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Press Room

Update from the Governor's Office
May 11, 2005

Gov. Schwarzenegger Announces Full Funding of Proposition 42 Transportation Funds

Governor Arnold Schwarzenegger announced today that his revised 2005-06 budget proposal will include \$1.3 billion in restored transportation funds for Proposition 42 at a speech to the League of California Cities.

"It's time for California to build again in the cities, the counties and everywhere across our state," said Governor Schwarzenegger. "On Friday, I will present a budget for California that will fully restore Proposition 42 and put more than \$1.3 billion into transportation. This will allow us to move ahead with new projects that were approved for construction years ago and finish or expand current projects that have been stalled by the lack of funding."

The Governor credited an improving economy for reversing the need to borrow money earmarked by the voters for transportation.

"Our economic recovery plan is working and as a result we have more revenues coming to the state," said Governor Schwarzenegger. "We're going to create an infrastructure that reduces the gridlock on our roads, builds the facilities that our cities need, speeds up the movement of goods in our state and creates more jobs. I want a California where people spend less time sitting on the freeway and more time with their families at home."

Proposition 42, passed by the voters in 2002, requires that state sales and use taxes on the sale of motor vehicle fuel be used for public transportation, city and county street and road repairs and improvements, and state highway improvements. Proposition 42 was partially suspended in the 2003-04 budget and fully suspended in the 2004-05 budget.

The Governor's current legislative budget control proposal, ACA 4X by Assemblymember Rick Keene (R-Chico), would prohibit further suspension of Proposition 42 beginning in 2007-08. Furthermore, ACA 4X provides for repayment of all Proposition 42 suspensions in equal annual increments by 2021-22.

The \$1.3 billion would be distributed as prescribed by Proposition 42, as follows:

- \$678 million would go to the Transportation Congestion Relief Program (TCRP)
- \$254 million to the State Highway Account (SHA) for State Transportation Improvement Program (STIP) projects
- \$254 million to cities and counties for deferred maintenance of local roads (\$127 million to cities, \$127 million to counties)
- \$127 million to the Public Transportation Account, with half (\$63.5 million) of those funds available for STIP projects and half (\$63.5 million) for State Transit Assistance (STA)

Governor Schwarzenegger will announce his full May budget revision on Friday, May 13.

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