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# California State Senate

SENATOR  
BOB HUFF

SENATE REPUBLICAN LEADER

TWENTY-NINTH SENATE DISTRICT



February 23, 2015

The Honorable Jerry Brown  
Governor, State of California

The Honorable Kevin de León  
President pro Tempore  
California State Senate

The Honorable Toni Atkins  
Speaker  
California State Assembly

Dear Governor Brown, President pro Tempore de León and Speaker Atkins:

We were very pleased to see the renewed emphasis on transportation funding in the Governor's 2015-16 budget proposal, as well as the Speaker's recently released transportation initiative. Restoring California's ailing transportation infrastructure has long been a Senate Republican priority.

The people of California are frustrated with the lack of progress and are looking to all of us for results. As we begin this debate in earnest, we wanted to share with you our Republican Caucus' guiding principles.

## **Transportation Funding for Transportation Projects**

Simply put, it is time to honor the will of the voters. In 2002, Proposition 42 passed with 69% of the vote because it promised that taxes or fees paid by drivers would be used for maintaining and expanding California's transportation infrastructure. Since that time, a number of changes in the law have failed to keep to that promise, starting with the diversion of weight fees to the General Fund. It is our position that any effort to address our transportation crisis must begin by complying with the intent of Proposition 42. To that end, the following actions should be included in any transportation package:

### **End Diversion of Weight Fees to the General Fund**

As part of the “gas tax swap” in 2010, vehicle weight fees were redirected from the State Highway Account to pay for the debt service from multiple General Obligation (GO) transportation bonds. As defined by the State Treasurer, GO bonds are paid out of the state’s General Fund. This is the only example we are aware of in state government where a program’s dedicated special funding is used to pay general obligation debt service rather than fund high-priority infrastructure projects.

Over several years, Republicans have introduced legislation and argued in Budget Committee hearings that we must end this diversion. Now that the budget outlook is more positive and we have surplus revenues, weight fees should no longer be diverted to the General Fund. This would provide approximately \$1 billion annually for California’s failing transportation infrastructure. We were pleased to see that that the Speaker’s recent proposal seeks to appropriately rededicate this funding stream. However, we are disappointed that the plan also proposes to divert a new tax to the General Fund in order to backfill the payment.

### **Repay Transportation Loans**

Since 2001, the Legislature has authorized a series of General Fund loans from various transportation funds totaling \$3.0 billion. To date, \$2 billion of these loans have been repaid. Proposition 2 (Rainy Day Fund), which passed in 2014 with 69% of the vote, included a requirement that debt repayment be a priority. Repaying transportation loans should be the first action taken. We are pleased that the Speaker has joined us in making this a core component of any comprehensive transportation infrastructure solution.

### **End Gas Tax Revenue Diversion**

In 2012, the Legislature noted that the Controller was erroneously depositing gas tax money into other accounts instead of using them for transportation purposes as required by the “gas tax swap” legislation. In response, rather than returning it to transportation programs, the Administration redirected the money into the General Fund.

This approximately \$100 million annual diversion should be stopped and the funding should be directed back to the State Transportation Improvement Program, Local Streets and Roads, and the State Highway Operation and Protection Program .

In addition to applying these principles to existing diversions and loans, we believe that they must apply to any effort to increase funding. Unfortunately, recent proposals put forth do not comply with the will of the voters. Specifically, the Speaker’s transportation proposal would

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raise \$1.8 billion in new "user fees" but uses less than half (\$800 million) for transportation projects.

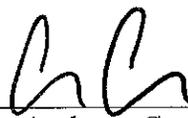
The people of California spoke very clearly when they passed Proposition 42. Complying with the requirement that transportation taxes and fees will be used to fund transportation projects will not only honor the will of the voters, it will also jump start our efforts to improve our streets and roads by putting over \$1.1 billion annually and an additional \$1 billion in loan repayments into transportation projects. Just as important, it will create jobs to get more people back to work.

We look forward to working with you on this very important issue.

Sincerely,



Senator Bob Huff, Senate Republican Leader



Senator Anthony Cannella, Vice Chair  
Senate Transportation Committee

