MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Board of Directors

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

DATE: January 3, 2012

SUBJECT: Weekly Legislative Summary: Week of December 26, 2011

FEDERAL

Transportation: On December 28, the American Association of State Highway and Transportation Officials (AASHTO), the nationwide organization that represents state departments of transportation, released its list of 10 priority transportation issues for 2012. Those issues are as follows:

1. Enacting a long-term surface transportation authorization bill.
2. Addressing aging bridges, highways and public transit systems in an era of stagnant or reduced funding.
3. Responding to and planning for natural disasters.
4. Reducing traffic deaths.
5. Increasing the visibility of transportation as an issue in the upcoming presidential campaign.
6. Generating new ways to fund transportation.
7. Advancing intercity passenger rail.
8. Engaging the business community in support of transportation.
9. Serving a growing elderly population in urban and rural areas.
10. Responding to new storm-water reforms and other environmental regulations.

Immigration: The U.S. Supreme Court agreed to review a federal appeals court decision that blocked the implementation of several provisions in Arizona's controversial immigration law, setting the stage for an election-year ruling on an issue that is already shaping presidential politics. Arguments before the high court probably will take place in late April, meaning a decision could be rendered sometime in the summer. The Obama Administration is challenging the Arizona law, arguing that regulating immigration is the purview of the federal government, not the states. Similar laws in Alabama, South Carolina and Utah are also facing lawsuits filed by the administration. Private groups are suing over immigration measures that have been enacted in Georgia and Indiana.

Gov. Jan Brewer signed Arizona's immigration bill, SB 1070, into law in April 2010. The Obama Administration sued three months later to block the law from taking effect. In April 2011, a three-judge panel of the 9th Circuit U.S. Court of Appeals in San Francisco upheld a trial court ruling that

halted enforcement of several provisions in the Arizona law, including: (a) requiring all immigrants to obtain or carry immigration registration papers; (b) making it a state criminal offense for an illegal immigrant to seek work or hold a job; and (c) allowing police to arrest suspected illegal immigrants without a warrant.

The Supreme Court now has two politically charged cases on its calendar for this year. In November 2011, the court announced that it will consider legal challenges to the Affordable Care Act, the health care reform legislation that was enacted in 2010 with the backing of President Barack Obama.

STATE

Redevelopment Agencies: On December 29, the California Supreme Court ruled that lawmakers had the authority to divert $1.7 billion in redevelopment agency money to shore up the state General Fund. At the same time, the justices struck down a separate law approved as part of the FY 2012 budget package that would have allowed redevelopment agencies to stay in business if they agree to relinquish a large share of their funding to the state. Most redevelopment agencies had planned to take advantage of that "safety net" to remain in operation.

For Gov. Jerry Brown and state legislators, the high court's ruling was crucial; otherwise, they would have been put in the position of having to find ways to fill a $1.7 billion hole in the General Fund. The decision came in time for a January 15 deadline, when half of the redevelopment money for FY 2012 is scheduled to be turned over to the state. For the state's roughly 400 redevelopment agencies, the court's ruling is about the worst outcome possible. Unless things change, they are to be terminated as of February 1.

The case centered around two related laws that were passed by the Legislature and signed into law by Gov. Brown last year. The first dissolves redevelopment agencies and redirects their property tax revenues to the state, while the second gives the agencies the ability to continue to operate if they "opt in" and agree to relinquish a large portion of their revenues to pay for public education. The California Redevelopment Association, the League of California Cities, the city of San Jose, and Union City jointly filed a legal challenge against the two measures, contending that they violated Proposition 22, a ballot initiative approved by voters in November 2011 that, among other things, prohibits the state from diverting redevelopment agency money to the General Fund.

In its ruling, which was written by Justice Kathryn Mickle Werdegar, the Supreme Court concluded that the Legislature had the right to dissolve redevelopment agencies because it created them more than six decades ago. But the court did find that Proposition 22 trumped the ability of the Legislature to enact the second law forcing redevelopment agencies to essentially pay the state to survive. Chief Justice Tani Canti-Sakauye dissented from that part of the ruling, writing that the Legislature had a clear intent to keep redevelopment agencies in business.

In light of the Supreme Court's decision, cities are expected to urge the Legislature to salvage redevelopment agencies, given that they do not have a pot of money comparable to property taxes that have historically supported redevelopment activities to pay for urban renewal, affordable housing and other projects. So far, legislative leaders have been cautious about what may unfold next. Assembly Speaker John Perez (D-Los Angeles) conceded that the court's decision was a "mixed result." He

further noted, "Despite the court's action blocking our creation of smaller redevelopment agencies, we remain committed to finding affordable housing solutions and making smart economic development investments in our local communities." Senate President Pro Tempore Darrell Steinberg (D-Sacramento) commented that "all viable options" for local economic development should be explored. Gov. Brown, however, has supported the elimination of redevelopment agencies, contending that they take money away from schools, counties and state services.

Redistricting: The California Supreme Court announced that it will rule "as early as the end of January" on which state Senate districts would apply for this year's elections if a referendum challenging the newly drawn maps qualifies for the November ballot.

The court released an expedited briefing schedule in response to a petition filed by Fairness & Accountability in Redistricting (FAIR), a GOP-backed group that is pushing to have the Senate maps drawn by the Citizens Redistricting Commission discarded. FAIR has submitted more than 700,000 signatures to the state. If 504,706 of those signatures are determined to be from valid voters, the group's referendum will qualify for the November ballot. To prepare for that possibility, the Supreme Court must decide which state Senate districts would be used in the primary and general elections while a statewide vote on the referendum is pending.

NOTE: Also contributing to this report were Steve Palmer with Van Scoyoc Associates; Mark Watts with Smith, Watts & Company; Scott Haywood, VTA Policy and Community Relations Manager; and Colleen Valles, VTA Senior Policy Analyst.