



WASHINGTON STATE ROAD USAGE CHARGE ASSESSMENT

WASHINGTON STATE TRANSPORTATION COMMISSION

- WSTC is a seven member body appointed by the Governor – serve 6 year terms
- Independent agency – close partner with Department of Transportation:
 - **WSTC = State Tolling Authority**
 - **WSTC = Sets Ferry Fares & Policies**
 - **WSTC = Authors State Long-Range Plan**
 - **WSTC = Approves PPP Agreements**
- Conducts studies, assessments, and provides guidance to the Governor & Legislature on all things transportation
- Serves as a statewide convener and public forum on transportation
- Conducts statewide public outreach and education on transportation

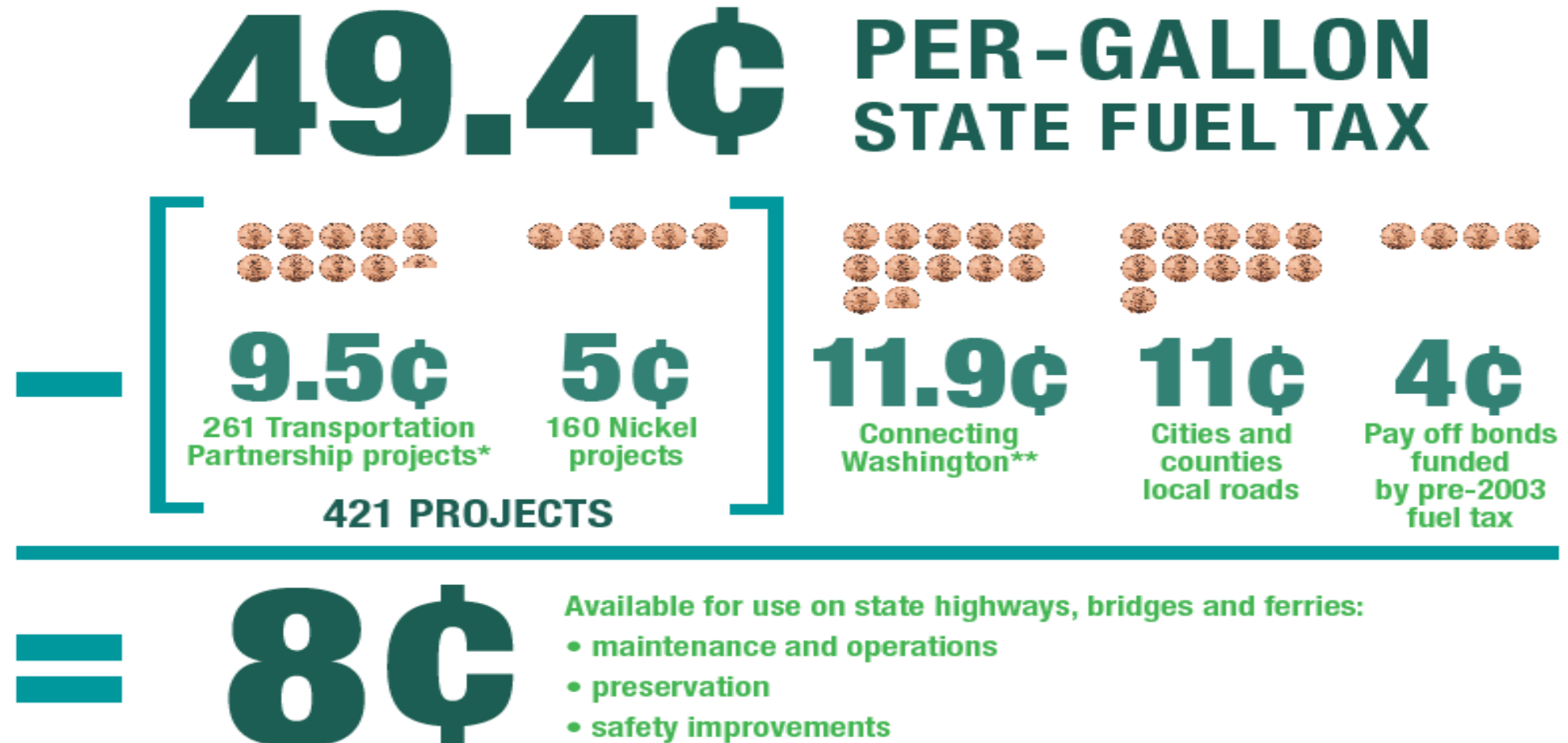


www.wstc.wa.gov

PROBLEM

Gas tax won't fund future needs

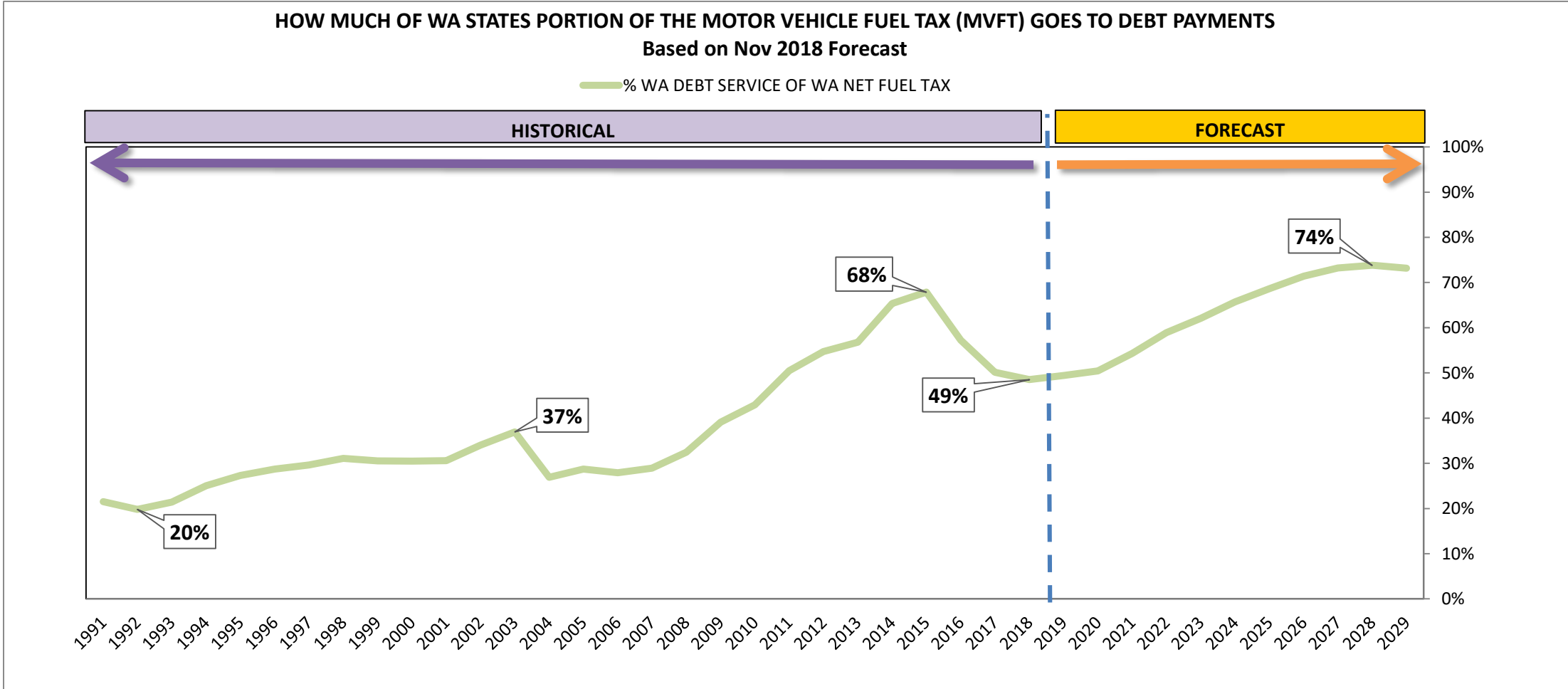
WASHINGTON STATE GAS TAX BREAKDOWN



* 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 2028, UP TO 74% OF WA. STATE GAS TAX REVENUES WILL GO TO DEBT SERVICE PAYMENTS*

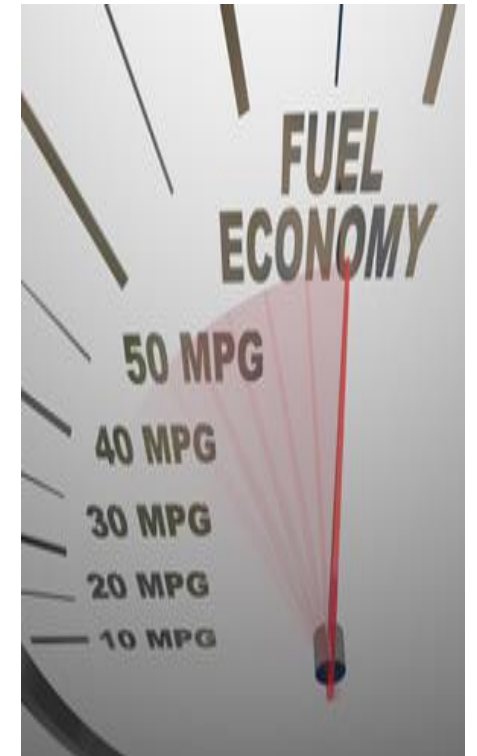


*Based on Net Fuel Tax Revenue and Debt Service projections per the Nov 2018 Forecast.

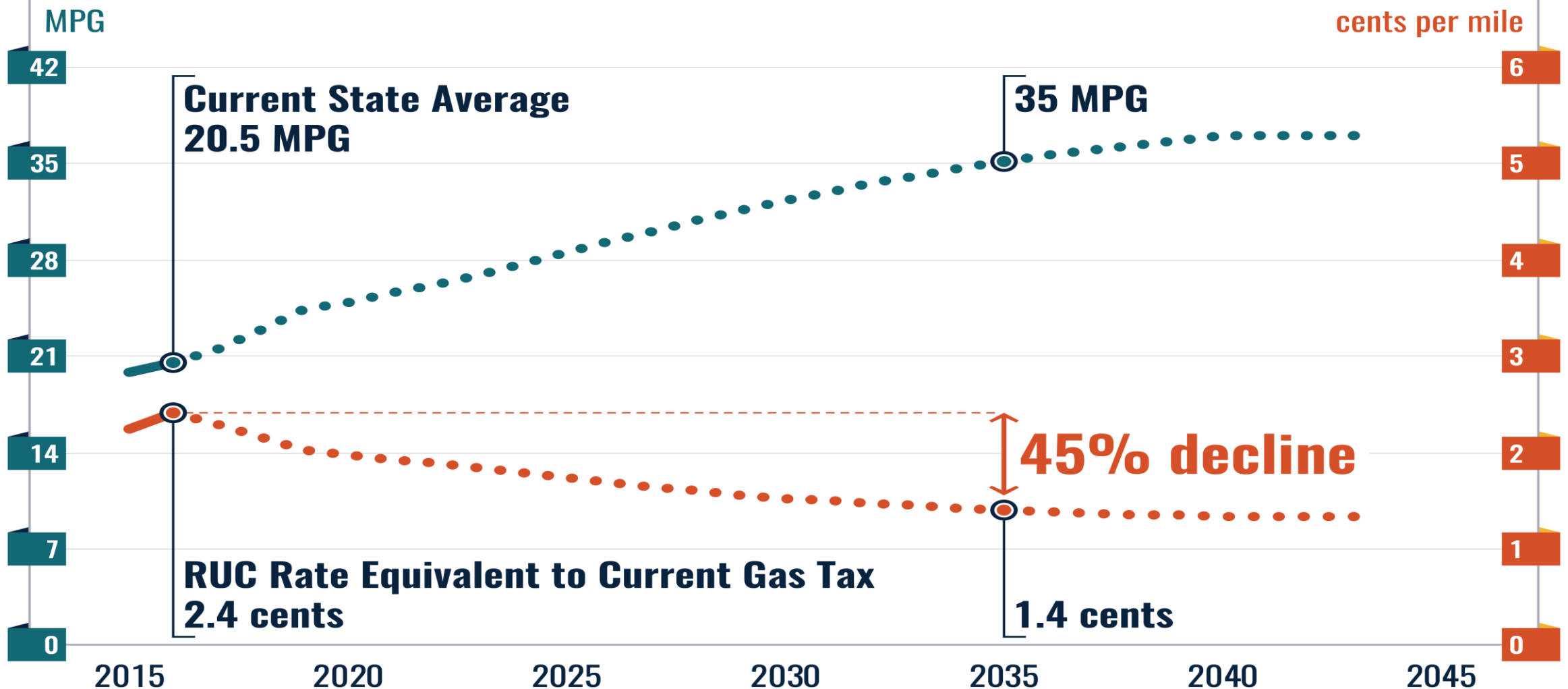
- Debt service only includes debt first payable by the fuel tax. This excludes SR 520 corridor debt service (first payable by tolls). It includes debt service paid first with fuel tax revenues, then reimbursed by tolls or federal funds.
- WA state's portion of fuel tax revenue does not include all fuel tax revenue pledged for debt service. For example, fuel tax revenue distributed to cities and counties is also pledged for debt service.
- Beginning in FY 2020, revenue from select vehicle related fees (VRF) are also projected to be pledged to debt service for selected state projects, as approved in 2015.

AUTO MANUFACTURERS DRIVE FLEET TRANSITION

- **Volvo:** Starting in 2019, every new model will be a hybrid or electric
- **General Motors:** By 2023 they will have 20 electric models
- **Toyota:** Plans to shift from limited to full-production of hydrogen fuel cell vehicles by 2025
- **Ford:** Investing \$11 billion by 2022 to build a line-up of 40 hybrid vehicles, including 16 fully electric models
- **Tesla:** Model 3 was the top selling luxury car in 2018, selling 138,000 vehicles in the US



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.

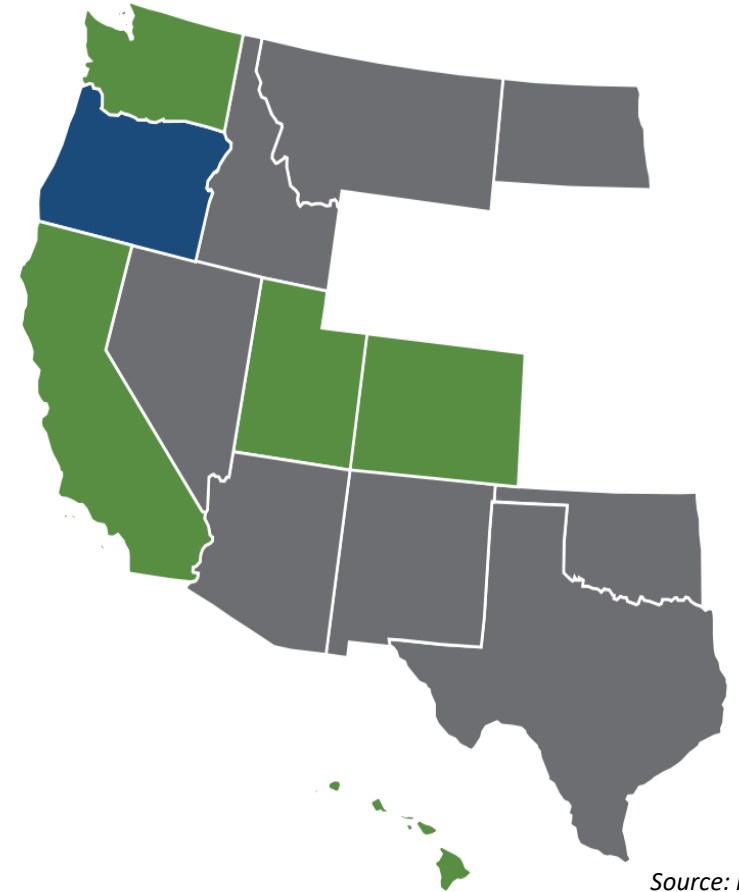
POTENTIAL SOLUTION



Road Usage Charge

ROAD USAGE CHARGE: A POTENTIAL SOLUTION

- 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
 - 5 are testing (CA, CO, HI, UT, WA)
 - 2 have legislatively-enacted programs (OR – UT in 2020)



Source: RUC West

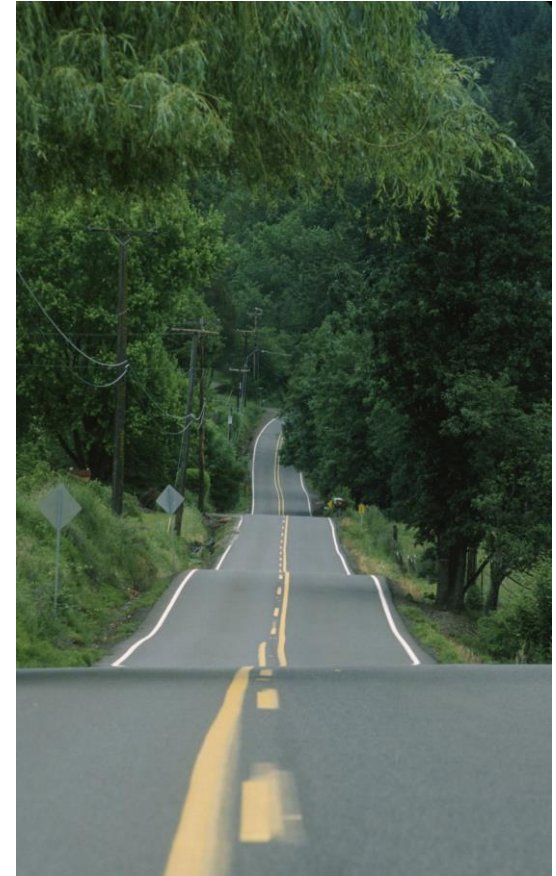
WASHINGTON STATE'S RUC ASSESSMENT

2012 Legislative Mandate:

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

The basis of the assessment:

- RUC rate tested: 2.4 cents per mile
 - *State Gas Tax 49.4 ÷ 20 mpg (state average) = 2.4 cents / mile*
- The pilot was a simulation of a real system
- We assumed revenue neutrality and focused on net revenue potential for both RUC and the gas tax over 24 years (2019 - 2043)
- Assumed drivers would pay either the RUC or the gas tax, but not both



ROAD USAGE CHARGE STEERING COMMITTEE

Legislature established RUC Steering Committee:

Three State Transportation Commissioners – one serves as Chair

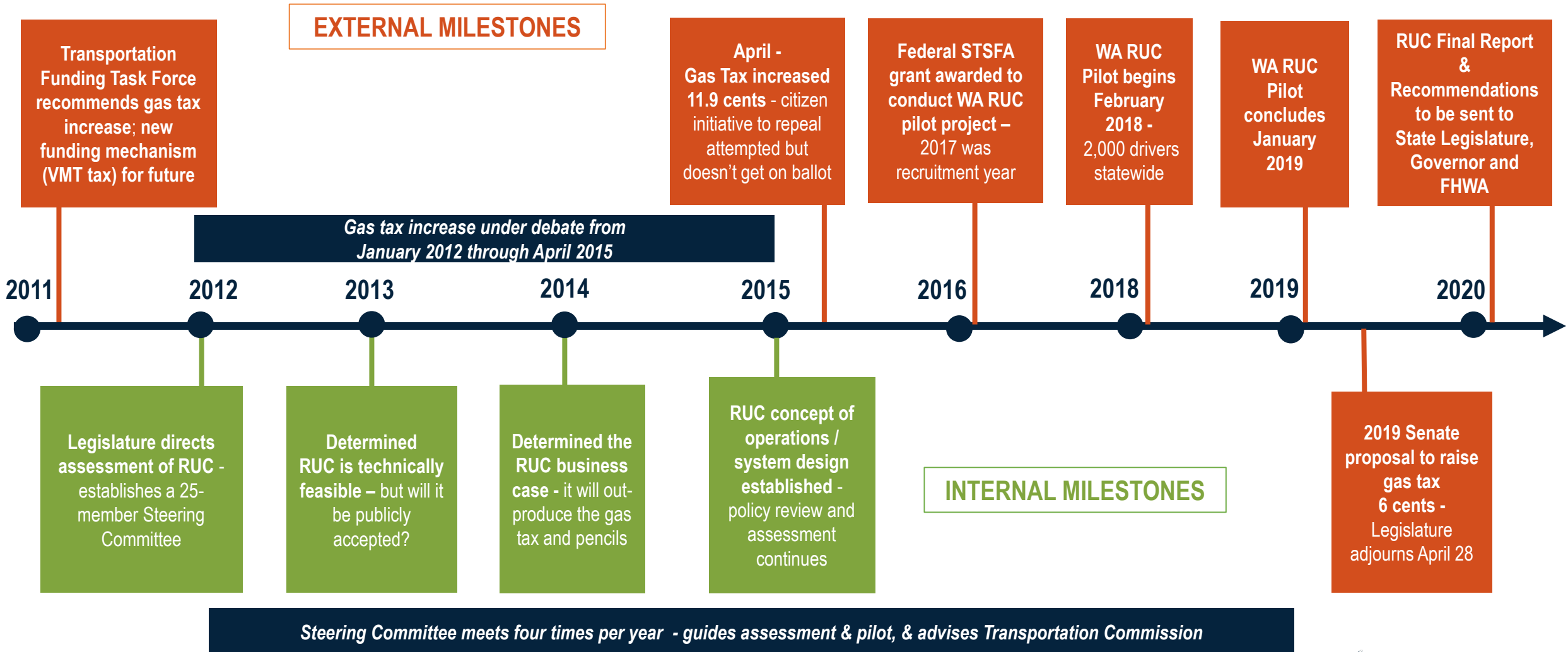
Eight Legislators – four Senators and four Representatives

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

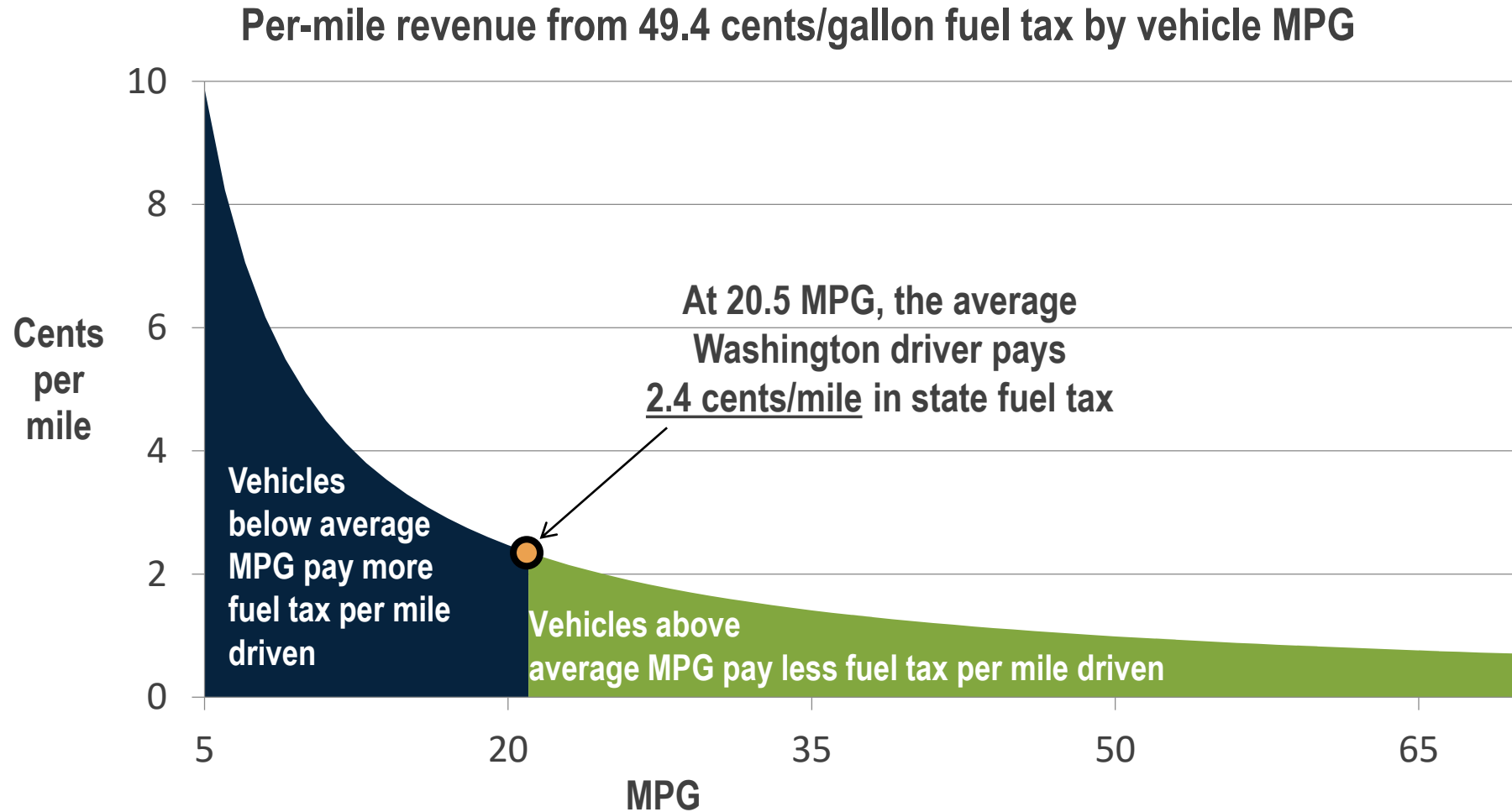


RUC ADVANCES IN WA. PARALLEL TO GAS TAX INCREASE(S)

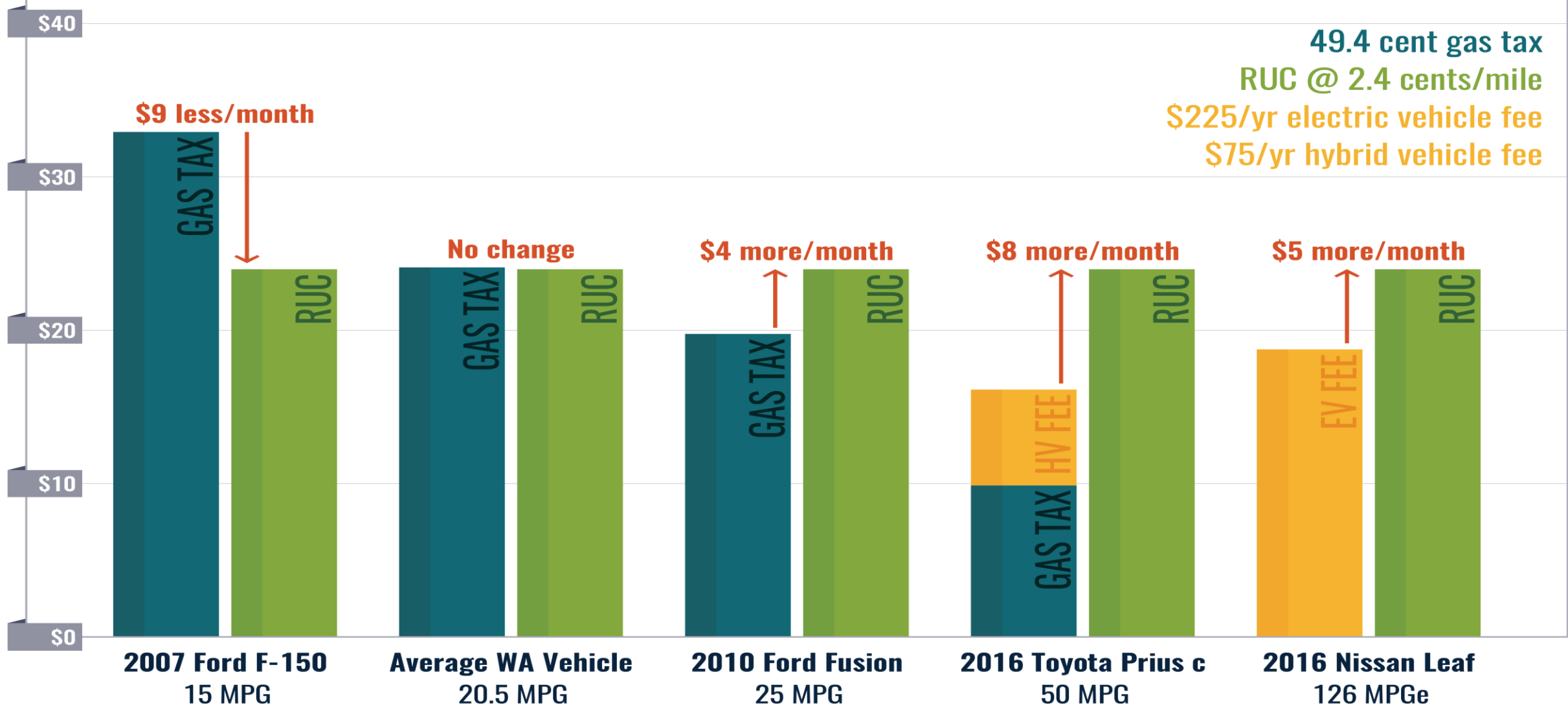


KEY FINDINGS TO DATE

TAXING GALLONS HAS REAL FAIRNESS AND EQUITY CHALLENGES



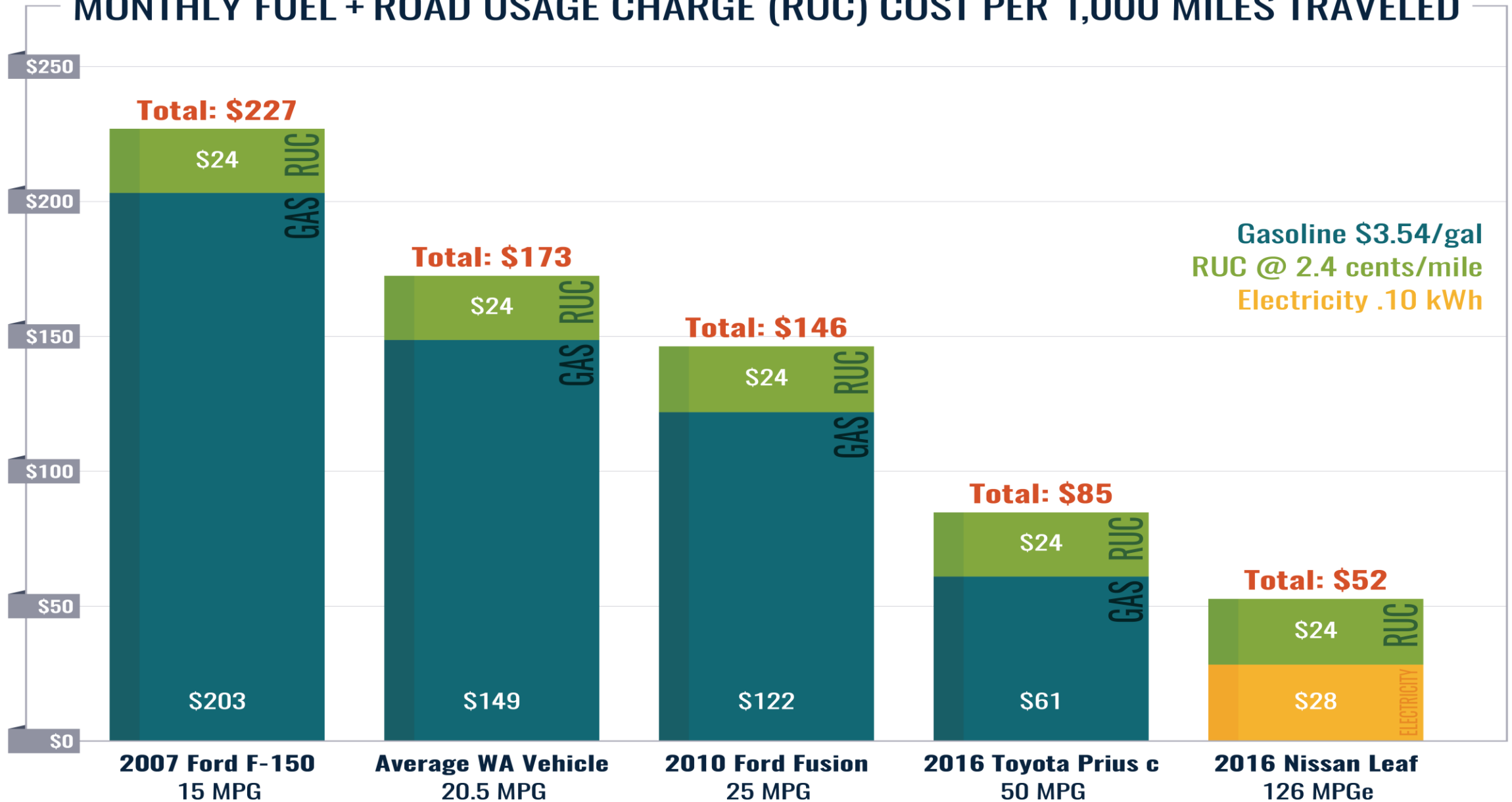
COST OF GAS TAX OR ROAD USAGE CHARGE (RUC) AT 1,000 MILES/MONTH



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 \$142 dollars per month less than the Ford pickup truck driver.

RUC ≠ TOLLING

RUC & tolling are separate tools in our tool box

- RUC is being looked at as a foundational funding source for the statewide transportation system, replacing the gas tax
 - *Assumes drivers would pay RUC AND tolls – just like they pay gas taxes AND tolls today*
- Tolling is used to pay for a specific project and/or manage demand on a specific corridor, with the revenues dedicated to that corridor or project
- While RUC could incorporate pricing for congested corridors, to do so requires the mandatory use of GPS – and this conflicts with a key priority:
 - *Consumers must have a choice for how they report their miles, including not using GPS*
 - *Privacy trumps Pricing*



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

Sort of like scooping water out of a sinking boat.....

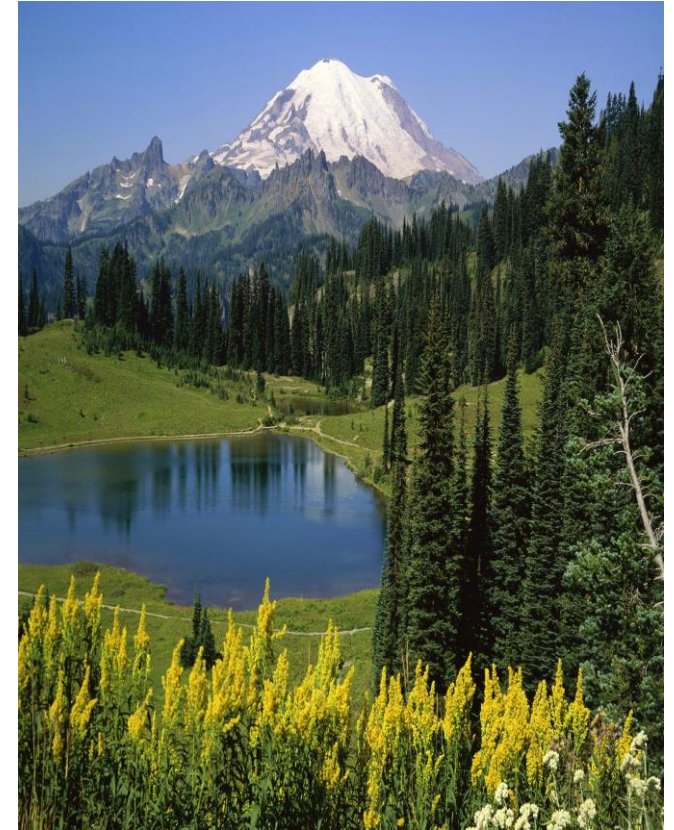
- The gas tax would have to be raised about 1.5 cents per gallon, per year on all vehicles from 2019-2043 in order to equal net revenues from a road usage charge of 2.4 cents per mile
- By 2043, drivers would be paying **.85 cents / gallon** – with reduced purchasing power
- Would not address growing funding needs for improvements nor maintenance – it would keep funding at status quo equivalent levels



RUC ENABLES POLICY HARMONIZATION

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 Washington State laws and policy goals related to VMT and emissions 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 choose to vary RUC rates by factors such as vehicle MPG, vehicle weight, engine type, fuel source, etc.



OUT OF STATE DRIVERS

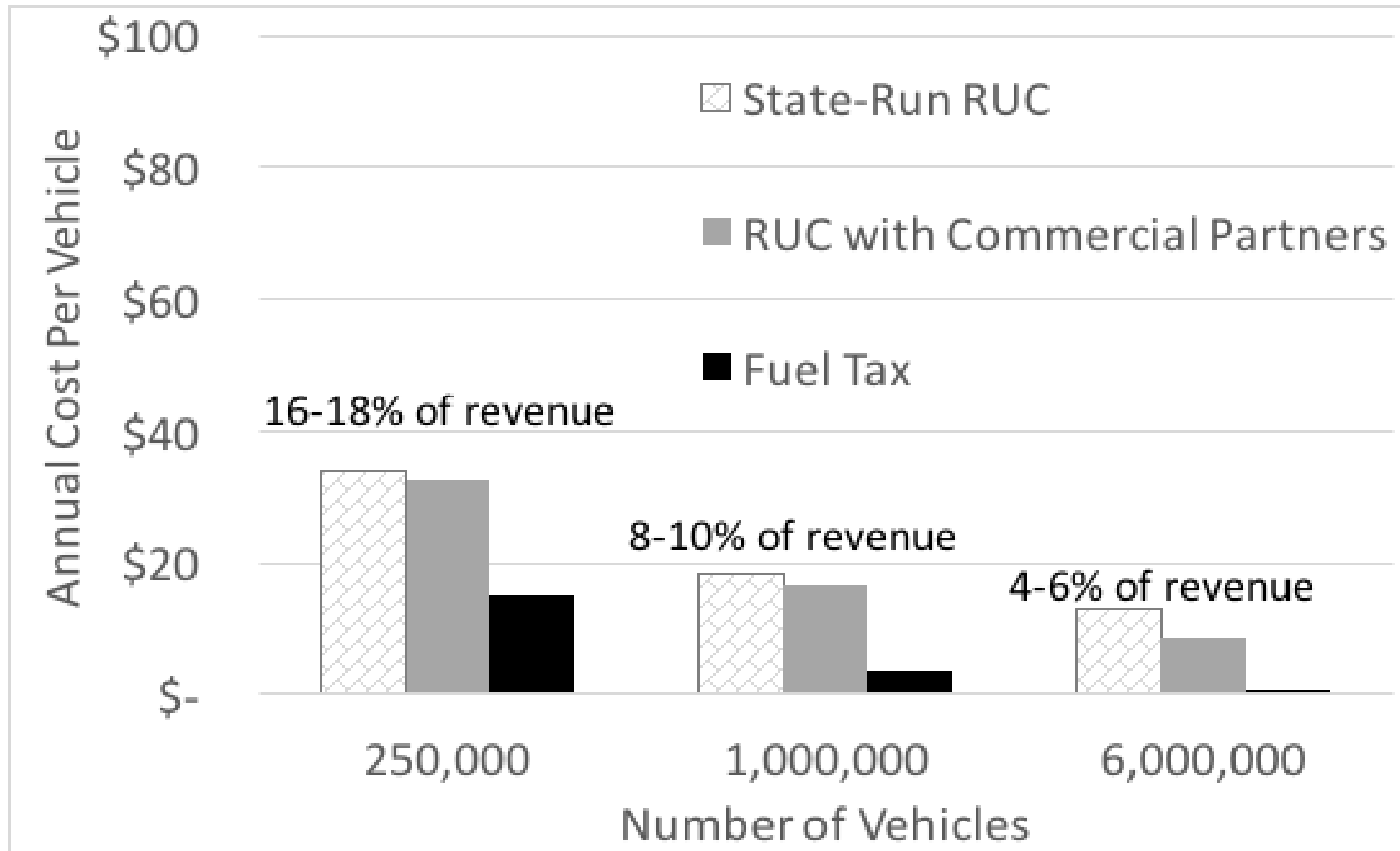
We need to be able to charge people from out of state for their use of Washington roads

In a potential RUC system:

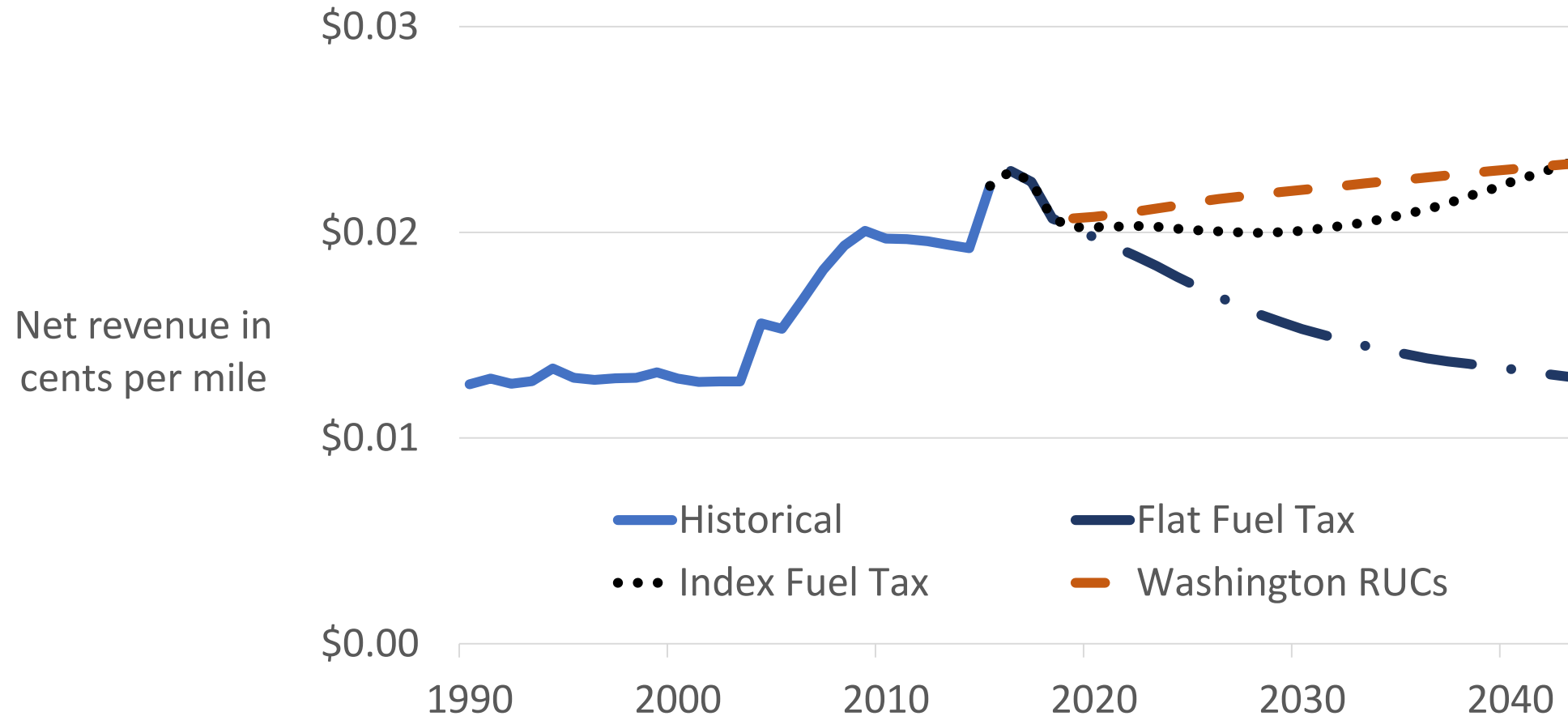
- The state may keep the gas tax in place while it slowly transitions away from it, and towards a road usage charge
- Drivers will pay either the gas tax or the road usage charge – but **not both**



ALTHOUGH RUC IS MORE COSTLY TO COLLECT THAN GAS TAX...



...RUC PROVIDES MORE SUSTAINABLE NET REVENUE



RUC PILOT PROJECT



Inform design of a fair-share approach

WASHINGTON'S RUC PILOT PROJECT

2015 Federal FAST Act Establishes Grant Program:

- Surface Transportation System Funding Alternatives (STSFA)

\$8.474M awarded to Washington State:

- **Stage 1:** Final Design and Set-up, \$3.874M (complete)
- **Stage 2:** 12-month live pilot, \$3.675M (complete)
- **Stage 3:** Evaluation and reporting: \$925K (underway)



WASHINGTON'S RUC PILOT PROJECT

Summary of Washington RUC Pilot Project:

- **Year-long**, statewide test of Washington-designed RUC system for **2,000** test-drivers
- **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 OPTIONS AT A GLANCE

1 2 3 4 **29% use**

ODOMETER READING

- Post-pay for miles reported quarterly
- Report miles either electronically or in person

15% use

MILEMAPPER SMARTPHONE APP

- Records miles using a smartphone
- Works with all vehicles
- Navigational GPS can be turned on/off
- Available only on iPhone iOS

1% use

MILEAGE PERMIT

- Pre-select a block of miles (1,000, 5,000, 10,000)
- Report odometer either electronically or in person every three months
- Obtain additional miles as needed to keep mileage permit valid

55% use
34% with GPS
21% without GPS

PLUG-IN DEVICES (WITH OR WITHOUT GPS)

- Automated mileage meter with GPS and non-GPS options
- Plugs into OBD-II ports in vehicles 1996 or newer
- GPS-enabled devices automatically deduct out-of-state miles

LOW-TECH

HIGH-TECH

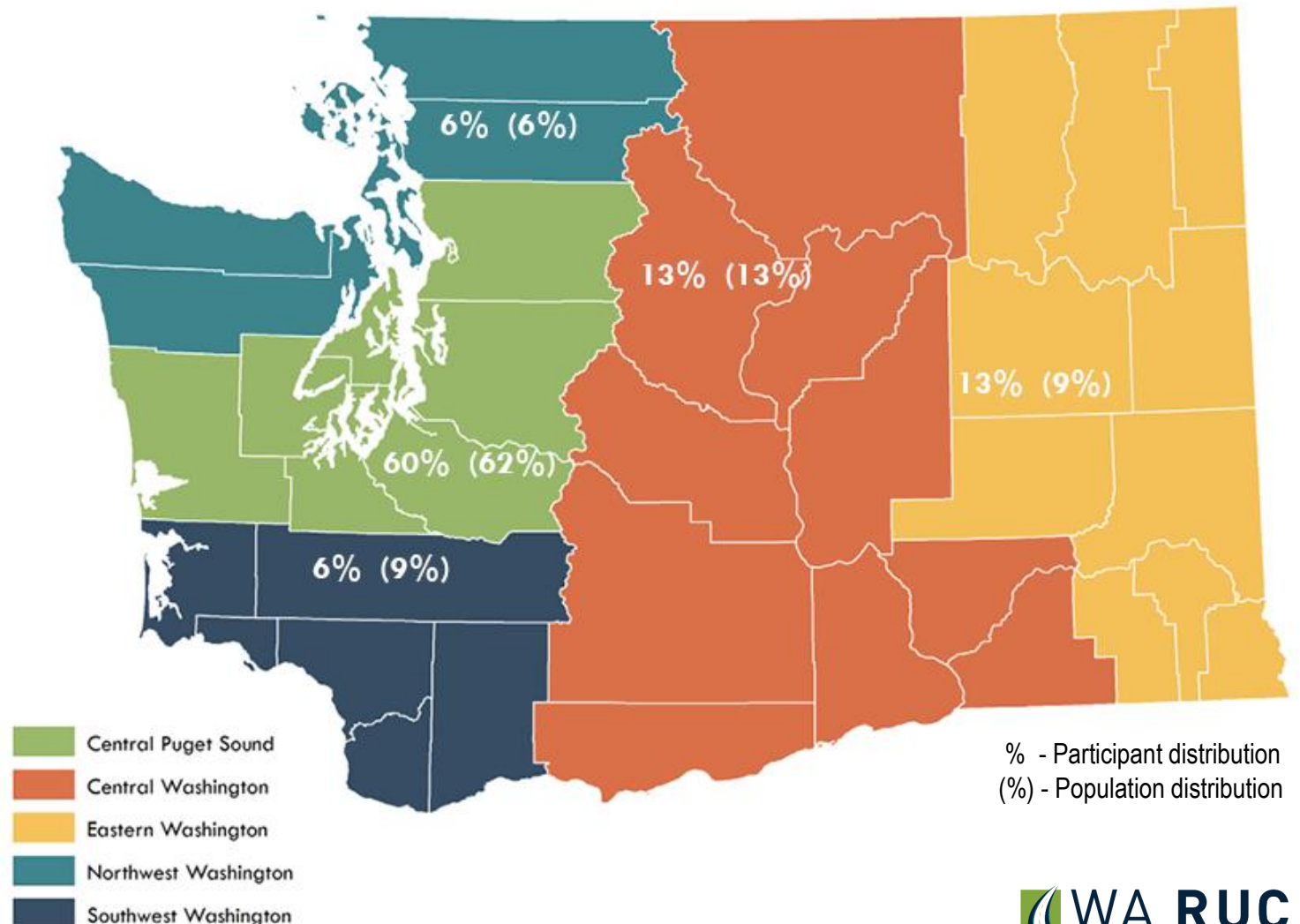
REPORTING MILES VIA SMARTPHONE



- App (iPhone only) developed for use by the Washington RUC Pilot Project
- Works with all vehicles – no in-vehicle hardware required
- GPS can be toggled on or off
- App provides breakdown of mileage traveled in / out of staff (provided GPS is on)
- Participants submit occasional odometer photo readings to help verify mileage driven

PARTICIPANT POOL: GEOGRAPHIC DISTRIBUTION

- Nearly 5,000 drivers from across the state expressed interest
- 2,000 spots were available - drivers from across the state participated
- The 2,000 participants reflected our state's geographic distribution



PARTICIPANT POOL: BY VEHICLE TYPE



78% Gasoline



4% Electric



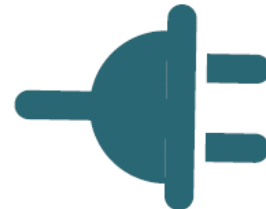
8% Hybrid



1% Diesel



8% Other



1% Plug-in hybrid

WHAT WE'VE HEARD FROM DRIVERS (SO FAR)



Over 16 million miles reported and mock-charged at 2.4 cents per mile



3 surveys, 6 focus groups, and the project help desk actively gathered feedback



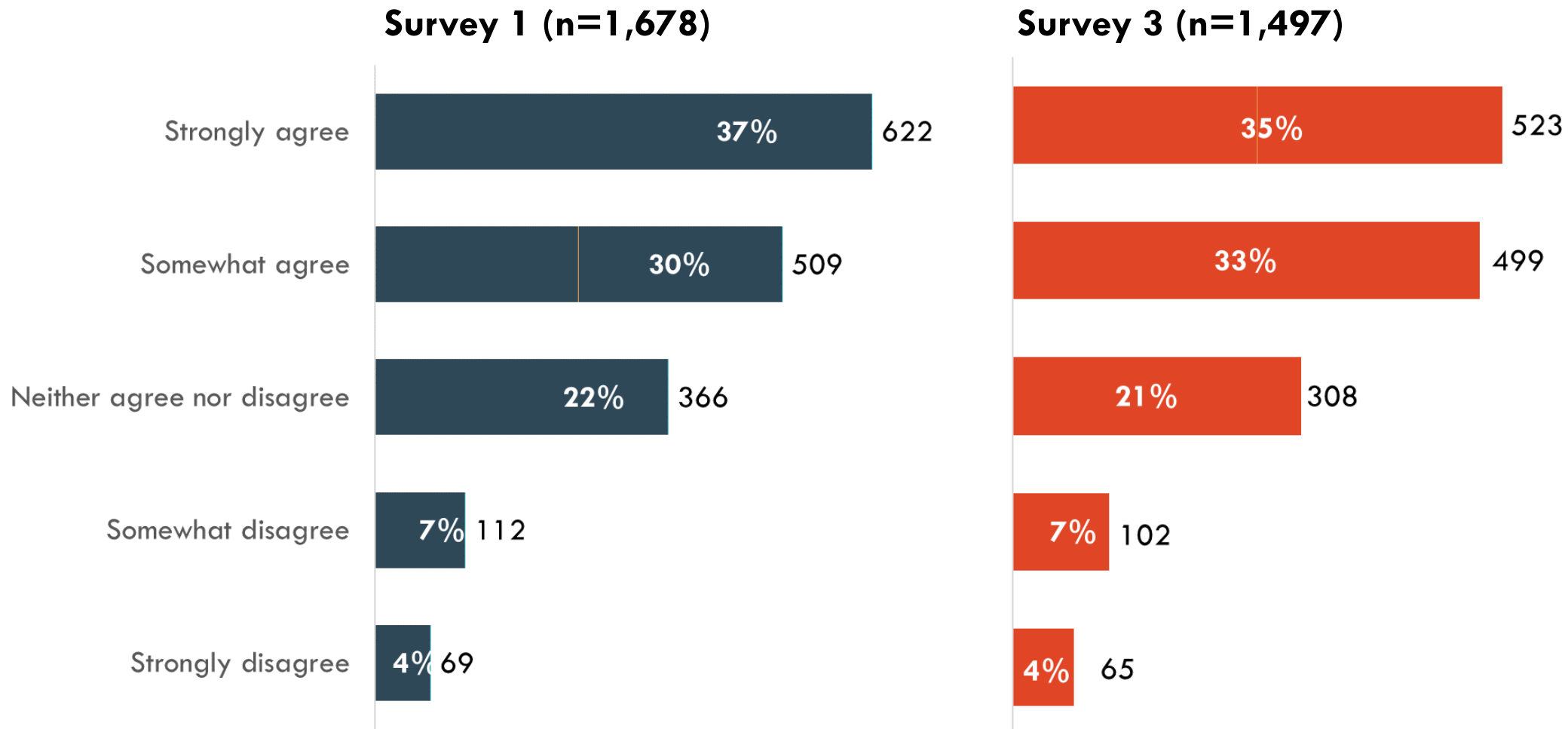
Over 1,700 emails and phone calls received from test drivers (61%) and members of the public (39%)



Top concerns and questions:

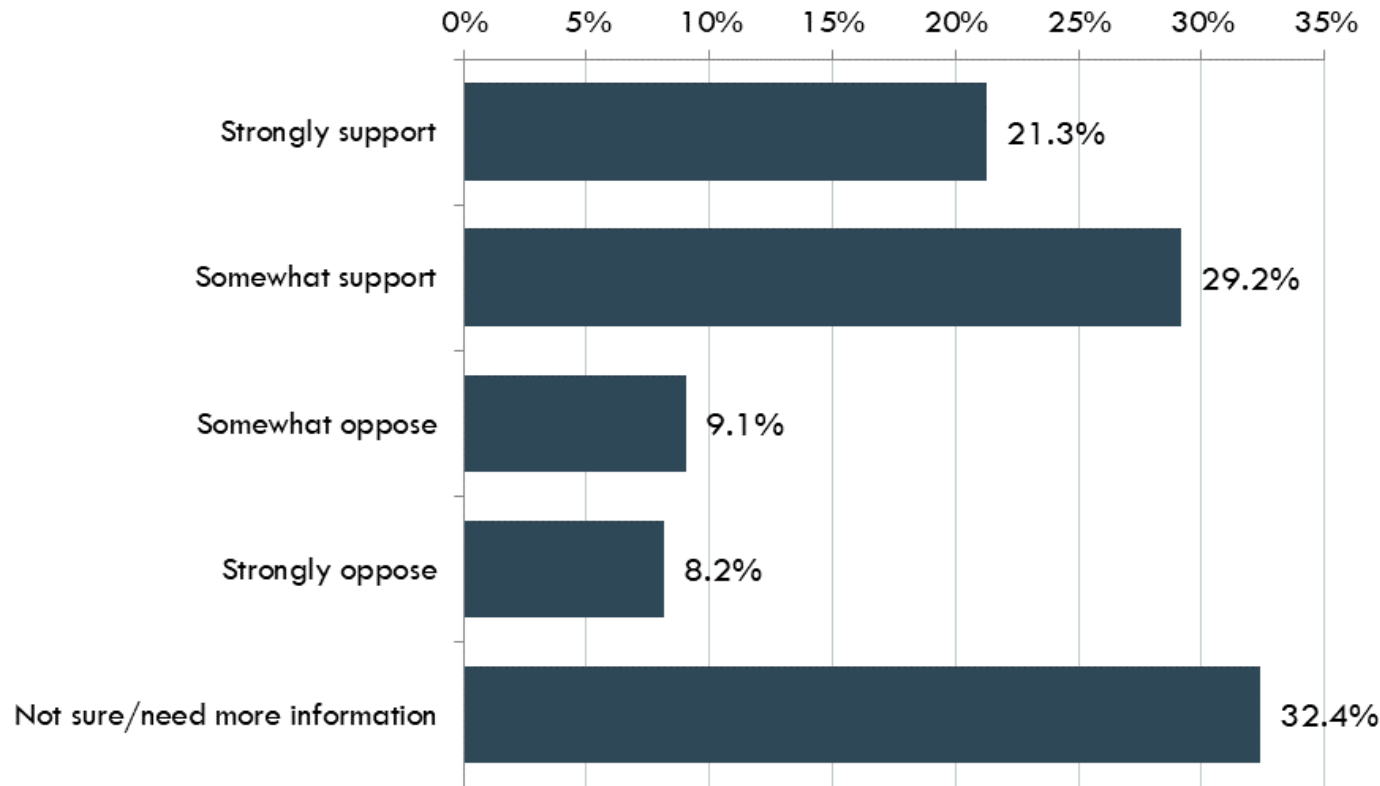
- Privacy and data collection
- Compliance and administration costs
- Fairness and equity
- Travel between states
- Operational viability

Washington State needs to find an alternative to the gas tax to adequately fund our transportation infrastructure

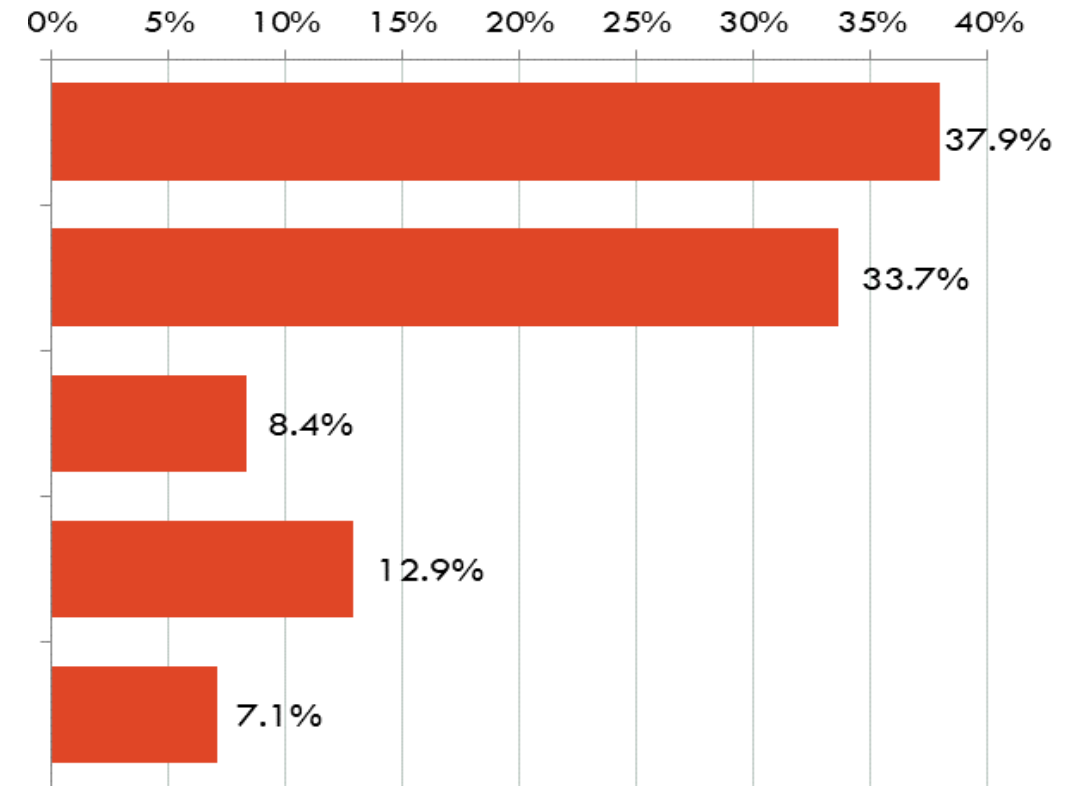


At this point, how do you feel about implementing a RUC as a replacement to the gas tax to fund transportation infrastructure?

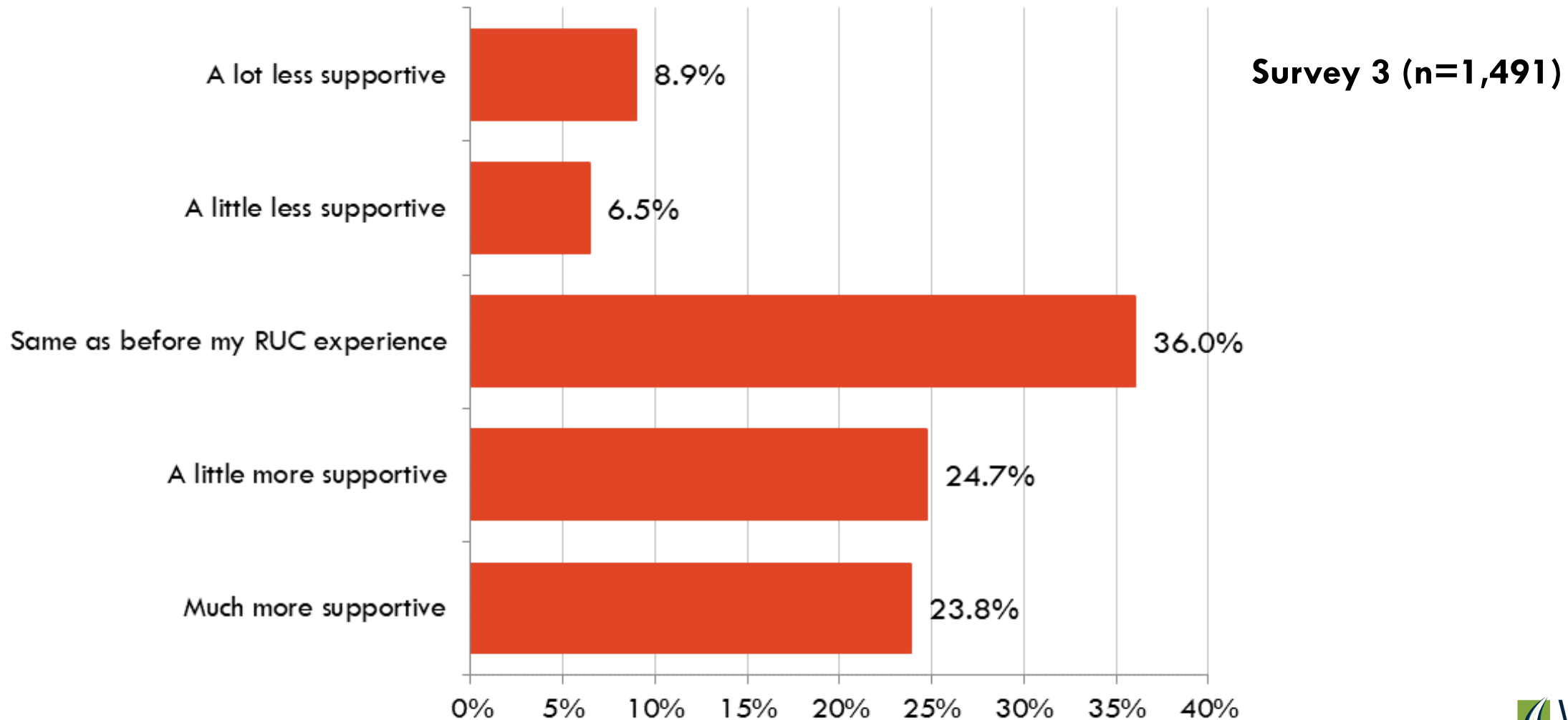
Survey 1 (n=1,683)



Survey 3 (n=1,468)

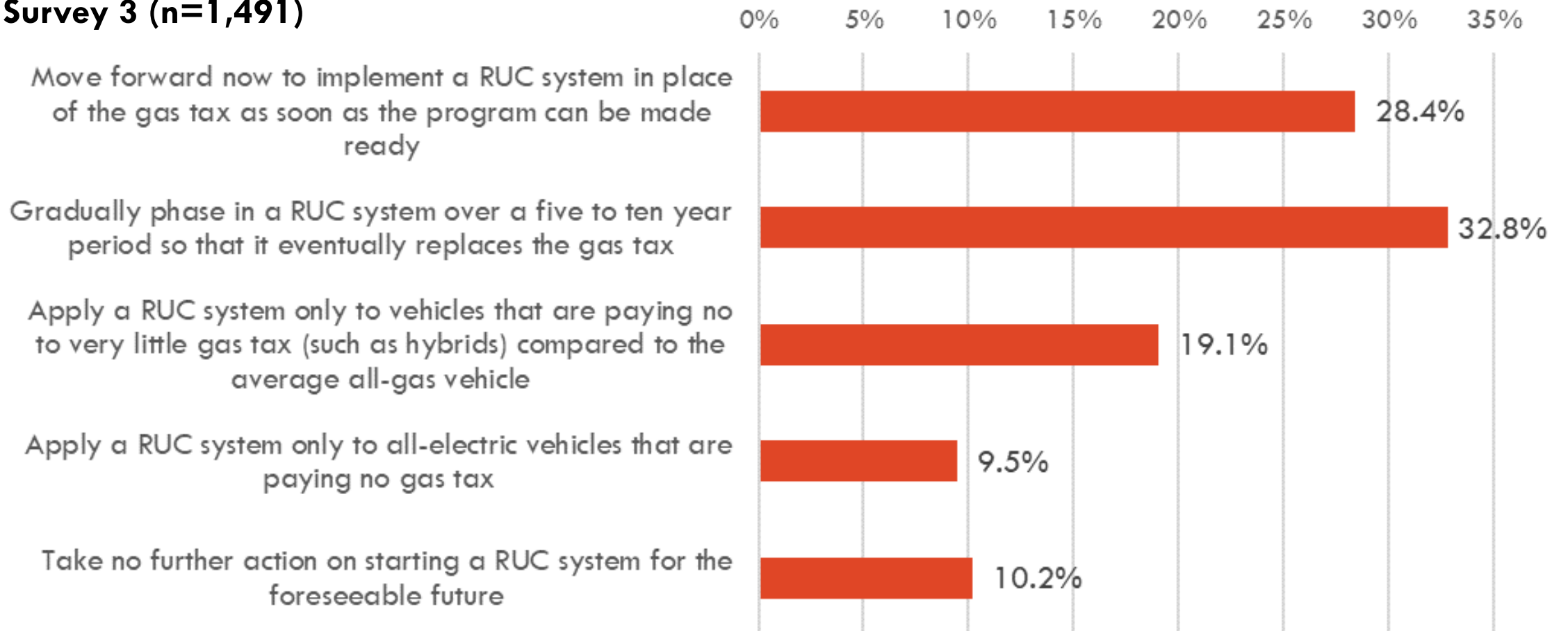


Based on your experience in the pilot, how has your attitude towards a road usage charge system changed?



Which of the following represents your advice to elected officials as they consider next steps in implementing a RUC system statewide:

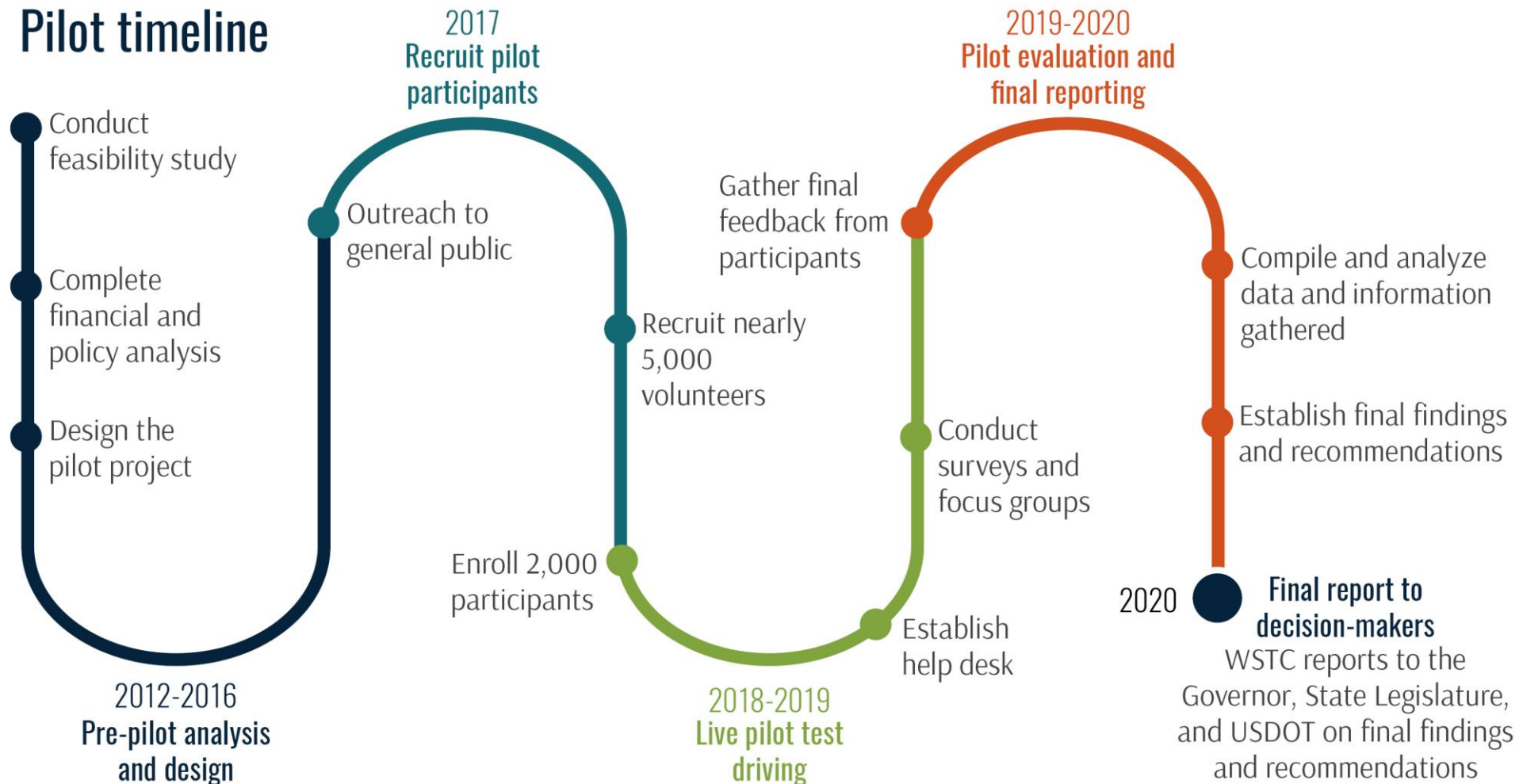
Survey 3 (n=1,491)



Thinking about a potential RUC system, how would you rate the importance of the following issues?

	% responding "Very Important"			
	Survey 1	Survey 2	Survey 3	Change
Privacy: My personal and driving information cannot be sold to any organization or shared with entities without my consent.	81%	90%	90%	↑
Simplicity: It is easy to participate in and not time-consuming to comply with.	69%	79%	79%	↑
Data security: It provides the highest level of data security possible and drivers can obtain information that clearly outlines the security measures.	72%	77%	75%	↑
Transparency: Clear information is available on the rate and how it is set, as well as RUC system operations.	74%	74%	70%	↓
Cost-effectiveness: The RUC is efficient for the State of Washington to collect, administer, and enforce.	60%	67%	65%	↑
Equity: All drivers pay their fair share based on how much they use the roads and regardless of vehicle type.	58%	60%	61%	↑
Enforcement: It is easy to enforce, and costly to evade.	48%	57%	58%	↑
User options: It provides choices to drivers for how they report their miles.	42%	58%	52%	↑
Charging out of state drivers: Visitors to the state pay for their use of WA roads.	30%	43%	40%	↑

PILOT PROJECT TIMELINE





To stay looped in on our
progress visit:

www.waroadusagecharge.org

CONTACT INFORMATION

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