

Transportation Committee Report to South Bay COG

Submitted by Olivia Valentine

On August 20, 2015, a Special Joint Meeting was held of the Regional Council and Policy Committees of the Southern California Association of Governments. Several presentations were made under the overall theme of putting transportation finance in context, including benefits, costs, revenues, and options. The following are some of the issues that were raised and discussed:

Dr. Brian D. Taylor: Putting Transportation Finance in Context: How We Got Here and Where We are Headed. There are four fundamental questions about transportation finance that underlie nearly all transportation policy debates:

- a. Who should pay for transportation? Should system users pay fees or should everyone pay through taxation?
- b. How should they pay? If users are to pay should we levy bridge tolls, transit fares, fuel taxes, or roadway user charges? Should the fees be static or variable? If everyone is to pay, what types of taxes should be levied?
- c. Where should funds be expended? Should transportation taxes and fees be collected in one jurisdiction and spent in other places? If so, on what basis should the funds be geographically redistributed? If not, what is the rationale for a federal or state finance program?
- d. What systems, modes or projects should receive priority? Should streets and highways receive priority because they are so heavily used? Should public transit and bicycling receive priority to encourage more environmentally friendly travel alternatives? Should we focus on the movement of people and leave goods movement to the private sector? Or should we focus on movement of goods to facilitate commerce?

Within this discussion, three future scenarios can be considered:

1. Allow the gas tax to wither, and accelerate the shift toward general tax revenues for transportation
2. Increase fuel taxes
3. Shift to road user fees as the inevitable successor to the fuels tax sooner than later.

Will Kempton: California Road Charging: Our transportation system is in financial crisis. We are \$57 billion behind in deferred maintenance with a \$296 billion ten year project funding shortfall. But consumption of gasoline is decreasing because of gas efficiency. Because of this decrease the excise taxes to fix the streets and roads have dropped dramatically.

In 2014, SB 1077 was passed, initially charging the California Transportation Commission (CTC) with establishing a Technical Advisory Committee (TAC) to set up a pilot program to test the viability of mileage based user fees. Road charging is a policy whereby motorists pay for use based on the distance they travel on the roadway network. In principle it is like other utilities, the more you drive, the more you pay.

The pilot program is being accelerated and the pilot program will be implemented by mid-2016, and completed by summer, 2017. The CTC will provide commentary and recommendations to the legislature by December 2017. The TAC has already begun to seek public input as it examines all dimensions of a road charge. On November 20th the TAC meeting on road charging will be held in Los Angeles.

Jim Earp: California Transportation Funding Study:

This report was the result of focus group research that had been conducted from January 6-March 21, 2015. The report examined whether voters placed a high priority on addressing transportation deficiencies, which transportation programs were of the highest priority, their receptivity to several potential statewide funding sources for transportation, and their preference for a single source or combination of sources. All focus groups identified deteriorating streets and roads as a major problem.

1. The most important priority was maintaining and repairing existing streets and roads: taking care of what we have.
2. The voters accepted the assertion that existing transportation revenues were insufficient. They accepted the reasons as a backlog of deferred maintenance and a deteriorating system as well as the fact that transportation funding has not grown with the cost of road maintenance.
3. The voters were receptive to increased funding for transportation. They were overwhelmingly (75%) supportive of a modest increase in a variety of sources rather than a single source. There was also a great deal of support for protecting the funding from being used for other than transportation needs.

Matthew Dorfmann, D'Artagnan Consulting: Road Charging; A Path to Sustainable Revenues Worldwide:

There were three geographical entities reviewed that have adopted road charging, the EU, New Zealand, and Australia. In the EU, as in the United States, the transportation system is in crisis because the vehicle fleet is transitioning away from fossil fuels.

In the EU countries, this trend has been observed since 2007. Electronic vignettes have been introduced to charge transit traffic for road use. Italy, France, Spain and Portugal have many toll roads and distance charging. Germany and Austria have road charging for heavy vehicles. Hungary has the most advanced electronic vignette.

New Zealand has had road user charges (RUC) since 1978, applying to all diesel vehicles. They are transitioning from a paper permit to electronic charges. They are discussing extending RUC to gas powered light vehicles.

Australia has unique vehicles, also called road trains. It is discussing applying RUC first to heavy vehicles, and then extending it to light vehicles.

Lessons learned are that RUC are equitable across all income groups. The cost can be allocated based on usage.