WASHINGTON STATE
ROAD USAGE CHARGE ASSESSMENT

Reema Griffith
Executive Director
Washington State Transportation Commission
WASHINGTON STATE’S TRANSPORTATION FUNDING DILEMMA
Gas Tax Breakdown

$49.4\,\text{c}$

421 projects

$9.5\,\text{c}$

261 Transportation Partnership projects*

$5\,\text{c}$

160 Nickel projects

$11.9\,\text{c}$

Connecting Washington**

$11\,\text{c}$

Cities and counties local roads

$4\,\text{c}$

Pay off bonds funded by pre-2003 fuel tax

$8\,\text{c}$

Available for use on state highways, bridges and ferries:
- maintenance and operations
- preservation
- safety improvements

* Of the 9.5 cents, 8.5 cents is used by the state for highway projects, 1 cent goes to cities and counties for street and road improvements.

** The 11.9-cent gas tax increase will be phased in over the next two years. The first 7.0-cent increase occurs on August 1, 2015, followed by a 4.9-cent gas tax increase on July 1, 2016.
Over the next 10 years, approximately 77% of Washington State’s current net portion of fuel tax revenue is obligated to pay for the long-term debt associated with financing past and currently planned transportation projects.

*This chart is based on Net Fuel Tax Revenue and Debt Service projections per the Nov 2015 Forecast.
- For this chart, debt service only includes debt first payable by the fuel tax. This excludes SR 520 corridor debt service (first payable by tolls), but includes Tacoma Narrows Bridge debt service (reimbursed by tolls).
- WA state’s portion of fuel tax revenue in this chart does not include all fuel tax revenue pledged for debt service. For example, also pledged for debt service is revenue distributed to cities & counties, and beginning in FY 2019, revenue from select vehicle fees (for selected projects).
The Fuel Efficiency Bar Continues To Rise

- Current Federal CAFÉ Standards: 54.5 MPG by 2025

- The Federal Energy Information Administration conservatively predicts:
  - All NEW cars in 2040 = 48 MPG
  - All cars (new and old) in 2040 = 37 MPG

- Washington State’s Current Average MPG = 20.5 MPG
Conservative forecasts: Washington’s vehicles will reach 35 MPG by 2035 - a potential 45% reduction in gas tax revenue per mile driven.

FUNDING SUSTAINABILITY IS POSSIBLE
The Road Usage Charge Emerges

A road usage charge is a per mile charge drivers would pay for the use of the roads, rather than paying for them by the gallon of gas.

Identified as a viable future funding source in need of further exploration.
Since 2012, the State Transportation Commission has lead this work and established a **25-member steering committee** comprised of legislators and various stakeholders representing a variety of interests.

**Three Commissioners** – One Serves as Chairman

**Eight Legislators** – four from Senate and four from House of Representatives

**Representatives from:**

- Auto and light truck manufacturers
- Ports
- Environmental
- Counties
- Trucking industry
- Cities
- Public transportation
- Consumer/Public
- WSDOT
- Department of Licensing
- Motoring public
- Business
- User fee technology
- Treasurer’s Office
Identify and develop a sustainable, long-term revenue source for Washington State’s transportation system, and to transition from the current motor fuel tax system.

Ensure there is consumer choice on how mileage information can be collected and paid for.

During the transition period of moving from the gas tax to a road usage charge, drivers would only pay one or the other, but never both.

For purposes of assessing the gas tax against a road usage charge, we have assumed revenue neutrality and focused on net revenue potential for both.
Four Ways To Collect a RUC From No Tech. To High Tech.

Volunteers in the pilot test can choose among four options:

- **Time Permit**: flat fee to drive unlimited miles in a given period (month or year)
- **Odometer Readings**: per-mile charge based on vehicle odometer
- **Automated Mileage Meter**: in-vehicle device reports miles – drivers choose if they want GPS or not
- **Smart Phone**: app that uses driver’s phone to record and/or report miles driven
Road Usage Charging – National Activity

• Road Usage Charging is being looked at in several states across the country.
• 14 western states are involved in research, testing or legislatively enacted programs.
• Most important remaining task: let the public “test drive” RUC through a live pilot test (volunteer participants).

**NEWS:** On August 28, FHWA announced that Washington was awarded a $3.847 million federal grant to prepare for a live pilot test, scheduled to begin in 2017.
KEY FINDINGS TO DATE
Taxing Gallons Has Real Fairness & Equity Challenges

Per-mile revenue from 49.4 cents/gallon fuel tax, by vehicle MPG

- At 20.5 MPG, the average Washington driver pays 2.4 cents/mile in state fuel tax.
- Vehicles above average MPG pay less fuel tax per mile driven.
- Vehicles below average MPG pay more fuel tax per mile driven.

Cents per mile

MPG
Even With Annual Gas Tax Increases Revenue Will Not Keep Up With Needs

The fuel tax would have to be raised about 1.5 cents per gallon, per year on all vehicles from 2019-2043 in order to equal net revenues from a road usage charge of 2.4 cents per mile.

This estimation would not address growing needs for improvements or maintenance – it would just keep funding at status quo levels.
What you drive will determine RUC cost impacts.

Cost of fuel tax or RUC at 1,000 miles/month

- 2007 Ford F-150: 15 MPG, $9 less/month
- 2010 Ford Fusion: 20 MPG, $2 less/month
- 2010 Ford Focus: 30 MPG, $6 more/month
- 2016 Toyota Prius: 45 MPG, $14 more/month
- Tesla Model S: ∞ MPG, $24 more/month

49.4 cent fuel tax  |  RUC @ 2.4 cents/mile
Emerging technologies show potential for reliably collecting mileage data while protecting drivers’ privacy.

- Mobile phone app-based solutions are emerging – works for every vehicle.
- Relies on consumers’ own mobile phone and vehicle odometer.
- VIN and odometer photo captured and transmitted with driver’s own phone.
- Data is extracted and validated using photo recognition technology, algorithms and databases.
- System can detect fraud.
Out Of State Drivers

Need to be able to charge people from out of state for use of roads.

- Keep the gas tax in place as a parallel system to the road usage charge.
- Drivers will pay either the gas tax or the road usage charge – but not both.

To distinguish between travel on Washington public roads and other roads (e.g., outside the State & private roads), the use of location based technology will likely be needed.
WHAT’S NEXT
The Public Needs To Test Drive RUC

- Its time to put the idea of a road usage charge to the test.
  - Will it work in real world terms?
  - Are there fatal flaws the conceptual study missed?
  - What does the public think?

- A pilot project will allow residents to experience RUC and give feedback.

- Statewide pilot project planned to launch in summer, 2017.

- 2000 participants from up to five regions across the state.

- Will test four payment options: no tech. – high tech.
THANK YOU

CONTACT INFORMATION
Reema Griffith, Executive Director
Washington State Transportation Commission
griffir@wstc.wa.gov
360-705-7070