

Smith, Watts & Hartmann, LLC.

Consulting and Governmental Relations

MEMORANDUM

TO: John Cunningham

FROM: Mark Watts

DATE: April 5, 2016

SUBJECT: Pending State Transportation Funding Legislation

At present there are three major measures in the Legislature seeking to increase the state transportation revenue base with an emphasis on offsetting the recent historical trend that saw significant deferral of funding for maintaining and reconstructing the state and local transportation systems. While each proposal offers a variety of revenue increases for maintenance, they each also include funding for other activities, ranging from freight infrastructure, Active Transportation, and rail to transit, the common core emphasis is on a "Fix It First" priority policy.

In addition to new revenue sources and proposed allocations, each bill or author includes or is also working on accountability or process or delivery reform elements, which are not detailed here.

From an overview perspective, the three major bills are:

Governor's Transportation Plan – Generates \$3.7 billion in new annual funding;

SB X1 1(Beall) – Generates \$6 billion in new annual funding;

AB 1591 (Frazier) – Generates more than \$7 billion in new annual funding;

The following provides a more detailed overview of the sources of new annual funding, other sources of funding, and proposed expenditure allocations for the respective bills.

Governor's Plan

This was a first surfaced by the Administration last summer and has since been embedded into the 2016-17 State Budget Act, with the revenues generated distributed to designated programs.

Funding sources:

Base Gas Tax: No new tax rate

Price-based Gas Tax: Resets the Tax Swap increment back to 18 cents (up from BOE adopted 9.8 cents for July 2016) that generates an estimated \$900 million.

Diesel Tax: Increases by 11 cents for an additional \$300 million in revenues.

New Road User Fee: \$65 per vehicle, which generates \$2 billion.

Cap and Trade: augmented allocations for transit and complete streets: \$500 million.

Allocations

Highway and Road rehabilitation and maintenance: \$2.9 billion

Freight mobility: \$200 million

Rail/Complete Streets: \$500 million

SBX1 1 (Beall):

This bill was introduced in summer 2015, and has successfully passed the Special Session Transportation Committee; it is currently pending amendments in Special Session Fiscal Committee.

New Revenues

Gas Tax: 12 cents; \$2 billion.

Price-based Gas Tax: Reset to 17.3 cents; \$900 million.

Diesel Tax: 22 cents increase; \$600 million.

Vehicle Registration Fee: Increase of \$35 per vehicle; \$1 billion.

New Highway User Fee: \$35 per vehicle; \$1 billion.

ZEV Registration Fee: \$100 million; \$25 million.

Allocations

Highway and Road rehabilitation and maintenance: \$5.5 billion

Freight Mobility: \$500 million

Rail or transit: (to be included)

AB 1591 (Frazier)

This measure is pending its first hearing in the Assembly Regular Session.

New Revenues

Gas Tax: 22.5 cents; \$3.5 billion.

Price-based Gas Tax: Reset to 17.3 cents; \$900 million.

Diesel Tax: 30 cents; \$800 million.

Vehicle Registration Fee: \$38 per vehicle; \$1 billion.

ZEV Registration Fee: \$165 per vehicle; \$35 million.

Allocations:

Highway and Road Rehabilitation and Maintenance: \$5.8 billion

Freight Mobility: \$1.2 billion

Rail or Transit: \$200 million.