Oregon's Road Usage Charge Program

Presentation to the

Washington State Transportation Commission

March 25, 2026

State Highway Fund
Structural Funding Challenges

Declining Fuels Tax Revenue

- The average driver consumes almost 25% less fuel per year than 10 years ago. At today's rate, that's over $40 less per year in gas tax paid per vehicle.

Reliance on Few Sources of Revenue

- Oregon does not utilize inflation-resistant funding mechanisms to support transportation system needs.

Rigid Statutory Structure

- Less than 2% of additional taxes and fees raised by HB 2017 (2017) were legislatively directed to state highway maintenance and operations.

Inflation

- Equipment costs have increased about 25% in the past several years.
- Paint costs have increased over 30% in the last several years.

Oregon Transportation Taxes & Fees

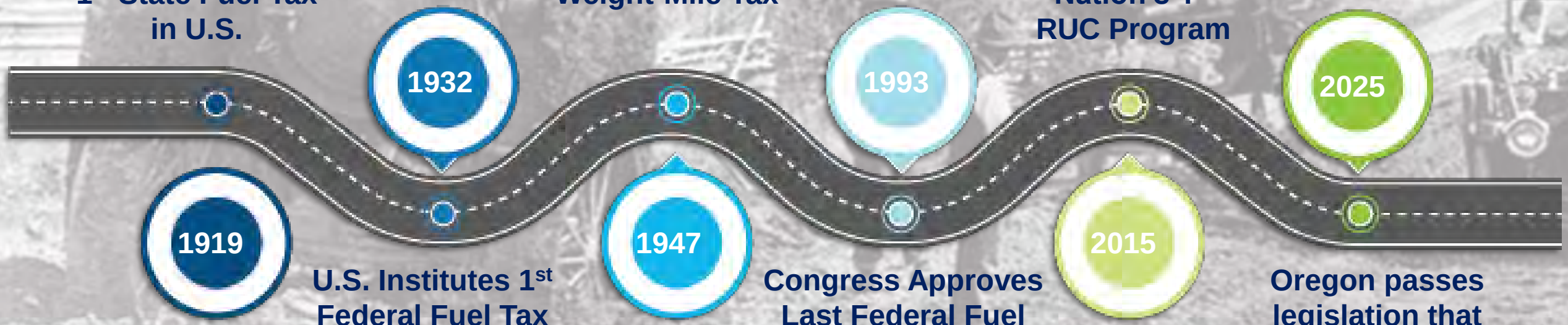
Mechanisms Oregon Has that Many Other States Do Not

- Cost responsibility between categories of highway users
- Weight-mile tax for heavy-duty vehicles
- An operational road usage charging program for passenger vehicles

Mechanisms Other States Have that Oregon Does Not

- Fuel tax indexing
- Tolling on state highways
- Sales tax for local governments
- General fund/other non-user fee funds

Oregon has a history of leading on new transportation revenue mechanisms



1919 — Oregon Introduces 1st State Fuel Tax in U.S.

1932 — U.S. Institutes 1st Federal Fuel Tax

1947 — Oregon Levies 1st Weight-Mile Tax

1993 — Congress Approves Last Federal Fuel Tax Increase

2015 — Oregon Begins Nation's 1st RUC Program

2025 — Oregon passes legislation that creates a mandatory RUC program

ORe**GO**

Implementation (Go Live) Date

July 1, 2015

Mileage Reporting Options

- GPS plug-in devices (no charge for out-of-state miles)
- OEM-connected vehicle telematics, non-GPS (does not calculate or credit out-of-state miles)
- Photo odometer capture (does not calculate or credit out-of-state miles)

Account Managers

- Multiple third-party account managers for mileage collection, accounting, payment processing, and customer service

Vehicle Types

Voluntary participation for vehicles rated 20 MPG or better with discounted registration fees for:

- passenger cars and light trucks ≥40 MPG
- electric vehicles

Program Size

- 1,022 vehicles as of February 28, 2026

2001 HB 3946 explores alternative funding methods to traditional fuel taxes. Road User Fee Task Force created.

2006 1st RUC pilot executed

2012 2nd RUC pilot executed

2013 **SB 810 directs ODOT to establish a fully operational RUC program by July 2015**

2015 Oregon launches the OReGO program

2019 HB 2881 lays groundwork for future expanded program by:

- Indexing the RUC rate to the state fuel tax rate
- Exempting program participants with vehicles rated ≥40 MPG from paying supplemental registration fees
- Converting refunds of excess fuel taxes paid to non-refundable credits against RUC charges

2024 ODOT begins work on point-of-sale project to streamline enrollment at dealerships and encourage participation

2025 **HB 3991 includes provisions that create a mandatory road usage charge program phased in for certain vehicles over time**

Paying By the Mile with OReGO
Operational Voluntary Program

- First operational RUC program in the nation when it went live in 2015
- Drivers of 20+ MPG vehicles can enroll
- RUC rate is set in law at 5% of state fuel tax
- Participants currently pay 2 cents per mile, **receive credit for fuel tax paid**
- Vehicles 40+ MPG **do not pay supplemental registration fees** if they join OReGO
- Volunteers choose among account managers that offer varying options
- GPS *not* required, and privacy is protected

OReGO

HB 3991 (2025) - Mandatory RUC Provisions

Establishes a mandatory passenger vehicle RUC program with types of vehicles phased in over time

Drivers can elect to pay a flat annual RUC fee of $340/yr in lieu of paying per mile

Vehicles paying RUC are not subject to supplemental registration fees based on vehicle efficiency

Vehicle Class	Start Date
Used/registered EVs (at next reg. renewal)	July 1, 2027
New EVs (at point of sale)	January 1, 2028
New and renewing hybrids (PHEV & HEV)	July 1, 2028

Mandatory RUC – Phase-In Rationale

- Used/registered EVs at next reg. renewal beginning July 1, 2027
  - Existing relationship between vehicle and DMV – provides touchpoint for RUC enrollment
  - Allows program to grow incrementally and address any initial challenges
- New EVs beginning January 1, 2028
  - Provides additional time to conduct auto dealer education, update electronic vehicle registration platform, and work with dealers to streamline enrollment at point of sale
- New & renewing PHEVs and HEVs beginning July 1, 2028
  - Provides additional time to address fuel tax credit methodology for PHEVs, potentially made easier by expanded use of in-vehicle telematics
  - These vehicles will continue to contribute via fuels tax and supplemental registration fees until their phase-in date

HB 3991 – Tax & Fee Increases*

Revenue Source	Current Amount	Increase	**Pending Amount**
Fuel tax (per gallon)	$0.40	$0.06	**$0.46**
RUC (per mile)	$0.02	$0.003	**$0.023**
Registration (base - per year)	$43	$42	**$85**
Title (base)	$77	$139	**$216**

*Successful referendum effort - these increases have been suspended and referred to voters
RUC was **not** included in referendum, but RUC rate is set at 5% of state fuel tax

HB 3991 – Tax & Fee Increases

Enhanced Registration Surcharge Categories	Previous Amount (per year)	Increase	**Current Amount**
0-19 MPG	$20	-	**$20**
20-39 MPG	$25	-	**$25**
40+ MPG	$35	$30	**$65**
BEV	$115	$30	**$145**

These increases were **not** included in the referendum and are in effect

OReGO Mandatory RUC Project (OMRP)
Impacted Processes

RUC enrollment – registration renewal

RUC enrollment – new vehicle sale

Vehicle transfers

Rental/fleet vehicles

Registration renewal at DEQ

RUC flat fee option

Key Program Approaches

The mandatory program will be deployed on the existing voluntary system architecture.

A Concept of Operations document describes the vision for the program.

Choice is a key concept – account manager, mileage collection, reporting, and payment methods.

The Benefits of Choice

Providing OReGO participants with multiple options among account managers (AMs) and mileage reporting options (MROs) has been a key tenet of the program

- Business Continuity – allows for stable program operations if and when an AM decides to exit the market

- Choice of AM & MRO – enables RUC payors to select options that meet their wants and needs
  - e.g. technology, payment type (pre or post) & frequency (monthly or quarterly)

OMRP Guiding Principles

Resolve issues collaboratively and inclusively

- Team approach
- Engage & partner
- One ODOT

Prioritize customer experience

- Seamless
- Clear journey and selection options
- Simplicity over complexity
- More online services vs. in office
- Leverage dealer relationships

Collect revenue effectively & efficiently

- Reduce admin costs
- Customer friendly options

Ensure cohesive messaging and clear communications

- The public
- Governor
- Legislature
- OTC
- Agency
- RUC and DMV teams

Use industry standard best practices

- Project management
- Business analysis
- System engineering
- Organizational change management

Ensure business-centric approach

- Process & data flows
- Outcome based requirements
- RUC & DMV system architecture
- Prioritize automated processes

Work Taking Place Across Numerous Project Workstreams

- Project Management
- External Relations & Communications
- Organizational Change Management
- Process & Data Flow Design
- Policy & Legislative Development
- Oregon Administrative Rules
- Program Development
- System Modifications

Communication Will Be Paramount

- General & overarching – educating the public on what the program is and why its being implemented
- Phase 1 (EV reg. renewals) – informing impacted owners of subject vehicles of enrollment requirements; ensuring they understand how to complete enrollment
- Phase 2 (New EVs) – providing auto dealers with information and education so they can guide customers at the point of sale
- Phase 3 (New and renewing PHEVs & hybrids) – proactive messaging related to fuel tax paid and credits based on actual fuel usage or combined EPA rating – no double taxation

Thank you

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