

**REVENUE IMPACT OF  
PROPOSED LEGISLATION  
82nd Oregon Legislative Assembly  
2023 Regular Session  
Legislative Revenue Office**

**Bill Number: HB 2100 - 2  
Revenue Area: Highway Fund  
Economist: Mazen Malik  
Date: 05-16-2023**

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

**Measure Description:**

Permits Department of Transportation, by rule, to define "electric vehicle", "hybrid vehicle", and "plug-in electric vehicle" for purposes of vehicle registration surcharge.

**Revenue Impact:**

Revenue	2023-25	2025-27	2027-29
<b>Registration</b>	\$1,411,929	\$1,934,908	\$1,983,280
<b>Title</b>	\$4,205,428	\$714,393	(\$4,433,193)
<b>Total Revenue</b>	<b>\$5,617,357</b>	<b>\$2,649,300</b>	<b>(\$2,449,913)</b>

**Impact Explanation:**

This amendment includes two main alterations to fees imposed on vehicles to generate revenue for the HB 2017 package. It Primarily changes the way by which the Registration surcharge and the Title surcharge from HB 2017 is levied on vehicles. These changes are reported to be necessitated by difficulties faced by DMV in implementing the MPG rating system. The amendment changes the registration surcharge from a method based on the MPG rating of a vehicle to a method which bases the surcharge on the engine propulsion-type. The amendment also removes completely the surcharge and any MPG rating consideration from the title fees, while it increases the rate of the base title fee to partially compensate for the revenue loss.

First issue is the registration fees: Under current law, the base registration fee is \$43 per year, in addition, HB 2017 imposed a registration surcharge based on the MPG rating of vehicles. The MPG-based method surcharge is applied according to the following four categories: (1) \$20 for vehicles with 0-19 MPG rating; (2) \$25 for vehicles with 20-39 MPG rating; (3) \$35 for vehicles with rating of 40 MPG and above; and (4) \$115 for electric vehicles.

The proposed new vehicle categories are specified and charged in the following fashion:

(1) Internal Combustion Engine (ICE) vehicles will pay a \$23 surcharge; (2) Hybrid Vehicles (HV) will pay a \$32 surcharge; (3) Plug-in Hybrid Electric Vehicles (PHEV) will pay \$35 surcharge; and (4) Electric Vehicles (EV) will continue to pay the current \$115 surcharge. The new surcharge categories generate approximately the same amount of overall revenue; however, some excess revenue (\$1.9 million) is generated due to rounding of the fee to the nearest dollar.

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**The second issue** the amendment proposes to adjust is the title fees. It repeals the title fee surcharge that was imposed by HB 2017 based on vehicle MPG rating. To partially balance the revenue, the amendment increases the original base fee (\$77) charged for the transaction of issuing a certificate of title, to transfer title, to issue a duplicate or replacement certificate of title, or to issue a new title due to name or address change. The new larger base-fee at \$110 is meant to include both the base and the (HB 2017) surcharge. The intent for this new \$110 fee is to replace the current MPG-based schedule and the current base fee. However, it seems to fall short or neutrality after the second biennium.

The current Title Fee structure was designed by HB-2017 to recover payments from the vehicles that pay less than their fair share into the highway Fund. All vehicles pay a base title fee of \$77, and an additional surcharge based on the following MPG rating:

- (a) For vehicles that have a rating of 0-19 MPG or nonmotorized vehicles, \$24, for a total of \$101.
- (b) For vehicles that have a rating of 20-39 MPG, \$29, for a total of \$106.
- (c) For vehicles that have a rating of 40 MPG or greater, \$39, for a total of \$116.
- (d) For electric vehicles, \$115, for a total of \$192.

This amendment effectively inverses the funding policy adopted of HB 2017. By adopting an average base fee, the amendment is essentially increasing the lower-MPG vehicles title fee and decreasing hybrids and electric vehicles payments. The net impact of this change is to leave EV's and Hybrid vehicles paying less into the highway Fund, further decreasing their contribution to road programs, and switching the payments to the lower MPG vehicles. The net change in title fees by this amendment is as follows:

- (a) For vehicles that have a rating of 0-19 MPG or nonmotorized vehicles, increase fees by \$9.
- (b) For vehicles that have a rating of 20-39 MPG, increase fees by \$4.
- (c) For vehicles that have a rating of 40 MPG or greater, decrease fees by \$6.
- (d) For electric vehicles decrease title fee by \$82.

The net revenue impact of title fee changes is to increase revenue in the first three calendar years as lower-MPG vehicles slightly compensate for the lost revenue, then perceptibly reduce total revenue coming to the Highway Fund starting in 2027. This reduction is expected to reach more than \$10 million in revenue loss by 2032. Most of this reduction in highway revenue is coming from the reduced fees on Eclectic and Hybrid Vehicles. This reduction of payments by the EV and hybrid vehicles starts at \$3.6 million in CY 2025 and quickly reaches nearly \$10 million by 2029.

Revenue from	CY2025	CY2026	CY2027	CY2028	CY2029	CY2030	CY2031	CY2032	CY2032
Title 0-19 MPG -	\$4.20	\$4.01	\$3.86	\$3.67	\$3.47	\$3.28	\$3.13	\$3.01	\$3.01
Title 20-39 MPG -	\$1.74	\$1.77	\$1.77	\$1.76	\$1.72	\$1.67	\$1.59	\$1.50	\$1.50
Title 40+ MPG -	(\$0.22)	(\$0.26)	(\$0.31)	(\$0.35)	(\$0.39)	(\$0.42)	(\$0.45)	(\$0.48)	(\$0.48)
Title Electric -	(\$3.47)	(\$4.53)	(\$5.89)	(\$7.36)	(\$9.12)	(\$10.92)	(\$12.83)	(\$14.95)	(\$14.95)
<b>Total new Title Revenue</b>	<b>\$2.24</b>	<b>\$0.99</b>	<b>(\$0.56)</b>	<b>(\$2.27)</b>	<b>(\$4.32)</b>	<b>(\$6.39)</b>	<b>(\$8.56)</b>	<b>(\$10.92)</b>	<b>(\$10.92)</b>

The measure also clarifies that electric vehicles, hybrid vehicles and plug-in hybrid electric vehicles, as defined by the Department, that are approved for the road usage charge program are not subject to vehicle registration surcharge.

**Creates, Extends, or Expands Tax Expenditure: Yes  No**

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