

# **Transportation Funding Deal Explained**

Chris Lee

CSAC Legislative Analyst

May 18, 2017

# SB 1 (Beall)

- Approximately \$5.2 billion/year in new revenue – no sunset
- Approved by Legislature on April 6
- Governor Brown signed April 28
- Accompanied by ACA 5 (Frazier), which provides constitutional protections for revenues
- ACA 5 will go to voters for approval June 2018

# What taxes were part of the deal?

- 12-cent gas excise tax increase
- Reset price-based excise tax at 17.3 cents
- 20-cent diesel excise tax increase
- 4% diesel sales tax increase
- \$25-\$175 annual “transportation improvement fee” based on vehicle value
- \$100 annual zero emissions vehicle fee
- CPI adjustments on excise taxes/fees

# How will revenues be phased-in?

- New fuel taxes begin in November 2017
- The value-based transportation improvement fee begins in Spring 2018
- The price-based excise tax will be reset July 1, 2019
- New Zero Emissions Vehicles will begin to pay an additional registration fee for road maintenance in 2020

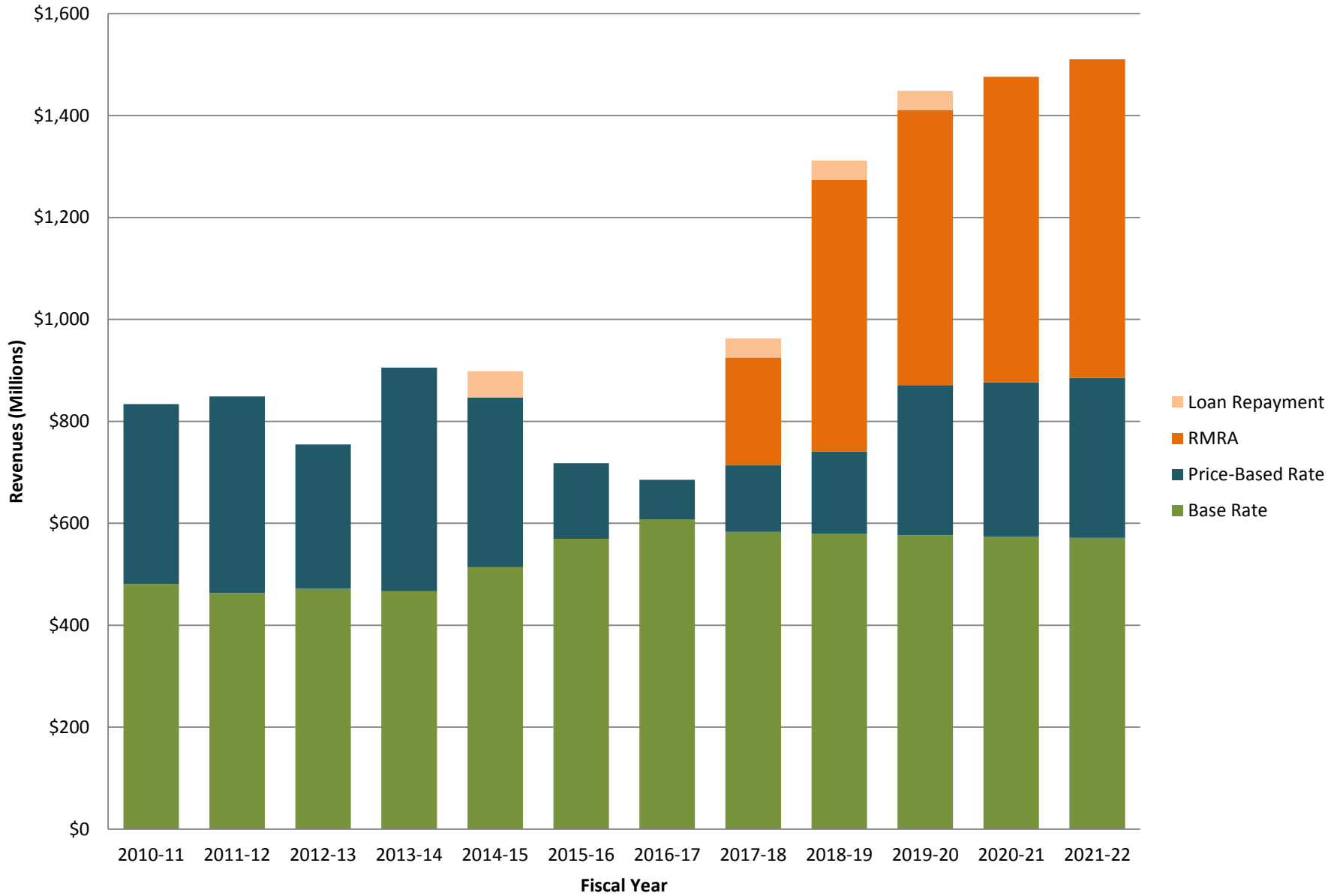
# Where does the funding go?

- \$1.5 billion for state highways
- \$1.5 billion for local roads
- \$750 million for transit operations and capital
- \$685 million in loan repayments
- \$400 million for state bridges
- \$300 million for goods movement/freight projects
- \$250 million for the new “Solutions for Congested Corridors” program
- \$200 million for state-local partnership
- \$100 million for the Active Transportation grants
- \$25 million for Freeway Service Patrol
- \$25 million for local planning grants
- \$7 million for UC and CSU Transportation Research

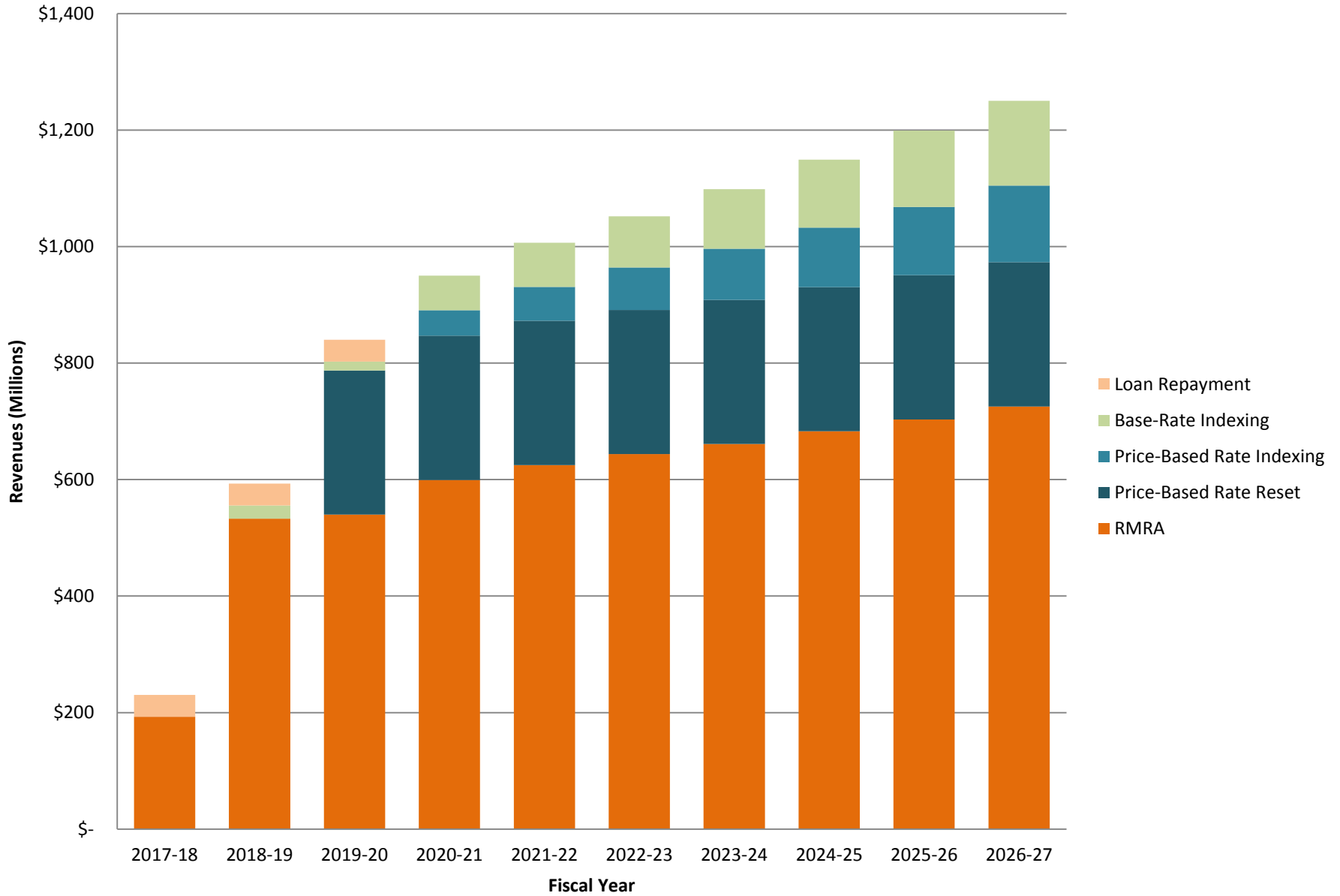
# Which revenues flow to counties?

- Road Maintenance and Rehabilitation Account
  - New gas tax, transportation improvement fee, and part of diesel excise tax
- 50% state, 50% local
- Local share split evenly between cities and counties
- County revenues by SHC Section 2103 formula
  - 75% by registered vehicles; 25% by road mileage

# Formula Funding for County Roads - Before and After SB 1



# Components of New County Revenues from SB 1

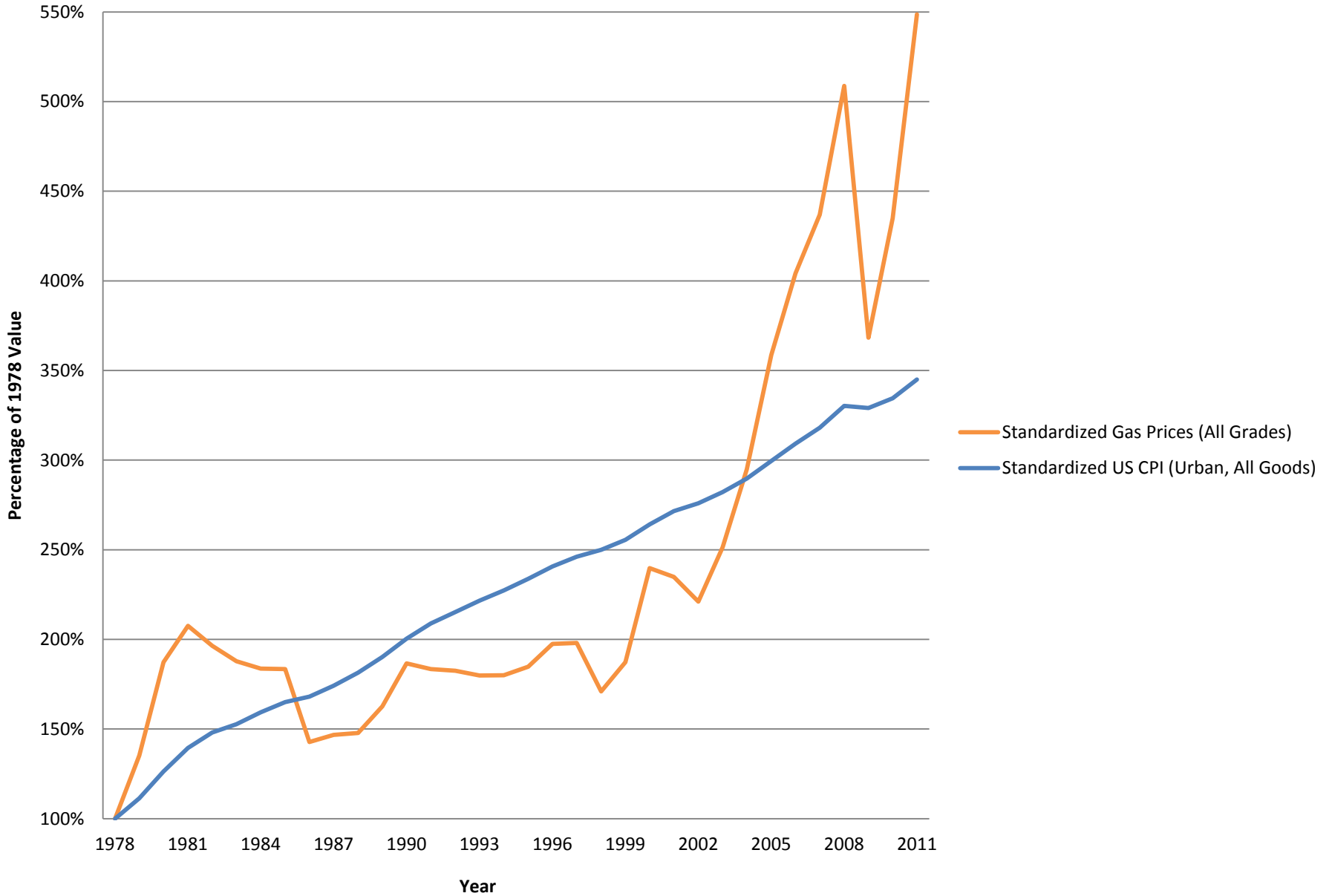




# Sources of Revenue Uncertainty

- Inflation – fuel tax and reg. fee now indexed
  - Affects 100% of SB 1 revenues
- Fuel consumption
  - Affects 70% of SB 1 revenues
- Number of registered vehicles and car values
  - Affects 30% of SB 1 revenues
- Gasoline prices no longer directly tied to fuel tax rates for county road revenues under SB 1

# Growth in CPI and Gasoline Prices 1978-2011



# Competitive Funding Opportunities

- Active Transportation Program – existing program
- State-Local Partnership – new guidelines
- Congested Corridors Program – new program
- Goods Movement Program – new guidelines
- Local Planning – guidelines to be developed
- May CA Transportation Commission meeting will include guideline discussions

# What county projects are eligible?

- Road Maintenance and Rehabilitation Funding  
“shall be prioritized for expenditure on basic road maintenance and road rehabilitation projects, and on critical safety projects.”  
*Streets and Highways Code Section 2030(a)*

# Eligible projects cont.

- Eligible projects include, *but are not limited to*:
  - road maintenance and rehabilitation;
  - safety projects;
  - railroad grade separations;
  - complete street components, including active transportation, bike/ped, transit facilities, drainage, and stormwater capture projects;
  - traffic control devices;
  - match for state/federal funds for eligible projects.
- *Streets and Highways Code Section 2030(b)*

# What if my roads are in good shape?

- May spend RMRA funds on other transportation priorities if average PCI meets or exceeds 80 (*Streets and Highways Code Section 2037*)
- Constitutional limitations apply: “Research, planning, construction, improvement, maintenance, and operation of public streets and highways” and related nonmotorized facilities for nonmotorized traffic (*Art. XIX, Sec. 2(a)*)

# What are the reporting requirements?

- List of projects proposed to be funded each year to California Transportation Commission
- List must be pursuant to an adopted budget approved at a public meeting
- List shall not limit flexible use of funds, provided that projects are eligible
- Must include description and the location of each proposed project, schedule for completion, and estimated useful life of improvement
- *Streets and Highways Code Section 2034(a)(1)*

# Reporting requirements cont.

- Upon expending RMRA funds, must submit documentation to the CTC
  - Description and location of each completed project,
  - Amount of funds expended on the project
  - Completion date and the estimated useful life of the improvement
- *Streets and Highways Code Section 2034(a)(2)*



# Questions?

**Chris Lee**

CSAC Legislative Analyst

[clee@counties.org](mailto:clee@counties.org)

916-650-8180