Future Funding of Washington Roads and Highways

Tacoma Transportation Club
March 9, 2015

Transportation Commission Responsibilities

- Transportation policy
- State tolling authority
- Washington transportation plan
- Public forum for transportation policy
- Outreach program
- Special studies
- Ferry names

• Transportation Policy

➢ **FUEL TAX & ROAD USAGE CHARGE**

A road usage charge is a way for drivers to pay for the use and maintenance of the Washington road system based on distance traveled rather than taxing gasoline by the gallon.

Fuel Tax is Bundled & Invisible

WELCOME

T053867697-001
RALPH & MIKES LLC
1745 E ISAACS
WALLA WALLA WA 9936

DATE 01/27/15
TIME 12:21 PM
AUTH# 015928

VISA
HALEY/ANNE E

PUMP	PRODUCT	PPG
03	UNLD	$2.199

GALLONS	TOTAL
15.007	$33.00

THANK YOU
HAVE A NICE DAY

15.007 @ $1.64/gal	$24.67
Fed fuel tax @ $0.184/gal	2.70
State fuel tax @ $0.375/gal	8.33
TOTAL	$33.00

Fuel Tax Uses

37½¢ **per-gallon Washington state gas tax rate as of July 1, 2008**

-9½¢ **261 specific transportation projects statewide***
(2005 Transportation Partnership Projects)

-5¢ **160 specific transportation projects statewide**
(2003 Nickel Package projects)

Funded 421 projects, 10,000 jobs annually

23¢ **Base gas tax**

-11¢ Supports **cities and counties** for local roads

-4¢ Supports debt service to reduce **bond debt** that funded past highway and ferry projects

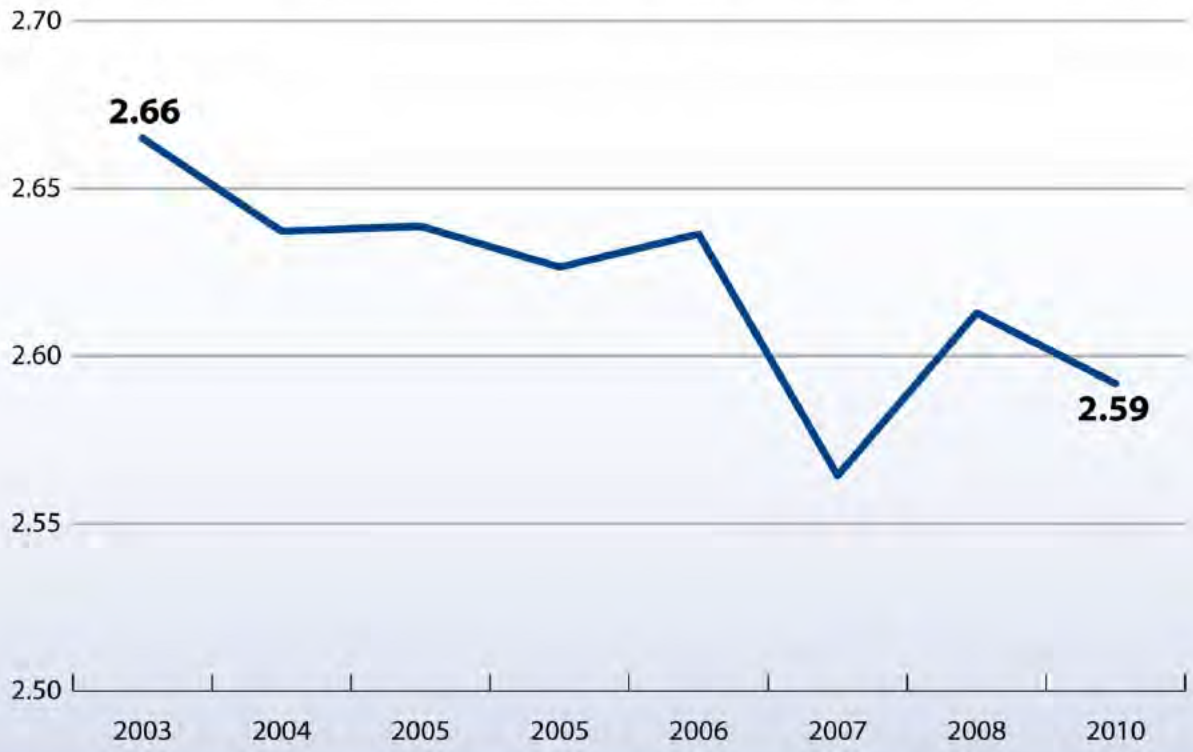
8¢ **Remains for maintenance and operations, as well as preservation, safety improvements and congestion-relief projects for state highways and ferries**

Fuel Consumption

Washington State Budget & Policy Center | budgetandpolicy.org

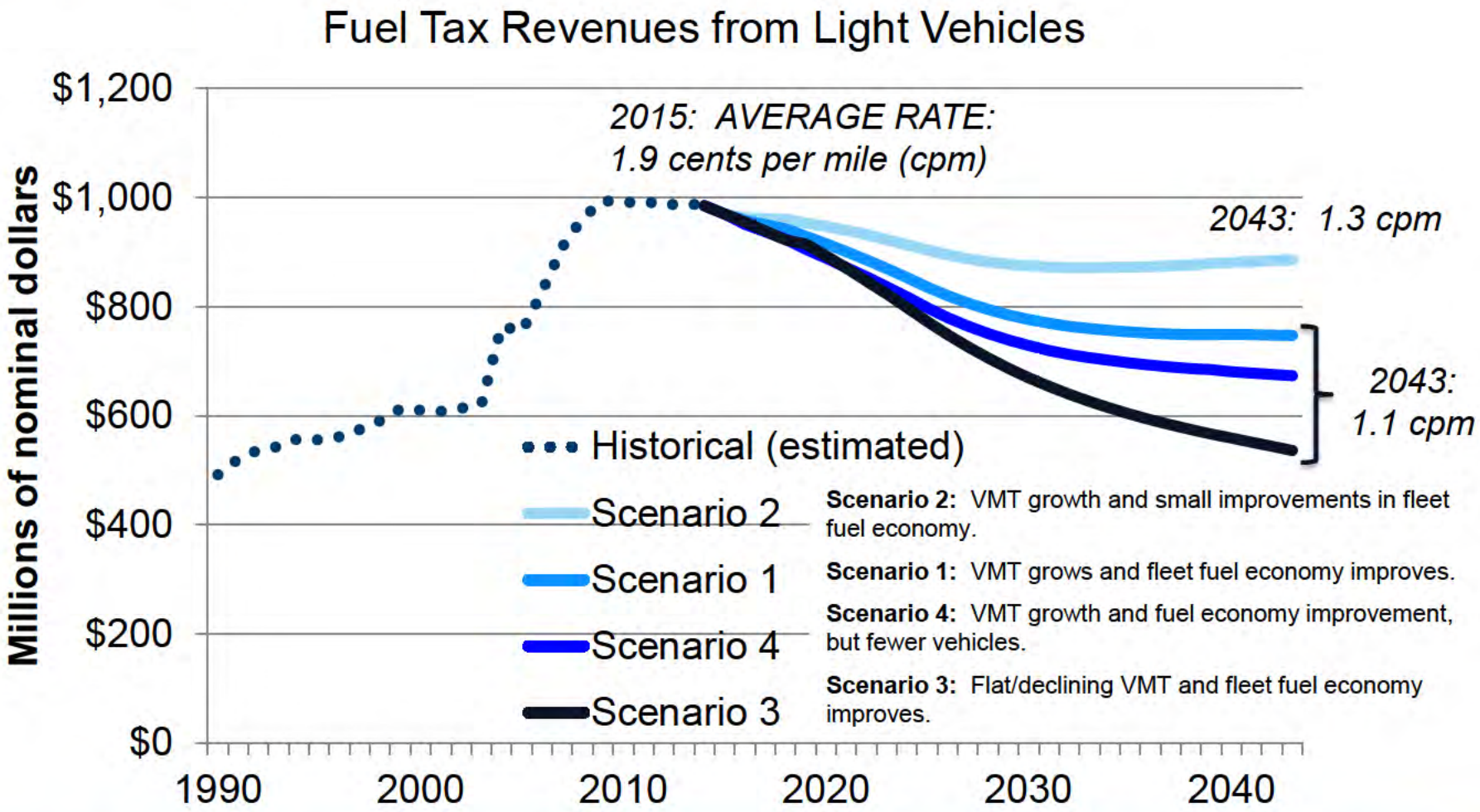
Gasoline Consumption in Washington State Steadily in Decline

Total gallons (billions) of gasoline attributed to highway use, Washington state 2003-2010



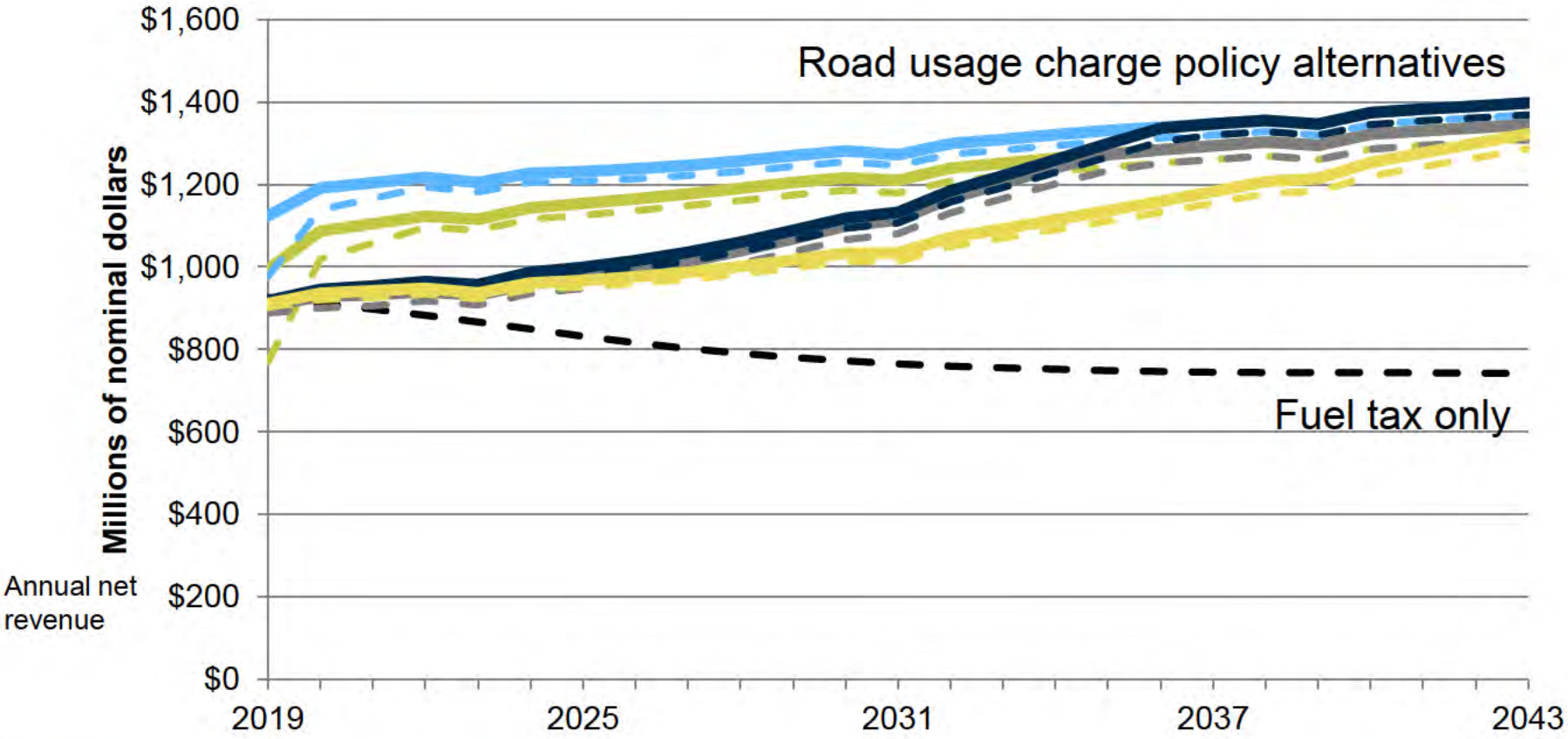
Source: Budget & Policy Center analysis; Federal Highway Association data from annual reports on fuel usage by state, OFM Forecasting Division

Estimated *Light Vehicle* Fuel Tax Revenues



Economic Scenarios

Road Usage Charge Net Revenue Outperforms Fuel Tax



Road Usage Charge Overview

- **A road usage charge is a proposed per mile charge that would be assessed for using all public roads within Washington.**

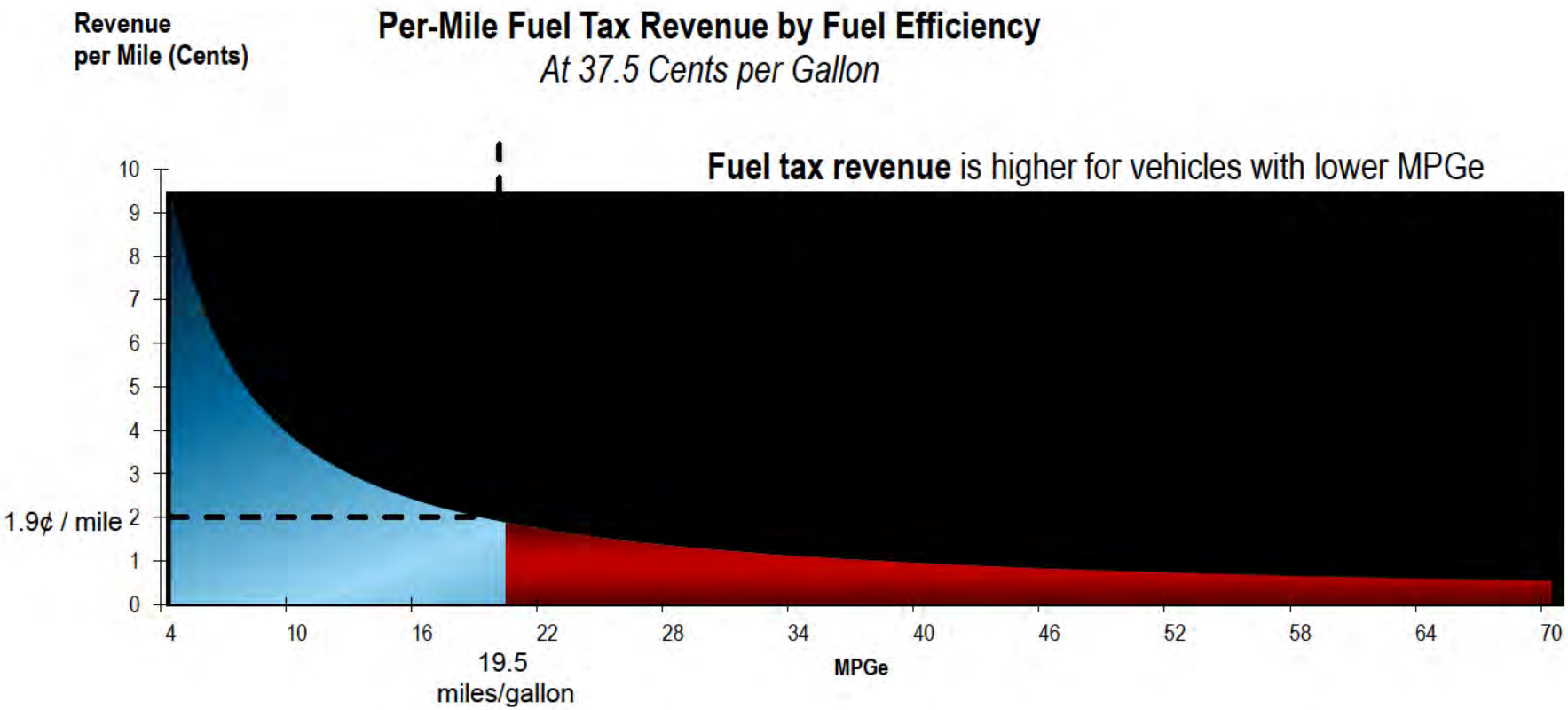
- **GPS and other location technology are not required.**
  - » Motorists will have choices about how they report and pay.

- **A road usage charge would co-exist with the gas tax and tax payers would only pay one or the other – NOT BOTH.**
  - » This provides a way for out of state drivers and others not yet paying the road usage charge to pay road taxes

Which vehicles should be charged?

- **We investigated numerous options:**
  - » All non-diesel vehicles;
  - » All passenger cars;
  - » Vehicles less than 26,000 pounds gross vehicle weight rating (GVWR) regardless of fuel type;
  - » Vehicles less than10,000 pounds GVWR regardless of fuel type;
  - » Highly fuel efficient vehicles; and
  - » Vehicles above the average fuel economy rating.
  - » Charge all new vehicles less than 10,000 pounds GVWR regardless of fuel type beginning with model year (MY) 2019.
- **We evaluated the three concepts in red, above.**

Revenue and fairness implications of taxing gallons versus miles



The concept of operations allows drivers to choose one of four charging methods

- **Time Permit –** unlimited driving for a specific time for a flat rate.

- **Odometer Charge –** prepayment of miles for a given year with reconciliation at the end of the year based on actual miles driven as measured with the vehicle odometer.

- **Automated Distance Charge –** post-payment for miles driven on a periodic basis, as measured by an in-vehicle mileage reporting device.

- **Smartphone Distance Charge –** smartphone application.
  - » When replacing Odometer Charge, the smartphone is used to take a picture of the odometer and transmit mileage information, eliminating manual processing for this information.
  - » When replacing Auto Distance Charge, the smartphone performs functions that would otherwise be done by an in-vehicle mileage reporting device.

Difference in tax payments between a road usage charge and the fuel tax

- If road usage charge rate is set based on 2015 average fuel economy at 1.9 cents per mile

- For people who drive about 1,000 miles per month:

Type of car	Miles per gallon	Miles per month	Current fuel tax (or flat rate for electric)	Road usage charge per month	Difference per Month
Pick-up / SUV	15.0	1000	$ 25.00	$ 19.00	$ (6.00)
Average car	19.5	1000	$ 19.23	$ 19.00	$ (0.23)
Fuel efficient car	30.0	1000	$ 12.50	$ 19.00	$ 6.50
Efficient Hybrid	45.0	1000	$ 8.33	$ 19.00	$ 10.67
Electric	N/A	1000	$ 8.33	$ 19.00	$ 10.67

Oregon Road Usage Charge Pilot 2013

From :
Sanef S.A.
8130 SW Beaverton-Hillsdale Hwy
Portland, Oregon
97225

On Behalf of :
Road Usage Charge Pilot Program
355 Capitol St. NE MS 32
Salem, Oregon
97301-3871

To :
Anne Haley
644 Boyer Ave
Walla Walla, Washington
99362

Account No: 8759946-USD
Statement Month: December 2012
Issue Date: Jan 7 2013

ROAD USAGE CHARGE PILOT PROGRAM
ACCOUNT STATEMENT

Item Description	Amount	Rate ($)	Subtotal
Vehicle: Ford Explorer License Plate Number: 376-WBS PLAN: ADVANCED			
Mileage Tax			
Total Mileage	1290.00 miles		
Washington Taxable Miles	1287.50 miles	$0.0187	24.07
Fuel Tax Refund	66.41 gals	$0.3750	-24.93
		Subtotal	**-0.86**
		New charges / credits this month	**-0.86**
		Your total account balance	**-0.86**

As you have a credit balance there is nothing for you to pay.
No actual refunds are due to RUCPP participants outside of Oregon. This statement is for information only.

Customer Support

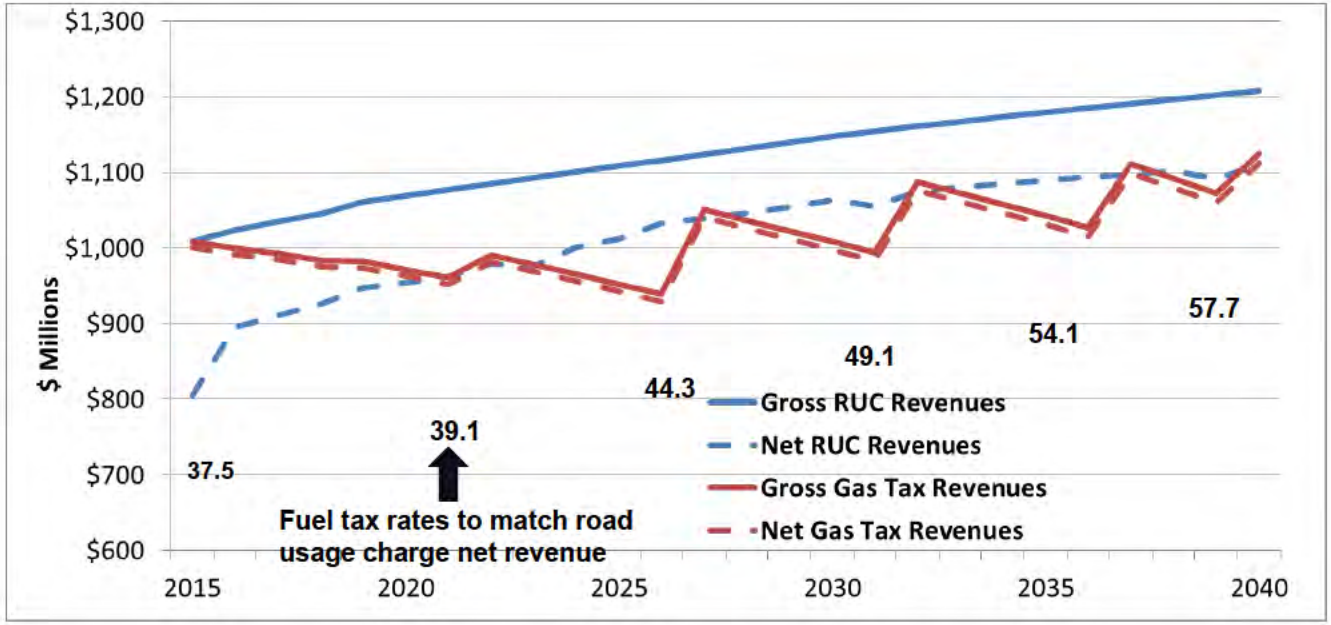
If you have any questions about this invoice or the Road Usage Charge Pilot Program in general, please don' t hesitate to contact us using the methods below :

Email: support@sanef-oregon.com
Phone: 1-855-797-1266

Washington State Transportation Commission

How much to raise the fuel tax if we don't want a road usage charge?

If the fuel tax was increased annually or periodically

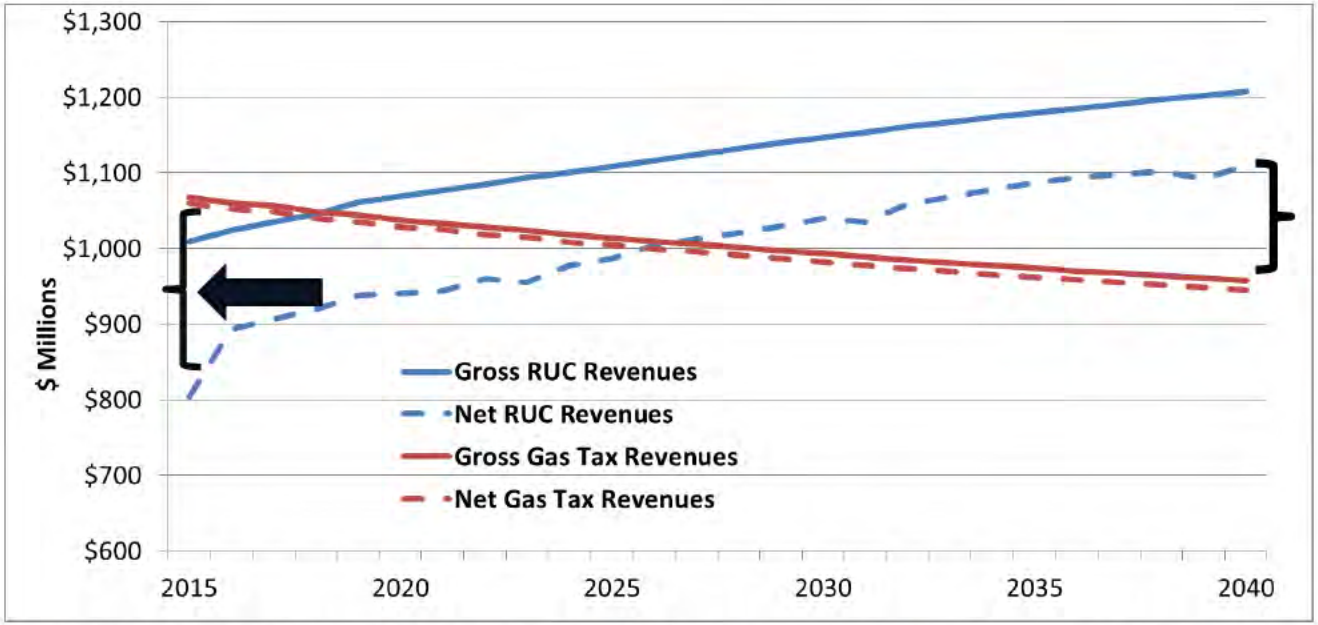


Raising the fuel tax from 0.5 to 1.1 cents per gallon per year on all vehicles from 2019-2043 or about $5 every 5 years will equal net revenues from a road usage charge.

This does not address the actual magnitude of the need.

How much to raise the fuel tax if we don't want a road usage charge?

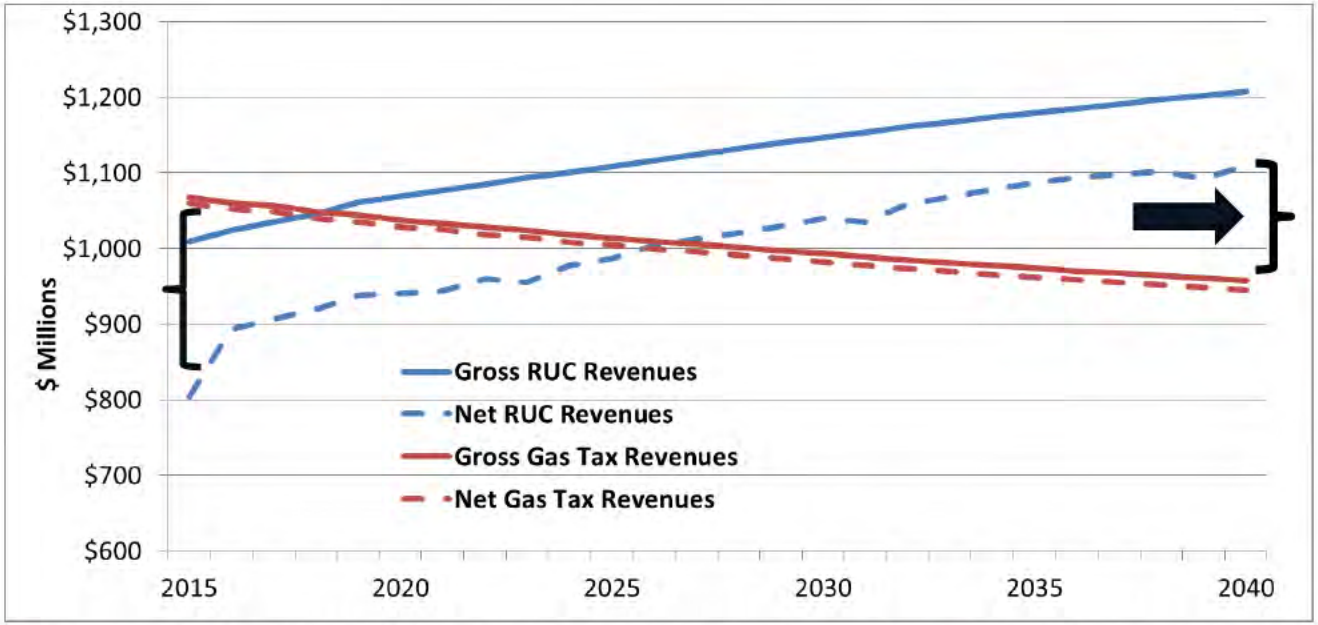
If there is a one time increase in 2019



Raising fuel tax 8 to 21 cents per gallon on all vehicles accomplishes the same as a road usage charge.

How much to raise the gas tax if we don't want a road usage charge?

<u>If there is a one time increase in 2019</u>



A one-time increase 2019 will require a large increase again in 2043 to equal net revenues from a road usage charge.

The State must save excess revenues in early years to be available in later years.

Numerous Questions Still Remain

- **Our "parking lot" is pretty full**
  - » 17 questions to be resolved
  - » Many more likely to follow if this work continues

How to operationalize the four road usage charge methods.	How will people react to the proposed road usage charge system?	Public understanding and acceptance of a proposed system.
Per-mile rate setting.	Rate setting for time-based permit.	Vehicles subject to charge.
Charging out of state drivers.	Exemptions.	Refunds.
Dedication of road usage charge revenue.	Motor fuel tax bonds.	Legal issues.
Institutional roles.	Private account managers?	Interoperability with other states.
Interoperability with toll system.	State IT needs.	

The Commission and Steering Committee's proposed work plan has three activity areas

For the 2015-2017 biennium:

Demonstration

- **Objectives:**
  - Expose Washington motorists to road usage charging policy and concepts,
  - Raise awareness of transportation funding issues,
  - Test road usage charge operations,
  - Identify organizational challenges, and
  - Refine cost estimates.
- **Activities**:
  - Plan, execute, and evaluate a demonstration of road usage charging methods.

Public Attitude Assessment

- **Objectives**:
  - Evaluate how well the public understands transportation funding sources and needs,
  - Assess public understanding of road usage charging, and
  - Identify questions, concerns, and reasons for support and opposition.
- **Activities**:
  - Polling,
  - Surveys,
  - Focus groups,
  - Stakeholder meetings, research, and
  - Analysis.

Public Communications and Engagement

- **Objectives**:
  - Communicate the purpose and details of the demonstration,
  - Address questions about road usage charging, and
  - Stimulate and monitor public discusson of transportation funding.
- **Activities**:
  - Recruit participants;
  - Provide Q&A to demonstration participants, public, and media;
  - Provide speakers to community groups; and
  - Maintain web and social media presence.

THANK YOU

QUESTIONS?

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