



Proposition 6

Repeal Gas Tax Increase

Placed on the Ballot by Petition Signatures

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Purpose

Proposition 6 would require the Legislature gain majority approval from California voters for any taxes on car gas, diesel fuel, or highway use prior to their enactment. It would also eliminate an increase in the gasoline and diesel taxes that were enacted by the Legislature in 2017 and would require retroactive voter approval for those taxes.¹

Background

Prop 6 would repeal the increase in gasoline and gasoline-related taxes that was passed in Senate Bill 1 in April of 2017. Senate Bill 1 raised the gasoline excise tax by 12 cents per gallon, from 18 cents to 30 cents, and the diesel fuel excise tax by 20 cents. It also created a new, annual transportation improvement fee between \$25 and \$175, to be paid upon vehicle registration, and an annual \$100 fee on zero-emission vehicles.²

The revenue from Senate Bill 1 is to be used for infrastructure repair and improvements. The state estimated prior to its passage that California had accumulated an infrastructure backlog of \$130 billion dollars in degraded roads, congested highways, and inadequate public transportation.³ Senate Bill 1 is expected to generate \$54 billion over 10 years for infrastructure improvements.⁴

As SB-1 was passed in April of 2017, infrastructure improvement projects are already underway in California. In May of 2018, the California Transportation Commission completed the first round of funding for infrastructure improvement programs, allocating \$9.2 billion for projects around California, and CalTrans has already completed 17 projects funded by SB-1 revenue.⁵ Passage of Prop 6 would pause or stop ongoing projects.

¹ https://www.oag.ca.gov/system/files/initiatives/pdfs/17-0033%20%28Gas%20and%20Car%20Tax%29_1.pdf

² <https://calbudgetcenter.org/blog/understanding-californias-new-transportation-package/>

³ <http://www.latimes.com/politics/essential/la-pol-ca-essential-politics-updates-gov-jerry-brown-legislative-leaders-1490821862-htmistory.html>

⁴ <https://www.sacbee.com/news/politics-government/capitol-alert/article213620364.html>

⁵ <http://rebuildingca.ca.gov/state-funding.html>

Senate Bill 1 Revenues⁶

	TAX RATES		ANNUAL REVENUE (billions)	
	Prior Rates	New Rates	Current Year	In Two Years
Gasoline Taxes				
Excise (base)	18 cents	30 cents	\$1.9	\$2.1
Excise (add-on)	Varied (a)	17.3 cents	(b)	0.2
Diesel Taxes				
Excise	Varied (c)	36 cents	0.7	0.7
Sales	1.75 percent	5.75 percent	0.3	0.4
Vehicle Taxes				
Transportation improvement fee	---	\$25 to \$175	1.5	1.6
Zero-emission vehicle fee	---	\$100	(b)	(d)

- (a) 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.
- (b) New rate not yet in effect.
- (c) Set annually based on prices. Most recent rate was 16 cents but rate has ranged from 10 cents to 18 cents in the past.
- (d) \$48 million.

Fiscal Impact

As Proposition 6 would repeal SB-1, passage would lead to a \$5.1 billion decrease in new tax revenue, as estimated by the Legislative Analyst’s Office. Additionally, the popular approval requirement of Proposition 6 could prevent the future enactment of increases to gasoline-related taxes, decreasing potential state revenue in the future.⁷

Supporters

Three committees have been registered to support Prop 6.⁸

- Vote Yes on Prop 6, A Committee Sponsored and Funded by No New Taxes, A Project of the Howard Jarvis Taxpayers Association
- Yes on Prop 6, Repeal the Gas Tax
- Reform California – Yes on 6

Additional supporters include:⁹

⁶ <http://lao.ca.gov/BallotAnalysis/Proposition?number=6&year=2018>

⁷ Ibid

⁸ <http://cal-access.sos.ca.gov/Campaign/Measures/Detail.aspx?id=1400385&session=2017>

⁹ <https://voteforprop6.com/endorsements/>

- The California Republican Assembly
- U.S. House Majority Leader Kevin McCarthy
- National Federation of Independent Business
- The Howard Jarvis Taxpayers Association
- Americans for Tax Reform
- National Congress of Racial Equality

Supporters have contributed about \$3.5 million to support the passage of Prop 6.¹⁰

Arguments of Supporters

- California is already one of the most expensive states in the country in which to live and the gas tax only exacerbates that problem
- Disadvantaged communities, the working poor, and the middle class would bear the greatest burden of the gas tax
- The state has enough money in the general fund to pay for infrastructure improvements without imposing additional taxes¹¹
- Existing transportation agencies and projects waste taxpayer money with bureaucratic inefficiency and inflated union contracts¹²

Opponents¹³

There are five committees registered to oppose Prop 6.

- Southern California Contractors Association (Nonprofit 501(c)(6)), No on Prop 6, Stop the Attack on Bridge and Road Safety
- Associated General Contractors Issues PAC, Vote No on Prop 6
- Associated General Contractors of California Inc, (Nonprofit 501(c)(6)), Vote No on Prop 6
- No on Prop 6: Stop the Attack on Bridge and Road Safety, Sponsored By Business, Labor, Local Governments and Transportation Advocates
- American Council of Engineering Companies, No on Prop 6 (Nonprofit 501(c)(6))

Additional opponents include:¹⁴

- Labor Unions
- League of Women Voters of California
- California Association of Highway Patrolmen
- The California Democratic Party
- California Chamber of Commerce

¹⁰ <http://www.sos.ca.gov/campaign-lobbying/cal-access-resources/measure-contributions/2018-ballot-measure-contribution-totals/17-0033-eliminates-recently-enacted-road-repair-and-transportation-funding-repealing-revenues-dedicated-those-purposes-requires/>

¹¹ <http://www.latimes.com/politics/la-pol-sac-transportation-deal-taxes-fees-20170329-story.html>

¹² <https://www.sacbee.com/news/politics-government/capitol-alert/article215645120.html>

¹³ <http://cal-access.sos.ca.gov/Campaign/Measures/Detail.aspx?id=1400385&session=2017>

¹⁴ <https://noprop6.com/coalition-list/>

- League of California Cities
- California Transit Association

Opponents of Proposition 6 have spent about \$14 million to oppose the passage of Prop 6.¹⁵

Arguments of Opponents

- The California Legislature has delayed infrastructure and transportation investment for too long¹⁶
- Extensive infrastructure investment creates thousands of jobs for Californians¹⁷
- Infrastructure improvements are needed to repair bridges and overpasses that pose a public safety risk¹⁸
- The passage of Prop 6 would eliminate funding for ongoing projects which would waste money and degrade road conditions even further¹⁹

Conclusion

A **Yes** vote on Proposition 6 would repeal Senate Bill 1 and the gasoline and related taxes it increased and imposed. It would also require that the California Legislature receive voter approval for any future increases to fuel and vehicle taxes.

A **No** vote on Proposition 6 would mean there would be no change in the status of Senate Bill 1. The increased taxes it imposed would remain in place. The California Legislature would continue not to need voter approval for future increases to fuel and vehicle taxes.

For more information on Proposition 6, visit:

www.RoseInstitute.org

www.GiveVotersAVoice.com

www.NoProp6.com

¹⁵ <http://www.sos.ca.gov/campaign-lobbying/cal-access-resources/measure-contributions/2018-ballot-measure-contribution-totals/17-0033-eliminates-recently-enacted-road-repair-and-transportation-funding-repealing-revenues-dedicated-those-purposes-requires/>

¹⁶ <http://www.latimes.com/politics/la-pol-sac-transportation-deal-taxes-fees-20170329-story.html>

¹⁷ <http://rebuildingca.ca.gov/overview.html>

¹⁸ <https://noprop6.com/safety-at-risk/>

¹⁹ Ibid