



2014 PM 2 Breakout Session Recap

PM 2: Mileage-Based User Fees – Facing the Fiscal Cliff and Public Opinion

Moderator:

Lucy Dunn, California Transportation Commission, President and CEO, Orange County Business Council and Treasurer, Mobility 21

Panelists:

- Loren Kaye – President, California Foundation for Commerce and Education
- Will Kempton – Executive Director, Transportation California
- Norma Ortega – Deputy Director, Caltrans
- Michael Warren – Oregon Department of Transportation VMT Pilot Program representative and Lead Technologist, CH2M Hill

Summary

This session discussed user fees as a solution to lagging gas tax revenues. Panelists compared and contrasted what proponents are saying about the realities of mileage-based user fees with privacy concerns and strong public resistance to new taxes. In light of recent pilot program success in Oregon, panelists debated what steps transportation leaders may need to take in order for a similar program to be implemented in California.

A vehicle miles traveled (VMT) tax, also frequently referred to as a VMT fee, mileage-based fee, or road user charge, is a policy of charging motorists based on how many miles they have traveled.

Takeaway

We are underfunding transportation infrastructure in California regardless of its importance to a viability of the state's economy. Government has done a poor job educating the public on what it really costs to build and maintain our transportation network, especially roads. What are other

solutions if more than 86% of the public are opposed to increasing the gas tax? However, we are collecting less in gas taxes with the popularity of electric vehicles.

Michael Warren at the Oregon Department of Transportation provided an overview of Oregon's VMT fee pilot program. The charge is 1.56 cents per mile and on average motorists pay \$12-\$15 per month. The pilot program allows 5,000 people to voluntarily participate. Gas taxes are refunded to those that participate in the pilot program.

California is beginning to meet with Oregon and Washington to learn how something similar can be implemented in California. However, California voters overwhelmingly feel current gas taxes are not spent wisely. A campaign needs to be launched to educate people about how gas taxes are spent. Many taxpayers believe the gas tax goes up when the price of gas increases and this is not true. If a VMT fee is implemented in California, protections must be put in place to ensure enough money is raised and money can only be spent on transportation infrastructure.

In regards to the VMT fee pilot program, Oregon experienced a public push back regarding privacy.

In response, Oregon offered a flat monthly rate to drivers that do not wish to use technology to track mileage. Those that allow technology to track mileage do not have to pay out of state miles as an incentive. There is also a misconception VMT fees are a burden on rural drivers.

Lessons learned from the Oregon pilot program include implementation challenges primarily stem from policy issues, not technology. The implementing entity should work towards preserving public trust to the extent possible and specifically outline how funds will be spent.

In summary, the California gas tax is not sufficient to cover our transportation infrastructure needs. A VMT fee raises money for infrastructure improvements in an equitable, stable, sustainable and flexible manner.

For more information regarding Oregon's VMT Pilot Program visit:
http://www.oregon.gov/ODOT/HWY/RUFPP/Pages/ruc_overview.aspx