California State Transportation Revenue Projections
Overview of California Transportation Revenues

Overall, California transportation funding consists of state, federal, and local funds. This graphic shows the major components of state funds.
Fuel Consumption No Longer Increases in Proportion to Vehicle Miles Traveled

Notes: Vehicle miles traveled data from US Federal Highway Administration
Key Datasets for Projections
Transportation revenue projections rely on assumptions about many factors for which there is considerable uncertainly, including:

- Population size
- # of vehicles
- # of vehicle miles traveled (VMT)
- Gasoline and diesel fuel prices
- Adoption rates for ZEVs
- Inflation rates
Projections are a function of:
- Fleet size
- Fuel economy (and improvements for new vehicles)
- Number of ZEVs
- VMT

Revenue decreases over time as fuel economy of new vehicles improves.

ZEV fee recovers part of the decrease in revenue but most of the deficit is from fuel economy improvements.
Mineta Transportation Institute
Projections – State Fuel Related Revenues Only

Includes the following projected revenues:
✓ Gasoline Excise Tax
✓ Incremental Gas Tax
✓ Diesel Excise Tax
✓ Diesel Sales Tax
Mineta Transportation Institute Projections – State Fuel Related Revenues + TIF and RIF

Looks at the impact of ZEV adoption on revenue

Includes the following projected revenues:
- Transportation Improvement Fee (based on value of car)
- Road Improvement Fee (ZEV)
- Gasoline Excise Tax
- Incremental Gas Tax
- Diesel Excise Tax
- Diesel Sales Tax
National Fuel Tax Revenue Projections

**Red Line:** Total fuel tax revenues if 2017 CAFE mpg levels remained constant.

**Green Line:** Impact of 2025 mpg requirements over next two decades.

**Yellow Line** Adds to the previous line the impact of an electric vehicle penetration estimate from Bloomberg New Energy Finance.

**Key differences from CA:**
- This graph assumes an average State and federal tax of $.47 per gallon, but CA has a higher state excise tax beginning around 2021 for gas and 2031 for diesel.
- California has RIF and TIF revenues.

CALIFORNIA FUEL USE AND VEHICLE MILES TRAVELLED

Fuel is shown in million of gallons, VMT is shown in millions of miles.

Data Sources:
- Department of Tax and Fee Administration: http://www.cdtfa.ca.gov/taxes-and-fees/spftrpts.htm
- Mineta Transportation Institute: https://transweb.sjsu.edu/research/1850-California-Fuel-Tax-Futures
- Caltrans: https://dot.ca.gov/programs/research-innovation-system-information/highway-performance-monitoring-system
In general, SB 1 slowed the process of revenue decline, allowing California more time to research and implement a road charge.

- Reasons to pursue road charge are:
  - To keep in line with national changes
  - To encourage equity for taxpayers
  - To prepare for the future
  - To align with environmental policy

A road charge is the most viable long-term solution.

Conclusion
Questions?