
Policy Consideration: Non-Mileage Road Charge Accommodations

Jeff Doyle

Agenda Item #14
TAC Meeting #6, June 26, 2015
Sacramento, CA



Last Month's Discussion

Mileage-based exemptions will be tested

- ◆ Exemptions are based on status of the *roadway* -- not the driver or the vehicle



Out of state miles



Off-road miles



Private road miles

Carried over for further consideration today:

- ◆ If no exemptions, what other accommodations could be made for policy (equity) reasons?



Tax Equity Principles: Road Funding is Based on User Pays

Benefit Equity:

- ◆ People pay in proportion to the benefits they receive
- ◆ Examples: user fees and charges (including Road Charge)

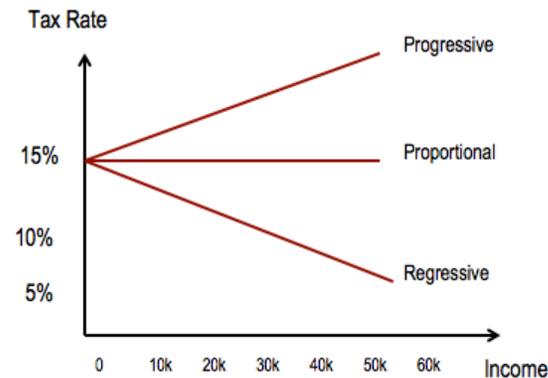
Ability-to-Pay:

- ◆ People pay based on their ability to pay

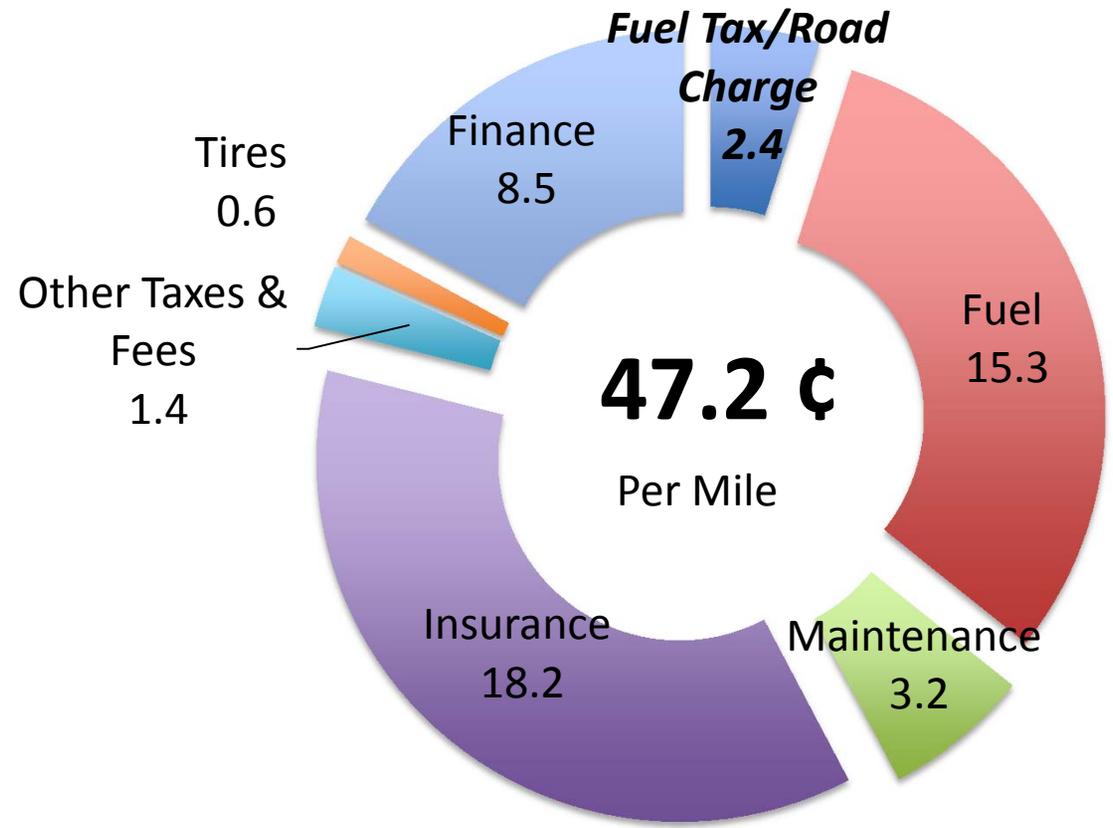
Horizontal Equity:



Vertical Equity:



Fuel Tax/Road Charge is 5.1% of Operating Cost to Drive in California



SB 1077 Provisions

SB 1077 provides:

- ◆ “Road charging is a policy whereby...drivers pay the same rate per mile driven...”
- ◆ “Road charge has the potential to distribute the gas tax burden across all vehicles regardless of fuel source and to minimize the impact of the current regressive gas tax structure”

TAC’s adopted exemptions are consistent with those contained in law for the fuel taxes:

- ◆ No charge for driving off of California’s public roadway network

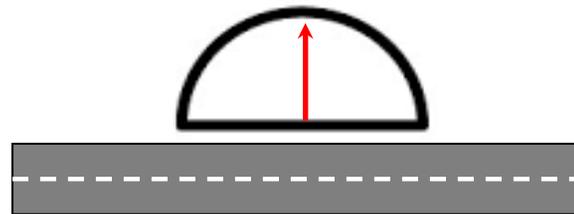


Road Charge Restores Benefit Equity Principle

Benefit Equity (user pays): drivers pay in proportion to benefits received

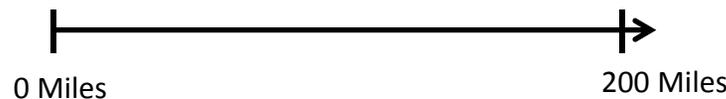


2003 Ford Taurus
(18 MPG)

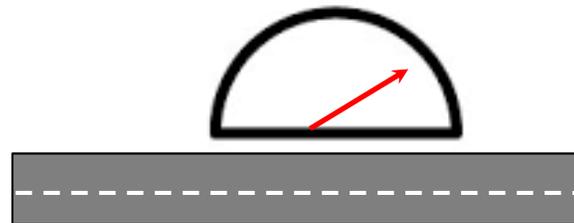


Fuel: \$35.55
CA gas tax: **\$3.33***

About 1 week of driving:



2015 Ford Fusion
(42 MPG)



Fuel: \$15.24
CA gas tax: **\$1.43***

* Based on state gas tax rate of 30 cents per gallon, and \$3.50 per gallon price at the pump

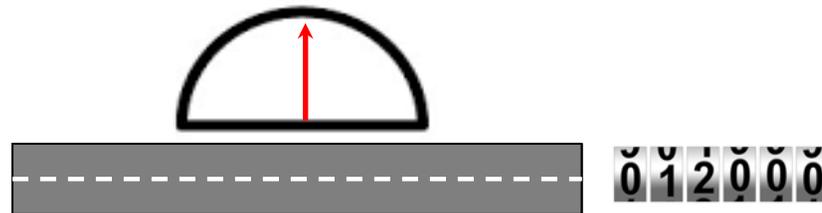


Road Charge Restores Benefit Equity Principle

Benefit Equity (user pays): drivers pay in proportion to benefits received

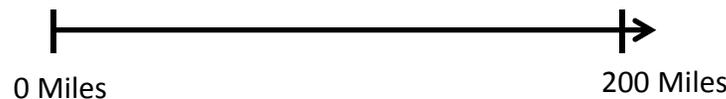


2003 Ford Taurus
(18 MPG)

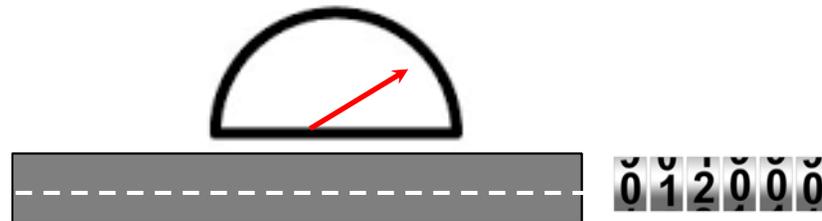


Fuel: \$35.55
Road Charge: **\$3.00***

About 1 week of driving:



2015 Ford Fusion
(42 MPG)



Fuel: \$15.24
Road Charge: **\$3.00***

* Example: Based on State of Oregon's Road Usage Charge (RUC) rate of 1.5 cents per mile



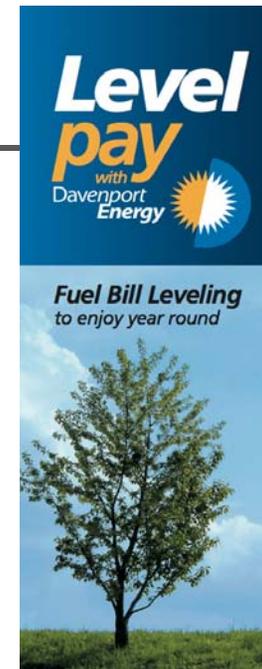
What is Meant by “Accommodations”?

Tax *policy* provisions (and examples):

- ◆ **Exemptions:** registration exemptions (e.g., government vehicles)
- ◆ **Differential rates:** federal income tax
- ◆ **Credits, caps or allowances:** child care tax credit

Payment *accommodations* (and examples):

- ◆ **Level payment plans:** residential heating bills
- ◆ **Infrequent driver plans:** vehicle trip permits
- ◆ **Pay-as-you-go plans:** transit ticket booklets



Potential Cost Impacts of a Time Permit

Mileage driven	Cost at 1.5 cents/mile*	Cost at 3 cents/mile*
1,000	\$15	\$30
9,000 (50 th percentile annual mileage)	\$135	\$270
20,000 (90 th percentile annually mileage)	\$300	\$600
35,000 (98 th percentile annually mileage)	\$525	\$1,050
50,000	\$750	\$1,500

- ◆ Annual cost of time permit is set to discourage high-mileage drivers from “gaming the system”
- ◆ Large up-front payment may be a financial hardship on lower-income households

* Rates shown for illustrative purposes only



TAC Discussion...

Are there other payment accommodations that can or should be made in the Road Charge Pilot Project?

