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### For Immediate Release

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## NEWS ADVISORY: STATE BODY SLASHES TRANSPORTATION FUNDING

Yesterday, the California Transportation Commission (Commission) approved a reduced estimate of projected funding available for the state's transportation program by \$754 million over the next five years. The Commission's action, which was undertaken after careful review of current and projected financial information from numerous sources, marks the largest scaling back of the state's transportation program since the creation of the current funding structure nearly 20 years ago.

"What this means is that almost every county in California that relies on this source of funding for projects that improve traffic and air quality will have to cut or delay projects indefinitely," stated CTC Chair Lucy Dunn. "The commission adopted the most optimistic scenario we could make in good conscience, in the hope agreement will be reached on a number of reforms and new funding increases currently under consideration by the Legislature. But failing that, I fear we will be faced with even more Draconian cuts next year."

The State Transportation Improvement Program is a key planning document for funding future state highway, intercity rail and transit improvements throughout California. The revisions approved by the Commission today are the result of anticipated additional reductions in a portion of the gasoline excise tax which is the major source of state funding for the program. Set at a level of 18 cents a gallon just a few years ago, the price-based portion of the gas tax dropped to 12 cents per gallon last year. The estimate approved by the Commission today projects that this revenue will fall another 2 cents a gallon for the coming fiscal year and that stabilization of this source may take longer than expected. Each penny reduction in the gas tax decreases revenue to fund state and local roads by about \$140 million per year.

The Commission is required by law to estimate the amount of funding expected to be available for the State Transportation Improvement Program which is updated every two years. In August of this past year, the Commission approved a funding estimate for the 2016 program based on previous revenue forecasts that eliminated the capacity to add any new projects to the program. More recent projections, however, point to a worsening financial picture and a significant drop in the dollars expected to be

available for projects in the 2016 plan. This will require the Commission to rescind funding previously committed to projects.

The action that the Commission is being forced to make given the shortfall in projected revenue will have a dramatic effect on transportation projects being proposed for construction across the state. Typically, transportation projects are funded from multiple sources. The total impact of the defunding of projects will likely run into the billions. This will have a very real impact beyond just meeting the transportation needs of Californians, as every \$1 billion in highway and transit investment supports 13,000 jobs, not to mention higher costs associated with project delays.

The Legislature is currently considering proposals to reform the transportation program and increase transportation revenue. The Governor has also presented a proposal for reforms and revenue. The action taken by the Commission today clearly underscores the urgent need for action and a solution to these problems.

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