options

- RUC Payers
  - Analyze potential points of evasion
  - Evaluate possible enforcement mechanisms
Work on Interoperability

The Vision

One account for road usage charges, parking, and other services

Funds are collected accurately

Funds get to the correct jurisdiction (state, city, county, port authority, etc.)
Explore interoperability

Account Manager receives mileage, invoices RUC Payer. AM pays each state for each mile traveled less fuels tax on gallons consumed by RUC Payer during the trip. AM distributes money to each state.

In the alternative, the AM could pay the state in which the vehicle is registered for all the miles and the state could distribute the funds.

417 miles travelled. 165 in WA 252 in OR

AMOUNT DUE TO WA
165 miles * 1.5 cents = $2.48 (rounded up from $2.475) (less 37.5 cents per gallon for fuel consumed on the trip)

AMOUNT DUE TO OR
252 miles * 1.5 cents = $3.78 (less 30 cents per gallon consumed on the trip)

35
Road User Fee Task Force
Strategic Plan for a Mandate

- What is the end state for per mile charge?
- What is replaced?
- Which vehicles are in the program?
- What rate structure?
- What is the transition plan?
# Governor’s Transportation Vision Panel - 2016

## Revenue Option Matrix

<table>
<thead>
<tr>
<th>Mid-term and long-term funding options:</th>
<th>Adequacy of revenue</th>
<th>Responsiveness to inflation</th>
<th>Revenue stability and predictability</th>
<th>Appropriateness of dedication (user pays)</th>
<th>Administrative costs (relative to revenue)</th>
<th>Equity by income group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road and bridge tolling</td>
<td>Fair</td>
<td>Fair</td>
<td>Fair</td>
<td>Very Good</td>
<td>Poor</td>
<td>Poor</td>
</tr>
<tr>
<td>Per-mile road user charges</td>
<td>Very Good</td>
<td>Poor</td>
<td>Very Good</td>
<td>Very Good</td>
<td>Fair</td>
<td>Fair</td>
</tr>
<tr>
<td>A carbon tax</td>
<td>Good</td>
<td>Poor</td>
<td>Fair</td>
<td>Very Good</td>
<td>Very Good</td>
<td>Poor</td>
</tr>
</tbody>
</table>
Working with Other States
WESTERN ROAD USAGE CHARGE CONSORTIUM
MEMBER STATES

- Arizona
- California
- Colorado
- Idaho
- Hawaii
- Montana
- Nevada
- New Mexico
- North Dakota
- Oklahoma
- Oregon
- Texas
- Utah
- Washington
Why?

- Declining revenues
- Opportunity to leverage other states’ experience
Issues

• Concerns
  ▪ Privacy
  ▪ Technology Options
  ▪ Compliance/Enforcement
  ▪ System Costs/Administration
  ▪ Fairness (urban vs. rural drivers)
• “Double Taxation”
  ▪ Replacement or
  ▪ Supplement to fuel tax
• Vehicle Types and Exemptions
  ▪ Rate Structures
  ▪ Implementation or Phase In

• Roles definition
  ▪ Public sector
  ▪ Private sector
  ▪ Responsible Government Entity
  ▪ Role of DMV / Toll Agencies
  ▪ Role of Automotive Industry

• Interoperability
RUC West – Work Plan

Research Projects

- Strategic Communications Plan
- Out-of-state (and international) drivers in a RUC system
- Effects on rural residents
- Online calculator for consumers to estimate a RUC
- Best practices “roadmap” for a RUC system
- Privacy
- Certification process - available to multiple states
- Parameters of a RUC Rate
- Regional Pilot Plan
RUC West – Regional RUC Pilot

• Applied for FAST Act grant funds for predevelopment
• 12 participants
• Goal: Design system, develop business rules, define technology interface
• Regional Pilot Plan: action plan and outline for the pilot