

## Use of Local Share of Gas Tax Revenues

June 10, 2009

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**Governor’s May Revision—Use Local Share for Debt Service on Ongoing Basis.**

2009-10	2010-11	2011-12
\$986 million	\$750 million	\$750 million

**Pros:**

- Provides ongoing General Fund help.
- No out-year General Fund obligations to repay loan.

**Cons:**

- Permanently reduces funding to cities and counties for street and road improvements.

**LAO Option 1— Suspend Gas Tax Subvention to Locals in 2009-10, With Repayment.**

2009-10	2010-11	2011-12
\$1,030 million	—	—

**Pros:**

- Locals receive same level of funding over time, when loan is repaid (within three years).

**Cons:**

- Creates out-year General Fund obligation to repay loan.

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**LAO Option 2 (Hybrid)—Suspend Subvention to Locals for Multiple Years, Without Repayment.**

2009-10	2010-11	2011-12
\$1,030 million	\$1,030 million	—

**Pros:**

- Provides greater General Fund help in 2009-10 and 2010-11 than Governor’s proposal.
- No out-year obligation for General Fund to repay loan.
- Funding for local streets and roads would return to current level after multiple years.

**Cons:**

- General Fund help would be for limited time, and not ongoing.