

The Board of Supervisors

County Administration Building
651 Pine Street, Room 106
Martinez, California 94553

John Gioia, 1st District
Candace Andersen, 2nd District
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**Contra
Costa
County**

David Twa
Clerk of the Board
and
County Administrator
(925) 335-1900

June 16, 2015

The Honorable Senator

State Capitol, Room #####
Sacramento, CA 95814

Subject: SUPPORT Senate Bill 321 (Beall) - Motor vehicle fuel taxes: rate adjustments

Dear Senator ,

The County of Contra Costa supports Senate Bill 321 by Senator Jim Beall. This important measure will make a much-needed technical fix to the complex process for setting the gasoline excise tax rate under the gas tax swap, while maintaining revenue neutrality with the former sales tax on gasoline. SB 321 will be helpful for planning and budgeting for our transportation projects. It is difficult to efficiently plan and implement much needed transportation projects if we continue to see large fluctuations in revenues. It is also difficult to maintain appropriate staffing levels to deliver projects in a timely manner if our revenue outlook is unclear. SB 321 is simply a revenue-neutral, technical fix to the gas tax swap that will help local agencies more efficiently deliver much needed transportation projects.

While the former sales tax revenues naturally adjusted to real-time changes in the price of gasoline, the new excise rate is only adjusted annually. Accordingly, when there are significant fluctuations in gas prices during a single year, the excise rate must be significantly raised or lowered in one large adjustment. SB 321 will help remedy the potentially jarring increases or decreases of the excise tax by incorporating recent historical price data into the rate-setting calculation and allowing a semi-annual adjustment if actual prices vary drastically from prior estimates.

Due to the existing procedures used to set the excise tax rate, the County of Contra Costa anticipates a reduction of \$4.7 million between 2014-15 and 2015-16. This anticipated reduction has forced us to re-evaluate our capital project delivery and pavement preservation projects for the upcoming year, further increasing the deferred maintenance of our local road network. We are also delaying filling vacant positions in our Public Works Department. While the gas tax will still decrease next year under SB 321, the reduction will be significantly less for Contra Costa County than without SB321. The increased stability of the SB 321 framework is beneficial to

Senator XXXX
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both consumers paying the tax and government agencies that rely on the revenues to build and maintain California's transportation infrastructure.

For these reasons, the County of Contra Costa supports SB 321 and respectfully requests your "AYE" vote.

Sincerely,

John M. Gioia, Chair
Contra Costa County Board of Supervisors
Supervisor, District I

c: The Honorable Jim Beall, California State Senate
Ted Morley, Consultant, Senate Republican Caucus