**MEETING DATE:** **July 23, 2012**

**AGENDA ITEM:** **Consideration of Support for Assembly Bill 1446.**

ATTACHMENTS

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| AB 1446 Amended Bill Text-Amended in the Senate on June19, 2012. | 1-10 |

AMENDED IN SENATE JUNE 19, 2012

AMENDED IN ASSEMBLY MAY 17, 2012

AMENDED IN ASSEMBLY APRIL 26, 2012

AMENDED IN ASSEMBLY APRIL 17, 2012

AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

# ASSEMBLY BILL No. 1446

**Introduced by Assembly Member Feuer**
***(Coauthor: Assembly Member Brownley)***

January 4, 2012

An act to amend Section 130350.5 of, and to add Section 130350.6 to, the Public Utilities Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1446, as amended, Feuer. Los Angeles County Metropolitan Transportation Authority: transactions and use tax.

Existing law authorizes the Los Angeles County Metropolitan Transportation Authority (MTA) to impose, in addition to any other tax that it is authorized to impose, a transactions and use tax at a rate of 0.5% for not more than 30 years for the funding of specified transportation-related purposes pursuant to an adopted expenditure plan, subject to voter approval.

This bill would authorize the MTA to impose that transactions and use tax without a limitation as to its duration, subject to voter approval. The bill would require the MTA to secure bonded indebtedness payable from the proceeds of the tax imposed and would require that the proceeds from those bonds, and from the tax after repayment of bonded indebtedness, be used to accelerate the completion of specified projects and programs, and to fund specified operations. The bill would require the MTA to amend the expenditure plan in a specified manner and would make other related conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. The Legislature hereby finds and declares all of the following:

(a) Section 130350.5 of the Public Utilities Code authorizes the Los Angeles County Metropolitan Transportation Authority (MTA) to propose for voter approval a 30-year ½ cent sales and use tax dedicated to the construction and operation of transportation-related projects, to be enumerated in a local ballot measure. In November 2008, more than 67 percent of Los Angeles County voters approved this tax pursuant to a ballot measure known as Measure R.

(b) The Measure R transit, highway, and other transportation projects became part of the MTA's Long Range Transportation Plan, along with an expenditure plan that spread the costs and construction of the Measure R projects over the 30-year duration of the ½ cent sales and use tax.

(c) Since 2008, the nation and the State of California have plunged into a recession. In Los Angeles County, 336,000 jobs have been lost since 2007. An estimated 582,900 people were unemployed in Los Angeles County as of October 2011. The construction industry has been hit particularly hard: more than 53,300 construction jobs have been lost since 2007, and some estimates put the percentage of area construction workers who are out of work as high as 40 percent.

(d) Traffic congestion is increasing throughout Los Angeles County, and new, environmentally sound transit options are desperately needed as alternatives to private vehicle trips and the economic, environmental, and health impacts that result from them.

(e) Therefore, the Legislature intends to authorize the MTA to seek voter approval to eliminate the sunset date for the imposition of the Measure R sales and use tax authorization and allow the MTA to bond against the proceeds from the tax and build the

Measure R projects and programs much sooner than originally contemplated~~ without relying on federal or state funding~~. Providing for the imposition of this sales and use tax and for the accelerated completion of Measure R projects and programs would create more than 166,000 desperately needed jobs and dramatically improve the economy, environment, and public health of Los Angeles County.

SEC. 2. Section 130350.5 of the Public Utilities Code is amended to read:

130350.5. (a) In addition to any other tax that it is authorized by law to impose, the Los Angeles County Metropolitan Transportation Authority (MTA) may impose, in compliance with subdivision (b) and Section 130350.6, a transactions and use tax at a rate of 0.5 percent that is applicable in the incorporated and unincorporated areas of the county.

(b) For purposes of the taxing authority set forth in subdivision (a), all of the following apply:

(1) The tax shall be proposed in a transactions and use tax ordinance, that conforms with Chapter 2 (commencing with Section 7261) to Chapter 4 (commencing with Section 7275), inclusive, of the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code), and that is approved by a majority of the entire membership of the authority.

(2) The tax may be imposed only if the proposing ordinance is approved by two-thirds of the voters, in the manner as otherwise required by law, voting on this measure, in an election held on November 4, 2008, or at a subsequent election and, if so approved, shall become operative as provided in Section 130352.

(3) The proposing ordinance shall specify, in addition to the rate of tax and other matters as required by the Transactions and Use Tax Law, that the net revenues derived from the tax are to be administered by the MTA as provided in this section. Net revenues shall be defined as all revenues derived from the tax less any refunds, costs of administration by the State Board of Equalization, and costs of administration by the MTA. Such costs of administration by the MTA shall not exceed 1.5 percent of the revenues derived from the tax. The MTA shall, during the period in which the ordinance is operative, allocate 20 percent of all net revenues derived from the tax for bus operations to all eligible and

included municipal transit operators in the County of Los Angeles and to the MTA, in accordance with Section 99285. However, the allocations to the MTA and eligible and included municipal operators shall be made solely from revenues derived from a tax imposed pursuant to this section, and not from local discretionary sources. Funds allocated by MTA to itself pursuant to this section shall be used for transit operations and shall not supplant funds from any other source allocated by MTA to itself for public transit operations. Funds allocated by MTA to the eligible and included municipal operators pursuant to this section shall be used for transit operations and shall not supplant any funds authorized by other provisions of law and allocated by MTA to the eligible and included municipal operators for public transit. In addition to this amount, the MTA shall allocate 5 percent of all net revenues derived from the tax, for rail operations. The MTA shall include the projects and programs described in subparagraphs (A) and (B) in the expenditure plan required under subdivision (f). The MTA shall include all projects and programs described in the expenditure plan required under subdivision (f) in its Long Range Transportation Plan (LRTP). The priorities for projects and programs described in subparagraphs (A) and (B) and in the expenditure plan required under subdivision (f) shall be those set forth in the expenditure plan. The funding amounts specified in subparagraphs (A) and (B) are minimum amounts that shall be allocated by the MTA from the net revenues derived from a tax imposed pursuant to this section. Nothing in this section prohibits the MTA from allocating additional net revenues derived from the tax to these projects and programs.

(A) Capital Projects.

(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).

(ii) Crenshaw Transit Corridor from Wilshire Boulevard to Los Angeles International Airport along Crenshaw Boulevard. The sum of two hundred thirty-five million five hundred thousand dollars ($235,500,000).

(iii) San Fernando Valley North-South Rapidways. The sum of one hundred million five hundred thousand dollars ($100,500,000).

(iv) Metro Gold Line (Pasadena to Claremont) Light Rail Transit Extension. The sum of seven hundred thirty-five million dollars ($735,000,000).

(v) Metro Regional Connector. The sum of one hundred sixty million dollars ($160,000,000).

(vi) Metro Westside Subway Extension. The sum of nine hundred million dollars ($900,000,000).

(vii) State Highway Route 5 Carmenita Road Interchange Improvement. The sum of one hundred thirty-eight million dollars ($138,000,000).

(viii) State Highway Route 5 Capacity Enhancement (State Highway Route 134 to State Highway Route 170, including access improvement for Empire Avenue). The sum of two hundred seventy-one million five hundred thousand dollars ($271,500,000).

(ix) State Highway Route 5 Capacity Enhancement (State Highway Route 605 to the Orange County line, including improvements to the Valley View Interchange). The sum of two hundred sixty-four million eight hundred thousand dollars ($264,800,000).

(x) State Highway Route 5/State Highway Route 14 Capacity Enhancement. The sum of ninety million eight hundred thousand dollars ($90,800,000).

(xi) Capital Project Contingency Fund. The sum of one hundred seventy-three million dollars ($173,000,000).

(B) Capital Programs.

(i) Alameda Corridor East Grade Separations. The sum of two hundred million dollars ($200,000,000).

(ii) MTA and Municipal Regional Clean Fuel Bus Capital (Facilities and Rolling Stock). The sum of one hundred fifty million dollars ($150,000,000).

(iii) Countywide Soundwall Construction (MTA Regional List and Monterey Park/State Highway Route 60). The sum of two hundred fifty million dollars ($250,000,000).

(iv) Local return for major street resurfacing, rehabilitation, and reconstruction. The sum of two hundred fifty million dollars ($250,000,000).

(v) Metrolink Capital Improvements. The sum of seventy million dollars ($70,000,000).

(vi) Eastside Light Rail Access. The sum of thirty million dollars ($30,000,000).

(c) The MTA may incur bonded indebtedness payable from the proceeds of the tax provided by this section pursuant to the bond issuance provisions of Section 130500 et seq. of the Public Utilities Code, and any successor act. The MTA shall include in the expenditure plan, required under subdivision (f), the amount of net revenue specified for all projects and programs in subparagraphs (A) and (B) of paragraph (3) of subdivision (b) as a condition of the use and expenditure of the proceeds of the tax. The MTA shall maintain the current amount of any funding for the projects and programs specified in this section that has been previously programmed or received from sources other than the proceeds of the tax, and may not reallocate money that has been previously programmed or received for those projects and programs to other projects or uses.

(d) Notwithstanding Section 7251.1 of the Revenue and Taxation Code, the tax rate authorized by this section shall not be considered for purposes of the combined rate limit established by that section.

(e) A jurisdiction or recipient is eligible to receive funds from the local return program, described in clause (iv) of subparagraph (B) of paragraph (3) of subdivision (b) of this section and in paragraph (1) of subdivision (b) of Section 130350.6, only if it continues to contribute to that program an amount that is equal to its existing commitment of local funds or other available funds. The MTA may develop guidelines that, at a minimum, specify maintenance of effort requirements for the local return program, matching funds, and administrative requirements for the recipients of revenue derived from the tax.

(f) Prior to submitting the ordinance to the voters, the MTA shall adopt an expenditure plan for the net revenues derived from the tax. The expenditure plan shall include, in addition to other projects and programs identified by the MTA, the specified projects and programs listed in paragraph (3) of subdivision (b), the estimated total cost for each project and program, funds other than the tax revenues that the MTA anticipates will be expended on the projects and programs, and the schedule during which the MTA anticipates funds will be available for each project and program. The MTA shall also identify in its expenditure plan the expected completion dates for each project described in subparagraph (A) of paragraph (3) of subdivision (b). To be eligible to receive revenues derived from the tax, an agency sponsoring a capital project or capital program shall submit to the MTA an expenditure plan for its project or program containing the same elements as the expenditure plan that MTA is required by this subdivision to prepare.

(g) The MTA shall establish and administer a sales tax revenue fund. The net revenue derived from the tax, after payment of any debt services and related obligations, shall be credited to this fund. The moneys in the fund shall be available to the MTA to meet expenditure and cashflow needs of the projects and programs described in the expenditure plan required under subdivision (f). In the event that there are net revenues in excess of the amount necessary to provide the amount of net revenues specified in the expenditure plan for the projects and programs described therein, the MTA may expend the excess net revenues on projects and programs in the expenditure plan or the LRTP. In the event that projects and programs in the expenditure plan are completed without the expenditure of the amount of net revenues specified, the MTA shall expend the excess net revenues on projects and programs in the expenditure plan or the LRTP within the same subregion as the project or program that is completed. For the purposes of this section, "subregion" shall be defined in the LRTP.

(h) If other funds become available and are allocated to provide all or a portion of the amount of net revenues specified in the expenditure plan for the projects or programs described therein, the MTA may expend the surplus net revenues on other projects and programs in the expenditure plan or the LRTP.

(i) (1) Notwithstanding subdivision (h), if a capital project or capital program described in clauses (i) to (x), inclusive, of subparagraph (A) of paragraph (3) of subdivision (b) and clauses (i) and (vi) of subparagraph (B) of paragraph (3) of subdivision (b), has been fully funded from other sources on or before December 31, 2008, the funds designated to the project or program in clauses (i) to (x), inclusive, of subparagraph (A) of paragraph (3) of subdivision (b) and clauses (i) and (vi) of subparagraph (B) of paragraph (3) of subdivision (b) shall remain in the subregion in which the project or program is located and shall be allocated to other projects or programs in the subregion prior to the expiration of the tax.

(2) A capital project or capital program funded with reallocated funds pursuant to paragraph (1) shall be included in the adopted

2008 Long Range Transportation Plan or the successor plan and shall be of regional significance as determined by the MTA. For purposes of this subdivision, “subregions” means the subregions as defined in the LRTP in effect as of January 1, 2008.

(j) Notwithstanding Section 130354, revenues raised under this section and Section 130350.6 may be used to facilitate the transportation of people and goods within Los Angeles County. The use of the revenues shall not be limited to public transit purposes.

(k) No later than 365 days prior to the adoption of an amendment described in paragraph (1) to an expenditure plan adopted pursuant to subdivision (f), including, but not limited to, the expenditure plan adopted by the MTA board as “Attachment A” in Ordinance #08-01 adopted by the board on July 24, 2008, and in addition to any other notice requirements in the proposing ordinance, the board shall notify the Members of the Legislature representing the County of Los Angeles of all of the following:

(1) A description of the proposed amendments to the adopted expenditure plan that would do any of the following:

(A) Affect the amount of net revenues derived from the tax imposed pursuant to this act that is proposed to be expended on a capital project or projects identified in the adopted expenditure plan.

(B) Delay the schedule for the availability of funds proposed to be expended on a capital project or projects identified in the adopted expenditure plan.

(C) Delay the schedule for the estimated or expected completion date of a capital project or projects identified in the adopted expenditure plan.

(2) The reason for the proposed amendment.

(3) The estimated impact the proposed amendment will have on the schedule, cost, scope, or timely availability of funding for the capital project or projects contained in the adopted expenditure plan.

(*l*) The notification required pursuant to subdivision (k) shall be achieved by resolution adopted by the MTA board.

(m) The MTA board shall provide prior written notice to the Members of the Legislature representing the County of Los Angeles of any proposed amendments to the adopted expenditure plan that would accelerate funding for a capital project or projects in the adopted expenditure plan.

SEC. 3. Section 130350.6 is added to the Public Utilities Code, to read:

130350.6. (a) The tax authorized by Section 130350.5 may be imposed as set forth in paragraph (3) of subdivision (b) of Section 130350.5 in a transactions and use tax ordinance, or an amendment of the ordinance approved pursuant to paragraph (1) of subdivision (b) of Section 130350.5, that conforms with Chapter 2 (commencing with Section 7261) to Chapter 4 (commencing with Section 7275), inclusive, of the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code), and that is approved by a majority of the entire membership of the authority. The tax may be imposed pursuant to this section only if the proposing ordinance, or amendment thereof, is approved by two-thirds of the voters, in the manner as otherwise required by law, voting on this measure, in a special or general election and, if so approved, shall become operative as provided in Section 130352. The proposing ordinance shall specify that the net revenues derived from the tax are to be administered by the Los Angeles County Metropolitan Transportation Authority (MTA) as provided in this section. Net revenues shall be defined as all revenues derived from the tax less any refunds, costs of administration by the State Board of Equalization, and costs of administration by the MTA. Such costs of administration by the MTA shall not exceed 1.5 percent of the revenues derived from the tax.

(b) The MTA may incur bonded indebtedness payable from the proceeds of the tax authorized by this section pursuant to the bond issuance provisions of this chapter, and any successor act.

(c) Proceeds from the sale of bonds issued pursuant to subdivision (b) and proceeds of the tax authorized by this section, after payment of the bonded indebtedness, shall be used to accelerate the completion of the projects and programs identified in subparagraphs (A) and (B) of paragraph (3) of subdivision (b) of Section 130350.5, and for operations pursuant to paragraph (3) of subdivision (b) of that section.

(d) Upon completion of the projects and programs identified in subparagraphs (A) and (B) of paragraph (3) of subdivision (b) of Section 130350.5, any funds remaining from the bonds described in subdivision (b) and any funds remaining from the proceeds of the tax authorized by this section, after payment of the bonded indebtedness, shall be expended by the MTA on projects and programs in the Long Range Transportation Plan or its successor plans, and for operations pursuant to paragraph (3) of subdivision (b) of Section 130350.5.

(e) Prior to submitting the ordinance described in subdivision (a) to the voters, the MTA shall amend the expenditure plan adopted pursuant to subdivision (f) of Section 130350.5. The amended plan shall update all of the following for the projects and programs listed in subdivision (c): the estimated total cost for each project or program, the schedule during which the MTA anticipates funds will be available for each project or program, and the expected completion dates for each project or program.

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