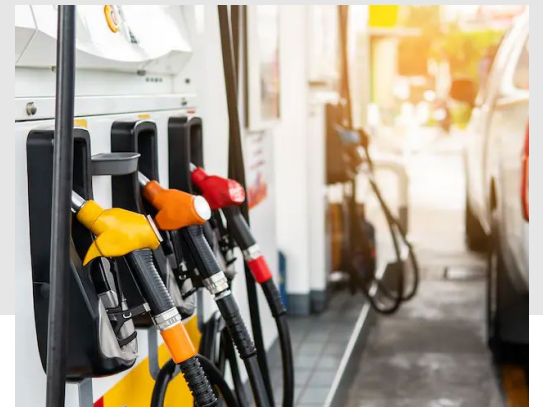


# 4 Issues with the Gas Tax



- ▶ **1. FUEL EFFICIENCY GAINS**  
Gas-powered vehicles are becoming more fuel efficient, so owners are buying less gas and government receives less fuel tax.
- ▶ **2. INCREASE IN ZERO EMISSION VEHICLES**  
Vehicles that do not use gas, such as electric vehicles, do not pay any fuel taxes.
- ▶ **3. INFLATION AND LOSS OF PURCHASE POWER**  
Ongoing inflation reduces how much a static gas tax can purchase. In addition, highway construction costs typically increase faster than overall inflation.
- ▶ **4. UNEVEN FUEL TAX BURDEN**  
Newer and more expensive vehicles tend to be more fuel efficient. Owners of older, less fuel-efficient vehicles pay more to use the road. The fuel tax burden is uneven and inequitable.



# What is a Road Charge?

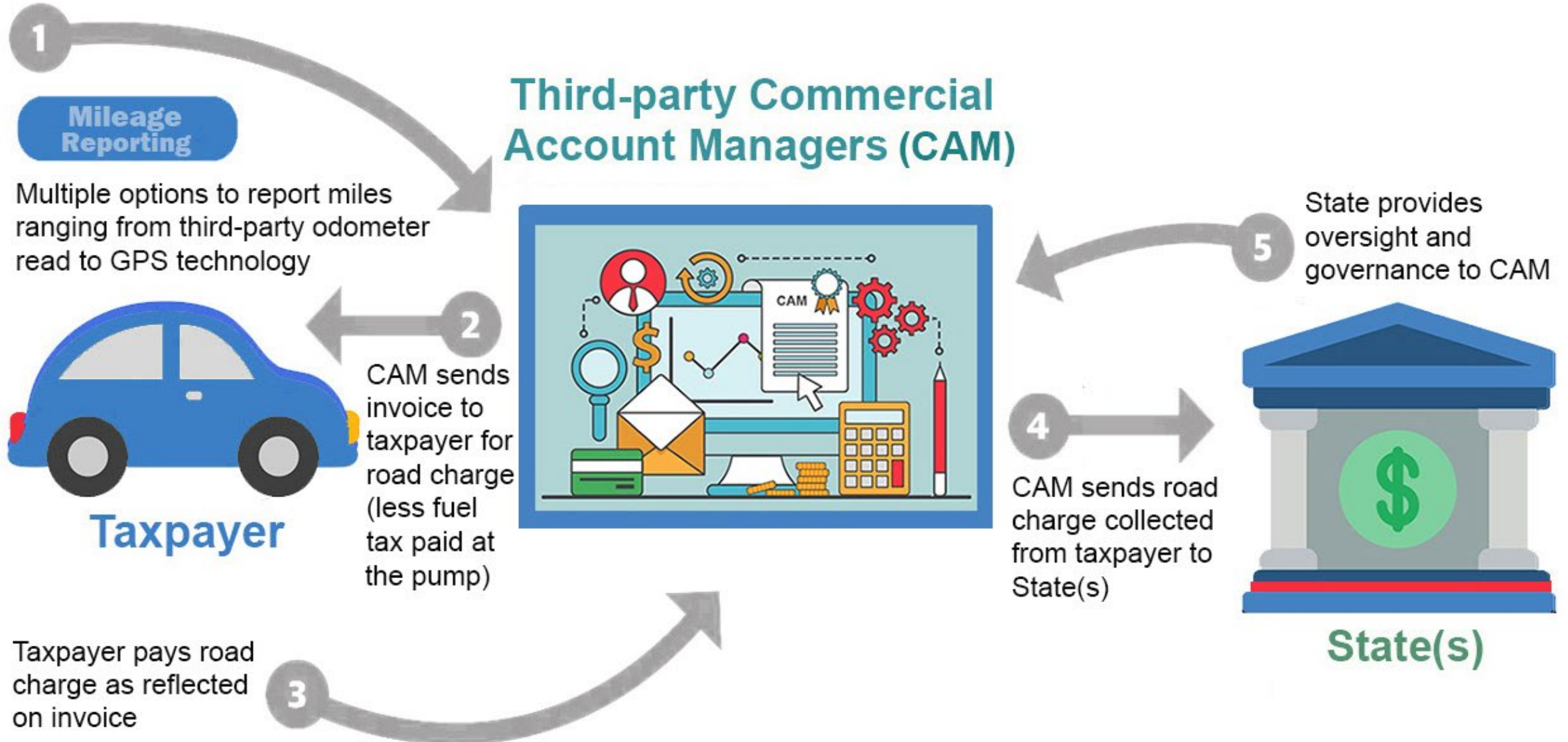
Road Charge is an innovative funding mechanism intended to replace the current gas tax, and more accurately ensures that all drivers are paying their fair share to use the road. Road Charge allows drivers to support local road and highway maintenance based on how many miles they drive, instead of how many gallons of gas they use.

California is studying Road Charge as:

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



# Road Charge System Structure



# Mileage Reporting Methods



Low Technology Options



Time Permit



Mileage Permit



Odometer Charge

High Technology Options



Plug-in Device



Smartphone App

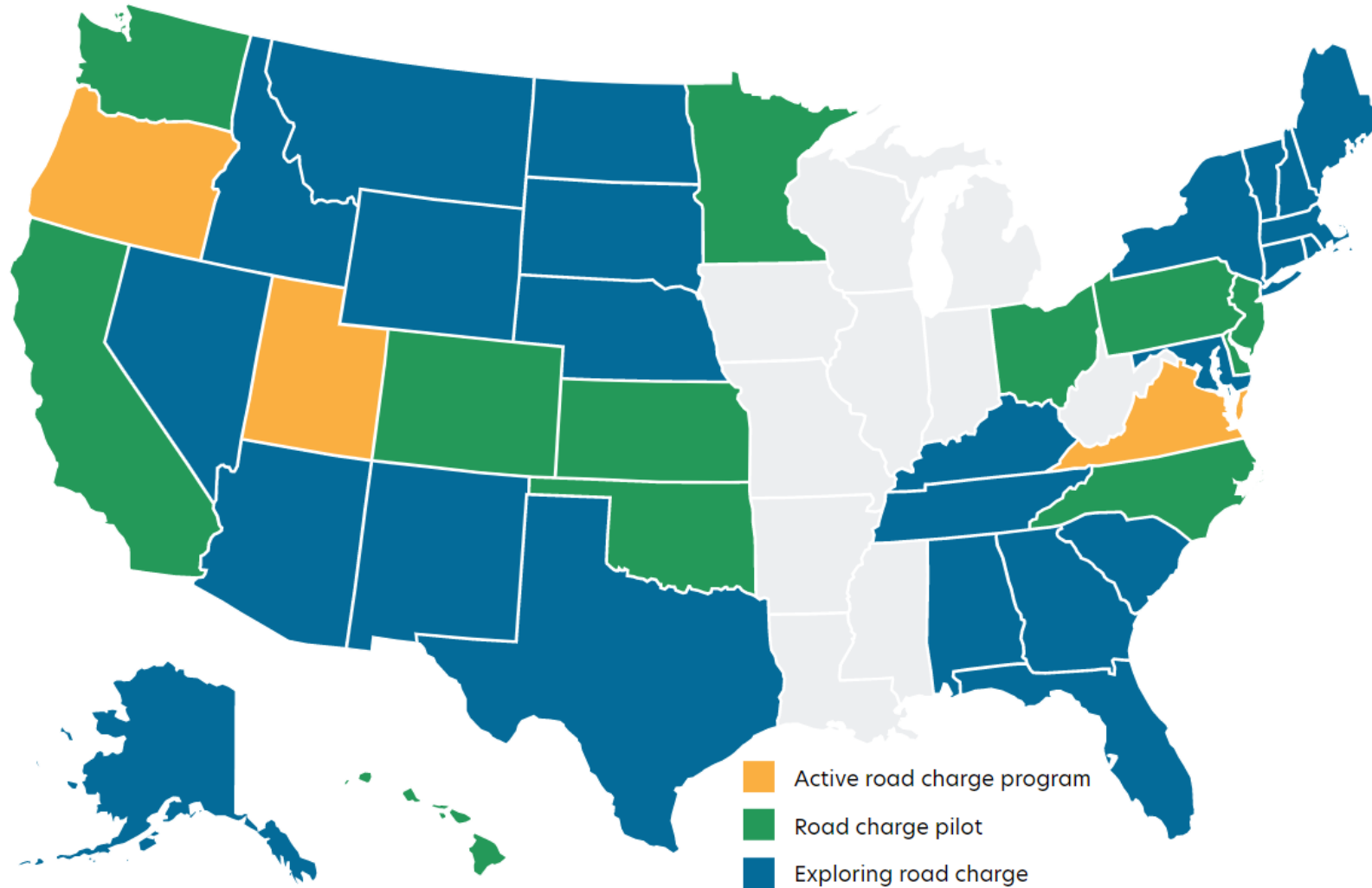


Built-In Technology





# The National Picture



In addition, several nations around the world have implemented distance-based charging including Belgium, Germany, and New Zealand, and many other nations are considering this option.



# National Research on Impacts on Rural Drivers

- ▶ **Eastern Transportation Coalition**

[https://tetcoalitionmbuf.org/wp-content/uploads/2022/02/Exploration-of-Mileage-Based-User-Fee-Approaches-for-All-Users\\_Condensed-1.pdf](https://tetcoalitionmbuf.org/wp-content/uploads/2022/02/Exploration-of-Mileage-Based-User-Fee-Approaches-for-All-Users_Condensed-1.pdf) (2022)

- ▶ **RUC America**

[http://www.caroadcharge.com/media/vktnxgu/rucamerica\\_urbrur\\_finalreport\\_2022-09-16.pdf](http://www.caroadcharge.com/media/vktnxgu/rucamerica_urbrur_finalreport_2022-09-16.pdf) (2022)

- ▶ **Washington State**

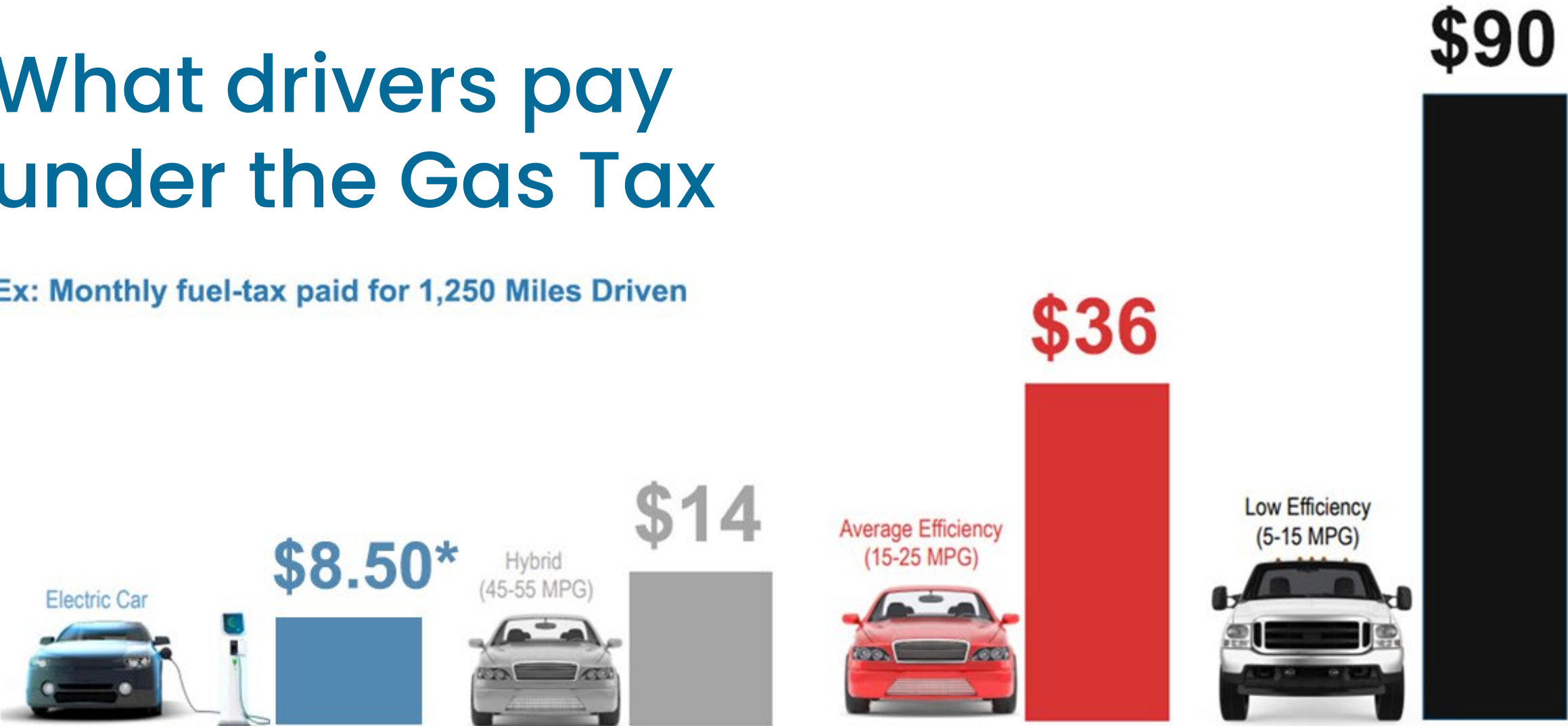
[https://waroadusagecharge.org/wp-content/uploads/2020/01/WSTC-Final-Report-Vol-1-WEB-2020\\_01.pdf](https://waroadusagecharge.org/wp-content/uploads/2020/01/WSTC-Final-Report-Vol-1-WEB-2020_01.pdf) (2020)

- ▶ Electrification of vehicles and improved fuel efficiency of vehicles over time has widened the fuel efficiency gap between urban and rural households.
- ▶ Rural drivers have less efficient vehicles compared to urban drivers.
- ▶ The gap between what rural and urban drivers pay is increasing over time.
- ▶ Rural drivers on average pay less with Road Charge than they do with current fuel tax structures.



# What drivers pay under the Gas Tax

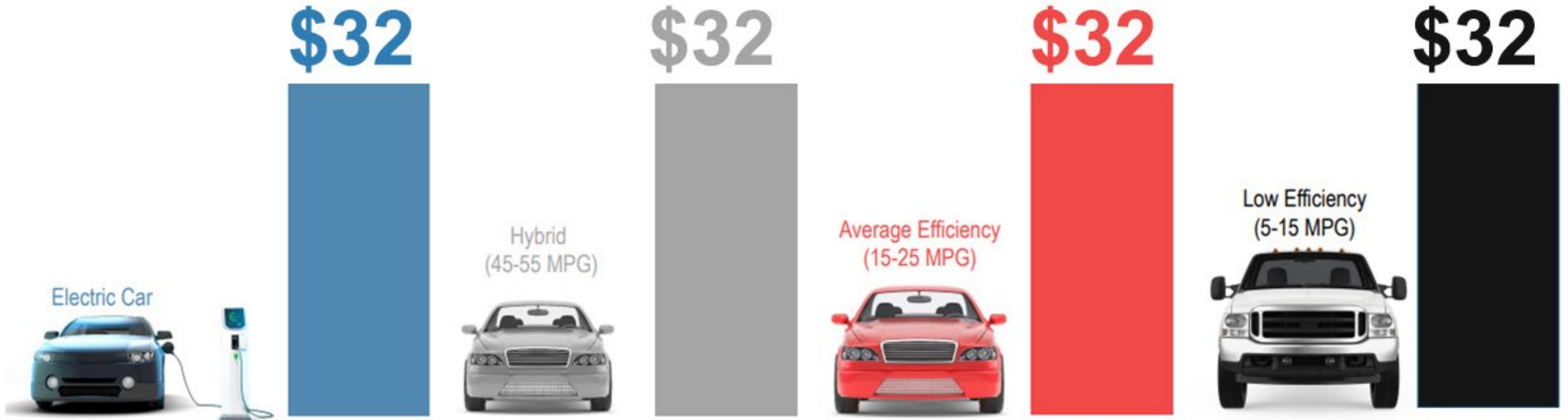
Ex: Monthly fuel-tax paid for 1,250 Miles Driven



\* \$102 Road Improvement Fee is assessed on all model year 2020 and later zero emission vehicles

# What drivers pay under Road Charge

Ex: Monthly fuel-tax paid for 1,250 Miles Driven



Calculated at 2.5 cents per mile, \$31.25 round to \$32



# Public/Private Roads Project

- ▶ This project will explore the ability of current GPS technology to differentiate between public and private roads in a road charge system.
  - ▶ This allows us to explore whether there are any tax benefits for rural drivers.
  - ▶ Live in 2023.
- ▶ The project is the first in the nation specifically focused on engaging rural and tribal communities to understand their concerns and priorities for a road charge system.

Sign up to participate at  
[www.caroadcharge/engage/contact-us/](http://www.caroadcharge/engage/contact-us/)



# What does Road Charge mean for the Rural Community?

- ▶ Potential to lower taxes for rural drivers
- ▶ Potential to decrease volatility in diesel prices
- ▶ Potential to avoid charges on private property
- ▶ How might it impact bulk fuel purchases?
- ▶ How might it impact dyed fuel use? Use of mixed fuels, propane, etc.?
- ▶ How might it impact freight rates?
- ▶ Other important impacts?





# Questions?

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