

August 18, 2016

## Transportation Chairs Introduce \$7.4 Billion Funding Package

Late yesterday, Senator Jim Beall and Assembly Member Jim Frazier jointly unveiled a [transportation funding proposal](#) designed to repair and maintain our state highways and local roads, improve our trade corridors, and support public transit & active transportation. The **\$7.4 billion a year transportation funding proposal**, much like the proposals that preceded it in the Extraordinary Session I on Transportation Infrastructure, includes a combination of new revenues, additional investments of Cap and Trade auction proceeds, accelerated loan repayments, Caltrans efficiencies & streamlined project delivery, accountability measures, and constitutional protections.

More specifically, the proposal would:

- Eliminate the Board of Equalization's annual adjustment of the gas excise tax, increase the gas excise tax by 17 cents and index it to the Consumer Price Index (generating \$3.6 billion annually)
- Increase the diesel excise tax by 30 cents and index it to the Consumer Price Index (generating \$900 million annually)
- **Increase the incremental diesel sales tax to 5.25% and index the increment to the Consumer Price Index (generating \$216 million annually)**
- Increase the vehicle registration fee by \$38 and index it to the Consumer Price Index (generating \$1.3 billion annually)
- Introduce an annual zero-emission vehicle fee of \$165 per vehicle and index it to the Consumer Price Index (generating \$16 million annually)
- Redirect vehicle weight fees that are currently allocated to transportation debt service to transportation purposes (repurposing \$1 billion over five years)
- **Allocate additional Cap and Trade auction proceeds as follows:**
  - **+10% to the Transit and Intercity Rail Capital Program (netting \$200 million annually)**
  - **+5% to the Low Carbon Transit Operations Program (netting \$100 million annually)**
- Identify miscellaneous transportation revenues (netting \$149 million annually)
- Require repayment of outstanding transportation loans over two years (freeing \$746 million in one-time revenue)

The proposal would set aside \$200 million of annual revenues to counties that adopt local sales tax measures and \$80 million of annual revenues to the California Transportation Commission for the Active Transportation Program, and otherwise directs revenue on a 50-50 split between state and local agencies for transportation maintenance and rehabilitation needs.

The bill would benefit public transit by doubling the Cap and Trade allocation to the Transit and Intercity Rail Capital Program and Low Carbon Transit Operations Program; and, tripling the incremental diesel sales tax going to the State Transit Assistance program, from 1.75% to 5.25% (an effective increase of 3.5%) to be used for specific project types (e.g. capital maintenance and rehab, vehicle acquisition).

To access revenue from the increase in the incremental diesel sales tax, transit agencies would be required to submit a list of projects proposed to be funded to Caltrans, and report to Caltrans after expending funds on a project, including the amount of funds spent and the estimated useful life of the improvement. Additionally, funding in the Road Maintenance and Rehabilitation Account may be used on complete streets, active transportation, and transit projects constructed in conjunction with road or highway projects.

Finally, the bill would: put into place constitutional protections that would prohibit the Legislature from borrowing or redirecting new revenues for purposes other than those specifically outlined in Article 19 of the State Constitution; create the Office of the Inspector General; and, put into place efficiency measures, such as CEQA streamlining and advanced mitigation, designed to expedite project delivery and reduce overall project costs. Please see the [authors' fact sheet](#) for more information.

Meanwhile, AB 1610 and SB 838, the transportation budget trailer bills – which contain identical versions of the Association's State Transit Assistance (STA) program fix language – are still pending approval in the Legislature.

The regular session of the 2015-2016 Legislature adjourns on August 31, 2016. The Special Session could run until November 30, 2016.

**If you have any questions or comments about this Funding Update  
please contact Legislative Advocate Matt Robinson at 916-446-4656 ext. 1022 or [matt@caltransit.org](mailto:matt@caltransit.org).**