



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 2/26/2018

Agenda Placement: 7A

Napa County Legislative Subcommittee Board Agenda Letter

TO: Napa County Legislative Subcommittee
FROM: Molly Rattigan for Minh Tran - County Executive Officer
County Executive Office
REPORT BY: Molly Rattigan, Deputy County Executive Officer - 253-4112
SUBJECT: Proposition 69

RECOMMENDATION

County Executive Officer requests discussion and possible action on Proposition 69 (ACA 5) that asks the voters on June 5, 2018, to amend the California Constitution to ensure that the revenues from the diesel tax and the transportation improvement fee from SB 1 be used for transportation planning, public transit, and transportation capital improvements.

EXECUTIVE SUMMARY

In April, 2017, the Legislature adopted SB 1, the Road Repair and Accountability Act of 2017, and Assembly Constitutional Amendment 5 (ACA 5). Among its many provisions, SB 1 increases the sales and use tax on diesel fuel and imposes a new transportation improvement fee.

ACA 5 is a ballot measure, now Proposition 69, that would amend the Constitution to protect revenues from the increased tax and new fee for transportation purposes only. Other revenue increases found in SB 1 are already protected for transportation purposes by Article XIX of the California Constitution.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

In April, 2017, the Legislature adopted SB 1, the Road Repair and Accountability Act of 2017, and Assembly Constitutional Amendment 5 that seeks to ensure SB 1 revenues raised from the increased tax and new fee will be used for transportation purposes only. Other revenue increases found in SB 1 are already protected for transportation purposes by Article XIX of the California Constitution. ACA 5 (Proposition 69) will appear on the June 5, 2018 ballot.

Among its many provisions, SB 1 increases the sales and use tax on diesel fuel and imposes a new transportation improvement fee.

The Public Transportation Account (PTA) is a trust account in the State Transportation Fund currently protected by the State Constitution. Funds in the PTA may only be used for transportation planning and mass transportation purposes. Funds cannot be loaned or transferred to the State General Fund or any other fund or account in the State Treasury. The state sales tax on motor vehicle fuel is deposited into the PTA.

SB 1 increased the state sales tax on diesel fuel by 4% and the state use tax on diesel fuel by 1.75%. SB 1 also imposed a transportation improvement fee payable with an automobile registration. The fee ranges from \$25 for an automobile with a market value of \$4,999 to \$175 for an automobile with a market value of \$60,000. The fee is \$100 for an automobile with a market value between \$25,000 and \$34,999.

Proposition 69 makes two changes to the Constitution:

1. The new diesel fuel sales and use tax must be deposited into the PTA where use is restricted for public transit services and capital improvements.
2. The new transportation improvement fee must be deposited into the PTA where it can be used only for research, planning, construction, improvement, maintenance and operation of public streets and highways and public transportation systems.

The proposed constitutional amendment will ensure that the revenues from the increase in the diesel fuel sales and use tax and from the new transportation improvement fee will be deposited into the PTA. The Legislature cannot change how these funds are used once they are protected by the Constitution.

The Director of Public Works recommends support of Proposition 69.

CSAC: Support

RCRC: To be reported at meeting.

SUPPORTING DOCUMENTS

A . Proposition 69 (ACA 5) - INITIATIVE TEXT - Transportation Funds

Recommendation: Approve

Reviewed By: Molly Rattigan