Washington State
Road Usage
Charge Assessment

Jeff Doyle
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State Project Director
Road User Charge Assessment

August 15, 2013
Tallahassee, Florida
Similarities between the US highway system and the US electric power grid

- Extensive, **capital-intensive** transportation networks (moving people, goods, electrons)
- Historical mission: **meet demand**
- Each has “**peaking problems**” in certain locations and at certain times
- Each network is heavily dependent upon **user fees** to finance operations
- Each produces adverse environmental **externalities**
Population and vehicle miles will continue to grow, while motor fuel consumption flattens out, leading the motor fuel tax to be an unsustainable source of revenue.
"Risk Scenario" of Gas Tax Revenue

Nov. ’09 Forecast: $1.6 Billion drop
Risk Scenario: additional $2.2 Billion drop

Higher fuel economy will make this even worse

2005: 9.5 cent gas tax increase

Risk Scenario:
- Additional $2.2 Billion drop
- Higher fuel economy will make this even worse

Graph showing historical and projected gallons per capita with different projections for future years.
DO NOW: $21 billion, ten-year investment package, supported through gas tax and fee increases

DO NOW: Expanded options for locally-authorized transportation taxes to pay for city and county roads

FOR FUTURE: Begin preparations now for a transition to a more sustainable funding source for the future

- Examine mechanisms that include “a direct user fee mechanism that is based on miles traveled, wear and tear on the roadway, or other direct impact upon the transportation system, allowing the system to be managed and funded as a statewide transportation utility, with rates based upon use.”
**1920's-era method – gas tax – must evolve to serve tax policy objectives**

**Washington’s “User Pays” Transportation Tax Principle:**
In the near future, how much gasoline cars burn will no longer be a close approximation for how much of the roadway cars use. The nexus between gas taxes paid and actual roadway usage will diminish sharply as vehicles become much more efficient and are powered by alternative fuels.

**Fairness and Equity Implications for Washington Residents:**
Drivers of new, highly fuel-efficient vehicles will contribute less to the cost of transportation infrastructure than owners of average or lower MPG vehicles. Rural residents, older drivers and those with lower incomes will spend disproportionately more of their income to maintain roadways.

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**Figure 4: Average Annual Federal Fuel Taxes Paid by Passenger Vehicles**

- **37.5 cent state gas tax:**
  - $108/year
  - $196/year
  - $269/year

Source: GAO analysis of FHWA and Department of Energy data.  
Note: Assuming 11,400 miles driven annually (per FHWA 2010 Highway Statistics).
To help offset transportation tax inequities, the Legislature enacted an annual $100 fee on fully-electric (BEV) vehicles.
Current tax approach vs. consumer-oriented “public utility” approach:

Transportation account “statement”:

Electricity account statement:

Gas tax rate: not displayed
Gas taxes paid: not displayed
How much roadway used: unknown
Time spent driving: unknown
How revenues are distributed: not displayed
How revenues are invested: not displayed
In 2012, the Legislature authorized an assessment into Road Usage Charges:

**Washington State Transportation Commission:**

“Solely to *determine the feasibility* of transitioning from the gas tax to a road user assessment system of paying for transportation”

**Washington State Department of Transportation:**

“Solely to carry out work related *to assessing the operational feasibility* of a road user assessment, including technology, agency administration, multistate and Federal standards, and other necessary elements”
# Determining Feasibility of Transition to Road User Charge System

A 20-member expert stakeholder Steering Committee is guiding the process.

<table>
<thead>
<tr>
<th>Legislative Requirement</th>
<th>Work Plan Element</th>
<th>Key Issues</th>
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<tr>
<td>• Review RUC reports, data</td>
<td>Policy Assessment</td>
<td>Use of Revenues</td>
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<td>• Identify policy issues</td>
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<td>Rate-setting</td>
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<td>Gas Tax Transition</td>
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<td>Privacy</td>
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<td>• Assess public perspectives/educate on current system and future options</td>
<td>Public Opinion/Information Assessment</td>
<td>Public Acceptance</td>
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<td>Consumer Choice</td>
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<td>Equity and Fairness</td>
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<td>• Assess operational, technical and administrative feasibility</td>
<td>Technical/ Administrative/ Operational Assessment</td>
<td>Cost</td>
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<td>Compliance</td>
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<td>Enforcement</td>
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<td>Governance</td>
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<td>• Recommend design for system tests (demonstration or pilot)</td>
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<td>Jurisdictional Issues</td>
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<td>Reliability</td>
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<td>Complexity</td>
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**Timeline:**
- **Domestic and International Review and Policy Context Report and Meeting #1**
  - September 13, 2012
  - Draft policy objectives and feasibility criteria.
- **Potential Road Usage Charge Concepts for Washington Report and Meeting #2**
  - October 30, 2012
  - Feasibility determination.
- **Feasibility Assessment, Work Plan, and Budget (Consultant Draft) Report and Meeting #3**
  - December 4, 2012
- **WSTC Review of Steering Committee Direction WSTC Briefing**
  - December 13, 2012
- **Feasibility Assessment, Work Plan, and Budget (Final) Report and Meeting #4**
  - January 11, 2013
Phased Work Approach

Check Points:
Legislative Approvals Required to Proceed to Next Phases

Proposed Work Plan

Foundational Work
(Prior Studies by Transportation Commission, Joint Transportation Committee, and Connecting Washington Task Force)

Feasibility Assessment

Phase 1
2013-15
Policy Framework and Preferred Operational Concepts

Phase 2
2015-17 and Beyond
Pre-Implementation System Development

Implementation
**Additional Research and Development Opportunities**

- **Mileage-Based User Fee Alliance**
  Public and private organizations interested in conducting research, testing and providing education and outreach materials on the topic.

- **Minnesota TPF Project**
  Transportation agencies pool some resources (through participation fees) to facilitate information-sharing on a nation-wide level (not regionally focused).

- **Western Road Usage Charge Consortium**
  A membership-based consortium of states in the west region of the US that contribute funding and share information and study results for the purpose of exploring RUC systems, including joint testing. Presently 3 states, but 5 more expected to join.
Questions?

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Tallahassee, Florda
August 15, 2013
Supplemental Slides
Western Road Usage Charge Consortium

Vision:
develop **open systems** that support **motorist choice**, leverage innovation and **private competition**, and use **readily-available technologies** to **collect road taxes** to fund maintenance and improvements.

Goals:
- Explore technical and operational feasibility of multi-jurisdictional system
- Identify and share public acceptance factors
- Develop methods for remitting road use charges among multiple jurisdictions
- Develop concepts for how a multi-state system could be administered
- Develop models for regional (and national) interoperability
- Engage automakers and technology sector to offer mileage reporting capabilities in their devices
- Share policy and program experiences among members
WRUCC Membership & Governance

**Initial Membership:**
- Washington
- Oregon
- Nevada (pending)

**Membership Requirements**:  
- Transportation agency located in (or bordering) a WASHTO state  
- Minimum annual TPF contribution of $25k (can be federal SP&R funds)  
- Formal action by agency Director evidencing intent to join and acceptance of WRUCC charter

**WRUCC Governance Structure:**

- **Board of Directors:** Director/Secretary of Member DOT’s
- **Steering Committee:** Each Member DOT designates a person
- **Work Groups** (as needed)
- **Consultants** (as needed)

**24-month Work Plan**
- Developed and managed by Steering Committee
- Reviewed, adopted and progress measured by Board
## Feasibility Criteria

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<tr>
<th>Criterion</th>
<th>Description</th>
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<tr>
<td>Convenience</td>
<td>Convenient to users</td>
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<tr>
<td>Implementability</td>
<td>Ability to overcome implementation barriers and challenges</td>
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<td>Transparency</td>
<td>Rate setting, customer billing, accounting</td>
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<td>Stability and sustainability</td>
<td>Confidence in revenue expected relative to the gas tax.</td>
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<td>Privacy</td>
<td>Actual and perceived</td>
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<td>Equity (fairness)</td>
<td>Fair as possible across classes of users</td>
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<tr>
<td>Flexibility</td>
<td>Accommodate future options and evolutions.</td>
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<tr>
<td>Choice</td>
<td>Users can choose from a menu of options.</td>
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<td>Collect revenue from out-of-state travelers.</td>
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