

To: MP&L Committee

Date: December 20, 2016

From: Kristina Martinez

Reviewed by:

SUBJECT: State Legislative Update – Support SB 1 and AB 1

Background:

In early December, Senator Beall and Assemblymember Frazier, Chairs of the transportation policy committees proposed two new bills aimed to improve and support public transit as well as state highways and local roads. Each of these comprehensive transportation packages, which target \$6 billion annually, are geared towards an increase in revenues and investments, adding to programs such as Cap and Trade and State Transit Assistance (STA).

In response to the State's transportation revenue shortfalls, SB 1 (Beall) and AB 1 (Frazier) propose to improve the transportation deficit through a comprehensive 10-year adjustment plan. With few minor differences, both bills put forth a wide range of transportation modifications which include:

- \$200 million annual set-aside to counties that adopt local sales tax measures
 - Available funding for Active Transportation Program, Advance Mitigation Fund, and continued transportation research and development
 - Remaining funds to be allocated 50/50 between state highway system and cities and counties
- Increase in gas tax by 12 cents per gallon phased annually over 3 years
- Increase in annual vehicle registration fee by \$38
- Implementation of annual fee for zero-emission vehicles to be utilized for maintenance and repair of road systems
 - \$100 annual fee proposed by Beall
 - \$165 annual fee proposed by Frazier
- Increase in diesel excise tax by 20 cents to be utilized for trade corridor improvements
- Increase in sales and use diesel tax to be utilized for transit under the STA program
 - 4% increased proposed by Beall
 - 3.5% to transit capital and transit services
 - 0.5% to intercity and commuter rail
 - 3.5 % increase proposed by Frazier
 - 3.5% to transit capital and transit services
- Increase Cap and Trade allocation for transit through a share increase to the Low Carbon Transit Operations Program (LCTOP) and the Transit and Intercity Rail Capital Program (TIRCP) beginning the 2017-2018 fiscal year.
 - Increase from 10 % to 20% to be distributed to TIRCP
 - Increase from 5% to 10% to be distributed to LCTOP

- Reallocation of existing truck weight fees phased annually over 5 years, to be utilized for road repair and maintenance

- Enhanced/increased program oversight
 - Simplified California Environmental Quality Act (CEQA) process for transportation projects
 - California Transportation Commission (CTC) to act independently from other state agencies and departments; ensure program and funding efficiency
 - Establish the Office of Transportation Inspector General to oversee state agency programs and spending efficiency

County Connection Analysis:

With economic benefits and increased state revenues, both SB 1 and AB 1 present positive impacts to public transit. To County Connection specifically, staff has estimated the impact of an increase in the STA tax revenue from 1.75% to 5.25% based on current MTC policies. Our best prediction indicates that this share could amount to an increase of \$2 million. At the 1.75% STA tax level, we are now getting \$1.9 million. If the additional revenue was spent on service, the revenue hours we could add would be 20,300. This is 9% of our current level of 227,915 hours a year and would purchase two additional route #10's or allow us to double Saturday service. The increase that would result from an STA sales tax increase compares to \$4.7 million a year included in the County Transportation Expenditure Plan (TEP).

In terms of the Cap and Trade allocation, staff has not identified any projects within the next 5 years that County Connection could apply for that would allow for the suggested share increase through the TIRCP. The program is also highly competitive. Currently, we are eligible for approximately \$600,000 through the LCTOP. With the proposal of SB 1 and AB 1, this amount could essentially double, but is dependent on the Cap and Trade auctions which have recently been down. The program also applies strict requirements, which can make it difficult for us to use these funds.

Action Requested:

Staff requests that the MP&L Committee forward a recommendation to the Board of Directors to support both SB 1 and AB 1.