



Legislation Details (With Text)

File #: 2016-1055 **Version:** 1 **Name:**
Type: Discussion **Status:** Agenda Ready
File created: 9/29/2016 **In control:** City Council
On agenda: 10/4/2016 **Final action:**
Title: MEASURE M - FUNDING REQUEST FOR THE PUBLIC INFORMATION PROGRAM (CITY COUNCIL)
Sponsors:
Indexes:
Code sections:
Attachments:

Date	Ver.	Action By	Action	Result
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Report to Mayor and City Council

Tuesday, October 04, 2016

Discussion

SUBJECT:

MEASURE M - FUNDING REQUEST FOR THE PUBLIC INFORMATION PROGRAM (CITY COUNCIL)

I. SUMMARY

Measure M is a new sales tax measure sponsored by the Metropolitan Transportation Authority (MTA) for the November 8th election. If approved by the voters, Measure M would increase local sales tax countywide to raise \$860 million annually for transportation and transit projects. Measure M would be the fourth transportation sales tax measure in Los Angeles County. This report discusses participating in a public information program organized by the Gateway Cities Council of Governments to provide information to our local voters so they can make an informed decision on the tax increase.

II. RECOMMENDATION

Staff RECOMMENDS participating in the Gateway Cities Council of Governments public information program.

III. ALTERNATIVES

Other options include not participating in the joint information program or funding a Carson specific information program.

IV. BACKGROUND

The Measure M transportation sales tax measure is scheduled for the November 8th election. If the increase is approved by the voters, it would levy an additional one-half percent sales tax on all retail sales in Los Angeles County, with the additional sales tax increasing to one percent in 2038 (when the existing one-half percent sales tax from Measure R would otherwise expire).

Measure M would be in addition to three transportation sales tax increases approved by Los Angeles County voters beginning with Proposition A in 1980 (one-half percent). The voters approved an additional one-half percent sales tax increase with Proposition C in 1990.

The most recent one-half percent sales tax increase was Measure R, which was approved by the voters in 2008. Measure R was approved with a “sunset” provision, where the tax will expire in 2038, while Propositions A and C have no sunset provisions and will continue indefinitely.

The three current transportation sales tax measures (Proposition A, C and Measure R) levy a total of one and one half percent on all retail sales countywide, raising \$2.58 billion annually for MTA. Measure M would levy another \$860 million annually in sales tax revenues countywide. Sales tax rates vary by community. The total sales tax rate in Carson would be 9.5% if the measure is approved.

Measure M would not have a sunset or ending date. If approved, Measure M would also remove the sunset in Measure R adopted in 2008. Measure R would continue to be collected indefinitely as well.

The City expressed concerns to MTA over the past two years regarding the unfairness of the proposed tax measure to Carson, many cities and the South Bay in particular. Carson and dozens of local communities requested that MTA consider keeping more of the sales taxes collected locally to solve local transportation problems, particularly funding much needed street repairs. This allocation is known as the “Local Return Program” and is set by ordinance which will be considered as part of the tax measure.

For example, in the Local Return Program Carson residents and businesses currently pay \$32.7 million annually to MTA (in 2015) through the three existing transportation sales tax measures, while MTA “returns” to Carson \$4.2 million annually. Measure M would collect another \$10.9 million annually from Carson, while returning \$1.4 million annually to the City.

The other example of our request for fair and equitable treatment is the fact that MTA is not planning any major transportation projects for Carson in the first three decades of the tax increase. The regional projects in the Carson area include the I-405, the South Bay Curve and the I-405 and I-110 interchange. No funding is planned under Measure M for these projects until 2039.

The MTA Board adopted an expenditure plan to prioritize projects, with projects outside of Carson and the South Bay and Gateway Cities area receiving the majority of the early funding. In addition to the regional inequity of the funding plan, MTA acknowledges that their expenditure plan is \$19 billion short of all of its funding commitments, so it is unknown if Carson will receive any regional project funding even after 2039. MTA is also experiencing cost over runs on existing projects. The City of Los Angeles and the County of Los Angeles have the majority of the first decade projects.

The Gateway Council of Governments (COG) took a position to oppose the measure and has developed an information program to assist voters in understanding how the program adversely impacts the cities in the southern portion of Los Angeles County.

The City of Carson adopted a position to oppose Measure M and filed litigation with a coalition of seven cities against the ballot label prepared by MTA. The ballot label reads as follows:

Los Angeles County Traffic Improvement Plan.

To improve freeway traffic flow/safety; repair potholes/sidewalks; repave local streets; earthquake retrofit bridges; synchronize signals; keep senior/disabled/student fares affordable; expand rail/subway/bus systems; improve jobs/school/airport connections; and create jobs; shall voter authorize a Los Angeles County Traffic Improvement Plan through a ½ ¢ sales tax and continue the existing ½ ¢ traffic relief tax until voters decide to end it, with independent audits/oversight and funds controlled locally?

The coalition argued that the ballot label does not comply with new Election Code section 13119(b), which requires that ballot labels for proposed tax measures list the annual revenue generated, the rate of taxation and whether there is a sunset clause. The ballot label does not list the annual revenue of \$860 million, obfuscates the fact that the tax increase goes to one percent in 2038, and is misleading about the fact there is no sunset clause on the tax.

The coalition also argued that the ballot label is not a true and impartial statement of the purpose of Measure M. Measure M misleads South Bay voters about the true nature of spending priorities by indicating all Los Angeles County residents will see traffic improvements, when the reality is Measure M bypasses South Bay cities for decades.

MTA argued in court that the new State disclosure requirements of Election Code section 13319(b) only apply when taxpayers propose to tax themselves and not when government proposes to levy a tax, and that the ballot label was an accurate description of the tax measure.

The coalition argued in court that the new law called for greater transparency on all tax measures (especially proposed tax increases from the government) and that the ballot label should accurately describe the spending priorities which favor some regions over others. The Superior Court denied the writ seeking changes to the ballot label. The coalition filed with the Court of Appeal an emergency petition for writ of mandate and request for stay of the trial court order. Following additional briefing by both sides, the Court of Appeal in a one line decision declined to consider the matter on an emergency

basis, without explanation or detail.

The proposed public information program is intended to educate voters with the facts about Measure M. These include the enormous \$860 million annual tax increase Measure M calls for (which is not in the ballot label), the regional inequities in both the money that comes back to Carson as well as project start dates, the reality of Measure M calls for a one percent sales tax increase starting in 2038, and the fact that there is no sunset on the proposed tax.

V. FISCAL IMPACT

The Gateway City COG developed a funding request to the cities based on population. They have requested \$12,500 in funding from the City of Carson.

VI. EXHIBITS

None.

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