

**Metro**

Los Angeles County  
Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952    metro.net

EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE  
APRIL 19, 2007

**SUBJECT: STATE LEGISLATION**

**ACTION: ADOPT STAFF RECOMMENDED POSITION**

**RECOMMENDATION**

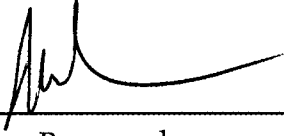
Adopt the following position:

**AB 1351 (Levine)** – Would establish conditions for allocating State and Local Partnership Program funds from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act (November 2006). **SUPPORT**

**ATTACHMENT**

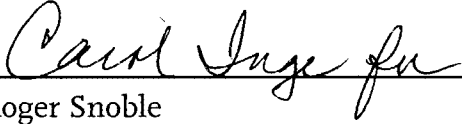
Attachment A

Prepared by: Michael Turner  
Government Relations Manager



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Matthew Raymond  
Chief Communications Officer



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Roger Snoble  
Chief Executive Officer

**BILL:** AB 1351

**AUTHOR:** ASSEMBLY MEMBER LLOYD LEVINE  
(D) VAN NUYS

**SUBJECT:** STATE AND LOCAL PARTNERSHIP PROGRAM

**STATUS:** ASSEMBLY TRANSPORTATION COMMITTEE

**ACTION:** SUPPORT

**RECOMMENDATION**

**AB 1351 (Levine)** – Would establish conditions for allocating State and Local Partnership Program funds from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act (November 2006). **SUPPORT**

**ISSUE**

Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality and Port Security Fund of 2006, authorized \$19.9 billion for various categories of transportation improvements. Many of the categories in the bond are subject to further legislation which will define how bond funds are to be administered. This legislation will have a significant impact on the ability to fund transportation improvements in Los Angeles County. Proposition 1B allocates \$1 billion to a newly created State and Local Partnership Program. A number of bills have been introduced on all of the bond categories. AB 1351 is a measure by Assembly Member Levine which would outline the requirements for the State and Local Partnership Program. The Assembly Member is working with Metro staff and legislative leadership on the development of this measure.

**PROVISIONS**

Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund, authorizes the allocation of \$1 billion for the State-Local Partnership Program. These funds would be disbursed by the California Transportation Commission for transportation projects nominated by transportation agencies and subject to appropriation by the Legislature. Existing law requires a dollar for dollar match of local funds for projects funded through this program.

AB 1351 was introduced in concept only. In its current form, AB 1351 would:

- Proposes to establish eligibility criteria, matching fund requirements and the application process relative for the State-Local Partnership Program.

## IMPACT ANALYSIS

In February, the Metro Board of Directors adopted a “Work with Author” position on SB 47 which was introduced by State Senate Pro Tem Don Perata. At that time, this was the only bill that had been introduced on this program. Since then, additional measures have been introduced, including Assembly Member Levine’s AB 1351.

In its current form, AB 1351 does not include provisions that outline the structure of a new State and Local partnership program. Metro staff have been working with the Speaker’s Office and Assembly Member Levine staff to develop provisions that would better define the eligibility criteria, matching fund requirements and the application process. Metro staff is focused on two matters which we are working to address in this legislation.

Firstly, Metro has recommended that only voter approved sales taxes should be taken into account in disbursing funds made available through the program. Metro staff believes that including tolls or developer fees would only dilute the effectiveness of the program and decrease the amount of bond proceeds Metro would be eligible for.

It is anticipated that Assembly Member Levine will include an amendment to AB1351. This amendment will require any applicant for State and Local partnership funds to meet either of the following two requirements. The first requirement is that an applicant be a local entity that has authorized and imposed a local sales tax for transportation purposes and that it has the responsibility of constructing highways or public transit projects in the area where the local sales tax is imposed and administered. The second requirement is that applicants be a local entity that authorizes and imposes a local sales tax for transportation purposes during the term of this program and that has responsibility for constructing highways or public transit projects in the area where the local sales tax is imposed and administered.

Secondly, Metro staff is working with the author to support return to source concept in AB 1351. Metro staff recognizes that ultimately there will be additional negotiations surrounding this issue and possibly the inclusion of a formula in place of a return to source requirement. At this time, AB 1351 does not include a return to source requirement. Metro staff will continue to work with Assembly Member Levine and Speaker Nunez’s office to ensure that in the event that a return to source requirement is not included, that an equitable formula be incorporated into this bill.

It is also anticipated that Assembly Member Levine will include an amendment to AB1351 that would allocate \$1 billion in bond proceeds over a period of five years (\$200 million annually) by the Legislature, beginning with the 2010 fiscal year.

Adding a layer of complexity to the issues addressed in AB1351 is the fact that Senate Pro Tem Don Perata and others in the State Legislature have indicated that they feel certain bridge-related tolls should be counted towards their local sales tax contribution with respect to the State and Local Partnership program. Other counties have argued that developer fees (in some cases developer fees which have not been approved by the voters) should also be

eligible. Staff is concerned that the broadening of this program to potentially include tolls and developer fees could dilute the overall effectiveness of these funds.

Staff will continue to work with his office to ensure that Los Angeles County receives its fair share of the bond proceeds. At the time this report was written, amendments were still being finalized. Metro staff will continue working with Assembly Member Levine and the Speaker's Office to structure the State and Local Partnership program to include only voter approved sales taxes. Therefore, staff recommends a Support position on AB 1351.

