

# Emerging Issues in Transportation Finance

Minnesota House of Representatives  
Transportation Finance and Policy Committee

Lee Munnich

January 19, 2021



HUMPHREY SCHOOL  
OF PUBLIC AFFAIRS  
UNIVERSITY OF MINNESOTA

# Emerging Issues

- A new user-based alternative to the fuel tax
- Public-private partnerships



# User-based Alternative to the Fuel Tax

- Distance-based fees - also known as mileage-based user fees (MBUF), road useage charges (RUC), or vehicle miles traveled (VMT) fees
- As the fuel tax becomes less effective and equitable with more fuel efficient and electric vehicles, an alternative user-based approach is distance-based fees.





# Minnesota Leadership on Distance-based Fees

- 1990s – Rep. Bernie Lieder proposes a mileage-based user fee at the gas pump
- 2008 – Legislature approves MnDOT pilot study
- 2011 – Mileage-based User Fee Policy Task Force
  - Promote Equity: Ensure that all motorists pay for their use of the roadway transportation system, regardless of vehicle energy source.
  - Generate Transportation Funds: Generate transportation revenues by supplementing or replacing the motor fuel tax with mileage-based user fees over time.
- 2017 – Federal STSFA grants for MnDOT to study use of in-vehicle technology to collect distance-based fee with car-sharing companies



# Utah's Legislative Path to a Road Usage Charge

- **SB 136 (2018)**

- Implement a Road User Charge (RUC) – Jan 2020
  - Voluntary program for electric, plug-in hybrid, and hybrid vehicles to pay their annual flat fee
- Established a RUC advisory committee
- Report annually on program & future research projects

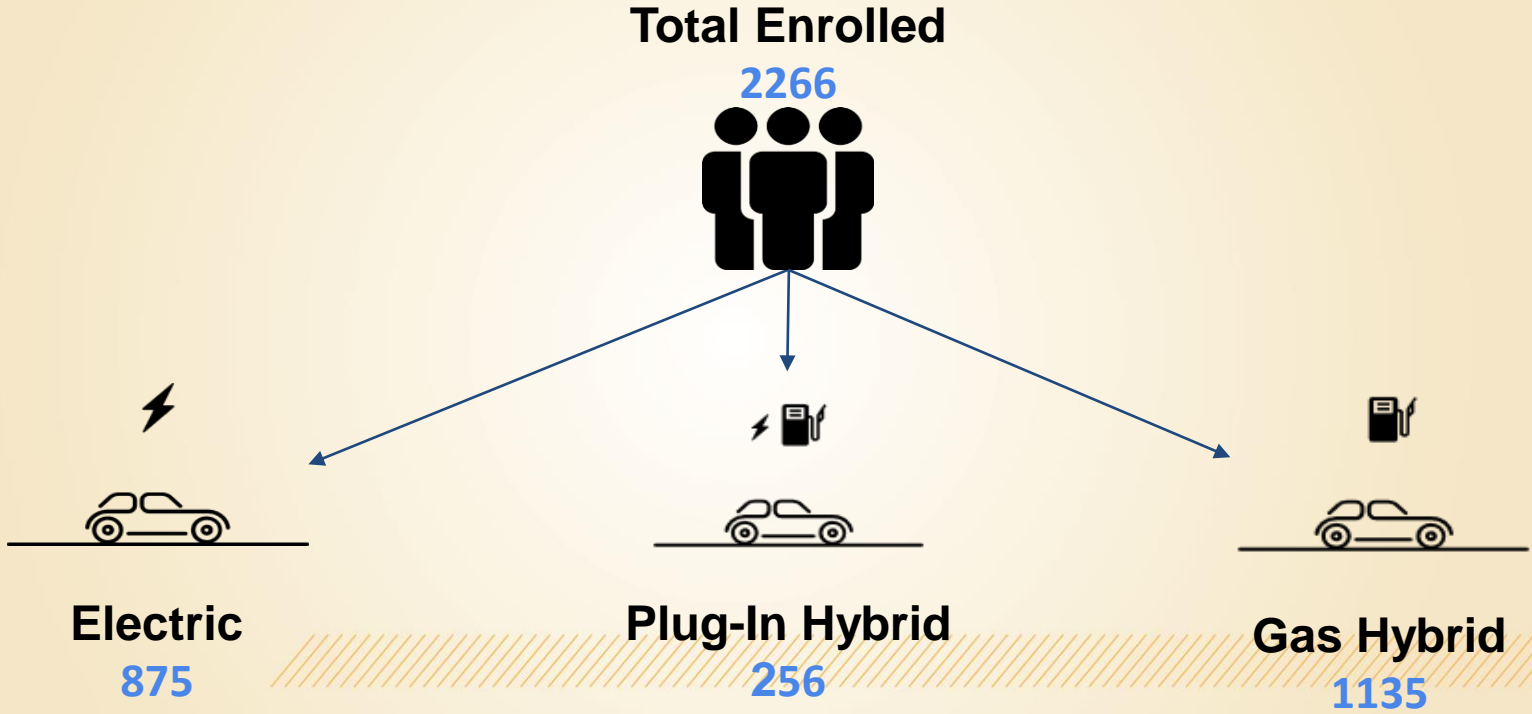
- **SB 72 (2018)**

- Rulemaking authority for UDOT
- Rulemaking authority for Transportation Commission
- UDOT/DMV information sharing

## Annual Flat Fee Schedule

| Year         | EV    | PHEV | Hybrid |
|--------------|-------|------|--------|
| <b>2020</b>  | \$90  | \$39 | \$15   |
| <b>2021+</b> | \$120 | \$52 | \$20   |

# Utah's Road Usage Charge Program Enrollment



Telematics: 152 OBD-II: 2114

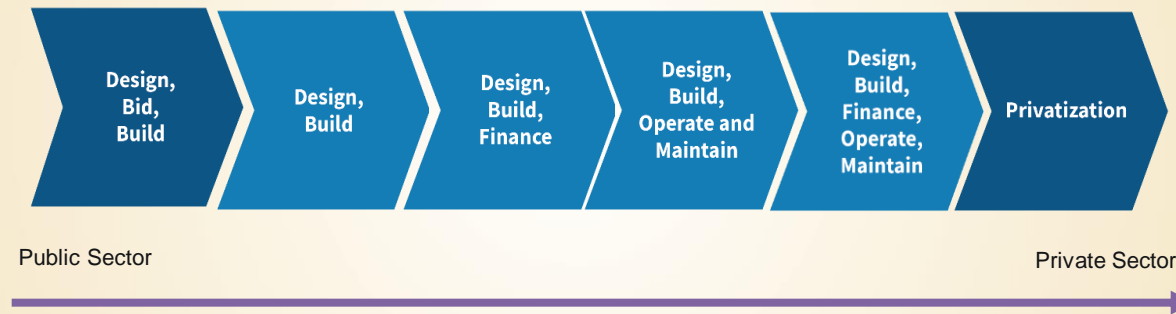
Data Updated: 11/15/2020





# Highway Public-Private Partnerships (P3s)

## Infrastructure Delivery Options



### Risk

*Degree of ownership, development integration, risk transfer and extent of private financing.*







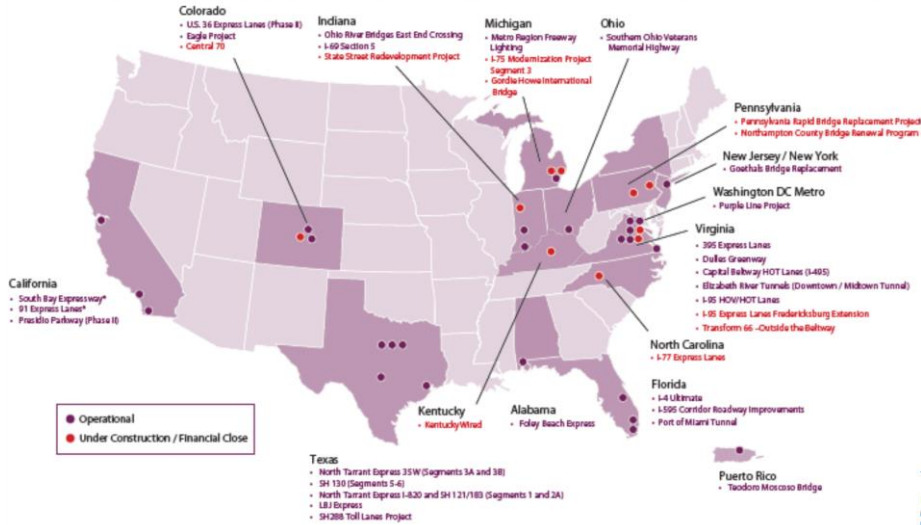
# Key Differences: Conventional vs. P3

| Conventional Projects<br>(design-bid-build)  | P3 Projects<br>(design-build-finance-operate-maintain)  |
|--|---|
| Public sector takes on all risks (except construction)   | Risks shared between public and private sector  |
| Public Financing   | Private Financing   |
| Lowest bidder  | Best suited/best value  |
| Operations and maintenance (O&M) and ongoing rehabilitation (if any) carried out by public agency once constructed | O&M carried out by private sector; ongoing rehabilitation overseen by public sector stewardship of P3 agreement |

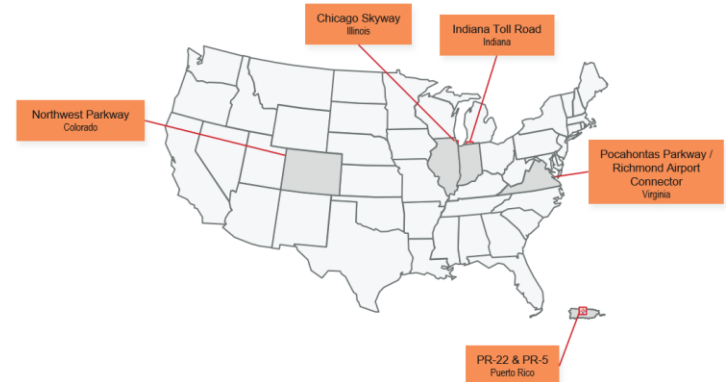


# P3 Concessions in the U.S.

## P3 Concessions in the U.S. – New Build Facilities



## P3 Concessions in the U.S. – Existing Facilities



*Questions?*

