

BILL: SB 339 (Wiener, D-San Francisco)
Introduced February 8, 2021

SUBJECT: SB 339 would create a pilot program to test the collection of revenue for a road charge program.

STATUS: Pending in the Senate Transportation Committee

SUMMARY AS OF MARCH 31, 2021:

In 2014, the Legislature approved SB 1077 (Chapter 835, Statutes of 2014), which required the California Transportation Commission (CTC) to establish a Road Usage Charge Technical Advisory Committee (RUC TAC). This committee was initially charged with implementing a pilot program to evaluate a mileage-based revenue collection as an alternative to the gasoline tax funding source currently in place. The recommendations from the pilot program were published in the CTC's annual report to the Legislature in 2017. The pilot program confirmed the viability of many aspects of the mileage-based revenue collection as an alternative; however, it did not collect actual revenues. As indicated in the recommendations, the next steps include the testing of the actual collection of revenues. SB 339 extends the RUC TAC responsibilities until January 1, 2027, and directs them to design a pilot program to test revenue collection, with an implementation date of January 1, 2023.

EFFECTS ON ORANGE COUNTY:

SB 339 supports the recommendations from the California's Road Charge Pilot Program Report in 2017 and aligns with the State's current direction to reduce greenhouse emissions. Specifically, Governor Gavin Newsom signed Executive Order N-79-20 in September 2020, which requires all passenger vehicles sold in California to be zero emission by 2035. Additionally, the new federal Administration has expressed its priority to invest in zero-emission infrastructure on a nationwide scale. House Transportation and Infrastructure Ranking Member Sam Graves (R-MO) has expressed the need to evaluate a new sustainable transportation funding mechanism to replace the gasoline tax for the next surface transportation reauthorization, suggesting that many states and local governments have made significant progress in successfully implementing vehicle miles traveled pilot programs. It is prudent to investigate new transportation funding sources as more vehicles transition to zero emission, making the gasoline tax less reliable and sustainable in the long term.

This legislation is an investigation of an alternative transportation funding source and does create any substantive change to the current transportation funding dynamic in California. Participation in the program will be voluntary and, as a part of the pilot's design, there will be consideration of input from a variety of industry stakeholders. As a transportation agency funding and planning the transportation infrastructure in Orange County, it is imperative that there be a reliable and equitable, long-term funding source to deliver transportation improvements and services.

A support position is consistent with OCTA's 2020-21 State Legislative Platform principle to "Monitor the study and development of alternative transportation funding proposals, including the State's road charge pilot program and ensure that efforts are made to address concerns related to equity, privacy, and public support of such proposals."

OCTA POSITION:

Staff recommends: SUPPORT

Introduced by Senator Wiener
(Coauthor: Senator Wieckowski)
(Coauthors: Assembly Members Chiu and Ting)

February 8, 2021

An act to amend Section 3093 of, and to add Section 3092.5 to, the Vehicle Code, relating to vehicles.

LEGISLATIVE COUNSEL'S DIGEST

SB 339, as introduced, Wiener. Vehicles: road usage charge pilot program.

Existing law requires the Chair of the California Transportation Commission to create a Road Usage Charge (RUC) Technical Advisory Committee in consultation with the Secretary of Transportation. Under existing law, 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 as an alternative to the gas tax system. Existing law requires the technical advisory committee to study RUC alternatives to the gas tax, gather public comment on issues and concerns related to the pilot program, and make recommendations to the Secretary of Transportation on the design of a pilot program, as specified. Existing law repeals these provisions on January 1, 2023.

This bill would extend the operation of these provisions until January 1, 2027. The bill would require the Transportation Agency, in consultation with the California Transportation Commission, to implement a pilot program to identify and evaluate issues related to the collection of revenue for a road charge program, as specified. The bill would require the RUC Technical Advisory Committee to make recommendations to the Transportation Agency on the design of the pilot program, including the group of vehicles to participate. The bill

would require that if a group of vehicles other than state-owned vehicles is selected, that participation in the program be voluntary. The bill would require the Transportation Agency to convene a state agency work group, as specified, to implement the pilot program and to design a process for collecting road charge revenue from vehicles. The bill would require the pilot program to be net revenue neutral, as specified. The bill would require that participants in the program be charged a mileage-based fee and receive a credit or a refund for gasoline taxes or electric vehicle fees, as specified. The bill would require that the pilot program not affect funding levels for a program or purpose supported by state gasoline tax and electric vehicle fee revenues. The bill would require the Transportation Agency to submit a report to the Legislature, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) In 2014, the Legislature passed Senate Bill 1077 (Chapter
- 4 835 of the Statutes of 2014), which created a Road Usage Charge
- 5 Technical Advisory Committee to guide the development and
- 6 evaluation of a pilot program to assess the potential for a
- 7 mileage-based financing mechanism for California's roads and
- 8 highways as an alternative to the gas tax system.
- 9 (b) In 2017, California completed the pilot program, which
- 10 enrolled more than 5,000 vehicles that reported in excess of
- 11 37,000,000 miles over a nine-month period.
- 12 (c) The pilot program confirmed the viability of many aspects
- 13 of a mileage-based financing mechanism but did not test the actual
- 14 collection of revenue. The collection of revenue was simulated in
- 15 the pilot program through mock invoices and payments.
- 16 (d) The testing of revenue collection was identified as a next
- 17 step in the Transportation Agency's 2017 Final Report on the pilot
- 18 program. Taking this next step would allow California to evaluate
- 19 revenue flows and allow for the identification of challenges,
- 20 efficiencies, and synergies for future road charge implementation.
- 21 (e) The Final Report also concluded that, depending on how a
- 22 road charge program is designed, there could be a number of state

1 agencies and departments involved in the revenue collection
2 process.

3 (f) California's progress toward developing and implementing
4 a mileage-based financing mechanism has been heightened with
5 the issuance of Executive Order No. N-79-20, in September 2020,
6 which requires a complete transition to a fully zero-emission new
7 vehicle state auto market by 2035.

8 SEC. 2. Section 3092.5 is added to the Vehicle Code, to read:

9 3092.5. (a) Commencing on or after January 1, 2023, the
10 Transportation Agency, in consultation with the California
11 Transportation Commission, shall implement a pilot program to
12 identify and evaluate issues related to the collection of revenue
13 for a road charge program.

14 (b) The RUC Technical Advisory Committee shall make
15 recommendations to the Transportation Agency on the design of
16 the pilot program to test revenue collection, including the group
17 of vehicles to participate in the pilot.

18 (1) In deciding which group of vehicles to recommend for the
19 pilot, the Technical Advisory Committee shall consider input from
20 industry experts and relevant stakeholders.

21 (2) If a vehicle group other than state-owned vehicles is selected,
22 participation in the pilot shall be voluntary.

23 (c) The Transportation Agency, in consultation with the
24 California Transportation Commission, shall convene a state
25 agency work group to implement the pilot program, which may
26 include the Department of Transportation, the Department of Motor
27 Vehicles, the Controller's office, the California Department of Tax
28 and Fee Administration, and other state agencies, to design a
29 process for collecting road charge revenue from vehicles.

30 (d) The pilot program shall be designed to be net revenue neutral
31 such that the total revenues collected through the mileage-based
32 financing mechanism do not exceed the total of the following:

33 (1) The estimated state gasoline taxes and electric vehicle fees
34 paid by pilot program participants to operate a vehicle during the
35 pilot.

36 (2) State agency costs to administer the pilot program.

37 (e) Participants in the pilot program shall be charged a
38 mileage-based fee and receive a credit or a refund for the estimated
39 state gasoline taxes and electric vehicle fees paid to operate a

1 vehicle during the pilot. The credit or refund for electric vehicle
2 fees, which are paid annually, shall be prorated.

3 (f) The pilot program shall not affect funding levels for each
4 program or purpose supported by state gasoline tax and electric
5 vehicle fee revenues.

6 (g) Paragraphs (2) and (3) of subdivision (b) and subdivision
7 (c) of Section 3091 shall apply to the pilot program.

8 (h) The Transportation Agency, in consultation with the
9 California Transportation Commission and the RUC Technical
10 Advisory Committee, shall prepare and submit a report of its
11 findings based on the results of the pilot program to the appropriate
12 policy and fiscal committees of the Legislature. The report shall
13 include, but not be limited to, a discussion of costs and
14 implementation issues. The report to be submitted pursuant to this
15 subdivision shall be submitted in compliance with Section 9795
16 of the Government Code.

17 (i) The RUC Technical Advisory Committee may make
18 recommendations on the criteria to be used to evaluate the pilot
19 program.

20 SEC. 3. Section 3093 of the Vehicle Code is amended to read:

21 3093. This chapter shall remain in effect only until January 1,
22 2023, 2027, and as of that date is repealed, unless a later enacted
23 statute, that is enacted before January 1, 2023, 2027, deletes or
24 extends that date.