

1998

## Transportation: Funding.

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## Transportation: Funding. Legislative Constitutional Amendment.

Official Title and Summary Prepared by the Attorney General

### TRANSPORTATION: FUNDING.

#### LEGISLATIVE CONSTITUTIONAL AMENDMENT.

- Requires loans of transportation related revenues to the General Fund be repaid the same fiscal year, or within three fiscal years if the Governor declares an emergency significantly impacting the General Fund or General Fund revenues are less than the previous fiscal year's adjusted revenues.
- Allows loans of certain transportation related revenues to local entities conditioned upon repayment, with interest, within four years.
- Designates local transportation funds as trust funds and prohibits abolition of all such funds created by law.
- Restricts allocations from local transportation funds to designated purposes relating to local transportation.

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

- It is unlikely that this measure would have any fiscal impact on state and local governments.

#### Final Votes Cast by the Legislature on ACA 30 (Proposition 2)

Assembly: Ayes 71      Senate: Ayes 32  
              Noes 2               Noes 1

#### Analysis by the Legislative Analyst

##### Background

California's highways, public streets and roads, and mass transportation systems are funded by a mix of federal, state, local, and private money.

**State Transportation Funds.** State funds for transportation programs are derived from three major sources—a "gas" tax (currently, 18 cents per gallon of motor vehicle fuels, primarily gasoline and diesel), sales tax on gasoline and diesel, and taxes and fees on motor vehicles and their use, including truck weight fees, vehicle registration fees, and driver's license fees.

Currently, revenues derived from the gas tax on motor vehicle fuel used in vehicles on public roads and revenues from fees and taxes on motor vehicles are restricted to specified transportation purposes by the California Constitution. The State Constitution, however, permits these revenues to be loaned temporarily to the state General Fund with the condition that the loaned amount must be repaid. The state General Fund supports nontransportation activities such as education, corrections, and health and social services programs.

Under current law, revenues from the sales tax on diesel fuel and part of the sales tax on gasoline must be deposited in the Public Transportation Account for use only for public transportation and transportation planning purposes. Currently, these funds may be loaned to the state General Fund. Loans must be repaid with interest.

During a fiscal year, state transportation funds are often loaned on a short-term basis (sometimes as short as one day) to the state General Fund for cash flow purposes. Additionally, during the recession of the early 1990s, transportation funds were loaned to the state General Fund on a longer-term basis (more than a fiscal year). The length of these loans was determined by the Legislature and Governor in statute.

**Local Transportation Funds.** Current law authorizes each county to establish a Local Transportation Fund (LTF) for

public transportation purposes. Revenues to each county's LTF are derived from one-quarter cent of the sales tax collected in that county.

##### Proposal

This measure amends the California Constitution to restrict the conditions under which state transportation funds, including gas tax revenues, revenues from fees and taxes on motor vehicles and their use, and funds in the Public Transportation Account, can be loaned to the state General Fund. Specifically, loans to the state General Fund in any fiscal year must be repaid within that fiscal year, except that repayment may be delayed up to 30 days after a state budget is enacted for the subsequent fiscal year. Loans extending over a fiscal year may be made only if the Governor declares a state of emergency which would result in a significant negative impact to the General Fund, or if there is a decrease in General Fund revenues from the previous year's level. Loans extending over a fiscal year must be repaid in full within three fiscal years.

The measure also clarifies that the Legislature may authorize certain state transportation funds to be loaned to local agencies for transportation purposes allowed by the State Constitution. The measure requires such loans to be repaid with interest no later than four years after the loans are made.

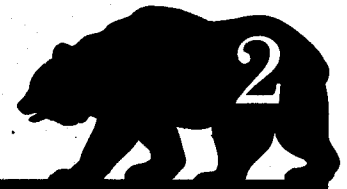
Additionally, the measure amends the State Constitution to designate the LTFs as trust funds and prohibits the funds from being abolished. The measure further prohibits LTF monies from being diverted from specified transportation purposes to other purposes.

##### Fiscal Effect

It is unlikely that this measure would result in any state or local fiscal impact. This is because the measure's restrictions generally would not result in additional borrowing costs or savings.

For the text of Proposition 2 see page 84

## Transportation: Funding. Legislative Constitutional Amendment.



### Argument in Favor of Proposition 2

#### *PROTECT OUR TRANSPORTATION FUNDS*

Proposition 2 is your opportunity to protect California's highways and public transit systems. When the people voted earlier in this decade to provide additional fuel tax money for transportation, voters were told the funds would be earmarked in the State Constitution for the maintenance and construction of roads and public transit systems. Unfortunately, in recent years elected officials and bureaucrats have found ways to siphon more than a billion dollars of these funds into other government programs. **PROPOSITION 2 WILL STOP THAT!**

Your **YES** vote on Proposition 2 will mean:

#### *Improved Highway Safety and Maintenance*

- Bad roads cost the average Californian \$144 a year in additional auto repairs.
- The percentage of roads in poor condition in California has doubled in this decade.
- The number of structurally deficient bridges has increased 45 percent in five years.
- More than 60 percent of our bridges are over thirty years old—the age when they require major repairs to remain structurally sound.
- Funding for road and bridge improvements has lagged 30 percent behind goals specified in the State Transportation Blueprint approved by the voters in 1990.

#### *Traffic Congestion Relief*

- Highway travel is increasing at a rate ten times faster than new capacity has been added in the 1980s and '90s, so we must complete critical segments of our road system to meet this need.
- Travel on urban highways has increased 34 percent in the past ten years.
- In California, 49 percent of urban highways are now seriously congested.
- Crushing commuter loads and air quality concerns require an expansion of public transit.

California's transportation system is the backbone of our state's economy. We depend on highways to get us to our jobs, our homes, our schools and for our fire, police,

and other emergency service vehicles. Traffic congestion and bad roads hurt our economy by wasting our time, delaying freight, damaging our vehicles, and increasing pollution. Public transit is particularly critical in providing commuter transportation for employees without cars, and to give our elderly and handicapped citizens equal access.

Proposition 2 will prevent the Governor and the Legislature from borrowing transportation funds for other purposes except in specified economic emergencies. And it requires a prompt payback when they do borrow. **PROPOSITION 2 WILL RESTORE FISCAL RESPONSIBILITY TO CALIFORNIA'S TRANSPORTATION TRUST FUNDS.**

That's why Proposition 2 is supported by these organizations:

California Taxpayers' Association  
State Federation of Labor  
California Alliance for Jobs  
League of California Cities  
California Chamber of Commerce  
California Manufacturers Association  
Transportation California  
California State Association of Counties  
California Transit Association  
Amalgamated Transit Union—AFL-CIO  
California Trucking Association  
California Coalition for Environmental and Economic Balance

Proposition 2 will make sure your fuel tax dollars go where you voted for them to go. Good roads and public transit make a vital contribution to our quality of life. Keep California going in the right direction by voting **YES** on Proposition 2.

**KEVIN MURRAY**

*Assembly Transportation Committee Chair*

**ALLAN ZAREMBERG**

*California Chamber of Commerce President*

**DONALD R. DOSER**

*AFL-CIO Operating Engineers Business Manager*

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**Argument against was not submitted**

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## Text of Proposed Laws—Continued

(B) Located on a site that has been designated as a toxic or environmental hazard or as an environmental cleanup site by an agency of the State of California or the federal government.

(C) Real property that contains a structure or structures thereon prior to the completion of environmental cleanup activities, and that structure or structures are substantially damaged or destroyed as a result of those environmental cleanup activities.

(D) Stipulated by the lead governmental agency, with respect to the environmental problems or environmental cleanup of the real property, not to have been rendered uninhabitable or unusable, as applicable, as described in subparagraph (A), by any act or omission in which an owner of that real property participated or acquiesced.

(3) It shall be rebuttably presumed that an owner of the real property participated or acquiesced in any act or omission that rendered the real property uninhabitable or unusable, as applicable, if that owner is related to any individual or entity that committed that act or omission in any of the following ways:

(A) Is a spouse, parent, child, grandparent, grandchild, or sibling of that individual.

(B) Is a corporate parent, subsidiary, or affiliate of that entity.

(C) Is an owner of, or has control of, that entity.

(D) Is owned or controlled by that entity.

If this presumption is not overcome, the owner shall not receive the relief provided for in subparagraph (A) or (B) of paragraph (1). The presumption may be overcome by presentation of satisfactory evidence to the assessor, who shall not be bound by the findings of the lead governmental agency in determining whether the presumption has been overcome.

(4) This subdivision applies only to replacement property that is acquired or constructed on or after January 1, 1995, and to property repairs performed on or after that date.

(j) Unless specifically provided otherwise, amendments to this section adopted prior to November 1, 1988, shall be effective for changes in ownership ~~which~~ that occur, and new construction ~~which~~ that is completed, after the effective date of the amendment. Unless specifically provided otherwise, amendments to this section adopted after November 1, 1988, shall be effective for changes in ownership ~~which~~ that occur, and new construction ~~which~~ that is completed, on or after the effective date of the amendment.

## Proposition 2: Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 30 (Statutes of 1998, Resolution Chapter 77) expressly amends the California Constitution by repealing and adding a section thereof, and by adding an article thereto; 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 OF ARTICLE XIX AND PROPOSED ADDITION OF ARTICLE XIX A

First—That Section 6 of Article XIX thereof is repealed.

~~SEC. 6. This article shall not prevent the designated tax revenues from being temporarily loaned to the State General Fund upon condition that amounts loaned be repaid to the funds from which they were borrowed.~~

Second—That Section 6 is added to Article XIX thereof, to read:

SEC. 6. *The tax revenues designated under this article may be loaned to the General Fund only if one of the following conditions is imposed:*

(a) *That any amount loaned is to be repaid in full to the fund from which it was borrowed during the same fiscal year in which the loan was made, except that repayment may be delayed until a date not more than 30 days after the date of enactment of the budget bill for the subsequent fiscal year.*

(b) *That any amount loaned is to be repaid in full to the fund from which it was borrowed within three fiscal years from the date on which the loan was made and one of the following has occurred:*

(1) *The Governor has proclaimed a state of emergency and declares that the emergency will result in a significant negative fiscal impact to the General Fund.*

(2) *The aggregate amount of General Fund revenues for the current fiscal year, as projected by the Governor in a report to the Legislature in May of the current fiscal year, is less than the aggregate amount of General Fund revenues for the previous fiscal year, adjusted for the change in the cost of living and the change in population, as specified in the budget submitted by the Governor pursuant to Section 12 of Article IV in the current fiscal year.*

(c) *Nothing in this section prohibits the Legislature from authorizing, by statute, loans to local transportation agencies, cities, counties, or cities and counties, from funds that are subject to this article, for the purposes authorized under this*

*article. Any loan authorized as described by this subdivision shall be repaid, with interest at the rate paid on money in the Pooled Money Investment Account, or any successor to that account, during the period of time that the money is loaned, to the fund from which it was borrowed, not later than four years after the date on which the loan was made.*

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

### ARTICLE XIX A LOANS FROM THE PUBLIC TRANSPORTATION ACCOUNT OR LOCAL TRANSPORTATION FUNDS

SECTION 1. *The funds in the Public Transportation Account in the State Transportation Fund, or any successor to that account, may be loaned to the General Fund only if one of the following conditions is imposed:*

(a) *That any amount loaned is to be repaid in full to the account during the same fiscal year in which the loan was made, except that repayment may be delayed until a date not more than 30 days after the date of enactment of the budget bill for the subsequent fiscal year.*

(b) *That any amount loaned is to be repaid in full to the account within three fiscal years from the date on which the loan was made and one of the following has occurred:*

(1) *The Governor has proclaimed a state of emergency and declares that the emergency will result in a significant negative fiscal impact to the General Fund.*

(2) *The aggregate amount of General Fund revenues for the current fiscal year, as projected by the Governor in a report to the Legislature in May of the current fiscal year, is less than the aggregate amount of General Fund revenues for the previous fiscal year, as specified in the budget submitted by the Governor pursuant to Section 12 of Article IV in the current fiscal year.*

SEC. 2. (a) *As used in this section, a "local transportation fund" is a fund created under Section 29530 of the Government Code, or any successor to that statute.*

(b) *All local transportation funds are hereby designated trust funds.*

(c) *A local transportation fund that has been created pursuant to law may not be abolished.*

(d) *Money in a local transportation fund shall be allocated only for the purposes authorized under Article 11 (commencing with Section 29530) of Chapter 2 of Division 3 of Title 3 of the Government Code and Chapter 4 (commencing with Section 99200) of Part 11 of Division 10 of the Public Utilities Code, as*

those provisions existed on October 1, 1997. Neither the county nor the Legislature may authorize the expenditure of money in a

local transportation fund for purposes other than those specified in this subdivision.

### Proposition 3: Text of Proposed Law

This law proposed by Senate Bill 1505 (Statutes of 1998, Chapter 147) is submitted to the people in accordance with the provisions of Article II, Section 10 of the California Constitution.

This proposed law amends sections of the Elections Code; 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 LAW

SECTION 1. This act shall be known and may be cited as the Save the Presidential Primary Act of 1998.

SEC. 2. Section 2151 of the Elections Code is amended to read:

2151. At the time of registering and of transferring registration, each elector may declare the name of the political party with which he or she intends to affiliate at the ensuing primary election. The name of that political party shall be stated in the affidavit of registration and the index.

The voter registration card shall inform the affiant that any elector may decline to state a political affiliation, and that all properly registered voters may vote for their choice at any primary election for any candidate for each office regardless of political affiliation and without a declaration of political faith or allegiance, *but no person shall be entitled to vote the ballot of any political party for delegates to a party's presidential nominating convention unless the person has stated the name of that party with which he or she intends to affiliate*. The voter registration card shall include a listing of all qualified political parties.

Notwithstanding any provision to the contrary, no person shall be permitted to vote the ballot for any elective political party central or district committee member other than the party designated in his or her registration, except as provided by Section 2152.

SEC. 3. Section 13203 of the Elections Code is amended to read:

13203. (a) Across the top of the ballot shall be printed in heavy-faced gothic capital type not smaller than 30-point, the words "OFFICIAL BALLOT." However, if the ballot is no wider than a single column, the words "OFFICIAL BALLOT" may be as small as 24-point. Beneath this heading, in the case of an official primary election, shall be printed in 18-point boldfaced gothic capital type the words "OFFICIAL PRIMARY BALLOT." Beneath the heading line or lines, there shall be printed, in boldface type as large as the width of the ballot makes possible, the number of the congressional, Senate, and Assembly district, the name of the county in which the ballot is to be voted, and the date of the election.

(b) *Partisan ballots used in a presidential primary election for selection of delegates for a party's presidential nominating convention shall prominently specify the name of the political party.*

SEC. 4. Section 13206 of the Elections Code is amended to read:

13206. (a) On the *official primary* ballot used in a direct primary election, immediately below the instructions to voters, there shall be a box one-half inch high enclosed by a heavy-ruled line the same as the borderline. This box shall be as long as there are columns for the ballot and shall be set directly above these columns. Within the box shall be printed in 24-point boldfaced gothic capital type the words "Partisan Offices."

(b) The same style of box described in subdivision (a) shall

also appear over the columns of the nonpartisan part of the *official primary* ballot and within the box in the same style and point size of type shall be printed "Nonpartisan Offices."

(c) This section shall not apply to *partisan presidential primary ballots* or ballots for elective political party central or district committee members prepared in accordance with Section 13300.

SEC. 5. Section 13300 of the Elections Code is amended to read:

13300. (a) By at least 29 days before the primary election, each county elections official shall prepare identical sample ballots for each voter ; ; provided, however, that (1) in the case of ballots involving elective political party central or district committee members, each county elections official shall prepare separate ballots for the sole use of persons registered with that party, as provided for in Section 2151, and (2) *in the case of partisan primary ballots involving the selection of delegates to the presidential nominating convention of a political party, each county elections official shall prepare separate ballots for the sole use of persons registered with that political party*. On the official identical primary ballots, each county elections official shall place thereon in each case in the order provided in Chapter 2 (commencing with Section 13100), and under the appropriate title of each office, the names and party affiliations of all candidates organized randomly as provided in Section 13112 and not grouped by political party, for whom nomination papers have been duly filed with him or her or have been certified to him or her by the Secretary of State to be voted for in his or her county at the primary election.

(b) The sample ballots shall be identical to the official ballots *and partisan presidential primary ballots*, except as otherwise provided by law. The sample ballots shall be printed on paper of a different texture from the paper to be used for the official ballot.

(c) Except as provided in Section 13230, one sample official primary ballot shall be mailed to each voter entitled to vote at the primary not more than 40 nor less than 10 days before the election.

SEC. 6. Section 13301 of the Elections Code is amended to read:

13301. (a) At the time the county elections official prepares sample *partisan* ballots for the presidential primary, he or she shall also prepare a list with the name of candidates for delegates for each political party. The names of the candidates for delegates of any political party shall be arranged upon the list of candidates for delegates of that party in parallel columns under their preference for President. The order of groups on the list shall be alphabetically according to the names of the persons they prefer appear upon the ballot. Each column shall be headed in boldface 10-point, gothic type as follows: "The following delegates are pledged to \_\_\_\_\_." (The blank being filled in with the name of that candidate for presidential nominee for whom the members of the group have expressed a preference.) The names of the candidates for delegates shall be printed in eight-point, roman capital type.

(b) Copies of the list of candidates for delegates of each party shall be submitted by the county elections official to the chairman of the county central committee of that party, and the county elections official shall post a copy of each list in a conspicuous place in his or her office.

SEC. 7. Section 13302 of the Elections Code is amended to read:

13302. The county elections official shall forthwith submit the sample official primary ballot *and partisan primary ballot*,