

Scaling from a State to a National Program:

Oregon's analysis based on
lessons learned

Principles of Good Tax Policy

“... challenges stem from the desire to use the tax law for more than raising revenue, for instance, to implement social or economic policies ...”

AICPA Tax Policy Concept Statement 1



- ▶ Equity & fairness
- ▶ Certainty
- ▶ Convenience of payment
- ▶ Effective tax administration
- ▶ Information security
- ▶ Simplicity
- ▶ Neutrality
- ▶ Economic growth & efficiency
- ▶ Transparency & visibility
- ▶ Minimum tax gap
- ▶ Accountability to taxpayers
- ▶ Appropriate government revenues

Similarities between state & federal programs

State Programs

- ▶ Apply RUC to all eligible vehicles
- ▶ Set a rate
- ▶ Develop a business model
- ▶ Develop a set of requirements
- ▶ Develop a data model
- ▶ Minimize administrative costs
- ▶ Generate sufficient revenue
- ▶ Apply tax principles
- ▶ Avoid double taxation
- ▶ Be transparent with citizens
- ▶ Have a communications plan
- ▶ Include enforcement

National Program

- ▶ Apply RUC to all eligible vehicles?
- ▶ The rest is to be determined



Define eligible vehicles

- ▶ All new vehicles after a certain model year?
- ▶ All vehicles with a certain fuel efficiency?
- ▶ All new vehicles with a certain fuel efficiency?
- ▶ All vehicle classes or just light duty?

AND then ...

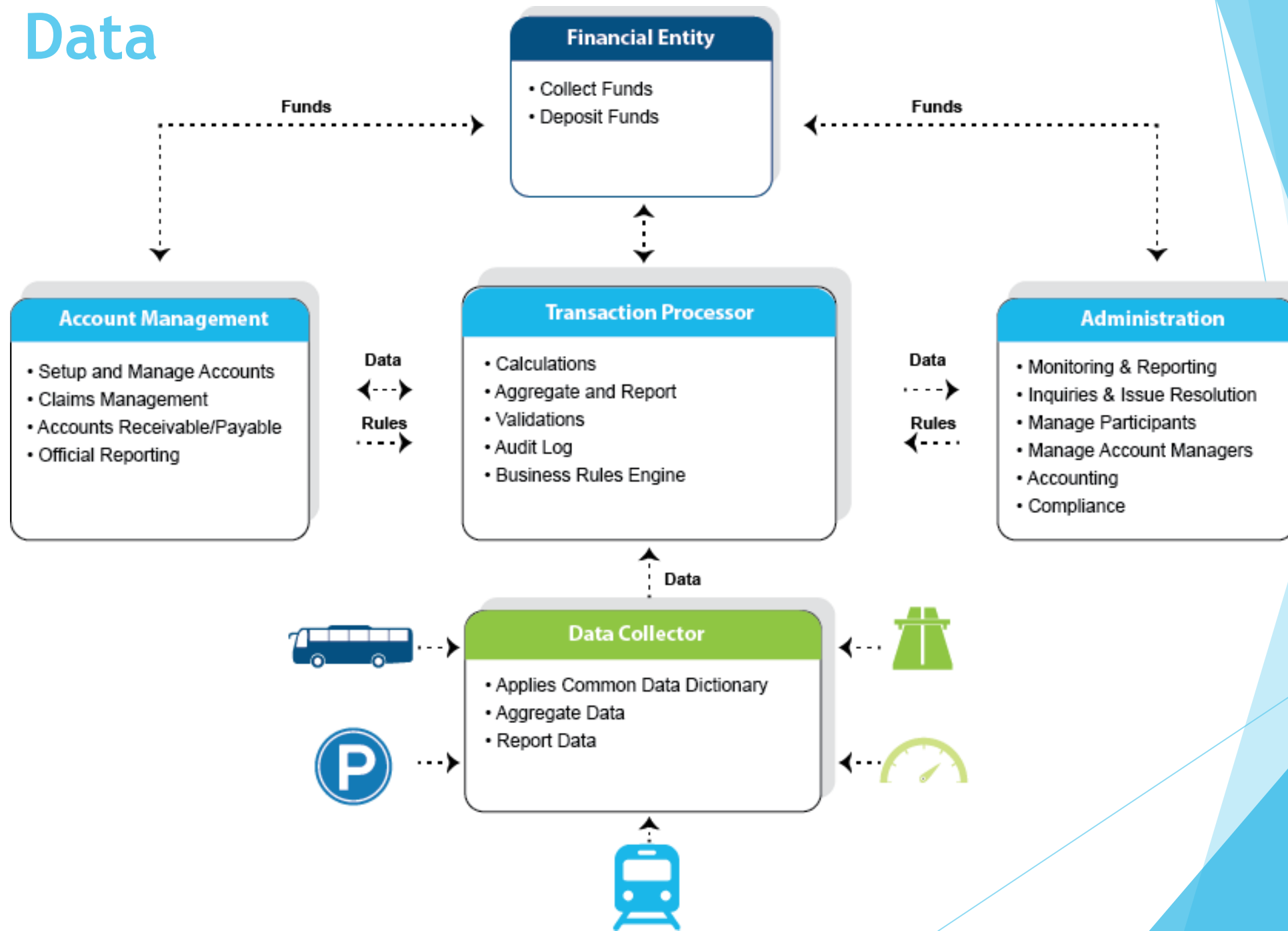
- ▶ What entity has the best data?
- ▶ Can it be used to avoid capturing and storing duplicate data?



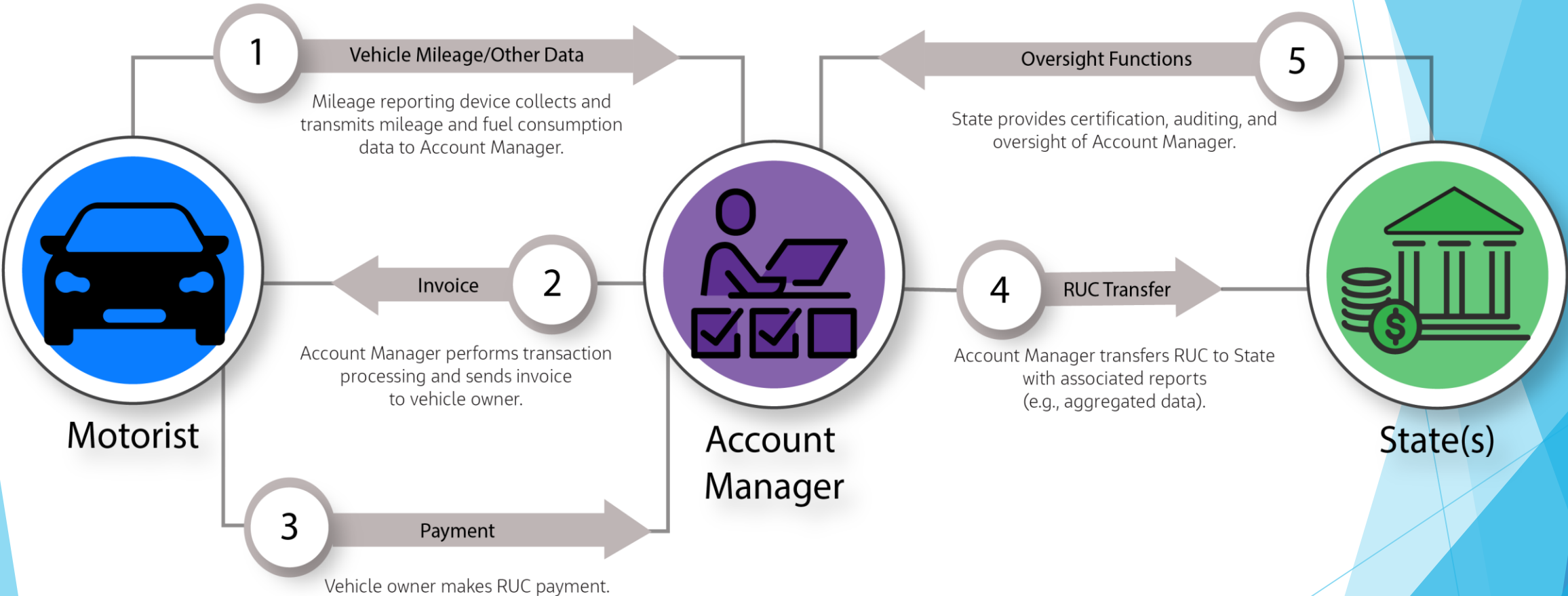
Minimize administrative costs

- ▶ Look for existing business models that can be adapted
- ▶ Share data
- ▶ Leverage existing standards
- ▶ Future proof the system
 - ▶ Is adaptable to other vehicles?
 - ▶ What emerging technologies will impact the revenue or costs of being a road operator?
- ▶ Scale as quickly as possible to achieve economies of scale

Data



How it works now:



Clearinghouse Core System Functions

- ▶ Account managers have a common end point for communicating with multiple jurisdictions
- ▶ Clearinghouse accepts information & distributes them correctly
- ▶ Clearinghouse validates data for content & common business rules
- ▶ Clearinghouse stores data for
 - ▶ Validation
 - ▶ Processing
 - ▶ Distribution
 - ▶ Reporting/Oversight

Leveraging existing data

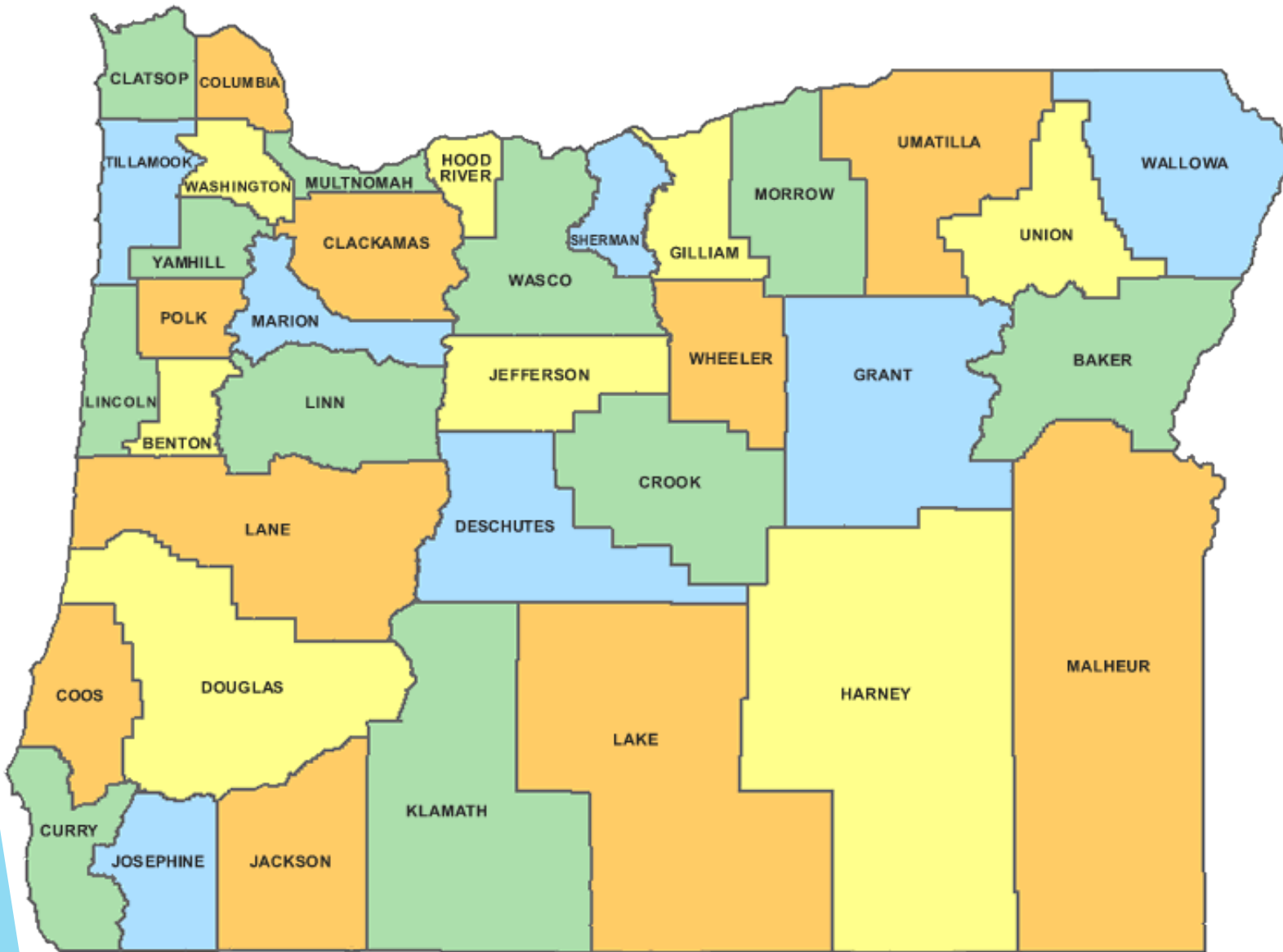
- Vehicle identifier (VIN/VID) - one per vehicle
- Registered owner - may be multiple entities
- State in which registered owner resides - one per vehicle



Example: Vehicle has a VID of ABC1234XYZ and is registered to Phyl and Mickie Dogg, residing at 123 Park Avenue, Doggville, OR.

Travel is mostly I-5 between Seattle and San Diego, with occasional trips to Las Vegas, Salt Lake City, and Boise.

Data is available via on-board telematics.

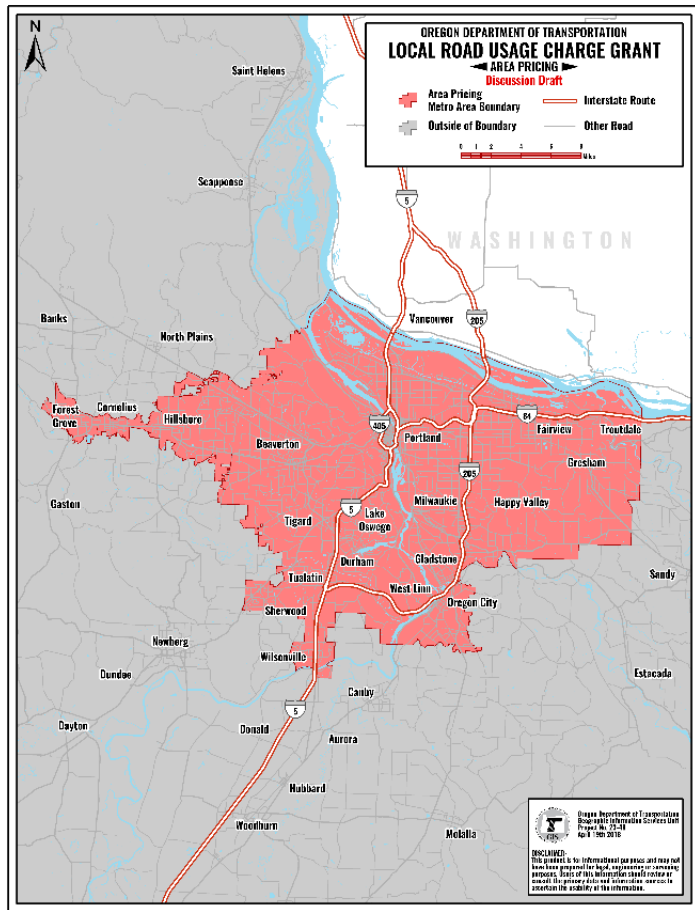


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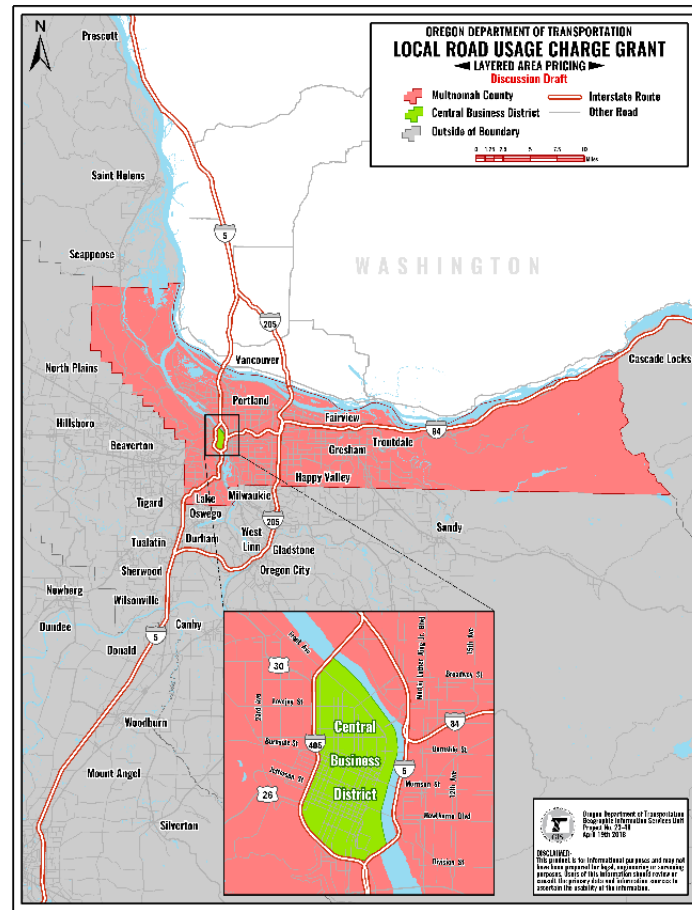
Subrule Id - an identifier for a political subdivision, such as a county or city

Zone Rule ID - another layer for reporting travel data, applying different rates depending on day/time/location

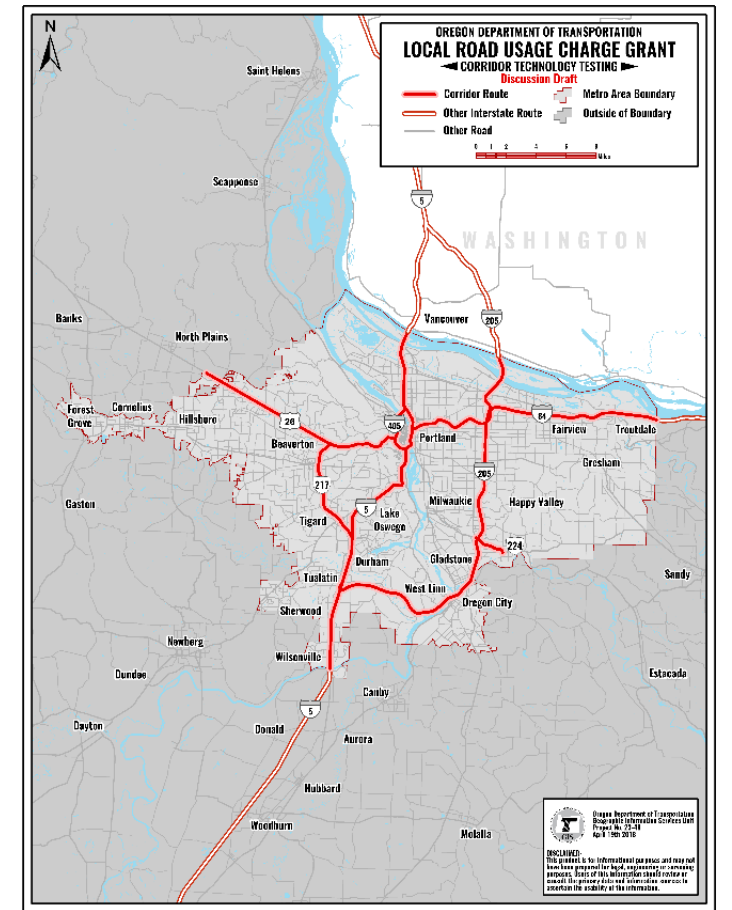
Applicability of Zone Rule ID



Static and variable rates



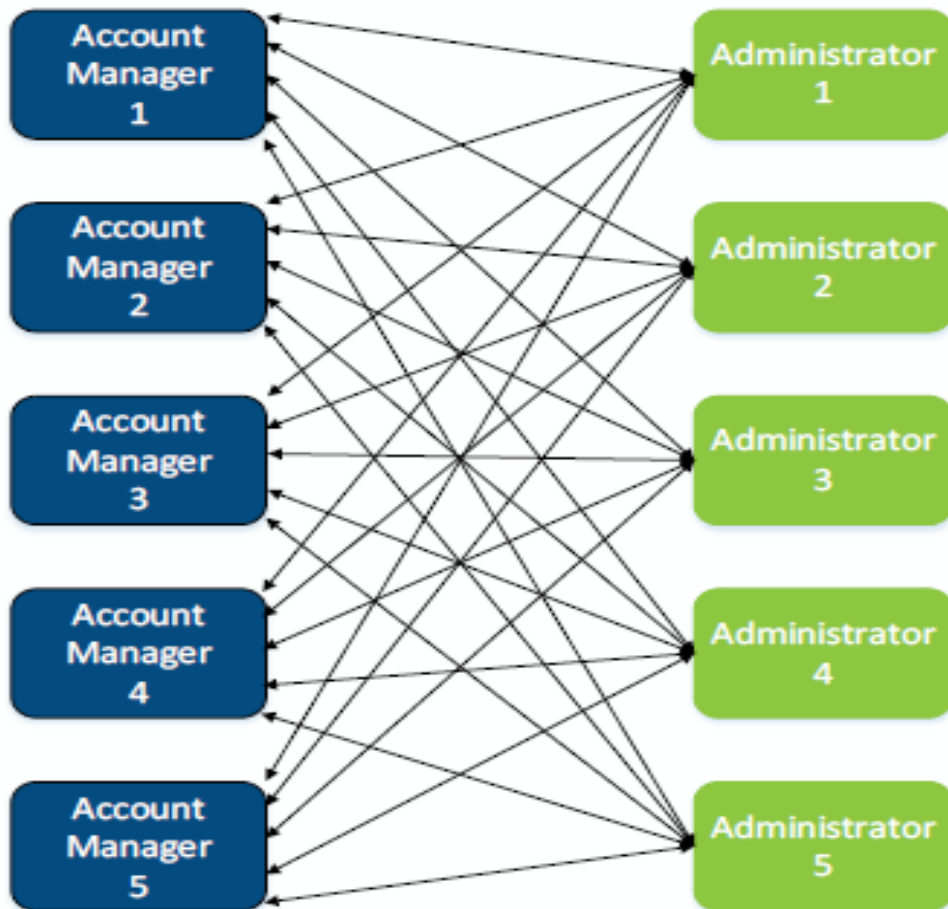
Layered options



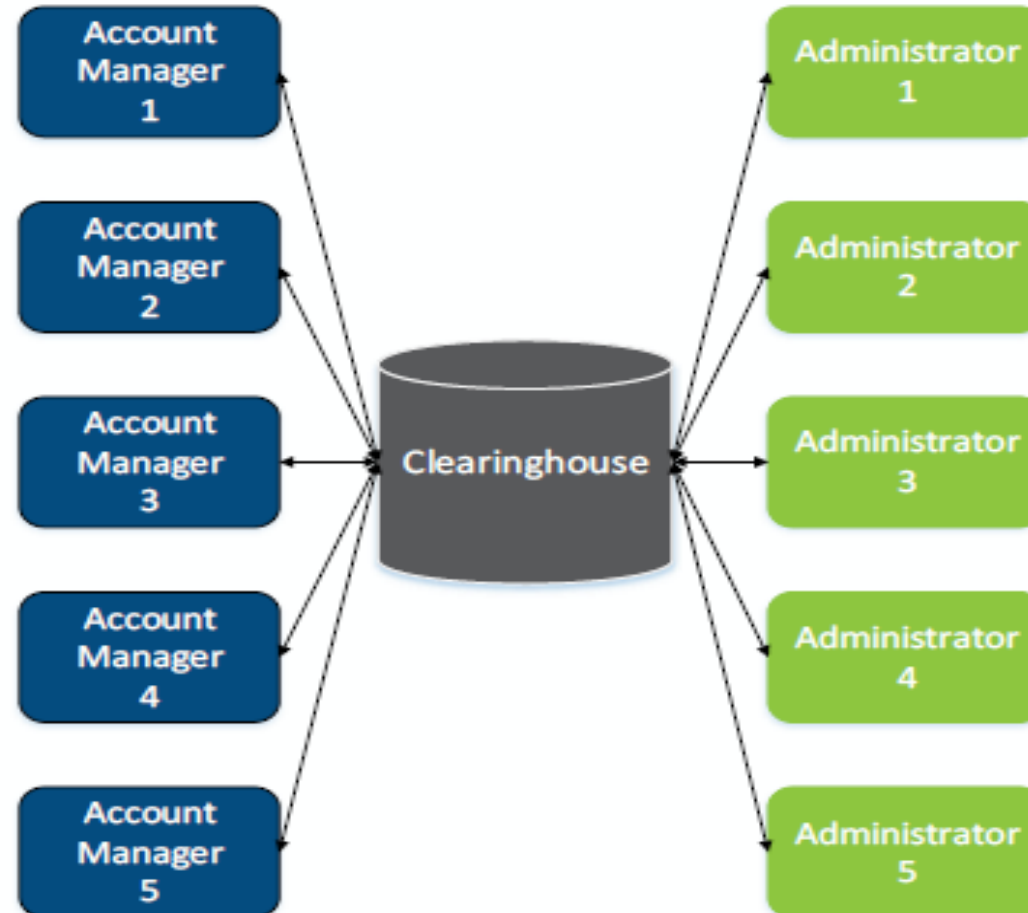
Corridor options

Data sharing

Without a clearinghouse



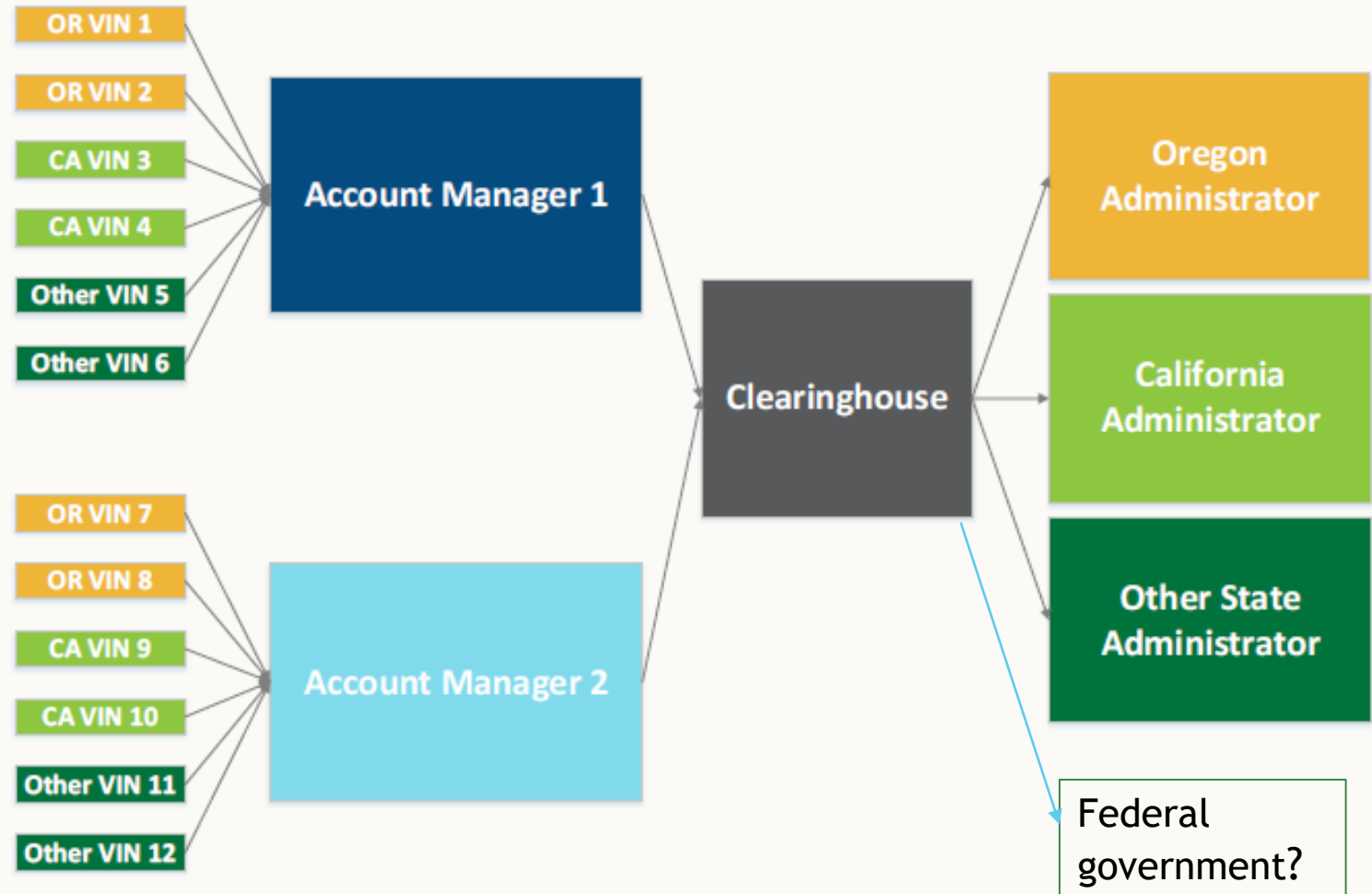
With a clearinghouse



Clearinghouse data flow

Data Flow

1. From the Participant/Vehicle
2. To the Account Managers
3. To the Clearinghouse
4. To the Administrators



Possible end state

- ▶ Each state administers its own program based on its business rules applied to eligible vehicles
- ▶ Each state with a program applies the federal rate to the eligible vehicles registered by that state
 - ▶ States without a program apply an annual federal fee to vehicle registration
- ▶ Account managers certified by each state (or the federal government) accumulate the applicable data, apply the business rules, process the accounts, and share with the clearinghouse
- ▶ Clearinghouse shares the data and facilitates funds transfers

Questions? Comments?

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