

Date of Hearing: April 23, 2025

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

AB 1223 (Nguyen and Krell) – As Amended April 1, 2025

SUBJECT: Local Transportation Authority and Improvement Act: Sacramento Transportation Authority.

SUMMARY: Makes changes to the Sacramento Transportation Authority's (STA's) ability to impose a transactions and use tax (TUT), the allowable expenditures an expenditure plan STA can contain, and designates STA as a "regional transportation agency" (RTA) for the purposes of developing and operating toll lanes and toll facilities. Specifically, **this bill:**

- 1) Defines the following terms for the purpose of this bill:
 - a) "Active Transportation" to mean infrastructure facilities or services that encourage increased use of active modes of transportation, such as biking and walking.
 - b) "Authority" to mean STA.
 - c) "Expenditure plan" to mean a county transportation expenditure plan adopted in connection with a TUT ordinance, as specified.
 - d) "Governing board" to mean the governing board of STA.
 - e) "Member" or "member of the governing board" to mean an individual county supervisor or city council member who has been appointed to the governing board, or their alternate.
 - f) "Ordinance" to mean a TUT ordinance authorized pursuant to existing law.
- 2) Designates STA as a "RTA" for the purposes of applying to the California Transportation Commission (CTC) to develop and operate toll lanes or other toll facilities.
- 3) Specifies that if submitting an application to the CTC to develop and operate high-occupancy toll lanes or other toll facilities, STA shall include in its application information from other RTAs in the County of Sacramento regarding existing or planned high-occupancy toll lanes or other toll facilities.
- 4) Provides that the allowable expenditure categories set forth in existing law shall include the construction, modernization, and improvement of infrastructure that supports infill or transit-oriented development and would reduce vehicle miles traveled (VMT).
- 5) Defines infrastructure for 4), above, to mean any of the following:
 - a) Transportation facilities for public use, including active transportation, streets or highways, public transit, or passenger rail.
 - b) Utilities, including energy-related, communication-related, water-related, stormwater-related, and wastewater-related facilities or infrastructure.

- 6) Provides that an ordinance and corresponding expenditure plan may be imposed by the authority in a geographic area that comprises less than the total area of Sacramento County, including its incorporated cities, subject to specific guidelines.
- 7) Requires an ordinance and expenditure plan described in 6), above, to be adopted by at least two-thirds vote of the total membership of the governing board.
- 8) Specifies that an ordinance described in 6), above, shall be subject to voter approval by the electors in the area to which the TUT applies.
- 9) Provides that if an ordinance and expenditure plan for a portion of Sacramento County are approved, as specified, all subsequent governing board decisions and actions related to implementation of that ordinance and expenditure plan, including an action to amend the expenditure plan, shall be made by a majority of both of the following:
 - a) Those members representing the city or cities subject to the ordinance, if any.
 - b) All members appointed from the board of supervisors.
- 10) Specifies that the governing board shall determine the area to which the TUT would apply before the electors vote on the measure. If the TUT only applies to a portion of the county, all of the following shall apply:
 - a) The incorporated area of a city within the county shall either be wholly included or wholly excluded from the area to be taxed.
 - b) The unincorporated area of the county shall either be wholly included or wholly excluded from the area to be taxed.
 - c) The area to be to be taxed shall include at least the incorporated area from two cities or the incorporated area from one city and the unincorporated area from the county.
- 11) Provides that the revenues derived from the TUT shall be spent within, or for the benefit of, the portion of the county to which the tax applies. Any revenues derived from the TUT shall supplement, and not supplant, other transportation revenues available to the portion of the county to which the TUT applies.
- 12) Specifies that an expenditure plan applicable to a portion of the county shall not be adopted until it has received the approval of the board of supervisors and of the city councils representing both a majority of the cities included within the area subject to the TUT and a majority of the population residing in the unincorporated areas subject to the TUT.
- 13) Provides that, unless otherwise stated in this bill, the other provisions in existing law that apply to an ordinance and expenditure plan shall also apply to an ordinance and expenditure plan applicable to a portion of the county, including the authority to issue bonds.
- 14) Specifies that the term “district”, as defined, shall not be interpreted to preclude STA from imposing a TUT in accordance with TUT law and in an area that comprises less than the total geographic area that comprises less than the total geographic jurisdiction of STA, so long as all other applicable requirements of that law are complied with.

EXISTING LAW:

- 1) Authorizes a county board of supervisors to create a local transportation authority (authority) to operate within the county [Public Utilities Code (PUC) § 180050].
- 2) Provides that a county that chooses to create an entirely new entity as an authority shall determine the membership of the authority with the concurrence of a majority of the cities having a majority of the population in the incorporated area of the county and provides for the board membership of the authority. (PUC § 180051).
- 3) Requires an authority to prepare and adopt an annual report each year on progress made to achieve the objective of improving transportation conditions related to priority highway operation and local transportation needs (PUC § 180111).
- 4) Authorizes an authority to impose a retail TUT ordinance applicable in the incorporated and unincorporated territory of a county if the tax ordinance is adopted by a two-thirds vote of the authority and imposition of the tax is subsequently approved by the electors voting on the measure, or by any otherwise applicable voter approval requirement, at a special election called for that purpose by the board of supervisors, at the request of the authority, and a specified county transportation expenditure plan is adopted (PUC § 180201).
- 5) Requires the authority, in the ordinance, to state the nature of the tax to be imposed, to provide the tax rate or the maximum tax rate, to specify the period during which the tax will be imposed, and to specify the purposes for which the revenue derived from the tax will be used. The tax rate may be in .25% increments and shall not exceed a maximum rate of 1% (PUC § 180202).
- 6) Provides election procedures for the adoption of the ordinance in 4), above (PUC § 180203).
- 7) Authorizes the revenues from an imposed tax to be allocated by the authority for construction and improvement of state highways, the construction, maintenance, improvement, and operation of local streets, roads, and highways, and the construction, improvement, and operation of public transit systems (PUC § 180205).
- 8) Requires a county transportation expenditure plan to be prepared for the expenditure of the revenues expected to be derived from the tax, together with other federal, state, and local funds expected to be available for transportation improvements, for the period during which the tax is to be imposed. A county transportation expenditure plan shall not be adopted until it has received the approval of the board of supervisors and the city council representing both a majority of the cities in the county and a majority of the population residing in the incorporated areas of the county. The expenditure plan shall be adopted prior to the call of the election (PUC § 180206).
- 9) Authorizes the authority to annually review and propose amendments to the expenditure plan to provide for the use of additional federal, state, and local funds, to account for unexpected revenues, or to take into consideration unforeseen circumstances (PUC § 180207).
- 10) Provides that, as part of the ballot proposition to approve the imposition of a retail TUT, authorization may be sought to issue bonds to finance capital outlay expenditures as may be provided for in the adopted county transportation expenditure plan, payable from the

proceeds of the tax, and provides for further requirements related to issuing bonds (PUC §§ 180250-180264).

- 11) Authorizes an RTA, as defined, to apply to the CTC to develop and operate high-occupancy toll lands or other toll lanes, including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit or freight, and establishes a process for review and approval by the CTC. [Streets and Highways Code (SHC) § 149.7]

FISCAL EFFECT: This bill is keyed fiscal.

COMMENTS:

- 1) **Local Transportation Authorities.** District taxes dedicated to transportation originated in 1970, when the Legislature authorized several counties served by the Bay Area Rapid Transit District (BART) to impose a regional sales tax. The Legislature subsequently authorized district taxes for individual counties or local entities, including Los Angeles, San Diego, Santa Clara, Fresno, and Sacramento, among others. In 1987, the Legislature enacted the Local Transportation Authority and Improvement Act (LTAIA) [SB 142 (Deddeh), Chapter 786, Statutes of 1987] which provided a process for individual counties to create a local transportation authority and implement local sales taxes of up to 1% for transportation purposes, upon the adoption of a specified expenditure plan and approval of a ballot proposition by county voters. Today, as many as 25 counties impose a transportation tax.
- 2) **Sacramento Transportation Authority.** STA was created in 1988 when Sacramento County voters approved Measure A, a half-cent sales tax for transportation improvements. According to STA, more than 75% of voters subsequently approved a 30-year extension to Measure A, continuing the tax through 2039. STA is accountable for the administration of the funding provided by Measure A, which has provided local transportation funding for the following:
 - a) Reduce traffic congestion.
 - b) Improve air quality.
 - c) Maintain and strengthen the county's road and transportation systems.
 - d) Enhance Sacramento County's ability to secure state and federal funding by providing local matching funds.
 - e) Preserve unique, natural amenities.
 - f) Preserve agricultural land.

STA explains that, "STA developed an expenditure plan by incorporating feedback from multiple stakeholders, such as the general public, local governments, and transportation experts. Officially titled, 'The Measure A Ordinance and Transportation Expenditure Plan,' eligible expenditures were required to be incorporated into the ballot measure. STA distributes funding per the Measure A Ordinance and Transportation Expenditure Plan to the

various partner agencies based on the identified formula and/or percentages for its intended purpose.”

STA’s board consists of 16 members: five from the Sacramento County Board of Supervisors, five Sacramento City Councilmembers, two Elk Grove City Councilmembers, one from the city councils of Citrus Heights, Folsom, and Rancho Cordova, and one combined seat from the Galt and Isleton City Councils.

- 3) **Metropolitan Planning Organizations.** The Federal-Aid Highway Act of 1962 required that a regional entity, known as a Metropolitan Planning Organization (MPO), guide and maintain transportation planning in any urbanized area with a population of 50,000 or more. MPOs are usually called councils of governments (COGs), and are directed by boards comprised of representatives from local governments and transportation agencies. Counties can establish a local transportation fund in the county treasury, and contract with the California Department of Tax and Fee Administration (CDTFA) to deposit moneys from district taxes dedicated to transportation into this fund. There are 18 MPOs and 26 Regional Transportation Planning Agencies (RTPAs) in California.

Existing federal and state law requires each of California’s MPOs and RTPAs to prepare a long-range (20-year) plan. This plan, known as the regional transportation plan (RTP), identifies the region’s vision and goals and how to implement them. The RTP also supports the state’s goals for transportation, environmental quality, economic growth, and social equity. Federal law requires that they be updated at least every four years, and state law requires that these plans be updated every four years. California Air Resources Board (CARB) publishes a schedule for updates of each of these RTPs.

Existing law requires coordination of transportation and land use planning to help achieve the state’s climate action goals by requiring that each RTP include a sustainable communities strategy (SCS). The SCS demonstrates how the region will meet its GHG emissions reduction targets through land use, housing, and transportation strategies. CARB must review the adopted SCS to confirm that it will indeed meet the regional GHG targets. If not, the MPO must prepare an alternative planning strategy, separate from the RTP.

- 4) **Sacramento Area Council of Governments.** SACOG consists of 28 member cities and counties in the Sacramento Region. According to SACOG, it is designated by the Federal government as the MPO and oversees the RTP for the Sacramento region, updated every four years in collaboration with local governments. As designated by the state, Placer and El Dorado counties serve as RTPAs, responsible for their state-level transportation plans. SACOG, functioning as the RTPA for Sacramento, Sutter, Yolo, and Yuba counties, collaborates with Placer County Transportation Planning Agency and El Dorado County Transportation Commission to maintain consistency across county plans and the broader regional framework.

SACOG recently launched a program called “Green Means Go”, described as a regional effort to accelerate infill development, which will lower GHG emissions and revitalize existing communities in the six-county Sacramento Area. According to SACOG, “Green means Go” is a key implementation activity to build a connected region with transportation options, affordable housing, and equitable investments. “Green Means Go” is intended to contribute to SACOG’s 2025 Blueprint with the following:

- a) 32% of planned regional housing growth, creating an estimated 84,000 new homes.
- b) 40% of planned employment growth, or about 100,000 new jobs.
- c) 16% reduction of VMT per capita in Green Zones, double the regional reduction per capita of 8%.
- d) Reducing the number of homes in high fire risk areas by 10,000 units over 20 years.

Every jurisdiction in the region has supported Green Means Go, and 26 of the 28 have adopted Green Zones, which are areas that have infill capacity yet currently face market or other barriers to development.

While this bill does not directly reference the “Green Means Go” program, it would specifically require STA to include projects that support infill or transit-oriented development and would reduce VMT, including utility related projects, in an expenditure plan. According to the author, the provisions of this bill that expand the allowable projects STA can impose a TUT for “...include active transportation, passenger rail, shared mobility, environmental mitigation, and infrastructure that supports infill and transit-oriented development, reflecting the region’s goals around sustainability and reduced vehicle miles traveled.” It is not clear if any other authority created under the LTAIA currently provide financing for similar types of projects.

- 5) **Toll Lanes.** AB 194 (Frazier) Chapter 687, Statutes of 2015, granted the CTC broad, indefinite authority to review and approve toll facility applications submitted by RTAs and by Caltrans.

Current statute allows a RTA, or Caltrans, to apply to the CTC to develop and operate high-occupancy toll lanes or other toll facilities, including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit or freight. Eligibility criteria for an application includes, and is not limited to: 1) a demonstration that the proposed toll facility will improve the corridor’s performance especially for those traveling by carpool, vanpool, and transit; 2) a requirement that the proposed toll facility is contained in the constrained portion of a conforming RTP; 3) evidence of cooperation between the applicable RTA and Caltrans; and 4) a demonstration that a complete funding plan has been prepared, among other provisions related to reimbursable costs, and law enforcement matters.

Existing law defines RTA for the purposes of AB 194 as the following:

- a) Specified transportation planning agencies.
- b) A county transportation commission, as specified.
- c) Any other local or regional transportation entity that is designated by statutes as a RTA.
- d) A joint powers authority (JPA) with the consent of a transportation planning agency or a county transportation commission for the jurisdiction in which the transportation project will be developed.
- e) The Santa Clara Valley Transportation Authority.

- 6) **Sacramento Region Toll Lanes.** The Capital Area regional Tolling Authority (CARTA) was created as a JPA in January 2024 to develop and operate toll facilities in the Sacramento Region. CARTA’s membership includes the SACOG, the Yolo Transportation District (YoloTD), and Caltrans District 3 and includes non-voting directors from STA, the Placer County Transportation Planning Agency, and the El Dorado County Transportation Commission. CARTA has five directors on its governing board: two appointed by YoloTD, two appointed by SACOG, and one appointed by Caltrans District 3.

According to the YoloTD, “YoloTD and the California Department of Transportation (Caltrans) have joined forces for a freeway expansion initiative aimed at enhancing traffic flow within the I-80 corridor on the west side of the Sacramento-Yolo metropolitan area. This comprehensive project encompasses multiple components, including the introduction of approximately 17 miles of tolled managed lanes, new lane construction, intelligent transportation system (ITS) enhancements, and improvements to cycling and pedestrian facilities.

CARTA explains that, “As an integral component of the long-range plan for the Sacramento region, toll lanes are anticipated to be built over the next 20 years on the most congested portions of Interstate 80 (I-80), Interstate 5 (I-5), State Route 99, State Route 65, and Highway 50. Two toll lane projects are currently being developed: the first on I-80 from Davis to West Sacramento in Yolo County, and the second on I-5 from the Sacramento International Airport to downtown in Sacramento County. Both projects are currently in the environmental phase and are being developed with input from residents, drivers, and elected officials.”

- 7) **Sales and Use Taxes.** State law imposes the sales tax on every retailer “engaged in business in this state” that sells tangible personal property, and requires them to register with the CDTFA, as well as collect the appropriate tax at purchase and remit the amount to CDFTA. Sales tax applies whenever a retail sale occurs, which is generally any sale other than one for resale in the regular course of business. The current rate is 7.25% as shown in the table below.

Rate	Jurisdiction	Purpose/Authority
3.9375%	State (General Fund)	State general purposes
1.0625%	Local Revenue Fund (2011 Realignment)	Local governments to fund local public safety services
0.50%	State (1991 Realignment)	Local governments to fund health and welfare programs
0.50%	State (Proposition 172 - 1993)	Local governments to fund public safety services
1.25%	Local (City/County) 1.00% City and County 0.25% County	City and county general operations Dedicated to county transportation purposes

Rate	Jurisdiction	Purpose/Authority
7.25%	Total Statewide Rate	

Unless the purchaser pays the sales tax to the retailer, he or she is liable for the use tax, which the law imposes on any person consuming tangible personal property in the state. The use tax is the same rate as the sales tax, and also like the sales tax, must be remitted on or before the last day of the month following the quarterly period in which the person made the purchase.

- 8) **Transactions and Use Taxes.** The California Constitution states that taxes levied by local governments are either general taxes, subject to majority approval of its voters, or special taxes, subject to 2/3 vote (Article XIII C). Proposition 13 (1978) required a 2/3 vote of each house of the Legislature for state tax increases, and a 2/3 vote for local special taxes. Proposition 62 (1986) prohibited local agencies from imposing general taxes without majority approval of local voters, and a 2/3 vote for special taxes. Proposition 218 (1996) extended those vote thresholds to charter cities, and limited local agencies' powers to levy new assessments, fees, and taxes. Local agencies generally propose to increase taxes by adopting an ordinance or a resolution at a public hearing.

State law allows cities, counties, and specified special districts to increase the sales and use tax applicable in their jurisdiction, also known as district taxes or TUTs. Generally, the combined TUT tax rate imposed within a local jurisdiction cannot exceed 2%. To determine whether a county has reached this rate limitation, all countywide taxes and the highest combined rate imposed by a city within the county are counted towards the county's rate limit. For example, if a county imposes three 0.5% countywide taxes and two cities within the county each impose a 0.5% tax, the combined rate in those two cities would be 2%. In such a circumstance, the two cities could not impose another TUT, and the county could not impose another countywide TUT, absent special authority to exceed the rate limitation.

Prior to 2003, cities lacked the ability to place TUTs before their voters without first obtaining approval by the Legislature to bring an ordinance before the city council, and, if approved at the council level, to the voters. This was remedied by SB 566 (Scott), Chapter 709, Statutes of 2003, which imposed the uniform 2% countywide cap.

AB 464 (Mullin) of 2015 would have increased the maximum combined rate of all TUTs that may be levied by authorized entities within a county from 2% to 3%. This bill was vetoed by Governor Brown stating, "This bill would raise, on a blanket basis, the limit on local transactions and use tax for all counties and cities from two percent to three percent. Although I have approved raising the limit for individual counties, I am reluctant to approve this measure in view of all the taxes being discussed and proposed for the 2016 ballot."

State law allows cities, counties, and specified special districts to increase the sales and use tax applicable in their jurisdiction, also known as district or transactions and use taxes. As of April 1, 2025, local agencies impose 478 district taxes for general or special purposes: 401 imposed citywide, 71 imposed countywide, and six imposed in unincorporated county areas. Generally, local agencies impose these taxes throughout the entire area of a single county, the

entire unincorporated area within a single county, or a single incorporated city. However, three transportation operators in the Bay Area have regional district taxes:

- a) BART, which covers Alameda, Contra Costa, and San Francisco.
 - b) The Peninsula Corridor Joint Powers Board (CalTrain), which covers San Francisco, San Mateo, and Santa Clara counties.
 - c) The Sonoma-Marín Rail Transit District, which includes Sonoma and Marin counties.
- 9) **AB 1413 and AB 1052.** AB 1413 (Gloria), Chapter 758, Statutes of 2019, authorized local transportation authorities in Placer, Solano, and San Diego Counties to levy a TUT in a portion of its jurisdiction with voter approval. Specifically, AB 1413 did the following:
- a) Authorized the Placer County Transportation Planning Agency to impose a TUT applicable to the entirety, or a portion, of the County of Placer in conformity with TUT Law at a rate of no more than 1% if certain requirements are met, including a requirement that the ordinance proposing the TUT be submitted to, and approved by, the voters.
 - b) Provided the same abovementioned TUT authority to the Solano Transportation Improvement Agency for certain portions of Solano County.
 - c) Authorized the San Diego Regional Transportation Commission, San Diego Association of Governments, San Diego Metropolitan Transit System and the North County Transit District to levy a TUT in a portion of their jurisdictions, with voter approval, and required revenues derived from the TUT to be spent only on transportation and transit infrastructure and services.

A similar bill, AB 1324 (Gloria) of 2018 would have authorized a local transportation authority, which has existing TUT authority, to levy a TUT in any portion of its jurisdiction, with voter approval. This bill was held on the Assembly Floor.

AB 1052 (McCarty), Chapter 674, Statutes of 2023, provided similar TUT authority to the Sacramento Regional Transit District. To date, the authority provided by AB 1413 and AB 1052 have not been successfully used by the respective agencies.

- 10) **Author's Statement.** According to the author, "AB 1223 gives communities in Sacramento County the ability to take control of their transportation future. Right now, the Sacramento Transportation Authority (STA) can only propose sales tax measures for the entire county, even when just one part of the county is ready to move forward. This bill changes that. It gives the Authority the flexibility to propose transportation funding measures in specific areas, and ensures that revenue stays in the communities that vote for it.

"This district bill is about making government more responsive. It allows local leaders and residents to make transportation investments that reflect their priorities, whether that's safer streets, better bike and pedestrian infrastructure, or projects that reduce traffic and improve air quality.

"AB 1223 also updates STA's authority so it can support more modern solutions, like shared mobility, reducing environmental impact, and transit-oriented development. These are the

kinds of projects that help us meet sustainability goals while improving everyday quality of life.”

- 11) **Bill Summary.** This bill would designate STA as a RTA and authorize it to submit an application to the CTC to develop and operate high-occupancy toll lanes or other toll facilities. This bill would also specify that allowable expenditure categories for STA must include projects that support infill or transit-oriented development and would reduce VMT, including active transportation projects and projects related to utility facilities and infrastructure, among others. Lastly, this bill would give STA the authority to impose a TUT in a geographic area that comprises less than the total area of Sacramento County, including its cities, as specified. STA is the sponsor of this bill.
- 12) **Policy Considerations.** The Committee may wish to consider the following:
- a) **Pick and Choose.** Cities, counties, and special districts generally apply taxes evenly across their jurisdictions. This bill departs from this principle to allow STA to impose taxes on some residents, but not others. Two-thirds voter approval can be difficult to obtain in some areas, especially when including citizens in unincorporated areas who generally rely mostly on cars for transportation. However, transportation needs do not necessarily align evenly with jurisdictional boundaries. While the bill requires STA to spend resulting tax revenues within the area subject to the tax, the Committee may wish to consider if residents in untaxed areas may unfairly benefit from taxes collected in other areas.
 - b) **Tolling Authority.** CARTA was created in 2024 to oversee and regulate toll lanes in the Sacramento Region. As currently written, this bill would allow STA to apply to the CTC to also develop and operate high-occupancy toll lanes or other toll facilities. Given a regional JPA already exists to manage toll lanes in the region, the Committee may wish to consider if the same authority should also be given to STA, potentially allowing it to develop and manage toll lanes only within Sacramento County, or if this could lead to overlapping and potentially conflicting authorities.
- 13) **Committee Amendments.** In order to respond to the policy consideration in b), above, the Committee may wish to amend this bill as follows:

180302. For purposes of this chapter, unless the context requires otherwise, the following definitions apply:

- (a) “Active transportation” means infrastructure facilities or services that encourage increased use of active modes of transportation, such as biking and walking.
- (b) “Authority” means the Sacramento Transportation Authority created in 1988 pursuant to Chapter 2 (commencing with Section 180050).
- (c) “CARTA” means the Capital Area Regional Tolling Authority.**
- (c) “Expenditure plan” means a county transportation expenditure plan adopted in connection with a transactions and use tax ordinance pursuant to Section 180206.
- (d) “Governing board” means the governing board of the authority.
- (e) “Member” or “member of the governing board” means an individual county supervisor or city council member who has been appointed to the governing board, or their alternate.
- (f) “Ordinance” means a transactions and use tax ordinance authorized pursuant to Chapter 5 (commencing with Section 180200).

~~180303.(a) The authority is hereby designated as a “regional transportation agency” for purposes of subdivision (k) of Section 149.7 of the Streets and Highways Code.~~
~~(b) If submitting an application to the California Transportation Commission to develop and operate high-occupancy toll lanes or other toll facilities pursuant to Section 149.7 of the Streets and Highways Code, the authority shall include in its application information from other regional transportation agencies in the County of Sacramento regarding existing or planned high-occupancy toll lanes or other toll facilities.~~

180303 (a) The Authority is authorized to issue bonds to finance costs of high-occupancy toll lanes or other toll facilities within Sacramento County approved by the California Transportation Commission pursuant to Section 149.7 of the Streets and Highways Code, including without limitation working capital costs, costs of issuance and credit enhancement, capitalized interest and all reserves and other fees or costs related to the bonds, which bonds may be payable from toll revenue or any other funds lawfully available to the Authority for such purposes, including sales tax revenue, development impact fees, or state and federal grant funds.

(b) Before the authority issues bonds payable from toll revenue for a toll facility operated by CARTA, both of the following shall occur:

(1) The authority shall enter into an agreement with CARTA regarding the application of toll revenue to pay for bonds issued by the authority.

(2) The governing board of CARTA shall review and approve a toll facility expenditure plan.

(c) The bonds may be sold pursuant to the terms and conditions set forth in a resolution adopted by the governing board of the Sacramento Transportation Authority. Bonds shall be issued pursuant to a resolution adopted by a two-thirds vote of the governing board, which resolution shall state the maximum principal amount of the bonds, the maximum term of the bonds and the maximum rate of interest to be paid on the bonds, not to exceed the maximum rate permitted by law. Any bond issued pursuant to this paragraph shall not constitute a debt or liability of the state and shall contain on its face a statement to the following effect:

“Neither the full faith and credit nor the taxing power of the State of California is pledged to the payment of principal or interest of this bond.”

(d) The maximum rate of interest payable upon the bonds shall not exceed the maximum rate specified in Section 53531 of the Government Code. The rate may be either fixed or variable and shall be payable at the times and in the manner specified in the resolution.

- 14) **Arguments in Support.** According to STA, “This bill is a crucial step toward modernizing the Sacramento Transportation Authority (STA) by establishing a distinct code section for our agency within the Public Utilities Code. AB 1223 will provide the necessary flexibility to address modern transportation priorities and funding mechanisms in the Sacramento region.

“Since the passage of Measure A in 1988, STA has operated under the Local Transportation Authority and Improvement Act (LTAIA), which has remained largely unchanged since its enactment in 1987. As a result, STA faces several limitations in meeting today’s evolving transportation demands. The current law primarily focuses on traditional roadway infrastructure, leaving little room for innovative and sustainable solutions such as passenger rail, complete streets, active transportation, bikeways, and Intelligent Transportation Systems.

“AB 1223 directly addresses these challenges by creating a separate statutory section for STA, allowing the Authority to:

- a) Expand funding options for diverse transportation solutions, including sustainable and active transportation projects.
- b) Adapt its statutory authority over time to respond to emerging transportation needs and technologies.
- c) Clarify implied powers within the LTAIA to improve operational efficiency and coordination with regional transportation initiatives.
- d) Enhance its ability to leverage toll financing as a complementary funding source alongside sales tax revenues.

“The modernization of STA’s statutory framework is essential to ensure that Sacramento can effectively address congestion, mobility, and sustainability goals. By supporting AB 1223, the Legislature will empower STA to develop a more flexible, innovative, and forward-thinking transportation network that benefits residents, businesses, and visitors alike.”

15) **Arguments in Opposition.** According to the Howard Jarvis Taxpayers Association, “AB 1223 would empower the Sacramento Transportation Authority (STA) to develop and operate toll facilities in addition to its existing power to impose a transactions and use tax for transportation purposes, subject to voter approval. Further, AB 1223 would expand the allowable expenditure categories for revenues from such a tax to widely sweep in “infrastructure” and infill development needs that could even include costly stormwater and wastewater facilities, placing demands on the revenue for projects that go far beyond core transportation needs.

AB 1223 would also allow STA to impose a transactions and use tax in a geographic area of its choosing that is less than the total area of the County of Sacramento. This potentially allows for the intentional disenfranchisement of county residents who are likely to oppose the tax, but who will have to pay it when they make purchases in the nearby geographic area. Sacramento County residents, like all Californians, are struggling with the high cost of living and would be further harmed by costly tolls and higher taxes.

16) **Double-Referral.** This bill is double-referred to the Assembly Committee on Transportation.

REGISTERED SUPPORT / OPPOSITION:

Support

Sacramento Transportation Authority [SPONSOR]
 Sacramento County
 Sacramento Regional Transit District

Opposition

Howard Jarvis Taxpayers Association

Analysis Prepared by: Jimmy MacDonald / L. GOV. / (916) 319-3958