

M e m o r a n d u m**802.0020**

To : Mr. Jag Sandhu
Supv., Rev. Unit (MIC:25)

Date: March 27, 1997

From : John L. Waid
Senior Tax Counsel

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Subject: SCTA
Interest on Special Deposit

I am answering your memorandum to me dated March 19, 1997. You ask if the Santa Clara County Traffic Authority (SCTA) is entitled to interest on the money withheld to satisfy its liability for refunds under the Aerospace decision. There is no statutory basis to hold that interest accrues on district taxes held in the RSTF, even those held past the date they would normally be transmitted to the district which levied the tax from which the revenues were derived. The RSTF is a sub-fund of the General Fund. (Stats. 1933, Ch. 1020, § 29; Manual of State Funds, No. 094.) Under the statutes, any revenues deposited in the RSTF not used for designated purposes are transferred to the General Fund. (§§ 7101(b), 7261(b), & 7262(a); See, also, Govt. Code § 16475(a).)

Section 7271 provides only that tax revenues which the Board collects on behalf of a district shall be transmitted to the district which levied the tax. There is no provision for interest. Therefore, we conclude that interest on moneys in the RSTF accrues only to the benefit of the General Fund. Consequently, any interest can only accrue to the benefit of SCTA under the statutes creating the special fund into which the moneys were deposited. Government Code section 16475 indicates that interest on such moneys could not begin to accrue until deposit. Such date would thus be the earliest that interest on the withheld moneys could possibly accrue to SCTA's benefit.

JLW:sr