

HB 2342 A STAFF MEASURE SUMMARY

Joint Committee On Transportation

Action Date: 05/25/21

Action: Do pass with amendments and be referred to Ways and Means. (Printed A-Eng.)

House Vote

Yeas: 4 - Evans, McLain, Nathanson, Power

Nays: 3 - Boshart Davis, Lewis, Noble

Senate Vote

Yeas: 3 - Beyer, Frederick, Gorsek

Nays: 2 - Boquist, Findley

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

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Meeting Dates: 4/20, 5/6, 5/25

WHAT THE MEASURE DOES:

Requires, beginning July 1, 2026, registered owners and lessees of passenger vehicles of model year 2027 or later that have a mileage rating of 30 miles per gallon or greater to participate in per-mile road usage charge program. Repeals voluntary per-mile road usage charge program on July 1, 2029. Allows owners or lessees to pay annual fee in lieu of participating in mandatory per-mile road usage charge program until June 30, 2031, at which time annual fee provisions are repealed. Clarifies that participants shall continue to pay vehicle registration fees imposed by county or district governments. Directs the Oregon Department of Transportation (ODOT) to submit periodic reports to the Road User Fee Task Force regarding development and implementation of programs, and to seek federal funding to better understand the interaction of per-mile road usage charges and their impact on the environment of motor vehicle usage. Establishes legislative findings and directs ODOT to conduct studies and submit legislative reports regarding the possibility of an additional fee to reflect environmental, health, and greenhouse gas impacts, and regarding mitigation of negative impacts of fee on historically underserved communities and low-income Oregonians. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Background on Road User Fee Task Force and Road Usage Charge Program (OReGO)
- Decreasing efficacy of current State Highway Fund revenue sources
- Bill begins transition five years from now
- Calculating environmental costs of driving
- How travel outside of Oregon is calculated
- Purpose and features of an opt-out alternative
- Changes in commuter behavior
- Potential impact on adoption of electric vehicles
- Whether it is possible to capture costs of externalities, such as air pollution and congestion
- Revenues from road usage charge are deposited in State Highway Fund
- Program no longer refunds over payment of gasoline tax
- Legislative intent to address reduction in ability to pay for maintenance, preservation, and modernization of roads

EFFECT OF AMENDMENT:

Replaces annual fee in lieu of participation with flat fee indexed to current cost of paying gasoline tax. Clarifies that registered owners and lessees shall continue to pay the amount of vehicle registration fee imposed by

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counties and districts that would have been required if the exemption under the measure did not exist. Establishes legislative intent that owners of subject vehicles pay additional fee to reflect health and environmental impacts of criteria pollutants and greenhouse gases emitted by subject vehicles, imposed at kind and rate to achieve Oregon's transition to fully zero-emission fleet. Directs Oregon Department of Transportation (ODOT) to conduct a study of best method of imposing and collecting the fee, to consult with other agencies and stakeholders, and submit report to interim legislative committees relating to air pollution by September 15, 2022. Establishes legislative intent that transition from fuel tax to per-mile road usage charge shall be designed to mitigate negative impact on historically underserved communities and low-income Oregonians. Directs ODOT to conduct study of best method for making transition from fuel tax system to per-mile road charge system and submit report to interim legislative committees relating to air pollution by September 15, 2022. Replaces study and reporting requirements from original bill with new reporting requirements outlined above.

BACKGROUND:

Oregon was the first state to institute a tax on motor fuels when it adopted a flat one-cent gas tax in 1919. As time has gone by, other states, local governments, and the federal government have adopted similar taxes, and Oregon's has increased periodically to its current level of 36 cents per gallon. Since fuel taxes are increased only periodically, fuel taxes have tended not to keep pace with inflation in materials and labor costs, and because increased fuel efficiency of motor vehicles has resulted in more miles traveled per gallon of fuel, governments have experienced a reduction of their ability to use these funds to maintain and modernize their road systems.

The Legislative Assembly responded to this phenomenon by creating the Road User Task Force (RUFTF) in 2001 to develop a design for revenue collection for Oregon's roads and highways that could replace the current fuel tax-based system for revenue collection. The initial pilot program (2006-2007) involved 285 test vehicles and was funded by a grant from the Federal Highway Administration. Senate Bill 810 (2013) created OReGO, a voluntary, permanent program which allows up to 5,000 vehicles to register and pay a per-mile road usage charge for each mile traveled on Oregon public roads. Participating drivers are charged 1.8 cents per mile (previously 1.5 cents per mile prior to the increase in gas taxes in 2018 and 2020); if they paid gas taxes during the same period, those taxes count against the per-mile charge, and drivers either are reimbursed for excess fuel taxes paid or charged the balance if they paid less than the per-mile charge required.

House Bill 2342-A establishes a mandatory per-mile road usage charge for registered owners and lessees of passenger vehicles model year 2027 or later beginning July 1, 2026. The measure allows owners and lessees to pay an annual fee in lieu of the mileage charge through June 30, 2031.