

Date of Hearing: April 18, 2016

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 2175 (Jones) – As Amended March 18, 2016

**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.

**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 attractable 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:** Unknown

**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, since that time, 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 user-fee revenues. Further, he states that AB 2175 will stop the inappropriate diversion of transportation-generated revenues to unrelated purposes.

The OHV program was created in 1971 and is managed by Department of Parks and Recreation 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 fuels transferred to the OHV trust fund are 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, 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 is not yet complete.

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 AB 2175, the California Off-Road Vehicle Association (CORVA) 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. The General Fund is no longer in crisis. Many of these loans are in the process of being repaid, including in the Governor's 2016-17 budget proposal. AB 2175 is consistent with these actions.

*Previous legislation:* SB 853 (Committee on Budget and Fiscal Review), Chapter 27, Statutes of 2014), requires the Department of Transportation, 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.

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 (Sponsor)  
California Off Road Vehicle Association (Sponsor)  
San Diego Off-Road Coalition (Sponsor)  
Imperial County Board of Supervisors  
Motorcycle Industry Council  
Specialty Vehicle Institute of America  
Recreational Off-Highway Vehicle Association

### **Opposition**

None on file

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