



State Legislative Update

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Current Breakdown of Gas Tax



State Gas Tax = 59.6 cents
(\$7.8B annually)



Federal Gas Tax = 18.4 cents

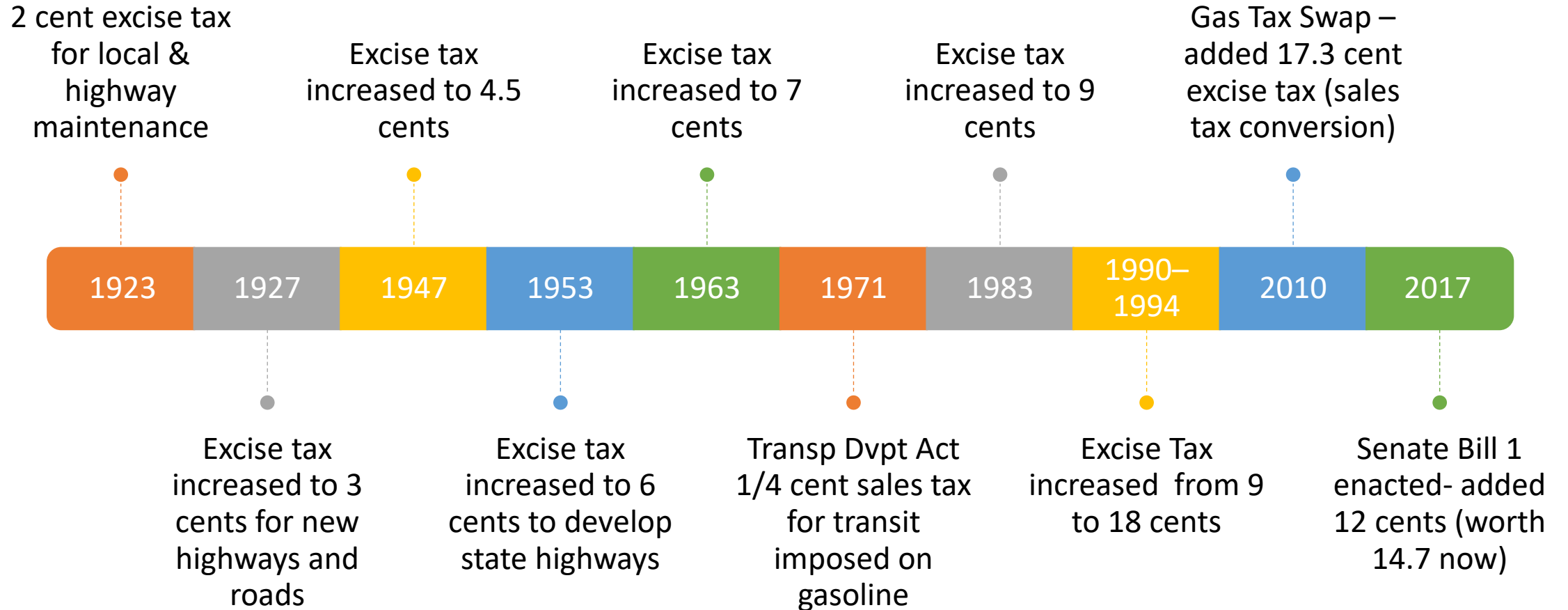


Local Taxes = 3.8% (average)



Cap and Trade = 27 cents

History of Gas Tax



Problems with Gas Tax

Regressive collection method

Cars are more fuel-efficient

Teleworking

Increasing Zero Emission Vehicle (ZEV)
purchases

Decreasing revenue for Local Streets/
Highways (\$6B for LSR, SHOPP, STIP)

TAMC STIP impacted for 2026-possible
25% reduction

What's Next?

- Road User Charge Task Force (SB 1077 2014)
 - Mileage-based user charge (2.5 cent pilot, 2.8 cent needed)
 - California Transportation Commission required to examine alternatives
- Needs Assessment (Gonzalez, Chapter 508, Statutes of 2022)
 - \$757 billion in “needs” over 10 years
 - \$216 billion funding gap

Solutions?

Do Nothing

Increase Vehicle Registration Fee - is it fair?
(Yes, it is!)

Phased-in Road Charge – ZEVs first

Full Road Charge

Road User Charge Concerns

True user fee – disadvantaged communities pay more

Privacy concerns

Less equitable

Variable payment

2.8 cents per mile = \$9.3 billion

Monterey County Residents: \$206 - \$364 range in VRF per city

Possible Solutions – Vehicle Registration Fee

- Included in SB 1 (\$2.5 billion annually)
- Progressive revenue collection
- No privacy concerns
- Equitable
- Tax deductible
- Pay less as cars depreciate
- 77% of all vehicle owners pay less (86.7% possible)



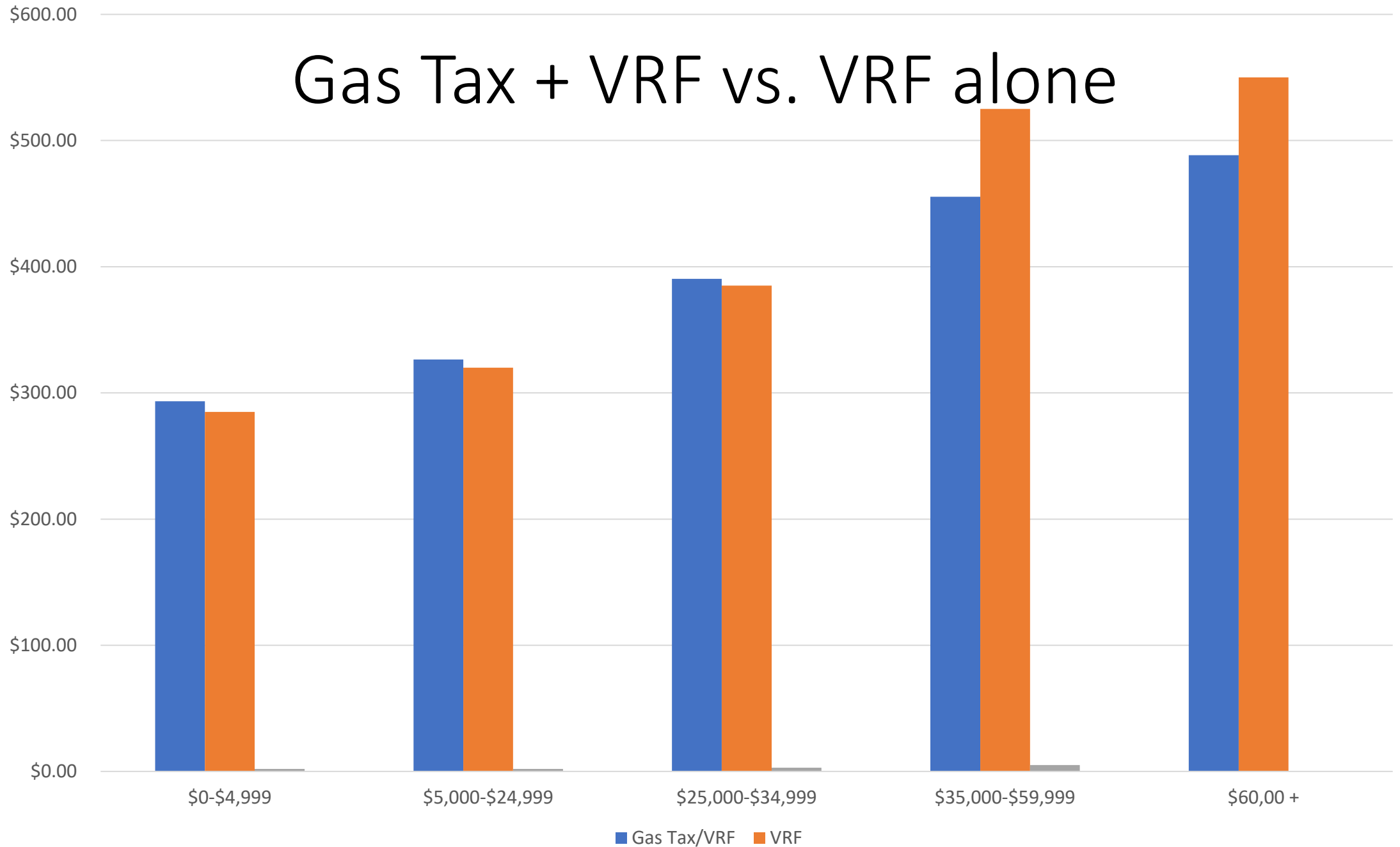
VRF- 2018

Vehicle Value Range	Annual Rate	Percentage of Registered Vehicles (2018)
\$0-\$4,999	\$25	46.34%
\$5,000 - \$24,999	\$50	40.96%
\$25,000 - \$34,999	\$100	7.04%
\$35,000 - \$59,999	\$150	4.64%
\$60,000 & Up	\$175	1.02%
Overall		100%

VRF + State Gas Tax Per Vehicle -2025

Vehicle Value Range	Annual Rate	Factoring in Annual Average Gas Tax of \$261.40 (State-\$.596)	Percentage of Registered Vehicles (2024)
\$0-\$4,999	\$32	\$293.40	40.1%
\$5,000 - \$24,999	\$65	\$326.40	37.3%
\$25,000 - \$34,999	\$129	\$390.40	9.3%
\$35,000 - \$59,999	\$194	\$455.40	10.3%
\$60,000 & Up	\$227	\$488.40	3.0%
Overall			100%

Gas Tax + VRF vs. VRF alone





Impact on Monterey County: Vehicle Registration Fee vs Vehicle Miles Traveled

- 87% of all Monterey gas vehicles save at 2.8 cents (up to \$28)
- 97% of ZEVs save at 2.8 cents (up to \$116)
- 77% of unincorporated residents save at 2.8 (up to \$20)

Questions?