

WASHINGTON STATE ROAD USAGE CHARGE 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.¹ Collected from fuel distributors and based on a fixed amount per gallon, the gas tax:

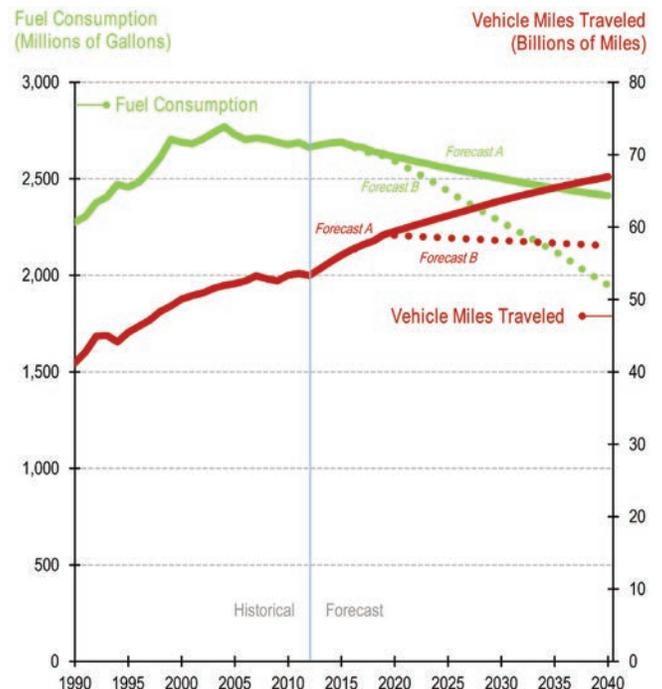
- Does not rise and fall with the price of fuel
- Does not keep pace with inflation
- Declines on a per-mile basis as vehicles become more fuel-efficient

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



¹Connecting 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:

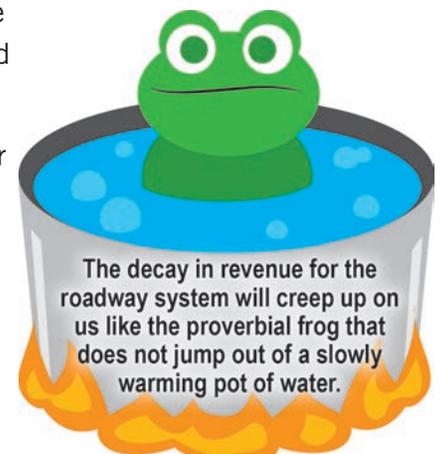
A: Time Permit - A flat fee to drive a vehicle an unlimited number of miles for a given period of time (e.g. a month or a year);

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

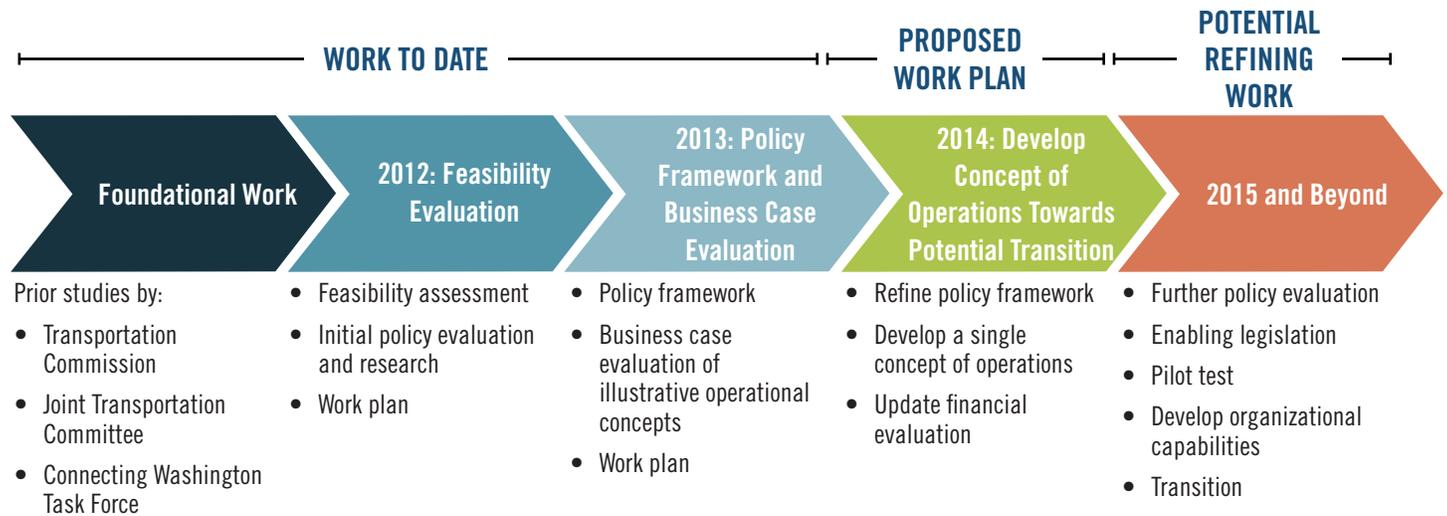
C: Automated Distance Charge - A per-mile charge measured by in-vehicle technology that can distinguish between in-state and out-of-state travel with periodic billing.

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

- Explore policy issues regarding what vehicles should be subject to road usage charging, 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.
- Financial evaluation that builds upon the business case evaluation, incorporating new information on costs and revenue.
- Work plan for the next fiscal biennium.

BUDGET

The budget for this work is \$450,000.

STEERING COMMITTEE MEMBERS

| NAME AND AFFILIATION | REPRESENTING |
|---|-------------------------------------|
| Steering Committee Chair, Commissioner Charles Royer (WSTC Commissioner) | WSTC |
| Commissioner Anne Haley (WSTC Commissioner) | WSTC |
| Commissioner Roy Jennings (WSTC Commissioner) | WSTC |
| Sen. Curtis King (Yakima (R) 14th District) | Washington Senate |
| Sen. Andy Billig (Spokane (D) 3rd District) | Washington Senate |
| Sen. Doug Ericksen (Ferndale (R) 42nd District) | Washington Senate |
| Sen. Marko Liias (Mukilteo (D) 21st 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 |
| Scott Merriman | Office of the State Treasurer |
| Curt Augustine (Alliance of Automobile Manufacturers) | Auto and light truck manufacturers |
| James Thompson (Washington Public Ports Association) | Appointed by WSTC |
| Rod Brown Jr. (Cascadia Law Group PLLC) | Environmental |
| Brian Ziegler (Pierce County Public Works) | Counties |
| 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 |
| Pat Kohler (Department of Licensing Director) | 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.