

Date

Members of the transportation policy committees and budget policy committees

Sacramento, CA

Dear Senator/Assembly member _____:

Re: Request Support for an Immediate and Comprehensive Transportation Tax Swap Solution

On behalf of the San Mateo County Board of Supervisors, I urge you and the Legislature to enact a comprehensive fix to the transportation tax swap enacted March 2010. Inaction will result in a loss of critical funding for state, regional, and local transportation programs and the loss of thousands of transportation jobs that support economic recovery in the State.

Proposition 26, approved by the voters in the November 2010, General Election will invalidate the 17.3-cent excise tax on gasoline and 1.75 percent sales tax rate on diesel enacted by the Legislature and signed by the Governor to replace Proposition 42 revenues eliminated in the transportation tax swap. Further, Proposition 22 limits the use of gasoline excise taxes or Highway User Tax Account (HUTA) funds for bond debt and general fund relief, which was a vital provision agreed to in the swap.

In order to maintain this critical funding, the Legislature must validate by a two-thirds vote the 17.3-cent excise tax on gasoline and the 1.75 percent sales tax rate on diesel to retain Proposition 42 replacement revenues that generate \$2.5 Billion annually for transportation projects across the state. A validation vote is not a vote to increase taxes. Rather, it is a vote in support of transportation investments at an amount equal to what Proposition 42 would have generated before the transportation tax swap, which was ultimately revenue neutral.

Additionally, the County of San Mateo supports the transfer of truck weight fees as a vital component of a comprehensive fix consistent with the swap in order to provide the State nearly \$1 Billion in general fund relief in FY 2011-12 and similar amounts into the future. However, enacting the weight fee proposal separate from the validation of the excise and sales taxes could potentially leave the transportation program with another \$3.5 Billion annual deficit.

A lack of comprehensive action will result in the loss of approximately 45,000-63,000 jobs statewide and severely impact the State's economic recovery. At the local level, the public would experience a substantial decrease in the quality of the county-maintained road system, and our ability to respond to any future emergencies would be greatly hindered. The California Statewide Local Streets and Roads Needs Assessment Report 2010 Update found that the local system continues to deteriorate and the revenue shortfall has increased from \$71.4 Billion in 2008 to \$78.6 Billion over the next ten years.

Our County has a pavement condition index (PCI) (a scale of zero [failed] to 100 [excellent]) of 68, which is considered to be in the “at risk” category. HUTA and Proposition 42 are the primary sources of revenue for the County’s Road Fund and are used to maintain and rehabilitate the County’s road system.

If the replacement taxes are not validated the implications of that revenue loss in our County would mean:

- The loss of approximately \$5 Million to \$6 Million in transportation funding used for the maintenance and preservation of the local street and road network in our County; and
- Significant reductions in Public Works Department staffing; and
- A rapid deterioration in the local road system conditions, delays and reductions of necessary road maintenance, and higher costs to the taxpayers.

The County of San Mateo is committed to keeping our roads safe, reliable and accessible to all users so we must reiterate the necessity for the Legislature to take immediate and comprehensive action to fix the transportation tax swap, which includes validating the replacement taxes at no additional cost to the taxpayer and shifting the truck weight fees for general fund relief. Passage of these two elements together is critical; not only to maintain the parameters of the agreement in the transportation swap, but to preserve a bare bones revenue stream that is already meeting less than half of annual state and local maintenance and safety improvement project needs.

Sincerely,

Carole Groom
President, Board of Supervisors

Encl: As stated

cc: San Mateo County Board of Supervisors
David S. Boesch, County Manager, San Mateo County
Brian J. Wong, Deputy County Counsel, San Mateo County
James C. Porter, Director of Public Works, San Mateo County
Connie Juarez-Diroll, Legislative Coordinator, County Manager's Office
Stacy Dwelley, Political Solutions