



I-95 Corridor Coalition

Multi-State VMT-Based Road-User Fee Initiative

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**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



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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

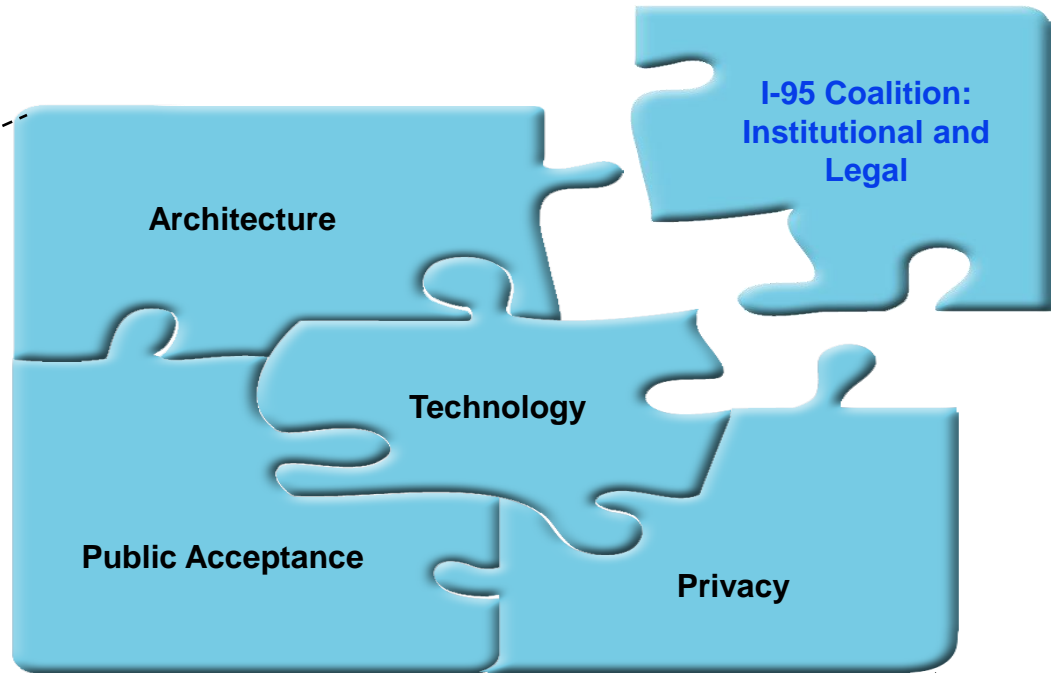
Texas DOT & Minnesota DOT
Assessments of Public Acceptance

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?



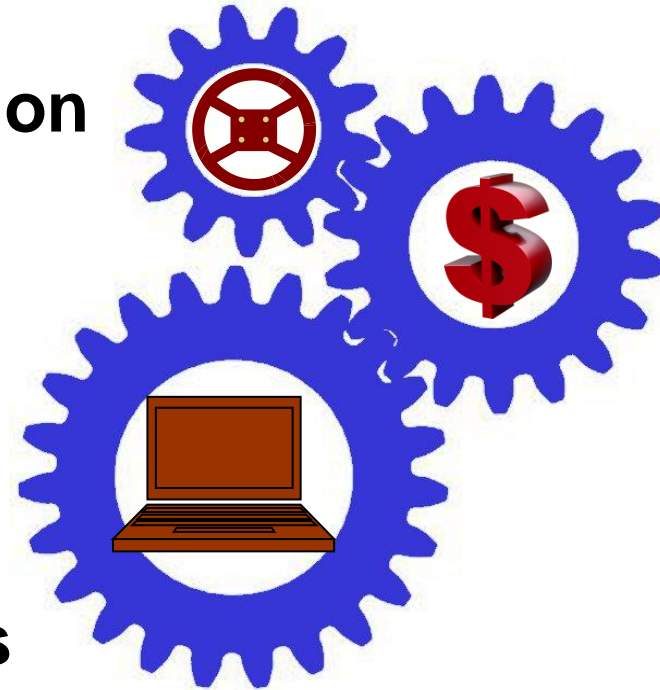
Phase 1 VMT Project Study Approach

- **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[®] 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

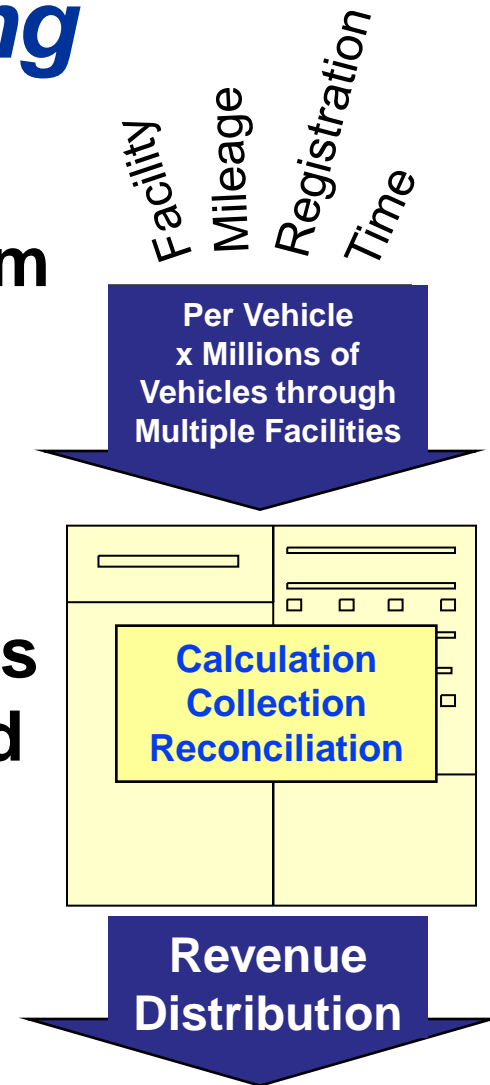
- **Level of customer service and communication**
- **Level of monitoring, including identifying unregistered or newly registered vehicles and identifying delinquent accounts**
- **Enforcement and auditing to minimize evasion and to assure collections and revenue distribution**
- **Ability to leverage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



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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**



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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[®], 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**



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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**

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



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Key Findings: Administrative Cost

Administrative Cost As A Percentage of Revenue Collected

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



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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**



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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**



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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**



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A Focus on Administrative Functions

Current

Fuel Tax
Registration
IRP / IFTA
Toll Collection
Finance/Systems

GAPS
COST

VMT

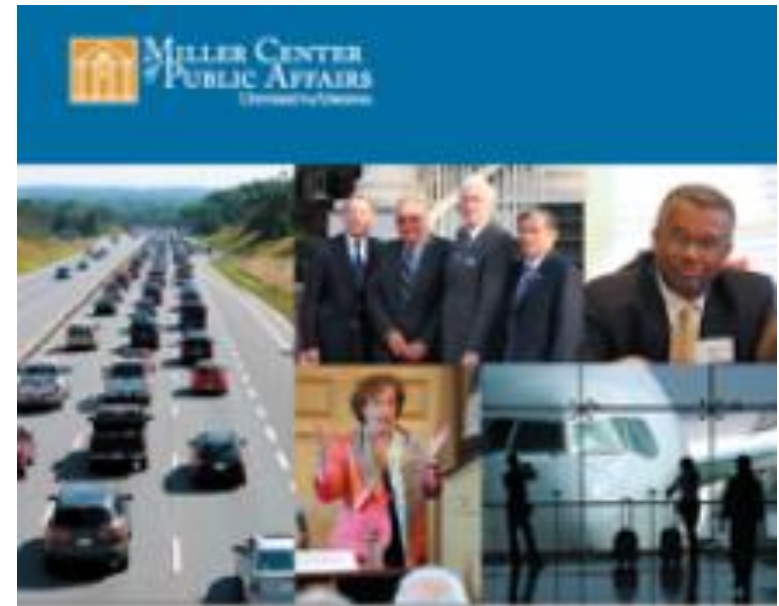
User Enrollment
Mileage Data
Collection
Revenue Collection
Auditing and
Security
Data Preservation



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”*



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



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