



Sustainable Transportation Revenue: Equity, Efficient, Transparent (STREET)

 **WA RUC**

 Washington State
Transportation Commission

December 9, 2025

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Agenda

Summary of next phase of transportation funding research

Partner state transportation tax and fee comparison

Highway use fee background and revenue estimates

The Next Phase of Transportation Funding Research



Washington's SIRIC grant keeps exploration & preparation going

Strategic Innovation for Revenue Collection



Federal grant program created under the Infrastructure Investment and Jobs Act of 2021 to support exploration of user-based alternative revenue mechanisms



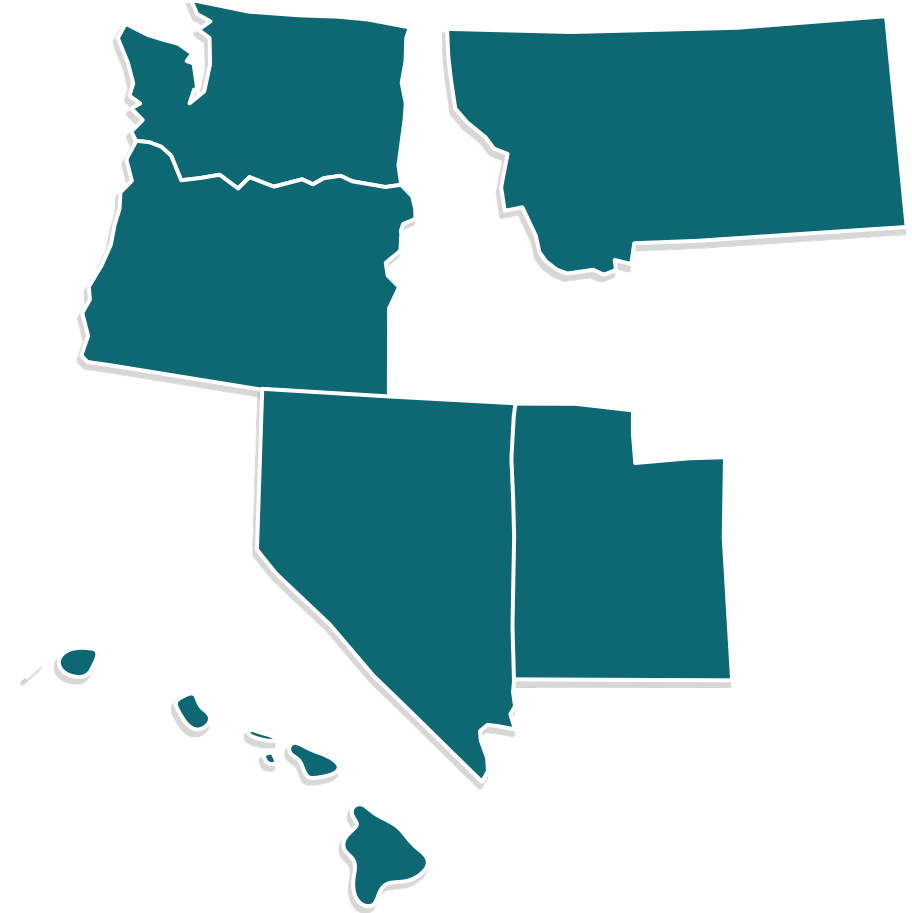
Per direction of the Legislature in 2023, the Commission applied for and was awarded a grant to conduct research in collaboration with other states



Grant agreement was executed in September and work began in October

Project Purpose

- **Advance multi-state user-based revenue concepts**
like fuel taxes, road usage charges (RUC), alternative fuel/efficient vehicle fees, and energy taxes
- **Enhance collaboration**
on policy and operations for alternative funding programs
- **Support federal efforts**
via regional collaboration, research, and demonstrations



Enabling Transportation Funding Innovation

STREET

*Sustainable
Transportation
Revenues:
Equitable,
Efficient, and
Transparent*



1 **Immersive opportunities** for the public to experience revenue alternatives



2 **Multi-state collaboration** to develop and test regional and national concepts



3 **Standards** for user-based funding including RUC



4 **Medium-duty fleet analysis**



5 **Motor vehicle agency implementation guidance**

Immersive Opportunities for the Public

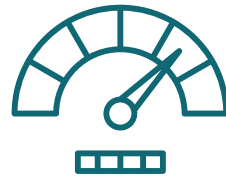


Multi-state Pilot



Simulation

Custom simulation for constituents to experience reporting and paying user-based revenues.



Non-location based

Simulate multi-state RUC collection and reconciliation based on total miles driven.



Location-based

Leverage Oregon's open CAM market for multi-state RUC collection and reconciliation by jurisdiction.

Multi-state Collaboration



Executive Steering Committee

Meet to guide research, review deliverables, and coordinate on pilot activities.



Rate-setting and Reconciliation

Examine rate-setting and revenue conciliation approaches across a range of revenue mechanisms in a multi-state context.



RUC Standards Development

Extend and formalize the RUC standards committee to cover new areas.

Standards



RUC Standards Development

Extend and formalize the RUC standards committee to cover new areas in 2026, such as:

- **Base state definition**
- **Minimum reporting data elements**
- **Multi-jurisdictional revenue rate table formats**

Medium-duty Fleet Analysis



Understanding Washington's Medium-duty Fleet

Conduct medium-duty fleet research as it relates to sustainable user-based revenue by:

- 1. Creating a medium-duty truck inventory**
- 2. Conducting outreach to organizations managing medium-duty fleets**
- 3. Assessing medium-duty vehicle revenue trends and developing options for addressing potential issues**

Implementation Guidance



Guidance for Motor Vehicle Agencies

Work with Washington DOL to support and inform DMVs nationwide on program implementation by:

- 1. Identifying existing processes that may be impacted by a prospective RUC or other innovative revenue alternatives**
- 2. Creating a baseline set of processes to accommodate a RUC program**
- 3. Designing streamlined approaches for procurement of advanced mileage reporting technologies**
- 4. Identifying operational costs**

Tasks

Task 10.1: Project Management

- Kickoff Meetings
- Quarterly Reporting
- Annual Project and Budget Review
- Project management

Task 10.2: Research and Planning

- Research and Pilot Plan
- Motor Vehicle Agency Assessment and Roadmap
- Medium-duty research

Task 10.3: Multi-State Coordination

- Multi-State Project Steering Committee
- Standards Committee
- Multi-State Rate-setting and Revenue Reconciliation

Task 10.4: Multi-State Pilot

- Pilot Design
- Outreach and Recruitment
- Development and Testing
- Operations and Data Collection
- Reconciliation
- Evaluation and Reporting

Task 10.5: Communication of Findings

- Communication and Information Sharing
- Final Report

Schedule

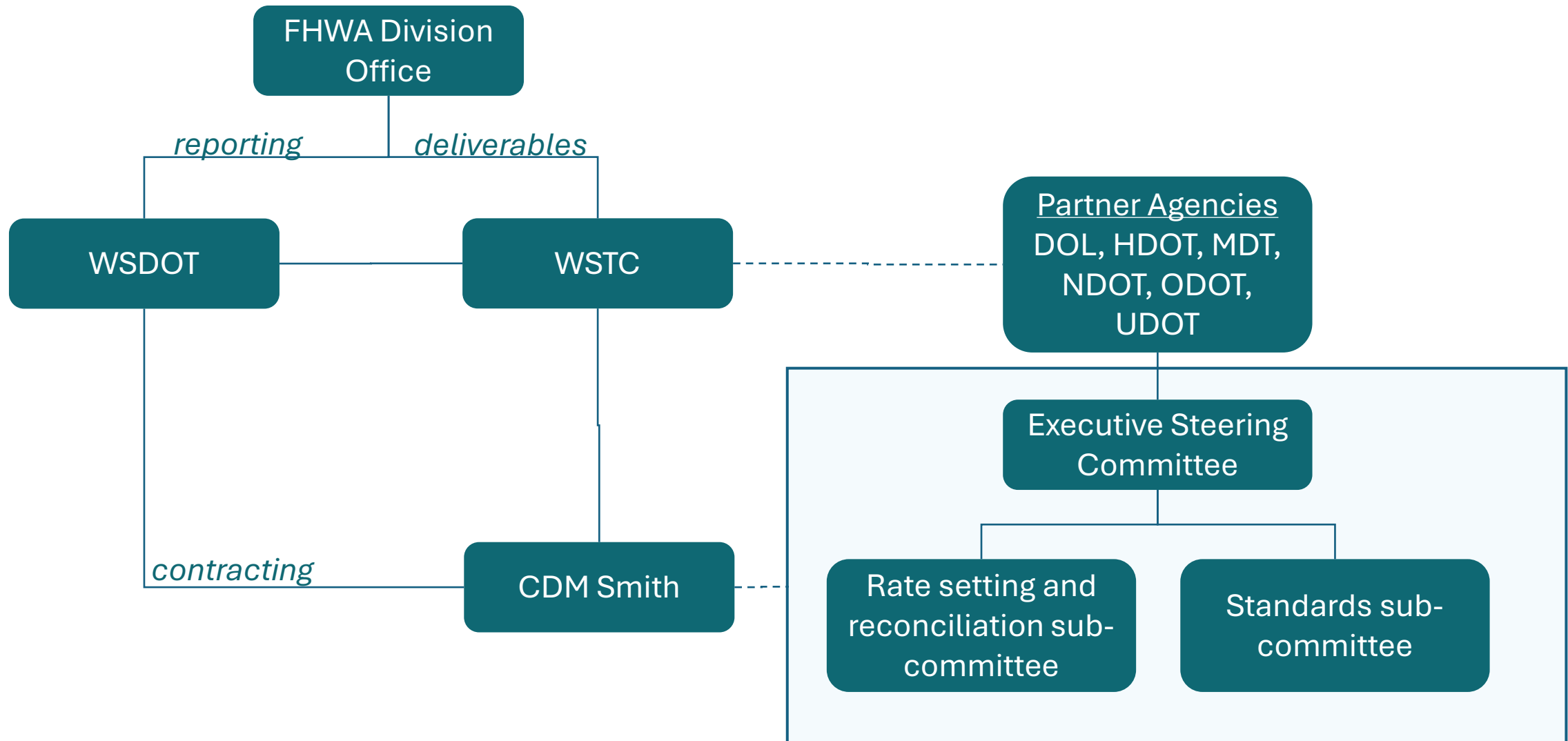
Task	Name	Year 1				Year 2				Year 3			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1.1	Kickoff meeting	█											
1.2	Quarterly progress reports	█	█	█	█	█	█	█	█	█	█	█	█
1.3	Annual budget review and program plan reporting				█				█				█
1.4	Project management	█	█	█	█	█	█	█	█	█	█	█	█
2.1	Research planning	█	█										
2.2	Motor vehicle agency assessment and implementation roadmap	█	█	█	█								
2.3	Medium duty fleet analysis	█	█	█	█								
3.1	Multi-state project steering committee	█	█	█	█	█	█	█	█	█	█	█	█
3.2	RUC standards development						█				█		
3.3	Multi-state rate-setting and revenue reconciliation	█	█	█	█								
4.1	Pilot design				█	█	█	█	█	█	█	█	█
4.2	Outreach and recruitment				█	█	█	█	█	█	█	█	█
4.3	Development and testing					█	█	█	█	█	█	█	█
4.4	Operations and data collection								█	█	█	█	█
4.5	Reconciliation								█	█	█	█	█
4.6	Evaluation and reporting									█	█	█	█
5.1	Stakeholder communication and information sharing	█	█	█	█	█	█	█	█	█	█	█	█
5.2	Final report									█	█	█	█

Year 1 focuses on research and multi-state policy design elements

Year 2 focuses on pilot design, development, pre-launch testing, and launch

Year 3 focuses on pilot operations, evaluation, and reporting

Project Stakeholders



Diverse Transportation Funding Approaches



Washington's SIRC partners deploy a wide range of taxes and fees for transportation

Washington



State fuels tax

55.4 cents/gal gasoline

58.4 cents/gal diesel

Automatic increases of 2% annually



Vehicle fees

\$30 base registration fees for passenger vehicles

Weight-based registration fees for all vehicles

\$225 EV/PHEV registration surcharge

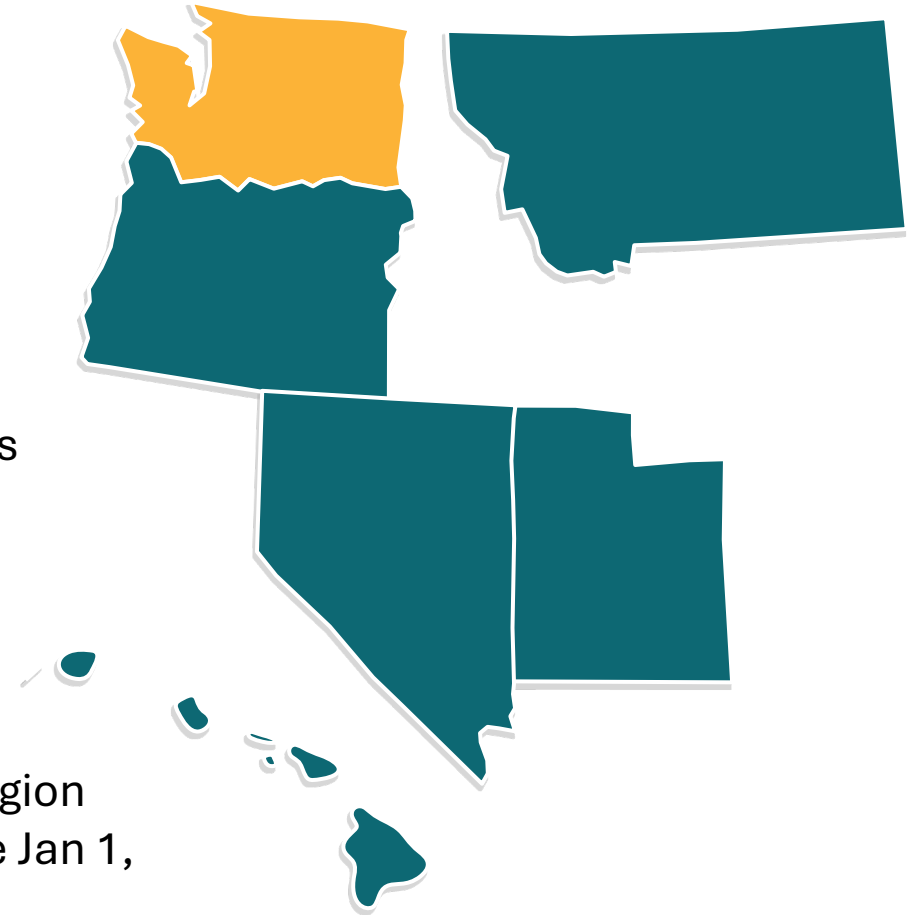
\$75 hybrid registration surcharge



Other transportation taxes and fees

Tolling on several facilities in the Puget Sound region

8% “luxury” tax on vehicles over \$100k (effective Jan 1, 2026)



Oregon



State fuels tax

46 cents/gal gasoline (effective Jan 1, 2026)

46 cents/gal diesel (effective Jan 1, 2026)



Vehicle fees

\$85 base registration fees for passenger vehicles

Weight-based registration fees for heavy vehicles



Usage fees

Weight-distance tax for vehicles over 26k pounds

2.3c per-mile road usage charge (RUC) for EVs (effective 2027)

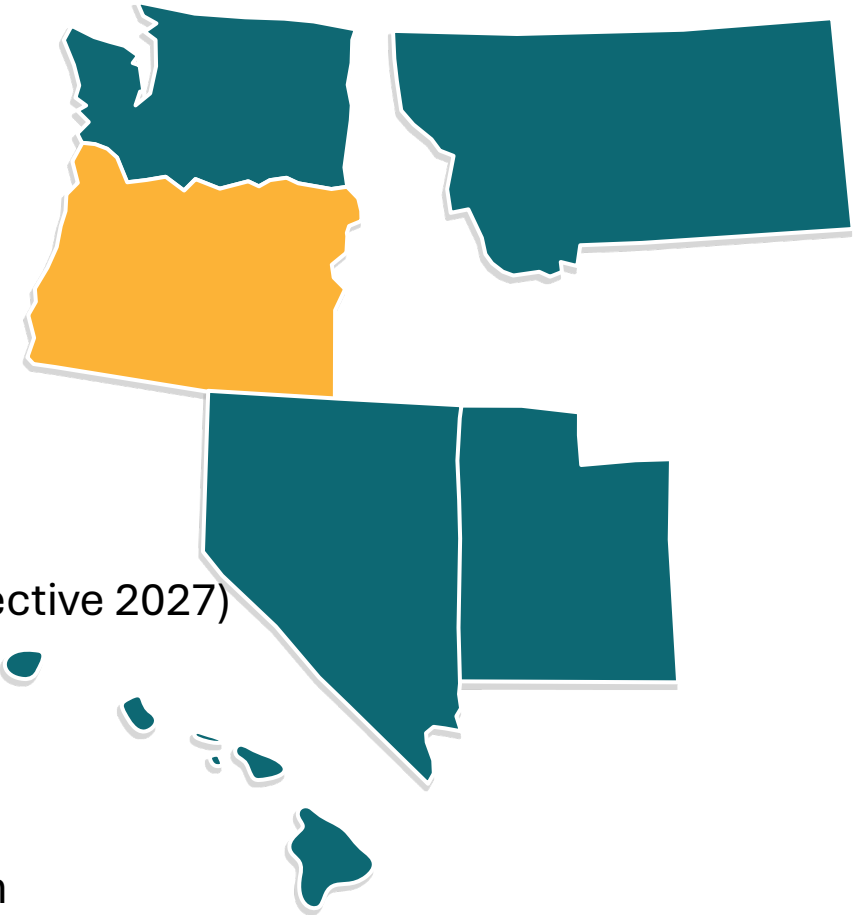
2.3c RUC for hybrids (effective 2028)

Registration surcharge for vehicles over 20 MPG



Other transportation taxes and fees

0.2% statewide payroll tax for public transportation



Nevada



State fuels tax

24 cents/gal gasoline tax

27.75 cents/gal diesel tax

Local-option county taxes

Inflation indexing in Clark & Washoe Counties



Vehicle fees

\$33 base registration fees for passenger vehicles

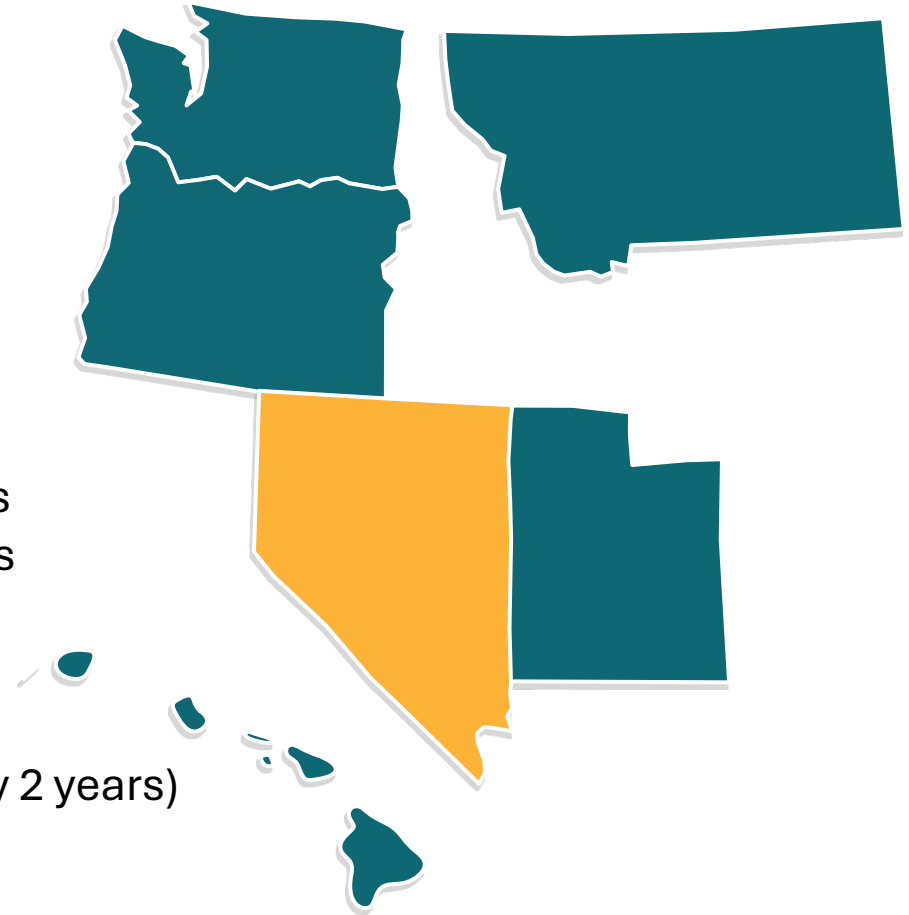
Weight-based registration fees for heavy vehicles

Value-based governmental services tax (GST)



Other transportation taxes and fees

3% ride-share tax (\$5m dedicated to NDOT every 2 years)



Utah



State fuels tax

38.5 cents/gal gasoline

38.5 cents/gal diesel

Indexed to inflation



Vehicle fees

\$10-150 age-based registration fees for passenger vehicles

Registration surcharges for EVs, PHEVs, and hybrids

Weight-based registration fees for heavy vehicles

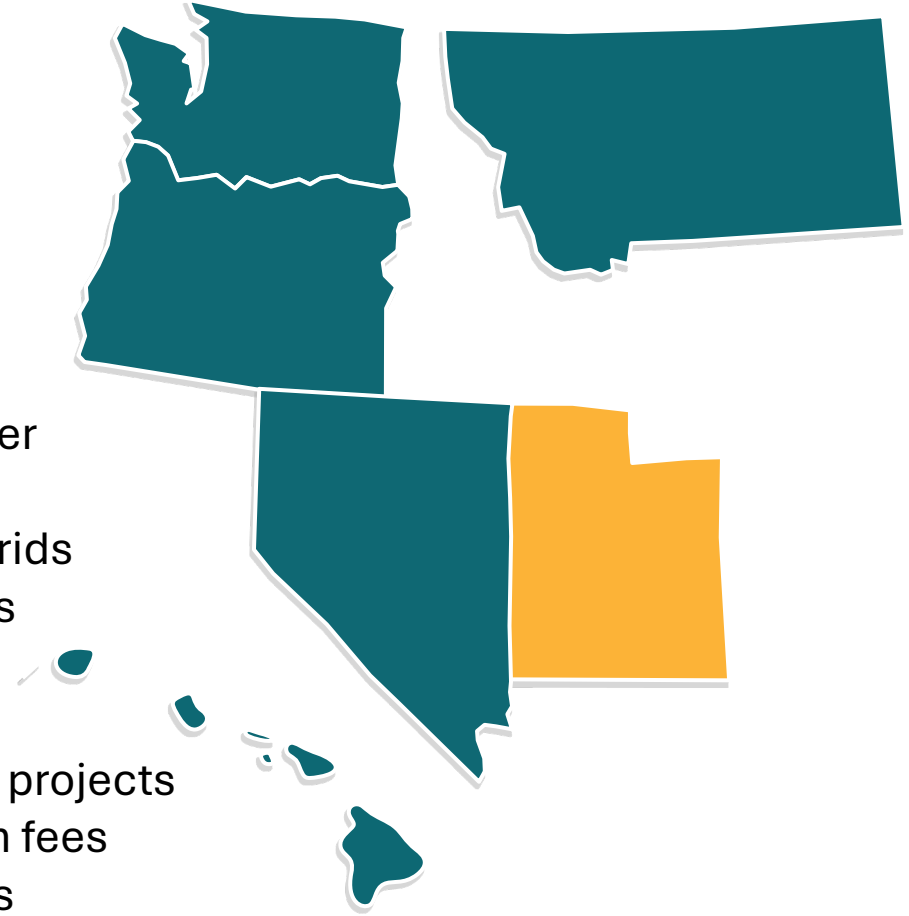


Other transportation taxes and fees

Earmark of 24% of sales taxes for transportation projects

Optional RUC for EVs in lieu of higher registration fees

12% sales tax on electricity at public EV chargers



Montana



State fuels tax

33 cents/gal gasoline

29.75 cents/gal diesel



Vehicle fees

\$28-217 age-based registration fees for passenger vehicles

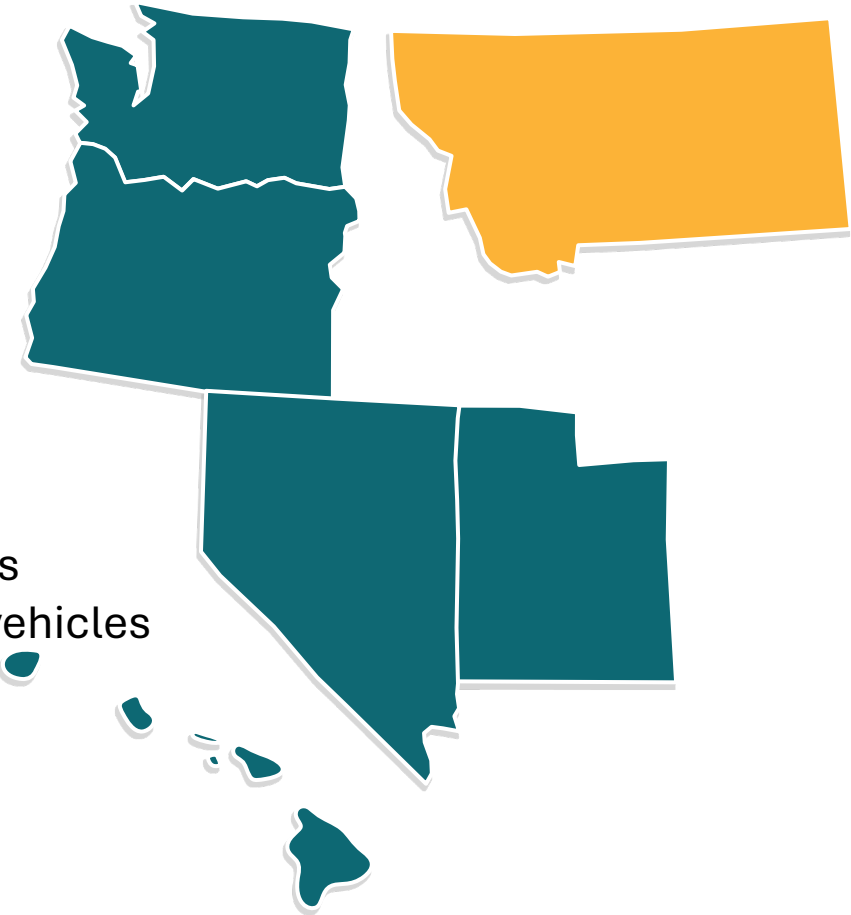
Registration surcharges for EVs, PHEVs, and hybrids

Weight- and age-based registration fees for heavy vehicles



Other transportation taxes and fees

3c per kWh tax at EV chargers collected by utilities





Hawaii



State fuels tax

16 cents/gal gasoline

16 cents/gal diesel

Local-option county taxes



Vehicle fees

\$46 base state registration fee

1.75c/lb weight tax (max \$300)



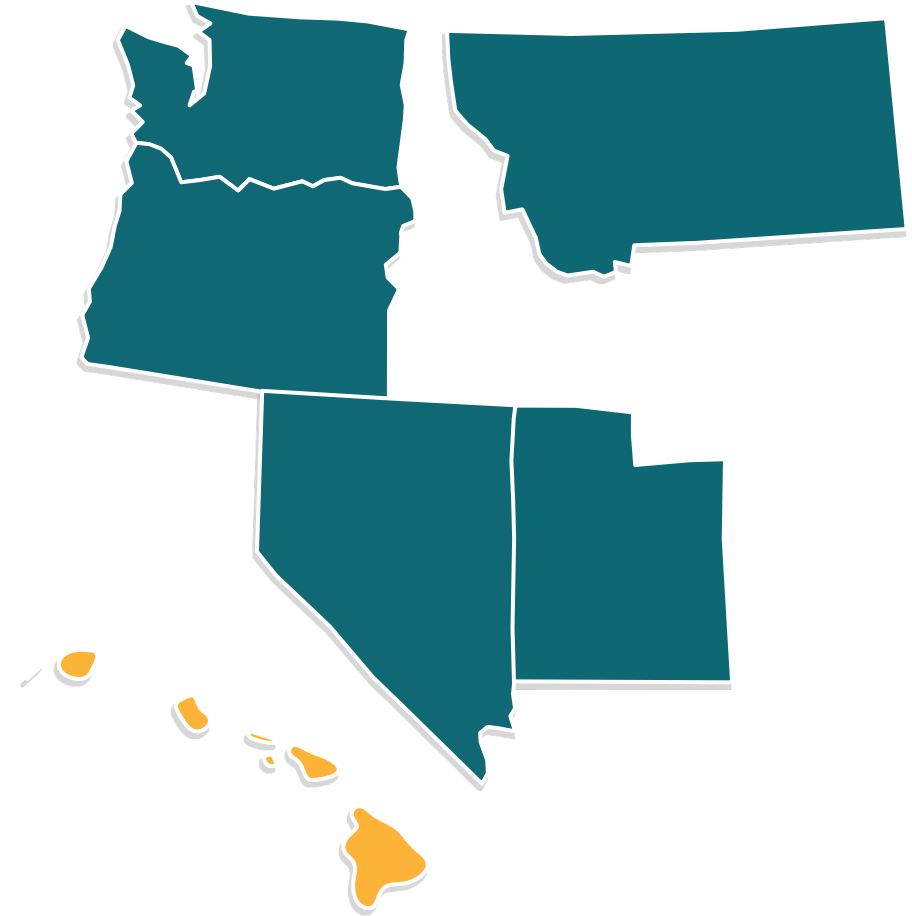
Usage fees

\$0.008 RUC for EVs (capped at \$50)



Other transportation taxes and fees

Rental car and tour vehicle surcharge



The Highway Use Fee (HUF) Emerges



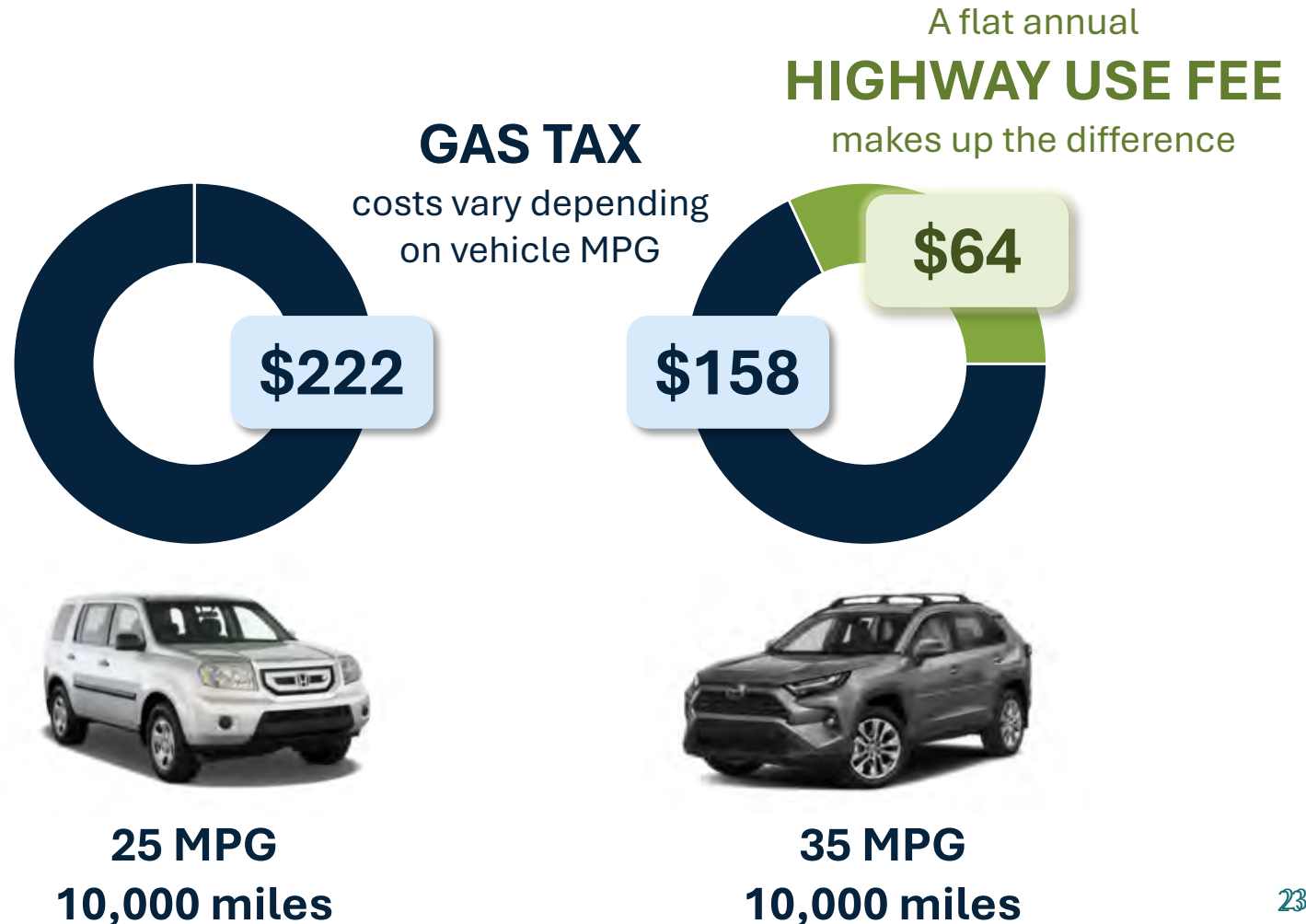
A new option for addressing gas tax challenges

What is a Highway Use Fee?

➤ A highway use fee (HUF) is a flat annual fee that is based on a vehicle's MPG, with more fuel efficient cars paying a higher flat fee.

➤ While not based on actual road usage, a HUF can address the gas tax disparity that exists between low and high MPG vehicles.

➤ A HUF is paid along with existing vehicle fees and fuel taxes. Working in tandem, HUF and gas tax improve fairness and revenue sustainability.





States with Highway Use Fees

Virginia

- Enacted a graduated “highway use fee” (HUF) in 2020 that varies in 1-MPG increments:
 - \$6.85 for 25 MPG
 - \$27.70 for 30 MPG
 - \$53.74 for 40 MPG
 - \$131.88 for EVs
- Vehicles enrolled in RUC program pay per mile instead

Oregon

- Charges an “enhanced registration fee” (good for two years) based on MPG:
 - \$210 for 0-19 MPG
 - \$220 for 20-39 MPG
 - \$300 for 40+ MPG
 - \$460 for EVs
- Vehicles enrolled in RUC program pay the lowest rate

As of December 2025, 41 states (including WA, OR, and VA) assess EV, PHEV, and/or hybrid registration surcharges



Applying a Highway Use Fee in Washington

Key variables that determine HUF revenue

- “Baseline” vehicle characteristics, including average MPG and number of miles driven. Options include:
 - The average MPG and miles driven for a vehicle in the state
 - A higher MPG and/or lower number of miles driven, resulting in lower fees
- MPG ranges for the fee schedule
- Discounts

A 2025 House proposal would have imposed a HUF based on

- Baseline vehicle characteristics:
 - 25 MPG
 - 9,500 miles driven per year
- Calculate HUF rates in 1-MPG increments
- Apply a 15% discount
- \$75 annual hybrid fee eliminated
- EVs/PHEVs stay at \$225 per year.

Scenario 1: 2025 House Proposal

HUF Selections

9,500 Miles

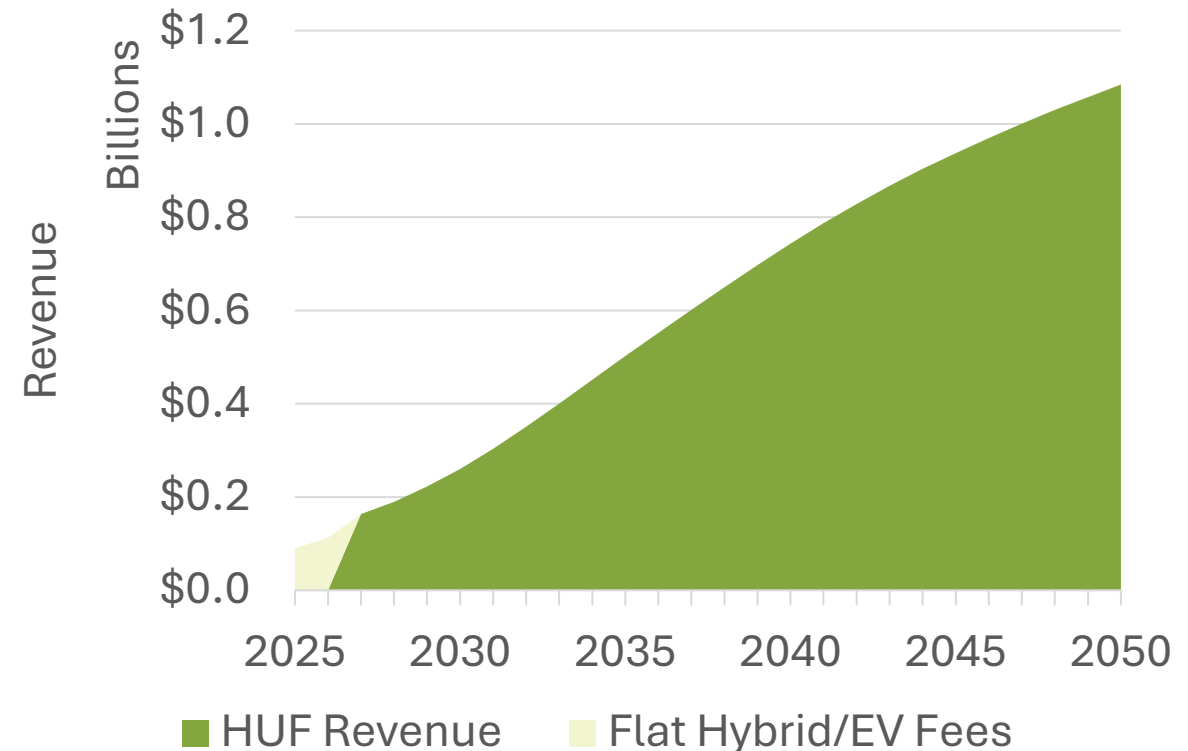
25 MPG

15% Discount

HUF Payment by MPG

15 MPG	\$0
20 MPG	\$0
25 MPG	\$0
30 MPG	\$31
35 MPG	\$53
40 MPG	\$70
45 MPG	\$83
50 MPG	\$93

2027 Revenue: \$164 million



Scenario 2: Reduced Mileage, No Discount

HUF Selections

9,000 Miles

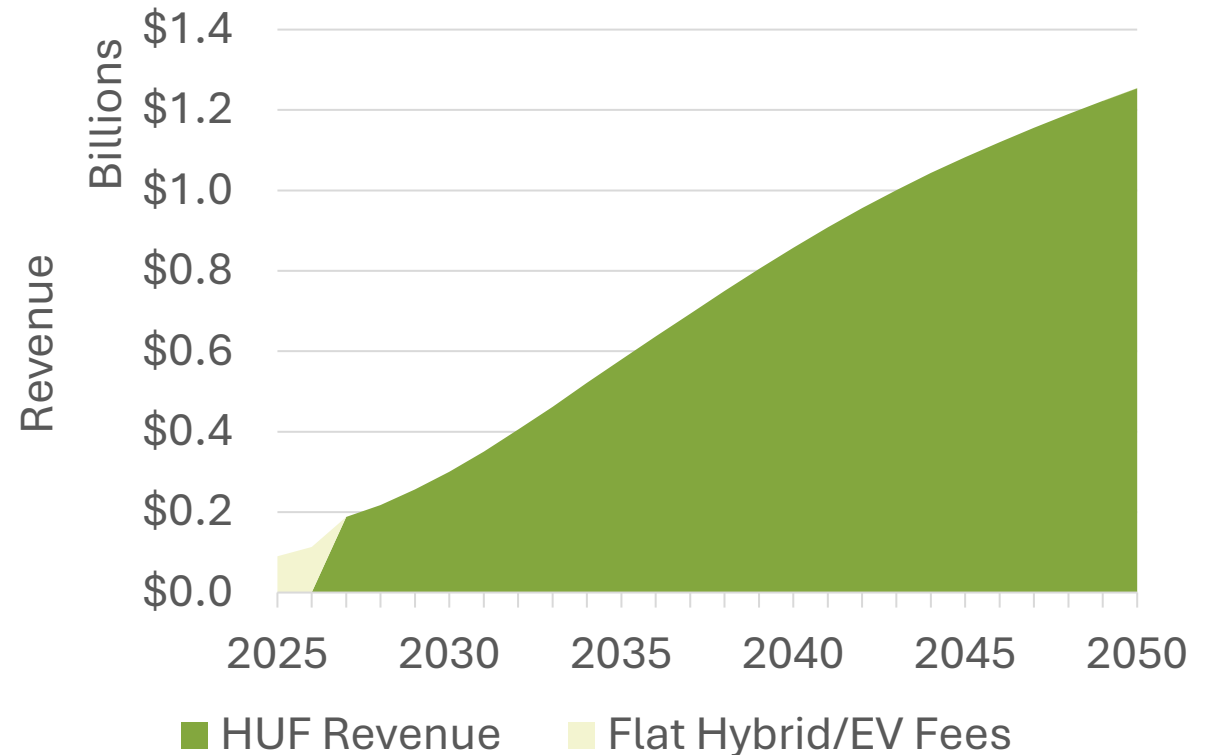
25 MPG

No Discount

HUF Payment by MPG

15 MPG	\$0
20 MPG	\$0
25 MPG	\$0
30 MPG	\$35
35 MPG	\$59
40 MPG	\$78
45 MPG	\$92
50 MPG	\$104

2027 Revenue: \$188 million



Scenario 3: Reduced Mileage, No Discount, 26 MPG Cutoff

HUF Selections

9,000 Miles

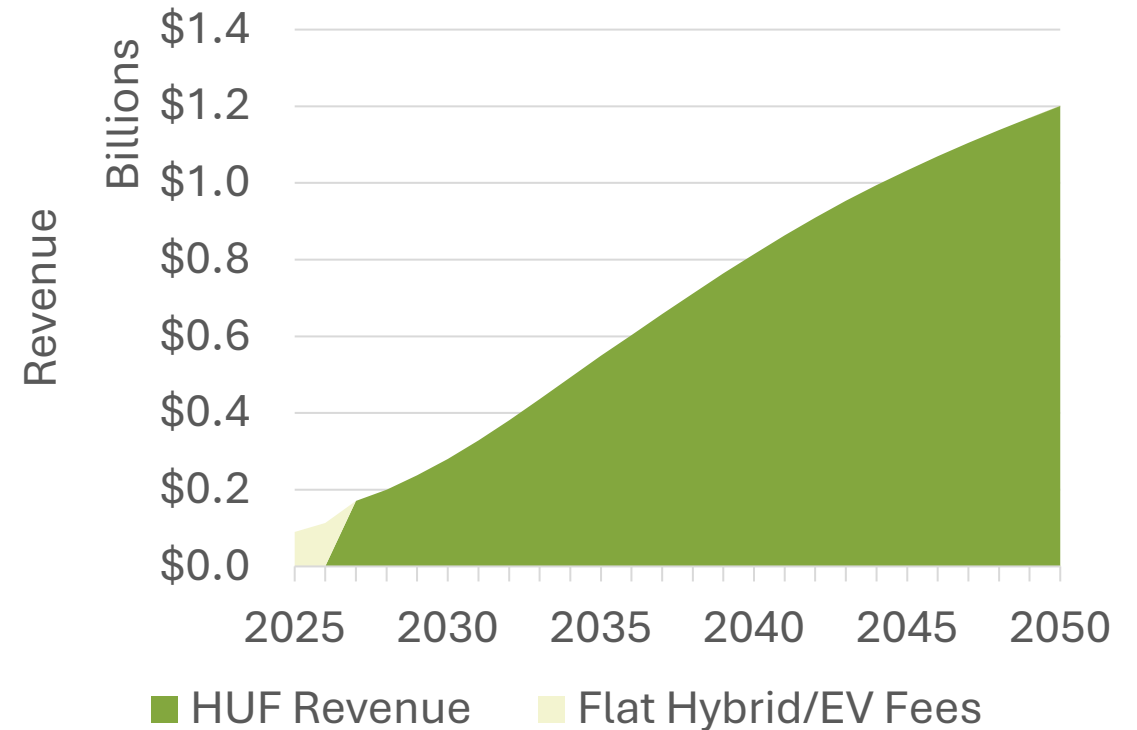
26 MPG

No Discount

HUF Payment by MPG

15 MPG	\$0
20 MPG	\$0
25 MPG	\$0
30 MPG	\$27
35 MPG	\$51
40 MPG	\$70
45 MPG	\$84
50 MPG	\$96

2027 Revenue: \$171 million



Scenario 4: Reduced Mileage, No Discount, 30 MPG Cutoff

HUF Selections

9,000 Miles

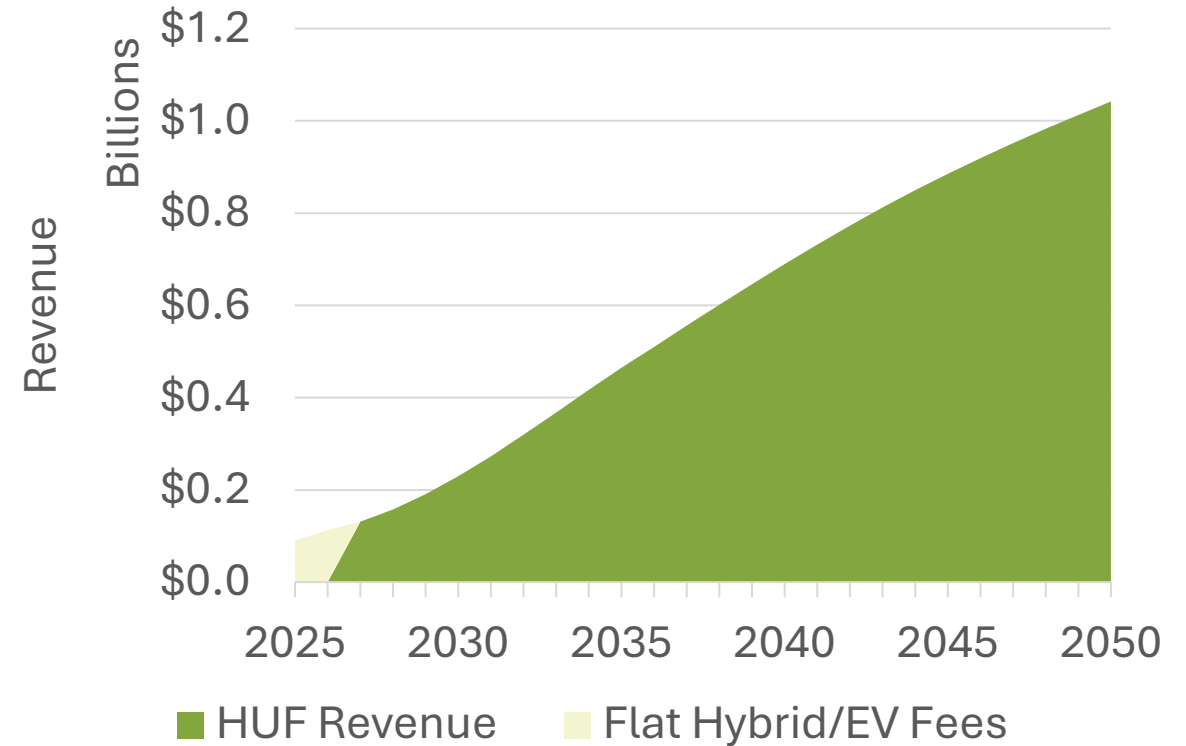
30 MPG

No Discount

HUF Payment by MPG

15 MPG	\$0
20 MPG	\$0
25 MPG	\$0
30 MPG	\$0
35 MPG	\$25
40 MPG	\$43
45 MPG	\$58
50 MPG	\$69

2027 Revenue: \$131 million



Scenario 3: Reduced Mileage, No Discount, 23 MPG Cutoff

HUF Selections

9,000 Miles

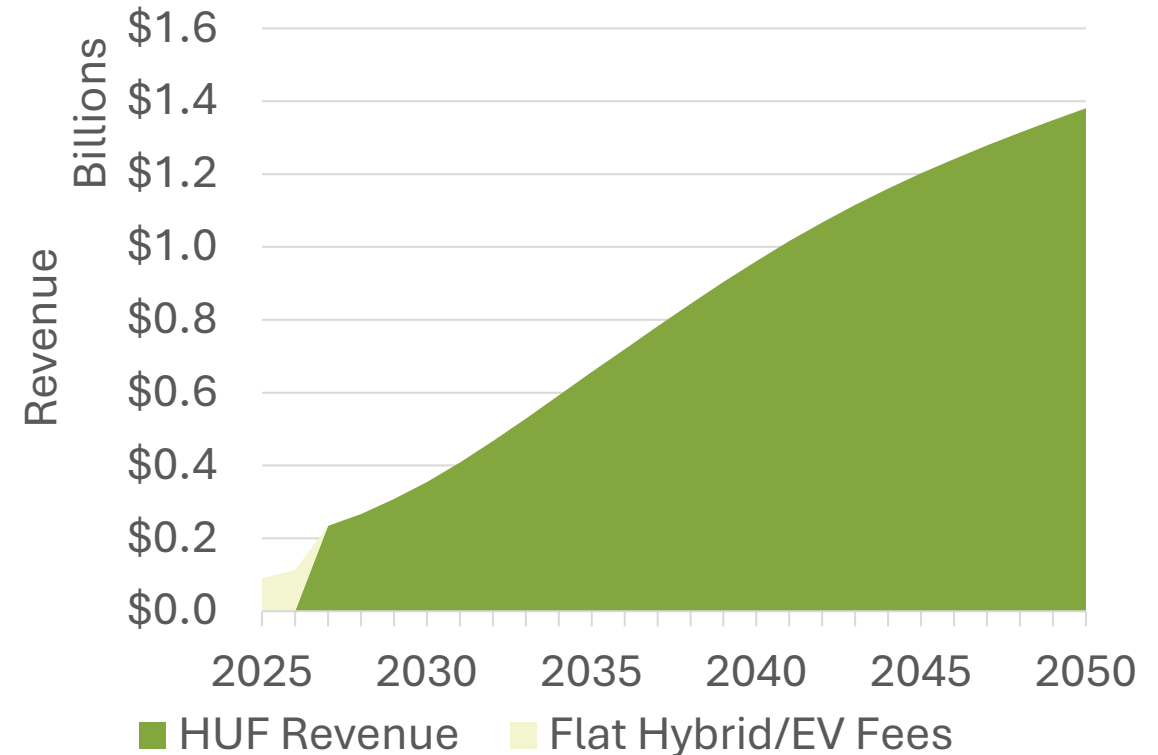
23 MPG

No Discount

HUF Payment by MPG

15 MPG	\$0
20 MPG	\$0
25 MPG	\$18
30 MPG	\$53
35 MPG	\$77
40 MPG	\$96
45 MPG	\$110
50 MPG	\$122

2027 Revenue: \$234 million



A Highway Use Fee Begins to Address Revenue Loss Due to Fuel Efficiency - *But It's Not a "User Fee"*

Similar to the gas tax, vehicles will continue to overpay or underpay based on how much they drive relative to the baseline vehicle. For example, if HUF uses a baseline of 9,500 miles and 20 MPG:

If you drive...

5,000
mi/year

You would overpay by

\$51 ↑

Relative to your road usage

VEHICLE

MPG 30



If you drive...

25,000
mi/year

You would underpay by

\$134 ↓

Relative to your road usage

THANK YOU!

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