

Coalition Against Fiscally Reckless Diversion of Gas Tax Funds

California Alliance for Jobs
Transportation California
California State Council of Laborers
California Conference of Carpenters
Operating Engineers Local Union
No. 3
Associated General Contractors
(AGC)
California Transit Association
Self Help Counties Coalition
League of California Cities
California State Association of
Counties
California Association of Councils of
Governments
Regional Council of Rural Counties
AAA Northern California
Automobile Club of Southern
California
California Teamsters Public Affairs
Council
Teamsters Union Local 952
California Business Properties
Association
Golden State Builders Exchanges
American Council of Engineering
Companies
Engineering & Utilities Contractors
Association
Professional Engineers in California
Government
Engineering & General Contractors
Association
Construction Industry Air Quality
Coalition
Orange County Business Council
Silicon Valley Leadership Group
Los Angeles Area Chamber of
Commerce
Bay Area Council
Contra Costa Council
Southern California Contractors
Association
Sacramento Transportation
Authority
Ventura County Contractors
Association
Sonoma County Transportation
Authority
Santa Clara Valley Transportation
Authority
El Dorado County Transportation
Commission
Solano Transportation Authority
Transportation Authority of Marin
California Contract Cities
Association

June 9, 2009

California Legislature
State Capitol
Sacramento, CA 95814

Re: Borrowing/Raiding Gas Taxes to Close the Budget Gap is Fiscally Reckless

Dear Senators and Assembly Members:

We urge you to reject any proposal to take and/or borrow gas tax funds to use for general fund purposes. Proposals on the table to take outright more than \$900 million in gas taxes directly from local governments, as well as suspending Prop. 42 funding protections, will not help solve the State's budget crisis. Instead, such borrowing and raids will put thousands of construction workers out of work and onto state social services, will make future budgeting more difficult, and will kill the job creation and revenue generation that result from infrastructure investment.

- **California would lose out on the creation of tens of thousands of jobs and billions in economic activity at the worst possible time.** Every \$1 billion invested in infrastructure generates \$5 billion in economic activity and 18,000 jobs. Much of this economic activity is put immediately to work -- as contracts are awarded, contractors begin purchasing equipment and materials, hiring workers, paying payroll, and generating sales and income taxes to state and local governments. Borrowing gas tax funds – even temporarily – will result in thousands of job losses, billions in lost economic activity, millions in lost revenues for the state, and added pressure on state coffers to pay unemployment and other benefits for those who lost their jobs.
- **Infrastructure investment builds a stronger economy.** Because of the dire economic situation, construction contractors are more competitive than ever. Contractors are currently bidding at 20 to 40 percent under engineers' estimates on public works projects. California is getting the best value it has in many years on infrastructure investment and should be doing more, not less, to stimulate our economy through investing in public works.
- **Borrowing gas tax funds now will plunge the state deeper in debt later – requiring billions of dollars in repayment in just three years.** Any borrowing of gas tax funds must be repaid in three years when experts predict California will still be facing multi-billion dollar deficits.

San Mateo County Transit District
San Mateo County Transportation Authority
Caltrain
City/County Association of Governments of San Mateo County
Santa Barbara County Association of Governments
Fresno County Transportation Authority
The 50 Mobility Partnership
Humboldt Builders' Exchange
Granite Construction
Teichert Construction
DeSilva Gates Construction
Alcorn Fence Company
Arrowhead Central Credit Union
Tavaglione Construction and Development, Inc.
Jezowski & Markel Contractors, Inc
Signature Properties
CH2M Hill
Pacific Merchant Shipping Association
Inland Empire Transportation Coalition
C.C. Myers, Inc.
Coalition for Clean Air
Tavaglione Construction and Development, Inc.
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C.C. Myers, Inc.
Coalition for Clean Air
California Dump Truck Owners Association
San Diego Association of Governments (SANDAG)

- **Permanently diverting the local share of the gas tax has serious long-term consequences.** The local share of the gas tax is the lifeline for counties and cities struggling to maintain the vast local transportation system. Any permanent erosion of existing funding levels will jeopardize public works departments and their mission to respond to the mobility and safety needs of the public and strangle economic activity that requires the efficient movement of goods and people.
- **Raiding transportation funding goes against the will of voters.** Twice voters overwhelmingly supported measures to guarantee the state sales tax on gasoline goes to road improvements. Any proposals to borrow or repeal funding dedicated to transportation ignore the clear mandate set by voters. In 2006, 77% of voters approved Proposition 1A, preventing the state from using sales taxes on gasoline for non-transportation purposes.
- **Raiding gas tax funds disproportionately impacts the construction industry, its employees and contractors.** The construction industry is already facing 20% unemployment due to the global recession. Local governments across the state are already laying off public works staff. Raiding all of the state sales tax on gas would disproportionately impact an industry that is already reeling and could literally put many contractors and public works departments out of business.

Using gas tax funds for infrastructure improvements, as intended by the voters, is the fiscally responsible choice that will provide both short and long-term economic stimulus to expedite our economic recovery. We strongly urge you to continue to use gas tax funds for the purposes they were intended and reject any proposals to borrow, divert or outright raid these funds.

Respectfully,

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California State Council of Laborers

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California Teamsters Public Affairs Council

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Tim Chang, Legislative Counsel
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Linda Best, President & CEO
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Sacramento Transportation Authority

Suzanne Smith, Executive Director
Sonoma County Transportation Authority

Anthony Hernandez, Director of Government Affairs
CH2M Hill

Kathryn Mathews, Executive Director
El Dorado County Transportation Commission

Michael T. Burns, General Manager
Santa Clara Valley Transportation Authority

Tony Harris, Chief Transportation Consultant
The 50 Mobility Partnership

Jim Spering, Chair
Solano Transportation Authority

Dianne Steinhauser, Executive Director
Transportation Authority of Marin

Mike Scanlon, General Manager/CEO
San Mateo County Transit District
San Mateo County Transportation Authority
Caltrain

Harry Armstrong, Chair
Fresno County Transportation Authority

Larry Zarian, Former Chair
Los Angeles Metropolitan Transportation
Authority

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Humboldt Builders' Exchange

Ken Kayser, President
Teichert Construction

William G. Dorey, President & CEO
Granite Construction

Richard B. Gates, President and General Partner
DeSilva Gates Construction

Greg Erickson, President & CEO
Alcorn Fence Company

Larry R. Sharp, President & CEO
Arrowhead Central Credit Union

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Tavaglione Construction and Development, Inc.

Mike Barth, President
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Larry Sharp, President
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C.C. Myers, Inc.

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California Dump Truck Owners Association

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San Diego Association of Governments (SANDAG)

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Mayor, City of Sunnyvale

Gina Garbolino
Mayor, City of Roseville

Thurston Smith
Mayor, City of Hesperia

Rick Roelle
Mayor, Town of Apple Valley

Ronald O. Loveridge
Mayor, City of Riverside

Rick Bosetti
Mayor, City of Redding

Melanie Fesmire
Mayor, City of Indio

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Mayor, City of Jackson

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Dennis Donohue
Mayor, City of Salinas

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Mayor, City of Seaside

Curt McBride
Mayor, City of Portola

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