



Oregon Trucking Taxes & Fees

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Trucking Taxes & Fees

5 Most Expensive States Trucking Taxes & Fees

1	Oregon	\$37,494
2	Connecticut	\$30,486
3	California	\$30,085
4	Illinois	\$25,558
5	Pennsylvania	\$25,176

5 Least Expensive States Trucking Taxes & Fees

47	Oklahoma	\$14,881
48	Texas	\$14,596
49	Louisiana	\$14,260
50	Hawaii	\$13,816
51	Alaska	\$12,339

Average of 50 states and D.C. = \$18,926

Oregon Weight-Mile Tax

- Adopted ton-mile tax 1933
- Changed to weight-mile tax 1947
- Only state to rely exclusively on weight-mile tax/registration
- 4 other states have supplemental WM tax
 - Kentucky (8) - .0285/mile – 60K lbs
 - New Mexico (21) – 2K lb increments – 26K lbs
 - New York (6) – 2K increments – loaded/unloaded – 18K lbs
 - Connecticut – 2K increments - .025-.175 – 26K lbs (added 2023)



Oregon Weight-Mile Tax

- Evasion study 2021 shows nearly 10% evasion
- Evasion strategies
 - Underreported mileage
 - Non-compliance weight requirements
 - No return filed/No permit
- Evasion costs factored into cost responsibility

Oregon Weight-Mile Tax

“However, most of these scholars also note that the existence of a graduated, weight-based structure is not a guarantee of equity. Evasion rates, cost of administration, economic neutrality and accountability are important factors to consider as well”

— “Measuring the Rates of Weight-Mile Tax Evasion in Oregon”, October 2021, Page 8

International Registration Plan

- IRP established 1973
 - Multiple state reciprocal agreement
 - Uniform vehicle registration proration and reciprocity
 - One license plate – one cab card
- IRP Delivers
 - Uniformity
 - Increased revenue/revenue sharing
 - Efficiencies
 - Automatic full reciprocity
- Oregon participates since 1975

International Fuel Tax Agreement

- Prior to IFTA interstate trucks would have tax permit for every state they operated in
- 1983 government & industry created IFTA to collect fuel taxes from motor carriers in their base state
- Arizona, Iowa & Washington first to join in 1983 – today 48 contiguous states plus Canada & Alaska
- Base state agreement stipulates each state collects/monitors carriers based in their state
- WM requires Oregon to collect & audit data from all carriers in north American traveling in Oregon
- IFTA clearinghouse does accounting based on reported mileage and fuel purchases for each state
- Quarterly IFTA clearinghouse remits/collects revenue to each state
- IFTA would allow Oregon to collect fuel taxes more efficiently from this base state system
- 1997 Legislature authorized IFTA participation for Oregon – today Oregon is unique

Diesel Fuel Tax

“They conclude it does occupy several critical tax principles including fairness, equity and economic neutrality given the interjurisdictional agreements and apportionment of fees. Having multiple jurisdictions monitoring and possibly auditing company returns gives states a greater availability to hold tax evaders accountable.”

— Page 19

Oregon Registration Fees


- Registration fees for all classes of vehicles part of total tax obligation
- Registration fees could be adjusted for battery-electric and other alternative energy trucks to fulfill tax obligations

Compliance

- Dependent on audits
 - IFTA data enhances assessing tax compliance
 - Tax compliance dependent on enforcement and audits
 - Industry analysis indicates diesel fuel will continue to be predominant fuel for heavy trucks for decades
 - Battery technology limited for long-haul applications
- Fuel efficiency assumptions of 18% over 10 years contingent on increased adoption of battery-electric trucks and not ICE improvements

Highway Cost Allocation Study

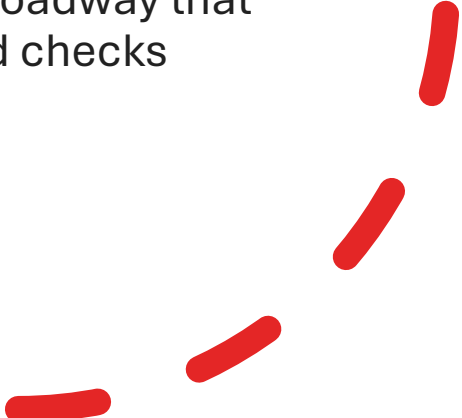
- Increasing overpayment by heavy vehicles
 - 2021-2023 – forecasted 16% - actual 22%
 - 2023-2025 – forecasted 32.4%
 - 2025-2027 – forecast 37%
- Heavy-duty vehicles defined as medium and heavy-duty trucks
- Overpayment through 2024 in excess of \$500M
- Projected overpayment for 2025 w/o light vehicle adjustment \$200M





















“Another point made in the study is that the states available AVC equipment with classification functionality frequently overcounted large trucks”

— Page 59

AVC is an electronic compliance system built into roadway that communicates to weigh stations automatically and checks compliance with IFTA/IRP electronically



Truck Classifications

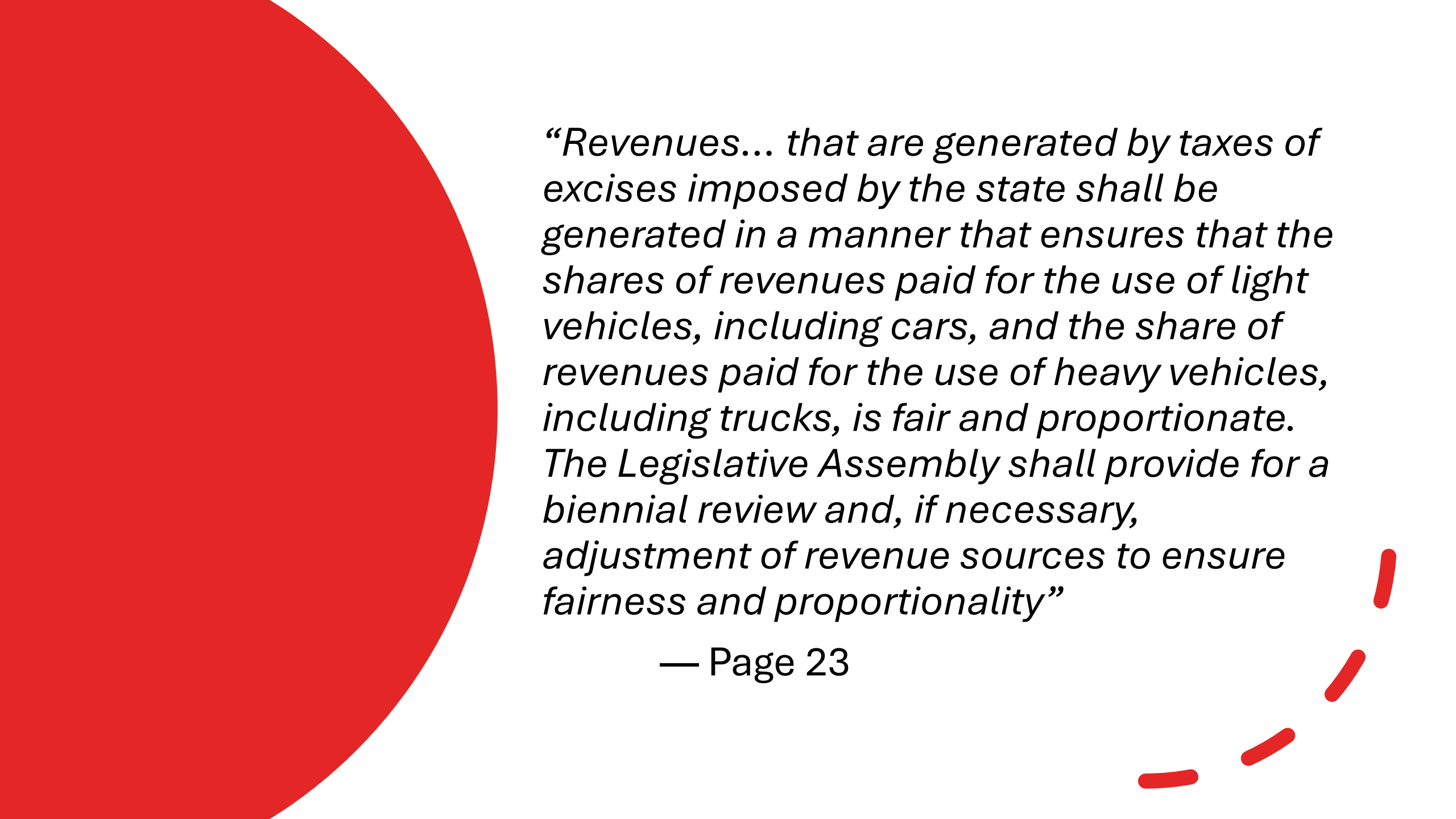
FHWA Vehicle Classifications			
1. Motorcycles 2 axles, 2 or 3 tires 	2. Passenger Cars 2 axles, can have 1- or 2-axle trailers 	3. Pickups, Panels, Vans 2 axles, 4-tire single units Can have 1 or 2 axle trailers 	4. Buses 2 or 3 axles, full length 
5. Single Unit 2-Axle Trucks 2 axles, 6 tires (dual rear tires), single-unit 	6. Single Unit 3-Axle Trucks 3 axles, single unit 	7. Single Unit 4 or More-Axle Trucks 4 or more axles, single unit 	8. Single Trailer 3- or 4-Axle Trucks 3 or 4 axles, single trailer   
9. Single Trailer 5-Axle Trucks 5 axles, single trailer  	10. Single Trailer 6 or More-Axle Trucks 6 or more axles, single trailer  		
11. Multi-Trailer 5 or Less-Axle Trucks 5 or less axles, multiple trailers 	12. Multi-Trailer 6-Axle Trucks 6 axles, multiple trailers  		
13. Multi-Trailer 7 or More-Axle Trucks 7 or more axles, multiple trailers 			

Weight-Mile Modernization

- Hybrid model of diesel taxes + simplified WM taxes
 - Simplified WM
 - 10 tax rates from 85
 - Rate structure doesn't penalize various weight classes
- Diesel Tax for Heavy Vehicles
 - Apply at rack to reduce evasion
 - Model financial incentives to suppliers similar to gasoline
 - Allow dyed diesel for off-road applications

Weight-Mile Modernization

- Benefits of Hybrid Model
 - Diesel taxes provide financial incentive to invest in newer clean diesel trucks
 - Better MPG
 - 98.5% reduction of particulates
 - Reduces Evasion – Reduce Costs
 - IFTA data enhances tax compliance
 - Simplified WM easier to comply with and administer



“Revenues... that are generated by taxes of excises imposed by the state shall be generated in a manner that ensures that the shares of revenues paid for the use of light vehicles, including cars, and the share of revenues paid for the use of heavy vehicles, including trucks, is fair and proportionate. The Legislative Assembly shall provide for a biennial review and, if necessary, adjustment of revenue sources to ensure fairness and proportionality”

— Page 23



Questions?

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