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Report explores challenges to California's electric vehicle policy

BY MELINA DRUGA (/ABOUT/EDITORIAL-TEAM/#MELINADRUGA) | APRIL 1, 2024 | INVESTMENT
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California's electric vehicle policy will reduce fossil fuel use by transitioning the state from gas and diesel vehicles to electric ones, but it also will cause the state to lose annual revenue, according to a recent Mineta Transportation Institute at San Jose State University report.



“In just three years, by 2027, the state could be losing more than a billion dollars annually compared to the amount raised in 2024,” Dr. Asha Weinstein Agrawal, the report’s principal investigator, said. “That doesn’t leave California legislators much time to establish a replacement for lost revenue. And the revenue lost matters to people’s everyday lives because we are losing money that would otherwise be available for critical maintenance of local streets and state highways, plus support for public transit services.”

Researchers analyzed how much revenue the state might lose annually from fuel taxes and two registration fees on personal vehicles and considered eight scenarios that assume different rates of electric vehicle adoption.

The projected annual revenue raised under the eight scenarios varied widely. In some scenarios, a decrease in the number of miles residents drive reduced state transportation revenue as much as a quick transition to electric vehicles.

The amount of projected annual revenue collected by 2040 could be as high as 64 percent less than in 2024.

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