

## **AGENDA**

### **ASSEMBLY BUDGET SUBCOMMITTEE NO. 5 ON TRANSPORTATION FINANCE**

**Assemblymember Pedro Nava, Chair**

**THURSDAY, MARCH 3, 2005**

**SANTA FE DEPOT  
1170 W. THIRD STREET  
SAN BERNARDINO, CA  
3:00 P.M.**

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#### **Informational Budget Forum**

*Governor's Proposed Budget for the State's Transportation System*

**I. Opening Remarks –**

- a. Assemblymember Pedro Nava, Chair, Subcommittee No. 5 on Transportation Finance
- b. Subcommittee Members

**II. Public Testimony, Open Forum**

**III. Closing Remarks**



## F R E Q U E N T L Y   A S K E D   Q U E S T I O N S

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### The Budget & Transportation

#### **What is the condition of California's State Highway System?**

- More than 70% of California's major local and state road miles are rated in poor or mediocre condition.
- California's 21 million motorists pay an average of \$555 each in extra vehicle operating costs annually as a result of driving on roads that are in poor, mediocre, or fair condition.
- California motorists pay a total of \$12 billion annually in extra vehicle operating costs (e.g., pothole damage to tires and rims, front end alignments, lost hubcaps, wasted fuel, shortened vehicle lifespan.)

#### **Where does California transportation financing rank nationally?**

- 51<sup>st</sup> in per capita spending on State Highway (National Education Association, 2001)
- 40<sup>th</sup> in overall infrastructure investment based on personal income

#### **Where does California traffic congestion rank nationally?**

- Three California cities rank in the Top 10 for Congestion – (Texas Transportation Institute, 2002)
  - Los Angeles (1),
  - San Francisco-Oakland (2)
  - San Jose (9)
- A total of six in the Top 25 (the above three plus)
  - San Diego (16),
  - San Bernardino-Riverside (20)
  - Sacramento (22)
- San Francisco-Oakland drivers suffer 92 hours of delay per year; San Jose drivers suffer 74 hours
- California is sixth in the nation for average commute times

#### **What is the funding need for transportation?**

According to the California Transportation Commission's Inventory of *Ten-Year Funding Needs for California's Transportation Systems*, completed in 1999, the annualized escalated transportation need is in the range of **\$16 billion per year**.

Current Law funding specifies that transportation should receive **\$4.5 billion per year**, slightly over a quarter of the identified need. However, the \$4.5 billion does not take into account the budgetary actions of transportation loans to the General Fund or Proposition 42 suspensions.

## **What is the Governor's Proposal?**

The Governor proposes to retain gasoline sales tax revenue, approximately **\$1.53 billion**, in the **General Fund** instead of transferring these funds to transportation. This revenue would otherwise support transportation through a \$216 million Public Transportation Account "spillover" transfer and a \$1.31 billion Proposition 42 transfer. Additionally, the Governor proposes to reschedule past transportation loans due by June 30, 2009, over a 15-year period ending in 2021-22. These proposals would delay highway and mass-transit projects in the Traffic Congestion Relief Program, the State Transportation Improvement Program, and delay improvements to local streets and roads. The Governor proposes an amendment to the Constitution to prohibit the suspension of Proposition 42 after 2006-07.

## **How much does the General Fund currently owe transportation?**

- Proposition 42 Suspensions from 03-04 and 04-05 = **\$2.1 billion**.
- Traffic Congestion Relief Fund loans to General Fund = **\$1.4 billion**
- **Total = \$3.5 billion**

## **When are the transportation loans due for repayment?**

Current law stipulates that all transportation loans and suspension should be fully repaid by **June 30, 2009**.

## **When does the Governor suggest paying it back?**

The Governor proposes to group the existing loans and suspensions with another Prop 42 suspension (\$1.3 billion), and repay the entire amount over a **fifteen-year period (2021-22)**.

## **What is Gasoline Spillover Revenue?**

Gasoline Spillover Revenue is one-time revenue for Public Transit Operators when sales tax revenue for gasoline exceeds the sales tax revenue for other goods. Spillover occurred in 2001-02 (\$11.3 million), 2002-03 (\$87 million), and 2003-04 (\$140 million). However, in **2002-03 and 2003-04 Public Transit Operators did not receive the revenue**, because the money was redirected to the General Fund (2002-03) and TCRF loan repayment (2003-04).

## **How does Prop 42 differ from the excise gas tax?**

- Article XIX of the California Constitution places an 18 cents tax on each gallon of gas sold. The revenue generated from that is directed towards the maintenance and improvement of the state highways.
- Prop 42, which was overwhelmingly passed by the voters in March 2002, redirected the normal sales tax on gasoline from the State's General Fund to Transportation for the purposes of improving mass transit, capitol improvements to the state highway and maintaining and improving local streets and roads.

## **What are the economic multipliers for investing in transportation?**

- \$1 billion in highway investment = 47,500 jobs (US Department of Transportation)
- Every construction job created by highway investment creates an additional .76 new jobs for a total **employment multiplier of 1.76**.
- Every dollar spent on transportation projects creates an additional **97 cents for the state economy**.