



METROPOLITAN  
TRANSPORTATION  
COMMISSION

**Agenda Item 7**

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***Memorandum***

TO: Policy Advisory Council

DATE: July 3, 2013

FR: Rebecca Long, Senior Legislative Analyst

W.I. 1131

RE: Legislative Update

**State**

**State Budget**

The FY 2013-14 State Budget contains no significant reductions or changes to transportation funding from the prior year. State Transit Assistance (STA) funding is now continuously appropriated so is no longer subject to reductions in the budget process and is simply based on the sales tax on diesel fuel. The budget left unresolved the Administration's proposed Active Transportation Program (ATP). Specifically, while the budget includes appropriations for specific accounts that would be consolidated under the ATP, including the Bicycle Transportation Account, the Environmental Mitigation & Enhancement Program Fund, Local Transportation Enhancement grant program and Safe Routes to Schools, it provides that the funds are "not available for expenditure until the Secretary of the Transportation Agency convenes a working group by August 31, 2013...and until legislation is enacted that creates a new program to promote active transportation." Considering that this freezes approximately \$134 million in funds until new legislation is enacted, there will be much activity over the next two months crafting an ATP bill. MTC staff will engage in this process with the goal of establishing a well-designed program.

**Cap and Trade**

Legislation to devote transportation-fuel related revenue from the state's new Cap-and-Trade program to transportation projects that reduce greenhouse gas emissions was championed by the Transportation Coalition for Livable Communities — of which MTC is a member — and was introduced by Assembly Transportation Committee Chair Bonnie Lowenthal (AB 574). The bill would have directed the funds to metropolitan planning organizations on the basis of their share of the population for them to subsequently distribute competitively to projects that reduce greenhouse gas emissions, consistent with their Sustainable Communities Strategy (which in our case would be Plan Bay Area). Unfortunately, AB 574 bill died in the Assembly Appropriations Committee, along with other bills aimed at directing cap-and-trade funds this year. Instead, the Legislature conceded to the Governor's May Revise budget request to loan \$500 million in anticipated cap-and-trade auction revenues to the General Fund. The loan will allow the Legislature and the Administration to develop an expenditure plan that incorporates any changes made to the AB 32 Scoping Plan later this year. In addition, the loan will give more time for several lawsuits challenging the cap-and-trade program to be resolved.

#### Other State Highlights:

- No action yet on new authority for local government to raise revenue to backfill for the loss of redevelopment, yet, but many bills related to infrastructure financing districts are still alive (e.g. SB 628 (Beall) and SB 33 (Wolk))
- Dozens of bills have been introduced to make reforms to the California Environmental Quality Act (CEQA). At this point, just a few are still active in 2013, including SB 731 (Steinberg), which seeks to expedite review for infill projects. MTC has taken a “support & seek amendment” position on it.
- Many bills have been introduced to lower the vote threshold for local taxes to 55% from 2/3, but these bills are not expected to reach the Governor’s desk until 2014.

Bills with a somewhat narrower focus that MTC has also been actively engaged in this year include:

- SB 792 (DeSaulnier) which would have required a new regional organization plan for the S.F. Bay Area. MTC opposed its original version, but recently adopted a support position on the latest version.
- AB 179 (Bocanegra) which extends to the Clipper® program certain privacy and data retention requirements already applicable to FasTrak®. The bill has been amended so that MTC has now taken a neutral position.

### **Federal**

#### **FY 2014 Appropriations Process**

There hasn’t been any new transportation policy law enacted this year since MAP 21 was enacted just last summer. However, the FY 2013-14 federal appropriations process is underway, with both the House and the Senate marking up the budget for the Department of Transportation, a noteworthy development given the fact that in recent years Congress has simply adopted omnibus appropriation bills essentially continuing funding from the prior year with no detailed changes. Due to the across-the-board budget cuts that resulted from sequestration, transportation programs that are not funded by the Highway Trust Fund (HTF) will likely see some reduction, including the Federal Transit Administration’s New Starts program that is providing key funding to the region’s highest transit expansion projects— BART to Silicon Valley and San Francisco Municipal Transportation Authority’s Central Subway/Downtown Extension. Otherwise, for programs funded by the HTF that do not affect the deficit, transportation is fortunate to be considered a “mandatory” expense that is unaffected by sequestration.

#### **Opportunity to Provide Permanent Parity for Commuter Benefits**

Most recently, two bills were introduced, H.R. 2424 (Grimm) and S. 1116 (Schumer) to provide permanent parity between the amount of income that a commuter may withhold from income taxes (and from employer payroll taxes as well) for parking expenses versus expenses associated with riding public transit or commuting by vanpool. While the law allows commuters to withhold \$245 per month regardless of mode in 2013, without further action by Congress, the transit and vanpooling amount will drop to \$125 per month in 2013. MTC has taken support positions on such bills in years past and our current Advocacy Program recommends that we continue to pursue permanent parity.