

LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY
ADMINISTRATIVE CODE

Title 3

Finance

Chapter 3-05

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

(Preliminary Note: The ordinance set forth in Chapter 3-05 was originally enacted as Los Angeles County Transportation Commission Ordinance No. 16 and was adopted by a vote of the electorate as Proposition A in November 1980. It is incorporated here as enacted in 1980, 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 1980. 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:

3-05-010 Definitions. The following words, whenever used in this Ordinance, shall have the meanings set forth below:

- (a) “Commission” means the Los Angeles County Transportation Commission.
- (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.

3-05-020 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 1% of the gross receipts of the retailer from the sale of all tangible personal property sold by him at retail in the County.

3-05-030 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.

3-05-040 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), 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 business 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.

C. All amendments subsequent to January 1, 1970, to the above cited Sales and Use Taxes provisions relating to sales or use taxes and not consistent with this Ordinance shall automatically become a part of this Ordinance; provided, however, that no such amendment shall operate as to affect the rate of tax imposed by the Commission.

3-05-050 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. Definitions:

1. "System" or "Rail rapid transit system" means all land and other improvements and equipment necessary to provide an operable, exclusive right-of-way, or guideway, for rail transit.

2. "Local transit" means eligible transit, paratransit, and Transportation Systems Management improvements which benefit one jurisdiction.

B. Purpose of Tax. This tax is being imposed to improve and expand existing public transit Countywide, including reduction of transit fares, to construct and operate a rail rapid transit system hereinafter described, and to more effectively use State and Federal funds, benefit assessments, and fares.

C. Use of Revenues. Revenues will be allocated as follows:

1. For the first three (3) years from the operative date of this Ordinance:

a. Twenty-five (25) percent, calculated on an annual basis, to local jurisdictions for local transit, based on their relative percentage share of the population of the County of Los Angeles.

b. To the Southern California Rapid Transit District ("District"), or any other existing or successor entity in the District receiving funds under the Mills-Alquist-Deddeh Act, such sums as are necessary to accomplish the following purposes;

(1) Establishment of a basic cash fare of fifty (50) cents.

(2) Establishment of an unlimited use transfer charge of ten (10) cents.

(3) Establishment of a charge for a basic monthly transit pass of \$20.00.

(4) Establishment of a charge for a monthly transit pass for the elderly, handicapped and students of \$4.00.

(5) Establishment of a basic cash fare for the elderly, handicapped and students of twenty (20) cents.

(6) Establishment of a comparable fare structure for express or premium bus service.

c. The remainder to the Commission for construction and operation of the System.

2. Thereafter:

a. Twenty-five (25) percent, calculated on an annual basis, to local jurisdictions for local transit, based on their relative percentage share of the population of the County of Los Angeles.

b. Thirty-five (35) percent, calculated on an annual basis, to the commission for construction and operation of the System.

c. The remainder shall be allocated to the Commission for public transit purposes.

3. Scope of Use. Revenues can be used for capital or operating expenses.

D. Commission Policy.

1. Relative to the Local Transit Component:

a. Allocation of funds to local jurisdictions shall be subject to the following conditions:

(1) Submission to the Commission of a description of intended use of the funds, in order to establish legal eligibility. Such use shall not duplicate or compete with existing transit service.

(2) The Commission may impose regulations to ensure the timely use of local transit funds.

(3) Recipients shall account annually to the Commission on the use of such funds.

b. Local jurisdictions are encouraged to use available funds for improved transit service.

2. Relative to the System Component:

a. The Commission will determine the System to be constructed and operated.

b. The System will be constructed as expeditiously as possible. In carrying out this policy, the Commission shall use the following guidelines:

(1) Emphasis shall be placed on the use of funds for construction of the System.

(2) Use of existing rights-of-way will be emphasized.

c. The System will be constructed and operated in substantial conformity with the map attached hereto as Exhibit "A". The areas proposed to be served are, at least, the following:

San Fernando Valley

West Los Angeles

South Central Los Angeles/Long Beach

South Bay/Harbor

Century Freeway Corridor

Santa Ana Free Corridor

San Gabriel Valley

3-05-060 Exclusion of Tax Imposed Under Bradley-Burns Uniform Local Sales

and Use Tax Law. The amount subject to tax under this Ordinance shall not include the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county, pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law, or the amount of any State-administered transactions or use tax.

3-05-050 Exemption from Retail Transactions Tax.

A. There are exempted from the tax imposed by this Ordinance the gross receipts from the sale of tangible personal property to operators of waterborne vessels to be used or consumed principally outside the County in which the sale is made and

directly and exclusively in the carriage of persons or property in such vessels for commercial purposes.

B. There are exempted from the tax imposed under this Ordinance the gross receipts from the sale of tangible personal property to the operators of aircraft to be used or consumed principally outside the County in which the sale is made, and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

C. Sales of property to be used outside the County which are shipped to a point outside the County pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point, are exempt from the tax imposed under this Ordinance.

D. For purposes of this Section, “delivery” of vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle code, the aircraft license in compliance with Section 21411 of the Public Utilities Code and undocumented vessels registered under Article 2 (commencing with Section 680) of Chapter 5 of Division 3 of the Harbors and Navigation code shall be satisfied by registration to an out-of-County address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his principal place of residence.

E. “Delivery” of commercial vehicle shall be satisfied by registration to a place of business out of County, and a declaration under penalty of perjury signed by the buyer that the vehicle will be operated from that address.

F. The sale of tangible personal property is exempt from tax, if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior

to the operative date of this Ordinance. A lease of tangible personal property which is a continuing sale of such property is exempt from tax for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this Ordinance. For purposes of this Section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

3-05-070 Exemptions from Use Tax.

A. The storage, use or other consumption of tangible personal property, the gross receipts from the sale of which have been subject to a transaction tax under any State administered transactions and use taxes ordinances, shall be exempt from the tax imposed under this Ordinance.

B. The storage, use or other consumption of tangible personal property purchased by operators of waterborne vessels and used or consumed by such operators directly and exclusively in the carriage of persons or property in such vessels for commercial taxes is exempt from the use tax.

C. In addition to the exemption provided in Section 6366 and 6366.1 of the Revenue and Taxation Code, the storage, use, or other consumption of tangible personal property purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity

issued pursuant to the laws of this State, United States, or any foreign government, is exempt from the use tax.

D. The storage, use, or other consumption in the County of tangible personal property is exempt from the use tax imposed under this Ordinance if purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of the Ordinance. The possession of, or the exercise of any right or power over, tangible personal property under a lease which is a continuing purchase of such property is exempt from tax for any period of time for which a lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this Ordinance. For the purposes of this Section, storage, use or other consumption, or possession, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

3-05-080 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 from 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.

3-05-100 Deduction of Local Transactions Taxes on Sales of Motor Fuel.

A. The Controller shall deduct local transactions taxes on sales of motor vehicle fuel which are subject to tax and refund pursuant to Part 2 (commencing with Section 7301) of this division, unless the claimant establishes to the satisfaction of the Controller that the claimant has paid local sales tax reimbursement for a use tax measured by the sale price of the fuel to him.

B. If the claimant establishes to the satisfaction of the Controller that he has paid transactions tax reimbursement or Commission use tax measured by the sale price of the fuel to him, including the amount of the tax imposed by said Part 2, the Controller shall repay to the claimant the amount of transactions tax reimbursement or use tax paid with respect to the amount of the motor vehicle license tax refunded. If the buyer receives a refund under this Section, no refund shall be made to the seller.

3-05-110 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 4, 1980, to vote on the measure.

3-05-120 Operative Date. This Retail Transactions and Use Tax Ordinance shall be operative the first day of the first calendar quarter commencing not less than 180 days after the adoption of said Ordinance.

3-05-130 Effective Date. The effective date of this Ordinance shall be August 20, 1980.

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 ½ 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 ½ cent sales and use tax will be used to improve and expand rail and bus security.
3. The percent of the revenue from the ½ 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 ½ 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 ½ 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 ½) 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.

Chapter 3-15

The Metropolitan Transportation Authority (MTA) Reform and Accountability Act of 1998

(Preliminary Note: The ordinance set forth Chapter 3-15 was originally enacted as the Metropolitan Transportation Authority (MTA) Reform and Accountability Act of 1998 and was adopted by a vote of the electorate as Proposition A in November 1998. It is incorporated here as enacted in 1998, 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 1998. 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.)

3-15-010 Title. This Ordinance shall be known and may be cited as the Metropolitan Transportation Authority (MTA) Reform and Accountability Act of 1998 (“Act”).

3-15-020 Ballot Language. The Proposition for approving this Ordinance shall appear upon the ballot exactly as follows:

PROPOSITION _____, METROPOLITAN TRANSPORTATION AUTHORITY (MTA) REFORM AND ACCOUNTABILITY ACT OF 1998. Shall the ordinance be adopted to require an annual independent audit of Metropolitan Transportation Authority spending of transportation sales tax revenues, to establish an independent citizens’ oversight

committee to monitor such spending, and to prohibit the use of transportation sales tax revenues, to establish an independent citizens' oversight committee to monitor such spending, and to prohibit the use of transportation sales tax revenue for future subway construction?

3-15-030 Purpose and Intent. The people of the County of Los Angeles hereby declare their purpose and intent in enacting this Act to be as follows:

A. To restore the confidence of the citizens of Los Angeles County in the ability of their government to provide a safe, efficient and cost-effective public transportation system.

B. To provide accountability in the expenditure of transportation sales tax revenues through an annual independent audit, and through creation of an Independent Citizens' Advisory Oversight Committee to review transportation sales tax expenditures, hold public hearings and issue reports thereon.

C. To prohibit the use of any transportation sales tax revenues for planning, designing, constructing or operating any new subway.

3-15-040 Definitions.

A. "Commission" means the Los Angeles County Transportation Commission, as predecessor to the Metropolitan Transportation Authority.

B. "Effective Date" means the date on which this Act is approved by a majority of the electors voting on it at an election as provided by law.

C. "MOS-1" means that segment of the Metro Red Line known as Minimum Operable Segment-1, consisting of a 4.4-mile segment of the Metro Red Line including passenger vehicles, fare collection equipment, automatic train control equipment, yards

and shops required for the full construction of the Metro Red Line alignment and five stations located between Union Station and Alvarado Street.

D. “MOS-2” means that segment of the Metro Red Line known as Minimum Operable Segment-2, totaling 6.7 miles in length, consisting of a westward extension from the end of MOS-1 to Vermont Avenue, and thereafter splitting into a west branch which continues west under Wilshire Boulevard to Western Avenue, and a north branch which continues under Vermont Avenue to Hollywood Boulevard and Vine Street.

E. “MOS-3-North Hollywood” means only that portion of the segment of the Metro Red Line known as Minimum Operable Segment-3 which begins at the end of the north branch of MOS-2 in Hollywood (Hollywood Boulevard and Vine Street) and continues generally northward to Lankershim Boulevard and Chandler Boulevard.

F. “MTA” means the Los Angeles County Metropolitan Transportation Authority.

G. “New Subway” means any Subway (including any extension or operating segment thereof) other than MOS-1, MOS-2 and MOS-3-North Hollywood.

H. “Proposition A” means Ordinance No. 16 of the Commission adopted on August 20, 1980, and approved by the voters on November 4, 1980 [MTA Administrative Code, Chapter 3-05].

I. “Proposition C” means Ordinance No. 49 of the Commission adopted on August 8, 1990, and approved by the voters on November 6, 1990 [MTA Administrative Code, Chapter 3-10].

J. “Proposition A Sales Tax” means the ½ cent retail transactions and use tax imposed pursuant to Proposition A.

K. "Proposition C Sales Tax" means the ½ cent retail transactions and use tax imposed pursuant to Proposition C.

L. "Subway" means that part of any rail line which is in a tunnel below the grade level of the earth's surface.

M. "Committee" shall mean the Independent Citizens' Advisory and Oversight Committee established pursuant to this Act.

3-15-050 Independent Audit.

A. Within 45 days after the Effective Date, the MTA shall contract for an independent audit to be conducted by an independent auditing firm, such audit to be concluded not later than June 1, 1999, for the purpose of determining compliance by the MTA with the provisions of Proposition A, Proposition C and this Act relating to the receipt and expenditure of Proposition A Sales Tax revenues and Proposition C Sales Tax revenues. This audit shall cover the period from the respective effective dates of Proposition A and Proposition C through June 30, 1998.

B. Commencing with the 1998-99 fiscal year, the MTA shall contract for an annual independent audit to be conducted by an independent auditing firm, each such audit to be completed within six months after the end of the fiscal year being audited, for the purpose of determining compliance by the MTA with the provisions of Proposition A, Proposition C and this Act relating to the receipt and expenditure of Proposition A Sales Tax revenues and Proposition C Sales Tax revenues during such fiscal year.

C. Prior to entering into a contract with an auditing firm to perform any audit required under this section 3-15-050, the MTA shall solicit bids from at least three qualified firms and shall award the contract to the firm offering to perform the audit at the

lowest price. Notwithstanding any other provision of law, the cost of performing and publishing the audit of Proposition A Sales Tax shall be paid from Proposition A Sales Tax revenues, and the cost of performing and publishing the audit of Proposition C Sales Tax shall be paid from Proposition C Sales Tax revenues.

3-15-060 Independent Citizens' Advisory and Oversight Committee.

A. There is hereby established the Independent Citizens' Advisory and Oversight Committee of the MTA. The Committee shall meet at least twice each year to carry out the purposes of this Act.

B. The Committee shall be comprised of five persons, selected as follows: one member shall be appointed by the Chair of the Los Angeles County Board of Supervisors; one member shall be appointed by the Chair of the governing board of the MTA; one member shall be appointed by the Mayor of the City of Los Angeles; one member shall be appointed by the Mayor of the City of Long Beach; and one member shall be appointed by the Mayor of the City of Pasadena. The members of the Committee must be persons who live in Los Angeles County. No elected city, county, special district, state or federal public officeholder will be eligible to serve as a member of the Committee.

C. All meetings of the Committee shall be held within Los Angeles County. All meetings of the Committee shall be held in compliance with the provisions of the Ralph M. Brown Act (Section 54950 et seq. of the California Government Code).

D. Each member of the Committee shall serve for a term of two years, and until a successor is appointed. No member of the Committee shall be entitled to any

compensation, except that the Committee may reimburse actual expenses of members arising out of the performance of their duties as Committee members.

E. The independent auditing firm referenced in section 3-15-050 shall present the results of each audit to the Committee which shall cause a summary of the audit to be published in local newspapers and the entire audit to be made available to every library located within Los Angeles County for public review. The Committee shall hold a public hearing on each audit and report the comments of the public to the MTA. Within 60 days of receipt of the report from the Committee, the MTA shall prepare a report containing its response to the audit and to the public comments thereon.

3-15-070 Prohibition on New Subways. Notwithstanding any other provision of law, Proposition A Sales Tax revenues and Proposition C Sales Tax revenues shall not be used to pay any cost of planning, design, construction or operation of any New Subway (including debt service on bonds, notes or other evidences of indebtedness issued for such purposes after March 30, 1998). Nothing in this section shall be construed to prohibit the use of such tax revenues on or after the Effective Date of this Act to pay debt service on bonds, notes, or other evidences of indebtedness issued prior to March 30, 1998, or on bonds, issued to refund such debt.

3-15-080 Construction of Prior Ordinances. Commencing on the Effective Date, the MTA shall, at least annually, comply with the revenue allocation percentages set forth in Section 5c of Proposition A [MTA Administrative Code section 3-05-050 C] and Section 4(b) of Proposition C [MTA Administrative Code section 3-10-040 B], such compliance to be determined as part of the annual audit described in section 3-15-080 of

this Act. The MTA may, by resolution, adopt a compliance period shorter than an entire fiscal year, but may not adopt a longer compliance period.

3-15-090 Improvement of Railroad Rights-of-Way. Notwithstanding any other provision of law, Proposition C Sales Tax revenues required to be used to provide essential county-wide transit-related improvements to freeways and State highways may also be used to provide public mass transit improvements to railroad rights-of-way.

3-15-100 Effective Date of Act. This Act shall be enacted and take effect immediately on the Effective Date.

3-15-110 Construction of Act. This Act is intended to be construed liberally to effectuate its purpose of prohibiting the use of sales tax revenues to fund New subways.

3-15-120 Effect on Existing Ordinances. Proposition A and Proposition C shall remain in full force and effect, except as provided in this Act, and in the event of any conflict between the provisions of Proposition A or Proposition C, respectively, and this Act, the provisions of this Act shall control.

3-15-130 Severability Clause. If any provision of this Act, or part thereof, is for any reason held to be invalid, illegal or unconstitutional, the remainder of this act shall not be affected, but shall remain in full force and effect, and to such end the provisions of this Act are severable.