**ROAD USER CHARGE (RUC) ADVISORY COMMITTEE MEETING**

Monday, November 19, 2018 from 3:00-5:00 p.m.

Capitol Preservation Boardroom (Room 240 in the Capitol Building)

**MINUTES**

***ATTENDEES (in person):***

Carlos Braceras (UDOT)

Nathan Lee (UDOT)

Linda Hull (UDOT)

Cameron Kergaye (UDOT)

Eileen Barron (UDOT)

Jess Gonzales (UDOT)

Kevin Nichol (UDOT)

Jordan Hess (UDOT)

Travis Jensen (UDOT Consultant)

Ivan Marrero (Federal Highway Administration)

Richie Wilcox (Utah Governor’s Office)

Don Ipson (Utah Senate)

Wayne Harper (Utah Senate)

Kay Christofferson (Utah House)

Logan Wilde (Utah House)

Scott Smith (Utah Tax Commission)

Monte Roberts (Utah DMV)

Tracy Klausmeier (Utah Insurance Office)

Rusty Cannon (Utah Taxpayers Association)

Andrew Jackson (Mountainland Association of Governments)

Bob Stevenson (Layton City Mayor)

Sophia DiCaro (Salt Lake Chamber of Commerce)

Sterling Brown (Utah Farm Bureau)

Josh Craft (Utah Clean Energy)

***ATTENDEES (via phone):***

Rick Clasby (Utah Trucking Association)

Wayne Barlow (Utah Transportation Commission)

**OPENING**

*ITEM 1. INTRODUCTIONS & WELCOME*

UDOT Executive Director (and Committee chair) Carlos Braceras called the meeting to order, thanked everyone for attending, and asked each Committee member to give a short introduction. Carlos introduced Nathan Lee to lead the discussion, which will include: The latest information about defining the need for Road Usage Charges, a presentation of the technical recommendations that the Committee helped develop, and discussion of the next steps.

*ITEM 2. UTAH RUC – DEFINING THE NEED*

Nathan said he hopes the rest of the agenda (beginning with this section) gives people a feel for the whole picture of why Utah is exploring the RUC concept, how UDOT is proposing to set up the initial system based on input from the Advisory Committee, and what the next steps in implementation will be. A set of Power Point slides were developed for the rest of the presentation. Attendees asked if the slides would be made available after the meeting, Nathan informed they would be emailed out directly to Advisory Committee members and also posted on the UDOT RUC website as well as the Public Meeting Notice website where other Committee-related documents have been posted for previous meetings. Nathan then proceeded to talk through each of the slides in this section.

Andrew Jackson asked if Utah’s fleet vehicle type distribution is different than the rest of the country. Nathan said we are similar in terms of the passenger car/light truck split to other western states with lots of rural areas, but compared to more urban states we have a higher proportion of light trucks and SUVs.

Nathan talked about how much State gas tax different types of vehicles are currently contributing and showed a slide illustrating the revenue erosion that has happened over the past 15 years across the country. The erosion is due to construction cost inflation and increasing fuel efficiency. Nathan also presented slides showing how technological advances in cars, mapping, and GPS are expected to give agencies more options in the future for tracking road usage, which options Utah is planning to go use initially, and which options other states have been testing. Utah’s initial system will not delineate miles driven on public roads vs. private roads, or in-state miles vs. out-of-state miles (just as the current gas tax is paid without regard to where miles are driven) but doing these types of things will be possible in the future. Nathan pointed out that Utah will be the first state to integrate the enrollment process with the DMV registration cycle.

Rep. Wilde asked if using technology to determine miles driven on private vs. public roads is the best way or if there would be easier ways to exempt miles for miles driven on private roads. He and others mentioned ways currently available to private landowners to not pay gas tax for fuel in vehicles that drive primarily on private land. Sterling said that he has discussed the RUC concept with hundreds of ranchers and other rural users, and they’ve specifically discussed the principal of setting up a system that can exempt private road mileage by using in-vehicle technology. He also expressed some concern about whether GPS-based technologies would function correctly on rural Federal lands where much of his constituency lives and/or works. Nathan responded that there are still technological advances needed before Utah is ready to include private/public mileage delineation in a RUC program, and that’s why this isn’t being included in the initial system. Andrew pointed out the private road issues aren’t only a rural concern. He cited examples from Saratoga Springs, where many neighborhood streets are owned and maintained by private homeowner associations and not the City.

**RUC PROGRAM AND ADVISORY COMMITTEE EFFORTS**

*ITEM 3. TECHNICAL RECOMMENDATIONS*

Nathan turned the time over to Cameron for him to present the technical recommendations that the Committee (via the five technical subgroups) has been helping to develop over the past six months. Cameron prefaced his comments by saying that he was going to walk through the various recommendations through the eye of a person that enrolls in the RUC system and then experiences the various elements as a user. He first talked about three typical reasons why a person might choose to enroll in RUC instead of paying the flat fee amount applicable to their type of vehicle.

* To save money
* To pay as they go instead of paying a lump sum flat fee amount up front
* To test out the technology as an early adopter

Cameron then talked about the following elements:

* Integration with the DMV registration process
* How information privacy will be addressed
* Enrollment process steps
* Mileage reporting technology options
* Enforcement and dispute resolution

With specific regard to privacy, location data would be protected from GRAMA request and personal data would not be released except as part of a valid criminal proceeding. Enrollees would have a choice about whether to consent voluntarily to have the commercial account manager (CAM) retain their location data long-term or have it destroyed at the end of each billing cycle. People may want to have the account manager retain their data if they perceive they will get more value-added services in exchange for doing so. The account manager would be able to aggregate and anonymize the data, which means stripping out personally-identifiable information from the data so that it cannot be linked back with an individual. That aggregated and anonymized data would be shared with the State but the raw location data would NOT be shared except potentially as part of dispute resolution or in a system audit scenario. The aggregated anonymized data could be of value to UDOT for helping to understand best locations for EV charging stations or for traffic planning/management purposes. The account manager would also be able to sell the aggregated anonymized data to third parties willing to purchase it. This gives the account manager a side revenue source, which will potentially reduce the cost to the State of paying the account manager to operate the RUC system.

Sterling, Andrew, and Rep. Wilde pointed out that some people would be concerned about the selling and sharing of data even if it is anonymized and aggregated. Sterling mentioned that system marketing would need to be clearly explain how this works and make a compelling case for why someone shouldn’t be concerned about it violating privacy. Nathan agreed that this must be done carefully, and further said that raw location data would not be in the state’s hands except in limited circumstances like for an audit. Otherwise that data is only available to the account manager and the enrollee, similar to agreements that people have with their cell phone company providers that are constantly tracking location information. He also pointed out that one of the big answers to privacy questions is that the RUC system is 100% voluntary right now. People would have an option to pay the flat fee if they did not want to share any location data with an account manager.

Enrollment would be online through the account manager. Enrollees would need to submit information about their vehicle type so the account manager could verify with the DMV that the person is enrolling a valid vehicle. Payments would be made out of a prepaid wallet, similar to how the Express Lanes system operates. An odometer capture photo would be required at enrollment to benchmark the initial vehicle miles, then additional odometer photos could be submitted electronically later in the process if an enrollee wanted to dispute a charge or as part of an annual “true-up” to make sure that all miles are being captured and properly charged.

Exit processes will be put in place for people that sell a vehicle, move out of state and register it there, have a crash that results in the vehicle not being drivable, or for situations where a person is not complying with the rules of the program and needs to be actively removed. In all of these instances, the person leaving the system would be charged the amount of their applicable flat fee minus any RUC fees already paid to date. Then their vehicle would simply be put back into the yearly registration cycle. This method of charging the flat fee amount to people leaving the system is consistent with how registration and flat fees work today. For example, there is currently no mechanism available for someone to have their registration fees refunded if they register a car one month and sell it the following month.

Cameron then passed the presentation back to Nathan for him to talk about recent and upcoming RUC implementation efforts. He talked about Utah’s efforts to procure an account manager to operate the system. UDOT is currently in the process of finishing up a Request for Information process that asked potential account managers to submit information about their business offerings. That process yielded responses from five potential vendors. They reported that they didn’t see any fatal flaws in the way Utah is setting up its system and each submitted information about what they can offer. The plan now is to release a Draft Request for Proposals (RFP) in December and a final RFP at the beginning of February, 2019.

Another important implementation item is drafting up legislation to run in the 2019 session that would give UDOT and the other implementing agencies the tools and authority necessary to implement the initial system. Linda Hull is taking the primary role in this for UDOT. Sterling asked if the per-mile RUC rate had been determined yet, and also whether it would be indexed similar to the gas tax. Carlos responded that these answers had not been determined yet and would be worked out during upcoming months. Nathan took this opportunity to jump to a slide that talked about two options for the process that could be used to set the RUC rate. The first options is for the Legislature to set the rate directly like is done with taxes. The other option is for UDOT to propose the rate to the Transportation Commission and have that body approve it. Reps. Wilde and Christofferson as well as Andrew spoke in favor of the Transportation Commission approach. The general consensus among those that responded was that it is better to treat RUC like a fee than a tax, because revenue from fees is supposed to be used for purposes related to the users that contributed the fee, and that link can better keep the integrity of the process than treating revenue like a tax that could go into a general fund in the future and be used for general purposes not related to transportation. Sophia and Tracy specifically said they agreed with that approach. Reps. Wilde and Christofferson added that they’d like to see the fee have an automatic adjustment structure similar to the gas tax.

*ITEM 4. ADVISORY COMMITTEE DISCUSSION*

After presentation of the recommendations, Nathan asked if there was further comment or questions from the Committee that hadn’t already been addressed. Sterling asked about the true cost of operating a RUC system vis-à-vis the revenue we expect to get from it. Nathan said that UDOT is working with a consultant to develop a financial model capable of helping to better answer questions like this, and that some preliminary information should start coming out about this in mid-December. Carlos further added that over time we hope that, as with any R&D effort, the operational costs come down and that RUC proves economically viable, but for right now at least we are confident that it won’t cost more to operate RUC than will be coming in through the yearly flat fees applicable to alternative fuel vehicles. In 2019 all such owners would be required to start paying the flat fee (in addition to regular registration fees) and in 2020 they will have the option to enroll in RUC instead. Andrew said that we should be sure to make it clear that we are testing to see if RUC can be cost effective and there is no guarantee that it will be.

Scott Smith asked if we had talked yet about where the funding is going to come from to operate a RUC program. Carlos said that for now it will come out of UDOT’s budget.

**NEXT STEPS**

*ITEM 5. COMMUNICATION UPDATE*

Eileen took a few minutes to talk about what is happening with regard to Communication-related items. She talked about recent presentations given at the Farm Bureau and with other interested groups, and expressed willingness to present at other groups if Committee members want a presentation for their constituencies. She also mentioned a UDOT website where RUC-related information is being posted. In early 2019 UDOT is planning to conduct some focus groups to better understand what people know about transportation funding in general. They are also planning to set time aside for communications with legislative members that arise during the 2019 session. Later in spring of 2019 they will spend time developing “RUC Utah” branding as the system launch gets closer, and will also devote some time to a RUC website and social media pages. Someone mentioned that it could be good to reach out to owners of alternative fuel vehicles in advance to let them know the RUC option is coming. Carlos and Nathan said that this could be done after the Legislative session once more details have been worked out.

*ITEM 6. FUTURE ROLES OF ADVISORY COMMITTEE*

Linda talked about how Advisory Committee members can expect to be involved going forward. She said that the tentative plan is to convene again as a Committee in April. In the meantime, members can follow along during the 2019 legislative session to see how the RUC legislation is progressing. From April going forward they can monitor implementation of the initial system and be involved in helping recommend future pilot ideas to test other RUC elements.

Nathan gave thanks to Committee members for their involvement and several of them gave thanks to UDOT’s staff for coordinating the process.