

# **Oklahoma Road User Charge Task Force Initial Meeting**

## **Meeting Minutes**

Tuesday, November 16, 2021

### **Introduction/Opening:**

The Oklahoma Road User Charge Task Force Initial Meeting was called to order at approximately 3:08 pm on Tuesday, November 16, 2021 by Secretary of Transportation, Tim J. Gatz, in the Director's Conference Room. Attending in person was David Machamer, Montie Smith, Russell Hulin, Terri Angier, and Mike Patterson. Joining via Zoom was Dawn Sullivan, Laura Chaney, Cody Boyd, and our guest Linda Hull from the Utah DOT, as well as members of the task force. Secretary Gatz welcomed everyone and a role call was done by Executive Assistant, Brooke Harter.

### **Task Force Members who were present:**

In Conference Room: Senator John Haste

Joining via Zoom: Rich Briere, Caden Cleveland, Mike Fina, Jonathan Fowler, Jessica Grogis, Todd Hiatt, Rep. Brian Hill, Michael Lynn, Chris Schroder, and Lyle Walters

In accordance with HB 1712, Tim Gatz, as Executive Director of the Oklahoma Department of Transportation is the Chair of the Task Force. Mr. Gatz communicated that all meetings will be conducted in accordance with the Oklahoma Open Meeting Act.

### **Discussion on STSFA Federal Grant Application for Oklahoma RUC Pilot:**

The HNTB Firm was contracted by ODOT to prepare the federal grant application for Oklahoma's RUC pilot. Mr. Patterson from HNTB mentioned the importance of the synergy and relationship between ODOT and the Oklahoma Turnpike Authority. He also stated that it is imperative that the Tribal Nations are a part of the pilot program as they receive a portion of the state fuel tax. Patterson also discussed that we are a rural state and the state's makeup is unique with the two different perspectives of rural vs. urban and a significant amount of out-of-state traffic. He said that studying these different situations is paramount.

Mr. Hulin communicated to the group that the RUC Pilot Federal Grant Application was submitted on November 1<sup>st</sup> and that an announcement from FHWA of an award is anticipated in April 2022. He went over the projected timeline (Informational item only - attachment).

Secretary Gatz asked if there were any questions about the application or the timeline. Gatz stated that over the next few weeks he will be gauging interest in members being on a subcommittee with 4-6 people representing several industry sectors to assist with the procurement of vendors to conduct and assist with the pilot program. The subcommittee will bring recommendations to the task force for its approval.

### **Presentation on Utah's RUC Implementation and Alternatives to the Fuel Tax:**

Mr. Hulin introduced Ms. Linda Hull from the Utah Department of Transportation who gave a PowerPoint presentation (attachment) on the state of Utah's experience with their RUC Task Force and their implementation of the program.

Secretary Gatz thanked Ms. Hull and opened it up for questions from the task force. He asked what was UDOT's biggest challenge (other than privacy) and what was the public most concerned about.

Ms. Hull stated once people were enrolled, privacy was not a big concern anymore. The biggest issue/challenge was with the commercial account manager running the program and working out the kinks. There have been some technology-based and billing-based issues and the customer experience has not always been seamless. We get some customer complaints about the mileage on their bill not matching what they have. We continue to focus on customers having a good experience.

It was stated that most people don't really know how much fuel tax they're paying and generally think they pay a lot more than it really is. She was asked if their program is providing public information that helps them understand that a RUC isn't a double charge and it's not more than the fuel tax.

Ms. Hull answered that people that do not have familiarity with the program feel like it would be double taxation. She stated they hear mostly from rural participants. For example, they state it is unfair to rural users because they may drive more miles. UDOT had to do a lot of public outreach (and still are) to show what one would pay under a RUC rate. She said it would be great to have an automated tool where one could click to show their vehicle type and fuel efficiency, providing a comparison on what they pay in the RUC program vs. under an existing fuel tax. Ms. Hull went on further to say she cannot overstate the importance of public education and education with the policy makers.

Sen. Haste asked, people with internal combustion engines or hybrid vehicles who are still buying fuel and in essence they are paying both fees, how are you handling that?

Ms. Hull responded that they cap it to a flat fee. So the legislature imposed a flat fee on those vehicle types. EV's pay \$120 per year and plug-ins pay \$52. Hybrids pay \$20 per year. If you enroll in the RUC program you accumulate fees up to that cap. Gas Hybrids pay \$20 per year plus their gasoline.

Rep. Hill thanked Ms. Hull for her presentation, insight and experience and asked if they had considered basing the program on vehicle weight or classification as opposed to miles driven, or was it identified that it would be necessary to do it by miles driven to make it an equitable system.

Ms. Hull responded that their initial focus was on passenger vehicles and not commercial type vehicles since passenger vehicles was the largest component of vehicle types. The legislature had a lot of discussions about vehicle types and how heavier vehicles create more of an impact on the system, but they were not ready to open up the discussion on commercial vehicles so they remained focused on passenger vehicles because from a practical perspective the passenger vehicles whether it is a smart car or a truck, they have about the same impact on the pavement on the system.

Rep. Hill reiterated that they based it clearly on miles (for now) but asked if at some point they will consider miles x weight and if they will go system wide.

Ms. Hull stated she believed that the legislature would reopen the discussion at some point in the future.

Rep. Hill responded that we have identified in the state of Oklahoma the average 35-55 year old user is paying approximately \$161 per year in taxes at the pump and for someone that is 65 and above is averaging about 400 gallons of gas a year which breaks down to about \$82 per year in gas tax.

Ms. Hull stated that UDOT's is actually close to our average fuel efficiency. She shared that with an average 20 miles a gallon a person is going to pay about \$244 in state fuel tax and about \$140 in federal fuel tax.

She added that their consultant did an analysis of the average fuel efficiency in the state of Utah and just over a 2-year period fuel efficiency increased from 20 miles per gallon on the average to 20.5 miles per gallon which doesn't seem like a lot but when you put that over a couple of million vehicles that means an erosion of about \$12.5 million in fuel tax to the transportation fund just by a small increase in mile per gallon.

Mr. Hiatt from the Oklahoma Corporation Commission thanked Ms. Hull for her presentation and asked if the commercial contractor UDOT uses to gather and maintain the database of information could be subpoenaed for information on an individual driver being tracked or did the Utah legislature provide for their confidentiality?

Ms. Hull responded that it did provide for confidentiality and that she believed the information would be safeguarded but it would have to come from a court ordered warrant. There are provisions in Code, the same way that we have with a license plate information that it is protected from any kind of just casual inquiry, including casual inquiry from law enforcement. She further stated that it was her personal desire that they purge that data, the second they didn't need it but how long that data is retained is in the contract between the participant and our commercial account manager my goal is to purge it as quick as we can. Most people are retaining it for a year, they want to look at their driver scores and get reports on how they are driving. People enrolling in the program are more technologically advanced so they are much more interested in that kind of data probably than the average driver is interested in. Ms. Hull also mentioned that right now 11% of EV owners are enrolling in our RUC program. They got more interest from participants than we had anticipated. They thought initially they would have a few hundred participants. The first year they ended up with a couple thousand so the system was a little bit overwhelmed by the interest.

Mr. Walters asked of those users that use the account manager, how many users do each account manager oversee? Is it just one person overseeing all?

Ms. Hull responded the entirety (everybody in the system) is being managed under the commercial account managers and they are not managing anyone directly. We have a RUC program manager who is overseeing the contract with the company we contracted with. The contractor is managing the element of the program.

Mr. Lynn thanked Ms. Hull for the beneficial information and asked about driver complaints and specifically about driving on private property. He believes that if they're buying fuel now and paying the federal, state gas taxes to drive on private property today, why exclude those miles versus the way it's being treated today?

Ms. Hull stated they want to offer to the legislature what the policy options are. We want to research to find out what's technologically possible and then present that with the legislature and say here's the range of options that are possible. You're the policymaker so you decide which one of these policy levers that you want to pull. But this is what's technologically possible and we feel like it's our job to present them with a variety of options and they can decide what they want to do. Frankly, it was to be able to get a little more interest from rural legislators who tend to represent constituents who may be farmers or renters and drive a lot on their private property. It requires GPS tracking so that may not be something that everyone would be interested in using.

Ms. Sullivan asked what the cost was to administer the program.

Ms. Hull responded currently about a million dollars a year for the program that includes the cost for our contract, a RUC program manager, 2 consultants helping us with research, and other small overhead administration costs. For 2021, we're bringing in RUC revenue of about \$150,000, we think that by the year 2024 it will be over \$400,000 a year. We think that by next year we will bring in enough revenue to pay the daily operating costs and the contract with a commercial account manager. It's not enough revenue to offset the other overhead costs, the research and things that are going along with the program right now, but at least we think we'll have enough revenue to pay for the operating costs.

Ms. Sullivan asked if they had looked at what it would take to make it a revenue neutral proposition to replace the gas tax.

Ms. Hull stated they haven't gone quite that far. The gas tax has been a good revenue source because it's being collected at the rack so you're collecting it from only a few points so it's a very efficient way to collect a tax but a very inefficient way to charge for use. I honestly believe that we will never get to the point where a mileage based system is going to be able to match the low administrative overhead that you have on a fuel based tax system. Because you're just collecting it from a few entities, whereas in a mileage based system you're collecting from everybody who's using the system. That becomes a sustainable mechanism moving forward, no matter what kind of power is used to propel a vehicle you're still going to be able to click the revenue to maintain the highway system.

Secretary Gatz stated his appreciation and how valuable the presentation was. He stated that the motor fuel tax has been the perfect transportation investment revenue stream for 100 years and we're at the breaking point now where we've got to consider some new ideas and what the state of Utah is doing is pretty exciting on many different levels. The idea and capability of a taxation system depending on what jurisdictional system you're driving on is important. That's one of the challenges we have today is how do you collect and distribute motor fuel tax somehow equitably. When you get into considerations about vehicle miles traveled and where that mileage is being traveled, there are a lot of concepts that Utah is beginning to develop that are going to be important for the future.

Secretary Gatz asked if there were other questions from the group. He then expressed appreciation to Ms. Hull's presentation and comments.

### **Discussion on Next Task Force Meeting:**

Mr. Hulin talked about scheduling future meetings and topics and suggested the next meeting would be in-person in late January at the Department of Transportation headquarters with a virtual option for those who can't attend. During the interim and before the next meeting, the plan is to provide the task force members with a summary report of what all 50 states are doing for alternatives to the fuel tax which will help with our research and decision making. He reminded the members that the subcommittee will engage for selecting a consultant partner in the coming weeks and we will need advance that quickly to be in a position to meet the task force time requirements. We will ask for some volunteers who might want to participate and look for schedule availability for the meeting we'll have in January.

Secretary Gatz asked if there would be any closing comments from any of the task force members and there were none.

**Closing**

Secretary Gatz thanked everybody for their time and expressed his appreciation for their participation in this very, very important task force. He stated we're going to learn a lot about how folks are doing things across the country, and I think we're going to have a tremendous pilot for the state of Oklahoma so look forward to communicating with you soon.

**Meeting adjourned at approximately 4:14pm.**

**Attachment(s):**

UDOT's PowerPoint presentation  
Oklahoma Road User Charge Task Force Pilot Project Steps and Projected Timeline

Minutes Prepared by: Brooke Harter 12/08/2021  
Brooke Harter Date

Approved/Signed by: Tim J. Gatz 12/08/2021  
Tim J. Gatz Date