

## MEMORANDUM

**TO:** Santa Clara Valley Transportation Authority  
Board of Directors

**FROM:** Kurt Evans, Government Affairs Manager  
Santa Clara Valley Transportation Authority

**DATE:** August 17, 2009

**SUBJECT:** Weekly Legislative Update: Week of August 10, 2009

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### **FEDERAL**

**Climate Change:** According to a report issued by the non-partisan Congressional Budget Office, it will cost nearly \$8 billion over the next decade to pay for the expanded federal bureaucracy that would be needed to combat global warming under a bill that was recently passed by the House. The budget office also found that the House measure would shrink the federal deficit in that 10-year period because it requires businesses to buy permits to emit global-warming pollution, which would add hundreds of billions of dollars to federal coffers.

Critics of the House bill have seized on the increased size of government as a way to try to stir up opposition in the Senate, which is scheduled to consider its own version of climate-change legislation in the fall. The House measure, known as the American Clean Energy and Security Act, runs more than 1,400 pages and assigns new tasks and programs to at least 21 federal agencies—from the Energy Department to the Commodity Futures Trading Commission.

**Health Care:** Using better-than-expected jobs numbers to press his top domestic priority, President Barack Obama is arguing that overhauling the nation's health care system is essential to the economic well-being of the United States. Republicans, however, counter that the high unemployment rate—9.4 percent in July—shows that families and businesses are struggling, and that the President's reliance on a large government role in expanding health care coverage is the wrong approach.

A net total of 247,000 jobs were lost last month, the fewest in a year and a significant improvement from the 443,000 jobs that vanished in June as the United States tries to pull out of its worst recession since World War II. "We've begun to put the brakes on this recession and the worst may be behind us," the President commented. "However, we must do more than rescue our economy from this immediate crisis. We must lay a new foundation for future growth and prosperity, and a key pillar of a new foundation is health insurance reform."

It is a pitch that comes as the Democratic-controlled Congress struggles to write a health care plan that meets President Obama's twin goals of expanding coverage to millions of uninsured people while reining in rising costs. With lawmakers on a month-long summer break, opponents and supporters of the various proposals that are under consideration in the House and Senate are waging fierce campaigns. The President is redoubling his efforts to explain his position to a public that polls indicate is becoming increasingly wary about his ability to deliver on his promise to revamp health care. In recent town hall appearances in several states, President Obama noted that Congress is close to finalizing "real health insurance reform," and he warned against listening to opponents who are presenting misleading information in order to try to defeat "the best chance of reform we have ever had."

**Financial Markets:** Treasury Secretary Timothy Geithner voiced confidence that President Obama's sweeping financial reform plan would be passed by Congress this year despite growing objections from regulators and lawmakers. Geithner dismissed critics who largely want to maintain status-quo regulation of the nation's financial system in the wake of "abuses" that sparked a severe recession.

Speculation has grown recently that the President's plan is faltering. Among other things, it calls for broadening the Federal Reserve's authority to head off risks that threaten the financial system, and for creating a new consumer watchdog agency to oversee mortgages, credit cards and other financial products. The Fed has been criticized for failing to prevent the spread of the subprime mortgage crisis under its existing authority as a bank regulator. One objection to granting it expanded authority is that it could conflict with its core mission of promoting a vibrant economy. Meanwhile, the Fed, FDIC and other agencies are opposing the move to transfer their powers to regulate consumer finance products to a separate entity that they contend would lack the proper expertise.

**U.S. Supreme Court:** President Obama celebrated the confirmation of Sonia Sotomayor as the Supreme Court's newest member and first Hispanic, saying her story will be an inspiration for generations. "When Justice Sotomayor put her hand on that Bible and took that oath, we came yet another step to the more perfect union that we all seek," the President told a White House reception for Sotomayor that was packed with her family and friends, as well as with lawmakers, Hispanic community leaders and others who helped shepherd her confirmation through the Senate. Sotomayor is President Obama's first pick for the high court.

Sotomayor spoke emotionally about her ascension from a modest background to the highest bench in the United States. She grew up in public housing projects in New York City before getting an education at elite universities and starting her legal career. "I am deeply humbled by the sacred responsibility of upholding our laws and safeguarding the rights and freedoms set forth in our Constitution," she said.

## **STATE**

**State Budget:** Senate President Pro Tem Darrell Steinberg (D-Sacramento) filed a lawsuit in San Francisco Superior Court to block nearly \$500 million in line-item vetoes that were issued by Gov. Arnold Schwarzenegger in July. In the lawsuit, Steinberg asked the court to prevent the

Governor and Controller John Chiang from imposing cuts to programs ranging from Healthy Families to the Department of Parks and Recreation. Chiang, a Democrat, is named in the suit as a formality because he is responsible as controller for carrying out the Governor's vetoes.

In issuing the vetoes, Gov. Schwarzenegger said he was forced to cut a wide range of programs because the Assembly sent him a budget revision last month that was out of balance and lacked a reserve. Democrats have since argued that because lawmakers approved a budget revision filled with cuts—rather than a plan that appropriates new money—the Governor does not have the same line-item veto authority that applies to regular budget acts.

**Tax Reform:** The California Commission on the 21<sup>st</sup> Century Economy has been working since early this year on addressing the volatility in the current taxation structure that many believe has been at the heart of the recent budget deficits confronting the state. The commission was charged by Gov. Schwarzenegger to review and suggest changes to state and local taxes that would produce revenue streams that would be more stable and reflective of the California economy. The Governor has requested that the commission complete its work by September 20 and has announced a special session of the Legislature to consider the panel's recommendations on a straight "up or down" vote.

Through a series of open meetings, the commission has developed two proposals. The first is generally reflective of the sense of the majority of the panel, while the second, the so-called "Blue Plan," has been offered by a minority group of commissioners lead by Fred Keeley, a former Assembly member and current Santa Cruz County treasurer. As the commission works to complete its work, the theme emerging in both plans is to take a "revenue-neutral" approach by reducing some tax rates or eliminating certain taxes, while at the same time, establishing a new "business net receipts tax" that would be modeled after the VAT tax used in many European nations. However, the Blue Plan put forward by Keeley would also impose a new "pollution tax" on gasoline at 18 cents per gallon.

There are some alarming aspects to both plans for the transportation community. First, a key component of both plans is the elimination of the state (not local) sales tax. The commission has apparently overlooked the fact that as presently configured, a significant amount of funding for California's transportation infrastructure comes from the state sales tax. For instance, Proposition 42, which generates its revenues from the state sales tax on gasoline purchases, funds the State Transportation Improvement Program (STIP), local streets/road and public transit. And the main revenue sources for the Public Transportation Account are the state sales tax on diesel fuel and on 9 cents of the gasoline excise tax. The other developing concern is that the Blue Plan would impose a pollution tax on cars that is essentially a new 18-cent-per-gallon tax on gasoline, but the revenues would be deposited in the General Fund at a time when it is well-documented that the state's core transportation programs are woefully underfunded.

**NOTE:** Also contributing to this report were Susan Lent with Akin Gump Strauss Hauer & Feld; Mark Watts with Smith, Watts & Company; and Scott Haywood, VTA's Policy and Community Relations Manager.

From: Board.Secretary  
Sent: Tuesday, August 18, 2009 9:44 AM  
To: Board.Secretary  
Subject: Letter to James Wightman

To VTA Board of Directors:

Attached is a letter from Jim Lawson to James Wightman in response to his concerns raised at the Board of Directors meeting on August 6th.

His concerns centered on the roller coasters at Great America.

Deborah Harrington  
Board Secretary  
Santa Clara Valley Transportation Authority  
408.321.5773

August 11, 2009

James Wightman

Dear Mr. Wightman:

Thank you for your comments to the Santa Clara Valley Transportation Authority (VTA) Board of Directors on Thursday, August 6<sup>th</sup>. Under Public Presentations you inquired about the roller coaster(s) at Great America. While roller coasters do most often run on rails, they are not within the scope of responsibility of the VTA. They are located in the City of Santa Clara and their Planning Department may be able to assist you or direct you to the appropriate resource at Great America.

You can contact Kevin Reilly or Carol Anne Painter in the City of Santa Clara Planning Department at (408) 615-2150. They may be able to provide you with some assistance with your questions.

Thank you for your interest in VTA. We appreciate your time and attention.

Best regards,

Jim Lawson  
Executive Policy Advisor

cc: Board of Directors  
Michael Burns, General Manager  
Rajeev Batra, City of Santa Clara