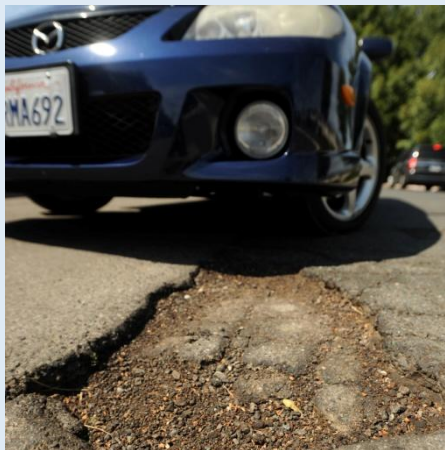


# Transportation Needs Rise While Funding Declines



## FUND REVENUES WILL ONLY MEET ABOUT 45 PERCENT OF NEED

According to the 2011 Statewide Transportation System Needs Assessment, total transportation system costs will be \$538.1 billion (from 2011 to 2020), and the estimated revenues from all sources is \$242.4 billion, only 45 percent of what's needed. This includes an estimated \$158.4 billion in local revenues.

## TWO-THIRDS MAJORITY SPECIAL TAX THRESHOLD OBSTRUCTS TRANSPORTATION PROGRESS

Two measures failed passage in November 2012 — depriving counties of much needed funding for transportation infrastructure, maintenance and operations.

**Alameda County:** Measure B1, an \$8 billion extension and half-cent augmentation of a half-cent sales tax for transportation did not pass:

Votes required: 66.67 percent  
 Votes received: 66.53 percent

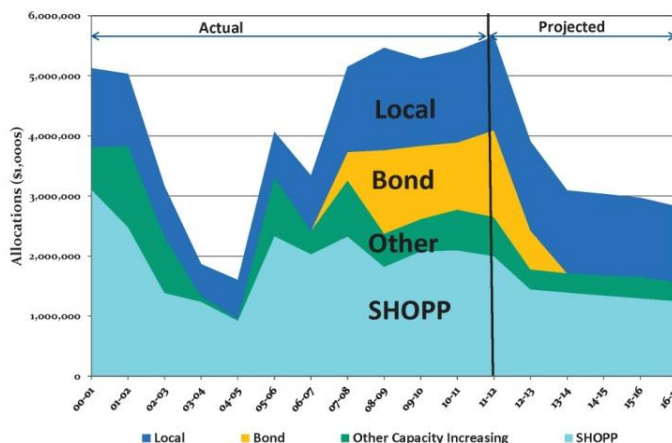
**Los Angeles County:** Measure J, a \$90 billion 30-year extension of a half-cent sales tax for transportation did not pass.

Votes required: 66.67 percent  
 Votes received: 66.11 percent

## Averting a Transportation Fiscal Cliff

Exponential population growth, climate change legislation to reduce greenhouse gas emissions and a growing economy are increasing the demand for transportation services, despite diminishing financial resources. Statewide voters have funded transportation by passing infrastructure bonds, some countywide sales taxes and other local measures to help meet basic, ongoing transportation needs. But, these sources are time-limited. Most Proposition 1B Bond projects are under construction and will be complete within two years, many sales tax measures have delivered promises to voters early, and others have been thwarted by the current two-thirds voter threshold requirement to pass new sales tax measures. At a time when needs are growing, transportation funding is heading toward a cliff.

Actual and Estimated Transportation Expenditures Dramatically Decline<sup>1</sup>



## Ongoing challenges

A growing economy coupled with new legislative mandates requires a transportation system that is reliable, efficient and clean. At the state and federal levels, transportation funding is on the decline, while maintenance, transit operations and capital investments to meet growing travel demands are on the rise. The federal Highway Trust Fund has had to borrow almost \$50 billion since 2008 to meet authorized expenditures. MAP-21, the federal transportation bill, did not increase revenues for transportation, nor address a future funding mechanism to create a reliable funding stream.

If the U.S. fails to increase infrastructure investments between now and 2020, the nation will lose:<sup>2</sup>

- \$3.1 trillion in gross national product.
- \$1.1 trillion in trade.
- \$3,100 per year in personal disposable income.
- \$2.4 trillion in consumer spending.
- Over 3.1 million jobs.



*As people live longer and the population increases exponentially, the demand for public transportation is becoming more difficult to meet.*

## LOCAL FUNDING FOR MAJOR TRANSPORTATION INITIATIVES

California is one of the largest economies in the world and growing. Local sales tax dollars represent a stable fund source to finance critical transportation programs and projects, despite volatile federal and state funding.

## SELF-HELP COUNTIES COALITION

- 19 counties in the SHCC represent 81 percent of California's population.
- SHCC funds critical transportation investments — \$3-4 billion per year.
- California SHCC member agencies are accountable to voters.
- SHCC agencies deliver transportation that Californians depend on every day.

<sup>1</sup>"Preliminary Review of the Governor's Proposed 2013-14 State Budget," California State Assembly, January 31, 2013.

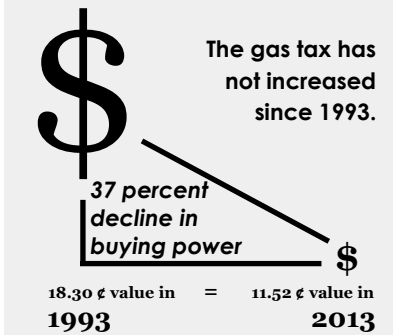
<sup>2</sup>"The Impact of Current Infrastructure Investment on America's Economic Future," ASCE.

## Gas Tax Loses Buying Power

State and federal revenue streams for transportation are primarily funded through the fuel tax, which hasn't increased since 1993. According to the federal Department of Labor's statistics inflations calculator, the gas tax in 2013 has lost almost 37 percent of its buying power since 1993. Higher fuel efficiency vehicles, increases in electric vehicle use (which do not pay any gas tax) and changes in vehicle use patterns all affect the current revenue stream and foreshadow continuing declines in fuel tax receipts for future transportation investments.

Even though vehicle miles traveled in California have increased by 25 percent and fuel prices have fluctuated significantly in that same time period, the California gas tax remains flat with no index to inflation. Combined with recent sales tax measure losses, this creates serious transportation and economic issues.

### Value of Gas Tax Over Time



## Ways to increase transportation funding

As local governments take on more fiscal responsibility for their transportation systems, supporting key legislation that increases transportation funding is critical. Ways to increase funding include:



### Lower the two-thirds majority:

Support bills that decrease the voter threshold for transportation sales tax measures. This will support passage of measures to fund transportation investments that far exceed available state and federal sources.



### Support cap-and-trade:

Ensure that cap-and-trade funding for transportation is commensurate with the green house gas emissions of the transportation sector (38 percent statewide) to support projects and programs that protect the environment, reduce emissions and spur economic growth.