



Joint Transportation Committee

RUC Findings and Recommendations

July 10, 2020



Alternative Transportation Funding Source

Current revenue projections suggest highway conditions will continue to deteriorate statewide

- Fuel taxes projected to raise \$118 million in 2020 – inflation erodes purchasing power each year
- Current Transportation funding gap estimated at \$135M (Ongoing Study to refine the number)
- Good and excellent condition highways will reduce from 62% to 50% by 2036
- Poor condition highways will increase from 25% to 34% by 2036 (TRIP estimates Wyoming at 34% poor / mediocre now)
- TRIP research estimates the condition of Wyoming's roads costs drivers an additional \$587 / year in vehicle maintenance costs

Transportation Funding Options

Significant Additional Revenue Required



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

Transportation Funding Options



Significant Additional Revenue Required

Funding Mechanism	Mechanism Yield (if currently enacted)	Rate	WYDOT 2019 Revenue	Additional Annual Revenue
Fuel Tax	\$.01/gal = \$4,459,000	\$.30 more / gal	\$117,193,703	\$133,770,000
* Sales Tax	1% increase	1%	\$0	\$104,495,891
* Road Usage Charge	\$.01 per mile (2018 Data)	\$.01/mile	\$0	\$104,380,000

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

Alternate Funding Sources

Potential Feasible Options - Recap



- Increase the Fuel Tax
 - Related to the Road
 - Implementation is easy
 - Amount raised is tailorable
 - Long term effectiveness is diminishing
- Sales Tax
 - Not related to the road
 - Implementation is easy
 - Likelihood of Transportation system receiving Sales tax revenue deemed low
- Road User Charge
 - Related to the road
 - Implementation is difficult
 - Long Term effectiveness deemed excellent

Previous Guidance –
Further explore RUC



Established RUC Working Group

- 19-member group evaluating RUC feasibility and making recommendations for a potential Wyoming version

Joined RUC Organizations

- RUC West (16-state coalition collaborating on RUC)
- Mileage Based User Fee Alliance (Nationwide professional organization)

Hired RUC Technical Consultant

- Deployment solutions, needed systems and organization, and RUC revenue forecasts

Internal Evaluations

- Evaluating systems, processes, and policies to determine how to integrate RUC
- Identifying staffing needs, costs, and policies necessary to launch RUC

Regional Discussions

- Meeting with neighboring state DOTs to explore regional collaboration



- **Evaluating three DRAFT reports**
 - IFTA (Apportioned) and Non-Apportioned Vehicle Reporting Options
 - Other Vehicle Reporting Options
 - Financial Analysis Memo
- **Finalizing Financial Model**
- **Recommending Reporting Options, Acceptable Costs, and Anticipated Revenues from RUC program**
- **Developing Enforcement and Compliance Recommendations Plan**



Stakeholder Input has been invaluable

Initial Guiding Principles

- Charge must be fair and equitable**
- Must capture out of State vehicles**
- Phasing vehicle types is not an option – implement the program for everyone at the same time**
- Program must be simple, understandable and transparent**

Baseline Planning Assumptions

1. Capture out of state vehicles by refunding the fuel tax? (Initially as a credit on the RUC invoice)
2. Rates will vary between vehicle types (Trucks / Cars). (Method has not been determined)
3. Revenue distribution for RUC will follow current fuel tax model (State/County/City).



1. Pursue alternative revenue program
2. Implement RUC by July 2021
3. Implement RUC by July 2022
4. Implement RUC and/or alternative revenue program

Initial analysis says each timeline is feasible. Speed of action and implementation is the key variable.



Module 1: RUC Refresher (*Mike Warren - WSP*)

- What is RUC
- Why consider RUC
- WYDOT approach
- WYDOT Deployment Timeline

Module 2: Reporting Options (*Mike Warren - WSP*)

- Overview of data collection methods
- Cost considerations of various data collection methods
- Recommendations

Module 3: Financial Analysis (*Nick Amrhein - WSP*)

- Overview of current income sharing model and potential variations
- Presentation of conceptual scenarios and resulting rates / revenues
- Recommendations

Module 4: Other Policy Considerations (*Mike Warren - WSP*)

- Recommendations on major RUC-related policy considerations

Next steps: (*Director Reiner - WYDOT*)

MODULE 1: RUC REFRESHER



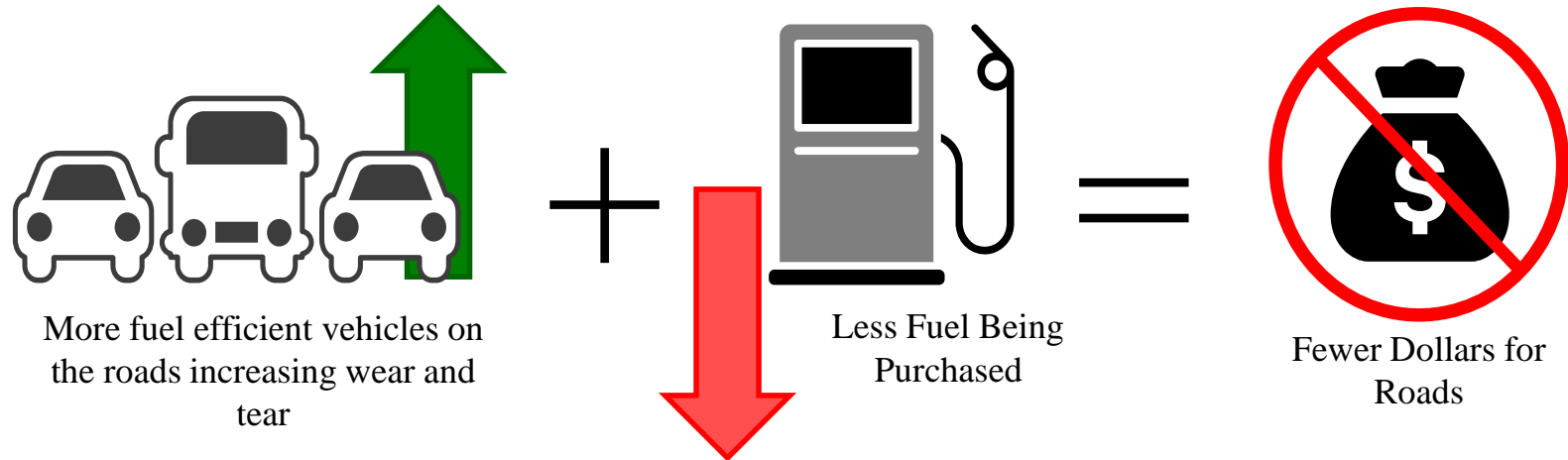
WHAT IS A ROAD USAGE CHARGE (RUC)?

Charge based on miles traveled

- Treats roads like utilities (Pay what you use)
- Traveled Miles are reported and fees paid
- Can be supported using both technology and manual options
- Uses existing marketplace technology

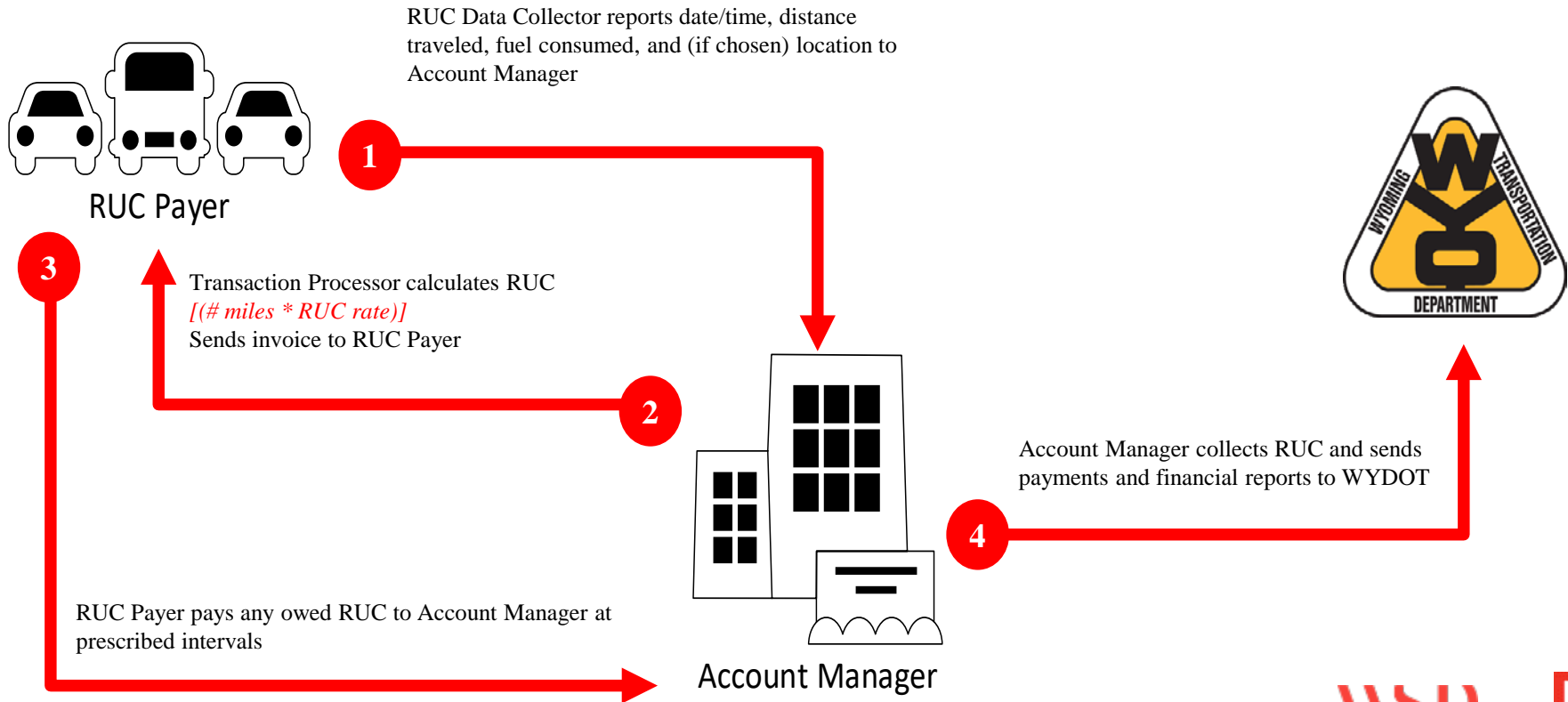


WHY CONSIDER RUC



WYDOT has an estimated \$135M annual funding shortfall just to maintain existing infrastructure

HOW RUC WORKS



RUC ADVANTAGES

Other state studies have identified advantages to a RUC:

The user pays the charge

Fee structures do not have to be universal:

- Ability to charge equitable rates for amount of use or wear on road surfaces a type of vehicle may cause
- Ability to stabilize and adjust charges so a type of vehicle or how the vehicle is used is not overly or unfairly burdened with cost
- Adjustable to reduce the impact of a statewide program on individual residents
- Organized to support municipalities and counties based upon the amount of miles driven on their networks

Allows use of technology or non-technology solutions to capture, log, monitor, and invoice charges

Makes Wyoming ready to support transportation innovation and vehicle electrification

COMMON MISCONCEPTIONS

Driver privacy is sacrificed

- Multiple tech and non-tech choices
- Unless explicitly authorized, State never receives personally identifiable info

Rural drivers are unfairly penalized as they drive longer distances

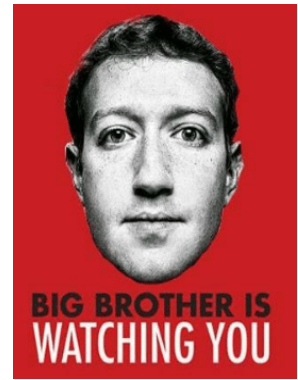
- RUC can credit travel on private lands/roads

Expensive to deploy and administer

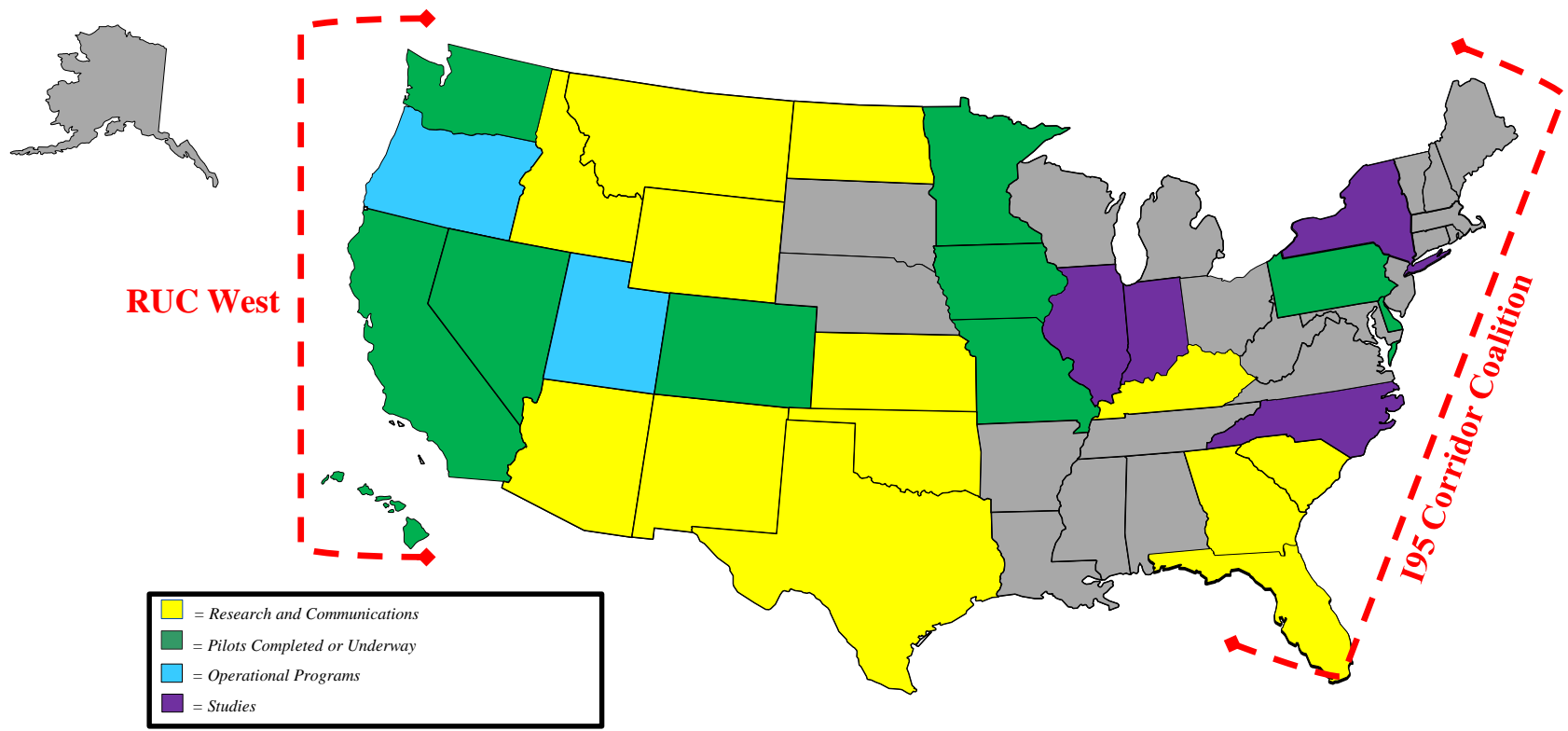
- Higher volumes can reduce cost
- Consolidate services with other tech and account management companies

Doesn't WYDOT have enough funding already?!?!?

- Current funding model is unsustainable
- Independent needs study ongoing



STATES EXPLORING RUC



MODULE 2: REPORTING OPTIONS



WAYS TO REPORT RUC – APPORTIONED TRUCKS

HUBODOMETER



Axle-mounted device that counts wheel revolutions

CAN-BUSS READER



Device that connects to a vehicle's Computer Area Network (CAN) bus to extract RUC-related information

GPS "SMART" ODOMETER



Hardwired GPS device that calculates distance

ELECTRONIC LOGGING DETECTOR



Multi-function redundant, telematics system uses motion-sensing and CAN-bus to capture and report RUC-related information

MANUAL REPORTING



Self-reporting and upload of IFTA and IRP data or completion of paper logs and reports

PERMIT BLOCKS



Prepaid RUC for time or mileage increments

TECHNOLOGY-BASED

MANUAL

WAYS TO REPORT RUC – *OTHER VEHICLES*

MILEAGE METERS



Device plugs into vehicle's OBD-II port to capture and report RUC data. Both GPS and Non-GPS options

MOBILE APPS



Mobile apps use smartphone technology to collect RUC data

IN-VEHICLE TELEMATICS



On-board information processing used for monitoring safety, distance, location, and other key vehicle activities

TECHNOLOGY-BASED

ODOMETER READ



Periodic odometer readings are captured through mobile apps, website uploads, or independent parties

PERMIT BLOCKS



Prepaid RUC for time or mileage increments

MANUAL



BENEFITS AND DRAWBACKS TO REPORTING OPTIONS

	BENEFITS	DRAWBACKS
Technology	<ul style="list-style-type: none">• Accurate• Easy to use• Lower administrative costs• Can tie to specific road usage• Can differentiate travel• Value added services• Supports systems interoperability	<ul style="list-style-type: none">• Not compatible with all vehicles• May require hardware, installation, or recurring subscription costs• Concerns over privacy and data security
Manual	<ul style="list-style-type: none">• Protects privacy• No technology needed• Minimal data reported• Supports any vehicle type• Can be based on existing processes	<ul style="list-style-type: none">• Difficult to enforce• May not reflect actual road use• Cannot accurately differentiate mileage• No value added services

KEY TERMS AND ASSUMPTIONS

- **Commercial Account Manager (CAM)** – Private sector RUC vendor. Acts on behalf of taxpayer. Generally takes a retention fee for technology and services
- **State Account Manager (SAM)** – State maintained RUC vendor. Acts on behalf of State. Does not generally offer technology options. No administrative fees taken

Assumptions

- Fuel taxes are credited to Wyoming registered motorists (initially as a credit on the RUC bill)
- Fuel tax is NOT refunded for out of state motorists
- \$5M startup cost for IT systems and services, carried over the first 8 years of operation.
- \$2M systems refresh every 5 years
- 5 WYDOT FTE to administer RUC program
- 12 WYDOT FTE to staff SAM

SIMPLE COLLECTION APPROACH

	COMMERCIAL ACCOUNT MANAGER	STATE ACCOUNT MANAGER
Apportioned Trucks	<i>No CAM Option</i>	Manual IFTA Reporting <i>(100%)</i>
Non-Apportioned Trucks		Time Permit <i>(70%)</i> Mileage Permit <i>(20%)</i> Odometer Read <i>(10%)</i>
Wyoming Registered Automobiles and Light/Medium Duty Trucks		Time Permit <i>(70%)</i> Mileage Permit <i>(20%)</i> Mileage Meter <i>(10%)</i>
Out of State Automobiles and Light/Medium Duty Trucks	Wyoming Motor Fuel Tax	

COMPLEX COLLECTION APPROACH

	COMMERCIAL ACCOUNT MANAGER	STATE ACCOUNT MANAGER
Apportioned Trucks	Technology-Based IFTA Reporting <i>(80%)</i>	Manual IFTA Reporting <i>(20%)</i>
Non-Apportioned Trucks	Hubodometer <i>(10%)</i> Mileage Meter <i>(50%)</i> CAN-buss ELD <i>(30%)</i>	Manual Reporting <i>(10%)</i>
Wyoming Registered Automobiles and Light/Medium Duty Trucks	Mileage Meter <i>(70%)</i> Smartphone <i>(10%)</i>	Time Permit <i>(10%)</i> Mileage Permit <i>(5%)</i> Odometer Read <i>(5%)</i>
Out of State Automobiles and Light/Medium Duty Trucks	Wyoming Motor Fuel Tax	

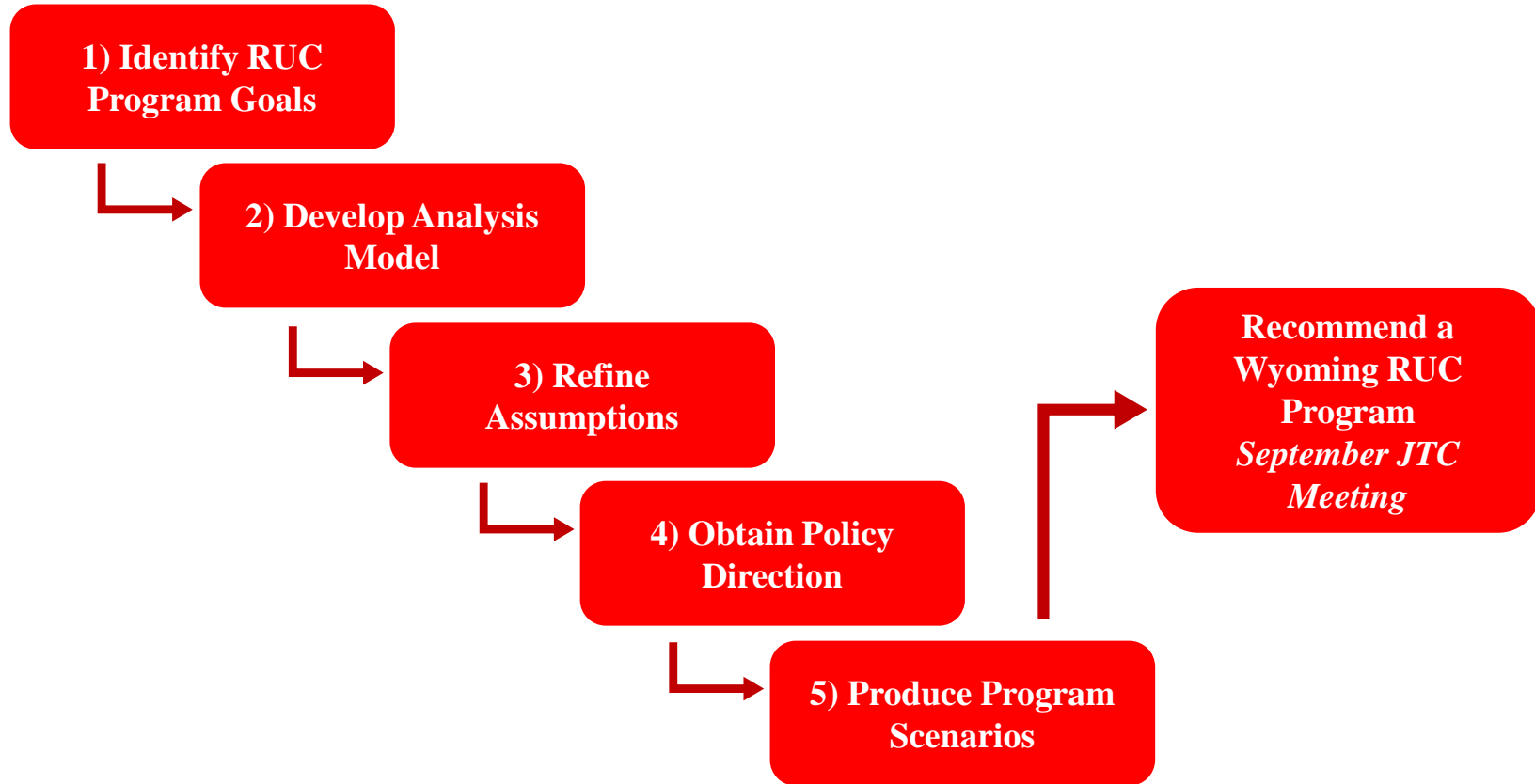
BLENDING COLLECTION APPROACH

	COMMERCIAL ACCOUNT MANAGER	STATE ACCOUNT MANAGER
Apportioned Trucks	Technology-Based IFTA Reporting (60%)	Manual IFTA Reporting (40%)
Non-Apportioned Trucks	Hubodometer (25%) Mileage Meter (30%) CAN-buss ELD (15%)	Manual Reporting (30%)
Wyoming Registered Automobiles and Light/Medium Duty Trucks	Mileage Meter (50%) Smartphone (10%)	Manual Reporting (40%)
Out of State Automobiles and Light/Medium Duty Trucks	Wyoming Motor Fuel Tax	

MODULE 3: FINANCIAL ANALYSIS



FINANCIAL ANALYSIS APPROACH



WYOMING RUC PROGRAM GOALS

- **Ensure program is equitable**
 - Collect from all driver groups
 - Collect from in-state and out-of-state drivers
- **Structure program to close the annual WYDOT funding gap (TBD)**
- **Minimize administrative cost while providing data collection options to drivers**
- **Ensure program is transparent, secure, and auditable**
- **Structure program to fund WYDOT, county, and municipal road agencies using same formulas that are currently used for fuel taxes**

WYOMING RUC ANALYSIS MODEL



- **Gross Revenues based on Vehicle Miles Traveled in Wyoming, estimated by Vehicle Class multiplied by the RUC Rate**
- **Leakage includes estimates of uncollectable accounts**
- **Administrative costs include personnel and systems required to run the RUC Program (Wyoming or outsourced)**
- **Fuel taxes may be refunded to drivers registered in the RUC program**
- **Net Revenues are distributed based on existing Wyoming fuel tax distribution formulas**

RUC MODEL EQUITY ASSUMPTIONS

- **RUC will replace the fuel tax over time.**
 - Fuel taxes are refunded to RUC participants
- **RUC is only collected on roads that are built and maintained by WYDOT, the counties, or municipalities.**
 - RUC not collected on private roadways
- **RUC is collected from all roadway users.**
 - All Wyoming-registered vehicles must participate in the RUC Program
 - Out-of-state drivers not participating in the RUC program continue to pay fuel taxes
 - A regional RUC approach could help replace fuel taxes paid by out-of-state drivers

WYOMING RUC RATE STRUCTURE ASSUMPTIONS

- **Rate Structure**
 - Multiple rates by vehicle class (heavy trucks vs passenger vehicles)
- **Rate Scale**
 - Rates are set to pay for applicable WYDOT requirements (estimate being refined in parallel study)
- **Rate Escalation**
 - Rates are evaluated periodically to account for inflation or special programs

WYOMING RUC PROGRAM COST ELEMENTS

- **Program Oversight (WYDOT)**
 - Auditing & Reporting
 - Contract Management
- **Account Management (Wyoming or outsourced)**
 - Data collection, payment processing, reporting
 - Customer service
 - Collections / enforcement

PRELIMINARY WYOMING RUC PROGRAM FINANCIAL PROFILE

To reimburse fuel tax to Wyoming drivers and fill an estimated \$135 million funding gap

- Gross RUC Revenue: ~ \$350 million
 - RUC rate same for all vehicles: Current assumption: 4.3 cents
- Operating Cost: ~ \$35 million
- Fuel Tax Reimbursement: ~ \$90 million
- County / Municipal Share: ~ \$90 million
- WYDOT Share: ~ \$135 million (preliminary estimate target)

		RUC Rate		
		<i>Same between Trucks and Cars</i>	<i>5X Trucks than Cars</i>	<i>10X Trucks than Cars</i>
Fuel Tax	<i>Keep Fuel Tax the Same (\$0.24 / gallon)</i>	4.3¢	2.5¢	1.7¢
		4.3¢	12.6¢	16.5¢
	<i>Raise fuel tax by \$0.10 (\$0.34 / gallon)</i>	4.2¢	2.3¢	1.5¢
	4.2¢	11.6¢	15.2¢	
<i>Double fuel tax (\$0.48 / gallon)</i>	3.8¢	2.1¢	1.3¢	
	3.8¢	10.3¢	13.4¢	

NEXT STEPS ON FINANCIAL ANALYSIS

- **Refine potential state costs of program oversight**
- **Refine costs of Wyoming vs outsourced account management**
- **Refine passenger car vs heavy truck rate structure**
- **Incorporate revised target WYDOT funding gap (needs) when available**
- **Refine fuel tax rebate approach**

Refined RUC financial estimates to be submitted prior to September JTC Meeting

MODULE 4: OTHER POLICY CONSIDERATIONS



POLICY CONSIDERATIONS

Each of these items (as well as others) will be evaluated:

- Technology or Non-Tech/Low Tech Options
- Commercial or State Maintained Account Manager
- Prepaid vs. Post-Paid RUC
- Location and/or Non-Location Aware Reporting Options
- Rural/Urban Area Rate Differentiation
- Participant Exemptions or Discounts
- Vehicle Types/Implementation Timelines
- Vehicle Exemptions (Government, Transit, etc.)
- Agricultural or Mining Exemptions/Discounts
- Revenue Neutrality vs. Revenue Positive Rate
- Public/Private/Tribal Land and Road Travel
- Administrative Costs
- Organizational Impacts



REPORTING OPTIONS

Participant Choice should drive the options offered:

- Ability to protect privacy
- Vehicle type/compatibility with technology
- Ease of installation and use
- Accuracy of Reporting
- Majority of travel in-state or out-of-state
- Initial/Recurring costs
- Value-added services (*Most can only be offered with location-aware technology options*)



- **Both Technology-based and Manual Options should be offered**
- **Participants should choose option that best suits their needs, costs, and driving habits**
- **Some options (i.e. Permit options) are Prepaid; Others are post-paid**

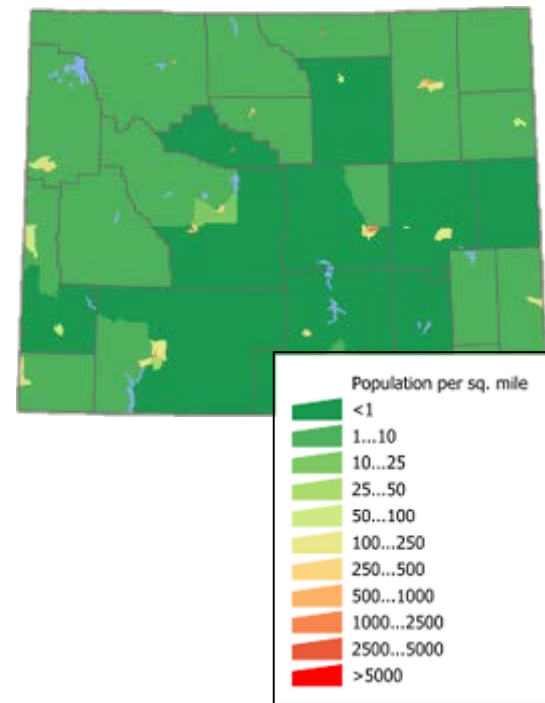
COMPARISON OF CAM & SAM

	CAM	SAM
Reporting Choices	<i>Technology Only</i>	<i>Manual Only</i>
Data resell	<i>With expressed consent</i>	<i>No</i>
Payment terms	<i>Credit, Debit, ACH</i>	<i>All forms</i>
Service platforms	<i>Web and telephone</i>	<i>Web, telephone, walk-in</i>
Value Added Services/Subscriptions	<i>Yes</i>	<i>No</i>
Chooses to Accept Customers	<i>Yes</i>	<i>No</i>
Compensation	<i>Admin fee</i>	<i>No fee</i>

- **Recommend 1 SAM and at least 1 CAM**
- **Participants can choose Account Manager**

RATE DIFFERENTIATION BY LOCATION

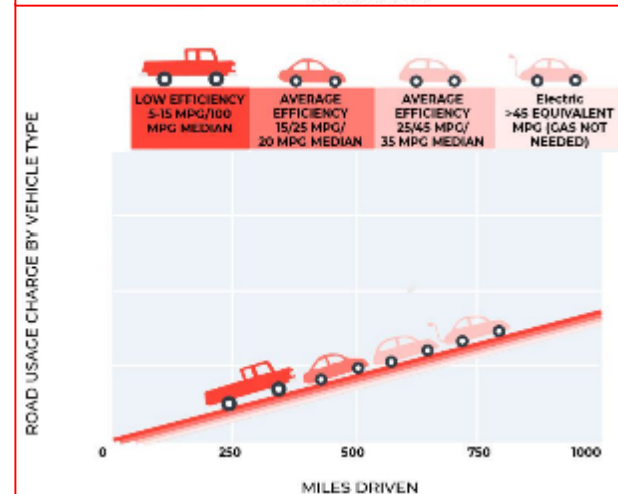
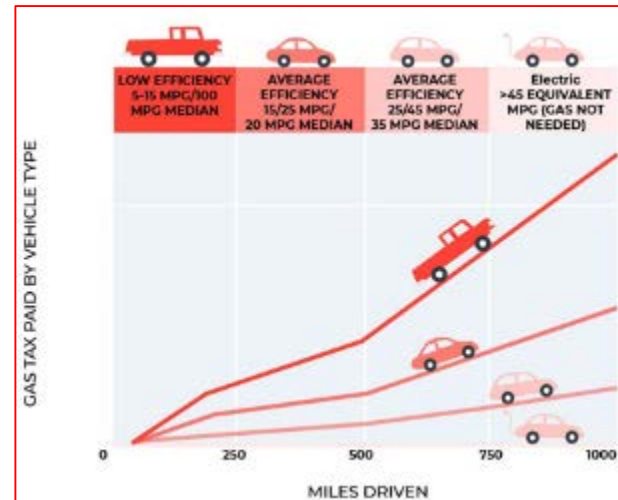
- RUC can differentiate between Rural and Urban areas
- Supports variable rates based on travel
- GPS unit collects location reading and “reports” it in at least 15-second intervals
- State does not have access to location data; Only sees aggregated in-area and out-of-area miles
- Can also exempt RUC on miles traveled between (within 3-meter accuracy)
 - WYDOT maintained vs. non-WYDOT maintained roads
 - Public and Private lands
 - Rural/Urban areas
 - Agricultural or Mining Areas
- Requires location-aware technology (GPS) and participant expressed consent to share location data



REVENUE POSITION

- “Revenue neutral” position means RUC rate equals fuel tax divided by average fuel economy
- “Revenue positive” position means RUC rate will be more than current fuel tax rate divided by average fuel economy
- Most states are refunding fuel tax on their motorists to promote public acceptance and support out of state
- States are considering exemptions and rate discounts based on certain vehicle types and/or socioeconomic factors

- **Recommend Revenue Positive position given funding shortfall**
- **Differentiate rate between passenger vehicles and heavy trucks**
- **Refund fuel tax to Wyoming registered vehicles only**
- **Evaluate financial impacts and adjust rate based on VMT changes, inflation, administrative costs, and other factors**
- **Use existing exemptions and discounts used for fuel tax**



POLICY CONSIDERATION	SUGGESTIONS
Technology or Non-Tech/Low Tech Options	Both
Commercial or State Maintained Account Manager	At least 1 Commercial and 1 State
Prepaid vs. Post-Paid RUC	Both; Permits are prepaid; Others Post-paid
Location and/or Non-Location Aware Reporting Options	Both; Depending on participant choice
Rural/Urban Area Rate Differentiation	Initially No; For future consideration
Participant Exemptions or Discounts	Initially No; For future consideration
Vehicle Types/Implementation Timelines	All vehicles at same time July 2021/July 2022
Vehicle Exemptions (Government, Transit, etc.)	Follow current fuel tax rules
Agricultural or Mining Exemptions/Discounts	Follow current fuel tax rules
Revenue Neutrality vs. Revenue Positive Rate	Positive but refund fuel tax
Exemptions for Public/Private/Tribal Land and Road Travel	Initially Yes; Depending on participant choice
Administrative Costs	In Progress; To be presented in September
Organizational Impacts	In Progress; To be presented in September



Questions / Guidance / Comments on the Baseline Planning Assumptions

1. Capture out of state vehicles by refunding the fuel tax? (Initially as a credit on the RUC invoice)
2. Rates will vary between vehicle types (Trucks / Cars). (Method has not been determined)
3. Revenue distribution for RUC will follow current fuel tax model (State/County/City).

Next Steps - (If Directed to Continue)



September 2020

- RUC Revenue Model and Potential Fee Structure
- CAM and SAM Administrative Costs
- Organizational and Administrative Construct
- Policy and Systems Gap Analysis

Nov. / Dec. 2020

- Program Review / Recap
- Evasion and Enforcement Strategies
- Needs Analysis Report Due (Dye Management)

Alternate Funding Sources

Potential Feasible Options - Recap



- Increase the Fuel Tax
 - Related to the Road
 - Implementation is easy
 - Amount raised is tailorable
 - Long term effectiveness is diminishing
- Sales Tax
 - Not related to the road
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Previous Guidance –
Further explore RUC