

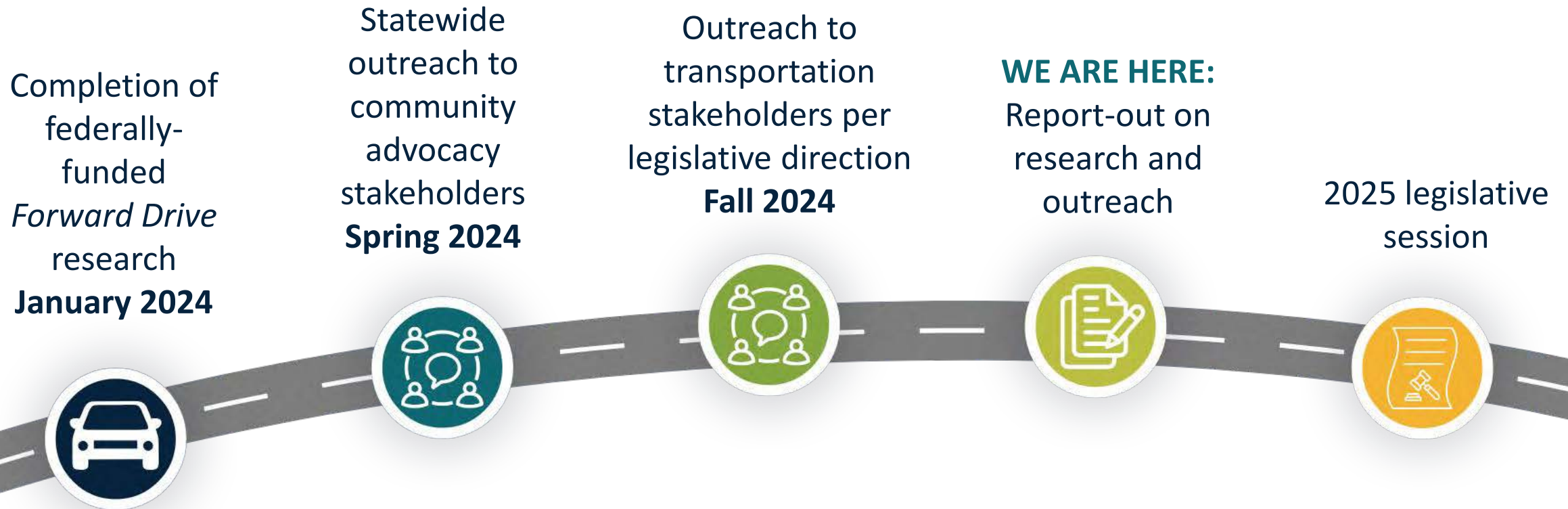
A stylized graphic of a road with a dashed yellow center line, curving upwards and to the right. The road is dark blue with light blue borders, set against a light green background.

Washington State Road Usage Charge Assessment

December 11, 2024

Travis Dunn, CDM Smith Project Manager

Status of RUC Research and Outreach



Background

Electric Vehicle Adoption is Accelerating Nationally and in Washington



Washington ranks **2nd** **nationally** (behind California) in EV market share



19% of new vehicles registered in 2023 in Washington were electric or plug-in hybrid electric vehicles (PHEVs)

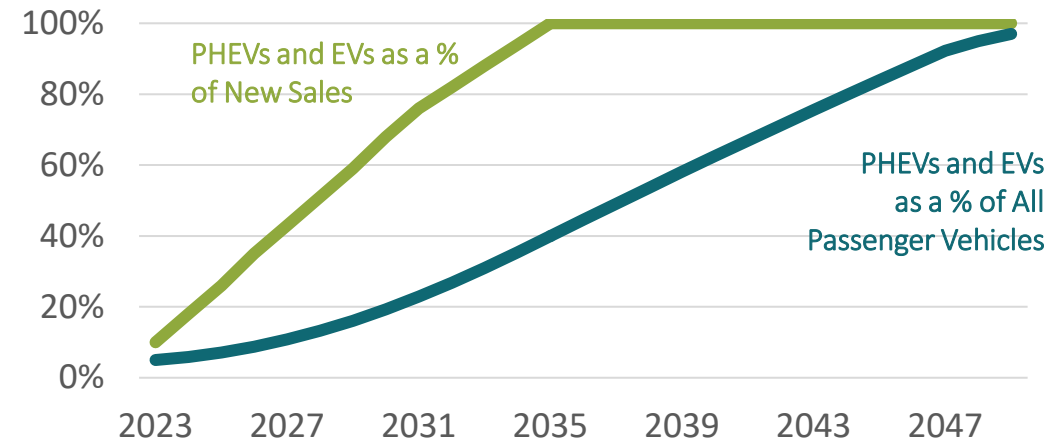


1 in 5 new cars sold is an EV or PHEV



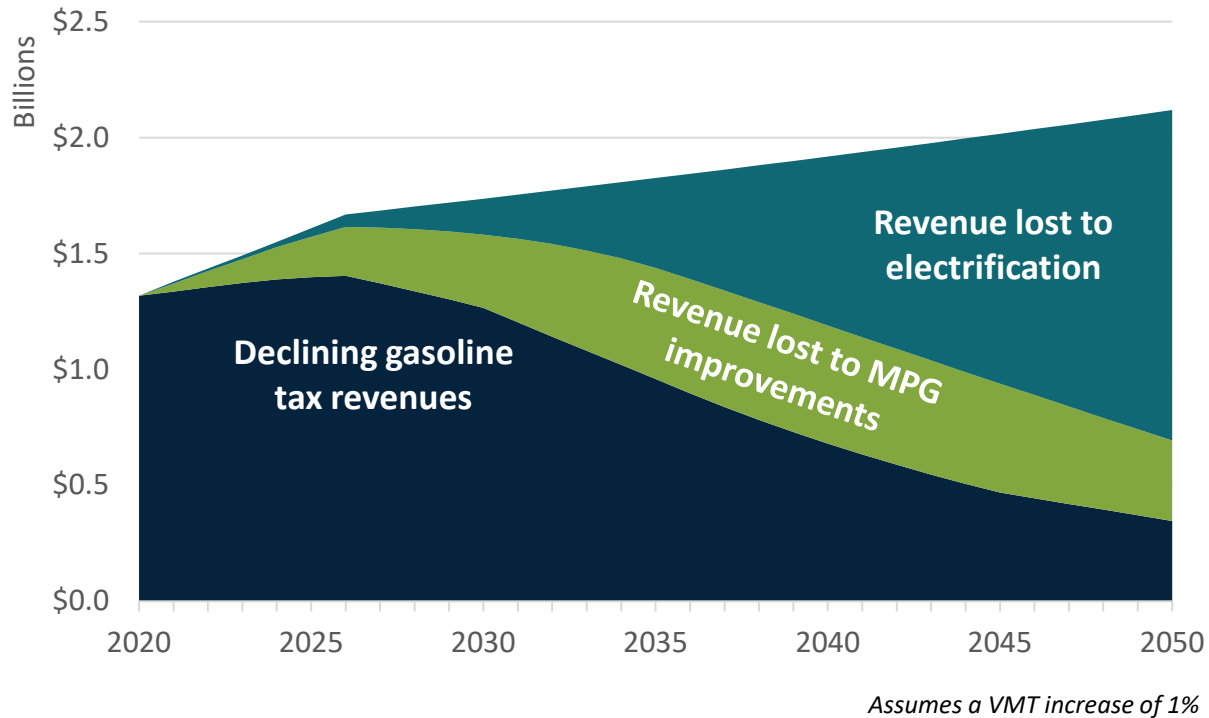
100% of **new car** sales by 2035 must be zero-emission

Washington State implementing Clean-Cars II requirements that 100% of new vehicle sales by 2035 be EVs or PHEVs. It will take another 20+ years for the entire on-road fleet to reach 100% EV or PHEV

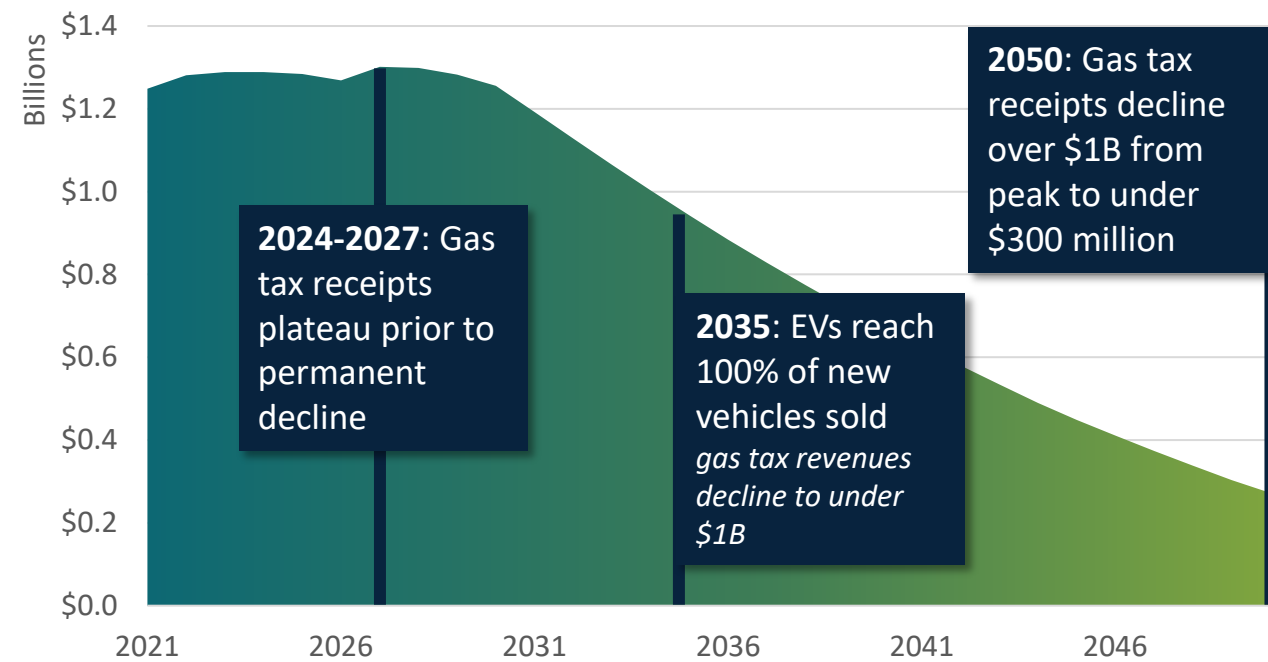


Gas Tax Revenues Decline as Fuel Efficiency Grows

Revenue Loss Attribution



Revenue Loss Estimates



Current Revenue Distributions

The figures below represent current distributions of motor fuel tax and EV and hybrid fee revenues to the state and local governments.

Fuel Taxes

\$1,525 million distributed

- **State:** Net \$1,265 million*
- **Counties:** \$172 million
- **Cities:** \$89 million

**includes \$95 million to TIB*

EV and Hybrid Fees

\$44.2 million distributed

- **State:** \$42.5 million
 - **MVF:** \$15.2 million
 - **EV Account:** \$25.6 million
 - **TIA** (state grants to local jurisdictions): \$1.7 million
- **Counties (RATA):** \$1.7 million

EV and Hybrid Fees Distributions

\$100 EV/PHEV Fee

- Up to \$1 million: 100% to Motor Vehicle Fund
- Above \$1 million:
 - 70% to Motor Vehicle Fund
 - 15% to Transportation Improvement Account
 - 15% to Rural Arterial Trust Account

\$50 EV/PHEV Fee

- 100% to Motor Vehicle Fund

\$75 EV/PHEV/Hybrid Fee

- **Prior to 7/1/25**, 100% to Electric Vehicle Account
- **After 7/1/25**, 100% to Motor Vehicle Fund

Note: all vehicles pay additional vehicle license fees by weight in 2,000-pound increments, with proceeds deposited in the Nickel Account, Transportation Partnership Account, and Motor Vehicle Fund.

2023 Commission Recommendations to the Legislature



Act Now to Authorize a Road Usage Charge (RUC) Program: By 2027 implement a voluntary RUC program.



RUC Per Mile Rate on Par with the Gas Tax: Establish an initial per-mile RUC rate of 2.5 cents per mile for all subject vehicles.



Start With Odometer Readings: In implementing an initial RUC program, require annual odometer readings of participating vehicles.



Revenue Dedication: Dedicate RUC revenue to preservation and maintenance of highways.



Privacy Protection: Enact personal privacy protections in law for a RUC program consistent with the Commission's model privacy policy.

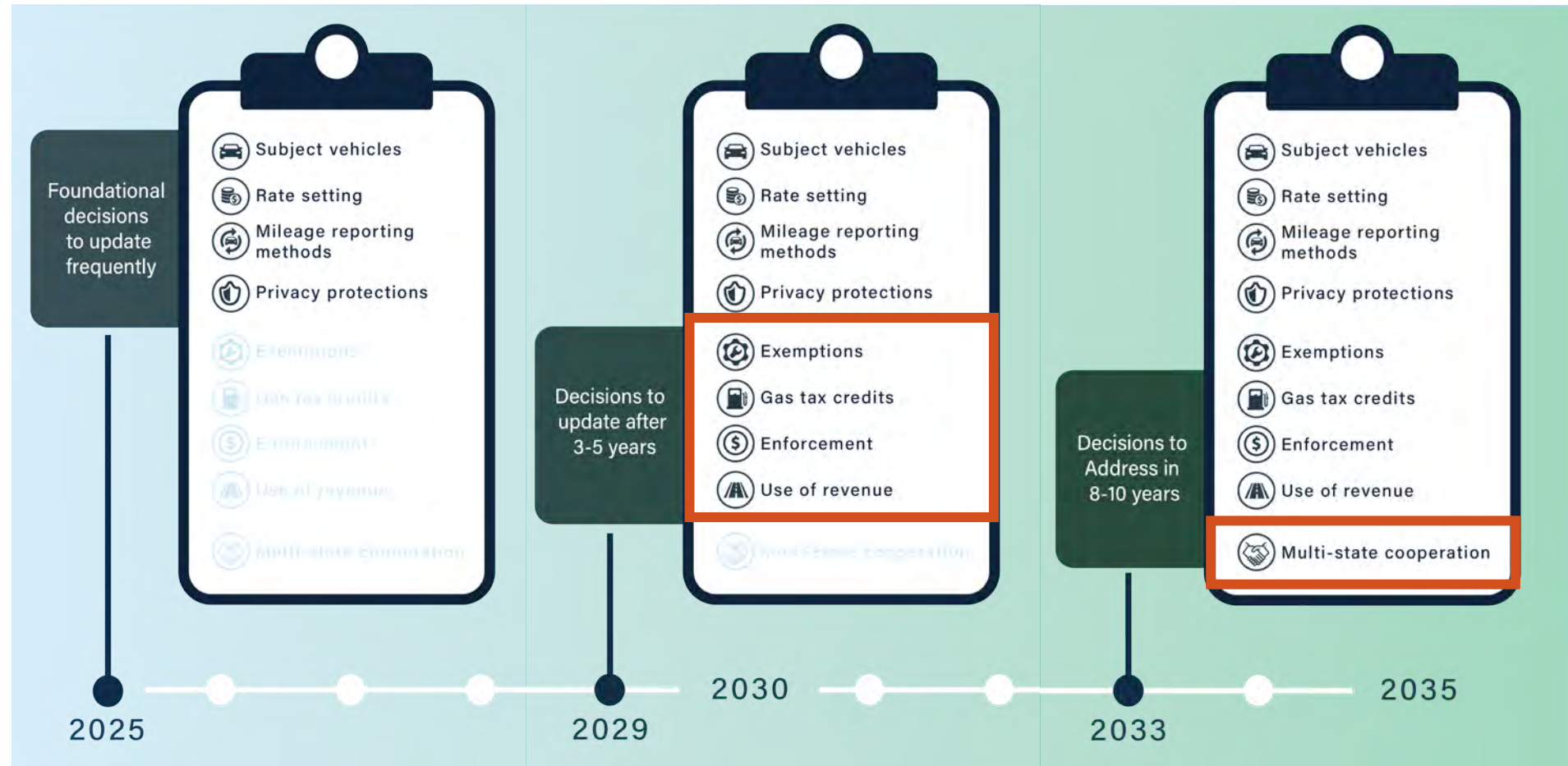


Funding Distributions During a Transition: During a transition, maintain current gas tax compacts and revenue distributions to cities, counties, state transportation granting agencies, and off-road recipients.

***NOTE:** These recommendations were submitted for Legislative consideration. Legislative proposals may differ.

Decision Points for a Long-Term Transition

- Key milestone decisions are indicated here as an illustration of how a RUC transition could advance. *(Legislative proposals may differ).*
- Key decisions would need to be updated and revisited periodically.



2024 Outreach



Spring 2024 Outreach: Summary

The Commission conducted statewide outreach and engagement with leaders of social service and non-profits supporting undeserved communities in Spring 2024.

Organizations Included:

- African Housing & Development Agency
- Asian Counseling & Referral Services
- Byrd Barr Place
- Drive Forward
- Equitable Recovery & Reconciliation Alliance
- Filipino Community Center/Coalition of Immigrants & People of Color
- Greater Seattle Business Alliance
- Milestone Adolescent Community Services
- NAACP State Area Conference: WA, OR, AK
- Sea MAR
- Seattle NAACP
- Tacoma/Pierce County Black Collective
- Tacoma Urban League
- Tribal Interests
- United Way of King County

Spring 2024 Outreach: Key Takeaways

Outreach gathered insightful input on RUC implementation considerations.

Low-income impacts

Stakeholders stressed the importance of minimizing negative impacts on low-income households.



RUC support

Stakeholders expressed willingness to share information to advance education around about RUC within their communities.



Fair taxation

Many view RUC as less regressive than the gas tax and encourage consideration of a low-income discount.



Building trust

Stakeholders value clear messaging alongside direct outreach to help shape long-term RUC policy choices.



Fall 2024 Outreach: Summary

- The 2024 Supplemental Transportation Budget directed the Commission to conduct stakeholder outreach regarding findings of the Commission's federally funded *Forward Drive* research program.
- Stakeholder outreach was conducted in partnership with legislative leaders in Fall 2024, with informational briefings and feedback sessions on policy options.

Groups Consulted Included:

- Local Governments
- Non-Motorized and Multi-Modal Transportation Advocates
- Business, Construction, and Labor
- Community Advocates
- Washington Tribes

Priority RUC Issues

We asked stakeholders to define their **top priority RUC issues in one or two words**.
Top responses:

Economic Justice

Reservation Travel

Grant Programs

Mileage Reporting

Tribal Gas Compacts

Revenue Distribution

Local Option

18th Amendment

Fall 2024 Outreach: Guiding Principles for Road Usage Charge Policy Development

Overall objective: Generate sustainable, long-term revenue for transportation

1. **Fairness:** Ensure drivers pay for their usage of public roads.
2. **Privacy:** Establish legislation that protects driver privacy and their data.
3. **Reporting:** Provide convenient reporting options for drivers.
4. **Transition:** Structure a program that is implemented in stages to allow for effective operations that also encourages consumer participation.

Fall 2024 Outreach: Areas of Alignment

The outreach revealed alignment on several decision points for a small-scale, start-up RUC program including:



Subject Vehicles

Launching a **voluntary** program that waives existing annual fees for EV and hybrid owners who enroll.



Rate Setting

Establishing RUC as a **gas tax replacement** with an initial rate equivalent to the average gas tax.



Mileage Reporting Methods

Providing choice for road usage reporting, with **odometer readings** as a simple, low-cost base option.



Privacy Protection

Enacting **statutory privacy protection provisions** for a RUC program.

Fall 2024 Outreach: Areas with Diverse Opinions

Several topics critical to a mature RUC program drew differences of opinion and merit additional deliberation as the start-up RUC program grows over time:



Use of Revenue

Despite agreement on dedicating RUC revenues to transportation purposes, opinions varied on the degree of dedication for highway purposes consistent with the 18th Amendment.



Revenue Distribution

Although most stakeholders wish to preserve existing funding levels for local governments, Tribes, and off-road recipients, some have interest in revisiting gas tax distribution formulas.



Exemptions and Discounts

Targeted exemptions, discounts, and caps on total RUC charges can reduce impacts on specific groups such as low-income drivers, professional drivers, high-mileage drivers, and Tribal members, but opinions vary on the merit and timing of such features.

Next Steps

Next Steps

- December** Commission submits report on outreach efforts to the Legislature
- January** Stakeholder meetings to discuss policy direction
- Spring** Utilize federal grant funding to continue work with other states and FHWA on advancing efficient approaches to long-term, multi-state interoperability as part of national efforts to transition away from the gas tax to road charging

THANK YOU!

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