

SUPPORTING STATEMENT
National Evaluation of a Mileage-Based Road User Charge

This is to request OMB three-year approved clearance for the new information collection entitled “National Evaluation of a Mileage-Based Road User Charge”.

Part A. Justification

1. *Circumstances that make collection of information necessary:*
Section 1919 of *The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users of 2005 (SAFETEA-LU)* requires the Secretary of the Department of Transportation to submit annual reports and a final report to the Secretary of the Treasury, the Committee on Transportation and Infrastructure and the Committee on Ways and Means of the House of Representatives, and the Committee on Environment and Public Works and the Committee on Finance of the Senate on the results of an analysis of highway vehicle mileage data collected to assess a mileage-based approach to collecting highway use fees. The analysis will be conducted through a two-year pilot test of assessing the technology, systems and driver opinions on a method to collect highway use fees based upon actual mileage driven by a specific vehicle on specific types of highways by use of an onboard computer as a possible alternative to the existing fuel tax. The study includes an assessment of user acceptance of privacy aspects of the mileage data collected, transmission of that data to the data collection center and transmission of statements to the user. This assessment shall be conducted through analysis of information collected from the pilot test participants.

2. *How, by whom, and for what purpose is the information used:*
A sample of about 2,700 participants will be recruited across two years to participate in two one-year pilot tests. The pilot tests are designed to provide information that can be used to evaluate an approach to assess highway user fees based upon actual mileage driven in multiple jurisdictions. Participant vehicles will be equipped with on-board computer systems, including a GPS component, that are linked to satellites for collecting and transmitting information on vehicle miles traveled. Once the computer systems are installed and operational, users will be asked to participate in six surveys over the year of their participation in the study. The surveys will collect information on a range of topics regarding participation in the pilot test, including opinions on statement structure detail, motor vehicle fuel taxes and highway financing. The information collected over the course of the pilot tests will provide the basis for analysis and evaluation of a mileage-based road user charge structure. Findings and recommendations of that evaluation will be reported to the Secretary of the Treasury and both Houses of Congress by the Secretary of Transportation for consideration among alternatives for funding highway funding into the future.

3. *Extent of automated information collection:*
Participants will have the option of providing information by telephone, internet or paper questionnaire. The decision to allow multiple options for participants was made to reduce burden for people with internet/phone access, while at the same time not

excluding people without internet/phone access.

4. Efforts to identify duplication:

FHWA is aware of two other studies, both funded in whole or in part by grants under the Value Pricing Pilot Program at the Federal Highway Administration, that use on-board systems to assess road user fees.

- A study conducted for the Puget Sound Regional Council (Washington State) was designed for congestion management purposes. The study examined variable tolling on selected roadways and used GPS systems to collect location and travel-time data. The roadway network included in the study, or the Congestion Management System, was a subset of the region's complete roadway network, or the Metropolitan Transportation System. Participants in the study were given an endowed travel account from which the mileage fees they accumulated during the course of the study would be deducted.
- Oregon is conducting a pilot test of a mileage-based road user charge to replace the state fuel tax. The methodology used for the pilot collects data that determines which miles are driven within the state, and subject to the mileage charge, and which are not driven in the state, and not subject to the mileage charge. Mileage fees are collected at service stations when the vehicle is fueled and only the total mileage subject to the mileage-based fee is transmitted. The fee is added to the price of the fuel purchase and fuel taxes are deducted.
- Other studies being funded by the Value Pricing Pilot Program are investigating charging some currently fixed costs of operating an motor vehicle, such as registration fees and insurance, by mileage. These are significantly different issues from the mileage-based user charge being examined in this study.

The information collected in the Washington and Oregon studies are significantly different from the information to be collected for this study – neither of those studies encompassed the entire roadway network in which participant vehicles would be traveling, neither generated mileage data driven in each jurisdiction driven, neither collected user fees through a separate billing process, and neither provided participants with varying levels of information provided to the vehicle operator that allow the ability to audit the reasonableness of the mileage fee charges. Neither of those studies can be used to answer the issues to be studied by this effort.

5. Efforts to minimize the burden on small businesses:

Small businesses are not being recruited to participate in this study. No information will be collected from small businesses.

6. Impact of less frequent collection of information:

This one-time study is mandated by law – not collecting information from respondents over the course of the study would severely reduce the value of the study for providing lawmakers with information to aid in assessing alternatives to the fuel tax for collecting road user fees. See Item 7 below for impact of less frequent collection.

7. Special circumstances:

The frequency of collection will be bi-monthly. Participants will be surveyed bi-monthly about their experiences with the mileage-based road user charge and regarding their views on various matters germane to the study.

8. Compliance with 5 CFR 1320.8:

Ten comments were submitted to Docket No. FHWA-2006-25257 in response to the Federal Register Notice and Request for Comments published July 5, 2006 at page 38206. A copy of those comments is included with this submission. A summary of the comments appears below:

- Seven of the ten comments stated varying opinions on the concept of a mileage-based highway user fee as an alternative to fuel taxes, the use of GPS/GIS interface to distribute mileage by jurisdiction for determining applicable fee rates and apportionment of fees collected, implications for toll road use, and implication for motor carriers (Docket Items 4-6, 8-11). Four of these expressed concerns that implementation of a mileage based fee should be accompanied by the elimination of the fuel tax or that toll road travel should be exempt from the mileage based fee. Two expressed concerns that the government would use the travel data for other purposes, including imposing fines for speed limit violations. Two commenters stated that current systems of collecting fees from motor carriers, the International Registration Plan and the International Fuel Tax Agreement, were problematic, with one stating a one payment system would be preferred over the existing systems.
- One commenter offered several suggestions as to considerations for implementing a mileage based user charge: Must directly benefit road being driven; Should be structured into separate maintenance and congestion relief fund categories; A 20-year voluntary phase in, beginning with commercial vehicles; Variable rates based on vehicle weight per tire; Joint implementation with NAFTA partners; Subsidy for low-volume rural roads; Phase out of local sales taxes, development fees, tolls and property tax used for funding roads; National vehicle safety inspection program to verify the working order of the on-board computer system; Options for different fee collection schemes.
- One commenter stated that implementation and ongoing operating, enforcement and billing costs of the mileage-based charging scheme should be estimated and compared to the costs of raising existing taxes, as well as to the costs of expanding the existing tax structure to alternative-fuel vehicles. This commenter disagreed with the premise that a mileage-based charge should directly benefit the road driven, arguing that continuing flexibility in project funding is necessary to ensure funds are spent on the projects with the greatest overall benefit.
- One commenter expressed concern that the system being examined in the study is heavily reliant on technology, and therefore at risk if any of the technologies in the system were to fail, either on their own or through outside means, such as terrorism. This commenter also suggested that the system being studied would require a new bureaucracy to administer it. Recognizing the need to collect fees through means other than the fuel tax as more hybrid and nonfossil fuel systems are adopted, this commenter suggested that lost fuel tax revenues could be covered by increases in motor vehicle license fees without creating a new collection system.

FHWA appreciates these comments to the docket. Many of the issues raised – privacy and unrelated uses of the travel data collected; that the new charging scheme would be in addition to, instead of a replacement for, the fuel tax; variable weight-based rates – are important considerations if and when a nationwide mileage-based road user charge system is implemented in the future. This study is an examination of one alternative to replace or supplement the fuel tax. This and other alternatives will be discussed in the comprehensive study being conducted by the National Surface Transportation Policy and Revenue Study Commission, as authorized under Section 1909 – Future of Surface Transportation System of SAFETEA-LU.

9. *Payments or gifts to respondents:*

It is important to the outcome of the study that individuals who begin the pilot test phase of the study complete the full year of the study. Participants will be asked for their opinions on highway financing and study parameters that change over the course of the study. As the participants are exposed to the mileage-based road user charge over the course of their participation, and as the methods of implementing fee collections are varied, participants opinions may change. The value of the study will be enhanced by a high participant retention rate. To induce participants to remain in the study, those who complete the year of study and exit questionnaire will be compensated a total of \$1,165 - \$200.00 upon entry into the study, \$65 per month during the year and \$250.00 upon completion of the study and exit questionnaire.

10. *Assurance of confidentiality:*

The University of Iowa operates a centralized program to review and approve all research involving human subjects through the Office of the Vice President for Research. Before a research project involving human subjects is initiated, it must be reviewed and approved by an Institutional Review Board (IRB). The University's IRB has filed a Federalwide Assurance (FWA) with the Office for Human Research Protections in the Department of Health and Human Services – FWA00003007 (expiration: March 14, 2009). The FWA requires the IRB to adhere to ethical standards as provided by the Federal Policy for the Protection of Human Subjects, known as the Common Rule. The U.S. Department of Transportation's adoption of the Common Rule is codified at 49 CFR part 11.

There are three paths on which information are collected and over which it travels. One path is for personal information collected from participant candidates – the Recruitment Data Collection Path. The second path is for information collected from participant surveys – the Participant Data Collection Path. The third path is for information collected from participants' vehicles – the Vehicle Data Collection Path.

Recruitment Data Collection Path – Personal Identity Information (PII) will be necessary for, and used only for, statement purposes. Personal information will be collected on a secure web server hosted by the University of Iowa during the participant recruitment phase of the study. These data will be manually transferred onto the Study Server located in the Public Policy Center of the University. Once loaded onto the Study Server, the PII data will be deleted from the University secure web server. A randomly generated

Participant ID number will be assigned once the PII data are on the Study Server. The Participant ID will be manually transferred to the Operations Server.

Participant Data Collection Path –Participant survey information will be collected and stored on a vendor hosted Operations Server. Participant survey and Participant ID information will be manually transferred to the Study Server.

Vehicle Data Collection Path – Vehicle mileage and fueling information will be collected and stored on a vendor hosted Operations Server. Vehicles will be identifiable by randomly generated ID numbers that are mapped to Participant ID numbers. Vehicle mileage and fuel data and Participant ID information will be manually transferred to the Study Server.

11. *Justification for collection of sensitive information:*

The recruitment and surveys conducted over the course of the study will not collect information of a sensitive nature. The travel data collected from the on-board computer system may include information that is not sensitive on its face, but may be sensitive under certain circumstances, such as travel outside of a jurisdiction that the study participant is under court order not to leave. However, these data form a cornerstone of this study and the data will be held in confidence

12. *Estimate of burden hours for information requested:*

The hourly value of time used here is the value of personal travel time as provided in the USDOT's *Departmental Guidance for the Valuation of Travel Time in Economic Analysis*, adjusted to 2006 dollars. This value is being used because the opportunity cost of time spent on personal travel is some other non-employment related activity (i.e. leisure activity), as is the opportunity cost for time spent participating in this study. The 2006 adjusted value is \$11.90.

Recruitment Campaign Qualification Screening: Approximately 6,625 respondents to the multimedia campaign are expected in the first year and 8,375 in the second – a total of 15,000 respondents over the 2 years. Each respondent will respond once. The typical response is expected to take 5 minutes, resulting in approximately 552 hours in the first year and 698 in the second year – a total of 1,250 hours over the course of the study. The cost of hourly burden in the first year is estimated to be \$6,570, in the second year \$8,305, and over the two year period a total of \$14,875.

Recruitment Campaign Selection Screening: 5,300 respondents are expected to clear the qualification screening in the first year and 6,700 in the second – 12,000 over the 2 years. Each respondent will respond once. The typical response is expected to take 15 minutes, resulting in approximately 1,325 hours in the first year and 1,675 in the second year – a total of 3,000 hours over the course of the study. The cost of hourly burden in the first year is estimated to be \$15,768, in the second year \$19,932, and over the two year period a total of \$35,700.

Participant Training: 1,200 participants are expected in the first year and 1,500 in the

second year – a total of 2,700 over the 2 years. Each participant will be trained once. Arranging a training time is expected to take 5 minutes on average and the actual training will take 1 hour. Total time spent on training is expected to be 1,300 hours in the first year and 1,625 in the second year – a total of 2,925 hours over the course of the study. The cost of hourly burden in the first year is estimated to be \$15,470, in the second year \$19,338, and over the two year period a total of \$34,808.

On-board Equipment Install/Remove: 1,200 participants in the first year and 1,500 in the second will make their vehicles available for installation and removal of on-board equipment. The installation will take approximately 90 minutes and the removal will take approximately 60 minutes. Total time spent for installing and removing on-board equipment is expected to be 3,000 hours in the first year and 3,750 in the second year – a total of 6,750 hours over the course of the study. The cost of hourly burden in the first year is estimated to be \$35,700, in the second year \$44,625, and over the two year period a total of \$80,325.

Bi-Monthly Survey: 1,200 participants in the first year and 1,500 in the second will be surveyed on a bi-monthly basis. The first five surveys will take approximately 15 minutes to complete and the exit survey will take approximately 30 minutes to complete. Total time spent on surveys is expected to be 2,100 hours in the first year and 2,625 hours in the second year – a total of 4,725 hours over the course of the study. The cost of hourly burden in the first year is estimated to be \$24,990, in the second year \$31,238, and over the two year period a total of \$56,228.

Total annual burden hours in the first year are expected to be 8,277. Total annual burden hours in the second year are expected to be 10,373 – a total of 18,650 hours over the course of the study. The cost of hourly burden in the first year is estimated to be \$98,498, in the second year \$123,438, and over the two year period a total of \$221,935.

13. *Estimate of total annual costs to respondents:*
There are no costs to the participants beyond the hour burden.
14. *Estimate of cost to the Federal government:*
The total cost to the Federal Government of the four year study is expected to be the amount authorized by legislation - \$16,500,000 less lopoff amounts (currently 10 percent lopoff is in effect). On a fiscal year annual basis, the authorized funding (Sections 1919 and 1934 of SAFETEA-LU) is: 2005 - \$400,000; 2006- \$2,800,000, 2007 - \$4,500,000, 2008 - \$4,500,000; 2009 - \$4,300,000.
15. *Explanation of program changes or adjustments:*
This is a new program and therefore there are no program changes or adjustments.
16. *Publication of results of data collection:*
The legislation mandates annual reports on the status of the analysis and a final report on the results of the analysis. The reports are to be submitted by the Secretary of Transportation to the Secretary of the Treasury, the Committee on Transportation and

Infrastructure and the Committee on Ways and Means of the House of Representatives, and the Committee on Environment and Public Works and the Committee on Finance of the Senate.

The first annual report will be available for submission in November 2006. It will include the planning and study design work carried out during the first year of the study.

The second and third annual reports are expected to be available for submission in November 2007 and November 2008 respectively. These reports will include status information on the first and second year pilot tests, when the information collection requested herein will be conducted.

The final report is due no later than July 1, 2009. This report will present the findings of the analysis of the study in the six sites included in the study. The report will include recommendations on a mileage-based road user charge revenue source as an alternative to the current fuel tax revenue source.

17. Approval for not displaying the expiration date of OMB approval:

Not applicable.

18. Exceptions to certification statement:

None.