



## CSAC Priorities for a Comprehensive Transportation Funding Package

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### Requirements

1. **Make a robust investment in transportation infrastructure.** Any solution must provide an investment large enough to demonstrate tangible benefits to taxpayers and the traveling public. Recent focus group efforts and polling conducted by the California Alliance for Jobs and Transportation California suggests that voters support new taxes of up to \$5 billion a year, as long as there are accountability provisions and assurances that funds will be dedicated to transportation purposes.
2. **Focus on maintenance of existing transportation infrastructure.** Counties, and voters polled on transportation issues, support provisions requiring new revenues to be invested into the existing transportation system, including local streets and roads and state highways.
3. **Equitable revenue sharing between systems.** Cities, counties and the state are all facing tremendous funding shortfalls for road and highway maintenance. County Supervisors feel very strongly that revenues for road maintenance must be shared equally, in order to support a comprehensive road and highway network.
4. **Direct subventions.** Counties have historically received gas and sales tax revenues via direct subventions for the investment in local roads. Counties base maintenance programs on information from required pavement management systems to ensure cost effective investments. Plans are typically adopted in county budgets and counties report detailed information on how the monies are spent on an annual basis to the State Controller. In short, local investments of these formula funds are transparent, accountable and effective.
5. **Repay all existing transportation loans and return OHV related tax swap revenues.** We must repay all existing transportation fund loans and end diversions of off-highway vehicle funding related to the transportation tax swap before increasing taxes or fees for transportation as a precondition for raising additional revenues.
6. **Constitutional guarantees.** Time and time again (Proposition 42, 2002; Proposition 1A, 2006), voters have overwhelmingly supported dedicating and constitutionally-protecting transportation dollars for transportation purposes. The results of recent focus group and polling efforts confirm that voters fear that increased revenues will be diverted and therefore want to include protections against using new transportation revenue for other purposes.
7. **Fix the annual price-based excise tax adjustment.** While the former sales tax revenues naturally adjusted to real-time changes in the price of gasoline, the new excise rate is only adjusted annually. When there are significant fluctuations in gas prices during a single year, the excise rate must be raised or lowered in one large adjustment, which can create budgeting and planning problems for local agencies and Caltrans. This problem has real costs when rates are adjusted too far downward

based on current prices, as inflation and increases in construction costs make funds available today more valuable than a true-up in future years. A fix to this process could be to incorporate historical price data into the rate setting calculation or simply eliminating the BOE adjustment and indexing the rate to inflation.

### **Flexible Options**

1. **Provide Prop 1B like transparency and accountability.** Likely voter support increases when accountability and transparency measures are added to any transportation funding package. CSAC could support additional accountability and transparency measures in the form of Prop 1B like reporting, which included submitting project lists to the Department of Finance and additional year end reporting.
2. **Use truck weight fees for transportation projects.** As a part of the 2010 transportation tax swap, transportation stakeholders, including CSAC, agreed to provide the state with approximately \$1 billion in tax swap revenue, now in the form of truck weight fees, for general obligation debt service related to transportation bonds. Some decision-makers and stakeholders would like to see truck weight fees used for new transportation projects rather than bond debt service. CSAC could support such a shift as long as the package provides a backfill to ensure there is not a state general fund impact.
3. **Increase taxes/fees across a broad base of options.** Potential voters support spreading any potential tax or fee increases across a range of options rather than generating revenue from just one source. CSAC supports a broad based approach or other approaches that can achieve a 2/3rds vote of the legislature and the Governor's approval.
4. **Incentivize and reward self-help counties.** The existing 20 self-help counties generate approximately \$3.9 billion a year for investment into the state highway system, local streets and roads, transit and other local priorities. Another 15 counties are actively considering measures that could generate up to another \$300 million a year annually. CSAC supports providing an incentive for additional communities to tax themselves at the local level for a variety of transportation purposes and rewarding those who have already made this decision at the ballot box.
5. **Cap and Trade.** A significant portion of the revenues generated by California's cap and trade program are attributable to the cap on fuels. Accordingly, revenues generated from fuels should be reinvested back into transportation programs and projects that reduce greenhouse gas emissions.