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# A Quiet Revolution in California Transportation Planning and Finance

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## Issue

Over the past century, surface transportation planning and programming gradually evolved from a largely ad hoc, locally funded affair to a highly formalized intergovernmental process, guided by both federal and state policy and supported mostly by fuel tax revenues. Metropolitan planning organizations, like the San Francisco Bay Area Metropolitan Transportation Commission and the Southern California Association of Governments, grew out of requirements that federally funded transportation projects be part of a continuing, comprehensive, and cooperative planning process. In California today, numerous state regulations require that transportation projects advance air quality, climate, equity, and public participation goals. Over the past several decades, however, this carefully constructed federal-state partnership has been reverting back toward greater local decision-making, driven by an increasing reliance on local revenue sources. Researchers at the UCLA Institute of Transportation Studies have been following these developments in California and across the nation.

Early roads were mostly funded by tolls and local property taxes, but state highway systems, and later interstate freeways, required large amounts of revenue, which were mostly supplied by state and federal fuel taxes. This reliance on fuel taxes came to define the relationships between federal, state, and local transportation planning organizations for decades.

Since the 1970s, however, the buying power of fuel taxes has fallen, as a result of inflation, rising fuel efficiency, and increasing numbers of electric vehicles. The fuel tax rate in California did not change between 1993 and 2017, and the federal fuel tax rate has not increased since 1993. As a result, governments have collected less revenue per mile driven, and have been able to buy

fewer transportation improvements with the revenue they do collect. In response, local governments have sought alternative funding sources, increasingly by asking local voters to agree to small increases in retail sales tax rates to pay for locally popular transportation projects. These initiatives are called local option sales taxes, or LOSTs. While clearly a form of direct democracy, this sort of ballot box transportation planning and finance can also circumvent collaborative and coordinated federal, state, regional, and local intergovernmental processes that have long been a hallmark of transportation planning.

LOST measures have mushroomed in popularity over the past half century. In 2018 alone, 55 transportation sales tax measures were put before voters across the U.S., 62% of which were approved to generate an estimated \$31.7 billion in revenue (Laska and Puentes 2019). In California the first such measure passed in Santa Clara County in 1976. Since then, California counties have proposed 86 transportation sales tax measures. Most have passed, despite the requirement since the late 1990s that they achieve a two-thirds supermajority vote (Figure 1). Los Angeles voters have approved four such measures over the years, combining to increase the local sales tax by 2%. Today, about 88% of Californians live in a county subject to at least one transportation sales tax measure; they collectively generate nearly \$5 billion per year.

This quiet revolution toward ballot box transportation planning and finance has received surprisingly little attention. Why have voters proven so willing to increase their taxes to pay for transportation? How have the project lists, crafted to attract voters, affected what gets built? More importantly, how have these measures affected traditional planning processes that were designed to be inclusive and to address a wide array of social and environmental objectives?

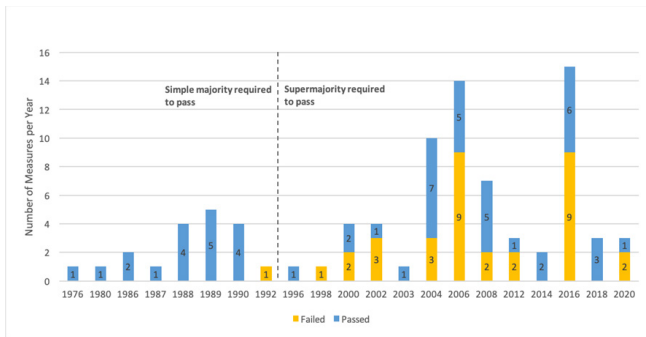


Figure 1: The growth of ballot box planning and finance in California since 1976.

## Key Research Findings

### Anatomy of a politically successful transportation sales tax measure

- **Specific.** Voters dislike vague promises to address transportation problems or build unspecified new projects. Specific promises to rebuild a freeway interchange or construct a new light rail line are much more effective. New projects tend to be more popular than maintaining or rebuilding existing ones.
- **A little something for everyone.** Voters tend to favor projects that they think will benefit them. Scattering projects throughout the county and serving car drivers, transit riders, cyclists, and pedestrians increase the odds that voters and their local representatives will see something they like in the measure.
- **Diverse coalitions.** Spreading projects across travel modes and geographies allows supporters to build broad coalitions, even where a few individual projects may engender some opposition.
- **Going local.** Returning some funds to municipal local governments to spend as their constituents would like creates

support among local elected officials, who then campaign for the measures.

- **Oversight.** Most measures include independent oversight committees that annually audit the sales tax expenditures to ensure that funding is indeed spent on the projects promised in the ballot measure.

### Policy issues raised by the move to ballot box transportation planning and finance

- **Politics trumps planning.** In crafting lists of popular transportation projects that will win at the ballot box, the transportation, economic, environmental, or equity-related impacts of these projects, and how they relate to other projects, can take a back seat.
- **Pricing purchases rather than travel.** Alternative sources of transportation funding, like bridge tolls, transit fares, and (indirectly) fuel taxes, can be more effective ways to manage travel by charging users directly for the costs of their travel. Sales tax finance, on the other hand, severs that link.
- **Unjust equity.** While widely perceived by supporters as fair, taxes on retail sales are regressive; they fall disproportionately on lower-income households that tend to devote a larger share of their incomes to retail purchases. Further, because sales taxes are largely unrelated to travel, people who travel less will tend to pay more for transportation than people who travel a lot, in contrast with transportation user fees like fuel taxes.

## More Information

This brief is based on research from a forthcoming book. For more information, please contact Brian Taylor at [btaylor@ucla.edu](mailto:btaylor@ucla.edu).

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 Further Reading:

Laska, A., & Puentes, R. (2019). [Transportation at the Ballot Box](#). Washington, D.C.: Eno Center for Transportation.  
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