

WA RUC Steering Committee – Meeting Notes

November 1, 2023 | 9 a.m. – 12:02 p.m.

Attendee List

WSTC Steering Committee

- Judy Clibborn
- Rep. Jake Fey
- Sen. Phil Fortunato
- Kelly Fukai
- Nicole Grant
- Chris Herman
- Tom Hingson
- Roy Jennings
- Sharon Nelson
- Rep. Ed Orcutt
- Beau Perschbacher
- Janet Ray
- Doug Vaughn
- Jane Wall

WSTC Staff and Consultant Team

- Travis Dunn, CDM Smith
- Reema Griffith, WSTC
- Ging Fernandez, CDM Smith
- Eleanor Joseph, Via Mobility
- Steven Marfitano, CDM Smith
- Irie Price, CDM Smith
- Julia Tesch, BERK Consulting
- Kimberly Rubenstein, WSTC
- Carl See, WSTC
- Ara Swanson, CDM Smith

Presentation

What follows is a summary of the discussion that followed the presentation. Presentation materials are available on the Washington State Road Usage Charge website (<https://waroadusagecharge.org/library.html>).

Welcome and Introductions

WSTC Commissioner Roy Jennings called the meeting to order. Irie Price of CDM Smith called roll (from the [current roster of Steering Committee members](#)).

Road Usage Charge Simulation and Follow-on Experience Final Results

Ging Ging Fernandez (CDM Smith), Julie Tesch (BERK Consulting), and Steven Marfitano (CDM Smith) provided updates on the Forward Drive research and findings. Topics covered included an overview of the Forward Drive research categories, a review of the pilot objectives, results from the simulation portion of the pilot, detailed findings and takeaways from participant surveys, and takeaways from the user experience.

Eleanor Joseph (Via Mobility) provided an overview of the AutoPilot follow-on experience, in particular, the coordination between participants and vehicle original engineering manufacturers (OEM) and how testing telematics may work for a road usage charge (RUC).

The following is a summary of comments and questions from WSTC Steering Committee members:

- Question (Tom Hingson): What are examples showing proof of miles driven out of state?
 - Answer (Steven Marfitano): In the pilot, we left it broad, as we did not want participants to feel constrained. We wanted to see what they came up with. As an example, we gave some participants a sample Excel spreadsheet to log their trips or document purchases out of state.
- Comment and question (Sen. Phil Fortunato): I don't want my data to be handled by a third party that the state then has access to. Is it possible to encourage other third-party GPS providers to provide that report directly to me (as the user), and then I can report to the state from there? I would feel more comfortable with that from a privacy standpoint. I'm a proponent of paying RUC at the time of registration, with mileage documentation from this report.
 - Answer (Eleanor Joseph): Here's the way we are doing it now: the user signs off on the 3rd party processing (raw data and miles by jurisdiction). Actual miles by jurisdiction are provided to the state; the state does not see any individual user's location data. What you are contemplating is different – the vendor would provide the user with the aggregate mileage data, and then the user could submit that to the state.
 - Comment (Travis Dunn): The key policy feature that comes into play is allowing customers to choose which method they use to demonstrate mileage exemptions. This is like the Oregon system, which is an open market: any certified vendor can come into the market to provide customer choice.
 - Follow-up question (Sen. Fortunato): In Oregon, drivers pay the third-party vendor, and then the vendor would then remit that amount to the state.
 - Comment (Beau Perschbacher): From the administering agency, the Department of Licensing (DOL) would be concerned about the accuracy of a driver bringing their own report to registration. It would be simpler for the third party provider to report the miles directly to the agency.
 - Comment (Sen. Fortunato): This is no different than a manual system where someone takes a photo of their odometer, in terms of relying on drivers to report accurately and fairly.
 - Comment (Sharon Nelson): I want to hear more from Eleanor on how this might work in the policy section. We will never get traction with legislature unless we have states collaborating with OEMs to utilize RUC with car telematics.
 - Comment (Eleanor Joseph): Some OEMs do see this, and others are not there yet.
 - Question (Rep. Ed Orcutt): How is a third-party vendor report not acceptable to report mileage?
 - Answer (Beau Perschbacher): The point is there are multiple reporting options available. It is a policy decision if a personal attestation is acceptable. If we are going to use telematics and a mileage report, there is a simplicity of this method being automated and accurate. If people aren't comfortable with that, there will be other options. If we are going to have telematics and a mileage report, let's harness the efficiencies.

- Comment (Rep. Orcutt): People in my district don't like this. When we start talking about auditing, people feel like it's invasive. People are mistrusting of data and technology. The problem is where we start and where RUC goes in the future. Whatever system we come up with, it needs not to be intrusive.
- Comment (Travis Dunn): The customer would own the decision whether to use a third-party vendor or not and ultimately owns that data. To process RUC, a report with miles driven and exemptions is all that is needed.
- Comment (Beau Perschbacher): There would also be low-tech options available to users, based on their comfort levels around privacy, by design.

Mock Standards Committee Results

Monica Halstead (CDM Smith) presented an update and results from the WA RUC mock standards committee. Topics covered included committee objectives, accomplishments of the mock standards committee to date, shared benefits of RUC standardization, and lessons learned.

There were no questions or comments during this portion of the presentation.

Forward Drive Project Final Report

Following a 15-minute break, Ging Ging Fernandez (CDM Smith) presented an update on the Forward Drive Project Final Report. Ging Ging provided an overview of the Final Report outline and content sections, and a summary of Final Report conclusions, which included:

1. Steeper gas tax revenue losses exacerbate transportation funding challenges and equity concerns.
2. Among transportation revenue choices, RUC performs strongest for social equity and user equity.
3. Public acceptance of RUC has grown with exposure to the concept.
4. Enrollment and odometer declaration is viable today: a simple, low-cost popular approach for implementing RUC in Washington.
5. Telematics is currently feasible on an opt-in basis for some vehicles, but work remains to expand eligibility and improve the user experience.
6. Alongside program implementation, additional research can improve operations, especially as other states advance programs: multi-state research and cooperation, standards, fleet reporting, and OEM telematics business case.
7. Forward Drive redefined what it means to conduct a RUC "pilot."

The following is a summary of comments and questions from WSTC Steering Committee members:

- Question (Sen. Fortunato): Are these conclusions specific to Washington state?
 - Answer (Ging Ging Fernandez): Conclusions one through six are specific to Washington. Conclusion 7 speaks to Washington being at the forefront of national research.
 - Question (Sen. Fortunato): These conclusions don't speak to where the money from RUC might go. Do we have agreement on that?
 - Answer (Ging Ging Fernandez): These conclusions speak to the current research only. Discussion on revenue allocation is later in the meeting.

- Answer (Travis Dunn): The Forward Drive Final Report is specific to research questions under Forward Drive. Revenue allocation was not one of the research questions. The Commission and Steering Committee has made recommendations on revenue allocation and dedication in the past. Ultimately, this is a legislative decision.
- Comment (Rep. Ed Orcutt): Under multi-state research and cooperation, once we start working with other states, does out-of-state driving become a money transfer between states?
 - Answer (Ging Ging Fernandez): We talked about that in the mock standards committee. It would require all jurisdictions to have some form of a RUC. If a jurisdiction doesn't have a RUC, additional research and discussions amongst jurisdictions would be needed.
 - Comment (Travis Dunn): The current assumption on out-of-state miles driven is that transportation revenue collection would continue to rely on gas tax receipts.

National User Fee Trends Update

Travis Dunn (CDM Smith) provided an update on RUC news across the country. Topics covered included newly enacted per-kilowatt hour taxes on public electric vehicle (EV) charging, EV registration surcharges, newly adopted RUC programs, enacted package delivery excise tax legislation, and federal RUC grant activity updates.

There were no questions or comments during this portion of the presentation.

Preparing for Legislation: Open Discussion of RUC Issues

Travis Dunn of CDM Smith initiated a question-and-answer discussion to solicit input from the Steering Committee on possible options for starting a transition to a RUC program and what inputs the Committee may offer to support this.

Rep. Jake Fey provided some introductory remarks and context. Rep. Fey reminded the Committee that he introduced a bill last session to get the discussion going around RUC and that it has become apparent that the Committee and legislators need to go deeper into specific topics, including identifying challenging issues that need resolution for a successful RUC program in Washington. The need to identify revenue replacement continues to be important as the state continues to experience increased transportation costs (e.g., design and construction).

Rep. Fey asked Committee members to help identify major issues as part of this meeting. The next steps will be to hold in-depth conversations with key stakeholders to resolve major issues and put a roadmap together on how we could implement a RUC in Washington. Rep. Fey emphasized the importance of continuing discussions as the state's revenue challenges continue, and the need to identify solutions is important.

The list of questions and a summary of the discussion specific to each include:

1. What vehicles are initially subject to RUC?

a. Summary of committee discussion:

- i. Neil Strege: There should be some sort of implementation schedule of vehicles that start with RUC, and then are gradually added.
- ii. Sen. Fortunato: When talking about the MPG threshold (vehicles <20 MPG), would we exempt people driving vehicles that get 20 MPG or less?
 - 1. Rep. Orcutt: Disagree with Sen. Fortunato on exempting the people getting less than 20 MPG. They are the ones getting credit. If you exempt only the people that would benefit [those with vehicles under 20 MPG], then you'll have people complaining that the only reason it's being done is for the state to get more money.
- iii. Beau Perschbacher: From an administrative standpoint, important to ramp up incrementally. Administratively, it's difficult to do cash refunds.

2. How is road usage reported?

a. Summary of committee discussion:

- i. Neil Strege: Customer choice is important.
- ii. Rep. Orcutt: Periodic reporting could be monthly, quarterly, or semi-annually in addition to annually. Periodic reporting and payment are important for high mileage drivers who would otherwise have a large bill if kept at annually only.
- iii. Sen. Fortunato: The odometer reading and photo reporting could be combined. I introduced a bill (5574) that dealt with paying RUC during the registration process.
 - 1. Beau Perschbacher: In how we present this to the legislature, an odometer photo helps document the odometer reading. We need to understand and document costs associated with a more automated reporting function (fees by vendors, for example).
- iv. Sen Fortunato: We also need a way to handle RUC reporting as part of a private vehicle sale/transaction.
 - 1. Travis: A policy question would be regarding pre- or post-pay private transactions; does the legislature weigh in? Does the legislature delegate rulemaking to DOL?

3. What is/are the rate/s and rate factors?

a. Summary of committee discussion:

- i. Sen. Fortunato: Keeping RUC revenue-neutral would be most helpful to get the ball rolling.

4. What road usage is exempt and how?

a. Summary of committee discussion:

- i. Sen. Fortunato: I don't think we should include income-related discounts as part of this question. Lower-income people already drive fewer miles. Don't think transportation is where we should be including exemptions.

5. How are gas taxes handled?

- a. Summary of committee discussion:
 - i. Rep. Orcutt: Suggest we don't consider credits or refunds for gas tax due.
 - ii. Sen. Fortunato: Refunds or credits could be handled at registration time.
 - iii. Jane Wall: Has there been an accounting for non-vehicle fuel use (e.g., boats, etc.)?
 1. Travis Dunn: Yes, there is an accounting done already for fuel taxes collected, assuming non-vehicle use.
 - iv. Beau Perschbacher: Agree that we don't want a situation where someone pays gas tax and then pays a RUC. Refunds or credits can get extraordinarily expensive to process.
 1. Sen. Fortunato: What about doing this at registration?
 2. Beau Perschbacher: More doable during registration, although still a large lift.

6. How are the revenues used?

- a. Summary of committee discussion:
 - i. Jane Wall: Where do we discuss the distribution of RUC revenue and how that will work? How would RUC be different or the same from distributions from the motor vehicle fuel tax?
 1. Travis: This policy question presents a range of choices for how RUC revenues could be used, not to specify exact revenue distributions.
 2. Sen. Fortunato: Proposed a bill (SJR 8200) to put RUC in motor vehicle account. Would allocate county distribution the same as gas tax, today. We would need to specify that RUC money would be used and distributed the same way as motor vehicle fuel taxes.

7. How is privacy protected?

- a. Summary of committee discussion:
 - i. Rep. Orcutt: Would this privacy policy apply to auditing and reporting?
 1. Travis: To all data collected for purposes of collecting and auditing RUC.

8. How is the program enforced?

- a. Summary of committee discussion:
 - i. None.

9. (For the future) What is the long-term transition plan for all the initial elements?

- a. Summary of committee discussion:
 - i. Sen. Fortunato: Discussed exemptions as part of question one.
 1. Travis: That was for the initial program; this would be for a longer-term time frame.

General discussion, comments, and questions around RUC policy questions to be addressed:

- Comment/Question (Sharon Nelson): This looks like all the right questions and issues. However, these are not new issues; has the legislature not been reading our reports?

- Answer (Rep. Jake Fey): The work today is: do we have the right questions? For future stakeholder meetings, we'll discuss each and decide which are most important to get agreement on to move forward with a proposal. I recognize that the SC has made recommendations on several of these areas, but not all. Now we are getting to brass tacks for work after the 2024 session so that we can have a bill that addresses key issues.
- Question (Sharon Nelson): Confirm that this discussion is intended to get to a roadmap for permanent implementation of RUC?
 - Answer (Rep. Fey): Yes.
- Comment (Neil Strege): The Committee has spent a lot of time looking at RUC and wrestling with all of these questions. The problems we are now trying to solve are more political in nature to move the conversation forward. These do feel like the right questions to move forward and answer.
- Comment (Judy Clibborn): Agree with all that's been said. The first question that all should start with is: why are we doing this? Legislature and the public may not understand the why. We need to incorporate this purchase into how we talk about RUC. It's important to note that it's not just a new way to get money but a way to replace transportation revenue because the other [gas tax] is going away.
- Comment (Sen. Fortunato): My biggest concern is privacy. There is also a misconception that RUC is in addition to the gas tax, and this needs to be clarified.
- Comment (Tom Hingson): These are all the right questions. Is there a threshold of usefulness in making it voluntary? What would a threshold be to make it worthwhile?
- Comment (Rep. Orcutt): Three things to file under miscellaneous:
 - Cost to administer RUC.
 - Calculating the difference between gas tax and RUC; do we use actual MPG or EPA rating?
 - With regard to the goal to reduce VMT by 2035: do we increase the RUC rate to account for anticipating declining revenue?
- Comment (Janet Ray): We should discuss how RUC fits into local options taxes.
 - Travis: There are local option taxes allowed for gas taxes in WA, but no local jurisdictions have added them.

Following a discussion around key policy issues needing resolution, Travis Dunn facilitated a pop-up poll in Zoom, which included eight questions. Travis Dunn instructed committee members to answer each of the questions in ranking order to give a high-level sense of where the most important questions to address lie. These questions are intended to address the initial enactment of a RUC program, not long-term implementation and operations. The results of this ranking are below and are listed in order from the most important to the least important.

Q1: For initial enactment of a RUC program, what are the most important questions to answer (1 = most important, 8 = least important):

Question/Topic	Average score (1 = most important; 8 = least important)	Number of first-place votes	Number of second-place votes
How is road usage reported?	3.3	3	4
What vehicles are subject to RUC?	3.5	6	0
What are the rates and rate factors?	3.6	2	6
How are the revenues used?	4.1	4	4
What road usage is exempt and how?	4.8	0	2
How are gas taxes handled?	5.0	1	0
How is privacy protected?	5.1	1	2
How is the program enforced?	5.2	0	1

Q2: For long-term transition to a statewide RUC program, what are the most important questions to answer (1 = most important, 8 = least important):

Question/Topic	Average score (1 = most important; 8 = least important)	Number of first-place votes	Number of second-place votes
How are the revenues used?	3.3	4	4
How is road usage reported?	3.6	2	2
What are the rates and rate factors?	3.6	1	5
What vehicles are subject to RUC?	3.7	4	0
How are gas taxes handled?	3.9	2	3
How is privacy protected?	4.5	2	1
How is the program enforced?	5.4	1	1
What road usage is exempt and how?	5.5	0	0

There were no questions or comments during this portion of the presentation.

Rep. Fey closed out this topic and discussion, and expressed appreciation for the Committee to move this forward and discuss which issues are most important to resolve.

Adjourn

Commissioner Jennings adjourned the meeting at 12:02 p.m.