

## **Pay per mile for using the roads? Oregon can teach Washington a few things**

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As Washington state weighs whether to phase out its gas tax in favor of a pay-per-mile charge, Oregon offers several lessons learned.

Top of the list is that charging drivers based on how many miles they drive must be mandatory if you want a lot of people doing it and generating revenue, say some state officials and motorists.

In 2015, Oregon became the first state to launch a pay-per-mile system, but it was voluntary. Participants set up an account with the state. They pay 1.7 cents per mile. State gas tax paid at the pump is credited to their account.

Hoping to ease people into changing how they pay for their wear and tear on roadways, the Oregon Legislature capped the number of vehicles that could participate at 5,000.

To help attract volunteers, the Oregon Department of Transportation made a video to explain how to sign up and install a device in their vehicle to count their miles.

A viewer commented: “Why would a person in a fuel-efficient car voluntarily install something that would cost more money(?)”

The answer is not many have. Owners of 611 passenger vehicles were participating in the program as of June 30.

“People who stand to pay the most tax are not going to sign up; you can’t have a voluntary tax program,” said Michelle Godfrey, a spokeswoman for the Oregon Department of Transportation. “It has to be a mandatory program for revenue to be gained from it.”

The Washington State Transportation Commission expects to receive a report in October from a panel that has studied the pay-per-mile tax, which they call the road usage charge. The commission is set to vote Dec. 17 on its recommendations to the Legislature, which convenes in January.

Washington officials say they are studying a pay-per-mile tax because the state’s 49.4 cents per gallon gas tax — which is used to fund roads and bridges — is being eroded by increasingly more fuel-efficient cars and more electric vehicles.

Based on federal, state and local gas taxes, Washington ranks fourth highest in the nation, with California No. 1, according to the American Petroleum Institute. Oregon was 13th.

Oregon lawmakers recently eliminated the 5,000-vehicle cap on the number of vehicles that can be in the pay-per-mile program, a step toward possibly making a road-usage tax mandatory for some or all drivers.

Until those decisions are made, Oregon transportation officials have taken steps to offer incentives to get more people into the voluntary program. They include waiving registration fee increases for electric vehicle owners if they begin to pay per mile.

Another lesson that Washington can learn from Oregon is that residents must be educated about transportation funding, Godfrey said.

“We’re making a major change in how people think about how they pay for roads. We think about it in terms of paying gas tax. We think about it in terms of consumption. We don’t think of miles traveled as consuming the road yet. We’re trying to help people understand that every mile you drive puts wear and tear on the roads,” she said.

It’s also an issue of fairness, Godfrey said. With the gas tax, which is 34 cents per gallon in Oregon, “some vehicles travel 60 miles on that gallon, other vehicles travel 10 miles on that gallon. Some people are getting a lot more benefit out of that gallon than others,” she said.

In focus groups of Oregon electric vehicle owners, nearly all said they were willing to pay their fair share to make sure roadways were in good shape, Godfrey said.

It’s a big step, however, to get people to voluntarily enter a system in which they’ll have to pay more.

Of the 611 vehicles enrolled in Oregon’s pay-per-mile program, 206 vehicles get 22 miles per gallon or more, 221 get 17 to 22 mpg, and 184 are getting under 17 miles per gallon. The Legislature has decided to take the gas-tax credit away from owners of vehicles that get less than 20 mpg.

Beyond the debate about whether a pay-per-mile system should be mandatory or voluntary, many motorists have concerns about data privacy.

Oregon residents can choose among three options to pay-per-mile, one run by Oregon DOT and two administered by private firms referred to as account managers or providers. Both GPS, which is a vehicle-location technology, and non-GPS options are available.

Randal O’Toole, who lives in Camp Sherman, said the main thing Washington can learn from Oregon’s experiment is that privacy is crucial for acceptance of mileage-based user fees.

O’Toole, who has taken part in Oregon’s system since its start in 2015, said he never has felt his privacy was invaded.

“The provider keeps track of the number of miles I drive, charges me for them and transfers the money to the state. All the state knows is that someone drove, not who, when or where,” said O’Toole, a senior fellow at the Cato Institute, a libertarian research group based in Washington, D.C.

Washington transportation officials have discussed the pay-per-mile concept with their counterparts in Oregon since the early to mid-2000s.

Among the lessons learned from Oregon is to give residents a choice of how they account for their miles driven instead of mandating a method, said Reema Griffith, executive director of the Washington State Transportation Commission.

That lesson was reflected in Washington's one-year pilot program, which ended last January, to assess how state residents would feel about replacing the gas tax with one based on how far people drive, Griffith said. Participants in Washington had five options in the test, ranging from taking a picture of their odometer to using a plug-in device with a GPS to report their miles driven to the state.

Washington should consider a per-mile fee that varies by how much fuel the vehicle uses — higher for gas guzzlers and also for those driving in high-traffic areas, said Chris Hagerbaumer, deputy director of programs and administration at the Oregon Environmental Council, a nonprofit group.

Oregon's pay-per-mile rate is flat — at 1.7 cents per mile. In its pilot program, Washington used 2.4 cents.

“You could vary it by other desired social values,” said Hagerbaumer. “For example, the per-mile fee would be slightly lower for rural residents or for those driving in rural areas.

“So there are all sorts of ways you can vary that per-mile fee to accurately reflect the actual cost to the state of the vehicle using the system — plus the cost to us all of polluted air and a changing climate.”