Revised Tab 8a

8 Feb 2015

California Transportation Commission
Road Charge Technical Advisory Committee
1120 N Street MS-52
Sacramento CA 95814

RECD BY CTC
FEB 13 2015

Re: Road Charge System

Sirs/Madams:

There already exists an entity that knows:

- what vehicles (weight) you own
- how many annual miles you drive

and that entity is the vehicle's <u>insurer</u>.

It would be my suggestion that the surcharge be added to your vehicle insurance. Mileage estimates could easily be confirmed either when you register your car <u>or</u> when you have to have the smog test performed.

Weight of vehicle and annual miles should be basis for road repair fund, regardless of fuel efficiency. Respectfully, Sandra S Turnbull

Revised Tab 8a

From: randy.perkins@dot.ca.gov
To: Road Charge Pilot Program@DOT; Hinson, Philip@DOT; Chhimi, Jigme@DOT; Gutierrez, Gary F@DOT; brady.tadcol@dot.ca.gov
Subject: California Road Charge Pilot Program Public Comments
Date: Wednesday, April 22, 2015 9:27:27 AM

Below is the result of your feedback form. It was submitted by
Randy Perkins (randy.perkins@dot.ca.gov) on April 22nd, 2015 at 09:27AM (PDT).

firstname: Randy
lastname: Perkins
city: Fresno
zip: 93726
email: randy.perkins@dot.ca.gov
comments: "Road Charge" = Road User Tax
Was it not forseeable that as auto manufacturer MPG has been legislatively moved higher, that fuel exise tax revenue would shrink? Is it not comon sense that when the economy is down, that less travel occurs?
Now, somehow, a yet to be determined method will replace our pay-at-the-pump means of collecting revenue. Ludacrous and absurd! Pay-at-the-pump is the most direct way to tax road users.
Taxpayers should never consent to other methods that charge road usage by what time you use the roads or where you go (excluding toll roads). That would, in essence, be a rationing of road usage. It would be tantamount to charging higher rates for what time you use water or electricity or flush your toilet, all of which would be unconstitutional. The rich would be unaffected, and the middle and lower class incomes would bare the brunt of such a tax method.
This is just another attemp to dip into taxpayers pockets to solve a slumping revenue problem. If California wants to have sufficient revenue for roadways and other infrastructure improvements, then it needs to kick the illegal immigrants out of the State. Cut illegals off welfare. Cut the give away programs. Clear death row. And quit being such a liberal socialist give-a-way State.
submit: Submit Comments

Revised Tab 8a

From: joseph.arnold@dot.ca.gov
To: Road Charge Pilot Program@DOT; Hinson, Philip@DOT; Chhimi, Jigme@DOT; Gutierrez, Gary F@DOT; brady.tadcol@dot.ca.gov
Subject: California Road Charge Pilot Program Public Comments
Date: Tuesday, June 09, 2015 12:23:15 PM

Below is the result of your feedback form. It was submitted by
Joseph Arnold (joseph.arnold@dot.ca.gov) on June 9th, 2015 at 12:08PM (PDT).

firstname: Joseph
lastname: Arnold
city: San Luis Obispo
zip: 93405
email: joseph.arnold@dot.ca.gov
comments: Seems like a common sense solution to a large and complicated problem. Well done and I am happy to help keep California a viable, prosperous and sustainable state for future generations.
submit: Submit Comments

Revised Tab 8a

From: shelly.chernicki@dot.ca.gov
To: Road Charge Pilot Program@DOT; Hinson, Philip@DOT; Chhimi, Jigme@DOT; Gutierrez, Gary F@DOT; brady.tadcol@dot.ca.gov
Subject: California Road Charge Pilot Program Public Comments
Date: Tuesday, June 09, 2015 12:45:03 PM

Below is the result of your feedback form. It was submitted by
Shelly Chernicki (shelly.chernicki@dot.ca.gov) on June 9th, 2015 at 12:44PM (PDT).

firstname: Shelly
lastname: Chernicki
city: Yuba City
zip: 95991
email: shelly.chernicki@dot.ca.gov
comments: I agree that we need another way of funding the state's transportation program and infrastructure. However, as with any new program, the devil will be in the details. Please be sure you have good outreach and communication to the general public during the Pilot Program. Being a government employee, I have better access to information than most. Make sure the general public is informed and provided enough time to submit responses when requested. There will be resistance but knowledge, information and engagement will help counteract that resistance. Thank you.
submit: Submit Comments

Revised Tab 8a

From: mtyler22@gmail.com
To: Road Charge Pilot Program@DOT; Hinson, Philip@DOT; Chhimi, Jigme@DOT; Gutierrez, Gary F@DOT; brady.tadcol@dot.ca.gov
Subject: California Road Charge Pilot Program Public Comments
Date: Thursday, June 11, 2015 3:44:01 PM

Below is the result of your feedback form. It was submitted by
Mike Tyler (mtyler22@gmail.com) on June 11th, 2015 at 03:43PM (PDT).

firstname: Mike
lastname: Tyler
city: Los Angeles
zip: 90034
email: mtyler22@gmail.com
comments: This proposal is outrageous! We pay enough taxes already to support the roads. The state does not deserve more of our hard earned money.
submit: Submit Comments

Revised Tab 8a

From: Garry36@sbcglobal.net
To: Road Charge Pilot Program@DOT; Hinson, Philip@DOT; Chhimi, Jigme@DOT; Gutierrez, Gary F@DOT; brady.tadcol@dot.ca.gov
Subject: California Road Charge Pilot Program Public Comments
Date: Saturday, June 13, 2015 8:29:17 PM

Below is the result of your feedback form. It was submitted by
Garry Curtis (Garry36@sbcglobal.net) on June 13th, 2015 at 08:29PM (PDT).

firstname: Garry
lastname: Curtis
city: Hanford
zip: 93230
email: Garry36@sbcglobal.net
comments: I would like to know who came up with this idiot idea of charge us the consumers more when you guys charge us at tolls. charge on gas taxes. car tags and now you guys are so greedy you want to get more money from us well guess what ENOUGH IS ENOUGH! quit screwing the taxpayers. it isn't our fault that CALTRANS is 63 billion or million deficit. I think someone in that dept is not doing the books right. I don't know how many people live in calif but if all of us pay 1.00 that would pay a lot to this problem. now people like me and others on fixed incomes can not afford to pay more on car tags and gas taxes. pretty soon you guys are going to piss off a lot people then they going to move out of California and then what will that accomplish with your stupid road charge idea I like to know which idiot came up with that idea?
submit: Submit Comments

Revised Tab 8a

From: drjimstewart@gmail.com
To: Road Charge Pilot Program@DOT; Hinson, Philip@DOT; Chhimi, Jigme@DOT; Gutierrez, Gary F@DOT; brady.tadcol@dot.ca.gov
Subject: California Road Charge Pilot Program Public Comments
Date: Sunday, June 14, 2015 1:17:09 PM

Below is the result of your feedback form. It was submitted by
Jim Stewart (drjimstewart@gmail.com) on June 14th, 2015 at 01:17PM (PDT).

firstname: Jim
lastname: Stewart
city: Los Angeles
zip: 90006
email: drjimstewart@gmail.com
comments: Comments on California Road Charge Pilot Program

It would be a violation of AB 32; Executive Orders S-3-05, B-16-2012, and B-30-15; pending legislation SB 350 and SB 32; and a crime against present and future generations of Californians to even test a Road Charge that did not include consideration of climate impacts of burning fossil fuels.

Please review all the fore-mentioned documents and tell me why any Road Charge that does NOT include consideration of climate impacts of burning fossil fuels is CONSISTENT with both these laws and our moral responsibility for doing everything we can to avert climate catastrophe.
submit: Submit Comments

Revised Tab 8a

From: oconnell.mark777@gmail.com
To: Road Charge Pilot Program@DOT; Hinson, Philip@DOT; Chhimi, Jigme@DOT; Gutierrez, Gary F@DOT; brady.tadcol@dot.ca.gov
Subject: California Road Charge Pilot Program Public Comments
Date: Friday, June 19, 2015 2:56:22 PM

Below is the result of your feedback form. It was submitted by
Mark OConnell (oconnell.mark777@gmail.com) on June 19th, 2015 at 02:56PM (PDT).

firstname: Mark
lastname: OConnell
city: Mather
zip: 95655
email: oconnell.mark777@gmail.com
comments: Maybe you could use the $68 Billion you are finding for the train and fix the roads with it instead.
submit: Submit Comments

Revised Tab 8a

From: mike_bullock@earthlink.net
To: Road Charge Pilot Program@DOT; Hinson, Philip@DOT; Chhimi, Jigme@DOT; Gutierrez, Gary F@DOT; brady.tadcol@dot.ca.gov
Subject: California Road Charge Pilot Program Public Comments
Date: Tuesday, June 23, 2015 11:22:29 AM

Below is the result of your feedback form. It was submitted by
Mike Bullock (mike_bullock@earthlink.net) on June 23rd, 2015 at 11:22AM (PDT).

firstname: Mike
lastname: Bullock
city: Oceanside
zip: 92054
email: mike_bullock@earthlink.net
comments: Honorable Chair and RUC TAC Members,

I am on the Political Action Committee of the Democratic Club of Carlsbad and Oceanside. I was asked to submit our recently approved resolution, regarding your important work, where the 8 points of the first "Therefore be it resolved" specify what we think is important to include in a Road User Charge system :

Environmentally-Sound and Economically-Fair Road Usage Charge

Approved 6/18/15 by the Democratic Club of Carlsbad & Oceanside E-Board

WHEREAS, greenhouse gas (GHG) emissions must be reduced; about 35% of California's GHG is caused by on-road vehicles; to achieve climate-stabilizing targets, both an improved fleet efficiency and a reduction in driving are needed; and

WHEREAS, in California, user fees (gas tax and/or tolls) are about 60% of the amount spent on roads; having the true cost of road use hidden by using general taxes (that should be spent on such things as education, mass transit, incentivizing renewable energy, health care, and food stamps) for roads increases driving, adding significantly to air pollution, congestion, sprawl, GHG emissions and all the negative impacts of fossil fuel use, such as the impacts associated with fracking and the transporting and refining of crude oil; a 2011 California Transportation Commission assessment found that 58 percent of the state's roads require rehabilitation or maintenance and 20 percent of bridges need major or preventive maintenance; an increase in construction jobs would benefit our economy; and in 2009, Sierra Club California passed a resolution supporting a "comprehensive road-use fee pricing system"; and

WHEREAS, the "gas tax" is currently California's most significant road-use fee, state-mandated increases in fleet mileage and the number of battery-electric vehicles will significantly reduce "gas tax" revenue, and an SB 1077-mandated Road User Charge (RUC) Technical Advisory Committee (TAC) is currently working to produce a RUC pilot project in 3 years;

THEREFORE, BE IT RESOLVED, that the Democratic Club of Carlsbad and Oceanside (DEMCCO) supports the RUC TAC developing a road-usage-charge (RUC) pricing and payout system that (1) would cover all road-use costs, including the environmental and health costs caused by driving; (2) should be in addition to existing tax and cap and trade fees for fuel; (3) would keep the per-mile price incentive to drive energy-efficient cars at least as large as it is with today's fuel excise tax, except as needed to achieve the next feature; (4) would mitigate impacts on low-income users; (5) would protect privacy; (6) would include congestion pricing when that technology becomes feasible; (7) could include a per-mile insurance fee, payable to the car-owner's insurance company, and (8) would send its earnings to all citizens and institutions that are losing money under the current system, to achieve a full and just compensation.

BE IT FURTHER RESOLVED, that this support be communicated to our County Central Committee, our Assembly Speaker, our Senate Pro Tem, CARB, and the RUC TAC.

Thank you for your leadership on this critical issue.

Respectfully submitted for DEMCCO,

Mike Bullock

submit: Submit Comments

Revised Tab 8a

From: rjcluff8@gmail.com
To: Road Charge Pilot Program@DOT; Hinson, Philip@DOT; Chhimi, Jigme@DOT; Gutierrez, Gary F@DOT; brady.tadcol@dot.ca.gov
Subject: California Road Charge Pilot Program Public Comments
Date: Tuesday, June 23, 2015 7:15:24 AM

Below is the result of your feedback form. It was submitted by
Rex Cluff (rjcluff8@gmail.com) on June 23rd, 2015 at 07:15AM (PDT).

firstname: Rex
lastname: Cluff
city: Woodland
zip: 95695
zip_plus_four: 5503
email: rjcluff8@gmail.com
comments: What comes immediately to mind is whether the mileage fee will cover all of the transportation program expenses, maintenance and administration, or only the maintenance side, continuing to rely upon gas taxes to fund the administrative side of the highway program. In other words, will the mileage usage fee replace the gas taxes or only be added on top of and in addition to the gas taxes. I suspect that both systems will remain in effect. How do you charge one driver a usage fee and another driver a gas tax? When the usage fee driver goes to the fuel pump, they would have to have some sort of code to override the gas tax and only pay for the product cost. Does this remove only state tax? Do we continue to pay the federal tax? Will the federal system implement a usage fee as well as the state? There are many complexities to this proposal.
submit: Submit Comments

Revised Tab 8a

From: rjcluff8@gmail.com
To: Road Charge Pilot Program@DOT; Hinson, Philip@DOT; Chhimi, Jigme@DOT; Gutierrez, Gary F@DOT; brady.tadcol@dot.ca.gov
Subject: California Road Charge Pilot Program Public Comments
Date: Tuesday, June 23, 2015 7:33:27 AM

Below is the result of your feedback form. It was submitted by
Rex Cluff (rjcluff8@gmail.com) on June 23rd, 2015 at 07:31AM (PDT).

firstname: Rex
lastname: Cluff
city: Woodland
zip: 95695
zip_plus_four: 5503
email: rjcluff8@gmail.com
comments: One additional thought comes to mind. If we charge for mileage and for gas tax, then the driver is in essence, being double taxed for the same mileage. He pays tax before he drives on the road and then pays tax again after he drives on the road. This is inequitable.
submit: Submit Comments

From: affirm@friendshouse.org
To: Road Charge Pilot Program@DOT; Hinson, Philip@DOT; Chhimi, Jigme@DOT; Gutierrez, Gary F@DOT; brady.tadcol@dot.ca.gov
Subject: California Road Charge Pilot Program Public Comments
Date: Wednesday, June 24, 2015 4:11:30 PM

Below is the result of your feedback form. It was submitted by
Steve Birdlebough (affirm@friendshouse.org) on June 24th, 2015 at 04:11PM (PDT).

firstname: Steve
lastname: Birdlebough
city: Santa Rosa
zip: 95409
zip_plus_four: 3068
email: affirm@friendshouse.org
comments: California is a magnet for tourists. The system that efficiently collects charges from recalcitrant owners of autos registered in other states is likely to drive the in-state technology and enforcement mechanisms. Simply recruiting people from neighboring states that drive regularly in California will not be likely to give a good test of practical solutions. There must be ways to identify the owners of vehicles from other states that have NOT forwarded any information to this pilot program, but have driven their cars in California and to determine what monies should be collected from them.

Also, compare the costs and implementation time required for each potential pilot system with the required time and cost to extend the established Fastrack toll collection systems to about 80% of urban freeways.

Finally, consider the way that the flow of funds in each potential pilot system would be affected by the introduction of autonomous vehicles, whether publicly or privately owned.

submit: Submit Comments

From: Annie Nam
To: amayer@rctc.org; Pourvahidi, Carrie@DOT; Pennebaker, Laura@DOT
Subject: Additional Comments -- Road Charge
Date: Thursday, June 25, 2015 2:19:23 PM

Anne, Carry, and Laura,

If it's not too late for submittal of some clarification points to my previous comments during our workgroup discussion on June 16th, I am offering the following comments with respect to commercial vehicles.

Consideration of Market Segmentation of Commercial Vehicles for Road Charge Pilot

In addition to variation in commercial fleet size sampling for the road charge pilot as suggested in the briefing books, some consideration should be given to variations in market segmentation for commercial vehicles. The TAC may wish to consider segmenting the commercial vehicle market according to a few attributes such as industry and carrier business model as follows:

- **Industry:** A trucker moving containerized consumer goods for the wholesale/retail industry will be operating as a dray from port to warehouse and paid by the container delivered. A truck moving manufactured products for the high-tech manufacturing industry will operate as a truckload service, and typically will be paid by the mile. Each will have limited but different responses to road charges to some extent. Segmenting the market by industry is also critical in understanding the economic impacts of a road charge program to specific industries.
- **Carrier Business Model:** Motor carriers are typically standalone businesses offering for-hire carrier services, or set up as private fleets serving a parent company. The size and sophistication of these motor carrier operations varies enormously. Carriers' different business models will shape their response to/experience with road charging. Basic carrier business models should be considered in the pilot program as follows:
  - **For-Hire Carrier:** Establishments that get paid to provide transportation services for shipping and receiving establishments. The establishments either own their vehicles or lease trucks to service their clients. For-hire fleets are staffed either by company drivers or a mix of company drivers and owner-operator drivers. Owner-operators are smaller companies where individual owners operate their own truck and provide for-hire services.
  - **Private Fleet:** Private fleets are carriers owned and operated to transport a parent company's goods. These establishments serve as the logistics arm of larger firms and move freight exclusively for these firms. Typically, private fleets are maintained by large retailers, such as Wal-Mart and Target. In addition to freight-

carrying trucks, there are a substantial number of service trucks, especially in urban areas that support business operations such as utility and communication businesses that should be represented.

In addition to market segmentation as noted above, interoperability specific to out-of-state trucks should be considered—also applicable to international cross-border truck operations at or near California's land port of entries.

Annie Nam
Manager of Goods Movement & Transportation Finance
SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
818 West 7th Street, 12th Floor, Los Angeles, CA 90017
T: (213) 236-1827 | E: nam@scag.ca.gov

Revised Tab 8a

Date: June 23, 2015

To: CTC Road Charge Technical Advisory Committee Members

From: Robert Gutierrez, Director, California Tax Foundation

Subject: CalTax Comments for TAC's June 26 Meeting

The California Transportation Commission's Road Charge Technical Advisory Committee is scheduled to discuss pilot project evaluation criteria, participant involvement and demographics. With regard to the policy items scheduled to be taken up by the TAC on June 26, CalTax submits the following comments:

Agenda Item No. 15 – a) What evaluation criteria does the TAC recommend for the pilot?

The pilot project should provide policymakers a thorough review of collection and administration issues, including the efficiency of state and/or private account managers. Evaluating tax issues associated with a road charge should be based on the overarching principles of sound tax policy, which many tax experts, scholars, think tanks and the National Conference of State Legislatures generally have agreed upon. For your reference, I am attaching a one-page factsheet, "Principles of Sound Tax Policy," which provides an overview of these principles. From a taxpayer perspective, a road charge should be evaluated on the following:

- **Certainty** – Motorists should know when the charge is to be paid, how it is to be paid and how the charge will be calculated. Motorists should have confidence that a road charge accurately reflects payments for their use of roads. (Addressed partly in Operations Criteria and User Experience Criteria.)

- **Neutrality** – The primary purpose of a road charge is to fund road infrastructure based on a motorist's use of California's roads. A road charge should minimize extra costs or compliance burdens that influence a motorist's behavior. Pilot project findings should be able to demonstrate that a road charge is competitively neutral and minimizes market distortions. (Addressed in Cost Criteria and Operations Criteria.)

- **Equity and Fairness –** A road charge is a charge for use of roads. It is important that when charging motorists for the "use" of roads, motorists have a perception of fairness. A road charge is a charge imposed for a specific benefit/privilege (driving on state and local roads) that is granted to the payor (motorists) and is not granted to non-payors. (Addressed in Equity Criteria.)

- **Transparency** – Taxpayers should know that a road charge exists, that they are in fact paying the charge, and understand the cost. In some ways, a road charge has the potential to be much more transparent than the existing gas tax (as gas prices are currently inclusive of all taxes and fees). (Addressed in User Experience Criteria)

- **Simplicity** – Levies (includes taxes and fees) should be imposed in a manner that is most convenient for payers to pay. Multiple forms and intricate filing requirements make it difficult for a taxpayer to pay a tax and increase the government costs of administering a tax, requiring more staff and additional audit personnel. The easier it is to pay a tax, the fewer the costs of complying with a tax. Costs to collect and administer a tax should be minimal for government and taxpayers. (Addressed in Operations Criteria.)

- **Broad Bases and Low Rates** – Creating a tax break for some motorists means higher taxes for others. A road charge is a use charge and should be reflect the actual use of roads. (Addressed in Equity Criteria.)

- **Sufficient Revenue** – A road charge should be sufficient to fund the maintenance of existing state and local road infrastructure. New capital projects should be funded through one-time state or local budget surpluses, temporary taxes, or state or local bonds. (Addressed in Revenue Criteria.)

- **Complementary Tax Bases** – A state's tax structure should have complementary bases with other states and the federal government. California seeks to conform to federal income tax laws, and has participated in multistate tax efforts, such as the Multistate Tax Compact and the Streamlined Sales Tax Project. The pilot project should seek to demonstrate how a road charge will work with other states, out-of-state motorists, and federal excise taxes on transportation fuel. (Addressed partly in Operations Criteria.)

Agenda Item No. 15 – d) What non-mileage-based road charge accommodations does the TAC recommend testing in the road charge pilot?

TAC will be discussing exemption issues under "Question 4 – what non-mileage based road charge accommodations does the TAC recommend testing in the road charge pilot?" While it would make sense to exempt out-of-state miles and miles driven on roads that do not receive state or local funding, exempting all miles driven by certain motorists (i.e. low-income or government) from a road charge distorts the nature of a user fee/charge. Adding exemptions to a road charge system converts the charge into a tax rather than a user fee. If the purpose of a road charge is to fund the cost of service for maintaining existing roads and highways, a road charge cannot exceed the cost of funding use of transportation infrastructure and must benefit the payer.

Understanding that tax policy should seek to achieve equity, California's transportation funding structure already achieves equity through the vehicle license fee (VLF). The VLF is a quasi-property tax based on the value of a consumer's vehicle. A vehicle's owner's "ability-to-pay" the tax is tied to whether a motorist can afford the vehicle (i.e. the owner of a new Rolls Royce will pay a much higher tax than the owner of 20-year old Honda). In contrast, a road charge is a "user fee" and motorists pay their "fair share" for using California's roads based on the miles they drive.

There are a number of other issues to consider when exempting certain income populations from paying for transportation infrastructure – including taxpayer confidentiality, information sharing from Franchise Tax Board and Employment Development Department to other government entities or private third-parties, as well as other administrative issues.

CalTax appreciates the TAC's dialogue and discussion as California considers innovative ideas to re-think transportation funding in the 21st Century. With regard to any of these comments or other tax policy issues, please feel free to contact me at rob@caltax.org.

Revised Tab 8a

PRINCIPLES OF SOUND TAX POLICY

Tax & Fiscal Facts

Attempts to develop consensus on the attributes of sound tax policy have sparked endless debate. Tax experts continue to argue over measurements of tax equity, and what can be done to improve the economy. However, policymakers, scholars and think tanks overwhelmingly agree on a number of key overarching principles of sound tax policy. In practice, the principles below may be difficult to achieve, but nonetheless, they are worth pursuing, as sound tax policy is necessary for governments and taxpayers alike.

Certainty

Changes within a tax structure should be kept to a minimum. Frequent changes in rates or bases disrupt taxpayers' behavior and their ability to make long-range investment and business decisions. Arbitrary application of taxes also creates unpredictability, making it more difficult for taxpayers to comply with tax laws.

Neutrality

The primary purpose of a tax should be to collect revenue. Market distortions should be minimized or avoided altogether. Tax neutrality ensures that policymakers are not discriminating among certain industries, activities or products.

Stability

Governments should utilize a revenue system that is relatively stable, and not prone to unpredictable fluctuations. When governments rely too heavily on fluctuating revenue, services are negatively affected because the revenue will not be available to support expenditures. A diversified tax structure helps achieve a more stable revenue flow.

Equity and Fairness

Equity generally is measured by a taxpayer's ability to pay a particular tax. Tax fairness can be evaluated by horizontal equity (comparing tax burdens of taxpayers in similar circumstances) and vertical equity (the distribution of tax burdens for taxpayers in different circumstances).

Broad Bases and Low Rates

Governments can obtain substantial revenue from taxes that have broad bases and low rates. Lower rates minimize the impact of the tax on taxpayers' behavior, and improve economic competitiveness. A narrow base can increase volatility, and the budgeting problems that come with it. However, in some cases, narrowing a tax base through exemptions or other tax policies may improve the equity or neutrality of a tax.

Transparency

Taxpayers should understand how taxes are assessed and collected, and be able to identify the tax associated with a purchase or transaction. Open government meetings also are important, so taxpayers can be part of the legislative and regulatory processes.

Simplicity

Layer upon layer of taxes, multiple tax forms and intricate filing requirements make a tax structure complex, and compliance difficult. Simplified tax systems reduce the cost of compliance for taxpayers, and reduce the need for enforcement tools for government. Taxpayers who do business in multiple jurisdictions often face major burdens complying with complex reporting requirements.

Sufficient Revenue

A tax structure's purpose is to collect adequate revenue to support effective, efficient government. A stable tax structure should be able to generate revenue to support government in a manner that does not require policymakers to make frequent spending cuts or tax increases.

Complementary Tax Bases

A tax structure should address the relationships between state and local governments. State government can limit or expand taxing authority for local government. Local taxes should be uniform in their application and collection, with bases comparable throughout the state. Taxes levied at the state and local levels of government should share similar bases and application to the greatest extent possible.

No Retroactivity

There should be no retroactive tax increases. Taxpayers need to be aware of their potential tax liabilities. Retroactive taxes can create financial hardship for taxpayers, and hinder investment planning, savings and economic growth by introducing changes that were not accounted for in taxpayers' budgets or planning.

CALIFORNIA TAX FOUNDATION

The California Tax Foundation is a nonprofit, nonpartisan think tank affiliated with the California Taxpayers Association. The foundation is dedicated to promoting sound tax policy and government efficiency.

1215 K Street, Suite 1250 • Sacramento, CA 95814 • (916) 441-0490 • www.caltaxfoundation.org

SAN JOAQUIN FARM BUREAU FEDERATION

MEETING TODAY'S CHALLENGES / PLANNING FOR TOMORROW

June 24, 2015

To the Road Charge TAC

RE: Briefing book for Road Charge TAC, June 26 Meeting

Page 4…good to see drivers offered a choice of reporting.

While out of state drivers who are known will be included, how would we capture all of the out of state drivers who enter our state for business or pleasure purposes to make sure this is equitable. Currently, they simply buy fuel here and we collect taxes. How are we going to collect on mileage and what type of staff/agency is going to be required and how much is it going to cost to collect money from those simply on vacation in this state? Also, what about foreign cars that enter our state and how will the state collect on all of those miles driven? These costs need to be carefully analyzed.

Really curious on page 5 how we can make sure private miles traveled are not captured as this is the only equitable way to make sure people who travel mostly on private roads or even public land roads are not charged fees for road maintenance that they will never see returned to benefit their area.

Page 8.
I am really concerned that the full costs of implementing a program like this (mileage based) vs. fuel taxes is being overlooked. What is going to be the costs for the state collections agency to monitor, check and audit the mileage of our vehicles along with every other vehicle that enters our state from other origins. Traffic that starts outside of our state is a major impact to our roadways and creating a legal and cost-effective system has not been explained. That this cost analysis is an informational item only is a concern. I would reiterate these concerns regarding the Business Case Analysis and Organizational design comments on Page 9. When will there be discussion and action on these items instead of just information?

Page 15-21 plus Appendix 1-44-53
Create a stable revenue stream? Your only criteria is that you want more money collected?? People travel more when there are good economic times and less when we are not in good economic health. Job losses translate to no vacations and very little travel. You cannot guarantee a revenue stream as this will be dictated by economic factors and other factors. Sorry, but this seems like a nice way of just saying we want more taxes and are afraid that raising the gas tax again won't be popular.

I have asked for a full accounting of all gas taxes collected in California for the last 20 years (federal, state, etc.) to see just how much things have fallen. At the same time, I have asked to see how this money is being spent…meaning of the dollars collected, how much goes to debt service, pre-construction costs, non-construction costs and ultimately, how much actually goes to build new or improve existing roads. This information is vital for me to adequately review a document and a proposal like this.

3290 NORTH AD ART ROAD • STOCKTON, CA • 95215 • (209) 931-4931 • (209) 931-1433 Fax
WWW.SJFB.ORG

SAN JOAQUIN FARM BUREAU FEDERATION

MEETING TODAY'S CHALLENGES / PLANNING FOR TOMORROW

On page 46, the cost criteria needs further expansion. For random outside travelers in our state, we should follow up with them with correspondence asking them to return a survey. In that survey, we could ask questions including would they prefer the current system of paying fuel taxes or would they rather we billed them for their mileage every time they came to the state. Monitoring the response rate to this would be important as well.

The difference between expected and realized revenue must be coupled with the expected full costs of recovery when those numbers do not match. Unfortunately, some people are going to be less than honest in reporting their mileage, etc. Others will find way to interfere with technology. How much is the state going to have to pay to collect for these unpaid miles is a key point.

The other factor missing is the cost to residents and to business to claim the "exemptions" you are talking about, especially that vehicles traveling on private roads should not be taxed for that mileage. How the state is going to monitor and implement something like this needed, but hard to define. We need to make sure we minimize the costs of reporting mileage. At the same time, a farmer who has a larger operations could spend most of his or her day on their own private roads while intersecting some public roadways. Do they have to keep a log telling every time they cross a highway and would they be charged for simply crossing the road?

Some have suggested GPS as a possible answer. I have used GPS based direction systems that cannot find and address or can be 20 yards or more in error or more on measuring a shot on a golf course. These systems are nice but not always accurate. Especially when I hit a seven iron on a golf course only to find out, it should have been a 9 as my balls sails out of bounds. If this makes me mad on a golf course (and it does), think about a driver who gets a bill for mileage on-road that was actually on their private roads.

The behavior impacts noted on page 47 are real. Look at our rural communities around our state. Tulelake is a great example. Most people buy their fuel, parts, and supplies in Oregon now rather than that small town. Many landowners have also purchased property in Oregon to avoid our tax system. Making a new tax system that seems to have only one intent (higher taxes) will only push more out of our state, especially from the business side of the equation.

Page 48 misses the mark for most of our state (not from a population standpoint, but a location standpoint). It's easy to assume most people could simply go online to report their mileage. That's all great if they have access to the internet. This technology is NOT widely available in a reliable means for a large part of our state. While it is improving, there is still a long way to go. A great example when I worked for the State Farm Bureau, to get in touch with the Trinity County Farm Bureau President, my choices were a letter or to call a store that was more than an hour away from he and his wife's home and HOPE that I was in the office or not in a bad cell zone when one of them called me back. Do not assume that everyone is simply going to fire up their computers and the internet and file the report and be prepared to get mail…and a lot of it from throughout the state instead of electronic reporting.

Page 49. The importance of privacy protection cannot be understated. Simply put, not one bit of information taken from this study that shows anything about and individual or businesses travel habits can be made public without their consent.

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Page 51…again, I would stress that these compliance costs given the ENTIRE state must be considered. The only way to do this is thorough pilot program to cover the ENTIRE STATE.

Page 18…how many participants should be included in the pilot.

We are talking about a major shift in public policy. There needs to be adequate participation of a variety of interests reflective of the local socio-economic forces in each COUNTY represented. As part of this process, I have not seen anything regarding how or if federal agencies who dominate the landscape in much of our state in terms of landowners are going to be accounted for. Will federal agencies pay their taxes? What happens if/when Congress pulls that funding? If they are buying fuel for their fleets currently, are they paying the taxes and what is going to be the cost to make sure their pay for their mileage in the future? Since the government owns more than half of our state (state, local and federal lands), I would like to see a discussion on how you will collect from each one of these entities should you move to a mileage based system and how you will account for shortfalls should the federal government decide to stop paying (like they do with in-lieu taxes on federal lands that are supposed to help fund local schools). They could also claim they need the money to maintain their own roads on their public lands again leading to a shortfall in our state.

Page 19
Strategy 1. A disaster and entirely not reflective of the state of California.

Page 20
Strategy 2…again not reflective our state and leads to questions if the state is trying to steamroll some agenda based on who is chosen and more importantly, who was not chosen.

Strategy 3. Is the only option. Yes, it will make the pilot more difficult to implement, but that is exactly what the state will face on a much larger scale should they adopt this model. It's better to see the full impact upfront and be able to address concerns now rather than make irrational assumptions based on poor or inadequate information.

Page 21-discounts for low income
Does not need to be part of the program, but data analysis collection would be positive to compare and ultimately to ask if they would prefer a mileage tax or to simply pay the same fuel taxes as before.

Subsidized public transit fares? Your stated goal appears to collect more money. Now you want to give greater incentives to get more people on public transportation which means they will be driving less so the current method and this proposed method will both come up short. Incentives to get more people to use public transit is fine, but that's a different topic than how to stabilize and possibly improve our means of building and maintaining our roads. These are different topics covering entirely different issues and should be separated.

The entire discussion on income levels and keeping this information private is a key element, but the impact to overall costs is the KEY element should this be pursued. Not to mention having to add

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another department at a state agency will have to be created to collect, audit, officiate and determine who gets the exemption and who does not. This cost factor needs to be added to the discussion.

Page 23-24, etc.
You go to great lengths to define what is rural and what is not. How about working with each county to have them define and identify their own key demographics?

They could also identify the types of businesses, individuals and groups who should be represented in their county. I believe both CSAC and RCRC would be willing to help work with their member counties to assist in this endeavor.

Page 37
The statement that fewer businesses exist in the northern part of our state are true, but do not discount the needs of those businesses. Also, this implies resource based industries are fewer in number than non-resource based (forestry vs. a local coffee shop) which is true, but it is all types of entities who matter in a study like this. So what that there are more companies in one part of the state, the key is to come up with a recommendation that will work as well in San Francisco as it will in Nubieber. To capture those needs, we need to reach out to make sure we cover all of those businesses and individuals to make sure all of the benefits and impacts can be evaluated.

Page 42
Which definition of rural should apply? Not one that you have come up with. Leave that up to counties to decide how to best represent themselves as urban and rural.

Regarding demographics, regional diversity…the entire state is most important.

Under economics, there are such vast differences in each county in our state. All of those need to be considered, not just focus on a few select locations as this could potentially apply to the entire state in the future. It's better to study this now then "figure it out" as you move forward on a bad path with limited information.

Thank you for the opportunity to comment on this document.

Bruce Blodgett
Executive Director

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Revised Tab 8a

Governments SANBAG Working Together

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TRANSPORTATION MEASURE I

■ San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
■ San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

June 25, 2015

Mr. Jim Madaffer, Chairman
California Road Charge Technical Advisory Committee
California Transportation Commission
1120 N Street, MS-52
Sacramento, CA 94273

Subject: SANBAG comments on the California Road Charge Pilot Program

San Bernardino Associated Governments (SANBAG) appreciates this opportunity to offer comments to the Road Charge Technical Advisory Committee on the Road Charge Pilot Program required by SB 1077. SANBAG is the Council of Governments and County Transportation Commission for the County of San Bernardino, the largest county geographically in the continental United States (over 20,000 square miles) and home to 2.1 million residents.

We recognize the importance of the pilot program in providing direction for a substantial portion of our future transportation funding. We offer several comments at this time and would expect to be providing additional input as the design of the pilot program continues.

- SANBAG is supportive of a robust pilot, testing a full range of possible technology options from simple to advanced technology and covering a range of vehicle types, area types, and traveler/fleet characteristics that could be accommodated in a permanent program. We concur that a mix of rural and urban drivers is important to include in the pilot. In addition, we believe that the inland areas of Southern California need to be adequately represented in the pool of pilot drivers, given the wide range of commute distances and times that we particularly experience in this "suburban fringe" area of the region. This should include a cross-section of vehicle types, from conventional to alternate fuel vehicles (AFVs). We are willing to assist in recruitment, where possible, if that would help to ensure that our population of drivers is adequately represented.
- If trucks are included in the pilot (and indications are that they will be), we would suggest that the pilot include both fleets and owner-operators, so that the dynamics of interaction with this range of commercial vehicles can be captured. An ultimate system must be able to deal with fleet charging/billing as well as owner-operator charging/billing. Again, this is particularly important for the Inland Empire, given the large presence of logistics businesses in our area.

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Out-of-state trucks need to be included as well as trucks that operate only within the state. Service vehicle fleets should be included that have a mix of conventional and alternate fuel vehicles.

- We are assuming that public transit fleets will be exempted, as they currently are exempted with the gas tax, so there would be no need for inclusion of transit fleets in the pilot test.
- Thinking ahead to the structure of an ultimate road charge program, and given the many potential complexities, it may be advisable to take an incremental approach, staged over a period of years, with intermediate checkpoints and evaluation periods. An output from the pilot, or subsequent discussions, should include options for implementation ranging from incremental, stepwise growth to a more aggressive program. In other words, it would be helpful if any recommendations on implementation included in the report from the road charge pilot (or subsequent discussions by CalSTA and/or the TAC) could delineate a range of approaches, not just one possible approach. The TAC and/or CalSTA should solicit input from agencies, the private sector, and the public on the merits of several alternative courses of action. An example of an incremental step would be to initially focus on Alternative Fuel Vehicles, as suggested by Metro at the May 29 meeting of the Road Charge TAC, including ways of dealing with hybrids. It would be helpful if the pilot test report could identify the potential costs, implementation challenges, and risks associated with the range of implementation options.
- We want the pilot to succeed in informing policy makers, agencies, and the public on how an ultimate implementation can also succeed. The transportation industry needs adequate and stable sources of revenue to continue building, maintaining, and operating the infrastructure that California requires to serve the public and to remain competitive in the global and national economies. The potential impact is too great and the stakes are too high to perform a pilot that is less thorough than it should to be. We understand the desire to speed up the conduct of the pilot, but it should not be at the expense of taking shortcuts or skipping steps that are important to designing an ultimate program that has a high probability of success. Speeding up the program increases the chances of missteps, which could set the program back, not advance it. This is potentially a very complex program, and it is more important to do it right than to do it fast.

Again, we appreciate the diligent work being conducted by the Road Charge TAC and look forward to additional information and opportunities to comment.

Sincerely,

Steve Smith
Director of Planning