

A stylized graphic of a road with a dashed yellow center line and solid blue outer lines, curving upwards and to the right against a green background.

# Washington State Road Usage Charge Assessment

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# The Problem

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Taxing fuel is no longer a reliable, equitable source of funding

# Two Cars and Two *Very* Different Fuel Taxes

2009 TOYOTA CAMRY



**25 MPG**

**\$198 State fuel tax paid**

2023 TOYOTA CAMRY HYBRID



**52 MPG**

**\$95 State fuel tax paid**

*(in addition to \$75 hybrid fee)*

# Electric Vehicle Adoption is Accelerating Nationally and in Washington



Washington ranks **2<sup>nd</sup>** **nationally** (behind California) in EV market share



**19%** of new vehicles registered in 2023 in Washington were electric or plug-in hybrid electric vehicles (PHEVs)

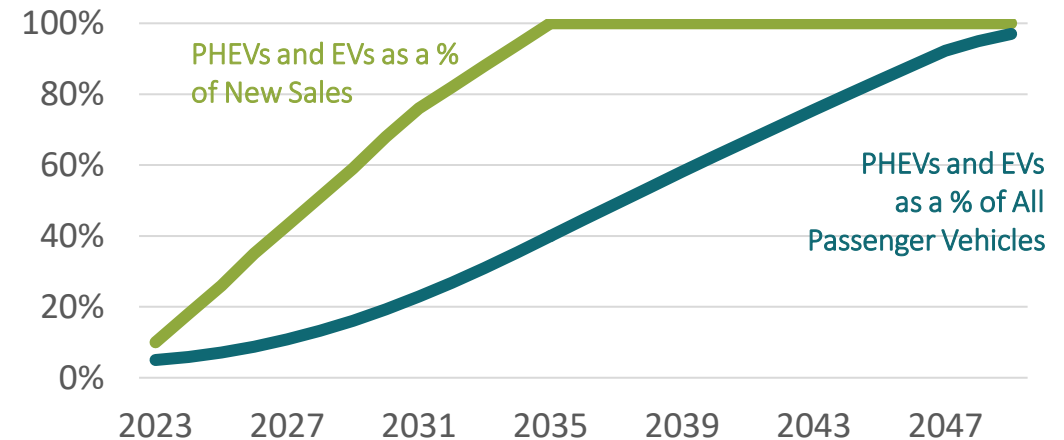


**1 in 5 new cars** sold is an EV or PHEV

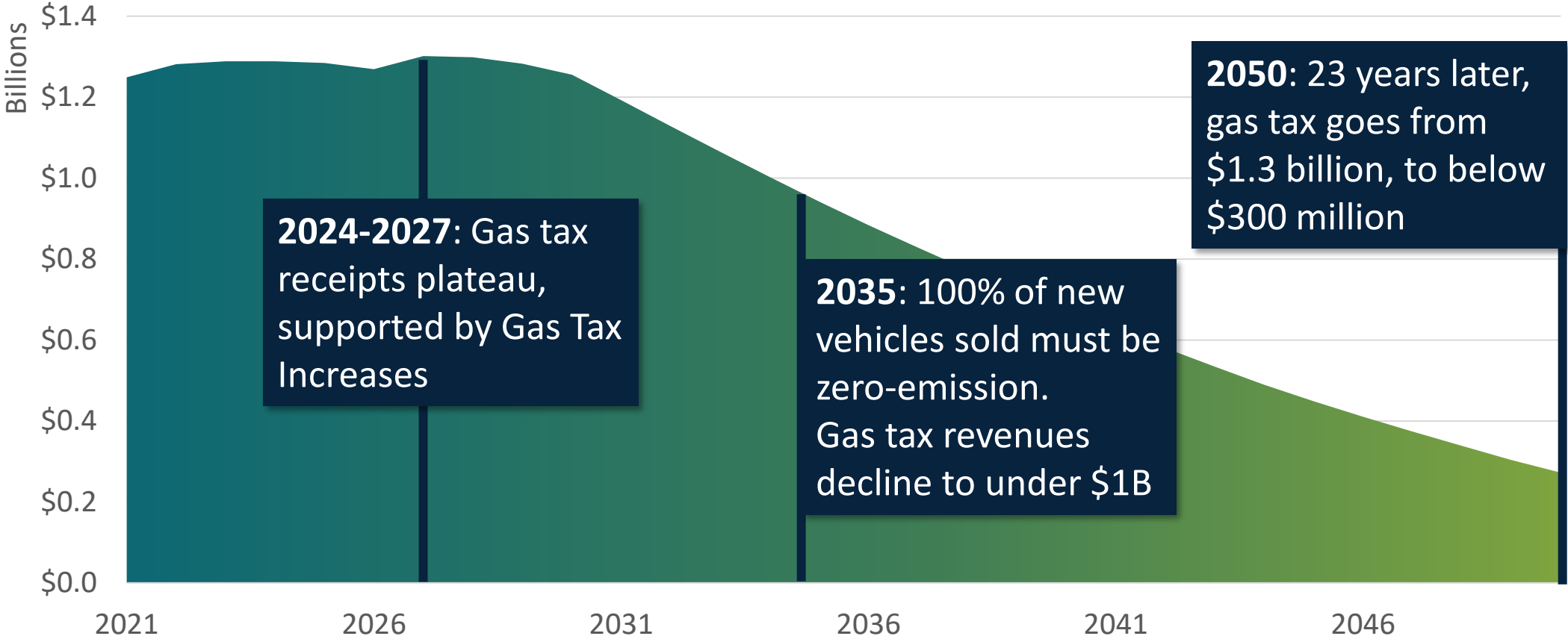


100% of **new car** sales by 2035 must be zero-emission

*Washington State implementing Clean-Cars II requirements that 100% of new vehicle sales by 2035 be EVs or PHEVs. It will take another 20+ years for the entire on-road fleet to reach 100% EV or PHEV*

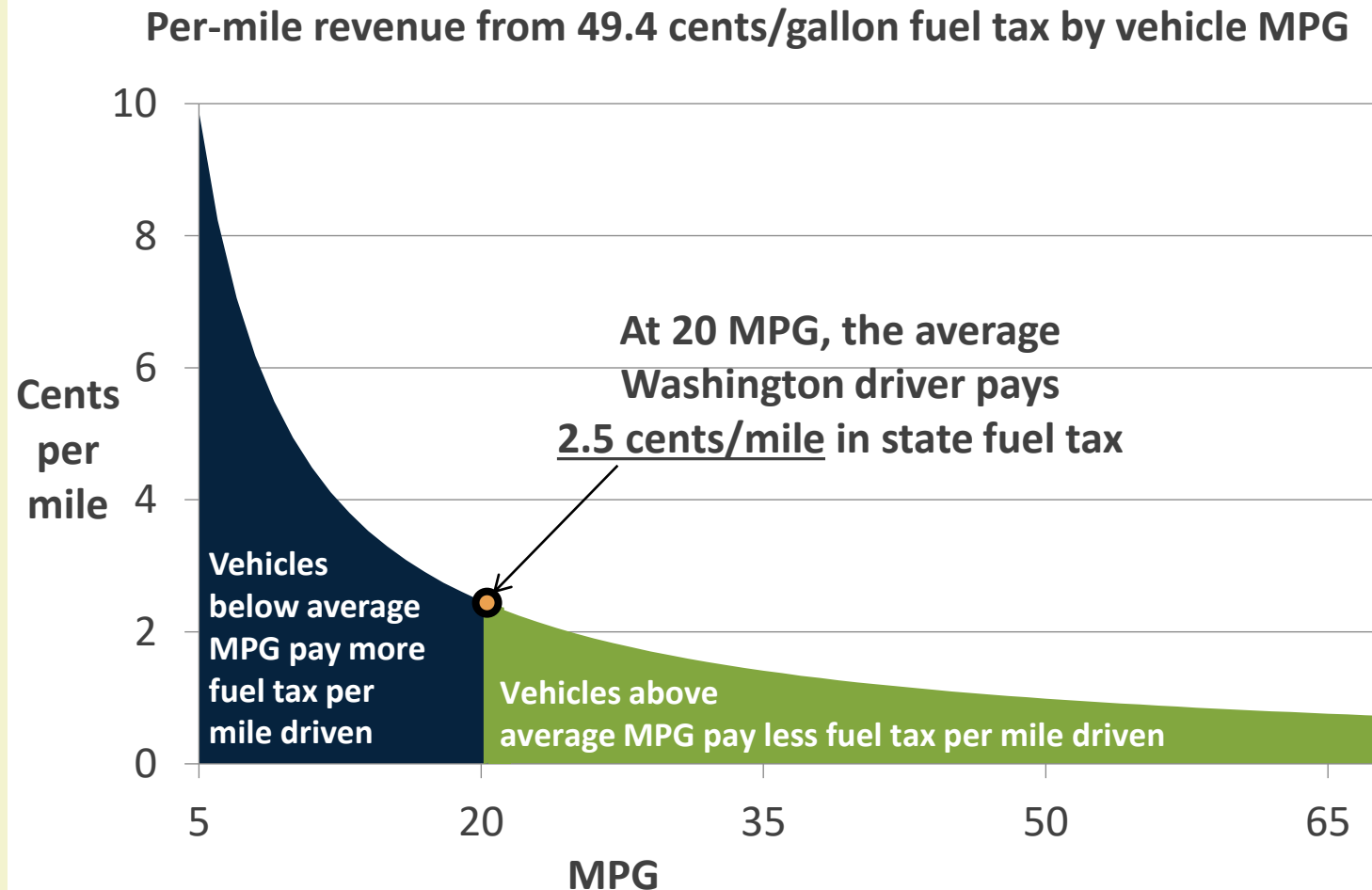


# Gasoline Tax Revenues Decline as Fuel Efficiency Grows



# Taxing Gallons Has Fairness & Equity Challenges

- The gas tax is fair because it is based on a simple principle: user pays, user benefits.
- As vehicles become more fuel efficient and alternative fuels emerge, this principle is shifting to a “some users pay/all users benefit.”
- RUC returns us to the user pay, user benefits principle.



## Key Findings

### Cost Impact to Taxpayers

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Drivers would pay RUC OR Gas tax – not both

# RUC Charges Will Not Be on Top of The Gas Tax

**Gas taxes paid will be treated as a pre-payment or credit towards RUC charges:**



The amount of fuel tax a driver pays can be directly measured or estimated using miles driven and EPA fuel economy ratings.



**Other benefits of leaving the gas tax in place:**



Supports seamless interstate travel.  
NOTE: Only 5-8% of total VMT is attributable to out-of-state drivers.



Enables small, incremental payments (gas tax paid at the pump) toward RUC for gas cars.



Serves as a natural backstop against tax evasion.



Ensures Washington state can meet its legal requirements for outstanding bonds.



## Key Findings

# Impacts to EV Adoption & Climate Goals

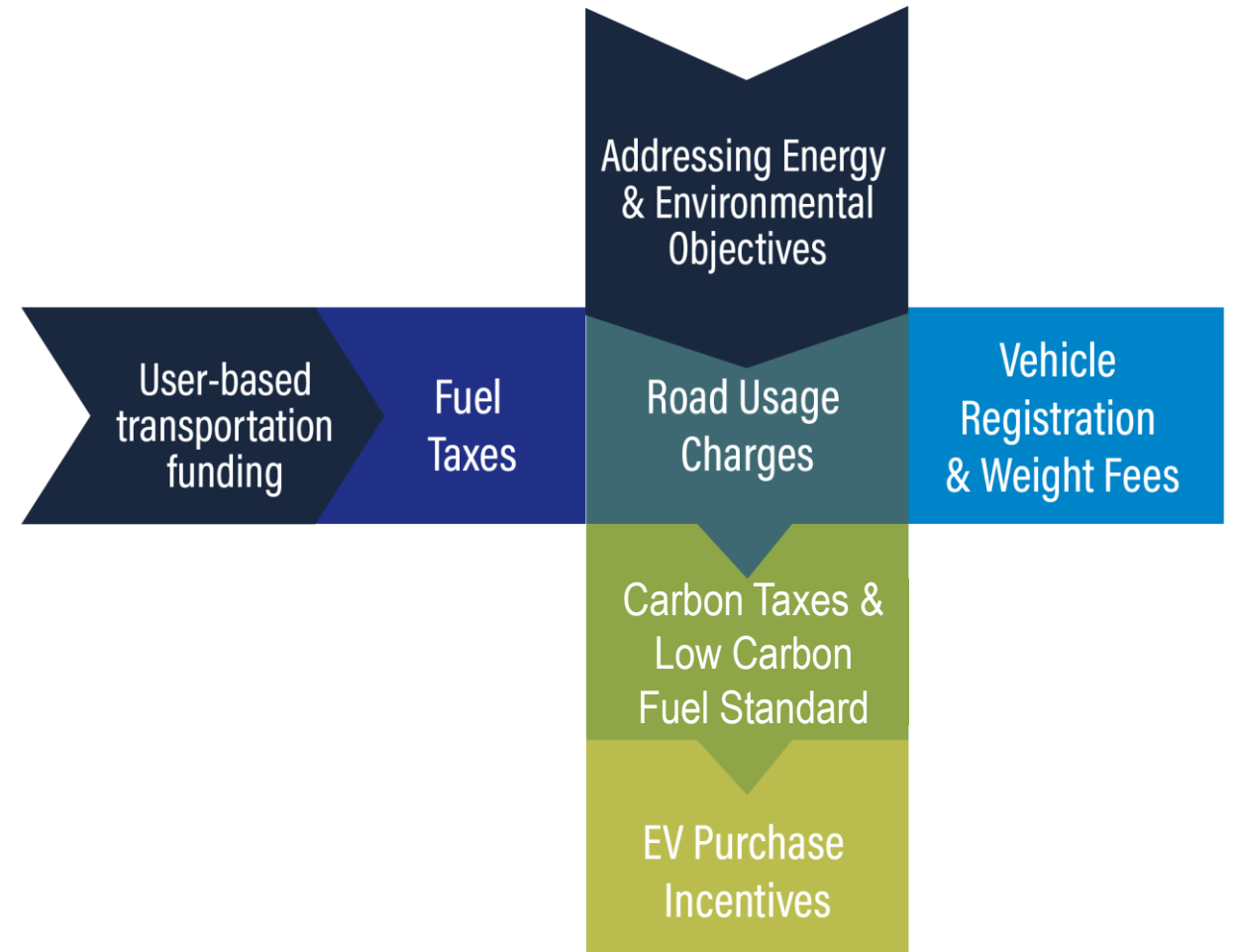


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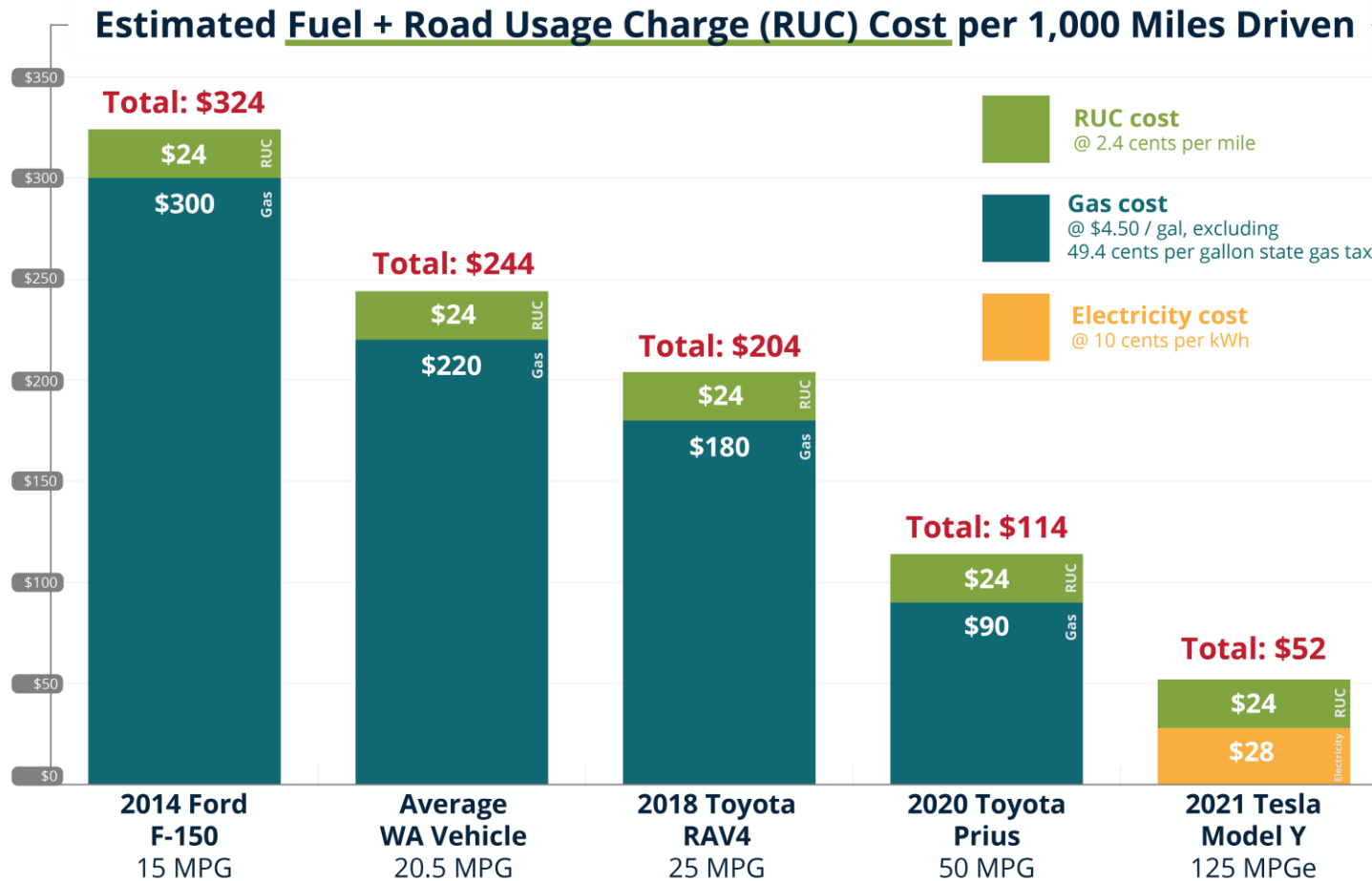
RUC supports the transition to EVs & alternative fuels

# RUC Harmonizes Funding and Climate Goals

- **Removes the need to rely on the consumption of fossil fuels** to fund our transportation system.
- **RUC is an alternative to current flat registration fees for EVs and hybrids** (*\$225 and \$75 respectively*).
- Provides **sustainable funding for infrastructure** that will be used increasingly by highly fuel-efficient and alternatively fueled vehicles.



# EVs Maintain Overall Operating Cost Advantage in a RUC System



➤ EV drivers maintain a significant **operating cost advantage under RUC**, compared to gas-powered vehicles, given fuel costs remain a significant cost.

➤ Under a future RUC system, **participating EVs & hybrids would not pay the current flat annual registration fees.**  
*(EVs = \$225; hybrids = \$75)*

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 \$210 per month less than the Ford pickup truck driver.

## Key Findings

### Impact to Rural, Long-Distance & Low-Income Drivers

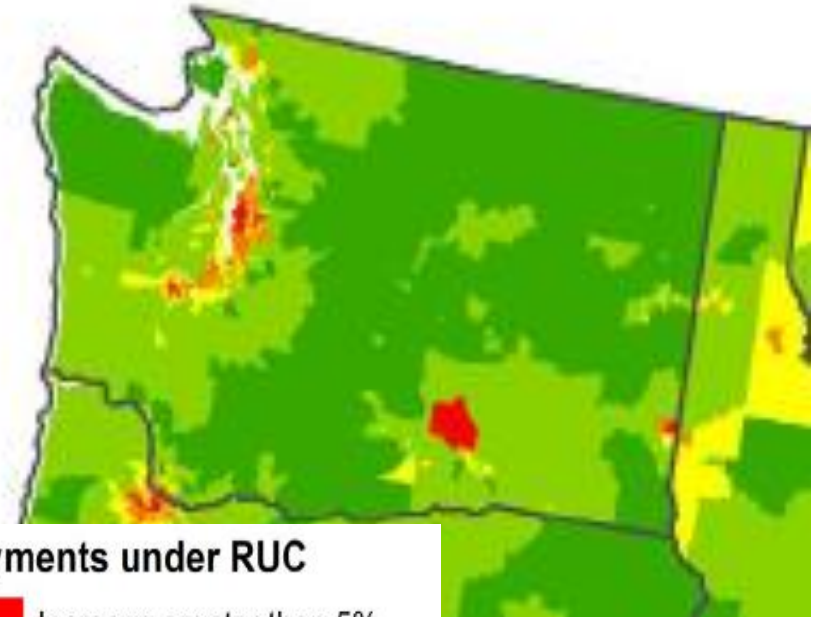


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What you drive, not how far you drive determines the impact of RUC relative to gas taxes

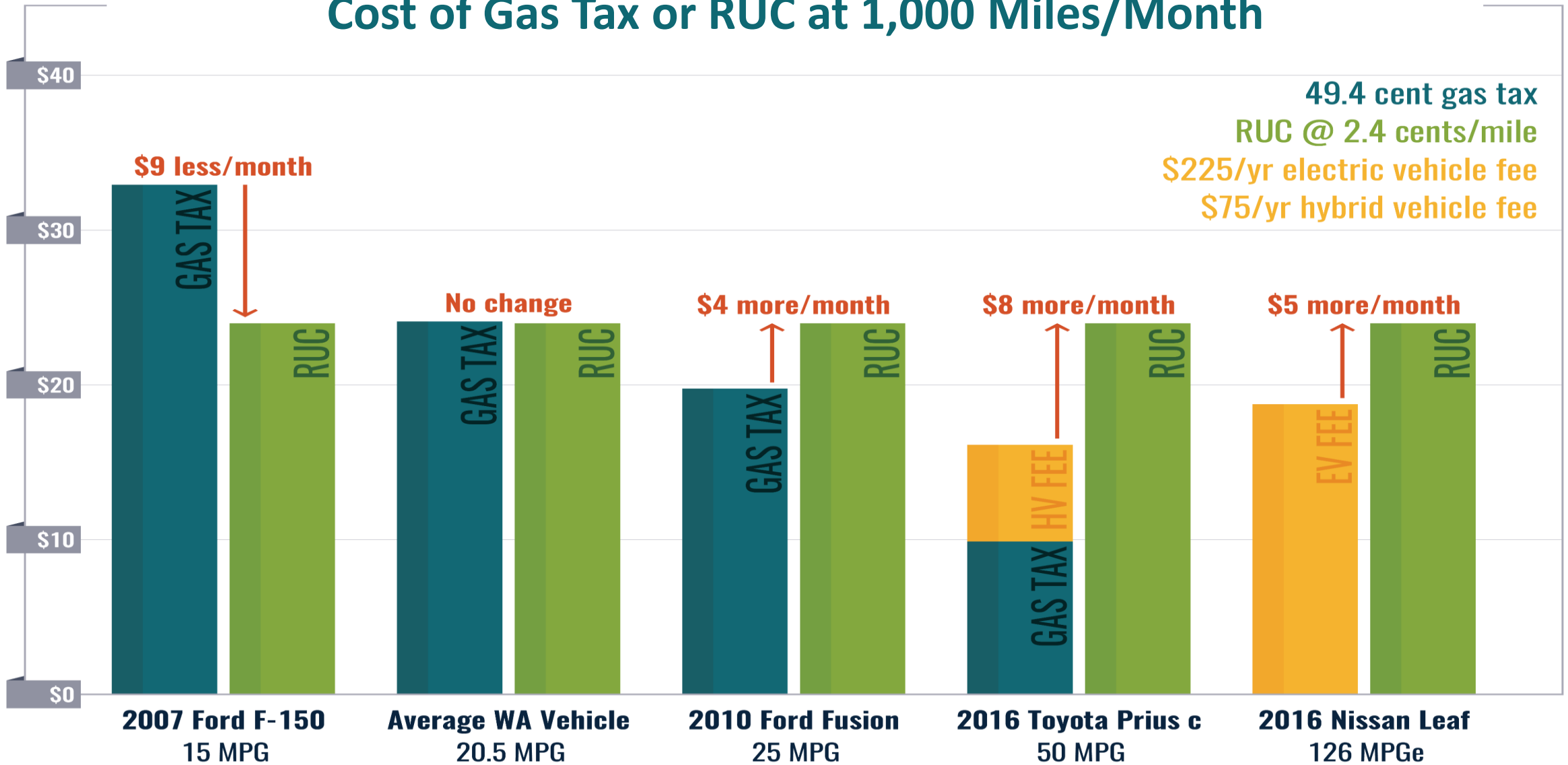
# Rural, Long-Distance Drivers & Low-Income Drivers Will Pay Less Under RUC

- Residents in rural and lower-income areas tend to own vehicles with lower fuel-efficiency (low MPG) on average.
- **Lower MPG = higher costs for fuel and fuel tax.**
- Rather than paying as much as **4 to 6 cents per mile today under the state gas tax, drivers of low MPG vehicles would pay less under a flat RUC rate of 2.5 cents per mile.**



Source: RUC America

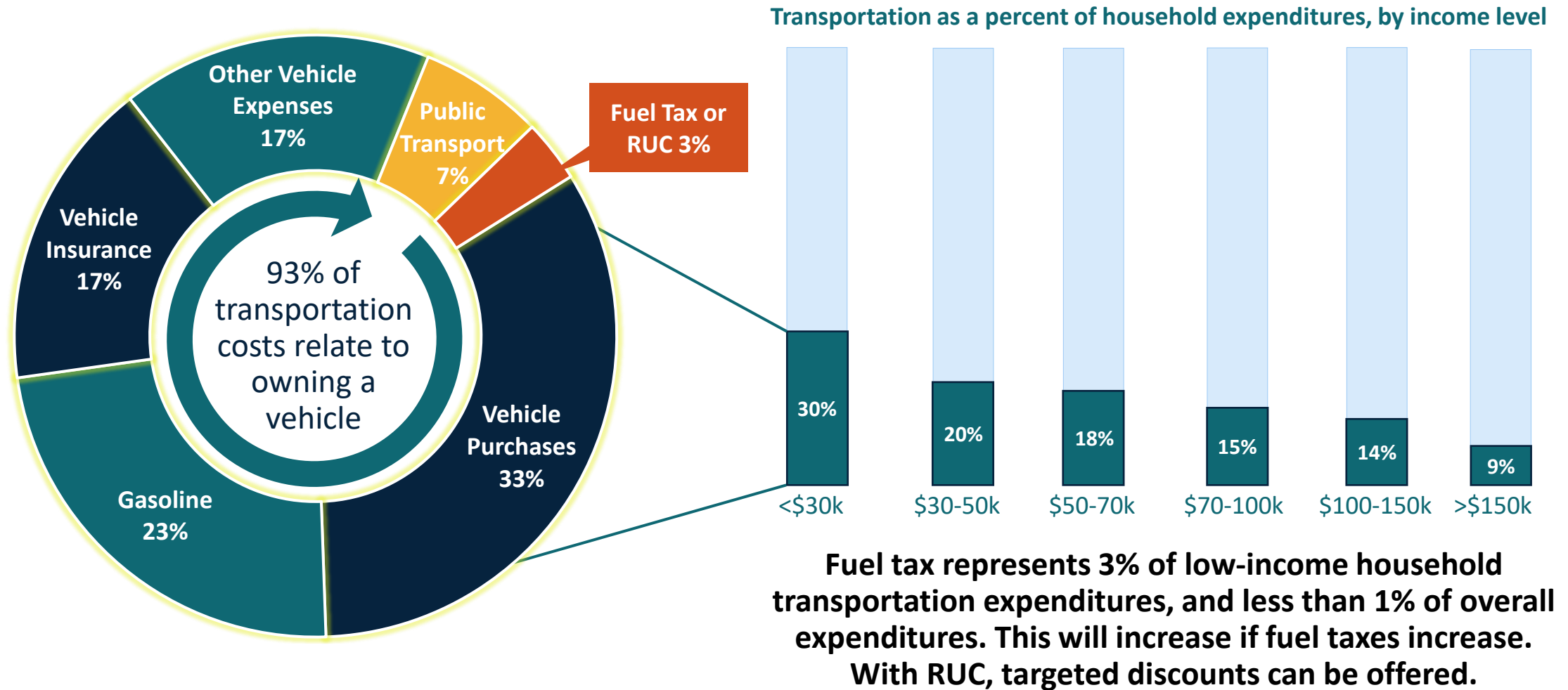
# Cost of Gas Tax or RUC at 1,000 Miles/Month



What you drive will determine the cost impact of RUC:

- Less fuel efficient vehicles will see a decrease in the amount of taxes paid
- More fuel efficient vehicles will see an increase in the amount of taxes paid
- The total effect is that all drivers pay the same rate to use the roads—regardless of their vehicle’s MPG

# Transportation Taxes Are a Small Proportion of Household Costs



# Key Findings

## Impact to Privacy

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It starts with system design, user choice, and legal protections



# RUC Does Not Require GPS Technology – Privacy Can be Protected

1 2 3 4 5



The only **new piece of information needed** for RUC that the state Department of Licensing does not already collect is **total miles driven**.

Drivers would **decide how to report their miles**, including **whether to use location services**.



RUC **enabling law can include provisions to protect privacy**, drawing on the Commission's model policy.



Any mileage reporting method that **uses location services is strictly for the convenience of the driver** (e.g., to automatically deduct out-of-state and off-road miles).

# Drivers Pick How they Want to Report Miles



## Odometer Reading (28% in pilot)

- Post-pay for miles reported quarterly
- Report miles either electronically or in person



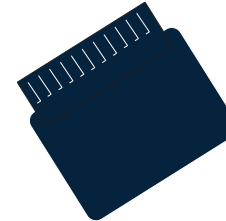
## MileMapper Smartphone App – GPS on/off (14% in pilot)

- Navigational GPS can be turned on/off
- Available only on iPhone iOS
- Records miles using a smartphone
- Works with all vehicles



## Mileage Permit (1% in pilot)

- Pre-select a block of miles (1,000, 5,000, 10,000)
- Report odometer either electronically or in person every three months
- Obtain additional miles as needed to keep mileage permit valid



## Plug-in Devices - With Or Without GPS (56% in pilot – 19% w/o GPS/ 37% w/GPS)

- Automated mileage meter with GPS and non-GPS options
- Plugs into OBD-II ports in vehicles 1996 or newer
- GPS-enabled devices automatically deduct out-of-state miles

Low-Tech

High-Tech

## Key Findings

# RUC Enrollment Pilot & Survey



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Driver's experienced signing up for RUC for the first time and learned about personal impacts

# Online Enrollment, Reporting, and Payment Simulation – Results

## SIMULATION

Participants engage with an online simulated RUC payment platform



## SURVEY

Simulator participants provide feedback on their experiences and opinions



**1,145**  
Participants



**5 min. 20 sec.**  
to enroll



**\$29.64**  
Ave. RUC  
Owed

**70%**

Were very satisfied with the payment & reporting process

**85%**

Said no steps were difficult to complete

**56%**

Took less than 5 minutes to complete process

# Findings from Participant Surveys



**1** Most **supported** a transition to RUC



**2** Most wanted to **self-report** mileage



**3** Most **did not want flexible payments**, but those who did tended to have lower household incomes



**4** Most believed in the importance of claiming **exempt out-of-state and off-road miles**



# RUC in Washington – The Transition

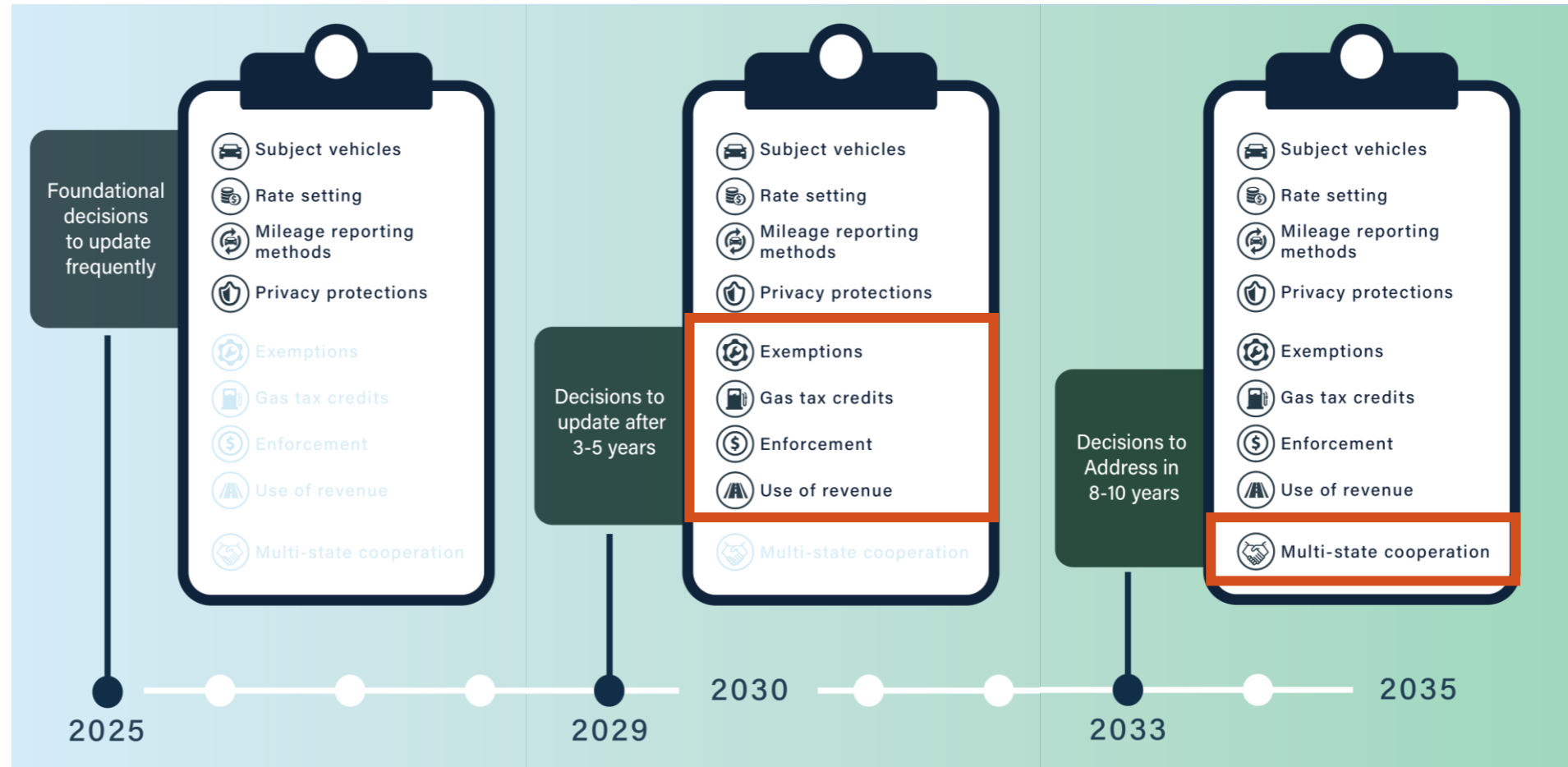
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Moving from the gas tax to RUC will be like turning a dial – rather than flipping a switch

# Decision Points for a Transition

- Key milestone decisions are indicated here as an illustration of how a RUC transition could advance. *(Legislative proposals may differ).*
- Key decisions would need to be updated and revisited periodically.



# DRAFT Guiding Principles for 2025 Road Usage Charge Legislation

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## Overall objective:

**Generate sustainable, long-term revenue for transportation**

1. **Fairness:** Ensure drivers pay for their usage of public roads.
2. **Privacy:** Establish legislation that protects driver privacy and their data.
3. **Reporting:** Provide convenient reporting options for drivers.
4. **Transition:** Structure a mileage-based program that is implemented in stages to allow for effective operations that also encourages consumer participation.



# THANK YOU!

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Consultant support provided by:

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*Forward Drive final report available  
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**WA RUC**