

# Smith, Watts & Company, LLC.

Consulting and Governmental Relations

## MEMORANDUM

TO: John Cunningham

FROM: Mark Watts

DATE: July 8, 2015

SUBJECT: Special Session #2 Report – Update on Activities

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### Recent Developments

Senator Beall introduced 2 new Special Session bills on **July 7**. They are both “spot” bills, expressing legislative intent to enact legislation to address permanent and sustainable new transportation revenues.

### Informational Hearings

#### *Senate Hearing, July 2:*

The Senate Transportation and Infrastructure Development Committee heard testimony from the Legislative Analyst’s Office, Transportation Secretary Kelly, City and County representatives and Commissioner Madaffer of the CTC. I provided testimony on public attitudes that Transportation California has developed through focus groups conducted in partnership with the California Alliance for Jobs and subsequent survey research.

Most of the testimony emphasized the infrastructure needs for the state’s roads and bridges. Options for where funding for these projects would come from was a major point of discussion and included increasing existing taxes and fees, charging new taxes, and use of other existing revenues.

Committee members expressed interest too in public transit as being part of the

solution to aging infrastructure by taking automobiles off the roads. However, transit also needs significant funding and investment to improve and so far, transit has not been included in the proposed transportation funding legislation.

### *Assembly Hearing, July 6:*

The Assembly hearing was more broadly informational, ranging from the basics of transportation finance in California, an overview of the adequacy of the state's present funding levels, and concluding with presentations by stakeholders. The most prominent development in this hearing was MTC director Heminger's submittal of a joint letter from the executives of the state's 4 largest MPO's setting out their principles for the legislature, calling for (1) a significant new revenues base, (2) protection of the new revenues, (3) sharing of the new revenues equally between state and locals, and (4) addressing the annual price-based excise tax adjustment, among others.

## **Special Session #1 bills Introduced**

### *Senate*

#### SB X1 1 (Beall):

Senator Beall reintroduced his regular session \$4 billion roadway repair funding bill proposal (SB 16) in the Transportation Special Session

#### SCAX1 1 (Huff):

This bill would constitutionally guarantee that the transportation taxes paid by California drivers annually are only used for transportation purposes and is a reintroduction of SCA 7 in the Regular session.

#### SB X1 2 (Huff):

This bill would dedicate cap and trade taxes paid from putting gasoline production under the cap to improving California's streets and roads. SB X1 2 would direct how approximately \$1.9 billion in revenues would be spent.

#### SB X1 3(Vidak):

The measure would repurpose outstanding Prop 1A, High speed bonds to be used to make debt service payments and to establish new program to fund state and local road repairs. The bill excludes from the repurposing funds dedicated for the “bookend” and the Connectivity projects.

SB X1 4 (Beall), *new bill*

This “spot” bill declares the intent of the Legislature to enact legislation to establish permanent, sustainable sources of transportation funding to maintain and repair the state’s highways, local roads, bridges, and other critical transportation infrastructure.

SBX1 5 (Beall), *new bill*

This “spot” bill declares the intent of the Legislature to enact legislation to establish permanent, sustainable sources of transportation funding to maintain and repair the state’s highways, local roads, bridges, and other critical transportation infrastructure.

### *Assembly*

AB X1 1 (Alejo)

This bill is a reintroduction of Mr. Alejo’s AB 227 from regular session. It would transfer truck weight fees back from Prop 1B debt Service to state highway purposes and would also accelerate repayment of outstanding loans back from the General fund.

AB X1 2 (Perea)

This bill is a reintroduction of Mr. Perea’s AB 1265 relating to Public Private partnerships (P3).

### **Looking Ahead**

At present, although there is background discussion alluding to possible additional hearings, the official schedule available now does not indicate anything scheduled at present.

The Special Session is anticipated to recess along with the Regular Legislative Session for one month on July 17.