

# BUSINESS, TRANSPORTATION, AND HOUSING

The Business, Transportation and Housing Agency oversees programs that promote the state's business and economic climate, transportation infrastructure, affordable housing, and patient's rights. The Agency also promotes public safety through the California Highway Patrol and the Department of Alcoholic Beverage Control. The majority of funding is derived from special fund revenues, federal funds, and the proceeds from Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006.

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## **TRANSPORTATION PROGRAMS**

- 2007-08 No Change
- 2008-09 \$126.1 million Other Funds

## **CAPITAL OUTLAY SUPPORT STAFFING**

The Department of Transportation traditionally submits a zero-based request for Capital Outlay workload as part of the May Revision. This request is based on anticipated project allocations by the California Transportation Commission for the upcoming year and associated workload. The May Revision reflects a decrease of \$26.1 million in state special funds and bond funds, reflecting a decrease in workload due to declining gas tax revenues, and being close to peak workload for bond-funded projects. Approximately 89 percent of the decrease will come from a reduction of 247 positions and 11 percent will come from a reduction of 22 contract positions.

**GAS EXCISE TAX REVENUE – EFFECT ON STATE HIGHWAY OPERATION AND PROTECTION PROGRAM**

Funding for the State Highway Operation and Protection Program (SHOPP) is \$100 million less than proposed in the Governor’s Budget due to further declines in projections for gasoline excise tax (per gallon) revenues (gasoline usage year over year also is down). Total excise tax revenues are projected to be \$225 million lower in 2008-09, but \$125 million in carryover funds from 2007-08 will be available to offset part of the shortfall. Total funding for the SHOPP will be approximately \$2.5 billion in 2008-09.

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**PUBLIC TRANSPORTATION ACCOUNT,  
MASS TRANSPORTATION FUND**

- 2007-08 No Change
- 2008-09 -\$828 million General Fund  
-\$437 million Other Funds

A portion of the revenue in the Public Transportation Account (PTA) is derived from “spillover” sales tax on gasoline. “Spillover” revenues occur when revenue derived from gasoline sales taxes is proportionately higher to revenue derived from all taxable sales pursuant to a statutory formula. These revenues generally reflect higher gas prices. The Governor’s Budget projected \$909 million in spillover revenues for 2008-09. The May Revision reflects an increase of \$268 million, for a total of \$1.177 billion. Additionally, revenues from sales taxes on diesel fuel and Proposition 111 sales tax on gasoline are projected to increase from \$434 million to \$558 million. Revenues under Proposition 42 are projected to decrease from \$1.49 billion to \$1.43 billion.

Current law requires specified sales tax revenues on fuel go to the PTA, including half of the spillover sales tax revenues. The remaining half of spillover revenues goes to the Mass Transportation Fund to reimburse the General Fund for transportation-related debt service and loan repayments. The Governor’s Budget did not propose any changes to these formulas.

The May Revision proposes to amend current law by funding the State Transit Assistance Program at \$306 million, the same level as the current year. Increased revenue projections for diesel fuel taxes and spillover totaling \$828 million are proposed to offset General Fund expenditures for K-12 home-to-school transportation (\$593 million reflected

in the Education portion of the Budget) and debt service on current and prior year transportation-related General Obligation bonds (\$235 million).

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## **SECRETARY FOR BUSINESS, HOUSING AND TRANSPORTATION**

- 2007-08 No Change
- 2008-09 \$2.0 million General Fund

### **CALIFORNIA PARTNERSHIP FOR THE SAN JOAQUIN VALLEY**

The May Revision proposes \$2 million General Fund to be transferred to the California Economic Development Fund, created by Chapter 631, Statutes of 2007, to continue the implementation of the 10-Year San Joaquin Valley Strategic Action Proposal. Funding will sustain a public-private partnership to promote economic development, workforce development, education, transportation, land use and environmental issues. The California Economic Development Fund will allow state funding to complement potential federal, local, and private funds

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## **HIGH-SPEED RAIL AUTHORITY**

- 2007-08 No Change
- 2008-09 \$41.2 million Other Funds

In November, voters will have the opportunity to approve a \$9.9 billion bond for high-speed rail. While the Authority's current long-term plans could cost \$40 billion, it is expected that local and federal sources, as well as private investment, will provide the rest of the funding for construction of high speed rail. The High-Speed Rail Authority projects that once train service is operational, it will be self-supporting from fares.

- The May Revision includes \$10 million from the Public Transportation Account to sustain current engineering and project management work and mobilize contract resources for all corridors, prior to the election. The May Revision also proposes to appropriate \$8.2 million from Proposition 116 for additional environmental studies and engineering work on the Fresno-to-Sacramento segment. An additional \$23 million is proposed to be appropriated from the bond fund to continue work after the election.

The Administration will be proposing amendments to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21<sup>st</sup> Century to ensure an appropriate balance between

assuring that expenditures of the bond funds will result in operational high-speed rail services and providing the flexibility needed to attract federal and local government, as well as private sector, participation in funding, constructing, and operating the system. The following changes to the bond legislation are being proposed.

- Limit the amount of bond funding that may be used for engineering work, environmental studies needed to obtain permits, and preservation of right-of-way to enable project costs to be more accurately determined and project risk to be reduced before other parties' funds are fully committed. This will help pave the way for public and private partners to participate in the project, while limiting the amount of bond funds at risk.
- Before any construction or equipment purchase contracts can be signed for a portion of the system, there must be a complete funding plan that provides assurance that all funding needed to provide service on that portion of the system is secured.

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### **LOANS FROM SPECIAL FUNDS**

- 2007-08 No Change
- 2008-09 -\$288.7 million General Fund  
\$288.7 million Other Funds

The May Revision proposes loans from various special funds to provide one-time funding to the General Fund to help close the budget gap. Loans from funds in the BTH Agency total \$288.7 million as noted below. The loans are proposed only from those funds in which the loss of revenue will not result in any impact to the programs supported by the fund, will not require fee increases, and will not need to be repaid prior to 2010-11. Budget Trailer legislation is proposed to provide the State Highway Account authority to borrow from the Pooled Money Investment Account to reduce the need to carry a large cash balance.

#### **TRANSPORTATION LOANS— \$238.1**

- State Highway Account, State Transportation Fund—\$200 million
- Local Airport Loan Account—\$14.9 million
- Motor Vehicle Fuel Account—\$8 million

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- Bicycle Transportation Account, State Transportation Fund—\$6 million
- Environmental Enhancement and Mitigation Program Fund—\$4.4 million
- Historic Property Maintenance Fund—\$3 million
- Pedestrian Safety Account, State Transportation Fund—\$1.8 million

### **OTHER SPECIAL FUND LOANS— \$50.6**

- Financial Institutions Fund – \$1.5 million
- State Corporations Fund – \$1.5 million
- Mobilehome Park Revolving Fund – \$2.5 million
- Mobilehome-Manufactured Home Revolving Fund – \$1 million
- Joe Serna, Jr. Farmworker Housing Grant Fund—\$1.2 million
- Housing Rehabilitation Loan Fund—\$12.9 million
- Real Estate Appraisers Regulation Fund—\$16.6 million
- Real Estate Fund—\$12.2 million
- New Motor Vehicle Board Account—\$1.2 million