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 light green background.

Washington State Road Usage Charge Research Update

April 22, 2022

STATE TRANSPORTATION COMMISSION LEADS WASHINGTON STATE RUC ASSESSMENT

2012 Legislative Mandate to WSTC: *Assess RUC's suitability as a sustainable, long-term revenue source that could replace the current state gas tax*

High-level parameters:

- ▶ During a transition period of moving from the gas tax to a road usage charge, *drivers would owe one or the other, but not both.*
- ▶ To compare the gas tax against a road usage charge, analyze and test a per-mile rate that is equivalent to the state's 49.4 cent/gallon gas tax.
 - *State Gas Tax 49.4 ÷ 20 mpg (state average) = **2.4 cents / mile***
- ▶ Provide drivers a choice for how their vehicle mileage is collected, reported and paid.



SITUATION ASSESSMENT

- ✓ **Systems are ready:** After nearly a decade of research and development, Washington has the ability to implement a small-scale RUC program.
- ✓ **Privacy can be protected:** Offering non-GPS approaches and privacy protections in law are key. The only additional data needed to implement RUC is a periodic odometer reading.
- ✓ **RUC harmonizes transportation funding and climate policy objectives:** RUC enables us to sustain usage-based funding without continuing to rely heavily on fossil fuel consumption and emissions.
- ✓ **RUC offers savings for low-income drivers:** The lowest-income vehicle owners in Washington pay the most in gas taxes because they tend to own older, less fuel-efficient vehicles. RUC can shift the tax burden to be more equitable.
- ✓ **Further research and testing reduces costs and improves user experience:** Research completed in 2021, along with mini-pilots to be conducted in 2022, will culminate in a comprehensive roadmap for transitioning to RUC. This transition begins with enactment of a small-scale RUC program as early as 2022.

RESEARCH PROGRAM CONTINUES



**Washington State prepares for RUC implementation
with research actively informing policy**

RESEARCH MILESTONES TO DATE

2012 – 2015

INITIAL ASSESSMENT AND CONCEPT DEVELOPMENT

- Convened Steering Committee
- Crafted Guiding Principles
- Determined feasibility
- Developed operational concepts
- Conducted business case analysis
- Designed pilot alternatives

2016 – 2020

PILOT TESTING AND POLICY ISSUE ANALYSIS

- Conducted statewide pilot test with 2,000+ drivers
- Tested multiple mileage reporting methods
- Demonstrated interoperability with OR, ID, BC
- Conducted widespread public outreach
- Addressed 10+ policy issues through analysis and alternatives
- Issued recommendations

2021 – Present

SYSTEM READINESS AND CONTINUED RESEARCH

- Updating financial analysis
- Assessing equity impacts and conducting statewide outreach
- Exploring service options and operational innovation
- Developing cost reduction strategies
- Designing mini-pilot tests for emerging concepts

State funded

Federally funded

CURRENT FEDERAL GRANT RESEARCH PROGRAM: *FORWARD DRIVE*



1. Financial modeling

Created a framework for modeling the effects of EVs, A/Vs, TNCs, and tele-working on a RUC system



2. Equity outreach and analysis

Identified and measured potential disparate impacts of RUC to communities of color, low-income households and vulnerable and displaced populations



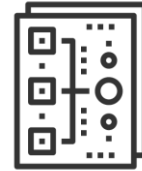
3. RUC innovation

Researched latest approaches to mileage reporting into a WA RUC system: in-vehicle telematics, improved smartphone apps, retail payments, etc.



4. Cost reduction

Conducted workshops with other states to identify ways to reduce cost of collections for state RUC systems



5. Detailed phase-in plan: building on findings from research phase to plot a coordinated set of on-road tests



6. RUC prototype "sub-test": launching a series of small-scale trials testing innovative reporting methods, equity policies, and cost reduction techniques



7. RUC Roadmap: creating a decision framework for how Washington and other states can right-size RUC policy and system choices to fit their circumstances

IT'S ALL ABOUT MAKING CHOICES



RUC policy and system design will address many pressing issues

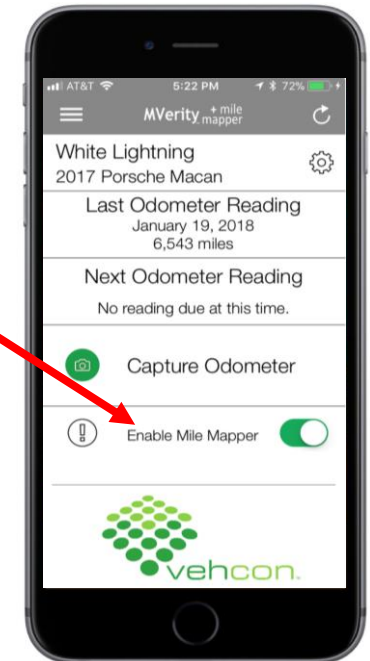
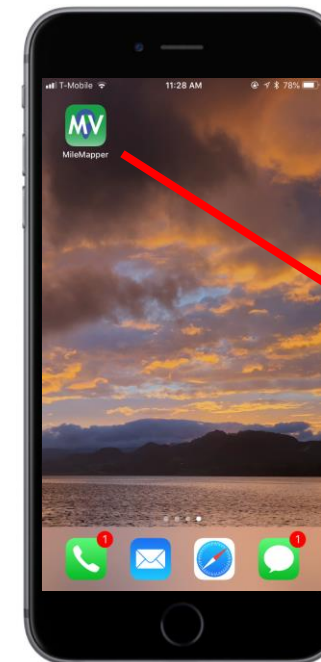
CHOICES FOR PROTECTING PRIVACY

- ✓ Provide non-GPS/manual mileage reporting, such as self-reporting of odometer mileage
 - The only new piece of information needed for RUC that the Department of Licensing does not already collect is total miles driven
- ✓ Give drivers options for how to report their miles and pay their RUC charges
 - Any mileage reporting method that uses location services is strictly for the convenience of the driver (e.g., to automatically deduct out-of-state and off-road miles)
- ✓ Enact strong legal provisions to protect privacy, drawing on the WSTC's model policy

4 mileage reporting options require no location information

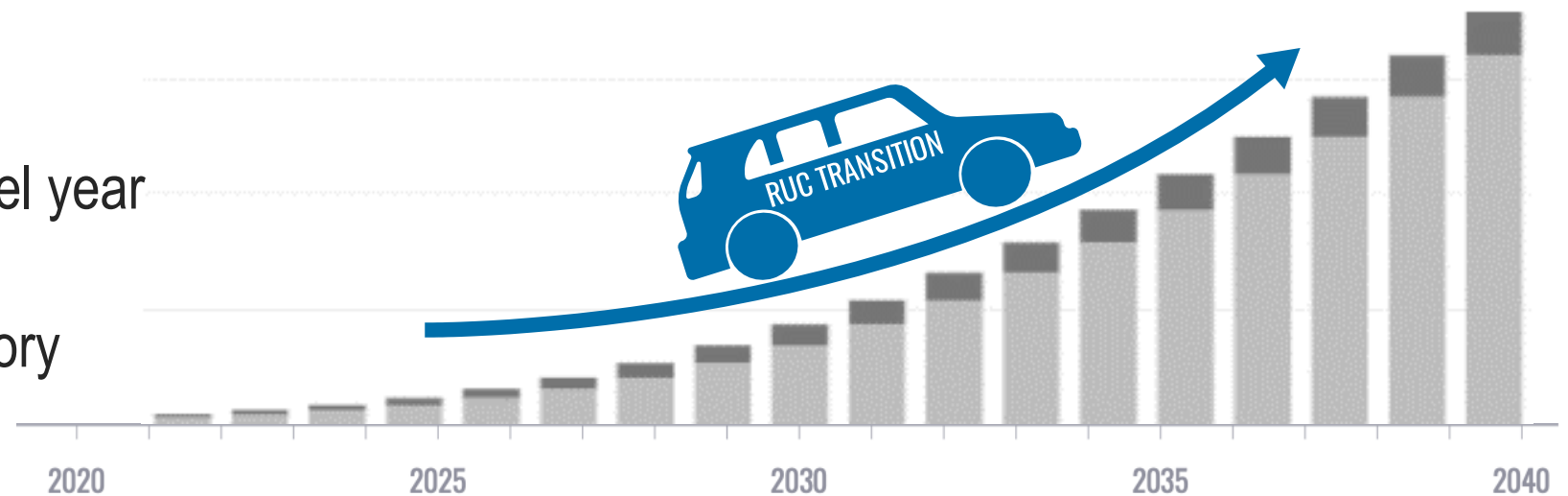


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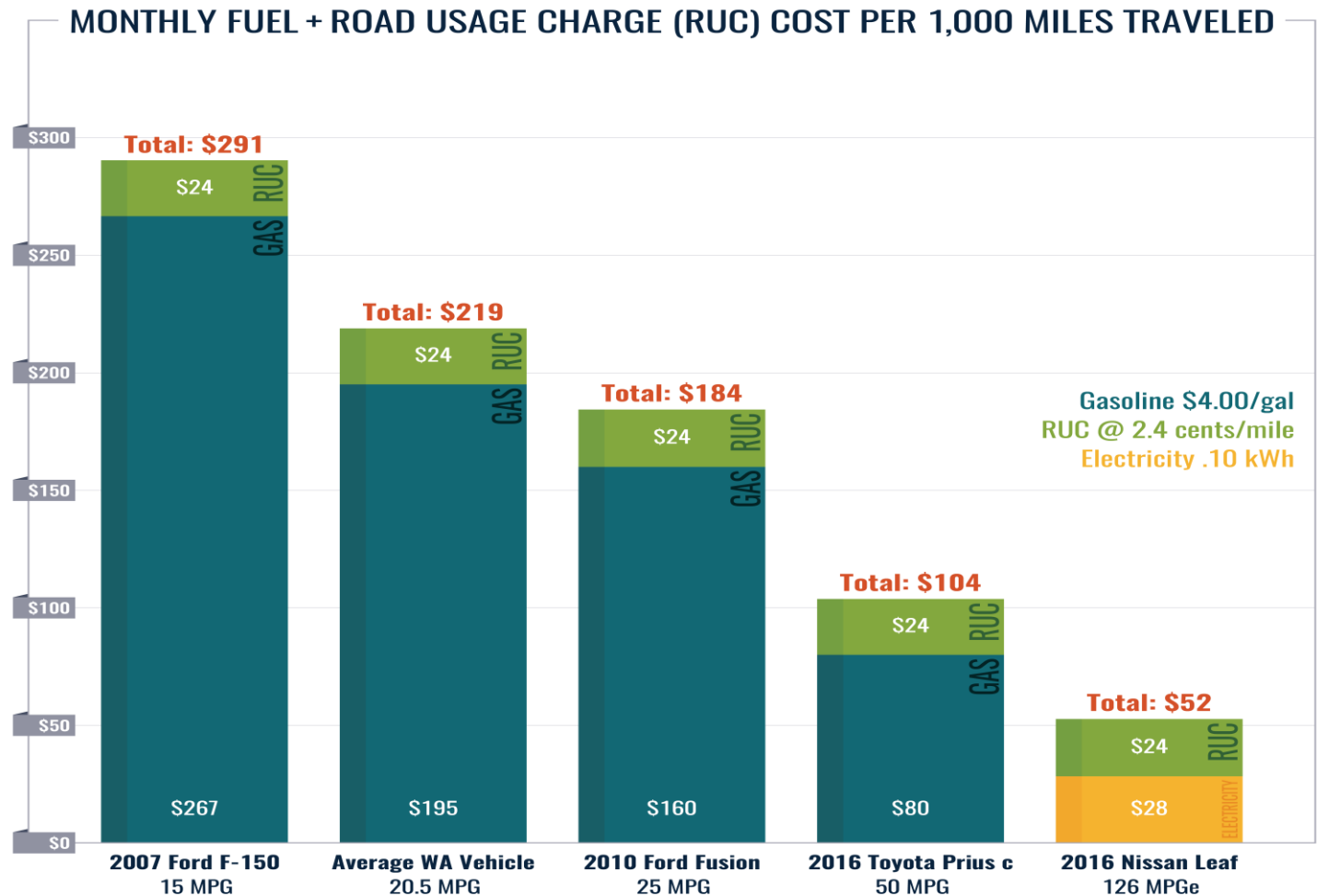
CHOICES FOR ENABLING A SMOOTH TRANSITION TO RUC

- ✓ Starting out small allows the RUC program to mature before scaling to bigger portions of the statewide vehicle fleet
- ✓ Starting small means choosing “who goes first”:
 - Electric vehicles
 - High-MPG vehicles
 - New vehicles by model year
 - State-owned vehicles
 - Volunteer vs. mandatory



CHOICES FOR SUPPORTING ENVIRONMENTAL PRIORITIES & ENCOURAGING EV ADOPTION

- ✓ RUC maintains significant operating cost advantages of owning an EV
- ✓ Waive current \$225 EV flat fee for EVs paying RUC
- ✓ Offer an introductory discounted RUC rate or cap for EVs, phased out as EV adoption goals are achieved
- ✓ Waive current weight fees for EVs paying RUC



While RUC does result in drivers of fuel efficient vehicles paying a little more in taxes for transportation as compared to the gas tax, the overall cost advantage of owning a fuel efficient, hybrid, or EV remains significant.

For example, under RUC, owners of a Prius will pay \$187 dollars per month less than the Ford pickup truck driver.

CHOICES FOR INCREASING TRANSPORTATION TAX EQUITY FOR LOW-INCOME DRIVERS

- ✓ RUC reduces the disproportionate burden that the gas tax places on low-income drivers – amplified each time the gas tax is increased
- ✓ Offer a discounted RUC rate for qualified low-income households
- ✓ Offer periodic payments for RUC
- ✓ Offer refunds to qualified low-income households who overpay in fuel taxes (cash or credits toward other taxes)



LAW-MAKING IN MOTION



As research continues, legislative proposals are brought forward

LEGISLATIVE PROPSALS JUMPSTART DEBATE

SB 5444 (2021)

- Opt-in RUC for EVs beginning in 2025
- Mandatory RUC on all EVs beginning in 2026
- Introductory rate of 2 cents/mi, increasing to 2.5 cents/mi in 2029
- Waive \$225 EV registration surcharge for all vehicles paying RUC
- Dept of Licensing (DOL) must offer multiple mileage reporting methods
- Privacy protections in statute
- Broader implementation plan due 2023

HB 2026 (2022)

- Beginning in 2025, mandatory RUC on new EVs, and “old” EV’s (*purchased before 2025*) can opt in
- Opt-in RUC for PHEVs in 2026, and gas cars in 2027
- Rate of 2.5 cents/mi, capped at \$225 per year
- Waive \$225 EV registration surcharge for all vehicles paying RUC
- DOL must offer odometer mileage reporting and may offer other methods
- Privacy protections in statute
- Full-scale implementation plan due 2029

TRANSPORTATION COMMISSION RESEARCH FOCUSES ON ADVANCING SYSTEM READINESS

- ✓ Ongoing preparations with the **State Department of Licensing (DMV equivalent)** as the planned operator of the RUC program
 - Workshops on customer service, procurement, enforcement,
 - Joint development of deployment scenarios, cost estimates
- ✓ 2022 field research focused on **near-term deployment challenges**:
 - Self-reporting mileage solutions
 - RUC enrollment design & optimization
 - Flexible payment plans
 - Updated financial analysis based on revised EV adoption goals
- ✓ Clear **boundaries with toll systems** in Washington
 - Research conducted in 2018-2019 suggested collaboration and back-office connection in the near term between RUC and tolling systems, with integration as a much longer term prospect



**For more information on Washington
State's RUC Assessment visit:**

www.waroadusagecharge.org

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