



Contra
Costa
County

To: Board of Supervisors

From: TRANSPORTATION, WATER & INFRASTRUCTURE COMMITTEE

Date: June 16, 2015

Subject: LEGISLATIVE POSITION OF "SUPPORT": SB 321 (Beall)

RECOMMENDATION(S):

ADOPT the following legislative position: "SUPPORT" Senate Bill 321 (Beall), a bill that would require that the State Board of Equalization, for both the coming (2015-2016) and future Fiscal Years, be required to use averaging of past, known fuel prices along with a future forecast to set motor fuel excise tax rates.

FISCAL IMPACT:

None to the County and none to the State. The subject bill is revenue neutral.

BACKGROUND:

The Transportation, Water, and Infrastructure Committee (TWIC), based on our State Legislative Platform⁽¹⁾ and discussion at the June 1, 2015 Committee meeting, is recommending a "Support" position to the Board of Supervisors on Senate Bill 321.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **06/16/2015** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Mary N. Piepho, District III Supervisor
Karen Mitchoff, District IV Supervisor

ABSENT: Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: June 16, 2015

David Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: John Cunningham (925)
674-7833

cc:

BACKGROUND: (CONT'D)

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Below is the status of the bill and the analysis from the 5/27/15 Senate Governance and Finance Committee:

Title: Motor Vehicle Fuel Taxes: Rates: Adjustments

Introduced: 02/23/2015

Last Amend: 05/27/2015

Disposition: Pending

Location: ASSEMBLY

Status (06/01/2015): In SENATE. Read third time. Passed SENATE. To ASSEMBLY.

1) Require the State Board of Equalization (BOE) to adjust the excise tax rate based on a five-year average that relies on fuel price data from the immediately preceding four years and estimated fuel prices for the current fiscal year to generate a forecasted fuel price that is weighted primarily by known fuel price data. That adjusted rate must be determined by July 1, 2015, and that rate would be effective for fiscal year (FY) 2015-16,

2) Require that the BOE follow the same estimate methodology as above, but the rate be adjusted by March 1 of the fiscal year immediately preceding the applicable fiscal year, beginning FY 2016-17, and

3) Allow BOE to adjust the rate before March 1, but not sooner than six months between the intervening adjustments, if changes in either fuel prices or consumption in the state occur.

As stated in the fiscal impact section of this report, SB 321 is revenue neutral; it reduces volatility by smoothing revenue spikes, negative or positive. An analysis of past gasoline sales and corresponding tax generation shows that if the methodology proposed in SB 321 was used it would have 1) generated the same amount of revenue as the current methodology, and 2) that revenue flow would stabilize. This stability helps consumers, the public sector, and the private sector.

In the short term, SB 321 will prevent a substantial decrease in transportation funding in 2015-16 and reduce drastic rate hikes in the future. In February the Board of Equalization significantly reduced the gasoline excise tax for 2015-16 for two reasons: 1) they had set a rate that was too high in 2013-14, and 2) there was a significant decrease in the price of gasoline around that time. SB 321 would address both of these issues by tempering increases/decreases in the rate and looking at historical price data in addition to considering current and projected gas prices.

The full text of the subject bill is attached, as well as the latest Senate analysis.

2015 Contra Costa County - State Legislative Platform

(1) ***Transportation Issues***

144. SUPPORT increased flexibility in the use of transportation funds.

General Revenues/Finance Issues

48. SUPPORT state actions that maximize Federal and State revenues for county-run services and programs.

CONSEQUENCE OF NEGATIVE ACTION:

By not taking the recommended actions, the Board of Supervisors may forgo an opportunity to further its legislative platform.

ATTACHMENTS

Sample Support Letter SB 321

Senate Floor Analyses (5-31-15) SB321

Text-SB321 (Beall) Motor Vehicle Fuel Taxes-Rates Adj Txt