



# Road User Charge (RUC) Pilots & the Legislative Process

WEBINAR SERIES: INNOVATION IN PRACTICE

March 27, 2019

# Webinar Logistics



**PowerPoint Presentation available on BATIC Website**



**Submit questions in Q&A box**



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# Webinar Overview

**STSFA Program  
Update**

**Passing RUC  
Legislation in  
Oregon**

**Oregon Department  
of Transportation:  
OReGO Program**

**Questions  
Submitted by  
Webinar  
Participants**

# Fixing America's Surface Transportation (FAST) Act Surface Transportation System Funding Alternatives Program (STSFA)

Angela Fogle  
STSFA Program Manager, FHWA

# STSFA Program Vision

**FAST Act Section 6020 created a new Section 503(b) of the United States Code which establishes a program to provide grants for the demonstration of:**

- User based alternative revenue mechanisms
- Utilization of a user fee structure
- For purposes of maintaining the future long-term solvency of the Federal Highway Trust Fund

## STSFA Program Goals

- Implementation, interoperability, public acceptance and potential hurdles to adoption of the demonstrated user-based alternative revenue; Privacy; Use of independent and private third parties; Congestion mitigation impacts; Equity concerns; Ease of user compliance; Reliability and security related to the use of technology Flexibility and user choice; Cost of administering the system; Auditing and compliance/enforcement.

# STSFA Program Status

- **In FY19 USDOT will seek applications for full new demonstration projects, and for extensions or enhancements of existing demonstration projects.**
- **USDOT's fourth solicitation will make awards in FY 2019 with the option to commit the remaining anticipated funds for FY 2019-2020 (up to \$40 million; subject to availability).**
- **FY 2018 grant awards were announced earlier this month.**
  - States or groups of states are encouraged to participate.
  - The goal is to release the 2019 Notice of Funding Opportunity as soon as possible.

# Passing RUC Legislation in Oregon

Bruce Starr  
former State Senator, Oregon



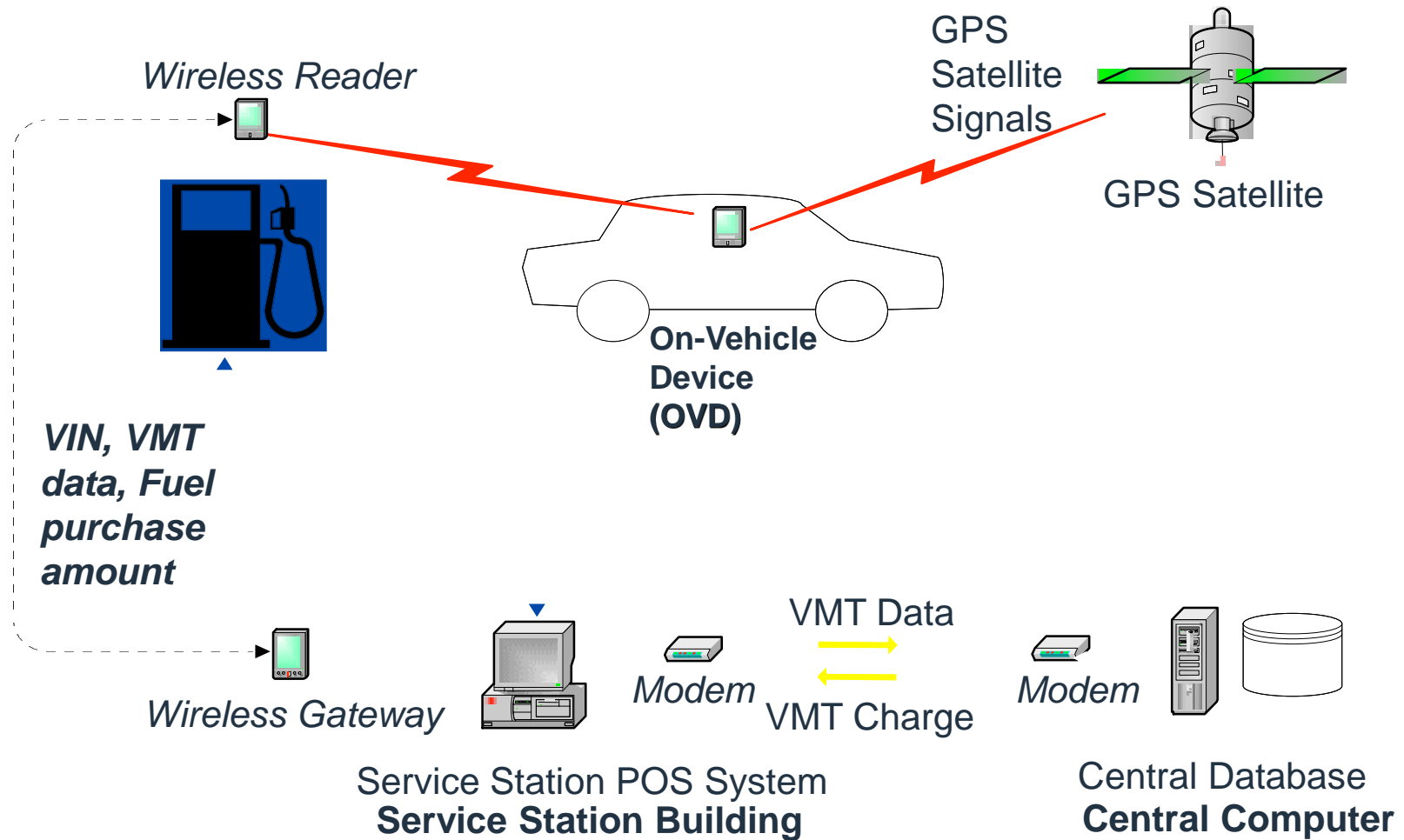
# Passing RUC Pilot Legislation

- **Voluntary – opt-in**
- **Legislative champion**
- **Local, state & federal roads**
- **RUFTF creation – 2001 bill**
- **Taskforce – cross section of stakeholders**
- **Not a tax increase – no supermajority needed**

# RUFTF Policy Directives to ODOT

- **Enforceability**
- **Low capital costs**
- **System reliability**
- **Seamless transition**
- **Provide gas tax credit**
- **Allow congestion pricing**
- **Protect motorist privacy**
- **Low relative operating costs**
- **Not charge out-of-state travel**
- **Minimal private sector burden**

# RUFTF Policy Directives to ODOT



# Pay-at-the-Pump Model

## Pluses

- **Meets policy objectives**

- Provides gas tax credit
- Covers all roads
- Charges only in-state travel
- Easy for all motorists to use
- Protects motorist privacy
- Cost effective operations
- Reliable
- Enforceable
- Seamless transition
- Minimal private sector burden
- Allows congestion pricing
- Reduces overall system risk

- **Successful Pilot Demonstration**

## Minuses

- **Long period for development and implementation**
- **Slow technological evolution**
- **Does not cover vehicles not visiting commercial fueling stations**
- **Public concerns about privacy and how system would work**

# Public Concerns

## Confidence in system

- Efficiency
- Fairness
- Perceptions of large and
- Costly bureaucracy

## Privacy & fear of technology

- A government mandated device

## Rate Structure

- Rate equity
- Rural driving
- Effect on poorer drivers



# An Implementation Plan for RUC

- **Plank 1: An Open Technology Platform**
- **Plank 2: A Simple Mandate to Report Mileage**
- **Plank 3: Motorist Choice for Data Collection**
- **Plank 4: Market Provided Options for Payment**

# Oregon Department of Transportation: Oregon's Road Usage Charge Program

Maureen Bock, Program Manager and Chief Innovation Officer  
Oregon Department of Transportation

# Topics

- **Launching OReGO**
- **Public Opinion Issues**
- **Being a Resource**





# Launching OReGO

# Launching OReGo

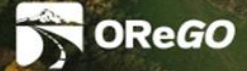


- 1919 First Gasoline Tax
- 1947 First weight-mile tax for heavy vehicles
- 2015 First operational RUC program

# The “User Pays Principle”



# RUC Timeline



## RUC Timeline

**2001**

Oregon forms Road User Fee Task Force

**2006**

Oregon launches first RUC pilot

**2012**

Second Oregon RUC pilot

**2013**

RUC West established

**2015**

Oregon launches fully-operational OReGO

**2016**

FAST Act funds first RUC projects

**2017**

FAST Act funds round 2 RUC projects

Oregon allows EVs option of RUC vs. fees

Utah implements RUC for alt fuel vehicles

Washington pilot with Oregon, Idaho and BC

**2019**

Oregon demonstrates local area RUC

RUC West implements California-Oregon pilot

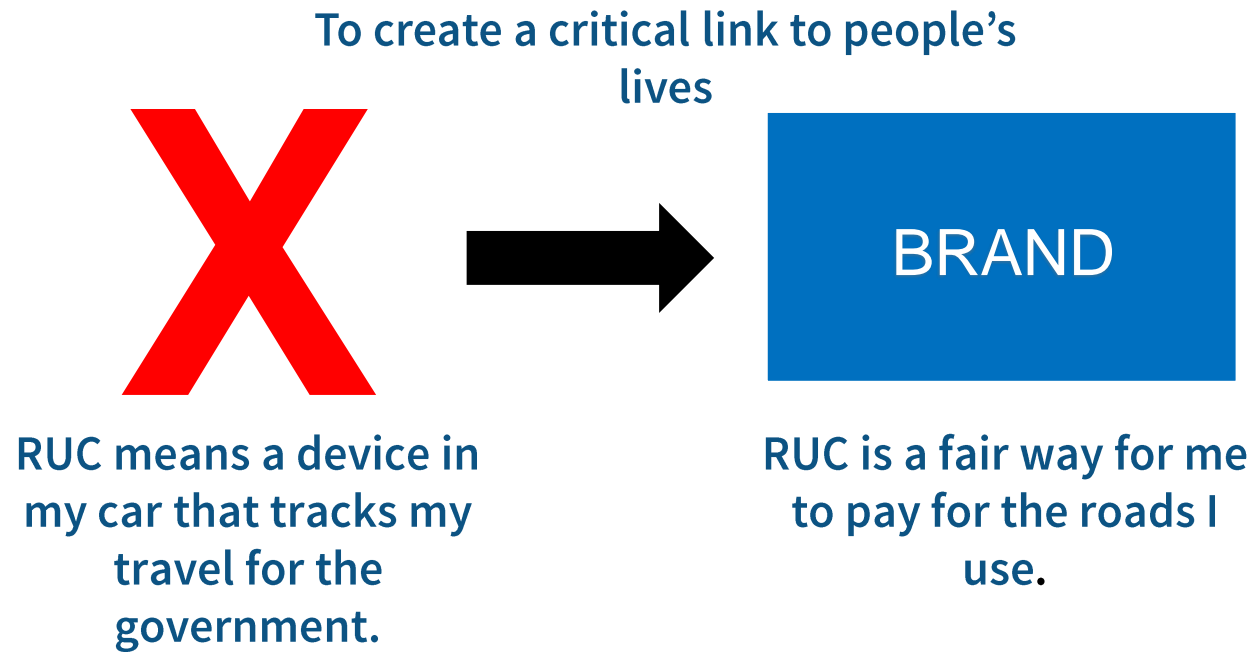
**20??**

Fed calls for nationwide RUC pilot

Telematics implemented with RUC

States mandate RUC

# Why create a brand?





**OReGO**

# Messaging

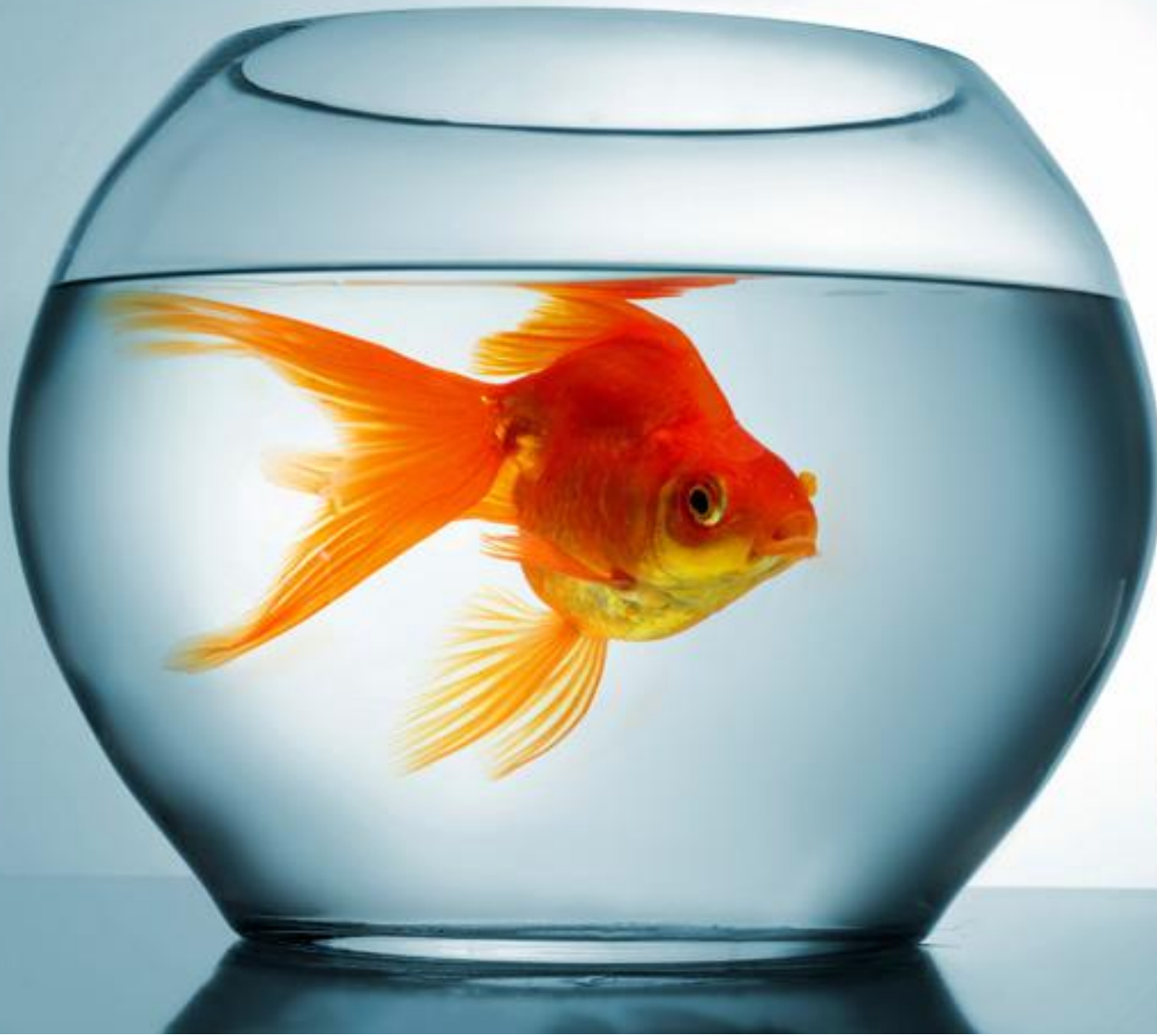
- It **replaces** the state fuel tax
- The fuel tax is **not meeting our needs**
- This protects our highway **investment**
- You have **choices** that do not require GPS

# Public Opinion Issues





It's unfair!





NOT!



**YOU ARE BEING TRACKED**

Photo: Newsbound/AP

KEEP OREGON  
*connected*



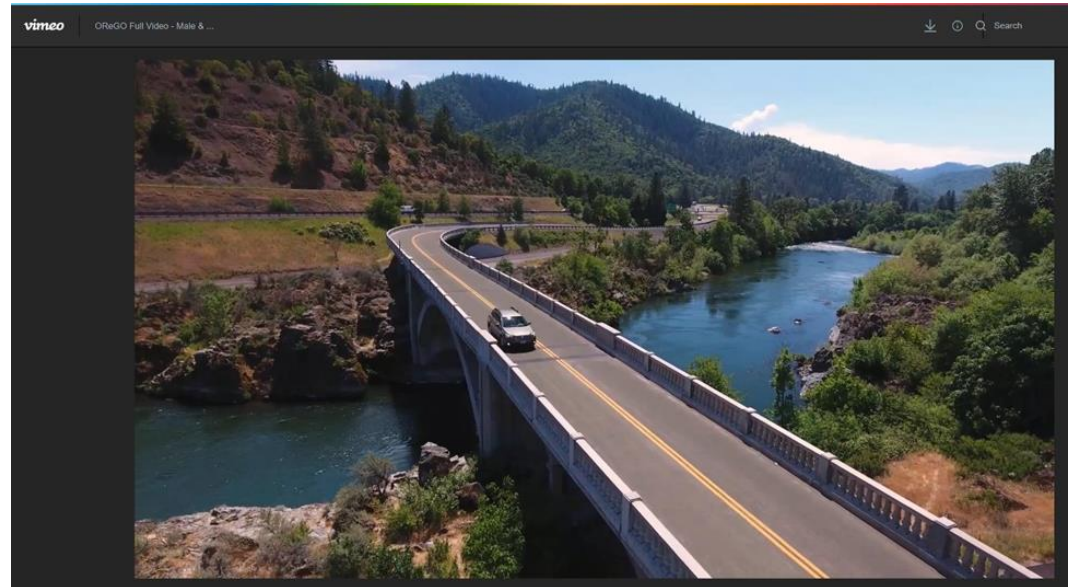
# Videos

[OReGO Full Video](#)

[The First Trail](#)

[Our Plan](#)

[What's Next](#)



# Website Redesign

### How do we Keep Oregon Connected?

Roads take Oregonians to and from jobs, delivering goods and services, visiting family and friends, and enjoying the state across the state. From the sea to the mountains. However, we don't often think about their maintenance and preservation for future generations. In spring 2018, ODOT worked with a panel of 60 Oregonians from different regions of the state to create the messages and visuals to help our state learn more about road funding.

*"Prior to this study, I didn't think much about where my tax dollars get allocated. (pay taxes associated with gas, but outside of parking. I don't give it much consideration. This study helped me consider the general implications of my road use."*  
Michelle County participant

At the beginning of the study, 24 percent of participants didn't know whether there was adequate transportation funding in Oregon. By the end, that number dropped to 8 percent.

*If we're using less fuel, and fuel purchases pay for maintenance, what does this mean for the future of our roads?*

**Crunch the Numbers**  
Just like you, each road maintenance funder only has a limited amount of funding. Like other states across the country, Oregon faces a fuel tax to support the bulk of its road program. Oregonians contribute 24 cents per gallon, with a two-cent per gallon increase planned every two years until 2024 for a total increase of 40 cents per gallon. However, fuel funding sources is dwindling as fuel efficient and electric vehicles become the norm.

The cost to rebuild one mile of one-lane road cost up to **\$1.5 MILLION**

Early preservation techniques for the same lane mile only cost **\$200,000**

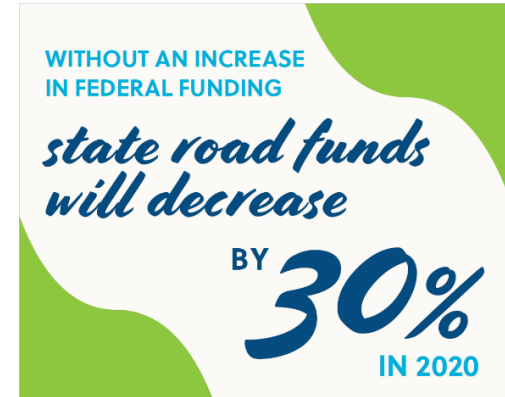
### OREGO: A New Trail Blazed

In our Oregon (and), we're pioneering new ways to fund our roads. In 2015, ODOT launched OREGO, the nation's first road charge program. OREGO allows drivers to pay by the mile instead of gallons. The per-mile charge is not a new concept in Oregon; the legislature first directed investigation into alternatives to the traditional fuel tax in 2008. Research over the years revealed that Oregonians think a pay per mile system is fair because everyone pays for what they drive.

Next time you're on the road, think about these questions and facts:

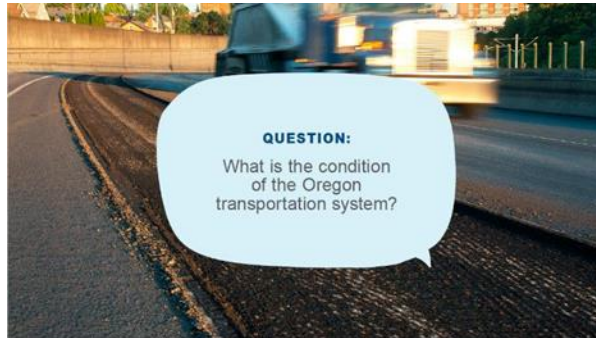
- Q: How much does early preservation of a highway lane mile cost?
- Q: How much do you pay per gallon in fuel tax?
- Q: How much will you pay in fuel tax in 2024?
- Q: How is OREGO different than the fuel tax?
- Q: About how many bridges are there in Oregon?
- Q: How much can it cost to rebuild a single highway lane mile?
- Q: Around how many miles of highway are there in Oregon?
- Q: How much does early preservation of a highway lane mile cost?

# Infographics





# Public Presentation




Many key transportation facilities are 50 to 80 years old.

By 2020, close to 70 bridges are expected to become structurally deficient each year.


Increased maintenance and preservation investments are necessary to keep these older facilities safe and operational.

**WHEN YOU KNOW THERE'S A PROBLEM, IT'S BETTER TO FIX IT BEFORE IT GETS WORSE.**


One solution:



The nation's first road usage charge program.



**OREGO OFFERS A SUSTAINABLE AND FAIR FUNDING SOURCE.**



	Fuel tax	OREGO
Truck	» \$ \$ \$ \$	» x0x
Light truck	» \$ \$	» x0x
Car	» \$ \$ \$	» x0x

# Being a Resource

# Leveraging FAST Act Federal Grants



# Working on Interoperability

## The Vision



One account for road usage charges, parking, and other services



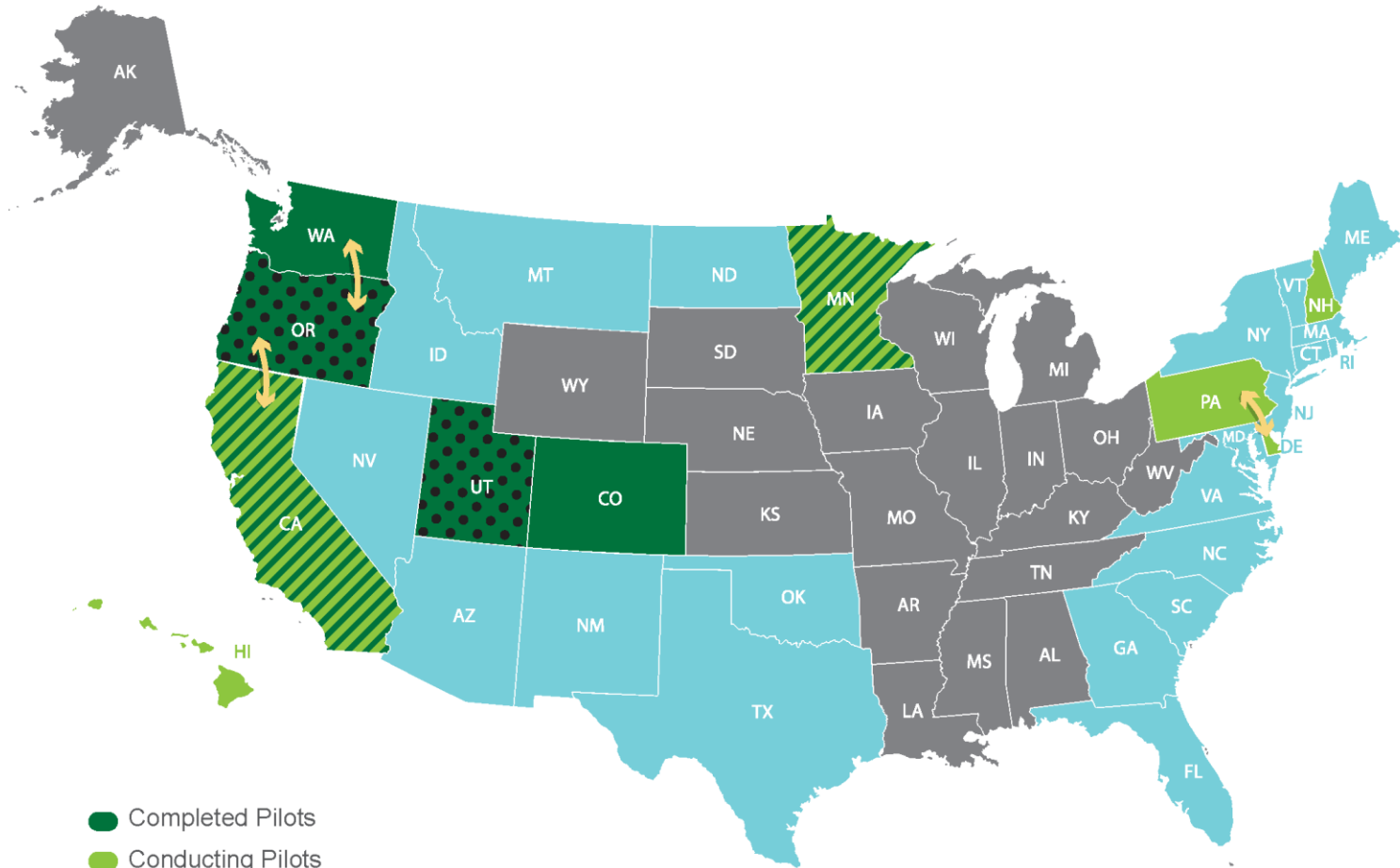
Funds are collected accurately



Funds get to the correct jurisdiction (state, city, county, port authority, etc.)

# Sharing Lessons





- Completed Pilots
- Conducting Pilots
- Monitoring Issue
- Interoperability Pilots
- Ongoing Program

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Source: Oregon Department of Transportation (ODOT)



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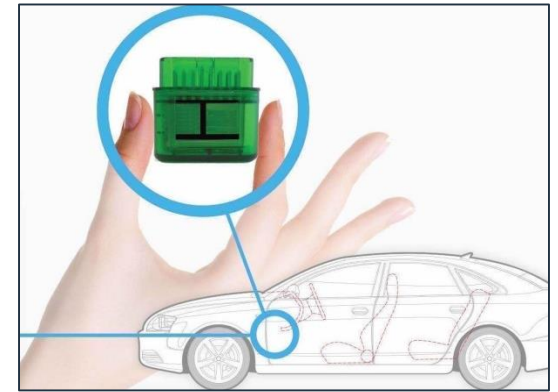
# Evaluating RUC for local governments



Three simultaneous  
pilots  
Summer, 2020



in Portland Metro



to see if road charging  
can be a funding option  
for local governments

# Sharing the Mobility Marketplace Vision

- **Interoperable**
- **Integrated user experience**
- **A market for service delivery business partners**





Let's hear from you



# Wrap-Up

## Thank you for attending today's webinar

The BATIC Institute will post responses to all questions received today on its website

The recorded webinar will also be available on the BATIC Institute website:

[www.financingtransportation.org](http://www.financingtransportation.org)

### UPCOMING BATIC INSTITUTE OFFERINGS

**Pennsylvania Peer Exchange**  
Harrisburg, Pennsylvania  
May 2019

**Arkansas Peer Exchange**  
Little Rock, Arkansas  
June 2019

**Advance Construction**  
Research Report  
Spring 2019

**Maintenance of Effort Test**  
Research Report  
Spring 2019

**Update on Enacted State Public-Private Partnership Legislation**  
Research Report  
Spring 2019