

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: January 8, 2013

Reference No.: 4.1
Action

From: BIMLA G. RHINEHART
Executive Director

Subject: **STATE AND FEDERAL LEGISLATION**

ISSUE:

- 1.) Does the California Transportation Commission (Commission) have comments to the legislation identified and monitored by staff? The State Legislature convened on December 3, 2012 for an organizational session and returned from winter recess on January 7, 2013 to begin the first year of a new two-year session. Attachment A of this book item provides a tentative schedule and Attachment B provides a list of legislation staff is monitoring.
- 2.) Should the Commission adopt a support position on Senate Constitutional Amendment (SCA) 4 by Senator Liu and SCA 8 by Senator Corbett? SCA 4 and 8 would provide that the imposition, extension, or increase of a special tax by a local government for the purpose of providing funding for transportation projects would require the approval of 55% of its voters.

RECOMMENDATION:

Staff recommends that the Commission:

- 1.) Accept the staff report and provide direction to staff on legislation of interest to it.
- 2.) Adopt the following positions:
 - SCA 4 - Support
 - SCA 8 – Support

SUMMARY:

SCA 4 (Liu) – Local government transportation projects: special taxes: voter approval

This measure would provide that the imposition, extension, or increase of a special tax by a local government for the purpose of providing funding for local transportation projects requires the approval of 55% of its voters voting on the proposition. The measure would also make conforming and technical, non-substantive changes.

Bill Status: Introduced December 3, 2012. Not yet in Committee.

SCA 8 (Corbett) – Transportation projects: special taxes: voter approval

This measure would provide that the imposition, extension, or increase of a special tax by a local government for the purpose of providing funding for transportation projects requires the approval of 55% of its voters voting on the proposition. The measure would also make conforming and technical, non-substantive changes.

Bill Status: Introduced December 14, 2012. Not yet in Committee.

Several counties are giving serious consideration to new transportation sales tax measures to help fund critical transportation needs, but prospects for success are slim in the face of a two-thirds voter approval requirement. Many small counties have won majority votes for local transportation improvement sales taxes, but were unable to make the two-thirds requirement. SCA 4 and SCA 8 both seek to provide counties with the ability to raise funding for transportation projects through a majority vote. SCA 4 specifies the use of funding for local transportation projects and SCA 8 specifies the use of funding for transportation projects. As a result of both measures, local-initiated funding would reduce highway congestion, improve public transportation, and assist in funding critical transportation needs of the state. The loss of local sales tax as a viable revenue source for transportation purposes will only increase the funding burden on the state.

Draft letters for the Commission Chair's signature are provided in Attachments C and D, along with copies of the constitutional amendments.

BACKGROUND:

The Commission approved criteria to guide Commission staff in monitoring legislation and selecting bills that should be brought forward for Commission consideration. An over-arching criterion is that a bill must directly affect transportation on a statewide basis. Bills meeting one or more of the criteria, provided below, will be brought forward to the Commission for consideration.

- Funding/Financing - funding or a funding mechanism for transportation (capital and operations)
- Environmental Mitigation - implementation of greenhouse gas emissions reduction and transportation (e.g., AB 32), and/or involve the environmental process and transportation (e.g., CEQA)
- Planning - implementation of transportation and land use planning (e.g., SB 375)
- Project Delivery - changes to the way transportation projects are delivered

Additional criteria for bringing a bill forward include:

- Direct Impact to Commission - changes in Commission responsibility, policy impact or operations
- Commissioner Request - recommended by a Commissioner for consideration by the Commission at its next regularly scheduled meeting

The Commission adopted policy to consider legislation in relation to its overall policy by topic area, prior to taking a position on legislation addressing that topic; and remain selective in its use of watch, support or opposition on a bill. The rationale for a policy by topic area is it permits the Commission to address a suite of legislative proposals dealing with the same topic by commenting

to the author(s) without necessarily taking a position. Rather than taking specific positions on bills in their initial state, the Commission can advise the Legislature on a bill's policy and/or technical aspects, as well as how it helps or hinders transportation. The intent of the Commission's comments is to alert the author of the bill's impact on a policy and/or technical aspect related to transportation planning, programming, financing, mitigation, or project delivery.

Further direction will be provided to staff, by the Chair, on bills that meet the aforementioned criteria.

Attachments

- A – 2013 Tentative Legislative Schedule
- B – Status of State and Federal Legislation
- C – SCA 4 Draft Letter of Support and Constitutional Amendment
- D – SCA 8 Draft Letter of Support and Constitutional Amendment

2013 TENTATIVE LEGISLATIVE CALENDAR

January 7	Legislature reconvenes (first-year of new two-year session begins)
February 22	Last day for bills to be introduced
March 21	Spring Recess
April 1	Legislature reconvenes from Spring Recess
April 26	Last day for policy committees to hear and report to fiscal committees fiscal bills introduced in their house
May 10	Last day for policy committees to meet and report to the floor non-fiscal bills introduced in their house
May 17	Last day for policy committees to meet prior to June 3
May 24	Last day for fiscal committees to meet and report to the floor bills introduced in their house
May 24	Last day for fiscal committees to meet prior to June 3
May 31	Last day for bills to pass out of house of origin
June 15	Budget Bill must pass by midnight
July 3	Summer Recess begins on adjournment provided Budget Bill has been passed
August 5	Legislature reconvenes from Summer Recess
August 9	Last day for policy committees to hear and report to fiscal committees fiscal bills
August 16	Last day for policy committees to hear and report to the floor non-fiscal bills
August 30	Last day for fiscal committees to hear and report bills
September 6	Last day to amend bills on the floor
September 13	Last day for any bill to be passed
September 13	Interim Recess begins on adjournment
October 13	Last day for Governor to sign or veto bills passed by the Legislature on or before September 13 and in the Governor's possession after September 13

CALIFORNIA TRANSPORTATION COMMISSION

Status of State Legislation

January 8, 2013 Commission Meeting

New Legislation Introduced**FUNDING/FINANCING**

Bill #	Author	Bill Title	Subject	Status
<u>SCA 4</u>	Liu	Local Government Transportation Projects: Special Taxes: Voter Approval	This measure would provide that the imposition, extension, or increase of a special tax by a local government for the purpose of providing funding for local transportation projects requires the approval of 55% of its voters voting on the proposition. The measure would also make conforming and technical, non-substantive changes.	<i>Last Action</i> Introduced in Senate December 3, 2012 <i>Current Location</i> Not yet assigned to committee
<u>SCA 6</u>	DeSaulnier and Wolk	Initiative Measures: Funding Source	This measure would prohibit an initiative measure that would result in a net increase in state or local government costs, other than costs attributable to the issuance, sale or repayment of bonds, from being submitted to the electors or having any effect unless and until the Legislative Analyst and the Director of Finance jointly determine that the initiative measure provides for additional revenues in an amount that meets or exceeds the net increase in costs.	<i>Last Action</i> Introduced in Senate December 3, 2012 <i>Current Location</i> Not yet assigned to committee
<u>SCA 8</u>	Corbett	Transportation Projects: Special Taxes: Voter Approval	This measure would provide that the imposition, extension, or increase of a special tax by a local government for the purpose of providing funding for transportation projects requires the approval of 55% of its voters voting on the proposition. The measure would also make conforming and technical, non-substantive changes.	<i>Last Action</i> Introduced in Senate December 14, 2012 <i>Current Location</i> Not yet assigned to committee
<u>HR 6662</u>	Blumenauer	Motor Vehicle Fuel Tax Alternative Pilot Program	Directs the Secretary of the Treasury to establish a pilot program to study alternatives to the current system of taxing motor vehicle fuels, including systems based on the number of miles traveled by each vehicle. Staff is awaiting full text of the bill to become available.	<i>Last Action</i> Introduced in House December 13, 2012 <i>Current Location</i> House Committee on Science, Space and Technology

DIRECT IMPACT TO COMMISSION

Bill #	Author	Bill Title	Subject	Status
<u>AB 14</u>	Lowenthal	State Freight Plan	This bill would require the Business Transportation and Housing Agency (Agency) to prepare a state freight plan with specified elements to govern the immediate and long-range planning activities and capital investments of the state with respect to the movement of freight. The bill also requires the Agency to establish a freight advisory committee which will include participation from the Commission. The initial state freight plan would be submitted to the Legislature, the Governor, and certain state agencies, including the Commission, by December 31, 2014, and updated every 5 years thereafter	<i>Last Action</i> Introduced in Senate December 3, 2012 <i>Current Location</i> Not yet assigned to committee
<u>SCA 1</u>	Wyland	State Auditor: Duties	This measure would require the California State Auditor to biennially conduct a specified financial audit and performance evaluation of each state program, including the administration or oversight of that program by the department or agency that is responsible for the program, and submit a report of the results of that financial audit and performance evaluation to the Legislature, as prescribed. This measure would require the committee that considers the budget in each house of the Legislature to meet and consider recommendations made in each performance evaluation within 90 days of submission by the California State Auditor. This measure would require the California State Auditor to make each financial audit and performance evaluation available to the public on an Internet Web site and in hardcopy format and require the Legislature to appropriate to the California State Auditor's Office funds as necessary to implement these provisions	<i>Last Action</i> Introduced in Senate December 3, 2012 <i>Current Location</i> Not yet assigned to committee

JOSEPH TAVAGLIONE, Chair
 JAMES C. GHIELMETTI, Vice Chair
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 JAMES WARING

STATE OF CALIFORNIA

EDMUND G. BROWN Jr., Governor



SENATOR MARK DESAULNIER, Ex Officio
 ASSEMBLY MEMBER BONNIE LOWENTHAL, Ex Officio

BIMLA G. RHINEHART, Executive Director

CALIFORNIA TRANSPORTATION COMMISSION

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January 14, 2013

The Honorable Carol Liu
 Member of the Senate
 State Capitol, Room 5061
 Sacramento, CA 95814

Re: Support Senate Constitutional Amendment (SCA) 4

Dear Senator Liu:

As part of its statutory charge, the California Transportation Commission (Commission) advises the Administration and the Legislature in formulating and evaluating state policies and plans for California's transportation programs. I am writing to inform you that the Commission, at its January 8, 2013 meeting, adopted a support position on SCA 4. The Commission applauds your leadership on this issue in light of our dwindling resources and growing transportation system demands.

The useful life of the existing system, which represents decades of major investments, is placed at risk due to the lack of necessary funding to meet basic maintenance, operation and rehabilitation needs. Congestion in urban areas, safety and unexpected delays in rural areas, and growing challenges of freight movement are only a few examples of the compelling issues facing California's transportation agencies. Our existing transportation system continues to deteriorate while demand increases, adversely affecting mobility, commerce, quality of life, the environment and the operational efficiency of key transportation assets.

Sales tax investments, directed towards local transportation needs, have proven to provide tremendous benefit to the overall state transportation system. Funds generated from sales tax measures serve to reduce congestion, improve public transportation, and enable local governments to better address the critical transportation needs of the state. The Commission is concerned that passing new or extending existing transportation sales tax measures in the face of a two-thirds voter approval requirement has proven difficult. Therefore, to promote locally-initiated funding directed to transportation needs, it is important that local governments have the ability to raise funding for transportation projects through a majority vote as proposed in SCA 4.

The Honorable Carol Liu
January 14, 2013
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If you have any questions, please call the Commission's Executive Director, Ms. Bimla Rhinehart, at 916-654-4245.

Sincerely,

Original Signed Electronically

JOSEPH TAVAGLIONE
Chair

c: The Honorable Bonnie Lowenthal, Assembly Transportation Committee Chair
The Honorable Mark DeSaulnier, Senate Transportation and Housing Committee Chair
California Transportation Commissioners

DRAFT

Senate Constitutional Amendment**No. 4****Introduced by Senator Liu**

December 3, 2012

Senate Constitutional Amendment No. 4—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 4 of Article XIII A thereof, and by amending Section 2 of Article XIII C thereof, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SCA 4, as introduced, Liu. Local government transportation projects: special taxes: voter approval.

The California Constitution conditions the imposition of a special tax by a city, county, or special district upon the approval of $\frac{2}{3}$ of the voters of the city, county, or special district voting on that tax, except that certain school entities may levy an ad valorem property tax for specified purposes with the approval of 55% of the voters within the jurisdiction of these entities.

This measure would provide that the imposition, extension, or increase of a special tax by a local government for the purpose of providing funding for local transportation projects requires the approval of 55% of its voters voting on the proposition. The measure would also make conforming and technical, nonsubstantive changes.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

- 1 *Resolved by the Assembly, the Senate concurring,* That the
- 2 Legislature of the State of California at its 2011–12 Regular
- 3 Session commencing on the sixth day of December 2010,
- 4 two-thirds of the membership of each house concurring, hereby

SCA 4

— 2 —

1 proposes to the people of the State of California that the
2 Constitution of the State be amended as follows:

3 First—That Section 4 of Article XIII A thereof is amended to
4 read:

5 Section 4. ~~Cities, Counties and special districts, Except as~~
6 ~~otherwise provided by Section 2 of Article XIII C, a city, county,~~
7 ~~or special district, by a two-thirds vote of the qualified electors of~~
8 ~~such district its voters voting on the proposition, may impose~~
9 ~~special taxes on such district a special tax within that city, county,~~
10 ~~or special district, except an ad valorem taxes tax on real property~~
11 ~~or a transaction transactions tax or sales tax on the sale of real~~
12 ~~property within such City, County that city, county, or special~~
13 ~~district.~~

14 Second—That Section 2 of Article XIII C thereof is amended
15 to read:

16 SEC. 2. ~~Local Government Tax Limitation.~~ Notwithstanding
17 any other provision of this Constitution:

18 (a) ~~All taxes—A tax imposed by any local government shall be~~
19 ~~deemed to be is either a general taxes tax or a special taxes. Special~~
20 ~~purpose districts tax. A special district or agencies agency,~~
21 ~~including a school districts, shall have district, has no power~~
22 ~~authority to levy a general taxes tax.~~

23 (b) ~~No—A local government may shall not~~ impose, extend, or
24 increase any general tax unless and until that tax is submitted to
25 the electorate and approved by a majority vote. A general tax ~~shall~~
26 ~~is not be~~ deemed to have been increased if it is imposed at a rate
27 not higher than the maximum rate so approved. The election
28 required by this subdivision shall be consolidated with a regularly
29 scheduled general election for members of the governing body of
30 the local government, except in cases of emergency declared by
31 a unanimous vote of the governing body.

32 (c) Any general tax imposed, extended, or increased, without
33 voter approval, by any local government on or after January 1,
34 1995, and prior to the effective date of this article, ~~shall may~~
35 continue to be imposed only if *that general tax is* approved by a
36 majority vote of the voters voting in an election on the issue of the
37 imposition, which election ~~shall be is~~ held ~~within two years of the~~
38 ~~effective date of this article no later than November 6, 1998, and~~
39 in compliance with subdivision (b).

1 (d) ~~No~~(1) *Except as otherwise provided in paragraph (2), a*
2 *local government may shall not impose, extend, or increase any*
3 *special tax unless and until that tax is submitted to the electorate*
4 *and approved by a two-thirds vote of the voters voting on the*
5 *proposition. A special tax shall-is not-be deemed to have been*
6 *increased if it is imposed at a rate not higher than the maximum*
7 *rate so approved.*

8 (2) *The imposition, extension, or increase of a special tax by a*
9 *local government for the purpose of providing funding for local*
10 *transportation projects under its jurisdiction, as may otherwise*
11 *be authorized by law, requires the approval of 55 percent of the*
12 *voters voting on the proposition. A special tax for the purpose of*
13 *providing funding for local transportation projects is not deemed*
14 *to have been increased if it is imposed at a rate not higher than*
15 *the maximum rate previously approved in the manner required by*
16 *law. The Legislature shall define local transportation projects for*
17 *purposes of this paragraph.*

JOSEPH TAVAGLIONE, Chair
 JAMES C. GHIELMETTI, Vice Chair
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 DARIUS ASSEMI
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January 14, 2013

The Honorable Ellen M. Corbett
 Member of the Senate
 State Capitol, Room 313
 Sacramento, CA 95814

Re: Support Senate Constitutional Amendment (SCA) 8

Dear Senator Corbett:

As part of its statutory charge, the California Transportation Commission (Commission) advises the Administration and the Legislature in formulating and evaluating state policies and plans for California's transportation programs. I am writing to inform you that the Commission, at its January 8, 2013 meeting, adopted a support position on SCA 8. The Commission applauds your leadership on this issue in light of our dwindling resources and growing transportation system demands.

The useful life of the existing system, which represents decades of major investments, is placed at risk due to the lack of necessary funding to meet basic maintenance, operation and rehabilitation needs. Congestion in urban areas, safety and unexpected delays in rural areas, and growing challenges of freight movement are only a few examples of the compelling issues facing California's transportation agencies. Our existing transportation system continues to deteriorate while demand increases, adversely affecting mobility, commerce, quality of life, the environment and the operational efficiency of key transportation assets.

Sales tax investments, directed towards local transportation needs, have proven to provide tremendous benefit to the overall state transportation system. Funds generated from sales tax measures serve to reduce congestion, improve public transportation, and enable local governments to better address the critical transportation needs of the state. The Commission is concerned that passing new or extending existing transportation sales tax measures in the face of a two-thirds voter approval requirement has proven difficult. Therefore, to promote locally-initiated funding directed to transportation needs, it is important that local governments have the ability to raise funding for transportation projects through a majority vote as proposed in SCA 8.

The Honorable Ellen M. Corbett
January 14, 2013
Page 2

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Sincerely,

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JOSEPH TAVAGLIONE
Chair

c: The Honorable Bonnie Lowenthal, Assembly Transportation Committee Chair
The Honorable Mark DeSaulnier, Senate Transportation and Housing Committee Chair
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DRAFT

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The California Constitution conditions the imposition of a special tax by a city, county, or special district upon the approval of $\frac{2}{3}$ of the voters of the city, county, or special district voting on that tax, except that certain school entities may levy an ad valorem property tax for specified purposes with the approval of 55% of the voters within the jurisdiction of these entities.

This measure would provide that the imposition, extension, or increase of a special tax by a local government for the purpose of providing funding for transportation projects requires the approval of 55% of its voters voting on the proposition. The measure would also make conforming and technical, nonsubstantive changes.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

- 1 *Resolved by the Senate, the Assembly concurring,* That the
- 2 Legislature of the State of California at its 2013–14 Regular
- 3 Session commencing on the third day of December 2012,
- 4 two-thirds of the membership of each house concurring, hereby

1 proposes to the people of the State of California that the
2 Constitution of the State be amended as follows:

3 First—That Section 4 of Article XIII A thereof is amended to
4 read:

5 Section 4. ~~Cities, Counties and special districts, Except as~~
6 ~~otherwise provided by Section 2 of Article XIII C, a city, county,~~
7 ~~or special district, by a two-thirds vote of the qualified electors of~~
8 ~~such district its voters voting on the proposition, may impose~~
9 ~~special taxes on such district a special tax within that city, county,~~
10 ~~or special district, except an ad valorem taxes tax on real property~~
11 ~~or a transaction transactions tax or sales tax on the sale of real~~
12 ~~property within such City, County that city, county, or special~~
13 ~~district.~~

14 Second—That Section 2 of Article XIII C thereof is amended
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16 SEC. 2. ~~Local Government Tax Limitation.~~ Notwithstanding
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20 ~~purpose districts tax. A special district or agencies agency,~~
21 ~~including a school districts, shall have district, has no power~~
22 ~~authority to levy a general taxes tax.~~

23 (b) ~~No—A local government may shall not~~ impose, extend, or
24 increase any general tax unless and until that tax is submitted to
25 the electorate and approved by a majority vote. A general tax ~~shall~~
26 ~~is not be~~ deemed to have been increased if it is imposed at a rate
27 not higher than the maximum rate so approved. The election
28 required by this subdivision shall be consolidated with a regularly
29 scheduled general election for members of the governing body of
30 the local government, except in cases of emergency declared by
31 a unanimous vote of the governing body.

32 (c) Any general tax imposed, extended, or increased, without
33 voter approval, by any local government on or after January 1,
34 1995, and prior to the effective date of this article, ~~shall may~~
35 continue to be imposed only if *that general tax is* approved by a
36 majority vote of the voters voting in an election on the issue of the
37 imposition, which election ~~shall be is~~ held ~~within two years of the~~
38 ~~effective date of this article no later than November 6, 1998, and~~
39 in compliance with subdivision (b).

1 (d) ~~No~~(1) *Except as otherwise provided in paragraph (2), a*
2 *local government may shall not impose, extend, or increase any*
3 *special tax unless and until that tax is submitted to the electorate*
4 *and approved by a two-thirds vote of the voters voting on the*
5 *proposition. A special tax shall-is not-be deemed to have been*
6 *increased if it is imposed at a rate not higher than the maximum*
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8 (2) *The imposition, extension, or increase of a special tax by a*
9 *local government for the purpose of providing funding for*
10 *transportation projects under its jurisdiction, as may otherwise*
11 *be authorized by law, requires the approval of 55 percent of the*
12 *voters voting on the proposition. A special tax for the purpose of*
13 *providing funding for transportation projects is not deemed to*
14 *have been increased if it is imposed at a rate not higher than the*
15 *maximum rate previously approved in the manner required by law.*
16 *The Legislature shall define transportation projects for purposes*
17 *of this paragraph.*