Local Option Sales Taxes, Metropolitan Planning Organizations, and SB 375: A Question of Priorities

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Local Option Sales Taxes, Metropolitan Planning Organizations, and SB 375: A Question of Priorities

A National Center for Sustainable Transportation Research Report

July 2023

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EXECUTIVE SUMMARY

This report considers the role of local option sales taxes (LOSTs) for transportation in influencing spending patterns in regional transportation plans adopted by Metropolitan Planning Organizations (MPOs) in California's four largest metropolitan regions: the San Francisco Bay, Los Angeles, San Diego, and Sacramento areas. Through quantitative analysis of information on LOST measures placed on the ballot from 1976 to 2022, and through case studies of recent measures placed on the ballot in Sacramento and San Diego Counties, where LOST mis/alignment with SB 375 requirements became a contested issue, we assess patterns in LOST expenditure by mode and purpose over time and across regions, and how LOST spending priorities compare to spending allocated by MPOs in their long-range (20+year) Regional Transportation Plans (RTPs).

LOSTs are enacted through voter-approved ballot measures at the county level, which increase the retail sales tax countywide in order to fund transportation purposes spelled out in a publicized expenditure plan available to voters. There are 23 LOSTs currently operative within the 22 counties located within the four large MPO regions that we study in this report. The duration of LOST measures varies, but most last at least 20 years.

MPOs are regional transportation planning agencies that develop both long- and short-range transportation investment and policy plans on an ongoing, cyclical basis. MPOs do not directly control the sponsorship or funding of most transportation projects in their RTPs; instead, they coordinate multiple federal, state, and local projects. LOSTs comprise nearly one-quarter of total state transportation expenditure—more than any single state or federal transportation program source—making LOST expenditure a critical element of RTPs.

Senate Bill (SB) 375, the Sustainable Communities and Climate Protection Act of 2008, calls for California's MPOs to ensure that their long-range (20+year) Regional Transportation Plans (RTPs), along with an adopted 'Sustainable Communities Strategy' (SCS)—a preferred land use pattern for the region—can reduce per capita greenhouse gas (GHG) emissions from passenger vehicles by state-mandated, targeted amounts, over the plan duration. Recently, SB 375 has come under scrutiny from state policymakers, concerned that the law is not achieving its goals. In this context, it is important to consider the role of LOSTs in affecting RTP spending patterns, especially given that multi-county MPOs have no built-in mechanism to control them; for example, LOSTs are not bound by SB 375, but MPOs still must account for LOST spending in their RTPs. Pointing to such concerns, the Strategic Growth Council, in a recent report to the state legislature assessing California's transportation funding and planning system, noted that, "LOSTs' popularity, pervasiveness, and sheer size means that they can have outsized and sometimes contrarian effects on transportation outcomes in the state." The political exigencies,

long durations, and potentially inflexible spending commitments in LOSTs could hamper MPO plan performance priorities. Our study helps in assessing whether this concern is warranted.

Our analysis considers forty-five LOST measures for which we could find expenditure plans, that were placed on the ballot between 1976 and 2022 in the counties within California's 'big four' MPO regions. Most measures are concentrated in the San Francisco Bay and Los Angeles areas. The high point of LOST proposal and passage occurred between 2000 and 2010, after which LOST measures were proposed less frequently, and met with lower voter approval rates. During the 2000s, 81% of the proposed measures in our sample were adopted, but after that, the passage rate declined to less than half during the 2010s and 2020s.

Based on the expenditure plans spelled out in the original ballot measures, we categorized LOST spending in a manner that allows for a rough distinction between expenditures that induce more vehicle miles traveled (VMT) from those which do not. Our method was to distinguish expenditures by mode (for roadways versus transit versus active transport (AT), a.k.a. bicycle and pedestrian facilities) and also by purpose (for new facilities construction versus rehabilitation, maintenance, and operations, a.k.a. "M&O/rehab"). Capital spending to add new roadway capacity has been determined to increase driving, while our other spending categories are deemed to be VMT-neutral or VMT-negative.

The observed pattern of shifts over time in LOST spending by mode and purpose is generally favorable to SB 375 purposes. The average share of LOST funding dedicated explicitly to roadways tended to decline from the 1990s to the 2010s, although the share devoted to "local return," a revenue category distributed to localities on an ongoing basis, increased significantly, and this spending category has been found to be generally dedicated to roadway M&O/rehab.

Meanwhile, the average share devoted to transit declined notably between the 1990s and the 2000s, after which it remained stable by decade at about 45-46%. (For active measures only, the transit share is currently 49% across measures.) Funding for active transportation has increased since the 1990s, growing from 0% to 6% in the 2020s. These funding shares are calculated across LOST measures, not weighted for tax rates or revenue raised by county.

Considering the pattern over time in spending by purpose, a significant shift is evident towards more spending on M&O/rehab, and less on capital facilities, for both roads and transit. Roadway capital spending declined from 30% on average for measures adopted in the 1990s to 11% in the 2020s, while transit capital spending declined from 25% to 10% over the same period. It is important to note the expanding role of local return in this analysis, which grew in share, on average, from 10% in the 1990s, to 25% in the 2010s. If previous research is correct about local return being largely spent on local road maintenance, then funding is increasingly being dedicated to maintaining the existing road network, rather than expanding the road or transit networks. If spending for local return is combined with spending explicitly directed to roadway M&O/rehab, the combined share almost doubled from the 1990s to the 2010s, reaching an average of 31% in LOST spending measures by the 2010s.

To compare LOSTs to RTP spending, we determined RTP spending shares by mode and purpose from the four most recent adopted regional RTP/SCSs, and then, for each region, developed an aggregate LOST spending distribution measure by mode and purpose, by taking each active LOST's funding distribution, established in its expenditure plan, and weighting it by the revenue obtained for the LOST in FY 2018-19, and then creating a weighted regional average.

Considered across all four regions combined, we found that revenue-weighted RTP and LOST spending are similar by mode and purpose—if "local return" spending is considered equivalent to roadway M&O/rehab. However, the similarity in spending patterns across the four regions combined reflects the overwhelming dominance of Los Angeles area LOSTs as a share of all LOST spending. Considering the revenue-weighted results separately for each of the four regions, greater variation is evident. The Bay Area and San Diego area, in particular, have LOSTs that are less sustainability-oriented than the regions' RTP/SCSs, spending less for transit and more for roadways, than the RTP/SCSs do. The Bay Area regional plan also spends a significantly smaller share of funds on capital expansion, and more on M&O/rehab, than the region's LOST measures (even if local return is considered equivalent to roadway M&O/rehab). Meanwhile, the San Diego region's RTP dedicates twice as large a funding share toward transit as the county's LOST measure, a divergence that mirrors conflicts over priorities that have erupted in the region, which we discuss in our case study section.

Summing up this assessment, LOST expenditure plans have shifted away from VMT-inducing project spending over time, and towards VMT-neutral or VMT-negative spending instead, which is generally positive for SB 375 purposes. Capital investments, strongly favored during the first few decades of LOSTs in California, have waned in share while M&O/rehab spending has grown. The findings suggest that overall, LOST spending is not "dragging" RTP spending down substantially toward a less sustainability-oriented direction than RTP/SCSs. However, the correspondence observed at the overall statewide level in spending priorities masks significant discrepancies in individual regions. Aggregate LOST spending in the Bay Area and San Diego area, in particular, is less sustainability-oriented than the regions' RTP/SCSs.

LOSTs play a growing role in expected funding for RTP/SCSs. A review of revenue projections in the 'big four' MPOs' most recent adopted RTPs indicates that the San Francisco Bay, Sacramento, and San Diego areas all expect the LOST funding share of total RTP revenue to approximately double over the timespan of the plans, through additional LOSTs, or renewed LOSTs at higher tax rates. These projections may be overly optimistic given electoral difficulties in passing LOSTs seen since the 2010s. However, with many other projected RTP revenue sources also not secured, the role of LOST funding will remain critical.

Our two case study sections investigate recent LOST ballot initiative efforts in San Diego and Sacramento Counties, where LOST measures have come into conflict with SB 375 requirements. The two efforts highlight a recent institutional change that could shake the traditional LOST process to its foundations; recent court rulings have held that while a two-thirds supermajority vote is required to pass local special taxes referred to the ballot by lawmakers, only a simple majority is required to pass measures placed on the ballot through citizen initiatives.

The two citizen-initiative LOST measures we studied, intended for the November 2022 election, were sponsored not by county transportation agencies as in the traditional fashion, but rather by stakeholder organizations. With LOST success rates having declined over recent decades, the prospect of citizen-led measures could improve electoral success. But whether this benefits countywide and regional collaborative decisionmaking is a different question.

The Sacramento initiative, which ultimately failed at the ballot box, was led and bankrolled by developer interests who stood to benefit from a long-contested 34-mile expressway extending into undeveloped territory. SACOG, the region's MPO, identified 26 roadway capital expansion projects in the ballot measure, including the expressway, that were not included in SACOG's most recent RTP and that would have threatened SB 375 compliance. Difficult negotiations resulted in an MOU signed between SACOG and the measure sponsors, stipulating analysis of the problematic projects, so as to identify mitigation measures which project sponsors would then need to follow to be eligible for measure funding. The MOU held significant risks for SACOG, because the terms were not written into the ballot initiative, and therefore could not be enforced. Many SACOG leaders and staff expressed concern that the LOST initiative could unravel the MPO planning process and its regional perspective, cultivated over many years, in favor of more parochial interests and power politics. The experience shows how a citizen-led LOST measure can upend the traditional LOST process, which relies on coalition- and consensus-building, and thereby also threaten compliance with SB 375.

Our second case study considers San Diego's single in-place LOST, adopted before passage of SB 375, which has been at the center of a decade of conflict about transportation priorities in the region. Various stakeholders, including the MPO's current staff, contend that the LOST is too roadway-oriented and not conducive to SB 375 goals. However, suburban MPO leaders view the measure as a promise made to voters, not to be broken. Pro-transit groups mounted a signature-gathering campaign for a LOST measure in 2022; they failed but aim to try again. In this case, the citizen initiative would not have de-stabilized the RTP's ability to meet SB 375 goals, but rather was/is aimed to sway outcomes in the face of a fractured MPO board. The story underscores the difficulty, politically if not legally, of modifying LOSTs in the face of changing priorities.

With SB 375 requirements having recently been toughened, the role of LOSTs in influencing SB 375 implementation is important to consider. The Sacramento experience shows that a citizen-led LOST measure can throw a monkey wrench into the traditional consensus-building process and threaten SB 375 compliance. State guidance could help address this concern moving forward, to help ensure that LOST-funded projects align with RTP goals. Some proposed methods may go too far, as suggested by opposition among stakeholders that emerged to legislation proposed last year that would have required project-level VMT estimation and ranking, overseen by CARB. State guidance might focus instead on strengthening the hand of MPOs in ensuring plan-level alignment of LOST measures with RTP goals and objectives, similar to SACOG's MOU approach. State guidance might also focus on ensuring that local return spending is aligned with SB 375 priorities.

Introduction

California has been a global leader in adopting and pioneering policies to reduce greenhouse gas emissions from all sectors, including transportation, with legislation like Senate Bill 375, the Sustainable Communities and Climate Protection Act of 2008. SB 375 calls for coordinating transportation investment with land use planning at the regional scale to support more efficient and sustainable development. Implementing SB 375 is the responsibility of Metropolitan Planning Organizations (MPOs), which are metropolitan regional transportation planning agencies that develop both long- and short-range transportation investment and policy plans on an ongoing, iterative basis.

However, California has a complicated transportation landscape with many players and sources of funding, most of which are not under the direct control of MPOs. Most of the state's funding for transportation comes from local sources, and a key component of that funding is local option sales taxes (LOSTs). LOSTs are a form of sales tax (a tax levied on retail sales) levied at the county level in California after being approved by voters, which can be used exclusively for transportation if designated for the purpose in the ballot measure placed before voters. The duration of LOST measures varies, but most are slated to last at least 20 years. In California as of 2022, 25 of the state's 58 counties had adopted 53 LOSTs since 1976 to fund local transportation projects, with 36 of them currently operative (some having expired). In the 22 counties located within the four largest MPO regions that we study in this report, 23 LOSTs are currently in place and operative.

LOSTs have been a popular method for raising local funding for transportation, as they are seen as more palatable than a gas tax and voters can directly choose whether or not to approve. Most California LOSTs include specific expenditure plans that detail financial commitments for the period of the duration of the tax. The political popularity and long duration of LOSTs mean they can exert a strong influence on regional transportation spending priorities.

SB 375 changed how California's eighteen MPOS must develop their periodically updated long-range (20+year) Regional Transportation Plans (RTPs). SB 375 requires that with each RTP, the MPOs must also develop and approve a 'Sustainable Communities Strategy' (SCS), a preferred land use pattern for the region which, in conjunction with the transport investments in the RTP, is demonstrated to be capable of reducing regional per capita greenhouse gas (GHG) emissions from passenger vehicles by state-mandated, targeted amounts, over the plan's duration.

RTP/SCSs must indicate all sources of "reasonably expected" funding to be raised during the plan period for the transportation projects included in the plan. However, MPOs exert little autonomous authority for directly initiating and funding any of the transportation projects included in RTPs, whether from LOSTs or other federal, state, or local sources. With LOSTs being levied at the county level, MPOs in multi-county regions have no built-in mechanism to contribute, steer, or interfere with the process of designing, campaigning for, or administering a LOST. This creates a potential disconnect between transportation funding and planning at the local (county) and regional levels in multi-county regions; for example, LOSTs are not bound by SB 375, but MPOs still must account for LOST spending in their RTPs.

Two central questions led this research: How do LOSTs affect MPO regional plans and spending priorities in the post-SB 375 world? Do LOST-funded projects help or hinder MPOs from reducing vehicle miles traveled (VMT) and associated GHGs, thereby helping or hindering MPOs from meeting SB 375 targets for GHG reduction? This study addresses these questions using mixed research methods, employing quantitative analysis of information about LOST measures placed on the ballot in California between 1976 and 2022, and, to address qualitative research questions, by conducting case studies of recent LOSTs placed on the ballot in two counties.

The report proceeds as follows. In the next section, we consider LOSTs in relation to prior literature on the subject, which has described LOSTs as sometimes more responsive to suburban spending priorities than to MPO plan performance priorities. Our work contributes to the existing literature by examining how LOST funding by mode and purpose has changed over time and space across California counties in the largest regions, and how LOST spending contributes and compares to MPO spending choices in RTPs.

The following section presents our data analysis of LOST spending patterns, and our comparison to RTP spending patterns. To make these comparisons, we evaluate how spending for LOSTs and RTPs is allocated by mode (for roadways versus transit versus active transport, a.k.a. bicycle and pedestrian facilities) and purpose (for new facilities construction versus rehabilitation, maintenance, and operations, a.k.a. “rehab/M&O”). Scholars of regional plans have distinguished transport spending by mode and purpose as a means for roughly distinguishing VMT-inducing expenditure from VMT-reducing or neutral expenditure (Mullin et al., 2020). Specific combinations of mode and purpose are recognized as more likely to be VMT-inducing; in particular, capital spending to increase roadway capacity has been determined to increase driving (Duranton and Turner, 2011; Handy, 2015). VMT-neutral spending includes roadway maintenance, assumed to not substantially encourage or discourage driving, while VMT-negative spending is assumed to include transit operations and active transportation facilities investments, which provide alternative modes of travel, reducing automobile reliance.

Our final sections present our case study findings, in which we consider institutional aspects of the LOST process that affect regional plans. We examine recent LOST ballot initiatives in San Diego and Sacramento Counties, where LOST efforts have come into conflict with SB 375 requirements. The recent measures were sponsored by citizen initiative, enabled by recent court rulings which changed the LOST electoral landscape, holding that while a two-thirds supermajority vote is required to pass local special taxes referred to the ballot by lawmakers, only a simple majority is required to pass such tax measures placed on the ballot through citizen initiatives. We consider how the citizen initiative option affects SB 375 responsibilities of MPOs. The case studies also touch on additional aspects of the LOST process such as the degree of flexibility incorporated for modification of project funding over a measure’s duration.

The future role of LOSTs in RTPs is not altogether certain, given concerns being raised about disadvantages of this revenue mechanism compared to alternatives, and lower voter approval rates in recent years. MPOs expect continued LOST approvals, however, and with many LOST measures expiring in coming years, considering the role of LOSTs remains important.

Policy and Research Context

Understanding the LOST-RTP connection

The 1962 Federal Aid Highway Act required that MPOs be established as intermediary bodies to facilitate cooperative transportation planning between the federal, state, and local governments. California has eighteen MPOs, each responsible for a different metropolitan urban area within the state.

California's eighteen MPOs are responsible for producing short and long-term transportation investment and policy plans every four years, on a regular cycle. The long-term plans, known as regional transportation plans (RTPs), cover twenty years (and sometimes longer) of transportation investment, growth, and development in the region. RTPs can only include projects with funding that is either guaranteed or reasonably assured, better known as "fiscally constrained," over the duration of the plan period (Sciara and Handy, 2017).

Compared to other US states, California has delegated more responsibility to its MPOs in this planning process, requiring that they "program" all transportation projects of regional significance, or which receive any federal or state funding, within their borders (Barbour and Sciara, 2022). This programming authority carries important consequences, because a project not included in a California RTP is ineligible to seek matching funds from the federal level and from many state programs, and most locally generated transportation projects rely on multiple sources of funding (Sciara and Handy, 2017).

These provisions ensure that California MPOs exert a significant degree of influence and discretion over planning and programming transportation expenditures. However, this planning and programming authority should not be confused with project sponsorship, funding, or administration. MPOs exert little autonomous authority when it comes to directly initiating projects or levying funds to pay for them. One California study conducted in 2011 found that, on average, MPOs directly controlled only 15 percent of capital funds in RTPs (Rose, 2011).

This situation means that MPOs do not directly sponsor or implement most of the transportation projects and policies included in RTPs. Instead, the projects that MPOs include in their plans are administered by others and constrained by various rules governing available funding mechanisms. An example is the prohibition under Article 19 of the California Constitution regarding using state gas tax funds for transit operations or transit rolling stock (Elkind, 2015). LOSTs are another example, as they are sponsored by county transportation agencies which do not always coincide with MPOs.

In 2008, California MPOs were faced with a new set of performance constraints in developing their RTPs, with passage of Senate Bill (SB) 375. The legislature and governor adopted SB 375 to help further the state's climate policy goals and promote more sustainable development patterns through coordinated transportation and land use planning at the metropolitan regional scale. SB 375 requires that MPOs, when developing their periodically updated RTPs, must also develop and adopt a Sustainable Communities Strategy (SCS), which is a projected

"development pattern... [that, when] integrated with the transportation network, and other transportation measures and policies," is designed to achieve specific per capita GHG reduction targets set by the California Air Resources Board (CARB) for automobiles and light trucks over the duration of the RTP/SCS.

In doing so, SB 375 calls on the MPOs to evaluate strategies found to be useful in reducing the need to drive (and associated harmful emissions), including expanding transit and active transportation facilities and service, land use measures (such as zoning) to facilitate compact development near transit, support for carpooling and other transportation demand management (TDM) strategies, and pricing techniques that make solo driving less competitive compared with other. SB 375 also implicitly supports "fix it first," emphasizing maintenance and operations (M&O) and rehabilitation of existing assets rather than expansion to maximize the value of past investments in existing communities and stretch limited resources. More specifically, SB 375 called for new state guidelines (adopted in 2010) for MPO modeling techniques of strategies capable of reducing VMT and GHGs, including to evaluate land use and transport interactions, modal splits, maintenance and rehabilitation needs, and accessibility and equity measures to "assess the effects of policy choices, such as residential development patterns, expanded transit service and accessibility, the walkability of communities, and the use of economic incentives and disincentives."

SB 375 under scrutiny

By the late 2010s, SB 375 had come under scrutiny among state policymakers as they were evaluating and updating the state's climate policies. In 2016, through adoption of Senate Bill 32, California extended its statewide GHG reduction target to 2030, calling for a reduction of GHGs to 40 percent below 1990 levels by then, across all sectors of the economy. With transportation GHG emissions on the rise, scrutiny increased on policies for that sector, including SB 375.

In 2017 and 2018, the California Air Resources Board re-negotiated GHG reduction targets with the MPOs, proposing stiffer targets for MPOs for 2035 than those adopted originally in 2010 under SB 375. The "big four" MPOs—those in the San Francisco, Los Angeles, San Diego, and Sacramento metro areas—countered that deeper reductions would be difficult to achieve absent adoption by the state government of stronger policies to support SB 375, including road and parking pricing, mileage-based user fees, more dedicated funds for multimodal transport, and "direct support" for regional plan implementation through state incentives for infill development (especially more compact development located near transit access) (CARB, 2018a; Ikhrata et al, 2017).

CARB eventually adopted new per capita VMT reduction targets of 19 percent for the state's "big four" MPOs and 18 percent overall for all other MPOs. These targets were not as stiff as the 25 percent reduction that CARB had originally identified as necessary from SB 375 to help achieve the state's overall climate policy goals moving forward. To address the gap between the adopted targets and the level CARB identified as necessary, CARB committed to ongoing deliberations with MPOs on adoption of new policy measures (CARB, 2018a). In this fashion, the target renegotiation process became a venue for debate and deliberation on roles and

responsibilities at different levels of government for ensuring the success of SB 375 and sustainable development more broadly.

Concerns about SB 375 were also fueled by CARB's release in 2018 of a required report to the state legislature on MPO progress under the law. The report concluded that "California is not on track to meet greenhouse gas reductions expected under SB 375" (CARB, 2018b, p. 3). This conclusion was based on evaluation of 24 data-supported indicators, of which the most concerning was a recent rise in VMT and GHGs per capita starting after 2013. The report also identified various barriers to SB 375 success, one being local zoning and permitting practices that constrain housing production and/or make it more expensive.

Debates about SB 375 continued into 2022, when the California Strategic Growth Council (SGC) submitted a report to the state legislature, required by AB 285 (2019), to assess how transportation planning and funding in California supports long-term state development goals including for climate policy. The report, called *The California Transportation Assessment*, evaluated various state, regional, and local programs, but directed considerable attention to the role of MPOs and LOSTs (SGC, 2022). It raised concerns about the connection of RTP/SCSs and LOSTs, noting that:

> California's MPOs' authorities are not always consistent with the goals set for them. This is in part because MPOs must work within parameters set by local partners (i.e., local government land-use decisions) and inputs they must include in their plans (i.e., local county transportation sales tax measures and existing land use patterns). The MPO has little control and no effective oversight over whether those local funds or land use actions help accomplish regional and State goals.
>
> Local control over land use and the key role of county sales taxes for transportation with voter-endorsed programs and projects, reduce state or MPO authority to implement the plans that they are responsible for creating…Because LOST-funded programs can cover decades and do not necessarily comport with state priorities, LOSTs' popularity, pervasiveness, and sheer size means that they can have outsized and sometimes contrarian effects on transportation outcomes in the state.

It is in this context of SB 375 and the need to promote sustainable transportation that this study considers the role of LOSTs and their connection to MPO plans. Scrutiny of SB 375 progress to-date (and lack thereof) has prompted debate about the law's implementation mechanisms, and roles and responsibilities for achieving its goals. Some current legislative proposals address how LOSTs could be more closely aligned with state- and regional-level performance goals for transportation. Before considering these proposals, the next section first describes basic characteristics of LOSTs, followed by a review of research previously conducted on LOSTs. Then current legislative proposals addressing LOST-RTP-SB 375 alignment are described.

LOST basics

A LOST is a form of special tax first implemented in California in 1976 by Santa Clara County. As opposed to a general tax, which can be used for any purpose, a special tax has a designated purpose, such as transportation, limiting how the funds can be used.

LOSTs have been an important source of local self-funding of transportation needs since the 1970s, when federal support for transportation began to dry up and Californians adopted Proposition 13, limiting the property tax rate that local governments can levy. The Local Transportation Authority and Improvement Act of 1987 established the legal framework for any county in California to implement a LOST upon voter approval. Research suggests that California legislators chose to formalize the legal framework for LOSTs in the 1987-88 legislative session to avoid electoral consequences of increasing gas taxes after the tax revolt caused by Proposition 13 in 1978 (Green, 2006).

LOSTs are enacted through ballot measures placed before voters at the county level to increase the retail sales tax countywide, with the revenue designated for specified transportation purposes. LOST ballot measure must indicate those purposes in a publicized expenditure plan available to voters, detailing how the funds raised will be spent. The 1995 California court case *Santa Clara County Local Transportation Authority v. Guardino* ruled that LOSTs are special taxes, meaning they must be approved by a 2/3rds supermajority of voters in order to be passed, as required by Proposition 62 (Lederman et al., 2018). More recently, the rules governing the LOST electoral landscape shifted, however, as the California Supreme Court affirmed rulings holding that while a two-thirds supermajority vote is required to pass local special taxes referred to the ballot by lawmakers, only a simple majority is required to pass such tax measures placed on the ballot through citizen initiatives.[1]

Once implemented, LOSTs are administered by the county's transportation authority. Proposed tax rates have ranged from an eighth of a cent to a cent, but most LOST measures attempt to levy a half cent tax on every dollar. On average, LOSTs in California have been set to expire after 24 years, although durations have ranged from 8 to 40 years (Lederman et al., 2018).

LOSTs became an increasingly important revenue source over recent decades, as transportation funding from fuel taxes declined due to inflation, fuel efficiency, and opposition to tax increases. In this context, LOSTs allowed localities to "[take] transportation financing into their own hands" (Wachs et al., 2020). In FY 2018-19, about half of all transportation expenditures in California were local (i.e., expended by localities and local or regional transport and/or transit agencies) (Gahbauer et al, 2021). LOSTs accounted for over $6.6 billion, or 21.7% of total state transportation expenditure, more than any single state or federal source—making LOSTs the single largest source of transportation funding in California (Gahbauer et al, 2021). Indeed, no other US state is more reliant on local sales tax revenue for the purpose (Wachs et al., 2020).

[1] See https://ballotpedia.org/Laws_governing_local_ballot_measures_in_California for more details.

The impact of LOSTs on transportation expenditure extends beyond just the spending from the measures themselves. Most large, locally generated transportation projects rely on funding obtained from multiple sources (Sciara and Handy, 2017). LOSTs serve as significant catalysts for securing other revenue for designated projects, for example in the form of matching federal or state dollars. Using data on LOSTs from all California counties between 1999 and 2009, one study showed that for every dollar generated by LOSTs for transportation projects, transportation spending increased by $1.76, suggesting that the wider impact of LOST expenditure choices is significant, generating nearly double the amount of the original spending (Afonso, 2015). Some counties have leveraged far more than that rate in federal and state matching funds from their LOST expenditures; for example, San Francisco County has raised, on average, $4 to $7 in additional funding from federal, state, and other sources, for every dollar raised by the LOST (see https://www.sfmta.com/projects/whats-proposition-l)

Expenditure plans in LOST ballot measures vary in how they present the purposes for which revenue will be dedicated, with some measures including detailed lists of projects, while others present a more general breakdown of spending using broad program categories, not naming specific projects. The first of those approaches was initially popular, but the latter approach has become more common in recent decades (Crabbe et al, 2005). Given that expenditure plans can include diverse projects to be completed over a LOST measure's lifespan, not all projects begin or are completed at the same time (Lederman et al., 2020).

Most LOST measures in California dedicate a portion of funds to local streets and roads. However, this category tends to overlap with another commonly designated LOST expenditure category, namely "local return," which designates a portion of the revenue for distribution to localities within the county administering the sales tax. Local return funding has been considered important in gaining voter support for LOST measures (Lederman et al., 2021). About half of the LOSTs we studied include a local return funding share.

To distribute local return revenue, LOSTs often specify allocation formulas based on population in the localities receiving the funds and/or road miles administered (Lederman et al., 2021). Accountability mechanisms are often built in to ensure that local return funds are distributed to and spent by jurisdictions as promised by the measures. About half of California LOSTs with local return allocations restrict at least a portion of that spending, most often for road maintenance and repair (Lederman et al., 2021). Interviews with local LOST revenue recipients suggest it is almost always spent on road maintenance (Amberg and Dasmalchi, 2021). For this reason, researchers commonly count local return as spending for this purpose, meaning that these two categories are often considered equivalent in terms of purpose (Lederman et al., 2018; Amberg and Dasmalchi, 2021).

On the other hand, at least some portion of local return funding is often flexible and thus can be used for alternative transportation modes or planning exercises (for example, complete streets planning). Furthermore, some LOST measures specify shares of local return funding that must be spent to benefit non-auto modes (Lederman et al., 2021). Measures also occasionally include additional requirements that localities must meet to be eligible to receive local return

funds, which can include implementing developer impact fees, developing a growth management program, spending a certain amount of funding on specific purposes, and/or adopting a local pavement management plan. Thus, assuming that local return funding only benefits automobiles is likely to be inaccurate (Lederman et al., 2018).

Previous research on the role and character of LOSTs

Research on LOSTs has addressed various topics, including their role as a fiscal mechanism, equity and efficiency impacts, and political aspects.

Studies that evaluate LOSTs as a fiscal mechanism have considered consequences for the wider inter-governmental financing system for transportation, stemming from the impact of LOSTs on overall transportation funding, the long duration of LOSTs, the need to respond to voter preferences in getting them adopted, and certain equity impacts that have raised concerns. LOSTs are a form of political and fiscal devolution, in which the power to fund transportation is provided by state governments to localities. Some studies have considered how this mechanism serves to position LOSTs as earmarked funds, with wider impacts on transportation funding allocation than just from the measures themselves. Some research has, for example, examined whether LOST funding generates additional non-LOST revenue for designated projects, particularly in the form of matching federal or state dollars (Afonso and Hou, 2011; Afonso, 2015; Christen et al., 2021). As noted above, one such study in California indicated that $0.76 of non-LOST funding is leveraged for every $1 raised by a LOST, suggesting that LOSTs generate nearly double the amount of the original spending (Afonso, 2015).

After LOSTs began to be adopted with increasing frequency by the 2000s, scholars including Todd Goldman and the late Martin Wachs assessed their character and role in transportation planning and finance, contending that long-term effects of LOST reliance were not being fully considered or appreciated (Goldman, Corbett, and Wachs, 2001; Goldman and Wachs, 2003). The authors argued that as retail sales taxes, LOSTs are not the most efficient mechanism for pricing the use of transportation services and infrastructure, especially compared to user fees like gas taxes. They also critiqued the regressivity of sales taxes, as they impose a higher burden on lower-income households as a share of household income than on other households.

Going further, Goldman and Wachs critiqued LOSTs' effect on transportation spending choices, arguing that LOST expenditure plans limit the flexibility of elected officials in modifying choices over time, and that the LOST voter approval mechanism removes cost-effectiveness analysis from the planning process, replacing it with a popularity contest geared to pleasing voters and local stakeholders. The political imperative to orient LOST spending to satisfy "geographic equity," or in other words to allocate spending evenly on a geographic basis, may result in LOSTs favoring suburban interests and de-emphasizing regional performance goals such as for reducing driving through improved transit and other alternatives. Crucially for this research, the scholars argued that delegating revenue collection and funding discretion to the county level instead of the state or regional level weakens the ability of MPOs to enact plans with a strong regional focus (Goldman, Corbett, and Wachs, 2001; Goldman and Wachs, 2003).

Goldman, Corbett, and Wachs (2001) described the logic of LOSTs as follows:

> A voter approval requirement creates incentives for political leaders to seek to maximize votes by appealing to parochial interests over regional ones. The end result is often a set of investments that favors tax-rich areas on the metropolitan edge over more densely populated cities and older suburbs. This approach typically provides neater geographic equity, at the expense of vertical equity and overall cost-effectiveness… In places with supermajority voter approval requirements, the incentives for poll-driven project selection are even stronger…

If any state or federal matching funds are required for a LOST-funded project, it is subject to federal planning requirements, and MPOs retain authority to direct how federal matching funds are allocated. However, by the time voters have approved a local option tax and legally-binding expenditure plan, MPOs are left with little political and legal flexibility to consider alternate investment scenarios. In general, then, the use of local option taxes is determined outside of MPO planning procedures, at least in multi-county MPO regions.

The lack of flexibility and long durations of LOST measures have been discussed by scholars as helping explain their popularity and adoption. For example, Lederman et al (2021) note that stated expenditure plans, oversight requirements, and provisions for local return are particularly important aspects on the ballot because they dedicate LOST revenue to specific projects, programs, and local governments. These aspects increase the popularity and passage rates of transportation taxes. Furthermore, research has found that expenditure plans that make the geographic distribution of funding explicit, and provide guaranteed local revenue shares, build voter trust, and both these elements can be particularly important in areas where voters do not trust the discretion of their elected officials. Plan specificity reassures voters that they will see local benefits from their tax dollars. The concern for local benefits helps explain the popularity of local return components in LOSTs (Lederman et al., 2021).

With recent scrutiny being directed to the question of SB 375 effectiveness, the durability of LOSTs and other attributes with implications for regional plans have gained renewed attention. Concerns and critiques about LOSTs have re-emerged among policymakers, making our research timely in considering relevant questions. For example, SGC's recent report to the state legislature reiterated concerns about regressivity, lack of efficient price signals, and "sometimes contrarian" impacts on spending choices triggered by LOSTs (SGC, 2022):

> Though they have voter appeal, LOSTs are not necessarily the most efficient or most effective funding solution. While both fuel taxes and sales taxes are regressive, higher fuel taxes encourage the adoption of more fuel-efficient (or electric) vehicles or the use of alternative modes, whereas general sales taxes affect travel behavior only through their (generally modest) effect on income. In addition, because LOST-funded programs can cover decades and do not necessarily comport with state priorities, LOSTs' popularity, pervasiveness, and sheer size means that they can have outsized and sometimes contrarian effects on transportation outcomes in the state.

Given the long duration of LOST measures, the question of their flexibility or lack thereof in allocating spending over time is important to consider. Various issues can arise over time, such as regarding a mismatch that might emerge between LOST revenue projections and estimated project costs, and/or between committed LOST expenditures and shifting priorities for transportation spending in the county. An investigation of California LOST ordinances revealed that most were written so as to permit amendments to be made to expenditure plans, generally by a two-thirds vote of the county transportation authority's board of directors (Marks, 2020). In a number of legal cases, the courts have determined that expenditure plans are not binding contracts between the county transportation authority and the voters. Of the measures investigated, over 40% were amended at least once, and the study found an average of four amendments per measure. However, the study concluded that a handful of measures were heavily amended, distorting the average (Marks, 2020). Perhaps in recognition of these factors, a trend has been observed in which, over time, California LOST expenditure plans have been less likely to put forward specific lists of projects, favoring instead more general spending categories (Crabbe et al, 2005).

Much of the literature on LOSTs has focused on the electoral process, to understand why LOST ballot measures pass or fail, especially in the California context. Generally, studies find that voters who were Democrats, renters, more highly educated, and/or transit users were more likely to support LOSTs that benefited transit; on the other hand, voters who were Republicans were generally opposed to any tax increases, but were also more likely than Democrats to support taxes for highways (Hamideh, 2008; Johnson, 2011; Manville, 2019).

The results are mixed when it comes to the impact of race and ethnicity on voter support, suggesting that it is context-dependent (Hamideh, 2008; Johnson, 2011; Palm and Handy, 2018), and the same applies to age, specifically the proportion of elderly residents in a locality (Haas et al., 2000; Johnson, 2011). Although LOSTs are regressive, by taxing those with lower incomes for a higher percentage of their income than those with higher incomes, lower income residents are not discouraged from voting for LOSTs (Brown et al., 2018).

A considerable amount of research has considered the process by which LOST ballot measures are designed and campaigned for, to understand what makes them succeed at the ballot box. Case study research indicates that coalition building, strong leadership by a public figure or politician, support from business and environmental interest groups, targeted advertising, and co-option or neutralization of opposition from the start form key features of successful campaigns (Beale et al., 1996; Haas et al., 2000; Werbel and Haas, 2001; Manville, 2019). LOST proposals that failed lacked at least one of these features. Research on "rebound" elections, where a successful campaign followed a failed measure, demonstrates that electoral experience, securing supplemental non-tax funding for projects, and the threat of service cuts may have helped to secure passage (Haas et al., 2011).

Equity is a frequent topic of debate and concern over LOSTs, and mention of equity appears frequently in LOST ballot arguments, with supporters often speaking in general terms about transport benefits, while opponents speak in specific terms, often cast geographically (in

relation to how funding is allocated geographically). Addressing geographic equity, or the equitable geographic distribution of a LOST's projects throughout a county, is a key element in many LOST planning processes, to ensure that the measure gets support from all geographic areas (Albrecht et al., 2017). Research indicates that voters located near LOST-funded projects are more likely to support those LOSTs, while voters located further away from them are less likely to do so (Lederman et al., 2018; Brown et al., 2021).

Modal distribution of a LOST measure's projects is another important factor for voters and one that can have racial and income implications, for example when it comes to the money dedicated to rail versus buses (Saab, 2018). Research has consistently found that multimodal expenditure plans are more likely to be approved by voters than single-mode plans. Multimodal LOSTs that include funding for active transportation were found to pass at higher rates than those that did not include any such funding (Lewis et al., 2017; Haas et al., 2011).

Furthermore, LOST measures generally include high funding shares for transit relative to transit's actual travel mode share (Lederman et al., 2018). This may reflect policy aspirations for transit as an alternative to auto dependence, or that transit has fewer federal and state revenue sources to draw upon, especially for operations. But research also shows that non-transit rider voters who support a transit-oriented LOST do not necessarily do so because they intend to actually ride transit themselves in the future; these voters may be motivated more by an idea that transit is a public good that reduces traffic congestion and other social ills than by the expectation of using transit themselves (Manville, 2019). Many, if not most, LOST election campaigns tout congestion relief as a primary motivating message to gain voter support, but while this message is politically effective, it also may be misleading in that new transit facilities and service may not serve to reduce congestion very much due to induced demand for driving.

A subgenre of LOST research focuses on the interplay between local, regional, and state taxes. There are few examples of multi-county transportation measures in California, but they are more common elsewhere, including in Georgia, via Georgia's Regional TSPLOST (Ross et al., 2012; Weinreich 2016). To enable multi-county tax increase measures, the state legislature first must establish the legal framework for such taxes, and jurisdiction-spanning organizations like MPOs and permissive laws have been prerequisites to passage (Weinreich 2016). In connection to state taxes, research conducted in Oklahoma has shown that increases in state-wide taxes make passage of a local tax more difficult, leading to localities delaying their measures to avoid tax fatigue (Burge and Rogers, 2018).

Considering the prior research on LOSTs discussed here, we note that while concerns about the impact of LOSTs on the regional planning process have been raised for decades, little research has directly compared California MPO plans and county-level LOSTs, especially in the context of SB 375. Evaluating this relationship is a salient concern given current considerations among policymakers about how to ensure that SB 375 can succeed in achieving its goals. The research presented in this report is intended to inform understanding of how LOST expenditure plans help shape the contours and decision-making for MPO plans.

AB 2237: Reconsidering performance authority for LOSTs

Proposed in February 2022, by Assemblywoman Laura Friedman of California's District 43 in the Los Angeles area, Assembly Bill (AB) 2237 would have been a landmark shift in how LOSTs are administered in California. The versions of the bill with the most implications appeared in April and May of 2022; they would have given the California Air Resources Board (CARB) the power to determine that a LOST-funded project is inconsistent with regional or state climate goals, and reallocate the funding to projects consistent with those climate goals. This measure would have had substantial impacts on both active and future LOSTs, giving the state government the ability to enforce climate goals on local governments in entirely new ways.

Assemblywoman Friedman wrote in an opinion piece for the *Times of San Diego* that that the bill was needed because "[a]ligning our transportation spending with our state climate goals is necessary to stop the worst impacts of the climate crisis and environmental injustice," and that historical LOST ballot measures can pose a problem, with "...some insist[ing] California continue funding harmful, substandard projects that originated 20 to 50 years ago. We are talking about projects that would invite more traffic congestion, further pollute environmental justice communities, and reinforce an unjust system of mobility" (Friedman and Capretz, 2022).

AB 2237 would have implemented three mechanisms affecting LOSTS. First, it defined the state's climate goals as the goals expressed in the Climate Action Plan for Transportation Infrastructure (CAPTI), California and federal air quality standards, SB 375, and SB 32. Combined, this makes for an ambitious package of climate policies. Friedman's bill also identified an MPO's Sustainable Communities Strategy as the regional climate goals. Second, the bill would have required regional agencies and county commissions to rank and prioritize funding of transportation projects based on their adherence and contribution to the state and regional goals, specifically in accelerating the implementation of the region's SCS by not inducing VMT. CARB would have gained the power to review and approve the ranked lists of projects compiled by regional and county agencies.

AB 2237 died in the State Senate. While the bill had received support from various organizations, including active transportation, environmental, and health advocacy groups, the proposed legislation was heavily criticized by many local governments and their advocacy groups. Opponents of the bill included the League of California Cities, California Association of Councils of Governments, and the state's two largest MPOs, namely MTC and SCAG. Both MPOs argued that the bill would be an unfunded mandate calling for project-level analysis that would be infeasible to implement based on current staff resources (MTC/ABAG, 2022; SCAG, 2022). This objection is especially pertinent when voiced by MTC, which had conducted project-level analysis for selected projects for its latest RTP. If MTC believes that project-level analysis is an insurmountable task, it could be even worse for other smaller MPOs. MTC also contended that the ranking of projects by their contributions to the state's climate goals would sideline ready-to-deploy projects that could accelerate other goals such as equity, in favor of in-development VMT-reducing projects like major transit capital projects.

Spending Patterns in LOSTs and RTPs

Our quantitative analysis considers how California LOSTs and MPO regional plans budget their expected revenue. Breaking down LOSTs and RTP expenditure plans into categories of project funding dedicated to different transportation modes and purposes allows us to compare plans over time and place, and between LOSTs and RTPs.

We categorize spending by ***mode*** by distinguishing between spending for roadways versus transit versus active transport, a.k.a. bicycle and pedestrian facilities, and we categorize spending by ***purpose*** by distinguishing between spending for new facilities construction versus maintenance, operations, rehabilitation, a.k.a. "M&O/rehab." Scholars of regional plans have distinguished transport spending by mode and purpose in this fashion as a means for determining a rough distinction between VMT-inducing expenditure versus VMT-reducing or neutral expenditure (see e.g., Mullin et al., 2020).

Specific combinations of mode and purpose are recognized as more likely to be VMT-inducing; in particular, capital spending that increases new roadway capacity has been determined to increase driving (see Milam et al., 2017, for an overview of relevant research). VMT-neutral spending in our analysis includes roadway maintenance, assumed not to substantially encourage or discourage driving, while VMT-negative spending is assumed to include transit and active transportation facilities investments and operations, which provide alternative modes of travel to driving, thereby reducing automobile reliance.

Considering funding allocations by mode and purpose in this fashion provides an admittedly broad-brush estimate of how "green" a given LOST or RTP's spending is. Indeed, many transportation projects are multi-modal in nature, and simple assumptions about VMT impacts are bound to obscure significant variation. Nevertheless, this breakdown permits a basic means for tracing LOST spending over time and across counties, and for comparing LOST spending to MPO plan spending, in terms of the designated purposes for which funds are directed, with implications for travel impacts.

LOST expenditure data preparation

Our analysis considers 45 LOST measures that were placed on the ballot between 1976 and 2022 in the counties that comprise California's "big four" MPO regions: the nine-county San Francisco Bay Area's Metropolitan Transportation Commission (MTC) region, the six-county Los Angeles area's Southern California Association of Governments (SCAG) region, San Diego County's San Diego Association of Governments (SANDAG) region, and the six-county Sacramento Area Council of Governments (SACOG) region.

We first consider LOST spending patterns over time and across counties in these regions, before showing how LOST spending compares to RTP spending. This section explains how we prepared

LOST data for analysis. We employ data compiled by researchers at UCLA.[2] To their data, we added information on two LOST measures placed on the ballot in November 2022, (in Sacramento and San Francisco Counties), resulting in a pool of 62 measures in the four regions. We excluded data for 17 measures for which we could not find a published expenditure plan for the published ballot measure, giving us a final dataset of 45 measures. Most of the excluded measures failed at the ballot box, or are no longer current (operative).

We determined funding splits for each LOST measure by mode and purpose by examining the expenditure plans included with the original ballot measures, or when those were not available, from the ballot statement itself. Some LOST expenditure plans distinguish spending in broad categories, but others list specific projects to be funded. In the latter case, we relied on the project names and descriptions to devise our own categorization. For example, for Alameda Measure B (1986), the expenditure plan included a project named "Nimitz Freeway Completion" with a budget of $220 million. We categorized this project as "roadway" and "new capital investment" because the majority of the funding for this project appeared to be directed largely to new roadway construction as opposed to maintenance or upkeep of existing facilities.

Many LOSTs contain an additional category of spending not included in RTPs, beyond the breakdown described above for mode and purpose. This additional category is for "local return," which, as noted previously, designates a portion of revenue from the measure to be distributed on an ongoing basis to localities within the county administering the sales tax. Of the 45 LOST measures we studied, almost half (49%) designate(d) a portion explicitly for local return. As noted previously, when LOST ballot measures have specified the use of these funds, the most common designated use has been for local streets and roads maintenance (Lederman et al., 2018), and interviews with LOST revenue recipients suggest it is always, or almost always, spent on road maintenance (Amberg and Dasmalchi, 2021). Nevertheless, local return funding is often flexible and, in many cases, can be used to support alternative transportation (for example, complete streets planning) (Lederman et al., 2018).

Finally, we designate a funding category labeled as "Other". This absorbs all expenditures that fund administration of the sales tax, or miscellaneous non-transit, non-roadway, and non-active transportation projects.

Table 1, below, provides an example of how we categorized specific projects.

[2] The dataset, cited in Wachs et al. (2020), is available at: https://docs.google.com/spreadsheets/d/1PAs62StlclFJXSxABsasVTvAMgQhirtxMA6cuGnxCfI/edit#gid=207788548

Table 1. Selected funding categorizations from Alameda Measure B (1986)

Project name	Funding in millions of $	Mode	Purpose
Nimitz Freeway completion	$220	Roads	Capital
Route 238 - Hayward	$134	Roads	Capital
A.C. Transit operations	$115	Transit	O&M&R
Paratransit operations	$15	Transit	O&M&R
Local entities	$183	Local return	NA
San Leandro local improvements	$13	Roads	Capital

Given that the LOST measures we analyzed are multi-year, often multi-decade, tax measures, LOST expenditure plans cannot report the precise cost of projects to be executed in future years, due to changes in the value of money, among other forecasting complications. Our analysis is based on funding allocation shares as established in original LOST ballot measures; we did not trace whether actual spending over time diverged from original projections.

Patterns in LOST adoption and spending over time, across counties and regions

Most of the forty-five LOST measures that we analyzed, which were proposed between 1976 and 2022, are concentrated in the San Francisco Bay and Los Angeles areas (Figure 1). The San Francisco Bay area contributed twenty-seven measures, almost two-thirds of our sample. The Los Angeles area contributed eleven, five from Los Angeles County itself. The Sacramento area contributed three measures and the San Diego area (San Diego County) contributed two measures.

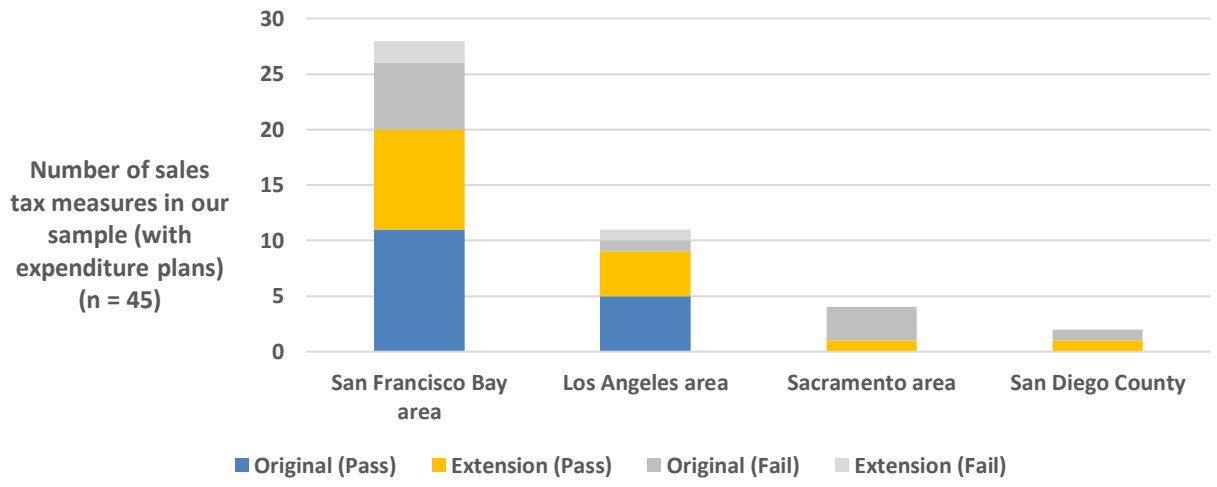


Figure 1. Transportation sales tax measures proposed from 1976 to 2022 by region

Most of the LOSTs in our sample (those measures for which we could locate expenditure plans) were proposed and passed from 2000 to 2010 (see Figure 2 below). LOST measures have met with declining rates of voter approval at the ballot box since then. Of the 10 measures proposed before the 2000s, 78% were adopted. During the 2000s, 81% of the proposed measures in our sample were adopted. Then, the passage rate declined to 45% during the 2010s and 50% during the 2020s. Of course, the current decade is still young, and more measures are likely to be proposed.

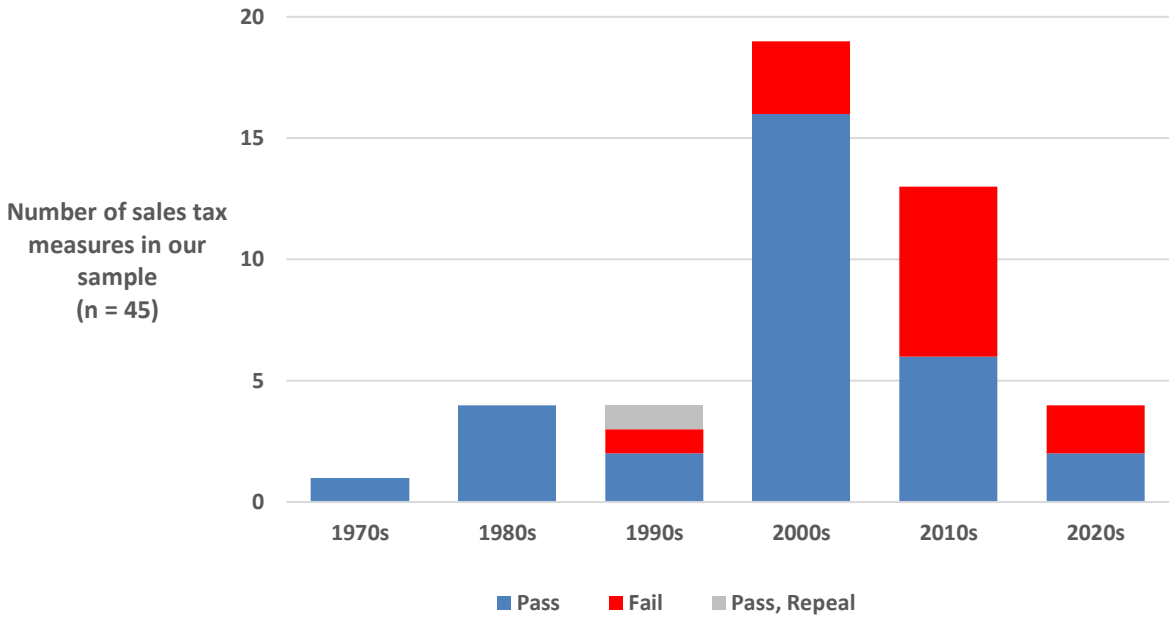


Figure 2. LOST adoption rates in California's four largest regions from 1976 to 2022

Revenue generated by LOSTs can vary significantly from one measure to another. The largest expenditure plan in our sample has a budget over five hundred times as much in expected funds as the smallest expenditure plan (considered over the LOSTs' durations and in inflation-adjusted dollars). Specifically, the largest expenditure plan was Los Angeles County's Measure M (2016, Pass), which budgeted $121.4 billion, while the smallest was Sonoma County's Measure M (2020, Pass) which budgeted $188 million (both in nominal dollars). Overall, the Los Angeles area generated by far the largest share (70%) of all sales tax revenue for measures active in fiscal year 2018-2019, for which we could find expenditure plans, or $4.1 billion out of $5.9 billion USD. The next closest region was the San Francisco Bay area, with 23% or $1.4 billion, while the San Diego and Sacramento regions each made up 5% ($303.5 million) and 2% ($131.8 million) respectively.

The following table (Table 2) shows the relevant information we were able to obtain for all measures proposed in the four largest MPO regions between 1976 and 2022. As noted above, our analysis in this section focuses on the 45 measures for which we could obtain an expenditure plan.

Table 2. All LOSTs proposed in California's four largest regions from 1976 to 2022 by county

Region and County	Ballot designation	Year proposed	Adop-ted?	Exten-sion?	Rate	Duration (years)	Current?	Expected revenue (M=millions, B=billions of $)	Has expend-iture plan?	Expenditure Shares								
										Roadway capital	Roadway M/O/R	Roadway no spec.	Transit capital	Transit M/O/R	Transit no spec.	Active transport	Local Return	Other
San Francisco Bay Area																		
Alameda	Measure B	1986	X		½ cent	15		$990M	X	51%	0%	0%	17%	13%	0%	0%	18%	0%
Alameda	Measure B	1998		X	½ cent	15		~$612M	X	35%	1%	0%	50%	12%	0%	1%	0%	0%
Alameda	Measure B	2000	X	X	½ cent	20		$1.4B	X	39%	0%	0%	44%	11%	2%	1%	0%	1%
Alameda	Measure B1	2012		X	1 cent (1/2 new, ½ renew)	Perm'nt		~$7.8B	X	0%	30%	9%	0%	0%	48%	8%	0%	5%
Alameda	Measure BB	2014	X	X	1 cent (1/2 new, ½ renew)	23	X	~$7.8B	X	9%	0%	10%	14%	32%	0%	5%	23%	7%
Alameda	**Overall**		**3**	**4**	**Current=1¢**		**1**		**5**	**27%**	**6%**	**4%**	**25%**	**14%**	**10%**	**3%**	**8%**	**3%**
Contra Costa	Measure C	1988	X		½ cent	20		$807M										
Contra Costa	Measure J	2004	X	X	½ cent	25	X	$2B	X	26%	20%	0%	15%	15%	11%	2%	2%	9%
Contra Costa	Measure X	2016			½ cent	30		$2.874B	X	17%	0%	14%	15%	16%	2%	4%	24%	8%
Contra Costa	Measure J	2020			½ cent	35		$3.608B	X	22%	0%	6%	5%	37%	0%	6%	17%	8%
Contra Costa	**Overall**		**2**	**1**	**Current=.5¢**		**1**		**3**	**21%**	**7%**	**6%**	**12%**	**23%**	**4%**	**4%**	**14%**	**9%**
Marin	A	2004	X		½ cent	20		$499M	X	8%	0%	0%	6%	49%	0%	0%	26%	11%
Marin-Sonoma	Q	2008	X		¼ cent	20	X	$890M	X	0%	0%	0%	52%	35%	0%	10%	0%	3%
Marin	AA	2018	X	X	½ cent	30	X	$27M/yr	X	7%	22%	0%	4%	51%	0%	3%	0%	13%
Marin	**Overall**		**3**	**1**	**Current=.75¢**		**2**		**3**	**5%**	**7%**	**0%**	**21%**	**45%**	**0%**	**4%**	**9%**	**9%**
Napa	H	2006			½ cent	30		$537M	X	28%	66%	0%	0%	2%	0%	3%	0%	0%
Napa	T	2012	X		½ cent	25	X	$285M	X	0%	0%	0%	0%	0%	0%	7%	92%	1%
Napa	**Overall**		**1**	**0**	**Current=.5¢**		**1**		**2**	**14%**	**33%**	**0%**	**0%**	**1%**	**0%**	**5%**	**46%**	**1%**
San Francisco	Prop B	1989	X		½ cent	20		$902M	X	19%	23%	0%	42%	13%	1%	1%	0%	1%
San Francisco	Prop K	2003	X	X	½ cent	30		$2.35B	X	4%	12%	0%	26%	47%	0%	9%	0%	1%
San Francisco	Prop L	2022	X	X	½ cent	30	X	$2.6B	X	21%	7%	0%	20%	46%	0%	0%	0%	5%
San Francisco	**Overall**		**3**	**2**	**Current=.5¢**		**1**		**3**	**15%**	**14%**	**0%**	**29%**	**36%**	**0%**	**3%**	**0%**	**2%**
San Mateo	A1	1988	X		½ cent	20		$804.1M	X	29%	0%	0%	44%	3%	2%	0%	20%	1%
San Mateo	A2	2004	X	X	½ cent	25	X	$1.5B	X	43%	0%	0%	4%	26%	0%	3%	23%	1%
San Mateo	W	2018	X		½ cent	30		$2.4B ($80M/yr)	X	23%	11%	0%	0%	60%	0%	5%	1%	0%
San Mateo	**Overall**		**3**	**1**	**Current=.5¢**		**1**		**3**	**32%**	**4%**	**0%**	**16%**	**30%**	**1%**	**3%**	**15%**	**1%**
Santa Clara	A1	1976	X		½ cent	Perm'nt	X	??	X	0%	0%	0%	0%	0%	100%	0%	0%	0%
Santa Clara	A	1984	X		½ cent	10		$1.2B										
Santa Clara	A	1992			½ cent	20		$3.5B	X	13%	0%	0%	27%	48%	0%	0%	0%	12%
Santa Clara	A/B	1996	X		½ cent	10		$1.347B										
Santa Clara	A	2000	X	X	½ cent	30	X	$7.4B	X	0%	0%	0%	70%	15%	0%	0%	05	15%
Santa Clara	B	2008	X		1/8 cent	30	X	$??	X	0%	0%	0%	0%	0%	100%	0%	0%	0%
Santa Clara	A	2012	X		1/8 cent	10		$??										
Santa Clara	B	2016	X		½ cent	30	X	$6.3B	X	29%	0%	0%	40%	8%	0%	4%	19%	0%
Santa Clara	A	2018	X	X	1/8 cent	Perm'nt	X	$??										
Santa Clara	**Overall**		**8**	**2**	**Current=1.75¢**		**5**		**5**	**8%**	**0%**	**0%**	**27%**	**14%**	**40%**	**1%**	**4%**	**5%**
Solano	E	2002			½ cent	20		$??										
Solano	A	2004			½ cent	30		$1.43B	X	47%	0%	15%	8%	7%	10%	0%	10%	3%
Solano	H	2006			½ cent	30		$1.57B										
Solano	H/G	2016			½ cent	5		$??										
Solano	**Overall**		**0**	**0**	**Current=0¢**		**0**		**1**	**47%**	**0%**	**15%**	**8%**	**7%**	**10%**	**0%**	**10%**	**3%**
Sonoma	B	2000			½ cent	8		$280.7M										
Sonoma	C	2000			¼ cent	16		$347.8M	X	0%	0%	0%	0%	0%	0%	0%	0%	100%
Sonoma	M	2004	X		¼ cent	20	X	$188M	X	46%	0%	0%	4%	8%	0%	3%	15%	24%
Sonoma	DD	2020	X	X	¼ cent	20	(2025)	$520M	X	0%	0%	27%	0%	23%	0%	12%	38%	0%
Sonoma	R	2006			¼ cent	20		$668M										

Region and County	Ballot designation	Year proposed	Adop-ted?	Exten-sion?	Rate	Duration (years)	Current?	Expected revenue (M=millions, B=billions of $)	Has expend-iture plan?	Expenditure Shares								
										Roadway capital	Roadway M/O/R	Roadway no spec.	Transit capital	Transit M/O/R	Transit no spec.	Active transport	Local Return	Other
Sonoma	I	2020		X	¼ cent	30		$1.2B										
Sonoma	**Overall**		**2**	**2**	**Current=.25¢**		**1**		**3**	**15%**	**0%**	**9%**	**1%**	**10%**	**0%**	**5%**	**18%**	**41%**
Los Angeles Area																		
Imperial	Measure D	1989	X		½ cent	20		~$140M										
Imperial	Measure D	2008	X	X	½ cent	40	X	$??	X	5%	0%	0%	0%	0%	2%	0%	92%	1%
Imperial	**Overall**		**2**	**1**	**Current=.5¢**		**1**		**1**	**5%**	**0%**	**0%**	**0%**	**0%**	**2%**	**0%**	**91%**	**1%**
Los Angeles	Prop A	1980	X		½ cent	Perm'nt	X	Permanent	X	0%	0%	0%	0%	0%	75%	0%	25%	0%
Los Angeles	Prop C	1990	X		½ cent	Perm'nt	X	Permanent	X	0%	0%	0%	25%	40%	15%	0%	20%	0%
Los Angeles	Measure R	2008	X		½ cent	30	X	$40B	X	20%	15%	0%	39%	25%	0%	0%	0%	1%
Los Angeles	Measure J	2012		X	½ cent	30		$90B	X	20%	15%	0%	39%	25%	0%	0%	0%	1%
Los Angeles	Measure M	2016	X	X	½ cent (1c 2039)	Perm'nt	X	$860M/yr	X	17%	0%	0%	34%	29%	1%	2%	16%	1%
Los Angeles	**Overall**		**4**	**2**	**Current=2¢**		**4**		**5**	**11%**	**6%**	**0%**	**28%**	**24%**	**28%**	**0%**	**12%**	**1%**
Orange	M1	1990	X		½ cent	20		$3.1B	X	60%	15%	0%	24%	1%	0%	0%	0%	0%
Orange	M2	2006	X	X	½ cent	30	X	$12B	X	54%	0%	0%	11%	13%	0%	0%	17%	5%
Orange	**Overall**		**2**	**1**	**Current=.5¢**		**1**		**2**	**57%**	**7%**	**0%**	**18%**	**7%**	**0%**	**0%**	**9%**	**2%**
Riverside	A1	1988	X		½ cent	20		$1B										
Riverside	A2	2002	X	X	½ cent	30	X	$4.6B	X	60%	21%	0%	0%	11%	0%	0%	0%	8%
Riverside	**Overall**		**2**	**1**	**Current=.5¢**		**1**		**1**	**60%**	**21%**	**0%**	**0%**	**11%**	**0%**	**0%**	**0%**	**8%**
San Bernardino	Measure I	1989	X		½ cent	20		$??										
San Bernardino	Measure I2	2004	X	X	½ cent	30	X	$6.21B	X	60%	0%	0%	0%	19%	0%	0%	19%	2%
San Bernardino	**Overall**		**2**	**1**	**Current=.5¢**		**1**		**1**	**60%**	**0%**	**0%**	**0%**	**19%**	**0%**	**0%**	**19%**	**2%**
Ventura	B	2004			½ cent	30		$1.5B										
Ventura	AA	2016			½ cent	30		$2.1B ($70M/yr)	X	27%	0%	0%	0%	12%	0%	3%	50%	9%
Ventura	**Overall**		**0**	**0**	**Current=0¢**		**0**		**1**	**27%**	**0%**	**0%**	**0%**	**12%**	**0%**	**3%**	**50%**	**9%**
Sacramento Area																		
Placer	Measure M	2016			½ cent	30		$53M/yr	X	41%	38%	0%	0%	8%	0%	6%	0%	6%
Placer	**Overall**		**0**	**0**	**Current=0¢**		**0**		**0**	**41%**	**38%**	**0%**	**0%**	**8%**	**0%**	**6%**	**0%**	**6%**
Sacramento	A1	1988	X		½ cent	20		$??										
Sacramento	A2	2004	X	X	½ cent	30	X	$4.74B	X	12%	38%	0%	4%	39%	0%	5%	0%	2%
Sacramento	Measure B	2016			½ cent	30		$3B ($100M/yr)	X	9%	61%	0%	0%	30%	0%	0%	0%	0%
Sacramento	Measure A	2022			½ cent	40		$8.5B	X	11%	46%	0%	10%	28%	0%	1%	0%	4%
Sacramento	**Overall**		**2**	**1**	**Current=.5¢**		**1**		**3**	**11%**	**48%**	**0%**	**5%**	**32%**	**0%**	**2%**	**0%**	**2%**
San Diego Area																		
San Diego	TransNet1	1987	X		½ cent	20		$14B										
San Diego	TransNet2	2004	X	X	½ cent	40	X	$14B	X	37%	0%	0%	16%	8%	0%	2%	28%	9%
San Diego	Measure A	2016			½ cent	40		$308M/yr	X	15%	0%	0%	27%	12%	0%	3%	24%	20%
San Diego	**Overall**		**2**	**1**	**Current=.5¢**		**1**		**2**	**26%**	**0%**	**0%**	**21%**	**10%**	**0%**	**2%**	**26%**	**15%**
Overall (4 regions)		**62**	**41**	**21**			**23**		**45**	**21%**	**10%**	**2%**	**16%**	**20%**	**8%**	**2%**	**14%**	**7%**

Note: Cells marked with "??" represent unknown data.

On average, LOST measures in our sample that were approved by voters dedicated a higher fraction of their overall funding to transit and to "Local Return" than measures that voters rejected (see Figure 3 below). Approved measures also dedicated a smaller percentage of their funds to roadways than measures that voters rejected, in line with previous research findings (e.g., Haas et al., 2011). On average, measures that were approved had larger total budgets than failed measures, but it is unclear whether that was because voters were more likely to approve larger measures or because larger measures spent more time and resources on their campaigns. LOST measures that passed also called for slightly higher funding shares to be spent on M&O/rehab and slightly less for new capital investments, compared to measures that failed at the ballot box, but the differences were small.

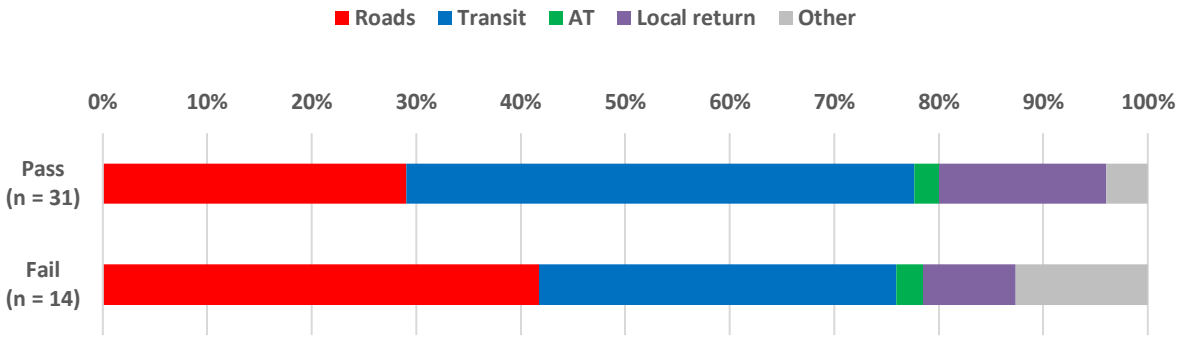


Figure 3. Average funding allocation by mode, for California LOST measures proposed from 1976 to 2022, by election outcome

We next consider differences in LOST spending priorities across the MPO regions (Figure 4). The Bay Area has had the most measures proposed by far, but with the lowest amount of funding, on average, per measure. The Los Angeles area has had the highest average total funding per measure, and the second highest number of measures. Sacramento and San Diego Counties both have had very few measures proposed, and currently only have one active measure in each. Note that the modal breakdown for measures shown is averaged across measures but not weighted for spending by measure.

Bay Area measures have spent, on average across measures, the highest percentage on transit, while the San Diego area has spent the lowest. Conversely, Sacramento has the highest percentage of funds dedicated to roadways, while the Bay Area has the lowest. Sacramento's measure dedicates no funding towards Local Return, while San Diego dedicates a full quarter of funding to Local Return. This may explain why San Diego has the lowest share of funds dedicated to roadways, for reasons discussed in more detail below.

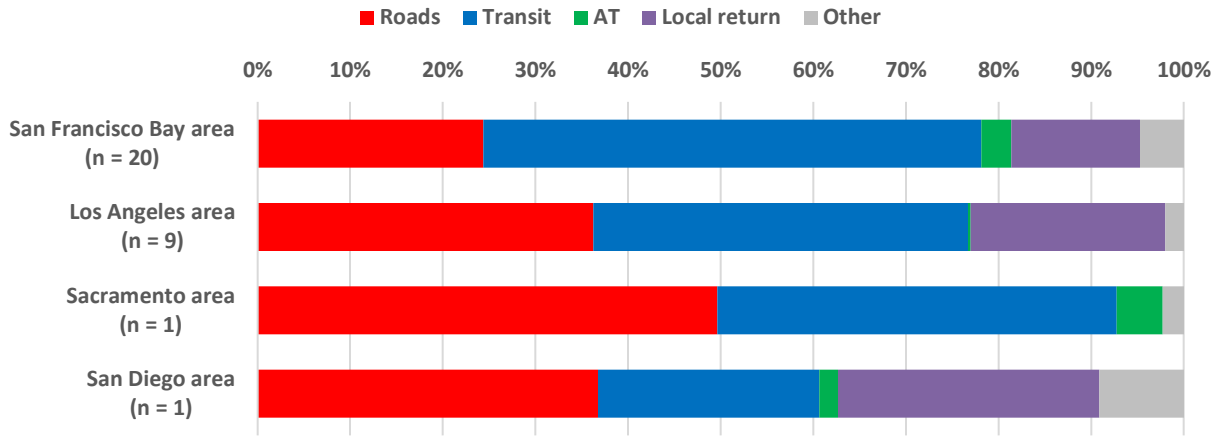


Figure 4. Funding allocation by mode and region for LOSTs adopted from 1976 to 2022
Note: This figure presents results for adopted measures for which we found an expenditure plan.

Looking at how regions prioritize their funding by ***both mode and purpose***, significant differences are evident among them. Considering ***only active measures***, the Bay Area and Los Angeles area both prioritize capital investments over M&O/rehab by a small degree (see Figure 5 below, in which you can read capital investment from left to right, and M&O/rehab from right to left). However, the breakdown is made complicated by the significant shares of transit spending in those two regions "not specified" by purpose. Sacramento County stands out as prioritizing M&O/rehab over new capital investments and San Diego County for prioritizing local return, as well as capital investments over M&O/rehab.

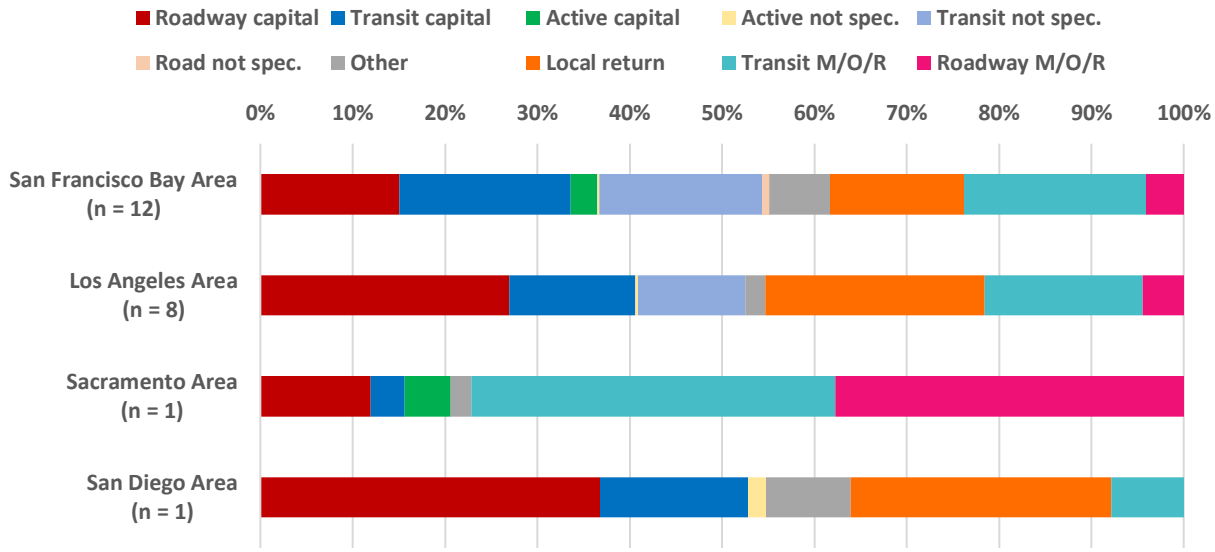


Figure 5. Average LOST funding allocation by mode, purpose, and region for active LOST measures as of 2022
Note: This figure presents results for active measures for which we found an expenditure plan. On this basis, Santa Clara Measure A (2020) is excluded.

Now turning to a consideration of how LOST spending allocations have changed over time, we see that the average share of LOST funding dedicated to roadways tended to decline from the 1990s to the 2010s, although it increased again in the 2020s (see Figure 6 below). But meanwhile, the local return share increased significantly, and this spending category, as discussed above, is generally dedicated to roadways. The average share devoted to transit in LOST budgets declined notably between the 1990s and the 2000s, after which it remained stable by decade at about 45-46%. Considered for active LOST measures only, the complete transit share (whether for new facilities or M&O/rehab), is 49% currently. Meanwhile, funding for active transportation has increased since the 1990s, growing from 0% to 6% in the 2020s. To reiterate, these funding shares are shown across LOST measures, not weighted for the tax rate or revenue raised by county.

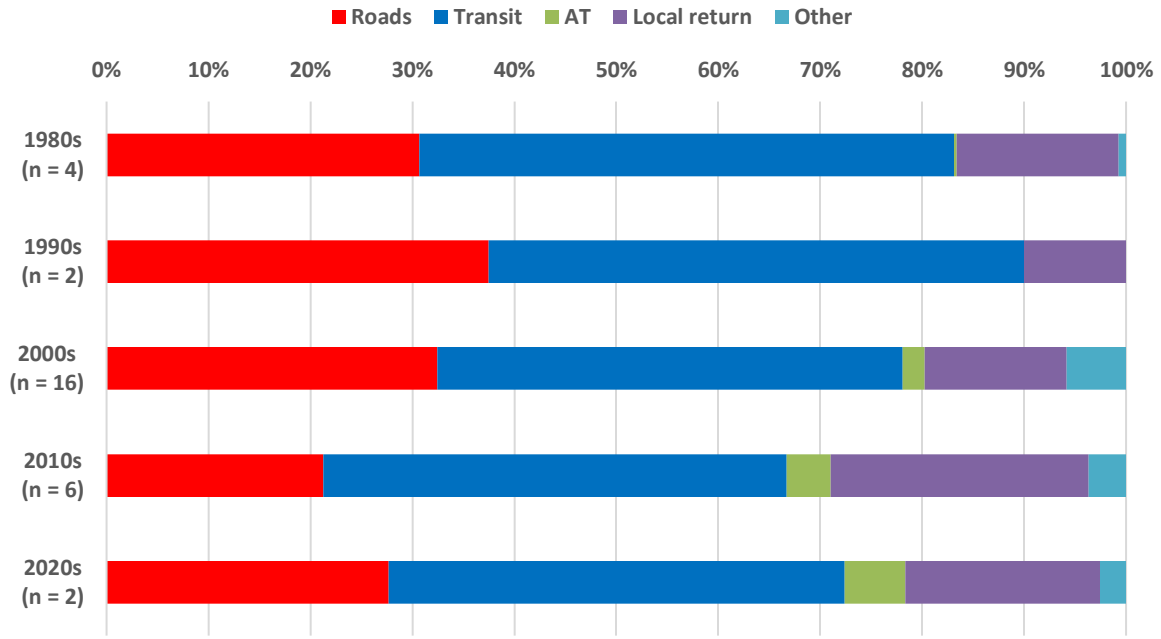


Figure 6. Funding allocation for adopted LOSTs by mode and decade, in the four large regions[3]

These findings send mixed signals for SB 375 purposes: as transit and active transportation spending is likely to be VMT-reducing, it is concerning to see the combined share of spending for those modes decreasing, even as the active transport funding share has been increasing. Nevertheless, many of the high transit funding share measures adopted in earlier decades remain active today. However, when spending is considered not just by mode but also by purpose, the shift in spending patterns over time is less concerning for SB 375 purposes than depicted above. Our assessment of VMT impacts includes the consideration that M&O-plus-

[3] This figure (as well as Figure 7 and Figure 8), shows results for 30 measures adopted since the 1980s for which we could find expenditure plans. This is distinct from Figure 4 in which n=31, because Santa Clara Measure A1 (1976) was the only measure passed in the 1970s (dedicated only to transit), and for the sake of clarity, we excluded that measure from Figure 6, Figure 7, and Figure 8.

rehab can be considered VMT-neutral compared to spending for new roadway capacity. The full trend by mode and purpose is shown in Figure 7 below.

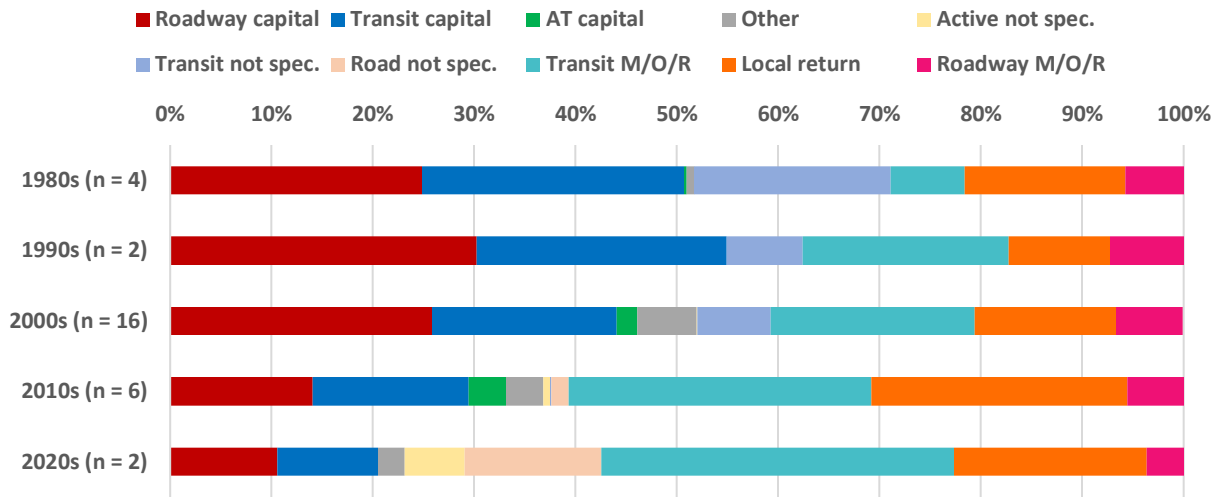


Figure 7. Funding allocation for adopted LOSTs by mode, purpose, and decade, in the four large regions

We observe a significant shift over time towards more spending on maintenance, operations, and rehab, and away from capital facilities spending of all kinds. We also see a trend of declining roadway capital spending over time, from 30% on average for measures adopted in the 1990s to 11% in the 2020s, which appears promising for SB 375 purposes. Meanwhile, transit capital spending also declined, from 25% on average in the 1990s to 10% in the 2020s.

It is important to note the expanding role of local return in this analysis, which grew in share from 10% on average in the 1990s, to 25% in the 2010s. If previous research is correct that local return is largely spent on local road maintenance, then the pattern indicates that more and more funding is being dedicated to maintaining the existing road network, as opposed to expanding the road or transit networks. In Figure 7 above, the local return share is depicted next to roadway M&O/rehab, so that the combined shares can be read from right to left.

Summing up the findings from this assessment of patterns in LOST spending over time and across counties and regions, we observe some key patterns. First, LOST expenditure plans are shifting away from VMT-inducing project spending, and towards VMT-neutral or VMT-negative spending instead, which is positive for SB 375 purposes. During the first few decades of LOSTs in California, capital investments were strongly favored in LOST proposals for the counties we investigated, but this trend has slowly waned over time, as the fraction budgeted for maintenance, operations, and rehabilitation has grown.

A second observed overall trend is an apparent move from the 2000s onwards towards dedicating more money for local return, in addition to the growth of M&O/rehab shares. Given that local return funding has been found to be used most often for roadway M&O/rehab, this

pattern suggests that the non-capital share of roadway spending has grown even larger than suggested in the graph (if local return funding is considered equivalent in purpose to roadway M&O/rehab). To emphasize this point, Figure 8 shows these two spending categories combined, by decade. It confirms that this combined spending share almost doubled from the 1990s to the 2010s, reaching an average of 31% of LOST spending by the 2010s.

Figure 8. Funding shares allocated for "local return" and roadway maintenance, operation, and rehabilitation in adopted LOSTs by decade, in the four large regions

Researchers and policymakers should continue to examine the design and electoral outcomes of LOSTs very closely, to discern preferences of the electorate and whether they are shifting. Three LOSTs in our sample are scheduled to end in the next decade: the cross-county Measure Q (2008, with under seven years remaining), Santa Clara County's Measure A (2012, with under a year remaining), and Sonoma County's Measure M (2004, scheduled to be replaced by Measure DD, which was adopted in 2020, at the end of its lifespan).

Considering LOST extension measures

Some LOST measures specifically extend or replace existing taxes created by earlier LOST measures. Studying the expenditure plans of these measures allows us to see how county-level priorities have changed over the course of decades. To this end, we analyzed spending by mode for successful measures that replaced previous measures and compared the resulting "chains" of measures (Figure 9).

The pattern suggests that the LOSTs studied appear to have been implemented in "waves," or groupings of measures beginning within five or so years of each other. This can be seen in the Los Angeles, San Diego, and Sacramento areas, where seven measures were implemented within the span of about five years. Six of those measures expired within a similar timespan and

were renewed immediately after. In the San Francisco Bay area, we see more of a constant stream of measures, but there are significantly more counties in that region than in the others.

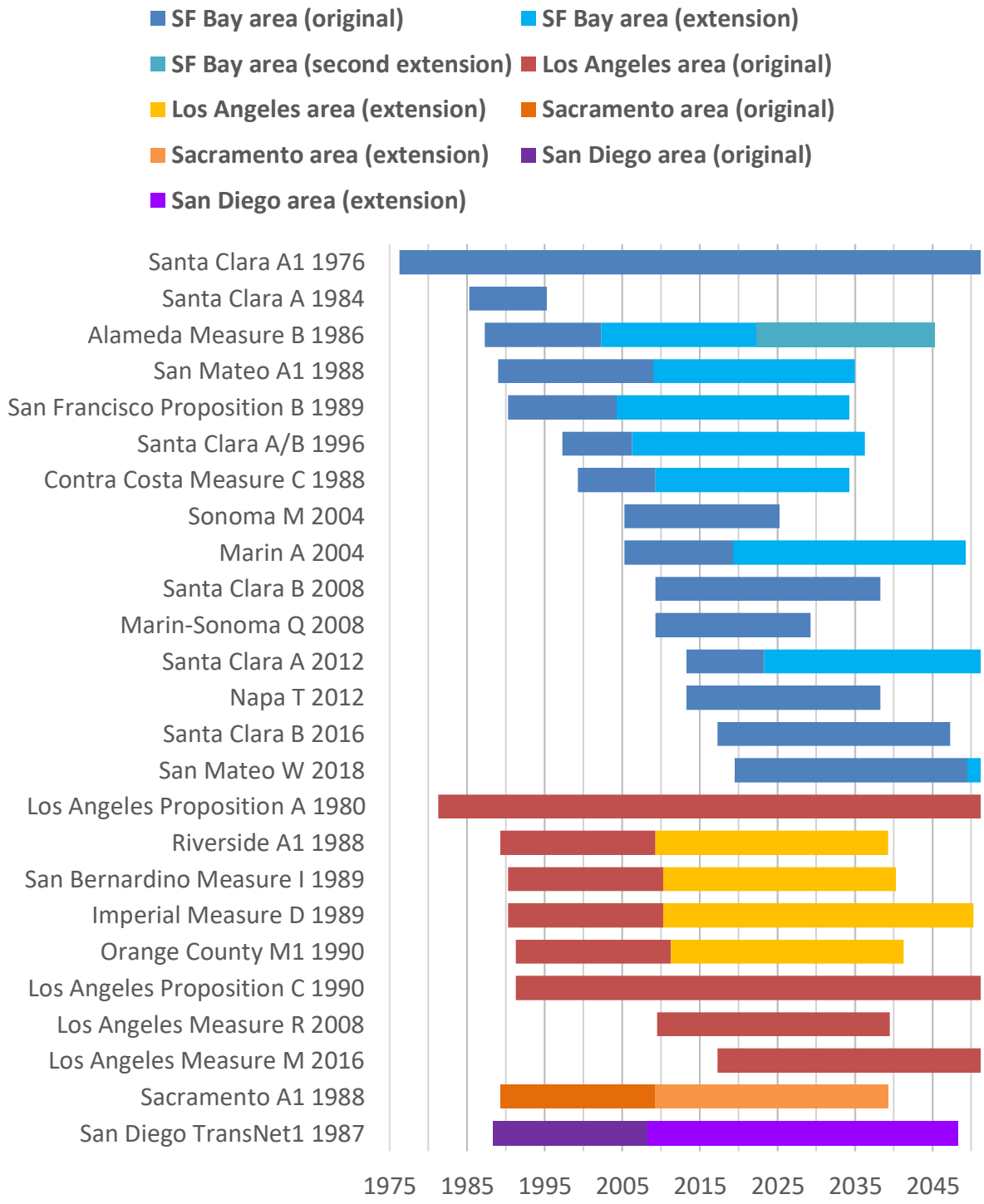


Figure 9. LOST measures by date of implementation and expiration in the four regions

Of the measures in our sample, we found thirteen "chains" of successful LOST measures that were followed by other LOST measures that explicitly extended the existing tax. These provide an interesting lens of analysis, as they allow us to directly see the changing priorities of counties over time. Of those thirteen, we found complete expenditure plans for the following chains:

- Alameda County's Measure B (1986), Measure B (2000), Measure BB (2004)
- Marin County's Measure A (2004), Measure AA (2018)
- San Francisco County's Measure B (1989), Measure K (2003)
- San Mateo County's Measure A (1988), Measure A (2004)
- Sonoma County's Measure M (2004), Measure DD (2020)
- Orange County's Measure M (1990), Measure M (2006)

Transit and roadway spending fluctuated heavily over the measures in these "chains," while active transportation spending increased in most cases. Local Return also had a high level of variance. In three chains, local return was reduced to zero, while the other three saw it grow by between 3 and 23 percentage points. In the latter case, Sonoma County, the rise in local return coincided with an almost equal fall in roadway spending, and Orange County demonstrates a similar trend. In a counter-example, Marin County saw an almost equal decline in local return with an increase in roadway and active transportation spending. These findings corroborate the contention that counties are treating local return and roadway spending as roughly equivalent.

Comparing RTPs and LOST expenditure plans

To gain a sense of whether LOSTs support, impede, or align with the long-range regional transportation plans (RTPs) developed by the MPOs in the four regions studied, we sought to compare aggregate LOST spending to RTP spending by mode and purpose in each region. We determined spending allocations by mode and purpose for the "big four" MPOs, using data presented in their most recent adopted or in-draft RTP/SCSs (source data tables are cited below). Then we created an aggregated measure for each region of LOST revenue allocations by mode and purpose, by taking the spending distribution for each active LOST and weighting it by the revenue obtained for the LOST in FY 2018-19, and then combining the results to create a revenue-weighted spending allocation measure for each region.[4]

The use of a single comparison year means we were able to create an aggregated LOST spending measure for each region at a recent point in time, correcting for the different amounts of revenue obtained for each LOST in each county (some of which are small and raise less in taxes than other large counties which raise much more revenue). We selected FY 2018-

[4] The 21 active LOST measures used in our analysis are: Alameda County Measure BB (2014), Contra Costa County Measure J (2004), Imperial County Measure D (2008), Los Angeles County Proposition A (1980), Los Angeles County Proposition C (1990), Los Angeles County Measure R (2008), Los Angeles County Measure M (2016), Marin County Measure AA (2018), Napa County Measure T (2012), Orange County Measure M2 (2006), Riverside County Measure A2 (2002), Sacramento County Measure A2 (2004), San Bernardino County Measure I2 (2004), San Diego County TransNet2 (Proposition A) (2004), San Mateo County Measure A2 (2004), Santa Clara County Measure A1 (1976), Santa Clara County Measure A (2000), Santa Clara County Measure B (2008), Santa Clara County Measure B (2016), Sonoma County Measure M (2004), and Marin-Sonoma Counties Measure Q (2008).

19 for the comparison year as it was the most recent pre-covid year. Sales tax receipts for FY 2018–19 for each LOST were sourced from Comprehensive Annual Financial Reports, obtained from the appropriate county transportation agency or other authority. The LOST funding splits by mode and purpose were taken from the (original) expenditure plans for those measures.

Before showing our results for each region separately, we first show how LOST and RTP spending distributions compare for all four regions combined. We do this to consider the overall picture of how LOST and RTP spending compares statewide by mode and purpose. (For active LOSTs with expenditure plans, we revenue-weighted the spending breakdown for each, and then created an aggregate distribution measure for all four regions combined, while for the four regional RTP/SCSs, we revenue-weighted the spending breakdowns taken from each plan using the revenue projections from the plans, to create an aggregate four-region measure). For this comparison, we also determined the funding breakdown by mode and purpose established for revenues from Senate Bill (SB) 1, the state's recent gas tax increase program. This set of comparisons provides some indication of how MPO plan spending compares to current state-level as well as local (county-level) funding priorities.

We find that aggregated LOST expenditures, revenue-weighted across all of the four regions combined, appear to heavily emphasize transit investments, even more so than the RTPs (Figure 10). LOSTs dedicate less money directly to roadways than RTPs overall, but a roughly equal share to roadway capital. In the figure, we have separated Los Angeles County's Measure M from the rest of the measures, because it dominates overall LOST spending substantially.

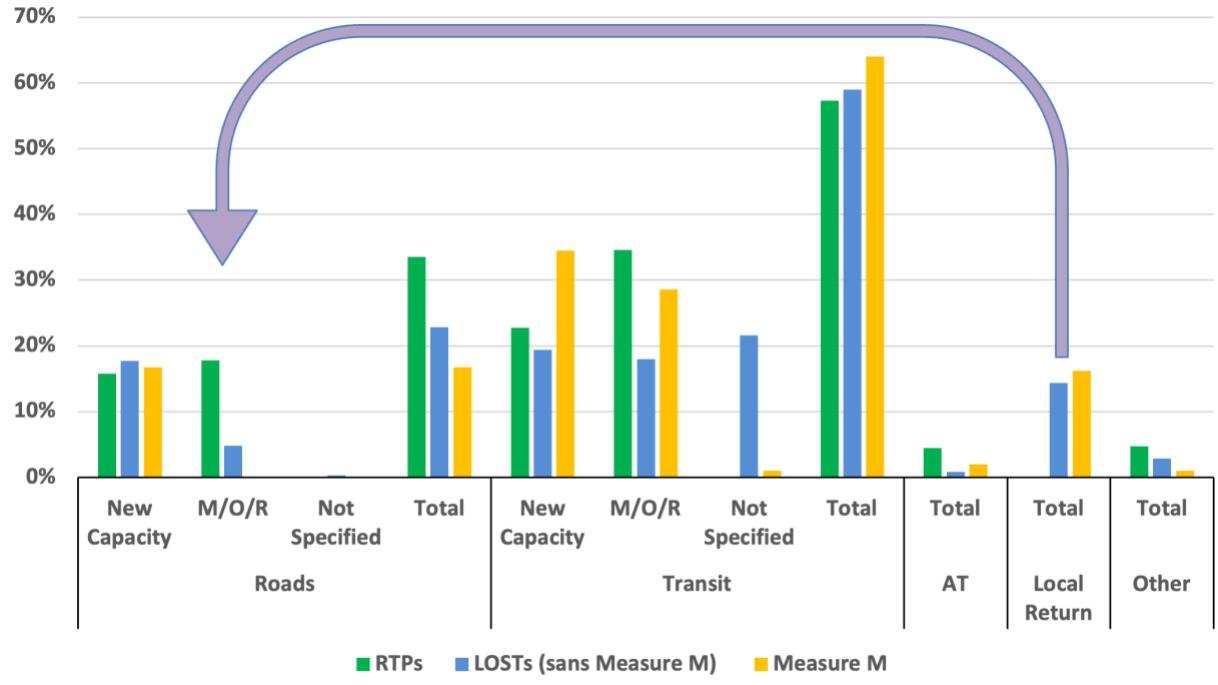


Figure 10. Expenditures by mode and purpose in the most recent adopted MPO RTPs, compared to LOST expenditures weighted by FY 2018-19 LOST sales tax receipts, by region

The apparent discrepancy between the RTPs and aggregate LOST spending comes mainly from roadway maintenance, however, as the gap in roadway spending is roughly equal in magnitude to the amount of funding dedicated to Local Return, as Figure 10 demonstrates. If Local Return is considered equivalent to roadway M&O/rehab (as the arrow indicates in Figure 10), then spending priorities in RTPs are similar to those in active LOSTs. We also see, however, that LOST measures generally dedicate a smaller fraction of funding to active transportation than RTPs do.

As a second comparison, we consider how aggregated RTP and LOST spending across all four regions compares to statewide spending established for SB 1 revenues. Set at 18 cents per gallon since 1993, the state's base gasoline excise tax was raised to 30 cents per gallon in 2017 with passage of Senate Bill (SB) 1, the Road Repair and Accountability Act (Beall, Chapter 5, Statutes of 2017), which also indexed the gas tax to inflation, and increased other fuel taxes (for example, for diesel) and transportation fees. Fuel excise taxes, levied per gallon sold, provide the majority of California state funds for road investment (LAO, 2018). SB 1 is expected to provide $5 billion annually in ongoing funds for certain designated purposes (LAO, 2017).

Table 3. Planned expenditures by mode and purpose compared for the statewide SB 1 spending program, MPO expected spending in the "big four" regions in most recent adopted RTP/SCSs, and active (in FY 2018-19) LOSTs in the "big four" regions

	Roads			**Transit**				**AT**
	New capa-city	M&O, rehab	Total roads	New capa-city	M&O, rehab	Both new capacity & M&O/ rehab	Total transit	Total AT
SB 1 program	3%	78%	81%	6%		11%	17%	2%
Aggregate (budget-weighted) spending in "big four" MPO RTP/SCSs	17%	19%	35%	24%	36%		60%	5%
Aggregate annual spending (FY18-19) from county sales tax measures in "big four" regions, **not including** "local return"*	21%	5%	26%	26%	24%	23%	72%	1%
Aggregate annual spending (FY18-19) from county sales tax measures in "big four" regions, **with** "local return" added to roadway M&O*	18%	19%	37%	22%	21%	19%	62%	1%

Note: Data for SB 1 spending excludes Trade and Congested Corridor Programs, which can support state highways, local streets and roads, or transit. * Also excludes spending for "other" and administration.
Sources: LAO (2017) for SB1 program breakdown; latest RTP/SCSs for MPO breakdown, based on data from the following tables, weighted for aggregation across the four MPOs by total plan spending: MTC RTP: Technical Assumptions Report, Tables 1 and 2 (MTC, 2021d); SACOG RTP: p.75 (SACOG, 2020); SANDAG RTP: Appendix U, Table U.2 (SANDAG, 2021a); SCAG RTP: Table 4.6.2 (SCAG, 2020); for LOSTs, see previous description of methods.

Comparing the spending breakdown aggregated across all the "big four" MPOs in their most recent RTP/SCSs (with the breakdown weighted by projected RTP/SCS plan expenditure), to the breakdown of expenditures prescribed for SB 1 revenue, we see that RTP/SCS spending is allocated more toward transit than roadways, but less toward M&O/rehab than new facilities, than the program for SB 1 spending (Table 3). More than four-fifths of SB 1 funds are directed toward roadway M&O. The results shown in Table 3 also corroborate more precisely the finding depicted in Figure 10, showing that when local return funds are added to roadway M&O/rehab, the overall spending pattern for RTP/SCSs closely resembles aggregated, revenue-weighted LOST spending across the four regions.

Notably, the revenue-weighting of expenditure shares, shown in Table 3, increases the total transit spending share in LOSTs to 72%, or 62% with local return funds considered equivalent to roadway M&O/rehab, higher than when presented in earlier analysis in which spending shares were averaged across measures but not revenue-weighted. The unweighted revenue share for transit (whether for new facilities or M&O/rehab), when measured across active LOST measures in the four regions, is 49% (as noted earlier), while the weighted share is 62%, if local return is considered equivalent to roadway M&O/rehab, as can be seen in Table 3.

When considering the results separately for each of the four regions, greater variation is evident when comparing RTP/SCSs to aggregated, revenue-weighted LOST spending. We see that the Bay Area RTP spends a smaller share of funds on capital expansion, and more on M&O/rehab, than the LOST measures (even if local return is considered equivalent to roadway M&O/rehab) (Table 4). This discrepancy is especially apparent for transit M&O/rehab. The Bay Area RTP has by far the lowest share dedicated to new roadway capacity among the four regions, although not the lowest share for transit new capacity among them. The Bay Area MPO also spends noticeably more for transit overall than the aggregate LOSTs do.

A similar discrepancy is evident in the San Diego region, where the MPO dedicates twice as large a share of RTP funding to transit as does the county's sole sales tax measure, Transnet2. This wide discrepancy reflects conflicts over transportation priorities that have erupted in the San Diego area in recent years, which are discussed in our case study section. If the large local return share funded by the San Diego area LOST (TransNet2) is considered to be equivalent to roadway M&O/rehab spending, then TransNet2 is also more inclined to roadway M&O/rehab, as well as new roadway capacity spending, than the RTP. The San Diego area RTP also spends considerably more from its budget for new transit and active transport facilities than TransNet2. Indeed, the San Diego RTP spends a considerably higher share than the other three regions' RTPs on transit capital and active transport.

Meanwhile, Los Angeles area LOSTs spend a high share of revenue, compared to the RTP, on transit, reflecting Measure M's passage. A considerable share of transit spending in this region is not distinguished by purpose, making it a bit hard to compare spending patterns on this basis. With a high share of spending dedicated to local return in Los Angeles area LOSTs, they are dedicating more spending to roadway M&O/rehab than the RTP, and less to new roadway facilities, if local return is considered equivalent to roadway M&O/rehab.

Table 4. Expected RTP expenditures compared to spending weighted LOST expenditure by mode and purpose in California's four largest regions

MPO/region	RTP or LOSTs	Roads				Transit				Active transport	Local Return	Other	Admin
		New capacity	O&M/ rehab	Both	Total	New capacity	O&M/ rehab	Both	Total				
MTC/ SF Bay Area	RTP	5%	20%	0%	25%	23%	47%	0%	71%	3%	0%	1%	0%
	LOSTs	13%	2%	1%	16%	27%	14%	25%	65%	2%	10%	5%	1%
SCAG/ Los Angeles area	RTP	23%	17%	0%	40%	19%	32%	0%	51%	4%	0%	6%	0%
	LOSTs	18%	4%	0%	22%	21%	22%	19%	61%	0%	15%	1%	1%
SACOG/ Sacramento area	RTP	19%	36%	0%	55%	6%	23%	0%	29%	4%	0%	12%	0%
	LOSTs	12%	38%	0%	50%	4%	39%	0%	43%	5%	0%	2%	1%
SANDAG/ San Diego area	RTP	21%	12%	0%	33%	34%	15%	0%	49%	9%	0%	8%	0%
	LOSTs	37%	0%	0%	37%	16%	8%	0%	24%	2%	28%	8%	1%
Total (revenue-weighted)	RTPs	16%	18%	0%	34%	23%	35%	0%	57%	4%	0%	5%	0%
	LOSTs	18%	4%	0%	22%	22%	20%	19%	60%	1%	15%	2%	1%

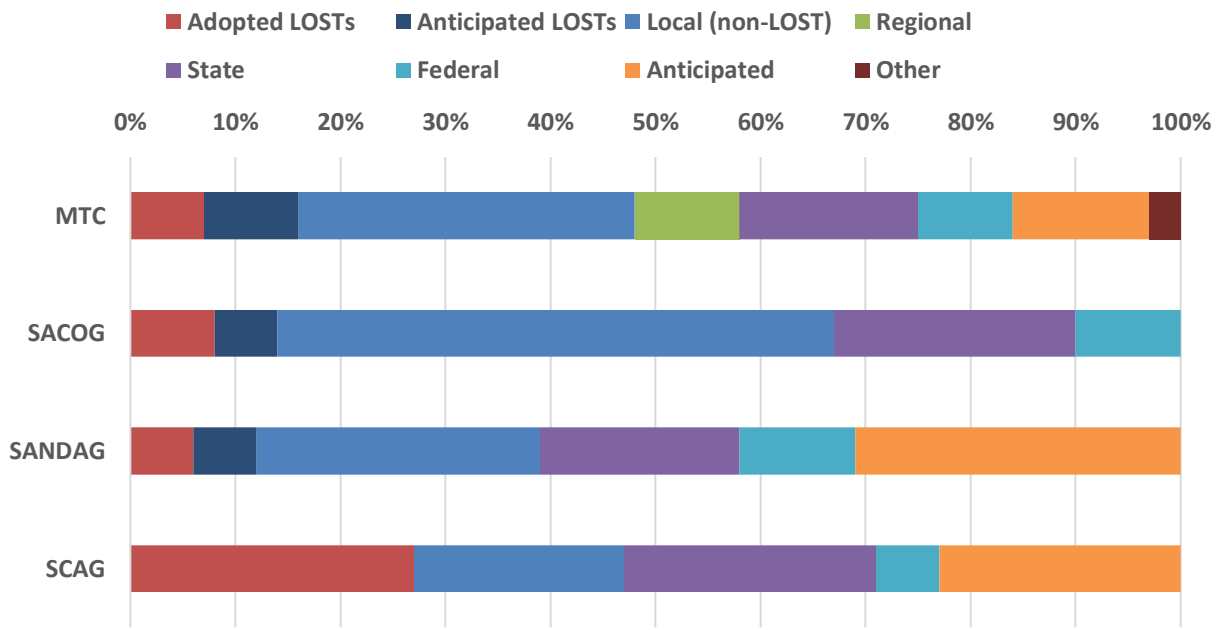
Sources: See sources for Table 3

As seen in Table 4, Sacramento is distinct in spending considerably more of its LOST funds on operating and maintaining the transit system than the RTP dedicates. Sacramento also dedicates more of its LOST funds towards active transportation than any other region.

Anticipated LOST revenue in RTPs

To understand the extent to which MPOs expect to rely on LOST funding in upcoming years, we reviewed the RTP revenue projections of the "big four" MPOs in their most recent adopted RTPs, to determine their financial assumptions for anticipated revenue for the entire RTP period from the multiple federal, state, regional, and local sources identified in the plans. Among the revenue sources identified in the RTPs are certain anticipated new, possibly insecure revenue sources, which we label as "anticipated."

Local funding, including from LOSTs, forms the largest share of expected funding sources for all four RTPs studied (Figure 11). LOSTs play a small but growing role in that expected funding, in most cases; MTC, SACOG, and SANDAG all expect the share of total revenue raised by LOSTs to approximately double in their RTPs, mostly through additional LOSTs, or renewed LOSTs at higher tax rates, as opposed to relying solely on economic growth leading to additional tax revenue. SCAG does not anticipate any additional LOSTs, but existing LOSTs make up over a quarter of its RTP revenues. It may be that SCAG believes that they have leveraged the maximum amount of revenue from LOSTs at this moment. MTC's anticipated LOST revenue is projected to come from a "mega measure," a nine-county 1% sales tax to be implemented in 2032.



Sources: SANDAG, 2021b, Table V.4; SCAG, 2020, Table 4.6.1; SACOG, n.d., Attachment A; MTC, 2021d, Table 7.

Figure 11. MPO RTP revenue projections by source

On the one hand, given electoral difficulties in passing LOSTs seen in the 2010s, these projections for new LOST revenue may be overly optimistic. On the other hand, many other RTP revenue sources are fairly ambitious and also not yet secured, which could mean that the importance of LOST funding may increase over time, especially when considered as a basis for gaining matching funds from the federal and state governments. The RTPs include a mix of unsecured new funding sources. In the case of SANDAG, for example, significant amounts are projected to come from a Regional Road User Charge building upon a projected state-imposed Road User Charge (an inclusion that faces resistance from SANDAG board members; see Donovan, 2021). SCAG's unsecured sources of funding are equally diverse, with the largest being a local road charge program and a mileage-based user fee. MTC's unsecured revenue includes parking fees, new tolls or "user fees" including congestion pricing, and VMT fees. These sources of revenue are uncertain, and combined with the difficulty of passing LOSTs, could lead to budget shortfalls and other unforeseen consequences. SACOG does not explicitly budget any unsecured future revenue in its RTP other than LOSTs.

Case Studies of Sacramento and San Diego County LOSTs, and the Bay Area "Mega Measure"

In this section we present case studies of recent LOST initiatives in two counties, Sacramento and San Diego, in which debates about the LOSTs reflected conflicts on the MPO board of directors, as well as with other regional stakeholders, about how to achieve SB 375 compliance. The case studies allow us to explore some of the issues and concerns that have been raised about LOSTs, which we have described previously in this report. These issues include whether the long durations, perceived inflexibility, and purported suburban orientation (reflecting the need to ensure "geographic equity") of LOSTs make them problematic for achieving regional plan goals.

These two case studies also allow us to investigate the potential impact of a dramatic change in the institutional landscape of the LOST process which occurred starting in 2017, when the California Supreme Court ruled in *California Cannabis Coalition v. City of Upland* that provisions in state law that had heretofore governed tax initiatives put on the ballot by local governments should not apply the same way to those placed on the ballot through the citizen initiative process (Ballotpedia, n.d.). The two ballot initiatives we investigate, aimed for the November 2022 election in Sacramento County and in San Diego County, were sponsored not by the county transportation agency as in the traditional fashion, but rather as citizen initiatives sponsored by coalitions of stakeholder organizations and private developer interests.

How could/does this new provision for LOST sponsorship through citizen initiative affect RTP/SCSs in the context of SB 375? This case study section of our report explores that question.

As in many other US states, California permits citizens to advance petitions to change state and local law after collecting a specified number of valid signatures, and winning voter approval at the ballot box. In 2019, a San Francisco Superior Court judge ruled that the two-thirds supermajority vote requirement applied to local "special taxes" (taxes for a specific, designated purpose) in California applies to tax measures referred to the ballot by lawmakers but not to citizen initiatives. In 2020, the California First District Court of Appeal upheld the ruling and then the California Supreme Court denied a further review, opening the option for citizen-initiative LOSTs to be passed with 50%+1 voter approval (Ballotpedia, n.d.).

With LOST success rates having declined over the past two decades, the prospect of citizen-led measures could improve electoral success. But whether this benefits countywide and regional collaborative decisionmaking is another question. As our Sacramento case study indicates, a citizen-led LOST measure can throw a monkey wrench into the traditional process, which relies on coalition-building and consensus built over time to achieve the two-thirds voter threshold needed for passage. The Sacramento story also shows how a citizen-led LOST measure can threaten MPO compliance with SB 375, a troubling prospect.

This assessment of impacts of the citizen-led initiatives is not intended to criticize principles of democratic governance by simple majority vote, but rather to consider and compare methods and outcomes achieved through direct democracy versus the traditional government-led

collaborative approach for developing LOST measures. The advent of citizen-initiative LOSTs makes it easier for well-funded special interests to write and advance their own priorities for government spending, compared to the process by which MPOs and county governments must work to gather another sixteen percentage points of voter support to pass their own plans.

The Sacramento "citizen initiative" somewhat stretches the term, given that the measure was led and bankrolled by private developer interests, as discussed further below. Although Progressive Era "direct democracy" provisions, such as enabling citizen tax initiatives, were expected to generate a more pluralistic political arena with a strong culture of grassroots activism, the question arises whether that outcome has occurred in practice.

Some research supports the view that it has. Reviewing congruence between state law and voter opinions about policies, Matsusaka (2018) concludes that there is no evidence to support the viewpoint that "special interest subversion" has undermined the ballot initiative process. However, other research points to less positive outcomes. Bowler and Hanneman (2016) studied California ballot propositions from 2000 to 2004 via campaign contributions, and found that the process was dominated not by many small grassroots organizations from diverse political backgrounds, but by a handful of major players who fell into leftwing-rightwing political divides. In a similar vein, McInnis (2019) argues from a historical perspective that corporate interests and money have largely corrupted the original intention of citizen measures, pointing to an increase in the amount of money special interests have spent on ballot initiatives since the 1970s, the growth of an industry for collecting signatures and getting initiatives to the ballot, and the use of ballot measures as threats to government policymaking by specific private interests. McInnis also notes that the majority of California's local initiatives are focused on development and zoning, often allowing corporate interests to circumvent local planning and environmental regulations.

Sacramento Measure A: End run around SB 375

The Sacramento region's history with LOSTs has been somewhat limited, with only three measures placed before voters in Sacramento County, and with no other county in the six-county SACOG region having adopted a LOST measure. However, in 2022, a citizen-organized LOST initiative in Sacramento County, called Measure A, became a focal point for controversy, as it was found to conflict with the region's RTP/SCS. The events surrounding Measure A show how "direct democracy" (or, from another viewpoint, "special interest subversion") can threaten MPO plans and priorities.

The first LOST in Sacramento County, Measure A1, which passed in 1988 and expired in 2009, appeared to be heavily oriented to roadway capital spending, although records from that period are limited. A renewal of the measure, Measure A2, passed in 2004, and was implemented in 2009, scheduled to run until 2039. Measure A2 heavily emphasized transit operations and roadway maintenance.

In 2016, the county transportation authority, called the Sacramento Transportation Agency (STA), put an additional measure, entitled Measure B, on the ballot in Sacramento County, but

it fell less than 1% short of the two-thirds threshold needed to be enacted. Measure B's expenditure plan would have significantly increased the funding share dedicated to roadway maintenance, at the expense of other expenditure categories, compared to Measure A2. After Measure B's failure at the ballot box, the STA attempted to place another measure on the 2020 ballot, but in July 2020, the board voted to withdraw the measure, citing the covid-19 pandemic (Bizjak, 2020) and polling that indicated inadequate voter support necessary for passage (Suen, 2020).

In 2021, a citizen group called A Committee for a Better Sacramento (CBS) began to draft and circulate a draft expenditure plan for a half-cent transportation sales tax initiative. Dubbed Measure A, this was a citizen ballot initiative, meaning it would only require a simple majority of 50%+1 voter approval to be passed into law, compared to the two-thirds majority required for public agency-led initiatives. Nevertheless, the Sacramento Transportation Authority (STA) would still administer the tax, as if the STA had proposed the tax itself.

Measure A, if passed, would have run for forty years, collecting an estimated $8.5 billion in revenues. The expenditure plan for the initiative, published in February 2022, dedicated about 60% of funding for local street and road repairs, highways, bridges and overpasses, and about 40% of the funds for public transit, paratransit services, light rail extensions, and expanding transportation services. This breakdown was similar to the 2020 measure which STA had proposed, but then withdrew, from the ballot.

However, in certain critical aspects, Measure A differed from STA's previous effort. Measure A's sponsor, the CBS, represented certain particular interests. CBS was a coalition that included the California State Council of Laborers, the California Alliance for Jobs, and the Sacramento Region Business Association. Most early contributions to the Measure A campaign, totaling nearly $350,000, came from the Cordova Hills Development Corporation and entities owned by megadeveloper Angelo K. Tsakopoulos; their contributions helped launch a signature-gathering effort that ultimately obtained 70,000 signatures, enough to place the measure on the November ballot. Ultimately, sponsors of Measure A raised $2.5 million for their campaign (CBS, 2022; Baig, 2022, October 23).

The two early contributors stood to benefit from a prominent project included in Measure A, called the Southeast Capital Connector, which would be a 34-mile expressway, to cost $300 million, that would link Folsom, Rancho Cordova and Elk Grove (Baig, 2022, September 11). This proposed project had been debated for decades, and criticized from some quarters for potentially unlocking a new suburban growth frontier on the region's rural edges. Various planners and transportation officials had documented how the project could induce sprawl and fundamentally alter the metropolitan area by supporting development in areas located far from any mass transit (Baig, 2022, September 11).

While Measure A was largely written and funded by business interests, not all business advocates supported it. The president of the Greater Sacramento Economic Council, Barry Broome, complained to the Measure A sponsors in an Economic Council board meeting that, "You did not seek any input from us or many others… Political operatives design[ing] the

transportation plan outside of a public conversation is unacceptable. To expect us to watch you tax 8.5 billion (dollars) without regard to the region's need is going to get opposition" (Baig, 2022, October 23). The concern about inadequate public engagement in developing the Measure A initiative reflected the fact that the CBS had not organized such an effort, providing as a rationale that the Measure A expenditure plan was similar to the STA measure proposed in 2020, and so no further public engagement was necessary (Allison, 2022).

SACOG, the region's MPO, then entered the fray, identifying twenty-six roadway capital expansion projects included in the Measure A project list, projected to cost $3.5 billion to construct, that were not included in the MPO's most recent RTP/SCS and that would significantly set back progress towards reducing GHGs in the region (SACOG, 2022a). The region's MTP/SCS adopted in 2020 had succeeded in meeting the SB 375 requirement for demonstrating a per capita GHG emissions reduction target of 19% from 2005 to 2035 (over the duration of the plan), but SACOG's analysis of the 26 problematic capacity projects included in Measure A showed they would cause the region to fall 2% short of the SB 375 target, causing the region to achieve only a 17% reduction, thereby failing to meet SB 375 requirements. SACOG noted that its analysis was incomplete due to lack of time and limited details regarding the project scopes (SACOG, 2022a).

SACOG, in consultation with STA, had similarly reviewed and estimated potential impacts of STA's proposed 2020 LOST ballot measure on goals of the MTP/SCS. Language to be included in the 2020 STA measure would have required any projects not in the adopted MTP/SCS to fully mitigate their GHG impacts, and be included in a future MTP/SCS, before receiving funding (SACOG, 2022a). However, Measure A was different, stipulating that measure-funded, capacity-expanding projects no longer would be evaluated and analyzed in the regional context of the MTP/SCS. As such, SACOG's report evaluating Measure A assessed that, "The 2022 transportation initiative thus threatens to undermine the longstanding public and collaborative regional planning process to develop a comprehensive transportation plan for the region. At best, this could require changes to the region's transportation and land use plan to offset the GHG impacts of new projects, potentially at the expense of other regional and local priorities; at worst, it jeopardizes the entire six-county region's eligibility and ability to effectively compete for state funding programs" (SACOG, 2022a). Specifically, the 26 problematic capacity-expanding projects in Measure A threatened to "substantially" increase per capita GHG emissions, not just due to their impact on use of transportation facilities, but also from their impact on the location of new housing and employment growth and development, thereby "substantially altering the region's land use forecast and travel patterns."

A difficult debate ensued at the SACOG Board of Directors meeting in June 2022, about what to do about Measure A. SACOG's CEO, James Corless, presented a proposed framework for an MOU between SACOG, STA, and CBS, to manage the GHG impacts of Measure A's expenditure plan. The proposed agreement would have three key components (SACOG, 2022a, 2022b; STA 2022). Firstly, there would be no need for change for those projects in the measure already included in the region's RTP. Secondly, for the projects not included in the RTP, there would be a process to ensure they did not cause the region to fall out of SB 375 compliance. SACOG and a

third party, to be appointed by STA, would conduct independent analysis of the entire ballot measure, and of the twenty-six capital projects in question, by December 31, 2023, with STA funding SACOG's analysis (although SACOG's staff capacity would still likely have been heavily impacted by the effort). If SACOG and the third party produced conflicting findings, STA and SACOG would confer, but few details were determined about how this process would proceed further. The agreement further stipulated that SACOG would develop recommendations to mitigate the GHG impacts of the Measure A projects, and project sponsors would follow those recommendations, such that once a sponsor submitted to STA mitigation measures demonstrated to be capable of mitigating GHG impacts sufficiently to adhere to regional GHG reduction targets, the project would be eligible for funds from the LOST measure. SACOG would then consider any mitigated project in the next MTP/SCS.

Thirdly, CBS claimed that their original estimates were conservative, and that the tax would generate $510 million in revenue in excess of their original estimates over the tax's lifespan, which STA was directed to spend on mitigation for the twenty-six capital projects. Recipient agencies would be asked to pass resolutions acknowledging that the additional funds may be needed primarily for GHG mitigation efforts for projects not included in the MTP/SCS.

Interestingly, by working outside the MPO planning process, Measure A sponsors ended up with an MOU that could subject each of the 26 capacity-expansion projects to separate mitigation analysis and requirements. If instead, the projects had been incorporated into the RTP planning process, they would have been analyzed as a group in conjunction with all the hundreds of other projects included in the RTP, some of which might have been approved even with higher projected GHG impacts, if those impacts were offset by other lower-GHG projects. The Measure A sponsors tried an end-run around the collaborative, multi-party RTP planning process, but ended up not receiving all its benefits.

The question for SACOG, however, was whether the requirements of the MOU would be binding and sufficient to ensure adequate mitigation. SACOG staff explained to the board at its June meeting that the agreement would not guarantee that LOST funds must be consistent with the adopted MTP/SCS, but it would reinforce SACOG's role in ensuring compliance with SB 375 (SACOG, 2022b, 2022c). The agreement would create a process intended to quantify and mitigate increases in GHG emissions beyond those assumed in the adopted MTP/SCS. However, because it was not written into the ballot initiative language, the agreement could not guarantee outcomes, and would therefore present some risk (SACOG, 2022c). SACOG's CEO, James Corless, stated at the June board meeting that, "The bottom line is that the framework agreement that you have in front of you this morning, [that] we're recommending for approval, is the best chance we have to address and to minimize those risks" (SACOG, 2022c).

SACOG board members expressed varying opinions at the June meeting about the proposed agreement, with those representing locations that would benefit from the Southeast Connector Expressway expressing support, while board members from other parts of the region expressed more hesitation and concern (SACOG, 2022c). For example, Director Joiner from the City of Lincoln contended that, "We're being asked to rush into this vote…This MOU is not perfect—

I'm not even sure it's enforceable ultimately. I think I have no choice but to support it because it's better than nothing, but it troubles me."

Measure A had forced SACOG leaders to the bargaining table—most notably Sacramento Mayor Darrell Steinberg, former member of the State Legislature and author of SB 375, who initially opposed the measure, but then brokered the MOU, and SACOG CEO James Corless, who needed the MOU to retain SACOG's ability to function as the region's climate regulator (Baig, 2022, October 23). Under pressure, Corless plowed forward with the MOU negotiations despite misgivings from some of his staff and among some board members representing outlying areas, as records indicate (Baig, 2022, October 23). Concerns were raised about some mitigation measures proposed by Measure A sponsors, including a proposed rapid bus line along the new highway, which some SACOG staff argued would not garner much ridership while also straining transit resources. Staff were also concerned that by spending funds on roadway extensions, badly needed maintenance needs in the region would be neglected.

The MOU was eventually signed and approved by the STA board in July 2022. Steinberg vowed to sponsor legislation in 2023 that would codify the MOU, giving it more force and permanence (Baig, 2022, October 23). He also called the Measure A negotiations "a model" for other California cities. However, the California Air Resources Board weighed in otherwise, with an executive officer contending that the $510 million set aside for environmental mitigation was "grossly inadequate, leaving the feasibility of mitigation in question" (Baig, 2022, October 23).

Conclusion

Measure A failed at the ballot box in November 2022, with 44% of voters in favor and 56% against. The events point to lingering questions. The story shows how a citizen initiative, in this case one sponsored by a coalition of corporate and business interests with an incentive to see increased transportation spending, can write and fund an expenditure plan independent of the county transportation agency, let alone the MPO, and then seek voter support with a lower threshold needed for passage. As one Sacramento Bee reporter saw it, "[While] citizens' initiatives are supposed to represent grassroots democracy…Measure A is the antithesis of that. It's democracy purchased by a select few citizens…[and] in this case, the grassroots response is the opposition…and it's wide-ranging, including anti-tax conservatives, environmentalists, climate activists and good government advocates. They just need 50.01% to stop it," which they accomplished in the November election (Baig, 2022, October 23).

While citizen initiatives could be a solution to falling LOST adoption rates, they can further disconnect MPO and LOST priorities. With SB 375 requirements having recently been toughened, even as concerns have also been raised about on-the-ground failure to achieve the law's goals, the question of how LOSTs add to or detract from achieving SB 375 is pressing, and the new option of mounting citizen initiatives can potentially throw in a monkey wrench.

The events in Sacramento show that a sales tax measure that conflicts with an RTP/SCS puts an MPO in a difficult position and can compromise SB 375 compliance. Considering the events, Steinberg argued that "the creative tension is 'what role does a regional government have in

telling a city or county what it can or cannot do'" (SACOG, 2022c). The MOU negotiated for Measure A appeared to some stakeholders to have been a cave-in to business interests, while to other stakeholders, it appeared to be an advance in brokering how MPOs can influence LOSTs. It may have been both. Perhaps the most salient concern evident from the Measure A story is how difficult, even painful, the MOU negotiations proved to be for many SACOG leaders and staff, who felt that Measure A threatened to unravel the regional planning process and its regional perspective, cultivated over many years, in favor of more parochial interests and power politics.

State guidance could help address these concerns moving forward. The state could strengthen the hand of MPOs in ensuring that LOST measures conform to and are included in overall RTP plan analysis and mitigation procedures, along the lines reached for the MOU for Measure A.

San Diego's TransNet: Focal point for conflict about SB 375

As in Sacramento County, a citizen initiative was mounted in San Diego County to put a LOST measure before voters in November 2022, but in this case the measure never reached the ballot. Unlike in Sacramento, San Diego County's measure was not put forward by developer interests, but rather by a coalition of environmentalists and labor unions, who had banded together to oppose an earlier LOST measure placed on the ballot in 2016 by SANDAG, the regional MPO. The county's existing and proposed new MPO-led LOST measures got mired in conflicts and controversies during the 2010s, related to aligning the LOST with RTP goals under SB 375, and reflecting tensions on the SANDAG board of directors about what projects to fund, in particular in choosing between highway and transit improvements. The SANDAG controversies became acute, ultimately leading to the resignation of top SANDAG staff persons, including the executive director.

The concerns that arose about San Diego's LOST reflect issues discussed in this report which can affect RTPs, including provisions made in the LOST to ensure geographic equity, to provide for independent oversight, to ensure that cost and revenue projections stay on track during the lifetime of the measure, and to alter original project commitments if and when conditions make that necessary. These events make San Diego County's evolving history of LOST efforts a good case study not just about a citizen initiative but also about other issues dis/connecting LOSTs and RTPs under SB 375.

As a single-county metropolitan area, San Diego has substantial institutional coherence when it comes to regional transportation planning, compared to other multi-county areas in the state. The MPO, SANDAG, also acts as the county transportation authority responsible for administering LOSTs, for example. Known historically for developing consensus on its board of directors (Libby, 2017, February 20), consensus began to unravel during the 2010s, as controversy arose about achieving SB 375 GHG reduction targets through strategies for sustainable transport.

SANDAG adopted the state's first post-SB 375 RTP in California in 2011. Though it was hailed by agency leaders as "visionary" for its investment in transit, bicycling and pedestrian projects,

some local voices argued otherwise, complaining that the green investments were scheduled for implementation mainly in the latter years of the thirty-year plan, and the shorter-term investments in new highway toll lanes would not bring the air quality benefits promised (Newton, 2012, December 4). These plan opponents, including the Cleveland National Forest Foundation, the Sierra Club, and the Center for Biological Diversity, filed a lawsuit, arguing that with highway expansion prioritized in the early years of the plan, the pedestrian, bicycle, and transit expansion projects scheduled for later in the plan horizon might not come to pass, jeopardizing environmental benefits, and furthermore that the impact of new highway construction on vehicles miles traveled was not properly being accounted for. Indeed, while the plan demonstrated it could meet the SB 375 GHG reduction targets for 2020 and 2035, the Environmental Impact Report (EIR) also showed that VMT and associated GHGs would rise in later years until 2050, due to "increased demand for driving" as people moved into more remote areas of the region (Newton, 2012, January 27, December 4; Jaffe, 2014). Once the State Attorney General joined the lawsuit, it became front page news, gaining scrutiny from regional planners statewide as potentially precedent-setting.

In 2012, a California Superior Court ruled, and in 2014 an appellate court confirmed, that SANDAG had violated state law by failing to fully account for and work to reduce GHGs in its RTP and associated EIR (Newton, 2012, January 27, December 4; Jaffe, 2014). In 2017, the California Supreme Court ruled that the EIR from SANDAG's 2011 RTP should be de-certified for inadequate review of air pollution impacts during the plan period, but not for findings on GHG impacts for post-plan years (to 2050) (McAllister, 2017).

Debates about roadway spending continued as SANDAG developed its next regional plan for adoption in 2015. Environmentalists remained concerned that the plan was too roadway-oriented (Srikrishnan, 2016, October 24). The SANDAG board prepared a LOST ballot measure to place before county voters in 2016, to support investments called for in the RTP. This new measure, named Measure A, would have added a half-cent sales tax increase on to the LOST already in place in San Diego County, called TransNet, which was first adopted in 1987, then extended in 2004. The new proposed Measure A would have directed a greater share of proposed funds towards transit than the 2004 TransNet extension had done (41% versus 36%) and less to highways (14% versus 24%) (Srikrishnan, 2016, October 24). Of the $18.2 billion expected to be raised through the new measure over the next 40 years, 41% would have been directed to public transit projects, 14% to highways, 24% to local return, 11% for open space preservation, and 3% for walking and biking projects.

The proposed measure encountered opposition from various angles. SANDAG leaders spent a year "fighting with environmental groups over the plan's direction, which they say doesn't do enough to improve transit" (Keatts, 2015). Meanwhile, opposition also emerged from suburban "North County" MPO leaders who felt that the measure directed too much funding to transit and to the southern, more urban parts of the county (Srikrishnan, May 2016). SANDAG's executive director countered that the agency did not consider the county as separate sub-regions, and rather hoped to build a better system for the entire region as a whole, in which many North County residents commute to work in South County (Srikrishnan, May 2016).

Polling to test the viability of Measure A found that it was within striking distance of the required two-thirds voter threshold required for passage, but that organized opposition could kill it (Keatts, 2015). The ballot language, crafted carefully to respond to polling, emphasized road repair and congestion relief (Srikrishnan, August 2016). SANDAG staff indicated that "congestion relief" would come through new carpool lanes, public transit improvements, and other projects to clear out specific bottlenecks. Although this approach could relieve some congestion as the regional population grew, performance modeling for the RTP indicated that some commutes would worsen, while others would stay the same. Some observers argued that voters could be misled by the suggestion that reducing VMT would be commensurate with reducing actual time spent in congested conditions (Srikrishnan, August 2016).

In October 2016, just weeks before the election on Measure A, *Voice of San Diego* reporters uncovered information that would lead to a year of controversy and scandal over the proposed measure. They reported that SANDAG was on track to collect billions of dollars less from the TransNet extension, approved 12 years earlier, than had been projected at the time, for reasons that also affected Measure A (Keatts, 2016, October 24; Srikrishnan, 2016, October 24). Since 2008, when the TransNet extension went into effect, SANDAG had collected 25% less revenue than the amount originally promised to voters, and if sales tax revenue continued to grow at the rate seen since the end of the recession, TransNet would ultimately end up bringing in $5 billion less than originally pledged. The problem traced to SANDAG's forecast for average wages in the region, which affect taxable sales, which had been nearly double the county's historic average (Keatts, 2017, February 6).

The TransNet revenue shortfall meant that either some promised projects in the measure could not be funded, or other funding sources would need to be found. SANDAG officials acknowledged that some money raised by the new proposed Measure A might need to be directed toward projects that were supposed to be funded by TransNet (Srikrishnan, 2016, October 24). The revenue shortfall for TransNet implicated Measure A in other ways as well, because SANDAG had not changed its forecasting methodology significantly since devising Transnet in 2004, and had used the same basic method for developing the revenue forecast for Measure A, meaning that the forecast for the new measure might also be significantly overstated.

Measure A failed at the ballot box in November 2016, with 56% of voters in favor, well short of the two-thirds threshold needed for approval. Shortly after the election, SANDAG leaders officially admitted to the widening TransNet revenue gap and that its forecasting method had been unreliable. The agency admitted that TransNet project costs were higher by $8.4 billion than had been originally projected (Keatts, 2016, December 19; 2017, February 6). Combined, the revenue and cost projection inaccuracies had produced a $17.5 billion shortfall for completing TransNet projects.

The revenue and cost forecasting errors, while consequential, were not untoward, in that conditions change over the life span of a sales tax measure in ways that can often be hard to predict with accuracy. While SANDAG had promised to complete certain projects within 15

years, the agency is only legally bound to do so barring any extenuating circumstances (Srikrishnan, 2016, October 24). Nevertheless, the situation raises the question whether any oversight body had been put in place to monitor TransNet, and if so, what had been its role. Indeed, the TransNet program had instituted a body called the Independent Taxpayer Oversight Committee (ITOC), but when questioned, members indicated that their role had been limited solely to ensuring that revenue was being spent properly, not toward tracing whether revenue or cost projections had been accurate (Keatts, 2016, November 1; Libby, 2017, February 20). While experts agree that most LOST oversight committees are designed the same way, nothing prevents such a committee from being designed to take on a more extensive purview (Keatts, 2016, November 1; Libby, 2017, February 20).

SANDAG's troubles worsened considerably after the November, 2016, election in which Measure A was defeated, when *Voice of San Diego* reported that SANDAG leadership had known about the TransNet revenue forecasting errors a full year before Measure A was up for a vote, but they had not reported the problem in a timely and transparent manner to the board or to the public (Keatts, 2017, February 6; Libby, 2017, February 20). As in many public scandals, SANDAG's credibility problems grew due not to its original mistakes but due to this apparent cover-up.

To address public trust concerns, SANDAG commissioned an independent investigation in February 2017, so as to determine which staff persons had been aware of the forecasting problems and when (Keatts, 2017, February 24a and b). The board also approved additional changes to the agency's forecasting process, including calling for producing forecasts more frequently, and for hiring of more staff to ensure greater accuracy of the data and analysis involved. The independent investigation, released in July 2017, confirmed that multiple employees had known about significant errors in the agency's internal forecasts and had attempted to alert agency officials long before the 2016 election (Keatts, 2017, July 31). Furthermore, the report found that SANDAG employees had been directed to hide and dispose of related documents, after *Voice of San Diego* had exposed the problems. The investigation concluded that a combination of turnover among data staff, inadequate staffing, lack of training and deficiency of expertise contributed to the perpetuation of the errors.

SANDAG's executive director announced he would resign shortly after the investigative report was released. Soon after, the governor signed Assembly Bill 805, legislation that overhauled SANDAG's governing structure (Keatts, 2017, March 17 and October 11). Assemblywoman Lorena Gonzalez had introduced the bill earlier in 2017, in order to stipulate the establishment of an audit committee and an independent auditor at SANDAG, to help in preventing further budgeting problems. The bill also overhauled SANDAG's voting structure in a fashion that strengthened urban areas and interests. Prior to the change, SANDAG's board had taken two votes on every item that came before it, one a simple tally of each board member's vote, each representing one of the region's 19 localities, and the other vote weighted for the population of each locality. Items needed to be approved both ways. Now, any four cities representing a majority of the county's population can invoke a weighted vote on an item and overrule the tally vote. The bill also gave the Metropolitan Transit System and the North County Transit

District the authority to levy their own taxes. The bill is expected to favor urban interests, including transit provision (Keatts, 2017, March 17 and October 11).

In June 2018, the first independent audit under the new stipulations was released, bringing SANDAG's financial troubles "into focus" (Keatts, 2018, July 30). Given the likelihood that TransNet would not raise sufficient revenues to complete all promised projects, the audit recommended that SANDAG re-examine priorities and decide whether to delay, reduce, or eliminate projects.

In this fashion, SANDAG's LOST measures (both existing and proposed) had now come to encapsulate controversies not just about shortcomings in SANDAG's technical forecasting methods, but also about the agency's course of direction.

A number of options were available for addressing the TransNet funding gap. To complete the projects promised, with the more limited funds now anticipated, SANDAG could seek to raise more federal and state matching funds, but would need to do so at a higher rate than previously (Keatts, 2016, December 19). The agency could mount a new ballot measure in 2020, but it was likely that its contours would remain contested. Opposition groups that had emerged to counter Measure A promised to stay organized (Srikrishnan, 2016, November 9).

Another option would be for SANDAG to amend the Transnet measure to remove projects, which would be possible with a two-thirds vote by the board of directors. Indeed, SANDAG had already amended TransNet in this fashion to include financing for the purchase of State Route 125 (Srikrishnan, 2016, November 9). But amending TransNet to remove the multiple highway projects scheduled for the later years of the measure's life could provoke conflict, especially with North County board members voicing concerns about betraying the trust of voters who had approved the original measure (Srikrishnan, 2016, November 9). So, while amending the measure was not prohibited legally, it would be difficult politically.

In 2019, two years after the TransNet scandal had erupted, SANDAG's leadership finally began to directly address these questions about the need for programmatic changes. The TransNet revenue shortfall had widened considerably further, with SANDAG staff now estimating that the measure would deliver only about half the buying power originally predicted (Keatts, 2019, November 25). External funds would need to be raised at nearly $10 per every local dollar levied if all TransNet projects were to be completed.

SANDAG leadership formally acknowledged that all promises made to voters in TransNet could not be fulfilled, and that the job now was to decide which remaining unfunded projects should be funded, and which should be eliminated (Lewis, 2019, February 25). Hasan Ikrhata, SANDAG's recently hired new executive director, called for amending TransNet and at the same time for radically altering the focus and strategies in the upcoming RTP update, which TransNet amendments could help address (Keatts, 2019, February 14, February 22). Ikrhata explained that SANDAG's status quo programs and plan would not enable the agency to comply with and achieve the more ambitious GHG reduction target recently mandated by CARB under SB 375, namely to demonstrate that the RTP/SCS could reduce per capita GHGs from passenger vehicles

by 19% below 2005 levels by 2035. Ikhrata proposed starting from scratch on a new plan vision to enable the region to comply with state law. Although SANDAG was due to adopt its new RTP/SCS by the end of 2019, Ikhrata asserted that a two-year delay would be necessary, a provision for which the agency requested and obtained permission from the state legislature.

Ikhrata's announcement that the time had come to decide on unfunded TransNet projects provoked immediate opposition from North County leaders given that most of the remaining unfunded projects were highway projects (Keatts, 2019, February 14, February 22; Lewis and Keatts, 2019, April 27). Nevertheless, the board also voted to support development of a new RTP to achieve SB 375 mandates.

Between the need to reprioritize TransNet projects and the need to overhaul the regional plan, the political fault lines on the SANDAG board were now cracking wide open. In an interview, Ikhrata asserted that the SANDAG board's legendary centrist consensus-building capacity had been achieved by avoiding such difficult conversations and obscuring whether sustainability targets could be met (Keatts, 2019, May 15). So, while the TransNet shortfall opened up the fault lines, the SB 375 requirements also demanded resolution.

SANDAG's leaders announced a radical change of direction for the regional plan update, scheduled for adoption by the end of 2021. Signaling a "big shift in priorities away from highway expansion and toward more sustainable modes of transportation," the new plan would develop multimodal corridors, employ network connection strategies, and develop mobility hubs, or transit-oriented neighborhoods that could benefit from the enhanced network connectivity (Curry, 2021; Circulate San Diego, 2021). The plan would expand transit and employ new pricing policies to make solo driving more expensive and fund transit alternatives. Earlier plans to expand freeways in the region would be scrapped, and instead hundreds of rail lane miles would be built, along with new rapid and local bus routes. More than two-thirds of local bus routes would see upgrades, mostly service frequency improvements, by 2025. Congestion would be addressed using managed lanes for carpools, buses, and tolled drivers, with revenue directed to support the new transit improvements. To create the managed lanes, no new highway expansion was proposed; instead, existing travel lanes would be converted, the largest such scheme contemplated in California to-date. Additionally, the plan proposed more than 120 active transportation projects.

While hailing SANDAG's new plan for its sustainability focus, some observers worried about its funding provisions, counting on new revenue sources that might be challenging to actually acquire (Curry, 2021; Circulate San Diego, 2021). The plan contained about $100 billion in new revenue to be obtained from various sources, one being San Diego's share of a state-imposed road user fee of about 4 cents per mile, expected to replace the existing gas tax, and another being a local version of the road user fee in the same amount, piggybacking on the new state fee (Keatts, 2021, August 11). In addition, the region would need to impose three new sales taxes for transit, adding on to the TransNet tax, which residents will keep paying through 2048.

An additional concern raised by some observers about the new plan was accountability, as a new independent audit reiterated the call for SANDAG to identify specific TransNet projects to

be axed (Keatts, 2021, April 1). SANDAG's new plan no longer listed new projects, an approach that staff contended was appropriate for the agency's new "systems approach," in which commitments would be made to achieving transportation improvements in specific areas and corridors, rather than to building certain specific projects. As a SANDAG staff person explained, "(This) is exactly the difference between how we did our work 20-plus years ago, (when we) identified projects, as opposed to a systems approach. The system approach just makes sense. … It looks at I-5 South, it looks at the Blue Line, it looks at I-805 South…really thinking about all of the transportation facilities there, what role they play, and how they can be optimized" (quoted in Keatts, 2021, April 1). But SANDAG's new systems approach, however laudable, seemed to directly conflict with the auditor's call for greater accountability and transparency about specific projects.

The proposal to include a regional VMT fee in SANDAG's new RTP opened new cracks in the fault lines on the board of directors. Even as the agency neared its deadline for approving the new regional plan in December 2021, support for the regional fee proposal appeared to weaken among progressive members of the board needed to ensure its support (Keatts, 2021, December 8). Loss of the proposed regional fee would pose a problem not only for raising the money required to pay for the plan's proposed improvements, but also because the fee was critical for helping reduce driving and associated GHGs, needed to meet SB 375 requirements. The proposed regional VMT fee was estimated to be the most cost-effective GHG-reduction measure included in the regional plan, given its universal coverage and that it would raise revenue rather than spending it (Keatts, 2021, December 8). With the fee, SANDAG estimated that the region would cut emissions 20.4 percent from 2005 levels by 2035, while without it regional emissions would fall by 18.6 percent—less than the state mandate for a 19.1 percent reduction (Keatts, 2022, July 11).

SANDAG's board of directors approved the new RTP in December 2021, including as part of its "reasonably expected" plan revenue the adoption of three new LOSTs within the next decade. A countywide half-cent sales tax increase would be adopted in the November 2022 election, and another on the 2028 ballot. Voters within the Metropolitan Transit System boundaries would also pass a half cent sales tax increase. In 2024 (Keatts, 2021, December 8). The three measures would total a 1.5-cent increase in sales taxes and generate an estimated combined $28 billion in new revenue. The agency also expected to bring in about $19 billion through the state-plus-regional road user charge to be adopted (about 11 percent of plan revenue), and about the same amount from the plan's new proposed managed lane network (Keatts, 2021, December 8).

Even as SANDAG's board of directors approved the RTP, the simmering conflicts on the board erupted visibly only minutes afterward, when the board voted to direct SANDAG staff to draw up a strategy for implementing the plan without the proposed road use fee that had generated controversy. This inconsistency was resolved more than six months later when SANDAG staff announced they would take up the issue of removing the proposed fee when developing the next RTP, due in 2025 (Keatts, 2022, August 31). This course of action reflected an unresolved rift between the agency staff and its board of directors.

Meanwhile, in 2022, SANDAG also created a subcommittee of its Mobility Working Group to develop proposed amendments to the Transnet ordinance, intended to be brought before the Board of Directors for consideration in late 2023 (SANDAG, 2022). Thus, the ongoing rifts on SANDAG's board are still being worked out.

In March 2022, a coalition of environmental groups (climate change and environmental justice groups), labor unions (representing construction workers, electricians, and carpenters), and two out-of-state engineering firms began gathering signatures for a citizen's initiative LOST proposal to be placed on the November ballot in San Diego County (Lewis and Keatts, 2022, March 12). This was the same coalition that had organized to oppose SANDAG's 2016 LOST measure, which failed at the ballot box.

If passed, the proposed tax would last in perpetuity, unlike TransNet, which will expire in 2048. The ballot measure promised to "reduce traffic congestion and gridlock, improve freeway traffic flow and make commutes shorter and easier," along with expanding San Diego's public transit system, and providing repairs, retrofits and safety upgrades (ballot measure text is at https://www.letsgosd.org/about/#:~:text=About%20Us,We%20are%20unions%20and%20businesses). A majority of funds from the measure would be directed to capital expenditures with 50% for transit projects and 27% for roads and highways. An additional 12% would go to transit operations, 7% for local return, for local streets and roads, 2% for rail and transit maintenance and 2% for administration.

As in the case of SACOG's involvement with Sacramento County's LOST, SANDAG staff and board could not advocate for approval or rejection of the citizen-led initiative; the agency could only offer impartial analysis, fair presentation of facts, and evaluation of potential impacts of the measure. A number of SANDAG board members had been calling for discussion and development of an agency-led LOST ballot initiative, but SANDAG's executive board did not bring the question forward (Puterski, 2022, June 14).

The citizen coalition raised $1.6 million to fund signature-gathering and other support for the LOST initiative (Keatts, 2022, May 9). Six-figure contributions were received from two different labor unions, three engineering and construction companies, and a political action committee sponsored by Airbnb (Keatts, 2022, May 9). However, the coalition failed to gather enough signatures for the initiative to be placed on the ballot, as determined by the Registrar of Voters based on a random sample analysis of valid signatures (Puterski, 2022, June 14).

Conclusion

SANDAG has nearly imploded because of rifts emerging on the board of directors over the direction the agency should take in addressing transportation needs and priorities. The agency's handling of TransNet, the county's 2004 LOST measure, was at the center of the scandal that erupted in 2016 over faulty techniques SANDAG used for estimating revenue and costs for the measure, compounded when SANDAG staff covered up the information just at the same time the agency placed a new LOST measure up on the ballot.

Essentially, SANDAG got in trouble by over-promising what it could produce through TransNet. The tendency to under-estimate costs and over-estimate revenue projections for transportation projects is endemic and common (Flyvbjerg, 2009). Political motivations prompt transportation agencies to cobble together many promised projects for a LOST, to gain political support from diverse constituencies needed to approve a measure.

The scandal shook SANDAG to the core as top leadership were removed and the agency's governing structure was overhauled by the state legislature, in a fashion favoring more urban, liberal areas in the region. The events show that while a long project list for a LOST can achieve consensus among disparate interests, voter trust may be jeopardized if LOSTs over-promise what they can deliver. Perhaps even more consequential in SANDAG's case is how the fall-out and conflict over constrained resources, pursuant to the TransNet scandal, brought underlying conflicts to light about agency strategy. As SANDAG leadership was forced to consider what to cut from the TransNet project list, they were also forced to re-consider agency priorities because they could no longer please all parties.

The requirements of SB 375 then entered the picture and served to frame ensuing discussion about how or if SANDAG should change course. SANDAG's newest regional plan radically changes direction to meet SB 375 requirements, but, like the previous plans, it requires new revenue sources to succeed, including the adoption of three new LOST measures. Debate is continuing about how to secure new revenue, and political conflicts are likely to persist.

As in Sacramento County, a citizen initiative LOST ballot measure was aimed for the November 2022 ballot in San Diego County. In contrast to Sacramento, the projects included in the San Diego ballot measure were not deemed by SANDAG to conflict with the agency's regional plan. Although the LOST measure did not make it to the ballot, the sponsors intend to try again next year. If the measure is adopted, it could serve to sidestep the current internal conflicts within the SANDAG board of directors about project priorities. But it is unclear how and whether the conflicts may be resolved on a long-term basis. Rather than serving to resolve the conflicts that have emerged on the board, the citizen initiative displaces and deflects the debates to a separate venue, and introduces a new set of players who can influence outcomes. The citizen initiative underscores that SANDAG has not recently shown a capacity to achieve regional consensus on transportation policy and investment, which has been the primary job of MPOs and also county agencies that aim to put LOSTs forward.

San Francisco Bay Area case study: A regional measure?

In contrast to citizen measures, the San Francisco Bay Area offers an example of a third alternative to a county agency-led LOST, that potentially offers a closer alignment to MPO priorities: the multi-county LOST. Also known as a "Mega Measure" in MTC's *Plan Bay Area 2050*, this funding mechanism would continue the Bay Area's history of regional ballot measures. Regional measures hold the promise of funding and coordinating regionally driven (not local) priorities, but they are administratively more complicated as they have not been facilitated through state legislation the way that county-level LOSTs have been (Weinrich, 2016).

The Bay Area's existing regional measures include Regional Measures 1, 2, and 3 (RM 1, RM 2, and RM 3). To put these regional measures on the ballot, MTC had to first obtain permission from the state legislature; MTC gained authority to propose the measures requiring only 55% approval from voters. RM 1, approved by Bay Area voters in 1988, set a floor toll of $1 on the region's seven state-owned toll bridges, with revenues used to fund bridge and roadway improvements (MTC, 2021a). RM 2, approved by voters in 2004, raised tolls on the same bridges by $1, establishing a Regional Traffic Relief Plan, paying for roadway, transit, and active transportation projects on and near the bridges (MTC, 2021b). RM 3, approved by 55% of voters in the nine-county region in 2018, raised tolls on the aforementioned bridges by $1 starting in 2019, with two more $1 increases in 2022 and 2025, the revenue from which is to be used for roadway and transit projects not necessarily related to the bridges (MTC, 2021c).

Regional Measure 3 was not universally supported at the 55% level by county, with the majority of Contra Costa and Solano County voters voting against the measure. However, the measure was not considered separately at each of the nine county levels, but at the regional level with a simple 50%+1 threshold needed for passage, meaning that the entire region would have had to reject the measure for it to fail (MTC, 2021c). However, RM 3 is currently mired in legal trouble, with the entirety of the revenue raised by the toll increase, over $300 million, held in escrow while a lawsuit over the use of RM 3 revenues is decided. The case was brought by the Howard Jarvis Taxpayers Association (HJTA) against the Bay Area Toll Authority (BATA) a month after RM 3 passed, on the grounds that the toll is a special-purpose tax, which would require two-thirds approval from the voters, as most of the funds are spent on projects not related to the bridges. As of this writing, the case is awaiting a decision from the California Supreme Court after two appeals from the HJTA, delayed until the Court ruled on another case, Zolly v. City of Oakland (Goodman, 2021). In August of 2022, the court ruled on Zolly v. City of Oakland in such a way that it avoided the question of whether fees for government services were considered taxes (Aleshire & Wynder LLP, 2022).

With the future of RM 3 uncertain, Bay Area transportation agencies are exploring other revenue options (Goodman, 2021). Chief among these is a "Mega Measure" included in the revenue forecasts of MTC's *Plan Bay Area 2050*, a 1% sales tax in all nine Bay Area counties, that would begin in FY 2032-33, to raise $55.4 billion over the RTP's period. The RTP was clear that while "the forecast was based on a 1% sales tax, the revenue is not intended to be tied to a specific proposed fund source or mechanism" (MTC, 2021d).

The first attempt at a Mega Measure was known as FASTER Bay Area, a proposed $100 billion sales tax measure that would have needed approval from the Legislature and governor to be put on the ballot, but was removed from the pipeline due to the pandemic in March of 2020. The campaign was led by the Bay Area Council, the Silicon Valley Leadership Group, and SPUR, along with other local environmental, equity, and labor groups. Infographics suggest that the entire expenditure plan would be spent on transit, with an uncertain split between capital and operations. A non-transit aspect of the measure includes "employer-funded sustainable commute subsidies" (FASTER Bay Area, 2020).

FASTER Bay Area was to be enabled by a legislative bill sponsored by Senator Jim Beall that would have made MTC the "local area planning agency" for the nine-county region, allowing it to propose a multi-county LOST. When the campaign for FASTER Bay Area was abandoned, the legislative effort also faltered (Legiscan, n.d.). Before then, the Joint MTC/ABAG (Association of Bay Area Governments) Legislation Committee had kept a close eye on the bill. In early 2020, MTC approved a staff recommendation that the agency support the addition of affordable housing funding (included in response to polling conducted by FASTER that found support for this addition, but with no specifics shared on how exactly it would be incorporated), as well as seamless mobility and project delivery reforms to the measure that would position MTC as a region-wide transit network planner (McMillan, 2020a and b).

A letter from Seamless Bay Area submitted to the same meeting argued that MTC was not well suited to the role of region-wide network planner because of conflicting accountability in its board structures and organizational mandates, and ineffective previous attempts by MTC to take on that role, but the idea of a region-wide network planner was considered worth pursuing via the creation of a task force (Griffiths and Levin, 2020). At a March 2020 MTC/ABAG board meeting, neither ABAG nor MTC took a formal position on the use of sales tax, but ABAG supported considering funding mechanisms *other* than sales taxes, while MTC supported considering funding mechanisms *in addition* to sales taxes (McMillan, 2020b).

In 2019, MTC conducted polling which indicated that voters would approve of a regional measure that supports housing affordability, or transportation improvements, or both. Proposed funding mechanisms in the poll included bonds and taxes. The polling found that two taxes on the same ballot, or two tax mechanisms in the same measure, would result in lower support. The polling also suggested that younger voters, renters, and/or people of color would be predisposed to support a regional measure (MTC Staff, 2021d).

Following historical trends for sales tax implementation dates, an FY 2032-33 date, as projected in *Plan Bay Area*, would require the Mega Measure to be approved by voters no later than November 2032. Based on regional trends, it is safe to assume that a measure of this size might be placed on the ballot earlier, to ensure that if the voters reject it, it can be refined and resubmitted. With no coalition organized to put it on the 2024 ballot, the next opportunity may come in 2028. On the other hand, the legislative effort to authorize a former attempt at the Mega Measure began the same year as it was scheduled to appear on the ballot, so the timeline may progress more rapidly.

Conclusion

This report considers the role of local option sales taxes (LOSTs) for transportation in influencing spending patterns in regional transportation plans adopted by MPOs in California's four largest regions, in the context of SB 375. With SB 375 recently coming under scrutiny from state policymakers, it is important to consider the role of LOSTs in affecting RTP spending patterns. Indeed, state policymakers have recently drawn attention to the question, for example when the Strategic Growth Council recently noted that, "LOSTs' popularity, pervasiveness, and sheer size means that they can have outsized and sometimes contrarian

effects on transportation outcomes in the state." These observations echo concerns raised over many decades by LOST scholars about the degree to which the political exigencies, long durations, and inflexible spending commitments in LOSTs can hamper MPO plan performance priorities. Our study helps in addressing these questions.

Our main data-analytical method was to consider LOST spending allocations by mode and purpose, to provide a rough distinction between VMT-inducing versus VMT-reducing or VMT-neutral expenditure. We considered the patterns in LOST spending allocations by mode and purpose over time and across counties and regions, and also in comparison to spending in RTP/SCSs in the state's four largest regions. For the purpose, we analyzed forty-five LOST measures, for which we could find expenditure plans, that were placed on the ballot between 1976 and 2022 in the counties that comprise California's "big four" MPO regions.

Summing up our assessment of patterns in LOST expenditure plans over time, they have shifted away from VMT-inducing project spending, and towards VMT-neutral or VMT-negative spending instead, which is generally positive for SB 375 purposes. During the first few decades of LOSTs in California, capital investments were strongly favored in LOST proposals for the counties we investigated, but this trend has slowly waned over time, as the fraction budgeted for M&O/rehab has grown. When revenue-weighted LOST spending is compared to revenue-weighted RTP spending, aggregated across the four regions, spending shares by mode and purpose are quite similar overall—but only if we add local return funding into the same pot as roadway M&O/rehab. This finding suggests that, considered overall, LOST spending is not "dragging" RTP spending down toward a less sustainability-oriented direction than RTPs. However, the overall correspondence at the aggregate statewide level masks some significant discrepancies between LOSTs and RTPs in individual regions, with the Bay Area and San Diego area, in particular, having LOSTs that are less sustainability-oriented than the regions' RTP/SCSs.

To understand the extent to which MPOs expect to rely on LOST funding in upcoming years, we reviewed the RTP revenue projections of the big four MPOs in their most recent adopted RTPs. LOSTs play a small but growing role in expected funding; the Bay Area, Sacramento area, and San Diego area all expect the share of total revenue raised by LOSTs to approximately double in their RTPs, mostly through additional LOSTs, or renewed LOSTs at higher tax rates. On the one hand, given electoral difficulties in passing LOSTs seen in the 2010s, these projections may be overly optimistic. On the other hand, many other RTP revenue sources are quite ambitious and not yet secured, which could mean that the importance of LOST funding might increase over time.

We also conducted two case studies of recent LOST ballot measure efforts in San Diego and Sacramento Counties, where LOST mis/alignment with SB 375 requirements became a contested issue. The two efforts also investigate effects of the important, recent institutional change that could shake the traditional LOST process to its foundations — the recent court rulings that enable LOST measures to be placed on the ballot through citizen initiative and approved by only a simple majority of voters, rather than the two-thirds supermajority vote required to pass local special taxes referred to the ballot by lawmakers. With LOST success rates

having declined over the past two decades, the prospect of citizen-led measures could improve electoral success. But whether this benefits county-wide and regional collaborative decision making is a different question.

The Sacramento experience indicates that a citizen-led LOST measure can throw a monkey wrench into the traditional LOST process, which relies on coalition-building and consensus built over time to achieve the two-thirds voter threshold needed for passage. The story also shows how a citizen-led LOST measure can threaten MPO compliance with SB 375, a troubling prospect.

A sales tax measure that conflicts with an RTP/SCS puts an MPO in a difficult position, and state guidance could help address this question moving forward. However, opposition among stakeholders to AB 2237, proposed last year, indicates that while MPOs may appreciate state-level help in providing guidelines for RTP-LOST alignment, some proposed methods may go too far. Even MTC, the Bay Area MPO, which had conducted project-level analysis for its latest RTP, came out in opposition to AB 2237, contending it called for overly onerous project-level analysis. (Notably, by emphasizing project-level versus plan-level analysis, the bill would also have made it hard for the MPOS to combine projects with varying degrees of VMT-reduction potential in their plans, which is useful for purposes of political compromise.) Although state guidance appears to be warranted, it may be better suited to strengthening the hand of MPOs in ensuring that LOST measures conform to and are included in overall RTP plan-level analysis and mitigation procedures, rather than calling for across-the-board project-level analysis and scrutiny by CARB. State guidance might also be directed to considering how to ensure that local return spending is aligned with SB 375 priorities.

Our second case study focused on the long-term and ingrained conflicts that have emerged in the San Diego area regarding its single in-place LOST, TransNet. It shows how a LOST can become a central concern in disputes about broader regional goals and priorities, and how SB 375 and other sustainability mandates can serve to sharpen the conflicts and bring them to a breaking point. The case study highlights how difficult it can be, politically if not legally, to modify LOSTs over time, as priorities change and must be re-evaluated. In this case, the recent citizen-initiative LOST ballot measure did not include a project list considered inimical to the MPO's recent RTP/SCS and its strategies for achieving SB 375 compliance; rather it represents an effort to break the logjam on the MPO board by addressing conflicts over the LOST through external means.

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Data Summary

Our dataset used for this project, with information on local option sales tax (LOST) measures for transportation proposed between 1972 and 2022 in the counties located in California's four largest metropolitan areas, is presented in Table 2 in this report. To develop our data, we utilized information obtained from a dataset on LOSTs in California compiled and maintained by scholars at UCLA, available at: https://docs.google.com/spreadsheets/d/1PAs62StlclFJXSxABsasVTvAMgQhirtxMA6cuGnxCfI/edit#gid=207788548.

To the information we drew from the UCLA dataset, we added information on two LOST measures placed on the ballot in November 2022, in Sacramento and San Francisco Counties, resulting in a dataset with information on 62 LOST measures in the four regions. We then analyzed the data in various aspects, as discussed and presented in the data analysis section in this report.

Products of Research

We compiled and developed information on 62 local option sales tax (LOST) measures for transportation proposed between 1972 and 2022 in the counties located in California's four largest metropolitan areas, including on spending allocations by mode and purpose as established in the original LOST ballot measures, on tax rates for each proposed measure, on measure duration, and on projected revenues to be obtained over the duration of each measure.

Data Format and Content

See Excel chart presented as Table 2 in this report.

Data Access and Sharing

The general public can access the data by consulting Table 2 in this report.

Reuse and Redistribution

There are no restrictions on how the data can be reused and redistributed.