

CHAPTER 4. WEIGHT-MILE TAX

The weight-mile tax is one of two components of transportation taxes in Oregon; the other is the Gas, Use, and Jet Fuel Taxes (see Chapter 3). In general, vehicles are subject to only one of these two components. Heavy vehicles that are generally subject to the weight-mile tax are not subject to the use fuel tax. Revenue from the weight-mile tax is forecast to be \$469.7 million in the 2007-09 biennium and \$486.7 million in the 2009-11 biennium. This tax revenue is dedicated to the construction and maintenance of roads in Oregon.

This tax is imposed on heavy vehicles according to a combination of the number of axles and/or combined weight of the vehicle and the number of miles driven. Studies show that, although fuel consumption increases with vehicle size and weight, it does not increase proportionately with cost responsibility. Above 26,000 pounds registered weight, the overall weight and axle loads become important factors in determining requirements for the strength of pavements, bridges, and other structures. Therefore, a diesel fuel tax would not be an accurate measure of cost responsibility for heavy vehicles.

The tax rate schedule changes as the weight of the vehicle increases from 26,001 pounds to 105,500 pounds, and as the number of axles increases. Within each weight or axle group, a truck pays the stated amount multiplied by the number of miles the truck travels each year on Oregon public roads. The weight-mile tax schedules are based on results of cost responsibility studies that determine the fair share that heavy vehicles should pay for the maintenance, operation, and improvement of the state's highway system.

The tax rates consist of separate schedules for vehicles with declared weights between 26,001-80,000 pounds (Tax Table A) and those operated under special permit with registered weights between 80,001-105,500 pounds (Tax Table B). The tax tables and additional information are posted at www.oregon.gov/ODOT/MCT/FORMS.shtml#Taxes___Fees.

Since 1947, the weight-mile tax schedules have been adjusted as the result of updated cost responsibility studies and revenue measures passed by the Legislature. The Office of Economic Analysis is responsible for producing the Highway Cost Allocation Study. The most recent edition of this study is available at www.oregon.gov/DAS/OEA/highway.shtml.

4.001 FARMING OPERATIONS

Oregon Statutes: 825.017(4), 825.017(15), and 825.024

Sunset Date: None

Year Enacted: 1983

	Total
2007–09 Revenue Impact:	\$1,700,000
2009–11 Revenue Impact:	\$1,800,000

DESCRIPTION: Vehicles used in conjunction with farming operations are exempt from the payment of weight-mile taxes. This includes implements of husbandry, low-speed vehicles, and farm related equipment as referenced in the three Oregon statutes cited.

Implements of husbandry are those vehicles and trailers used exclusively in agricultural operations. The definition for farm-related equipment is more inclusive and identifies uses incidental to farming operations such as transportation of supplies and equipment, as well as the personal use of vehicles by the farmer and the farmer’s family or employees. Low-speed vehicles must be designed for off-road use, and no more than 15 percent of their mileage can be on the road.

Vehicles registered as farm equipment are used primarily off the road system, and in most cases, the transportation of such vehicles on the road is incidental to their use. Over 60 percent of the vehicles operated in conjunction with farming weigh less than 26,000 pounds and are not subject to weight-mile taxation. This provision applies only to those farm vehicles that exceed 26,000 pounds.

It should be noted that farm vehicles are subject to fuel taxes unless they are operated off the road system, in which case a refund is allowed under ORS 319.320(3). Because farm vehicles over 26,000 pounds pay fuel tax, they are not subject to weight-mile tax. Therefore, the revenue impact reported here is the difference between what they pay in fuel tax and what they would pay under the higher weight-mile tax rates.

PURPOSE: The statutes that allow this expenditure do not explicitly state a purpose. Presumably, the purpose is to relieve farmers of the recordkeeping necessary to comply with the weight-mile tax and to recognize the partial or seasonal use of the transportation system by these users.

WHO BENEFITS: There are approximately 39,500 farming operations in the state and about 43,400 registered farm vehicles.

EVALUATION: *by the Department of Transportation*

This expenditure appears to achieve its purpose. However, the benefit per farm is very small and probably does not provide a competitive edge for farming in Oregon. Of course, larger farming operations benefit according to the amount of equipment in operation.

4.002 FOREST PRODUCTS ON COUNTY ROADS

Oregon Statute: 825.017(8)

Sunset Date: None

Year Enacted: 1977

	Total
2007–09 Revenue Impact:	\$0
2009–11 Revenue Impact:	\$0

DESCRIPTION: Under certain conditions, vehicles used for the removal of forest products on a public road are exempt from the payment of weight-mile taxes. An agreement with the Oregon Board of Forestry, the state forester, or an agency of the United States must authorize the use of the road and require the user to pay for or perform the construction or maintenance of the county road. In some cases, construction of a specific roadway is necessary for the removal of forest products. This provision allows counties to contract with the users of a roadway for the maintenance and improvement of the specific section of roadway used.

PURPOSE: The statute that allows this expenditure does not explicitly state a purpose. Presumably, the rationale for this expenditure is that in most cases, the fuels and weight-mile taxes pay for the general use of the transportation system where tracking user damage to identifiable areas is difficult. In this case, however, the section of roadway over which heavy loads are moved is easily identified, and the cost imposed by the user can be more directly allocated to a specific section of roadway.

WHO BENEFITS: No one has used this provision recently. Potential beneficiaries include businesses that transport forest products to the extent that any required road maintenance costs are surpassed by the amount exempt.

EVALUATION: *by the Department of Transportation*

This expenditure is ineffective in achieving its purpose as the costs of construction or maintenance of a typical county road would be higher than that of weight-mile tax.

Furthermore, virtually no one knows about this provision. The public works department of counties with major timber operations, the U.S. Forest Service, and timber industry representatives were contacted. There was only one case identified where this provision had been exercised, and it was approximately 30 years ago.

4.003 ELEMENTARY AND SECONDARY SCHOOLS

Oregon Statute: 825.017(1)

Sunset Date: None

Year Enacted: Pre-1953

	Total
2007–09 Revenue Impact:	\$2,000,000
2009–11 Revenue Impact:	\$2,100,000

DESCRIPTION: Vehicles used by, or under contract with, any elementary or secondary school district are exempt from the payment of weight-mile taxes when engaged exclusively in transporting students to or from school or authorized school activities or those activities sponsored by the State Board of Higher Education.

Some of these vehicles are exempt from both the use fuel and weight mile taxes. Those vehicles are included in the revenue impact reported here and also in the fuels tax expenditure for 3.004, Public Services, which has information for schools and Education Service Districts. However, it should be noted that vehicles would not be subject to both taxes. Vehicles that were subject to the weight-mile tax would be exempt from taxation on use fuel and vice-versa.

PURPOSE: The statute that allows this expenditure does not explicitly state a purpose. Presumably, the rationale is that weight-mile taxation is generally applied to for-hire commercial vehicles. School buses are either owned by a school district or a contractor supplying services to a school district and are therefore not for-hire vehicles. This provision reduces the record keeping and audit cost of the refund application process.

WHO BENEFITS: There are about 230 school districts operating more than 1,200 elementary and secondary schools. This provision applies only to school buses that exceed 26,000 pounds, the threshold weight for the weight-mile tax. Approximately 60 percent of the miles traveled by school buses are in weight classes equal to or less than 26,000 pounds.

EVALUATION: *by the Department of Transportation*
 This expenditure achieves its purpose. It reduces the cost of public education in Oregon by reducing the cost to school districts that would be necessitated by paying the weight-mile tax as well as complying with the record keeping and other compliance costs of the tax.

4.004 GOVERNMENT OWNED OR OPERATED VEHICLES

Oregon Statutes: 825.017(11) and 825.017(13)

Sunset Date: None

Year Enacted: Pre-1953

	Total
2007–09 Revenue Impact:	\$9,000,000
2009–11 Revenue Impact:	\$9,300,000

DESCRIPTION: Vehicles being used in the performance of public services are exempt from weight-mile taxes. Exempt vehicles include those:

- Owned or operated by the United States, the state of Oregon, any county, city, town or municipality in this state, or any department of any of them except when owned or operated as a carrier for hire; or
- Involved in transportation of U.S. mail on rural or star routes by contract or employed by the U.S. Postal Service.

Some of these vehicles are exempt from both the fuel and weight-mile taxes. However, it should be noted that these vehicles would not be subject to both taxes. Vehicles that were subject to the weight-mile tax would be exempt from taxation on use fuel and vice versa. The revenue impact reported here is the difference between what these vehicles would pay in weight mile taxes and what they pay in fuel taxes.

PURPOSE: The statutes that allow this expenditure do not explicitly state a purpose. Presumably, the purpose is to avoid reciprocal taxation among public entities when the tax revenue would be used largely for the same purpose as the activity being taxed (road construction and maintenance).

WHO BENEFITS: Beneficiaries include state government, 240 incorporated cities and towns, 36 counties, and the Postal Service. As noted above, some public service vehicles are exempt from both the use fuel and weight-mile taxes.

EVALUATION: *by the Department of Transportation*

This expenditure achieves its purpose. Cities and counties, the major beneficiaries of this provision, operate equipment subject to this tax largely in conjunction with the construction and maintenance of roads. Revenue generated through this tax is dedicated for this purpose, and this provision reduces the processing of funds before returning them to public agencies to be used for this purpose. This is an effective continuation of established policies that avoid the reciprocal taxation of governing agencies.

4.005 PUBLIC MASS TRANSIT VEHICLES

Oregon Statute: 825.017(12)

Sunset Date: None

Year Enacted: 1977

	Total
2007–09 Revenue Impact:	\$2,400,000
2009–11 Revenue Impact:	\$2,600,000

DESCRIPTION: Vehicles owned or operated by a mass transit district are exempt from weight-mile taxes. Mass transit districts are units of government and transit vehicles are owned by units of government.

Virtually all transit vehicles are powered by diesel or other fuels besides gasoline and are therefore exempt from both the use fuel and weight-mile taxes. Those vehicles are included in the revenue impact reported here and also in the fuels tax expenditure 3.005, Public Transportation. However, it should be noted that these vehicles would not be subject to both taxes. Vehicles that were subject to the weight-mile tax would be exempt from taxation on use fuel and vice versa. The revenue impact reported here is what these vehicles would pay if subject to the weight-mile tax.

PURPOSE: The statute that allows this expenditure does not explicitly state a purpose. Presumably, the purpose is to lower the cost of providing public transportation services.

WHO BENEFITS: Three mass transit districts, seven transportation districts, and one county service district in the state provide public transportation service.

EVALUATION: *by the Department of Transportation*
 This expenditure achieves its purpose. Without this exemption, fares could be higher, which would decrease ridership, particularly by those from lower income groups and/or those with limited mobility.

4.006 FIRE PROTECTION

Oregon Statute: 825.017(18)

Sunset Date: None

Year Enacted: 1977

	Total
2007–09 Revenue Impact:	Less than \$50,000
2009–11 Revenue Impact:	Less than \$50,000

DESCRIPTION: Vehicles used for the purposes of forest protection and fire suppression are exempt from weight-mile taxes when directed by the state forester. This exemption also applies to the vehicles being moved to or from the work area.

It should be noted that fire protection vehicles are subject to fuel taxes. Because they pay fuel taxes, they are not subject to the weight-mile tax. Therefore, the revenue estimate reported here is the difference between what they pay in fuel tax and what

they would pay under the higher weight-mile tax rates. It should further be noted that many fire protection vehicles are owned by units of government and are exempt from weight-mile taxes under 4.004, Government Owned or Operated Vehicles, however this exemption also applies to privately owned fire protection vehicles.

PURPOSE: The statute that allows this expenditure does not explicitly state a purpose. Presumably, the purpose is to lower the cost of providing fire protection services normally provided through public services, and to station additional water supply trucks near logging operations when deemed necessary by forestry officials.

WHO BENEFITS: Non-government owners of fire protection vehicles. Very few are using this exemption.

EVALUATION: *by the Department of Transportation*
 This expenditure appears to achieve its purpose. These fire protection vehicles are very few in number and operate primarily off the highway system; they would not be subject to taxation, with the exception of the provision that allows movement to and from the work area. This provision is effective, as the cost associated with record keeping and weight-mile audit would likely exceed any revenue generated. This is a minimal investment in supporting activities to protect Oregon’s forest resources.

4.007 CHARITABLE ORGANIZATIONS

Oregon Statute: 825.017(14)
 Sunset Date: None
 Year Enacted: 1977

	Total
2007–09 Revenue Impact:	\$100,000
2009–11 Revenue Impact:	\$100,000

DESCRIPTION: Vehicles owned, or under contract with, a charitable organization are exempt from the payment of weight-mile taxes when engaged exclusively in performing transportation necessary to the operation of the charitable organization.
 It should be noted that vehicles used by charitable organizations are subject to fuel taxes. Because they pay fuel taxes, they are not subject to the weight-mile tax. Therefore, the revenue estimate reported here is the difference between what they pay in fuel tax and what they would pay under the higher weight-mile tax rates.

PURPOSE: The statute that allows this expenditure does not explicitly state a purpose. Presumably, the purpose is to help support services provided by charitable organizations that fulfill a socially desirable function.

WHO BENEFITS: Charitable organizations operating vehicles that are registered by weight. Very few are using this exemption.

EVALUATION: *by the Department of Transportation*
 Although the benefit in this case is relatively small, this provision is believed to be effective in achieving its purpose. There are relatively few vehicles being operated by charitable organizations that exceed the 26,000 pounds lower limit of the weight-mile tax rate schedules.

Weight-Mile Tax

Charitable organizations are excluded from all provisions of Chapter 825 of the ORS, which include operating authority and regulatory requirements before deregulation. At the time this exemption was passed, the exclusion from the provisions of Chapter 825 would have granted such organizations greater operating freedom and may have been the original incentive to provide this exemption.