Wyoming Department of Transportation
Road Usage Charge Brief

Joint Transportation & Military Affairs Committee
Video Conference
May 21, 2020
## Transportation Funding Options

**Significant Additional Revenue Required**

<table>
<thead>
<tr>
<th>Funding Mechanism</th>
<th>Mechanism Yield (if currently enacted)</th>
<th>Rate</th>
<th>WYDOT 2019 Revenue</th>
<th>Additional Annual Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax on Fuel</td>
<td>1% @ $2.50/gal</td>
<td>1%</td>
<td>$0</td>
<td>$8,386,315</td>
</tr>
<tr>
<td>Transportation Related Items Tax</td>
<td>Conducting Research (Not Expected to Be Significant)</td>
<td>N/A</td>
<td>UNK</td>
<td></td>
</tr>
<tr>
<td>Vehicle Registration</td>
<td>$1 increase = $859,733</td>
<td>$5</td>
<td>$ 90,000,306</td>
<td>$4,298,665</td>
</tr>
<tr>
<td>Vehicle Sales Tax</td>
<td>1% Sales Tax</td>
<td>1%</td>
<td>N/A</td>
<td>$15,000,000</td>
</tr>
<tr>
<td>Rental Car Usage Tax</td>
<td>1% increase</td>
<td>1%</td>
<td>$252,288</td>
<td>$39,000</td>
</tr>
<tr>
<td>Fuel Tax Dealer License Fee</td>
<td>Increase from $25 to $100</td>
<td>$100</td>
<td>$36,500</td>
<td>$102,500</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$90,289,094</td>
<td>$27,826,480</td>
</tr>
</tbody>
</table>

As of May 14, 2020
## Transportation Funding Options

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</thead>
<tbody>
<tr>
<td>Fuel Tax</td>
<td>$.01/gal = $4,459,000</td>
<td>$.30 more / gal</td>
<td>$117,193,703</td>
<td>$133,770,000</td>
</tr>
<tr>
<td>* Sales Tax</td>
<td>1% increase</td>
<td>1%</td>
<td>$0</td>
<td>$104,495,891</td>
</tr>
<tr>
<td>* Road Usage Charge</td>
<td>$.01 per mile (2018 Data)</td>
<td>$.01/mile</td>
<td>$0</td>
<td>$104,380,000</td>
</tr>
</tbody>
</table>

Depending upon rate set, these funding options show the most promise
Transportation Funding Options

Funding Alternatives

**ALTERNATIVE**  

1. Increase/Index the fuel tax  
   - Short term solution; Still affected by fuel efficiency; More than double to meet the requirement

2. Increase sales taxes  
   - Non-users pay; Not specific to transportation

3. Road Usage Charge  
   - Privacy concerns; Interoperability; Fairness; Expensive to administer

4. Alternate Funding Options Considered  
   - Do not provide enough income to meet the requirement

5. Increase registration fees  
   - Doesn’t address out of state motorists

6. Royalties on certain vehicle types  
   - Only affects only new car sales; Potentially regressive

7. Tolling  
   - Only affects certain corridors; Requires new infrastructure; Lengthy implementation timeline

8. Ton-Mile Taxes  
   - Only applies to certain vehicle classes; Potential high leakage

As of May 14, 2020
ALTERNATIVE

1. Increase/Index the fuel tax

2. Increase sales taxes

3. Road Usage Charge

ADVANTAGES

Easy to implement; Users Pay; Captures most out-of-state users; Easy and inexpensive to administer

Easy to implement; Easy and inexpensive to administer

Only Users Pay; Potential to capture all out-of-state users; Rate schedule set to account for vehicle wear on the road surfaces
Transportation Funding Options

Why a Road Use Charge?

**Reason:**
1. WYDOT Annual Unfunded Needs Estimated at Least $135 million
2. Fuel Tax Buying Power Continues to Decline (Electric Vehicles, Fuel Economy, Inflation)
3. Fuel Tax Increase to Meet Unfunded Requirement is Significant

**Feasible:**
1. Rates May Be Structured so that Users that Cause Less Road Wear Pay Less
2. Rates Can Be Set to Supplement or Replace Current Transportation Revenue Sources
3. Used only for Transportation Requirements

**Acceptable:**
1. All Road Users and Only Road Users Pay
2. Rates Can Be Set to Cover Current and Future Requirements
3. Road Surface Quality Ensures Economic Vitality and Growth which Encourages Travel; therefore, Revenue
4. No US Constitutional Restrictions

**Sustainable:**
1. Easy for the Individual to Know Their Contribution to Transportation
2. Directly Related to Miles a User Drives
3. Not Reliant on Fossil Fuels

As of May 14, 2020
Transportation Funding Options

Solution

WYDOT has at least a significant annual funding shortage:

1. WYDOT does not receive revenue from the General Fund for surface transportation maintenance, repair, and capacity expansion
2. Fuel tax buying power continues to erode
3. WYDOT hired a consultant to help develop a Road Use Charge program
4. WYDOT has assembled a volunteer group of stakeholders to help solve the problem
5. The group’s goal is to suggest a solution that is fair to everybody (users and non-users alike)
6. With Legislative assistance, we can solve this problem

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