

AMENDED IN ASSEMBLY APRIL 26, 2012

AMENDED IN ASSEMBLY APRIL 17, 2012

AMENDED IN ASSEMBLY MARCH 29, 2012

california legislature—2011-12 regular session

ASSEMBLY BILL
No. 1446

1

Introduced by Assembly Member Feuer

January 4, 2012

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

legislative counsel's digest

AB 1446, as amended, Feuer. 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 not more than 30 years for the funding of specified
transportation-related purposes pursuant to an adopted expenditure plan,
subject to voter approval.

This bill would authorize MTA to impose that transactions and use
tax without a limitation as to its duration, subject to voter approval. The
bill would require MTA to secure bonded indebtedness payable from
the proceeds of the tax imposed and would require that the proceeds
from those bonds be used to accelerate the completion of specified
projects and programs. The bill would require MTA to amend the
expenditure plan in a specified manner and would make other related
conforming changes.

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 hereby finds and declares all of
2 the following:

3 (a) Section 130350.5 of the Public Utilities Code authorizes the
4 Los Angeles County Metropolitan Transportation Authority (MTA)
5 to propose for voter approval a 30-year 1/2 cent sales and use tax
6 dedicated to the construction and operation of transportation-related
7 projects, to be enumerated in a local ballot measure. In November
8 2008, more than 67 percent of Los Angeles County voters approved
9 this tax pursuant to a ballot measure known as Measure R.

10 (b) The Measure R transit, highway, and other transportation
11 projects became part of the MTA's Long Range Transportation
12 Plan, along with an expenditure plan that spread the costs and
13 construction of the Measure R projects over the 30-year duration
14 of the 1/2 cent sales and use tax.

15 (c) Since 2008, the nation and the State of California have
16 plunged into a recession. In Los Angeles County, 336,000 jobs
17 have been lost since 2007. An estimated 582,900 people were
18 unemployed in Los Angeles County as of October 2011. The
19 construction industry has been hit particularly hard: more than
20 53,300 construction jobs have been lost since 2007, and some
21 estimates put the percentage of area construction workers who are
22 out of work as high as 40 percent.

23 (d) Traffic congestion is increasing throughout Los Angeles
24 County, and new, environmentally sound transit options are
25 desperately needed as alternatives to private vehicle trips and the
26 economic, environmental, and health impacts that result from them.

27 (e) Therefore, the Legislature intends to authorize the MTA to
28 seek voter approval to eliminate the sunset date for the imposition
29 of the Measure R sales and use tax authorization and allow the
30 MTA to bond against the proceeds from the tax and build the
31 Measure R projects and programs much sooner than originally
32 contemplated without relying on federal or state funding. Providing
33 for the imposition of this sales and use tax and for the accelerated
34 completion of Measure R projects and programs would create more
35 than 166,000 desperately needed jobs and dramatically improve

1 the economy, environment, and public health of Los Angeles
2 County.

3 SEC. 2. Section 130350.5 of the Public Utilities Code is
4 amended to read:

5 130350.5. (a) In addition to any other tax that it is authorized
6 by law to impose, the Los Angeles County Metropolitan
7 Transportation Authority (MTA) may impose, in compliance with
8 subdivision (b) and Section 130350.6, a transactions and use tax
9 at a rate of 0.5 percent that is applicable in the incorporated and
10 unincorporated areas of the county.

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

13 (1) The tax shall be proposed in a transactions and use tax
14 ordinance, that conforms with Chapter 2 (commencing with Section
15 7261) to Chapter 4 (commencing with Section 7275), inclusive,
16 of the Transactions and Use Tax Law (Part 1.6 (commencing with
17 Section 7251) of Division 2 of the Revenue and Taxation Code),
18 and that is approved by a majority of the entire membership of the
19 authority.

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

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

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

24 (A) Capital Projects.

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

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

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

34 (iv) Metro Gold Line (Pasadena to Claremont) Light Rail Transit
35 Extension. The sum of seven hundred thirty-five million dollars
36 (\$735,000,000).

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

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

- 1 (vii) State Highway Route 5 Carmenita Road Interchange
2 Improvement. The sum of one hundred thirty-eight million dollars
3 (\$138,000,000).
- 4 (viii) State Highway Route 5 Capacity Enhancement (State
5 Highway Route 134 to State Highway Route 170, including access
6 improvement for Empire Avenue). The sum of two hundred
7 seventy-one million five hundred thousand dollars (\$271,500,000).
- 8 (ix) State Highway Route 5 Capacity Enhancement (State
9 Highway Route 605 to the Orange County line, including
10 improvements to the Valley View Interchange). The sum of two
11 hundred sixty-four million eight hundred thousand dollars
12 (\$264,800,000).
- 13 (x) State Highway Route 5/State Highway Route 14 Capacity
14 Enhancement. The sum of ninety million eight hundred thousand
15 dollars (\$90,800,000).
- 16 (xi) Capital Project Contingency Fund. The sum of one hundred
17 seventy-three million dollars (\$173,000,000).
- 18 (B) Capital Programs.
- 19 (i) Alameda Corridor East Grade Separations. The sum of two
20 hundred million dollars (\$200,000,000).
- 21 (ii) MTA and Municipal Regional Clean Fuel Bus Capital
22 (Facilities and Rolling Stock). The sum of one hundred fifty million
23 dollars (\$150,000,000).
- 24 (iii) Countywide Soundwall Construction (MTA Regional List
25 and Monterey Park/State Highway Route 60). The sum of two
26 hundred fifty million dollars (\$250,000,000).
- 27 (iv) Local return for major street resurfacing, rehabilitation, and
28 reconstruction. The sum of two hundred fifty million dollars
29 (\$250,000,000).
- 30 (v) Metrolink Capital Improvements. The sum of seventy million
31 dollars (\$70,000,000).
- 32 (vi) Eastside Light Rail Access. The sum of thirty million dollars
33 (\$30,000,000).
- 34 (c) The MTA may incur bonded indebtedness payable from the
35 proceeds of the tax provided by this section pursuant to the bond
36 issuance provisions of Section 130500 et seq. of the Public Utilities
37 Code, and any successor act. The MTA shall include in the
38 expenditure plan, required under subdivision (f), the amount of
39 net revenue specified for all projects and programs in
40 subparagraphs (A) and (B) of paragraph (3) of subdivision (b) as

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

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

11 (e) A jurisdiction or recipient is eligible to receive funds from
12 the local return program, described in clause (iv) of subparagraph
13 (B) of paragraph (3) of subdivision (b) of this section and in
14 paragraph (1) of subdivision (b) of Section 130350.6, only if it
15 continues to contribute to that program an amount that is equal to
16 its existing commitment of local funds or other available funds.
17 The MTA may develop guidelines that, at a minimum, specify
18 maintenance of effort requirements for the local return program,
19 matching funds, and administrative requirements for the recipients
20 of revenue derived from the tax.

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

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

1 The moneys in the fund shall be available to the MTA to meet
2 expenditure and cashflow needs of the projects and programs
3 described in the expenditure plan required under subdivision (f).
4 In the event that there are net revenues in excess of the amount
5 necessary to provide the amount of net revenues specified in the
6 expenditure plan for the projects and programs described therein,
7 the MTA may expend the excess net revenues on projects and
8 programs in the expenditure plan or the LRTP. In the event that
9 projects and programs in the expenditure plan are completed
10 without the expenditure of the amount of net revenues specified,
11 the MTA shall expend the excess net revenues on projects and
12 programs in the expenditure plan or the LRTP within the same
13 subregion as the project or program that is completed. For the
14 purposes of this section, "subregion" shall be defined in the LRTP.

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

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

32 (2) A capital project or capital program funded with reallocated
33 funds pursuant to paragraph (1) shall be included in the adopted
34 2008 Long Range Transportation Plan or the successor plan and
35 shall be of regional significance as determined by the MTA. For
36 purposes of this subdivision, "subregions" means the subregions
37 as defined in the LRTP in effect as of January 1, 2008.

38 (j) Notwithstanding Section 130354, revenues raised under this
39 section and Section 130350.6 may be used to facilitate the
40 transportation of people and goods within Los Angeles County.

1 The use of the revenues shall not be limited to public transit
2 purposes.

3 (k) No later than 365 days prior to the adoption of an amendment
4 described in paragraph (1) to an expenditure plan adopted pursuant
5 to subdivision (f), including, but not limited to, the expenditure
6 plan adopted by the MTA board as "Attachment A" in Ordinance
7 #08-01 adopted by the board on July 24, 2008, and in addition to
8 any other notice requirements in the proposing ordinance, the board
9 shall notify the Members of the Legislature representing the County
10 of Los Angeles of all of the following:

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

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

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

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

23 (2) The reason for the proposed amendment.

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

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

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

35 SEC. 3. Section 130350.6 is added to the Public Utilities Code,
36 to read:

37 130350.6. (a) The tax authorized by Section 130350.5 may
38 be imposed as set forth in paragraph (3) of subdivision (b) of
39 Section 130350.5 in a transactions and use tax ordinance, or an
40 amendment of the ordinance approved pursuant to paragraph (1)

1 of subdivision (b) of Section 130350.5, that conforms with Chapter
2 2 (commencing with Section 7261) to Chapter 4 (commencing
3 with Section 7275), inclusive, of the Transactions and Use Tax
4 Law (Part 1.6 (commencing with Section 7251) of Division 2 of
5 the Revenue and Taxation Code), and that is approved by a
6 majority of the entire membership of the authority. The tax may
7 be imposed pursuant to this section only if the proposing ordinance,
8 or amendment thereof, is approved by two-thirds of the voters, in
9 the manner as otherwise required by law, voting on this measure,
10 in a special or general election and, if so approved, shall become
11 operative as provided in Section 130352. The proposing ordinance
12 shall specify that the net revenues derived from the tax are to be
13 administered by the ~~MTA~~ *Los Angeles County Metropolitan*
14 *Transportation Authority (MTA)* as provided in this section. Net
15 revenues shall be defined as all revenues derived from the tax less
16 any refunds, costs of administration by the State Board of
17 Equalization, and costs of administration by the MTA. Such costs
18 of administration by the MTA shall not exceed 1.5 percent of the
19 revenues derived from the tax.

20 (b) ~~(1)~~ The MTA may incur bonded indebtedness payable from
21 the proceeds of the tax authorized by this section pursuant to the
22 bond issuance provisions of this chapter, and any successor act.

23 **(c)** Proceeds from ~~those~~ **the sale of** bonds **issued pursuant to subdivision (b) and**
proceeds of the tax authorized by this section, after payment of the bonded indebtedness, shall
be used to accelerate the
24 completion of the projects and programs identified in **subparagraphs (A) and (B) of**
25 **subparagraphs (A) and (B) of paragraph (3) of subdivision (b) of**
26 **Section 130350.5, and for operations pursuant to paragraph (3) of subdivision (b) of**
that section.

27 ~~(2)~~ **(d)** Upon completion of the projects and programs identified in
28 **paragraph (1) subparagraphs (A) and (B) of paragraph (3) of subdivision (b) of Section**
130350.5, any funds remaining from the bonds described in
29 **paragraph (1) subdivision (b)** and any funds remaining from the proceeds of the
30 tax authorized by this section, after payment of the bonded
31 indebtedness, shall be deposited in the fund described in
32 **subdivision (g) of Section 130350.5** *expended by the MTA on*
33 *projects and programs in the Long Range Transportation Plan or*
34 *its successor plans, **and for operations pursuant to paragraph (3) of subdivision (b) of***
Section 130350.5.

35 ~~(e)~~ **(e)** Prior to submitting the ordinance described in subdivision
36 (a) to the voters, the MTA shall amend the expenditure plan
37 adopted pursuant to subdivision (f) of Section 130350.5. The
38 amended plan shall update all of the following for the projects and
39 programs listed in subdivision ~~(b)~~ **(c)**: the estimated total cost for each

40 project or program, the schedule during which the MTA anticipates

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- 1 funds will be available for each project or program, and the
- 2 expected completion dates for each project or program.

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