$5.2 Billion Transportation Funding Deal Announced, including $1.5 Billion for Local Streets and Roads

On Wednesday, March 29, 2017, a transportation funding agreement was announced by Gov. Jerry Brown, Senate President pro Tem Kevin de León (D-Los Angeles) and Assembly Speaker Anthony Rendon (D-Lakewood) representing the hard work of Sen. Jim Beall (D-San Jose) and Assembly Member Jim Frazier (D-Oakley), who have championed the need to provide new investment in the transportation system as chairs of their respective houses’ transportation committees. The $5.2 billion annually transportation funding and accountability agreement announced today, officially called The Road Repair and Accountability Act of 2017, is a significant investment in California’s transportation infrastructure. If approved, the agreement will provide $15 billion for local streets and roads over the next ten years.

Details on the final deal are still emerging, but confirmed information on the package is below. Final language is expected to be amended into SB 1 (Beall) in the coming days. A constitutional amendment protecting the funds from being used for other purposes will also be introduced. A vote is expected the week of April 3.

CalTrans has released a funding analysis of the package that includes ten-year estimates of local streets and roads revenues.

Reforms

- **Gives the California Transportation Commission (CTC) additional oversight authority.** The agreement empowers the CTC to hold state and local government accountable for making the transportation improvements they commit to. It also authorizes the CTC to review and allocate Caltrans funding and staffing for highway maintenance to ensure those levels are reasonable and responsible.

- **Creates the Office of Transportation Inspector General as an independent entity and office within state government.** Its role will be to ensure that all other state agencies that receive state transportation funds are operating efficiently, effectively, and in compliance with federal and state laws.

- **Creates an Advanced Mitigation program for transportation projects.** The bill authorizes the Natural Resources Agency to prepare, approve, and implement advance mitigation plans for one or more planned transportation projects. An advanced mitigation plan is defined as a regional or statewide plan that estimates the potential future mitigation requirements for one or more transportation projects and identifies mitigation projects, sites, or credits that would fulfill some or all of those requirements. The Agency would be authorized to administer the program, establish mitigation banks, secure areas for the purpose of providing mitigation, and allow transportation agencies to use mitigation credits to fulfill mitigation requirements. The program’s intention is to supplant existing CEQA requirements, not substitute for them.
Revenues (Approximate)

- $1.8 billion from a 12 cent increase to the gasoline excise tax, adjusted annually for inflation (effective November 1, 2017). The revenue generated from this particular increase would help restore the gas tax' lost purchasing power due to inflation. The funds attributable to the 12-cent increase would be transferred to the newly created Road Maintenance and Rehabilitation Account (RMRA) for distribution.

- $1.1 billion from ending the Board of Equalization (BOE) “true up” and resetting the rate to the historical average of 17.3 cents per gallon, adjusted annually for inflation (effective July 1, 2019). This provision would “reset” the priced based excise tax on gasoline to its original rate of 17.3 cents. Funds would be distributed using current formulas.

- $1.6 billion from a transportation improvement fee (effective Spring 2018). After the California Department of Motor Vehicles deducts their administrative costs from imposing and collecting the fee, the funds from the increase would be deposited into the RMRA for distribution. The amount collected would be based on the value of the car:

<table>
<thead>
<tr>
<th>Car Value</th>
<th>Amount Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $5,000</td>
<td>$25</td>
</tr>
<tr>
<td>$5,000-$24,999</td>
<td>$50</td>
</tr>
<tr>
<td>$25,000-$34,999</td>
<td>$100</td>
</tr>
<tr>
<td>$35,000-$59,999</td>
<td>$150</td>
</tr>
<tr>
<td>Over $60,000</td>
<td>$175</td>
</tr>
</tbody>
</table>

- $600 million from a 20 cent per gallon increase to the diesel excise tax, adjusted every 3 years for inflation (effective November 1, 2017). The funds attributable to the 20 cent increase to the diesel excise tax would be transferred to the Trade Corridors Improvement Fund (TCIF). Federal FAST Act funds for freight would also be deposited into the TCIF.

- $300 million from a 4 percent Increase to the diesel sales tax (effective November 1, 2017). The funds generated through the additional 4 percent increase to the diesel sales tax would deposit $300 million into the State Transportation Account for transit and intercity rail purposes.

- $20 million from Vehicle Registration Fee on zero emission vehicles (effective in 2020). Per the authors, this provision will help make up for the fact that owners of zero emission vehicles do not pay any gas tax to maintain the roads they drive on. Revenues would be deposited into the RMRA for distribution.

- Loan Repayments. $706 million one-time funds for transportation loan repayment, $225 million of which will be allocated to local streets and roads.

Allocations
The revenues generated from these proposals, would provide the following annual allocations:

- State Highway System - $1.5 billion annually for maintenance and rehabilitation of the state highway system.
- Local Streets and Roads – $1.5 billion annually for maintenance and rehabilitation of local streets and roads.
- Self-help counties – $200 million for the State-Local-Partnership Program for existing and aspiring self-help counties.
- Active Transportation Projects – $100 million annually for active transportation projects.
- California State University and University of California – $7 million for transportation research and workforce training.
- Freight, trade corridors, and goods movement – $300 million annually for freight, trade corridors, and goods movement.
- Congested Communities – $250 million annually to reduce congestion in major commute corridors.
- State Transportation Improvement Program – Restoration of $1.1 billion annually for capital projects and improvement on the state’s highway system.
- Transit and Intercity Rail – $27.5 million annually for transit and intercity rail capital projects and operations
- Public Transportation – $750 million to improve transit operations and capital improvements.
- Local Transportation Planning Grants – $25 million for planning grants.
- Bridges and Culverts – $400 million for bridge and culvert repair.
- Freeway Service Patrol – $25 million to support the Freeway Service Patrol.

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