

# Vehicle Miles Traveled (VMT) Fee Research Study

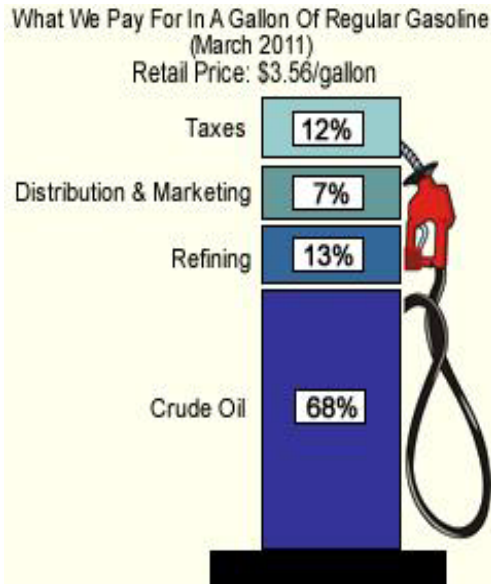
Alauddin Khan, MBA, PE, PTOE  
Chief Performance Management Engineer  
August 15, 2013



# Current Funding Mechanism

## Fuel Tax

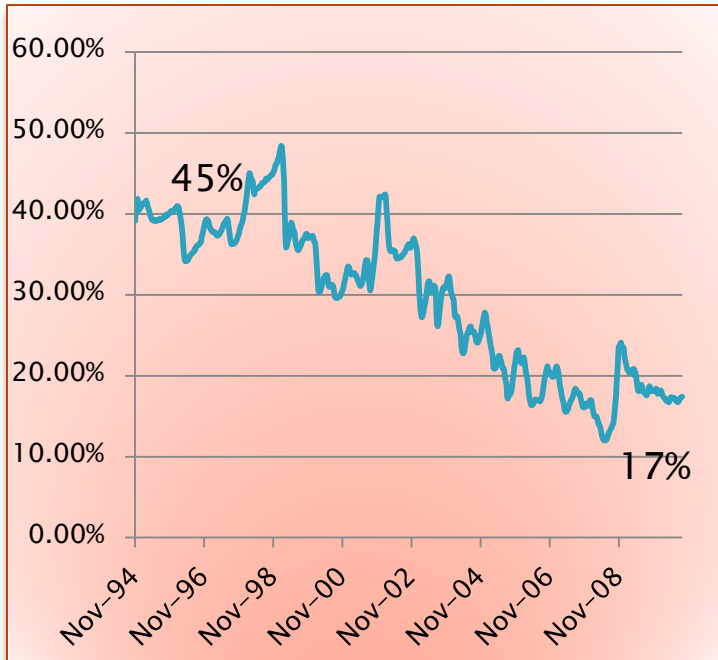
- ▶ Has been good source for decades
- ▶ Not inflation adjusted
- ▶ Likely to be used less in future



55¢ Per  
Gallon  
Fuel Tax



# The Fuel Tax Dilemma



As a percentage of the total price of fuel, taxes have declined from 45% in 1994 to 17% today!

Potential Loss in  
Revenue in 2017

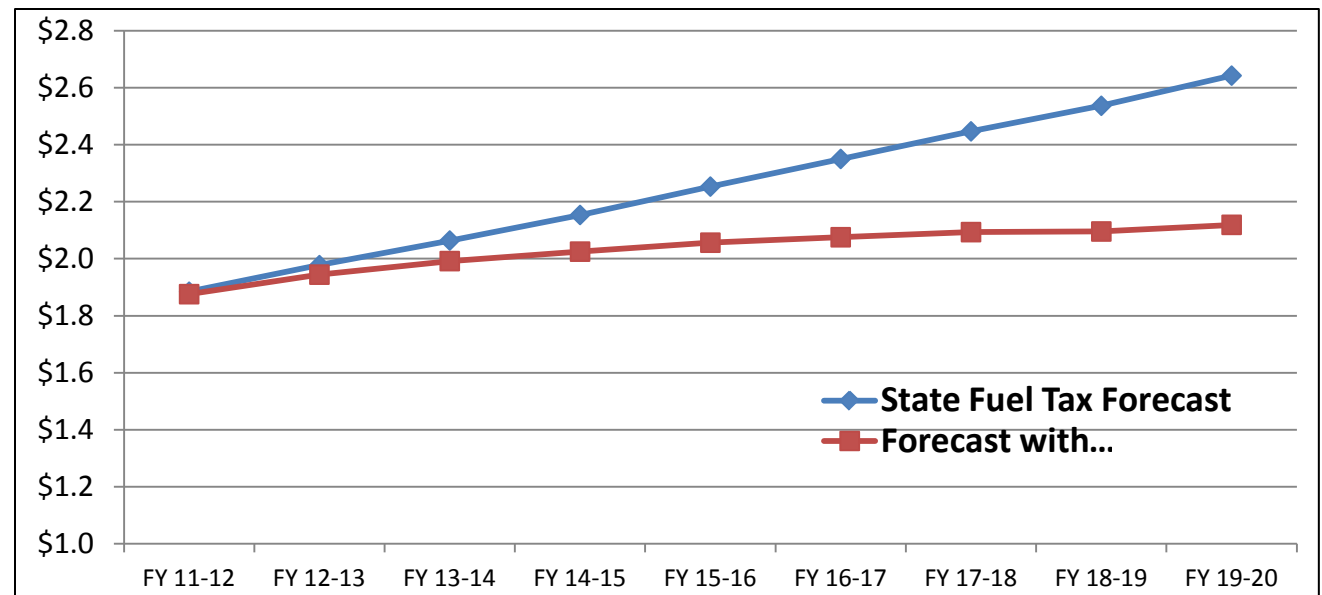
**18%**

2016 Forecasted Impact

# Impact to Florida

- ▶ State Fuel Tax ~ \$1.8 B plus
- ▶ Federal Fuel Tax ~ 1.9B = \$3.7B
- ▶ Tolls ~ 11%

**Strategic Intermodal System (SIS) is estimated to be \$131.2 billion in 2010 dollars**



# VMT Fee Research Study

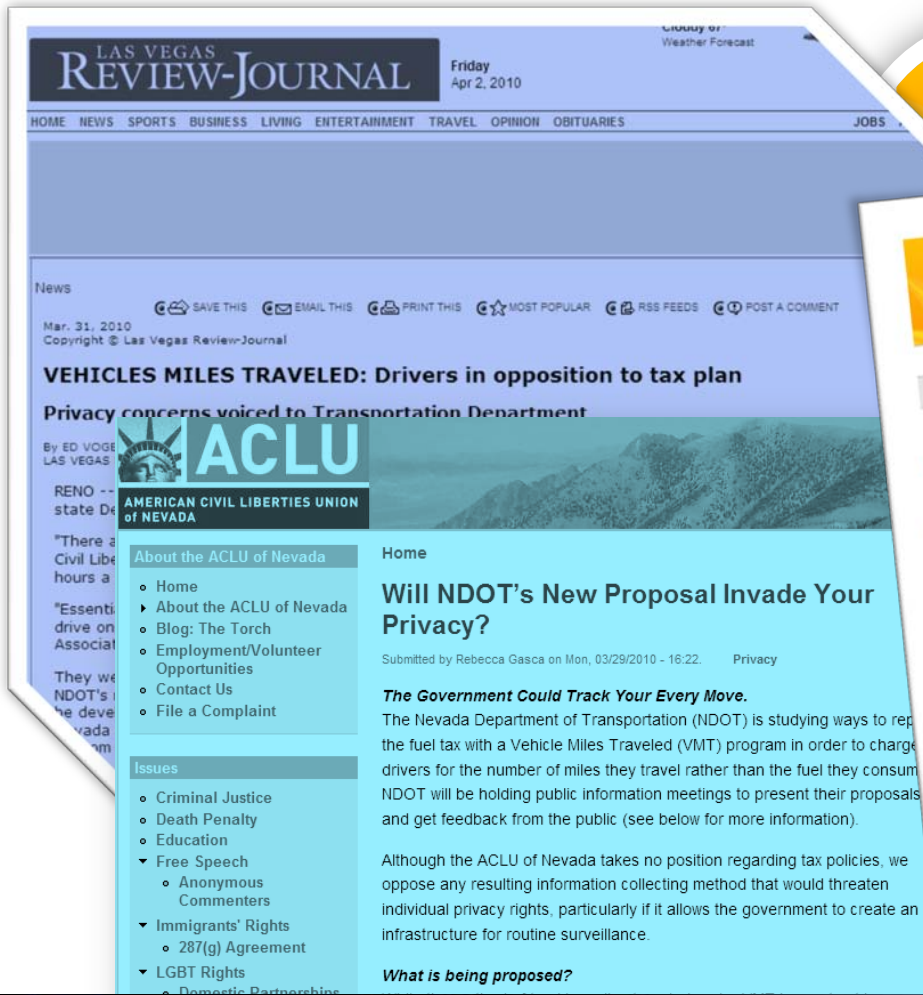
- ▶ Objective – VMT fee as a potential replacement for current fuel taxes for sustainable, equitable, and viable transportation funding mechanism
- ▶ Not advocating for VMT Fee
- ▶ Not discussing raising fuel taxes or the fee

# Why is Alternative Funding Mechanism Needed?

- ▶ Enhanced full efficiency
  - By 2016: 37mpg, 2025: 54mpg
- ▶ Alternative fuel vehicles
- ▶ Fuel Tax Less resilient/effective



# Reaction of Media



**LAS VEGAS REVIEW-JOURNAL**  
Friday, Apr 2, 2010

HOME NEWS SPORTS BUSINESS LIVING ENTERTAINMENT TRAVEL OPINION OBITUARIES JOBS

News  
SAVE THIS EMAIL THIS PRINT THIS MOST POPULAR RSS FEEDS POST A COMMENT

Mar. 31, 2010  
Copyright © Las Vegas Review-Journal

**VEHICLES MILES TRAVELED: Drivers in opposition to tax plan**  
Privacy concerns voiced to Transportation Department

By ED VOIGT  
LAS VEGAS

**ACLU**  
AMERICAN CIVIL LIBERTIES UNION OF NEVADA

Home

**Will NDOT's New Proposal Invade Your Privacy?**

Submitted by Rebecca Gasca on Mon, 03/29/2010 - 16:22. Privacy

**The Government Could Track Your Every Move.**

The Nevada Department of Transportation (NDOT) is studying ways to replace the fuel tax with a Vehicle Miles Traveled (VMT) program in order to charge drivers for the number of miles they travel rather than the fuel they consume. NDOT will be holding public information meetings to present their proposals and get feedback from the public (see below for more information).

Although the ACLU of Nevada takes no position regarding tax policies, we oppose any resulting information collecting method that would threaten individual privacy rights, particularly if it allows the government to create an infrastructure for routine surveillance.

**What is being proposed?**

Home

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- About the ACLU of Nevada
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- Contact Us
- File a Complaint

Issues

- Criminal Justice
- Death Penalty
- Education
- Free Speech
  - Anonymous Commenters
- Immigrants' Rights
  - 287(g) Agreement
- LGBT Rights
  - Domestic Partnerships



**LAS VEGAS SUN**  
APRIL 16-18

**Folgers**  
CELEBRATING 25 YEARS

NEWS A&E OPINION SPORTS BUSINESS GUIDES BLOG:  
History Fighting UNLV Sports Elvis NASCAR Gaming Ralston Showcase Today

115 COMMENTS

**With tracking device, miles you drive may get to be taxing**  
Nevada wants to test device to track mileage as fuel tax alternative

PRINT E-MAIL SHARE

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# No Big Brother/No GPS Tracking

- ▶ Non-intrusive mechanism
- ▶ Media, Editorial Boards
- ▶ Perception: Positive
- ▶ Information on transportation funding, issues

# Other Reasons

Sensitive to Sensitivity – Ignoring  
>>Counterproductive

- ▶ Average taxes per capita: \$15–\$18/month
- ▶ PPP and other Financing Options: Borrowing costs ↓
- ▶ Nevada: Unique geography, tourism driven economy
- ▶ True Market Competition, Integrated Solution – Benefit: AM, Preservation, Ops, Capacity, Financing

# What is Included in the Study?

- ▶ Revenue distribution: Neighboring States, locals
- ▶ Financial Impact: Low-Income, high-mileage
- ▶ Impact of Out-of-State visitors, System Interoperability
- ▶ Rural vs. Urban Equity

# What is Included in the Study?

- ▶ **Costs of Administration**
- ▶ **Impact on a Regional and Mega-Regional basis**
- ▶ **Institutional Structures**
- ▶ **Transition Plan**

# Extensive Strategic Public Involvement

## 4 Major levels

Public

Political,  
Policy  
Makers,  
Legislators

Key  
Stakeholders,  
Private Sector

Business  
Owners, CEOs

# Feedback Received



Constitutionally  
Protected



Cost of Administration  
keep it low



Least  
Technology



Mega Regional



Other Innovative  
Options

# Business Case: Value Proposition – 5 Cornerstones

1

- Grass Roots Level Public Involvement

2

- 3–7% Administration Costs

3

- Mitigate Privacy Concerns: GPS Optional

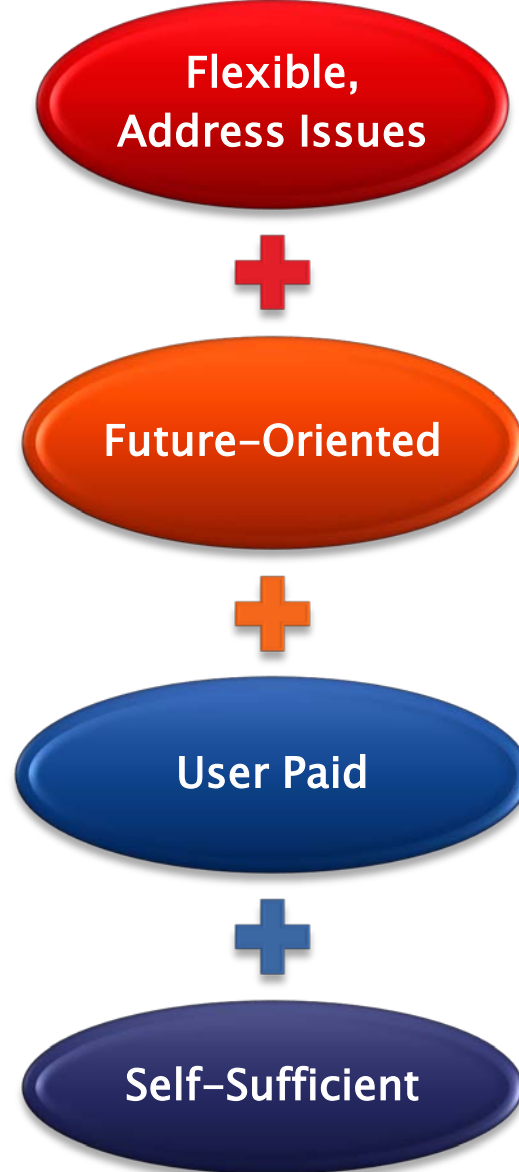
4

- Minimize Bureaucracy & Existing Burdens

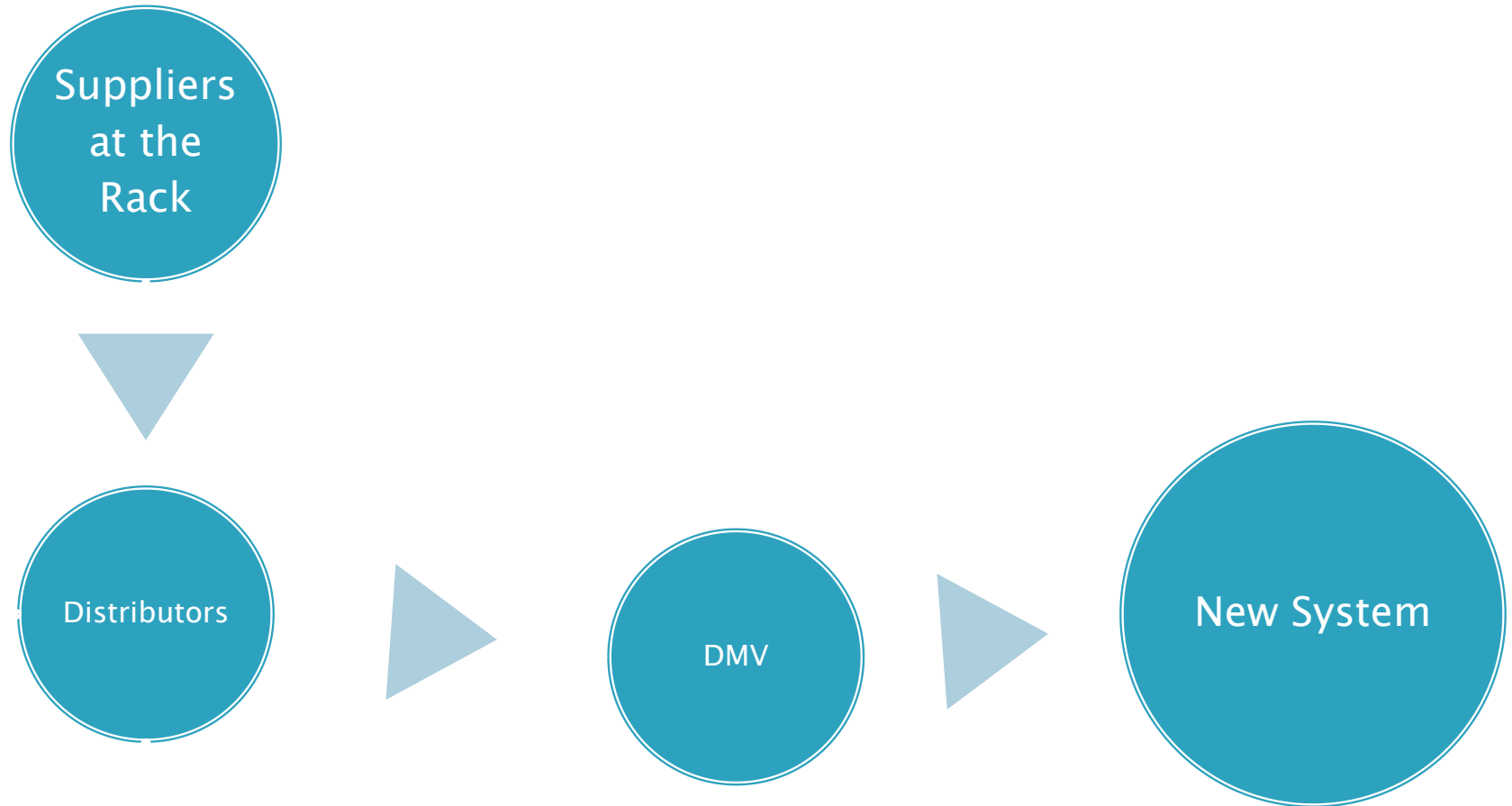
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- Address Risks: Stakeholders/Elected Officials

# New Funding Model



# System Operators

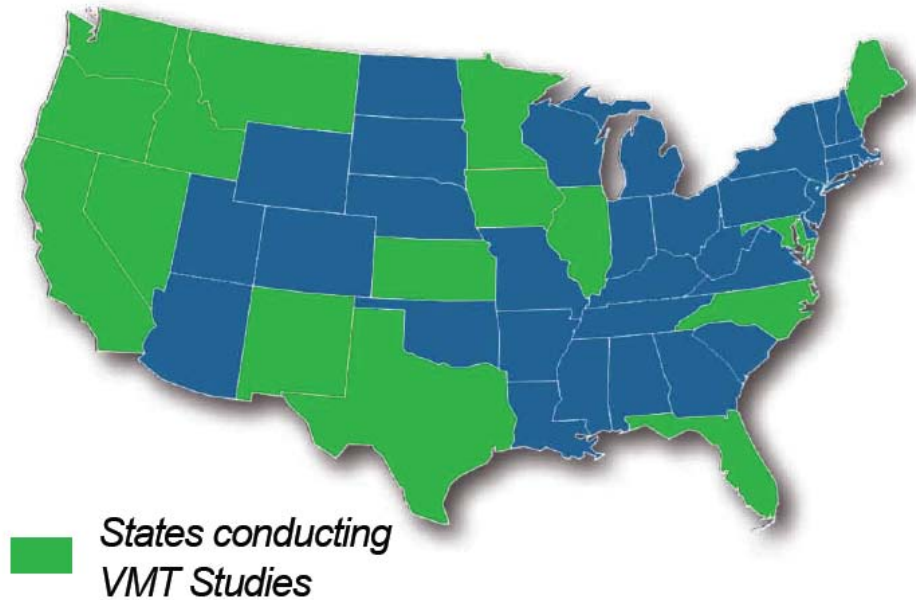


# Can We Make it Happen?

- ▶ Forge a powerful strategic consensus
  - Regional Partnerships
  - National Level Implementation
- ▶ Let the system users decide
- ▶ Invest Strategically and Boldly
- ▶ Path Forward –Challenges: Strategically Prepared for it



# National and Regional Momentum



National Surface Transportation Financing Commission – 2/2009

National Surface Transportation Policy and Revenue Study Commission – 12/2007

UTAH DOT, CDOT, FDOT, Caltrans, WSDOT, AZDOT, MnDOT

# Summary



2013–15 Study  
All Answers on the Table

# Questions

- ▶ Alauddin Khan, MBA, PE, PTOE

[Akhan@dot.state.nv.us](mailto:Akhan@dot.state.nv.us)

775-888-7192

415-572-8081

- ▶ VMT website = (Under construction)

MBUF: Mileage Based User Fee

VMT Fee: Vehicle Miles Traveled Fee

CAFÉ: Corporate Average Fuel Economy

