



SACRAMENTO UPDATE

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Building Standards Commission Passes Green Building Code

The California Building Standards Commission (BSC) unanimously adopted the first-in-the-nation mandatory Green Building Standards Code (CALGREEN) requiring all new buildings in the state to be more energy efficient and environmentally responsible. Taking effect on January 1, 2011, these comprehensive regulations will attempt to achieve major reductions in greenhouse gas emissions, energy consumption and water use. CALGREEN will require that every new building constructed in California reduce water consumption by 20 percent, divert 50 percent of construction waste from landfills and install low pollutant-emitting materials. It also requires separate water meters for nonresidential buildings' indoor and outdoor water use, with a requirement for moisture-sensing irrigation systems for larger landscape projects and mandatory inspections of energy systems (e.g., heat furnace, air conditioner and mechanical equipment) for nonresidential buildings over 10,000 square feet to ensure that all are working at their maximum capacity and according to their design efficiencies. The mandatory CALGREEN provisions will be inspected and verified by local and state building departments. CALGREEN will use the long-standing enforcement infrastructure that the state has established to enforce its health, safety, fire, energy and structural building codes. Many of the mandatory provisions in the code are already part of the statewide building code, making verification of CALGREEN an easy transition for local building inspectors.

The CBIA, along with strong support of a 17-member industry coalition, applauded the actions by the BSC for effectively mainstreaming green building provisions into the body of the state building codes. Most importantly, the BSC resisted requests by the environmental community to pull back the standards and insert a requirement for independent, third-party verification of green building provisions, effectively taking plan check and inspection duties out of the hands of the local building department and placing that authority with private-sector green building administrators.

Click [here](#) for additional information about CALGREEN.

Governor touts tax-credit for home purchase

In the just released state budget, Gov. Schwarzenegger is asking for \$200 million to be set aside to finance a \$10,000 tax credit for buyers of both new and existing homes. Last year's program included \$100 million in funding, and it was exhausted in just a few months. The state credit would run in tandem with a federal homebuyer tax credit, which was extended in the fall and runs until the end of April. The homebuyer tax credit is part of a jobs creation initiative announced by Schwarzenegger during his State of the State speech earlier this month. It has been reported that building a new home generates some \$16,000 in state tax revenues alone and a new tax credit would more than pay for itself.

Why Tax Switch is Bad for Transportation

(Courtesy of Transportation California)

The transportation funding shift is a key component of the Governor's budget proposal, ranking as the single largest source of General Fund relief. The funding shift is intended to benefit the General Fund directly in the amount about \$1 billion in 2009-10 and 2010-11 with funds used to pay transportation debt-service costs. Including the effects on Proposition 98, the transportation funding shift results in a total of \$1.8 billion of General Fund savings in the Governor's proposal.

The Governor proposes to eliminate the state sales tax on fuel (*state sales tax only*, not local, on gas and diesel) and make up most of the lost revenues with an increase in the per gallon (excise) gas tax. The gas tax increase would be capped so that ultimately motorists would not pay more than they do now in gas and sales tax combined. For 2010-11, the proposal would reduce fuel sales tax revenues by \$2.8 billion.

The budget proposal offsets a portion of the revenue loss with a 10.8 cents per gallon gas tax increase, which would generate nearly \$1.9 billion for the following:

- \$629 million for state highways.
- \$629 million for local roads.
- \$603 million for debt service on transportation bonds.

This proposal would result in a net reduction in transportation revenues of about \$1 billion in 2010-11. In addition, the proposal would completely eliminate state support for mass transit programs traditionally funded by the state.

Impacts

State Transportation Programs

- ✓ The excise tax backfill would fully fund the estimated Prop 42 loss for the STIP of \$629 million in the first year of operation;
- ✓ State intercity rail and other state programs funded traditionally by Public Transportation Account (PTA) would be funded by existing estimated remaining PTA balance of \$1 billion, until this balance is depleted.
- ✓ There will be a loss of 5-year STIP capacity of an estimated \$800 million from the CTC's 2010 STIP Estimate.

Local Government Transportation Impacts

- ✓ The excise tax backfill would fully fund the estimated Proposition 42 loss for city and county roads of \$629 million in the first year of operation.

Transit

- ✓ PTA losses would amount to about \$1.6 billion. This would eliminate State Transit Assistance (STA funding grants to transit agencies) and STIP transit capital funding, as well.

Why the Proposal Must be Opposed

- ✓ Massive reduction of transportation funding resources that will severely impact economic recovery and threaten job stability throughout the state;
- ✓ Swaps the growing Proposition 42 funding base for reliance on the declining revenue stream of the excise tax on gas and diesel;
- ✓ Eliminates important "protection" measures built into Proposition 42/1A by eliminating the source of funding for Proposition 42. These protections include limited borrowing restrictions by Legislature of one occurrence in ten years, with no loans permitted while outstanding balance exists, and payback is required, with interest, within three years. In contrast, Article XIX permits borrowing for up to three years of the excise tax with no interest requirements and no restriction on consecutive or limited year borrowing.
- ✓ The loss of STIP capacity will negatively impact all county STIP programs. There will be less funding available to address capacity construction projects. Many small and suburban counties enjoy higher highway STIP capacity due to emphasis of urban counties absorbing PTA STIP funds within their RTIPs.
- ✓ The elimination of state support of mass transit comes on the heels of several years of radical cuts by the state and will throw local transit services into a tailspin, requiring even more service cuts or fare increases.

Campbell Switches Gears

Former Congressman/State Senator/ State Finance Director Tom Campbell has abandoned his bid for the republican nomination for Governor and switched his campaign for the republican nomination for U.S Senate with the victor taking on incumbent Barbara Boxer in the fall. Campbell's fundraising could not keep pace with the self-funding advantages of Meg Whitman and Steve Poizner.

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