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Motor Vehicle Fuels Tax. Rail Transit Funding.

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Motor Vehicle Fuels Tax. Rail Transit Funding.
Legislative Constitutional Amendment

Official Title and Summary:

MOTOR VEHICLE FUELS TAX. RAIL TRANSIT FUNDING.
LEGISLATIVE CONSTITUTIONAL AMENDMENT

- This measure would amend the Constitution to authorize expenditures from the revenues raised from state-imposed taxes on motor vehicle fuels and fees upon the operation and use of vehicles for the acquisition of rail transit vehicles and rail transit equipment which operate only on exclusive public mass transit guideways.

Summary of Legislative Analyst's
Estimate of Net State and Local Government Fiscal Impact:

- An unknown amount of ~~revenues raised from the state-imposed taxes on motor vehicle fuels and fees upon the operation and use of vehicles may~~ be shifted from existing uses for the purchase of rail transit vehicles and related equipment that operate on mass transit guideways, as a result of this measure.
 - The extent of the shift depends upon the number of counties or geographic areas that approve and use these revenues for the specified purposes.
-

Final Votes Cast by the Legislature on ACA 32 (Proposition 125)

Assembly: Aves 66 Senate: Aves 29
 Noes 5 Noes 5

Analysis by the Legislative Analyst

Background

Under Article XIX of the California Constitution, certain revenues are restricted for particular transportation purposes. These revenues come from several sources, including state taxes on motor vehicle fuels (mainly gasoline and diesel), truck weight fees, drivers' license fees, and vehicle registration fees. In 1990-91, these revenues, referred to as "Article XIX" revenues, will total approximately \$3.3 billion.

In general, Article XIX revenues can be used by state and local governments for the construction, maintenance and operation of public streets and highways, and the construction of public mass transit guideways (such as tracks and stations). In addition, certain of these revenues can be used by state government to regulate and register vehicles and to enforce traffic laws. However, none of these revenues currently may be used to acquire public mass transit vehicles or equipment.

Before Article XIX revenues can be used to construct public mass transit guideways, the California Constitution requires that the use be approved by a majority of the voters in the county or geographic area where the monies are to be spent. Currently, 22 counties have approved the use of Article XIX revenues for public mass transit guideway purposes.

In 1990-91, of the \$3.3 billion in Article XIX revenues, about \$2.6 billion will be spent by state and local

governments on streets and highways and public mass transit guideways. This includes about \$80 million of state expenditures for guideway projects. In addition to these state funds, there are an unknown amount of local expenditures for guideway projects.

Proposal

This constitutional amendment allows Article XIX revenues to be used for the acquisition of rail transit vehicles and rail transit equipment that operate only on public mass transit guideways. These uses must first be approved by a majority of the voters in the county or geographic area where the revenues are to be spent.

Fiscal Effect

The measure would potentially result in a shift, of an unknown amount, of Article XIX revenues from currently authorized uses to the acquisition of rail transit vehicles and related equipment that operate on public mass transit guideways. The extent of the shift would depend on the number of counties or geographic areas that approve and use Article XIX revenues for these purposes.

Any county or geographic area that proposes to use Article XIX revenues for rail transit vehicles or related equipment would probably incur minor election costs to place a measure before the voters.

For text of Proposition 125 see page 73

Argument in Favor of Proposition 125

VOTE YES ON PROPOSITION 125!

Proposition 125 improves rail transit without increasing taxes one cent. It allows a portion of the existing state gas tax, which is already allocated by law for mass transit capital improvements, to *also* be used to acquire rail transit rolling stock, such as light rail cars, rapid transit cars, and commuter/intercity rail cars and locomotives.

In 1974, a large majority of California voters approved allocation of gas tax funds to rail mass transit projects. In doing so, Californians recognized that good rail systems were needed along with highways to provide a balanced transportation system. As a result, millions of Californians are now using successful rail systems such as BART in the Bay Area, light rail in San Diego and Sacramento, and Amtrak between Los Angeles, Orange County, and San Diego, and elsewhere throughout California.

The California Constitution currently allows gas tax funds to be used for all rail mass transit capital outlay needs—except the acquisition of rolling stock. Proposition 125 will also allow these funds to be used for passenger rail cars and locomotives. In many cases, purchasing additional rail cars is the highest capital expenditure priority of a transit system. Proposition 125 will result in increased efficiency because it will allow state and local agencies the flexibility to use these existing rail funds for the most necessary rail capital improvements.

Proposition 125 will help provide more seats on existing rail lines, and it will provide an additional funding source for equipment for new rail lines now in the planning stages for many parts of California. Proposition 125 will also provide the equipment to allow trains to run more often. As transit becomes more convenient, it will continue to reduce gridlock on our overburdened freeways.

Proposition 125 will benefit both urban and rural parts of California because it applies to both urban rail transit lines in Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties, the San Francisco Bay Area, Sacramento, and San Diego, *and* intercity Amtrak lines connecting California's rural areas with urban centers along the San Joaquin Valley, central coast, and north state rail routes.

Voting YES ON PROPOSITION 125 is a YES VOTE ON CLEANER AIR AND LESS TRAFFIC CONGESTION. IT IS ALSO A YES VOTE ON A BALANCED TRANSPORTATION SYSTEM.

Vote YES on Proposition 125!

HONORABLE JIM COSTA
State Assemblyman, 30th District

GERALD H. MERAL
Executive Director, Planning and Conservation League

WILLIAM E. LEONARD
Chairman, California Transportation Commission

Rebuttal to Argument in Favor of Proposition 125

Proponents of Proposition 125 begin their argument with a **PATENT LIE!** The law as proposed does not limit the proportion of the gasoline tax which could be diverted for public mass transit purposes. **TAXES WOULD HAVE TO BE RAISED TO MAKE UP THE DIVERTED MONEY** if roads are to be maintained at current standards! In addition, gasoline tax revenues would be reduced by the amount of reduced automobile use resulting from increased utilization of tax-funded public mass transit. **TAXES WOULD HAVE TO BE RAISED TO MAKE UP THIS SHORTFALL!**

Proponents of Prop. 125 say their proposal will provide a balanced transportation system. Where is the balance in requiring one group of riders, who must pay their own way, to also subsidize another group of riders, who only pay one tenth of the cost of their transportation?

Proposition 125 is blatantly unfair in that it requires millions of Californians who will never have access to the tax funded mass transit facilities to pay for subsidized transit for others who happen to live on public mass transit routes.

Proposition 125 promotes an **ELITIST MASS TRANSIT SYSTEM** that riders would not use if they were required to pay the full cost thereof.

PROPOSITION 125 UNBALANCES THE MARKET IN PUBLIC TRANSPORTATION! VOTE NO on Proposition 125!

PROPOSITION 125 IS UNFAIR TO MOTOR VEHICLE USERS! VOTE NO on Proposition 125!

PROPOSITION 125 WILL RESULT IN INCREASED TAXES! VOTE NO on Proposition 125!

PROPOSITION 125 IS MISREPRESENTED BY ITS PROPONENTS!

VOTE NO ON PROPOSITION 125!

THOMAS TRYON
Chairman, Board of Supervisors, Calaveras County

GAIL LIGHTFOOT
Chairman, Libertarian Party of California

JOHN VERNON
Immediate Past Chairman, Libertarian Party of California

Motor Vehicle Fuels Tax. Rail Transit Funding. Legislative Constitutional Amendment

125

Argument Against Proposition 125

PROPOSITION 125 IS BAD LAW!

Proposition 125 requires that taxes be taken from one class of citizens—automobile and truck drivers—to benefit another class of citizens—the riders of mass rail transit, who not only pay no taxes for this benefit, but ride on the backs of those who must use gasoline-powered vehicles for their private and business transportation. Prop. 125 dictates that the cost of driving an automobile or truck be fixed artificially higher—so that the cost of using a mass rail transit system can be priced artificially lower.

PROPOSITION 125 IS SOCIALIZED TRANSIT!

Prop. 125 takes one of the few taxes which resembles a user fee—the gasoline tax—and turns it into an income redistribution system for the benefit of rail transit riders.

PROPOSITION 125 IS BAD ECONOMICS!

It encourages and funds a system of transportation which consistently fails to pay its own way. Promoters of mass rail transit deceive the people into believing that rail transit is a “cheap and affordable” means of transportation. But no rail transit system in existence earns more than half its cost from rider fares. In fact, most transit systems cost eight to ten times more in taxes than the amount dropped into fare boxes.

PROPOSITION 125 IS DISHONEST MASS TRANSIT FUNDING!

While proclaiming the benefits of mass rail transit to the people of California, promoters fail to tell voters and

taxpayers that the contractors who build these expensive boondoggles will reap hundreds of millions of dollars in profits—and that these profits will be paid by other persons than those who use the rail transit systems.

PROPOSITION 125 PERVERTS THE MARKET IN PUBLIC TRANSPORTATION!

Prop. 125 is based upon the assumption that the users of public transit systems would not willingly pay the full cost of frequent and efficient public transit. Deregulation of jitneys, taxis, van and bus service would allow the market place to supply the need for alternatives to automobile transportation at a price riders can afford to pay—without having to conceal most of the cost through taxes borne by others.

PROPOSITION 125 IS SIMPLY ONE MORE VERSION OF PLUNDEROCRACY!

Vote for honesty in public transit. VOTE NO ON PROPOSITION 125! Vote for the free market, as the socialist world is now doing. VOTE NO ON PROPOSITION 125! Vote for common sense. VOTE NO ON PROPOSITION 125! Vote for taxpayer control over state government. VOTE NO ON PROPOSITION 125!

THOMAS TRYON

Chairman, Board of Supervisors, Calaveras County

GAIL LIGHTFOOT

Chairman, Libertarian Party of California

JOHN VERNON

Immediate Past Chairman, Libertarian Party of California

Rebuttal to Argument Against Proposition 125

PROPOSITION 125 DOES *NOT* INCREASE TAXES. IT WILL *NOT* INCREASE THE COST OF DRIVING.

PROPOSITION 125 SIMPLY ALLOWS MORE FLEXIBILITY IN THE USE OF *EXISTING* RAIL TRANSIT FUNDS. IT WILL ENSURE THAT THESE FUNDS ARE USED AS EFFICIENTLY AS POSSIBLE TO CONSTRUCT AND MODERNIZE RAIL SYSTEMS THROUGHOUT THE STATE.

Since 1974, the California Constitution has allowed a small portion of the gas tax to be used for rail transportation capital expenditures, including track, stations and signals.

PROPOSITION 125 WOULD ALLOW THESE SAME *EXISTING* FUNDS TO BE USED TO PURCHASE RAIL CARS AND LOCOMOTIVES.

Proposition 125 will permit local and state transit officials to have the flexibility to spend *existing* rail transit funds where they are needed the most. Often, additional rail cars are the best way to expand ridership and improve operational cost-effectiveness.

Do not be misled by the uninformed opponents, whose “arguments” indicate that they have not even taken the time to read or understand Proposition 125. PROPOSITION 125 NEITHER INCREASES THE GAS TAX NOR ALLOCATES MORE FUNDS TO TRANSIT, AS THEY CONTEND.

With ever-increasing highway congestion, Californians need a balanced transportation system now more than ever. That transportation system should include *both* good highways and good rail systems. PROPOSITION 125 WILL HELP PUBLIC RAIL SYSTEMS PROVIDE SUFFICIENT AND UP-TO-DATE RAIL CARS TO BETTER SERVE CALIFORNIANS.

VOTE YES ON PROPOSITION 125!

KIRK WEST

President, California Chamber of Commerce

WILLIAM E. LEONARD

Chairman, California Transportation Commission

HONORABLE JIM COSTA

State Assemblyman, 30th District

Proposition 124: Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 29 (Statutes of 1990, Resolution Chapter 6) expressly amends the Constitution by amending a section thereof; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XVI

SEC. 6. The Legislature shall have no power to give or to lend, or to authorize the giving or lending, of the credit of the State, or of any county, city and county, city, township or other political corporation or subdivision of the State now existing, or that may be hereafter established, in aid of or to any person, association, or corporation, whether municipal or otherwise, or to pledge the credit thereof, in any manner whatever, for the payment of the liabilities of any individual, association, municipal or other corporation whatever; nor shall it have power to make any gift or authorize the making of any gift, of any public money or thing of value to any individual, municipal or other corporation whatever; provided, that nothing in this section shall prevent the Legislature granting aid pursuant to Section 3 of Article XVI; and it shall not have power to authorize the State, or any political subdivision thereof, to subscribe for stock, or to become a stockholder in any corporation whatever; provided, further, that irrigation districts for the purpose of acquiring the control of any entire international water system necessary for its use and purposes, a part of which is situated in the United States, and a part thereof in a foreign country, may in the manner authorized by law, acquire the stock of any foreign corporation which is the owner of, or which holds the title to the part of such system situated in a foreign country; provided, further, that irrigation districts for the purpose of acquiring water and water rights and other property necessary for their uses and purposes, may acquire and hold the stock of corporations, domestic or foreign, owning waters, water rights, canals, waterworks, franchises or concessions subject to the same obligations and liabilities as are imposed by law upon all other stockholders in such corporation; and *provided, further, that the Legislature by statute may authorize local hospital districts to acquire and own stock of corporations which engage in any health care related business as that term may be defined from time to time by the Legislature, and provided that the district shall be subject to the same obligations and liabilities as are imposed by law upon all other stockholders in those corporations; and*

Provided, further, that nothing in this section shall be construed to repeal or otherwise affect Section 2400 of the Business and Professions Code; and

Provided, further, that this section shall not prohibit any county, city and county, city, township, or other political corporation or subdivision of the State

from joining with other such agencies in providing for the payment of workers' compensation, unemployment compensation, tort liability, or public liability losses incurred by such agencies, by entry into an insurance pooling arrangement under a joint exercise of powers agreement, or by membership in such ~~publicly owned~~ *publicly owned* nonprofit corporation or other public agency as may be authorized by the Legislature; and

Provided, further, that nothing contained in this Constitution shall prohibit the use of State money or credit, in aiding veterans who served in the military or naval service of the United States during the time of war, in the acquisition of, or payments for, (1) farms or homes, or in projects of land settlement or in the development of such farms or homes or land settlement projects for the benefit of such veterans, or (2) any business, land or any interest therein, buildings, supplies, equipment, machinery, or tools, to be used by the veteran in pursuing a gainful occupation; and

Provided, further, that nothing contained in this Constitution shall prohibit the State, or any county, city and county, city, township, or other political corporation or subdivision of the State from providing aid or assistance to persons, if found to be in the public interest, for the purpose of clearing debris, natural materials, and wreckage from privately owned lands and waters deposited thereon or therein during a period of a major disaster or emergency, in either case declared by the President. In such case, the public entity shall be indemnified by the recipient from the award of any claim against the public entity arising from the rendering of such aid or assistance. Such aid or assistance must be eligible for federal reimbursement for the cost thereof.

And provided, still further, that notwithstanding the restrictions contained in this Constitution, the treasurer of any city, county, or city and county shall have power and the duty to make such temporary transfers from the funds in custody as may be necessary to provide funds for meeting the obligations incurred for maintenance purposes by any city, county, city and county, district, or other political subdivision whose funds are in custody and are paid out solely through the treasurer's office. Such temporary transfer of funds to any political subdivision shall be made only upon resolution adopted by the governing body of the city, county, or city and county directing the treasurer of such city, county, or city and county to make such temporary transfer. Such temporary transfer of funds to any political subdivision shall not exceed 85 percent of the anticipated revenues accruing to such political subdivision, shall not be made prior to the first day of the fiscal year nor after the last Monday in April of the current fiscal year, and shall be repaid from the revenues accruing to such political subdivision before any other obligation of such political subdivision is met from such revenue.

Proposition 125: Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 32 (Statutes of 1990, Resolution Chapter 55) expressly amends the Constitution by amending a section thereof; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XIX

SECTION 1. Revenues from taxes imposed by the state on motor vehicle fuels for use in motor vehicles upon public streets and highways, over and above the costs of collection and any refunds authorized by law, shall be used for the following purposes:

(a) The research, planning, construction, improvement, maintenance, and operation of public streets and highways (and their related public facilities for

nonmotorized traffic), including the mitigation of their environmental effects, the payment for property taken or damaged for ~~such~~ *those* purposes, and the administrative costs necessarily incurred in the foregoing purposes.

(b) The research, planning, construction, and improvement of exclusive public mass transit guideways (and their related fixed facilities), including the mitigation of their environmental effects, the payment for property taken or damaged for those purposes, the administrative costs necessarily incurred in the foregoing purposes, *the acquisition of rail transit vehicles and rail transit equipment which operate only on exclusive public mass transit guideways*, and the maintenance of the structures and the immediate right-of-way for the public mass transit guideways, but excluding the maintenance and operating costs for mass transit power systems and mass transit passenger facilities, vehicles, equipment, and services.

Proposition 126: Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 38 (Statutes of 1990, Resolution Chapter 56) expressly amends the Constitution by adding a section and an article thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XIII B AND ADDITION OF ARTICLE XXII

First—That the Legislature hereby proposes to the people of the State of California that the Constitution of the State be amended by adding Section 13 to Article XIII B thereof, to read:

SEC. 13. (a) *For the 1990-91 fiscal year, "proceeds of taxes" do not include any taxes collected in accordance with Section 5 of Article XXII during that fiscal year.*

(b) *For fiscal years beginning on or after July 1, 1991, the appropriations limit of the state shall be the appropriations limit for the 1990-91 fiscal year as otherwise determined pursuant to this article, as increased by an amount equal to the amount of revenue received for the 1991-92 fiscal year from the taxes imposed pursuant to Section 5 of Article XXII, and as further adjusted pursuant to this article.*

Second—That the Legislature hereby proposes to the people of the State of California that the Constitution of the State be amended by adding Article XXII, to read:

Article XXII. Alcoholic Beverage Excise Taxes and Surtaxes

SECTION 1. *Taxes or fees specifically imposed on the manufacture, importation, storage, distribution, sale, consumption, or use of alcoholic beverages may be levied only as provided in Sections 3, 4, and 5 of this article, or by the Legislature pursuant to Section 22 of Article XX and Section 3 of Article XIII A. Taxes or fees, which are imposed or authorized by the Legislature, and which are broadly applicable to the manufacture, importation, storage, distribution, sale,*

consumption, or use of tangible personal property, may be applied in the case of alcoholic beverages.

SEC. 2. *Except as provided by the Legislature, the taxes imposed under Sections 3, 4, and 5 are in lieu of all county, city (including a charter city), or district taxes on the sale of alcoholic beverages.*

SEC. 3. *An excise tax is imposed upon all beer and wine sold in this State by a manufacturer, winegrower, importer, or seller of beer or wine selling beer or wine with respect to which no tax has been paid within areas over which the United States government exercises jurisdiction, at the following rates:*

(a) *On all beer, one dollar and twenty-four cents (\$1.24) for every barrel containing 31 gallons and at a proportionate rate for any other quantity.*

(b) *On all still wines containing not more than 14 percent of absolute alcohol by volume, one cent (\$.01) per wine gallon and at a proportionate rate for any other quantity.*

(c) *On all still wines containing more than 14 percent of absolute alcohol by volume, two cents (\$.02) per wine gallon and at a proportionate rate for any other quantity.*

(d) *On champagne, sparkling wine, excepting sparkling hard cider, whether naturally or artificially carbonated, thirty cents (\$.30) per wine gallon and at a proportionate rate for any other quantity.*

(e) *On sparkling hard cider, two cents (\$.02) per wine gallon and at a proportionate rate for any other quantity.*

SEC. 4. *An excise tax is imposed upon all distilled spirits sold in this state by a manufacturer, distilled spirits manufacturer's agent, brandy manufacturer, rectifier, wholesaler, common carrier with respect to sales made upon boats, trains, and airplanes, person licensed to sell distilled spirits upon boats, trains, and airplanes, or seller of distilled spirits selling distilled spirits with respect to which no tax has been paid within areas over which the United States government exercises jurisdiction, at the following rates:*

(a) *On all distilled spirits of proof strength or less, two dollars (\$2) per wine*