Oregon's Road Usage Charge Program (RUC)

Presentation to the California Transportation Commission

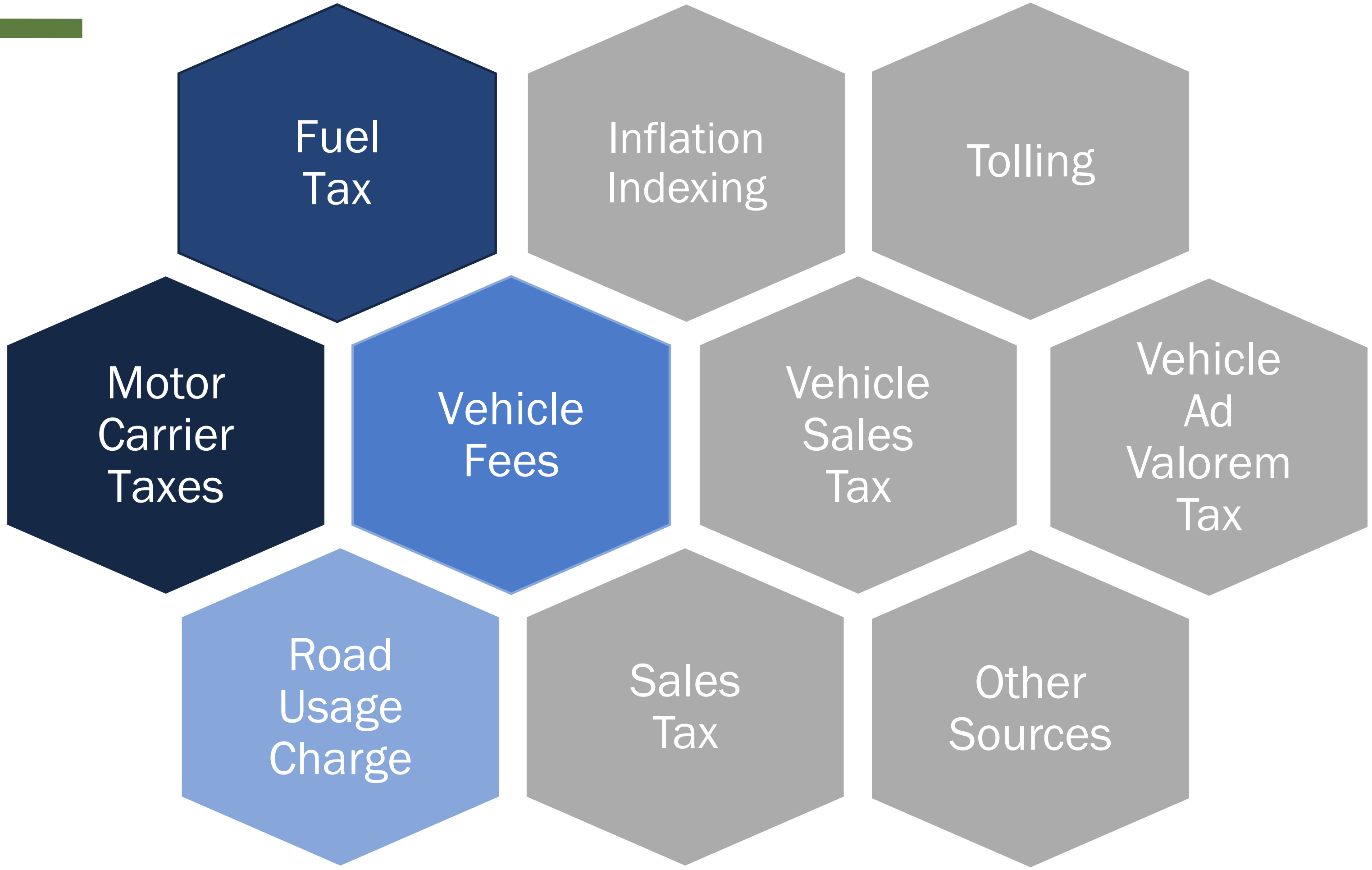
Road Charge Technical Advisory Committee

July 31, 2026

Transportation Funding Challenges

- Costs have increased rapidly, and the State Highway Fund is eroded because ODOT revenue sources are not inflation-adjusted
- Increasing fuel efficiency erodes the fuels tax
- Oregon lacks many funding sources used by other states
- Statutes direct most ODOT funding to capital projects, forcing reductions in O&M
- The last Highway Cost Allocation Study showed light vehicles were significantly underpaying compared to heavy trucks
- Local governments are highly dependent on the State Highway Fund and lack local funding options
- Federal funding is at risk of reduction

Oregon lacks revenue mechanisms used by many other states to fund transportation



Road User Fee Task Force (RUFTF)

- Created by Oregon Legislature in 2001; directed to explore viable alternatives to the state gas tax
- Guided by eight overarching criteria, including users pay and revenue sufficiency
- Considered 28 funding ideas
  - Road usage charge identified as the preferred alternative
  - RUC pilots conducted in 2006-2007 and 2012-2013
- RUFTF is expected to begin meeting again soon; will provide input on mandatory RUC implementation and rulemaking process

https://www.oregon.gov/odot/programs/pages/road-user-fee-task-force.aspx

OReGO

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:
- vehicles rated ≥40 MPG
- electric vehicles

Program Size
- 1,160 vehicles as of June 30, 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 promote 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

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

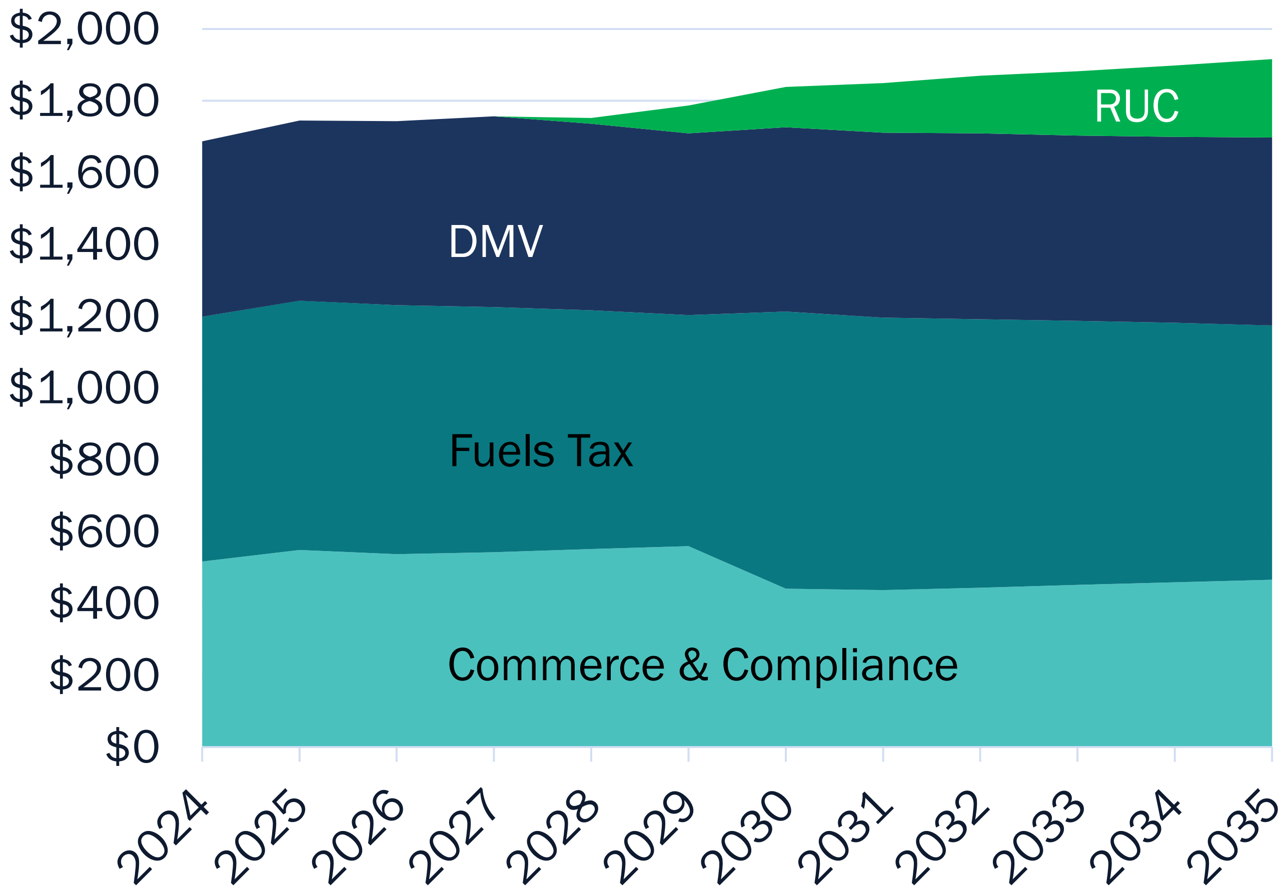
Vehicle Class	Start Date
Non-new EVs (at next reg. renewal)	July 1, 2027
New EVs (at point of sale)	January 1, 2028
New and renewing hybrids (PHEV & HEV)	July 1, 2028

Mandatory RUC – Phase-In Rationale

- Non-new EVs at next reg. renewal beginning July 1, 2027
  - Existing relationship between the vehicle and DMV
  - 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

Gross State Highway Fund Revenue

April 2026 Revenue Forecast



- Gross State Highway Fund projected to grow 10% in nominal terms from 2025-2035 - 1% per year
- Road Usage Charge is responsible for all growth

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 based on their preferences; beneficial for public acceptance
  - e.g. technology, payment type (pre or post) & frequency (monthly or quarterly)

New Functionality Being Built on Existing Program Architecture

RUC enrollment at registration renewal

RUC enrollment for new vehicle sales

Vehicle transfers & private transactions

Rental/fleet vehicles

Registration renewal at DEQ

RUC flat fee option

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

OMRP Process Design Status

As of 06/29/26

MVP Phase	Process	Target Signoff	Expected Signoff	Status/Notes
1	Enrollment	April 2026	June 2026	100% complete.
1	Account Management	April 2026	June 2026	100% complete.
1	Vehicle Transfer of Ownership	April 2026	June 2026	100% complete.
1	Account Manager Switches	April 2026	June 2026	100% complete.
1+	Compliance - Enrollment	May 2026	June 2026	100% complete.
1+	Compliance - Payment	May 2026	June 2026	100% complete.
1+	Compliance - Mileage Reporting	June 2026	June 2026	100% complete.
1	Requirements details questions	July 2026	July 2026	Defining system needs based on compliance process flows and procedure details.

ORеGO Mandatory RUC Project 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. field office

Leverage dealer relationships

Collect revenue effectively & efficiently

Reduce admin costs

Customer friendly options that promote compliance

Ensure cohesive messaging and clear communications

The public

Governor's Office

Legislature

Oregon Transportation Commission

ODOT

RUC & 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 where possible

Communication Will Be Paramount

- General & overarching – educating the public on what the program is and why its being implemented; benefits of the program; what's being asked of participants

- 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

Scott Boardman
Innovative Programs Policy Advisor
Oregon Department of Transportation
scott.boardman@odot.oregon.gov