



# California Road Charge



# What is a Road Charge?

- ▶ Road charge is an innovative funding mechanism that allows drivers to support road and highway maintenance based on how many miles they drive, instead of how many gallons of gas they use.
- ▶ Just like you pay your gas and electric bills based on how much of these utilities you use, a "user pays" system for transportation funding ensures that drivers all pay their fair share for highway and road maintenance.



# Key Concern: Will a Road Charge system allow the government to track me?



- ▶ A RUC system can and should be designed to protect privacy at the highest levels.
- ▶ Privacy requirements would be in line with the California Consumer Privacy Act.
- ▶ The only information the state must receive is # of miles driven and the tax owed.
- ▶ Data security requirements would look to current best practices and industry standards.
- ▶ The RUC system will have multiple options for taxpayers to choose from to collect their mileage – including a tech-free third party odometer read – allowing individuals to make the best decision for themselves on what best protects their privacy.



# Key Concern: Will rural drivers pay more in a Road Charge system?

- ▶ On average, rural drivers will likely pay less under a Road Charge system.
- ▶ Currently, rural drivers are paying MORE under the gas tax than their urban counterparts.
- ▶ This is because, on average, rural drivers have less fuel-efficient vehicles.
- ▶ RUC West research projects that, on average, rural households will pay 1.9%-6.3% less and urban households will pay 0.3%-1.4% more state tax in a RUC system than they currently pay in state gas tax, depending on the state.<sup>1</sup>



<sup>1</sup> [Financial Impacts of Road User Charges on Urban and Rural Households \(RUC West\)](#)



# Key Concern: How will a Road Charge system impact disadvantaged communities?

- ▶ On average, those in disadvantaged communities will likely pay less under a road charge.
- ▶ Currently, those in disadvantaged communities are paying MORE under the gas tax than those that can afford newer, more fuel-efficient vehicles.
- ▶ This is because, on average, those in disadvantaged communities have older, less fuel-efficient vehicles.
- ▶ Under a road charge system, everyone would pay the same per-mile fee for how much they use the road, regardless of what kind of car they drive.
- ▶ For example, the table below illustrates what different vehicles would pay under a gas tax vs a road charge in California per 1,000 miles driven:

Vehicle Type	MPG	Gasoline Tax Paid \$0.511 per gallon - July 2021	Road Charge Per Mile est \$0.0242
Pickup Truck	16	\$31.49	\$24.20
Passenger Sedan	32	\$15.97	\$24.20
Hybrid Gas – Electric Vehicle	52	\$9.83	\$24.20
Electric Vehicle	N/A	\$0	\$24.20



# Key Concern: Will a Road Charge discourage ZEV purchases?



- UC Davis report required by SB 1 found a road charge to be the most fair approach to taxing ZEVs.
- UC Davis study indicates up front federal (\$7500) and state (\$2500) purchase incentives and carpool lane access to be much larger factors in purchase decisions than ongoing costs.
- In focus groups, ZEV owners have expressed the recognition that they should contribute their fair share to road maintenance.



# Road Charge vs Congestion Pricing

- ▶ A replacement for the gas tax
- ▶ One per mile rate for all passenger vehicles
- ▶ Revenue neutral, not an increase
- ▶ Aims to stabilize funding, not change behavior
- ▶ No change in how funding is spent: existing formulas and programs remain
- ▶ State-level policy

**Road Charge Mitigates  
Revenue Loss**

- ▶ A new fee that captures externalities in the cost of travel
- ▶ Rates may vary by location, facility, or time of day
- ▶ New revenue
- ▶ Aims to reduce congestion & VMT: revenue is not the primary aim
- ▶ As a new revenue stream, funding could be spent on new priorities, such as transit
- ▶ Regional-level policy

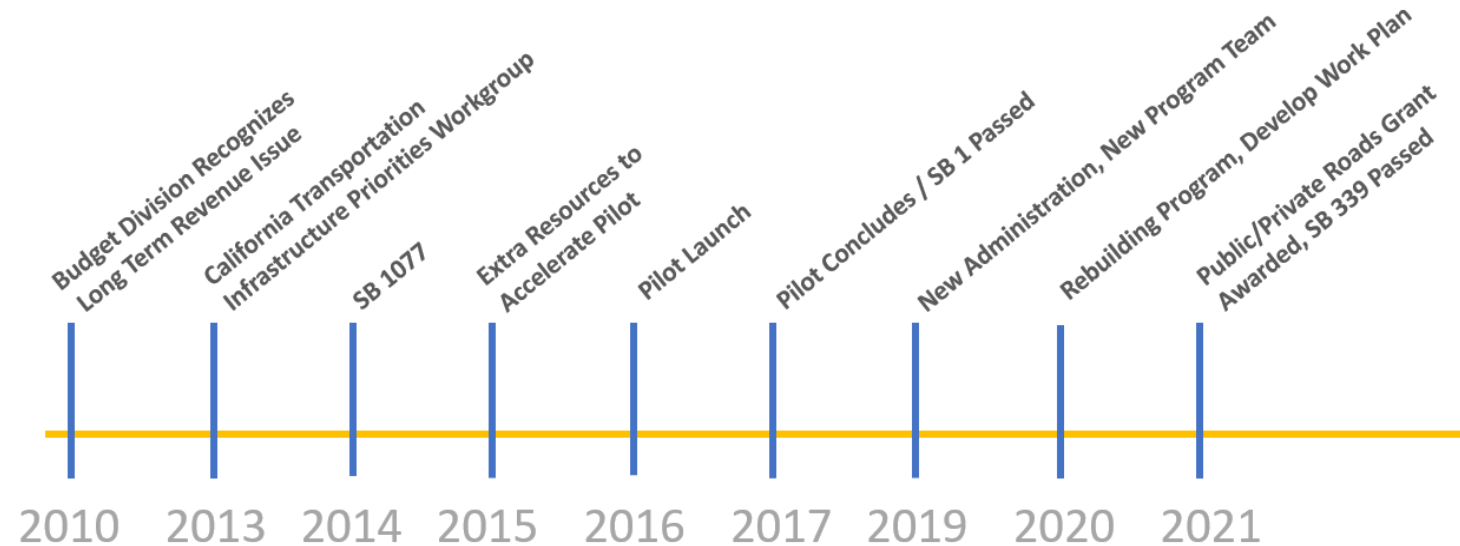
**Congestion Pricing Supports  
Climate Goals**



# Program History

Over a decade ago, Caltrans' finance team identified a pattern in revenue collection that was an early indicator that the gas tax was no longer a long-term sustainable funding source for transportation. Caltrans began to investigate the opportunities presented by a per mile fee, or road charge.

In 2013, the California State Transportation Agency (CalSTA) established the California Transportation Infrastructure Priorities workgroup to examine challenges facing the transportation sector. The workgroup's interim report recommended a pilot program to examine the feasibility of a road charge system as a long-term funding solution. criteria. The pilot was completed in 2017.



In 2014, the California Legislature and former Governor Brown committed to studying gas tax alternatives with the passage of **Senate Bill 1077**. This legislation created the California Road Charge Pilot Program under CalSTA, which was managed by Caltrans. The bill required the California Transportation Commission to create a 15-member Road Charge Technical Advisory Committee (TAC) to provide CalSTA with pilot design recommendations and evaluation criteria. The pilot was completed in 2017.





# 2017 Road Charge Pilot

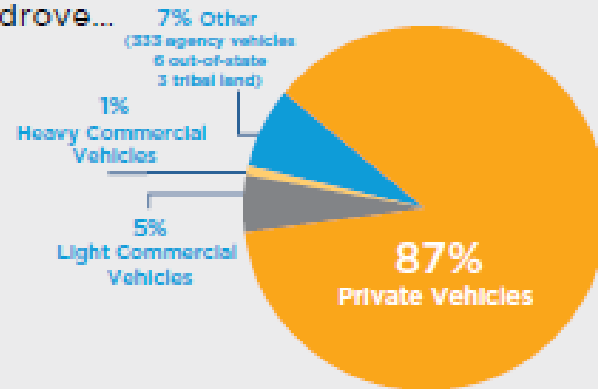
The 2017 Pilot was very successful, had high levels of approval among participants, and generally demonstrated the feasibility of a road charge system.

Over the course of 9 months



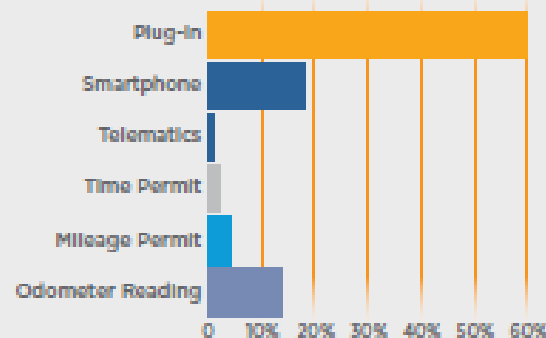
5000+ vehicles statewide

that drove...



6 mileage recording

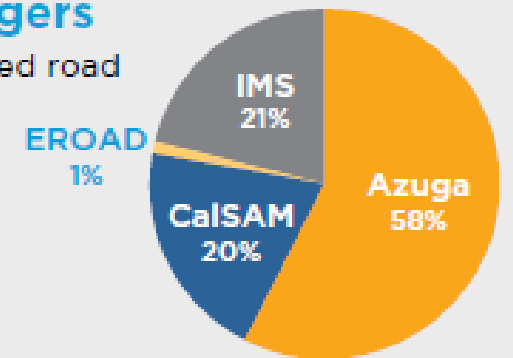
and reporting methods...



The heavy vehicle mileage meter used by our heavy trucks represented in the pilot makes up 1%

4 account managers

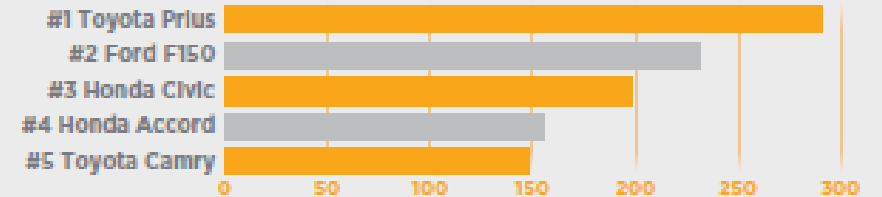
managed and maintained road charge accounts for...



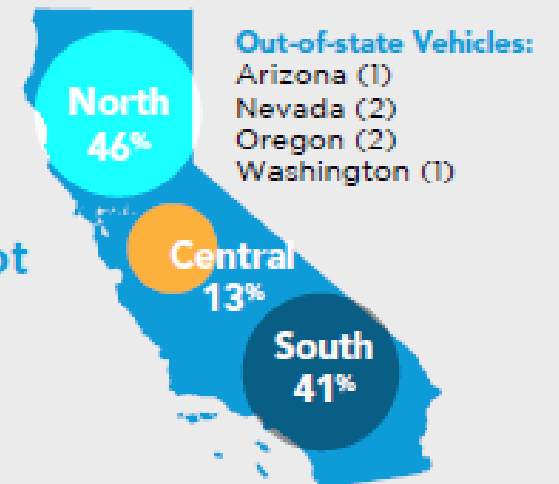
37+ million miles

on California roads using...

Top 5 participating vehicles:



Making it the largest road charge pilot in the nation to date.



# Current Projects

## **RUC West Interoperability Pilot**

Caltrans is partnering with the Oregon Department of Transportation through RUC West to test a central clearinghouse for processing multi-state road charges.

## **Public/Private Roads Project**

FHWA has awarded Caltrans with another Surface Transportation System Funding Alternatives grant this spring. Caltrans will study the viability of GPS technology in differentiating between public and private roads. The project will also identify priorities and analyze potential benefits of a statewide road charge program in rural and tribal communities.

## **Four Phase Demonstration**

This project was live January-June of 2021, and aimed to explore emerging technologies' ability to provide an easy user experience. Pay at the Pump, Usage Based Insurance, Ridesharing, and Autonomous Vehicles were explored in partnership with RUC. The final report is due in spring 2022.

## **UC Berkeley Research**

Researchers from the Transportation Sustainability Research Center at UC Berkeley are working with Caltrans to further study how a road charge system may impact low-income households and underserved communities across the state.



# Senate Bill 339 Road Charge Pilot

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The Road Charge TAC must develop a report by July 2023 with pilot design recommendations.

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The pilot will have two groups of participants. The Road Charge TAC will set the rate for one group. The other rate is related to fuel efficiency and was outlined in the bill.

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The pilot must be implemented on or after January 1, 2023.

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CalSTA will prepare an interim report by July 2024 and a final report by December 2026.

# Road Charge Technical Advisory Committee

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The Road Charge Technical Advisory Committee (TAC) functions like a subcommittee of the California Transportation Commission.

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There are 15 members that represent various sectors of the transportation industry, local government, and academia.

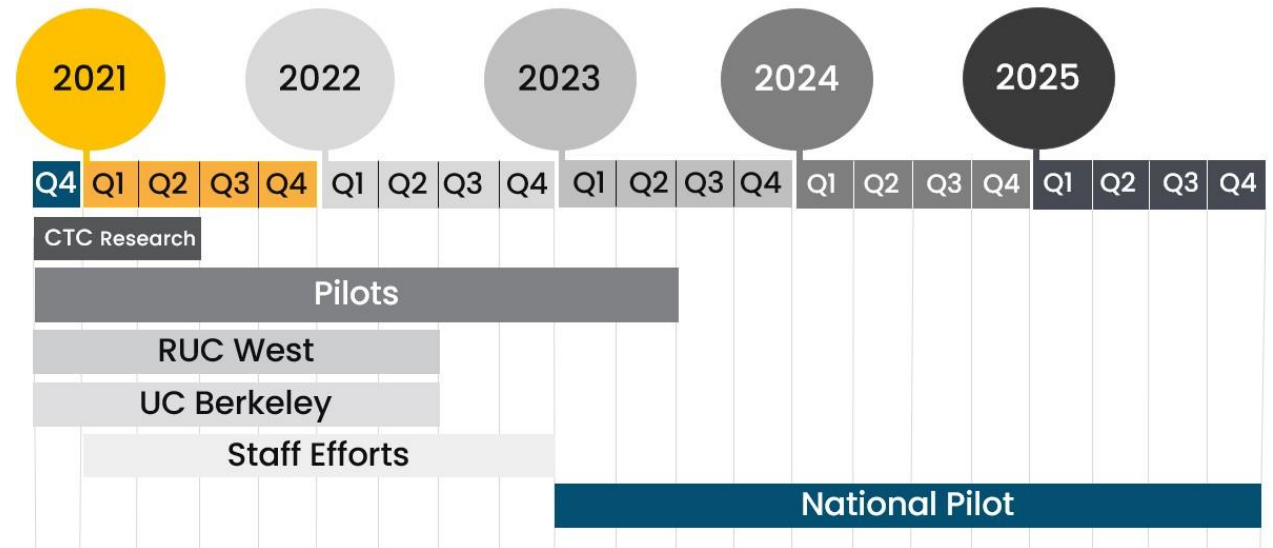
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The Road Charge TAC makes recommendations to Caltrans, CalSTA, and the Legislature on road charge. SB 339 extended the role of the TAC through 2027.

# Looking Ahead

- In 2020, Caltrans went through a process to reassess the current state of research on road charge nationwide and identify key questions that remain to be answered.
- Caltrans found that the general structure of a road charge system has been well tested across several state pilots and is generally agreed upon.
- What remains for California to investigate are some questions specific to implementation in California or how road charge works in some specific situations, such as with the border with Mexico.

*Caltrans has developed a work plan to address these questions through pilots, partnerships with academia, and RUC West, a consortia of 18 states currently studying road charge. Caltrans projects this work will be completed toward the end of 2023.*



# With the Governor's Executive Order on the sale of gas-powered vehicles, can a Road Charge be implemented in time?

- ▶ Based on the experience of other states, and given the size and complexity of California, we expect the California State Legislature would want to explore a phased approach to potential implementation.
- ▶ Such a phased rollout could likely be accomplished in 10-12 years.
- ▶ As long as ZEVs are transitioned before 2035, there will not likely be long-lasting impacts to revenue.





# Questions?

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