



SCA-2 Motor vehicle fees and taxes: restriction on expenditures: appropriations limit. (2017-2018)

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AMENDED IN SENATE MARCH 30, 2017

AMENDED IN SENATE MARCH 29, 2017

CALIFORNIA LEGISLATURE— 2017–2018 REGULAR SESSION

**SENATE CONSTITUTIONAL
AMENDMENT**

No. 2

Introduced by Senator Newman

(Coauthors: Senators Atkins, Beall, Dodd, Hertzberg, Hill, McGuire, and Mendoza)

(Coauthor: Assembly Member Frazier)

January 18, 2017

A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 1 of Article XIX A thereof, by adding Section 15 to Article XIII B thereof, and by adding Article XIX D thereto, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SCA 2, as amended, Newman. Motor vehicle fees and taxes: restriction on expenditures: appropriations limit.

(1) Article XIX of the California Constitution restricts the expenditure of revenues from taxes imposed by the state on fuels used in motor vehicles upon public streets and highways to street and highway and certain mass transit purposes, and restricts the expenditure of revenues from fees and taxes imposed by the state upon vehicles or their use or operation to state administration and enforcement of laws regulating the use, operation, or registration of vehicles used upon the public streets and highways, as well as to street and highway and certain mass transit purposes. These restrictions do not apply to revenues from taxes or fees imposed under the Sales and Use Tax Law or the Vehicle License Fee Law.

This measure would add Article XIX D to the California Constitution to require revenues derived from vehicle fees imposed under a specified chapter of the Vehicle License Fee Law to be used solely for transportation purposes. The measure would prohibit these revenues from being used for the payment of principal and interest on state transportation general obligation bonds that were authorized by the voters on or before November 8, 2016. The measure would prohibit the revenues from being used for the payment of principal and interest on state transportation general obligation bonds issued after that date unless the bond act submitted to the voters expressly authorizes that use. The measure would also prohibit the Legislature from borrowing these revenues, except as specified, or using them for purposes other than transportation purposes, as defined.

(2) Article XIII B of the California Constitution prohibits the total annual appropriations subject to limitation of the state and each local government from exceeding the appropriations limit of the entity of the government for the prior year, as adjusted.

This measure would exclude appropriations of certain revenues associated with the Road Repair and Accountability Act of 2017 from the appropriations subject to constitutional limitation.

(3) Article XIX A of the California Constitution requires the deposit of a specified portion of the sales and use tax on diesel fuel in the Public Transportation Account in the State Transportation Fund, and restricts the expenditure of those revenues to certain transportation and mass transportation purposes. Article XIX A prohibits the Legislature from borrowing these revenues and from using these revenues other than as specifically permitted by Article XIX A.

This measure would restrict additional portions of the sales and use tax on diesel fuel to expenditure on certain transportation planning or mass transportation purposes and require those revenues to be deposited in the Public Transportation Account. The measure would prohibit the Legislature from temporarily or permanently diverting or appropriating these additional revenues for other than certain transportation planning or mass transportation purposes, or from borrowing, except as specified, these additional revenues.

Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: no

WHEREAS, Transportation revenues raised by the Road Repair and Accountability Act of 2017 should be constitutionally protected for transportation ~~purpose;~~ *purposes;* and

WHEREAS, By so doing, Californians are assured revenues raised by that act are spent to repair streets and bridges, address years of deferred maintenance on highways and local roads, improve mobility and public transit, and invest in needed transportation infrastructure to benefit all Californians; now, therefore, be it

Resolved by the Senate, the Assembly concurring, That the Legislature of the State of California at its 2017–18 Regular Session commencing on the fifth day of December 2016, 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 as follows:

First— That Section 15 is added to Article XIII B thereof, to read:

SEC. 15. "Appropriations subject to limitation" of each entity of government shall not include appropriations of revenues from the Road Maintenance and Rehabilitation Account created by the Road Repair and Accountability Act of 2017, or any other revenues deposited into any other funds pursuant to the act. No adjustment in the appropriations limit of any entity of government shall be required pursuant to Section 3 as a result of revenues being deposited in or appropriated from the Road Maintenance and Rehabilitation Account created by the Road Repair and Accountability Act of 2017 or any other account pursuant to the act.

Second— That Section 1 of Article XIX A thereof is amended to read:

SECTION 1. (a) The Legislature shall not borrow revenues from the Public Transportation Account, or any successor account, and shall not use these revenues for purposes, or in ways, other than those specifically permitted by this article.

(b) The Public Transportation Account in the State Transportation Fund, or any successor account, is a trust fund. The Legislature may not change the status of the Public Transportation Account as a trust fund. Funds in the Public Transportation Account may not be loaned or otherwise transferred to the General Fund or any other fund or account in the State Treasury.

(c) All revenues specified in paragraphs (1) through (3), inclusive, of subdivision (a) of Section 7102 of the Revenue and Taxation Code, as that section read on June 1, 2001, shall be deposited no less than quarterly into the Public Transportation Account (Section 99310 of the Public Utilities Code), or its successor. The Legislature may not take any action which temporarily or permanently diverts or appropriates these revenues for purposes other than those described in subdivision (d), or delays, defers, suspends, or otherwise interrupts the quarterly deposit of these funds into the Public Transportation Account.

(d) Funds in the Public Transportation Account may only be used for transportation planning and mass transportation purposes. The revenues described in subdivision (c) are hereby continuously appropriated to the Controller without regard to fiscal years for allocation as follows:

(1) Fifty percent pursuant to subdivisions (a) through (f), inclusive, of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(2) Twenty-five percent pursuant to subdivision (b) of Section 99312 of the Public Utilities Code, as that section read on July 30, 2009.

(3) Twenty-five percent pursuant to subdivision (c) of Section 99312 of the Public Utilities Code, as that section read on July 30, 2009.

(e) For purposes of paragraph (1) of subdivision (d), "transportation planning" means only the purposes described in subdivisions (c) through (f), inclusive, of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(f) For purposes of this article, "mass transportation," "public transit," and "mass transit" have the same meaning as "public transportation." "Public transportation" means:

(1) (A) Surface transportation service provided to the general public, complementary paratransit service provided to persons with disabilities as required by 42 U.S.C. 12143, or similar transportation provided to people with disabilities or the elderly; (B) operated by bus, rail, ferry, or other conveyance on a fixed route, demand response, or otherwise regularly available basis; (C) generally for which a fare is charged; and (D) provided by any transit district, included transit district, municipal operator, included municipal operator, eligible municipal operator, or transit development board, as those terms were defined in Article 1 of Chapter 4 of Part 11 of Division 10 of the Public Utilities Code on January 1, 2009, a joint powers authority formed to provide mass transportation services, an agency described in subdivision (f) of Section 15975 of the Government Code, as that section read on January 1, 2009, any recipient of funds under Sections 99260, 99260.7, 99275, or subdivision (c) of Section 99400 of the Public Utilities Code, as those sections read on January 1, 2009, or a consolidated agency as defined in Section 132353.1 of the Public Utilities Code, as that section read on January 1, 2009.

(2) Surface transportation service provided by the Department of Transportation pursuant to subdivision (a) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(3) Public transit capital improvement projects, including those identified in subdivision (b) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(g) All revenues specified in Sections 6051.8 and 6201.8 of the Revenue and Taxation Code, as those sections read on January 1, 2018, shall be deposited no less than quarterly into the Public Transportation Account, or its successor. Except as provided in Sections 16310 and 16381 of the Government Code, as those sections read on January 1, 2018, the Legislature may not take any action that temporarily or permanently diverts or appropriates these revenues for purposes other than those described in subdivision (d), or delays, defers, suspends, or otherwise interrupts the quarterly deposit of these revenues into the Public Transportation Account.

Third— That Article XIX D is added thereto, to read:

Article XIX D VEHICLE LICENSE FEE REVENUES FOR TRANSPORTATION PURPOSES

SECTION 1. (a) Notwithstanding Section 8 of Article XIX, revenues derived from vehicle fees imposed under the Vehicle License Fee Law pursuant to Chapter 6 (commencing with Section 11050) of Part 5 of Division 2 of the Revenue and Taxation Code, or its successor, over and above the costs of collection and any refunds authorized by law, shall be used solely for transportation purposes, as defined by Section 11050 of the Revenue and Taxation Code, as that section read upon enactment of the Road Repair and Accountability Act of 2017.

(b) The revenues described in subdivision (a) shall not be used for the payment of principal and interest on state transportation general obligation bonds that were authorized by the voters on or before November 8, 2016, nor shall those revenues be used for payment of principal and interest on state transportation general obligation bond acts approved by the voters after that date, unless the bond act expressly authorizes that use.

(c) Except as provided in Sections 16310 and 16381 of the Government Code, as those sections read on January 1, 2018, the Legislature shall not borrow the revenues described in subdivision (a), and shall not use these revenues for purposes, or in ways, other than as authorized in subdivisions (a) or (b).