

# **FINAL STATEMENT OF REASONS FOR PROPOSED CHANGES TO THE STATE'S AUTOMATED VEHICLE IDENTIFICATION PROTOCOL FOR ELECTRONIC TOLL COLLECTION**

## **UPDATE OF THE INITIAL STATEMENT OF REASONS**

There are no updates.

## **UPDATE TO FORM 399: ECONOMIC AND FISCAL IMPACT STATEMENT (REGULATIONS AND ORDERS)**

There are no updates. The Department of Finance did not request any changes to the Form 399.

## **SUMMARY AND RESPONSE TO COMMENTS RECEIVED DURING INITIAL NOTICE PERIOD AND AT PUBLIC HEARINGS**

On October 17, 2023, Caltrans conducted a public hearing as designed in the Notice of Proposed Rulemaking published in the California Regulatory Notice Register. The hearing was conducted virtually through WebEx. This was also the final date to submit written comments. Caltrans received comments, both during the comment period and at the public hearing.

There were a total of 11 written comments received during the 45 day comment period, all in support of the proposed regulatory change. These letters and emails are under Tab D of this Rulemaking File.

There was testimony provided by four speakers during the Public Hearing. All four speakers expressed support for the proposed regulatory change. The testimony is included in the meeting minutes. Meeting minutes of the public hearing are under Tab E of this Rulemaking File.

As noted above all written comments and testimony has been in support of the proposed change. There has not been any opposition expressed changes suggested to proposed regulation during the Rulemaking process.

Responses to the written comments and testimony is provided in under Tab G of this Rulemaking File.

## **STATEMENT OF ANTICIPATED BENEFITS OF THE REGULATIONS**

Caltrans has determined that this change could reduce toll agency expenditures by as much as \$5.8 million annually. The resultant savings could be reinvested into desired or needed improvements on the facilities or in the transportation corridors where they are located, which would result in safer, more efficient travel for the public.

## **FISCAL AND ECONOMIC IMPACT ASSESSMENT**

Consumers using the toll facilities are not impacted by any sunset extension. The toll facility operators do not charge customers to purchase a transponder, nor do they charge for collection and disposal of old transponders. This practice would remain unchanged with this regulatory change.

Caltrans has determined that this change could reduce toll agency expenditures by as much as \$5.8 million annually over the 3-year period. The resultant savings could be used by the toll agencies to help pay down any indebtedness they may have incurred to develop their facilities. They could also be reinvested into desired or needed improvements on the facilities or in the transportation corridors where they are located, which would result in safer, more efficient travel for the public.

For the purposes of analysis, it was assumed that the toll facility operators would reinvest all savings into the toll facilities by devoting 60 percent to toll facility maintenance and pavement rehabilitation and 40 percent to new facility construction and network expansion. This would result in an additional 49 jobs annually. 22 of those would be in Highway Construction and 27 in the Maintenance and Rehabilitation Sector.

## **NECESSITY/PURPOSE/RATIONALE FOR THE REGULATIONS**

Toll facility operators in California have not issued as many transponders as anticipated in recent years due to COVID-19 travel restrictions and its impacts on travel patterns. Therefore, some toll operators took longer to issue their remaining Title 21 transponder inventory and some are still finishing issuing a limited number of these transponders. These recently issued Title 21 transponders have considerable useful life left.

Toll operators and customers will be able to realize the useful life of the existing 6 million transponders by taking advantage of the investment in the transponders currently being used and saving money by not needing to immediately purchase new replacement 6C transponders.

An extension of the legacy Title 21 sunset date to January 1, 2027 is expected to yield substantial benefits to both toll agencies and their customers. A three-year extension of the sunset date would result in an estimated \$5.8 million savings to the toll agencies each of those years. It would also result in added convenience for customers who will not have to swap out their Title 21 transponder for a new 6C version. This will result in reduced electronic waste and being good stewards of the environment.

In addition, there are no drawbacks to extending Title 21 end of life since toll operators are already equipped and configured to use both the Title 21 and 6C protocols.

#### **LOCAL MANDATE DETERMINATION**

Caltrans has determined that the regulations do not impose a mandate on any local agency or school district.

#### **ALTERNATIVES DETERMINATION**

In accordance with Government Code, Section 11346.5 subdivision (a)(13), Caltrans has determined that no reasonable alternative it considered or that has otherwise been identified and brought to the attention of the Department would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

#### **REASONS FOR REJECTING ANY PROPOSED ALTERNATIVE THAT WOULD LESSEN THE ADVERSE ECONOMIC IMPACT ON SMALL BUSINESSES**

This regulation will not directly affect small businesses. The toll facility operators bear the full costs of purchasing and distributing transponders for use by motorists. These costs are not borne by users; when establishing an ETC account they are only required to prepay tolls, replenish the account, as needed, and pay any account maintenance fees. Those conditions would not change. Positive "secondary" impacts to small businesses may occur if business or employment gains occur from increased construction activity due to cost savings being reinvested into maintaining and improving toll facilities.

#### **UPDATED INFORMATION DIGEST**

The updates to the informative digest are covered in the sections "UPDATE OF THE INITIAL STATEMENT OF REASONS", "SUMMARY AND RESPONSE TO COMMENTS RECEIVED DURING INITIAL NOTICE PERIOD AND AT PUBLIC HEARINGS" earlier in this document.