

Date of Hearing: April 4, 2016

ASSEMBLY COMMITTEE ON TRANSPORTATION
Jim Frazier, Chair
AB 2411 (Frazier) – As Introduced February 19, 2016

SUBJECT: Transportation revenues

SUMMARY: Limits the use of miscellaneous revenue, for example, from the sale of surplus property, only to purposes authorized in Article XIX of the California Constitution. Specifically, **this bill:**

- 1) Deletes the transfer of miscellaneous revenues from the State Highway Account to the Transportation Debt Service Fund.
- 2) Instead, requires the miscellaneous revenues to be retained in the State Highway Account and to be used solely for purposes delineated in Article XIX of the California Constitution.
- 3) Exempts proceeds from the sale of properties in the State Route 710 corridor from these provisions.

EXISTING LAW:

- 1) Provided for in the Constitution of California, restricts the use of revenues from taxes imposed by the state on motor vehicle fuels to the research, planning, construction, improvement, maintenance, and operation of public streets and highways and exclusive public mass transit guideways, including mitigation of their environmental effects.
- 2) Requires miscellaneous revenue deposited into the State Highway Account, for example, from the sale of documents, rental of state property, or sale of state property (except for the sale of property along the State Route 710 corridor) to be transferred from the State Highway Account to the Transportation Debt Service Fund to pay debt service on general obligation bonds authorized by passage of Proposition 116 in 1990, the Clean Air and Transportation Improvement of 1990.
- 3) Creates the State Route 710 Rehabilitation Account and requires the California Department of Transportation (Caltrans) to deposit proceeds from sales of properties it owns within the State Route 710 corridor into the account to be used for allocation by the California Transportation Commission exclusively to fund projects located in the that corridor.

FISCAL EFFECT: Revenue derived from miscellaneous income sources amounts to approximately \$70 million annually.

COMMENTS: Caltrans gets the majority of its funding from gas tax revenue. This revenue is protected by Article XIX of the State Constitution for specific transportation uses. Long-standing policy held that any money generated by Caltrans, for example, from document sales, property rentals, or surplus property sales, was similarly Article XIX protected. This policy began to degrade over time as the State's General Fund began needing support. Increasingly,

miscellaneous revenue sources that were not specifically identified in the Constitution were transferred away from transportation and put to General Fund uses.

Today, this updated policy is statutorily established and revenue derived from these miscellaneous income sources, approximately \$70 million annually, is used to provide General Fund relief by paying debt service on transportation-related general obligation bonds, specifically on bonds authorized by passage of Proposition 116 in 1990, the Clean Air and Transportation Improvement of 1990.

The General Fund is no longer in crisis. Funding for transportation, however, is. The Governor declared a \$6 billion annual unfunded need for state highways alone and local streets and roads needs are greater still. AB 2411 stops the transfer of miscellaneous revenue from the State Highway Account to the Transportation Debt Service Fund for General Fund relief. At a time when the Legislature is considering major transportation funding proposals, the diversion of transportation revenue to the General Fund seems appropriate.

REGISTERED SUPPORT / OPPOSITION:

Support

Automobile Club of Southern California

Opposition

None on file

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