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January 13, 2009

2030 Committee  
c/o Texas Transportation Institute  
3000 Briarcrest, Ste. 502  
Bryan, TX 77802

Dear 2030 Committee Members,

In the *2030 Committee Texas Transportation Needs Report*, the Executive Summary states that the report is "designed to help policymakers answer two critical questions – which transportation needs should we fund and how much do we need to spend?" Similarly, one of the stated goals of the North East Texas Regional Mobility Authority (NET RMA) is to "identify potential transportation projects and their associated costs, to help identify and prioritize projects that will be overseen by the NET RMA."

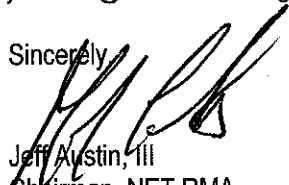
To accomplish our goal, in February 2008 the NET RMA partnered with the TTI's University Transportation Center for Mobility to complete a feasibility study on a Mileage Based User Fee in rural northeast Texas. The study's purpose was to lay the groundwork for an equitable transportation funding system that addresses public and political concerns in rural communities. The initial Research Summary and the Final Study report are attached for your review.

The NET RMA has endorsed submitting a grant application to conduct a Mileage Based User Fee pilot project in the northeast Texas region. The initial research indicates that further study is warranted, and a pilot study would help identify:

- Technological options available for the program,
- Driver reaction and acceptance levels,
- Revenue distribution options,
- Possible roles for federal, state, and local agencies and the private sector, and
- The overall path to implementation.

The NET RMA is interested in the further study of a Mileage Based User Fee and would be like to be part of a pilot project in the northeast Texas region. If you have any questions or comments please contact Mr. John Cloutier at 903-615-0036 or by e-mail at [jcloutier@blazertechnologies.com](mailto:jcloutier@blazertechnologies.com).

Sincerely,

  
Jeff Austin, III  
Chairman, NET RMA

CC: John Cloutier, NET RMA  
Ginger Goodin, TTI  
Chairman Deirdre Delisi, TxDOT

## **Feasibility of Mileage-Based User Fees: Rural/Small Urban Area Application in Northeast Texas**

February 1, 2008 through August 30, 2008

### **Research Overview**

TTI researchers received \$80,000 in federal grant funding from the University Transportation Center for Mobility to work with the Northeast Texas RMA (NET RMA) to explore alternatives to the fuel tax. The overall goal for the research is to lay the groundwork for an equitable transportation funding system that addresses public and political concerns in rural communities.

#### *Objectives:*

- Describe current fuel tax system to establish a baseline for future efforts
- Working with the NET RMA, establish relationships and partnerships within the study area in order to identify potential issues and challenges that could arise when a fundamental change in the "traditional" transportation funding system is proposed.
- Develop a basic implementation framework that can serve as a tool for future testing and implementation of an alternative funding system.

#### *Approach:*

In addition to documenting the current fuel tax collection system, the researchers used a variety of public perception data collection tools – including stakeholder interviews, focus groups, and a community advisory committee – to identify public acceptance issues associated with implementing a mileage-based fee system. The information gathered was used to define a framework for developing a future pilot project.

### **Preliminary Research Findings**

- The fuel tax has served as an adequate proxy for road use since its inception. However, there are a number of forces that are eroding its effectiveness in adequately funding transportation needs in the long term:
  - Increasing fuel efficiency of vehicle fleet
  - Fixed price on each gallon that has been static despite increasing demands on the system and rising construction costs
  - The method by which the fuel tax is collected makes it very difficult to directly determine the amount of fuel tax revenue generated at a local scale
  - Distribution of funds is not directly tied to actual use at the collection point
- Public reaction to an alternative approach to the fuel tax was mostly negative, but increased understanding of the challenges generally resulted in more openness to a new system. The overarching themes from the public reaction include the following:
  - The fuel tax is not well understood, the transportation funding process even less so
  - Gasoline prices are driving the discussion
  - There is an overall perception that rural areas have not received their fair share of funds
  - Any new system should be simple with minimal administration, transparent money flow, and clear added value
  - Privacy concerns are an issue, but are also individualized
  - There is concern for commercial motor vehicles paying their "fair share"
  - Any new system should account for rural needs: higher mileage and limited public transportation options

(Continued)

- Based upon the information gathered, researchers identified a general framework for an alternative funding system using mileage-based fees based on public feedback.
  - Technological Criteria
    - Addresses privacy and data security concerns
    - Low-cost administrative functions
    - Simple and customer-friendly
    - Reliable
    - Tamper-proof and enforceable
    - Addresses future vehicle propulsion technologies (e.g., will we be plugging in our vehicles to recharge, or connecting to our natural gas lines at home?)
  - User Fee Criteria
    - Charges appropriately for distance traveled by individual road types
    - Accounts for multiple household vehicles and limited public transportation options
    - Charges appropriately by vehicle class to cover maintenance and needed expansion, including public transportation options (passenger rail and bus)
    - Addresses out-of-state/out-of-region travelers
    - Does not drive transportation-dependent businesses from the region
    - Allows for local retention of revenue
    - Is transparent and demonstrates clearly the value added by the user fee
- Next Steps
  - NET RMA has endorsed submitting a grant application to conduct an experimental pilot project in the region
  - Further study is needed on a number of topics:
    - Technology options
    - Rural/small urban driver reaction and acceptance levels
    - Taxation issues and user payment options
    - Revenue distribution aspects
    - Possible roles for federal, state, and local agencies and the private sector
    - Administration options and costs
    - Overall path to implementation