

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
13	09/27/10	Open	Action	09/13/10

Subject: Expressing Support for California Proposition 22 - the Local Taxpayer, Public Safety and Transportation Protection Act of 2010

## ISSUE

Whether or not to express support for California Proposition 22 - the Local Taxpayer, Public Safety and Transportation Protection Act of 2010.

## RECOMMENDED ACTION

Adopt Resolution No. 10-09-\_\_\_\_, Expressing Support for the November 2010 Ballot Measure to Prohibit the State from Borrowing or Taking Funds Used for Transportation, Redevelopment, or Local Government Projects and Services - the Local Taxpayer, Public Safety and Transportation Protection Act of 2010.

## FISCAL IMPACT

None as a result of this action.

## DISCUSSION

On November 2, 2010, a ballot initiative titled the Local Taxpayer, Public Safety and Transportation Protection Act of 2010 will appear on the General Election ballot as Proposition 22. This ballot initiative is supported by a coalition of local governments, business, labor, public safety and transportation advocates. The California Transit Association is a co-sponsor of Proposition 22, which would prohibit the State of California from raiding local government and transportation funds.

The initiative's intention is to protect existing funds that are allocated to local government, public safety, and transportation uses. Proposition 22 would protect public transportation funding in the following ways:

- Clarifies the definition of mass transportation as surface transportation operated by bus, rail, ferry, etc; generally for which a fare is charged; and provided by any transit district, joint powers authority, or other agencies that already receive funds for these purposes. School buses are not included under this definition.
- Restricts the State of California from the practice of loaning or transferring Public Transportation Account (PTA) funds to the State's General Fund, and prohibits borrowing or using the money in the PTA for any purposes other than "transportation planning" and "mass transportation," as defined.
- Requires that the sales tax on diesel fuel, the only remaining core revenue source historically flowing into the PTA, shall be deposited quarterly into the PTA. As part of the

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Approved:

Presented:

FINAL 9/21/10

General Manager/CEO

Connie Garcia, Sr. Community & Government Affairs Officer

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“gas tax swap” package, the Legislature raised the rate of sales tax on diesel starting in FY 2011-12. The Department of Finance estimates this source should generate \$431 million in FY 2011-12.

- Requires half of the aforementioned PTA revenues to be spent on the State Transit Assistance (STA) Program. STA is the only ongoing source of state funding for day-to-day transit operations. STA provides flexible funding and can fund either transit operations or transit capital projects. Requires the other half of these core PTA revenues to be spent on the historic state, regional and local transit purposes funded in the budget, such as the intercity rail program, or transit capital projects in the State Transportation Improvement Program (STIP) and Interregional Transportation Improvement Program (ITIP).
- Strengthens the status of local transportation funds as trust funds. Prohibits the Legislature from reducing, diverting, transferring, appropriating, or using the one-quarter cent county sales tax that is deposited into local transportation funds for any purposes other than the historic public transit, streets and roads purposes. This local revenue source, which was created by the Transportation Development Act (TDA) of 1971, generates about \$1.4 billion annually.
- Prohibits the Legislature from interfering in any way with locally imposed taxes, including half-cent sales taxes dedicated to transit and transportation purposes.

Since 1992, the State of California has diverted \$11.2 billion in locally approved tax measures to the general fund. In 2009, the California State Legislature raided approximately \$5 billion from city, county, transit, redevelopment and special district funds.

If approved, Proposition 22 would protect nearly \$1.8 billion annually in state transit funding – \$1.4 billion per year in TDA revenues and \$450 million in PTA revenues for public transportation. Proposition 22 would also protect other revenues that the state has always collected and returned to cities, counties and other special districts, for local programs, such as police, fire, libraries and community infrastructure.

Staff recommends that the RT Board of Directors approve the proposed resolution in support of Proposition 22 and use the Local Taxpayer, Public Safety and Transportation Protection Act of 2010 as a strategic leverage tool to ensure allocation levels and secure a dependable flow of state transit funding for the District.

RESOLUTION NO. 10-09-\_\_\_\_\_

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

September 27, 2010

**EXPRESSING SUPPORT FOR THE NOVEMBER 2010 BALLOT MEASURE TO PROHIBIT THE STATE FROM BORROWING OR TAKING FUNDS USED FOR TRANSPORTATION, REDEVELOPMENT, OR LOCAL GOVERNMENT PROJECTS AND SERVICES - THE LOCAL TAXPAYER, PUBLIC SAFETY AND TRANSPORTATION PROTECTION ACT OF 2010.**

WHEREAS, the Sacramento Regional Transit District (RT) has experienced unprecedented budget shortfalls in state public transit funding due to the State of California's diversion of monies allocated for transit agencies; and

WHEREAS, public transit is essential to the Sacramento region's economic stability and growth with RT serving more than 32 million passengers in Fiscal Year 2009 and 31.5 million passengers in Fiscal Year 2010; and

WHEREAS, the diversion of public transit funds created a fiscal emergency with devastating and long-lasting impacts on the Sacramento region, RT's public transit riders, and the District's employees; and

WHEREAS, the RT Board of Directors raised fares twice within a nine-month period in 2009; and

WHEREAS, RT implemented the largest transit service reduction in RT history; and

WHEREAS, RT implemented one of the largest scale layoffs in the District's 37-year history; and

WHEREAS, insufficient funding has plagued the Sacramento region's transit operators increasing the demands on already congested highways and degrading the Sacramento region's air quality; and

WHEREAS, diverted public transit funding severely curtailed the District's plans to expand transit service to the public; and

WHEREAS, the RT Board of Directors adopted TransitAction, RT's long-range Transit Master Plan, that provides the vision for the next 30 years of public transit infrastructure investments and enhanced public transit service options for the Sacramento region to achieve future transportation goals; and

WHEREAS, TransitAction offers alternative transportation choices and considers the long term utilization of state transit funding as a vital funding source to provide the appropriate public transit integration to reduce traffic congestion by increasing the Sacramento region's bus and light rail ridership; and

WHEREAS, the lack of reliable, predictable funding support makes accomplishment of these goals unsustainable.

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Sacramento Regional Transit District Board of Directors does hereby express its support for Proposition 22, the Local Taxpayer, Public Safety and Transportation Protection Act of 2010, included on the November 2010 statewide ballot.

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STEVE MILLER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary