

Date of Hearing: March 27, 2017

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 382 (Voepel) – As Introduced February 9, 2017

SUBJECT: Fuel taxes: Off-Highway Vehicle Trust Fund

SUMMARY: Eliminates the transfer of \$10 million per year from the Off-Highway Vehicle (OHV) Trust Fund to the General Fund, starting after June 30, 2018.

EXISTING LAW:

- 1) Establishes the OHV trust fund administered by the California Department of Parks and Recreation (Parks) to fund the maintenance, operations and enforcement of State Vehicular Recreation Areas (SVRA) and other state and federal lands allowable for OHV use.
- 2) Provides for the imposition and collection of OHV registration fees and SVRA entrance fees to be deposited in the OHV trust fund.
- 3) Provides for the transfers of fuels taxes attributable to OHV and off-highway motor vehicle activity from the Motor Vehicle Fuel Account to the OHV trust fund.
- 4) Requires the Controller to withhold \$833,000 per month from the Motor Vehicles Fuel Account transfer to the OHV trust fund and transfer that amount to the General Fund.

FISCAL EFFECT: Unkown

COMMENTS: As part of the 2011-12 Budget Act, \$833,000 per month, or \$10 million annually, was redirected from the OHV Trust Fund to the state General Fund as part of numerous loans and diversions from various special funds to help balance the state's budget. According to the author, as a result of that action, the OHV trust fund has lost \$50 million that would have otherwise been used to maintain critical infrastructure and services to the OHV recreation community that is responsible for generating the user-fee revenues. Further, he states that AB 382 will stop the inappropriate diversion of transportation-generated revenues to unrelated purposes.

The OHV program was created in 1971, is managed by Parks, and overseen by California Off-Highway Motor Vehicle Recreation Commission. The program is funded by a combination of proceeds derived from the \$52 biennial registration fee on OHVs, commonly referred to as the "green sticker" program; taxes on motor vehicle fuels, both those consumed by OHVs and those attributable to vehicle use off of the public highways; and entrance fees collected at SVRAs. Since the passage of SB 742 (Steinberg), Chapter 541, Statutes of 2007, the amount of motor fuel taxes transferred to the OHV trust fund is based on the percentage of fuel taxes transferred in 2007. Prior to 2007, the amount of funds attributable to OHV use was determined based on statewide studies that estimated the total gallons of gasoline burned in the course of OHV recreation. In fact, as part of the 2014-15 budget, the Department of Transportation (Caltrans), Parks, and the Department of Motor Vehicles (DMV) are required to do a study to determine the appropriate level of funds to transfer to the OHV trust fund based upon estimated fuel use by off

highway vehicles and activities. The study was to be completed and a copy submitted to the Legislature no later than January 1, 2016. To date, the study has not been released.

Funding from the OHV trust fund is used for grants to local, state and federal entities, Native American tribes, educational institutions and non-profit organizations. The grants are split into function areas with 50% for operations and maintenance of trails and facilities, 25% for restoration or repair to habitat damaged by OHV use, 20% for law enforcement, and 5% for education and safety programs.

In writing in support of this bill, the California Off-Road Vehicle Association notes that as a result of diversion of funds from the OHV trust fund, the OHV program is now unable to fully fund their program and many rural local government OHV grants are only getting funded at a fraction of the needs to provide law enforcement, safety, trail maintenance, and environmental restoration on lands within their jurisdictions. The American Sand Association adds that the loss of \$10 million each year is creating serious delays in providing badly needed maintenance to OHV trails and areas throughout California and will increase the costs of finally dealing with these maintenance issues.

To help solve the budget crisis of the Great Recession, numerous loans and diversions have been made from the OHV trust fund to help support the state parks budget and the state General Fund. Many of these loans are in the process on being repaid, including those identified in the Governor's 2017-18 budget proposal. This bill is consistent with these actions. Additionally, this year the Legislature will debate the future of the OHV program as it will sunset on January 1, 2018, without being reauthorized. Understanding the complete picture of funding available for the program will help to define future needs and how they will be met.

Related legislation: AB 496 (Fong) would, among other things, eliminate the transfer of \$10 million per year from the OHV Trust Fund to the General Fund.

AB 1077 (O'Donnell) would extend the current Off-Highway Motor Vehicle Recreation program and fee authority permanently. AB 1077 is scheduled to be heard by the Assembly Water, Parks and Wildlife Committee on April 4, 2017.

SB 249 (Allen) would extend and expand the current Off-Highway Motor Vehicle Recreation programs and fee authority through January 1, 2023. SB 249 passed out of the Senate Natural Resources and Water Committee on March 14, 2017, with a vote of 7-2 and is awaiting a hearing by the Senate Transportation and Housing Committee.

Previous legislation: SB 853 (Committee on Budget and Fiscal Review), Chapter 27, Statutes of 2014), requires the Caltrans, in consultation with Parks and DMV, to do a study to determine the appropriate level of funds transferred to the OHV trust fund based on estimated taxes attributable to OHV use and activities. The study is due to the Legislature no later than January 1, 2016, but has not been released.

SB 742 (Steinberg), Chapter 541, Statutes of 2007, reauthorized the OHV program, created the OHV Recreation Commission and changed the baseline for future funding for OHVs.

REGISTERED SUPPORT / OPPOSITION:

Support

American Sand Association, Inc.
California Off-Road Vehicle Association
San Diego Off-Road Coalition

Opposition

None on file

Analysis Prepared by: Melissa White / TRANS. /