



COUNTY OF HUMBOLDT

AGENDA ITEM NO.
M-2

For the meeting of: May 12, 2015

Date: May 5, 2015
To: Board of Supervisors
From: Phillip Smith-Hanes, County Administrative Officer *PSH*
Subject: County Administrative Officer Report: Transportation Funding Legislation and Various Other Topics

RECOMMENDATION(S):

That the Board of Supervisors receives an oral report from the County Administrative Officer regarding legislation on funding for transportation, and various other topics, and takes action as may be required.

SOURCE OF FUNDING: N/A

DISCUSSION:

The County Administrative Officer will provide a brief oral report to the Board on various topics. Anticipated topic for May 12 is:

1. Transportation Funding Legislation

Funding for transportation is the subject of much current legislative activity at both the state and federal levels. The California State Association of Counties has recently sent letters supportive of Senate Bill 16 (Beall), which would provide funding for state and local roads. Rural County Representatives of California has similarly supported Senate Bill 747 (McGuire) which would

Prepared by Phillip Smith-Hanes CAO Approval *Amy Nissen*

REVIEW: Auditor _____ County Counsel _____ Human Resources _____ Other _____

TYPE OF ITEM:
 Consent
 Departmental
 Public Hearing
 Other _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT
Upon motion of Supervisor _____ Seconded by Supervisor _____

Ayes
Nays
Abstain
Absent

Per Order of the Chair

PREVIOUS ACTION/REFERRAL:

Board Order No. _____

Meeting of: _____

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: May 12, 2015
By: *Kathy Hayes*
Kathy Hayes, Clerk of the Board

direct tax revenues from sales of jet fuel. At the federal level, the transportation bill is scheduled to expire May 31. The County Administrative Officer will update the Board on these developments and seek direction on county responses.

FINANCIAL IMPACT:

There is no financial impact to hearing the oral report. Some topics discussed may have positive or negative financial impact on the County.

OTHER AGENCY INVOLVEMENT:

California State Association of Counties
Rural County Representatives of California

ALTERNATIVES TO STAFF RECOMMENDATIONS: Board's discretion.

ATTACHMENTS:

1. April 21, 2015, Letter from Kiana Buss to The Honorable Jim Beall
2. May 4, 2015, Letter from Paul Smith to The Honorable Mike McGuire



April 21, 2015

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The Honorable Jim Beall
Chair, Senate Transportation and Housing Committee
State Capitol, Room 5066
Sacramento, CA 95814

**Re: SB 16 (Beall): Transportation Funding
As amended on April 15, 2015 – SUPPORT
Set for hearing on April 28, 2015 – Senate Transportation and Housing Committee**

Dear Senator Beall:

On behalf of the California State Association of Counties (CSAC), I'm pleased to convey our strong support for your Senate Bill 16, which would inject much-needed new revenues into the statewide transportation network to address maintenance backlogs on local streets and roads and state highways. Specifically, we find that the bill's combination of ensuring that existing transportation revenues fund transportation projects and its targeted tax and fee increases strikes the right policy and fiscal balance needed to address this momentous challenge. Considering that there are unmet needs of \$79 billion on the local streets and roads system and a \$59 billion in deferred maintenance on the state highway system, there is no single solution to this problem. It is clear, however, that now is the time to act on these pressing needs. Research by CSAC and the League of California Cities shows that failure to invest additional funds toward local system maintenance now will only increase maintenance needs in the future. Decisive action to address these funding shortfalls now, as proposed by SB 16, will reduce future burdens on taxpayers.

California's 58 counties believe that before the state can increase taxes or fees for transportation, all existing transportation fund loans should be repaid and diversions of transportation funds should be eliminated. SB 16 requires transportation loan repayment within three fiscal years, with the first repayment due on or before June 30, 2016. The measure would also return truck weight fees back to transportation projects and provide a backfill for transportation related bond debt service.

CSAC also recommends that SB 16 be amended to eliminate an ongoing diversion to the state general fund of price-based gas tax revenues related to fuel sales for off-highway vehicles and other vehicles that do not use roadways. Although the annual diversion is relatively small, the state will have diverted approximately \$626 million away from transportation by the end of FY 2014-15. The tax swap is required to be revenue neutral with what the sales tax on gasoline would have otherwise generated. Sales tax revenues never supported these funds for vehicles that do not use highways; as long as the state is diverting these revenues away from cities, counties and state highways, the state is not fully meeting the commitment it made within the 2010 transportation tax swap.

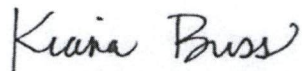
CSAC understands that robust focus group efforts conducted by the California Alliance for Jobs and Transportation California show that taxpayers and users of the transportation system support spreading any potential tax or fee increases across a range of options rather than generating significant revenue from just one source. By levying small increases of the gasoline and diesel excise taxes and vehicle registration and license fees, SB 16 takes a balanced approach that has proven to be palatable in statewide outreach efforts.

We also support the five-year sunset included in SB 16. It is well-known that traditional sources of funding for transportation infrastructure are no longer adequate. The purchasing power of the gas tax has significantly eroded over time due to inflation, increases in real construction and materials costs, and increases in vehicle fuel efficiency. Moreover, the trend towards alternative fuel and electric power vehicles means that there are cars on the road today that pay nothing toward the preservation and maintenance of streets and highway, while still putting the same wear and tear on the system as traditional motor vehicles. A technical advisory committee has been convened by California Transportation Commission (CTC) to develop recommendations to the Secretary of the California Transportation Agency to pilot a potential road charge that could replace the antiquated gas tax system. The CTC expects to finalize their recommendations by the end of 2015 and the start of a pilot program in 2016 is plausible. As such, SB 16's short-term approach allows California to address pressing and well-documented immediate needs while still focusing our long-term efforts on more sustainable funding practices.

Finally, while no one likes to pay taxes and we recognize increasing taxes is a difficult decision, SB 16 will save taxpayers money in the long run. As roads deteriorate, they become increasingly expensive to repair. In fact, rebuilding a road from scratch can cost as much as twenty times more than routine maintenance to extend the service life of our roadway infrastructure. Investing in our roads and highway through targeted and balanced increases in revenue as proposed by SB 16 will improve California's roadways today while saving taxpayers money tomorrow.

For all of these reasons, CSAC supports SB 16 and respectfully requests the committee's positive favor of the measure. For more information on our position, please do not hesitate contact me (916.650.8185 or kbuss@counties.org).

Sincerely,



Kiana Buss
Legislative Representative

cc: Members and Consultants, Senate Transportation and Housing Committee
Ted Morley, Consultant, Senate Republican Caucus
Michael Martinez, Deputy Legislative Secretary, Office of Governor Edmund G. Brown, Jr.



RURAL COUNTY REPRESENTATIVES
OF CALIFORNIA

May 4, 2015

The Honorable Mike McGuire
Member, California State Senate
State Capitol, Room 5064
Sacramento, CA 95814

RE: Senate Bill 747 – SUPPORT

Dear Senator McGuire:

On behalf of the Rural County Representatives of California (RCRC), I write to express our support for your Senate Bill 747, which would ensure that sales and excise tax revenues derived from the purchase of jet fuels are maintained in the Aeronautics Account for use by commercial and general aviation airports. RCRC is an association of thirty-four rural California counties and the RCRC Board of Directors is comprised of elected supervisors from those member counties.

Last November, the Federal Aviation Administration (FAA) passed a declaratory rulemaking that clarifies and enforces current federal statute regarding the use of airport revenues derived from the sale of jet and aviation fuels. If states fail to comply with the new federal rulemaking, they will be ineligible for federal Airport Improvement Program grants, which are the primary source of funding for critical airport infrastructure projects. Additionally, federal regulations provide the FAA with the authority to impose severe civil penalties – up to 3 times of the amount of the funding withheld – on state and local governments for being out-of-compliance. While California has three years to comply with these federal regulations, RCRC believes it is in the best interest of the state and local governments to take immediate action to ensure that these federal funds continue to be made available for critical airport infrastructure projects. SB 747 would accomplish this by bringing California into compliance with federal law by requiring all state and local tax revenues from the sale of jet fuels to be reinvested back into our State's commercial and general aviation airports.

For these reasons, we are in support of your SB 747. If you have any questions, please do not hesitate to reach me at (916) 447-4806 or psmith@rcrcnet.org.

Sincerely,

PAUL A. SMITH
Senior Legislative Advocate

cc: Members, Senate Appropriations Committee
The Honorable Jean Fuller, Member of the State Senate
The Honorable Jim Wood, Member of the State Assembly

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