

Weight-Mile Tax Simplification

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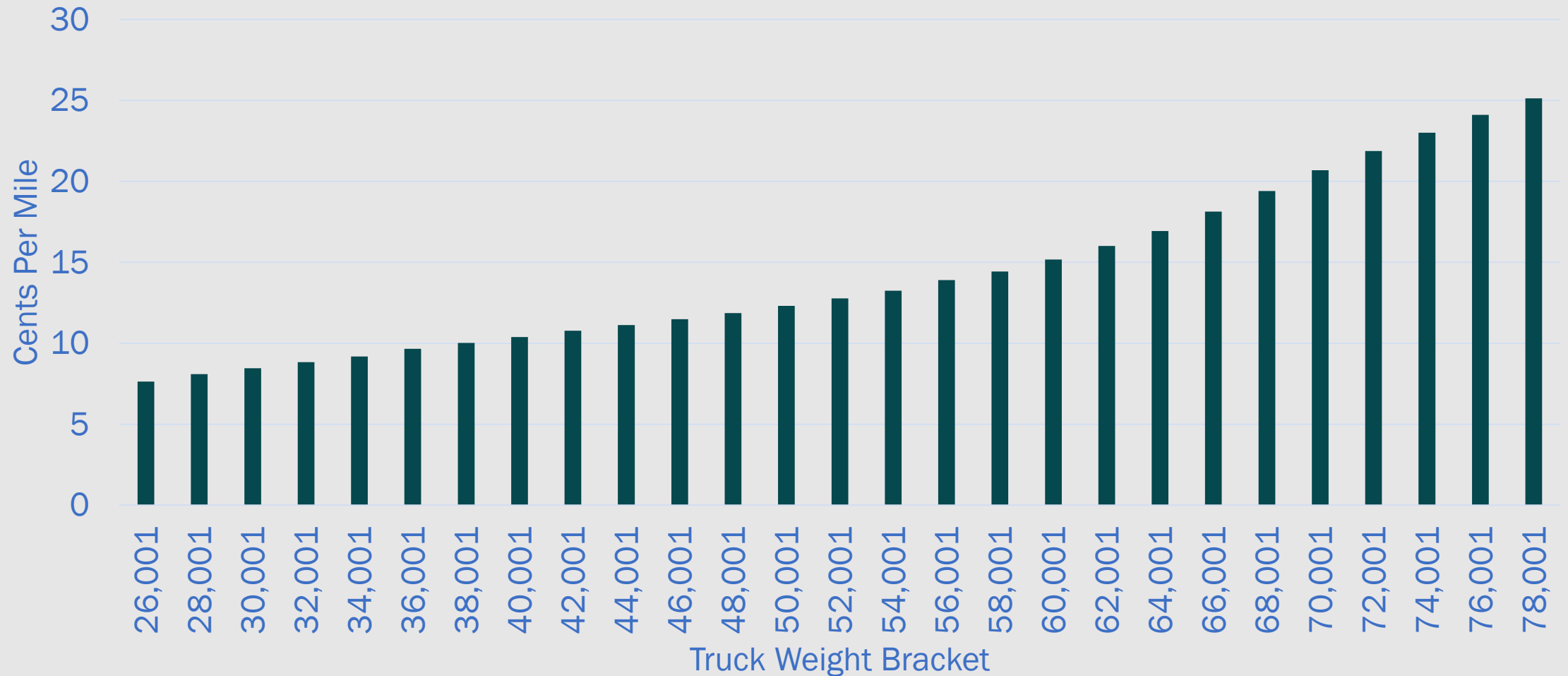


Overview of Truck Taxes in Oregon

- Oregon's Constitution requires fairness and proportionality between vehicle classes
- To achieve cost responsibility, Oregon collects most trucks through the weight-mile tax, with lower registration fees than other states
- Highway Cost Allocation Study indicates trucks pay more than their fair share based on allocation of expenditures



Weight-Mile Tax Rates by Weight Bracket (Table A)



Weight-Mile Tax Table B

Rates in Cents Per Mile

Weight Group	5 Axles	6 Axles	7 Axles	8 Axles	9 Axles+
80,001-82,000	25.94	23.73	22.18	21.07	19.87
82,001-84,000	26.78	24.11	22.54	21.34	20.14
84,001-86,000	27.58	24.66	22.91	21.61	20.42
86,001-88,000	28.52	25.20	23.27	21.99	20.69
88,001-90,000	29.62	25.84	23.65	22.35	21.07
90,001-92,000	30.90	26.59	23.99	22.71	21.44
92,001-94,000	32.30	27.31	24.38	23.08	21.72
94,001-96,000	33.77	28.15	24.83	23.46	22.07
96,001-98,000	35.33	29.17	25.39	23.84	22.45
98,001-100,000	NA	30.25	25.94	24.28	22.81
100,001-102,000	NA	NA	26.49	24.83	23.19
102,001-104,000	NA	NA	27.05	25.39	23.65
104,001-105,500	NA	NA	27.77	25.94	24.11

Total Miles by Weight Class



Weight-Mile Tax Simplification Goals



NO ONE PAYS MORE
THAN 10% HIGHER
FEE



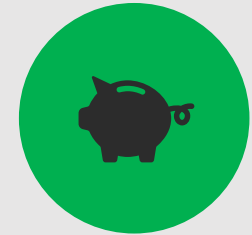
REVENUE NEUTRAL



ANCHORED TO
SPECIFIC WEIGHT
CLASSES



REASONABLE FEE
SCHEDULE
(ASCENDING)



EXCLUSIVE OF
OTHER FEE CHANGE
CONSIDERATIONS

Simplified 10 Rate Structure

- 10 rates with 6,000-pound increments
- Includes anchor rates at 26,001, 54,001 and 78,001 lbs.
- All of Table B collapsed into a single rate
- Few trucks pay a lot more or less than they do today
- Rates TBD based on additional changes in a transportation funding package

Rate	Weight Class
1	26,001 – 32,000 pounds
2	32,001 – 38,000 pounds
3	38,001 – 44,000 pounds
4	44,001 – 50,000 pounds
5	50,001 – 56,000 pounds
6	56,001 – 62,000 pounds
7	62,001 – 68,000 pounds
8	68,001 – 74,000 pounds
9	74,001 – 80,000 pounds
10	80,001 – 105,500 pounds

Simplifying Weight-Mile Tax Administration



**MUTUALLY
AGREED UPON
SOLUTIONS**



**SIMPLIFY TAX
RATES &
COMPLIANCE**



**AUTO
ENROLLMENT IN
WEIGHT MILE TAX**



**REDUCE CARRIER
RECORDKEEPING
AND REPORTING
BURDEN**



**SIMPLIFY ODOT'S
WMT AUDIT
PROCESS**

Raising the Point of Diesel Taxation

- Most diesel fuel use is not taxed in Oregon—heavy trucks are not subject to diesel tax
- Taxable diesel is taxed at the retail level, unlike gasoline which is taxed at first sale in Oregon
- Could raise diesel point of taxation to first sale in Oregon, so trucks would pay some of their share through fuels tax



Diesel Tax Hybrid Example

Current Weight Mile: \$500 million in revenue with no diesel tax

2 billion diesel miles

6 miles per gallon (based on all Oregon Carriers who filed an IFTA return)

330 million gallons of diesel used

Hypothetical Diesel Tax: \$132 million in revenue

2024 use fuel tax rate: \$0.40/gallon

Difference would be amount left to be paid in weight-mile



Potential Benefits

- Fuel sellers are paid 4% of use fuel tax as compensation for collecting on the state's behalf, so ending this would save nearly \$4 million per year
- Would close one opportunity for evasion
- Reduce number of fuels tax licensees eliminating reporting for current sellers and users



Issues to Work Through

- Tax exempt dyed diesel could be used to evade diesel tax if it remains tax exempt
- Refunds for local governments and non-profits exempt from fuels tax
- Electric trucks would pay only through WMT, requiring separate rate schedule or higher registration fee
- Collecting from out of state motor carriers through International Fuels Tax Agreement (IFTA)
- Need to replace ODOT's obsolete IT system—requires new IFTA/registration system that would take 3 years



Questions?

Thank you