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PLANNING & PROGRAMMING COMMITTEE
EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
AUGUST 21, 2002

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Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

SUBJECT: STATE LEGISLATION

**ACTION: APPROVE STAFF RECOMMENDATION ON STATE
LEGISLATION**

RECOMMENDATION

Staff recommends the Board of Directors adopt the following position:

SB 314 (Murray) - Authorizes the MTA to impose an additional 0.5% transaction and use tax for 6 years or less. **SUPPORT**

ISSUE

Staff has been reviewing several transportation-related bills. The attached analysis identifies a significant bill which staff believes the MTA Board of Directors should take a position.

ATTACHMENT

Attachment: Legislative Analysis
Prepared by: Michael Turner
Government Relations Administrator

A handwritten signature in black ink that reads "Maria A. Guerra".

Maria A. Guerra
Chief of Staff

A handwritten signature in black ink that reads "Roger Snoble".

Roger Snoble
Chief Executive Officer

BILL: SB 314

**AUTHOR: STATE SENATOR KEVIN MURRAY
(D-CULVER CITY)**

**SUBJECT: ½ CENT SALES TAX FOR TRANSPORTATION PROJECTS IN LOS
ANGELES COUNTY**

STATUS: ASSEMBLY APPROPRIATIONS COMMITTEE - SUSPENSE FILE

ACTION: SUPPORT

RECOMMENDATION

Staff recommends that the MTA Board of Directors adopt a support position on SB 314.

PROVISIONS

SB 314 as proposed to be amended:

- Authorizes the MTA, upon voter approval, to impose an additional 0.5% transaction and use tax for 6 years or less.
- Requires that a majority of the entire membership of the MTA Board approve a sales tax ordinance before submission to the voters.
- Requires that the voters shall approve the tax consistent with current law which currently requires a 2/3 vote for passage.
- Restricts the use of the tax for a specified list of projects
- States that the MTA may not incur bonded indebtedness for the funding of the projects or expend revenues derived from bonded indebtedness to fund the projects but does not restrict short-term borrowing for cash flow purposes.
- Requires that the proposed tax be subject to the current Board of Equalization requirements for administering a transaction and use tax.
- States that the tax rate authorized by the bill may not be considered for purposes of the combined tax rate established by the Revenue and Taxation Code.

IMPACT ANALYSIS

SB 314 would grant to the MTA the authority to place on the ballot a ½ cent sales tax for transportation purposes. If implemented for 6 years, SB 314 is estimated to generate \$4.16 billion and will generate \$5.5 billion in projects when the state and local matches are included.

Under current law, new taxes such as those proposed by SB 314 require approval by 2/3 of the voters. ACA 7 (Dutra) and SCA 2 (Torlakson) would reduce the vote threshold to 55% for

transportation sales taxes. Approval of ACA 7 or SCA 2 by the voters would provide that the measure authorized by SB 314 would require a 55% vote threshold. SCA 2, however, would require that 25% of the funds be dedicated to smart growth projects.

SB 314 seeks to restrict the use of the revenue to specific projects over a specific timeframe. The bill is geared to rapid delivery of specific projects and the funds are not subject to revocation by the state nor can they be used for any other purpose by the MTA. These funds would also be available to leverage state or federal funds thereby increasing the total revenue generated by the bill. The bill prohibits the MTA from leveraging any funds through bonded indebtedness for these projects. The intent of the bill is to replace the funding stream lost by the recent revocation of the Transportation Congestion Relief Program (TCRP) which was used as a state budget balancing measure.

At this time, Senator Murray has included a limited number of projects in the bill. Since the bill has been introduced staff have reviewed the bill with the MTA Technical Advisory Committee (TAC) and subcommittees and the Mobility-21 Coalition. The Senator has clearly and strongly indicated that the bill is the subject of continuing discussions with the MTA and that the final project list will be defined as the measure proceeds. The Senator has agreed in general with the specific project list presented to the Board in July and has indicated that he supports extension of the time frame to six years. Staff has been working with the Board to review and amend the project list that was presented to the Board in July but a final list has yet to be approved by the Board. The project list will, however, be presented to the Board prior to the August Board Meeting.

To that end, staff recommends that the MTA Board support SB 314 and work with Senator Murray to incorporate amendments that conform to the MTA Board's priorities.