

Inter-Jurisdictional Travel Study Road Usage Charge Issues

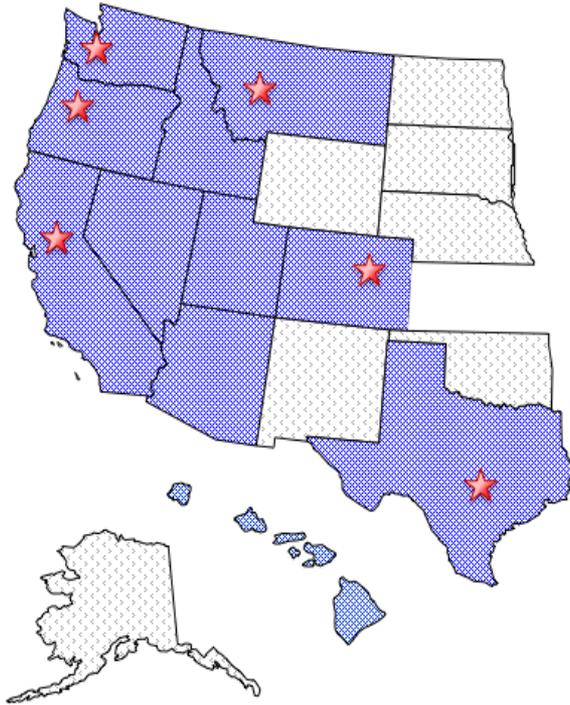


Performed by the:
Western Road Usage Charge Consortium

Presented by:
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Public-Private Partnerships
Washington State Department of Transportation

For the:
Washington State Transportation Commission
Olympia, Washington
January 21, 2015

Participants in the inter-jurisdictional travel study



MEMBER STATES



- Arizona
- California
- Colorado
- Idaho
- Hawaii
- Montana
- Nevada
- Oregon
- Texas
- Utah
- Washington

STUDY PARTICIPANTS



- Washington (Lead)
- Oregon
- California
- Montana
- Colorado
- Texas

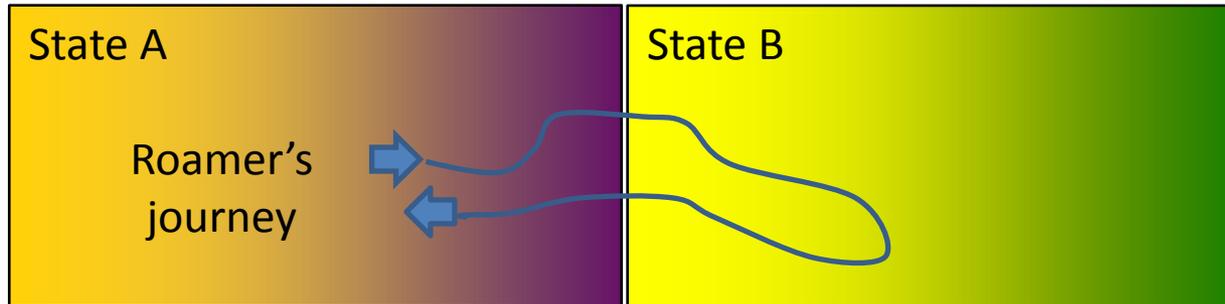
ELIGIBLE STATES



- Alaska
- Nebraska
- New Mexico
- North Dakota
- Oklahoma
- South Dakota
- Wyoming

Addressing Out-of-State Drivers in a RUC System

(Phase 1 of 2)



Study Questions:

How can jurisdictions considering or implementing RUC address inter-jurisdictional travel?

- What are unique issues facing jurisdictions participating in this study?
- What are the policy options for a jurisdiction with RUC to address inter-jurisdictional travel, and how could such policies be operationalized?
- In what ways can jurisdictions collaborate to deal with inter-jurisdictional travel effectively, and how might private sector service providers participate?

Policy alternatives and operational concepts from two perspectives:

- **Individual motorists** adopting automated and manual approaches to RUC reporting and payment
- **Jurisdictions** adopting approaches in reporting visitor data, collection of charges, reconciliation of revenue

Study Premise

Light vehicles travel freely across jurisdiction lines without reconciling fuel taxes or registration fees to jurisdictions where travel actually occurred.

- Presumably revenues gained or lost from this approach is trivial.
- The cost of performing such reconciliation could be an unnecessary and costly burden on motorists and on state agencies.

Heavy vehicles reconcile highway user fees to U.S. states and Canadian provinces based on actual mileage traveled in each jurisdiction:

- International Registration Plan (IRP) for registration fees.
- International Fuel Tax Agreement (IFTA) for fuel taxes.
- Oregon, Washington, and Montana provide web-based, self-issued trip permits for heavy vehicles. A permit system could be useful should a state adopt a similar approach for light vehicles.

In response to Road Usage Charge (RUC) proposals and studies in several states, policy makers have raised the issue of ***how to deal with inter-jurisdictional travel for light vehicles?***

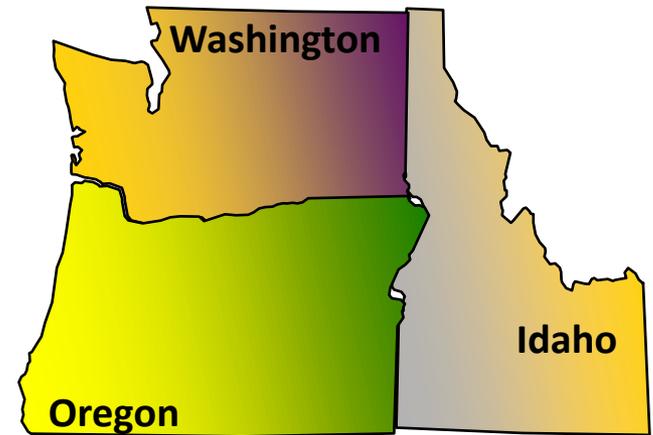
Washington Jurisdictional Issues

Washington has 38 jurisdictional crossings with neighbors:

- 5 are Interstate highways (1 international)
- 19 are highway crossings (6 international)
- 14 are other roads and local streets
- Limited crossings with Oregon and Canada

Several metro areas straddling jurisdictional borders

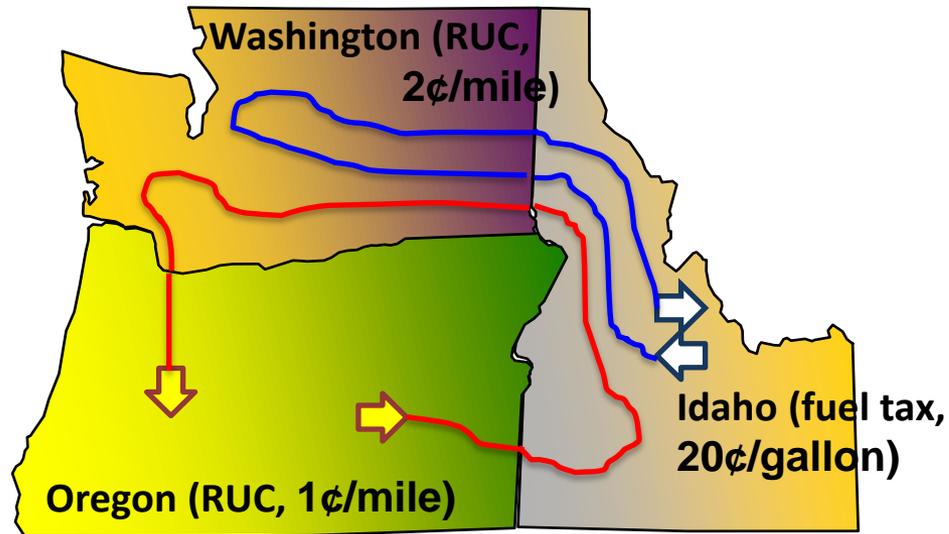
- Unbalanced commuter flows from one direction to the other (e.g., the majority of commuters in Portland, OR-Vancouver-WA that cross the border live in Washington and work in Oregon):
 - Portland, OR-Vancouver, WA
 - Milton-Freewater, OR-Walla Walla, WA
 - Rainier, OR-Longview, WA



Policy Alternatives (or Policy Bases)

Policy Bases for Charging Visitors for Road Usage in Host State

- No charge
- - - - - Shadow charge
- Fuel-based charge
- Time-based charge
- Distance-based charge



Alternative Policy Approaches

Policy Basis	Description of Policy Basis
1. No charge	The host jurisdiction does not charge visitors for road usage.
2. Shadow charge	The host jurisdiction does not charge visitors for road usage, but measures or estimates their usage as the basis for a reconciliation of funds collected by the visitor's home jurisdiction.
3. Charge based on fuel consumption	The host jurisdiction imposes a tax on fuel purchased by visitors. The tax may or may not also apply to residents.
4. Charge based on time	The host jurisdiction imposes a charge on visitors based on the amount of time they access the host roadway network.
5. Charge based on distance	The host jurisdiction imposes a charge on visitors based on the distance they travel on the host roadway network.
6. Distance-based, with shadow charges	The host jurisdiction imposes a distance-based charge on vehicles equipped with electronic distance- and location-reporting capabilities (including fuel tax offsets), but uses shadow charging for vehicles that opted for manual or non-location-based distance reporting in their home jurisdictions.
7. Distance-based and fuel-based, with or without shadow charges	The host jurisdiction imposes a distance-based charge on vehicles equipped with electronic distance- and location-reporting capabilities (including fuel tax offsets), but uses fuel taxes for all other visitors.
8. Distance-based and time-based	The host jurisdiction imposes a distance-based charge on vehicles equipped with electronic distance- and location-reporting capabilities (including fuel tax offsets) and time-based charging for all other visitors.

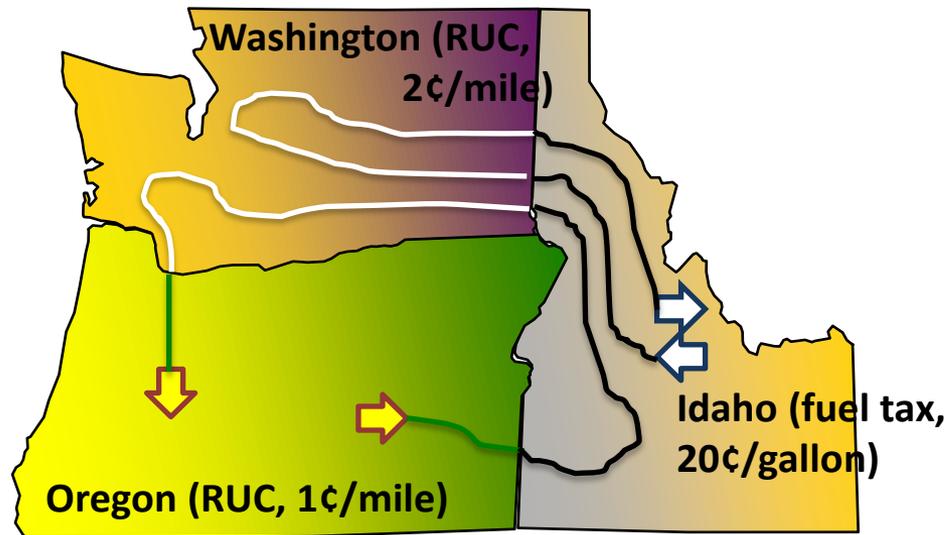
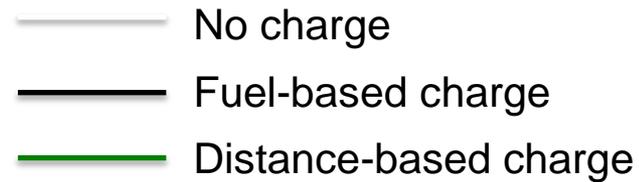
Alternative Policy Approaches

Policy Alternative	Individual reporting and payment	Jurisdiction reporting & reconciliation
1. No charge	No reporting. No payment.	No reporting. No reconciliation.
2. Shadow charge	No reporting. No payment outside of home jurisdiction.	Estimate distance traveled by visitors on each jurisdiction's roadways. Reconciliation limited to the jurisdictional level.
3. Charge based on fuel consumption	No reporting. Payment of charges is done indirectly.	No reporting. No reconciliation.
4. Charge based on time	Report presence in host jurisdiction and length of time. Payment via time permit.	Various means of reporting on time permits. No reconciliation between jurisdictions since RUC time permit collected from visitors directly, except in cases of a jointly-operated kiosk and/or time permit website with e-payment gateway.
5. Charge based on distance	Report distance traveled in host jurisdiction. If automated and location-based, reporting happens automatically. If manual and/or non-location based, visitors must file trip reports indicating mileage of each visit to each jurisdiction. Payment for miles traveled to host or home jurisdiction.	Reporting. (1) Manual – no reporting since RUC collected from visitors directly. (2) Automated – RUC automatically computed and invoiced by home jurisdiction or private account manager. Reconciliation. (1) Manual – no reconciliation since RUC collected directly by host jurisdiction. (2) Automated – recurrent reconciliation as visitor pays RUC to home jurisdiction or private account manager.

Policy Basis #1: No charge

Characteristics

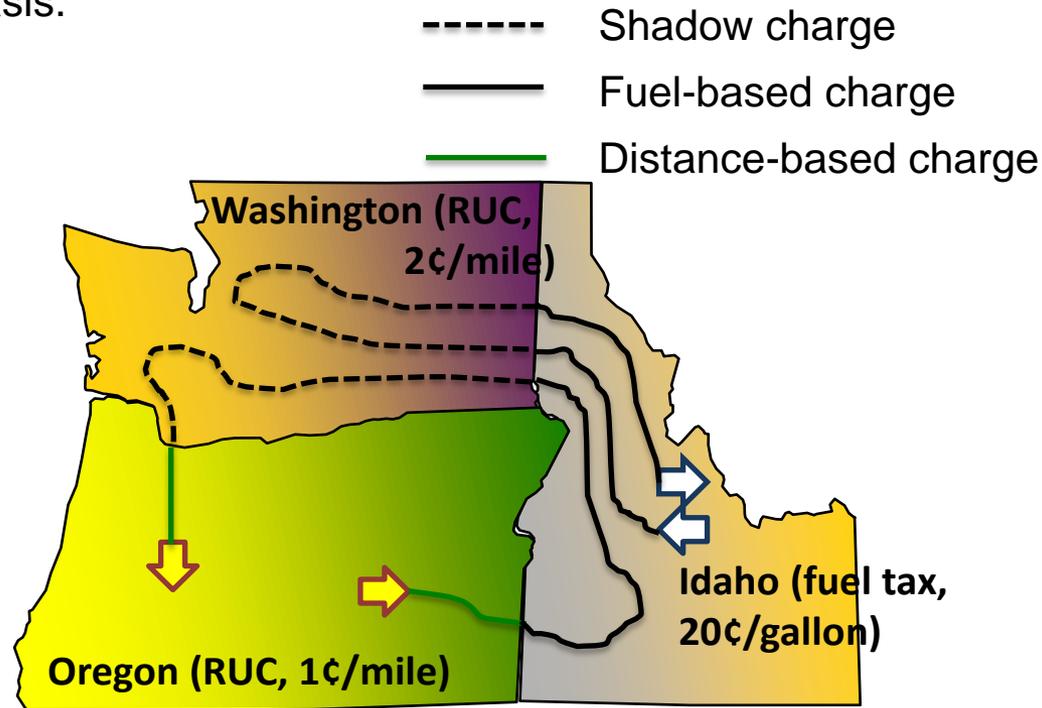
- Visitor has no tax obligation while traveling in host jurisdiction.
- Host jurisdiction does not collect any revenue from visitors for road usage.
- Host jurisdiction has no arrangement with visitor's home jurisdiction for revenue sharing.



Policy Basis #2: Shadow charge

Characteristics

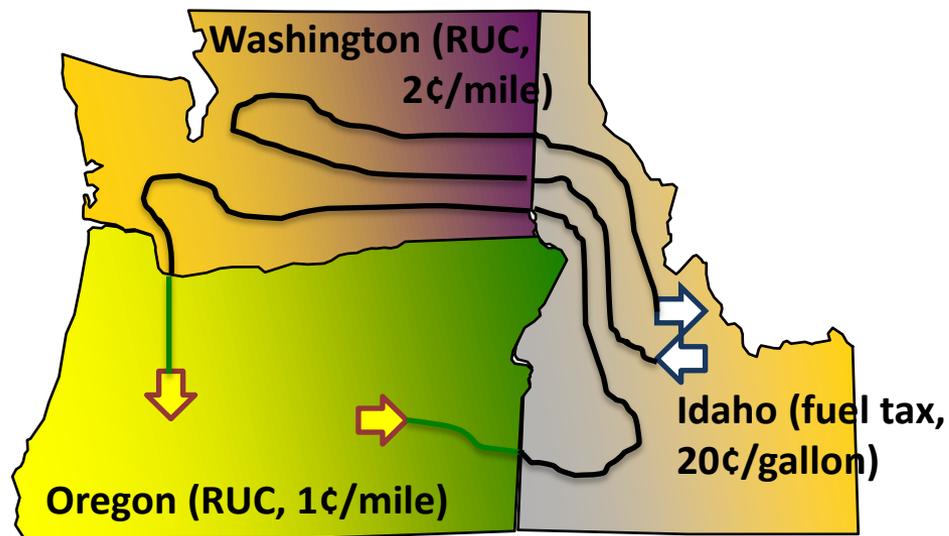
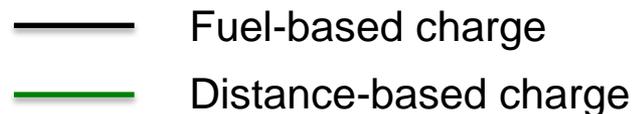
- Visitor has no tax obligation while traveling in host jurisdiction.
- Host jurisdiction does not collect any revenue from visitors for road usage.
- Host jurisdiction and visitor's home jurisdiction agree on a methodology for measuring or estimating travel by the visitor, and the two jurisdictions exchange funds on that basis.



Policy Basis #3: Fuel-based charge

Characteristics

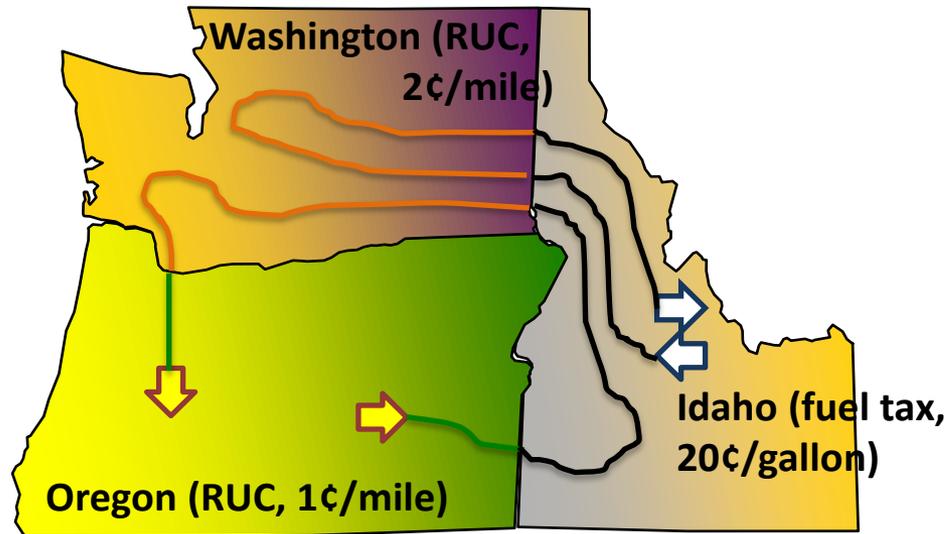
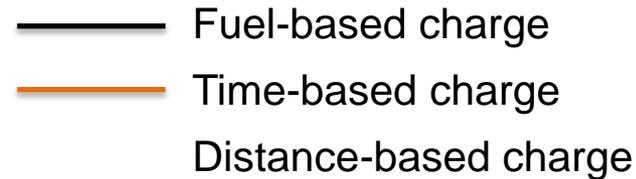
- Fuel tax collected at terminal rack as is done today.
- Cost of tax passed on to consumers, including visitors and residents alike.
- Those paying distance-based charges may or may not be eligible for refunds or credits for fuel tax paid.



Policy Basis #4: Time-based charge

Characteristics

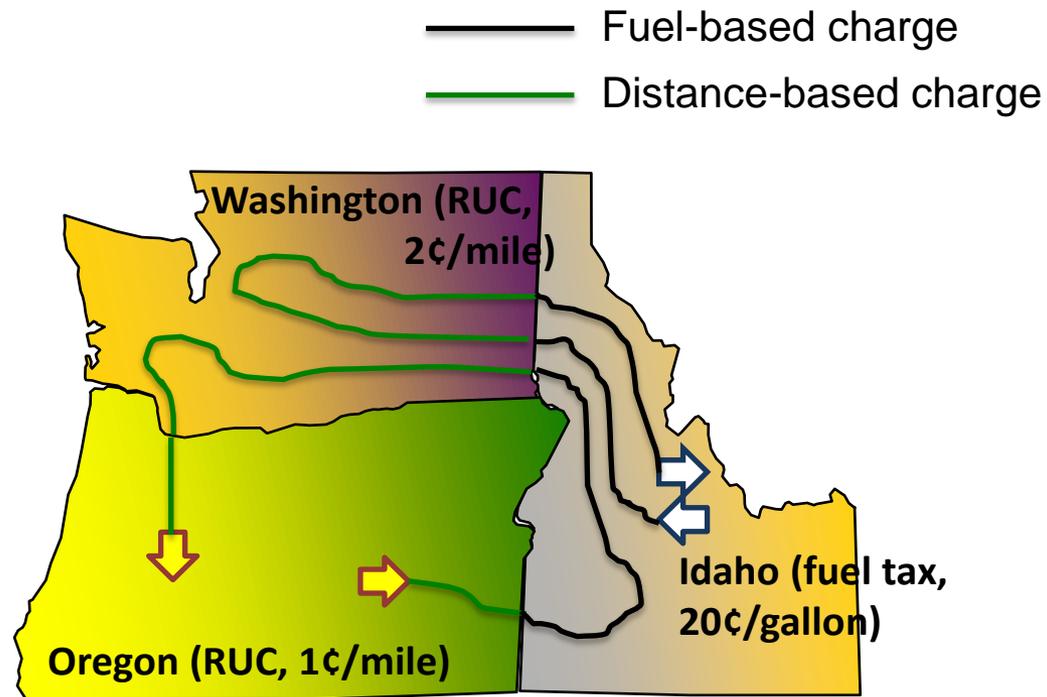
- Host jurisdiction imposes a charge based on amount of time visitor travels or expects to travel on host roads.
- Host jurisdiction can base charge on various fixed time increments (e.g., one week, one month).



Policy Basis #5: Distance-based charge

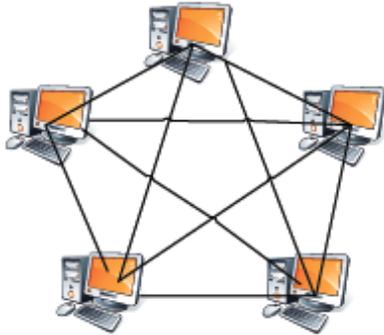
Characteristics

- The host jurisdiction imposes a charge on visitors based on the distance they travel on the host roadway network.
- The host jurisdiction may determine the method(s) available to visitors to comply with the policy.



Multi-Lateral Jurisdictional Collaboration Frameworks

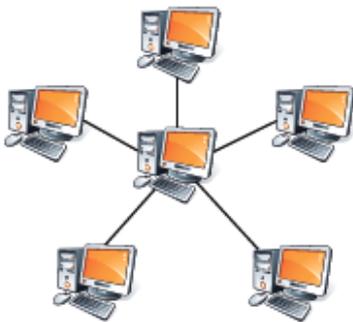
Mesh Network



Collection of bilateral agreements

- With N agencies, this approach requires $N!/(2*(N-2)!)$ links among agencies.
- $N-1$ links for each agency.
- Illustration depicts 5 agencies comprising 10 links, 4 for each agency.

Star Network



A single agreement among multiple jurisdictions and a clearinghouse

- Clearinghouse for multilateral reconciliation.
- This approach reduces the number of links for each agency to 1 and the total number of links in the network to N .
- Illustration depicts 5 agencies, each with 1 link, for a total of 5 links.

*Possibility for a hybrid of mesh and star, for example if the clearinghouse provides reconciliation calculation only, but payment is on a bilateral basis.

Summary

Inter-jurisdiction RUC requires consideration of the following:

- Individual circumstances and unique issues for each jurisdiction
- Policy basis for charging visitors and corresponding operational concept(s) to implement the policy.
- Multi-jurisdictional coordination for reconciliation of motorist payments.

Multi-jurisdictional coordination can take many forms:

- Bilateral agreements among on a case-by-case basis.
- Multilateral agreement(s) among jurisdictions, with a clearinghouse that handles either:
 - Partial reconciliation (data only).
 - Full reconciliation (data and funds transfers).
- Enforcement can be coordinated across jurisdictions as well.

Conclusions

There is a wide range of policy and operational approaches for states with RUC to deal with visitors:

- Not all solutions are feasible or desirable.
- It is likely that some combination of approaches is optimal, and there will be evolution over time. For example, the easiest way to start for an early RUC state is to leave fuel tax in place for visitors.
- Precedents (e.g., IFTA, e-vignette) can inform the design of a solution.

Consideration of equity issues is important in designing a policy solution:

- Tax arbitrage and evasion incentives for both RUC and non-RUC jurisdictions.
- Treatment of residents vs. visitors.
- Treatment of visitors vs. visitors.

Possible Next Steps

- Estimate costs and revenue for various approaches.
- Explore specific issues for international crossings.
- Test approaches as part of a multi-state demonstration (e.g., CA-OR-WA).

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