

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: May 18-19, 2022

From: MITCH WEISS, Executive Director

Reference Number: 4.1, Action

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Subject: State and Federal Legislative Matters

Recommendation:

Staff recommend the California Transportation Commission (Commission) accept this report on State and Federal Legislative Matters.

Issue:

The following updates have occurred regarding State and Federal Legislative Matters since the March 16-17 Commission meeting:

- **State Budget:** On March 23, 2022, the Governor issued a press release announcing an additional \$500 million for the Active Transportation Program, which, in addition to the \$500 million proposed in January, brings the total proposed funding level in the 2022-23 budget to \$1 billion. The March press release also identified new proposals for direct payments to California vehicle owners and subsidies for free transit for a limited duration. The Governor must release his proposed May Revision budget, which is expected to include more details on these new proposals, by May 14, 2022.
- **State Legislation:** Pursuant to the Commission's bill monitoring policy, staff currently are monitoring the 42 bills listed in Attachment A. To date this year, the Commission has adopted a support position on one of these bills: Senate Bill 873 (Newman): California Transportation Commission: state transportation improvement program: capital outlay support. This bill, however, is no longer active this session. Staff is not recommending the Commission adopt a position on any other bills at this time.
- **Federal Matters:** Staff continue to attend the Infrastructure Investment and Jobs Act Transportation Implementation Working Group convened by the California State Transportation Agency. Staff will provide an update as part of Reference Number 4.3.

Background:**State Budget**

The Governor's January budget proposed one-time General Fund augmentations totaling about \$6 billion for transportation infrastructure, as well as proposals to suspend portions of the state's fuel excise tax. It also included funds for the Commission to implement recently enacted legislation. Subsequently, on March 23, the Governor issued a press release announcing several additional transportation infrastructure and fuel tax holiday-related proposals.

Budget subcommittees in both houses have met to hear the Governor's January proposals but neither house has taken an action on any proposals to date. The next milestone in the budget process is May 14, the deadline by which the Governor must submit his proposed May Revision budget to the Legislature. The Legislature then has until June 15 to pass a budget, which must be signed into law by the Governor by July 1.

To date, the Governor's proposals include the following:

- **Active Transportation Program (\$1 billion).** This includes \$500 million proposed in January and an additional \$500 million announced on March 23. This funding would allow the Commission to award additional critical bicycle and pedestrian projects in this severely oversubscribed program, for which the Commission had requested a \$2 billion augmentation.
- **Transit and Intercity Rail Capital Program (\$3.75 billion).** This includes \$2 billion for transit and rail projects; \$1.25 billion for transit projects specifically in Southern California; and \$500 million specifically for grade separations. The Commission requested a \$2.5 billion augmentation to meet transit and rail needs in the State Transportation Improvement Program, but the budget does not propose a funding increase for that program.
- **Supply Chain/Ports/Freight Improvements (\$1.2 billion).** This would fund a new program for port, freight, and goods movement infrastructure. An additional \$1.1 billion is proposed for other related areas such as workforce training and zero-emission vehicle equipment related to the supply chain.
- **Climate Adaptation Projects (\$400 million).** This funding would be for state and local climate adaptation projects that support climate resiliency and reduce risks from climate impacts.
- **Reconnecting Communities: Highways to Boulevards Pilot Program (\$150 million).** This funding would be used to improve equity and remove transportation barriers by investing in the conversion of key underutilized highways into multi-modal corridors that serve existing residents by developing affordable housing and complete streets features in disadvantaged communities.

- **Highway Safety Improvement Program (\$100 million).** This funding would be for bicycle and pedestrian safety projects, to reduce severe injuries and fatalities of vulnerable road users.
- **Fuel Tax “Holidays” (-\$523 Million and -\$600 Million).** The Governor’s January budget proposed to forego for one year the annual inflation adjustment to the per gallon fuel excise tax rates scheduled to occur on July 1, 2022 pursuant to Senate Bill 1, in an effort to potentially lower the price of gasoline and diesel fuel and provide some relief to consumers. The pause is expected to decrease fuel tax revenues by \$523 million in 2022-23. The revenue reduction would impact funding for state highway projects only because the proposal would hold harmless local programs that receive a portion of the revenues. As part of the March 23 press release, the Governor announced an additional proposal to suspend a part of the sales tax rate on diesel fuel for one year, which would decrease associated revenues by up to \$600 million.
- **Direct Payments to Vehicle Owners and Transit Subsidies (\$9 Billion and \$750 Million).** As part of the March 23 press release, the Governor called for \$9 billion in tax refunds to Californians in the form of \$400 direct payments per vehicle, capped at two vehicles. Additionally, \$750 million in incentive grants would be provided to transit and rail agencies to provide free transit for Californians for three months.
- **Commission Budget Proposals.** The Governor’s January proposed budget also included a total of \$970,000 for consulting contracts and two limited-term positions for the Commission to implement two bills signed into law in October 2021: Senate Bill 671 (Gonzalez), which requires the Commission to complete a Clean Freight Corridor Efficiency Assessment by December 1, 2023, and Senate Bill 339 (Wiener), which requires the Commission’s Road Charge Technical Advisory Committee to make recommendations by July 1, 2023 to the California State Transportation Agency regarding the design of a new road charge pilot program to test revenue collection.

State Legislation

It is still relatively early in the legislative process, with most bills just finishing up the initial step of going through policy committees in the house of origin. Policy committees had until April 29 to hear fiscal bills and May 6 to hear non-fiscal bills. Fiscal committees now have until May 20 to hear the bills referred to them. Each house then has until May 27 to pass bills out of the house of origin. Bills passing the house of origin by that deadline will then move to the other house to commence policy committee hearings.

Pursuant to the Commission’s bill monitoring policy, staff currently are monitoring the 42 bills listed in Attachment A. To date this year, the Commission has adopted a support position on one of these bills: Senate Bill 873 (Newman): California Transportation Commission: state transportation improvement program: capital outlay support. This bill, however, is no longer active this session.

Staff are not recommending the Commission adopt a position on any bills at this time. However, staff have been engaged in discussions with bill authors and stakeholders regarding bills that would affect the Commission, to provide technical assistance and discuss implementation issues. Staff will continue to monitor these bills and bring forward recommendations for positions as needed at a future Commission meeting.

Attachment:

- Attachment A: Legislation Monitored by Commission Staff

Legislation Monitored by Commission Staff
Active Bills
(As of April 20, 2022)

Bill	Author	Subject	Description	Status
AB 1626	Nguyen	Motor Vehicle Fuel Tax Law: limitation on adjustment.	Limits the annual inflation adjustment of the per-gallon excise tax on motor vehicle fuels to a maximum of 2% for rate adjustments, beginning July 1, 2023.	Assembly-Pending Referral
AB 1638	Kiley	Motor Vehicle Fuel Tax Law: suspension of tax.	Suspends the per-gallon excise tax on motor vehicle fuels for 6 months, and directs the State Controller to transfer, from the General Fund to the Motor Vehicle Fuel Account, an amount equal to one-half of the amount collected by the excise tax in fiscal year 2020-21.	Assembly-In Desk Process
AB 1679	Fong, Vince	Governor's Office of Business and Economic Development: California Business Investment Services Program: Supply Chain Senior Advisor	Requires the Director of the Governor's Office of Business and Economic Development (GO-Biz) to appoint a Supply Chain Senior Advisor to be the principal advocate in the state for the interests of business and industry related to supply chain development and operation, as specified.	Assembly Appropriations Committee
AB 1733	Quirk	State bodies: open meetings.	Makes provisions for meetings held under the Bagley-Keene Open Meeting Act to be held by teleconference, as specified.	Assembly Governmental Organization Committee
AB 1778	Garcia, Cristina	State transportation funding: freeway projects: poverty and pollution: Department of Transportation.	Requires Caltrans to consult the California Healthy Places Index as a condition of using state funds or personnel time to fund or permit freeway projects, and prohibits any state funds or personnel time from being used to fund or permit freeway projects in areas meeting specified housing and environmental criteria.	Assembly Transportation Committee
AB 1795	Fong, Vince	Open meetings: remote participation.	Requires state bodies to provide all persons the ability to participate both in-person and remotely, as defined, and to address the body remotely in any meeting held under the Bagley-Keene Open Meeting Act.	Assembly Governmental Organization Committee
AB 1919	Holden	Youth Transit Pass Pilot Program: free youth transit passes: eligibility for state funding	Requires transit agencies to offer free youth transit passes to all persons 25 years of age and under with California residency in order to be eligible for state funding.	Assembly Appropriations Committee
AB 1938	Friedman	Transit and Intercity Rail Recovery Task Force	Requires the California State Transportation Agency (CalSTA) to establish a Transit and Intercity Rail Recovery Task Force to develop a structured, coordinated process for early engagement of all parties to develop policies to grow transit and intercity rail ridership and improve transit and intercity rail operations for users of those services, and requires a report to be submitted to the Legislature on or before January 1, 2025.	Assembly Appropriations Committee

AB 2057	Carrillo	Transportation Agency: goods movement data.	Requires CalSTA to collect and consolidate specified data related to goods movement in the transportation supply chain.	Assembly Labor and Employment Committee
AB 2120	Ward	Transportation finance: federal funding: bridges.	Requires that the division and allocation of federal Highway Infrastructure Program bridge funds occur pursuant to a specified formula approved by the Commission in 1997 and requires local bridge projects receiving federal funding to adhere to specified design standards.	Assembly Appropriations Committee
AB 2135	Irwin	Information security.	Requires each state agency within the executive branch that is not under the direct authority of the Governor to adopt and implement information security and privacy policies, standards, and procedures based upon the National Institute of Standards and Technology and the Federal Information Processing Standards, as specified.	Assembly Privacy and Consumer Protection Committee
AB 2237	Friedman	Transportation planning: regional transportation improvement plan: sustainable communities strategies: climate goals	Requires the Strategic Growth Council (SGC) to convene a task force to review the roles and responsibilities of metropolitan planning organizations. Requires the projects and programs included in each regional transportation improvement program be consistent with the most recently prepared sustainable communities strategy (SCS) of the regional transportation planning agency (RTPA) or county transportation commission and specified state climate goals. Requires each RTPA to rank and prioritize those projects for funding and implementation based on adherence to its most recently prepared SCS and the state's climate goals and submit the prioritized list to the California Air Resources Board (CARB) and the Commission. Requires CARB, in consultation with the Commission, to determine whether those projects and programs are consistent with the SCS and the state's climate goals and prohibits a RTPA from funding inconsistent projects or programs, as specified, and requires each RTPA to submit a report on local transportation tax measures to the Commission on or before March 30, 2023. Requires the Commission, in consultation with CARB, to propose recommendations on alignment of local tax measures with the state's climate goals.	Assembly Natural Resources Committee
AB 2254	Muratsuchi	State highways: Route 107: relinquishment.	Authorizes the Commission to relinquish a portion of State Route 107 to the City of Redondo Beach, as specified.	Assembly Appropriations Committee

AB 2344	Friedman	Wildlife connectivity: transportation projects.	Requires the California Department of Fish and Wildlife (CDFW) in coordination with Caltrans, to establish a wildlife connectivity action plan on or before January 1, 2024, as specified. Requires Caltrans, in consultation with CDFW, to establish a wildlife connectivity project list of wildlife passage projects where the implementation of wildlife passage features would reduce wildlife-vehicle collisions and enhance wildlife connectivity and implement at least 10 identified projects, as specified. Requires Caltrans to develop a programmatic environmental review process with appropriate state and federal regulatory agencies for remediating barriers to wildlife movement that will streamline the permitting process for wildlife crossing projects and to complete assessments of potential barriers to wildlife movement before commencing any project that uses state or federal transportation funds and that is located in an area identified as a connectivity area or a natural landscape area in the wildlife connectivity action plan.	Assembly Appropriations Committee
AB 2370	Levine	Public records: state agency retention.	Requires each state agency, for purposes of the California Public Records Act, to retain and preserve for at least 2 years every public record, as defined, regardless of physical form or characteristics.	Assembly Appropriations Committee
AB 2419	Bryan	Environmental justice: federal Infrastructure Investment and Jobs Act: Justice40 Oversight Committee.	Requires a minimum of 40% of funds received by the state under the IIJA and certain other federal funds to be allocated to projects that provide direct benefits to disadvantaged communities and a minimum of an additional 10% be allocated for projects that provide direct benefits to low-income households and low-income communities, as provided. Requires state agencies administering those federal funds to perform specified tasks related to the expenditure of those federal funds, and establishes the Justice40 Oversight Committee in SGC, to perform various actions related to the expenditure of those federal funds.	Assembly Environmental Safety and Toxic Materials Committee

AB 2438	Friedman	Transportation funding: alignment with state plans and greenhouse gas emissions reduction standards	Requires the Commission and Caltrans to revise the guidelines and plans applicable to the State Transportation Improvement Program, the State Highway Operations and Protection Program, the Solutions for Congested Corridors Program, the Trade Corridor Enhancement Program and the Local Partnership Program to ensure that projects included in the applicable program align with the California Transportation Plan (CTP), the Climate Action Plan for Transportation Infrastructure adopted by CalSTA, and AB 32 greenhouse gas emissions reduction standards. Requires funds apportioned to cities or counties under the Local Streets and Roads Program to be expended consistent with the above plans and standards. Requires CalSTA, Caltrans, and the Commission, in consultation with CARB and SGC, to jointly prepare and submit a report to the Legislature on or before January 1, 2025, that comprehensively reevaluates transportation program funding levels, projects, and eligibility criteria with the objective of aligning the largest funding programs with the goals set forth in the above-described plans and away from projects that increase vehicle capacity, and requires the CTP to include a financial element that summarizes the cost of plan implementation constrained by a realistic projection of available revenues, as specified.	Assembly Appropriations Committee
AB 2514	Dahle, Megan	Transportation: underserved rural communities: study	Requires CalSTA in consultation with the Commission and rural counties, to conduct a study by January 1, 2024, that includes a comprehensive evaluation of the current state of transportation in underserved rural communities and a transportation needs assessment of the cost to operate, maintain, and provide for the transportation system in underserved rural communities, as specified.	Assembly Transportation Committee
AB 2532	Bennett	Scoping plan: compliance and implementation: reports.	Requires each state agency to post on its internet website a report regarding its compliance with and efforts to implement any goals or recommendations related to that state agency, if any, that are identified by CARB in the AB 32 scoping plan and its updates, as specified.	Assembly Appropriations Committee
AB 2567	Dahle, Megan	Transportation: State Route 395: pilot program.	States the intent of the Legislature to enact subsequent legislation that would develop and implement a pilot program for the purpose of implementing a universal highway speed for a specified section of State Route 395.	Assembly-Pending Referral
AB 2703	Muratsuchi	Electric Vehicle charging stations: reliability standards: low-income and disadvantaged community financial assistance.	Requires recipients of state funding or other incentives to deploy publicly available electric vehicle charging stations to agree, as a condition of receiving the incentive, to operate the station in compliance with reliability standards that would be developed by the California Energy Commission, as specified.	Assembly Transportation Committee

AB 2719	Fong, Vince	California Environmental Quality Act: exemptions: highway safety improvement projects.	Exempts highway safety improvement projects, as defined, undertaken by Caltrans or a local agency from the requirements of CEQA.	Assembly Natural Resources Committee
AB 2798	Fong, Vince	Freight: development projects.	Prohibits a city or county from adopting specified types of zoning, development policies, or standards that would limit use for freight transportation until January 1, 2025.	Assembly Local Government Committee
AB 2946	O'Donnell	Harbors and navigation: transportation of goods.	States the intent of the Legislature to enact future legislation that would address deficiencies in the goods movement infrastructure relating to the state's ports and harbors.	Assembly-Pending Referral
AB 2953	Salas	Department of Transportation and local agencies: streets and highways: recycled materials	Requires Caltrans and certain local agencies that have jurisdiction over a street or highway, to the extent feasible and cost effective, to use advanced technologies and material recycling techniques that reduce the cost of maintaining and rehabilitating streets and highways and that exhibit reduced levels of greenhouse gas emissions through material choice and construction method, and requires, beginning January 1, 2024, certain local agencies that have jurisdiction over a street or highway, to the extent feasible and cost effective, to apply standard specifications that allow for the use of recycled materials in streets and highways, as specified.	Assembly Transportation Committee
AB 2956	Assembly Transportation Committee	Transportation	Among other non-substantial changes to law, updates references to the federal fund sources for the Transportation Alternative Program.	Assembly Transportation Committee
SB 17	Pan	Office of Racial Equity.	Establishes the Office of Racial Equity (ORE), governed by a Racial Equity Advisory and Accountability Council, to develop a statewide Racial Equity Framework in consultation with specified state agencies, and requires state agencies to develop and submit a Racial Equity Plan to the ORE for review and approval.	Assembly Appropriations Committee
SB 873	Newman	California Transportation Commission: state transportation improvement program: capital outlay support.	Requires the Commission to allocate Caltrans's capital outlay support resources by project phases for each project in the State Transportation Improvement Program, as specified.	Senate Transportation Committee
SB 922	Wiener	California Environmental Quality Act: exemptions: transportation-related projects.	Revises an exemption from CEQA for specified bicycle transportation plans and other active transportation plan and extends the exemption until January 1, 2030.	Senate Floor

SB 932	Portantino	General plans: circulation element: bicycle and pedestrian plans and traffic calming plans.	Requires updates to the circulation element of a county or city's General Plan made before June 30, 2024, to develop a balanced, multimodal transportation network and include bicycle and pedestrian plans and traffic calming plans, as specified, and requires implementation of the updates to begin within two years of the General Plan's adoption.	Senate Transportation Committee
SB 942	Newman	Low Carbon Transit Operations Program: free or reduced fare transit program.	Authorizes a transit agency that uses Low Carbon Transit Operations Program moneys to fund a free or reduced fare transit program on an ongoing basis.	Senate Appropriations Committee
SB 959	Portantino	Surplus residential property: City of South Pasadena.	Modifies the Roberti Act to require specified surplus residential properties located within the City of South Pasadena offered for sale to a present occupant or present tenant of the property be offered at a price based on the appraisal of the property in 2016, under specified conditions.	Senate Appropriations Committee
SB 1049	Dodd	Transportation Resilience Program.	Establishes the Transportation Resilience Program in Caltrans, to be funded in the annual Budget Act from 15% of the available federal National Highway Performance Program funds and 100% of the available federal Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation program funds, and provides for funds to be allocated by the Commission for climate adaptation planning and resilience improvements, as defined, according to specified eligibility criteria.	Senate Appropriations Committee
SB 1050	Dodd	State Route 37 Toll Bridge Act.	Creates the SR-37 Toll Authority as a public instrumentality of the state and requires the authority to operate and maintain tolling infrastructure for the use of the Sonoma Creek Bridge, and would authorize the authority to design and construct improvements on the bridge and a specified segment of State Route 37 in accordance with programming and scheduling requirements adopted by the authority.	Senate Appropriations Committee
SB 1104	Gonzalez, Lena	Governor's Office of Business and Economic Development: Office of Freight.	Establishes the Office of Freight within GO-Biz to serve as the coordinating entity to steer the growth, competitiveness, and sustainability for freight and ports across the state, and requires the offices, in coordination with specified state agencies, including the Commission, to prepare an assessment of statewide economic growth, competitiveness, prosperity, resiliency, and sustainability for the state's ports and freight sector by December 31, 2024, and an updated assessment at least once every 5 years thereafter.	Senate Appropriations Committee

SB 1121	Gonzalez, Lena	State and local transportation system: needs assessment.	Requires the Commission, by January 1, 2024, and biennially thereafter, to prepare a needs assessment of the cost to operate, maintain, and provide for the necessary future growth of the state and local transportation system for the next 10 years, as specified, including a forecast of expected federal, state, and local revenues to pay for the cost identified in the needs assessment, any shortfall in revenue to cover the cost, and recommendations on how any shortfall should be addressed.	Senate Appropriations Committee
SB 1156	Grove	Motor Vehicle Fuel Tax: Diesel Fuel Tax: inflation adjustment.	Deletes future annual inflation adjustments of the per-gallon excise tax on motor vehicle fuels.	Senate Governance and Finance Committee
SB 1175	McGuire	Department of Transportation: intermodal passenger services: rail corridors	Authorizes Caltrans to construct, acquire, or lease, and improve and operate, rail passenger terminals and related facilities that provide intermodal passenger services for the Sacramento-Larkspur-Novato-Cloverdale corridor.	Senate Transportation Committee
SB 1196	Umberg	State Transit Assistance Program: eligibility: Anaheim Transportation Network.	Makes the Anaheim Transportation Network eligible for State Transit Assistance Program funds allocated based on transit operator revenues, if its bylaws are revised to increase transparency and accountability, as specified.	Senate Transportation Committee
SB 1217	Allen	State-Regional Collaborative for Climate, Equity, and Resilience.	Establishes, until January 1, 2028, the State-Regional Collaborative for Climate, Equity, and Resilience, consisting of specified members, to provide guidance, on or before January 1, 2024, to CARB for approving new guidelines for SCSs.	Senate Transportation Committee
SB 1410	Caballero	California Environmental Quality Act: transportation impacts.	Restricts the authority established under SB 743 to use criteria that promote the reduction of greenhouse gas emissions, including reduction of vehicle miles traveled, to determine the significance of transportation impacts of projects under CEQA to transit priority areas only, and allows criteria using levels of service to be used to determine significance under CEQA outside of transit priority areas.	Senate Environmental Quality Committee
SB 1463	Archuleta	Hydrogen fueling hub: southern California.	Requires the California Energy Commission to establish a hydrogen fueling hub in southern California including a heavy-duty hydrogen fueling station located at either the Port of Long Beach or the Port of Los Angeles and a medium- and light-duty hydrogen fueling station located within 80 miles of the heavy-duty station.	Senate Energy, Utilities and Communications Committee

Total Active Measures: 42