

Memorandum

To: CHAIR AND MEMBERS

CTC Meeting: May 31, 2024

From: TANISHA TAYLOR, Executive Director

Reference Number: Tab 6, Action

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Subject: Update on the Pilot Road Charge Rate for 2024-2025

Recommendation:

The California Transportation Commission (Commission) staff recommend the Road Charge Technical Advisory Committee adopt an updated per mile rate of 2.8 cents per mile, inclusive of administrative fee, for use in the Senate Bill 339 Road Charge Collection Pilot.

Summary:

The rate adjustment from 2.5 to 2.8 cents per mile is required to account for inflation from fiscal 2021-2022 through fiscal year 2024-2025 and to demonstrate that funds collected through the pilot can be a revenue neutral replacement to the gas tax.

The updated per mile rate has been calculated using the same methodology established by the TAC in the Senate Bill 339 Road Charge Pilot Design Recommendations Report, with updated inputs related to inflation. The rate is determined by dividing the total light-duty revenue needed, adjusted for inflation, by the total vehicle miles traveled by light-duty vehicles. Commission staff will present a summary of the updated rate for fiscal year 2024-2025 that is proposed for use in the Senate Bill 339 Road Charge Collection Pilot. Data sources for this analysis include historical and projected revenue from the California Department of Transportation budget spanning fiscal years 2021 to 2025 and vehicle miles traveled for the year 2023 sourced from the Federal Highway Administration for California.

To substantiate the need for a rate adjustment, staff will provide an overview of how inflation affects the per mile rate over the analysis period, resulting in the recommended rate update.

Pursuant to the existing rate setting methodology, administrative costs have been estimated and included in the rate update. Staff will present an administrative cost example scenario of 3

percent, detailing the total collected administrative fee, approximate payments for each vehicle, and the resulting impact on the road charge rate.

Background:

Senate Bill 339 requires the Road Charge Technical Advisory Committee to develop a “flat-per-mile” rate for one of the two vehicle groups participating in the Road Charge Collection Pilot. In 2023 the Senate Bill 339 Pilot Design Recommendations established a flat per-mile rate of 2.5 cents per mile for light-duty vehicles in the “flat rate” cohort. The Road Charge Collection Pilot is anticipated to begin in August 2024 and, based on inflationary adjustments needed, the rate should be increased so that it serves as an accurate replacement for the gas tax for purposes of the pilot.