

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: November 12, 2014

Reference No.: 4.1
Action

From: ANDRE BOUTROS
Executive Director

Subject: **ROAD USAGE CHARGE TECHNICAL ADVISORY COMMITTEE & PILOT PROGRAM IMPLEMENTATION CONSIDERATIONS**

BACKGROUND:

On September 29, 2014 the Governor signed Senate Bill 1077 (DeSaulnier, Road Usage Charge Pilot Program) mandating the Chair of the Commission, in consultation with the Secretary of the California State Transportation Agency (CalSTA), to create a 15-member Road Usage Charge Technical Advisory Committee to study road usage charge alternatives to the gas tax and to make recommendations to the CalSTA Secretary on the design of the pilot program. CalSTA must implement a road usage charge pilot program by January 1, 2017 based on the recommendations of the Technical Advisory Committee and submit to the Legislature, the Technical Advisory Committee, and the Commission, a report of its findings by June 30, 2018. The Commission is required to include its recommendations regarding the pilot program in its annual report to the Legislature.

RECOMMENDATION:

Staff recommends the Commission provide feedback regarding potential membership of the Technical Advisory Committee, and direct staff to contact the identified organizations to solicit participation on the Committee.

DISCUSSION:

To meet the statutory deadlines outlined in Senate Bill 1077, the Technical Advisory Committee (Committee) should be established by January 1, 2015. It is anticipated that the Committee will meet over the next 18 months to study road usage charge alternatives, gather public comment, develop the pilot design recommendations, and recommend evaluation criteria. This will allow for time necessary to prepare for implementation of the pilot program by January 1, 2017.

Given the schedule for development of the road usage charge pilot program recommendations, the Chair's immediate task, in consultation with the CalSTA Secretary, is the identification and appointment of the 15-member Committee. Pursuant to Senate Bill 1077, when identifying members, the Chair shall consider individuals representing the following areas:

- Telecommunications Industry
- Highway User Groups
- Data Security and Privacy Industry
- Privacy Rights Advocacy Organizations

- Regional Transportation Agencies
- National Research and Policymaking Bodies
- Members of the Legislature
- Other relevant stakeholders as determined by the Chair

Utilizing the membership guidance provided in Senate Bill 1077, Commission staff consulted with individuals representing the Legislature, Caltrans, Regional Transportation Agencies, and other interested stakeholders to identify organizations and individuals that represent a broad based membership for consideration. Staff has received correspondence from numerous individuals and organizations expressing interest in participation on the Committee. Given the statutory limitation of 15 members on the Committee, Staff is developing a stakeholder database to ensure all interested parties will be engaged as part of the larger workgroup effort.

On November 7, 2014 the Commission Chair consulted with the CalSTA Secretary and the Speaker of the Assembly on potential Committee membership (consultation with the Senate President Pro Tempore is pending). A list of potential organizations for engagement on the Committee is provided in Attachment 2. Following the November 12, 2014 Commission meeting, the identified organizations will be contacted to determine representatives for Committee membership. It is anticipated that the appointment of Committee members will be formalized at the December Commission meeting.

SB 1077 requires the 15 member Technical Advisory Committee to consult with highway users and transportation stakeholders including representatives of vehicle users, vehicle manufacturers, and fuel distributors. The Committee will undertake an open and inclusive process to engage these and other organizations, as well as the public, to participate and provide support to the Committee in its study of usage charge alternatives and development of recommendations on pilot program design.

The first meeting of the Committee is anticipated to be held in January 2015. This meeting will address Committee operating procedures, planned meeting dates, and other administrative requirements in addition to road usage charge pilot program considerations.

Attachment 1 – Senate Bill 1077

Attachment 2 – California Road Usage Charge Technical Advisory Committee Potential Members

Senate Bill No. 1077

CHAPTER 835

An act to add and repeal Chapter 7 (commencing with Section 3090) of Division 2 of, and to repeal Chapter 7 (commencing with former Section 3100) of Division 2 of, the Vehicle Code, relating to vehicles.

[Approved by Governor September 29, 2014. Filed with Secretary of State September 29, 2014.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1077, DeSaulnier. Vehicles: road usage charge pilot program.

Existing law establishes the Transportation Agency, which consists of the Department of the California Highway Patrol, the California Transportation Commission, the Department of Motor Vehicles, the Department of Transportation, the High-Speed Rail Authority, and the Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun.

This bill would require the Chair of the California Transportation Commission to create a Road Usage Charge (RUC) Technical Advisory Committee in consultation with the Secretary of the Transportation Agency. The bill would require the technical advisory committee to study RUC alternatives to the gas tax and to make recommendations to the Secretary of the Transportation Agency on the design of a pilot program, as specified. The bill would also authorize the technical advisory committee to make recommendations on the criteria to be used to evaluate the pilot program. The bill would require the technical advisory committee to consult with specified entities and to consider certain factors in carrying out its duties. The bill would require the Transportation Agency, based on the recommendations of the technical advisory committee, to implement a pilot program to identify and evaluate issues related to the potential implementation of an RUC program in California by January 1, 2017. The bill would require the agency to prepare and submit a report of its findings to the technical advisory committee, the commission, and the appropriate fiscal and policy committees of the Legislature by no later than June 30, 2018, as specified. The bill would also require the commission to include its recommendations regarding the pilot program in its annual report to the Legislature, as specified. The bill would repeal these provisions on January 1, 2019.

The people of the State of California do enact as follows:

SECTION 1.

The Legislature finds and declares all of the following:

- (a) An efficient transportation system is critical for California's economy and quality of life.
- (b) The revenues currently available for highways and local roads are inadequate to preserve and maintain existing infrastructure and to provide funds for improvements that would reduce congestion and improve service.
- (c) The gas tax is an ineffective mechanism for meeting California's long-term revenue needs because it will steadily generate less revenue as cars become more fuel efficient and alternative sources of fuel are identified. By 2030, as much as half of the revenue that could have been collected will be lost to fuel efficiency. Additionally,

bundling fees for roads and highways into the gas tax makes it difficult for users to understand the amount they are paying for roads and highways.

(d) Other states have begun to explore the potential for a road usage charge to replace traditional gas taxes, including the State of Oregon, which established the first permanent road user charge program in the nation.

(e) Road usage charging is a policy whereby motorists pay for the use of the roadway network based on the distance they travel. Drivers pay the same rate per mile driven, regardless of what part of the roadway network they use.

(f) A road usage charge program 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.

(g) Experience to date in other states across the nation demonstrates that mileage-based charges can be implemented in a way that ensures data security and maximum privacy protection for drivers.

(h) It is therefore important that the state begin to explore alternative revenue sources that may be implemented in lieu of the antiquated gas tax structure now in place.

(i) Any exploration of alternative revenue sources shall take privacy implications into account, especially with regard to location data. Travel locations or patterns shall not be reported, and legal and technical safeguards shall protect personal information.

SEC. 2.

Chapter 7 (commencing with Section 3090) is added to Division 2 of the *Vehicle Code*, to read:

CHAPTER 7. ROAD USAGE CHARGE PILOT PROGRAM

3090.

(a) The Chair of the California Transportation Commission shall create, in consultation with the Secretary of the Transportation Agency, a Road Usage Charge (RUC) Technical Advisory Committee.

(b) The purpose of the technical advisory committee is to guide the development and evaluation of a pilot program to assess the potential for mileage-based revenue collection for California's roads and highways as an alternative to the gas tax system.

(c) The technical advisory committee shall consist of 15 members. In selecting the members of the technical advisory committee, the chair shall consider individuals who are representative of the telecommunications industry, highway user groups, the data security and privacy industry, privacy rights advocacy organizations, regional transportation agencies, national research and policymaking bodies, including, but not limited to, the Transportation Research Board and the American Association of State Highway and Transportation Officials, Members of the Legislature, and other relevant stakeholders as determined by the chair.

(d) Pursuant to Section 14512 of the Government Code, the technical advisory committee may request the Department of Transportation to perform such work as the technical advisory committee deems necessary to carry out its duties and responsibilities.

(e) The technical advisory committee shall study RUC alternatives to the gas tax. The technical advisory committee shall gather public comment on issues and concerns related to the pilot program and shall make recommendations to the Secretary of the Transportation Agency on the design of a pilot program to test alternative RUC

approaches. The technical advisory committee may also make recommendations on the criteria to be used to evaluate the pilot program.

(f) In studying alternatives to the current gas tax system and developing recommendations on the design of a pilot program to test alternative RUC approaches pursuant to subdivision (e), the technical advisory committee shall take all of the following into consideration:

(1) The availability, adaptability, reliability, and security of methods that might be used in recording and reporting highway use.

(2) The necessity of protecting all personally identifiable information used in reporting highway use.

(3) The ease and cost of recording and reporting highway use.

(4) The ease and cost of administering the collection of taxes and fees as an alternative to the current system of taxing highway use through motor vehicle fuel taxes.

(5) Effective methods of maintaining compliance.

(6) The ease of reidentifying location data, even when personally identifiable information has been removed from the data.

(7) Increased privacy concerns when location data is used in conjunction with other technologies.

(8) Public and private agency access, including law enforcement, to data collected and stored for purposes of the RUC to ensure individual privacy rights are protected pursuant to Section 1 of Article I of the California Constitution.

(g) The technical advisory committee shall consult with highway users and transportation stakeholders, including representatives of vehicle users, vehicle manufacturers, and fuel distributors as part of its duties pursuant to subdivision (f).

3091.

(a) Based on the recommendations of the RUC Technical Advisory Committee, the Transportation Agency shall implement a pilot program to identify and evaluate issues related to the potential implementation of an RUC program in California by January 1, 2017.

(b) At a minimum, the pilot program shall accomplish all of the following:

(1) Analyze alternative means of collecting road usage data, including at least one alternative that does not rely on electronic vehicle location data.

(2) Collect a minimum amount of personal information including location tracking information, necessary to implement the RUC program.

(3) Ensure that processes for collecting, managing, storing, transmitting, and destroying data are in place to protect the integrity of the data and safeguard the privacy of drivers.

(c) The agency shall not disclose, distribute, make available, sell, access, or otherwise provide for another purpose, personal information or data collected through the RUC program to any private entity or individual unless authorized by a court order, as part of a civil case, by a subpoena issued on behalf of a defendant in a criminal case, by a search warrant, or in aggregate form with all personal information removed for the purposes of academic research.

3092.

(a) The Transportation Agency shall prepare and submit a report of its findings based on the results of the pilot program to the RUC Technical Advisory Committee, the California Transportation Commission, and the appropriate policy and fiscal committees of the Legislature by no later than June 30, 2018. The report shall include, but not be limited to, a discussion of all of the following issues:

- (1) Cost.
 - (2) Privacy, including recommendations regarding public and private access, including law enforcement, to data collected and stored for purposes of the RUC to ensure individual privacy rights are protected pursuant to Section 1 of Article I of the California Constitution.
 - (3) Jurisdictional issues.
 - (4) Feasibility.
 - (5) Complexity.
 - (6) Acceptance.
 - (7) Use of revenues.
 - (8) Security and compliance, including a discussion of processes and security measures necessary to minimize fraud and tax evasion rates.
 - (9) Data collection technology, including a discussion of the advantages and disadvantages of various types of data collection equipment and the privacy implications and considerations of the equipment.
 - (10) Potential for additional driver services.
 - (11) Implementation issues.
- (b) The California Transportation Commission shall include its recommendations regarding the pilot program in its annual report to the Legislature as specified in Sections 14535 and 14536 of the Government Code.
- 3093.

This chapter shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2019, deletes or extends that date.

SEC. 3.

Chapter 7 (commencing with former Section 3100) of Division 2 of the *Vehicle Code* is repealed.

CTC - California Road Usage Charge Pilot Program Technical Advisory Committee Potential Membership

(Required for Consideration in SB 1077)

| Category | Organization |
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| Chair 1 | California Transportation Commission |
| Telecommunications Industry 2 | Intelligent Transportation Society of California |
| Data Security and Privacy 3 | Center for Democracy in Technology |
| Privacy Rights Advocacy 4 | Electronic Frontier Foundation |
| Regional Transportation Agencies 5 6 7 8 | Regional Agency Representative - Elected Official Regional Agency Representative - Elected Official Regional Agency Representative - Elected Official Regional Agency Representative - Elected Official |
| Members of the Legislature 9 10 | Legislator - Senate Pro Tempore Appointment Legislator - Assembly Speaker Appointment |
| Highway User Groups 11 12 | American Automobile Association California Trucking Association |
| National Research and Policymaking 13 | Reason Foundation/TRB/AASHTO |
| Other - Business and Economy 14 | California Chamber of Commerce |
| Other - Social Equity 15 | PolicyLink |