



Item #10-2-9

Government Relations & Public Affairs Committee Information

January 27, 2010

State Advocacy Update

Issue: Update on state budget and legislation.

Recommendation: None; this will be an informational report and discussion.

Discussion: SACOG's state advocate, Jack Molodanof, prepared the attached memo with a summary of the governor's budget proposal. The Legislature continues to hold hearings on the budget during the special session called by the governor. February 19 is the last day to introduce bills in the second year of the 2009-10 session. The current status of bills being tracked in 2009 is attached. Staff and Mr. Molodanof will give the latest updates on the budget and legislation at the committee meeting.

Approved by:

Mike McKeever
Executive Director

MM:RS:EJ:sb

Attachments

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MOLODANOF GOVERNMENT RELATIONS

Memorandum

To: SACOG
From: Jack Molodanof
Re: Governor's Budget Proposal
Date: January 13, 2010

Governor's Budget Proposal

The Governor released his budget proposal to close the \$19.9 billion state deficit. The proposal includes reduction in state spending; various fund shifts and relies heavily on federal money. The most significant proposal with respect to transportation funding is the complicated tax swap scheme, which will eliminate permanent operational funding for transit and rail. The estimate funding loss to transit is approximately \$1.5 Billion. Below are some highlights.

Transportation-Prop 42 and HUTA

The Governor's proposal eliminates the current "sales tax" on gas (currently at 6% through FY 2010-11); the source of revenue for Prop 42. Instead, the proposal would replace that funding by increasing the excise tax on gas or "gas tax" (Highway Users Tax Account or HUTA) by 10.8 cents. The new 10.8 cent gas tax would be allocated as follows: 1) \$629 million for the STIP; \$629 million for local streets and roads (identical to Prop 42 amounts); and \$603 million for Transportation bond debt service. However, if the budget situation continues to worsen, the legislature could attempt to delay or divert payments to local governments, which could impact Prop 42 and/or HUTA funds.

It is not clear how the new gas tax distribution will impact funding for future years. Furthermore, since the funding source is no longer from the sales tax on gas, Prop 42 and Prop1A no longer protect these funds.

Transit

The tax swap has the most significant impact on transit funding. Since the proposal eliminates the revenue source for Prop 42, funding for the Public Transit Account and

spillover is also eliminated, which means the loss of critical transit operation dollars. Under current law, approximately \$1.5 billion would be provided for transit in 2010-11. If this proposal is adopted, another source of revenue will have to be identified to support transit operations.

Redevelopment Agency property Tax Shift

The Redevelopment Agency Tax shift proposed last year budget remains, including the shift of the additional \$350 million for 2010-11. This is subject to pending litigation.

Williamson Act

The Governor's proposal does not fund Williamson Act subvention funds to local governments.

SACOG State Legislative Tracking 2010

Advocacy Principle	Bill	Author	Subject	Status	Attachment B	
					Current Committee	SACOG Status
Project Delivery	SB 694	Correa	requires low-bid contracting for all local projects	Third read	Sen. Appropriations	
	AB 878	Caballero	Infrastructure financing	Hearing canceled at author's request	Asm. Local Gov	
Project Financing	SB 409	Ducheny	Consolidates rail transportation operated by various entities into one Department of Railroads	Third read	Sen. Appropriations	
	ACA 9	Huffman	changes the 2/3-voter approval requirement of local jurisdictions to 55%	To inactive file on motion of Torrico	Asm. Appropriations	
	ACA 15	Arambula	changes the 2/3-voter approval requirement of local jurisdictions to 55% only for transportation purposes	Inactive	Asm. Appropriations	
	SB 205	Hancock	authorizes countywide transportation agency with voter approval to impose an annual \$10 fee on motor vehicles to be used for transportation purposes	Sencond read. Amended. Re-referred to APPR	Asm. Appropriations	June info
Climate Change/ AB 32 Implementation	SB 721	Steinberg	creates the Climate Action Team to coordinate the states overall climate policy	Held under submission	Sen. Appropriations	
	AB 231	Huffman	establishes a new state account to receive AB 32 fees and offset payments	Passed Asm.; Referred to Sen. EQ 6/26	Sen. EQ	
	SB 425	Simitian	works with employers to reduce the number of single-occupant vehicle trips	held in committee under submission	Sen. Appropriations	
SB 375 Implementation	AB 1135	Skinner	requires vehicle owners to report odometer reading of their vehicle at the time of vehicle registration	Held under submission	Asm. Appropriations	
Infrastructure Bonds	AB 287		Increases staff for high speed rail	Not yet introduced		
Goods Movement	SB 632	Lowenthal	port infrastructure and air quality improvement plans	Inactive	Asm. Appropriations	June info
Williamson Act	SB 715	Wolk	reform and improvement of the Williamson Act	Hearing canceled at author's request	Asm. Ag	Board Supports