



Board Report

File #: 2016-1001, **File Type:** Federal Legislation / State Legislation (Position)

Agenda Number: 44

**EXECUTIVE MANAGEMENT COMMITTEE
JANUARY 19, 2017**

SUBJECT: STATE LEGISLATION

ACTION: ADOPT STAFF RECOMMENDED POSITIONS

RECOMMENDATION

ADOPT staff recommended positions:

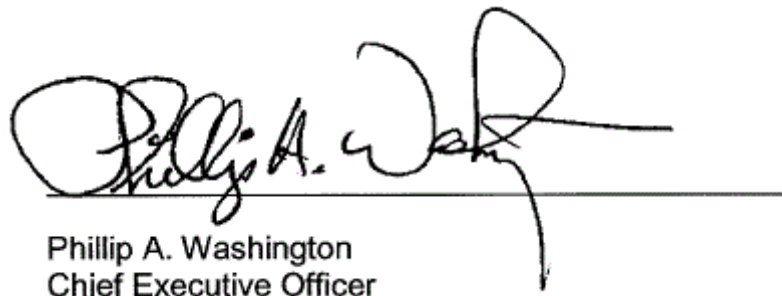
- A. **AB 1 (Frazier)** - Transportation Funding **SUPPORT WORK WITH AUTHOR**
- B. **SB 1 (Beall)** - Transportation Funding **SUPPORT WORK WITH AUTHOR**

ATTACHMENTS

Attachment A - AB 1 (Frazier) & SB 1 (Beall) Legislative Analysis

Prepared by: Michael Turner, DEO, Government Relations, (213) 922-2122
Desarae Jones, Government Relations Administrator, (213) 922-2230

Reviewed by: Pauletta Tonilas, Chief Communications Officer, (213) 922-3777



Phillip A. Washington
Chief Executive Officer

BILL: ASSEMBLY BILL 1 & SENATE BILL 1

AUTHOR: ASSEMBLYMEMBER JIM FRAZIER (D-OAKLEY)
&
SENATOR JIM BEALL (D-SAN JOSE)

SUBJECT: TRANSPORTATION FUNDING

STATUS: PENDING COMMITTEE REFERRAL

ACTION: SUPPORT WORK WITH AUTHOR

RECOMMENDATION

Staff recommends that the Board of Directors adopt a SUPPORT WORK WITH AUTHOR position on the measures AB 1 (Frazier) and SB 1 (Beall). These measures would provide \$6 billion in annual funding for transportation. The bills would increase various taxes and fees, specify the allocation processes for the various programs, and, make various other reforms in the way transportation is funded.

Specifically the bill would:

- Increase the gasoline excise tax based on the Consumer Price Index (CPI).
- Restore the price based gasoline excise tax to the level prior to 2010;
- Increase the diesel sales and excise taxes
- Increase the vehicle license fee
- Implement a new Zero Emissions Vehicle Registration Fee
- Increase the percentage of cap and trade funds allocated to public transit.
- Restore truck weight fees to the State Highway Account
- Remove the California Transportation Commission from the California State Transportation Agency
- Make reforms in the environmental process for various transportation projects.
- Create an Advanced Mitigation program for transportation projects
- Repay outstanding loans for various transportation programs

DISCUSSION

The Chairs of both transportation policy committees introduced bills in the 2016 regular and special legislative sessions. The Metro Board of Directors supported all of those bills. The Chairs have now introduced separate bills in the 2017 regular legislative session. As discussions on transportation funding continue it is likely that these bills will see significant changes. Staff believes that due to the magnitude of the proposals and the importance of addressing transportation funding, it is important to take a position on these proposals early in the process.

The Chairs of the transportation policy committees in the Senate and Assembly have worked throughout the past year to develop a consensus transportation funding proposal. Each Chair had introduced individual and different proposals in both the regular and extraordinary legislative sessions under AB X1-26 and SB X1-1. Unfortunately, these discussions did not yield a consensus the close of the 2015-2016 Legislative session. The Chairs have since refined their respective proposals and have introduced new legislation during the new 2017-2018 legislative session under Assembly Bill 1 (Frazier) and Senate Bill 1 (Beall).

Metro has been actively engaged in these discussions by working with leadership in both houses, the Chairs of the policy committees and with members of the Los Angeles County legislative delegation. Most recently, Metro Board Chairman John Fasana transmitted a letter to the delegation urging them to come to agreement on a proposal and highlighting key points that should be in any final package. Those points are as follows;

- **Commitment to funding for transit** that provides a stable and secure source for funding for operating our expanding transit services.
- **Moderate and balanced gas tax increases and fees** to provide a sustainable funding source for state and local transportation infrastructure to address important state of good repair needs as well as our freight network which supports a key sector of the State's economy.
- **Repayment of previous transportation loans** including providing funds to repay projects in the Traffic Congestion Relief Program.
- **Commitment to funding for regional freight** network priorities in support of Metro's goods movement efforts and technology.
- **A package of policy reforms** that would re-establish transportation infrastructure as a top priority for the State, aimed at capital project streamlining and Greenhouse Gas (GHG) reductions, including extension of the authorization for Public Private Partnerships to accelerate transit and highway projects throughout the state.
- **Extension of the State's National Environmental Protection Act (NEPA) delegation** authority to streamline project approvals statewide by Caltrans.

The newly introduced AB 1 (Frazier) and SB 1 (Beall) are expected to generate \$6 billion in annual funding to repair and maintain state and local roads, improve trade corridors, support public transportation and make investments in active transportation. These measures would provide new annual funding for state, local and regional transportation improvements. The measures would also create additional funding sources for Transit, Freight and active transportation.

Historically, state funding for transportation has relied on the sales and use and excise taxes for diesel and gasoline. The transportation system nationwide has been challenged by a number of factors including the declining value of the gas tax. The gas tax at the state and federal level has not been increased in over 20 years. Over that

time, significant gains have been made in fuel efficiency and propulsion technologies which have allowed California in particular to significantly improve its air quality.

These new technologies are less reliant on gasoline and therefore pay less in gas taxes. As a result the ability to fund both the maintenance needs of the state highway and local streets and roads systems are facing significant challenges.

California continues the Vehicle Miles Travelled (VMT) User Fee pilot program through the California Transportation Commission. This effort is currently being implemented as a pilot program statewide. This is an important effort for the state and could create a long-term and sustainable funding system in place of the traditional per gallon tax. In the meantime however it is appropriate to consider an alternative short term solution for filling the funding gaps in the state's transportation funding budget as we continually face transportation, mobility, infrastructure and climate change challenges in our state.

Staff recommends that the Board adopt a SUPPORT WORK WITH AUTHOR(s) position on the measures AB 1 (Frazier) and SB 1 (Beall). We would work with the authors to advocate for the policy priorities outlined in the Chair's letter to the Legislature.

DETERMINATION OF SAFETY IMPACT

There is no determined safety impact due to the enactment of the proposed legislation.

FINANCIAL IMPACT

The enactment of the provisions in this statute could result in securing accelerated funding for Metro's expansive long-range transportation plan. The funding proposals will also help augment local streets and road repairs and increase access to funding through competitive grant programs. The estimated financial impact has yet to be determined.

ALTERNATIVES CONSIDERED

Staff has considered adopting either an oppose or neutral position on the bill. An oppose or neutral position would be inconsistent with Metro's Board approved 2016 State Legislative Program Goals to support efforts to increase funding for transportation projects in Los Angeles County.

NEXT STEPS

Should the Board decide to adopt a SUPPORT WORK WITH AUTHOR position on these measures; staff will communicate the Board's position to the authors and work to ensure inclusion of the Board's priorities in the final versions of the bills. Staff will continue to keep the Board informed as this issue is addressed throughout the legislative session.

