



MEMORANDUM

TO: Board of Directors

DATE: January 12, 2010

FROM: Celia McAdam, Executive Director

SUBJECT: STATE LEGISLATIVE PROGRAM FOR 2010

ACTION REQUESTED

Adopt the State Legislative Program for 2010 as shown in Attachment 1.

BACKGROUND

The State's financial situation continues to be dire. Going into FY 2010/11, the State is facing another \$20 billion shortfall, on top of the previous \$40 billion from FY 2008/09 and FY 2009/10. While the hits to transportation have thus far been chiefly in the area of transit, this year's Governor's budget proposal has major impacts to streets and roads as well.

Currently, Proposition 42 is in place, which requires the state's portion of the sales tax on gasoline be distributed as 40% to the State Transportation Improvement Program (STIP), 40% to cities and counties for streets and roads, and 20% to transit. However, the Governor is proposing to eliminate the state portion of the sales tax on gasoline and thereby gutting the funding source for Proposition 42 distribution.

In place of the sales tax on gasoline, the Governor's budget proposes to impose a 10.8 cents per gallon gas tax increase to pay for debt service on transportation bonds and to offset the STIP and local roads elements of the Proposition 42 impacts. This would eliminate funding for transit, and continue to put other transportation funding at risk through the annual State budget.

DISCUSSION

In this framework, the focus is trying to retain our existing transportation funding, and give us the greatest flexibility possible to deal with our continued transportation needs. Staff recommends the Board adopt the policies and priorities as shown in the Draft State Legislative Program for 2010, shown in Attachment 1.

State Budget/Proposition 42 Protection

The voters have clearly spoken in supporting the need to retain funding for highways, roads, and transit via Proposition 42. Even with the imposition of a gas tax to backfill the sales tax on gasoline for the STIP and local roads, state transit funds remain at zero.

Aside from the impacts to our local transit operators, this would eliminate the funding source for operation of the Capitol Corridor rail service, putting its continued existence into the State's general fund. For these reasons, this approach should be opposed.

Maintaining and Enhancing Local Control

A coalition of transportation, business, and local government advocates has been working towards a November 2010 ballot measure, known as the Local Taxpayer, Public Safety, and Transportation Protection Act, to protect local funding from raids by the State. Backers of this proposal include the League of California Cities, California Association of Counties, California Alliance for Jobs, and Transportation California, which are proposing to protect a variety of transportation funds, including the gas tax and the Transportation Development Act funds, as well as local redevelopment fees from diversion by the State. Staff recommends the Board support this approach.

Meanwhile, our transportation needs continue to strip our ability to fund them. The Board has supported various approaches to maximize our ability and flexibility in developing and administering local funding sources to address our local transportation priorities. Staff therefore recommends the Board renew its support for reducing the voter threshold for a local option transportation sales tax to 55%.

Although to date Placer has not opted to do so, many counties impose a vehicle registration fee for a Service Authority for Freeways and Expressways (SAFE) call box program. Legislation is being proposed that would allow those entities to expand use of these funds for other roadside assistance programs, including Freeway Service Patrols. Staff recommends the Board support this approach.

State Mandates

Various mandates and requirements generated by State legislation such as AB 32 and SB 375 have created greater workloads for local entities already hit by budget shortfalls. Staff recommends the Board request that the State address this disparity by providing funding to go along with the mandates.

Federal Stimulus Funding

A second round of Federal stimulus is pending in Congress, with another \$27 billion slated to both address transportation infrastructure needs and generate jobs. In the first round of stimulus funding in early 2009, the State passed legislation to pass those funds to regional agencies to get the funds spent as quickly and efficiently as possible. Rather than attempting to process funding through cumbersome State Transportation Improvement Program (STIP) processes, the local distribution approach should continue for any future rounds of stimulus funding.

CM:ss

PLACER COUNTY TRANSPORTATION PLANNING AGENCY

DRAFT STATE LEGISLATIVE PROGRAM FOR 2010

PRINCIPLES

- Maintain and protect funding guarantees to the State Transportation Improvement Program, local streets and roads, and transit.
 - Oppose State budget proposal to eliminate the state portion sales tax on gas, thereby removing Proposition 42 guarantees to STIP, streets and roads, and transit, and replacing it with an excise tax.
 - Support proposed Local Taxpayer, Public Safety, and Transportation Protection Act initiative for the November 2010 ballot. This will protect transportation funds, including Proposition 42, gas tax funds, and transit, as well as various other local funding pots, from raids by the State.
- Support legislation that maximizes local control for Federal stimulus funding
- Increase flexibility and accountability for local entities to pursue and expend funding for transportation related purposes
 - Allow passage of a local option countywide transportation sales tax with 55% voter approval
 - Expand allowable use of the locally imposed vehicle registration fees under the Service Authority for Freeway and Expressways (SAFE) call box program to include other roadside assistance, including Freeway Service Patrols
- Provide new funding to address new state mandates for greenhouse gases (AB 32) and blueprint programming (SB 375) as they affect transportation planning, programming, and implementation