



**Proposition 6: Voter Approval for Increases in Gas and Car Tax (SB 1 Repeal)**  
**County Educational Tool Kit**

**Analysis**

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**Background.** Proposition 6 is a constitutional amendment ballot initiative that has qualified for the November 2018 General Election. Prop 6 requires that the statewide electorate approve any gas, diesel, or vehicle related tax or fee increase. Since the initiative has a retroactive effective date of January 1, 2017, it would repeal the revenue increases included in [SB 1 – the Road Repair and Accountability Act of 2017](#) and potentially negatively impact other long-standing transportation funds.

SB 1 will provide approximately \$5 billion annually in revenue for local streets and roads, state highways, and public transportation through the imposition of increased fuel and diesel taxes and a new transportation improvement fee and zero emissions vehicle fee. From these revenue sources, at full implementation (the various taxes and fees are phased in over a number of years), approximately \$1.5 billion per year in new funding will be allocated by formula for county roads and city streets. Counties and cities have been receiving monthly apportionments since January 2018 and have already identified over 6,500 projects for funding on the local street and road system.

*Section 3.5 of Article XIII A of the California Constitution is added to read:*

*Sec. 3.5(a) Notwithstanding any other provision of law, the Legislature shall not impose, increase or extend any tax, as defined in section 3, on the sale, storage, use or consumption of motor vehicle gasoline or diesel fuel, or on the privilege of a resident of California to operate on the public highways a vehicle, or trailer coach, unless and until that proposed tax is submitted to the electorate and approved by a majority vote. (b) This section does not apply to taxes on motor vehicle gasoline or diesel fuel, or on the privilege of operating a vehicle or trailer coach at the rates that were in effect on January 1, 2017. Any increase in the rate of such taxes imposed after January 1, 2017 shall cease to be imposed unless and until approved by the electorate as required by this section.*

While the main thrust of Prop 6 is to repeal SB 1's revenue increases, the initiative would have additional consequences. CSAC staff has prepared the following analysis of potential implications so counties can understand how Prop 6 would impact the ability to repair and maintain a safe, seamless, and efficient county road network, which is a vital part of California's statewide multi-modal transportation system, as well as other negative consequences for county and state programs and services.

**Policy Considerations.** By far, the largest and most negative impact of Prop 6 is its impact on funding for thousands of transportation projects across the state, including related negative impacts to construction jobs and the broader economy. However, Prop 6 also ties the hands of future Legislatures and Governors to develop appropriate policy solutions outside of transportation, including potential direct impacts to public safety.

- I. **Transportation Impacts.** Prop 6 would eliminate annual funding to counties and cities – approximately \$1.1 billion in FY 2018-19<sup>1</sup>. Over ten years, Prop 6 would eliminate approximately \$15 billion in direct subventions to counties and cities, as well as over \$5 billion in competitive grant and matching programs funded by SB 1, and to which cities and counties can apply for awards.

Moreover, an initial legal analysis of Prop 6 also suggests that the initiative could impact other long-standing transportation revenues counties rely on. Specifically, Prop 6 potentially resets the price-based excise tax rate to its historic low rate of 9.8-cents. This means a permanent reduction in revenues that counties, cities and the state have received since 2003. A price-based excise tax rate of 9.8-cents would mean a loss of \$285 million for transportation programs over the current FY 2018-19 projections and \$1.125 billion over FY 2019-20 projections. These direct impacts would have the following consequences for counties and the Californians they serve:

- **Stop transportation improvement projects already underway in every community.** Prop 6 would eliminate funds already flowing to every community to fix potholes, make safety improvements, ease traffic congestion, upgrade bridges, and improve public transportation.
- **Jeopardize public safety.** Cracked, potholed roads in poor condition pose a major safety threat to California drivers. Currently, 89% of counties have roads that are in poor or at-risk condition and 25% of our bridges show significant deterioration. Prop 6 will cut funding currently dedicated to fixing roads and upgrading intersections, freeways, bridges, tunnels and overpasses to make them safer.
- **Make traffic congestion worse.** Our freeways and major thoroughfares are among the most congested in the nation, and Californians spend too much time stuck in traffic away from family and work. Prop 6 would stop projects that will reduce traffic congestion – including those in the following programs: [Solutions for Congested Corridors](#), [Local Partnership Program](#), [Trade Corridor Enhancement](#), and investments in [Transit and Intercity Rail](#).
- **Cost drivers and taxpayers more money in the long-run.** The average driver spends \$739 per year on front end alignments, body damage, shocks, tires and other repairs

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<sup>1</sup> If successful, Prop 6 would take effect on December 19. Funds collected from November 1, 2017 to December 18, 2018 would not be impacted. Counties, cities, the state would not have to return the revenues collected prior to (potential) passage of Prop 6. Direct subventions from SB 1 revenue streams are apportioned to counties approximately 60-days after collection. As such, counties can reasonably anticipate apportionments through February 2019 should Prop 6 be successful.

because of bad roads and bridges. Additionally, it costs as much as fourteen times more to fix a road than to maintain it<sup>2</sup>. By delaying or stopping projects, Prop 6 will cost motorists more money in the long run.

- ***Jobs and the Economy.*** Prop 6 would hurt job creation and our economy. Reliable transportation infrastructure is critical to get Californians to work, move goods and services to the market, and support our economy. Prop 6 would eliminate more than 680,000 good-paying jobs and nearly \$183 billion in economic growth that will be created fixing our roads over the next decade<sup>3</sup>.
- II. ***Potential Impacts to Public Safety.*** Prop 6 would apply to vehicle license fees (VLF) and registration fees in addition to gasoline and diesel excise and sales taxes. VLF revenues don't fund transportation and are largely used to support public safety and health and human service programs. Registration fees support the California Highway Patrol and Department of Motor Vehicles. To the extent that the Legislature and Governor may need to increase revenue for public safety purposes in the future, this measure ties their hands and makes it much harder, if not impossible to address public safety program funding needs.
- III. ***Ties the Hands of Future Legislatures and Governors to Address Technological Advancements.*** SB 1 relies on gasoline excise taxes to generate a significant portion of funding for transportation projects. However, gas taxes are a declining revenue stream given increases in fuel efficiency and alternative fuels. The State is already working to identify a revenue-neutral replacement revenue stream to the gas tax and this initiative would impact the ability of the State Legislature and Governor to identify a proper replacement. Moreover, as electric vehicles become an increasing portion of the fleet, the Legislature and Governor would face this additional threshold to ensure electric vehicle owners pay their fair share for use of statewide transportation infrastructure.
- IV. ***Transportation Now, What Tomorrow?*** Prop 6 sets a dangerous precedent. Transportation is in the crosshairs today, but what policy area is next? Prop 6 has less to do with the gas tax than with political maneuvering by California Republicans in Congress, the State Legislature and in the race for Governor who are trying to turn-out their base in the mid-term election (see [LA Times article](#)).

**What Can Counties Do?** CSAC encourages counties to consider taking an official position in opposition to Prop 6. While Boards of Supervisors can take official positions on ballot initiatives, county supervisors and county employees cannot use public resources to engage in advocacy related to ballot

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<sup>2</sup> 2016 California Statewide Local Streets and Roads Needs Assessment Report: <http://www.savecaliforniastreet.org/wp-content/uploads/2016/10/2016-CA-Statewide-Local-Streets-and-Roads-Needs-Assessment-Final-Report.pdf>.

<sup>3</sup> The Economic Impacts of Senate Bill 1 on California: [https://www.artba.org/wp-content/uploads/2018/02/ARTBA\\_California\\_Report\\_Feb\\_2018.pdf](https://www.artba.org/wp-content/uploads/2018/02/ARTBA_California_Report_Feb_2018.pdf).

campaigns. Counties can however, educate their constituents about the impacts propositions would have on the county and their community, despite whether they have taken a position on a ballot initiative. In fact, counties are well-placed to provide information on the impacts of ballot measures in their local communities.

The line between education and advocacy can be difficult to differentiate at times so CSAC staff encourages counties refer to helpful resources such as the [Institute for Local Government's papers and primers on ballot measure activities](#). Staff also highly recommends, especially when there is any doubt about a particular activity or communication, to consult with county counsel. Lastly, CSAC conducted a webinar about the do's and don'ts for public agencies and employees and a [recording of the webinar](#) is available for counties to watch and consult.

CSAC staff has developed a number of resources to assist counties in educating local communities about the impacts Prop 6 would have on each jurisdiction. Specifically, the local toolkit on [CSAC's SB 1 webpage](#) includes suggested talking points, sample press releases, social media posts, and more. Of particular note are the frequently asked questions staff put together. There is a lot of confusion among the electorate and misinformation being pushed by the proponents of Prop 6 so staff compiled some facts and data to help you educate the public about SB 1, transportation funding generally, and Prop 6.

**Staff Contact.** Please contact Kiana Valentine, CSAC Senior Legislative Representative, ([kvalentine@counties.org](mailto:kvalentine@counties.org) or 916-650-8185) for additional information.