



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 3b

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Memorandum

TO: Legislation Committee

DATE: November 6, 2015

FR: Executive Director

W.I. 1131

RE: Draft 2016 Advocacy Program

The Draft Advocacy Program for 2016 is attached for your review and comment. The program includes a number of efforts staff proposes that MTC spearhead, as well as a number of items that MTC will actively engage in as opportunities present themselves, in Sacramento and in Washington, D.C. New legislative initiatives for 2016 are shown in *italic type*.

This year, MTC's Policy Advisory Council has been exploring the merits of establishing an oil extraction fee in California as a way to help pay for our transportation needs. They requested that such an idea be included in our advocacy program this year. We agree this concept has merit and have included it for your consideration as part of the first item on transportation funding. A separate memo from the council on this subject, along with a brief presentation, is included as Attachments B and C to this item.

As part of our consultation and advisory process, MTC hosted a meeting of Bay Area transit and CMA legislative staff and shared a draft with MTC's Policy Advisory Council at its November 4 meeting. Based on feedback received, staff will prepare a final 2016 Advocacy Program for consideration by the Legislation Committee in December, before going to the full Commission for approval that month.



Steve Heminger

Attachment

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METROPOLITAN
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2016 DRAFT ADVOCACY PROGRAM

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STATE		
Issue	Goal	Strategy
1. Transportation Funding	A. Secure new sources of statewide transportation funding	Continue to support efforts to establish new sources of statewide funding for transportation. Advocate that all transportation modes should benefit from increased transportation funding. <i>Based on the recommendation of MTC's Policy Advisory Council, explore the merits and potential of an oil extraction fee to fund transportation, among other purposes. California is the nation's third largest oil producing state and the only major mineral-rich state lacking any form of state extraction fee.</i>
	B. Raise the sales tax cap for local option transportation sales taxes	Support efforts by individual Bay Area counties to raise the cap on local sales taxes in order to accommodate additional transportation sales taxes. Ensure legislation to provide such an increase preserves a reasonable degree of local control over the development of the expenditure plan, subject to negotiation with the state on road maintenance issues.
	C. Authorize New Regional Bridge Toll Measure	Sponsor legislation providing authority for MTC to place on the ballot a measure allowing Bay Area voters to consider in 2018 a measure to raise tolls on state-owned bridges to fund transportation improvements in bridge corridors.
	D. FY 2015-16 State Budget	Advocate for a FY 2016-17 State Budget that focuses transportation funds on the state's most important needs, giving top priority to state of good repair and system operations. Seek opportunities to enhance the state's investment in public transportation, active transportation and highway operations/system management.

Issue	Goal	Strategy
	<i>E. Increase Transportation's Share of Cap & Trade Funding</i>	<i>In 2014, the Legislature enacted legislation to continuously appropriate 60 percent of Cap and Trade funds to various transportation-related programs. In 2015, the Legislature deferred action on appropriating the remaining 40 percent of Cap and Trade funding, leaving approximately \$735 million unappropriated for FY 2015-16. Given the state's vast transportation needs, MTC will support legislation to increase the share of Cap and Trade funds dedicated to transportation, providing increased funding for public transit, goods movement and other greenhouse gas emission reducing projects in line with our Climate Initiatives Program.</i>
	<i>F. Authorize MTC to issue bonds backed by federal transit formula funds</i>	<i>In cooperation with Bay Area transit operators, seek legislation authorizing MTC to issue bonds backed by federal transit formula funds in order to expedite construction/delivery of priority transit capital projects.</i>
2. Senate Bill 375/ Plan Bay Area Implementation	<i>A. Extend Regional Commuter Benefit Program</i>	<i>In partnership with the Bay Area Air Quality Management District, sponsor legislation to extend the authorization of the Regional Commuter Benefit Program, applicable to employers of 50 or more full-time Bay Area employees. As of June 2015, approximately 3,800 employers had registered with the program, of which 53 percent reported they were offering commuter benefits for the first time. An evaluation based on a randomized telephone survey of Bay Area commuters estimated that 44,400 employees switched from driving alone to an alternative commute mode as a direct result of the program, reducing vehicle miles traveled by approximately 3.2 million over the first year.</i>
	<i>B. Improve Bike and Pedestrian Safety</i>	<i>In partnership with the San Francisco Municipal Transportation Agency, the City of San Jose and others, support legislation to help achieve Vision Zero — aimed at eliminating all traffic related fatal injuries by 2024. Support proposals to increase enforcement of traffic laws protecting pedestrians and bicyclists, and where appropriate, pursue new laws to improve safety.</i>
3. Reduce barriers to construction of new housing	Increase state <i>and/or regional</i> funding to support affordable housing	Consistent with the goal in Plan Bay Area to secure additional funding for affordable housing, continue to work with Bay Area and statewide affordable housing organizations and other interested parties to support efforts to establish a statewide <i>or regional</i> Affordable Housing Trust Fund through enactment of a new, dedicated statewide <i>or regional</i> revenue source.

4. Project Delivery	Speed up the design and construction of transportation projects	Support legislation to expedite transportation project delivery by increasing contracting and financing options, including increased flexibility in the Caltrans design review process and broad authority for the use of design-build by Caltrans and regional transportation agencies.
5. Bridge Toll Evasion	Require temporary license plates at the point of sale on new and used cars	Secure Senate passage and Governor's signature of AB 516 (Mullin), establishing a temporary license plate program applicable to new and used car dealers. The bill will mitigate for the loss of approximately \$7 million per year in uncollected toll revenue from vehicles using the region's state-owned toll bridges without license plates.

FEDERAL		
Issue	Goal	Strategy
1. Surface Transportation Authorization	A. Maintain structure of MAP 21 and restore financial stability for a multi-year surface transportation bill	Work with our partner Bay Area transportation agencies, Caltrans and other statewide and national organizations to build on the structure and performance-based framework established by MAP-21 and identify a new, permanent funding source of funding for the Highway Trust Fund.
2. Federal Appropriations	A. Maximize federal transportation appropriations for MAP-21 programs	Partner with local, regional and statewide transportation agencies as well as national associations to ensure that Congress appropriates funding in FY 2014-15 and 2015-16 consistent with amounts authorized in MAP-21.
	B. Advocate for Capital Investment Grant funding for Resolution 3434/ Plan Bay Area Projects	Support annual Capital Investment Grant appropriations to help implement the Regional Transit Expansion Program, Resolution 3434, consistent with the full funding grant agreements approved for the San Francisco Third Street Light Rail/Central Subway project and the BART to Berryessa extension. Seek New Starts commitments for the next generation of transit expansion projects, consistent with Plan Bay Area, namely: San Francisco Transbay Transit Center (Phase 2)/Downtown Extension (DTX) and BART to Silicon Valley: Phase 2.
3. Increase Local/Regional Transportation Funding	Seek passage of the Marketplace Fairness Act in order to increase sales tax revenue available for transportation	Track and support any renewed efforts to enact the Marketplace Fairness Act (MFA), which seeks to apply state and local sales tax rates to e-commerce transactions. The MFA has the prospect of increasing funding for Bay Area transportation agencies as a result of increased revenue from county-based transportation sales taxes, the Transportation Development Act (TDA) funds — a key source of transit operating funding — and AB 1107, the permanent ½ cent sales tax for BART (applicable in Alameda, San Francisco and Contra Costa counties).
4. Pre-Tax Transportation Fringe Benefits	Preserve mode-neutrality in pre-tax transportation benefits	Continue our long-standing advocacy for parity between the pre-tax transportation fringe benefit allowed for public transit and vanpooling and that which is allowed for parking. Advocate for elimination of parking as an allowable pre-tax benefit, unless an employer also offers parking cash-out.



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Memorandum

TO: Legislation Committee

DATE: November 6, 2015

FR: Randi Kinman, Policy Advisory Council Chair

W. I. 1114

RE: Oil Extraction Tax Proposal

Background

Last year, the Policy Advisory Council held a brainstorming session to discuss possible new funding sources for transportation. As a result of that session, the Council formed a subcommittee to focus on the possibility of support for a California state oil severance fee.

The Council's Fuel Extraction Fee Subcommittee has held meetings since April and gave its final presentation to the Council last month (see attachment). While much more research was done than was forwarded in that presentation, the Council supported the condensed version of the report and unanimously voted to move the discussion on to the Legislation Committee for your deliberation.

Recommendation

The Policy Advisory Council respectfully requests the Legislation Committee include in MTC's 2016 Advocacy Program an item to explore the feasibility of building a coalition in support of a California oil extraction fee for the purpose of funding transportation. The Council further recommends that MTC consider supporting any future ballot measure on this topic.

Attachment

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Energy Extraction Fee

MTC Policy Advisory Council
Fuel Extraction Fee Subcommittee

What's Wrong With This Picture?

- Six states — Texas, Louisiana, Alaska, California, Oklahoma, and Wyoming — account for 80% of all oil produced in the U.S.
- California is the 3rd leading oil-producing state and the 10th natural gas-producing state in the U.S.
- California is the only major mineral-rich state lacking any form of state extraction fee.

Severance Fees

- Extraction, or severance, fees are designed to ensure the public receives a lasting benefit from the depletion of non-renewable resources.
- By maximizing collection of fossil fuel revenue and ensuring it is adequately distributed, California will increase the benefits of energy development.

Alaska Severance Fee Facts

- Oil-related revenue from fees and taxes fund 72% of Alaska's treasury, including an annual oil revenue share check for every Alaskan citizen.
- Alaska sets aside approximately 11% of the proceeds it receives from oil and gas companies into the Alaska Permanent Fund. As of 2007, the fund had grown to more than \$40 billion.
- California receives 30% of its oil from Alaska.

MTC Should Lead the Call
for Extraction Fees to
Focus the Funds on
Transportation and Housing

...

Here's Our Plan To Get a Seat at the Table

...

Leadership Role

1. MTC should build a coalition to seek legislation or a ballot measure.

Some constituency examples:

- Transit agencies
- Housing advocates
- Community colleges
- Environmental activists
- Energy producing communities
- Senior groups

Leadership Role (continued)

2. MTC should design a simplified distribution formula for a severance fee, with revenues flowing into permanent trust funds (not the general fund).

Trust Fund Distribution Options

