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

Revenues (Millions)

Fiscal Year


Loan Repayment
RMRA
Price-Based Rate
Base Rate
Components of New County Revenues from SB 1

- **Revenues (Millions)**
- **Fiscal Year**
- **Loan Repayment**
- **Base-Rate Indexing**
- **Price-Based Rate Indexing**
- **Price-Based Rate Reset**
- **RMRA**
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

- Standardized Gas Prices (All Grades)
- Standardized US CPI (Urban, All Goods)
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 nonmotrized 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?

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