

STAFF REPORT

SUBJECT: State Legislative Update

FROM: Executive Director

DATE: September 14, 2015

Action Requested

Staff recommends that the LAVTA Board ratifies the direction provided to staff from LAVTA Chairman Don Biddle to submit a letter of support for the following legislation:

- ABX1 7, SBX1 8 (Cap and Trade)
- ABX 1 8, SBX 1 7 (Sales and Use Tax)

Background

The Governor has called an extraordinary session on transportation. Below are four bills that have been introduced in the extraordinary session that address transportation funding.

ABX1 7, SBX1 8 (Cap and Trade) – Nazarian, Hill

The ultimate goal of the Cap and Trade Program is to reduce greenhouse gas emissions through mechanisms that allow for clean technology investments. Within its allocation plan, the program currently appropriates 10% of funding proceeds to the transit and Intercity Rail Capital Program and 5% to the Low Carbon Transit Operations Program. Instead, this bill would increase funding allocations from 10% to 20% in the Transit and Intercity Rail Capital Program. Similarly, it would increase funding allocations from 5% to 10% in the Low Carbon Transit Operation Program.

An identical bill, SBX1 8, has been introduced and provides for the same increases in annual proceeds through the Cap and Trade Program. Both bills would benefit LAVTA by doubling the level of operating assistance received through the Cal and Trade Program. Additionally, it would provide an increase in the opportunities available which LAVTA can compete for through capital programs.

ABX1 8, SBX1 7 (Sales and Use Tax) – Chiu & Bloom, Allen

Current law, which has established general sales and use tax, also enforces an additional tax on diesel fuel. The existing rate of additional diesel sales and use tax is 1.75%, which becomes available through formula allocation for public transportation use. ABX1 8

proposes to increase the diesel sales and use tax from 1.75% to 5.25%, effective July 1, 2016. An identical bill, SBX1 7, was introduced by Senator Allen in support of the increase. Staff is in the process of determining the positive fiscal impact of this bill to LAVTA.

Discussion

The Finance & Administrative Committee have reviewed the above mentioned legislation and finds that the four bills are in harmony with LAVTA's 2015 Legislative Program, which supports the principle of enhancing stable and predictable public transit funding through the legislature. The Finance & Administrative Committee recommended on August 25, 2015, that the LAVTA Board supports ABX1 7, SBX1 8, ABX1 8 and SBX1 7.

Subsequent to the recommendation by the Finance & Administrative Committee, staff received confirmation that the legislature would be debating the four aforementioned bills before the LAVTA Board would meet on September 14, 2015. Due to the importance of these bills to public transit, and the strong likelihood that the LAVTA Board would be in support of the bills, Chairman Don Biddle directed staff to submit letters of support to the legislature prior to the LAVTA Board meeting. The letters (attached) have been sent and staff seeks ratification of support for the legislation by the LAVTA Board.

Submitted by: _____



Livermore Amador Valley Transit Authority

September 9, 2015

The Honorable Edmund G. Brown Jr.
Governor, State of California
State Capitol, Suite 1173
Sacramento, CA 95814

The Honorable Toni Atkins
Speaker, California State Assembly
State Capitol, Room 219
Sacramento, CA 95814

The Honorable Kevin de León
President pro Tempore, California State Senate
State Capitol, Room 205
Sacramento, CA 95814

The Honorable Bob Huff
Minority Leader, California State Senate
State Capitol, Room 305
Sacramento, CA 95814

The Honorable Kristin Olsen
Minority Leader California State Assembly
State Capitol, Room 3104
Sacramento, CA 95814

URGENT: SUPPORT TRANSIT FUNDING

Dear Governor Brown and Legislative Leaders:

On behalf of the Livermore Amador Valley Transit Authority (LAVTA) I write to thank you for acknowledging the important role that transportation infrastructure plays in facilitating the health, safety and economic vitality of our state, and to respectfully request that you expand the work of the special session to include investment in California's public transit networks.

As you look to shore up these funding shortfalls during the special session, we wish to remind you that California's infrastructure funding crisis is not limited to state highways and local streets & roads. Public transit which serves as an affordable and efficient alternative to automobile travel for millions of Californians, similarly faces a \$39 billion in deferred maintenance costs. These deferred maintenance needs, like those of our state highways and local streets & roads, unnecessarily put the health and safety of Californians at risk, threaten our state's economic competitiveness, and undermine the ambitious environmental and air quality objectives the state is striving to achieve.

Failing to include transit in this year's transportation funding conversation would be a shortsighted decision with disastrous long-term implications. As is the case with state highways and local streets & roads, the cost of inaction is the further, *and accelerated*, deterioration of existing capital assets, leading inevitably to replacement over rehabilitation. Additionally – and unique to transit – the costs of deferred maintenance are compounded by the foregone environmental and air quality benefits that would otherwise result from well-maintained infrastructure. For LAVTA, better known as the Wheels transit system serving the communities of Livermore, Dublin and Pleasanton providing over 1.8 million rides in 2014, annualized capital investment needs are \$4.2 million and annual operations support requires \$10 million to maintain service levels. Wheels is the vital link for our rail lines, BART and the Altamont Corridor Express (ACE) train and East Bay commuters. We are a small but vital piece of the transit fabric that requires investment.

For these reasons, we believe the work of the special session must be expanded to include a significant and sustained investment in public transit that helps ensure our public transit systems, as component of the larger transportation network, are maintained in a state of good repair and are capable of achieving the various policy objectives in California's landmark environmental legislation. To that end, we **SUPPORT** the following:

- **SBX1 7 (Allen) and ABX1 8 (Chiu and Bloom) Diesel Sales Tax:** These identical bills which would, beginning July 1, 2016, increase the sales and use tax on diesel fuel from 1.75 percent to 5.25 percent. The revenue generated by this tax increase would be deposited into the Public Transportation Account and made available to transit operators across the state through the existing State Transit Assistance program formula. This tax increase is expected to generate approximately \$300 million, which would be directed to support public transit's capital maintenance and expansion needs as well as operational needs.
- **SBX1 8 (Hill) and ABX1 7 (Nazarian) Cap and Trade:** These identical measures would increase the percentage of Cap and Trade revenues continuously appropriated to support public transit from 15 percent to 30 percent, resulting in an additional \$300 million a year for the expansion needs of transit systems statewide

We look forward to working with you to ensure the passage of a comprehensive transportation funding package that acknowledges the current and growing needs of our public transit network. We hope that, with your support, the transportation funding package that is ultimately sent to the Governor will provide significant funding to address public transit's deferred maintenance as well as the need to expand our public transit systems.

Sincerely,



Michael Tree
Executive Director

CC: The Honorable Jim Beall, Chair, Senate Transportation & Infrastructure Development Committee
The Honorable Anthony Canella, Vice-Chair, Senate Transportation & Infrastructure Development Committee
The Honorable Jim Frazier, Chair, Assembly Transportation & Infrastructure Development Committee
The Honorable Katcho Achadjian, Vice-Chair, Assembly Transportation & Infrastructure Development Committee
The Honorable Steve Glazer, California State Senate
The Honorable Catharine Baker, California State Assembly
Brian Kelly, Secretary, California State Transportation Agency
Joshua W. Shaw, Executive Director, California Transit Association