



Balancing Accountability and Flexibility in California's Local Option Sales Taxes

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Project Objective

To gather and analyze current information on provisions in California's many county-level Local Option Sales Taxes (LOSTs) for transportation that assure actions taken by implementing agencies comply with the intent of the voters while allowing those implementing the measures to address changing current needs.

Problem Statement

County transportation sales taxes are a principal source of transportation program revenue in California. When voters approve a sales tax and an expenditure plan that extends over many decades, agencies are obligated to implement the proposed programs. But needs change, projects are sometimes cancelled, and revenues can fall below projections. Agencies need flexibility to respond to changing conditions. This study examined ways in which agencies balance commitments made to voters with the need to adapt to changing conditions.

Research Methodology

Ballot measures and proposed expenditure plans were gathered for more than seventy transportation sales tax measures that were placed before California voters in county elections over five decades. Their provisions regarding auditing, citizen review, accountability, and amendment procedures were analyzed. To improve and clarify findings, case studies of several counties were done that included interviews. Lawsuits brought against implementing agencies for violating commitments to the voters also were identified and their outcomes interpreted.

Results

Amendments to expenditure plans that have been approved by voters were found to be allowable and possible but subject to systematic hurdles clearly intended to make them rare and to occur only when there is widespread agreement that they are necessary and appropriate. Procedures differ from one county to another, and expenditure plan changes must in some cases be approved by citizens' advisory committees, by a super-majority vote of a super-majority of city councils in a county, by a two-thirds supermajority of county transportation authorities, or in some cases by a super-majority of county supervisors. Some measures restrict the frequency of consideration of amendments to periods as infrequent as once in two years or even once in a decade. All measures require that some of the most sweeping changes to the nature of the tax – like the rate of taxation or the years a measure will be in effect – be resubmitted to the voters for approval. Some counties experienced periodic flurries of concern that arose because parties felt aggrieved by the routine administration of LOST measures or shortchanged by proposed amendments, but threats of legal action were rare and actual lawsuits were even rarer. The fact that they have rarely occurred indicates that LOSTs have been skillfully crafted to balance accountability and flexibility.