

Date of Hearing: January 13, 2020

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 1350 (Gonzalez) – As Amended January 6, 2020

**SUBJECT:** Free youth transit passes: eligibility for state funding

**SUMMARY:** Requires transit agencies to offer free transit passes to individuals under 18 years of age in order to be eligible for funding from specific state transit programs. Specifically, **this bill:**

- 1) Requires transit agencies to offer free transit passes to individuals under 18 years of age in order to be eligible for funding from the following state transit programs:
  - a) Local Transportation Funds (LTF) provided through the Transportation Development Act (TDA);
  - b) State Transit Assistance (STA) provided through the TDA;
  - c) Low Carbon Transit Operations Program (LCTOP) provided from the Greenhouse Gas Reduction Fund (GGRF).
- 2) Provides that a free youth transit pass is to be counted as a full adult fare for purposes of calculating any required ratios of fare revenues to operating costs.
- 3) Makes finding and declarations that increasing the use of public transportation is a vital component to reducing greenhouse gas emissions in California, and student transit pass programs have been shown to increase transit ridership.

**EXISTING LAW:**

- 1) Provides funding for public transportation through the TDA, including the LTF, which is derived from a .25% statewide sales tax, and the STA, which is derived from the sales tax on diesel fuel.
- 2) Establishes the GGRF in the State Treasury and requires all monies collected pursuant to the state's cap and trade program, with limited exceptions, to be deposited into the fund and makes the GGRF funds available for appropriation by the Legislature.
- 3) Establishes the LCTOP and continuously appropriates 5% of GGRF fund proceeds, beginning in the 2015-16 fiscal year, for transit operations.
- 4) Requires transit operators to maintain a specified ratio of fare revenues to operating costs in order to be eligible to receive TDA funds.

**FISCAL EFFECT:** Unknown

**COMMENTS:** Currently, many transit agencies in California provide free or reduced fare transit passes to students and other populations for use on their systems. For example, the San Francisco Municipal Transportation Agency (SF Muni) administers the Free Muni for Youth

Program that provides free access to SF Muni for low and moderate income youth between 5-18 years of age. Sacramento Regional Transit also offers free passes to students, and have seen a roughly 40% increase in student ridership in the last year. The Los Angeles County Metropolitan Transportation Authority (LA Metro) has been offering reduced fares for both K-12 and college students since the early 1990s. Most of these programs require proof of age, similar to a senior discount, or proof of a student being registered in school; however, the SF Muni program is based upon family income level and therefore requires more documentation.

Additionally, many transit agencies have developed agreements directly with schools in their jurisdictions to partner and provide free or reduced passes to all students. For example, the University of California Los Angeles (UCLA) and the University of Southern California (USC) provide free passes for their students in partnership with LA Metro. In the Sacramento area, the University of California at Davis offers a variety of travel options at reduced rates for students and faculty through their goClub.

Most transit agencies subsidize the free or reduced fare programs as part of their existing operating budget or utilize funding from other state, local, or private sources. For example, the LCTOP, funded by the state's Cap and Trade program, allows transit agencies to use funds for transit passes. In fact, many rural transit operators have almost exclusively used LCTOP funds for transit passes, such as the Mendocino Transit Authority, which used LCTOP funds to subsidize bus fares for Mendocino college students.

Legislators have introduced a number of bills to create and fund a statewide reduced fare transit pass program. In the past, this committee has expressed concerns that a separate state-level program requiring transit agencies to implement or augment reduced free transit passes may not be necessary. As previously noted, numerous transit agencies, as well as colleges and universities in California are already administering successful transit pass programs. Additionally, transit operators offer discount programs for a variety of eligibilities, not only low income students. At this time there is no statewide data on exactly how many reduced fare transit pass programs exist, what populations they serve, and how they are being funded.

Instead of creating and funding a new program this bill considers a different approach. AB 1350 conditions state transit funding on a transit agency offering free transit passes to anyone under 18 years of age. Further, to ensure these free passes do not impact an operator's ability to otherwise qualify for state assistance, this bill authorizes operators to count these free passes as paid fares in calculating their eligibility to receive these state funds.

According to the author, "California has been a leader on combating global climate change by passing a series of landmark legislation aimed at curbing the state's greenhouse gas emissions. From establishing rigorous private vehicle emissions standards to the cap-and-trade emissions program, California has sought to limit emissions that impact the most vulnerable communities. One effective tool in combating climate change and reducing emissions is increasing the use of public transit. Assembly Bill 1350 will expand access to free transit passes to all Californians aged 18 and under by requiring transit agencies to offer free passes to eligible users. Requiring local transit agencies to offer free transit passes to youth riders, regardless of income or educational status, removes an additional barrier to encourage youth ridership and creating life-long transit users."

*Committee comments:* Despite significantly increased state investments in public transportation over the last several years, transit ridership has declined across the state. It seems reasonable for

the Legislature to create mechanisms for young Californians to experience and grow comfortable with using public transit. Research suggests that individuals who ride transit at a young age are much more likely to use transit as adults. The author will need to balance this aim, however, with the likely drop in revenue transit operators are likely to experience if they are no longer able to charge youth for their fares.

*Technical amendment:*

- On page 5, line 17, strike out “under 18 years of age” and replace with “18 years of age and under”.

*Related legislation:* AB 1543 (Holden) requires a fare paid pursuant to a reduced fare transit program to be counted as a full adult fare for purposes of calculating any required ratios of fare revenues to operating costs. AB 1543 is currently in this committee.

*Previous legislation:* AB 2034 (Holden) of 2018 requested the University of California Institute of Transportation Studies to prepare and submit a report on reduced fare transit pass programs to the Governor and Legislature by January 1, 2020. AB 2034 was held in the Senate Rules Committee.

AB 17 (Holden) of 2017, would have created a reduced fare transit pass pilot program funded at \$20 million to be administered by the Department of Transportation (Caltrans) to provide free or reduced fare transit passes to low income students. AB 17 was vetoed by Governor Brown.

AB 2222 (Holden) of 2016, would have created a reduced fare transit pass program to be administered by Caltrans for low income students. AB 2222 was held on the Senate Appropriations Committee suspense file.

AB 1555 (Gomez) of 2016, would have appropriated \$800 million from the GGRF to fund a variety of programs including \$10 million for active transportation and transit pass investments. AB 1555 was referred to the Assembly Committee on Budget and Fiscal Review and returned to the Chief Clerk without being heard.

SB 951 (McGuire) of 2016, would have created and appropriated \$3 million annually from the GGRF through 2020-21 for the Golden State Patriot Passes pilot program to provide veterans with free access to transit. SB 951 was held on the Senate Appropriations Committee suspense file.

SB 862 (Committee on Budget and Fiscal Review), Chapter 36, Statutes of 2014, created and funded with GGRF, the Affordable Housing and Sustainable Communities, the Low Carbon Transportation, and the LCTOP programs.

AB 1002 (Bloom) of 2013, would have increased the tax on vehicle registrations by \$6. 40% of the revenues would have been appropriated to transportation commissions and transit operators to support transit operations and maintain and expand reduced fare programs, including transit passes for students, low-income youth, seniors, and persons with disabilities. AB 1002 was referred to the Assembly Local Government Committee but was returned to the Chief Clerk without being heard.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None received

**Opposition**

None received

**Analysis Prepared by:** Eric Thronson / TRANS. / (916) 319-2093