

CaliforniaTransit
Association



SB 1 (Beall & Frazier): The Road Repair and Accountability Act of 2017

May 24, 2017



What's SB 1 (Beall & Frazier)?

- Comprehensive, multi-modal funding package
- New funds to:
 - Highways
 - Local streets & roads
 - Goods movement projects
 - Active transportation projects
 - **Public transportation projects & services**
- ***Biggest infusion of new transit funding since 1971***
- Paired w/constitutional amendment; protects funds

Summary

Administration's 10-year
funding projection

STATEWIDE INVESTMENT PROGRAMS (50%)	
Fix-it-First Highways	\$15 billion
Bridge and Culvert Repair	\$4 billion
Trade Corridor Investments	\$3 billion
Solutions for Congested Commute Corridors	\$2.5 billion
Parks Funding for Ag, Off-Highway Vehicle & Boating	\$800 million
STIP (State Share)	\$275 million
Freeway Service Patrol	\$250 million
California Public Universities Transportation Research	\$70 million
Local or Regional Investment Programs (50%)	
Fix-it-First Local Roads	\$15 billion
Transit Capital and Operations	\$7.5 billion
Local Partnership Funds	\$2 billion
Active Transportation Program Bicycle and Pedestrian Investments	\$1 billion
STIP (Local Share)	\$825 million
Local Planning Grants	\$250 million
TOTAL	\$52.4 billion

Where's funding coming from?

- SB 1 draws on *several existing* funding sources:
 - 12 cent gasoline excise tax increase (eff. 11/1/2017) +CPI
 - Price-based excise tax set at 17.3 cents (eff. 7/1/2019) +CPI
 - 20 cent diesel excise tax increase (eff. 11/1/2017) +CPI
 - **4% diesel sales tax increase (eff. 11/1/2017)**
- SB 1 introduces *two new* funding sources:
 - **\$25-\$175 value-based fee on vehicles (eff. 1/1/2018) +CPI**
 - \$100 fee on zero-emission vehicles (eff. 1/1/2020) +CPI
- SB 1 also includes \$706 million in *loan repayments*

How's funding distributed?

- 12¢ gasoline excise tax increase (est. \$1.8 billion/yr.):
 - A portion is directed to OHV, agriculture, and boating
 - Remaining revenue goes to the Road Maintenance and Rehabilitation Account (RMRA)
 - Several “off-the-top” deductions are made
 - Remainder split 50/50 between cities/counties and the State Highway Operations & Protection Program (SHOPP)

How's funding distributed? *(cont.)*

RMRA "Off the Top" Expenditures

\$200 million for self-help counties	\$5 million to workforce development
\$100 million for Active Transportation Program (ATP)	\$25 million for local planning grants
\$400 million for Caltrans for bridges and culverts	\$7 million for UC/CSU ITS programs
\$25 million for freeway service patrol program	

How's funding distributed? *(cont.)*

- 20¢ diesel excise tax increase (est. \$600 million/yr.):
 - 50% of revenues go to Trade Corridors Enhancement Fund
 - 50% to RMRA to be distributed as previously described
- 4% diesel sales tax increase (est. \$300 million/yr.):
 - 3.5% to **State Transit Assistance (STA) program**
 - 0.5% to **intercity & commuter rail operators**
- 17.3¢ priced-based excise tax on gasoline:
 - Funding distributed via traditional 44/44/12 split
 - Streets & roads/STIP/SHOPP

How's funding distributed? *(cont.)*

- Transportation Improvement Fee (est. \$1.5 billion/yr.):
 - \$350 million to Public Transportation Account
 - 70% to **Transit and Intercity Rail Capital Program (TIRCP)**
 - 30% to **STA program** for maintenance, rehab & capital
 - \$250 million to the Solutions for Congested Corridors Program
 - Projects that are part of a “comprehensive corridor plan”
 - Projects may incorporate HOV/HOT lanes, bike lanes, **transit projects** & environmental mitigation
 - Regional agencies submit projects to CTC for approval
 - Remainder (\$900 million) to RMRA to be distributed as previously described

How's funding distributed? *(cont.)*

- \$100 zero-emission vehicle fee (est. \$18 million/yr.):
 - To RMRA to be distributed as previously described
- \$706 million loan repayment (one-time):
 - \$256 million to **PTA**
 - \$225 million for SHOPP
 - \$225 million for local streets & roads
 - \$20 million for climate change adaptation planning

How's *transit* funding distributed?

- 4% diesel sales tax increase (est. \$300 million/yr.):
 - 3.5% to **State Transit Assistance (STA) program**
 - 0.5% to **intercity & commuter rail operators**

How's *transit* funding distributed? (cont.)

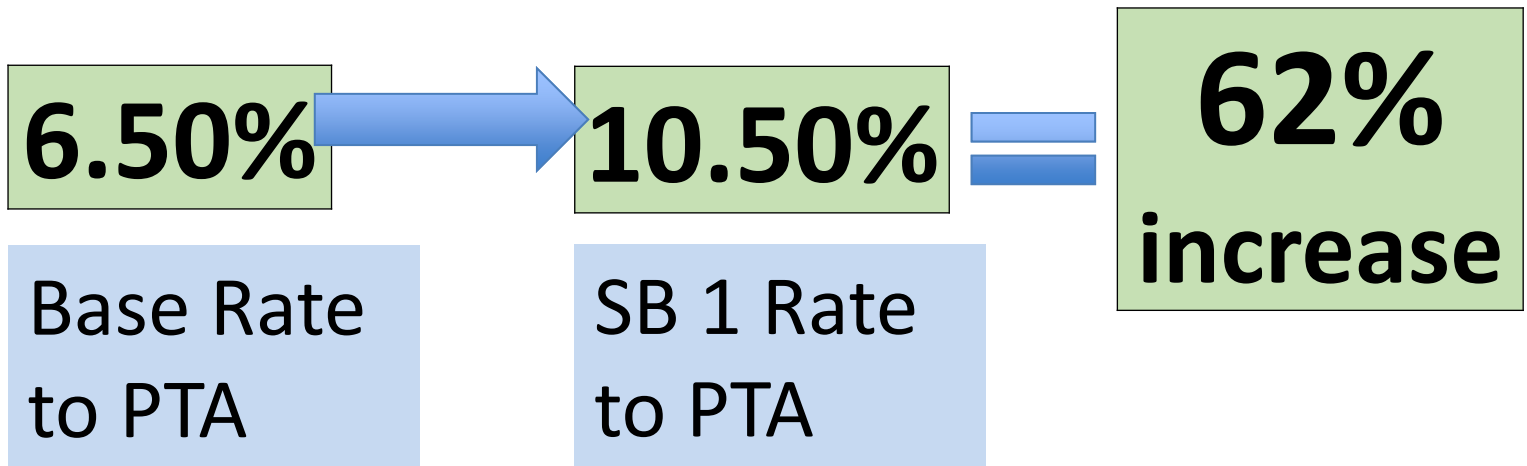
4% diesel sales tax increase (est. \$300 million/yr.)

Sales tax on diesel rates:

4.75%	Historic rate
1.75%	Gas Tax Swap rate
6.50%	Base rate
4.00%	SB 1 rate
10.50%	New total rate

How's *transit* funding distributed? (cont.)

- 4% diesel sales tax increase (est. \$300 million/yr.):
 - 3.5% to **State Transit Assistance (STA) program**
 - 0.5% to **intercity & commuter rail operators**



How's *transit* funding distributed? (cont.)

- 4% diesel sales tax increase (est. \$300 million/yr.):
 - 3.5% to **State Transit Assistance (STA) program**
 - 0.5% to **intercity & commuter rail operators**
- Transportation Improvement Fee (est. \$1.5 billion/yr.):
 - \$350 million to Public Transportation Account
 - 70% to **Transit and Intercity Rail Capital Program (TIRCP)**
 - 30% to **STA program** for maintenance, rehab & capital
 - \$250 million to the Solutions for Congested Corridors Program
 - For “comprehensive corridor plans,” including **transit projects**

How's *transit* funding distributed? (cont.)

- \$706 million loan repayment (one-time):
 - \$256 million to **PTA**
 - **\$236 million over three years to TIRCP**
 - **\$20 million over three years to local and regional agencies for climate change adaptation planning**

State Transit Assistance Program

Million\$

	2016-17	2017-18	2018-19
Base STA \$ (Ops & Cap) <i>[sales tax on diesel]</i>	\$266	\$306	\$304
New STA \$ (Ops & Cap) <i>[SB 1 sales tax on diesel]</i>	\$0	\$175	\$251
New STA \$ (SOGR Strings) <i>[SB 1 Transportation Improvement Fee]</i>	\$0	\$105	\$105
Sub-Total: New STA \$ <i>[from SB 1]</i>	\$0	\$280	\$356
Total STA \$	\$266	\$586	\$660
% Increase Above 2016-17		120%	148%

STA Program Assumptions

- FY 2017-18
 - New 3.5% diesel sales tax collected and allocated *only* for period between November 1, 2017 – June 30, 2018
 - TIF collected and ***allocated*** for full year
- FY 2018-19
 - New 3.5% diesel sales tax collected and allocated for full year
 - TIF collected and allocated for full year

STA Program Assumptions

- Revenue generated by Transportation Improvement Fee can only be used for:
 - Transit capital projects/services that maintain or repair existing transit fleets of facilities
 - Design, acquisition or construction of new vehicles or facilities to improve existing transit services
 - Transit services that complement local efforts to repair and improve local transportation infrastructure

Transit and Intercity Rail Capital Program

Million\$

	2016-17	2017-18	2018-19
--	---------	---------	---------

Base TIRCP \$ <i>[GGRF]</i>	\$39	\$150	\$150
New TIRCP \$ <i>[SB 1 Transportation Improvement Fee]</i>	\$0	\$245	\$245
New TIRCP \$ <i>[SB 1 PTA Loan Repayment; over 3 years]</i>	\$0	\$85	\$88
Sub-Total: New TIRCP \$ <i>[from SB 1]</i>	\$0	\$330	\$333
Total TIRCP \$	\$39	\$480	\$483
% Increase Above Prior Year		1131%	1%

TIRCP Assumptions

- FY 2017-18 and FY 2018-19
 - TIRCP funded at \$150 million from Greenhouse Gas Reduction Fund
 - Loan = \$236 million, apportioned over 3 years
- \$391 million *awarded* for combined 2016-17/2017-18 period

Intercity and Commuter Rail Program

	2018-19	2019-20
Million\$		
New Rail \$ <i>[SB 1 sales tax on diesel]</i>	\$36.0	\$41.0
Intercity Rail	\$18.0	\$20.5
Capitol Corridor Joint Powers Board	\$4.5	\$5.13
LOSSAN Rail Corridor Agency	\$4.5	\$5.13
San Joaquin Joint Powers Authority	\$4.5	\$5.13
Commuter Rail	\$18.0	\$20.5
Altamont Corridor Express Authority (ACE)	\$3.6	\$4.1
North County Transit Development Board (Coaster)	\$3.6	\$4.1
Penninsula Joint Powers Board (Caltrain)	\$3.6	\$4.1
Sonoma-Marín Area Rail Transit District (SMART)	\$3.6	\$4.1
Southern California Regional Rail Authority (Metrolink)	\$3.6	\$4.1

Intercity and Commuter Rail Assumptions

- Revenue for program will be split 50-50 between intercity and commuter rail
 - Each intercity rail agency guaranteed no less than 25% of available funds; CalSTA guidelines to determine allocation of remainder
 - Each commuter rail agency guaranteed no less than 20% of available funds in 1st two years; CalSTA guidelines to determine allocations thereafter
- Tax revenue starts accruing in 2017-18
 - Not clear whether allocated in 2017-18

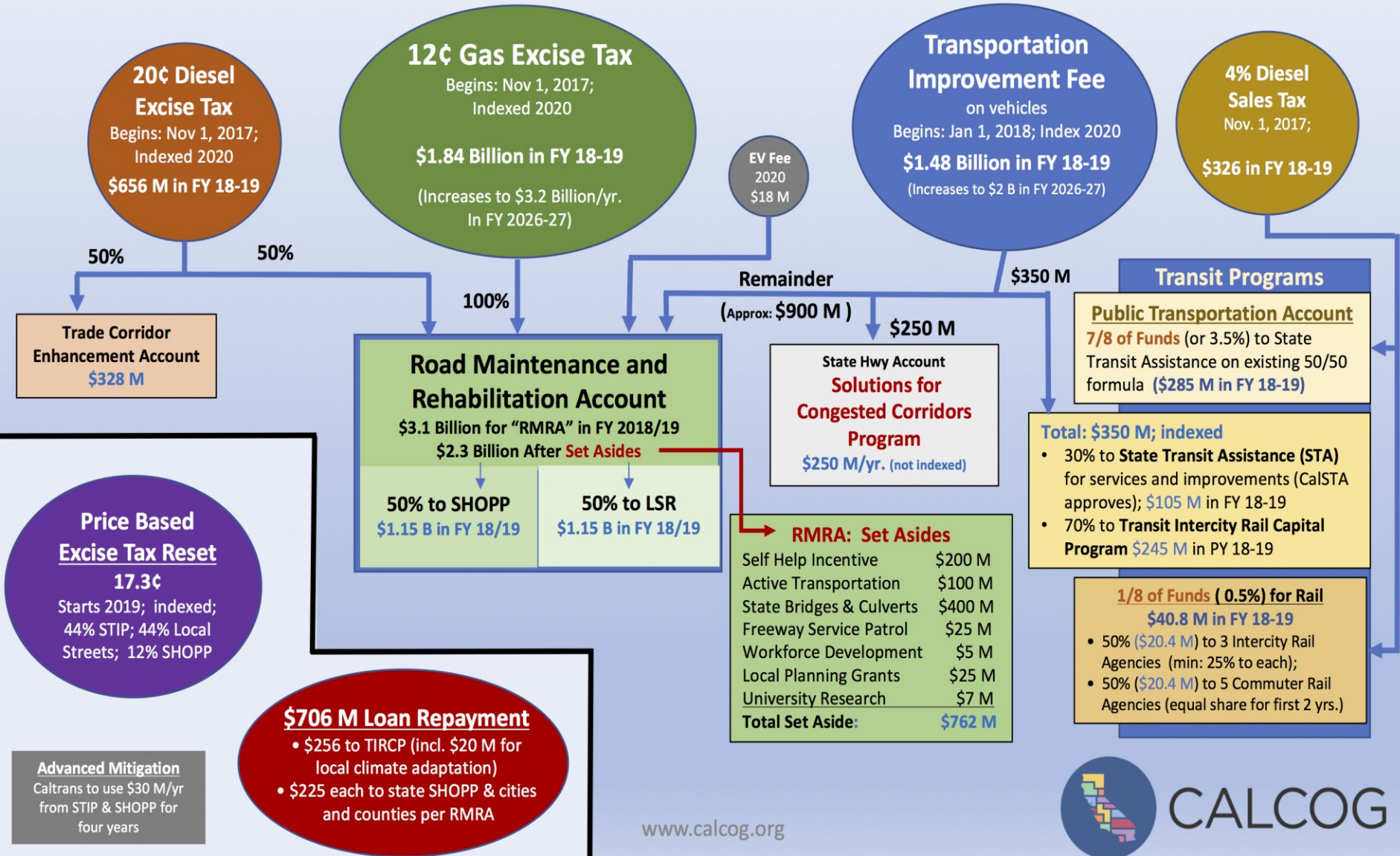
How's funding distributed? *(cont.)*

**That's more than \$700 million
in new public transit funding
in Year 2!!!**

- **Administration estimates \$800 million annually in Year 10+++**

SB 1: TRANSPORTATION ACCOUNT FLOWS

FY 18-19 is selected because it is the first full year when most of the new revenues are fully implemented. Figures are from from Senate Appropriations Committee Analysis



Is the new money protected?

- Assembly Constitutional Amendment 5 (Frazier and Newman) protects new SB 1 revenues from future borrowing/ shifting to non-transportation purposes
 - Also protects existing diesel sales tax revenue (STA program)
- ACA 5 before voters June, 2018
- Allows state to continue redirecting truck weight fee revenue for transportation bond debt-service
- Required a 2/3 vote to pass Legislature
 - On the ballot, ACA 5 needs only a simple majority to pass

What else is in the bill?

- \$100 million in “Caltrans efficiencies”
- \$120 million (over 4 years) for Advance Mitigation Program
- A few other things related to SB 1:
 - \$400 million from TIRCP for ACE system
 - \$100 million for UC Merced campus parkway project
 - \$427 million for projects in Riverside County
 - \$50 million for “clean” warehouses
 - Indemnity for design professionals

What're our next steps?

- Regulatory/ implementation advocacy
- Try to **influence rules for four programs**:
 - **STA Program** “state of good repair” funds
 - Involves project identification, approval by Caltrans before State Controller releases funds
 - **TIRCP**
 - CalSTA’s greenhouse gas emissions reduction rules still applied?
 - **Intercity and Commuter Rail**
 - CalSTA must develop guidelines
 - **Solutions Congested Corridors Program**
 - CalSTA and CTC must develop guidelines

Questions?

For questions, please contact any of the following California Transit Association staff:

Joshua W. Shaw, Executive Director
916-446-4656 x1012
josh@caltransit.org

Matt Robinson, Legislative Advocate
916-446-4656 x1022
matt@caltransit.org

Michael Pimentel, Legislative and Regulatory Advocate
916-446-4656 x1034
michael@caltransit.org

CaliforniaTransit
Association



SB 1 (Beall & Frazier): The Road Repair and Accountability Act of 2017

May 24, 2017

