



Senate Joint Transportation Hearing

Transportation Funding and Deferred Maintenance

Division of
Budgets

February 24, 2015

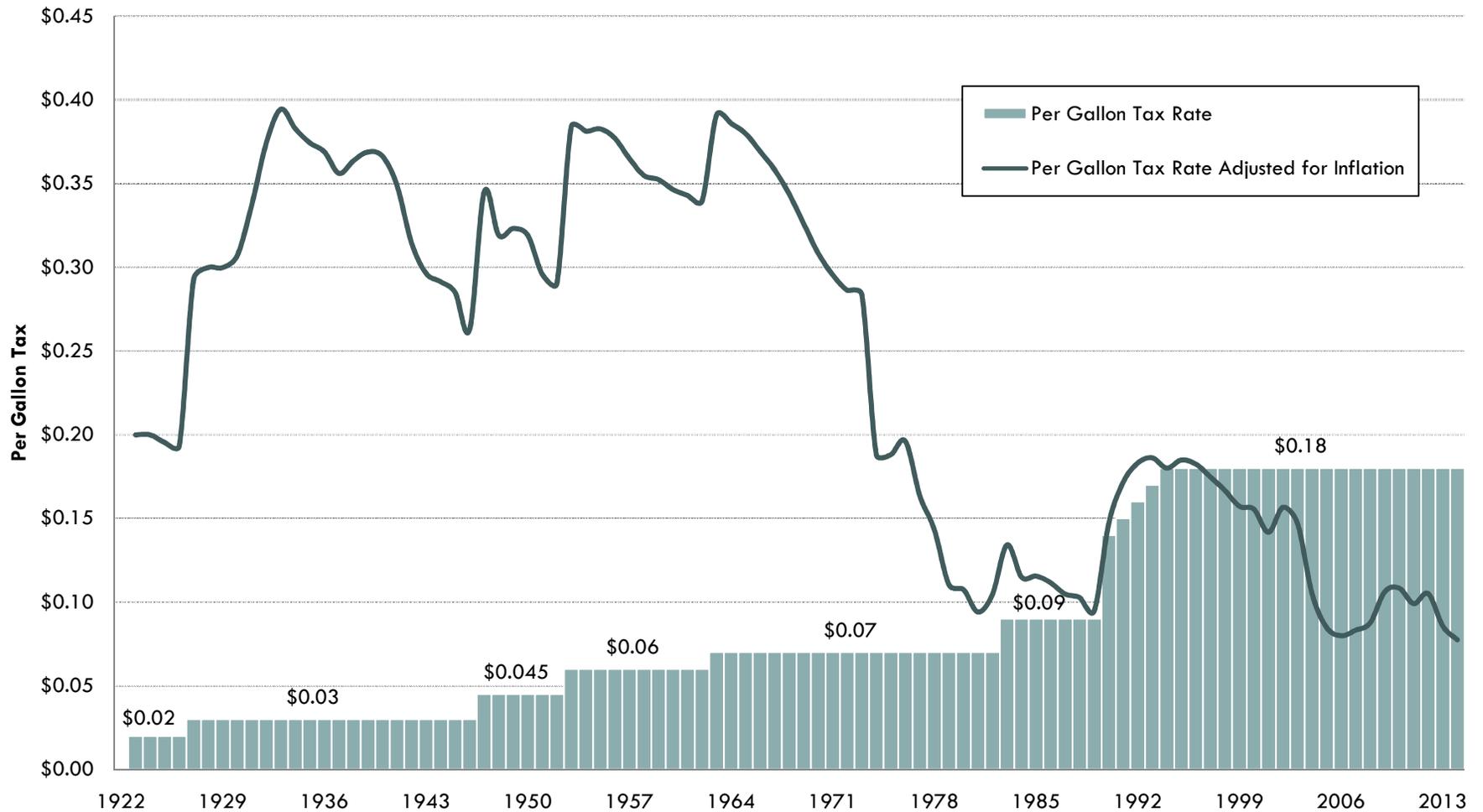
Fuel Excise Taxes

- An Excise Tax is a tax levied on a unit of sale, not on the value of the sale
- Gasoline
 - Federal Excise Tax – 18.4 cents per gallon (cpg)
 - State Base Excise Tax – 18 cpg
 - State Price-Based Excise Tax – 18 cpg (2014-15)
 - Adjusted Annually to roughly equal a sales tax
- Diesel
 - Federal Excise Tax – 24 cpg
 - State Base Excise Tax – 11 cpg (2014-15)
 - Adjusted Annually to maintain revenue neutrality with sales tax

Base Excise Tax Facts

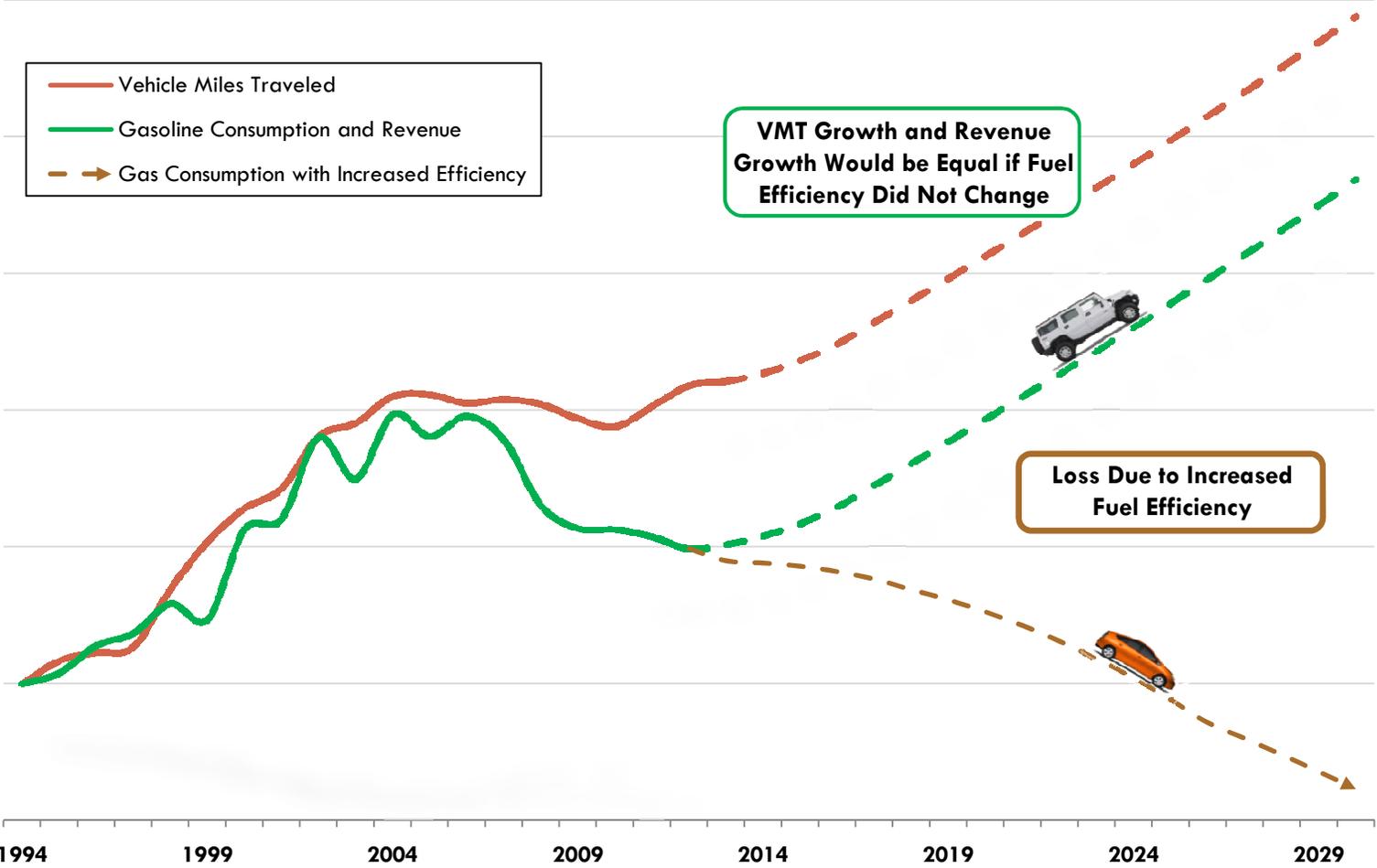
YEAR	EVENT	GAS TAX RATE
1923	First gas tax approved by voters.	2¢/gal
1927	1¢ tax added for new highway construction.	3¢/gal
1947	Collier-Burns Act – gas tax increased 1.5¢.	4.5¢/gal
1953	Gas tax increased by 1.5¢ to fund highway improvements.	6¢/gal
1963	The legislature increased gas tax by 1¢.	7¢/gal
1983	Gas tax increased by 2¢ for the first time in just over 19 years.	9¢/gal
1990	Proposition 111 passed. The gas tax increased to 14¢ with a yearly increase of 1¢ per year for four more years, through 1994.	14¢/gal
1991	Gas tax increased by 1¢ per Proposition 111.	15¢/gal
1992	Gas tax increased by 1¢ per Proposition 111.	16¢/gal
1993	Gas tax increased by 1¢ per Proposition 111.	17¢/gal
1994	The last time the gas tax was increased.	18¢/gal

History of the Base Gasoline Excise Tax Rate



Source: Board of Equalization. Escalation based on California State Highway Construction Cost Index and Consumer Price Index

Revenue Loss Due to Increases in Fuel Economy



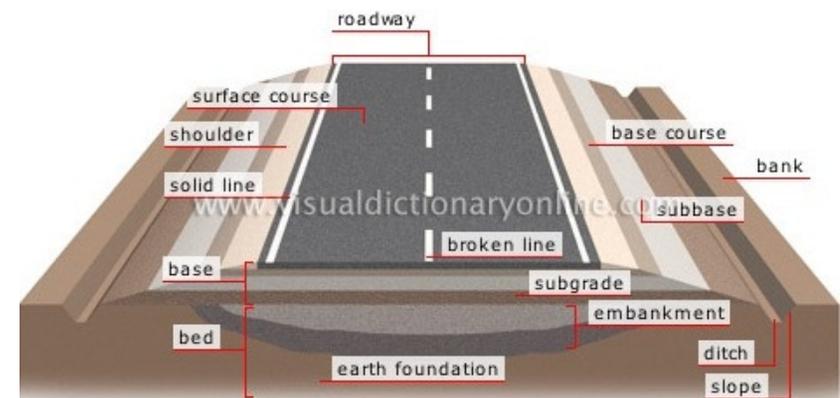
Includes base excise tax only

Fix-It-First: Deferred Maintenance

- The amount of additional funding necessary to bring the State Highway System into a state of good repair over a ten-year period is estimated at \$59 billion, based on the 2014 State Highway Operations and Protection Program
- Does not fix *everything* on the system, but brings each element into acceptable thresholds or “goals” set through Caltrans’ Strategic Planning efforts
- Roads, Bridges, Culverts and Intelligent Transportation Systems represent the largest share of the \$59 billion deferred maintenance backlog

Pavement Rehabilitation

- More than 50,000 lane-miles of state-owned highways
- Pavement makes up the largest single item in deferred maintenance
- Includes appropriate treatments for pavement and underlying structure



Pavement cross section

Bridge Rehabilitation and Repair

- 13,000 bridges on the State Highway System
- Average age of 43 years
- Strategies include replacement, rehabilitation, retrofit, and scour mitigation



Invisible Infrastructure: Culverts

- More than 200,000 culverts on the State Highway System
- About 13% are at risk of critical failure
- Culvert failures often affect roadway surfaces and water quality



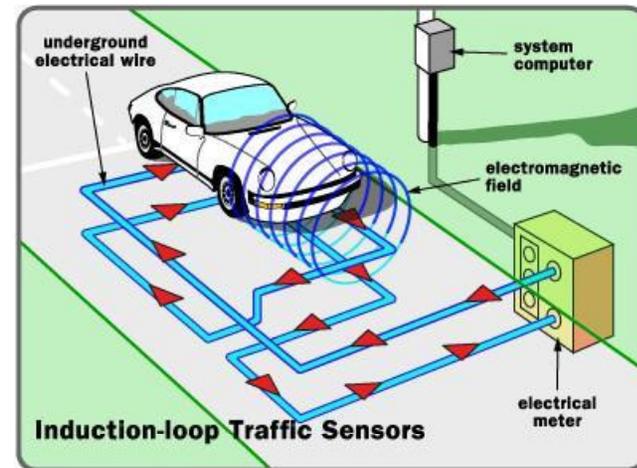
Failed culvert entrance view



Failed culvert street view

Invisible Infrastructure: Intelligent Transportation Systems

- More than 50,000 ITS elements on the State Highway System
- Manage traffic flow and increase efficiency of existing system
- About 30% are in need of rehabilitation or replacement



Caltrans programmed freeway onramp traffic lights to alternate so cars merge once onto the freeway, eliminating the additional merge within the onramp.



Escalation and the Cost of Delay

- Over the last five to eight years, significant investments in transportation have come from Proposition 1B and the American Recovery and Rehabilitation Act
- During the economic downturn in 2008 and ensuing years, project bid savings allowed the department to reinvest almost \$1.7 billion in savings back into new projects
- With the economy back on solid ground and growing again, the cost of the unfunded backlog of projects could grow by 20 percent or more over the next five years

QUESTIONS?



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