

# WASHINGTON STATE ROAD USAGE CHARGE ASSESSMENT

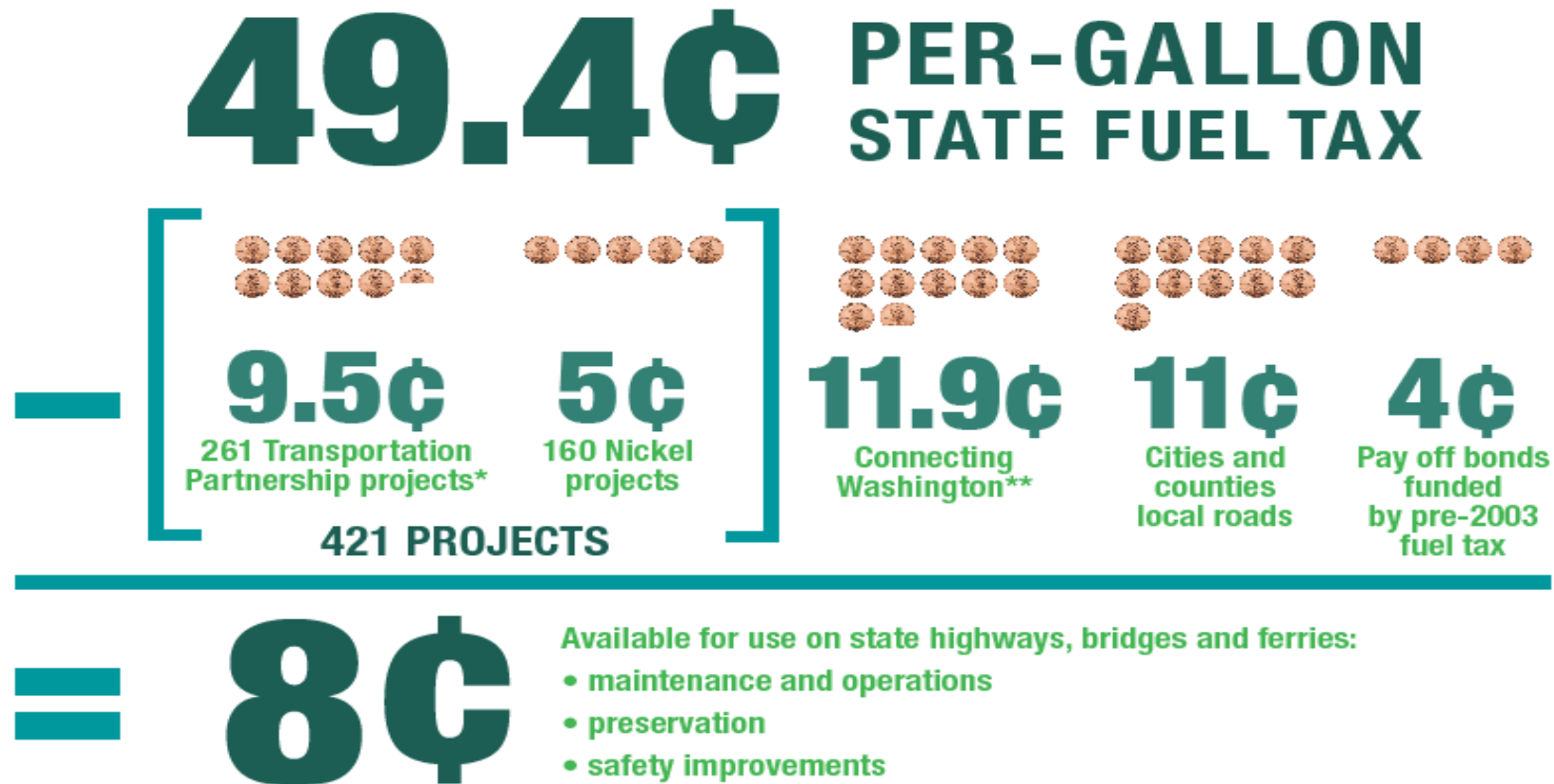
Reema Griffith  
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# **WASHINGTON STATE'S TRANSPORTATION FUNDING DILEMMA**

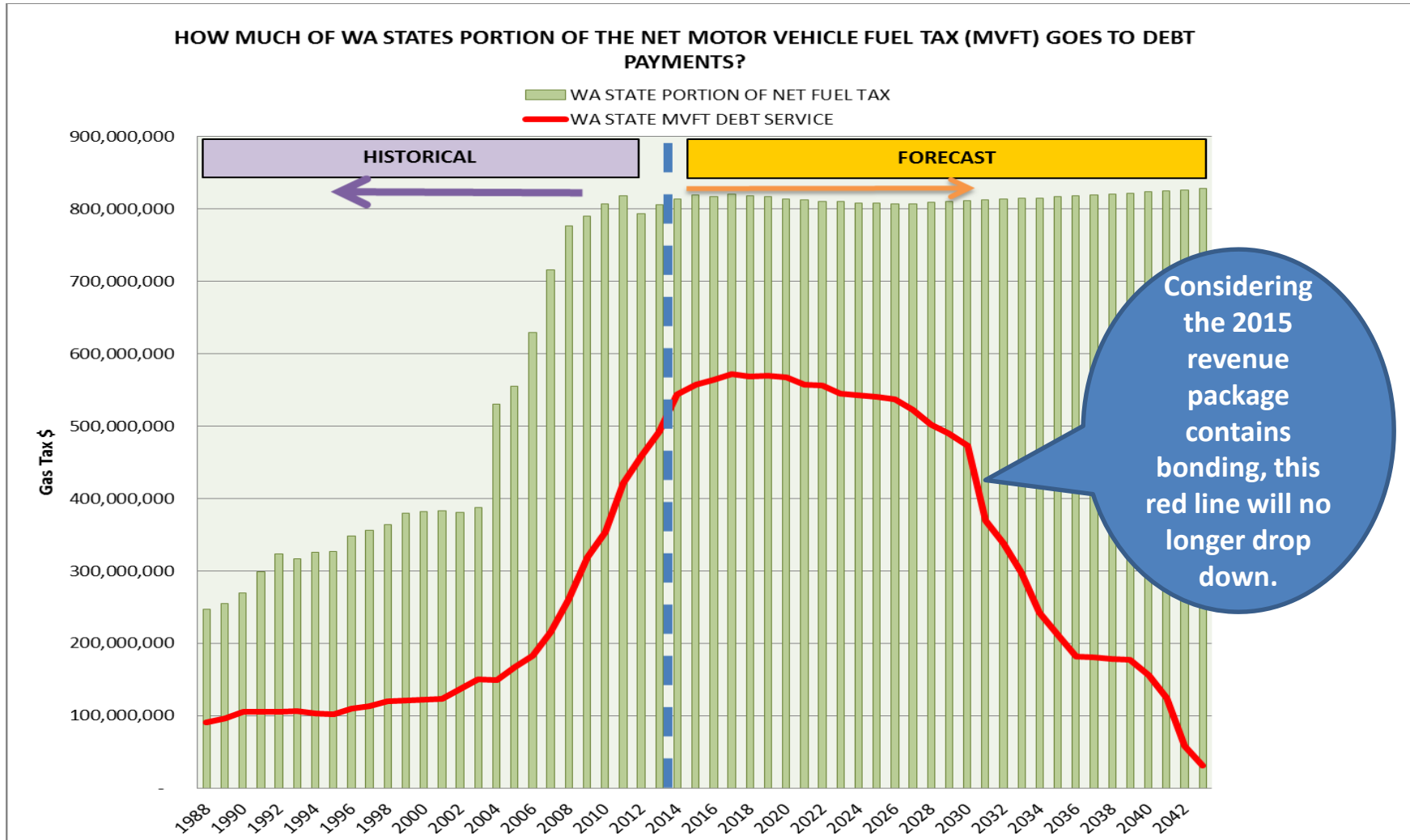
# Gas Tax Breakdown



\* Of the 9.5 cents, 8.5 cents is used by the state for highway projects, 1 cent goes to cities and counties for street and road improvements.

\*\* The 11.9-cent gas tax increase will be phased in over the next two years. The first 7.0-cent increase occurs on August 1, 2015, followed by a 4.9-cent gas tax increase on July 1, 2016.

# Over the next 13 years, approximately 70% of Washington State's current net portion of fuel tax revenue is obligated to pay for the long-term debt associated with financing past transportation projects



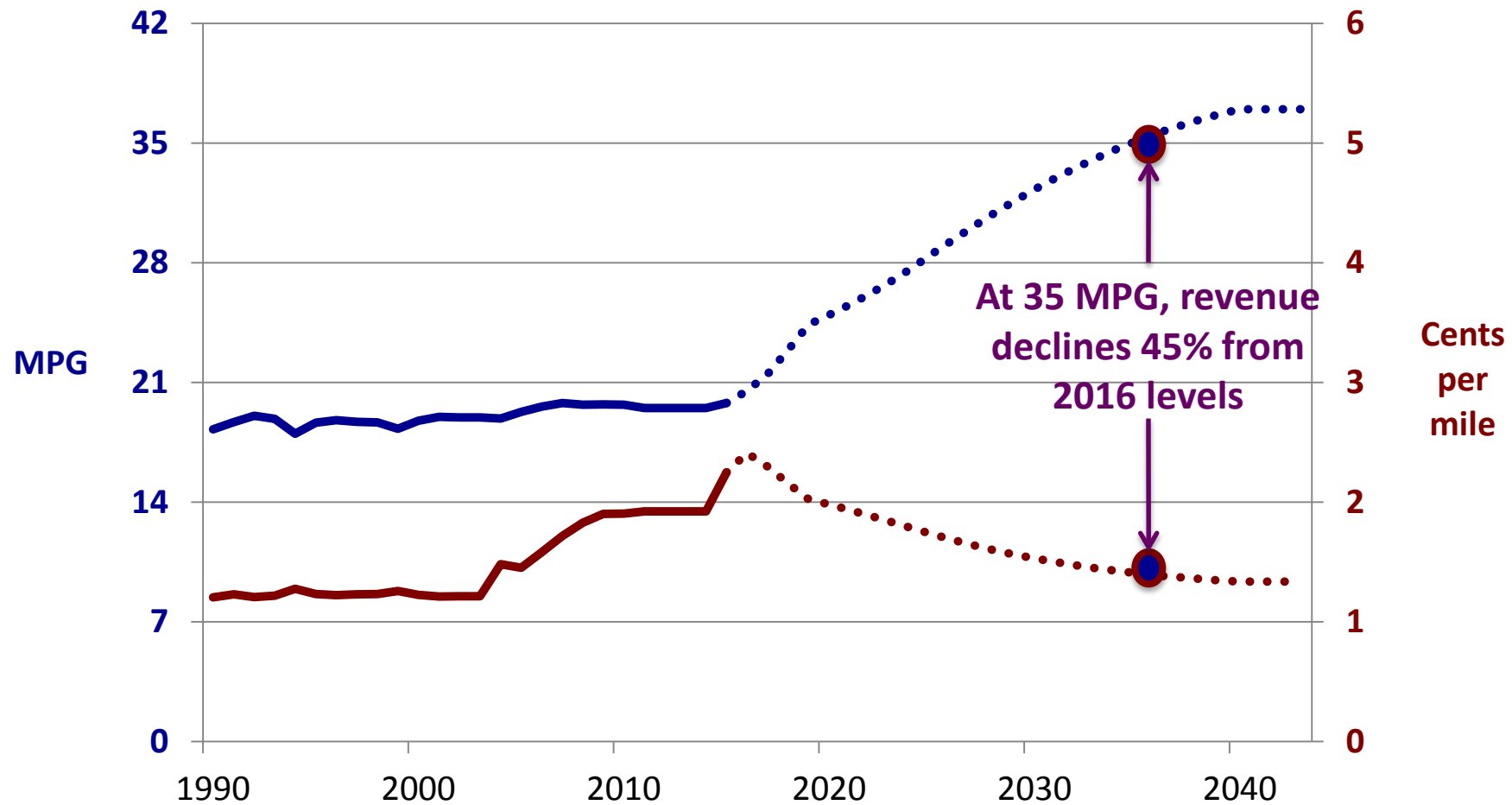
NOTE: this information reflects debt obligations prior to the 2015 revenue package

# The Fuel Efficiency Bar Continues to Rise

- Current Federal CAFÉ Standards:  
**54.5 MPG by 2025**
- The Federal Energy Information Administration conservatively predicts:
  - All **NEW** cars in 2040 =  
**48 MPG**
  - All cars (**new and old**) in 2040 = **37 MPG**
- Washington State's Current Average MPG = **19.5 MPG**



# Improving Vehicle MPG Threatens Our Gas Tax Revenues



*State fuel tax rate increases in 1990, 2003, 2005-2008, and 2015-2016*

# The Road Usage Charge Emerges

A road usage charge is a per mile charge drivers would pay for the use of the roads, rather than paying for them by the gallon of gas.

Identified as a viable future funding source in need of further exploration.



# Road Usage Charge Assessment

**The State Transportation Commission lead the work and established a 25-member steering committee** comprised of legislators and various stakeholders representing a variety of interests.

**Three Commissioners** – One Serves as Chairman

**Eight Legislators** – four from Senate and four from House of Representatives

## **Representatives from:**

- Auto and light truck manufacturers
- Ports
- Environmental
- Counties
- Trucking industry
- Cities
- Public transportation
- Consumer/Public
- WSDOT
- Department of Licensing
- Motoring public
- Business
- User fee technology
- Treasurer's Office



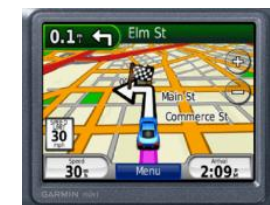
# The Basis of the Assessment

- **Identify and develop a sustainable, long-term revenue source for Washington State's transportation system, and to transition from the current motor fuel tax system.**
- **Ensure there is consumer choice on how mileage information can be collected and paid for.**
- **During the transition period of moving from the gas tax to a road usage charge, drivers would only pay one or the other, but never both.**
- **For purposes of assessing the gas tax against a road usage charge, we have assumed revenue neutrality and focused on net revenue potential for both.**

# Four Ways to Collect a RUC From No Tech. to High Tech.

We have focused on four operational concepts to assess a road usage charge system:

- **Time Permit:** a flat fee to drive an unlimited number of miles for a given period of time (month or year).
- **Odometer Charge:** A per-mile charge measured by odometer readings.
- **Automated Distance Charge:** A per-mile charge measured by in-vehicle technology that can distinguish between in-state and out-of-state travel with periodic billing.
- **Smart Phone Application:** a smartphone application would be used for total mileage collection.

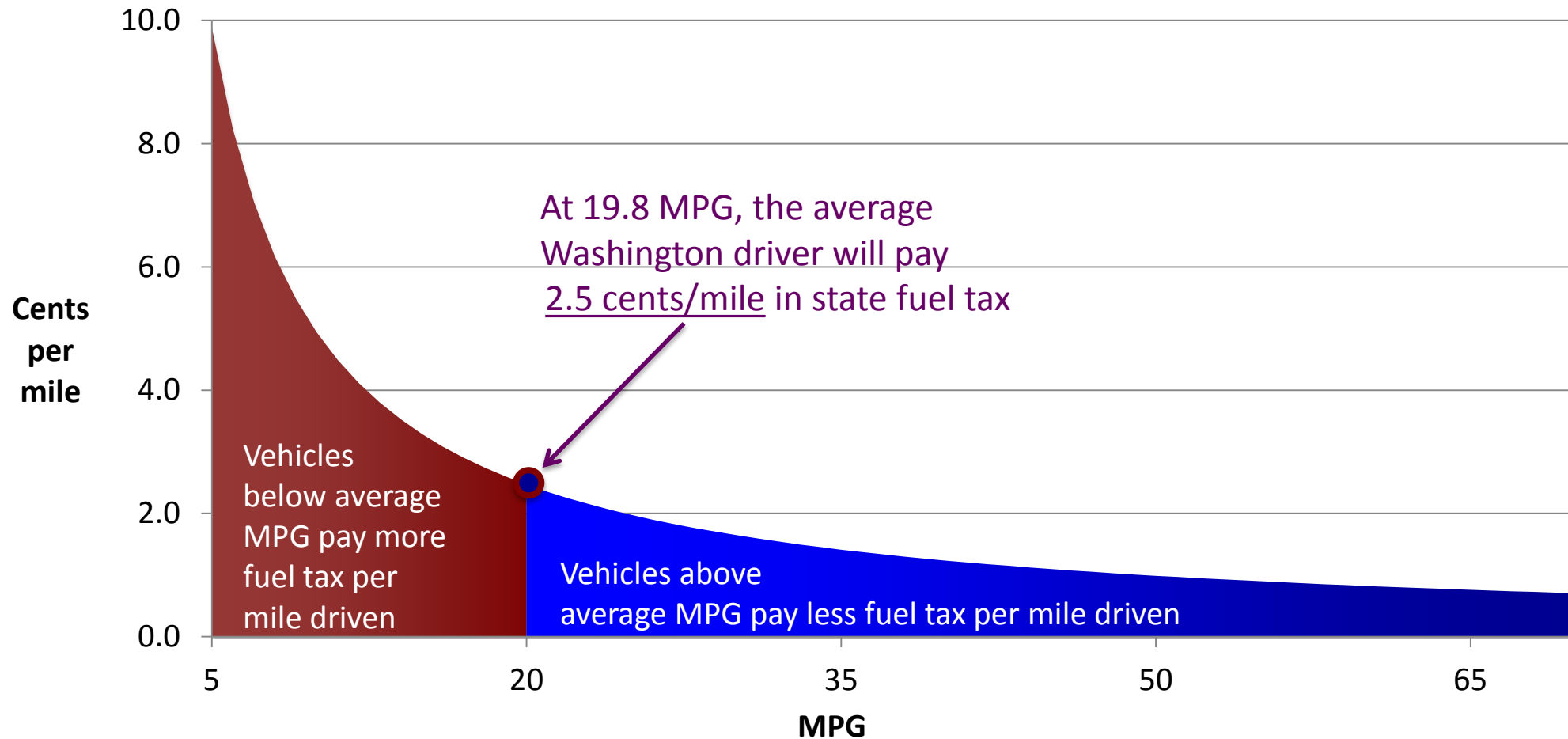


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# **KEY FINDINGS TO DATE**

# Taxing Gallons Has Real Fairness & Equity Challenges

Per-mile revenue from 49.4 cents/gallon fuel tax, by vehicle MPG



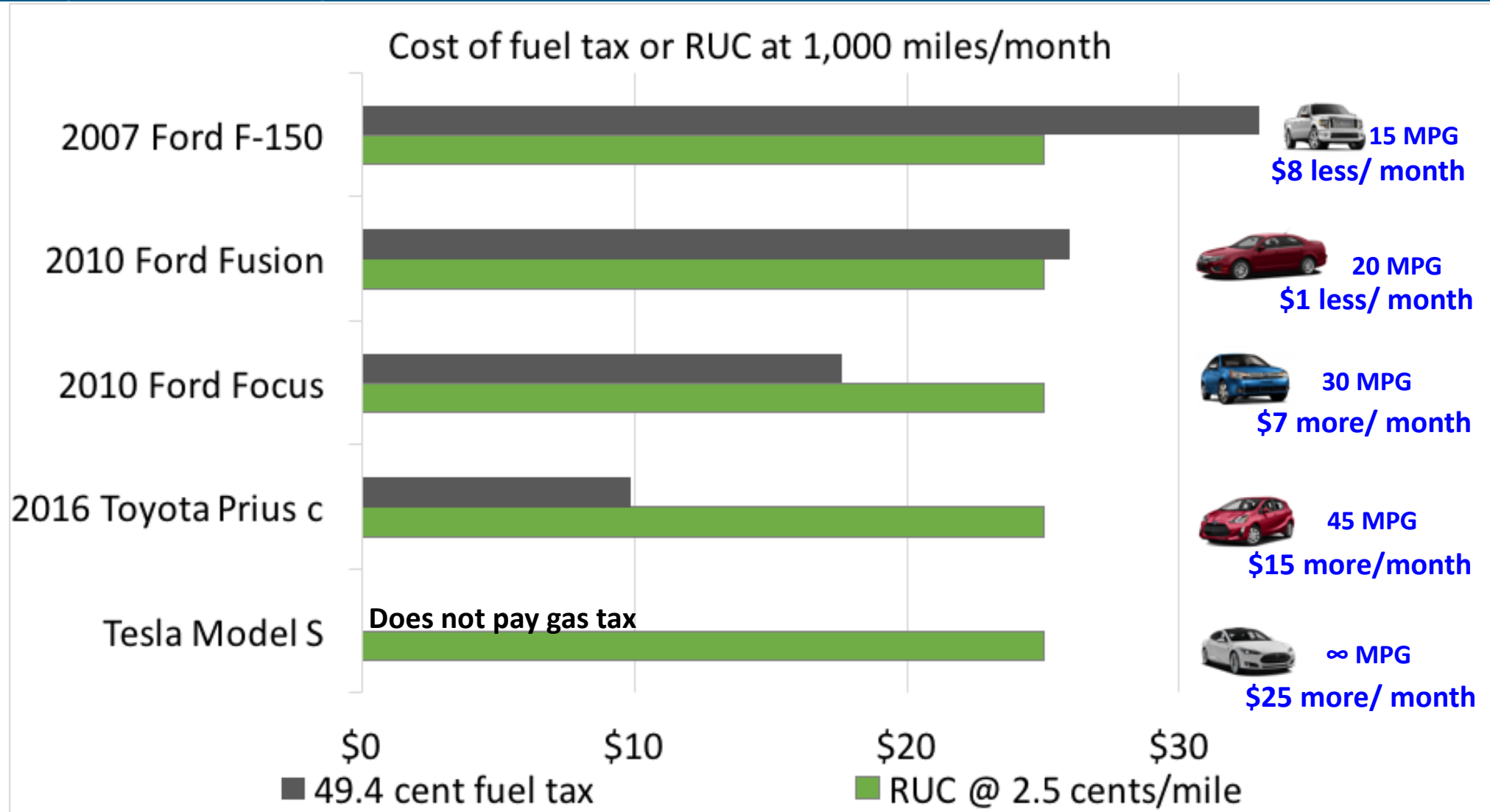
# Even With Annual Gas Tax Increases Revenue Will Not Keep Up With Needs

**The fuel tax would have to be raised about 1.5 cents per gallon, per year on all vehicles from 2019-2043 in order to equal net revenues from a road usage charge of 2.5 cents per mile.**

This estimation would not address growing needs for improvements or maintenance – it **would just keep funding at status quo levels.**



# WHAT You Drive Will Determine RUC Cost Impacts



# Out of State Drivers

**To distinguish between travel on Washington public roads and other roads** (e.g., outside the State & private roads), the use of location based technology will be needed.

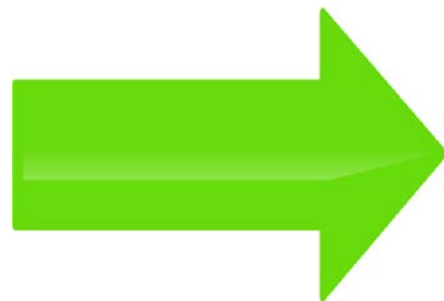
**Need to be able to charge people from out of state for use of roads.**

- Keep the gas tax in place as a parallel system to the road usage charge.
- Drivers will pay either the gas tax or the road usage charge – but **not both**.



# Overall Conclusion: Road Usage Charging Makes Sense

To achieve tax equity and long-term revenue sustainability, road usage charging is not an option but rather, is a necessary next step in the evolution of transportation funding.







**THANK YOU**

## **CONTACT INFORMATION**

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