



MEDIA RELEASE

President's economic report outlines a move from fuel tax to road user fees

12 March 2018 Auckland The federal government in the US is considering a road funding model based on user fees. The annual [Economic Report of the President](#) has proposed replacing fuel tax with a user fee, rather than raising the fuel tax as President Trump had earlier signalled.

The US doesn't have a federal distance-based road user charging system, relying primarily on fuel taxes, which is resulting in a shortfall of funds for road maintenance and building due to the increasing adoption of fuel-efficient and electric vehicles.

The report states that "conventional funding models are now under pressure from rising fuel efficiency and the use of electric vehicles, and congestion costs are high and rising in many urban areas. Innovations such as user fees for vehicle miles travelled — as are being piloted in Oregon*, for example — and highway tolls that vary with congestion can increase efficiency and raise needed revenues to pay for infrastructure improvements and additions to capacity."

Oregon is one of just four states where heavy vehicles pay taxes for road use based on distance travelled and vehicle weight, using a system similar to New Zealand's road user charging regime. EROAD provides an electronic solution in Oregon for managing and paying weight mile tax.

"The president's Economic Report outlines a logical progression from a fuel tax to a road user-based charge," EROAD CEO Steven Newman said.

"The report outlined a number of options, and regardless of which regime is selected, EROAD technology offers an innovative and cost-effective way to introduce a user fee across jurisdictions. The EROAD platform has been built from the ground up to support electronic tax solutions such as Oregon Weight Mile Tax and IFTA (International Fuel Tax Agreement)," he said.

Since the introduction of the FAST (Fixing America's Surface Transportation) Act in December 2015, a number of pilot initiatives have been established throughout the United States. Multiple states and geographic regions are testing different approaches to compare distance-based charging with the fuel tax, including the first multi-state truck pilot on the Eastern Seaboard, led by the I-95 Corridor Coalition. EROAD has been selected to take part in this pilot, which will start later this year.

** This refers to Oregon's Mileage Fee Concept and Road User Fee Pilot Program, for cars and light commercial vehicles. Heavy vehicles have paid weight-mile tax in Oregon since 1933*

For further information contact:

Steven Newman
Chief Executive Officer
EROAD Limited
DDI: 09 927 4713
Email: steven.newman@eroad.com



About EROAD

EROAD modernises road charging and tax compliance and health and safety compliance for road transport by replacing paper-based systems with easy-to-use electronic systems that also improve fleet management. The company is headquartered in Auckland, New Zealand, and listed on the New Zealand Exchange (NZX). Its US business is based in Portland, Oregon, serving customers with vehicles operating in every US mainland state, growing outward in concentration from the Northwest. In 2009 EROAD introduced the world's first nationwide electronic road user charging (eRUC) system in New Zealand and, in 2017, more than 50% of heavy transport RUC is expected to be collected electronically, representing a rapid transition to e-commerce on a voluntary, industry-led basis, due to the cost-savings and benefits to customers. EROAD is also a leading provider of health and safety compliance services, including vehicle management and driver behaviour and performance measures.

www.eroad.co.nz