

Date of Hearing: June 27, 2022

ASSEMBLY COMMITTEE ON TRANSPORTATION

Laura Friedman, Chair

SB 1169 (Hueso) – As Amended June 20, 2022

SENATE VOTE: 35-0

SUBJECT: Toll road projects: study

SUMMARY: Requires the California Transportation Commission (CTC) to conduct a study on the equity impacts on toll users and nearby communities of State Route 125 and State Route 73, at a minimum, by January 1, 2024. Specifically, **this bill:**

- 1) Requires CTC to conduct the study in consultation with the authorized regional transportation agency and impacted local agencies and evaluate, at a minimum, all of the following:
 - a) The total public cost and timeframe to complete toll roads for public use compared to similar state delivered highways.
 - b) The effect of tolls imposed on cars to non-toll road networks and the impact on diverting traffic to underserved communities while leaving excess trip capacity on the toll roads.
 - c) The potential that tolls impose an undue burden on a particular community to fund regional serving facilities.
 - d) The potential that tolls are a barrier to economic opportunities for businesses and underserved communities.
 - e) The negative effects of toll roads on regional and international transportation of goods and services.
- 2) Requires the CTC, on or before January 1, 2024, to submit a report to the Senate Transportation Committee and the Assembly Transportation Committee that includes the results of the study and that the report is in compliance with Section 9795 of the Government Code.
- 3) Makes the requirement for submitting the report inoperative on January 1, 2028, pursuant to Section 10231.5 of the Government Code.

EXISTING LAW:

- 1) Defines a “toll highway” or “toll road” as a publicly owned way or place open to the use of the public for purposes of vehicular travel whose use requires the payment of a fee.
- 2) Authorizes regional transportation agencies and the California Department of Transportation (Caltrans) to develop high-occupancy toll (HOT) lanes and other toll facilities without limitation.

- 3) Establishes specific eligibility criteria for the CTC to use in evaluating applications for toll facilities.
- 4) Authorizes regional transportation agencies to issue bonds to finance the construction of toll facilities. Such bonds shall be tax-free and not covered by the full faith and credit of the state.

FISCAL EFFECT: Unknown

COMMENTS:

Former version of bill authorized termination of SB 125 toll road. This bill is a gut and amend. The version that passed out of the Senate would have authorized the San Diego Association of Governments (SANDAG) to terminate the agreement and lease for the State Route (SR) 125 toll road on January 1, 2027, or upon the repayment of all of the bond debt incurred for project, whichever is later. Following that action, SR 125 would no longer be subject to tolls and the California Department of Transportation (Caltrans) would be responsible for the maintenance and improvement of the road.

The amended version of this bill requires the CTC to study the equity impacts on toll users and nearby communities of State Route 125 and State Route 73.

Toll roads are a form of road pricing. Road pricing means that motorists pay directly for driving on a particular roadway or in a particular area and is intended to benefit motorists through reduced congestion or increased funding for improved roadways. Pricing can take various forms such as congestion pricing that varies based on time of use, parking fees, fixed-rate toll road, and HOT lanes that allow single-occupant or lower-occupancy vehicles to use a high-occupancy vehicle (HOV) lane for a fee, while maintaining free or reduced travel for qualifying HOVs.

Singapore and London are global leaders in innovative approaches, using pricing to reduce the congestion, emissions and pollution caused by road traffic. Pricing can change traffic patterns, free up public space, incentivize zero emission mobility and support investment in alternatives to driving such as public transport, cycling, scooting and walking. If carefully and thoughtfully redesigned and implemented with community input, revised road pricing that considers direct and indirect costs could lead to a clean, equitable and financially resilient, sustainable future of road mobility.

A white paper published by the Global Future Council on Urban Mobility Transitions in August 2021 found that road pricing should be designed to account for the societal, economic, and environmental impacts of road transport. Pricing should work to ensure that historically underserved communities have access to jobs, healthcare, and education. Appropriate road pricing should allow for the efficient use of scarce infrastructure and should ideally fluctuate dynamically according to space utilization and the levels of usage over time, and induce efficient road infrastructure use. Pricing should also provide incentives to help achieve environmental targets such as net zero carbon emissions, or incentives for transitioning fuel type to electric or hydrogen.

2022 Roadway Pricing Working Group. The Administration’s Climate Action Plan for Transportation Infrastructure (CAPTI) directed the convening of a working group in 2022 to provide recommendations for equitable roadway pricing implementation pathways that aim to reduce or manage vehicle miles traveled (VMT). For example, in order to address equity issues, pricing may need to be combined with other components such as transit expansions and ensuring affordability for low-income users. Equity considerations can include coordinated discounts and incentives.

Toll roads in California. Toll roads in California vary. For example, some roads are toll-only and others include non-tolled lanes. Some roads such as the SR 125 Toll Road-South Bay Expressway, which is the southern portion of SR 125 from SR 11 and SR 905 to SR 54 near Chula Vista, is one of four privately financed toll highway projects. Similarly, the 91 Express Toll Lanes, approved in 1990, were one of two toll roads financed and controlled by both public and private sources, although the 91 Express Lanes soon became entirely publicly owned. Another example is the SR 73 Toll Road—San Joaquin Hills Transportation Corridor. SR 73 is an approximately 18-mile state highway in Orange County that was designed to reduce congestion within Orange County on the Pacific Coast Highway (SR 1) and the San Diego Freeway (I-5 and I-405) by providing a direct route through the San Joaquin Hills. The design and construction of the highway cost \$800 million and was overseen by the San Joaquin Hills Transportation Corridor Agency (SJHTCA) an agency formed in 1988 for the express purpose of designing the tollway.

According to the author’s office, “This bill seeks to study the impacts of redlining that have left South Bay San Diego – home to some of the most disadvantaged zip codes in San Diego County – with the only toll road in the county. The existing tolls place an undue and disproportionate burden on South Bay users, and hinders the region’s economic development activities in areas such as business attraction and retention. In addition, the new U.S./Mexico border crossing in Otay Mesa, opening in 2024, connects to the SR 125 toll road. Each day, approximately 84,000 personal vehicles and 2,700 commercial vehicles cross the California-Baja California border in the northbound direction. Assessing the equity impacts of the SR 125 toll is an important step for the future enhancements in regional mobility, binational trade, and economic growth in the border region.”

This bill highlights equity issues that may be created by toll-only roads, directs CTC to study these issues on two specific toll roads and gives CTC broader authority to study additional toll roads.

Committee concerns. Given that the state is moving in the direction of using pricing more frequently as a tool to address issues such as congestion and the environmental impacts of transportation, it would be helpful to broaden the focus of this bill. Specifically, it would be valuable to assess the *positive* and negative impacts of state toll roads, generally. In addition, the CTC would likely need to contract out for the expertise to conduct this study and, therefore, would be unable to complete it by January 1, 2024.

Therefore the committee suggests the following amendments:

SECTION 1. Section 143.2 is added to the Streets and Highways Code, to read:

143.2. (a) The California Transportation Commission shall conduct a study on the state's toll roads on state toll road projects, including, at a minimum, State Route 125 and State Route 73, regarding their impacts on toll users and nearby communities.

(b) The study shall be conducted in consultation with the authorized regional transportation agency and impacted local agencies and evaluate, at minimum, all of the following:

(1) The total public cost and timeframe to complete toll roads for public use compared to similar state delivered highways.

(2) The effects of tolls imposed on the use of toll roads, the effects of tolls on the use of ~~ears~~ to nontoll road networks and the impact on diverting traffic to underserved communities while leaving excess trip capacity on the toll roads. networks, and any changes in traffic patterns as a result of the toll roads, such as on local streets and roads.

(3) The potential that ~~tolls impose an undue burden on a particular community to fund regional serving facilities.~~ a particular community disproportionately bears the burden of funding regional transportation infrastructure with toll revenues.

(4) The positive and negative impacts of toll roads on ~~potential that tolls are a barrier to~~ economic opportunities for businesses and underserved communities.

(5) The positive and negative effects of toll roads on regional and international transportation of goods and services.

(c) On or before January 1, 2025, the commission shall submit a report to the Senate Transportation Committee and the Assembly Transportation Committee that includes the results of the study.

(d) (1) The requirement for submitting a report imposed under subdivision (c) is inoperative on January 1, 2028, pursuant to Section 10231.5 of the Government Code.

(2) A report to be submitted pursuant to subdivision (c) shall be submitted in compliance with Section 9795 of the Government Code.

(e) As used in this section, "toll road" means a publicly owned road open to public use for purposes of vehicular travel which use requires the payment of a fee. Toll road does not include any road which does not exclusively require payment of a fee. Toll road does include a high-occupancy toll lane.

Outstanding debt from construction of toll-only roads. While this bill could provide helpful information for the state going forward as it makes decisions about pricing the use of roads, for this particular study, even if equity issues are brought to light, there are significant barriers to resolving those issues. The state's toll roads carry outstanding debt from their construction that would need to be paid off in order to convert a toll road into a non-tolled road. In most cases this debt can range from the tens of millions to hundreds of millions. There is also the issue that once

a formerly tolled road is converted to a non-toll road, someone must pay for the ongoing maintenance of the road that formerly would have been paid for by revenue from tolls.

Previous legislation: AB 194, (Frazier), Chapter 687, Statutes of 2015 extends indefinitely the CTC's authority to authorize regional transportation agencies to develop and operate high-occupancy toll (HOT) lanes and expands the authority to include other toll facilities; adds similar authority for the CTC to authorize the California Department of Transportation (Caltrans) to develop toll facilities.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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