

It is well known that passenger vehicles are the biggest source of California's Global Warming emissions.

Please consider the following list of discrete early actions for Assembly Bill 32 implementation.

### **Recommended Discrete Early Action Items for Carpool / Rideshare Incentives**

Carpool and Rideshare represents one of the ripest areas of low hanging fruit when it comes to reducing passenger vehicle emissions. A small amount of legislation will provide incentives, risk mitigation, and a sense of fairness can be introduced for the driver.

It is believed that between 19MMT – 60MMT of CO<sub>2</sub> can be reduced by 2020 if we can encourage carpooling to the rate of 1.3 average vehicle ridership (AVR). At 1.3 AVR there is no more traffic congestion and the remaining traffic runs efficiently without stop, idle and go operation.

The following are some near term actions that the State of California can take in reducing Green House Gas emissions through the support of private carpools.

### **Recognize Passenger Miles Per Gallon as a Valid Metric**

When talking about the problem of passenger vehicle Green House Gasses, it is time to open the conversation to Passenger Miles Per Gallon (PMPG) and not just vehicle miles per gallon. As we move forward with determining a fair and equitable method for providing incentives to moderate GHG behavior, we should be using a formula that contains a PMPG factor. As the operator of a vehicle increases PMPG for the same miles traveled, they should be rewarded.

### **Outsourcing of Rideshare Matching Programs to Private Companies**

Current Rideshare Matching Programs are either ineffective or non-existent in California. CalTrans currently grants The Regional Transportation Authorities oversight of rideshare services in their region. These Transportation Authorities have been in charge for over 20 years and their performance is very poor. For example the Los Angeles MTA has reduced funding for rideshare matching to \$300,000 per year and carpool participation has dropped to 1.09 average vehicle ridership (AVR) from a high of 1.2 AVR before the MTA took over.

Rideshare Matching Services need to be retooled. In order to do this they must support a market based approach to rideshare and carpooling. The driver must simply get reimbursed for their expenses based on free market principles.

There are new information technology services forming throughout the country that would be useful in reducing Green House Gases from passenger vehicles. Web sites such as Ridester.com and Ridebay.com offer the ability to find partners for carpooling as well as to perform financial reimbursement transactions associated with the ride. Government rideshare matching sites cannot support financial transactions between participants. Only Private Businesses can support such transactions. Additionally, the government systems are often cumbersome providing data turnaround measured in weeks, and the systems typically focus only on larger employers. The government systems lack the ability to operate for the general population.

In recognition of the government rideshare matching service shortcomings, it is recommended that all government rideshare matching services be contracted out to a bench of companies that can provide such services and support a market based approach to rideshare.

### **Rideshare Matching Data Exchange Standard**

In order to increase the odds of finding a carpool match, a data exchange standard is proposed to help independent rideshare matching service companies cooperate even as they compete.

Consider Company A and Company B offering rideshare matching services. Company A may have a potential driver on record, and Company B may have a potential passenger for that same route. It is in the best interest of all parties that the match be successfully made, and that the proposed carpool be formed.

A rideshare matching data exchange standard is proposed so that rideshare matching service providers can maximize success in pairing drivers and passengers. There should be some secure and confidential method of exchanging information for potential ride matches. This data exchange will also encourage the sharing of success among rideshare matching companies for pairing the passenger with a driver.

### **Outsource existing Govt Rideshare Data to Central Standard Data Exchange**

In order to provide non-interrupted matching services to those already in the government data systems, it is proposed that the data be combined in a central repository allowing for rideshare matching data exchange queries.

In addition to the government contract for providing rideshare matching services, a separate contract should be issued for an independent data access provider to support the ongoing operation of the ride data exchange.

Having the independent data exchange for government derived data will maximize the continuation of existing carpooling momentum in local communities. It will allow new rideshare matching services to continue to help the people from the “legacy” system.

### **Alternative Dispute Resolution Process**

Drivers expose themselves to liability risks when picking up passengers. In recognition of this and the special relationship that exists between carpool driver and passengers, it is recommended that California Civil Code be amended to define a process for alternative dispute resolution between drivers and passengers during participation of a carpool or shared ride. California State Civil Code 1369.5 is a good place to start. Code 1369.5 is the law that provides alternative dispute resolution basis for home owners associations of multi unit buildings and outlines dispute resolution steps between unit owners.

It would be fair to note that insurance companies are compelled by law to do to right thing. However, sometimes individuals may feel under compensated. The alternative dispute resolution process would allow a plaintiff to proceed to a lawsuit only after an attempt at mediation.

Reducing the liability risk for the driver is crucial for expanded acceptance of carpool participation.

### **50-25-25 Income Tax Rule, Sales Tax Exclusion, and Out of Way**

It is recommended that the California Tax code be updated to provide additional incentives for rideshare. It is suggested that a 50-25-25 rule be adopted for rideshare / carpool drivers reimbursement income exemption.

Currently a drivers compensation is for each passengers "share" of expenses. This amounts to roughly 50% reimbursement for that first passenger, 66% for two passengers, and 75% for three passengers. This represents a rapidly diminishing return for picking up additional passengers 1<sup>st</sup> – 50%, 2<sup>nd</sup> – 16%, 3<sup>rd</sup> – 9%.

Instead of a 50-16-9 reimbursement schedule, a better and more equitable reimbursement schedule would be a 50-25-25. The driver's energy and time for going out of the way should be considered.

The 50-25-25 rule would allow a driver to get reimbursed 50% for that first passenger, 75% for two passengers, and 100% for three or more passengers. This will provide additional incentive for those environmental angels known as carpool or rideshare drivers to pick up that 2<sup>nd</sup> and 3<sup>rd</sup> passenger.

Additionally, reimbursement for a shared ride is not generally income as it less than total expenses. It is paramount that Tax code be clarified for the carpool participant. It should also be stated clearly that reimbursement funds for a shared ride or carpool are not subject to sales tax.

Additionally, if the driver is going out of the way to pick up a passenger, then it would be fair for the driver to be able to collect a fee for those miles at 50% the cost of operation of the vehicle as though that passenger was already in the car.

### **Rideshare Protocol for Carbon Credits**

New taxes related to emissions are coming. And the cap and trade system will be here soon.

It is recommended that a protocol be developed to determine carbon credits related to the voluntary action of participation in rideshare and carpool. We believe that Voluntary Carbon Offsets are very important as controlling Green House Gas emissions boils down to each citizen taking action.

It is further recommended that any new taxes take into account Passenger Miles Per Gallon (PMPG) and create a target PMPG whereby vehicle owners exceeding that value be refunded any GHG taxes they may have contributed for those miles traveled.

Consider a 55 PMPG threshold for tax exemption. If a family of 4 is traveling in their car getting 20 MPG, then at 80 PMPG they are in excess of 55 PMPG and should receive an exemption from GHG taxes for those miles traveled.

It is suggested that in order for a vehicle owner to receive the tax refund, that they would have records of shared rides in terms of number of passengers, average mileage, and starting / ending odometer reading for ride provided.

It is further recommended that the option of remote sensing of vehicles presence in a Park-And-Ride lot be used to verify one vehicles non-operation during the time of said shared ride.

An example Protocol First Order – Least Intrusive

To begin with, a vehicle should be characterized in terms of fuel efficiency and emissions, this would be verified at smog checks. Additionally, mileage would be reported at smog checks and at annual insurance reporting.

On a first order basis we have total annual emissions based on MPG and miles traveled.

For carpooling, in order to receive credits, we either give credit to the passenger for giving up their car (need to verify at Park-and-Ride?) or to the driver for exceeding PMPG. It would be easier to track the PMPG than to verify the non-operation of the passenger's parked vehicle. So the protocol would become a reward for the driver in the form of a tax credit for exceeding XX PMPG.

Hypothetical (GHG Car Tax) \$2500 / vehicle

- Tax refund at end of the year for carpool miles. Up to \$500 per year

Hypothetical (GHG Gas Tax) \$.25 / gallon

- Tax refund quarterly based on the gallons used during carpooling

In conclusion, it is paramount to the success of AB 32 that carpooling be supported. There appears to be some head scratching on how to get all the way to 174MMT of reductions. And there has been much discussion of millions of dollars available for other programs. It would seem that the time would be right for adding carpooling incentives to the mix of actions for AB 32.

If you need any further clarification or background information, I would be happy to work with you.

Sincerely,

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