



California Road Charge

Transportation Agency for Monterey County
September 24, 2025

4 Issues with the Gas Tax



- ▶ **1. FUEL EFFICIENCY GAINS**
Gas-powered vehicles are becoming more fuel efficient, so owners are buying less gas and government receives less fuel tax.
- ▶ **2. INCREASE IN ZERO EMISSION VEHICLES**
Vehicles that do not use gas, such as electric vehicles, do not pay any fuel taxes.
- ▶ **3. INFLATION AND LOSS OF PURCHASE POWER**
Ongoing inflation reduces how much a static gas tax can purchase. In addition, highway construction costs typically increase faster than overall inflation.
- ▶ **4. UNEVEN FUEL TAX BURDEN**
Newer and more expensive vehicles tend to be more fuel efficient. Owners of older, less fuel-efficient vehicles pay more to use the road. The fuel tax burden is uneven and inequitable.



What is a Road Charge?

Road Charge is an innovative funding mechanism intended to replace the current gas tax, and more accurately ensures that all drivers are paying their fair share to use the road. Road Charge allows drivers to support local road and highway maintenance based on how many miles they drive, instead of how many gallons of gas they use.

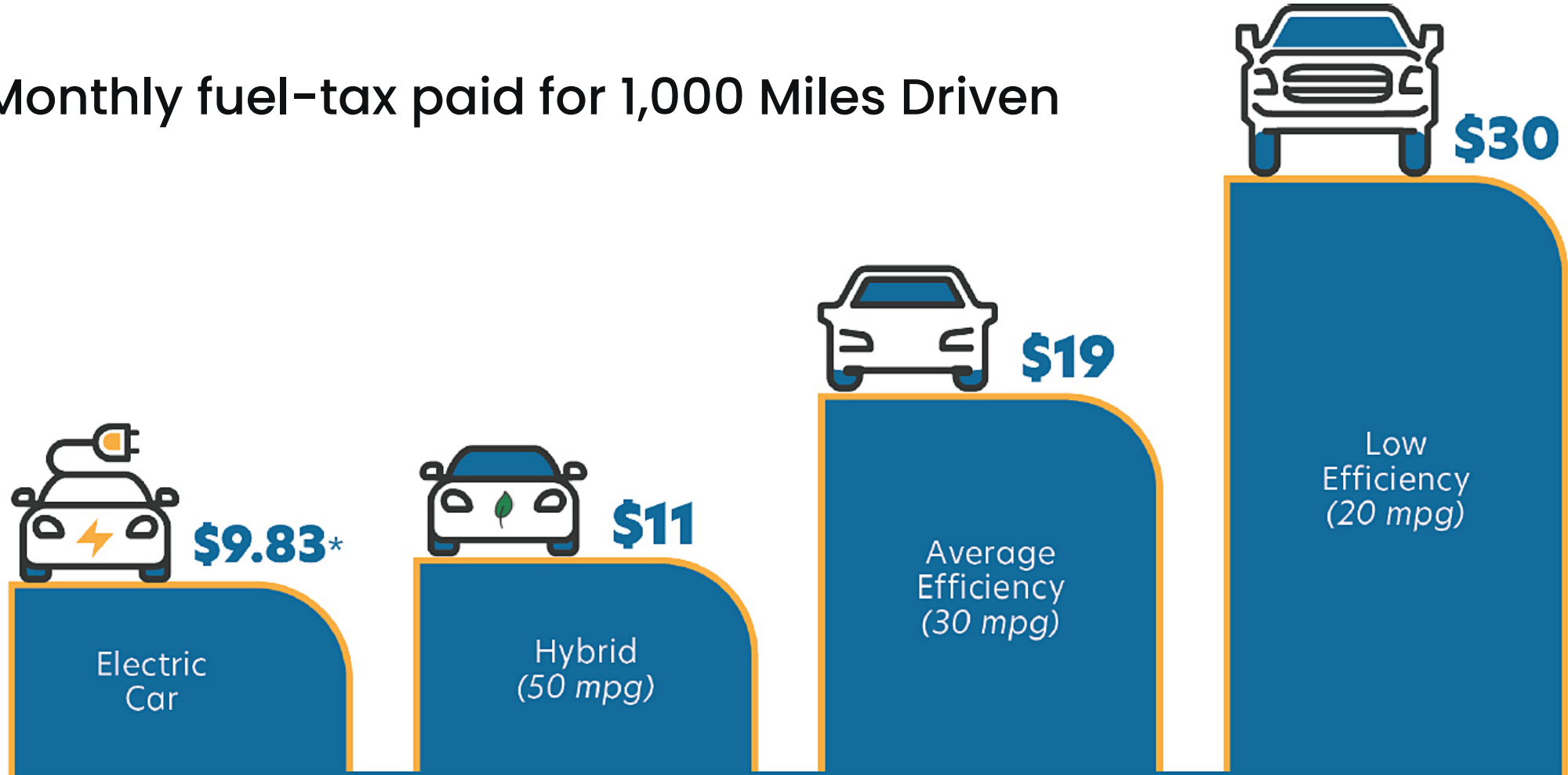
California is studying Road Charge as:

- ▶ A replacement for the gas tax
- ▶ One per mile rate for all passenger vehicles
- ▶ Revenue neutral, not a tax increase
- ▶ Aims to stabilize funding, not change behavior
- ▶ No change in how funding is spent: existing formulas and programs remain



What drivers pay under the Gas Tax

Ex: Monthly fuel-tax paid for 1,000 Miles Driven

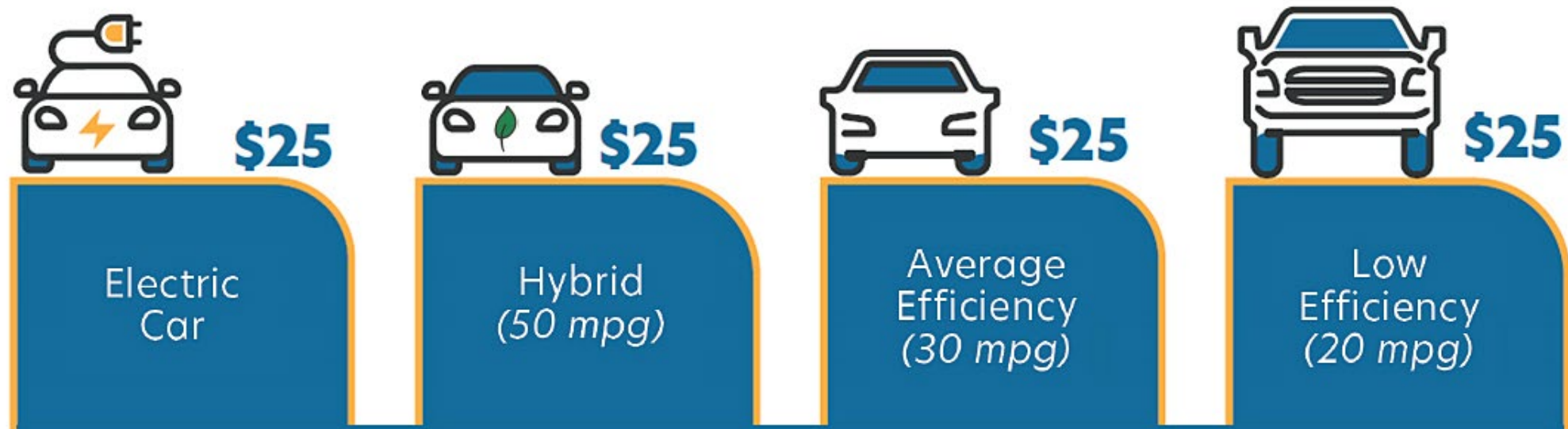


* \$118 Road Improvement Fee is assessed on all model year 2020 and later ZEVs

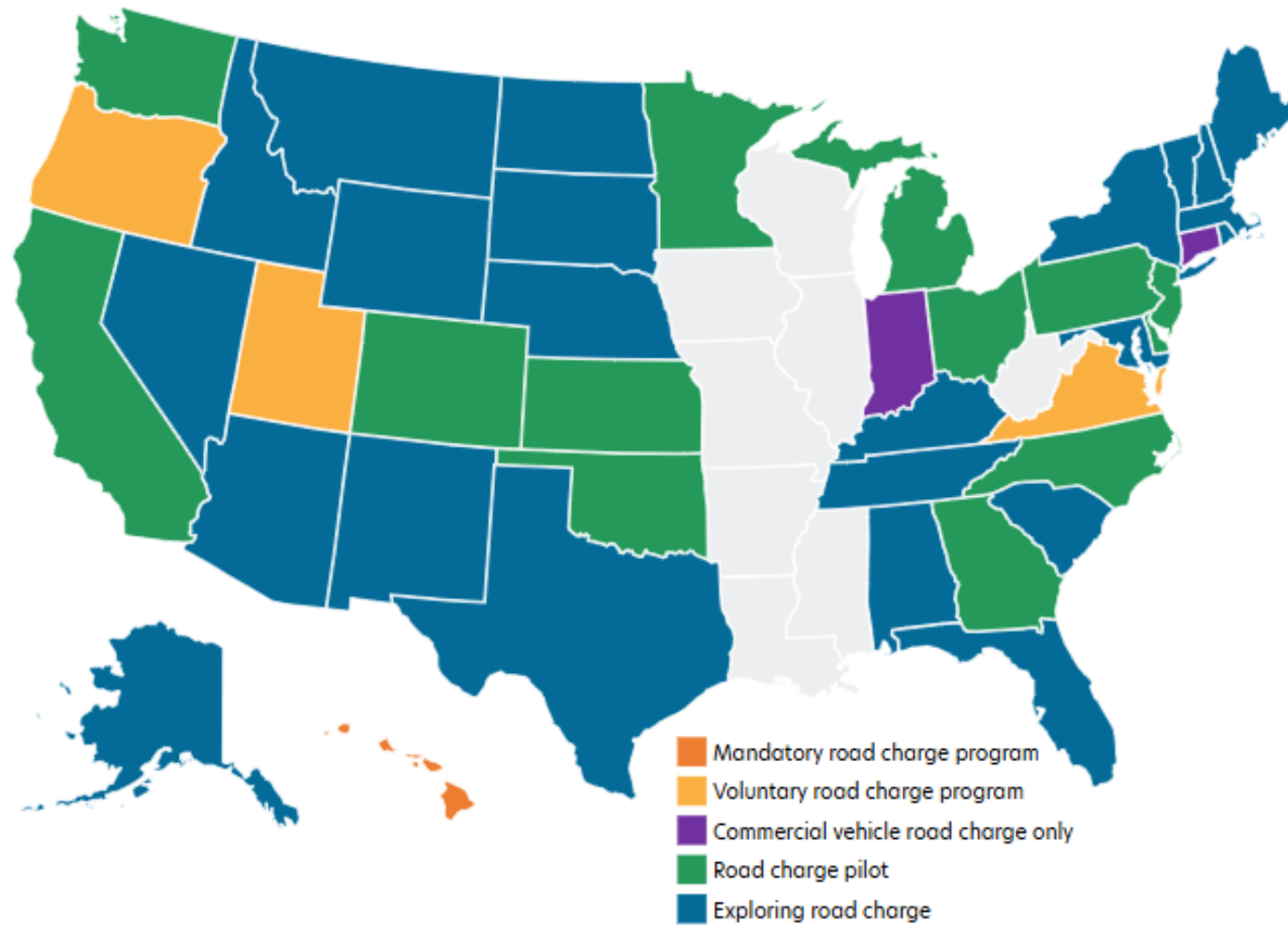


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Ex: Monthly road charge paid for 1,000 Miles Driven



The National Picture



In addition, several nations around the world have implemented distance-based charging including Belgium, Germany, and New Zealand, and many other nations are considering this option.



Road Charge Pilot Studies by Caltrans

California's 2017 Pilot



- General Feasibility
- Areas of Future Study

SB 1077 (2014)



Four-Phase Demonstration 2021



- User Experience
- Clearinghouse
- Communications Research

Federal Grant (STSFA)



Public/Private Roads Project 2023



- Technical Test of GPS
- Conversations with Key Stakeholder Groups
- Communications Research

Federal Grant (STSFA)



Revenue Collection Pilot 2024



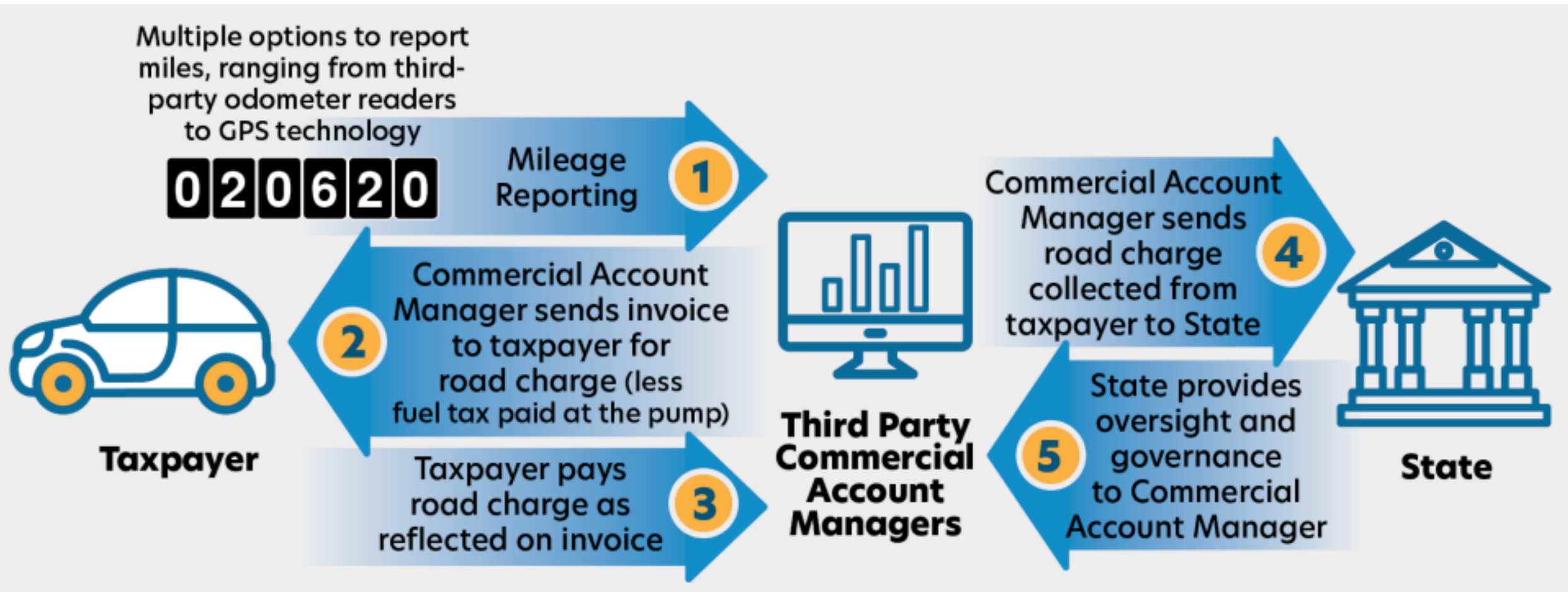
- Test of Revenue Flow and Administrative Processes
- Communications Research

SB 339 (2021)



Potential Passenger Vehicle Road Charge System




The Department of Motor Vehicles could be the Implementing Agency for a Passenger Vehicle Road Charge System



Mileage Reporting Methods



Low Technology Options

-  Time Permit
-  Mileage Permit
-  Odometer Charge

High Technology Options

-  Plug-in Device
-  Smartphone App
-  Built-In Technology



Upcoming Public Meetings

Assembly Transportation Committee Informational Hearing – What’s Next for California

10/20/2025 Sacramento 2:30pm

Regional Transportation Town Halls

10/1/2025	Suisun City	5:30-7:00pm
11/3/2025	Watsonville	5:30-7:00pm
11/13/2025	Virtual	6:00-7:30 pm
12/2/2025	San Bernardino	TBD
12/11/2025	Chico	5:30-7:00 pm
TBD	San Diego	TBD





Questions?

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