

#54

Introduction of Sales Tax Ordinance

June 26, 2008



Metro

Background

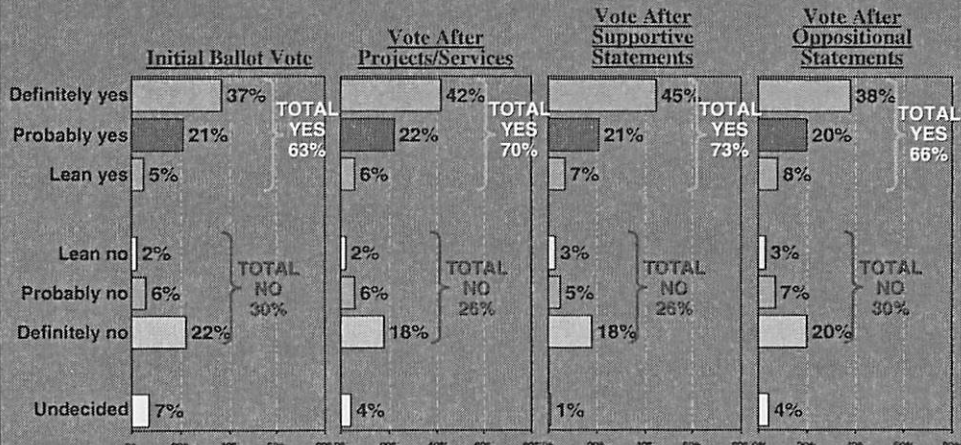
- 01/05 – PUC 130350.5 (Murray)
- 09/05 – FMM Survey - 61% peak support
- 11/07 – FMM Survey - 69% peak support
- 02/08 – AB 2321 (Feuer)
- 04/08 – Board motions to investigate measure
- 05/08 – Independent Survey - 69% peak support
- 05/08 – LAEDC Economic Impact
- 06/06 – Completed additional outreach
- 06/15 – FMM Survey - 73% peak support
- 06/19 – Updated EMAC



Metro

Polling Progression

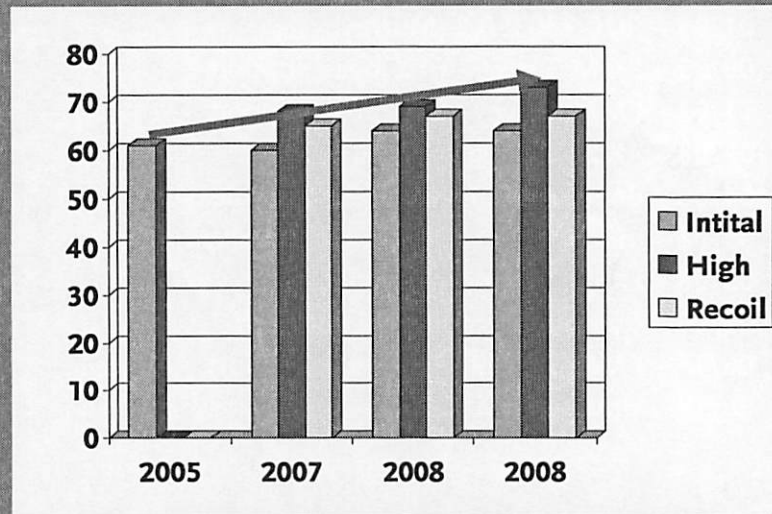
(Traffic Relief, Light Rail, Road Safety Measure)



53 (Split Sample C) / 11 (Split Sample C) / 2 (Split Sample C). If the election were held today on this measure, do you think you would vote yes in favor or no to oppose it?



Polling trends improved over time



Sales tax authority

- **AB 2321 (Feuer)**
 - Amendment to 130350.5
 - Requires funds to operate service
 - Requires maintenance of effort
 - 30-year sunset
 - Exempts sales tax cap
- **Requires Ordinance and Expenditure Plan**
 - Must include projects/dates/escalated costs



Ballot language

Los Angeles County Traffic Congestion Relief and Safety, Light Rail Extension, Air Pollution Prevention and Reduction of Foreign Oil Dependence Measure

To synchronize traffic signals; repair potholes; Extend light rail / connect to airport; Improve traffic on 5, 10, 14, 60, 101, 110, 210, 405, 605 freeways; Keep senior, student/ the disabled bus fares low; Replace diesel buses to reduce pollution; Expand bus/ subway/ Metrolink service; Dedicate millions of dollars to each community for traffic relief;

shall Los Angeles County's sales tax be increased by one-half cent for 30 years, with local control, independent audits, public expenditure review?



Funding considerations

- \$40 billion projected over 30 years
- AB 2321
 - Specific highway and transit projects
 - Bus/Rail operations
- Additional federal/state/local revenue
- L RTP unfunded projects
- Public demand
- Geographic coverage
- Local improvements



Expenditure Plan

- Rail/Rapid Transit – 40% – \$15.8 Billion
- Highways – 15% – \$5.9 Billion
- Local return – 20% – \$8 Billion
- Operations – 20% – \$8 Billion
- Commuter Rail – 3% – \$1.2 Billion
- Rail Capital – 2% – \$800 Million



Election costs

- **Election consolidation cost: \$7.3 million**
 - \$1.75 per registered voter
 - 4.2 million registered voters
- **Provision of information to public: \$4.1 million**
 - Information mailed to each household
 - 3.3 million households
 - \$1.25 per household
- **Total Cost = \$11.4 million**



Introducing the Ordinance

- **Ordinance**
- **Expenditure Plan Outline**
- **Ballot Language**



Five-Point Plan

1. **RAIL EXPANSION:** Double the size of the Metro rail system with a direct airport connection
2. **STREET IMPROVEMENTS:** Repair streets, fill potholes, synchronize signals and make intersections safer in every community
3. **TRAFFIC RELIEF:** Relieve traffic congestion, enhance safety and improve flow on freeways
4. **BETTER TRANSPORTATION:** Make public transportation more convenient and affordable - especially for seniors, students and disabled
5. **LIFE QUALITY:** Mitigate high gas prices, stimulate the local economy, reduce pollution and decrease dependency on foreign oil



Economic impacts

According to LAEDC

- **\$32.1 billion in economic output**
- **210,800 jobs**

- **58.2% tax paid by business/tourists**
- **\$25/person and \$80/household per year**



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Oversight

- **Safeguards on use of revenues**
- **Independent annual audits**
- **Citizen's Advisory and Oversight Committee**
- **Maintenance of effort**



Analysis

Challenges

- Trust
- Economy
- New tax
- 2/3 vote

Opportunities

- Traffic congestion
- Public demand
- Rising gas prices
- Alternatives needed
- Helps environment
- New fund source
- Broad support
- Projected voter turnout



Next steps

- 6/26: Approve Introduction of Ordinance
- 6/27-7/16: Finalize Ordinance
 - amendments, ballot language, expenditure plan
- 7/11: Amendments submitted
- 7/17: Final amendments approved
- 7/24: Approve Ordinance
- 8/8: County Supervisors place on ballot



The Ordinance

Section 1. Title

Section 2. Summary - The Ordinance imposes a half-cent sales tax for 30 years.

Section 3. Definitions

Section 4. Statutory Authority - The ordinance relies on both existing law and the Feuer bill.

Section 5. Imposition of Tax - This section imposes the tax and exempts it from the 2% cap per the Feuer bill.

Section 6. Agreement with the State Board of Equalization - The BOE will collect and administer the tax on behalf of Metro.

Section 7. Purpose - All tax revenues will go to transportation purposes described in the Ordinance, other than paying interest on any bonds sold and administrative costs.

Section 8. Use of Revenues - The funds will be allocated to the general categories in Schedule A (operations, local return, projects). The Feuer bill requires that the funds be used for the projects listed in the bill. Excess funds are allocated pursuant to Attachment A. This section also requires that local jurisdictions keep separate accounting for local return funds. Finally, this section requires an annual audit to be performed in conjunction with the audit of Prop A and C funds.



The Ordinance

Section 9. Independent Citizens' Advisory and Oversight Committee - The same committee that oversees Prop A and C funds will oversee these funds. All of the same procedures apply, such as making the audit available at every library in the county.

Section 10. Maintenance of Effort - Requires that local jurisdictions use the local return funds to augment, not supplant, existing local revenues used for transportation purposes.

Section 11. Administration - Metro may use up to 1.5% of sales tax revenues for administrative costs.

Section 12. Amendments - The ordinance and expenditure plan may be amended. Still undecided whether a two-thirds or majority vote of the Board is required.

Section 13. Request for election - This section requests the election and includes the ballot language.

Section 14. Statutory references - References in Ordinance to 130350.5 are to Feuer bill, not Murray bill.

Section 15. Effective date - Ordinance is effective on January 2, 2009, but only if two-thirds of voters approve AND Feuer bill becomes law.

Section 16. Severability

