



# Oregon's Road Usage Charge Program

**California Road Usage Charge Technical Advisory Committee**

Presented by:

James Whitty, Program Manager, ODOT

January 23, 2015



# Oregon's Per-Mile Road Usage Charge Law



Senate Bill 810 directs implementation of a fully operational per-mile road usage charge program for light vehicles on July 1, 2015

The first application will be 5,000 volunteers.

Initial Legislation in 2001

# Road User Fee Task Force

## House Bill 3456

- Develop policy recommendations for a new revenue system based on road use to replace current system
- DOT administers task force
- DOT to develop and implement pilot programs based on task force policy recommendations
- Allows fuel tax refund for those paying mileage fee



# Policy Directives to ODOT

## Statutory Directives

- Reliability
- Ease of motorist use
- Enforceability
- Low capital costs
- Low relative operating costs

## Road User Fee Task Force Directives

- Not charge out-of-state travel
- Protect motorist privacy
- Provide gas tax credit
- Seamless transition
- Minimal private sector burden
- Allow congestion pricing
- Allow local option



# Key Policy Issues for Per-mile Charge System

*First Pilot*

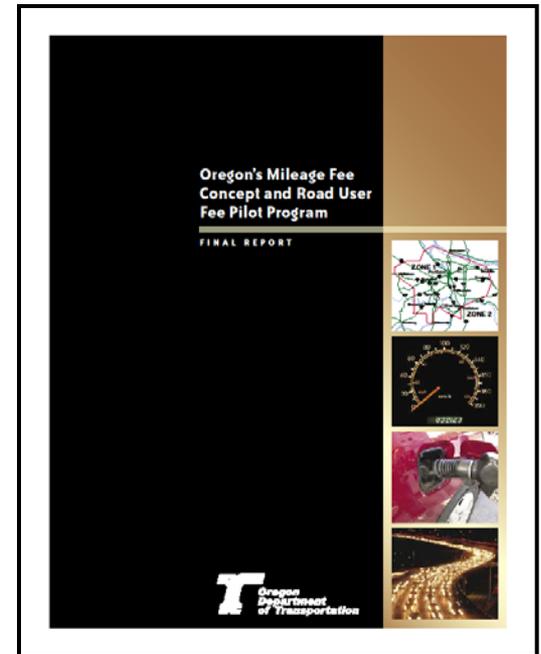
- Augment or replace fuel tax
- Manual data collection or electronic data collection
- One method of reporting or multiple choices for reporting
- Basic mileage reporting or location based mileage reporting
- Government selected technology (closed system)  
or market selected technology (open system)
- Government operations or private sector operations
- One method for billing or multiple methods



# Oregon's First Per Mile Charge Pilot Program

## Road User Fee Pilot Program 2006-07

- Mileage reporting at fuel pump
- GPS mileage reporting device selected by ODOT
- Payment at fuel pump with fuel purchase



# Public Concerns With Road Usage Charging



- Privacy
- Government bureaucracy
- Complexity
- Cost
- Fairness

# Strategic Objective for Road Use Charging

*“Create a sustainable road usage charge market that encourages evolution of mileage reporting technologies and business systems into effective, affordable, convenient and attractive options for the motoring public.”*



# Redesign of Oregon's Distance Charging Concept

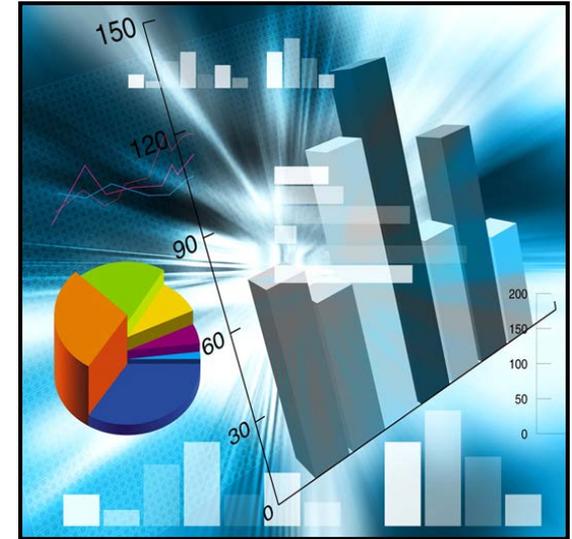
Design program with open architecture

Government must not select mileage reporting technology

Provide motorists choices from market

Private sector transaction processing and account management

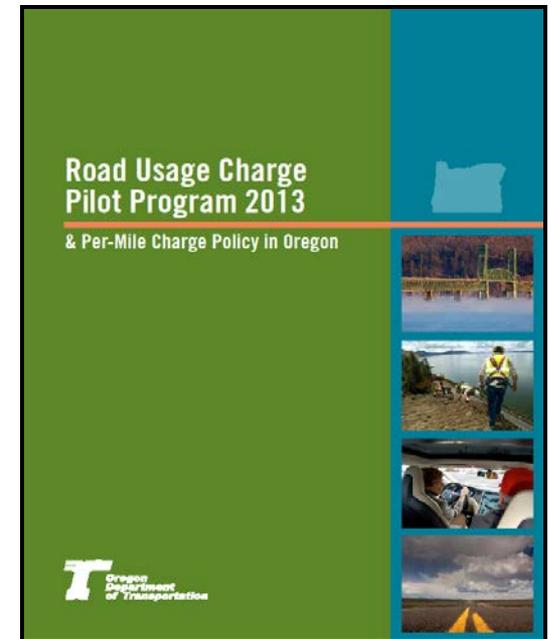
System is flexible, scalable and geographically unlimited



# Oregon's Second Per Mile Charge Pilot Program

## Road Usage Charge Pilot Program 2012-13

- Mileage reporting wirelessly from machine to machine
- Commercial market offered three choices for mileage reporting
- Payment of periodic billing by check or card



# Oregon's Per Mile Road Usage Charge Law

- Road usage charge program begins July 2015
- Open system
- Taxpayer choices for mileage reporting, one without vehicle location capability
- 5,000 volunteers from Oregon
- 1.5 cents per mile
- Fuel tax credit
- Protects personally identifiable information



- Requires public private partnerships for
  - Collecting mileage data
  - Tax processing
  - Account management



# Calming Public Concerns



- **Privacy**

Solutions: No GPS mandate  
No government selected reporting device  
Require choices for mileage reporting  
Protect personal identifiable information

- **Government bureaucracy**

Solution: Create a market with private sector firms doing the collecting

- **Complexity**

Solution: Let driver choose simplicity

- **Cost**

Solution: Bigger is better

- **Fairness**

Solution: In the hands of state legislatures



# Protection of Personally Identifiable Information

- Statutory Protections
  - Constraints on use
    - Limits access
    - Imposes obligation to protect
    - Exception for express approval
  - Data destruction within 30 days after later of
    - Payment processing
    - Dispute resolution
    - Noncompliance investigation
    - Exception for consent
- Regulatory Protections
  - Right to inquire
  - Right to investigate
  - Right to correct



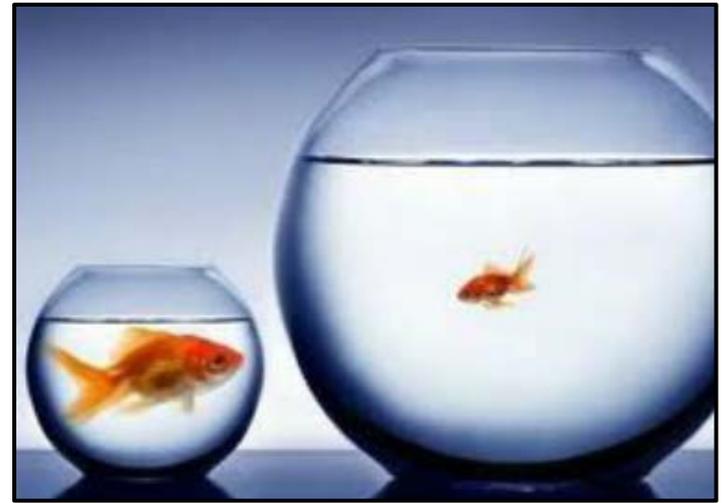
# Cost of Fully Operational RUC System

Oregon's Financial and Economic Model predicts:

- 10,000 RUC payers = 50% of revenues
- 100,000 RUC payers = 10% of revenues
- 1 million RUC payers = below 5% of revenues



# The Fairness Issue



- **Rural drivers**
  - Pay fuel tax now
  - More off-road driving
- **Fuel efficient vehicles**
  - Currently not paying fair share for road use
  - Already avoid cost of fuel
  - Road Usage Charge not a large burden
- **Non-resident driving**
  - Until regional system developed, still pay fuel tax
  - Western RUC Consortium addressing solution



# Oregon's Per-mile Charge System

- Machine to machine communications via standard mileage message
- DOT certifies private sector entities to collect mileage data, process the charge and manage accounts



**STAMP OF  
APPROVAL**



# Road Usage Charge Account Management

## Creating a Commercial Market



### ODOT Account Management

- Must accept any volunteer
- Basic reporting (no GPS)
- No value added services
- Cannot sell mileage data
- Cannot keep mileage data beyond 30 days

### Commercial Account Managers

- Recruit and choose volunteers
- All mileage reporting technologies that meets standards
- Can sell value added services
- Can sell mileage data with express approval of RUC payer
- Can retain mileage data beyond 30 days with consent of RUC payer



# What Volunteer RUC Payers Will See

- 1<sup>st</sup> Marketing materials
- 2<sup>nd</sup> RUC Website explaining system
- 3<sup>rd</sup> *Choose Your Plan* matrix
- 4<sup>th</sup> MRD activation instructions
- 5<sup>th</sup> Invoice with payment instructions

- Always available: Help Desk



# Volunteer Entry into Road Usage Charge Program

**Choosing your plan**  
To activate your account, you must choose a charging plan. Your charging plan will include a road usage charge service provider – either ODOT or a private provider, Sonaf – and a method to report the miles you drive (click on the plan line in the table below).

**Need help?** Click on [help](#) (855-774-3333) or [SODP](#) ([sonaf.com](#) or [sodp.com](#))

**Plan Options**

	Miles Reported	Invoice	Payment	Online account management	Uses GPS?
ODOT Basic Plan	All	Mailed Monthly	Check	No	No, does not report where miles are driven
ODOT Real Time Plan	N/A	Once, at start	Check	No	No device
Sonaf Basic Plan	All	Emailed Monthly	Credit/debit card	Yes	No, does not report where miles are driven
Sonaf Advanced Plan	Public roads in Oregon only	Emailed Monthly	Credit/debit card	Yes	Yes
Sonaf Smartphone Plan	With application running, only roads in Oregon; without application, running, all roads	Emailed Monthly	Credit/debit card	Yes	Yes, when the application's running



1. Select provider via ODOT website

Or, recruitment by commercial account manager

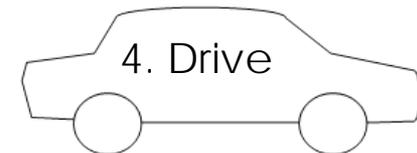
2. Select mileage reporting method\*

- Basic
- Advanced
- Switchable

\*Method selected determines fuel tax refund method

3. Activate mileage reporting device

- Access telematics within vehicle, or
- Install after-market device in vehicle



# Invoicing and Payment

## Receive invoice by

- mail
- e-mail
- automatic account access

## Payment Options

- cash
- check
- credit
- debit
- electronic funds transfer



**From:**  
Sanef S.A.  
30, Boulevard Gallieni  
92 139 Issy les Moulineaux  
France

**On behalf of:**  
Oregon Department of  
Transportation  
3700 SE 92<sup>nd</sup> Ave  
Portland  
Oregon  
97216

**sanef**

Invoice No: S11012-1234  
Invoice Month: October 2012  
Issue Date: Nov 5 2012

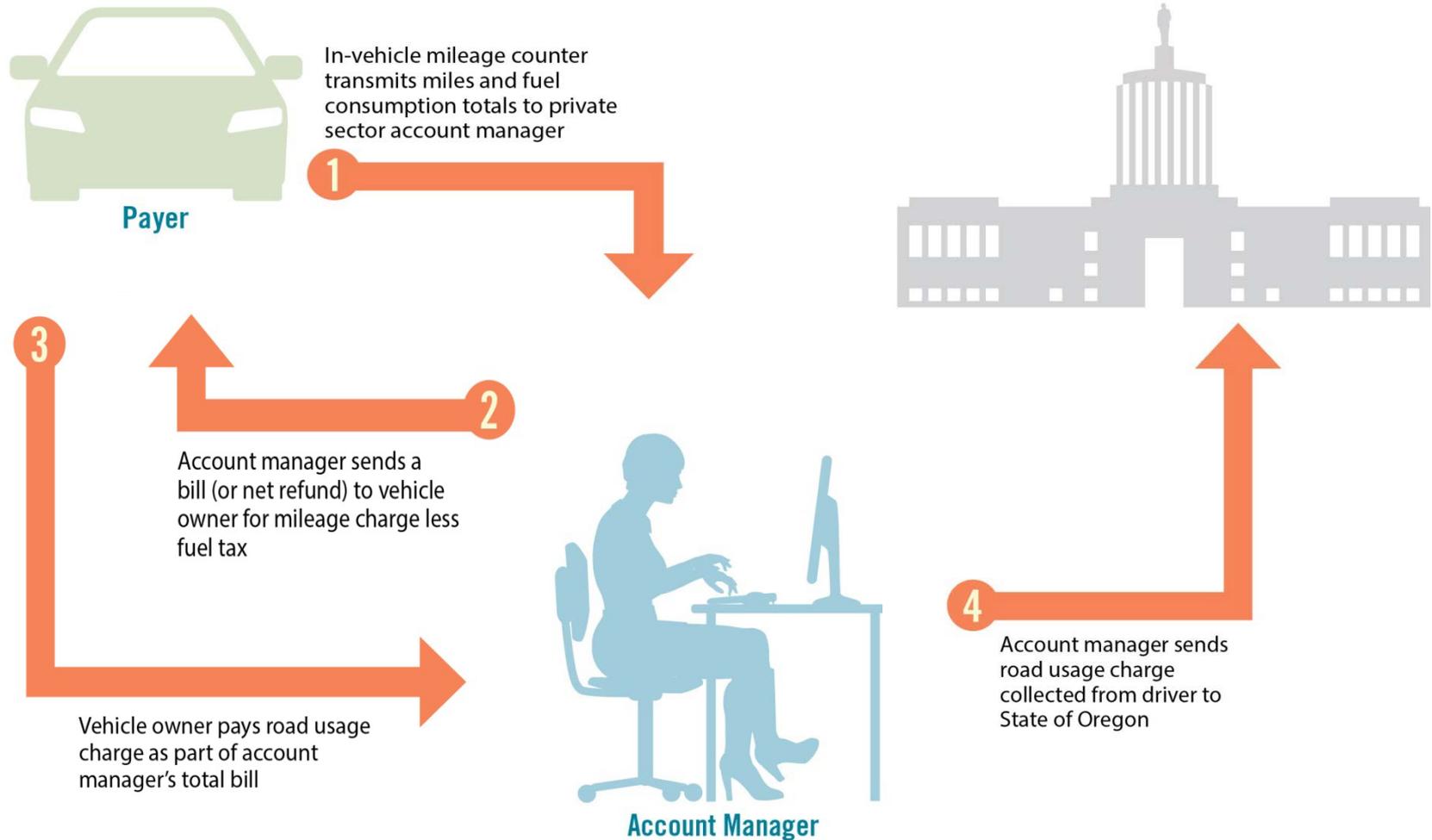
**To:**  
A Customer  
123 Main Street  
Portland  
Oregon  
97201

Item Description	Amount	Rate (\$)	Subtotal
<b>VRM: YG59RZW</b>			
Vehicle: BMW Mini Clubman D			
VIN No: MWWMN52080TW95921			
OBU No. 050701104400022			
Plan: BASIC			
Mileage Tax	1123 miles	\$0.0156	17.52
Fuel Tax Refund	15.51 gals	\$0.30	-4.65
<b>Subtotal for Mini Clubman YG59RZW</b>			<b>12.87</b>
<b>VRM: SL58RZJ</b>			
Vehicle: Volvo V70 SE LUX D5			
VIN No: YV1BW714191088570			
OBU No. 0507011218500621			
Plan: ADVANCED / SMARTPHONE			
Mileage Tax	1485 miles	\$0.0156	13.18
Total Mileage	645 miles	\$0.30	-8.45
[-(HOMESTATE)] Taxable Miles	28.17 gals	\$0.30	8.45
Fuel Tax Refund			
<b>Subtotal for Volvo V70 SL58RZJ</b>			<b>4.73</b>
<b>TOTAL Mileage Tax Due</b>			<b>\$17.60</b>
Total Mileage Tax Due / You are owed a credit of			\$17.60
Payment Date			Dec 05 12

To pay your Mileage Tax, please visit <https://odot.sanefolling.co.uk> and follow the on-screen instructions.



# How Road Usage Charge Transactions Will Work



# Building Political Support

Legislative involvement in policy and pilot program

Testimony before legislature

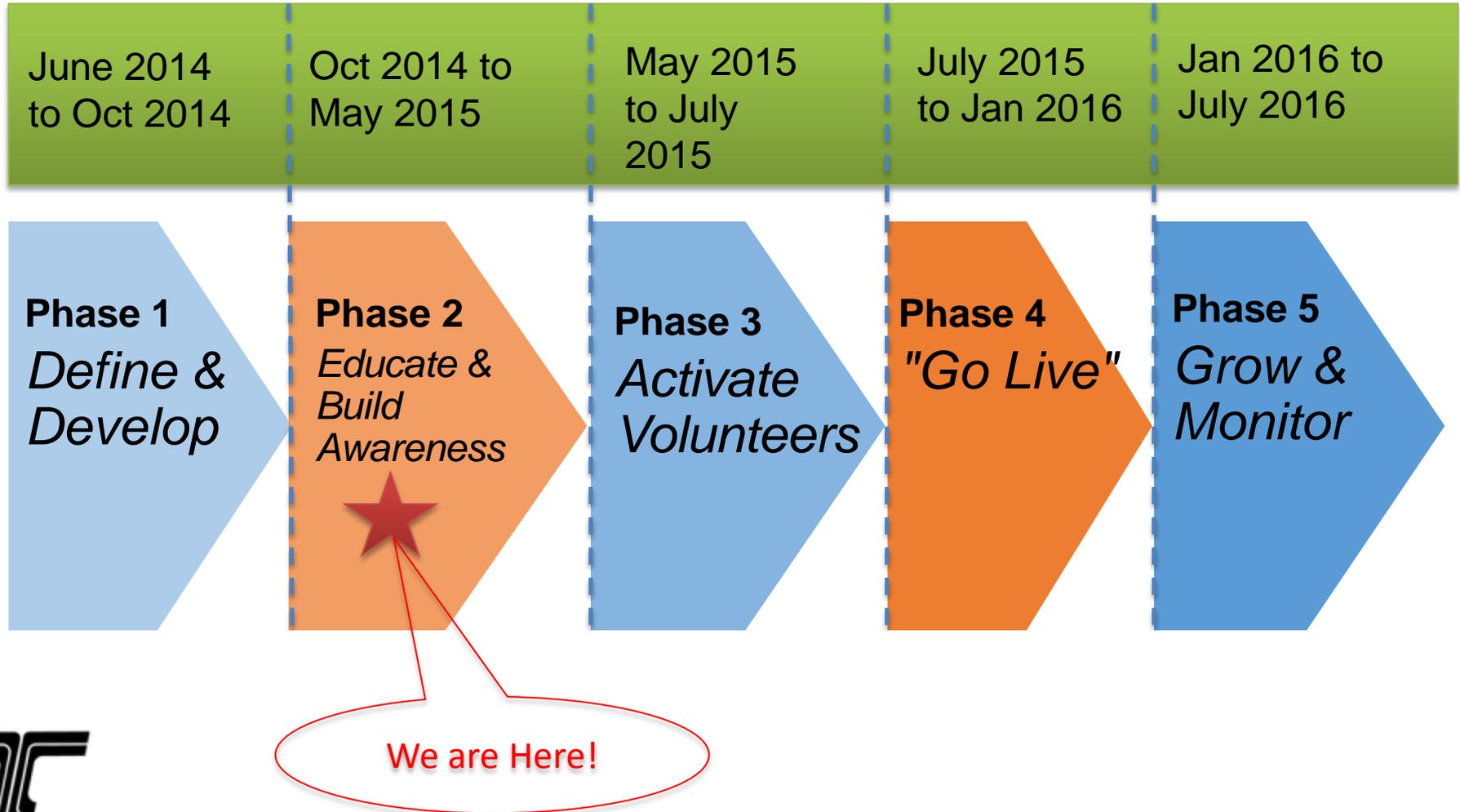
Governor, Commission and DOT leadership

Interaction with interest groups

Public engagement



# Communications



# Timeline for Road Usage Charge Program

ODOT signs contracts with account managers	Complete
ODOT certifies technologies and business practices	Underway through March 2015
Operational trial	April through May 2015
Issue permanent commercial account manager procurement documents	Spring 2015
Launch	July 1, 2015
Communications	Continuous



# Oregon Road Usage Pilot Program

James Whitty  
Manager of Office of Innovative  
Partnerships and Alternative  
Funding

