

Mileage-based User Fees – Vehicle Miles Traveled (VMT)

OREGON

- In June 2013, Oregon completed a report on the impacts of road usage charges on rural, urban, and mixed counties (<http://www.oregon.gov/ODOT/HWY/RUFPP/docs/Item%20J%20-%20Final%20Report%20on%20Impacts%20of%20Road%20Usage%20Charges%20in%20Rural,%20Urban%20and%20Mixed%20Counties%20%20June%202013.pdf>)
 - o Conclusions:
 - Generally, there is no significant difference in miles driven between urban and rural drivers
 - Rural drivers travel longer distances, but drive less frequently
 - Urban drivers more likely to have more fuel-efficient vehicles than rural drivers
 - The largest difference in miles driven is between Eastern Oregonians and Western Oregonians, regardless of whether they live in urban, mixed or rural areas
 - Eastern Oregonians drive 20% more total miles & 8% more miles on public roads
 - In Western Oregon, rural drivers would generally fare better than their urban counterparts because the drive, in aggregate, fewer miles
 - Drivers are also able to subtract off-road and out-of-state miles from their overall usage, which helps rural drivers of Western Oregon to offset their road usage charges
- Road User Fee Task Force PowerPoint on Oregon's Road Usage Charge Program (February 5, 2015): http://www.oregon.gov/ODOT/HWY/RUFPP/docs/OregonRUCProgram_Feb5-2015.pdf
- Oregon Road Usage Charge Pilot Program 2013 Final Report:
 - o <http://www.oregon.gov/ODOT/HWY/RUFPP/docs/RUCPP%20Final%20Report%20-%20May%202014.pdf>
- OreGO Program (created by Senate Bill 810 in 2013)
 - o OreGO website: <http://www.myorego.org/>
 - o 5,000 drivers of cars & light commercial vehicles will volunteer for a program charging 1.5 cents per mile (begins July 1, 2015)
 - As part of the program, they will receive a refund of the state's gas tax
 - Drivers of 100% electric vehicles will not receive any fuel tax credit
 - The current rate (1.5 cents per mile) was designed to be revenue-neutral for the state fuel tax
 - Equates to the state's current vehicle fleet fuel economy (20 MPG)
 - o All net revenue collected will be deposited into Oregon's State Highway Fund
 - 50% goes to the state
 - 30% to counties
 - 20% to cities
 - o There is a cost associated with collecting road usage charges, which decreases incrementally depending on the number of program participants
 - Based on current economic modeling, the ideal number of participants in the program would be 1 million drivers

- Drivers may actually save money with a road usage charge & be better informed and more aware of driving habits
 - A device is installed in the driver's car that collects information in order to determine:
 - Miles driven
 - Whether driver is in or out of state
 - To protect privacy: data is destroyed on a set schedule
 - The system will automatically collect mileage data from vehicles
 - A mileage reporting device selected by the motorist will interface with the vehicle and be paired with software to send mileage totals to the chosen account manager
 - The on-board mileage reporting device may be either:
 - "Basic" (does not use location-determination technology); or
 - "Advanced" (uses location-determination technology)
 - GPS is one type of location-determination technology, which is the type that several of the account managers will use
 - Program is testing 3 different methods of collecting mileage-based fees
 - Program offers state or private sector vendors
 - 1 account is managed by Oregon DOT
 - Under this option, no location information is collected, only miles driven
 - Information available to Oregon DOT for audit purposes only
 - 2 others are managed by private sector with value added services available
 - Citizens may choose between the two vendors
 - Process:
 - Citizens choose provider through the OreGO website or via recruitment by an account manager
 - Citizens choose a mileage reporting method (basic or advanced)
 - Citizens receive their mileage tracking device, install it, and are set to drive
- Oregon House Bill 2271
 - would convert the volunteer program into a mandatory program requiring people operating certain high-mileage vehicles (55 MPG or above) to pay either:
 - The 1.5 cents per-mile charge; or
 - A flat annual road usage charge in the amount of the rate multiplied by 35,000 miles per annum
 - If adopted, program becomes operational July 1, 2017

UNIVERSITY OF IOWA STUDY (completed in 2010)

- Overview of the study while 5 months in:
 - http://www.trforum.org/forum/downloads/2006_3CHanley_presentation.pdf
- Results of full study:
 - <http://www.dot.state.oh.us/groups/maasto2011/Presentations/Paul%20Hanley%20-%20Session%2022.pdf>
- 2-year field study completed in 2010
 - The first national and multi-state study of a mileage-based charging system
 - Purpose: to evaluate the technical feasibility and user acceptance of mileage-based charging

- Incorporated onboard computers with GPS receivers to identify the taxing jurisdictions in which vehicles traveled
 - Charges were apportioned to the federal, state, and local levels
- Approximately 2,800 participants from 12 diverse locations throughout the United States
 - Participants drove approximately
- Technical Findings:
 - Approximately 92.5% of all driven miles were successfully measured by both the GPS and onboard diagnostics system (OBD-II)
 - Of miles driven without GPS, 6.9% could be reliably assigned to jurisdictions by using straightforward interpolation techniques
 - GPS is found to be markedly less accurate than vehicle odometers as a means of measuring miles traveled
 - Approximately 0.6% of total miles could not be reliably assigned to a state or local jurisdiction
- User Satisfaction Findings:
 - 71% of users had a highly or somewhat positive view of the experience
 - 17% of users had a highly or somewhat negative view
 - Participants consistently preferred the audit ability over maximum privacy protection
 - Audit ability: consisted of receiving detailed monthly invoices of driver usage and fees

Other States Used Varying Models for Pilot Programs

- Minnesota (2011-2012): tested a road usage charging system relying on GPS-enabled smartphones to track mileage data
 - Participants paid different rates depending on whether travel occurred within the “Twin Cities region” and whether it occurred during rush hour traffic
- Nevada (2012): used federal money & university support to test 40 participants using a pay-at-the-pump system
 - Did not rely on the collection of location data

ADDITIONAL BACKGROUND INFO

- The Council of State Governments
 - 2015 article on Mileage-based user fees:
<http://knowledgecenter.csg.org/kc/system/files/Mileage%20Based%20Fees.pdf>
- The Mileage-Based User Fee Alliance
 - Home website: <http://www.mbufa.org/index.html>
- Congressional Budget Office
 - 2011 Report on Alternative Approaches to Funding Highways:
<http://www.cbo.gov/sites/default/files/03-23-highwayfunding.pdf>
 - VMT on page 14