

Date of Hearing: March 27, 2023

ASSEMBLY COMMITTEE ON TRANSPORTATION  
Laura Friedman, Chair  
AB 7 (Friedman) – As Amended March 16, 2023

**SUBJECT:** Transportation: project selection processes.

**SUMMARY:** Requires starting January 1, 2025 the transportation project selection process for specified funding sources, to incorporate principles from the 2021 federal Infrastructure Investment and Jobs Act (IIJA). Specifically, **this bill:**

- 1) Requires the following transportation funding sources:
  - a) The State Highway Account (SHA),
  - b) The Road Maintenance and Rehabilitation Account (RMRA),
  - c) A local transportation fund established by a county,
  - d) The Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Proposition 1B),
  - e) The Highway Users Tax Account (HUTA); and,
  - f) The Trade Corridor Enhancement Account (TCEA)
  
- 2) Incorporate the following principles in the project selection process:
  - a) Improving the condition, resilience, and safety of road and bridge assets consistent with asset management plans, including investing in preservation of those assets.
  - b) Promoting and improving safety for all road users, particularly vulnerable users, particularly vulnerable users, and supporting major actions and goals consistent with the federal Department of Transportation's 2022 National Roadway Safety Strategy for safer people, safer roads, safer speeds, and enhanced post-crash care.
  - c) Supporting accelerated project delivery and an efficient environmental review process through the One Federal Decision framework and by continuing to coordinate with other federal partners to ensure that the benefits of projects are realized as soon as possible.
  - d) Making streets and other transportation facilities accessible to all users and compliant with the Americans with Disabilities Act.
  - e) Addressing environmental impacts ranging from storm water runoff to the emissions of greenhouse gases.
  - f) Prioritizing infrastructure that is less vulnerable and more resilient to a changing climate.
  - g) Future-proofing transportation infrastructure by accommodating new and emerging technologies such as electric vehicle charging stations, renewable energy generation, and broadband deployment in transportation rights-of-way.

- h) Reconnecting communities and reflecting the inclusion of disadvantaged and underrepresented groups in the planning, project selection, and design.

**EXISTING LAW:**

- 1) Establishes the California State Transportation Agency (CalSTA), including powers and duties to develop, report on, and coordinate planning and policy formulation in transportation policies (Government Code (GOV) Code 13975-13980)
- 2) Establishes the California Department of Transportation (Caltrans) including the powers and duties to develop the full potential of all resources and opportunities that are now, and may become, available to the state and to regional and local agencies for meeting California's transportation needs. (GOV Code 14000-14005, 14030)
- 3) Establishes the California Transportation Commission, including the powers and duties to advise and assist the Secretary of Transportation and the Legislature in formulating and evaluating state policies and plans for transportation programs in the state. (GOV Code 14500-14518)

**FISCAL EFFECT:** Unknown

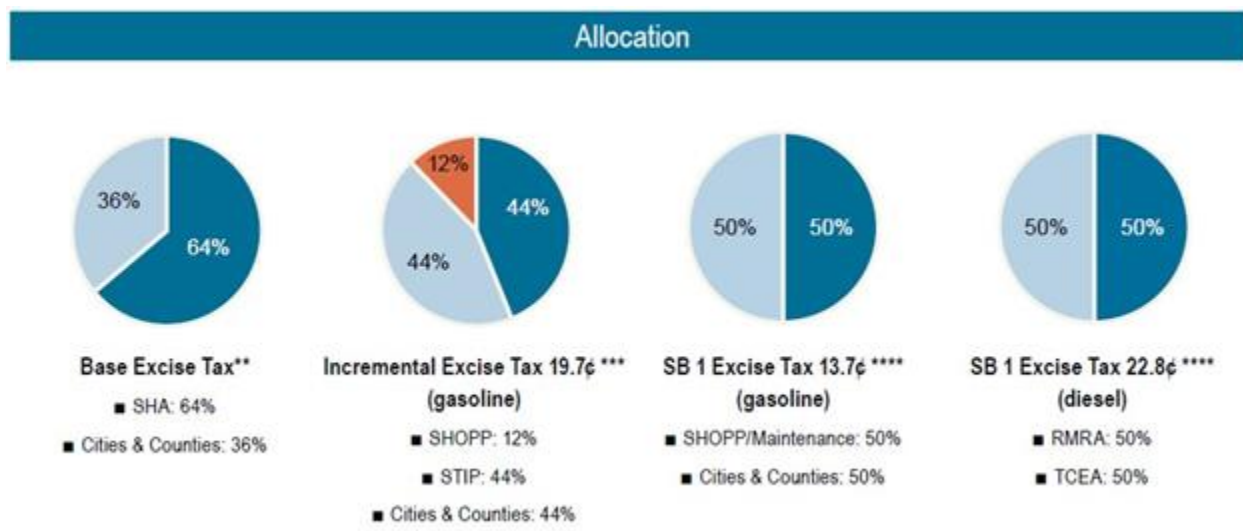
**COMMENTS:** California's has invested in various types of transportation infrastructure including streets, state highways, bridges, railways, bicycle routes, and pedestrian paths. Funding for these projects comes from federal, state, and local taxes, fees and assessments, private investments and tribal investments. Currently, roughly \$35 billion (federal, state, and local funds combined) is spent annually in California on building and maintaining the transportation investments. Additionally, with the passage of the federal Infrastructure Investment and Jobs Act (IIJA) in 2021, California is expected to receive approximately \$40 billion in additional funding over five years.

Nearly 40% of California's greenhouse gas (GHG) emissions are generated by the transportation sector, which includes both the light-duty (passenger) and medium- and heavy-duty fleets. Heavy-duty diesel trucks also contribute to unhealthy levels of ozone, inhalable particulate matter, carbon monoxide, NOx, and sulfur dioxide, affecting local air quality. In the transportation sector, measures to reduce GHG emissions include requiring the use of low carbon fuels, cleaner vehicles, and strategies to promote sustainable communities and improved transportation choices that reduce growth in number of vehicle miles traveled (VMT). How regions in the state plan sustainable communities and promote improved transportation choices can reduce VMT in a region.

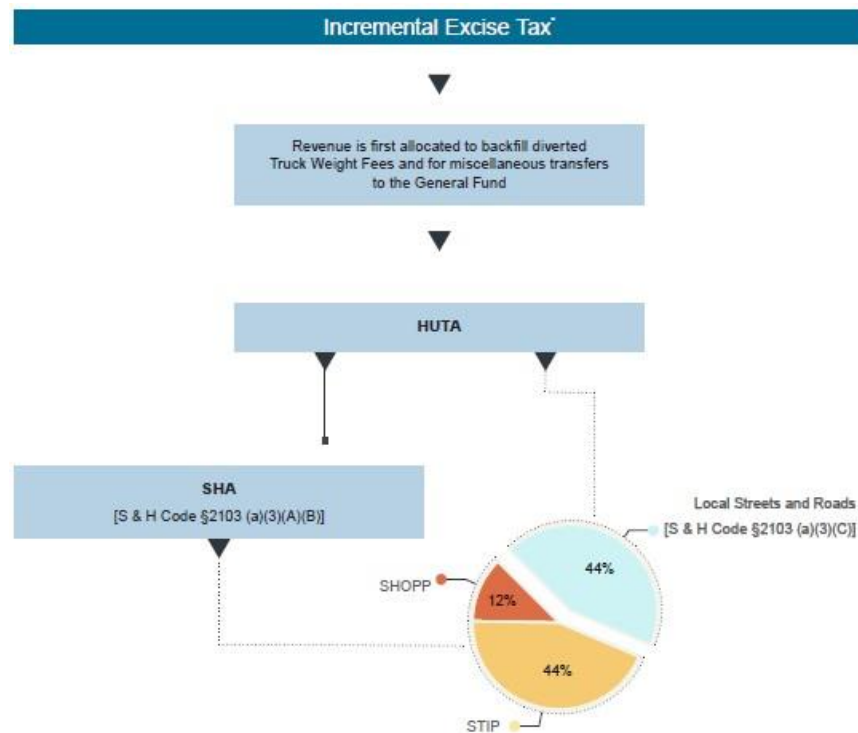
The California Air Resources Board's (CARB) 2022 Scoping Plan scenario for achieving 85% GHG emission reductions by 2045 calls for a 25% reduction in VMT by 2030 and a 30% reduction in VMT by 2045. By contrast, CARB assumes continuing with current policies would lead to only a 4% reduction in VMT by 2045. Well below what is necessary to achieve the state's climate goals.

Consistent with these goals, CalSTA released the Climate Action Plan for Transportation Infrastructure (CAPTI) 2021. The plan describes how the state recommends investing billions of discretionary transportation dollars annually to aggressively combat and adapt to climate change while supporting public health, safety and equity. CAPTI builds on executive orders signed by Governor Gavin Newsom in 2019 and 2020 targeted at GHG emissions in transportation, which account for more than 40 percent of all emissions, to reach the state's ambitious climate goals. The CAPTI supports the California Transportation Plan 2050 which is the state's broad vision for the future of the transportation system in California, with a focus on advancing equity and climate priorities by expanding Californians.

*State transportation funding.* Funding for California's state transportation projects comes from many sources. This bill focuses on six transportation fund sources; SHA, RMRA, local transportation funds established by counties, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006, HUTA, and TCEA. Caltrans, CTC, or CalSTA allocates money from these fund sources to transportation projects. Below is a chart that illustrates the source of funding for four of the fund sources identified in this bill—SHA, RMRA, local transportation fund established by a county, and TCEA.



Below is a chart that illustrates where the funding for the HUTA originates and where it flows.



The majority of funds flowing from the six funds identified in this bill go to the State Highway Operation and Protection Program (SHOPP), the State Transportation Improvement Program (STIP), and local streets and roads. These programs represent predominantly discretionary monies, and local governments and state choose which projects are funded by these programs.

*State commitment to climate in transportation.* Caltrans is in a significant leadership role to ensure the state makes meaningful investments in transportation projects advance the state’s climate goals. Caltrans released its draft interim Caltrans System Investment Strategy (CSIS) in March of 2022. The CSIS implements one of CAPTI’s key actions and is envisioned to be an investment framework through a data- and performance-driven approach that guides transportation investments and decisions. This framework includes methodologies and processes for how Caltrans should invest billions of dollars of highly competitive fund programs that will address transportation deficiencies while also achieving the CAPTI Guiding Principles.

The CSIS presents a transparent decision-making framework that guides statewide transportation investments from planning to programming and project delivery. By linking State policies and goals from various statewide guiding documents (CTP 2050, CAPTI, Caltrans Strategic Plan) with transportation needs from Caltrans six modal plans, Caltrans can leverage federal and state discretionary funding through the project nomination process, using standardized methodologies and protocols to evaluate, prioritize, and nominate projects for competitive fund programs.

Ultimately, the CSIS would guide how Caltrans nominates the best projects that include multimodal transportation options to expand mode choices and reduce transportation-related emissions. Through the prioritization process, Caltrans can make well-informed investment decisions and communicate to stakeholders the value of those investments in the communities served.

*Federal partners.* This bill seeks to codify the eight principles represented in the federal Infrastructure Investment and Jobs Act (IIJA). President Joe Biden signed into law the IIJA on November 15, 2021, allocating \$1.2 trillion (including \$550 billion in new spending) for transportation purposes over a five-year span. The IIJA is the largest long-term investment in the nation's infrastructure and focuses on making the U.S. economy more sustainable, resilient, and equitable. This is a historic investment that will modernize our roads, bridges, transit, rail, ports, airports, broadband, and drinking water and wastewater infrastructure. Under IIJA, California is estimated to receive guaranteed formula transportation funding over five years as follows:

- \$25.3 billion for federal-aid highway apportioned programs;
- \$4.2 billion from a new bridge program;
- \$384 million to support the expansion of electric vehicle charging network;
- \$9.5 billion to improve public transportation

Additionally, the IIJA creates new transportation discretionary grant programs and increases funding for existing discretionary grant programs. The table below illustrates where funding from IIJA is estimated to flow into state and local programs in the 2022 federal fiscal year.

| Formula Funding Programs   | IIJA FFY 2022  | State          | Local          |
|--|----------------|----------------|----------------|
| National Highway Performance Program (NHPP)                      | \$2,460        | \$2,226        | \$231          |
| Surface Transportation Block Grant Program (STBGP)               | \$1,197        | \$360          | \$837          |
| Highway Safety Improvement Program (HSIP)                        | \$262          | \$142          | \$120          |
| Railway-Highway Grade Crossings Program (RHCP)                   | \$17           | \$0            | \$17           |
| Congestion Mitigation and Air Quality Improvement Program (CMAQ) | \$506          | \$0            | \$506          |
| Metropolitan Planning Program (MPP)                              | \$66           | \$0            | \$66           |
| National Highway Freight Program (NHFP)                          | \$127          | \$0            | \$0            |
| Carbon Reduction Program (CRP)                                   | \$107          | \$37           | \$69           |
| PROTECT Formula Program (PROTECT)                                | \$121          | \$73           | \$49           |
| Electric Vehicle Formula Program (NEVI)                          | \$57           | \$57           | \$0            |
| Bridge Replace & Rehab Program (BRIDGE)                          | \$575          | \$322          | \$253          |
| <b>Total</b>   | <b>\$5,495</b> | <b>\$3,217</b> | <b>\$2,147</b> |
|  |                | <b>60%</b>     | <b>40%</b>     |

*Discretionary dollars.* Most federal transportation funding is apportioned annually to states by formula to support highways (including roads, bridges, active transportation, and related investments) and public transportation. IJIA increased formula funding for highways and public transportation by approximately 30% each. The law also increased competitive funding for highways, transit, and passenger rail, both expanding the size and scope of existing programs and adding more than a dozen new ones targeting various priorities. The majority of California's transportation spending is used at the discretion of state and local governments, and mostly for roads.

*System change.* AB 285 (Friedman), Chapter 605, Statutes of 2019 required the Strategic Growth Council to examine and report on various aspects of state and regional transportation planning and funding. The California Transportation Assessment Report was developed through work of the University of California Institute for Transportation Studies (UCITS). The report includes findings and recommendations to help the state align transportation funding with state climate goals. Specifically, the report suggest this could be done through, "the reviewing and prioritizing various state goals within transportation funding program guidelines or statute. For example, the statute that governs SHOPP and State Transportation Improvement Program (STIP) funding has its goals based on rehabilitation and maintenance, safety, operations, and expansion, but no reference to climate or equity. This revisiting of goals could also involve ensuring that additional funds or future funds (including federal infrastructure funds) are spent in ways that align with priority goals."

According to CARB's SB 150 Report, Californians are driving more leading to more pollution, higher costs, and worse day-to-day experiences despite State planning statutes that encourage better transportation and planning decisions. The core problem is that even well-made plans too often remain as plans, rather than becoming realities. The gap between intention and action impairs our daily quality of life, and harms are worst in communities that have already borne the brunt of car-dependent planning in the past. Changing this status quo demands sustained investments in housing, transit, and walking and biking, as well as durable changes in how State, regional, and local governments fund and implement transportation and land use policies and projects. Many efforts are already identifying solutions, and putting hundreds of millions of dollars in funding behind them, but the worsening and immediate climate and air quality challenges ahead warrant faster action.

The author's office is undergoing a robust stakeholder process to develop this bill and has informed the committee the current language of the bill may change significantly as a result of these discussions. The author seeks to balance climate, safety, mobility options, and community needs in the state's transportation system. The author is committed to working in partnership across geographies and trust-building across sectors to tackle major structural challenges such as auto-dependent land use patterns, fragmented funding streams, and decentralized and outdated governance systems and decision-making. While the State has been moving in a direction to tackle many of these, there is a need for state leadership in transportation policy, solutions that are co-designed, and viable alternatives to driving.

*According to the author*, “AB 7 seeks to balance the state’s climate, maintenance, and safety goals in order to build a transportation system that improves every Californians way of life. The priorities we choose in transportation will determine how effectively we tackle our state’s largest challenges, including climate, equity, and affordability. To achieve our climate and equity vision, there must be action and change from all levels of government and across all institutions that shape the transportation system. AB 7 begins that process by requiring IJJA principles be incorporated into the project selection process.”

*In support*, California Environmental Voters writes, “California will receive an average increase of \$2.2 billion annually in federal road and transit formula funding through 2025-26 from the Federal Infrastructure Investment and Jobs Act (IIJA). We must focus our transportation investments on projects and programs that increase affordable, clean mobility choices for all while supporting well-paying transportation jobs.”

*Previous legislation*. AB 2438 (Friedman of 2022) would have required various state transportation programs to incorporate strategies from the Climate Action Plan for Transportation Infrastructure (CAPTI) into program guidelines, and for various state agencies to establish new transparency and accountability guidelines for certain transportation funding programs, as specified.

SB 198 (Senate Committee on Budget and Fiscal Review), Chapter 71, Statutes of 2022, among other policies, establishes three programs that are intended to fund activities necessary to help the state and local governments identify and fund projects to adapt transportation infrastructure to climate change.

AB 285 (Friedman), Chapter 605, Statutes of 2019 updates requirements of the California Transportation Plan (CTP) to reflect the state's recent environmental legislation and requires a review of the implementation of the CTP.

SB 1 (Beall), Chapter 5, Statutes of 2017 increases several taxes and fees to raise the equivalent of roughly \$52.4 billion over ten years in new transportation revenues and makes adjustments for inflation every year; directs the funding to be used towards deferred maintenance on the state highways and local streets and roads, and to improve the state's trade corridors, transit, and active transportation facilities.

SB 150 (Allen), Chapter 646, Statutes of 2017 establishes new requirements for setting regional greenhouse gas (GHG) emission reduction targets and requires the state Air Resources Board (ARB) to monitor regions’ progress in attaining these targets

SB 375 (Steinberg), Chapter 728, Statutes of 2008 requires metropolitan planning organizations to include sustainable communities strategies, as defined, in their regional transportation plans for the purpose of reducing greenhouse gas emissions, aligns planning for transportation and housing, and creates specified incentives for the implementation of the strategies.

AB 32 (Nunez), Chapter 488, Statutes of 2006 creates a statewide greenhouse gas (GHG) emission limit that would reduce emissions by 25% by 2020.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

California Environmental Voters  
City of Gilroy Council Member Zach Hilton  
Civicwell  
Coalition for Clean Air  
Streets for All

**Opposition**

None on file

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