

Agenda Item 8



METROPOLITAN
TRANSPORTATION
COMMISSION

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Memorandum

TO: Policy Advisory Council
FR: Randy Rentschler, Director
Legislation and Public Affairs Section
DATE: September 3, 2014
W.I. 1114
RE: Recent Legislative Developments Related to Transportation Funding

At your June 2014 meeting, the subject of the need for additional transportation funding was broached. At that time, MTC Deputy Executive Director for Policy, Alix Bockelman recommended I attend one of your future meetings to brief you on current and potential legislative efforts to create new revenue sources. This memo provides an overview of the latest developments in Washington and Sacramento on the subject. In addition, attached are some slides that provide the big picture with respect to funding needs and various options to securing new funding. I look forward to seeing you at your September meeting to discuss this subject.

Federal

On July 31, 2014, Congress enacted H.R. 5021, transferring \$10.8 billion from the General Fund to the Highway Trust Fund (HTF) and extending the authorizations for transit, highway and highway safety programs funded from the HTF the surface transportation program through May 2015. This transfer allows current federal funding levels to be sustained and postpones until at least next year any serious discussion or action regarding the successor to Moving Ahead for Progress in the 21st Century (MAP 21). If history is any guide, however, we should expect a lot more short-term extensions (the predecessor to MAP 21, SAFETEA-LU, was extended 10 times spanning a period of almost three years).

While numerous transportation stakeholders, including MTC, have called on Congress to restore long-term funding reliability to the HTF for years— ideally by raising the gas tax—Congress has avoided a long-term fix and since 2008 has transferred \$62 billion to the HTF to keep it from going insolvent. Unfortunately, we do not expect a significant (if any) increase in funding at the national level for some time.

State

Cap and Trade Funding

The big news at the state level is the passage of legislation to direct \$430 million in FY 2014-15 and 60% of future year Cap and Trade funds to transportation purposes. Staff is currently attending numerous public workshops and preparing comments for the guidelines that will inform how projects are evaluated by the state agencies charged with overseeing the new programs, including Caltrans (Low Carbon Transit Operations Program), the Strategic Growth

Council (Affordable Housing and Sustainable Communities Program), and the California State Transportation Agency (Transit and Intercity Rail Capital Program).

Road User Charge Pilot Program Legislation Close to Reaching Governor's Desk

One bill that is currently on the Governor's desk could have a big impact on state transportation funding over the long term. Senate Bill 1077 (DeSaulnier) creates a technical advisory committee to be convened by the California Transportation Commission to study road usage charge alternatives to the gas tax and guide development and evaluation of a pilot program. The bill further requires the California State Transportation Agency (CalSTA) to implement by January 1, 2017 a pilot program based on guidance from the technical advisory committee and submit a report to the Legislature by January 1, 2018.

Other states, such as Oregon and Iowa, have conducted quite extensive pilot programs of their own on road usage charges so California would not be breaking new ground here. Nonetheless, most observers believe that if a road user charge is to be implemented in the U.S., it will follow the pattern of the gas tax itself, which was initiated not by Washington, but by the states themselves, beginning, once again, with the State of Oregon in 1919. As such, SB 1077 may lay important groundwork that will no doubt be necessary, if not sufficient, for implementation of a road user charge in California one day.

Attachment: Regional Funding Initiatives

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