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## New Study Evaluates Transportation Funding Options for California

**SACRAMENTO, Calif.** (March 31, 2025) – Transportation California today released a [new study](#) on potentially viable funding tools to replace declining transportation funding from fuel excise taxes as Californians increasingly adopt more fuel efficient and zero-emission vehicles. The state and local communities face a \$31.1 billion transportation funding shortfall over the next 10 years, according to the California Transportation Commission.

[NEWROAD Consulting](#), an internationally recognized transportation solutions expert, conducted the study to identify and evaluate multimodal transportation funding tools that could supplement or eventually replace existing mechanisms and help inform policymakers grappling with achieving a sustainable funding solution.

“More California drivers are shouldering an unfair financial burden to maintain and improve the transportation system,” said Kiana Valentine, executive director of Transportation California. “While the looming funding crisis is an unintended consequence of the state’s success in reducing the carbon footprint of the transportation sector, it must be addressed or all Californians will pay the price. We’re taking an evidence-based approach to ensure multimodal transportation improvements are funded in a way that is fair, affordable and accountable over the long term.”

NEWROAD explored viable funding options, including time- and distance-based road user charges (RUC), within-area tolls, registration charges and a kilowatt-hour tax on electric charging. Tools were evaluated based on seven key principles, comprising simplicity, robustness, fairness, efficiency, sustainable revenue, security and integration.

The study identified three pathways for further consideration by policymakers and stakeholders:

1. **An expanded fuel tax model** that would build on the current system to include alternative fuel types such as electricity and hydrogen.
2. **A pure RUC model** that would replace all fuel taxes with a system that charges vehicles based on the distance they drive.
3. **A mixed model** that combines the current fuel tax system with a road user charge for alternative fuel vehicles.

“Each pathway reflects a trade-off between simplicity, equity and practicality,” said Nina Elter, founder and CEO of NEWROAD. “The fuel tax model builds on familiar systems but struggles with equity and has more work to do to adapt to alternative fuels. The pure RUC model enables long-term equity and efficiency but requires significant systemic change. The mixed model offers a pragmatic transition to a sustainable funding system, balancing existing systems with evolving needs.”

View the full study [here](#).

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**About Transportation California:** Transportation California represents the construction industry and workforce that builds, repairs, and maintains California’s multimodal transportation system. Founded in 1990, we are non-partisan, non-profit coalition whose management and labor member organizations provide for more than 200,000 California jobs. We advocate for solutions to improve our infrastructure, grow the economy, and enhance our quality of life.

Transportation California has played a leadership role in every major state transportation funding effort since 1990 and most recently as part of the Fix Our Roads Coalition which advocated for the passage of SB 1 – the Road Repair and Accountability Act of 2017 – and ACA 5 which will generate over \$54 billion in dedicated and constitutionally protected revenue for investment in our transportation system. Learn more at [www.TransportationCA.com](http://www.TransportationCA.com).

**About NEWROAD Consulting:** NEWROAD Consulting is a strategic planning consultancy dedicated to help accelerate the transition to a sustainable transportation system and a NetPositive Future. Combining deep expertise in approaches, NEWROAD helps clients navigate complex challenges and design equitable, efficient and sustainable solutions. We provide data-driven insights and practical recommendations to support decision-makers in addressing the evolving needs of transportation systems. Learn more at [www.NEWROAD.Consulting](http://www.NEWROAD.Consulting).