

STAFF REPORT

SUBJECT: Legislative Update

FROM: Jennifer Yeamans, Senior Grants, Project Management & Contract Specialist

DATE: March 27, 2017

Action Requested

Receive an informational update on recent legislative activities in Sacramento and Washington, D.C., and recommend four legislative positions to the Board for support.

Background

On February 6, 2017, the Board of Directors approved LAVTA’s 2017 Legislative Program, establishing the Authority’s legislative priorities for the coming calendar year. Staff has been tracking bills introduced in the new state legislature and in the new Congress to identify those the Authority may wish to support, oppose, or monitor, based on these priorities. Staff has also reviewed legislative summaries and positions provided by its agency and advocacy partners, including the Metropolitan Transportation Commission (MTC), the Alameda County Transportation Commission (ACTC), the American Public Transit Association (APTA), the California Transit Association (CTA), and CalACT.

Discussion

A Legislative History of state and federal bills of potential interest to LAVTA is included in Attachment 1. This section provides additional context to the current legislative environment in both Washington, D.C., and Sacramento.

Federal Legislative Update

With Congress focused on health care legislation, there has yet to be much activity related to FY18 appropriations compared with this time last year. Currently, FY17 funding is provided at FY16 levels under a Continuing Resolution enacted in December, which expires April 28, 2017. Congressional action will be required on or before that date to enact either new FY17 appropriations or another continuing resolution at FY16 levels to avoid a government shutdown.

Meanwhile, the Administration released its first “blueprint” budget on March 16, which is a high-level statement of the Administration’s policy priorities for Congress’s consideration in the FY18 budget process. Of note in that proposal is redistribution of federal spending priorities toward defense and homeland security at the expense of virtually all other domestic discretionary programs, including those that fund public transit. The Administration’s proposal cuts Department of Transportation (DOT) funding 13% overall, including the elimination of several key discretionary programs that are important to funding several of the region’s large transit and multimodal projects. A more detailed budget proposal is expected from the Administration in

May. Staff will continue to monitor any legislation related to FY17 or FY18 appropriations or the FY18 budget and will work with LAVTA's advocacy partners to defend against any attempts to cut funding to federal transit formula and discretionary programs, while advocating for current and future appropriations at full funding as authorized under the FAST Act, in accordance with LAVTA's adopted legislative program.

State Legislative Update

February 17 was the deadline for introducing bills into the state legislative process. As staff reported at your February Board meeting, the Governor and Legislature continue to work to develop a longer-term transportation funding solution for the state. After Assembly and Senate leaders released a joint letter in November 2016 with Governor Brown announcing a commitment to address the subject in the upcoming legislative session, Assembly Member Jim Frazier and Senator Jim Beall each introduced the first bill of their respective houses in the new session — Assembly Bill 1 and Senate Bill 1. Attachment 2 provides an overview comparison of these two bills alongside the Governor's proposal. The Governor has given the Legislature an April 6 deadline to submit a bill, which has already been amended in the Senate, so these bills are currently front-and-center in the Legislature's agenda, with other state budget and transportation-related matters taking a backseat until these measures are fully debated in their respective chambers.

Recommended Legislative Positions

At this time staff recommends the following positions on proposed state legislation:

AB 1 (Frazier) / SB 1 (Beall) – Support

These bills would raise new funds for transportation through a combination of a gas tax restoration, a new gas tax increase, increases in sales and excise taxes on diesel, an increase in the vehicle registration fee, and an annual zero-emission vehicle fee. Funds would be distributed to local street and road repairs, state highway maintenance, goods movement, the State Transportation Improvement Program (STIP), public transit, and active transportation. MTC estimates the Bay Area would receive an increase in the range of \$95 to \$130 million annually for formula-based public transit funds, depending on auction revenue levels for cap-and-trade-funded programs. These bills support LAVTA's legislative priority to enhance future transportation funding investments, and numerous agency and advocacy partners are on record in support, including MTC, ACTC, CTA, and CalACT. For these reasons, staff recommends a **Support** position on these bills.

AB 1113 (Bloom) – Support

This bill reasserts the definition of an STA-eligible transit operator for the purposes of receiving funding from the State Transit Assistance program. CTA sponsored this bill in response to new calculation and allocation methodologies for the program implemented by the State Controller's Office in FY 2015-2016. This administrative revision suddenly changed the way these vital funds were distributed, which had up until then occurred based on long-understood formula that matches program dollars with half in proportion to each area's population and half in proportion to a calculation of each transit operator's revenue compared to the statewide total. This bill support's LAVTA's legislative priority to protect existing transportation funding sources, and is notably relevant to the funding proposals being advanced in AB 1 and SB 1 discussed above.

CTA and CalACT are on record supporting the proposal. For these reasons, staff recommends a **Support** position on this bill.

AB 1444 (Baker) – Support

Assembly Member Catharine Baker introduced this bill February 17 with language sponsored by LAVTA as discussed at your January 23 Committee meeting, to authorize LAVTA to conduct a shared autonomous vehicle (SAV) demonstration project in its service area. Support for this bill was specifically included in LAVTA’s 2017 Legislative Program, and ACTC’s Planning, Policy and Legislation Committee is also recommending a support position at ACTC’s March 23 meeting. For these reasons, staff recommends a **Support** position on this bill.

ACA 4 (Aguilar-Curry) / SCA 6 (Wiener) – Support

ACA 4 seeks a ballot proposition to amend the State constitution to authorize a local government to impose, extend, or increase a special tax for the purposes of funding the construction, rehabilitation or replacement of public infrastructure (which includes improvements to public transit) or affordable housing, if the proposition proposing that tax is approved by 55% of its voters. Similarly, SCA 6 seeks a ballot proposition to allow a local government to impose any special tax with a 55% approval of the voters if the special tax dedicates 100% of the revenues, not including collection and administrative expenses, to transportation programs and projects. These proposed amendments support LAVTA’s adopted priority to enhance future transportation funding investments. CTA is on record supporting both resolutions; ACTC and CalACT are also currently on record supporting SCA 6, which is slated for a hearing on April 5. For these reasons, staff recommends a **Support** position on these resolutions.

Next Steps

Staff will continue to monitor state and federal legislative issues as they develop and bring periodic updates to this Committee and/or the Board of Directors as appropriate.

Recommendation

Staff recommends the Committee advance four legislative support positions to the Board for approval.

Attachments:

1. Legislative History
2. ACTC Summary Comparison of AB1 / SB1 / Governor’s proposal

**Legislative History
2017–18 Session
March 22, 2017**

STATE					
Bill	Current Text	Status	Description	Related LAVTA Legislative Agenda Goal or Principle	LAVTA Position
AB 1 (Frazier)	Introduced 12/5/2016	Assembly Transportation	Transportation funding. Would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system. The bill would require the California Transportation Commission to adopt performance criteria, consistent with a specified asset management plan, to ensure efficient use of certain funds available for the program. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund.	Enhance Future Transportation Funding Investments	
AB 17 (Holden)	Introduced 12/5/2016	Assembly Transportation	Transit Pass Program: free or reduced-fare transit passes. Would create the Transit Pass Program to be administered by the Department of Transportation. The bill would require the Controller of the State of California to allocate moneys made available for the program, upon appropriation by the Legislature, to support transit pass programs that provide free or reduced-fare transit passes to specified pupils and students.	Enhance Future Transportation Funding Investments	
AB 151 (Burke)	Introduced 1/11/2017	Assembly Natural Resources	California Global Warming Solutions Act of 2006: market-based compliance mechanisms. Would state the intent of the Legislature to enact legislation that authorizes the State Air Resources Board to utilize a market-based compliance mechanism after December 31, 2020, in furtherance of the statewide greenhouse gas emissions limit of at least 40% below the 1990 level by 2030. This bill contains other existing laws.	Protect Existing Transportation Funding Sources	

AB 623 (Rodriguez)	Introduced 2/14/2017	Assembly Transportation and Communications & Conveyance	Autonomous vehicle testing: accident reporting. Would require an accident involving operation of an autonomous vehicle that results in catastrophic bodily injury or the death of a person to be reported to the Department of Motor Vehicles within 24 hours of occurrence. The bill would require the department to suspend the approval granted to the manufacturer of the autonomous vehicle for 5 business days following the reporting of the accident, during which time the department and other appropriate agencies would be required to review the accident to determine if it was caused by a failure of the autonomous vehicle technology.	Leverage Support from and with Partners to Promote Mobility, Improve Service Productivity, and Enhance Regional Leadership	
AB 673 (Chu)	Introduced 2/15/2017	Assembly Transportation	Public transit operators: vehicle safety requirements. Would require a public transit operator, before placing a new bus into revenue operations, to take into consideration recommendations of, and best practices standards developed by, the exclusive representative of the recognized organization representing bus operators of the transit operator for the purpose of protecting bus operators from the risk of assault from persons and by removing blind spots. By creating new duties for public transit operators, this bill would impose a state-mandated local program.	Enhance Operating Conditions to Support Safety and Performance Goals	
AB 758 (Eggman)	Amended 3/21/2017	Amend and re-refer to Assembly Transportation	Transportation: Tri-Valley San Joaquin Valley Regional Rail Authority. Would establish the Tri-Valley-San Joaquin Valley Regional Rail Authority for purposes of planning and delivering a cost effective and responsive interregional rail connection between the San Joaquin Valley and the Bay Area Rapid Transit District's rapid transit system and the Altamont Corridor Express in the Tri-Valley, that meets the goals and objectives of the community. The bill would require the authority's governing board to be composed of 14 representatives and would authorize the authority to appoint an executive who may appoint staff or retain consultants.	Leverage Support from and with Partners to Promote Mobility, Improve Service Productivity, and Enhance Regional Leadership	
AB 1113 (Bloom)	Introduced 2/17/2017	Assembly Transportation	State Transit Assistance program. Would revise and recast the provisions governing the State Transit Assistance program. The bill would provide that only STA-eligible operators, as defined, are eligible to receive an allocation from the portion of program funds based on transit operator revenues. The bill would provide for each STA-eligible operator within the jurisdiction of the allocating local transportation agency to receive a proportional share of the revenue-based program funds based on the qualifying revenues of that operator, as defined.	Protect Existing Transportation Funding Sources	

AB 1444 (Baker)	Introduced 2/17/2017	Assembly Transportation and Communications & Conveyance	Livermore Amador Valley Transit Authority: demonstration project. Would authorize the Livermore Amador Valley Transit Authority, in accordance with substantially similar conditions, to conduct a shared autonomous vehicle demonstration project for the testing of autonomous vehicles that do not have a driver seated in the driver's seat and are not equipped with a steering wheel, a brake pedal, or an accelerator, as specified. This bill contains other existing laws.	Leverage Support from and with Partners to Promote Mobility, Improve Service Productivity, and Enhance Regional Leadership	
AB 1640 (Garcia, E.)	Introduced 2/17/2017	Assembly Print	Transportation funding: low-income communities. Would require, beginning January 1, 2020, each regional transportation improvement program to allocate a minimum of 25% of available funds to projects or programs that provide direct, meaningful, and assured benefits to low-income individuals who live in certain identified communities or to riders of transit service that connects low-income residents to critical amenities and services. The bill would require the Department of Transportation, in consultation with residents of low-income communities and specified state agencies, to adopt guidelines for this allocation no later than January 1, 2018.	Protect Existing Transportation Funding Sources	
AB 1652 (Kalra)	Introduced 2/17/2017	Assembly Print	Public transportation. Current law provides various sources of funding for transportation purposes, including public transportation. This bill would state the intent of the Legislature to enact legislation to promote access to public transportation.	Will update when language is updated	
ACA 4 (Aguiar-Curry)	Introduced 2/17/2017	Assembly Print	Local government financing: affordable housing and public infrastructure: voter approval. Would reduce the local vote threshold for approval of bond and special tax measures, including for public transit, from two-thirds to 55%.	Enhance Future Transportation Funding Investments	
SB 1 (Beall)	Amended 1/26/2017	Senate Appropriations	Transportation funding. Would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system. The bill would require the California Transportation Commission to adopt performance criteria, consistent with a specified asset management plan, to ensure efficient use of certain funds available for the program. This bill contains other related provisions and other existing laws.	Enhance Future Transportation Funding Investments	

SB 145 (Hill)	Introduced 1/17/2017	Senate Transp & Housing	Autonomous vehicles: testing on public roads. Current law requires the Department of Motor Vehicles to notify the Legislature if it receives an application from a manufacturer seeking approval to operate an autonomous vehicle capable of operating without the presence of a driver inside the vehicle. Current law prohibits such an application from becoming effective any sooner than 180 days after that application is submitted. This bill would repeal the requirement that the department notify the Legislature of receipt of an application seeking approval to operate an autonomous vehicle capable of operating without the presence of a driver inside the vehicle.	Leverage Support from and with Partners to Promote Mobility, Improve Service Productivity, and Enhance Regional Leadership	
SB 369 (Hertzberg)	Introduced 2/14/2017	Senate Transp & Housing	Autonomous vehicles. Current law authorizes the operation of an autonomous vehicle on public roads for testing purposes by a driver who possesses the proper class of license for the type of vehicle being operated if specified requirements are met. Current law defines an “autonomous vehicle: for this purpose as any vehicle equipped with autonomous technology that has been integrated into that vehicle. This bill would specify that a vehicle equipped with a collision avoidance system, as specified, that is not capable of driving the vehicle without a human driver remaining fully engaged in the driving task is not an autonomous vehicle.	Leverage Support from and with Partners to Promote Mobility, Improve Service Productivity, and Enhance Regional Leadership	
SB 614 (Hertzberg)	Introduced 2/17/2017	Senate Rules	Public transportation agencies: administrative penalties. Current law authorizes a public transportation agency to adopt and enforce an ordinance to impose and enforce civil administrative penalties for certain passenger misconduct on or in a transit facility or vehicle. Current law requires these penalties to be deposited in the general fund of the county in which the citation is administered. This bill would instead require the penalties to be deposited with the public transportation agency that issued the citation.	Enhance Future Transportation Funding Investments	
SCA 6 (Wiener)	Introduced 2/13/2017	Senate Gov & Finance, Transportation & Housing, and Rules	Local transportation measures: special taxes: voter approval. Would require that the imposition, extension, or increase of a special tax by a local government for the purpose of providing funding for transportation purposes, as specified, be submitted to the electorate and approved by 55% of the voters voting on the proposition. The measure would also make conforming and technical, nonsubstantive changes.	Enhance Future Transportation Funding Investments	

FEDERAL

Bill	Current Text	Status	Description	Related LAVTA Legislative Agenda Goal or Principle	LAVTA Position
HR 100 (Brownley)	Introduced 1/3/2017	House Transp & Infrastructure	Support Local Transportation Act. Increases share of Surface Transportation Block Grant Program that is suballocated on the basis of population from 55% to 65% by fiscal year 2020.	Enhance Future Transportation Funding Investments	
HR 127 (Green)	Introduced 1/3/2017	House Transp & Infrastructure	Transit for Veterans. Amends 5307 to mandate operators discount peak fares for veterans.	Protect Existing Transportation Funding Sources	
HR 891 (Meadows)	Introduced 2/6/17	House Transp & Infrastructure	Federal Transit Modernization Act of 2017. Repeals requirements that condition certain financial assistance for public transportation projects upon employee protective arrangements approved by the Secretary of Labor.		
HR 904 (Lipinski)	Introduced 2/24/17	House Oversight & Gov't Reform and other cmtes	Buy American Improvement Act of 2017. Changes the Buy American Act, standardizes requirements and waiver notices, and expands Buy America provisions for existing grant programs, including transportation grant programs.		
S 181 (Brown)	Introduced 1/20/17	Senate Homeland Security and Gov't Affairs	Expand Buy America provisions to ensure federal public works and infrastructure projects use manufactured products and commodity construction materials produced in the United States.		

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	AB 1 (Frazier)	SB 1 (Beall)	Governor's Proposal Based on Budget Summary. Actual language not available yet.
REVENUES			
Truck Weight Fees	Returns approximately \$500 million in truck weight fees over 5 years.	Returns approximately \$500 million in truck weight fees over 5 years	No Proposal Keep using weight fees for debt service.
Loan Repayment	Repay over two years \$706 million in outstanding loans.	Repay over two years \$706 million in outstanding loans	Repay \$706 million over three fiscal years.
Excise Tax	<p>\$1.8 billion in new gasoline excise tax revenue by raising gasoline excise tax by 12 cents.</p> <p>\$1.1 billion gasoline excise tax revenue is generated by eliminating BOE's "true-up" process. This would reset the price based excise tax back to 17 cents.</p> <p>\$600 million in new diesel excise tax revenue by increasing the excise tax by 20 cents.</p>	<p>\$1.8 billion in new gasoline excise tax revenue by raising gasoline excise tax by 12 cents.</p> <p>\$1.1 billion gasoline excise tax revenue is generated by eliminating BOE's "true-up" process. This would reset the price based excise tax back to 17 cents.</p> <p>\$600 million in new diesel excise tax revenue by increasing the excise tax by 20 cents.</p>	<p>\$1.1 billion by eliminating the BOE's "true-up" process for the price based excise tax, and setting the price based excise tax at 21.5 cents. Adjust the excise tax annually for inflation.</p> <p>\$425 million by increasing the diesel fuel excise tax rate by 11 cents. Adjust the excise tax annually for inflation.</p>
Vehicle Registration Fees	<p>\$1.3 billion by imposing a vehicles registration fee of \$38.</p> <p>\$21 million by imposing a \$165 registration fee on all zero emission vehicles</p>	<p>\$1.3 billion by imposing a vehicles registration fee of \$38.</p> <p>\$13 million by imposing a \$100 registration fee on all zero emission vehicles.</p>	\$2.1 billion by imposing a \$65 Road Improvement Charge on the registration of all vehicles, including zero emission and hybrid vehicles.
Cap & Trade Revenue	\$300 million in additional cap & trade revenue dedicated to transit programs by increasing the formula allocation to these programs.	\$300 million in additional cap & trade revenue dedicated to transit programs by increasing the formula allocation to these programs.	\$400 million cap & trade revenue appropriated annually to the Transit Capital & Intercity Rail Program, and \$100 million to the Active Transportation Program.
Diesel Sales Tax	\$263 million by increasing the sales tax on diesel fuel by 3% for a total rate of 5.25%.	\$300 million by increasing the sales tax on diesel fuel by 3.5% for a total rate of 5.75%.	No change.
Article 19 Revenue	Approximately \$70 million in Non-Article 19 funds is directed to the Road Maintenance and Rehabilitation Account.	Approximately \$70 million in Non-Article 19 funds is directed to the Road Maintenance and Rehabilitation Account	No change.
TOTAL REVENUE	Approximately \$6 billion annually and \$706 million in onetime funds.	Approximately \$6 billion annually and \$706 million in onetime funds.	Approximately \$4.2 billion annually and \$706 million in onetime funds.

California Transportation Funding Proposals

General Break Down of Revenue Allocations	Cities -- \$1.1 Billion annually & \$176 million one time. Counties – \$1.1 Billion annually & \$176 million one time. Transit -- \$563 million annually SHOPP -- \$1.47 billion annually STIP -- \$770 million annually	Cities -- \$1.1 Billion annually & \$176 million one time. Counties – \$1.1 Billion annually & \$176 million one time. Transit -- \$563 million annually SHOPP -- \$1.47 billion annually STIP -- \$770 million annually	Cities -- \$580 million annually Counties – \$580 million annually Transit -- \$400 million annually SHOPP -- \$1.8 billion annually STIP -- \$800 million
FUNDING PROGRAMS			
State and Local Partnership Program	State and Local Partnership Program is created and funded with \$200 million annually.	State and Local Partnership Program is created and funded with \$200 million annually	\$250 million annually allocated to a local partnership grant program.
Active Transportation Program	Active Transportation Program would receive \$80 million annually from the RMRP. In addition, up to \$70 million annually will be transferred to the Active Transportation Program resulting from operational efficiencies identified by Caltrans through the annual budget process.	Active Transportation Program would receive \$80 million annually from the RMRP. In addition, up to \$70 million annually will be transferred to the Active Transportation Program resulting from operational efficiencies identified by Caltrans through the annual budget process.	Active Transportation Program would receive \$100 million in cap & trade revenue. This would be an annual appropriation subject to budget negotiations.
Advanced Mitigation Fund	Advanced Mitigation Fund is allocated \$30 million annually for four years	Advanced Mitigation Fund is allocated \$30 million annually for four years..	The proposal includes an Advanced Mitigation program, but it is unknown how much revenue is dedicated to this program.
University Research Funding	California State University will receive \$2 million annually. \$3 million annually to the Institutes of Transportation Studies at the University of California.	California State University will receive \$2 million annually.	Unknown
State Highway & Local Streets and Roads Funding	\$1.45 billion is continuously appropriated for maintenance of the state highway system as specified in each SHOPP plan. \$1.45 billion is continuously appropriated to cities and counties	\$1.45 billion is continuously appropriated for maintenance of the state highway system as specified in each SHOPP plan. \$1.45 billion is continuously appropriated to cities and counties	\$1.7 billion annually in new tax revenue and \$100 million in Caltrans efficiency savings for making repairs to the state highway system. \$1.1 billion annually to cities and counties for local street and road maintenance projects
Trade Corridors Improvement Fund	\$600 million for the Trade Corridors Improvement Fund program This Fund will also govern the allocation of federal FAST Act funds received by the state.	\$600 million for the Trade Corridors Improvement Fund program This Fund will also govern the allocation of federal FAST Act funds received by the state.	Trade Corridor Improvements are allocated \$250 million annually, along with \$323 million from loan repayment funds, for investment in the state’s major trade corridors.