

Finalize SB 339 Pilot Design Recommendations

California Road Charge Design (SB 339)





Agenda

- 1** “Revenue Collection” category: payment options recommendations
- 2** “Enforcement” category: out-of-state exemption
- 3** “Rates” category: administrative fee and rate cohort language
- 4** Evaluation Criteria Language

1

Revenue Collection: Payment Options

- Remove the recommended road charge payment options of:
 - User-based insurance (paying road charge as part of insurance)
 - Payment at the time of a smog check
 - Pay at the pump or at a charging station
- Add a new recommendation about assessing payment charge fees.

Revised & new recommendations:

- (Revised) Offer various payment methods to participants including:
 - Post-payment for charges online, via phone, or via mail.
 - Pre-payment for charges. This concept was tested in the first California pilot as a mileage permit, a manual reporting method in which the vehicle owner pre-pays for a fixed number of miles.
- (New) Assess the feasibility and acceptability of charging service fees for end users that vary based on the method of mileage reporting chosen. This would result in a “sliding scale” of road charge payments.

2

Enforcement: SB 339 Road Charge Pilot Exemption

- In February, the TAC adopted a recommendation to exempt out-of-state miles from a road charge in the pilot, and discussed, but did not adopt a recommendation pertaining to private and off-road miles.

Revised recommendation:

- Offer an exemption for out-of-state-miles and incorporate findings about private and off-road miles into the SB 339 pilot based on findings from Caltrans' "Public-Private Roads" pilot, once that pilot is completed.

3

Rates: Medium and Heavy-Duty Vehicle Pilot Rates

- In February, the TAC reviewed a methodology for calculating rates for medium- and heavy-duty vehicles but did not adopt any rates pending further consultation with the California Trucking Association. Since that time, Commission and consultant staff have met with the California Trucking Association and incorporated their feedback.

Revised recommendation:

- **Adopt the rates presented here.**
- These rates use the rate calculation methodology as presented in February.
- These rates include an administrative fee of 4% for medium- and heavy-duty vehicles.

Medium- and Heavy-Duty Vehicle Class	Revised Recommended Pilot Road Charge Rate (cents per mile)
3 & 4	5.9
5 & 6	9.9
7 & 8	14.8

3

Rates: Administrative Fee Language and Information

- Based on TAC feedback, Commission staff removed language discussing any specific administrative fee percent from the discussion of pilot rates.
- Please note that due to rounding, the light-duty rate could reflect administrative costs ranging from 3% to 7%.

Revised & new recommendations:

- (Revised) Do not call out any specific administrative percent used in the pilot rates.
- (New) Recommend that the SB 339 pilot collect information about administrative costs for reference in a future road charge program.

3 | Rates: Rate Cohort Language

- Based on TAC feedback, the following changes have been made to the language related to the two rate cohorts:
 - Characterize cohort 1 as the “Vehicle Energy Efficiency Adjusted Rate” and cohort 2 as the “Flat Rate.”
 - Remove “discourage driving” from the list of purposes of the cohort 1 rate.
 - Update the motivations for the flat rate structure.
- The updated recommendation language is included in the following slide.

3

Rates: Revised Language Related to Rate Structures To Test Per SB 339

1 Vehicle Energy Efficiency Adjusted Rate

Rate varies by vehicle's EPA fuel economy rating (energy-efficient vehicles pay less per mile than energy-inefficient vehicles).

Goals:

- Replace fuel tax revenue
- Encourage purchase and usage of zero-emission vehicles.
- Discourage driving in fuel inefficient vehicles.

2 Flat Rate

Flat per-mile base rate for all vehicles based on existing gas tax.

Goals:

- Replace fuel tax revenue
- Simple to understand and administer.

4 | Evaluation Criteria Language

- In February, the TAC adopted evaluation criteria spanning five categories including a category called, “energy efficiency.” Based on TAC feedback, the title of this criteria has been revised.

Revised recommendation:

- Change the evaluation criteria category label from “energy efficiency” to “vehicle energy efficiency.”

QUESTIONS

