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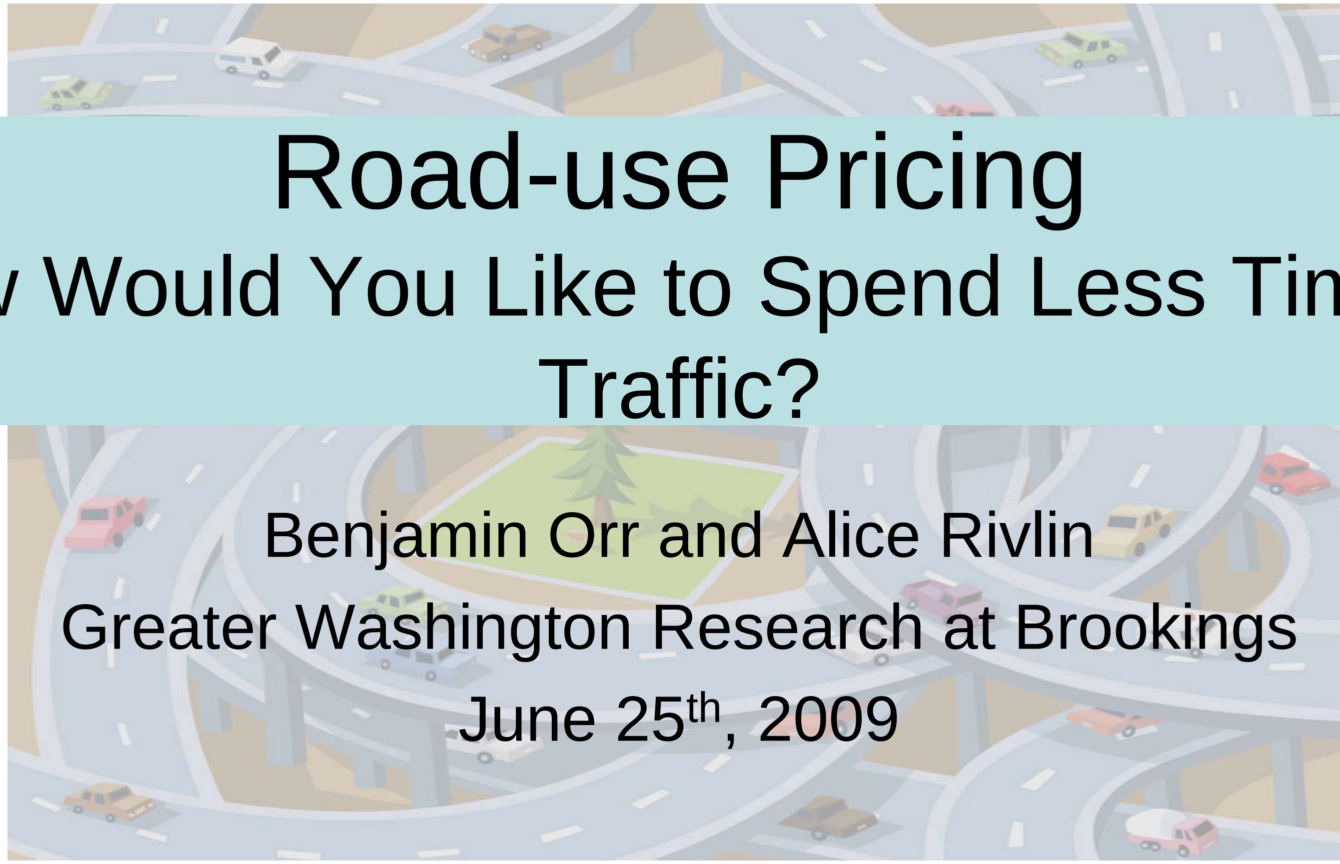

Road-use Pricing

How Would You Like to Spend Less Time in Traffic?

Benjamin Orr and Alice Rivlin

Greater Washington Research at Brookings

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The D.C. region is stuck in some of the worst traffic in the nation, and it’s getting worse

- Average commuter wasted 60 hours stuck in traffic in 2005
  - 2nd worst in the nation
  - Slight dip in vehicle miles traveled (VMT) last year
    - Temporary effect of recession and $4 gas
- 25+ percent of commutes longer than 45 minutes in 2007
- By 2030 1.6 million new residents working 1.2 million new jobs

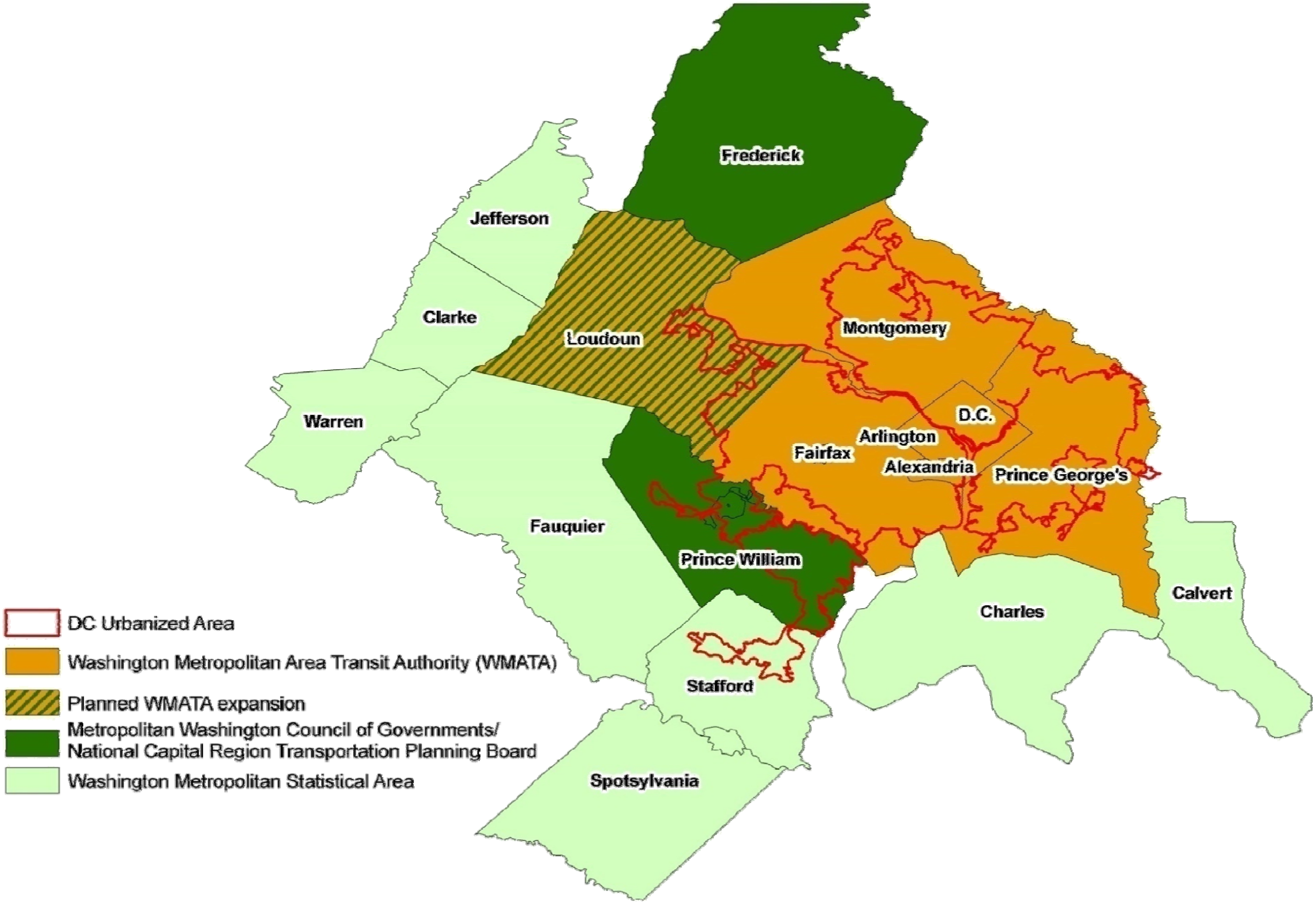
Road-use pricing may be the answer

- Traditional solutions have failed
  - Additional roads result in greater congestion
  - Gas tax revenue per VMT continues to fall
- Two options are often discussed
  - Replace gas tax with VMT tax
  - Introduce/expand congestion pricing
- We propose combining the two options

Road-use pricing should expand on the Oregon pilot program

- Price every road in WMATA service area, adjacent systems
  - Pricing must be linked to transportation options
- GPS transponder installed in registered vehicles
  - Less intrusive than cameras, if properly implemented
  - Cheaper to implement
- Charge by distance, congestion level, and vehicle type (weight, safety, efficiency)
- Transponder sorts travel into various categories
- Motorists pay fee at fuel pump
  - Only category totals are sent to pump
  - Road-use fees replace state gas tax
    - Could replace federal gas tax
    - Could partially or wholly replace transportation portion of local taxes
- Tourists, others without transponder pay full gas tax

The Geography of Transportation in Metropolitan Washington



Sources: Decennial Census, Washington Metropolitan Area Transit Authority, Metropolitan Washington Council of Governments

What difference does road-use pricing make? It depends on the price

- Average fee between 9.3 and 15 cents per mile (cpm)
  - 9.3 cpm = ~$3 billion revenue (UA)
  - 15 cpm = ~$4.8 billion revenue (UA)
- State gas tax raises ~$420 million (UA)
  - – Road-use pricing raises $2.6 to 4.4 billion more
  - – Average motorist would spend $1100 to $1900 more annually per 15,000 miles currently driven
- Local transportation spending ~$3.8 billion (TPB)
  - – Could raise additional $1 billion
  - – Break even at ~11.8 cpm

Revenues should be used to make road-use pricing more equitable

- Improve and expand mass transit
  - Most of VMT reduction due to increased transit use
- Need-based refund or discount
  - Tax credit
  - Discounted fees
  - Cash for clunkers
  - Negative impact on revenue and congestion relief
- Infrastructure maintenance then new investment
- Spent in jurisdictions proportional to their VMT
- Could partially or wholly replace transportation portion of local taxes, or divert to other purposes

Just as important, road-use pricing could generate $1 billion in non-revenue benefits

- VMT reduced ~11 percent
- Congestion reduced ~75 to 80 percent
- More stable transportation funding
- New infrastructure investment guided by better data
- Fewer accidents
- Shorter, more reliable travel times
- Less pollution

Road-use pricing would be a radical new way of financing transportation and reducing congestion

- Implementation would require investment of time and money
  - Perhaps less money than commonly thought
- Some residents would be better off; others would be worse off
- Enough revenue to help low-income motorists
- More sustainable over the long-term

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The national capital region should serve as an example of what truly sustainable transportation policy looks like for the rest of the nation

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