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FOR IMMEDIATE RELEASE

January 8, 2010

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Governor Proposes Yet Another Scheme To Raid State Transit Funding

***Latest Budget Plan Circumvents Recent Court Rulings
That Funding Diversions Are Illegal; \$1.5 Billion in Jeopardy for 2010-11***

SACRAMENTO – As had been widely rumored for weeks, the 2010-11 State Budget proposal released today by Gov. Arnold Schwarzenegger includes an elaborate scheme designed to circumvent recent court rulings that outlawed ongoing diversions of state funding dedicated to public transit.

In a lawsuit originally filed by the California Transit Association over funding raids perpetrated in the 2007-08 budget agreement, the Third District Court of Appeals ruled last June that diversions from the Public Transportation Account (PTA) to fill non-transit holes in the General Fund violated a series of statutory and constitutional amendments enacted by voters via four statewide initiatives dating back to 1990. Administration officials appealed that ruling to the State Supreme Court, which subsequently rejected the appeal, allowing the appellate court ruling to stand.

Rather than comply with the courts, Schwarzenegger's plan would eliminate the sales tax on gasoline and diesel fuels and replace a portion of that revenue source with an increase in the excise tax on fuels, none of which would be allocated to transit. Instead of diverting money from the PTA, the proposal would remove the funding stream that is supposed to flow into the PTA in the first place, effectively eliminating state funding for transit.

The scheme supposedly maintains transportation funding at the same levels as the current year's budget, which zeroed out funding for public transit operations. Administration officials also claim the plan provides relief for California families through a net reduction of taxes paid at the gas pump.

“Once again, the Governor offers shell games instead of solutions, and transit riders in California again suffer the consequences,” lamented Joshua Shaw, the transit association's Executive Director. “The Governor wants to disguise this as some sort of tax relief for families. What about the thousands of families who depend on public transit to get to work or to go out and buy food to put on their tables, the kids who need transit to get to school, or the elderly and disabled persons who rely on transit to access medical services? I guess they don't count.”

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“We knew that the court’s ruling provided us with some reprieve, but we also knew it wasn’t beneath this Administration to seek some way to ignore the ruling,” he added. “Apparently, when you have the power to get laws changed, you don’t have any obligation to follow the ones already on the books.”

At stake in the 2010-11 budget is approximately \$1.5 billion that, under current law, would provide critical relief to transit providers seeking to meet burgeoning demand for services. More than \$3.5 billion in transit funding has been illegally diverted over the previous three years, and last year budget crafters eliminated the State Transit Assistance (STA) program, which, since its creation in the early 1970s, had been the only ongoing source of state funding for day-to-day transit operations.

As a result, transit operators throughout the state have had to resort to fare increases, service reductions and job eliminations to address the mounting shortfall.

“At the same time that state leaders – specifically the Governor – have been lauded for their moves to reduce greenhouse gas emissions and ease congestion, and to promote smart-growth planning, they have simultaneously orchestrated the eradication of support for the one service we already have in place that is best-equipped to help meet those goals,” said Shaw. “The Governor doesn’t seem to be able to make the connection between 21st century priorities on those fronts and a suitable 21st century approach to funding transportation needs.”

It is not yet known how well-received the plan will be among lawmakers. Recent progress in highlighting the plight of transit among legislative leaders – including informational hearings conducted last month by the Assembly Transportation Committee – suggest the scheme could face stiff opposition from at least a small but influential contingent.

“There are those in the Legislature who get it, and we look forward to working with them to give this proposal the rejection it deserves,” said Shaw. “We understand the tough task lawmakers face in dealing with the state’s budget crisis, but there are many in the Legislature who also understand that transit has already borne far more than its fair share of the burden. We think it’s possible to abide by the court’s decisions on transit funding and still contribute to General Fund relief without resorting to this kind of scheme.”

Foreseeing that even success in the courts might not halt the funding grabs, the Association has partnered with the League of California Cities and the California Alliance for Jobs on a statewide ballot initiative that would prevent further raids on state funding for a variety of local services, including public safety, libraries and parks, in addition to public transit. The campaign on behalf of the measure is currently collecting signatures with an eye toward qualifying for the November, 2010 ballot.

“Frankly, it’s disappointing that we would have to resort to another initiative, but that’s apparently what it’s going to take to prevent future governors from exploiting such loopholes and put an end to the annual budget shenanigans,” Shaw said. “Not only will this measure protect the vital funding for local services that voters have repeatedly and overwhelmingly demanded, but it will help to hasten the serious reform of the budget process that is long overdue.”

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