

Medium & Long-term Funding Options

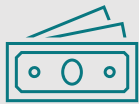
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Passenger Vehicle Road Usage Charge

Would require vehicles exceeding a certain MPG rating to pay a per-mile charge in lieu of the fuel tax and enhanced registration fees.

Current Rate



5% of fuel tax rate or \$0.02/mile

Average Yield*



Year 1 - \$10 million
Year 3 - \$29 million
Year 5 - \$47 million
Year 10 - \$96 million



How it works:

Current voluntary program allows individuals to sign-up with a third party. Historically, miles have been reported using a device plugged into the vehicle's OBD-II port. Other options available today such as manual reporting with photo proof, or the use of on-board telematics. Possible future option based on a mileage-based fee paid at registration renewal.

Pros:

- Mitigates decline in fuel tax
- Provides greater parity between vehicle MPG classes
- Enhances sustainability

Cons:

- More complex/expensive to administer
- Untested at scale
- Enforcement/evasion issue based on option

Investment Categories:

- Service Functions
- Safety System Investments
- Fulfilling HB 2017 Commitments

**Revenues yields are gross revenues collected minus fuels tax and enhanced registration, but before collection costs deducted. Based on all new vehicles 30+ MPG required to enroll, beginning in 2030. Excludes associated adjustments to heavy vehicle taxes and fees necessary to maintain cost responsibility.*

Fuel Tax Indexing

Would tie Oregon's fuel tax rate to an index (e.g. CPI-West).

Current Rate



\$0.40/gallon

Average Yield*



~\$0.01/year or \$16 million/year

Average Cost to Consumer⁺



Current Annual Cost = \$159.34
Estimated cost for \$0.01 = \$3.98/year



How it works:

A base year would be determined through statute (e.g. 2026), after which the OTC or ODOT would have authority to adjust the fuel tax rate based on the statutorily provided index. 24 states have indexed their fuel tax, provide limits to prevent the tax rate from decreasing, or increasing by too much. Note: any increase in light vehicle taxes could require adjustments to heavy vehicle taxes and fees to maintain cost responsibility.

Pros:

- Efficient to administer
- Significant short-term yield
- Mitigates impacts of inflation
- Ability to set floor and ceiling

Cons:

- Still susceptible to fleet conversion
- Doesn't capture EVs
- Construction inflation often exceeds CPI

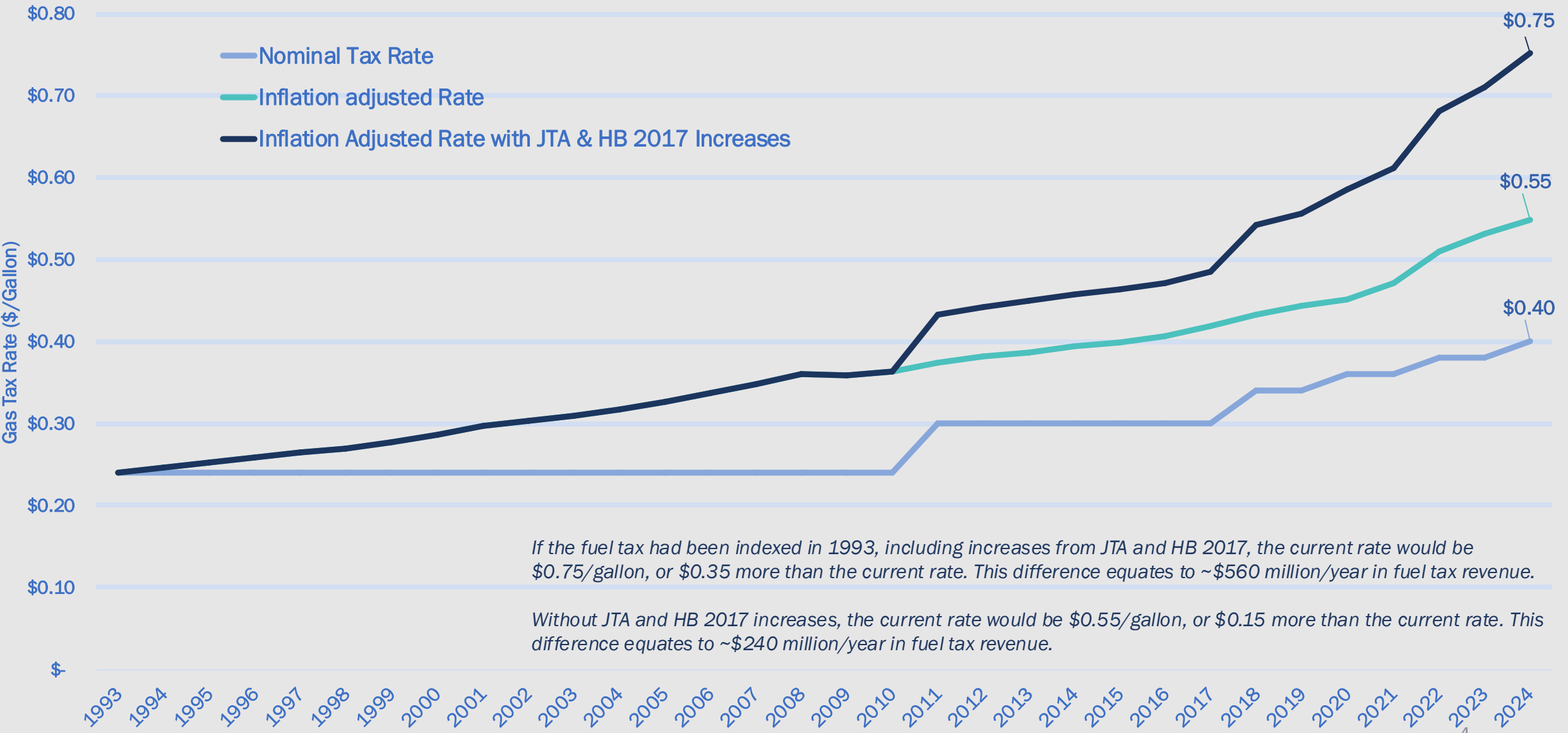
Investment Categories:

- Service Functions
- Safety System Investments
- Fulfilling HB 2017 Commitments

*Based on the October 2024 forecast. Excludes associated adjustments to heavy vehicle taxes and fees necessary to maintain cost responsibility. Indexing based on CPI-West forecast. 3

⁺Based on average of 9,600 miles/year at 24.1 MPG for passenger vehicles.

The Impact of Indexing



If the fuel tax had been indexed in 1993, including increases from JTA and HB 2017, the current rate would be \$0.75/gallon, or \$0.35 more than the current rate. This difference equates to ~\$560 million/year in fuel tax revenue.

Without JTA and HB 2017 increases, the current rate would be \$0.55/gallon, or \$0.15 more than the current rate. This difference equates to ~\$240 million/year in fuel tax revenue.

Retail Delivery Fees

Colorado and Minnesota became the first two states to establish per-order fees for retail delivery services, while others have studied these revenue mechanisms in depth. Using recent revenues generated in Colorado, and an in-depth study conducted in Washington, we can estimate what a similar program could generate in Oregon.

Policy Considerations:

- Who would administer this tax program?
- Should there be exemptions? If so, what?
- Should there be a minimum order \$ threshold?
- Is it a fee on the business of delivering goods, or a fee on the vehicle?

Average Cost to Consumer

\$ 50 deliveries/year @ \$0.30/delivery = \$15

	Colorado	Washington (studied)		Oregon (estimated Gross Revenue)
Fee	\$0.27	\$0.30		\$0.30
Per-penny Yield	\$2.8M	\$3.2M	\$3.5M	\$1.9M
Revenue Generated (FY2023)	\$75.9M	\$95.4M	\$103.7M	\$56.5M

Methodology:

- Per-penny yields calculated for Colorado and Washington;
- Per-penny yields for Colorado and Washington scaled to Oregon’s population and averaged to calculate Oregon’s per-penny’s yield;
- Oregon’s per-penny yield multiplied by the proposed rate (\$0.30).



Sources

[Washington Retail Delivery Fee Analysis, 2024](#)
[Colorado Transportation Fees Revenue Report, 2022](#)

Other Resources

[Ohio Revenue Alternatives Study, 2023](#)
[Nevada Sustainable Funding Report, 2022](#)

Rideshare Fees

Along with retail delivery fees, Colorado also implemented rideshare fees. These fees consist of a Clean Fleet and Air Pollution Mitigation per ride fee. These fees totaled \$0.15 and \$0.30 per ride for zero-emission vehicles, and all other vehicles, respectively. Using a similar methodology we can estimate the revenue-generating capability of rideshare fees in Oregon.

Policy Considerations:

- Who would administer this tax program?
- Should there be exemptions? If so, what?
- Is it a fee on the business of offering the service, or a fee on the vehicle?
- Different rate for EV's?
- Impact to consumer – 30 cents per ride or 15 cents for an EV ride

	Colorado	Oregon (estimated) Gross Revenue
Standard Fee	\$0.30	\$0.30
ZEV Fee	\$0.15	\$0.15
Blended Per-penny Yield	\$218,000	\$159,000
Gross Revenue Generated (FY2023)	\$6.4 million	\$4.6 million

Methodology:

- Per-penny yield calculated for Colorado;
- Per-penny yield for Colorado scaled to Oregon's population to calculate Oregon's per-penny's yield;
- Oregon's per-penny yield multiplied by the proposed rate (\$0.30).



Sources

[Colorado Transportation Fees Revenue Report, 2022](#)

ODOT Carbon Tax

A Carbon Tax on fuel would likely apply to all fossil fuels combusted in Oregon. A tax on the sale of transportation fuels (gasoline and use fuels) would be subject to the constitutional State Highway Fund restrictions.

Policy Considerations:

- How would a carbon tax interact with the existing Clean Fuels Program and potential Climate Protection Program?
- Should there be exemptions for certain vehicle classes or uses?

Investment Categories:

- Service Functions
- Safety System Investments
- Fulfilling HB 2017 Commitments

How it works:

Most likely the tax would be collected at import or first sale of the fuel in Oregon. This would limit the number of taxpayers (more efficient) and potential evasion. The rate would be expressed as a \$/ton of CO₂ equivalent. Effectively this tax will increase the overall price of fuel driving down demand as the price increases.

Impact Fees (SDC)

Current Rate



Varies by jurisdiction

How it works:

Local governments may assess System Development Charges for capital improvements related to parks, sewer, stormwater, transportation and water infrastructure. Revenue cannot be spent on administrative office facilities, or for operations and maintenance.

Policy Considerations

Revenue Generation

How would revenue be generated?
A separately-assessed, state-level SDC?
An add-on to local SDCs?
Who would administer this fee?

Uses of Revenue

What would the revenue be used for?
Restricted to local capital investments
(Great Streets, Safe Routes to Schools)

Sources

[ORS Chapter 223](#)

[Legislative Policy and Research Office Issue Brief, 2020](#)

[League of Oregon Cities, System Development Charge Survey, 2023](#)

Questions?

