

To: MP&L Committee

Date: April 18, 2014

From: Kristina Vassallo, Civil Rights Administrator

Reviewed by:

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**SUBJECT:** State Legislative Update

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### **Background:**

#### SB 990 (Vidak)

SB 990 was introduced to provide funding allocations aimed towards disadvantaged small communities and that would require transportation agencies and commissions to prioritize congestion relief and safety needs. A small disadvantaged community, as defined within the Bill, is based upon a population of 25,000 or fewer people and that has a median household income less than 80% of the statewide average.

First, 5% of program funds would become available for such communities for each regional transportation improvement program. This is a process that is currently overseen by the California Transportation Commission. Existing law requires 25% of funds to be utilized on improvement projects within the region which are suggested by DOT and 75% of funds to be utilized on projects suggested by planning agencies or commissions. Second, 5% of program funds remaining in local transportation funds would be apportioned to disadvantaged small communities. Funds are managed by the transportation planning agency with regard to the Transportation Development Act and distributes a portion of county sales tax to a range of transportation developments.

Vidak intends to take out any references to TDA within SB 990. Currently, there are a substantial amount of those who oppose the bill and it will most likely not advance within legislature this year. Updates to SB 990 will become available as legislature progresses.

#### California Cap-and-Trade Program

The California Cap-and-Trade Program was established by the California Air Resources Board (ARB) in response to AB 32 and its goal to reduce greenhouse gas (GHG) emissions. The program is designed to eliminate 3% of greenhouse gases each year effective 2013, setting a “cap” on the utilization of such gases and allowing “trade” incentives through clean technology investments.

Senate President Pro Tempore Darrell Steinberg recently announced a proposal for long term investment related to cap-and-trade revenue, placing a focus on transit oriented, housing, and high-speed rail. This replaced his former and unfavorable legislative proposal of imposing a carbon tax bill, which originally suggested a more effective approach to reducing GHGs (SB 1156). In relation to Governor Jerry Brown’s proposed plan, Steinberg’s plan includes 26% of funds which are allocated for expansion and operation within rail and rapid bus projects, a component that Brown’s plan lacked. In addition, investments would be recommended through a rank order system according to the overall effectiveness of eliminating greenhouse gases.

Altogether, both Brown and Steinberg have developed two major proposals which outline the strategies that support the cap-and-trade program. Under Steinberg’s plan, there is a possibility that 20% of annual revenue would be disbursed among public transit. However, this plan would be in collaboration with Governor Brown’s,

ensuring that the initial interests, including high speed rail, are covered first. The anticipated 20% will be calculated using the FTA formulas and expenditures would overall reduce GHG's. This portion of the program is still within early stages and is therefore unclear at this point. Ultimately, the Cap-and-Trade Program recognizes the importance of funding allocation in public transportation and emphasizes transit's impacts in meeting the overall goal of reducing greenhouse gas emissions. Updates to the program will become available as legislature progresses.

**Action Requested:**

The following legislature is for informational purposes only. Staff may elect to recommend taking a position as updates become available.