



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Agenda Item 4a

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*Memorandum*

TO: Legislation Committee

DATE: April 1, 2011

FR: Executive Director

W. I. 1131

RE: FY 2011-12 State Budget

While state budget negotiations were stalled at the time this memorandum was prepared, the Legislature has passed a number of trailer bills connected to the budget — including AB 105, the transportation trailer bill — in advance of getting final agreement on placement of tax extensions on the ballot this year. Governor Brown signed AB 105 into law on March 24, reaffirming the so-called “gas tax swap” that was put in legal jeopardy due to the passage of Proposition 26 last November.

AB 105 provides the “comprehensive fix” approach that was advocated by MTC and a broad coalition of transportation interests, including local government, public transit advocates, transportation agencies, labor, and the construction industry. Specifically, it provides the General Fund (GF) with about \$1.7 billion in savings (by allowing vehicle weight fees to be redirected to the GF to offset transportation bond debt service) but also restores certainty and predictability to transportation funding by reenacting by a two-thirds vote the new gasoline excise tax and diesel sales tax that were adopted in March 2010 in a comprehensive restructuring of transportation funds. In total, approximately \$2.5 billion in statewide transportation revenue was reaffirmed by AB 105. Additionally, this funding now enjoys greater constitutional protection than ever as it can no longer be loaned or transferred to the GF due to passage of Proposition 22 last November.

**State Transit Assistance Funding Secured**

Among the taxes that were in jeopardy as a result of Proposition 26 was a new increment of the sales tax on diesel fuel that was enacted to provide a robust State Transit Assistance (STA) program of approximately \$350 million per year statewide. Based on projections from the Department of Finance and the provisions of AB 105, STA will receive approximately \$329 million in FY 2011-12. As shown in Attachment A, this amounts to approximately \$119 million for Bay Area public transit improvements, including \$87 in revenue-based funds that go directly to transit operators and \$32 million in population-based funds, distributed according to MTC policy. Under Proposition 22, STA funding is now continuously appropriated to the State Controller, so funding will no longer be delayed by a late state budget. The next item on your agenda notes that Assembly Member Miller has introduced AB 1308 to provide similar continuous appropriation authority for programs funded by the Highway Users Tax Account, including the State Transportation Improvement Program and local street and road repairs.

  
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Steve Heminger