

State Transportation Improvement Program (STIP)

Ensuring Transportation Infrastructure Investments in Every County

FACT SHEET

STIP in Crisis

Californians in every county rely on an efficient, multi-modal transportation network for the safe and reliable movement of people and goods. The **State Transportation Improvement Program (STIP)** is the only state program to address a wide range of transportation challenges, meeting regional and interregional, urban and rural needs. Unfortunately, the STIP is in crisis. In 2016, with the drop in gasoline prices and diversion of diminishing price-based gas excise taxes to repay old transportation debt service (weight fee diversion), the California Transportation Commission (CTC) deleted over \$750 million and delayed an additional \$755 million previously committed to highway, rail, transit, bicycle, and pedestrian projects. These drastic actions affect over \$1.5 billion in projects statewide, and prevent the generation of thousands of jobs for Californians.

Californians need the State Legislature and California Transportation Commission (CTC) to strengthen its commitment and partnership to address the extensive, complex, and oftentimes unique transportation challenges faced in each county. **Regional Transportation Planning Agencies urge the State to invest new revenues and reinvest more discretionary state and federal funds available for transportation back into the STIP.**

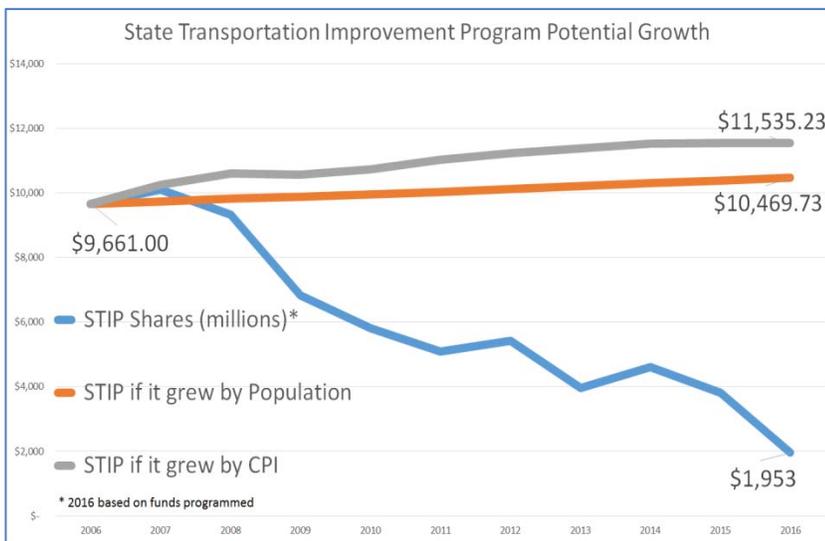
Historically the STIP has included a combination of federal and state funds. In fact a main focus of SB 45 (Kopp, 1997) STIP reforms was to consolidate numerous funding pots. Following a number of attempts to divert funding, the 2010 gas tax swap was intended to stabilize the STIP. However, with the diversion of gas taxes to backfill weight fees and lower gas prices, the STIP's fund source has declined significantly. This decline in funding has led to a severe underinvestment in transportation infrastructure for the State of California that has had a negative impact on the quality of life for residents. Californians are facing longer commutes and spending less time with their loved ones.

We urge the Legislature to take action to stabilize and restore the STIP.

- **Reaffirm the existing price-based excise tax formula, 44% of which funds the STIP (the STIP's only current revenue source).**
- **Direct adjustments to the price-based sales tax through the existing STIP formula**
- **Return weight fee revenues, partially or completely, to the State Highway Account**

Why is the STIP Important?

Regions depend on STIP funds to address their unique transportation challenges and to deliver projects that are included in publicly-vetted and Board-adopted *Regional Transportation Plans* and SB 375 Sustainable Communities Strategies. The projects are critical to meeting national, state, regional and local goals and priorities, including the reduction of greenhouse gas emissions. Unlike competitive programs, such as the Active Transportation Program, trade/freight programs, and most cap-and-trade programs, the STIP ensures that transportation investments are made in every single county - rural and urban. The STIP also serves as a match allowing regions to leverage federal and other competitive funds.

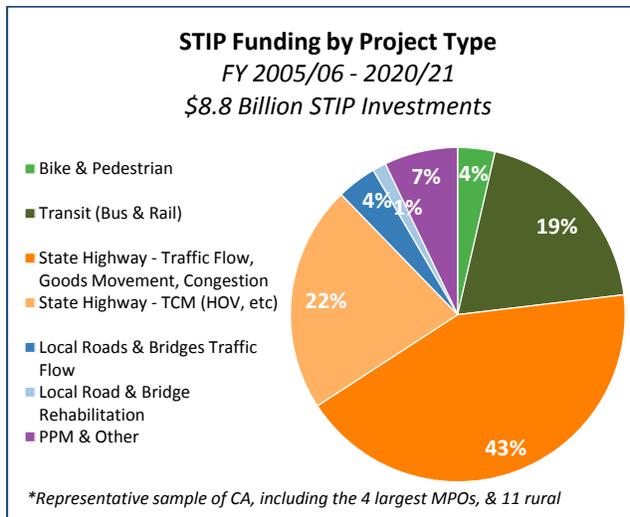


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Further, in recognition that **regions and counties are in the best position to determine how to meet their unique transportation needs**, SB45 gave Regional Transportation Planning Agencies (RTPA) the responsibility of selecting (programming) projects for 75 percent of available STIP dollars, with close oversight from the California Transportation Commission (CTC) and Caltrans.

The STIP provides regions with the flexibility to fund critical infrastructure projects and programs, such as:

- State highway projects, including HOV/carpool, auxiliary lanes, and interchange projects that improve safety, traffic flow, goods movement, and travel times.
- Local streets and roads, including major roadway rehabilitation and intersections.
- Bus and rail public transit projects.
- Bicycle and pedestrian facilities.
- Transportation system management activities and carpool programs.
- Intermodal facilities.
- Interregional highway and rail projects.



The regions are held responsible and accountable for identifying and meeting high priority needs by the public and the CTC. Regions receive input from a diverse array of stakeholder groups including Caltrans, bicyclists, pedestrians, seniors, people with disabilities, local governments, and the local community when selecting projects for STIP funding. Oftentimes, these projects have been in development for many years and have garnered public support well before receiving STIP funds.

The STIP has played and will continue to play an important role in sustaining the State's economic prosperity, accommodating future population growth, and providing reliable and safe mobility for commerce, agricultural, timber, tourism, and other activities.

How Transportation Funding Proposals Impact the STIP

SB 1 (Beall, D-San Jose) and AB 1 (Frazier, D-Oakley) support the STIP primarily by restoring money to the State Highway Account (SHA). Since 2010, revenues from the price-based excise tax (PBET) are first used to backfill weight fees that are diverted from the State Highway Account (approx. \$1B per year). What is left is then divided 44% to the STIP, 44% to local streets and roads and 12% to the SHOPP. In 2010, when gas prices were high, over \$700 million was left for the STIP; but in 2016 it dropped to \$150 million for the STIP. As a result, restoring weight fee funds to the SHA restores funds for the STIP. The provisions in AB 1 and SB 1 that will have the most dramatic impact on the STIP are:

- Stabilize the Price-Based Excise Tax to 18 cents
- Index the Price-Based Excise Tax so that it will not lose purchasing power
- Restore half of the weight fees to the SHA over 5 years (\$500 Million a year to SHA), meaning that the rest of the Price based excise tax can be distributed through the 44% STIP/44% local streets and roads/ 12% SHOPP formula

AB1 and SB1 are expected to restore the STIP to historical averages, directing \$750 million for STIP transportation projects.

The Governor Brown Administration's proposal takes a much more limited approach. There is no provision for return of weight fees to the State Highway Account. And although the Administration restores the price based excise tax to 21.5 cents, the Department of Finance has indicated that only 18 cents would be distributed through the 44%/44%/12% formula. The remaining 3.5 cents would go to a new account that is mostly marked for maintenance and rehabilitation. It is unclear in the Administration's proposal where the indexed price based excise tax would go.