



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 3c

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Memorandum

TO: Legislation Committee

DATE: April 4, 2014

FR: Executive Director

W. I. 1131

RE: AB 2651 (Linder)/AB 2728 (Perea): Restoration of Vehicle Weight Fees for State Highway Account

Background

These bills would each end the policy of diverting vehicle weight fees — which generate roughly \$940 million per year — from the State Highway Account (SHA) to pay debt service on transportation bonds originally enacted by the Legislature and passed by the voters as General Obligation bonds to be paid for with general revenue. As a deficit reduction measure in response to a Court of Appeals ruling that prohibited further diversion of certain Public Transportation Account funds to the General Fund, the Legislature in FY 2011-12 redirected weight fees to cover debt service, thereby reducing a significant transportation funding source.¹

Prior to the diversion, weight fees had been used primarily to fund rehabilitation and safety projects on the state highway system through the State Highway Operation and Protection Program (SHOPP). To make up for this loss, the law required revenue from the portion of the gas tax that was raised as part of the Gas Tax Swap (Assembly Bill 105, 2011) to reimburse the SHA by an amount equivalent to weight fees diverted each year. The remaining Gas Tax Swap revenue was split 12% to the SHOPP, 44% to the State Transportation Improvement Program (STIP) and 44% to local streets and roads, with 50% for counties and 50% to cities.

**Recommendation: AB 2651 (Linder): Support and Seek Amendment
AB 2728 (Perea): Support and Seek Amendment**

Discussion

Given the significant funding shortfalls facing transportation at the state, regional and local levels, combined with the challenge of securing new funding, staff recommends that MTC support these bills, carried by a member of each party. While staff would prefer to raise additional funding for transportation by adding new user fee based revenue to the mix, polls conducted over the last 12 months by the California Alliance for Jobs and Transportation California (transportation industry associations that have been strong champions of additional transportation funding) indicate that the traditional options associated with transportation, such as fuel taxes or vehicle related taxes, do not garner a majority of support statewide. And yet, our transportation system cannot afford to wait much longer, with the price tag on repairing deferred maintenance growing exponentially with each additional year.

¹ Shaw v. People Ex Rel. Chiang, 2009

Given the need to raise revenue in the near term, securing vehicle weight fee revenue — considered a staple of State Highway Account funding as recently as three years ago — is the next best option. Moreover, restoring these funds to transportation will be important to demonstrate to voters that current transportation funding is being fully dedicated to transportation investments.

While both bills end the diversion of weight fee revenue in some form, they differ slightly, as shown in the table below.

Bill Number	Weight Fee Diversion Elements	Effective Date
AB 2651 (Linder)	Ends in perpetuity	January 1, 2016
AB 2728 (Perea)	Ends diversion until 2019	January 1, 2015

Staff recommends MTC adopt a support and seek amendment position on both bills to make them both permanent and effective July 1, 2015 to allow one additional fiscal year for the transition back to the General Fund covering the entire cost of transportation bond debt service.

Known Positions

Support

None on file

Oppose

None on file



Steve Heminger

SH: RL