



## WASHINGTON ROAD USAGE CHARGE STEERING COMMITTEE MEETING

September 10, 2019 | Meeting Summary

### ATTENDEES

#### Steering Committee Members

Chair Joe Tortorelli, WSTC Commissioner

Rep. Andrew Barkis

Rep. Jake Fey

Tom Hingson, Transit

Sen. Steve Hobbs

Roy Jennings, WSTC

John Koster, Counties

Sharon Nelson

Rick Olson, PSRC

Rep. Ed Orcutt

Mayor Mary Lou Pauly

Rep. Bill Ramos

Sen. Rebecca Saldaña

Ted Trepanier, INRIX

Doug Vaughn, WSDOT

Frederik Wade, Department of Licensing

Bryce Yadon, Futurewise

#### WSTC Staff

Reema Griffith, Executive Director

Paul Parker, Deputy Director

**NOTE:** Presentation materials are available on the Washington State Road Usage Charge website (<https://waroadusagecharge.org/about/steering-committee/>). What follows is a summary of the discussion that followed the presentations. Responses to questions and comments are in *italics*.

### WELCOME & INTRODUCTIONS

Chair Tortorelli called the meeting to order and the Committee introduced themselves. Chair Tortorelli noted this is the final meeting of the Steering Committee.

### PUBLIC COMMENT PERIOD

No one wanted to provide public comment.

### OVERVIEW OF REMAINING WA RUC PILOT PROJECT AND ASSESSMENT WORK (THROUGH 2019)

Jeff Doyle of D'Artagnan Consulting walked through the work that remains to be done in 2019. At today's meeting, we will review the comments submitted by the members and review and discuss transition options and all findings to date. The final report will be adopted by the Commission on December 17 and delivered to the Legislature by January 21.

## REVIEW OF DRAFT STEERING COMMITTEE REPORT TO WSTC

Jeff Doyle noted that layout, organization, and readability of the report are all still in progress. He then walked through the comments received from members by chapter.

### Discussion

- The Executive Summary should be drafted after the Commission makes its recommendations since the audience is the legislature, their staff, and the general public. It's feasible, it's been done elsewhere, and people generally liked it – the quotes are helpful to hear from real people. Proceed with caution is the advice to the legislature. This will be the most useful and read part of the report.
- RUC is getting some attention in other states and in Congress.
- The fact that the hub worked so well for interstate commerce and could be scaled up to other states is great. Congrats to the team for this breakthrough.
- Interesting news from the Treasurer's Office about protecting the bonds requiring that revenue not be available for non-highway purposes. We need to keep the RUC separate from tolling, but the accelerating pace of technological change is accelerating pace of change in policy makers minds. The language around compatibility makes sense to me. The RUC itself would evolve as well.
- If this comment comes from the Treasurer's Office, are they saying it must be this way since it this is a policy decision and there is a second policy decision from the legislature that could disrupt that.
- *We simplified what they sent over. They would say what's not captured on the slide is that there are significant financial implications to the State of Washington if you do it another way.*
- It's not a policy decision for the Treasurer since they report to the bond market. If it's not a vehicle license fee (VLF), there are implications for the market – they know what VLF is. It is a policy decision for the legislature
- I understand the desire to call it a VLF. The public doesn't understand the constitutional issue or the bonding issue. If this moves forward, I think it should go forward as a RUC not a VLF. We need to be transparent with the public. It offers us an opportunity to do some broad education around how transportation is funded. They pay 49 cents at the pump and are stuck in traffic, that's the current experience. A constitutional amendment is not that hard – 2017 was the last one. We need a broader discussion to get buy-in.
- Our job is to provide the facts to the Commission and for them to transmit to the legislature. It's up to the legislature to make decisions. If there is more than one way to do it, we need to spell that out.
- *Someone noted one instance where things are described in a way that sounds strategic, which is not the intent. If there are overtones that sound subjective, we will change those.*
- The information technology estimates from Department of Licensing are very rough estimates with a lot of unknowns and we need to be clear about that.
- It's true that the public doesn't understand our tax system and how complicated it is and then you get into constitutional issues of tax versus fee. The gas tax has been a great tax and anything new will be harder to administer; there is no way around it. One suggestion would be to remind people

that other jurisdictions have adopted these countrywide – even if it's New Zealand which is about the size of our state.

- I agree the public doesn't know what they pay at the pump, but 75% of the participants in Spokane did know.
- *Treasurer's Office will be presenting at the next WSTC meeting. There will be an opportunity for public comment on the Commission recommendations.*
- What is the due date and who set it?
- *Legislature requires it by January 1, 2020. .*
- What is the question we are trying to answer?
- *Original edict was to determine a sustainable replacement to the gas tax. Therefore, we've assumed drivers would pay one or the other but not both, and we initially focused on feasibility.*

## RUC TRANSITION SCENARIOS AND FINANCIAL ANALYSIS

Travis Dunn of D'Artagnan Consulting presented several scenarios that estimate revenue potential. This is a conditional exercise – if the State moves forward, what is the range of reasonable ways to do that; it is not the path forward.

### Discussion

- There is the cost to collect and to implement. We have a large share of unregistered vehicles on the road so how do we account for this. If RUC was based on registration – then how much is lost by not including these?
- *You would still be collecting the gas tax, but you would lose the incremental amount that would be over the gas tax. However, it is a fairness issue for a user pay system.*
- What are you comparing to on the electric vehicle (EV) fees?
- *We looked at the language in the statute. Once the \$50 is repaid to the multi-modal account and that account hits the \$1M mark it gets redirected the motor vehicle account.*
- *We are using \$150 until 2025 and then we add \$75.*
- *Question to group about any other scenarios to include or principles to add.*
- I think the three illustrative scenarios are good. What if the legislature doesn't want to do this and decides to delegate it to some agency? The legislature doesn't like to impose costs on people, so I worry this is a risk.
- *Scenario 1 doesn't generate much revenue. You could start a system that started with state owned vehicles – this would avoid revenue risk and allow RUC to be implemented on government vehicle first to work on out the kinks instead of risking public backlash if the system is not ready for wide-scale implementation.*
- Starting small you deal with a populace that might be more supportive and it might protect you from a significant technology jump. If electric vehicle batteries got much better and in three years the world looked different, this scenario could insulate you and that seems worth mentioning. It's probably the easiest to implement but the other benefit is the risk mitigation against future technological change that we can't predict.

- This feels more like scenario planning than principles. Principles feels more like “how to” this is about understanding the implications to starting a RUC.
- *Is it the wording or bullets?*
- Bullets are fine and informative of the impacts.
- Accelerating pace of technology is right on. Why we think it should be gradual should probably be explained as well. It’s not only technology change but policy change as well.
- I have trouble with the word gradual. I think it needs to be tested at a larger scale, but we should have an approach that puts it into play within a certain amount of time. We will have to adapt because we can’t wait too long on the revenues.
- *When you use the word testing, would you say a partial launch like the roll out of electrics and hybrids or do you mean another pilot where people don’t pay money?*
- Pay money but on a smaller scale.
- The revenues being generated are not going to cut it. We don’t have enough revenue now. How do we reduce the costs of maintaining and building the system? I don’t see how the public will accept this. We can’t wait 10 years to find the revenue.
- If we are going to have EVs be early adopters, then part of the incentive would be to drop the \$75 additional fee on EVs if they volunteer for RUC. If we wanted to raise more money, we would have a conversation about how to raise the money across all drivers. My concern with that model is that as we look at these in the legislature there would be a lot of changes needed.
- In 2014/15 – we gave EVs all kinds of incentives that went away in 2019. We said after 2019, we won’t need them but here we are trying to get people to buy EVs. Then we say, well younger people don’t want to drive they want transit, but transit isn’t paying so you’ll be riding a bus on gravel.

## CHAPTER 12: STEERING COMMITTEE FINDINGS & CONCLUSIONS

Jeff Doyle presented on this section which is a summary of what the Steering Committee has learned through the pilot as well as the parking lot issues.

### Discussion

- We don’t explain that the reason the 2.4 cents was chosen was we tested it as a replacement and it needed to be revenue neutral.
- There was language put into the proviso and I’m not sure how that last sentence fits in.
- *The current proviso directs the Commission to explain how a deeper dive on equity implications could occur. The deep dive itself was not part of this scope of work.*
- A deeper dive is necessary whether we get federal funding or not.
- *We need to be clear on what will be provided in the report related to this proviso. We should know by Session whether the federal funding has come through.*
- I would suggest that it’s not in the mission of the Steering Committee to do this work. You probably need another set of committee members and possibly consultants. We were focused on a different aspect of equity.
- Reema read the budget proviso “necessary next steps to consider”

- I'm struggling with the intent of the proviso and what next steps might be. You won't do this work unless you get a grant?
- *There was no funding in current grant that would allow for this analysis. But by October, we should know what next steps might be and we've explored what this might look like in our grant proposal.*
- I don't think simply pushing it off to a grant application is sufficient, so I think we need to think about the language.
- I wouldn't cut anything out of the last paragraph because we need to identify problems that we found and unresolved issues. I brought up the question of equity with respect to rural drivers driving on roads that are less costly to build and maintain than I-5 or the 520 bridge.
- For utility rates we had lifeline rates and it took hours of testimony to decide who to extend the rates to. This is a huge task that the legislature has requested and it won't make for a simple task.
- Sometimes the legislature won't solve it, but they need to know it's an issue.
- Commission is only just starting to think about this in the context of tolling.
- *These are captures of our final points in the report and we will be more descriptive about the many dimensions of equity. This will also show up in the Executive Summary.*
- The reference to bracket might need an explanation.
- *Good point. We will make that change.*
- Should we mention refunds as well since those with lower vehicle mileage would probably get one.
- It's the last bullet on the exemptions, refunds, and credits slide.
- *The legislature will need to decide what a credit actually is – cash back, credit for other transportation fees, etc. what are they entitled to and what is cost effective to manage? Oregon has had challenges with refunds.*
- You have no guarantee that they purchased the gas in Washington – this should be pointed out.
- *Good point. We will do that.*
- I'm concerned about "vehicle would owe one or the other but not both." Does that offer a loophole where someone says those that would get rebates will stay with gas tax and everyone else will pay RUC.

## UPDATE ON FEDERAL GRANT PROPOSAL

Reema walked through the elements of the proposal.

- **New mobility:** modeling effects of plug-in EVs, TNCs, and AVs on RUC Systems.
- **Equity Analysis:** identify and measure potential disparate impacts of RUC to communities of color, low income households and vulnerable populations
  - Senior citizens need to be looked at as well with respect to implementation. For those that are not digital maven enrolling can be difficult and if you buy a new car and need to switch systems, it can be hard to figure out.
- **Updated mileage reporting methods:** incorporate latest approaches to mileage reporting into a WA RUC system: in-vehicle telematics, improved smartphone apps, pay-at-the-pump, etc.

- **Administrative cost reduction “scrum:”** this will be explored actively with other state and private industry.
- **Detailed phase-in plan:** takes into account A/V and shared ride service impacts, equity impacts, updated mileage reporting approaches, and more
- **RUC prototype “sub-test:”** conduct a small-scale test of new mileage reporting methods, equity policies, collecting RUC from TNCs and shared ride vehicles, and cost reduction techniques
- **RUC Roadmap:** detailing how Washington and other states can right-size a RUC policy and system to fit their circumstances (including a framework for how policy choices can be reexamined in light of increases in RUC revenue and allocations)

### Discussion

- When would the federal government release funds?
- *We hope within a few months, but we don’t know. They are in the last dollars of this program (\$35M of the original \$95M remains). If they don’t allocate it all they may go back out with another RFP. The 50% match has been a barrier for many states.*
- Where is the match here?
- *Toll credits will serve as the match.*
- If you don’t get the grant, how are you going to deal with the proviso.
- *We hope we will know by the time session starts and we’ll go from there.*

Any thoughts on the application can be sent to Reema.

## APPROVAL OF STEERING COMMITTEE’S REPORT TO WSTC

Jeff Doyle asked the SC whether the report accurately and fairly represents what was observed in the pilot project and learned through discussions (subject to today’s revisions).

- My observation is that we already have RUC implemented with EVs. It’s in place with a flat fee right now.
- We should adopt the report.
- This has been a long journey and a tremendous amount of work and this Committee has done as much as it can, and we need to pass it on.
- Concerns about what is included and whether it’s ready to be advanced. Chapter 1 on page 12 – off topic and veering into other types of fees which I think are irrelevant. Bullets 3, 4 and 5 shouldn’t be included. The last bullet needs to be reworked.
  - On privacy, I think there are things that are not spelled out sufficiently. For example, the issue of public disclosure of information.
  - There are some technical things on page 6 that I want to know if there are answers to. There are missing values here.
- I appreciate those comments but I’m wondering if we could go through those concerns and address them.
- How substantive do you think your changes will be?

- Some are just numbers. Some are things that I don't think are relevant and some is more detail around conclusion. Privacy could be confused with data security and we need this in the conclusions – it's in the text just not in the conclusions.
- We seem to be voting on a final product that isn't ready and there are a lot of changes to be made. There is no Executive Summary.
- Why don't we set a deadline by which you need to submit your comments and if you want to file a separate dissenting statement you can do that.
- The challenge is going to be with additional comments that have not been discussed here today.
- Chair Tortorelli noted this would be a conditional adoption.

#### **Next Steps**

- Rep. Orcutt will send comments to consultants within five days.
- Report will go back to Steering Committee by September 23 with final comments due by September 27.

## **ADJOURN**

Chair Tortorelli adjourned the meeting at 1:30