



A Look at the Future of Transportation Funding in Oklahoma

ACCO Fall Conference

November 2, 2022



Technology is Changing Transportation

- Advancements in Telematics Making Vehicles and Travel Safer
- Auto Manufacturers are expanding their fleets of Electric Vehicles (EVs)
- The US Government and some states are providing significant funding for EV infrastructure and tax incentives for EV purchases.

Telematics



What Is Vehicle Telematics?

Telematics combines navigation, safety, security and communication into one piece of technology that fits in a **vehicle's** dashboard.

Automotive **telematics** systems receive wireless information and transmit it through a crash-resistant box.*

*Telematics.com

Keys to Significant Transitions to Electric Vehicles

- EV Charging – Adequate number and locations
- Auto Industry Commitment to EV Production
- EV Affordability
- Battery Technology Advancement
- Other State mandates for zero emission vehicle sales.
- ***Nationwide Electric Grid***

Impact from the
Federal
Infrastructure Bill
(HR 3684) Passed
in November
2021

- Provides \$7.5 billion to build a nationwide network of 500,000 EV charging stations in rural and urban areas over 5 years.
- \$65 billion to upgrade the nation's electricity grid.
- Provides \$7 billion for battery technology.

State EV Sale Mandates



- In August California mandated the sale of zero emissions passenger cars and light trucks by 2035. Heavy truck sales must also be zero emissions by 2045.
- 15 other states are tied to California's Zero Emission Vehicle (ZEV) standards.
- Those states represent 40% of all vehicle sales in the U.S.
- While Oklahoma is unlikely to adopt a mandate on EV vehicle sales many will be available to buy in the future.

New Increased MPG Fleet Standards

- In April 2022, the USDOT announced new CAFÉ (Corporate Average Fuel Economy) standards requiring an industry-wide fleet average of **49 MPG** for passenger cars and light trucks in model year 2026.
- The new CAFÉ standards alone are expected to reduce fuel use by 200 billion gallons through 2050.
- Those purchasing new 2026 vehicles will see a 33% decrease in fuel consumed versus 2021 vehicles.

Sources of Highway and Bridge Funding in Oklahoma and Other States

Annual Revenues From Fuel Tax

	Current Annual Revenue	Source of Data
Federal Fuel Tax	\$37 Billion	<i>IRS (2020 Report)</i>
Total Fuel Tax in US	\$52 Billion	<i>Tax Policy Center (2019)</i>
Oklahoma Fuel Tax	\$571 Million	<i>OTC (2021 Report)</i>

Comparison of State Fuel Tax Costs – Per Year and Mile

	State Gas Tax Rate Per Gallon	Gallons Used	State Fuel Tax Paid	Cost Per Mile
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Based on 12,000 Miles Per Year at 20 MPG (Passenger Car)

National Average	\$0.3869	600	\$232.14	\$0.019
California	\$0.6815	600	\$408.90	\$0.034
Oklahoma	\$0.2000	600	\$120.00	\$0.010
Utah	\$0.3191	600	\$191.46	\$0.016

Based on 12,000 Miles Per Year at 15 MPG (Pickup)

National Average	\$0.3869	800	\$309.52	\$0.026
California	\$0.6815	800	\$545.20	\$0.045
Oklahoma	\$0.2000	800	\$160.00	\$0.013
Utah	\$0.3191	800	\$255.28	\$0.021

Oklahoma's Fuel Tax Rate versus the Nation as of January 2022

<i>US National Average</i>	Gasoline (Cents)	Diesel (Cents)
State Excise Tax	26.16	26.72
Other State & Local Taxes/Fees	12.53	13.52
<i>Total State & Local Taxes/Fees</i>	38.69	40.24
Federal Tax	18.4	24.4
<i>Total State & Federal Fuel Taxes & Fees</i>	57.09	64.64

Gasoline Tax & Fees	Rate (Cents)	National Rank
California Tax & Fee Rate (Highest)	68.15	1st
<i>Oklahoma Tax & Fee Rate</i>	20.00	44th
Alaska Tax & Fee Rate (Lowest)	15.13	50th

Source: American Petroleum Institute

Funding For State Owned Roads and Bridges

- **Oklahoma has 12,263 centerline miles and approximately 6,800 bridges on the State Highway System.**

State Funding (FY 2022)

- State ROADS Fund - \$575 Million – \$116 from Fuel Tax, \$235 Million from Vehicle Taxes & Fees, and \$224 Million from income Tax.
- State Transportation Fund (Primarily for Maintenance) - \$200 Million from Fuel Tax
- Other State Funds - \$50 Million

Funding for County Highways in Oklahoma

- ***The 77 Counties in Oklahoma currently maintain 83,055 miles of roads and 13,141 bridges***

FY 2022 County Roads Funding (From OTC Reports)

- Direct distributions to counties for Roads - \$407 Million - \$140 Million from Gross Production Tax, \$135 Million from Motor Vehicle Taxes & Fees, and \$132 Million from Motor Fuel Tax
- County Improvement Road and Bridge (CIRB) Fund - \$90 Million – (For new Projects) - From state motor vehicle collections.

Why Oklahoma is Looking at a Pay-Per-Mile Tax Structure

- The decline of fuel tax revenues – a significant source for maintaining highways and bridges. ***A replacement funding source must be found.***
- **A matter of fairness** – EVs won't contribute equally to maintaining highways under the current tax structure. All vehicles regardless of vehicle type or fuel usage would pay the same.
- The public's expectation is that some form of a road user fee should pay for maintaining the highways, not income tax or sales tax.
- We want to develop a funding plan that works for Oklahoma and its Residents – Oklahoma is unique in many ways.

Pay-Per-Mile Laws & Programs Enacted by States

- Oregon was the first state to implement a pilot program in 2015 and has conducted several studies & projects. Since 2013 at least 10 states have completed pilots or studies.
- Oregon and Utah have implemented a voluntary program collecting 1.8 cents per mile and 1.5 cents per mile respectively.
- Utah charges its 1.5 cents per mile up to a flat fee of \$120 for electric vehicles.
- At least 16 states have enacted rules/laws authorizing studies, pilots, and demonstration projects.

Common Misconceptions About a Per-Mile Charge

- **Misconception**: Double taxation – Some say a gas-powered vehicle would pay both a fuel tax and a charge per mile. **Reality**: A charge per mile would *replace* the fuel tax.
- **Misconception**: Rural residents would pay more than those in urban areas as they may typically travel more miles per day. **Reality**: Those living in rural areas typically have much lower MPG vehicles and frequently pull heavier loads further lowering their MPG. As a result their gallon consumption/usage is much more per mile. Since fuel tax is based on the number of gallons used rural residents will generally pay less per year than urban residents under a per mile tax structure.

Pay-Per-Mile Pilot in Oklahoma

- A 6 month Pilot will begin in 2023 with 500 Voluntary Participants recruited from across Oklahoma. (Authorized by HB 1712)
- Participants will have options including reporting their mileage manually or using a plug-in device that automatically reports the vehicle's MPG and miles traveled.
- Information will be provided to participants at the end of the Pilot including their actual fuel tax cost versus a per-mile charge.
- Summary information will be provided to the public including miles traveled by vehicle type, fuel tax costs per vehicle type in comparison to a road user charge per mile and rural versus urban impacts.
- ***We want to develop a future highway/bridge funding plan that works best for Oklahoma.***

Questions and Discussion