CLIMATE ALLIANCE FOR jobs & clean energy

Clean & Just Transportation

State-wide Revenue Recommendations

As the state legislature looks at how to fund the transportation system to achieve Washington State's transportation goals, we must assess how to generate transportation revenue in a way that reduces greenhouse gas emissions and air pollution, improves multimodal transportation choices, and ensures fair and equitable outcomes. The following are guidelines for evaluating new and existing transportation revenue sources and key considerations for emerging revenue ideas given the challenges we face:

Principles

Move away from volatile taxes. The devastating impacts of COVID-19 on our State's revenue further emphasizes the need for more sustainable, progressive, and sufficient funding. However, source stability takes on a new urgency, as an overreliance on volatile tax sources such as sales and gas tax causes the overall State budget to plummet.

Move away from restricted revenues. Gas tax is currently limited to highway spending, which has historically benefited white and wealthy areas and cut through lower-income communities of color. Instead, we should design revenues to fund an equitable transportation system, including bike, pedestrian, buses, and other transit options.

- Do not restrict or silo new revenue to highways
- While taxes remain restricted, use them to pay for priorities such as ferries as well as mitigation and repair of past harms resulting from highway infrastructure
- Prioritize spending on maintenance and preservation over new highway capacity
- Use adopted statewide transportation policy goals and criteria in spending decisions

Prioritize progressive sources and structures so that revenue burden does not disproportionately fall on low-income payers.

- Charge higher fees and taxes on those with higher income and wealth, and target corporations and profits over individuals
- Ensure structures and implementation best serve the needs of low-income residents, considering barriers to income verification and accuracy of vehicle value as a proxy for wealth

Ensure revenues and implementation do not exacerbate disproportionalities for people of color, immigrants, refugees, as well as low-income, disabled, elderly, and unbanked residents, which includes engagement in policy design, monitoring, and evaluation.

- Do not disproportionately penalize those displaced to or in rural areas who travel further distances
- Payment options and interface should accommodate people without smartphones, non-English languages, a range of disabilities, and without divulging immigration status
- Move away from charges with penalties for cash payments

Use charges and rate structures to address environmental and social impacts of transportation, including GHG emissions, local air pollutants, congestion, injuries and deaths, and stormwater runoff.

- Higher costs for higher polluters, dirtier vehicles and fuels, target fees for large point source polluters, upstream pollutant creators, and higher in areas with existing disparities
- Higher consequences for behaviors associated with injury and death, including: congestion, speeding, and blocked intersections
- Higher costs for development or investments or energy sources that encourage or create sprawl, reduction or destruction of resource lands, or increase impervious surfaces, and incentives for building affordable housing and commercial space near transit

Ensure revenue sources do not negatively impact workers and small businesses.

- Ensure a just transition for workers who drive and self-employed/contracted drivers
- Support revenue sources that strengthen Washington's home grown economy by supporting local access to local manufacturing, retailers, and other goods and service providers

Prospective Revenue Sources & Key Policy Guidance

In the wake of COVID-19, 976, and the loss of significant revenue sources, we recommend the following policy guidance for the emerging new revenue ideas below. We believe each of these mechanisms has potential, if developed in alignment with the above principles. We assume that the following revenue sources are not restricted to only highway purposes, as the 18th amendment limits the gas tax. Continued evaluation of both the impact of revenue sources and the potential for adaptive management of those sources is imperative. Please note that the list of sources below is not exhaustive, and that some of the statewide sources could additionally be authorized at the local level.

Air Quality Surcharge: A one-time charge that accounts for the ability to pay the owner on the sale or lease of new vehicles, as well as a one-time charge on the remaining life of vehicles being retitled/registered in Washington for the first time (preventing recent out-of-state purchases for the purpose of evading the charge). The charge would vary based on a vehicle's estimated lifetime greenhouse gas pollution determined from a vehicle's fuel economy (MPGe) rating from the EPA. It would create an immediate incentive to purchase more efficient, less polluting vehicles, cutting Washington's greenhouse gas emissions and contributing to air quality improvements.

Luxury Transportation Tax (e.g. yachts, private jets, luxury vehicles, very high end ZEVs): Fees or taxes on luxury transportation modes that exceed a set price (e.g. 10% on boats above $50k). This would be a progressive way of generating revenue since it is applied only to luxury modes, many of which are also high fuel consumers and polluters. Would not apply to tribal fishing boats.

NOTE: The Air Quality Surcharge and the Luxury Transportation Tax should be considered together to ensure that purchases of high-priced Zero Emission Vehicles, which would be exempt from the Air Quality Surcharge, also contribute to the clean and just transportation we need in Washington.

Road Usage Charge: An innovative way to generate transportation revenue that charges people by the number of miles they drive. It is critical that revenue generated from a RUC holistically funds a clean and just transportation system, broadening spending to fund multimodal projects and programs; and includes a progressive rate structure reflective of ability to pay, is set to cover infrastructure costs as well as social and environmental externalities; and addresses the climate crisis by incentivizing less driving and cleaner vehicles by adjusting rates for vehicle efficiency. Concerns regarding privacy, the potential for disproportionate impacts, and administrative burdens on both the state and road users must also be addressed through further discussion and evaluation. We are excited to see the results from a budget proviso directing the WSTC to further study equity impacts of a RUC.

If implemented accordingly, a RUC should function as a new large-scale transportation revenue source that helps address the regressive nature of our tax base. However, we must be realistic about the timeline for a new funding source like this to come online. While we support additional research and work happening now, it is a longer-term solution that may not work to fill urgent gaps right away. Compatibility and duplication with some of the sources below must also be evaluated.

Carbon Fee: A steadily escalating fee applied to every ton of carbon emitted by transportation fuels in Washington, likely as part of a broader carbon fee that addresses emissions from all sectors. The fee structure must mitigate the cost impacts to low-income people, ensure that spending goes toward transportation solutions that reduce GHG emissions and aligns with our goals, and reserve at least a third of investments to reduce pollution in environmental justice communities. It is important to note that a carbon pricing scheme should not deter from other carbon-reduction policies, since a price alone will not achieve the pollution reductions necessary, but a price on carbon can be a meaningful component of a suite of policies.

More progressive local options. In addition to statewide sources, the legislature should also grant local jurisdictions the authority to implement or ask voters for additional revenue options. Current options for local jurisdictions are limited, time-bound, and regressive. We must give local leaders better options to provide and maintain safe and equitable transportation networks.

The Climate Alliance for Jobs and Clean Energy is a coalition of environmental advocates, labor unions, health professionals, businesses, faith communities, and communities of color, working with tribal nations–plus thousands of volunteers from across Washington State–committed building a resilient climate justice movement.

Together, we envision a clean and equitable transportation system for Washington that reduces climate pollution, and improves community health, economic opportunity, and create sustainable alternatives to congestion management. We also believe transportation solutions must be built by those most those most adversely impacted by pollution and economic injustice to ensure we create a transportation system that works for everyone.