

Transportation Pricing Statement and Context Transportation Implementation Working Group (TIWG) Transportation Pricing Subgroup

Transportation pricing is being actively considered as a means to meet revenue needs and manage traffic in both the Seattle and Portland/Vancouver urban areas. The first Climate Action Team recognized there is an opportunity to use pricing also to reduce greenhouse gases and help meet vehicle mile traveled (VMT) reduction benchmarks.

The TIWG under its mandate from the Washington State Climate Action Team (CAT) has the responsibility to:

- Identify potential transportation pricing strategies
- Identify key implementation considerations
- Identify the Greenhouse Gas (GHG) and Vehicle Miles Traveled (VMT) reduction potential of transportation pricing strategies
- Identify relationship of transportation pricing strategies to other TIWG strategies
- Identify impacts to vulnerable constituencies and mitigation options (Per HB 2815 Section 8)

Washington State objectives for GHG and VMT reduction will not be met without usage-based transportation pricing. To meet these objectives, it isn't if, but when and how transportation pricing strategies are implemented, and what role they play in the portfolio of strategies.

Effect of Pricing on VMT

Tolls, parking charges, and VMT or gasoline taxes are all examples of usage-based pricing. From the traveler's point of view, each of these methods causes a driver to consider whether the trip they are making is worth the cost, and whether a shorter trip could suffice. Pricing can also be structured to provide an incentive to invest in a more efficient vehicle. .

PSRC has estimated that full system road pricing (including arterial streets) could reduce VMT by around 10% by 2020, and full freeway tolling could reduce GHG emissions by 6% compared against a No Action option. The VMT-reduction could be greater with different toll rate assumptions and with additional investments in the transportation system.

Many factors influence the contribution of pricing to VMT/GHG reduction:

- How is pricing administered? Are there different charges based on different types of users? Are charges applied on a per-mile basis? Is there feedback to drivers about the cost of their trip?

- How are revenues spent? How is transit and highway capacity changed as a result? (Should pricing and expenditure be considered together?)
- How should a regional system be implemented, incrementally or comprehensively? How quickly could the infrastructure for system wide pricing be implemented and what's the cost? Are there technological solutions that enable greater sophistication in the infrastructure?
- Does managing freeways using tolls allow more vehicle throughput? Does it prioritize moving people and goods? How can pricing ensure cost effective business and commercial travel alongside reduced VMT?
- What political limits will be placed on the ability to raise prices or to apply revenues flexibly?

Policy considerations

Transportation pricing using tolls is being considered as a means of raising needed revenue, as well as a method to manage the system for better reliability. Tolls would provide an increment of new revenues to supplement gas taxes, which produce less value over time because they do not rise with inflation, and will decline further as drivers conserve fuel and travel less in the future. The TIWG considered policy and implementation considerations that could increase the affect of pricing on achievement of VMT/GHG reduction goals:

- **Goal parity:** We recommend that VMT/GHG reduction be considered as equal to revenue and system management objectives in design and development of pricing strategies and actions. We recognize that tradeoffs will be needed between these sometimes competing objectives.
- **Flexible use of revenues:** We recommend that pricing legislation and authority allow for flexible use of toll revenues for all transportation modes and uses. The TIWG is discussing specific recommendations for the CAT's consideration in October. Ongoing TIWG deliberations include the use of revenue to fund transit operations and ensuring funds for the operations and maintenance of the facility.
- **Flexibility in rate-setting:** To achieve VMT reduction and meet state goals may require setting higher toll rates that would be needed to meet narrowly-defined transportation project funding needs.
- **Broad application:** A broader application of tolling will promote greater achievement of revenue, efficiency, and GHG-reduction goals. Broad application also helps avoid the perception of inequity due to tolling some roads and not others, and could set a context allowing more flexible use of revenues and greater consistency in the application of tolls from the customer's point of view.
- **Fairness, consistency, and transparency:** Tolling strategies must be publicly acceptable, i.e., public seeing the value to them derived from tolling; and to

achieve that, tolls should be managed fairly, consistently, and transparently. These qualities are also required as a precondition for achieving the flexibility discussed above.

- **Other pricing mechanisms:** Tolls are not the only form of pricing that could address GHG and VMT reduction goals. A low VMT future would encourage local travel, requiring greater investment in local infrastructure. Other pricing mechanisms should also be considered that may be more directly linked to GHG or VMT reduction, and that could be applied at both the local and regional scale.