

# Metro Board Approved Policy

1980 Prop C - Ordinance Establishing a Retail Tax

*Adopted: November 1980*

## Historical Perspective

The Proposition A tax measure was approved in 1980 and the Proposition C tax measure was approved in 1990. Collection of taxes began on July 1, 1982, and April 1, 1991 respectively.

Proposition A and Proposition C Local Return Guidelines were periodically reviewed and re-adopted to reflect current Metro practices and policies, and to provide clearer and more consistent communications to Local Return Program recipients regarding project eligibility and administrative policies."

## Chapter 3-10

### **An Ordinance Establishing An Additional Retail Transactions And Use Tax in the County of Los Angeles For Public Transit Purposes**

*(Preliminary Note: The ordinance set forth in Chapter 3-10 was originally enacted as Los Angeles County Transportation Commission Ordinance No. 49 and was adopted by a vote of the electorate as Proposition C in November 1990. It is incorporated here as enacted in 1990, except that, for convenience and consistency, its section headings and numbering have been revised to conform to the style of this Code. While the provisions of this ordinance may be cited by the section headings and numbering used herein, the official ordinance remains that enacted by the electorate in 1990. The inclusion of this ordinance in this Code is not a reenactment or an amendment of the original ordinance, and its inclusion in this Code does not in any way amend its provisions or alter its application.)*

A retail Transactions and Use Tax is hereby imposed in the County of Los Angeles as follows:

**3-10-010 Imposition of Retail Transactions Tax.** There is hereby imposed a tax for the privilege of selling tangible personal property at retail upon every retailer in the County at a rate of one-half of one percent of the gross receipts of the retailer from the sale of all tangible personal property sold at retail in the County. This tax is in addition to the tax authorized by Ordinance No. 16, on August 20, 1980 [MTA Administrative Code, Chapter 3-05].

**3-02-020 Imposition of Use Tax.** There is hereby imposed a complementary tax upon the storage, use or other consumption in the County of tangible personal property purchased from any retailer for storage, use or other consumption in the County. Such tax shall be at a rate of one-half of 1% of the sales price of the property whose storage, use or other consumption is subject to the tax. This tax is in addition to the tax authorized by Ordinance No. 16, on August 20, 1980 [MTA Administrative Code, Chapter 3-05].

**3-10-030 Definitions.** The following words, whenever used in this Ordinance, shall have the meanings as set forth below:

- A. "Commission" means the Los Angeles County Transportation Commission or any successor entity.

B. "County" means the incorporated and unincorporated territory of the County of Los Angeles.

C. "Transaction" or "Transactions" have the same meaning, respectively, as the words "Sale" or "Sales"; and the word "Transactor" has the same meaning as "Seller", as "Sale" or "Sales" and "Seller" are used in Part 1 (commencing with Section 6001) of Division 2 of the revenue and Taxation Code.

D. "Public Transit Purposes" are expenditures which maintain, improve and expand public transit, reduce congestion, and increase mobility, and include, but are not limited to, the following:

1. Transit and paratransit activities, including rail, bus and advanced technologies.
2. Fare Subsidies
3. Commuter Rail
4. Transit Centers
5. Park-and-Ride Lots
6. Public Information Services Technology and Systems
7. Freeway Bus Stations and Facilities
8. Rail and Bus Safety and Security
9. Maintenance of and Improvements to Streets and Highways used as public

transit thoroughfares, including, but not limited to, the following:

- a. Coordination and synchronization of signalization
- b. Provisions for prompt service to assist motorists with disabled automobiles or trucks
- c. Construction of high occupancy vehicle (HOV) lanes
- d. Other activities which reduce congestion and improve air quality by providing transportation improvements to freeways, and state highways used as

public transit thoroughfares, including construction of transit ways including bus ways, carpool lanes, and operational and interchange improvements.

10. Transportation Systems Management and Transportation Demand

Management

**3-10-040 Use of Revenues Received from Imposition of the Transactions and Use Tax.**

The revenues received by the Commission from the imposition of the transactions and use tax shall be used for public transit purposes, as follows:

A. Purpose of Tax. To improve transit service and operations, reduce traffic congestion, improve air quality, efficiently operate and improve the condition of the streets and freeways utilized by public transit, and reduce foreign fuel dependence. The purposes of this tax include:

1. Meeting operating expenses; purchasing or leasing supplies, equipment or materials; meeting financial reserve requirements; obtaining funds for capital projects necessary to maintain service within existing service areas;
2. Increasing funds for the existing public transit service programs;
3. Instituting or increasing passenger or commuter services on rail or highway rights of way;
4. The continued development of a regional transportation improvement program.

B. Use of Revenues. A Los Angeles County Anti-Gridlock Transit Improvement fund will be created to supplement current transportation funds and help meet the documented shortfall in funds needed to complete the Los Angeles County transportation system.

1. Forty percent of the revenue from the 'A cent sales and use tax will be used to improve and expand rail and bus transit County-wide, to provide fare subsidies, increase graffiti prevention and removal, and increase energy-efficient, low-polluting public transit service. Funds from this revenue source will not be used for capital improvements for the

Metro Rail Project between Union Station and Hollywood.

2. Five percent of the revenue from the 1/2 cent sales and use tax will be used to improve and expand rail and bus security.

3. Ten percent of the revenue from the 1/2 cent sales and use tax will be used to increase mobility and reduce congestion by providing additional funds for Commuter Rail and the construction of Transit Centers, Park-and-Ride Lots, and Freeway Bus Stops.

4. Twenty percent of the revenue from the 1/2 cent sales and use tax will be a Local Return Program to be used by cities and the County for public transit, paratransit, and related services including to improve and expand supplemental paratransit services to meet the requirements of the Federal Americans With Disabilities Act. At the option of each city and of the County funds can be used consistent with the County's Congestion Management Program to increase safety and improve road conditions by repairing and maintaining streets heavily used by public transit. Transportation system and demand management programs are also eligible.

Funds for the Local Return Program will be allocated to the cities and the County on a per capita basis. Local Return funds not expended within three years will be returned to the Commission for reallocation. Local Return funds may not be traded or sold to other jurisdictions.

5. Twenty-five percent of the revenue from the 1/2 cents sales and use tax will be used to provide essential County-wide transit-related improvements to freeways and state highways. To facilitate transit flow, the operation of major streets and freeways will be improved by providing preference and priority for transit. Traffic signals may be synchronized, and coordinated and "Smart Street" corridors may be created on those corridors served by public transit. Transportation Systems Management techniques which assist transit service may also be funded. Transportation improvements on freeways and State highways may include transit ways and other improvements to facilitate and expedite flow of

transit and rideshare vehicles, and carpools.

6. The non-Local Return funds will be allocated in formula and discretionary programs basis to be developed and approved by the LACTC within six months of voter approval of this Ordinance. In no event shall administrative costs exceed one and one-half (1 1/2 ) percent of the funds generated by the tax.

**3-10-050 Application of Sales and Use Tax Provisions of Revenue and Taxation Code.**

A. The provisions contained in Part 1 of Division 2 of the Revenue and Taxation Code (Sales and Use Taxes, commencing with Section 6001), insofar as they relate to sales or use taxes and are not inconsistent with Part 1.6 of Division 2 of the revenue and Taxation Code (Transactions and Use Taxes), commencing with Section 7251), and all amendments thereto shall apply and be part of this Ordinance, being incorporated by reference herein, except that:

1. The Commission, as the taxing agency, shall be substituted for that of the State;

2. An additional transactor's permit shall not be required if a seller's permit has been or is issued to the transactor under Section 6067 of the revenue and Taxation Code; and

3. The word "County" shall be substituted for the word "State" in the phrase, "Retailer engaged in business in this State" in Section 6203 of the Revenue and Taxation Code and in the definition of that phrase.

B. A retailer engaged in business in the County shall not be required to collect use tax from the purchase of tangible personal property unless the retailer ships or delivers the property into the County or participates within the County in making the sale of the property; including, but not limited to soliciting or receiving the order, either directly or indirectly, at a place of the retailer in the County or through any representative, agent, canvasser, solicitor, or subsidiary or person in the County under authority of the retailer.

**3-10-060 Adoption of Revenue and Taxation Code Sections 7261 and 7262.** Pursuant to

the provisions of Revenue and Taxation Code Section 7262.2, the required provisions of Sections 7261 and 7262 of that Code as now in effect or as later amended are adopted by reference in this Ordinance.

**3-10-070 Place of Consummation of Retail Transaction.** For the purpose of a retail transaction tax imposed by this Ordinance, all retail transactions are consummated at the place of business of the retailer, unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-State destination or to a common carrier for delivery to an out-of-State destination. The gross receipts for such sales shall include delivery charges, when such charges are subject to the State sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State, or has more than one place of business, the place or places at which the retail sales are consummated for the purpose of the transactions tax imposed by this Ordinance shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

**3-10-080 Appropriations Limit.** A Commission appropriations limit is hereby established equal to the revenues collected and allocated during the 1990/91 fiscal year plus an amount equal to one and a half times the taxes that would be levied or allocated on a one-half of one percent transaction and use tax in the first full fiscal year following enactment and implementation of this Ordinance.

**3-10-090 Division of Taxes.** This Ordinance imposes a one half of one percent transactions and use tax. Another measure imposing a one half percent transactions and use tax entitled the Local Communities Safety Act — Los Angeles County Regional Justice Facilities Financing Agency is scheduled to be submitted to the electorate in the same election as this Ordinance. If both measures are approved by the electorate, the limits of Revenue and Taxation Code Section 7251.1 would be exceeded. In the event that both measures are approved by a majority of the electors voting on the measures and both measures are otherwise valid, the transactions and use tax is to be divided equally with one fourth percent going to the Los Angeles County Transportation Commission for the purposes set forth in this Ordinance and one fourth percent going to the Los Angeles County

Regional Justice Facilities Financing Agency for the purposes set forth in its Ordinance provided that legislation is enacted to authorize such a division. However, if at some future time the statutory limit on sales tax is increased, then the full one half of one percent transactions and use tax shall be restored to each agency.

**3-10-100 Adoption and Enactment of Ordinance.** This Ordinance is hereby adopted by the Commission and shall be enacted upon authorization of the electors voting in favor thereof at the special election called for November 6, 1990, to vote on the measure.

**3-10-110 Effective and Operative Dates.** This ordinance shall take effect on the day it is adopted by the Los Angeles County Transportation Commission and pursuant to Public Utilities Code Section 130352 shall be operative on the first day of the first calendar quarter commencing not less than 180 days after adoption of the ordinance.



September 25, 1998

**DIRECTOR SPECIAL ITEM**

**MOTION BY SUPERVISOR YAROSLAVSKY**

The Los Angeles County Registrar-Recorder/County Clerk has certified the sufficiency of valid signatures on the initiative petition entitled "The Metropolitan Transportation Authority (MTA) Reform and Accountability Act of 1998."

The Los Angeles County Metropolitan Transportation Authority is required by law to call a special election to submit the act to the voters at the next statewide election.

THEREFORE, I move that the Board of Directors of the Los Angeles County Metropolitan Transportation Authority adopt the attached resolution calling the special election and requesting consolidation with the November 3, 1998, statewide election.



COUNTY OF LOS ANGELES  
**REGISTRAR-RECORDER/COUNTY CLERK**

12400 IMPERIAL HWY. - P.O. BOX 1024, NORWALK, CALIFORNIA 90651-1024 / (562) 462-2716

**CONNY B. McCORMACK**  
REGISTRAR-RECORDER/COUNTY CLERK

June 22, 1998

Board of Directors  
Los Angeles County  
Metropolitan Transportation Authority  
1 Gateway Plaza  
Los Angeles, CA 90012

Attention: Georgia Hamilton, Board Secretary

**Re: Certificate To Initiative Petition**

Dear Ms. Hamilton:

Enclosed please find the certificate issued by this Office to the governing board of the Los Angeles County Metropolitan Transit Authority ("MTA"), pursuant to Elections Code section 9309, which shows the results of our examination of signatures on the initiative petition entitled "The Metropolitan Transportation Authority (MTA) Reform and Accountability Act of 1998." Our examination shows that the number of valid signatures on the petition is sufficient.

Pursuant to Elections Code sections 9310 and 9311, the MTA must either pass the proposed ordinance at the meeting at which this certificate is presented (or within ten (10) days thereof), or submit the ordinance to the voters at the next statewide general election in November. (By the terms of the ordinance, its passage by the MTA would also require that it be submitted to the voters at that election.)

To consolidate the MTA election on the County ballot in November, a resolution of the MTA requesting the Los Angeles County Board of Supervisors to approve the consolidation is necessary (Elections Code section 10403). The resolution must be filed with the Clerk of the Board of Supervisors no later than August 7, 1998.

Sincerely,

A handwritten signature in cursive script that reads "Conny B. McCormack".

**CONNY B. McCORMACK**  
Registrar-Recorder/County Clerk

c: Zev Yaroslavsky, Los Angeles County Supervisor  
Proponent

## CERTIFICATE TO INITIATIVE PETITION

I, CONNY B. McCORMACK, REGISTRAR-RECORDER/COUNTY CLERK of the County of Los Angeles, State of California, hereby certify:

That the "METROPOLITAN TRANSPORTATION AUTHORITY (MTA) REFORM AND ACCOUNTABILITY ACT OF 1998". petition was filed with this office on June 12, 1998;

That said petition consists of 39,139 sections containing 169,292 signatures;

That each section contains signatures purporting to be the signatures of qualified electors of this county;

That attached to this petition at the time it was filed was an affidavit purporting to be the affidavit of the person who solicited the signatures, and containing the dates between which the purported qualified electors signed this petition;

That the affiant stated his or her own qualifications, that he or she had solicited the signatures upon that section, that all of the signatures were made in his or her presence, and that to the best of his or her knowledge and belief each signature to that section was the genuine signature of the person whose name it purports to be;

That after the proponent filed this petition I verified the required number of signatures by examining the records of the registration in this county, current and in effect at the respective purported dates of such signing, to determine what number of qualified electors signed the petition, and from that examination I have determined the following facts regarding this petition:

1. Number of unverified signatures filed by proponent	169,292
2. Number of signatures verified (3%)	5,079
a. Number of signatures found SUFFICIENT	3,854
b. Number of signatures found NOT SUFFICIENT	1,225
1. NOT SUFFICIENT because DUPLICATE	8

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 22nd day of June 1998.



CONNIE B. McCORMACK  
Registrar-Recorder/County Clerk  
County of Los Angeles