

To: MP&L Committee

Date: April 25, 2016

From: Kristina Martinez

Reviewed by:

SUBJECT: State Legislative Update

Background:

AB 2292 (Gordon)

Current law requires money which is collected by the State Air Resources Board to be available for use as part of the Greenhouse Gas Reduction Fund (collection excludes fines and penalties) through development of a three year investment plan. Alternatively, disadvantaged communities are to be identified within the plan by the California Environmental Protection Agency.

AB 2292 proposes to amend the process of identifying disadvantaged communities by using specific factors based upon best-available data. Current identification factors of disadvantaged communities may include the following:

- Environmental pollution or other hazards which may lead to negative public health
- Low income, high unemployment, or low levels of educational attainment

This bill would require the California Environmental Protection Agency, by July 1, 2017, to include the following when determining such factors as it relates to disadvantaged communities:

- High poverty rates
- High or severe rent burden
- High cost of living

Staff requests that the MP&L Committee forward a recommendation to the Board of Directors to support this bill. This legislation should make it easier for County Connection to utilize Low-Carbon Transit Operation Program (LCTOP) funds.

AB 2094 (Oberholte)

Existing law provides local transportation funds under the Transportation Development Act (TDA), generated through ¼ of 1% of general sales tax collected. Revenues collected from sales and use taxes are deposited into the Retail Sales Tax Fund. From there, these revenues are deposited into each county's transportation funds, dependent upon the amount of tax collection within that county. Similarly, revenues collected by the State Air Resources Board are deposited into the Greenhouse Gas Reduction Fund to be allocated for those projects geared to the reduction of greenhouse gas emissions.

As you know, TDA funds are the lifeline to County Connection as these currently make up 70% of our operating revenue. This contrasts with revenues from the Low-Carbon Transit Operations Program (LCTOP), which is expected to receive just over \$600,000 in the upcoming fiscal year. With stipulations such as identification of disadvantaged communities (DAC) and the guidance on the effects of air pollution through the State Air Resources Board (ARB), County Connection is limited to where we have the ability to use these funds.

AB 2094 proposes to reallocate TDA funds to backfill the severe losses in the State Transportation Improvement Program (STIP) and Local Streets and Roads Program at the state level. This would turn TDA funds into a highway and local streets and roads funding source and no longer a transit fund source.

Additionally, this legislation proposes to backfill transit losses with cap and trade funds through the LCTOP. The author claims this would keep transit whole and allow the state to address local streets and roads programs without raising taxes.

With this, there are at least two major problems that surface. There is no guarantee that there would be an increase in LCTOP funds. Secondly, LCTOP funds can only be spent in certain service areas which would decrease County Connection's funding in our service areas.

Staff requests that the MP&L forward a recommendation to the Board of Directors to oppose this bill. In the past, County Connection has opposed any legislation that has proposed to remove TDA funds. Because of the significance of TDA removal, it is not likely that this bill will get out of committee and staff recommends County Connection send a strong letter of opposition.