



Los Angeles Area  
Chamber of Commerce



June 10, 2003

Budget Conference Committee  
California State Legislature  
State Capitol  
Sacramento, CA, 95814

**RE: Item #2660 of the Assembly Budget Committee Report (Transportation Budget)**

Dear Members of the Budget Conference Committee:

In the interest of improving California's faltering economy and keeping faith with the voters' overwhelming support of Prop. 42, the Los Angeles County MOBILITY-21 Coalition strongly urges the Conference Committee to reject the suspension of Prop. 42 funding. Prop. 42, which dedicated gasoline sales tax revenues for transportation improvements, was approved by 69% of California voters in March 2002 to get traffic and goods moving, relieve congested commutes, improve air quality, and revitalize California's economy.

However, we recognize that every state program must make equitable sacrifices necessary to help balance the state budget. Therefore, if the legislature chooses to suspend Prop. 42, we strongly support the proposal outlined in Item #2660 of the Assembly Budget Committee Report, which loans the General Fund all Prop. 42 revenue in excess of \$732.4 million. We view this amount as the minimum needed to sustain a basic level of funding to meet existing contracts and keep critical projects from experiencing major delays.

Approval of \$732.4 million for transportation included in the Assembly report would accomplish the following objectives:

1. **Provide a minimum level of funding to keep critical projects moving forward.** The Road Information Program, headquartered in Washington, D.C. released a report on May 27 that once again shows that California has the worst pavement conditions in the nation. Accepting the Assembly Budget Committee proposal will at least help local agencies to avoid delaying or canceling high-priority projects that would help reverse the trend of worsening road quality. Specifically, the Assembly Budget Committee proposal would:

- Provide \$459 million to meet the 2003/04 cash flow needs of the Transportation Congestion Relief Program (TCRP); and

- Allocate \$274 million to the State Transportation Improvement Program for projects that are ready to be let out to bid, but have been on hold for lack of funding.

2. **Provide \$1.1 billion to help balance the budget.** Even after budgeting \$732.4 million for transportation, the Assembly Budget Committee proposal provides a \$500 million loan from Prop. 42 funds and extends payment on \$600 million in loans already taken from transportation accounts to pay for other programs. These are greater concessions than those being offered by any other sector.

3. **Stimulate the state's faltering economy.** While high tech, tourism and other important industries have suffered major setbacks, the construction industry has been the single most important engine that has kept California from slipping into even deeper recession. Construction is helping invigorate the economy by the sheer number of jobs it supports – more than 770,000 as of March 2003. Construction is the fourth-largest employer in the state and has the second-largest payroll in terms of dollars at \$36.1 billion. Just as important, construction is a powerful economic stimulant, generating \$6 in jobs and commerce for every \$1 dollar invested.

4. **Keep faith with the voters.** Prop. 42 was approved by 69 percent of the voters last year, passing in every county of the state. Few initiatives have enjoyed such a strong mandate. It is critical that the Governor and legislature sustain the will of the voters. Failure to maintain Prop. 42 and allocate at least a reasonable portion of the money to improve our transportation system tells voters their vote doesn't count. This will make it nearly impossible to obtain voter confidence for future local or state measures that might be needed to generate transportation funding.

We appreciate the opportunity to comment on this issue. We hope that you will support the continuation of Prop. 42 funds for its intended transportation purposes. We need these critical transportation projects to be completed in communities across the state. If you have any questions, please contact the Los Angeles Area Chamber's Public Policy Manager Marisa Perez at 213.580.7558.

Sincerely,



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Los Angeles Area Chamber of Commerce  
MOBILITY-21 Coalition Co-Chair

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Chief Executive Officer  
Los Angeles County MTA  
MOBILITY-21 Coalition Co-Chair

*The MOBILITY-21 Coalition is a countywide non-partisan organization of transportation stakeholders and their representatives. The primary mission of the MOBILITY-21 Coalition is to educate and advocate for Los Angeles County's transportation priorities at the federal, state and local levels.*