

[Assembly Bill 1665](#) (Bonilla)

Date: Chapter 45

Program: Transactions and Use

Sponsor: Contra Costa Transportation Authority

Revenue and Taxation Code (RTC) Section 7291

Effective: Immediately upon enactment

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**Summary:** Shifts Contra Costa County's existing authority to impose a countywide transportation program transactions and use tax to the Contra Costa Transportation Authority. Also deletes an unnecessary reference to Alameda County's authority to impose a similar tax that has already been adopted.

**Purpose:** To provide additional funding for transportation programs.

**Fiscal Impact Summary:** No state revenue impact.

**Existing Law:** The **Transactions and Use Tax Law**<sup>1</sup> and the part of the RTC that imposes **Additional Local Taxes**<sup>2</sup> authorize cities and counties (and special purpose entities) to impose district taxes under specified conditions. Counties may impose a district tax for general purposes or special purposes at a rate of 0.125%, or multiples of 0.125%, if the ordinance imposing the tax is approved by the required percentage of voters in the county. Cities also may impose a district tax for general purposes or special purposes at a rate of 0.125%, or multiples of 0.125%, if the ordinance imposing the tax is approved by the required percentage of voters in the city. The combined district tax rate imposed within any local jurisdiction cannot exceed 2%<sup>3</sup> (with the exception of the counties of Alameda, Contra Costa, Los Angeles, Monterey, and San Mateo<sup>4</sup>).

In addition, Section 7291 authorizes Alameda County and Contra Costa County to impose a district tax for countywide transportation programs at a capped rate of 0.5% which in combination with other district taxes, would exceed the 2% limitation established in existing law if it satisfies all of the following conditions:

- 1) Alameda County and Contra Costa County adopt an ordinance proposing the district tax by any applicable voting requirements;
- 2) the proposed ordinance is submitted to the electorate and is approved by two-thirds of the voters voting on the ordinance; and
- 3) the district tax conforms to the Transactions and Use Tax Law.

By law, cities and counties (and special purpose entities) contract with the BOE to administer the ordinances imposing the district taxes.

**Proposed Law:** This bill shifts Contra Costa County's existing authority to impose a countywide transportation program district tax until December 31, 2020, to the Contra Costa Transportation Authority. The bill also removes the existing authority granted to Alameda County to impose a countywide transportation program district tax as that county's voters already adopted such a tax. The tax is exempt from the existing 2% rate limitation.

The bill also provides that any ordinance previously adopted under the authority in existing law for the Alameda County to impose an additional 0.5% transportation district tax, and in effect on January 1, 2016, may continue in effect.

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<sup>1</sup> Part 1.6 of Division 2 of the RTC, commencing with Section 7251.

<sup>2</sup> Part 1.7 of Division 2 of the RTC, commencing with Section 7280.

<sup>3</sup> RTC Section 7251.1.

<sup>4</sup> Exceptions authorized through AB 210 (Ch. 194, Stats. 2013, Wieckowski) for Alameda County and Contra Costa County, SB 314 (Ch. 785, Stats. 2003, Murray) and SB 767 (Ch. 580, Stats. 2015, De León) for the Los Angeles Metropolitan Transportation Authority, and SB 705 (Ch. 579, Stats. 2015, Hill) for San Mateo County and the Transportation Agency for Monterey County.

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The bill contains an urgency provision and states it is necessary that this measure take effect immediately in order to ensure the residents of Contra Costa County have adequate transportation services.

As an urgency statute, this bill takes effect immediately, but any tax is operative upon applicable approval by the county voters.

**Background:** Currently, 16 district taxes are levied within Contra Costa County —two county-wide tax (transportation purposes) and 14 city-wide taxes. Because two cities each impose a tax at a rate of 1%, Contra Costa County is at the 2% limit.

| Contra Costa County - District Name and Tax Area  | Rate  | Effective Date | Expiration Date |
|---|-------|----------------|-----------------|
| Contra Costa Transportation Authority (county-wide)   | 0.50% | 04-01-89       | 03-31-34        |
| Bay Area Rapid Transit District (BART) (county-wide)  | 0.50% | 04-01-70       | None            |
| City of Antioch Transactions and Use Tax (city-wide)  | 0.50% | 04-01-14       | 03-31-21        |
| City of Concord Transactions and Use Tax (city-wide)  | 0.50% | 04-01-11       | 03-31-25        |
| City of El Cerrito Street Improvements Transactions and Use Tax (city-wide)                       | 0.50% | 07-01-08       | None            |
| City of El Cerrito 2015 Transactions and Use Tax (city-wide)                                      | 1.00% | 04-01-15       | 03-31-27        |
| City of Hercules Temporary Transactions and Use Tax (city-wide)                                   | 0.50% | 10-01-12       | None            |
| Town of Moraga Transactions and Use Tax (city-wide)   | 1.00% | 04-01-13       | 03-31-33        |
| City of Orinda Transactions and Use Tax (city-wide)   | 0.50% | 04-01-13       | 03-31-23        |
| City of Pinole Transactions and Use Tax (city-wide)   | 0.50% | 04-01-07       | None            |
| City of Pinole 2014 Transactions and Use Tax (city-wide)  | 0.50% | 04-01-15       | None            |
| City of Pittsburg Preservation of Citywide Service Temporary Transactions and Use Tax (city-wide) | 0.50% | 10-01-12       | 09-30-17        |
| City of Richmond Transactions and Use Tax (city-wide)   | 0.50% | 04-01-05       | None            |
| City of Richmond 2014 Transactions and Use Tax (city-wide)  | 0.50% | 04-01-15       | None            |
| City of San Pablo Transactions and Use Tax (city-wide)  | 0.50% | 10-01-12       | 09-30-17        |
| City of San Pablo Emergency Medical Services Temporary Transactions and Use Tax                   | 0.25% | 10-01-14       | None            |

**Legislative History:** Over the years, six bills have been approved by the Legislature granting specific authority to local governments to impose a district tax that exceeds the general 2% rate limitation:

- SB 314 (Ch. 685, Stats. 2003, Murray) authorized the MTA to impose a 0.5% district tax for the funding of specified transportation-related capital projects and programs. However, MTA never placed an ordinance before the voters to levy this authorized tax within the 6.5 year time frame.<sup>5</sup>

<sup>5</sup> AB 2321 (Chapter 302, Statutes 2008, Feuer) amended PUC Section 130350.5 to authorize, among other things, the 0.5% tax for a period not to exceed 30 years.

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- AB 1086 (Ch. 327, Stats. 2011, Wieckowski) authorized the County of Alameda to impose a district tax for the support of countywide transportation programs at a rate of up to 0.5%. The bill required that the ordinance proposing the tax be submitted to the electorate on the November 6, 2012 General Election ballot and be approved by the voters. Alameda County voters declined to approve the proposed district tax (Measure B1) on the November 6, 2012 ballot, falling 0.14% short of the 66.6% super-majority needed to pass.
- AB 210 (Ch. 194, Stats. 2013, Wieckowski) extends the authority of Alameda County and authorizes Contra Costa County to impose a countywide transportation program district tax at a rate of up to 0.5%.
- AB 1324 (Chapter 795, Stats. 2014, Skinner) authorizes the City of El Cerrito to impose a general-purpose district tax at a rate of up to 0.5%.
- SB 767 (Chapter 580, Stats. 2015, De León) authorizes the Los Angeles County Metropolitan Transportation Authority (MTA) to impose an additional 0.5% district tax for funding transportation-related projects and programs. The tax would be imposed for an unspecified period to be determined by the MTA, and may exceed the existing 2% rate limitation.
- SB 705 (Chapter 579, Stats. 2015, Hill) authorizes both San Mateo County and the Transportation Agency for Monterey County to impose a countywide transportation program district tax until January 1, 2026. The tax may exceed the existing 2% rate limitation.

### Commentary:

1. **The May 9, 2016 amendments** (1) remove Alameda County's existing authority to impose a countywide transportation district tax as that county's voters already approved such a tax, (2) add an urgency provision, and (3) add coauthors. On November 4, 2014, Alameda County voters approved an additional 0.5% district tax (known as Measure BB) to fund countywide transportation programs. This is the first tax in that county levied in excess of the 2% cap.
2. **Effect of the bill.** This bill shifts the existing authority to seek the tax increase from Contra Costa County to the Contra Costa Transportation Authority. The measure also removes the existing authority for Alameda County to impose a countywide transportation district tax as that county's voters already approved such a tax.
3. **District taxes currently administered by the BOE.** As of April 1, 2016, 206 local jurisdictions (city, county, and special purpose authority)<sup>6</sup> impose a district tax for general or special purposes. Of the 206 district taxes, 48 are county-imposed and 158 have city-imposed taxes. Four of the 48 county-imposed taxes are general purpose taxes and 44 are special purpose taxes (30 for transportation purposes). Of the 158 city-imposed taxes, 128 are general purpose taxes and 30 are special purpose taxes.

Currently, the individual district tax rates vary from 0.1%<sup>7</sup> to 1%. Some cities and counties have more than one district tax in effect, while others have none. Accordingly, combined state, local and district tax rates generally range from 7.5% to 9.5%, with the exception of the cities of Albany, Hayward, San Leandro, and Union City in Alameda County, the City of El Cerrito in Contra Costa County, and the cities of La Mirada, Pico Rivera, and South Gate in Los Angeles County which subject to the specific exemptions discussed above, each have a tax rate of 10%. A listing of the district taxes, rates, and effective dates is available on the BOE's website: [www.boe.ca.gov/sutax/pdf/districtratelist.pdf](http://www.boe.ca.gov/sutax/pdf/districtratelist.pdf).

<sup>6</sup> Currently, all district taxes levied exclusively within the borders of either a county or an incorporated city (with the exception of the Bay Area Rapid Transit District, which is comprised of Alameda, Contra Costa, and San Francisco counties and the Sonoma-Marin Rail Transit District). For purposes of calculating the 205 jurisdictions, the Bay Area Rapid Transit District and the Sonoma-Marin Rail Transit District are counted as one jurisdiction, even though each jurisdiction is comprised of three counties and two counties, respectively.

<sup>7</sup>Through specific authority, SB 1187 (Ch. 285, Stats. 2001, Costa) authorized Fresno County to impose a 0.1% district tax for zoological purposes.

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**Costs:** This bill does not increase the BOE's administrative costs because it only extends the authority of Contra Costa Transportation Authority to impose a countywide transportation district tax that would necessitate a county ordinance and voter approval. However, if the county's voters approve an ordinance imposing the tax, they would be required to contract with the BOE for its ongoing costs to administer the ordinance.

**Revenue Impact:** This bill does not specifically impact local revenues. It only shifts Contra Costa County's existing authority to adopt an ordinance to the Contra Costa Transportation Authority, subject to applicable voter approval, that exceeds the combined 2% cap, until December 31, 2020.