



**USC Keston Institute for Public Finance and Infrastructure Policy**

**The Proposed California Transportation Finance  
Authority: An Analysis of AB 3021**

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# Comments on AB 3021 and the Proposed California Transportation Finance Authority

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In recent years, toll roads have made a comeback in the United States. According to a 2006 survey by the Federal Highway Administration, 168 new toll road projects in twenty-seven states costing a total of \$80 billion dollars were initiated between 1992 and 2006.<sup>1</sup> And, there are indications that these numbers will continue to rise as more state and local governments throughout the country seek to finance transportation infrastructure with tolls, encouraged by federal incentives and motivated by a steady decline in the value of gas tax revenues.<sup>2</sup> California is part of this trend, with six new toll roads and toll lane systems operating in Southern California and several others in development. However, there are considerable legal and political obstacles to the imposition of tolls in California that prevent their broader use. This paper discusses AB 3021, legislation designed to facilitate the use of tolls and other revenue to finance new capacity or improvements to California's transportation system, including publicly owned and operated highways, streets, and rail facilities.

Last fall, state treasurer Bill Lockyer proposed the creation of a "California Transportation Finance Authority," or CTFA, to promote innovative financing for transportation infrastructure through "public-public partnerships."<sup>3</sup> This resulted in AB 3021, a bill sponsored by the treasurer and introduced in February 2008 by Assemblyman Pedro Nava, who represents the Santa Barbara area in Southern California.<sup>4</sup> This legislation would create a new state-level public corporation that would be authorized to issue bonds to pay for transportation projects through local and regional agencies. This report discusses the needs that AB 3021 is designed to address, compares it to likely alternatives, and examines some of its probable outcomes and consequences.

## THE NEED FOR INNOVATIVE TRANSPORTATION FINANCE

AB 3021 and the proposed California Transportation Finance Authority must be understood in the context of California's larger financial crisis and the contentious debate over how to raise funds for investment in transportation infrastructure. It significantly increases the public-sector options available for

financing new capacity and improvements, ameliorating the restrictive fiscal environment of California's state and local governments.

The recent resurgence of tolling in the United States and in California is related to larger trends in government finance as well as the changing politics of taxation. Federal spending on transportation infrastructure, and particularly on roads and highways, has not kept pace with population growth or with demand. Consequently, there has been increasing pressure to increase state and local spending to maintain and expand these systems.<sup>5</sup> Policy analysts first declared an "infrastructure crisis" in the 1980s, complaining of widespread deferred maintenance and the urgent need for new construction.<sup>6</sup> Reliance on private motor vehicles for both personal transportation and goods movement has increased along with suburbanization in the United States, putting ever-greater pressure upon a limited and deteriorating system of roads and highways. Population growth, low-density development, and chronic underinvestment in mass transit and rail facilities have resulted in severe traffic congestion in California and in metropolitan areas throughout the country.<sup>7</sup>

In the past, state and federal excise taxes on gasoline, as user fees loosely based on mileage traveled, have provided most of the funding for the construction and maintenance of roads and highways. In the mid-twentieth century, gas taxes provided most of the funding for the rapid development of a comprehensive system of local and long-distance highways throughout the country, including both state highways and the federal interstate system. Since the 1970s the value of gas taxes has declined, even as the pressure on the systems that they fund has increased. They are set at a flat rate per gallon, and do not automatically increase with the cost of gas or with inflation. Raising them typically requires legislation, but there is strong political resistance to this both at the state and the federal levels; the California gas tax has been 18 cents per gallon since 1994. The federal gas tax was raised in 1993 to its current level of 18.4 cents per gallon. Consequently, the burden of paying for transportation infrastructure has shifted to state and local governments.<sup>8</sup> Analysts project that the Federal Highway Trust Fund will have a deficit by 2009, making further reductions in the federal share of transportation spending likely.<sup>9</sup>

Even as gas tax revenues declined in value over the last few decades, the politics of fiscal policy limited the alternatives for financing investment in transportation infrastructure. In California, a state-wide tax revolt has severely restricted the ability of state and local governments to raise new funds. Starting with Proposition 13 in 1978, a series of initiatives introduced requirements for "super-

majority” (two-thirds or more) voter or legislative approval for many new taxes or fees, shifting power to small conservative minorities. They also imposed new requirements for balanced budgets while simultaneously preventing the acquisition of reserves in prosperous years that could make up for shortfalls during economic slowdowns or recessions. This situation has resulted in many painful and politically unpopular cutbacks in state and local government spending. Voters have responded by passing initiatives that require minimum spending for a variety of programs including education, health care, and social services. Other measures have earmarked the use of specific revenues for particular programs, including transportation. The combined effect of these tax and expenditure limits for California has been an increasingly restricted state government with an uncertain financial future and a growing burden of debt.<sup>10</sup>

Despite these circumstances, transportation funding in California has improved recently, primarily because voters have been willing to take measures to increase and protect it, both at the state level and locally. At least twenty counties in California have created new transportation authorities funded with local sales taxes.<sup>11</sup> At the state level, voters passed Proposition 42 in 2002, which amended the California constitution to require that all sales tax on gasoline be used for transportation, as well, rather than going into the state’s general fund. Four years later, after these funds were loaned to the state for other uses in the context of a worsening overall state budget crisis, voters strengthened the protection for gasoline sales taxes with Proposition 1A. Voters also passed Proposition 1B in 2006, which authorized the state to issue \$19.9 billion in general obligation bonds, primarily dedicated to improving roads and highways with the goal of reducing traffic congestion.

The success of these measures reflects public awareness of the significant shortfalls in infrastructure investment in California, and their obvious costs in both time and money for individuals who rely on that infrastructure for their daily transportation needs. Still, these measures do not come close to fulfilling current and projected need for spending on transportation. Even with new dedicated funds, state spending on highway maintenance and rehabilitation alone falls short of minimal requirements by approximately \$3 billion per year. The California Transportation Commission estimated in 2007 that, after decades of deferred maintenance and little new capacity, California needed to spend \$200 billion just to meet current needs.<sup>12</sup> Although Proposition 1B authorized a significant “down payment” on this sum, the measure has important disadvantages. General obligation bonds must be repaid with money from the general fund over the long-term, potentially adding to the state’s overall fiscal

and budgetary problems. As it is, critics have objected to measures that earmark sales taxes for transportation because doing so reduces the general fund revenues that would otherwise be available to meet critical needs in other sectors. The state income tax provides the majority of general fund revenue, but the second most important source is sales tax. In theory, investing public money in projects that will improve the economy overall, such as transportation infrastructure, will generate increased future tax revenue that will cover the cost of the debt incurred. However, legal and political restrictions on tax increases in California have resulted in a situation in which tax revenues have not kept up with the state's economic growth, and the prospects of ameliorating this problem are dim. Because of this situation in the state, there is a case to be made that if the cost of transportation investments can be shifted away from the general fund through the use of dedicated revenue sources such as tolls to secure financing, more money will be available for education, health and social services that depend on general fund appropriations. AB 3021 reduces the pressure on the general fund by paying for new transportation investments by other means.<sup>13</sup>

### **THE CALIFORNIA TRANSPORTATION FINANCE AUTHORITY**

AB 3021 is designed to allow local and regional agencies to take responsibility for paying for high-priority portions of the state transportation system by financing them separately through a California Transportation Finance Authority. It would also provide new financing and revenue options to the state department of transportation.

AB 3021 would create a new state-level agency, the California Transportation Finance Authority. The CTFA would have a very limited purpose: to issue revenue bonds for new capacity or improvements to the "state transportation system" at the request of a public sector "project sponsor." While AB 3021 does not define the "state transportation system" explicitly, the bill defines "projects" to include "highway, public street, rail or related facilities... owned and operated by the [department of transportation] or other project sponsor." Certainly, this legislation would provide an important new funding option for the expansion or improvement of state highway facilities, and possibly for other transportation facilities as well. In particular, facilities in congested areas with the potential to generate significant revenue with the imposition of tolls would be prime candidates for CTFA financing.

A wide variety of local and regional agencies would be eligible to sponsor projects, as would the state department of transportation. The CTFA itself would

have no power to initiate projects, and any proposal would have to meet existing transportation planning criteria at the local, regional, and state levels. Essentially, the CTFA would be what scholars call a “conduit authority,” an entity that exists to support the function of other public agencies (or private agencies fulfilling public purposes) by issuing debt.<sup>14</sup> Often, conduit authorities are created for the purpose of circumventing debt limits or political constraints on existing governments.<sup>15</sup> The CTFA would do both: it would add capacity for state-issued revenue bonds as an alternative to general obligation bonds and eliminate the need for voter or legislative approval for new debt or for the imposition of tolls at the same time. The agency would have an oversight function, responsible for ensuring that the toll project proposals are financially sound and that toll revenues will be adequate to pay for the capital costs, operation, maintenance, and rehabilitation costs over their lifecycle. The CTFA is also authorized to improve terms of financing by offering additional security for financiers and thereby enhancing the credit of the sponsoring agency that is borrowing money.

The CTFA would have a seven-member board consisting of four state officials, two legislative appointees, and the executive director of the agency. The California State Treasurer would serve as its chair and appoint the executive director. Funding for its staff and activities would come from fees on the debt it would issue.

By creating a new government agency, AB 3021 would have a significant long-term structural effect on California transportation policy. The CTFA would add to the complex collection of institutions involved with transportation in California. Rather than creating more red tape, however, the officials on this new agency would be likely to actively facilitate eligible projects. While the CTFA could not initiate any projects, it would have a built-in incentive for issuing debt because its funding would rely on it. Its officials would be motivated to recruit participants and assist in securing approval for eligible projects from other agencies.

### **FISCAL AND ADMINISTRATIVE IMPLICATIONS OF THE CTFA**

There are two aspects of this legislation that stand out as the most significant. First, AB 3021 would greatly facilitate the use of tolls by creating a legal means of imposing them without direct approval from the state legislature or from voters. Transportation policy analysts and academics have been increasingly supportive of tolls in recent decades, both as a way to make up for the declining value of gas

taxes, and as a flexible means of promoting goals such as congestion relief and demand management.<sup>16</sup> While many conservative policy-makers have already embraced tolling as the future of transportation finance in the United States, it has also been gaining traction with the left.<sup>17</sup> As discussed below, depending upon the specific characteristics of toll arrangements, including the use of revenue and the administration of revenue-generating facilities, they could actually improve the equity and environmental sustainability of the transportation system as a whole.

However, California is currently very limited in the use of tolls to pay for new highway projects. As it is now, toll road proposals must win specific authorization from the state legislature, a daunting obstacle to their approval. With the passage of AB 3021, highway projects that meet the normal planning and environmental review requirements would be eligible for tolling if they meet the requirements for financing through the CTFA, even if they are financed by another means. The only political approval that would be required for these new toll projects would be a majority vote by the board of the entity sponsoring the project authorizing the imposition of tolls, or less likely, majority approval by the voters in its jurisdiction of a ballot measure authorizing tolls. This is a far lower bar than other increases in taxes or fees must surmount in California. The measure would significantly increase the likelihood of more tolls in California, and their importance in financing transportation infrastructure relative to other potential sources of revenue.

Another important aspect of AB 3021 has to do with the question of private sector involvement in the provision of transportation infrastructure. This measure has been framed since its inception as a means of promoting “public-public partnerships.” This is in direct contrast with “public-private partnerships,” a term that encompasses a variety of arrangements and agreements that increase the private-sector role in financing and administering transportation facilities. Certainly, the same projects that would be most appropriate for public-private partnerships, the ones with the potential to generate significant revenue, would also be the best candidates for CTFA financing. The creation of the CTFA would expand the capacity for public sector investment, allowing existing agencies to raise more capital themselves. CTFA bonds would be secured with the very same future revenues that would be dedicated to compensating private sector investors. The public sponsoring agencies could borrow through the CTFA and pay back their loans directly, retaining control over the facilities and using surplus revenues to invest in related facilities or to reduce tolls. While this legislation would certainly not

hinder the development of public-private partnerships where they are politically or economically desirable, it would give local governments another option to consider.

In addition to the question of public versus private financing for California highways, the proposed CTFA also raises the question of public versus private administration and management of new facilities. The vast majority of toll facilities in the United States are operated by authorities, independent public corporations that are designed to function as businesses. California's toll bridges are all currently operated by authorities, as are most of the toll roads in Southern California.<sup>18</sup> The CTFA would make this institutional arrangement more likely for future toll projects, as opposed to allowing private firms to administer and manage new facilities through public-private partnerships. While proponents of private administration argue that it is inherently more efficient than public administration, authorities have been developed with the goal of promoting efficient public management by building market incentives and businesslike operation into their institutional structure. In theory, they represent a hybrid that combines business efficiency with greater regard for the public interest.<sup>19</sup>

### **THE ENVIRONMENT AND THE CTFA**

The potential environmental benefits of AB 3021 are significant, but largely depend on the initiative and choices of project sponsors. As amended on May 7, 2008, the bill sets a basic standard for the projects that the CTFA could fund, specifying that the objective of the CTFA will be to increase construction that "will help meet the state's greenhouse gas reduction goals, air quality improvement goals, and natural resource conservation goals." In addition, any project under consideration for CTFA funding must win approval from local, regional and state transportation planning bodies, and comply with all existing environmental laws.

In addition to fulfilling these basic environmental criteria, however, AB 3021 creates opportunities for sponsoring agencies to implement tolls, which make drivers directly responsible for and very aware of the costs of providing infrastructure for private automobiles, and encourage greater use of other modes of transportation. Tolls can also be used to establish new fiscal links between highway facilities and mass transit systems and thereby to maximize their potential positive effects on the environment, particularly in urban areas. Because the bill allows the CTFA to authorize tolls to finance improvements as well as new capacity and improvements to the state transportation system, at

least in theory it could lead to the imposition of tolls on existing highways. This could generate revenue where there is significant traffic congestion without reinforcing and perpetuating reliance on automobiles by building new highway capacity. Tolls would reduce demand for limited highway capacity through market mechanisms. In addition, the legislation leaves the door open for the use of revenues generated by toll highways to “provide transportation improvements” and to “fund... transit service, including, but not limited to, support for transit operations.” By making the cost of driving more apparent and providing appealing transit alternatives at the same time, tolls could produce a dramatic shift in transportation choices, encouraging densification and sustainable urban development at the same time. In particular, if tolls paid for mass transit facilities that could appeal to large numbers of people who would normally drive, such as rail systems that are popular with middle-class commuters, this would amplify the reduction of congestion associated with tolls.

### **EQUITY AND THE CTFA**

Any measure to raise new revenue or to change the source of revenue to pay for transportation infrastructure will inevitably impact various income groups and various places differently. AB 3021 is likely to increase the use of tolls in California, which have an overall regressive effect. However, the degree to which tolls are regressive depends upon the context in which they are collected and whether there is a good, cost-effective alternative to paying them available to would-be poor and middle-class drivers. In addition, the regressive effects of tolls could be offset if some of the revenue they generate supports progressive transportation programs.<sup>20</sup> AB 3021 would also be likely to make the distribution of burdens and benefits among urban, suburban, and rural places more equitable, as well, by retaining more of the money spent in urban and suburban areas to pay for local improvements.

The alternatives to toll-based financing all have significant disadvantages. Much of the funding for transportation in California already comes from heavily regressive taxes, including the excise tax on gasoline and general sales taxes. Both tolls and gas taxes are based on the idea that the greatest beneficiaries of transportation facilities, their users, should bear the burden of paying for them. Tolls have the added advantage of making the cost of driving immediately apparent to drivers, and therefore promoting the efficient use of specific facilities. Based on a standard of equity and fairness based on ability-to-pay, neither gas taxes nor tolls come out very well because they do not vary by income. However, sales taxes are even worse. Not only are they heavily

regressive, but they also lack any direct connection to the use or to the benefits of the transportation facilities they pay for. Nevertheless, sales taxes are increasingly important source of transportation funding in California, particularly at the local level. In light of this, expanding the use of tolls could be a good option for many localities, as they are more equitable than sales taxes and promote efficiency at the same time.

General obligation bonds are another option for paying for investments in transportation infrastructure that has been exercised recently at the state level. Income taxes, which are based on ability to pay and have a progressive overall effect, provide a significant portion of the revenue that goes to paying general obligation bonds. However, if the current political climate and legal restraints on fiscal policy in California persist, it will be unlikely that income taxes will be sufficient to pay for this debt in the future as well as the education, social, and health programs that also rely on the general fund. Issuing general obligation bonds to finance transportation infrastructure may not be worth the risk of compromising future funding for other important state programs. AB 3021 provides another option that doesn't involving gambling on the future fiscal health of the state government.

Of course, questions of equity should also be considered with regard for choice. Highways are just a single part of local and regional transportation systems. AB 3021 requires that "each highway project for which tolls are imposed shall have non-tolled alternative lanes available for public use." While the availability of "free" lanes may address equity issues to some degree, congested free lanes are not really a valid trade-off. However, if toll revenues can be used to subsidize and support investment in mass transportation, they could help provide genuinely good alternatives to the use of the tolled facilities. The right balance between the use of tolls to finance new highway capacity and to finance investments in complementary mass transit would improve the transportation system as a whole and support environmental quality and equity at the same time.

The differential effects of AB 3021 on *places* are also worth considering with regard for equity. Since their widespread adoption in the 1930s, gas taxes have been allocated based on complex, politically-determined formulae that uniformly favor rural areas over metropolitan areas. While urban and suburban motorists pay the majority of state and federal gas taxes, the transportation facilities that they use have never received a proportionate amount of funding. In addition, local and regional preferences for the use of the funds they do receive have often

been ignored by state officials responsible for spending those funds, generating a long history of conflict over highways.<sup>21</sup> The projects that AB 3021 would be most likely to facilitate, those with the potential to generate significant revenue, would be located in metropolitan areas. The measure would effectively devolve some of transportation policy-making and planning authority and initiative to the regional and local levels, and it would help ensure that new revenue generated in urban and suburban areas would be spent directly on investments in those places. As long as the state spending that would normally go to transportation projects in these areas was not reduced, CTFA financing would represent a step toward making transportation funding more equitable for places as well as for individuals.

## CONCLUSION

AB 3021 would speed and facilitate the construction of transportation infrastructure in California, providing more options for local, regional, and state agencies to initiate and realize specific, high-priority projects. It would improve the chances of public financing and administration for these projects. It would expand the use of tolls in California, reducing the pressure on the state's general fund for transportation. It would empower local and regional agencies to take more initiative in transportation policy and increase investment in urban and suburban infrastructure. It would also provide the opportunity for the implementation of tolls in relatively progressive, environmentally friendly ways by allowing for their use to support multi-modal transportation systems.

This legislation also raises questions related to the future of transportation policy in California. Some of the alternatives to AB 3021 have significant disadvantages or are very unlikely given the current political and legal climate in California. Issuing more general obligation bonds to finance transportation infrastructure could be problematic for California's state budget if current restrictions on revenue are not eased. Continued increases in sales taxes to support transportation are inefficient and fall disproportionately on poor and low-income populations. Failing to increase investments in transportation infrastructure could exacerbate congestion, harming the environment and public health, and ultimately damaging the economy. Overall, the passage of AB 3021 and the creation of a California Transportation Finance Authority would represent a meaningful step toward meeting California's transportation infrastructure investment needs.

## NOTES

- <sup>1</sup> Benjamin Perez and Steve Lockwood (2006). *Current Toll Road Activity in the U.S.: A Survey and Analysis*. United States Department of Transportation, Federal Highway Administration.
- <sup>2</sup> E.g. C. Kenneth Orski (2008) Restructuring the Surface Transportation Program: A Dialogue Between "Conservatives" and "Innovators." *Institute of Transportation Engineers Journal* 78:3.
- <sup>3</sup> Bill Lockyer (2007) *State Debt Affordability Report: Looking Beyond the Horizon: Investment Planning for the 21<sup>st</sup> Century*. Sacramento.
- <sup>4</sup> A.B. 3021, 2007-08 leg., reg. sess. (Ca.)
- <sup>5</sup> United States Congressional Budget Office (2007) *Trends in Public Spending on Transportation and Water Infrastructure, 1956 to 2004*. Washington, D.C.
- <sup>6</sup> Pat Choate and Susan Walter (1983). *America In Ruins: Beyond the Public Works Pork Barrel*. Washington DC: Council of State Planning Agencies; Roger J. Vaughan (1983) *Rebuilding America: Financing Public Works in the 1980s*. Washington D. C.: Council of State Planning Agencies; Marshall Kaplan (1984). *Hard Choices: A Report on the Increasing Gap between America's Infrastructure Needs and our Ability to Pay for Them*. Washington D.C.: Subcommittee on Economic Goals and Intergovernmental Policy, Joint Economic Committee, United States Congress.
- <sup>7</sup> David W. Jones (1985) *Urban Transit Policy: An Economic and Political History*. Englewood Cliffs, NJ: Prentice Hall; George M. Smerk (1991) *The Federal Role in Urban Mass Transportation*. Bloomington and Indianapolis: Indiana University Press.
- <sup>8</sup> Todd Goldman and Martin Wachs (2003) "A Quiet Revolution in Transportation Finance: The Rise of Local Option Taxes" *Transportation Quarterly* (57), 19-32.
- <sup>9</sup> Congressional Budget Office (2007) *Status of the Highway Trust Fund: 2007*. Statement by Donald B. Marron before the Subcommittee on Highways and Transit, Committee on Transportation and Infrastructure, U.S. House of Representatives, March 27.
- <sup>10</sup> David O. Sears and Jack Citrin (1985) *Tax Revolt: Something for Nothing in California* Rev. ed. Cambridge MA: Harvard University Press; Peter Schrag (1999)

*Paradise Lost: California's Experience, America's Future*. Berkeley: University of California Press; Philip G. Joyce and Daniel R. Mullins (1991) The Changing Fiscal Structure of the State and Local Public Sector: The Impact of Tax and Expenditure Limitations. *Public Administration Review* 51: 240-53; Shaun Bowler and Todd Donovan (2004) Evolution in State Governance Structures: Unintended Consequences of State Tax and Expenditure Limits. *Political Research Quarterly* 59: 189-196; U.S. Advisory Commission on Intergovernmental Relations (1995) *Tax and Expenditure Limits on State and Local Governments*. ACIR and the Center for Urban Policy and the Environment, Indiana University.

<sup>11</sup> This is despite the two-thirds vote required for the approval of new sales taxes since 1987—an impressive testament to the general sense among California residents that there is a crisis in transportation. Amber E. Crabbe et al. (2005) Local Transportation Sales Taxes: California's Experiment in Transportation Finance. *Public Budgeting and Finance* 25: 91-121; California Board of Equalization, California City and County Sales and Use Tax Rates: District Taxes, Rates and Effective Dates. <http://www.boe.ca.gov/sutax/pdf/districtratelist.pdf> (accessed May 19, 2008).

<sup>12</sup> California Legislative Analyst's Office (2008) *Analysis of the 2008-2009 Budget Bill, Transportation Chapter*. Sacramento, CA; California Transportation Commission (2006, 2007) *Annual Report to the State Legislature*.

<sup>13</sup> Matthew Adams, et al. (2001) *Financing Transportation in California: Strategies for Change*. Institute of Transportation Studies, UC Berkeley; Jeffrey Brown et al. (1999) *the Future of California Highway Finance*. Berkeley: California Policy Research Center.

<sup>14</sup> California already has several conduit authorities including the California Infrastructure and Economic Development Bank, or I-bank, which finances both public and private projects, and was created in 1994. On conduit authorities see Alberta M. Sbragia (1996) *Debt Wish: entrepreneurial cities, U.S. federalism, and economic development*. Pittsburgh, PA: University of Pittsburgh Press; Carolyn Bourdeaux (2005) "A Question of Genesis: An Analysis of the Determinants of Public Authorities." *Journal of Public Administration Research and Theory* 15(3), 441-462.

<sup>15</sup> This response to TELs is not exceptional; one of their most important outcomes is greater use of special districts and authorities to circumvent them. Beverly S. Bunch (1991) The effect of constitutional debt limits on state governments' use of public authorities. *Public Choice* 68:57-69; Shaun Bowler and Todd Donovan

(2004) Evolution in State Governance Structures: Unintended Consequences of State Tax and Expenditure Limits. *Political Research Quarterly* 59: 189-196.

<sup>16</sup> For an overview of the burgeoning academic literature on tolling and congestion pricing, see Robin Lindsey (2006) Do Economists Reach a Conclusion? The Intellectual History of an Idea. *Economic Journal Watch* 3:2, 292-379.

<sup>17</sup> Federal programs to encourage the use of tolls started with the “Congestion Pricing Program,” since renamed the “Value Pricing Program,” which was authorized in 1991 by the Intermodal Surface Transportation Efficiency Act (ISTEA). In 1995, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, or SAFETEA-LU, included \$59 million to fund the program through 2009.

<sup>18</sup> The Bay Area Toll Authority operates all toll bridges in the state except the Golden Gate Bridge, which is under the jurisdiction of the Golden Gate Bridge and Highway District, also technically an authority. In Orange County several public authorities operate toll roads, including the Transportation Corridor Agencies and the Orange County Transportation Authority. While the term “authority” is somewhat inexact, in general it refers to special-purpose public corporations with appointed governing boards, substantial financial and political independence, and the ability to issue tax-exempt debt backed by their own revenue. James Leigland (1994) Public authorities and determinants of their use by state and local governments. *Journal of Public Administration Research and Theory* 4(4), 521-544.

<sup>19</sup> Kathryn Foster (1997). *The Political Economy of Special-Purpose Government*. Washington, D.C.: Georgetown University Press; Jameson W. Doig and Jerry Mitchell (1992). Expertise, Democracy and the Public Authority Model: Groping Toward Accommodation. *Public Authorities and Public Policy: the Business of Government*, Jerry Mitchell, ed. Westport CT, Greenwood Press; Annmarie Hauck Walsh (1978). *The Public's Business: The Politics and Practices of Government Corporations*. Cambridge, MA: MIT Press; Annmarie Hauck Walsh (1978). *The Public's Business: The Politics and Practices of Government Corporations*. Cambridge, MA: MIT Press.

<sup>20</sup> For discussions of tax equity see Michael P. Ettliger et al. (1996) *Who Pays? Distributional Analysis of the Tax Systems of all 50 States*. Washington, D. C.: Citizens for Tax Justice and the Institute on Taxation and Economic Policy; Joseph J. Thorndike and Dennis J. Ventry Jr., eds. (2002) *Tax Justice: the Ongoing Debate*. Washington, D.C.: The Urban Institute.

<sup>21</sup> Brian D. Taylor 2000. "When Finance Leads Planning: Urban Planning, Highway Planning, and Metropolitan Freeways," *Journal of Planning Education and Research*. 20(2): 196-214.