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California Legislature

SENATE COMMITTEE ON TRANSPORTATION AND HOUSING

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INFORMATIONAL HEARING SENATE TRANSPORTATION AND HOUSING COMMITTEE

Impacts of Senate Bill 1 (Chapter 5, Statutes of 2017).

Friday, March 2, 2018
10:00a.m. — Anaheim City Hall Chambers

I. Opening Remarks

- Senator Jim Beall, *Chair*, Senate Transportation and Housing Committee
- Mayor Pro Tem, Jose Moreno, City of Anaheim

II. Stakeholder Panel – How are we doing? What can we do better?

- California State Transportation Agency – Brian Annis, Secretary
- California Transportation Commission – Mitchell Weiss, Chief Deputy Director
- County of Los Angeles -- Pat Proano, Deputy Director of Public Works
- City of Anaheim -- Kris Murray, Councilwoman
- City of Lakewood -- Lisa Rapp, Public works director
- Los Angeles Metropolitan Transportation Authority – Michael Turner, Deputy Executive Officer
- Transportation California: Economic Study – Roger Dickinson, Executive Director
- Southern California Contractors Association – Todd Bloomstine, Legislative Advocate

III. Public Comment

IV. Closing Remarks

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BACKGROUND PAPER

WHAT IS SB 1?

As every driver knows, California's streets and roads are in disrepair. The same is true for our transit systems. And the repair costs only increase with time. To resolve this problem, in April 2017 Governor Brown signed into law SB 1 (Chapter 5 of 2017), which will repair and maintain freeways, roads and transit systems by raising about \$5.2 billion annually. Most of that revenue will be raised through a \$0.12/gallon increase in the gas tax and a new transportation improvement fee of \$25-\$175, depending on the value of the vehicle. An additional \$700 million in one-time funding was also provided.

WHERE THE MONEY GOES

SB 1 establishes legislative intent and statutorily prescribes where the new funding will be spent. Attached is a chart created by the California State Transportation Agency which shows where that funding will go over a 10 year period. Most of the funding will go towards road and transportation infrastructure repair and maintenance.

COST OF SB 1

In 1994, when California's gas tax was last increased, the gas tax was \$0.18/gallon. A driver with typical fuel efficiency driving 12,000 miles per year would consume just over 600 gallons of gas per year, resulting in \$111 in state gas taxes. Under SB 1 California's gas tax increases to \$0.30/gallon. In 2018 that typical driver driving the same number of miles would consume slightly less gas, because cars are more efficient, and pay \$168 in state gas taxes, an increase of \$57. Adding to that the \$25 transportation improvement fee for the typical car¹, an average California driver will pay about \$81 extra per year for the road and transit improvements required under SB 1. As noted in Governor Brown's 2018-19 budget, the gas tax increase in SB 1 makes up for the lost purchasing power of the gas tax since 1994.

ACTIONS STATE AGENCIES HAVE TAKEN

SB 1 established a tight timetable for implementation, requiring extraordinary effort by state and local agencies. Guidelines for new programs were established pursuant to a public process. Guidelines for existing programs were revised, also pursuant to a public process. Applications for funding were submitted by local governments and reviewed by state agencies so that funding could be provided. The result of this effort has been the funding of new projects, even before the new SB 1 revenue has been received, including projects in the Active Transportation Program. New project applications have been received for the State Transportation Improvement Program, the Local Partnership Program, the Solutions for Congested Corridors Program, and the Trade Corridor Enhancement Program. And 479 cities and all 58 counties have received approval for projects in the Local Streets and Roads Program.

SB 1 also requires more accountability and oversight of state and local transportation agencies. The California Transportation Commission (CTC) has taken steps to implement some of these provisions. And the Administration has appointed an Inspector General to audit the state's transportation programs and begun staffing up the new Independent Office of Audits and Investigations in Caltrans.

WHAT WORK HAS BEEN DONE?

While SB 1 was passed in April 2017, the gas tax increase was not implemented until November 2017 and the transportation improvement fee was not implemented until this year. Consequently, new revenue is only now starting to show up, limiting the repairs and improvements that have been made to date.

SB 1 contains performance expectations for Caltrans regarding the quality of the state transportation infrastructure. While it is too early to determine whether we are on-track towards meeting those expectations, the Administration has established a website (rebuildingca.ca.gov) where the public can view the projects which are currently underway. This includes city, county and state road projects as well as transit and active transportation projects.

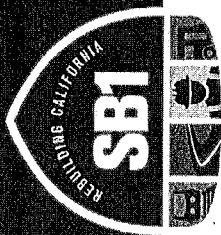
¹ About 46% of California vehicles are worth \$5000 or less, according to the Department of Motor Vehicles. More expensive vehicles will pay a higher transportation improvement fee, capped at \$175/year for vehicles worth more than \$60,000.

THE ROAD AHEAD

While significant progress has been made, much work lies ahead in fully implementing SB 1. Many of the SB 1 programs and projects will be formally adopted in the next few months, including the State Highway Operation and Protection Program (state highway repair and maintenance), the State Transportation Improvement Program (state and local transportation capital improvements), part of the Local Partnership Program (supplemental funding for self-help counties), and part of the Solutions for Congested Corridors Program.

Voters will also be asked to weigh in. In the June primary election voters will decide on Proposition 69, a Constitutional Amendment ensuring that the revenues from SB 1 only be used for transportation related purposes. In the November general election, voters may be asked to decide on whether to repeal the taxes and fees imposed by SB 1.

10-Year Detail Summary



STATE

➤ Highway Rehabilitation Program	\$14,894
➤ Bridge and Culverts	4,000
➤ Trade Corridor Enhancement	3,059
➤ Congested Corridor	2,500
➤ Parks	823
➤ Agriculture	258
➤ STIP (State share)	331
➤ Freeway Service Program	250
➤ RMRA - Administration	38
➤ Transportation Workforce Training	50
➤ UC/CSU Transportation Research	<u>70</u>
State Total	\$26,273

LOCAL

➤ Local Streets and Roads	\$14,833
➤ State Transit Assistance	4,255
➤ Transit & Intercity Rail Capital Program	2,970
➤ Local Partnership	2,000
➤ Active Transportation	1,000
➤ STIP (Local Share)	993
➤ Commuter Rail & Intercity Rail	442
➤ Local Planning Grants	250
➤ RMRA - Administration	<u>38</u>
Local Total	\$26,782