



County of Santa Cruz¹⁴⁵

DEPARTMENT OF PUBLIC WORKS

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JOHN A. FANTHAM
DIRECTOR OF PUBLIC WORKS

AGENDA: AUGUST 10, 1999

July 29, 1999

SANTA CRUZ COUNTY BOARD OF SUPERVISORS
701 Ocean Street
Santa Cruz, California 95060

SUBJECT: RESOLUTION IN SUPPORT OF SENATOR BURTON'S STATEWIDE
TRANSPORTATION SALES TAX MEASURE
STATE CONSTITUTIONAL AMENDMENT 3

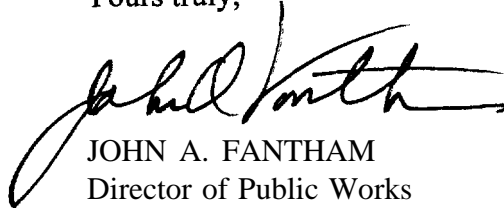
Members of the Board:

As you are aware, Santa Cruz County, along with most other local jurisdictions throughout California, has found it impossible to adequately maintain its local road infrastructure over the past twenty years. While our Regional Task Force for Road Reconstruction Funding Alternatives has been working with the Santa Cruz County Regional Transportation Commission in trying to gauge voter support of local sales or gas taxes to address these needs, at the state level a constitutional amendment, State Constitutional Amendment SCA 3, has been introduced by Senator Burton that would do just that.

SCA 3, now in the Assembly, would place a statewide half-cent transportation sales tax measure on the ballot. If passed by a simple majority, both statewide and in our county, it would have the effect of allowing local transportation sales tax measures to be adopted or renewed to fund local street and road work, transit projects, state highway improvements, etc., depending on the actual expenditure plan adopted by the Board of Supervisors and the city councils representing a majority of the population.

It is therefore recommended that the Board of Supervisors adopt the attached resolution in support of Senator Burton's Statewide Transportation Sales Tax Measure, SCA 3.

Yours truly,

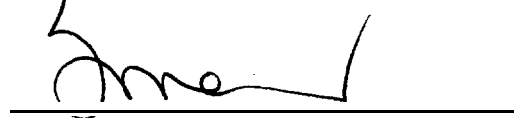


JOHN A. FANTHAM
Director of Public Works

TLB:mg

Attachments

RECOMMENDED FOR APPROVAL:



County Administrative Officer

copy to: Public Works

BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

RESOLUTION NO. _____

On the motion of Supervisor
duly seconded by Supervisor
the following resolution is adopted:

RESOLUTION IN SUPPORT OF SENATOR BURTON'S
STATEWIDE TRANSPORTATION SALES TAX MEASURE SCA3

WHEREAS, Santa Cruz County, along with most other local jurisdictions throughout California, has found it impossible to adequately maintain its local road **infrastructure** over the past twenty years; and

WHEREAS, in a recent poll of the voters of the county of Santa Cruz conducted by the Santa Cruz County Regional Transportation Commission, over two-thirds of those polled said that the condition of local roads and the resulting traffic congestion were the most serious threat to our local quality of life; and

WHEREAS, the last Pavement Management Report prepared for the County of Santa Cruz in 1996 identified some \$19 million in backlogged roadwork, which has steadily deteriorated over three ensuing declared disaster events; and

WHEREAS, State Senator Burton has introduced a constitutional amendment, SCA 3, that if passed would establish a simple methodology for implementing a half-cent transportation sales tax that would then be in effect for the next twenty years, and which would provide the revenues so desperately needed for maintaining and improving our roads and transportation system.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of the County of Santa Cruz hereby supports the enactment of State Constitutional Amendment No. 3, and urges our state legislative representatives to pass SCA 3, so this proposal can be placed on the ballot next year.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 0 day f 1999, by the following vote:

AYES: SUPERVISORS

NOES: SUPERVISORS

ABSENT: SUPERVISORS

Chairperson of said Board

ATTEST: _____
Clerk of said Board

Approved as to form:



Chief Assistant County Counsel

Distribution: Santa Cruz County Regional Transportation Commission
Public Works
Self-Help Counties Coalition
State Senator McPherson
Assembly Members Keeley and Frusetta

SLSM



California State Senate

149

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-Current Session Legislation~

Bill n fo**SCA 3 Transportation funding: sales and use tax.**Past Sessions**BILL NUMBER: SCA 3 AMENDED 07/08/99**Coder:

AMENDED IN SENATE JULY 8, 1999
 AMENDED IN SENATE JUNE 28, 1999
 AMENDED IN SENATE JUNE 14, 1999
 AMENDED IN SENATE MAY 25, 1999
 AMENDED IN SENATE MAY 11, 1999

StatutesConstitution

INTRODUCED BY Senators Burton and Karnette (Principal coauthor: Assembly Member Dutra) (Coauthors: Senators Baca, Costa, Figueroa, Kelley, Perata, Rainey, and Speier) (Coauthors: Assembly Members Calderon, Cardoza, Davis, Honda, Kuehl, Longville, Mazzoni, Migden, Romero, Torlakson, and Washington)

FEBRUARY 8, 1999

Senate Constitutional Amendment No. 3--A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by adding Article XIXB thereto, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SCA 3, as amended, Burton. Transportation funding: sales and use tax.

Existing laws set forth in the California Constitution and in statutory provisions either impose or authorize the imposition of state or local sales and use taxes upon the gross receipts from the sale within the taxing jurisdiction of, or the storage, use, or other consumption in this jurisdiction of, tangible personal property.

This measure would impose, for a period of 20 years, an additional state sales and use tax rate of 0.5% for transportation purposes. This measure would impose the additional tax only in a county that, on or before this measure is approved by the voters, has adopted a transportation expenditure plan, and in which this measure is approved by a majority of the voters of the county voting on the measure. This bill would require the countywide agency responsible for the county or regional state transportation improvement program to administer the plan and tax revenues. This measure would, in an adopting county that has in effect a countywide transactions and use tax for transportation funding on the date this measure is approved, impose the additional tax only when the existing tax is repealed or becomes inoperative.

This measure would require the additional sales and use tax to be collected by the State Board of Equalization and would require that revenues derived from that tax be deposited in the Local Transportation Infrastructure Account, which this measure would create in the State Transportation Fund. This measure would require moneys in that account that were collected in each county, less administrative costs and refunds, to be allocated to that county on a quarterly basis by the State Board of Equalization.

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: **150**

WHEREAS, Adequate transportation infrastructure and services are critical to sustaining California's prosperity as well as the necessary daily activities of all Californians; and

WHEREAS, California's current transportation infrastructure and levels of transportation services and funding are inadequate to meet California's present needs, much less the increased needs being created by California's continued growth; and

WHEREAS, California's inadequate transportation system has, in many instances, become a burden upon individual citizens, businesses, and public entities; and

WHEREAS, Eighteen counties in California representing over 80 percent of the population have passed local countywide transportation sales tax measures by majority vote for critically needed highway and public transit needs representing about one-half of all new capital invested in new facilities over the last 10 years in our state; and

WHEREAS, The record clearly demonstrates that these funds have been administered efficiently and effectively to build, maintain, and operate high priority local improvement projects; and

WHEREAS, In order to ensure that California will be able to meet its current and future transportation needs and thereby preserve and enhance the prosperity and daily activities of all Californians, it is necessary to ~~establish~~ *place before the voters the opportunity to choose for themselves the creation of* an additional funding source that is dedicated exclusively to the funding of California's local transportation requirements, is administered by local government representatives, and is directly responsive to each county's local transportation needs; now, therefore, be it

Resolved by the Senate, the Assembly concurring, That the Legislature of the State of California at its 1999-2000 Regular Session commencing on the seventh day of December 1998, two-thirds of the membership of each house concurring, hereby proposes to the people of the State of California that the Constitution of the State be amended by adding Article XIXB thereto, to read:

ARTICLE XIXB TRANSPORTATION IMPROVEMENT AND MAINTENANCE ACT

SECTION 1. (a) Notwithstanding any other provision of this Constitution, for the exclusive purpose of funding local and regional transportation planning, research, design, construction, operation, maintenance, rehabilitation, and environmental mitigation directly related to transportation project impacts, the following sales and use taxes are hereby imposed under those conditions and at the time and in the manner set forth in subdivision (b):

(1) For the privilege of selling tangible personal property at retail, a sales tax upon all retailers at the rate of one-half of 1 percent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in this state.

(2) An excise tax upon the storage, use, or other consumption in this state of tangible personal property purchased from any retailer for storage, use, or other consumption in this state at the rate of one-half of 1 percent of the sales price of the property.

(b) (1) The taxes described in subdivision (a) may be imposed only within a county that, on or before the date this article was approved, has adopted a plan for the expenditure of tax revenues received by the county pursuant to this section to fund transportation purposes, as provided in subdivision (d). If the voters in a county have previously approved a countywide transactions and use tax of one-half of 1 percent for

transportation funding, the policy board of the agency responsible for administering the previously approved transactions and use tax may adopt the expenditure plan. If a countywide transactions and use tax for transportation funding that has received voter approval is not in effect, then the expenditure plan must be approved by both of the following: 151

- (A) The county board of supervisors.
- (B) The city councils 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 countywide agency responsible for the county or regional state transportation improvement program pursuant to Section 14527 of the Government Code shall administer the plan and the tax revenues received pursuant to this section.

Once adopted, a county transportation expenditure plan may be amended only by a two-thirds vote of the adopting authority or by a majority vote by the voters in that county voting on the amendment.

(2) Notwithstanding Section 8.5 of Article IV, the taxes described in subdivision (a) are hereby imposed, as provided in paragraph (3), in a county only if the measure adding this article was approved by a majority vote of the voters of that county voting on the measure ~~, except that in~~. *In* a county in which a countywide transactions and use tax for transportation funding is in effect on the date the measure adding this article was approved by *the voters of that county*, the taxes described in subdivision (a) are not imposed until the current countywide transactions and use tax for transportation funding is repealed or becomes inoperative.

For purposes of this article, a countywide transactions and use tax for transportation funding does not include any portion of a local sales tax that is imposed pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code), or its successor.

(3) Upon a county's compliance with the conditions set forth in paragraphs (1) and (2), the taxes described in subdivision (a) are imposed in that county for a period of 20 years commencing with the first calendar quarter that commences more than 90 days after the effective date of this section or the date of county compliance if that date is later. Except as provided in paragraph (2), the taxes described in subdivision (a) shall be so imposed in a county in addition to any other state or local sales or transactions and use taxes imposed in that county pursuant to law.

(4) The taxes described in subdivision (a) shall be administered in the same manner as the taxes imposed pursuant to the Sales and Use Tax Law (Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code), or its successor, and shall be subject to any exemption from tax set forth in that law.

(c) The taxes described in subdivision (a) shall be collected and administered by the State Board of Equalization, or its successor agency. The revenues derived from that tax shall be deposited in the Local Transportation Infrastructure Account, which is hereby established in the State Transportation Fund. The State Board of Equalization shall allocate the moneys in that account no less frequently than on a quarterly basis as follows:

- (1) To the State Board of Equalization for its costs of collection and administration.
- (2) For the payment of refunds of amounts of tax improperly collected pursuant to this section.

0152

(3) The balance among the counties, by allocating to each county all of the remaining amount of those tax revenues that were collected with respect to a sale, use, storage, or other consumption of tangible personal property that occurred in that county.

(d) All revenues received by a county pursuant to this section shall be expended exclusively for local and regional transportation planning, research, design, construction, operation, maintenance, rehabilitation, and environmental mitigation directly related to transportation project impacts.

(e) Revenues derived from the taxes imposed pursuant to subdivisions (a) and (b) are not General Fund proceeds of taxes within the meaning of Article XVI.

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Please send any questions or comments about this site to WebMaster@sen.ca.gov



July 15, 1999

Mr. Thomas Bolich
701 Ocean Street, #410
Santa Cruz CA 95060

Dear Thomas Bolich:

You are well aware of the problem - the half cent sales tax programs we depend upon to fund a huge portion of the state's investment in transportation require a two-thirds vote for reauthorization - you may not know there is a solution - SCA 3 by Senator Burton.

SCA 3, now in the Assembly, would place a statewide half-cent transportation sales tax measure on the ballot. It would have the effect of allowing local transportation sales tax measures to be renewed, or pass for the first time, with a majority vote in November 2000. It would only be implemented in a particular county if it passes in that county **and** wins a majority statewide.

This bill does not affect Proposition 13. A special local transportation sales tax measure must earn a two-thirds vote to become law. Only statewide taxes, such as SCA 3, may pass with a majority vote.

To get to the ballot, SCA 3 will require a two-thirds vote of the California Legislature. **This will be a tough fight and we need your help. Please call, or preferably meet with, your Assemblymember.** Try to do so by the time the Legislature reconvenes on August 16. We also ask you to please keep us apprised as to whom you are contacting so we can ensure all important members of the Assembly will be reached. Now is the time to act in order to get the support needed in the Assembly to pass SCA 3.

Enclosed is a copy of the current endorsement list and a Q & A about the measure. Please contact Keith Yandell, of our office, if you wish to add any names, as well as to share information regarding any contact with your Assembly member: (phone) 916-442-7195, (fax) 916-442-7198.

Thank you for your hard work. I know you are very busy and making time for this is difficult, but without our work this critical piece of legislation will not pass.

Sincerely,

Norm King
Moderator

attachments

p.s. If you are interested in sponsoring Focus on the Future, there are still several opportunities available.

QUESTIONS AND ANSWERS ABOUT SCA 3

Why do we need it?

California has, over the last ten years, depended on locally imposed half cent sales taxes to fund local street and road work, increase capacity to State Highways, build and operate transit, support elderly and handicapped transportation programs, etc. Unfortunately, those local measures are expiring and can not be re-authorized without a local two thirds vote. Over the next ten years, the local transportation sales taxes, which together generate \$1 billion annually, will expire.,

Recently, the California Transportation Commission surveyed communities around the state and found unmet transportation needs in California in excess of \$110 billion. Clearly, preserving existing popular transportation funding sources must be first priority for solving the traffic problem.

How does SCA 3 work?

SCA 3 is a statewide half-cent transportation sales tax which would only be implemented in a particular county if it passes in that county **and** wins a majority statewide.

In addition, in order for it to be implemented in a particular county, the local transportation sales tax agency must first pass an expenditure plan, outlining where the money would be spent. If no local transportation sales tax agency exists, then the plan must be approved by both the Board of Supervisors and the city councils representing a majority of the cities in the county and a majority of the population. Further details about this part of the SCA 3 will be contained in the companion bill, AB 1155.

Does it affect Proposition 13?

No. Local sales tax measures still require a two thirds vote. Only a statewide measure, like SCA 3, may pass with a majority vote.

Why not just change the 2/3 requirement?

That would require changing Proposition 13.

When does the expenditure plan need to be adopted?

Although the exact date has yet to be determined, it appears that the plan will be required by late April. Look to the companion bill for details soon.

How does it get to the ballot?

SCA 3 is a Constitutional Amendment, so it will require a two-thirds vote of the legislature to put it on the ballot.

How much will be raised statewide?

That depends on how many counties decide to implement the tax, but more than likely, in excess of \$1 billion annually.

Who implements the expenditure plan in each county?

The administering agency will be designated in the expenditure plan.

Can the expenditure plan ever be changed?

Yes. Two-thirds of the local electorate or two-thirds of the members of the sales tax authority may vote to change the plan.

May a county choose to put together an expenditure plan after the deadline, and still collect the tax?

No. This statewide tax is a one-time opportunity. If the plan is put together after April 2000, it may only go forward as a local tax, requiring a two-thirds vote of the electorate.

On what kinds of programs may the money be spent?

SCA 3 money may be used to fund any transportation program, including state highways, transit, local streets and roads and environmental mitigation tied to transportation projects.

Will SCA 3 fund new projects immediately?

Yes. Using bonding, agencies may get projects on the street as soon as they can.

Can money from this new measure be used to restructure existing debt?

Yes.

Will the half cent be added to the existing sales tax measure?

No. It would be collected only when the existing local transportation sales tax measure has run its course and expired.

What about counties with permanent sales tax measures, like LA?

SCA 3 would not affect LA or other counties with permanent transportation sales tax measures. It is meant to help counties with expiring sales tax measures and counties which do not have a measure yet.

It does not affect LA residents, however, by allowing the neighboring communities to build the projects needed to get around in the Greater LA Area, it helps LA voters.

Has there been any polling? Do voters really like this concept?

Yes. A recent statewide poll 59% of voters support this concept. Voters feel comfortable that the existing programs have been implemented effectively and feel confident that extending them is a good idea.

If the local government agency does not adopt an expenditure plan, but the voters support it in a particular county, will it still be implemented there?

No.

Is there some other way to raise needed transportation money?

No. Not to raise enough to make up for the huge loss to the system that the expiration of the sales taxes is bringing. Almost half of the new transportation construction over the last ten years throughout the state was funded with transportation sales tax money. Reallocating the sales tax on gasoline may also be a good idea, but it would raise enough to cover only a very small part of the need.

Is this tax sunsetted?

Yes. It would exist for 20 years.

SCA 3 Endorsement List

Silicon Valley Manufacturing Group
 California State Association of Counties
 California Taxpayers Association
 League of California Cities
 San Diego Chamber of Commerce
 San Luis Obispo Council of Governments
 City and County of San Francisco
 San Francisco Transportation Authority
 Sonoma County Transportation Authority
 Los Angeles Metropolitan Transportation Authority
 San Diego MTDB (Transit Board)
 Santa Clara Valley Transportation Authority
 Amalgamated Transit Union
 Contra Costa Transportation Authority
 City of Moreno Valley
 SAMTRANS
 City of Ranch Cucamonga
 California Taxpayers' Association
 Self-Help Counties Coalition
 Riverside County Transportation Commission
 San Bernardino Associated Governments
 San Joaquin Council of Governments
 San Mateo County Transportation Authority
 Fresno County Transportation Authority
 Imperial County Department of Public Works
 Alameda County Transportation Authority
 California Building Industry Association
 California Transportation Commission
 City of Moreno Valley
 Operating Engineers
 Building Trades Council
 State Council of Laborers
 Merrill, Arnone & Jones LLP
 Ventura County Transportation Commission
 City of Camarillo
 Standard Structures Inc.
 California Common Cause
 Alameda-Contra Costa Transit District
 Alameda County Congestion Management Agency
 County of Sacramento
 CELSOC
 City of Larkspur
 City of Santa Rosa
 Associated General Contractors of California
 Associated General Contractors, San Diego Chapter
 San Francisco Bay Area Rapid Transit District
 Metropolitan Transportation Commission
 Urban Counties Caucus
 SANDAG
 Santa Barbara County Association of Governments
 Council of San Benito County Governments
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PARTIAL LIST

7/16/99