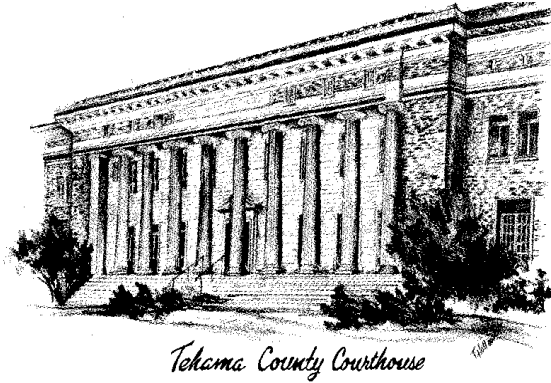


*Board of Supervisors*  
**COUNTY OF TEHAMA**

District 1 – Rob Burroughs  
District 2 – Tom Walker  
District 3 – Steve Zane  
District 4 – Matt Hansen  
District 5 – Greg Jones



Gabriel Hydrick  
Chief Administrator

April 7, 2026

The Honorable Gavin Newsom  
Governor, State of California  
California State Capitol  
Sacramento, CA 95814

The Honorable Members of the  
California State Legislature  
State of California  
Sacramento, CA

**RE: Letter of Opposition – Proposed Vehicle Miles Traveled (VMT) Tax**

Dear Governor Newsom and Members of the Legislature:

On behalf of the County of Tehama, we respectfully submit this letter expressing our formal opposition to any statewide implementation of a Vehicle Miles Traveled (VMT) tax as a replacement for, or supplement to, California's current transportation funding mechanisms.

The VMT tax concept has been under study for more than a decade, including pilot programs conducted by the California Department of Transportation under Senate Bills 1077 (2014) and 1014 (2018), and additional technical recommendations delivered in 2021. While these evaluations provide useful analysis, they fail to mitigate the profound equity issues inherent in a mileage-based tax—especially for rural residents.

Tehama County opposes the VMT tax for many reasons that include, but are not limited to:

- failed promised transportation infrastructure and services such as the high-speed rail
- underinvestment and failing road conditions, capacity and maintenance

- rural disproportionate impacts
- privacy concerns
- dreadful allocation of transportation related taxes and fees
- gasoline vehicles owners disproportionately subsidized EV owners for years
- California’s SB1 formula arguably impacts rural areas negatively and disproportionately in 3 main ways:
  - Rural households drive longer distances and often own less fuel-efficient vehicles, so we pay more fuel tax per household than urban counterparts
  - SB1 programs distribute funds using population and partly through transit revenue
  - Competitive statewide grant programs favor larger regions, which have more staff for grant application and administration and have projects score higher due to congestion and emissions metrics, for example.

**The core of our dissent is not a lack of funding, but the gross appropriation and misappropriation of sufficient funding sources. Punitive and costly expenses for citizens due to state’s failures.**

We have prepared further details for our dissent below and offer proposed solutions:

**Lack of Transit Services and Transportation Infrastructure**

Tehama County covers roughly 2,962 square miles with a population dispersed across rural communities. The county lacks fixed-route public transit, passenger rail, or other viable transportation alternatives, relying instead on limited dial-a-ride and demand-response services operated locally. With the nearest regional intercity transit hubs located hours away, residents routinely drive 30–80 miles or more for employment, healthcare, education, and commerce. Without meaningful transit alternatives, any per-mile taxation proposal effectively penalizes rural residents for travel that is essential, not discretionary. Public monies already fund, or subsidize, mostly empty buses. These public funds should be redirected to meet the demands of local transportation needs, whether mass transit or private vehicles. Additionally, VMT taxes imposed on businesses will be passed on to consumers further exacerbating California’s affordability crisis constructed by the state.

**State Transit Promises vs. Rural Reality**

The State’s high-profile investment in the California High-Speed Rail Authority project was originally authorized by voters nearly 20 years ago in Proposition 1A (2008), with an initial projected completion date of 2020 for a San Francisco–Los Angeles line. Despite over a decade of work and expenditures in the Central Valley, the system remains largely unfinished, with only reduced segments under construction and timelines repeatedly extended. In 2019, Governor Newsom acknowledged that the project, as originally

envisioned, would not be delivered on schedule, and no high-speed rail service connects the Bay Area or Southern California to date. While billions have been allocated, Tehama County and much of rural Northern California remain without access to meaningful rail or mass transit, forcing continued dependence on private vehicles.

#### **Original Budget (2008 Proposition 1A):**

- Voters approved ~\$9.95 billion in bonds toward a \$33 billion initial budget to construct a high-speed rail system connecting *San Francisco and Los Angeles* by 2020. This was the state's original goal and cost estimate when authorized by voters. ([Department of Transportation](#))

#### **Actual Spending to Date:**

- From project inception through mid-2024, approximately \$13.0 billion has been invested in planning and construction nationwide for the California high-speed rail system (all sources combined). ([California Climate Investments](#))
- Other reporting indicates that the authority had spent about \$13.8 billion as of 2025, with roughly 23 percent of that from federal funding, and that figure has been cited in budget discussions and legislative hearings. ([California Insider](#))

#### **Current Projected Total Cost:**

- The total cost estimate for the full system — still including the San Francisco to Los Angeles corridor — has ballooned far beyond the original \$33 billion. Most recent estimates place the total actual projected cost at between roughly \$89 billion and \$128 billion or higher, depending on assumptions about inflation, future construction, and financing. ([California Globe](#))

#### **Funding Changes and Gaps:**

- A portion of federal funding (about \$4 billion) has been rescinded by the federal government due to missed deadlines and delivery concerns, further complicating financing. ([AP News](#))
- California legislative actions have also guaranteed roughly \$1 billion per year from state cap-and-trade funds through 2045 to support the project, but this represents only a fraction of the total needed for completion. ([San Francisco Chronicle](#))

#### **Declining Road Conditions and Underinvestment**

Despite recurring announcements of large transportation funding commitments—including billions through the Road Repair and Accountability Act of 2017 (SB 1) and federal sources—California's surface transportation network continues to exhibit signs of

deferred maintenance and structural shortfalls. A state audit of SB 1's implementation noted that local street and road conditions in reviewed cities actually declined from an average Pavement Condition Index (PCI) of 69 in 2015 to 62 in 2022, even with increased funding, and that funding distributed from FY2017–18 through FY2022–23—approximately \$7 billion—only partially addressed an estimated \$78 billion maintenance backlog identified in 2017. Local agencies consistently report that state-allocated funds are insufficient to stabilize pavement conditions or prevent further deterioration. This pattern of shortfalls underscores that, even with enhanced revenue streams like increased gasoline taxes, California struggles to maintain its existing road network let alone prepare it for new tax burdens on vehicle travel. In short, the current distribution of gas taxes is insufficient for rural counties, and this will only create a greater burden on our citizens while failing to provide for the road funds needed. ([California State Auditor](#))

### **Rural Disproportionate Impact**

For residents in agricultural and rural counties, prolonged travel distances are not a matter of preference but of necessity. A mileage-based tax will:

- Impose a variable burden wholly correlated to geography.
- Increase operational costs for farmers, small businesses, and essential service providers.
- Disproportionately impact low- and moderate-income households with limited transportation alternatives.

These effects are inherently regressive and contrary to equitable tax policy.

### **Privacy and Administrative Concerns**

Mileage-tracking systems, whether GPS-based or odometer-reported, raise significant privacy and cybersecurity concerns. Implementing and enforcing such systems statewide would require complex technological infrastructure and generate additional administrative costs, especially burdensome for counties with limited staff and fiscal capacity.

### **Improve Fiscal Allocations of existing funds**

A portion of Vehicle License Fees (VLF) revenues are allocated to counties through the 1991 and 2011 realignment structures.

These realignment funds support county responsibilities such as:

- Behavioral health services
- Social services

- Public health programs

What do behavioral and public health services and social services have to do with a vehicle fee? This fee is directly tied to vehicle ownership and use. Allocate those funds strictly to road and transportation maintenance and infrastructure, not social programs.

Though we have a dissenting position for the VMT, we do recognize and want to help update funding mechanisms for transportation throughout our beautiful state. Therefore, we propose the following ideas to be considered instead:

### **Stop Chasing Businesses from California**

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An overabundance of businesses have fled California in the last few years. Several oil and refinery companies have closed, relocated corporate operations, or converted facilities, resulting in less gasoline refining capacity in California and more fuel being imported from outside the state. This increases fuel costs for Californians already struggling to survive, not thrive, in California.

#### **Valero Energy –**

- Benicia Refinery Closure
- Capacity: ~170,000 barrels per day
- April 2025, Valero announced it would shut down its Benicia refinery by April 2026, citing California's regulatory environment and high operating costs. ([Reuters](#))
- Represents roughly 9% of California's refining capacity. ([Wikipedia](#))
- Employs around 400 workers. ([Wikipedia](#))

#### **Phillips 66 –**

- Los Angeles Refinery Closure
- Capacity: ~139,000 barrels per day
- began shutting down a major Los Angeles–area refinery in 2025, eliminating hundreds of jobs and reducing California's refining capacity. ([Reuters](#))

Combined with the Valero closure, these facilities represent nearly 20% of California's gasoline production capacity. ([Reuters](#))

#### **Chevron –**

- Moved headquarters to Texas
- In 2024, moved corporate headquarters from San Ramon, California, to Houston, Texas, ending more than a century of being headquartered in California. ([E&E News by POLITICO](#))

- The company cited regulatory pressures and broader business strategy considerations as part of the decision. ([E&E News by POLITICO](#))
- Chevron still operates refineries in California (such as Richmond and El Segundo), but the headquarters relocation represents a major shift in corporate presence.

### **Important Context -**

- Overall Trend in California Refining  
The number of operating refineries and gasoline-producing facilities has been declining:
- California has about 14 refineries, but fewer produced gasoline today. ([Richmondside](#))
- By the mid-2020s, only about eight refineries remained producing gasoline. ([Richmondside](#))
- Closures and conversions have therefore reduced in-state fuel production, increasing reliance on imports from other states or overseas suppliers. ([Lodi 411](#))
- Estimated capacity lost since 2010:
  - 300,000–420,000 barrels per day (≈16–22%).
  - Roughly 16%-22% of the state's refining capacity
  - The number of operating refineries has also dropped
    - 2000: 23 refineries
    - 2010: about 20 refineries
    - 2024: 14 refineries
    - 2025: about 12 refineries remaining
- Why does this matter? California's fuel market is relatively isolated because:
  - Few pipelines connect it to other refining regions.
  - Gasoline must meet a unique California-specific fuel formulation.
  - Supply disruptions cannot easily be replaced by domestic imports.
  - As capacity falls, the state becomes more dependent on imported gasoline and refined fuels, often shipped from other U.S. regions or overseas.

### **Common-Sense Alternatives for New Energy Vehicles (NEVs)**

Recognizing the shift toward electric and highly efficient vehicles—which reduces gasoline tax revenues—Tehama County offers the following alternatives to a VMT tax:

1. **Flat EV Registration Fees:** Adjust or expand existing electric vehicle surcharges in lieu of mileage tracking.
2. **Weight-Based Road Impact Fees:** Adopt vehicle weight tiers to better align infrastructure wear with fee structure.
3. **Point-of-Sale Infrastructure Contribution:** Impose a one-time infrastructure impact fee on new zero-emission vehicle registrations.
4. **Charging-Based Excise Tax Study:** Explore a kilowatt-hour excise tax at commercial charging stations, maintaining a familiar model analogous to fuel taxes.
5. **Rural Credit or Exemption Provisions:** If a VMT system proceeds, codify meaningful geographic adjustments to protect rural taxpayers.
6. **Dedicate the Vehicle License Fee (VLF) to Transportation Infrastructure**

Currently, the **Vehicle License Fee** primarily funds local government general services and supports portions of county realignment funding that can include behavioral health services. While counties rely on this revenue, the fee is directly tied to vehicle ownership and road use.

Gradually reallocate the VLF so that revenues generated from vehicle ownership are deposited into transportation accounts such as the:

- California Department of Transportation State Highway Account
- Road Maintenance and Rehabilitation Account (RMRA)
- Local Streets and Roads programs
- Behavioral health funding currently supported by VLF allocations could instead be backfilled through more appropriate revenue sources such as the Mental Health Services Act or other health-related funding mechanisms.

This change would ensure that vehicle-based taxation directly supports transportation infrastructure.

## 7. Establish a Transportation “Lockbox” for Vehicle Fees

Although fuel taxes are constitutionally protected under Article XIX of the California Constitution, not all vehicle-related fees are equally restricted.

Create a statutory or constitutional transportation lockbox requiring that all revenues derived from:

- fuel taxes
- vehicle registration fees
- electric vehicle road improvement fees
- vehicle weight fees
- transportation improvement fees
- be used exclusively for:
  - road maintenance and rehabilitation
  - bridge repair and replacement
  - highway capacity improvements
  - rural road preservation

This would improve transparency and ensure transportation users see direct benefits from the taxes they pay.

#### **8. Prioritize Maintenance Before Expansion**

California faces a large backlog of deferred road maintenance estimated in the tens of billions of dollars.

Adopt a “Fix-It-First” policy requiring transportation revenues to be prioritized in the following order:

- Maintenance and preservation of existing roads
- Bridge safety improvements
- Congestion relief projects
- New infrastructure projects

This approach ensures that existing infrastructure is stabilized before expanding the system.

#### **9. Increase the Share of Transportation Revenue Returned to Local Governments**

Local agencies maintain over 80% of California’s road miles, yet they receive a smaller share of transportation revenues.

Increase the portion of transportation taxes distributed directly to counties and cities through formulas similar to the Highway Users Tax Account (HUTA) to ensure local jurisdictions have the resources necessary to maintain their street and road networks.

This is particularly important for rural counties like Tehama, where road networks cover large geographic areas with smaller tax bases.

#### **10. Create a Rural Transportation Equity Adjustment**

Mileage-based or transportation taxes can disproportionately impact rural communities.

Establish a rural transportation equity formula that:

- allocates additional road funding to counties with large geographic areas and low population density
- recognizes the higher per-capita infrastructure costs in rural regions
- ensures rural residents receive proportional benefit from transportation taxes

#### **11. Align Electric Vehicle Fees with Road Usage**

As electric vehicles increase market share, gasoline tax revenue will decline.

Instead of implementing a Vehicle Miles Traveled (VMT) tax, adopt simpler mechanisms such as:

- higher EV road improvement fees
- weight-based registration tiers
- modest infrastructure impact fees at vehicle purchase
- These approaches maintain transportation funding without creating intrusive mileage-tracking systems.

Implementing these reforms would create a clear and transparent “user-pays” transportation funding system, ensuring that:

- taxes on drivers’ fund road infrastructure
- transportation revenues are not diverted to unrelated programs
- rural counties receive fair infrastructure investment
- California maintains a sustainable transportation funding model.

In conclusion and in light of these realities, Tehama County strongly urges the State of California to reconsider the pursuit of a Vehicle Miles Traveled tax and instead focus on restoring fiscal discipline and transparency within existing transportation funding systems. California motorists already contribute billions annually through fuel taxes, vehicle registration fees, and other transportation-related charges, yet the state continues to face substantial road maintenance backlogs while simultaneously committing tens of billions of dollars to projects such as those administered by the California High-Speed Rail Authority—a system originally presented to voters in 2008 as a \$33 billion project with service expected by 2020, but which has since exceeded \$13 billion in expenditures without delivering operational service and now carries projected costs exceeding \$100 billion. Before imposing new mileage-based taxes on Californians—particularly rural residents who have no viable transportation alternatives—the State should prioritize

maintaining the roads that residents and businesses rely on daily, ensure that transportation-related revenues are used strictly for transportation infrastructure, and reform existing funding structures so that vehicle-based taxes directly support road preservation, safety, and mobility. California taxpayers deserve a transportation funding system that is transparent, accountable, and focus first on maintaining the infrastructure already in place rather than expanding new taxation mechanisms that disproportionately burden rural communities. Californians want to be proud to see “their tax dollars at work” and not overwhelmed with the inability to afford living, working, and playing in the state. Constituents are fatigued by these increasing costs and the continued punitive increase in the cost of living because of the state’s transportation failures.

Respectfully submitted,

Tom Walker  
Chairman  
County of Tehama

cc:

Tehama County Board of Supervisors  
California State Association of Counties  
Rural County Representatives of California