

# California considering plan to replace gas tax with charge per mile driven

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More people are driving electric cars. Gasoline cars are getting better mileage. And California's vehicles are causing less pollution.

But all that good news is generating a major problem: As motorists buy less gasoline, state gas tax revenues that pay for roads have been falling for a decade, leading to more potholes and traffic jams.

Now, in a move that could solve the problem -- or cause a political pileup -- state officials have begun to seriously study a plan to replace California's gas tax with a fee for each mile motorists drive.

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"We're going to have to find another way to finance the upkeep of the roads," Gov. Jerry Brown said earlier this month in rolling out his 2015 budget, noting that California has a \$59 billion backlog of maintenance needs on state highways and bridges.

Brown gave no specifics. But last fall he signed a law that set up a commission to study a "road usage charge" and establish a pilot program by Jan. 1, 2017. The 15-member commission had its first meeting on Friday in Sacramento.

The idea is far from reality, but it's raising a hornet's nest of practical and political questions, from how government would track the miles to what happens when people drive out of state or on private roads.

But it is gaining momentum. This year, Oregon is beginning a test program in which 5,000 volunteers will pay 1.5 cents per mile driven, and be refunded each month what they paid under the state's 30-cent gasoline tax. Colorado and Washington state also are studying similar pilot programs.

"I think there's a long way to go before this is implemented. But we have a real problem when it comes to infrastructure in California," said U.S. Rep. Mark DeSaulnier, D-Richmond, who wrote the bill when he was a state senator. "We have to do something."

Silicon Valley is getting involved early.

The chairman of the California Transportation Commission, which chose the 15 members of the study panel, is Carl Guardino, CEO of the Silicon Valley Leadership Group.

Guardino said he wants the new commission, formally called the California Road Charge Pilot Program Technical Advisory Committee, to explore every angle, and receive wide public and media scrutiny.

"This is a game-changer for transportation policy in our state," he said. "And we better do it right. We will be trampled by innovation if we don't do this right."

Meanwhile, Oregon's transportation department announced this month it has signed a contract with a San Jose company, Azuga, that makes GPS tracking devices that plug in below a vehicle's dashboard.

After an outcry by the public and privacy groups about government potentially tracking the location of vehicles,

Oregon changed its test program so that motorists can choose to report their mileage however they want. They can keep their own handwritten diaries, or use a GPS device or some other technology, such as a smartphone app.

"Public concerns, you never get rid of them, they never go away, but you can calm them down if you make the right choices," said James Whitty, who manages the program for the Oregon Department of Transportation.

Speaking at the first meeting on Friday of California's commission studying the issue, Whitty said the key is to provide choices to the public, to protect the privacy of the data and be open about the program with motorists.

The devices Oregon intends to employ track mileage and gasoline consumption. They send the information electronically from the car to private contractors like Azuga, which provides motorists with a monthly bill. The state then refunds drivers for any gas taxes accrued.

Among the critics of the concept are electric car owners.

"I think it's too early to start penalizing electric car drivers," said Felix Kramer, of Berkeley, who owns a Tesla Model S and a Nissan Leaf. "Heavy vehicles take a lot more out of the roads than light vehicles. Electric vehicles are lighter. You have to look at road impacts."

Kramer said the state should raise the gas tax instead.

California leaders say they are open to learning more.

"There are pros, there are cons. We have to pay for roads," said state Senate Minority Leader Bob Huff, R-Diamond Bar. "This is a way that might be part of that. "

California has more than 100,000 electric cars on the road now. That's less than 1 percent of the 23 million cars in the state. But electric vehicles -- whose owners pay no gas tax -- represented 3 percent of new car sales last year. And federal mileage standards on gasoline cars continue to require better fuel efficiency.

As a result, the amount of gasoline sold in California peaked in 2003, at 15.9 billion gallons. It has fallen steadily since then, despite population growth, to 14.6 billion gallons in 2013, a drop of 8 percent. And as people have bought less gasoline, state gas tax revenues have fallen from \$2.87 billion in 2003 to \$2.62 billion in 2013.

Critics skeptical of government are wary of the new approach.

"They are going to lower the gas tax and introduce the mileage tax," said Don Batyi, with the Inland Empire Car Club Council, which represents more than 4,000 car collectors in Riverside and San Bernardino counties. "I have a strong feeling we won't get a fair shake on this."

California has funded its state and local roads with a gas tax since 1923.

But that state tax, now 36 cents a gallon, hasn't been increased since 1994 due to political opposition. Similarly, the federal gas tax of 18.4 cents a gallon has also remained unchanged for more than two decades, leading to a debate now in Washington, D.C., about whether it should be raised when gas prices are low.

Like cigarette tax revenue that falls as fewer people smoke, the gas tax is a victim of California's success in reducing oil dependency. But California has the most congested freeways in the nation, said state Transportation Secretary Brian Kelly.

"We do want to reduce pollution and greenhouse gases from vehicles. That's a good thing to do," Kelly said. "And it's also a good thing to invest in our infrastructure. We have to find a way to thread the needle and achieve both."

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