

Introduced by Senator Huff

(Coauthors: Senators Anderson, Bates, Berryhill, Cannella, Fuller, Gaines, Morrell, Nguyen, Nielsen, Runner, Stone, and Vidak)

April 9, 2015

Senate Constitutional Amendment No. 7—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Sections 1, 5, 6, and 8 of, and adding Section 11 to, Article XIX thereof, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SCA 7, as introduced, Huff. Motor vehicle fees and taxes: restriction on expenditures.

(1) Article XIX of the California Constitution restricts the expenditure of revenues from taxes imposed by the state on fuels used in motor vehicles upon public streets and highways to street and highway and certain mass transit purposes, and restricts the expenditure of revenues from fees and taxes imposed by the state upon vehicles or their use or operation to state administration and enforcement of laws regulating the use, operation, or registration of vehicles used upon the public streets and highways, as well as to street and highway and certain mass transit purposes. These restrictions do not apply to revenues from taxes or fees imposed under the Sales and Use Tax Law or the Vehicle License Fee Law.

Article XIX prohibits the Legislature from borrowing revenues from taxes imposed by the state on fuels used in motor vehicles, and from using those revenues other than as specifically permitted by Article XIX. Article XIX provides that up to 25% of fuel tax revenues allocated to the state may be pledged or used for the payment of principal and interest on voter-approved transportation bonds issued for street and

highway purposes on and after November 2, 2010, upon voter approval and appropriation by the Legislature. Article XIX provides that up to 25% of fuel tax revenues allocated to cities and counties may be pledged or used for the payment of principal and interest on voter-approved transportation bonds issued for street and highway purposes. However, in counties where voters have approved the use of fuel tax revenues for certain mass transit purposes, Article XIX provides that the Legislature may authorize any fuel tax revenues allocated to mass transit purposes to be pledged or used for payment of principal and interest on voter-approved bonds issued for those mass transit purposes.

This measure would prohibit the Legislature from borrowing revenues from fees and taxes imposed by the state on vehicles or their use or operation, and from using those revenues other than as specifically permitted by Article XIX. The measure would also provide that none of those revenues may be pledged or used for the payment of principal and interest on bonds or other indebtedness. The measure would delete the provision that provides for use of any fuel tax revenues allocated to mass transit purposes to be pledged or used for payment of principal and interest on voter-approved bonds issued for those mass transit purposes, and would instead subject those expenditures to the existing 25% limitation applicable to use of fuel tax revenues for street and highway bond purposes.

(2) Article XI of the California Constitution requires, of the revenues derived under the Vehicle License Fee Law, the revenues from a rate that does not exceed 0.65% of the market value of a vehicle to be allocated to cities and counties, and does not restrict expenditure of those revenues for a particular purpose.

This measure would require revenues derived from that portion of the vehicle license fee rate that exceeds 0.65% of the market value of a vehicle to be used for street and highway purposes. The measure would prohibit the Legislature from borrowing those revenues, and from using those revenues other than as specifically permitted. This measure would also provide that none of those revenues may be pledged or used for the payment of principal and interest on bonds or other indebtedness.

(3) This measure would make other conforming changes.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

1 WHEREAS, Transportation infrastructure is vital to a growing
2 and robust California economy; and

3 WHEREAS, In order to continue growing and remain a national
4 economic leader, California must prioritize transportation funding;
5 and

6 WHEREAS, California has 175,499 miles of public roads; and

7 WHEREAS, California roadways have \$59 billion in
8 accumulated deferred maintenance, and 87 percent of county roads
9 have an average pavement rating of “at risk” or “poor”; and

10 WHEREAS, The average California driver pays \$832 annually
11 for the increased cost of vehicle maintenance, tire wear, and
12 increased gas costs because California streets and roads are in such
13 disrepair; and

14 WHEREAS, In 2002, the voters passed Proposition 42, with 69
15 percent of the vote, which purported to guarantee transportation
16 taxes and fees would only be used for transportation purposes; and

17 WHEREAS, During the fiscal crisis beginning in 2009, taxes
18 and fees being paid by California’s drivers were diverted to the
19 state General Fund and not used to repair or maintain California
20 streets and roads; and

21 WHEREAS, The state fiscal crisis has abated but the diversion
22 of transportation taxes and fees continues; and

23 WHEREAS, Unmet needs caused by the diversion of certain
24 transportation taxes and fees have created an environment of
25 crumbling infrastructure and increased costs to repair the state’s
26 street and highway system; and

27 WHEREAS, To keep the Proposition 42 promise to the voters
28 that transportation taxes and fees shall only be used for
29 transportation purposes and not diverted to the General Fund to
30 pay the cost of general obligation bonds, and to ensure that any
31 future transportation fees or taxes are used only for transportation
32 purposes, the voters should be given an opportunity to close the
33 Proposition 42 loophole; now, therefore, be it

34 *Resolved by the Senate, the Assembly concurring,* That the
35 Legislature of the State of California at its 2015–16 Regular
36 Session commencing on the first day of December 2014, two-thirds
37 of the membership of each house concurring, hereby proposes to
38 the people of the State of California that the Constitution of the
39 State be amended as follows:

1 First— That Section 1 of Article XIX thereof is amended to
2 read:

3 SECTION 1. The Legislature shall not borrow ~~revenue from~~
4 ~~the Highway Users Tax Account, or its successor, revenues subject~~
5 ~~to Section 2, 3, or 11,~~ and shall not use these revenues for purposes,
6 or in ways, other than those specifically permitted by this article.

7 Second— That Section 5 of Article XIX thereof is amended
8 to read:

9 SEC. 5. Revenues ~~allocated pursuant~~ *subject to Section 4 2*
10 *may not be expended for the purposes specified in subdivision (b)*
11 *of Section 2, except for research and planning, until such that use*
12 *is approved by a majority of the votes cast on the proposition*
13 *authorizing such that use of such those revenues in an election*
14 *held throughout the county or counties, or a specified area of a*
15 *county or counties, within which the revenues are to be expended.*
16 *The Legislature may authorize the revenues approved for allocation*
17 *or expenditure under this section to be pledged or used for the*
18 *payment of principal and interest on voter-approved bonds issued*
19 *for the purposes specified in subdivision (b) of Section 2.*

20 Third— That Section 6 of Article XIX thereof is amended to
21 read:

22 SEC. 6. (a) Up to 25 percent of the revenues *subject to Section*
23 *2 that are allocated to the State pursuant to Section 4 for the*
24 *purposes specified in subdivision (a) of Section 2 of this article*
25 *may be pledged or used by the State, upon approval by the voters*
26 *and appropriation by the Legislature, for the payment of principal*
27 *and interest on voter-approved bonds issued by the State on or*
28 *after November 2, 2010, for such the purposes issued by the State*
29 *on and after November 2, 2010: specified in Section 2, upon*
30 *approval by the voters of this use of the revenues and appropriation*
31 *of the revenues by the Legislature.*

32 (b) Up to 25 percent of the revenues *subject to Section 2 that*
33 *are allocated to any city or county pursuant to Section 4 for the*
34 *purposes specified in subdivision (a) of Section 2 of this article*
35 *may be pledged or used only by any that city or county for the*
36 *payment of principal and interest on voter-approved bonds issued*
37 *by that city or county for such the purposes specified in Section 2,*
38 *upon approval by the voters of this use of the revenues.*

1 (c) Revenues subject to Section 2, 3, or 11 shall not be pledged
2 or used for the payment of principal and interest on bonds or other
3 indebtedness, except as specifically provided in this section.

4 Fourth— That Section 8 of Article XIX thereof is amended to
5 read:

6 SEC. 8. This article shall not affect or apply to ~~fees or~~ taxes
7 imposed pursuant to the Sales and Use Tax ~~Law~~ Law, or the
8 Vehicle License Fee Law, and all amendments and additions now
9 or hereafter made to ~~such~~ those statutes, *except as provided in*
10 *Section 11.*

11 Fifth— That Section 11 is added to Article XIX thereof, to
12 read:

13 SEC. 11. From the revenues derived from taxes imposed
14 pursuant to the Vehicle License Fee Law, and all amendments and
15 additions now or hereafter made to that statute, other than fees on
16 trailer coaches and mobilehomes, over and above the costs of
17 collection and any refunds authorized by law, those revenues
18 derived from that portion of the vehicle license fee rate that exceeds
19 0.65 percent of the market value of the vehicle shall be used solely
20 for the purposes specified in subdivision (a) of Section 2.