

Agenda

- Presentation of 2015 Revised Business Case Analysis
- FAST Act Federal Transportation Reauthorization Update
- Roadmap: a Pathway to RUC in Washington
- Steering Committee's Proposed 2016 Work Plan
- Discussion of Transportation Commission Recommendations to Legislature

Broad-based RUC Steering Committee Oversees Work

25–member Steering Committee appointed by the Transportation Commission, includes:

- Cities, counties, transit, ports
- Environmental, auto manufacturers, trucking, business and consumer groups
- Transportation technology firms
- State agencies (Transportation Commission, WSDOT, DOL, State Treasurer)
- State legislators

Work Completed Since 2012

2012: RUC in Washington is found to be a feasible alternative to the gas tax.

2013: Policy framework and business case evaluation is completed. RUC system would generate significantly more revenue for the state – even after deducting the cost of collections – than would be generated by the current motor fuel tax, over the longer-term.

2014: Concept of Operations document was developed that details how a RUC system would work. Legal, technical, operational and policy issues were identified.

2015: Continued evaluation of RUC and monitoring developments in other states and at federal level.

Operational Concepts Assessed

We have focused on four potential operational concepts to assess a road usage charge:

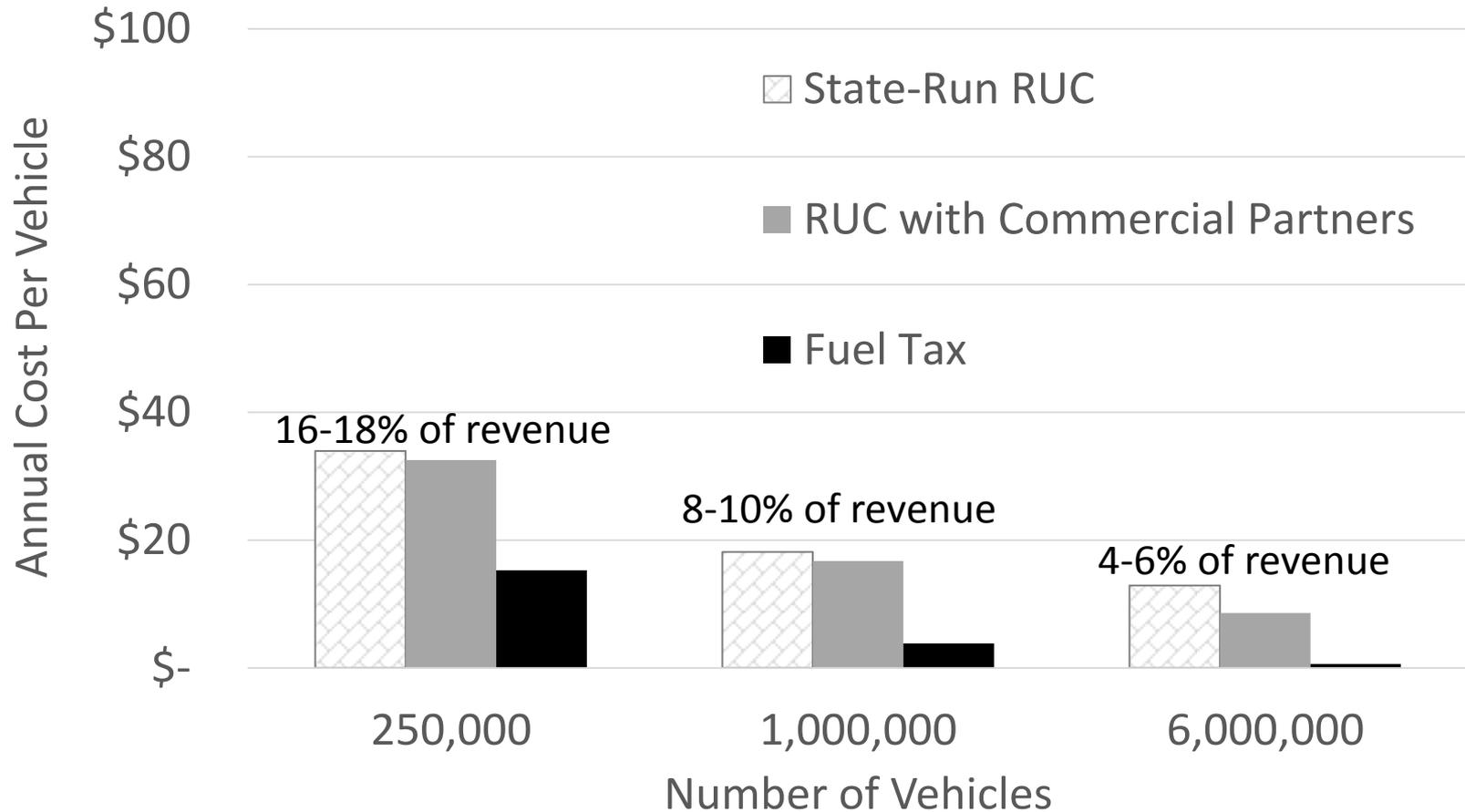
- **Time Permit:** A flat fee to drive an unlimited number of miles for a given period of time (month or year).
- **Odometer Charge:** A per-mile charge measured by periodic odometer readings.
- **Automated Distance Charge:** A per-mile charge measured by in-vehicle technology that can distinguish between in-state and out-of-state travel, with periodic billing.
- **Smart Phone Application:** A smartphone application would be used for total mileage collection.



Revised Business Case Analysis Topics

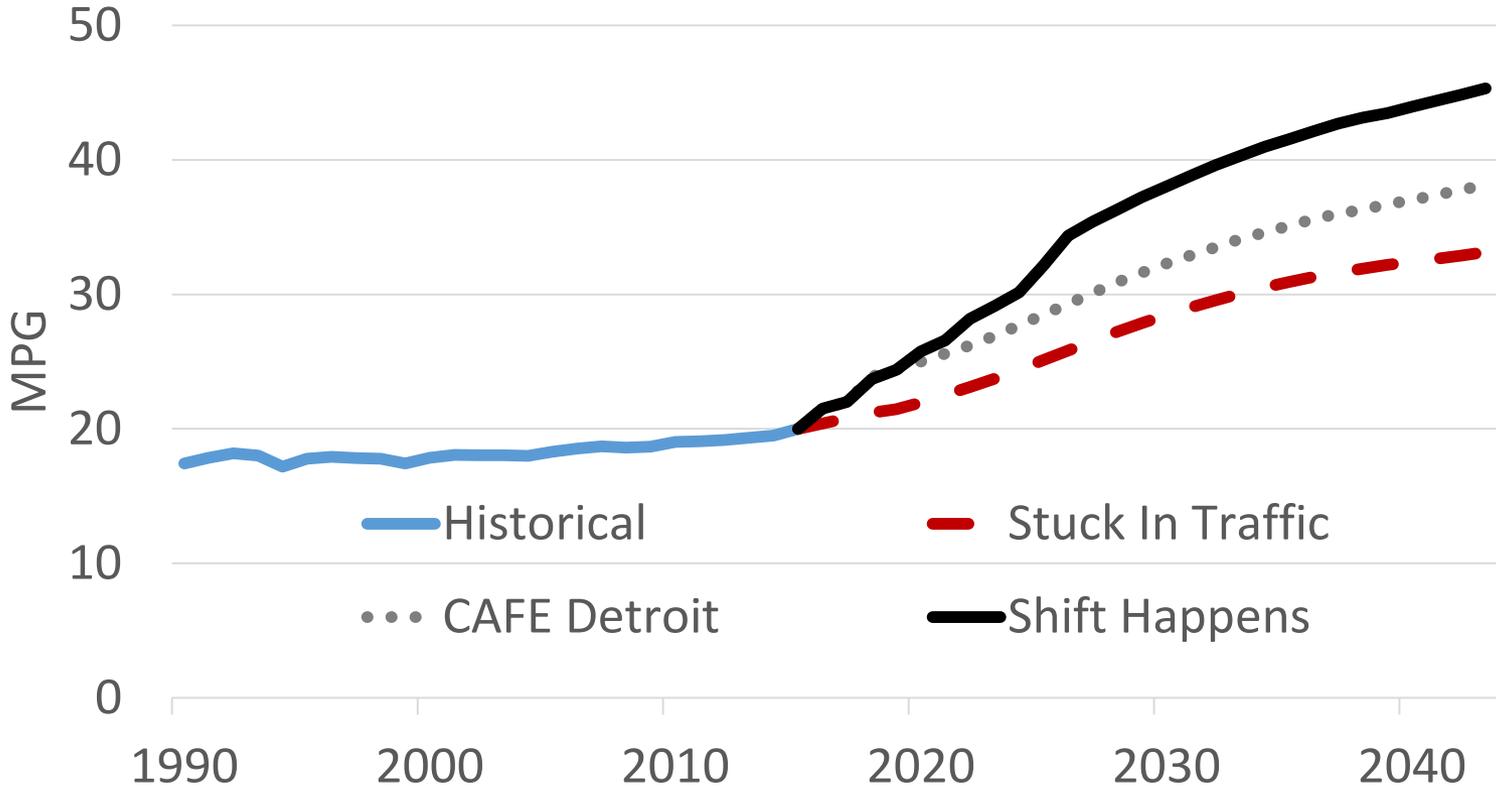
- RUC cost of collection
- Three fuel economy scenarios
 - Stuck In Traffic
 - CAFE Detroit
 - Shift Happens
- Three policy alternatives
 - Flat fuel tax
 - Indexed fuel tax
 - Transition to RUC

Cost of Collection Summary

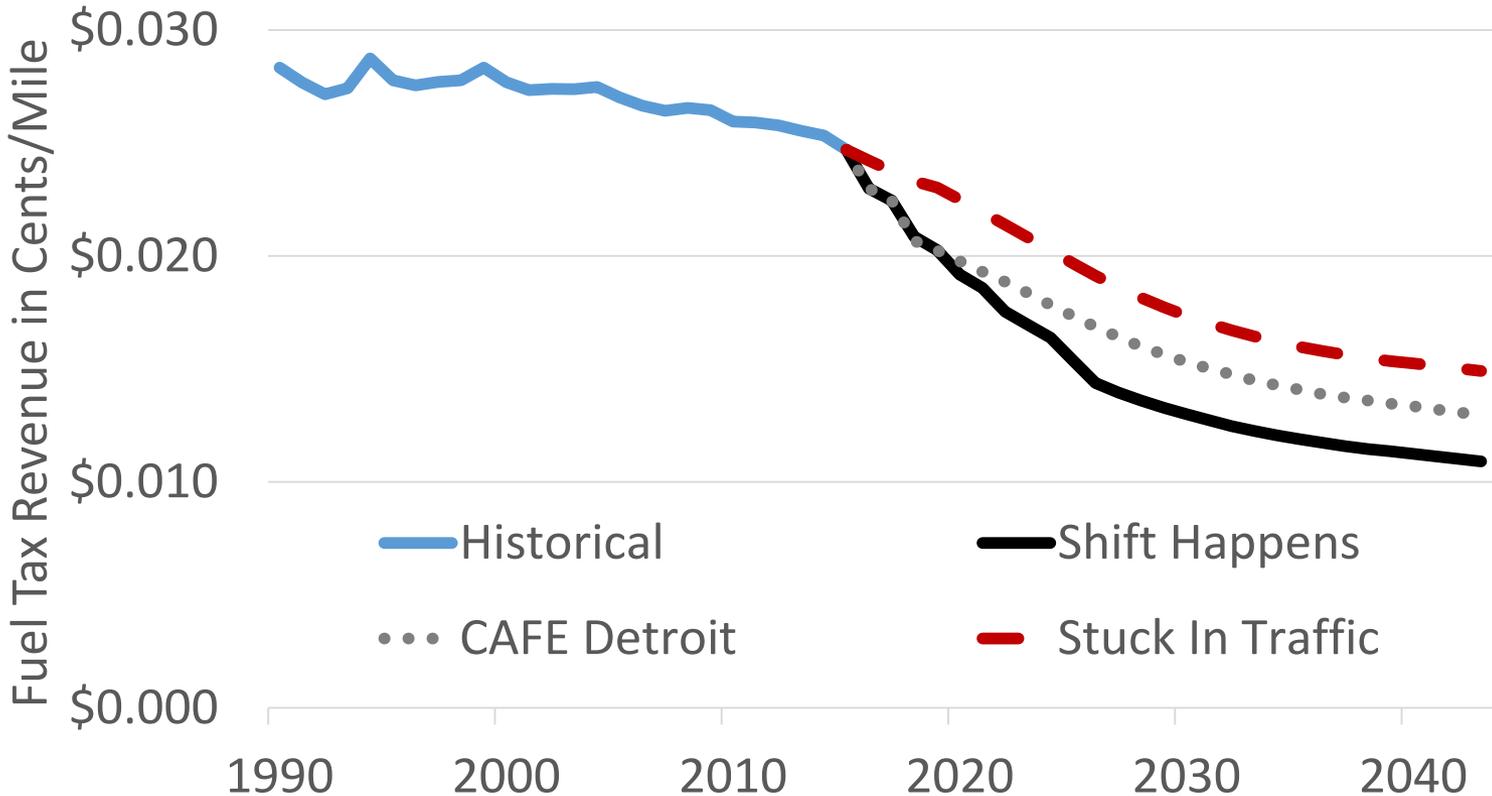


Take-away: RUC is costlier to collect than fuel taxes, but costs decline with increasing scale

Light Vehicle Fleet MPG Scenarios



Light Vehicle Fuel Tax Scenarios at 49.4 cents/gallon

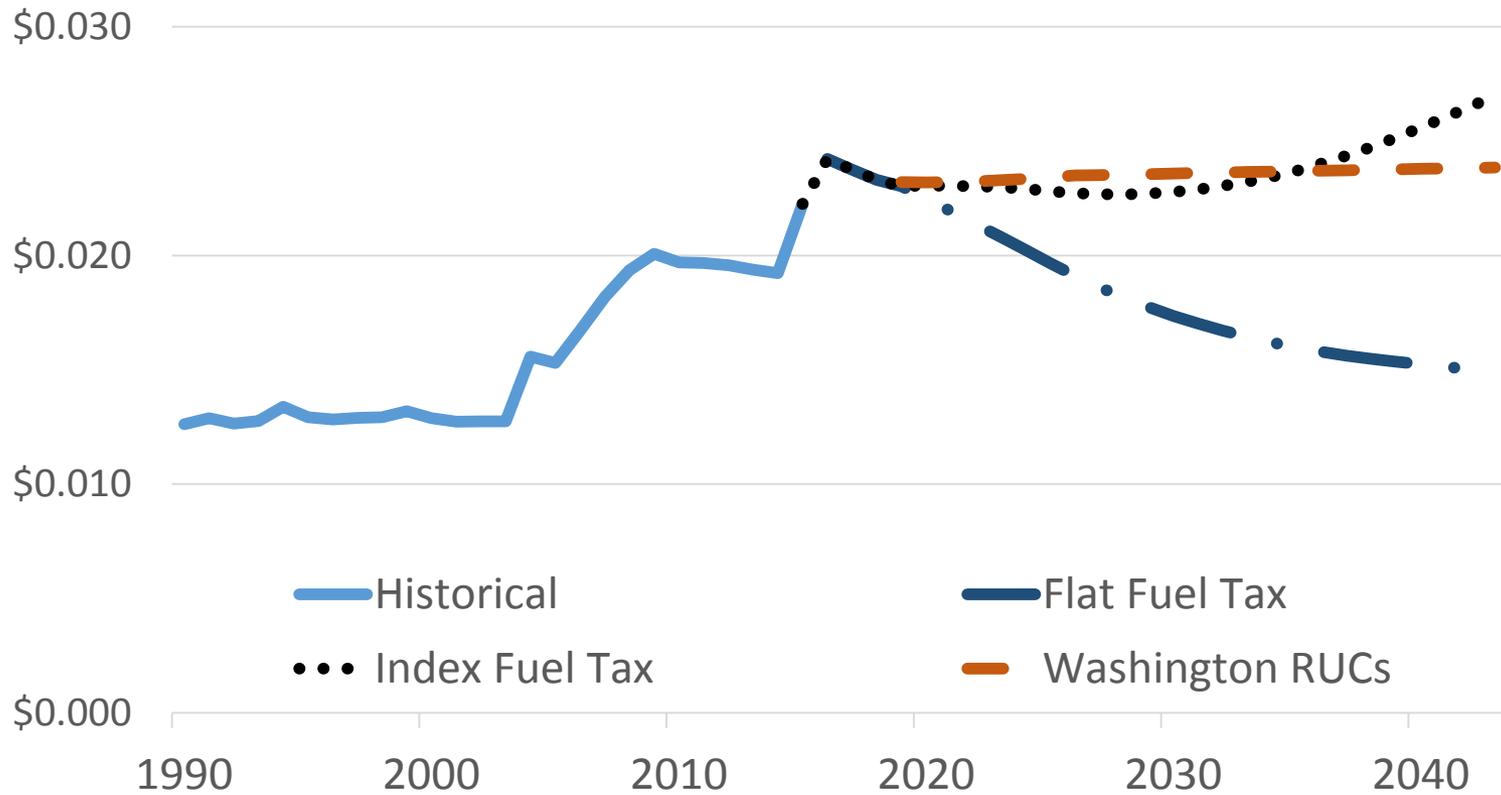


Take-away: Fuel economy improvements threatens fuel tax revenue sustainability under all scenarios considered

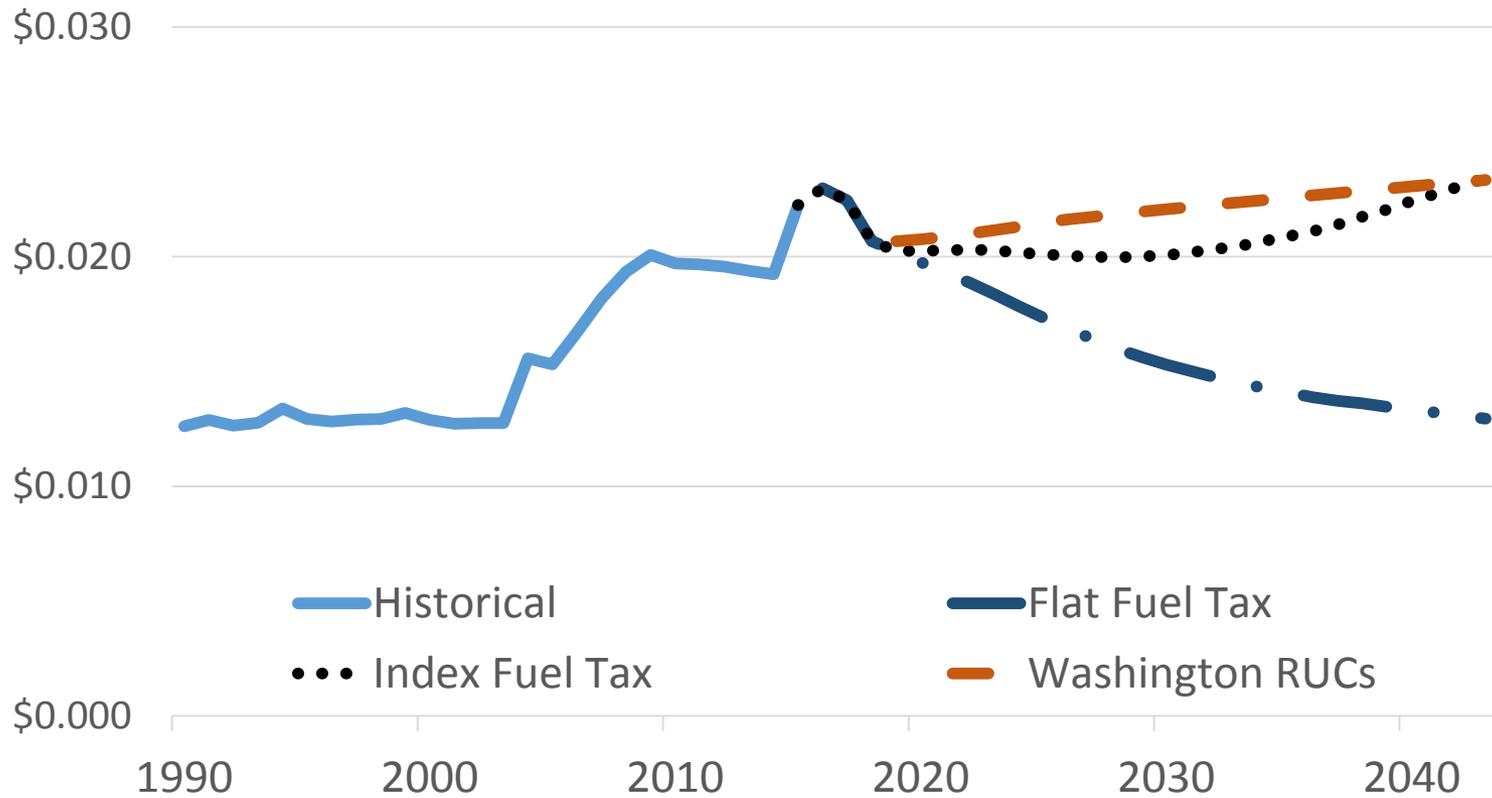
Policy Alternatives

- Fuel tax flat at 49.4 cents/gallon
- Index fuel tax at 2.5% increase per year
 - 57 cents per gallon by 2025
 - 83 cents per gallon by 2040
- Transition to RUC at 2.5 cents per mile
 - Begins in 2019
 - Vehicles MY2018 and older continue to pay flat 49.4 cents per gallon fuel tax

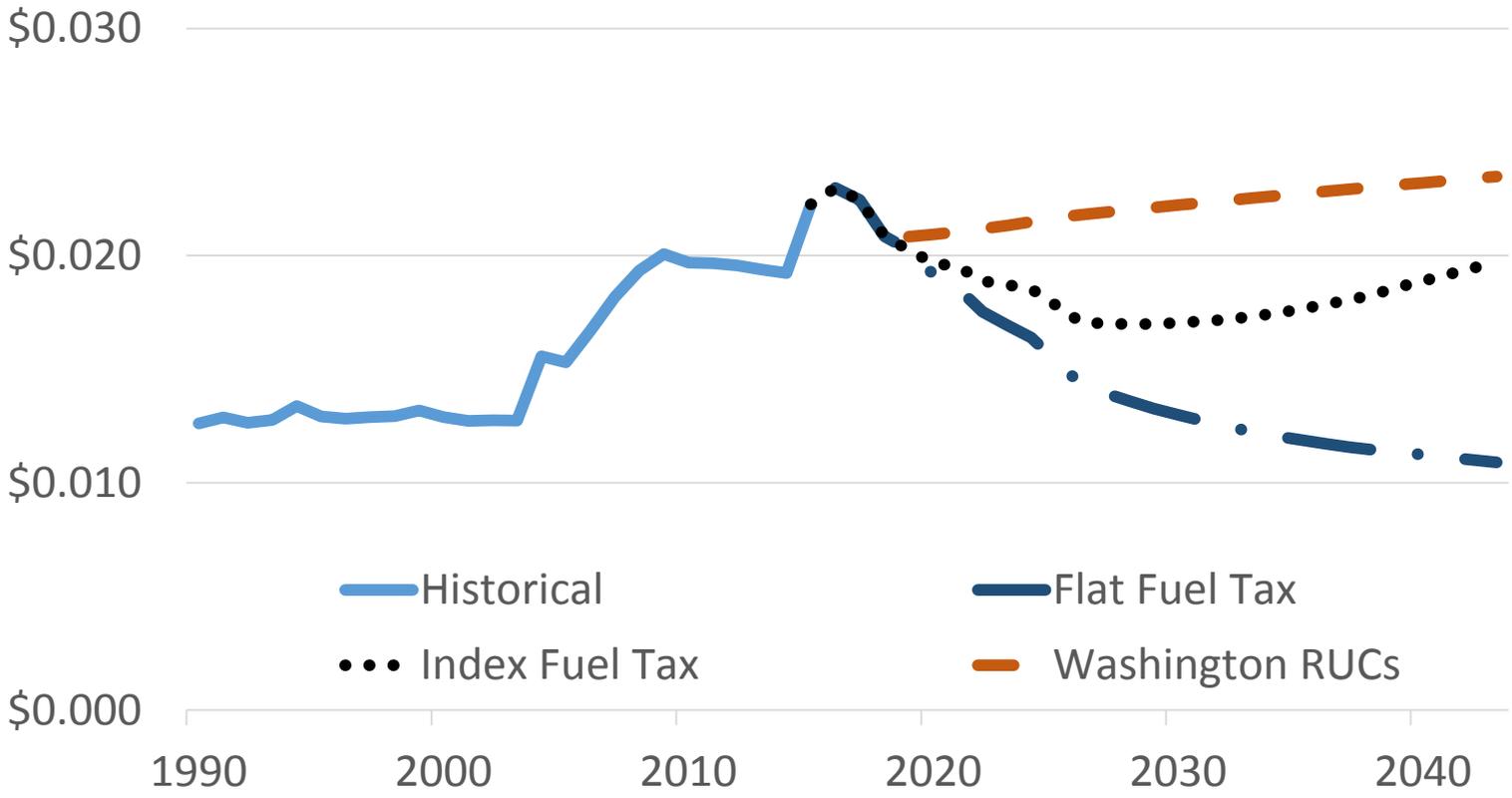
Stuck In Traffic



CAFE Detroit

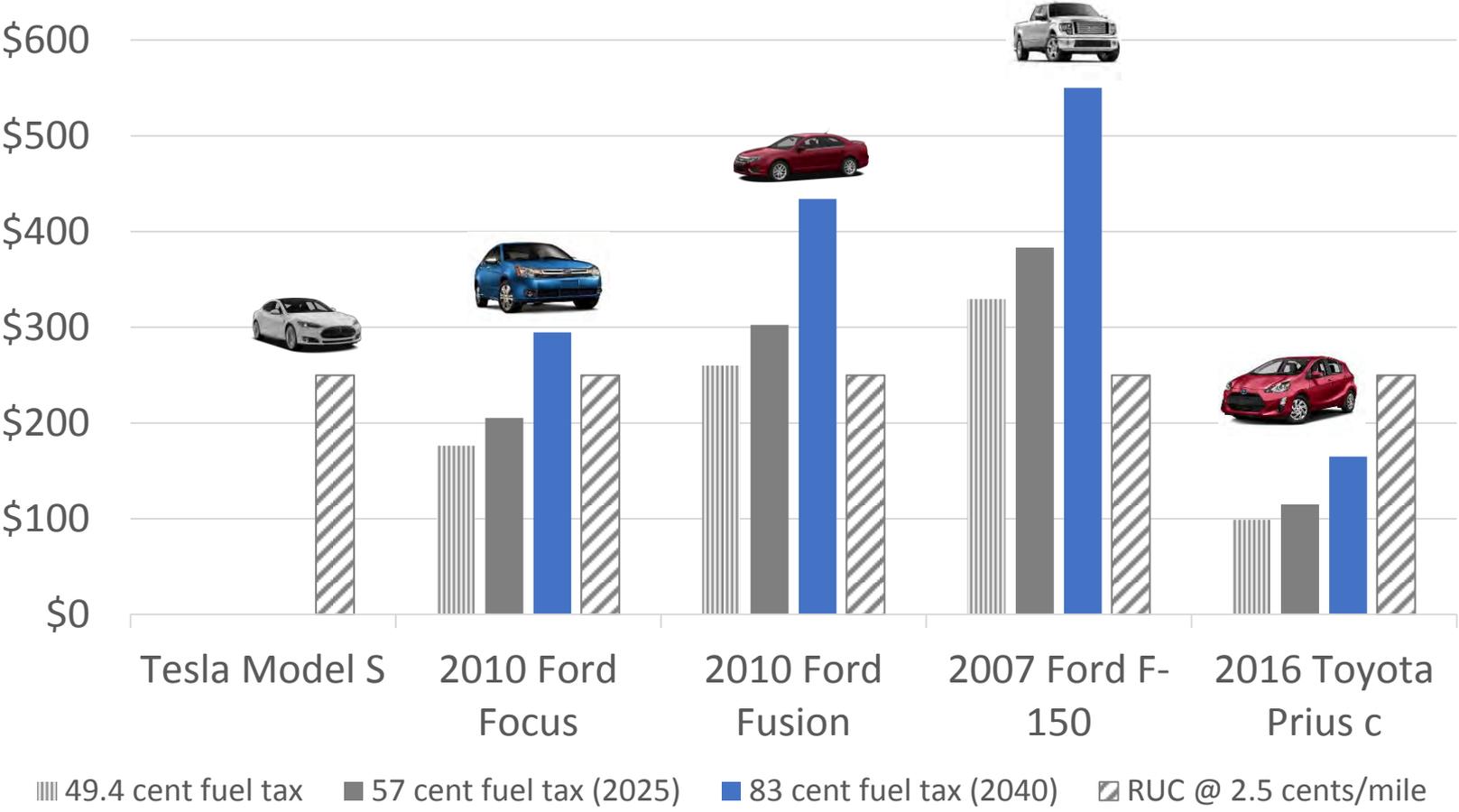


Shift Happens



Comparison of Impact of Policies by Vehicle Type

Assumes 10,000 miles driven



Take-away: Increasing the fuel tax is more cost effective than RUC to collect, but exacerbates the fairness issue

Summary of Results

Alternative	Goal: Long Term Revenue Sustainability vs. MPG vs. Inflation Overall	Guiding Principle: Fairness	Guiding Principle: Cost Effectiveness
Flat Fuel Tax	○ ○ ○	◐	●
Index Fuel Tax	○ ● ◐	○	●
Washington RUCs	● ○ ◐	●	 <p>short → medium → long</p>

FAST Act: Federal Transportation Reauthorization



- December 1: Agreement reached
- December 3: House passes bill
- December 4: Senate passes bill
- December 4: President signs bill

Key issues:

- 5-year bill provides \$305 billion in federal transportation funding
- \$95 million for user-based transportation funding demonstrations for states

FAST Act Grant Funding for RUC Pilots

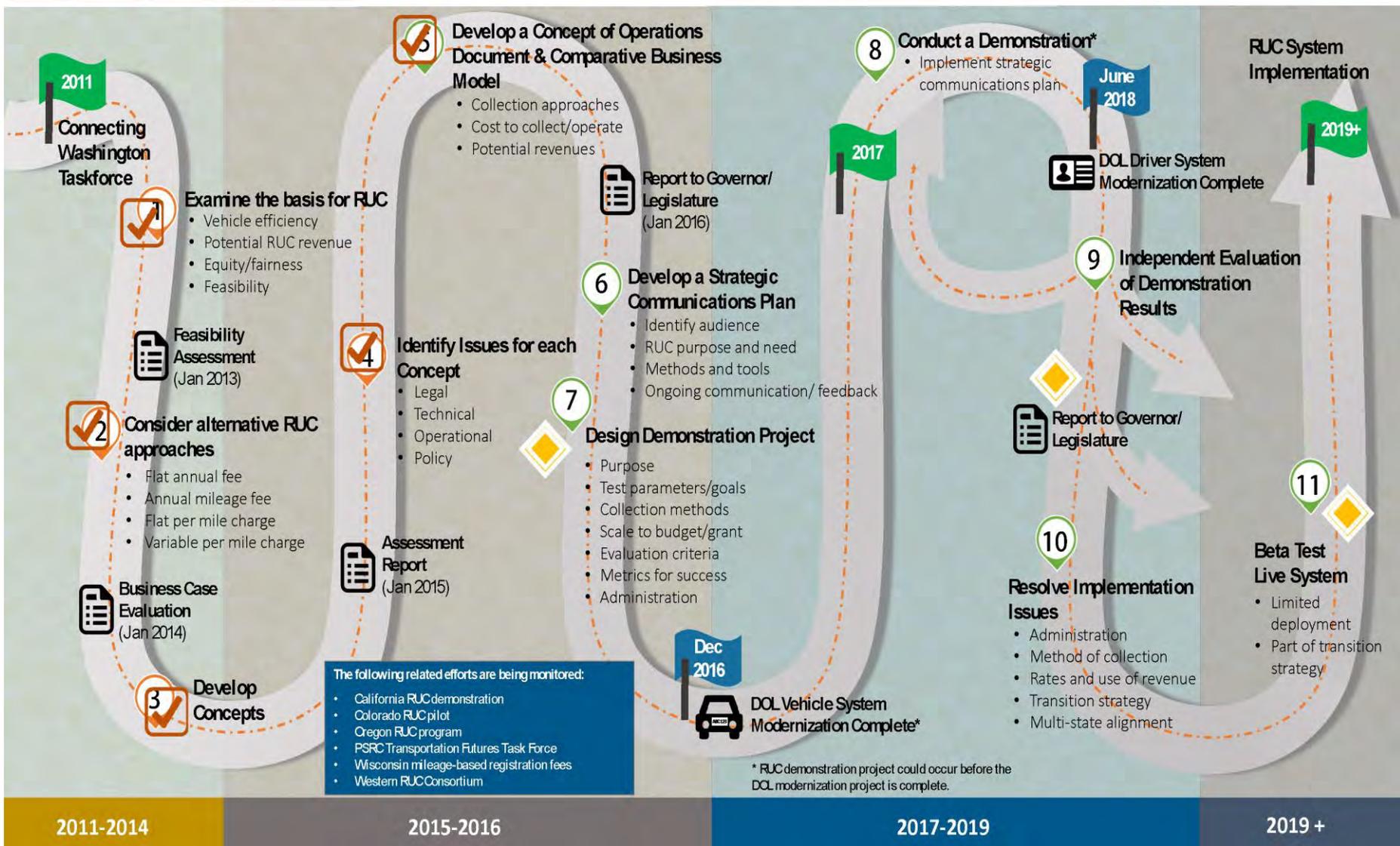
Provision	Contents
Multi-year funding	FY 2016: \$15 million FY 2017-21: \$20 million per year
Match funding	50% state match
Grant purpose	Demonstration activities
Reporting structure	Grant Recipient → Secretary of USDOT → Public Report Online
Toll Relation	Revenues from demonstrations are not defined as tolls for federal purposes

Why explore a Road Usage Charge?

- Diminishing returns from motor fuel tax
- Growing tax discrepancies based on vehicle type, instead of actual roadway use
- Sustainable revenue needed to bolster or replace existing transportation fund sources

Initial exploration to RUC system implementation:

- Research Milestones
- Development Milestones
- Completed Milestones
- WSTC/Steering Committee Review
- Report to Governor/Legislature



The following related efforts are being monitored:

- California RUC demonstration
- Colorado RUC pilot
- Oregon RUC program
- PSRC Transportation Futures Task Force
- Wisconsin mileage-based registration fees
- Western RUC Consortium

* RUC demonstration project could occur before the DCL modernization project is complete.

RUC Roadmap in Washington

Past (2007 – 2015)

- RUC Exploration
- RUC Investigation
- RUC Design

Present (2015 – 2016)

- Demo Preparation
 1. Prioritize unresolved issues
 2. Develop evaluation criteria
 3. Develop strategic communications plan
 4. Final design of demonstration test

Future (2017+)

- Live Demonstration
- Evaluation
- Revisions
- Pre-implementation
- Implementation



RUC Roadmap in Washington

Past (2007 – 2015)

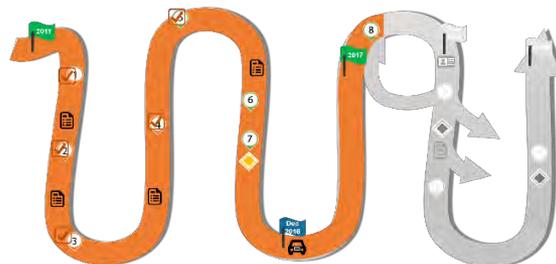
- RUC Exploration
- RUC Investigation
- RUC Design

Present (2015 – 2016)

- Demo Preparation
 1. Prioritize unresolved issues
 2. Develop evaluation criteria
 3. Develop strategic communications plan
 4. Final design of demonstration test

Future (2017+)

- Live Demonstration
- Evaluation
- Revisions
- Pre-implementation
- Implementation



RUC Roadmap in Washington

Past (2007 – 2015)

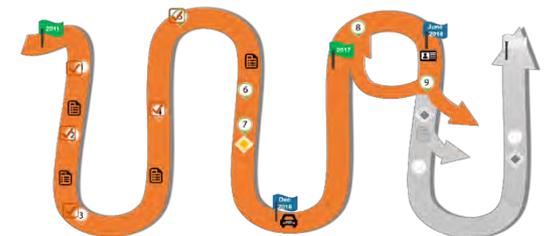
- RUC Exploration
- RUC Investigation
- RUC Design

Present (2015 – 2016)

- Demo Preparation
 1. Prioritize unresolved issues
 2. Develop evaluation criteria
 3. Develop strategic communications plan
 4. Final design of demonstration test

Future (2017+)

- Live Demonstration
- Evaluation
- Revisions
- Pre-implementation
- Implementation



Summary of Proposed 2016 Work Plan

The proposed 2016 work plan would complete work necessary to launch a statewide demonstration project in 2017, carried out by the 25-member RUC Steering Committee, with oversight by the Transportation Commission.

The work plan consists of four key activities:

1. Address prioritized unresolved policy issues
2. Develop an evaluation framework for a demonstration
3. Design a statewide strategic communications and public input plan
4. Create a demonstration plan tailored for Washington

2016 Transportation Commission RUC budget request: \$600,000

1. Address prioritized unresolved policy issues

Tier 1: Address prior to a demonstration

- How to operationalize the four road usage charge operational concepts
- Whether and how to charge out-of-state drivers
- Mileage exemptions
- Refunds
- Private account managers
- Public understanding of a proposed system
- Motor fuel tax bonds
- Interoperability with other states

Tier 2: Address as part of a demonstration

- How will motorists react to the proposed RUC system?
- Public acceptance of a proposed system
- State IT needs
- Institutional roles

Tier 3: Address outside the scope of a demonstration

- Per-mile rate setting
- Dedication of RUC revenue
- Interoperability with toll system
- Rate setting for time-based permit
- Vehicles subject to charge
- Legal issues (e.g., Interstate Commerce Clause, status of RUC as a tax or fee)

2. Develop evaluation framework for a demonstration project

Overriding purpose for RUC: Sustainable and more equitable revenue source to fund transportation

→ **Guiding Principles for a Future RUC system:** 13 Principles

→ **RUC Policy Issues:** Identify and prioritize based on when and how they will be decided

→ **Primary Purpose of Demonstration:** Gauge Washington motorists' preferences and reaction to RUC policy and concepts

→ **Evaluation of Demonstration:** Measure whether or how well the RUC system (as tested) addresses the guiding principles

2. Develop evaluation framework for a demonstration project

Example:

Guiding Principle: User Options

Objective: Consumer choice should be considered wherever possible

Example Criterion: Provision of viable choices to consumers in reporting and payment methods

Demonstration measurement method:
Participant surveys to measure level of satisfaction with number and type of choices provided

3. Design a statewide strategic communications

To be developed in 2016 – but not implemented until 2017 as part of the demonstration project launch.

A statewide *strategic communications plan* that provides the framework for **statewide public engagement** on all aspects of advancing **education and discussion** of RUC in Washington. Key elements:

- Communicate the purpose and details of the demonstration
- Address questions about road usage charging
- Assess understanding and baseline opinions about RUC as a source of revenue before, during and after the demonstration

4. Create a demonstration plan that works for Washington

Define key parameters that reflect the guiding principles and evaluation criteria, such as:

- Location, number, and type of participants
- Degree of agency involvement
- Concepts to test
- Duration of test

Leverage other activities:

- Approaches in other states
- Western RUC Consortium (WRUCC)
- Federal Grant Funding

Questions?

Contact:

Reema Griffith, Executive Director
Washington State Transportation Commission
Phone: 360-705-7070
Email: griffir@wstc.wa.gov