



## Government Relations & Public Affairs Committee

**Item #15-4-13**  
**Receive & File**

March 27, 2015

### State Advocacy Update

**Issue:** Update on state advocacy issues.

**Recommendation:** None; there will be no staff presentation; this item is for receive and file only.

**Discussion:** The first year of the 2015-16 legislative session is underway, with informational hearings held in March, and the first hearings on legislation just beginning. Of the over 2,400 bills introduced, there are only a handful of direct importance to SACOG. Three bills are on the committee agenda this month that are recommended for action. Staff anticipates that the most significant legislation, to increase revenues for transportation, will be amended into spot bills in early April, and staff will bring those forward with recommendations for action once they are in print. Attached is a list of all legislation that staff is tracking. Below is further discussion on funding and cap and trade.

#### *Funding*

##### Need

In his State of the State address, Governor Brown cited the \$59 billion maintenance need over the next decade for the state highway system that was identified by the California Transportation Commission, and he called on the Legislature to come up with a bipartisan funding solution. The funding need for transportation system maintenance is far greater. The League of California Cities, California State Association of Counties, along with SACOG and other regional agencies, have identified \$79 billion in maintenance needs for local streets and roads over the next decade. The California Transit Association has identified approximately \$70 billion in transit maintenance needs over the next decade.

##### Proposals

In contrast to the situation at the federal level, there is hope that the state may raise transportation revenues this year. In addition to the Governor, Assembly Speaker Toni Atkins and the leaders of the transportation committees in both houses, Assemblyman Jim Frazier and Senator Jim Beall, have all stated that this is the year to do something.

In January, Speaker Atkins previewed three transportation funding proposals: repayment of outstanding transportation loans, recapturing truck weight-fees, and a new fee on vehicle registrations. These funds would primarily be used to fund state highway repair and local streets and roads. Assemblyman Frazier is expected to release a detailed proposal in April.

The Senate Transportation and Housing Committee is also looking at a combination of funding proposals to help meet the gap.

Two major sticking points: 1) lack of funding for transit; 2) allocation of funds. Staff's understanding

is that neither the Assembly nor the Senate is contemplating new funding for transit. Currently, state funding gets split three ways: 44% State Transportation Improvement Program (flexible; mostly decided by regions like SACOG), 44% Local Streets and Roads (very flexible; decided directly by cities and counties, used mostly for maintenance), and 12% State Highway Operations and Preservation Program (decided by Caltrans, only for highway maintenance, safety and operations).

The Administration has not identified a comparable funding proposal, but the Governor's Budget did reference two longer-term funding options: a mileage-based user fee (a study commission is already meeting and will report its recommendations in 2017) and expanding the number of toll facilities on state highways.

*Cap and trade*

The Governor has proposed to appropriate \$1 billion overall for fiscal year 2015-16, an approximately \$130m increase from FY 14-15, but transportation stakeholders have three primary concerns with the cap and trade program. First, the Affordable Housing and Sustainable Communities fund has been highly prescriptive and focused on affordable housing more than other infrastructure investments that were presumed to be funded based on the legislation adopted last year, as staff has reported to the Board in previous months. Second, the proposed 2015-16 appropriation is a conservative estimate of what revenues are estimated from cap and trade auctions. Third, there is not a significant amount of funding available for the many needs identified by cities, counties, and regions that would have a demonstrable greenhouse gas reducing benefit.

The current cap and trade programs, because they were authorized under AB 32, will sunset when AB 32 sunsets in 2020. Senator Fran Pavley, a primary author of AB 32, has introduced SB 32, which would extend AB 32 past 2020. As the legislature discusses how to extend the various mechanisms to reach even more stringent greenhouse gas reduction goals, changes to the design of the cap and trade program are essential to cities, counties and regions helping to achieve those goals, including regional targets under SB 375.

Approved by:

Mike McKeever  
Chief Executive Officer

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Attachment

Key Staff: Erik Johnson, Manager of Policy and Administration, (916) 340-6247