



I-95 Corridor Coalition

Multi-State VMT-Based Charge Initiative

***“Innovative thinking is
required to develop the next
generation of user fees”***

Miller Center for Public Affairs “Well Within Reach” Report





The I-95 Corridor Coalition

...a multi-state leader

- An alliance of transportation agencies, toll authorities, and related organizations -- Maine to Florida
- Provides a forum to address transportation management and operations issues of common interest
- Serves as a model for multi-state/jurisdictional interagency cooperation



Members recognize the importance of working together to address key contemporary transportation issues



The Problem

- Vehicle Miles Traveled (VMT) are expected to grow at a significantly faster pace than fuel usage (the current primary source of highway revenue):
 - United States Department of Energy growth projections (2008-2035):
 - VMT: 49.9% (avg. annual growth: 1.51%)
 - Fuel Used: 15.4% (avg. annual growth: 0.53%)

A switch to VMT charges at currently equivalent rates would yield about 30 percent more revenue per year by 2035



Substantial National Research

Prominent focus on technology applications

NCHRP Projects:

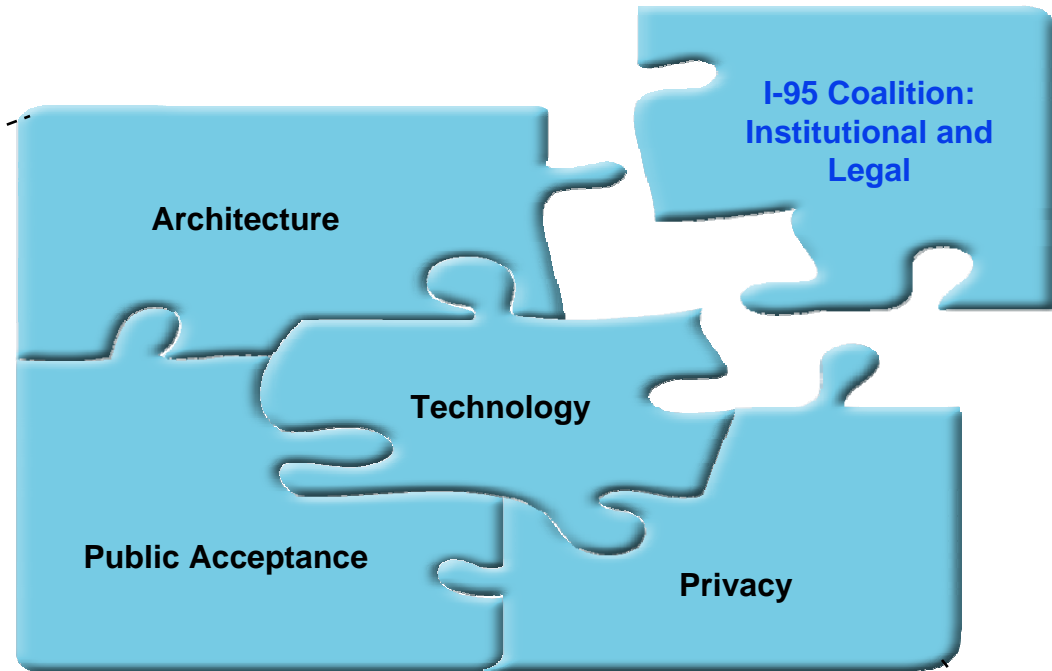
- Assessment of Options
- Exploration of Costs
- Field Trial Considerations

Oregon DOT & University of Iowa
Initial Demonstrations

Texas DOT & Minnesota DOT
Assessments of Public Acceptance

USDOT
Technology Options for Collection of Road User Fees

Mileage-Based User Fee Alliance
Education and Information Exchange





Coalition VMT Project

Background

- VMT-based charges identified as a key future direction in the Coalition's 2040 Vision Report and other reports
 - Align demand and capacity growth
 - Environmental responsiveness
 - Support new policy options
 - Address revenue needs
- Convened expert workshop to determine how Coalition might best contribute to national VMT discussion
 - Accommodate policy choices, e.g., congestion pricing
 - Address issues related to toll operations
 - Address issues related to institutions, collection, audit and enforcement
- Initiated project in late 2009
- Research guided by a Coalition Member Advisory Committee



Coalition VMT Project

Context

- Increase understanding of total functionality desired by member agencies
- Broaden national perspective beyond technology
- Consider implications of a system in multi-state environment
 - What would it take beyond the technologies?
 - Who would and could implement a system?
 - How could it be done?
 - What would it cost?



Coalition VMT Project **Objectives**

A unique approach and a unique perspective:

- Build consensus on functionality of a multi-state VMT charge system
- Identify institutional and administrative requirements
- Identify potential governing and administering mechanisms
- Explore existing multi-state revenue collection systems
- Develop preliminary administrative cost estimates
- Identify legal and regulatory issues
- Develop approaches to address identified barriers



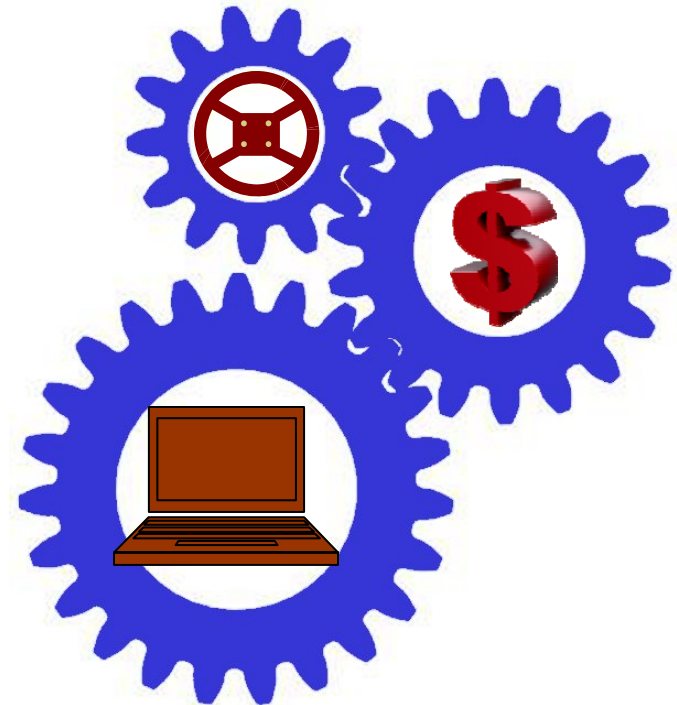
Coalition VMT Project *Study Approach*

- System functionality considered three broad options
 - Simple, Complex and Advanced
 - Based on results of NCHRP 20-24(69) RAND #1 project work
- Identified required administrative functions
- Conducted extensive interviews
- Used available cost information
 - Netherlands system vendor proposals
- Investigated institutional models such as IRP and E-ZPass IAG
- Assessed Federal and State legal and regulatory issues



Required Administrative Functions

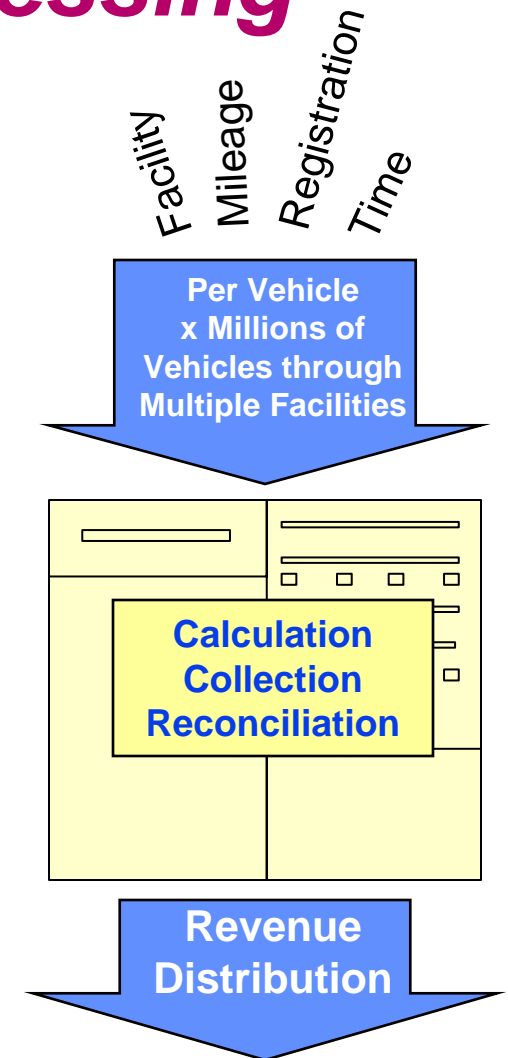
- Calculate vehicle miles driven
- Communicate mileage information and reconcile among entities
- Apply a per mile rate
- Invoice and collect payments
- Distribute revenues
- Communicate with facility users
- Retain auditable records and planning data
- Provide security and enforcement





Key Findings: Data Processing

- Data and administrative requirements will differ substantially based on system functionality
- The scale of the data management challenge must be recognized
- Re-engineering of processes and systems for registration, payment collection and reconciliation will be required
- Calculating and reconciling state and facility mileage, (as well as distributing accurate revenues to states) will be key new functions





Key Findings: Customer Relations



- Customer contact avenues (such as call centers) will need to be fortified
- Customer interface will be one of the most important and costly system components
- New enforcement processes will be required to ensure that VMT charges are paid and collected



Key Findings: Institutional

- Interaction, involvement, and coordination among state motor vehicle agencies are essential
- VMT enrollment is an extensive requirement and should be integrated with state vehicle registration processes. But DMVs lack current capacity
- Potential institutional models range from DMV, IAG, IRP to new operating entities and private sector
- Sole government institutional arrangements are unlikely without private sector involvement
- Collection of Federal VMT-based charges may be done via the states where the registration information resides



Key Findings: Administrative Cost

- Actual experience is limited; bids from the Netherlands provide the best current data
- Key factors:
 - System functionality (i.e., inclusion of time or facility-based pricing)
 - Extent to which existing registration and fee collection systems can be built upon

Motor Vehicle Fuel Tax	\$1.20 per vehicle
Motor Vehicle Registration	\$13.00 per vehicle
VMT-Based Charges	\$30.00 - \$40.00 per vehicle



Key Findings: Administrative Cost (% of Revenue Collected)

Motor Vehicle Fuel Tax	0.82% of revenue
VMT-Based Charges <i>(All highway expenditures)</i>	6% - 8% of revenue
Motor Vehicle Registration	11% of revenue
VMT-Based Charges <i>(Federal & State Fuel Tax Only)</i>	15% - 20% of revenue



Key Findings: Legal

- No “show stopping” legal or constitutional issues
- All issues represent challenging hurdles
- VMT-based charges would benefit from authorizing legislation that would address:
 - Characterization of VMT-based charges and use of VMT-based revenues
 - Administrative authority
 - Rate setting and use of revenues
 - Enforcement provisions
 - Adjudication processes and mechanisms
 - User privacy

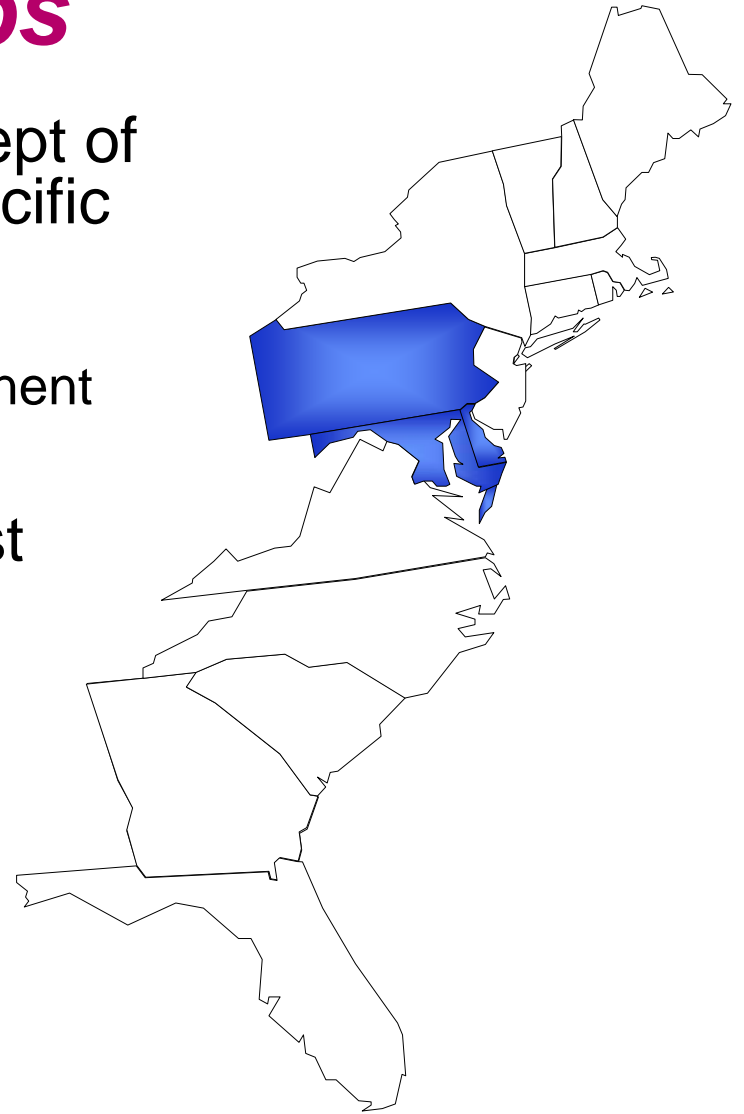




Coalition VMT Project

Next Steps

- Development of a multi-state concept of operations and identification of specific state and toll authority functions requiring modification
 - Working closely with personnel in pertinent state agencies
- Development of a more refined cost estimate
- Assessment of current interagency arrangements
- Review of vehicle ownership data exchange models
- Analysis of federal institutional and interface issues





The Future *VMT Charges or Not?*

“Many policy analysts view the VMT fee as a clear first choice compared to other new highway funding mechanisms that have been proposed or considered.”

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