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# Ordinance # 08-01

## Traffic Relief and Rail Expansion Ordinance

### PREAMBLE

Mobility in Los Angeles County is a necessity and requires an aggressive, responsible and accountable plan to meet the transportation needs of its more than 10 million residents.

1. **RAIL EXPANSION:**  
Expand the county's Metro rail system, including direct airport connection
2. **LOCAL STREET IMPROVEMENTS:**  
Synchronize signals, fill potholes, repair streets, and make neighborhood streets and intersections safer for drivers, bicyclists, and pedestrians in each community
3. **TRAFFIC REDUCTION:**  
Enhance safety and improve flow on L.A. County freeways and highways
4. **BETTER PUBLIC TRANSPORTATION:**  
Make public transportation more convenient and affordable - especially for seniors, students, disabled and commuters
5. **QUALITY OF LIFE:**  
Provide alternatives to high gas prices, stimulate the local economy, create jobs, reduce pollution and decrease dependency on foreign oil

### SECTION 1. TITLE

This Ordinance shall be known and may be cited as the Traffic Relief and Rail Expansion Ordinance, Imposing a Transactions and Use Tax to be Administered by the State Board of Equalization. The word "Ordinance," as used herein, shall include Attachment A entitled "Expenditure Plan" which is attached hereto and incorporated by reference as if fully set forth herein.

### SECTION 2. SUMMARY

This Ordinance provides for the establishment and implementation of a retail transactions and use tax at the rate of one-half of one percent (.5%) for a period of thirty (30) years and an expenditure plan.

### SECTION 3. DEFINITIONS

1 The following words, whenever used in this Ordinance, shall have the meanings as  
2 set forth below:

3 "Board of Equalization" means the California State Board of Equalization.

4 "Capital Project" means a project or program described in Attachment A as a  
5 "Capital Project."

6 "Expenditure Plan" means that expenditure plan for the revenues derived from  
7 a Sales Tax imposed pursuant to this Ordinance, and any other identified state and  
8 local funding, as required under proposed amended Section 130350.5(f) of the  
9 Public Utilities Code.

10 "Gross Sales Tax" means the amount of Sales Tax collected by the Board of  
11 Equalization pursuant to this Ordinance.

12 "Interest" means interest and other earnings on cash balances.

13 "Metro" or "MTA" means the Los Angeles County Metropolitan Transportation  
14 Authority or any successor entity.

15 "Net Revenues" means Sales Tax Revenues minus any amount expended on  
16 administrative costs pursuant to Section 10.

17 "Sales Tax" means a retail transactions and use tax.

18 "Sales Tax Revenues" means the Gross Sales Tax minus any refunds and any  
19 fees imposed by the Board of Equalization for the performance of functions incident  
20 to the administration and operation of this Ordinance.

#### 21 22 SECTION 4. STATUTORY AUTHORITY

23 This Ordinance is enacted, in part, pursuant to:

24 a. Part 1.6 (commencing with Section 7251) of Division 2 of the California  
25 Revenue and Taxation Code;

26 b. Division 12 (commencing with Section 130000) of the California Public  
27 Utilities Code;

28 c. Proposed amendments to Section 130350.5 of the California Public  
29 Utilities Code adopted during the 2007-2008 legislative session.

#### 30 31 SECTION 5. IMPOSITION OF RETAIL TRANSACTIONS AND USE TAX

32 a. Subject to the limits imposed by this Ordinance, Metro hereby imposes,  
33 in the incorporated and unincorporated territory of Los Angeles County, a Sales Tax  
34 at the rate of one-half of one percent (.5%) for a period of thirty (30) years beginning

1 on the first day of the first calendar quarter commencing not less than 180 days after  
2 the adoption of this Ordinance by the voters.

3 b. This Sales Tax shall be in addition to any other taxes authorized by law,  
4 including any existing or future state or local Sales Tax. The imposition,  
5 administration and collection of the tax shall be in accordance with all applicable  
6 statutes, laws, and rules and regulations prescribed and adopted by the Board of  
7 Equalization.

8 c. Pursuant to proposed amended Section 130350.5(d) of the Public  
9 Utilities Code, the tax rate authorized by this section shall not be considered for  
10 purposes of the combined rate limit established by Section 7251.1 of the Revenue  
11 and Taxation Code.

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

15 e. This Ordinance incorporates provisions identical to those of the Sales  
16 and Use Tax Law of the State of California insofar as those provisions are not  
17 inconsistent with the requirements and limitations contained in Part 1.6 of Division 2  
18 of the Revenue and Taxation Code.

19 f. The Sales Tax shall be administered and collected by the Board of  
20 Equalization in a manner that adapts itself as fully as practicable to, and requires the  
21 least possible deviation from, the existing statutory and administrative procedures  
22 followed by the Board of Equalization in administering and collecting the California  
23 State Sales and Use Taxes.

24 g. This Sales Tax shall be administered in a manner that will be, to the  
25 greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of  
26 the Revenue and Taxation Code, minimize the cost of collecting the transactions and  
27 use taxes, and at the same time, minimize the burden of record keeping upon  
28 persons subject to taxation under the provisions of this Ordinance.

29  
30 **SECTION 6. ADMINISTRATION BY BOARD OF EQUALIZATION**

31 a. **CONTRACT WITH STATE.** Prior to the operative date, Metro shall  
32 contract with the Board of Equalization to perform all functions incident to the  
33 administration and operation of this Ordinance; provided, that if Metro shall not have  
34 contracted with the Board of Equalization prior to the operative date, it shall

1 nevertheless so contract and in such a case the operative date shall be the first day of  
2 the first calendar quarter following the execution of such a contract.

3 b. TRANSACTIONS TAX RATE. For the privilege of selling tangible  
4 personal property at retail, a tax is hereby imposed upon all retailers in the  
5 incorporated and unincorporated territory of Los Angeles County at the rate of one half  
6 of one percent (.5%) of the gross receipts of any retailer from the sale of all tangible  
7 personal property sold at retail in said territory on and after the operative date of this  
8 Ordinance.

9 c. PLACE OF SALE. For the purposes of this Ordinance, all retail sales are  
10 consummated at the place of business of the retailer unless the tangible personal  
11 property sold is delivered by the retailer or his agent to an out-of-state destination or to  
12 a common carrier for delivery to an out-of-state destination. The gross receipts from  
13 such sales shall include delivery charges, when such charges are subject to the state  
14 sales and use tax, regardless of the place to which delivery is made. In the event a  
15 retailer has no permanent place of business in the State or has more than one place of  
16 business, the place or places at which the retail sales are consummated shall be  
17 determined under rules and regulations to be prescribed and adopted by the Board of  
18 Equalization.

19 d. USE TAX RATE. An excise tax is hereby imposed on the storage, use or  
20 other consumption in Los Angeles County of tangible personal property purchased  
21 from any retailer on and after the operative date of this Ordinance for storage, use or  
22 other consumption in Los Angeles County at the rate of one half of one percent (.5%)  
23 of the sales price of the property. The sales price shall include delivery charges when  
24 such charges are subject to state sales or use tax regardless of the place to which  
25 delivery is made.

26 e. ADOPTION OF PROVISIONS OF STATE LAW. Except as otherwise  
27 provided in this Ordinance and except insofar as they are inconsistent with the  
28 provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the  
29 provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and  
30 Taxation Code are hereby adopted and made a part of this Ordinance as though fully  
31 set forth herein.

32 f. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF  
33 USE TAXES. In adopting the provisions of Part 1 of Division 2 of the Revenue and  
34 Taxation Code:

1                   1.       Wherever the State of California is named or referred to as the  
2 taxing agency, the name of Metro shall be substituted therefor. However, the  
3 substitution shall not be made when:

4                   A.       The word "State" is used as a part of the title of the State  
5 Controller, State Treasurer, State Board of Control, State Board of Equalization, State  
6 Treasury, or the Constitution of the State of California;

7                   B.       The result of that substitution would require action to be  
8 taken by or against Metro or any agency, officer, or employee thereof rather than by or  
9 against the Board of Equalization, in performing the functions incident to the  
10 administration or operation of this Ordinance.

11                  C.       In those sections, including, but not necessarily limited to  
12 sections referring to the exterior boundaries of the State of California, where the result  
13 of the substitution would be to:

14                   i.       Provide an exemption from this Sales Tax with  
15 respect to certain sales, storage, use or other consumption of tangible personal  
16 property which would not otherwise be exempt from this Sales Tax while such sales,  
17 storage, use or other consumption remain subject to tax by the State under the  
18 provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

19                   ii.       Impose this Sales Tax with respect to certain sales,  
20 storage, use or other consumption of tangible personal property which would not be  
21 subject to this Sales Tax by the state under the said provision of that code.

22                  D.       In Sections 6701, 6702 (except in the last sentence  
23 thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

24                  2.       The phrase "Los Angeles County Metropolitan Transportation  
25 Authority or any successor entity" shall be substituted for the word "State" in the  
26 phrase "retailer engaged in business in this State" in Section 6203 and in the definition  
27 of that phrase in Section 6203 of the Revenue and Taxation Code.

28                  g.       PERMIT NOT REQUIRED. If a seller's permit has been issued to a  
29 retailer under Section 6067 of the Revenue and Taxation Code, an additional  
30 transactor's permit shall not be required by this Ordinance.

31                  h.       EXEMPTIONS AND EXCLUSIONS.

32                   1.       There shall be excluded from the measure of the transactions tax  
33 and the use tax the amount of any sales tax or use tax imposed by the State of  
34 California or by any city, city and county, or county pursuant to the Bradley-Burns

1 Uniform Local Sales and Use Tax Law or the amount of any state-administered  
2 transactions or use tax.

3 2. There are exempted from the computation of the amount of  
4 transactions tax the gross receipts from:

5 A. Sales of tangible personal property, other than fuel or  
6 petroleum products, to operators of aircraft to be used or consumed principally outside  
7 the County in which the sale is made and directly and exclusively in the use of such  
8 aircraft as common carriers of persons or property under the authority of the laws of  
9 this State, the United States, or any foreign government.

10 B. Sales of property to be used outside Los Angeles County  
11 which is shipped to a point outside Los Angeles County, pursuant to the contract of  
12 sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer  
13 to a carrier for shipment to a consignee at such point. For the purposes of this  
14 paragraph, delivery to a point outside Los Angeles County shall be satisfied:

15 i. With respect to vehicles (other than commercial  
16 vehicles) subject to registration pursuant to Chapter 1 (commencing with Section  
17 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section  
18 21411 of the Public Utilities Code, and undocumented vessels registered under  
19 Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an  
20 address outside Los Angeles County and by a declaration under penalty of perjury,  
21 signed by the buyer, stating that such address is, in fact, his or her principal place of  
22 residence; and

23 ii. With respect to commercial vehicles, by registration  
24 to a place of business outside Los Angeles County and declaration under penalty of  
25 perjury, signed by the buyer, that the vehicle will be operated from that address.

26 C. The sale of tangible personal property if the seller is  
27 obligated to furnish the property for a fixed price pursuant to a contract entered into  
28 prior to the operative date of this Ordinance.

29 D. A lease of tangible personal property which is a continuing  
30 sale of such property, for any period of time for which the lessor is obligated to lease  
31 the property for an amount fixed by the lease prior to the operative date of this  
32 Ordinance.

33 E. For the purposes of subparagraphs (C) and (D) of this  
34 section, the sale or lease of tangible personal property shall be deemed not to be

1 obligated pursuant to a contract or lease for any period of time for which any party to  
2 the contract or lease has the unconditional right to terminate the contract or lease upon  
3 notice, whether or not such right is exercised.

4 3. There are exempted from the use tax imposed by this Ordinance,  
5 the storage, use or other consumption in Los Angeles County of tangible personal  
6 property:

7 A. The gross receipts from the sale of which have been  
8 subject to a transactions tax under any state-administered transactions and use tax  
9 ordinance.

10 B. Other than fuel or petroleum products purchased by  
11 operators of aircraft and used or consumed by such operators directly and exclusively  
12 in the use of such aircraft as common carriers of persons or property for hire or  
13 compensation under a certificate of public convenience and necessity issued pursuant  
14 to the laws of this State, the United States, or any foreign government. This exemption  
15 is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue  
16 and Taxation Code of the State of California.

17 C. If the purchaser is obligated to purchase the property for a  
18 fixed price pursuant to a contract entered into prior to the operative date of this  
19 Ordinance.

20 D. If the possession of, or the exercise of any right or power  
21 over, the tangible personal property arises under a lease which is a continuing  
22 purchase of such property for any period of time for which the lessee is obligated to  
23 lease the property for an amount fixed by a lease prior to the operative date of this  
24 Ordinance.

25 E. For the purposes of subparagraphs (C) and (D) of this  
26 section, storage, use, or other consumption, or possession of, or exercise of any right  
27 or power over, tangible personal property shall be deemed not to be obligated  
28 pursuant to a contract or lease for any period of time for which any party to the  
29 contract or lease has the unconditional right to terminate the contract or lease upon  
30 notice, whether or not such right is exercised.

31 F. Except as provided in subparagraph (G), a retailer  
32 engaged in business in Los Angeles County shall not be required to collect use tax  
33 from the purchaser of tangible personal property, unless the retailer ships or delivers  
34 the property into the County or participates within the County in making the sale of the

1 property, including, but not limited to, soliciting or receiving the order, either directly or  
2 indirectly, at a place of business of the retailer in County or through any representative,  
3 agent, canvasser, solicitor, subsidiary, or person in the County under the authority of  
4 the retailer.

5 G. "A retailer engaged in business in Los Angeles County"  
6 shall also include any retailer of any of the following: vehicles subject to registration  
7 pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle  
8 Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code,  
9 or undocumented vessels registered under Division 3.5 (commencing with Section  
10 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any  
11 purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in Los  
12 Angeles County.

13 4. Any person subject to use tax under this Ordinance may credit  
14 against that tax any transactions tax or reimbursement for transactions tax paid to a  
15 district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division  
16 2 of the Revenue and Taxation Code with respect to the sale to the person of the  
17 property the storage, use or other consumption of which is subject to the use tax.

18 i. AMENDMENTS. All amendments subsequent to the effective date of this  
19 Ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales  
20 and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of  
21 the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of  
22 Division 2 of the Revenue and Taxation Code, shall automatically become a part of  
23 this Ordinance, provided however, that no such amendment shall operate so as to  
24 affect the rate of tax imposed by this Ordinance.

25 j. ENJOINING COLLECTION FORBIDDEN. No injunction or writ of  
26 mandate or other legal or equitable process shall issue in any suit, action or  
27 proceeding in any court against the State or Metro, or against any officer of the State  
28 or Metro, to prevent or enjoin the collection under this Ordinance, or Part 1.6 of  
29 Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax  
30 required to be collected.

### 31 SECTION 7. USE OF REVENUES

32 a. All of the Net Revenues generated from the Sales Tax plus any Interest  
33 or other earnings thereon, less any funds necessary for satisfaction of debt service  
34



1 and related requirements of all bonds issued pursuant to this Ordinance that are not  
2 satisfied out of separate allocations, shall be allocated solely for the transportation  
3 purposes described in this Ordinance.

4 b. Metro shall establish and administer a sales tax revenue fund with  
5 appropriate subfunds to account for the allocation categories defined in this  
6 Ordinance. All Net Revenues and Interest on Sales Tax Revenues shall be credited  
7 into the sales tax revenue fund and credited to the appropriate subfunds pursuant to  
8 the allocation ratios described on page 1 of Attachment A. The moneys in the sales  
9 tax revenue fund shall be available to Metro to meet expenditure and cashflow needs  
10 of the projects and programs described in Attachment A. Metro may expend  
11 additional funds from sources other than the Sales Tax imposed pursuant to this  
12 Ordinance on the projects and programs described in Attachment A. Funds shall be  
13 available for projects and programs described in Attachment A beginning in the fiscal  
14 years identified in Attachment A as "Funds Available Beginning."

15 c. Metro shall establish the following subfunds of the sales tax revenue  
16 fund:

- 17 1. Transit Capital Subfund
- 18 2. Highway Capital Subfund
- 19 3. Operations Subfund
- 20 4. Local Return Subfund

21 d. Funds in the Transit Capital Subfund shall be allocated to Capital  
22 Projects identified in Attachment A as "Transit Projects."

23 1. For those Capital Projects identified in Attachment A as "Transit  
24 Projects" and identified as "Escalated \$," Metro shall expend no less than the amount  
25 of Net Revenues identified in Attachment A as "New Sales Tax – Total" for each  
26 Capital Project so identified.

27 2. For those Capital Projects identified in Attachment A as "Transit  
28 Projects" and identified as "Current 2008 \$," Metro shall expend no less than an  
29 amount of Net Revenues equal to the value of the amount identified in Attachment A  
30 as "New Sales Tax – Total" for each Capital Project so identified. The amount of Net  
31 Revenues equal to the value of the amount identified in Attachment A as "New Sales  
32 Tax – Total" shall be determined by adjusting the amount identified as follows, at the  
33 discretion of Metro:

1                                   A.     Up to four percent (4%) annually for the fiscal years 2010  
2 through 2014; and

3                                   B.     Up to three percent (3%) annually for the fiscal year 2015  
4 and all fiscal years thereafter.

5                                   3.     Metro shall allocate no less than the amount of Net Revenues  
6 identified in Attachment A as "New Sales Tax – Total" for the project identified in  
7 Attachment A as "Capital Project Contingency (Transit)." Funds allocated to "Capital  
8 Project Contingency (Transit)" shall be expended as needed to provide additional  
9 funding for Capital Projects identified in Attachment A as "Transit Projects." Metro  
10 may expend such funds for debt service, excluding payments for principal, to offset  
11 the costs of inflation, or for any other purpose. Metro shall not expend an amount of  
12 Net Revenues from Capital Project Contingency (Transit) that is greater than the  
13 amount permitted in paragraph (d)(2) for any Capital Project.

14                                   4.     In the event that a Capital Project identified in Attachment A as a  
15 "Transit Project" is completed without the expenditure of the amount of Net  
16 Revenues allocated by this Ordinance, any surplus Net Revenues allocated to that  
17 Capital Project shall be credited to the Transit Capital Subfund and expended for  
18 Capital Projects located within the same subregion as the project so completed. The  
19 Board of Directors of Metro shall determine by a two-thirds vote whether a Capital  
20 Project is complete.

21                                   e.     Funds in the Highway Capital Subfund shall be allocated to Capital  
22 Projects identified in Attachment A as "Highway Projects."

23                                   1.     For those Capital Projects identified in Attachment A as  
24 "Highway Projects" and identified as "Escalated \$," Metro shall expend no less than  
25 the amount of Net Revenues identified in Attachment A as "New Sales Tax – Total"  
26 for each Capital Project so identified.

27                                   2.     For those Capital Projects identified in Attachment A as  
28 "Highway Projects" and identified as "Current 2008 \$," Metro shall expend no less  
29 than an amount of Net Revenues equal to the value of the amount identified in  
30 Attachment A as "New Sales Tax – Total" for each Capital Project so identified. The  
31 amount of Net Revenues equal to the value of the amount identified in Attachment A  
32 as "New Sales Tax – Total" shall be determined by adjusting the amount identified as  
33 follows, at the discretion of Metro:

1                                   A.     Up to four percent (4%) annually for the fiscal years 2010  
2 through 2014; and

3                                   B.     Up to three percent (3%) annually for the fiscal year 2015  
4 and all fiscal years thereafter.

5                                   3.     Metro shall allocate no less than the amount of Net Revenues  
6 identified in Attachment A as “New Sales Tax – Total” for the project identified in  
7 Attachment A as “Capital Project Contingency (Highway).” Funds allocated to  
8 “Capital Project Contingency (Highway)” shall be expended as needed to provide  
9 additional funding for Capital Projects identified in Attachment A as “Highway  
10 Projects.” Metro may expend such funds for debt service, excluding payments for  
11 principal, to offset the costs of inflation, or for any other purpose. Metro shall not  
12 expend an amount of Net Revenues from Capital Project Contingency (Highway) that  
13 is greater than the amount permitted in paragraph (e)(2) for any Capital Project.

14                                   4.     In the event that a Capital Project identified in Attachment A as a  
15 “Highway Project” is completed without the expenditure of the amount of Net  
16 Revenues allocated by this Ordinance, any surplus Net Revenues allocated to that  
17 Capital Project shall be credited to the Highway Capital Subfund and expended for  
18 Capital Projects located within the same subregion as the project so completed. The  
19 Board of Directors of Metro shall determine by a two-thirds vote whether a Capital  
20 Project is complete.

21                                   f.     Funds in the Operations Subfund shall be allocated to the projects and  
22 programs described in Attachment A as “Operations.” Metro shall expend the  
23 percentage of Net Revenues identified in Attachment A as “Percent of New Sales  
24 Tax” for each project and program described in Attachment A as “Operations.”

25                                   g.     Funds in the Local Return Subfund shall be allocated to the projects  
26 and programs described in Attachment A as “Local Return.” Metro shall expend the  
27 percentage of Net Revenues identified in Attachment A as “Percent of New Sales  
28 Tax” for each project and program described in Attachment A as “Local Return.”

29                                   1.     No Net Revenues distributed to a local jurisdiction pursuant to  
30 Paragraph (g) shall be used for other than transportation purposes. Any jurisdiction  
31 that violates this provision must fully reimburse Metro, including Interest thereon, for  
32 the Net Revenues misspent and shall be deemed ineligible to receive Net Revenues  
33 for a period of three (3) years.

1                   2.       To the extent that funds are returned to local jurisdictions  
2 pursuant to this paragraph, the receipt, maintenance and expenditure of such funds  
3 shall be distinguishable in each jurisdiction's accounting records from other funding  
4 sources, and expenditures of such funds shall be distinguishable by program or  
5 project. Interest earned on funds allocated pursuant to this paragraph shall be  
6 expended only for those purposes for which the funds were allocated.

7           h.       Metro may enter into an agreement with the Board of Equalization to  
8 transfer Sales Tax Revenues directly to a bond trustee or similar fiduciary, in order to  
9 provide for the timely payment of debt service and related obligations, prior to  
10 Metro's receipt and deposit of such Sales Tax Revenues into the sales tax revenue  
11 fund; provided, however, that such payments of debt service and related obligations  
12 shall be allocated to the appropriate Capital Project Contingency line item or to such  
13 subfund within the sales tax revenue fund consistent with the expenditure of the  
14 proceeds of the corresponding debt.

15           i.       Metro shall propose the projects and programs in Attachment A for  
16 inclusion in the Long Range Transportation Plan.

17  
18                                   SECTION 8. OVERSIGHT

19           a.       Commencing with the 2009-2010 fiscal year, and in accordance with  
20 Section 8(a)(1) of this Ordinance, Metro shall contract for an annual audit, to be  
21 completed within six months after the end of the fiscal year being audited, for the  
22 purpose of determining compliance by Metro with the provisions of this Ordinance  
23 relating to the receipt and expenditure of Sales Tax Revenues during such fiscal  
24 year.

25                   1.       Prior to entering into a contract with an auditing firm to perform  
26 any audit required under Section 8(a), Metro shall solicit bids from at least three  
27 qualified firms. Notwithstanding any other provision of law, the cost of performing  
28 and publishing any audit required under Section 8(a) of this Ordinance shall be paid  
29 from Sales Tax Revenues.

30           b.       There is hereby established a Proposition R Independent Taxpayers  
31 Oversight Committee of Metro ("Committee"). The Committee shall meet at least  
32 twice each year to carry out the purposes of this Ordinance.

33           c.       The Committee shall be comprised of three persons, each of whom  
34 shall be a retired Federal or State Judge. Committee members shall be selected as

1 follows: one member shall be appointed by the Los Angeles County Board of  
2 Supervisors; one member shall be appointed by the Mayor of the City of Los  
3 Angeles; and one member shall be appointed by the Los Angeles County City  
4 Selection Committee. The members of the Committee must reside in Los Angeles  
5 County. No person currently serving as an elected or appointed city, county, special  
6 district, state, or federal public officeholder shall be eligible to serve as a member of  
7 the Committee.

8 d. The Committee shall select and consult with an advisory panel when  
9 performing its responsibilities required under this Ordinance. The advisory panel  
10 shall consist of at least one representative, and not more than two, of the following  
11 professions or areas of expertise:

- 12 1. Construction trade labor union representative
- 13 2. Environmental engineer or environmental scientist
- 14 3. Road or rail construction firm project manager
- 15 4. Public and private finance expert
- 16 5. Regional association of businesses representative
- 17 6. Transit system user

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

21 f. Each member of the Committee shall serve for a term of two years, and  
22 until a successor is appointed. No member of the Committee shall be entitled to any  
23 compensation, except that Metro may reimburse actual expenses of members  
24 arising out of the performance of their duties as Committee members.

25 g. Members of the advisory panel may be replaced by the Committee at  
26 any time by a majority vote of the Committee. No member of the advisory panel  
27 shall be entitled to any compensation, except that Metro may reimburse actual  
28 expenses of members arising out of the performance of their duties as advisory  
29 panel members.

30 h. Metro may adopt further guidelines to govern the operations of the  
31 Committee.

32 i. The Committee shall have the following responsibilities:

- 33 1. Review the results of the audit performed pursuant to Section  
34 8(a) of this Ordinance and make findings as to whether Metro has complied with the

1 terms of the Ordinance. Such findings shall include a determination as to whether  
2 recipients of Net Revenues allocated to the Local Return Subfund have complied  
3 with this Ordinance and any additional guidelines developed by Metro pursuant to  
4 Section 9(b).

5 2. Prepare an annual report to the Metro Board of Directors  
6 presenting the results of the annual audit process and any findings made. The report  
7 shall include an assessment of the consistency of the expenditures of Sales Tax  
8 Revenues with this Ordinance, including Attachment A. The Committee shall cause  
9 a summary of the report to be published in local newspapers and the entire report  
10 and annual audit to be made available to every library located within Los Angeles  
11 County for public review. The Committee shall hold a public hearing on each audit  
12 and annual report and shall report the comments of the public to Metro.

13 3. Review any proposed amendments to this Ordinance, including  
14 the expenditure plan, and make a finding as to whether the proposed amendments  
15 further the purpose of this Ordinance. Metro shall make any proposed amendments  
16 available to the Committee at least 30 days prior to any vote to adopt the proposed  
17 amendments.

18 4. Review all proposed debt financing and make a finding as to  
19 whether the benefits of the proposed financing for accelerating project delivery,  
20 avoiding future cost escalation, and related factors exceed issuance and interest  
21 costs.

22 5. Any findings made by the Committee shall be submitted to the  
23 Metro Board of Directors in advance of the next regular Board meeting  
24

#### 25 SECTION 9. MAINTENANCE OF EFFORT REQUIREMENTS

26 a. It is the intent of the Legislature, as stated in Public Utilities Code  
27 proposed amended Section 130350.5(e), and Metro, that revenues provided from  
28 this Ordinance to local jurisdictions in Los Angeles County under the projects and  
29 programs described in Attachment A as "Local Return" be used to augment, not  
30 supplant, existing local revenues being used for transportation purposes.

31 b. Metro shall develop guidelines which, at a minimum, specify  
32 maintenance of effort requirements for the local return program, matching funds, and  
33 administrative requirements for the recipients of revenue derived from the Sales Tax.  
34

1 SECTION 10. COSTS OF ADMINISTRATION

2 Gross Sales Tax revenues may be appropriated by Metro for administrative  
3 costs, including contractual services; however in no case shall the Gross Sales Tax  
4 revenues appropriated for such costs exceed more than one and one-half percent  
5 (1.5%) of the Gross Sales Tax revenues in any year.  
6

7 SECTION 11. AMENDMENTS

8 a. Metro may amend this Ordinance, including Attachment A, with the  
9 exception of Section 11, for any purpose, including as necessary to account for the  
10 results of any environmental review required under the California Environmental  
11 Quality Act of the individual specific projects listed in Attachment A. Any such  
12 amendments shall be approved by a vote of not less than two-thirds (2/3) of the  
13 Metro Board of Directors. Metro shall hold a public meeting on proposed  
14 amendments prior to adoption. Metro shall provide notice to the Los Angeles County  
15 Board of Supervisors, the city council of each city in Los Angeles County, and the  
16 public of the public meeting and proposed amendments, and provide them with a  
17 copy of the proposed amendments, at least 30 days prior to the public meeting.  
18 Amendments shall become effective forty-five days after adoption.

19 b. Notwithstanding Section 11(a) of this Ordinance, Metro shall not adopt  
20 any amendment to this Ordinance, including Attachment A, that reduces total Net  
21 Revenues allocated to the sum of the Transit Capital Subfund and the Highway  
22 Capital Subfund. Not more than once in any ten (10) year period commencing after  
23 the year 2019, Metro may adopt an amendment transferring Net Revenues between  
24 the Transit Capital Subfund and the Highway Capital Subfund.

25 c. Notwithstanding Section 11(a) of this Ordinance, Metro shall not adopt  
26 any amendment to this Ordinance, including Attachment A, that reduces Net  
27 Revenues allocated to the Operations Subfund or the Local Return Subfund.

28 d. Metro may amend Section 11 of this Ordinance if such amendments are  
29 approved by a vote of not less than two-thirds (2/3) of the Metro Board of Directors  
30 and are approved by a simple majority vote of the electors voting on a measure to  
31 approve the amendment. Metro shall hold a public meeting on proposed  
32 amendments prior to adoption by the Board. Metro shall provide notice to the Los  
33 Angeles County Board of Supervisors, the city council of each city in Los Angeles  
34 County, and the public of the public meeting and proposed amendments, and

1 provide them with a copy of the proposed amendments, at least 30 days prior to the  
2 public meeting. Amendments shall become effective forty-five days after adoption by  
3 the electors.

4  
5 SECTION 12. ESTABLISHMENT OF BONDING AUTHORITY

6 Metro is authorized to issue limited tax bonds, from time to time, payable from  
7 and secured by Sales Tax Revenues to finance any program or project in the  
8 Expenditure Plan, pursuant to Sections 130500 et seq. of the Public Utilities Code, and  
9 any successor act. As additional security, such bonds may be further payable from  
10 and secured by farebox revenues or general revenues of Metro, on a basis  
11 subordinate to Metro's existing General Revenue Bonds, or any other available source  
12 of Metro's revenues, in each case as specified in a resolution adopted by a majority of  
13 Metro's Board of Directors. The maximum bonded indebtedness, including issuance  
14 costs, interest, reserve requirements and bond insurance, shall not exceed the total  
15 amount of the Gross Sales Tax. Nothing herein shall limit or restrict in any way the  
16 power and authority of Metro to issue bonds, notes or other obligations, to enter into  
17 loan agreements, leases, reimbursement agreements, standby bond purchase  
18 agreements, interest rate swap agreements or other derivative contracts or to engage  
19 in any other transaction under the Government Code, the Public Utilities Code or any  
20 other law.

21  
22 SECTION 13. APPROPRIATIONS LIMIT

23 Article XIII B of the California Constitution requires certain governmental entities  
24 to establish an annual appropriations limit. This appropriations limit is subject to  
25 adjustment as provided by law. To the extent required by law, Metro shall establish an  
26 annual appropriations limit and expenditures of the retail transactions and use tax shall  
27 be subject to such limit.

28  
29 SECTION 14. ELECTION

30 Pursuant to California Public Utilities Code Section 130350, Metro hereby calls  
31 a special election to place this Ordinance before the voters. The ballot language  
32 shall read as follows:

33  
34 **Traffic Relief. Rail Extensions. Reduce Foreign Oil Dependence.**



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To:

- Synchronize traffic signals;
- Repair potholes;
- Extend light rail with airport connections;
- Improve freeway traffic flow (5, 10, 14, 60, 101, 110, 138, 210, 405, 605, 710);
- Keep senior / student / disabled fares low;
- Provide clean-fuel buses;
- Expand subway / Metrolink / bus service;
- Dedicate millions for community traffic relief;

Shall Los Angeles County's sales tax increase one-half cent for 30 years with independent audits, public review of expenditures, all locally controlled?

**SECTION 15. STATUTORY REFERENCES**

References in this Ordinance to proposed amendments to Section 130350.5 of the Public Utilities Code are to Section 130350.5 as amended or added by Assembly Bill 2321 of the 2007-2008 legislative session.

**SECTION 16. EFFECTIVE AND OPERATIVE DATES**

a. This Ordinance shall be effective on January 2, 2009, if:

1. Two-thirds (2/3) of the electors voting on the measure

authorizing the imposition of the Sales Tax vote to authorize its enactment at the statewide general election scheduled for November 4, 2008; and

2. A California state statute that provides for all of the following is adopted by the California Legislature and becomes effective prior to January 2, 2009:

A. Requires Metro to include in Attachment A the following projects, programs, and funding levels;

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

- 1                                   ii.       Crenshaw Transit Corridor from Wilshire Boulevard  
2 to Los Angeles International Airport along Crenshaw Boulevard. The sum of two  
3 hundred thirty-five million five hundred thousand dollars (\$235,500,000).
- 4                                   iii.       San Fernando Valley North-South Rapidways. The  
5 sum of one hundred million five hundred thousand dollars (\$100,500,000).
- 6                                   iv.       Metro Gold Line (Pasadena to Claremont) Light  
7 Rail Transit Extension. The sum of seven hundred thirty-five million dollars  
8 (\$735,000,000).
- 9                                   v.       Metro Regional Connector. The sum of one  
10 hundred sixty million dollars (\$160,000,000).
- 11                                  vi.       Metro Westside Subway Extension. The sum of  
12 nine hundred million dollars (\$900,000,000).
- 13                                  vii.     State Highway Route 5 Carmenita Road  
14 Interchange Improvement. The sum of one hundred thirty-eight million dollars  
15 (\$138,000,000).
- 16                                  viii.    State Highway Route 5 Capacity Enhancement  
17 (State Highway Route 134 to State Highway Route 170, including access improvement  
18 for Empire Avenue). The sum of two hundred seventy-one million five hundred  
19 thousand dollars (\$271,500,000).
- 20                                  ix.      State Highway Route 5 Capacity Enhancement  
21 (State Highway Route 605 to the Orange County line, including improvements to the  
22 Valley View Interchange). The sum of two hundred sixty-four million eight hundred  
23 thousand dollars (\$264,800,000).
- 24                                  x.      State Highway Route 5/State Highway Route 14  
25 Capacity Enhancement. The sum of ninety million eight hundred thousand dollars  
26 (\$90,800,000).
- 27                                  xi.      Capital Project Contingency Fund. The sum of one  
28 hundred seventy-three million dollars (\$173,000,000).
- 29                                  xii.     Alameda Corridor East Grade Separations. The  
30 sum of two hundred million dollars (\$200,000,000).
- 31                                  xiii.    MTA and Municipal Regional Clean Fuel Bus  
32 Capital (Facilities and Rolling Stock). The sum of one hundred fifty million dollars  
33 (\$150,000,000).

- 1 xiv. Countywide Soundwall Construction (MTA  
2 Regional List and Monterey Park/State Highway Route 60). The sum of two hundred  
3 fifty million dollars (\$250,000,000).
- 4 xv. Local return for major street resurfacing,  
5 rehabilitation, and reconstruction. The sum of two hundred fifty million dollars  
6 (\$250,000,000).
- 7 xvi. Metrolink Capital Improvements. The sum of  
8 seventy million dollars (\$70,000,000).
- 9 xvii. Eastside Light Rail Access. The sum of thirty million  
10 dollars (\$30,000,000).

11 B. Authorizes Metro to impose an additional one-half of one  
12 percent (.5%) Sales Tax in the incorporated and unincorporated areas of Los Angeles  
13 County.

14 C. Provides that any tax imposed by Metro pursuant to the  
15 authority granted in the statute shall not be considered for the purposes of the  
16 combined rate limit established by Section 7251.1 of the Revenue and Taxation Code;  
17 and

18 3. No California state statute that requires Metro to provide funding from  
19 revenues derived from the Sales Tax imposed pursuant to this Ordinance for any  
20 projects or programs other than those listed in this Section or provide a level of funding  
21 greater than described in this Section, is adopted by the California Legislature in the  
22 2007-2008 legislative session and becomes law.

23 b. The operative date of the Sales Tax imposed by this Ordinance shall be  
24 July 1, 2009, which is the first day of the first calendar quarter commencing not less  
25 than 180 days after the adoption of this Ordinance by the voters.

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**SECTION 17. SEVERABILITY**

If any tax or provision of this Ordinance is for any reason held invalid or unenforceable by a court of competent jurisdiction, that holding shall not affect the validity or enforceability of the remaining taxes or provisions, and Metro declares that it would have passed each part of this Ordinance irrespective of the validity of any other part.