



California Road Charge

Road Charge Technical Advisory Committee

Road Charge Collection Pilot and SB 339 Interim Report Update

May 31, 2024

Pilot Update

- ▶ **Recruitment is underway**
- ▶ **Participants will be selected and onboarded in July**
- ▶ **Pilot will start August 1 and run through January 2025**
- ▶ **Final report potentially out next summer**



Recruitment Timeline

April – June:

Website Updates and AAA Westways Article



May – June:

DMV emails (700 800k customers per month), Video in DMV Offices, Peachjar Notice, and Road Charge Newsletter



June:

Press Release, Caltrans All District Public Affairs Promotion (interviews, social media, etc.), and Legislator Emails

WE NEED
YOU



- ▶ **Required by SB 339 (Wiener, 2021)**
- ▶ **Due to the Legislature by July 1, 2024**
- ▶ **TAC Feedback Needed**
- ▶ **Contents include an Overview of the Issue and a Brief Update on the Pilot**
- ▶ **First look at the Administration's Plan for Potential Implementation**



SB 339 Road Charge Collection Pilot Interim Pilot Report

**A Potential Administrative Process
for a Road Charge System in California**

Guiding Principles

The Administration's overarching principle for implementing a statewide Road Charge System is to build on existing systems and processes wherever possible.

- This approach would help lower administrative costs and minimize implementation burdens to affected state agencies.
- Public familiarity with these existing systems would make it easier for taxpayers to transition to paying a road charge.

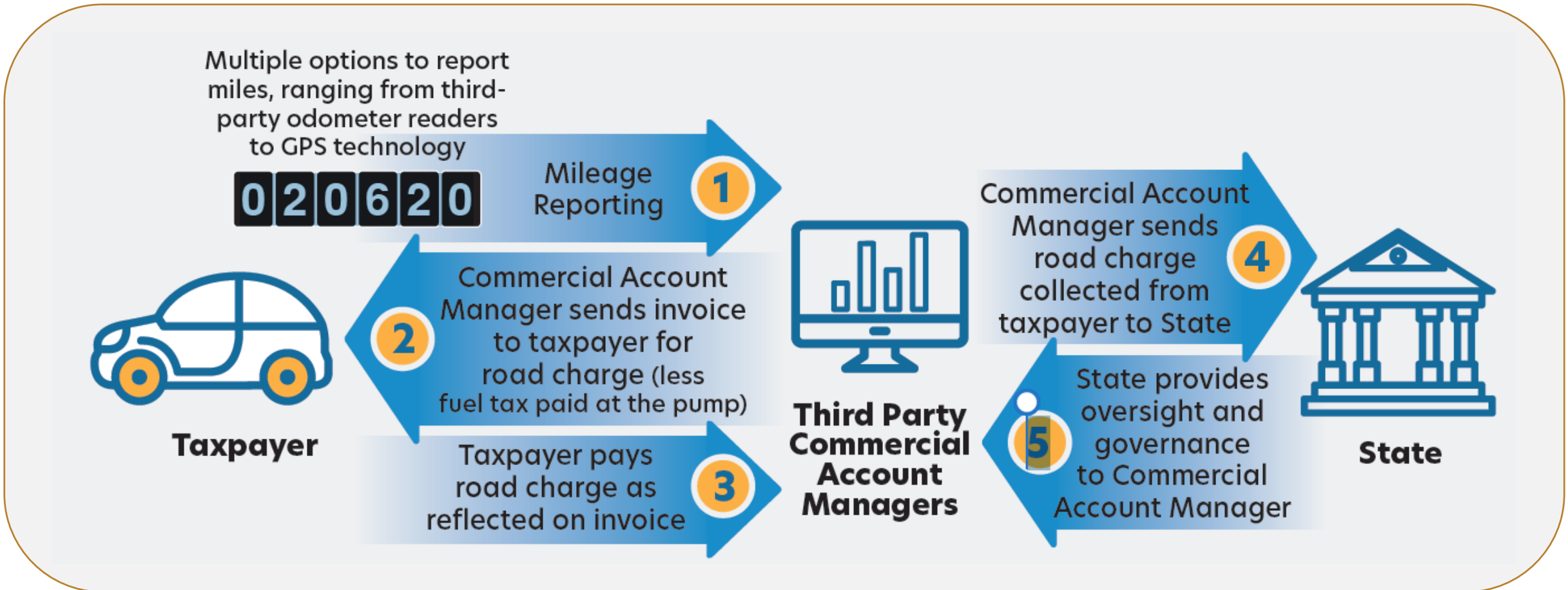
The proposed structure could support the transition of all 33 million passenger and commercial vehicles to a road charge, likely in a phased rollout over 10 to 12 years after passage of legislation, or a subset of vehicles, such as only zero-emission passenger and commercial vehicles.

Passenger Vehicle Road Charge System



- ▶ The **DMV** could be the lead agency with oversight to implement a road charge program.
- ▶ RUC would be tied to each vehicle's VIN and stored as a tax record.
- ▶ As the oversight and taxing agency, DMV would have the responsibility to certify and audit the private, third-party vendors, or Commercial Account Managers (CAM), similar to the DMV's existing business partner process.
- ▶ The CAM would enroll participants, collect mileages, calculate the road charges and fuel tax credits due (if any), submit invoices to vehicle owners, collect the tax amount due from taxpayers, and submit the revenue to DMV.
- ▶ The state would designate multiple certified CAMs, allowing taxpayers to choose what works best for them in terms of account management and reporting options.
- ▶ Multiple types of reporting options would be offered. No location sharing would be required.
- ▶ Conceptually, the CAM performs a service similar to a tax firm that helps an individual calculate and file their income taxes.

Commercial Account Manager System



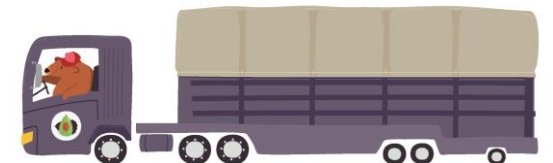
Enforcement Process



- ▶ **Collection of Road Charges can follow the existing enforcement process used by toll agencies in cooperation with the DMV.**
- ▶ **In this case, the CAM will attempt to collect twice from taxpayers before reporting unpaid overdue amounts to DMV to be added to vehicle registration with or without penalties.**
- ▶ **The DMV may enter into mediation if the vehicle owner requests an appeal on outstanding road charges, but eventually DMV may turn the collection over to the Franchise Tax Board if vehicle registration is not paid.**
- ▶ **This system is in place and only needs minor adjustments to incorporate a RUC.**

Commercial Vehicle Road Charge System

- ▶ The **California Department of Tax and Fee Administration (CDTFA)** would oversee a commercial vehicle road charge system.
- ▶ CDTFA is currently the implementing agency for the **International Fuel Tax Agreement (IFTA)**, which is a federally recognized cooperative agreement between the 48 contiguous states of the United States and 10 Canadian provinces to simplify and streamline the reporting of fuel used by motor carriers that operate in more than one state/province. Mileage is reported quarterly by state.
- ▶ IFTA began processing commercial vehicle road charges in January 2024 to incorporate the passage of HB 1050 in Indiana, so the basic structure of an interoperable commercial vehicle road charge system is in place.
- ▶ This is consistent with preferences expressed by the trucking industry, incorporating road charge reporting into an existing reporting process.
- ▶ Trucks with a gross vehicle weight of between 10,000 and 26,000 pounds are not currently required to follow IFTA reporting. Nor are trucks over 26,000 pounds that travel only within California. However, the existing IFTA structure could be expanded to include these vehicles.
- ▶ Enforcement processes are in place, including auditing by CDTFA.





Questions?

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