

AMENDED IN ASSEMBLY APRIL 1, 1997

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

**ASSEMBLY BILL**

**No. 836**

**Introduced by Assembly Member Sweeney**

February 27, 1997

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An act to amend Section ~~180109~~ of, and to add Section 29142.1 to, the Public Utilities Code, relating to transportation 7273 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 836, as amended, Sweeney. ~~Transportation: local transportation authorities: revenue administration~~ Transactions and use taxes: administrative cost recovery.

*The Transactions and Use Tax Law sets forth various limitations, requirements, and procedures with respect to the levy of a local transactions and use tax by a "district," as defined, and requires that any tax that is so levied be administered by the State Board of Equalization pursuant to a contract between the board and the levying district. It also provides for the board's recovery each fiscal year of its costs incurred in administering a local transactions and use tax.*

*This bill would prohibit the amount charged by the board to a district for the administration of a local transactions and use tax for any fiscal year from exceeding 1% of the total amount of revenue collected by the board pursuant to that transactions and use tax for that fiscal year.*

~~Existing law authorizes a county board of supervisors to create a local transportation authority, or designate an~~

~~existing transportation planning agency or county transportation commission, to operate within the county to carry out specified provisions relating to local transportation. A local transportation authority created or designated under those provisions is authorized to impose a retail transactions and use tax ordinance applicable to the county if specified conditions are met. The transportation authority is prohibited from expending more than 1% of the funds generated under those provisions in any year for salary and benefits of the authority's staff.~~

~~Existing law creates the San Francisco Bay Area Rapid Transit District and requires the board of directors of the district to impose transactions and use taxes in conformity with specified provisions of existing law.~~

~~Under existing law, the State Board of Equalization contracts with local transportation authorities and the district, among other local entities, for the board's services in performing all functions incidental to the administration or operation of the sales and use, or transactions and use, tax ordinances of those local entities. The board is required to charge the transportation authority and the district for the board's services in administering the local entity's tax ordinance an amount, as determined by the board with the concurrence of the Department of Finance, based on the total local entity cost, as specified. This amount includes direct, shared, and central agency costs incurred by the board, as provided.~~

~~This bill would prohibit the board from charging a local transportation authority created or designated as specified above, or the district, an amount greater than 1% of the funds generated under the provisions specified above in any year for administering or operating the sales and use, or transactions and use, tax ordinances of the authority~~

~~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. Section 29142.1 is added to the Public  
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1 SECTION 1. Section 7273 of the Revenue and  
2 Taxation Code is amended to read:

3 7273. In addition to the amounts otherwise provided  
4 for preparatory costs, the board shall charge an amount  
5 for its services in administering the transactions and use  
6 tax determined by the board with the concurrence of the  
7 Department of Finance, as follows:

8 (a) Beginning with the 1993–94 fiscal year, the amount  
9 charged shall be based on the total special taxing  
10 jurisdiction costs reflected in the annual Budget Act. This  
11 amount comprises the categories of direct, shared, and  
12 central agency costs incurred by the board and shall  
13 include the following:

14 (1) The amount charged to each entity shall be based  
15 on the recommendations incorporated in the March 1992,  
16 report by the Auditor General entitled “The Board of  
17 Equalization Needs To Adjust Its Model For Setting  
18 Reimbursement Rates For Special Tax Jurisdictions.”

19 (2) The amount charged may be adjusted in the  
20 current fiscal year to reflect the difference between the  
21 board’s budgeted costs and any significant revised  
22 estimate of costs. Any adjustment shall be subject to  
23 budgetary controls included in the Budget Act. Prior to  
24 any adjustment, the Department of Finance shall notify  
25 the Chairperson of the Joint Legislative Budget  
26 Committee not later than 30 days prior to the effective  
27 date of the adjustment.

28 (3) For the 1995–96 fiscal year and each fiscal year  
29 thereafter, the amount charged shall be adjusted to  
30 reflect the difference between the board’s recovered  
31 costs and the actual costs incurred by the board during  
32 the fiscal year two years prior.

33 (b) The board shall notify districts by June 1 of the  
34 amount that it anticipates will be assessed for the next  
35 fiscal year. The districts shall be notified of the actual  
36 amounts that will be assessed within 30 days after  
37 enactment of the Budget Act for that fiscal year.

38 (c) The amount charged a transactions and use tax  
39 district which becomes operative during the fiscal year  
40 shall be estimated for that fiscal year based on that



1 district's proportionate share of direct, indirect, and  
2 shared costs.

3 (d) The amounts determined by subdivision (a) shall  
4 be deducted in equal amounts from the quarterly  
5 allocation of taxes collected by the board for a given  
6 district.

7 (e) *In no event shall the amount charged by the board  
8 to a district pursuant to this section for the administration  
9 of a transactions and use tax for any fiscal year exceed 1  
10 percent of the total amount of revenue collected by the  
11 board pursuant to that transactions and use tax for that  
12 fiscal year.*

13 ~~Utilities Code, to read:~~

14 ~~29142.1. Notwithstanding Sections 7272 and 7273 of  
15 the Revenue and Taxation Code, the State Board of  
16 Equalization shall not deduct more than 1 percent of the  
17 revenues collected under Section 7271 of the Revenue  
18 and Taxation Code for distribution to the district.~~

19 ~~SEC. 2. Section 180109 of the Public Utilities Code is  
20 amended to read:~~

21 ~~180109. (a) The authority shall rely, to the extent  
22 possible, on existing state, regional, and local  
23 transportation planning and programming data and  
24 expertise, rather than on a large duplicative staff and set  
25 of plans.~~

26 ~~(b) The authority shall not expend more than 1  
27 percent of the funds generated pursuant to this division  
28 in any year for salary and benefits of its staff.~~

29 ~~(c) Notwithstanding Section 7273 of the Revenue and  
30 Taxation Code, the State Board of Equalization shall not  
31 charge the authority an amount greater than 1 percent of  
32 the funds generated under this division in any year for  
33 administering or operating the sales and use, or  
34 transactions and use, tax ordinances of the authority.~~

