

HOUSE BILL REPORT

HB 2704

As Reported by House Committee On: Transportation

Title: An act relating to a road user future funding task force.

Brief Description: Creating a road user future funding task force.

Sponsors: Representatives Billig, Clibborn, Armstrong, Liias and Asay.

Brief History:

Committee Activity:

Transportation: 2/1/12, 2/6/12, 2/7/12 [DPS].

Brief Summary of Substitute Bill

- Establishes the Road User Future Funding Task Force (Task Force) to assist the Legislature in developing the policy for a new system of revenue collection for Washington's roads and highways.
- Requires the Task Force to research models of road user assessments and make recommendations on a system of trials to determine feasibility of a road user assessment.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 21 members: Representatives Clibborn, Chair; Billig, Vice Chair; Liias, Vice Chair; Armstrong, Ranking Minority Member; Asay, Eddy, Finn, Fitzgibbon, Hansen, Jinkins, Kristiansen, Ladenburg, Moeller, Morris, Moscoso, Reykdal, Rivers, Ryu, Takko, Upthegrove and Zeiger.

Minority Report: Do not pass. Signed by 8 members: Representatives Hargrove, Assistant Ranking Minority Member; Angel, Johnson, Klippert, McCune, Overstreet, Rodne and Shea.

Staff: Alison Hellberg (786-7152).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Mileage-Based Road Use Charge/Vehicle Miles Traveled Fee.

A mileage-based road use charge or vehicle miles traveled fee is a user fee for the use of a system of roads. The fee is based on the distance driven on the road system. In the United States, while there are many road use charge systems in place, such as the tolled facilities on State Route (SR) 520 and SR 16 in the State of Washington, no mileage-based road use charge system has been implemented. Several states have engaged in research and pilot projects to evaluate such systems.

Connecting Washington Task Force.

In July 2011 Governor Gregoire convened the Connecting Washington Task Force, which consisted of 31 members representing business, local government, labor, and environmental interests, with the purpose of creating a 10-year strategy to maintain and improve the state's transportation system. As part of its final report, the Connecting Washington Task Force made several recommendations, including a recommendation to invest \$21 billion in state funding during the next 10 years to preserve the transportation system and make strategic investments in the corridors that hold the key to job creation and economic growth. The Connecting Washington Task Force also recommended planning for a transition to more sustainable funding sources for transportation, including the exploration of a revenue system based upon vehicle miles traveled.

Study of Alternative Transportation Revenue Systems Based on Roadway Usage.

The Transportation Research Board, a transportation-research division of the National Academies of Sciences, issued two reports in 2009 and 2010 concerning mileage-based road use charge development. In the 2009 report, researchers described how currently available technology and administrative structures might be used to implement direct usage-based charges in the near future. In the 2010 report, researchers identified system trials as an important element for devising viable usage-based charge systems. According to the report, the objectives of such trials would be to demonstrate the functional feasibility of technologies for recording road usage, assessing charges, and collecting fees; to gauge and possibly encourage public acceptance of direct-usage fees; and to provide insights on cost and organizational matters helpful to designing and implementing direct usage-based charges.

In 2001 Oregon established the Road User Fee Task Force with a stated mission to develop a revenue collection design funded through user pay methods, acceptable and visible to the public, that ensures a flow of revenue sufficient to annually maintain, preserve, and improve Oregon's state, county, and city highway and road system. The Oregon task force recommended that the Oregon Department of Transportation conduct a pilot program to study two strategies: study the feasibility of replacing the gas tax with a mileage-based fee based on miles driven in Oregon and collected at fueling stations; and study the feasibility of using this system to collect congestion charges. According to the final report, the pilot program showed that, using existing technology in new ways, a mileage fee could be implemented to replace the gas tax as the principal revenue source for road funding.

Summary of Substitute Bill:

Findings and Intent.

The Legislature finds that:

- An efficient and effective transportation system is critical for Washington's economy and quality of life. Continued efficiency and effectiveness depend on a stable and reliable source of revenue to fund the system's maintenance, operation, preservation, and improvements.
- The motor vehicle fuel and special fuel taxes have been a fundamental means of paying for state roads, ferries, and the Washington State Patrol for over 90 years, and the taxes still provide well over 50 percent of ongoing state revenue for transportation purposes. Until recently, these taxes have been a source of revenue that has had stable growth.
- Since the year 2000, the average annual growth in the consumption of gasoline and diesel in Washington, upon which the motor vehicle fuel and special fuel taxes are based, has been less than one-twentieth of 1 percent. At the same time, the average annual growth in the cost of maintaining one lane mile in the state highway system has been 2.8 percent.
- Changing conditions in the fuel market since the year 2000 have driven changes in consumers' tastes in the vehicle market, with an emphasis toward vehicles with superior fuel economy and vehicles that rely on alternative fuels.
- The Washington transportation revenue forecasts anticipate continued movement towards vehicles with improved fuel economies, contributing to an expected decline in gasoline consumption over time.
- Washington transportation forecasters expect slow but positive growth in vehicle miles traveled upon the state and local transportation system to continue.
- Those persons and businesses that use the transportation system have an obligation to help support the system through taxes or fees. Until recently, fuel taxes have served as a good proxy for user fees for the system. With increasing fuel economy in many newer vehicle models, including some that do not rely on conventional fuels at all, there is a growing discrepancy between the use of the transportation system and payments to support the system.
- The public needs information on how the transportation system in the state is funded, and the public needs to understand various funding approaches and options.
- Other states and the federal government face the same difficulty of stagnating fuel tax revenues. A number of other states, as well as the Puget Sound Regional Council, have embarked on pilot projects and other efforts over the last decade to evaluate potential new systems for the assessment and collection of taxes or fees for the use of a transportation system. Such efforts have shown that new systems to assess a fee based on usage of state and local roads are indeed technologically feasible today.
- Despite the technological success of recent pilot projects in Washington and elsewhere, the transition away from the current system of fuel taxation to a new system is likely to create a number of fiscal, legal, constitutional, implementation, and public concern issues, requiring a number of years to resolve.
- The Washington State Transportation Commission (Commission) is tasked with transportation policy development and should continue to play a vital role in the development of a new revenue collection system.

Road User Future Funding Task Force.

The Road User Future Funding Task Force (Task Force) is established. The purpose of the Task Force is to assist the Commission and the Legislature in developing the policy for a new system of revenue collection for Washington's roads and highways.

The Task Force consists of 15 voting members:

- one member from each of the two largest caucuses of the House of Representatives, appointed by the Speaker of the House of Representatives;
- one member from each of the two largest caucuses of the Senate, appointed by the President of the Senate;
- one member from the Commission, appointed by the Commission, who serves as chair of the Task Force;
- one citizen at large, appointed by the Governor; and
- nine members, appointed by the Governor, representing the following interests: city government; county government; the motoring public; businesses at large; trucking; public transportation; environmental; automobile and light truck manufacturers; and vehicle tolling or user fee technology development.

The Secretary of the Washington State Department of Transportation (WSDOT) and the Director of the Department of Licensing (DOL) serve as nonvoting members. The Commission must convene the Task Force and provide primary staff support. In coordination with the Task Force, the WSDOT, with assistance as needed by the DOL, is responsible for work elements related to assessing operational feasibility, including technology, agency administration, multistate and federal standards, and other tasks as deemed necessary by the Task Force.

The budget for the Task Force must be submitted by the Commission. The Commission and the WSDOT may solicit and accept grants and assistance from the United States government and its agencies and from any other source, public or private, for the purposes of the Task Force.

Duties.

The Task Force must research and review relevant reports, data, and efforts in other states, at the federal level, and in other nations in regards to models of road user assessments and methods of transitioning to a road user assessment system of paying for transportation and analyze the research to identify issues for policy decisions in Washington.

In addition, the Task Force must make recommendations on the design for a system trial or trials. The recommendation must be submitted to the Governor and the Legislature by October 1, 2014. In arriving at its recommendation, the Task Force must:

- enumerate and characterize potential road user assessment implementation options, such as metering mileage, collecting fees, and protecting privacy;
- determine and apply criteria for identifying the most promising road user assessment implementation options to evaluate in the trials;
- identify uncertainties that would need to be resolved in order to develop a technically feasible, politically viable, and cost-effective system of road user assessments;
- determine which of these issues could be resolved or informed through suitably structured trials;

- consider broader views and potential implications of a road user assessment on different system users by soliciting input from stakeholders, the public, and subject matter experts;
- create a plan to assess public perspectives concerning a road user assessment and to educate the public on the current transportation financing system and options for a new revenue collection system;
- sequence the trials as necessary to build public acceptance in a new system;
- synthesize findings to outline possible options for funding, organizing, structuring, managing, and conducting the trials;
- address the possibility of joint trials with neighboring states; and
- propose legislation that would enable the conduct of the trial or trials.

In order to assist the Task Force in making its recommendations, the WSDOT may participate in studies and limited pilot projects to test technical feasibility that can be accomplished within existing resources. The WSDOT must coordinate with the Task Force and must report regularly to the Task Force on these activities. The Task Force must consider the outcomes of these activities in making its recommendations.

The Task Force must report by January 1 of each year beginning in 2013 to the Governor and to the transportation committees of the Legislature on the work of the Task Force.

These provisions expire June 30, 2015.

Substitute Bill Compared to Original Bill:

The terms "vehicle miles traveled fee" and "fee based on usage of roads" are replaced with "road user assessment." The Task Force's work is limited to reviewing relevant research about road user assessment models; analyzing the research to identify policy decisions; and making recommendations on the design of a system of trial or trials to determine the feasibility of road user assessments. The requirement that the Task Force evaluate the success of the trials and make any recommendations regarding the implementation of a particular road user assessment is removed. The bill is expired on June 30, 2015, instead of June 30, 2023.

The membership of the Task Force is modified to consist of 15, instead of 17, voting members. One Commissioner, rather than two, serves on the Task Force and the Commissioner is chair. The Secretary of the WSDOT and the Director of the DOL serve on the Task Force as nonvoting members.

Staff duties are modified. The Commission must convene and provide primary staff support to the Task Force. The WSDOT, with assistance as needed by the DOL, is responsible for work elements of the Task Force related to assessing operational feasibility.

The Task Force is the entity responsible for making recommendations and is no longer required to do this in conjunction with the Commission, the WSDOT, and the DOL. The reimbursement provisions are modified. Only those nonlegislative members who are not representing an employer or organization may receive reimbursement for travel expenses.

Language regarding the terms of members is removed. The WSDOT, in addition to the Commission, may accept federal grants or assistance, and gifts or donations.

The WSDOT, in order to assist the Task Force in making its recommendations, may participate in studies and limited pilot projects, that can be accomplished within existing resources. The WSDOT must coordinate with and report regularly to the Task Force on these activities.

Intent language is added stating that the public needs information on how the transportation system is funded and the public needs to understand various funding approaches and options.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The goal of this bill is to address long-term funding issues for the state transportation system. The gas tax has been the primary source of transportation funding for decades. The gas tax has become an unreliable source of funding and a road user assessment seems to be the most promising method. This bill creates a task force to review options, consider the feasibility in Washington, and propose possible pilot projects. Road user assessments are complicated, new, and there is not an established model to follow. It is very important to involve the public, legislators, and a broad group of stakeholders.

The transportation funding problem that exists now is about to grow into a crisis. Vehicles are getting even more fuel efficient and electric vehicles are becoming more common. The gas tax is a 1930s era system that treats gas consumption as a proxy for road usage. There is an urgency to this issue and the WSDOT wants to be ready for implementation once the Legislature determines what its policy is. The WSDOT has already been working with Oregon related to some of that state's efforts and the WSDOT will work with the sponsor on some administrative issues.

Transportation infrastructure is very important. The Transportation Partnership has been anticipating that a robust transportation funding package would be enacted during the 2012 session. It looks like this is not going to happen, but this issue cannot be forgotten. All options should be considered.

The public needs to understand how the current transportation is funded and what options exist for funding. A new system will need public acceptance and the public needs to be engaged and informed on an ongoing basis. It is also important that the Task Force represent a diverse stakeholder group. The Task Force in the bill is mostly comprised of associations; it is also important to involve individuals.

While the principles behind the bill are good, this should be delayed until 2013.

(Opposed) None.

Persons Testifying: Representative Billig, prime sponsor; Jeff Doyle, Washington State Department of Transportation; Duke Schaub, North-South Corridor Commission Spokane and Associated General Contractors of Washington; Richard Ford and Reema Griffiths, Washington State Transportation Commission; Jim Fricke, Capital Aeroporter; Dave Overstreet, Automobile Association of America Washington; and Carrie Dolwick, Transportation Choices Coalition.

Persons Signed In To Testify But Not Testifying: None.