CBPA POLICY PAPER

Infrastructure Finance

Ensuring Financial Resources for Critically Needed Infrastructure Projects

BACKGROUND

A well-maintained and balanced infrastructure is vital to the growth and development of California's economy and is a key factor in the state's ability to provide a healthy environment for economic opportunity and job creation.

In the early 1970's, statewide financing techniques for funding construction and maintenance of infrastructure ceased to exist in a way that allowed the state to be responsive to the demands of a growing populace.

Decreased public investment in the state's infrastructure allowed existing facilities to atrophy and the failure to build new facilities stressed and aging infrastructure to the point where it could no longer accommodate demand.

Not until 1994 did the state begin addressing the deteriorating infrastructure once again. That year, the California Infrastructure Bank was created for the purpose of assisting local governments in developing public improvements necessary to create jobs and attract private investment. Unfortunately, the Bank has yet to reach its full potential due to budget constraints caused by the chronic deficits that have plagued California.

In order to work around the inability of the state to fund infrastructure via the budget process, voters have been seeing bonds in the form of Propositions on statewide ballots.

In 2002, Proposition 42 redirected $1.4 billion of gasoline sales tax revenues to state and local transportation projects. However, during the recent budget deficits, even these funds were redirected away from transportation projects.

In November 2006, California voters approved an historic $37.3 billion Strategic Growth Plan bond package to invest funding in five major areas: Transportation, housing, education, flood control, natural resources (Propositions 1A, 1B, 1,C, 1D, 1E, respectively).

In September 2007, the Governor and Legislature convened a special session to write a plan that would address water infrastructure issues – levee safety, storage, conveyance, and supply.

CBPA POSITION

CBPA believes the state has a responsibility to provide and maintain infrastructure that facilitates the free flow of people, goods, energy, and water.

CBPA supports giving state and local government agencies the tools necessary to provide stable sources of revenue exclusively for infrastructure projects.

The growing trend to impose a disproportionately larger share of infrastructure improvement costs on new development should be generally be resisted as the policies increase consumer costs, discourage new development and lead to costly litigation.

Development fees should be used to finance only public facilities or infrastructure directly related to demands created by new development.

CBPA supports the national efforts of the International Council of Shopping Centers (ICSC) and others to allow for the collection of sales tax on goods purchased out of state by mail, phone, or the Internet.

CBPA supports greater privatization of projects by local government.

CBPA supports the 2007 Strategic Growth Plan and will actively work to assure that monies are disbursed to projects as soon as possible in accordance with the voters' will – quickly, efficiently, and on projects that provide broad benefit to the general public.

CBPA is actively engaged in and supports a water plan that increases storage, improves conveyance, and promotes projects that enhance the environment that can be presented to the voters in 2008.

CALIFORNIA BUSINESS PROPERTIES ASSOCIATION
Rex S. Hime, President & CEO
Matthew Hargrove, Sr. Vice President of Governmental Affairs
1121 L Street, Suite 809, Sacramento, CA 95814
916-443-4676; Fax 916-443-0938
www.cbpa.com