Oregon

Kate Brown, Governor

DATE: May 6, 2019

TO: Joint Committee on Transportation

FROM: Amy Ramsdell, Motor Carrier Division Administrator
                     Amy Joyce, Legislative Liaison

SUBJECT: SB 56 – Elimination of Weight Receipt and Fee

INTRODUCTION

Every heavy truck operating in Oregon must obtain and carry a receipt as proof the truck has been registered to pay its weight-mile tax. SB 56 would eliminate the paper receipt and fee, and the process would be done electronically. Carriers would save significant money.

BACKGROUND

Oregon's method of heavy vehicle taxation is the weight-mile tax, which assesses a tax based on the declared weight of the vehicle and the number of miles traveled in the state. Oregon-based carriers, and out-of-state carriers that operate in Oregon, must pay tax for the miles they travel on our roads. Each truck must be registered to pay the weight-mile tax.

Since 2001, when the state eliminated a second license plate issued as proof, carriers have been required to carry a paper tax receipt in each truck. They show the receipt to enforcement personnel to prove their compliance; failure to have the receipt in the truck is grounds for a ticket. Several years ago ODOT developed an electronic database that shows which trucks, by license plate, have registered to pay the tax. The database is accessible at weigh stations and ports of entry, and is available to law enforcement who also inspect trucks.

The fee for the weight receipt is $8. Oregon carriers and national groups report the administrative effort to place each receipt in the corresponding truck costs businesses another $8 per truck. Therefore, carriers spend about $16 per truck to comply with the existing requirement.

Two states have had their weight-mile tax legally challenged due to factors similar to Oregon's weight receipt, because of an asserted minimal difference in the cost per mile for in-state versus out-of-state carriers. A New York case found a similar system ran afoul of constitutional interstate commerce requirements. Some carriers argue Oregon's tax receipt constitutes a fraction-of-a-cent difference between the fees paid by in- and out-of-state carriers, and have indicated willingness to sue the state over this issue.

DISCUSSION

The paper receipt is an inefficient method to enforce the tax on heavy trucks. While it served an important purpose before the modernization of truck inspections using "greenlight" transponders, license plate readers, and a robust database, the paper receipt has been rendered obsolete by the use of technology. Even worse than having a requirement that serves little purpose, it comes at significant expense to truckers.

Senate Bill 56 would eliminate the paper receipt and the $8 fee the state charges. Carriers would continue to register to pay the tax, as they do today. The bill ends the paper receipt and fee. ODOT's database of tax-registered trucks remains exactly the same. As trucks approach ports of entry, weigh stations, and ODOT's other data collection points across the state, license plate numbers are checked against that database. For those trucks not registered to pay the tax, ODOT collects that data and uses it in the weight-mile tax audits the department routinely conducts. Fuel sellers will continue to note those trucks that claim to be paying weight-mile (so as to have the diesel tax waived).

In addition to the efficiencies achieved, the bill also will serve to protect the state from lawsuits filed against similar fees in New York and elsewhere.

Senate Bill 56 represents a recognition of an outdated system used by government that can be completely replaced with existing technology and save the industry significant money.

SUMMARY

Senate Bill 56 will save the trucking industry millions of dollars every year in fees and administrative expense. The paper receipt is no longer necessary for the department to enforce Oregon's tax laws. Eliminating this requirement and fee has the added benefit of protecting Oregon from needless lawsuits.