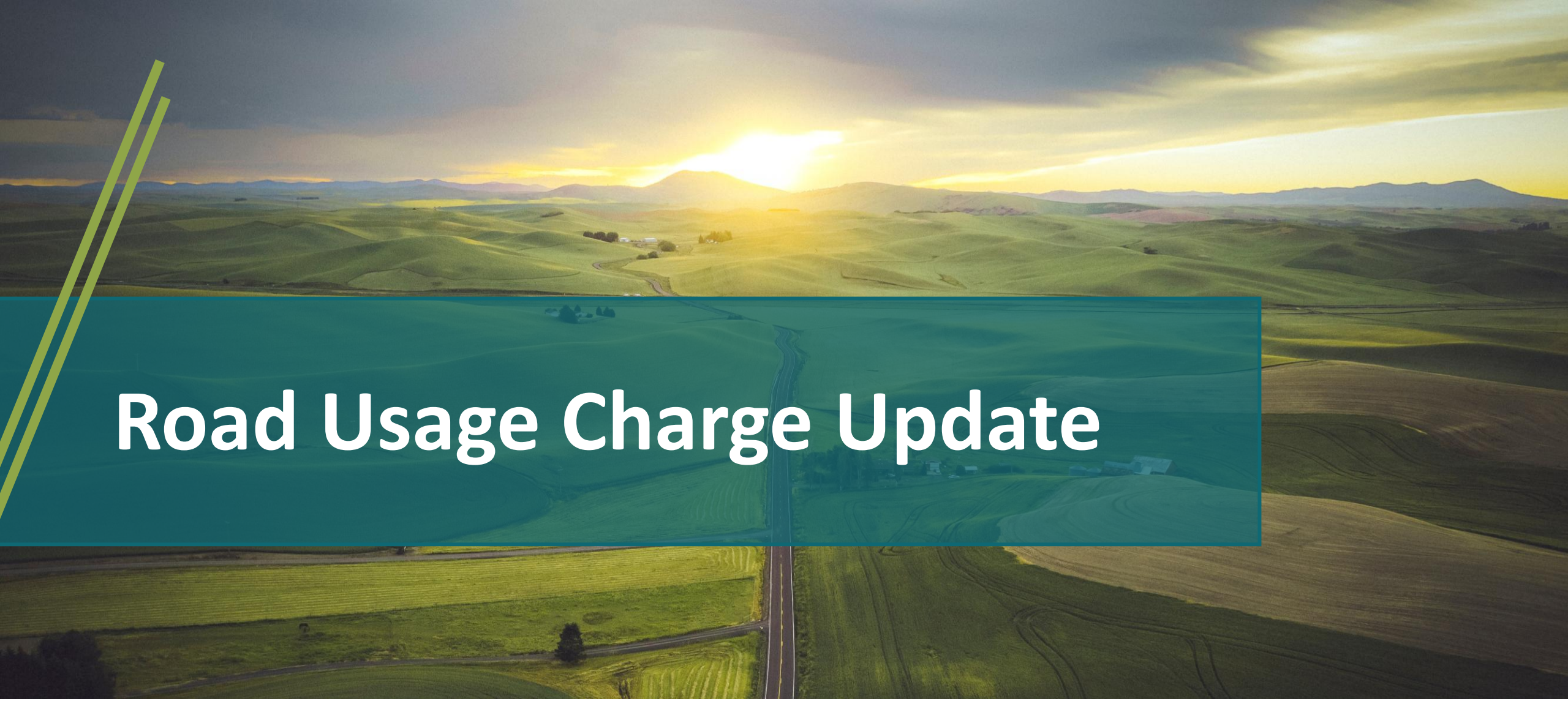


Road Usage Charge Update

WA RUC

Washington State Transportation Commission

Reema Griffith, Executive Director

Washington State Transportation Commission

What is the Problem?

Taxing fuel is no longer a reliable, equitable source of funding

Two Cars and Two *Very* Different Fuel Taxes

2009 TOYOTA CAMRY



25 MPG

$226 State fuel tax paid

2023 TOYOTA CAMRY HYBRID



52 MPG

$109 State fuel tax paid

Assumptions: 56.5 cent/gallon state fuel tax and 10,000 miles driven

WA RUC

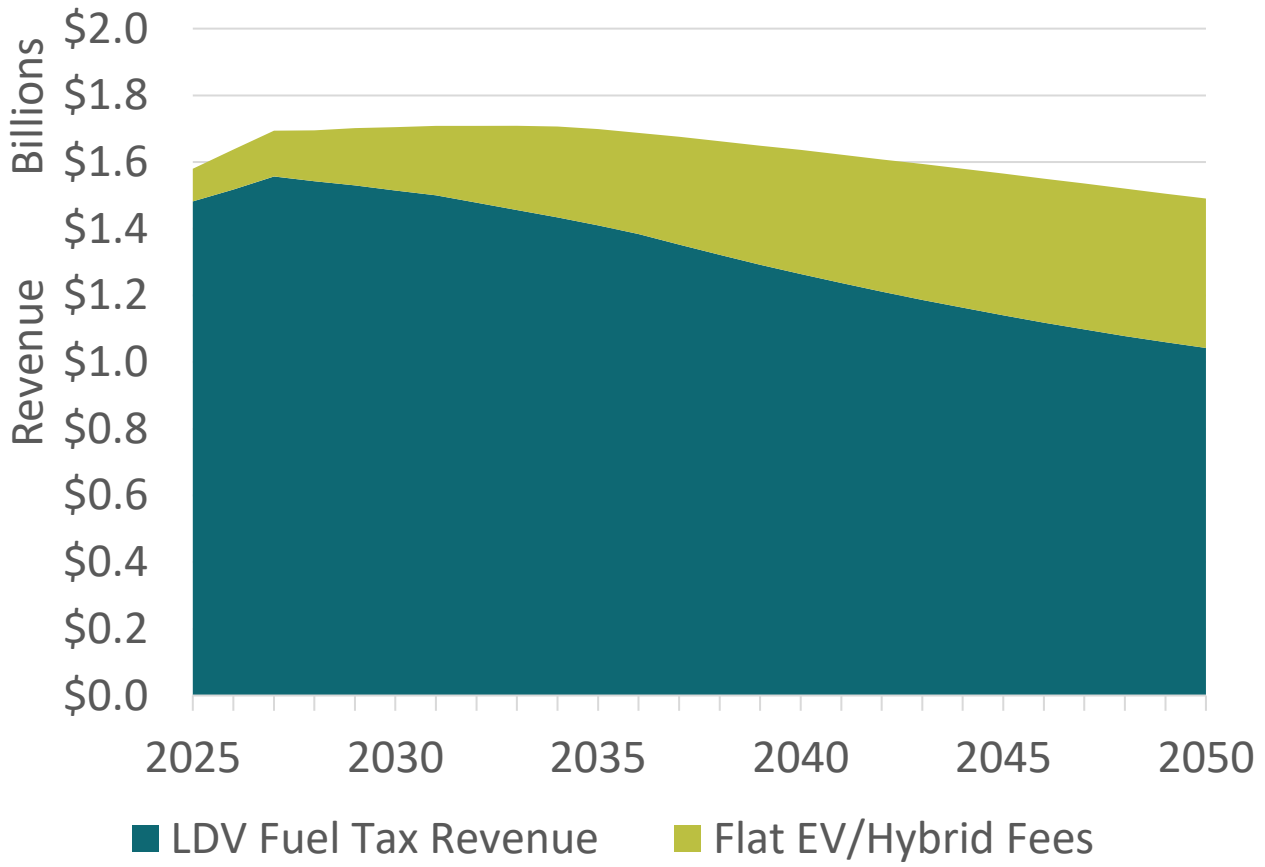
Over Time, Key Revenue Sources Will Decline

Current Policy

Fuel Tax rate increases by 2% annually

Flat EV/PHEV/Hybrid annual surcharge (not indexed)

Status Quo Revenue:
2027: $1.7 Billion
2050: $1.5 Billion



**Revenue shown in inflation-adjusted 2027 dollars.*

WA RUC

We Pay to Drive Today

But We Don't Pay the Same Amount

Based on **10,000 miles driven per year**

VEHICLE MPG
19

$297
Gas tax paid at the pump annually



3.0¢

Gas tax paid per mile

VEHICLE MPG
30

$188
Gas tax paid at the pump annually



1.9¢

Based on Washington's 56.5 cent/gallon state fuel tax

RUC Levels the Playing Field

	Gas Tax Paid annually	Gas Tax Rate per-mile	RUC Rate per-mile
 **100 MPGe** 10,000 miles/year	**$0***	**0¢**	**2.6¢**
 **30 MPG** 10,000 miles/year	**$188**	**1.9¢**	**2.6¢**
 **19 MPG** 10,000 miles/year	**$297**	**3.0¢**	**2.6¢**
 **13 MPG** 10,000 miles/year	**$435**	**4.3¢**	**2.6¢**

**electric vehicles pay a $225 annual registration surcharge*

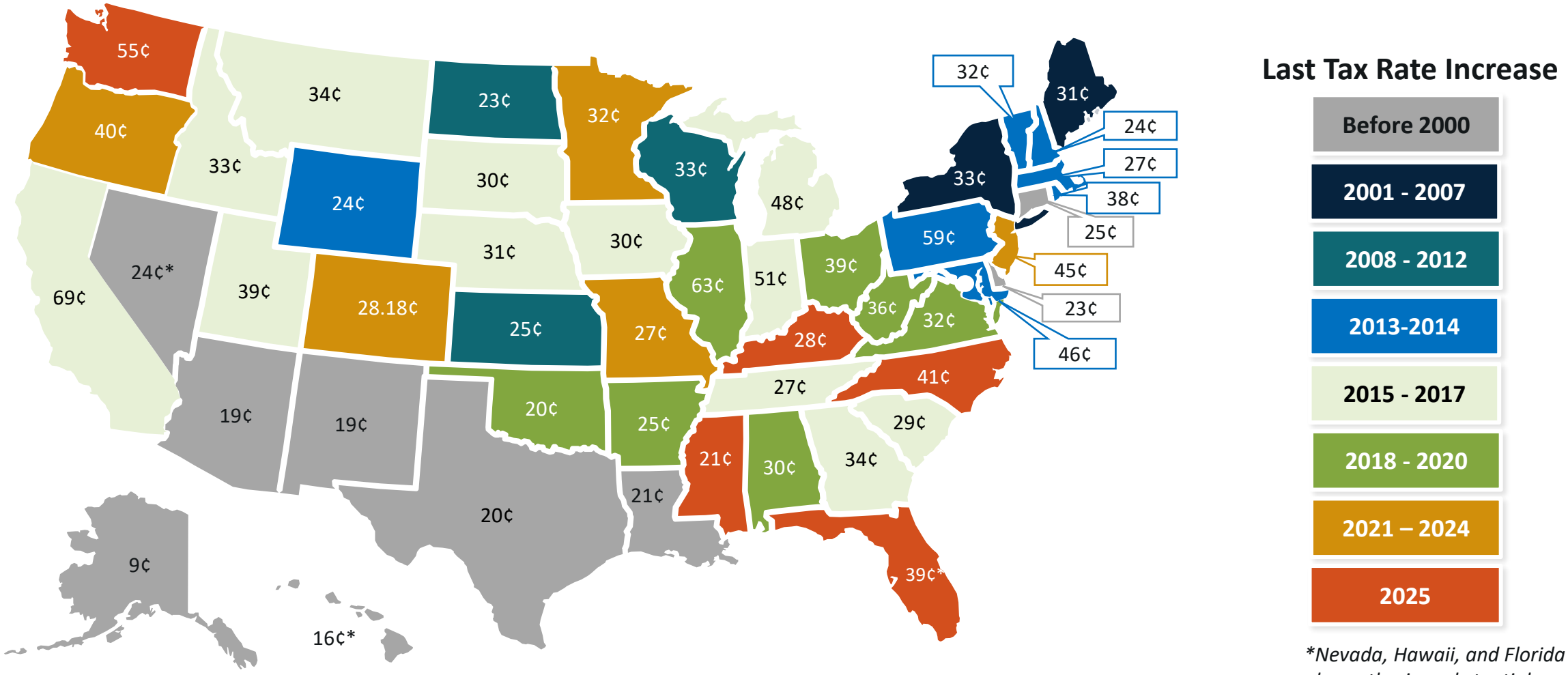
Based on Washington's 56.5 cent/gallon state fuel tax

What Are Other States Doing?

Alternative funding approaches emerge as new tools to help address declining transportation revenues

Gasoline Tax Rates by State (2025)

41 states have increased state gas tax rates (not counting inflation indexing) since 2000.

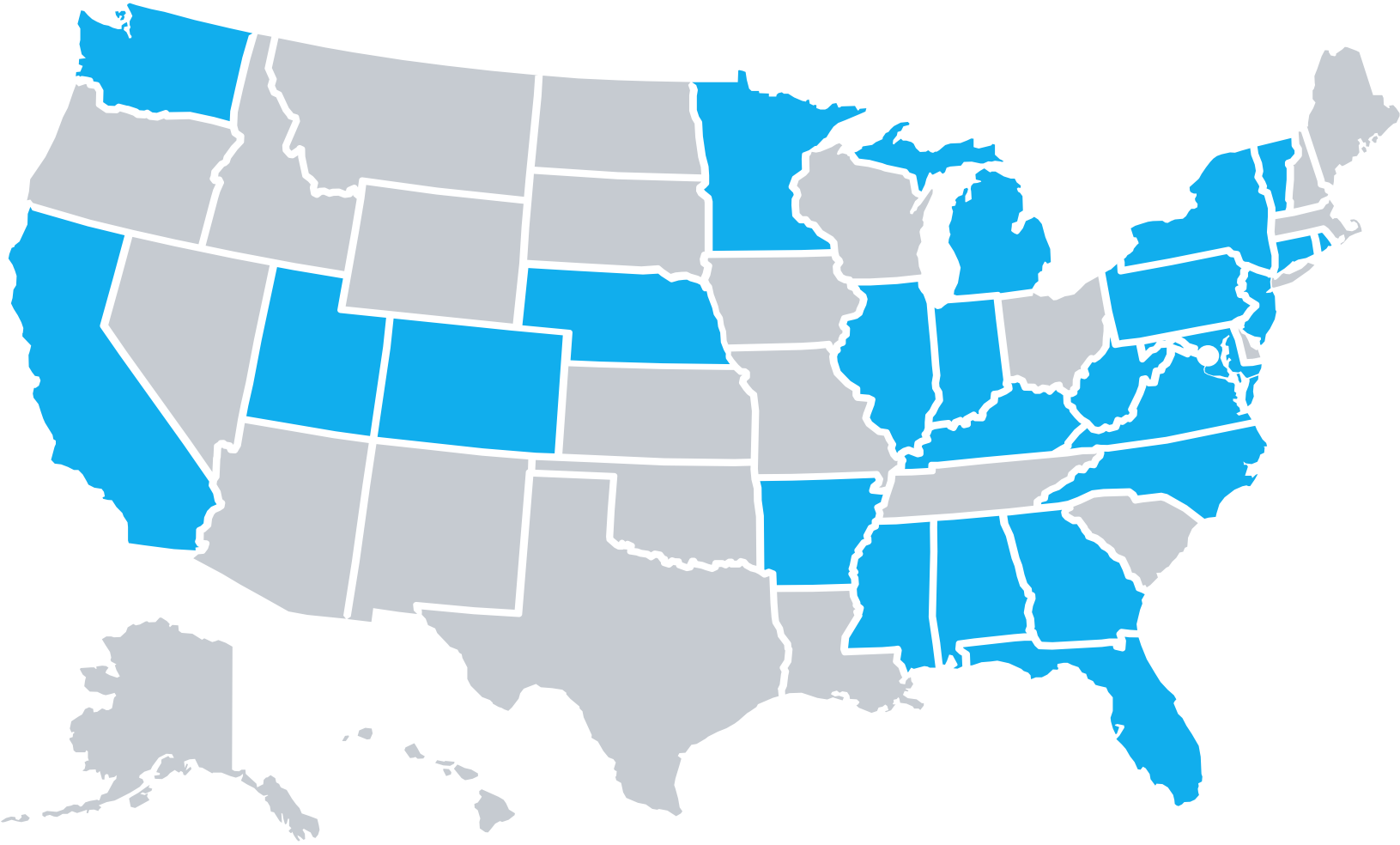


Nevada, Hawaii, and Florida also authorize substantial county gas taxes

Source: ARTBA, CDM Smith
As of December 2025

Fuel Tax Inflation Indexing by State (2025)

25 states adjust fuel tax rates annually based on inflation metrics such as the highway construction cost index.



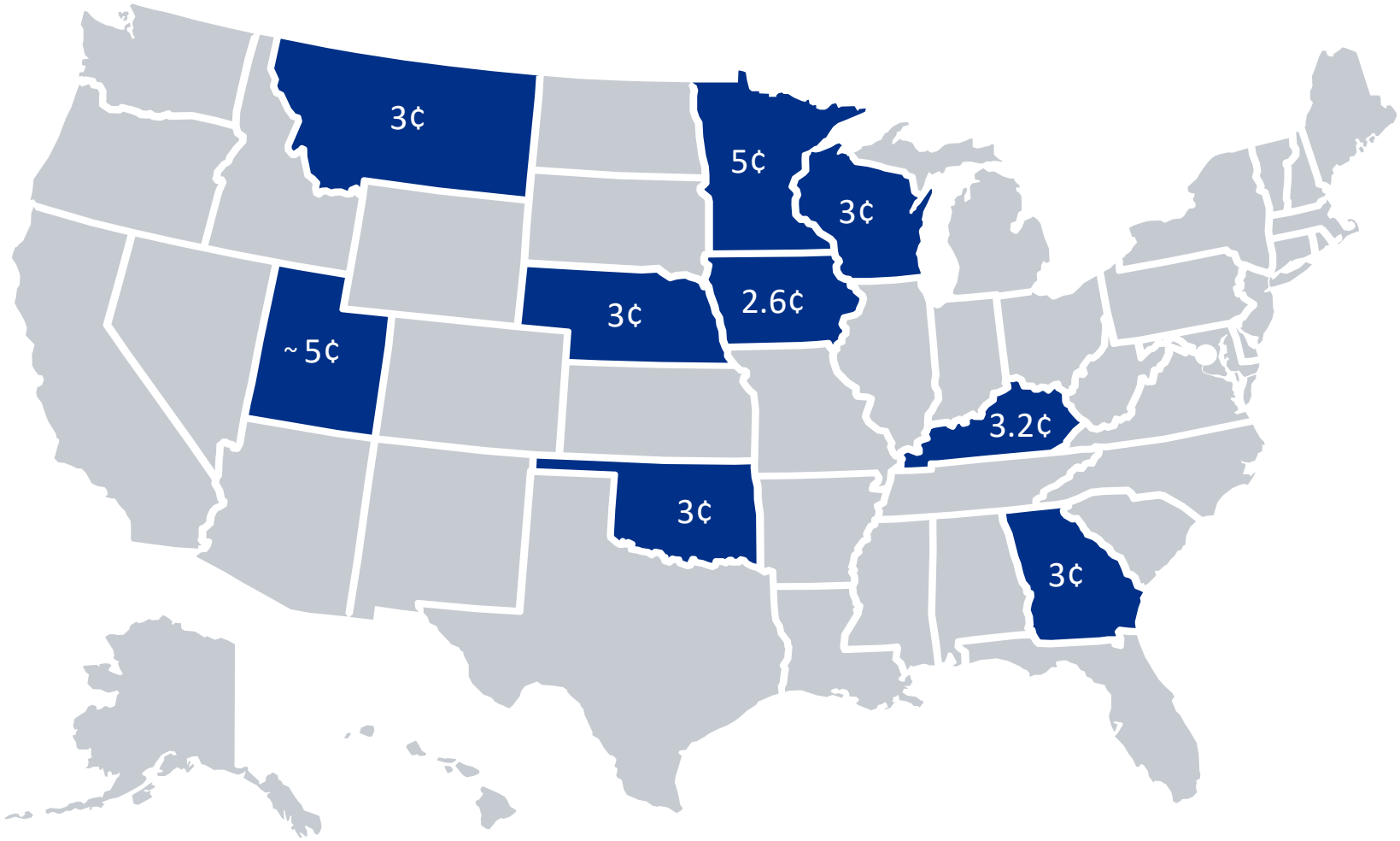
Indexes Fuel Tax

Does Not Index Fuel Tax

Source: CDM Smith
Note: As of July 2025

Electricity Taxes (per kWh) on Public EV Charging (2025)

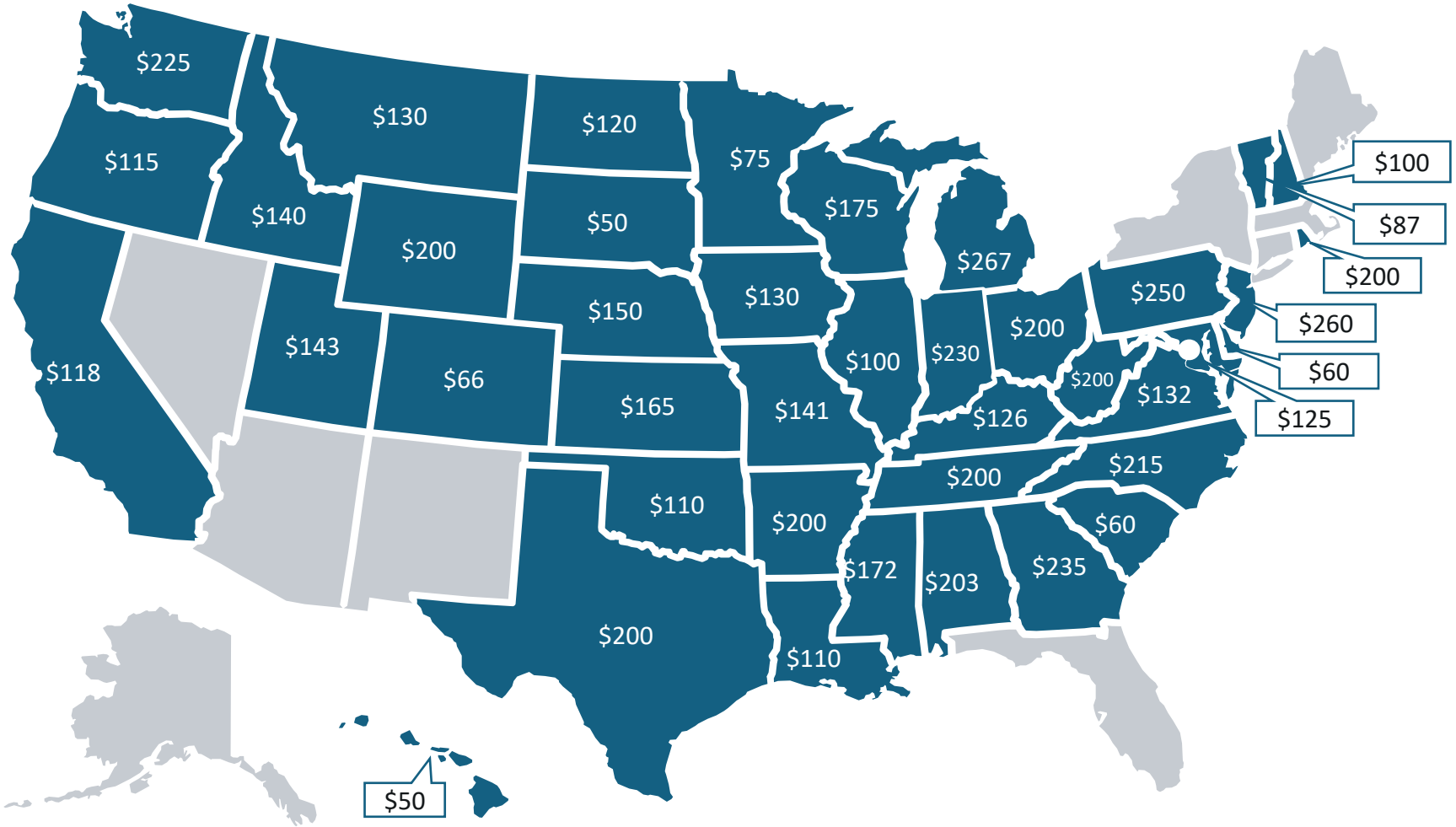
9 states tax electricity provided at public EV charging stations.



Notes: Rates as of December 2025; Utah's kWh tax is assessed as a sales tax on the price of public charging sessions.

Annual EV Surcharges by State (2026)

41 states impose a fixed yearly fee on owners of electric vehicles



Fee Range: $50 - $267

Lowest:
- Hawaii ($50)
- South Dakota ($50)

Highest:
- Michigan ($267)

Average: $152

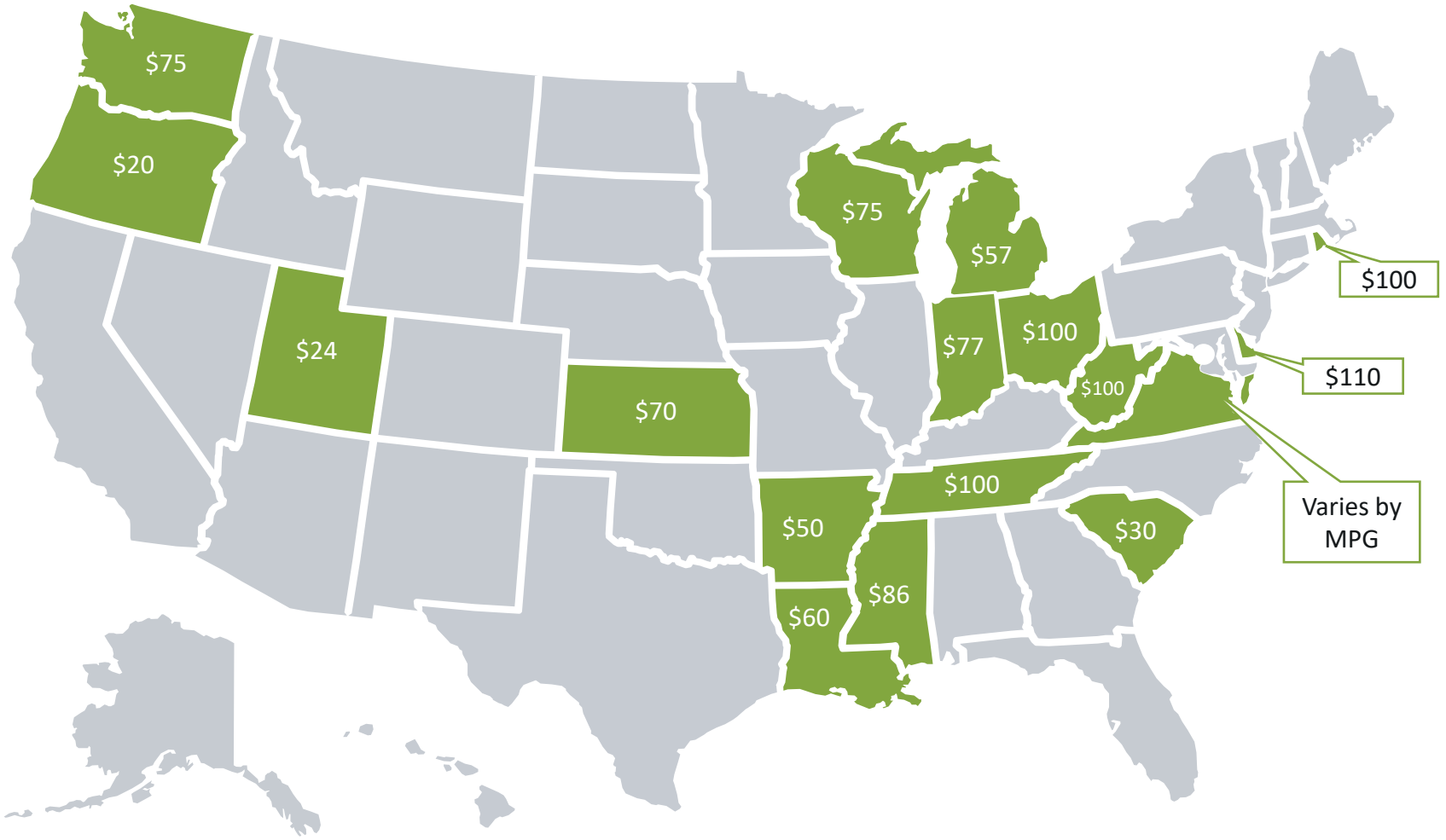
Median: $143

As of January 2026

Source: CDM Smith, NCSL

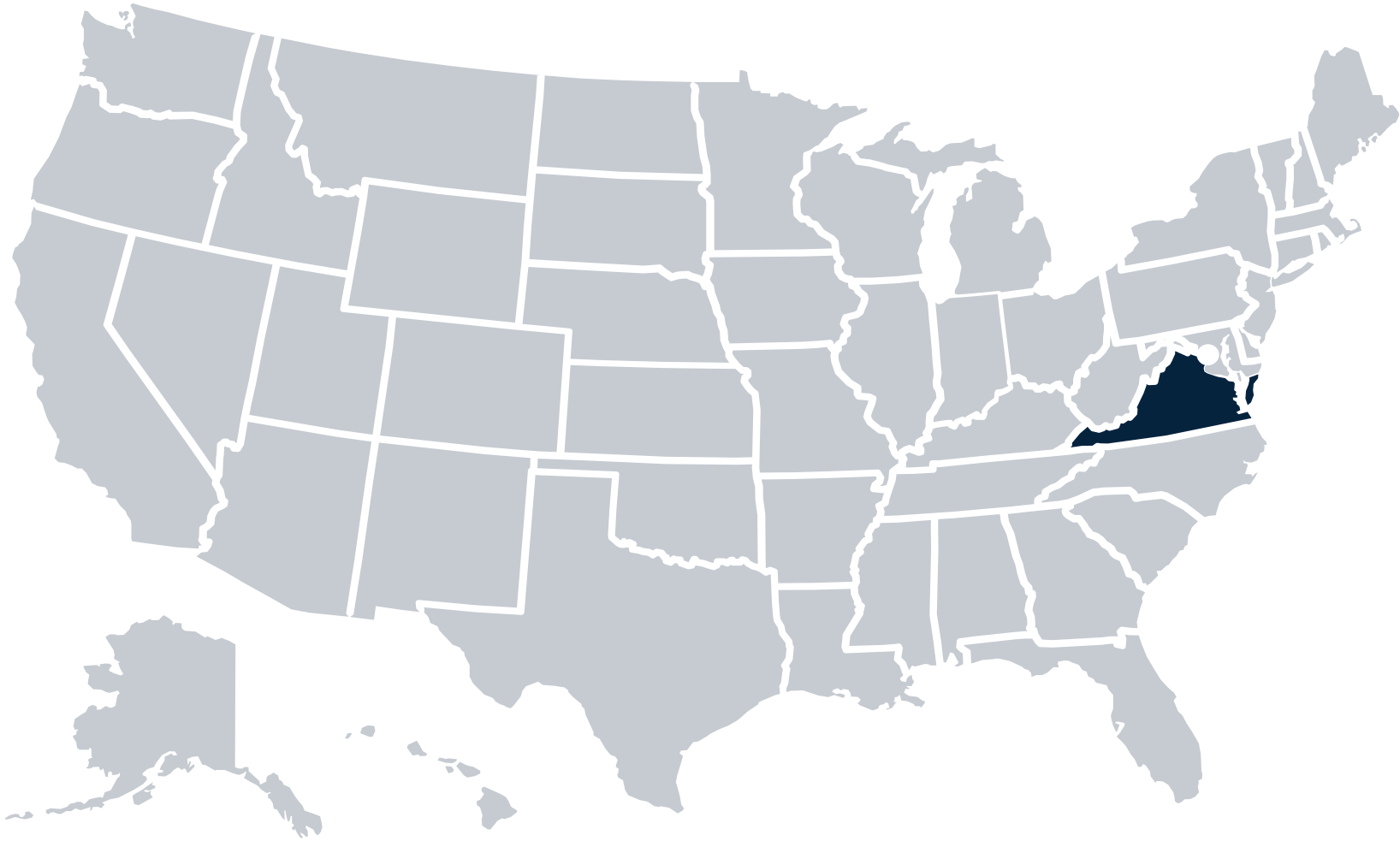
Annual Hybrid Surcharges by State (2026)

Of the 41 states with EV fees, 17 also charge hybrids a lesser amount



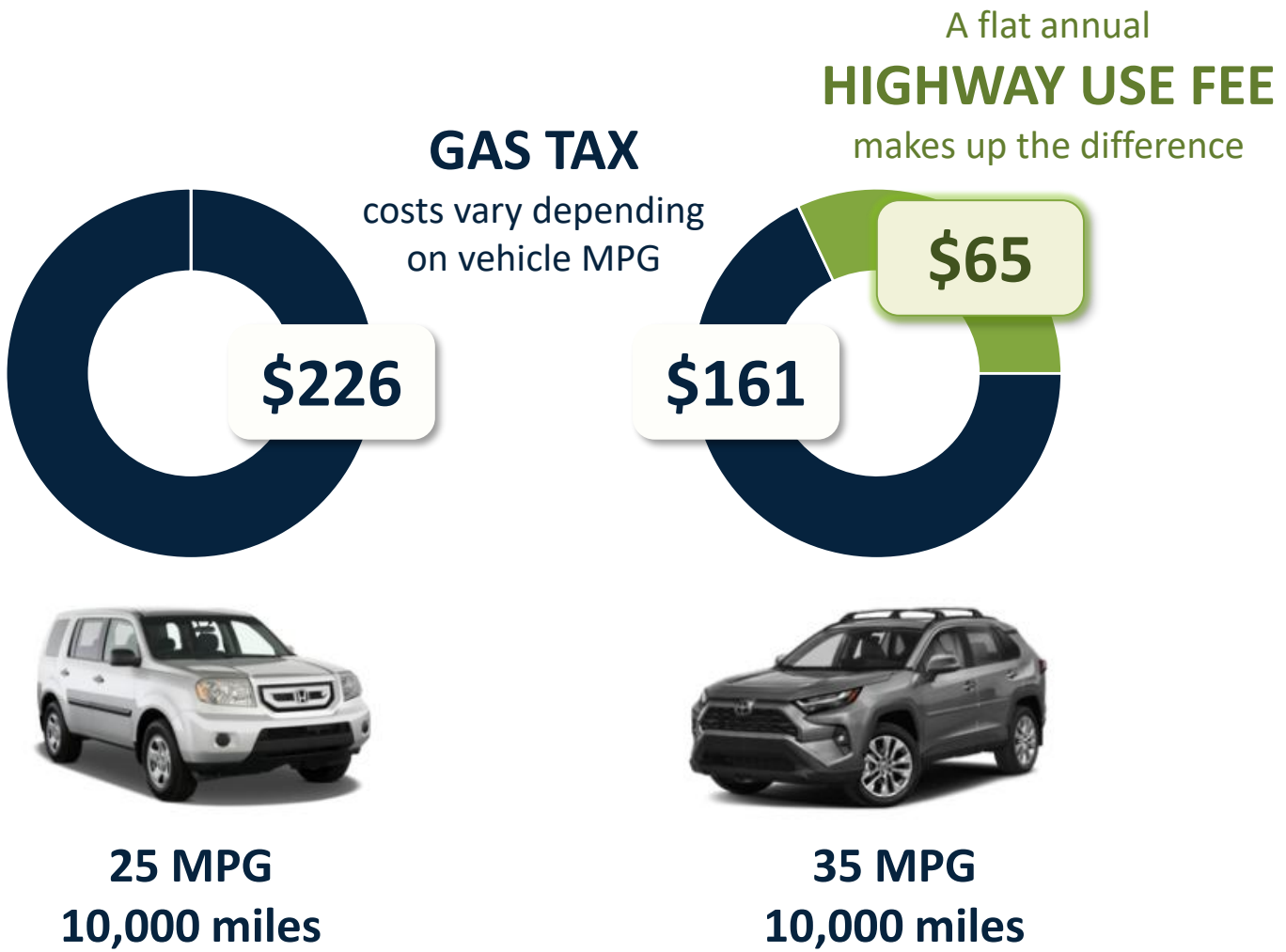
As of January 2026
Source: CDM Smith, NCSL

MPG-based Fees (Highway Use Fee) (2026)

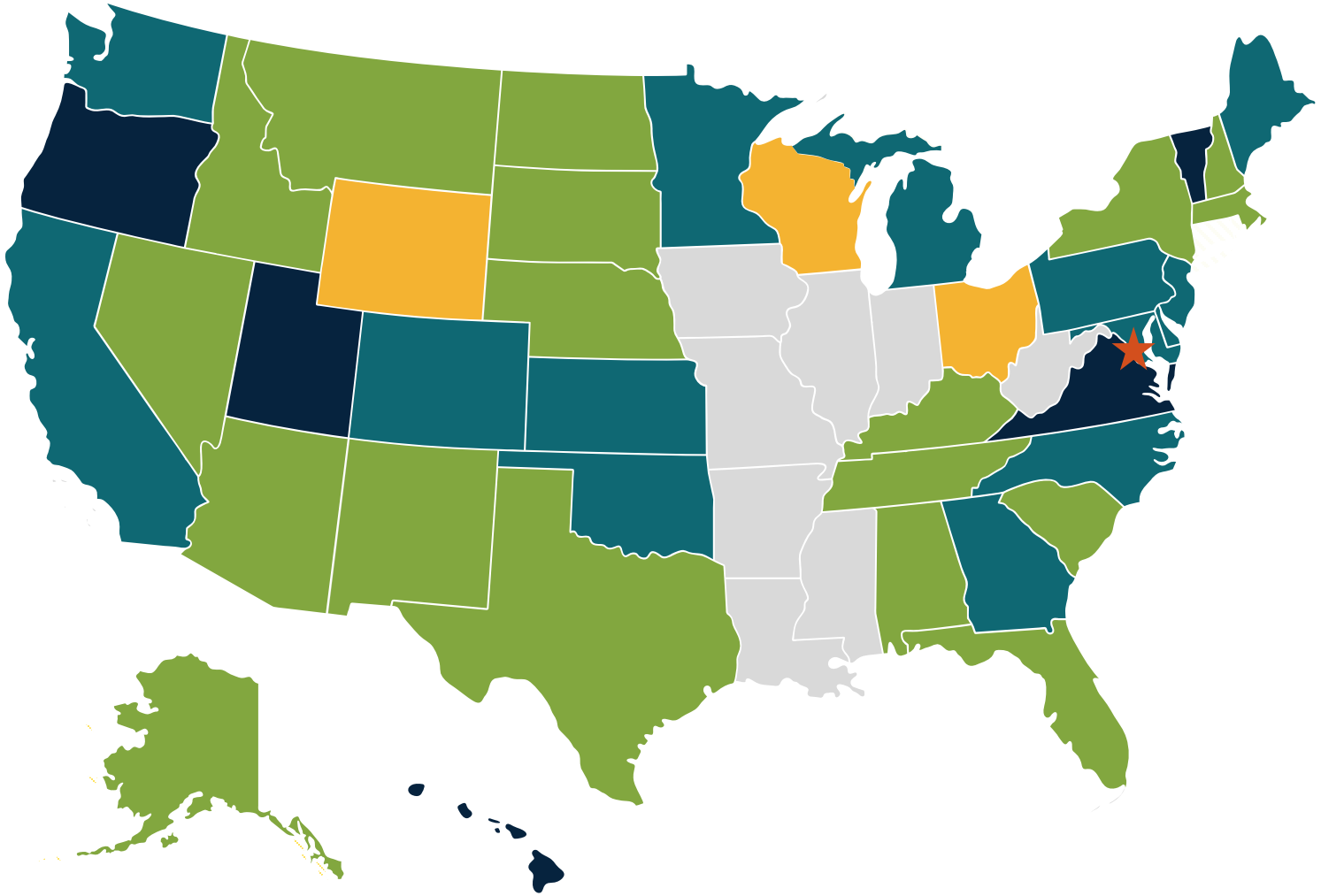


What is a Highway Use Fee?

- A highway use fee (HUF) is an additional flat annual fee based on a vehicle's MPG, with more fuel-efficient cars paying a higher flat fee.
- While not based on actual road usage, a HUF is a way to address the gas tax disparity that exists between low and high MPG vehicles.



Road Usage Charging (2026)



5 Enacted Operational Program

14 Pilot

3 Research

17 Research as part of a multi-state consortium

★ National RUC advisory committee and pilot

Source: CDM Smith
As of August 2026

Five States with Enacted RUC Programs



Oregon

- Mandatory for EVs and hybrids in 2027-28.
- Option to pay 2c/mi or $340 per year
- Open market of account managers



Utah

- RUC as an option in lieu EV flat fee, capped at flat fee.
- **7,200** EVs (and legacy hybrids) enrolled.
- Aiming to expand to all vehicles.



Virginia

- Drivers of 25+ MPG cars, including hybrids and EVs, choose between flat fee and capped per-mile charge.
- **~32,000** vehicles enrolled.



Hawai'i

- Replaces EV flat fee with choice of per-mile RUC.
- Mandatory for all EVs in 2028.
- Plan to replace gas tax for all light-duty vehicles by 2033.



Vermont

- Mandatory for EVs.
- EV owners choose between 1.4c/mi or $178 per year.
- Like Hawaii, leverages annual odometer readings from safety checks.

July 2015 → **January 2020** → **July 2022** → **July 2025** → **January 2027**

Revenue dedicated to highway purposes (constitutionally in OR, UT)

Statutorily dedicated to transportation purposes

Oregon's RUC Program

The Oregon Legislature enacted mandatory RUC in 2025 as part of a transportation funding package

Mandatory RUC begins in:

- **July 2027** for existing electric vehicles (EVs) renewing their registration
- **January 2028** for newly-registered EVs
- **July 2028** for all hybrid vehicles and plug-in hybrid electric vehicles (PHEVs)

Mandatory RUC policy features:

- **RUC rate:** 2¢ per mile (equal to 1/20 of the fuel tax, which is currently 40¢ per gallon)
- **Flat fee option:** $340 per year (equal to 17,000 miles at the RUC rate of 2¢ per mile)
- **Commercial account manager (CAM) compensation:** Cannot exceed 10 percent of RUC collected
- **Rental car companies:** Authorized to pass fees on to customers

Currently certified vendors in Oregon's open CAM market: GeoToll & NextMove by Cintra

Oregon Account Manager (OAM): provided by GeoToll *(not live yet)*

2¢ per mile (linked to fuel tax rate)

Fuel tax credited up to amount of RUC owed (i.e., no refunds issued for vehicles below 20 MPG)

Total RUC owed is <u>not</u> capped

Key Findings To Date

Fourteen years of research on road usage charging confirm its viability and funding potential

Gas Tax Credits Reduce Cost Impact

KEY FINDING: RUC is not an additional tax. Gas taxes paid would be credited towards RUC charges



Leaving the gas tax in place supports:

- Seamless interstate travel
- Small, incremental RUC payments for gas cars
- A natural backstop against tax evasion
- Washington meeting legal requirements for outstanding bonds

Example of Fuel Tax Credit Towards RUC Charges

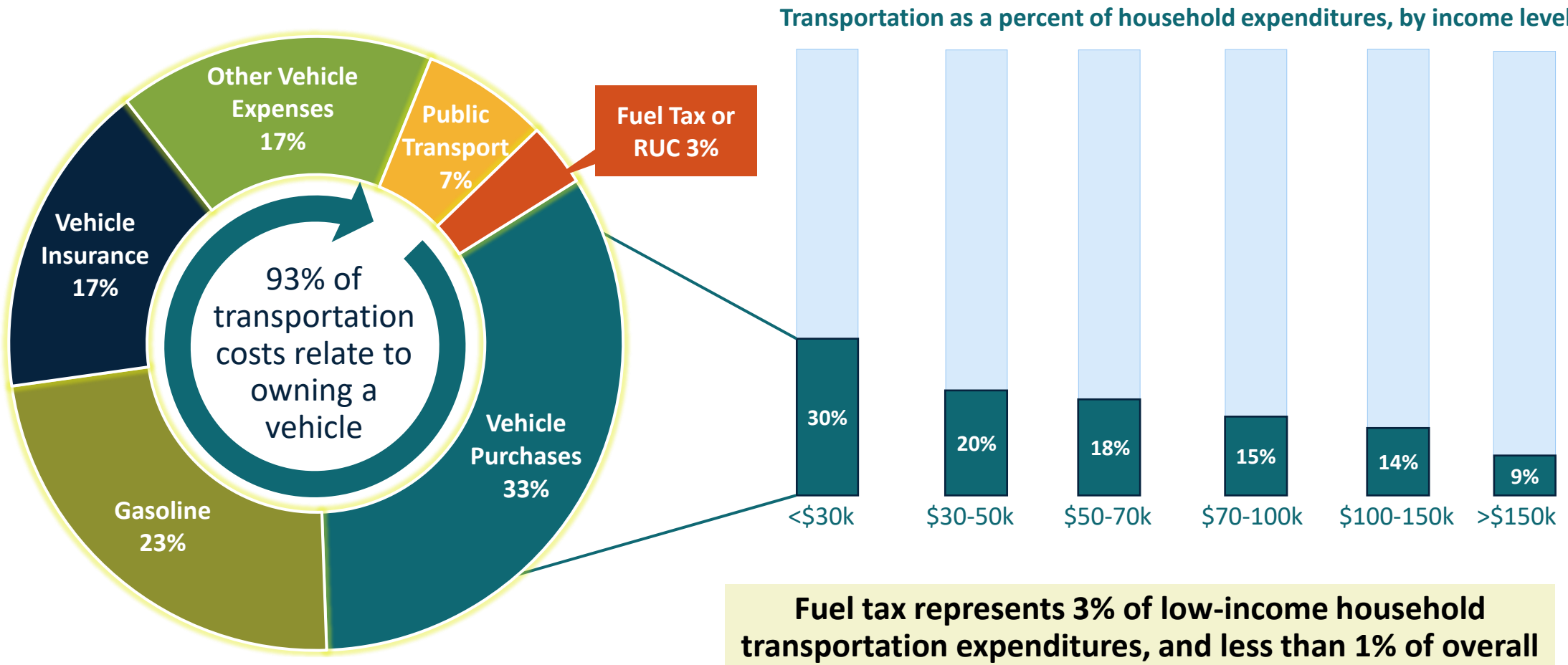


25 MPG

1,000
miles driven
(40 gallons purchased)

RUC Owed @2.6¢ per mile	**$26**
Fuel Tax Paid @56.5¢ per gallon	**- $23**
TOTAL OWED	**$3**

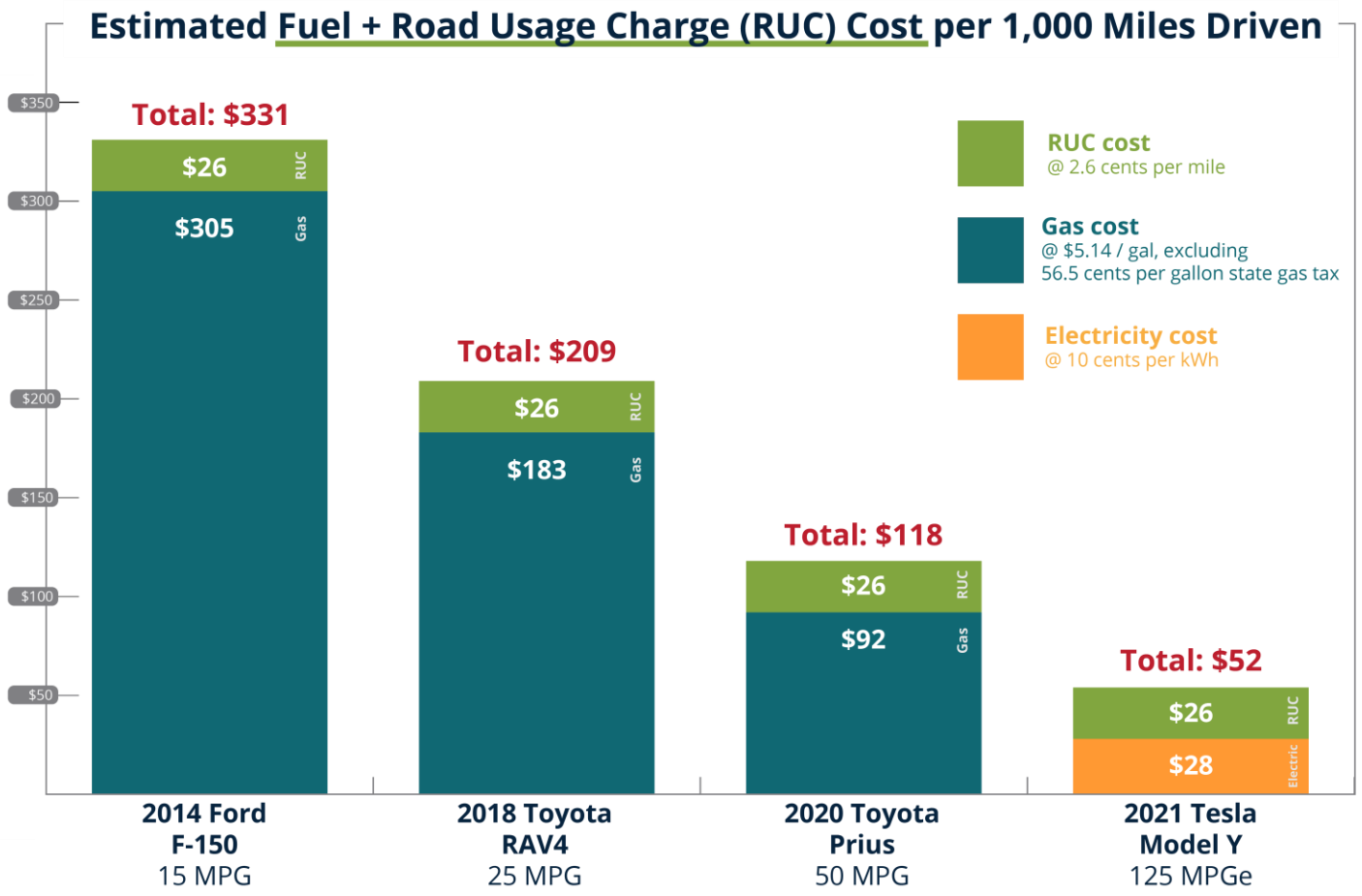
RUC Increases Fairness & Tax Equity



Fuel tax represents 3% of low-income household transportation expenditures, and less than 1% of overall expenditures. This will increase as fuel taxes increase. With RUC, targeted discounts can be offered.

Source: U.S. Bureau of Labor Statistics (2023)

EVs Retain Low-Cost of Ownership



- EV drivers maintain a significant **operating cost advantage under RUC**, compared to gas-powered vehicles, given fuel costs remain a significant cost.

- Under a future RUC system, **participating EVs & hybrids would not pay the current flat annual registration fees.**
  (EVs = $225; hybrids = $75)

WA RUC

RUC and Privacy

KEY FINDING: Privacy can be protected—it starts with system design, user choice, and legal protections



The only **new information needed** for RUC that the state Department of Licensing does not already collect is **total miles driven**.



Drivers would **decide how to report their miles**, including **whether to use location services**.



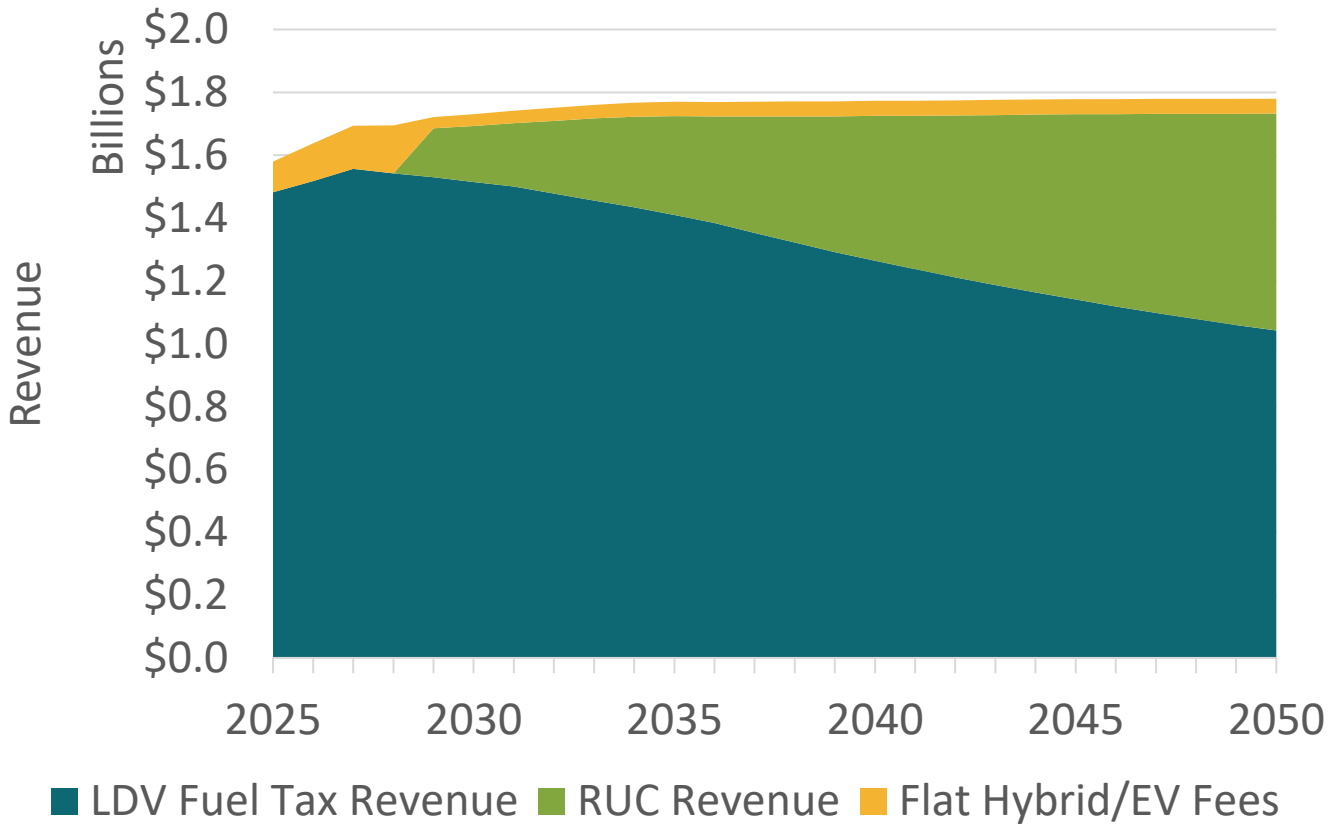
RUC **enabling law can include provisions to protect privacy**, drawing on the Commission's model policy.



Any mileage reporting method that **uses location services is strictly for the convenience of the driver.**

Moving EVs & PHEVs to RUC Grows Revenue

- Revenue Generation:
  - Status Quo - 2050: **$1.5 Billion per year**
  - RUC - 2050: **$1.8 Billion per year**
- Replacing flat fees with RUC mimics the gas tax given RUC is a user fee.
- This scenario starts in 2029 & assumes:
  - 3 cents per mile (gas tax equivalent)
  - RUC only applied to EVs and PHEVs
  - Hybrids continue to pay $75 per year flat fee
  - Gas cars continue to pay gas tax



**Revenue shown in inflation-adjusted 2027 dollars.*

Sustainable Transportation Revenues: Equitable, Efficient, and Transparent

Research continues on alternative funding options

STREET Project Purpose

- **Advance multi-state user-based revenue concepts**
  like fuel taxes, road usage charges (RUC), alternative fuel/efficient vehicle fees, and energy taxes
- **Enhance collaboration**
  on policy and operations for alternative funding programs
- **Support federal efforts**
  via regional collaboration, research, and demonstrations



Multi-state Collaboration



Executive Steering Committee

WA, HI, MT, NV, UT, OR

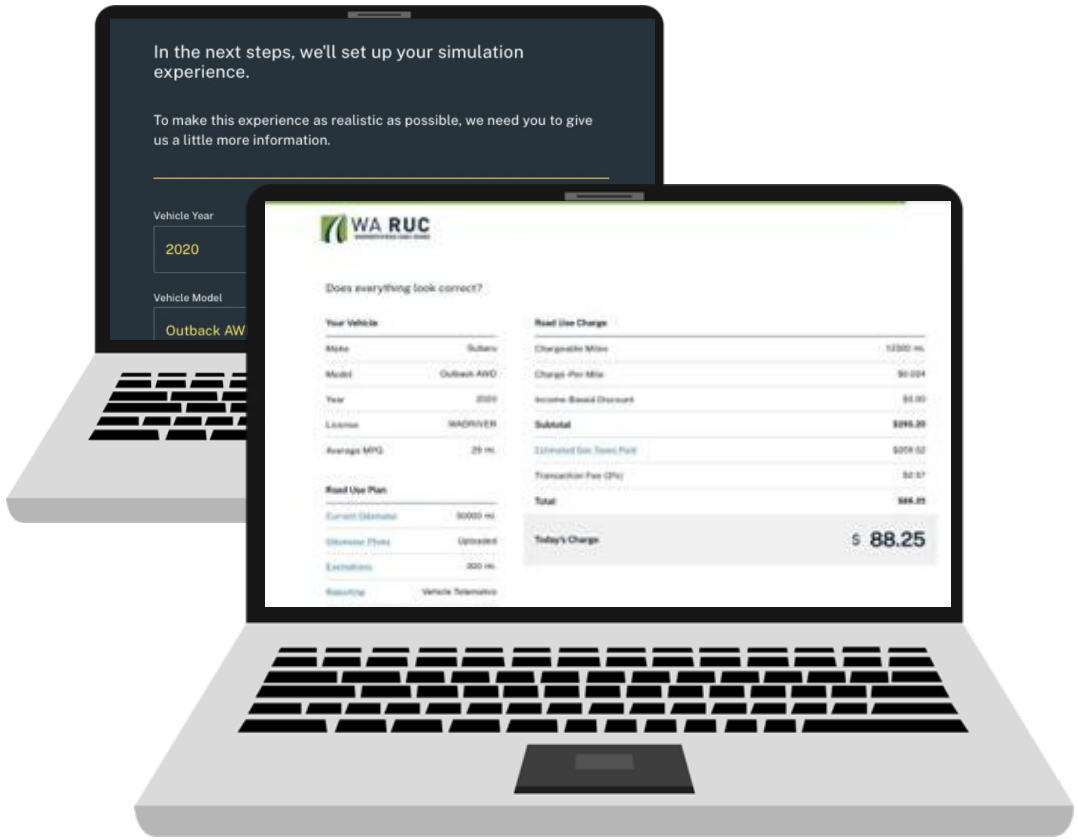
Revenue Approaches, Rate Setting, and Reconciliation

RUC Standards Development

Multi-state Pilot

WA RUC

Online Simulation of Funding Approaches



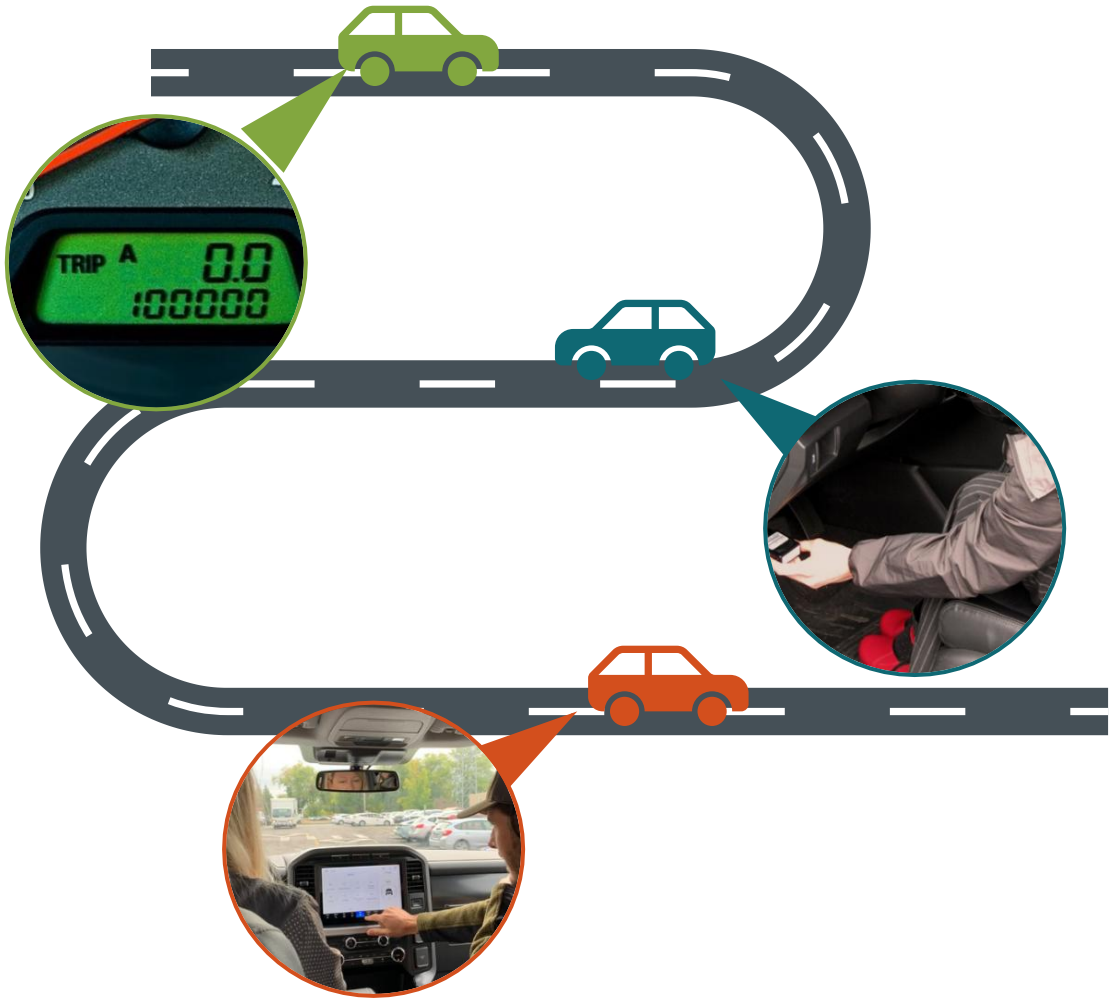
Low effort pilot engagement method for participants

Lower costs and less time to develop = **more time focusing on policy design**

Flexibility for states to customize this experience based on unique revenue options

WA RUC

On-Road Pilot



Offers a chance to **test an open CAM market** in multiple states

Participants select an MRO and **experience RUC in practice**

Aim to enhance understanding of **administrative complexity and interoperability performance**

WA RUC

Medium-duty Fleet Analysis

Understanding Washington's Medium-duty Fleet

Conduct medium-duty fleet research as it relates to sustainable user-based revenue by:

1. **Creating a medium-duty truck inventory**
2. **Conducting outreach to organizations managing medium-duty fleets**
3. **Assessing medium-duty vehicle revenue trends and developing options for addressing potential issues**

THANK YOU!

Reema Griffith, Executive Director

Washington State Transportation Commission

griffir@wstc.wa.gov

360-705-7070

Consultant support provided by:

CDM Smith®

BERK

ei enviroissues

Yates Consulting Group

View our website and join the pilot!

waroadusagecharge.org