

Date of Hearing: August 31, 2018

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Cecilia Aguiar-Curry, Chair
AB 709 (McCarty) – As Amended August 22, 2018

SUBJECT: Sacramento Regional Transit District: bonds: transactions and use tax.

SUMMARY: Revises laws relating to the Sacramento Regional Transit District (SacRT).

The Senate amendments delete the Assembly version of this bill, and instead:

- 1) Clarify that the activities of SacRT are subject to the Public Contract Code.
- 2) Define a quorum of SacRT for a noticed public meeting to be based on the number of votes present at the meeting, but for a gathering outside of a noticed public meeting, a quorum is defined as the number of members.
- 3) Authorize SacRT to post a newly adopted ordinance on its website instead of a newspaper of general circulation.
- 4) Authorize the secretary of the board to alternatively be an employee of SacRT that is appointed by the SacRT board.
- 5) Remove the requirement that SacRT includes with its budget a statement of its proposed operations and level of service, calling attention to any substantial changes in operations.
- 6) Remove requirements related to SacRT providing charter bus service.
- 7) Specify that California laws, rules or regulations, which are inconsistent with federal laws, rules or regulations, shall not apply to the acquisition, construction, maintenance, or operation of transit facilities funded by the federal government, if that inconsistency results in a loss of federal funding.
- 8) Remove the requirement that SacRT adopt a resolution declaring there is need for SacRT to operate and levy a tax within the city or the unincorporated area, or part thereof, of the county.
- 9) Revise SacRT's authority to impose sales taxes by allowing the imposition in one-eighth of 1% increments.
- 10) Specify that any transactions and use tax ordinance shall be operative on the first day of the calendar quarter commencing more than 150 days after adoption.
- 11) Provide that prior to the operative date of the ordinance, SacRT shall contract with the California Department of Tax and Fee Administration to perform all function incident to the administration and operation of the ordinance. The costs covered by the contract may also include services for preparatory work up to the operative date of the ordinance.

- 12) Specify that within 45 days from the date the ordinance is approved by the voters, SacRT shall provide the California Department of Tax and Fee Administration with a complete alphabetical list of all streets within the affected unincorporated area under the jurisdiction of SacRT, which shall include beginning and ending street numbers, and shall maintain that list on its Internet Web site. SacRT shall also provide a legal description and a map or plat, that both describe the boundaries of the applicable unincorporated territory within SacRT.
- 13) Clarify SacRT's geographic area.
- 14) Make additional clarifying and technical amendments.

EXISTING LAW:

- 1) Establishes the SacRT Act (Act), which governs the powers and functions of SacRT; establishes SacRT's territory, board of directors, and planning duties; and, authorizes SacRT to issue general obligation (GO) bonds and revenue bonds, as specified.
- 2) Authorizes SacRT, whenever the SacRT board deems it necessary for SacRT to incur a bonded indebtedness for the acquisition, construction, or repair of any or all improvements, works, property or facilities necessary or convenient for the carrying out of the powers of the SacRT.
- 3) Requires the Board, by ordinance adopted by a two-thirds vote of the Board, to call an election for the purposes of submitting to the qualified voters the proposition of incurring indebtedness by the issuance of bonds.
- 4) Prohibits the total amount of GO bonds from exceeding 15% of the assessed value of the taxable property of SacRT, as shown by the last equalized assessment rolls.
- 5) Authorizes the Board to adopt a transactions and use tax in accordance with existing law, subject to two-thirds voter approval at a tax rate of 0.25% or 0.5%.
- 6) Authorizes SacRT to issue bonds, payable in whole or in part from revenue of any facility or enterprise acquired or constructed by SacRT, pursuant to the Revenue Bond Law of 1941. Provides that the term "enterprise" includes transactions and use tax revenue.
- 7) Authorizes SacRT, by resolution adopted by a two-thirds vote of the Board, to issue revenue bonds.

FISCAL EFFECT: According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, negligible state costs.

COMMENTS:

- 1) **Sacramento Regional Transit District.** SacRT serves citizens in the Cities of Sacramento, Citrus Heights, Elk Grove, Folsom, and Rancho Cordova, by operating 69 bus routes and 42.9 miles of light rail across a 418 square-mile service area. SacRT is governed by an eleven-member governing board, composed of four members of the Sacramento City

Council, three members of the Sacramento County Board of Supervisors, and one member each from the Cities of Citrus Heights, Elk Grove, Folsom, and Rancho Cordova.

- 2) **Bill Summary.** This bill makes numerous changes to the Act, including clarifying SacRT 's geographic area, and adding a one-eighth of one percent sales tax-rate increment to SacRT 's taxation authority. This bill is sponsored by SacRT.
- 3) **Author's Statement.** According to the author, "The Sacramento Regional Transit District (SacRT) is the Capitol region's largest public transit provider. It provides transit options across the region, including to those who have no other transportation options. AB 709 represents a series of proposed changes to the SacRT Enabling Act designed to increase clarity and ensure accurate interpretation of the Act."
- 4) **Arguments in Support.** According to the sponsors, "With the passage of AB 709, a significant and sustained investment may be sought for the Sacramento region that helps ensure our public transit system, as a component of the larger transportation network, is maintained in a state of good repair and is capable of achieving the various policy objectives in California's landmark environmental legislation. We believe this is a reasonable clean-up measure that if enacted would help encourage increased community support of public transit as we work toward improving the overall passenger experience."
- 5) **Arguments in Opposition.** According to the Howard Jarvis Taxpayers Association, "AB 709 would modify the Sacramento Regional Transit District's (SRTD) authority to impose sales and use tax. Current law allows the SRTD to impose a quarter cent or half cent sales and use tax. AB 709 would allow them to impose a sales tax rate increment of one-eighth of one percent or a multiple thereof.

"Despite the fact that SRTD already has the authority to implement a sales tax, and there is room under the Bradley-Burns cap for such a tax, this Legislature should not be making it easier for a local agency to impose regressive taxes on Sacramento County residents by altering the tax increment."
- 6) **Substantially Amended.** The provisions of this bill have not been heard in an Assembly policy committee this legislative session.

REGISTERED SUPPORT / OPPOSITION:

Support

Sacramento Regional Transit District [SPONSOR]
350 Sacramento's Transportation Team
City of Sacramento

Opposition

Howard Jarvis Taxpayers Association

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