

**Senate Bill No. 767**

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Passed the Senate September 11, 2015

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*Secretary of the Senate*

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Passed the Assembly September 10, 2015

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*Chief Clerk of the Assembly*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2015, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to amend Section 130350.5 of, to add Section 130350.7 to, and to repeal Section 130350.6 of, the Public Utilities Code, relating to transportation.

## LEGISLATIVE COUNSEL'S DIGEST

SB 767, De León. 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 delete the above-referenced provisions relative to extension of the transactions and use tax and an amended ordinance and expenditure plan. The bill would instead authorize the MTA to impose an additional transportation transactions and use tax at a maximum rate of 0.5% as long as a specified existing 0.5% transactions and use tax is in effect, and at a maximum rate of 1% thereafter, as specified, for a period of time determined by the MTA, if certain conditions exist and subject to various requirements, including the adoption of an expenditure plan and voter approval, as specified.

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.

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

SECTION 1. Section 130350.5 of the Public Utilities Code is amended to read:

130350.5. (a) In addition to any other tax that it is authorized by law to impose, the Los Angeles County Metropolitan Transportation Authority (MTA) may impose, in compliance with subdivision (b), a transactions and use tax at a rate of 0.5 percent that is applicable in the incorporated and unincorporated areas of the county.

(b) For purposes of the taxing authority set forth in subdivision (a), all of the following apply:

(1) The tax shall be proposed in a transactions and use tax ordinance, that conforms with Chapter 2 (commencing with Section 7261) to Chapter 4 (commencing with Section 7275), inclusive, of the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code), and that is approved by a majority of the entire membership of the authority.

(2) The tax may be imposed only if the proposing ordinance is approved by two-thirds of the voters, in the manner as otherwise required by law, voting on this measure, in an election held on November 4, 2008, or at a subsequent election and, if so approved, shall become operative as provided in Section 130352.

(3) The proposing ordinance shall specify, in addition to the rate of tax and other matters as required by the Transactions and Use Tax Law, that the net revenues derived from the tax are to be administered by the MTA as provided in this section. Net revenues shall be defined as all revenues derived from the tax less any refunds, costs of administration by the State Board of Equalization, and costs of administration by the MTA. Such costs of administration by the MTA shall not exceed 1.5 percent of the revenues derived from the tax. The MTA shall, during the period in which the ordinance is operative, allocate 20 percent of all net revenues derived from the tax for bus operations to all eligible and included municipal transit operators in the County of Los Angeles and to the MTA, in accordance with Section 99285. However, the allocations to the MTA and eligible and included municipal operators shall be made solely from revenues derived from a tax imposed pursuant to this section, and not from local discretionary

sources. Funds allocated by MTA to itself pursuant to this section shall be used for transit operations and shall not supplant funds from any other source allocated by MTA to itself for public transit operations. Funds allocated by MTA to the eligible and included municipal operators pursuant to this section shall be used for transit operations and shall not supplant any funds authorized by other provisions of law and allocated by MTA to the eligible and included municipal operators for public transit. In addition to this amount, the MTA shall allocate 5 percent of all net revenues derived from the tax, for rail operations. The MTA shall include the projects and programs described in subparagraphs (A) and (B) in the expenditure plan required under subdivision (f). The MTA shall include all projects and programs described in the expenditure plan required under subdivision (f) in its Long Range Transportation Plan (LRTP). The priorities for projects and programs described in subparagraphs (A) and (B) and in the expenditure plan required under subdivision (f) shall be those set forth in the expenditure plan. The funding amounts specified in subparagraphs (A) and (B) are minimum amounts that shall be allocated by the MTA from the net revenues derived from a tax imposed pursuant to this section. Nothing in this section prohibits the MTA from allocating additional net revenues derived from the tax to these projects and programs.

(A) Capital Projects.

(i) Exposition Boulevard Light Rail Transit Project from downtown Los Angeles to Santa Monica. The sum of nine hundred twenty-five million dollars (\$925,000,000).

(ii) Crenshaw Transit Corridor from Wilshire Boulevard to Los Angeles International Airport along Crenshaw Boulevard. The sum of two hundred thirty-five million five hundred thousand dollars (\$235,500,000).

(iii) San Fernando Valley North-South Rapidways. The sum of one hundred million five hundred thousand dollars (\$100,500,000).

(iv) Metro Gold Line (Pasadena to Claremont) Light Rail Transit Extension. The sum of seven hundred thirty-five million dollars (\$735,000,000).

(v) Metro Regional Connector. The sum of one hundred sixty million dollars (\$160,000,000).

(vi) Metro Westside Subway Extension. The sum of nine hundred million dollars (\$900,000,000).

(vii) State Highway Route 5 Carmenita Road Interchange Improvement. The sum of one hundred thirty-eight million dollars (\$138,000,000).

(viii) State Highway Route 5 Capacity Enhancement (State Highway Route 134 to State Highway Route 170, including access improvement for Empire Avenue). The sum of two hundred seventy-one million five hundred thousand dollars (\$271,500,000).

(ix) State Highway Route 5 Capacity Enhancement (State Highway Route 605 to the Orange County line, including improvements to the Valley View Interchange). The sum of two hundred sixty-four million eight hundred thousand dollars (\$264,800,000).

(x) State Highway Route 5/State Highway Route 14 Capacity Enhancement. The sum of ninety million eight hundred thousand dollars (\$90,800,000).

(xi) Capital Project Contingency Fund. The sum of one hundred seventy-three million dollars (\$173,000,000).

**(B) Capital Programs.**

(i) Alameda Corridor East Grade Separations. The sum of two hundred million dollars (\$200,000,000).

(ii) MTA and Municipal Regional Clean Fuel Bus Capital (Facilities and Rolling Stock). The sum of one hundred fifty million dollars (\$150,000,000).

(iii) Countywide Soundwall Construction (MTA Regional List and Monterey Park/State Highway Route 60). The sum of two hundred fifty million dollars (\$250,000,000).

(iv) Local return for major street resurfacing, rehabilitation, and reconstruction. The sum of two hundred fifty million dollars (\$250,000,000).

(v) Metrolink Capital Improvements. The sum of seventy million dollars (\$70,000,000).

(vi) Eastside Light Rail Access. The sum of thirty million dollars (\$30,000,000).

(c) The MTA may incur bonded indebtedness payable from the proceeds of the tax provided by this section pursuant to the bond issuance provisions of Chapter 5 (commencing with Section 130500) and any successor act. The MTA shall include in the expenditure plan, required under subdivision (f), the amount of net revenue specified for all projects and programs in subparagraphs (A) and (B) of paragraph (3) of subdivision (b) as

a condition of the use and expenditure of the proceeds of the tax. The MTA shall maintain the current amount of any funding for the projects and programs specified in this section that has been previously programmed or received from sources other than the proceeds of the tax, and may not reallocate money that has been previously programmed or received for those projects and programs to other projects or uses.

(d) Notwithstanding Section 7251.1 of the Revenue and Taxation Code, the tax rate authorized by this section shall not be considered for purposes of the combined rate limit established by that section.

(e) A jurisdiction or recipient is eligible to receive funds from the local return program, described in clause (iv) of subparagraph (B) of paragraph (3) of subdivision (b), only if it continues to contribute to that program an amount that is equal to its existing commitment of local funds or other available funds. The MTA may develop guidelines that, at a minimum, specify maintenance of effort requirements for the local return program, matching funds, and administrative requirements for the recipients of revenue derived from the tax.

(f) Prior to submitting the ordinance to the voters, the MTA shall adopt an expenditure plan for the net revenues derived from the tax. The expenditure plan shall include, in addition to other projects and programs identified by the MTA, the specified projects and programs listed in paragraph (3) of subdivision (b), the estimated total cost for each project and program, funds other than the tax revenues that the MTA anticipates will be expended on the projects and programs, and the schedule during which the MTA anticipates funds will be available for each project and program. The MTA shall also identify in its expenditure plan the expected completion dates for each project described in subparagraph (A) of paragraph (3) of subdivision (b). To be eligible to receive revenues derived from the tax, an agency sponsoring a capital project or capital program shall submit to the MTA an expenditure plan for its project or program containing the same elements as the expenditure plan that MTA is required by this subdivision to prepare.

(g) The MTA shall establish and administer a sales tax revenue fund. The net revenue derived from the tax, after payment of any debt services and related obligations, shall be credited to this fund. The moneys in the fund shall be available to the MTA to meet

expenditure and cashflow needs of the projects and programs described in the expenditure plan required under subdivision (f). In the event that there are net revenues in excess of the amount necessary to provide the amount of net revenues specified in the expenditure plan for the projects and programs described therein, the MTA may expend the excess net revenues on projects and programs in the expenditure plan or the LRTP. In the event that projects and programs in the expenditure plan are completed without the expenditure of the amount of net revenues specified, the MTA shall expend the excess net revenues on projects and programs in the expenditure plan or the LRTP within the same subregion as the project or program that is completed. For the purposes of this section, “subregion” shall be defined in the LRTP.

(h) If other funds become available and are allocated to provide all or a portion of the amount of net revenues specified in the expenditure plan for the projects or programs described therein, the MTA may expend the surplus net revenues on other projects and programs in the expenditure plan or the LRTP.

(i) (1) Notwithstanding subdivision (h), if a capital project or capital program described in clauses (i) to (x), inclusive, of subparagraph (A) of paragraph (3) of subdivision (b) and clauses (i) and (vi) of subparagraph (B) of paragraph (3) of subdivision (b), has been fully funded from other sources on or before December 31, 2008, the funds designated to the project or program in clauses (i) to (x), inclusive, of subparagraph (A) of paragraph (3) of subdivision (b) and clauses (i) and (vi) of subparagraph (B) of paragraph (3) of subdivision (b) shall remain in the subregion in which the project or program is located and shall be allocated to other projects or programs in the subregion prior to the expiration of the tax.

(2) A capital project or capital program funded with reallocated funds pursuant to paragraph (1) shall be included in the adopted 2008 Long Range Transportation Plan or the successor plan and shall be of regional significance as determined by the MTA. For purposes of this subdivision, “subregions” means the subregions as defined in the LRTP in effect as of January 1, 2008.

(j) Notwithstanding Section 130354, revenues raised under this section may be used to facilitate the transportation of people and goods within Los Angeles County. The use of the revenues shall not be limited to public transit purposes.

(k) No later than 365 days prior to the adoption of an amendment described in paragraph (1) to an expenditure plan adopted pursuant to subdivision (f), including, but not limited to, the expenditure plan adopted by the MTA board as “Attachment A” in Ordinance #08-01 adopted by the board on July 24, 2008, and in addition to any other notice requirements in the proposing ordinance, the board shall notify the Members of the Legislature representing the County of Los Angeles of all of the following:

(1) A description of the proposed amendments to the adopted expenditure plan that would do any of the following:

(A) Affect the amount of net revenues derived from the tax imposed pursuant to this act that is proposed to be expended on a capital project or projects identified in the adopted expenditure plan.

(B) Delay the schedule for the availability of funds proposed to be expended on a capital project or projects identified in the adopted expenditure plan.

(C) Delay the schedule for the estimated or expected completion date of a capital project or projects identified in the adopted expenditure plan.

(2) The reason for the proposed amendment.

(3) The estimated impact the proposed amendment will have on the schedule, cost, scope, or timely availability of funding for the capital project or projects contained in the adopted expenditure plan.

(l) The notification required pursuant to subdivision (k) shall be achieved by resolution adopted by the MTA board.

(m) The MTA board shall provide prior written notice to the Members of the Legislature representing the County of Los Angeles of any proposed amendments to the adopted expenditure plan that would accelerate funding for a capital project or projects in the adopted expenditure plan.

SEC. 2. Section 130350.6 of the Public Utilities Code is repealed.

SEC. 3. Section 130350.7 is added to the Public Utilities Code, to read:

130350.7. (a) The Los Angeles County Metropolitan Transportation Authority (MTA), in addition to any other tax it is authorized to impose or has imposed, may impose a transactions and use tax, for a period to be determined by the MTA, that is



applicable in the incorporated and unincorporated areas of Los Angeles County. The rate of tax authorized by this section, when combined with the rate of tax authorized by voter approval of Measure R pursuant to Section 130350.5 during any period when that tax is in effect, and upon the expiration of that tax, shall not exceed 1 percent.

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

(1) An expenditure plan that lists the transportation projects and programs to be funded from net revenues from the tax. The expenditure plan shall appear in the ordinance as an exhibit. The expenditure plan shall include all of the following:

(A) The most recent cost estimates for each project and program identified in the expenditure plan.

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

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

(D) The expected completion dates for each project and program within a three-year range.

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

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

(4) A requirement that the net revenues from the tax, defined to mean the total tax revenues less any refunds, costs of administration by the State Board of Equalization, and the MTA's administration costs, shall be used by the MTA to fund transportation projects and programs identified in the expenditure plan.

(5) The rate of the tax.

(c) The MTA shall do all of the following:

(1) Develop a transparent process to determine the most recent costs estimates for each project and program identified in the expenditure plan.

(2) At least 30 days before submitting the ordinance described in subdivision (b) to the voters, post the expenditure plan on its Internet Web site in a prominent manner.

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

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

(f) (1) If the voters approve the ordinance authorized by this section, the expenditure plan included as an exhibit to the ordinance pursuant to paragraph (1) of subdivision (b) shall also be included in the revised and updated Long Range Transportation Plan within one year of the date the ordinance takes effect. The revised and updated Long Range Transportation Plan shall also include capital projects and capital programs that are adopted by each subregion that are submitted to the MTA for inclusion in the revised and updated Long Range Transportation Plan, if the cost and schedule details are provided by the subregions, in a manner consistent with the requirements of the plan. Inclusion of a capital project or a capital program in the Long Range Transportation Plan is not a commitment or guarantee that the project or program shall receive any future funding.

(2) For purposes of this subdivision, “subregion” shall have the same meaning as defined in the Long Range Transportation Plan.

(g) The MTA may incur bonded indebtedness payable from the net revenues of the tax pursuant to the bond issuance provisions of Chapter 5 (commencing with Section 130500) and any successor act.

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











Approved \_\_\_\_\_, 2015

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*Governor*