



Metro

Los Angeles County
Metropolitan Transportation Authority

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**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
JUNE 15, 2006**

SUBJECT: STATE LEGISLATION

ACTION: APPROVE STAFF RECOMMENDATION ON STATE LEGISLATION

RECOMMENDATION

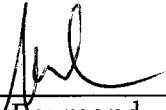
Adopt the following positions:

- A. AB 2495 (NUNEZ) - Would provide for legislative appointments to the California Transportation Commission. **SUPPORT.**
- B. Prop 1A - Transportation Funding Protection Legislative Constitutional Amendment. **SUPPPORT.**
- C. Prop 1B – The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. **SUPPORT.**

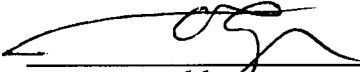
ATTACHMENTS

Attachments A - C: Legislative Analysis

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BILL: AB 2495 – CALIFORNIA TRANSPORTATION COMMISSION
AUTHOR: NUNEZ
TITLE: STATE TRANSPORTATION COMMISSION
STATUS: PENDING COMMITTEE ASSIGNMENT
ACTION: SUPPORT

RECOMMENDATION

Adopt a support position on AB 2495 (Nunez) – State Transportation Commission which would provide for legislative appointments to the California Transportation Commission.

ISSUE

This bill would increase the voting membership of the California Transportation Commission (CTC) by two members and allow these new members to be appointed by the Legislature.

PROVISIONS

Existing law establishes the CTC as having 11 members: 9 voting members appointed by the Governor with the advice and consent of the Senate, and two ex officio members appointed by the Legislature. The two ex-officio members are the Chairs of the Assembly Transportation, and Senate Transportation and Housing Committees.

This bill would expand the voting members of the commission to 11 members, with one additional voting member each appointed by the Assembly Speaker and the Senate Committee on Rules. These appointments would not be subject to Senate confirmation.

IMPACT ANALYSIS

Assembly Speaker Fabian Nunez has authored this bill in an effort to increase the legislature's representation on the CTC. Currently, only the Governor makes appointments to the Commission. Gubernatorial appointments to the CTC are also subject to the advice and consent of the State Senate.

AB 2495 would expand the CTC by adding two new voting members. The two additional proposed seats would be appointed in the following manner; one would be appointed by the Speaker one would be appointed by the Senate Committee on Rules. The members would each serve four-year terms.

These appointments would provide a more appropriate balance between the Legislature and the Governor. This measure will provide greater legislative involvement and allow for broader representation at the Commission. The CTC is an integral partner in the planning and programming of transportation projects in Los Angeles County. Providing for a well-balanced commission will enhance the ability to partner with the CTC in future actions.

Staff recommends that the Metro Board of Directors adopt a support position on AB 2495. This bill is pending committee assignment.

BILL: PROPOSITION 1A

AUTHOR: STATE SENATOR TOM TORLAKSON (SCA 7)
(D-ANTIOCH)

SUBJECT: TRANSPORTATION FUNDING PROTECTION, CONSTITUTIONAL
AMENDMENT

STATUS: NOVEMBER GENERAL ELECTION

ACTION: SUPPORT

RECOMMENDATION

Adopt a support position on Proposition 1A – which would modify the requirements under which transportation funds could be transferred into the General Fund.

ISSUE

Staff are presenting Proposition 1A to the Board of Directors pursuant to a motion by Chair Antonio Villaraigosa introduced at the May 25, 2006 meeting. Proposition 1A would modify the requirements under which the State can transfer the sales tax on gasoline sales to the General Fund. This would help protect a major source of transportation funds from being diverted.

PROVISIONS

Current law, Proposition 42, requires the sales tax on gasoline sales to be transferred from the State General Fund to the Transportation Investment Fund (TIF) and subsequently to a variety of transportation uses. These allocations may be suspended if the Governor issues a proclamation that the allocation will result in a significant negative fiscal impact on the General Fund, and the Legislature approves the suspension by a two-thirds vote. Proposition 1A would modify the conditions under which the Legislature could suspend these funds. Specifically Proposition 1A would:

- Authorize suspension of Proposition 42 funds only if the Governor issues a proclamation that the suspension is necessary due to a severe state fiscal crisis;
- Require that this proclamation be approved by the Legislature by a two-thirds vote;
- Require that the funds may only be loaned to the General Fund;
- Require that any future loan be repaid with interest within a three-year period and require that the Legislature may not suspend these funds until the loan is repaid;
- Require that these funds may only be suspended twice in a ten-year period;
- Authorize previous loans of these funds to be repaid within a ten-year period.

IMPACT ANALYSIS

In 2001 the Governor signed AB 2928 enacting the Traffic Congestion Relief Program (TCRP). Under this program, funds generated from the sales tax applied to gasoline sales are required to be transferred from the State General Fund to the TCRP. This statute further required that those funds be allocated to a specific list of projects first with the balance to be allocated according to the following formula: 40% to the State Transportation Improvement Program, 40% to cities and counties for street and road repair, and 20% to the Public Transportation Account.

This program was incorporated into the State Constitution, as Article XIX B, by Proposition 42 in March of 2002. Proposition 42 was approved by 69% of the voters. Proposition 42 also allowed for the suspension process requiring a proclamation by the Governor and a two-thirds vote by the Legislature. Since the enactment of Proposition 42, the allocations have been suspended repeatedly in order to address the State General Fund deficit. Continued volatility in the state budget places these funds at substantial risk.

In response to these pressures, transportation stakeholders have sought measures to make it more difficult for the Governor and Legislature to utilize transportation funds to balance the General Fund. These proposals include applying loan provisions to Proposition 42 funds similar to those applied to the State Highway Account and increasing the vote threshold to suspend Proposition 42. Previous budget agreements have approved loans of Proposition 42 funds, however, there is no requirement that the funds may only be borrowed. In fact, the constitution allows for the full suspension of these funds.

During the negotiations on an infrastructure bond package transportation interests raised the concern that the passage of a major transportation bond without protecting Proposition 42 would result in the use of Proposition 42 funds to repay the bond. This could result in a net loss for transportation. The passage of a measure to protect the sales tax from gasoline sales became an important element in the negotiations on an infrastructure bond measure. Ultimately the Legislature approved SCA 7 which placed Proposition 1A on the November ballot. Proposition 1A will ensure that gasoline sales tax funds will continue to be allocated to transportation and will not be used to repay the transportation bond.

Staff recommends that the Board of Directors adopt a support position on Proposition 1A. This proposition will be considered by the voters in the November 2006 General Election.

BILL: PROPOSITION 1B

AUTHOR: STATE SENATE PRESIDENT PRO TEMPORE DON PERATA
(D-OAKLAND)

STATE ASSEMBLY SPEAKER FABIAN NUNEZ
(D-LOS ANGELES)

SUBJECT: THE HIGHWAY SAFETY, TRAFFIC REDUCTION, AIR QUALITY, AND
PORT SECURITY BOND ACT OF 2006.

STATUS: NOVEMBER GENERAL ELECTION

ACTION: SUPPORT

RECOMMENDATION

Adopt a support position on Proposition 1B - Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006.

ISSUE

Staff are presenting Proposition 1B to the Board of Directors pursuant to a motion by Chair Antonio Villaraigosa introduced at the May 25, 2006 meeting. Proposition 1B would authorize the issuance of \$19.925 billion in General Obligation bonds for a variety of transportation uses. This would increase funding available for Los Angeles County transportation projects.

PROVISIONS

Proposition 1B would authorize the bonds to be allocated in the following manner:

- \$4.5 billion for the Corridor Mobility Program,
- \$5 billion for transit (\$3.6 billion to be allocated for transit projects, \$1 billion for transit security and \$400 million for intercity rail improvements),
- \$3.1 billion for goods movement (\$2 billion for highway and rail projects, \$1 billion for air quality improvements and \$100 million for port security improvements),
- \$2 billion for the State Transportation Improvement Program,
- \$2 billion to cities and counties for street and road repair projects,

- \$1 billion for State Route 99,
- \$1 billion to a State and Local Partnership Program,
- \$750 million for the SHOPP (highway maintenance). Of this amount \$250 million will be made available for signal synchronization projects,
- \$250 million for grade separation projects,
- \$200 million for school bus replacement, and
- \$125 million for seismic repair of local bridges.

IMPACT ANALYSIS

On May 5, the State Legislature approved the placement of a number of infrastructure bond measures on the November ballot. The transportation component of this package is Proposition 1B which would authorize the issuance of \$19.925 billion in General Obligation bonds for a variety of transportation uses. If approved by the voters, this package would represent a significant increase in transportation funding around the state.

Proposition 1B provides funding for a variety of transportation issues that have been priorities of the Metro Board of Directors. For example, Proposition 1B would provide funding for congestion relief projects, public transit, and goods movement. The measure would also provide funds to match local sales tax revenue and provide funds directly to cities and counties for street and road repair.

Proposition 1B outlines funding categories and criteria for a variety of categories. The bond in and of itself does not fund any specific project in Los Angeles County. In fact, the only project specifically funded by the measure is State Route 99. While no specific project in Los Angeles County can be identified as receiving funding, it is clear that Proposition 1B would provide funding for many of the categorical uses that have been priorities of the Board.

Proposition 1B is paired with Proposition 1A which would protect gasoline sales tax revenues. These funds are currently allocated to a variety of transportation uses and, without additional protection, could be used to repay the transportation bond. The passage of Proposition 1A would not only protect an existing revenue source it will also ensure that Proposition 1B funds would be entirely new revenue.

Since Proposition 1B would provide significant funding to transportation and since the funds could be used for programs that have been priorities of the Metro Board of Directors, staff recommends that the Board adopt a support position on Proposition 1B. This proposition will be considered by the voters in the November 2006 General Election.