



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 6a

Joseph P. Bort MetroCenter
101 Eighth Street
Oakland, CA 94607-4700
TEL 510.817.5700
TDD/TTY 510.817.5769
FAX 510.817.5848
E-MAIL info@mtc.ca.gov
WEB www.mtc.ca.gov

Memorandum

TO: Legislation Committee

DATE: February 2, 2011

FR: Deputy Executive Director, Policy

W. I. 1131

RE: Federal Excise Tax/Sales Tax Swap

MTC staff has developed a proposal — detailed in Attachment 1 — for converting the existing federal gasoline excise tax to a sales tax, initially on a revenue-neutral basis, but with the expectation that unlike the flat per gallon excise tax, proceeds from a sales tax on gasoline are likely to grow over time. The proposal does not achieve the level of additional federal investment we would hope to see in the long-term, but in the short-term, it could prevent a significant reduction in funding that could result from Congress limiting transportation to the user fee revenue now generated by the Highway Trust Fund.

Staff recommends support of the proposal to convert the existing federal gasoline excise tax to a sales tax and referral to the Commission for approval.



Ann Flemer

Attachment

J:\COMMITTEE\Legislation\Meeting Packets\Legis2011\02_Legis_Feb2011\6a_FederalExciseSalesTaxSwap.doc