

A stylized graphic of a road with a dashed yellow center line and solid blue outer lines, curving upwards and to the right against a light green background.

WASHINGTON STATE ROAD USAGE CHARGE

Steering Committee Meeting



Washington State
Transportation Commission

November 29, 2018
SeaTac Airport,
SeaTac, Washington

WELCOME AND INTRODUCTIONS

Joe Tortorelli
WA RUC Steering Committee Chair,
Washington State Transportation
Commission

- Steering Committee member self-introductions
- Recognition of invited guests

PUBLIC COMMENT PERIOD

- Please try to keep all comments limited to 5 minutes or less

WA RUC PROJECT RECAP AND PATH FORWARD

Jeff Doyle
Project Manager
D'Artagnan Consulting

- Retracing the developmental steps and decisions, 2012 - present
- Pathway forward for WA RUC project

RECAP OF WA RUC PILOT DEVELOPMENT & DECISIONS

Jeff Doyle
Project Manager
D'Artagnan Consulting

PROGRESSION OF ROAD USAGE CHARGE ASSESSMENT

2009

...

2011

2012 --

WSTC sends letter urging federal government to explore VMT fees as replacement for gas tax.

Legislature/ Governor:
Connecting WA Task Force recommends investigating RUC to replace gas tax to provide more sustainable transportation funding.

Legislature/ Governor:
Directs and funds RUC feasibility assessment

Legislature/ Governor:
HB 2660 enacts first \$100 fee on electric vehicles, to “expire upon enactment of a vehicle miles traveled fee or tax.”

WSTC directed to appoint and administer a RUC Steering Committee and make policy recommendations

+

WSDOT directed to conduct technical, operational and administrative work

Steering Committee consisting of stakeholders to oversee research and investigation of RUC

RESEARCH MILESTONES (INCLUDING PUBLIC DEMONSTRATION PROJECT)

2012-2018: RUC research and analysis (including a statewide public demonstration project):

- ✓ **2012 Feasibility study:** RUC is technologically feasible on a large scale; preliminary operational concepts explored; RUC system must offer user choice
- ✓ **2013 Financial and policy analysis:** RUC is financially advantageous vs. gas tax; policy issues identified for future research and analysis; Steering Committee adopts 13 “Guiding Principles” for a RUC system
- ✓ **2014 Demonstration project design:** Steering Committee designs four methods of mileage reporting to test in a pilot
- ✓ **2015 Pilot evaluation approach:** Steering Committee establishes evaluation measures and processes for assessing pilot performance
- ✓ **2016 Pilot plan:** communicating with, recruiting and supporting the public “test drivers”; deployment plan
- ✓ **2017 Pilot setup:** federal funding secured; pilot test plan adopted; pilot systems configured and tested
- ✓ **2018 Pilot operations:** Pilot launched; 2000+ drivers testing five mileage reporting methods; evaluation underway



PATHWAY FOR REMAINDER OF PILOT PROJECT

Jeff Doyle
Project Manager
D'Artagnan Consulting

ROLES IN DELIVERING THE PROJECT AND FINAL REPORT

WA RUC Steering Committee MEASURES...

- Oversee all research to ensure it is thorough and accurate
- Identify issues of importance or concern for in-depth research (“parking lot”)
- Design a RUC demonstration to test operational approaches and measure public acceptance
- Present information and options fairly to reflect the full range of viewpoints
- Provide guidance on technical and operational issues

Transportation Commission RECOMMENDS...

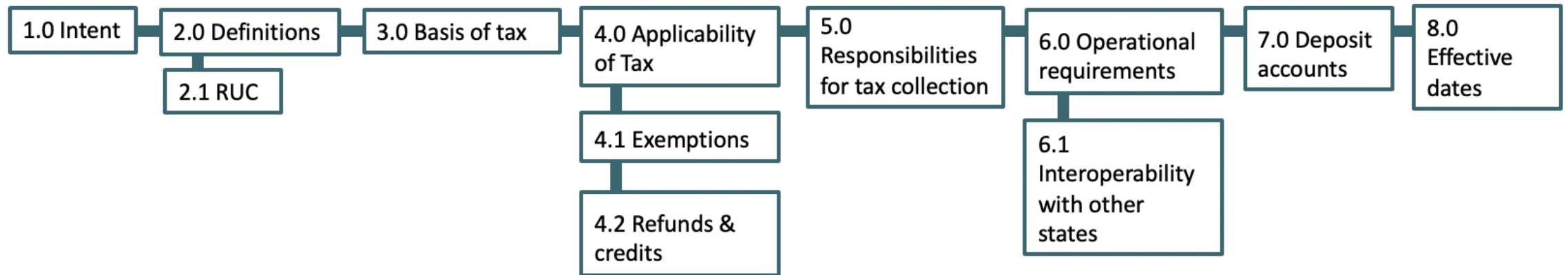
- Receive the Final Report from the Steering Committee
- Decide whether to make recommendations on issues

Legislature DECIDES...

- Receive the Final Report and Recommendations from WSTC
- Decide whether (or how) to implement a RUC

THE FINAL REPORT MUST BE SUPPORTED BY THE RESEARCH AND USEFUL FOR DECISION-MAKING

What the Legislature might find useful is a Final Report and Recommendations that provide enough information for them to make decisions for each of these elements of a future RUC policy



2019 STEERING COMMITTEE WORK

(Proposed)
February 2019
SC meeting

- Motor fuel tax bond requirements
- Legal issue: Interstate Commerce Clause
- Per-mile rate setting process and roles
- Rate setting basis for time-based permit

(Proposed)
April 2019
SC meeting

- Driver reaction to the proposed RUC system
- Permanent exemptions
- Use of private sector account managers
- State information technology (IT) needs
- Interoperability with other states

(Proposed)
June 2019
SC meeting

- Public understanding and acceptance of the proposed system
- Institutional roles in implementing any future RUC system
- Impact on EV adoption
- Transition strategy - vehicles subject to paying RUC

(Proposed)
Fall 2019
SC meeting

- Discussion of thoroughness and accuracy of the information
- Review and discussion of findings
- Discussion of technical or operational recommendations
- Review of final report outline

PREPARING FOR THE END OF THE LIVE TEST DRIVE

Matthew Dorfman, D'Artagnan
Consulting
Ara Swanson, EnviroIssues

- Operations activities
- Communications activities

PREPARING FOR THE END OF THE LIVE TEST DRIVE: OPERATIONS ACTIVITIES

Matthew Dorfman
D'Artagnan Consulting

OPERATIONS SCHEDULE: DATES IMPACTING PARTICIPANTS

Given that **January 2019** is the last month for data recording:

- Email announcing closeout procedure to all participants: **December-January**
 - Details ahead in Communications section
- Final Mileage Data Reporting: **Late January**
 - Odometer-based methods and MileMapper: Final Reporting Reminders on Jan 20, 25, and 30
 - Plug-in Device: All miles included through January 31
 - VLO: Appointments encouraged in the Jan 20-31 timeframe
- Target Final invoice delivery: **February 5-7**
- Payments Demo participants should make final payments
- Final Interoperability Reconciliation: **~March 2019**

RETURN OF PLUG-IN DEVICES

- Emovis Participants keep their Automatic Devices
- DriveSync will send return kits to Participants in Late January
 - Kraft/bubble envelope
 - Pre-paid adhesive label for use with the United States Postal Service (USPS)
 - Instructions to pack device and put in outgoing mail promptly after February 1
 - Participants who do not return device are not eligible for final reward

MOBILE APPLICATION AND WEB SUPPORT

- Web support through February 2019
- Participants will be instructed to delete the mobile apps

OPERATIONS SCHEDULE: DATA ANALYSIS AND REPORTING

- Final Interoperability Reconciliation: ~**March 2019**
- Data Analysis and Reporting: **February-May 2019**
- Data Purge: ~**May 2019**

COMMUNICATION ACTIVITIES AND PREPARING FOR THE END OF THE LIVE TEST DRIVE

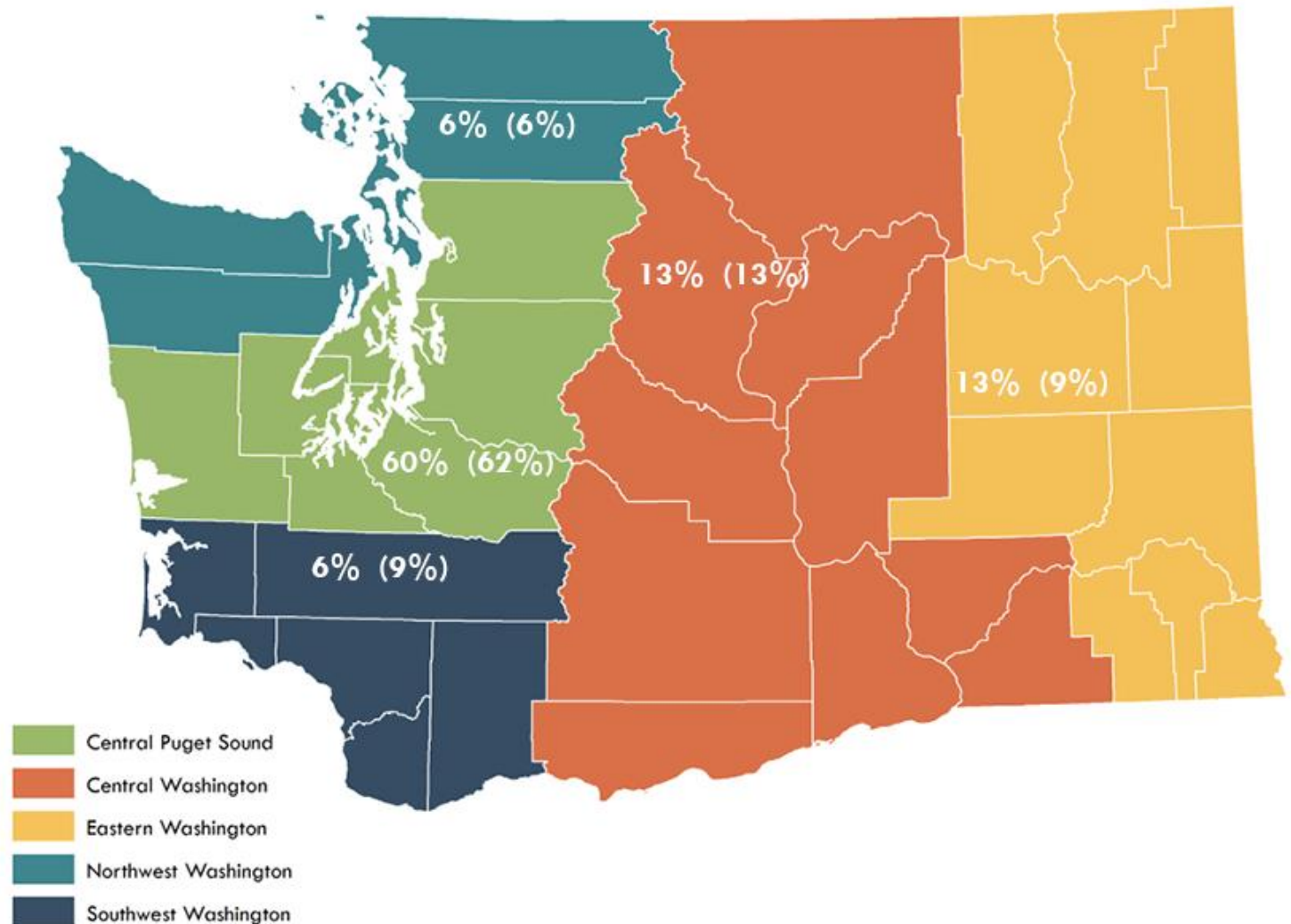
Ara Swanson
EnviroIssues

PARTICIPANT POOL

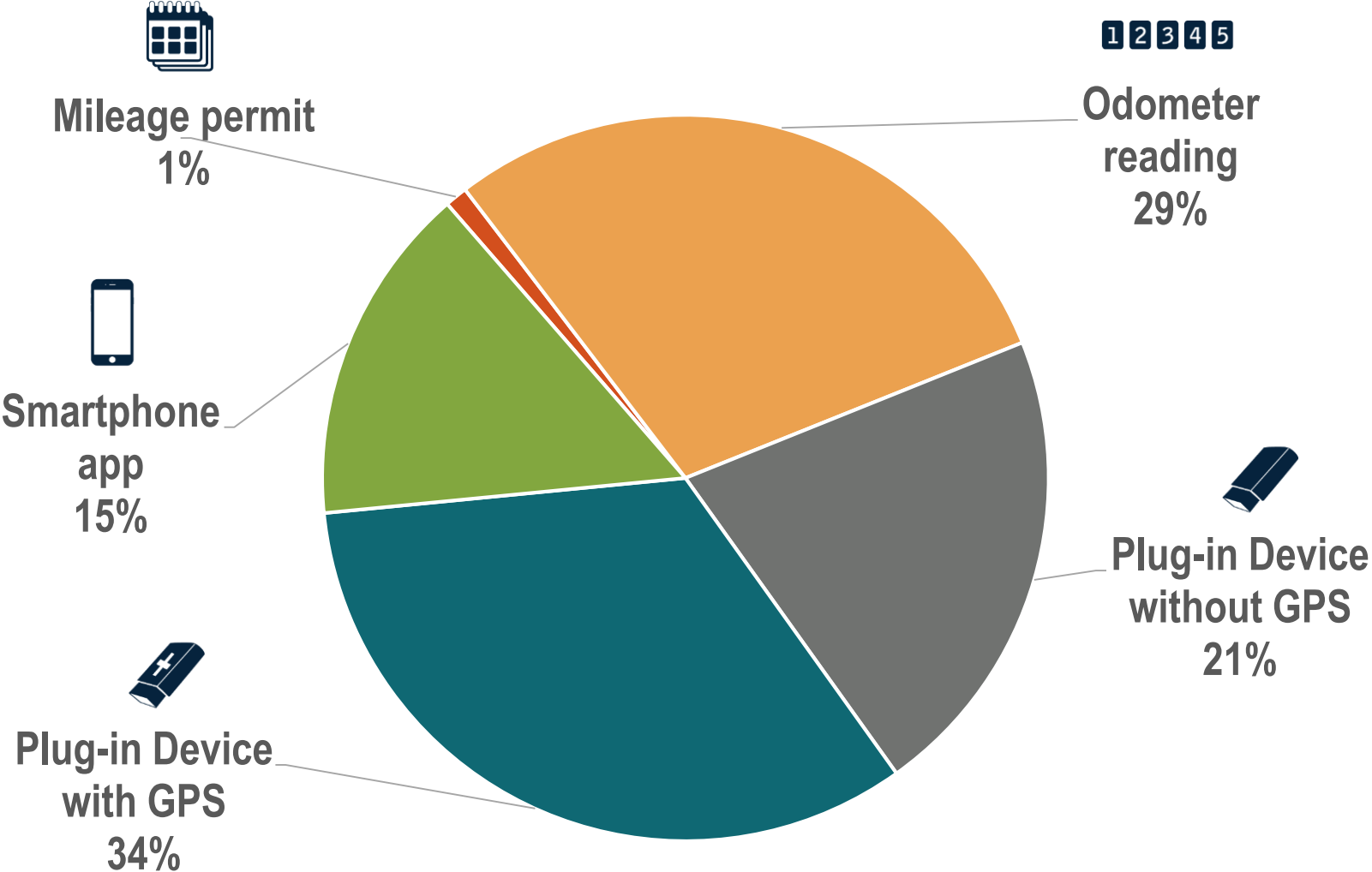
Ara Swanson
Envirolssues

PARTICIPANT POOL – GEOGRAPHIC DISTRIBUTION

- Drivers from across the state are now enrolled and participating
- These participants reflect our state's geographic distribution



PILOT PARTICIPANTS MILEAGE REPORTING OPTIONS



PARTICIPANT POOL – GEOGRAPHIC DISTRIBUTION

Geographic Distribution			
Region	% of WA Population	% of WA RUC Participants	Difference
Northwest	6%	6%	0%
Central Puget Sound	62%	60%	-2%
Southwest	9%	6%	-3%
Central	13%	13%	0%
Eastern	9%	13%	4%
Unknown		1%	

Source: WA Office of Financial Management, April 2017 Population by Cities, Towns and Counties

PARTICIPANT POOL – BY GENDER

Identified Gender	% of WA Population	% of WA RUC Participants	Difference
Male	50%	49%	-1%
Female	50%	49%	-1%
Prefer not to answer		1%	
Prefer to self-describe		0%	
Unknown		1%	

Source: American Community Survey, 2012-16 5-year estimates

PARTICIPANT POOL – BY RACE OR ETHNICITY

Identified Race or Ethnicity	% of WA Population	% of WA RUC Participants*	Difference
African-American	3%	2%	-1%
American Indian or Alaska Native	1%	3%	2%
Asian (excl. Indian)	7%	5%	-2%
Caucasian or white	71%	85%	14%
Hispanic	12%	4%	-8%
Indian subcontinent	1%	1%	0%
Native Hawaiian or other Pacific Islander	1%	1%	0%
Other/None of the above		2%	
Prefer not to answer		3%	

Source: American Community Survey, 2012-16 5-year estimates

*As participants could select more than one option, the total equals more than 100%

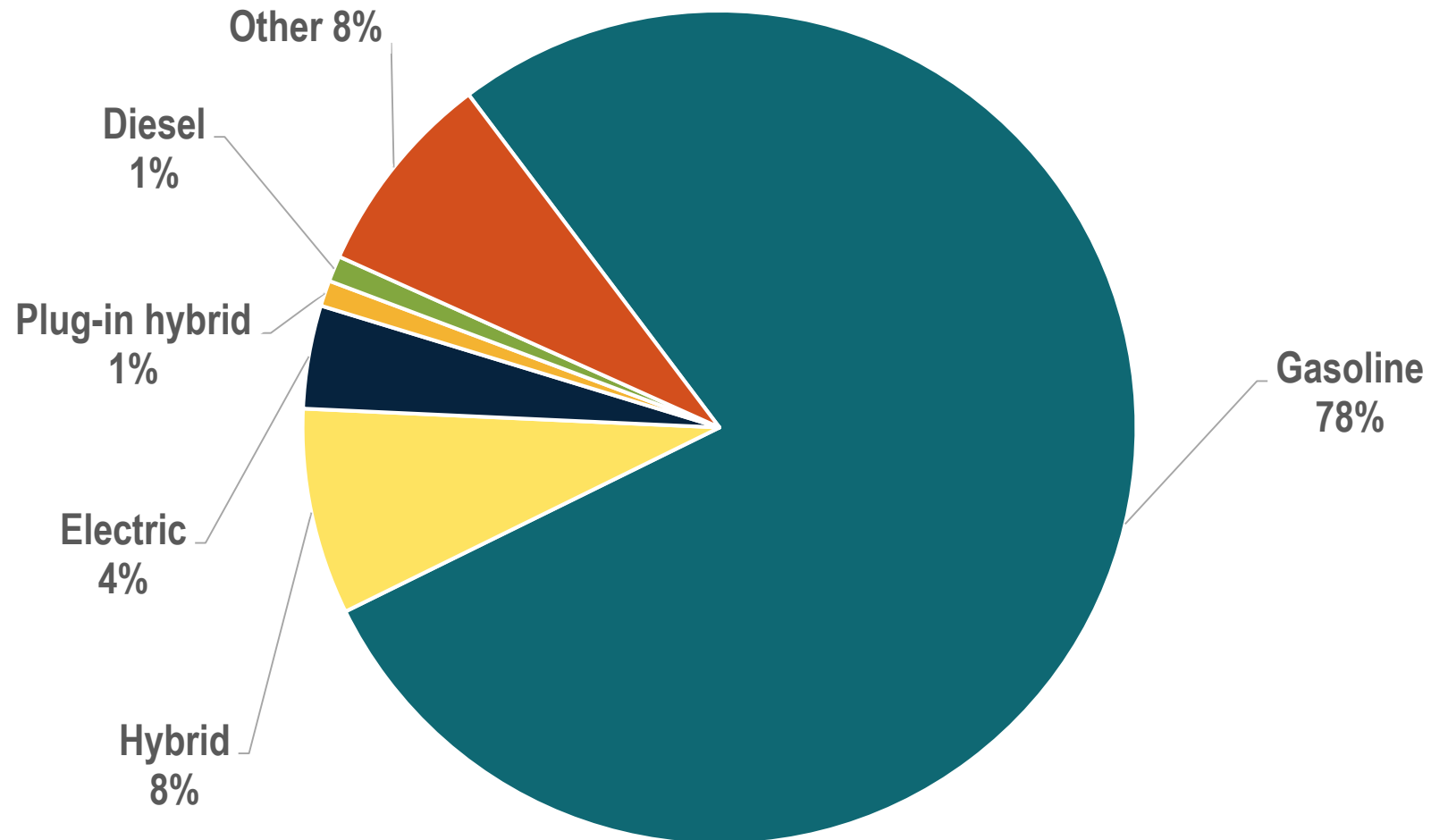
PARTICIPANT POOL – BY HOUSEHOLD INCOME

Household Income				
	% of WA Population	Household Income*	% of WA RUC Participants	Difference
Less than \$25K	12%	Less than \$30K	7%	-5%
\$25K-50K	19%	\$30K-60K	20%	1%
\$50K-100K	34%	\$60K-120K	43%	9%
\$100K-200K	27%	\$120K-200K	17%	-10%
More than \$200K	8%	More than \$200K	6%	-2%
Prefer not to answer		Prefer not to answer	5%	-3%
		Unknown	1%	

Source: American Community Survey, 2012-16 5-year estimates

*Participant categories varied slightly from American Community Survey categories

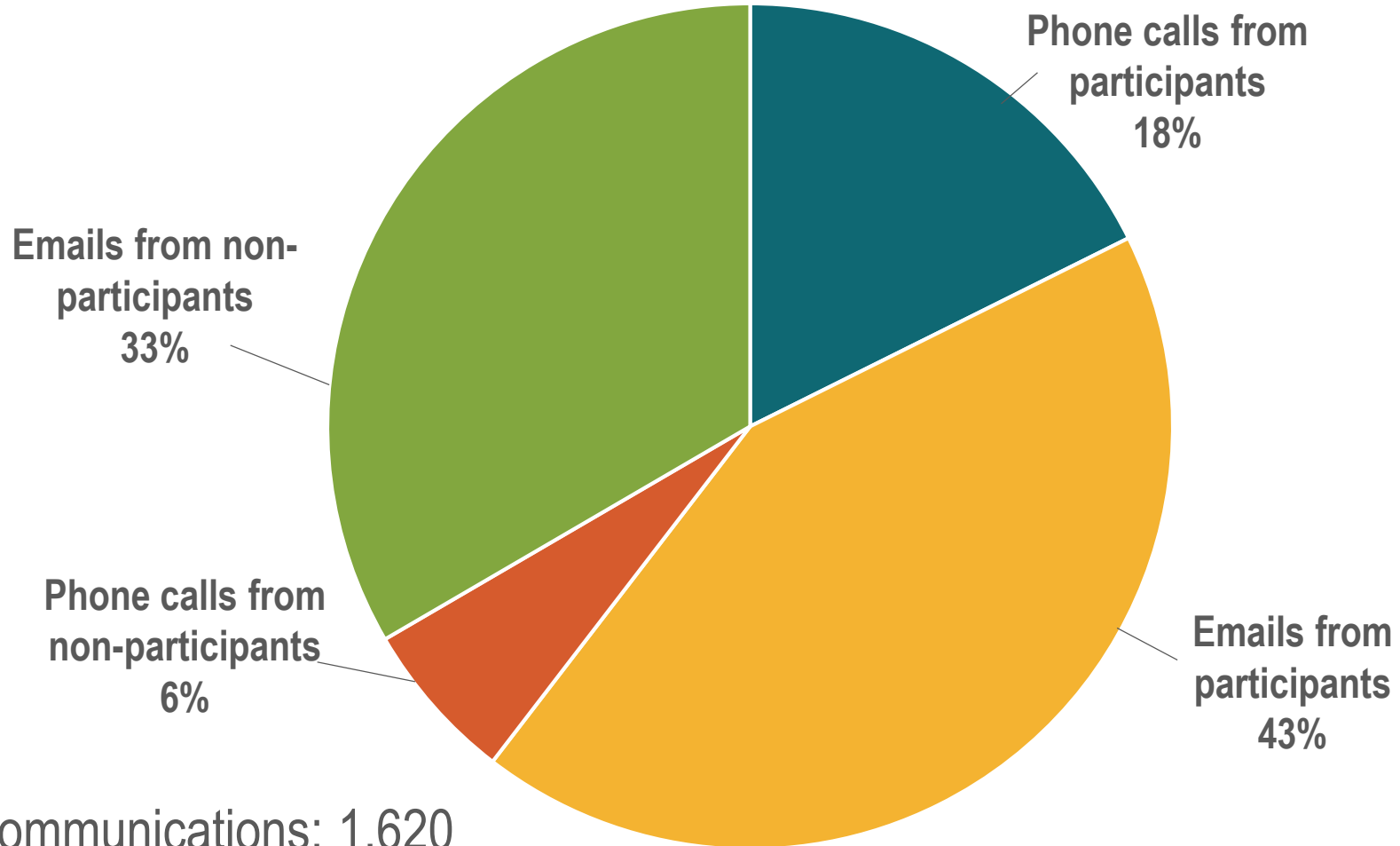
PARTICIPANT POOL – BY VEHICLE TYPE



PARTICIPANT FEEDBACK TO DATE

Ara Swanson
EnviroIssues

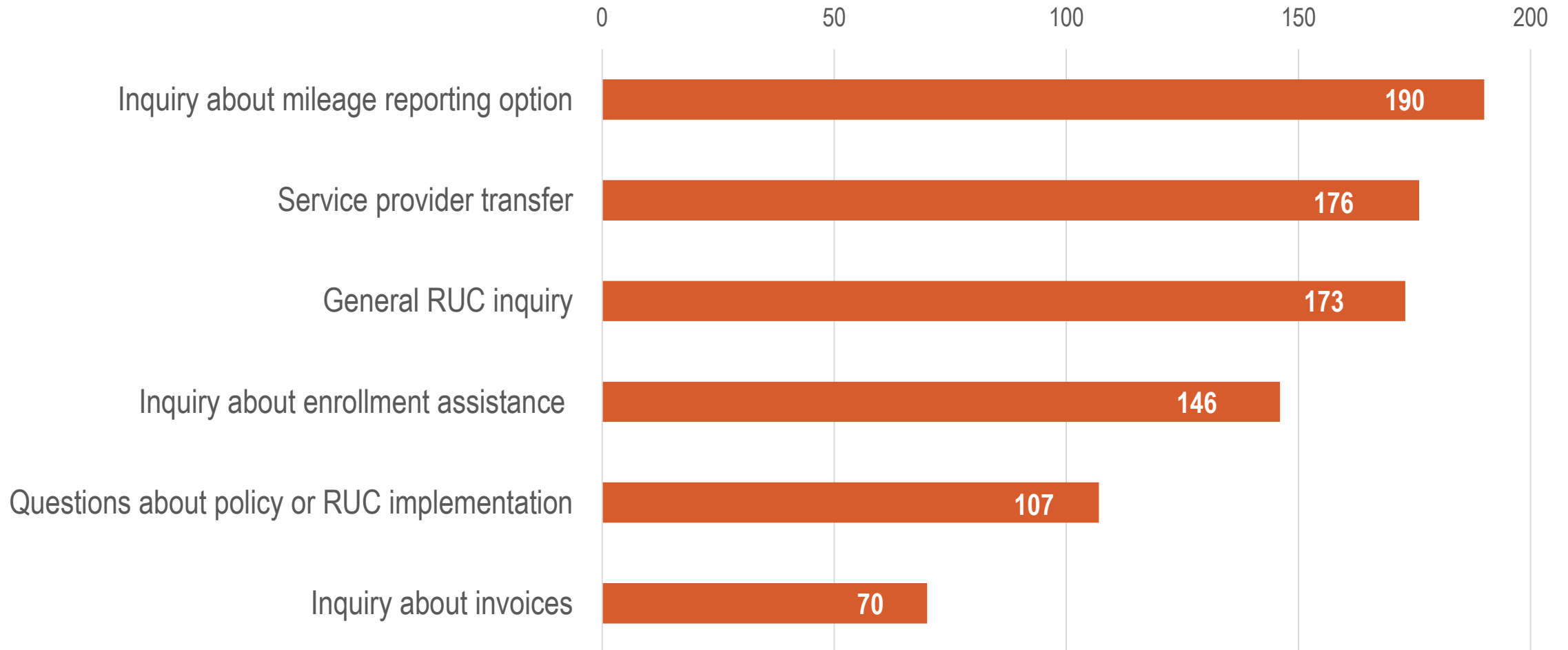
BY THE NUMBERS: OVERVIEW



Total incoming communications: 1,620

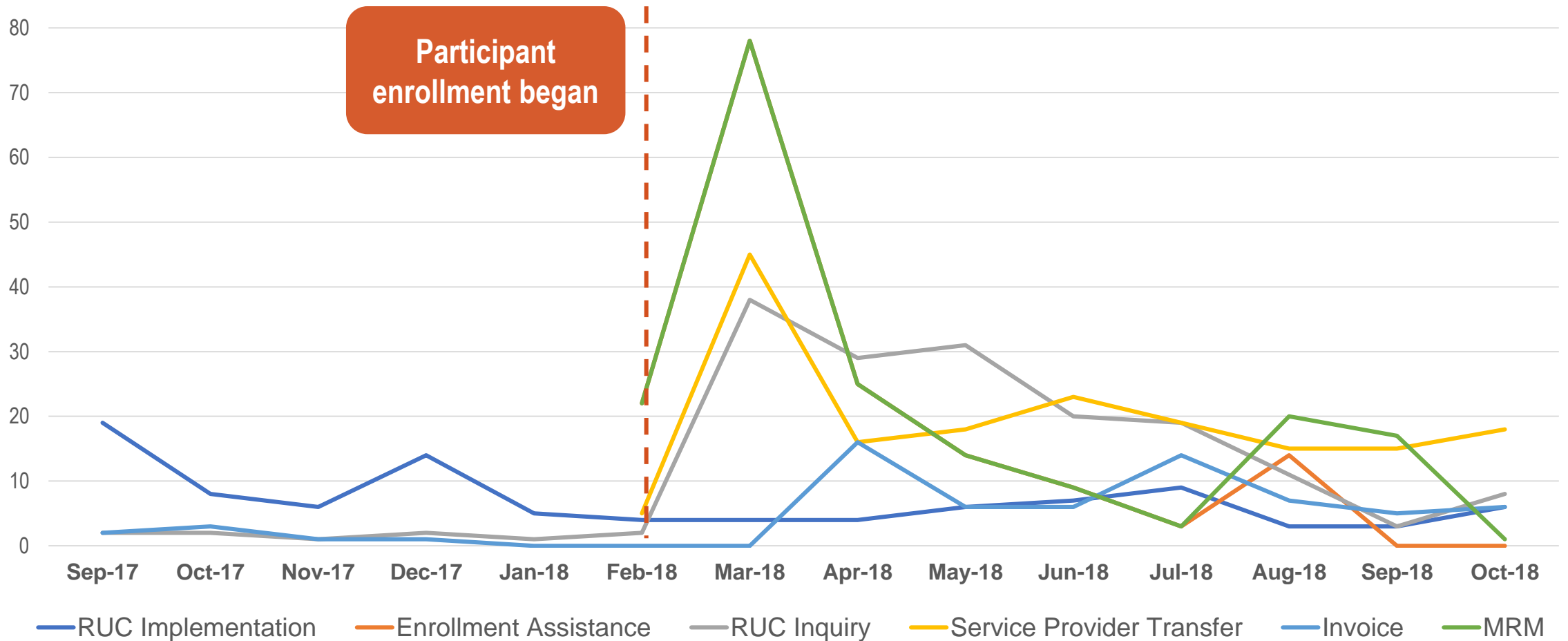
Date range: September 1, 2017 to November 1, 2018

FREQUENTLY DISCUSSED TOPICS OVER PROJECT LIFETIME



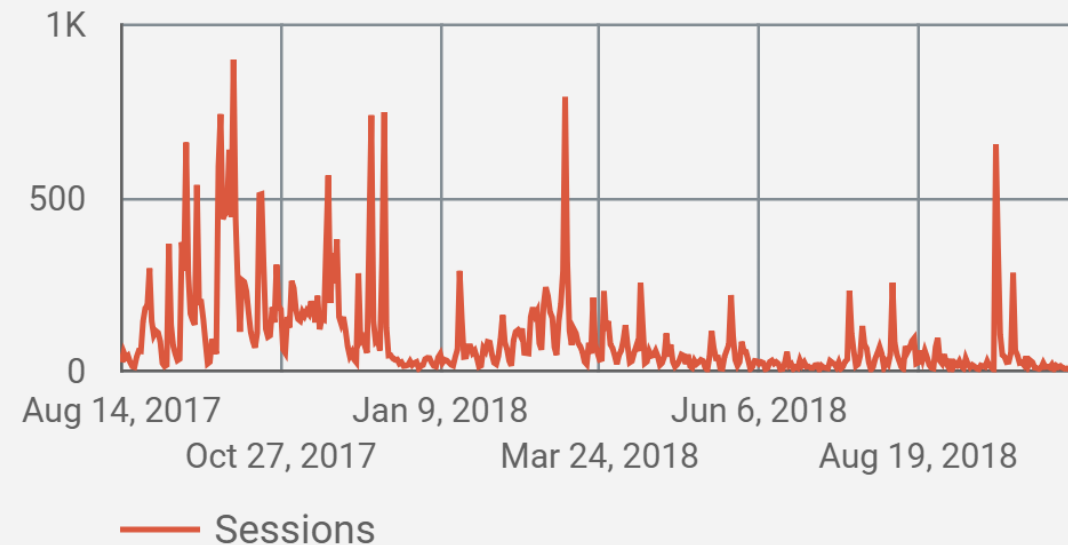
Date range: September 1, 2017 to November 1, 2018

MOST FREQUENT HELP DESK TOPICS: SEPTEMBER 2017 – OCTOBER 2018

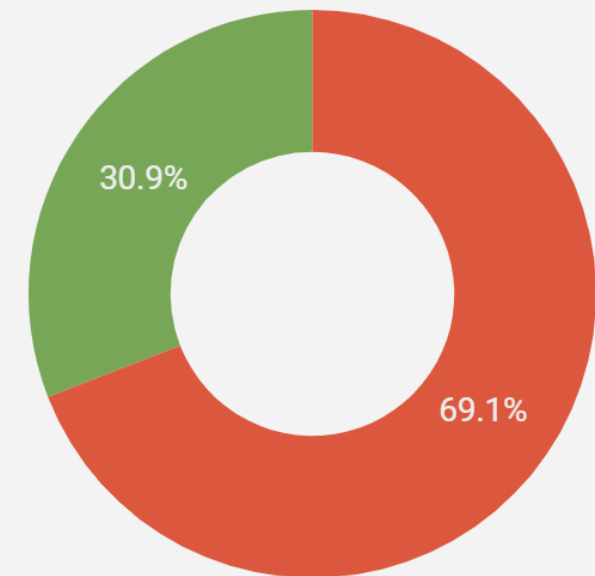


WEBSITE ANALYTICS: AUGUST 2017 – OCTOBER 2018

Overall website traffic (sessions)



User type

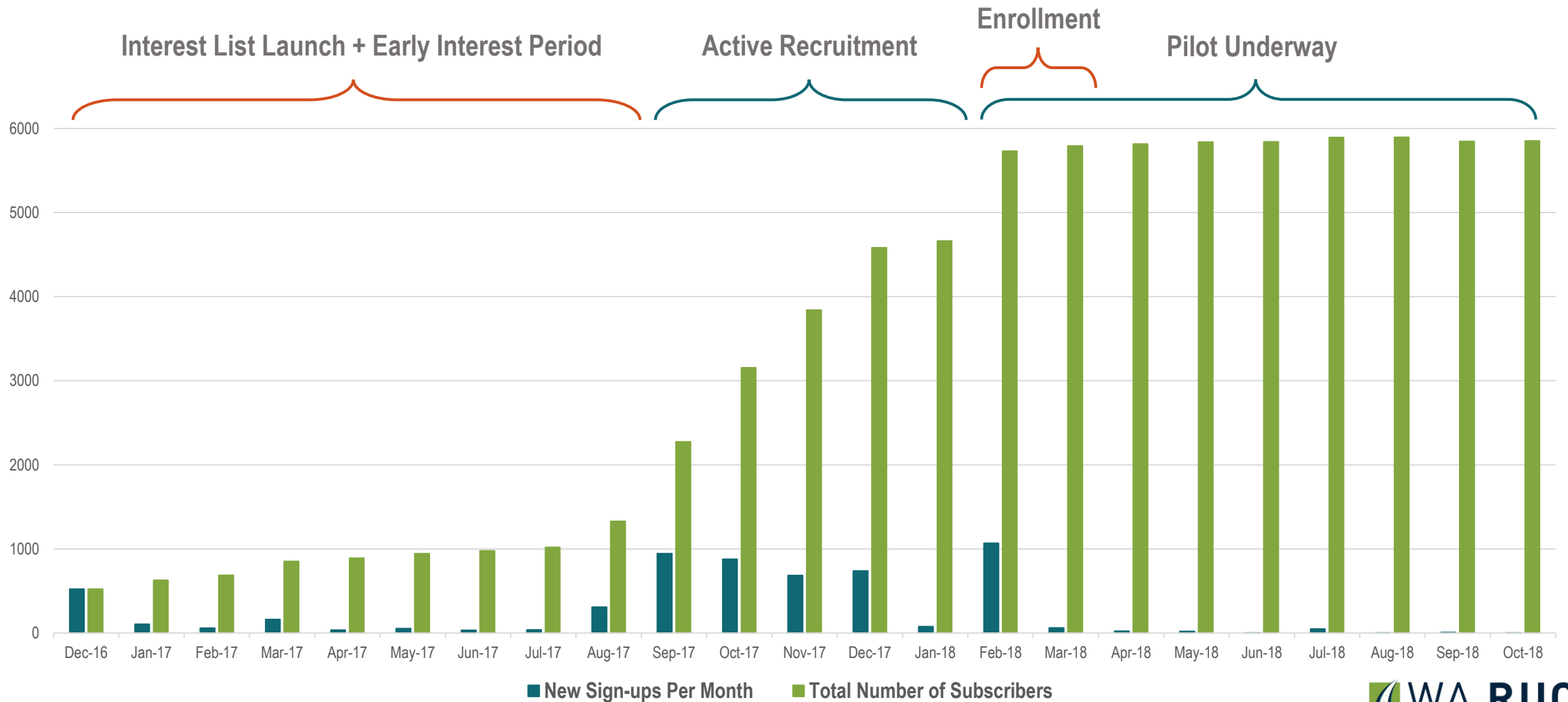


- New Visitor
- Returning Visitor

Top Referrers

	Source / Medium	Pageviews ▾
1.	(direct) / (none)	18,558
2.	google / organic	9,938

INTEREST LIST GROWTH



Data as of November 1, 2018

GETTING READY TO CLOSE OUT PILOT TEST DRIVE

Ara Swanson
EnviroIssues

KEEPING DRIVERS ENGAGED DURING THE PILOT TEST DRIVE



E-newsletter updates

- Regular emails keep participants updated on pilot news and topical questions the pilot is hearing (*sent approximately every six weeks*)



Invoice review

- Monthly and quarterly invoices to participants for review
- Monthly driver “report card” (some participants)



Help desk

- In-depth responses to correct misconceptions and share information
- Support for service provider coordination



Surveys, focus groups

- Collect feedback from participants at key milestones
- Engage participants in group discussions for collective sharing

CLOSING OUT THE PILOT: PRIMARY COMMUNICATIONS GOALS

- **Highlight the importance of the participant's experience** and reiterate how their feedback will be used to inform future policy decisions
- **Ensure that participants feel appreciated**
- **Provide clear next steps** for the pilot project
- **Leverage statewide media coverage** to help broadly communicate the end of pilot communications and next steps

CLOSING OUT THE PILOT: NOTIFICATIONS



Email announcement to project interest list (*with multiple reminders in advance*) and **updated website**



Distribute press release and **make follow-up calls** to some media contacts who have followed pilot closely



Help desk staff and project spokespeople will be **ready to answer incoming questions**

PILOT EVALUATION ACTIVITIES

- High-level results from Participant Survey #2 (mid-pilot)
- Participant Focus Group sessions

Allegra Calder
BERK Consulting

MID-PILOT PARTICIPANT SURVEY #2

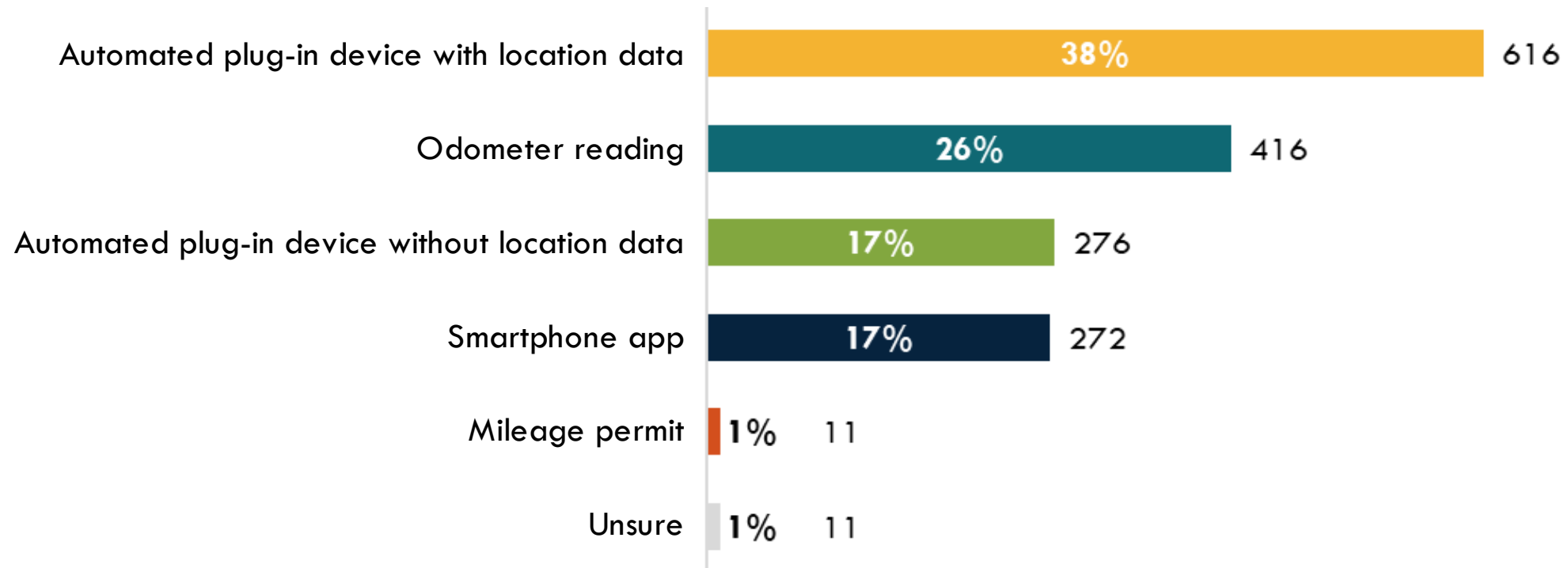
Allegra Calder
BERK Consulting

PARTICIPANT SURVEY # 2

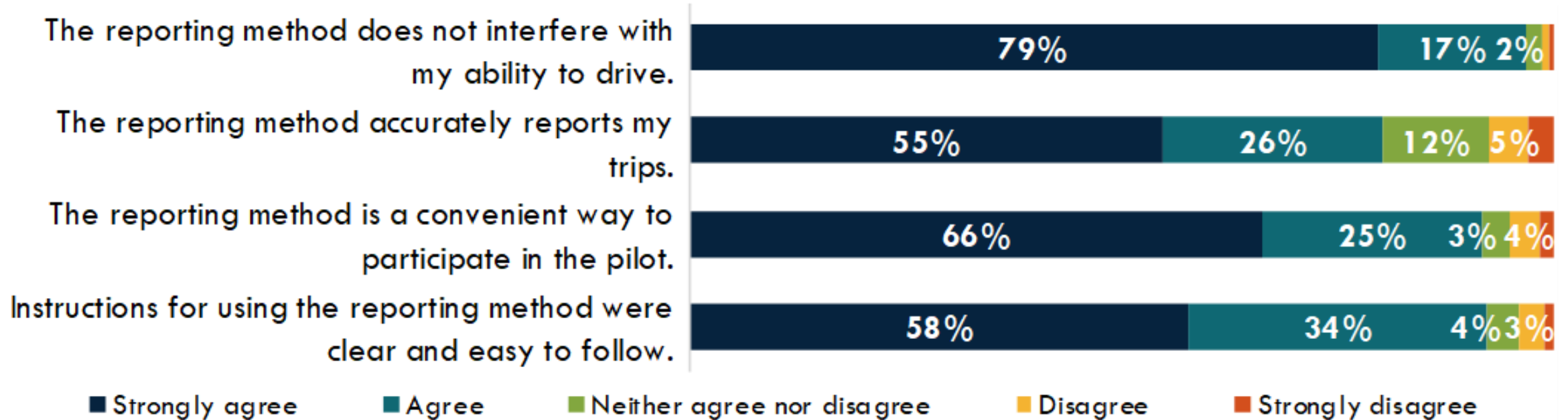
On September 24, participants were emailed Survey #2, which remained open until October 8.

- **2,052 participants received** the second survey
- 1,602 completed it (78% response rate)

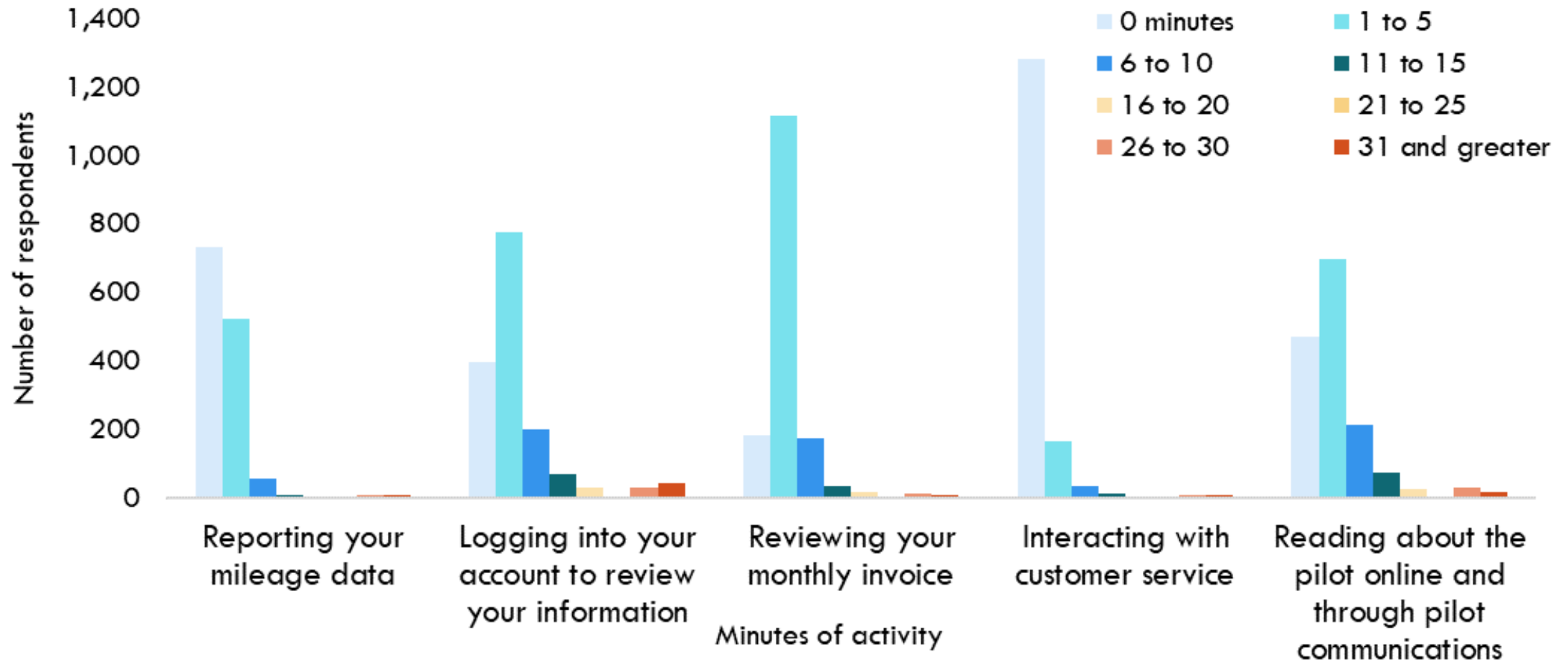
Which mileage reporting method are you currently testing in the pilot? (n=1,602)



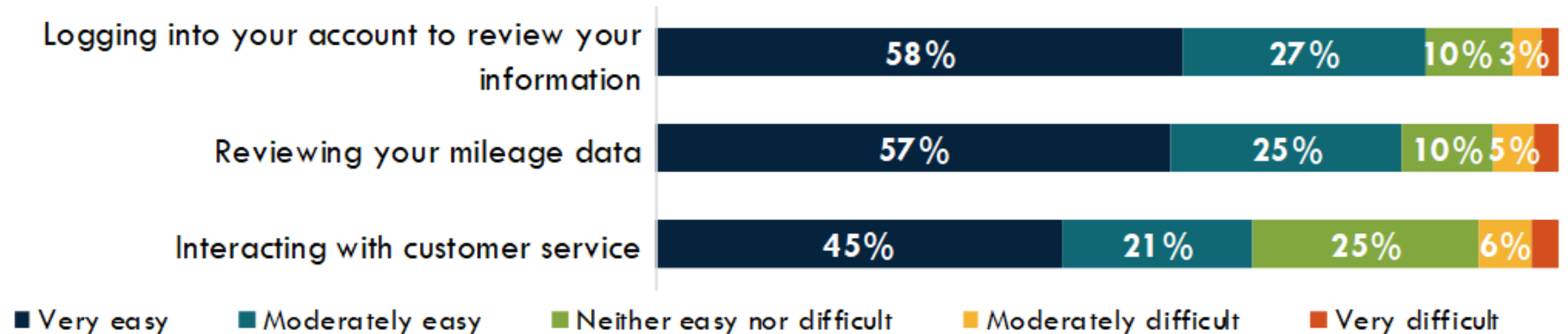
Please indicate your level of agreement with the following statements about your current reporting method: (n=1602)



How much time do you spend on each of the following pilot activities per month? (n=1,590)



Please rate the following pilot activities in terms of ease of completion. (n=1,602)

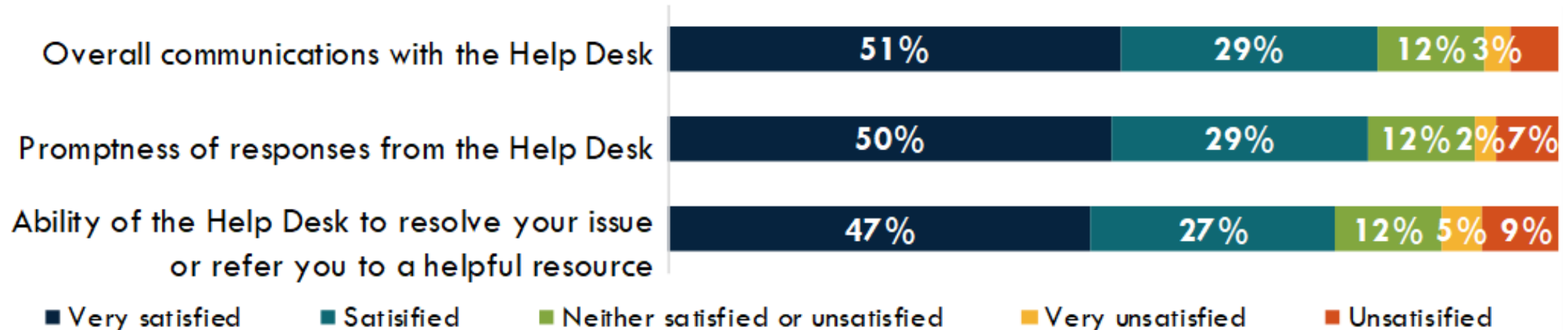


OUR COMMUNICATIONS WITH YOU

Have you contacted the WA RUC Help Desk (1-833-WASH-RUC or info@waroadusagecharge.org)?

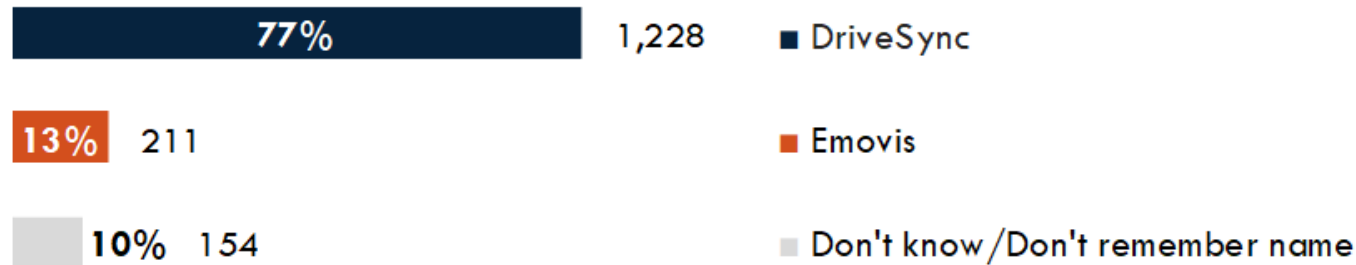


Please indicate your level of satisfaction for each of the following: (n=476)

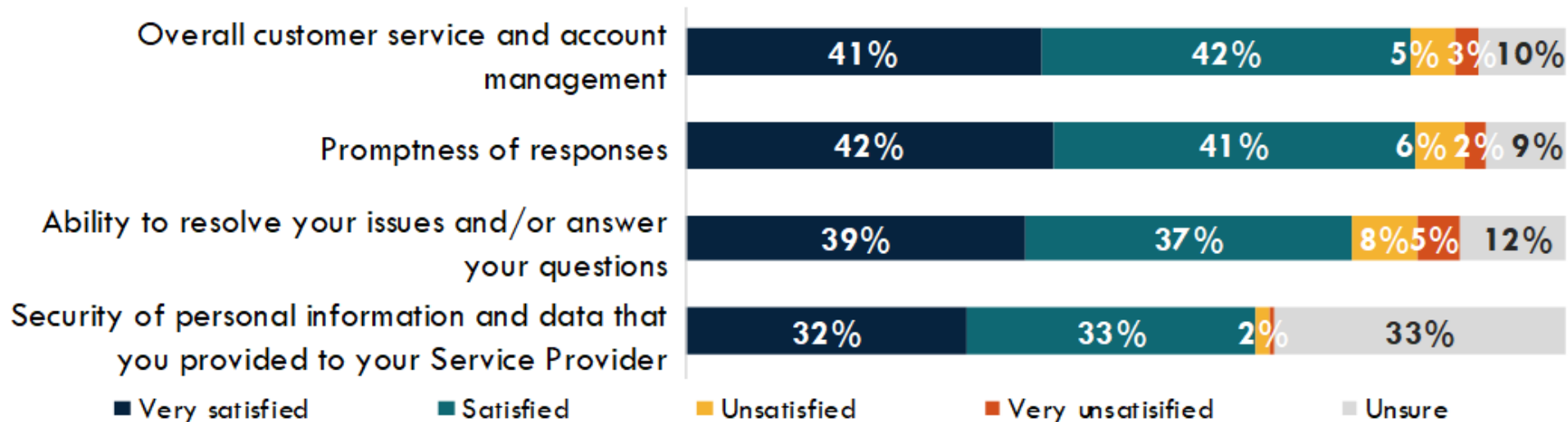


YOUR RUC SERVICE PROVIDER

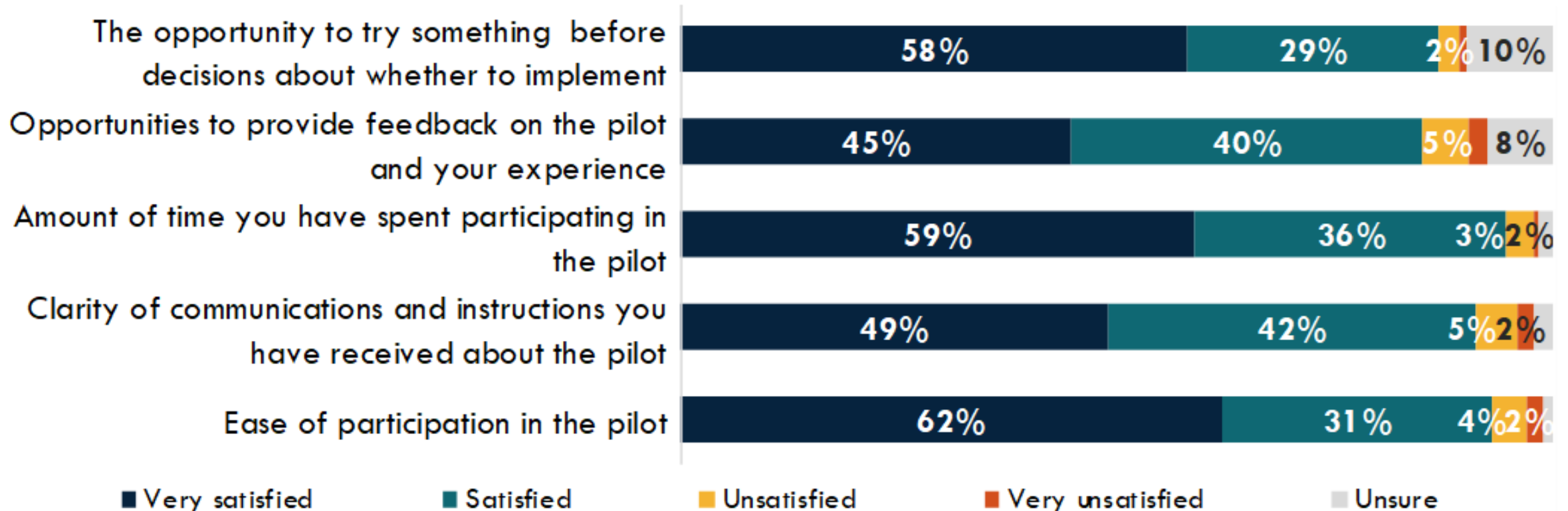
Who is your RUC Service Provider? (n=1,593)



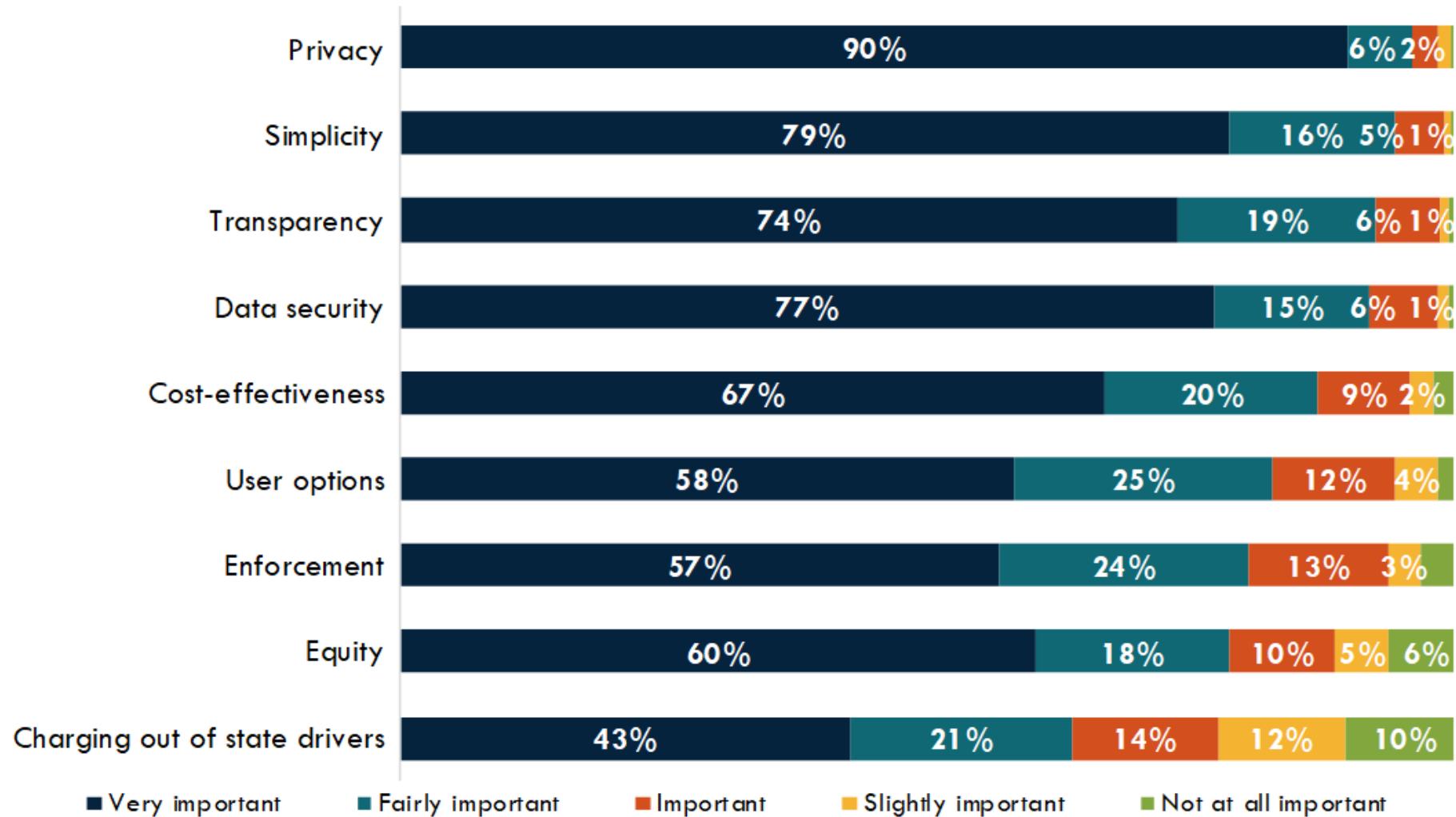
Please indicate your level of satisfaction with your Provider for each of the following: (n=1,593)



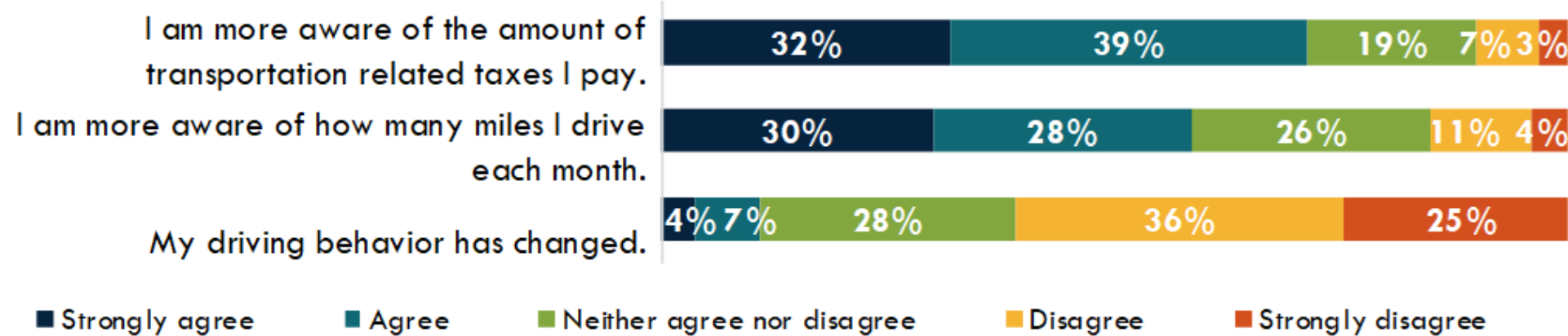
Thinking about your experience with the RUC pilot so far, how satisfied are you with each of the following? (n=1,576)



How important to you are the following principles for a potential road usage charge system? (n=1,575)



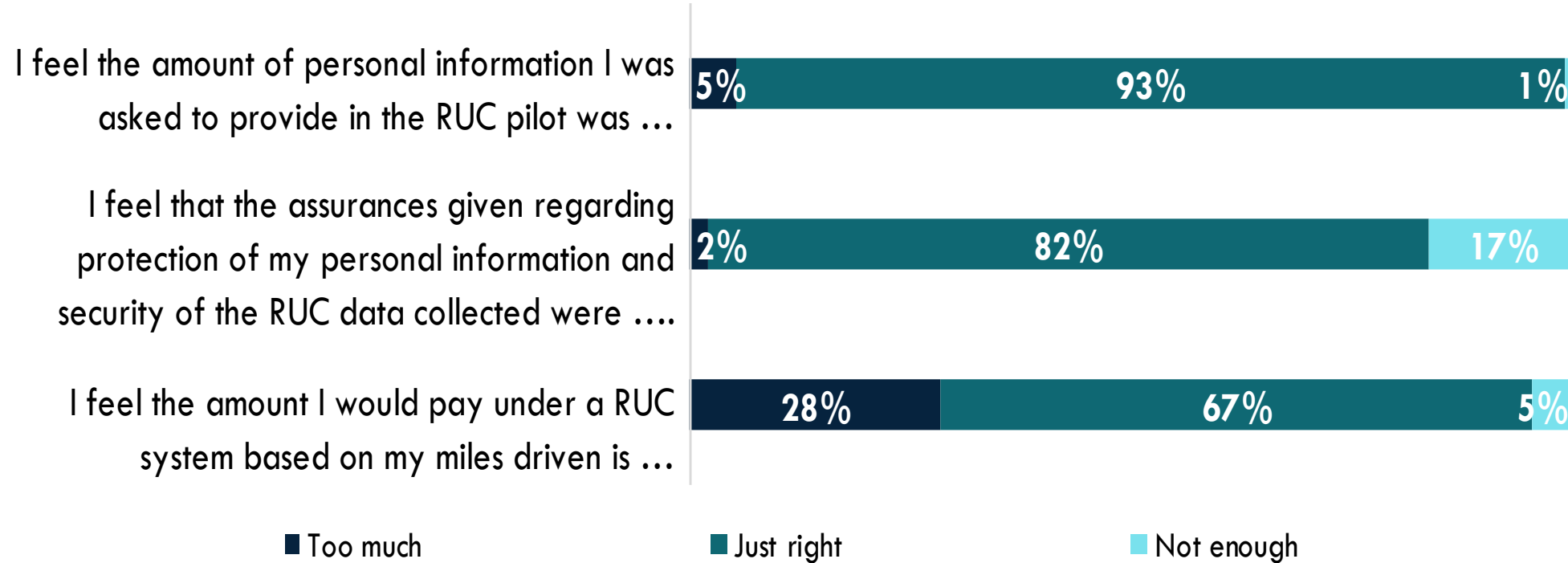
Based on your participation to date in the pilot, please indicate your level of agreement : (n=1,576)



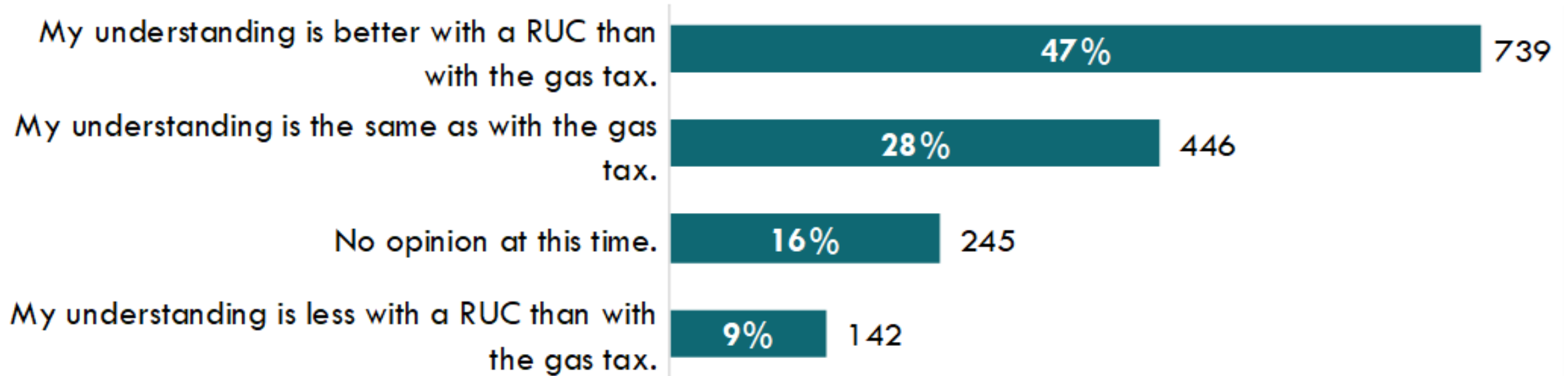
Changes in driving behavior include:

- Safer driving/more aware: **71**
- Reduced number of trips: **52**
- More awareness of driving habits and associated costs: **17**

Based on your participation in the RUC pilot, how do you feel about each of these areas? (n=1,576)

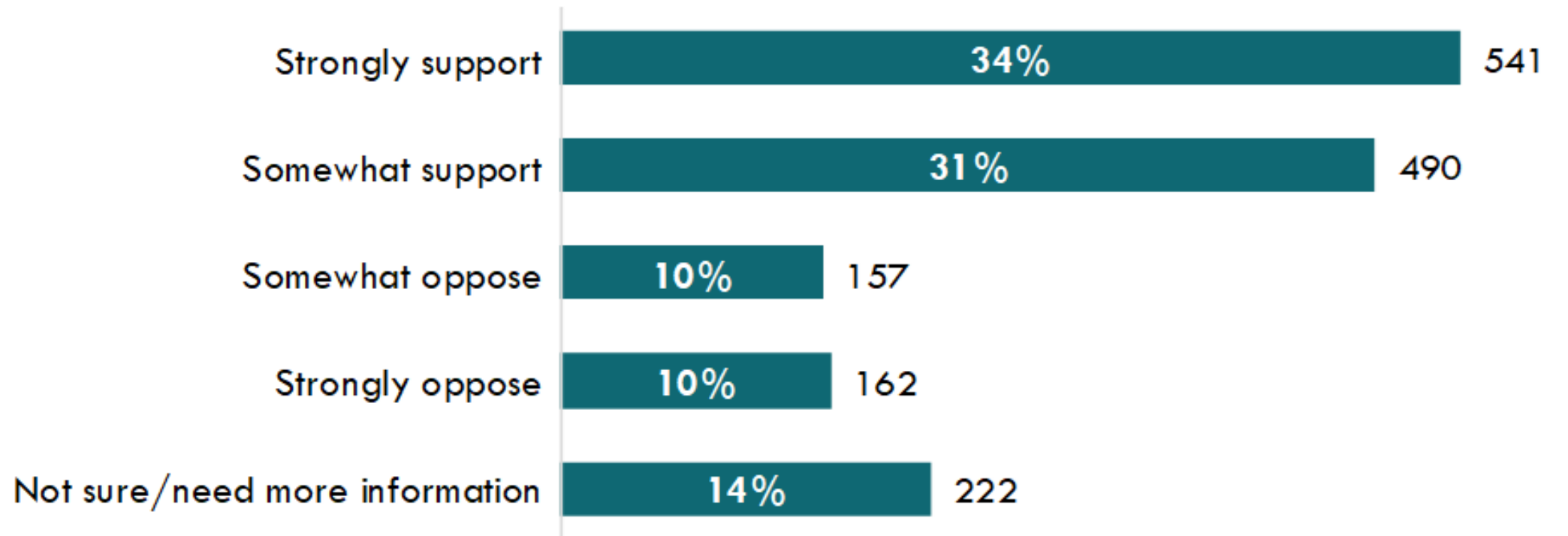


Based on your invoices, how do you feel about your ability to understand what you pay in transportation tax? (n=1,572)

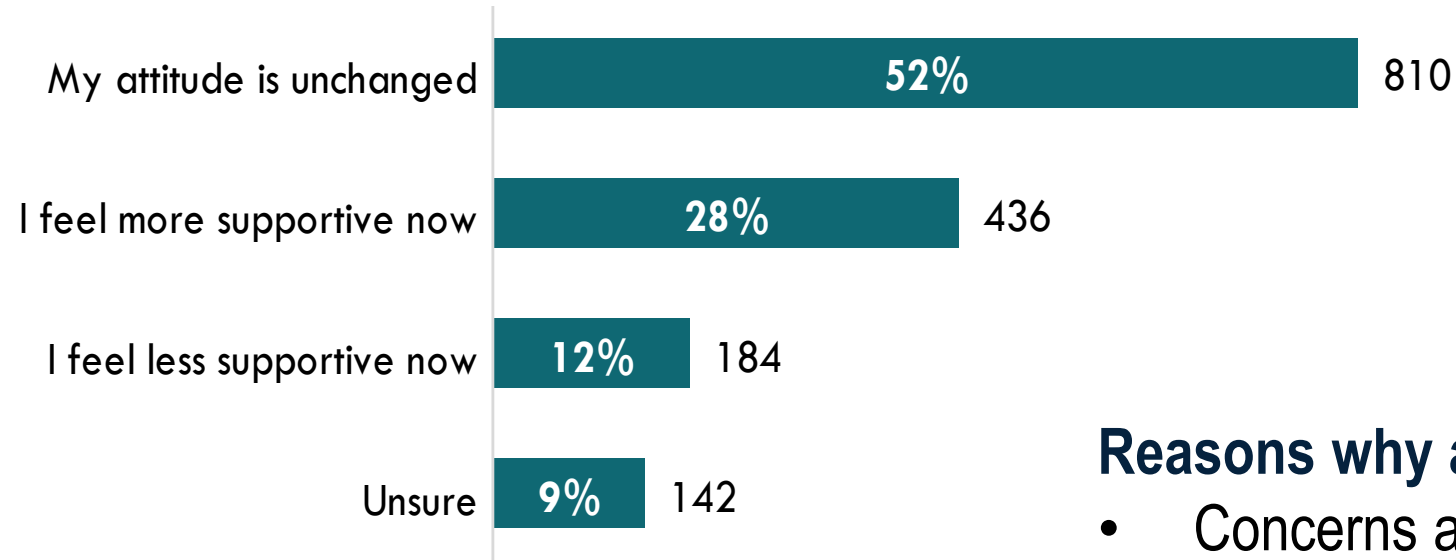


At this point, how do you feel about implementing a RUC as a replacement to the gas tax to fund transportation infrastructure?

(n=1,572)



Since the beginning of the pilot, has your attitude towards a road usage charge system changed? (n=1,572)



Reasons why attitude has changed:

- Concerns about difficulty and statewide implementation **38**
- Not confident in miles accuracy **20**
- See importance of revenue for road **19**
- Will pay more **16**

Please share any other comments you have: (n=368)

- **Accuracy concerns (33% of comments).** Typically mentioned a belief that their mileage was tracked incorrectly and they would be over-charged. Concerns also included a belief that the system could be exploited by people who would pay less than they should pay under the system.
- **Complexity/implementation (33% of comments).** Focused on a RUC being more difficult to understand than the gas tax, or that the system would be administratively challenging to implement and may be too costly or unsuccessful when expanded to include the entire state.
- **Vehicle equity issues (15% of comments).** Included concern that the RUC doesn't consider vehicle size and/or damage caused to roads by some vehicles.
- **Equity issues (13% of comments).** Issues of rural drivers needing to drive more as part of their daily life, a lack of adequate public transportation to enable some drivers to drive less, or concern about the inability of some people to pay higher taxes.

MID-PILOT PARTICIPANT FOCUS GROUP SESSION

Allegra Calder
BERK Consulting

FOCUS GROUP OVERVIEW

Purpose

- Understand perceptions on topics such as:
 - Ease of participation and compliance
 - RUC equity relative to gas taxes
 - Privacy protection and data security
- Provide depth and understanding into the “what, how, and why” of participant perceptions.



FOCUS GROUP DISCUSSION QUESTIONS

- Mix of individual written exercises and group discussion.
- Discussion Topics:
 - General impressions of the road usage charge before vs. now
 - Understanding of transportation funding in WA state
 - Road usage charge pros, cons, and priorities
 - Driving behavior changes
 - Support and preferences for gas tax vs. road usage charge

METHODOLOGY: RECRUITMENT

Recruitment Objectives

- Balance of location (Eastern and Western Washington)
- Gain perspective on a thematic topic or represent a specific characteristic:
 - Non-white
 - Moderate or Low-income
 - Rural
 - High mileage
 - Electric/Hybrid Vehicles
- Diverse range of demographics, perspective, and driving behavior

METHODOLOGY: LOCATIONS AND THEMES

Six focus groups held in September and October 2018.

Federal Way 1: rural, high mileage

Federal Way 2: hybrid/electric vehicles

Federal Way 3: low/moderate income

Vancouver: general mix

Spokane: general mix

Yakima: rural, high mileage



METHODOLOGY: PARTICIPANT CHARACTERISTICS

51 focus group participants

- **Moderate or low income** (6 participants had household incomes of \$30,000 or less)
- **Rural** (13 participants characterized where they live as being a rural setting)
- **High mileage drivers** (15 participants drive more than 15,000 miles annually)
- **Hybrid and electric vehicle drivers** (16 participants own or enrolled a hybrid or electric vehicle in the study)
- **RUC perceptions** (6 participants oppose or strongly oppose a RUC, 14 are neutral, 6 need more information, and 23 support or strongly support)



FINDINGS AND OBSERVATIONS

PARTICIPANT CHARACTERISTICS

Top Recording Methods

- **Plugin device with GPS:** Simple, don't have to think about it. More accurate information collected added benefits such as driving scores and car location if car is stolen.
- **Plugin device without GPS:** Simple, don't have to think about it. Participants like the inability to share location information.
- **Phone app:** *"My phone is always with me anyway."*
- **Taking photos:** Ability to control data and privacy, low-tech, but cumbersome remembering to take pictures every month.

Top Reasons for Joining Pilot Study

- **Interest** in knowing how much a RUC would cost them personally and whether it would more than a gas tax.
- **Civic interest in this topic.** Interest in transportation policy, equity, funding of infrastructure.

THEMES ACROSS ALL FOCUS GROUPS

- Most participants are **accepting of the RUC** and think it can work.
- Overall, **most participants are having a good experience in the pilot.**
- Some concern and questions about how the system will work at a **statewide scale**, frequently related to implementation and administration.

THEMES ACROSS ALL FOCUS GROUPS *(continued)*

- Many participants felt the **RUC amount was not too much to pay** and relatively comparable to the gas tax.
- In general, most participants say they still have **little understanding of how transportation funding works**.
- Top values: a system is that is **simple, convenient**, and does not take a lot of time or effort on behalf of the user.

TOP CONCERNS AND QUESTIONS

- **Privacy and data collection**
- **Compliance and administration costs**
- **Fairness and equity**
- Education and communication
- Long-term sustainability
- Environmental incentives
- Fairness in fund allocation



TOP CONCERNS AND QUESTIONS

Privacy Concerns

Reasons for Concern

- Want ability to say no to sharing data
- Don't want to share data with car insurance companies and law enforcement
- Worried about public disclosure laws

Reasons Not Concerned

- Give data away currently with smartphones, other apps, programs and companies.
- Appreciated the added benefits that the third party provided (e.g. scores for driving behavior).

TOP CONCERNS AND QUESTIONS

Fairness and Equity

Gas vs. hybrid or electric vehicles

“I would not pay the expense to get a more fuel-efficient vehicle because I would be saving less.”

Income

“For low income people, I must move further and further away to afford a place to live”

What impacts roads the most?

*Vehicle weight
Studded tires*

DRIVING BEHAVIOR CHANGES

Most participants did not change their driving behavior.

Potential driving behavior changes mentioned among low/moderate income participants:

- Took less trips, driving less.
- Started looking for a job near my house, became more conscious. (participant in low income group).
- No change in driving behavior.
- The plugin device scoring helps change driving behavior, more aware of driving behavior.
- Take the shorter route on Google maps (even if it's slower).

WHAT DOES SUCCESS LOOK LIKE?

Success would have tangible and visible outcomes.

- Roads and bridges are well-maintained and safe
- Improvements to transportation system
- Sufficient revenue is generated

ADVICE TO STATE LEADERS

Support for RUC

The State should pursue this option, with caveats:

- Offer different recording methods
- Focus on equity (collection and distribution)
- Ensure data security

Stick with Gas Tax

- RUC won't work statewide and is regressive
- Gas tax is simple and familiar

Neither

- Explore hybrids of a RUC and gas tax
- Explore other options

Neutral Opinions and Additional Advice

- Educate the public
- Aim for simplicity
- Focus on outcomes and purpose
- Data security

BREAK

POLICY DEVELOPMENT PROCESS

- Overview of policy development process
- Tracing back to the “parking lot”
- Committee member discussion about the process/outputs

TIMING: ISSUES ARE ADDRESSED WHEN SUFFICIENT DATA EXISTS

Before the pilot:

- How to operationalize the RUC mileage reporting approaches
- Whether and how to charge out-of-state drivers
- Exemption from RUC charges
- Refunds of RUC charges

Anytime:

- RUC compatibility with tolls
- Commerce Clause impacts on RUC
- 18th Amendment impacts on RUC
- Per-mile rate setting
- Motor fuel tax bond requirements
- Permanent exemptions from RUC
- Use or dedication of RUC revenue
- Rate-setting basis for time-based permit
- Interoperability of RUC with other states

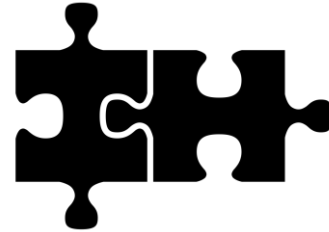
After the pilot:

- Whether and how best to use private sector service providers
- Drivers' reaction to the proposed RUC system
- Public understanding and acceptance of a RUC system
- State IT needs to support RUC
- Institutional roles in implementing a RUC system
- Transition strategy: which vehicles would pay RUC, and when

TYPE OF GUIDANCE: OPERATIONAL VS. POLICY ISSUES: STEERING COMMITTEE INPUT DEPENDS ON TYPE OF ISSUE

Recommendations for operational issues:

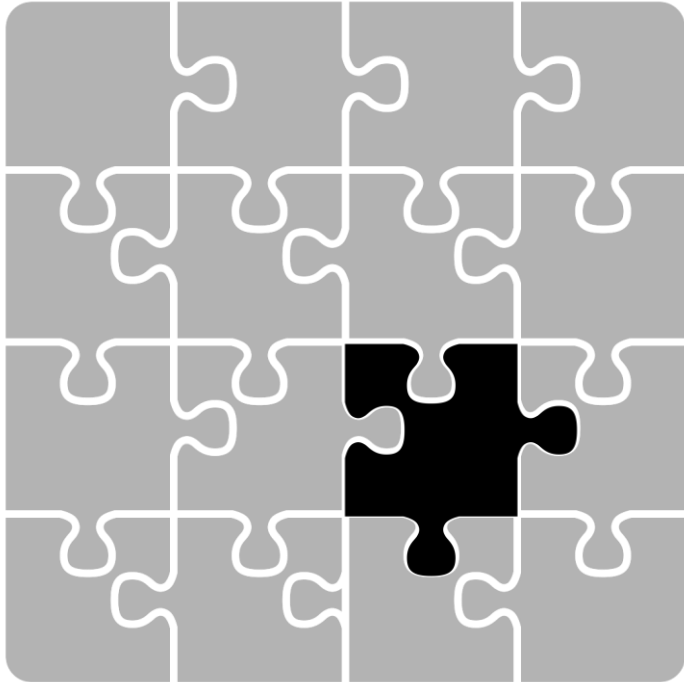
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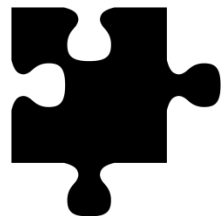
Preferences and/or alternatives for policy issues:

- Exemption from RUC charges
- Refunds of RUC charges
- Drivers' reaction to the proposed RUC system
- Public understanding and acceptance of a RUC system
- Transition strategy: which vehicles would pay RUC, and when
- 18th Amendment impacts on RUC
- Permanent exemptions from RUC
- Use or dedication of RUC revenue

ISSUES WITHIN CONTEXT: WHAT WOULD THE LEGISLATURE NEED IF IT DECIDES TO MOVE AHEAD?



Each of the 18 issues (and more) have a unique place within this RUC framework

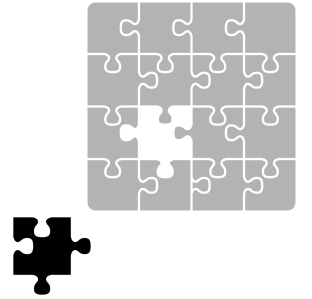


Framework for an (imaginary) RUC authorization requires:

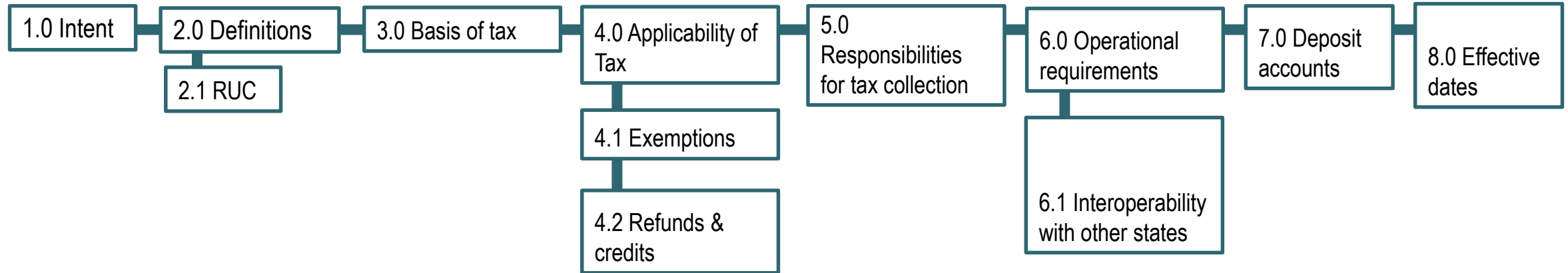
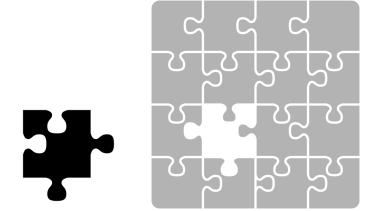
- Legislative Intent
- Definitions
- Tax basis (what is taxed)
- Applicability of tax (who is taxed)
- Exemptions (who is not taxed)
- Refunds and credits
- Responsibilities for tax collection
- Operational requirements
- Interoperability with other states
- Deposit accounts (effects uses)
- Effective dates
- Report-back requirements

RUC FRAMEWORK

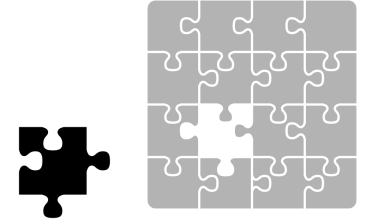
1. Legislative Intent
2. Definitions
3. Tax basis (what is taxed)
4. Applicability of tax (who is taxed)
 - 4.1 Exemptions (who is not taxed)
 - 4.2 Refunds and credits
5. Responsibilities for tax collection
6. Operational requirements
 - 6.1 Interoperability with other states
7. Deposit accounts (includes permissible uses)
8. Effective dates
9. Report-back requirements



THE FRAMEWORK IN WIDE-ANGLE VIEW



THE FRAMEWORK IN WIDE-ANGLE VIEW



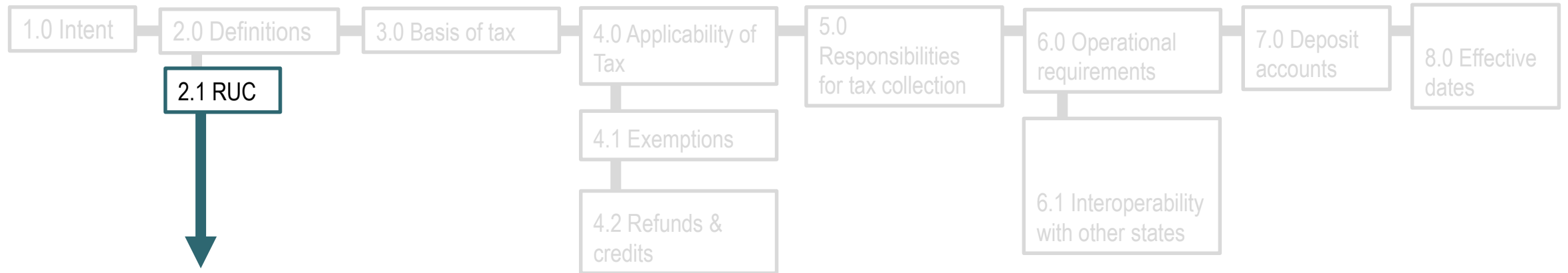
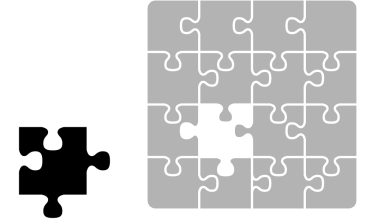
Does the legislature **intend** RUC revenues to be used exclusively for highway purposes?

- *18th Amendment effects on RUC*
- *Uses of revenues from RUC*

Does the legislature **intend** that RUC eventually replace the gas tax over a period of time?

- *Transition strategy*

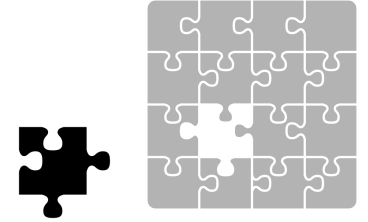
THE FRAMEWORK IN WIDE-ANGLE VIEW



Is RUC defined as a vehicle registration fee?

- *18th Amendment effects on RUC*
- *Uses of revenues from RUC*
- *RUC could be bonded at lowest cost of borrowing*

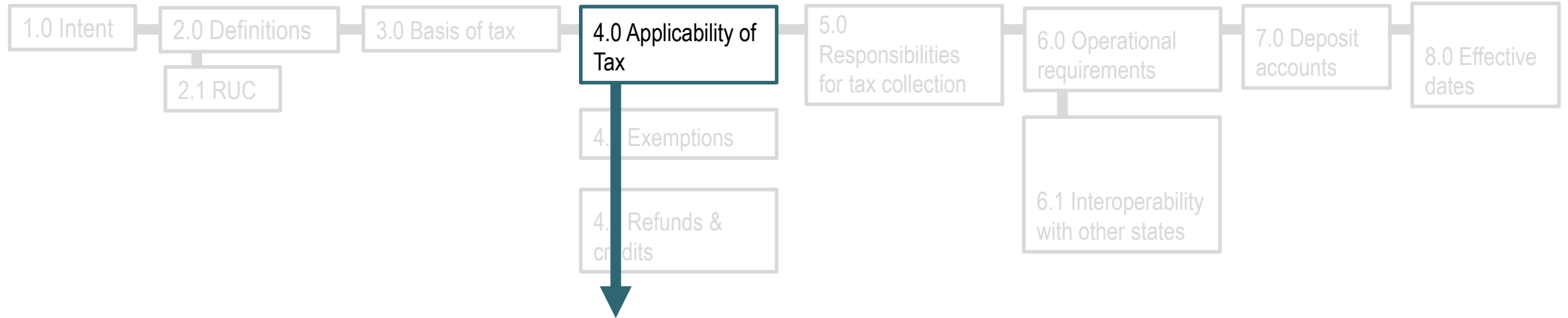
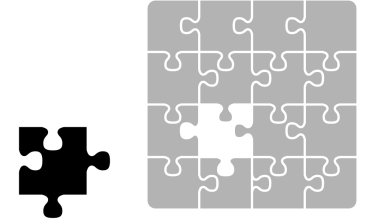
THE FRAMEWORK IN WIDE-ANGLE VIEW



Will the tax be assessed for each exact mile driven, or applied to mileage “brackets”?

- *Driver reaction to the proposed RUC system*
- *Rate-setting in a RUC system*
- *Rate-setting basis for time-base permit*

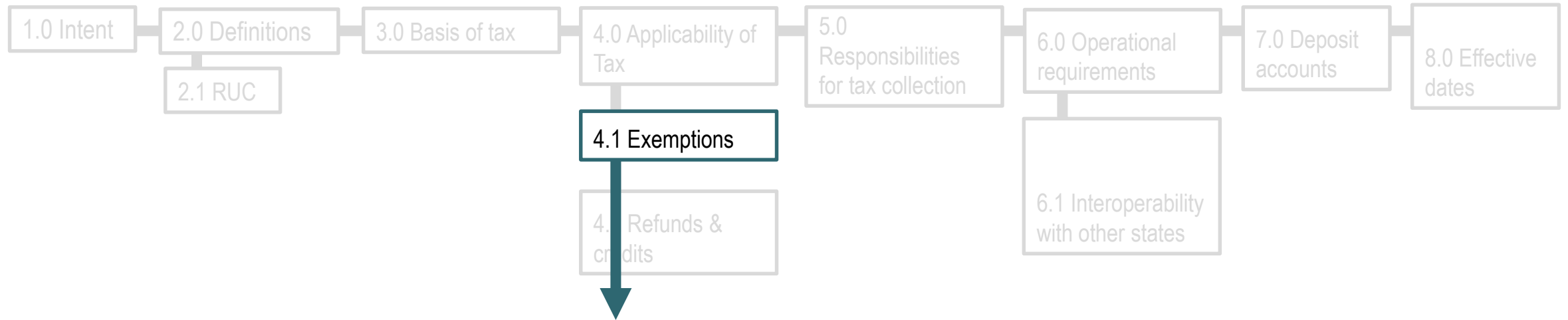
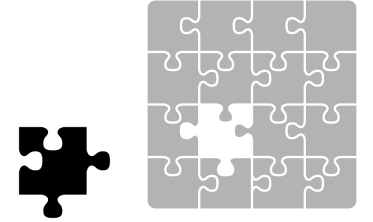
THE FRAMEWORK IN WIDE-ANGLE VIEW



Who will be required to pay RUC?

- *Vehicles subject to RUC*
- *Transition strategy*
- *Out-of-state drivers*
- *Interstate Commerce Clause considerations*

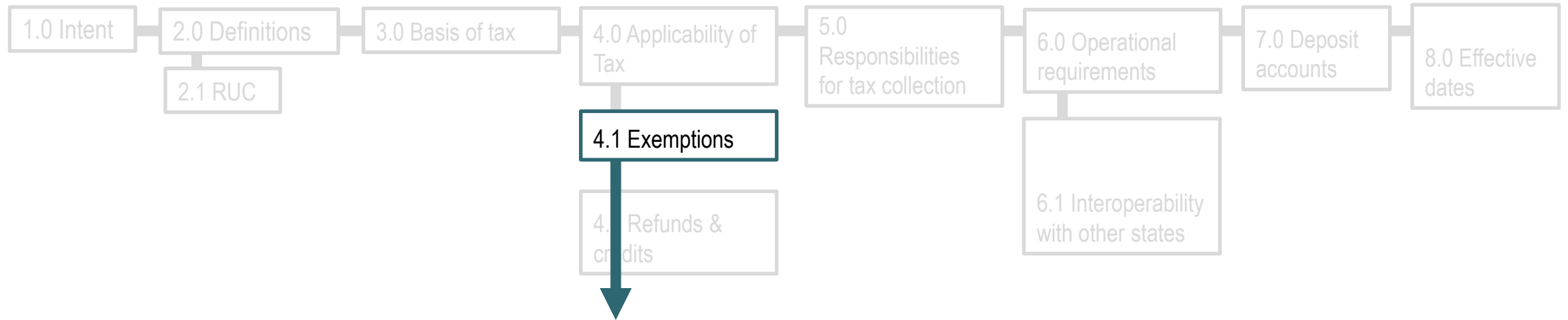
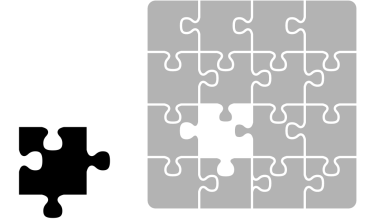
THE FRAMEWORK IN WIDE-ANGLE VIEW



Who will be exempt from RUC?

- *Permanent exemptions from RUC*
- *Out-of-state drivers*
- *Transition strategy*

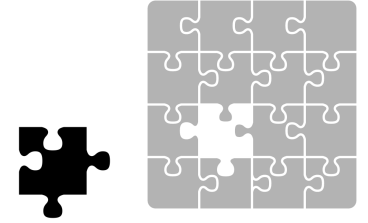
THE FRAMEWORK IN WIDE-ANGLE VIEW



Who will be exempt from RUC?

- *Permanent exemptions from RUC*
- *Out-of-state drivers*
- *Transition strategy*

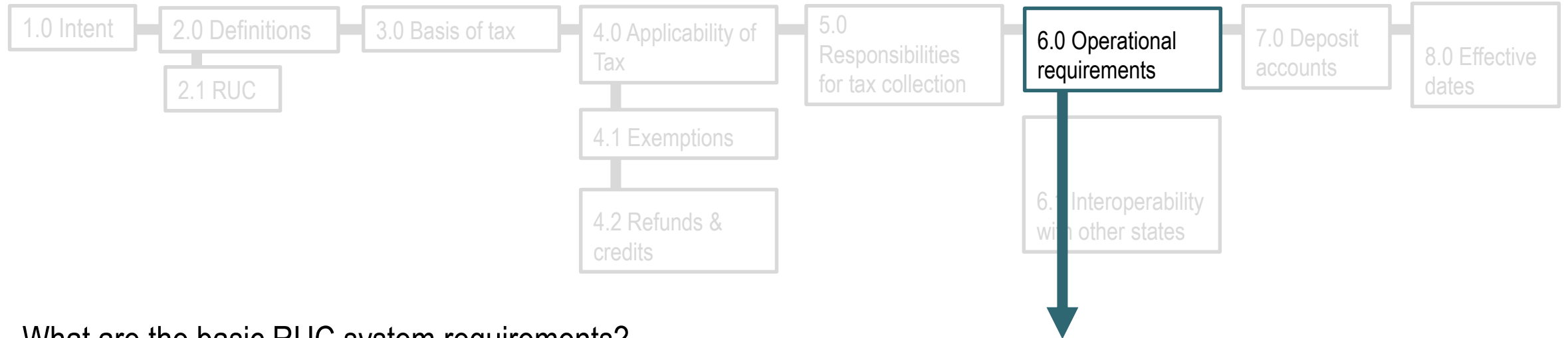
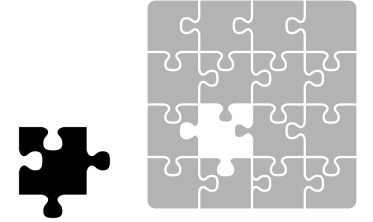
THE FRAMEWORK IN WIDE-ANGLE VIEW



How would a RUC system be administered?

- *Institutional roles in implementing any future RUC system*
- *State information technology needs*
- *Use of private sector account managers*

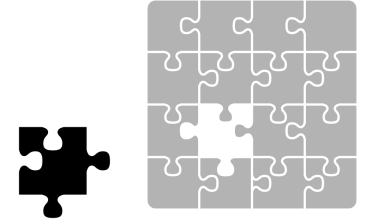
THE FRAMEWORK IN WIDE-ANGLE VIEW



What are the basic RUC system requirements?

- *How to operationalize the RUC mileage reporting approaches*
- *Model privacy policy for RUC in Washington*
- *State IT needs*
- *RUC compatibility with GoodToGo toll system*

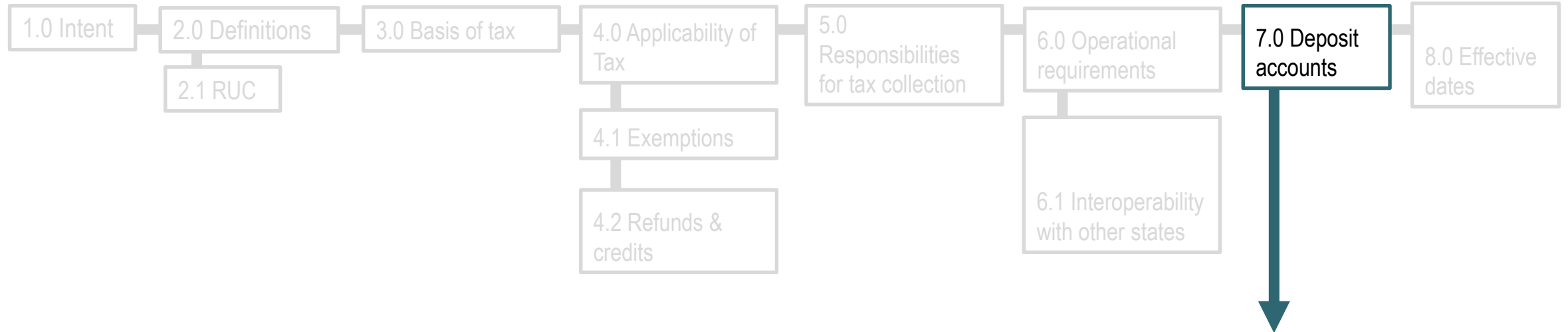
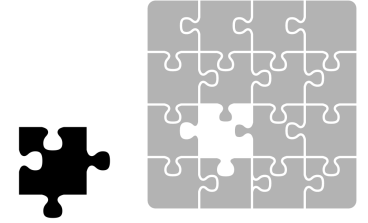
THE FRAMEWORK IN WIDE-ANGLE VIEW



How will RUC be applied to cross-state travel?

- *Whether and how to charge out-of-state drivers*
- *Interoperability with other states*
- *Interstate Commerce Clause requirements*

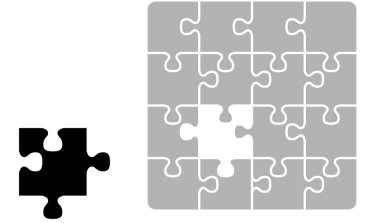
THE FRAMEWORK IN WIDE-ANGLE VIEW



Where should the proceeds of RUC be deposited?

- *18th Amendment restrictions on RUC*
- *Use or dedication of RUC revenue*
- *Motor fuel tax bond requirements*
- *Public understanding and acceptance of the proposed system*

THE FRAMEWORK IN WIDE-ANGLE VIEW



When (or on what stages) could RUC take effect?

- *Public understanding and acceptance of the proposed system*
- *Transition strategy – vehicles subject to paying RUC*
- *Motor fuel tax bond requirements*
- *State IT needs*

PRIVACY PROTECTIONS IN A RUC PROGRAM

- Presentation on the topic of privacy protections in RUC systems in WA and elsewhere
- Draft Model Privacy Policy

PRIVACY PROTECTIONS IN RUC SYSTEMS IN WA AND ELSEWHERE

James Whitty
D'Artagnan Consulting

WHY WORRY ABOUT PRIVACY IN A RUC SYSTEM?

- Hacking or use of personal information
- Public attitudes

DATA USED IN RUC SYSTEMS

- Vehicle registration plate number
- Vehicle identification number (VIN)
- Name of owner or lessee
- Access information
 - address
 - email address
 - telephone number
- Distance traveled data
 - periodic odometer readings
 - metered use data
 - travel pattern data
- Travel data record
- Billing and payment record
- Payment information
 - bank account information
 - credit card number
- Enforcement record

TWO PATHWAYS FOR SOLVING THE PRIVACY QUESTION

- Technological
- Legal

PRIVACY PROTECTION IN US CONSTITUTIONS

- United States Constitution
- State constitutions
- Washington Constitution

For certainty on privacy protection, Congress or state legislatures must enact statutes

RECENT ENACTMENTS OF DATA PROTECTION PRIVACY LAW

- European Union General Data Protection Regulations (2018)
- California Consumer Privacy Law (2018)
- Oregon Road Usage Charge Program privacy protection provisions (2013)

A (DRAFT) MODEL PRIVACY POLICY FOR RUC SYSTEMS

James Whitty
D'Artagnan Consulting

ESSENTIAL PROVISIONS

- Definition of protected information
- Material scope
- Territorial scope
- Responsible agency
- Nature of protection
- Certification
- Consent
- Security
- Remedies
- Rights of RUC payers

DEFINITION OF PROTECTED INFORMATION

Information that identifies, relates to or describes a person or entity that is obtained or developed in the course of reporting use of a subject vehicle or for providing administrative services related to collection of road usage charges.

TERRITORIAL SCOPE

- Whoever holds personal information has the obligation to protect personal information

RESPONSIBLE AGENCY

- The specific state agency named as the responsible agency for assuring compliance with the model privacy protection policy

NATURE OF PROTECTION

- Sets specific requirements, limitations and prohibitions for nondisclosure and use of personal information
- Exemptions from disclosure requirements

CERTIFICATION

- Responsible agency shall establish certification mechanisms for service providers to demonstrate compliance with requirements
- Accredited certification bodies shall issue, renew and withdraw certifications

CONSENT

- Express approval for transfer of personal information
- Consent to keep data past 30-day data destruction requirement
- Withdrawal of consent or express approval

SECURITY

- Requirement for implementation of appropriate security measures
- Notice when a breach happens

REMEDIES

1. Ability to lodge a complaint
2. Effective judicial remedy
3. Compensation for damages
4. Civil penalties for violation of privacy policy and security provisions

RIGHTS OF RUC PAYERS

- Right of access to personal information
- Right to rectification
- Right to erasure
- Right to portability
- Right to object
- Informing RUC payers of the their rights

CRITICAL ISSUES

Distance reporting

- Choice of reporting methods
- Non-location aware reporting method

Service providers

- Requirement to establish, publish and adhere to a usage and privacy policy
- Appointment of compliance officer
- Prohibition for waiver of privacy protection provisions
- Anonymization of data
- Record of access to personal information

Government agency as a service provider

ADDITIONAL ISSUES NOT COVERED

Further rights

- Right to object or restrict to processing of personal data
- Right to opt out and opt in
- Right to decision-making not based solely on automated data

Service providers

- Restriction on processing of revealing data
- Data protection and impact assessment
- Codes of conduct

Civil actions brought by state Attorney General

CONCLUSION

- Stringent model privacy policy should reduce public angst over road usage charges
- Negotiation of privacy policy with privacy advocates may obtain enough public confidence for enactment of a RUC program

WORKING LUNCH

Beginning in 15 minutes:

- Overview of Hawaii's RUC Pilot Project

COMPATIBILITY OF RUC AND TOLLING

Colum Lynch
Arup

TOLL+RUC COMPATIBILITY: ISSUE DEFINITION

1. Introduction of WA RUC could increase burden on some users – additional account to set up, possible new device to install, separate payments to be made, different service provider to contact
2. Compatibility between WA RUC and *Good To Go!* could improve user experience for some
3. RUC Committee guiding principle: *“RUC should strive to be interoperable with systems in other states, nationally and internationally, as well as with other systems in Washington”*
4. Our derived objective: *“To address an unresolved policy question about RUC by identifying the pathways toward a simplified user experience”*

APPROACH TO COMPATIBILITY ANALYSIS

1. Define objectives
2. Identify criteria to judge alternatives
3. Develop practical implementation alternatives and assess how they perform in relation to the criteria
4. Extract policy principles from assessment of implementation alternatives

INTEROPERABILITY AND COMPATIBILITY

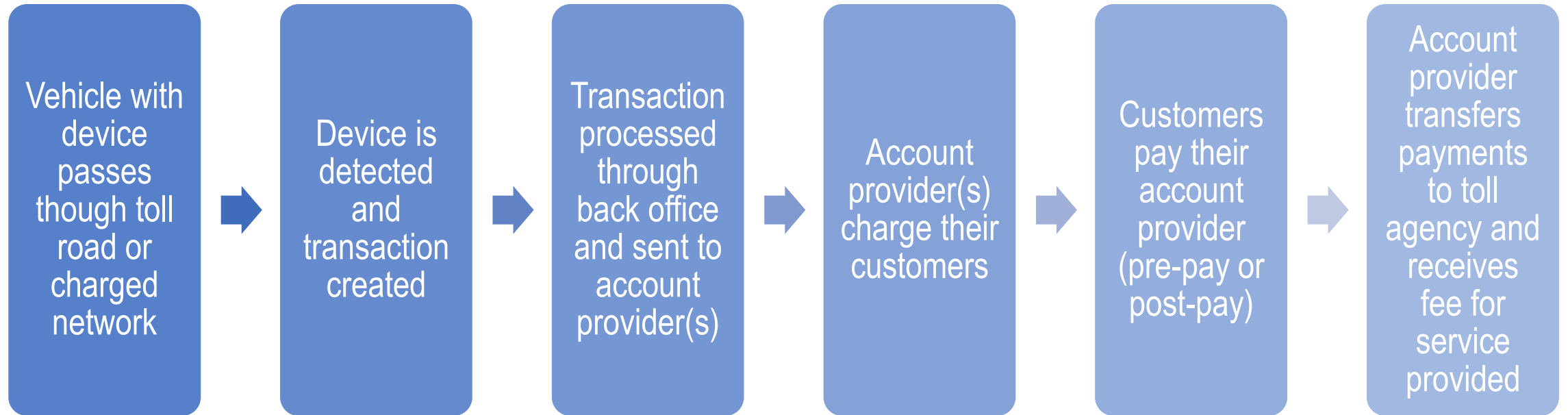
1. Features of interoperability

- a) Single account through which user can avail of services (e.g., toll payment, RUC payment) from multiple providers (e.g., service providers).
- b) Single device (e.g., tag, plug-in device, mobile phone) for accessing services.
- c) Background data exchange, communication, payments and reconciliation between providers.

2. Features of compatibility

- a) Broader co-ordination, collaboration and sharing
- b) Lower level of technical integration than interoperability

TOLLING PROCESS



CRITERIA FOR ASSESSING DEGREES OF COMPATIBILITY

Criterion	Description
User experience	Ease with which customers can register for, pay, and access services
Collections reliability	Ability of compatible accounts and services to make collection of tolls and RUC more reliable
Operational efficiency	Ability of compatible accounts and services to reduce operational costs
Contractual complexity	Level of complexity of contracts among entities and customers based on compatibility model chosen
Operational complexity	Levels of operational complexity based on compatibility model chosen
Governance	Ability of involved entities to manage shared risks, delineate responsibilities, and collaborate for effective oversight, guidance, and control
Technical complexity	Level of complexity of data exchange and transaction and payment processing
User perception	Ability of customers to distinguish RUC and tolling and understand any policy differences (e.g., privacy)
Cost of implementation	Setup costs to achieve desired level of compatibility across systems

DEGREES OF COMPATIBILITY

Do nothing	Collaborate	One Bill	One Account	One Service
<ul style="list-style-type: none">• Low risk, easy to implement• Little benefit to users• Could postpone compatibility and raise long-term costs	<ul style="list-style-type: none">• Open standards and procedures• Information sharing• Compatible objectives• Consistent information and mutually-informed customer support	<ul style="list-style-type: none">• One bill but separate accounts and payment• Risk of customer confusion and errors• Could be combined with elements of collaboration	<ul style="list-style-type: none">• Slight variation on one bill• Single account and registration• Same customer details for RUC and tolling	<ul style="list-style-type: none">• Payments deducted from same account• Requires back office reconciliation between RUC and tolling• More complex• Integrated service for customers

Regardless of the degree of compatibility sought or achieved, RUC and tolling maintain distinct policy purposes

COLLABORATION VS. ONE SERVICE

Collaboration	One Service
Co-ordinating activities	Single account provider
Dealing with customers consistently	Possibility of single device
Procedures in place for dealing with issues relating to other system – may still need to ‘forward calls’	Single registration, payment, customer service
Common look and feel	Significant value to user
Sharing lessons learned	Reconciliation of payments
Collaborating on new initiatives	Detailed agreements and careful oversight
Sharing some costs	Potential for much broader range of services

EVALUATION

	Do Nothing	Collaboration	One Bill	One Account	One Service
User Experience					
Improved Collections					
Operational Efficiency					
Contractual Complexity					
Operational Complexity					
Governance					
Technical Complexity					
User Perception					
Cost of Implementation					

CONCLUSIONS

1. Collaboration, at a minimum, provides great benefit with little cost, but demands real commitment
2. One service provides the best long-term solution for end users but brings complexity with it
3. One bill and one account have some value but could lead to confusion and errors

PRINCIPLES FOR COMPATIBILITY OF RUC AND TOLLING

1. Aim above all to improve user understanding through compatibility
2. Introduce collaboration at the outset of RUC
3. Coordinate activities to provide sense of consistent service
4. Establish RUC governance framework with compatibility across other transportation payment systems in mind
5. Explore feasibility of using RUC reporting methods for tolling
6. Use open architecture to future-proof RUC technology

QUESTIONS AND DISCUSSION

EFFECT OF 18TH AMENDMENT ON RUC REVENUES

- **Information:** options if policymakers wish to restrict expenditures to highway purposes
- **Question-and-answer**

INTRODUCTION

- This issue is narrow: how the expenditure of RUC revenue could be restricted to highway purposes
- Not whether RUC revenue should be restricted to highway purposes

STEERING COMMITTEE INTEREST IN AMENDMENT 18

If the Legislature wishes to eventually replace the gas tax with a per-mile fee (RUC), which characteristics are most important to replicate?

- The state gas tax can only be expended for highway purposes
- Bonds pledging the gas tax are not subject to the state's constitutional debt limit
- Gas tax refunds are provided to, or for the benefit of*, persons using fuel off public highways
- Certain entities and uses are exempt from the gas tax

** Technically speaking, in some instances refunds are provided to program accounts rather than actual persons*

OBJECTIVES OF THIS PRESENTATION

For today, we aim to answer this primary question:

- How can a RUC be structured so that the revenue can only be spent on highway purposes?

For the February meeting, we will examine bonding RUC revenue in greater detail:

- Whether (or how) RUC could be bonded, and the different effects depending on how RUC is structured

AMENDMENT 18

Article II, Section 40 of the Washington Constitution, ratified by the voters in 1944 as **Amendment 18**:

- Mandates that two specific revenue sources, and one class (or category) of revenue, be spent exclusively for highway purposes
- Requires revenue subject to Amendment 18 to be placed into a “special fund” (i.e., the Motor Vehicle Fund), where proceeds can only be used for highway purposes.

REVENUE SOURCES SUBJECT TO AMENDMENT 18

- License fees for motor vehicles (sometimes referred to as “registration fees”) collected by the State; and
- Excise taxes collected by the State on the sale, distribution or use of motor vehicle fuel (commonly referred to as the state “gas tax”);
- All other state revenue intended to be used for highway purposes.

BRIEF HISTORY OF AMENDMENT 18

- Gas taxes were first enacted by states in 1919 (Oregon). Within 10 years, all states had enacted a gas tax.
- Within 20 years, almost all states were using more than 20% of their gas tax revenue to support general government spending. Washington was using gas taxes to provide unemployment benefits during the Great Depression.
- A proposed national highway system (proposed in 1944) called for states to provide matching funds for construction of the federal highways.
- Automobile clubs and concerned citizens ramped up pressure on state legislatures to pass laws preventing diversion of gas taxes for general government spending.
- Washington voters ratified the legislature's proposed constitutional amendment 18.

CHARACTERISTICS OF VEHICLE LICENSE FEE AND GAS TAX REVENUES (“ENUMERATED REVENUES”)

- Any changes in the use of revenue can only be accomplished by amending the Washington Constitution
 - Requires 2/3's vote of both houses of the legislature
 - Requires majority approval by voters in a November general election
- A Washington constitutional provision limiting the pledge of the state's full faith and credit to 9% of state revenue specifically exempts gas taxes and vehicle license fees...
 - *PROVIDED*: the state keeps gas taxes and vehicle license fee revenue generating sufficient amounts to repay bonds that have been issued pledging these sources of repayment.
 - Practical benefits include: comparatively low cost of borrowing for highway construction projects; greater capacity under the 9% cap for other government bonds to be issued.

CHARACTERISTICS OF OTHER STATE TAXES OR FEES INTENDED TO BE USED FOR HIGHWAY PURPOSES (“CATEGORICAL REVENUES”)

- Protection under Amendment 18 depends on the Legislature’s specific language (intent) used in creating the tax or fee: must be imposed “exclusively for highway purposes.”
- Numerous taxes, fees, fares and tolls have been imposed and made subject to Amendment 18. No cases found where the Legislature changed its mind and broadened the permissible uses beyond highway purposes*.
- “Categorical revenues” are not explicitly given special treatment for state debt limit and bonding purposes. More research forthcoming on this topic (February 2019).

** A possible exception might be the Combined License Fee for trucks, which includes weight fees that [have/ have not] been restricted to highway purposes*

OPTIONS FOR REQUIRING RUC TO BE USED EXCLUSIVELY FOR HIGHWAY PURPOSES

Option 1: Amend Art. II Section 40 of the Washington Constitution to add RUC as a new enumerated revenue subject to expenditure restrictions.

Option 2: Impose RUC in the form of a vehicle license fee.

Option 3: Impose RUC as an “in lieu of” tax, to be imposed instead of the gas tax, with explicit legislative findings and intent that the revenue be used exclusively for highway purposes (i.e., categorical revenue).

Option 4: Impose RUC with explicit legislative findings and intent that the revenue be used exclusively for highway purposes (i.e., categorical revenue).

Option 5: Impose RUC with the directive that the revenue be placed in the motor vehicle fund (“special fund”).

OPTION 1: Amend the Washington Constitution

How this would work:

- Add RUC as one of the enumerated revenues (along with vehicle license fees and gas taxes) subject to expenditure restrictions
- House and Senate must each pass a resolution by 2/3's vote, and refer the measure to the people as a proposed constitutional amendment.
- A majority of voters must approve the measure at a November General Election.

Notes:

- Procedurally, constitutional amendments represent the most difficult approval requirements.
- Amendment 18 allows an easier method for making state revenue subject to spending restrictions (although this has never been challenged).

OPTION 2: Impose RUC in the form of a vehicle license fee

How this would work:

- The current vehicle license fee would be amended to provide a variable rate structure based on vehicle mileage
- The amount owed for the license fee could be offset by an amount attributable to that vehicle's estimated gas taxes paid during the year

Notes:

- This approach was first identified by the Office of the State Treasurer during their September 2014 presentation and supporting memo.
- There's nothing contained in Amendment 18 restricting how the amount of the fee is calculated – only that the proceeds must be spent exclusively on highway purposes.
- As pointed out by the Treasurer's Office, this approach could have advantages if RUC revenue is to be pledged for bonds in the future

OPTION 3: Impose RUC as an “in lieu of tax” (categorical tax)

How this would work:

- RUC is imposed as a “tax in lieu of an additional gas tax”, creating a stronger nexus between RUC and the intention to restrict expenditures to highway purposes
- In addition, the enabling legislation should include findings and intent that the revenue be restricted for highway purposes, pursuant to Amendment 18

Notes:

- This approach might be considered to provide (marginally) stronger proof of legislative intent, since it recognizes that the purpose of the RUC is to replace the gas tax
- Otherwise: not much difference between this Option and Option 4

OPTION 4: Impose RUC with legislative findings and intent that it be restricted under Amendment 18 (categorical tax)

How this would work:

- RUC is imposed with specific findings, legislative intent, and a specific cross-reference to the language in Amendment 18 that anticipates the Legislature's ability to designate certain revenues as being subject to the expenditure restrictions.

Notes:

- This approach is more prescriptive than past legislative enabling statutes which tend only to direct the deposit of the revenue into the Motor Vehicle Fund where it will be spent on highway purposes.
- There are very few court cases relating to Amendment 18, and none that directly challenge whether these so-called "categorical revenues" are effectively restricted by Amendment 18.

OPTION 5: Impose RUC and deposit the revenue in the Motor Vehicle Fund

How this would work:

- RUC is imposed with the specific direction that the revenue be deposited into the Motor Vehicle Fund (and importantly: no portion of the proceeds deposited into a fund outside of the MVF).

Notes:

- This is the most common method used by past legislatures for earmarking revenue to be spent exclusively on highway purposes.
- If the Legislature deposits most (but not all) of the proceeds into the motor vehicle fund, the revenue *source* (the tax, fee, toll, or charge) is unlikely to be considered "restricted" by Amendment 18, even if the proceeds happen to be spent on highway purposes.

CONCLUSIONS

- If the Legislature decides to spend RUC revenue exclusively for highway purposes, there are at least 5 different options available to accomplish this.
- As first suggested by the State Treasurer, the option that retains most of the characteristics of the gas tax is to implement RUC as a *vehicle license fee*.
- Amendment 18 provides for other state revenue to be made subject to the expenditure restrictions (i.e., only for highway purposes), so long as the legislature intended for the revenue to be restricted at the time of enactment.
- If the Legislature wishes to restrict expenditure of RUC revenue to highway purposes but does not want to structure RUC as a vehicle license fee, the RUC enabling statute should be as clear as possible that the legislature intends all RUC revenue to be used exclusively for highway purposes as provided for under Amendment 18.

QUESTIONS AND ANSWERS

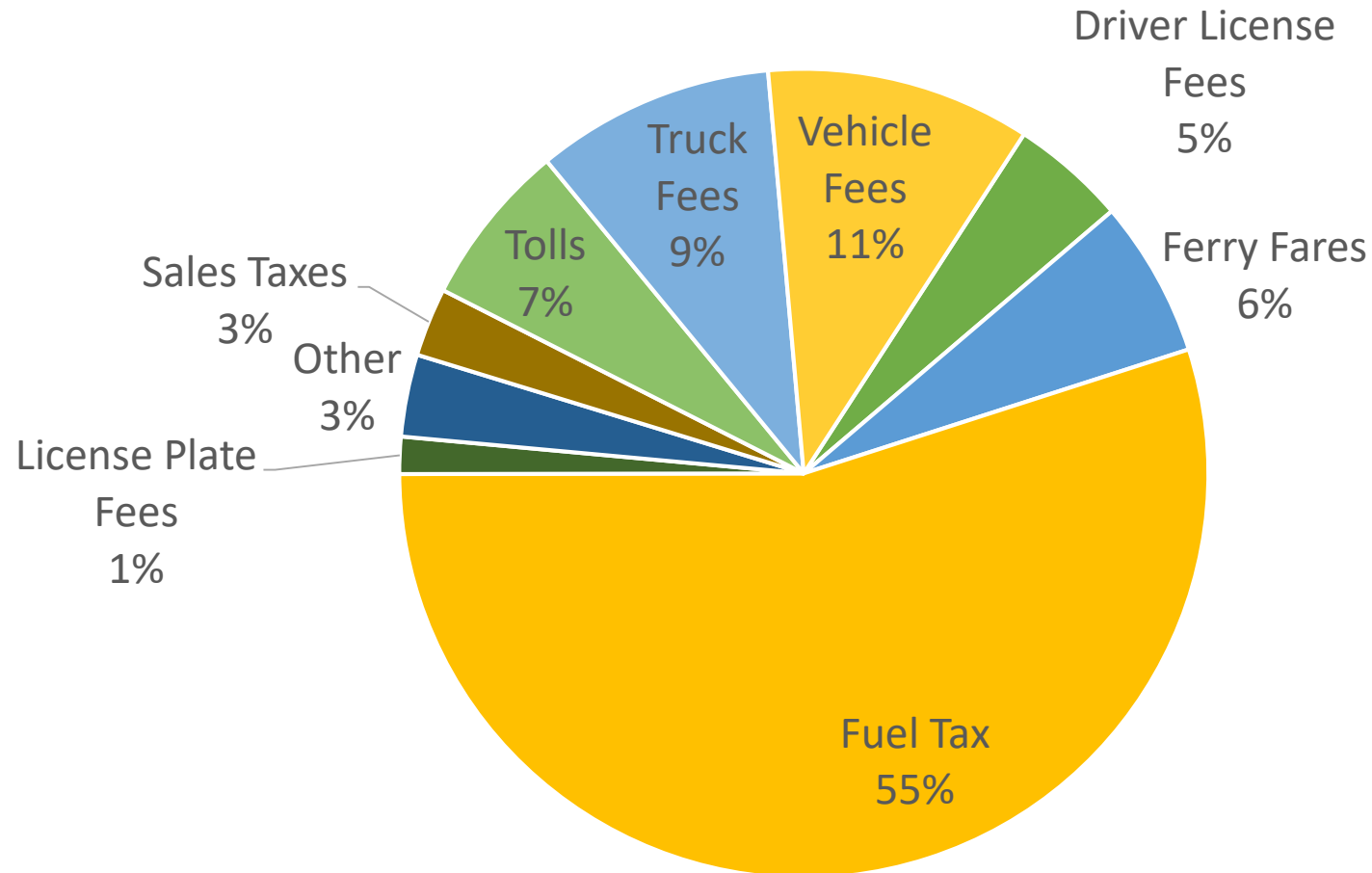
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OPTIONS FOR USE OF REVENUE IN A RUC SYSTEM

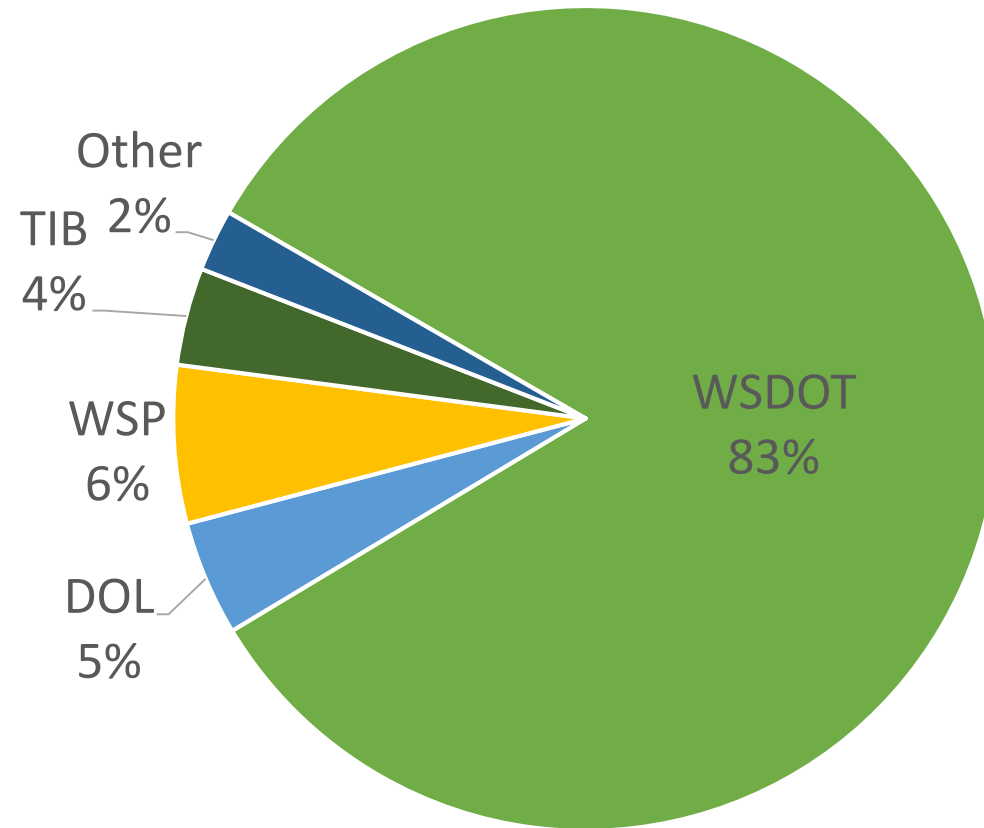
Travis Dunn
D'Artagnan Consulting

- Existing sources and uses of transportation revenue
- Alternative theoretical uses of RUC revenue
- Alternatives for existing non-highway gas tax recipients

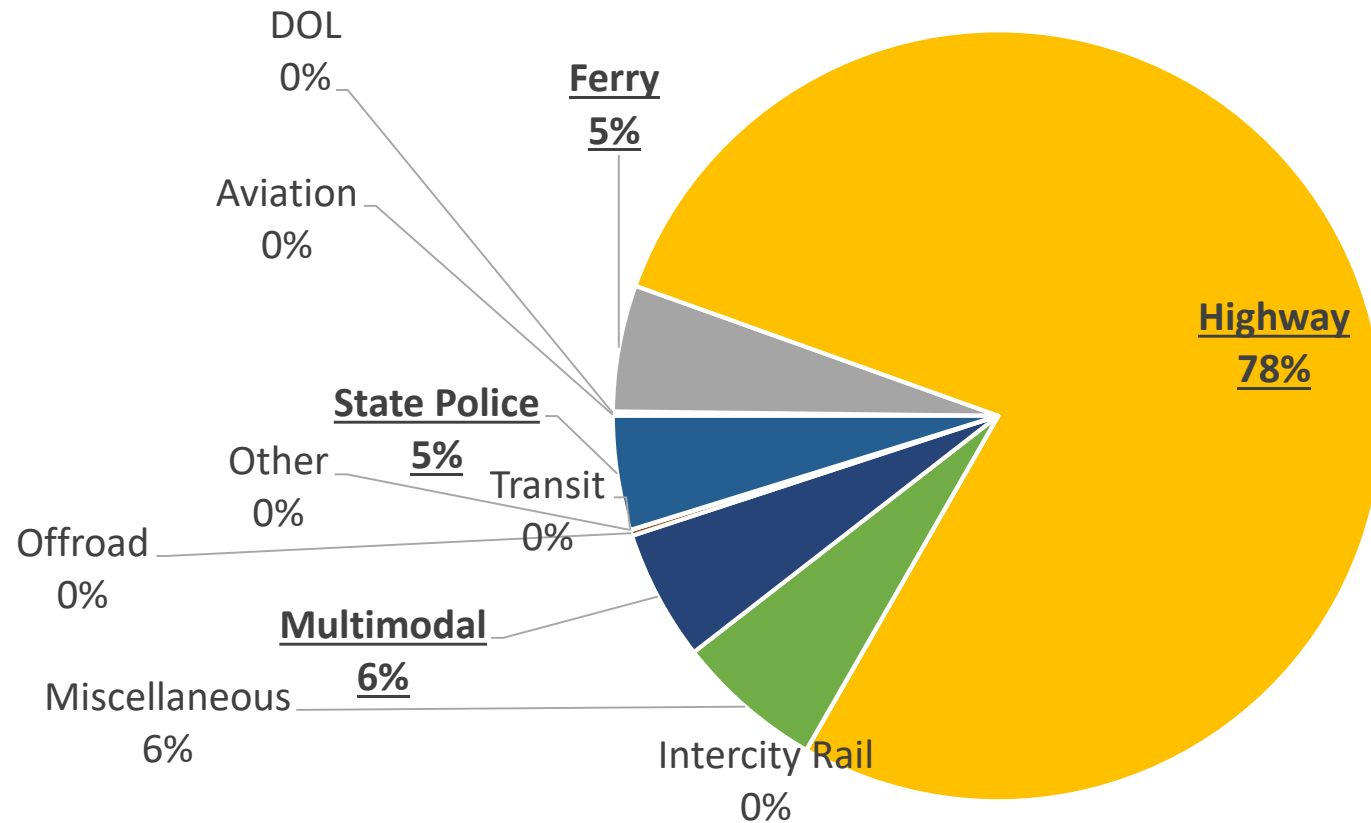
EXISTING SOURCES OF STATE TRANSPORTATION REVENUE (2017-2019)



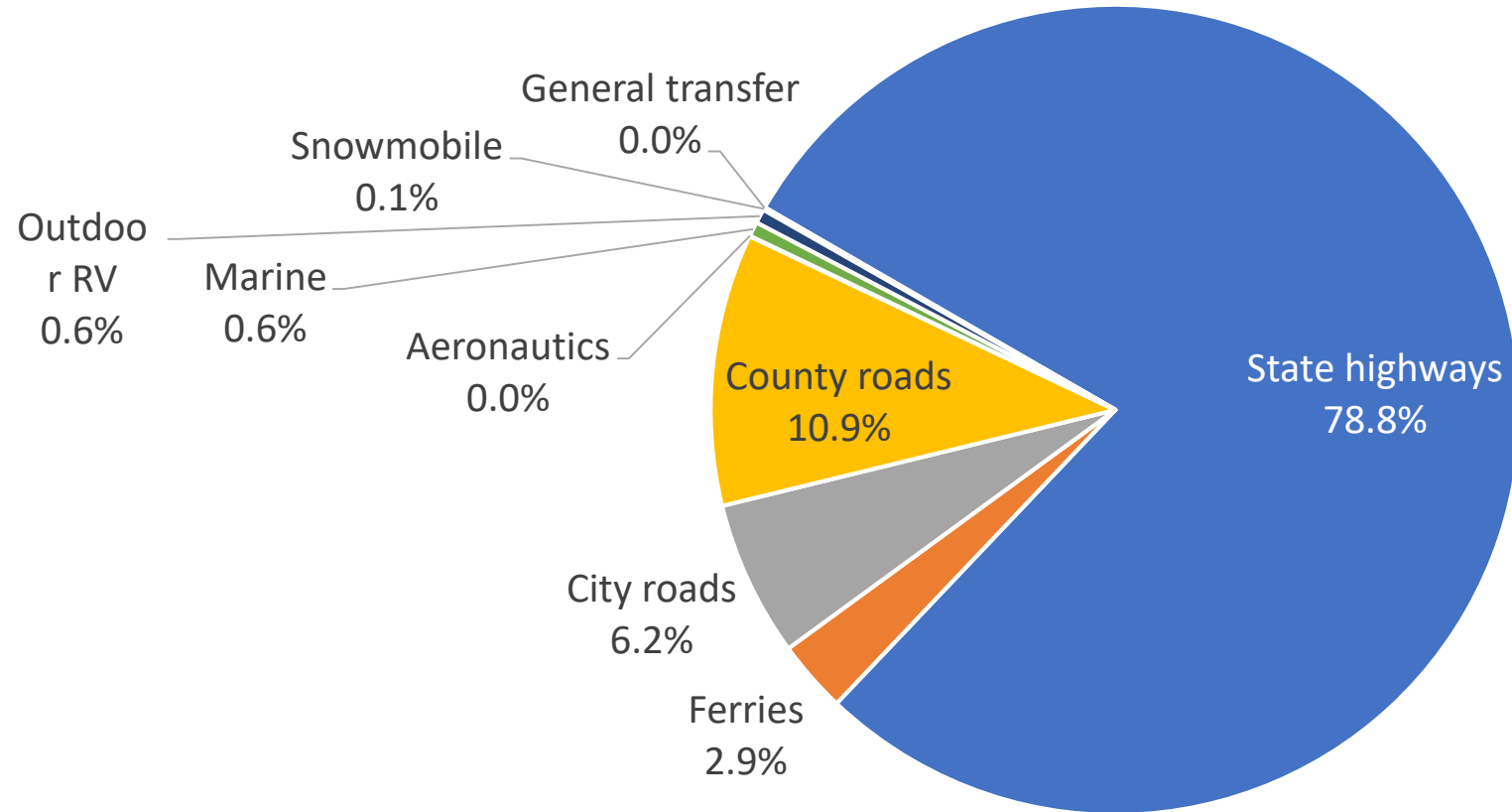
STATE TRANSPORTATION EXPENDITURES BY AGENCY (2015-2017)



STATE TRANSPORTATION EXPENDITURES BY TYPE (2015-2017)

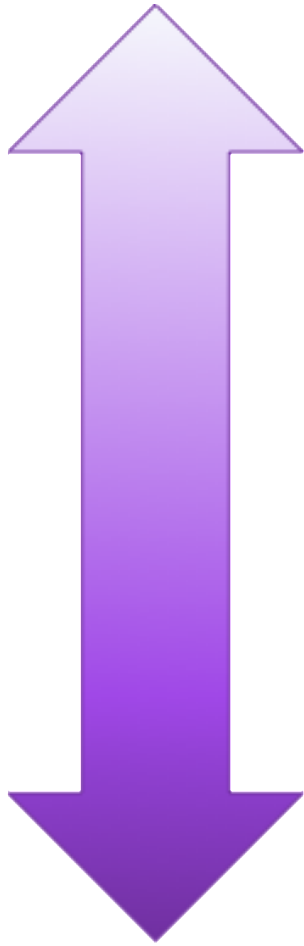


USES OF WASHINGTON STATE GAS TAX REVENUE BY MODE



POLICY OPTIONS FOR ALLOCATING RUC REVENUE

more restrictive



Return to source

Restricted to specific types of highway purposes

Restricted to highway purposes

Any state transportation purpose

Any transportation purpose

more flexible

ANY TRANSPORTATION PURPOSE

- Approach: Legislature designates RUC revenues for any transportation purpose, state or local
- Impact: deviates from long-standing practice and constitutional requirement to appropriate state gas tax revenues for highway purposes

ANY STATE TRANSPORTATION PURPOSE

- Approach: Legislature designates RUC revenues for any transportation purpose, at the state level only
- Impact: deviates from requirement to appropriate gas tax revenues to highway purposes, but protects most revenue for highway purposes given that is the predominant use of state funds

HIGHWAY PURPOSES

- Approach: Legislature designates RUC revenues to the highway account, indicating its intention to subject RUC to Amendment 18
- Impact: treat RUC the same as gas tax

SPECIFIC HIGHWAY PURPOSES

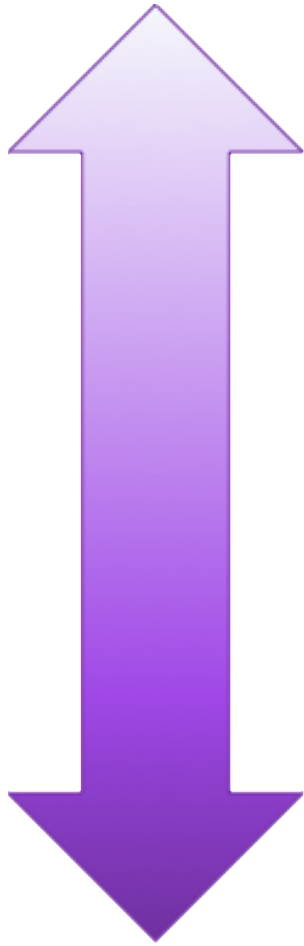
- Approach: Legislature designates RUC revenues to a specific existing highway account (e.g., rural arterial trust account, county arterial preservation account) or create a new account (e.g., highway maintenance and preservation account)
- Impact: more restrictive than current appropriation of gas taxes, but possibly appropriate for a transition when RUC is a modest source of revenue compared to gas taxes

RETURN TO SOURCE

- Approach: Legislature designates RUC revenues to jurisdictions where they originated (e.g., districts, counties, cities, segments) for allocation by the local jurisdictions to local highways as they see fit
- Impact: much more restrictive than current appropriation of gas taxes; requires new accounts and accounting systems for making return-to-source calculations; requires a substantial percentage of RUC payers to report location to inform calculations

QUESTIONS AND DISCUSSION

more restrictive



Return to source

Restricted to specific types of highway purposes

Restricted to highway purposes

Any state transportation purpose

Any transportation purpose

more flexible

NON-HIGHWAY GAS TAX REVENUE RECIPIENTS

Expenditure category of gas tax revenues	Amount (2015-2017 biennium) (millions)
State highways, bridges, roads, streets	\$2,429
County highways, bridges, roads, streets	\$335
City highways, bridges, roads, streets	\$192
Ferries	\$89
Marine refund	\$18
Nonhighway and off-road vehicle (ORV) accounts	\$18
Snowmobile account	\$2
General fund	\$1
Aeronautics refund	<\$1

MARINE REFUND



- Fuel tax nexus: tax paid on motor fuel used by marine vessels (not for highway purposes) are eligible for refunds; unclaimed refunds go to the recreation resource account
- Amount: 1% of revenue from 34.9 cents per gallon of fuel tax, less amounts refunded (approximately \$9M per year)
- RUC nexus: No nexus for marine vessels

NONHIGHWAY AND ORV ACCOUNTS



- Fuel tax nexus: tax paid on motor fuel used by vehicles off road (not for highway purposes) are transferred to various off-road recreational accounts
- Amount: 1% of revenue from 34.9 cents per gallon of fuel tax (approximately \$9M per year)
- Nexus under RUC: RUC paid for mileage driven off road could be transferred to outdoor and recreational accounts similar to the fuel tax transfer

SNOWMOBILE ACCOUNT



- Fuel tax nexus: tax paid on motor fuel used by snowmobiles (not for highway purposes) are transferred to the snowmobile account of the general fund
- Amount: revenue from 34.9-cents per gallon of fuel tax on all registered snowmobiles in Washington assuming tax-paid fuel consumption of 135 gallons per snowmobile per year (approximately \$1M per year)
- RUC nexus: No nexus for snowmobiles exists

AERONAUTICS REFUND



- Fuel tax nexus: tax paid on motor fuel used by aircraft (not for highway purposes) are refunded; unclaimed refunds go to the aeronautics account
- Amount: 0.028% of gross motor fuel tax revenue, less amounts refunded (approximately \$350k per year)
- RUC nexus: No nexus for aircraft exists

ALTERNATIVES

- Under a transition away from gas tax, preserve allocation of gas tax revenue to marine, nonhighway and ORV, snowmobile, and aeronautics uses
- Policy options for RUC revenues:
 - Allocate a portion of RUC revenues to make nonhighway uses whole relative to current allocations
 - Calculate mileage driven off road and allocate RUC revenues accordingly:
 - Seek other funding sources aside from RUC for nonhighway uses

QUESTIONS AND DISCUSSION

- Marine
- Nonhighway and ORV
- Snowmobile
- Aeronautics

UPCOMING ACTIVITIES

- Preview of Stage 3 activities
- Preview of February 2019 Steering Committee meeting topics

STAGE 3 ACTIVITIES

Jeff Doyle
Project Manager
D'Artagnan Consulting

STAGE 3 LOOK AHEAD: EVALUATION AND REPORTING

| 2019

January

February

March

April

May

June

July

August

September

October

◆ Late February : WA RUC Steering Committee meeting

◆ Early May: WA RUC Steering Committee meeting

◆ Late June: WA RUC Steering Committee meeting

Subagents' evaluation of WA RUC process ◆

Invoice improvements ◆

Organizational assessment for RUC ◆

WA RUC website changes for Stage 3

Policy issue white papers ◆

Scofflaw tabletop exercise ◆

◆ September: LAST WA RUC Steering Committee meeting

Final Report drafting

PREVIEW OF FEBRUARY 2019 STEERING COMMITTEE MEETING

Jeff Doyle
Project Manager
D'Artagnan Consulting

FEBRUARY 2019: TOPICS TO BE COVERED

- Updates on real money demonstration between Washington and Oregon
- Preview of the RUC scofflaw table top exercise
- Presentations and Committee deliberation on several policy issues from the “parking lot”:
 - motor fuel tax bond requirements and RUC;
 - effects of interstate commerce clause on RUC;
 - per-mile rate setting process and roles;
 - rate-setting basis for a time-based permit.
- Outline of final report and options for potential recommendations

THANK YOU!

Questions? Contact: Reema Griffith, Executive Director
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Consultant support provided by:

