

## CONCURRENCE IN SENATE AMENDMENTS

AB 9 X8 (Budget Committee)

As Amended March 3, 2010

Majority vote

ASSEMBLY:	(February 4, 2010)	SENATE:	(March 4, 2010)
	(vote not relevant)		(vote not available)

Original Committee Reference: RLS.

SUMMARY: Makes various changes related to transportation and public transit funding and General Fund (GF) relief.

The Senate amendments delete the Assembly version of this bill, and instead:

- 1) Appropriate \$400 million to transit operators to help fund operations for the remainder of 2009-10 and for 2010-11.
- 2) Provide 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).
- 3) Suspend through 2011-12, requirements in current law that limit the expenditure of funds for operating purposes if certain operating cost tests are not met in order to provide relieve to struggling transit operators.
- 4) Appropriate \$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: 44% for the State Transportation Improvement Program (STIP); 12% for the State Highway Operations and Protection Program (SHOPP); and, 44% 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 10 years of about \$3 billion.
- 5) Require that \$650 million in the Public Transportation Account be retained in the 2010-11 fiscal year for later appropriation by the Legislature.
- 6) Require that the Public Transportation Account be the successor account for the eliminated Mass Transportation Fund and that the State Highway Account be the successor Account for the Transportation Investment Fund.
- 7) Create, when combined with AB 6 X8, a total GF savings of \$219 million in 2009-10, \$929 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 \$142 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; and,
- c) Directs \$603million in increased gasoline excise tax to general obligation bond debt service payments.

2011-12 and thereafter:

- a) 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.

AS PASSED BY THE ASSEMBLY, this bill was a vehicle for 2009 Budget legislation.

FISCAL EFFECT: 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 Fuel 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	6	417	251	208

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

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