WELCOME AND INTRODUCTIONS

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

Joe Tortorelli
WA RUC Steering Committee Chair, Washington State Transportation Commission
• Please try to keep all comments limited to 5 minutes or less
WA RUC PROJECT RECAP AND PATH FORWARD

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

Jeff Doyle
Project Manager
D’Artagnan Consulting
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:**
- HB 2660 enacts first $100 fee on electric vehicles, to “expire upon enactment of a vehicle miles traveled fee or tax.”

**Legislature/Governor:**
- Directs and funds RUC feasibility assessment

**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

<table>
<thead>
<tr>
<th>WA RUC Steering Committee</th>
<th>Transportation Commission</th>
<th>Legislature</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Measures...</strong></td>
<td><strong>Recommends...</strong></td>
<td><strong>Decides...</strong></td>
</tr>
<tr>
<td>• Oversee all research to ensure it is thorough and accurate</td>
<td>• Receive the Final Report from the Steering Committee</td>
<td>• Receive the Final Report and Recommendations from WSTC</td>
</tr>
<tr>
<td>• Identify issues of importance or concern for in-depth research (&quot;parking lot&quot;)</td>
<td>• Decide whether to make recommendations on issues</td>
<td>• Decide whether (or how) to implement a RUC</td>
</tr>
<tr>
<td>• Design a RUC demonstration to test operational approaches and measure public acceptance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Present information and options fairly to reflect the full range of viewpoints</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Provide guidance on technical and operational issues</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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

**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

**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

**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

**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

- Operations activities
- Communications activities

Matthew Dorfman, D'Artagnan Consulting
Ara Swanson, EnvirolIssues
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
PARTICIPANT POOL
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

- Mileage permit: 1%
- Odometer reading: 29%
- Smartphone app: 15%
- Plug-in Device without GPS: 21%
- Plug-in Device with GPS: 34%
## Geographic Distribution

<table>
<thead>
<tr>
<th>Region</th>
<th>% of WA Population</th>
<th>% of WA RUC Participants</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northwest</td>
<td>6%</td>
<td>6%</td>
<td>0%</td>
</tr>
<tr>
<td>Central Puget Sound</td>
<td>62%</td>
<td>60%</td>
<td>-2%</td>
</tr>
<tr>
<td>Southwest</td>
<td>9%</td>
<td>6%</td>
<td>-3%</td>
</tr>
<tr>
<td>Central</td>
<td>13%</td>
<td>13%</td>
<td>0%</td>
</tr>
<tr>
<td>Eastern</td>
<td>9%</td>
<td>13%</td>
<td>4%</td>
</tr>
<tr>
<td>Unknown</td>
<td>1%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Identified Gender

<table>
<thead>
<tr>
<th>Identified Gender</th>
<th>% of WA Population</th>
<th>% of WA RUC Participants</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>50%</td>
<td>49%</td>
<td>-1%</td>
</tr>
<tr>
<td>Female</td>
<td>50%</td>
<td>49%</td>
<td>-1%</td>
</tr>
<tr>
<td>Prefer not to answer</td>
<td>1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prefer to self-describe</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unknown</td>
<td>1%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: American Community Survey, 2012-16 5-year estimates
<table>
<thead>
<tr>
<th>Identified Race or Ethnicity</th>
<th>% of WA Population</th>
<th>% of WA RUC Participants*</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>African-American</td>
<td>3%</td>
<td>2%</td>
<td>-1%</td>
</tr>
<tr>
<td>American Indian or Alaska Native</td>
<td>1%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Asian (excl. Indian)</td>
<td>7%</td>
<td>5%</td>
<td>-2%</td>
</tr>
<tr>
<td>Caucasian or white</td>
<td>71%</td>
<td>85%</td>
<td>14%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>12%</td>
<td>4%</td>
<td>-8%</td>
</tr>
<tr>
<td>Indian subcontinent</td>
<td>1%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Native Hawaiian or other Pacific Islander</td>
<td>1%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Other/None of the above</td>
<td>2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prefer not to answer</td>
<td>3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

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

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

*Participant categories varied slightly from American Community Survey categories
PARTICIPANT POOL – BY VEHICLE TYPE

Gasoline: 78%
Hybrid: 8%
Electric: 4%
Plug-in hybrid: 1%
Diesel: 1%
Other: 8%
PARTICIPANT FEEDBACK TO DATE
BY THE NUMBERS: OVERVIEW

Total incoming communications: 1,620

- Emails from non-participants: 33%
- Emails from participants: 43%
- Phone calls from non-participants: 6%
- Phone calls from participants: 18%

Date range: September 1, 2017 to November 1, 2018
FREQUENTLY DISCUSSED TOPICS OVER PROJECT LIFETIME

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

- Inquiry about mileage reporting option: 190
- Service provider transfer: 176
- General RUC inquiry: 173
- Inquiry about enrollment assistance: 146
- Questions about policy or RUC implementation: 107
- Inquiry about invoices: 70
MOST FREQUENT HELP DESK TOPICS:
SEPTEMBER 2017 – OCTOBER 2018

Data as of November 1, 2018

Participant enrollment began
WEBSITE ANALYTICS: AUGUST 2017 – OCTOBER 2018

Overall website traffic (sessions)

Top Referrers

<table>
<thead>
<tr>
<th>Source / Medium</th>
<th>Pageviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. (direct) / (none)</td>
<td>18,558</td>
</tr>
<tr>
<td>2. google / organic</td>
<td>9,938</td>
</tr>
</tbody>
</table>

User type

- New Visitor: 69.1%
- Returning Visitor: 30.9%

Data as of November 1, 2018
INTEREST LIST GROWTH

- Interest List Launch + Early Interest Period
- Active Recruitment
- Enrollment
- Pilot Underway

Data as of November 1, 2018

New Sign-ups Per Month
Total Number of Subscribers
GETTING READY TO CLOSE OUT PILOT TEST DRIVE

Ara Swanson
EnvirolIssues
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)

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

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

**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
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)

- Automated plug-in device with location data: 38% (616)
- Odometer reading: 26% (416)
- Automated plug-in device without location data: 17% (276)
- Smartphone app: 17% (272)
- Mileage permit: 1% (11)
- Unsure: 1% (11)
Please indicate your level of agreement with the following statements about your current reporting method: (n=1602)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The reporting method does not interfere with my ability to drive.</td>
<td>79%</td>
<td></td>
<td>17%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>The reporting method accurately reports my trips.</td>
<td>55%</td>
<td>26%</td>
<td>12%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>The reporting method is a convenient way to participate in the pilot.</td>
<td>66%</td>
<td></td>
<td>25%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Instructions for using the reporting method were clear and easy to follow.</td>
<td>58%</td>
<td></td>
<td>34%</td>
<td>4%</td>
<td>3%</td>
</tr>
</tbody>
</table>
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. \( n=1,602 \)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Very easy</th>
<th>Moderately easy</th>
<th>Neither easy nor difficult</th>
<th>Moderately difficult</th>
<th>Very difficult</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logging into your account to review your information</td>
<td>58%</td>
<td>27%</td>
<td>10%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Reviewing your mileage data</td>
<td>57%</td>
<td>25%</td>
<td>10%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Interacting with customer service</td>
<td>45%</td>
<td>21%</td>
<td>25%</td>
<td>6%</td>
<td></td>
</tr>
</tbody>
</table>
OUR COMMUNICATIONS WITH YOU

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

- Yes: 70% (1,126)
- No: 30% (476)

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

- Overall communications with the Help Desk: 51% Very satisfied, 29% Satisfied, 12% Neither satisfied or unsatisfied, 3% Very unsatisfied
- Promptness of responses from the Help Desk: 50% Very satisfied, 29% Satisfied, 12% Neither satisfied or unsatisfied, 2% Very unsatisfied
- Ability of the Help Desk to resolve your issue or refer you to a helpful resource: 47% Very satisfied, 27% Satisfied, 12% Neither satisfied or unsatisfied, 5% Very unsatisfied, 9% Unsatisfied
YOUR RUC SERVICE PROVIDER

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

- DriveSync: 77% (1,228)
- Emovis: 13% (211)
- Don't know/Don't remember name: 10% (154)

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

- Overall customer service and account management:
  - Very satisfied: 41%
  - Satisfied: 42%
  - Unsatisfied: 5%
  - Very unsatisfied: 3%
  - Unsure: 10%

- Promptness of responses:
  - Very satisfied: 42%
  - Satisfied: 41%
  - Unsatisfied: 6%
  - Very unsatisfied: 2%
  - Unsure: 9%

- Ability to resolve your issues and/or answer your questions:
  - Very satisfied: 39%
  - Satisfied: 37%
  - Unsatisfied: 8%
  - Very unsatisfied: 5%
  - Unsure: 12%

- Security of personal information and data that you provided to your Service Provider:
  - Very satisfied: 32%
  - Satisfied: 33%
  - Unsatisfied: 2%
  - Very unsatisfied: 33%
  - Unsure: 33%
Thinking about your experience with the RUC pilot so far, how satisfied are you with each of the following? (n=1,576)

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Very satisfied</th>
<th>Satisfied</th>
<th>Unsatisfied</th>
<th>Very unsatisfied</th>
<th>Unsure</th>
</tr>
</thead>
<tbody>
<tr>
<td>The opportunity to try something before decisions about whether to implement</td>
<td>58%</td>
<td>29%</td>
<td>2%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Opportunities to provide feedback on the pilot and your experience</td>
<td>45%</td>
<td>40%</td>
<td>5%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Amount of time you have spent participating in the pilot</td>
<td>59%</td>
<td>36%</td>
<td>3%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Clarity of communications and instructions you have received about the pilot</td>
<td>49%</td>
<td>42%</td>
<td>5%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Ease of participation in the pilot</td>
<td>62%</td>
<td>31%</td>
<td>4%</td>
<td>2%</td>
<td></td>
</tr>
</tbody>
</table>
How important to you are the following principles for a potential road usage charge system? (n=1,575)

<table>
<thead>
<tr>
<th>Principle</th>
<th>Very important</th>
<th>Fairly important</th>
<th>Important</th>
<th>Slightly important</th>
<th>Not at all important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Privacy</td>
<td>90%</td>
<td></td>
<td>6%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Simplicity</td>
<td>79%</td>
<td></td>
<td>16%</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>Transparency</td>
<td>74%</td>
<td></td>
<td>19%</td>
<td>6%</td>
<td>1%</td>
</tr>
<tr>
<td>Data security</td>
<td>77%</td>
<td></td>
<td>15%</td>
<td>6%</td>
<td>1%</td>
</tr>
<tr>
<td>Cost-effectiveness</td>
<td>67%</td>
<td></td>
<td>20%</td>
<td>9%</td>
<td>2%</td>
</tr>
<tr>
<td>User options</td>
<td>58%</td>
<td></td>
<td>25%</td>
<td>12%</td>
<td>4%</td>
</tr>
<tr>
<td>Enforcement</td>
<td>57%</td>
<td></td>
<td>24%</td>
<td>13%</td>
<td>3%</td>
</tr>
<tr>
<td>Equity</td>
<td>60%</td>
<td></td>
<td>18%</td>
<td>10%</td>
<td>5%  6%</td>
</tr>
<tr>
<td>Charging out of state drivers</td>
<td>43%</td>
<td></td>
<td>21%</td>
<td>14%</td>
<td>12% 10%</td>
</tr>
</tbody>
</table>

Legend: Black = Very important, Blue = Fairly important, Green = Important, Orange = Slightly important, Red = Not at all important
Based on your participation to date in the pilot, please indicate your level of agreement: (n=1,576)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am more aware of the amount of transportation related taxes I pay.</td>
<td>32%</td>
<td>39%</td>
<td>19%</td>
<td>7%</td>
<td>3%</td>
</tr>
<tr>
<td>I am more aware of how many miles I drive each month.</td>
<td>30%</td>
<td>28%</td>
<td>26%</td>
<td>11%</td>
<td>4%</td>
</tr>
<tr>
<td>My driving behavior has changed.</td>
<td>4%</td>
<td>7%</td>
<td>28%</td>
<td>36%</td>
<td>25%</td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th>Question</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel the amount of personal information I was asked to provide in the RUC pilot was …</td>
<td>5%</td>
</tr>
<tr>
<td>I feel that the assurances given regarding protection of my personal information and security of the RUC data collected were ….</td>
<td>2%</td>
</tr>
<tr>
<td>I feel the amount I would pay under a RUC system based on my miles driven is …</td>
<td>28%</td>
</tr>
</tbody>
</table>

- Too much: 1%  
- Just right: 82%  
- Not enough: 93%
Based on your invoices, how do you feel about your ability to understand what you pay in transportation tax? (n=1,572)

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>My understanding is better with a RUC than with the gas tax.</td>
<td>47%</td>
<td>739</td>
</tr>
<tr>
<td>My understanding is the same as with the gas tax.</td>
<td>28%</td>
<td>446</td>
</tr>
<tr>
<td>No opinion at this time.</td>
<td>16%</td>
<td>245</td>
</tr>
<tr>
<td>My understanding is less with a RUC than with the gas tax.</td>
<td>9%</td>
<td>142</td>
</tr>
</tbody>
</table>
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)

<table>
<thead>
<tr>
<th>Support Level</th>
<th>Percentage</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly support</td>
<td>34%</td>
<td>541</td>
</tr>
<tr>
<td>Somewhat support</td>
<td>31%</td>
<td>490</td>
</tr>
<tr>
<td>Somewhat oppose</td>
<td>10%</td>
<td>157</td>
</tr>
<tr>
<td>Strongly oppose</td>
<td>10%</td>
<td>162</td>
</tr>
<tr>
<td>Not sure/need more information</td>
<td>14%</td>
<td>222</td>
</tr>
</tbody>
</table>
Since the beginning of the pilot, has your attitude towards a road usage charge system changed? (n=1,572)

- My attitude is unchanged: 52% (810)
- I feel more supportive now: 28% (436)
- I feel less supportive now: 12% (184)
- Unsure: 9% (142)

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

Income
“\textit{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
• 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*

<table>
<thead>
<tr>
<th>Recommendations for operational issues:</th>
<th>Preferences and/or alternatives for policy issues:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Whether and how best to use private sector service providers</td>
<td>• Exemption from RUC charges</td>
</tr>
<tr>
<td>• Drivers' reaction to the proposed RUC system</td>
<td>• Refunds of RUC charges</td>
</tr>
<tr>
<td>• Public understanding and acceptance of a RUC system</td>
<td>• Drivers' reaction to the proposed RUC system</td>
</tr>
<tr>
<td>• State IT needs to support RUC</td>
<td>• Public understanding and acceptance of a RUC system</td>
</tr>
<tr>
<td>• Institutional roles in implementing a RUC system</td>
<td>• Transition strategy: which vehicles would pay RUC, and when</td>
</tr>
<tr>
<td>• Transition strategy: which vehicles would pay RUC, and when</td>
<td>• 18th Amendment impacts on RUC</td>
</tr>
<tr>
<td></td>
<td>• Permanent exemptions from RUC</td>
</tr>
<tr>
<td></td>
<td>• Use or dedication of RUC revenue</td>
</tr>
</tbody>
</table>
ISSUES WITHIN CONTEXT: WHAT WOULD THE LEGISLATURE NEED IF IT DECIDES TO MOVE AHEAD?

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

Each of the 18 issues (and more) have a unique place within this RUC framework
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
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**
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
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
Who will be required to pay RUC?

- **Vehicles subject to RUC**
- **Transition strategy**
- **Out-of-state drivers**
- **Interstate Commerce Clause considerations**
Who will be exempt from RUC?

- *Permanent exemptions from RUC*
- *Out-of-state drivers*
- *Transition strategy*
Who will be exempt from RUC?
- Permanent exemptions from RUC
- Out-of-state drivers
- Transition strategy
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*
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*
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*
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
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*
• 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
For certainty on privacy protection, Congress or state legislatures must enact statutes.
RECENT ENACTMENTS OF DATA PROTECTION PRIVACY LAW

- 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
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 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
Beginning in 15 minutes:

• Overview of Hawaii’s RUC Pilot Project
COMPATIBILITY OF RUC AND TOLLING

Colum Lynch
Arup
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”
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
Vehicle with device passes through toll road or charged network → Device is detected and transaction created → Transaction processed through back office and sent to account provider(s) → Account provider(s) charge their customers → Customers pay their account provider (pre-pay or post-pay) → Account provider transfers payments to toll agency and receives fee for service provided
## CRITERIA FOR ASSESSING DEGREES OF COMPATIBILITY

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>User experience</td>
<td>Ease with which customers can register for, pay, and access services</td>
</tr>
<tr>
<td>Collections reliability</td>
<td>Ability of compatible accounts and services to make collection of tolls and RUC more reliable</td>
</tr>
<tr>
<td>Operational efficiency</td>
<td>Ability of compatible accounts and services to reduce operational costs</td>
</tr>
<tr>
<td>Contractual complexity</td>
<td>Level of complexity of contracts among entities and customers based on compatibility model chosen</td>
</tr>
<tr>
<td>Operational complexity</td>
<td>Levels of operational complexity based on compatibility model chosen</td>
</tr>
<tr>
<td>Governance</td>
<td>Ability of involved entities to manage shared risks, delineate responsibilities, and collaborate for effective oversight, guidance, and control</td>
</tr>
<tr>
<td>Technical complexity</td>
<td>Level of complexity of data exchange and transaction and payment processing</td>
</tr>
<tr>
<td>User perception</td>
<td>Ability of customers to distinguish RUC and tolling and understand any policy differences (e.g., privacy)</td>
</tr>
<tr>
<td>Cost of implementation</td>
<td>Setup costs to achieve desired level of compatibility across systems</td>
</tr>
</tbody>
</table>
Regardless of the degree of compatibility sought or achieved, RUC and tolling maintain distinct policy purposes.
## COLLABORATION VS. ONE SERVICE

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

<table>
<thead>
<tr>
<th></th>
<th>Do Nothing</th>
<th>Collaboration</th>
<th>One Bill</th>
<th>One Account</th>
<th>One Service</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>User Experience</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Improved Collections</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operational Efficiency</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contractual Complexity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operational Complexity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Technical Complexity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>User Perception</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost of Implementation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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
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.
• 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 23’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*.

• “Categorial 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
BREAK
OPTIONS FOR USE OF REVENUE IN A RUC SYSTEM

- 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)

- Driver License Fees: 5%
- Ferry Fares: 6%
- Fuel Tax: 55%
- Vehicle Fees: 11%
- Truck Fees: 9%
- Tolls: 7%
- Sales Taxes: 3%
- License Plate Fees: 1%
- Other: 3%
- Other: 3%
STATE TRANSPORTATION EXPENDITURES BY AGENCY (2015-2017)

- WSDOT: 83%
- DOL: 5%
- WSP: 6%
- TIB: 4%
- Other: 2%
STATE TRANSPORTATION EXPENDITURES BY TYPE (2015-2017)

- Highway: 78%
- Ferry: 5%
- State Police: 5%
- Multimodal: 6%
- Miscellaneous: 6%
- Intercity Rail: 0%
- Transit: 0%
- Offroad: 0%
- Other: 5%
- Aviation: 0%
- DOL: 0%
USES OF WASHINGTON STATE GAS TAX REVENUE BY MODE

- State highways: 78.8%
- County roads: 10.9%
- City roads: 6.2%
- Ferries: 2.9%
- Aeronautics: 0.0%
- Marine: 0.6%
- Snowmobile: 0.1%
- Outdoors RV: 0.6%
- General transfer: 0.0%
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.
• 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

<table>
<thead>
<tr>
<th>Expenditure category of gas tax revenues</th>
<th>Amount (2015-2017 biennium) (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>State highways, bridges, roads, streets</td>
<td>$2,429</td>
</tr>
<tr>
<td>County highways, bridges, roads, streets</td>
<td>$335</td>
</tr>
<tr>
<td>City highways, bridges, roads, streets</td>
<td>$192</td>
</tr>
<tr>
<td>Ferries</td>
<td>$89</td>
</tr>
<tr>
<td><strong>Marine refund</strong></td>
<td>$18</td>
</tr>
<tr>
<td><strong>Nonhighway and off-road vehicle (ORV) accounts</strong></td>
<td><strong>$18</strong></td>
</tr>
<tr>
<td><strong>Snowmobile account</strong></td>
<td><strong>$2</strong></td>
</tr>
<tr>
<td>General fund</td>
<td>$1</td>
</tr>
<tr>
<td><strong>Aeronautics refund</strong></td>
<td>&lt;$1</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>2019</th>
</tr>
</thead>
</table>

### January

- **Early May:** WA RUC Steering Committee meeting
- **Late June:** WA RUC Steering Committee meeting
- **September:** LAST WA RUC Steering Committee meeting

### February

- **Late February:** WA RUC Steering Committee meeting

### March

- Subagents’ evaluation of WA RUC process
- Invoice improvements

### April

- Organizational assessment for RUC
- WA RUC website changes for Stage 3

### May

- Policy issue white papers

### June

- Scofflaw tabletop exercise

### July

### August

### September

### October

- 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
Washington State Transportation Commission
griffir@wstc.wa.gov
360-705-7070

Consultant support provided by: