

Subject: Important Update Regarding Transportation Funding
From: Steve Samuelian <steve@californiaconsulting.org>
Date: Mon, 22 Feb 2010 14:09:32 -0800
To: Carrol Terrazas <carrol@californiaconsulting.org>

The Legislature will NOT take up the transportation proposal today.

See attached the latest version (released today for the first time in print) the newly proposed proposal for transportation funding. Also, see attached MTC's letter on the subject.

The Senate Democrat proposal on the gas tax that was supposed to be voted on today will instead be voted on later this week. The gas tax proposal would cut \$1.8 billion from the state \$19.9 billion budget deficit through June 2011. The proposal replaces the sales tax on gasoline with an excise tax. The Democrat leadership has enough votes to pass the majority vote bill SB 6 (8x) but the Governor may have some issues with the gas tax proposal (hence the delay).

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L-RegionalGasFee.pdf

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The Honorable Darrell Steinberg
President Pro Tempore
California State Senate
State Capitol, Room 205
Sacramento, CA 95814

The Honorable John A. Pérez
Speaker-elect of the Assembly
California State Assembly
State Capitol, Room 3160
Sacramento, CA 95814

Dear Senator Steinberg, Speaker Bass and Speaker-elect Pérez:

The Metropolitan Transportation Commission (MTC), the regional transportation planning agency for the San Francisco Bay Area, urges you to minimize the loss to public transportation funding in the complex overhaul of the state's transportation funding currently under consideration in Sacramento. While the Senate Democrats' proposed package improves upon the Governor's proposal by retaining and increasing the sales tax rate on diesel fuel, it nevertheless represents a cut of at least \$1 billion in state funding currently dedicated to public transit. As you prepare for a vote on this proposal next week, we urge you to make every effort to secure a final package that:

- Provides a reasonable level of state funding dedicated to the Public Transportation Account to help meet the state's public transit needs and obligations, including the State Transit Assistance (STA) Program, intercity rail and public transit bond debt service.
- Gives regional agencies the authority to place on the ballot for majority vote approval a motor vehicle fuel mitigation fee to mitigate for greenhouse gas and air quality emissions associated with passenger vehicles and light trucks for projects contained in a sustainable communities strategy required by Senate Bill 375 (Steinberg), Statutes of 2008.

State Transit Assistance: \$400 Million in FY 2010; \$350 million in FY 2012 & Beyond
An immediate \$400 million appropriation to STA for the current year and FY 2010-11 must be included in this package if transit operators are to avoid further layoffs, service cuts and fare increases. A \$400 million STA program is less than half what STA should receive in FY 2010-11 under current law and is the minimum amount that should be appropriated from the \$946 million Public Transportation Account (PTA) balance.

Going forward, we urge you to ensure that the final package provides 75 percent of PTA revenues to the STA program, for an STA program that grows over time, beginning with at least \$350 million in FY 2011-12. This amount does not come close to meeting the state's transit operating needs, but it is large enough to make a real difference. We estimate that a \$350 million statewide STA program would generate \$128 million for our region, providing the following amounts for the four largest Bay Area operators:

- Alameda-Contra Costa Transit District: \$11 million
- Bay Area Rapid Transit District: \$23 million
- San Francisco Municipal Transportation Agency (SF MTA): \$31 million
- Santa Clara Valley Transportation Authority (VTA): \$14 million

An Intercity Rail Program of \$200 Million In addition, the state's intercity rail program requires approximately \$200 million for capital and operating funds each year. This level of funding for intercity rail will bring the state another \$200 million in federal capital dollars through the Federal Railroad Administration's High Speed Intercity Rail Program, leveraging state investment — and the associated job creation and economic benefits — by 100 percent.

Assure Sufficient Out-Year Funding for Transit-Related Debt Service As you deliberate on the final funding level for the PTA in this structure, we urge you to be mindful of the state's ongoing debt service obligations associated with public transportation bonds and the risk that PTA funds could be fully diverted to this purpose, leaving insufficient funds available for STA or intercity rail. According to the Legislative Analyst's Office, debt service on public transit-related bonds — including Proposition 1A (2008), Proposition 108 (1990) and Proposition 116 (2008) — is estimated to be \$326 million in FY 2010-11, \$483 million in FY 2011-12 and up to \$905 million by FY 2014-15. While we would of course prefer that this obligation be borne by the General Fund — as was the expectation when the bonds were originally approved — the state's intractable structural deficit means that any public transit funds that survive this restructuring will be under extreme pressure to be diverted for this purpose. Therefore, we recommend that you assure a dedicated PTA revenue stream that can accommodate the intercity rail and STA funding levels described above *as well as* future year debt service costs for these bonds.

Support Regional Motor Vehicle Fuel Fee While we stated this at the outset, it bears repeating: we strongly urge you to retain the regional motor vehicle fuel fee element in the proposal as it offers the only prospect of at least partially offsetting the loss of over \$1 billion in state public transit funds resulting from this proposal. We recognize that there are legal as well as political risks associated with this proposal as not every jurisdiction may choose to or succeed in exercising this option, but we firmly believe the proposed fee has great merit on policy grounds. Without this new regional funding option, the package decimates public transit funding from the State of California and makes a mockery of our reputation as an environmental leader on climate change and air quality.

Sincerely,



Steve Heminger
Executive Director

cc: The Honorable Alan Lowenthal, Chair, Senate Transportation and Housing Committee
The Honorable Denise Moreno Ducheny, Chair, Senate Budget and Fiscal Review Committee
The Honorable Elaine Kontominas Alquist, Member, Senate Budget and Fiscal Review Committee
The Honorable Mark DeSaulnier, Member, Senate Budget and Fiscal Review Committee
The Honorable Mark Leno, Member, Senate Budget and Fiscal Review Committee
The Honorable Joe Simitian, Member, Senate Budget and Fiscal Review Committee
The Honorable Mike Eng, Chair, Assembly Transportation Committee
The Honorable Noreen Evans, Chair Assembly Budget Committee
The Honorable Jim Beall, Jr., Member, Assembly Budget Committee
The Honorable Wesley Chesbro, Member, Assembly Budget Committee
The Honorable Jerry Hill, Member, Assembly Budget Committee
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Mr. Joshua Shaw, Executive Director, California Transit Association
Mr. Randell Iwasaki, Director, California Department of Transportation
Mr. Jim Earp, Executive Director, California Alliance for Jobs
Mr. Rusty Selix, Executive Director, California Association of Councils of Government

Subject: Important Update Regarding Transportation Funding
From: Steve Samuelian <steve@californiaconsulting.org>
Date: Mon, 22 Feb 2010 15:19:07 -0800
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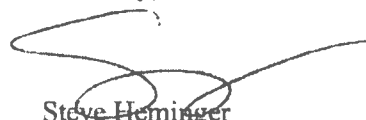
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Mr. Randell Iwasaki, Director, California Department of Transportation
Mr. Jim Earp, Executive Director, California Alliance for Jobs
Mr. Rusty Selix, Executive Director, California Association of Councils of Government

Subject: AB8X 5 - Deferrals

From: Steve Samuelian <steve@californiaconsulting.org>

Date: Wed, 24 Feb 2010 12:24:45 -0800

To: Carrol Terrazas <carrol@californiaconsulting.org>

See attached part of the special session package the Legislature intends to vote on this week. Sections 4 and 6 of the attached bill deal specifically with K-12 issues. The state is attempting to create a plan to manage cash flow and help solve the state budget deficit. AB8X 5 will harm education by allowing the state to defer appropriations to schools for 60 or 90 days. These education deferrals will take place in 2000-11 if enacted. Strategic Education Services in Sacramento and our office (among others) have been working on this important issue. See attached.

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abx8_5_bill_20100219_amended_sen_v98.pdf

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Subject: Analysis of Gas Tax Swap Bills
From: Steve Samuelian <steve@californiaconsulting.org>
Date: Fri, 26 Feb 2010 09:11:44 -0800
To: Carrol Terrazas <carrol@californiaconsulting.org>

Attached are the floor reports for the two gas tax swap bills. Thanks.

Subject:
ABX8 6 Assembly BILL, 8th Extraordinary Session - Bill Analysis
Date:
Wed, 24 Feb 2010 09:24:03 -0800

BILL ANALYSIS

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|SENATE RULES COMMITTEE | AB 6X8 |  
|Office of Senate Floor Analyses | |  
|1020 N Street, Suite 524 | |  
|(916) 651-1520 Fax: (916) | |  
|327-4478 | |  
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THIRD READING

Bill No: AB 6X8
Author: Assembly Budget Committee
Amended: 2/19/10 in Senate
Vote: 21

ASSEMBLY FLOOR : Not relevant

SUBJECT : Transportation finance

SOURCE : Author

DIGEST : Senate Floor Amendments of 2/19/10 deleted the prior version of the bill. This bill now provides the necessary statutory changes in the area of transportation finance in order to address the fiscal emergency declared by Governor Schwarzenegger pursuant to the California Constitution.

ANALYSIS : This bill makes a swap of tax revenues and expenditure of related funds as follows:

1. Tax Swap: This bill lowers certain taxes and increases others, such that on net there is a small tax decrease annually through 2014-15. Thereafter, this bill is revenue neutral. Specifically, this bill:

Exempts gasoline from the State 6.0 percent sales tax on July 1, 2010, which by itself would reduce tax revenue by \$2.5 billion in 2010-11.

AB 6X8

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Increases the excise tax on gasoline by 12.9 cents on July 1, 2010, which by itself would increase revenue by \$1.8 billion in 2010-11. In 2011-12 and thereafter, the Board of Equalization would adjust the excise rate to match what the sales tax on gasoline would otherwise provide.

Delays by one year, the implementation of unitary-group credit sharing. (The 2008-09 Budget package amended statute to allow a firm to share unused tax credits with other firms in the same unitary group starting in 2010.)

Limit the use of Net Operating Loss (NOL) deductions in 2010 to 68 percent of income. (The 2008-09 Budget package amended statute to fully suspend NOL deductions in 2008 and 2009.)

The unitary-group sharing and NOL provisions combined result in additional tax revenue of \$655 million in 2010-11, a revenue loss of \$7 million in 2011-12, a revenue loss of \$47 million in 2012-13, and losses of \$2 million in 2013-14 and 2014-15.

Increases the state sales tax on diesel on July 1, 2011, from 5.0 percent to 6.75 percent to increase revenue for the Public Transportation Account by about \$120 million (the total state sales tax on diesel will increase to about \$435 million).

Decreases the excise tax on diesel on July 1, 2011 from 18 cents per gallon to 13.6 cents per gallon, which decreases revenue for the Highway Users Tax Account by about \$120 million. In 2012-13 and thereafter, the Board of Equalization would adjust the excise rate to keep the decrease in the excise revenue equal to the increase in the sales tax revenue.

1. Transit Funding: This bill appropriates \$400 million to transit operators to help fund operations for the remainder of 2009-10 and for 2010-11. In 2011-12, the diesel fuel swap provides for growth in both transit operations and intercity rail. Transit operators will

AB 6X8

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get \$350 million in 2011-12, and a growing amount thereafter, via receipt of 75 percent of the state sales tax on diesel. The amount available for intercity rail and other state purposes will grow, via receipt of 25 percent of the state sales tax on gas and most of the non-Article XIX transportation funds (about \$72 million per year). This bill authorizes, with local voter approval, a local mitigation fee on gasoline to fund transit, bicycle and pedestrian projects, programs, and operations.

2. Highway and Road Funding: This bill increases funding for highways and local roads. In 2010-11, this bill would fully backfill for the highway and local road funding lost due to the elimination of the sales tax on gas. In 2011-12 and thereafter, the excise tax revenue would provide additional funding for highways and roads. After the payment of debt service, the highway and road funding would be split: 30 percent for the State Transportation Improvement Program (STIP); 30 percent for the State Highway Operations and Protection Program (SHOPP); and 40 percent for local streets and roads. This bill would provide net new revenue to highways and roads of about \$420 million in 2011-12, with new revenue over ten years of about \$3 billion.
3. General Fund Relief: This bill produces General Fund relief of \$219 million in 2009-10, \$1.6 billion in 2010-11, and ongoing GF relief of about \$700 million and growing in the out years. The General Fund relief by year is as follows:

In 2009-10:

- A. Directs \$140 million in PTA funds to reimburse the General Fund for eligible debt service on general-obligation bonds (specifically, Proposition 108 of 1990 bonds, Proposition 1A of 2008, and one-quarter of Proposition 1B of 2006 bonds).
- B. Directs \$79 million in non-Article XIX transportation funds to reimburse the General Fund for Prop 116 of 1990 bonds.

AB 6X3
Page 4

In 2010-11:

- A. Directs \$254 million in PTA funds to reimburse the General Fund for eligible debt service on general-obligation bonds.
- B. Directs \$72 million in non-Article XIX transportation funds to reimburse the General Fund for Prop 116 bonds.
- C. Directs \$603 million in new gasoline

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excise tax revenue to reimburse the General Fund for Proposition 132 of 1996 bonds, and three-quarters of Proposition 1B of 2006 bonds.

- D. Addition revenue from delaying the unitary-group tax credit sharing and limiting NOL use result in a combined General Fund gain of \$655 million which supports the expenditures of the State.

In 2011-12 and thereafter:

- A. Directs \$727 million (and varying amounts over time) in new gasoline excise tax revenue to reimburse the General Fund for Proposition 132 of 1996 bonds, and three-quarters of Proposition 1B of 2006 bonds.

1. No Proposition 98 Impact: Requires that schools be held harmless in the Proposition 98 funding calculation from any tax changes in this swap.

FISCAL EFFECT : Appropriation: Yes Fiscal Com.: Yes
Local: Yes

According to the Senate Appropriations Committee analysis, shown in the accompanying table, the tax swap results in a small tax decrease over the period displayed. In the long run, the tax swap is annually revenue neutral.

Note: under current law, the state sales tax rate (including gasoline) falls from six percent to five percent

AB 6X8

on July 1, 2011.

Revenue Impact of Tax Swap
(Estimates in millions)

	2010-11	2011-12	2012-13	2013-14
Eliminate Sales Tax on Gasoline	-\$2,531	-\$2,435	-\$2,369	-\$2,525
Increase Excise Tax on Gasoline	1,866	2,435	2,369	2,525
Tax Credit / NOL changes	655	-7	-47	-2
Increase the Sales Tax on Diesel	117	121	128	133
Decrease the Excise Tax on Diesel	-118	-121	-128	-133

Net change in revenues:	-11	-7	-47	-2
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As indicated on the table below, this proposal augments funding for transit and highways over both the Governor's proposal and current law.

Expenditure Highlights of Tax Swap
(Estimates in millions)

	2010-11	2011-12	2012-13	2013-14
Transit Operations via STA*	\$400	\$350	\$350	\$356
Intercity Rail and other State Operations	162	158	172	191
Net new Highway and Road	417	251	208	197

AB 6X8
Page 6

* 2010-11 funding amount is that appropriated in 2009-10 by this bill.

DLW:nl 2/22/10 Senate Floor Analyses

SUPPORT/OPPOSITION: NONE RECEIVED

**** END ****

Subject:
SBX8 6 Senate Bill, 8th Ext. Session - Bill Analysis
Date:
Wed, 24 Feb 2010 09:24:32 -0800

BILL ANALYSIS

SB 6 X8
Page 1

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SENATE THIRD READING
SB 6 X8 (Budget and Fiscal Review Committee)
As Amended February 22, 2010
Majority vote

SENATE VOTE :Vote not relevant

SUMMARY : Makes various amendments to lower certain taxes and increase others to provide funding for transportation, transit and (GF) relief. Specifically, this bill :

- 1)Exempts gasoline from the state 6.0 cent sales tax, which by itself would reduce tax revenue by \$2.5 billion in 2010-11.
- 2)Increases the excise tax on gasoline by 12.9 cents, which by itself would increase revenue by \$1.8 billion in 2010-11. In 2011-12 and thereafter, the Board of Equalization (BOE) would adjust the excise rate to match what the sales tax on gasoline would otherwise provide.
- 3)Beginning in 2011-12, increases the sales tax on diesel fuel by 1.75% and decrease the excise tax on diesel by 4.4 cents in 2011-12. BOE will adjust this tax annually thereafter to maintain revenue neutrality. This change will generate roughly \$118 million in additional revenue for the Public Transportation Account (PTA) to fund state transit assistance and other PTA eligible expenditures.
- 4)Limits the Net Operating Loss (NOL) deduction for 2010 to 68% of a taxpayers' income. Unused loss deductions could be carried forward and used to offset taxes in subsequent years.
- 5)Delays, until the 2011 tax year, the implementation of the Corporation Tax Law provision allowing corporations to assign unused business tax credit to an affiliated corporation that is a member of the same combined reporting group.
- 6)Appropriates \$400 million to transit operators to help fund operations for the remainder of 2009-10 and for 2010-11.
- 7)Provides that 75% of revenue from the increase on diesel sales tax be directed to transit operators beginning in 2011-12 (roughly \$350 million per year).
- 8)Provides new authority for metropolitan planning organizations to impose a fee on gasoline to fund transit, bicycle and pedestrian projects.
- 9)Appropriates \$1.26 billion in the current year for local highways and roads funding in order to backfill funding lost due to the elimination of the sales tax on gas. In 2011-12 and thereafter, the excise tax revenue would provide additional funding for highways and roads. The highway and road funding would be split: 30% for the State Transportation Improvement Program (STIP); 30% for the State Highway Operations and Protection Program (SHOPP); and 40%for local

SB 6 X8
Page 2

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streets and roads. This bill would provide net new revenue to highways and roads of about \$540 million in 2011-12, with new revenue over ten years of about \$4 billion.

10) Creates a total GF savings of \$219 million in 2009-10, \$1.6 billion in 2010-11, and ongoing GF relief of about \$800 million and growing in the out years. The GF relief by year is as follows:

2009-10 :

- a) Directs \$140 million in PTA funds to reimburse the GF for eligible debt service on general-obligation bonds (specifically, Proposition 108 of 1990 bonds, Proposition 1A of 2008, and one-quarter of Proposition 1B of 2006 bonds); and,
- b) Directs \$79 million in non-Article XIX transportation funds to reimburse the GF for Prop 116 of 1990 bonds

2010-11:

- a) Directs \$254 million in PTA funds to reimburse the GF for eligible debt service on general-obligation bonds;
- b) Directs \$72 million in non-Article XIX transportation funds to reimburse the GF for Prop 116 bonds;
- c) Directs \$603 million in new gasoline excise tax revenue to reimburse the GF for Proposition 192 of 1996

SB 6 X8
Page 3

bonds, and three-quarters of Proposition 1B of 2006 bonds; and,

- d) Addition revenue from delaying the unitary-group tax credit sharing and limiting NOL use result in a combined GF gain of \$655 million which supports the expenditures of the state.

2011-12 and thereafter :

- a) Directs \$72 million in non-Article XIX transportation funds to reimburse the General Fund for Prop 116 bonds in 2010-11; and,
- b) Directs \$727 million (and varying amounts over time) in new gasoline excise tax revenue to reimburse the GF for Proposition 192 of 1996 bonds, and three-quarters of Proposition 1B of 2006 bonds.

Comments :

1) Limit on NOL deduction . Under existing law, businesses incurring net operating losses in a particular tax year can either use them to offset income earned in the prior two tax

years (carry back of losses) or offset income earned in subsequent years (carry forward of losses), for up to 20 years in the future.

The carry back provisions and an expansion of the carry forward period from 10 to 20 years were included in AB 1452 (Committee on Budget), Chapter 763, Statutes of 2008. That measure also, among other things, suspended NOL deductions for the 2008 and 2009 tax years, and allowed sharing of business tax credits among companies within a combined tax reporting group. This measure would provide for the NOL deduction of losses carried forward and carried back to 2010, but limit it to no more than 68% of the taxpayer's net income

2) Delay in credit sharing . Under California tax law, a unitary group of affiliated companies is required to file a combined income report for tax purposes. Prior to 2010, California did not allow corporate taxpayers to share a business tax credit among the affiliated members of their combined reporting group. Instead, it required the credit to be taken by the

SB 6 X8
Page 4

individual company within the group that earned the credit. This often resulted in credits going unused because the entity within an affiliated group that earned the credit - for example, a research and development operation - had insufficient California income to fully utilize the credit. With the enactment of SB 1452, corporate taxpayers are allowed to assign various unused business tax credits to their affiliates beginning in 2010. These include the research and development credit, the enterprise zone credit, and the low-income housing credits. This measure delays the implementation of the credit sharing provision for one year.

FISCAL EFFECT : As shown in the accompanying table, the tax swap results in a small tax decrease over the period displayed. In the long run, the tax swap is annually revenue neutral. Note, under current law, the state sales tax rate (including gasoline) falls from 6% to 5% on July 1, 2011.

Revenue Impact of Tax Swap
(In millions)

	2010-11	2011-12	2012-13	2013-14
Eliminate Sales Tax on Gasoline	-2,531	-2,435	-2,369	-2,525
Increase Excise Tax on Gasoline	1,866	2,435	2,369	2,525
Tax Credit / NOL changes	655	-7	-47	-2
Net change in revenues:	-\$10	-\$7	-\$47	-\$2

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Analysis of Gas Tax Swap Bills

Analysis Prepared by : Keali'i Bright / BUDGET / (916) 319-2099

Steve Samuelian Manager California Consulting, LLC Central Valley Office 1530 E.
Shaw Avenue, Suite 114 Fresno, CA. 93710 phone 559-244-0801 fax 559-244-0804
Sacramento Office
520 Capital Mall, Suite 700
Sacramento, CA 95814
steve@californiaconsulting.org
www.californiaconsulting.org

Subject: CALCOG Letter to Legislature on Gas Tax Swap
From: Steve Samuelian <steve@californiaconsulting.org>
Date: Mon, 01 Mar 2010 12:59:21 -0800
To: Carrol Terrazas <carrol@californiaconsulting.org>

Letter from CALCOG, please see attached.

gas tax swap.pdf	Content-Type: application/octet-stream Content-Encoding: base64
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"Diversity and Unity"

CALIFORNIA ASSOCIATION OF COUNCILS OF GOVERNMENTS

February 26, 2010

MEMBER AGENCIES

Association of Bay Area Governments
Association of Monterey Bay Area Governments
Butte County Association of Governments
Calaveras Council of Governments
Coachella Valley Association of Governments
Contra Costa Transportation Authority
Council of Fresno County Governments
Council of San Benito County Governments
El Dorado County Transportation Commission
Humboldt County Association of Governments
Kern Council of Governments
Kings County Association of Governments
Lake County/City Area Planning Council
Los Angeles County Metropolitan Transportation Authority
Madera County Transportation Commission
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Merced County Association of Governments
Metropolitan Transportation Commission
Orange County Transportation Authority
Placer County Transportation Planning Agency
Sacramento Area Council of Governments
San Bernardino Associated Governments
San Diego Association of Governments
San Joaquin Council of Governments
San Luis Obispo Council of Governments
Santa Barbara County Association of Governments
Santa Cruz County Regional Transportation Commission
Shasta County Regional Transportation Planning Agency
Southern California Association of Governments
Stanislaus Council of Governments
Tahoe Regional Planning Agency
Transportation Agency for Monterey County
Tulare County Association of Governments
Tuolumne County Transportation Council
Ventura County Transportation Commission
Western Riverside Council of Governments

CONSTITUTIONAL MEMBERS
California State Association of Counties
League of California Cities

The Honorable Darrell Steinberg
President pro Tempore
California State Senate
State Capitol
Sacramento, CA 95814

The Honorable John Perez
Speaker
California State Assembly
Sacramento, CA 95814

RE: AB6 X8 and SB6 X8 – Gas Tax Swap

Dear President pro Tempore Steinberg, and Speaker Perez:

The California Association of Councils of Governments (CALCOG) is the statewide association representing all of California's 18 Metropolitan Planning Organizations (MPOs) charged with implementation of SB 375 (Steinberg, 2008) and regional transportation planning as well as most of its additional rural and subregional Regional Transportation Planning Agencies (RTPAs).

We have preliminarily reviewed the legislation which proposes to eliminate the sales tax on gasoline and replace it with an increase in the gas tax/fee, preserve and augment the sales tax on diesel fuel for transit, and authorize a regional motor fuel mitigation fee for transit, bicycle, and pedestrian purposes consistent with an adopted sustainable communities strategy pursuant to SB 375.

We are concerned about the significant change that this overhaul of transportation funding represents and, in particular, the loss of constitutional and voter-approved protections for existing transportation funds, including Proposition 42.

However, we recognize the difficult State government funding situation and conclude that the proposal under consideration in the Legislature, which provides replacement funding for local streets and roads in the STIP, and augments funding for the SHOPP is

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acceptable and clearly a substantial improvement over the original proposal by the Governor in January.

We are also concerned about legal challenges to the majority vote enactment of this new funding as well as the local fee authority and would urge that the bill be amended to include contingency language restoring existing funding in the event of a successful legal challenge to either the gas tax swap or regional fee authority.

We are neutral on the local authority for a transit fee, but to the extent that this concept remains a part of the proposal, we offer the following suggestions:

1. Expand the eligible use of the fee to include "transportation demand management / transportation control measures" and other purposes which also mitigate air pollution and greenhouse gases; and thereby, are part of the SB 375 Sustainable Communities Strategy (SCS) element of a regional transportation plan.
2. Either in this legislation or in follow up legislation, broaden the authority for a fee for MPOs (and county transportation commissions within the Southern California Association of Governments, or SCAG, region) to submit for voter approval to also include a user fee for local streets and roads rehabilitation and maintenance and highway improvements that are part of the Regional Transportation Plan (RTP)/SCS.

This not only helps to address the significant unmet transportation needs but can assist in being able to develop a proposal which has a stronger chance of gaining voter approval in many regions of the State.

We appreciate your efforts to expand transportation funding in these difficult economic times, an action that will help sustain and create new jobs in the near term as well as lay the foundation for a stronger economic growth in the future. We look forward to working constructively with you on additional measures to address the State's transportation needs, which will surely be needed with or without this proposal.

Sincerely,



Rusty Selix
Executive Director

CC: Governor Arnold Schwarzenegger, Attention: Legislative Secretary
All Members of the California State Legislature
CALCOG Member Agencies



February 22, 2010

The Honorable Darrell Steinberg
State Capitol, Room 205
Sacramento, CA 95814

The Honorable John Perez
State Capitol, Room 219
Sacramento, CA 95814

Subject: Support for Regional Light-Duty Vehicle Mitigation Fee

Dear Pro Tem Steinberg and Speaker Elect Perez:

SACOG supports inclusion of the regional light-duty vehicle mitigation fee in the transportation finance package. We have not had time to thoroughly review or develop a position on the entire package, which was just in print today. However, we understand that action on the entire package may be imminent and wanted to be on record encouraging the legislature to include the regional fee for transit, pedestrian, and bicycle projects as part of the package. Should the legislature take additional time to deliberate on this issue we may have additional input to offer on the fee and/or the entire package.

Our support for providing regions with the option to refer a mitigation fee to the voters for consideration is contingent on the following assumptions:

- Significant, reliable state funding for transit is provided by the state (i.e., even if the regional fee is never used), as well as significant, reliable state funding for streets and roads;
- The regional boards do not have the right to impose the fee on their own, but rather have the right to refer it to the voters for consideration;
- The regional boards have the right to define the geographic area affected by a fee referred to the voters as the entire region or any sub-geography of the region; and
- The fee may only be referred to the voters if the investments in transit are necessary to support air quality programs in a regional transportation plan

Finally, we want to be clear that our support for including this option in the package is not in any way an expression of SACOG's general or specific intent to refer such a fee to the voters, and that we remain critically concerned about the state's reduction in statewide voter approved funds for transportation.

Sincerely,

Mike McKeever
Executive Director

MM:sh

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Rancho Cordova
Rocklin
Roseville
Sacramento
Sacramento County
Sutter County
West Sacramento
Wheatland
Winters
Woodland
Yuba County
Yuba City
Yuba County

Subject: California Consulting March Newsletter
From: California Consulting <juan@californiaconsulting.org>
Date: Wed, 10 Mar 2010 14:45:15 -0500 (EST)
To: carrol.ca-consult@sbcglobal.net



California Consulting Newsletter March 2010

Major Grant Award: California Consulting obtains \$2.5 million for client

We are pleased to announce that California Consulting, LLC and the UC Davis team successfully wrote a federal grant application from the U. S. Department of Energy to create an innovative waste-to-energy project for its West Village housing community.

The UC Davis West Village Community will be located on 200 acres of campus land. The community is designed to include affordable homes and apartment-style housing with first occupancy scheduled for fall 2011.

The project will generate power from a fuel cell which will be fed by gases collected from campus waste, such as food scraps and landscape trimmings. Benefits expected include reductions in both peak demand on the energy grid and greenhouse gas emissions. This system, used with other energy-saving technologies, intends to provide increased power reliability and quality at an affordable cost to residents.

The grant is one of five made nationally for a total of \$20.5 million in funding by the Department of Energy, part of the American Recovery and Reinvestment Act.

More information about UC Davis West Village: westvillage.ucdavis.edu.

Lobbying Update

News from the Capitol is indicating that the Democrat leadership is offering a counter proposal to the Governor's budget proposal that will fund public transit.

BACKGROUND:

It appears the Legislative Democrat majority are hammering out a proposal to counter the Governor's plan to swap gasoline taxes and cut funding for public transportation.

The Governor proposed eliminating the 6 percent sales tax on gas and diesel fuel and replacing it with a new 10.8 cent per-gallon excise tax on each gallon of fuel. The Governor's proposal is in effect a way around Prop. 42 guarantees. The Governor has proposed backfilling the money to state and local road projects but eliminating the public transit money. Prop. 42 funds state highway, local roads, and public transit.

The Governor contends that his plan would create a dedicated revenue source to pay off transportation bonds and save the general fund \$1.8 billion while also reducing taxes at the pump by 5 cents per gallon.

Education leaders, transit officials and others have opposed the Governor's proposal saying it cuts transportation money for local projects and reduces education funding.

NEW DEMOCRAT PROPOSAL:

Reportedly the new Democrat plan would eliminate the sales tax on gas and raise the gas excise taxes. The gas sales tax generates about \$2.9 billion per year. Apparently, the amount of a new per-gallon excise tax for gasoline has yet to be determined. The Democrat plan would also maintain the sales tax on diesel which would still go to transit operators. The Democrat plan also gives local agencies new authority to levy fees at the gas pump to raise money for transit operators.

The plan is expected to be announced soon and Senate President Pro-Tem Steinberg has said he wants to address the current year \$6 billion deficit by mid-February.

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Transit officials and transportation leaders appear more supportive of the new Democrat plan, although the proposal is yet to be officially released.

EDUCATION IMPACT:

Education leaders generally opposed the Governor's proposal because it also "hits" education with a major funding reduction.

Regarding the new Democrat plan, because of the way state taxes are calculated, sales taxes on gasoline are currently used as part of the formula to determine education funding under Prop. 98. Replacing the state sales tax with an excise tax---which would not be part of the Prop. 98 would reduce the funding guarantee for public schools and community colleges by about \$2 billion.

We assume that once the Democrat proposal is offered, negotiations will begin between the Democrats and the Governor regarding the Prop. 42/transportation/gas tax issue.

*This information was taken from various news reports and our sources at the Capitol.

New Clients~~~~~

California Consulting is pleased to welcome our newest clients, The Lindsay Unified School District and the Ripon Unified School District. Welcome aboard!

School District Grants - Huge Grant Dollars Available~~~~~

The grant writing team at California Consulting is hard at work writing various federal and state grant applications for our school district clients. In the months of January and February our team has written the following applications for our School District clients:

- Elementary and Secondary School Counseling Grant
- Teaching American History Grant
- PacTIN grant for teachers
- Fender Music Grant
- Lowe's grant for schools
- Readiness and Emergency Management for Schools grant
- Sprint Character Education Grant
- Partnership for Character Education Grant
- US Department of Education Mental Health Grant
- After School Education and Safety Universal
- Arts in Education Grant

Quick Links - Check Us Out...

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<http://www.facebook.com/group.php?gid=167533966354>

#### Contact Information

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phone: (559) 244-0801

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**Subject:** Fresno COG "One Voice" March 2010  
**From:** Steve Samuelian <juan@californiaconsulting.org>  
**Date:** Fri, 12 Mar 2010 18:10:21 -0500 (EST)  
**To:** carol@californiaconsulting.org



Client Update from California Consulting  
03/12/10

## FRESNO COG "ONE VOICE" SUMMARY

*March 9 & March 10, 2010*

Approximately 25 leaders from Fresno County attended the annual Fresno COG "One Voice" trip at the State Capitol on March 9 and 10, 2010. Several local elected officials from cities within Fresno County were joined by city managers, representatives from the Fresno Workforce Investment Board, the Fresno Economic Development Corporation, California State University Fresno/California Partnership for the San Joaquin Valley, and others on the productive venture to Sacramento.

Below is a schedule of the meetings organized by California Consulting, LLC.

Several important topics were discussed during the meetings at the State Capitol including (partial list):

SB 375 implementation; Preserving HUTA funding; High Speed Rail funding CMIA Savings; Preserving the Fresno County Enterprise Zone funding; Workforce Investment Board issues surrounding EDD and Water Storage.

Throughout the two day trip, meetings were held with several State Senators, State Assemblymembers, four Senior Officials from the Governor's Office, Cal-TRANS, the California Transportation Commission, and key Legislative Committee staff.

Tuesday evening was highlighted by an evening dinner with keynote speaker Senate Transportation and Housing Committee Chairman Alan Lowenthal. Senator Lowenthal is a major leader on California Transportation issues.

Based on the meetings California Consulting and Fresno COG will be organizing and implementing a follow up strategy over the next few weeks to aggressively pursue a delay in SB 375 implementation, preserving the Fresno County Enterprise Zone funding, and other issues.

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## Tuesday & Wednesday, March 9th & 10th, 2010 Capitol Building, Room 2040

### TUESDAY, MARCH 9, 2010

8:30 AM Welcome/Introductions:  
Tony Boren, Executive Director, Fresno COG

Briefing/Review:  
Steve Samuelian, California Consulting, LLC

9:00 AM California Department of Transportation:  
Randy Iwasaki, State Director

9:30 AM Senate Local Government Committee:  
Peter Detweiler, Staff Director

10:00 AM California Air Resources Board:  
Lynn Ferry, Deputy Executive Officer

10:30 AM BREAK

11:00 AM Senate Transportation & Housing Committee:  
Carrie Connolly, Chief Consultant  
Jennifer Gross, Consultant  
Mark Stivers, Consultant  
Art Bouer, Consultant

Noon LUNCH - On Your Own

1:00 PM Office of Senate President Pro Tem:  
Brian Kelly, Policy Director for  
Russell Steinberg Senate President Pro Tem

1:30 PM California Environmental Protection Agency:  
Andy Buck, Undersecretary

2:00 PM California Assemblyperson:  
Diane Gilmore, 30th District

2:30 PM California Assemblyperson:  
Juan Villalobos, 31st District

3:00 PM California Assemblyperson:  
Diane Gilmore, 34th District

3:30 PM California Assemblyperson:  
Diane Gilmore, 32nd District

4:00 PM California High Speed Rail Authority:  
Carrie Bowen, Regional Director for the Central Valley

4:30 PM California Assemblyperson:  
Alberto Torricay, Majority Floor Leader, 20th District

### TUESDAY, MARCH 9, 2010

5:00 PM ADJOURN

7:00 PM GROUP DINNER (Sponsored):  
McComuck & Schuck's Seafood Restaurant  
1111 J Street, Sacramento, CA 95811  
Guest Speakers: TBA

7:15 PM Guest Speaker: Senator Alan Lowenthal, 27th District  
Chair, Senate Transportation & Housing Committee  
Attending with him will be his wife Deborah Blumfeld

### WEDNESDAY, MARCH 10, 2010

8:30 AM Briefing/Review:  
Steve Samuelian, California Consulting, LLC

9:00 AM California Assemblyperson:  
Mike Villines, 29th District

9:30 AM California Transportation Commission:  
Bimle Rinchart, Executive Director

10:00 AM External Affairs for Governor Schwarzenegger:  
Ramon Obando, Director  
Mike Wells, Deputy Legislative Secretary  
for Transportation

10:30 AM California Department of Transportation:  
Melcolm Dougherty, Interim Chief Engineer

11:00 AM California Senator:  
Roy Adkins, 16th District

11:30 AM Speaker of the California Assembly:  
Pedro Reyes, Special Assistant to the Speaker

Noon LUNCH - On Your Own

1:00 PM Business, Transportation & Housing Agency:  
Kernig Kazarinn, Assistant Secretary for  
Economic Development

1:30 PM California Senate Majority Leader:  
Dean Flores, 16th District  
Chair, Senate Committee on Air Quality

2:00 PM ADJOURN - Thank you for attending!

###

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