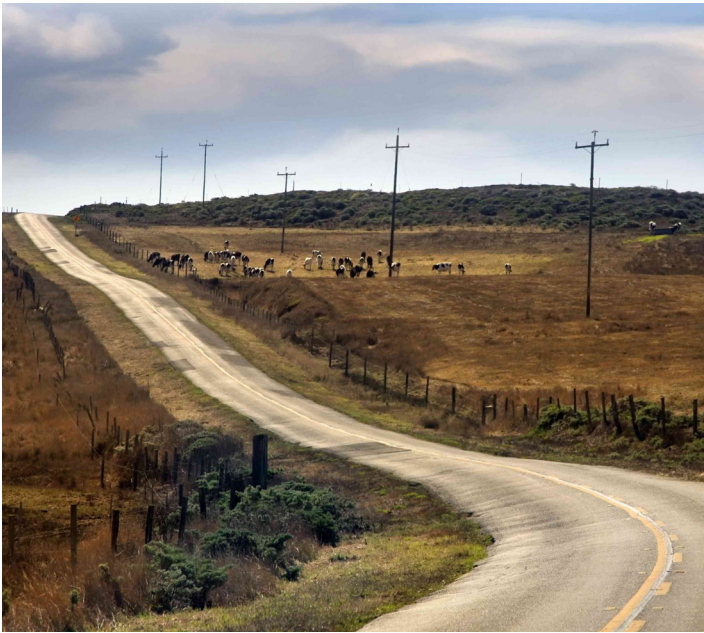


Rural Drivers & Communities



How would a RUC system work?

A Road Usage Charge (RUC) funds transportation based on a user-pays system, charging drivers by the mile instead of by the gallon. Ultimately, if legislators adopt a RUC, it could replace the state gas tax. The RUC **America** Regional Pilot is studying how one state's RUC system can accommodate other states' requirements, processes, systems, rates, and laws.

In the pilot, third party vendors will collect the miles driven and manage the data and payments. The vendor will offer pilot participants several choices for reporting their miles, including a mileage reporting device with GPS, mileage reporting device without GPS, or smartphone app. Once a month, the pilot participants will receive an invoice indicating miles driven (in their home state and between California and Oregon) and the fee charged. All RUC funds collected (beyond operating fees) are deposited to the state's transportation fund in the same way gas tax revenue is collected today.

Common perceptions about equity related to rural drivers

MYTH: Rural drivers will pay more than urban drivers under a RUC system.

FACT: Rural drivers will likely save money. RUC West research projects that, on average, rural households will pay 1.9%-6.3% less and urban households will pay 0.3%-1.4% more state tax in a RUC system than they currently pay in state gas tax. Ranges reflect the differences from state to state.¹

MYTH: Revenue from a RUC system will not go toward maintenance of rural roads.

FACT: States are looking at RUC as a potential funding alternative to gas taxes. While each state allocates the funds to be spent differently, gas taxes currently support roadway preservation, expansion, and improvement for *all* roads. As a potential way to make up the funding gap, RUC would provide revenue for both urban and rural transportation system needs including maintenance.

1. Financial Impacts of Road User Charges on Urban and Rural Households (RUC America in cooperation with ODOT).

? Visit rucamerica.org for answers to frequently asked questions

Financial Impacts of RUC on Rural Households

RUC **America** analyzed the financial impacts of a RUC for urban and rural drivers in eight western states. Using estimates of vehicle-miles traveled (VMT) by geographic area, vehicle registrations, and gas tax revenue data, researchers determined the per-mile fee required to potentially replace current state gas tax revenues. At the same time, they determined that rural drivers will likely save money compared to what they pay now. Study results highlighted inside.

Will rural drivers be unfairly impacted by a RUC? The answer is no.

Given all the information and data available, on average, rural and urban households would pay about the same amount of state tax in a RUC system. In some states, rural drivers travel a little more and, in others, a little less. Residents of mixed communities with both urban and rural characteristics, such as some suburban areas, tend to drive the most miles overall. As a result, they would likely pay more state tax under a RUC system than either urban or rural drivers.

RUC **America** research found that rural households would generally pay 1.9%-6.3% less³ in state tax under a RUC system than they are currently paying in gas tax, while urban households would pay slightly more. The table at right shows projected changes in state transportation taxes that households in urban, mixed, and rural areas would pay if the gas tax transitioned to a RUC system. Rural drivers would actually save money with RUC in this model. GPS-based mileage reporting methods offer the future potential of exempting miles driven on private roads, which could further benefit rural drivers.

3. RUC **America**: Financial Impacts of Road User Charge on Urban and Rural Households.

Percent savings with RUC

	Urban	Mixed	Rural
Arizona	-0.7%	1.7%	6.1%
California	-0.3%	2.4%	6.3%
Idaho	-1.0%	0.9%	3.1%
Montana	-1.4%	-0.4%	1.9%
Oregon	-1.0%	2.9%	4.8%
Texas	-0.5%	1.6%	3.1%
Utah	-0.6%	3.4%	5.5%
Washington	-1.0%	3.6%	4.8%

Positive numbers show a savings with RUC, in the Rural and Mixed columns.

RESEARCH CASE STUDY

Financial impacts of RUC on urban and rural households

About the study:

The study included data from eight states: Arizona, California, Idaho, Montana, Oregon, Texas, Utah, and Washington.

RESEARCH QUESTION: How would a RUC system affect urban and rural households?

Methodology:

The research team took the following steps to answer the research question:

- Estimated miles driven, vehicle types, and state gas tax revenues currently collected (broken out by state and urban/rural area type)
- Determined a revenue-neutral RUC rate, which is a rate that will generate the same total amount of state tax as currently provided by the gas tax
- Analyzed the data to determine the effects that transitioning to a RUC system would have on urban, rural, and mixed households in each state

Findings:

- Rural residents generally drive older, less fuel-efficient vehicles, which increases gas taxes
- While rural drivers tend to travel longer distances per trip, they also travel less frequently than urban drivers
- Under a RUC:
 - Urban areas are likely to pay between three tenths of a percent and 1.4% more than they pay in gas tax
 - Rural areas are likely to pay between 1.9% and 6.3% less than they pay in gas tax

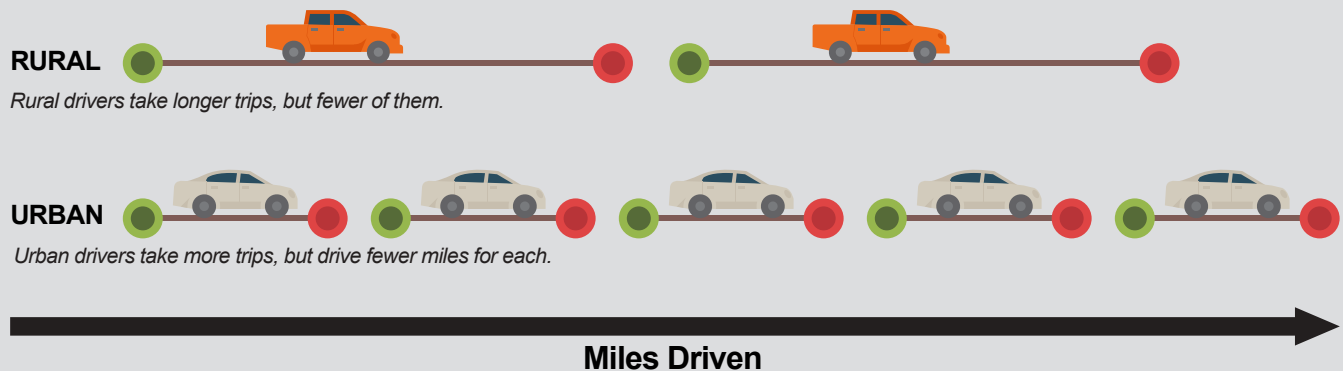
Summary: under a RUC system, rural households are likely to save money compared to what they pay in gas tax.

Study Sources

RUC **America**: Financial Impacts of Road User Charge on Urban and Rural Households.
Oregon Department of Transportation: Final Report on Impacts of Road Usage Charges in Rural, Urban and Mixed Counties.
Washington State Transportation Commission: Financial and Equity Implications for Urban and Rural Drivers.
Colorado Road Usage Charge Pilot Program: Road Usage Charge Calculator.

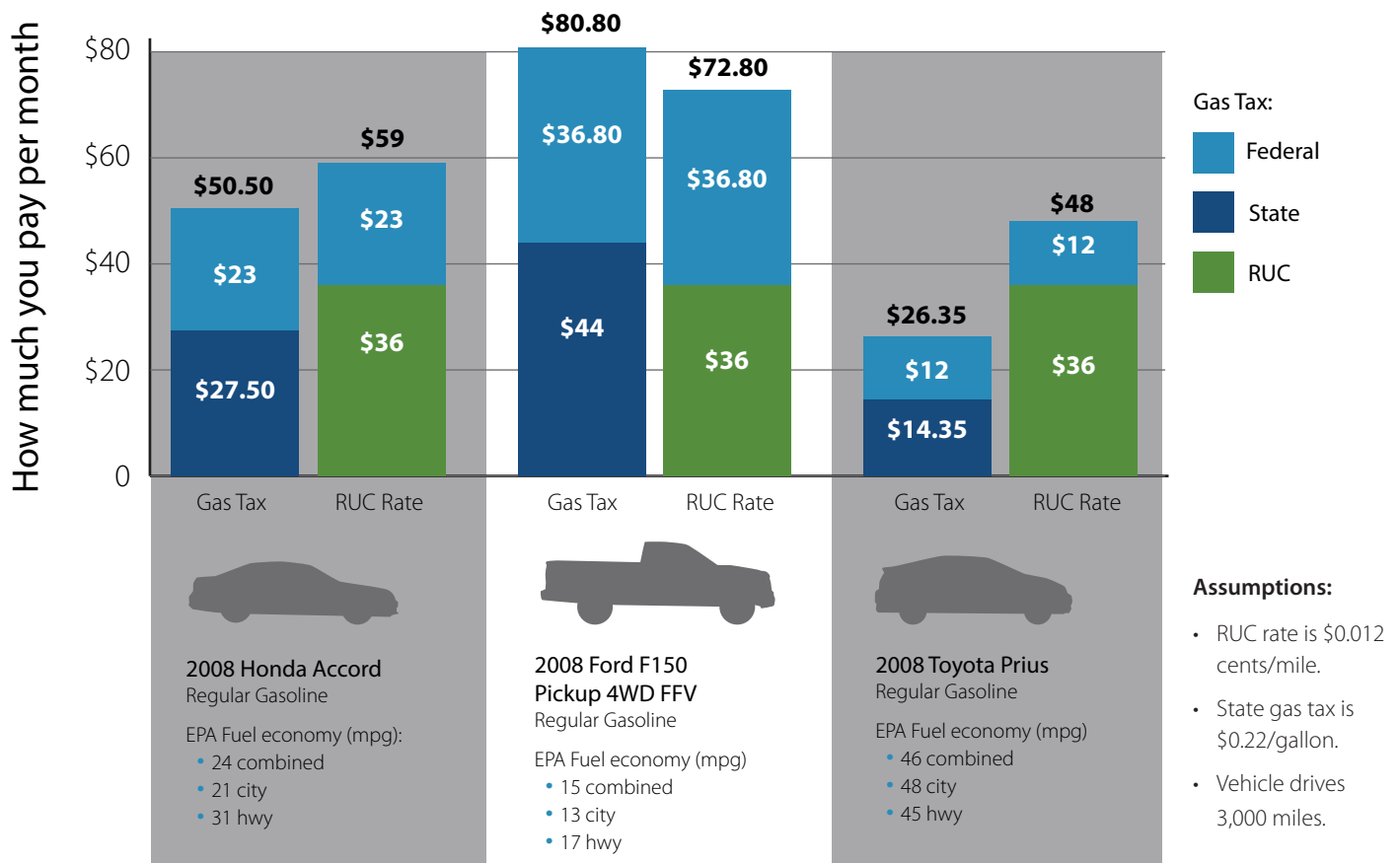
Do rural residents drive more miles than urban drivers?

RUC America funded a research study to evaluate a RUC in urban, rural, and mixed communities. Researchers reviewed several state and national travel surveys and found that, in most states, rural households tend to drive longer trips than urban households, but they make those longer trips less often. Meanwhile, urban households make more trips than rural households, and those trips add up. While it varies from state to state, overall, rural drivers do not typically drive more miles than their urban counterparts.

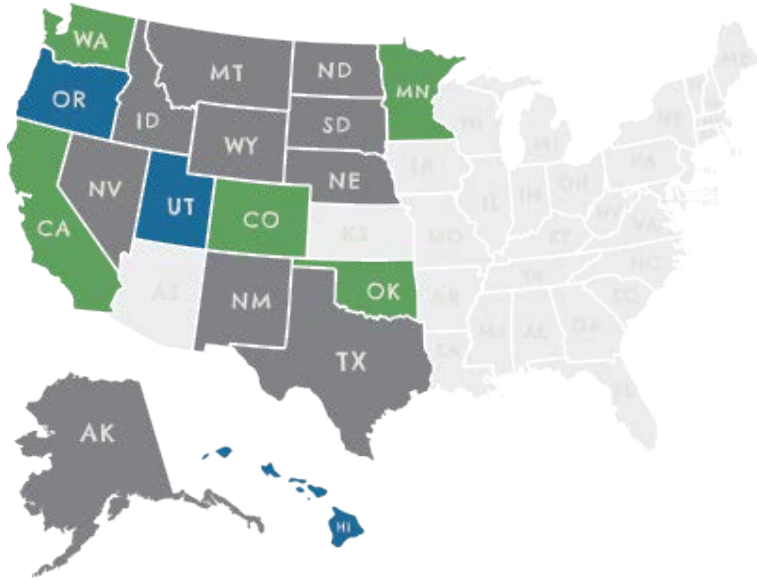


With RUC, does the type of vehicle driven affect how much rural households would pay?

In their study, *Financial Impacts of Road Usage Charge on Urban and Rural Households*, consultant EDR determined rural residents tend to drive older and less fuel-efficient vehicles more often than their urban counterparts. The following graph² compares low, medium, and high fuel efficiency vehicles and their average charges per month with a gas tax vs. a RUC. Based on the types of vehicles typically driven in rural areas, rural households are likely to save money with RUC.



2. Based on images and information in WSTC Road Usage Charge Assessment (January 2016) and CDOT RUC Program Research Study (December 2017).



RUC America

RUC **America** brings together leaders from state transportation organizations to share best practices and research RUC. RUC **America** is the foremost authority on road usage charging in the United States, bringing together leaders from 18 state transportation organizations to share resources and explore innovative funding solutions for preserving the future of our transportation network. RUC **America** member states are organized into three tiers based on their current level of involvement in advancing RUC in their jurisdiction:

Our Members

Tier 1: Actively promoting road usage charging as an equitable road-funding solution (implementing a program)

- ❖ Hawaii
- ❖ Oregon
- ❖ Utah

Tier 2: Conducting Research Pilot Projects for a RUC

- ❖ California
- ❖ Colorado
- ❖ Oklahoma
- ❖ Minnesota
- ❖ Washington

Tier 3: Monitoring transportation trends (evaluating the road usage charge environment)

- ❖ Alaska
- ❖ Idaho
- ❖ Montana
- ❖ Nebraska
- ❖ Nevada
- ❖ New Mexico
- ❖ North Dakota
- ❖ South Dakota
- ❖ Texas
- ❖ Wyoming

RUC America priorities

American states are working together to study the viability of per-mile charging.

RUC America allows state departments of transportation to pool resources to study outcomes and share best practices. RUC America has already funded 24 projects related to the feasibility and evaluation of road usage charging, with more on the way.

What is road usage charging?

Road usage charging (RUC) is a pay-by-the-mile concept where drivers pay for miles driven instead of gallons of fuel consumed. For nearly two decades, gas tax revenues have declined significantly due to increased fuel efficiency (including electric and hybrid vehicles).

In addition the decreased purchasing power of tax dollars for construction materials has resulted in many states cannot keep pace with the costs of operating, maintaining, and improving their vital transportation system

Interested in learning more?

RUC America welcomes state members to stay informed about RUC trends. A membership in RUC America connects your organization with the most current tools, resources and information on road usage charging. Whether watching the concept unfold or considering implementation of a state program, RUC America is the go-to source for all things RUC.