

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 patients' rights. The Agency also promotes public safety through the Department of Motor Vehicles, the California Highway Patrol and the Department of Alcoholic Beverage Control. Funding for all programs exceeds \$19.4 billion, which is largely derived from special fund revenues, federal funds, and the proceeds of bonds.

DEPARTMENT OF TRANSPORTATION (CALTRANS)

The Budget includes approximately \$17.3 billion for the state's transportation programs. This is a decrease of \$212 million over funding available in 2007-08, due to a one-time influx of local Proposition 1B funds for local road maintenance and transit projects appropriated in the 2007 Budget Act.

Caltrans' budget includes \$13.8 billion, a reduction of \$177 million from 2007-08 due largely to lower federal and state excise tax revenues as increased fuel prices continue to reduce consumption, making less funding available for projects.

Included in this funding is \$1.5 billion for the State Transportation Improvement Program (STIP), \$2.4 billion for the State Highway Operation and Protection Program (SHOPP), \$110 million for the Traffic Congestion Relief Program (TCRP), \$1.9 billion for local non-STIP projects, \$1.9 billion for local streets and roads maintenance, \$826 million for transit projects (including State Transit Assistance), and \$7.9 billion for capital outlay

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support, state highway operations and maintenance, bond-funded projects and support, transit support, local assistance support, and administration costs. The Proposition 42 transfer also is fully funded at an estimated \$1.4 billion and \$182.7 million is included to pay outstanding loans from previous years.

TRANSPORTATION BOND FUNDING

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) authorizes \$19.925 billion over the next 9 years to fund existing and new statewide transportation-related infrastructure programs and projects. Legislation enacted together with the budget further defines how several of these programs will work and includes accountability provisions. The Budget includes \$4.7 billion in 2008-09 as shown in Figure BTH-01. Also of note, Chapter 39, Statutes of 2008 (AB 1252), enacted in June 2008, provided \$149 million from Proposition 1B to accelerate funding for local streets and roads projects (\$87 million) and highway-railroad crossing projects (\$62 million).

Figure BTH-01
2008-09 Proposition 1B Appropriations
 (Dollars in Millions)

	2007-08	2008-09	Balance
Corridor Mobility	\$608	\$1,556	\$2,336
Trade Corridors	\$0	\$504	\$1,496
Local Transit	\$600	\$350	\$2,650
State Transportation Improvement Program	\$863	\$996	\$141
Local Streets and Roads	\$1,037	\$250	\$713
State Highway Operation and Protection Program	\$403	\$214	\$133
State & Local Partnership Program	\$0	\$201	\$799
Grade Separations	\$123	\$63	\$64
Highway 99	\$14	\$104	\$882
Local Seismic	\$14	\$21	\$90
Intercity Rail	\$188	\$73	\$139
School Bus Retrofit	\$193	\$0	\$7
Air Quality	\$250	\$250	\$500
Transit Security	\$101	\$101	\$798
Port Security	\$41	\$58	\$1
Total Appropriations	\$4,435	\$4,741	\$10,749

PROPOSITION 42

Proposition 42, enacted in March 2002, amended the State Constitution to transfer state sales taxes on gasoline, other than revenues calculated under the spillover formula, from the General Fund to transportation purposes beginning in 2003-04. The Budget reflects full Proposition 42 funding of \$1.4 billion, including \$573 million for STIP and \$286 million for the Public Transportation Account (PTA), as provided in existing law. In November 2006, Proposition 1A was enacted to limit the conditions under which Proposition 42 transfers can be suspended and require that all outstanding loans from Proposition 42 to the General Fund be repaid in annual increments by June 30, 2016. The Budget fully funds the 2008-09 \$83 million repayment.

MASS TRANSPORTATION

The Budget provides funding for the following transit, rail and planning programs, as reflected in Figure BTH-02.

Figure BTH-02
Public Transportation
 (Dollars in Millions)

<u>Public Transportation Account Funding</u>	2007-08	2008-09
Planning	\$23	\$23
Intercity Rail Operations	\$113	\$122
Rail Projects	\$36	\$0
Local Transit Grants	\$312	\$306
Local Transit Projects	\$566	\$53
<u>Traffic Congestion Relief Program Funding</u>		
Local Mass Transportation Projects	\$66	\$59
State Rail Projects	\$12	\$5
<u>Proposition 1B Funding</u>		
Transit	\$600	\$350
Rail	\$188	\$73
Transit Security	\$101	\$101
Total	\$2,017	\$1,092

The PTA receives funds from sales tax on diesel fuel, a portion of the sales tax increase provided by Proposition 111, Proposition 42, and the “spillover” sales tax on gasoline. Spillover revenues occur when revenue derived from gasoline sales taxes is proportionately higher than revenue derived from all taxable sales pursuant to a statutory formula. These revenues have been growing at an extremely rapid rate,

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from \$88.6 million in 2003-04 to \$1.427 billion projected in 2008-09, and are expected to remain well over \$1 billion through 2011-12. These revenues, in addition to increases in gasoline and diesel fuel sales tax revenues, have enabled the state to fund the following transportation programs in 2008-09 that were previously funded by the General Fund:

Transportation General Obligation Bond Debt Service (\$939 million)

Developmental Services-Regional Center Transportation (\$138 million)

Home-to-School Transportation (\$593 million)

Proposition 42 Loan Repayment Pursuant to Proposition 1A (\$83 million)

CAPITAL OUTLAY SUPPORT STAFFING

The Budget reflects a decrease of \$38.8 million and an increase of 6 position equivalents, including state staff, overtime and contractual services to provide capital outlay support including bond-related workload in 2008-09. The reduction was a result of lower staff levels required to support bond fund projects than originally forecast and the conversion of contract work to staff work.

STATE HIGHWAY OPERATION AND PROTECTION PROGRAM

The Budget provides \$2.4 billion to fund projects in the SHOPP that reduce collisions and hazards to motorists, preserve and rehabilitate bridges and roadways, enhance and protect roadsides, and improve the operation of the state highway system. This is a decrease of \$194 million from 2007-08, as a result of lower revenues from fuel excise taxes.

MAINTENANCE

The Budget provides \$1.2 billion for maintenance of approximately 15,000 centerline miles of highway, over 230,000 right-of-way acres, and over 12,000 state highway bridges. This reflects an increase of \$29.8 million over 2007-08.

LOCAL STREETS AND ROADS

The Budget provides \$1.9 billion for local streets and roads maintenance, including \$250 million from bonds authorized by Proposition 1B. This is a 10-percent decrease of \$222 million from 2007-08.

The Budget provides \$122 million to manage and coordinate intercity rail passenger services that provide commuters with a range of transportation options, help improve

the state's air quality, and reduce highway congestion and fuel consumption. Caltrans manages two state-supported routes operated by Amtrak, the San Joaquin and Pacific Surfliner, and financially supports the Capitol Corridor.

HIGH-SPEED RAIL AUTHORITY

The Budget provides \$43 million for preliminary engineering and environmental contract work along the corridors of the system. Funding includes \$5.6 million from the PTA, \$8.2 million from savings on Proposition 116-funded projects, and \$29.1 million from bond proceeds if the November bond measure passes. The environmental work and preliminary engineering contract work funded in the Budget will need to be completed before bids for project construction can be solicited.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

The Budget includes \$1.0 billion (\$15.1 million General Fund) and 622.7 positions to fund the state's housing assistance programs. This is a decrease of \$425.6 million from 2007-08. This decrease results from higher 2007-08 Proposition 1C expenditures due to program accelerations and one-time allocations. These include \$150 million for the Infill Housing and the Transit Oriented Development programs to stimulate the state's economy by accelerating housing projects that provide construction industry jobs, \$170 million for the California Homebuyers Assistance and the Residential Development Loan programs administered by the California Housing Finance Agency, and a one-time allocation of \$60 million to the California Pollution Control Financing Authority to provide loans and grants for brownfield mitigation that promotes infill residential and mixed use development.

Proposition 1C authorizes \$2.8 billion to improve housing opportunities in the state. The Department of Housing and Community Development awarded \$923 million for existing programs in 2007-08 and expects to make awards totaling \$741 million in 2008-09 for the following program areas:

- Affordable homeownership programs—\$148 million to help families become or remain homeowners.
- Affordable rental housing construction—\$101 million to provide affordable rental housing for the state's lower-income workforce, the elderly, disabled, and veterans.

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- Housing for farmworkers—\$40 million for new rental housing and affordable home ownership opportunities for farmworker families.
- Permanent housing for the homeless—\$93 million to build permanent housing for the homeless, those transitioning out of homelessness, and emancipated foster care youth.
- Homeless shelter housing—\$24 million to construct and expand shelters of last resort and transitional housing for the homeless.
- Building Equity and Growth in Neighborhoods (BEGIN)—\$40 million for grants to cities and counties to make deferred-payment second mortgage loans to qualified buyers of new homes.
- Transit-oriented development—\$95 million to develop and construct new housing close to transit stations.
- Infill Incentive Grants—\$200 million for a competitive-based grant program to construct critical infrastructure that will stimulate the construction of new housing in existing neighborhoods and encourage efficient land use and development.