

April 20, 2021

Oregon Progressive Party

Position on Bills at 2021 Session of Oregon Legislature:



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Dear Committee: **HB 2342: Oppose (-4 amendment is an improvement)**

The Oregon Progressive Party opposes this bill, which would require, 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.

This contradicts the need for Oregon to reduce its contribution to global warming. It is, in essence, a tax on reducing global warming emissions. It is the opposite of a carbon tax; it is an anti-carbon tax.

Oregon has many programs and incentives to encourage people and businesses to purchase and use high mileage, low-emission vehicles, such as electric cars. The tax imposed by this bill would negate those incentives. Why should Oregon provide incentives for high-mileage vehicle acquisition and use and then turn around and impose a new tax only on high-mileage vehicles? It does not make sense. What makes sense is taxing fossil fuels, including gasoline and diesel fuel, not taxing environmentally favorable means of transportation.

And that does not even account for the administrative cost of establishing and maintaining a system of keeping track of the mileage of the taxed vehicles and the other costs of imposing a new kind of tax.

The proposed amendments do not rescue this bill. The -1 and -4 amendments would apply the tax to all model year 2026 or later vehicles, regardless of mileage rating. That is an improvement but still requires adopting of an elaborate (and evadable) system for tracking the mileage traveled by each vehicle. More efficient solutions would be to (1) change vehicle registration fees to reflect the mileage rating of the vehicle or (2) tax electricity consumption at vehicle charging stations or in general (administratively very simple and already done) and allocate some of the revenue to roads and bridges.

We disagree with the assumption that government expenditures on roads and bridges must be paid for by dedicated taxes generated by transportation activity. Taxation should discourage harmful activities, such as emitting pollution and global warming gases, and should pay for useful activities, such as maintaining sufficient roads and bridges. There need not be a one-to-one correlation between transportation taxes and transportation expenditures. If the concern is that the highway trust fund will be depleted due to fewer fossil-fueled vehicles on the roads, then maintenance of roads and bridges should be paid from ordinary general revenue, including substantial new taxes on global warming emissions.

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