WASHINGTON STATE ROAD USAGE CHARGE

Steering Committee Meeting

November 1, 2023

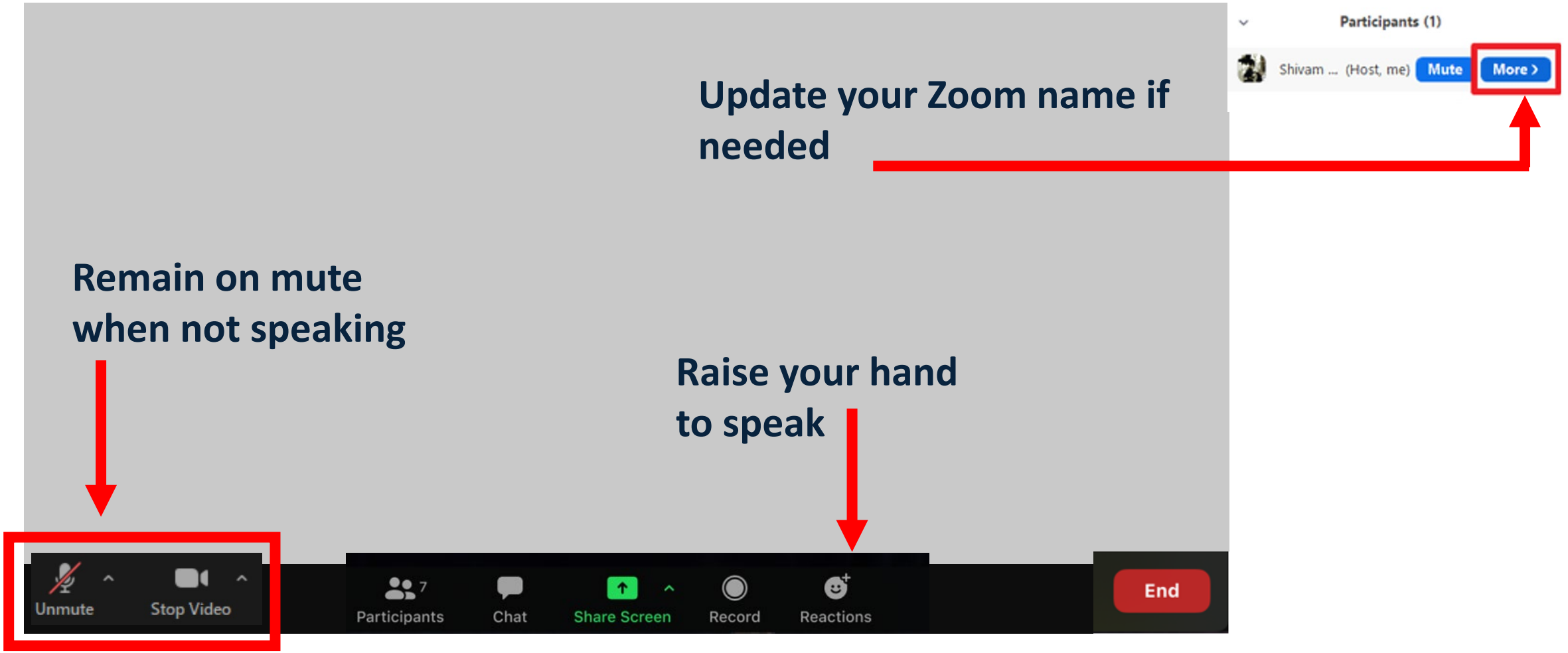
Washington State Transportation Commission

Welcome

Roy Jennings, Transportation Commissioner and RUC Steering Committee Chair

WA RUC

Zoom Interface and Controls



Agenda

1) Welcome
2) RUC Simulation and Follow-on Experience Final Results
3) Mock Standards Committee Results
4) Break
5) Forward Drive Project Final Report
6) National User Fee Trends Update
7) Preparing for Legislation: Open Discussion of RUC Issues

RUC Simulation and Follow-on Experience: Final Results

Ging Ging Fernandez, CDM Smith

Julia Tesch, BERK Consulting

Steven Marfitano, CDM Smith

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

USER EXPERIENCE

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

COST REDUCTION

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

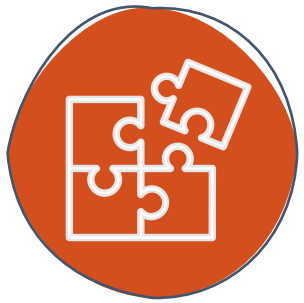
PILOT TESTING

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

Pilot Objectives



EQUITY

Incorporate equity through prototype design

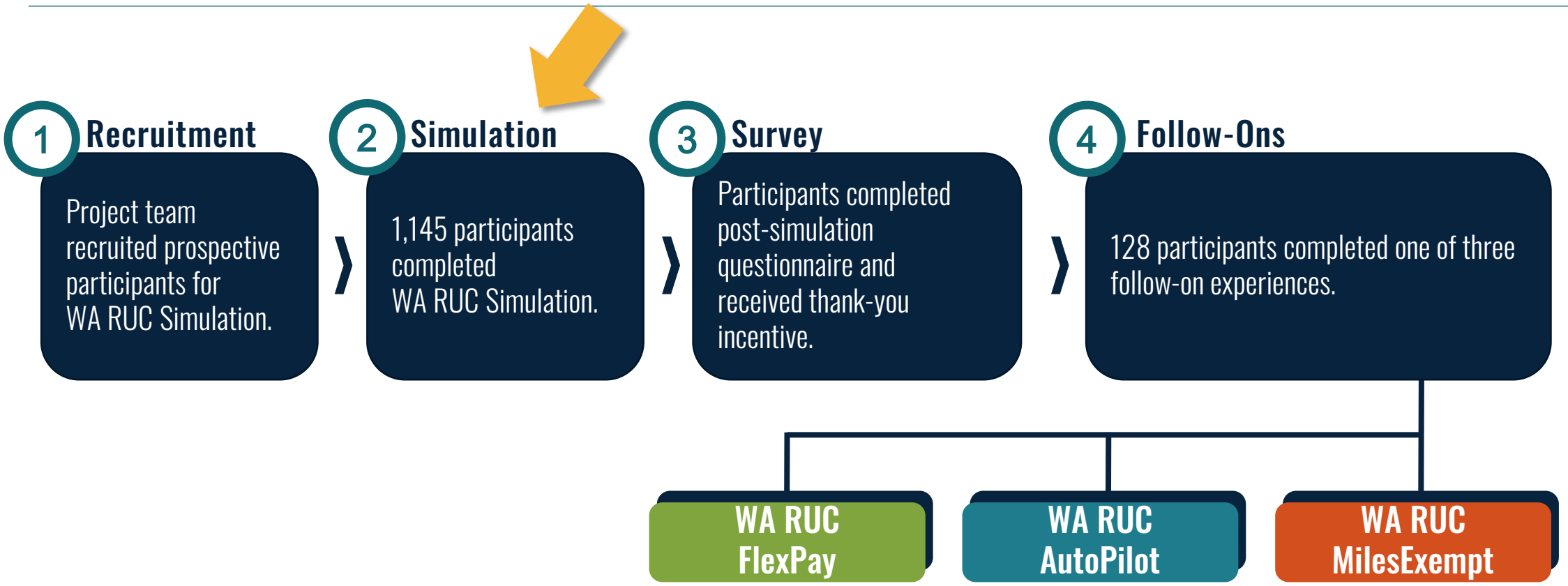
COST REDUCTION

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

USER EXPERIENCE

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

Simulation and Follow-On Process Guide



Simulation Results

SIMULATION

Participants engage with an online simulated RUC enrollment, reporting, and 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 RUC owed

User Feedback About the Simulation Experience

SIMULATION

Participants engage with an online simulated RUC enrollment, reporting, and payment platform

SURVEY

Simulator participants provide feedback on their experiences and opinions

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 Findings from Participant Surveys

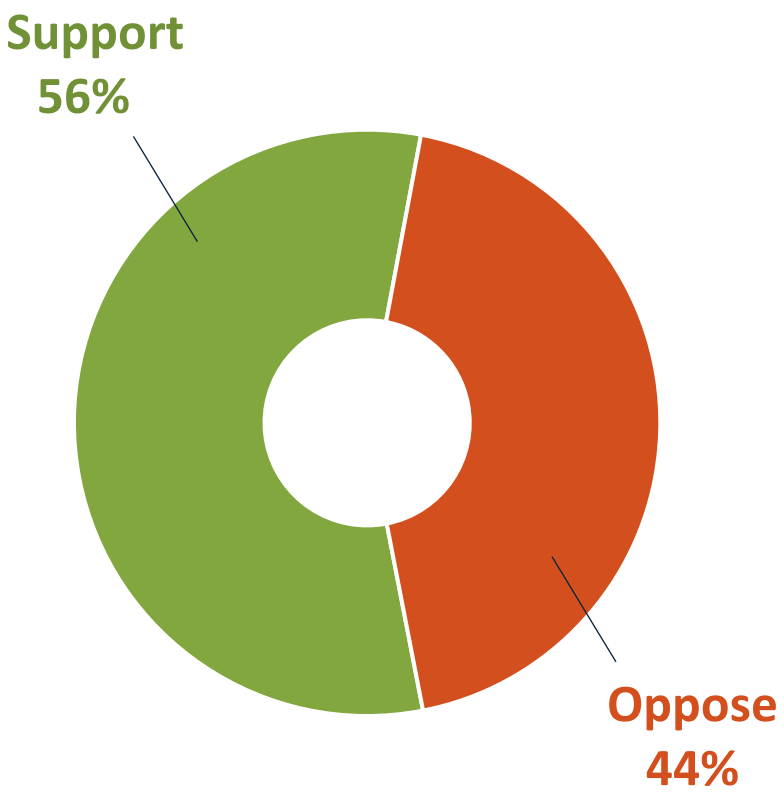
1 Most **supported** a transition to RUC

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 believed in the importance of claiming **exempt out-of-state and off-road miles**

1 Most **supported** a transition to RUC

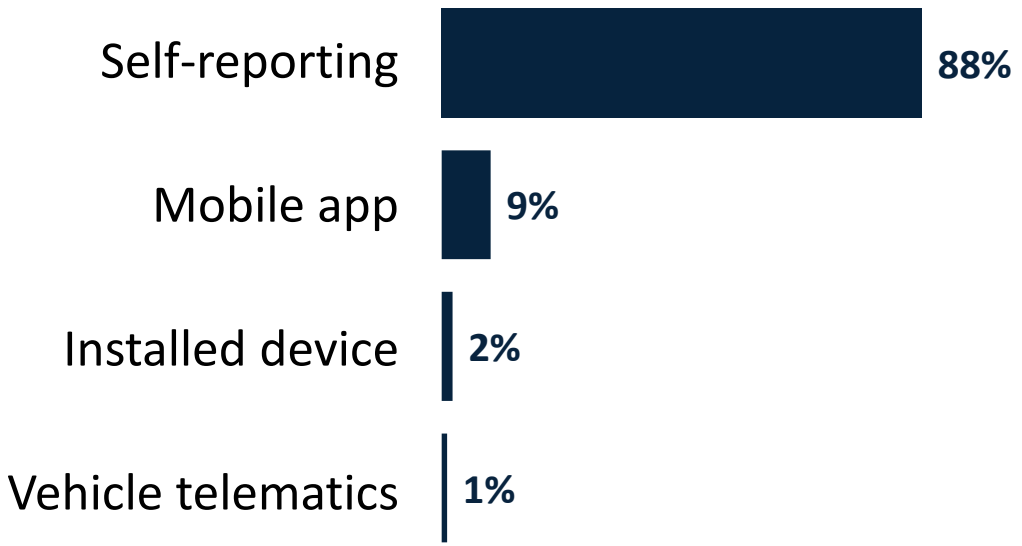


Highest measured support among a representative statewide sample since 2017, prior to any pilot testing

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

N=647

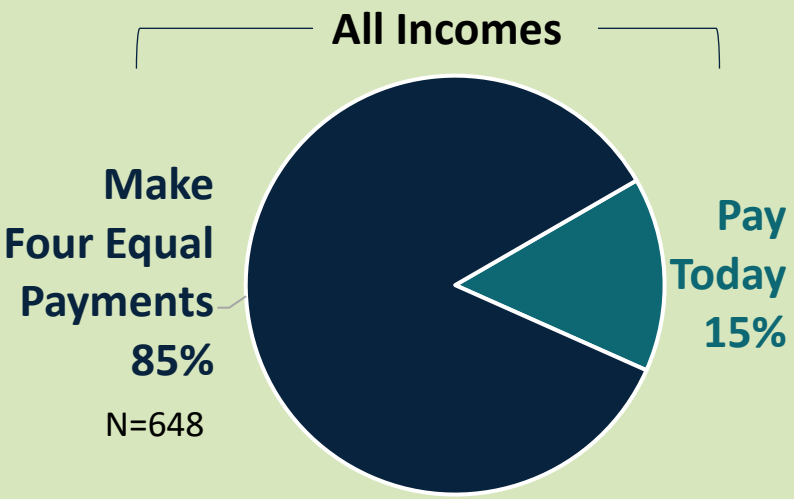
2 Most wanted to self-report mileage

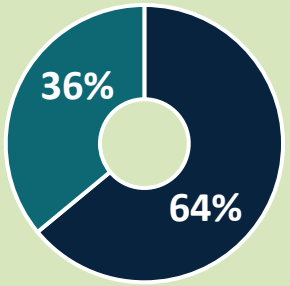


N=647

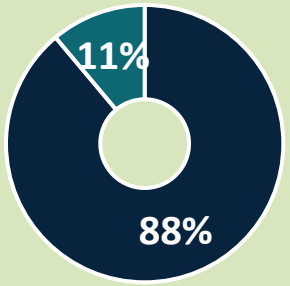
- Many chose self-reporting because they did not want to use a device or app
- 2 in 5 respondents chose self-reporting due to cost (it was portrayed as the least costly option)
- Only 7% of respondents are willing to pay more than $5/month for advanced mileage reporting
- Close to 90% of respondents said they would report accurately, but on average they think *others* will be dishonest

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

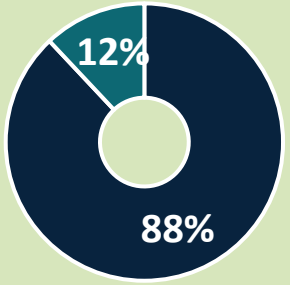




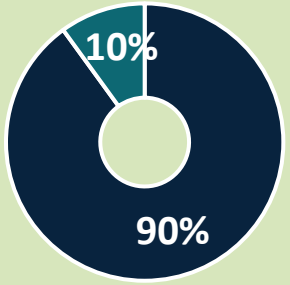
<$50,000
(weighted n = 118)



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



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

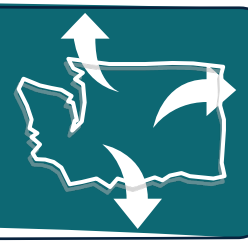


≥$150,000
(weighted n = 187)

While half said installment payments are important for themselves, nearly all said it is important for others

42% of respondents are not willing to pay additional service fees per transaction, while 34% are willing to pay $1 and 25% are willing to pay $2-$5

4 Most believed in the importance of claiming exempt out-of-state and off-road miles

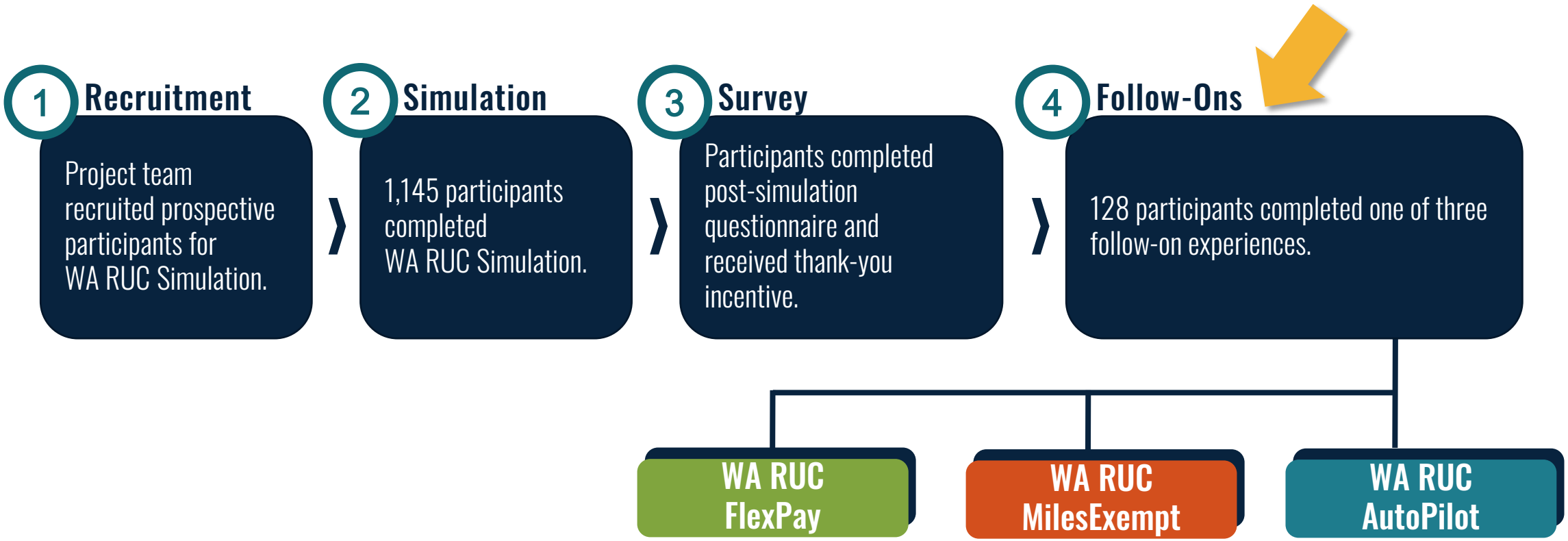


72% say it's important to be able to claim exemptions *N =646*

54% say they would choose automated reporting or supply evidence to claim >200 exempt miles *N =634*

20% say they drove more than 200 exempt miles in the past year *N =641*

Simulation and Follow-On Map



WA RUC
WASHINGTON ROAD USAGE CHARGE | FlexPay
FOLLOW-ON EXPERIENCE

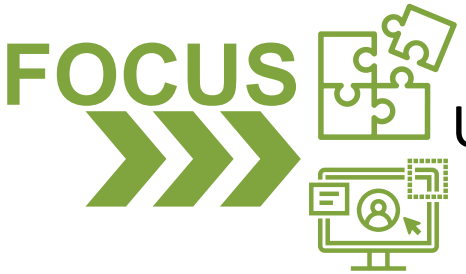
Objectives

Test viability of providing payment flexibility for drivers unable to make lump-sum RUC payments

Test the behavior of drivers in a WA RUC FlexPay plan when real currency is exchanged

FlexPay Overview

28 participants test drove paying for RUC in installments rather than one lump payment

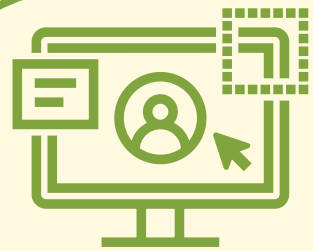


User experience & equity

Four installments made spanning three months (April-June 2023)

of all respondents selected FlexPay (86 of 492 of total participants)

FlexPay – User Experience Takeaways



Key Questions

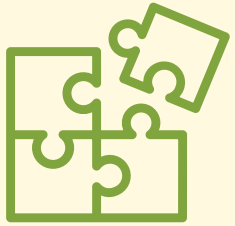
- Do participants find the flexible payment plan easy and transparent to use?
- Do participants remember to make on-time payments?
- Do email reminders increase the percentage of on-time payments?

70% of participants thought completing payments was straightforward.

30% of payments were made in response to an automated reminder, making them a cost-effective means of increasing RUC payment compliance.

A small percentage of participants had difficulty accessing the payment card provided to complete payments – which was a limitation of the research tool.

FlexPay – Equity Takeaways



Key Question
Does the flexible payment option ease the burden of lump-sum RUC payments in a meaningful way?

32% of all respondents with incomes less than $50,000 opted into FlexPay, about double the opt-in rate of the overall population.

$100 is the average (and median) threshold amount for a RUC bill that participants said would warrant installments rather than a lump sum payment.

FlexPay – Cost Effectiveness

Key Questions

- What was the administrative effort required to run the FlexPay program?
- How many inquiries did the help desk receive?
- What was the nature of the inquiries?

HELP DESK STATS

16 hrs of staff time

38 inquiries from 13 participants

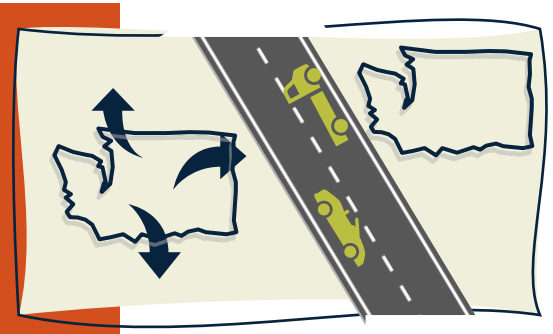
Most inquiries were specific to the mechanics of the follow-on experience, like finding their payment card or receiving payment confirmation

Willingness to pay for a FlexPay service grew over the course of the experience:

- Before, **23% of participants** were willing to pay more than $1/month for installments.
- After, **50% were willing to pay more than $1/month.**

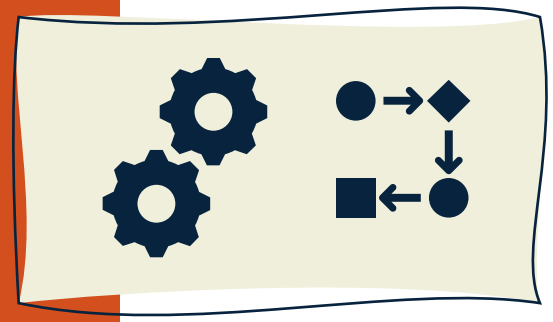
WA RUC
WASHINGTON ROAD USAGE CHARGE | MilesExempt
FOLLOW-ON EXPERIENCE

Objectives



Explore options for providing exemptions for out of state and private road travel

Develop and test tools and procedures for self-reported mileage exemption claims



Understand the level of effort required to operate and enforce a mileage exemption program

MilesExempt Overview

76 participants tested the process of claiming exemptions for miles driven out of state or on private roads

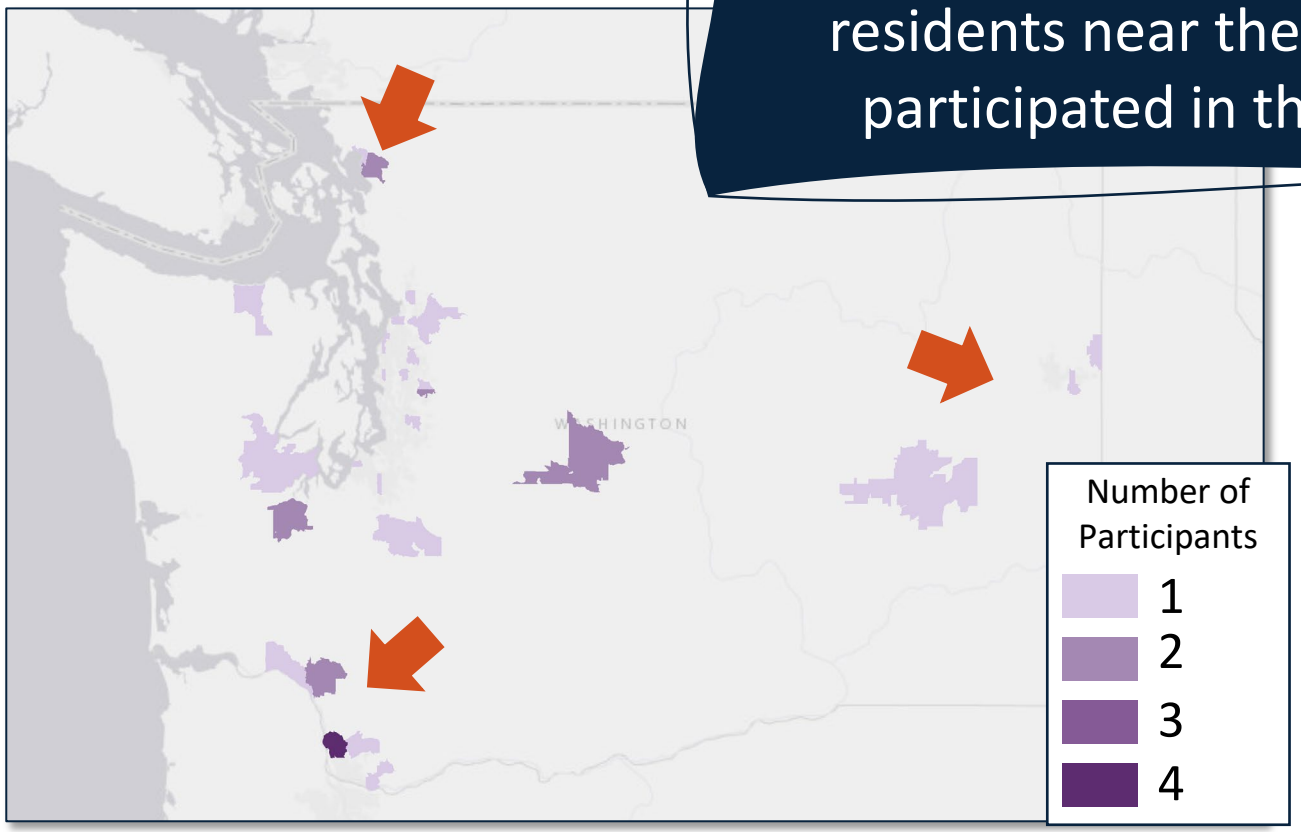
FOCUS 

User experience, cost reduction, and equity

Participants submitted exemptions over the course of 3 months

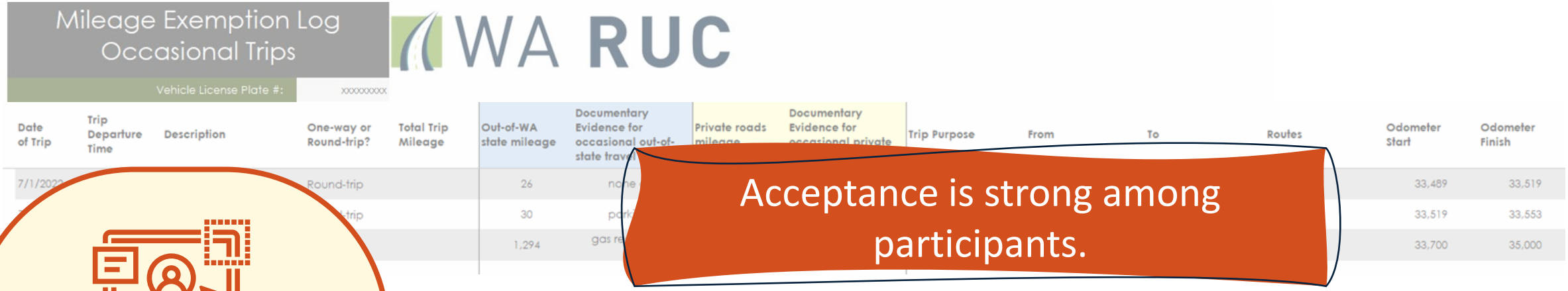
MilesExempt Follow-On Participant Characteristics

An effort was made to ensure residents near the state border participated in the follow-on



33% of all respondents selected MilesExempt (161 of 492 of total participants)

MilesExempt – User Experience Takeaways


Mileage Exemption Log
Occasional Trips

Vehicle License Plate #: xxxxxxxxx

Date of Trip	Trip Departure Time	Description	One-way or Round-trip?	Total Trip Mileage	Out-of-WA state mileage	Documentary Evidence for occasional out-of-state trav	Private roads mileage	Documentary Evidence for occasional private	Trip Purpose	From	To	Routes	Odometer Start	Odometer Finish
7/1/2022			Round-trip		26	none							33,489	33,519
			trip		30	park							33,519	33,553
					1,294	gas re							33,700	35,000

Acceptance is strong among participants.

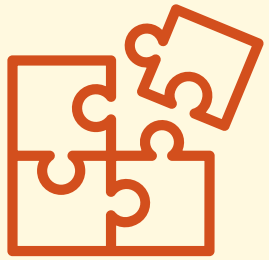
Key Question
Are participants willing to and able to manually compile and submit data for claiming exemptions?

94% said the process was easy to understand.

89% of those who claimed exempt miles said that submitting evidence was easy or very easy.

4% used the help desk for assistance.

MilesExempt – Equity Takeaways



Key Question
How can a RUC administrating agency balance user needs such as ease of use, convenience, and privacy with state needs that include ensuring fairness and verification of claims?

Fairness is paramount

Future program design should balance reporting requirements with an auditable system to ensure public support and buy-in for RUC

Consider building trust in the claims process

60% doubt that others would accurately and honestly report their exempt mileage

Sometimes it's difficult to provide evidence

Some participants expressed that evidence is sometimes not available to support a claim, especially short trips with no receipts

MilesExempt – Cost Effectiveness Takeaways

Key Questions

- Is it feasible to offer exemptions without relying on either standard deductions or advanced technology?
- How can a RUC administering agency balance user needs such as ease of use, convenience, and privacy with state needs that include managing operating costs?

There are tradeoffs between ease of us, program integrity, and administrative cost.

In a typical month:

65% of participants did not claim an exemption

25% provided sufficient documentation

10% provided incomplete documentation

Providing an audit process enhances drivers' faith in the program but adds administrative costs.

The research team's review process took:

- 1-3 minutes to perform a cursory review
- 10-20 minutes for a detailed review

WA RUC
WASHINGTON ROAD USAGE CHARGE | AutoPilot
FOLLOW-ON EXPERIENCE

Objectives

Test viability of using embedded telematics-based mileage reporting for RUC

Assess the user experience

AutoPilot Overview

24 participants

- 22 Teslas
- 1 Chrysler
- 1 Jeep

FOCUS 

User experience & technical readiness

Three reporting periods spanning June to August

of all respondents selected AutoPilot (51 of 492 of total participants)

WA RUC

AutoPilot – User Experience Takeaways

Key Question
What encourages drivers to opt for in-vehicle telematics over other mileage reporting choices?

Indirect Access (Tesla)

- Requires users to have a separate subscription service through which data aggregator accesses data (straightforward for Tesla users who all had accounts)
- More frequent data collection could result in battery drain

Direct Access (Ram and Jeep)

- OEM telematics service is easy for users to activate
- Complete data sets are already routinely transmitted, independently from the use case for this project

85% **of participants found the sign-up, processed data results, and invoicing to be convenient/easy**

AutoPilot – Technical Readiness

Key Questions

- What technological, system, and business issues must a scalable telematics program overcome?
- Is it technically feasible to comply with a RUC program by gathering accurate mileage data from in-vehicle telematics?

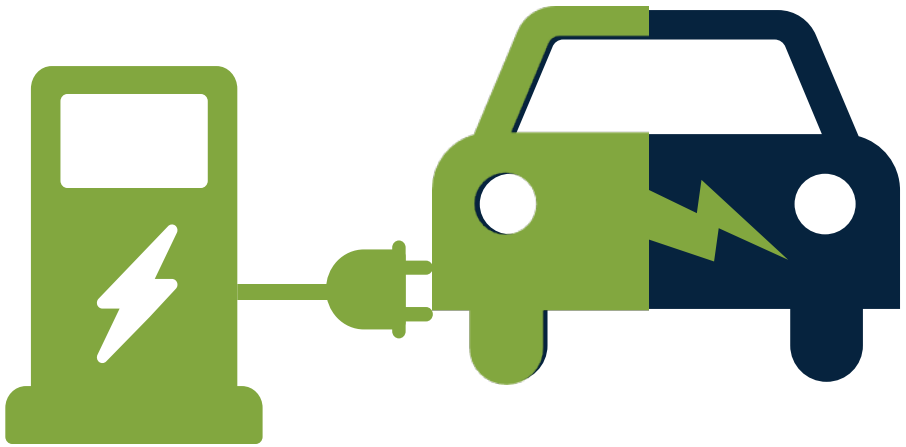
Indirect Access

- Data is available only at intervals (every 60 min in AutoPilot)
  - private road exemptions not supported
  - exemptions for short out-of-state trips potentially inaccurate
- Technical challenges occur, such as vehicle data access timing out

Direct Access

- Complete data collected on vehicle allows for high fidelity RUC calculations
- Due to evolutions in vehicle communication hardware and software, continuous availability of data for RUC across all makes and models may be a challenge

AutoPilot – On the Path Toward Readiness



- Vehicles collect and transmit odometer readings, the minimum data necessary to support RUC
- Customer opt-in to data access via their OEM provides the most data-rich option including location data conducive to automatically computing exemptions
- Broader coordination and collaboration with OEMs and third-party partners can ensure a broader compatibility of vehicle telematics for RUC services
- AutoPilot participants were supportive of telematics as a concept and comfortable with the pilot privacy protections and data security

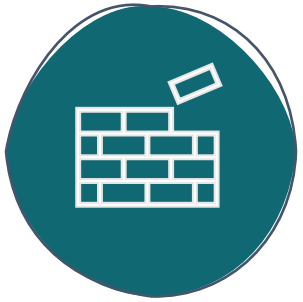
Mock Standards Committee Results

Monica Halstead, CDM Smith

Committee Objectives

RUC Elements

Identify elements of RUC that will benefit from standardization



Standardization Procedures

Establish procedures for operating a standards committee

Development Pathways

Determine one or more pathways for operationalizing the committee efforts

Committee Criteria

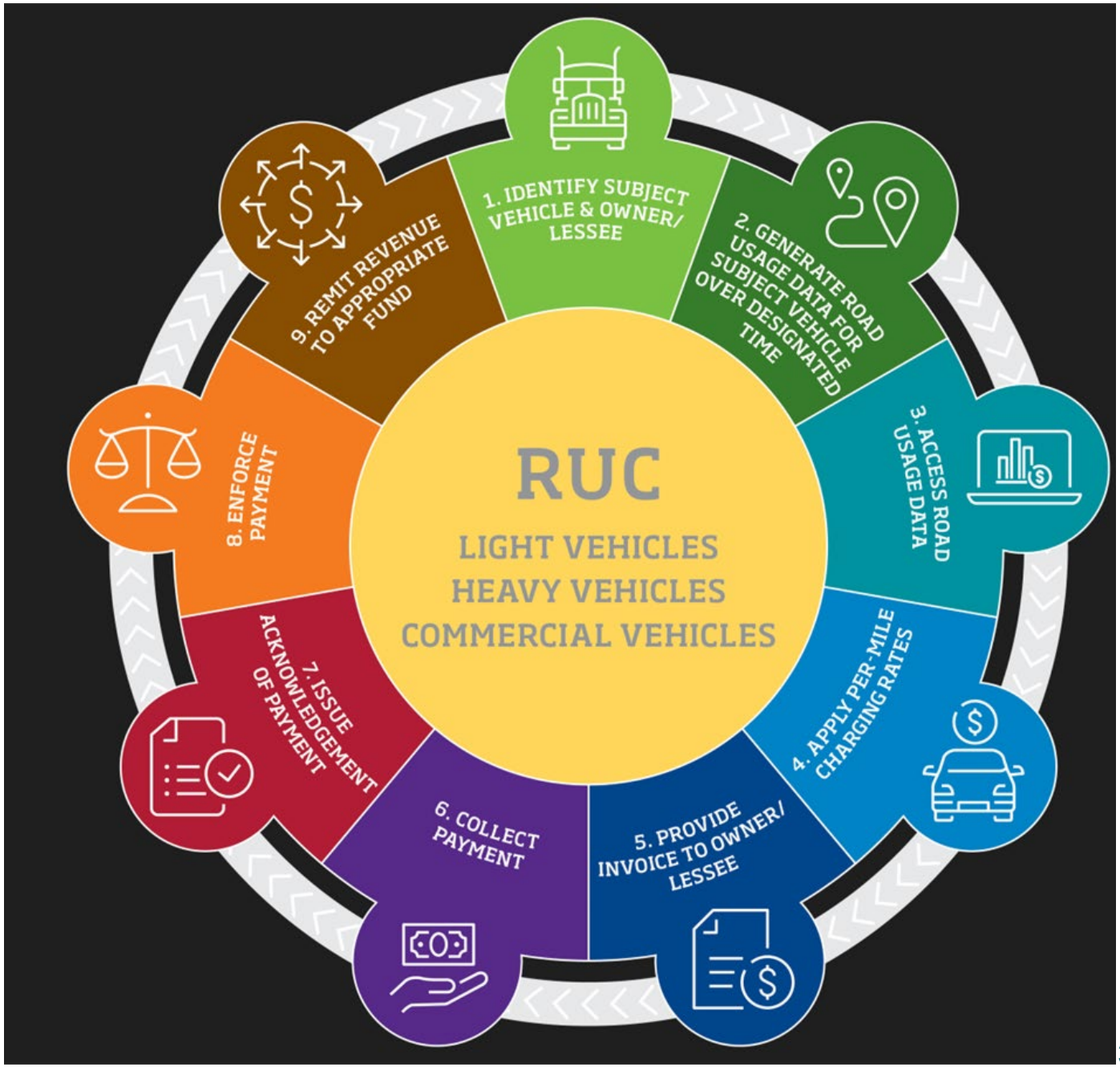
Develop Criteria for convening a standards committee

International Organization for Standardization (ISO) Standardization Principles

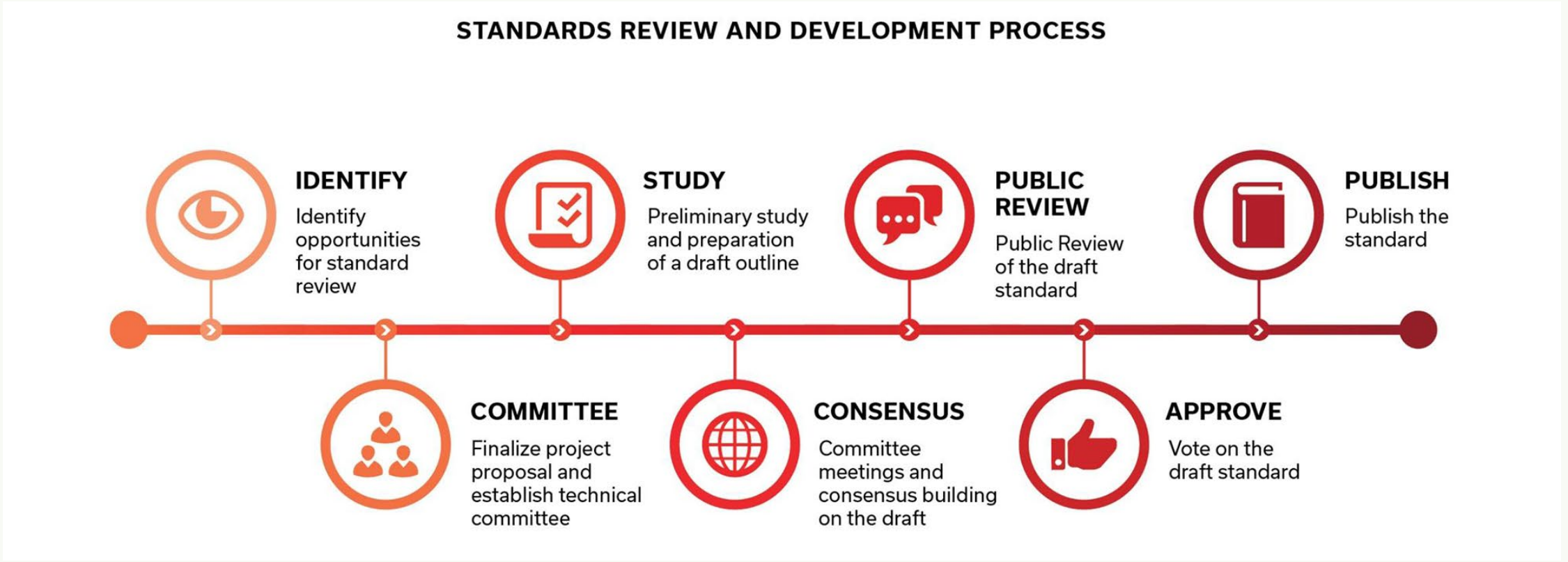
- Transparency
- Openness
- Impartiality and Consensus
- Effectiveness and Relevance
- Coherence
- Development Dimension
- Stakeholder Engagement
- Due Process
- National Implementation

Identify RUC elements

that will benefit from standardization



Establish Standardization Procedures



Source: Health Standards Organization (www.healthstandards.org)

JurisID Standard

STATE / LOCATION	JurisID
No State / Undifferentiated	000
Alabama	001
Alaska	002
RESERVED	*003*
Arizona	004
Arkansas	005
California	006
RESERVED	*007*
Colorado	008
Connecticut	009
Delaware	010
District of Columbia	011
Florida	012
Georgia	013

STATE / LOCATION	JurisID
North Carolina	037
North Dakota	038
Ohio	039
Oklahoma	040
Oregon	041
Pennsylvania	042
RESERVED	*043*
Rhode Island	044
South Carolina	045
South Dakota	046
Tennessee	047
Texas	048
Utah	049
Vermont	050

Vehicle Classification Standard

Element Name	Definition	Valid Values	Sources / Existing Standards	Additional Information	Need for Standardization (for purposes of Mock Standards Committee)
Vehicle Model Year	A four-digit year, which is assigned to a vehicle by the manufacturer, to designate a vehicle model irrespective of the production year	Four-digit whole number Format: #### Example: 2023	Existing Standard: AAMVA D20 Traffic Records Systems Data Dictionary (JSON) (aamva.org) Source: Manufacturer	May be required to determine compatibility with mileage reporting options (e.g., on-board diagnostic ports available primarily from 1996 onward)	For vehicle classification and program eligibility purposes
Fuel Type	Source(s) of energy used to propel/move motor vehicle	Primary and secondary values from EPA	Source: US EPA	Combination of primary and secondary fuel types may be required (e.g., Plug-In Hybrid Electric – gasoline and battery electric)	For vehicle classification and program eligibility purposes, possibly in combination with fuel economy (not all vehicles have a single rating, and fuel type impacts determination of mpg rating); for fuel tax credit applicability and calculation
Gross Vehicle Weight Rating (GVWR)	Maximum loaded weight vehicle is designed to carry, including trailer weight	Four or more-digit whole number, represents pounds (lbs) Format: ##,### Example: 8,400 (lbs)	Source: Federal Motor Vehicle Safety Standards (FMVSS) (49 CFR 571)	Recommendation to use registered weight	For vehicle classification and program eligibility purposes (not for determining RUC rate in this standard)
Combined Fuel Economy Rating	Combined city/highway fuel economy (miles per gallon [MPG]) or equivalent (MPGe)	One or more-digit whole number Format: ## Example: 97 (MPGe)	Source: EPA or best available source	MPG vs. MPGe determined by Fuel Type Vehicles between 8,500 – 10,000 lbs GVWR are not required to have an EPA rating	For vehicle classification, program eligibility, and fuel tax credit applicability and calculation purposes

Determine Implementation Pathways

Who should lead and who should be involved?

- Jurisdiction-led Organization
- Industry-led Organization
- Researcher-led or Standards Development Organization
- Ideal Joint Committee

Committee Criteria

- Steering Committee and Sub-committees
- Expertise needed for each proposed area of standardization
- Committee Charter Components, including voting
- Committee Operating Rules
- Reports and Resources

Mock Standards Committee Accomplishments

- Brought together 4 implementing agencies, multiple vendors representatives, and other subject matter experts
- Unanimously agreed that standards are critical to the success of RUC and expressed strong interest and support in continuing the effort in a more formal manner
- Developed a list of 26 initial standards that would be beneficial for RUC
- Identified an additional 23 areas for development of best practices
- Drafted language for two standards that can immediately be used by implementing agencies
- Developed a workplan for a standards committee to carry this work forward

Identified Benefits of Standardization for RUC

- Reduces cost of collection
- Supports nationwide consistency of implementation
- Eases implementation
- Supports technology agnostic and scalable solutions
- Supports an open market and competition
- Facilities interoperability

Lessons Learned

The mock standards committee demonstrated a viable approach to developing RUC standards and offers concrete pathways forward for much-needed future efforts.

RUC is ready for standardization

Given the large number of standards needed, prioritize those most helpful for current circumstances

Include jurisdictions at varying degrees of RUC development

Develop a committee and sub-committee structure to group ”like” standards and accelerate development

Use best meeting practices: in-person when possible, with reliable technology and break-out sessions to maximize participation

Break

Forward Drive Project Final Report

Ging Ging Fernandez, CDM Smith

Report Outline: Research Results for Equity-Focused, Low-Cost, User-Centered Approaches to RUC for Washington

Volume 1:
Forward Drive
Summary of Findings
(approx. 50 pages)

- Executive Summary
- Introduction
- Research Approach & Findings
- Pilot Approach & Findings
- Conclusions and Next Steps

Volume 2:
Forward Drive
Technical Appendices
(12 documents ranging from 10-120 pages each)

- Research
- Simulation & Pilot Testing
- Next Steps

Summary of Final Report Conclusions

1. Steeper gas tax revenue losses exacerbate transportation funding challenges and equity concerns

2. Among transportation revenue choices, RUC performs strongest for social equity and user equity

3. Public acceptance of RUC in Washington has grown with exposure to the concept

4. Enrollment and odometer declaration is viable today: a simple, low-cost, popular approach for implementing RUC in Washington

5. Telematics is currently feasible on an opt-in basis for some vehicles, but work remains to expand eligibility and improve the user experience

6. Alongside program implementation, additional research can improve operations, especially as other states advance programs
   - Multi-state research and cooperation
   - Standards
   - Fleet reporting
   - OEM telematics business case

7. *Forward Drive* redefined what it means to conduct a RUC "pilot"

Final Report Conclusions

1 Steeper gas tax revenue losses exacerbate transportation funding challenges and equity concerns

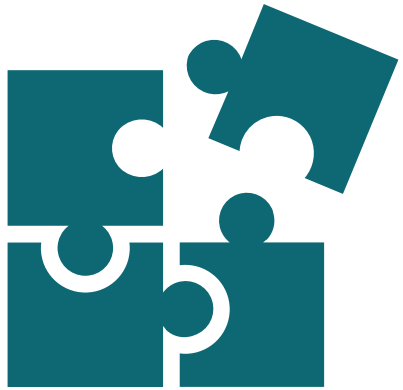
- Washington currently ranks second in the nation in ZEV adoption rates and aims for 100% of new sales to be ZEVs by 2035
- Meanwhile, improved fuel economy of conventional vehicles is expected to contribute approximately equally to the decline of gasoline tax receipts as ZEV adoption
- Fuel consumption per mile driven is already highest in rural areas and areas with below average household incomes; looking forward, the burden of fuel costs and fuel taxes is likely to further concentrate on those demographics

Final Report Conclusions

2 Among transportation revenue choices, RUC performs strongest for social equity and user equity

User equity:

- As fuel consumption diminishes, RUC improves on the user-pay principle the gas tax once embodied
- Whereas flat vehicle fees ask vehicle owners to pay either too much or too little relative to road use, RUC aligns usage and cost impacts with contributions



Social equity:

- RUC is a more progressive funding option than gas taxes and flat vehicle fees, since per-mile fuel consumption is highest in areas with lower incomes, and miles driven correlates with household income
- With RUC, policymakers have the option of offering rate adjustments, discounts, and exemptions to make funding policy even more progressive

WA RUC

Final Report Conclusions

3 Public acceptance of RUC in Washington has grown with exposure to the concept

- **2017**: A household telephone survey of a statistically representative sample of Washingtonians found 31% support for RUC and 58% percent opposition
- **2018-2019**: Although the pilot was not statistically representative of the state, among neutral participants, large majorities ended the pilot with favorable views of RUC
- **2022-2023**: A statistically representative sample of Washingtonians who experienced the RUC Simulation supported RUC by a margin of 56% to 44%

Final Report Conclusions

4 Enrollment and odometer declaration is viable today: a simple, low-cost, popular approach for implementing RUC in Washington

- Customers strongly prefer odometer self-reporting as a simple, low-cost basis for RUC
- Although overstated, concerns about honesty of Washingtonians can be cost-effectively managed through spot-checking, including odometer image capture
- Offering standard exemptions addresses the large majority of customer concerns about non-chargeable miles

Final Report Conclusions

5 Telematics is currently feasible on an opt-in basis for some vehicles, but work remains to expand eligibility and improve the user experience

- Telematics reporting is optional for customers and OEMs
- Odometer reporting using telematics is feasible today at moderate cost for small-scale efforts and at low cost for large-scale efforts
- Location-based reporting using telematics requires more participation from more OEMs to determine the operating model, cost structure, and user experience
- The user experience in trial settings has been positive, but uncertainty around the ultimate telematics business model leaves room for additional work

Final Report Conclusions

6 Alongside program implementation, additional research can improve operations, especially as other states advance programs

- As states continue to research, enact, and grow RUC programs, multi-state research can reduce deployment costs, improve the user experience, and harmonize operational concepts across state lines
- Further standards development in collaboration with other jurisdictions can lead to lower administrative costs, especially for components procured from outside vendors, while making interoperability among states easier to achieve

- Additional research and testing can improve the user experience and administrative cost for fleet vehicles in a RUC program
- Development of a business case analysis for OEM involvement in a variety of configurations and scenarios can improve the conditions for partnerships and help states prepare for working with a range of third party partners

Final Report Conclusions

7 *Forward Drive* redefined what it means to conduct a RUC "pilot"

- Users benefit from a single, simple entry point to RUC, especially when faced with numerous choices
- Focused, interactive, information-rich, customized experiences offer an alternative to long-term "traditional" pilot testing
- Although upfront investment in the simulation was high, deployment across a large population of participants to collect behavioral and survey data is small
- The simulation approach can be undertaken to address additional policy questions of interest and/or as the foundation for a more in-depth "traditional" pilot

Final Report Conclusions

1. Steeper gas tax revenue losses exacerbate transportation funding challenges and equity concerns

2. Among transportation revenue choices, RUC performs strongest for social equity and user equity

3. Public acceptance of RUC in Washington has grown with exposure to the concept

4. Enrollment and odometer declaration is viable today: a simple, low-cost, popular approach for implementing RUC in Washington

5. Telematics is currently feasible on an opt-in basis for some vehicles, but work remains to expand eligibility and improve the user experience

6. Alongside program implementation, additional research can improve operations, especially as other states advance programs
   - Multi-state research and cooperation
   - Standards
   - Fleet reporting
   - OEM telematics business case

7. *Forward Drive* redefined what it means to conduct a RUC "pilot"

Report Outline: Research Results for Equity-Focused, Low-Cost, User-Centered Approaches to RUC for Washington

Volume 1:
Forward Drive
Summary of Findings
(approx. 50 pages)

- Executive Summary
- Introduction
- Research Approach & Findings
- Pilot Approach & Findings
- Conclusions and Next Steps

Volume 2:
Forward Drive
Technical Appendices
(12 documents ranging from 10-120 pages each)

- Research
- Simulation & Pilot Testing
- Next Steps

Appendices

Research

- A-1 Financial Analysis
- A-2 Equity Outreach & Analysis
- A-3 User Experience
- A-4 Cost of Collection

Simulation & Pilot Testing

- B-1 Simulation Survey Results
- B-2 Simulation Analytics Results
- Follow-on Experiences
  - B-3 FlexPay Results
  - B-4 AutoPilot Results
  - B-5 Miles Exempt Results
- B-6 Vehicle Transactions Survey Results
- B-7 Mock Standards Committee

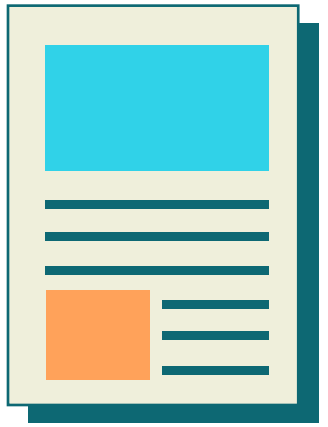
Next Steps

- C RUC Transition Roadmap

Next Steps

Week of November 13
Submit draft final report (text only) to Steering Committee

1 week later
Steering Committee to provide comments



January 2
Transmit final report to Legislature

Funding Policy Updates from Around the Country

Travis Dunn, CDM Smith

2023 State Legislative Updates

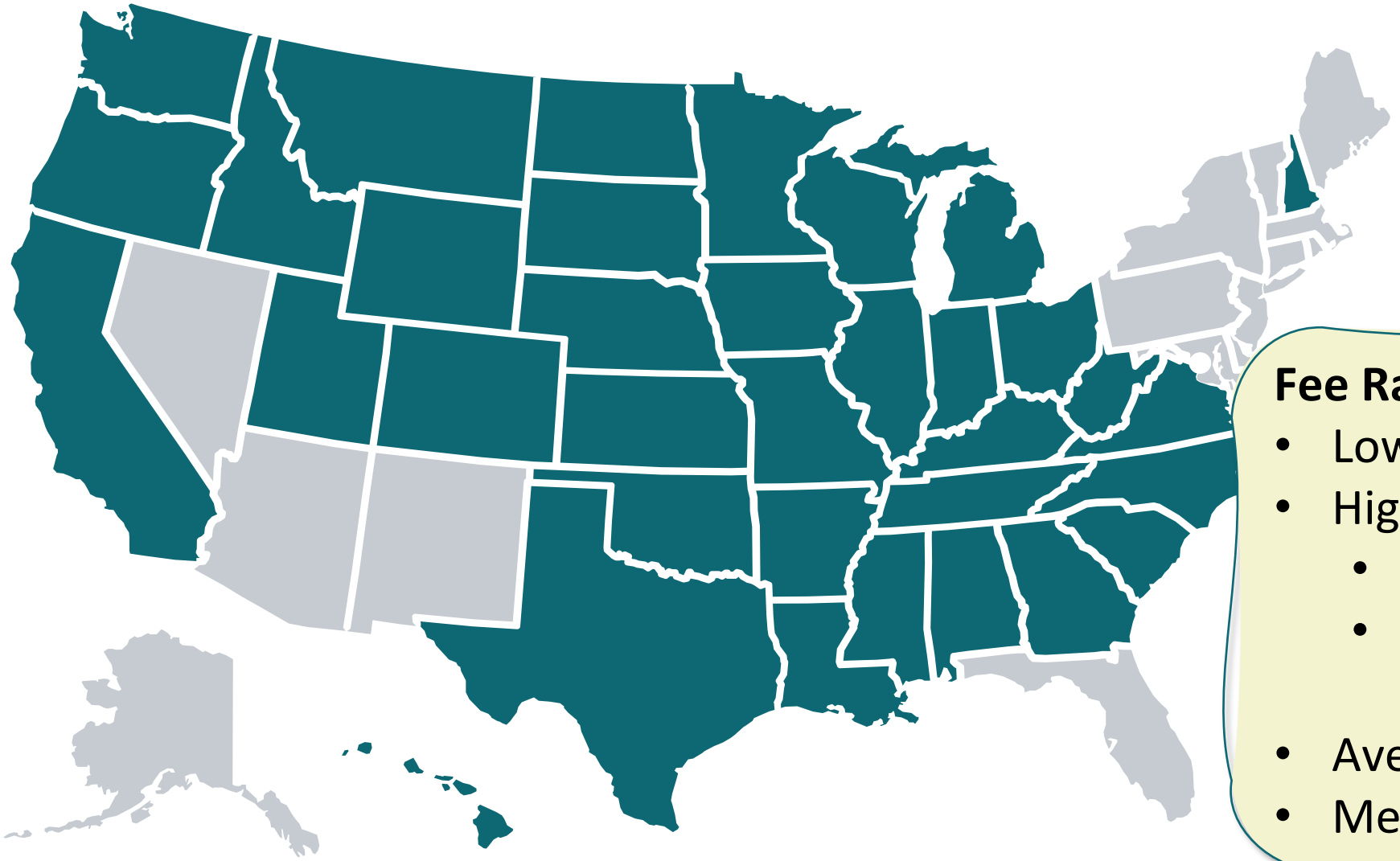
bills add **per-kWh taxes on public EV charging**
Montana, Georgia, Utah

bills implement new **electric vehicle registration fees**
Montana, New Hampshire, 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 35 States in 2023



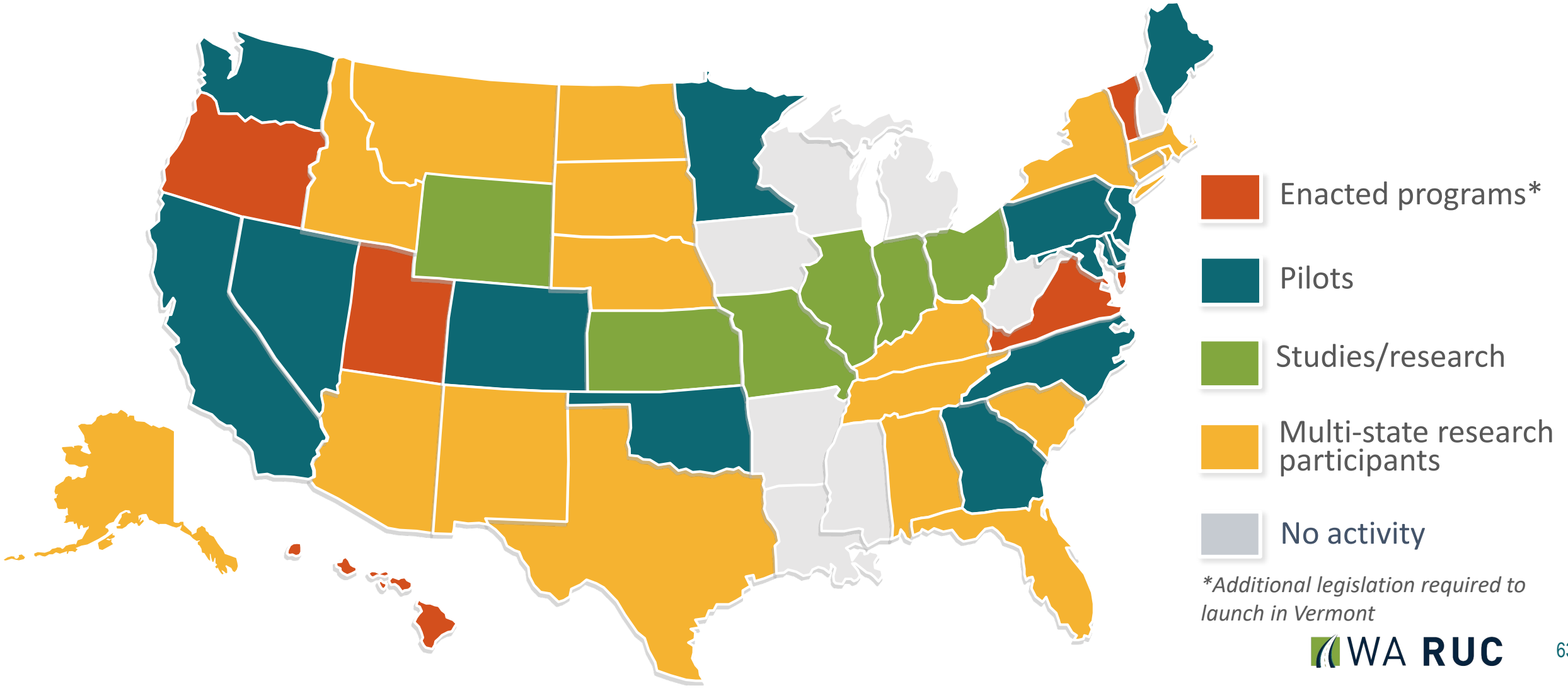
Adopted EV registration surcharges

No EV surcharge

Fee Range: $50 - $240

- Lowest: Hawaii ($50)
- Highest:
  - Washington ($225)
  - Michigan ($240 for vehicles over 8k lbs)
- Average: $130.45
- Median: $120

Five States Have Enacted RUC in Law*



*Additional legislation required to launch in Vermont

WA RUC

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:

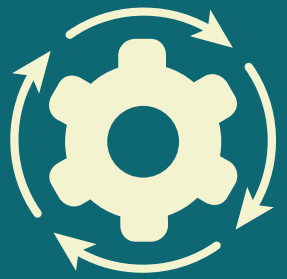
(1) ADVISORY BOARD.—The term "advisory board" means the Federal System Funding Alternative Advisory Board established under subsection (g)(1).

(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.

Preparing for Legislation: Open Discussion of RUC Issues

Travis Dunn, Project Manager, CDM Smith

Policy Questions to Address



The topical questions listed below reflect areas the legislature will need to make decisions to establish a RUC program. On the following slides, there is a list of choices for how policymakers can address each question.

The intent of this exercise is to facilitate the Steering Committee's review and discussion to ensure this section fully captures the key questions and options.

For initial enactment of a RUC program:

1. What vehicles are subject to RUC?
2. How is road usage reported?
3. What is/are the rate/s and rate factors?
4. What road usage is exempt and how?
5. How are gas taxes handled?
6. How are the revenues used?
7. How is privacy protected?
8. How is the program enforced?

For the future:

9. What is the long-term transition plan for all of the initial elements?

1 What vehicles are initially* subject to RUC?

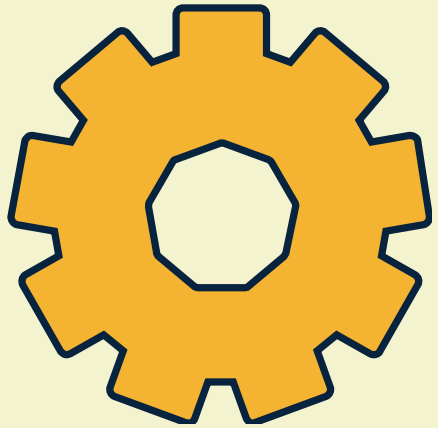
**Question 9 asks how to transition over time*

- **Voluntary vs. mandatory**
- **Subject vehicle categories (for voluntary and/or mandatory):**
  - MPG threshold
  - New vehicles starting with specific model year
  - Electric vehicles and plug-in hybrids
  - Hybrids
  - Combinations of the above
  - All vehicles

2 How is road usage reported?

- Periodic (e.g., annual) self-declaration of **odometer reading**
- Odometer **photo reporting**
- Automated reporting via certified **plug-in device, smartphone app, or in-vehicle telematics**
- Some combination of the above

3 What is/are the rate/s and rate factors?



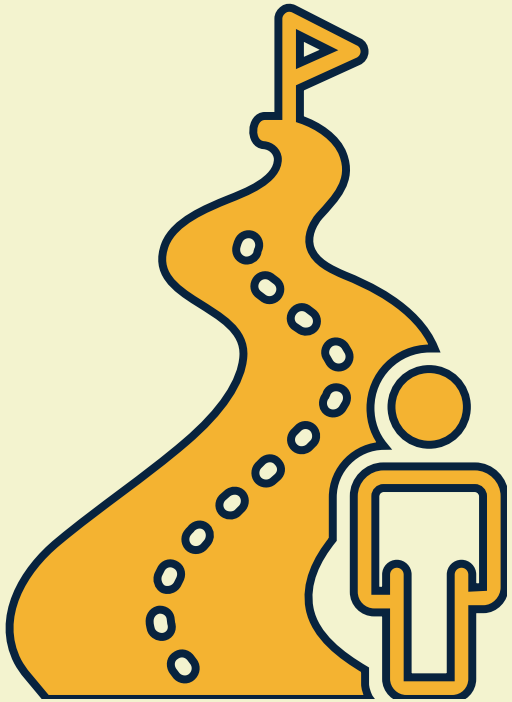
Base rate options

- Based on revenue-neutrality with gas tax
- Based on meeting a revenue target

Possible rate factors

- Annual cap on RUC charges
- Standard exemptions (e.g., 200 miles for out of state driving)
- Discounts for high mileage
- Income-qualified rate discounts, caps, or exemptions
- Rate discounts or surcharges based on vehicle weight, emissions class, MPG, or other factors
- Inflation
- Tied to rate of gas tax

4 What road usage is exempt and how?



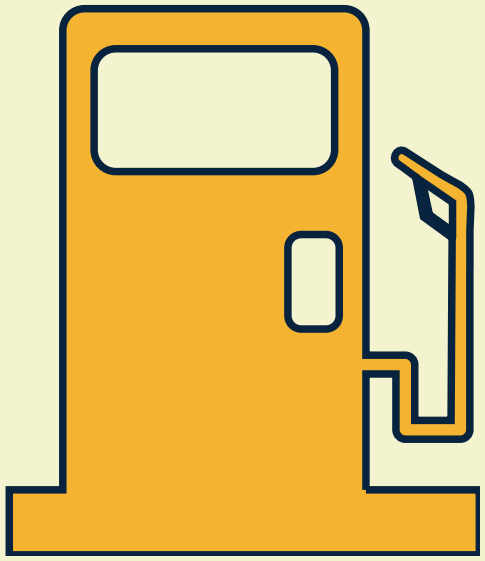
Options for exemptions

- Out-of-state miles
- Off-road and private road miles

Options for how to exempt

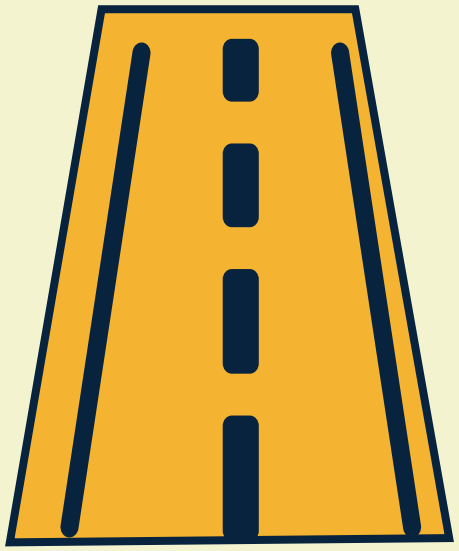
- Standard exemption
- Manual
- Automated

5 How are gas taxes handled?



- **No credits**
- **Credit some or all gas tax paid toward RUC due**
- **For credits in excess of RUC:**
  - No refunds
  - Cash refunds
  - Income-qualified refunds
  - Apply credits toward other vehicle fees
  - Income-qualified credit toward other vehicle fees

6 How are the revenues used?



- Highway maintenance and preservation
- Highway purposes
- Transportation purposes

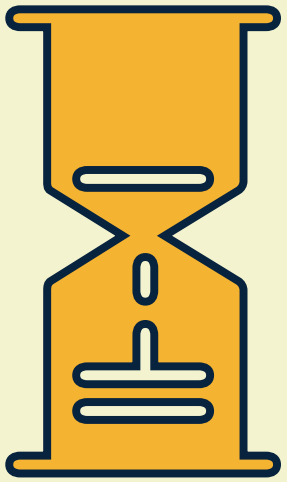
7 How is privacy protected?

- Require at least one non-GPS option for road usage reporting
- Enact privacy provisions contained in model privacy policy

8 How is the program enforced?

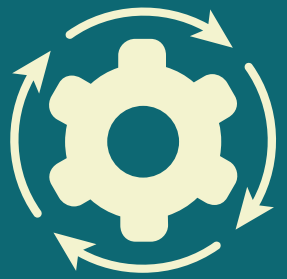
- For voluntary program, enforcement not required
- For mandatory program:
  - For non-reporting, default to flat fee
  - For under-reporting, apply higher per-mile rate or penalties
  - For non-payment, withhold registration renewal
  - For fraud, impose civil penalties

9 What is the long-term transition plan?



- Transition by vehicle type
- Transition by vehicle age (model year)
- Transition upon external triggers, e.g., gas tax receipts, fleet MPG, EV adoption rate

Policy Questions Poll



Poll question

For initial enactment of a RUC program:

1. What vehicles are subject to RUC?
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7. How is privacy protected?
8. How is the program enforced?

For the future:

9. What is the long-term transition plan for all of the initial elements?

THANK YOU!

Consultant support provided by:

CDM Smith®

BERK

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Yates Consulting Group

WA RUC