

BILL: ABX1 - 26 / SBX1 - 1

AUTHOR: ASSEMBLYMEMBER JIM FRAZIER (D-OAKLEY)
&
SENATOR JIM BEALL (D-SAN JOSE)

SUBJECT: TRANSPORTATION FUNDING

STATUS: PENDING COMMITTEE REFERRAL

ACTION: SUPPORT

RECOMMENDATION

Staff recommends that the Board of Directors adopt a SUPPORT position on the measures ABX1-26 (Frazier) and SBX1-1 (Beall). These joint measures would provide \$7.4 billion in annual funding for transportation. The bills would increase various taxes and fees, specify the allocation processes for the various programs, and, make various other reforms in the way transportation is funded.

Specifically the bills would:

- Increase the gasoline excise tax by \$0.17 and require it to be adjusted annually based on the Consumer Price Index (CPI).
- Restore the price based gasoline excise tax to the level prior to 2010; an increase of \$0.075.
- Increase the diesel excise tax by \$0.30.
- Increase the diesel sales tax by 3.5%.
- Increase the vehicle license fee by \$38.
- Implement a new Zero Emissions Vehicle Registration Fee of \$165.
- Increase the percentage of cap and trade funds allocated to public transit.
- Restore truck weight fees to the State Highway Account.
- Remove the California Transportation Commission from the California State Transportation Agency.
- Make reforms in the environmental process for various transportation projects.
- Create an Advanced Mitigation program for transportation projects.
- Require various new reporting requirements for local agencies.

These measures would provide new annual funding as follows:

- ~~State -- \$2.9 billion annually for maintenance and rehabilitation of the state highway system.~~

- ~~**Locals** -- \$2.5 billion annually for maintenance and rehabilitation of local streets and roads.~~
- ~~**Regions** -- \$534 million annually to help restore the cuts to the State Transportation Improvement Program (STIP).~~
- ~~**Transit** -- \$516 million annually for transit capital projects and operations.~~
- ~~**Freight** -- \$900 million annually for goods movement.~~
- ~~**Active Transportation** -- \$80 million annually, with up to \$150 million possible through Caltrans efficiencies, for bicycle and pedestrian projects.~~

DISCUSSION

Over the last few months the Chairs of the transportation policy committees in the Senate and Assembly have developed a consensus transportation funding proposal. Each Chair had introduced individual and different proposals in both the regular and extraordinary legislative sessions. The two Chairs have now reached an agreement on one proposal and have each introduced the proposal in their respective houses. These proposals are reflected in the legislation Assembly Bill X1-26 (Frazier) and Senate Bill X1-1 (Beall).

ABX1-26 (Frazier) and SBX1-1 (Beall) are expected to generate \$7.4 billion in annual funding to repair and maintain state and local roads, improve trade corridors, support public transportation and make investments in active transportation.

These measures would provide new annual funding as follows:

- **State** -- \$2.9 billion annually for maintenance and rehabilitation of the state highway system. These funds would be allocated by the California Transportation Commission.
- **Locals** -- \$2.5 billion annually for maintenance and rehabilitation of local streets and roads. These funds would be allocated to cities and counties via existing formulae.
- **Regions** -- \$534 million annually to help restore the cuts to the State Transportation Improvement Program (STIP). These funds are programmed by local agencies based on existing formulae.
- **Transit** -- \$516 million annually for transit capital projects and operations. The transit capital program is a discretionary grant program at the state level and the operations funds are allocated to local agencies via existing formulae.
- **Freight** -- \$900 million annually for goods movement. These funds would be allocated via the Trade Corridors Improvement Fund process.
- **Active Transportation** -- \$80 million annually, with up to \$150 million possible through Caltrans efficiencies, for bicycle and pedestrian projects. These funds would be allocated via discretionary grants by the state.

Historically, state funding for transportation has relied on the sales and use and excise taxes for diesel and gasoline. The transportation system nationwide has been challenged by a number of factors including the declining value of the gas tax. The gas

tax at the state and federal level has not been increased in over 20 years. Over that time, significant gains have been made in fuel efficiency and propulsion technologies which have allowed California in particular to significantly improve its air quality.

These new technologies are less reliant on gasoline and therefore pay less in gas taxes. As a result the ability to fund both the maintenance needs of the state highway and local streets and roads systems are facing significant challenges.

California is in the process of pursuing a Mileage Based User Fee pilot program through the California Transportation Commission. This effort currently being implemented as a pilot program statewide. This is an important effort for the state and could create a long-term and sustainable funding system. In the meantime however it is appropriate to consider an alternative short term solution for filling the funding gaps in the state's transportation funding budget as we continually face transportation, mobility, infrastructure and climate change challenges in our state.

~~ABX1-26 and SBX1-1 are expected to generate \$7.4 billion in annual funding to repair and maintain state and local roads, improve trade corridors, support public transportation and make investments in active transportation.~~

These bills have been introduced in the extraordinary session on transportation funding which expires on November 30, 2016. While it is unlikely that these measures will be considered this year, such proposals could be considered at a later time. Staff believes that due to the magnitude of the proposals and the importance of addressing transportation funding, it is important to take a position on these proposals.

Staff recommends that the Board adopt a SUPPORT position on the measures ABX1-26 (Frazier) and SBX1-1 (Beall).

DETERMINATION OF SAFETY IMPACT

There is no determined safety impact due to the enactment of the proposed legislation.

FINANCIAL IMPACT

The enactment of the provisions in this statute could result in securing accelerated funding for Metro's expansive long-range transportation plan. The funding proposals will also help augment local streets and road repairs and increase access to funding through competitive grant programs. The estimated financial impact has yet to be determined.

ALTERNATIVES CONSIDERED

Staff has considered adopting either an oppose or neutral position on the bill. An oppose or neutral position would be inconsistent with Metro's Board approved 2016 State Legislative Program Goals to support efforts to increase funding for transportation projects in Los Angeles County.

NEXT STEPS

Should the Board decide to adopt a SUPPORT position on these measures; staff will communicate the Board's position to the authors and work to ensure passage. Staff will continue to keep the Board informed as this issue is addressed throughout the legislative session.