



# WASHINGTON STATE ROAD USAGE CHARGE

## Pilot Project

# TODAY'S PRESENTATION

## Problem

- Future funding gap

## Potential solution

- Road usage charge

## Key Findings

- What we have learned from our research to date

## Pilot project

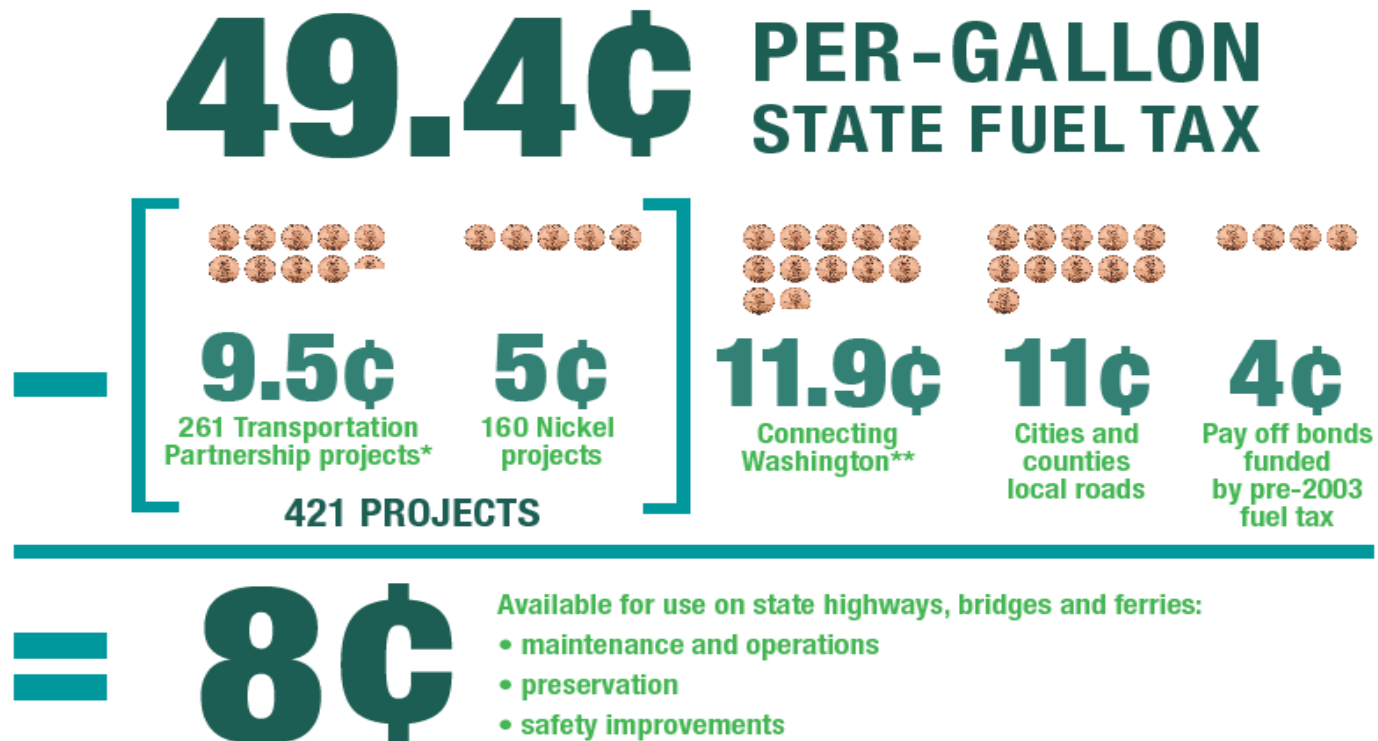
- Testing a road usage charge

# PROBLEM

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Gas tax won't fund future needs

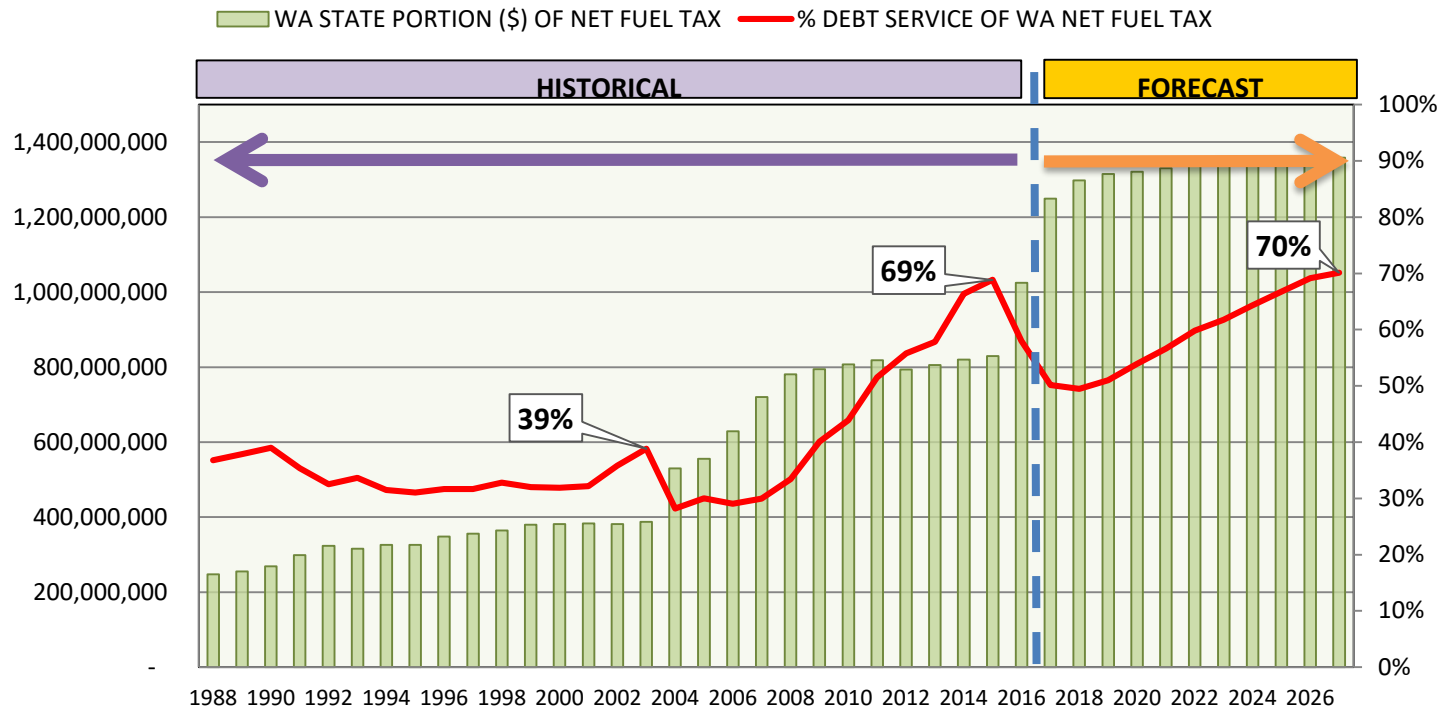
# GAS TAX BREAKDOWN



\* Of the 9.5¢, 8.5¢ is used by the state for highway projects, 1¢ goes to cities and counties for street and road improvements.

\*\* The 11.9¢ gas tax increase was phased in over two years - a 7¢ cent increase on 8/1/2015, and a 4.9¢ increase on 7/1/2016.

# BY 2027, 70% OF STATE GAS TAX REVENUES WILL GO TO DEBT SERVICE PAYMENTS\*



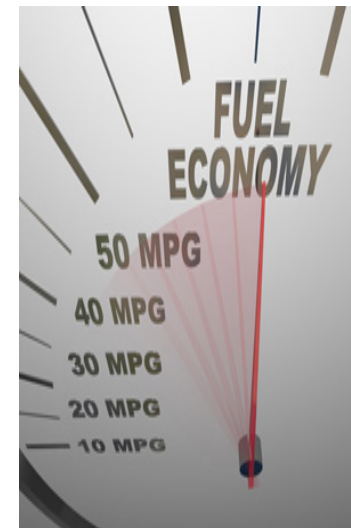
\*Based on Net Fuel Tax Revenue and Debt Service projections per the Nov 2016 Forecast.

- Debt service only includes debt first payable by the fuel tax. This excludes SR 520 corridor debt service (first payable by tolls), but includes Tacoma Narrows Bridge debt service (reimbursed by tolls).

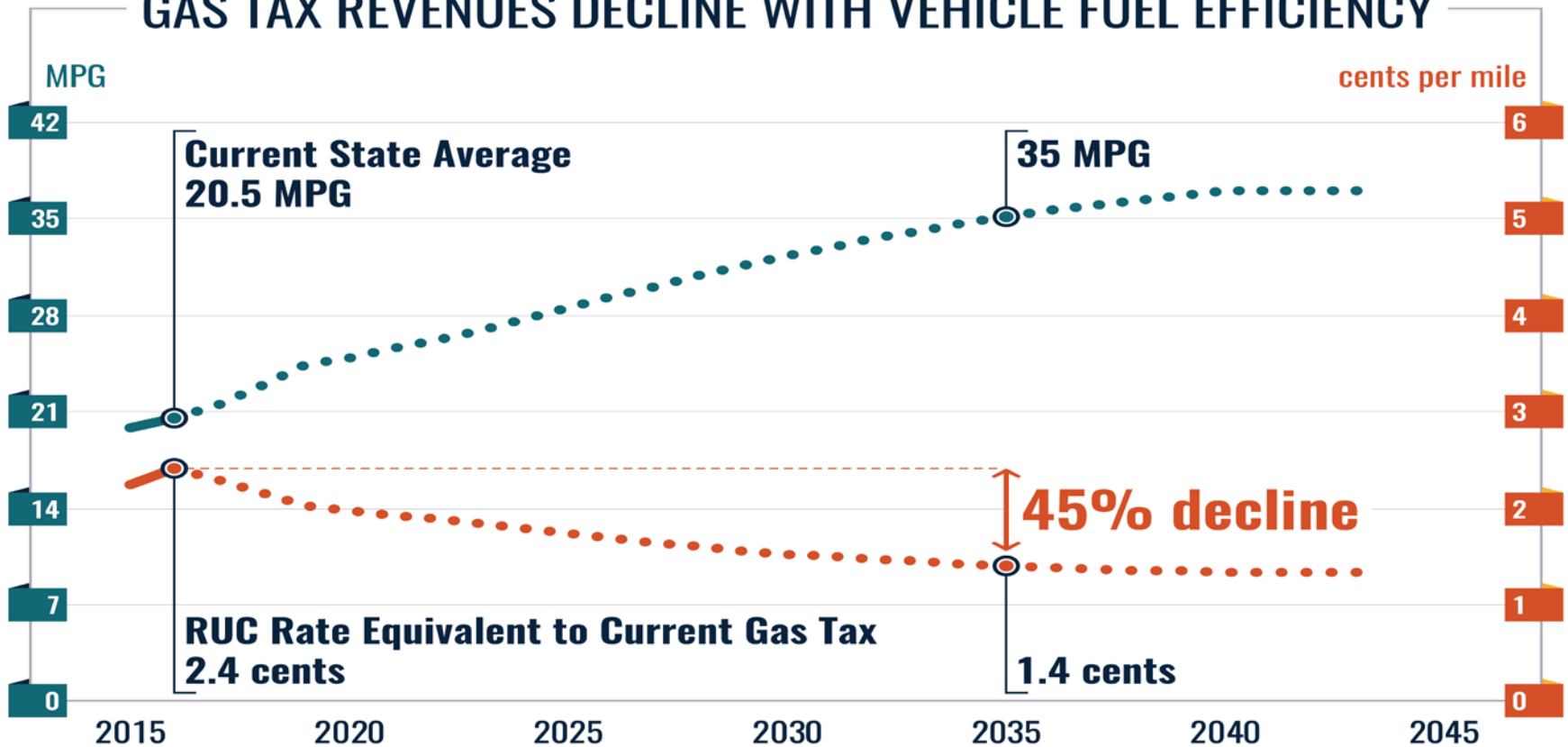
- WA state's portion of fuel tax revenue does not include all fuel tax revenue pledged for debt service. For example, revenue distributed to cities and counties is also pledged for debt service, and beginning in FY 2019, revenue from select vehicle fees (for selected projects).

# THE FUEL EFFICIENCY BAR CONTINUES TO RISE

- Current federal CAFE Standards: **54.5 MPG by 2025**
- Washington state's current average: **20.5 MPG**
- The U.S. Energy Information Administration conservatively predicts:
  - All **NEW** cars by 2040 = **48 MPG**
  - All cars (**new and old**) by 2040 = **37 MPG**
- Auto Manufacturers are setting the pace



## GAS TAX REVENUES DECLINE WITH VEHICLE FUEL EFFICIENCY



Conservative forecasts say Washington's vehicles will reach a 35 MPG average by 2035—a potential 45% reduction in gas tax revenue per mile driven. As vehicle MPG increases, gas consumption decreases, and thus gas tax revenues decrease as well.

*The state gas tax increased in 2015-2016.*

# POTENTIAL SOLUTION



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Road Usage Charge (RUC)



# ROAD USAGE CHARGE A POTENTIAL SOLUTION

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- A road usage charge is a per mile charge drivers would pay for the use of the roads, rather than paying by the gallon of gas
- Washington is not alone – RUC West is a consortium of 14 western states who are collaborating:
  - 8 are conducting research
  - 4 are testing
  - 1 has a legislatively-enacted program



Source: RUC  
West

# ROAD USAGE CHARGE ASSESSMENT

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Since 2012, the Washington State Transportation Commission has led this work with a 25-member steering committee comprised of diverse stakeholders

**Three Commissioners** – one serves as Chair

**Eight Legislators** – four Senators and four Representatives

**Representatives from:**

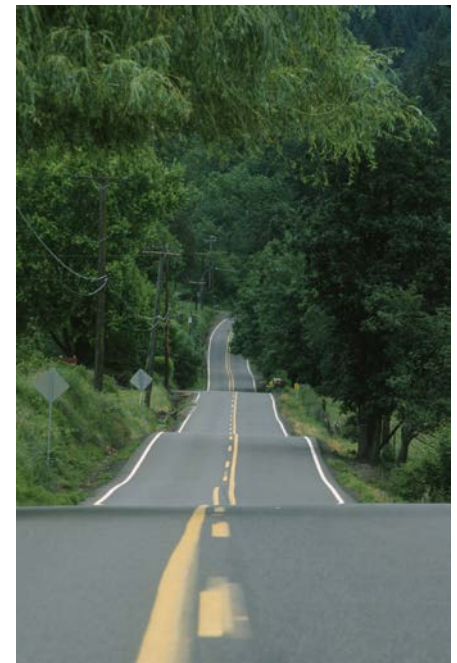
- Auto and light truck manufacturers
- Ports
- Environmental
- Counties
- Trucking industry
- Cities
- Public transportation
- Tribal
- Consumer/public
- WSDOT
- Department of Licensing
- Motoring public
- Business
- User fee technology
- Treasurer's office

# THE BASIS OF THE ASSESSMENT

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Identify a sustainable, long-term revenue source for Washington State's transportation system, and transition from the current gas tax

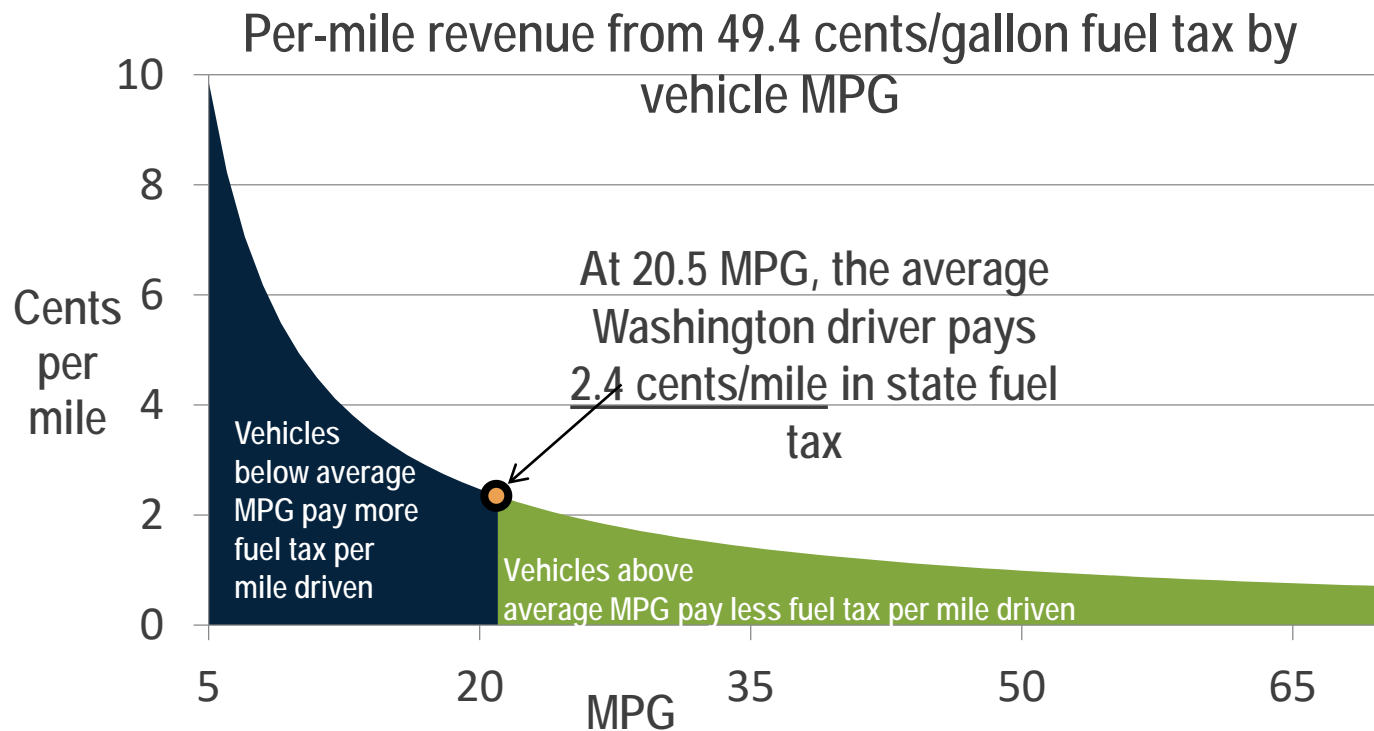
- Ensure there is consumer choice on how mileage information can be collected and paid for
- During the transition period of moving from the gas tax to a road usage charge, drivers would pay one or the other, but not both
- For purposes of assessing the gas tax against a road usage charge, we have assumed revenue neutrality and focused on net revenue potential for both
- RUC is not tolling:
  - Road usage charging is being looked at as a foundational funding source for the statewide transportation system
  - By contrast, tolling is used to pay for a specific project and/or manage congestion on a specific corridor, with the revenues dedicated to that corridor or project



# KEY FINDINGS TO DATE

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# TAXING GALLONS HAS REAL FAIRNESS AND EQUITY CHALLENGES



# EVEN WITH ANNUAL GAS TAX INCREASES REVENUE WILL NOT KEEP UP WITH NEEDS

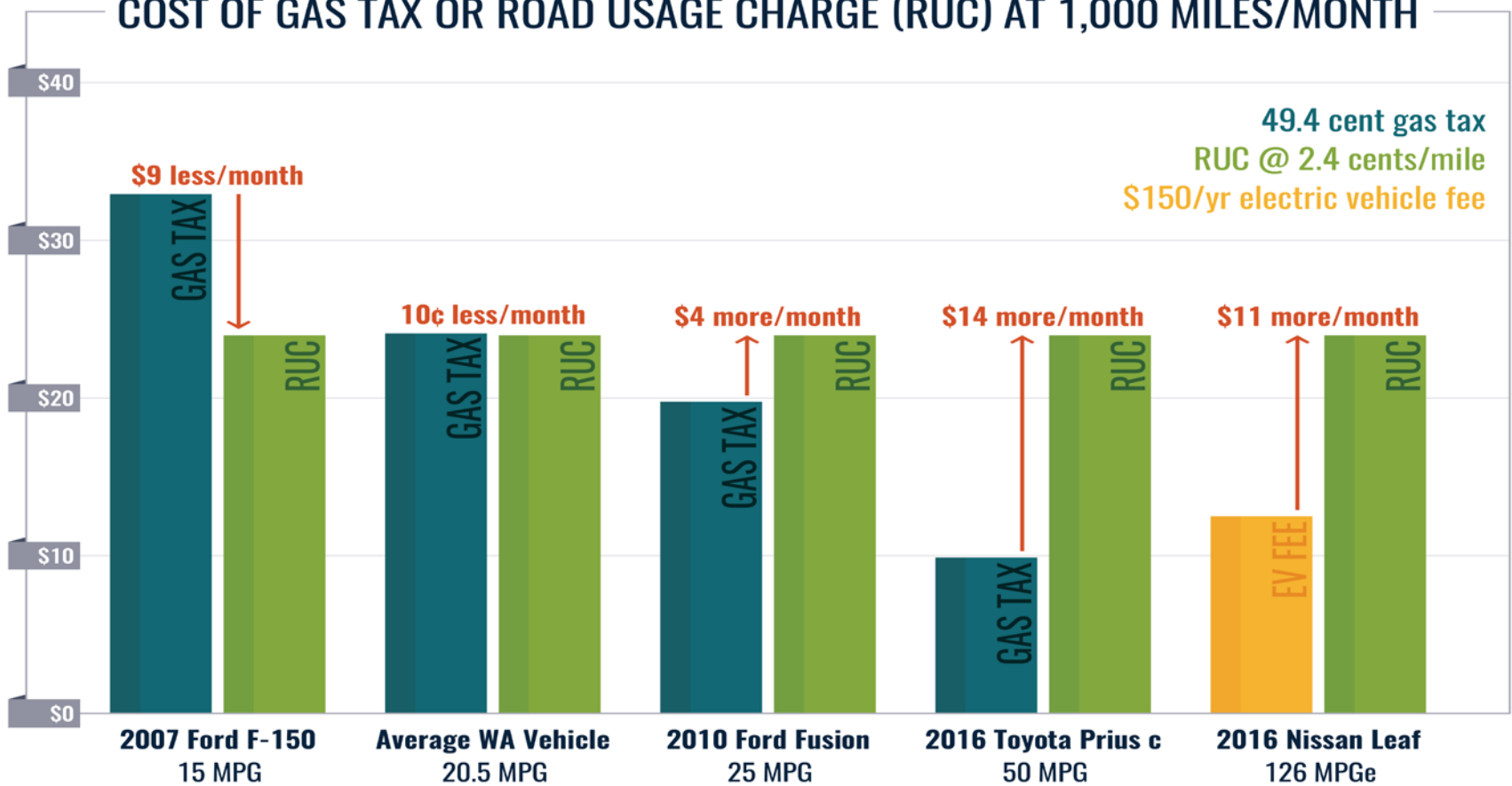
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The gas tax would have to be raised about 1.5 cents per gallon, per year on all vehicles from 2019-2043 in order to equal net revenues from a road usage charge of 2.4 cents per mile

- This would not address growing needs for improvements or maintenance – **it would keep funding at status quo levels**



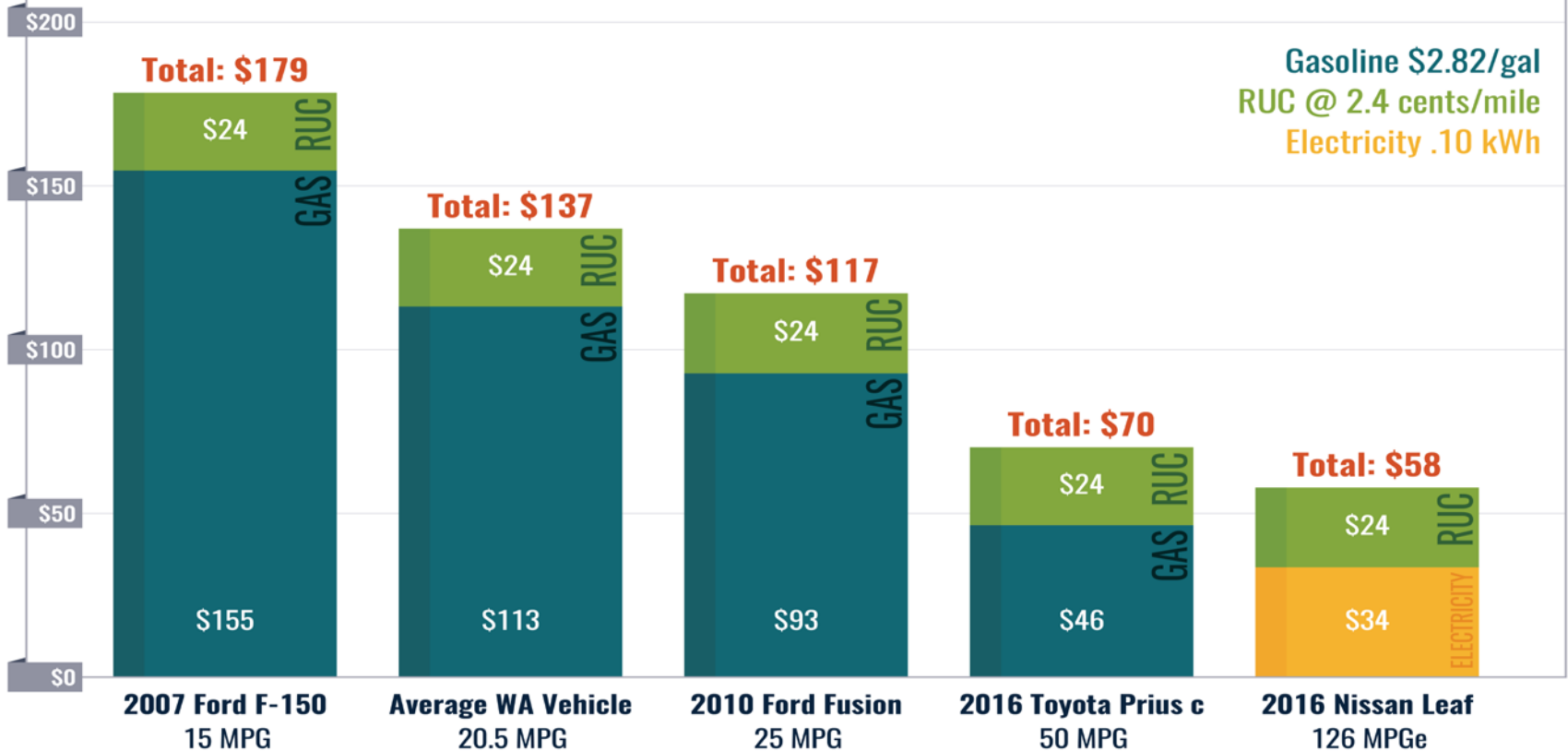
## COST OF GAS TAX OR ROAD USAGE CHARGE (RUC) AT 1,000 MILES/MONTH



What you drive will determine the cost impact of RUC:

- Less fuel efficient vehicles will see a decrease in the amount of taxes paid
- More fuel efficient vehicles will see an increase in the amount of taxes paid
- The total effect is that all drivers pay the same rate to use the roads—regardless of their vehicle's MPG

## MONTHLY FUEL + ROAD USAGE CHARGE (RUC) COST PER 1,000 MILES TRAVELED



While RUC does result in drivers of fuel efficient vehicles paying a little more in taxes for transportation as compared to the gas tax, the overall cost advantage of owning a fuel efficient, hybrid, or EV remains significant.

For example, under RUC, owners of a Prius will pay \$109 dollars per month less than the Ford pickup truck driver.



# OUT OF STATE DRIVERS

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Need to be able to charge people from out of state for use of roads

- Keeping the gas tax in place as a parallel system to the road usage charge during a transition solves this
- Drivers will pay either the gas tax or the road usage charge – but **not both**



# RUC ENABLES FUNDING SUSTAINABILITY & POLICY HARMONIZATION

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A RUC system presents the opportunity to harmonize transportation, energy and environmental imperatives:

- The gas tax is one dimensional – it is collected as a flat rate at the distributor level, and cannot be varied or customized
- There are current law policy goals related to VMT and emission reductions which are inherently in conflict with long-term transportation revenue needs
- Less gas consumption = less revenue for roads
- RUC is capable of accommodating policy goals and transportation revenue needs
  - Depending on policy priorities, decision-makers could chose to vary RUC rates by such factors as vehicle MPG, vehicle weight, engine type, fuel source, etc.

# ROAD USAGE CHARGE POLICY CONSIDERATIONS

Policy Area	WA RUC Pilot Testing	Steering Committee Recommendation	State Legislature Decision
Potential future mileage reporting methods	✓	✓	✓
Privacy and data protection	✓	✓	✓
Interoperability with other states and Canada	✓	✓	✓
Potential revenue allocations to local jurisdictions			✓
18 <sup>th</sup> amendment implications			✓

*Not a complete list*

# PILOT PROJECT

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Inform design of a fair-share approach

# SNAPSHOT: WASHINGTON'S RUC PILOT PROJECT

## Federal FAST Act funding: Surface Transportation Funding Alternatives Program Grants:

- Stage 1: Final Design and Set-up, \$3.874 M — **complete**
- Stage 2: 12-month live pilot, and Stage 3, evaluation and reporting: \$4.6 M — **underway**

## Summary of Washington RUC Pilot Project:

- **Year-long**, statewide test of Washington-designed RUC system for up to **2,000** volunteer test vehicles
- **Cross-border Testing:**
  - City of Surrey, BC,
  - Idaho Transportation Department
  - Oregon Department of Transportation
- **Additional Partners:** Seattle Electric Vehicle Association and Plug-in America,
- **Mileage Reporting Choices:** Mileage Permit, Odometer Charge, Automated Mileage Meter (two types), and Smartphone App



# MILEAGE REPORTING OPTIONS AT A GLANCE

## MILEAGE PERMIT



- Pre-select miles based on how much you expect to drive in 3 months
- Works with all vehicles
- Submit an odometer photo when it is due at the end of the quarter (September, December, and the end of the pilot) using a mobile phone or in person at select vehicle licensing offices
- Does not use navigational GPS

## ODOMETER READING



- Submit an odometer photo when it is due at the end of the quarter (September, December, and the end of the pilot) using a mobile phone, or in person at select vehicle licensing offices
- Works with all vehicles
- Does not use navigational GPS

## MILE MAPPER™ SMARTPHONE APP



- Report miles monthly using the smartphone app
- Works with all vehicles
- Smartphone required (available for iPhone only)
- Navigational GPS can be turned on/off

## PLUG-IN DEVICE WITH GPS



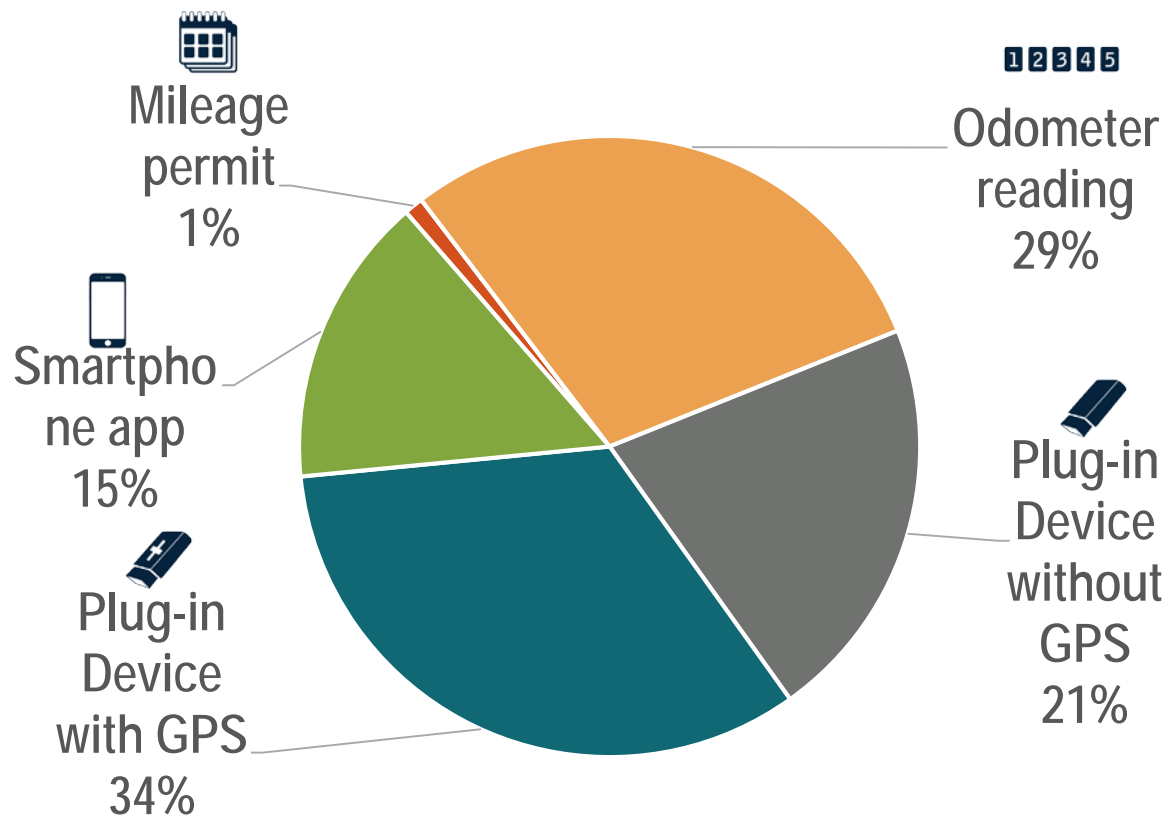
- Plug-in device automatically reports mileage and deducts out-of-state miles
- Works with all vehicles 1996 or newer
- Smartphone may be required (depends on service provider)
- Navigational GPS is required

## PLUG-IN DEVICE










- Plug-in device automatically reports mileage
- Works with all vehicles 1996 or newer
- No smartphone required
- Does not use navigational GPS

# MILEAGE REPORTING OPTIONS SELECTED BY PILOT PARTICIPANTS



# PARTICIPANTS SELECT PRIVATE SERVICE PROVIDER – TWO CHOICES

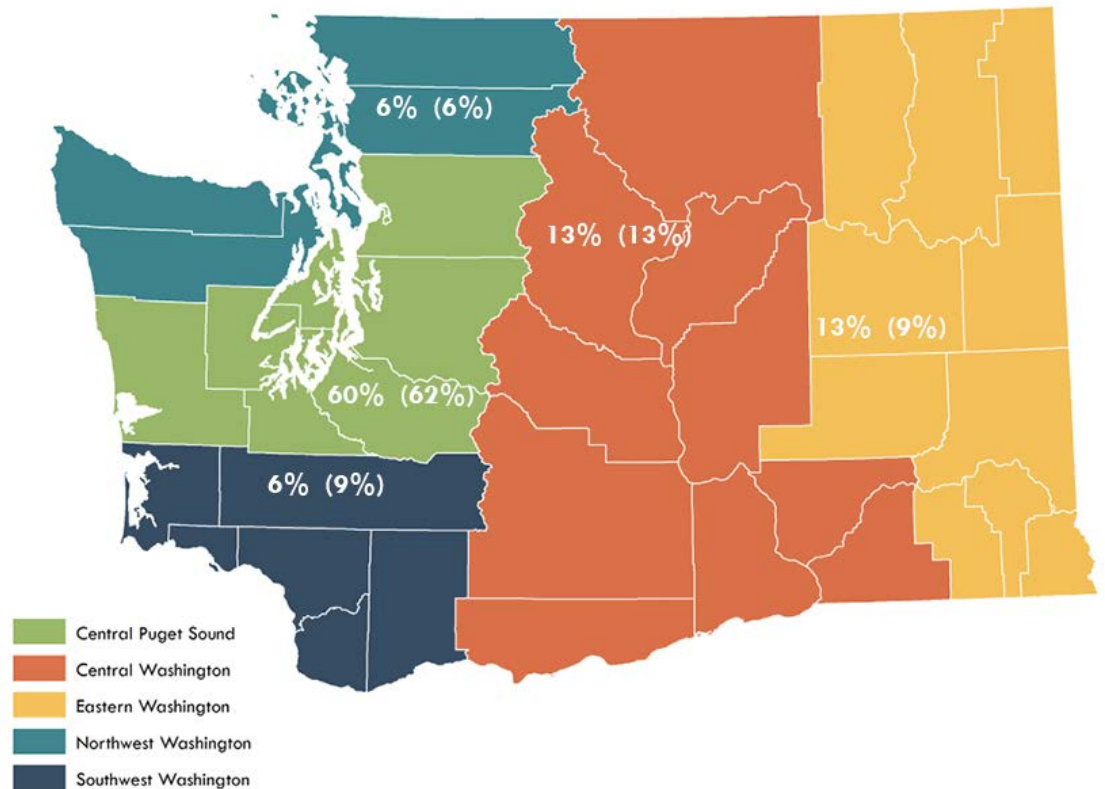
- Service providers are helping us test how private, third-party entities might partner with the state in a potential future road usage charge system
- Some service providers offer optional, value-added services to participants, such as a phone app, vehicle & travel information, tow truck services, etc.

	 DRIVESYNC.	 emovis
 MILEAGE PERMIT	✓	✓
 ODOMETER READING	✓	✓
 PLUG-IN DEVICE WITH GPS	✓	✓
 PLUG-IN DEVICE WITHOUT GPS	✓	
 MILE MAPPER SMARTPHONE APP (IPHONE ONLY)	✓	



## PARTICIPANT POOL - GEOPGRAPHIC DISTRIBUTION

- 2,000 drivers from across the state are now enrolled and participating
- These 2,000 participants reflect our states geographic distribution



# PILOT PROJECT TIMELINE

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To stay looped in on the  
project's progress visit:

[www.waroadusagecharge.org](http://www.waroadusagecharge.org)

Questions? [info@waroadusagecharge.org](mailto:info@waroadusagecharge.org)

Want to talk? (833) WASH-RUC



# CONTACT INFORMATION

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