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AMENDED IN SENATE AUGUST 24, 2016
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CALIFORNIA LEGISLATURE—2015–16 FIRST EXTRAORDINARY SESSION

SENATE BILL

No. 1

Introduced by Senator Beall

(Principal coauthor: Assembly Member Frazier)

**(Coauthors: Senators Allen, Hall, Hertzberg, McGuire, and
Mendoza)**

June 22, 2015

An act to amend Sections 13975, 14500, 14526.5, and 16965 of, to add Sections 14033, 14526.7, and 16321 to, to add Part 5.1 (commencing with Section 14460) to Division 3 of Title 2 of, and to repeal Section 14534.1 of, the Government Code, to amend Section 39719 of the Health and Safety Code, to amend Section 21080.37 of, and to add Division 13.6 (commencing with Section 21200) to, the Public Resources Code, to amend Section 99312.1 of the Public Utilities Code, to amend Sections 6051.8, 6201.8, 7360, 8352.4, 8352.5, 8352.6, and 60050 of the Revenue and Taxation Code, to amend Sections 183.1, 820.1, 2192, 2192.1, and 2192.2 of, to add Sections 2103.1 and 2192.4 to, and to add Chapter 2 (commencing with Section 2030) to Division 3 of, the Streets and Highways Code, and to add Sections 9250.3, 9250.6, and 9400.5 to the Vehicle Code, relating to transportation, making an

appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1, as amended, Beall. Transportation funding.

(1) Existing law provides various sources of funding for transportation purposes, including funding for the state highway system and the local street and road system. These funding sources include, among others, fuel excise taxes, commercial vehicle weight fees, local transactions and use taxes, and federal funds. Existing law imposes certain registration fees on vehicles, with revenues from these fees deposited in the Motor Vehicle Account and used to fund the Department of Motor Vehicles and the Department of the California Highway Patrol. Existing law provides for the monthly transfer of excess balances in the Motor Vehicle Account to the State Highway Account.

This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system. The bill would require the California Transportation Commission to adopt performance criteria, consistent with a specified asset management plan, to ensure efficient use of certain funds available for the program. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a \$0.17 per gallon increase in the motor vehicle fuel (gasoline) tax imposed by the bill with an inflation adjustment, as provided, an increase of \$38 in the annual vehicle registration fee with an inflation adjustment, as provided, a new \$165 annual vehicle registration fee with an inflation adjustment, as provided, applicable to zero-emission motor vehicles, as defined, and certain miscellaneous revenues described in (7) below that are not restricted as to expenditure by Article XIX of the California Constitution.

This bill would annually set aside \$200,000,000 of the funds available for the program to fund road maintenance and rehabilitation purposes in counties that have sought and received voter approval of taxes or that have imposed fees, including uniform developer fees, as defined, which taxes or fees are dedicated solely to transportation improvements. These funds would be continuously appropriated for allocation pursuant to guidelines to be developed by the California Transportation

Commission in consultation with local agencies. The bill would require \$80,000,000 of the funds available for the program to be annually transferred to the State Highway Account for expenditure on the Active Transportation Program. The bill would require \$30,000,000 of the funds available for the program in each of 4 fiscal years beginning in 2017–18 to be transferred to the Advance Mitigation Fund created by the bill pursuant to (12) below. The bill would continuously appropriate \$2,000,000 annually of the funds available for the program to the California State University for the purpose of conducting transportation research and transportation-related workforce education, training, and development. The bill would require the remaining funds available for the program to be allocated 50% for maintenance of the state highway system or to the state highway operation and protection program and 50% to cities and counties pursuant to a specified formula. The bill would impose various requirements on the department and agencies receiving these funds. The bill would authorize a city or county to spend its apportionment of funds under the program on transportation priorities other than those allowable pursuant to the program if the city’s or county’s average Pavement Condition Index meets or exceeds 80.

The bill would also require the department to annually identify savings achieved through efficiencies implemented at the department and to propose, from the identified savings, an appropriation to be included in the annual Budget Act of up to \$70,000,000 from the State Highway Account for expenditure on the Active Transportation Program.

(2) Existing law establishes in state government the Transportation Agency, which includes various departments and state entities, including the California Transportation Commission. Existing law vests the California Transportation Commission with specified powers, duties, and functions relative to transportation matters. Existing law requires the commission to retain independent authority to perform the duties and functions prescribed to it under any provision of law.

This bill would exclude the California Transportation Commission from the Transportation Agency, establish it as an entity in state government, and require it to act in an independent oversight role. The bill would also make conforming changes.

(3) Existing law creates various state agencies, including the Department of Transportation, the High-Speed Rail Authority, the Department of the California Highway Patrol, the Department of Motor Vehicles, and the State Air Resources Board, with specified powers

and duties. Existing law provides for the allocation of state transportation funds to various transportation purposes.

This bill would create the Office of the Transportation Inspector General in state government, as an independent office that would not be a subdivision of any other government entity, to ensure that all of the above-referenced state agencies and all other state agencies expending state transportation funds are operating efficiently, effectively, and in compliance with federal and state laws. The bill would provide for the Governor to appoint the Transportation Inspector General for a 6-year term, subject to confirmation by the Senate, and would provide that the Transportation Inspector General may not be removed from office during the term except for good cause. The bill would specify the duties and responsibilities of the Transportation Inspector General and would require an annual report to the Legislature and Governor.

This bill would require the department to update the Highway Design Manual to incorporate the “complete streets” design concept by January 1, 2017.

(4) Existing law provides for loans of revenues from various transportation funds and accounts to the General Fund, with various repayment dates specified.

This bill would require the Department of Finance, on or before September 1, 2016, to compute the amount of outstanding loans made from specified transportation funds. The bill would require the Department of Transportation to prepare a loan repayment schedule and would require the outstanding loans to be repaid pursuant to that schedule, as prescribed. The bill would appropriate funds for that purpose from the Budget Stabilization Account. The bill would require the repaid funds to be transferred, pursuant to a specified formula, to cities and counties and to the department for maintenance of the state highway system and for purposes of the state highway operation and protection program.

(5) The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) created the Trade Corridors Improvement Fund and provided for allocation by the California Transportation Commission of \$2 billion in bond funds for infrastructure improvements on highway and rail corridors that have a high volume of freight movement and for specified categories of projects eligible to receive these funds. Existing law continues the Trade Corridors

Improvement Fund in existence in order to receive revenues from sources other than the bond act for these purposes.

This bill would deposit the revenues attributable to a \$0.30 per gallon increase in the diesel fuel excise tax imposed by the bill into the Trade Corridors Improvement Fund. The bill would require revenues apportioned to the state from the national highway freight program established by the federal Fixing America's Surface Transportation Act to be allocated for trade corridor improvement projects approved pursuant to these provisions.

Existing law requires the commission, in determining projects eligible for funding, to consult various state freight and regional infrastructure and goods movement plans and the statewide port master plan.

This bill would delete consideration of the State Air Resources Board's Sustainable Freight Strategy and the statewide port master plan and would instead include consideration of the applicable port master plan when determining eligible projects for funding. The bill would also expand eligible projects to include rail landside access improvements, landside freight access improvements to airports, and certain capital and operational improvements.

(6) Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism relative to reduction of greenhouse gas emissions to be deposited in the Greenhouse Gas Reduction Fund. Existing law continuously appropriates 10% of the annual proceeds of the fund to the Transit and Intercity Rail Capital Program and 5% of the annual proceeds of the fund to the Low Carbon Transit Operations Program.

This bill would, beginning in the 2016–17 fiscal year, instead continuously appropriate 20% of those annual proceeds to the Transit and Intercity Rail Capital Program and 10% of those annual proceeds to the Low Carbon Transit Operations Program, thereby making an appropriation.

(7) Article XIX of the California Constitution restricts the expenditure of revenues from taxes imposed by the state on fuels used in motor vehicles upon public streets and highways to street and highway and certain mass transit purposes. Existing law requires certain miscellaneous revenues deposited in the State Highway Account that are not restricted as to expenditure by Article XIX of the California Constitution to be transferred to the Transportation Debt Service Fund in the State Transportation Fund, as specified, and requires the Controller

to transfer from the fund to the General Fund an amount of those revenues necessary to offset the current year debt service made from the General Fund on general obligation transportation bonds issued pursuant to Proposition 116 of 1990.

This bill would delete the transfer of these miscellaneous revenues to the Transportation Debt Service Fund, thereby eliminating the offsetting transfer to the General Fund for debt service on general obligation transportation bonds issued pursuant to Proposition 116 of 1990. The bill, subject to a specified exception, would instead require the miscellaneous revenues to be retained in the State Highway Account and to be deposited in the Road Maintenance and Rehabilitation Account.

(8) Article XIX of the California Constitution requires gasoline excise tax revenues from motor vehicles traveling upon public streets and highways to be deposited in the Highway Users Tax Account, for allocation to city, county, and state transportation purposes. Existing law generally provides for statutory allocation of gasoline excise tax revenues attributable to other modes of transportation, including aviation, boats, agricultural vehicles, and off-highway vehicles, to particular accounts and funds for expenditure on purposes associated with those other modes, except that a specified portion of these gasoline excise tax revenues is deposited in the General Fund. Expenditure of the gasoline excise tax revenues attributable to those other modes is not restricted by Article XIX of the California Constitution.

This bill, commencing July 1, 2016, would instead transfer to the Highway Users Tax Account for allocation to state and local transportation purposes under a specified formula the portion of gasoline excise tax revenues currently being deposited in the General Fund that are attributable to boats, agricultural vehicles, and off-highway vehicles. Because that account is continuously appropriated, the bill would make an appropriation.

(9) Existing law, as of July 1, 2011, increases the sales and use tax on diesel and decreases the excise tax, as provided. Existing law requires the State Board of Equalization to annually modify both the gasoline and diesel excise tax rates on a going-forward basis so that the various changes in the taxes imposed on gasoline and diesel are revenue neutral.

This bill would eliminate the annual rate adjustment to maintain revenue neutrality for the gasoline and diesel excise tax rates and would reimpose the higher gasoline excise tax rate that was in effect on July

1, 2010, in addition to the increase in the rate described in paragraph (1).

Existing law, beyond the sales and use tax rate generally applicable, imposes an additional sales and use tax on diesel fuel at the rate of 1.75%, subject to certain exemptions, and provides for the net revenues collected from the additional tax to be transferred to the Public Transportation Account. Existing law continuously appropriates these revenues to the Controller for allocation by formula to transportation agencies for public transit purposes.

This bill would increase the additional sales and use tax on diesel fuel by an additional 3.5%. By increasing the revenues deposited in a continuously appropriated fund, the bill would thereby make an appropriation. The bill would restrict expenditures of revenues from this increase in the sales and use tax on diesel fuel to transit capital purposes and certain transit services and would require a recipient transit agency to comply with certain requirements, including submitting a list of proposed projects to the Department of Transportation, as a condition of receiving a portion of these funds. The bill would require an existing required audit of transit operator finances to verify that these new revenues have been expended in conformance with these specific restrictions and all other generally applicable requirements.

This bill would, beginning July 1, 2019, and every 3rd year thereafter, require the State Board of Equalization to recompute the gasoline and diesel excise tax rates and the additional sales and use tax rate on diesel fuel based upon the percentage change in the California Consumer Price Index transmitted to the board by the Department of Finance, as prescribed.

(10) Existing law requires the Department of Transportation to prepare a state highway operation and protection program every other year for the expenditure of transportation capital improvement funds for projects that are necessary to preserve and protect the state highway system, excluding projects that add new traffic lanes. The program is required to be based on an asset management plan, as specified. Existing law requires the department to specify, for each project in the program the capital and support budget and projected delivery date for various components of the project. Existing law provides for the California Transportation Commission to review and adopt the program, and authorizes the commission to decline and adopt the program if it determines that the program is not sufficiently consistent with the asset management plan.

This bill would add to the program capital projects relative to the operation of those state highways and bridges. The bill would require the commission, as part of its review of the program, to hold at least one hearing in northern California and one hearing in southern California regarding the proposed program. The bill would require the department to submit any change to a programmed project as an amendment to the commission for its approval.

This bill, on and after February 1, 2017, would also require the commission to make an allocation of all capital and support costs for each project in the program, and would require the department to submit a supplemental project allocation request to the commission for each project that experiences cost increases above the amounts in its allocation. The bill would require the commission to establish guidelines to provide exceptions to the requirement for a supplemental project allocation requirement that the commission determines are necessary to ensure that projects are not unnecessarily delayed.

(11) Existing law imposes weight fees on the registration of commercial motor vehicles and provides for the deposit of net weight fee revenues into the State Highway Account. Existing law provides for the transfer of certain weight fee revenues from the State Highway Account to the Transportation Debt Service Fund to reimburse the General Fund for payment of debt service on general obligation bonds issued for transportation purposes. Existing law also provides for the transfer of certain weight fee revenues to the Transportation Bond Direct Payment Account for direct payment of debt service on designated bonds, which are defined to be certain transportation general obligation bonds issued pursuant to Proposition 1B of 2006. Existing law also provides for loans of weight fee revenues to the General Fund to the extent the revenues are not needed for bond debt service purposes, with the loans to be repaid when the revenues are later needed for those purposes, as specified.

This bill, notwithstanding these provisions or any other law, would only authorize specified percentages of weight fee revenues to be transferred from the State Highway Account to the Transportation Debt Service Fund, the Transportation Bond Direct Payment Account, or any other fund or account for the purpose of payment of the debt service on transportation general obligation bonds in accordance with a prescribed schedule and would prohibit the transfer of weight fee revenues from the State Highway Account after the 2020–21 fiscal year.

The bill would also prohibit loans of weight fee revenues to the General Fund.

(12) The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment.

CEQA, until January 1, 2020, exempts a project or an activity to repair, maintain, or make minor alterations to an existing roadway, as defined, other than a state roadway, if the project or activity is carried out by a city or county with a population of less than 100,000 persons to improve public safety and meets other specified requirements.

This bill would extend the above-referenced exemption indefinitely and delete the limitation of the exemption to projects or activities in cities and counties with a population of less than 100,000 persons. The bill would also expand the exemption to include state roadways.

This bill would also establish the Advance Mitigation Program in the Department of Transportation. The bill would authorize the department to undertake mitigation measures in advance of construction of a planned transportation project. The bill would require the department to establish a steering committee to advise the department on advance mitigation measures and related matters. The bill would create the Advance Mitigation Fund as a continuously appropriated revolving fund, to be funded initially from the Road Maintenance and Rehabilitation Program pursuant to (1) above. The bill would provide for reimbursement of the revolving fund at the time a planned transportation project benefiting from advance mitigation is constructed.

(13) Existing federal law requires the United States Secretary of Transportation to carry out a surface transportation project delivery program, under which the participating states assume certain responsibilities for environmental review and clearance of transportation projects that would otherwise be the responsibility of the federal government. Existing law, until January 1, 2017, provides that the State of California consents to the jurisdiction of the federal courts with regard

to the compliance, discharge, or enforcement of the responsibilities the Department of Transportation assumed as a participant in this program.

This bill would delete the January 1, 2017, repeal date, thereby extending these provisions indefinitely.

(14) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) Over the next 10 years, the state faces a \$59 billion shortfall
4 to adequately maintain the existing state highway system in order
5 to keep it in a basic state of good repair.

6 (b) Similarly, cities and counties face a \$78 billion shortfall
7 over the next decade to adequately maintain the existing network
8 of local streets and roads.

9 (c) Statewide taxes and fees dedicated to the maintenance of
10 the system have not been increased in more than 20 years, with
11 those revenues losing more than 55 percent of their purchasing
12 power, while costs to maintain the system have steadily increased
13 and much of the underlying infrastructure has aged past its expected
14 useful life.

15 (d) California motorists are spending \$17 billion annually in
16 extra maintenance and car repair bills, which is more than \$700
17 per driver, due to the state’s poorly maintained roads.

18 (e) Failing to act now to address this growing problem means
19 that more drastic measures will be required to maintain our system
20 in the future, essentially passing the burden on to future generations
21 instead of doing our job today.

22 (f) A funding program will help address a portion of the
23 maintenance backlog on the state’s road system and will stop the
24 growth of the problem.

25 (g) Modestly increasing various fees can spread the cost of road
26 repairs broadly to all users and beneficiaries of the road network
27 without overburdening any one group.

28 (h) Improving the condition of the state’s road system will have
29 a positive impact on the economy as it lowers the transportation

1 costs of doing business, reduces congestion impacts for employees,
2 and protects property values in the state.

3 (i) The federal government estimates that increased spending
4 on infrastructure creates more than 13,000 jobs per \$1 billion spent.

5 (j) Well-maintained roads benefit all users, not just drivers, as
6 roads are used for all modes of transport, whether motor vehicles,
7 transit, bicycles, or pedestrians.

8 (k) Well-maintained roads additionally provide significant health
9 benefits and prevent injuries and death due to crashes caused by
10 poorly maintained infrastructure.

11 (l) A comprehensive, reasonable transportation funding package
12 will do all of the following:

13 (1) Ensure these transportation needs are addressed.

14 (2) Fairly distribute the economic impact of increased funding.

15 (3) Restore the gas tax rate previously reduced by the State
16 Board of Equalization pursuant to the gas tax swap.

17 (4) Direct increased revenue to the state’s highest transportation
18 needs.

19 SEC. 2. Section 13975 of the Government Code is amended
20 to read:

21 13975. There is in the state government the Transportation
22 Agency. The agency consists of the Department of the California
23 Highway Patrol, the Department of Motor Vehicles, the Department
24 of Transportation, the High-Speed Rail Authority, and the Board
25 of Pilot Commissioners for the Bays of San Francisco, San Pablo,
26 and Suisun.

27 SEC. 3. Section 14033 is added to the Government Code, to
28 read:

29 14033. On or before January 1, 2017, the department shall
30 update the Highway Design Manual to incorporate the “complete
31 streets” design concept.

32 SEC. 4. Part 5.1 (commencing with Section 14460) is added
33 to Division 3 of Title 2 of the Government Code, to read:

34

35 PART 5.1. OFFICE OF THE TRANSPORTATION INSPECTOR
36 GENERAL
37

37

38 14460. (a) There is hereby created in state government the
39 independent Office of the Transportation Inspector General, which
40 shall not be a subdivision of any other governmental entity, to

1 ensure that the Department of Transportation, the High-Speed Rail
2 Authority, the Department of the California Highway Patrol, the
3 Department of Motor Vehicles, the State Air Resources Board,
4 and all other state agencies expending state transportation funds
5 are operating efficiently, effectively, and in compliance with
6 applicable federal and state laws.

7 (b) The Governor shall appoint, subject to confirmation by the
8 Senate, the Transportation Inspector General to a six-year term.
9 The Transportation Inspector General may not be removed from
10 office during that term, except for good cause. A finding of good
11 cause may include substantial neglect of duty, gross misconduct,
12 or conviction of a crime. The reasons for removal of the
13 Transportation Inspector General shall be stated in writing and
14 shall include the basis for removal. The writing shall be sent to
15 the Secretary of the Senate and the Chief Clerk of the Assembly
16 at the time of the removal and shall be deemed to be a public
17 document.

18 14461. The Transportation Inspector General shall review
19 policies, practices, and procedures and conduct audits and
20 investigations of activities involving state transportation funds in
21 consultation with all affected state agencies. Specifically, the
22 Transportation Inspector General's duties and responsibilities shall
23 include, but not be limited to, all of the following:

24 (a) To examine the operating practices of all state agencies
25 expending state transportation funds to identify fraud and waste,
26 opportunities for efficiencies, and opportunities to improve the
27 data used to determine appropriate project resource allocations.

28 (b) To identify best practices in the delivery of transportation
29 projects and develop policies or recommend proposed legislation
30 enabling state agencies to adopt these practices when practicable.

31 (c) To provide objective analysis of and, when possible, offer
32 solutions to concerns raised by the public or generated within
33 agencies involving the state's transportation infrastructure and
34 project delivery methods.

35 (d) To conduct, supervise, and coordinate audits and
36 investigations relating to the programs and operations of all state
37 transportation agencies with state-funded transportation projects.

38 (e) To recommend policies promoting economy and efficiency
39 in the administration of programs and operations of all state
40 agencies with state-funded transportation projects.

1 (f) To ensure that the Secretary of Transportation and the
2 Legislature are fully and currently informed concerning fraud or
3 other serious abuses or deficiencies relating to the expenditure of
4 funds or administration of programs and operations.

5 14462. The Transportation Inspector General shall report at
6 least annually to the Governor and Legislature with a summary of
7 his or her findings, investigations, and audits. The summary shall
8 be posted on the Transportation Inspector General’s Internet Web
9 site and shall otherwise be made available to the public upon its
10 release to the Governor and Legislature. The summary shall
11 include, but need not be limited to, significant problems discovered
12 by the Transportation Inspector General and whether
13 recommendations of the Transportation Inspector General relative
14 to investigations and audits have been implemented by the affected
15 agencies. The report shall be submitted to the Legislature in
16 compliance with Section 9795.

17 SEC. 5. Section 14500 of the Government Code is amended
18 to read:

19 14500. There is in state government a California Transportation
20 Commission. The commission shall act in an independent oversight
21 role.

22 SEC. 6. Section 14526.5 of the Government Code is amended
23 to read:

24 14526.5. (a) Based on the asset management plan prepared
25 and approved pursuant to Section 14526.4, the department shall
26 prepare a state highway operation and protection program for the
27 expenditure of transportation funds for major capital improvements
28 that are necessary to preserve and protect the state highway system.
29 Projects included in the program shall be limited to improvements
30 relative to maintenance, safety, rehabilitation, and operation of
31 state highways and bridges that do not add a new traffic lane to
32 the system.

33 (b) The program shall include projects that are expected to be
34 advertised prior to July 1 of the year following submission of the
35 program, but which have not yet been funded. The program shall
36 include those projects for which construction is to begin within
37 four fiscal years, starting July 1 of the year following the year the
38 program is submitted.

39 (c) (1) The department, at a minimum, shall specify, for each
40 project in the state highway operation and protection program, the

- 1 capital and support budget for each of the following project
2 components:
- 3 (A) Project approval and environmental documents.
 - 4 (B) Plans, specifications, and estimates.
 - 5 (C) Rights-of-way.
 - 6 (D) Construction.
- 7 (2) The department shall specify, for each project in the state
8 highway operation and protection program, a projected delivery
9 date for each of the following components:
- 10 (A) Environmental document completion.
 - 11 (B) Plans, specifications, and estimate completion.
 - 12 (C) Right-of-way certification.
 - 13 (D) Start of construction.
- 14 (d) The department shall submit its proposed program to the
15 commission not later than January 31 of each even-numbered year.
16 Prior to submitting its proposed program, the department shall
17 make a draft of its proposed program available to transportation
18 planning agencies for review and comment and shall include the
19 comments in its submittal to the commission. The department shall
20 provide the commission with detailed information for all
21 programmed projects, including, but not limited to, cost, scope,
22 schedule, and performance metrics as determined by the
23 commission.
- 24 (e) The commission shall review the proposed program relative
25 to its overall adequacy, consistency with the asset management
26 plan prepared and approved pursuant to Section 14526.4 and
27 funding priorities established in Section 167 of the Streets and
28 Highways Code, the level of annual funding needed to implement
29 the program, and the impact of those expenditures on the state
30 transportation improvement program. The commission shall adopt
31 the program and submit it to the Legislature and the Governor not
32 later than April 1 of each even-numbered year. The commission
33 may decline to adopt the program if the commission determines
34 that the program is not sufficiently consistent with the asset
35 management plan prepared and approved pursuant to Section
36 14526.4.
- 37 (f) As part of the commission's review of the program required
38 pursuant to subdivision (a), the commission shall hold at least one
39 hearing in northern California and one hearing in southern
40 California regarding the proposed program.

1 (g) Expenditures for these projects shall not be subject to
2 Sections 188 and 188.8 of the Streets and Highways Code.

3 (h) Following adoption of the state highway operation and
4 protection program by the commission, any change to a
5 programmed project shall be submitted as an amendment by the
6 department to the commission for its approval before the change
7 may be implemented.

8 SEC. 7. Section 14526.7 is added to the Government Code, to
9 read:

10 14526.7. (a) On and after February 1, 2017, an allocation by
11 the commission of all capital and support costs for each project in
12 the state highway operation and protection program shall be
13 required.

14 (b) For a project that experiences increases in capital or support
15 costs above the amounts in the commission's allocation pursuant
16 to subdivision (a), a supplemental project allocation request shall
17 be submitted by the department to the commission for approval.

18 (c) The commission shall establish guidelines to provide
19 exceptions to the requirement of subdivision (b) that the
20 commission determines are necessary to ensure that projects are
21 not unnecessarily delayed.

22 SEC. 8. Section 14534.1 of the Government Code is repealed.

23 SEC. 9. Section 16321 is added to the Government Code, to
24 read:

25 16321. (a) Notwithstanding any other law, on or before
26 September 1, 2016, the Department of Finance shall compute the
27 amount of outstanding loans made from the State Highway
28 Account, the Motor Vehicle Fuel Account, the Highway Users
29 Tax Account, and the Motor Vehicle Account to the General Fund.
30 The department shall prepare a loan repayment schedule, pursuant
31 to which the outstanding loans shall be repaid, as follows:

32 (1) On or before June 30, 2017, 50 percent of the outstanding
33 loan amounts.

34 (2) On or before June 30, 2018, the remainder of the outstanding
35 loan amounts.

36 (b) Notwithstanding any other law, as the loans are repaid
37 pursuant to this section, the repaid funds shall be transferred in the
38 following manner:

1 (1) Fifty percent to cities and counties pursuant to clauses (i)
2 and (ii) of subparagraph (C) of paragraph (3) of subdivision (a) of
3 Section 2103 of the Streets and Highways Code.

4 (2) Fifty percent to the department for maintenance of the state
5 highway system and for purposes of the state highway operation
6 and protection program.

7 (c) Funds for loan repayments pursuant to this section are hereby
8 appropriated from the Budget Stabilization Account pursuant to
9 subclause (II) of clause (ii) of subparagraph (B) of paragraph (1)
10 of subdivision (c) of Section 20 of Article XVI of the California
11 Constitution.

12 SEC. 10. Section 16965 of the Government Code is amended
13 to read:

14 16965. (a) (1) The Transportation Debt Service Fund is hereby
15 created in the State Treasury. Moneys in the fund shall be dedicated
16 to all of the following purposes:

17 (A) Payment of debt service with respect to designated bonds,
18 as defined in subdivision (c) of Section 16773, and as further
19 provided in paragraph (3) and subdivision (b).

20 (B) To reimburse the General Fund for debt service with respect
21 to bonds.

22 (C) To redeem or retire bonds, pursuant to Section 16774,
23 maturing in a subsequent fiscal year.

24 (2) The bonds eligible under subparagraph (B) or (C) of
25 paragraph (1) include bonds issued pursuant to the Passenger Rail
26 and Clean Air Bond Act of 1990 (Chapter 17 (commencing with
27 Section 2701) of Division 3 of the Streets and Highways Code),
28 the Seismic Retrofit Bond Act of 1996 (Chapter 12.48
29 (commencing with Section 8879) of Division 1 of Title 2), and the
30 Safe, Reliable High-Speed Passenger Train Bond Act for the 21st
31 Century (Chapter 20 (commencing with Section 2704) of Division
32 3 of the Streets and Highways Code), and nondesignated bonds
33 under Proposition 1B, as defined in subdivision (c) of Section
34 16773.

35 (3) (A) The Transportation Bond Direct Payment Account is
36 hereby created in the State Treasury, as a subaccount within the
37 Transportation Debt Service Fund, for the purpose of directly
38 paying the debt service, as defined in paragraph (4), of designated
39 bonds of Proposition 1B, as defined in subdivision (c) of Section
40 16773. Notwithstanding Section 13340, moneys in the

1 Transportation Bond Direct Payment Account are continuously
2 appropriated for payment of debt service with respect to designated
3 bonds as provided in subdivision (c) of Section 16773. So long as
4 any designated bonds remain outstanding, the moneys in the
5 Transportation Bond Direct Payment Account may not be used
6 for any other purpose, and may not be borrowed by or available
7 for transfer to the General Fund pursuant to Section 16310 or any
8 similar law, or to the General Cash Revolving Fund pursuant to
9 Section 16381 or any similar law.

10 (B) Once the Treasurer makes a certification that payment of
11 debt service with respect to all designated bonds has been paid or
12 provided for, any remaining moneys in the Transportation Bond
13 Direct Payment Account shall be transferred back to the
14 Transportation Debt Service Fund.

15 (C) The moneys in the Transportation Bond Direct Payment
16 Account shall be invested in the Surplus Money Investment Fund,
17 and all investment earnings shall accrue to the account.

18 (D) The Controller may establish subaccounts within the
19 Transportation Bond Direct Payment Account as may be required
20 by the resolution, indenture, or other documents governing any
21 designated bonds.

22 (4) For purposes of this subdivision and subdivision (b), and
23 subdivision (c) of Section 16773, “debt service” means payment
24 of all of the following costs and expenses with respect to any
25 designated bond:

26 (A) The principal of and interest on the bonds.

27 (B) Amounts payable as the result of tender on any bonds, as
28 described in clause (iv) of subparagraph (B) of paragraph (1) of
29 subdivision (d) of Section 16731.

30 (C) Amounts payable under any contractual obligation of the
31 state to repay advances and pay interest thereon under a credit
32 enhancement or liquidity agreement as described in clause (iv) of
33 subparagraph (B) of paragraph (1) of subdivision (d) of Section
34 16731.

35 (D) Any amount owed by the state to a counterparty after any
36 offset for payments owed to the state on any hedging contract as
37 described in subparagraph (A) of paragraph (2) of subdivision (d)
38 of Section 16731.

39 (b) From the moneys transferred to the fund pursuant to
40 paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the

1 Vehicle Code, there shall first be deposited into the Transportation
2 Bond Direct Payment Account in each month sufficient funds to
3 equal the amount designated in a certificate submitted by the
4 Treasurer to the Controller and the Director of Finance at the start
5 of each fiscal year, and as may be modified by the Treasurer
6 thereafter upon issuance of any new issue of designated bonds or
7 upon change in circumstances that requires such a modification.
8 This certificate shall be calculated by the Treasurer to identify, for
9 each month, the amount necessary to fund all of the debt service
10 with respect to all designated bonds. This calculation shall be done
11 in a manner provided in the resolution, indenture, or other
12 documents governing the designated bonds. In the event that
13 transfers to the Transportation Bond Direct Payment Account in
14 any month are less than the amounts required in the Treasurer’s
15 certificate, the shortfall shall carry over to be part of the required
16 payment in the succeeding month or months.

17 (c) The state hereby covenants with the holders from time to
18 time of any designated bonds that it will not alter, amend, or restrict
19 the provisions of subdivision (c) of Section 16773 of the
20 Government Code, or Sections 9400, 9400.1, 9400.4, and 42205
21 of the Vehicle Code, which provide directly or indirectly for the
22 transfer of weight fees to the Transportation Debt Service Fund
23 or the Transportation Bond Direct Payment Account, or
24 subdivisions (a) and (b) of this section, or reduce the rate of
25 imposition of vehicle weight fees under Sections 9400 and 9400.1
26 of the Vehicle Code as they existed on the date of the first issuance
27 of any designated bonds, if that alteration, amendment, restriction,
28 or reduction would result in projected weight fees for the next
29 fiscal year determined by the Director of Finance being less than
30 two times the maximum annual debt service with respect to all
31 outstanding designated bonds, as such calculation is determined
32 pursuant to the resolution, indenture, or other documents governing
33 the designated bonds. The state may include this covenant in the
34 resolution, indenture, or other documents governing the designated
35 bonds.

36 (d) Once the required monthly deposit, including makeup of
37 any shortfalls from any prior month, has been made pursuant to
38 subdivision (b), from moneys transferred to the fund pursuant to
39 paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the
40 Vehicle Code, or pursuant to Section 16965.1 or 63048.67, the

1 Controller shall transfer as an expenditure reduction to the General
2 Fund any amount necessary to offset the cost of current year debt
3 service payments made from the General Fund with respect to any
4 bonds issued pursuant to Proposition 192 (1996) and three-quarters
5 of the amount of current year debt service payments made from
6 the General Fund with respect to any nondesignated bonds, as
7 defined in subdivision (c) of Section 16773, issued pursuant to
8 Proposition 1B (2006). In the alternative, these funds may also be
9 used to redeem or retire the applicable bonds, pursuant to Section
10 16774, maturing in a subsequent fiscal year as directed by the
11 Director of Finance.

12 (e) Once the required monthly deposit, including makeup of
13 any shortfalls from any prior month, has been made pursuant to
14 subdivision (b), from moneys transferred to the fund pursuant to
15 paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the
16 Vehicle Code, or pursuant to Section 16965.1 or 63048.67, the
17 Controller shall transfer as an expenditure reduction to the General
18 Fund any amount necessary to offset the eligible cost of current
19 year debt service payments made from the General Fund with
20 respect to any bonds issued pursuant to Proposition 108 (1990)
21 and Proposition 1A (2008), and one-quarter of the amount of
22 current year debt service payments made from the General Fund
23 with respect to any nondesignated bonds, as defined in subdivision
24 (c) of Section 16773, issued pursuant to Proposition 1B (2006).
25 The Department of Finance shall notify the Controller by July 30
26 of every year of the percentage of debt service that is expected to
27 be paid in that fiscal year with respect to bond-funded projects that
28 qualify as eligible guideway projects consistent with the
29 requirements applicable to the expenditure of revenues under
30 Article XIX of the California Constitution, and the Controller shall
31 make payments only for those eligible projects. In the alternative,
32 these funds may also be used to redeem or retire the applicable
33 bonds, pursuant to Section 16774, maturing in a subsequent fiscal
34 year as directed by the Director of Finance.

35 (f) On or before the second business day following the date on
36 which transfers are made to the Transportation Debt Service Fund,
37 and after the required monthly deposits for that month, including
38 makeup of any shortfalls from any prior month, have been made
39 to the Transportation Bond Direct Payment Account, the Controller
40 shall transfer the funds designated for reimbursement of bond debt

1 service with respect to nondesignated bonds, as defined in
2 subdivision (c) of Section 16773, and other bonds identified in
3 subdivisions (d) and (e) in that month from the fund to the General
4 Fund pursuant to this section.

5 SEC. 11. Section 39719 of the Health and Safety Code is
6 amended to read:

7 39719. (a) The Legislature shall appropriate the annual
8 proceeds of the fund for the purpose of reducing greenhouse gas
9 emissions in this state in accordance with the requirements of
10 Section 39712.

11 (b) To carry out a portion of the requirements of subdivision
12 (a), annual proceeds are continuously appropriated for the
13 following:

14 (1) Beginning in the 2016–17 fiscal year, and notwithstanding
15 Section 13340 of the Government Code, 50 percent of annual
16 proceeds are continuously appropriated, without regard to fiscal
17 years, for transit, affordable housing, and sustainable communities
18 programs as following:

19 (A) Twenty percent of the annual proceeds of the fund is hereby
20 continuously appropriated to the Transportation Agency for the
21 Transit and Intercity Rail Capital Program created by Part 2
22 (commencing with Section 75220) of Division 44 of the Public
23 Resources Code.

24 (B) Ten percent of the annual proceeds of the fund is hereby
25 continuously appropriated to the Low Carbon Transit Operations
26 Program created by Part 3 (commencing with Section 75230) of
27 Division 44 of the Public Resources Code. Moneys shall be
28 allocated by the Controller, according to requirements of the
29 program, and pursuant to the distribution formula in subdivision
30 (b) or (c) of Section 99312 of, and Sections 99313 and 99314 of,
31 the Public Utilities Code.

32 (C) Twenty percent of the annual proceeds of the fund is hereby
33 continuously appropriated to the Strategic Growth Council for the
34 Affordable Housing and Sustainable Communities Program created
35 by Part 1 (commencing with Section 75200) of Division 44 of the
36 Public Resources Code. Of the amount appropriated in this
37 subparagraph, no less than 10 percent of the annual proceeds shall
38 be expended for affordable housing, consistent with the provisions
39 of that program.

1 (2) Beginning in the 2015–16 fiscal year, notwithstanding
2 Section 13340 of the Government Code, 25 percent of the annual
3 proceeds of the fund is hereby continuously appropriated to the
4 High-Speed Rail Authority for the following components of the
5 initial operating segment and Phase I Blended System as described
6 in the 2012 business plan adopted pursuant to Section 185033 of
7 the Public Utilities Code:

8 (A) Acquisition and construction costs of the project.

9 (B) Environmental review and design costs of the project.

10 (C) Other capital costs of the project.

11 (D) Repayment of any loans made to the authority to fund the
12 project.

13 (c) In determining the amount of annual proceeds of the fund
14 for purposes of the calculation in subdivision (b), the funds subject
15 to Section 39719.1 shall not be included.

16 SEC. 12. Section 21080.37 of the Public Resources Code is
17 amended to read:

18 21080.37. (a) This division does not apply to a project or an
19 activity to repair, maintain, or make minor alterations to an existing
20 roadway if all of the following conditions are met:

21 (1) (A) The project does not cross a waterway.

22 (B) For purposes of this paragraph, “waterway” means a bay,
23 estuary, lake, pond, river, slough, or a perennial, intermittent, or
24 ephemeral stream, lake, or estuarine-marine shoreline.

25 (2) The project involves negligible or no expansion of an
26 existing use beyond that existing at the time of the lead agency’s
27 determination.

28 (3) (A) The site of the project does not contain wetlands or
29 riparian areas and does not have significant value as a wildlife
30 habitat, and the project does not harm any species protected by the
31 federal Endangered Species Act of 1973 (16 U.S.C. Sec. 1531 et
32 seq.), the Native Plant Protection Act (Chapter 10 (commencing
33 with Section 1900) of Division 2 of the Fish and Game Code), or
34 the California Endangered Species Act (Chapter 1.5 (commencing
35 with Section 2050) of Division 3 of the Fish and Game Code), and
36 the project does not cause the destruction or removal of any species
37 protected by a local ordinance.

38 (B) For the purposes of this paragraph:

39 (i) “Riparian areas” mean those areas transitional between
40 terrestrial and aquatic ecosystems and that are distinguished by

1 gradients in biophysical conditions, ecological processes, and biota.
2 A riparian area is an area through which surface and subsurface
3 hydrology connect waterbodies with their adjacent uplands. A
4 riparian area includes those portions of terrestrial ecosystems that
5 significantly influence exchanges of energy and matter with aquatic
6 ecosystems. A riparian area is adjacent to perennial, intermittent,
7 and ephemeral streams, lakes, and estuarine-marine shorelines.

8 (ii) “Significant value as a wildlife habitat” includes wildlife
9 habitat of national, statewide, regional, or local importance; habitat
10 for species protected by the federal Endangered Species Act of
11 1973 (16 U.S.C. Sec. 1531, et seq.), the California Endangered
12 Species Act (Chapter 1.5 (commencing with Section 2050) of
13 Division 3 of the Fish and Game Code), or the Native Plant
14 Protection Act (Chapter 10 (commencing with Section 1900) of
15 Division 2 of the Fish and Game Code); habitat identified as
16 candidate, fully protected, sensitive, or species of special status
17 by local, state, or federal agencies; or habitat essential to the
18 movement of resident or migratory wildlife.

19 (iii) “Wetlands” has the same meaning as in the United States
20 Fish and Wildlife Service Manual, Part 660 FW 2 (June 21, 1993).

21 (iv) “Wildlife habitat” means the ecological communities upon
22 which wild animals, birds, plants, fish, amphibians, and
23 invertebrates depend for their conservation and protection.

24 (4) The project does not impact cultural resources.

25 (5) The roadway does not affect scenic resources, as provided
26 pursuant to subdivision (c) of Section 21084.

27 (b) Prior to determining that a project is exempt pursuant to this
28 section, the lead agency shall do both of the following:

29 (1) Include measures in the project to mitigate potential
30 vehicular traffic and safety impacts and bicycle and pedestrian
31 safety impacts.

32 (2) Hold a noticed public hearing on the project to hear and
33 respond to public comments. The hearing on the project may be
34 conducted with another noticed lead agency public hearing.
35 Publication of the notice shall be no fewer times than required by
36 Section 6061 of the Government Code, by the public agency in a
37 newspaper of general circulation in the area.

38 (c) For purposes of this section, “roadway” means a roadway
39 as defined pursuant to Section 530 of the Vehicle Code and the
40 previously graded and maintained shoulder that is within a roadway

1 right-of-way of no more than five feet from the edge of the
2 roadway.

3 (d) (1) If a state agency determines that a project is not subject
4 to this division pursuant to this section and it approves or
5 determines to carry out that project, it shall file a notice with the
6 Office of Planning and Research in the manner specified in
7 subdivisions (b) and (c) of Section 21108.

8 (2) If a local agency determines that a project is not subject to
9 this division pursuant to this section and it approves or determines
10 to carry out that project, it shall file a notice with the Office of
11 Planning and Research, and with the county clerk in the county in
12 which the project will be located in the manner specified in
13 subdivisions (b) and (c) of Section 21152.

14 SEC. 13. Division 13.6 (commencing with Section 21200) is
15 added to the Public Resources Code, to read:

16
17 DIVISION 13.6. ADVANCE MITIGATION PROGRAM ACT

18
19 CHAPTER 1. GENERAL

20
21 21200. This division shall be known, and may be cited, as the
22 Advance Mitigation Program Act.

23 21201. (a) The purpose of this division is to improve the
24 success and effectiveness of actions implemented to mitigate the
25 natural resource impacts of future transportation projects by
26 establishing the means to implement those actions well before the
27 transportation projects are constructed. The advance identification
28 and implementation of mitigation actions also will streamline the
29 delivery of transportation projects by anticipating mitigation
30 requirements for planned transportation projects and avoiding or
31 reducing delays associated with environmental permitting. By
32 identifying regional or statewide conservation priorities and by
33 anticipating the impacts of planned transportation projects on a
34 regional or statewide basis, mitigation actions can be designed to
35 protect and restore California’s most valuable natural resources
36 and also facilitate environmental compliance for planned
37 transportation projects on a regional scale.

38 (b) This division is not intended to create a new environmental
39 permitting or regulatory program or to modify existing
40 environmental laws or regulations, nor is it expected that all

1 mitigation requirements will be addressed for planned
2 transportation projects. Instead, it is intended to provide a
3 methodology with which to anticipate and fulfill the requirements
4 of existing state and federal environmental laws that protect fish,
5 wildlife, plant species, and other natural resources more efficiently
6 and effectively.

7 21202. The Legislature finds and declares all of the following:

8 (a) The minimization and mitigation of environmental impacts
9 is ordinarily handled on a project-by-project basis, usually near
10 the end of a project's timeline and often without guidance regarding
11 regional or statewide conservation priorities.

12 (b) The cost of critical transportation projects often escalates
13 because of permitting delays that occur when appropriate
14 conservation and mitigation measures cannot easily be identified
15 and because the cost of these measures often increases between
16 the time a project is planned and funded and the time mitigation
17 is implemented.

18 (c) Addressing conservation and mitigation needs early in a
19 project's timeline, during the project design and development
20 phase, can reduce costs, allow natural resources conservation to
21 be integrated with project siting and design, and result in the
22 establishment of more valuable and productive habitat mitigation.

23 (d) When the Department of Transportation is able to anticipate
24 the mitigation needs for planned transportation projects, it can
25 meet those needs in a more timely and cost-effective way by using
26 advance mitigation planning.

27 (e) Working with state and federal resource protection agencies,
28 the department can identify, conserve, and, where appropriate,
29 restore lands for mitigation of numerous projects early in the
30 projects' timelines, thereby allowing public funds to stretch further
31 by acquiring habitat at a lower cost and avoiding environmental
32 permitting delays.

33 (f) Advance mitigation can provide an effective means of
34 facilitating delivery of transportation projects while ensuring more
35 effective natural resource conservation.

36 (g) Advance mitigation is needed to direct mitigation funding
37 for transportation projects to agreed-upon conservation priorities
38 and to the creation of habitat reserves and recreation areas that
39 enhance the sustainability of human and natural systems by

1 protecting or restoring connectivity of natural communities and
2 the delivery of ecosystem services.

3 (h) Advance mitigation can facilitate the implementation of
4 climate change adaptation strategies both for ecosystems and
5 California’s economy.

6 (i) Advance mitigation can enable the state to protect, restore,
7 and recover its natural resources as it strengthens and improves
8 its transportation systems.

9 21203. The Legislature intends to do all of the following by
10 enacting this division:

11 (a) Facilitate delivery of transportation projects while ensuring
12 more effective natural resource conservation.

13 (b) Develop effective strategies to improve the state’s ability to
14 meet mounting demands for transportation improvements and to
15 maximize conservation and other public benefits.

16 (c) Achieve conservation objectives of statewide and regional
17 importance by coordinating local, state, and federally funded
18 natural resource conservation efforts with mitigation actions
19 required for impacts from transportation projects.

20 (d) Create administrative, governance, and financial incentives
21 and mechanisms necessary to ensure that measures required to
22 minimize or mitigate impacts from transportation projects will
23 serve to achieve regional or statewide natural resource conservation
24 objectives.

25

26 CHAPTER 2. DEFINITIONS

27

28 21204. For purposes of this division, the following terms have
29 the following meanings:

30 (a) “Acquire” and “acquisition” mean, with respect to land or
31 a waterway, acquisition of fee title or purchase of a conservation
32 easement, that protects conservation and mitigation values on the
33 land or waterway in perpetuity.

34 (b) “Advance mitigation” means mitigation implemented before,
35 and in anticipation of, environmental effects of planned
36 transportation projects.

37 (c) “Commission” means the California Transportation
38 Commission.

39 (d) “Department” means the Department of Transportation.

1 (e) “Transportation agency” means the department, the
2 High-Speed Rail Authority, a metropolitan planning organization,
3 a regional transportation planning agency, or another public agency
4 that implements transportation projects.

5 (f) “Transportation project” means a transportation capital
6 improvement project.

7 (g) “Planned transportation project” means a transportation
8 project that a transportation agency has concluded is reasonably
9 likely to be constructed within 20 years and that has been identified
10 to the agency for purposes of this division. A planned transportation
11 project may include, but is not limited to, a transportation project
12 that has been proposed for approval or that has been approved.

13 (h) “Program” means the Advance Mitigation Program
14 implemented pursuant to this division.

15 (i) “Regulatory agency” means a state or federal natural resource
16 protection agency with regulatory authority over planned
17 transportation projects. A regulatory agency includes, but is not
18 limited to, the Natural Resources Agency, the Department of Fish
19 and Wildlife, California regional water quality control boards, the
20 United States Fish and Wildlife Service, the National Marine
21 Fisheries Service, the United States Environmental Protection
22 Agency, and the United States Army Corps of Engineers.

23
24
25

CHAPTER 3. ADVANCE MITIGATION PROGRAM

26 21205. (a) The Advance Mitigation Program is hereby created
27 in the department to accelerate project delivery and improve
28 environmental outcomes of environmental mitigation for planned
29 transportation projects.

30 (b) The program may utilize mitigation instruments, including,
31 but not limited to, mitigation banks, in lieu of fee programs, and
32 conservation easements as defined in Section 815.1 of the Civil
33 Code.

34 (c) The department shall track all implemented advance
35 mitigation projects to use as credits for environmental mitigation
36 for state-sponsored transportation projects.

37 (d) The department may use advance mitigation credits to fulfill
38 mitigation requirements of any environmental law for a
39 transportation project eligible for the State Transportation

1 Improvement Program or the State Highway Operation and
2 Protection Program.

3 21206. No later than February 1, 2017, the department shall
4 establish an interagency transportation advance mitigation steering
5 committee consisting of the department and appropriate state and
6 federal regulatory agencies to support the program so that advance
7 mitigation can be used as required mitigation for planned
8 transportation projects and can provide improved environmental
9 outcomes. The committee shall advise the department of
10 opportunities to carry out advance mitigation projects, provide the
11 best available science, and actively participate in mitigation
12 instrument reviews and approvals. The committee shall seek to
13 develop streamlining opportunities, including those related to
14 landscape scale mitigation planning and alignment of federal and
15 state regulations and procedures related to mitigation requirements
16 and implementation. The committee shall also provide input on
17 crediting, using, and tracking of advance mitigation investments.

18 21207. The Advance Mitigation Fund is hereby created in the
19 State Transportation Fund as a revolving fund. Notwithstanding
20 Section 13340 of the Government Code, the fund shall be
21 continuously appropriated without regard to fiscal years. The
22 moneys in the fund shall be programmed by the commission for
23 the planning and implementation of advance mitigation projects
24 consistent with the purposes of this chapter. After the transfer of
25 moneys to the fund for four fiscal years pursuant to subdivision
26 (c) of Section 2032 of the Streets and Highways Code, commencing
27 in the 2017–18 fiscal year, the program is intended to be
28 self-sustaining. Advance expenditures from the fund shall later be
29 reimbursed from project funding available at the time a planned
30 transportation project is constructed. A maximum of 5 percent of
31 available funds may be used for administrative purposes.

32 21208. *The program is intended to improve the efficiency and*
33 *efficacy of mitigation only and is not intended to supplant the*
34 *requirements of the California Environmental Quality Act (Division*
35 *13 (commencing with Section 21000)) or any other environmental*
36 *law. The identification of planned transportation projects and of*
37 *mitigation projects or measures for planned transportation projects*
38 *under this division does not imply or require approval of those*
39 *projects for purposes of the California Environmental Quality Act*

1 *(Division 13 (commencing with Section 21000)) or any other*
2 *environmental law.*

3 SEC. 14. Section 99312.1 of the Public Utilities Code is
4 amended to read:

5 99312.1. (a) Revenues transferred to the Public Transportation
6 Account pursuant to Sections 6051.8 and 6201.8 of the Revenue
7 and Taxation Code are hereby continuously appropriated to the
8 Controller for allocation as follows:

9 (1) Fifty percent for allocation to transportation planning
10 agencies, county transportation commissions, and the San Diego
11 Metropolitan Transit Development Board pursuant to Section
12 99314.

13 (2) Fifty percent for allocation to transportation agencies, county
14 transportation commissions, and the San Diego Metropolitan
15 Transit Development Board for purposes of Section 99313.

16 (b) For purposes of this chapter, the revenues allocated pursuant
17 to this section shall be subject to the same requirements as revenues
18 allocated pursuant to subdivisions (b) and (c), as applicable, of
19 Section 99312.

20 (c) The revenues transferred to the Public Transportation
21 Account that are attributable to the increase in the sales and use
22 tax on diesel fuel pursuant to subdivision (b) of Section 6051.8 of
23 the Revenue and Taxation Code, as adjusted pursuant to
24 subdivision (c) of that section, and subdivision (b) of Section
25 6201.8 of the Revenue and Taxation Code, as adjusted pursuant
26 to subdivision (c) of that section, upon allocation pursuant to
27 Sections 99313 and 99314, shall only be expended on the
28 following:

29 (1) Transit capital projects or services to maintain or repair a
30 transit operator's existing transit vehicle fleet or existing transit
31 facilities, including rehabilitation or modernization of existing
32 vehicles or facilities.

33 (2) The design, acquisition, and construction of new vehicles
34 or facilities that improve existing transit services.

35 (3) Transit services that complement local efforts for repair and
36 improvement of local transportation infrastructure.

37 (d) (1) Prior to receiving an apportionment of funds pursuant
38 to subdivision (c) from the Controller in a fiscal year, a recipient
39 transit agency shall submit to the Department of Transportation a
40 list of projects proposed to be funded with these funds. The list of

1 projects proposed to be funded with these funds shall include a
2 description and location of each proposed project, a proposed
3 schedule for the project’s completion, and the estimated useful life
4 of the improvement. The project list shall not limit the flexibility
5 of a recipient transit agency to fund projects in accordance with
6 local needs and priorities so long as the projects are consistent
7 with subdivision (c).

8 (2) The department shall report to the Controller the recipient
9 transit agencies that have submitted a list of projects as described
10 in this subdivision and that are therefore eligible to receive an
11 apportionment of funds for the applicable fiscal year. The
12 Controller, upon receipt of the report, shall apportion funds
13 pursuant to Sections 99313 and 99314.

14 (e) For each fiscal year, each recipient transit agency receiving
15 an apportionment of funds pursuant to subdivision (c) shall, upon
16 expending those funds, submit documentation to the department
17 that includes a description and location of each completed project,
18 the amount of funds expended on the project, the completion date,
19 and the estimated useful life of the improvement.

20 (f) The audit of transit operator finances required pursuant to
21 Section 99245 shall verify that the revenues identified in
22 subdivision (c) have been expended in conformance with these
23 specific requirements and all other generally applicable
24 requirements.

25 SEC. 15. Section 6051.8 of the Revenue and Taxation Code
26 is amended to read:

27 6051.8. (a) Except as provided by Section 6357.3, in addition
28 to the taxes imposed by this part, for the privilege of selling
29 tangible personal property at retail a tax is hereby imposed upon
30 all retailers at the rate of 1.75 percent of the gross receipts of any
31 retailer from the sale of all diesel fuel.

32 (b) Except as provided by Section 6357.3, in addition to the
33 taxes imposed by this part and by subdivision (a), for the privilege
34 of selling tangible personal property at retail a tax is hereby
35 imposed upon all retailers at the rate of 3.5 percent of the gross
36 receipts of any retailer from the sale of all diesel fuel, as defined
37 in Section 60022, sold at retail in this state. The tax imposed under
38 this subdivision shall be imposed on and after the first day of the
39 first calendar quarter that occurs 90 days after the effective date
40 of the act adding this subdivision.

1 (c) Beginning July 1, 2019, and every third year thereafter, the
2 State Board of Equalization shall recompute the rates of the taxes
3 imposed by this section. That computation shall be made as
4 follows:

5 (1) The Department of Finance shall transmit to the State Board
6 of Equalization the percentage change in the California Consumer
7 Price Index for all items from November of three calendar years
8 prior to November of the prior calendar year, no later than January
9 31, 2019, and January 31 of every third year thereafter.

10 (2) The State Board of Equalization shall do all of the following:

11 (A) Compute an inflation adjustment factor by adding 100
12 percent to the percentage change figure that is furnished pursuant
13 to paragraph (1) and dividing the result by 100.

14 (B) Multiply the preceding tax rate per gallon by the inflation
15 adjustment factor determined in subparagraph (A) and round off
16 the resulting product to the nearest tenth of a cent.

17 (C) Make its determination of the new rate no later than March
18 1 of the same year as the effective date of the new rate.

19 (d) Notwithstanding subdivision (b) of Section 7102, all of the
20 revenues, less refunds, collected pursuant to this section shall be
21 estimated by the State Board of Equalization, with the concurrence
22 of the Department of Finance, and transferred quarterly to the
23 Public Transportation Account in the State Transportation Fund
24 for allocation pursuant to Section 99312.1 of the Public Utilities
25 Code.

26 SEC. 16. Section 6201.8 of the Revenue and Taxation Code
27 is amended to read:

28 6201.8. (a) Except as provided by Section 6357.3, in addition
29 to the taxes imposed by this part, an excise tax is hereby imposed
30 on the storage, use, or other consumption in this state of diesel
31 fuel, as defined in Section 60022, at the rate of 1.75 percent of the
32 sales price of the diesel fuel.

33 (b) Except as provided by Section 6357.3, in addition to the
34 taxes imposed by this part and by subdivision (a), an excise tax is
35 hereby imposed on the storage, use, or other consumption in this
36 state of diesel fuel, as defined in Section 60022, at the rate of 3.5
37 percent of the sales price of the diesel fuel. The tax imposed under
38 this subdivision shall be imposed on and after the first day of the
39 first calendar quarter that occurs 90 days after the effective date
40 of the act adding this subdivision.

1 (c) Beginning July 1, 2019, and every third year thereafter, the
2 State Board of Equalization shall recompute the rates of the taxes
3 imposed by this section. That computation shall be made as
4 follows:

5 (1) The Department of Finance shall transmit to the State Board
6 of Equalization the percentage change in the California Consumer
7 Price Index for all items from November of three calendar years
8 prior to November of the prior calendar year, no later than January
9 31, 2019, and January 31 of every third year thereafter.

10 (2) The State Board of Equalization shall do all of the following:

11 (A) Compute an inflation adjustment factor by adding 100
12 percent to the percentage change figure that is furnished pursuant
13 to paragraph (1) and dividing the result by 100.

14 (B) Multiply the preceding tax rate per gallon by the inflation
15 adjustment factor determined in subparagraph (A) and round off
16 the resulting product to the nearest tenth of a cent.

17 (C) Make its determination of the new rate no later than March
18 1 of the same year as the effective date of the new rate.

19 (d) Notwithstanding subdivision (b) of Section 7102, all of the
20 revenues, less refunds, collected pursuant to this section shall be
21 estimated by the State Board of Equalization, with the concurrence
22 of the Department of Finance, and transferred quarterly to the
23 Public Transportation Account in the State Transportation Fund
24 for allocation pursuant to Section 99312.1 of the Public Utilities
25 Code.

26 SEC. 17. Section 7360 of the Revenue and Taxation Code is
27 amended to read:

28 7360. (a) (1) (A) A tax of eighteen cents (\$0.18) is hereby
29 imposed upon each gallon of fuel subject to the tax in Sections
30 7362, 7363, and 7364.

31 (B) In addition to the tax imposed pursuant to subparagraph
32 (A), on and after the first day of the first calendar quarter that
33 occurs 90 days after the effective date of the act adding this
34 subparagraph, a tax of seventeen cents (\$0.17) is hereby imposed
35 upon each gallon of fuel, other than aviation gasoline, subject to
36 the tax in Sections 7362, 7363, and 7364.

37 (2) If the federal fuel tax is reduced below the rate of nine cents
38 (\$0.09) per gallon and federal financial allocations to this state for
39 highway and exclusive public mass transit guideway purposes are
40 reduced or eliminated correspondingly, the tax rate imposed by

1 subparagraph (A) of paragraph (1), on and after the date of the
2 reduction, shall be recalculated by an amount so that the combined
3 state rate under subparagraph (A) of paragraph (1) and the federal
4 tax rate per gallon equal twenty-seven cents (\$0.27).

5 (3) If any person or entity is exempt or partially exempt from
6 the federal fuel tax at the time of a reduction, the person or entity
7 shall continue to be so exempt under this section.

8 (b) On and after July 1, 2010, in addition to the tax imposed by
9 subdivision (a), a tax is hereby imposed upon each gallon of motor
10 vehicle fuel, other than aviation gasoline, subject to the tax in
11 Sections 7362, 7363, and 7364 in an amount equal to seventeen
12 and three-tenths cents (\$0.173) per gallon.

13 (c) Beginning July 1, 2019, and every third year thereafter, the
14 State Board of Equalization shall recompute the rates of the taxes
15 imposed by this section. That computation shall be made as
16 follows:

17 (1) The Department of Finance shall transmit to the State Board
18 of Equalization the percentage change in the California Consumer
19 Price Index for all items from November of three calendar years
20 prior to November of the prior calendar year, no later than January
21 31, 2019, and January 31 of every third year thereafter.

22 (2) The State Board of Equalization shall do all of the following:

23 (A) Compute an inflation adjustment factor by adding 100
24 percent to the percentage change figure that is furnished pursuant
25 to paragraph (1) and dividing the result by 100.

26 (B) Multiply the preceding tax rate per gallon by the inflation
27 adjustment factor determined in subparagraph (A) and round off
28 the resulting product to the nearest tenth of a cent.

29 (C) Make its determination of the new rate no later than March
30 1 of the same year as the effective date of the new rate.

31 SEC. 18. Section 8352.4 of the Revenue and Taxation Code
32 is amended to read:

33 8352.4. (a) Subject to Sections 8352 and 8352.1, and except
34 as otherwise provided in subdivision (b), there shall be transferred
35 from the money deposited to the credit of the Motor Vehicle Fuel
36 Account to the Harbors and Watercraft Revolving Fund, for
37 expenditure in accordance with Division 1 (commencing with
38 Section 30) of the Harbors and Navigation Code, the sum of six
39 million six hundred thousand dollars (\$6,600,000) per annum,
40 representing the amount of money in the Motor Vehicle Fuel

1 Account attributable to taxes imposed on distributions of motor
2 vehicle fuel used or usable in propelling vessels. The actual amount
3 shall be calculated using the annual reports of registered boats
4 prepared by the Department of Motor Vehicles for the United
5 States Coast Guard and the formula and method of the December
6 1972 report prepared for this purpose and submitted to the
7 Legislature on December 26, 1972, by the Director of
8 Transportation. If the amount transferred during each fiscal year
9 is in excess of the calculated amount, the excess shall be
10 retransferred from the Harbors and Watercraft Revolving Fund to
11 the Motor Vehicle Fuel Account. If the amount transferred is less
12 than the amount calculated, the difference shall be transferred from
13 the Motor Vehicle Fuel Account to the Harbors and Watercraft
14 Revolving Fund. No adjustment shall be made if the computed
15 difference is less than fifty thousand dollars (\$50,000), and the
16 amount shall be adjusted to reflect any temporary or permanent
17 increase or decrease that may be made in the rate under the Motor
18 Vehicle Fuel Tax Law. Payments pursuant to this section shall be
19 made prior to payments pursuant to Section 8352.2.

20 (b) Commencing July 1, 2016, the revenues attributable to the
21 taxes imposed pursuant to subdivision (b) of Section 7360 and
22 Section 7361.1 and otherwise to be deposited in the Harbors and
23 Watercraft Revolving Fund pursuant to subdivision (a) shall instead
24 be transferred to the Highway Users Tax Account for distribution
25 pursuant to Section 2103.1 of the Streets and Highways Code.

26 SEC. 19. Section 8352.5 of the Revenue and Taxation Code
27 is amended to read:

28 8352.5. (a) (1) Subject to Sections 8352 and 8352.1, and
29 except as otherwise provided in subdivision (b), there shall be
30 transferred from the money deposited to the credit of the Motor
31 Vehicle Fuel Account to the Department of Food and Agriculture
32 Fund, during the second quarter of each fiscal year, an amount
33 equal to the estimate contained in the most recent report prepared
34 pursuant to this section.

35 (2) The amounts are not subject to Section 6357 with respect
36 to the collection of sales and use taxes thereon, and represent the
37 portion of receipts in the Motor Vehicle Fuel Account during a
38 calendar year that were attributable to agricultural off-highway
39 use of motor vehicle fuel which is subject to refund pursuant to
40 Section 8101, less gross refunds allowed by the Controller during

1 the fiscal year ending June 30 following the calendar year to
2 persons entitled to refunds for agricultural off-highway use
3 pursuant to Section 8101. Payments pursuant to this section shall
4 be made prior to payments pursuant to Section 8352.2.

5 (b) Commencing July 1, 2016, the revenues attributable to the
6 taxes imposed pursuant to subdivision (b) of Section 7360 and
7 Section 7361.1 and otherwise to be deposited in the Department
8 of Food and Agriculture Fund pursuant to subdivision (a) shall
9 instead be transferred to the Highway Users Tax Account for
10 distribution pursuant to Section 2103.1 of the Streets and Highways
11 Code.

12 (c) On or before September 30, 2012, and on or before
13 September 30 of each even-numbered year thereafter, the Director
14 of Transportation and the Director of Food and Agriculture shall
15 jointly prepare, or cause to be prepared, a report setting forth the
16 current estimate of the amount of money in the Motor Vehicle
17 Fuel Account attributable to agricultural off-highway use of motor
18 vehicle fuel, which is subject to refund pursuant to Section 8101
19 less gross refunds allowed by the Controller to persons entitled to
20 refunds for agricultural off-highway use pursuant to Section 8101;
21 and they shall submit a copy of the report to the Legislature.

22 SEC. 20. Section 8352.6 of the Revenue and Taxation Code
23 is amended to read:

24 8352.6. (a) (1) Subject to Section 8352.1, and except as
25 otherwise provided in paragraphs (2) and (3), on the first day of
26 every month, there shall be transferred from moneys deposited to
27 the credit of the Motor Vehicle Fuel Account to the Off-Highway
28 Vehicle Trust Fund created by Section 38225 of the Vehicle Code
29 an amount attributable to taxes imposed upon distributions of motor
30 vehicle fuel used in the operation of motor vehicles off highway
31 and for which a refund has not been claimed. Transfers made
32 pursuant to this section shall be made prior to transfers pursuant
33 to Section 8352.2.

34 (2) Commencing July 1, 2016, the revenues attributable to the
35 taxes imposed pursuant to subdivision (b) of Section 7360 and
36 Section 7361.1 and otherwise to be deposited in the Off-Highway
37 Vehicle Trust Fund pursuant to paragraph (1) shall instead be
38 transferred to the Highway Users Tax Account for distribution
39 pursuant to Section 2103.1 of the Streets and Highways Code.

1 (3) The Controller shall withhold eight hundred thirty-three
2 thousand dollars (\$833,000) from the monthly transfer to the
3 Off-Highway Vehicle Trust Fund pursuant to paragraph (1), and
4 transfer that amount to the General Fund.

5 (b) The amount transferred to the Off-Highway Vehicle Trust
6 Fund pursuant to paragraph (1) of subdivision (a), as a percentage
7 of the Motor Vehicle Fuel Account, shall be equal to the percentage
8 transferred in the 2006–07 fiscal year. Every five years, starting
9 in the 2013–14 fiscal year, the percentage transferred may be
10 adjusted by the Department of Transportation in cooperation with
11 the Department of Parks and Recreation and the Department of
12 Motor Vehicles. Adjustments shall be based on, but not limited
13 to, the changes in the following factors since the 2006–07 fiscal
14 year or the last adjustment, whichever is more recent:

15 (1) The number of vehicles registered as off-highway motor
16 vehicles as required by Division 16.5 (commencing with Section
17 38000) of the Vehicle Code.

18 (2) The number of registered street-legal vehicles that are
19 anticipated to be used off highway, including four-wheel drive
20 vehicles, all-wheel drive vehicles, and dual-sport motorcycles.

21 (3) Attendance at the state vehicular recreation areas.

22 (4) Off-highway recreation use on federal lands as indicated by
23 the United States Forest Service’s National Visitor Use Monitoring
24 and the United States Bureau of Land Management’s Recreation
25 Management Information System.

26 (c) It is the intent of the Legislature that transfers from the Motor
27 Vehicle Fuel Account to the Off-Highway Vehicle Trust Fund
28 should reflect the full range of motorized vehicle use off highway
29 for both motorized recreation and motorized off-road access to
30 other recreation opportunities. Therefore, the Legislature finds that
31 the fuel tax baseline established in subdivision (b), attributable to
32 off-highway estimates of use as of the 2006–07 fiscal year,
33 accounts for the three categories of vehicles that have been found
34 over the years to be users of fuel for off-highway motorized
35 recreation or motorized access to nonmotorized recreational
36 pursuits. These three categories are registered off-highway
37 motorized vehicles, registered street-legal motorized vehicles used
38 off highway, and unregistered off-highway motorized vehicles.

39 (d) It is the intent of the Legislature that the off-highway motor
40 vehicle recreational use to be determined by the Department of

1 Transportation pursuant to paragraph (2) of subdivision (b) be that
2 usage by vehicles subject to registration under Division 3
3 (commencing with Section 4000) of the Vehicle Code, for
4 recreation or the pursuit of recreation on surfaces where the use
5 of vehicles registered under Division 16.5 (commencing with
6 Section 38000) of the Vehicle Code may occur.

7 (e) In the 2014–15 fiscal year, the Department of Transportation,
8 in consultation with the Department of Parks and Recreation and
9 the Department of Motor Vehicles, shall undertake a study to
10 determine the appropriate adjustment to the amount transferred
11 pursuant to subdivision (b) and to update the estimate of the amount
12 attributable to taxes imposed upon distributions of motor vehicle
13 fuel used in the operation of motor vehicles off highway and for
14 which a refund has not been claimed. The department shall provide
15 a copy of this study to the Legislature no later than January 1,
16 2016.

17 SEC. 21. Section 60050 of the Revenue and Taxation Code is
18 amended to read:

19 60050. (a) (1) A tax of thirteen cents (\$0.13) is hereby
20 imposed upon each gallon of diesel fuel subject to the tax in
21 Sections 60051, 60052, and 60058.

22 (2) If the federal fuel tax is reduced below the rate of fifteen
23 cents (\$0.15) per gallon and federal financial allocations to this
24 state for highway and exclusive public mass transit guideway
25 purposes are reduced or eliminated correspondingly, the tax rate
26 imposed by paragraph (1) shall be increased by an amount so that
27 the combined state rate under paragraph (1) and the federal tax
28 rate per gallon equal what it would have been in the absence of
29 the federal reduction.

30 (3) If any person or entity is exempt or partially exempt from
31 the federal fuel tax at the time of a reduction, the person or entity
32 shall continue to be exempt under this section.

33 (b) In addition to the tax imposed pursuant to subdivision (a),
34 on and after the first day of the first calendar quarter that occurs
35 90 days after the effective date of the act amending this subdivision
36 in the 2015 First Extraordinary Session, an additional tax of thirty
37 cents (\$0.30) is hereby imposed upon each gallon of diesel fuel
38 subject to the tax in Sections 60051, 60052, and 60058.

39 (c) Beginning July 1, 2019, and every third year thereafter, the
40 State Board of Equalization shall recompute the rates of the taxes

1 imposed by this section. That computation shall be made as
2 follows:

3 (1) The Department of Finance shall transmit to the State Board
4 of Equalization the percentage change in the California Consumer
5 Price Index for all items from November of three calendar years
6 prior to November of the prior calendar year, no later than January
7 31, 2019, and January 31 of every third year thereafter.

8 (2) The State Board of Equalization shall do all of the following:

9 (A) Compute an inflation adjustment factor by adding 100
10 percent to the percentage change figure that is furnished pursuant
11 to paragraph (1) and dividing the result by 100.

12 (B) Multiply the preceding tax rate per gallon by the inflation
13 adjustment factor determined in subparagraph (A) and round off
14 the resulting product to the nearest tenth of a cent.

15 (C) Make its determination of the new rate no later than March
16 1 of the same year as the effective date of the new rate.

17 SEC. 22. Section 183.1 of the Streets and Highways Code is
18 amended to read:

19 183.1. Except as otherwise provided in Section 54237.7 of the
20 Government Code, money deposited into the account that is not
21 subject to Article XIX of the California Constitution, including,
22 but not limited to, money that is derived from the sale of
23 documents, charges for miscellaneous services to the public,
24 condemnation deposits fund investments, rental of state property,
25 or any other miscellaneous uses of property or money, shall be
26 deposited in the Road Maintenance and Rehabilitation Account
27 created pursuant to Section 2031.

28 SEC. 23. Section 820.1 of the Streets and Highways Code is
29 amended to read:

30 820.1. (a) The State of California consents to the jurisdiction
31 of the federal courts with regard to the compliance, discharge, or
32 enforcement of the responsibilities assumed by the department
33 pursuant to Section 326 of, and subsection (a) of Section 327 of,
34 Title 23 of the United States Code.

35 (b) In any action brought pursuant to the federal laws described
36 in subdivision (a), no immunity from suit may be asserted by the
37 department pursuant to the Eleventh Amendment to the United
38 States Constitution, and any immunity is hereby waived.

1 (c) The department shall not delegate any of its responsibilities
2 assumed pursuant to the federal laws described in subdivision (a)
3 to any political subdivision of the state or its instrumentalities.

4 (d) Nothing in this section affects the obligation of the
5 department to comply with state and federal law.

6 SEC. 24. Chapter 2 (commencing with Section 2030) is added
7 to Division 3 of the Streets and Highways Code, to read:

8

9 CHAPTER 2. ROAD MAINTENANCE AND REHABILITATION
10 PROGRAM

11

12 2030. (a) The Road Maintenance and Rehabilitation Program
13 is hereby created to address deferred maintenance on the state
14 highway system and the local street and road system. Funds made
15 available by the program shall be prioritized for expenditure on
16 basic road maintenance and road rehabilitation projects, and on
17 critical safety projects. For funds appropriated pursuant to
18 paragraph (1) of subdivision (d) of Section 2032, the California
19 Transportation Commission shall adopt performance criteria,
20 consistent with the asset management plan required pursuant to
21 14526.4 of the Government Code, to ensure efficient use of the
22 funds available for these purposes in the program.

23 (b) (1) Funds made available by the program shall be used for
24 projects that include, but are not limited to, the following:

25 (A) Road maintenance and rehabilitation.

26 (B) Safety projects.

27 (C) Railroad grade separations.

28 (D) Complete street components, including active transportation
29 purposes, pedestrian and bicycle safety projects, transit facilities,
30 and drainage and stormwater capture projects in conjunction with
31 any other allowable project.

32 (E) Traffic control devices.

33 (2) Funds made available by the program may also be used to
34 satisfy a match requirement in order to obtain state or federal funds
35 for projects authorized by this subdivision.

36 2031. The following revenues shall be deposited in the Road
37 Maintenance and Rehabilitation Account, which is hereby created
38 in the State Transportation Fund:

39 (a) Notwithstanding subdivision (b) of Section 2103, the portion
40 of the revenues in the Highway Users Tax Account attributable to

1 the increase in the motor vehicle fuel excise tax by seventeen cents
2 (\$0.17) per gallon pursuant to subdivision (a) of Section 7360 of
3 the Revenue and Taxation Code, as adjusted pursuant to
4 subdivision (c) of that section.

5 (b) The revenues from the increase in the vehicle registration
6 fee pursuant to Section 9250.3 of the Vehicle Code.

7 (c) The revenues from the increase in the vehicle registration
8 fee pursuant to Section 9250.6 of the Vehicle Code.

9 (d) The revenues deposited in the account pursuant to Section
10 183.1 of the Streets and Highways Code.

11 (e) Any other revenues designated for the program.

12 2031.5. Each fiscal year the annual Budget Act shall contain
13 an appropriation from the Road Maintenance and Rehabilitation
14 Account to the Controller for the costs of carrying out his or her
15 duties pursuant to this chapter and to the California Transportation
16 Commission for the costs of carrying out its duties pursuant to this
17 chapter and Section 14526.7 of the Government Code.

18 2032. (a) (1) After deducting the amounts appropriated in the
19 annual Budget Act, as provided in Section 2031.5, two hundred
20 million dollars (\$200,000,000) of the remaining revenues deposited
21 in the Road Maintenance and Rehabilitation Account shall be set
22 aside annually for counties that have sought and received voter
23 approval of taxes or that have imposed fees, including uniform
24 developer fees as defined by subdivision (b) of Section 8879.67
25 of the Government Code, which taxes or fees are dedicated solely
26 to transportation improvements. The Controller shall each month
27 set aside one-twelfth of this amount, to accumulate a total of two
28 hundred million dollars (\$200,000,000) in each fiscal year.

29 (2) Notwithstanding Section 13340 of the Government Code,
30 the funds available under this subdivision in each fiscal year are
31 hereby continuously appropriated for allocation to each eligible
32 county and each city in the county for road maintenance and
33 rehabilitation purposes pursuant to Section 2033.

34 (b) (1) After deducting the amounts appropriated in the annual
35 Budget Act pursuant to Section 2031.5 and the amount allocated
36 in subdivision (a), beginning in the 2017–18 fiscal year, eighty
37 million dollars (\$80,000,000) of the remaining revenues shall be
38 transferred annually to the State Highway Account for expenditure,
39 upon appropriation by the Legislature, on the Active Transportation
40 Program created pursuant to Chapter 8 (commencing with Section

1 2380) of Division 3 to be allocated by the California Transportation
2 Commission pursuant to Section 2381.

3 (2) In addition to the funds transferred in paragraph (1), the
4 department shall annually identify savings achieved through
5 efficiencies implemented at the department. The department,
6 through the annual budget process, shall propose, from the
7 identified savings, an appropriation to be included in the annual
8 Budget Act of up to seventy million dollars (\$70,000,000), but not
9 to exceed the total annual identified savings, from the State
10 Highway Account for expenditure on the Active Transportation
11 Program.

12 (c) After deducting the amounts appropriated in the annual
13 Budget Act pursuant to Section 2031.5, the amount allocated in
14 subdivision (a) and the amount transferred in paragraph (1) of
15 subdivision (b), in the 2017–18, 2018–19, 2019–20, and 2020–21
16 fiscal years, the sum of thirty million dollars (\$30,000,000) in each
17 fiscal year from the remaining revenues shall be transferred to the
18 Advance Mitigation Fund in the State Transportation Fund created
19 pursuant to Section 21207 of the Public Resources Code.

20 (d) After deducting the amounts appropriated in the annual
21 Budget Act pursuant to Section 2031.5, the amount allocated in
22 subdivision (a), and the amounts transferred in paragraph (1) of
23 subdivision (b) and in subdivision (c), beginning in the 2017–18
24 fiscal year and each fiscal year thereafter, and notwithstanding
25 Section 13340 of the Government Code, there is hereby
26 continuously appropriated to the California State University the
27 sum of two million dollars (\$2,000,000) from the remaining
28 revenues for the purpose of conducting transportation research and
29 transportation-related workforce education, training, and
30 development. Prior to the start of each fiscal year, the chairs of the
31 Assembly Committee on Transportation and the Senate Committee
32 on Transportation and Housing shall confer and set out a
33 recommended priority list of research components to be addressed
34 in the upcoming fiscal year.

35 (e) Notwithstanding Section 13340 of the Government Code,
36 the balance of the revenues deposited in the Road Maintenance
37 and Rehabilitation Account are hereby continuously appropriated
38 as follows:

1 (1) Fifty percent for allocation to the department for maintenance
2 of the state highway system or for purposes of the state highway
3 operation and protection program.

4 (2) Fifty percent for apportionment to cities and counties by the
5 Controller pursuant to the formula in clauses (i) and (ii) of
6 subparagraph (C) of paragraph (3) of subdivision (a) of Section
7 2103 for the purposes authorized by this chapter.

8 2033. (a) On or before January 1, 2017, the commission, in
9 cooperation with the department, transportation planning agencies,
10 county transportation commissions, and other local agencies, shall
11 develop guidelines for the allocation of funds pursuant to
12 subdivision (a) of Section 2032.

13 (b) The guidelines shall be the complete and full statement of
14 the policy, standards, and criteria that the commission intends to
15 use to determine how these funds will be allocated.

16 (c) The commission may amend the adopted guidelines after
17 conducting at least one public hearing.

18 2034. (a) (1) Prior to receiving an apportionment of funds
19 under the program pursuant to paragraph (2) of subdivision (d) of
20 Section 2032 from the Controller in a fiscal year, an eligible city
21 or county shall submit to the commission a list of projects proposed
22 to be funded with these funds pursuant to an adopted city or county
23 budget. All projects proposed to receive funding shall be included
24 in a city or county budget that is adopted by the applicable city
25 council or county board of supervisors at a regular public meeting.
26 The list of projects proposed to be funded with these funds shall
27 include a description and the location of each proposed project, a
28 proposed schedule for the project's completion, and the estimated
29 useful life of the improvement. The project list shall not limit the
30 flexibility of an eligible city or county to fund projects in
31 accordance with local needs and priorities so long as the projects
32 are consistent with subdivision (b) of Section 2030.

33 (2) The commission shall report to the Controller the cities and
34 counties that have submitted a list of projects as described in this
35 subdivision and that are therefore eligible to receive an
36 apportionment of funds under the program for the applicable fiscal
37 year. The Controller, upon receipt of the report, shall apportion
38 funds to eligible cities and counties.

39 (b) For each fiscal year, each city or county receiving an
40 apportionment of funds shall, upon expending program funds,

1 submit documentation to the commission that includes a description
2 and location of each completed project, the amount of funds
3 expended on the project, the completion date, and the estimated
4 useful life of the improvement.

5 2036. (a) Cities and counties shall maintain their existing
6 commitment of local funds for street, road, and highway purposes
7 in order to remain eligible for an allocation or apportionment of
8 funds pursuant to Section 2032.

9 (b) In order to receive an allocation or apportionment pursuant
10 to Section 2032, the city or county shall annually expend from its
11 general fund for street, road, and highway purposes an amount not
12 less than the annual average of its expenditures from its general
13 fund during the 2009–10, 2010–11, and 2011–12 fiscal years, as
14 reported to the Controller pursuant to Section 2151. For purposes
15 of this subdivision, in calculating a city’s or county’s annual
16 general fund expenditures and its average general fund expenditures
17 for the 2009–10, 2010–11, and 2011–12 fiscal years, any
18 unrestricted funds that the city or county may expend at its
19 discretion, including vehicle in-lieu tax revenues and revenues
20 from fines and forfeitures, expended for street, road, and highway
21 purposes shall be considered expenditures from the general fund.
22 One-time allocations that have been expended for street and
23 highway purposes, but which may not be available on an ongoing
24 basis, including revenue provided under the Teeter Plan Bond Law
25 of 1994 (Chapter 6.6 (commencing with Section 54773) of Part 1
26 of Division 2 of Title 5 of the Government Code), may not be
27 considered when calculating a city’s or county’s annual general
28 fund expenditures.

29 (c) For any city incorporated after July 1, 2009, the Controller
30 shall calculate an annual average expenditure for the period
31 between July 1, 2009, and December 31, 2015, inclusive, that the
32 city was incorporated.

33 (d) For purposes of subdivision (b), the Controller may request
34 fiscal data from cities and counties in addition to data provided
35 pursuant to Section 2151, for the 2009–10, 2010–11, and 2011–12
36 fiscal years. Each city and county shall furnish the data to the
37 Controller not later than 120 days after receiving the request. The
38 Controller may withhold payment to cities and counties that do
39 not comply with the request for information or that provide
40 incomplete data.

1 (e) The Controller may perform audits to ensure compliance
2 with subdivision (b) when deemed necessary. Any city or county
3 that has not complied with subdivision (b) shall reimburse the state
4 for the funds it received during that fiscal year. Any funds withheld
5 or returned as a result of a failure to comply with subdivision (b)
6 shall be reapportioned to the other counties and cities whose
7 expenditures are in compliance.

8 (f) If a city or county fails to comply with the requirements of
9 subdivision (b) in a particular fiscal year, the city or county may
10 expend during that fiscal year and the following fiscal year a total
11 amount that is not less than the total amount required to be
12 expended for those fiscal years for purposes of complying with
13 subdivision (b).

14 2037. A city or county may spend its apportionment of funds
15 under the program on transportation priorities other than those
16 allowable pursuant to this chapter if the city's or county's average
17 Pavement Condition Index meets or exceeds 80.

18 2038. (a) The department and local agencies, as a condition
19 of receiving funds from the program, shall adopt and implement
20 a program designed to promote and advance construction
21 employment and training opportunities through preapprenticeship
22 opportunities, either by the public agency itself or through
23 contractors engaged by the public agencies to do work funded in
24 whole or in part by funds made available by the program.

25 (b) The department and local agencies, as a condition of
26 receiving funds from the program, shall ensure the involvement
27 of the California Conservation Corps and certified community
28 conservation corps in the delivery of projects and services funded
29 in whole or in part by funds made available by the program.

30 SEC. 25. Section 2103.1 is added to the Streets and Highways
31 Code, to read:

32 2103.1. (a) Notwithstanding Section 2103, the revenues
33 transferred to the Highway Users Tax Account pursuant to Sections
34 8352.4, 8352.5, and 8352.6 of the Revenue and Taxation Code
35 shall be distributed pursuant to the formula in paragraph (3) of
36 subdivision (a) of Section 2103.

37 (b) Notwithstanding subdivision (b) of Section 2103, the portion
38 of revenues in the Highway Users Tax Account attributable to the
39 increase in the motor vehicle fuel excise tax by seventeen cents
40 (\$0.17) per gallon pursuant to subdivision (a) of Section 7360 of

1 the Revenue and Taxation Code, as adjusted pursuant to
2 subdivision (c) of that section, shall be transferred to the Road
3 Maintenance and Rehabilitation Account pursuant to Section 2031.

4 (c) Notwithstanding subdivision (b) of Section 2103, the portion
5 of revenues in the Highway Users Tax Account attributable to the
6 increase in the diesel fuel excise tax by thirty cents (\$0.30) per
7 gallon pursuant to subdivision (b) of Section 60050 of the Revenue
8 and Taxation Code, as adjusted pursuant to subdivision (c) of that
9 section, shall be transferred to the Trade Corridors Improvement
10 Fund pursuant to Section 2192.4.

11 SEC. 26. Section 2192 of the Streets and Highways Code is
12 amended to read:

13 2192. (a) (1) The Trade Corridors Improvement Fund, created
14 pursuant to subdivision (c) of Section 8879.23 of the Government
15 Code, is hereby continued in existence to receive revenues from
16 state sources other than the Highway Safety, Traffic Reduction,
17 Air Quality, and Port Security Bond Act of 2006.

18 (2) Revenues apportioned to the state under Section 167 of Title
19 23 of the United States Code from the national highway freight
20 program, pursuant to the federal Fixing America's Surface
21 Transportation Act ("FAST Act," Public Law 114-94) shall be
22 allocated for projects approved pursuant to this chapter.

23 (b) This chapter shall govern the expenditure of those state and
24 federal revenues described in subdivision (a).

25 (c) The funding described in subdivision (a) shall be available
26 upon appropriation for allocation by the California Transportation
27 Commission for infrastructure improvements in this state on
28 federally designated Trade Corridors of National and Regional
29 Significance, on the Primary Freight Network, and along other
30 corridors that have a high volume of freight movement, as
31 determined by the commission. In determining the projects eligible
32 for funding, the commission shall consult the Transportation
33 Agency's state freight plan as described in Section 13978.8 of the
34 Government Code and the trade infrastructure and goods movement
35 plan submitted to the commission by the Secretary of
36 Transportation and the Secretary for Environmental Protection.
37 The commission shall also consult trade infrastructure and goods
38 movement plans adopted by regional transportation planning
39 agencies, adopted regional transportation plans required by state
40 and federal law, and the applicable port master plan when

1 determining eligible projects for funding. Eligible projects for
2 these funds include, but are not limited to, all of the following:

3 (1) Highway capacity improvements, rail landside access
4 improvements, landside freight access improvements to airports,
5 and operational improvements to more efficiently accommodate
6 the movement of freight, particularly for ingress and egress to and
7 from the state's land ports of entry, rail terminals, and seaports,
8 including navigable inland waterways used to transport freight
9 between seaports, land ports of entry, and airports, and to relieve
10 traffic congestion along major trade or goods movement corridors.

11 (2) Freight rail system improvements to enhance the ability to
12 move goods from seaports, land ports of entry, and airports to
13 warehousing and distribution centers throughout California,
14 including projects that separate rail lines from highway or local
15 road traffic, improve freight rail mobility through mountainous
16 regions, relocate rail switching yards, and other projects that
17 improve the efficiency and capacity of the rail freight system.

18 (3) Projects to enhance the capacity and efficiency of ports.

19 (4) Truck corridor and capital and operational improvements,
20 including dedicated truck facilities or truck toll facilities.

21 (5) Border capital and operational improvements that enhance
22 goods movement between California and Mexico and that
23 maximize the state's ability to access funds made available to the
24 state by federal law.

25 (6) Surface transportation and connector road improvements to
26 effectively facilitate the movement of goods, particularly for
27 ingress and egress to and from the state's land ports of entry,
28 airports, and seaports, to relieve traffic congestion along major
29 trade or goods movement corridors.

30 (d) (1) Except as provided in paragraph (2), the commission
31 shall allocate the funding described in subdivision (a) for trade
32 infrastructure improvements consistent with Section 8879.52 of
33 the Government Code and the Trade Corridors Improvement Fund
34 (TCIF) Guidelines adopted by the commission on November 27,
35 2007, or as amended by the commission, and in a manner that (A)
36 addresses the state's most urgent needs, (B) balances the demands
37 of various land ports of entry, seaports, and airports, (C) provides
38 reasonable geographic balance between the state's regions, (D)
39 places emphasis on projects that improve trade corridor mobility
40 and safety while reducing emissions of diesel particulate and other

1 pollutant emissions and reducing other negative community
2 impacts, and (E) makes a significant contribution to the state’s
3 economy.

4 (2) The commission shall allocate the federal freight funding,
5 specifically, pursuant to the original TCIF Guidelines, as adopted
6 by the commission on November 27, 2007, and in the manner
7 described in (A) to (E), inclusive, of paragraph (1).

8 (3) In addition, the commission shall also consider the following
9 factors when allocating these funds:

10 (A) “Velocity,” which means the speed by which large cargo
11 would travel from the land port of entry or seaport through the
12 distribution system.

13 (B) “Throughput,” which means the volume of cargo that would
14 move from the land port of entry or seaport through the distribution
15 system.

16 (C) “Reliability,” which means a reasonably consistent and
17 predictable amount of time for cargo to travel from one point to
18 another on any given day or at any given time in California.

19 (D) “Congestion reduction,” which means the reduction in
20 recurrent daily hours of delay to be achieved.

21 SEC. 27. Section 2192.1 of the Streets and Highways Code is
22 amended to read:

23 2192.1. (a) To the extent moneys from the Greenhouse Gas
24 Reduction Fund, attributable to the auction or sale of allowances
25 as part of a market-based compliance mechanism relative to
26 reduction of greenhouse gas emissions, are transferred to the Trade
27 Corridors Improvement Fund, projects funded with those moneys
28 shall be subject to all of the requirements of existing law applicable
29 to the expenditure of moneys appropriated from the Greenhouse
30 Gas Reduction Fund, including, but not limited to, all of the
31 following:

32 (1) Projects shall further the regulatory purposes of the
33 California Global Warming Solutions Act of 2006 (Division 25.5
34 (commencing with Section 38500) of the Health and Safety Code),
35 including reducing emissions from greenhouse gases in the state,
36 directing public and private investment toward disadvantaged
37 communities, increasing the diversity of energy sources, or creating
38 opportunities for businesses, public agencies, nonprofits, and other
39 community institutions to participate in and benefit from statewide
40 efforts to reduce emissions of greenhouse gases.

1 (2) Projects shall be consistent with the guidance developed by
2 the State Air Resources Board pursuant to Section 39715 of the
3 Health and Safety Code.

4 (3) Projects shall be consistent with the required benefits to
5 disadvantaged communities pursuant to Section 39713 of the
6 Health and Safety Code.

7 (b) All allocations of funds made by the commission pursuant
8 to this section shall be made in a manner consistent with the criteria
9 expressed in Section 39712 of the Health and Safety Code and
10 with the investment plan developed by the Department of Finance
11 pursuant to Section 39716 of the Health and Safety Code.

12 (c) For purposes of this section, “disadvantaged community”
13 means a community with any of the following characteristics:

14 (1) An area with a median household income less than 80
15 percent of the statewide median household income based on the
16 most current census tract-level data from the American Community
17 Survey.

18 (2) An area identified by the California Environmental
19 Protection Agency pursuant to Section 39711 of the Health and
20 Safety Code.

21 (3) An area where at least 75 percent of public school students
22 are eligible to receive free or reduced-price meals under the
23 National School Lunch Program.

24 SEC. 28. Section 2192.2 of the Streets and Highways Code is
25 amended to read:

26 2192.2. The commission shall allocate funds made available
27 by this chapter to projects that have identified and committed
28 supplemental funding from appropriate local, federal, or private
29 sources. The commission shall determine the appropriate amount
30 of supplemental funding each project should have to be eligible
31 for moneys based on a project-by-project review and an assessment
32 of the project’s benefit to the state and the program. Funded
33 improvements shall have supplemental funding that is at least equal
34 to the amount of the contribution under this chapter. The
35 commission may give priority for funding to projects with higher
36 levels of committed supplemental funding.

37 SEC. 29. Section 2192.4 is added to the Streets and Highways
38 Code, to read:

39 2192.4. Notwithstanding subdivision (b) of Section 2103, the
40 portion of the revenues in the Highway Users Tax Account

1 attributable to the increase in the diesel fuel excise tax by thirty
2 cents (\$0.30) per gallon pursuant to subdivision (b) of Section
3 60050 of the Revenue and Taxation Code, as adjusted pursuant to
4 subdivision (c) of that section, shall be deposited in the Trade
5 Corridors Improvement Fund.

6 SEC. 30. Section 9250.3 is added to the Vehicle Code, to read:

7 9250.3. (a) In addition to any other fees specified in this code
8 or the Revenue and Taxation Code, commencing 120 days after
9 the effective date of the act adding this section, a registration fee
10 of thirty-eight dollars (\$38) shall be paid to the department for
11 registration or renewal of registration of every vehicle subject to
12 registration under this code, except those vehicles that are expressly
13 exempted under this code from payment of registration fees.

14 (b) Beginning July 1, 2019, and every third year thereafter, the
15 Department of Motor Vehicles shall adjust the fee imposed under
16 this section for inflation in an amount equal to the change in the
17 California Consumer Price Index for the prior three-year period,
18 as calculated by the Department of Finance, with amounts equal
19 to or greater than fifty cents (\$0.50) rounded to the next highest
20 whole dollar.

21 (c) Revenues from the fee, after the deduction of the
22 department's administrative costs related to this section, shall be
23 deposited in the Road Maintenance and Rehabilitation Account
24 created pursuant to Section 2031 of the Streets and Highways
25 Code.

26 SEC. 31. Section 9250.6 is added to the Vehicle Code, to read:

27 9250.6. (a) In addition to any other fees specified in this code,
28 or the Revenue and Taxation Code, commencing 120 days after
29 the effective date of the act adding this section, a registration fee
30 of one hundred and sixty-five dollars (\$165) shall be paid to the
31 department for registration or renewal of registration of every
32 zero-emission motor vehicle subject to registration under this code,
33 except those motor vehicles that are expressly exempted under
34 this code from payment of registration fees.

35 (b) Beginning July 1, 2019, and every third year thereafter, the
36 Department of Motor Vehicles shall adjust the fee imposed under
37 this section for inflation in an amount equal to the change in the
38 California Consumer Price Index for the prior three-year period,
39 as calculated by the Department of Finance, with amounts equal

1 to or greater than fifty cents (\$0.50) rounded to the next highest
2 whole dollar.

3 (c) Revenues from the fee, after deduction of the department’s
4 administrative costs related to this section, shall be deposited in
5 the Road Maintenance and Rehabilitation Account created pursuant
6 to Section 2031 of the Streets and Highways Code.

7 (d) This section does not apply to a commercial motor vehicle
8 subject to Section 9400.1.

9 (e) The registration fee required pursuant to this section does
10 not apply to the initial registration after the purchase of a new
11 zero-emission motor vehicle.

12 (f) For purposes of this section, “zero-emission motor vehicle”
13 means a motor vehicle as described in subdivisions (c) and (d) of
14 Section 44258 of the Health and Safety Code, or any other motor
15 vehicle that is able to operate on any fuel other than gasoline or
16 diesel fuel.

17 SEC. 32. Section 9400.5 is added to the Vehicle Code, to read:

18 9400.5. (a) Notwithstanding Sections 9400.1, 9400.4, and
19 42205 of this code, Sections 16773 and 16965 of the Government
20 Code, Section 2103 of the Streets and Highways Code, or any
21 other law, weight fee revenues shall only be transferred consistent
22 with the schedule provided in subdivision (b) from the State
23 Highway Account to the Transportation Debt Service Fund, the
24 Transportation Bond Direct Payment Account, or any other fund
25 or account for the purpose of payment of the debt service on
26 transportation general obligation bonds and shall not be loaned to
27 the General Fund.

28 (b) (1) The transfer of weight fee revenues, after deduction of
29 collection costs, from the State Highway Account pursuant to
30 subdivision (a) shall not exceed:

31 (A) 80 percent of the total weight fees in the 2017–18 fiscal
32 year.

33 (B) 60 percent of the total weight fees in the 2018–19 fiscal
34 year.

35 (C) 40 percent of the total weight fees in the 2019–20 fiscal
36 year.

37 (D) 20 percent of the total weight fees in the 2020–2021 fiscal
38 year.

1 (2) No weight fees, after deduction of collection costs, shall be
2 transferred from the State Highway Account after the 2020–21
3 fiscal year.

4 SEC. 33. This act is an urgency statute necessary for the
5 immediate preservation of the public peace, health, or safety within
6 the meaning of Article IV of the Constitution and shall go into
7 immediate effect. The facts constituting the necessity are:

8 In order to provide additional funding for road maintenance and
9 rehabilitation purposes as quickly as possible, it is necessary for
10 this act to take effect immediately.

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