

Date of Hearing: July 1, 2019

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

SJR 5 (Beall) – As Amended June 17, 2019

SENATE VOTE: 28-10

SUBJECT: California transportation infrastructure

SUMMARY: Urges the Congress and the President of the United States to take action on legislation to fund the nation's transportation infrastructure. Specifically, **this resolution:**

- 1) Makes findings and declarations regarding California's transportation infrastructure needs and the state's importance to the national economy that WHEREAS:
 - a) California's transportation infrastructure is aging and in serious need of repair, with more than 44 percent of major roads and highways considered in poor condition and another 25 percent rated mediocre; and
 - b) This problem is even more acute in urban areas, where more than 53 percent of major roads and highways are in poor condition and 25 percent are rated mediocre; and
 - c) California motorists spend in excess of \$22 billion annually in additional operating costs, more than \$843 per driver, as a result of driving on poorly maintained roads; and
 - d) Increasing levels of traffic congestion are clogging urban freeways, impacting commutes and commerce, and costing Californians an estimated \$29 billion annually in wasted time and fuel; and
 - e) With California's population expected to grow to 48 million by 2040, substantial new investment in public transportation will be needed to improve mobility, reduce gridlock, and meet critical greenhouse gas reduction targets, yet the state's transit agencies collectively face billions of dollars annually in capital and operating shortfalls; and
 - f) These transit agencies face particularly acute regulatory challenges and funding shortfalls in providing vital paratransit services to the elderly, persons with disabilities, and others with special needs; and
 - g) Freight transportation is critical to the economic vitality of the United States and robust investment in safe and efficient transportation facilities and infrastructure is essential to promoting strong economic growth in California and throughout the nation; and
 - h) California serves as the nation's gateway to international trade as the entry point for nearly one-fifth of the country's imports, by far the largest share of any state, with the state's vast network of land and seaports, truck routes, and rail lines transporting more than \$2.8 trillion in goods annually; and
 - i) California's freight system is responsible for the creation of 800,000 freight jobs, and stimulates creation of millions of other jobs throughout the economy; and

- j) The California Legislature, having risen to meet this crisis by enacting the Road Repair and Accountability Act of 2017 (Chapter 5 of the Statutes of 2017) to add more than \$5 billion annually in new transportation investment, depends on the federal government to provide its share of the resources needed to restore and enhance California's highway, transit, and active transportation infrastructure for the generations to come; and
- k) For the past 25 years, the Congress of the United States has failed to take action to preserve or restore the purchasing power of the federal fuel tax or provide any alternate solution adequate to ensure sustained federal investment in the nation's transportation system.

2) **RESOLVES**, in light of the above:

- a) The Legislature urges Congress and the President to work together to enact the robust bipartisan federal infrastructure legislation necessary to restore California's and other states' crumbling road and freight infrastructure, respond to growing traffic congestion, and increase investment in public transportation, most particularly, by expanding paratransit services for the elderly and those with special needs; and
- b) The Legislature urges Congress and the President to address the shortfall in the federal Highway Trust Fund by restoring the lost purchasing power of the federal fuel tax in order to provide the long-term funding stability necessary for California and other states to rebuild infrastructure, invest in people through good, well-paying jobs, and strengthen the state's and the nation's economy; and
- c) That the Secretary of the Senate shall transmit copies, as specified.

EXISTING LAW:

- 1) Under federal law, the Fixing America's Surface Transportation (FAST) Act (P. L. 114-94) is the current federal transportation authorization act governing the nation's surface transportation infrastructure planning and investment.
- 2) Under federal law, the FAST Act authorizes \$305 billion over federal fiscal years (FFY) 2016-2020, for highway, highway and motor vehicle safety, public transportation, motor carrier safety, hazardous materials safety, rail, and research, technology, and statistics programs.
- 3) Enacts SB 1 (Beall), Chapter 5, Statutes of 2017, which provides roughly \$5.2 billion annually to fund the state's highways, local streets and roads, public transportation, and active transportation programs.

FISCAL EFFECT: This resolution is keyed non-fiscal by the Legislative Counsel.

COMMENTS: The nation's surface transportation program is governed by a multi-year Act authorizing funding for roughly five to six years at a time. Funding for the program has been historically derived from the federal tax on gasoline and diesel fuel, which is currently 18.4 cents per gallon and 24.4 cents per gallon respectively, which is deposited into the Highway Trust Fund (HTF). The federal gas tax has not been raised since 1993. The current authorization Act,

the FAST Act, was signed into law in December of 2015, and provided \$305 billion nationwide from FFY 2016 through FFY 2020 for a variety of highway, intermodal, and mass transit programs. Funding for transportation planning, goods movement, and highway safety improvements are also included. According to the Federal Highway Administration (FHWA), total FAST Act apportionments for California over the authorization period will be approximately \$19.4 billion with California averaging \$3.8 billion annually.

In recent years, federal spending on transportation programs has outpaced the gasoline tax revenue collected. Numerous other methods have been considered and utilized to cover the gap and keep funding at a level rate with slight growth in the program. In fact, as part of the FAST Act, non-transportation related offsets were used to provide around \$70 billion in new money for the HTF over the five-year life of the Act. This means that at the end of the FAST Act the HTF will have received over \$140 billion in general fund transfers since it began experiencing fiscal trouble in 2008. Additionally, by the end of the FAST Act gas taxes and other transportation-related revenues will only be providing half of the dollars necessary to support investment levels.

In recent testimony before the U.S. House of Representatives' Committee on Transportation and Infrastructure Subcommittee on Highways and Transit, the American Association of State Highway and Transportation Officials (AASHTO) noted that in order to simply maintain the HTF spending levels as adjusted for inflation, Congress will need to identify \$114 billion in additional HTF resources to support a six-year reauthorization bill. They also note that the federal gasoline tax has lost over half of its purchasing power since 1993, when it was last increased. In fact, the HTF is on track to experience a significant cash shortfall in 2020 leading to an estimated 51% drop in highway obligations.

There had been some optimism among stakeholders that infrastructure is one area Congress and the Trump Administration could work on together. In fact, in March, the Trump Administration reiterated its desire to work with Congress to develop a \$1 trillion infrastructure initiative with \$200 billion in direct, new spending. According to the overview of the plan, which was released as part of the FY 2020 Federal Budget proposal, reauthorization of the FAST Act would be considered as part of the plan. Additionally, the proposal includes other types of infrastructure including water, communications, and advanced manufacturing. Congress had indicated early on it was interested in trying to come together on a large infrastructure investment package, however, in a White House meeting in May, the idea of a deal came to a screeching halt. Congress is now shifting its focus to the reauthorization of the FAST Act and how to pay for it.

In California, funding for transportation programs mostly comes from state and local sources, with the federal government only contributing roughly 17%. In recent years California has been successful in increasing both state and local funding commitments to the transportation network. In 2017, the Legislature passed and Governor Brown signed into law, SB 1 (Beall), Chapter 5, Statutes of 2017, which provides roughly \$5.2 billion annually for highways, local streets and roads, public transit, and bicycle and pedestrian facilities. SB 1 raised the state tax on gasoline and diesel fuel, and the registration fee on vehicles to provide for the increase in funding. Additionally, SB 1 indexed the gasoline taxes and fees to inflation.

Prior to the passage of SB 1, there was a documented backlog of basic maintenance of the transportation network. Specifically, the state highway system was facing a \$59 billion deferred maintenance backlog for road maintenance and repairs. The total shortfall for local streets and roads maintenance was approximately \$7.3 billion annually. Additionally, the state faces

hundreds of millions of dollars in needed emergency repairs following the natural disasters of recent years. Although SB 1 was a landmark piece of legislation, it did not “solve” the problem. The state continues to need additional support from federal partners.

In addition to SB 1, California continues to lead in local contributions to transportation funding. There are now 25 local transportation agencies, the so-called “Self-Help Counties,” that have passed super majority voter-approved sales tax measures dedicated to transportation. Self-Help counties generate over \$4 billion per year for transportation in their respective areas.

This resolution urges Congress and the President to work together to enact a robust bipartisan infrastructure package to help California and others states repair their crumbling road and freight infrastructure, respond to growing traffic congestion, and increase investment in public transportation, including expanding paratransit services for the elderly and disabled. Additionally, this resolution urges the federal government to address the shortfall in the HTF and provide long-term funding stability.

According to the author, “For some time now, the federal government has failed to serve as sufficient funding partners relative to funding California’s transportation infrastructure needs. While federal authorizations occur every five to ten years, the overall funding levels are insufficient to cover the nation and California’s transportation infrastructure demands. Furthermore, the purchasing power of the federal gas tax has significantly decreased since the last time it’s been augmented over twenty years ago. This Resolution aims to urge the federal government to serve as funding partners and enact a federal transportation infrastructure package sufficient to adequately assist in funding the nation and California’s transportation infrastructure needs.”

Writing in support of the bill, the American Society of Civil Engineers-Region 9, note, “ASCE recommends that adequate funding for planning, designing, operating, maintaining, and improving the nation's transportation system be provided by a comprehensive program with sustainable dedicated revenue sources at the federal, state, regional, and local levels.”

REGISTERED SUPPORT / OPPOSITION:

Support

American Society of Civil Engineers-Region 9

Opposition

None on file

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