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Good afternoon, Mr. Chair and Members of the Committee.

I'm Vito Chiesa, Supervisor from Stanislaus County and the current President of the California State Association of Counties (CSAC).

Thank you for inviting me to participate in this important hearing.

I am pleased to be here today on behalf of CSAC and the League of California Cities to provide a local government perspective on statewide transportation funding solutions.

As you heard during the first panel, local governments and our partners have done exhaustive research to define our transportation funding needs.

I'll remind you of the numbers my colleague from San Jose provided you earlier this morning. Waiting just five years to invest in the local system adds \$11 billion in unfunded needs and \$21 billion over the next decade.

It is clear we need to act soon to avoid higher costs to taxpayers.

The problems are well known; the main question is how do we make a significant investment that will actually tackle these massive state and local shortfalls?

In focus groups, voters have supported levying small revenue increases from multiple sources:

- This approach would promote fairness, because everyone uses the transportation system differently.
- It would also avoid the "sticker shock" that would come from raising all of the revenue from a single source.

Local governments agree with this logic, and CSAC and the League support a broad array of potential solutions similar to what's in Senator Beall's SB 16, including:

- Increasing the diesel tax to compensate for the damage that heavy vehicles do to state and local roads;
- Imposing vehicle registration fees and/or increasing the vehicle license fee with those new revenues dedicated to road and highway maintenance;
- Imposing a fee to ensure that zero emission vehicles contribute to road maintenance—an important consideration as the percentage of those vehicles in the overall fleet will continue to increase.
- Most importantly, we support increasing the gasoline excise tax which hasn't been adjusted in over 20 years;

- As you know, the average fuel economy of vehicles has increased, but the main reasons the gas tax is worth less today is inflation and increases in construction costs.
- We should modernize our revenue options as electric and hybrid vehicles proliferate, but the gas tax is still the easiest way to quickly generate a significant amount of funding for roads and highways while we develop longer-term solutions.
- Vehicles vary in how much gas they use, but the gas tax serves as a relatively fair user fee: those who drive more pay more.

The way we use any new revenue is as important as the mechanisms we will use to raise it.

Local governments support a fix-it first approach: new funding should be overwhelmingly dedicated to maintenance.

- This is a proven approach that will reduce the costs of maintaining our transportation system over the long-run.
- Voters also recognize that our existing facilities haven't been well maintained and support making maintenance a priority.

New funding should also be shared equally between the state and local system.

- We have historically shared gas tax revenues between state and local transportation systems.
- Similarly, revenues generated at the local level are also shared and invested into the state highway system, local roads, and transit.
- This approach makes sense: people who pay the tax drive on both state and local facilities; they might not even know when they are travelling on a locally-owned expressway or state-owned surface road.
- People want a reliable roadway network that works for both local trips—including those taken on foot, bike or bus—and long-distance or regional travel on state highways.

We also shouldn't reinvent the wheel in allocating basic maintenance money.

- Locals have historically received gas and sales tax revenues through direct subventions.
- Transparency and accountability for the use of new funding is warranted. Counties and cities adopt project lists at public hearings and provide extensive reports to the State Controller's Office regarding all revenues and expenditures.
- Nor should we forget the pavement management systems counties and cities use to make sure maintenance dollars are spent in the most effective way.

- Accordingly, local governments support accountability measures like the reports required for Proposition 1B, which will inform the public without imposing excessive administrative costs and project delays.

Finally, to keep the confidence of voters, we must ensure that new revenues are dedicated to transportation uses.

- Voters have supported this approach time and time again and any actions taken this year must continue to keep those promises.

Cities and counties have the ability to quickly put hundreds of millions of dollars to work immediately on important maintenance and safety projects on the local system.

We recognize the challenge of tackling the entire shortfall of nearly \$8 billion but with an investment of \$3 billion a year over the next 10-years we can make significant strides.

\$3 billion a year directed to cities and counties would bring roads into a “good” condition with a “C” grade.

Without this investment, roads fall into an “F” grade, the funding shortfall grow by \$21 billion and a quarter of our roads will be in a failed condition.

I appreciate the opportunity to talk with you today. CSAC and the League are ready to partner with you as we tackle these important issues during this special session.