
Transportation Committee

HB 2026

Brief Description: Implementing a per mile charge on vehicles.

Sponsors: Representatives Wicks, Fitzgibbon, Sells, Ramel, Dolan and Macri.

Brief Summary of Bill

- Mandates the Department of Licensing (DOL), in consultation with the Washington State Transportation Commission, establish an early adoption program that requires the registered owner of an enrolled electric vehicle to pay a per mile fee of 2.5 cents per mile upon vehicle registration, beginning July 1, 2025, with participation mandatory for new electric vehicles and voluntary for older electric vehicles.
- Allows certain hybrid vehicles to voluntarily participate in the road usage charge (RUC) program upon vehicle registration beginning July 1, 2026.
- Allows passenger cars, light truck, and sport utility vehicles to voluntarily participate in the RUC program upon vehicle registration beginning July 1, 2027.
- Requires proceeds from the RUC fee to be deposited in the Road Usage Charge Account, expenditures from which are restricted to transportation purposes.
- Requires the Joint Transportation Committee to evaluate the RUC program in consultation with the DOL to assess requirements for full implementation, and provide a report to the transportation committees of the Legislature by January 1, 2029.

Hearing Date:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Staff: Jennifer Harris (786-7143).

Background:

Road Usage Charge Pilot.

Beginning in 2018, the Washington State Transportation Commission (Transportation Commission) conducted a road usage charge (RUC) pilot project with approximately 2,000 participating drivers, who evaluated a variety of methods of reporting miles and provided feedback. In January 2020, the Transportation Commission submitted its final report and recommendations to the Governor, the Legislature, and the Federal Highway Administration. The final report provided information on the legal, fiscal, operational, and policy implications of a RUC and offered recommendations on how RUCs could be implemented in Washington. One of the recommendations of the Transportation Commission was that the Legislature enact a RUC system applicable to a small number of vehicles as part of a longer-term transition away from the gas tax.

In July 2020, the U.S. Department of Transportation awarded the Transportation Commission a \$5.5 million federal grant to conduct additional research and testing of a road usage charge. This work was initiated in October 2020 and has an expected completion date in 2023.

Electric and Hybrid Vehicle Registration Fees.

In addition to any other fees due at annual vehicle registration renewal, an electric or hybrid vehicle using at least one method of propulsion that is capable of being reenergized by an external source of electricity and is capable of traveling at least 30 miles using only battery power powered by electricity, are subject to two electric vehicle fees that total \$150. The first fee is \$100 and is deposited into the Motor Vehicle Fund, up to \$1 million annually. If in any year the amount collected exceeds \$1 million, the excess amount is distributed as follows: 70 percent to the Motor Vehicle Fund; 15 percent to the Transportation Improvement Account; and 15 percent to the Rural Arterial Trust Account.

The second fee is \$50. The first \$1 million raised by the fee must be deposited into the Multimodal Transportation Account. Any remaining amounts must be deposited into the Motor Vehicle Fund. The \$1 million threshold was reached in November 2017, and fee revenues from the \$50 fee are currently deposited into the Motor Vehicle Fund.

These fees apply to annual vehicle registration renewals until the effective date of enacted legislation that imposes a vehicle miles traveled fee or tax.

Other Electric and Hybrid Vehicle Fees.

An annual \$75 transportation electrification fee is imposed at the time of vehicle registration renewal on an electric or hybrid vehicle using at least one method of propulsion capable of being

reenergized by an external source of electricity and is capable of traveling at least 30 miles using only battery power.

An annual \$75 hybrid vehicle transportation electrification fee is imposed on hybrid and alternative fuel vehicles that do not pay the electric vehicle fee or the transportation electrification fee. This fee is collected at the time of vehicle registration renewal.

Revenues collected from the transportation electrification fee and the hybrid vehicle transportation electrification fees are deposited in the Electric Vehicle Account until July 1, 2025, after which time, revenues will be deposited in the Motor Vehicle Fund.

Summary of Bill:

A RUC program is established that places a per mile fee of 2.5 cents on vehicle usage of public roadways.

Phase 1 of Road Usage Charge Implementation.

Beginning July 1, 2025, the Department of Licensing (DOL), in consultation with the Transportation Commission, must establish an early adoption RUC program that: (1) requires the registered owner of a new electric vehicle to pay a per mile fee; and (2) allows the registered owner of an older electric vehicle who voluntarily elects to participate to pay a per mile fee. All other electric and hybrid vehicle fees are waived for participants.

For mandatory participants in the RUC program, the annual amount paid by each vehicle is capped at \$225. This cap may be adjusted in state law based on new information and changes in legislative policy. In consideration of voluntary participation in the program, the annual amount paid by each vehicle voluntarily enrolled in the RUC program is capped at \$175.

This phase must include at least 500 electric, hybrid, and internal combustion state-owned passenger or light duty truck fleet vehicles, which are not subject to the per mile fee until the Phase 3 of the program is implemented (see below for details).

Phase 2 of Road Usage Charge Implementation.

Beginning July 1, 2026, hybrid vehicles that use at least one method of propulsion that is capable of being reenergized by an external source of electricity and are capable of traveling at least 30 miles using only battery power powered by electricity may voluntarily participate in the RUC program at the time of vehicle registration. All other electric and hybrid vehicle fees are waived for participants. In consideration of voluntary participation in the program, the annual amount paid by each vehicle is capped at \$175.

Phase 3 of Road Usage Charge Implementation.

Beginning July 1, 2027, all passenger cars, light truck, and sport utility vehicles may voluntarily participate in the RUC program at the time of vehicle registration. This phase must include at least 500 electric, hybrid, and internal combustion state-owned passenger or light duty truck fleet vehicles, which are subject to the per mile fee.

The road usage charge is reduced by a fee credit for the amount of motor vehicle fuel tax imposed as determined by the DOL, either constructively or based on actual usage, to correspond to the vehicle's motor vehicle fuel usage. The DOL must adopt by rule methodologies used to determine constructive annual motor vehicle fuel usage and requirements for determining actual motor vehicle fuel usage.

Program Administration.

The DOL is required to implement and administer the RUC program, and may retain third-party professional services to implement the program. By December 1, 2024, after consultation with the Transportation Commission, the DOL must adopt rules to implement the Phases 1 and 2 of the RUC program.

The DOL must offer vehicle owners one or more methods of reporting miles driven, including one that is based on submittal of periodic odometer mileage. The DOL also may offer the option of one or more automated reporting methods. The DOL may certify one or more private sector service providers to provider automated methods. In addition, the DOL must offer periodic payment options.

The DOL, in consultation with the Transportation Commission, must design and execute a public outreach and education program and carry it out before implementation of the first phase of the RUC program on July 1, 2025.

Program Analysis and Evaluation.

The DOL is required to annually review the RUC program and to report to Legislature on its performance, including in meeting policy goals in state law, and to offer recommendations as needed for program enhancement.

The Transportation Commission, in collaboration with the DOL, must assess approaches to implement per mile fee discount for low-income vehicle owners and report findings and recommendations to the Legislature by January 10, 2024.

The Joint Transportation Committee (JTC) is required to evaluate the RUC program in consultation with the DOL to assess requirements for full implementation and to provide a report to the transportation committees of the Legislature by January 1, 2029. The JTC's report must include an assessment of the potential revenue impacts of full implementation.

Program and Other Fees.

Proceeds from the RUC fee must be deposited in the Road Usage Charge Account, which is restricted to transportation purposes.

The requirement that current law electric and hybrid fees may no longer be applied once a vehicle miles traveled fee or tax takes effect is narrowed to only apply when a mandatory vehicle miles traveled fee or tax is imposed to apply to all electric and hybrid vehicles.

Privacy.

Under the RUC program, the information that may be collected is limited to what is necessary to calculate, report, and collect the per mile fee, unless a vehicle owner provides express written consent. General location data may be recorded if the vehicle owner selects that specific reporting method, proper disclosure of the reporting method is made pursuant to Transportation Commission rules, and the vehicle owner specifically consented to the reporting.

Per mile reporting methods may not report specific location data to the DOL or any subdivision of the state unless the vehicle owner specifically consents to the recording or reporting. The DOL and per mile account managers have an affirmative duty to ensure all per mile information is protected with reasonable safeguards, to implement and maintain reasonable security procedures, and to implement a usage and privacy policy to ensure collection consistent with respect for individuals' privacy and civil liberties.

Per mile system data retained after the time period necessary to ensure payment must have personally identifying information removed, and may only be used for public purposes. There is a public disclosure exemption for personally identifying information collected as part of the RUC program, which may only be disclosed in an aggregate form.

Personally identifying information may be released to law enforcement agencies only if the request is accompanied by a court order.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.