



# I-95 Corridor Coalition

## *Multi-State VMT-Based Road-User Fee Initiative*

**Mark F. Muriello**



**THE PORT AUTHORITY** OF NY & NJ

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



**I-95 CORRIDOR  
COALITION**

**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



Members recognize the importance of working together to address key contemporary transportation issues



[www.i95coalition.org](http://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).**
- **US Department of Energy projections (2008-35):**
  - **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

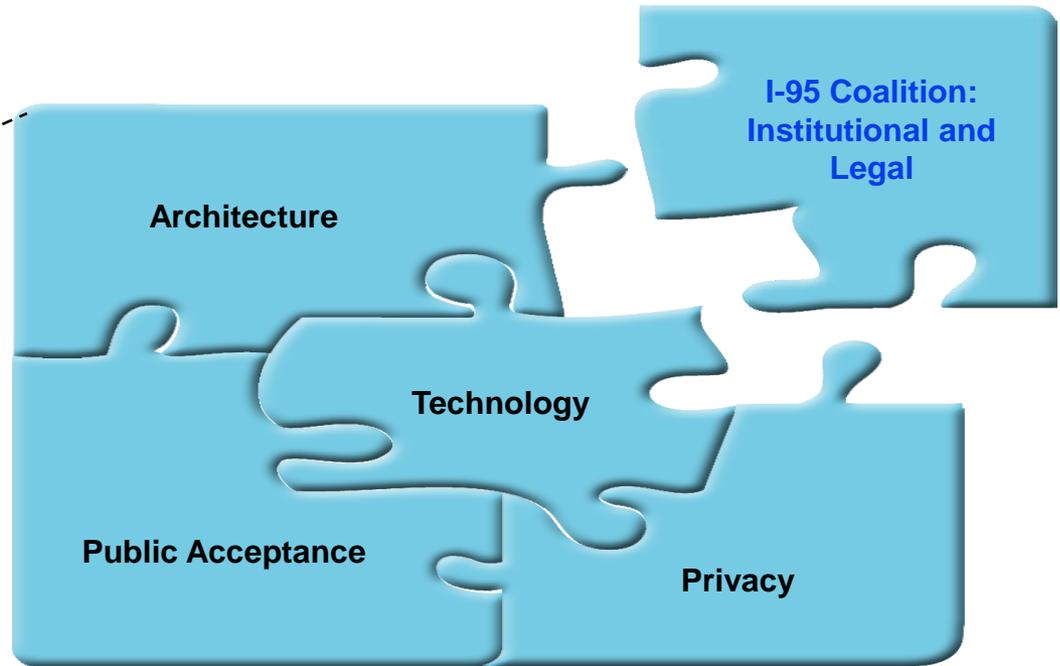
Texas DOT & Minnesota DOT  
Assessments of Public Acceptance

USDOT

Technology Options for Collection of Road User Fees

Mileage-Based User Fee Alliance

Education and Information Exchange



## *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?



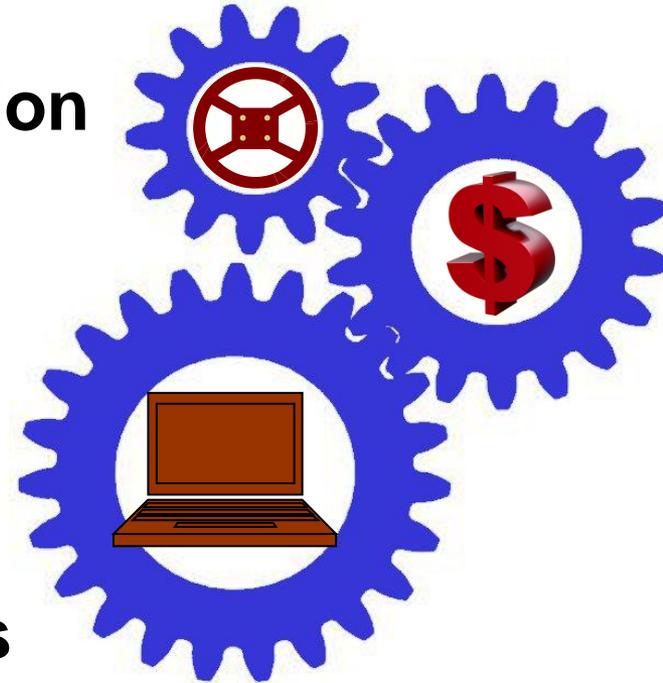
# ***Phase 1 VMT Project Study Approach***

- **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<sup>®</sup> 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***

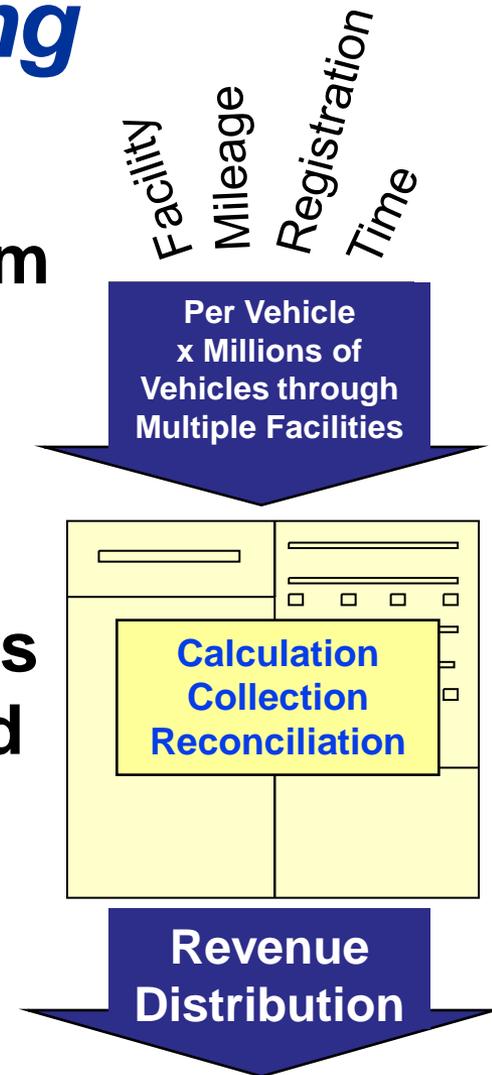
- **Level of customer service and communication**
- **Level of monitoring, including identifying unregistered or newly registered vehicles and identifying delinquent accounts**
- **Enforcement and auditing to minimize evasion and to assure collections and revenue distribution**
- **Ability to leverage existing systems such as the IRP, E-ZPass<sup>®</sup> IAG, etc.**



# *I-95 Corridor Coalition Phase One VMT Fee Initiative*

## *Key Findings: Data Processing*

- **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**



# *I-95 Corridor Coalition Phase One VMT Fee Initiative*

## *Key Findings: Customer Relations*



- **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**



***Key Findings: Institutional***

- **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<sup>®</sup>, 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**



# ***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**

<b>Motor Vehicle Fuel Tax</b>	<b>\$1.20 per vehicle</b>
<b>Motor Vehicle Registration</b>	<b>\$13.00 per vehicle</b>
<b>VMT-Based Charges</b>	<b>\$30.00 - \$40.00 per vehicle</b>



# ***I-95 Corridor Coalition Phase One VMT Fee Initiative***

## ***Key Findings: Administrative Cost***

### **Administrative Cost As A Percentage of Revenue Collected**

<b>Motor Vehicle Fuel Tax</b>	<b>0.82% of revenue</b>
<b>VMT-Based Charges</b> <b><i>(All highway expenditures)</i></b>	<b>6% - 8% of revenue</b>
<b>Motor Vehicle Registration</b>	<b>11% of revenue</b>
<b>VMT-Based Charges</b> <b><i>(Federal &amp; State Fuel Tax Only)</i></b>	<b>15% - 20% of revenue</b>



# *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**



# ***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**



# ***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**



# ***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**



# ***I-95 Corridor Coalition Phase Two VMT Fee Initiative Interview Initial Observations***

- **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**  
**COST**

### **VMT**

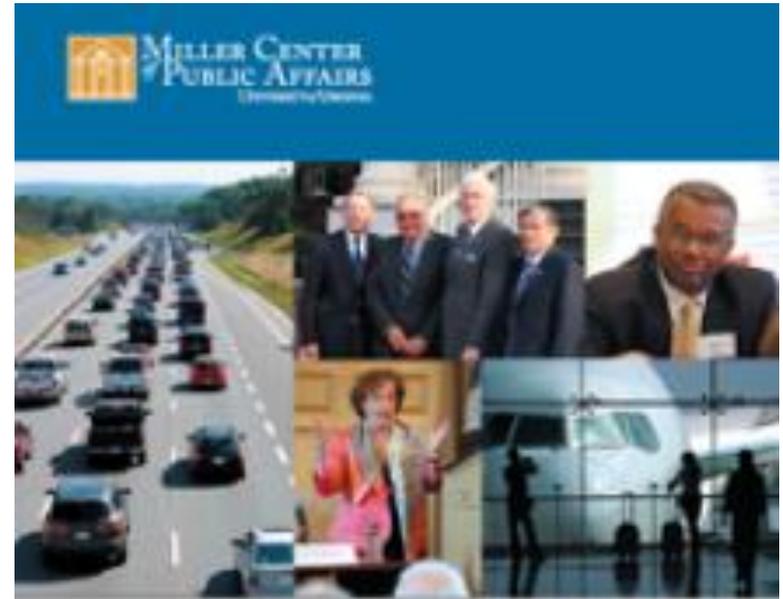
User Enrollment  
Mileage Data  
Collection  
Revenue Collection  
Auditing and  
Security  
Data Preservation



# *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”*



**WELL WITHIN REACH**  
*America's New Transportation Agenda*

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



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