

Date of Hearing: April 5, 2017

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Cecilia Aguiar-Curry, Chair
AB 467 (Mullin) – As Introduced February 13, 2017

SUBJECT: Local transportation authorities: transactions and use taxes.

SUMMARY: Authorizes a local transportation authority to instruct county elections officials to replace the adopted county transportation expenditure plan printed in the sample ballot and voter information handbook with a notification that directs voters to view the expenditure plan on the transportation authority's Internet Web site. Specifically, **this bill:**

- 1) Authorizes a transportation authority to comply with existing requirements by posting the entire adopted county transportation expenditure plan on their Internet Website and by instructing the county elections official to print in the sample ballot, immediately below the full proposition and in the voter information handbook a notification, as specified.
- 2) Requires the text, in no less than 10-point bold type, to state, "The adopted county expenditure plan may be viewed electronically at [insert applicable Internet Website address]. If you desire a printed copy of the adopted county transportation expenditure plan, please call the county election office at [insert applicable telephone number] and one will be mailed to you at no cost."
- 3) Requires the transportation authority to provide sufficient printed copies of the entire adopted transportation expenditure plan to the county election office for mailing to each person requesting a copy.
- 4) Provides that, if the Commission on State Mandates determines that this bill contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made, pursuant to current laws governing state mandated local costs.

EXISTING LAW:

- 1) Establishes the Local Transportation Authority and Improvement Act which provides for the formation, administration, duties, and taxing powers for an authority. Authorizes a county board of supervisors to create a transportation authority.
- 2) Authorizes a transportation authority to impose a retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of a county in accordance with existing law which governs transactions and use taxes.
- 3) Requires the transportation authority to adopt the tax ordinance by a two-thirds vote, to request the county to call a special election, and to adopt an expenditure plan, as specified.
- 4) Requires an expenditure plan to be prepared for the expenditure of the transactions and use tax revenues, and federal, state, and local funds expected to be available for transportation improvements for the period during which the tax is imposed. Prohibits an expenditure plan from being adopted until it has received the approval of the board of supervisors and of specified city councils.

- 5) Requires the sample ballot to be mailed to the voters, pursuant to 6), below, to include the full proposition as set forth in the ordinance calling the election, and the voter information handbook to include the entire adopted expenditure plan.
- 6) Requires county elections officials to mail a county voter information guide to each voter in the jurisdiction, as specified. Requires the county voter information guide to contain, among other things, a copy of the official ballot (sample ballot), a notice of the polling place, a complete copy of each local measure, and an analysis of each measure.
- 7) Requires the transportation authority, if the measure is approved, to reimburse the county for the cost of conducting the special election.
- 8) Authorizes county and city elections officials to establish procedures to permit a voter to receive county voter information guide, state voter information guide, notice of polling place, and associated material electronically via email or by accessing them on the city or county's internet website, subject to specified conditions.

FISCAL EFFECT: This bill is keyed fiscal and contains a state-mandated local program.

COMMENTS:

- 1) **Transactions and Use Taxes.** Existing law authorizes cities and counties to impose transactions and use taxes in 0.125% increments in addition to the state's 7.5% sales tax, provided that the combined rate in the county does not exceed 2%. Transactions and use taxes are taxes imposed on the total retail price of any tangible personal property and the use or storage of such property when sales tax is not paid. These types of taxes may be levied as general taxes (majority-vote required), which are unrestricted, or special taxes (two-thirds vote required), which are restricted for a specified use. The Transactions and Use Tax law authorizes the adoption of local add-on rates to the combined state and local sales tax rate. The law has been amended multiple times to authorize specific cities, counties, special districts and county transportation authorities to impose a transactions and use tax, if voters approve the tax.

According to California City Finance, since 1995 local voters have considered sixty four countywide transportation sales tax measures. Only twenty eight of those measures garnered the necessary two-thirds votes for passage. Currently twenty four counties have a transactions and use tax for transportation.

- 2) **Bill Summary.** A transportation authority is authorized to levy a countywide transactions and use tax subject to specified requirements and two-thirds voter approval. A transportation authority must adopt a county transportation expenditure plan which describes the expenditure of tax revenues. Prior to placing the transactions and use tax measure on the ballot, the transportation authority, county board of supervisors, and specified city councils must adopt the expenditure plan. Existing law requires county elections officials to mail the sample ballot to the voters to include the full proposition and the voter information handbook which must include the entire adopted expenditure plan.

This bill provides an additional option for a transportation authority to comply with existing requirements by instructing county elections officials to provide a specified notice to voters to view the entire expenditure plan on their website instead of printing and mailing the entire

expenditure plan. This bill provides a transportation authority the option to instruct county elections officials to print on the sample ballot and the voter information handbook a specified notice that directs voters to access the expenditure plan on the transportation authority's website. This bill also requires the text to include a notice to the voters that a printed copy of the expenditure plan is available at no cost by request to the county election office. Under this bill, the transportation authority must provide sufficient copies to the county election office to mail to voters. This bill is author sponsored.

- 3) **Author's Statement.** According to the author, "AB 467 is a cost-saving measure which allows transportation authorities to preserve resources that would have otherwise been spent on printing costs if they select to make expenditure plans available online. It makes more resources available for transportation programs when voters approve a local transportation tax, since they would not have to allocate funds from the tax for printing costs. This bill also prevents further losses to counties seeking transportation funding when their proposal is not approved by voters, as they must absorb these printing costs. This alternative, optional approach provides voters with access to tax expenditures through a common practice for retrieving information without leaving behind more traditional means for distribution of election materials."
- 4) **Arguments in Support.** The California State Association of Counties states, "In the 2016 election, twelve counties sought voter approval for a local transportation tax. Associated printing costs for the transportation tax expenditure plan alone ranged from \$18,000 to \$1.6 million, adding as many as 30 pages to the voter information handbook. For counties where the voters approve the tax, the printing can be deducted from the new revenue collected from the tax. For counties where voters reject the tax, the cost is borne by the county general fund. This creates an additional burden and further limits potential resources for critical transportation projects and other county programs and services, including elections administration. AB 467 would provide voters complete access to the tax expenditure plans through a common practice for retrieving information without leaving behind a more traditional means for distribution by mail."
- 5) **Arguments in Opposition.** None on file.
- 6) **Committee Amendments.** Existing requirements are placed on counties to provide voters with sample ballots and voter information handbooks which must include the entire adopted expenditure plan. This bill allows a transportation authority to comply with existing requirements by instructing county officials to instead include the specified notice to direct voters to the Internet Website. Additionally, this bill places the requirement on the transportation authority to provide "sufficient" printed copies of an expenditure plan to the county election office. To remain consistent with the responsibility placed on counties under existing law to provide this information to the voters, the Committee may wish to ask the author to accept the following committee amendments:
 - a) Authorize the county, instead of the authority, to comply with existing law to include the notice instead of the printed expenditure plan, if the Authority makes the request to direct voters to their Internet Website.

b) Require county elections officials, instead of the transportation authority, to provide printed copies of the entire expenditure plan by mail at no cost to each voter that requests a copy.

7) **Double-Referral.** This bill is doubled-referred to the Elections and Redistricting Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

California Association of Clerks and Election Officials
California State Association of Counties
Urban Counties of California

Opposition

None on file

Analysis Prepared by: Misa Lennox / L. GOV. / (916) 319-3958