



 *Keeping Utah Moving*

UDOT Road Usage Charge Program Expansion Scenarios

As required by Senate Bill 150

Transportation Interim Committee

June 16, 2021

Background

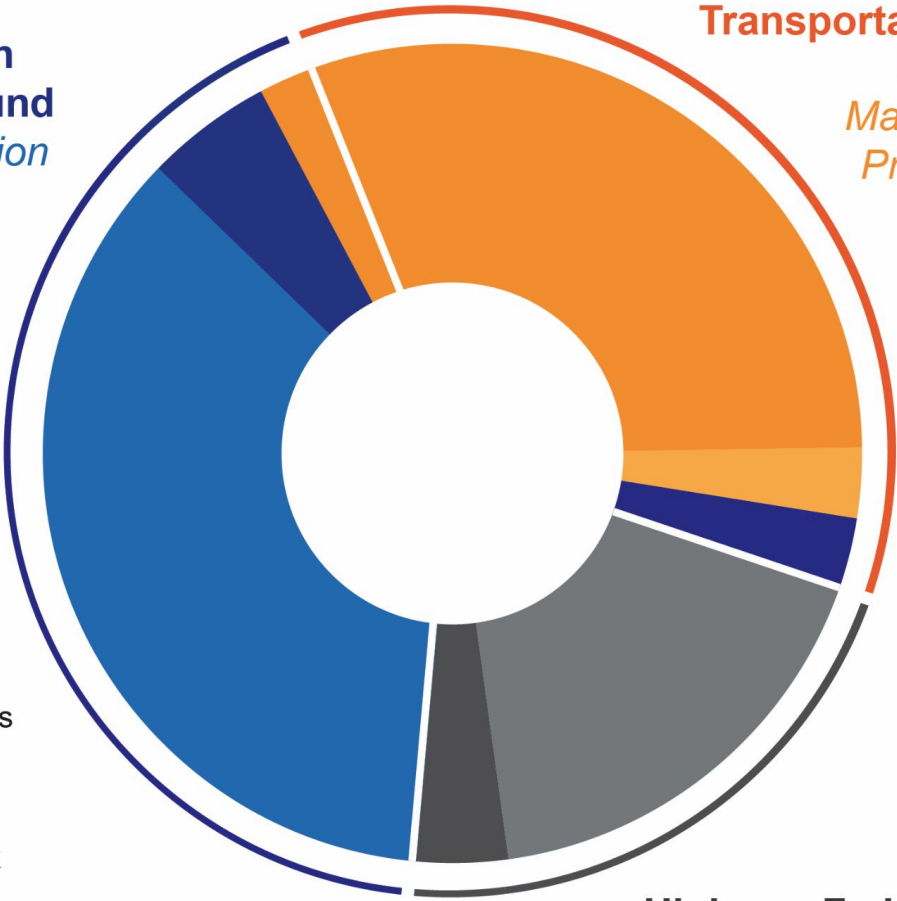
Highway Budget

(in millions of dollars)

Transportation Investment Fund
New Construction

Transportation Fund
Operation, Maintenance, Preservation

- Sales Tax
- State Fuel Tax
- Registration Fees
- Permits, etc
- Federal Fuel Tax
- Federal other



Highway Federal Funds
Projects Primarily for Preservation and Safety

Fuel Tax

- ❖ User Pays principle
- ❖ First instituted in the early 1900s
 - First instituted by Oregon 1919
 - Utah followed in 1923
- ❖ Current rates:
 - Utah 31.4 cpg
 - Federal 18.4 gasoline, 24.4 diesel

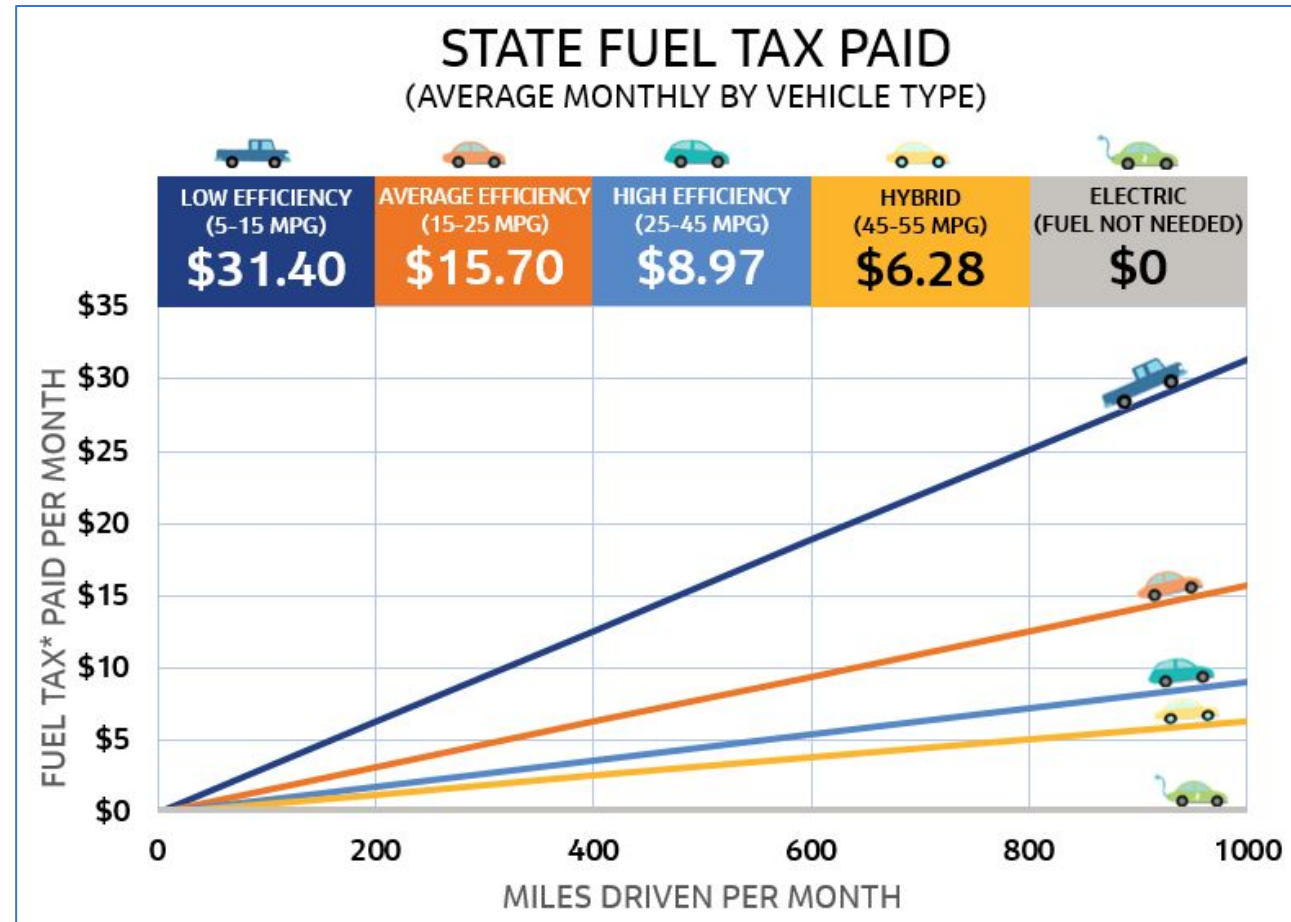


Fuel Tax: Eroding Value

- » Vehicles more fuel efficient
- » Alternate fuel vehicles
- » Increasing demand-- more drivers driving more miles
- » Aging system
- » Inflation

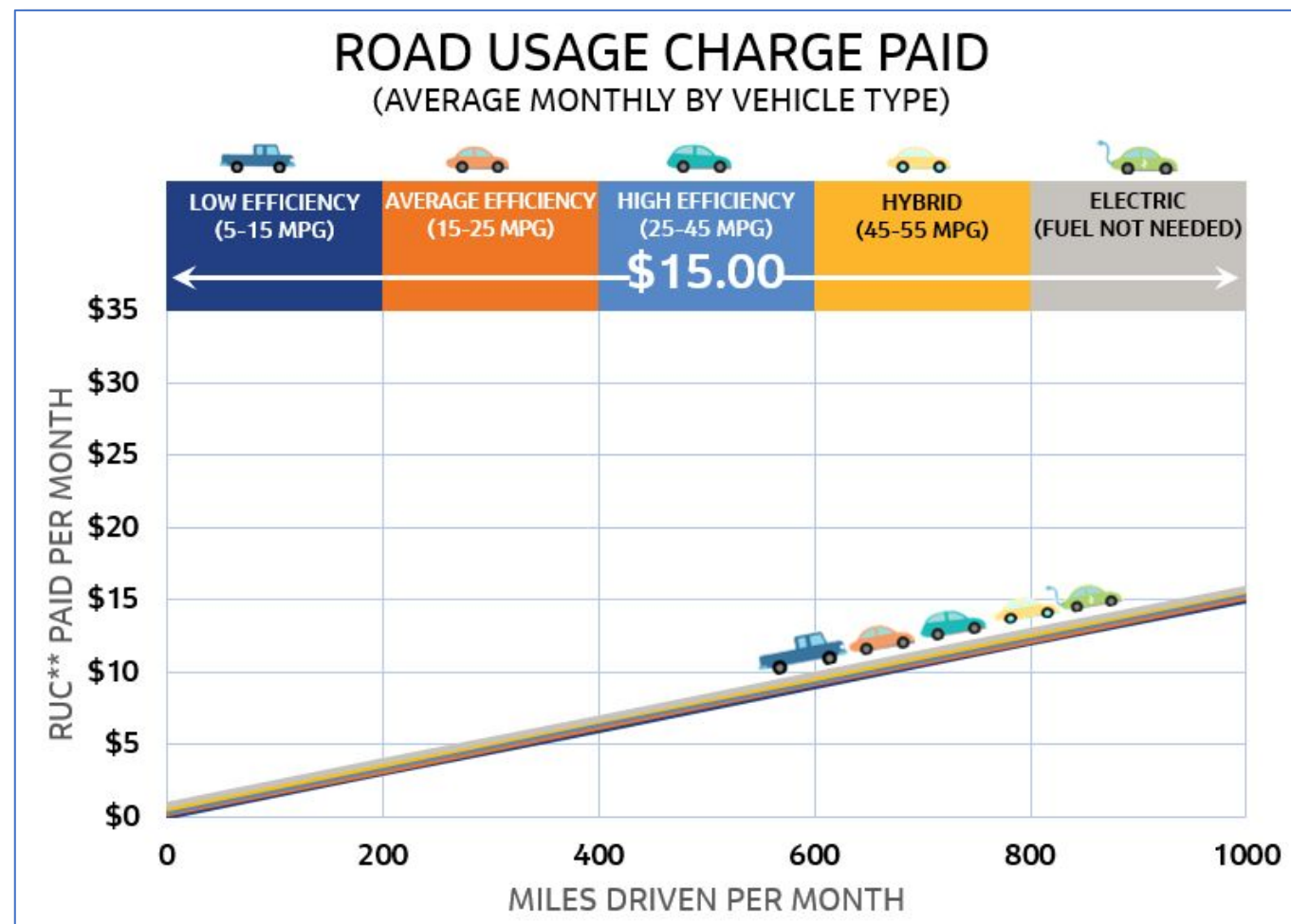
Fuel Tax Paid

» Inequity among roadway users



Road Usage Charge

- » All road users contribute to road funding
- » User-pays principle



Legislative History Fuel Tax / Road Usage Charge

- ❖ **2003-2004** Legislative Transportation Planning Task Force discussed mileage-based funding
- ❖ **2015** HB 362 directed UDOT to continue studying mileage-based revenue system
- ❖ **2017** Task Force on Transportation Governance and Funding (created by SB 174)
 - **Goals** included identify funding mechanisms “...that are sustainable, fair...”
 - **Policy Recommendations** included:
 - *“Ensure all road users pay an equitable share of transportation infrastructure, including developing a fee structure on alternative fuel or zero-fuel vehicles...”*
 - *“Authorize and direct UDOT to begin a Road User Charge (RUC) demonstration/pilot program as a potential future alternative to motor fuel taxes”*
- ❖ **2018** SB 136 adopted Task Force Recommendations
 - UDOT RUC Advisory Committee develop program recommendations
- ❖ **2019** SB 72 created statutory framework to operate an *on-going* RUC program

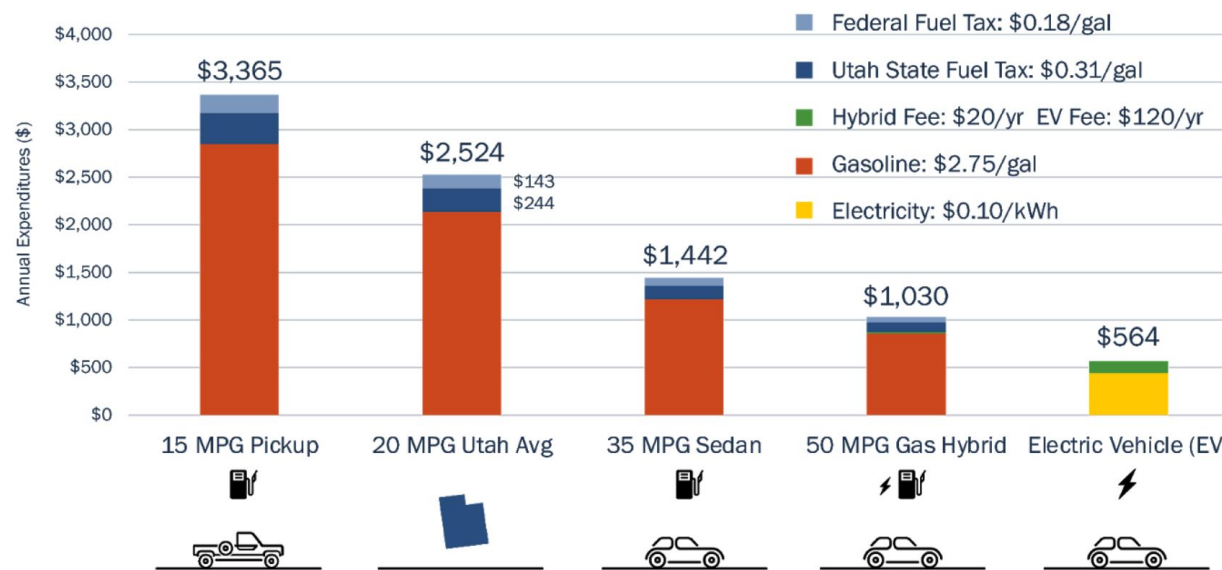
The Utah Road Usage Charge Program

- » Established in January 2020 as alternative to state fuel tax
- » Drivers pay a fee based on miles driven rather than fuel purchased
- » Voluntary for electric and hybrid vehicles as an alternative to paying the annual flat fee

The UDOT Road Usage Charge Program

- » Road usage charge capped at flat fee
- » Overall costs remain low for electric and hybrid vehicle owners

Total Annual Costs for Typical Utah Drivers



The Utah Road Usage Charge Program

At the end of 2020, there were a total of
3,648 Drivers Enrolled



1,469

electric
vehicles



446

plug -in
electric hybrids

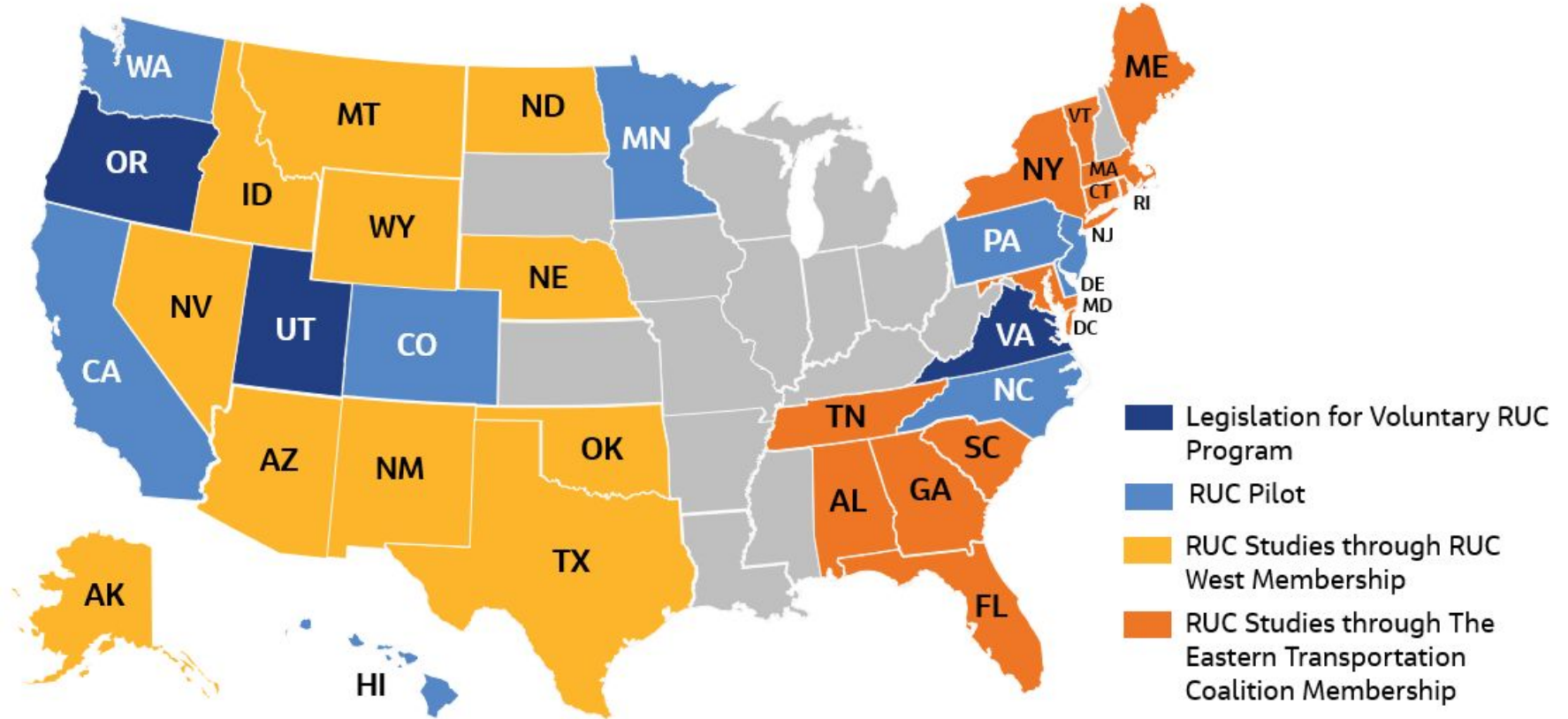


1,773

gas
hybrids

Usage Fee Efforts Nationwide

» Road Usage Charge Efforts Across the U.S.



The Report

Senate Bill 150

» Legislature asked UDOT to prepare a report with plan to enroll all registered vehicles in the Road Usage Charge Program by December 31, 2031

» Excluded authorized carriers

Enrolled Copy

S.B. 150

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TRANSPORTATION GOVERNANCE AND FUNDING

AMENDMENTS

2020 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

House Sponsor: Kay J. Christofferson

LONG TITLE

General Description:

This bill amends provisions related to transportation funding, motor vehicles, transportation network companies, and other transportation related items.

Highlighted Provisions:

This bill:

- requires counties and municipalities to provide certain notifications to a large public transit district related to development that could impact public transit corridors;
- amends provisions related to safety standards of transportation network company vehicles;
- amends provisions related to public transit districts, including:
 - removing a cap on the number of transit-oriented developments allowed;
 - defining terms related to public transit infrastructure and planning; and
 - provisions related to powers and responsibilities of the board of trustees and local advisory councils of a large public transit district;

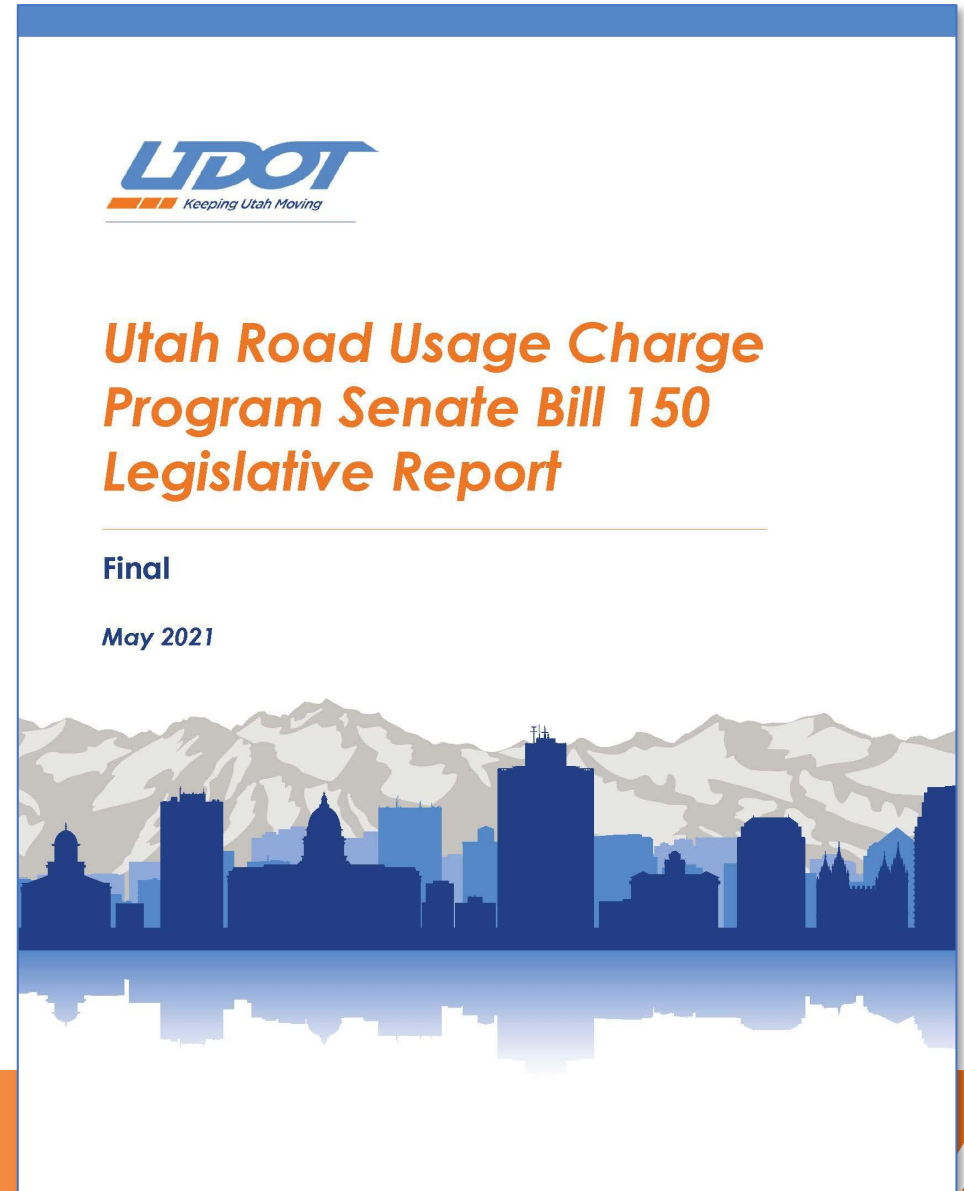
Future of Road Usage Charge Workshop, Feb. 2020



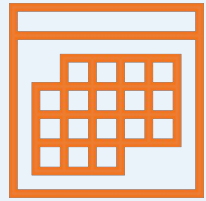
- Objective: Develop and explore different expansion options
- Workshop findings heavily influenced the two expansion scenarios in SB150 report

Senate Bill 150 Legislative Report

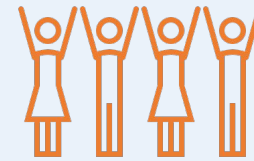
- » Explores the appropriate pace of expansion for the current Utah Road Usage Charge Program
- » Assesses two distinct expansion scenarios
- » Provides a menu of options for policymakers



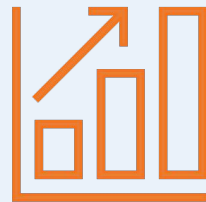
Evaluation Criteria



Pace of program expansion



Public acceptance







Pace of revenue generation







Policy flexibility and adaptability

Scenario A: Mass Implementation with Manual Odometer Reporting






		Scenario A
 Mileage Reporting	Annual Odometer Reading	
 Payment Options	Lump sum at registration renewal	
 Eligibility	All qualified rated 20+ MPG eligible 2024	
 Enrollment Pace	Enrollment surge <i>Expected 2024 enrollment: 2 million vehicles</i>	

Scenario B: Phase Implementation with Technology-Reliant Reporting

	Scenario B
 Mileage Reporting	Real time technology based AND odometer readings
 Payment Options	Pay as you go
 Eligibility	Vehicles rated 30+ MPG eligible in 2024. Eligibility expands every two years thereafter.
 Enrollment Pace	Gradual enrollment increase <i>Expected 2024 enrollment: 570,000 vehicles</i>

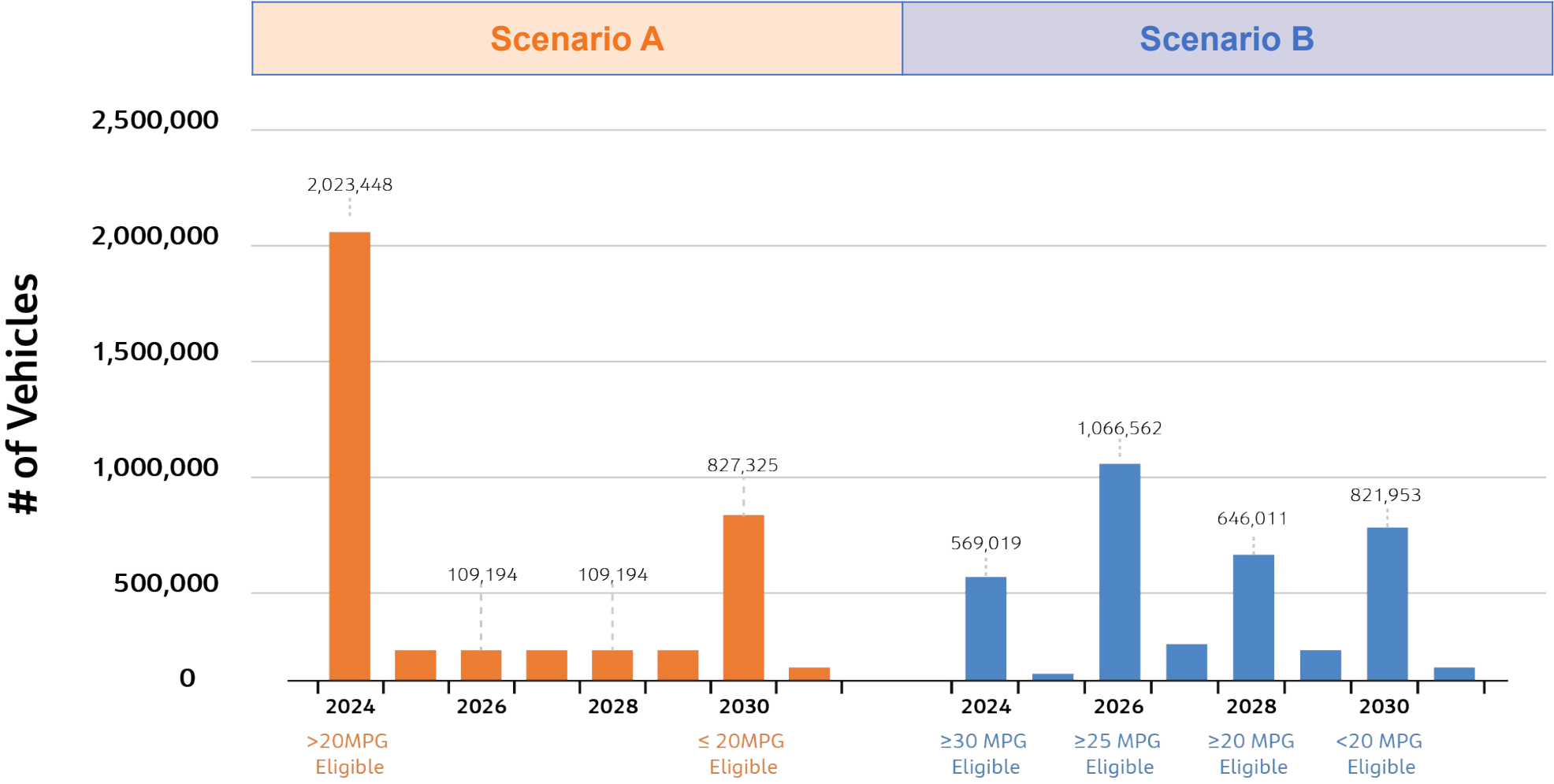
Baseline Features

To meet 10-year timeline,
policy actions are needed to foster enrollment.

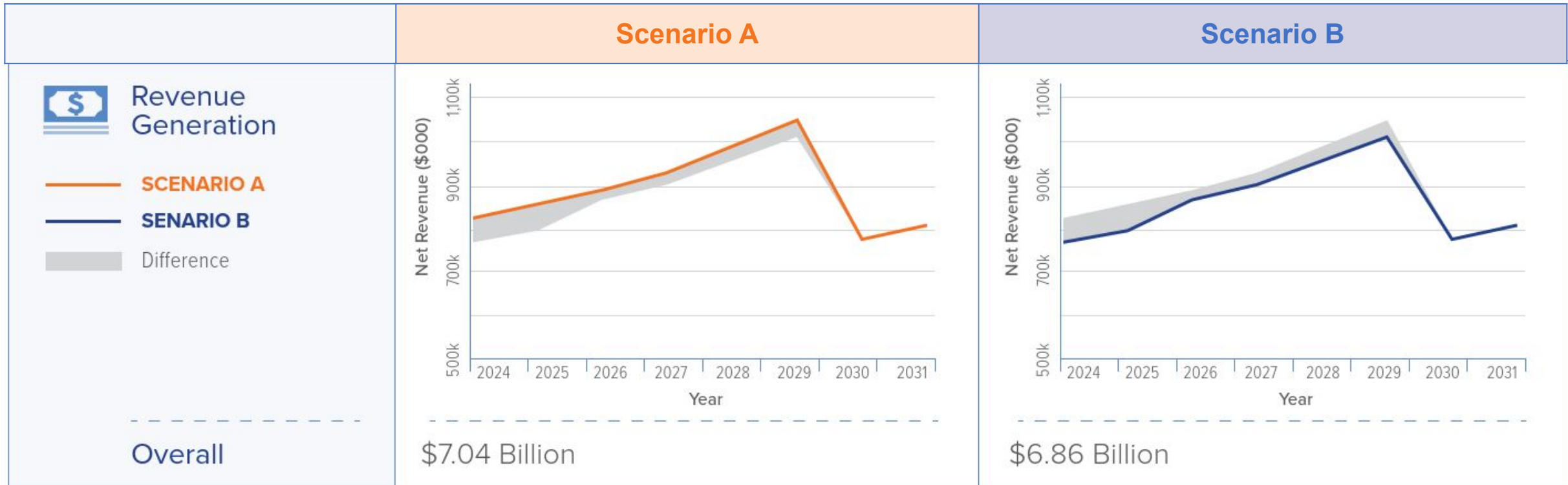
 <p>Scenarios implemented by 12/31/2031</p>	 <p>Road Usage Charge replaces the fuel tax - Enrollees receive fuel tax credit</p>	 <p>Privacy Protected</p>
 <p>Expansion begins in 2024</p>		 <p>Out-of-state drivers and heavy vehicles continue to pay fuel tax</p>

Scenario Analysis



Criteria: Pace of Program Expansion



Criteria: Pace of Revenue Generation



Criteria: Public Acceptance, Policy Flexibility and Adaptability

		Scenario A	Scenario B
	Public Considerations	<ul style="list-style-type: none">• Lump sum payment• Increased awareness of usage fee of transportation• Single mileage reporting option	<ul style="list-style-type: none">• Pay as you go• Increased awareness of usage fee for transportation• Multiple mileage reporting options
	Future System Flexibility	<ul style="list-style-type: none">• Minimal	<ul style="list-style-type: none">• Builds off current program• Leverages technology to support other State initiatives (e.g. congestion pricing)

Conclusion

	Scenario A	Scenario B
Implementation Speed + Pace of Expansion	Rapid	Moderate
Complements Current Program?	No	Yes
Future System Flexibility	Limited	Expansive
Risk of Stakeholder Pushback	High	Low
Public Engagement Campaign	Extensive / Condensed Time Frame	Measured / Moderate Time Frame

Additional Policy Considerations

Cost

Lowering the costs of road usage charge system administration and operations

Rural Equity

Misconception that rural drivers pay more than urban drivers under road usage charge system

Fuel-Efficient Vehicles

Drivers, including EV owners, agree every driver should pay their share

Technology

Future road usage charge systems will need be designed to accommodate technological advancements

Public Acceptance

Education and outreach are essential to generating greater public acceptance

Privacy

Providing various mileage reporting and technology options allows for privacy preferences

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