

ATTACHMENT A

BILL: AB 1591

AUTHOR: ASSEMBLY MEMBER JIM FRAZIER
(D- OAKLEY)

SUBJECT: TRANSPORTATION FUNDING

STATUS: REFERRED TO ASSEMBLY REVENUE AND TAXATION
COMMITTEE & TRANSPORTATION COMMITTEE

ACTION: SUPPORT

RECOMMENDATION

Staff recommends that the Board of Directors adopt a SUPPORT position on AB 1591 (Frazier).

ISSUE

This bill would increase several taxes and fees to fund various transportation programs. The bill could raise approximately \$8 billion per year.

Specifically, AB 1591 would:

- Increase the excise tax on gasoline by 22.5 cents per gallon and index the excise tax to increase based on the Consumer Price Index every three years. These funds, approximately \$3.3 billion per year would be split evenly between the state for highway maintenance purposes and local agencies for street and road repair purposes.
- Increase the diesel excise tax by 30 cents per gallon. This would generate approximately \$840 million per year and be allocated to trade corridors.
- Increase the vehicle registration fee by \$38. This would generate approximately \$1.25 billion and allocate these funds to road maintenance and rehabilitation projects.
- Impose a \$165 fee on electric vehicles. This would generate approximately \$16 million for road maintenance and rehabilitation.
- Require repayment of outstanding transportation loans.
- Increase the percentage of cap and trade funds allocated to the Transit and Intercity Rail Transit Capital Program from 10% to 20%.
- Allocate 20% of cap and trade funds, approximately \$400 million annually to trade corridors.
- Restore truck weight fees to the State Highway Account. This would provide approximately \$1 billion annually for state highway maintenance purposes.

DISCUSSION

Last year Governor Brown called the Legislature into Special Session to address transportation funding. Since that time, legislative leadership in both houses have discussed various ways to address this issue and have offered proposals on how to move forward. Senator Jim Beall, Chairman of the Senate Transportation and Housing Committee introduced SB 16 which could provide a significant source of funds for the maintenance needs of our county and cities partners. Assembly Transportation Committee Chairman Jim Frazier has introduced his proposal in AB 1591.

AB 1591 is a significant effort to address the maintenance needs of our transportation system and staff believes it is important to work with Chairman Frazier to address this challenge. Staff further believes that this bill may serve as a vehicle for a comprehensive transportation funding plan and in that context we believe it is appropriate to address broader needs that exist in the system Staff recommends that the Board support in principle the proposals in AB 1591 and work to support the development of a comprehensive state funding program.

California is also in the process of pursuing a Road User Charge pilot program through the California Transportation Commission. This effort is scheduled to be implemented on a demonstration basis in 2016. 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 increase in the excise tax as it is still the basic transportation funding system in our state.

Metro Government Relations will continue to work with the Chairman to support the proposal and to ensure its passage to support funding for LA County transportation initiatives.

DETERMINATION OF SAFETY IMPACT

Staff has determined that there is no direct impact to safety as a result of this proposal. If we are able to include a funding component for transit maintenance and system needs in this proposal it can potentially improve safety on our system.

FINANCIAL IMPACT

Staff has determined that with successful passage of this measure, funding for a variety of transportation improvements in the county could become available.

ALTERNATIVES CONSIDERED

Staff considered a neutral position however this would preclude us from working with the author to address the opportunities presented by the bill.

NEXT STEPS

Should the Board adopt staff's recommendation of SUPPORT, staff will work with the author to ensure the inclusion of transit funding as a priority, and support the measure's passage.