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FY 2008-09 Special Session & Economic Stimulus

ECONOMIC STIMULUS

Proposition 1B: Local Streets and Roads

The Governor proposes to accelerate the approximately \$700 million remaining in the Proposition 1B Local Streets and Roads Account for both cities and counties. This would mean \$450 million for counties in addition to the \$63 million appropriated in the FY 2008-09 State Budget.

However, in order to access these bond funds, the Governor's proposal includes the problematic conditions applied to the city appropriation in the FY 2008-09 budget. They include, but may not be limited to encumbering the funds by December 31, 2009, certifying that local fund balances for road maintenance do not exceed three months of Highway Users Tax Account (HUTA) and Transportation Investment Fund (TIF) revenues, and meeting additional accountability requirements—yet to be explicitly defined.

Proposition 1B: Transit

The Governor's economic stimulus proposal also includes the acceleration of \$800 million in Prop 1B funds to local transit agencies for several large local transit projects.

Environmental Review Waivers

The proposal asserts that in order to create jobs, \$822 million worth of Proposition 1B projects administered by the Department of Transportation (Caltrans) will be accelerated via waivers from state and federal environmental requirements.

FY 2008-09 STATE BUDGET

Proposition 42

As stated above, the Governor proposes a temporary 1.5% sales and use tax increase effective January 1, 2009. This increase would also be applied to the sales tax on gasoline which would generate an estimated \$322 million in FY 2008-09 and \$713 million in FY 2009-10 for Proposition 42. Although unclear, the proposal continues to explain that \$676 million will be transferred to Prop 42 in FY 2009-10 and \$359 million in FY 2010-11. At the time of writing this article we were unable to get a further explanation of these claims.

State Transit Assistance

While the Governor's proposed economic stimulus plan would accelerate bond funding to local transit projects, he also proposes to eliminate the portion of the State Transit Assistance program that is paid from the Public Transportation Account (\$229.9 million in FY 2008-09 and \$306 million in FY 2009-10).