



DEPARTMENT OF
FINANCE
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. GOVERNOR

STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

Honorable Anna Caballero
Member of the Assembly
State Capitol, Room 2117
Sacramento, CA 95814

Dear Assemblymember Caballero:

Our office has reviewed AB 696 as introduced. On the basis of our attached analysis of available information, we regret that we must oppose your legislation. If you feel that we may have overlooked factors that may be important in evaluating your legislation, please call me at 445-8610 and we will arrange any assistance necessary.

Sincerely,

MICHAEL COHEN
Department Director

Attachment

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 07/03/2017
POSITION: Oppose

BILL NUMBER: AB 696
AUTHOR: Caballero, Anna

BILL SUMMARY: Department of Transportation: Prunedale Bypass: County of Monterey: disposition of excess properties.

This bill directs the California Department of Transportation (Caltrans) to use proceeds from the sale of parcels originally acquired for the Prunedale Bypass project for projects in the State Route 101 corridor.

FISCAL SUMMARY

Caltrans currently owns 112 parcels, totaling 304 acres that would be subject to this bill's provisions. The fair market value of these parcels is between \$5 million and \$12 million. Current law directs the revenue from excess property sales to offset transportation-related debt service costs. Redirecting revenue from the sale of these parcels reduces available transportation funds to offset transportation-related bond debt service, resulting in additional General Fund costs.

Caltrans annually collects approximately \$60 million in miscellaneous revenue that is used to offset transportation debt service. Of this amount, \$15 million to \$20 million is collected from the sale of excess properties statewide.

COMMENTS

The Department of Finance opposes this bill because it results in additional General Fund costs and transfers the burden of paying for transportation debt from a user-based funding source to general purpose revenue without regard to the level of benefit the payer is receiving.

Existing law allows Caltrans to acquire any real property necessary for state highway purposes, and to sell or exchange that property should it be determined that the property in question is no longer necessary for highway projects. Existing law also directs Caltrans to sell or exchange those properties within one year of determining they are no longer necessary, if possible.

Caltrans acquired 140 parcels for the Prunedale Bypass project, which was abandoned and replaced with the smaller-scale Prunedale Improvement Project. The updated plan allowed Caltrans to sell 28 parcels. Caltrans plans to use the 112 remaining parcels for the completion of the Prunedale Improvement Project or for future mitigation needs within the State Route 101 corridor, and has therefore not yet declared the parcels to be excess. If any of the 112 parcels are not used for these needs and later sold as excess or unnecessary, they would be covered by this bill which would direct the proceeds of their sale to highway projects within the State Route 101 corridor.

Revenues from the sale of excess Caltrans properties are not subject to the provisions of Article XIX of the California State Constitution, and are therefore free to be used for any purpose the state may choose. Currently, these revenues are statutorily directed to offset transportation debt service costs that otherwise

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| Analyst/Principal L. Mirante | Date | Program Budget Manager Karen Finn | Date |
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| Department Deputy Director Ong. Signed By J.W.H. JUL 06 2017 | Date |
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| Governor's Office: | By: | Date: | Position Approved _____ |
| | | | Position Disapproved _____ |

BILL ANALYSIS

Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS--(CONTINUED)

AUTHOR

AMENDMENT DATE

BILL NUMBER

Caballero, Anna

07/03/2017

AB 696

COMMENTS (continued)

would be fully borne by the General Fund. This bill requires that the sale of any properties related to the Prunedale Improvement Project be retained in the State Highway Account to be spent on future projects in State Route 101 corridor. Doing so would redirect non-Article XIX revenues from transportation debt service costs, and would therefore increase General Fund costs.

Finance notes that the Governor vetoed a substantially similar bill: AB 2730 (Alejo, 2015), noting that "Maintaining this funding stream to the General Fund is even more necessary when the state's budget remains precariously balanced."

| Code/Department Agency or Revenue Type | SO LA CO RV | (Fiscal Impact by Fiscal Year) | | | | | Fund Code |
|--|----------------------|--------------------------------|------------------------|--------------|--------------|-----------|--------------|
| | | PROP | (Dollars in Thousands) | | | | |
| | | | FC | 2017-2018 FC | 2018-2019 FC | 2019-2020 | |
| 2660/Caltrans | SO | No | C | 5,000-12,000 | C | -- | C 0001 |