

# Senate Bill 1 (Beall and Frazier) The Road Repair and Accountability Act of 2017 Frequently Asked Questions

## 1. What is Senate Bill 1?

Senate Bill (SB) 1, the Road Repair and Accountability Act of 2017, is a long-term transportation solution that provides new revenues for road safety improvements such as filling potholes and repairing local streets, highways, and bridges as well for as upgrades to California's public transportation network. By allocating funding by formula and through competitive grant programs, SB 1 invests in every community. SB 1 includes strict accountability provisions to reduce waste and bureaucracy and dedicates all funds to transportation improvements.

## 2. How much funding does SB 1 provide?

SB 1 invests more than \$5 billion annually in California's transportation infrastructure. Revenue generated by SB 1 is allocated for the following purposes:

- \$1.8 billion for the Maintenance and Rehabilitation of the State Highway System
- \$1.5 billion for the Maintenance and Rehabilitation of Local Streets and Roads
- **\$700 million for the Maintenance and Expansion of Public Transportation**
- \$400 million for the Maintenance and Repair of State Bridges and Culverts
- \$300 million for Freight Projects Along Important Trade Corridors
- \$250 million for Improve Traffic Flow in Congested Corridors
- \$200 million to Match Locally-Generated Transportation Funds
- \$100 million for Bicycle and Pedestrian Projects

## 3. What is the breakdown of the approximately \$700 million in new funding for public transportation?

### SB 1 dedicates:

- \$300 million for the State Transit Assistance Program
- \$245 million for the Transit and Intercity Rail Capital Program
- \$105 million for the **New** State Transit Assistance Program – State of Good Repair
- \$45 million for the **New** State Rail Assistance Program

Additionally, SB 1 makes public transit agencies *eligible* for up to \$450 million in project funding through the new Solutions for Congested Corridors Program and Local Partnership Program.

#### 4. How much will SB 1 cost Californians each year?

The California Department of Finance calculated that the average cost to motorists is roughly \$10/month.

Here's how that number was derived:

- **Registration:** SB 1 imposed a new vehicle registration fee that increases with the value of a registered vehicle. Nearly 50% of all registered vehicles in California are valued at less than \$5,000. Forty percent are valued at less than \$25,000. Thus, the average annual amount for vehicle registration is approximately \$48.
- **Fuel:** SB 1 increased the sales tax on gasoline by 12 cents per gallon. California's 26 million licensed drivers consume 15.5 billion gallons per year. That is 577 gallons per driver, multiplied by 12 cents per gallon is \$69.24 each.

The annual average cost per driver is:

Vehicle Registration: \$47.85

Fuel: \$69.24

**Total \$117.09 per year OR \$9.76 per month**

#### 5. Will any revenue generated by SB 1 go into the State's General Fund?

In June 2018, the voters overwhelmingly passed Proposition 69, a constitutional amendment that prohibits the State Legislature from redirecting revenue generated from SB 1 from their intended transportation purposes.

The passage of Proposition 69 and the prior existence of Article XIX of the California Constitution means that **not a single dollar generated by SB 1 will be directed to the state's General Fund**. Instead, all state transportation funding will be directed to various constitutionally-protected transportation accounts – i.e. lockboxes – for expenditure on transportation projects **only**.

#### 6. Will there be any oversight and accountability to ensure proper expenditure of SB 1 funding?

Yes, SB 1 strengthens the oversight and audit process for transportation expenditures by establishing an independent Office of the Inspector General. The Inspector General is appointed by the Governor and is charged with ensuring that SB 1 funding is expended as directed by state law and required by the state constitution. The Inspector General is also required to report annually to the State Legislature.

Furthermore, SB 1 implements significant accountability and transparency provisions designed to ensure the public has full access to information on how their tax dollars are being invested. For instance, cities and counties must publicly adopt and submit to the state a planned list of

projects and year-end reporting that accounts for every single dollar of SB 1 revenue they receive.

You can view a full project list by visiting [www.rebuildingca.ca.gov](http://www.rebuildingca.ca.gov).

**7. Why did the State Legislature increase taxes instead of using existing state revenues to fix our transportation system?**

Over the next 10 years, **California requires \$170 billion in new investment to bring the state highway, local streets and road, and public transportation systems into a state of good repair**. Of this total, approximately, \$40 billion is needed to maintain California's public transportation network.

Unfortunately, this level of investment far exceeds the funding that has historically been generated through existing transportation funding sources. If California were to attempt, instead, to fund its transportation needs with the state's General Fund, we would need to pull \$130 billion from key priorities like education, health care, and public safety.

SB 1 follows a user-pays model where everyone pays their fair share for their use of our transportation networks.

**8. What impact will SB 1 have on the state's economy?**

A study by the American Road & Transportation Builders Association, published February 2018, found that the transportation improvements made by **SB 1 will result in an increase in economic activity of at least \$182.6 billion over the next ten years**. The study also found that **SB 1 will support an additional 682,029 job-years throughout all sectors of California's economy** in this same timeframe.

**9. I have heard about an SB 1 repeal campaign (Proposition 6). What happens to transit funding if SB 1 is repealed?**

If voters decide to repeal SB 1 during the November General Election, the state will stop collecting the various taxes and fees imposed by the bill on December 19, 2018.

We anticipate that the state will allocate the revenue generated by these various taxes and fees up until that date, when it makes its next round of transportation funding appropriations. This means that funding for the State Transit Assistance Program (FY 2019-20 – Q1), State Transit Assistance – State of Good Repair (FY 2019-20 – Q1), and State Rail Assistance Program (FY 2018-19) will be higher than prior to the passage of SB 1, but lower than if SB 1 were to continue in perpetuity. All future appropriations would return to their pre-SB 1 levels.

As project awards for the Transit and Intercity Rail Capital Program, issued in FY 2018-19, estimated funding for the program from FY 2018-19 to FY 2022-23, some projects may see reduced, delayed or zeroed-out funding.

**Ultimately, transit agencies will lose approximately \$700 million new funding annually.**

**10. Will any revenue generated by SB 1 fund the high-speed rail project?**

**No funds raised from SB 1 will be used to fund the high-speed rail project.**

California's state- maintained transportation infrastructure will receive roughly half of SB 1 revenue: \$26 billion. The other half will go to local roads, transit agencies and an expansion of the state's growing network of pedestrian and bicycle routes. There is no remaining balance that could be used for the high-speed rail project, nor was any directed to the project in SB 1.