

**Road Use Fee Task Force – Meeting Minutes
September 30, 2015
Salem, OR State Capitol Building Room 350**

Task Force Members in attendance: Mayor Bob Andrews, Commissioner Sid Leiken (by phone), Vicki Berger, Councilor Craig Dirksen, Representative John Lively, Representative Margaret Doherty (ex officio), and Representative John Davis (ex officio)

Task Force Members not in attendance: Representative Cliff Bentz, Senator Bill Hansell, Senator Arnie Roblan (ex officio), Senator Chuck Thomsen (ex officio), OTC Commissioner Tammy Baney; Senator Chris Edwards, Commissioner Mike Hayward, Craig Campbell

ODOT Staff in attendance: Leah Craft, Jack Svadlenak, Michelle Godfrey, Tom Fuller, Katie Jones, Maureen Bock, James Whitty, Kathy Kleen, Dan Porter, Carley Francis, Peter Alotta, Travis Brouwer, Kurtis Danka, Randal Thomas, Tony Knudson, James Hanseling, Kathryn Ryan.

Guests: Michael Malone, Patrick Brennan (Committee Administrator), Craig Honeyman (League of Oregon Cities), Ed Schoaps (PRR, Inc.), Jeff Allen (Drive Oregon) (by phone), Paul Cosgrove (Lindsey Hart)

Chair Vicki Berger convened the Task Force at 12:03 pm.

Welcome, Introduction, Approval of Minutes and Administrative Matters

All attendees introduced themselves. Meeting minutes from the May 20, 2015 meeting were approved.

Public Testimony

Mr. Malone lives in Northeast Portland and is a retired engineer who specialized in designing satellite communications equipment. He stated he had serious concerns about the current Road Usage Charge (RUC) program because the system is very intrusive, the system is exceedingly complex and cost of equipment and cellular bandwidth is horrifying. He added that refunding the gas tax levels the playing field where it shouldn't; instead, the emphasis should be taxing the higher carbon users. Mr. Malone also raised a concern about the use of a single port (OBDP-II) and his preference to use that port for other things. He concluded by saying RUC would be a less complex program if drivers were to self-declare mileage and put it on their tax returns.

Road Usage Charge Program Project Status Update (PowerPoint presentation and handouts)

Maureen Bock provided updates on project accomplishments since the last RUFTF meeting, which was before launch. A little more than 900 have enrolled and the project phase will cease

at the end of December, at which time it will become a self-sustaining program. She gave an overview on where the program stands currently and announced it will come in under budget. Tom Fuller of ODOT Communications Branch spoke about the marketing and communications strategies related to the project. He highlighted that news stories prior to the July 1st launch were negative and contained myths. Since then, the stories have been neutral or favorable as ODOT took an active role in correcting misinformation. Future strategies include reminding Oregonians of the program through DMV inserts for re-registering owners, a reminder on the on-line renewal screen and targeted outreach to eastern Oregonians.

Rep. Lively thanked Mr. Fuller for his efforts to speak with the press and correct misconceptions.

A general discussion began when Chair Berger added that she was very pleased with the response from Azuga to an issue she had with enrollment.

Mr. Malone asked about unplugging his device and the consequences and Mrs. Jones explained the process from when a device is unplugged to contact with the volunteer. A discussion was held concerning the assessment of mileage when a device is unplugged.

Mr. Whitty explained that ODOT's program is not founded on pay as you drive insurance dongles but rather what the market offers for mileage reporting technologies. Mileage reporting using telematics technology factory installed within the vehicle is available but not but not offered by the market for mileage reporting at this time. ODOT is hopeful that the state of California can break this market barrier so that mileage reporting will become much more economically feasible and easy to access.

Status of Road Usage Charging Outside Oregon

Mr. Whitty provided an update on the activities of the Western Road Usage Charge Consortium and WRUCC member states, as well as activity across the country. Of note, California has a very ambitious plan to be ready for a pilot program by July 1, 2016 and Massachusetts has a bill in the legislature that would mirror Oregon's program. WRUCC now has 13 states with Oklahoma joining as the latest member.

On July 1st, one of Australia's ministers personally met with ODOT's RUC Strategy and Innovations Group and the OReGO account managers. Mr. Whitty reported there is much energy within Australia regarding road usage charging.

The federal "Drive Act" has passed the Senate and would provide money for RUC-related research and development by the states. It now awaits passage in the House.

Transition Plan for Road Usage Charge Program (PowerPoint presentation and handouts)

Mr. Whitty reminded the task force that the time had come to enter the final stage of development for the per-mile charge which means planning for the final state of road usage charging for Oregon and strategically determining how to get there. This means the task force will determine "what is replaced," "who is in," "when are they in," and "what is the rate structure."

Some options would include whether or not a RUC would augment or replace the fuel tax or other revenues sources such as existing DMV fees, which MPG category of vehicles should be enrolled, or how might this process be phased in. He addressed three key considerations for making decisions: public policy, financial and logistical.

Councilor Dirksen offered that assessing RUC on all new vehicles may disincentivize people from buying more fuel efficient vehicles, e.g. electric vehicles (EVs) and that he was not in favor of a new stand-alone tax. Chair Berger responded that since most of the country's electricity is fueled by coal, she is not in favor of relying on EVs as they're a secondary source of power and added she is very concerned by the waste created by EV batteries.

Rep. Lively advocated a fair-share, equity-based system and Rep. Davis spoke in favor of potentially replacing the current vehicle registration or title fee. Mayor Andrews asked about other fuel types being included in the program and was assured by Mr. Whitty they were included.

Mr. Whitty also discussed various rate structure options, consisting of a flat fee, a weight-based option or a variable plan depending on fuel efficiency. Councilor Dirksen brought forth a proposal that favored congestion pricing and regional cost-variations based upon congestion.

Mr. Porter gave a presentation on the economics of transitioning from a fuel tax to RUC. Oregon is ahead of the national average for VMT annually and will approach 2.8 billion miles by 2017. He also discussed inflationary impacts and how they will be an impact regardless of how the revenue forecast plays out.

Mr. Whitty pointed out that administrative costs associated with a RUC program would be reduced based on an increased volume of participants.

Rep. Davis asked for an administrative cost breakdown from ODOT of the relative costs to collect existing DMV fees re: current fuel tax and suggested it could be pared down by registration type.

Mr. Svadlenak gave an overview of fuel tax charges as compared against miles traveled as well as the transition to a mileage fee. Not as much revenue would be realized if 55+ MPG vehicles were the only ones paying RUC.

Rep. Davis also asked if there was a way to determine the demographics of ownership of low-mileage vehicles vs. high-mileage vehicles to learn the equity effect.

Mr. Whitty addressed the "when" of the process and how it could be phased in and the various rate options.

Chair Berger asked if other states were doing something about congestive pricing.

Additional RUFTF Items: Future Agenda Items, Next RUFTF Meeting Date

Mr. Whitty announced he would be leaving ODOT at the end of the year to pursue other opportunities. Chair Berger asked for ODOT to keep the body advised as to transition plans.

It was proposed to hold the next RUFTF meeting during November 2015 legislative days. Staff will schedule this meeting. Rep. Davis asked for a basic RUFTF presentation before House and Senate committees during November legislative days.

No future agenda items were identified by members. Mr. Whitty can be e-mailed with ideas that come to mind before the next meeting.

Chair Berger closed the meeting at 2:03 pm.