

B I L L R E F E R R A L

DATE: COMMITTEE ACTION: _____

TO: DATE: _____

FROM:

REPLY NO LATER THAN:

A.B. ~~S.B.~~ SCA 12 Relating to Motor Vehicle Fuel Revenue

STATUS: Passed Senate; pending committee assignment in Assembly

Please review the attached measure to determine its effect upon the City of Sacramento and complete the following questions as appropriate. During your analysis of this measure, if questions arise, please feel free to contact me at X5346. This questionnaire should be returned to me for presentation to the Council Committee on Law and Legislation. PLEASE LEAVE THE BILL ATTACHED TO THIS FORM.

PLEASE TYPE YOUR RESPONSE

1. Briefly describe the provisions of the bill (attach additional sheets if necessary). SCA 12 would amend the California Constitution to permit gasoline tax funds to be exempted from the Gann appropriation limit.

2. Should this measure be: (Please circle desired position)

- Supported Opposed Supported if Amended
- Placed on Watch List Other (explain)

3. Please explain your reasons for the above determination, including how this measure affects your Department and the fiscal impact of this measure to the City. (Your analysis will be used in communicating with the Governor and the Legislature, so please make your comments in a format that can be used in a letter to those officials.) (Attach additional sheets if necessary.)

Without this measure, there can never be another state gas tax increase to be shared with cities and counties to provide much needed street and road repairs. Gas taxes are constitutionally defined for a specific program area (transportation) and SCA 12 would define them as "user fees". Without this bill, highway programs would be considered in the same context as general funded programs, which is inconsistent with the philosophy of dedicating

3. specific revenues to a program area. The need for a long-term funding solution in the transportation area is pressing and this constitutional amendment is an important step toward developing a revenue package.

4. Specify the City's legislative policy guideline(s) applicable to this measure (if any).

5. If this measure could be amended to either improve its favorable aspects or to minimize its adverse aspects, which amendments would you propose?

No amendments proposed

6. List known support or opposition to this measure by groups with which you are familiar and include addresses and phone numbers, if known. League of California Cities position:

Support: League of California Cities
Californians for Better Transportation

Opposition: Unknown

7. Does this bill involve a State-mandated local program? If so, does the bill contain an S.B. 90 waiver, or an appropriation for allocation and disbursement to local agencies pursuant to Revenue and Taxation Code Section 2231?

No

8. Using a rating scale of 1 to 10 (with 10 as the most important), how important do you think this bill is to the City of Sacramento?

8

AMENDED IN SENATE JANUARY 29, 1986

Senate Constitutional Amendment

No. 12

Introduced by Senator Foran

(Coauthors: Senators Alquist, Bergeson, Beverly, Boatwright, Deddeh, Ellis, Keene, Morgan, Nielsen, Roberti, Seymour, Torres, and Vuich)

(Coauthor: Assembly Member Vasconcellos)

January 30, 1985

Senate Constitutional Amendment No. 12—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Sections 1 and 3 of, and by adding Section 10 to, Article XIX thereof, relating to motor vehicle revenues.

LEGISLATIVE COUNSEL'S DIGEST

SCA 12, as amended, Foran. Motor vehicle fuel revenues: ~~counties~~; expenditures.

(1) Under Article XIX of the California Constitution, revenues from state-imposed taxes on motor vehicle fuels may only be used for public street and highway purposes and for exclusive public mass transit guideway purposes, except that the revenues may not be used for guideway purposes, other than research and planning, in any area until that use is ~~approved~~ *approved* by the voters in the area.

This measure would *additionally* restrict the use of revenues from taxes on motor vehicle fuels which are not state imposed to ~~only~~ public street and highway purposes *and guideway purposes*. The measure would allow the Legislature to authorize counties to impose a tax on motor vehicle fuels only for public street and highway purposes.

(2) Section 4 of Article XIII A of the California Constitution requires a county to obtain the approval of $\frac{2}{3}$ of its qualified electors before it may impose a special tax, except

that no real property ad valorem tax or real property transaction or sales tax may be imposed. The section does not require the county to obtain the approval of its qualified electors before imposing a tax for general governmental purposes.

This measure would authorize a county, pursuant to statutory authorization and without the approval of its qualified electors, to impose a tax on motor vehicle fuels by a $\frac{2}{3}$ vote of its board of supervisors.

~~(3)~~

(2) Since 1974, a provision of the California Constitution has required the Legislature in allocating revenues derived from state-imposed taxes on motor vehicle fuels and state-imposed taxes and fees on vehicles for highway and guideway purposes, to do so in a manner which ensures the continuance of the then existing allocation formulas until the Legislature determines that another basis for the distribution of those revenues exists. The Legislature has revised the allocation formulas.

This measure would delete that now obsolete limitation.

(3) Article XIII B of the California Constitution imposes limitations on annual appropriations of the state and local governments and requires a return of any revenues received by a governmental entity which is in excess of that entity's appropriations limit. That article requires the appropriations limit to be decreased if the financial responsibility for a service or program is transferred from taxes to user fees.

This measure would deem that, for those purposes, revenues derived from taxes on motor vehicle fuels, and fees and taxes on vehicles or the use or operation of vehicles, are "user fees" and would, commencing on that July 1 following the adoption of the measure, require the appropriations limit of any governmental entity to be decreased according to the above requirement of Article XIII B.

(4) The measure would make other related changes.

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

1 *Resolved by the Senate, the Assembly concurring, That*
2 the Legislature of the State of California at its 1985-86
3 Regular Session commencing on the third day of
4 December, 1984, two-thirds of the members elected to
5 each of the two houses of the Legislature voting therefor,
6 hereby proposes to the people of the State of California
7 that the Constitution of the State be amended as follows:

8 First—That Section 1 of Article XIX thereof be
9 amended to read:

10 SECTION 1. (a) Except as provided in subdivision
11 (b), revenues from taxes imposed on motor vehicle fuels
12 for use in motor vehicles upon public streets and
13 highways, over and above the costs of collection and any
14 refunds authorized by law, shall be used for the research,
15 planning, construction, improvement, maintenance, and
16 operation of public streets and highways (and their
17 related public facilities for nonmotorized traffic),
18 including the mitigation of the environmental effects of,
19 the payment for property taken or damaged for, and the
20 administrative costs necessarily incurred for public
21 streets and highways.

22 (b) The revenues from the taxes specified in
23 subdivision (a) ~~that are imposed by the state~~ may also be
24 used for (1) the research, planning, construction, and
25 improvement of exclusive public mass transit guideways
26 (and their related fixed facilities), including the
27 mitigation of the environmental effects thereof, the
28 payment for property taken or damaged therefor, and
29 the administrative costs necessarily incurred therefor,
30 and (2) the maintenance of the structures and the
31 immediate right-of-way for exclusive public mass transit
32 guideways, but excluding the maintenance and operating
33 costs for mass transit power systems and mass transit
34 passenger facilities, vehicles, equipment, and services.

35 Second—That Section 3 of Article XIX thereof be
36 amended to read:

37 SEC. 3. The Legislature shall provide for the
38 allocation of the revenues from taxes specified in Sections
39 1 and 2 of this article imposed by the state to be used for
40 the purposes specified in Section 1 of this article in a

1 manner which ensures the continuance of existing
 2 statutory allocation formulas for cities, counties, and areas
 3 of the state, until it determines that another basis for an
 4 equitable, geographical, and jurisdictional distribution
 5 exists. Until that determination is made, any use of these
 6 revenues for purposes specified in subdivision (b) of
 7 Section 1 of this article by or in a city, county, or area of
 8 the state shall be included within the existing statutory
 9 allocations to, or for expenditure in, that city, county, or
 10 area. Any future statutory revisions shall provide for that
 11 the allocation of these revenues, together with other
 12 similar state revenues, in a manner which gives equal
 13 consideration to the transportation needs of all areas of
 14 the state and all segments of the population consistent
 15 with the orderly achievement of the adopted local,
 16 regional, and statewide goals for ground transportation in
 17 local general plans, regional transportation plans, and the
 18 California Transportation Plan.

19 Third—That Section 10 be added to Article XIX
 20 thereof, to read:

21 **SEC. 10.** (a) The Legislature may authorize counties

22 *SEC. 10. Commencing on that July 1 following*
 23 *adoption of this section, for purposes of Article XIII B,*
 24 *revenues subject to this article shall be deemed user fees*
 25 *and the appropriations limit of any entity of government*
 26 *shall be adjusted accordingly pursuant to subdivision (b)*
 27 *of Section 3 of Article XIII B.*

28 to impose a tax on motor vehicle fuels for use in motor
 29 vehicles upon public streets and highways only for the
 30 purposes specified in subdivision (a) of Section 1 of this
 31 article, including the costs of collection of the tax and any
 32 refunds authorized by law.

33 (b) Notwithstanding any other provision of this
 34 constitution, a county, pursuant to statutory
 35 authorization, may impose a tax on motor vehicle fuels by
 36 a two-thirds vote of its board of supervisors.

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Transportation News

Californians for Better Transportation

... Working Together to Keep Californians on the Move

CALIFORNIANS FOR BETTER TRANSPORTATION

MARCH 1986

SCA 12 Passes Appropriations; Full Senate Approval Expected

The Senate Appropriations Committee has unanimously passed and sent to the Floor SCA 12, a proposed constitutional amendment by Sen. John Foran (D-San Francisco) which would exempt gas taxes and other user fees from the spending limits imposed by the Gann Amendment.

Quick passage by the Senate is expected. Substantial difficulties are predicted in the Assembly.

Introduced last year as part of a transportation financing package with SB 290 and SB 300, SCA 12 was amended late January in an effort to save California street, highway and transit programs from the unintended fury of the Gann Amendment.

In 1979, tax crusader Paul Gann succeeded in obtaining passage of his "Spirit of 13" amendment (Proposition 4) which said that state and local government spending could increase only as fast as inflation and population growth.

It's taken six years, but the State of California has finally joined many local communities in reaching its "Gann limit", thus making state budget politics into the worst kind of "zero-sum" game. Programs that previously were independent of one another, education and transportation for example, now are put into the situation that any increases for education must be met by reductions in other programs, such as road maintenance.

Transportation in California is not a general fund program. It is funded by user fees generated by the sale of gasoline and other services, and for 50 years has been treated separately by Article 19 of the state constitution.

SCA 12 would make this distinction clear. It would clarify the purpose of gasoline and related taxes as "user fees", and leave intact the intent of the Gann amendment, i.e. to hold the size and growth of government in check. Bridge tolls and development fees, for example, were exempted by the Gann Amendment from the very beginning.

Californians for Better Transportation will be leading the effort to secure passage of SCA 12, and we would encourage all our members to support this important legislation as well. With the multi-billion dollar needs faced by highways, streets & transit in California, and with the fact that no help is coming from Washington, we need to do everything we can to help ourselves, and SCA 12 represents that essential first step.