

A stylized graphic of a road with a dashed yellow center line and solid blue outer lines, curving upwards and to the right against a green background.

WASHINGTON STATE ROAD USAGE CHARGE

Transportation Commission Update
October 9, 2023

Reema Griffith, Executive Director
Travis Dunn, CDM Smith Project Manager



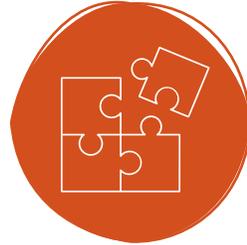
Washington State
Transportation Commission

Forward Drive Federal Grant-Funded RUC Research & Demonstration Testing



Financial Analysis

Analyze funding impacts of transportation trends including electrification, autonomous driving, car-sharing and remote work



Equity

Assess potential disparate impacts of RUC on disadvantaged populations



Cost Reduction

Identify cost reduction approaches in collaboration with other states and the private sector



User Experience

Research emerging methods of mileage reporting including in-vehicle telematics and odometer verification



Pilot Testing

Plan and conduct pilot testing incorporating the findings from the research phase of the project



Final Report and Roadmap

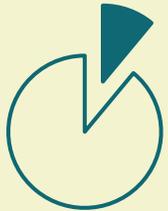
Produce a final report summarizing the findings of the research and pilot testing and a roadmap of strategies for transitioning toward a RUC

Some Key Findings from *Forward Drive*

Electric Vehicle Adoption Is Accelerating Nationally and in Washington



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



11% of new vehicles registered in 2022 in Washington were electric or plug-in hybrid electric vehicles (PHEVs)

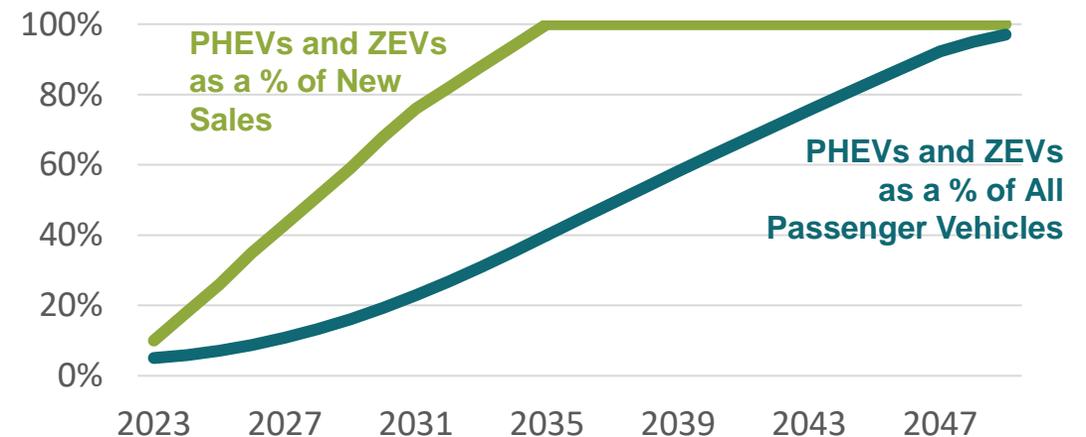


In 2023, nearly **1 in 5 new cars** sold is an EV or PHEV

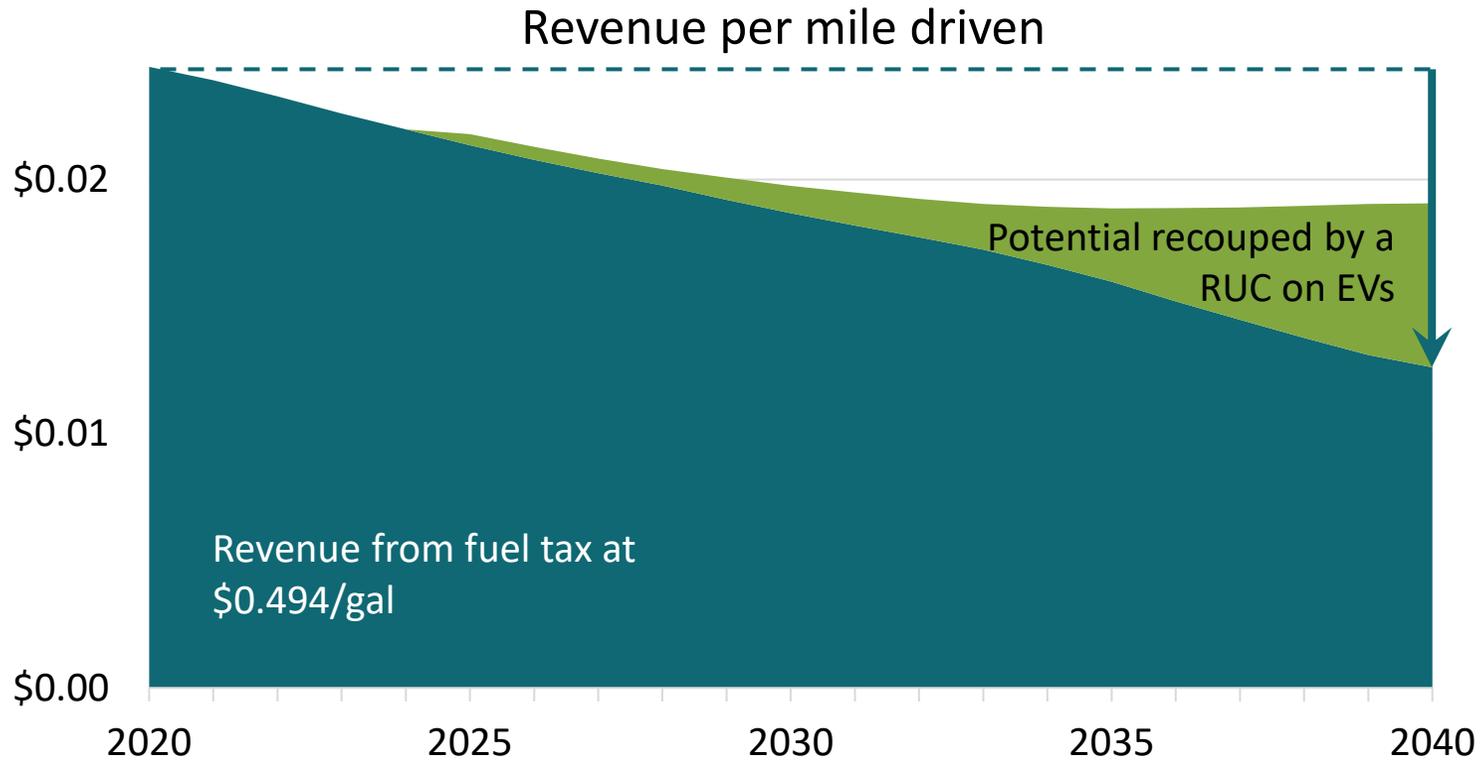


In 2030, target for ban on sale of **new** internal combustion vehicles

Washington adheres to California's requirement 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



Fuel Economy Trends Undermine Transportation Revenue



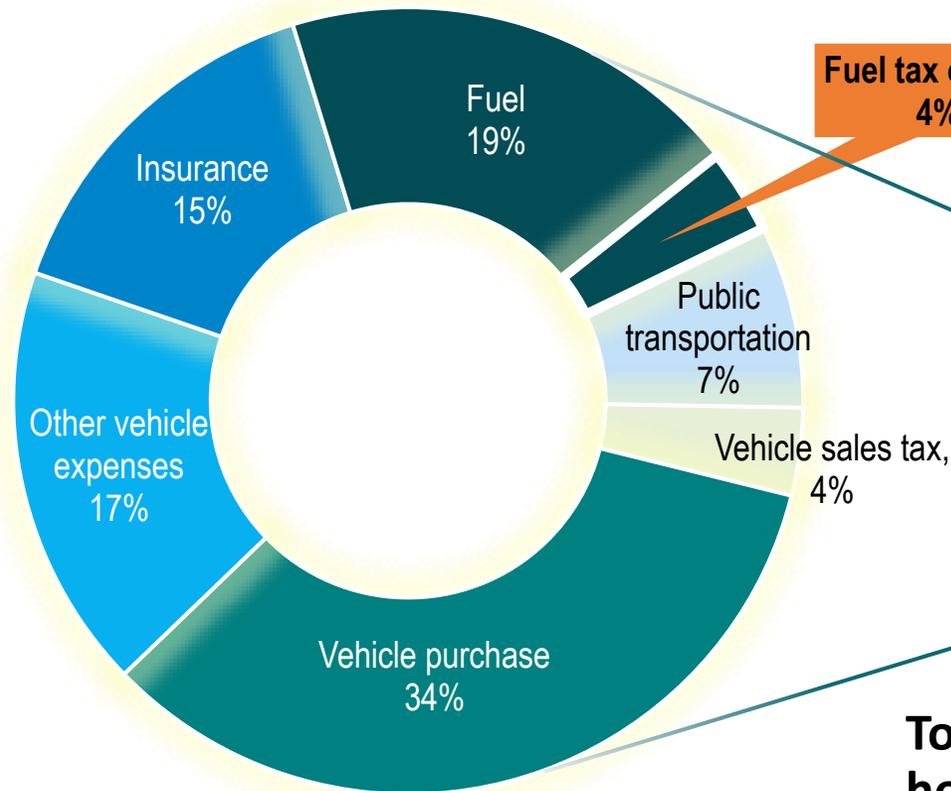
EVs only represent a portion of the expected revenue gap



By 2040, fuel tax revenue declines nearly 50% per mile driven

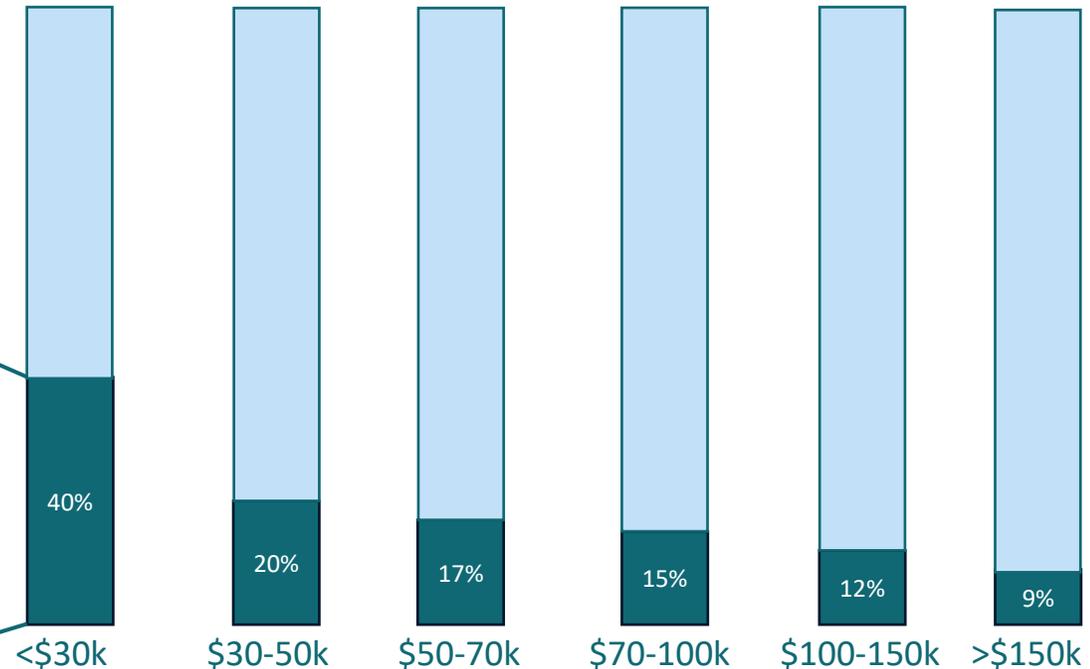
NOTE: Chart assumes ~27% of vehicles are electric by 2040, and the remaining 73% of gasoline and hybrid vehicles average 28.7 miles per gallon.

Transportation Taxes Are a Relatively Small Proportion of Household Costs



Fuel tax or RUC
4%

Transportation as a percent of household expenditures, by income level



Today's fuel tax represents only 4% of low-income household transportation expenditures but will increase as fuel taxes increase

Lower-income Households Would See Reductions Under RUC

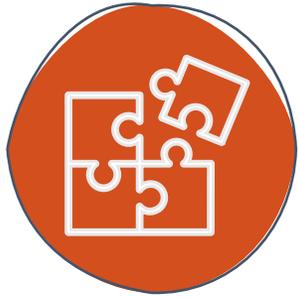


| Census tract average household income | Census tract average MPG | Fuel tax per 10,000 miles driven | RUC per 10,000 miles driven | Change under RUC |
|---------------------------------------|--------------------------|----------------------------------|-----------------------------|------------------|
| Less than \$50k | 20.0 | \$247 | \$240 | ↓ \$7 |
| \$50-75k | 20.1 | \$246 | \$240 | ↓ \$6 |
| \$75-100k | 20.5 | \$241 | \$240 | ↓ \$1 |
| \$100-150k | 21.4 | \$231 | \$240 | ↑ \$9 |
| Over \$150k | 22.6 | \$219 | \$240 | ↑ \$21 |



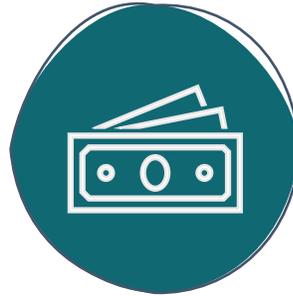
Forward Drive Pilot Activities & Preliminary Findings

Pilot Objectives



Equity

Incorporate equity through prototype design



Cost
Reduction

Measure **scalability, cost, and performance** of prototype features



User
Experience

Validate design from user experience research and **gauge user perceptions and preferences**

Overview of Pilot and Results

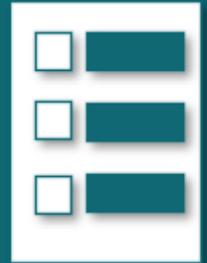
SIMULATION

Participants engage with an online simulated RUC payment platform



SURVEY

Simulator participants provide feedback on their experiences and opinions



1,145
participants

5 min. 20 sec.
median time to complete

\$29.64
average net RUC owed



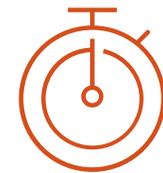
70%

were satisfied or very satisfied with the payment and reporting process



85%

said no steps were difficult to complete



56%

reported taking ≤ 5 mins to complete

Simulation and Follow-on Experiences: Findings from Participant Surveys



1 Most **supported** a transition to RUC



2 Most wanted to **self-report** mileage



3 Most **did not want flexible payments**, but those who did tended to have lower household incomes



4 Most wanted to **exempt out-of-state and off-road miles**, but very few took advantage of the opportunity to do so

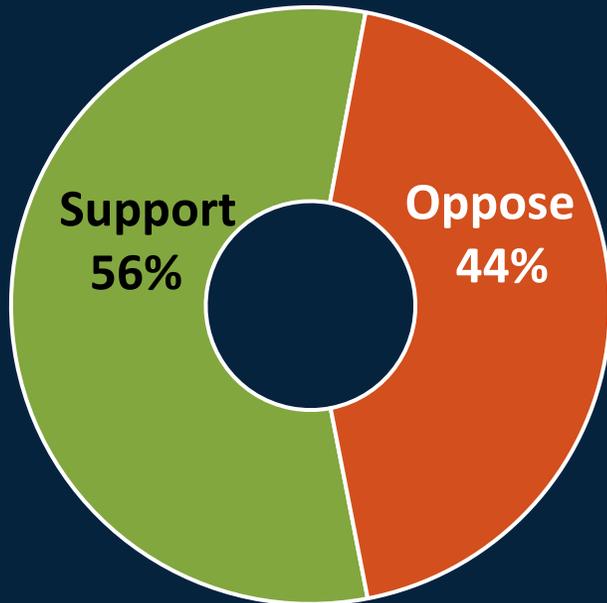




Finding #1

Most support a transition to RUC

N=647



Highest measured support among a representative statewide sample since 2017, prior to any pilot testing



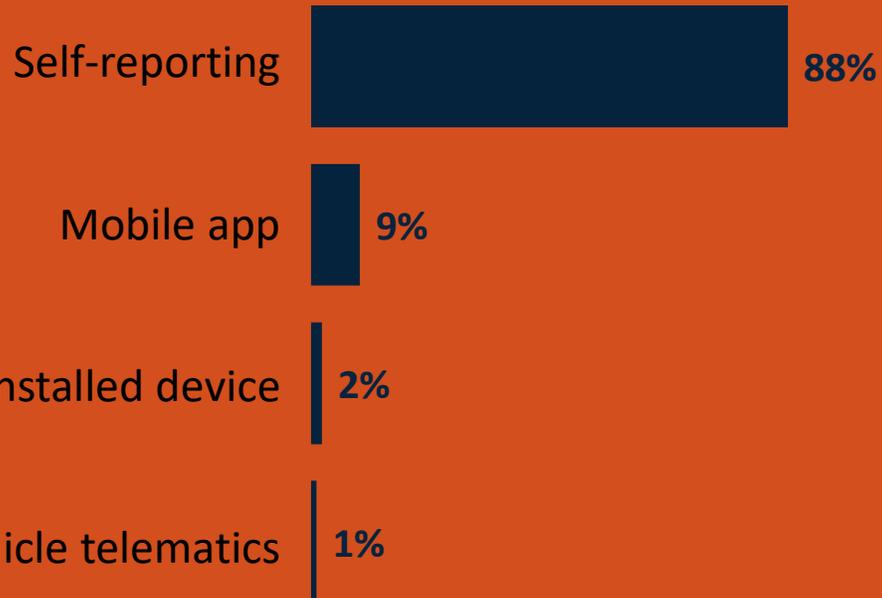
Top concerns among those opposed relate to tax burden, fairness, and privacy



Finding #2

Most want to **self-report** mileage

N=647



Two-thirds of respondents chose self reporting because they did not want to use a device or app



2 in 5 respondents chose self-reporting due to cost (it was portrayed as the least costly option)



Close to 90% of respondents said they would report accurately, but on average they think *others* will be dishonest



Only 7% of respondents are willing to pay more than \$5/month for advanced mileage reporting



Finding #3

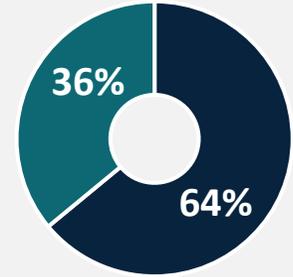
Most did not want flexible payments, but those who did tended to have lower household incomes

N=648

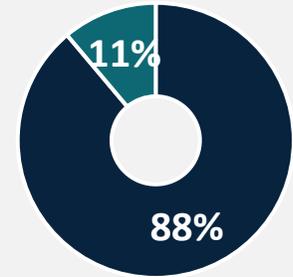


A higher rate of respondents with the lowest incomes preferred installments

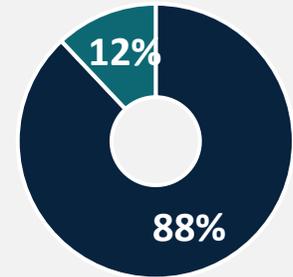
<\$50,000
(weighted
n = 118)



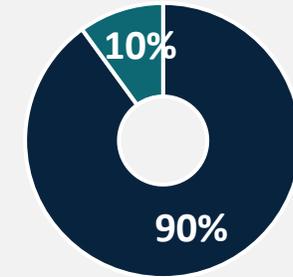
\$50,000-
\$99,999
(weighted
n = 193)



\$100,000-
\$149,999
(weighted
n = 132)



≥\$150,000
(weighted
n = 187)





Finding #4

Most wanted to exempt out-of-state and off-road miles, but very **few took advantage of the opportunity** to do so

72%

say it's important to be able to claim exemptions

54%

say they would choose automated reporting or supply evidence to claim >200 exempt miles

20%

say they drove more than 200 exempt miles in the past year

15%

opted in to the MilesExempt follow-on experience

5%

provided an evidence-backed claim in a typical month

Next Steps

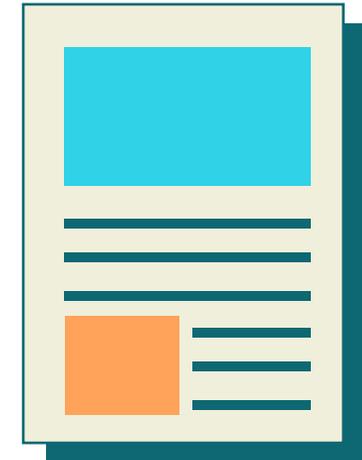
Upcoming Milestones



Analyze final results of follow-on experiences



Share findings with Steering Committee Meeting on November 1



Submit *Forward Drive* final report to legislature in January 2024

Funding Policy Updates from Around the Country

2023 State Legislative Updates



bills add **per-kWh taxes on public EV charging**

Montana, Georgia, Utah



bills implement new **electric vehicle registration fees**

Montana, Texas



bills implement a **road usage charge program** initially for electric vehicles

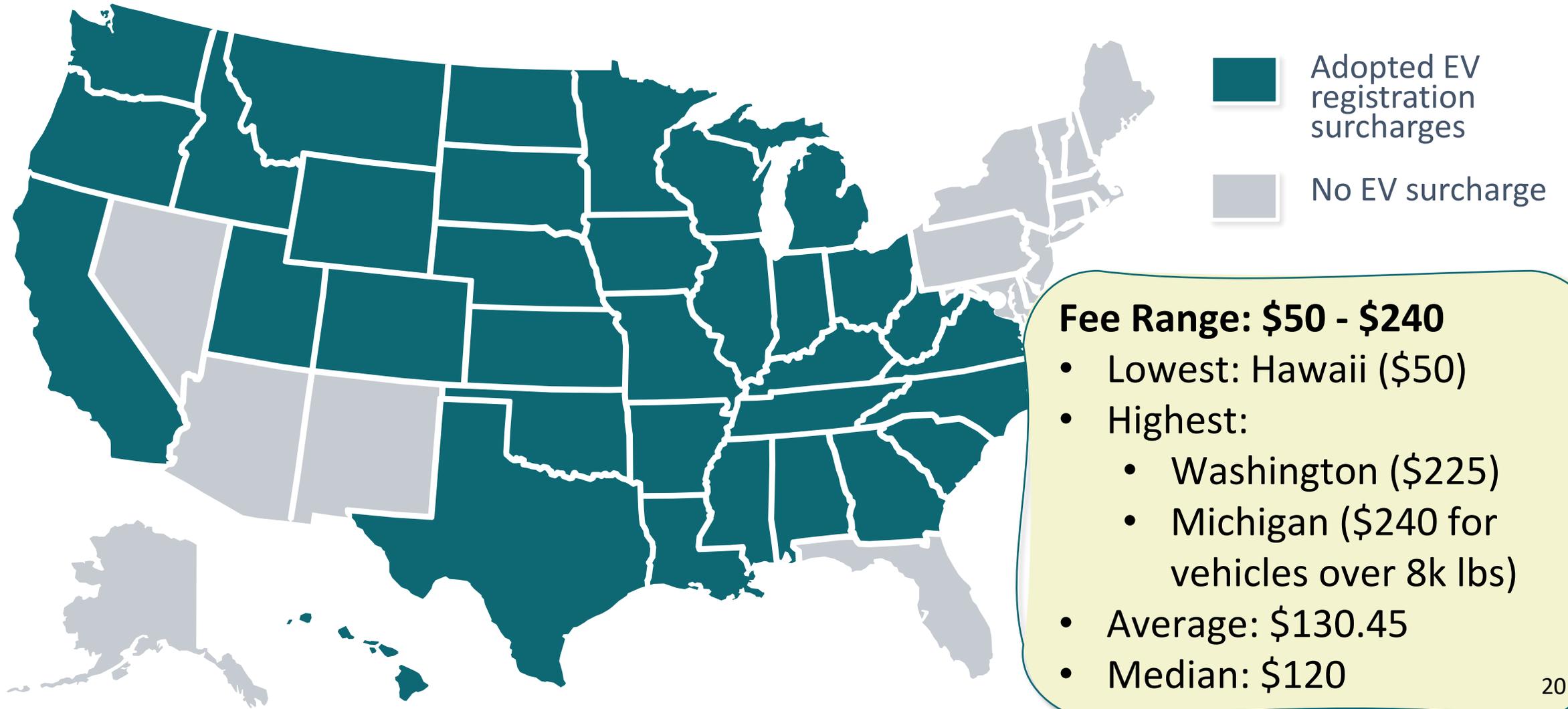
Hawaii, Vermont



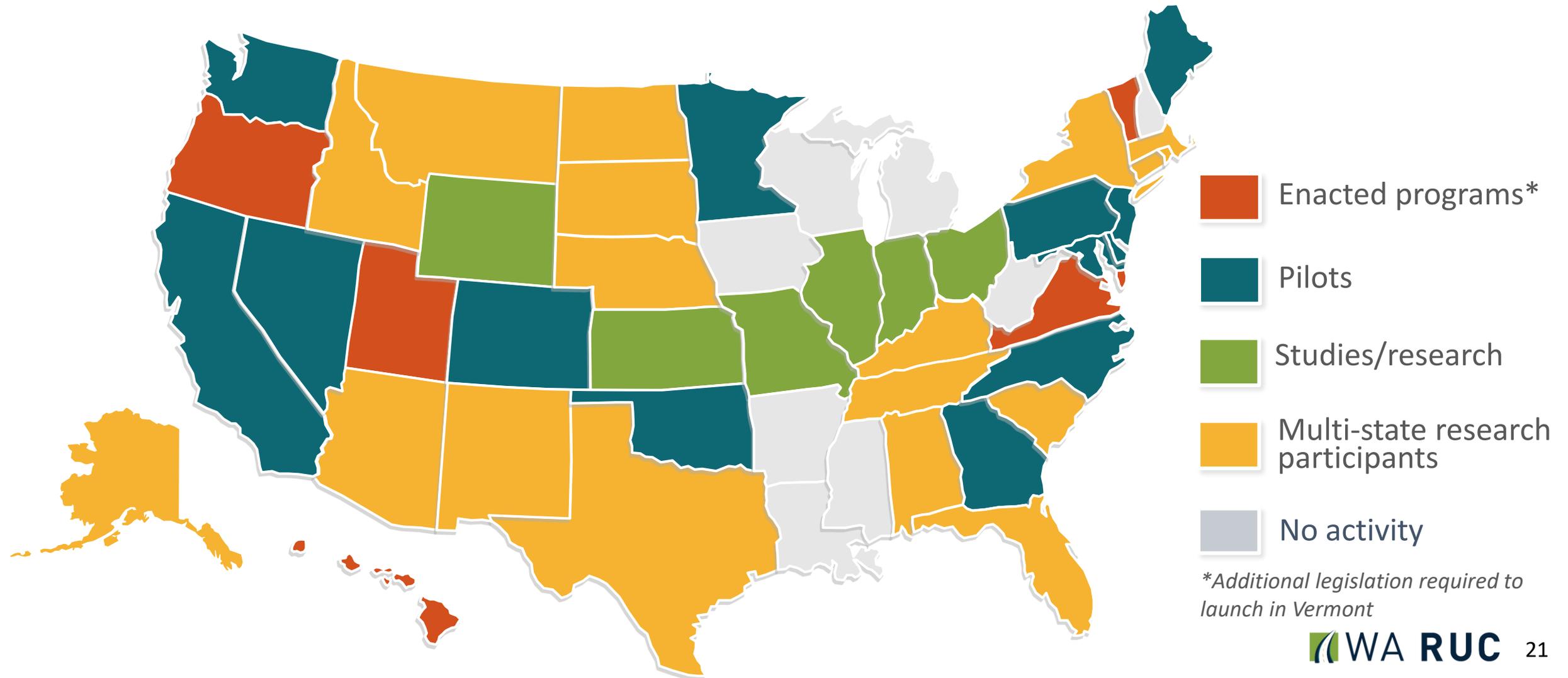
bill implements a **package delivery excise tax**

Minnesota

Annual EV Surcharge Reaches 34 States in 2023



Five States Have Enacted RUC in Law



Federal Activity Updates

- SIRC Grants (replaced STSFA)
 - \$75M over 5 years
 - Reduced match: 20% for new applicants, 30% for previous applicants
 - Expanded application eligibility to local governments and MPOs
 - Anticipated notice of funding opportunity: Fall 2023
- National RUC Pilot
 - \$50 million over 5 years
 - Participants from all 50 states
 - Private and commercial vehicles
 - U.S. DOT in coordination with Treasury

An Act

To authorize funds for Federal-aid highways, highway safety programs, and transit programs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Infrastructure Investment and Jobs Act”.

SEC. 13001. STRATEGIC INNOVATION FOR REVENUE COLLECTION.

(a) IN GENERAL.—The Secretary shall establish a program to test the feasibility of a road usage fee and other user-based alternative revenue mechanisms (referred to in this section as “user-based alternative revenue mechanisms”) to help maintain the long-term solvency of the Highway Trust Fund, through pilot projects at the State, local, and regional level.

SEC. 13002. NATIONAL MOTOR VEHICLE PER-MILE USER FEE PILOT.

(a) DEFINITIONS.—In this section:

(1) ADVISORY BOARD.—The term “advisory board” means the Federal System Funding Alternative Advisory Board established under subsection (g)(1).

(2) COMMERCIAL VEHICLE.—The term “commercial vehicle” has the meaning given the term commercial motor vehicle in section 31101 of title 49, United States Code.

THANK YOU!

Reema Griffith, Executive Director

griffir@wstc.wa.gov

(360) 705-7070

Consultant support provided by:

**CDM
Smith®**

BERK

ei enviroissues

Yates
Consulting
Group

WA RUC