

FEBRUARY 6, 2019
FCTA Board Meeting
Item VI
Legislative Advocate Status Report



SHAW/YODER/ANTWIH, inc.
LEGISLATIVE ADVOCACY • ASSOCIATION MANAGEMENT

January 28, 2019

TO: Board of Directors, Fresno County Transportation Authority

FM: Andrew K. Antwih, Partner
Matt Robinson, Legislative Advocate

RE: STATE LEGISLATIVE UPDATE – February 2019

Legislative Update

The Legislature reconvened on January 7, beginning the 2019-2020 Legislative Session. To date, approximately 300 bills – many of them, “spot” or placeholder bills – have been introduced in this session; many more are expected to be introduced before the February 22 legislative deadline for bill introductions.

Proposition 6

California voters rejected Proposition 6, 56.8 percent to 43.2 percent. Proposition 6 would have repealed \$5.2 billion in new transportation funding, enacted by Senate Bill 1 (Beall & Frazier) [Chapter 5, Statutes of 2017], designed to repair and maintain our state highways and local roads, improve our trade corridors, and support public transit & active transportation projects.

Additionally, Proposition 6 would have amended the State Constitution to require the Legislature to get voter approval for new or increased taxes on the sale, storage, use, or consumption of gasoline or diesel fuel, as well as for taxes paid for the privilege of operating a vehicle on public highways.

Legislature Now Has “Gigamajority”

All California Assembly seats and half of California Senate seats were up for election or reelection last November. Democrats obtained the coveted supermajority in both the Senate and the Assembly. The Senate currently has 28 Democrats and 10 Republicans, and the Assembly is at 61 Democrats and 19 Republicans.

Inauguration of Governor Gavin Newsom

On January 7, Governor-elect Gavin Newsom was sworn into office, becoming the 40th Governor of California. In his inaugural address, Governor Newsom highlighted his goal of building “A California for All” and committed to overseeing a state government that is “progressive, principled, and always on the side of the people.” He outlined several top priorities for his administration, including: addressing housing affordability and homelessness; expanding access to affordable health care and prescription drugs; sustainable economic growth; and, criminal justice reform. In his first acts as Governor, he announced a series of executive actions to: address the cost of prescription drugs; and, strengthen California’s Emergency Preparedness and Response.

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Governor Newsom Releases First Budget

On January 10, Governor Newsom released his 2019-20 Proposed Budget. The Fiscal Year 2019-20 Governor's Budget represents the second full year of revenues from Senate Bill 1 (Beall and Frazier), providing \$4.8 billion in the coming fiscal year for various transportation programs. Overall, the Budget Summary discusses very little in terms of transportation and goods movement. The Governor's Budget Summary does state that \$2.4 billion will be *"used to pay off the state's budgetary debts, including the elimination of all outstanding loans from special funds and transportation accounts."*

Local Streets and Roads

The Budget provides approximately \$1.1 billion in Road Maintenance and Rehabilitation Account funding to cities and counties for road repairs and will provide a similar amount for the state highway system. Additionally, the State Transportation Improvement Program (STIP) is pegged to receive an estimated \$567 million in 2019-20 (local streets and roads receive the same amount).

Transit

The Budget estimates the State Transit Assistance (STA) Program would receive approximately \$876 million in 2019-20, an increase of almost \$100 million over the current year. Intercity and Commuter Rail would receive an estimated \$297 million in the coming fiscal year. Cap and Trade funding will provide an additional \$121 million to the Low-Carbon Transit Operations Program, which is distributed using the STA formula. Lastly, the Transit and Intercity Rail Capital Program will receive SB 1 funds and Cap and Trade revenues (approximately \$486 million in 2019-20), but the existing program of projects will use those funds. The Governor's Budget includes \$132 million for Clean Trucks, Buses and Off-Road Freight Equipment.

Goods Movement

The Trade Corridors Enhancement Program will continue to receive its share of SB 1 revenues, getting an estimated \$307 million in 2019-20. The CTC is expected to begin developing the next programming cycle in 2019. The Governor's Budget also includes \$132 million for Clean Trucks, Buses and Off-Road Freight Equipment

The Budget shows support for a key change to Enhanced Infrastructure Financing Districts (EIFD). An Enhanced Infrastructure Financing District (EIFD) is a governmental entity established by a city or a county that carries out a plan within a defined area (the boundaries of which do not need to be contiguous) to construct, improve and rehabilitate infrastructure, including transportation and housing. EIFDs can be created by cities or counties without voter approval and expend tax increment revenues without voter approval. However, an EIFD must receive 55-percent voter approval to issue debt. The Governor's Budget proposes removing the voter-threshold for issuing debt.

Finally, the Governor's Budget sets the stage for a discussion on tying transportation funds to housing production. The Budget states:

"Going forward, the state will strongly encourage jurisdictions to contribute to their fair share of the state's housing supply by linking housing production to certain transportation funds and other applicable sources, if any. The Administration will convene discussions with stakeholders, including local governments, to assess the most equitable path forward in linking transportation funding and other potential local government economic development tools to make progress toward required production goals."

In his budget press conference, the Governor stated that, "if you're not hitting your housing goals, you're not getting your SB 1 money." He noted that the implementation of this policy was still a few years off.

The Governor's Budget Summary can be found [here](#).

Bills of Interest

ACA 1 (Aguiar-Curry) Local Government Financing: Affordable Housing and Public Infrastructure: Voter Approval.

This constitutional amendment would lower the necessary voter threshold from a two-thirds supermajority to 55 percent to approve local general obligation bonds and special taxes for affordable housing and public infrastructure projects.