SB 1 / Prop 69: 2017 State Transportation Funding Deal

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SB 1 (Beall) & ACA 5 (Frazier)/Prop 69

• Transportation funding package – SB 1 and ACA 5 (Prop 69) – signed into law April 2017

• SB 1 – The Road Repair and Accountability Act
  – Approximately $5.4 billion/year in new revenue – no sunset

• ACA 5 (Prop 69) – extends constitutional protections to SB 1 revenues not already protected
  – Prop 69 will go to voters for approval June 2018
What taxes were part of the deal?

- 12-cent gas excise tax increase
- Reset price-based excise tax at 17.3 cents
- 20-cent diesel excise tax increase
- 4% diesel sales tax increase
- $25-$175 annual “transportation improvement fee” based on vehicle value
- $100 annual zero emissions vehicle fee
- CPI adjustments on excise taxes/fees
Accountability & Transparency

- Cities/counties submit annual list of planned projects and list of expenditures
- Office of Inspector General to conduct audits and investigations of transportation programs
- Additional CTC oversight of the development and management of SHOPP program
- CTC oversight, development and administration of competitive grant programs
How will revenues be phased-in?

• New fuel taxes effective November 2017  
  – First payment to cities, counties and state Jan. 31

• The value-based transportation improvement fee effective January 2018

• The price-based excise tax will be reset July 1, 2019  
  – One more adjustment regular adjustment scheduled for July 1, 2018

• Zero emissions vehicles will begin to pay an additional registration fee for road maintenance in 2020
Where does the funding go?

- $1.5 billion for state highways
- $1.5 billion for local roads
- $750 million for transit operations and capital
- $685 million in loan repayments
- $400 million for state bridges
- $300 million for goods movement/freight projects
- $250 million for the new “Solutions for Congested Corridors” program
- $200 million for state-local partnership
- $100 million for the Active Transportation grants
- $25 million for Freeway Service Patrol
- $25 million for local planning grants
- $7 million for UC and CSU Transportation Research
Local Streets and Roads Funding

- Road Maintenance and Rehabilitation Funding “shall be prioritized for expenditure on basic road maintenance and road rehabilitation projects, and on critical safety projects.”
- Eligible projects include, *but are not limited to*:
  - road maintenance and rehabilitation;
  - safety projects;
  - railroad grade separations;
  - complete street components, including active transportation, bike/ped, transit facilities, drainage, and stormwater capture projects;
  - traffic control devices;
  - match for state/federal funds for eligible projects.
Statewide Project & Funding Information

- Rebuilding California – [www.rebuildingca.ca.gov](http://www.rebuildingca.ca.gov)
  – Search by state or local agency and type of project

- California Transportation Commission - [http://www.catc.ca.gov/programs/sb1/](http://www.catc.ca.gov/programs/sb1/)

SB 1 Under Fire

• Effort to repeal SB 1
  – Collecting signatures, raising money
  – November 2018 General Election

• Strong opposition campaign
  – Coalition to Protect Local Transportation Investments
    – https://fixcaroads.com/join-our-coalition/

• Myths & Facts
  – https://fixcaroads.com/sb-1-myths-vs-facts/
Myths & Facts

• MYTH— SB 1 funds go directly into the state’s General Fund, meaning there’s zero guarantee the money will be used to fund transportation improvement projects.

• FACT – Revenues go directly into transportation accounts and are constitutionally protected. Article XIX of the California Constitution already protects the gasoline excise tax and vehicle registration fees, and a portion of the sales tax on diesel, and dedicates them to transportation purposes. This accounts for about 60% of the revenues generated by SB 1. Prop 69 extends these same constitutional protections to the remaining 40% of new revenues generated by SB 1.

• It’s also important to remember, all gas tax moneys that were loaned in prior decades to the General Fund will have been repaid under SB 1.
Myths & Facts

• MYTH— SB 1 will cost California families upwards of $700 a year.

• FACT – The California Department of Finance calculated that the average cost to motorists is roughly $10/month. Here’s the math:

  • Registration: 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: 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
Myths & Facts

• MYTH—California can dedicate existing General Fund revenues to fix transportation.

• FACT – California has a combined need of over $130 billion over the next 10 years just to bring the state highway and local street and road systems into a good and safe condition. If we were to use funds from the General Fund, we would need to pull billions from important areas like education, healthcare, public safety, and other programs that Californians rely upon. SB 1 follows the user-pay model where everyone pays their fair share and all drivers pay a little more to fix the roads they drive on. It’s a responsible, accountable way to fix our roads.
• MYTH—California Gov. Jerry Brown has proposed “diverting 30 percent of the funding” from the state’s gas tax increase “to non-road related projects like building parks and lifeguards.”

• FACT—A percentage of the existing gas tax revenue related to fuel sales from boats, agricultural equipment, and other off-highway vehicles (quads, dirt bikes) has always gone toward supporting infrastructure related to these economic and recreational activities. The percent of gas tax revenues collected from these sources is **two-percent** (2%).
Myths & Facts

• MYTH – SB 1 dollars will be diverted to fund high-speed rail.

• FACT – No funds raised from SB 1 will be used to fund high-speed rail. 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 cycle routes.
Paving Ahead...

• Projects, projects, projects!
• Get involved in the effort to protect state and local transportation investments
• Talk to people, influential or “otherwise”
Questions?

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