



**AB 1 (Frazier)/SB 1 (Beall): Transportation Funding/Reform
CSAC Revenue and Expenditure Analysis**

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All revenue and expenditure estimates are based of full implementation of these funding/reform packages which occurs in year five. If adopted in 2017, full implementation would occur in FY 2021-22.

REVENUES

New Revenues

Maintenance & Rehabilitation Investments - \$3.12 billion annually

- Gas tax increase of 12-cents, which generates \$1.8 billion annually
 - AB 1 levies the entire increase in year one
 - SB 1 levies the increase in increments over three years (6-cents in year one, 9-cents in year two, and 12-cents in year three)
 - Gas tax revenues deposited into the Road Maintenance and Rehabilitation Account (RMRA)
 - SB 1 would capture off-highway vehicle (OHV) increment from new gas tax for RMRA, whereas AB 1 maintains current practice of sending OHV related share to OHV accounts
 - Indexed for inflation every three years
- Vehicle registration fee (VRF) of \$38, which generates \$1.3 billion annually
 - Deposited into the RMRA
 - Indexed for inflation every three years
- Zero emission vehicle registration fee (ZVRF) of \$100 (SB 1) or \$165 (AB 1), which would generate approximately \$20 million annually
 - Deposited into the RMRA
 - Indexed for inflation every three years

Freight Investments - \$600 million annually

- 20-cent diesel excise tax, which generates \$600 million annually
 - Deposited into the Trade Corridors Improvement Fund (TCIF)
 - Indexed for inflation every three years

Transit Investments - \$563 million annually

- Up to a 4% increase in the sales tax on diesel, which generates approximately \$263 million annually
 - Deposited into the State Transit Assistance Account (STA)
 - Allocated via the Public Transportation Account (PTA) formula
 - AB 1 increases the rate by 3.5% all for the STA/PTA allocation
 - SB 1 increases the rate by 4%, 3.5% which benefits the STA/PTA formula and 0.5% benefits the Transit and Intercity Rail Corridor Program (TIRCP)
- Increase existing cap and trade expenditures, which generates approximately \$300 million annually
 - From 10% to 20% of total cap and trade auction proceeds for the TIRCP
 - From 5% to 10% of total cap and trade auction proceeds for the Low Carbon Transit Operations Program (LCTOP)

TOTAL NEW REVENUE GENERATED FOR ALL INVESTMENT CATEGORIES:

\$4.28 BILLION

Restored/Returned Revenues

Maintenance & Rehabilitation Investments - \$1.81 billion annually

- \$500 million in truck weight fees
 - Directed to the Highway User Tax Account (HUTA)
 - Allocated via the 44 STIP/44 LSR/12 SHOPP split
 - AB 1 would phase in a specific dollar amount to be returned to transportation projects whereas SB 1 would phase in a certain percentage of weight fee revenue. AB 1 would cap the weight fee transfer to the General Fund to \$500 million in FY 2021-22 and SB 1 would cap the transfer to 50% of total weight fee revenue collected in FY 2021-22. Depending on how much weight fee revenue is collected in any given year one approach could return more back to transportation projects than another but it's difficult to predict.
- Eliminate the annual BOE adjustment of the price-based excise tax, reset the rate to 17.3-cents, which would generate \$1.125 billion over FY 2016-17 anticipated revenues
 - Directed to the HUTA
 - Allocated via the 44/44/12 split
- Return \$125 million in price-based revenues related to the sale of fuel for non-highway purposes (Off-Highway Vehicles)
 - Directed to the HUTA
 - Allocated via the 44/44/12 split
- Return \$60 million in miscellaneous transportation revenues
 - Directed to the RMRA
 - Allocated via the 50 state/50 local split after off-the top set-aside

TOTAL RESTORED/RETURNED REVENUE GENERATED FOR ALL INVESTMENT CATEGORIES: \$1.81 BILLION

One-Time Revenues

Maintenance & Rehabilitation Investments

- \$703 million in transportation loans
 - Split 50/50 between the state/locals

TOTAL ONE-TIME REVENUES GENERATED FOR ALL INVESTMENT CATEGORIES: \$703 MILLION

TOTAL NEW REVENUE GENERATED FOR ALL INVESTMENT CATEGORIES: \$4.28 BILLION

TOTAL RESTORED/RETURNED REVENUE GENERATED FOR ALL INVESTMENT CATEGORIES: \$1.81 BILLION

GRAND TOTAL ON-GOING REVENUE FOR ALL INVESTMENT CATEGORIES: \$6.09 BILLION

EXPENDITURES BY ACCOUNT FOR ROAD PURPOSES

Road Maintenance and Rehabilitation Account (RMRA)

- Receives \$3.18 billion from new and returned/restored revenue annually:
 - \$3.12 billion from new revenues (gas tax, VRF, ZVRF)
 - \$60 million from returned revenues (miscellaneous revenues)
- Take-downs before formula allocation:
 - \$200 million annually for the State Local Partnership Program (SLPP)
 - \$80 million annually for the Active Transportation Program (ATP)
 - \$30 million annually for 4-years to establish the Advanced Mitigation Program (not reflected in calculations throughout analysis as this take-down will cease in year five/full implementation)
 - \$2-5 million annually for the CSU/UC transportation centers (SB 1 would allocated \$2 million for the UC system only whereas AB 1 would allocated \$2 million for the UC system and \$3 million for the CSU system)
- Remainder for formula allocation:
 - \$2.9 billion
 - Remainder split 50 state/50 local
 - \$1.45 for the SHOPP
 - \$1.45 billion for LSR

TOTAL GENERATED FOR RMRA:

\$3.18 BILLION

Highway User Tax Account (HUTA)

- Receives \$1.75 billion from returned/restores revenues annually:
 - \$1.125 billion from resetting the price-based excise tax rate
 - \$500 million in truck weight fees
 - \$125 million from OHV related price-based excise tax revenue
- Formula allocations:
 - 44% STIP/44% LSR/12% SHOPP
 - \$770 million for the STIP
 - \$770 million for LSR
 - \$21 million for the SHOPP

TOTAL GENERATED FOR HUTA:

\$1.75 BILLION

TOTAL GENERATED FOR RMRA:

\$3.18 BILLION

TOTAL GENERATED FOR HUTA:

\$1.75 BILLION

GRAND TOTAL ON-GOING REVENUE FOR ROAD PURPOSES CATEGORIES:

\$4.93 BILLION

EXPENDITURES BY SYSTEM FOR ROAD PURPOSES

Local Streets and Roads

- \$2.22 billion annually
 - \$1.45 billion annually from new/returned revenue from the RMRA
 - \$770 million annually from restores/returned revenue from the HUTA
- Potential LSR benefits from \$200 million SLPP and \$80 million ATP
- One time revenue of \$352 million from transportation loan repayment

State Highways Operations and Protection Program

- \$1.47 billion annually
 - \$1.45 billion annually from new/returned revenue from the RMRA
 - \$21 million annually from restores/returned revenue from the HUTA
- Potential State Highways benefits from \$200 million SLPP and \$80 million ATP
- One time revenue of \$352 million from transportation loan repayment

State Transportation Improvement Program

- \$770 million annually
- Potential State Highways benefits from \$200 million SLPP and \$80 million ATP

STREAMLINING AND OTHER PROVISIONS OF INTEREST TO COUNTIES

CEQA Streamlining

- AB 1 and SB 1 both remove the sunset, remove population cap, and extend to state projects the existing CEQA exemption for local jurisdictions under 100,000 population for the repair, maintenance, or other minor alteration to an existing roadway if the project improves public safety.

Caltrans Efficiencies

- AB 1 and SB 1 require Caltrans to annually identify savings achieved through efficiencies implemented at the department and to propose, from the identified savings, an appropriation to be included in the annual Budget Act of up to \$70,000,000 from the State Highway Account for expenditure on the Active Transportation Program.

Advance Mitigation Program

- AB 1 and SB 1 would both establish an Advance Mitigation Program in the Caltrans, authorizing the department to undertake mitigation measures in advance of construction of a planned transportation project. The bills would allocate \$30 million per year for four years from the Road Maintenance and Rehabilitation Program to endow a revolving fund. The bill would provide for reimbursement of the revolving fund at the time a planned transportation project benefiting from advance mitigation is constructed.