

California: Efforts to repeal new gas taxes overlap



David M. Kall | Thursday, October 5, 2017

This spring, we [addressed](#) California's infrastructure plan, which was incorporated into the state's May budget revision and the new budget, and which provided \$54 billion in new expenditures for transportation funding over the next decade. The new revenues were to be used for repairs for roads, state highways and bridges, and to invest in trade and commute corridors, passenger rail and public transit modernization and improvements, among other things.

Included in the legislation were these tax increases:

- Excise tax increase on gasoline by \$0.12 per gallon, starting Nov. 1, 2017
- Excise tax increase on diesel fuel by \$0.20 per gallon, starting Nov. 1, 2017
- Sales tax increase on diesel fuels by an additional 4 percent increment, starting Nov. 1, 2017

The legislation also created a transportation improvement fee ranging from \$25 to \$75 per year per vehicle, depending on its market value.

The new fee and gas taxes were, and remain, controversial. California Republican Assemblyman Travis Allen, of Orange County, launched an effort to repeal the new revenue sources by way of an initiated state statute, known as the [California Repeal Gas Tax and Fees Increase Bill Initiative](#). The measure, which could appear on the November 2018 ballot, would repeal most of the law that enacted the taxes, [SB 1](#), which is expected to generate approximately \$52.4 billion between 2017 and 2027.

Before voters have the chance to weigh on the initiative, they will face the [California Transportation Taxes and Fees Lockbox Amendment](#), which is scheduled to be on the California ballot, as a legislatively referred constitutional amendment, on June 5, 2018. A "yes" vote would require that revenue from fees and taxes on vehicles or their operation be used for transportation-related projects. SB-1 and this amendment made up the transportation funding package. The Initiative would impact SB-1 itself, but not the amendment.

There has already been litigation over the California Repeal Gas Tax and Fees Increase Bill Initiative. The original title, which the state's attorney general wrote, "Eliminates recently enacted road repair and transportation funding by repealing revenues dedicated for those purposes." Allen argued that "the voter could read that to mean that the Legislature identified existing funds for transportation and the initiative would take those funds away," reported the [L.A. Times](#).

The judge agreed, writing that "[t]he Attorney General's title and summary must be changed to avoid misleading the voters and creating prejudice against the measure." The new title, which the judge wrote, reads as follows: "Repeals recently enacted gas and diesel taxes and vehicle registration fees. Eliminates road repair and transportation programs funded by these taxes and fees."

The fiscal impact of the initiative repealing the new fees and gas taxes is a reduction of annual state transportation revenues by \$2.9 billion in 2018-19, increasing to \$4.9 billion annually by 2020-21. These are the revenues that would have gone mostly to support state highway maintenance and rehabilitation, local streets and roads, and mass transit.

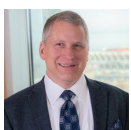
Allen justified his effort to repeal the new revenue stream on the grounds that "(Governor) Jerry Brown's decision to push through the largest gas tax increase in California's history without the approval of voters demonstrated a complete disregard for ordinary Californians. This ballot initiative will correct Brown's failure and allow the people of California to decide for themselves if they want to raise their taxes."

SEPARATE COALITION, SAME GOAL

San Diego City Councilman Carl DeMaio's [Reform California](#) is a different group of opponents, "comprised of concerned citizens who seek to reform wasteful spending in California state and local government." It, too, is speaking out against the new gas taxes, though that is not all; the political action committee fights *any* "unnecessary tax increases" at the state and local levels. It prefers using "efficiency reforms to fix problems...by sponsoring research projects, analyzing state and local budget decisions, and crafting a variety of reform proposals."

The [Orange County Register](#) noted that while Reform California pursues its own ballot measure, it also trivializes Allen's effort as one to advance his bid for higher office, rather than "focus[ing] on results."

The [Register](#) also points out that Reform California's constitutional amendment, which cannot be changed without voter approval, faces a relatively high burden; it must collect 585,000 signatures before it can proceed. Allen's initiative, as an initiated state statute that lawmakers can modify, only needs 360,000.



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