

Introduced by Senator Newman

February 8, 2022

An act to amend Section 75230 of the Public Resources Code, relating to transportation, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 942, as introduced, Newman. Low Carbon Transit Operations Program: free or reduced fare transit program.

Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board as part of a market-based compliance mechanism to be deposited into the Greenhouse Gas Reduction Fund and to be available upon appropriation. Existing law continuously appropriates specified portions of the annual proceeds in the fund to various programs, including 5% for the Low Carbon Transit Operations Program, which is administered by the Department of Transportation and provides operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility. Existing law requires each of those transit agencies to demonstrate that each expenditure of program moneys allocated to the transit agency reduces the emissions of greenhouse gases and does not supplant another source of funds, to use those moneys to provide transit operating or capital assistance, to use at least 50% of those moneys to benefit disadvantaged communities, and to submit specified information to the department before seeking a disbursement of those program moneys, as specified.

This bill would authorize a transit agency that uses program moneys to fund a free or reduced fare transit program and that demonstrates compliance with the above-described requirements in its initial program application to continue to use those moneys to maintain that program

on an ongoing basis without demonstrating continued compliance with those requirements.

Existing law authorizes a transit agency that has used program moneys for certain authorized operational assistance purposes in a previous fiscal year to use those moneys to continue the same service or program in any subsequent fiscal year if the agency can demonstrate that reductions in emissions of greenhouse gases can be realized.

This bill would exempt transit agencies using program moneys for the continuation of a free or reduced fare transit program from the above-described provision and authorize those transit agencies to continue to use those moneys for that purpose without any restriction to length of time.

Because this bill would expand the number of transit agencies eligible to receive an allocation of the funds continuously appropriated pursuant to the program, the bill would make an appropriation.

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. Section 75230 of the Public Resources Code is
- 2 amended to read:
- 3 75230. (a) The Low Carbon Transit Operations Program is
- 4 hereby created to provide operating and capital assistance for transit
- 5 agencies to reduce ~~the emissions of greenhouse gas emissions~~ *gases*
- 6 and improve mobility, with a priority on serving disadvantaged
- 7 communities.
- 8 (b) Funding for the program is continuously appropriated
- 9 pursuant to Section 39719 of the Health and Safety Code from the
- 10 Greenhouse Gas Reduction Fund established pursuant to Section
- 11 16428.8 of the Government Code.
- 12 (c) Except as provided in subdivision ~~(v)~~ (w), funding shall be
- 13 allocated by the Controller on a formula basis consistent with the
- 14 requirements of this part and with Section 39719 of the Health and
- 15 Safety Code, upon a determination by the Department of
- 16 Transportation that the expenditures proposed by a recipient transit
- 17 agency meet the requirements of this part and guidelines developed
- 18 pursuant to this section, and that the amount of funding requested
- 19 is currently available.

1 (d) A recipient transit agency shall demonstrate that each
2 expenditure of program moneys allocated to the agency reduces
3 ~~the emissions of greenhouse-gas emissions, gases.~~

4 (e) A recipient transit agency shall demonstrate that each
5 expenditure of program moneys does not supplant another source
6 of funds.

7 (f) Moneys for the program shall be expended to provide transit
8 operating or capital assistance that meets any of the following:

9 (1) Expenditures that directly enhance or expand transit service
10 by supporting new or expanded bus or rail services, new or
11 expanded water-borne transit, or expanded intermodal transit
12 facilities, and may include equipment acquisition, fueling, and
13 maintenance, and other costs to operate those services or facilities.

14 (2) Operational expenditures that increase transit mode share.

15 (3) Expenditures related to the purchase of zero-emission buses,
16 including electric buses, and the installation of the necessary
17 equipment and infrastructure to operate and support these
18 zero-emission buses.

19 (g) (1) For recipient transit agencies whose service areas include
20 disadvantaged communities, as identified pursuant to Section
21 39711 of the Health and Safety Code, at least 50 percent of the
22 total moneys received pursuant to this chapter shall be expended
23 on projects or services that meet the requirements of subdivisions
24 (d), (e), and (f) and benefit the disadvantaged communities, as
25 identified consistent with the guidance developed by the State Air
26 Resources Board pursuant to Section 39715 of the Health and
27 Safety Code.

28 (2) The requirement of paragraph (1) is waived if the recipient
29 transit agencies expend the funding provided pursuant to this
30 section on any of the following:

31 (A) New or expanded transit service that connects with transit
32 service serving disadvantaged communities, as identified in Section
33 39711 of, or in low-income communities, as defined in paragraph
34 (2) of subdivision (d) of Section 39713 of, the Health and Safety
35 Code.

36 (B) Transit fare subsidies and network and fare integration
37 technology improvements, including, but not limited to, discounted
38 or free student transit passes.

39 (C) The purchase of zero-emission transit buses and supporting
40 infrastructure.

1 (3) Expenditures made pursuant to paragraph (2) shall be
2 deemed to have met all applicable requirements established
3 pursuant to Section 39713 of the Health and Safety Code.

4 (4) This section does not require a recipient transit agency to
5 provide individual rider data to the Department of Transportation
6 or the State Air Resources Board.

7 (h) The Department of Transportation, in coordination with the
8 State Air Resources Board, shall develop guidelines that describe
9 the methodologies that recipient transit agencies shall use to
10 demonstrate that proposed expenditures will meet the criteria in
11 subdivisions (d), (e), (f), and (g) and establish the reporting
12 requirements for documenting ongoing compliance with those
13 criteria.

14 (i) Chapter 3.5 (commencing with Section 11340) of Part 1 of
15 Division 3 of Title 2 of the Government Code does not apply to
16 the development of guidelines for the program pursuant to this
17 section.

18 (j) A recipient transit agency shall submit the following
19 information to the Department of Transportation before seeking a
20 disbursement of funds pursuant to this part:

21 (1) A list of proposed expense types for anticipated funding
22 levels.

23 (2) The documentation required by the guidelines developed
24 pursuant to this section to demonstrate compliance with
25 subdivisions (d), (e), (f), and (g).

26 (k) For capital projects, the recipient transit agency shall also
27 do all of the following:

28 (1) Specify the phases of work for which the agency is seeking
29 an allocation of moneys from the program.

30 (2) Identify the sources and timing of all moneys required to
31 undertake and complete any phase of a project for which the
32 recipient agency is seeking an allocation of moneys from the
33 program.

34 (3) Describe intended sources and timing of funding to complete
35 any subsequent phases of the project, through construction or
36 procurement.

37 (l) A recipient transit agency that has used program moneys for
38 any type of operational assistance allowed by subdivision (f) in a
39 previous fiscal year may use program moneys to continue the same
40 service or program in any subsequent fiscal year if the agency can

1 demonstrate that reductions in *the emissions of greenhouse-gas*
2 ~~emissions~~ gases can be realized.

3 (m) A recipient transit agency that uses program moneys to
4 fund a free or reduced fare transit program that demonstrates
5 compliance with subdivisions (d), (e), (f), and (g) in the initial
6 application, may continue to use program moneys to maintain that
7 program on an ongoing basis without demonstrating continued
8 compliance with those subdivisions, or having to submit further
9 documentation pursuant to subdivision (j). Transit agencies using
10 program moneys for the continuation of a free or reduced fare
11 transit program shall not be subject to the provisions outlined in
12 subdivision (l) and may continue to use program moneys for such
13 purpose without any restriction to length of time.

14 ~~(m)~~

15 (n) Before authorizing the disbursement of funds, the
16 Department of Transportation, in coordination with the State Air
17 Resources Board, shall determine the eligibility, in whole or in
18 part, of the proposed list of expense types, based on the
19 documentation provided by the recipient transit agency to ensure
20 ongoing compliance with the guidelines developed pursuant to
21 this section.

22 ~~(n)~~

23 (o) The Department of Transportation shall notify the Controller
24 of approved expenditures for each recipient transit agency, and
25 the amount of the allocation for each agency determined to be
26 available at that time of approval.

27 ~~(o)~~

28 (p) A recipient transit agency that does not submit an
29 expenditure for funding in a particular fiscal year may retain its
30 funding share, and may accumulate and use that funding share in
31 a subsequent fiscal year for a larger expenditure, including
32 operating assistance. The recipient transit agency must first specify
33 the number of fiscal years that it intends to retain its funding share
34 and the expenditure for which the agency intends to use these
35 moneys. A recipient transit agency may only retain its funding
36 share for a maximum of four fiscal years.

37 ~~(p)~~

38 (q) A recipient transit agency may, in any particular fiscal year,
39 loan or transfer its funding share to another recipient transit agency
40 within the same region for any identified eligible expenditure under

1 the program, including operating assistance, in accordance with
2 procedures incorporated by the Department of Transportation in
3 the guidelines developed pursuant to this section, which procedures
4 shall be consistent with the requirement in subdivision (g).

5 (q)

6 (r) A recipient transit agency may apply to the Department of
7 Transportation to reassign any savings of surplus moneys allocated
8 under this section to the agency for an expenditure that has been
9 completed to another eligible expenditure under the program,
10 including operating assistance. A recipient transit agency may also
11 apply to the Department of Transportation to reassign to another
12 eligible expenditure any moneys from the program previously
13 allocated to the agency for an expenditure that the agency has
14 determined is no longer a priority for the use of those moneys.

15 (r)

16 (s) The recipient transit agency shall provide annual reports to
17 the Department of Transportation, in the format and manner
18 prescribed by the department, consistent with the internal
19 administrative procedures for the use of the fund proceeds
20 developed by the State Air Resources Board.

21 (s)

22 (t) The Department of Transportation and recipient transit
23 agencies shall comply with the guidelines developed by the State
24 Air Resources Board pursuant to Section 39715 of the Health and
25 Safety Code to ensure that the requirements of Section 39713 of
26 the Health and Safety Code are met to maximize the benefits to
27 disadvantaged communities, as described in Section 39711 of the
28 Health and Safety Code.

29 (t)

30 (u) A recipient transit agency shall comply with all applicable
31 legal requirements, including the requirements of the California
32 Environmental Quality Act (Division 13 (commencing with Section
33 21000)), and civil rights and environmental justice obligations
34 under state and federal law. This section does not expand or extend
35 the applicability of those laws to recipient transit agencies.

36 (u)

37 (v) The audit of public transportation operator finances already
38 required under the ~~Transportation—Development~~
39 *Mills-Alquist-Deddeh* Act (Chapter 4 (commencing with Section
40 99200) of Part 11 of Division 10 of the Public Utilities Code)

1 pursuant to Section 99245 of ~~that code~~ *the Public Utilities Code*
2 shall be expanded to include verification of receipt and appropriate
3 expenditure of moneys from the program. Each recipient transit
4 agency receiving moneys from the program in a fiscal year for
5 which an audit is conducted shall transmit a copy of the audit to
6 the Department of Transportation, and the department shall make
7 the audits available to the Legislature and the Controller for review
8 on request.

9 ~~(v)~~

10 (w) Notwithstanding subdivision (c), the Controller shall allocate
11 funding pursuant to this section for the 2019–20 to 2022–23,
12 inclusive, fiscal years to recipient transit agencies pursuant to the
13 individual operator ratios described in Section 99314.10 of the
14 Public Utilities Code.

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