

Date of Hearing: January 22, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1421 (Wilson) – As Amended January 5, 2026

Policy Committee: Transportation

Vote: 12 - 1

Urgency: No

State Mandated Local Program: No

Reimbursable: No

**SUMMARY:**

This bill directs the California Transportation Commission (CTC), in consultation with the California Transportation Agency (CalSTA) and other specified state, local and private entities, to consolidate and prepare research and recommendations related to a road user charge or a milage-based fee system, which the CTC is to submit in a report to the Legislature by January 1, 2027.

The bill specifies the CTC report is to cover all the following:

- 1) The current and future inequities related to low-income drivers commuting farther in less efficient vehicles.
- 2) The impact of a weight-per-mile fee for commercial and electric vehicles on the motor vehicle industry.
- 3) Regional and state solutions for implementing a road user charge in California, including capturing out-of-state vehicles.

**FISCAL EFFECT:**

Costs of an unknown, but significant amount, likely in the hundreds of thousands to low millions of dollars, for CTC, CalSTA and others to consolidate and prepare research and recommendations. Regardless of costs, because the bill has the primary purpose of creating a study, it is a candidate for the committee's suspense file, consistent with the committee rules and its custom and practice.

**COMMENTS:**

- 1) **Background.** California relies heavily on fuel excise taxes to fund maintenance of the state's roadways. According to the Legislative Analyst's Office, in fiscal year 2024-25, California transportation funding totaled approximately \$44 billion, about one-third of which comes from state sources. (The other two sources of California transportation funding are federal funds and local funds.) The largest component of state transportation funding is an excise tax on gasoline, currently set at \$0.612 per gallon of gasoline sold. In addition, California collects an excise tax on diesel fuel, currently set at \$0.466 on each gallon sold, and a sales tax on diesel fuel, a portion of which goes to fund transportation.

The vehicles driven in California have become increasingly fuel efficient. At the same time, a growing number of vehicles driven in the state are powered by alternative fuel sources, such as electricity. In each case, the effect is to reduce the amount gasoline and diesel sold, and the revenue generated by the state's taxes on fuel, all else being equal. The state's continued push for ever-greater numbers of vehicles that do not produce greenhouse gases is expected to further erode funding for the state's transportation system.

In addition to the effect on transportation funding revenues, the move to more-efficient, less polluting vehicles may affect differently situated Californians disparately. Specifically, higher-income Californians have tended to buy most of the highly efficient and alternatively fueled vehicles, whereas lower-income Californians tend to drive less-efficient and gasoline-powered vehicles. What's more, lower-income Californians, generally, commute greater distances than do other Californians. The combined effect is lower-income Californians paying a disproportionate share of the fuel taxes that fund California's roadways.

The author intends this bill to continue the state's efforts to consider alternatives to fuel taxes to ensure the state continues to have the transportation funding it needs as drivers transition to more-fuel-efficient and zero-emission vehicles, and ensure the costs of the transition are distributed fairly. According to the author:

As California leads the transition to fuel-efficient and zero-emission vehicles, we must modernize our transportation funding system. Most Californians agree that users of state and local roads should contribute to their maintenance, but the state's funding system for critical transportation improvements is becoming increasingly unfair, unaffordable, and unreliable.

The author intends this work to build on previous, legislatively required efforts to explore alternatives to the gas tax, contending "We need to continue to examine proposed solutions to address the state's funding needs in a way that is fair, affordable, transparent, and built to last."

- 2) **Prior Legislation.** SB 339 (Wiener), Chapter 308, Statutes of 2021, extended the Road Usage Charge Technical Advisory Committee (originally created by SB 1077, described below) until January 1, 2027, and requires CalSTA to implement a pilot program to test a road usage charge that assesses a mileage-based fee and has two study groups with different mileage-based fees.

SB 1328 (Beall), Chapter 698, Statutes of 2017, extended the life of the Road Usage Charge Technical Advisory Committee (originally created by SB 1077 (DeSaulnier), Chapter 835, Statutes of 2013) for four years and required it to continue assessing alternatives, such as milage-based charges, to the gas tax.

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