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Southern California Rapid Transit District



HEADWAY

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Court upholds validity of transit tax

RTD girds for ridership increase following July 1 fare reduction

That sound you've been hearing in recent weeks has been the District, its employees and passengers breathing a collective sigh of relief.

With RTD on the verge of making the most severe service cuts in its 18-year history, the California State Supreme Court finally rendered its decision on Proposition A, ruling that the half-cent increase in the Los Angeles County sales tax to be used for transit projects is constitutional.

Until Proposition A was approved, Los Angeles was the only major urban area in the United States with no local tax support for its regional public transportation system.

The tax is expected to generate between \$250-288 million a year which will be used to implement transit improvements including reduced bus fares and a rail rapid transit system.

At its first meeting following the court's April 30 decision, RTD's Board of Directors voted to adopt a new fare structure in compliance with Prop. A mandates, which call for a countywide 50-cent base fare, 10-cent transfers and \$20 monthly passes.

The new fare structure has tentatively been scheduled to go into effect on July 1, provided that collection of the new half-cent sales tax in Los Angeles County begins on the same day. (By law, the State Board of Equalization can only initiate collection of a tax on the first day of a quarter).

"The District is pleased to be able to lower its fares," said RTD Board President Mike Lewis following the vote. "We expect our ridership to increase as a result of the lower fares and we are prepared to deploy additional buses as needed."

As a matter of record, General Manager John Dyer informed the Board that the District was cancelling plans to eliminate selected bus lines in July. The loss of more than \$20 million in federal operating subsidies, combined with increasing operating costs, had resulted in approximately half of the District's 220 lines being considered for service cuts.

In addition, fare increase proposals ranging as high as \$1.25 and possible employee layoffs were being considered.

As soon as word of the court decision was received, however, the employment office began screen-

ing and testing applicants for bus operator to meet the expected increase in ridership the new lower fares will cause.

Funds collected from the new tax will go to the Los Angeles County Transportation Commission (LACTC), sponsor of the Proposition A legislation. The commission will reimburse the District for revenue lost as a result of the fare rollback, and for additional service provided to meet the anticipated increase in ridership.

That annual reimbursement is expected to run between \$70-90 million the first year.

(While the reduced fare will undoubtedly increase ridership demand, the District will not be able to add new lines under the terms of Prop. A. Rather, additional service will be added to existing lines as demand requires it).

Los Angeles County Supervisor Ed Edelman, chairman of the LACTC, said, "We are excited about the possibilities the court ruling opens. The voters clearly want a first-class transit system in Los Angeles and the commission will move as rapidly as possible to deliver the Proposition A program."

Prop. A's public transit improvement program has three main

elements—a three-year reduction in bus fares countywide, improvement of local public transit service, and construction and operation of a rail rapid transit system.

The program will be financed through a combination of state and federal assistance, benefit assessments and fares, in addition to the half-cent sales tax increase in Los Angeles County.

For the first three years, funds from the sales tax will be divided three ways.

First, adequate funding will be provided to accomplish the required reductions in bus fares.

In addition to rolling back the base fare from 85 to 50 cents, reducing transfers from 15 to 10 cents and lowering the monthly pass from \$34 to \$20, the new Prop. A fare structure adopted by the RTD Board calls for the following:

- A 20-cent base fare for senior citizens, the handicapped and students, both under 19 and those attending colleges or vocational schools.

- A \$4 monthly pass for senior citizens, handicapped and students.

- A 25-cent charge to regular

RTD riders for each express increment (roughly six miles) of freeway bus travel. No express distance increments will be charged discount patrons.

—Monthly express stamps will be \$7 per increment.

As a result of this new fare structure, express cash fares for freeway bus travel will range from 75 cents to \$1.75. Monthly pass rates for freeway bus travel will range between \$27 and \$55. District patrons will experience fare reductions of up to 50 percent and more in some categories when the new fare system is implemented.

The commission estimates that these fare reductions will require approximately 35 percent of the sales tax revenue raised in the first year.

Second, 25 percent of the sales tax revenues will be returned to local jurisdictions, using a population formula, for local transit improvements.

For example, this facet of the program will provide an estimated \$25 million each year to the City of Los Angeles for transit programs, and various amounts to the other cities in the county. These local governments can use the money for bus service, dial-a-ride programs, transit stations or other projects.

The third aspect of the Prop. A program will see the remaining funds allocated to the commission for construction and operation of a countywide, 160-mile rail rapid transit network—including the District's Metro Rail Project now in preliminary engineering and the proposed Los Angeles to Long Beach light rail line.

After the first three years, funds from the sales tax will be divided by a different formula because there will no longer be a guaranteed 50-cent bus fare.

Local jurisdictions will continue to receive 25 percent of the revenues for transit improvements. A minimum of 35 percent of the sales tax funds would be retained by LACTC for rail rapid transit development and construction.

The remaining 40 percent would be allocated at the discretion of the commission for public transit improvements, including fare relief, expanded bus service or accelerated rail rapid transit construction.

What all the fuss was about

In November of 1980, 54.2 percent of L.A. County voters approved Proposition A, which called for increasing the sales tax in the county to 6½ cents on the dollar. The extra half-cent would be used to finance local transit projects.

However, opponents of the measure argued that a simple majority was not enough for passage. They cited Proposition 13, the 1978 state constitutional amendment, which requires a two-thirds vote of the electorate to authorize a tax increase. Proposition 13 provides that cities, counties and special districts could impose special, non-property taxes only if more than 66 percent of the voters approve.

The anti-Prop. A forces were strengthened by state Attorney General George Deukmejian, who agreed that

Prop. A was a special tax falling under Prop. 13.

LACTC disagreed with the Attorney General's ruling and took their case to court, launching a year-long battle that culminated with the state Supreme Court agreeing to try the case last November.

In a precedent-setting 5-1 decision announced April 30, the Supreme Court ruled that the transit tax was not the kind of special tax referred to in Proposition 13. In essence, the court majority concluded that the two-thirds requirement did not apply to the commission because the LACTC lacked the authority to levy property taxes and, thus, had not been seeking to replace lost property tax revenues.

Now, Proposition A will be implemented exactly one year to the day from when it was originally to take effect.