



**Metro**

Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

213.922.2000 Tel  
metro.net

**10**

**10**

**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE  
February 19, 2004**

**SUBJECT: VOTE THRESHOLD TO SUSPEND PROPOSITION 42**

**BILL: ACA 21**

**RECOMMENDATION**

ACA 21 (Bogh & Spitzer) – Would increase the vote threshold to suspend Proposition 42 from two-thirds (2/3) to four-fifths (4/5) of the Legislature. **SUPPORT**

**ISSUE**

Staff has been reviewing several transportation-related bills. Additional measures are currently under review by staff and will be provided to the Board in subsequent meetings.

**ATTACHMENT**

**BILL: ACA 21**

Prepared by:

Michael Turner  
Manager, Government Relations

Maria A. Guerra  
Chief of Staff

Roger Snoble  
Chief Executive Officer

**BILL:** ACA 21

**AUTHOR:** ASSEMBLY MEMBER RUSS BOGH  
(R- CHERRY VALLEY)

ASSEMBLYMEMBER TODD SPITZER  
(R-ORANGE)

**SUBJECT:** VOTE THRESHOLD TO SUSPEND PROPOSITION 42

**STATUS:** PENDING COMMITTEE ASSIGNMENT

**ACTION:** SUPPORT

**Recommendation**

Staff recommends that the MTA Board of Directors adopt a support position on ACA 21.

**Provisions**

Current law requires the sales tax on gasoline sales to be transferred from the State General Fund to the Traffic Congestion Relief Program (TCRP). This transfer is protected by Article XIX B of the California Constitution. This same article allows for suspension of the allocations 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 (2/3) vote.

ACA 21 would:

- Modify the vote threshold to require that four-fifths (4/5) of the Legislature must approve a suspension of the allocation.

**Impact Analysis**

In 2001 the Governor signed AB 2928 enacting the Traffic Congestion Relief Program. 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.

In March of 2003, Proposition 42 incorporated this program into the State Constitution, as Article XIX B. Prop 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 Prop 42, the allocations have been suspended each year and the Governor has proposed suspension of the allocations for 2004 in order to address the State General Fund deficit. It is anticipated that the state will continue to experience General Fund deficits in future years and these deficits will continue to pressure the Governor and Legislature to seek to use transportation resources to balance the state budget.

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. Increasing the suspension vote threshold from two-third (2/3) to four-fifth (4/5) is the first such proposal introduced in the 2004 Legislative Session.

Staff recommends that the MTA Board of Directors adopt a support position on ACA 21.