

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2342 - 9

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Imposes mandatory per-mile road usage charge for registered owners and lessees of passenger vehicles of model year 2027 or later that have rating of 30 miles per gallon or greater, beginning July 1, 2026.

Government Unit(s) Affected:

Oregon Department of Transportation (ODOT)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

| | 2021-23 Biennium | 2023-25 Biennium |
|--------------------|-------------------------|-------------------------|
| Other Funds | 4,135,656 | 7,970,232 |
| Total Funds | \$4,135,656 | \$7,970,232 |
| Positions | 15 | 14 |
| FTE | 7.50 | 14.00 |

Summary of Revenue Impact:

See Revenue Impact Statement issued by Legislative Revenue Office.

Analysis: The measure makes mandatory the Oregon Department of Transportation (ODOT) per-mile road usage charge program, for vehicles model year 2027 or newer, that get 30 mpg or greater, beginning July 1, 2026. The measure provides the ability for an individual to opt-out of participating in the program until 2032, at which point they would be required to participate. The measure requires ODOT to submit periodic reports regarding the implementation of the measure and requires ODOT to study and report to the Road User Fee Task Force 3 studies related to ODOT's implementation, equity, and road usage charging's intersection with the State's climate goals.

The -9 amendment establishes the policy of the Legislative Assembly with respect to the per-mile road usage charge and requires ODOT to report to the Road User Fee Task Force by September 15 of 2022, 2024, and 2026. The report will include;

- Technological readiness and pricing mechanisms other than the per-mile road usage charge;
- Possible rate structure for, and best method of imposing and collecting, the additional fee;
- The best method of making the transition from the current fuel tax system, and its likely impact on individuals and communities categorized by income, race, and socioeconomic status; and urban, rural, and suburban communities; and
- The feasibility of, and an implementation plan for, including in the weight-mile tax system or other per-mile charge vehicles with a registration weight between 8,000 and 26,000 pounds.

ODOT anticipates 3 primary pieces for implementation:

- Road Usage Charging - Mandatory Program to include:
 - a. Point-of-Sale Enrollment
 - b. Connected Vehicle Ecosystem - allowing vehicles to communicate directly with ODOT systems.
 - c. Vehicle Transfers - Ensure that private party vehicle transfers can be handled
 - d. Auditing and Back-end Business Systems
 - e. Public and Dealer Education
 - f. Integration with tolling
 - g. Manual reporting/expanded mileage reporting options

- Studies to include:
 - a. Reporting to the Road User Fee Task Force in 2022, 2024, and 2026
 - b. The studies will include possible rate structures and methods for imposing and collecting additional fees
 - c. Best method for making transition from the current system to a per-mile road usage charge program
 - d. Feasibility of and implementation plan for weight-mile tax system for vehicles that weigh more than 8,000 pounds but less than 26,000 pounds.

- Elimination of the tiered, Mile-Per-Gallon based title fees.

The Road Usage Charging portion of the measure will require substantive Information Technology (IT) resources for planning, implementation, programming, project management, and ongoing management through the Office of Innovative Funding. In Information Services, ODOT anticipates in 2021-23 one position PEM F (0.50 FTE) to oversee implementation and integration of the IT portion of the projects; one Information Services Specialist 8 (0.50 FTE) to design the enterprise architecture. The Office of Innovative Funding will require two Information Services Specialist 7 (1.00 FTE) to manage new business process development; two Information Services Specialist 8 (1.00 FTE) to manage and design system environments and document system architecture, two Operation and Policy Analyst 2 (1.00 FTE) to manage program expansion, process planning, policy development, and process development and requirements analysis; one Executive Support Specialist (0.50 FTE) to provide support for to the expanded Office of Innovative Funding; one Operations and Policy Analyst 1 (0.50 FTE) to provide support for program expansion and business process development; One Information Systems Specialist 4 (0.50 FTE), three Information Systems Specialist 7 (1.50 FTE) and one Information System Specialist 6 (0.50 FTE) to manage a portfolio of multiple implementation projects and significant system and process development. ODOT also anticipates change orders to contracts to cost approximately \$2.0 million in 2021-23 and \$4.0 million in 2023-25.

ODOT anticipates engaging with a consultant to develop studies required for the Road User Fee Task Force these studies will cost approximately \$300,000 each.

The elimination of tiered MPG-based title fees will require programming changes to the Division of Motor Vehicles systems are absorbable within agency resources.

The resources required for the systems development and implementation of the measure will be covered by the State Highway Fund (SHF). As the program becomes operative, and revenue is collected in 2026, the SHF will be repaid and the program will become self-supportive.

This measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact on the State Highway Fund and the establishment of position authority.