

Date of Hearing: August 23, 2017

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez Fletcher, Chair

SB 595 (Beall) – As Amended July 19, 2017

Policy Committee: Transportation

Vote: 10 - 2

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill directs a third regional measure (RM3) to be placed on the ballot in the nine San Francisco Bay Area counties. If approved by a majority of the voters, RM3 would increase tolls on the seven state-owned toll bridges (excluding the Golden Gate Bridge) by up to \$3 and allow the toll to be further increased to adjust for future inflation. Specifically, this bill:

- 1) Directs all nine counties in the Bay Area to call a special election on November 6, 2018, and to submit a specific ballot question before the voters asking them to decide if toll rates should be increased relative to RM3. The amount of the toll increase proposed to voters may be up to \$3 and will be determined by the Bay Area Toll Authority (BATA).
- 2) Directs BATA to fund projects and programs, by transferring funds to the Metropolitan Transportation Commission (MTC) or by bonding, that are to be collectively known as the RM3 expenditure plan. This expenditure plan includes specified state highway projects. The plan also sets aside an unspecified percentage of the increased toll revenue for transit operating assistance and directs MTC, prior to allocating the funds, to adopt performance measures.
- 3) States that it is the intent of the Legislature to authorize or create a transportation inspector general to conduct audits and investigations of activities involving any toll revenue generated by RM3.
- 4) Makes an appropriation by specifying that the revenue from increased tolls is continuously appropriated to MTC, if voters approve RM3.

FISCAL EFFECT:

- 1) Continuously appropriates the revenue from toll increases to MTC if RM3 is approved by Bay Area voters. (Existing toll revenues are continuously appropriated to MTC under current law.) The specific amount of funding will depend on the level of toll increase (up to \$3) that MTC includes in RM3. MTC reports that each \$1 of toll increase generates about \$125 million annually. In addition, the amount of revenue could grow over time as MTC will be authorized to adjust the toll rate for inflation in the future, although these adjustments would essentially be to maintain the same level of purchasing power.
- 2) Unknown costs to Caltrans, likely in the tens of millions of dollars, for work that is required or requested for the department relating to RM3 projects that make improvements on state

highways. These costs would be reimbursed, either partially or fully by MTC with RM3 toll revenues, depending on project specific funding agreements negotiated between Caltrans and MTC.

- 3) Unknown costs related to the creation of a transportation inspector general to audit and investigate activities involving toll revenues from RM3, if it were approved by Bay Area voters. It is unclear whether such an inspector general would be a state supported entity or whether funding would come from toll revenues.
- 4) The nine Bay Area counties would be reimbursed by MTC for elections costs, thus this provision does not create a reimbursable state mandate.

COMMENTS:

- 1) **Background.** The nine-county Bay Area region experiences significant traffic congestion and increased demand for transportation alternatives, such as robust transit systems. In addition to traditional state, federal, and local funding sources, the MTC has used revenue from the seven state-owned toll bridges to help meet Bay Area transportation needs. The majority of the existing toll revenues are dedicated to the seismic retrofitting of the toll bridges. However, some funding goes for broader transportation purposes in the region.
- 2) **Purpose.** This bill would put to Bay Area voters on the November 2018 ballot the question of whether to raise tolls to create a RM3 program. Although increasing tolls as a means to address worsening congestion is supported by a broad spectrum of stakeholders, including business, labor, transportation, environmental, social equity, and housing interests, this bill would ultimately leave to Bay Area voters themselves to decide whether tolls should be raised or not.

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