

The Why and How SB 1 Funds Are Guaranteed for Transportation
A Brief History on Constitutional Protections for Transportation Funding

Proposition 3 (1938)

- Added what was then Article XXVI (Now Article XIX) to the California Constitution.
 - Requires tax revenues derived from motor vehicle fuels to be used exclusively for public street and highway purposes.
 - Requires all revenues from fees and taxes on vehicles or their use or operation to be used to enforce laws concerning the use, operation, or registration of vehicles; California Highway Patrol purposes; or for street and highway purposes.

Proposition 2 (1998)

- Limited state general fund borrowing of state transportation funds, including the gas tax and funds in the Public Transportation Account.
- Loans from transportation to the general fund had to be paid back within the same fiscal year.
- Transportation funds can be borrowed for up to three years if the Governor declares an emergency significantly impacting the General Fund or General Fund revenues are less than the previous fiscal year's adjusted revenues.

Proposition 42 (2002)

- Locked into the California Constitution statutory formulas directing the expenditure of state gasoline sales tax revenues for transportation. Under Proposition 42, gasoline sales tax revenues were allocated as follows:
 - 20 percent to public transportation
 - 40 percent to transportation improvement projects in the State Transportation Improvement Program
 - 40 percent to local streets and roads improvements

Proposition 1A (2006)

- Restricted borrowing gasoline sales tax funds (Proposition 42). Limited borrowing to twice in a 10-year period, but it required full repayment of the first loan before a second could commence and required that any loan be fully repaid within three years.

Proposition 22 (2010)

- Prohibits the Legislature from borrowing or taking various funds, including fuel tax revenue.
- Limited the Legislature's ability to modify statutory allocations for transportation purposes.

Proposition 69 (2018)

- Protects the new diesel sales tax and transportation improvement fee created by SB1.
- Added subdivision (g) to California Constitution, Article XIX A, to require all diesel sales taxes to be deposited into the Public Transportation Account; and added Article XIX D to require the new transportation improvement fee to be used strictly for the research, planning, construction, improvement, maintenance, and operation of public streets and highways and public transportation systems.
- Restricts the state from using transportation improvement fee for to repay state general obligation transportation bonds approved by voters before November 8, 2016, including high speed rail bonds.
- Restricts these revenues from repaying future transportation general obligation bonds unless explicitly approved by the voters.

SB 1 (2017)

- Protected by Article XIX (Proposition 3 as modified by Proposition 22):
 - Increase in the gasoline excise tax of 12 cents
 - Increase in diesel excise tax of 20 cents
 - Zero-emission vehicle registration fee of \$100
- Prop 69 protects:
 - Existing 1.75 percent sales tax on diesel
 - Increase in the sales tax on diesel of 4 percent
 - New transportation improvement fee