Future of Funding

Trish Hendren, Executive Director, I-95 Coalition

#WeTheStates
Mileage-Based User Fees (MBUF) in an Electrified World

Dr. Patricia Hendren,  
Executive Director - I-95 Corridor Coalition
The Next 20 Minutes....

1. The revenue problem
2. MBUF exploration
3. MBUF and EVs
4. Issues to consider
THE PROBLEM
Transportation Revenues are Declining

39% Decrease in purchasing power of federal fuel tax since 1993

VEHICLES MILES TRAVELED
GAS CONSUMPTION WITH INCREASED EFFICIENCY

FUNDING GAP DUE TO INCREASED FUEL EFFICIENCY
LESS GAS USED

HISTORICAL PROJECTED
Transportation Fleet is Changing

<table>
<thead>
<tr>
<th>Efficiency Level</th>
<th>Average Monthly Gas Tax Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Efficiency</td>
<td>$58.20</td>
</tr>
<tr>
<td>Average Efficiency</td>
<td>$29.10</td>
</tr>
<tr>
<td>High Efficiency</td>
<td>$16.63</td>
</tr>
<tr>
<td>Electric</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

Miles driven

I-95 Corridor Coalition Mileage-Based User Fee Study
Drivers have no idea how much they are paying in fuel tax.
STSF Grant Program

The Surface Transportation System Funding Alternatives (STSF) program under Section 6020 of the Fixing America's Surface Transportation (FAST) Act ....

• Authorized grants to States for demonstrating:
  ✓ User-based alternative revenue mechanisms
  ✓ Utilization of a user-fee structure
  ✓ A solution to maintain the future long-term solvency of the Federal Highway Trust Fund

• Provides $95 million over 5 years

50-50
Match Required
Mileage-Based User Fees (MBUF)
I-95 Coalition STSFA Grants

*Purpose*: Explore the feasibility of replacing the gas tax with a mileage-based user fee program in a multistate environment

- **OUT-OF-STATE MILEAGE**
  How will travel across boundaries be handled?

- **TOLLING**
  What is the relationship between tolling and MBUF?

- **TRUCKING**
  How does a user-fee fit into current requirements?

- **AMENITIES**
  Will value-added amenities help with public acceptance?
16 states + D.C.

In the Corridor

I-95 Corridor Coalition Mileage Based User Fee Study

Boston, Massachusetts
New York, New York
Philadelphia, Pennsylvania
Washington, D.C.
Raleigh, North Carolina

Orlando, Florida
Savannah, Georgia
Miami, Florida

16 states + D.C.

3rd Largest Economy in the World

xx% of US GDP

Major Seaports

46

$395 Billion in International Exports

33% of US total employment: 55.9 Million jobs

$7.4 Trillion

In the Corridor of US total employment:

55.9 Million jobs

In the Corridor

3rd

Largest Economy in the World

$7.4 Trillion
xx% of US GDP

46

Major Seaports

$395 Billion in International Exports

33% of US total employment: 55.9 Million jobs

In the Corridor
The I-95 Corridor Coalition is a partnership of multi-state, multi-modal public agencies working together to create a seamless and efficient transportation system.
I-95 Coalition MBUF – Phase 1
Phase 2 & 3: More Exploration

• Hear from the public through an expanded multi-state Pilot with up to 1,000 volunteers
• Further test the tolling concept
• Explore privacy concerns and equity across urban and rural areas
• NEW Partner: Transurban (VA)
  – Explore MBUF for congestion management
• NEW Partners: NJDOT and NCDOT
  – Focused pilot to begin exploration / education
• Education & Outreach
  – Surveys, Focus groups, interviews, video, briefing packets, website

July – Oct 2019
Phase 2 & 3: Multi-State Truck Pilots

- October 1st, 2018 – March 31st, 2019
- EROAD is the technology partner
- Pilot purpose:
  - Explore feasibility of existing regulations and technology as a framework for a MBUF
  - Gain a better understanding of motor carriers needs and viewpoints.

Next Steps
- Compile insights from IFTA Auditors Workshop
- Interviews with motor carriers
- Motor Carrier Working Group
Important to Remember:

The I-95 Corridor Coalition members want to promote a better understanding of why investing in transportation is important, and why the current fuel tax does not provide a long-term and equitable solution in this regard. The Coalition, representing transportation agencies along the entire Eastern Seaboard, believes exploring the feasibility of a MBUF solution is important; for now, however, the Coalition is neutral if MBUF is the ultimate solution.
EVs AND MBUF
States with MBUF Pilots Activity

Focusing on EVs

I-95 Corridor Coalition Mileage-Based User Fee Study
Other STSFA Grants Addressing EVs

Missouri

- Exploring if vehicle registration fees can use vehicles’ fuel efficiency (MPG) to assess a fair and equitable user charge
- Grant work designed to capture lost fuel tax revenues due to increasingly fuel efficient vehicles
  - Ex: < 29 MPG no additional fees while > 61 MPG pay over $200

California

- Can MBUF technology capture fees at the point of sale?
  - Both fuel pumps and charging stations
Legislation passed to charge flat fees for alternative fuel vehicles

- MBUF may be used in lieu of flat fee
  - Enrollment starts Jan 1, 2020
  - Enroll with account manager using plug-in device or in-vehicle telematics
  - Out of state miles exempted
  - Odometer “true-up” at annual registration
  - MBUF amount can not be greater than flat fee
Financial Analysis

What if we only focus on EVs?

I-95 Corridor Coalition Analysis

• Looked at DE & PA
• 15-year horizon assuming 10% annual growth in EV / PHEVs
• Additional administrative costs of MBUF 16% would need to be covered by relatively few vehicles

Decrease in Total Net Revenues

Analysis of increased EV registration fee in CA (UC-Davis)

• The fee recovers part of the decrease in fuel tax revenue; but it is “unsustainable” in the long run
ISSUES TO CONSIDER
The principle of fairness seems to resonate with people. But......
Results from a Recent Statewide Survey (DE & PA)

Messages to Support MBUF

- **Gas taxes are out of date**
  - Poor: 11%
  - Good: 46%
  - Reason to support: 15%

- **Each driver pays their fair share**
  - Poor: 9%
  - Good: 49%
  - Reason to support: 12%

- **Is a sustainable and long-term model**
  - Poor: 10%
  - Good: 46%
  - Reason to support: 12%

- **People driving more fuel-efficient vehicles pay less**
  - Poor: 12%
  - Good: 40%
  - Reason to support: 11%

- **Current gas tax is unfair to people who can’t afford newer, vehicles**
  - Poor: 11%
  - Good: 36%
  - Reason to support: 13%
### Messages to Oppose MBUF

<table>
<thead>
<tr>
<th>Message</th>
<th>Good reason to oppose</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unfair to residents who drive longer distances</td>
<td>23%</td>
<td>41%</td>
</tr>
<tr>
<td>Personal information will be collected</td>
<td>25%</td>
<td>36%</td>
</tr>
<tr>
<td>It will be a hassle</td>
<td>20%</td>
<td>38%</td>
</tr>
<tr>
<td>Unfair to people who buy fuel-efficient vehicles</td>
<td>16%</td>
<td>40%</td>
</tr>
<tr>
<td>People who drive more will pay more</td>
<td>14%</td>
<td>39%</td>
</tr>
<tr>
<td>Out-of-state drivers may not end up paying</td>
<td>19%</td>
<td>33%</td>
</tr>
</tbody>
</table>
Why are Drivers Interested in Buying EVs?

Per AAA Survey in 2018

- Concern for environment (80%)
- Lower long-term costs (67%)
- Cutting edge technology (54%)
- Access to car pool lane (35%)

~20% of fuel cost is federal and state taxes
Fuel Tax (or RUC) as a Portion of Total Fuel Costs

MONTHLY FUEL + ROAD USAGE CHARGE (RUC) COST PER 1,000 MILES TRAVELED

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 $125 dollars per month less than the Ford pickup truck driver.

Gasoline $3.16/gal
RUC @ 2.4 cents/mile
Electricity $.10 kWh
An MBUF Could Allow Room for Policy Flexibility
KEEP IN MIND WHY WE’RE EXPLORING
Thank You!

Learn more at:
www.I95CoalitionMBUF.org