



Rebuilding California

Who We Are

- Transportation California is the state's leading transportation advocacy and public education group working closely with the California Alliance for Jobs and others.
- We are a diversified, non-partisan, non-profit coalition representing a broad spectrum of business, labor, and planning agencies that share common transportation goals.
- Transportation California has a focused, singular purpose: well-funded transportation programs.
- We seek to achieve that through public education and effective advocacy.

What We Do

- Support legislation and policies that preserve and create new or increased funding sources for transportation (and oppose the inverse)
- Support the swifter award and completion of transportation projects
- Support quality growth achieved through balanced, sensible transportation policies
- Educate the public and decision-makers about transportation issues, trends, and challenges



Transportation California Leadership Steps Up

- 1990 Transportation leadership organized around Prop. 111/108 (1st gas tax increase since 1984)
- 1996 Transportation California formed as a not-for-profit 401(c)4 organization. Coalition supported and was instrumental in passage of:
 - 1996 Prop. 192: funding for earthquake retrofitting
 - 1998 Prop. 2: protected state highway fund from diversion; approved by 75% of CA voters
 - 1999 Project-delivery bill to expedite transportation projects, eliminate the backlog of projects
 - 2000 Prop 35: allowed government agencies to contract out necessary design services



Coalition also supported and was instrumental in the passage of:

2002 Prop. 42: dedicated the sales on tax on gasoline for transportation purposes only. Transportation California took the lead; emerged as leading transportation advocacy organization in state.

2003-04: Emergency suspensions because of crises in CA budget led to:

2005: We spearheaded the Fund Prop. 42 coalition to reverse a proposal to suspend Prop. 42. We achieved full funding for Prop. 42 at \$1.2 billion.



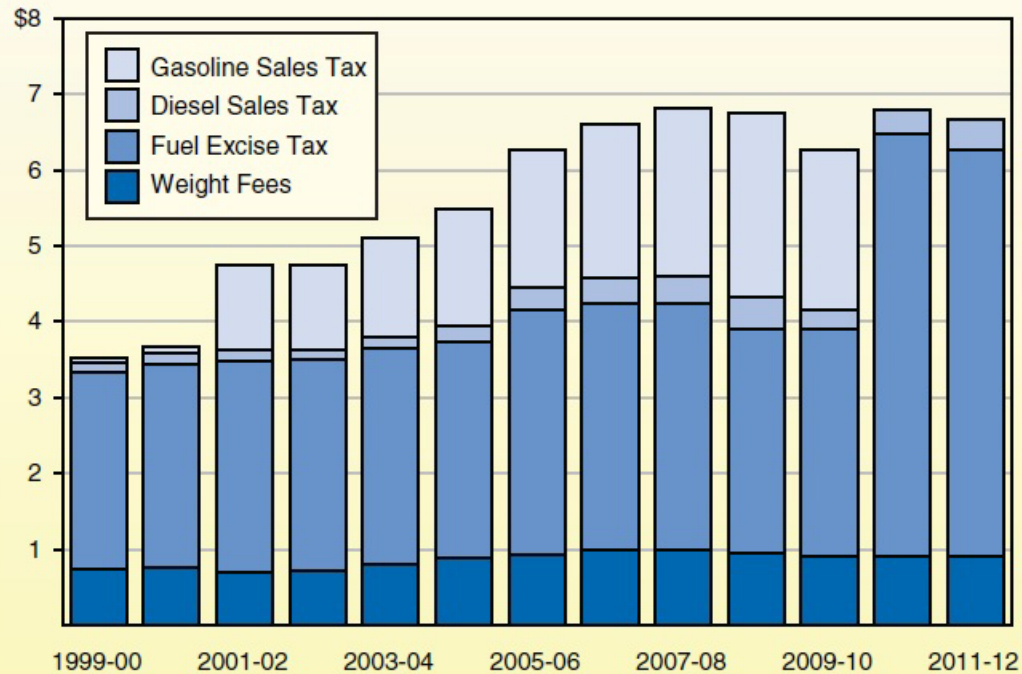
Coalition also supported and was instrumental in the passage of:

- 2006: Partnered with the Alliance for Jobs, Governor & legislative leaders to win voter approval of a comprehensive infrastructure bond package – Propositions 1A--1E.
- Proposition 1A: additional constitutional protections for transportation funds
 - Proposition 1B: \$19.3 billion in bonds for vital transportation infrastructure projects.
- 2010 Gas Tax Swap:
Worked with governor and legislature to achieve an alternate funding plan, which gave the state needed budgetary flexibility and preserved overall transportation funding

By 2010, this is what our efforts had produced:

Transportation Revenues Have Increased During the Past Decade

(In Billions)

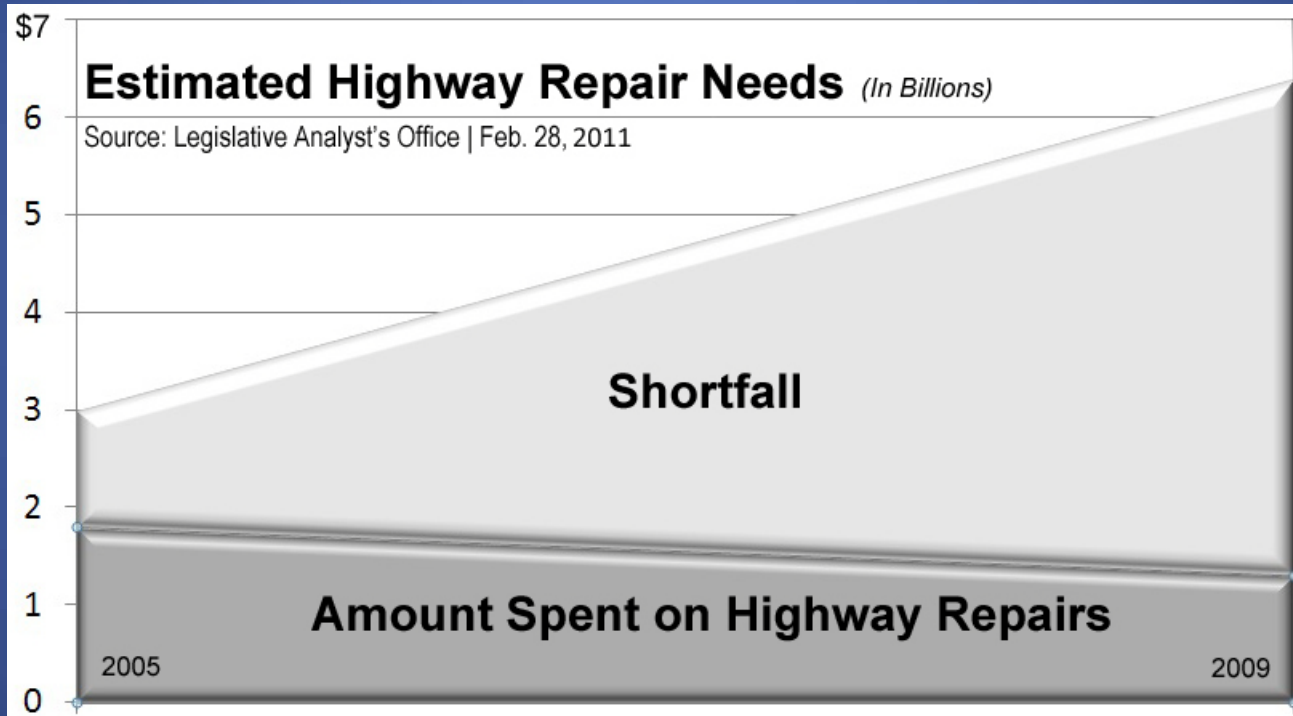


Transportation on the Brink

Transportation programs still face massive shortfalls resulting from:

- Decades of underinvestment
- Inadequate funding and deteriorating value of funds because of:
 - Improvements in fuel efficiency decrease buying power of the gas tax
 - Growth in travel & VMT = wear and tear; California urban areas have worst roads in nation
 - Growth in population & trade = inadequate capacity and crippling congestion
- Aging system = mushrooming rehabilitation needs, escalating costs

Transportation on the Brink



Transportation on the Brink

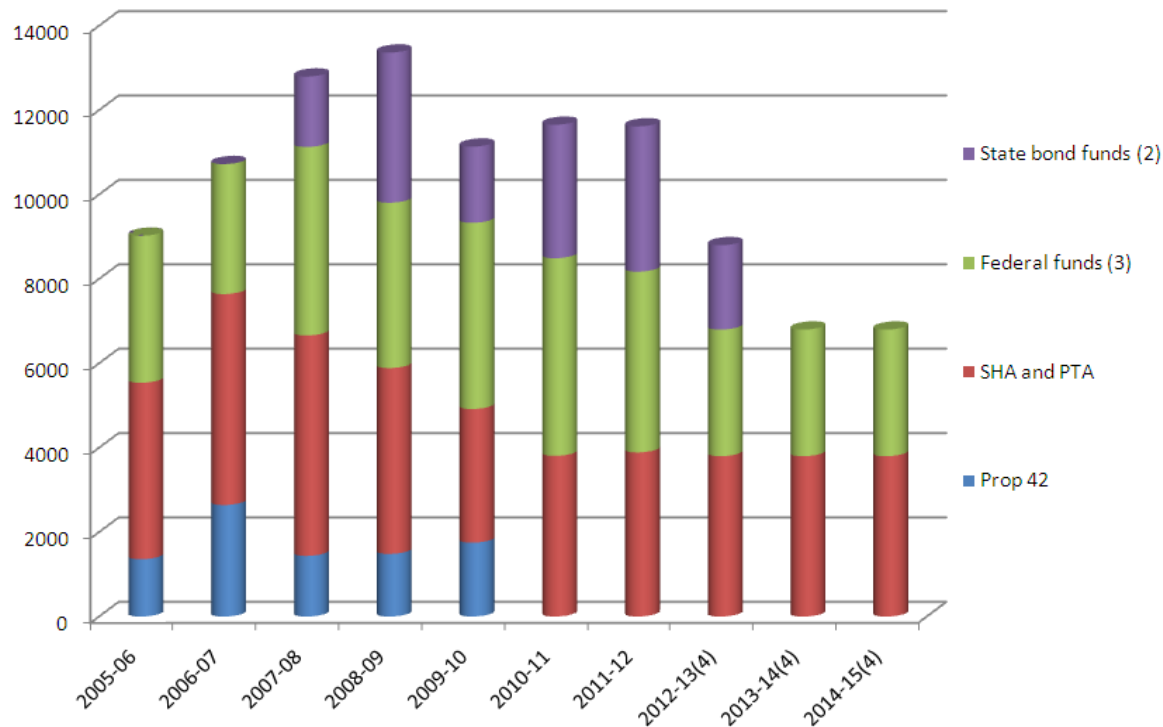
**We're going from Bad to Worse:
Transportation spending is going to plunge**

2008 – 09 spending
\$13 billion



\$ 6 billion
2013 – 14 spending

Historical Budget Data, CT Expenditures 2005-06 thru 2011-12 (1)



- (1) Source: DOF eBudgets, Summaries - detailed.
 (2) Excludes \$4.3 B administered by other agencies.
 (3) Reauthorization of Federal Highway Program and related funding pending action by Congress.
 (4) Low estimated revenues, Prop 1B exhausted.

What's Happening with Transportation Funding

Proposition 1B bond program is sunsetting

- \$19.3 billion in bonds will have been allocated

Federal Reauthorization is uncertain

- Bill expired Sept. 30, 2009 and has had 8 extensions
- Still no new bill
- Republican plan is to reduce federal spending by one third

Rehab & maintenance consume all traditional funding sources

- Without Proposition 1B funds = no new state funds for capacity, upgrades, and modernization

Comparison of Four Possible Funding Approaches

	SCIFE 1	SCIFE II	Gas Tax	VLF
Summary	Original Transportation California concept	Trans Cal/Conservation Strategy Work Product, after SCIFE I: Fuels Fee	Traditional Research-Based Gas Tax	Vehicle License Fee
Conceptual Overview	<ul style="list-style-type: none"> ◆ Pre-Prop 26 gas fee ◆ Raise the gas fee sufficient to eliminate backlog and meet future needs ◆ Range of 75¢ per gallon to \$1 per gallon ◆ Another objective is to meet environmental and energy security goals of reducing dependence on oil products ◆ Originally, sought to fund State and Local safety, operations, maintenance and rehab, as well as transit, and limited environmental mitigation 	<ul style="list-style-type: none"> ◆ Fuels Fee, imposed statewide ◆ Delegated to CTC for annual review and fee update ◆ Majority vote of Legislature ◆ Could be done in 2011 or 2012 ◆ Recommended initial fee: 6¢/gal., capped after each annual assessment ◆ Each 6¢/gal. increment raises \$850 million ◆ In 18 months, fee rate could be 18¢/gal., equal to \$2.5 billion ◆ Dedicated to State and Local safety, operations, maintenance & rehab. ◆ Prop 26 affects uses; no transit or environmental mitigation, but could shuffle existing funds to “free” transit funds 	<ul style="list-style-type: none"> ◆ Initiate political research ◆ Likely a 10¢/gal. maximum to be supportable by voters ◆ 2/3’s vote in Legislature ◆ Raises \$1.4+ billion annually ◆ Dedicated to current purposes, State and Local safety, ops, maintenance and rehab 	<ul style="list-style-type: none"> ◆ Increase VLF by a 1% increment dedicated to a range of transportation programs ◆ Raises \$2.7 billion annually ◆ VLF was increased by 1% increment to 1.65% in 2009 (historic value had been 2.0% of declining value of vehicles, annually) ◆ The 1% expired 7/2011 ◆ Governor sought extension of the 1% for another five years as part of the 2011-12 budget package ◆ Requires 2/3 legislative vote ◆ An initiative is indicated

(cont.)	SCIFE 1	SCIFE II	Gas Tax	VLF
Policy Evaluation	<ol style="list-style-type: none"> 1. Only alternative that will “do the job” 2. Would have Prop 22 protections 3. Could be drafted to provide ongoing state debt service support for Proposition 1B bonds 4. Would have significant implications post-Prop 26 one-year “look-back” would have invalidated 	<ol style="list-style-type: none"> 1. Has best chance to raise significant funds 2. Annual assessment process ensures that value is maintained as growth 3. Will benefit from Prop 26 “nexus” requirements as “protection” 	<ol style="list-style-type: none"> 1. Going in, this only partially addresses known state and local maintenance and rehab needs 2. Without indexing, then we will fall further behind over time 3. Will benefit from Prop 22 “protections” as an excise tax 	<ol style="list-style-type: none"> 1. VLF has been a traditional local government revenue source, but it has suffered from budgetary raids 2. VLF was popularly reduced from full 2% rate to 0.65% - then in 2009, as part of that year’s budget, it was increased by 1% increment to fund local public safety & other programs 3. Raises significantly more than a gas tax/fee 4. VLF is now being collected at a low rate of vehicle annual sales; as vehicle sales and prices increase, the amount generated will also increase
Political Evaluation	<ol style="list-style-type: none"> 1. Too difficult to raise this idea in this economic environment 2. Whether as a gas tax (requires 2/3 vote of Legislature) or a fee (Prop 26 effected fee at pump – forcing 2/3 vote of Legislature), would need to pursue as an initiative 3. Initiative is costly and time-consuming 4. Original concept brought potential new partnership w/ environmental community 	<ol style="list-style-type: none"> 1. Delegation of annual fee assessment to CTC may raise political concerns 2. Will be cast as “uncapped” fee, as viewed over time 3. Without a “model balance,” we will have learned that a single mode (highways, in this case) is difficult sell 	<ol style="list-style-type: none"> 1. Placing initiative before voters at a favorable election is difficult, given the near-term future 2. 2/3’s vote necessitates initiative: costly & takes months to ready 3. Earliest likely election: June 2012 	<ol style="list-style-type: none"> 1. Local governments view this as “their” revenue 2. Other General Fund constituencies will be “eyeing” this source 3. Would require Constitutional amendment to clearly earmark for transportation. 4. General nature of the revenues permits multi-modal distribution of revenues