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TO: Members, eXcellent Transportation Oversight Committee

FROM: Gus Khouri, Principal  
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**RE: STATE LEGISLATIVE UPDATE – JUNE**

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**SB 1 Repeal Discussion**

On June 18, the legislature held a Joint Hearing of the Senate Transportation & Housing, Assembly Transportation, and Assembly Revenue and Taxation Committees, to discuss the pending November ballot measure to repeal SB 1. The Reform California campaign has submitted 963,905 signatures and must have 585,407 verified to qualify the measure to repeal of SB 1 and require that future tax items are made subject to voter approval. The Secretary of State must certify the signatures by June 28, which is 131 days before the November 6 election. To date, the validity rate of signatures is around 77%, making it a formality for the measure to qualify.

The Legislative Analyst's Office provided a very brief overview of SB 1 before quickly moving to public comment. Most speakers read a list of projects that are in jeopardy if SB 1 were repealed. In my testimony of behalf of TAMC, I attempted to demonstrate that SB 1 does not place an onerous burden on tax payers, showing that the gas tax amounts to only about 16 cents per day per motorist. Yet, the benefits the gas tax will bring are many – it will help to fill potholes, improve safety, ease congestion on state highways, maintain and expand public transportation and rail services, manage goods movement, and provide opportunities for bicycle and pedestrian programs.

It is key to remember that people drive across town just to save 10 cents a gallon. The 12 cents per gallon gas tax, unlike the Vehicle Registration Fee (VRF), is a regular reminder that they are paying a higher gas tax. With respect to the VRF, 85% of all cars registered will pay less than \$50 annually. That may sound like a lot, until you break it down to what the average motorist will actually pay. When you consider the fuel efficiency of the average vehicle, and the average miles driven per day, the average motorist will end up paying only about 16 cents per day. Adding the VRF, the average motorist will pay \$8 per month. That is two grande vanilla lattes at Starbucks.

The proponents of the repeal campaign, Reform California, also testified. Carl DeMaio, who is leading the cause, stated the following:

- We pay enough for rebuilding our roads. We had the second highest gas tax in the nation prior to the enactment of SB 1.
- We have diverted money to pay for pensions, went on "road diets" and favored mass transit and high-speed rail over road repairs.
- Senator Newman being recalled reflects how fed up voters are and he expects others to lose their jobs in November for voting for SB 1.
- After the repeal effort is successful, they will have a plan to fund our roads.

I spoke to him very briefly after the hearing and asked him a few questions:

- **Why would the public support Proposition 69 (protecting SB 1 funds) by more than 80% of the vote but recall Senator Newman from San Bernardino County?**
  - He stated Prop 69 passed because it did not define transportation well, implying that had the public been more aware that public transportation was being funded, it would not have been successful.
  - I pointed out to him that gas tax money was already protected, whereas Prop 69 protects the SB 1 vehicle registration fee and sales tax on diesel for transit that was not previously protected.
- **What is their plan to fund infrastructure if the repeal is successful?**
  - He essentially advocates for the Republican transportation funding plan, which would rely on items such as sales tax from car sales and insurance premiums, in addition to the pre-existing gas tax and VRF at levels before the enactment of SB 1.
  - I said that this would result in making the General Fund responsible for paying for transportation. Transportation is overwhelmingly funded by specially designated funds, such as the gas tax and vehicle registration fees, because it does not fare well in competition with other priorities funded by the General Fund, such as education, public safety, or health and human resources.

The bottom line is that voters need to understand what they are actually paying, as well as all the great benefits that SB 1 will provide.