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Assembly California Legislature



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INFORMATIONAL HEARING SB 1 (Beall) Road Repair and Accountability Act of 2017

Monday, April 3, 2017
State Capitol, Room 4202

Purpose of the hearing:

On Wednesday, March 29, 2017, Governor Brown, Senate President pro Tempore Kevin de León and Assembly Speaker Anthony Rendon announced a landmark agreement on a transportation investment plan to fix California's roads, freeways, and bridges in communities across the state and put more dollars toward transit, safety, and active transportation for bicyclists and pedestrians. The plan is encompassed in SB 1 (Beall), currently pending in the Senate.

The purpose of today's hearing is to review the plan.

Background:

California has not increased the gas tax in 23 years. Since then, California's population has grown by eight million, with millions more cars and trucks on our roads. Californians also drive more than 350 billion miles a year – more than any other state – yet road and transit investments have not kept pace with this growth.

Each California driver spends approximately \$700 per year in extra vehicle repairs caused by rough roads. With the winter storms this year already costing nearly \$800 million in emergency work on state highways alone, this number is sure to grow.

Last session, the Governor proclaimed the need for an extraordinary session of the Legislature to address the maintenance and repair of its core transportation infrastructure. Specifically, the Governor called upon the Legislature to enact legislation necessary to:

- 1) Establish permanent, pay-as-you-go funding to adequately and responsibly maintain and repair the state's transportation and other critical infrastructure, to improve the state's key trade corridors, and to complement local efforts to repair and improve local transportation infrastructure;



- 2) Establish clear performance objectives measured by the percentage of pavement, bridges, and culverts in good condition; and,
- 3) Incorporate project development efficiencies to expedite project delivery or reduce project costs.

The 2015-16 First Extraordinary Session on Transportation gaveled down without resolution but the Governor and legislative leaders committed to tackling the issue in the new session. The product of that resolve is SB 1, as amended March 30, 2017.

The Plan:

SB 1, the Road Repair and Accountability Act of 2017, invests \$52.4 billion over the next decade – split equally between state and local investments. The bill sets forth the following investments in local transportation infrastructure over the next ten years:

- \$15 billion in “Fix-It-First” local road repairs, including fixing potholes.
- \$7.5 billion to improve local public transportation.
- \$2 billion to support local “self-help” communities that are making their own investments in transportation improvements.
- \$1 billion to improve infrastructure that promotes walking and bicycling.
- \$825 million for the State Transportation Improvement Program local contribution.
- \$250 million in local transportation planning grants.

Similarly, SB 1 includes these investments in the state transportation system:

- \$15 billion in “Fix-it-First” highway repairs, including smoother pavement.
- \$4 billion in bridge and culvert repairs.
- \$3 billion to improve trade corridors.
- \$2.5 billion to reduce congestion on major commute corridors.
- \$1.4 billion in other transportation investments, including \$275 million for highway and intercity-transit improvements.

SB 1 raises revenue for the investments from the following sources.

- \$7.3 billion by increasing diesel excise tax 20 cents.
- \$3.5 billion by increasing diesel sales tax to 5.75 percent.

- \$24.4 billion by increasing gasoline excise tax 12 cents.
- \$16.3 billion from an annual transportation improvement fee, based on a vehicle's value.
- \$200 million from an annual \$100 Zero Emission Vehicle Fee commencing in 2020.
- \$706 million in General Fund loan repayments.

SB 1 is accompanied by ACA 12 (Frazier) that will prohibit this revenue from being spent on anything but transportation. SB 1 also includes reform measures intended to ensure that the increased investments actually deliver the promised outcome and that the investments are made in a transparent and accountable process. Specifically, SB 1:

- Creates an Office of Inspector General within the California Department of Transportation (Caltrans) to ensure Caltrans and any entities receiving state transportation funds spend taxpayer dollars efficiently, effectively and in compliance with state and federal requirements.
- Tasks the California Transportation Commission (CTC) with the responsibility to oversee, within a public forum, state and local government spending on transportation improvements.
- Authorizes CTC to review and allocate Caltrans funding and staffing for highway maintenance to ensure those levels are reasonable and responsible.
- Authorizes Caltrans to complete earlier mitigation of environmental impacts from construction, a policy that will reduce costs and delays while protecting natural resources.

SB 1 has been heard and approved by the Senate Transportation and Housing Committee, the Senate Environmental Quality Committee, and the Senate Governance and Finance Committee and is expected to be heard today in the Senate Appropriations Committee. Leadership in both the Senate and the Assembly expect the measure to be voted on by Thursday, April 6, 2017.

Attached is a section-by-section description of SB 1, as amended March 30, 2017.