



S A C O G

SACOG Board of Directors

Item #06-6-11
Action

June 8, 2006

Consideration of AB 2873 (Wolk) - Increase in Transportation Development Act (TDA) Funding

Issue: Should SACOG take a position on AB 2873 (Wolk), which would increase the current Transportation Development Act (TDA) sales tax authority from ¼% to ½%?

Recommendation: The Legislation & Public Affairs Committee recommends that the SACOG Board of Directors take a SUPPORT position on AB 2873, which would enable counties to increase the TDA sales tax rate from ¼% to ½%, with 2/3 voter approval.

Committee Action/Discussion: Existing law - Government Code Section 29530 - allows counties or cities within a county to impose local sales taxes, and further requires - Revenue & Taxation Code Section 7203 - counties to contract with the State Board of Equalization to deposit ¼% of such sales taxes into a Local Transportation Fund, under the Transportation Development Act of 1971, once the Board of Supervisors approved the TDA tax. All 58 counties activated TDA by 1972; since then, Propositions 13 and 218 have imposed voter-approval requirements on local taxes. Statutes require that TDA funds be spent for transit services in urbanized areas greater than 500,000 population, and in other areas allow funds to be spent for streets and roads once a finding has been made that all transit services that are reasonable to meet are being provided, with set asides available for bicycle projects, administration, and planning.

AB 2873 would increase the TDA authorization from ¼% to ½%, subject to the requirements of State Constitution Article XIII C (from Propositions 13 and 218). This bill is essentially the same bill as SB 1020 (Migden) from 2005, except that the new author, Assemblywoman Lois Wolk, acknowledges in the bill that an action by a County Board of Supervisors to raise the TDA tax rate would require ratification by 2/3 of voters in the next election (which the previous author, Senator Carol Migden, would not do). The Legislation & Public Affairs Committee and the Board considered the previous bill (SB 1020) twice, and ultimately the Board took no position on that bill because of divisions over whether the bill should specify 2/3 voter approval; SB 1020 failed passage in 2005 over the same issue. In considering the bill, the Board asked for clarifying information, as follows: the bill would apply only countywide, and the term “city and county” specifically means the City and County of San Francisco; the bill would not change current law that designates the regional agency, upon application, to disburse TDA funds to the agencies that expend them; the bill would also not change the current designated uses for TDA funds; and, in the present version, the bill would require 2/3 voter approval as an increase in a special tax.

The Legislative Committee and Board framed the key issue simply last year: if there are transportation needs that this tax could fulfill, and local option is a desirable means toward that end, then SACOG should support the bill. The 2/3 voter-approval provisions should no longer be an issue. Staff characterizes this as one of the most significant transportation bills this year, offering an option to relieve beleaguered transit budgets that will come under increased pressure if the transportation bonds pass in November and provide \$3.6 billion to expand transit service with no accompanying means to provide the necessary operating funds. AB 2873 passed the Assembly 43-37, and awaits policy and fiscal committee hearing assignments in Senate Rules Committee. The California Transit Association sponsored and supports the bill, as do MTC (Metropolitan Transportation Commission, in the Bay Area) and various transit operators, and the Jarvis Taxpayers group opposes it.

Approved by:

Mike McKeever
Executive Director
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Attachments

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