



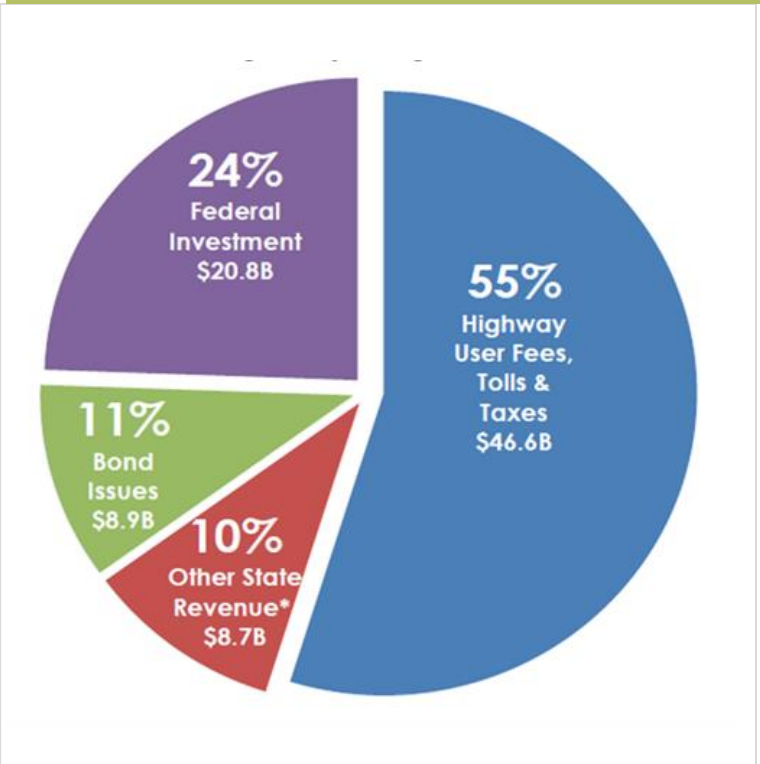
# State transportation funding trends

Douglas Shinkle, Transportation program director, NCSL

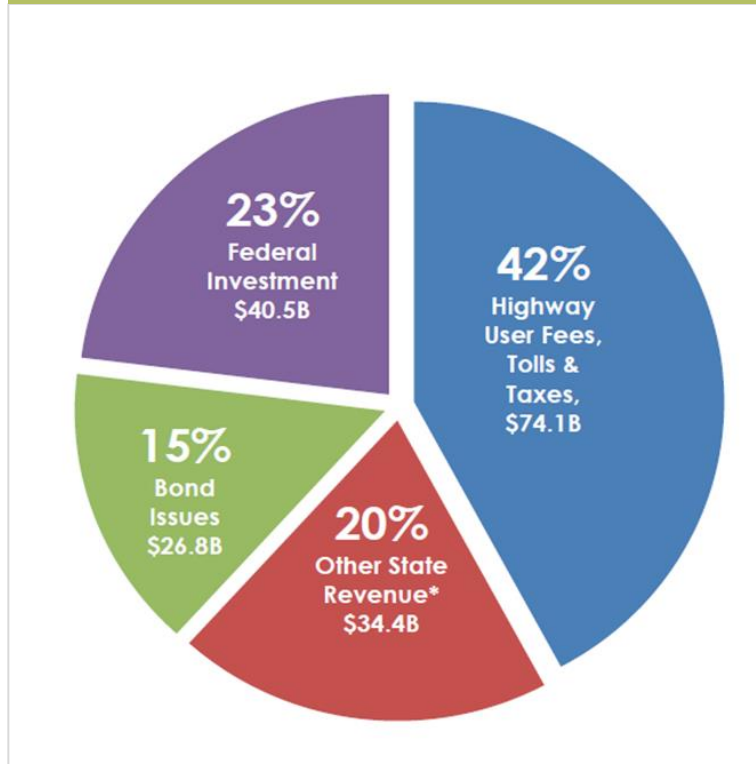
May 2022

# State Highway & Bridge Program Revenue Mix Has Changed

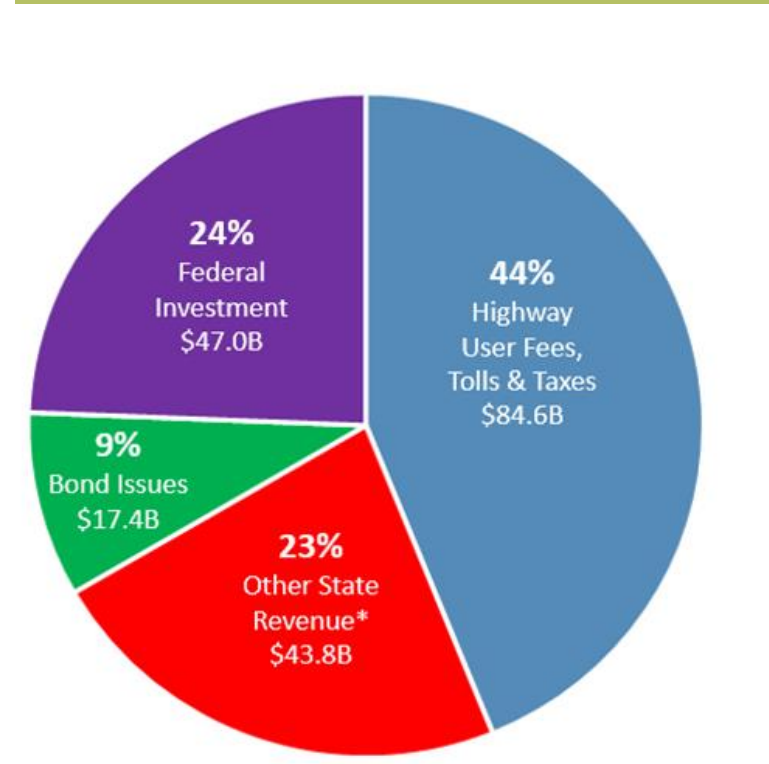
2000  
State Highway Program Revenues



2015 State Highway Program Revenues



2020 State Highway Program Revenues



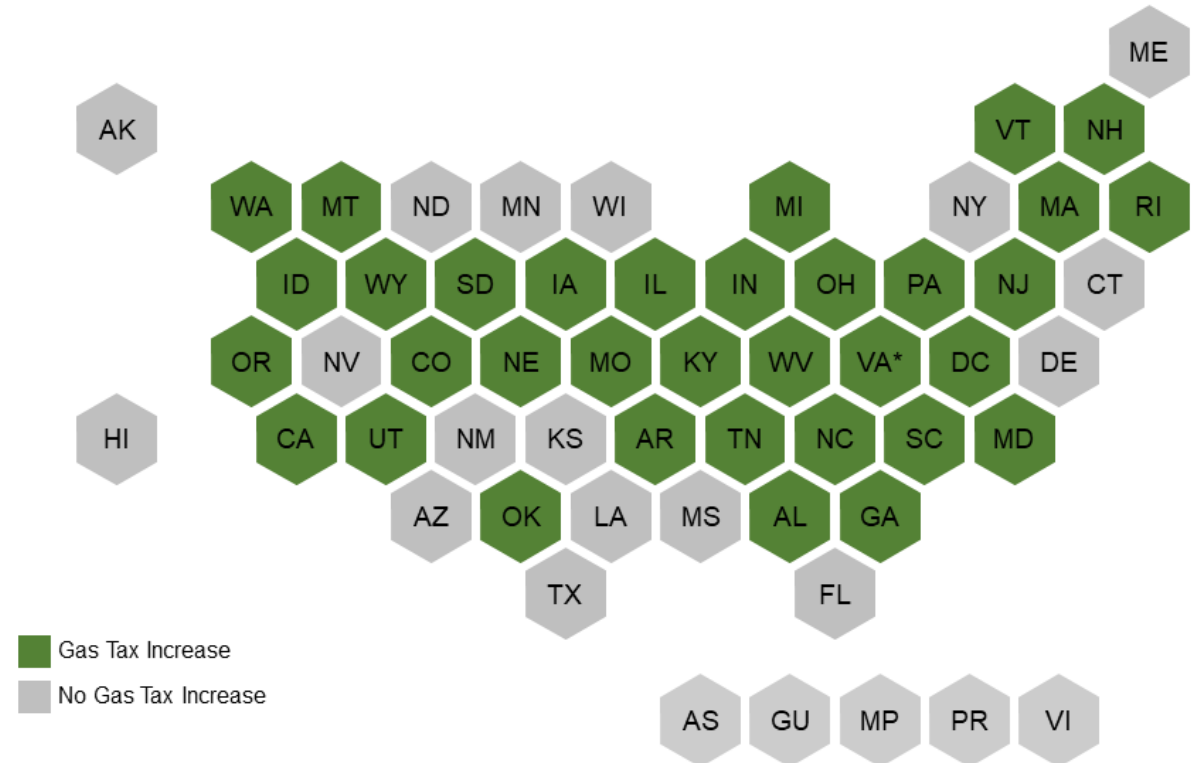
\*Other state revenues include the state General Fund, sales taxes, local government reimbursement and other imposts.  
Source: Federal Aid Highway Statistics



## State Actions

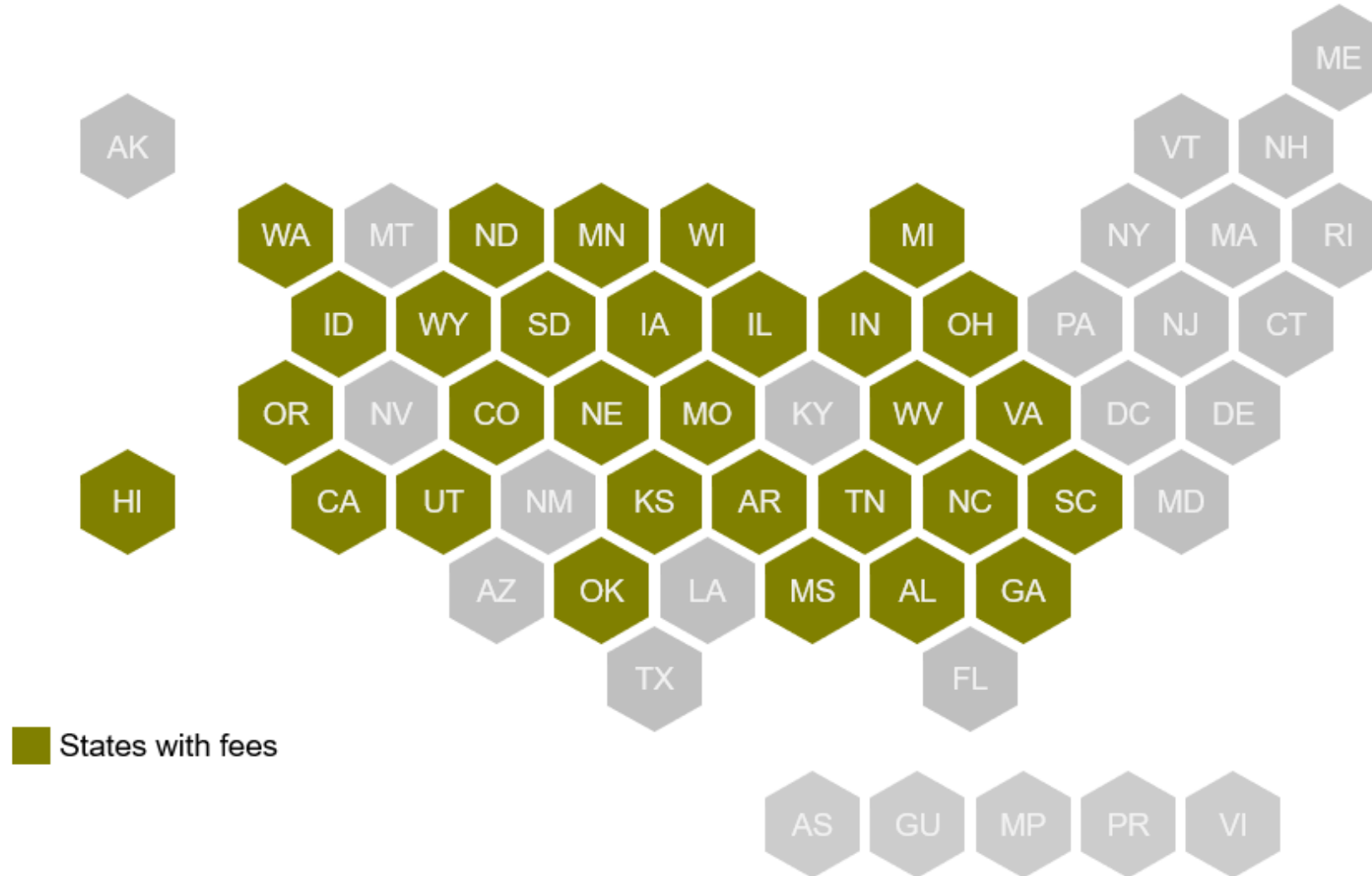
- Since 2013, 33 states & D.C. have increased their gas tax.
- 23 states & D.C. have indexed or variable-rate gas taxes.
- OK (2018) gas tax increase did not go to transportation, instead freed up general fund \$\$ for education.
- **2022:** Five states—Connecticut, Georgia, Illinois, Maryland and New York—have also enacted legislation allowing some sort of fuel tax holiday, freeze or suspension

State Gas Tax Increases Since 2013



\*Virginia increased gas taxes statewide in 2013 and 2020.

# States with Fees on Plug-In Hybrid and/or Electric Vehicles



# Federal STSFA Grants (Surface Transportation System Funding Alternatives)

- \$14.2 million (2016)
- \$15.5 million (2017)
- \$10.3 million (2018)
- \$15.1 million (2019)
- \$18.7 million (2020)
- 14+ programs (13 states) funded
- Variety of approaches being tested

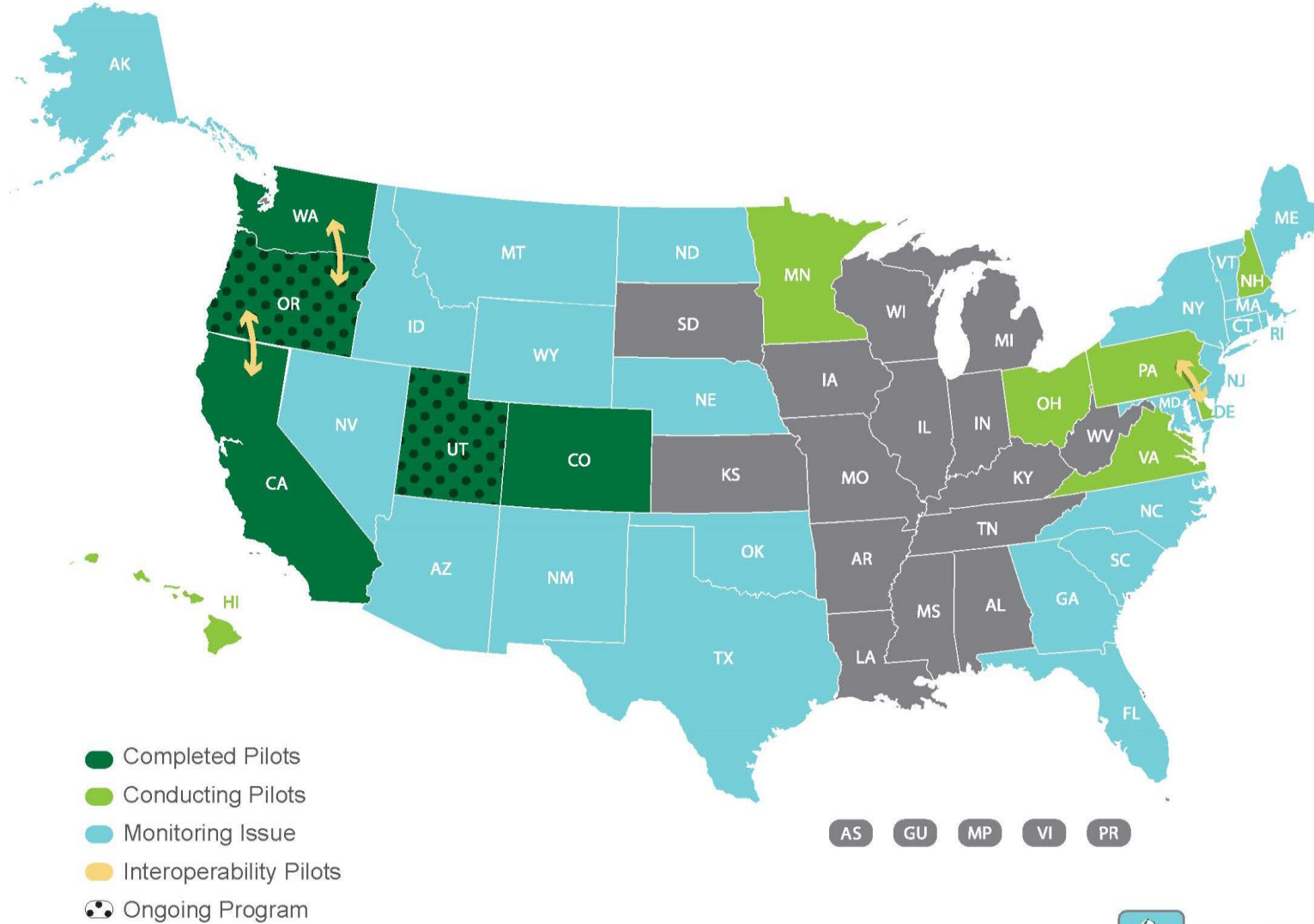


## FY 2020 STSFA Grant Selections

Award Recipient	Project Name and Description	Amount
California Department of Transportation (Caltrans)	Road Charge Pilots Program: Caltrans will test the viability of current <b>global positioning system</b> technology to determine which roads are part of a public network and may be subject to a fee.	\$2,150,000
Delaware Department of Transportation/ Eastern Corridor Coalition (formerly I-95 CC)	Testing Implementation Paths for Mileage Based User Fees (MBUF): The Coalition will demonstrate and test <b>paths for MBUF</b> in the DC metro area and seven states -- DE, MD, ME, NC, NJ, PA and VA.	\$4,670,000
Hawaii Department of Transportation	Digital Mapping Data, Distance-Precision, and Transportation Taxation: Hawaii DOT will investigate the current state and completeness of <b>digital mapping</b> data to determine which roads are part of a public network and may be subject to a fee.	\$250,000
Kansas/Minnesota Departments of Transportation	RUC Demonstration Project: Kansas DOT will lead a joint effort working with Minnesota DOT to explore the impacts of <b>RUC implementation</b> in the Midwest, with focus on rural and agricultural populations and intrastate and interstate commercial freight and supply chain operators.	\$3,250,000
Ohio Department of Transportation	Alternative User Based Revenue Initiative: Ohio DOT will obtain data for a <b>large-scale outreach</b> program geared towards educating the public about RUC.	\$2,000,000
Oregon Department of Transportation/ RUC West	Road Usage Charge Summit: RUC West will host a conference that will explore opportunities and barriers to interoperability, expand knowledge about RUC and foster <b>new partnerships</b> .	\$134,875
Texas Department of Transportation	Demonstration of Smartphone-Based Alternative to Current Gas Tax Structure: Dallas-Fort Worth will assess the feasibility and technological capability of utilizing <b>smartphone technology</b> to understand travel patterns and the development of an accounting framework.	\$5,000,000
Utah Department of Transportation	RUC Customer Service Optimization: Utah DOT will develop and validate RUC-specific <b>customer service</b> improvements designed to enhance public acceptability and attract more voluntary participants.	\$1,250,000



# State Road Usage Charge (RUC) Landscape



Source: Oregon Department of Transportation (ODOT)

June 2020





## Utah

- **Created by Utah's Legislature:** SB 136 (2018), SB 72 (2019) and HB 186 (2022) established a voluntary RUC program.
- **Effective Date:** Utah began collecting electric vehicle fees in 2019 and the RUC program went live in January 2020.
- **Eligible Vehicles:** Electric vehicles and vehicles powered exclusively by a fuel other than motor fuel, diesel fuel, natural gas or propane.
- **Payment and Vendor Options:** One firm—DriveSync—offers reporting and payment services.
- **Other Provisions:**
  - On Jan. 1, 2023, the RUC rate is one-cent per mile. The RUC cap is \$130.25 for an annual and \$100.75 for a six-month registration.
  - On Jan. 1, 2026, the RUC rate is 1.25 cents per mile. The RUC cap is \$180 for an annual and \$139 for a six-month registration.
  - On Jan. 1, 2032, the RUC rate will rise to 1.5 cents per mile unless a different rate is established by the State Tax Commission. The RUC cap is \$240 annually and \$185 for a six-month registration. Thereafter, the Transportation Commission may set the RUC rate for each type of alternative fuel vehicle.
  - RUC participants can never be charged more than the annual registration fee and receive monthly invoices.
  - Vehicle owners with privacy concerns may opt for short-term data retention or pay a flat fee.

## Oregon

- **Created by Oregon's Legislature:** SB 810 (2013) directed ODOT to establish the nation's first fully operational RUC program.
- **Effective Date:** OReGO, the RUC program, went live in July 2015.
- **Eligible Vehicles:** Any vehicle achieving at least 20 mpg.
- **Payment and Vendor Options:** Three firms—Azuga, Emovis and ODOT—offer reporting and payment services.
- **Other Provisions:**
  - Vehicles achieving at least 40 mpg, as well as electric vehicles, are exempt from paying supplemental fees by enrolling (\$33 for vehicles with fuel efficiency at or above 40 mpg and \$110 for electric vehicles).
  - The per-mile rate is set at 5% of the per-gallon license tax (currently 1.8 cents per mile).
  - ODOT is consulting new vehicle dealers to determine the most effective methods to encourage enrollment.

# Enacted 2021 State RUC Legislation

## California (SB 339)

- Extends the California Road Charge Pilot Program until Jan. 1, 2027.
- Beginning Jan. 1, 2023, an RUC pilot program is authorized to identify and evaluate issues regarding revenue collection for a road charge program.
- The pilot tests how RUC calculations could be adjusted to account for individual vehicle efficiency, based on mpg or, in the case of zero-emission vehicles, mpg-equivalent ratings published by the U.S. EPA ([NRDC](#), 2021).
- Participation shall be voluntary if a vehicle group other than state-owned vehicles is chosen.
- Participants shall be credited for state fuel taxes and electric vehicle fees paid during the pilot.

## Utah (SB 82)

- Creates the Road Usage Charge Program Special Revenue Fund to receive deposits generated by the RUC program.
- The Fund shall be used to cover the costs of administering the RUC program and state transportation purposes.

## Nevada (AB 413)

- Orders state DOT to study the sustainability of the State Highway Fund during the 2021-2022 interim, including a specific study of Utah's Road Usage Charge Program.
- Requires a report from state DOT by Dec. 31, 2022. This will be transmitted to the 82<sup>nd</sup> Session of the Legislature.

## Oklahoma (HB 1712)

- Establishes the Road User Charge Task Force.
- Authorizes the state Tax Commission to collect charges or fees associated with a RUC program.
- Provides RUC collections shall only be used to maintain and improve roads, highways and bridges.
- Requires a report on how to best implement a RUC program by Dec. 31, 2023.



# 2022 State RUC Legislation

## **Washington (HB 2026, failed-adjourned):**

- Establishes a mandatory RUC program for new electric vehicles purchased or leased beginning July 1, 2025, and a voluntary RUC program for older electric vehicles, hybrids and all other vehicles.

## **Eligible Vehicles:**

- Beginning July 1, 2025, vehicles solely using a method of propulsion that is reenergized by an external source of electricity.
- Beginning July 1, 2026, vehicles using at least one method of propulsion that is reenergized by an external source of electricity and an internal combustion engine.
- Beginning July 1, 2027, vehicles using an internal combustion engine.

## **RUC Rate: 2.5 cents per mile and may be adjusted based on new information and changes in legislative policy.**

- Vehicles enrolling in the RUC program would be exempt from paying the annual hybrid-electric vehicle registration fee (\$100) and the transportation electrification fee (\$75). Annual RUC charges may not exceed \$125 for electric and hybrid vehicles choosing to enroll in the RUC program.
- All other vehicles enrolling in the RUC program would receive a fuel tax credit based on the amount paid.

## **Additional Provisions:**

- Allows state DOT to certify private vendors to provide RUC participants a means of reporting mileage including periodic payment options.
- The Transportation Commission, in collaboration with state DOT, shall assess approaches to implement a RUC for low-income vehicle owners.
- Requires a public outreach and education program to be carried out prior to implementation.

# 2022 State RUC Legislation Cont.

## Hawaii (SB 3313, failed):

- Establishes an MBUF on electric vehicles that is levied by the county director of finance using a comparison of the electric vehicle's current odometer reading with the odometer reading of the previous year. The fee is capped at the amount that the average non-electric vehicle in the state paid in fuel tax for the previous year.
- Deposits per-mile fees into the State Highway Fund.

## Virginia (SB 237, enacted) and (SB 612, enacted):

- Clarifies that data collected on behalf of the MBUF program may not be sold, accessed via public records acts or disclosed to any other entity except as necessary for the collection of unpaid MBUFs or to a vehicle owner seeking to challenge an MBUF.
- Requires the MBUF program to give participants the option to participate without location tracking.
- Requires the commissioner of DMV to deny the registration or registration renewal of a participant if they have failed to pay the MBUF. Further, the commissioner of DMV must create a process to prorate MBUF refunds.

# Kilowatt Hour Charges

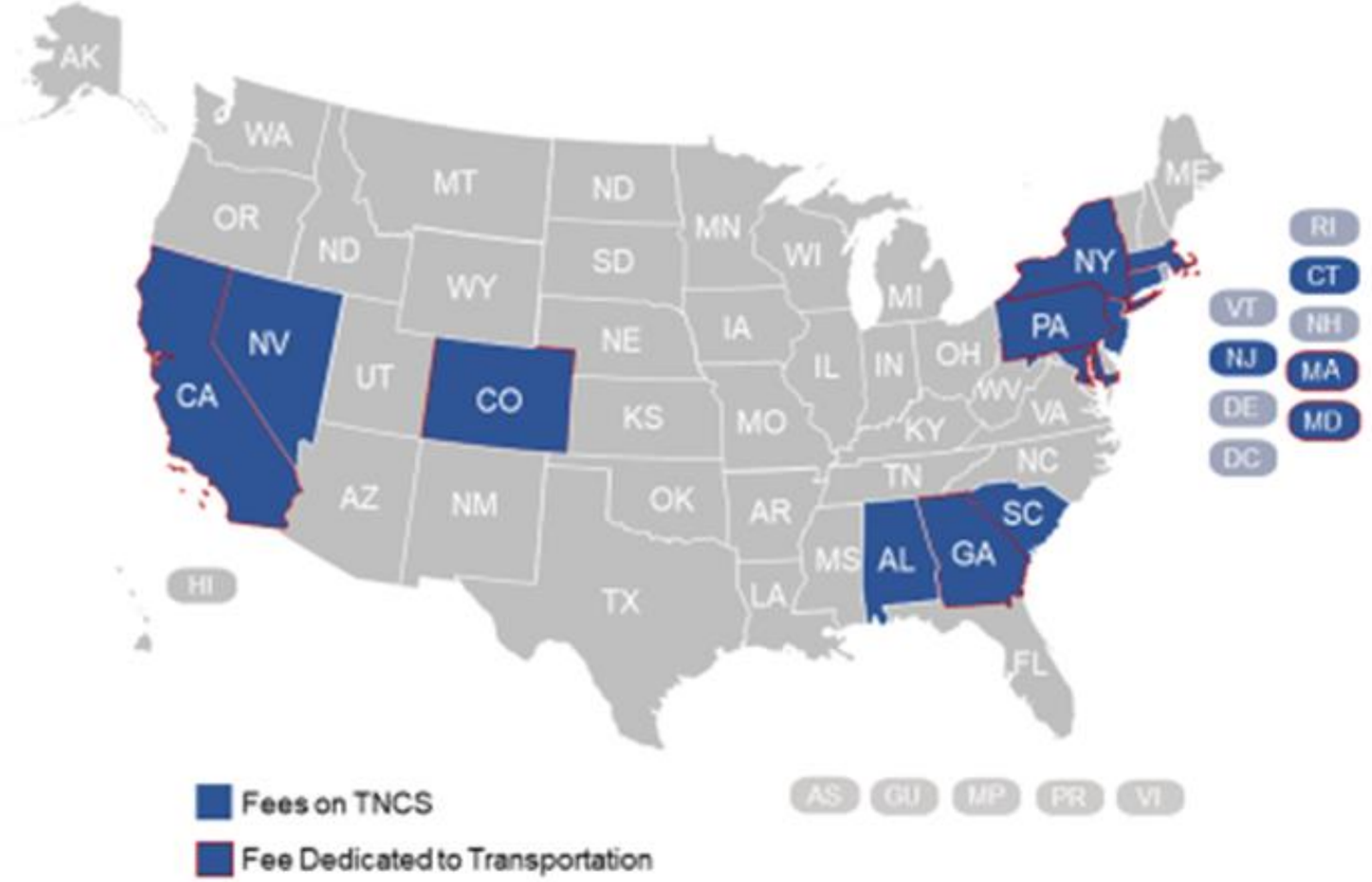
## Kentucky (HB 8, 2022, enacted)

- Creates a \$.03 per kWh excise tax and a \$.03 surtax on power used to charge electric vehicles, beginning in 2023. The tax rate will then be adjusted each year based on changes in the National Highway Construction Cost Index (NHCCI), and funds from the tax will be deposited into the state's road fund.
- The state Road Fund, defined in KRS 48.010 (15)(g), consists of revenues from excise or license taxes on motor fuels as well as revenues from fees or taxes associated with registering or operating vehicles for use on public highways.

## Oklahoma (HB 2234, 2021, enacted)

- Creates a new 3-cents-per-kWh tax on electricity used for EV charging at public charging stations. The tax does not apply to private residential charging.
- The new law provides for the state's EV fees to be deposited into a new Driving on Road Infrastructure with Vehicles of Electricity (DRIVE) Revolving Fund until 2027, after which 15% of these revenues will be diverted directly to county governments.
- The DRIVE fund will be used for road and bridge infrastructure and will supplement the state's current ROADS fund.

# Transportation Network Company Fees



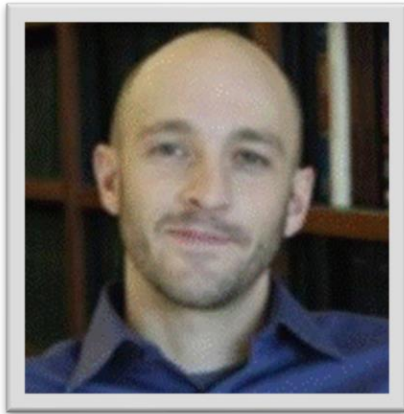
# NCSL Transportation Funding Resources

- **State Road Usage Charge Toolkit-** <https://www.ncsl.org/research/transportation/state-road-user-charge-pilot-results-and-legislative-action.aspx>
- **Recent Legislative Actions Likely to Change Gas Taxes-** <https://www.ncsl.org/research/transportation/2013-and-2014-legislative-actions-likely-to-change-gas-taxes.aspx>
- **Variable Rate Gas Taxes-** <https://www.ncsl.org/research/transportation/variable-rate-gas-taxes.aspx>
- **Electric Vehicle and Plug-in Hybrid Fees -** <https://www.ncsl.org/research/energy/new-fees-on-hybrid-and-electric-vehicles.aspx>
- **Transportation Funding and Finance State Bill Tracking Database-** <https://www.ncsl.org/research/transportation/ncsl-transportation-funding-finance-legis-database.aspx>



- **Questions re: State Transportation and Traffic Safety Issues?**

Contact



[Douglas.Shinkle@NCSL.ORG](mailto:Douglas.Shinkle@NCSL.ORG)

303-856-1482



Questions?

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