I-95 Corridor Coalition

Multi-State VMT-Based Road-User Fee Initiative

Mark F. Muriello

Assistant Director
Tunnels, Bridges and Terminals
The Port Authority of NY & NJ

Co-Chair
Policy & Strategic Planning
I-95 Corridor Coalition
The I-95 Corridor Coalition

- Alliance of transportation agencies, toll authorities, MPOs, public safety and related organizations
  - Maine to Florida
- Forum address multi-modal transportation management and operations issues of common interest
- Serves as a model for multi-state/jurisdictional interagency cooperation

www.i95coalition.org
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).

  - 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

I-95 Coalition: Institutional and Legal

Architecture
Technology
Public Acceptance
Privacy

Mileage-Based User Fee Alliance
Education and Information Exchange

www.i95coalition.org
I-95 Corridor Coalition

Multi-State VMT-Based Charge Initiative

- Advanced **two projects** to address administrative elements
- Focus on **functionality** – what needs to be done?
- Focus on **institutions** – who should (could) do it?
- Focus on **multi-state perspective** – can states work together with or without a federal lead?
- Focus on **cost** – what are the administrative costs?
- Focus on **legal and regulatory constraints** – what changes would be needed?
System functionality considered three broad options
- Simple, Complex and Advanced
- Based on results of NCHRP 20-24(69) RAND #1

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/State legal and regulatory issues
Guided by Member Advisory Committee
I-95 Corridor Coalition Phase One VMT Fee Initiative

**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, enforcement, and privacy
Administrative Cost Drivers

- Level of customer service and communication
- Level of monitoring, including identifying unregistered or newly registered vehicles and identifying delinquent accounts
- Enforcement and auditing to minimize evasion and to assure collections and revenue distribution
- Ability to leverage existing systems such as the IRP, E-ZPass® IAG, etc.
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 & systems for registration, payment collection and reconciliation will be required.

Calculating and reconciling state and facility mileage, (and distributing accurate revenues) will be key new functions.
Customer contact avenues (such as call centers & web sites) will need to be enhanced.

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.
Interaction, involvement, and coordination among state motor vehicle agencies are essential.

VMT enrollment is a critical requirement that may be integrated with state vehicle registration processes.

Potential institutional models range from DMV, IRP, E-ZPass®, to new operating entities and private sector roles.

Sole government institutional arrangements are unlikely without private sector involvement.

Collection of federal VMT charges may be done via the states where the registration information resides.

www.i95coalition.org
I-95 Corridor Coalition Phase One VMT Fee Initiative

Key Findings: Administrative Cost

Actual experience is limited; bids from the Netherlands provide the best 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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Vehicle Fuel Tax</td>
<td>$1.20 per vehicle</td>
</tr>
<tr>
<td>Motor Vehicle Registration</td>
<td>$13.00 per vehicle</td>
</tr>
<tr>
<td>VMT-Based Charges</td>
<td>$30.00 - $40.00 per vehicle</td>
</tr>
</tbody>
</table>
# I-95 Corridor Coalition Phase One VMT Fee Initiative

## Key Findings: Administrative Cost

Administrative Cost As A Percentage of Revenue Collected

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Vehicle Fuel Tax</td>
<td>0.82% of revenue</td>
</tr>
<tr>
<td>VMT-Based Charges <em>(All highway expenditures)</em></td>
<td>6% - 8% of revenue</td>
</tr>
<tr>
<td>Motor Vehicle Registration</td>
<td>11% of revenue</td>
</tr>
<tr>
<td>VMT-Based Charges <em>(Federal &amp; State Fuel Tax Only)</em></td>
<td>15% - 20% of revenue</td>
</tr>
</tbody>
</table>
I-95 Corridor Coalition Phase One VMT Fee Initiative

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
I-95 Corridor Coalition

Phase Two VMT Fee Initiative Project

- Prepare a Concept of Operations for administering a multi-state mileage-based user fee system
  - Assumes advanced functionality
  - On-site interviews, observations and assessments
  - Outreach to private sector service contractors, associations and federal government

- Working with 3 states: Delaware, Maryland and Pennsylvania

- Will provide a foundation for a potential multi-state field trial
I-95 Corridor Coalition

Phase Two Project Objectives

- Refine administrative requirements
- Identify specific functions to be performed by state agencies or other institutions
- Explore need for interagency agreements, examining applicability of current agreements
- Complete a multi-state concept of operations that represents a consensus of the three states
- Assess potential of NMVTIS to satisfy various system requirements
- Refine costs based on actual state and agency data
- Explore federal charge collection interface in multi-state environment

www.i95coalition.org
I-95 Corridor Coalition Phase Two VMT Fee Initiative

Interview Initial Observations

- State agency personnel very knowledgeable about current and future funding challenges and implications of a VMT system
- Potential VMT charges seen as option rather than preconceived acceptance or rejection
- Widespread understanding that administering VMT charges would require added functions, skills and resources
- Openness to contracting and clearinghouse as potential parts of VMT system administration – consider IRP
- Revenue agencies recognize issues but can’t discern roles

www.i95coalition.org
Any system must be administratively simple, transparent and not create “expensive” new roles for DOT.

Many lessons to be learned from toll collection operations.

Any transition approach must address “foreign” vehicles, alternative fuel vehicles, off-road vehicles, and private fueling stations.

Registration tie-in a concern and registration transition an issue.

Equity issues need to be addressed in transition.
I-95 Corridor Coalition Phase Two VMT Fee Initiative

Project Schedule

• June – July
  – Completing interview process (states, toll authorities, others)
  – Completing NMVTIS assessment

• August – September
  – Work on Federal Interface Task
  – Develop Refined Cost Estimates
  – Begin work on Transition Strategy
  – Begin to define Concept of Operations
  – Identify state legislative issues

• October – December
  – Complete Cost Estimate
  – Finalize Concept of Operations and Transition Strategy
  – Issue Final Report
I-95 Corridor Coalition Phase Two VMT Fee Initiative

A Focus on Administrative Functions

Current
Fuel Tax
Registration
IRP / IFTA
Toll Collection
Finance/Systems

GAPS

VMT
User Enrollment
Mileage Data Collection
Revenue Collection
Auditing and Security
Data Preservation

COST
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.”

The Miller Center for Public Affairs “Well Within Reach Report”

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