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$700 a year? Less than $10 a month? We analyze how much California's gas tax increase really costs you

By ALEXEI KOSEFF | THE SACRAMENTO BEE

SACRAMENTO, Calif. — Two recent television ads illuminate the sharp contrasts in campaign approaches to Proposition 6, the effort to repeal fuel tax and vehicle fee hikes on the November ballot.

The no side argues a numbers-heavy case that the measure represents an "attack" on road and bridge repair work. The proponents make an emotional appeal that these increases are simply too expensive for Californians to bear.

"When I tell my kids we can't afford that, I feel like I'm letting them down," one woman says in a voice-over. Another adds, "It costs my family over $700 a year."

That's a staggering figure. It's also based on extreme assumptions and faulty math. Most drivers are not looking at such a heavy hit to their pocketbooks.

But the calculation does make an effort to account for hidden costs of the gas tax increase, which businesses may pass on through higher prices for consumer goods.

Those who championed the new fees, including the Brown administration, ignored that ripple effect in the much rosier number they have cited: less than $10 per month per driver. That's an average of about $118 per year, or $236 for a family with two cars.

The reality is somewhere between. Here's a breakdown to help you better understand what these fees are costing you:

Gasoline tax

The biggest and most direct expense for California drivers is the increase to gas taxes. A 12-cent-per-gallon hike to the base excise tax took effect last November.

Next July, another price-based excise tax will reset at 17.3 cents. That's 5.6 cents more than the current rate and about half a cent more than the Brown administration estimated it would otherwise be at that point. This particular tax previously rose and fell with the price of gasoline; it fluctuated between 9.8 cents and 21.5 cents in the past.

The combined excise tax will grow with inflation starting in 2020.

Essentially, if voters approve Proposition 6, you'll probably be paying between 12.5 cents and 17.6 cents less for each gallon of gas next year, because the fluctuating price-based tax would again be in effect. But for their calculation, proponents of the initiative assumed the gas tax increase adds 19.5 cents to each gallon, using old tax rates from several years ago to come up with a higher financial burden for drivers.

Their figure of more than $700 annually is also based on a family with two long-distance commuters who must fill up their gas tanks nearly every week. In this scenario, both of them drive around 40 miles or more each way for work. Gas tax repeal proponents put the annual cost from the increase for this family at $370, on top of the other fuel taxes they already pay.

Their expenses would actually fall in the range of $238 to $334, depending on the level of the price-based tax. And while that high amount will be a reality for some Californians with extremely long drives to work, it can't be considered typical.

More than 55 percent of California workers have a commute of less than a half hour each way, according to the U.S. Census Bureau. About 13 percent must travel an hour or more.

For a theoretically "average" family — where both drivers consume exactly 611 gallons of gasoline per year, the average per registered automobile in California — the additional cost of the gas tax increase would fall between $153 and $215, growing with inflation.

Vehicle registration fee

In addition to the fuel tax increases, lawmakers added a new registration fee for drivers based on the value of your car. That kicked in at the start of this year, and will rise with inflation beginning in 2020.

The fee ranges from $25 per year for vehicles worth under $5,000 to $175 for cars that are valued at $60,000 or more.

In calculating the annual cost of the gas tax plan at more than $700, Proposition 6 supporters made a very expensive assumption: This hypothetical family owns one car worth more than $25,000 and another worth more than $35,000. That amounts to an extra $250 per year in registration fees.

But according to data from the California Department of Motor Vehicles, about 87 percent of all registered automobiles are valued at less than $25,000; more than 46 percent are worth less than $5,000.

Realistically, most families with two drivers are looking at between $50 and $100 more in vehicle registration fees annually, rising with inflation — not $250.

Hidden costs and savings

As repeal proponents point out, consumers are likely feeling secondary effects from the new fees.

Excise and sales taxes for diesel also increased last fall, raising the price per gallon by around 10 percent. That's a major cost to the trucking industry, where fuel accounts for about a fifth of all business expenses.

You can reasonably expect companies are passing along at least some of those extra shipping costs through the retail chain. The Proposition 6 campaign calculates it at 1 percent, meaning the $100 you spent before the fuel tax increases now only gets you $99 worth of goods.

So when they say the gas tax increase will cost a family more than $700 per year, they are including nearly $125 for higher food prices, based on the federal government's average "moderate" weekly grocery bill of about $240. That sum doesn't even get into other items that families are buying.

It's a very rough estimate, of course. Experts note that because of competition, trucking companies might make other cuts to keep their shipping prices lower. The effect of the tax increase is not so direct.

Opponents counter that the road repairs funded by the fuel tax and vehicle fee hikes will ultimately provide even greater savings for drivers.

Studies have found that smoother roads, for example, can improve the mileage of your car by 2 to 5 percent. For the theoretically "average" family, that could mean annuals savings of approximately $93 to $233 on gasoline.

Accounting for increased fuel consumption, greater tire wear, additional vehicle repairs and accelerated depreciation of the car's value, the national transportation research group TRIP calculates that the quality of California roads is costing drivers an average of $843 per year.

Most of that amount stems from the accelerated depreciation — reductions to a vehicle's lifespan that could force you to buy a new one sooner than you wanted. Repairing the state's worst streets and highways will lower the cost.