

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
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
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

June 5, 2009

Assembly Member Noreen Evans
Vice Chair, Joint Budget Conference Committee
State Capitol, Room 6026
Sacramento, CA 95814

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

Dear Assembly Member Evans:

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' estimate 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.

- **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,

Jim Earp, Executive Director
California Alliance for Jobs

Jose Mejia, Director
California State Council of Laborers

Tom Holsman, CEO
Associated General Contractors – California

Jim Santangelo, Chairman
California Teamsters Public Affairs Council

Patrick D. Kelly, Secretary-Treasurer
Teamsters Union Local 952

Rex Hime, President & CEO
California Business Properties Association

Keith Woods, President
Golden State Builders Exchanges

Paula LaBrie, Legislative Counsel
AAA Northern California

Tim Chang, Legislative Counsel
Automobile Club of Southern California

Mark Watts, Executive Director
Transportation California

Danny Curtin, Director
California Conference of Carpenters

Russ Burns, Business Manager
Operating Engineers Local Union No. 3

Joshua W. Shaw, Executive Director
California Transit Association

Keith Dunn, Executive Director
Self Help Counties Coalition

Chris McKenzie, Executive Director
League of California Cities

Paul McIntosh, Executive Director
California State Association of Counties

Patricia Megason, Executive Vice President
Regional Council of Rural Counties

Rusty Selix, Executive Director
California Association of Councils of Governments

Paul Meyer, Executive Director
American Council of Engineering Companies,
California

Tara McGovern, Director of Government
Relations
Engineering & Utilities Contractors Association

Mark Sheahan, President
Professional Engineers in California Government

Debbie Day, Executive Director
Engineering & General Contractors
Association

Mike Lewis, Senior Vice President
Construction Industry Air Quality Coalition

Lucy Dunn, President & CEO
Orange County Business Council

Carl Guardino, President & CEO
Silicon Valley Leadership Group

Gary Toebben, President & CEO
Los Angeles Area Chamber of Commerce

Jim Wunderman, President & CEO
Bay Area Council

Linda Best, President & CEO
Contra Costa Council

Bill Davis, Executive Vice President
Southern California Contractors Association

Jim Ryan, Executive Vice President
Associated General Contractors – San Diego

Richard Napier, Executive Director
City/County Association of Governments of
San Mateo County

Lupe Alvarez, Chairman
Santa Barbara County Association of
Governments

Robert Weich, Executive Director
Ventura County Contractors Association

Brian A. Williams, Executive Director
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

Charlene McCombs, Executive Director
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

Joe Tavaglione, President
Tavaglione Construction and Development,
Inc.

Mike Barth, President
Jezowski & Markel Contractors, Inc.

Jim Ghielmetti, CEO
Signature Properties

Kevin Johnson
Mayor, City of Sacramento

Anthony (Tony) Spitaleri
Mayor, City of Sunnyvale

Andrew J. Takata
Town Manager, Town of Yucca Valley

Thurston Smith
Mayor, City of Hesperia

Joseph Hughes
City Manager, City of Highland

Rick Roelle
Mayor, Town of Apple Valley

Ronald O. Loveridge
Mayor, City of Riverside

Carol McKay
City Administrator, City of Dorris

Jan McClintock
City Manager, City of Colusa

Rick Bosetti
Mayor, City of Redding

Steve Williams
City Manager, City of Palmdale

Pete Aguilar
Councilmember, City of Redlands

Melanie Fesmire
Mayor, City of Indio

Connie Gonsalves
Mayor, City of Jackson

Andrew T. Souza
City Manager, City of Fresno

Peter Towne
Mayor, City of Willows

Ken Hunt
City Manager, City of Fontana

Gary Thomasian
Mayor, City of Murrieta

Michael Sweeney
Mayor, City of Hayward

Kathleen J. DeRosa
Mayor, City of Cathedral City

Carol Martin
City Manager, City of Shasta Lake

Pete Carr
Administrator, City of Biggs

Peter Rogers
Mayor, City of Chino Hills

Kelly J. Chastain
Mayor, City of Colton

Melanie Fesmire
Mayor, City of Indio

Dennis Donohue
Mayor, City of Salinas

Ralph Rubio
Mayor, City of Seaside

Curt McBride
Mayor, City of Portola

Steve Nolan
Mayor, City of Corona

Scott Nassif
President, Desert Mountain Division, League
of California Cities

Marlin H. "Skip" Davies
Mayor, City of Woodland

Gina Garbolino
Mayor, City of Roseville

Mike Parness
City Manager, City of Napa

Maggie Houlihan
Mayor, City of Encinitas

Richard A. Stewart
Mayor, City of Moreno Valley

Crystal Crawford
Mayor, City of Del Mar

Cynthia Mathews
Mayor, City of Santa Cruz

Maryann Edwards
Mayor, City of Temecula

Ken Nordhoff
City Manager, City of San Rafael

Linda Vernon
Mayor, City of Tehachapi

Mark Wallace
Mayor, City of Dinuba

David D. Gustavson, PE
Director of Public Works & Transportation,
City of Beverly Hills

David H Ready,
City Manager, Palm Springs

Gregory C. Devereaux
City Manager, City of Ontario

Don Adolph
Mayor, City of La Quinta

Gary Bric
Mayor, City of Burbank