

California Voter Approval for Gas and Vehicle Taxes Initiative (2018)

The **California Voter Approval for Gas and Vehicle Taxes Initiative** (#17-0033) may appear on the ballot in California as an initiated constitutional amendment on November 6, 2018.

The measure would require majority voter approval for the state legislature to impose, increase, or extend a tax on gasoline, diesel fuel, or the operation of a vehicle or trailer coach on public highways.^[1]

The measure would not apply to tax rates in effect on January 1, 2017. Any tax or tax rate enacted after January 1, 2017, would cease unless and until approved by a majority of voters.^[1]

In April 2017, the California State Legislature passed and Gov. Brown (D) signed Senate Bill 1 (SB 1), which was designed to increase the gas tax \$0.12 per gallon, increase the diesel fuel tax \$0.20 per gallon, increase the sales tax on diesel fuels by an additional 4 percentage points, create an annual transportation improvement fee, and create an annual zero-emission vehicles fee.^[2] As Initiative #17-0033 was designed to terminate new taxes and tax rate increases enacted after January 1, 2017, the taxing provisions of SB 1 would effectively be repealed under the initiative unless and until voters approve SB 1.

Reform California, chaired by Carl DeMaio, is sponsoring the ballot initiative. Reform California is also leading the effort to recall Sen. Josh Newman, who voted for SB 1.

Voter Approval for Gas and Vehicle Taxes Initiative



Election date

November 6, 2018

Topic

Direct democracy measures and Taxes

Status

Gathering signatures

Type Origin

Constitutional Citizens amendment

Text of the measure

Ballot title

The official ballot title is as follows:^[3]

“ Eliminates Recently Enacted Road Repair and Transportation Funding by Repealing Revenues Dedicated for those Purposes. Requires any Measure to Enact Certain Vehicle Fuel Taxes and Vehicle Fees be Submitted to and Approved by the Electorate. Initiative Constitutional Amendment.”^[4]

”

Petition summary

The summary provided for inclusion on signature petition sheets is as follows:^[3]

“ Repeals a 2017 transportation law’s tax and fee provisions that pay for repairs and improvements to local roads, state highways, and public transportation. Requires the Legislature to submit any measure enacting specified taxes or fees on gas or diesel fuel, or on the privilege to operate a vehicle on public highways, to the electorate for approval.^[4] ”

Fiscal impact

Note: The fiscal impact statement for a California ballot initiative authorized for circulation is prepared by the state’s legislative analyst and director of finance.

The fiscal impact statement is as follows:^[3]

“ Reduced annual state transportation tax revenues of \$2.9 billion in 2018-19, increasing to \$4.9 billion annually by 2020-21. These revenues would primarily have supported state highway maintenance and rehabilitation, local streets and roads, and mass transit. In addition, potentially lower transportation tax revenues in the future from requiring voter approval of such tax increases, with the impact dependent on future actions by the Legislature and voters.^[4] ”

Constitutional changes

See also: Article XIII A, California Constitution

The measure would add a Section 3.5 to Article XIII A of the California Constitution. The following text would be added:^[1]

Section 3.5

(a) Notwithstanding any other provision of law, the Legislature shall not impose, increase or extend any tax, as defined in section 3, on the sale, storage, use or consumption of motor vehicle gasoline or diesel fuel, or on the privilege of a resident of California to operate on the public highways a vehicle, or trailer coach, unless and until that proposed tax is submitted to the electorate and approved by a majority vote.

(b) This section does not apply to taxes on motor vehicle gasoline or diesel fuel, or on the privilege of operating a vehicle or trailer coach at the rates that were in effect on January 1, 2017. Any increase in the rate of such taxes imposed after January 1, 2017 shall cease to be imposed unless and until approved by the electorate as required by this section.^[4]

Support

Give Voters a Voice is leading the campaign in support of the ballot initiative.^[5]

Reform California proposed the ballot initiative. Carl DeMaio, a former member of the San Diego City Council, is the group's chairperson. DeMaio, discussing the initiative, stated:^[6]

“ Once we qualify this initiative for the ballot, 2018 will be remembered as the year we had another taxpayer revolt in California – where the outrageous car and gas taxes were reversed by voters and the politicians that enacted those tax hikes are punished at the ballot box.^[4] ”

Supporters

- U.S. Rep. Mimi Walters (R-45)^[7]
- U.S. Rep. Doug LaMalfa (R-1)^[7]
- John Cox, candidate for governor in 2018^[8]
- Rep. Travis Allen (R-12), candidate for governor in 2018^[9]

Arguments

Give Voters a Voice provided a list of arguments on the campaign's website:^[10]

“ Fact: The Legislature allows these new higher GAS and CAR TAXES to be spent on bike lanes, but not new roads or highways

Fact: The Legislature PROHIBITS the new higher GAS and CAR TAXES from being spent on increasing capacity on our clogged highways. Motorists will be sitting in the same traffic and suffering the same long commutes, and paying more for the privilege

Fact: Californians now pay the highest gas prices in the nation

Fact: By 2021, many Californians will be paying close to \$2 a gallon extra because of taxes, fees and other government created costs – that's almost \$40 extra every time you fill up your car.

Fact: Sacramento politicians have the wrong priorities. Other states with lower gas taxes have far better roads, because they make transportation a priority. Our politicians waste our tax dollars – and keep coming back for more.^[4] ”

Opposition

Arguments



- Gov. Jerry Brown (D) responded to the initiative's filing, saying, "I can't believe the proponents of this ballot measure really want Californians to keep driving on lousy roads and dangerous bridges. Taking billions of dollars a year from road maintenance and repair borders on insanity."^[6]
- Lucy Dunn, president of the Orange County Business Council, stated, "While Congress has repeatedly failed to act, California finally passed a historic measure to invest in fixing roads, repairing unsafe bridges, and reducing traffic congestion. This measure, which won't be voted on for a year if it goes forward, will have the effect of halting billions of dollars worth of local road repair and improvement projects mid-stream. It will kick people off the job site and completely leave road construction in disarray."^[6]

Campaign finance

See also: *Campaign finance requirements for California ballot measures*

As of March 21, 2018, there were two ballot measure committees registered in support of the measure. The committee *Give Voters A Voice – Representatives and Taxpayers Against Tax Increases* received most of the funds. Together, the two support committees received \$1.15 million and spent \$658,282.^[13]

The top contributor to the support committees was John Cox for Governor 2018—the gubernatorial committee of Republican businessman John Cox—which contributed \$250,000. Both the California Republican Party and Kevin McCarthy for Congress—the congressional committee of U.S. House Majority Leader Kevin McCarthy (R-23)—donated \$200,000.^[13]

Total campaign contributions ^[11] as of March 21, 2018 ^[12]	
 Support:	\$1,153,110.00
 Opposition:	\$0.00

As of March 21, 2018, there were no committees registered in opposition to the measure.^[13]

Support

The contribution and expenditure totals for the committees in support of the initiative were current as of March 21, 2018.^[13]

Committees in support of the Voter Approval for Gas and Vehicle Taxes Initiative				Totals
<i>Updated as of February 7, 2018</i>				
Supporting committees	Cash contributions	In-kind services	Cash expenditures	Total raised:
Give Voters A Voice – Representatives and Taxpayers Against Tax Increases	\$1,128,010.00	\$0.00	\$656,992.36	Total spent:
Reject the Gas Tax, a Committee Sponsored and Funded by No New Taxes, a Project of the Howard Jarvis Taxpayers Association	\$25,050.00	\$50.00	\$1,239.60	
Total	\$1,153,060.00	\$50.00	\$658,231.96	

Donors

The following were the top five donors who contributed to the support committees as of March 21, 2018.^[13]

Donor	Cash	In-kind	Total
John Cox for Governor 2018	\$250,000.00	\$0.00	\$250,000.00
California Republican Party	\$200,000.00	\$0.00	\$200,000.00
Kevin McCarthy for Congress	\$200,000.00	\$0.00	\$200,000.00
Walters for Congress	\$139,000.00	\$0.00	\$139,000.00
Western Growers Association	\$100,000.00	\$0.00	\$100,000.00

| Noteworthy events

Letter to Republican members of Congress

On September 28, 2017, *The Sacramento Bee* reported that a coalition of 20 business, labor, and local government organizations sent letters to California's 14 Republican members of Congress. The letter warned the congressional members not to get involved in the initiative campaign to repeal Senate Bill 1 (SB 1), stating:^[14]

“ With so much at stake, our organizations will have no option but to mount a robust and powerful effort in opposition to this initiative, using the voices of California’s business community to counter your efforts. We don’t think your objective is to create new political adversaries. Rather than enter into a battle that is likely only to be a distraction from your primary objective and self-defeating, we would like to engage you in a conversation to discuss the pitfalls of this approach.^[4] ”


Dave Gilliard, a consultant for the initiative's backers, said he does not believe the letter would impact the decisions of congressional members. He stated, "I think the Republican Party will be strongly in favor of this, regardless of what the other side does. I don't think threatening members of Congress is an approach that will work."^[14]

| Background

Senate Bill 1

California State Legislature

Senate Bill 1 (SB 1), also known as the Road Repair and Accountability Act of 2017, was passed on April 6, 2017. The California State Senate voted 27 to 11 with two members not voting; 27 votes were required to pass the bill. Democrats controlled 27 seats in the state Senate. Sen. Steve Glazer (D-7) joined Republicans in opposing SB 1, but Sen. Anthony Cannella (R-12) joined Democrats in passing the bill, allowing the bill to pass with 27 votes. The California State Assembly voted 54 to 26 to pass the legislation; 54 votes were required. Democrats controlled 55 seats in the state Assembly. One Democrat, Rep. Rudy Salas (D-32), joined Republicans in opposing the bill, leaving Democrats with 54 votes needed to pass SB 1.^[2] Gov. Jerry Brown (D) signed the legislation into law on April 28, 2017.^[15]

Vote in the California State Senate April 6, 2017				Vote in the California St April 6, 201	
Requirement: Two-thirds (66.67 percent) vote of all members in each chamber				Requirement: Two-thirds (66.67 percent) chamber	
Number of yes votes required: 27 				Number of yes votes req	
	Yes	No	Not voting		Yes
Total	27	11	2	Total	54
Total percent	67.50%	27.50%	5.00%	Total percent	67.50%
Democrat	26	1	0	Democrat	54
Republican	1	10	2	Republican	0

Revenue

SB 1 increased the following transportation-related taxes and fees on November 1, 2017:^{[2][16]}

- Increased the gas tax \$0.12 cents per gallon, from \$0.297 cents per gallon to \$0.417 cents per gallon.
- Increased the diesel fuel tax \$0.20 cents per gallon, from \$0.16 cents per gallon to \$0.36 cents per gallon.
- Increased the sales tax on diesel fuels by an additional 4 percentage points, from 9 percent to 13 percent.

SB 1 created a new annual Transportation Improvement Fee (TIF) based on the market value of a vehicle. The fee went into effect on January 1, 2018. The fee rate was scheduled as follows:^[2]

- \$25 per year for vehicles with a market value of \$0-\$4,999;
- \$50 per year for vehicles with a market value of \$5,000-\$24,999;
- \$100 per year for vehicles with a market value of \$25,000-\$34,999;
- \$150 per year for vehicles with a market value of \$35,000-\$59,999; and
- \$200 per year for vehicles with a market value of \$60,000 or higher.

SB 1 enacted an annual \$100 per vehicle fee for owners of zero-emission vehicles (ZEV) model years 2020 or later starting in 2020.^[2]

Other than the diesel sales tax, SB 1 was designed to adjust the tax and fee rates based on annual changes in the California Consumer Price Index (CPI).^[2]

Funds

According to the California Senate Appropriations Committee, SB 1 is expected to generate an estimated \$5.2 billion a year or \$52.4 billion between 2017 and 2027.^{[2][17]}

Road Maintenance and Rehabilitation Program

Figure 4

Formulas for Distributing New Transportation Revenues

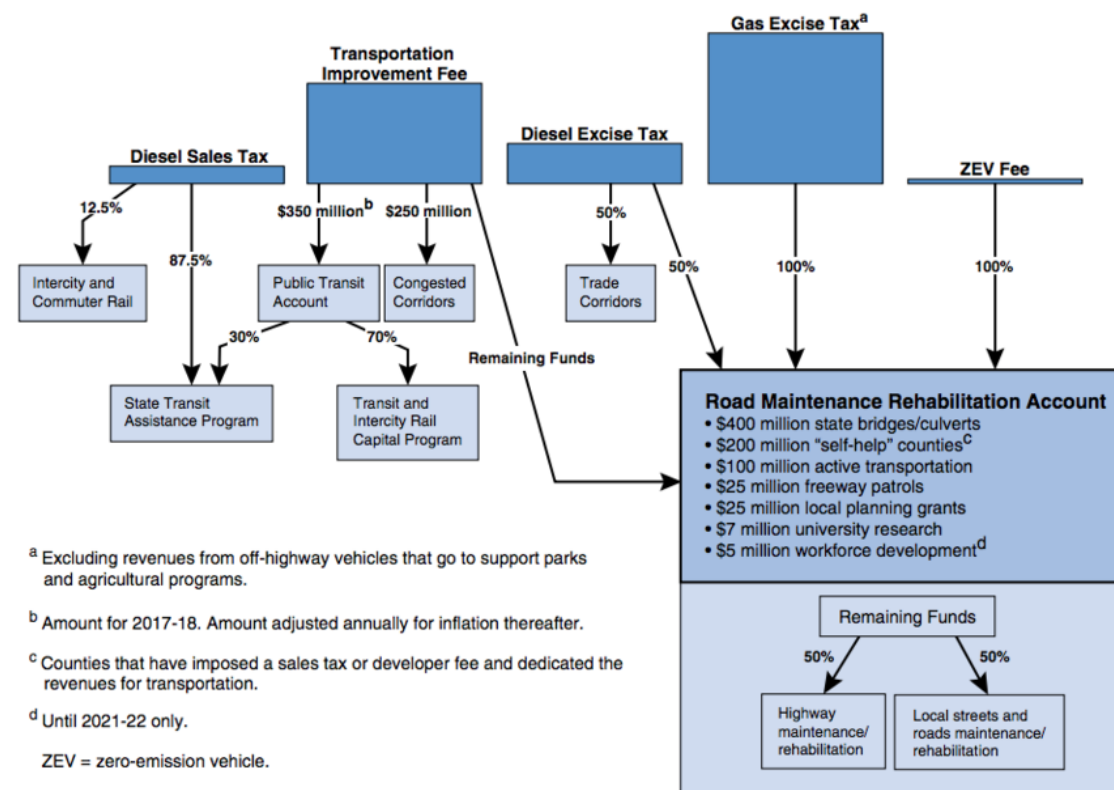


Diagram from the California Legislative Analyst's Office on SB 1's revenue sources and appropriations.

Maintenance and Rehabilitation Program (RMRP), which is expected to receive an estimated \$3.24 billion a year. The RMRP was designed to receive revenue from the gasoline excise tax, excluding revenue from gasoline for off-road vehicles, half of the diesel excise tax (\$0.10), the zero-emission vehicles fee, and revenue over \$600 million from the Transportation Improvement Fee. The bill required RMRP funds to be distributed as follows:^{[2][17]}

- \$400 million to maintain and repair state bridges and culverts;
- \$200 million to counties with voter-approved taxes and fees for transportation improvements;
- \$100 million to the Active Transportation Program, which is tasked with bicycling and pedestrian improvement projects;
- \$25 million to the freeway service patrol program to remove disabled vehicles from freeways;
- \$25 million for local and regional transportation planning grants; and
- \$7 million for transportation research;
- \$5 million for transportation-related workforce education, training, and development.

Following the distribution of the \$762 million in revenue listed above, the remaining \$2.48 million in estimated RMRP funds would be divided 50-50 between maintenance of the state highway system and maintenance of local streets.^{[2][17]}

Trade Corridor Enhancement Account

SB 1 was designed to deposit half of the diesel excise tax (\$0.10) into the Trade Corridor Enhancement Account (TCEA) to fund corridor-based freight projects. TCEA is expected to receive an estimated \$310 million per year.^{[2][17]}

Solutions for Congested Corridors Program

The Solutions for Congested Corridors Program (SCCP) was designed to receive \$250 million per year from the Transportation Improvement Fee. SB 1 requires SCCP to distribute funds to projects that address transportation, environmental, and community access improvements within highly congested-travel corridors throughout the state.^{[2][17]}

Transit and Intercity Rail Capital Program

SB 1 provides the Transit and Intercity Rail Capital Program (TIRCP) with 70 percent of \$350 million from the Transportation Improvement Fee. TIRCP is a competitive grant program that awards funding for transit and rail capital projects.^{[2][17]}

State Transit Assistance Program

SB 1 was designed to provide the State Transit Assistance Program (STAP) with 30 percent of \$350 million from the Transportation Improvement Fee and 87.5 percent of the revenue from the diesel sales tax for about \$430 million a year. STAP provides funding for transit operators.^{[2][17]}

Intercity and Commuter Rail

SB 1 created a new stream of revenue for intercity rail operations and projects from 12.5 percent of the diesel sales revenue tax for a total of about \$44 million per year.^{[2][17]}

Department of Parks and Recreation and Department of Food and Agriculture

The bill was designed to distribute revenue from the gas tax increase received from off-highway vehicles and boats to the state Department of Parks and Recreation and revenue from the gas tax increase received from agricultural vehicles to the state Department of Food and Agriculture.^{[2][17]}

Reactions

Democratic leadership

- Gov. Jerry Brown (D), upon signing the bill, said, "Safe and smooth roads make California a better place to live and strengthen our economy. This legislation will put thousands of people to work."^[18]
- Senate President Kevin de León (D-24) praised the legislation, saying, "Today, after decades of inaction, the legislature approved a fiscally responsible plan to address our decrepit transportation infrastructure. This bipartisan compromise includes strict accountability measures and closes our massive transportation funding shortfalls — without burdening future generations with debt."^[19]
- Speaker of the Assembly Anthony Rendon (D-63) stated, "Supporting SB 1 required a combination of common sense, political courage, and concern for the Californians who drive on our roads and bridges."^[20]

Republican leadership

- Assembly Minority Leader Chad Mayes (R-42), critical of the bill, stated, "Gov. Brown and Capitol Democrats just gave us the largest gas tax increase in state history — a deal so bad they needed \$1 billion in pork to buy the votes to pass it. California deserves better."^[20]

- Senate Minority Leader Patricia Bates (R-36) said, "It didn't have to be this way. Senate Republicans put forth our own transportation plan that would have provided \$7.8 billion for our crumbling roads without raising taxes. Instead, drivers will be paying more to fund not just road repairs that could have been paid for with existing dollars, but also other projects such as bike trails and potentially high-speed rail. Californians deserve better."^[21]
- Senate Minority Caucus Chair Tom Berryhill (R-8) said, "A few weeks ago, Sacramento politicians went into a backroom to cook up a sharp increase in vehicle registration fees and the largest gas tax increase in state history, sticking it to working-class Californians and just about everyone living outside of the Bay Area or Los Angeles. Gas taxes disproportionately hurt lower-income drivers, who have less money to spend on more expensive gas."^[22]

Josh Newman recall

See also: Josh Newman recall, California State Senate (2017)

The vote on Senate Bill 1 led to a recall attempt against Sen. Josh Newman (D-29). He was elected to represent District 29 in 2016, when he defeated Republican Ling Ling Chang by 2,498 votes. The recall attempt was launched on April 19, 2017.^[23] Supporters of the recall effort needed to collect 63,593 signatures by October 16, 2017, to move the recall forward.^[24] On August 18, 2017, *The Sacramento Bee* reported that enough valid signatures had been collected for the recall to move to the election phase.^[25]

Legal and legislative conflict between Democrats supporting Newman and Republicans supporting his recall arose before and after the necessary signatures were collected. This conflict resulted in delays in the recall process.

On January 8, 2018, the governor announced a recall election for June 5, 2018.^[26]

The recall effort was initiated by talk radio host and former San Diego City Councilman Carl DeMaio (R). According to DeMaio, the recall was launched in order to break Democrats' two-thirds majority in the California Legislature. DeMaio also said that Newman was targeted because of his slim margin of victory in 2016.

Related polling

Note: The polls shown below were not specific to this initiative. Rather, they asked about the gas tax bill—SB 19—more generally, making the results relevant but not a direct poll on this initiative.

USC Dornsife/Los Angeles Times

This was a survey of 1,504 eligible voters in California conducted online from October 27 through November 6, 2017, by USC Dornsife in collaboration with the Los Angeles Times. Those who conducted the poll reported a margin of error of +/- 4 percent. The question in the polls was as follows:^[27]

“ A law passed last year to repair roads and bridges over the next 10 years raises gasoline taxes by 12 cents, diesel by 20 cents and raises registration fees. If a vote were being held today, how would you vote?^[4] ”

- **46 percent** of those surveyed chose **Keep the law**.
- **54 percent** of those surveyed chose **Cancel the law**.

UC Berkeley's Institute of Governmental Studies

UC Berkeley's Institution of Governmental Studies released the results of a phone survey of 1,628 Californians—of which 1,271 were registered voters—conducted from May 4 through May 29, 2017. A margin of error of +/- 2.7 percent was reported.^[28]

The following question was asked:^[28]

“ Last month the state legislature passed and Governor Brown signed into law a \$5 billion per year plan devoted to repairing state and local roads and highways. To pay for the plan, state taxes on gasoline will increase by 12 cents per gallon while taxes on diesel fuels will increase by 16 cents per gallon. State vehicle registration fees will also go up by \$25 to \$175 depending on the value of the vehicle. Generally speaking, do you favor or oppose the new transportation funding law?^[4] ”

- **35 percent** of those surveyed **supported** the law.
- **58 percent** of those surveyed **opposed** the law.
- **7 percent** of those surveyed had **no opinion** on the law.

Path to the ballot

See also: California signature requirements and Laws governing the initiative process in California

In California, the number of signatures needed to qualify a measure for the ballot is based on the total number of votes cast for the office of governor. For an initiated constitutional amendment, petitioners must collect signatures equal to 8 percent of the most recent gubernatorial vote. To get a measure on the 2018 ballot, the number of signatures required is 585,407. In California, initiatives can be circulated for 180 days. Signatures need to be certified at least 131 days before the 2018 general election, which will be around June 28, 2018. As the signature verification process can take several weeks, the California secretary of state issues suggested deadlines for several months before the certification deadline.

The timeline for the initiative is as follows:^[29]

- Thomas W. Hiltachk submitted a letter requesting a title and summary on September 14, 2017.
- A title and summary were issued by the California attorney general's office on November 20, 2017.
- On December 15, 2017, proponents of the initiative had collected 25 percent of the required signatures.
- Proponents of the initiative need to submit 585,407 valid signatures by May 21, 2018, in order for it to make the ballot.

See also

- 2018 ballot measures

- California 2018 ballot propositions
- California ballot measures

External links

- Initiative Petition #17-0033

Footnotes

1. *California Attorney General*, "Initiative 17-0033," September 14, 2017
2. *California Legislature*, "Senate Bill 1," accessed April 7, 2017
3. *California Secretary of State*, "Initiatives and Referenda Cleared for Circulation," accessed March 6, 2017
4. *Note: This text is quoted verbatim from the original source. Any inconsistencies are attributed to the original source.*
5. *Give Voters a Voice*, "Homepage," accessed March 8, 2018

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