

Gas Tax Replacement Study Session

Board of Directors
January 28, 2026



Agenda

- 1) Current Transportation Funding System
- 2) Legislative Proposals
- 3) Key Issues
- 4) Potential Solutions
- 5) How Would It Work?
- 6) Monterey County Impacts



Highway 1 and Salinas Road

Gas Tax Revenue

- \$80 billion over the next 10 years
- 46% of all State transportation revenue
- Maintenance and capital projects



California Transportation Commission, "[State and Local Transportation Full Needs Assessment - May 2025](#)", page 5-7.

Gas Tax Fiscal Cliff

Potential \$31 billion funding shortfall over 10 years

CAUSE

IMPACT ON REVENUE

Electric Vehicle Adoption

EV drivers avoid gas taxes, reducing revenue significantly

Fuel Efficiency Gains

Less fuel consumed per mile, lowering tax collections

Climate Policies

Mandates and incentives cut gasoline/diesel use, shrinking tax base

Offset Measures

ZEV road improvement fee adds ~\$1B, but gap remains

Legislative Proposals



Road User Charge Pilot
Program completed in
January 2025



Gas tax replacement
spot bill

Considerations to Guide Deliberations



Highway 1 Sand City

Legislative Analyst
Office recommends:

1. “User-Pays” Principle
2. Equity
3. Ease of Implementation
4. Revenue Stability and Sustainability

Considerations to Guide Deliberations



Highway 101 Spence Road

Other considerations:

1. Rural Fairness
2. Income Fairness
3. Privacy and Trust
4. Administrative Cost
5. Health and Safety
6. Likelihood of Adoption

Potential Transportation Infrastructure Funding Solutions

1. Adopt **new road user charge**
2. Increase existing **vehicle registration fees**

What does the Gas Tax generate and what's the RUC proposal?

Revenue Generated by Existing Gas Tax				
Rate (\$/Gallon)		State		Monterey County
0.63	\$	8,401,957,200	\$	102,060,000
Per Licensed Driver	\$	301	\$	354

Revenue Generated by Proposed Road User Charge				
Rate (\$/Mile)		State		Monterey County
0.025	\$	8,126,839,250	\$	102,011,204
Per Licensed Driver	\$	291	\$	353

How does it work?

A New Road User Charge

- Fee based number of miles driven
- Sustainable revenue source tied to VMT
- Road users report miles, concerns for privacy
- Pay via online account or mail-in bill
- Average annual cost Monterey County driver is higher than the State



Average VMT by County JS1

Why Monterey County would pay more

County	Average VMT / Licensed Driver
Santa Cruz	9,219
El Dorado	9,829
Sacramento	10,341
Santa Barbara	11,537
Statewide	11,634
San Benito	13,780
Fresno	13,928
Monterey	14,136
Humboldt	14,874
Tulare	15,678
San Luis Obispo	16,319

Slide 11

JS1

[@Michael Zeller] let me know if this list is representative. I chose CCC members, a few rural counties, and a few urban.

Can you also remind me the point we are trying to make with this slide? Is it to show Monterey County is not alone in having a higher AVMT than the State?

Janneke Strause, 2026-01-22T22:42:02.290

JS1 0

Another idea, if we want to show more counties, is list the name of the county and highlight just the name, rather than including the AVMT.

Janneke Strause, 2026-01-22T23:07:31.050

MZ1 1

This list looks fine, but the top line should be the Statewide Average.

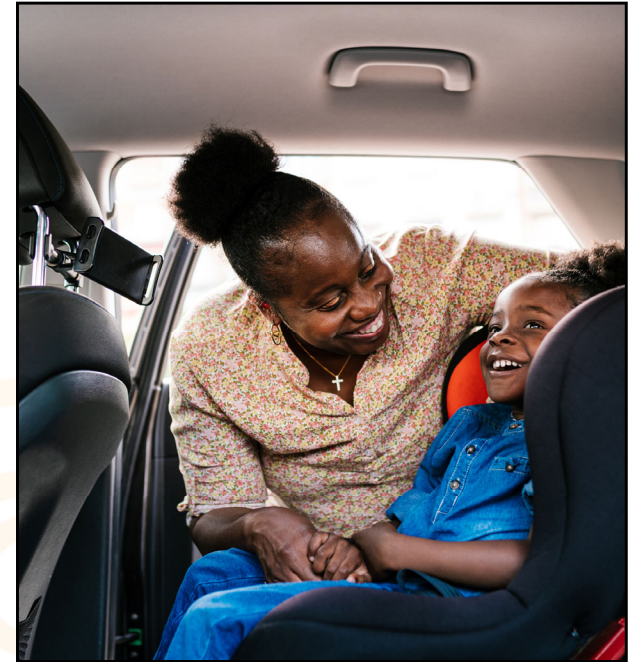
Michael Zeller, 2026-01-23T18:27:22.420

What is the vehicle registration fee proposal?

Revenue Generated by Proposed Increased Vehicle Registration Fee					
VRF	Share of Total	Registered Vehicles (2024)	Rate		Fees Generated
\$0 - 4,999	40.1%	12,758,827	\$ 205	\$	2,615,559,560
\$5,000 - 24,999	37.3%	11,867,936	\$ 305	\$	3,619,720,618
\$25,000 - 34,999	9.3%	2,959,030	\$ 360	\$	1,065,250,704
\$35,000 - 59,999	10.3%	3,277,205	\$ 405	\$	1,327,268,014
\$60,000 & Up	3.0%	954,526	\$ 505	\$	482,035,489
				\$	9,109,834,384

How does it work? Increasing Vehicle Registration Fees

- Fee based on vehicle's value
- Sustainable revenue source tied to vehicle value
- Administered via existing DMV vehicle registration fee process
- DMV already collects vehicle value
- Registration fee range from \$205/vehicle to \$505/vehicle depending on vehicle's value



Cost Impacts to Monterey County Drivers

Driver Scenarios				Fee Structure		
Annual Miles	MPG	Vehicle Value		Existing	Option 1	Option 2
				Gas Tax or EV Fee	Road Charge	VRF
6,000	30	\$ 9,000		\$ 122	\$ 168	\$ 305
8,000	22	\$ 15,000		\$ 223	\$ 224	\$ 305
14,000	30	\$ 20,000		\$ 286	\$ 392	\$ 305
15,000	18	\$ 6,000		\$ 510	\$ 420	\$ 305
22,000	25	\$ 8,000		\$ 539	\$ 616	\$ 305
25,000	28	\$ 25,000		\$ 546	\$ 700	\$ 360
12,000	0	\$ 40,000		\$ 118	\$ 336	\$ 405
30,000	15	\$ 35,000		\$ 1,224	\$ 840	\$ 405

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Option Tradeoffs

Key Considerations	New Road User Charge	Increase Vehicle Registration Fee
Revenue Neutral	Yes	Yes
“User-Pays” Principle	Yes	Yes
Ease of Implementation	Concerns	Yes
Revenue Stability	Yes	Yes
Rural Fairness	Concerns	Yes
Income Fairness	Concerns	Concerns
Privacy	Concerns	Low
Administrative Cost	Concerns	Low
Health and Safety	Low	Concerns
Likelihood of Adoption	?	?

Next Steps



“Wait and react” – wait for proposed legislation



Advocate for a preferred alternative now



Highway 1 Monterey