

April 27, 2017

The Honorable Edmund G. Brown Jr.
Governor, State of California
State Capitol Building, Suite 1173
Sacramento, California 95814

Re: SB 1 (Beall and Frazier) Transportation Funding – SIGNATURE REQUEST

Governor Brown:

On behalf of the California Transit Association, I write to you today to thank you for your leadership in steering SB 1 (Beall and Frazier) through the Legislature, and to respectfully request that you **SIGN** this important measure. SB 1 represents more than two years of hard work and dedication by Senate President pro Tempore Kevin de León, Assembly Speaker Anthony Rendon and Transportation Committee Chairs Jim Beall and Jim Frazier, and recognizes the important role that *all modes* of transportation play in facilitating the health, safety and economic vitality of our state. If signed into law, the bill would direct significant new revenue to addressing deferred maintenance on state highways and local streets & roads as well as the maintenance and expansion of our public transit systems.

As you are aware, California faces a transportation funding crisis, precipitated in large part by the declining value of gas and diesel taxes and the exhaustion of one-time transportation funding sources. Without immediate action in 2017, pavement conditions will deteriorate at a faster pace and public transit systems will fall into a state of disrepair, resulting in increased costs and potentially catastrophic impacts to our population's health, safety and economic competitiveness.

This bill would address these needs in a balanced manner by allocating approximately \$5.24 billion annually for investment in California's highways, streets & roads, and public transportation. SB 1 would increase the incremental sales tax on diesel fuel, generating over \$250 million annually for the State Transit Assistance program, and an additional \$40 million annually for intercity and commuter passenger rail. SB 1 would also establish a new "Transportation Improvement Fee" under the Vehicle License Fee Law and would dedicate the revenue it generates towards state of good repair expenditures, environmentally sustainable improvements to relieve congestion and the Transit and Intercity Rail Capital program. Together, the investments that would be made by SB 1 will reduce greenhouse gas emissions and boost California's public transportation network.

Additionally, the bill would provide funding for various other multimodal programs with the potential to boost public transit. More specifically, the proposal would provide: \$200 million annually for the "State and Local Partnership Program" to reward self-help counties; \$110 million annually for the State Transportation Improvement Program; \$100 million annually for the Active Transportation Program to expand and improve bicycle and pedestrian facilities; and, \$25 million annually to fund planning grants to assist regions with developing and updating their Regional Transportation Plans and Sustainable Community Strategies.

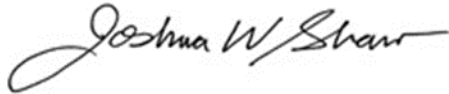
In all, this bill would direct or make available approximately \$600 million to \$900 million annually in new funding for public transportation agencies, which are vital to modernizing our state's transit fleets and facilities.

SB 1 represents the biggest new state commitment to public transportation in more than 40 years and we thank you for helping to make its passage a reality. The Association supported SB 1 (Beall and Frazier) as it moved through the Legislature because it offers a comprehensive solution to addressing the complex needs of California's transportation infrastructure, while firmly recognizing the importance of maintaining and expanding our public transportation systems. Our more than 200 members are beyond pleased that the bill is before you today for your signature.

For the reasons stated above, I would like to, once again, urge you to **SIGN** SB 1 (Beall and Frazier). Thank you again for your hard work in moving SB 1 forward.

Please feel free to contact me directly at (916) 446-4656 if you have any questions or comments.

Sincerely,

A handwritten signature in black ink that reads "Joshua W. Shaw". The signature is written in a cursive style with a large, looping initial "J".

Joshua W. Shaw
Executive Director

The Honorable Kevin de León, President pro Tempore, California State Senate
The Honorable Anthony Rendon, Speaker, California State Senate
The Honorable Jim Beall, Chair, Senate Transportation and Housing Committee
The Honorable Jim Frazier, Chair, Assembly Transportation Committee

January 20, 2017

The Honorable Jim Beall
Chair, Senate Transportation and Housing Committee
State Capitol, Room 2209
Sacramento, CA 95814

Re: SB 1 (Beall) Transportation Funding – SUPPORT

Chair Beall:

On behalf of the California Transit Association, I write to thank you for your dedication to solving the state's chronic transportation funding crisis, and to voice our strong **SUPPORT** for SB 1 (Beall). This vital measure recognizes the important role that *all modes* of transportation play in facilitating the health, safety and economic vitality of our state and would direct significant new revenue to addressing deferred maintenance on state highways and local streets & roads as well as the maintenance and expansion of our public transit systems.

As you are aware, California faces a transportation funding crisis, precipitated in large part by the declining value of the gas tax and the exhaustion of one-time transportation funding sources. According to estimates by the Governor's Administration, this lack of funding has resulted in a backlog of deferred maintenance on the state highway system of \$59 billion over the next ten years. Similarly, local governments have estimated that the funding shortfall for maintenance of existing local streets and roads is \$78 billion over the same time period. Without immediate action in 2017, pavement conditions will deteriorate at a faster pace, resulting in increased costs and potentially catastrophic impacts to our population's health, safety and economic competitiveness.

At the same time, **public transit, which serves as an affordable and efficient alternative to automobile travel for millions of Californians, requires approximately \$72 billion in new funding over the next decade** to maintain existing infrastructure, and to build the capacity necessary to meet the mobility needs of our state's growing population. This level of new funding is essential to meeting the ambitious environmental objectives already established by AB 32 (Nunez) [Chapter 488, Statutes of 2006], SB 375 (Steinberg) [Chapter 728, Statutes of 2008], Executive Orders S-03-05 and B-16-12, as well as AB 1550 (Gomez) [Chapter 369, Statutes of 2016] and SB 32 (Pavley) [Chapter 249, Statutes of 2016]. Left unaddressed, these needs will degrade the quality, frequency and reliability of transit service, depressing ridership and limiting access for the transit dependent; hurt our economic competitiveness; and, undermine the environmental and air quality objectives the state is striving to achieve.

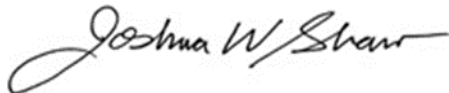
This bill would address these needs in a balanced manner by generating approximately \$6 billion annually for investment in California's highways, streets & roads, and public transit. Of importance to the Association and its diverse membership, this bill would double the existing continuous appropriations from the Greenhouse Gas Reduction Fund to the Transit and Intercity Rail Capital and Low Carbon Transit Operations programs, benefiting new, and oftentimes transformative, capital projects and services that reduce vehicle-miles traveled and greenhouse gas emissions. This bill would more than treble the incremental diesel sales tax flowing to the State Transit Assistance (STA) program, allowing for investment in the maintenance and repair of existing transit vehicle fleets and

facilities, and dedicate a new portion of this revenue to fund intercity rail and commuter rail projects. While we do not have a specific position on your proposed intercity and commuter rail expenditure, we recognize that this bill could, in all, provide approximately \$600 million to mass transportation, which would be used to modernize our state's fleets and facilities.

The Association supports SB 1 (Beall) because it offers a comprehensive solution to addressing the complex needs of California's transportation infrastructure, while firmly recognizing the importance of maintaining and expanding our public transit systems. Overall, the investments in public transit proposed by this bill are vital to improving our growing public transit network. We look forward to engaging with you further to ensure that the bill's proposed investment in public transit will help the state achieve and sustain its environmental goals for 2050.

For the reasons stated above, I would like to reiterate the Association's **SUPPORT** position on SB 1 (Beall). Please feel free to contact me directly at (916) 446-4656 if you have any questions or comments.

Sincerely,

A handwritten signature in black ink that reads "Joshua W. Shaw". The signature is written in a cursive, flowing style.

Joshua W. Shaw
Executive Director

The Honorable Edmund G. Brown, Jr., Governor, State of California
The Honorable Kevin de Leon, President pro Tempore, California State Senate
The Honorable Anthony Rendon, Speaker, California State Senate
The Honorable Jean Fuller, Minority Leader, California State Senate
The Honorable Chad Mayes, Minority Leader, California State Assembly
The Honorable Jim Frazier, Chair, Assembly Transportation Committee
Members and Consultants, Senate Transportation and Housing Committee

January 20, 2017

The Honorable Jim Frazier
Chair, Assembly Transportation Committee
1020 N Street, Room 112
Sacramento, CA 95814

Re: AB 1 (Frazier) Transportation Funding – SUPPORT

Chair Frazier:

On behalf of the California Transit Association, I write to thank you for your dedication to solving the state's chronic transportation funding crisis, and to voice our **SUPPORT** for AB 1 (Frazier). This vital measure recognizes the important role that *all modes* of transportation play in facilitating the health, safety and economic vitality of our state and would direct significant new revenue to addressing deferred maintenance on state highways and local streets & roads as well as the maintenance and expansion of our public transit systems.

As you are aware, California faces a transportation funding crisis, precipitated in large part by the declining value of the gas tax and the exhaustion of one-time transportation funding sources. According to estimates by the Governor's Administration, this lack of funding has resulted in a backlog of deferred maintenance on the state highway system of \$59 billion over the next ten years. Similarly, local governments have estimated that the funding shortfall for maintenance of existing local streets and roads is \$78 billion over the same time period. Without immediate action in 2017, pavement conditions will deteriorate at a faster pace, resulting in increased costs and potentially catastrophic impacts to our population's health, safety and economic competitiveness.

At the same time, **public transit, which serves as an affordable and efficient alternative to automobile travel for millions of Californians, requires approximately \$72 billion in new funding over the next decade** to maintain existing infrastructure, and to build the capacity necessary to meet the mobility needs of our state's growing population. This level of new funding is essential to meeting the ambitious environmental objectives already established by AB 32 (Nunez) [Chapter 488, Statutes of 2006], SB 375 (Steinberg) [Chapter 728, Statutes of 2008], Executive Orders S-03-05 and B-16-12, as well as AB 1550 (Gomez) [Chapter 369, Statutes of 2016] and SB 32 (Pavley) [Chapter 249, Statutes of 2016]. Left unaddressed, these needs will degrade the quality, frequency and reliability of transit service, depressing ridership and limiting access for the transit dependent; hurt our economic competitiveness; and, undermine the environmental and air quality objectives the state is striving to achieve.

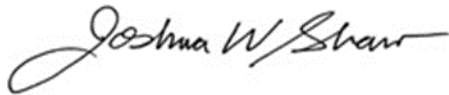
This bill would address these needs in a balanced manner by generating approximately \$6 billion annually for investment in California's highways, streets & roads, and public transit. Of importance to the Association and its diverse membership, this bill would double the existing continuous appropriations from the Greenhouse Gas Reduction Fund to the Transit and Intercity Rail Capital and Low Carbon Transit Operations programs, benefiting new, and oftentimes transformative, capital projects and services that reduce vehicle-miles traveled and greenhouse gas emissions. This bill would also treble the incremental diesel sales tax flowing to the State Transit Assistance (STA) program, allowing for investment in the maintenance and repair of existing transit vehicle fleets and

facilities. In all, this bill could generate approximately \$563 million for public transit agencies, which would be used to modernize our state's transit fleets and facilities.

The Association supports AB 1 (Frazier) because it offers a comprehensive solution to addressing the complex needs of California's transportation infrastructure, while firmly recognizing the importance of maintaining and expanding our public transit systems. Overall, the investments in public transit proposed by this bill are vital to improving our growing public transit network. We look forward to engaging with you further to ensure that the bill's proposed investment in public transit will help the state achieve and sustain its environmental goals for 2050.

For the reasons stated above, I would like to reiterate the Association's **SUPPORT** position on AB 1 (Frazier). Please feel free to contact me directly at (916) 446-4656 if you have any questions or comments.

Sincerely,

A handwritten signature in black ink that reads "Joshua W. Shaw". The signature is written in a cursive, flowing style.

Joshua W. Shaw
Executive Director

The Honorable Edmund G. Brown, Jr., Governor, State of California
The Honorable Kevin de Leon, President pro Tempore, California State Senate
The Honorable Anthony Rendon, Speaker, California State Senate
The Honorable Jean Fuller, Minority Leader, California State Senate
The Honorable Chad Mayes, Minority Leader, California State Assembly
The Honorable Jim Beall, Chair, Senate Transportation and Housing Committee
Members and Consultants, Assembly Transportation Committee



June 2, 2016

To: 2016-17 Budget Conference Committee Conferees

Fm: Joshua W. Shaw, Executive Director

Subject: SUPPORT Cap and Trade Funding for Public Transit & Low Carbon Roads Program

On behalf of the California Transit Association and the millions of Californians who rely on fast and efficient public transit, I write to you today to underscore the importance of investing **additional** Cap and Trade revenues in California's transportation infrastructure.

As you know, California's growing funding crisis is debilitating all modes of transportation. While we understand that the Legislature continues to debate the specifics of a comprehensive transportation funding package, we respectfully urge you to act *today* to make a down payment on improving California's transportation infrastructure by directing **additional** Cap and Trade revenues to public transit and low carbon roads. This investment is prudent because the transportation sector generates 38 percent of all greenhouse gas (GHG) emissions in the state, but currently receives only 15 percent of Cap and Trade revenues on an ongoing basis; and, necessary because efficiencies in public transit are vital to achieving our state's climate objectives.

We support **at least** the Assembly Budget Subcommittee No. 3 on Resources and Transportation's proposed **appropriation of \$500 million in unallocated Cap and Trade revenue to public transit and low carbon roads**; however, we request that you split the \$400 million proposed for the Transit and Intercity Rail Capital Program evenly between that program *and* the Low Carbon Transit Operations Program. This change would ensure that transit agencies can fund not only new, low-GHG-emitting capital projects – like zero emission bus replacements – but also the operating expenses transit agencies must bear to put those new vehicles into service, as well.

We also note that several bills introduced in the special session on transportation & infrastructure funding would actually double the percentage amounts continuously appropriated to those two transit programs; we strongly commend this approach to you, over and above the proposed one-time appropriation discussed above. To maximize the GHG emission reduction benefits of transit services, agencies must be able to plan for and implement projects and services supported by a more robust funding stream – projects and services capable of attracting new riders in much greater numbers and therefore dramatically transforming the current vehicle mode split.

Of course, even more funding is needed than can be provided by Cap and Trade, for transit and all modes; for instance, of the \$72 billion funding shortfall faced by public transit agencies over the next decade, roughly \$39 billion is needed to address issues of deferred maintenance and vehicle & facility rehabilitation. These deferred needs *cannot* be addressed with additional Cap and Trade revenues *alone*. Meeting these critical needs requires: recognition that the State Transit Assistance (STA) program, the primary source of state funding that can be utilized for transit capital maintenance and rehabilitation, has declined by 35 percent since FY 2013-14; and, provision of additional funding. Table 1 below provides a snapshot of the **STA program's continuously decreasing revenue** since 2013. Transit agencies across the state fear that, if trends witnessed in the first quarter of this year continue, projected revenue for the STA program in FY 2015-16 & FY 2016-17 will fall below even these modest projections.

Table 1. State Transit Assistance Program Funding (by Fiscal Year)

FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
\$408.1 million	\$383.9 Million	\$351.5 million ('15 May Revise)	\$315.2 million ('16 January Budget)
		\$299.4 million ('16 January Budget)	\$266.9 million ('16 May Revise)
		\$297.6 million ('16 May Revise)	

With this adverse trend in mind, and the huge needs faced by transit agencies to modernize their fleets and facilities, we request that, as you and your colleagues work out the details of a comprehensive solution to the state's transportation funding crisis, the needs of the STA program remain a central component of the 2016 transportation funding conversation. We believe that various proposals introduced to-date, including bills that would treble the incremental diesel sales tax directed to the STA program, provide a reasonable blueprint for addressing the needs of public transit in this area.

Going forward, the Association and its members intend to work with you to ensure the swift enactment of this budget, and the passage of a comprehensive transportation funding package that acknowledges the growing risks of deteriorating transit, highway and roadway infrastructure.

We appreciate your consideration.

cc: The Honorable Edmund G. Brown, Jr., Governor, State of California
The Honorable Kevin de Leon, President pro Tempore, California State Senate
The Honorable Anthony Rendon, Speaker, California State Senate
The Honorable Jean Fuller, Minority Leader, California State Senate
The Honorable Chad Mayes, Minority Leader, California State Assembly
The Honorable Jim Beall, Chair, Senate Transportation and Housing Committee
The Honorable Jim Frazier, Chair, Assembly Transportation Committee
Craig Cornett, Consultant, Office of the Senate President pro Tempore
Mark Ibele, Staff Director, Senate Budget and Fiscal Review Committee
Farra Bracht, Deputy Staff Director, Senate Budget and Fiscal Review Committee
Chris Woods, Consultant, Office of the Assembly Speaker
Christian Griffith, Chief Consultant, Assembly Budget Committee

Budget Conference Committee Conferees:

The Honorable Mark Leno, Co-Chair
Budget Conference Committee
State Capitol, Room 5019
Sacramento, CA 95814

The Honorable Phil Ting, Co-Chair
Budget Conference Committee
State Capitol, Room 6026
Sacramento, CA 95814

The Honorable Ricardo Lara
Budget Conference Committee
State Capitol, Room 5050
Sacramento, CA 95814

The Honorable Richard Bloom
Budget Conference Committee
State Capitol, Room 2003
Sacramento, CA 95814

The Honorable Loni Hancock
Budget Conference Committee
State Capitol, Room 2082
Sacramento, CA 95814

The Honorable Lorena Gonzalez
Budget Conference Committee
State Capitol, Room 3146
Sacramento, CA 95814

The Honorable Patricia Bates
Budget Conference Committee
State Capitol, Room 4048
Sacramento, CA 95814

The Honorable Jay Obernolte
Budget Conference Committee
1020 N Street, Room 4116
Sacramento, CA 95814

The Honorable Jim Nielsen
Budget Conference Committee
State Capitol, Room 2068
Sacramento, CA 95814

The Honorable Kristin Olsen
Budget Conference Committee
State Capitol, Room 4144
Sacramento, CA 95814



March 18, 2016

The Honorable Edmund G. Brown Jr.
Governor, State of California
State Capitol, Suite 1173
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker, California State Assembly
State Capitol, Room 219
Sacramento, CA 95814

The Honorable Kevin de León
President pro Tempore, California State Senate
State Capitol, Room 205
Sacramento, CA 95814

The Honorable Chad Mayes
Minority Leader, California State Assembly
State Capitol, Room 3104
Sacramento, CA 95814

The Honorable Jean Fuller
Minority Leader, California State Senate
State Capitol, Room 305
Sacramento, CA 95814

The Honorable Phil Ting
Chair, Assembly Budget Committee
State Capitol, Room 6026
Sacramento, CA 95814

The Honorable Mark Leno
Chair, Senate Budget and Fiscal Review Committee
State Capitol, Room 5019
Sacramento, CA 95814

The Honorable Jim Frazier
Chair, Assembly Transportation Committee
1020 N Street, Room 112
Sacramento, CA 95814

The Honorable Jim Beall
Chair, Senate Transportation and Housing Committee
State Capitol, Room 2209
Sacramento, CA 95814

URGENT: INCREASE INVESTMENT IN PUBLIC TRANSIT

Dear Governor Brown, Legislative Leaders, Budget Committee Chairs and Transportation Committee Chairs:

On behalf of the California Transit Association and the millions of Californians who rely on effective and efficient transit systems, I write to thank you for your continued acknowledgement of the vital role that transportation infrastructure plays in supporting the health, safety and economic vitality of our state, and to urge you to consider that investments in California's public transit networks are a crucial component of an integrated and efficient transportation system.

As we communicated to you last year, we agree that California faces a transportation infrastructure funding crisis. We understand our state highway system and our local streets & roads face a funding shortfall in excess of \$130 billion. Without a near-term legislative solution to address these pressing needs, pavement conditions will deteriorate at a faster pace, resulting in increased costs and potentially catastrophic impacts to our population's health and safety, and to California's economic competitiveness.

For these reasons, the Association and its members have proudly supported various legislative efforts introduced in the Regular and Extraordinary Sessions to increase funding for state highways and local streets & roads. *However*, as the organization representing California's transit operators, and in behalf of the Californians who last year took more than 1.4 billion passenger trips on those local transit systems, we must continue to underscore that **California's infrastructure funding crisis is not limited to highways and local streets & roads.**

A needs assessment, commissioned by our Association in 2011, after the four major metropolitan planning organizations' sustainable communities strategies had been published, found that **California's transit infrastructure faces a funding shortfall of approximately \$72 billion over the next decade**. Of that amount, roughly \$39 billion is needed to address issues of deferred maintenance and vehicle & facility rehabilitation. These deferred maintenance needs also put the health and safety of Californians at risk, and threaten our state's economic competitiveness. Furthermore, **these unaddressed needs degrade the quality, frequency and reliability of transit service**, depressing ridership and limiting access for the transit dependent, and potentially undermine the ambitious environmental and air quality objectives you are striving to achieve.

Since the needs assessment was commissioned, **revenue from the State Transit Assistance (STA) program, a vital source of state funding that can be utilized for transit capital maintenance and rehabilitation, has sharply declined**. Program funding is down sharply because the STA program relies on the diesel sales tax as its *sole source* of revenue, and the continued reduction in the price of diesel fuel over the levels realized in previous years *despite* increases in diesel fuel consumption. Table 1 below provides a snapshot of the STA program's decreasing revenue to-date since 2013, while also highlighting the ever-shrinking revenue forecasts for FY 2015-16. Transit agencies across the state fear that, if trends witnessed in the first quarter of this year continue, projected revenue for the STA program in FY 2015-16 and FY 2016-17 will fall below even the modest projections listed.

Table 1. State Transit Assistance Program Funding (by Fiscal Year)

FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
\$408.1 million	\$383.9 Million	\$351.5 million ('15 May Revise)	\$315.2 million ('16 January Budget Projected)
		\$299.4 million ('16 January Budget)	
		\$280.0 million ('16 Q1 Allocation Projection)	

With this adverse trend in mind, we submit that public transit must remain a central component of the 2016 transportation funding conversation. As is the case with state highways and local streets & roads, the cost of inaction is the further deterioration of existing transit assets, and the increased probability of today's maintenance needs becoming tomorrow's more costly replacement imperatives. Additionally – *and unique to transit* – the costs of deferred maintenance are compounded by the foregone environmental and air quality benefits that would otherwise result from well-maintained public transportation infrastructure.

We, therefore, urge that as you consider a consensus transportation funding package, **that the package be comprised of a balanced mix of investments, which address the state's immediate infrastructure needs across all transportation modes**, and which lay the foundation for a more sustainable California. We must caution that, though they are necessary, the proposed investments in state highways and local streets & roads do little to reduce greenhouse gas emissions (the majority of which come from transportation), improve air quality, or reduce bottlenecks on congested thoroughfares. In fact, according to the draft California Transportation Plan 2040, a strategy of "more of the same" actually *increases* vehicle miles traveled and greenhouse gas emissions by 2050 as a result of increased population. Investments in public transit combat this potential reality by improving air quality, reducing greenhouse gas emissions and congestion, and creating new ladders of opportunity for the transit dependent.

Proposals introduced by Governor Brown and Assembly Member Frazier advance a balanced strategy for funding the maintenance and rehabilitation of state highways, local streets & roads and trade corridors, while directing new resources to public transit. **We support those efforts**. Below, we offer a number of potential funding mechanisms the Legislature may *also* want to consider, to provide transit with additional revenues:

- Increase the Transportation Development Act's Contribution to Mass Transit AND to Local Streets & Roads in Rural and Suburban Areas:** In 1971, then-Governor Ronald Reagan and the Legislature dedicated one-quarter per cent of the state's sales tax to counties agreeing to spend those funds on public transportation, on a *situs* basis; rural and suburban areas were allowed to spend their share of these funds on improving local streets & roads. Increasing the sales tax by 0.25 percent and dedicating those funds to this existing, well-understood program instantly provides \$1.7 to \$1.9 billion annually in new transportation investments, including for streets & roads, and could be done with no net new impact on taxpayers.

- **Diesel Sales Tax:** Transit operators receive direct state funding subventions via the State Transit Assistance (STA) program, which is generated solely by the sales tax on diesel fuel. In 2011, as a result of the gas tax swap, which mostly eliminated the sales tax on gas and therefore all other sources of STA funding, the STA was initially bolstered by an incremental increase in the diesel sales tax. However, this incremental rate, which peaked at 2.17% in 2012-13, has fallen to 1.75% – and the STA program's revenues have declined concurrently. With Proposition 1B now fully appropriated, the STA program is the sole source of state funding that can be used for transit capital maintenance and rehabilitation.

Increasing the sales tax would provide new flexible funding for transit operators statewide; trebling the current incremental sales tax rate on diesel fuel to 5.25% would generate about \$300 million, which could be directed to the STA program, on the existing formula.

- **Cap and Trade:** The transportation sector is responsible for 38% of the greenhouse gas emissions in the state, yet only 15% of Cap and Trade revenues are guaranteed to local and regional public transit programs on an ongoing basis to reduce these emissions. Additionally, an overwhelming majority of the revenue generated from the Cap and Trade allowance auctions is attributed to the fuel sector and these revenues should be reinvested in transportation programs that mitigate the impacts of transportation fuels on our environment. If California is to achieve the ambitious greenhouse gas emission reductions called for in Governor Brown's recent executive order and the petroleum reduction target originally called for in Senate President pro Tem de León's SB 350, it is time to acknowledge the role that public transit must play in curbing vehicle miles traveled. We suggest the legislature increase from 10% to 20% the Cap and Trade revenues continuously appropriated to the Transit and Intercity Rail Capital Program, and increase from 5% to 10% the Cap and Trade revenues continuously appropriated to the Low Carbon Transit Operations Program.

In addition to the revenue sources proposed above, the Association is happy to discuss a number of other funding options used by other states to pay for transit service. One example of a funding source used in other states, including New York, Oregon, and Washington, is a payroll tax:

- **Payroll Tax:** A payroll tax would impose a transportation access charge on all payrolls based on place of employment in California for metropolitan areas which are served by transit systems, and dedicate the revenues to transit and other transportation related programs that improve access to improved transportation choices for commuters. A payroll tax of 0.25 percent imposed on the first \$104,000 of income would generate approximately \$1.3 billion annually for transit.

Going forward, the members of the Association will continue to work with the Administration and the Legislature to ensure the passage of a comprehensive transportation funding package that acknowledges the growing risks of deteriorating transit, highway and roadway infrastructure, and which contemplates the state's long-term mobility, economic and environmental needs. We hope that, with your leadership, the Legislature will act to provide significant funding to address public transit's deferred maintenance needs, if not also the need to expand these systems.

We appreciate your consideration.

Sincerely,



Joshua W. Shaw
Executive Director

cc: Members, California State Senate
Members, California State Assembly
Brian Kelly, Secretary, California State Transportation Agency



October 19, 2015

The Honorable Jim Beall
Co-chair, Transportation Infrastructure
Conference Committee
State Capitol, Room 5066
Sacramento, CA 95814

The Honorable Jimmy Gomez
Co-chair, Transportation Infrastructure
Conference Committee
State Capitol, Room 2114
Sacramento, CA 95814

Re: Need for Transit Funding as Part of Transportation Package

Dear Co-Chairs Beall and Gomez:

On behalf of the California Transit Association and the millions of Californians who rely on effective and efficient transit systems, I write to thank you for acknowledging the vital role that transportation infrastructure plays in supporting the health, safety and economic vitality of our state, and to urge you to consider that investments in California's public transit networks are a crucial component of an integrated transportation system.

We agree that California faces a transportation infrastructure funding crisis. We understand our state highway system and our local streets & roads face a funding shortfall in excess of \$130 billion. Without a near-term legislative solution to address these pressing needs, pavement conditions will deteriorate at a faster pace, resulting in increased costs and potentially catastrophic impacts to our population's health and safety, and to California's economic competitiveness.

For these reasons, the Association and its members have proudly supported various legislative efforts to increase funding for state highways and local streets & roads. *However*, as the organization representing California's transit operators and the people of California who took more than 1.4 billion passenger trips on those local transit systems, we must continue to emphasize that **California's infrastructure funding crisis is not simply limited to highways and local streets & roads.**

A needs assessment, commissioned by our Association in 2011, after the four major metropolitan planning organizations' sustainable communities strategies had been published, found that **California's transit infrastructure faces a funding shortfall of approximately \$72 billion over the next decade.** Of that amount, roughly \$39 billion is needed to address issues of deferred maintenance and vehicle & facility rehabilitation. These deferred maintenance needs also put the health and safety of Californians at risk, and threaten our state's economic competitiveness. Furthermore, **these unaddressed needs degrade the quality, frequency and reliability of transit service,** depressing ridership and limiting access for the transit dependent, and potentially undermine the ambitious environmental and air quality

objectives you are striving to achieve.

With this in mind, we submit that omitting transit from today's transportation funding conversation would be a shortsighted decision with disastrous long-term implications. As is the case with state highways and local streets & roads, the cost of inaction is the further deterioration of existing transit assets, and the increased probability of today's maintenance needs becoming tomorrow's more costly replacement imperatives. Additionally – *and unique to transit* – the costs of deferred maintenance are compounded by the foregone environmental and air quality benefits that would otherwise result from well-maintained public transportation infrastructure.

We, therefore, urge that as the newly created conference committee considers a transportation-funding package, **that the package be comprised of a balanced mix of investments, which address the state's immediate infrastructure needs across all transportation modes**, and which lay the foundation for a more sustainable California. We must caution that, though they are necessary, the proposed investments in state highways and local streets & roads do little to reduce greenhouse gas emissions (the majority of which come from transportation), improve air quality, or reduce bottlenecks on congested thoroughfares. In fact, according to the draft California Transportation Plan 2040, a strategy of "more of the same" actually increases vehicle miles traveled and greenhouse gas emissions by 2050 as a result of increased population. Investments in public transit combat this potential reality by improving air quality, reducing greenhouse gas emissions and congestion, and creating new ladders of opportunity for the transit dependent.

In the waning days of the first year of the 2015-16 Legislative Session, Governor Brown released the draft framework for a \$3.6 billion transportation funding package, which would benefit state highways, local streets & roads, *and transit*. In this framework, supported by Assembly Speaker Atkins, an investment of \$400 million annually was proposed for transit, with an additional \$100 million for complete streets projects that promote transit and support bicycling & walking. **We applaud the Governor for putting this framework on the table, and urge the conference committee to continue this momentum by keeping transit in the discussion as you work to craft a long-term funding solution.**

Below, we offer a number of potential funding mechanisms the Legislature could consider to provide transit with additional revenues at a level called for by Governor Brown in his \$3.6 billion proposal:

- **Increase the Transportation Development Act's Contribution to Mass Transit AND to Local Streets & Roads in Rural and Suburban Areas:** In 1971, then-Governor Ronald Reagan and the Legislature dedicated one-quarter per cent of the state's sales tax to counties agreeing to spend those funds on public transportation, on a *situs* basis; rural and suburban areas were allowed to spend their share of these funds on improving local streets & roads. Increasing the sales tax by 0.25 percent and dedicating those funds to this existing, well-understood program instantly provides \$1.7 to \$1.9 billion annually in new transportation investments, including for streets & roads, and could be done with no net new impact on taxpayers.
- **Diesel Sales Tax:** Transit operators receive direct state funding subventions via the State Transit Assistance (STA) program, which is generated solely by the sales tax on diesel fuel. In 2011, as a result of the gas tax swap, which mostly eliminated the sales tax on gas and therefore all other sources of STA funding, the STA was initially bolstered by an incremental increase in the diesel sales tax. However, this incremental rate, which peaked at 2.17% in 2012-13, has fallen to 1.75% -- and the STA program's revenues have declined concurrently. With Proposition 1B now fully appropriated, the STA program is the sole source of state funding that can be used for transit capital maintenance and rehabilitation.

Increasing the sales tax would provide new flexible funding for transit operators statewide; trebling the current incremental sales tax rate on diesel fuel to 5.25% would generate about \$300 million, which could be directed to the STA program, on the existing formula.

- **Cap and Trade:** The transportation sector is responsible for 38% of the greenhouse gas emissions in the state, yet only 15% of Cap and Trade revenues are guaranteed to local and regional public transit programs on an ongoing basis to reduce these emissions. Additionally, an overwhelming majority of the revenue generated from the Cap and Trade allowance auctions is attributed to the fuel sector and these revenues should be reinvested in transportation programs that mitigate the impacts of transportation fuels on our environment. If California is to achieve the ambitious greenhouse gas emission reductions called for in Governor Brown's recent executive order and the petroleum reduction target originally called for in Senate President pro Tem de León's SB 350, it is time to acknowledge the role that public transit must play in curbing vehicle miles traveled. We suggest the legislature increase from 10% to 20% the Cap and Trade revenues continuously appropriated to the Transit and Intercity Rail Capital Program, and increase from 5% to 10% the Cap and Trade revenues continuously appropriated to the Low Carbon Transit Operations Program.

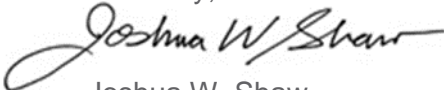
In addition to the revenue sources proposed above, the Association is happy to discuss a number of other funding options used by other states to pay for transit service. One example of a funding source used in other states, including New York, Oregon, and Washington, is a payroll tax:

- **Payroll Tax:** A payroll tax would impose a transportation access charge on all payrolls based on place of employment in California for metropolitan areas which are served by transit systems, and dedicate the revenues to transit and other transportation related programs that improve access to improved transportation choices for commuters. A payroll tax of 0.25 percent imposed on the first \$104,000 of income would generate approximately \$1.3 billion annually for transit.

Going forward, the members of the California Transit Association will continue to work with the Administration and the Legislature to ensure the passage of a comprehensive transportation funding package that acknowledges the growing risks of deteriorating transit, highway and roadway infrastructure, and which contemplates the state's long-term mobility, economic and environmental needs. We hope that, with your leadership, the final product of the special session will provide significant funding to address public transit's deferred maintenance needs, if not also the need to expand these systems.

We appreciate your consideration.

Sincerely,



Joshua W. Shaw
Executive Director

CC: The Honorable Jerry Brown, Governor, State of California
The Honorable Ben Allen, Transportation Infrastructure Conference Committee
The Honorable Connie Leyva, Transportation Infrastructure Conference Committee
The Honorable Anthony Cannella, Transportation Infrastructure Conference Committee
The Honorable Ted Gaines, Transportation and Infrastructure Conference Committee
The Honorable Autumn R. Burke, Transportation Infrastructure Conference Committee
The Honorable Melissa Melendez, Transportation Infrastructure Conference Committee
The Honorable Kevin Mullin, Transportation Infrastructure Conference Committee
The Honorable Jay Obernolte, Transportation and Infrastructure Conference Committee
Brian Kelly, Secretary, California State Transportation Agency



August 11, 2015

The Honorable Jim Beall
Chair, Senate Transportation and Infrastructure Development Committee
State Capitol, Room 2209
Sacramento, CA 95814

Re: SB X1 1 (Beall) Transportation Funding – SUPPORT AND SEEK AMENDMENTS

Dear Chair Beall,

On behalf of the California Transit Association, I write to thank you for your continued leadership in addressing the state's transportation funding needs, and to voice our **SUPPORT AND SEEK AMENDMENTS** position on SB X1 1 (Beall). This special session measure recognizes the important role that transportation infrastructure plays in facilitating the health, safety and economic vitality of our state by raising new revenue to address the ongoing issue of deferred maintenance on state highways and local streets & roads.

As you are no doubt aware, California is in the midst of an infrastructure funding crisis, precipitated in large part by the declining value of the gas tax. According to recent estimates by the Governor's Administration, this lack of funding has resulted in a backlog of deferred maintenance on the state highway system of \$59 billion over the next ten years. Similarly, local governments have estimated that the funding shortfall for maintenance of existing local streets and roads is \$78 billion over the same time period. Without immediate legislative action to address these pressing needs, pavement conditions will deteriorate at a faster pace, resulting in increased costs and potentially catastrophic impacts to our population's health, safety and economic competitiveness.

This bill would begin to address this backlog of deferred maintenance by generating approximately \$4 billion to \$4.5 billion in new revenue for transportation annually. These new revenues would be directed to the state, and cities & counties to be used exclusively on the maintenance of highways, streets & roads, bridges and improving freight mobility. However, no revenues would be directed to support public transit.

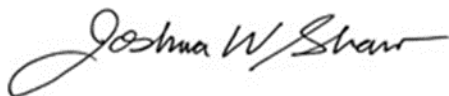
Recognizing the significance of California's infrastructure funding needs, and the very real risks of continued inaction, the Association is proud to support this bill. However, we must continue to stress that California's infrastructure funding crisis is not limited to state highways, and local streets & roads. Public transit, which serves as an affordable and efficient alternative to automobile travel for millions of Californians, similarly faces \$39 billion in deferred maintenance costs. These deferred maintenance needs, like those of our state highways and local streets & roads, put the health and safety of Californians at risk, and threaten our state's economic competitiveness. Furthermore, these unaddressed needs degrade the quality, frequency and reliability of transit service, depressing ridership and limiting access for the transit dependent, and potentially undermine the ambitious environmental and air quality objectives you are striving to achieve. We, therefore, believe that support for this bill must be matched with support for increased public transit funding that helps

ensure our public transit network is in a state of good repair and capable of achieving the various policy objectives of California's landmark environmental legislation.

As this bill moves forward, the Association will continue to work with the Administration and the Legislature to ensure the passage of a comprehensive transportation funding package that acknowledges the growing risks of deteriorating transit, highway and roadway infrastructure, and which contemplates the state's long-term mobility, economic and environmental needs. We hope that, with your support, the final version of this bill would provide significant funding to address public transit's deferred maintenance needs, if not also the need to expand these systems.

For the reasons stated above, I would like to reiterate the Association's **SUPPORT AND SEEK AMENDMENTS** position on SB X1 1 (Beall). Please feel free to contact me directly at (916) 446-4656 if you have any questions or comments.

Sincerely,

A handwritten signature in black ink that reads "Joshua W. Shaw". The signature is written in a cursive, flowing style.

Joshua W. Shaw
Executive Director

Cc: Members and Consultants, Senate Transportation and Infrastructure Development Committee



July 24, 2015

The Honorable Edmund G. Brown Jr.
Governor, State of California
State Capitol, Suite 1173
Sacramento, CA 95814

The Honorable Toni Atkins
Speaker, California State Assembly
State Capitol, Room 219
Sacramento, CA 95814

The Honorable Kevin de León
President pro Tempore, California State Senate
State Capitol, Room 205
Sacramento, CA 95814

The Honorable Bob Huff
Minority Leader, California State Senate
State Capitol, Room 305
Sacramento, CA 95814

The Honorable Kristin Olsen
Minority Leader, California State Assembly
State Capitol, Room 3104
Sacramento, CA 95814

Re: Special Session on Transportation Infrastructure – Call for Transit Funding

Dear Governor Brown and Legislative Leaders:

On behalf of the California Transit Association and the millions of Californians who rely on effective and efficient transit systems, I write to thank you for acknowledging, through Extraordinary Session 1, the vital role that transportation infrastructure plays in supporting the health, safety and economic vitality of our state, and to urge you to expand the work of the special session to include investment in California's public transit networks as a crucial component of an integrated transportation system.

We agree with you that California faces a transportation infrastructure funding crisis. We understand our state highway system *alone* faces a funding shortfall of approximately \$5.7 billion per year, or *\$59 billion over ten years*, for maintenance of state highway facilities, including roadways and bridges. At the same time, municipal governments have estimated that the funding shortfall for maintenance on existing local streets and roads is \$78 billion over the same time period. Without immediate legislative action to address these pressing needs, pavement conditions will deteriorate at a faster pace, resulting in increased costs and potentially catastrophic impacts to our population's health, safety and economic competitiveness.

For these reasons, the Association and its members have proudly supported various legislative efforts introduced in the regular session to increase funding for state highways and local streets & roads; we remain supportive of similar measures introduced in the special session. Rubber-tired transit vehicles need smooth roads, our riders need better access to transit systems, and all Californians need and deserve a modern system of highways and local arterials. *However*, as the organization representing California's transit operators and the people of California who took more than 1.4 billion passenger trips on those local transit systems, we must continue to emphasize that **California's infrastructure funding crisis is not limited to only the forms of infrastructure under review today.**

A needs assessment, commissioned by our Association in 2011, after the four major metropolitan planning organizations' sustainable communities strategies had been published, found that **California's transit infrastructure faces a funding shortfall of approximately \$72 billion over the next decade.** Of that amount, roughly \$39 billion is needed to address issues of deferred maintenance and vehicle and facility rehabilitation. These deferred maintenance needs, like those of our state highways and local streets & roads, put the health and safety of Californians at risk, and threaten our state's economic competitiveness. Furthermore, **these unaddressed needs degrade the quality, frequency and reliability of transit service,** depressing ridership and limiting access for the transit dependent, and potentially undermine the ambitious environmental and air quality objectives you are striving to achieve.

With this in mind, we submit that omitting transit from today's transportation funding conversation would be a shortsighted decision with disastrous long-term implications. As is the case with state highways and local streets & roads, the cost of inaction is the further deterioration of existing assets, and the increased probability of today's maintenance needs becoming tomorrow's more costly replacement imperatives. Additionally – *and unique to transit* – the costs of deferred maintenance are compounded by the foregone environmental and air quality benefits that would otherwise result from well-maintained infrastructure.

We, therefore, maintain that the final transportation-funding package should be comprised of a balanced mix of investments, which address the state's immediate infrastructure needs across transportation modes, and which lay the foundation for a more sustainable California. We must caution that, though they are necessary, the proposed investments in state highways and local streets & roads do little to reduce greenhouse gas emissions (the majority of which come from transportation), improve air quality, or reduce bottleneck on congested thoroughfares. In fact, according to the draft California Transportation Plan 2040, a strategy of "more of the same," actually increases vehicle miles traveled and greenhouse gas emissions by 2050 as a result of increased population. Investments in public transit combat this potential reality by improving air quality, reducing greenhouse gas emissions and congestion, and creating new ladders of opportunity for the transit dependent.

For these reasons, **it is imperative that the work of the special session be expanded to include consideration of a significant and sustained investment in public transit** that helps ensure our public transit systems, as part of the larger transportation network, are maintained in a state of good repair and capable of achieving the various policy objectives in California's landmark environmental legislation. Admirably, members of the Legislature have recently introduced legislation to provide such support to our public transit systems, by enhancing current funding sources and distributing new revenues through existing programs and formulae. The Association **supports** these measures, which are described in greater detail below, and respectfully requests your support for them as they advance through the special session:

- **SBX1 7 (Allen) and ABX1 8 (Chiu and Bloom) Diesel Sales Tax:** Transit operators receive direct state funding subventions via the State Transit Assistance (STA) program, which is generated solely by the sales tax on diesel fuel. In 2011, as a result of the gas tax swap, which mostly eliminated the sales tax on gas and therefore all other sources of STA funding, the STA was initially bolstered by an incremental increase in the diesel sales tax. However, this incremental rate, which peaked at 2.17% in 2012-13, has fallen to 1.75% -- the STA program's revenues have declined concurrently. With Proposition 1B now fully appropriated, the STA program is the sole source of state funding that can be used for transit capital maintenance and rehabilitation.

These bills would provide new flexible funding for transit operators statewide by trebling the current incremental sales tax rate on diesel fuel to 5.25%. These bills are estimated to generate about \$300 million, which is directed to the STA program, on the existing formula.

- **SBX1 8 (Hill) and ABX1 7 (Nazarian) Cap and Trade:** The transportation sector is responsible for 38% of the greenhouse gas emissions in the state, yet only 15% of Cap and Trade revenues are guaranteed to local and regional public transit on an ongoing basis to reduce these emissions. Additionally, an overwhelming majority of the revenue generated from the Cap and Trade allowance auctions is attributed to the fuel sector and these revenues should be reinvested in transportation programs that mitigate the impacts transportation fuels have on our environment.

We thank each of you for your work last year in establishing the current transit programs funded by Cap and Trade revenues. If California is to achieve the ambitious greenhouse gas emission reductions called for in Governor Brown's recent executive order and the petroleum reduction target in Senate President pro Tem de León's SB 350, it is time to acknowledge the role that public transit must play in curbing vehicle miles traveled. These bills do that, by increasing from 10% to 20% the Cap and Trade revenues continuously appropriated to the Transit and Intercity Rail Capital Program, and increasing from 5% to 10% the Cap and Trade revenues continuously appropriated to the Low Carbon Transit Operations Program. These bills would put existing local and regional transit systems more on par with the funding dedicated to California's visionary High-Speed Rail system, which also must continue to receive at least 25% of all future Cap and Trade funds. These additional transit investments are needed in part to better integrate local and regional transit services into the state's planned high-speed rail network.

In addition to these measures, the Association urges you to consider acting on the following proposal, which would provide additional funding to support our vast transportation network:

- **Increase the Transportation Development Act's Contribution to Mass Transit AND to Local Streets & Roads in Rural and Suburban Areas:** In 1971, then-Governor Ronald Reagan and the Legislature dedicated one-quarter per cent of the state's sales tax to counties agreeing to spend those funds on public transportation, on a *situs* basis; rural and suburban areas were allowed to spend their share of these funds on improving local streets & roads. Retaining the Proposition 30 sales tax increment of 0.25 percent and dedicating those funds to this existing, well-understood program instantly provides \$1.7 to \$1.9 billion annually in new transportation investments, including for streets & roads, with no net new impact on taxpayers.

Going forward, the members of the California Transit Association will continue to work with the Administration and the Legislature to ensure the passage of a comprehensive transportation funding package that acknowledges the growing risks of deteriorating transit, highway and roadway infrastructure, and which contemplates the state's long-term mobility, economic and environmental needs. We hope that, with your leadership, the final product of the special session will provide significant funding to address public transit's deferred maintenance needs, if not also the need to expand these systems.

We appreciate your consideration.

Sincerely,


Joshua W. Shaw
Executive Director

CC: The Honorable Jim Beall, Chair, Senate Transportation & Infrastructure Development Committee
The Honorable Anthony Canella, Vice-Chair, Senate Transportation & Infrastructure Development Committee
The Honorable Jim Frazier, Chair, Assembly Transportation & Infrastructure Development Committee
The Honorable Katcho Achadjian, Vice-Chair, Assembly Transportation & Infrastructure Development Committee
Brian Kelly, Secretary, California State Transportation Agency



May 22, 2015

The Honorable Ricardo Lara
Chair, Senate Appropriations Committee
State Capitol, Room 2206
Sacramento, CA 95814

Re: SB 16 (Beall) Transportation funding – SUPPORT AND SEEK AMENDMENTS

Dear Chair Lara,

On behalf of the California Transit Association, I write to you today to voice our **SUPPORT AND SEEK AMENDMENTS** position on SB 16 (Beall). This bill would raise various taxes and fees for the next five years, beginning in 2015, to address the ongoing issue of deferred maintenance on state highways and local streets & roads.

As you are no doubt aware, California is in the midst of an infrastructure funding crisis, precipitated in large part by the declining value of the gas tax. According to recent estimates by the Governor's Administration, this lack of funding has resulted in a backlog of deferred maintenance on the state highway system of \$59 billion over the next ten years. Similarly, local governments have estimated that the funding shortfall for maintenance of existing local streets and roads is \$78 billion over the same time period. Left unaddressed, this backlog of deferred maintenance is expected to grow by billions of dollars a year, and will manifest itself in infrastructure deficiencies that threaten the health, safety and economic well-being of all Californians.

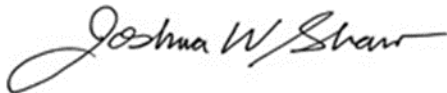
This bill would begin to address this backlog of deferred maintenance by generating approximately \$3 billion to \$3.5 billion in new revenue for transportation annually. These new revenues would be directed to the state, and cities & counties to be used exclusively on the maintenance of highways, streets & roads, bridges and improving freight mobility. However, no revenues would be directed to support public transit.

Recognizing the significance of California's infrastructure funding needs, and the very real risks of continued inaction, the Association is proud to support this bill. However, we must continue to stress that California's infrastructure funding crisis is not limited to state highways, and local streets & roads. Public transit, which serves as an affordable and efficient alternative to automobile travel for millions of Californians, similarly faces \$39 billion in deferred maintenance costs. This deferred maintenance similarly puts Californians at risk, and undermines the ambitious environmental and air quality objectives the state is striving to achieve. We, therefore, believe that support for this bill must be matched with support for increased public transit funding that helps ensure our public transit network is in a state of good repair and capable of achieving the various policy objectives of California's landmark environmental legislation.

As this bill moves forward, the Association will continue to work with the Legislature to pursue a more comprehensive transportation funding package that acknowledges the growing risks of deteriorating transit infrastructure, and which contemplates the state's long-term mobility needs. We hope that, with your support, the final version of this bill would provide significant funding to address public transit's deferred maintenance needs.

For the reasons state above, I would like to reiterate the Association's **SUPPORT AND SEEK AMENDMENTS** position on SB 16 (Beall). Please feel free to contact me directly at (916) 446-4656 if you have any questions or comments.

Sincerely,

A handwritten signature in black ink that reads "Joshua W. Shaw". The signature is written in a cursive, flowing style.

Joshua W. Shaw
Executive Director

Cc: The Honorable Jim Beall, California State Senate
Members and Consultants, Senate Appropriations Committee