WASHINGTON STATE ROAD USAGE CHARGE

Update to the Washington State Transportation Commission

Jeff Doyle, Project Manager
D'Artagnan Consulting
December 11, 2018
Olympia, Washington
WA RUC PROJECT
RECAP AND PATH FORWARD

• Retracing the developmental steps and decisions, 2012 - present
• Pathway forward for WA RUC project
## ROLES IN DELIVERING THE PROJECT AND FINAL REPORT

<table>
<thead>
<tr>
<th>WA RUC Steering Committee</th>
<th>Transportation Commission</th>
<th>Legislature</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MEASURES...</strong></td>
<td><strong>RECOMMENDS...</strong></td>
<td><strong>DECIDES...</strong></td>
</tr>
<tr>
<td>• Oversee all research to ensure it is thorough and accurate</td>
<td>• Receive the Final Report from the Steering Committee</td>
<td>• Receive the Final Report and Recommendations from WSTC</td>
</tr>
<tr>
<td>• Identify issues of importance or concern for in-depth research (“parking lot”)</td>
<td>• Decide whether to make recommendations on issues</td>
<td>• Decide whether (or how) to implement a RUC</td>
</tr>
<tr>
<td>• Design a RUC demonstration to test operational approaches and measure public acceptance</td>
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<td>• Present information and options fairly to reflect the full range of viewpoints</td>
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<td>• Provide guidance on technical and operational issues</td>
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</table>
PREPARING FOR THE END OF THE LIVE TEST DRIVE

- Operations activities
- Communications activities

Matthew Dorfman, D’Artagnan Consulting
Ara Swanson, EnvirosIssues
OPERATIONS SCHEDULE: DATES IMPACTING PARTICIPANTS

Given that January 2019 is the last month for data recording:

- Email announcing closeout procedure to all participants: December-January
  - Details ahead in Communications section

- Final Mileage Data Reporting: Late January
  - Odometer-based methods and MileMapper: Final Reporting Reminders on Jan 20, 25, and 30
  - Plug-in Device: All miles included through January 31
  - VLO: Appointments encouraged in the Jan 20-31 timeframe

- Target Final invoice delivery: February 5-7

- Payments Demo participants should make final payments

- Final Interoperability Reconciliation: ~March 2019
CLOSING OUT THE PILOT: NOTIFICATIONS

Email announcement to project interest list (with multiple reminders in advance) and updated website

Distribute press release and make follow-up calls to some media contacts who have followed pilot closely

Help desk staff and project spokespeople will be ready to answer incoming questions
PILOT EVALUATION ACTIVITIES

- High-level results from Participant Survey #2 (mid-pilot)
- Participant Focus Group sessions
PARTICIPANT SURVEY # 2

On September 24, participants were emailed Survey #2, which remained open until October 8.

• 2,052 participants received the second survey
• 1,547 completed it (75% response rate)
Which mileage reporting method are you currently testing in the pilot? (n=1,602)

- Automated plug-in device with location data: 38% (616)
- Odometer reading: 26% (416)
- Automated plug-in device without location data: 17% (276)
- Smartphone app: 17% (272)
- Mileage permit: 1% (11)
- Unsure: 1% (11)
Please indicate your level of agreement with the following statements about your current reporting method: (n=1602)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The reporting method does not interfere with my ability to drive.</td>
<td>79%</td>
<td></td>
<td>17%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>The reporting method accurately reports my trips.</td>
<td>55%</td>
<td></td>
<td>26%</td>
<td>12%</td>
<td>5%</td>
</tr>
<tr>
<td>The reporting method is a convenient way to participate in the pilot.</td>
<td>66%</td>
<td></td>
<td>25%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Instructions for using the reporting method were clear and easy to follow.</td>
<td>58%</td>
<td></td>
<td>34%</td>
<td>4%</td>
<td>3%</td>
</tr>
</tbody>
</table>
How much time do you spend on each of the following pilot activities per month? (n=1,590)
Please rate the following pilot activities in terms of ease of completion. \((n=1,602)\)

- Logging into your account to review your information: 58% very easy, 27% moderately easy, 10% neither easy nor difficult, 3% moderately difficult, 10% very difficult.
- Reviewing your mileage data: 57% very easy, 25% moderately easy, 10% neither easy nor difficult, 5% moderately difficult, 6% very difficult.
- Interacting with customer service: 45% very easy, 21% moderately easy, 25% neither easy nor difficult, 6% moderately difficult, 6% very difficult.
OUR COMMUNICATIONS WITH YOU

Have you contacted the WA RUC Help Desk (1-833-WASH-RUC or info@waroadusagecharge.org)?

- Yes: 70% (1,126)
- No: 30% (476)

Please indicate your level of satisfaction for each of the following: (n=476)

- Overall communications with the Help Desk:
  - Very satisfied: 51%
  - Satisfied: 29%
  - Neither satisfied or unsatisfied: 12%
  - Very unsatisfied: 3%
  - Unsatisfied: 3%

- Promptness of responses from the Help Desk:
  - Very satisfied: 50%
  - Satisfied: 29%
  - Neither satisfied or unsatisfied: 12%
  - Very unsatisfied: 2%
  - Unsatisfied: 7%

- Ability of the Help Desk to resolve your issue or refer you to a helpful resource:
  - Very satisfied: 47%
  - Satisfied: 27%
  - Neither satisfied or unsatisfied: 12%
  - Very unsatisfied: 5%
  - Unsatisfied: 9%
Who is your RUC Service Provider? (n=1,593)

- DriveSync: 77% (1,228)
- Emovis: 13% (211)
- Don’t know/Don’t remember name: 10% (154)

Please indicate your level of satisfaction with your Provider for each of the following: (n=1,593)

1. Overall customer service and account management:
   - Very satisfied: 41%
   - Satisfied: 42%
   - Unsatisfied: 5%
   - Very unsatisfied: 3%
   - Unsure: 10%

2. Promptness of responses:
   - Very satisfied: 42%
   - Satisfied: 41%
   - Unsatisfied: 6%
   - Very unsatisfied: 2%
   - Unsure: 9%

3. Ability to resolve your issues and/or answer your questions:
   - Very satisfied: 39%
   - Satisfied: 37%
   - Unsatisfied: 8%
   - Very unsatisfied: 5%
   - Unsure: 12%

4. Security of personal information and data that you provided to your Service Provider:
   - Very satisfied: 32%
   - Satisfied: 33%
   - Unsatisfied: 2%
   - Very unsatisfied: 2%
   - Unsure: 33%
Thinking about your experience with the RUC pilot so far, how satisfied are you with each of the following? (n=1,576)

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Very satisfied</th>
<th>Satisfied</th>
<th>Unsatisfied</th>
<th>Very unsatisfied</th>
<th>Unsure</th>
</tr>
</thead>
<tbody>
<tr>
<td>The opportunity to try something before decisions about whether to implement</td>
<td>58%</td>
<td>29%</td>
<td>2%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Opportunities to provide feedback on the pilot and your experience</td>
<td>45%</td>
<td>40%</td>
<td>5%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Amount of time you have spent participating in the pilot</td>
<td>59%</td>
<td>36%</td>
<td>3%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Clarity of communications and instructions you have received about the pilot</td>
<td>49%</td>
<td>42%</td>
<td>5%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Ease of participation in the pilot</td>
<td>62%</td>
<td>31%</td>
<td>4%</td>
<td>2%</td>
<td></td>
</tr>
</tbody>
</table>

Note: WA RUC
How important to you are the following principles for a potential road usage charge system? (n=1,575)

- Privacy: 90% very important, 6% fairly important, 2% important
- Simplicity: 79% very important, 16% fairly important, 5% important, 1% slightly important
- Transparency: 74% very important, 19% fairly important, 6% important, 1% slightly important
- Data security: 77% very important, 15% fairly important, 6% important, 1% slightly important
- Cost-effectiveness: 67% very important, 20% fairly important, 9% important, 2% slightly important
- User options: 58% very important, 25% fairly important, 12% important, 4% slightly important
- Enforcement: 57% very important, 24% fairly important, 13% important, 3% slightly important
- Equity: 60% very important, 18% fairly important, 10% important, 5% slightly important, 6% not at all important
- Charging out of state drivers: 43% very important, 21% fairly important, 14% important, 12% slightly important, 10% not at all important
Based on your participation to date in the pilot, please indicate your level of agreement: (n=1,576)

Changes in driving behavior include:

- Safer driving/more aware: 71
- Reduced number of trips: 52
- More awareness of driving habits and associated costs: 17
Based on your participation in the RUC pilot, how do you feel about each of these areas? (n=1,576)

I feel the amount of personal information I was asked to provide in the RUC pilot was ...

- 5%
- 93%
- 1%

I feel that the assurances given regarding protection of my personal information and security of the RUC data collected were ....

- 2%
- 82%
- 17%

I feel the amount I would pay under a RUC system based on my miles driven is ...

- 28%
- 67%
- 5%

- Too much
- Just right
- Not enough
Based on your invoices, how do you feel about your ability to understand what you pay in transportation tax? (n=1,572)

<table>
<thead>
<tr>
<th>Response</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>My understanding is better with a RUC than with the gas tax.</td>
<td>739</td>
<td>47%</td>
</tr>
<tr>
<td>My understanding is the same as with the gas tax.</td>
<td>446</td>
<td>28%</td>
</tr>
<tr>
<td>No opinion at this time.</td>
<td>245</td>
<td>16%</td>
</tr>
<tr>
<td>My understanding is less with a RUC than with the gas tax.</td>
<td>142</td>
<td>9%</td>
</tr>
</tbody>
</table>
At this point, how do you feel about implementing a RUC as a replacement to the gas tax to fund transportation infrastructure? (n=1,572)

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly support</td>
<td>34%</td>
<td>541</td>
</tr>
<tr>
<td>Somewhat support</td>
<td>31%</td>
<td>490</td>
</tr>
<tr>
<td>Somewhat oppose</td>
<td>10%</td>
<td>157</td>
</tr>
<tr>
<td>Strongly oppose</td>
<td>10%</td>
<td>162</td>
</tr>
<tr>
<td>Not sure/need more information</td>
<td>14%</td>
<td>222</td>
</tr>
</tbody>
</table>
Since the beginning of the pilot, has your attitude towards a road usage charge system changed? (n=1,572)

<table>
<thead>
<tr>
<th>Attitude</th>
<th>Percentage</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>My attitude is unchanged</td>
<td>52%</td>
<td>810</td>
</tr>
<tr>
<td>I feel more supportive now</td>
<td>28%</td>
<td>436</td>
</tr>
<tr>
<td>I feel less supportive now</td>
<td>12%</td>
<td>184</td>
</tr>
<tr>
<td>Unsure</td>
<td>9%</td>
<td>142</td>
</tr>
</tbody>
</table>

Reasons why attitude has changed:
- Concerns about difficulty and statewide implementation 38
- Not confident in miles accuracy 20
- See importance of revenue for road 19
- Will pay more 16
Please share any other comments you have: (n=368)

- **Accuracy concerns (33% of comments).** Typically mentioned a belief that their mileage was tracked incorrectly and they would be over-charged. Concerns also included a belief that the system could be exploited by people who would pay less than they should pay under the system.

- **Complexity/implementation (33% of comments).** Focused on a RUC being more difficult to understand than the gas tax, or that the system would be administratively challenging to implement and may be too costly or unsuccessful when expanded to include the entire state.

- **Vehicle equity issues (15% of comments).** Included concern that the RUC doesn’t consider vehicle size and/or damage caused to roads by some vehicles.

- **Equity issues (13% of comments).** Issues of rural drivers needing to drive more as part of their daily life, a lack of adequate public transportation to enable some drivers to drive less, or concern about the inability of some people to pay higher taxes.
MID-PILOT PARTICIPANT FOCUS GROUP SESSION

Allegra Calder
BERK Consulting
FOCUS GROUP OVERVIEW

Purpose

• Understand perceptions on topics such as:
  • Ease of participation and compliance
  • RUC equity relative to gas taxes
  • Privacy protection and data security

• Provide depth and understanding into the “what, how, and why” of participant perceptions.
FOCUS GROUP DISCUSSION QUESTIONS

• Mix of individual written exercises and group discussion.

• Discussion Topics:
  • General impressions of the road usage charge before vs. now
  • Understanding of transportation funding in WA state
  • Road usage charge pros, cons, and priorities
  • Driving behavior changes
  • Support and preferences for gas tax vs. road usage charge
Recruitment Objectives

- Balance of location (Eastern and Western Washington)
- Gain perspective on a thematic topic or represent a specific characteristic:
  - Non-white
  - Moderate or Low-income
  - Rural
  - High mileage
  - Electric/Hybrid Vehicles
- Diverse range of demographics, perspective, and driving behavior
METHODOLOGY: LOCATIONS AND THEMES

Six focus groups held in September and October 2018.

Federal Way 1: rural, high mileage
Federal Way 2: hybrid/electric vehicles
Federal Way 3: low/moderate income
Vancouver: general mix
Spokane: general mix
Yakima: rural, high mileage
METHODOLOGY: PARTICIPANT CHARACTERISTICS

51 focus group participants

- **Moderate or low income** (6 participants had household incomes of $30,000 or less)

- **Rural** (13 participants characterized where they live as being a rural setting)

- **High mileage drivers** (15 participants drive more than 15,000 miles annually)

- **Hybrid and electric vehicle drivers** (16 participants own or enrolled a hybrid or electric vehicle in the study)

- **RUC perceptions** (6 participants oppose or strongly oppose a RUC, 14 are neutral, 6 need more information, and 23 support or strongly support)
FINDINGS AND OBSERVATIONS
PARTICIPANT CHARACTERISTICS

Top Recording Methods

• **Plugin device with GPS:** Simple, don’t have to think about it. More accurate information collected added benefits such as driving scores and car location if car is stolen.

• **Plugin device without GPS:** Simple, don’t have to think about it. Participants like the inability to share location information.

• **Phone app:** “My phone is always with me anyway.”

• **Taking photos:** Ability to control data and privacy, low-tech, but cumbersome remembering to take pictures every month.

Top Reasons for Joining Pilot Study

• **Interest** in knowing how much a RUC would cost them personally and whether it would more than a gas tax.

• **Civic interest in this topic.** Interest in transportation policy, equity, funding of infrastructure.
THEMES ACROSS ALL FOCUS GROUPS

• Most participants are accepting of the RUC and think it can work.

• Overall, most participants are having a good experience in the pilot.

• Some concern and questions about how the system will work at a statewide scale, frequently related to implementation and administration.
• Many participants felt the **RUC amount was not too much to pay** and relatively comparable to the gas tax.

• In general, most participants say they still have **little understanding of how transportation funding works**.

• Top values: a system is that is **simple, convenient**, and does not take a lot of time or effort on behalf of the user.
TOP CONCERNS AND QUESTIONS

- Privacy and data collection
- Compliance and administration costs
- Fairness and equity
- Education and communication
- Long-term sustainability
- Environmental incentives
- Fairness in fund allocation
## TOP CONCERNS AND QUESTIONS

### Privacy Concerns

<table>
<thead>
<tr>
<th>Reasons for Concern</th>
<th>Reasons Not Concerned</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Want ability to say no to sharing data</td>
<td>• Give data away currently with smartphones, other apps, programs and companies.</td>
</tr>
<tr>
<td>• Don’t want to share data with car insurance companies and law enforcement</td>
<td>• Appreciated the added benefits that the third party provided (e.g. scores for driving behavior).</td>
</tr>
<tr>
<td>• Worried about public disclosure laws</td>
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</tbody>
</table>
TOP CONCERNS AND QUESTIONS

Fairness and Equity

Gas vs. hybrid or electric vehicles
“I would not pay the expense to get a more fuel-efficient vehicle because I would be saving less.”

Income
“For low income people, I must move further and further away to afford a place to live”

What impacts roads the most?
Vehicle weight
Studded tires
Most participants did not change their driving behavior.

Potential driving behavior changes mentioned among low/moderate income participants:

- Took less trips, driving less.
- Started looking for a job near my house, became more conscious. (participant in low income group).
- No change in driving behavior.
- The plugin device scoring helps change driving behavior, more aware of driving behavior.
- Take the shorter route on Google maps (even if it’s slower).
WHAT DOES SUCCESS LOOK LIKE?

Success would have tangible and visible outcomes.

• Roads and bridges are well-maintained and safe
• Improvements to transportation system
• Sufficient revenue is generated
ADVICE TO STATE LEADERS

<table>
<thead>
<tr>
<th>Support for RUC</th>
<th>Stick with Gas Tax</th>
<th>Neither</th>
<th>Neutral Opinions and Additional Advice</th>
</tr>
</thead>
<tbody>
<tr>
<td>The State should pursue this option, with caveats:</td>
<td>• RUC won’t work statewide and is regressive</td>
<td>• Explore hybrids of a RUC and gas tax</td>
<td>• Educate the public</td>
</tr>
<tr>
<td>• Offer different recording methods</td>
<td>• Gas tax is simple and familiar</td>
<td>• Explore other options</td>
<td>• Aim for simplicity</td>
</tr>
<tr>
<td>• Focus on equity (collection and distribution)</td>
<td></td>
<td></td>
<td>• Focus on outcomes and purpose</td>
</tr>
<tr>
<td>• Ensure data security</td>
<td></td>
<td></td>
<td>• Data security</td>
</tr>
</tbody>
</table>
• Overview of policy development process
• Tracing back to the “parking lot”
• Committee member discussion about the process/outputs
TIMING: ISSUES ARE ADDRESSED WHEN SUFFICIENT DATA EXISTS

Before the pilot:
- How to operationalize the RUC mileage reporting approaches
- Whether and how to charge out-of-state drivers
- Exemption from RUC charges
- Refunds of RUC charges

Anytime:
- RUC compatibility with tolls
- Commerce Clause impacts on RUC
- 18th Amendment impacts on RUC
- Per-mile rate setting
- Motor fuel tax bond requirements
- Permanent exemptions from RUC
- Use or dedication of RUC revenue
- Rate-setting basis for time-based permit
- Interoperability of RUC with other states

After the pilot:
- Whether and how best to use private sector service providers
- Drivers' reaction to the proposed RUC system
- Public understanding and acceptance of a RUC system
- State IT needs to support RUC
- Institutional roles in implementing a RUC system
- Transition strategy: which vehicles would pay RUC, and when
THE FRAMEWORK IN WIDE-ANGLE VIEW

1.0 Intent
2.0 Definitions
  2.1 RUC
3.0 Basis of tax
4.0 Applicability of Tax
  4.1 Exemptions
  4.2 Refunds & credits
5.0 Responsibilities for tax collection
6.0 Operational requirements
  6.1 Interoperability with other states
7.0 Deposit accounts
8.0 Effective dates
Does the legislature intend RUC revenues to be used exclusively for highway purposes?

- 18th Amendment effects on RUC
- Uses of revenues from RUC

Does the legislature intend that RUC eventually replace the gas tax over a period of time?

- Transition strategy
Is RUC defined as a vehicle registration fee?

- 18th Amendment effects on RUC
- Uses of revenues from RUC
- RUC could be bonded at lowest cost of borrowing
Will the tax be assessed for each exact mile driven, or applied to mileage “brackets”?

- **Driver reaction to the proposed RUC system**
- **Rate-setting in a RUC system**
- **Rate-setting basis for time-base permit**
Who will be required to pay RUC?

- Vehicles subject to RUC
- Transition strategy
- Out-of-state drivers
- Interstate Commerce Clause considerations
1.0 Intent

2.0 Definitions

2.1 RUC

3.0 Basis of tax

4.0 Applicability of Tax

4.1 Exemptions

4.2 Refunds & credits

5.0 Responsibilities for tax collection

6.0 Operational requirements

6.1 Interoperability with other states

7.0 Deposit accounts

8.0 Effective dates

Who will be exempt from RUC?

- Permanent exemptions from RUC
- Out-of-state drivers
- Transition strategy
How would a RUC system be administered?

- Institutional roles in implementing any future RUC system
- State information technology needs
- Use of private sector account managers
What are the basic RUC system requirements?

- *How to operationalize the RUC mileage reporting approaches*
- *Model privacy policy for RUC in Washington*
- *State IT needs*
- *RUC compatibility with GoodToGo toll system*
How will RUC be applied to cross-state travel?

- Whether and how to charge out-of-state drivers
- Interoperability with other states
- Interstate Commerce Clause requirements
Where should the proceeds of RUC be deposited?

- 18th Amendment restrictions on RUC
- Use or dedication of RUC revenue
- Motor fuel tax bond requirements
- Public understanding and acceptance of the proposed system
When (or on what stages) could RUC take effect?

- Public understanding and acceptance of the proposed system
- Transition strategy – vehicles subject to paying RUC
- Motor fuel tax bond requirements
- State IT needs
PRIVACY PROTECTIONS IN A RUC PROGRAM

• Presentation on the topic of privacy protections in RUC systems in WA and elsewhere
• Draft Model Privacy Policy
DATA USED IN RUC SYSTEMS

- Vehicle registration plate number
- Vehicle identification number (VIN)
- Name of owner or lessee
- Access information
  - address
  - email address
  - telephone number
- Distance traveled data
  - periodic odometer readings
  - metered use data
  - travel pattern data
- Travel data record
- Billing and payment record
- Payment information
  - bank account information
  - credit card number
- Enforcement record
TWO PATHWAYS FOR SOLVING THE PRIVACY QUESTION

• Technological
• Legal
MODEL PRIVACY POLICY: ESSENTIAL PROVISIONS

- Definition of protected information
- Material scope
- Territorial scope
- Responsible agency
- Nature of protection
- Certification
- Consent
- Security
- Remedies
- Rights of RUC payers
RIGHTS OF RUC PAYERS

- Right of access to personal information
- Right to rectification
- Right to erasure
- Right to portability
- Right to object
- Informing RUC payers of their rights
COMPATIBILITY OF RUC AND TOLLING
INTEROPERABILITY AND COMPATIBILITY

1. Features of interoperability
   a) Single account through which user can avail of services (e.g., toll payment, RUC payment) from multiple providers (e.g., service providers).
   b) Single device (e.g., tag, plug-in device, mobile phone) for accessing services.
   c) Background data exchange, communication, payments and reconciliation between providers.

2. Features of compatibility
   a) Broader co-ordination, collaboration and sharing
   b) Lower level of technical integration than interoperability
### CRITERIA FOR ASSESSING DEGREES OF COMPATIBILITY

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>User experience</td>
<td>Ease with which customers can register for, pay, and access services</td>
</tr>
<tr>
<td>Collections reliability</td>
<td>Ability of compatible accounts and services to make collection of tolls and RUC more reliable</td>
</tr>
<tr>
<td>Operational efficiency</td>
<td>Ability of compatible accounts and services to reduce operational costs</td>
</tr>
<tr>
<td>Contractual complexity</td>
<td>Level of complexity of contracts among entities and customers based on compatibility model chosen</td>
</tr>
<tr>
<td>Operational complexity</td>
<td>Levels of operational complexity based on compatibility model chosen</td>
</tr>
<tr>
<td>Governance</td>
<td>Ability of involved entities to manage shared risks, delineate responsibilities, and collaborate for effective oversight, guidance, and control</td>
</tr>
<tr>
<td>Technical complexity</td>
<td>Level of complexity of data exchange and transaction and payment processing</td>
</tr>
<tr>
<td>User perception</td>
<td>Ability of customers to distinguish RUC and tolling and understand any policy differences (e.g., privacy)</td>
</tr>
<tr>
<td>Cost of implementation</td>
<td>Setup costs to achieve desired level of compatibility across systems</td>
</tr>
</tbody>
</table>
## Degrees of Compatibility

<table>
<thead>
<tr>
<th>Do nothing</th>
<th>Collaborate</th>
<th>One Bill</th>
<th>One Account</th>
<th>One Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low risk, easy to implement</td>
<td>Open standards and procedures</td>
<td>One bill but separate accounts and payment</td>
<td>Slight variation on one bill</td>
<td>Payments deducted from same account</td>
</tr>
<tr>
<td>Little benefit to users</td>
<td>Information sharing</td>
<td>Risk of customer confusion and errors</td>
<td>Single account and registration</td>
<td>Requires back office reconciliation between RUC and tolling</td>
</tr>
<tr>
<td>Could postpone compatibility and raise long-term costs</td>
<td>Compatible objectives</td>
<td>Could be combined with elements of collaboration</td>
<td>Same customer details for RUC and tolling</td>
<td>More complex</td>
</tr>
<tr>
<td></td>
<td>Consistent information and mutually-informed customer support</td>
<td></td>
<td></td>
<td>Integrated service for customers</td>
</tr>
</tbody>
</table>

Regardless of the degree of compatibility sought or achieved, RUC and tolling maintain distinct policy purposes.
## COLLABORATION VS. ONE SERVICE

<table>
<thead>
<tr>
<th>Collaboration</th>
<th>One Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-ordinating activities</td>
<td>Single account provider</td>
</tr>
<tr>
<td>Dealing with customers consistently</td>
<td>Possibility of single device</td>
</tr>
<tr>
<td>Procedures in place for dealing with issues relating to other system – may still need to ‘forward calls’</td>
<td>Single registration, payment, customer service</td>
</tr>
<tr>
<td>Common look and feel</td>
<td>Significant value to user</td>
</tr>
<tr>
<td>Sharing lessons learned</td>
<td>Reconciliation of payments</td>
</tr>
<tr>
<td>Collaborating on new initiatives</td>
<td>Detailed agreements and careful oversight</td>
</tr>
<tr>
<td>Sharing some costs</td>
<td>Potential for much broader range of services</td>
</tr>
</tbody>
</table>
CONCLUSIONS

1. Collaboration, at a minimum, provides great benefit with little cost, but demands real commitment.

2. One service provides the best long-term solution for end users but brings complexity with it.

3. One bill and one account have some value but could lead to confusion and errors.
1. Aim above all to improve user understanding through compatibility
2. Introduce collaboration at the outset of RUC
3. Coordinate activities to provide sense of consistent service
4. Establish RUC governance framework with compatibility across other transportation payment systems in mind
5. Explore feasibility of using RUC reporting methods for tolling
6. Use open architecture to future-proof RUC technology
EFFECT OF 18TH AMENDMENT ON RUC REVENUES

- **Information**: options if policymakers wish to restrict expenditures to highway purposes
- **Question-and-answer**
If the Legislature wishes to eventually replace the gas tax with a per-mile fee (RUC), which characteristics are most important to replicate?

- The state gas tax can only be expended for highway purposes
- Bonds pledging the gas tax are not subject to the state’s constitutional debt limit
- Gas tax refunds are provided to, or for the benefit of*, persons using fuel off public highways
- Certain entities and uses are exempt from the gas tax

* Technically speaking, in some instances refunds are provided to program accounts rather than actual persons
REVENUE SOURCES SUBJECT TO AMENDMENT 18

- License fees for motor vehicles (sometimes referred to as “registration fees”) collected by the State; and

- Excise taxes collected by the State on the sale, distribution or use of motor vehicle fuel (commonly referred to as the state “gas tax”);

- All other state revenue intended to be used for highway purposes.
BRIEF HISTORY OF AMENDMENT 18

• Gas taxes were first enacted by states in 1919 (Oregon). Within 10 years, all states had enacted a gas tax.

• Within 20 years, almost all states were using more than 20% of their gas tax revenue to support general government spending. Washington was using gas taxes to provide unemployment benefits during the Great Depression.

• A proposed national highway system (proposed in 1944) called for states to provide matching funds for construction of the federal highways.

• Automobile clubs and concerned citizens ramped up pressure on state legislatures to pass laws preventing diversion of gas taxes for general government spending.

• Washington voters ratified the legislature’s proposed Constitutional Amendment 18.
OPTIONS FOR REQUIRING RUC TO BE USED EXCLUSIVELY FOR HIGHWAY PURPOSES

Option 1: Amend Art. II Section 40 of the Washington Constitution to add RUC as a new enumerated revenue subject to expenditure restrictions.

Option 2: Impose RUC in the form of a vehicle license fee.

Option 3: Impose RUC as an “in lieu of” tax, to be imposed instead of the gas tax, with explicit legislative findings and intent that the revenue be used exclusively for highway purposes (i.e., categorical revenue).

Option 4: Impose RUC with explicit legislative findings and intent that the revenue be used exclusively for highway purposes (i.e., categorical revenue).

Option 5: Impose RUC with the directive that the revenue be placed in the motor vehicle fund (“special fund”).
OPTIONS FOR USE OF REVENUE IN A RUC SYSTEM

- Existing sources and uses of transportation revenue
- Alternative theoretical uses of RUC revenue
- Alternatives for existing non-highway gas tax recipients
POLICY OPTIONS FOR ALLOCATING RUC REVENUE

- Return to source
- Restricted to specific types of highway purposes
- Restricted to highway purposes
- Any state transportation purpose
- Any transportation purpose

more restrictive

more flexible
## Non-Highway Gas Tax Revenue Recipients

<table>
<thead>
<tr>
<th>Expenditure category of gas tax revenues</th>
<th>Amount (2015-2017 biennium) (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>State highways, bridges, roads, streets</td>
<td>$2,429</td>
</tr>
<tr>
<td>County highways, bridges, roads, streets</td>
<td>$335</td>
</tr>
<tr>
<td>City highways, bridges, roads, streets</td>
<td>$192</td>
</tr>
<tr>
<td>Ferries</td>
<td>$89</td>
</tr>
<tr>
<td>Marine refund</td>
<td>$18</td>
</tr>
<tr>
<td>Nonhighway and off-road vehicle (ORV) accounts</td>
<td>$18</td>
</tr>
<tr>
<td>Snowmobile account</td>
<td>$2</td>
</tr>
<tr>
<td>General fund</td>
<td>$1</td>
</tr>
<tr>
<td>Aeronautics refund</td>
<td>&lt;$1</td>
</tr>
</tbody>
</table>
ALTENATIVES

• Under a transition away from gas tax, preserve allocation of gas tax revenue to marine, nonhighway and ORV, snowmobile, and aeronautics uses

• Policy options for RUC revenues:
  • Allocate a portion of RUC revenues to make nonhighway uses whole relative to current allocations
  • Calculate mileage driven off road and allocate RUC revenues accordingly:
  • Seek other funding sources aside from RUC for nonhighway uses
UPCOMING ACTIVITIES

• Preview of Stage 3 activities
• Preview of February 2019 Steering Committee meeting topics
## STAGE 3 LOOK AHEAD: EVALUATION AND REPORTING

<table>
<thead>
<tr>
<th>2019</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Subagents' evaluation of WA RUC process</td>
<td>Invoice improvements</td>
<td>Organizational assessment for RUC</td>
<td>WA RUC website changes for Stage 3</td>
<td>Policy issue white papers</td>
<td>Scofflaw tabletop exercise</td>
<td>Final Report drafting</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Late February**: WA RUC Steering Committee meeting
- **Early May**: WA RUC Steering Committee meeting
- **Late June**: WA RUC Steering Committee meeting
- **September**: LAST WA RUC Steering Committee meeting
2019 STEERING COMMITTEE WORK

(Proposed)
February 2019
SC meeting

- Motor fuel tax bond requirements
- Legal issue: Interstate Commerce Clause
- Per-mile rate setting process and roles
- Rate setting basis for time-based permit

(Proposed)
April 2019
SC meeting

- Driver reaction to the proposed RUC system
- Permanent exemptions
- Use of private sector account managers
- State information technology (IT) needs
- Interoperability with other states

(Proposed)
June 2019
SC meeting

- Public understanding and acceptance of the proposed system
- Institutional roles in implementing any future RUC system
- Impact on EV adoption
- Transition strategy - vehicles subject to paying RUC

(Proposed)
Fall 2019
SC meeting

- Discussion of thoroughness and accuracy of the information
- Review and discussion of findings
- Discussion of technical or operational recommendations
- Review of final report outline
FEBRUARY 2019: TOPICS TO BE COVERED

• Updates on real money demonstration between Washington and Oregon

• Preview of the RUC scofflaw table top exercise

• Presentations and Committee deliberation on several policy issues from the “parking lot”:
  - motor fuel tax bond requirements and RUC;
  - effects of interstate commerce clause on RUC;
  - per-mile rate setting process and roles;
  - rate-setting basis for a time-based permit.

• Outline of final report and options for potential recommendations
QUESTIONS?

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