

# ELIMINATES CERTAIN ROAD REPAIR AND TRANSPORTATION FUNDING. REQUIRES CERTAIN FUEL TAXES AND VEHICLE FEES BE APPROVED BY THE ELECTORATE. INITIATIVE CONSTITUTIONAL AMENDMENT.

## OFFICIAL TITLE AND SUMMARY

PREPARED BY THE ATTORNEY GENERAL

The text of this measure can be found on the Secretary of State's website at <http://voterguide.sos.ca.gov>.

- Repeals a 2017 transportation law's tax and fee provisions that pay for repairs and improvements to local roads, state highways, and public transportation.
- Requires the Legislature to submit any measure enacting specified taxes or fees on gas or diesel fuel, or on the privilege to operate a vehicle on public highways, to the electorate for approval.
- The requirement that voters approve new or increased fuel and vehicle taxes passed by the Legislature in the future could result in lower revenues from such taxes than otherwise would have been available.

### SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT:

- Reduced ongoing state revenues of \$5.1 billion from the elimination of fuel and vehicle taxes

## ANALYSIS BY THE LEGISLATIVE ANALYST

### BACKGROUND

#### APPROVAL OF STATE TAXES

**Legislative Requirements.** Under the State Constitution, the Legislature can only pass a new tax or increase an existing tax with a two-thirds vote. (The Legislature can pass most other types of laws with a simple majority.) Some state charges referred to as fees (such as vehicle license fees) fall under the constitutional definition of a tax.

**Voter Approval Requirements.** The Legislature does not need to get voter approval for new or increased taxes that it passes. The voters—through the initiative process—can pass new taxes or increase existing taxes without the Legislature's involvement.

#### STATE FUEL AND VEHICLE TAXES

**Fuel Taxes.** The state charges excise taxes on gasoline and diesel fuel. These taxes are set on a per-gallon basis. The state also charges sales taxes on gasoline and diesel fuel. These taxes are set as a percent of the price of the fuel. The State Constitution generally requires that the revenues from these fuel taxes be spent on highways, roads, and transit.

**Vehicle Taxes.** State law requires vehicle owners to pay two specific taxes for the privilege of operating a vehicle on public highways. These are (1) vehicle license fees and (2) recently enacted transportation

improvement fees, both of which are based on a vehicle's value. The State Constitution requires that the transportation improvement fee revenues be spent on highways, roads, and transit.

#### TRANSPORTATION FUNDING IN CALIFORNIA

Transportation funding in California currently is estimated to total \$35 billion. Of this amount, \$16 billion comes from local sources, \$12 billion from state sources, and \$7 billion from federal sources. Local funding mainly comes from sales taxes, transit fares, and city and county general funds, while federal funding mainly comes from federal fuel taxes. State funding mainly comes from state fuel and vehicle taxes. State funding has increased by about three-quarters over the last two years mainly due to recent legislation.

**Recent State Transportation Funding Legislation.** In 2017, the Legislature enacted Senate Bill (SB) 1 to increase annual state funding for transportation through various fuel and vehicle taxes (shown in Figure 1). Specifically, SB 1 increased the base gasoline excise tax (by 12 cents per gallon) and the diesel sales tax (by 4 percent). It also set fixed rates on a second (add-on) gasoline excise tax and the diesel excise tax, both of which previously could change each year based on fuel prices. Further, SB 1 created the transportation improvement fee (which ranges from \$25 to \$175 per year) and a

**ANALYSIS BY THE LEGISLATIVE ANALYST**

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fee specifically for zero-emission vehicles (set at \$100 per year for model years 2020 and later). It also provides for inflation adjustments in the future. This fiscal year, the state expects the taxes to raise \$4.4 billion. Two years from now, when all the taxes are in effect and the inflation adjustments have started, the state expects the taxes to raise \$5.1 billion. The State Constitution requires that nearly all of these new revenues be spent on transportation purposes. Senate Bill 1 dedicates about two-thirds of the revenues to highway and road repairs, with the remainder going to other programs (such as for mass transit).

**PROPOSAL**

**Requires Legislature to Get Voter Approval for Fuel and Vehicle Taxes.** Proposition 6 amends the State Constitution to require the Legislature to get voter approval for new or increased taxes on the sale, storage, use, or consumption of gasoline or diesel fuel, as well as for taxes paid for the privilege of operating a vehicle on public highways. Thus, the Legislature would need voter approval for such taxes as gasoline and diesel excise and sales taxes, vehicle license fees, and transportation improvement fees.

**Eliminates Recently Enacted Fuel and Vehicle Taxes.** Proposition 6 also eliminates any such fuel and vehicle taxes passed by the Legislature after January 1, 2017 and up to the date that Proposition 6 takes effect in December. This would eliminate the increased fuel taxes and the transportation improvement fees enacted by SB 1.

**FISCAL EFFECTS**

**Eliminates Tax Revenues From SB 1.** In the current fiscal year, Proposition 6 would reduce SB 1 tax revenues from \$4.4 billion to \$2 billion—a \$2.4 billion decrease. (The \$2 billion in remaining revenues would be from taxes collected prior to Proposition 6 taking effect in December.) Two years from now, the revenue reduction would total \$5.1 billion annually. The funding reductions would mainly affect highway and road maintenance and repair programs, as well as transit programs.

**Makes Passage of Specified Fuel and Vehicle Taxes More Difficult.** Proposition 6 would make it more difficult to enact specified fuel and vehicle taxes because voters also would have to approve them. As a result, there could be less revenue than otherwise would be the case. Any reduction in revenues is unknown, as it would depend on future actions by the Legislature and voters.

Visit <http://www.sos.ca.gov/campaign-lobbying/cal-access-resources/measure-contributions/2018-ballot-measure-contribution-totals/> for a list of committees primarily formed to support or oppose this measure. Visit <http://www.fppc.ca.gov/transparency/top-contributors/nov-18-gen.html> to access the committee's top 10 contributors.

If you desire a copy of the full text of the state measure, please call the Secretary of State at (800) 345-VOTE (8683) or you can email [vigfeedback@sos.ca.gov](mailto:vigfeedback@sos.ca.gov) and a copy will be mailed at no cost to you.

**Figure 1**

**Senate Bill 1 Revenues**

	Tax Rates		Annual Revenues (In Billions)	
	Prior Rates	New Rates	Current Year	In Two Years
<b>Gasoline Taxes</b>				
Excise (base)	18 cents	30 cents	\$1.9	\$2.1
Excise (add-on)	Varied <sup>a</sup>	17.3 cents	— <sup>b</sup>	0.2
<b>Diesel Taxes</b>				
Excise	Varied <sup>c</sup>	36 cents	0.7	0.7
Sales	1.75 percent	5.75 percent	0.3	0.4
<b>Vehicle Taxes</b>				
Transportation improvement fee	—	\$25 to \$175	1.5	1.6
Zero-emission vehicle fee	—	\$100	— <sup>b</sup>	— <sup>d</sup>
<b>Totals</b>			<b>\$4.4</b>	<b>\$5.1</b>

<sup>a</sup> Set annually based on prices. Current rate is 11.7 cents but rate has ranged from 9.8 cents to 21.5 cents in the past.  
<sup>b</sup> New rate not yet in effect.  
<sup>c</sup> Set annually based on prices. Most recent rate was 16 cents but rate has ranged from 10 cents to 18 cents in the past.  
<sup>d</sup> \$48 million.

★ ARGUMENT IN FAVOR OF PROPOSITION 6 ★

Vote YES on Proposition 6 to *immediately lower the price you pay for gasoline.*

Prop. 6 does two things. It repeals the massive increase in gas, diesel and car taxes imposed by the Legislature just last year. Second, it requires voter approval for any future attempt by the Legislature to do it again. That's it.

Here's why Prop. 6 deserves your YES vote:

FACT: California's cost of living is skyrocketing and working families can barely keep up. The new gas and car tax hikes can cost a family of four more than \$500 per year! That's not pennies, that's real money.

FACT: The gas tax hike is not fair. It's a regressive tax that hits working families and the poor much harder than the wealthy.

FACT: Californians pay about 95.5 cents to the government on every gallon of gas. That's about \$18 in taxes and fees on a typical fill-up—much more than motorists pay in other states.

FACT: California has a \$16 billion budget surplus, but the Sacramento politicians decided to spend billions this year on their pet projects instead of improving roads, bridges and highways. In fact, the Legislature has actually REDUCED Caltrans funding by 18 percent over the last ten years.

FACT: 72% of all state motor vehicle related taxes and fees collected by the state are used for programs other than streets, roads and highways. It's time to end the transportation funding shell game.

*(Check these facts and learn more at GiveVotersAVoice.com)*

Don't be fooled by opponents who claim there is no money to fix roads if Prop. 6 passes. If the transportation-related taxes and fees we already paid before this new tax increase took effect were spent on transportation—the state would have \$5.6 billion annually for transportation needs, *without* raising taxes.

That's why unbiased transportation experts agree the Legislature needs to prioritize its spending and gas and car tax hikes are NOT necessary to fix the roads.

*"The waste of taxpayer dollars going to transportation is legendary. California could have great roads if it simply adopted basic reforms."*—Robert K. Best, former Director of Caltrans

Before raising gas and car taxes by \$52 BILLION over 10 years, the Legislature should clean up the corruption and inefficiency that causes California to spend 62% above the national average to build highway lanes.

Nearly a million Californians hurt by high gas prices—small-business owners, teachers, retired people, union members—signed the petition to place Prop. 6 on the ballot.

Vote YES on Prop. 6 to save your family hundreds of dollars a year by repealing the unnecessary gas and car tax increase—and end the shell game Sacramento politicians play with our transportation funds.

*Vote YES on Prop. 6 to help California's struggling middle class and working families make ends meet.*

Vote YES on Prop. 6 to demand that politicians spend our transportation tax dollars as intended and promised—to maintain our streets, highways and bridges.

*Vote YES on Prop. 6 to immediately lower gas prices!*

**JOHN COX**, Honorary Chairman  
Give Voters a Voice—Yes on Prop. 6

**DELORES CHAVEZ**, President  
Latino American Political Association

**PEGGI BUFF**, President  
California Women's Leadership Association

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 6 ★

Don't be misled. Out-of-state politicians and special interests spent millions to put Proposition 6 on the ballot. Prop. 6 will make our bridges, roads and transportation system less safe, and we'll end up paying more in the long run as roads further deteriorate.

FACT: Prop. 6 does not contain one single provision guaranteeing our gas prices will be reduced.

FACT: Voters overwhelmingly passed Proposition 69 in June preventing Sacramento politicians from raiding transportation funds, ensuring funds can only be used for transportation improvements.

FACT: Prop. 6 eliminates \$5 billion annually in *existing transportation funding* and will jeopardize more than 6,500 local transportation projects *currently underway* throughout California. Now is not the time to stop the progress.

FACT: Proposition 6 threatens public safety. California has more than 1,600 bridges and overpasses that are structurally deficient, and 89% of counties have roads that are rated in "poor" or "at-risk" condition. Prop. 6 eliminates projects making safety repairs to bridges and overpasses and fixing dangerous roads.

FACT: Prop. 6 will cost motorists more in the long run. The average driver spends \$739 per year on vehicle

expenses like front end alignments, shocks and tire repairs caused by bad roads. This measure will make road conditions worse and cost us all more in unexpected vehicle repairs.

Proposition 6 is opposed by more than 200 organizations, including: • California Professional Firefighters • American Society of Civil Engineers • League of Women Voters of California • California Chamber of Commerce • California Transit Association • Congress of California Seniors • California League of United Latin American Citizens • Latin Business Association • California Association of Highway Patrolmen

Reject Proposition 6—stop the attack on bridge & road safety.

[www.NoProp6.com](http://www.NoProp6.com)

**BRIAN K. RICE**, President  
California Professional Firefighters

**MARK GHILARDUCCI**, Director  
California Office of Emergency Services

**YVONNE GONZALEZ DUNCAN**, State Director  
California League of United Latin American Citizens (CA LULAC)

★ ARGUMENT AGAINST PROPOSITION 6 ★

VOTE NO ON PROP. 6: STOP THE ATTACK ON BRIDGE & ROAD SAFETY

The California Professional Firefighters, California Association of Highway Patrolmen, American Society of Civil Engineers and first responders urge NO on Prop. 6 because it will stop critical transportation projects and jeopardize the safety of our bridges and roads.

Prop. 6 eliminates \$5 billion annually in *existing funds* dedicated to fixing roads, bridges and infrastructure. Prop. 6 will stop projects *currently underway* throughout California to upgrade bridges and overpasses to meet earthquake safety standards and to improve the safety of our roads.

Here are the facts: • California has more than 1,600 bridges and overpasses that are structurally deficient and unsafe. • Eighty nine percent (89%) of counties have roads that are in 'poor' or 'at-risk' condition. • According to the National Highway Traffic Safety Administration, there were more than 3,600 fatalities on California roads in 2016. Improving road conditions and roadway safety features have been found to have a significant effect improving traffic safety. PROP. 6 ELIMINATES FUNDING FOR MORE THAN 6,500 ROAD SAFETY AND TRANSPORTATION IMPROVEMENT PROJECTS

According to the California State Transportation Agency, there are more than 6,500 local transportation improvement projects underway in every California community, including: • 3,727 projects fixing potholes and repaving crumbling, unsafe roads • Repairs or replacement of 554 bridges and overpasses • 453 improvements to public transportation operations and services including buses and rail • 337 projects relieving traffic congestion

If Prop. 6 passes, construction will come grinding to a halt in cities and counties throughout the state, wasting money and making road conditions even worse.

VOTERS SPOKE LOUD AND CLEAR TO DEDICATE ROAD FUNDING

Voters overwhelmingly passed Prop. 69 in June preventing Sacramento politicians from raiding

transportation funds and ensuring these funds are only used for transportation improvements. We should not eliminate transportation revenues that are accountable to taxpayers, can't be diverted, and that voters overwhelmingly dedicated to fixing our roads.

PROP. 6 ELIMINATES THOUSANDS OF JOBS AND HURTS OUR ECONOMY

The California Chamber of Commerce opposes Prop. 6 because it could eliminate 68,000 jobs annually and \$183 billion in economic investments as thousands of road construction projects are halted.

PUBLIC SAFETY AND LOCAL LEADERS OPPOSE PROP. 6

• California Professional Firefighters • California Association of Highway Patrolmen • American Society of Civil Engineers • Emergency responders and paramedics • California Chamber of Commerce • California League of Conservation Voters • State Building & Construction Trades Council of California • California State Association of Counties • League of California Cities • California Alliance for Jobs • Latin Business Association • California NAACP • Congress of California Seniors • California League of United Latin American Citizens (LULAC)

*"Emergency responders see firsthand the safety risk to drivers caused by crumbling roads, structurally unsafe bridges and outdated infrastructure. By stopping thousands of transportation improvement projects, Prop. 6 will make our roads, bridges and transportation system less safe and lead to more traffic accidents and fatalities."*—Mark Ghilarducci, Director, California Office of Emergency Services

STOP THE ATTACK ON BRIDGE & ROAD SAFETY. VOTE NO ON 6.

*NoProp6.com*

**BRIAN K. RICE**, President  
California Professional Firefighters

**KWAME AGYARE**, Region Director  
American Society of Civil Engineers

**DOUG VILLARS**, President  
California Association of Highway Patrolmen

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 6 ★

The cost of living in California is already too high. VOTE YES on PROP. 6 to immediately lower the price you pay at the pump.

DON'T be fooled by Special Interest opponents claiming there is no money to fix bridges and roads unless taxes are raised. Here are the facts:

- STATE GOVERNMENT HAS A \$16 BILLION BUDGET SURPLUS, but the Legislature decided to spend billions on their pet projects instead of improving roads, bridges and highways.
- Sacramento politicians have REDUCED Caltrans funding by 18 percent over the last ten years. 72% of all state motor vehicle related taxes and fees go to programs other than streets, roads and highways.
- Higher fuel taxes are passed along to consumers, increasing the cost of everything we buy. California is already too expensive. This massive tax increase makes things worse.

One more thing the politicians aren't telling you: HIDDEN IN THE LEGISLATURE'S GAS TAX BILL IS A

CLAUSE THAT ALLOWS THE TAX TO AUTOMATICALLY INCREASE EVERY YEAR WITHOUT A VOTE OF THE PEOPLE.

Too many Californians are already struggling with the high cost of living. PROP. 6 does just two things to help make California more affordable:

First, it REPEALS the unfair and massive increase in the gas and car tax.

Second, it REQUIRES a vote of the people before the politicians can try to increase gas and car taxes again.

VOTE YES on Prop. 6 for lower gas prices! Visit [www.GiveVotersAVoice.com](http://www.GiveVotersAVoice.com) and [www.GasTaxRepeal.org](http://www.GasTaxRepeal.org) to learn more.

**JON COUPAL**, President  
Howard Jarvis Taxpayers Association

**JOHN KABATECK**, California Director  
National Federation of Independent Business

**JESSE ROJAS**, President  
California Farmworkers and Families PAC