

Florida Transportation Commission Meeting

December 6, 2007

Moving Beyond the Gas Tax:

A Look at What Other States Are Doing



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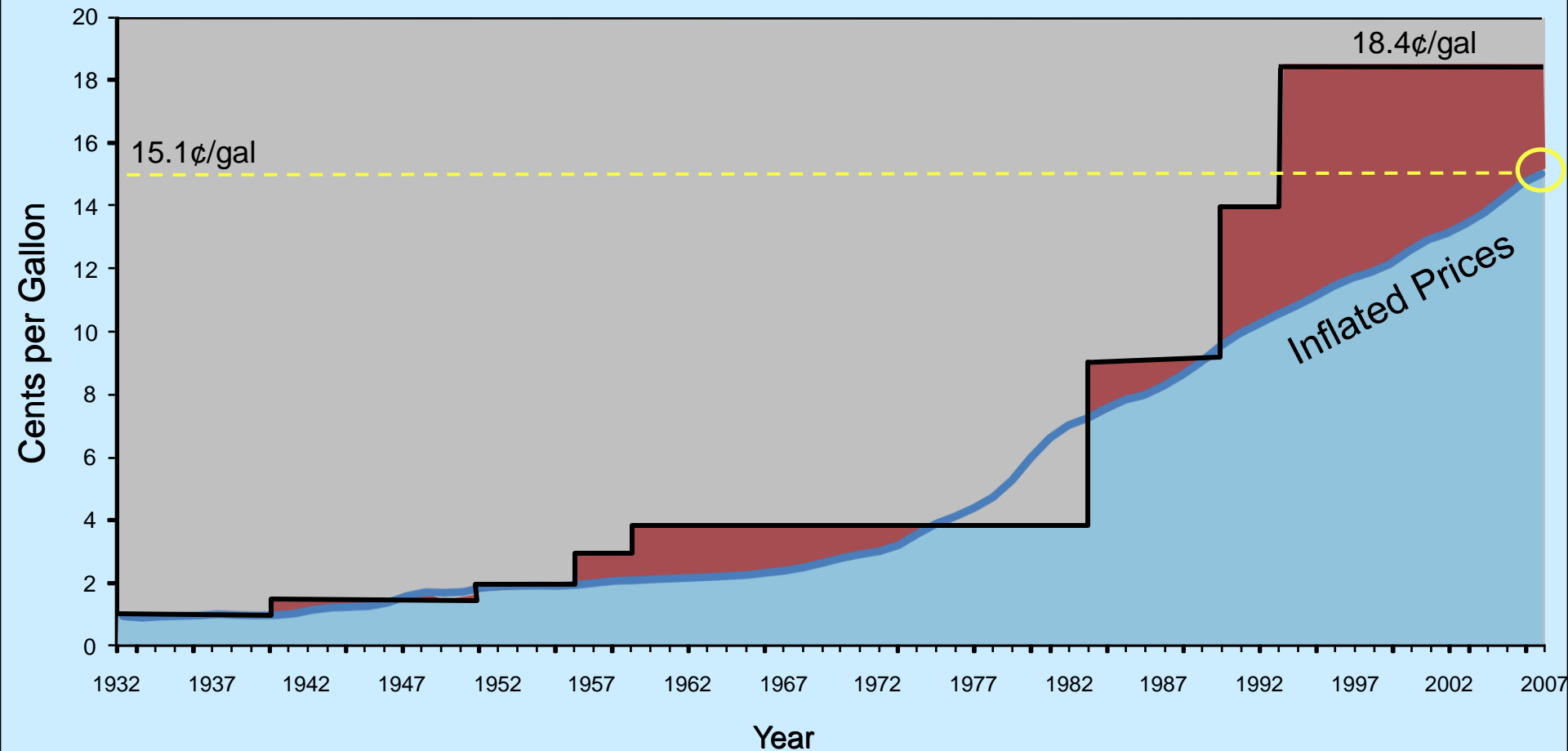
Agenda

1. Opening Remarks
2. The Gas Tax
3. Benefits & Risks of Mileage Based Pricing
4. A Look around the Country
5. Oregon Study Results
6. Concluding Remarks

Shortcomings of the Gas Tax

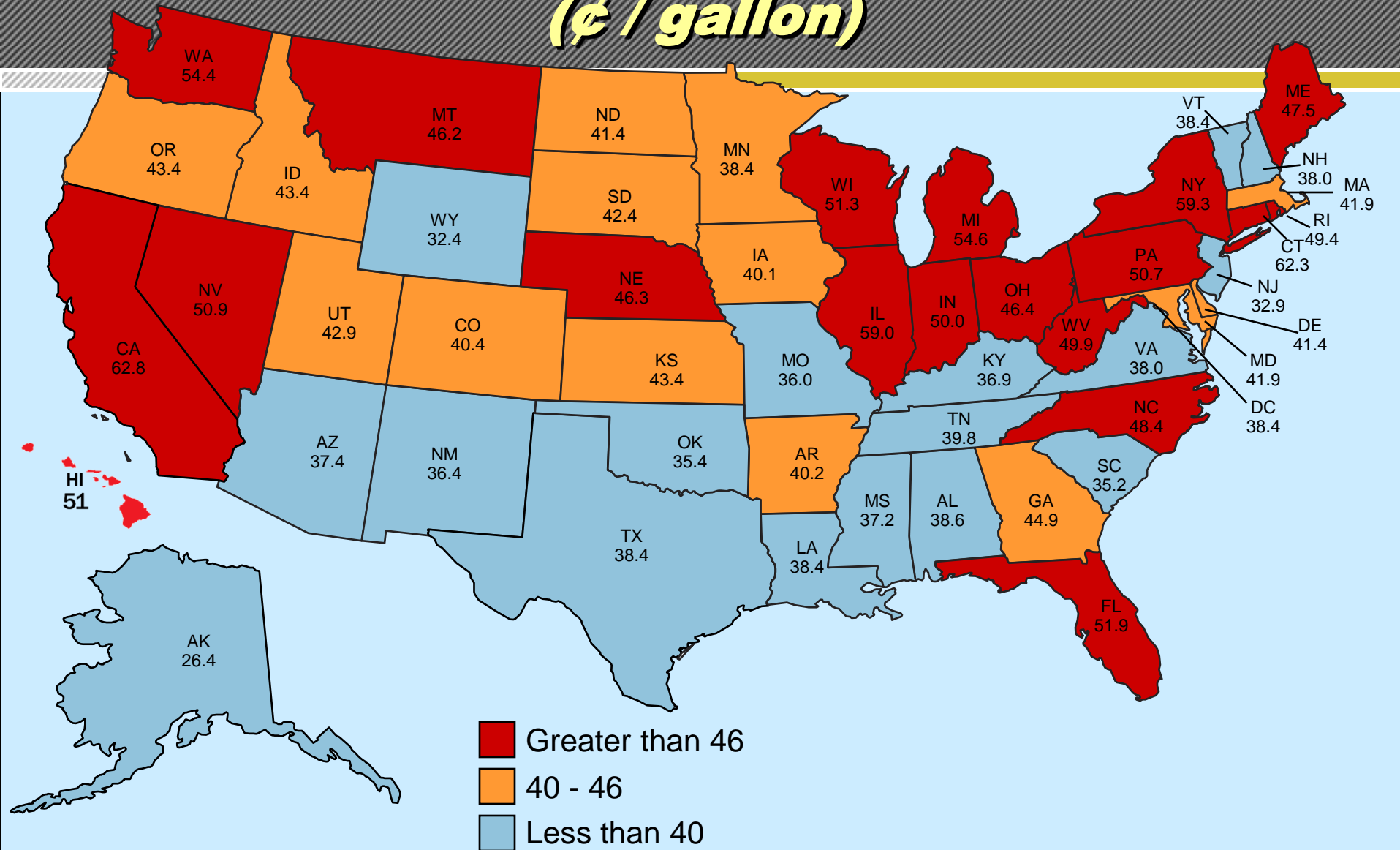
- ~~Bottom line~~ based not usage based
- ~~Declining revenue to source while costs are increasing~~
- Increased fuel economy
- Incentives available for alternative fuels
- Does not address
 - Vehicle Emissions
 - Vehicle Size
 - Time of Travel
 - Level of congestion
- Declining Purchasing Power

Federal Gasoline Tax 1932 - 2007



Gasoline Taxes

Combined Local, State and Federal (¢ / gallon)



Florida's Fuel Taxes

Gasoline

- Federal (18.4¢/gal)
- State (20.5 to 21.5¢/gal)
- Local (5 to 12¢/gal)

Minimum
(¢/gal)

Maximum
(¢/gal)

Gasoline

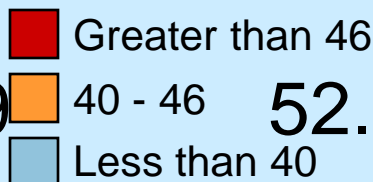
43.9

Diesel

52.9

51.9

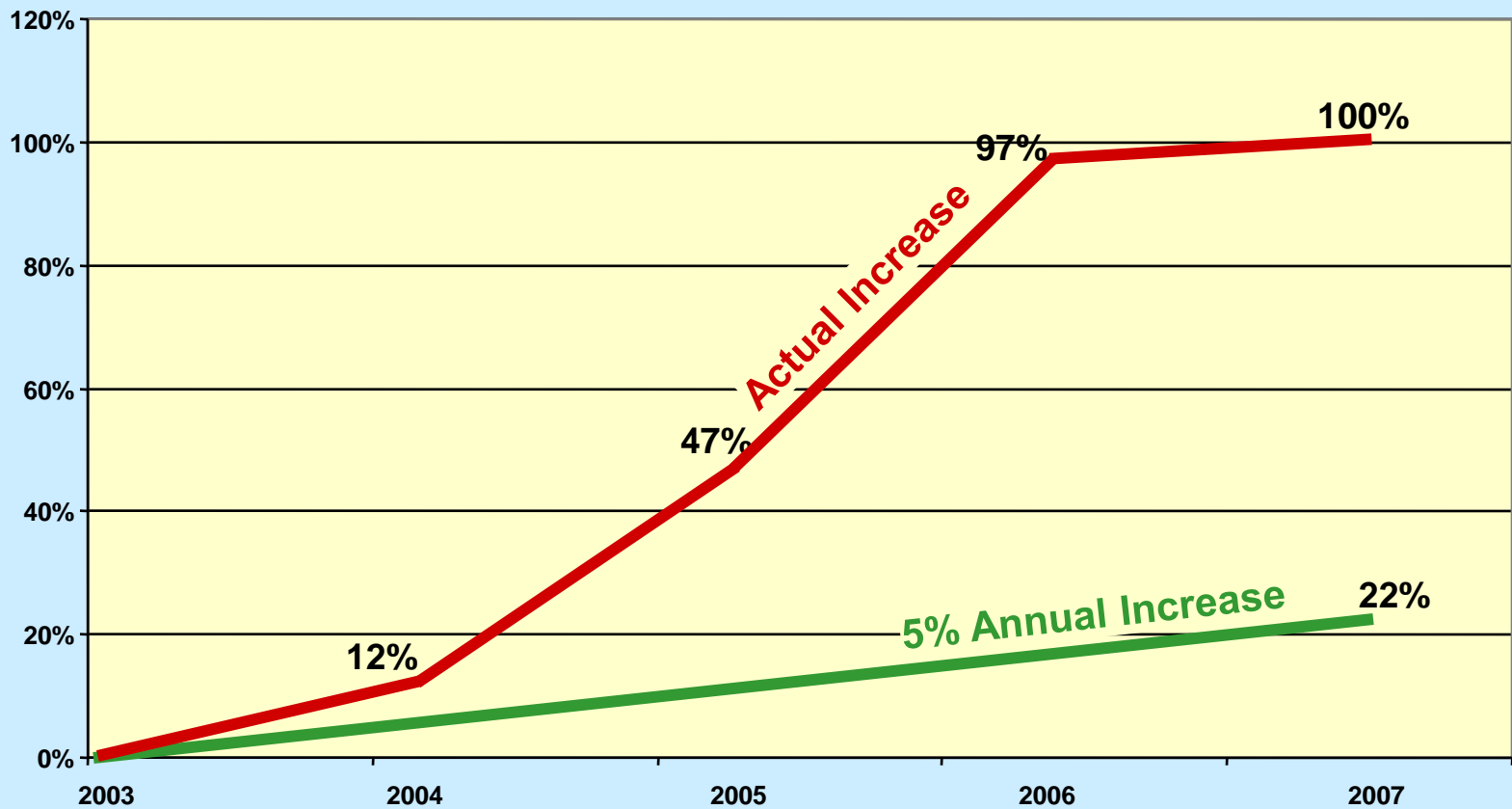
52.9



DONOR STATE

86%
Returned to Florida

FDOT Cost Increases



Source: FDOT File Program for Statewide Bid Prices

Benefits of Mileage Based Pricing

- ~~Link to roadway~~ use with price and capacity
- ~~Link to roadway capacity is not the same~~ Links price paid with the cost of capacity
- Ability to “price” factors such as:
 - Actual miles traveled
 - Time of day of travel
 - Location of travel
 - Level of congestion
 - Vehicle type

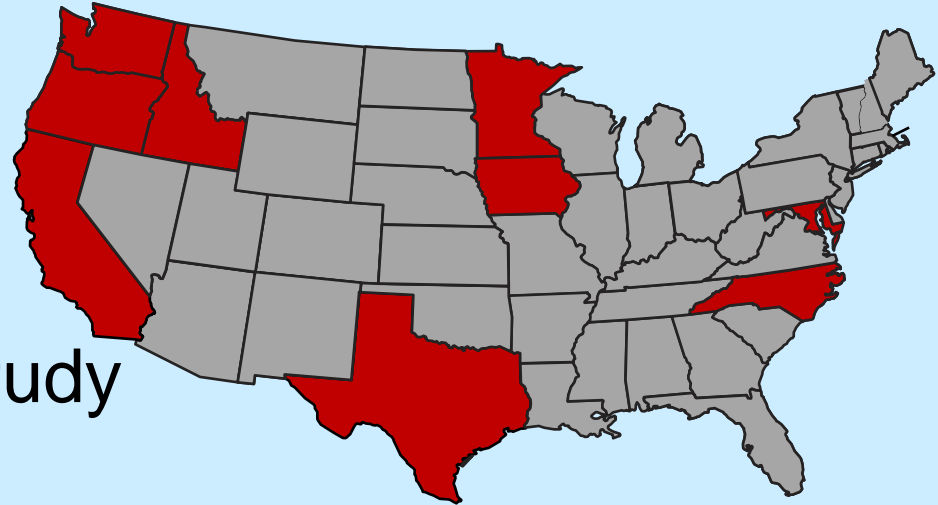
Risks of Mileage Based Pricing

- Reliance on technology
- Privacy issues
- Equity issues
- Start-up and Operational costs
- National compatibility
- Compliance and Ability to Audit

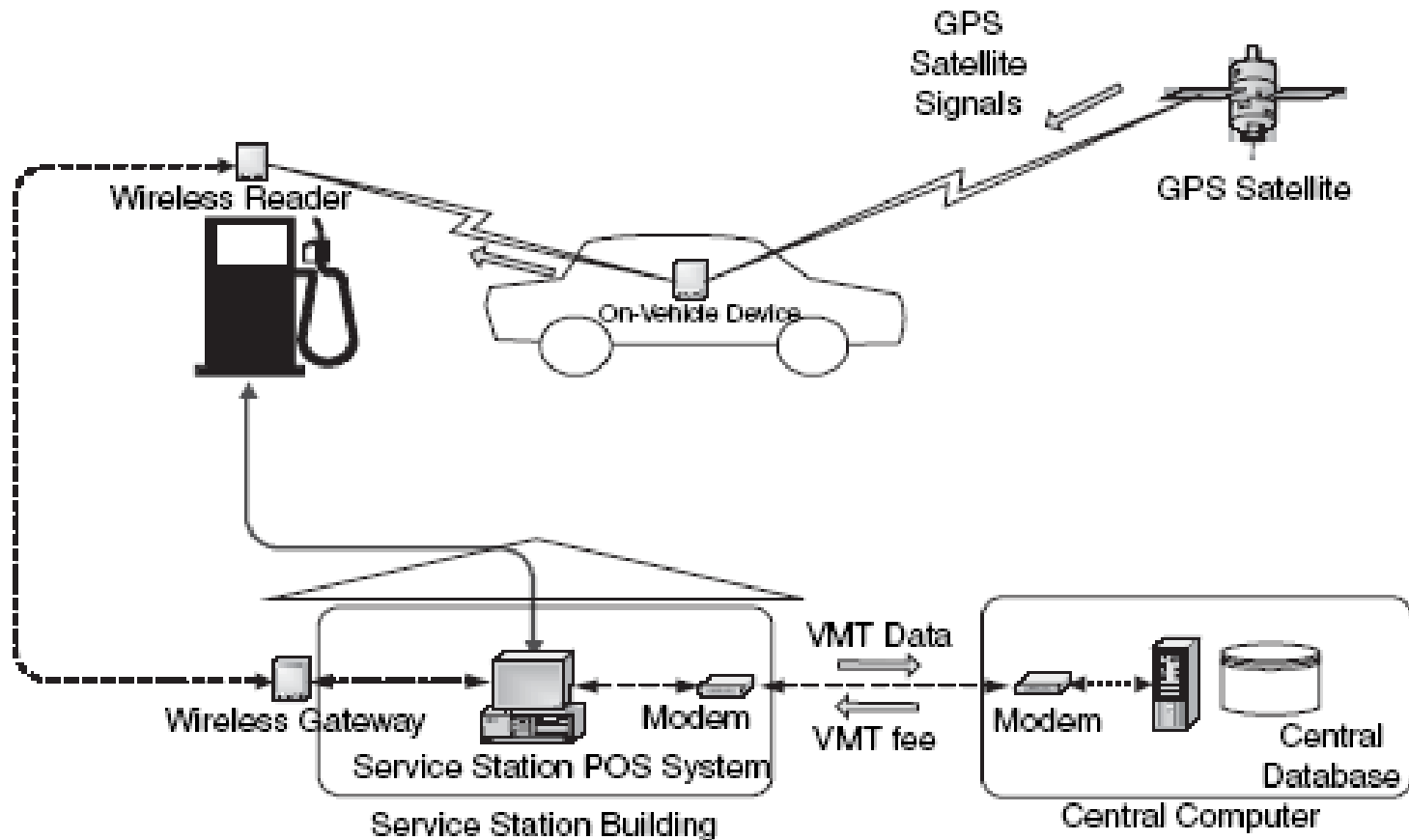
A Look Around the Country

- Research & Development Efforts

- Minnesota
- Washington State
- Oregon
- University of Iowa Study
 - Texas
 - Maryland
 - Idaho
 - Iowa
 - North Carolina
 - California



Field Test Concept Mileage Based Pricing



Source: The Fuel Tax and Alternatives for Transportation Funding; Transportation Research Board, 2006

Washington State Puget Sound “Traffic Choices”

- Study completed in 2005
- Detailed analysis of road user choice and behavior based on pricing
 - 400 participants
 - GPS based tolling
 - Tolled all major roads on Puget Sound
 - Time of day and type of road charges
 - Behavior Incentives
- Key Question: How react to network tools?

Washington State Puget Sound “Traffic Choices”

- Findings
 - No fatal flaws
 - Satellite-based technology for tolling is viable
 - Pricing can influence driving behavior
 - Must still demonstrate that a toll network charging system will be technically verifiable and legally enforceable
 - Large scale U.S. deployment of a GPS based tolling solution depends on a viable business model and public acceptance

University of Iowa Study

- National evaluation for mileage based charging
- Funded by FHWA and 15 states
- Two Part Study

Phase 1

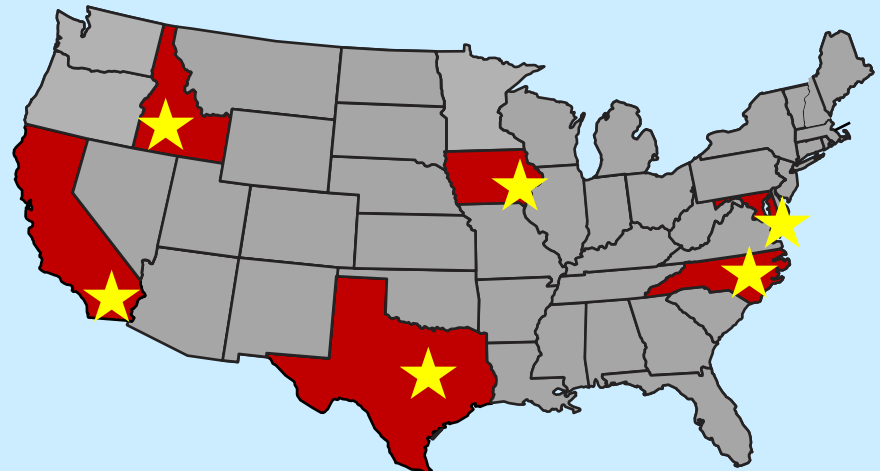
- Develop field test concept
- Specify technology
- Completed in Sept 2002

Phase 2

- Refine Approach
- Conduct Field Test
- Collect and assess data
- Started October 2005

University of Iowa Study

- Field Test
 - Six sites to be field tested:
 - Austin, Texas
 - Baltimore, Maryland
 - Boise, Idaho
 - Eastern Iowa
 - Research Triangle Region of North Carolina
 - San Diego, California
 - 2 year field test
 - 450 participants at each site
 - Awaiting federal clearance to start participant selection



Oregon Road User Fee Study

- Goal – Provide a system that meets these challenges
 - Users pay for infrastructure use
 - Provides sufficient revenue to replace gas tax
 - Understandable and enforceable
 - Gain public acceptance and support
 - No additional burden to government or taxpayers in administrative fees

Oregon Road User Fee Study

- GPS Based Field Test
 - 280 participants
 - GPS unit in vehicle
 - Pay per Mile vs Gas Tax
 - Flat \$0.012 per mile vs \$0.24 per gallon
 - Mileage or gas tax “recorded” at Service Station twice a month
 - 1 year test completed in June 2007

Oregon Road User Fee Study

- Results
 - Preliminary
 - James Whitty, who led the study – “91% of those surveyed said they would pay a mileage fee if the program were expanded statewide”
 - Final Report to be available by December 1

Oregon Study Results

- Key Findings
 - The concept is viable
 - Paying at the pump works
 - Mileage fee can be phased in
 - Integration with current systems is possible
 - Allows a variety of pricing options (flexibility)
 - Privacy can be protected
 - Minimal burden on business
 - Default gas tax would discourage evasion
 - Implementation cost lower than expected

Oregon Road User Fee Study

- Goal – Provide a system that meets these challenges
 - ✓ “ODOT concludes that the Oregon road user fee pilot program tested the critical elements of the Oregon Mileage Fee Concept and yielded the result – **Concept Proven.**”
 - ✓ Users can pay for infrastructure use
 - ✓ Can provide sufficient revenue to replace gas tax of the Oregon Mileage Fee Concept and
 - ✓ Public acceptance and support
 - ✓ No additional burden to government or taxpayers in administrative fees

-James Whitty

Concluding Remarks

- Research indicates that the current gas tax is not a viable alternative in the future
- Privacy issues can be resolved
- Many states are conducting R&D efforts
- Transportation should be viewed like any other utility (water, electric)
- Technology is not the obstacle
- Future generations will be more receptive to this approach