

## John Cunningham

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**From:** Mark Watts  
**Sent:** Thursday, April 28, 2022 8:26 AM  
**To:** Mark Watts  
**Subject:** Budget Information Update

Good morning,

I just heard from Senate staff that the senate is releasing a statement featuring a \$20b transportation package today at 10 am.

This early information indicates the Senate package will emphasis transit programs but will include funding for other transportation programs.

One caveat is that current year money will be bundled with budget year 22-23 funding. I assume the multi-year aspect is due to pulling in the budget funding that reverted from last October that has been held in reserve.

### Budget Process Update

With the much anticipated May Revision to the State Budget proposal looming in the coming weeks the Senate and Assembly Budget Subcommittees are beginning to reconvene beginning with this week and extending into early May to take on the many April Finance Letters that the Department of Finance submitted to make technical cleanup items and modifications to the budget. The subcommittees will also be addressing many items left over from the February rounds of Subcommittee initial hearings.

#### *Senate*

Senate Budget Subcommittee #5 (Transportation) has scheduled hearings, resuming this Thursday, April 28, followed by additional hearings coming up on 5/3, 5/4, 5/11, and 5/12. The 5/4 hearing will cover “open” issues held over from earlier meetings on **transportation** departmental budgets. The 5/12 meeting will attempt to wrap up any remaining “open” items.

#### *Assembly*

The Assembly Budget Subcommittee #3 (Transportation) has set its first hearing on May 4, with other hearings not yet set in the Daily file. This hearing is set to be all encompassing, covering transportation departmental budgets that have April Finance Letters from the Department of Finance to be addressed.

### Taxpayer’s Budgetary Relief Proposals – Comparison Chart

In January, the Governor proposed motorist relief from high costs of fuel by requesting the legislature to withhold the planned annual SB 1 CPI adjustment for the gas tax. In April, he augmented this with additional relief measures including state funded rebates to motorists.

The table below reflects these proposals and compares them with taxpayer relief proposals under development or proposed by the legislature.

	GOVERNOR'S JANUARY GAS TAX HOLIDAY	GOVERNOR'S APRIL RELIEF PACKAGE	JOINT LEGISLATIVE PROPOSAL (Under development)	MARCH 17 ASSEMBLYMEMBERS' PROPOSAL:
<b>GAS TAX ADJUSTMENT</b>	Forgoes the annual inflation adjustment, would require "double inflation adjustment" in 2023.	Continues the proposed delay of the inflation adjustment.  Backfill of local revenues from Caltrans will cost rehab and maintenance \$520 million.  Partially exempts state sales tax on diesel fuel sales.	No Tax Rate Delay Proposed	No Tax Rate Delay Proposed
<b>GAS TAX RATE "SAVINGS" TO MOTORISTS</b>	The reduced tax rate was estimated to provide an average of \$15 per driver of tax relief, assuming oil companies pass on the savings to drivers.	Sales tax on diesel is "protected" trust fund.  State will offset revenue impact with GF to mass transit account .		
<b>REBATE OR TAX REFUND</b>		Provides only one refund payment per eligible vehicle, and the owner may not receive refunds for more than 2 vehicles.  Excludes refund from taxable income.	Considering a \$200 Tax Refund amount per taxpayer and dependent, so more relief is provided to families with children, who are impacted the most by rising prices.	Would provide a \$400 rebate to taxpayers, with no minimum or maximum income levels
<b>REBATE OR REFUND RESTRICTION</b>	No Rebate Mechanism; annual "savings" is cumulative.		Anticipating there would be no limits to the number of dependents, so a	Provides \$400 to all tax filers, \$800 for joint filers.

			larger family – which is facing even higher costs – would receive a larger Refund.	
<b>STATE REVENUE IMPACT</b>	Results in \$500 million of lost Road Revenues.	Spends \$750 million for 3 months of free transit rides.	A grant program would be established to ensure lower income non-tax filers are able to also receive a refund.	Results in revenue loss of \$9.2 billion.

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