



Fuel Taxes are Teetering on the Edge: Is MBUF a path to sustainable transportation funding?

Rhode Island State Planning Council

March 14, 2024

Discussion Topics

1

Why are we talking about transportation funding?

2

What is the MBUF thing anyway?

3

Why should Rhode Island care?
Momentum is building

4

How could MBUF become a sustainable solution?

5

Where does this leave us?

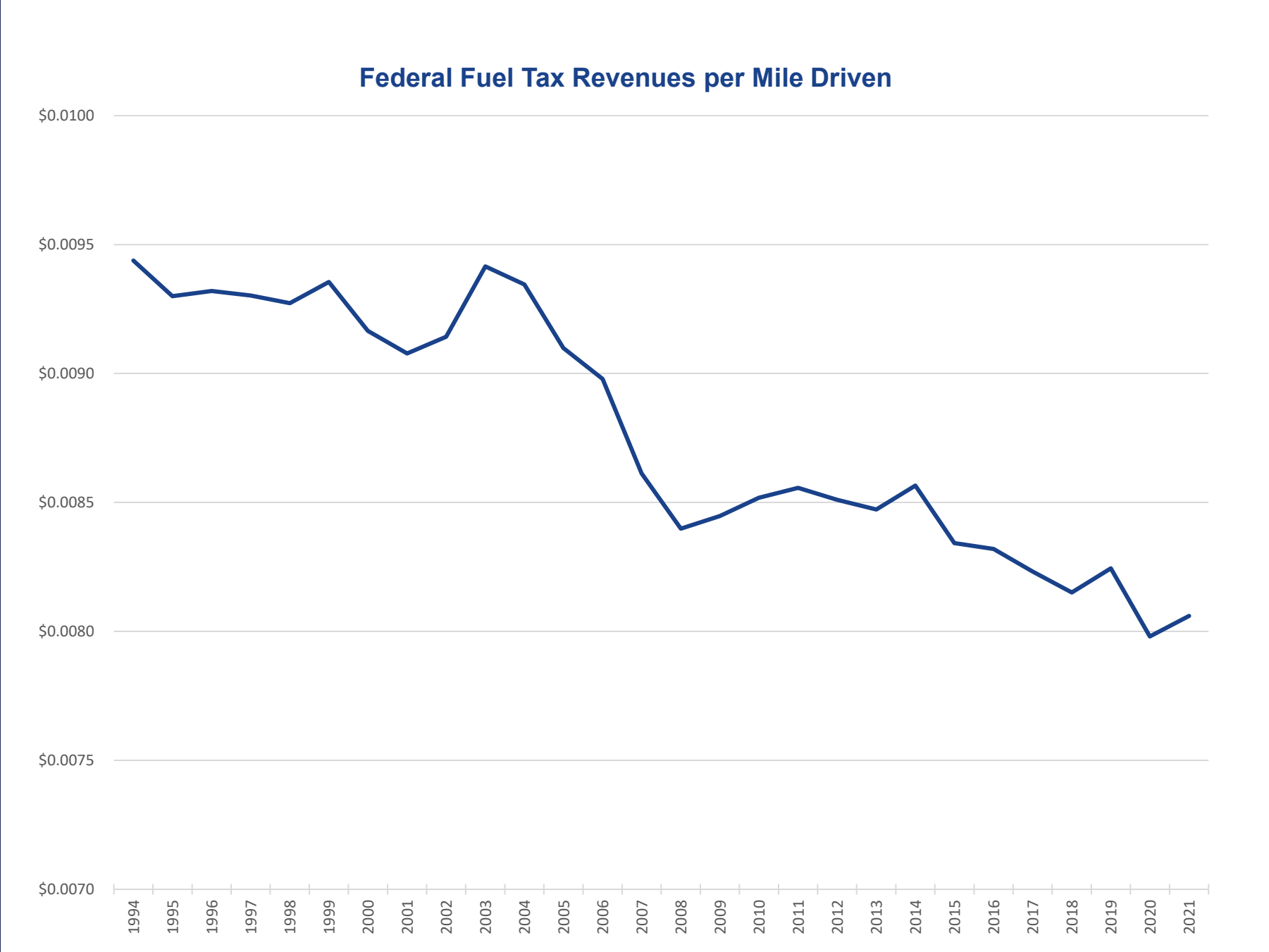


Why are we talking about transportation funding?

We need our roads.



Drivers are
paying less
fuel tax per
mile driven.



A close-up photograph of a person's hands holding a black gas pump nozzle. The person is wearing a blue short-sleeved shirt and grey long-sleeved sleeves. The nozzle is being held near a white car, which is partially visible in the background. The background is slightly blurred, showing a gas station environment with other pumps and trees.

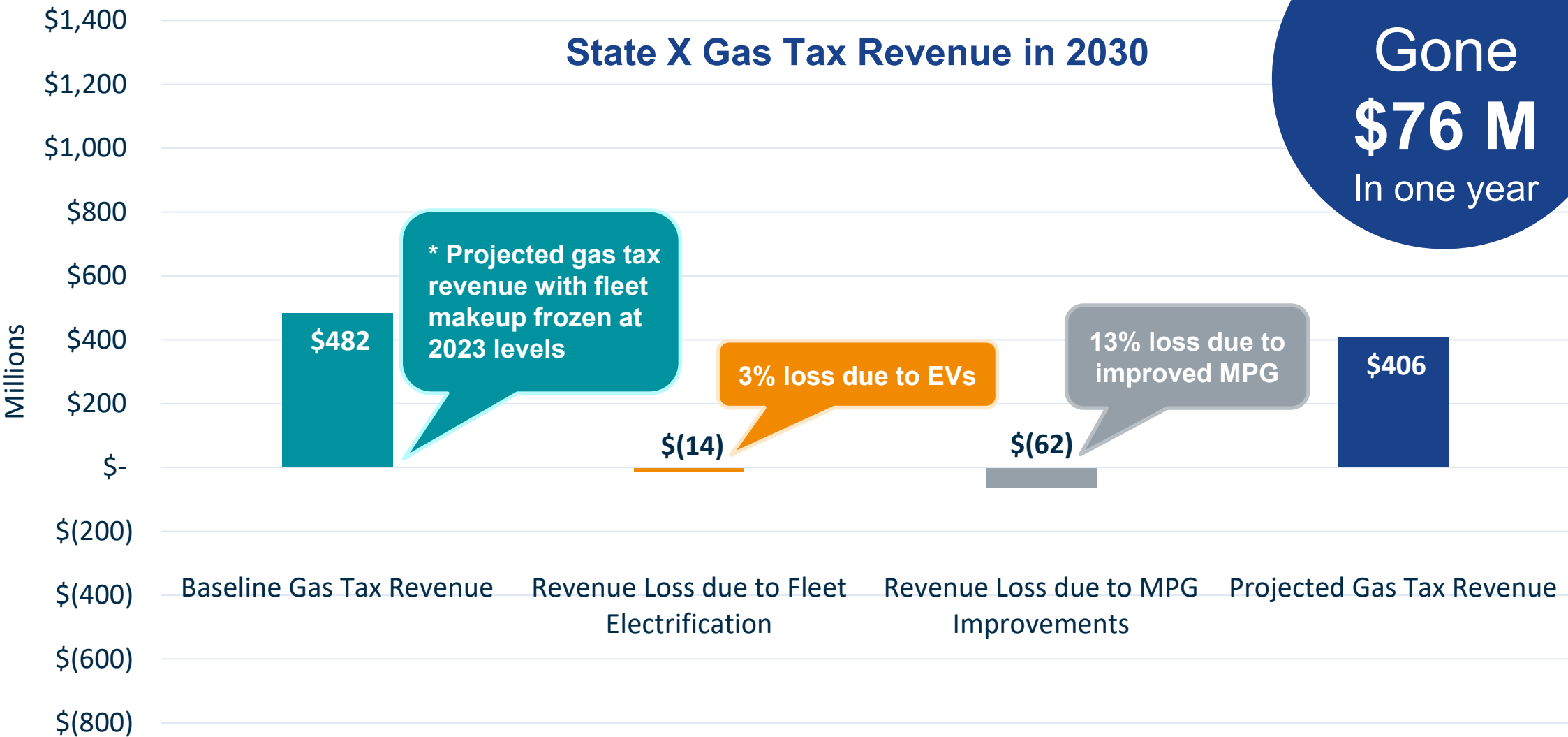
**Drivers have no idea how little
they are paying in fuel tax.**

A white Ford F-150 pickup truck is parked on a gravel surface at a construction site. In the background, a large green steel truss bridge spans a body of water. To the left, a construction worker in a white hard hat and a high-visibility yellow vest is walking. A crane is visible behind the worker. The truck has 'F-150' and '4x4' badges on its side.

EVs are here...

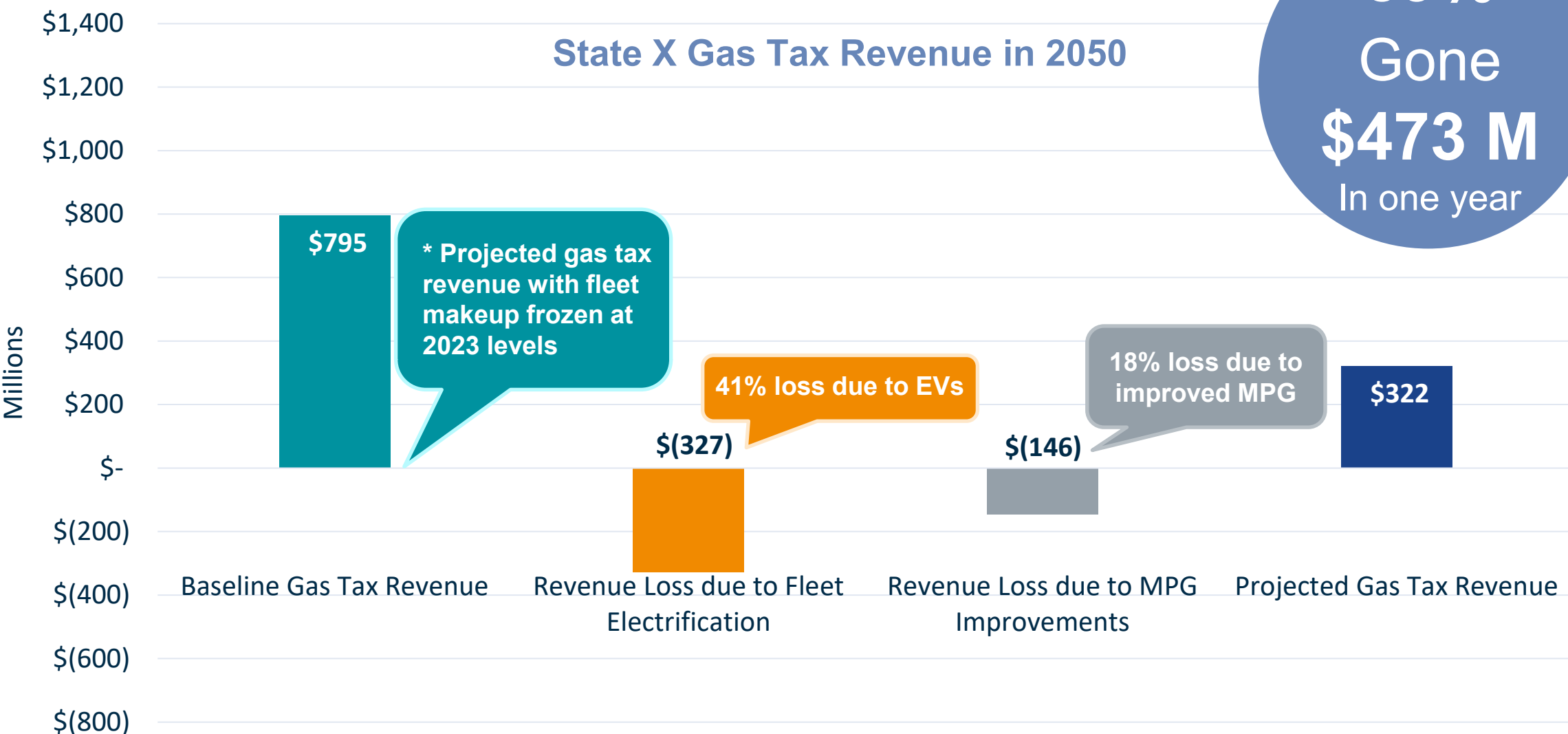
F-150 Lighting

So what? Gas tax revenues will decline



**16%
Gone
\$76 M
In one year**

So what? Gas tax revenues will decline



**59%
Gone
\$473 M
In one year**

**We need a
new & more
sustainable
way to fund
transportation.**





What is the MBUF thing anyway?

Mileage Based User Fees (MBUF)

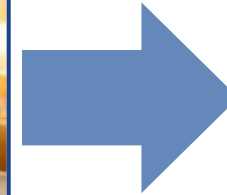


Most states are looking at MBUF to **replace** the gas tax.

From this...



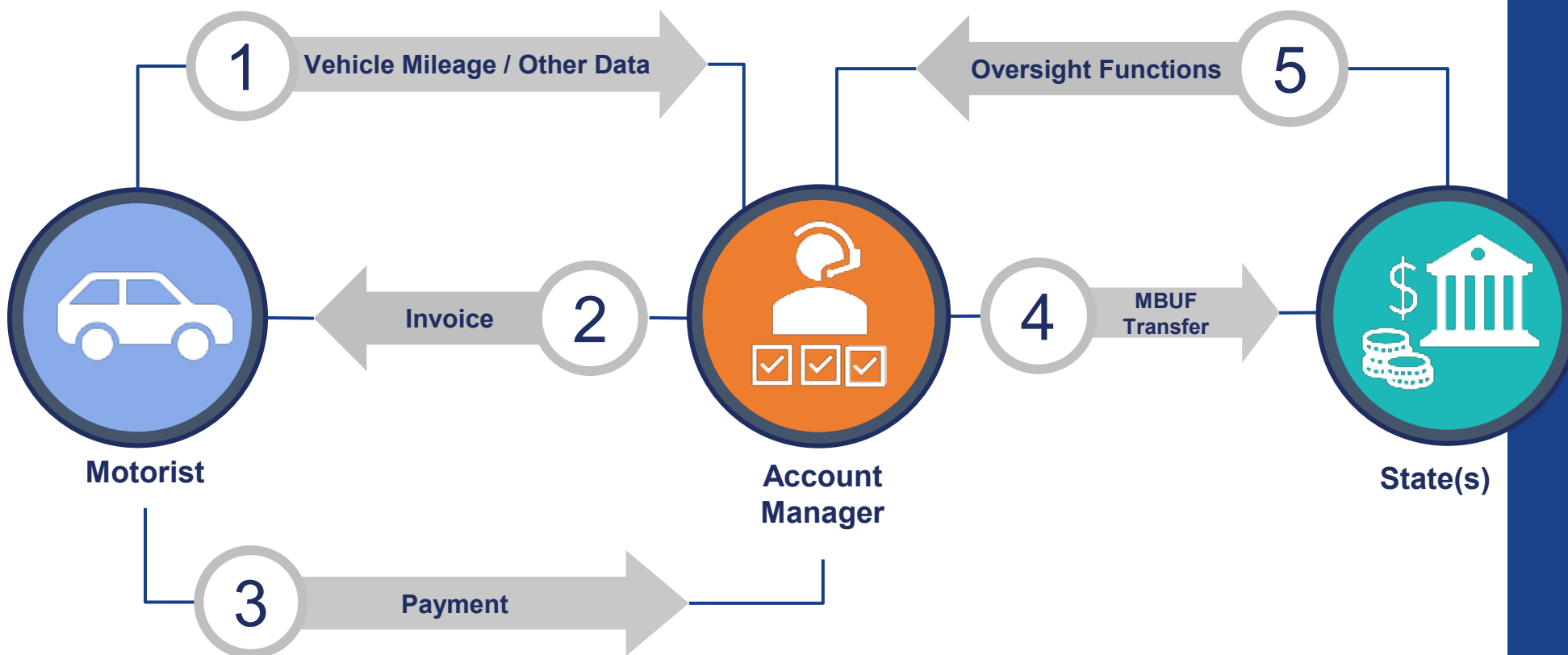
**HOW MUCH GAS
YOU USE**



To this...



**HOW MANY MILES
YOU DRIVE**



How
MBUF
(May)
Work:
**Account
Managers**

**Plug-in
device**



Flat fee

**In-vehicle
telematics**



**Odometer
reading**



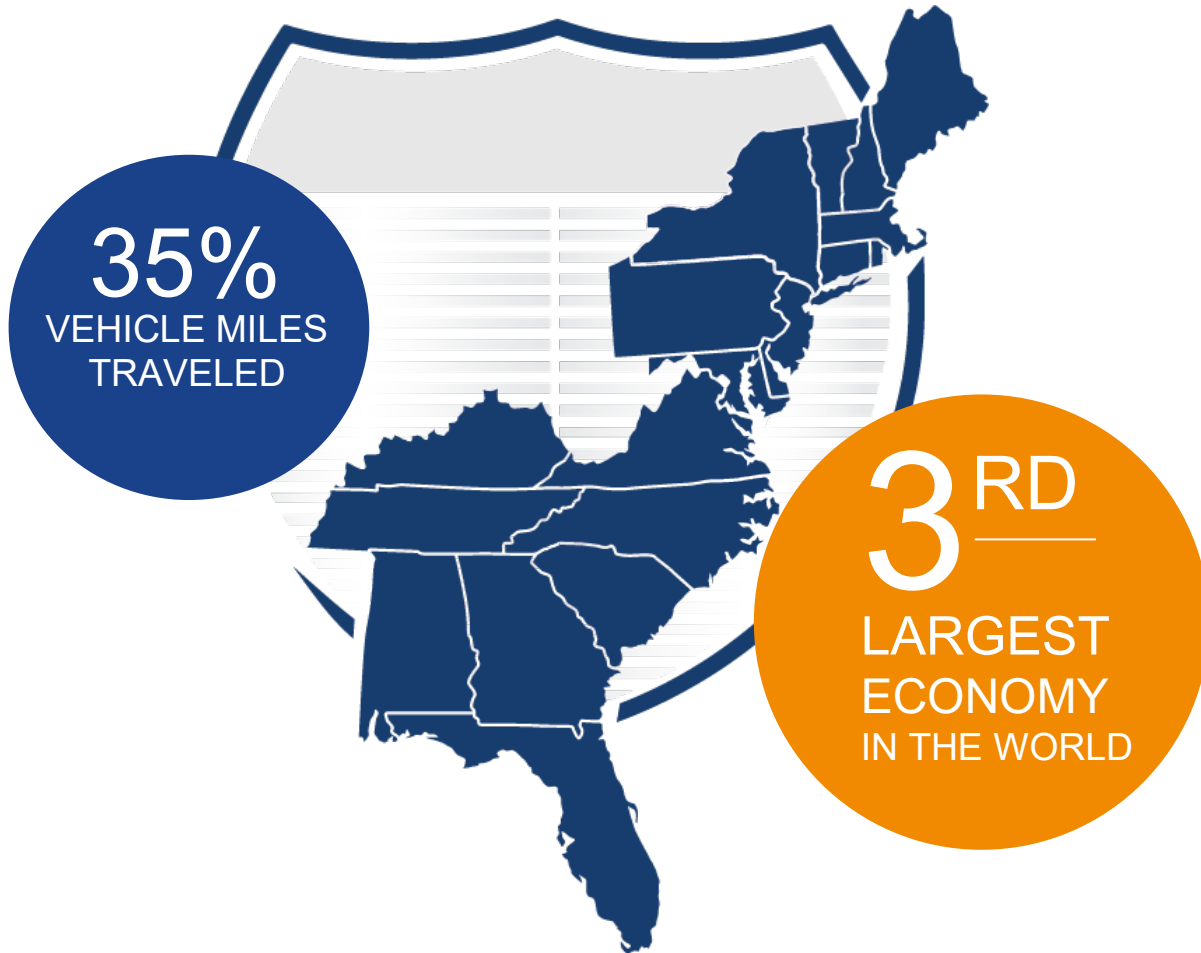
Phone

**GPS and
non-GPS
options**

**How MBUF
(May) Work:
Mileage
Reporting**

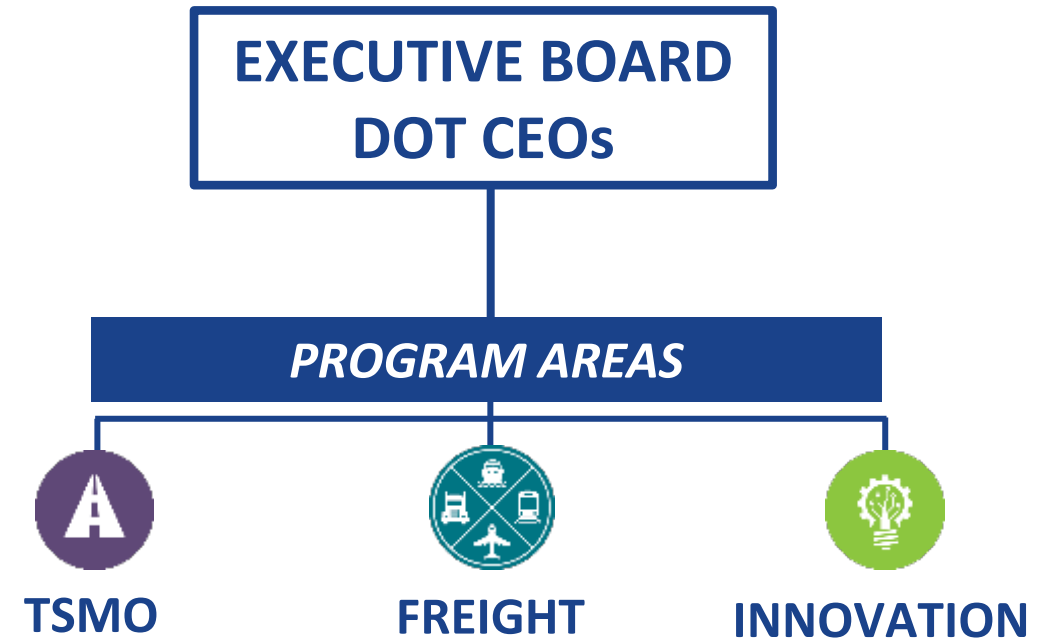
Who is the Coalition?

Collective impact organization working together to solve today's most pressing transportation challenges.



18 States + D.C.

and 200+ agencies



STSFA Grant Program

Authorized grants to states for demonstrating:

- ✓ User-based alternative revenue mechanisms
- ✓ Utilization of a user-fee structure
- ✓ A solution to maintain the future long-term solvency of the Federal Highway Trust Fund

Provides \$95 million over 5 years



6 Grants Won

**Currently 8
states are
engaged**

Coalition's STSFA Grant Work aims to bring the nation's understanding of MBUF forward.

Topics explored in SIX grants awarded to the Coalition:

- **Out-of-State Mileage**
How will travel across boundaries be handled?
- **Tolling**
How can lessons learned from tolling be applied to MBUF?
- **Public Acceptance**
What is the best way to discuss and design an MBUF system?
- **Trucking**
How does a user fee fit into current requirements?



Purpose:

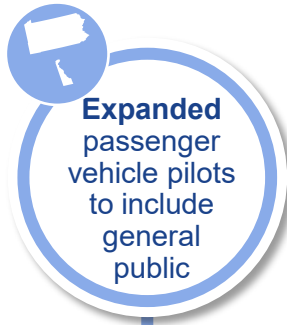
Explore the feasibility of replacing the gas tax with an MBUF program in a multistate environment.

A Timeline of Our Work

Phase 1



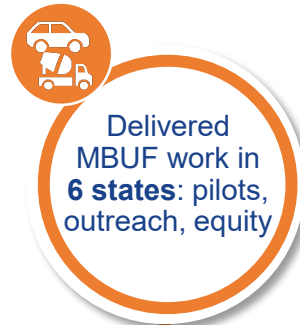
Phase 2



Phase 3



Phase 4



Phase 5



Phase 6



2018

2019

2020

2021

2022

2023

2024



Future Grants

Overview of TETC MBUF Work

NATION'S FIRST MULTI-STATE &
NATIONAL TRUCK PILOTS

10 Passenger Vehicle Pilots*

*5 general public and 4 stakeholder

2,700+ Passenger Vehicles

14 States Represented Among Participants

3,000+ Public Opinion Survey Respondents

Completed
4 of 6
awarded
grants

3 Commercial Vehicle Pilots

500+ Commercial Trucks

19M Miles traveled

48 States Traveled + Canada

Participant Surveys & Focus Groups

Geographic & Socioeconomic Equity Analysis

Tolling, Congestion Mitigation & Rate-Setting Studies

Participant Surveys & Interviews

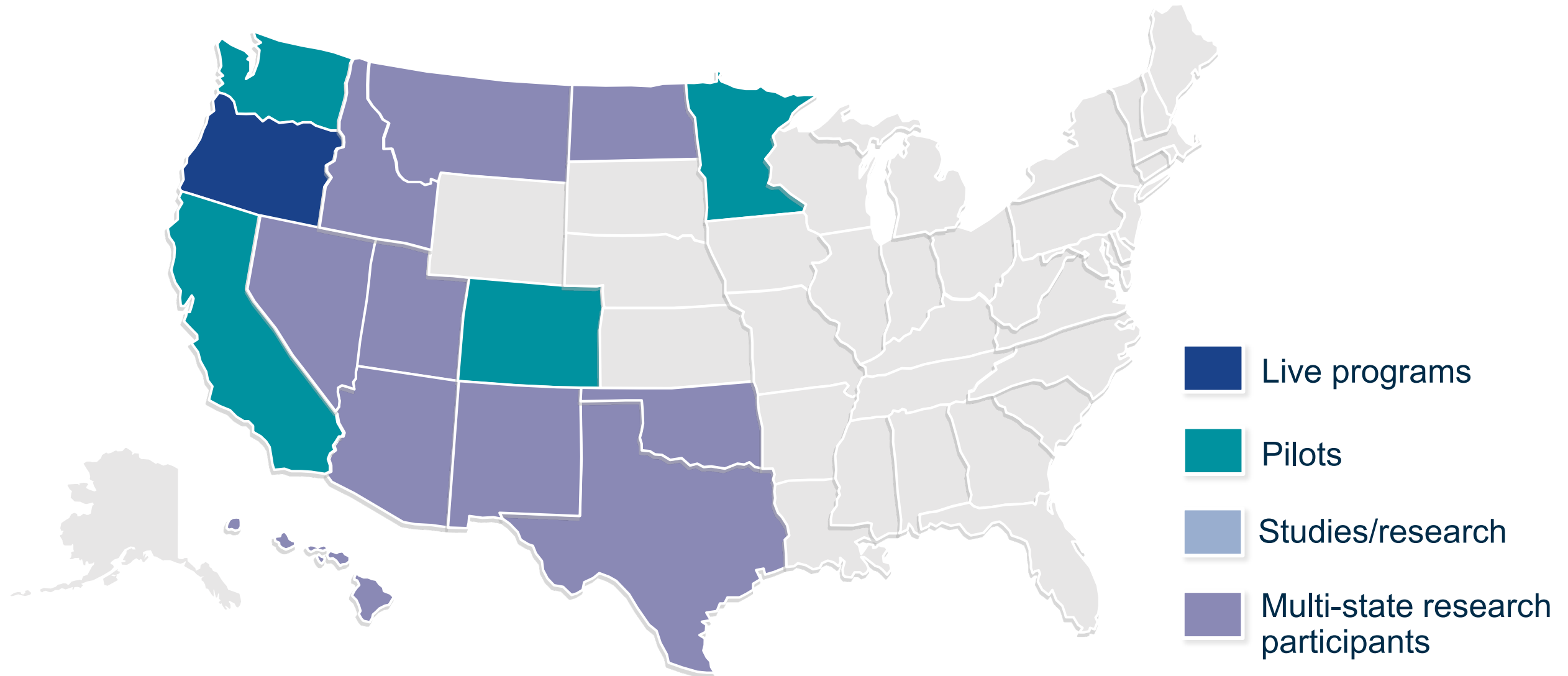
Motor Carrier Working Group

Rate-Setting Studies

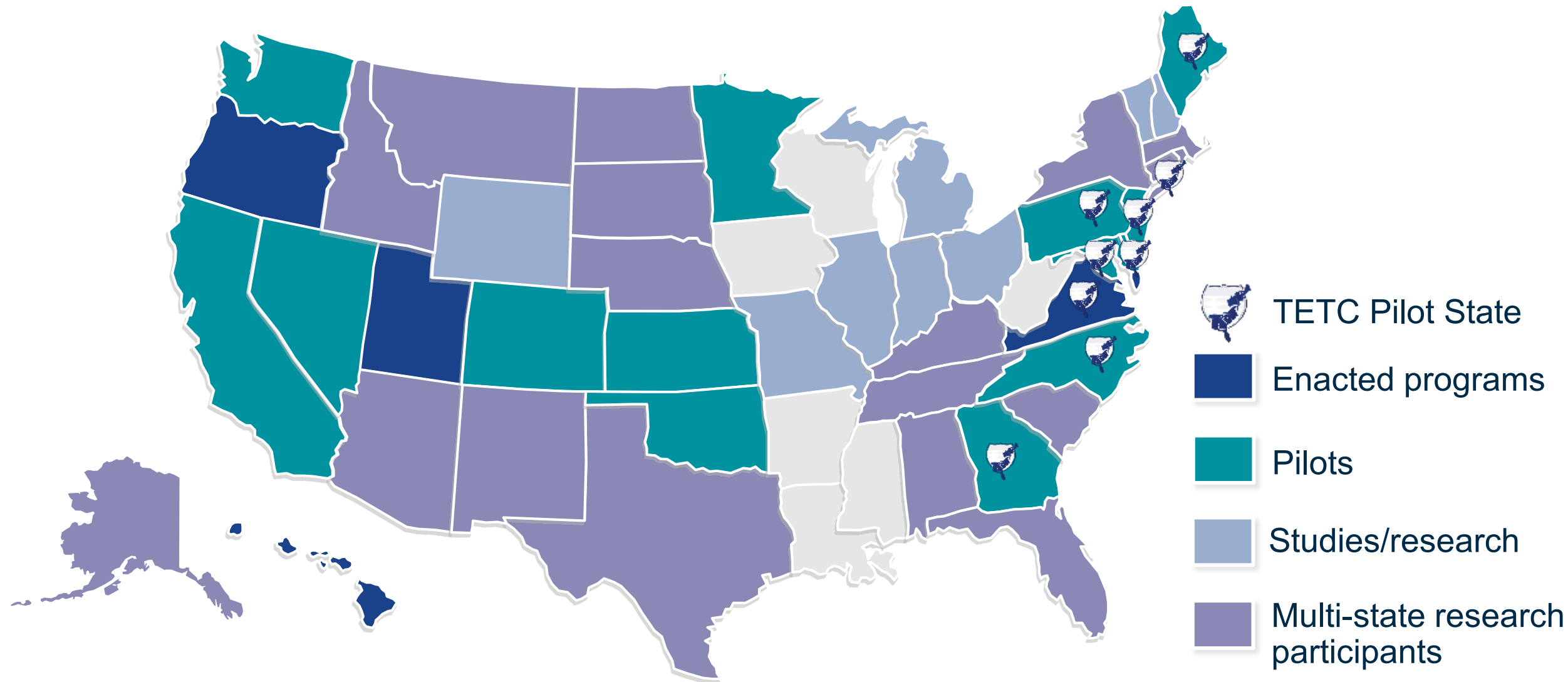


Why should Rhode Island care?
Momentum is building

2016 MBUF Landscape



2024 MBUF Landscape



Oregon



- Established in July 2015
- Discounted registration fee
- No fee cap
- **810 EVs, hybrids, and fuel-efficient vehicles**

Utah



- Established in January 2020
- Replaces EV flat fee
- Fee cap
- **4,000 EVs, hybrids, and fuel-efficient vehicles**

Virginia



- Established in July 2022
- Replaces highway use fee
- Fee cap
- **>22,000 EVs, hybrids, and fuel-efficient vehicles**



Hawaii: the nation's fourth operational MBUF program



Pre-7/1/2025

Mandatory vehicle **safety inspections with odometer reading, \$50 EV fee**

7/1/2025

Option to **opt in to MBUF capped at \$50** begins for EVs. Rate is 0.8¢/mile, based on state (not county) fuel tax.

7/1/2028

MBUF mandatory for EVs

2033

Target for MBUF mandatory for all passenger vehicles



How could MBUF become a sustainable solution?

Overcome these barriers.

Gap in Public Understanding



Privacy



Equity



Cost



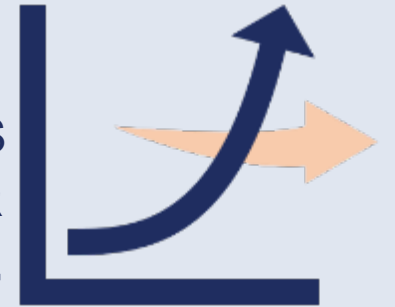
There is a gap in public understanding.



In North Carolina...

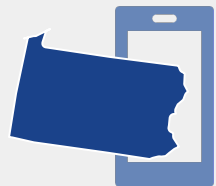
 **71%**
OF NORTH CAROLINIANS RATE
STATE HIGHWAY QUALITY AS
GOOD OR EXCELLENT

69% BELIEVE FUNDING IS
INCREASING OR
STAYING THE SAME

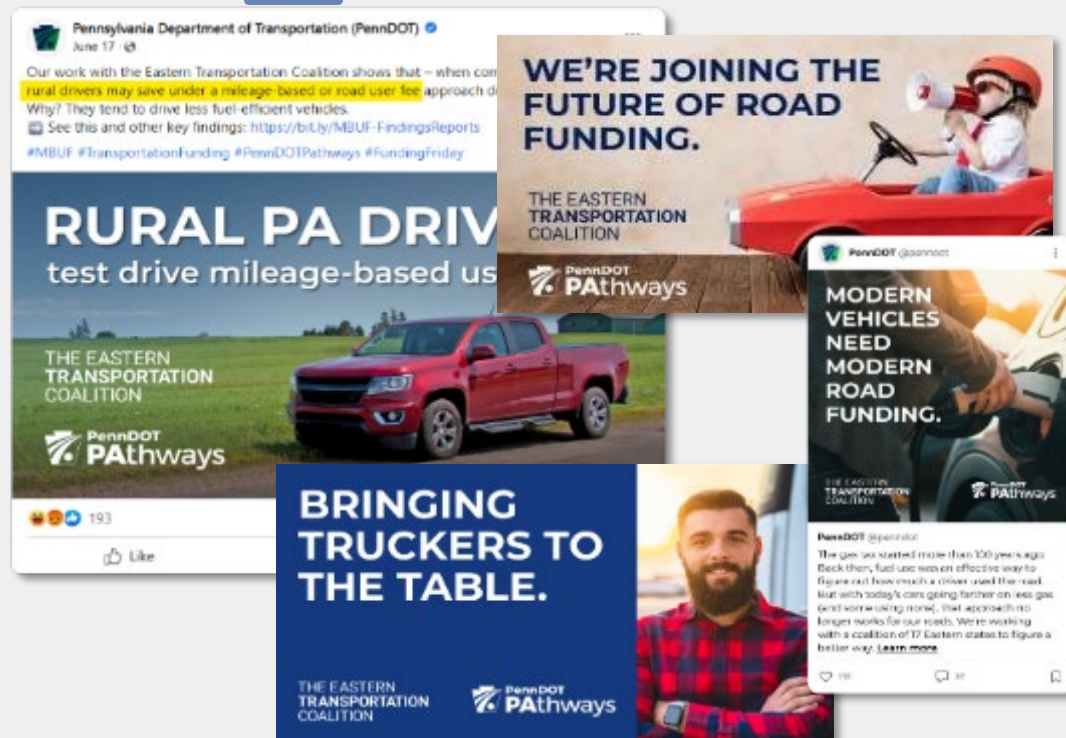


84% DON'T KNOW
HOW MUCH
FUEL TAX THEY PAY 

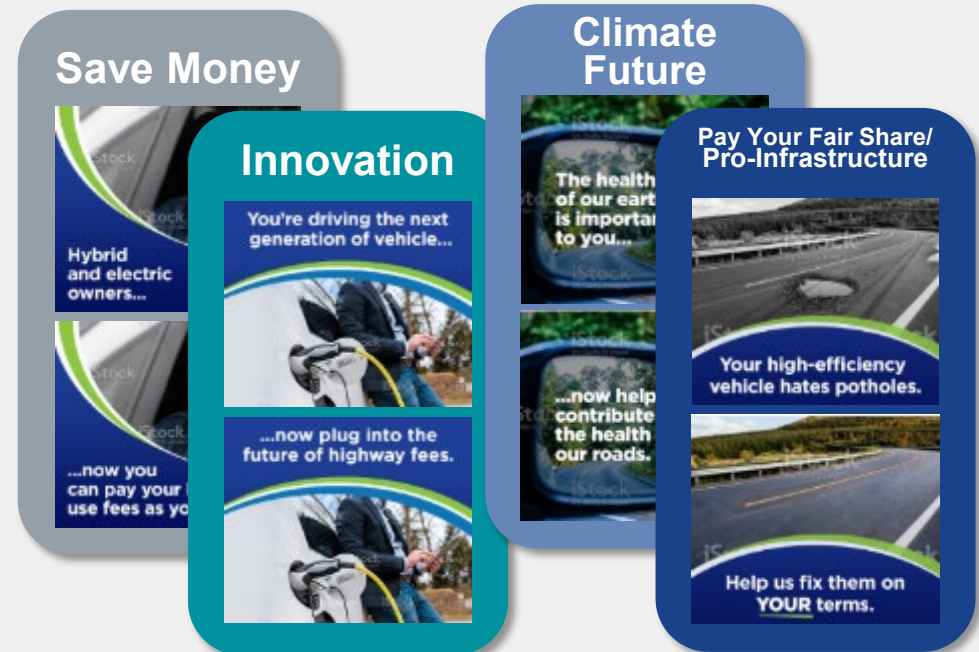
Share the value of transportation.



Social Media in Pennsylvania



Message Testing in Virginia





Use tools to educate the public.



MBUF Calculator + Video in Pennsylvania

Pennsylvania Exploratory Mileage-Based User Fee Cost Calculator

Do you drive an electric vehicle?
☐ Yes ☒ No

Mileage:
How many miles do you drive per week?
 Enter Miles

Do you drive a diesel vehicle?
☐ Yes ☒ No

Vehicle:
 Enter your vehicle's average MPG
 I know my vehicle's average MPG
 Find my vehicle's average MPG
That is the average MPG of your vehicle? Find your vehicle's MPG [here](#)

Enter MPG

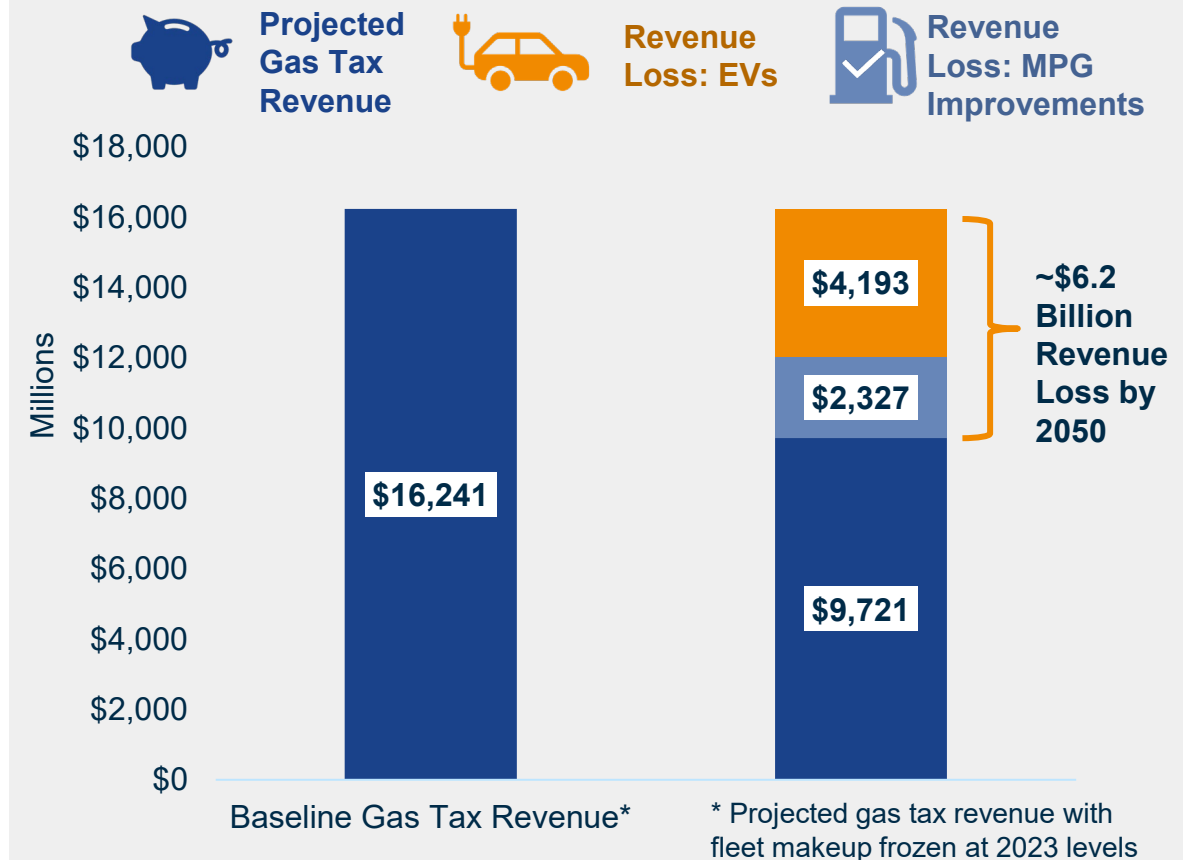
MBUF Rate:
Select your mileage rate to see how it affects the cost.
 55 cents per mile

Please enter your miles driven and your vehicle's MPG in order to see your results.

* This calculator provides an estimate for informational and exploratory purposes only. Actual results may vary based on current fuel costs and your out-of-state driving habits. Mileage driven inside and outside of Pennsylvania is estimated based on census data on out-of-state work trips. The calculation is based on fuel costs of \$4.88 per gallon for regular fuel and \$5.24 per gallon for diesel fuel.



Gas Revenue Projections



Reestablish the link between use and payment.



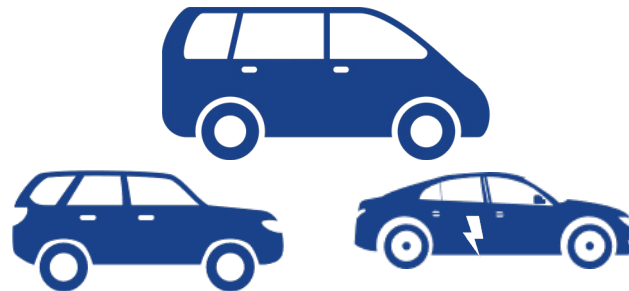
1919

Fuel tax
established
as a use tax



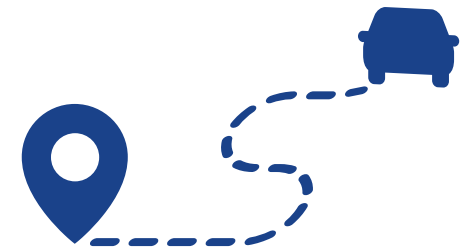
Current

Fuel tax not
linked to
road use



Future

Miles used
= miles paid



Many people share privacy concerns.

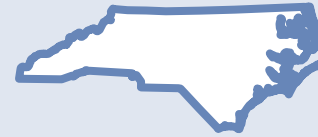


“I DON’T WANT
THE GOVERNMENT
TO TRACK ME”



Many people believe a strong argument against MBUF is the collection of personal information

56%



Of survey respondents
in North Carolina

50%



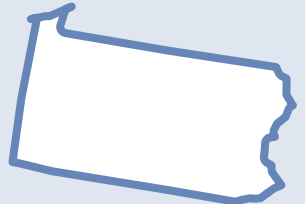
Of survey respondents
in Delaware

49%



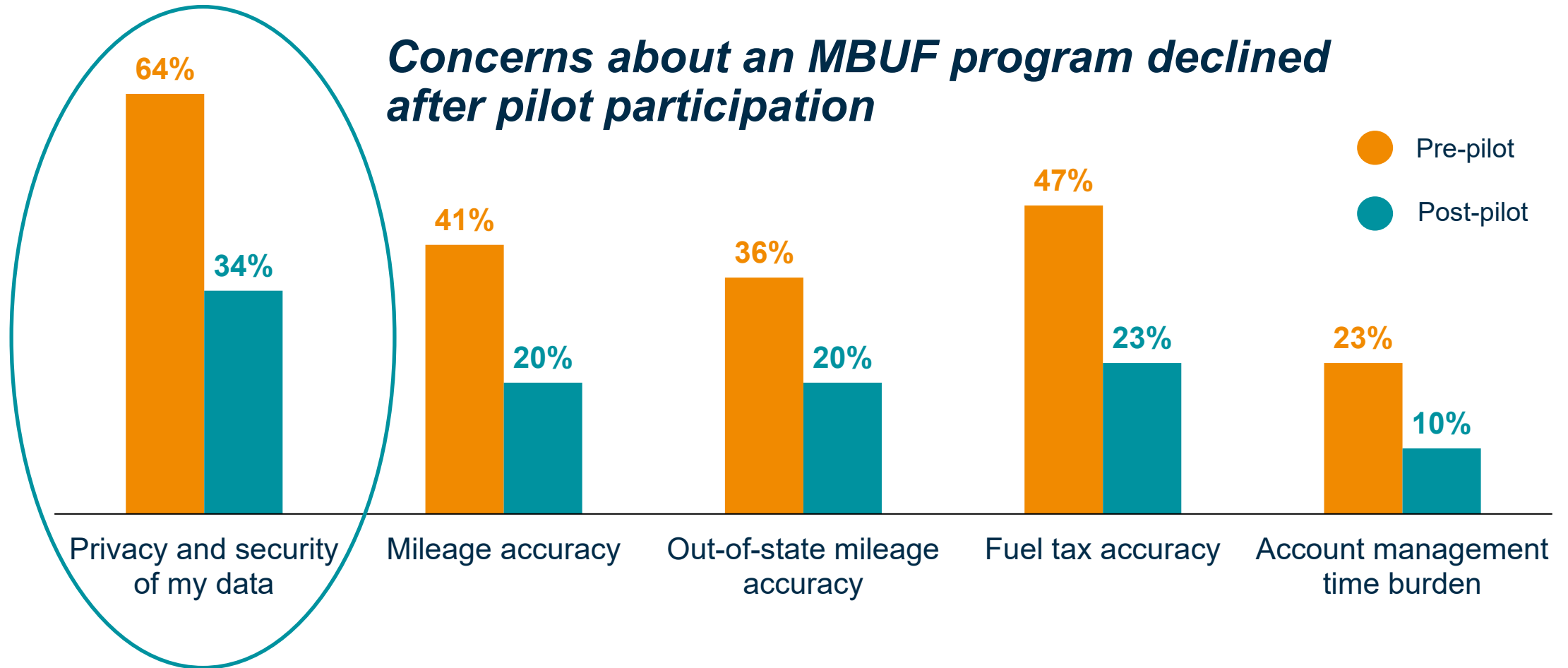
Of survey respondents
in New Jersey

47%

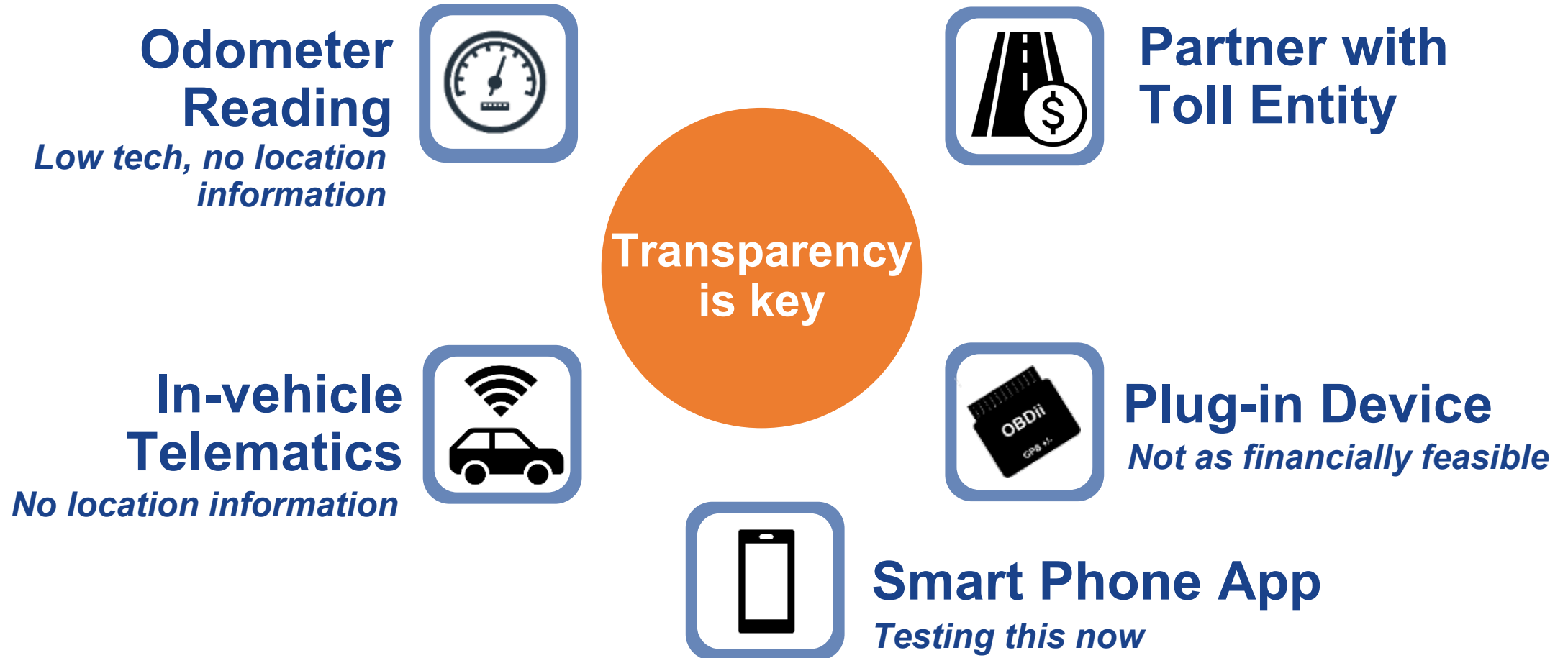


Of survey respondents
in Pennsylvania

Offer opportunities for experiential learning.



Provide choices.



Protect user privacy in legislation.



Assess privacy protection laws to determine if existing laws are sufficient



Require any MBUF data collected only be used for program operational purposes

In Virginia...



Legislation directed DMV-led working group for PII protection

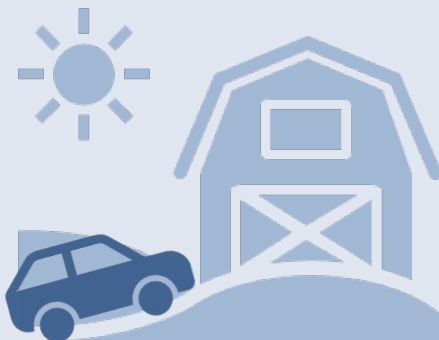


Existing provisions covered DMV data



Additional provisions for the *Code of Virginia* took effect on July 1, 2022 (*data only released for program operation purposes*)

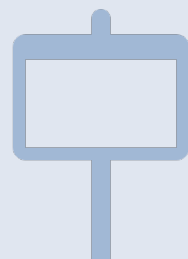
Equity concerns vary.



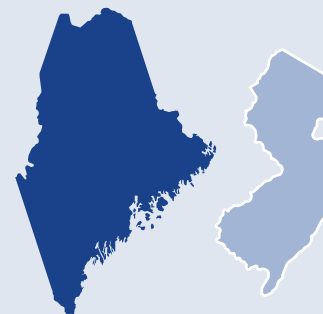
Unfair to Rural Drivers



Hassle to Report and Pay



Out-of-State Drivers May End Up
Not Paying*



Increased Costs



Unfair to people who buy
fuel-efficient vehicles

Highlight today's inequity.



A Tale of Two Cars in Rhode Island

1999 Lexus RX 300



19 MPG

\$282 Annual State Fuel Tax Paid

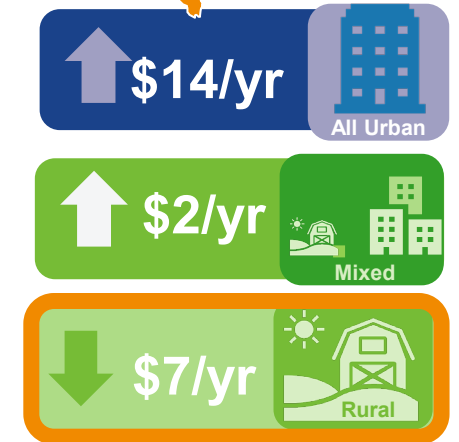
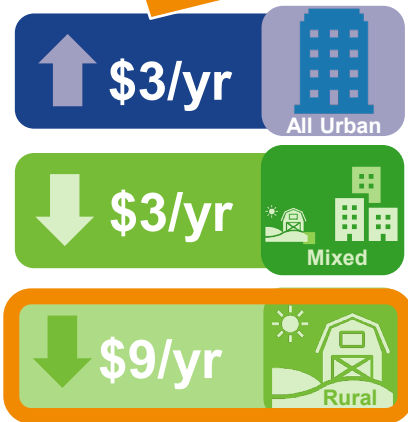
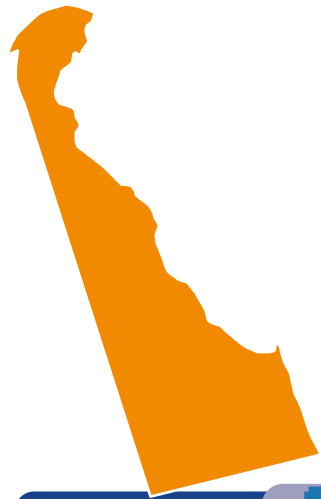
2022 Chrysler Pacifica Hybrid



30 MPG

\$178 Annual State Fuel Tax Paid

Use data to address myths about rural drivers

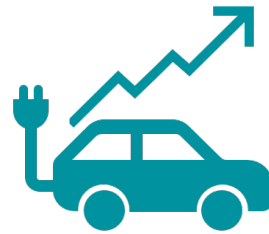


Use data to address myths about EV adoption.



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%

Highlight today's issues with fuel taxes.



1

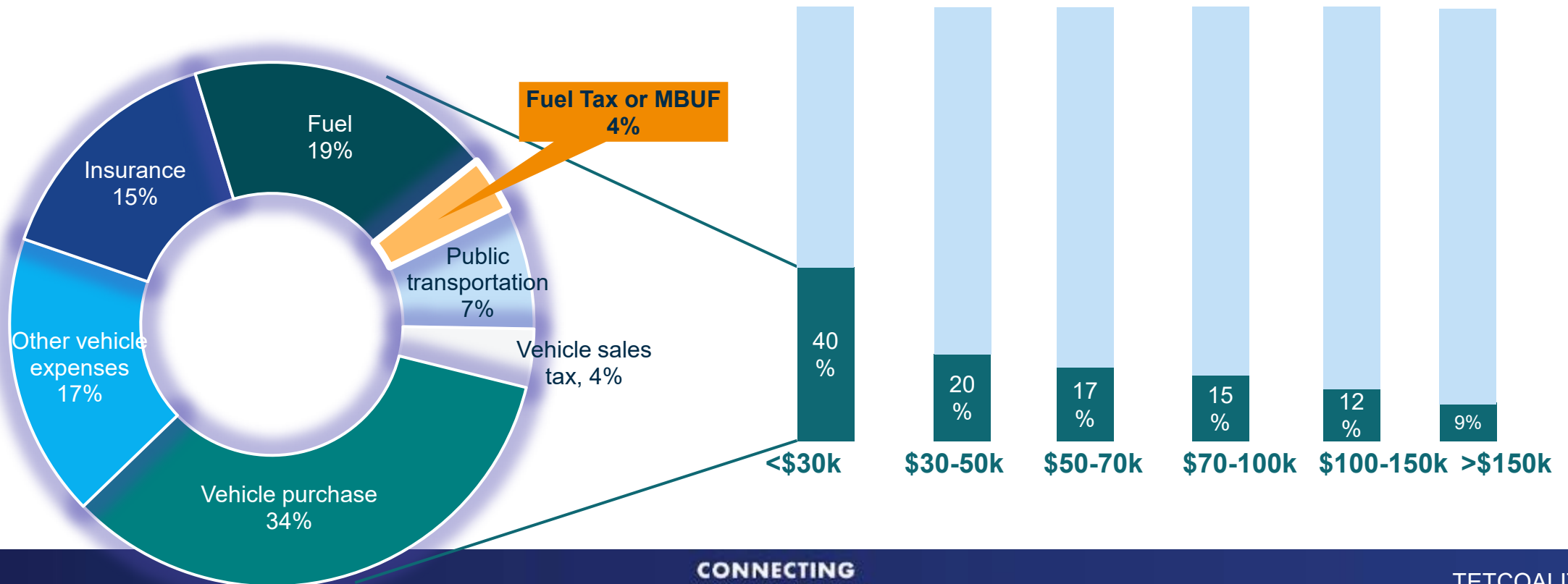
Not connected
to use

2

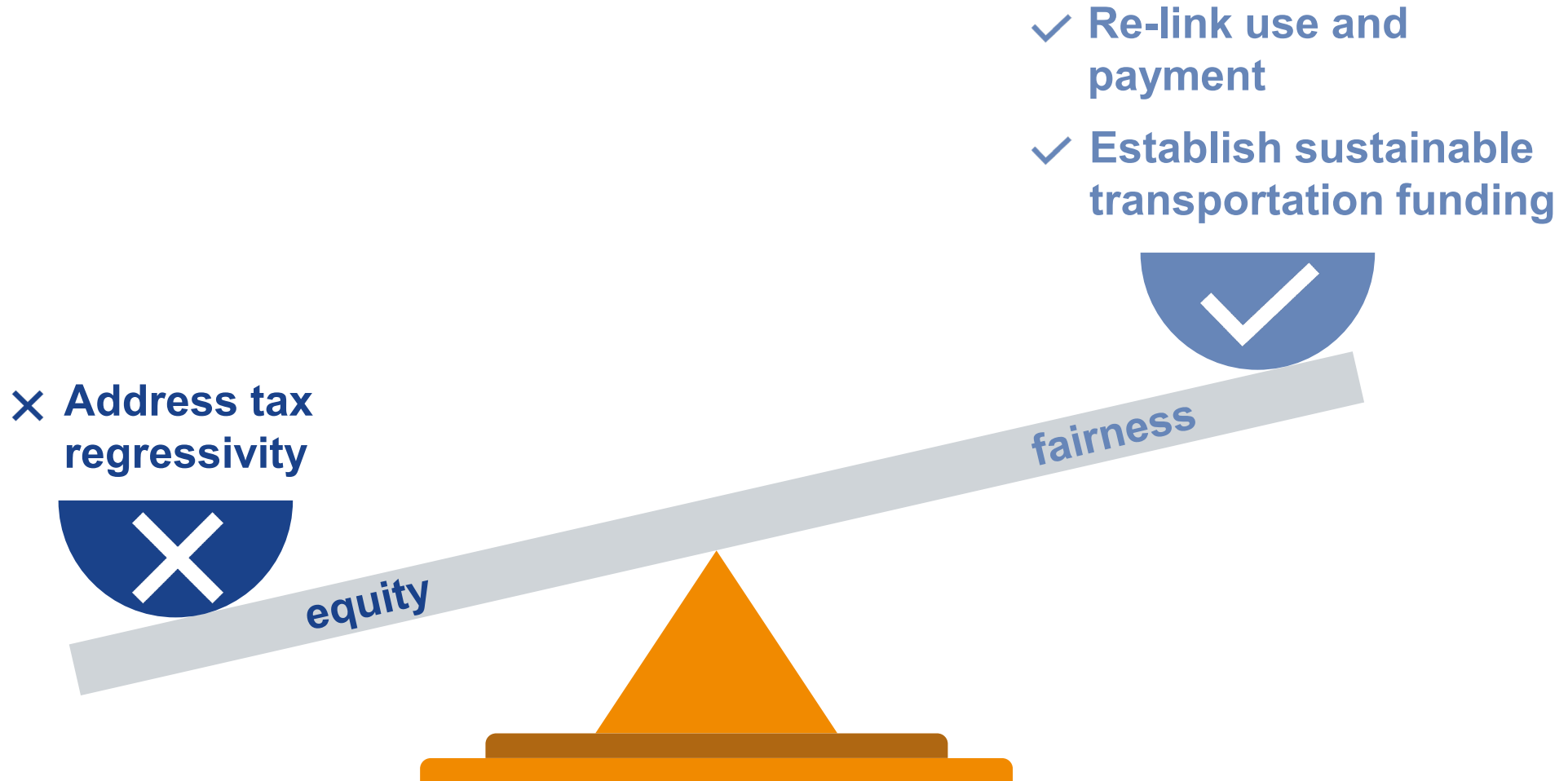
Unsustainable
revenue

3

Regressive



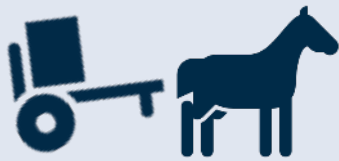
Recognize MBUF will not solve all equity issues.



MBUF is more expensive.



Fuel tax was established as a use tax



Had over 100 years to make efficient



Current points of collection are very small



Collected at the rack

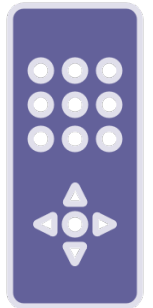
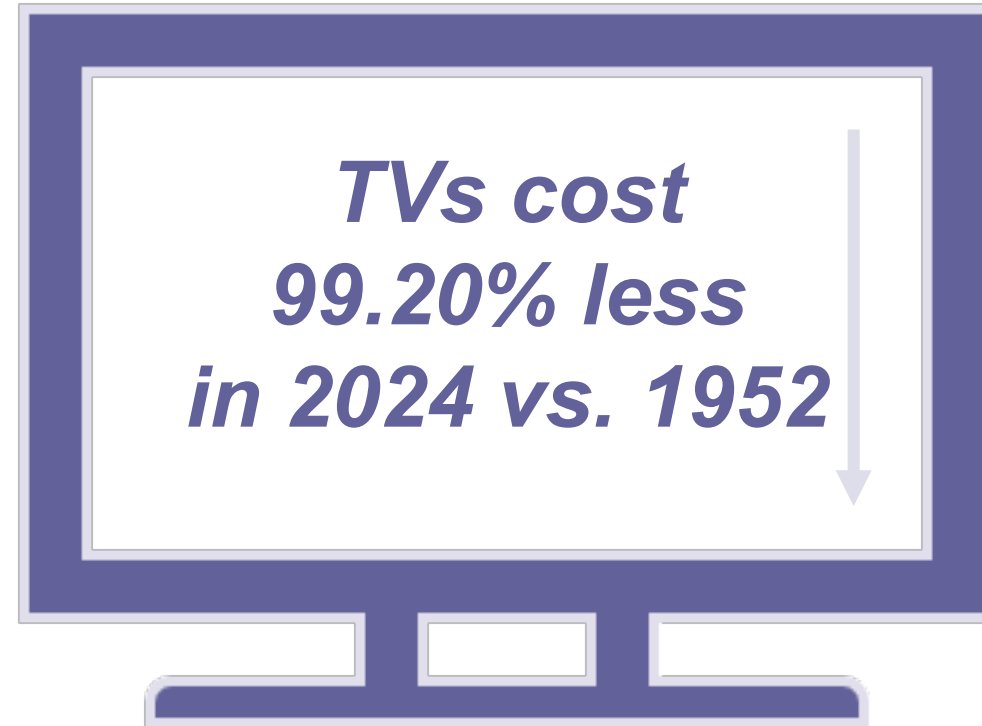


Cheap to collect (1-2%)

Leverage technology.



***Overtime
technology gets
cheaper***



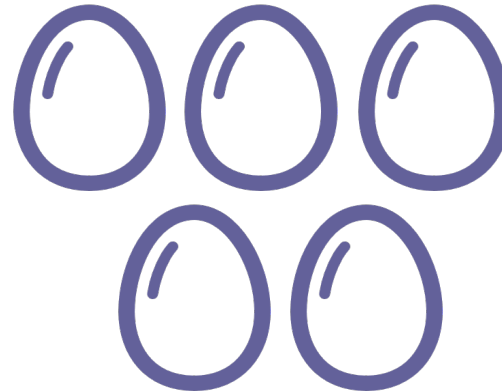
Increase the volume of participants.



***More participants
means less cost,
like bulk pricing***



***1 dozen eggs = \$4.00
at a regular grocery
store***



***5 dozen eggs =
\$14.00 at Costco***

Leverage existing programs and agencies.



Administer through existing programs, departments, and agencies to drive down costs



Hawaii



Leverages an existing program: safety inspections



Uses low-tech odometer readings



Mandatory implementation increases numbers

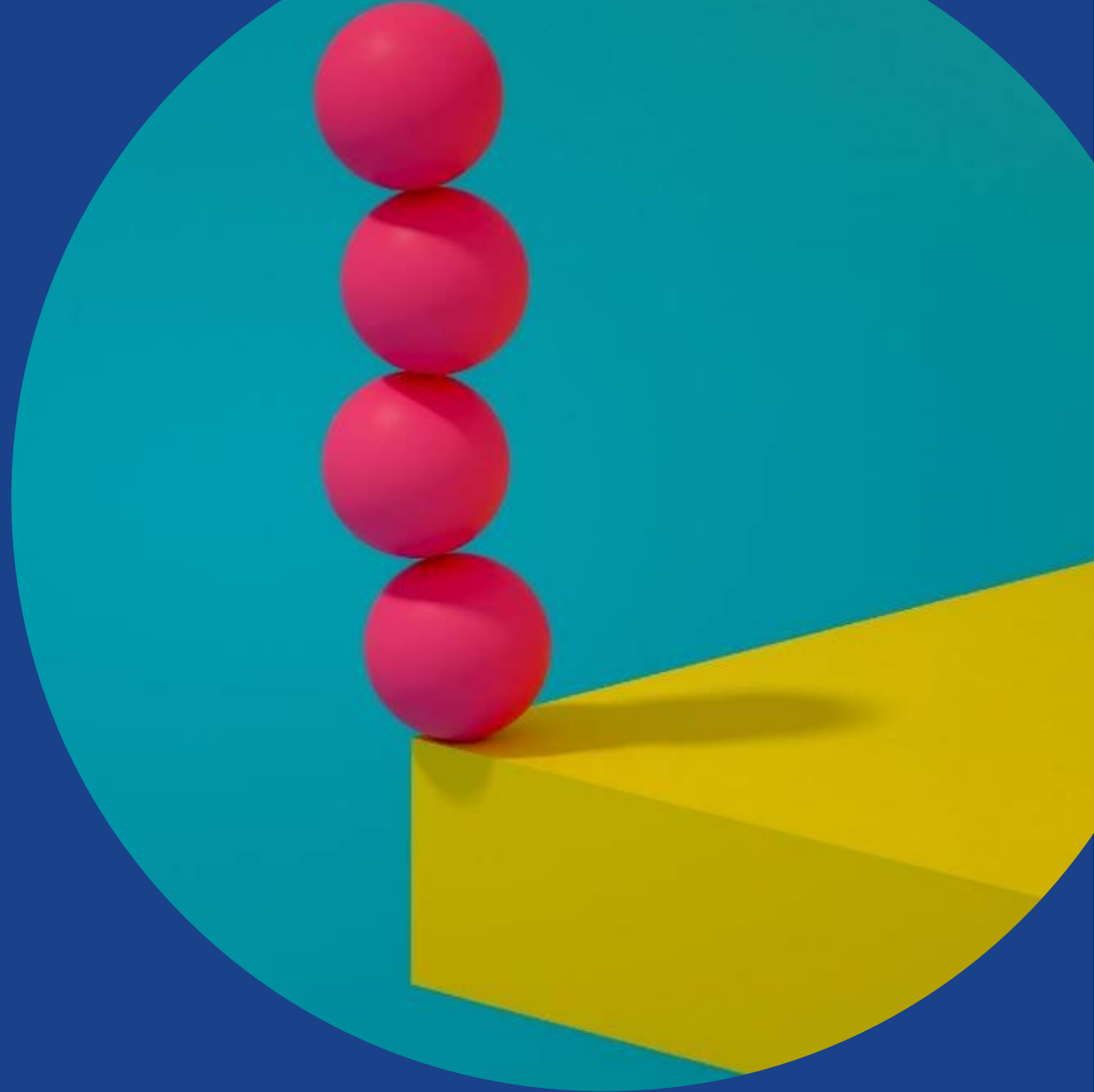


Where Does This Leave Us?

Fuel taxes are teetering on the edge.

The fuel tax cannot sustain transportation budgets on its own.

MBUF isn't the only answer, but now is the time to start searching for solutions.



We need pilots, focused outreach,
and legislation.





Transportation is
worth paying for.



— THE EASTERN —
TRANSPORTATION
COALITION

Thank you!

<https://tetcoalitionMBUF.org>

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