

AMENDED IN ASSEMBLY APRIL 9, 1997

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 595

Introduced by Assembly Member Brown
*(Coauthors: Assembly Members Alquist, Honda, Mazzoni,
Strom-Martin, and Torlakson)*

February 25, 1997

~~An act to add Chapter 4 (commencing with Section 7289) to Part 1.7 of Division 2 of the Revenue and Taxation Code, An act to add Chapter 12 (commencing with Section 8500) to Part 2 of Division 2 of the Revenue and Taxation Code, relating to transportation.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 595, as amended, Brown. Metropolitan Transportation Commission: tax: motor vehicle fuel.

(1) Under existing law, the Metropolitan Transportation Commission is created to provide comprehensive regional transportation planning for the 9-county region comprising the commission's jurisdiction. Generally, the commission is responsible for planning, approving, and carrying out various transportation-related activities within the region, including functions pertaining to highways, toll bridges, ferries, and transit systems, and the allocation of state funds and toll bridge revenues to local agencies and transit operators within the region.

This bill would, in addition, authorize the commission to impose a tax on ~~retail sales in the region of the privilege of~~

selling within the region motor vehicle fuel, as defined, excluding motor vehicle fuel used to power aircraft, ~~and. The bill would authorize the commission~~ to adopt a regional transportation expenditure plan for the revenues derived from the tax. The tax would be levied at a rate established by the commission, but not exceeding 10¢ per gallon.

The bill would impose a state-mandated local program by requiring, upon the request of the commission, the board of supervisors of each county and city and county within the region to submit to the voters at a local election consolidated with a statewide primary or general election specified by the commission a measure, adopted by the commission, authorizing the commission to impose the tax commencing on January 1 of the year following the election approving the tax, for a 20-year period. The bill would require the commission to reimburse each county and city and county in the region for the cost of submitting the measure to the voters. The bill would provide that these costs shall be reimbursed from revenues derived from the tax if the measure is approved by the voters and from any available funds of the commission if the measure is not approved.

This bill would provide that the board of supervisors may elect not to submit the measure *to the voters* if it submits an alternative countywide transportation funding measure to the voters at ~~a statewide primary or general~~ *the same* election ~~specified by the commission~~.

The commission would be authorized to impose the tax upon approval of the measure by the voters within the region at the ~~statewide primary or general~~ election.

The bill would require the commission to contract with the State Board of Equalization to administer the tax.

The bill would also authorize the commission, upon voter approval, to issue limited obligation bonds.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that the Legislature finds there is no mandate contained in the bill that will result in costs incurred by a local agency or school district for a new program or higher



level of service which require reimbursement pursuant to these constitutional and statutory provisions.

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

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

1 ~~SECTION 1. Chapter 4 (commencing with Section~~
2 ~~7289) is added to Part 1.7 of Division 2 of the Revenue and~~
3 ~~Taxation Code, to read:~~

4
5 ~~CHAPTER 4. METROPOLITAN TRANSPORTATION~~
6 ~~COMMISSION~~

7
8 ~~7289.~~

9 *SECTION 1. Chapter 12 (commencing with Section*
10 *8500) is added to Part 2 of Division 2 of the Revenue and*
11 *Taxation Code, to read:*

12
13 *CHAPTER 12. METROPOLITAN TRANSPORTATION*
14 *COMMISSION*

15
16 *8500. Except when the context otherwise requires,*
17 *the definitions given in this chapter govern the*
18 *construction of this chapter.*

19 *8501. As used in this chapter, the following definitions*
20 *have the following meanings:*

21 (a) "Commission" means the Metropolitan
22 Transportation Commission created by Title 7.1
23 (commencing with Section 66500) of the Government
24 Code.

25 (b) "Region" means the region comprising the
26 commission's jurisdiction, prescribed by Section 66502 of
27 the Government Code.

28 (c) "Bonds" means indebtedness and securities of any
29 kind or class, including bonds, notes, bond anticipation
30 notes, and commercial paper.

31 ~~7289.05.~~

32 *8502. The commission may impose, in addition to any*
33 *other tax authorized by this division, a tax on the privilege*



1 of selling ~~at retail~~ within the region, motor vehicle fuel,
 2 as defined by Section 7304. The tax shall not apply to
 3 motor vehicle fuel used to power aircraft. The tax shall be
 4 levied at a rate established by the commission, but not
 5 exceeding ten cents (\$0.10) per gallon. Commencing on
 6 January 1 of the year following the election approving the
 7 tax, the tax may be imposed for a period not to exceed 20
 8 years.

9 ~~7289.10.~~

10 8503. (a) Prior to imposing the tax, the commission
 11 shall adopt a regional transportation expenditure plan for
 12 the revenues derived from the tax. The regional
 13 transportation expenditure plan shall describe specific
 14 proposed transportation projects and the estimated cost
 15 of each project.

16 (b) The regional transportation expenditure plan shall
 17 also meet the following minimum objectives and criteria:

18 (1) Project expenditures shall reflect an equitable
 19 distribution of revenues throughout the region with not
 20 less than 95 percent of revenues from each county, based
 21 on population, being invested over the 20-year life of the
 22 tax in projects attributable to that county. In addition,
 23 during every five-year period, no less than 80 percent of
 24 the revenues from each county, based on population,
 25 invested during that period shall be invested in projects
 26 attributable to that county. The commission shall allocate
 27 any accrued interest according to the same formula. At
 28 the time of the development of the expenditure plan, the
 29 commission shall use population data from the most
 30 recent United States census, and shall take into account
 31 estimated increases in population over the 20-year period
 32 projected by the Association of Bay Area Governments.

33 (2) Projects included in the expenditure plan shall be
 34 consistent with the commission's regional transportation
 35 plan, a congestion management program, or a
 36 countywide transportation plan. The commission shall, in
 37 prioritizing projects in the expenditure plan, give
 38 additional consideration to projects where local land use
 39 policies reduce dependence on single-occupant motor
 40 vehicle travel. The expenditure plan development



1 process shall include consultation with cities, counties,
2 transit operators, congestion management agencies, and
3 other interested groups.

4 (3) Cost estimates for each project shall be prepared
5 by the commission, in consultation with project sponsors,
6 and verified by an independent cost-estimating firm
7 retained by the commission for that purpose. Estimates
8 of other funding required to complete any project shall
9 be based on an estimate of funds reasonably expected to
10 be available during the 20-year period commencing with
11 the year that the tax is initially imposed.

12 (4) To be eligible for inclusion in the expenditure plan,
13 a project shall meet at least one of the following regional
14 transportation needs:

15 (A) Fund maintenance and rehabilitation of local
16 streets and roads, sidewalks, or bicycle routes, or close a
17 gap in the local street and road system.

18 (B) Fund capital or operating expenses of public
19 transit systems.

20 (C) Fund rail extension projects in the commission's
21 Resolution 1876, Tier I funding plan, dated February 26,
22 1992, as contained in the commission's regional
23 transportation plan.

24 (D) Provide an alternative to single occupancy
25 automobile travel.

26 (E) Improve safety on specific roadway segments
27 where accident or fatality rates exceed the expected rate
28 for those segments over a multiyear timeframe,
29 including, but not limited to, expansion or realignment of
30 the roadway.

31 (F) Improve the operational efficiency of the existing
32 roadway system without a physical expansion of the
33 system, ~~including, but not limited to,~~
34 ~~expressway-to-freeway upgrade projects that do not~~
35 ~~increase the number of mixed flow travel lanes and that~~
36 ~~close a gap of no more than three miles on an adopted~~
37 ~~freeway route connecting existing freeways.~~ However,
38 expansion projects to reconfigure existing interchanges
39 are eligible for inclusion in the plan.



1 (G) Fund implementation of the requirements of the
2 federal Americans with Disabilities Act of 1990 (P.L.
3 101-336), or those requirements as revised, on public
4 transit systems and other transportation-related facilities.

5 (H) Fund seismic retrofitting of transportation
6 facilities.

7 (I) Fund intermodal freight or passenger facilities.

8 (J) Fund transportation enhancement activities, as
9 defined in subsection (a) of Section 101 of Title 23 of the
10 United States Code.

11 (K) Defray interest costs and other expenses
12 associated with the issuance of revenue bonds or revenue
13 anticipation notes.

14 (5) If not otherwise available, sufficient funding shall
15 be included in the cost estimates and expenditure plan
16 presented to the voters to operate and maintain each
17 included project for the duration of the tax.

18 ~~7289.15.~~

19 8504. Following the adoption by the commission of a
20 regional transportation expenditure plan, the board of
21 supervisors of each county and city and county in the
22 region shall, upon the request of the commission, submit
23 to the voters at a local election consolidated with a
24 statewide primary or general election specified by the
25 ~~commission and as determined necessary by the~~
26 ~~California Constitution or other applicable statutory~~
27 ~~provisions, a measure, adopted by the commission;~~
28 *commission, a measure, adopted by the commission,*
29 authorizing the commission to impose the tax throughout
30 the region. The commission shall reimburse each county
31 and city and county in the region for the cost of
32 submitting the measure to the voters. These costs shall be
33 reimbursed from revenues derived from the tax if the
34 measure is approved by the voters and from any available
35 funds of the commission if the measure is not approved.
36 The board of supervisors of a county or city and county
37 may elect not to submit the measure adopted by the
38 commission to the voters if it submits an alternative
39 countywide transportation funding measure to the voters
40 ~~at a local election consolidated with a statewide primary~~



1 ~~or general election specified by the commission and as~~
2 ~~determined necessary by the California Constitution or~~
3 ~~other applicable statutory provisions.~~

4 ~~7289.20. at the same election.~~

5 8505. Upon approval of the measure by the *margin of*
6 ~~voters within the region voting at a local election~~
7 ~~consolidated with a statewide primary or general election~~
8 ~~specified by the commission and as determined necessary~~
9 ~~by the within the region voting at a local election as~~
10 ~~determined necessary by the California Constitution or~~
11 other applicable statutory provisions, the commission
12 may impose the tax in all counties in the region in which
13 the measure appeared on the ballot.

14 ~~7289.25.~~

15 8506. The commission shall contract with the State
16 Board of Equalization for the administration of any tax
17 imposed under this chapter, and the board shall be
18 reimbursed for its actual cost in the administration of the
19 tax and for its actual cost of preparation to administer the
20 tax based upon an independent audit.

21 ~~7289.30.~~

22 8507. The State Board of Equalization shall adopt the
23 necessary rules and regulations to administer the tax.

24 ~~7289.35.~~

25 8508. After deducting its cost of administering the tax,
26 the State Board of Equalization shall periodically transmit
27 the net revenues to the commission as promptly as
28 possible. Transmittal of those revenues shall be made at
29 least twice in each calendar quarter.

30 ~~7289.40.~~

31 8509. The net revenues received by the commission
32 shall be expended only in accordance with the regional
33 transportation expenditure plan adopted pursuant to
34 ~~Section 7289.10~~ 8503, except that the commission may
35 deduct from those revenues funds to reimburse it for
36 expenses incurred in the initial implementation of this
37 chapter, and thereafter, its cost of administration, not to
38 exceed 1 percent of annual net revenues.

39 ~~7289.45.~~



1 8510. In order to be eligible for funds derived from
2 the tax, project sponsors shall comply with all applicable
3 commission rules and regulations including, but not
4 limited to, those adopted pursuant to Section 66516 of the
5 Government Code and Sections 99244 and 99246 of the
6 Public Utilities Code. In consultation with cities, counties,
7 transit operators, congestion management agencies, and
8 other interested groups, the commission shall also
9 develop and implement a program to ensure that project
10 sponsors expend funds derived from the tax in an efficient
11 and effective manner. No operating or maintenance
12 funding provided from the tax shall be used to supplant
13 any funds within the discretionary control of the
14 recipient agency that are used for existing transportation
15 operating or maintenance activities.

16 ~~7289.50.~~

17 8511. The commission's regional transportation
18 expenditure plan shall include a process of ensuring
19 periodic public review of the progress of the regional
20 transportation expenditure plan and citizen oversight.

21 ~~7289.55.~~

22 8512. The commission may, by a two-thirds vote,
23 amend the regional transportation expenditure plan after
24 a minimum of two public hearings in accordance with
25 Section ~~7289.50~~ 8511. Any amendment shall comply with
26 all of the requirements for the plan prescribed by this
27 chapter.

28 ~~7289.60.~~

29 8513. (a) If requested to do so by the commission in
30 its resolution calling for an election, the board of
31 supervisors, as part of the ballot proposition to approve
32 the imposition of the tax, shall include authorization for
33 the commission to issue bonds for capital outlay
34 expenditures as may be provided for in the ordinance
35 expenditure plan payable from the proceeds of the tax.

36 (b) The maximum bonded indebtedness that may be
37 outstanding at any one time shall be an amount equal to
38 the sum of the principal of, and interest on, the bonds, but
39 not to exceed the estimated proceeds of the tax, as
40 determined by the plan. The amount of bonds



1 outstanding at any one time does not include the amount
2 of bonds, refunding bonds, or bond anticipation notes for
3 which funds necessary for the payment thereof have been
4 set aside for that purpose in a trust or escrow account.

5 (c) The proposition shall set forth each of the
6 following:

7 (1) The actual percent of the tax.

8 (2) The duration of the tax if the plan specifies a time
9 limit.

10 (3) The amount of bonds, if any, payable from the
11 proceeds of the tax.

12 (4) The commission as the agency imposing the tax.

13 (5) The appropriations limit of the commission,
14 pursuant to Section 4 of Article XIII B of the California
15 Constitution.

16 (d) The sample ballot to be mailed to the voters,
17 pursuant to Section 13303 of the Elections Code, shall be
18 the full proposition, as set forth in the ordinance calling
19 the election, and the voter information handbook shall
20 include the entire ordinance expenditure plan.

21 ~~7289.61.~~

22 8514. (a) The bonds authorized by the voters
23 concurrently with the approval of the tax may be issued
24 at any time by the commission and shall be payable from
25 the proceeds of the tax. The bonds shall be referred to as
26 “limited tax bonds.”

27 The bonds may be secured by a pledge of revenues
28 from the proceeds of the tax.

29 (b) The pledge of the tax to the limited tax bonds
30 authorized under this chapter shall have priority over the
31 use of any of the tax for “pay-as-you-go” financing, except
32 to the extent that this priority is expressly restricted in the
33 resolution authorizing the issuance of the bonds.

34 ~~7289.62.~~

35 8515. Limited tax bonds shall be issued pursuant to a
36 resolution adopted at any time by a two-thirds vote of the
37 commission. Each resolution shall provide for the
38 issuance of bonds in the amounts as may be necessary,
39 until the full amount of bonds authorized have been
40 issued. The full amount of bonds may be divided into two



1 or more series and different dates of payment fixed for
2 the bonds of each series. A bond need not mature on its
3 anniversary date.

4 ~~7289.63.~~

5 8516. (a) A resolution authorizing the issuance of
6 bonds shall state all of the following:

7 (1) The purposes for which the proposed debt is to be
8 incurred, which may include all costs and estimated costs
9 incidental to, or connected with, the accomplishment of
10 those purposes, including, without limitation,
11 engineering, inspection, legal, fiscal agent, financial
12 consultant and other fees, bond and other reserve funds,
13 working capital, bond interest estimated to accrue during
14 the construction period and for a period not to exceed
15 three years thereafter, and expenses of all proceedings for
16 the authorization, issuance, and sale of the bonds.

17 (2) The estimated cost of accomplishing those
18 purposes.

19 (3) The amount of the principal of the indebtedness.

20 (4) The maximum term the bonds proposed to be
21 issued shall run before maturity, which shall not be
22 beyond the date of termination of the imposition of the
23 tax.

24 (5) The maximum rate of interest to be paid, which
25 shall not exceed the maximum allowable by law.

26 (6) The denomination or denominations of the bonds,
27 which shall not be less than five thousand dollars (\$5,000).

28 (7) The form of the bonds, including, without
29 limitation, registered bonds and coupon bonds, to the
30 extent permitted by federal law, and the form of any
31 coupons to be attached thereto, the registration,
32 conversion, and exchange privileges, if any, pertaining
33 thereto, and the time when all of, or any part of, the
34 principal becomes due and payable.

35 (b) The resolution may also contain any other matters
36 authorized by this chapter or any other law.

37 ~~7289.64.~~

38 8517. The bonds shall bear interest at a rate or rates
39 not exceeding the maximum allowable by law, payable at
40 intervals determined by the commission, except that the



1 first interest payable on the bonds, or any series thereof,
2 may be for any period not exceeding one year, as
3 determined by the commission.

4 ~~7289.65.~~

5 8518. In the resolution authorizing the issuance of the
6 bonds, the commission may also provide for the call and
7 redemption of the bonds prior to maturity at the times
8 and prices and upon other terms as specified. However,
9 no bond is subject to call or redemption prior to maturity,
10 unless it contains a recital to that effect or unless a
11 statement to that effect is printed.

12 ~~7289.66.~~

13 8519. The principal of, and interest on, the bonds shall
14 be payable in lawful money of the United States at the
15 office of the treasurer of the commission, or at other
16 places as may be designated, or at both the office and
17 other places at the option of the holders of the bonds.

18 ~~7289.67.~~

19 8520. The bonds, or each series thereof, shall be dated
20 and numbered consecutively and shall be signed by the
21 chairperson or vice chairperson of the commission and
22 the auditor-controller of the commission, and the official
23 seal, if any, of the commission shall be attached.

24 The interest coupons of the bonds shall be signed by the
25 auditor-controller of the commission. All of the signatures
26 and seal may be printed, lithographed, or mechanically
27 reproduced.

28 If any officer whose signature appears on the bonds or
29 coupons ceases to be that officer before the delivery of the
30 bonds, the officer's signature is as effective as if the officer
31 had remained in office.

32 ~~7289.68.~~

33 8521. The bonds may be sold as the commission
34 determines by resolution, and the bonds may be sold at
35 a price below par, whether by negotiated or public sale.

36 ~~7289.69.~~

37 8522. Delivery of any bonds may be made at any place
38 either inside or outside the state, and the purchase price
39 may be received in cash or bank credits.

40 ~~7289.70.~~



1 8523. All accrued interest and premiums received on
 2 the sale of the bonds shall be placed in the fund to be used
 3 for the payment of the principal of, and interest on, the
 4 bonds, and the remainder of the proceeds of the bonds
 5 shall be placed in the treasury of the commission and
 6 applied to secure the bonds or for the purposes for which
 7 the debt was incurred. However, when the purposes have
 8 been accomplished, any money remaining shall be either
 9 (a) transferred to the fund to be used for the payment of
 10 principal of, and interest on, the bonds or (b) placed in
 11 a fund to be used for the purchase of the outstanding
 12 bonds in the open market at prices and in the manner,
 13 either at public or private sale or otherwise, as
 14 determined by the commission. Bonds so purchased shall
 15 be canceled immediately.

16 ~~7289.71.~~

17 8524. (a) The commission may provide for the
 18 issuance, sale, or exchange of refunding bonds to redeem
 19 or retire any bonds issued by the commission upon the
 20 terms, at the times, and in the manner which it
 21 determines.

22 (b) Refunding bonds may be issued in a principal
 23 amount sufficient to pay all, or any part of, the principal
 24 of the outstanding bonds, the premiums, if any, due upon
 25 call and redemption thereof prior to maturity, all
 26 expenses of the refunding, and either of the following:

27 (1) The interest upon the refunding bonds from the
 28 date of sale thereof to the date of payment of the bonds
 29 to be refunded out of the proceeds of the sale of the
 30 refunding bonds or to the date upon which the bonds to
 31 be refunded will be paid pursuant to call or agreement
 32 with the holders of the bonds.

33 (2) The interest upon the bonds to be refunded from
 34 the date of sale of the refunding bonds to the date of
 35 payment of the bonds to be refunded or to the date upon
 36 which the bonds to be refunded will be paid pursuant to
 37 call or agreement with the holder of the bonds.

38 (c) The provisions of this chapter for the issuance and
 39 sale of bonds apply to the issuance and sale of refunding
 40 bonds.



1 ~~7289.72.~~

2 8525. (a) The commission may borrow money in
3 anticipation of the sale of bonds which have been
4 authorized pursuant to this chapter, but which have not
5 been sold or delivered, and may issue negotiable bond
6 anticipation notes therefor and may renew the bond
7 anticipation notes from time to time. However, the
8 maximum maturity of any bond anticipation notes,
9 including the renewals thereof, shall not exceed five years
10 from the date of delivery of the original bond anticipation
11 notes.

12 (b) The bond anticipation notes, and the interest
13 thereon, may be paid from any money of the commission
14 available therefor, including the revenues from the tax.
15 If not previously otherwise paid, the bond anticipation
16 notes, or any portion thereof, or the interest thereon, shall
17 be paid from the proceeds of the next sale of the bonds of
18 the commission in anticipation of which the notes were
19 issued.

20 (c) The bond anticipation notes shall not be issued in
21 any amount in excess of the aggregate amount of the
22 bonds which the commission has been authorized to issue,
23 less the amount of any bonds of the authorized issue
24 previously sold, and also less the amount of other bond
25 anticipation notes therefor issued and then outstanding.
26 The bond anticipation notes shall be issued and sold in the
27 same manner as the bonds.

28 (d) The bond anticipation notes and the resolutions
29 authorizing them may contain any provisions, conditions,
30 or limitations which a resolution of the commission may
31 contain.

32 ~~7289.73.~~

33 8526. Any bonds issued under this chapter are legal
34 investment for all trust funds; for the funds of insurance
35 companies, commercial and savings banks, and trust
36 companies; and for state school funds; and whenever any
37 money or funds may, by any law now or hereafter
38 enacted, be invested in bonds of cities, counties, school
39 districts, or other districts within the state, that money or
40 those funds may be invested in the bonds issued under



1 this chapter, and whenever bonds of cities, counties,
2 school districts, or other districts within the state may, by
3 any law now or hereafter enacted, be used as security for
4 the performance of any act or the deposit of any public
5 money, the bonds issued under this chapter may be so
6 used. The provisions of this chapter are in addition to all
7 other laws relating to legal investments and shall be
8 controlling as the latest expression of the Legislature with
9 respect thereto.

10 SEC. 2. Pursuant to Section 17579 of the Government
11 Code, the Legislature finds that there is no mandate
12 contained in this act that will result in costs incurred by
13 a local agency or school district for a new program or
14 higher level of service which require reimbursement
15 pursuant to Section 6 of Article XIII B of the California
16 Constitution and Part 7 (commencing with Section
17 17500) of Division 4 of Title 2 of the Government Code.

18 Notwithstanding Section 17580 of the Government
19 Code, unless otherwise specified, the provisions of this act
20 shall become operative on the same date that the act
21 takes effect pursuant to the California Constitution.

