



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites
------	------------------	----------------	--------------	-----------------	------------------	--------------

**AB-1413 Transportation: transactions and use taxes.** (2019-2020)

SHARE THIS:  

Date Published: 10/14/2019 09:00 PM

**Assembly Bill No. 1413**

**CHAPTER 758**

An act to add Section 67912 to the Government Code, to amend Sections 120480, 120481, 120483, 120485, 125480, 125481, 125483, 125485, 132301, 132307, and 132322 of the Public Utilities Code, and to add Chapter 3.65 (commencing with Section 7290.5) to Part 1.7 of Division 2 of the Revenue and Taxation Code, relating to transportation.

[ Approved by Governor October 11, 2019. Filed with Secretary of State October 11, 2019. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 1413, Gloria. Transportation: transactions and use taxes.

(1) Existing law authorizes various specified governmental entities, subject to certain limitations and approval requirements, to levy a transactions and use tax for general or specific purposes, in accordance with the procedures and requirements set forth in the Transactions and Use Tax Law.

Existing law creates the Placer County Transportation Planning Agency as a local area planning agency to provide regional transportation planning for the area of the County of Placer, exclusive of the Tahoe Basin.

This bill would authorize the agency to impose a transactions and use tax applicable to the entirety of, or a portion of, the County of Placer, excluding the Tahoe Basin, in conformity with the Transactions and Use Tax Law at a rate of no more than 1% if certain requirements are met, including a requirement that the ordinance proposing the transactions and use tax be submitted to, and approved by, the voters. The bill would require that any revenues derived from the tax be spent within, or for the benefit of, the portion of the county to which the tax would apply and be spent only on transportation and transit infrastructure and services.

This bill would enact a similar provision for the Solano Transportation Improvement Agency that would authorize the agency to impose a transactions and use tax applicable to specified cities within, and the unincorporated area of, the County of Solano, as specified.

(2) Existing law provides for the consolidation of certain regional transportation planning, programming, and related functions in the county of San Diego from various existing agencies including the San Diego County Regional Transportation Commission, the San Diego Association of Governments, the San Diego Metropolitan Transit Development Board, also known as the San Diego Metropolitan Transit System, and the North County Transit District. Existing law authorizes those agencies to impose transactions and use taxes for transportation purposes within their respective jurisdictions, subject to voter approval and various other requirements.

This bill would authorize the San Diego County Regional Transportation Commission, the San Diego Association of Governments, the San Diego Metropolitan Transit System, and the North County Transit District to impose a tax applicable to only a portion of a county if  $\frac{2}{3}$  of the voters voting on the measure within the portion of the county to which the tax would apply vote to approve the

tax, as specified, and other requirements are met, including that the revenues derived from the tax be spent within, or for the benefit of, the portion of the county to which the tax would apply and be spent only on transportation and transit infrastructure and services. The bill would prohibit those agencies from entering into a construction contract over \$1,000,000 that would be in part or wholly financed through a tax applicable to only a portion of the county with any entity unless the entity provides to the agency an enforceable commitment that the entity and its subcontractors at every tier will use a skilled and trained workforce to perform all work on the project or a contract that falls within an apprenticeship occupation in the building and construction trades, except as specified. The bill would also make conforming changes.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

---

## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

### **SECTION 1.** Section 67912 is added to the Government Code, to read:

**67912.** The Placer County Transportation Planning Agency, acting as a local transportation authority so designated by the board of supervisors for the County of Placer pursuant to the Local Transportation Authority and Improvement Act (Division 19 (commencing with Section 180000) of the Public Utilities Code) and consistent with that act, may impose a transactions and use tax applicable to the entirety of, or a portion of, the County of Placer, excluding the Tahoe Basin, at a rate not to exceed 1 percent if all of the following requirements are met:

- (a) The agency adopts an ordinance proposing the transactions and use tax subject to any applicable voting approval requirement.
- (b) The ordinance proposing the transactions and use tax is submitted to the electorate and is approved by the voters voting on the ordinance pursuant to Article XIII C of the California Constitution.
- (c) The transactions and use tax conforms to the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code).
- (d) The portion of the county to which the tax would apply shall be determined by the agency before the electors vote on the measure.
- (e) If the tax only applies to a portion of the county, both of the following shall apply:
  - (1) The incorporated area of each city and of contiguous cities within the county shall be either wholly included within that portion or wholly excluded from that portion. For purposes of this paragraph, "contiguous cities" means two or more cities with shared borders.
  - (2) The entire unincorporated area of the county shall either be wholly included within that portion or wholly excluded from that portion.
- (f) The revenues derived from the tax shall be spent within, or for the benefit of, the portion of the county to which the tax applies, and shall be spent only on transportation and transit infrastructure and services.
- (g) Any revenues derived from the tax shall supplement, and not supplant, other transportation and transit infrastructure and service revenues available to the portion of the county to which the tax applies.

### **SEC. 2.** Section 120480 of the Public Utilities Code is amended to read:

**120480.** (a) A retail transactions and use tax ordinance applicable to the entirety of, or a portion of, the incorporated and unincorporated territory within the area of the board pursuant to Section 120054 shall be imposed by the board in accordance with Section 120485, the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code), and Section 2 of Article XIII C of the California Constitution. The tax ordinance shall take effect at the close of the polls on the day of election at which the proposition is adopted. The initial collection of the transactions and use tax shall take place in accordance with Section 120483.

- (b) If, at any time, the voters do not approve the imposition of the transactions and use tax, this chapter remains in full force and effect. The board may, at any time thereafter, submit the same, or a different, measure to the voters in accordance with this chapter.
- (c) The portion of the area of the board to which the tax would apply shall be determined by the board before the electors vote on the measure.
- (d) If the tax only applies to a portion of an area of the board, both of the following shall apply:

(1) (A) The incorporated area of each city and of contiguous cities within the area of the board shall be either wholly included within that portion or wholly excluded from that portion. For purposes of this subparagraph, "contiguous cities" means two or more cities with shared borders.

(B) The entire unincorporated area of the board shall either be wholly included within that portion or wholly excluded from that portion.

(2) (A) The board shall not enter into a construction contract over one million dollars (\$1,000,000) that would be in part or wholly financed through the tax with any entity unless the entity provides to the board an enforceable commitment that the entity and its subcontractors at every tier will use a skilled and trained workforce to perform all work on the project or a contract that falls within an apprenticeship occupation in the building and construction trades in accordance with Chapter 2.9 (commencing with Section 2600) of Part 1 of Division 2 of the Public Contract Code.

(B) This paragraph shall not apply if any of the following requirements are met:

(i) The board has entered into a project labor agreement that will bind all contractors and subcontractors performing work on the project.

(ii) The board has contracted to use a skilled and trained workforce and the entity has agreed to be bound by that project labor agreement.

(iii) The project or contract is being performed under the extension or renewal of a project labor agreement that was entered into by the board before January 1, 2019.

(iv) The entity has entered into a project labor agreement that will bind the entity and all its subcontractors at every tier performing the project or the entity has contracted to use a skilled and trained workforce.

(C) For purposes of this paragraph, "project labor agreement" has the same meaning as defined in paragraph (1) of subdivision (b) of Section 2500 of the Public Contract Code.

(e) The revenues derived from the tax shall be spent within, or for the benefit of, the portion of the area of the board to which the tax applies, and shall be spent only on transportation and transit infrastructure and services.

(f) Any revenues derived from the tax shall supplement, and not supplant, other transportation revenues available to the portion of the area of the board to which the tax applies.

**SEC. 3.** Section 120481 of the Public Utilities Code is amended to read:

**120481.** (a) The board, in the ordinance, shall state the nature of the tax to be imposed, the tax rate or the maximum tax rate, the purposes for which the revenue derived from the tax will be used, the portion of the area of the board to which the tax would apply, and may set a term during which the tax will be imposed. The purposes for which the tax revenues may be used shall be limited to public transit purposes serving the area of jurisdiction of the board, as determined by the board, including the administration of this division and legal actions related thereto. These purposes include expenditures for planning, environmental reviews, engineering and design costs, and related right-of-way acquisition. The ordinance shall contain an expenditure plan that shall include the allocation of revenues for the purposes authorized by this section.

(b) As used in this section, "public transit purposes" includes the public transit responsibilities under the jurisdiction of the board as well as any repair, redesign, or ongoing maintenance of a right-of-way upon which transit is intended to travel, or any bikeway, bicycle path, sidewalk, trail, pedestrian access, or pedestrian accessway.

**SEC. 4.** Section 120483 of the Public Utilities Code is amended to read:

**120483.** (a) A transactions and use tax ordinance adopted pursuant to this article shall be operative on the first day of the first calendar quarter commencing more than 150 days after adoption of the ordinance.

(b) (1) Before the operative date of the ordinance, the board shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of the ordinance. The costs to be covered by the contract may also include services of the types described in Section 7272 of the Revenue and Taxation Code for preparatory work up to the operative date of the ordinance. Any disputes as to the amount of the costs shall be resolved in the same manner as provided in that section.

(2) Notwithstanding Section 7272 of the Revenue and Taxation Code, the maximum amount of preparatory costs incurred may exceed those costs as described in paragraph (1), if the increased amount reflects necessary preparatory costs.

(c) Within 45 days from the date the ordinance is approved by the voters, the board shall provide the California Department of Tax and Fee Administration with a complete alphabetical list of all streets within the affected area under the jurisdiction of the board pursuant to Section 120054, which shall include beginning and ending street numbers, and shall maintain that list on its internet website. The board shall also provide a legal description and a map or plat, that both describe the boundaries of the applicable area of the board pursuant to Section 120054.

**SEC. 5.** Section 120485 of the Public Utilities Code is amended to read:

**120485.** The board, subject to the approval of the voters within the portion of the county to which the tax would apply, may impose a maximum tax rate of one-half of 1 percent under this article and the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code). The board shall not levy the tax at a rate other than one-half or one-fourth of 1 percent unless specifically authorized by the Legislature.

**SEC. 6.** Section 125480 of the Public Utilities Code is amended to read:

**125480.** (a) A retail transactions and use tax ordinance applicable to the entirety of, or a portion of, the incorporated and unincorporated territory within the area of the board pursuant to Section 125052 shall be imposed by the board in accordance with Section 125485, the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code), and Section 2 of Article XIII C of the California Constitution. The tax ordinance shall take effect at the close of the polls on the day of election at which the proposition is adopted. The initial collection of the transactions and use tax shall take place in accordance with Section 125483.

(b) If, at any time, the voters do not approve the imposition of the transactions and use tax, this chapter remains in full force and effect. The board may, at any time thereafter, submit the same, or a different, measure to the voters in accordance with this chapter.

(c) The portion of the area of the board to which the tax would apply shall be determined by the board before the electors vote on the measure.

(d) If the tax only applies to a portion of an area of the board, both of the following shall apply:

(1) (A) The incorporated area of each city and of contiguous cities within the area of the board shall be either wholly included within that portion or wholly excluded from that portion. For purposes of this subparagraph, "contiguous cities" means two or more cities with shared borders.

(B) The entire unincorporated area of the board shall either be wholly included within that portion or wholly excluded from that portion.

(2) (A) The board shall not enter into a construction contract over one million dollars (\$1,000,000) that would be in part or wholly financed through the tax with any entity unless the entity provides to the board an enforceable commitment that the entity and its subcontractors at every tier will use a skilled and trained workforce to perform all work on the project or a contract that falls within an apprenticeship occupation in the building and construction trades in accordance with Chapter 2.9 (commencing with Section 2600) of Part 1 of Division 2 of the Public Contract Code.

(B) This paragraph shall not apply if any of the following requirements are met:

(i) The board has entered into a project labor agreement that will bind all contractors and subcontractors performing work on the project.

(ii) The board has contracted to use a skilled and trained workforce and the entity has agreed to be bound by that project labor agreement.

(iii) The project or contract is being performed under the extension or renewal of a project labor agreement that was entered into by the board before January 1, 2019.

(iv) The entity has entered into a project labor agreement that will bind the entity and all its subcontractors at every tier performing the project or the entity has contracted to use a skilled and trained workforce.

(C) For purposes of this paragraph, "project labor agreement" has the same meaning as defined in paragraph (1) of subdivision (b) of Section 2500 of the Public Contract Code.

(e) The revenues derived from the tax shall be spent within, or for the benefit of, the portion of the area of the board to which the tax applies, and shall be spent only on transportation and transit infrastructure and services.

(f) Any revenues derived from the tax shall supplement, and not supplant, other transportation revenues available to the portion of the area of the board to which the tax applies.

**SEC. 7.** Section 125481 of the Public Utilities Code is amended to read:

**125481.** (a) The board, in the ordinance, shall state the nature of the tax to be imposed, the tax rate or the maximum tax rate, the purposes for which the revenue derived from the tax will be used, the portion of the area of the board to which the tax would apply, and may set a term during which the tax will be imposed. The purposes for which the tax revenues may be used shall be limited to public transit purposes serving the area of jurisdiction of the board, as determined by the board, including the administration of this division and legal actions related thereto. These purposes include expenditures for the planning, environmental reviews, engineering and design costs, and related right-of-way acquisition. The ordinance shall contain an expenditure plan that shall include the allocation of revenues for the purposes authorized by this section.

(b) As used in this section, "public transit purposes" includes the public transit responsibilities under the jurisdiction of the district as well as any repair, redesign, or ongoing maintenance of a right-of-way upon which transit is intended to travel, or any bikeway, bicycle path, sidewalk, trail, pedestrian access, or pedestrian accessway.

**SEC. 8.** Section 125483 of the Public Utilities Code is amended to read:

**125483.** (a) A transactions and use tax ordinance adopted pursuant to this article shall be operative on the first day of the first calendar quarter commencing more than 150 days after adoption of the ordinance.

(b) (1) Before the operative date of the ordinance, the board shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of the ordinance. The costs to be covered by the contract may also include services of the types described in Section 7272 of the Revenue and Taxation Code for preparatory work up to the operative date of the ordinance. Any disputes as to the amount of the costs shall be resolved in the same manner as provided in that section.

(2) Notwithstanding Section 7272 of the Revenue and Taxation Code, the maximum amount of preparatory costs incurred may exceed those costs as described in paragraph (1), if the increased amount reflects necessary preparatory costs.

(c) Within 45 days from the date the ordinance is approved by the voters, the board shall provide the California Department of Tax and Fee Administration with a complete alphabetical list of all streets within the affected area under the jurisdiction of the board pursuant to Section 125052, which shall include beginning and ending street numbers, and shall maintain that list on its internet website. The board shall also provide a legal description and a map or plat, that both describe the boundaries of the applicable area of the board pursuant to Section 125052.

**SEC. 9.** Section 125485 of the Public Utilities Code is amended to read:

**125485.** The board, subject to the approval of the voters within the portion of the county to which the tax would apply, may impose a maximum tax rate of one-half of 1 percent under this article and the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code). The board shall not levy the tax at a rate other than one-half or one-fourth of 1 percent unless specifically authorized by the Legislature.

**SEC. 10.** Section 132301 of the Public Utilities Code is amended to read:

**132301.** (a) A retail transactions and use tax ordinance applicable to the entirety of, or a portion of, the incorporated and unincorporated territory of the county shall be imposed by the commission in accordance with Section 132307 and the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code), if two-thirds of the electors voting on the measure within the portion of the county to which the tax would apply, vote to approve its imposition at a special election called for that purpose by the commission. The tax ordinance shall take effect at the close of the polls on the day of election at which the proposition is adopted. The initial collection of the transactions and use tax shall take place in accordance with Section 132304.

(b) If, at any time, the voters do not approve the imposition of the tax, this chapter remains in full force and effect. The commission may, at any time thereafter, submit the same, or a different, measure to the voters in accordance with this chapter.

(c) The portion of the county to which the tax would apply shall be determined by the commission before the electors vote on the measure.

(d) If the tax only applies to a portion of the county, both of the following shall apply:

(1) (A) The incorporated area of each city and of contiguous cities within the county shall be either wholly included within that portion or wholly excluded from that portion. For purposes of this subparagraph, "contiguous cities" means two or more cities with shared borders.

(B) The entire unincorporated area of the commission shall either be wholly included within that portion or wholly excluded from that portion.

(2) (A) The commission shall not enter into a construction contract over one million dollars (\$1,000,000) that would be in part or wholly financed through the tax with any entity unless the entity provides to the commission an enforceable commitment that the entity and its subcontractors at every tier will use a skilled and trained workforce to perform all work on the project or a contract that falls within an apprenticeship occupation in the building and construction trades in accordance with Chapter 2.9 (commencing with Section 2600) of Part 1 of Division 2 of the Public Contract Code.

(B) This paragraph shall not apply if any of the following requirements are met:

(i) The commission has entered into a project labor agreement that will bind all contractors and subcontractors performing work on the project.

(ii) The commission has contracted to use a skilled and trained workforce and the entity has agreed to be bound by that project labor agreement.

(iii) The project or contract is being performed under the extension or renewal of a project labor agreement that was entered into by the commission before January 1, 2019.

(iv) The entity has entered into a project labor agreement that will bind the entity and all its subcontractors at every tier performing the project or the entity has contracted to use a skilled and trained workforce.

(C) For purposes of this paragraph, "project labor agreement" has the same meaning as defined in paragraph (1) of subdivision (b) of Section 2500 of the Public Contract Code.

(e) The revenues derived from the tax shall be spent within, or for the benefit of, the portion of the county to which the tax applies, and shall be spent only on transportation and transit infrastructure and services.

(f) Any revenues derived from the tax shall supplement, and not supplant, other transportation revenues available to the portion of the county to which the tax applies.

(g) As used in this section, "commission" shall refer to the consolidated agency if the tax is to be imposed by the consolidated agency pursuant to Section 132360.6.

**SEC. 11.** Section 132307 of the Public Utilities Code is amended to read:

**132307.** (a) The commission, subject to the approval of the voters within the portion of the county to which the tax would apply, may impose a maximum tax rate of 1 percent under this chapter and the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code), and the commission may state the maximum tax rate in terms of not to exceed 1 percent, or any lesser percentage thereof. The commission shall not levy the tax at a rate other than 1 percent or three-fourths, one-half, or one-fourth of 1 percent, unless specifically authorized by the Legislature.

(b) The tax rate adopted pursuant to this article, unless otherwise prohibited, may be increased by the commission by ordinance adopted in the manner and by the vote stated in Section 132301 and approved by a majority of the electors voting on the measure at an election called for that purpose by the commission.

**SEC. 12.** Section 132322 of the Public Utilities Code is amended to read:

**132322.** (a) An ordinance expanding, extending, or increasing the retail transactions and use tax imposed under this chapter shall be imposed by the commission and shall be applicable to the entirety of, or a portion of, the incorporated and unincorporated territory of the county, if the constitutionally required percentage of the electors voting on the measure within the portion of the county to which the tax would apply vote to approve its imposition at a special election called for that purpose by the commission. The ordinance shall take effect on the day immediately following the day of the election at which the proposition is adopted.

(b) If at any time the voters do not approve the imposition of the expansion, extension, or increase of the tax, the commission may, at any time thereafter, submit the same, or a different, measure to the voters in accordance with this article.

(c) As used in this section, "commission" shall refer to the consolidated agency if the tax is to be imposed by the consolidated agency pursuant to Section 132360.6.

**SEC. 13.** Chapter 3.65 (commencing with Section 7290.5) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

**CHAPTER 3.65. Solano County Transactions and Use Tax**

**7290.5.** (a) (1) Upon meeting the requirements of subdivision (b), the Solano Transportation Improvement Agency, a local transportation authority so designated by the board of supervisors for the County of Solano pursuant to the Local Transportation Authority and Improvement Act (Division 19 (commencing with Section 180000) of the Public Utilities Code) and consistent with that act, may impose a transactions and use tax at a rate not to exceed 1 percent applicable to any one of the following areas:

(A) The Cities of Benicia and Vallejo.

(B) The Cities of Benicia and Vallejo and the entire unincorporated area of the County of Solano.

(C) The Cities of Fairfield and Suisun.

(D) The Cities of Fairfield and Suisun and the entire unincorporated area of the County of Solano.

(2) The Solano Transportation Improvement Agency shall not impose multiple transactions and use taxes pursuant to this section on any city or the unincorporated area of the County of Solano.

(b) Before imposing a transactions and use tax pursuant to this section, the Solano Transportation Improvement Agency shall meet all of the following requirements:

(1) The Solano Transportation Improvement Agency shall adopt an ordinance proposing the transactions and use tax subject to any applicable voting approval requirement.

(2) The ordinance proposing the transactions and use tax shall be submitted to the electorate and approved by the voters voting on the ordinance pursuant to Article XIII C of the California Constitution.

(3) The transactions and use tax shall conform to the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)).

(4) The Solano Transportation Improvement Agency shall determine the area, as described in paragraph (1) of subdivision (a), to which the tax would apply before the electors vote on the measure.

(c) The revenues derived from the tax shall be spent within, or for the benefit of, the area to which the tax applies, and shall be spent only on transportation and transit infrastructure and services.

(d) Any revenues derived from the tax shall supplement, and not supplant, other transportation and transit infrastructure and service revenues available to the area to which the tax applies.