Overview

Background:
- Legislative budget proviso in ESHB 2190 (2012 Supplemental Transportation Budget)
- Reasons to consider gas tax alternatives and prior efforts

Road usage charging defined – there are many ways to do it
- Some international experience
- Some US evaluations and trials

Evaluated 8 potential road usage charge concepts for feasibility

Recommendation:
- Feasible, but requires further development
- Work plan to narrow policy objectives and potential operational concepts
Legislative Budget Proviso
ESHB 2190

- Two components, combined into one study:
  - **Transportation Commission**: “Solely to determine the feasibility of transitioning from the gas tax to a road user assessment system of paying for transportation”
  - **WSDOT**: “Solely to carry out work related to assessing the operational feasibility of a road user assessment”

- Steering committee to provide direction to and guide the Transportation Commission's work:
  - Update the Governor and the Legislature on this work by January 1, 2013.
  - This update must include a plan and budget request for work to be completed during the 2013-2015 fiscal biennium.
ESHB 2190
Required Activities

- Review relevant reports and data related to models of road usage assessments and methods of transitioning to a road usage assessment system, and analyze the research to identify issues for policy decisions in Washington;
- Make recommendations for the design of systemwide trials;
- Develop a plan to assess public perspectives and educate the public on the current transportation funding system and options for a new system; and
- Assess technology, agency administration, multistate and Federal standards, and other necessary elements.
# Steering Committee
## Members and Affiliations

<table>
<thead>
<tr>
<th>Name and Affiliation</th>
<th>Representing</th>
<th>Name and Affiliation</th>
<th>Representing</th>
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</thead>
<tbody>
<tr>
<td>Steering Committee Chair, Commissioner Tom Cowan (WSTC Commissioner)</td>
<td>WSTC</td>
<td>Pete Capell (Clark County Public Works)</td>
<td>Cities and Counties</td>
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<tr>
<td>Commissioner Anne Haley (WSTC Commissioner)</td>
<td>WSTC</td>
<td>Cynthia Chen (University of Washington)</td>
<td>Appointed by WSTC</td>
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<tr>
<td>Commissioner Charles Royer (WSTC Commissioner)</td>
<td>WSTC</td>
<td>Scott Creek (Crown Moving Company, Inc.)</td>
<td>Trucking industry</td>
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<tr>
<td>Sen. Tracey Eide (Federal Way (D) 30th District)</td>
<td>Washington Senate</td>
<td>Don Gerend (City of Sammamish Councilmember)</td>
<td>Cities and counties</td>
</tr>
<tr>
<td>Sen. Ann Rivers (La Center (R) 18th District)</td>
<td>Washington Senate</td>
<td>Paula Hammond (WSDOT Secretary)</td>
<td>Appointed by WSTC</td>
</tr>
<tr>
<td>Rep. Andy Billig (Spokane (D) 3rd District)</td>
<td>Washington House of Representatives</td>
<td>Tom Hingson (Everett Transit)</td>
<td>Public transportation</td>
</tr>
<tr>
<td>Rep. Mark Hargrove (Covington (R) 47th District)</td>
<td>Washington House of Representatives</td>
<td>Sharon Nelson</td>
<td>Appointed by WSTC</td>
</tr>
<tr>
<td>Curt Augustine (Alliance of Automobile Manufacturers)</td>
<td>Auto and light truck manufacturers</td>
<td>Kush Parikh (INRIX)</td>
<td>User fee technology</td>
</tr>
<tr>
<td>Kurt Beckett (Port of Seattle)</td>
<td>Appointed by WSTC</td>
<td>Janet Ray (AAA Washington)</td>
<td>Motoring public</td>
</tr>
<tr>
<td>Rod Brown Jr. (Cascadia Law Group PLLC)</td>
<td>Environmental</td>
<td>Neil Streege (Washington Roundtable)</td>
<td>Business</td>
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*Washington State Road Usage Charge Assessment*
Why the Motor Fuel Tax is Not Sustainable

The motor fuel tax is levied as a fixed amount per gallon, so it:

» Does not rise and fall with the price of fuel;
» Does not keep pace with inflation; and
» Declines on a per-mile basis as vehicles become more fuel-efficient.

Better fuel economy in light-duty vehicles will be the primary cause of lower fuel consumption over the next 15 years.

Population and vehicle miles will continue to grow, while motor fuel consumption flattens out, leading the motor fuel tax to be an unsustainable source of revenue.

Population and vehicle miles will continue to increase but will consume less fuel – this translates into less revenue to fund transportation.
Road Usage Charging Recommended in Several Washington Studies

2007 – Long-Term Transportation Financing Study
- Vehicle-miles traveled fees among the long-term recommendations.

2009 – Implementing Alternative Transportation Funding Methods
- Analyzed different mid- and long-term funding methods, including vehicle-miles traveled fees.

2010 – Washington Transportation Plan;
2012 – Connecting Washington
- Recommended further exploration of vehicle-miles traveled fee.

...in addition to several national studies
Feasibility Assessment Process

Steering Committee conducted its feasibility assessment in steps, establishing a common understanding of road usage charge policy and technical considerations.

- Domestic and International Review and Policy Context Report and Meeting #1 SEPTEMBER 13, 2012
  - Draft policy objectives and feasibility criteria.
- Potential Road Usage Charge Concepts for Washington Report and Meeting #2 OCTOBER 30, 2012
  - Feasibility determination.
- Feasibility Assessment, Work Plan, and Budget (Consultant Draft) Report and Meeting #3 DECEMBER 4, 2012
- WSTC Review of Steering Committee Direction WSTC Briefing DECEMBER 13, 2012
- Feasibility Assessment, Work Plan, and Budget (Final) Report and Meeting #4 JANUARY 11, 2013

Agenda for this coming Spring:

- Begin to address the difficult policy issues, including research.
What is a Road Usage Charge?

With road usage charging, drivers would pay for roads as they do for other utilities—based on how much they use.

This study focused on general road usage charging, NOT:

- Tolls
- HOT or Express Toll Lanes
- Cordon or area charges

Two Basic Forms of Road Usage Charging

Time
- Vignettes
  - Prepaid stickers & electronic

Distance
- Prepaid stickers
- Odometer reading
- GPS / e-hubodometer
Road Usage Charge Experience

Operational

» New Zealand
  – Non-gasoline vehicles purchase blocks of kilometers
  – Paper system since 1975; advanced systems being phased in

» Europe – Vignette Systems
  – Time-based sticker systems, with electronic being phased in

» USA – Weight-distance taxes

Studies in four countries

» UK, Singapore, Netherlands, Hong Kong

» Common characteristics:
  – Studies underway for several decades or more, several rounds
  – Rarely led to implementation
  – Coupled with congestion charging, tolling, environmental impact charging
U.S. Studies and Proposals

Examples:

» 20 states: Discussed, proposed, studied and pilot tested
» Studies with completed trials:
   – University of Iowa, Oregon DOT, PSRC, Minnesota
» Studies with trials in progress:
   – Minnesota, Oregon DOT
» Studies without trial (so far):
   – I-95 Corridor Coalition, Nevada, Colorado, California

Common characteristics

» Similar motivations to Washington
» Mostly about revenue generation, but some about congestion and emission reduction
Transitioning from Gas Tax to Road Usage Charging: A “Wicked Problem”
Steering Committee Findings

Successful international examples show that there are numerous viable operational concepts and technologies.

There are many ways road usage charging could work.
- Some as simple as buying one-year permit or annual odometer readings.
- Others more technologically involved.

However implemented, road usage charging will not be perfect.
- All taxing polices involve tradeoffs between ideal policy objectives and how these objectives can be implemented in the real world.
- Offering choices to users may solve many of the issues such as privacy and acceptance.

Steering Committee members unanimously agreed that road usage charging is feasible in Washington and recommended further assessment and advancement.
Difficult Policy Issues and Tradeoffs Remain

- Relationship to the gas tax
- Social objectives
  - Reduce energy use, greenhouse gas emissions and congestion; or encourage transit use?
- Use of revenues
  - Just roads, or broader? Interpretation of 18th Amendment
- Equity among user groups
  - Urban/rural; income.
- Privacy
- Rate-setting
  - How important is it for a road usage charge to reflect actual miles traveled? Tradeoffs?
- Out-of-state issues
  - Capture revenue from all out-of-state motorists? Out of state travel.
**Proposed Phased Work Plan**

Phasing allows Governor and Legislature to decide whether to continue research and development at several milestones.

**Check Points:**
Legislative Approvals Required to Proceed to Next Phases

**Foundational Work**
Prior Studies by:
- Transportation Commission
- Joint Transportation Committee
- Connecting Washington Task Force

**Current Effort**
- Feasibility Assessment
- Work Plan
- Initial Policy Evaluation and Research
- Initial Public Attitude Assessment

**Phase 1 2013-15**
- Policy Framework
- Preferred Operational Concepts

**Phase 2 2015-17 and Beyond**
- Pre-Implementation System Development
- Pilot Tests

**Implementation**
Potential Role of Pilot Tests

- Can assess technology, administrative systems, or public acceptance before committing extensive resources:
  - Evaluate technology;
  - Evaluate systems from the users’ perspective; and
  - Build confidence with the public and decision-makers.

- Can test individual components or an entire system.

- Best carried out in Phase 2 once policy direction is established and a preferred operational concept is chosen.
## Proposed Budget: 2013-2015 Biennium

<table>
<thead>
<tr>
<th>Task</th>
<th>Purpose</th>
<th>Cost</th>
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<tbody>
<tr>
<td><strong>Engaging the Public</strong></td>
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<tr>
<td>Task 1</td>
<td>Measure Public Attitudes and Acceptance. Understand public perceptions of road usage charging and transportation funding issues.</td>
<td>$160,000</td>
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<td>Task 2</td>
<td><strong>Communications and Public Engagement.</strong> Provide information to the public and engage them in discussions about policy and operational issues.</td>
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<td><strong>Policy Framework</strong></td>
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<td>Task 3</td>
<td>Define Policy Objectives. Support the Legislature, Commission, and Steering Committee in establishing a road usage charge policy for Washington State.</td>
<td>$170,000</td>
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<td>Task 4</td>
<td>Policy Research. Provide the analysis and information to support informed policy decisions.</td>
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<td><strong>Operational Concepts</strong></td>
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<td>Task 5</td>
<td>Define Operational Concepts. Define how system users will experience the system when driving and paying charges.</td>
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<td><strong>System Design</strong></td>
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<td>Task 6</td>
<td>Administrative Design. Provide recommendations relating to the administrative functions of a road usage charge system.</td>
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<td>Task 7</td>
<td><strong>System Architecture and Technical Requirements.</strong> Begin to develop the system architecture and detailed technical requirements of the technology so that the technology can be tested and procured.</td>
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<td><strong>Business Analysis</strong></td>
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<td>Task 8</td>
<td>Business Case. Develop a business case based on the preliminary operational concepts developed in Tasks 5 - 7.</td>
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<td>Task 9</td>
<td>Evaluation Framework. Provide objective criteria and an approach to evaluate whether the road usage charge achieves its desired results and policy objectives from Task 3.</td>
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<td>Task 10</td>
<td>Interoperability with Other Systems. Provide guidelines for road usage charging interoperability with other similar systems such as tolling, fuel taxes, and road usage charges in other jurisdictions.</td>
<td>$30,000</td>
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<td>Task 11</td>
<td>Transition Strategy. Develop a manageable strategy to transition from the gas tax to a road usage charge, potentially in phases.</td>
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<td>Task 12</td>
<td>Risk Analysis. Identify risks and potential mitigation measures to minimize adverse impacts and the cost of such impacts.</td>
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<tr>
<td><strong>Total</strong></td>
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<td>$1,640,000</td>
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QUESTIONS?

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