

# WASHINGTON STATE ROAD USAGE CHARGE ASSESSMENT

## WHAT IS A ROAD USAGE CHARGE?

With a road usage charge system, drivers would pay for the roads as they do for other public utilities—based on how much they use.

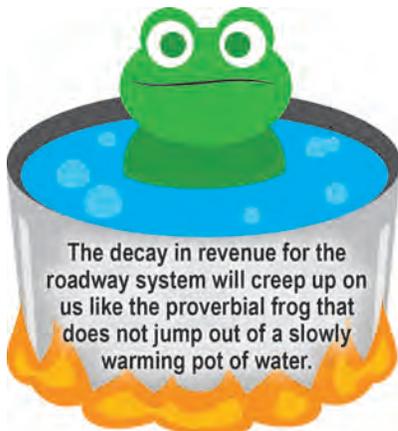
## WHY CONSIDER A ROAD USAGE CHARGE?

For almost a century, the motor fuel tax (or gas tax) has been a stable source of funding for our road network. It remains our primary source of transportation funding, supporting 76 percent of all state transportation investments, but it is not sustainable over the long term.<sup>1</sup> Collected from fuel distributors and based on a fixed amount per gallon, the gas tax:

- Does not rise and fall with the price of fuel.
- Does not keep pace with inflation.
- Declines on a per-mile basis as the vehicle fleet becomes more fuel-efficient.

As high mileage and electric cars become a larger part of our State's total vehicle fleet, our gas tax revenues will erode, resulting in less funding for maintaining and operating our roadway system. In order to avoid this, we need to change the way in which we pay for our roads.

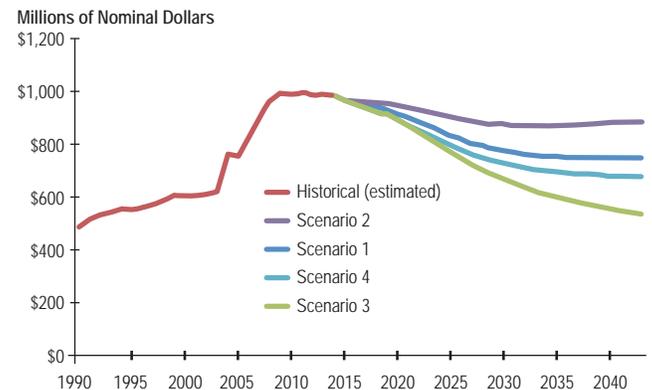
This approaching situation has caused leaders around the U.S. to look for alternatives.



<sup>1</sup> Connecting Washington Task Force, Final Report (2012).



## FORECASTS DIFFER, BUT THE OVERALL TREND IS FOR DECLINING FUEL CONSUMPTION



**Historical:** Estimated fuel tax receipts from light vehicles based on reported gasoline and diesel tax revenue and vehicle fleet assumptions.

**Scenario 1:** Vehicle Miles Traveled (VMT) grows and fleet fuel economy improves.

**Scenario 2:** VMT growth and small improvements in fleet fuel economy.

**Scenario 3:** Flat/declining VMT and fleet fuel economy improves.

**Scenario 4:** VMT growth and fuel economy improvement, but fewer vehicles.

Note: The analytical team prepared alternative forecasts based on a variety of sources. Section 4 of the January 12, 2015 Final Report provides details.

## WASHINGTON IS NOT ALONE

Efforts are underway in the following states to explore road usage charging:

- Oregon
- California
- Nevada
- Minnesota
- Colorado
- I-95 Coalition (Includes East Coast states from Maine to Florida)



## WHAT DID THE STEERING COMMITTEE AND TRANSPORTATION COMMISSION DO?

The Legislature directed the Washington State Transportation Commission to work with a diverse stakeholder Steering Committee to examine the feasibility of transitioning to a road usage charge (in 2012), and then to explore policy issues, evaluate the business case, and lay out a path to potential implementation (in 2013). In this third phase of evaluating road usage charges for Washington (in 2014), we:

- Developed a Concept of Operations (ConOps) that informs a broad audience and is the first step in a systems engineering process. It describes all major aspects of the system and user interactions at a high level without dwelling on low-level technical details.
- Evaluated 10 different road usage charge approaches, all of which were forecast to yield more net revenue than the fuel tax over 25 years under 4 economic scenarios.
- Our analysis assumes that fuel taxes will remain in place, meaning that when drivers pay the road usage charge they would be credited for their estimated fuel tax payments so that they pay one tax or the other – not both.
- Identified remaining policy and operational questions, which we propose to begin answering through a demonstration, public attitude assessment, and public communications work plan.

## PROPOSED ROAD USAGE CHARGE SYSTEM FOR DEMONSTRATION

The proposed road usage charge system for demonstration would allow drivers to choose among four potential charging methods:

- Time Permit** – A flat fee to drive a vehicle an unlimited number of miles for one year;
- Odometer Charge** – A per-mile charge based on annual odometer readings;
- Automated Distance Charge** – A per-mile charge based on measurements by in-vehicle technology that can distinguish between in-state and out-of-state travel; and
- Smartphone Distance Charge** – A per-mile charge based on measurements by a smartphone with a special application that records photos of the odometer and may also use its own internal electronics to calculate distance traveled, in place of either Method B or C.



# PROPOSED WORK PLAN, BUDGET, AND SCHEDULE

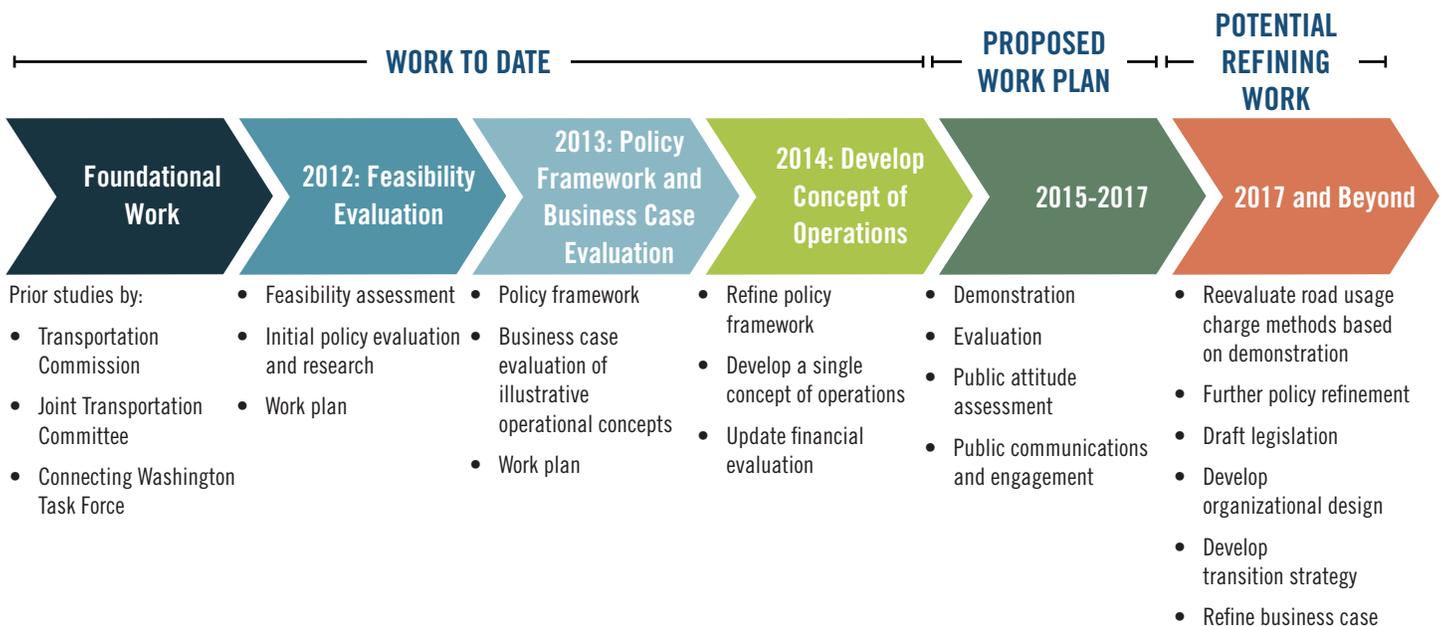
To answer questions and better understand how a road usage charge system would work from an operational, policy, funding, and practical standpoint, the time has come for us to move from academic study to real-life testing and public input. To this end, we propose a three-pronged work plan for the 2015/17 biennium. At the end of this proposed work plan, policy makers will be in a position to determine whether road usage charging is right for Washington State.

The Steering Committee recommends that all three of these components, together, are necessary to answer the remaining open questions and provide the information needed for a next step in addressing road usage charging as possible transportation funding policy.

Demonstration	Public Attitude Assessment	Public Communications and Engagement
<p><b>Objectives</b></p> <ul style="list-style-type: none"> <li>Expose Washington motorists to road usage charging policy and concepts;</li> <li>Raise awareness of transportation funding issues;</li> <li>Test road usage charge operations;</li> <li>Identify organizational challenges; and</li> <li>Refine cost estimates.</li> </ul> <p><b>Activities</b></p> <ul style="list-style-type: none"> <li>Plan, execute, and evaluate a demonstration of road usage charging methods.</li> </ul>	<p><b>Objectives</b></p> <ul style="list-style-type: none"> <li>Evaluate how well the public understands transportation funding sources and needs;</li> <li>Assess public understanding of road usage charging; and</li> <li>Identify questions, concerns, and reasons for support and opposition.</li> </ul> <p><b>Activities</b></p> <ul style="list-style-type: none"> <li>Polling;</li> <li>Surveys;</li> <li>Focus groups; and</li> <li>Stakeholder meetings, research, and analysis.</li> </ul>	<p><b>Objectives</b></p> <ul style="list-style-type: none"> <li>Communicate the purpose and details of the demonstration;</li> <li>Address questions about road usage charging; and</li> <li>Stimulate and monitor public discussion of transportation funding.</li> </ul> <p><b>Activities</b></p> <ul style="list-style-type: none"> <li>Recruit participants;</li> <li>Provide Q&amp;A to demonstration participants, public, and media;</li> <li>Provide speakers to community groups; and</li> <li>Maintain web and social media presence.</li> </ul>

The estimated budget for this work is between \$3.4 and \$6.0 million, and would take from 24 to 41 months.

## ROADMAP TO POTENTIAL IMPLEMENTATION



## STEERING COMMITTEE MEMBERS

NAME AND AFFILIATION	REPRESENTING
Steering Committee Chair, Commissioner Charles Royer (WSTC Commissioner)	WSTC
Commissioner Anne Haley (WSTC Commissioner)	WSTC
Commissioner Roy Jennings (WSTC Commissioner)	WSTC
Sen. Curtis King (Yakima (R) 14th District)	Washington Senate
Rep. Judy Clibborn (Mercer Island (D) 41st District)	Washington House of Representatives
Rep. Ed Orcutt (Kalama (R) 20th District)	Washington House of Representatives
Sen. Marko Lias (Mukilteo (D) 21st District)	Washington Senate
Sen. Andy Billig (Spokane (D) 3rd District)	Washington Senate
Rep. Jake Fey Tacoma (D) 27th District	Washington House of Representatives
Rep. Linda Kochmar Federal Way (R) 30th District	Washington House of Representatives
Scott Merriman	Office of the State Treasurer
Curt Augustine (Alliance of Automobile Manufacturers)	Auto and light truck manufacturers
James Thompson (Washington Public Ports Association)	Ports
Rod Brown Jr. (Cascadia Law Group PLLC)	Environmental
Brian Ziegler (Pierce County Public Works)	Counties
Scott Creek (Crown Moving Company, Inc.)	Trucking industry
Don Gerend (City of Sammamish Councilmember)	Cities
Tom Hingson (Everett Transit)	Public transportation
Sharon Nelson (Consumer Representative)	Appointed by WSTC
Lynn Peterson (WSDOT Secretary)	Appointed by WSTC
Pat Kohler (Director)	Department of Licensing
Janet Ray (AAA Washington)	Motoring public
Neil Strege (Washington Roundtable)	Business
Ted Trepanier (INRIX)	User fee technology



### FOR MORE INFORMATION:

The Transportation Commission's reports to the Legislature on road usage charging as well as background materials can be found at the Commission's web site, <http://www.wstc.wa.gov>.