



DATE: March 22, 2018

TO: Transportation Authority of Marin Board of Commissioners

FROM: Dianne Steinhauser, Executive Director
David Chan, Programming and Legislation Manager

SUBJECT: Adopt Positions on State Legislative Bills and State Ballot Proposition 69 (Action), Agenda Item No. 6c

RECOMMENDATION

Recommend adopting positions on State Legislative bills as shown in Attachment B and support position for Proposition 69.

BACKGROUND

In January 2018, TAM adopted a Legislative Platform (Attachment A) in guiding policy decisions and communicating TAM's goals to the Legislature and other agencies (including, but not limited to, MTC, Regional Transportation Planning Agencies (RTPA), CSAC, League of California Cities, and SHCC) that have impacts on Marin and TAM during the year.

TAM staff and/or Khouri Consulting will be recommending positions to be taken on pending legislation before the close of the 2018 State Legislation Session in August 2018, particularly those that are related to our adopted Legislative Platform. Letters of support or opposition may also be developed at the appropriate time and Mr. Khouri may be requested to testify at Legislative hearings, if warranted, to convey TAM's positions on specific legislation.

DISCUSSION/ANALYSIS

The 2018 legislative session is the second year of a two-year session. Bills introduced in the first year of a two-year session may be moved to the second year if these bills do not generate sufficient interest. Bills introduced in the second year of a two-year session do not have such option. If bills are not passed this session, they will not be moved to the 2019 legislative session. Rather, they would need to be reintroduced in 2019.

Attachment B contains the initial set of 16 bills that are being monitored by staff and Mr. Khouri. Attachment B initially contains 17 bills but AB 1041 (Levine) is no longer active so it was removed from the chart. Bills may be added to the chart in the coming months as they become relevant to TAM or Marin. TAM staff also adds bills that have been requested by TAM Board Commissioners for discussion or action.

Of the 16 bills listed in the matrix, staff is recommending the following positions:

Position	Total	Bills
Support	7 bills	AB 636, AB 1901, AB 2335, AB 3124, SB 1119, SB 1328, and SB 1427
Watch	7 bills	AB 1160, AB 1405, AB 1969, AB 2249, AB 2418, AB 2919, and SB 760
Oppose	2 bills	AB 1756 and AB 1866

AB 3124 (Bike Racks on Buses) and SB 1119 (Low Carbon Transit Operations Program (LCTOP)), are pertinent to Marin Transit, and staff has received confirmation that Marin Transit supports both bills.

Staff is recommending opposition to AB 1756 (Repeal SB 1) and AB 1866 (General Funds to Fund Transportation Infrastructure). The passage of AB 1756 would repeal SB 1 and eliminate long sought state transportation funding that is critical to transportation statewide with no viable alternatives to backfill those funds. AB 1866 is a proposal to only use general funds to fund transportation, but the General Fund is insufficient to adequately fund statewide transportation operations and infrastructure.

Positions of other agencies, such MTC, League of California Cities, and California State Association of Counties (CSAC), will be added to the matrix as they become available.

Attachment C is materials on Proposition 69 that will be on the June 2018 ballot. In April, 2017, the Legislature adopted SB 1 – The Road Repair and Accountability Act of 2017 and Assembly Constitutional Amendment (ACA) 5. The passage of ACA 5 triggers Proposition 69 that would amend the Constitution to protect revenues from the increased tax and new fee for transportation purposes only. Other revenue increases found in SB 1 are already protected for transportation purposes by Article XIX of the California Constitution.

EXECUTIVE COMMITTEE

At the Finance and Policy Executive Committee Meeting on March 12, 2018, Mr. Khouri discussed these bills and Proposition 69 in greater details. The Finance and Policy Executive Committee deliberated and passed a motion of support for the positions shown in Attachment B. They recommended the Board consider a new action of support for Proposition 69.

FISCAL IMPACTS

There are no direct fiscal impacts to TAM.

ATTACHMENT

Attachment A – Adopted 2018 Legislative Platform
Attachment B – 2018 State Legislative Bills
Attachment C – Information on Proposition 69



Attachment A

Adopted 2018 Legislative Platform

Issue	Goal	Impacts/Opportunities
<p>A. Transportation Funding</p>	<p>In 2017, the legislature enacted SB 1 (Beall), Chapter 5, Statutes of 2017, which provides \$5.2 billion in annual revenues to fund traffic congestion relief, highway rehabilitation and safety, local streets and roads repair, and multi-modal options through investments into public transportation, commuter and intercity rail, and bicycle and pedestrian programs. The package included the repayment of \$706 million loan made to the General Fund and restoration of \$754 million in cuts to the State Transportation Improvement Program (STIP) through the elimination of the volatility associated with the gas tax. The STIP allows for regional transportation planning agencies to leverage federal and local dollars for the aforementioned purposes.</p> <p>TAM will continue to support the protection of existing revenues dedicated for transportation, which includes revenues made available through the enactment of SB 1. ACA 5, which proposes to prevent SB 1 funds from being diverted for other purposes, will be placed on the June 2018 statewide ballot.</p> <p>SB 1 provides several opportunities through the creation of various competitive programs. Options for TAM to secure funding include:</p> <ul style="list-style-type: none"> • Pursuing funding from the new competitive programs such as the Active Transportation Program, Local Partnership, and Solutions for Congested Corridors, which can fund transit capital, bicycle and pedestrian programs, and projects to alleviate highway traffic congestion, such as the Marin-Sonoma Narrows and Bettini Transit Center. 	<ul style="list-style-type: none"> • State Highway Account • Public Transportation Account • Highway Users Tax Account • Transportation Development Act • Cap and Trade Program • Marin Transit • GGBHTD

	<ul style="list-style-type: none"> • TAM will continue to seek funding to provide multi-modal options for its residents. In addition to SB 1, the legislature approved the extension of the Cap and Trade Program, from 2020 to 2030, through the enactment of AB 398 (Garcia), Chapter 135, Statutes of 2017. As a result, TAM will do the following to enhance mobility options: • Seek revenue from programs such as the Low Carbon Transit Operations Program (LCTOP) and Transit Capital and Intercity Rail Funding Program (TCIRP), which was augmented by \$245 million, for capital investments (maintenance facilities, rail) rolling stock purchases (buses, train cars). • Support efforts to maintain the level of funding for the State Transit Assistance (STA) Program (SB 1 provides an additional \$364 million), which provides transit operators with flexible funding that can be used for operations and capital expenditures. 	
	<p>2. TAM supports legislation that allows for the approval for regional and local funding for transportation. This includes the following:</p> <ul style="list-style-type: none"> • Support of a ballot measure sponsored by MTC seeking authority for Bay Area voters to consider on the June 2018 ballot on whether to raise tolls on state-owned bridges to fund congestion relief, rail connectivity and improved mobility in bridge corridors (Regional Measure 3). The ballot measure contains potential funding for County priorities such as the: • Richmond-San Rafael Bridge Access Improvements (580/101 connector)- \$210 million • Marin-Sonoma Narrows- \$120 million • State Route 37 Improvements - \$100 million • San Rafael Transit Center (Bettini Center) - \$30 million 	<ul style="list-style-type: none"> • Local Sales Taxes • Regional Gas Taxes • Local Vehicle Registration Fees
	<p>3. The Safe Routes to Schools (SRTS) program has been merged into the newly created Active Transportation Program (ATP). Support efforts to acquire funding from the ATP for items such as complete streets and other bicycle and pedestrian projects. Work with the California Transportation Commission and MTC to provide equitable geographic distribution of ATP funds.</p>	<ul style="list-style-type: none"> • State-Funded ATP Projects • Regional-Funded ATP Projects

<p>B. FY 2018-19 State Budget</p>	<p>1. Monitor, assess, and react to impacts anticipated from the FY 2018-19 State Budget and anticipate shortfalls for transportation programs.</p>	<ul style="list-style-type: none"> • Funding for dedicated projects such as MSN, STIP transit projects, and annual allocations for streets and roads • Funding that matches Proposition 1B Programs, such as CMIA and SLPP • Funding for transit operating (PTA/STA) • Protection of SHA and STIP
<p>C. Air Quality</p>	<p>1. Review the results of the Roadway User Charge Committee’s Pilot Program Report and assess its findings on the feasibility of implementing a mileage-based user fee as a supplemental or successor fee to the gas tax. While the enactment of SB 1 has delayed the conversation, the issue is certain to rise to the forefront in the near future due to the prevalence of alternative fuel and electric vehicles, which do not pay at the pump.</p>	<ul style="list-style-type: none"> • Activities associated with SB 375 • Strategies to reduce VMT
	<p>2. Support funding for local and regional agency support to carry out SB 375 requirements by attempting to acquire funding from the various existing pots made available through the Cap and Trade programs.</p>	<ul style="list-style-type: none"> • Activities associated with SB 375
	<p>3. Coordinate with MTC and local jurisdictions with Marin to support projects that may qualify for funding under LCTOP and TCIRP within Governor’s Cap and Trade proposal to reduce GHG.</p>	<ul style="list-style-type: none"> • Activities associated with SB 375
	<p>4. Support the highest possible level of sub-allocation of Cap and Trade funds to the regional and local levels to fund multimodal projects including local streets and roads, bicycle-pedestrian, transportation demand management (TDM), rail, and transit projects.</p>	
	<p>5. Support flexibility with the Cap and Trade funds allocated for transportation purposes for projects to meet GHG reduction targets and to implement sustainable communities strategies. This includes adjusting program guidelines to provide for flexibility to address a mutual benefit between disadvantaged communities and the region as a whole. TAM will also seek to modify the definition of disadvantaged communities so that resources can be put to use in underprivileged communities within the county.</p>	<ul style="list-style-type: none"> • Flexibilities with the use of New Transportation Funds
<p>D. Alternative Modes</p>	<p>1. Support maintaining and enhancing the current levels of state and</p>	<ul style="list-style-type: none"> • Safe Routes to School Programs

	federal funding for bicycle/pedestrian and electric vehicle/infrastructure programs.	<ul style="list-style-type: none"> • TDA Article 3 Funds • Active Transportation Program (ATP) Funds
	<p>2. Several legislators have historically introduced legislation to relax requirements for using high-occupancy vehicle (HOV) lanes. TAM opposes additional expansion of HOV lanes to usage by other than high-occupancy vehicles and those vehicles currently allowed by law to use such lanes.</p> <p>Support legislation to improve the performance of HOV lanes by ensuring greater compliance with passenger occupancy requirements, such as securing additional state funding for dedicated HOV-lane enforcement.</p>	<ul style="list-style-type: none"> • Highway 101 HOV Lanes
	3. Explore creative solutions to help manage the flow of transit buses by sponsoring or supporting legislation to allow for transit buses to use shoulders along routes.	<ul style="list-style-type: none"> • Highway 101 • Golden Gate Transit
E. Project Delivery	1. Seek opportunities to increase flexibility to deliver projects, such as supporting alternative contracting methods that include design-build and public private partnership.	<ul style="list-style-type: none"> • Future Major Capital projects
	2. Oppose efforts to require local agencies to reimburse Caltrans for its costs related to the preparation and/or review of project initiation documents (PIDs) for locally sponsored projects on state highway system.	<ul style="list-style-type: none"> • All Locally Sponsored Projects on the State Highway System
	3. Preserve the flexibility for local transportation agencies to be designated as the lead agency for CEQA actions, project development work and construction management for state highway projects. This includes supporting the streamlining of the CEQA process for projects within the existing right of way.	<ul style="list-style-type: none"> • Future Major Capital projects
	4. Support the continuation of Grant Anticipation Revenue Vehicle (GARVEE) bonds and AB 3090 arrangements by the CTC for STIP projects that are programmed in the out-years but are ready for implementation.	<ul style="list-style-type: none"> • All STIP-Funded Projects
	5. Support efforts to allow regional transportation agency to utilize procurement methods that will expedite project delivery and reduce cost.	<ul style="list-style-type: none"> • STIP Projects
F. Federal Priorities	1. Collaborate with transportation stakeholders to advocate for the	<ul style="list-style-type: none"> • STP, CMAQ, and ATP Funds

	reauthorization of a federal Surface Transportation Programs to replace MAP-21 (Moving Ahead for Progress in the 21 st Century). Support new revenue for the Highway Trust Fund and advocate for the highest possible level of funding at the county level.	<ul style="list-style-type: none"> • Regional Programs such as Local Streets and Roads (LSR), Lifeline, and Freeway Performance Initiative (FPI)
	2. Support and enhance current flexibility in allowing dedication of funds locally to the most urgent needs and the meeting of statewide goals, such as those under AB32 and SB375.	<ul style="list-style-type: none"> • STP, CMAQ, and ATP Funds
	3. Support dedicated funding for bicycle/pedestrian projects at the federal level.	<ul style="list-style-type: none"> • Bicycle/Pedestrian projects • Safe Routes to School projects
	4. Support the permanent increase of pre-tax commuter benefits from the current amount of \$130 per month to an equivalent amount allowed for pre-tax parking (\$250) with cost of living adjustments (COLA).	<ul style="list-style-type: none"> • Local and Regional Commuter Benefits Programs

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TAM Bill Matrix – March				
Measure	Status	Bill Summary	Recommended Position	Other Agencies
AB 636 Irwin (D) Local streets and Roads: expenditure reports	6/27/17 Senate Rules Committee	<p>Existing law requires cities and counties to file a report with the State Controller's Office (SCO) detailing the expenditures for streets and roads purposes during the preceding fiscal year by October 1 every year. This date is reflective of most local governments having a fiscal year ending June 30. There are a number of cities that operate on the federal fiscal year, which ends September 30. Most of these cities however are still required to submit their information to the SCO by October 1. This disparity in time can cause some cities to submit incomplete reports and then have to submit additional or corrected reports. There are a few cities specified in state law that currently are required to submit their reports within seven months of the end of the fiscal year, rather than by October 1.</p> <p>This bill would allow all cities and counties to submit their reports within seven months of the end of the fiscal year. Last amended on 6/27/17</p>	Support	League of Cities - support
AB 1041 Levine (D) Bay Area Toll Authority: conflicts of interest	1/16/18 Senate Rules Committee	<p>Existing law provides for a proposed toll increase on the state-owned toll bridges to be submitted to voters of the 9 bay area counties, to be known as Regional Measure 3. Existing law requires the Bay Area Toll Authority (BATA) to, among other things, establish an independent oversight committee within 6 months of the effective date of the Regional Measure 3 toll increase with a specified membership, to ensure the toll revenues generated by the toll increase are expended consistent with a specified expenditure plan and requires the BATA to submit an annual report to the Legislature on the status of the projects and programs funded by the toll increase.</p> <p>This bill would prohibit a representative appointed to the oversight committee from being a member, former member, staff, or former staff of the commission or the authority, a current employee of any organization or person that has received or is receiving funding from the commission or the authority, or a former employee or person who has contracted with any organization or person that has received or is receiving funding from the commission or the authority within one year of having worked for or contracted with that organization or person. Last amended on 1/3/2018</p>	Watch	
AB 1160 Bonta (D) Autonomous vehicles	6/22/17 Senate Transportation & Housing Committee	<p>This bill would change the definition of autonomous vehicle to mean any vehicle equipped with autonomous technology that has been integrated into that vehicle or a vehicle that meets specified levels of driving automation, as defined. Last amended on 4/17/17</p>	Watch	

TAM Bill Matrix – March				
Measure	Status	Bill Summary	Recommended Position	Other Agencies
AB 1405 Mulin (D) Digital Billboard Advertisements	2/14/18 Senate Transportation Committee	This bill would allow Caltrans, with federal approval, to enter into agreements with local jurisdictions to install and operate digital signs displaying commercial advertisements and public service announcements within the right of way of the state highway system. The signs could be used to display emergency messages, traveler information, motorist safety campaigns, and other messaging desired by the state, without providing compensation to the contracting entity.	Watch	
AB 1756 Brough (R) Repeal of Transportation Funding	1/16/18 Assembly Transportation Committee	This bill would repeal SB 1, which provides \$5.2 billion annually in transportation funding for repairing local streets and roads, public transportation and repairing and providing congestion relief on highways.	Oppose	
AB 1866 Fong (R) Transportation Funding	2/12/18 Introduced	This bill is a reintroduction of AB 496 (Fong), which was the Assembly Republican transportation plan. The bill would rely upon current General Fund proceeds to fund transportation including: revenues attributable to the sales and use tax on motor vehicles, revenues attributable to automobile and motor vehicle insurance policies from the insurer gross premiums tax, revenues from certain diesel fuel sales and use taxes, revenues from certain vehicle registration fees, and certain miscellaneous State Highway Account revenues. Revenues would be divided 40/40/20 between the State Highway Operation and Protection Program, local streets and roads for cities and counties, and the State Transportation Improvement program, respectively.	Oppose	
AB 1901 Obernolte (R) CEQA: roadway project exemptions	1/22/18 Introduced	CEQA, until January 1, 2020, exempts a project or an activity to repair, maintain, or make minor alterations to an existing roadway, as defined, if the project or activity is carried out by a city or county with a population of less than 100,000 persons to improve public safety and meets other specified requirements. This bill would extend the above exemption indefinitely.	Support	
AB 1969 Salas (D) Transit Operators: fare revenues	1/ 30/18 Introduced	Under the Transportation Development Act, certain revenues are available, among other things, for allocation by the transportation planning agency to transit operators, subject to certain financial requirements for an operator to meet in order to be eligible to receive the moneys. Existing law sets forth alternative ways an operator may qualify for funding, including a standard under which the allocated moneys do not exceed 50% of the operator's total operating costs, as specified, or the maintenance by the operator of a specified ratio of fare revenues to operating costs. Existing law generally establishes the required fare revenues to operating cost ratio as 20% in urbanized areas and 10% in non-urbanized areas. This bill would provide that it is the intent of the Legislature to enact legislation relating to the ratio of fare revenues to operating costs under the Transportation Development Act.	Watch	

TAM Bill Matrix – March				
Measure	Status	Bill Summary	Recommended Position	Other Agencies
AB 2249 Cooley (D) Public Contracts: Local Agencies	2/13/18 Introduced	Current law under the Uniform Public Construction Cost Accounting Act authorizes public projects of \$45,000 or less to be performed by the employees of a public agency, authorizes public projects of \$175,000 or less to be let to contract by informal procedures, and requires public projects of more than \$175,000 to be let to contract by formal bidding procedures. This bill would increase the thresholds to \$60,000, \$200,000, and \$200,000, respectively.	Watch	CSAC - support
AB 2418 Mullin (D) Transportation: Advanced Technologies Grant Program	2/14/18 Introduced	This bill would state the intent of the Legislature to enact legislation to establish a pilot program that allows municipalities to compete for grant funding, and to leverage both public and private funding to promote flexible innovation and encourage the use of advanced technologies to improve the state's transportation system.	Watch	
AB 2535 Oberholte (R) Toll Evasion	Introduced 2/14/18	This bill would a notice of toll evasion violation to include a copy of all photographic evidence on which the toll evasion determination was based if the vehicle was found, by automated devices, to have evaded the toll through failure to meet occupancy requirements in a high-occupancy toll lane. Because this bill would require an issuing agency or a processing agency to include additional materials in the notice, it would impose a state-mandated local program.	Support	
AB 2919 Frazier (D) Transportation Permits	2/16/18 Introduced	This bill would state the intent of the Legislature to enact legislation that would require all permitting agencies that interact with Caltrans, including, but not limited to, the Department of Fish and Wildlife, the State Water Resources Control Board, and the California Coastal Commission, to approve and complete permits within a 2-year timeframe.	Watch	
AB 3124 Bloom Bus Length: bike racks	2/16/18 Introduced	Existing law imposes a 40-foot limitation on the length of vehicles that may be operated on the highways, with specified exemptions. Existing law exempts from this limitation an articulated bus or articulated trolley coach that does not exceed a length of 60 feet, and authorizes the bus or trolley to be equipped with a folding device attached to the front of the bus or trolley if the device is designed and used exclusively for transporting bicycles. Existing law prohibits the above-described device from extending more than 36 inches from the front body of the bus when fully deployed, and prohibits a bicycle that is transported on that device from having the bicycle handlebars extend more than 42 inches from the front of the bus. This bill would increase the lengths described in the exemption above from 36 to 40 inches, and from 42 to 46 inches in order to accommodate bike racks.	Support	Marin Transit - support

TAM Bill Matrix – March				
Measure	Status	Bill Summary	Recommended Position	Other Agencies
SB 760 Wiener (D) Urban street design: guidance	1/30/18 Assembly Rules Committee	<p>Existing law requires the Department of Transportation to establish minimum safety design criteria for the planning and construction of bikeways and uniform specifications and symbols for associated signs, markers, and traffic control devices. Existing law requires all city, county, regional, and other local agencies responsible for the development or operation of bikeways or roadways where bicycle travel is permitted to utilize all minimum safety design criteria and uniform specifications and symbols for signs, markers, and traffic control devices established under these provisions, except that alternative minimum safety design criteria may be used under certain conditions.</p> <p>This bill would authorize a city, county, regional, or other local agency, when using the alternative minimum safety design criteria, to consider additional design guides, including the Urban Street Design Guide of the National Association of City Transportation Officials. The bill would authorize a state entity that is responsible for the planning and construction of roadways to consider additional design guides, including the Urban Street Design Guide of the National Association of City Transportation Officials. Last amended 1/23/18</p>	Watch	
SB 1119 Newman (D) Low Carbon Transit Operations Program	2/13/18 Introduced	<p>The Cap and Trade Program dedicates 5% of all auctions proceeds to the Low Carbon Transit Operations Program (LCTOP), administered by Caltrans, which provides operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility. Program recipients with service areas including disadvantaged communities, as specified, must expend at least 50% of LCTOP funds on projects or services that meet specified requirements and benefit those disadvantaged communities.</p> <p>This bill would authorize a recipient transit agency to satisfy the above-stated requirement by expending at least 50% of program funds received on transit fare subsidies, specified transit connections, or technology improvements that reduce emissions of greenhouse gases.</p>	Support	Marin Transit - support
SB 1262 Newman (D) Construction Manger/ General Contractor Procurement Method	2/15/18 Introduced	<p>This bill would remove the cap on the number of projects for which the department is authorized to use the CM/GC method (currently 24), eliminate the minimum construction costs limitation (\$10 million), and make conforming changes to existing provisions. The bill would delete the requirements to use department employees or consultants to perform specified services. The bill would delete the existing report requirements.</p>	Support	

TAM Bill Matrix – March				
Measure	Status	Bill Summary	Recommended Position	Other Agencies
SB 1328 Beall (D) Mileage-based road user fee	2/16/18 Introduced	<p>Existing law requires the Chair of the California Transportation Commission to create a Road Usage Charge (RUC) Technical Advisory Committee in consultation with the Secretary of the Transportation Agency. Under existing law, the purpose of the technical advisory committee is to guide the development and evaluation of a pilot program to assess the potential for mileage-based revenue collection as an alternative to the gas tax system. Existing law requires the technical advisory committee to study RUC alternatives to the gas tax and to make recommendations to the Secretary of the Transportation Agency on the design of a pilot program, as specified. Existing law repeals these provisions on January 1, 2019.</p> <p>This bill would extend the operation of these provisions until January 1, 2023. The bill would, in addition, require the technical advisory committee to assess the potential for mileage-based revenue collection for California's roads and highways as an alternative to the gas tax system.</p>	Support	
SB 1427 Hill (D) HOV and HOT Lanes	2/16/18 Introduced	<p>This bill would provide that it is the intent of the Legislature to enact legislation to improve the performance of HOV and HOT lanes by providing additional resources for, and authorizing new approaches to, the enforcement of lane occupancy requirements.</p>	Support	

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Proposition 69
ACA 5 (Resolution Chapter 30, Statutes of 2017), Frazier.
Motor vehicle fees and taxes: restriction on expenditures:
appropriations limit.

Yes/No Statement

A **YES** vote on this measure means: The Legislature will be required under the State Constitution to continue to spend revenues from recently enacted fuel taxes and vehicle fees on transportation purposes (such as repairing roads and improving transit).

A **NO** vote on this measure means: The Legislature in the future could change current law, allowing it to spend a portion of the revenues from recently enacted fuel taxes and vehicle fees on purposes other than transportation.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact

- No direct effect on the amount of state and local revenues or costs, as the measure does not change existing tax and fee rates.
- The measure could affect how some monies are spent by ensuring that revenues from recently enacted taxes and fees continue to be spent on transportation purposes.
- The measure would put the state a little further below its constitutional spending limit.

Ballot Label

Fiscal Impact: No direct effect on the amount of state and local revenues or costs but could affect how some monies are spent.

BACKGROUND

Recent Transportation Funding Legislation

In April 2017, the state enacted legislation, Senate Bill 1 (SB 1), to increase annual state funding for transportation in California. Senate Bill 1 (1) increases revenues from various taxes and fees, and (2) dedicates the revenues to transportation purposes, including repairing state highways and local streets, and improving mass transit.

Taxes and Fees. Senate Bill 1 increased gasoline and diesel excise taxes, which are set on a per-gallon basis. It also increased diesel sales taxes, which are set based on price. For zero-emission vehicles (such as electric cars) model year 2020 and later, it increased vehicle registration fees by a fixed dollar amount. Additionally, SB 1 created a new transportation improvement fee, which vehicle owners pay based on the value of their vehicle. Most of the taxes and fees already are in effect, with all taking effect by 2020.

Restrictions on Revenues.

Senate Bill 1 will raise \$5 billion annually when all its taxes and fees are in effect. Figure 1 shows the annual revenues raised from each tax and fee, as well as whether

Figure 1

Existing State Constitutional Restrictions on Recently Enacted Senate Bill 1 Revenues (In Billions)

Tax/Fee	Revenues ^a	Restricted for Transportation?
Gasoline Excise Tax	\$2.4	Yes
Transportation Improvement Fee	1.6	No
Diesel Excise Tax	0.7	Yes
Diesel Sales Tax	0.3	No
Zero-Emission Vehicle Fee	— ^b	Yes
Total	\$5.0	

^a In 2020-21, when all taxes and fees are in effect. Excludes revenues from taxes on fuel used in off-highway vehicles (totaling \$0.1 billion). The existing State Constitution and Senate Bill 1 both allow these revenues to be spent on purposes besides transportation.

^b About \$18 million a year.

existing provisions of the State Constitution restrict them for transportation purposes. Though the Legislature chose to dedicate all the SB 1 revenues to transportation, the State Constitution does not require this for the revenues from the transportation improvement fees and diesel sales taxes.

As such, the Legislature could choose in the future to use these two revenue sources for purposes other than transportation.

Spending Limits

The State Constitution requires the state and local governments to keep their annual spending at or below a certain level, based on a formula established by a voter proposition passed in 1979. The State Constitution exempts some spending from counting toward these limits, including spending from most gasoline and diesel excise tax revenues and spending on capital projects. Due to these exemptions, only a small portion (less than one-tenth) of spending from the new SB 1 revenues count toward the state limit. It is currently estimated that the state is several billion dollars below its limit.

PROPOSAL

Restricts Revenues for Transportation. Proposition 69 amends the State Constitution to require that the Legislature spend revenues from the new diesel sales taxes and transportation improvement fees on transportation purposes. (This requirement also applies to existing diesel sales tax revenues—not just those imposed by SB 1.) Proposition 69 also prohibits the state from (1) loaning out these revenues (except for cash flow purposes), and (2) using transportation improvement fee revenues to repay state transportation bonds without voter approval. The only way to change these requirements would be for the voters to approve another constitutional amendment in the future.

Exempts Revenues From Spending Limits. Proposition 69 exempts spending from all the revenues raised from SB 1 from counting toward state and local spending limits.

FISCAL EFFECTS

No Direct Fiscal Effect but Could Affect How Some Monies Are Spent. Proposition 69 would not directly affect the amount of state and local revenues or costs. (This is because it does not change the tax and fee rates established in SB 1.) The proposition could affect how some monies are spent in the future by requiring the Legislature to continue to spend revenues from diesel sales taxes and transportation improvement fees on transportation purposes, rather than other purposes. Additionally, the proposition puts the state a little further below its constitutional spending limit.