



INLAND EMPIRE
Chamber Alliance

July 28, 2023

The Honorable Anthony J. Portantino
Chair, Senate Appropriations Committee
State Capitol, Room 412
Sacramento, CA 95814
Delivered Electronically

RE: OPPOSE - AB 7 as Amended on 6/28/2023 (Friedman)

Dear Chair Portantino:

On behalf of the Inland Empire Chamber Alliance (IECA), we are strongly **OPPOSED to AB 7** as amended on June 28, 2023. Comprising Chambers of Commerce and business councils from the Inland Empire region, the IECA aims to provide valuable input and actively participate in the formulation of State Laws and Regulations on behalf of the regional business community. Collaboratively, the IECA advocates for the interests of the Inland Empire, presenting a unified standpoint on legislative and regulatory matters that hold substantial impact on the local economy. The IECA is dedicated to advocating for statewide legislative and policy matters. They strive to tackle a wide range of concerns that affect the Inland Empire's economic well-being, education and workforce development, healthcare, homelessness, water and environmental conservation, transportation infrastructure, and other important challenges our region encounters. The IECA is supportive of practical efforts to reduce greenhouse gas (GHG) emissions as well as improve transportation infrastructure and safety. However, we believe that AB 7 is unnecessary and contradictory to the current state and local processes in place. Despite the recent amendments, AB 7 remains significantly inadequate as it undermines local transportation control and introduces a cumbersome and ambiguous state-mandated bureaucratic process to essential transportation funding and local projects. This legislation also poses a threat to local sales tax funds.

AB 7 OPPOSE: AB 7 adds new requirements for the California Transportation Plan (CTP) and lists priorities which the California State Transportation Agency (CalSTA), the California Department of Transportation (Caltrans) and the California Transportation Commission (CTC) are to incorporate into their existing funding guidelines and planning processes.

The earlier versions of the CTP plan have faced criticism for incorporating proposals that exceed financial constraints, which goes against the requirement for a regional transportation plan (RTP). Furthermore, these iterations have relied on assumptions regarding land use and development that are deemed impractical or unattainable. AB 7 attempts to address these issues by requiring the CTP to include a financial element that summarizes the full cost of the CTP, available revenues through the planning period and what is feasible within the plan if constrained by actual revenues. However, local transportation agencies responsible for developing Long-Range Transportation Plans (LRTPs) are then integrated into the RTP and as currently developed, the CTP is not subject to the same restrictions.

Therefore, the CTP can propose significantly higher transit service levels; expansion of transit, rail, and active transportation systems; and the location of future land use and housing that are not aligned with available revenues or policies adopted in an RTP. While AB 7's proposed language related to adding a financial element may be a step in the right direction to resolve these discrepancies, the current language does not ensure alignment with assumptions in locally approved RTPs. Without consistency, the CTP could include proposals that would require a redirection of existing resources, include new revenues that

are not likely to accrue, or projected service levels and pricing assumptions that are not currently planned for or feasible.

AB7's amended language requires analysis of how the plan aligns with the principals of the Climate Action Plan for Transportation Infrastructure (CAPTI), the Infrastructure Investment and Jobs Act (IIJA), and the federal Justice40 initiative. The language is not only unclear but would put into statute policy documents that could change moving forward or are not statutorily authorized.

The recent revisions to AB 7 attempt to add clarity to the CTP's obligation to address CAPTI, IIJA, and Justice40. However, these revisions primarily focus on including a list of example projects completed under each program and requiring data on the delivery of previous projects. As a result, the CTP would essentially become a document for reporting purposes. However, there is a lack of clarity regarding the extent of the data to be included, the methodology for obtaining it, and the underlying intention behind these requirements.

AB 7 goes further to require, on or after January 1, 2025, CalSTA, Caltrans, and the CTC, to incorporate various principles into their existing funding guidelines and planning processes. As currently drafted, AB 7 would apply to any funding program administered by these agencies, including formula programs our regional transportation agencies receive directly, including the State Transportation Improvement Program and Low Carbon Transit Operations Program. It would also apply to various competitive grant programs including the Transit and Intercity Rail Capital Program and SB 1 (Chapter 5, Statutes of 2017) programs. While the bill no longer references application to project development and implementation, the addition of planning processes continues to infer that these principles are to apply beyond the funding programs, approval processes, and permitting.

While the most recent amendments have removed references to federal statute, the remaining ten priorities listed in AB 7 do not consistently align with the intent of existing programs, and selectively chooses which priorities should govern these programs going forward. Complete discretion is still given to CalSTA, Caltrans, and the CTC to determine which priorities are applicable and cost-effective for each area, regardless of what statute already requires.

This would add significant and potentially harmful new requirements to SB 1 programs and other transportation funds, in effect overriding and rewriting the original intent of those programs. It would also provide authorization to add a new layer of requirements to how a project is planned. This creates unnecessary and substantial uncertainty for future transportation funding and planning efforts, impacting local projects.

CONCLUSION

Given these continued inconsistencies and lack of clarity and scope, the IECA, continues to have strong concerns with AB 7 and the negative impact it would have on transportation funding and planning throughout the State. The resulting outcome of AB 7 will exacerbate our congested transportation systems and will result in far-reaching, negative economic impacts. AB 7 continues to add state mandated layers to local issues and proposes a very narrow approach to transportation funding guidelines leaving many regions and communities behind and local sales tax dollars unmatched, thereby halting and canceling many voter-approved local transportation projects.

The consequences and implications of this bill are too great and unknown and will have significant impacts on transportation and mobility for businesses, workforce, supply chain, goods movement and more. After seven months of this working group taking place, the amendments to AB 7 are at the last minute and extensive. They do not include acceptable, consensus-based language from all stakeholders, and we continue to have strong concern that the due process to achieve consensus has been circumvented as is evident by the lack of inclusion of critical stakeholders and timing of each step of the development of this bill. We strongly encourage you to oppose AB 7 for the aforementioned reasons. Should you have

any inquiries or wish to delve further into our stance, please feel free to reach out to Benjamin Lopez at 909.908.9793 or via email at BLopez@ieep.com. We appreciate your attention.

The Inland Empire Chamber Alliance (IECA) is **STRONGLY OPPOSED** to AB 7.

Sincerely,

A handwritten signature in blue ink, appearing to be 'B. Lopez', enclosed within a circular scribble.

Benjamin G. Lopez
Director of Public Policy and Advocacy

Inland Empire Chamber Alliance:

Beaumont Chamber of Commerce
Big Bear Chamber of Commerce
Chino Valley Chamber of Commerce
Corona Chamber of Commerce
Fontana Chamber of Commerce
Greater Coachella Valley Chamber of Commerce
Greater High Desert Chamber of Commerce
Greater Ontario Business Council
Hemet / San Jacinto Chamber of Commerce
Highland Area Chamber of Commerce
Inland Empire Economic Partnership
Menifee Valley Chamber of Commerce
Moreno Valley Chamber of Commerce
Murrieta / Wildomar Chamber of Commerce
Perris Valley Chamber of Commerce
Pomona Chamber of Commerce
Rancho Cucamonga Chamber of Commerce
Temecula Valley Chamber of Commerce
Redland Chamber of Commerce
Upland Chamber of Commerce

CC: Senator Brian W. Jones (Vice Chair)
Senator Angelique V. Ashby
Senator Steven Bradford
Senator Kelly Seyarto
Senator Aisha Wahab
Senator Scott D. Wiener

JB:bl