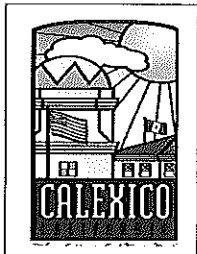


**AGENDA
ITEM**

17



AGENDA STAFF REPORT

DATE: May 5, 2021

TO: Mayor and City Council

APPROVED BY: Miguel Figueroa, City Manager *MF*

PREPARED BY: Carlos Campos, City Attorney

SUBJECT: Support for California Senate Bill 339

=====

Recommendation (by Council Members Gloria G. Romo and Raul Urena):

It is recommended that the City Council consider preparing and authorizing the Mayor to sign a letter of support for California Senate Bill 339 (Weiner) *Vehicles: road usage charge pilot program.*

Discussion:

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. The purpose of the technical advisory committee is 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. Existing law repeals these provisions on January 1, 2023.

SB 339 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. The bill would require the RUC Technical Advisory Committee to make recommendations to the Transportation Agency on the pilot program's design, 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 to implement the pilot program and to design a process for collecting road charge revenue from vehicles. The bill would require that participants in the program be charged a mileage-based fee and receive a credit or a refund for fuel taxes or electric vehicle fees. The

AGENDA ITEM
17

bill would require that the pilot program not affect funding levels for a program or purpose supported by state fuel tax and electric vehicle fee revenues.

Attachment:

1. Text of SB 339.

AMENDED IN SENATE APRIL 5, 2021

SENATE BILL

No. 339

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 amended, 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 *fee, as specified*, and receive a credit or a refund for gasoline *fuel* 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 fuel* tax and electric vehicle fee revenues. The bill would require the Transportation Agency to submit a report *reports* 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.

1 (e) The Final Report also concluded that, depending on how a
2 road charge program is designed, there could be a number of state
3 agencies and departments involved in the revenue collection
4 process.

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

10 (g) *A recent analysis by the Mineta Transportation Institute*
11 *suggests that increasing zero-emission vehicle deployment and*
12 *reducing vehicle miles traveled could reduce transportation*
13 *revenues to the state by as much as \$1 billion annually as early*
14 *as 2025, and by as much as \$2 billion annually as early as 2030.*

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

16 3092.5. (a) Commencing on or after January 1, 2023, the
17 Transportation Agency, in consultation with the California
18 Transportation Commission, shall implement a pilot program to
19 identify and evaluate issues related to the collection of revenue
20 for a road charge program.

21 (b) ~~The RUC~~ *Road Usage Charge* Technical Advisory
22 Committee shall make recommendations to the Transportation
23 Agency on the design of the pilot program to test revenue
24 collection, including the group of vehicles to participate in the
25 pilot.

26 (1) In deciding which group of vehicles to recommend for the
27 pilot, the ~~Technical Advisory Committee~~ *committee* shall consider
28 input from industry experts and relevant stakeholders.

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

31 (c) The Transportation Agency, in consultation with the
32 California Transportation Commission, shall convene a state
33 agency work group to implement the pilot program, which may
34 include the Department of Transportation, the Department of Motor
35 Vehicles, the Controller’s office, the California Department of Tax
36 and Fee Administration, and other state agencies, to design a
37 process for collecting road charge revenue from vehicles.

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

1 ~~(1) The estimated state gasoline taxes and electric vehicle fees~~
2 ~~paid by pilot program participants to operate a vehicle during the~~
3 ~~pilot.~~

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

5 ~~(c)~~

6 *(d) Participants in the pilot program shall be charged a*
7 *mileage-based fee as specified in subdivision (e), and receive a*
8 *credit or a refund for the estimated state gasoline fuel taxes and*
9 *electric vehicle fees paid to operate a vehicle during the pilot. The*
10 *credit or refund for electric vehicle fees, which are paid annually,*
11 *shall be prorated.*

12 *(e) For purposes of calculating the mileage-based fee,*
13 *participating vehicles shall be equally subdivided and randomly*
14 *assigned to one of two study groups. One group will be subject to*
15 *a fee per mile traveled, determined by the committee, that will be*
16 *the same for all vehicles in that group. The other group will be*
17 *subject to an individually calculated fee per mile traveled, that is*
18 *equal to the state per-gallon fuel tax divided by the United States*
19 *Environmental Protection Agency's estimated fuel economy rating*
20 *for that vehicle based on the manufacturer, model, and year of the*
21 *vehicle.*

22 *(f) The pilot program shall not affect funding levels for each*
23 *program or purpose supported by state gasoline fuel tax and electric*
24 *vehicle fee revenues.*

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

27 *(h) The Transportation Agency, in consultation with the*
28 *California Transportation Commission and the RUC Technical*
29 *Advisory Committee, shall committee, shall, by no later than*
30 *January 1, 2024, prepare and submit a interim report on the*
31 *status of the pilot program, and by no later than July 1, 2026,*
32 *prepare and submit a final report of its findings based on the*
33 *results of the pilot program program, to the appropriate policy and*
34 *fiscal committees of the Legislature. The final report shall include,*
35 *but not be limited to, a discussion of costs and implementation*
36 *issues: issues, and an evaluation and comparison of the two*
37 *fee-calculation methodologies described in subdivision (e) and*
38 *their relative impacts on equity and vehicle emissions. The report*
39 *to be submitted pursuant to reports required by this subdivision*

1 shall be submitted in compliance with Section 9795 of the
2 Government Code.

3 (i) ~~The RUC Technical Advisory Committee~~ *committee* may
4 make recommendations on the criteria to be used to evaluate the
5 pilot program.

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

7 3093. This chapter shall remain in effect only until January 1,
8 2027, and as of that date is repealed, unless a later enacted statute,
9 that is enacted before January 1, 2027, deletes or extends that date.

O