THE EASTERN TRANSPORTATION COALITION
MBUF WORK

Bringing the Trucking Industry to the Table since 2018

Since 2018, the Eastern Transportation Coalition (Coalition) has been dedicated to bringing the trucking industry's voice to the conversation about solutions to long-term sustainable road funding. The International Truck Pilot was the third Coalition pilot with a focus on trucking needs and considerations.

The motor carrier industry is a crucial component of our daily lives, playing a vital role in meeting our basic needs and driving the economy. Truck drivers deliver our packages, groceries, and consumer goods, they're doing so in a highly regulated and incredibly complex environment. This complexity underscores the importance of approaching any proposed changes to the current regulatory and fee payment system with utmost care and thoughtful consideration—this is why the Coalition has advocated for including the trucking industry's voice in the national exploration of a mileage-based user fee (MBUF) – as a potential replacement for the gas tax - since 2018.

The Coalition recognizes the need to balance modernizing and maintaining the efficiency and stability of the current transportation framework while acknowledging the motor carrier industry's desire to simplify the current system. To achieve these goals and contribute to the body of knowledge on MBUF for trucks, the Coalition is committed to collaborating with relevant stakeholders, policymakers, and industry experts to develop well-informed and comprehensive strategies.

The Coalition's latest phase of MBUF trucking work reflects this commitment. Our just-released 2022 International Truck Pilot study included a real-world pilot with motor carriers to continue examining the issues, challenges, and needs of the motor carrier industry that must be considered when developing and implementing an MBUF program (*note – you can watch our recent MBUF Virtual Information Exchange recording about this first-of-its-kind pilot*). Like the previous MBUF truck pilots, the 2022 International Truck Pilot was made possible through the U.S. Department of Transportation's Surface Transportation Systems Funding Alternative (STSFA) grant program.

The Coalition's primary objective is to ensure any potential shifts in the transportation funding model prioritize fairness, sustainability, and the long-term interests of all parties involved. While The Coalition also investigates MBUF for passenger vehicles, it recognizes that trucks are not just big cars. The differences are significant, with the trucking industry being much more complex and diverse in vehicle sizes and operations. Additionally, motor carriers, as robust users of the transportation system have various taxes and fees they pay, which is why MBUF for trucks requires its own exploration.

As a leader in the exploration of MBUF for motor carriers, the Coalition aims to provide decision-makers with data and analysis that will lead to a robust, adaptable, and future-proof transportation funding system that caters to the evolving needs of the nation. The Coalition is neutral on whether MBUF is the best solution to provide our country with a sustainable transportation funding source but believes that real-world pilot projects and data will serve to inform and advance the evaluation process.

These quarterly newsletters are our way of engaging you in this vital conversation. Only by working together can we develop a comprehensive and effective framework for the future.

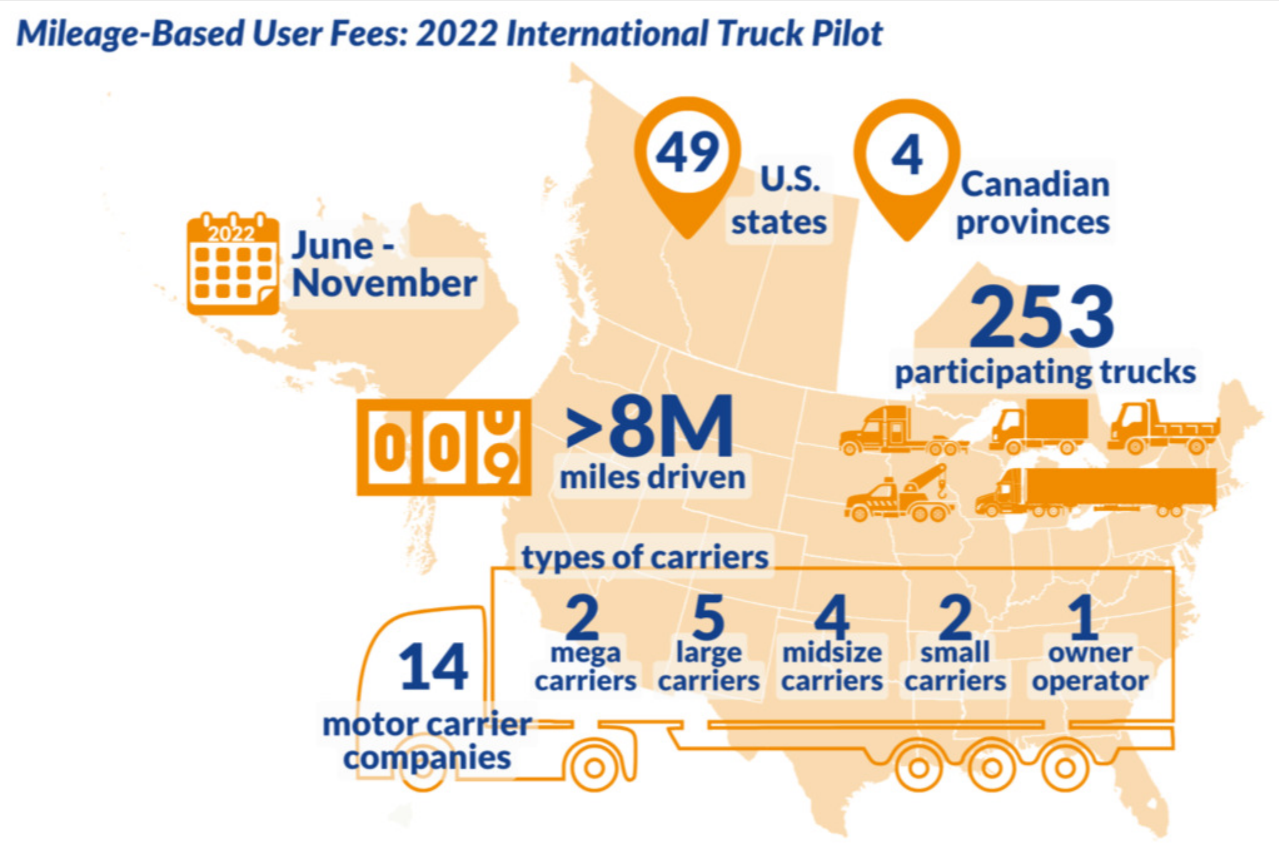
About the 2022 International Truck Pilot

The International Truck Pilot ran for six months from June 1 – November 30, 2022, recording more than 8 million miles from over 250 trucks, covering all 48 contiguous U.S. states and four Canadian provinces.

The pilot aimed to test the technical feasibility of an MBUF as a potential transportation funding solution replacing the fuel tax. The work itself was guided by a steering committee and the Motor Carrier Working Group, building on relationships established with trucking subject-matter experts in previous pilots.

For this pilot, technology and research partner EROAD's system was installed as the mileage-recording device, allowing the Coalition to collect and analyze the trucks' travel data. We used this data to generate a simulated statement for each of the 14 companies participating in the pilot.

View the Truck Report



Our Key Findings

1. **MBUF can be applied to ALL commercial vehicles.**

   Adapting the Motor Carrier framework for MBUF, accommodating diverse vehicles, travel types, and weights within jurisdictions, is possible. However, it entails lighter vehicles and intrastate operators tracking and reporting distance, necessitating alterations to documents such as IFTA and IRP. Assessing impacts on commercial motor vehicles, agencies, and international agreements is essential before implementation. Inclusive pilot programs with stakeholders are vital for informed decisions.

2. **A weight-based MBUF could provide a more transparent link between usage and cost of road use.**
   An MBUF approach, utilizing weight, can provide a more transparent and accurate cost for road use, as it directly correlates with the actual mileage traveled. If MBUF has the capability to absorb other taxes and fees into the road use rates, it could potentially provide consumers with a clearer understanding of the true cost of highway usage.

3. **Uniformity doesn't have to be identical to be scalable and could substantially decrease administrative costs for carriers and agencies.**
   The pilot showed that uniformity does not necessarily mean identical rates across jurisdictions, but rather a consistent framework that can significantly reduce administrative costs for both motor carriers and agencies. The pilot highlighted sustainable funding benefits through simplified administration and transparent reporting.

4. **Clearinghouse frameworks can be adapted to handle MBUF, but roles and responsibilities need to be clearly defined.**
   A Clearinghouse Proof of Concept showcased the technical feasibility of existing systems to be modified to validate and process MBUF information. However, it is crucial to address stakeholders' concerns regarding data integrity and privacy, therefore collaborative policy and governance decisions are required to establish uniform requirements. Further testing is needed to fully understand the roles and responsibilities associated with reporting.

What's Next?

While the pilot demonstrated the capability of existing frameworks to receive and process MBUF transactions it also shed light on various areas that require further attention and investigation before considering implementation.

To progress effectively and make informed decisions, future phases of this exploratory MBUF work will focus on key areas like roles and responsibilities, the impact on users, and the exploration of electric vehicles, in collaboration with affected stakeholders, jurisdictional representatives, and the trucking industry.

The Coalition is currently working on setting up the next phase of the motor carrier MBUF exploration.

The Coalition remains committed to engaging with the trucking community. The Coalition's Executive Director, Dr. Trish Hendren, was recently featured on a Commercial Carrier Journal (CCJ) Podcast. Learn more about CCJ's work and listen to the episode.

What is going on around the country?

Vermont and Hawaii pass MBUF legislation

In June, Vermont's General Assembly passed legislation to establish a state MBUF program. Set to begin in July 2025, MBUF will apply to electric vehicles (EVs). While the program has been legislatively established, the legislation also states that the MBUF will only go into effect after the General Assembly provides more detailed authorizing language and the state obtains federal grant funding to support implementation. Read more about the legislation here.

Hawaii established its own road usage charge (RUC) program in July 2023 when Act 222 was signed into law. The RUC program will begin in July 2025 and gives EV drivers the option to either pay a $50 annual registration fee or an MBUF charged at $8 per 1,000 miles driven and capped at $50/year ensuring MBUF payers never pay more than the annual registration fee. The RUC program builds on more than five years of pilot work and research completed in Hawaii since 2018. In 2028, the RUC program becomes mandatory for electric vehicles (EVs), making it the first mandatory RUC program in the country. Read more about the program here.

Oklahoma launches its first MBUF pilot

Earlier this year, Oklahoma launched Fair Miles Oklahoma, the state's first MBUF pilot. According to the pilot website, the pilot includes more than 400 participants from throughout the state. During the pilot, participants will review mock invoices and provide feedback. The pilot is scheduled to conclude in December.

News in the Coalition: Georgia Pilot Launch

To better understand what an MBUF would look like in Georgia, the Coalition, in partnership with the Georgia Department of Transportation, is conducting a pilot program for Georgia transportation stakeholders to experience an MBUF and to provide feedback regarding what they do and do not like. Beginning November 1, 2023, participants were able to sign up for the pilot through Transurban, an international toll provider and Coalition research partner. In the first few weeks of recruitment, approximately 125 people signed up. Participants will drive as they normally do, and the Transurban dashboard will collect their mileage and fuel-use information through February 2024.

Busting Myths in the News

Understanding how the public views MBUF is key to shaping future outreach strategies. For that reason, the Coalition conducts a daily review of media coverage relating to MBUF and other fuel tax alternatives. We’ve noticed a couple of recurring myths:

Myth 1: Privacy

Through our research, we have found that after drivers use MBUF technology their concerns regarding privacy drop substantially. After conducting recent pilots in New Jersey and North Carolina, the percentage of participants who said privacy was a high concern dropped substantially. In New Jersey the percentage dropped from 64% to 34%, while in North Carolina, the percentage dropped from 51% to 23%. In addition, 89% of pilot participants in New Jersey and 90% of pilot participants in North Carolina chose a mileage reporting option that used GPS, indicating an openness to using a location-based technology.

Myth 2: MBUF disincentivizes EV owners

As more states begin to move towards an EV-centric future, it becomes clear that there will be significant funding gaps as EV sales increase and the revenue from the gas tax continues to decrease. While EV owners do not pay gas taxes, they tend to support an MBUF as they too want viable roads and agree they should pay their fair share. Currently, 36 states have EV fees to help close this gap. A recent AAA survey shows that drivers are not purchasing EVs to avoid taxes, they are trying to have a positive impact on the environment.

Vehicle Fees and EV Adoption

Myth:

EV fees deter EV adoption

Fact:

Even in states with EV flat fees, EV sales continue to rise.

Average EV Growth Rates from 2018 – 2021

EV Annual Fee Ranges	NO FEES	$50-$74.99	$75-$149.99	$150-$225
EV Adoption Growth	367%	337%	337%	331%

For more information visit:
TETC MBUF Website: https://tetcoalitionmbuf.org/