California Road Charge
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
What drivers pay under the Gas Tax

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

- Electric Car: $8.50*
- Hybrid (45-55 MPG): $14
- Average Efficiency (15-25 MPG): $36
- Low Efficiency (5-15 MPG): $90

* $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

- Electric Car (45-55 MPG): $32
- Hybrid (15-25 MPG): $32
- Average Efficiency (15-25 MPG): $32
- Low Efficiency (5-15 MPG): $32

Calculated at 2.5 cents per mile, $31.25 round to $32
Road Charge System Structure

1. **Mileage Reporting**
   - Multiple options to report miles ranging from third-party odometer read to GPS technology

2. **Taxpayer**
   - CAM sends invoice to taxpayer for road charge (less fuel tax paid at the pump)
   - Taxpayer pays road charge as reflected on invoice

3. **Third-party Commercial Account Managers (CAM)**
   - CAM sends road charge collected from taxpayer to State(s)

4. **State(s)**
   - State provides oversight and governance to CAM
Mileage Reporting Methods

- **Time Permit**
- **Plug-in Device**
- **Mileage Permit**
- **Smartphone App**
- **Odometer Charge**
- **Built-In Technology**

Low Technology Options

High Technology Options
The National Picture

States across the United States are exploring road charge as a viable option. Select any state on the map below to be directed to that state’s road charge website and play road charge videos from other states.

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.
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.
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 March 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.
Help us recruit!

Sign up to participate at www.caroadcharge/engage/contact-us/

- Spread the word about participating in our upcoming pilot and earning up to $250
- Community Group Meetings
Questions?

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