

Smith, Watts & Hartmann, LLC.

Consulting and Governmental Relations

MEMORANDUM

TO: John Cunningham

FROM: Mark Watts

DATE: January 26, 2016

SUBJECT: Legislation of Interest

Presented below are brief summaries of newly introduced 2016 legislation for your consideration. These include two bills, AB 1665 (Bonilla) and AB 1592 (Bonilla). In addition, I have provided summaries of the two recently introduced transportation funding bills, AB 1591 (Frazier) and the Governor's' Transportation Budget Plan (waiting for it to be available in print); I have not made recommendations for these, but the information provided would be a usable guide for Board discussion.

In addition, accompanying this memo is a broader overview of where the Transportation Funding legislative process and proposals stand as of now.

AB 1665 (Bonilla)

Status: Introduced, January 6, 2016; may be heard February 6.

Summary: In 2013 AB 210 included a provision to allow Contra Costa County to adopt an ordinance proposing the imposition of a transactions and use tax for the support of countywide transportation programs at a rate of no more than 0.50% that, in combination with other specified taxes, exceeds the 2% statutory limitation.

AB 1665 (Bonilla) would additionally authorize this same taxing authority for a countywide transportation program to be available to the Contra Costa Transportation Authority, as well as the County, and extend the period of authorization from 2020 to 2024.

The bill further proposes to replace the County as the entity to impose the tax with the Transportation Authority

Recommendation: Committee Discussion

AB 1592 (Bonilla)

Status: Introduced, January 14, 2016; may be heard February 14.

Summary: This measure would authorize the Contra Costa Transportation Authority to conduct a pilot project for the testing of autonomous vehicles if the testing is conducted only at (1) a business park designated by the authority and (2) the GoMentum Station; it further requires that the autonomous vehicle may only operate at speeds of less than 35 miles per hour.

Current law authorizes autonomous cars to operate on public roads for testing purposes, but under limiting conditions that include: (1) a driver is seated in the driver's seat and must be capable of taking control of the vehicle, (2) the vehicle must have a steering wheel, and (3) the vehicle has brake pedals and an accelerator that can be controlled by the vehicle operator. Because the vehicles that the Authority would like to test are not so equipped, this bill is necessary to permit operation on portions of public roads at the facilities enumerated in the bill.

Recommendation: Support

Governor's Transportation Funding Plan:

Governor Brown has formalized the proposal he rolled out last September by incorporating it into the state budget he unveiled earlier this month. This plan would generate approximately \$3.6 billion annually and includes a number of protections and reforms called for by various Republicans last year.

Key Revenue elements:

- *Road Improvement Charge* – \$2 billion from a new **\$65 fee** on all vehicles, including hybrids and electrics;
- *Stabilize Gasoline Excise Tax* – \$500 million by setting the gasoline excise tax beginning in 2017-18 at the historical average of **18 cents**, eliminating the current annual adjustments, and adjusting the tax annually for inflation;
- *Diesel Excise Tax* – \$500 million from an **11-cent increase** in the diesel excise tax beginning in 2017-18, adjusted annually for inflation;
- *Cap and Trade* – \$500 million (see below) in additional Cap and Trade proceeds for complete streets and transit; and,
- *Caltrans Efficiencies* – \$100 million in cost-saving reforms.

Key Reform Elements:

Streamlined Project Delivery

- Limited California Environmental Quality Act (CEQA) exemption;
- Removes the sunset date for the federal delegation of environmental reviews so they can be completed concurrent with the state review;
- Advance project environmental mitigation to get early buy-in on activities and reduce late challenges that delay projects;

Innovative procurement methods,

- Authorizes additional projects (6) for procurement by Caltrans using the Construction Manager/General Contractor (CMGC) process.
- Extension of P3 law through 2027.

Key Transit Elements:

The transportation-funding package would provide these additional amounts for transit and alternative fuel vehicles:

- *Transit and Intercity Rail Capital Program* – \$400 million (for \$600 million total)
- *New Low Carbon Road Program (Complete Streets)* – \$100 million
- *Low Carbon Transportation* – \$500 million

AB 1591 (Frazier)

Mr. Frazier has been meeting with transportation stakeholders during the legislative interim recess to gather input for his transportation proposal. Assemblymember Frazier's proposal (AB 1591) was introduced in January and his office indicates that it is intended to raise more than \$7 billion annually to be used for trade corridor improvements and road maintenance and rehabilitation.

Key Revenue elements:*Gas Tax:*

- Increases the excise tax on gasoline by 22.5 cents per gallon
- Indexes the gas tax using the Consumer Price Index every three years thereafter;
- 9.5 cents used to restore funding lost from declining tax revenues due to rate adjustments by the Board of Equalization.
- Revenue raised from the gas tax increase (over \$3.3 billion annually) will be split 50/50 between the state and local agencies;
- A nominal portion is aside to encourage state-local partnerships.

Diesel Tax:

- Increases the diesel fuel tax by 30 cents a gallon, also indexed.
- Revenues of \$840 million annually will be directed to the state's trade corridors

Registration Fee:

- Increases the vehicle registration fee by \$38 annually (just over 10 cents a day).
- Directs those funds (\$1.254 billion) to road maintenance and rehabilitation.

EV Fee (Surcharge):

- Imposes an electric vehicle surcharge of \$165;

Cap and Trade:

- 20% (approximately \$400 million annually) for major freight corridors. Communities near our major freight corridors have borne the brunt of the nation's goods movement system.

- 10% (\$200 million) more for intercity rail and transit, for a total of 20% of the auction proceeds.

Truck Weight Fees:

- Restoring the truck weight fees, which directs \$1 billion to the State Highway Account