



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

**AB-1223 Local Transportation Authority and Improvement Act: Sacramento Transportation Authority.**  
(2025-2026)

SHARE THIS:  

Date Published: 10/14/2025 02:00 PM

**Assembly Bill No. 1223**

**CHAPTER 724**

An act to add Chapter 7 (commencing with Section 180300) to Division 19 of the Public Utilities Code, relating to transportation.

[ Approved by Governor October 13, 2025. Filed with Secretary of State October 13, 2025. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 1223, Nguyen. Local Transportation Authority and Improvement Act: Sacramento Transportation Authority.

The Local Transportation Authority and Improvement Act authorizes a county board of supervisors to create or otherwise designate a local transportation authority in the county that may impose a transactions and use tax for transportation purposes subject to voter approval and other specified requirements. Pursuant to that authority, the county board of supervisors of the County of Sacramento created the Sacramento Transportation Authority (STA).

This bill would provide that the allowable expenditure categories for revenues from a tax imposed by STA include the construction, modernization, and improvement of infrastructure, as defined, that supports infill or transit-oriented development in areas nominated by local governments, and included in regionally adopted plans that advance state greenhouse gas emissions reduction objectives, as specified. The bill would also authorize STA to impose a transactions and use tax under the act in a geographic area that comprises less than the total area of the County of Sacramento, subject to the approval of voters within that area and other specified requirements.

Existing law authorizes regional transportation agencies and the Department of Transportation to apply to the California Transportation Commission to develop and operate high-occupancy toll lanes or other toll facilities. Under existing law, revenue generated from the operation of a toll facility under these provisions is available to the sponsoring agency for the expenses related to the toll facility and for other uses within the corridor from which the revenue is generated pursuant to an expenditure plan developed by the sponsoring agency. Existing law authorizes a regional transportation agency to issue bonds to finance construction-related expenditures for a toll facility, and construction-related expenditures that are included in the expenditure plan, payable from the revenues generated from the toll facility. Existing law defines regional transportation agency for these purposes to mean, among other things, a joint exercise of powers authority subject to the consent of a transportation planning agency for the jurisdiction in which the transportation project will be developed. For purposes of these provisions, the Sacramento Area Council of Governments, the Yolo Transportation District, and the department formed a joint powers authority, known as the Capital Area Regional Tolling Authority (CARTA), to apply to the commission to develop and operate toll facilities in the Sacramento region.

This bill would authorize STA to issue bonds to finance costs of high-occupancy toll lanes or other toll facilities within the County of Sacramento approved by the commission pursuant to the above-described provisions. The bill would authorize those bonds to be payable from toll revenue or any other funds lawfully available to STA for those purposes, including sales tax revenue. Before

STA issues bonds payable from toll revenue for a toll facility operated by CARTA, the bill would require STA to enter into an agreement with CARTA regarding the application of toll revenue to pay for bonds issued by STA and would require the governing board of CARTA to review and approve a toll facility expenditure plan.

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

---

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

**SECTION 1.** Chapter 7 (commencing with Section 180300) is added to Division 19 of the Public Utilities Code, to read:

### **CHAPTER 7. Sacramento Transportation Authority**

**180300.** The Legislature finds and declares all of the following:

(a) In the County of Sacramento, the authority seeks to address local transportation needs by raising additional local revenue to fund transportation projects and programs.

(b) Constitutional voting thresholds applicable to local taxes have created challenges for the adoption of countywide sales tax measures. The adoption of this chapter is intended, in part, to allow the authority to seek voter approval of a transportation improvement sales tax in a portion of the county.

(c) The County of Sacramento is unique in having a large, developed unincorporated population and seven cities with older commercial corridors that have potential for infill but which regularly experience construction-related disruptions and pavement deterioration. To reduce these localized impacts and limit the need for future transportation system expansion, the authority must be able to fund coordinated infrastructure improvements that support infill development as part of a single project.

**180301.** Unless expressly stated in this chapter, the provisions set forth in this division apply to the authority. This chapter is not intended to limit or otherwise conflict with the other provisions of this division.

**180302.** For purposes of this chapter, unless the context requires otherwise, the following definitions apply:

(a) "Active transportation" means infrastructure facilities or services that encourage increased use of active modes of transportation, such as biking and walking, and includes projects consistent with subdivision (f) of Section 2382 of the Streets and Highways Code.

(b) "Authority" means the Sacramento Transportation Authority created in 1988 pursuant to Chapter 2 (commencing with Section 180050).

(c) "CARTA" means the Capital Area Regional Tolling Authority.

(d) "Expenditure plan" means a county transportation expenditure plan adopted in connection with a transactions and use tax ordinance pursuant to Section 180206.

(e) "Governing board" means the governing board of the authority.

(f) "Member" or "member of the governing board" means an individual county supervisor or city council member who has been appointed to the governing board, or their alternate.

(g) "Ordinance" means a transactions and use tax ordinance authorized pursuant to Chapter 5 (commencing with Section 180200).

**180303.** (a) The authority may issue bonds to finance costs of high-occupancy toll lanes or other toll facilities within the County of Sacramento approved by the California Transportation Commission pursuant to Section 149.7 of the Streets and Highways Code, including, without limitation, working capital costs, costs of issuance and credit enhancement, capitalized interest, and all reserves and other fees or costs related to the bonds. Those bonds may be payable from toll revenue or any other funds lawfully available to the authority for such purposes, including sales tax revenue, development impact fees, or state and federal grant funds.

(b) Before the authority issues bonds payable from toll revenue for a toll facility operated by CARTA, both of the following shall occur:

(1) The authority shall enter into an agreement with CARTA regarding the application of toll revenue to pay for bonds issued by the authority.

(2) The governing board of CARTA shall review and approve a toll facility expenditure plan.

(c) Bonds issued pursuant to this section may be sold pursuant to the terms and conditions set forth in a resolution adopted by the governing board. Bonds shall be issued pursuant to a resolution adopted by a two-thirds vote of the governing board, which resolution shall state the maximum principal amount of the bonds, the maximum term of the bonds, and the maximum rate of interest to be paid on the bonds, not to exceed the maximum rate permitted by law. Any bond issued pursuant to this section shall not constitute a debt or liability of the state and shall contain on its face a statement to the following effect:

"Neither the full faith and credit nor the taxing power of the State of California is pledged to the payment of principal or interest of this bond."

(d) The maximum rate of interest payable upon the bonds issued pursuant to this section shall not exceed the maximum rate specified in Section 53531 of the Government Code. The rate may be either fixed or variable and shall be payable at the times and in the manner specified in the resolution.

**180304.** (a) The allowable expenditure categories set forth in Section 180205 shall also include the construction, modernization, and improvement of infrastructure that supports infill or transit-oriented development, in areas nominated by local governments, and included in regionally adopted plans that advance state greenhouse gas emissions reduction objectives.

(b) (1) The authority may only allocate revenues for a facility described in paragraph (2) of subdivision (c) if that facility is combined with a project that includes a facility described in paragraph (1) of subdivision (c).

(2) An expenditure plan shall not allocate more than 5 percent of the total revenues derived from the tax for facilities described in paragraph (2) of subdivision (c).

(c) For purposes of this section, "infrastructure" means any of the following:

(1) Transportation facilities, as allowable under Section 180205.

(2) Water, stormwater, wastewater, or other utility-related facilities.

(d) This section does not apply to a retail transactions and use tax approved by the electors before January 1, 2026.

**180305.** (a) (1) An ordinance and corresponding expenditure plan may be imposed by the authority in a geographic area that comprises less than the total area of the County of Sacramento, including its incorporated cities, subject to the guidelines set forth in subdivision (c).

(2) An ordinance and expenditure plan described in paragraph (1) shall be adopted by at least a two-thirds vote of the total membership of the governing board.

(3) An ordinance described in paragraph (1) shall be subject to voter approval by the electors in the area to which the tax applies.

(b) Notwithstanding Section 180102, if an ordinance and expenditure plan for a portion of the County of Sacramento are approved pursuant to the process set forth in Chapter 5 (commencing with Section 180200), all subsequent governing board decisions and actions related to implementation of that ordinance and expenditure plan, including an action to amend the expenditure plan pursuant to Section 180207, shall be made by a majority of both of the following:

(1) Those members representing the city or cities subject to the ordinance, if any.

(2) All members appointed from the board of supervisors.

(c) The governing board shall determine the area to which the tax would apply before the electors vote on the measure. If the tax only applies to a portion of the county, all of the following shall apply:

(1) The incorporated area of a city within the county shall be either wholly included or wholly excluded from the area to be taxed.

(2) The unincorporated area of the county shall either be wholly included or wholly excluded from the area to be taxed.

(3) The area to be taxed shall include at least the incorporated area from two cities or the incorporated area from one city and the unincorporated area from the county.

(d) All revenues derived from the tax shall be expended for the primary benefit of the portion of the county in which the tax is imposed. Expenditures made within that portion of the county are deemed to confer a primary benefit. The authority shall, as part

of the expenditure plan, adopt objective eligibility guidelines that define primary benefit. The expenditure plan, including those guidelines, shall be made readily accessible to voters in the manner required by Section 180203. 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.

(e) Notwithstanding subdivision (b) of Section 180206, an expenditure plan applicable to a portion of the county shall not be adopted until it has received the approval of the board of supervisors and of the city councils representing both a majority of the cities included within the area subject to the tax and a majority of the population residing in the incorporated areas subject to the tax.

(f) Unless otherwise stated in this chapter, the other provisions of this division that apply to an ordinance and expenditure plan shall also apply to an ordinance and expenditure plan applicable to a portion of the county, including the authority to issue bonds pursuant to Chapter 6 (commencing with Section 180250).

(g) The term "district," as defined and used in Sections 7252, 7261, and 7262 of the Revenue and Taxation Code, shall not be interpreted to preclude the authority from imposing a transactions and use tax in accordance with the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code) in an area that comprises less than the total geographic jurisdiction of the authority, so long as all other applicable requirements of that law are complied with.