

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 24, 2020

From: MITCH WEISS, Executive Director

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Subject: Impacts of COVID-19 on Federal and Local Transportation Revenues

Summary:

The COVID-19 pandemic and related shut down orders have had significant impacts on transportation revenues generated by the federal government and local governments in California. Vincent Mammano, Division Administrator of the Federal Highway Administration's California Division, will discuss impacts to federal transportation revenues. Keith Dunn, Executive Director of the Self-Help Counties Coalition, will discuss the impacts to county sales tax revenues. Rick Tippett, 2020 President of the County Engineers Association of California and Director of Transportation for Trinity County, will discuss impacts to other county revenues sources. Michael Coleman, on behalf of the League of California Cities, will discuss impacts to city revenue sources used for transportation.

Background:

Federal transportation revenues for highways and transit primarily come from an 18.3 cent excise tax on gasoline. This tax has not been adjusted since 1993 and, as a result, has lost significant purchasing power. Additionally, in recent years, the tax has not raised enough revenue to pay for the spending levels authorized by Congress. Consequently, the federal government has had to transfer money from its General Fund to keep the Highway Trust Fund solvent. Currently, Congress is working on a re-authorization of the Fixing America's Surface Transportation Act, which sets highway and transit transportation spending levels and expires on September 30, 2020. Outside of this, the federal government recently provided \$15 billion for transit agencies (including \$3.7 billion for agencies in California) to address COVID-19 impacts.

California local governments also raise significant revenues for transportation. These revenues come from various sources. Most notably, California has 25 "self-help" counties that have enacted voter-approved sales taxes measures for transportation. This is a critical local funding

source, raising billions of dollars annually. Other local revenue sources include tolling revenue, city and county general funds, and developer impact fees.