



April 7, 2017

TO: Alameda County Transportation Commission

FR: Steve Wallauch
Platinum Advisors

RE: Legislative Update

Done Deal: After lengthy floor debates in both houses and around-the-clock negotiations, the Legislature met its April 6th deadline and approved SB 1 and ACA 5. These measures are sitting on the Governor's desk where a signing ceremony is being planned in the next few days. The vote was obviously going to be close. The Senate approved SB 1 on a vote of 27-11, where Republican Senator Anthony Cannella cast the deciding vote, and Senator Steve Glazer was the only Democrat to vote "No." In the Assembly the vote was a party line affair of 54-26, with Assemblyman Rudy Salas being the lone Democrat to vote "No."

Following the announcement of this deal last week, the Governor engaged in a full court press to personally ensure every possible vote. These negotiations lasted throughout the night on the eve of this vote and right up until the roll was opened. To reach the 2/3s needed, deals were cut. In order to secure the votes Senator Cannella (R-12) and Assemblyman Adam Gray (D-21), \$500 million was earmarked for projects in their districts. In addition, another \$427 million was allocated to projects in the district of Senator Richard Roth (D-31) and Assemblywoman Sabrina Cervantes (D-60). These appropriations have been amended into a budget bill, SB 132, which remains pending on the Senate Floor. The 72-hour in print rule prevented any action on this bill until the legislature returns from its spring recess. SB 132 includes the following new appropriations:

- \$400 million to extend ACE rail service to Ceres and Merced. These funds are appropriated from the Transit & Intercity Rail Program, and are available to be drawn down until June 30, 2027.
- \$100 million for the UC Merced Campus Parkway Project is appropriated from the State Highway Account, and are available for encumbrance until June 30, 2023.
- \$427 million for various projects related to the Riverside County Transportation Efficiency Corridor from the State Highway Account. These funds are available until June 30, 2023 for the following projects:
 - \$180 million to the 91 Toll Connector to I-15 North
 - \$6.3 million for the Hammer Bridge Widening
 - \$84.5 million for the McKinley Grade Separation

- \$106 million for the Jurupa Avenue Grade Separation
- \$48 million for the I-15/Limonite Interchange

SB 1 Revenue

Revenue Source	2017-18	2018-19	2019-20	Notes
Gasoline Excise Tax	\$1.23B	\$1.84B	\$2.18B	All of the 12 cent base increase is deposited into the Road Maintenance & Rehabilitation Program (RMRP), except \$557M is deposited into the SHA. Revenue from resetting the price based excise tax to 17.3 cents is deposited into HUTA, and the revenue from inflation of the price based excise tax is deposited into the SHA.
Diesel Excise Tax	\$382M	\$702M	\$656M	These funds are split between the RMRP and Trade Corridor Enhancement Program
Diesel Sales Tax (4%)	\$382M	\$702M	\$656	The 4% rate is split with 3.5% allocated to the STA, and .5% allocated to the intercity & commuter rail program.
Transportation Improvement Fee The fee on ZEVs does not start until 2020 and would generate an additional \$18M in 2020-21 FY.	\$734M	\$1.47B	\$1.48B	\$350M is allocated to the PTA and \$250 M is allocated to the Congested Corridor Program. The balance goes to the RMRP
Loan Repayments: Public Transportation Account (PTA)	\$85M	\$85M	\$86M	The payments to the PTA are allocated to the Transit & Intercity Rail Program
State Highway Account	\$75M	\$75M	\$75M	
Local Streets & Roads	\$75M	\$75M	\$75M	

The numbers in the chart are based on the estimate for each fiscal year. The totals below are based on the 10 year average at full implementation of all fees and taxes and inflation adjustments.

- \$2.44 billion in new gasoline excise tax revenue. The proposal would increase the gasoline excise tax by 12 cents starting November 1, 2017. It would also end the BOE’s “true-up” process of annually adjusting the price based excise tax. The bill would set the price based excise tax at 17.3 cent per gallon starting on July 1, 2019, which equates to 5.5 cent increase over the 11.8 cent rate that was adopted by the BOE last month. Starting July 1, 2020 the total gasoline excise tax would then be adjusted for inflation.
- \$727 million in new diesel excise tax revenue. This includes a new 20 cent excise tax starting on November 1, 2017. The BOE’s annual adjustment would also be ended, and the base excise tax would be set at the current rate of 16 cents per gallon. The excise tax would also be adjusted for inflation starting on July 1, 2020.
- \$706 million in outstanding loans repaid. The proposal would accelerate the repayment of existing loans made from various transportation accounts. The bill would repay the loans as follows:
 - \$256 million to the PTA for local transit operations and capital expenditures (\$85 million in 2017-18 and 2018-19, and \$86 million in 2019-20). Of this amount \$20 million is dedicated to climate adaption planning grants, and \$236 million is allocated to the Transit & Intercity Rail Program.
 - \$225 million to the SHA for state highway maintenance expenditures (\$75 million in 2017-18, 2018-19, and 2019-20).
 - \$225 million to the HUTA for local streets and roads expenditures (\$75 million in 2017-18, 2018-19, and 2019-20).
- \$1.63 billion in new Transportation Improvement Fee revenue, and \$20 million in new zero emission vehicle fee revenue. Vehicle registration fees would be increased from \$25 to \$175 depending on the value of the vehicle. An additional \$100 vehicle registration fee on all zero emission vehicles would be applied starting in 2020. This Transportation Improvement Fee would be adjust for inflation and be applied as follows starting on January 1, 2018:
 - \$25 for vehicles with a value of less than \$5000.
 - \$50 for vehicles with a value of \$5,000-\$24,999
 - \$100 for vehicles with a value of \$25,000-\$34,999
 - \$150 for vehicles with a value of \$35,000-\$59,999
 - \$175 for vehicles with a value over \$60,000

This revenue would be split with \$350 million dedicated to public transit, \$250 million for the Congested Corridor Program, and the balance deposited into the Road Maintenance and Rehabilitation Account. The \$350 million for transit would be divided with 70% allocated to the Transit Capital & Intercity Rail Program, and 30% allocated via the STA formula for state of good repair projects.

- \$350 million in diesel sales tax revenue. Increases the sales tax on diesel fuel by 4% starting on November 1, 2017. The 4% increase is split with 3.5% allocated via the STA formula, and .5% dedicated to intercity and commuter rail. The tax rate will be adjusted for inflation. This equates to approximately \$310 million being allocated by STA, and \$40 million allocated by formula to intercity and commuter rail operators.

Funding Programs

- Creates the Road Maintenance and Rehabilitation Program (RMRP), which is where all gasoline excise tax and a portion of vehicle registration fee revenue and diesel excise tax is deposited. The Program funds can be used for maintenance and rehabilitation projects, safety projects, traffic control devices, complete streets projects and drainage or storm water projects in conjunction with any other allowable project.
- A State and Local Partnership Program is created and funded with \$200 million annually from the Road Maintenance and Rehabilitation Program funds. These funds are set aside to match voter approved taxes or developer fees dedicated to transportation improvements. This program would be implemented pursuant to guidelines developed and adopted by the CTC in consultation with Caltrans, transportation planning agencies, and other local agencies.
- Public Transit operators would receive \$415 million through the State Transit Assistance formula. This includes \$310 million from the diesel sales tax increase and an additional \$105 million that is generated through the increase on vehicle registration fees. These funds would be allocated through the STA program. The \$310 million in diesel sales tax revenue could be used for both operations and capital, but the revenue generated by the registration fee must be used for capital, fix-it-first, projects, and this will include new reporting requirements.
- Intercity and Commuter Rail operators will share approximately \$40 million in diesel sales tax revenue for capital and operations. The allocation formula will be determined by CalSTA, but it will include splitting the funds between intercity and commuter rail operators, and then developing an allocation formula for commuter operators and a separate allocation for intercity operators.
- Transit and Intercity Rail Program would receive \$481 million. This includes \$245 million Transportation Improvement Fee revenue, and \$236 million in loan repayment funds. This would replace the loss of cap & trade funds that both SB 1 and the Governor's proposal would have allocated to this program. In addition, this program will receive a portion of the loan repayment funds.
- The Active Transportation Program would receive \$100 million annually. This revenue would be allocated to the CTC from the RMRP account.

- Cities and counties will receive \$1.5 billion annually for local street and road maintenance projects, and Caltrans will receive \$1.5 billion annually for the state highway maintenance. Half of the city and county share is allocated to cities on a per capita basis. The county share is allocated to each county based on road miles and vehicles registration.
- Trade Corridors Enhancement Account would receive \$300 million annually. SB 1 directs half of the 20 cent diesel excise tax revenue to this program. This is a new account separate from the Trade Corridors Improvement Program. These funds would be appropriated by the Legislature in the budget to projects nominated by local agencies and the state.
- Congested Commute Corridors is a new program that would annually receive \$250 million Transportation Improvement Fee revenue. These funds would be used to fund multi-modal improvements to ease congestion within the most congested corridors. The CTC would award these funds to projects nominated by the state, regional transportation planning agencies and transportation commissions. The CTC may not award more than half of these funds to projects nominated solely by the state.
- State Transportation Improvement Program (STIP) will receive about \$83 million annually for highway improvement projects.
- Caltrans would receive \$400 million annually specifically for bridge and culvert repair work. This revenue would be allocated from the RMRP account.
- Planning grants – The package earmarks \$25 million annually for local and regional planning grants aimed at revising local plans to be consistent with SB 375. An additional \$20 million is set aside to fund regional transportation adaptation plans.

Policy Changes

- Requires Caltrans to update the Highway Design Manual to incorporate complete streets design concepts by January 1, 2018
- Creates the Office Transportation Inspector General. The Inspector General shall be appointed to a 6 year term and be responsible for review policies, practices, and procedures and conduct audits and investigations of activities involving state transportation funds in consultation with all affected state agencies. The Inspector General shall report annually to the Governor and Legislature on all findings.
- Proposes significant changes to the SHOPP process. Specifies that the SHOPP program shall also include operating costs. In addition, it must specify specified milestones for each project and costs for specified phases. Any change to the project or cost increase must be submitted to the CTC for approval.
- Creates the Advanced Mitigation Program. The purpose of Program is to improve the success and effectiveness of actions implemented to mitigate natural resource impacts of future transportation projects by establishing the means to implement mitigation

measures well before the transportation projects are constructed. The advance identification and implementation of mitigation actions are aimed at streamlining the delivery of transportation projects by anticipating mitigation requirements for planned transportation projects and avoiding or reducing delays associated with environmental permitting.

- While not a part of SB 1, the transportation funding package also includes ACA 5 (Frazier), which would exempt appropriations of all new revenues generated by SB 1 from the state appropriations limit, and place constitutional restrictions on the use of revenues derived from diesel fuel sales taxes and SB 1's Transportation Improvement Fee

MTC OVERVIEW OF SB 1 (BEALL AND FRAZIER)

NEW & AUGMENTED FUNDING PROGRAMS

Below is a summary of the funding provided by program and the new revenue sources authorized in Senate Bill 1 (Beall and Frazier).

Road Maintenance and Rehabilitation Program

SB 1 establishes the Road Maintenance and Rehabilitation Program (RMRP) to address deferred maintenance on the state highway and local street and road systems. The California Transportation Commission (CTC) will allocate the funds and is required to develop guidelines by January 1, 2018. The bill provides that funds shall be used for projects that include, but aren't limited to, the following:

- Road maintenance and rehabilitation
- Safety projects
- Railroad grade separations
- Complete street components, including active transportation purposes, pedestrian and bicycle safety projects, transit facilities, and drainage and stormwater capture projects in conjunction with any other allowable project
- Traffic control devices

The RMRP, which would receive approximately \$3.7 billion annually once all new revenue streams take effect, is funded by the newly established Road Maintenance and Rehabilitation Account (RMRA), which receives four sources of new revenue:

- A new 12-cent/gallon gasoline excise tax, effective November 1, 2017.
- Monies remaining from a new vehicle registration surcharge (called a Transportation Improvement Fee) after \$600 million annually is set aside for public transit, intercity/commuter rail and a new Congested Corridors program. These programs are described in more detail on pages 2-5. The vehicle surcharge takes effect on January 1, 2018.
- A new \$100/year zero-emission vehicle registration surcharge, which takes effect on July 1, 2020.
- 50 percent of the 20-cent/gallon diesel excise tax increase, effective November 1, 2017.

RMRP Takedowns

Before program funds are distributed to cities, counties and Caltrans, there are several annual takedowns, which are bulleted below:

- Cost of administration – unspecified
- \$200 million for a self-help counties partnership program limited to counties that have voter-approved dedicated transportation taxes or uniform developer fees dedicated to transportation. Funds would be continuously appropriated to a county and each city within the county for road maintenance and rehabilitation purposes.
- \$100 million for the Active Transportation Program
- \$400 million to Caltrans for bridge and culvert maintenance and rehabilitation
- \$25 million for Freeway Service Patrol
- \$25 million for local planning grants to be administered by Caltrans

- \$5 million for the California Workforce Development Board to assist local agencies to implement policies that promote pre-apprenticeship training programs from FY 2017-18 through FY 2021-22.
- \$7 million for transportation research and workforce training including \$5 million for the University of California and \$2 million for the California State University.

Local Street & Road Funding

SB 1 continuously appropriates 50 percent of the RMRA revenues remaining after the takedowns described above to cities and counties using the same formula that applies to the existing base 18-cent per gallon gasoline excise tax. The bill includes a “maintenance of effort” requirement for local funds contributed to street and road repairs to help ensure that the new funding augments existing budgets for road repairs. Specifically, it requires each city and county to spend no less than the annual average from its general fund during 2009-10 through 2011-12. It also requires that a local jurisdiction submit a detailed list of proposed projects to be funded to the CTC prior to receiving an allocation, but authorizes cities and counties to fund projects outside of that list in accordance with local needs and priorities, so long as they are consistent with the program’s project eligibility provisions. If a city or county can demonstrate that it has attained a pavement condition index of 80 or higher, it may spend the funds on other transportation priorities.

State Highway Maintenance & Rehabilitation

The remaining 50 percent of RMRA revenues are provided to Caltrans for maintenance of the state highway system or for purposes of the State Highway Operations and Protection Program (SHOPP). The bill requires Caltrans to report annually to the CTC on its use of these funds, including detailed project descriptions, and its progress to achieving the performance goals listed in the accompanying memo. In addition, the CTC is required to report annually on the department’s progress and may withhold funds if it determines funding is not being spent appropriately.

Requirements and Policies Applicable to RMRP Funding

SB 1 provides that, to the extent possible and cost effective, Caltrans and local agencies:

- Use materials that reduce the life cycle cost and minimize greenhouse gas (GHG) emissions.
- Accommodate advance automotive technologies, such as charging or fueling for zero-emission vehicles.
- Include features in the project that make it more resilient to climate change risks, such as fire, flood and sea level rise.
- Incorporate complete streets elements that improve the quality of bicycle and pedestrian facilities, where feasible and practicable.

There is also a requirement that by July 1, 2023, Caltrans and local agencies that receive RMRA funds through follow new workforce training guidelines developed by the California Workforce Development Board, pursuant to SB 1.

PUBLIC TRANSIT FUNDING

Public Transit Formula Funding

SB 1 provides a significant infusion of funding for public transit, including formula-based and competitive funding. The State Transit Assistance (STA) program, the state's flexible transit funding program which may be used for capital or operating purposes, would be boosted by approximately \$250 million per year from an increase in the diesel sales tax rate of 3.5 percent. These funds would augment the existing STA program and would not be subject to additional requirements or conditions. MTC estimates the Bay Area would receive approximately \$70 million more per year in revenue-based STA funds and \$24 million more per year in population-based funds.

Another \$105 million per year derived from a new Transportation Improvement Fee (TIF) would also be distributed using the STA formula but would be limited largely to capital improvements focused on modernizing transit vehicles and facilities. The Bay Area would receive approximately \$39 million per year total from this capital-only component, including \$29 million in revenue-based STA funds and \$10 million more per year in population-based funds. Finally, the bill provides a substantial one-time infusion and an annual supplement to the competitive Transit and Intercity Rail Capital Program (TIRCP), as well as new funding for intercity and commuter rail, as described below.

Transit and Intercity Rail Capital

SB 1 provides additional one-time and ongoing funding to the TIRCP, a heavily oversubscribed program that is currently reliant upon somewhat unpredictable Cap-and-Trade funds and administered by the California State Transportation Agency (CalSTA). The TIRCP would receive a one-time infusion of at least \$236 million as a result of a General Fund loan repayment as well as an additional \$245 million annually from the TIF starting in FY 2018-19. This amount is set forth in the statute and will not escalate even though the TIF rate is indexed to inflation. In FY 2017-18, the TIRCP should receive approximately half the annual amount (\$123 million) from the TIF since the new fee is not effective until January 1, 2018.

Intercity and Commuter Rail Funding

The bill boosts funding for intercity rail and commuter rail by dedicating a new 0.5 percent diesel sales tax to this purpose. Similar to the TIRCP, projects would be selected by CalSTA. Of the approximately \$37.5 million available each year, funds would be distributed as follows:

- 50 percent to CalSTA for "state-supported intercity rail services." Of that amount, at least 25 percent shall be allocated to each of the state's three intercity rail corridors that provide regularly scheduled intercity rail service (the Capitol Corridor, San Joaquin, Pacific Surfliner routes).
- 50 percent to CalSTA to be allocated to public agencies responsible for commuter rail service. For FY 2018-19 and FY 2019-20, each of the state's five commuter rail agencies (including ACE, Caltrain and SMART) would receive 20 percent. Subsequent to that, CalSTA would allocate funds pursuant to guidelines to be adopted by July 1, 2019.
- Funds may be spent for operations or capital.
- Similar to the STA program, the actual amount of revenue each year will depend on diesel prices and sales.

OTHER PROGRAMS

State Transportation Improvement Program (STIP) Funding

While the bill doesn't include any specific provisions applicable to the STIP, effective July 1,

2019, it boosts funding for the STIP by virtue of eliminating the annual adjustment pegged to the price of fuel for what is known as the “price-based excise tax.” Instead, SB 1 sets the rate at 17.3 cents/gallon on July 1, 2019, plus an annual adjustment to keep pace with inflation that will be begin in July 1, 2020.¹ This tax is a major source of STIP funding, receiving 44 percent of its revenue after backfilling the SHOPP for the loss of weight fees. Since the existing rate of 9.8 cents/gallon already offsets weight fees, any increase above that is distributed directly according to a 44/44/12 percent formula where the other 44 percent goes to cities and counties for local streets and roads, and the 12 percent goes to Caltrans for highway maintenance and rehabilitation.

While it’s impossible to predict exactly how this will affect STIP funding in the future relative to what would have occurred if the rate were pegged to the price of fuel, the Department of Finance estimates a net benefit to the STIP over 10 years of \$1.1 billion, or \$825 million for the Regional Transportation Improvement Program. For the Bay Area, this amounts to approximately \$140 million over 10 years. This estimate may be on the conservative side. If we assume the price-based excise tax would not go above the 11.7 cents/gallon rate in effect on July 1, 2017 then the 17.3 cents/gallon rate amounts to a 5.6 cents/gallon increase – equating to \$840 million more per year statewide, including approximately \$370 million per year in new STIP funding statewide. Note that this increase will not begin until the FY 2019-20 year.

State-Local Partnership Program for “Self-Help” Counties

As noted above, SB 1 authorizes \$200 million per year to be continuously appropriated for a new program for counties that have dedicated transportation funding from uniform developer fees or voter-approved taxes. The program is similar to the State-Local Partnership Program established by Proposition 1B except it is limited to counties, so unfortunately transit agencies with voter-approved taxes are not eligible. Another important difference is that funds are to be distributed to counties and each city within the county and are limited to local road maintenance purposes as set forth in the RMRP program (which does include complete streets elements). The bill requires the CTC to adopt guidelines for the program on or before January 1, 2018.

Bicycle and Pedestrian Access Improvements

In addition to augmenting the Active Transportation Program by \$100 million per year, SB 1 requires that Caltrans update the Highway Design Manual to incorporate the “complete streets” design concept. No other limitations or conditions on the use of funds are included in the bill.

Local Planning Grants

As noted above, the bill provides \$25 million from the RMRA to be available to Caltrans for local planning grants on an annual basis, subject to appropriation. The bill states that the purpose of the grants is to “encourage local and regional planning that furthers state goals as provided in the regional transportation guidelines” adopted by the CTC. The bill requires Caltrans to develop a grant guide in consultation with the Air Resources Board, the Governor’s Office of Planning and Research and the Department of Housing and Community Development. In addition, up to \$20 million is available on a one-time basis from FY 2018 through FY 2020 for local and

¹ 17.3 cents/gallon is the rate that was set when the price-based excise tax was established as part of the Gas Tax Swap, replacing the state portion of the sales tax on gasoline (see AB x8-6 (2010), SB 70 (2010) and AB 105 (2011). It was set at this rate so as to be revenue neutral to the sales tax on fuel. The legislation required an annual adjustment to maintain this revenue neutrality and it has caused a steep cut in the rate, currently set at 9.8 cents/gallon but scheduled to rise to 11.7 cents/gallon on July 1, 2017.

regional agencies for climate change adaptation planning. This is funded from the Public Transportation Account as a result of a General Fund loan repayment.

Congested Corridors Program

The bill establishes a new “Solutions for Congested Corridors Program” and authorizes \$250 million per year for annual appropriation in the budget act from revenue generated by the TIF. The program, to be administered by the California Transportation Commission (CTC), focuses on multi-modal solutions to the most congested corridors in the state and takes a performance-based approach. To qualify for funding a project must be included in a “comprehensive corridor plan designed to reduce congestion in highly traveled corridors by providing more transportation choices for residents, commuters and visitors to the area of the corridor while preserving the character of the local community and creating opportunities for neighborhood enhancement projects.”

Eligible projects for this new program include improvements to state highways, public transit facilities, local streets and roads, bicycle and pedestrian facilities, and restoration or preservation work that protects critical local habitat or open space. Highway capacity expansion projects are not eligible, with the exception of high-occupancy vehicle lanes (HOV) and high-occupancy toll (HOT) lanes or non-general purpose lane improvements designed primarily to improve safety for all modes of travel, such as auxiliary lanes, truck-climbing lanes or dedicated bicycle lanes.

The bill requires the CTC to score each project on the following criteria:

- Safety
- Congestion
- Accessibility
- Economic development and job creation and retention
- Furtherance of state and federal air quality and GHG reduction
- Efficient land use
- Matching funds
- Project deliverability

Either Caltrans or agencies responsible for developing the Regional Transportation Improvement Program (RTIP) (MTC in the Bay Area) can nominate projects, but a maximum of 50 percent can be awarded to projects nominated *only* by Caltrans. With respect to how projects will be scored, the bill emphasizes that preference will be given to projects that are developed as a result of collaboration between Caltrans and regional or local agencies “that reflect a comprehensive approach to addressing congestion and quality-of-life issues within the affected corridor through investment in transportation and related environmental solutions.”

As for the mechanics of the program, the CTC is required to develop guidelines for the program in consultation with the Air Resources Board and after conducting at least one hearing in northern California and one hearing in southern California. CTC is also required to provide draft guidelines to the Joint Legislative Budget Committee and the transportation policy committees in each house and adopt the guidelines no sooner than 30 days after that submission to the Legislature. The bill requires the CTC to adopt an initial program based on the first appropriation of funds, but such program may cover a multiyear programming period. Subsequently, the program shall be adopted on a biennial basis. Beginning in March 2019, the CTC is required to

provide project updates in its annual report to the Legislature, including an assessment of how each project is performing relative to the quantitative and qualitative measurements outlined in its application.

Trade Corridors

SB 1 creates a new Trade Corridor Enhancement Account, and allocates to this account 50 percent of the diesel excise tax increase, or approximately \$300 million annually. In an unusual move, the bill provides the Legislature with full discretion over project selection for this program specifying only that funds shall be available for “corridor-based freight projects nominated by local agencies and the state.”

Advance Mitigation

SB 1 requires \$30 million to be set aside annually from FY 2017 through FY 2020 from funding appropriated for the STIP and the SHOPP for an Advance Mitigation Program to protect natural resources through project mitigation, accelerate project delivery and to fully mitigate environmental impacts of transportation projects. The bill provides that the annual budget act or subsequent legislation may provide additional provisions for the program.

Job Training/Contracting Provisions

SB 1 requires that Caltrans develop a plan by January 1, 2020 to increase by up to 100 percent the dollar value of contracts and procurements awarded to small business, disadvantaged business enterprises, and disabled veteran business enterprises. In addition, the bill requires the Legislature appropriate \$5 million per year for five years starting in FY 2017-18 to the California Workforce Development Board to assist local agencies with promoting pre-apprenticeship programs. As noted above, SB 1 also requires Caltrans and cities and counties receiving funding from the RMRA follow guidelines to be developed by the California Workforce Development Board regarding pre-apprenticeship training programs no later than January 1, 2023.

EFFICIENCY, ACCOUNTABILITY & OTHER RELATED PROVISIONS

New Caltrans Audit Office Established

The bill requires the creation of an Independent Office of Audits and Investigations within Caltrans. The director of the office, whose title would be inspector general, would be appointed for a six-year term by the Governor and confirmed by the Senate, with significant restrictions and transparency required for his/her removal from office. The office would be responsible for ensuring compliance by Caltrans and all entities receiving state and federal transportation funds with state and federal requirements and ensuring Caltrans follows accounting standards and practices and manages its programs in a financially responsible manner. The inspector general shall be required to report annually on any audit or investigation findings and recommendations.

Capital Outlay Support and SHOPP Oversight Strengthened

The bill adds additional transparency requirements with respect to Caltrans support funding for projects in the State Highway Operation & Protection Program (SHOPP), requiring that such costs be identified up front for every SHOPP project by project phase and a delivery date for each project phase, including “project approval,” be provided. In addition, starting July 1, 2017, the bill requires that the CTC allocate the department’s capital outlay support (COS) resources by project phase to provide greater transparency in the development of the Caltrans budget.

Caltrans is Required to Implement Efficiency Measures

The bill requires Caltrans to implement efficiency measures with goal of saving \$100 million/year in savings to invest in maintenance and rehabilitation of the state highway system. No specific efficiency measures are suggested in the bill.

OVERVIEW OF REVENUE INCREASES

Funding Source	Estimate of 10-Year Revenue (in 1,000s)
12-cent per gallon gas tax	\$24,400,000
Vehicle Registration Surcharge (Transportation Improvement Fee)	\$16,300,000
20-cent/gallon diesel excise tax	\$7,300,000
4% increase in diesel sales tax	\$3,500,000
\$100 zero emission vehicle fee	\$200,000
General Fund loan repayments	\$706,000

Gasoline and Diesel Fuel Tax Increases

SB 1 increases the fuel tax on gasoline by 12-cents per gallon and the diesel excise tax by 20-cents per gallon effective November 1, 2017. In addition, the bill eliminates the variable portion of the gasoline excise tax, which is currently set at 9.8-cents per gallon, but is scheduled to rise to 11.7-cents per gallon on July 1, 2017 due to the statutorily required adjustments that the Board of Equalization makes each year based on the price of fuel. On July 1, 2019, the bill restores the portion of the gas tax to 17.3-cent per gallon rate that was in effect when the gasoline tax swap was enacted in 2010. Given the Board of Equalization forecasts an increase in gasoline prices over the next several years, establishing a rate of 17.3-cent per gallon on July 1, 2019 may in fact not constitute an increase at all. Effective July 1, 2020, all fuel taxes will be indexed annually each July by the Department of Finance based on the California Consumer Price Index.

New Annual Vehicle Registration Surcharge

Section 31 of the bill creates a new annual Transportation Improvement Fee (TIF), based on the value of the vehicle, as shown below, which would go into effect on January 1, 2018.

Commercial vehicles weighing more than 10,000 pounds would be exempt from the tax.

Effective January 1, 2020 and annually thereafter, the fee would be indexed annually by the Department of Finance based on the Consumer Price Index. The new fee is estimated to generate \$16.3 billion over ten years, with \$350 million annually dedicated to public transit and TIRCP, \$250 million set-aside for the new Congested Corridor Program and the remaining revenues allocated to the new RMRA account.

Vehicle's Value	Amount of Fee
\$0-\$4,999	\$25
\$5,000-\$24,999	\$50
\$25,000-\$34,999	\$100
\$35,000-\$59,999	\$150

\$60,000 +	\$175
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Diesel Sales Tax

SB 1 increases the diesel sales tax rate by an additional 4 percent, bringing it to a total of 13 percent. The new funds would be deposited in the Public Transportation Account. Of this 4 percent rate, 3.5 percent is for the State Transit Assistance (STA) program, while 0.5 percent is for the new Intercity and Commuter Rail program.

OTHER PROVISIONS AND RELATED LEGISLATION

Zero-Emission Vehicle Registration Surcharge

SB 1 includes a \$100 vehicle registration surcharge applicable to zero-emission motor vehicles model year 2020 and later vehicle that takes effect on July 1, 2020. The charge is indexed to inflation with the first adjustment scheduled for January 1, 2021 and subsequent adjustments to be made every January 1 thereafter. The charge is estimated to generate about \$20 million per year.

Truck Emissions

SB 1 includes a provision that limits the State Air Resources Board (ARB) from requiring truck owners to retire or retrofit trucks that meet existing ARB emissions standards (by 2023, all trucks must have 2010 model year engines or equivalent) before they are 13 years old or reach 800,000 miles. According to the California Trucking Association, this will ensure truck owners have time to recoup their investment in more efficient technology before being faced with a newer, stricter mandate. Environmental and health advocates raised concerns that the provision was overly broad and would prevent regulators from developing other air quality rules, such as capping emissions at warehouses and ports. In response, SB 1 was amended to clarify that the provision is not intended to undermine regional efforts. Though ARB expressed support for the deal, it was not sufficient to alleviate the aforementioned concerns and a number of groups opposed the bill.

Related Legislation

In parallel to the negotiations on SB 1 to secure two-thirds support, several other bills were amended including, SB 132, a budget trailer bill and SB 496, a companion bill that must pass for the trailer bill to take effect. The April 6th version of SB 132 includes several very large earmarks, notably:

- 427 million for the Riverside County Transportation Efficiency Corridor for five specific projects, including grade separation projects, bridge widening, an interchange and the 91 Toll Connector to Interstate 15 North.
- \$400 million for the extension of the Altamont Commuter Express to Ceres and Merced from the TIRCP
- \$100 million for the University of California, Merced Campus Parkway Project from the State Highway Account

SB 496 (Canella), whose provisions were recently amended into a bill originally authored by Senate President Pro Tempore Kevin DeLéon (who remains as a coauthor) now pertains to indemnity agreements with design professionals. SB 496 provides that with respect to all contracts for design services entered into after January 1, 2018, indemnity agreements are unenforceable, except under certain circumstances. The bill is similar – though not identical – to SB 885 (Wolk, 2016), which MTC opposed last year and which did not ultimately reach the

Governor's desk. MTC staff will review the bill in detail and with confer with our public agency partners and the Self-Help Counties Coalition, which actively opposed SB 885.

Estimate of Bay Area Local Road Funding from SB 1 (Beall/Frazier)

(Dollars in millions)

COUNTY TOTALS (includes city and county portions)	Estimate of Current FY 2017 State Funding from Gas Tax Subventions	Estimated Increase from SB 1 (FY 2018-19)
Alameda	52	\$ 49
Contra Costa	37	\$ 36
Marin	8	\$ 8
Napa	5	\$ 5
San Francisco	25	\$ 18
San Mateo	26	\$ 25
Santa Clara	64	\$ 61
Solano	15	\$ 15
Sonoma	17	\$ 17
Regional Total	\$ 250	\$ 232
STATE TOTAL	1,276	\$ 1,240

Note: Totals do not sum due to rounding

Assumes \$1.2 billion available from SB 1 for local streets and roads in FY 2018-19, actual amount will depend on revenue collected from various sources deposited in the Road Maintenance & Rehabilitation Account and amount deducted for administrative purposes.

Source: Metropolitan Transportation Commissions. Contact: Rebecca Long at rlong@mtc.ca.gov
April 7, 2017

Estimate of Bay Area City and County Funding for Local Roads from SB 1 (Beall/Frazier)

County/City	Estimate of FY 2016-17 Baseline Gas Tax Subvention Funding	Estimated Funding Increase in FY 2018-19*	Combined Total
ALAMEDA			
ALAMEDA	\$ 1,504,098	\$ 1,463,764	\$ 2,967,862.65
ALBANY	\$ 369,740	\$ 354,001	\$ 723,740.58
BERKELEY	\$ 2,325,880	\$ 2,210,754	\$ 4,536,633.49
DUBLIN	\$ 1,098,619	\$ 1,061,881	\$ 2,160,499.94
EMERYVILLE	\$ 213,183	\$ 221,677	\$ 434,859.40
FREMONT	\$ 4,423,329	\$ 4,215,942	\$ 8,639,271.07
HAYWARD	\$ 2,989,712	\$ 2,926,807	\$ 5,916,519.72
LIVERMORE	\$ 1,685,324	\$ 1,626,164	\$ 3,311,487.11
NEWARK	\$ 870,643	\$ 829,342	\$ 1,699,985.30
OAKLAND	\$ 8,005,367	\$ 7,762,889	\$ 15,768,256.05
PIEDMONT	\$ 223,751	\$ 212,477	\$ 436,227.11
PLEASANTON	\$ 1,468,516	\$ 1,385,048	\$ 2,853,564.21
SAN LEANDRO	\$ 1,733,025	\$ 1,618,137	\$ 3,351,162.04
UNION CITY	\$ 1,427,528	\$ 1,347,844	\$ 2,775,371.91
City Total	\$ 28,337,930	\$ 27,236,726	\$ 55,574,656
County Total	\$ 23,655,413	\$ 21,491,532	\$ 45,146,945
Grand Total	\$ 51,993,343	\$ 48,728,258	\$ 100,721,600

CONTRA COSTA			
ANTIOCH	\$ 2,121,877	\$ 2,083,433	\$ 4,205,310.66
BRENTWOOD	\$ 1,111,250	\$ 1,088,180	\$ 2,199,429.96
CLAYTON	\$ 227,156	\$ 212,294	\$ 439,449.97
CONCORD	\$ 2,467,739	\$ 2,390,217	\$ 4,857,955.49
DANVILLE	\$ 860,659	\$ 795,106	\$ 1,655,765.65
EL CERRITO	\$ 482,079	\$ 455,407	\$ 937,486.63
HERCULES	\$ 491,557	\$ 462,976	\$ 954,532.43
LAFAYETTE	\$ 498,933	\$ 465,413	\$ 964,346.51
MARTINEZ	\$ 737,912	\$ 688,660	\$ 1,426,572.08
MORAGA	\$ 328,889	\$ 310,382	\$ 639,270.82
OAKLEY	\$ 765,256	\$ 745,182	\$ 1,510,437.99
ORINDA	\$ 370,655	\$ 351,362	\$ 722,017.01
PINOLE	\$ 377,155	\$ 351,179	\$ 728,334.51
PITTSBURG	\$ 1,327,961	\$ 1,253,732	\$ 2,581,692.85
PLEASANT HILL	\$ 675,205	\$ 634,045	\$ 1,309,249.98
RICHMOND	\$ 2,103,350	\$ 2,035,966	\$ 4,139,315.60
SAN PABLO	\$ 588,950	\$ 574,517	\$ 1,163,466.31
SAN RAMON	\$ 1,540,739	\$ 1,447,013	\$ 2,987,752.35
WALNUT CREEK	\$ 1,313,169	\$ 1,294,071	\$ 2,607,240.17
City Total	\$ 18,390,491	\$ 17,639,136	\$ 36,029,627
County Total	\$ 18,122,496	\$ 18,090,536	\$ 36,213,032
Grand Total	\$ 36,512,987	\$ 35,729,672	\$ 72,242,659

MARIN			
BELVEDERE	\$	46,832	\$ 44,726 \$ 91,557.86
CORTE MADERA	\$	191,226	\$ 177,234 \$ 368,459.76
FAIRFAX	\$	155,084	\$ 142,357 \$ 297,440.90
LARKSPUR	\$	247,767	\$ 234,946 \$ 482,713.75
MILL VALLEY	\$	288,481	\$ 279,573 \$ 568,054.66
NOVATO	\$	1,054,459	\$ 1,014,229 \$ 2,068,687.88
ROSS	\$	54,073	\$ 51,415 \$ 105,488.17
SAN ANSELMO	\$	254,053	\$ 242,680 \$ 496,733.58
SAN RAFAEL	\$	1,164,206	\$ 1,121,133 \$ 2,285,338.81
SAUSALITO	\$	148,584	\$ 138,250 \$ 286,834.25
TIBURON	\$	185,563	\$ 180,147 \$ 365,709.53
City Total	\$	3,790,330	\$ 3,626,689 \$ 7,417,019
County Total	\$	4,689,540	\$ 4,463,079 \$ 9,152,619
Grand Total	\$	8,479,870	\$ 8,089,768 \$ 16,569,638

NAPA			
AMERICAN CANYON	\$	401,526	\$ 382,024 \$ 783,550
CALISTOGA	\$	108,901	\$ 100,917 \$ 209,819
NAPA	\$	1,548,719	\$ 1,487,572 \$ 3,036,291
ST HELENA	\$	124,549	\$ 116,020 \$ 240,569
YOUNTVILLE	\$	64,270	\$ 59,846 \$ 124,116
City Total	\$	2,247,965	\$ 2,146,379 \$ 4,394,344
County Total	\$	3,068,597	\$ 2,972,755 \$ 6,041,352
Grand Total	\$	5,316,562	\$ 5,119,134 \$ 10,435,695

SAN FRANCISCO

City Total	\$	16,480,936	\$ 9,136,753 \$ 25,617,689
County Total	\$	8,989,540	\$ 8,496,895 \$ 17,486,435
Grand Total	\$	25,470,477	\$ 17,633,648 \$ 43,104,125

SAN MATEO			
ATHERTON	\$	141,480	\$ 137,023 \$ 278,503
BELMONT	\$	530,914	\$ 519,626 \$ 1,050,540
BRISBANE	\$	93,931	\$ 91,223 \$ 185,154
BURLINGAME	\$	592,063	\$ 554,265 \$ 1,146,329
COLMA	\$	40,429	\$ 32,758 \$ 73,187
DALY CITY	\$	2,073,456	\$ 2,013,258 \$ 4,086,713
EAST PALO ALTO	\$	577,408	\$ 569,312 \$ 1,146,720
FOSTER CITY	\$	640,719	\$ 617,990 \$ 1,258,708
HALF MOON BAY	\$	241,049	\$ 235,588 \$ 476,636
HILLSBOROUGH	\$	229,725	\$ 221,054 \$ 450,779
MENLO PARK	\$	657,903	\$ 630,123 \$ 1,288,026
MILLBRAE	\$	455,027	\$ 432,644 \$ 887,671
PACIFICA	\$	760,625	\$ 702,387 \$ 1,463,012
PORTOLA VALLEY	\$	93,659	\$ 92,175 \$ 185,834
REDWOOD CITY	\$	1,604,516	\$ 1,586,833 \$ 3,191,349
SAN BRUNO	\$	874,633	\$ 840,833 \$ 1,715,466
SAN CARLOS	\$	583,480	\$ 541,143 \$ 1,124,623
SAN MATEO	\$	1,988,192	\$ 1,894,496 \$ 3,882,688
SOUTH SAN FRANCISCO	\$	1,300,032	\$ 1,194,498 \$ 2,494,530
WOODSIDE	\$	114,311	\$ 109,789 \$ 224,100
City Total	\$	13,593,553	\$ 13,017,016 \$ 26,610,569
County Total	\$	12,852,053	\$ 12,075,580 \$ 24,927,633
Grand Total	\$	26,445,606	\$ 25,092,596 \$ 51,538,202

SANTA CLARA			
CAMPBELL	\$ 824,966	\$ 789,956	\$ 1,614,922
CUPERTINO	\$ 1,174,755	\$ 1,079,346	\$ 2,254,101
GILROY	\$ 1,043,268	\$ 1,021,945	\$ 2,065,213
LOS ALTOS	\$ 594,904	\$ 584,121	\$ 1,179,025
LOS ALTOS HILLS	\$ 168,845	\$ 164,661	\$ 333,505
LOS GATOS	\$ 604,032	\$ 584,542	\$ 1,188,574
MILPITAS	\$ 1,424,842	\$ 1,394,927	\$ 2,819,769
MONTE SERENO	\$ 72,717	\$ 68,790	\$ 141,507
MORGAN HILL	\$ 823,448	\$ 809,401	\$ 1,632,849
MOUNTAIN VIEW	\$ 1,528,147	\$ 1,438,986	\$ 2,967,133
PALO ALTO	\$ 1,314,415	\$ 1,260,879	\$ 2,575,294
SAN JOSE	\$ 19,806,562	\$ 19,120,736	\$ 38,927,298
SANTA CLARA	\$ 2,368,559	\$ 2,281,076	\$ 4,649,635
SARATOGA	\$ 609,754	\$ 563,337	\$ 1,173,091
SUNNYVALE	\$ 2,895,107	\$ 2,732,298	\$ 5,627,405
City Total	\$ 35,254,321	\$ 33,895,002	\$ 69,149,322
County Total	\$ 28,353,947	\$ 26,628,916	\$ 54,982,863
Grand Total	\$ 63,608,268	\$ 60,523,918	\$ 124,132,185

SOLANO			
BENICIA	\$ 549,227	\$ 513,523	\$ 1,062,750
DIXON	\$ 381,281	\$ 356,292	\$ 737,574
FAIRFIELD	\$ 2,191,805	\$ 2,077,367	\$ 4,269,172
RIO VISTA	\$ 165,964	\$ 163,616	\$ 329,580
SUISUN CITY	\$ 572,562	\$ 542,664	\$ 1,115,226
VACAVILLE	\$ 1,854,877	\$ 1,800,807	\$ 3,655,683
VALLEJO	\$ 2,343,453	\$ 2,163,231	\$ 4,506,685
City Total	\$ 8,059,169	\$ 7,617,500	\$ 15,676,669
County Total	\$ 7,226,249	\$ 6,951,859	\$ 14,178,108
Grand Total	\$ 15,285,418	\$ 14,569,359	\$ 29,854,777

SONOMA			
CLOVERDALE	\$ 175,987	\$ 167,721	\$ 343,708
COTATI	\$ 149,479	\$ 139,131	\$ 288,610
HEALDSBURG	\$ 234,922	\$ 221,274	\$ 456,196
PETALUMA	\$ 1,170,550	\$ 1,117,339	\$ 2,287,889
ROHNERT PARK	\$ 809,786	\$ 779,308	\$ 1,589,093
SANTA ROSA	\$ 3,382,496	\$ 3,232,546	\$ 6,615,042
SEBASTOPOL	\$ 152,613	\$ 143,932	\$ 296,545
SONOMA	\$ 220,248	\$ 205,989	\$ 426,237
WINDSOR	\$ 542,338	\$ 504,909	\$ 1,047,247
City Total	\$ 6,838,418	\$ 6,512,149	\$ 13,350,567
County Total	\$ 10,522,307	\$ 10,196,323	\$ 20,718,631
Grand Total	\$ 17,360,725	\$ 16,708,472	\$ 34,069,198

REGION			
City Total	\$ 132,993,112	\$ 120,827,350	\$ 253,820,463
County Total	\$ 117,480,143	\$ 111,367,475	\$ 228,847,618
Grand Total	\$ 250,473,255	\$ 232,194,825	\$ 482,668,080

Note: Cities and counties will see an increase in funding in FY 2017-18, but much larger increases in FY 2018-19 and FY 2019-20 due to phasing in of new taxes, including new vehicle charge which takes effect January 1, 2018 and adjustment to variable rate excise tax, which is adjusted to 17.3 cents/gallon July 1, 2019 and indexed annually thereafter.

Estimate of State Transit Assistance Funding in Senate Bill 1 (Beall/Frazier)

Bay Area Transit Operators Estimates	Baseline Current STA Funding (FY 2016-17 Estimate)	Estimate of Net Increase in FY 2017-18*	Estimate of Net Increase in FY 2018-19 Estimate*
Statewide STA Funding	\$ 266,873,000	\$ 166,666,500	\$ 250,000,000
Alameda CTC - Corresponding to ACE	\$ 186,347	\$ 116,275	\$ 174,413
Caltrain	\$ 3,877,168	\$ 2,419,246	\$ 3,628,873
County Connection	\$ 438,211	\$ 273,431	\$ 410,147
City of Dixon	\$ 3,400	\$ 2,121	\$ 3,182
ECCTA (Tri Delta Transit)	\$ 202,949	\$ 126,635	\$ 189,952
City of Fairfield	\$ 85,636	\$ 53,434	\$ 80,151
Golden Gate Transit	\$ 3,432,072	\$ 2,141,518	\$ 3,212,280
City of Healdsburg	\$ (744)	\$ 224	\$ 336
Livermore Amador Transit Authority	\$ 177,130	\$ 110,524	\$ 165,786
Marin Transit	\$ 639,229	\$ 398,861	\$ 598,293
Napa Valley Transit Authority	\$ 44,265	\$ 27,620	\$ 41,430
City of Petaluma	\$ 9,942	\$ 6,204	\$ 9,306
City of Rio Vista	\$ 530	\$ 488	\$ 732
SamTrans	\$ 2,384,429	\$ 1,487,818	\$ 2,231,729
City of Santa Rosa	\$ 97,323	\$ 60,727	\$ 91,090
Solano County Transit	\$ 199,935	\$ 124,754	\$ 187,131
Sonoma County Transit	\$ 105,377	\$ 65,752	\$ 98,628
City of Union City	\$ 29,967	\$ 18,698	\$ 28,048
Valley Transportation Authority	\$ 9,173,929	\$ 5,724,279	\$ 8,586,427
VTA - Corresponding to ACE	\$ 199,485	\$ 124,473	\$ 186,710
WCCTA (Western Contra Costa Transit Authority)	\$ 229,652	\$ 143,296	\$ 214,945
WETA	\$ 943,358	\$ 588,629	\$ 882,945
SUBTOTAL	\$ 22,459,586	\$ 14,015,008	\$ 21,022,533
AC Transit	\$ 6,938,750	\$ 4,329,588	\$ 6,494,389
BART	\$ 15,941,572	\$ 9,947,101	\$ 14,920,667
SFMTA	\$ 29,034,278	\$ 18,116,589	\$ 27,174,911
SUBTOTAL	\$ 51,914,600	\$ 32,393,279	\$ 48,589,967
Total Revenue Based Funds	\$ 74,374,186	\$ 46,408,287	\$ 69,612,500
Population Based Funds	\$ 26,001,993	\$ 16,249,984	\$ 24,375,000
Bay Area Grand Total	\$ 100,376,179	\$ 62,658,271	\$ 93,987,500

* \$250 million assumed statewide. FY 2017-18 amount is estimated at 66 percent of revenue forecast since diesel sales tax increase takes effect November 1, 2017. Also note transit operator shares are based on FY 2014-15 revenue-based STA factors. Actual funding amounts should be expected to change and will not be known until State Controller issues fund estimate in August 2017.

Source: Metropolitan Transportation Commissions. Contact: Rebecca Long at rlong@mtc.ca.gov

Estimate of Annual Transit Capital Funding Distributed via STA Formula in SB 1 (Beall/Frazier)

Bay Area Transit Operators Estimates	FY 2017-18
Statewide Funding for STA Capital	\$ 105,000,000
Alameda CTC - Corresponding to ACE	\$ 73,254
Caltrain	\$ 1,524,127
County Connection	\$ 172,262
City of Dixon	\$ 1,336
ECCTA (Tri Delta Transit)	\$ 79,780
City of Fairfield	\$ 33,664
Golden Gate Transit	\$ 1,349,158
City of Healdsburg	\$ 141
Livermore Amador Transit Authority	\$ 69,630
Marin Transit	\$ 251,283
Napa Valley Transit Authority	\$ 17,401
City of Petaluma	\$ 3,908
City of Rio Vista	\$ 307
SamTrans	\$ 937,326
City of Santa Rosa	\$ 38,258
Solano County Transit	\$ 78,595
Sonoma County Transit	\$ 41,424
City of Union City	\$ 11,780
Valley Transportation Authority	\$ 3,606,299
VTA - Corresponding to ACE	\$ 78,418
WCCTA (Western Contra Costa Transit Authority)	\$ 90,277
WETA	\$ 370,837
SUBTOTAL	\$ 8,829,464
AC Transit	\$ 2,727,643
BART	\$ 6,266,680
SFMTA	\$ 11,413,463
SUBTOTAL	\$ 20,407,786
Total Revenue Based Funds	\$ 29,237,250
Population Based Funds	\$ 10,237,500
Bay Area Grand Total	\$ 39,474,750

Note: Shares are based on FY 2014-15 operator shares. Actual amount will vary based on each transit operator's share of statewide qualifying revenue.

Estimate of Bay Area STIP Funding Over 10 Years from SB 1 (Beall/Frazier)

(Dollars in millions)

County	
Alameda	\$ 28.56
Contra Costa	\$ 19.54
Marin	\$ 5.34
Napa	\$ 3.51
San Francisco	\$ 14.49
San Mateo	\$ 14.76
Santa Clara	\$ 33.93
Solano	\$ 8.85
Sonoma	\$ 10.88
Region	\$ 139.86
Statewide	\$ 825.00

Note: Amount shown depicts a forecast of *change* from current law with price-based excise tax, not a forecast of STIP funding levels. They can be expected to be substantially higher than today, given gas tax is currently only 9.8 cents/gallon but under SB 1 will be set at 17.3 cents/gallon on July 1, 2019 and indexed for inflation annually thereafter.

Source: Metropolitan Transportation Commissions. Contact: Rebecca Long at rlong@mtc.ca.gov