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December 10, 2001

Hon. Bill Lockyer
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Tricia Knight
Initiative Coordinator

Dear Attorney General Lockyer:

Pursuant to Elections Code 9005, we have reviewed the proposed initiative related to the use of General Fund money for transportation purposes (File No. SA2001RF0032, Amendment No. 2-NS).

Key Provisions

The measure sets up a new Traffic Congestion Relief and Safe School Bus Trust Fund (TCRSSBTF) and transfers into the new fund 1 percent of General Fund revenue. The measure further allocates the transferred revenues among 17 subaccounts for a variety of state and local transportation-related purposes, including: mass transit and highway improvements, replacement of certain existing school buses, local street and road repairs, public facilities benefiting transit riders, senior and disabled transportation services, environmental mitigation, and bicycle and pedestrian improvements. Under specified conditions relating to the state of the General Fund, the measure requires that money in the TCRSSBTF be transferred back to the General Fund, or a lower amount be transferred to the TCRSSBTF.

Agencies that are allocated TCRSSBTF money can spend up to 2 percent of the funds for administrative costs. The measure requires an audit of TCRSSBTF expenditures to be conducted by a new independent commission.

Fiscal Effect

The measure would provide 1 percent of General Fund revenue for state and local transportation-related purposes. The amount is projected to be approximately \$420 million in 2002-03 and about \$820 million in 2003-04, increasing annually thereafter, depending on the increase in General Fund revenue.

The measure would also result in additional unknown administrative costs on various state and local agencies. These costs would likely be covered by the amount that the measure allows each entity to spend on the measure's administration.

The measure expresses its intent to not affect the minimum level of school funding required by the State Constitution. Specifically, it requires that the funds in the TCRSSBTF be added to General Fund revenues when determining the minimum guarantee amount for K-14 education under Proposition 98. The effect of these provisions is unknown and would depend on subsequent legislative, judicial, and administrative decisions.

Fiscal Summary

This measure would have the following fiscal impact:

- About \$420 million in 2002-03 and \$820 million in 2003-04, increasing annually thereafter, for state and local transportation-related purposes.

Sincerely,

Elizabeth G. Hill
Legislative Analyst