

**Road User Fee Task Force**  
Oregon Department of Transportation  
Revenue Options & Policy Topics Workshop  
April 23, 2024

Review of Potential Statewide Revenue Options

## Road Usage Charging

- While supplemental registration fees are more common, an increasing number of states are exploring and implementing programs in which drivers pay for miles driven.
- Oregon launched the nation’s first active RUC program—OReGO—on July 1, 2015, and it has been operational ever since.
- At least 12 states considered RUC legislation in 2023; bills in Hawaii, Michigan, Vermont, Virginia, and Washington became law.<sup>1</sup>
- Hawaii passed RUC legislation in 2023; it will begin as a voluntary program for EV drivers in July 2025 before becoming mandatory for EV drivers in July 2028. EV owners will pay 0.8 cents per mile, based on an odometer read at the annual vehicle safety inspection. Hawaii DOT plans to transition all vehicles to RUC by 2033.<sup>2</sup>
- In addition to Oregon, Utah and Virginia currently operate live RUC programs, though the specific program designs differ between the three states.
- The Infrastructure Investment and Jobs Act included a provision directing the U.S. Department of Transportation to design and conduct a national per-mile road usage charge pilot program, which could spur more states to explore their own RUC projects.

Charging by the mile is a comprehensive option for generating transportation revenue that presents an opportunity to transition away from the existing fuels tax system in favor of one that is not dependent on gallons of gasoline purchased. In contrast to supplemental registration fees, a RUC is directly linked to each driver’s actual use of the roads. For EV drivers that enroll in the OReGO program at the time that registration is due, the supplemental registration fee is waived, thus reducing the upfront cost of purchasing an electric vehicle. Even with a per-mile charge, there is still a financial incentive to purchase an EV given fuel savings and a lower total cost of ownership over the vehicle’s lifecycle.

There are numerous ways that the Legislature could expand on Oregon’s RUC program – from keeping it voluntary but increasing registration fees on highly efficient vehicles as a nudge to encourage enrollment, to applying a road usage charge to all passenger vehicles. In recent years, the Road User Fee Task Force has explored the concept of applying RUC to highly efficient vehicles of certain model years and newer.

## Major Policy Options

Implementing a RUC presents a number of major policy options.

- *What vehicles will be subject to RUC.* In the past, RUFTF and ODOT have focused on enrolling high-efficiency vehicles that currently pay much less than other vehicles, either based on mpg (30 and above) or motive power (hybrid, plug-in hybrid, and battery electric), in order to maximize net revenue gains; other states have also focused RUC on efficient vehicles. However, perceptions of fairness may dictate that all vehicles should

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<sup>1</sup> [National Conference of State Legislatures – Shifting Gears to Find a Gas Tax Alternative and Fight Impaired Driving](#)

<sup>2</sup> [HiRUC – What do I need to know now?](#)

be enrolled in RUC, perhaps over time. On the other hand, enrolling more vehicles will increase operational costs, likely reduce revenue from low-efficiency vehicles that would pay less under a RUC than they pay in the gas tax (unless the RUC is an additional charge), and could give a break to gas guzzlers, which runs counter to climate policies.

- *Whether RUC is a replacement for or an addition to the gas tax.* Direction from RUFTF and legislators has generally been that RUC should be a replacement for the gas tax, so no vehicle should pay both RUC and the gas tax. However, this limits potential revenue; a RUC that is applied to all vehicles in addition to existing taxes and fees would lead to greater gross revenue increases (though would also have high collection costs).
- *How to use registration fees to balance costs for different types of vehicles.* The current registration fee regime in Oregon applies higher registration fees to hybrids and EVs, though these supplemental reg fees are not sufficient to achieve parity between ICE vehicles and efficient vehicles. These rates can be adjusted to ensure that vehicles with different fuel efficiencies pay their fair share while avoiding glaring inequities, such as charging high-efficiency vehicles more. However, this may create significant complexities in registration fees that could be challenging to implement and difficult for the public to understand.

### **Major Implementation Topics**

Several issues will need to be addressed to implement RUC effectively.

- *Technology for Mileage Data Collection.* Currently, the most common option for reporting mileage in RUC programs is mileage reporting devices (MRDs) that plug directly into the on-board diagnostic port of a participant's vehicle. However, MRDs can be easily removed from the port, and they are comparatively expensive because they require a special device and data transmission costs. A large-scale RUC program likely requires a different technology—either lower-tech such as manual reporting of odometer readings or higher-tech like direct access to vehicle telematics data. While telematics systems are installed in most new cars, they are not included in older models. What's more, automobile manufacturers have not yet shown willingness to provide this telematics data to government agencies; legislative direction may be necessary to access this data.
- *Internal Capacity & Systems.* ODOT anticipates needing to acquire a commercial back-office system (CBOS) to manage enrollments and process data. ODOT would likely need a customer service center (CSC) as well. This effort would have additional benefits for the agency beyond just RUC, as the acquisition of a CBOS/CSC would also position ODOT to migrate to providing more customer-centric services to the public, such as bundling and paying for other transportation services.
- *Cost.* The fuels tax is extremely inexpensive to collect; a RUC will be more expensive, just as collection of vehicle fees through DMV or weight-mile tax is today. Because no state has implemented a large-scale RUC program and the technology is not yet well-developed, the cost is not known. Efforts will need to be made to minimize costs through means such as gaining low-cost access to telematics data and initially defaulting most users into a manual reporting option. ODOT will rebuild its RUC cost model with the latest data and assumptions to be able to better estimate costs.

- *Local option RUC.* If RUC replaces the fuels tax as the largest source of transportation funding, local governments will want to have an opportunity to levy a local option RUC. This would require that most or all RUC customers provide location data so they could be charged for use of a local jurisdiction's roads. If ODOT acquired a CBOS/CSC, it would be in a better position to administer local option RUC on behalf of those jurisdictions that opted to enact one. ODOT would likely need to advise those jurisdictions on business rules to enable collection.
- *Interoperability.* Interoperability between states presents a unique challenge. Interoperability would allow a vehicle to drive in multiple states and seamlessly remit the correct tax to each. Numerous states are collaboratively exploring solutions via participation in consortia—such as RUC America and The Eastern Transportation Coalition—that conduct research and pilot projects.
- *Enforcement.* RUC will need to have enforcement mechanisms put in place for those who do not comply with reporting their mileage. For example, any vehicle required to pay RUC that failed to report miles or pay their required charge would be defaulted into a flat annual fee that would be set at a relatively high level (likely 80<sup>th</sup> percentile or higher of all vehicle mileage) to incentivize compliance. Other enforcement mechanisms, such as refusing to register vehicles that fail to pay as well as civil penalties, could also be considered.

## Supplemental Registration & Title Fees for Efficient Vehicles

- As electric vehicles gain an increasing share of light-duty vehicle sales, many states have responded by implementing a supplemental registration and/or title fee for hybrid and electric vehicles.
- These fees are in addition to the base registration fees for all passenger vehicles, thus intending to achieve equity among different vehicle types.
- Thirty-two states impose a supplemental registration fee for battery electric vehicles (BEV), and 19 states also impose a fee on plug-in hybrid electric vehicles (PHEV). EV fees currently range from a low of \$50 per year in Colorado, Hawaii, and South Dakota to a high of \$225 per year in Washington.<sup>3</sup> Beginning July 1, 2024, New Jersey will have the highest annual EV registration fee at \$250, increasing by \$10 per year, up to \$290 by July 1, 2028.<sup>4</sup>
- In some cases, revenue from supplemental registration fees is allocated specifically for EV infrastructure.
- Oregon is among the 32 states that impose a supplemental registration fee on EVs, with the fee equating to \$115 for EVs and \$35 for other vehicles that get over 40 MPG on an annual basis. Oregon also charges higher title fees for hybrids and EVs.
- ODOT's Section 75 Study, which analyzed cost responsibility across vehicle efficiencies within the passenger vehicle fleet, found that the highest efficiency classes (40+ MPG & battery electric) underpay relative to the lower efficiency classes (under 20 & 20-39 MPG) despite having higher registration fees.<sup>5</sup>

Supplemental registration and title fees on electric vehicles are relatively simple to implement from an administrative perspective, but they are not an accurate proxy for actual road usage and vehicle impacts, compared to other options. A supplemental registration fee is the same for vehicles within a classification, regardless of how many miles they are driven. For example, an EV owner who drives 3,000 miles a year pays the same supplemental registration fee as an EV owner who drives 18,000 miles a year, even though the latter driver uses the roads much more. A supplemental registration fee also raises the upfront, all-in costs of purchasing or leasing a highly efficient vehicle, which could serve as a deterrent to purchasing one.

Oregon uses an efficiency-based structure for its supplemental registration fees. Each category of vehicle pays an additional amount for each year of the registration period.<sup>6</sup>

- For vehicles that have a rating of 0-19 MPG: \$20
- For vehicles that have a rating of 20-39 MPG: \$25
- For vehicles that have a rating of 40 MPG or greater: \$35
- For electric vehicles: \$115

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<sup>3</sup> [National Conference of State Legislatures – Special Fees on Plug-In Hybrid and Electric Vehicles](#)

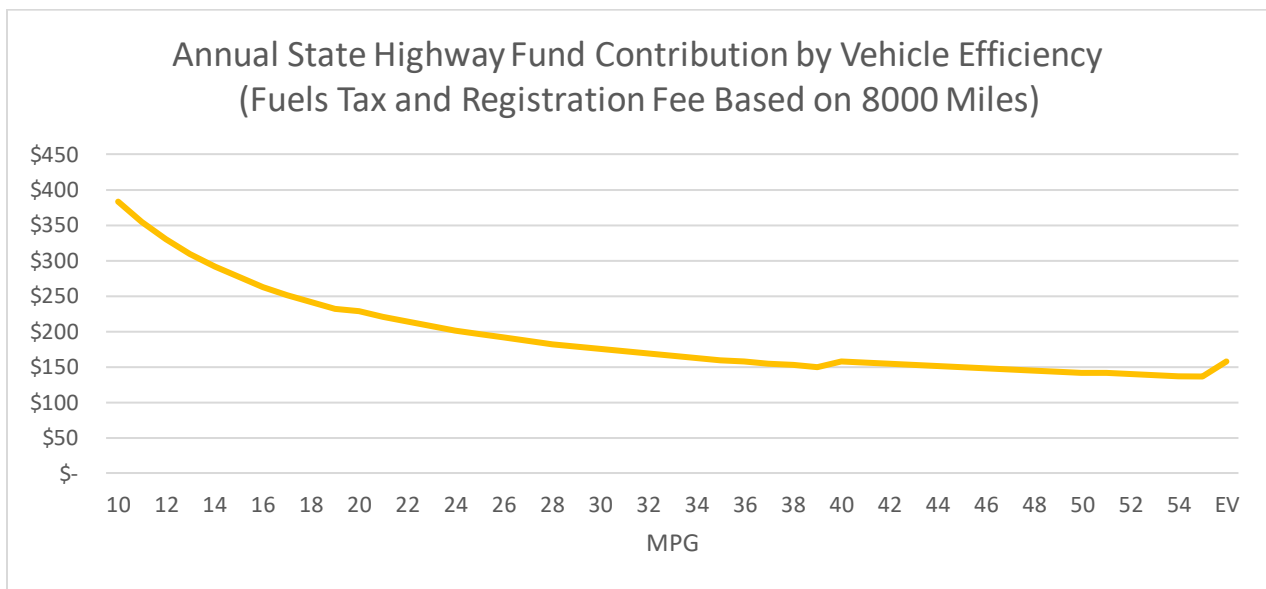
<sup>4</sup> [Governor Murphy Signs Law Reauthorizing New Jersey's Transportation Trust Fund for Five More Years](#)

<sup>5</sup> [Oregon Transportation Commission – HB2017 Section 75 Study](#)

<sup>6</sup> [ORS 803.422 – Registration fees based on miles per gallon](#)

Oregon’s supplemental registration fee, as currently implemented, is not revenue neutral – an equity gap still exists between what EVs pay in annualized supplemental registration fees and what a similar internal combustion engine (ICE) vehicle pays in annual fuels tax, as the additional \$95 an EV pays in registration does not make up for the fuels tax not paid. The table below demonstrates what a passenger vehicle rated at the average fuel economy for a car pays in annual fuels tax under two scenarios (note: the numbers are slightly rounded for clarity).

Annual Miles Driven	Oregon Percentile	Avg. Fuel Economy (MPG) <sup>7</sup>	Gallons of Fuel Consumed	Fuels Tax (per gallon)	Annual Fuels Tax Paid
8,000	50 <sup>th</sup>	24	333	\$0.40	\$133
16,000	90 <sup>th</sup>	24	667	\$0.40	\$267



In both cases – the median number of miles driven per year and a high amount of miles driven per year – a typical ICE vehicle pays more in road use fees than an EV subject to the supplemental registration fee. To be revenue neutral, Oregon’s supplemental registration fee for electric vehicles would need to be increased.

Based on the findings of ODOT’s Section 75 Study, the Oregon Transportation Commission recommended, among other items, that the Legislature increase vehicle registration fees to bring the highly efficient vehicle classes into alignment. The OTC also recommended allowing for

<sup>7</sup> [Alternative Fuels Data Center – Average Fuel Economy by Major Vehicle Category](#)

vehicles to opt into a per-mile road usage charge program as an alternative to higher registration fees and to eliminate higher title fees on hybrids and EVs in favor of a simpler, flat title fee.<sup>8</sup>

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<sup>8</sup> [Oregon Transportation Commission – HB2017 Section 75 Study](#)

## Indexing Taxes and Fees to Inflation

- Due to price and fuel efficiency inflation impacts, gas tax revenues have been unable to keep up with the rising costs of operating and maintaining the transportation system.
- Since 2017, the National Highway Construction Cost Index has increased by over 80%, and equipment costs have increased about 25% in the past four years.
- Twenty-four states and Washington, D.C. have variable rate fuel taxes that adjust based on inflation or another index, meaning that their fuels tax can increase or decrease without the need for legislative action.<sup>9</sup>
- Oregon’s fuel tax is fixed, currently at 40 cents per gallon, and requires the Legislature to make adjustments. This is also true of Oregon’s registration and title fees.
- Methods for determining variable-rate fuel taxes include, but are not limited to, indexing them to the consumer price index (CPI); the state’s inflation rate; the efficiency of the vehicle fleet; and National Highway Construction Cost Index.

Most taxes—including property, sales, income, and payroll taxes—rise over time as property values, prices, and incomes increase. Currently, no State Highway Fund sources are indexed to inflation in any way. This includes the motor fuels tax, heavy truck taxes and fees, or DMV fees. Instead, tax and fee rates are generally set by the Legislature in statute, are infrequently increased over time, and have typically been tied to large transportation packages. For example, the Oregon fuels tax rate remained constant from 1993 to 2011 before increasing from 24 cents to 30 cents per gallon. However, over this same period general inflation as measured by the consumer price index (CPI) increased over 50 percent.

In addition to the impact of prices and cost of labor and materials, the fuels tax has been further eroded by the increasing fuel efficiency of the light- and medium-duty vehicle fleets. In Oregon, passenger vehicles have seen an increase in average fuel efficiency of about 25 percent between 2009 and 2023, which means a vehicle can travel about 25 percent further on the same amount of fuel today than they could in 2009. As a result, people are paying less in real terms for every mile they drive, and these two types of inflation have an additive impact on the overall ability of the fuels tax to remain a stable source of revenue.

Twenty-four other states plus Washington, D.C. have already moved to address the impact of inflation on the fuels tax using a variety of methods. Fourteen states and Washington, D.C. index the tax rate directly to some kind of price index like the CPI, while the other ten tie the rate to fuel price changes. In addition, seven of the states combine either the price index or fuel price with an additional index. Examples of the additional index include fuel efficiency, personal income, and population.

In Oregon, if the 1993 rate was indexed to inflation using the CPI, the rate in 2023 would be about 53 cents per gallon rather than the 38 cents per gallon statutory rate. For just calendar year 2023 alone, this would have produced almost \$270 million more in revenue. In looking ahead, indexing to the CPI by itself would yield on average about a one-cent increase in the tax rate per

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<sup>9</sup> [National Conference of State Legislatures – Variable Rate Gas Taxes](#)



year. If the entirety of the State Highway Fund were indexed to inflation, it would add about \$60 million in revenue on an annual basis.

## A Tax on Electricity Used for Charging Electric Vehicles at Public Charging Stations

- Electric vehicles do not use gasoline and thus do not pay fuels tax, but they do require electricity to charge their batteries, providing for the potential to tax electricity used for vehicle charging.
- Several states have passed laws that establish a per kilowatt-hour tax on public charging stations.
- These taxes are relatively new and there is very limited information on their revenue potential. However, they are expected to produce relatively minimal revenue, as the rates are relatively low and relatively little charging takes place at public stations.

State	Rate	Effective Date	Additional Information
Georgia <sup>10</sup>	\$0.26 per gasoline gallon equivalent	January 2025	<p>Distributors that sell or use special fuels are subject to an excise tax of \$0.26 per gallon</p> <p>Motor fuels that are not commonly sold or measured by the gallon are taxed according to their gasoline gallon equivalent (GGE). A GGE of electricity may not exceed 11 kilowatt-hours</p> <p>For electricity, the excise tax only applies to electricity sold at public electric vehicle charging stations</p>
Iowa <sup>11</sup>	\$0.026 per kilowatt-hour	July 2023	Tax applies to electricity delivered or placed in an EV at any location in Iowa other than a residence
Kentucky <sup>12</sup>	\$0.03 per kilowatt-hour	January 2024	<p>Charging station operators are responsible for collecting and remitting the tax; if a station operator provides free electricity, the operator will be responsible for paying the tax on stations installed after June 30, 2022</p> <p>Beginning January 1, 2025, the tax rate must be adjusted annually in alignment with the National Highway Construction Cost Index 2.0, up to a maximum 5% annual increase or decrease</p>

<sup>10</sup> [Alternative Fuels Data Center – Alternative Fuel Excise Tax \(Georgia\)](#)

<sup>11</sup> [Alternative Fuels Data Center – Alternative Fuel Tax \(Iowa\)](#)

<sup>12</sup> [Alternative Fuels Data Center – Electric Vehicle \(EV\) Charging Station Tax \(Kentucky\)](#)

Montana <sup>13</sup>	\$0.03 per kilowatt-hour	July 2023	<p>Tax applies to public EV charging stations; EV charging stations at private residences or homeowners' associations are exempt</p> <p>Tax revenue is apportioned to the highway restricted account</p>
Oklahoma <sup>14</sup>	\$0.03 per kilowatt-hour	January 2024	<p>Tax applies to public EV charging stations only; does not apply to private residences</p> <p>Revenue from the tax goes into the Driving on Road Infrastructure with Vehicles of Electricity (DRIVE) Revolving Fund</p> <p>Residents may apply tax payments as income tax credits and may be carried forward for up to five years</p>
Pennsylvania	\$0.0172 per kilowatt-hour	October 1997; Amended November 2013	<p>Electricity is included as an alternative fuel within Pennsylvania's Alternative Fuels Tax Rates table. Any individual or business that dispenses an eligible alternative fuel is expected to register with the Department of Revenue to remit the appropriate tax</p> <p>In practice, as it relates to electricity as an alternative fuel, a de minimis number of individuals have registered, and the policy generally only captures charging at public stations<sup>15</sup></p>
Utah <sup>16</sup>	12.5%	January 2024	<p>The retail sale of electricity for EV charging is subject to a 12.5% tax. The tax may be based on kilowatt-hours sold, the cost to charge per hour, or a subscription fee</p>
Wisconsin <sup>17</sup>	\$0.03 per kilowatt-hour	March 2024	<p>Fee applies to public EV charging stations; applies to all level 3 charging stations, and level 1 or level 2 stations installed after March 22, 2024</p>

<sup>13</sup> [Alternative Fuels Data Center – Electric Vehicle \(EV\) Charging Station Tax \(Montana\)](#)

<sup>14</sup> [Alternative Fuels Data Center – Electric Vehicle \(EV\) Charging Station Charging Tax \(Oklahoma\)](#)

<sup>15</sup> Interview with Pennsylvania Department of Transportation, January 9, 2023.

<sup>16</sup> [Alternative Fuels Data Center – Electric Vehicle \(EV\) Charging Fee and Tax \(Utah\)](#)

<sup>17</sup> [Transportation Investment Advocacy Center – Wisconsin Approves Fee on EV Charging Stations](#)

Iowa has recently begun reporting on kWh tax collections within the state.<sup>18</sup> January 2024 included collections of \$11,536, while February 2024 included collections of \$16,198. Wisconsin, as the most recent state to pass legislation on this topic, produced recent revenue projections. The DOT estimates annual revenue in FY25 to be between \$211,400 and \$317,100 and in FY26 to be between \$285,100 and \$427,600.<sup>19</sup>

Data from Oregon's section of the West Coast Electric Highway<sup>20</sup> (WCEH) provides an opportunity to simulate this type of tax in Oregon. It must be noted, however, that WCEH is only a portion of Oregon's public charging network, so this example does not capture all public charging. In 2023, a total of 644,274 kilowatt-hours were used to charge EVs across Oregon's WCEH, with an average of 19.08 kilowatt-hours per session. An average of 19.08 kWh multiplied by \$0.03 per kWh produces an average tax paid per charging session of \$0.57. A total of 644,274 kWh for the year multiplied by \$0.03 per kWh produces total revenue of \$19,328.

It is important to emphasize that most of the policies noted above only intend to tax electricity used at public charging stations, the rationale being to capture revenue from out-of-state EV drivers. Taxing residential EV charging, at this stage of EV adoption, would likely be difficult to differentiate and enforce. Most EV charging in Oregon tends to take place at private residences. A 2018 study conducted by the Transportation Research and Education Center at Portland State University found that "[j]ust under two-thirds of respondents reported that 100% of their weekly charging takes place at home" (29).<sup>21</sup>

Current trends may differ given that the study is several years old and has not since been updated. For example, as EVs gain an increasing share of new vehicle sales and as federal funds are deployed to build additional EV infrastructure, public charging might come to be seen as a convenient option. Moreover, with a more comprehensive charging network, any range anxiety among existing and prospective EV owners may decrease, resulting in longer trips that require charging at a public station, which could capture both in-state and out-of-state drivers.

Conversely, more households might opt to install Level 2 chargers for at-home charging and, depending on their driving habits, may not need to utilize public charging stations. A tax on public charging might not impact those who own a home and are able to install personal charging equipment, but renters and those living in multifamily housing might be more likely to be subject to a public charging tax, depending on whether property owners provide EV charging infrastructure for those dwellings.

Another consideration for implementing a kWh fee on public charging stations is the matter of who pays the fee – the EV owner, the charging station owner/operator, or the electric utility. Not all charging stations bill by kWh, which could require changes to the charging infrastructure (e.g. installation of meters) and/or point-of-sale billing systems. If charging station owner/operators are responsible for remitting the tax, processes will need to be developed and communicated to

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<sup>18</sup> [Iowa Department of Revenue – Motor Fuel Monthly Reports](#)

<sup>19</sup> [Wisconsin Department of Administration – Fiscal Estimate – 2023 Session](#)

<sup>20</sup> [ODOT – Oregon's West Coast Electric Highway](#)

<sup>21</sup> MacArthur, John, Michael Harpool and Daniel Scheppke. *Survey of Oregon Electric Vehicle & Hybrid Owners*. Portland, OR: Transportation Research and Education Center (TREC), 2018.

the variety of entities that own and/or operate public charging stations in Oregon in order to report usage and remit the tax.

## Retail Delivery Fees

- With significant economic activity taking place via purchases made online, states are beginning to explore the idea of implementing delivery fees on retail purchases to help fund their transportation systems.
- Two states – Colorado and Minnesota – have passed laws that establish a delivery fee on retailers that ship and deliver products to customers in those states. The fees are imposed on retailers, which can choose to absorb the cost or collect the fee from their customers.
- Legislation passed in Washington in 2023 set aside funding to conduct a study of a statewide retail delivery fee; the report is due to the legislature’s transportation committees by June 30, 2024.

State	Rate	Effective Date	Additional Information
Colorado <sup>22</sup>	\$0.28 per sale	July 2022	<p>The total retail delivery fee is made up of six individual delivery fees that fund specific accounts, such as the clean fleet enterprise and statewide bridge enterprise</p> <p>Applies to deliveries by motor vehicle with at least one item of tangible personal property subject to state sales or use tax</p> <p>The retailer or marketplace facilitator that collects the sales or use tax on the item is liable for remitting the retail delivery fee</p> <p>Exemptions exist for business whose retail sales in Colorado totaled \$500,000 or less the previous year</p>
Minnesota <sup>23</sup>	\$0.50 per sale	July 2024	<p>Applies to transactions where charges for tangible personal property subject to sales tax or clothing equal or exceed \$100</p> <p>Does not apply to drugs; medical devices, accessories, and supplies; or food, food ingredients, or prepared food. Certain baby products are also exempt from the fee</p> <p>Does not apply to deliveries made by a food and beverage service establishment</p> <p>Exemptions exist for retailers whose Minnesota retail sales that totaled less than \$1,000,000 the previous calendar year</p>

<sup>22</sup> [Colorado Department of Revenue – Retail Delivery Fee](#)

<sup>23</sup> [Minnesota Department of Revenue – Retail Delivery Fee](#)

It is important to note that both states have existing sales and use tax systems that they are able to leverage in the implementation of their retail delivery fees. As a state with no sales tax, implementation of a retail delivery fee would likely be a more complicated endeavor in Oregon.

Colorado estimated that its retail delivery fee would raise \$75.9 million in FY2022-23.<sup>24</sup>  
Minnesota estimates that its retail delivery fee will raise \$59 million in FY2025.<sup>25</sup>

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<sup>24</sup> [SB 21-260 Revised Fiscal Note](#); page 10, Table 5

<sup>25</sup> [Minnesota Department of Revenue – Sales and Use Tax: Retail Delivery Fee \(Revised Description\)](#)

## Mileage-Based Fee for Medium-Duty Vehicles

- In Oregon, heavy vehicles (26,000 pounds and above) currently pay a weight-mile tax based on their weight and distance traveled, along with their axle configuration (for trucks above 80,000 pounds). Medium-duty vehicles (10,000-26,000 pounds) and light vehicles generally pay for their road use primarily through fuels taxes and registration fees.
- Medium-duty vehicles may electrify rapidly due to the fuel cost savings and ability to charge at a central fleet hub. Already, Amazon is seeking to transition much of its delivery van fleet to electric. If this occurs, these vehicles will pay very little for use of the roads even as their prevalence grows rapidly.
- If light and heavy vehicles both shift to paying by the mile, a strong case could be made for shifting medium-duty vehicles to paying by the mile as well through a weight-mile tax.

In Oregon, heavy commercial motor vehicles pay a weight-mile tax that ranges from 7.64 cents per mile for a 26,001-28,000 pound vehicle to 25.12 cents for a 78,001-80,000 pound vehicle; vehicles over 80,000 pounds also pay by the mile based on axle configuration.

Medium-duty vehicles in fleets present a perfect use case for electrification: fleets of vehicles operate out of a central hub, drive a relatively limited number of miles doing pickups and deliveries within a defined service territory, and later return to their hub, where they can charge overnight. Fuel cost savings for companies transitioning to electric vehicles could be significant. Amazon has announced its intention to have 100,000 electric delivery vans on the road by 2030 and already has more than 13,500 across the U.S.<sup>26</sup> To avoid revenue loss as medium-duty vehicles shift from fossil fuels to electricity, these vehicles could also be subject to a mileage-based tax.

There are a relatively limited number of medium-duty vehicles compared to the number of passenger vehicles on Oregon's roads, so implementation would likely be easier than for passenger vehicles, as most of these vehicles are operated by businesses and are considered commercial motor carriers subject to safety and regulatory requirements. While the number of medium-duty vehicles is much smaller than the number of passenger vehicles, it could be somewhat more challenging to ensure compliance with a mileage-based tax compared to heavy vehicles, as ODOT currently sees a higher rate of failure to comply with registration requirements among medium-duty vehicles. Implementation could be facilitated by the ongoing federal push to improve safety and regulation of this class of vehicles.

A medium-duty rate would likely be set between the current passenger vehicle RUC rate (2 cents per mile) and the bottom end of the weight-mile tax (7.64 cents per mile) in recognition of the moderate impact medium-duty vehicles have on roads. ODOT has relatively limited data on mileage driven by medium-duty vehicles, but based on recent trends in home delivery, the agency expects the number of miles traveled by this segment of the fleet to grow, so there could be significant revenue potential in a medium-duty mileage fee.

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<sup>26</sup> [Everything you need to know about Amazon's electric delivery vans from Rivian](#)