



REVISED
EXECUTIVE MANAGEMENT COMMITTEE
FEBRUARY 17, 2000

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 positions:

- A. AB 1612 (Torlakson, Florez and Senator Karnette) - Creates the Transportation Congestion Relief and Local Road Improvement Account in the State Transportation Fund. **WORK WITH AUTHOR/RETURN TO BOARD**
- B. AB 1303 (Florez) - Would reallocate a portion of the statewide gas tax to specified accounts. **OPPOSE.**
- C. AB 1765 (Maddox) - Significantly changes procedures affecting only MTA benefit assessment districts. **OPPOSE.**
- D. AB 1776 (McClintock) - Authorizes the governor to declare a state of transportation gridlock emergency. **NEUTRAL.**

ISSUE

Staff has been reviewing several transportation-related bills. The attached analyses identify several significant bills on which staff believe the MTA Board of Directors should take positions. Additional measure are currently under review by staff and will be provided to the Board in subsequent meetings.

ATTACHMENTS


Attachments A1-A4: Legislative Analyses

Prepared by: Jody Feerst Litvak
 Manager, Government Relations Department

Michael Turner
 Administrator, Government Relations

Concur:

Claudette A. Moody
Director, Government Relations


Allan G. Lipsky
Office of the Chief Executive Officer

BILL: AB 1612

**AUTHOR: ASSEMBLYMEMBER TOM TORLAKSON
(D-ANTIOCH)
ASSEMBLYMEMBER DEAN FLOREZ
(D-SHAFTER)
SENATOR BETTY KARNETTE - PRINCIPAL COAUTHOR
(D-LONG BEACH)**

**SUBJECT: TRANSPORTATION CONGESTION RELIEF AND LOCAL
ROAD IMPROVEMENT ACCOUNT**

**STATUS: PENDING HEARING IN SENATE TRANSPORTATION
COMMITTEE**

ACTION: WORK WITH AUTHOR - RETURN TO BOARD

RECOMMENDATION

MTA staff recommends the Board of Directors support AB 1612. This bill is being presented concurrently with AB 1303 which addresses similar funding issues.

PROVISIONS

- Creates the Transportation Congestion Relief and Local Road Improvement Account in the State Transportation Fund;
- Allocates \$100 million/quarterly (\$400 million/annually) from the state general fund to the account;
- Allocates 50% of the allocated funds to the Public Transportation Account (PTA) and 50% to cities and counties for deposit into their respective gas tax funds;
- Of the 50% allocated to cities and counties, 25% would be allocated to cities based on population and 25% would be allocated to counties based on the proportion of maintained county roads;
- The bill provides protections for the general fund by not applying the allocations when the governor has declared a state of emergency which would result in a significant negative fiscal impact to the general fund; and,
- The provisions of this bill will take effect when SCA 3 is passed by voters in the state.

IMPACT ANALYSIS

AB 1612 would significantly increase the funds available in the PTA and to cities and counties for local street and road repair. The PTA currently funds transit capital and

operation needs from a portion of the sales tax on gasoline. Current funding in the PTA is inadequate to meet the growing transit needs of the state. By allocating funds from the general fund as opposed to the State Highway Account, no existing transportation revenue sources are affected. The PTA is one of the few sources available for funding of operations and rolling stock in the state.

Funds in the PTA are distributed 50% to the State for specified purposes and 50% to the State Transit Assistance (STA) program which are then distributed, by formula, to local agencies. Last year \$100 million was deposited into the STA of which Los Angeles County received, for transit, approximately \$30 million. The MTA typically receives 75% of Los Angeles County's allocation which is approximately \$22 million.

All of the sales taxes on gasoline currently generate approximately \$860 million. The PTA receives approximately \$180 million from those taxes. AB 1612 would allocate another \$400 million of the sales tax revenues to the new account leaving approximately \$300 million still deposited into the general fund.

AB 1612 would increase the funding of the PTA in particular by \$200 million. Los Angeles County transit operations would receive an additional \$30 million annually from that increase. The remaining \$200 million would be allocated to cities and counties for deposit into their respective gas tax funds.

AB 1612 is being proposed in the context of the larger discussions ongoing in the State regarding transportation funding. The bill's provisions are tied to SCA 3 which would provide for a majority vote on local transportation sales tax measures. SCA 3 has been opposed by Assembly Republicans, as it weakens the requirements to increase taxes and does not include any pay-as-you-go alternatives for transportation funding. AB 1612 provides for a pay-as-you-go alternative by shifting general fund revenues to cities and counties and for transit purposes.

Although AB 1612 would increase funding available for transit operations and the purchase of rolling stock, and, would provide additional street and road funding for cities and counties it may be premature to support this measure at this time. Staff recommends that the Board of Directors work with the author of AB 1612 and will return to the Board as discussions evolve on transportation funding policies.

BILL: AB 1303

**AUTHOR: ASSEMBLYMEMBER DEAN FLOREZ
(D-SHAFTER)**

SUBJECT: ALLOCATION OF STATE GAS TAX FUNDS

STATUS: SENATE RULES COMMITTEE

ACTION: OPPOSE

RECOMMENDATION

MTA staff recommends the Board of Directors oppose AB 1303. This bill is presented concurrently with AB 1612 which addresses similar funding issues.

PROVISIONS

Current law allows for the imposition of a statewide gas tax and the allocation of those funds to specified accounts. AB 1303 would reallocate a portion of those funds as specified below:

- Allocate \$300 million, for a one-time allocation, from the State Highway Account (SHA) in Fiscal Year 2000-01 to cities and counties for street and highway reconstruction and repair of storm damage to local streets and roads. Of this \$300 million, 50% would be allocated to counties and 50% would be allocated to cities;
- Reallocate a portion the statewide 18 cent gas tax from the SHA to cities and counties;
- Amends the current maintenance of effort requirements for cities and counties to provide that expenditure levels for the allocated funding must equal expenditures made in specified previous years; and,
- Require the Department of Transportation to create a new division responsible for collecting data on local road and highway conditions and integrate that data into state highway plans. Further require the Department to allocate \$300,000 annually for that division.

IMPACT ANALYSIS

Current law establishes a statewide gas tax which is comprised of two \$0.09 impositions, for a total of 18 cents. AB 1303 would modify the distribution of the second \$0.09 levy which was approved in 1990 by the voters. The second \$0.09, is allocated to the SHA, which funds the State Transportation Improvement Program (STIP) (77%), cities and counties (23%). AB 1303 would increase the percentage of funds allocated to cities and

counties to 50% and reduce the funds allocated to the SHA to 50% by 2005. The funds allocated to cities and counties could then be allocated at the discretion of the city or county.

Cities and counties would be required to maintain a level of expenditure based on their average expenditures for street highway purposes for the fiscal years, 1995-96, 1996-97 and 1997-98. This provision is consistent with maintenance of effort provisions in previous legislation which attempted to fund street and road repairs directly from the State Highway Account (SB 1477- 1998 and SB 1612 -1999).

AB 1303 would significantly reduce funding for the STIP; \$300 million in 2000 and \$450 million by 2004. This would occur first through the redirection of \$300 million in 2000-01 and then through the gradual shift in the allocation of taxes between the SHA and cities and counties. The second \$0.09 of the state gas tax currently contributes approximately \$1 billion annually to the SHA which funds the STIP and other state highway activities. By 2005, this portion of the state gas contribution would be reduced to \$675 (constant dollars) million annually, under AB 1303. The amount of funds available to the MTA for planning and programming in the STIP would, therefore, be reduced over time. The loss to the MTA would be approximately \$90 million annually.

AB 1303 would also significantly reduce the ability of regional agencies to prioritize funding and fund regional improvements. By shifting funds out of the STIP and allocating them to cities and counties, the state would establish priorities of transportation funding that were previously the purview of the regional agencies such as the MTA. While it is recognized that cities and counties are in need of funds for local street and road repair, the allocation, and thus priority, of these funds is more appropriately decided by the regional agency. As currently written, AB 1303 would be inconsistent with SB 45 as it reduces the amount of local flexibility.

AB 1303 is one of many measures being proposed to address transportation funding in the state. The MTA has historically opposed measures such as AB 1303 which would reduce existing funding sources.

Also proceeding through the Legislature is a bill authored by Assemblyman Torlakson (AB 1612) which would increase funding for transportation while not jeopardizing existing funding sources. This bill is being presented to the Board concurrently with AB 1303 with a staff recommendation of support. MTA staff recommends that the Board oppose AB 1303 due to the measures potentially negative impact on regional planning and funding sources.

These bills will be amended as the session proceeds and other proposals will be made by the Legislature and Governor in regards to transportation funding. MTA staff will continue to keep the board informed of proposals as they develop.

BILL: AB 1765

**AUTHOR: ASSEMBLY MEMBER KEN MADDOX
(R-GARDEN GROVE)**

SUBJECT: MTA BENEFIT ASSESSMENT DISTRICTS

**STATUS: ASSEMBLY COMMITTEE ON TRANSPORTATION
ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT**

ACTION: OPPOSE

RECOMMENDATION

Staff recommends that the MTA Board of Directors oppose AB 1765.

PROVISIONS

AB 1765 is a measure which significantly changes procedures affecting only MTA benefit assessment districts.

AB 1765 would provide for the following:

- Benefits from rail facilities will no longer be presumed for all parcels within the benefit assessment district. Instead, benefits will be presumed for only some parcels;
- Removes MTA as the final arbiter for determining the benefits derived by properties within the district, and for resolving appeals from property owners within the district. Allows a petitioner one year to appeal a decision by the MTA Board in the superior court;
- Requires a local election before forming a benefit assessment district;
- Requires that any hearings on a petition for a property to be excluded from the district or to reduce its assessment be held within 30 days from the receipt of the petition;
- Removes the requirement for the costs associated with a hearing to be paid by the petitioner;
- Shifts the burden of proof in appeals from the petitioner to the MTA. It also sets a higher standard that must be met to prove benefit. These same requirements would apply in any judicial hearing. If the MTA cannot meet this new standard within 90 days, the petition for relief must be granted;
- Requires the MTA to issue a refund to any successful petitioner within 30 days of an order to exclude them from the district or reduce their assessment; and,
- Proceedings contesting the creation of a district could commence up to 3 years from the formation of the district, rather than the current 6 months.

IMPACT ANALYSIS

AB 1765 was introduced by Assembly Member Maddox (R-Garden Grove) and is sponsored by the Anaheim-based Revenue Enhancement Group, a company which specializes in representing businesses and property owners located in benefit assessment districts.

Currently, the benefits of a special district are presumed to accrue to all properties within the district. This existing presumption has been upheld by the State Supreme Court. This bill changes that presumption and other procedures for only the benefit assessment districts under MTA's purview. It does not address such districts created by any other public entity in California.

MTA derives revenues from two benefit assessment districts associated with the construction of the Metro Red Line. The Full Funding Grant Agreement for MOS 1 required MTA to form these two districts. MTA has issued \$162 million in bonds secured by the revenues derived from annual assessments from these districts. The assessments in these two districts are sized to meet the debt repayment of \$162 million in bonds. AB 1765 could hurt our ability to meet the obligations to the holders of these bonds, and also negatively impact the rating for any other bonds issued by this agency.

This bill significantly weakens MTA's position concerning property owners seeking relief, on the issue of benefit and challenges the validity of the existing districts. The provisions of AB 1765 are unnecessarily restrictive, especially since the bill only applies to the MTA. As written, AB 1765 is clearly inserting the state into the local decision-making process.

The bill also amends the assessment district formation process. However, these changes are of less concern since they would impact the formation of future districts. Proposition 218, passes by the voters in 1996, has already made the changes on new district formation as outlined in AB 1765.

MTA staff finds it curious that an Orange County legislator would write legislation that addresses a single public agency in Los Angeles County, the MTA. Staff recommends opposing this bill and will keep the Board informed of its progress.

BILL: AB 1776

AUTHOR: ASSEMBLYMAN TOM Mc CLINTOCK
(R-GRANADA HILLS)

SUBJECT: TRANSPORTATION GRIDLOCK EMERGENCY

STATUS: ASSEMBLY TRANSPORTATION COMMITTEE

ACTION: NEUTRAL

RECOMMENDATION

MTA staff recommends the Board of Directors remain neutral on AB 1776 until the bill is further defined and specific outstanding questions are answered.

PROVISIONS

- Existing laws allow the governor to proclaim a state of emergency under certain conditions. AB 1776 would add to those conditions a state of transportation gridlock emergency.

IMPACT ANALYSIS

Under a state of emergency the governor may exercise a number of powers and is exempted from complying with certain regulations in order to address the state of emergency. These powers include the ability to circumvent the California Environmental Quality Act (CEQA) and bypass current regulations regarding the contracting out of highway construction. By declaring a “state of transportation gridlock emergency,” the governor would be allowed to exercise those powers in order to construct new highways, highway lane miles or other unspecified remedial measures.

As currently written, the bill defines a state of transportation gridlock emergency as those conditions that require extraordinary state action including, but not limited to, constructing new highways or highway lanes, in order to relieve traffic congestion that presents a severe threat to the safety and economic well-being of any region in the state. This broad definition does not provide enough information to determine which sections of the highway system constitute a transportation gridlock emergency. The author has publicly stated that a transportation gridlock emergency would be those portions of the freeway system that experience level-F congestion or 3000 hours of delay per day. These conditions, however, are not in the actual language of the bill.

Staff recognizes that congestion in Los Angeles county is severe. However, the severity of congestion may not be consistent with the conditions typically requiring a state of emergency and may not warrant the broad exercise of powers resulting from that proclamation.

The state has also begun to address congestion relief through mechanisms that would expedite projects while not circumventing existing approval and review process. These include efforts to expedite project delivery through AB 1012 (Torlakson-1999) and proposals made by the governor to increase and expedite transportation project funding.

Staff, therefore, recommends that the MTA Board of Directors remain neutral on AB 1776 and work with the author to further define the state of transportation gridlock emergency and answer the following questions:

1. Would a state of transportation gridlock emergency allow the governor to bypass the environmental review process of the CEQA and NEPA?
2. Would the governor be allowed to circumvent the current constitutional requirements regarding the design and construction of the state highway system by Caltrans engineers?
3. Would the governor be allowed to bypass the existing project approval process for improvements to the state highway system?
4. Would the governor be allowed to reprogram funds from one project to another?
5. What are the specific conditions that would allow the governor to determine a state of transportation gridlock emergency?

**Executive Management Committee
February 17, 2000
Item #33 B.**

Motion

by

Directors James Cragin and Frank Roberts

Request that the Executive Management Committee take a “work with the author” position on AB 1303 similar to the position taken on the AB 1612.