



Things Legislators Need to Think About in Establishing a Commercial Vehicle RUC Program

National Conference of State Legislatures
December 7, 2023

Talk to the Trucking Industry

- ▶ They don't want to be the only ones moving to a RUC system
- ▶ Regulatory burden as important as rates
- ▶ What state agency do they prefer to work with?
- ▶ What does it mean to them? – Run actual numbers



Administrative Considerations

▶ Which Agency?

- If choosing the agency that currently administers IFTA, most processes are already established, so primary needs would be increased staffing and appropriate IT upgrades.

▶ Make sure state and federal statute interact correctly.

- May need to update definitions of “Qualified Motor Vehicle” and “Interstate User.”
- If building off IFTA, make sure legislation defines RUC as a “consumption tax” in line with ISTE. (See Indiana HB 1050)

▶ Which Vehicles?

- All or ZEV only?
- 10,000–26,000 lbs
- Unique cases – Pickups, RVs, transit/school buses, state vehicles

▶ Audit Rates

- Is 3% sufficient?
- Use targeting?

▶ State Agency Staff impacts

- Administering agency
- Highway patrol, DMV, tax agencies

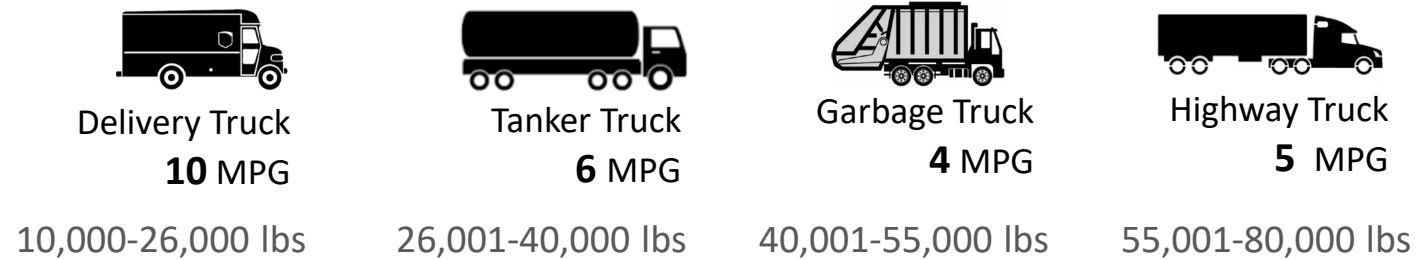
Revenue Considerations

➤ Does your account structure need to change in statute?

- May need to change description of how much goes to what purpose
- This may look different if you choose to switch all vehicles or ZEVs only
- Highly technical – seek help from Budget/Finance agency

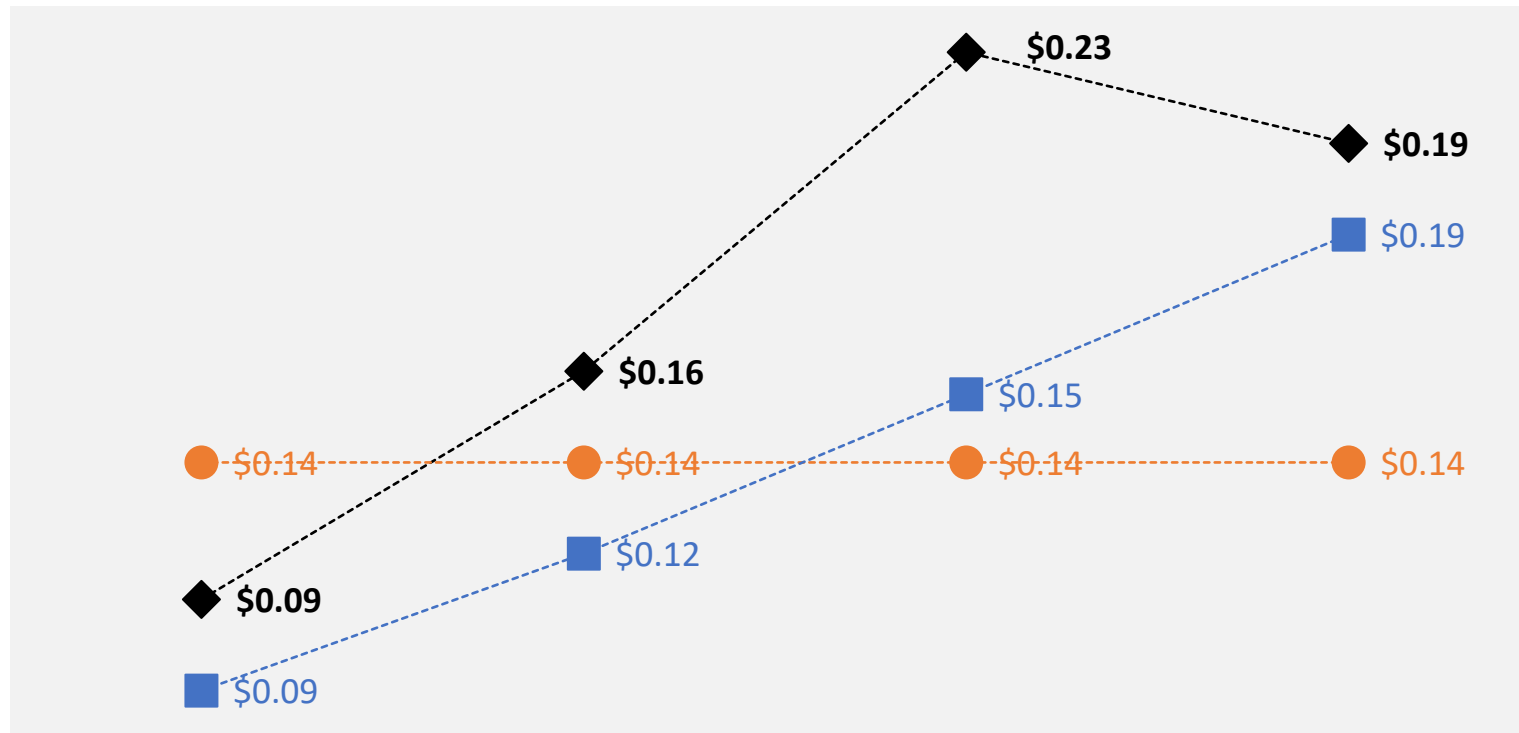
- ▶ Cash flow – Are your agencies ready to switch from monthly/continuous deposits to quarterly deposits?
- ▶ Repeal any ZEV-specific or other fees?
- ▶ Revenue neutral or increase?
- ▶ Any constitutional protections?
- ▶ Rate Setting
 - One rate or several?
 - Could be by vehicle class, weight, number of axles, emissions, etc.
 - Index RUC rates to inflation?
 - Exceptions or reduced rates?

Commercial Vehicle Examples – Diesel Tax per Mile compared to Potential RUC Rates



Commercial RUC per mile categories could be based on vehicle types, size, or class

Per mile rates based on categories can get closer to what various vehicles currently pay in diesel taxes.



--◆-- Annual Diesel Taxes per Mile --●-- One RUC Rate for All --■-- Four RUC Rates by Weight Group