

AMENDED IN ASSEMBLY APRIL 13, 2015

AMENDED IN ASSEMBLY MARCH 19, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 338

Introduced by Assembly Member Roger Hernández

February 13, 2015

An act to add Section 130350.7 to the Public Utilities Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 338, as amended, Roger Hernández. 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 projects and programs, subject to various requirements, including the adoption of an expenditure plan and voter approval. Existing law authorizes the MTA to seek voter approval to extend the transactions and use tax pursuant to an amended ordinance, subject to various requirements, including adoption of an amended expenditure plan that, among other things, updates certain cost estimates and identifies expected completion dates for projects and programs under the previous expenditure plan, and also requires the amended expenditure plan to be included in an updated long range transportation plan, as specified.

This bill would authorize the MTA to impose an additional transportation transactions and use tax at a rate of 0.5%, for a period

not to exceed 30 years, subject to various requirements, including the adoption of an expenditure plan and voter approval.

The Transactions and Use Tax Law limits to 2% the combined rate of all transactions and use taxes imposed in any county, with certain exceptions.

This bill would exempt the transactions and use tax authorized by the bill from this limitation.

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

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

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) Various economic studies have shown that the biggest burden
4 on family incomes is the cost of housing and transportation. These
5 two variables greatly affect the quality of life for Californians.

6 (b) Los Angeles County voters have recognized the importance
7 of investing in a transportation network that is responsive to the
8 needs of commuters and transit users and that facilitates the
9 movement of goods in the region. Los Angeles County has three
10 existing voter-approved sales tax measures for transportation
11 projects administered by Los Angeles County Metropolitan
12 Transportation Authority (MTA).

13 (c) In 1980, voters in Los Angeles County approved Proposition
14 A, a sales tax of one-half of 1 percent on most retail sales in Los
15 Angeles County. The MTA returns 25 percent of Proposition A
16 proceeds to the cities in Los Angeles County for transportation
17 purposes. Thirty-five percent of Proposition A proceeds is required
18 to be used for rail development while the remaining 40 percent is
19 for discretionary purposes. Almost all of the discretionary portion
20 is used to fund bus service provided by the MTA and 16 other
21 municipal bus operators within Los Angeles County. The collection
22 of the sales tax is ongoing.

23 (d) In 1990, voters in Los Angeles County approved Proposition
24 C, an additional sales tax of one-half of 1 percent on retail sales
25 in Los Angeles County. The MTA returns 20 percent of Proposition
26 C proceeds to the cities in Los Angeles County for transportation
27 purposes. Forty percent of the Proposition C proceeds is required
28 to be used for construction and operation of the bus transit and rail

1 system, 5 percent to expand rail and bus security, 10 percent for
2 commuter-rail, rail and construction of transit centers, park and
3 ride lots, and freeway bus stops, and 25 percent for transit-related
4 improvements to freeways and state highways. The collection of
5 the sales tax is ongoing.

6 (e) Most recently, voters in Los Angeles County approved
7 Measure R in 2008. Measure R is an ordinance authorizing an
8 additional sales tax of one-half of 1 percent to fund traffic relief
9 and rail expansion according to an expenditure plan contained in
10 the ordinance. Measure R became effective July 1, 2009, and will
11 remain in effect for 30 years.

12 (f) MTA has been entrusted with the responsibility and has the
13 voters' confidence that it will protect and use the sales tax funding
14 responsibly and according to the rules approved by the voters.

15 SEC. 2. Section 130350.7 is added to the Public Utilities Code,
16 to read:

17 130350.7. (a) The Los Angeles County Metropolitan
18 Transportation Authority (MTA), in addition to any other tax it is
19 authorized to impose or has imposed, may impose a transactions
20 and use tax at the rate of 0.5 percent, for a period not to exceed 30
21 years, that is applicable in the incorporated and unincorporated
22 areas of the County of Los Angeles.

23 (b) The ordinance imposing the tax shall contain all of the
24 following:

25 (1) An expenditure plan that lists the transportation projects and
26 programs to be funded from net revenues from the tax. The
27 expenditure plan shall appear in the ordinance as an exhibit. The
28 expenditure plan shall include measures that ensure net revenues
29 are shared equitably between regions of the county.

30 (2) Provisions conforming to the Transactions and Use Tax Law
31 (Part 1.6 (commencing with Section 7251) of Division 2 of the
32 Revenue and Taxation Code), except as otherwise provided in
33 subdivision (f).

34 (3) A provision limiting the MTA's costs of administering the
35 ordinance and the net revenues from the tax to 1.5 percent of the
36 total tax revenues.

37 (4) A requirement that the net revenues from the tax, defined
38 to mean the total tax revenues less any refunds, costs of
39 administration by the State Board of Equalization, and the MTA's
40 administration costs, shall be used by the MTA to fund

1 transportation projects and programs identified in the expenditure
2 plan.

3 (5) A requirement that the MTA, during the period that the
4 ordinance is operative, allocate ~~_____~~ 20 percent of all net revenues
5 derived from the tax for bus operations. These revenues shall be
6 allocated to all eligible and included municipal transit operators
7 in the County of Los Angeles and to the MTA, in accordance with
8 Section 99285. However, the allocations to the MTA and eligible
9 and included municipal operators shall be made solely from
10 revenues derived from a tax imposed pursuant to this section, and
11 not from local discretionary sources. Funds allocated by MTA to
12 itself pursuant to this section shall be used for transit operations
13 and shall not supplant funds from any other source allocated by
14 MTA to itself for public transit operations. Funds allocated by
15 MTA to the eligible and included municipal operators pursuant to
16 this section shall be used for transit operations and shall not
17 supplant any funds authorized by other provisions of law and
18 allocated by MTA to the eligible and included municipal operators
19 for public transit. In addition to this amount, the MTA shall allocate
20 ~~_____~~ 5 percent of all net revenues derived from the tax for rail
21 operations.

22 (c) The MTA shall notify the Legislature prior to the adoption
23 of amendments to the adopted expenditure plan.

24 (d) The ordinance shall be adopted by the MTA board, which
25 shall also adopt a resolution that submits the ordinance to the
26 voters.

27 (e) The ordinance shall become operative pursuant to Section
28 130352 if approved by two-thirds of the voters voting on the
29 measure, pursuant to subdivision (d) of Section 2 of Article XIII
30 C of the California Constitution.

31 (f) The MTA may incur bonded indebtedness payable from the
32 net revenues of the tax pursuant to the bond issuance provisions
33 of this chapter and any successor act.

34 (g) The tax authorized by this section shall be imposed pursuant
35 to the Transactions and Use Tax Law (Part 1.6 (commencing with
36 Section 7251) of Division 2 of the Revenue and Taxation Code),
37 notwithstanding the combined rate limitation in Section 7251.1 of
38 the Revenue and Taxation Code.

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