



MEMORANDUM

TO: PCTPA Board of Directors **DATE:** February 10, 2010

FROM: Celia McAdam, Executive Director

SUBJECT: UPDATE ON STATE BUDGET IMPACTS TO TRANSPORTATION

ACTION REQUESTED

None. For information and discussion only.

BACKGROUND

The state budget deficit for FY 2010/11 is estimated at nearly \$20 billion, on top of deficits of more than \$40 billion in the past two years.

The Governor's budget proposal would remove guarantees made by the voter approval of Proposition 42 and Proposition 1A (2008), and replace the sales tax on gasoline with an excise tax that excludes transit funding. Of specific concern is the idea that Capitol Corridor funding would be placed in the General Fund. At your January meeting, the Board took a position opposing the gas tax swap strategy.

DISCUSSION

More proposals for restructuring transportation funding have surfaced.

Senate Democrats have proposed a modified version of the Governor's proposal to include:

- Retaining the sales tax on diesel fuel, using the proceeds to backfill transit funding.
- Increasing the new gas tax by 5 cents per gallon to make the new tax "revenue neutral" with existing Proposition 42 funding levels, and adding the State Highway Operations Protection Program (SHOPP) to the funding distribution.
- Allowing Metropolitan Transportation Organizations (MPO's) to enact a regional gas tax with a majority vote of their Board. These funds would provide some unspecified support for transit and be connected to SB 375 and AB 32 provisions.

Staff will provide the Board a verbal report on the most current information on the state budget situation and the implications for Placer's transportation projects at your February meeting.

CM: ss