

AMENDED IN SENATE MAY 1, 2014  
AMENDED IN SENATE MARCH 24, 2014

**SENATE BILL**

**No. 1037**

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**Introduced by Senator Hernandez**

February 18, 2014

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An act to amend Section 130350.6 of the Public Utilities Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1037, as amended, Hernandez. Los Angeles County Metropolitan Transportation Authority: transactions and use tax.

Existing law authorizes the Los Angeles County Metropolitan Transportation Authority (MTA) to impose, in addition to any other tax that it is authorized to impose, a transactions and use tax at a rate of 0.5% for the funding of specified transportation-related purposes pursuant to an adopted expenditure plan and subject to voter approval. Existing law authorizes the MTA to seek voter approval to extend the sales tax pursuant to an amended ordinance, subject to various requirements and voter approval.

This bill would require the MTA, prior to submitting an amended ordinance to the voters, to amend the expenditure plan previously prepared for the voter-approved Measure R transactions and use tax with respect to certain matters relating to projects and programs to be funded under Measure R *and to develop a transparent process to determine the most recent cost estimates for those projects and programs*. The bill would also require the MTA to include the updated expenditure plan in the Long Range Transportation Plan. The bill would also require the updated Long Range Transportation Plan to include capital projects and capital programs that are adopted by each subregion,

as specified, and that are submitted to *the* MTA for inclusion in the Long Range Transportation Plan.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 130350.6 of the Public Utilities Code is  
2 amended to read:  
3 130350.6. (a) The tax authorized by Section 130350.5 may  
4 be imposed as set forth in paragraph (3) of subdivision (b) of  
5 Section 130350.5 in a transactions and use tax ordinance, or an  
6 amendment of the ordinance approved pursuant to paragraph (1)  
7 of subdivision (b) of Section 130350.5, that conforms with Chapter  
8 2 (commencing with Section 7261) to Chapter 4 (commencing  
9 with Section 7275), inclusive, of the Transactions and Use Tax  
10 Law (Part 1.6 (commencing with Section 7251) of Division 2 of  
11 the Revenue and Taxation Code), and that is approved by a  
12 majority of the entire membership of the authority. The tax may  
13 be imposed pursuant to this section only if the proposing ordinance,  
14 or amendment thereof, is approved by two-thirds of the voters, in  
15 the manner as otherwise required by law, voting on this measure,  
16 in a special or general election and, if so approved, shall become  
17 operative as provided in Section 130352. The proposing ordinance  
18 shall specify that the net revenues derived from the tax are to be  
19 administered by the Los Angeles County Metropolitan  
20 Transportation Authority (MTA) as provided in this section. Net  
21 revenues shall be defined as all revenues derived from the tax less  
22 any refunds, costs of administration by the State Board of  
23 Equalization, and costs of administration by the MTA. Such costs  
24 of administration by the MTA shall not exceed 1.5 percent of the  
25 revenues derived from the tax. The proposing ordinance shall be  
26 accompanied by a new expenditure plan for the net revenues  
27 derived from the tax. This new expenditure plan shall identify the  
28 years in which the MTA anticipates net revenues derived from the  
29 tax will be available to each project or program in the new  
30 expenditure plan.  
31 (b) The MTA may incur bonded indebtedness payable from the  
32 proceeds of the tax authorized by this section pursuant to the bond  
33 issuance provisions of this chapter, and any successor act.

1 (c) Proceeds from the tax authorized by this section, including  
2 proceeds from bonds issued pursuant to subdivision (b), after  
3 payment of the bonded indebtedness, shall be used to accelerate  
4 the completion of the projects and programs identified in  
5 subparagraphs (A) and (B) of paragraph (3) of subdivision (b) of  
6 Section 130350.5, for the expenditure plan adopted by the MTA  
7 board on July 24, 2008, and for operations pursuant to paragraph  
8 (3) of subdivision (b) of Section 130350.5.

9 (d) Upon completion of the projects and programs identified in  
10 subparagraphs (A) and (B) of paragraph (3) of subdivision (b) of  
11 Section 130350.5 and the expenditure plan adopted by the MTA  
12 board on July 24, 2008, any funds remaining from the bonds  
13 described in subdivision (b) and any funds remaining from the  
14 proceeds of the tax authorized by this section, after payment of  
15 the bonded indebtedness, shall be expended by the MTA on  
16 projects and programs in the Long Range Transportation Plan or  
17 its successor plans, and for operations pursuant to paragraph (3)  
18 of subdivision (b) of Section 130350.5.

19 (e) To the extent that the MTA deems it necessary to accelerate  
20 the completion of a project or program in a new expenditure plan  
21 adopted pursuant to this section, the MTA shall expend funds  
22 derived from the sales tax authorized by Section 130350.5  
23 according to the schedule described in the new expenditure plan  
24 adopted pursuant to this section. The MTA shall make this  
25 determination by a majority vote of the MTA board.

26 (f) (1) Prior to submitting the ordinance described in subdivision  
27 (a) to the voters, the MTA shall amend the expenditure plan  
28 adopted pursuant to subdivision (f) of Section 130350.5. The  
29 amended plan shall update all of the following for the projects and  
30 programs listed in subparagraphs (A) and (B) of paragraph (3) of  
31 subdivision (b) of Section 130350.5:

32 (A) ~~The identification of the specific program or source of the~~  
33 ~~non-Measure R funds most recent cost estimates for each project~~  
34 ~~and program identified in the amended plan.~~

35 (B) The identification of the accelerated cost, if applicable, for  
36 each project and program in the amended plan.

37 (C) The schedule during which the MTA anticipates funds will  
38 be available for each project and program.

39 (D) The expected completion dates for each project and program.

1 (2) *The MTA shall develop a transparent process to determine*  
2 *the most recent cost estimates for each project and program*  
3 *identified in the amended plan.*

4 ~~(2)~~

5 (3) The expenditure plan, as amended, shall also be included in  
6 the revised and updated Long Range Transportation Plan prior to  
7 submitting the ordinance described in subdivision (a) to the voters.  
8 The revised and updated Long Range Transportation Plan shall  
9 also include capital projects and capital programs that are adopted  
10 by each subregion that are submitted to the MTA for inclusion in  
11 the revised Long Range Transportation Plan. *Inclusion of a capital*  
12 *project or a capital program in the Long Range Transportation*  
13 *Plan is not a commitment or guarantee that the project or program*  
14 *shall receive any future funding.* As used in this paragraph,  
15 “subregion” shall have the meaning as defined in the Long Range  
16 Transportation Plan in effect as of January 1, 2008.

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