

BILL: SB 406 (DeSaulnier, D-Concord)
Introduced February 26, 2009
Amended April 13, 2009
Amended April 30, 2009
Amended May 28, 2009

SUBJECT: Authorizes specified local agencies to approve a motor vehicle registration surcharge to fund the development of sustainable communities strategies and/or blueprints, with technical assistance by the Strategic Growth Council and the Planning Advisory and Assistance Council

STATUS: Passed Senate Local Government Committee 3-2
Passed Senate Transportation and Housing Committee 6-4
Passed Senate Appropriations Committee 7-5
Passed Senate Floor 21-16
Pending in Assembly

SUMMARY AS OF JUNE 8, 2009:

SB 406 would authorize specified local agencies, through an adopted resolution, to impose a surcharge of \$1 or \$2 on motor vehicle registrations within its jurisdiction to fund the development of a sustainable communities strategy (SCS) or alternative planning strategy (APS) per SB 375 (Chapter 728, Statutes of 2008), or to further develop local blueprints. For a jurisdiction with a population over 300,000 people, if the surcharge imposed is greater than \$1, then all revenues generated from that additional portion are to be used as grants for cities and counties to implement projects related to a SCS, APS, or regional blueprint.

Entities eligible to impose the surcharge include metropolitan planning organizations (MPO), councils of governments (COG), or a county transportation commission and a subregional council of governments jointly preparing a subregional SCS, such as the Orange County Transportation Authority (OCTA) and the Orange County Council of Governments (OCCOG), if such entities choose to create a subregional SCS. Specifically for the region covered by the Southern California Association of Governments (SCAG), SCAG would also need to approve any resolution adopted by a county transportation commission or subregional COG, and the revenues from the surcharge should be split between SCAG and the entity that adopted the resolution, per an agreement between SCAG and that entity.

SB 406 also reconfigures the membership and duties of the Planning Advisory and Assistance Council (PAAC) within the Governor's Office of Planning and Research (OPR). Under existing law, the PAAC assists OPR with the coordination of statewide planning functions, and consists of various members including representatives from cities and counties, a Native American tribe, and regional planning districts designated by OPR. Under SB 406, the PAAC would now also include representatives from the California Air Resources Board (CARB), the California Transportation Commission, the

California Energy Commission, and members appointed by the Speaker of the Assembly and the Senate pro Tempore. In addition, instead of including representatives of regional planning districts designated by OPR, SB 406 would now include representatives of seven specified regional planning organizations, including SCAG, and a regional transportation planning agency that is not a MPO or COG, such as OCTA.

Among the new duties assigned to the PAAC by SB 406 are: receiving state planning reports, such as the state's five-year infrastructure plan; reporting to the Legislature on the progress of regions in reaching state planning goals; and working with the Strategic Growth Council (SGC) and regions on facilitating development of regional blueprint projects. Under existing law, the SGC is to coordinate the activities of various state agencies to encourage sustainable growth, help meet state environmental goals, and improve health and housing within the state. In addition, one of SGC's duties is to distribute Proposition 84 funding for such things as regional planning and urban greening projects. SB 406 would require the PAAC and SGC to consult and coordinate their activities, and would require the PAAC to develop recommendations for the SGC on facilitating coordination between regional blueprints and state infrastructure growth and funding.

In order to fund the increased activities of the PAAC, five percent of all revenues from any adopted surcharge imposed are to be transmitted to the PAAC. In addition, all administrative costs for the Department of Motor Vehicles (DMV) related to the imposition of the adopted surcharge are to be paid through surcharge revenues, off the top. Initial costs for the DMV related to setting up the additional surcharge are to be paid by the entity which adopted the surcharge. These costs will then be refunded to that entity through surcharge revenues.

EFFECTS ON ORANGE COUNTY:

Beginning with the 2012 regional transportation plan (RTP), under SB 375, SCAG is to include a SCS which seeks to meet regional greenhouse (GHG) emission reduction targets assigned by CARB by linking transportation, housing, and land use planning. If the SCS is unable to meet the assigned regional GHG emission reduction target, SCAG will then be required to create an APS which would demonstrate how the target can be met if constraints were eliminated and additional resources were available. In order to create the regional SCS, SB 375 authorizes county transportation commissions, such as OCTA, to work with local councils of government, such as OCCOG, to create a subregional SCS which SCAG would then integrate into the regional SCS.

When SB 375 was passed last year, no source of funding was identified for the additional duties the law requires of regional agencies. Although the Legislature has acknowledged the need for additional funding, at this time, the only potential source of funding identified is \$90 million in Proposition 84 funds. However, multiple activities beyond SB 375 are eligible for this portion of Proposition 84 funding, with the funding designated for the planning and development of sustainable communities. Moreover,

unlike the one time funding stream provided under Proposition 84, SB 375 necessitates a consistent, long-term funding stream, with regions required to meet GHG emission reduction targets in both 2020 and 2035. Recently, SCAG estimated the agency would need \$8 million to start implementation of SB 375. This amount does not take into account costs incurred by local agencies, such as OCTA, for SB 375 related planning activities.

Under SB 406, if OCTA and OCCOG elect to create a subregional SCS, they would be eligible to implement a \$1 or \$2 surcharge on vehicle registration costs within Orange County, by adopting a resolution in conjunction with SCAG. Although this would create a consistent stream of funding for SB 375 implementation, if the resolution is not successful, there will be no substitute funding stream.

If SB 406 is passed, it is expected that this mechanism would be deemed the funding source for implementing SB 375, and thus unlikely that additional or alternate funding mechanisms will be provided. Therefore, this would mean that the regions that are able to pass resolutions implementing the surcharge will have financial assistance for SB 375 implementation, while regions without the surcharge will have to use already strained existing resources. The regional disparity that this scenario could cause will not allow for the state to achieve comprehensive regional planning and could delay the meeting of statewide GHG emission reduction goals.

Instead, SB 375, as a state mandate, should be funded by a mechanism created by the state. A state funding mechanism will allow uniform regional planning efforts across the state and will not lead to a funding disparity among regions. Therefore, staff is recommending that SB 406 be amended to allow for a funding mechanism implemented by the state, rather than passing the burden to the regions.

SCAG and the San Diego Association of Governments (SANDAG) have both adopted an oppose position on SB 406, with SANDAG requesting the establishment of a statewide fee instead.

OCTA POSITION:

Staff recommends: OPPOSE UNLESS AMENDED