

# WASHINGTON STATE ROAD USAGE CHARGE FEASIBILITY ASSESSMENT

## WHAT IS A ROAD USAGE CHARGE?

With a road usage charge system, drivers would pay for the roads as they do for other public utilities—based on how much they use.

## WHY CONSIDER A ROAD USAGE CHARGE?

For almost a century, the motor fuel tax (or gas tax) has been a stable source of funding for our road network. It remains our primary source of transportation funding, supporting 76% of all state transportation investments, but it is not sustainable over the long term.<sup>1</sup> Collected from fuel distributors and based on a fixed amount per gallon, the gas tax:

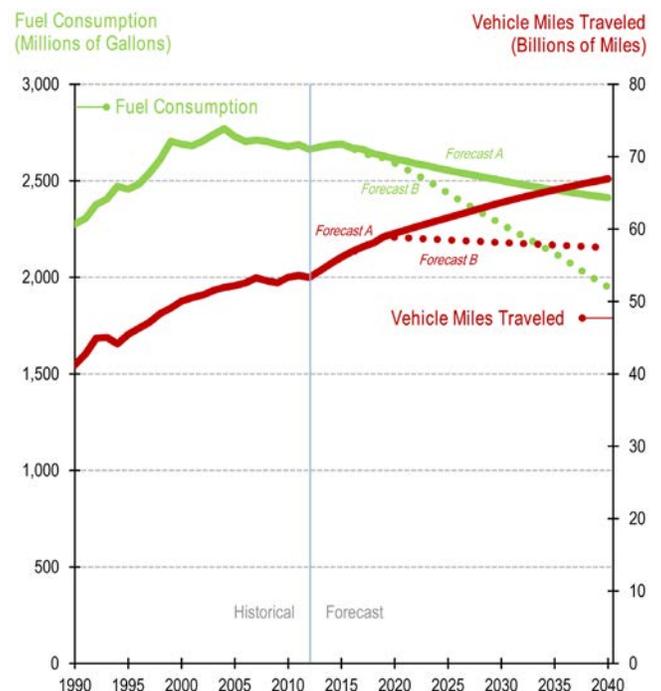
- Does not rise and fall with the price of fuel
- Does not keep pace with inflation
- Declines on a per-mile basis as vehicles become more fuel-efficient

Population and vehicle miles traveled will continue to increase but vehicles will burn less gasoline – resulting in less revenue to maintain and operate our roadway system. To ensure a well maintained system, the move to cleaner, smarter vehicles must be accompanied by a change in the way we pay for our roads.

This approaching situation has caused leaders around the U.S. to look for alternatives. Here in Washington, the Legislature directed the Washington State Transportation Commission and Washington State Department of Transportation to work with a diversified stakeholder Steering Committee to examine the feasibility of transitioning to a road usage charge, and then to explore policy issues, evaluate the business case, and lay out a path to potential implementation.



## FORECASTS DIFFER, BUT THE OVERALL TREND IS FOR INCREASING OR MODERATING AMOUNTS OF ROADWAY USE AND DECLINING FUEL CONSUMPTION



<sup>1</sup>Connecting Washington Task Force, Final Report (2012)

Note: The analytical team prepared alternative forecasts based on a variety of sources to evaluate how they would affect the business case evaluation. Section 4a of the January 7, 2014 Business Case Evaluation Final Report provides details.

## WASHINGTON IS NOT ALONE

Efforts are underway in the following states to explore road usage charging:

- Oregon
- Nevada
- Minnesota
- Colorado
- California
- I-95 Coalition (Includes East Coast states from Maine to Florida)



# WHAT DID THE STEERING COMMITTEE DO?

In 2012, we found that road usage charging was feasible in Washington. This past year, we found that a business case could be made for three potential road usage charge concepts or combinations of concepts that provide drivers a choice of approaches:

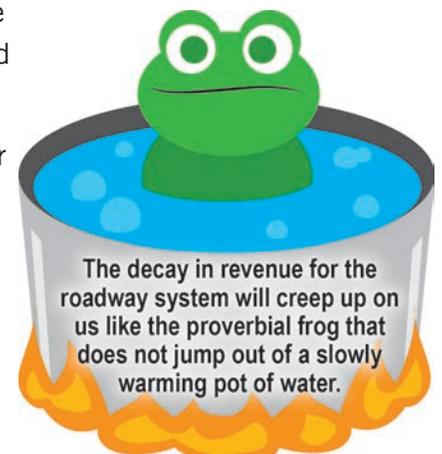
**A: Time Permit** - A flat fee to drive a vehicle an unlimited number of miles for a given period of time (e.g. a month or a year);

**B: Odometer Charge** - A per-mile charge measured by odometer readings; and

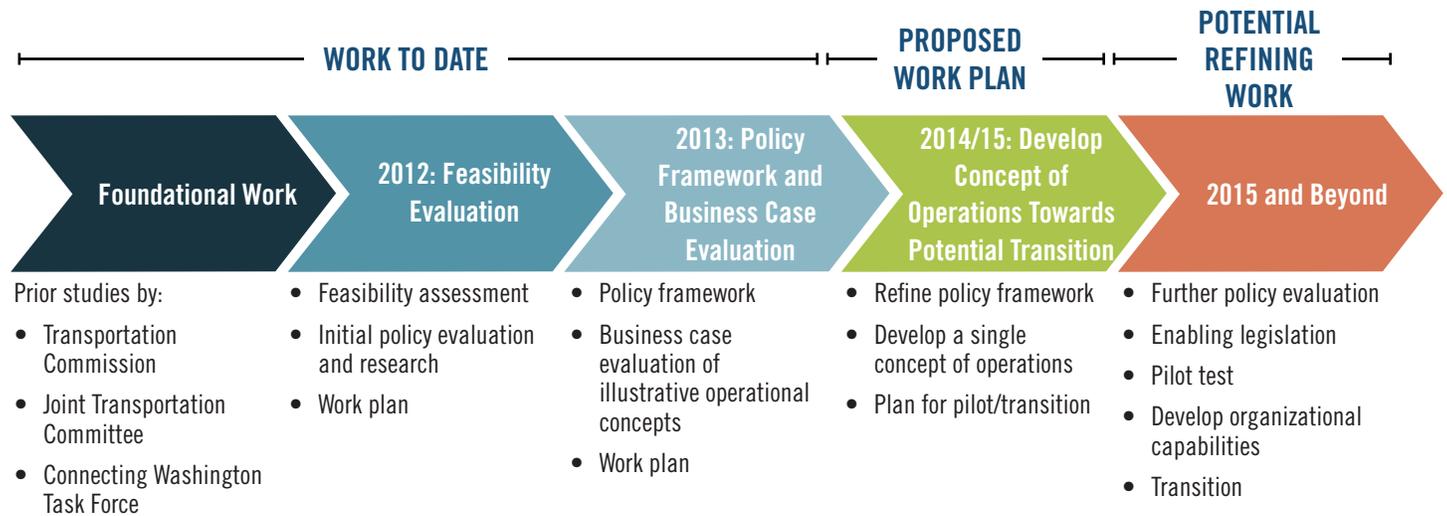
**C: Automated Distance Charge** - A per-mile charge measured by in-vehicle technology that can distinguish between in-state and out-of-state travel with periodic billing.

## KEY FINDINGS

- The road usage charge systems we evaluated will cost more to collect than the gas tax, but will produce greater and more stable net revenue over 25 years;
- Gas tax increases can raise more net revenue in the short term than the road usage charges we evaluated, but over the long term will continue to erode in value, thus requiring frequent increases;
- Providing drivers choice as to how they pay a road usage charge will help to improve public acceptance and mitigate privacy concerns; and
- A road usage charge system with choice ensures everyone pays their fair share for using the roads, regardless of fuel source or miles per gallon.



## ROADMAP TO ANSWER KEY QUESTIONS



## WORK PLAN

The Steering Committee recommends that these investigations continue so that Washington has options developed when action may be needed in the future. Further work is needed to refine road usage charge concepts to address policy, technical, and public acceptance issues that have been identified.

The work plan for 2014-2015 addresses the issues that would need to be resolved to move road usage charging forward in the 2015 legislative session. The work plan includes the following tasks:

- Refine policy direction addressing the highest priority issues, such as what vehicles should be subject to road usage charging, whether out-of-state vehicles should be charged, exemptions, potential transition approaches, implications for current and future gas tax bonds, and research into how a new fee system would impact rural and urban drivers.
- Develop a detailed concept of operations – the next tier of work needed before testing or implementation can occur.
- Risk analysis, which involves developing and maintaining an inventory of technical, operational, cost, communications, legal, and policy risks.
- Financial evaluation that builds upon the business case evaluation, incorporating new information on costs and revenue.
- Planning for a pilot/transition, should the Legislature concur. This planning could occur in the first half of 2015.

## BUDGET

The proposed budget for this work is \$869,000, with \$321,000 for March 2014 - June 2014 and \$548,000 for July 2014 - June 2015.

## STEERING COMMITTEE MEMBERS

NAME AND AFFILIATION	REPRESENTING
Steering Committee Chair, Commissioner Tom Cowan (WSTC Commissioner)	WSTC
Commissioner Anne Haley (WSTC Commissioner)	WSTC
Commissioner Charles Royer (WSTC Commissioner)	WSTC
Sen. Tracey Eide (Federal Way (D) 30th District)	Washington Senate
Sen. Curtis King (Yakima (R) 14th District)	Washington Senate
Sen. Andy Billig (Spokane (D) 3rd District)	Washington Senate
Rep. Judy Clibborn (Mercer Island (D) 41st District)	Washington House of Representatives
Rep. Jake Fey (Tacoma (D) 27th District)	Washington House of Representatives
Rep. Linda Kochmar (Federal Way (R) 30th District)	Washington House of Representatives
Rep. Ed Orcutt (Kalama (R) 20th District)	Washington House of Representatives
Curt Augustine (Alliance of Automobile Manufacturers)	Auto and light truck manufacturers
Kurt Beckett (Port of Seattle)	Appointed by WSTC
Rod Brown Jr. (Cascadia Law Group PLLC)	Environmental
Pete Capell (Clark County Public Works)	Counties
Cynthia Chen (University of Washington)	Appointed by WSTC
Scott Creek (Crown Moving Company, Inc.)	Trucking industry
Don Gerend (City of Sammamish Councilmember)	Cities
Tom Hingson (Everett Transit)	Public transportation
Sharon Nelson	Appointed by WSTC
Lynn Peterson (WSDOT Secretary)	Appointed by WSTC
Janet Ray (AAA Washington)	Motoring public
Neil Strege (Washington Roundtable)	Business
Ted Trepanier (INRIX)	User fee technology

### FOR MORE INFORMATION:

The Transportation Commission's reports to the Legislature on road usage charging as well as background materials can be found at the Commission's website, [www.wstc.wa.gov](http://www.wstc.wa.gov).

