



September 11, 2009

Mr. Gerald Parsky, Chair  
Commission on the 21<sup>st</sup> Century Economy  
c/o State of California Department of Finance  
915 L Street, 8<sup>th</sup> Floor  
Sacramento, California 95814



Dear Mr. Parsky:

As the CEOs of the Southern California transportation commissions and the Southern California Association of Governments (SCAG), we applaud the work of the Commission on the 21<sup>st</sup> Century Economy (Commission) and the Commission's efforts to create a stable revenue system for the State of California. The state is facing some of the most dramatic economic conditions in decades and these considerations have revealed the need for reconsideration of how the state funds its programs and services.



As the Commission moves towards finalizing its recommendations, we would like to raise two issues for further consideration. First, we understand that the Commission is currently considering a recommendation to repeal the state portion of the sales tax and replace it with a Net Receipts Tax. It is important that Commission members clearly understand the impacts of this recommendation to transportation funding. The portion of the state sales tax that is applied to gasoline is the primary funding source for Proposition 42, which is the only major, ongoing funding source for the State Transportation Improvement Program (STIP). We are concerned that the Commission's recommendation could result in the state's divestment of funds from transportation infrastructure in California. We are also concerned that this proposal could impact local voter approved transportation sales tax measures and request that the Commission insert language in its final report to ensure there are no negative impacts to these measures.

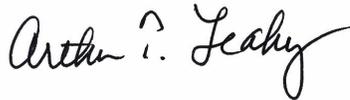


Secondly, as the Commission considers ways to stabilize overall funding for state operations, we request that it consider the restoration and stabilization of funding for public transit. The state has implemented mandates to reduce reductions in greenhouse gas emissions as stated in AB 32 (2006) and to integrate transportation and land use to achieve those emission reductions through SB 375 (2008). Transit will be a key element of these efforts and existing funding mechanisms for operating costs will assure the growth of the overall mass transit network. More specifically, funding for transit is currently dependent on Public Transportation Assistance funds, which exists from the sales tax on diesel, the sales tax on half of the gas tax as well as the spillover formula. Achieving the level of emission reductions currently being contemplated will require much higher levels of transit than are currently being offered, notwithstanding the reductions in service that are occurring at the local level as a result of the state's cuts to transit funding.



Lastly, we respectfully urge the Commission to identify funds for transportation agencies to invest in capital improvements, as well as implementation of innovative programs that reduce mobile source carbon emissions. Promoting state investment in a broad spectrum of transportation infrastructure projects will provide benefits to the overall state economy and will result in increased revenues for state programs. We would like to thank you for your consideration of our concerns and look forward to partnering with the Commission to meet its mandates.

Sincerely,



Arthur T. Leahy  
Chief Executive Officer  
Los Angeles County Metropolitan Transportation Authority



Will Kempton  
Chief Executive Officer  
Orange County Transportation Authority



Anne Mayer  
Executive Director  
Riverside County Transportation Commission



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Ventura County Transportation Commission