

Smith, Watts & Hartmann, LLC.

Consulting and Governmental Relations

MEMORANDUM

TO: John Cunningham
FROM: Mark Watts
DATE: September 29, 2016
SUBJECT: **October TWIC Report**

Key Bills - Update

Presented below is a brief update of AB 1592 (Bonilla). A brief summary of a new transportation funding proposal is included, as well.

AB 1592 (Bonilla)

This measure authorizes the Contra Costa Transportation Authority to conduct a pilot project for the testing of autonomous vehicles.

As of this writing, the bill was passed by the legislature (August 29th) and was processed to the Governor on September 2nd. He has until the end of the month to approve or reject the bill. [Update from John Cunningham: Governor Brown [signed the bill](#) on September 29th]

In the meantime, USDOT released its long-awaited guidance on Autonomous Vehicles (AVs). California Transportation Secretary Brian Kelly related the state's positive views on the US guidelines, calling them "...a leap forward.." that will enable California to advance vehicle safety; he also called attention to the DMV regulatory process underway at present. DMV plans to release revisions to their draft regulations and conduct a workshop on October 20.

Legislative Special Session on Transportation

The Special Session on Transportation and Infrastructure, which was convened by Governor Brown in June 2015, continues in existence during this period after the Regular Legislative Session has recessed through the end of November 2016.

The "Fix Our Roads" Coalition, which includes the California Transit Association among other transportation industry and allied labor organizations, has been pushing for the legislature to address transportation funding needs for the better part of two years and is finally beginning to see some movement toward a post-election Special Session to address the state's transportation funding crisis.

If these plans move forward, the session would likely be held in the days following the State's November 8th General Election. Discussions with leadership staff indicate that steps are

being considered to ensure that members are present to be called Special Session in Sacramento.

While this progress is a bit of good news, there are still many obstacles to be overcome if we move to a post-election session. Lame duck sessions, while common in the U.S. Congress, are unusual for California.

State Transportation Funding Proposals

On August 18th, Assembly Member Jim Frazier introduced to the transportation stakeholder community the long-awaited transportation package developed jointly with Senator Jim Beall. This new package, contained in ABX1 26 and SBX1 1, is designed to repair and maintain our state highways and local roads, improve our trade corridors, and support public transit and active transportation. A summary provided by the authors indicates that it would result in a \$7.4 billion annual transportation-funding package, and that it draws from familiar elements in existing proposals that preceded it in the Extraordinary Session on Transportation Infrastructure.

The summary shows that the package will include a combination of new revenues (gas tax, diesel tax, sales tax on diesel, registration fee), return of truck weight fees, a modest infusion of additional Cap and Trade auction proceeds, accelerated loan repayments, Caltrans efficiencies & streamlined project delivery, accountability measures, and constitutional protections.

New revenues or Resources

- Eliminate the Board of Equalization's annual adjustment of the gas excise tax, increase the gas excise tax by 17 cents and index it to the Consumer Price Index (generating \$3.6 billion annually)□
- Increase the diesel excise tax by 30 cents and index it to the Consumer Price Index (generating \$900 million annually)□
- Increase the incremental diesel sales tax to 5.25% and index the increment to the Consumer Price Index (generating \$216 million annually)□
- Increase the vehicle registration fee by \$38 and index it to the Consumer Price Index (generating \$1.3 billion annually)□
- Introduce an annual zero-emission vehicle fee of \$165 per vehicle and index it to the Consumer Price Index (generating \$16 million annually)□
- Redirect vehicle weight fees that are currently allocated to transportation debt service to transportation purposes (repurposing \$1 billion over five years)
- Identify miscellaneous transportation revenues (netting \$149 million annually)□
- Require repayment of outstanding transportation loans over two years (freeing \$746 million in one-time revenue)

Key features

Self-Help Counties. The proposal would set aside \$200 million of annual revenues to counties that adopt local sales tax measures. Applies to present and future tax programs.

Revenue Sharing. Generally directs revenue on a 50-50 split between state and local agencies for transportation maintenance and rehabilitation needs

Convert Caltrans Efficiencies into Active Transportation funds. \$80 million of annual revenues to the California Transportation Commission for the Active Transportation Program from Caltrans efficiencies.

Transit Funds. The bill would increase funding for transit by doubling the Cap and Trade proportions for the Transit and Intercity Rail Capital Program (TIRCP) and Low Carbon Transit Operations Program (LCTOP). In addition, the diesel sales tax, which funds the State Transit Assistance (STA) program, is increased from 1.75% to 5.25%.

Protections. Would propose constitutional protections that would prohibit the Legislature from borrowing or redirecting new revenues for purposes other than those specifically outlined in Article 19 of the State Constitution.

Iron Horse Trail

Subsequent to conversations with the new CTC Executive Director on the commission's reaction to the letter that they had suggested the County send to them the Commission staff has requested another meeting with County principals, which has been scheduled for October 31.