



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Joseph P. Bort MetroCenter  
101 Eighth Street  
Oakland, CA 94607-4700  
TEL 510.817.5700  
TDD/TTY 510.817.5769  
FAX 510.817.5848  
E-MAIL info@mtc.ca.gov  
WEB www.mtc.ca.gov

*Memorandum*

TO: Commission

DATE: September 19, 2007

FR: Executive Director

W. I.: 1131

RE: SB 717 (Perata) — Proposition 42: State Transit Assistance

Recent amendments to Senate Bill 717 — which currently resides on the Governor’s desk — make an important and welcome change to the distribution of transit funding in Proposition 42. Specifically, the bill would increase by 50 percent the share of transit funds going to State Transit Assistance (STA). Beginning in FY 2008-09, this would result in an additional \$27 million in STA funds to the region. While it would also reduce the amount of Proposition 42 funds going to transit projects through the State Transportation Improvement Program (STIP), the region would receive \$13 million more in overall funding due to the more favorable formula for STA. Moreover, STA funds are flexible and may be used for either capital improvements or transit operations, at the discretion of the transit operator.

In addition to this key change, SB 717 extends key provisions that govern the distribution of all Proposition 42 funds. Current law distributing these funds (Section 7104 of the Revenue & Taxation Code) will expire next July. This section of law includes provisions related to how the Board of Equalization calculates the amounts that the State Controller should transfer to the various transportation accounts as well as the specific formulas to be used for distributing the funds to local agencies, including cities and counties (for local street and road funds) as well as transit agencies. If SB 717 is not signed, subsequent legislation will be needed next year to reinstate it, and would require the always challenging two-thirds vote in order to become law by July 1.

**Recommendation:** Ratify the “support” position communicated to the Governor as authorized by Chair Dodd and Legislation Committee Chair Rubin under the Commission’s urgency procedures.

**Known Positions**

Support

- American Federation of State, County and Municipal Employees, AFL-CIO
- California Association of Councils of Governments
- California State Association of Counties
- California Transit Association
- City of Camarillo
- League of California Cities
- South Bay Cities Council of Governments
- Transportation Authority of Marin

Oppose

None

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Steve Heminger

