

CALIFORNIA ROAD CHARGE PILOT PROGRAM



March 2017

WHAT IS A ROAD CHARGE?

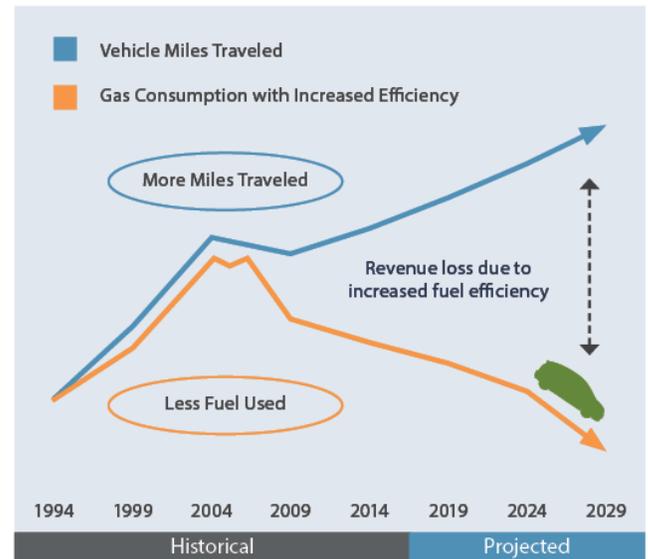
A Road charge, also referred to as a road usage charge, mileage-based user fee, or vehicle miles traveled tax; is a user-pays funding mechanism where drivers pay to fund road improvements based on the miles they drive, rather than the amount of gasoline they purchase.

WHY STUDY A ROAD CHARGE?

An efficient transportation system is critical for our economy and quality of life. The revenues currently available for highways and local roads, primarily from excise taxes paid on each gallon of gas sold, are inadequate to preserve and maintain existing infrastructure and to provide funds for improvements that would reduce congestion and improve safety. There are a number of reasons for this:

- ✓ **Inflation** – The state’s base gasoline excise tax was last raised in 1994. That 18¢ in 1994 is worth less than 8¢ today.
- ✓ **Usage** – In 1994 there was an estimated 144 billion miles driven on California state highways. By 2016, miles driven increased more than 35% to an estimated 195 billion miles.
- ✓ **Fuel efficiency** – Congress first enacted Corporate Average Fuel Efficiency (CAFE) standards in 1975. This standard was 18 mpg for 1978 model year cars. This was roughly the same fuel efficiency achieved by the Ford Model T and Model A more than half a century earlier. The current standard (2016) for cars is 39 miles per gallon (mpg). This is expected to increase to 54.5 mpg in 2025.

FUEL EFFICIENCY CONTRIBUTES TO REVENUE LOSS



ROAD CHARGE TECHNICAL ADVISORY COMMITTEE

In an effort to find a potential funding solution, in 2014 the Legislature passed and the Governor signed into law Senate Bill 1077 (DeSaulnier, 2014), directing the California Transportation Commission (Commission) to establish a Technical Advisory Committee (TAC). The TAC was formed to guide the development and evaluation of a pilot program to assess the potential for mileage-based revenue collection as an alternative to the gasoline tax system.

The Commission, in consultation with the California State Transportation Agency (Transportation Agency), identified and appointed a 15-member TAC representing a broad-spectrum of individuals and a diverse group of stakeholders from across the state.

Commissioners

Bob Alvarado, Chair
Fran Inman, Vice-Chair
Yvonne B. Burke
Lucetta Dunn
James Earp

James C. Ghielmetti
Carl Guardino
Christine Kehoe
James Madaffer
Joseph Tavaglione

Ex-Officios

Senator Jim Beall
Assembly Member Jim Frazier

Executive Director
Susan Bransen

ROAD CHARGE TECHNICAL ADVISORY COMMITTEE CONTINUED...

The TAC convened monthly public meetings throughout the state to discuss policy and technical issues related to the design and implementation of a road charge pilot program.

PROGRAM DESIGN RECOMMENDATIONS

The TAC issued the following key pilot program recommendations:

- ✓ Offer a choice of mileage recording methods:
 - Time permits, mileage permits, post-pay odometer charges, automated distance charging without location information, telematics and automated distance charging with general location information.
- ✓ Offer a choice of account managers, including a simulated state account manager and more than one commercial account manager.
- ✓ Test an open system design to allow the use of multiple operational concepts, technologies, and service providers.
- ✓ Test interoperability with other states.
- ✓ Require and test data security.
- ✓ Contain robust privacy protection features.
- ✓ Recruit 5,000 participants reflecting the diversity of California:
 - Geographic, socioeconomic, and vehicle type.
 - Individuals, households, businesses, and at least one government agency.

PILOT PROGRAM EVALUATION CRITERIA

The TAC also recommended 50 evaluation criteria, including:

- ✓ Protection of privacy and data
- ✓ Ability to match fuel tax revenue
- ✓ Ease and cost of administration and use
- ✓ Accuracy of reported data
- ✓ User acceptance
- ✓ Road charges and compliance cost

For a copy of the full TAC report please visit:
http://www.catc.ca.gov/meetings/Committees/Road_Charge/Road_Charge.html

PILOT PROGRAM IMPLEMENTATION

The Transportation Agency is responsible for implementation of the pilot program, which began on July 1, 2016. The TAC is continuing to meet periodically to receive updates on the progress of the pilot and to provide input on its operations and evaluation.

The pilot will conclude on March 31, 2017. The Transportation Agency will then submit a report of its findings based on the results of the pilot program to the TAC, the Commission, and the Legislature.

The Transportation Agency's report must address cost, privacy, jurisdictional issues, feasibility, complexity, acceptance, use of revenues, security and compliance, data collection technology, the potential for additional driver services, and implementation issues.

By December 2017, the Commission will make recommendations regarding the pilot program to the Legislature.

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