

Vehicle Miles Traveled (VMT) Fee Research Study

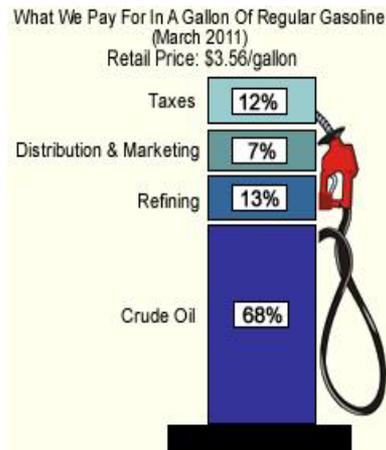
Alauddin Khan, MBA, PE, PTOE
Chief Performance Management Engineer
August 12, 2013



Current Funding Mechanism

Fuel Tax

- ▶ Has been good source for decades
- ▶ Not inflation adjusted
- ▶ Not raised in Nevada since 1992
- ▶ Likely to be used less in future



55¢ Per
Gallon
Fuel Tax

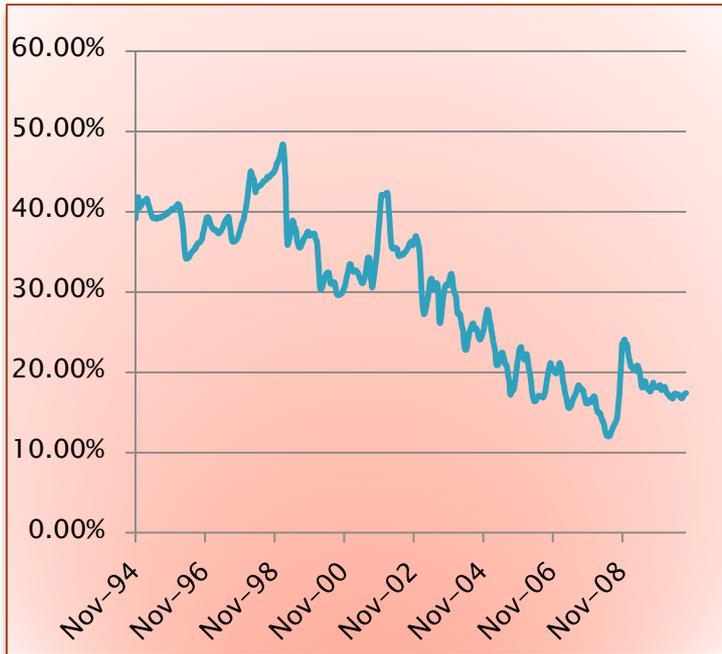


Why is Alternative Funding Mechanism Needed?

- ▶ Enhanced full efficiency
- ▶ Alternative fuel vehicles
- ▶ Fuel Tax Less resilient/effective



The Fuel Tax Dilemma



As a percentage of the total price of fuel, taxes have declined from 45% in 1994 to 17% today!

Potential Loss in
Revenue in 2017

\$ 38 M

2016 Forecasted Impact

VMT Fee Research Study

- ▶ Objective – VMT fee as a potential replacement for current fuel taxes for sustainable, equitable, and viable transportation funding mechanism
- ▶ Not advocating for VMT Fee
- ▶ Not discussing raising fuel taxes or the fee

No Big Brother/No GPS Tracking

- ▶ Non-intrusive mechanism
- ▶ Media, Editorial Boards
- ▶ Perception: Positive
- ▶ Information on transportation funding, issues

Other Reasons

- ▶ Average taxes per capita \$180–\$200/year:
\$15–\$18/month
- ▶ PPP and other Financing Options: Borrowing costs ▼
- ▶ Nevada: Unique geography, tourism driven economy

What is Included in the Study?

- ▶ **Grass-Roots Level Public Involvement**
- ▶ **Revenue distribution: Neighboring States, locals**
- ▶ **Financial Impact: Low-Income, high-mileage**
- ▶ **Impact of Out-of-State visitors, System Interoperability**
- ▶ **Rural vs. Urban Equity**

What is Included in the Study?

- ▶ **Costs of Administration**
- ▶ **Impact on a Regional and Mega-Regional basis**
- ▶ **Institutional Structures**
- ▶ **Transition Plan**

Extensive Strategic Public Involvement

4 Major levels

Public

Political,
Policy
Makers,
Legislators

Key
Stakeholders,
Private Sector

Business
Owners, CEOs

Feedback Received



Constitutionally
Protected



Cost of Administration
keep it low



Least
Technology



Mega Regional



Other Innovative
Options

Business Case: Value Proposition – 5 Cornerstones

1

- Grass Roots Level Public Involvement

2

- 3–5% Administration Costs

3

- Mitigate Privacy Concerns: GPS Optional

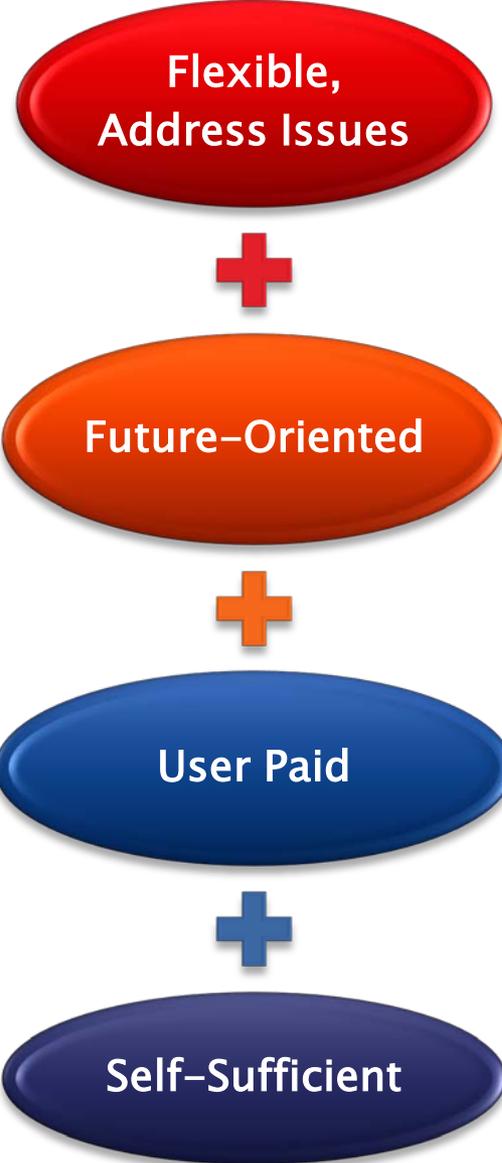
4

- Minimize Bureaucracy & Existing Burdens

5

- Address Risks for Stakeholders

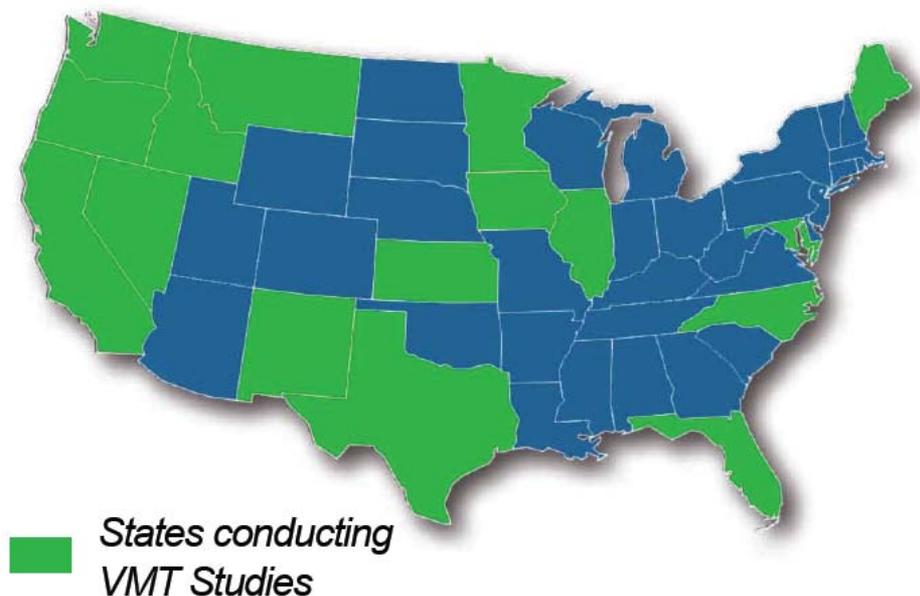
New Funding Model



Can We Make it Happen?

- ▶ Forge a powerful strategic consensus
 - Regional Partnerships
 - National Partnerships
- ▶ Keep it separate from financing options
- ▶ Let the system users decide

National and Regional Momentum



National Surface Transportation Financing Commission – 2/2009

National Surface Transportation Policy and Revenue Study Commission – 12/2007

Congressman Earl Blumenauer

UTAH DOT, CDOT, FDOT, Caltrans, WSDOT, AZDOT, MnDOT

Oregon Passes VMT Fee Legislation

- ▶ SB810 – ODOT's program to assess a charge of 1.5 cents per mile for up to 5,000 cars and light-commercial vehicles and issue an equivalent gas-tax refund.

Summary



2013-15 Study
All Answers on the Table

Questions

- ▶ Alauddin Khan, MBA, PE, PTOE

Alkhan@dot.state.nv.us

775-888-7192

415-572-8081

- ▶ VMT website = (Under construction)

MBUF: Mileage Based User Fee

VMT Fee: Vehicle Miles Traveled Fee

CAFÉ: Corporate Average Fuel Economy