



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Agenda Item 3b

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*Memorandum*

TO: Legislation Committee

DATE: February 6, 2015

FR: Executive Director

W. I. 1131

RE: AB 4 (Linder): Restoration of Truck Weight Fees for State Highway Account

**Background**

AB 4 (Linder) would halt the diversion of approximately \$1 billion per year in truck weight fees from the State Highway Account (SHA) to pay debt service on transportation bonds until January 1, 2020. The transportation bonds for which debt service is now paid by truck weight fees were originally sold to the voters as General Obligation bonds to be paid for with general revenue, including Proposition 1B (2006) and the High Speed Rail bond (Proposition 1A, 2006). 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.<sup>1</sup> The Governor's proposed FY 2015-16 State Budget estimates truck weight fees to generate \$996 million this year and \$1.1 billion in FY 2015-16.

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 variable 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 is 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 4 (Linder): Support and Seek Amendment**

**Discussion**

MTC took a support and seek amendment position on two similar bills proposed last year — AB 2651 (Linder) and AB 2728 (Perea). Like AB 2728, AB 4 proposes to end the practice of using truck weight fees to pay for transportation bond debt service for only a limited time — until 2020. Consistent with our 2015 Advocacy Program goal of increasing state transportation funding, staff recommends adoption of a “support and seek amendment” position on AB 4, with the amendment to remove the sunset provision so that the diversion is ended permanently.

Given the state's enormous transportation funding shortfalls, securing \$1 billion in annual truck weight fee revenue currently being diverted to the General Fund is an obvious first step.

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<sup>1</sup> Shaw v. People Ex Rel. Chiang, 2009

While staff does not expect AB 4 to be enacted in isolation, given the Administration's interest in a major transportation funding package this year, we believe it's important to go on the record again in support of restoring truck weight fees to the SHA as part of the overall solution. Before we ask the state's voters or drivers to pay more for the maintenance and improvement of our transportation system, we should ensure that we are spending our existing road-related taxes and fees wisely.

**Known Positions**

**Support**

None on file

**Oppose**

None on file



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Steve Heminger

SH: RL