

# Memorandum

**Tab 13**

To: CHAIR AND COMMISSIONERS

CTC Meeting: March 26, 2015

Reference No.: 4.1  
Action

From: WILL KEMPTON  
Executive Director

Subject: **STATE AND FEDERAL LEGISLATION**

## **ISSUE:**

- 1.) Does the California Transportation Commission (Commission) have comments on the legislation identified and monitored by staff, as depicted in Attachment A?
  - ✓ The deadline for the State Legislature to introduce bills in the first year of the two-year session was February 27, 2015.
  - ✓ May 1<sup>st</sup> is the last day for policy committees to hear and report bills with fiscal impact to fiscal committees.
  - ✓ May 15<sup>th</sup> is the last day for policy committees to hear and report to the floor non-fiscal bills introduced in their house of origin.
  - ✓ May 22<sup>nd</sup> is the last day for policy committees to meet prior to June 9<sup>th</sup>.
  - ✓ Sixty-one bills, identified in Attachment A, met the criteria approved by the Commission.
- 2.) Should the Commission adopt support positions for the following bills: AB 4, AB 194, AB 227, AB 1265, ACA 4, and SB 321?

## **RECOMMENDATION:**

Staff recommends that the Commission:

- 1.) Accept the staff report, provide direction to staff on legislation of interest to it; and
- 2.) Adopt a position of support for AB 4, AB 194, AB 227, AB 1265, ACA 4 and SB 321 and direct staff to prepare and send letters to the authors as notification of the Commission's support.

## **SUMMARY:**

The following bills are summarized below to highlight proposed legislation for which staff recommends the Commission adopt a support position and also to identify legislation currently being monitored that may be of greater impact or interest to the Commission:

**AB 4 (Linder [R – Corona]), Vehicle Weight Fees: Transportation Bond Debt Service**

STATE OF CALIFORNIA

CALIFORNIA TRANSPORTATION COMMISSION

*Status: In Assembly Transportation Committee, not yet scheduled for hearing*

*Recommended Position: Support*

This bill would prohibit weight fee revenue from being transferred from the State Highway Account to any fund or account for the purpose of payment of debt service on transportation general obligation bonds.

**AB 194 (Frazier [D – Oakley]), High Occupancy Toll Lanes**

*Status: In Assembly Transportation Committee, not yet scheduled for hearing*

*Recommended Position: Support*

This bill adds Section 149.2 to the Streets and Highways Code, providing the opportunity for Caltrans, in addition to regional agencies, to apply to the Commission for the development and operation of high-occupancy toll (HOT) lane facilities. This bill requires the Commission to review and approve such applications and conduct at least one public hearing in northern California and one in southern California. Additionally, the Commission is required to establish guidelines for the development and operation of state-owned HOT lanes facilities. AB 194 also amends Streets and Highways Code Section 149.7 as it relates to regional agency applications for HOT lane implementation, requiring the Commission to establish guidelines for the development and operation of HOT lane facilities by regional agencies. This bill provides for reimbursement to the Commission for all costs and expenses incurred by the Commission in the processing of a regional transportation agency application for a HOT lane facility.

**AB 227 (Alejo [D – Salinas]) Transportation Funding**

*Status: In Assembly Transportation and Budget Committees, not yet scheduled for hearing*

*Recommended Position: Support*

This bill amends the repayment date of loans from transportation funds to the General Fund from January 1, 2019, or later, to December 31, 2018. AB 227 would stop the use of weight fees for debt service on general obligation bonds and would prohibit loans to the General Fund. AB 227 proposes to stop the use of the price-based excise tax to backfill transferred weight fees or to backfill weight fee loans to the General Fund. AB 227 would also stop the non-Article 19 revenue transfers to pay for debt service on mass transportation bonds. Additionally, AB 227 would remove the December 31, 2016 deadline for Public Private Partnerships (P3), thus extending (indefinitely) the authorization for the Department of Transportation and regional transportation agencies, as defined, to enter into comprehensive development lease agreements with public and private entities.

**AB 1265 (Perea [D – Fresno] Transportation Projects: Comprehensive Development)**

*Status: Introduced February 27, 2015, pending referral to Committee*

*Recommended Position: Support*

This bill would extend (indefinitely) the authorization for the Department of Transportation and regional transportation agencies, as defined, to enter into comprehensive development lease agreements with public and private entities (P3).

**AB 1364 (Linder [R – Corona] California Transportation Commission)**

*Status: Introduced February 27, 2015, pending referral to Committee*

*Recommended Position: Monitor*

This bill would exclude the Commission from the California State Transportation Agency and establish it as its own entity in the state government.

**ACA 4 (Frazier [D – Oakley] Local Government Transportation Projects: Special Taxes)**

*Status: Introduced February 27, 2015, pending referral to Committee*

*Recommended Position: Support*

This measure would reduce the voter threshold from 2/3 to 55% for local transportation projects.

**SB 9 (Beall [D – San Jose]) Greenhouse Gas Reduction Fund Transit/Intercity Rail**

*Status: March 18, 2015 passed with amendments from Senate Environmental Quality to Transportation and Housing Committee*

*Recommended Position: Monitor*

This bill would make modifications to the Transit and Intercity Rail program funded through the Greenhouse Gas Reduction Fund. SB 9 would authorize the Commission to approve a letter of no prejudice (LONP) that allows an applicant to expend its own funds on a project in the adopted program, subject to future reimbursement from program funds for eligible expenditures. Additionally this bill would 1.) Modify the purpose of the program to delete any reference to operational investments and instead specify that the program is intended to fund “large transformative capital improvements with a total cost exceeding \$100 million;” 2.) Require CalSTA to consider additional factors such as providing a direct connection to High Speed Rail and supplemental funding from non-state sources when prioritizing/selecting projects for funding; 3.) Require CalSTA to develop, by July 1, 2016, an initial 5 year estimate of reasonably expected revenues for the program, with subsequent 5 year estimates made every other year thereafter; 4.) Require adoption of 5 year programs of projects consistent with those estimates; and 5.) Authorize CalSTA to make a multi-year funding commitment for a project proposed to be funded over more than one fiscal year.

**SB 321 (Beall [D – San Jose]) Motor Vehicle Fuel Taxes: Rate Adjustments**

*Status: March 5, 2015 referred to Senate Governance and Finance Committee*

*Recommended Position: Support in Concept*

SB 321 makes changes to the administrative process for setting the price-based excise tax in order to give the State Board of Equalization (BOE) the tools necessary to reduce the overall volatility of this revenue. Specifically, this bill allows BOE to use a five-year forecasting period (as opposed to its current one year model) to adjust the rate to generate an amount of revenue that maintains revenue neutrality. Additionally SB 321 allows BOE to extend the period to achieve revenue neutrality from one year to three years and to make partial adjustments in order to make more gradual annual adjustments (true-ups). This bill also provides an opportunity for BOE to adjust the excise tax more frequently than annually if changes in fuel prices or consumption will clearly affect predicted versus actual revenue. SB 321 contains an urgency clause.

**BACKGROUND:**

The Commission approved criteria to guide Commission staff in monitoring legislation and selecting bills that should be brought forward for Commission consideration. An over-arching criterion is that a bill must directly affect transportation on a statewide basis. Bills meeting one or more of the criteria, provided below, will be brought forward to the Commission for consideration.

- Funding/Financing - funding or a funding mechanism for transportation (capital and operations)
- Environmental Mitigation - implementation of greenhouse gas emissions reduction and transportation (e.g., AB 32), and/or involve the environmental process and transportation (e.g., CEQA)
- Planning - implementation of transportation, land use and planning (e.g., SB 375)
- Project Delivery - changes to the way transportation projects are delivered

Additional criteria for bringing a bill forward include:

- Direct Impact to Commission - changes in Commission responsibility, policy impact or operations
- Commissioner Request - recommended by a Commissioner for consideration by the Commission at its next regularly scheduled meeting

The Commission adopted policy to 1.) consider legislation in relation to its overall policy by topic area prior to taking a position on legislation addressing that topic; and 2.) remain selective in its use of watch, support or opposition on a bill. The rationale for a policy by topic area is it permits the Commission to address a suite of legislative proposals dealing with the same topic by commenting to the author(s) without necessarily taking a position. Rather than taking specific positions on bills in their initial state, the Commission can advise the Legislature on a bill's policy and/or technical aspects, as well as how it helps or hinders transportation. The intent of the Commission's comments is to alert the author of the bill's impact on a policy and/or technical aspect related to transportation planning, programming, financing, mitigation, or project delivery.

Further direction will be provided to staff, by the Chair, on bills that meet the aforementioned criteria.

#### Attachments

- A – Status of State and Federal Legislation
- B – AB 4, AB 194, AB 227, AB 1265, ACA 4, and SB 321 Bill Text

<b>Bill #</b>	<b>Author</b>	<b>Title</b>	<b>Description</b>	<b>Status</b>
<b><u>AB 4</u></b>	Linder (R - Corona)	Vehicle Weight Fees: Transportation Bond Debt Service	This bill would prohibit weight fee revenues from being 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 obligation bonds. This bill would also prohibit loans of weight fee revenues to the General Fund.	<b><i>Last Action</i></b> Referred to Committee January 16, 2015 <b><i>Current Location</i></b> Assembly Transportation Committee
<b><u>AB 23</u></b>	Patterson (R - Fresno)	Global Warming Solutions Act of 2006: Compliance	Exempts categories of persons or entities that did not have a compliance obligation under a market-based compliance mechanism from being subject to that market-based compliance mechanism.	<b><i>Last Action</i></b> Failed passage in Natural Resources Committee, reconsideration granted March 23, 2015 <b><i>Current Location</i></b> Assembly Natural Resources Committee
<b><u>AB 103</u></b>	Weber (D - San Diego)	Budget Act of 2015	Makes appropriations for the support of state government, including the Commission, for the 2015-16 fiscal year.	<b><i>Last Action</i></b> Referred to Committee January 26, 2015 <b><i>Current Location</i></b> Assembly Budget Committee
<b><u>AB 156</u></b>	Perea (D - Fresno)	Global Warming Solutions Act of 2006: Investment Plan	Requires the Department of Finance to include in the 3-year investment plan for moneys deposited in the Greenhouse Gas Reduction Fund an allocation to provide technical assistance to disadvantaged communities to assist them in proposing specified projects for inclusion in the investment plan.	<b><i>Last Action</i></b> Referred to Committee February 2, 2015 <b><i>Current Location</i></b> Assembly Natural Resources Committee
<b><u>AB 157</u></b>	Levine (D - San Rafael)	Richmond-San Rafael Bridge	Requires the lead agency to complete the design work for the project simultaneously with the environmental review conducted pursuant to the California Environmental Quality Act if the Metropolitan Transportation Commission and the Department of Transportation develop a project to open the third lane on the Richmond-San Rafael Bridge to automobile traffic on the eastbound level and to bicycle traffic on the westbound level.	<b><i>Last Action</i></b> Passed Assembly Transportation Committee March 23, 2015 <b><i>Current Location</i></b> Asssembly Second Reading File
<b><u>AB 194</u></b>	Frazier (D- Oakley)	High Occupancy Toll Lanes	Deletes the requirement that high occupancy toll (HOT) lanes facilities be consistent with the established standards, requirements and limitations that apply to specified facilities. Requires the State Transportation Commission to establish guidelines for the development and operation of the facilities approved by the Commission on or after a specified date, subject to specified minimum requirements. Prohibits conversion of non-toll lanes, except for HOT lanes. Removes limits on the number of such lanes.	<b><i>Last Action</i></b> Referred to Committee February 9, 2015 <b><i>Current Location</i></b> Assembly Transportation Committee

<b>Bill #</b>	<b>Author</b>	<b>Title</b>	<b>Description</b>	<b>Status</b>
<b><u>AB 208</u></b>	Bigelow (R - O'Neals)	Bikeways	Makes nonsubstantive changes to existing law that requires all city, county, regional, and other local agencies responsible for the development or operation of bikeways or roadways where bicycle travel is permitted to utilize all minimum safety design criteria and uniform specifications and symbols for signs, markers, and traffic control devices.	<i>Last Action</i> Introduced January 29, 2015 <i>Current Location</i> Assembly
<b><u>AB 210</u></b>	Gatto (D - Glendale)	High-Occupancy Vehicles Lanes: Los Angeles County	Prohibits any high-occupancy vehicle lane from being established on specified portions of state highway routes in the County of Los Angeles, unless that lane is established as a high-occupancy vehicle lane only during the hours of heavy commuter traffic. Requires any existing high-occupancy vehicle lane established on the specified portions of these routes to be modified to conform with those requirements.	<i>Last Action</i> Passed Assembly Transportation Committee March 23, 2015 <i>Current Location</i> Assembly Appropriations Committee
<b><u>AB 212</u></b>	Achadjian (R - San Luis Obispo)	State Highways	Makes technical nonsubstantive changes to existing law that establishes the Department of Transportation and the California Transportation Commission and provides that the department has full possession and control of all state highways and all property and rights in property acquired for state highway purposes.	<i>Last Action</i> Introduced February 2, 2015 <i>Current Location</i> Assembly
<b><u>AB 218</u></b>	Melendez (R - Lake Elsinore)	State Highway Route 74	This bill would authorize the commission to relinquish to the County of Riverside that portion of State Highway Route 74 located in the unincorporated area east of the City of Lake Elsinore and west of the City of Perris under specified conditions.	<i>Last Action</i> Passed Assembly Transportation Committee March 23, 2015 <i>Current Location</i> Assembly Appropriations Committee
<b><u>AB 227</u></b>	Alejo (D - Salinas)	Transportation Funding	This bill would retain weight fee revenues in the State Highway Account. Deletes the provisions relating to the reimbursement of the State Highway Account for weight fee revenues and relating to the making of loans to the General Fund, thereby providing for the portion of fuel excise tax revenues that is derived from increases in the motor vehicle fuel excise tax in 2010 to be allocated to the State Transportation Improvement Program, to the State Highway Operation Program, and to city and county roads.	<i>Last Action</i> Referred to Committee February 17, 2015 <i>Current Location</i> Assembly Budget and Transportation Committees
<b><u>AB 323</u></b>	Olsen (R - Modesto)	Environmental Quality Act: Exemption	Amends the California Environmental Quality Act that exempts a project or an activity to repair, maintain, or make minor alterations to an existing roadway, if the project 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 to extend the above exemption indefinitely.	<i>Last Action</i> Passed Assembly Natural Resources Committee March 23, 2015 <i>Current Location</i> Assembly Transportation Committee

<b>Bill #</b>	<b>Author</b>	<b>Title</b>	<b>Description</b>	<b>Status</b>
<b><u>AB 338</u></b>	Hernandez, R (D - West Covina)	<del>County Transportation Commission: Los Angeles County.</del> Los Angeles County Metropolitan Transportation Authority: transactions and use tax.	<del>Makes an additional legislative finding that transportation resources should be equitably distributed within Los Angeles county.</del> <i>This bill would authorize the MTA to impose an additional transportation transactions and use tax at a rate of 0.5%, for a period not to exceed 30 years, subject to various requirements, including the adoption of an expenditure plan and voter approval. The Transactions and Use Tax Law limits to 2% the combined rate of all transactions and use taxes imposed in any county, with certain exceptions. This bill would exempt the transactions and use tax authorized by the bill from this limitation.</i>	<i><b>Last Action</b></i> Read second time and amended. Re-referred to Committee on Local Government. March 19, 2015 <i><b>Current Location</b></i> Assembly Local Government and Transportation Committees
<b><u>AB 378</u></b>	Mullin (D - South San Francisco)	State Highway 101 Corridor	Declares the intent of the Legislature to enact legislation that will enable responsible local, regional, and state agencies to substantially improve mobility in the State Highway 101 corridor.	<i><b>Last Action</b></i> Introduced February 18, 2015 <i><b>Current Location</b></i> Assembly
<b><u>AB 448</u></b>	Brown (D - San Bernardino)	Local Government Finance: Vehicle License Fee	Relates to county vehicle license fee property tax compensation funds and the funding of additional allocations from ad valorem property tax revenues otherwise required to be allocated to educational entities. Modifies certain reduction and transfer provisions, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation.	<i><b>Last Action</b></i> Introduced March 5, 2015 <i><b>Current Location</b></i> Assembly Local Government Committee
<b><u>AB 518</u></b>	Frazier (D- Oakley)	Department of Transportation	Amends existing law authorizing a local agency to enter into an agreement with the appropriate transportation planning agency to use its own funds to develop, and construct a project within its own jurisdiction. Deletes a provision requiring the department to compile information and report to the Legislature.	<i><b>Last Action</b></i> Referred to Committee March 5, 2015 <i><b>Current Location</b></i> Assembly Transportation Committee
<b><u>AB 620</u></b>	Hernandez, R (D - West Covina)	High-Occupancy Toll Lanes: Exemptions from Tolls	Requires the Los Angeles County Metropolitan Transportation Authority, in implementing the value-pricing and transit development program, to adopt eligibility requirements for mitigation measures for commuters and transit users of low and moderate income. Requires provision of hardship exemptions from the payment of toll charges for commuters who meet the eligibility requirement for specified assistance programs.	<i><b>Last Action</b></i> Referred to Committee March 9, 2015 <i><b>Current Location</b></i> Assembly Transportation Committee
<b><u>AB 633</u></b>	Grove (R - Bakersfield)	Highway Relinquishment: Route 202	Authorizes the Commission to relinquish to the City of Tehachapi and the County of Kern specified portions of State Highway Route 202, under certain conditions. Provides that these relinquishments shall be made only if a specified sum in state funds is appropriated to the City of Tehachapi and the County of Kern for maintenance of the relinquished segments.	<i><b>Last Action</b></i> Referred to Committee March 9, 2015 <i><b>Current Location</b></i> Assembly Transportation Committee

<b>Bill #</b>	<b>Author</b>	<b>Title</b>	<b>Description</b>	<b>Status</b>
<b><u>AB 652</u></b>	Cooley (D - Rancho Cordova)	State Highway Route 16: Relinquishment	Extends to the California Transportation Commission authorization to relinquish certain state highway segments to local agencies the portion of State Highway Route 16 that is east of the City of Sacramento boundary and west of Grant Line Road.	<i>Last Action</i> Referred to Committee March 9, 2015 <i>Current Location</i> Assembly Transportation Committee
<b><u>AB 810</u></b>	Ridley-Thomas (D - Los Angeles)	State Highway Route 170	Revises the description of Route 170 to delete the unconstructed portion of this route between Los Angeles International Airport and Route 90 from both the state highway system and the California freeway and expressway system.	<i>Last Action</i> Referred to Committee March 12, 2015 <i>Current Location</i> Assembly Transportation Committee
<b><u>AB 877</u></b>	Chu (D - San Jose)	Transportation: Property Acquisition	Makes nonsubstantive changes to existing law which provides that when the Department of Transportation or the High-Speed Rail Authority acquires title to real property for highway or high-speed rail purposes, and leases that property for commercial or business uses to the former owner for a term exceeding 6 months, the department or authority, may secure fire insurance for the property.	<i>Last Action</i> Introduced February 26, 2015 <i>Current Location</i> Assembly
<b><u>AB 914</u></b>	Brown (D - San Francisco)	Toll Facilities: County of San Bernardino	Authorizes the San Bernardino County Transportation Commission to construct and operate certain transportation facilities on State Highway Route 10 and 15, as toll facilities in the County of San Bernardino and, with the agreement of affected transportation agencies, in the Counties of Los Angeles and Riverside. Requires the toll revenues to be spent for specified transportation purposes. Authorizes the commission to issue revenue bonds payable from toll revenues.	<i>Last Action</i> Referred to Committee March 16, 2015 <i>Current Location</i> Assembly Transportation
<b><u>AB 946</u></b>	Ting (D - San Francisco)	Electric Vehicles	Expresses the intent of the Legislature to enact legislation to increase the use of electric vehicles by improving existing infrastructure for electric vehicles.	<i>Last Action</i> Introduced February 26, 2015 <i>Current Location</i> Assembly
<b><u>AB 1033</u></b>	Garcia, E (D - Coachella)	Infrastructure Financing	Amends the Bergeson-Peace Infrastructure and Economic Development Bank Act, which establishes the California Infrastructure and Economic Development Bank, and authorizes the issuance of bonds. Revises the definition of economic development facilities to include facilities that are used to provide goods movement. Revises the definition of port facilities to reference airports, landports, waterports and railports.	<i>Last Action</i> Referred to Committee March 19, 2015 <i>Current Location</i> Assembly Jobs, Economic Development and the Economy & Transportation Committees

<b>Bill #</b>	<b>Author</b>	<b>Title</b>	<b>Description</b>	<b>Status</b>
<b><u>AB 1043</u></b>	Salas (D - Bakersfield)	Highways: State Highway Route 43	This bill would add Route 43 to the existing list of interregional and intercounty routes.	<i>Last Action</i> Referred to Committee March 19, 2015 <i>Current Location</i> Assembly Transportation Committee
<b><u>AB 1171</u></b>	Linder (R - Corona)	Construction Manager: General Contractor method	Authorizes regional transportation agencies to use the Construction Manager/General Contractor project delivery method to design and construct certain projects on expressways that are not on the state highway system if the projects are developed in accordance with an approved expenditure plan. Requires specified information provided to a regional transportation agency to be verified under oath.	<i>Last Action</i> Referred to Committee March 23, 2015 <i>Current Location</i> Assembly Transportation Committee
<b><u>AB 1265</u></b>	Perea (D - Fresno)	Transportation Project: Comprehensive Development	Existing law authorizes Caltrans and regional transportation agencies to enter into public-private partnerships (P3s) and provides that a P3 may not be entered into on or after January 1, 2017. This bill would extend this authorization indefinitely and would delete obsolete cross-references and make technical changes to these provisions.	<i>Last Action</i> Referred to Committee March 23, 2015 <i>Current Location</i> Assembly Transportation Committee
<b><u>AB 1284</u></b>	Baker (R -San Ramon)	Bay Area State-Owned Toll Bridges	Makes the Toll Bridge Program Oversight Committee subject to the Bagley-Keene Open Meeting Act.	<i>Last Action</i> Referred to Committee March 23, 2015 <i>Current Location</i> Assembly Transportation & Local Government Committees
<b><u>AB 1288</u></b>	Atkins (D - San Diego)	Global Warming Solutions Act of 2006: Regulations	Authorizes the State Air Resources Board to include the use of market-based compliance mechanisms and to adopt a regulation that establishes a system of market-based declining annual aggregate emissions limits for sources or categories of sources that emit greenhouse gases, applicable from January 1, 2012, to December 31, 2020, inclusive, as specified.	<i>Last Action</i> Referred to Committee March 23, 2015 <i>Current Location</i> Assembly Natural Resources Committee
<b><u>AB 1309</u></b>	Gray (D - Merced)	Transportation Projects: County of Merced	Appropriates an unspecified amount from an unspecified fund to the Merced County Association of Governments for allocation to the construction of the Atwater-Merced Expressway and the Campus Parkway projects in the County of Merced.	<i>Last Action</i> Referred to Committee March 23, 2015 <i>Current Location</i> Assembly Transportation Committee

<b>Bill #</b>	<b>Author</b>	<b>Title</b>	<b>Description</b>	<b>Status</b>
<b><u>AB 1364</u></b>	Linder (R - Corona)	California Transportation Commission	Excludes the California Transportation Commission from the Transportation Agency and establishes it as an entity in the state government.	<b><i>Last Action</i></b> Referred to Committee March 23, 2015 <b><i>Current Location</i></b> Assembly Transportation Committee
<b><u>ACA 4</u></b>	Frazier (D- Oakley)	Local Government Transportation Projects: Special Taxes	Provides that the imposition, extension, or increase of a special tax for the purpose of providing funding for local transportation projects requires the approval of 55% of its voters voting on the proposition.	<b><i>Last Action</i></b> Introduced February 27, 2015 <b><i>Current Location</i></b> Assembly
<b><u>SB 1</u></b>	Gaines (R - Roseville)	Global Warming Solutions Act of 2006: Compliance	Amends the State Global Warming Solutions Act of 2006. Authorizes the State Air Resources Board to include the use of market based compliance mechanisms. Exempts categories of persons or entities that did not have a compliance obligation under a market based compliance mechanism from being subject to that market based compliance mechanism. Requires all participating categories of persons or entities to have a compliance obligation beginning on a specified date.	<b><i>Last Action</i></b> Referred to Committee January 15, 2015 <b><i>Current Location</i></b> Senate Committee on Environmental Quality Hearing: April 15, 2015 @ 9:30 AM, Room 3191
<b><u>SB 5</u></b>	Vidak (R - Hanford)	Global Warming Solutions Act of 2006: Compliance	Relates to the State Global Warming Solutions Act of 2006. Authorizes the State Air Resources Board to include the use of market-based compliance mechanisms. Exempts categories of persons or entities that did not have a compliance obligation under a market-based compliance mechanism from being subject to that market-based compliance mechanism through a specified date.	<b><i>Last Action</i></b> Referred to Committee January 15, 2015 <b><i>Current Location</i></b> Senate Committee on Environmental Quality Hearing: April 15, 2015 @ 9:30 AM, Room 3191
<b><u>SB 9</u></b>	Beall (D - San Jose)	Greenhouse Gas Reduction Fund: Transit/Intercity Rail	This bill would modify the purpose of the program to delete references to operational investments and instead provide for the funding of large, transformative capital improvements with a total cost exceeding \$100,000,000. The bill would require the Transportation Agency to consider the extent to which a project reduces greenhouse gas emissions, and would add additional factors to be considered in evaluating applications for funding. The bill would require the agency to develop, by July 1, 2016, an initial 5-year estimate of revenues reasonably expected to be available for the program, with subsequent estimates to be made every other year for additional 5-year periods, and would require the agency to adopt 5-year programs of projects consistent with those estimates. The bill would <del>authorize</del> require the agency to make a multiyear funding commitment for a project proposed to be funded over more than one fiscal year, and would authorize the Commission to approve a letter of no prejudice that allows an applicant to expend its own funds on a project in the adopted program of projects, subject to future reimbursement from program funds for eligible expenditures.	<b><i>Last Action</i></b> Passed as amended from Environmental Quality Committee to Transportation and Housing Committee March 18, 2015 <b><i>Current Location</i></b> Senate Transportation and Housing Committee

<b>Bill #</b>	<b>Author</b>	<b>Title</b>	<b>Description</b>	<b>Status</b>
<b><u>SB 16</u></b>	Beall (D - San Jose)	Department of Transportation: Budgetary Cost-Savings	Requires the Department of Transportation as part of its budget for the 2016-17 fiscal year, to prepare a plan to identify up to a specified amount of funding annually in cost savings from its budget, and to submit the plan to the appropriate committees of the Senate and the Assembly.	<i>Last Action</i> Referred to Senate Rules Committee March 2, 2015 <i>Current Location</i> Senate Rules Committee
<b><u>SB 32</u></b>	Pavley (D - Agoura Hills)	Global Warming Solutions Act of 2006: Emissions Limit	Requires the State Air Resources Board to approve a specified statewide greenhouse gas emission limit.	<i>Last Action</i> Amended and Re-referred to Environmental Quality Committee March 16, 2015 <i>Current Location</i> Senate Environmental Quality Committee
<b><u>SB 63</u></b>	Hall (D - Compton)	Port of Los Angeles Seaport infrastructure financing districts	<del>States the intent of the Legislature to enact legislation to increase and diversify economic development at the Port of Los Angeles.</del> This bill would include port or harbor infrastructure among the projects that may be financed by an enhanced infrastructure financing district. The bill would require a harbor agency to prepare an infrastructure financing plan for a seaport infrastructure financing district. The bill would increase the vote threshold for a seaport infrastructure financing district to issue bonds to 2/3 of the voters, and would provide that for purposes of these voters, a "landowner" means the entity paying possessory interest tax on state-owned land. The bill would prescribe additional procedures and requirements for the establishment of a seaport enhanced infrastructure financing district. The bill would specify that the State Lands Commission shall retain absolute discretion over the determination of whether or not investment of local resources in port or harbor infrastructure, the actions of a harbor agency, or any other action taken by a seaport infrastructure financing district is consistent with the state's interest in tidelands and submerged lands.	<i>Last Action</i> Amended and Re-referred to Senate Rules Committee March 23, 2015 <i>Current Location</i> Senate Rules
<b><u>SB 64</u></b>	Liu (D - La Canada Flintridge)	State Transportation Plan	This bill would require the Commission to review recommendations in the update to California Transportation Plan prepared by Caltrans, beginning in 2015 and every 5 years thereafter. This bill would also require the Commission to prepare specific recommendations for statewide system improvements and include those recommendations in a report to the Legislature and the Governor by December 31, 2016 and every 5 years thereafter.	<i>Last Action</i> Referred to Committee January 15, 2015 <i>Current Location</i> Senate Transportation and Housing Committee
<b><u>SB 69</u></b>	Leno (D - San Francisco)	Budget Act of 2015	Makes appropriations for the support of state government, including the Commission, for the 2015-16 fiscal year.	<i>Last Action</i> Referred to Committee January 9, 2015 <i>Current Location</i> Senate Budget & Fiscal Review Committee

<b>Bill #</b>	<b>Author</b>	<b>Title</b>	<b>Description</b>	<b>Status</b>
<b><u>SB 158</u></b>	Huff (R - Diamond Bar)	Transportation Projects: Comprehensive Agreements	Deletes obsolete cross-references and makes technical changes to existing law that authorizes the Department of Transportation or a regional agency to enter into a comprehensive development lease with a public or private entity for a transportation project.	<b><i>Last Action</i></b> Referred to Committee February 19, 2015 <b><i>Current Location</i></b> Senate Rules Committee
<b><u>SB 194</u></b>	Cannella (R - Ceres)	Vehicles: High-Occupancy Vehicle Lanes	Makes technical, nonsubstantive changes to existing law that authorizes local authorities and the Department of Transportation to establish exclusive or preferential use of highway lanes for high-occupancy vehicles on highways under their respective jurisdictions.	<b><i>Last Action</i></b> Referred to Committee February 19, 2015 <b><i>Current Location</i></b> Senate Rules
<b><u>SB 206</u></b>	Gaines (R - Roseville)	On-Board Diagnostic Systems	Prohibits the State Air Resources Board from obtaining information from a motor vehicle's on-board diagnostic system unless the registered owner of the motor vehicle has provided written consent for the collection of that information. Requires the state board to develop a system through which a registered motor vehicle owner may electronically provide his or her consent to maintain a database of those consenting registered motor vehicle owners.	<b><i>Last Action</i></b> February 19, 2015 <b><i>Current Location</i></b> Senate Environmental Quality Hearing: April 15, 2015 @ 9:30 AM, Room 3191
<b><u>SB 207</u></b>	Wieckowski (D - Fremont)	Greenhouse Gas Reduction Fund: Investment Plan	Requires the California Global Warming Solutions Act of 2006 investment plan to identify conflicting or overlapping policies in current state strategies to meet the state's greenhouse gas emissions reduction goals and targets by sector.	<b><i>Last Action</i></b> February 19, 2015 <b><i>Current Location</i></b> Senate Environmental Quality Hearing: April 15, 2015 @ 9:30 AM, Room 3191
<b><u>SB 321</u></b>	Beall (D - San Jose)	Motor Vehicle Fuel Taxes: Rate Adjustments	Requires the State Board of Equalization to adjust the rate in a manner as to generate an amount of revenue equal to the average amount of revenue loss attributable to a certain exemption over the next five fiscal years, based on estimates made by the board, and continue to take into account adjustments required by existing law to maintain revenue neutrality.	<b><i>Last Action</i></b> Referred to Committee March 5, 2015 <b><i>Current Location</i></b> Senate Governance & Finance Committee
<b><u>SB 348</u></b>	Galgiani (D - Stockton)	California Environmental Quality Act: Railroad Crossing	Amends an existing law which grants to the Public Utilities Commission the authority to regulate railroad crossings and exempts from the California Environmental Quality Act the closure of a railroad grade crossing by order of the PUC. Extends a repeal date.	<b><i>Last Action</i></b> Referred to Committee March 5, 2015 <b><i>Current Location</i></b> Senate Environment Quality Committee Hearing: April 15, 2015 @ 9:30 AM, Room 3191

<b>Bill #</b>	<b>Author</b>	<b>Title</b>	<b>Description</b>	<b>Status</b>
<b><u>SB 350</u></b>	De Leon (D - Los Angeles) & Leon (D - San Francisco)	Clean Energy & Pollution Reduction Act of 2015	States the intent of the Legislature for the purposes of the Renewables Portfolio Standard (RPS) program that the amount of electricity generated per year from eligible renewable energy resources be increased to an amount equal to at least 50% by a specified date to require the Public Utilities Commission to establish the quantity of electricity products from eligible renewable energy resources be procured by each retail seller for specified compliance periods.	<i>Last Action</i> Referred to Committees March 5, 2015 <i>Current Location</i> Referred to Senate Energy, Utilities and Communications & Environmental Quality Committees
<b><u>SB 491</u></b>	Beall (D - San Jose)	Transportation: Omnibus Bill	Relates to a public meeting requirement to adopt criteria for spending vehicle registration funds for air quality projects. Relates to enrolling a driver in the pull notice system. Prohibits driving a commercial motor vehicle with specified experience, training, or both. Extends, in specified counties, the requirement for proof of financial responsibility to register a vehicle. Relates to protected bikeways. Updates federal transportation programming documents. Relates to project projection dates.	<i>Last Action</i> Referred to Committee March 12, 2015 <i>Current Location</i> Senate Transportation and Housing Committee
<b><u>SB 508</u></b>	Beall (D - San Jose)	Transportation Operations: Financial Requirements	Deletes the requirement that transit operators maintain higher farebox requirements based on a specified fiscal year. Exempts additional expenditures categories from operating costs. Reduces the public transit operator's operating allocation by a specified percentage, based on the percentage amount that the operator failed to meet the efficiency standards. Excludes certain health coverage and pension costs from the definition of operating costs used to calculate compliance with the efficiency standards.	<i>Last Action</i> Referred to Committee March 12, 2015 <i>Current Location</i> Senate Transportation & Housing Committee
<b><u>SB 513</u></b>	Beall (D - San Jose)	Carl Moyer Program Memorial Air Quality Standards Attainment Program	Amends existing law that establishes the Carl Moyer Memorial Air Quality Standards Attainment Program, which is administered by the State Air Resources Board, to provide grants to offset the incremental cost of eligible projects that reduce emissions of air pollutants from vehicular sources in the state and for funding a fueling infrastructure demonstration program and technology development efforts	<i>Last Action</i> Referred to Committee March 12, 2015 <i>Current Location</i> Senate Rules Committee
<b><u>SB 516</u></b>	Fuller (R - Bakersfield)	Transportation: Motorist Aid Services	Amends an existing law which authorizes a service authority to impose a fee on vehicles registered in the counties served by the authority. Requires that such moneys be used for service expenses associated with the implementation, maintenance, and operations of a motorist aid system. Authorizes the use of those moneys for traveler information systems, litter and debris removal, and Intelligent Transportation System architecture and infrastructure.	<i>Last Action</i> Referred to Committee March 12, 2015 <i>Current Location</i> Senate Transportation and Housing Committee

<b>Bill #</b>	<b>Author</b>	<b>Title</b>	<b>Description</b>	<b>Status</b>
<b><u>SB 564</u></b>	Cannella (R - Ceres)	Vehicles: School Zone Fines	Requires that an additional fine be imposed if a certain violation occurred when passing a school building or school grounds and the highway is posted with a standard warning sign and an accompanying sign notifying motorists that increased penalties apply for traffic violations that are committed within that school zone. Requires the funds from additional fines be deposited in the State Highway Account for funding school zone safety projects within the Active Transportation Program.	<b><i>Last Action</i></b> Referred to Committee March 12, 2015 <b><i>Current Location</i></b> Senate Transportation and Housing Committee. Scheduled to be heard April 14, 2015 @ 1:30 PM, Room 4203
<b><u>SB 630</u></b>	Hancock (D - Oakland)	Public Contract Bidders: Cost Overruns	Prohibits a state agency or department from awarding a public works or purchase contract to a bidder or contractor without requesting information from the bidder or contractor about cost overruns on previous public works projects or purchase contracts awarded to that bidder or contractor.	<b><i>Last Action</i></b> Referred to Committee March 16, 2015 <b><i>Current Location</i></b> State Governmental Organization Committee. Scheduled to be heard April 14, 2015 @ 9:30 AM, Room 4203
<b><u>SB 698</u></b>	Cannella (R - Ceres)	Active Transportation Program: School Zone Safety	Relates to the Active Transportation Program to encourage increased use of active modes of transportation, such as biking and walking. Appropriates continuously an unspecified amount from the Greenhouse Gas Reduction Fund to the State Highway Account in the State Transportation fund for purposes of funding school zone safety projects within the Active Transportation Program.	<b><i>Last Action</i></b> Referred to Committees March 19, 2015 <b><i>Current Location</i></b> Senate Environmental Quality & Transportation and Housing Committees
<b><u>SB 747</u></b>	McGuire (D - Santa Rosa)	Airports: Financial Assistance: Grant Program	This bill would add a new statute creating a grant program that Department of Transportation would adopt and administer. It would fund an infrastructure project program, allow more than one airport to apply for a single grant and would also provide financial assistance to commercial air carriers and to underserved airports.	<b><i>Last Action</i></b> Referred to Committee March 19, 2015 <b><i>Current Location</i></b> Senate Transportation and Housing Committee
<b><u>SB 757</u></b>	Wieckowski (D - Fremont)	Transportation	States the intent of the Legislature to enact legislation to require the Alameda County Transportation Commission to explore the feasibility of a multimodal station in Fremont at a location that can be served both by trains of the Bay Area Rapid Transit system and the Altamont Commuter Express.	<b><i>Last Action</i></b> Referred to Committee March 19, 2015 <b><i>Current Location</i></b> Senate Rules Committee
<b><u>SB 767</u></b>	De Leon (D - Los Angeles)	Los Angeles County Metropolitan Transportation Authority	Authorizes the Los Angeles County Metropolitan Transportation Authority to impose an additional transportation transactions and use tax subject to various requirements, including the adoption of an expenditure plan and voter approval.	<b><i>Last Action</i></b> Referred to Committee March 19, 2015 <b><i>Current Location</i></b> Senate Transportation and Housing & Governance and Finance Committees

<b>Bill #</b>	<b>Author</b>	<b>Title</b>	<b>Description</b>	<b>Status</b>
<b><u>Trailer Bill</u></b> <b><u>402</u></b>	Department of Finance	Highway Tolling	Initial language posted on the Department of Finance website relating to statewide highway tolling policy, no policy or trailer bill identified.	<b><i>Last Action</i></b> February 16, 2015 Language posted on Department of Finance website
<b><u>Trailer Bill</u></b> <b><u>403</u></b>	Department of Finance	Relinquishment	Initial language posted on the Department of Finance website relating to statewide highway tolling policy, no policy or trailer bill identified.	<b><i>Last Action</i></b> February 16, 2015 Language posted on Department of Finance website
<b><u>USHR 309</u></b>	Huffman (D - CA)	Carbon Tax	This bill would amend the Internal Revenue Code of 1986 to provide for repealing the gas tax and establishing a carbon tax on highway fuels.	<b><i>Last Action</i></b> Referred to Committee January 16, 2015 <b><i>Current Location</i></b> House Subcommittee on <b>Energy and Power</b>
<b><u>USHR 679</u></b>	Blumenauer (D - OR)	Road Usage Charge Pilot Program Act of 2015	This bill would establish a Road Usage Charge Pilot Program to study mileage-based fee systems.	<b><i>Last Action</i></b> Referred to Committee February 6, 2015 <b><i>Current Location</i></b> House Subcommittee on <b>Energy and Power</b>

**ASSEMBLY BILL****No. 4**

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**Introduced by Assembly Member Linder**December 1, 2014

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An act to add and repeal Section 9400.5 of the Vehicle Code, relating to transportation.

## LEGISLATIVE COUNSEL'S DIGEST

AB 4, as introduced, Linder. Vehicle weight fees: transportation bond debt service.

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, until January 1, 2020, would prohibit weight fee revenues from being transferred from the State Highway Account to the Transportation Debt Service Fund, the Transportation Bond Direct Payment Account, or

AB 4

— 2 —

any other fund or account for the purpose of payment of the debt service on transportation general obligation bonds, and would also prohibit loans of weight fee revenues to the General Fund.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

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

1 SECTION 1. Section 9400.5 is added to the Vehicle Code, to  
2 read:

3 9400.5. (a) Notwithstanding Sections 9400.1, 9400.4, and  
4 42205 of this code, Sections 16773 and 16965 of the Government  
5 Code, Section 2103 of the Streets and Highways Code, or any  
6 other law, weight fee revenues shall not be transferred from the  
7 State Highway Account to the Transportation Debt Service Fund,  
8 the Transportation Bond Direct Payment Account, or any other  
9 fund or account for the purpose of payment of the debt service on  
10 transportation general obligation bonds, and shall not be loaned  
11 to the General Fund.

12 (b) This section shall remain in effect only until January 1, 2020,  
13 and as of that date is repealed, unless a later enacted statute, that  
14 is enacted before January 1, 2020, deletes or extends that date.

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**ASSEMBLY BILL****No. 194**

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**Introduced by Assembly Member Frazier**

January 28, 2015

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An act to amend Section 149.7 of, and to add Section 149.2 to, the Streets and Highways Code, relating to transportation.

## LEGISLATIVE COUNSEL'S DIGEST

AB 194, as introduced, Frazier. High-occupancy toll lanes.

Existing law provides that the Department of Transportation has full possession and control of the state highway system. Existing law authorizes the department to construct exclusive or preferential lanes for buses only or for buses and other high-occupancy vehicles.

Existing law authorizes a regional transportation agency, as defined, in cooperation with the department to apply to the California Transportation Commission to develop and operate high-occupancy toll (HOT) lanes, including administration and operation of a value-pricing program and exclusive or preferential lane facilities for public transit, consistent with established standards, requirements, and limitations that apply to specified facilities. Existing law limits the number of approved facilities to not more than 4, 2 in northern California and 2 in southern California, and provides that no applications may be approved on or after January 1, 2012.

This bill would delete the requirement that the above-described facilities be consistent with the established standards, requirements, and limitations that apply to specified facilities and would instead require the commission to establish guidelines for the development and operation of the facilities approved by the commission on or after January 1, 2016, subject to specified minimum requirements. The bill

would provide that these provisions do not authorize the conversion of any existing nontoll or nonuser-fee lanes into tolled or user-fee lanes, except that a high-occupancy vehicle lane may be converted into a high-occupancy toll lane pursuant to its provisions. The bill would authorize a regional transportation agency to issue bonds, refunding bonds, or bond anticipation notes backed by revenues generated from the facilities. The bill would additionally authorize the Santa Clara Valley Transportation Authority to apply to the commission for purposes of the above-described provisions. The bill would remove the limitations on the number of approved facilities and would delete the January 1, 2012, deadline for HOT lane applications. The bill would provide that each application is subject to the review and approval of the commission and would require a regional transportation agency that applies to the commission to reimburse the commission for all of the commission's cost and expense incurred in processing the application. Before submitting an application to the commission, the bill would require a regional transportation agency to consult with a local transportation authority whose jurisdiction includes the facility that the regional transportation agency proposes to develop and operate pursuant to the above-described provisions.

This bill would additionally authorize the department to apply to the commission to develop and operate HOT lanes and associated facilities pursuant to similar provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

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

1 SECTION 1. Section 149.2 is added to the Streets and  
2 Highways Code, to read:  
3 149.2. (a) The department may apply to the commission to  
4 develop and operate high-occupancy toll lanes, including the  
5 administration and operation of a value pricing program and  
6 exclusive or preferential lane facilities for public transit.  
7 (b) Each application for the development and operation of the  
8 facilities described in subdivision (a) shall be subject to review  
9 and approval by the commission pursuant to eligibility criteria  
10 established by the commission. For each eligible application, the  
11 commission shall conduct at least one public hearing in northern  
12 California and one in southern California.

1 (c) The commission shall establish guidelines for the  
2 development and operation of facilities described in subdivision  
3 (a) and approved by the commission pursuant to this section,  
4 subject to the following minimum requirements:

5 (1) The department shall develop and operate the facilities in  
6 cooperation with regional transportation agencies, as applicable,  
7 and with the active participation of the Department of the California  
8 Highway Patrol.

9 (2) The department shall be responsible for establishing,  
10 collecting, and administering tolls.

11 (3) The department shall be responsible for paying for the  
12 maintenance of the facilities from net toll revenue.

13 (4) The revenue generated from the operation of the facilities  
14 shall be available to the department for the direct expenses related  
15 to the maintenance, administration, and operation of the facilities,  
16 including toll collection and enforcement.

17 (5) All remaining revenue generated by the facilities shall be  
18 used in the corridor from which the revenue was generated pursuant  
19 to an expenditure plan developed by the department and approved  
20 by the commission.

21 (6) This section shall not prevent any regional transportation  
22 agency or local agency from constructing facilities that compete  
23 with the facilities approved by the commission and the department  
24 shall not be entitled to compensation for the adverse effects on toll  
25 revenue due to those competing facilities.

26 (d) The department shall provide any information or data  
27 requested by the commission or the Legislative Analyst relating  
28 to a facility that the department develops or operates pursuant to  
29 this section. The commission, in cooperation with the Legislative  
30 Analyst, shall annually prepare a report on the progress of the  
31 development and operation of a facility authorized under this  
32 section. The commission may submit this report as a section in its  
33 annual report to the Legislature required pursuant to Section 14535  
34 of the Government Code.

35 (e) Nothing in this section shall authorize the conversion of any  
36 existing nontoll or nonuser-fee lanes into tolled or user-fee lanes,  
37 except that a high-occupancy vehicle lane may be converted into  
38 a high-occupancy toll lane.

39 SEC. 2. Section 149.7 of the Streets and Highways Code is  
40 amended to read:

1 149.7. (a) A regional transportation agency, as defined in  
2 ~~Section 143, subdivision (h)~~, in cooperation with the department,  
3 may apply to the commission to develop and operate  
4 high-occupancy toll lanes, including the administration and  
5 operation of a value pricing program and exclusive or preferential  
6 lane facilities for public transit, ~~consistent with the established~~  
7 ~~standards, requirements, and limitations that apply to those facilities~~  
8 ~~in Sections 149, 149.1, 149.3, 149.4, 149.5, and 149.6.~~ *transit.*

9 (b) ~~The commission shall review each~~ *Each* application for the  
10 development and operation of the facilities described in subdivision  
11 ~~(a) according~~ *shall be subject to review and approval by the*  
12 *commission pursuant to* eligibility criteria established by the  
13 commission. For each eligible application, the commission shall  
14 conduct at least one public hearing in northern California and one  
15 in southern California.

16 (c) *A regional transportation agency that applies to the*  
17 *commission to develop and operate facilities described in*  
18 *subdivision (a) shall reimburse the commission for all of the*  
19 *commission's costs and expenses incurred in processing the*  
20 *application.*

21 (e)

22 (d) ~~The number~~ *commission shall establish guidelines for the*  
23 *development and operation of facilities described in subdivision*  
24 *(a) and approved under by the commission on or after January 1,*  
25 *2016, pursuant to this section shall not exceed four, two in northern*  
26 ~~California and two in southern California.~~ *section, subject to the*  
27 *following minimum requirements:*

28 (1) *The regional transportation agency shall develop and*  
29 *operate the facilities in cooperation with the department, and the*  
30 *active participation of the Department of the California Highway*  
31 *Patrol, pursuant to an agreement that addresses all matters related*  
32 *to design, construction, maintenance, and operation of state*  
33 *highway system facilities in connection with the facilities.*

34 (2) *The regional transportation agency shall be responsible for*  
35 *establishing, collecting, and administering tolls.*

36 (3) *The regional transportation agency shall be responsible for*  
37 *paying for the maintenance of the facilities from net toll revenue,*  
38 *pursuant to an agreement between the department and the regional*  
39 *transportation agency.*

1     (4) *The revenue generated from the operation of the facilities*  
2 *shall be available to the regional transportation agency for the*  
3 *direct expenses related to the maintenance, administration, and*  
4 *operation of the facilities, including toll collection and*  
5 *enforcement.*

6     (5) *All remaining revenue generated by the facilities shall be*  
7 *used in the corridor from which the revenue was generated*  
8 *pursuant to an expenditure plan adopted by the regional*  
9 *transportation agency.*

10    (6) *This section shall not prevent the department or any local*  
11 *agency from constructing facilities that compete with the facilities*  
12 *approved by the commission and the regional transportation*  
13 *agency shall not be entitled to compensation for the adverse effects*  
14 *on toll revenue due to those competing facilities.*

15    ~~(d)~~

16    (e) A regional transportation agency that develops or operates  
17 a facility, or facilities, described in subdivision (a) shall provide  
18 any information or data requested by the commission or the  
19 Legislative Analyst. The commission, in cooperation with the  
20 Legislative Analyst, shall annually prepare a report on the progress  
21 of the development and operation of a facility authorized under  
22 this section. The commission may submit this report as a section  
23 in its annual report to the Legislature required pursuant to Section  
24 14535 of the Government Code.

25    (f) (1) *A regional transportation agency may issue bonds,*  
26 *refunding bonds, or bond anticipation notes, at any time, to finance*  
27 *construction of, and construction-related expenditures for, facilities*  
28 *approved pursuant to this section, and construction and*  
29 *construction-related expenditures that are included in the*  
30 *expenditure plan adopted pursuant to paragraph (5) of subdivision*  
31 *(d), payable solely from the revenues generated from the respective*  
32 *facilities.*

33    (2) *Any bond issued pursuant to this subdivision shall contain*  
34 *on its face a statement to the following effect:*

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36     *“Neither the full faith and credit nor the taxing power of the*  
37 *State of California is pledged to the payment of principal of, or*  
38 *the interest on, this bond.”*

39

- 1 (g) Before submitting an application pursuant to subdivision  
2 (a), a regional transportation agency shall consult with any local  
3 transportation authority designated pursuant to Division 12.5  
4 (commencing with Section 131000) or Division 19 (commencing  
5 with Section 180000) of the Public Utilities Code whose  
6 jurisdiction includes the facility that the regional transportation  
7 agency proposes to develop and operate.
- 8 (h) Notwithstanding Section 143, for purposes of this section,  
9 “regional transportation agency” means any of the following:
- 10 (1) A transportation planning agency described in Section 29532  
11 or 29532.1 of the Government Code.
- 12 (2) A county transportation commission established under  
13 Section 130050, 130050.1, or 130050.2 of the Public Utilities  
14 Code.
- 15 (3) Any other local or regional transportation entity that is  
16 designated by statute as a regional transportation agency.
- 17 (4) A joint exercise of powers authority established pursuant to  
18 Chapter 5 (commencing with Section 6500) of Division 7 of Title  
19 1 of the Government Code, with the consent of a transportation  
20 planning agency or a county transportation commission for the  
21 jurisdiction in which the transportation project will be developed.
- 22 (5) The Santa Clara Valley Transportation Authority established  
23 pursuant to Part 12 (commencing with Section 100000) of Division  
24 10 of the Public Utilities Code.
- 25 ~~(e) No applications may be approved under~~
- 26 (i) Nothing in this section ~~on~~ shall authorize the conversion of  
27 any existing nontoll or ~~after January 1, 2012~~ nonuser-fee lanes  
28 into tolled or user-fee lanes, except that a high-occupancy vehicle  
29 lane may be converted into a high-occupancy toll lane.

**ASSEMBLY BILL****No. 227**

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**Introduced by Assembly Member Alejo**February 3, 2015

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An act to amend Sections 16773, 16965.1, and 63048.67 of, to add Section 16321 to, and to repeal Section 16965 of, the Government Code, to amend Sections 143, 183.1, and 2103 of the Streets and Highways Code, and to amend Sections 9400.1 and 42205 of, and to repeal Section 9400.4 of, the Vehicle Code, relating to transportation, and making an appropriation therefor.

## LEGISLATIVE COUNSEL'S DIGEST

AB 227, as introduced, Alejo. Transportation funding.

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

This bill, with respect to any loans made to the General Fund from specified transportation funds and accounts with a repayment date of January 1, 2019, or later, would require the loans to be repaid by December 31, 2018.

(2) 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 would repeal these provisions, thereby retaining the weight fee revenues in the State Highway Account. The bill would make other conforming changes in that regard.

(3) Existing law provides for the deposit of fuel excise tax revenues imposed by the state on fuels used in motor vehicles upon public streets and highways in the Highway Users Tax Account, and appropriates those revenues to various purposes. Existing law, with respect to the portion of these revenues that is derived from increases in the motor vehicle fuel excise tax in 2010, requires an allocation of revenues to reimburse the State Highway Account for the amount of weight fee revenues that the State Highway Account is not receiving due to use of weight fee revenues to pay debt service on transportation general obligation bonds and to make certain loans to the General Fund, with the remaining amount of this portion of revenues allocated 44% to the State Transportation Improvement Program, 12% to the State Highway Operation and Protection Program, and 44% to city and county streets and roads.

This bill would delete the provisions relating to the reimbursement of the State Highway Account for weight fee revenues and relating to the making of loans to the General Fund, thereby providing for the portion of fuel excise tax revenues that is derived from increases in the motor vehicle fuel excise tax in 2010 to be allocated 44% to the State Transportation Improvement Program, 12% to the State Highway Operation and Protection Program, and 44% to city and county streets and roads. The bill would thereby make an appropriation.

(4) Existing law requires certain 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 continuously appropriates these funds for payment of current year debt service on certain mass transportation bonds.

This bill would delete the requirement to transfer these revenues to the Transportation Debt Service Fund, thereby providing for these

revenues to be used for any transportation purpose authorized by statute, upon appropriation by the Legislature.

(5) Existing law authorizes the Department of Transportation and regional transportation agencies, as defined, to enter into comprehensive development lease agreements with public and private entities, or consortia of those entities, for certain transportation projects that may charge certain users of those projects tolls and user fees, subject to various terms and requirements. These arrangements are commonly known as public-private partnerships. Existing law provides that a lease agreement may not be entered into under these provisions on or after January 1, 2017.

This bill would delete that date, thereby providing for no lease agreements to be entered into under these provisions after an unspecified date.

Vote: majority. 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 16321 is added to the Government Code,  
2 to read:

3 16321. Notwithstanding any other provision of law, loans of  
4 revenues to the General Fund from the State Highway Account,  
5 the Public Transportation Account, the Bicycle Transportation  
6 Account, the Motor Vehicle Fuel Account, the Highway Users  
7 Tax Account, the Pedestrian Safety Account, the Transportation  
8 Investment Fund, the Traffic Congestion Relief Fund, the Motor  
9 Vehicle Account, and the Local Airport Loan Account shall be  
10 repaid, on or before December 31, 2018, to the account or fund  
11 from which the loan was made. This section shall apply to all loans  
12 that otherwise have a repayment date of January 1, 2019, or later.

13 SEC. 2. Section 16773 of the Government Code is amended  
14 to read:

15 16773. (a) Whenever any payment of principal of any bonds  
16 shall become due, either upon the maturity of any of the bonds or  
17 upon the redemption thereof prior to maturity, and whenever any  
18 interest on any of the bonds shall fall due, warrants shall be drawn  
19 against the appropriation made by the bond act from the General  
20 Fund by the Controller in favor of the Treasurer, or state fiscal

1 agents, or other duly authorized agents, pursuant to claims filed  
2 with the Controller by the Treasurer, in the amounts so falling due.

3 (b) For any payments of debt service, as defined in subdivision  
4 (c) of Section 998.404 of the Military and Veterans Code, with  
5 respect to any bonds issued pursuant to a veterans' farm and home  
6 purchase bond act adopted pursuant to Chapter 6 (commencing  
7 with Section 980) of Division 4 of the Military and Veterans Code,  
8 the Controller shall first draw warrants against the appropriation  
9 from the Veterans' Bonds Payment Fund in Section 988.6 of the  
10 Military and Veterans Code, and, to the extent moneys in that fund  
11 are insufficient to pay the amount of debt service then due, shall  
12 draw warrants against the appropriation made by the bond act from  
13 the General Fund for payment of any remaining amount then due.

14 ~~(e) (1) For any payments of debt service, as defined in~~  
15 ~~paragraph (4) of subdivision (a) of Section 16965, with respect to~~  
16 ~~any designated bonds issued pursuant to Proposition 1B, the~~  
17 ~~Controller shall first draw warrants against the appropriation from~~  
18 ~~the Transportation Bond Direct Payment Account of the~~  
19 ~~Transportation Debt Service Fund created by subdivision (a) of~~  
20 ~~Section 16965, and, to the extent moneys in that account are~~  
21 ~~insufficient to pay the amount of debt service then due, shall draw~~  
22 ~~warrants from the General Fund for payment of any remaining~~  
23 ~~amount then due against such appropriation as may be available~~  
24 ~~therefor, including the appropriation made by Proposition 1B.~~

25 ~~(2) (A) For purposes of this subdivision and Section 16965,~~  
26 ~~“Proposition 1B” means the Highway Safety, Traffic Reduction,~~  
27 ~~Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49~~  
28 ~~(commencing with Section 8879.20) of Division 1).~~

29 ~~(B) For purposes of this subdivision, Section 16965, and Section~~  
30 ~~9400.4 of the Vehicle Code, the term “designated bond” means~~  
31 ~~any designated bond under Proposition 1B, and the term~~  
32 ~~“nondesignated bond” means any bond issued under Proposition~~  
33 ~~1B, whether issued before or after the enactment of the act adding~~  
34 ~~this subdivision, that is not a designated bond. For purposes of this~~  
35 ~~subdivision, a “designated bond” is an issue of bonds (including~~  
36 ~~refunding bonds) under Proposition 1B that has been designated~~  
37 ~~by the Treasurer upon or prior to its issuance, with the approval~~  
38 ~~of the related finance committee, to be paid pursuant to paragraph~~  
39 ~~(1).~~

40 SEC. 3. Section 16965 of the Government Code is repealed.

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

4 (A) Payment of debt service with respect to designated bonds,  
5 as defined in subdivision (e) of Section 16773, and as further  
6 provided in paragraph (3) and subdivision (b).

7 (B) To reimburse the General Fund for debt service with respect  
8 to bonds:

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

11 (2) The bonds eligible under subparagraph (B) or (C) of  
12 paragraph (1) include issued pursuant to the Clean Air and  
13 Transportation Improvement Act of 1990 (Part 11.5 (commencing  
14 with Section 99600) of Division 10 of the Public Utilities Code),  
15 the Passenger Rail and Clean Air Bond Act of 1990 (Chapter 17  
16 (commencing with Section 2701) of Division 3 of the Streets and  
17 Highways Code), the Seismic Retrofit Bond Act of 1996 (Chapter  
18 12.48 (commencing with Section 8879) of Division 1 of Title 2),  
19 and the Safe, Reliable High-Speed Passenger Train Bond Act for  
20 the 21st Century (Chapter 20 (commencing with Section 2704) of  
21 Division 3 of the Streets and Highways Code), and nondesignated  
22 bonds under Proposition 1B, as defined in subdivision (e) of  
23 Section 16773.

24 (3) (A) The Transportation Bond Direct Payment Account is  
25 hereby created in the State Treasury, as a subaccount within the  
26 Transportation Debt Service Fund, for the purpose of directly  
27 paying the debt service, as defined in paragraph (4), of designated  
28 bonds of Proposition 1B, as defined in subdivision (e) of Section  
29 16773. Notwithstanding Section 13340, moneys in the  
30 Transportation Bond Direct Payment Account are continuously  
31 appropriated for payment of debt service with respect to designated  
32 bonds as provided in subdivision (e) of Section 16773. So long as  
33 any designated bonds remain outstanding, the moneys in the  
34 Transportation Bond Direct Payment Account may not be used  
35 for any other purpose, and may not be borrowed by or available  
36 for transfer to the General Fund pursuant to Section 16310 or any  
37 similar law, or to the General Cash Revolving Fund pursuant to  
38 Section 16381 or any similar law.

39 (B) Once the Treasurer makes a certification that payment of  
40 debt service with respect to all designated bonds has been paid or

1 provided for, any remaining moneys in the Transportation Bond  
2 Direct Payment Account shall be transferred back to the  
3 Transportation Debt Service Fund.

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

7 (D) The Controller may establish subaccounts within the  
8 Transportation Bond Direct Payment Account as may be required  
9 by the resolution, indenture, or other documents governing any  
10 designated bonds.

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

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

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

19 (C) Amounts payable under any contractual obligation of the  
20 state to repay advances and pay interest thereon under a credit  
21 enhancement or liquidity agreement as described in clause (iv) of  
22 subparagraph (B) of paragraph (1) of subdivision (d) of Section  
23 16731.

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

28 (b) From the moneys transferred to the fund pursuant to  
29 paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the  
30 Vehicle Code, there shall first be deposited into the Transportation  
31 Bond Direct Payment Account in each month sufficient funds to  
32 equal the amount designated in a certificate submitted by the  
33 Treasurer to the Controller and the Director of Finance at the start  
34 of each fiscal year, and as may be modified by the Treasurer  
35 thereafter upon issuance of any new issue of designated bonds or  
36 upon change in circumstances that requires such a modification.  
37 This certificate shall be calculated by the Treasurer to identify, for  
38 each month, the amount necessary to fund all of the debt service  
39 with respect to all designated bonds. This calculation shall be done  
40 in a manner provided in the resolution, indenture, or other

1 documents governing the designated bonds. In the event that  
2 transfers to the Transportation Bond Direct Payment Account in  
3 any month are less than the amounts required in the Treasurer's  
4 certificate, the shortfall shall carry over to be part of the required  
5 payment in the succeeding month or months.

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

25 ~~(d) Once the required monthly deposit, including makeup of~~  
26 ~~any shortfalls from any prior month, has been made pursuant to~~  
27 ~~subdivision (b), from moneys transferred to the fund pursuant to~~  
28 ~~paragraph (2) or (3) of subdivision (e) of Section 9400.4 of the~~  
29 ~~Vehicle Code, or pursuant to Section 16965.1 or 63048.67, the~~  
30 ~~Controller shall transfer as an expenditure reduction to the General~~  
31 ~~Fund any amount necessary to offset the cost of current year debt~~  
32 ~~service payments made from the General Fund with respect to any~~  
33 ~~bonds issued pursuant to Proposition 192 (1996) and three-quarters~~  
34 ~~of the amount of current year debt service payments made from~~  
35 ~~the General Fund with respect to any nondesignated bonds, as~~  
36 ~~defined in subdivision (e) of Section 16773, issued pursuant to~~  
37 ~~Proposition 1B (2006). In the alternative, these funds may also be~~  
38 ~~used to redeem or retire the applicable bonds, pursuant to Section~~  
39 ~~16774, maturing in a subsequent fiscal year as directed by the~~  
40 ~~Director of Finance.~~

1 ~~(e) From moneys transferred to the fund pursuant to Section~~  
2 ~~183.1 of the Streets and Highways Code, the Controller shall~~  
3 ~~transfer as an expenditure reduction to the General Fund any~~  
4 ~~amount necessary to offset the cost of current year debt service~~  
5 ~~payments made from the General Fund with respect to any bonds~~  
6 ~~issued pursuant to Proposition 116 (1990). In the alternative, these~~  
7 ~~funds may also be used to redeem or retire the applicable bonds,~~  
8 ~~pursuant to Section 16774, maturing in a subsequent fiscal year~~  
9 ~~as directed by the Director of Finance.~~

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

33 ~~(g) On or before the second business day following the date on~~  
34 ~~which transfers are made to the Transportation Debt Service Fund,~~  
35 ~~and after the required monthly deposits for that month, including~~  
36 ~~makeup of any shortfalls from any prior month, have been made~~  
37 ~~to the Transportation Bond Direct Payment Account, the Controller~~  
38 ~~shall transfer the funds designated for reimbursement of bond debt~~  
39 ~~service with respect to nondesignated bonds, as defined in~~  
40 ~~subdivision (e) of Section 16773, and other bonds identified in~~

1 subdivisions (d), (e), and (f) in that month from the fund to the  
2 General Fund pursuant to this section:

3 SEC. 4. Section 16965.1 of the Government Code is amended  
4 to read:

5 16965.1. (a) (1) The loan repayment dates relative to State  
6 Highway Account loans to the General Fund that are specified in  
7 the provisional language of the following Budget Act items are  
8 hereby eliminated, and the Director of Finance may repay any  
9 remaining portion of the outstanding balance of these loans in any  
10 year in which the director determines the funds are needed to  
11 reimburse the General Fund for debt service or to redeem or defease  
12 bonds maturing in a subsequent fiscal year, provided that the loans  
13 shall be repaid no later than ~~June 30, 2024~~: *December 31, 2018*:

14 (A) Item 2660-011-0042 of Section 2.00 of the Budget Act of  
15 2010 (SB 870, Chapter 712 of the Statutes of 2010).

16 (B) Item 2660-013-0042 of Section 2.00 of the Budget Act of  
17 2010, as added by Section 6 of SB 84 (Chapter 13 of the Statutes  
18 of 2011).

19 (C) Item 2660-013-0042 of Section 2.00 of the Budget Act of  
20 2011, as contained in SB 69 of the 2011–12 Regular Session, if  
21 that provision is enacted.

22 (2) All funds loaned pursuant to the provisions referenced in  
23 subparagraphs (A), (B), and (C) of paragraph (1) are hereby  
24 determined to have been from weight fee revenues in the State  
25 Highway Account fund balance. ~~Upon repayment of those loans  
26 to the State Highway Account, those funds shall be immediately  
27 transferred by the Controller to the Transportation Debt Service  
28 Fund for use pursuant to Section 16965.~~

29 (b) The loan repayment date relative to the Public Transportation  
30 Account that is specified in the provisional language in Item  
31 2660-011-0046 of Section 2.00 of the Budget Act of 2010 (SB  
32 870, Chapter 712 of the Statutes of 2010), is hereby eliminated,  
33 and the loan pursuant to this item shall instead be repaid by ~~June  
34 30, 2024~~: *December 31, 2018*.

35 SEC. 5. Section 63048.67 of the Government Code is amended  
36 to read:

37 63048.67. The loans made from the State Highway Account  
38 through the Traffic Congestion Relief Fund to the General Fund  
39 that are referenced in clause (i) of subparagraph (A) of paragraph  
40 (1) of subdivision (c) of Section 63048.65 are hereby determined

1 to have been from weight fee revenues in the State Highway  
 2 Account fund balance. ~~Any repayments made to the State Highway~~  
 3 ~~Account pursuant to subdivision (c) of Section 63048.65, upon~~  
 4 ~~transfer of those funds to the State Highway Account, shall be~~  
 5 ~~immediately transferred by the Controller from the State Highway~~  
 6 ~~Account to the Transportation Debt Service Fund for use pursuant~~  
 7 ~~to Section 16965.~~

8 SEC. 6. Section 143 of the Streets and Highways Code is  
 9 amended to read:

10 143. (a) (1) “Best value” means a value determined by  
 11 objective criteria, including, but not limited to, price, features,  
 12 functions, life-cycle costs, and other criteria deemed appropriate  
 13 by the department or the regional transportation agency.

14 (2) “Contracting entity or lessee” means a public or private  
 15 entity, or consortia thereof, that has entered into a comprehensive  
 16 development lease agreement with the department or a regional  
 17 transportation agency for a transportation project pursuant to this  
 18 section.

19 (3) “Design-build” means a procurement process in which both  
 20 the design and construction of a project are procured from a single  
 21 entity.

22 (4) “Regional transportation agency” means any of the  
 23 following:

24 (A) A transportation planning agency as defined in Section  
 25 29532 or 29532.1 of the Government Code.

26 (B) A county transportation commission as defined in Section  
 27 130050, 130050.1, or 130050.2 of the Public Utilities Code.

28 (C) Any other local or regional transportation entity that is  
 29 designated by statute as a regional transportation agency.

30 (D) A joint exercise of powers authority as defined in Chapter  
 31 5 (commencing with Section 6500) of Division 7 of Title 1 of the  
 32 Government Code, with the consent of a transportation planning  
 33 agency or a county transportation commission for the jurisdiction  
 34 in which the transportation project will be developed.

35 (5) “Public Infrastructure Advisory Commission” means a unit  
 36 or auxiliary organization established by the ~~Business,~~  
 37 ~~Transportation and Housing~~ Agency that advises the department  
 38 and regional transportation agencies in developing transportation  
 39 projects through performance-based infrastructure partnerships.

1 (6) “Transportation project” means one or more of the following:  
2 planning, design, development, finance, construction,  
3 reconstruction, rehabilitation, improvement, acquisition, lease,  
4 operation, or maintenance of highway, public street, rail, or related  
5 facilities supplemental to existing facilities currently owned and  
6 operated by the department or regional transportation agencies  
7 that is consistent with the requirements of subdivision (c).

8 (b) (1) The Public Infrastructure Advisory Commission shall  
9 do all of the following:

10 (A) Identify transportation project opportunities throughout the  
11 state.

12 (B) Research and document similar transportation projects  
13 throughout the state, nationally, and internationally, and further  
14 identify and evaluate lessons learned from these projects.

15 (C) Assemble and make available to the department or regional  
16 transportation agencies a library of information, precedent,  
17 research, and analysis concerning infrastructure partnerships and  
18 related types of public-private transactions for public infrastructure.

19 (D) Advise the department and regional transportation agencies,  
20 upon request, regarding infrastructure partnership suitability and  
21 best practices.

22 (E) Provide, upon request, procurement-related services to the  
23 department and regional transportation agencies for infrastructure  
24 partnership.

25 (2) The Public Infrastructure Advisory Commission may charge  
26 a fee to the department and regional transportation agencies for  
27 the services described in subparagraphs (D) and (E) of paragraph  
28 (1), the details of which shall be articulated in an agreement entered  
29 into between the Public Infrastructure Advisory Commission and  
30 the department or the regional transportation agency.

31 (c) (1) Notwithstanding any other provision of law, only the  
32 department, in cooperation with regional transportation agencies,  
33 and regional transportation agencies, may solicit proposals, accept  
34 unsolicited proposals, negotiate, and enter into comprehensive  
35 development lease agreements with public or private entities, or  
36 consortia thereof, for transportation projects.

37 (2) Projects proposed pursuant to this section and associated  
38 lease agreements shall be submitted to the California Transportation  
39 Commission. The commission, at a regularly scheduled public  
40 hearing, shall select the candidate projects from projects nominated

1 by the department or a regional transportation agency after  
2 reviewing the nominations for consistency with paragraphs (3)  
3 and (4). Approved projects may proceed with the process described  
4 in paragraph (5).

5 (3) The projects authorized pursuant to this section shall be  
6 primarily designed to achieve the following performance  
7 objectives:

8 (A) Improve mobility by improving travel times or reducing  
9 the number of vehicle hours of delay in the affected corridor.

10 (B) Improve the operation or safety of the affected corridor.

11 (C) Provide quantifiable air quality benefits for the region in  
12 which the project is located.

13 (4) In addition to meeting the requirements of paragraph (3),  
14 the projects authorized pursuant to this section shall address a  
15 known forecast demand, as determined by the department or  
16 regional transportation agency.

17 (5) At least 60 days prior to executing a final lease agreement  
18 authorized pursuant to this section, the department or regional  
19 transportation agency shall submit the agreement to the Legislature  
20 and the Public Infrastructure Advisory Commission for review.  
21 Prior to submitting a lease agreement to the Legislature and the  
22 Public Infrastructure Advisory Commission, the department or  
23 regional transportation agency shall conduct at least one public  
24 hearing at a location at or near the proposed facility for purposes  
25 of receiving public comment on the lease agreement. Public  
26 comments made during this hearing shall be submitted to the  
27 Legislature and the Public Infrastructure Advisory Commission  
28 with the lease agreement. The Secretary of ~~Business, Transportation~~  
29 ~~and Housing~~ *Transportation* or the chairperson of the Senate or  
30 Assembly fiscal committees or policy committees with jurisdiction  
31 over transportation matters may, by written notification to the  
32 department or regional transportation agency, provide any  
33 comments about the proposed agreement within the 60-day period  
34 prior to the execution of the final agreement. The department or  
35 regional transportation agency shall consider those comments prior  
36 to executing a final agreement and shall retain the discretion for  
37 executing the final lease agreement.

38 (d) For the purpose of facilitating those projects, the agreements  
39 between the parties may include provisions for the lease of  
40 rights-of-way in, and airspace over or under, highways, public

1 streets, rail, or related facilities for the granting of necessary  
2 easements, and for the issuance of permits or other authorizations  
3 to enable the construction of transportation projects. Facilities  
4 subject to an agreement under this section shall, at all times, be  
5 owned by the department or the regional transportation agency,  
6 as appropriate. For department projects, the commission shall  
7 certify the department's determination of the useful life of the  
8 project in establishing the lease agreement terms. In consideration  
9 therefor, the agreement shall provide for complete reversion of the  
10 leased facility, together with the right to collect tolls and user fees,  
11 to the department or regional transportation agency, at the  
12 expiration of the lease at no charge to the department or regional  
13 transportation agency. At the time of the reversion, the facility  
14 shall be delivered to the department or regional transportation  
15 agency, as applicable, in a condition that meets the performance  
16 and maintenance standards established by the department or  
17 regional transportation agency and that is free of any encumbrance,  
18 lien, or other claims.

19 (e) Agreements between the department or regional  
20 transportation agency and the contracting entity or lessee shall  
21 authorize the contracting entity or lessee to use a design-build  
22 method of procurement for transportation projects, subject to the  
23 requirements for utilizing such a method contained in Chapter 6.5  
24 (commencing with Section ~~6800~~ 6820) of Part 1 of Division 2 of  
25 the Public Contract Code, other than Sections ~~6802, 6803, 6821~~  
26 and ~~6813~~ 6822 of that code, if those provisions are enacted by the  
27 Legislature during the ~~2009-10 Regular Session, or a 2009-10~~  
28 ~~extraordinary session.~~ *code.*

29 (f) (1) (A) Notwithstanding any other provision of this chapter,  
30 for projects on the state highway system, the department is the  
31 responsible agency for the performance of project development  
32 services, including performance specifications, preliminary  
33 engineering, prebid services, the preparation of project reports and  
34 environmental documents, and construction inspection services.  
35 The department is also the responsible agency for the preparation  
36 of documents that may include, but need not be limited to, the size,  
37 type, and desired design character of the project, performance  
38 specifications covering the quality of materials, equipment, and  
39 workmanship, preliminary plans, and any other information deemed

1 necessary to describe adequately the needs of the department or  
2 regional transportation agency.

3 (B) The department may use department employees or  
4 consultants to perform the services described in subparagraph (A),  
5 consistent with Article XXII of the California Constitution.  
6 Department resources, including personnel requirements, necessary  
7 for the performance of those services shall be included in the  
8 department's capital outlay support program for workload purposes  
9 in the annual Budget Act.

10 (2) The department or a regional transportation agency may  
11 exercise any power possessed by it with respect to transportation  
12 projects to facilitate the transportation projects pursuant to this  
13 section. The department, regional transportation agency, and other  
14 state or local agencies may provide services to the contracting  
15 entity or lessee for which the public entity is reimbursed, including,  
16 but not limited to, planning, environmental planning, environmental  
17 certification, environmental review, preliminary design, design,  
18 right-of-way acquisition, construction, maintenance, and policing  
19 of these transportation projects. The department or regional  
20 transportation agency, as applicable, shall regularly inspect the  
21 facility and require the contracting entity or lessee to maintain and  
22 operate the facility according to adopted standards. Except as may  
23 otherwise be set forth in the lease agreement, the contracting entity  
24 or lessee shall be responsible for all costs due to development,  
25 maintenance, repair, rehabilitation, and reconstruction, and  
26 operating costs.

27 (g) (1) In selecting private entities with which to enter into  
28 these agreements, notwithstanding any other provision of law, the  
29 department and regional transportation agencies may utilize, but  
30 are not limited to utilizing, one or more of the following  
31 procurement approaches:

32 (A) Solicitations of proposals for defined projects and calls for  
33 project proposals within defined parameters.

34 (B) Prequalification and short-listing of proposers prior to final  
35 evaluation of proposals.

36 (C) Final evaluation of proposals based on qualifications and  
37 best value. The California Transportation Commission shall  
38 develop and adopt criteria for making that evaluation prior to  
39 evaluation of a proposal.

40 (D) Negotiations with proposers prior to award.

1 (E) Acceptance of unsolicited proposals, with issuance of  
2 requests for competing proposals. Neither the department nor a  
3 regional transportation agency may award a contract to an  
4 unsolicited bidder without receiving at least one other responsible  
5 bid.

6 (2) When evaluating a proposal submitted by the contracting  
7 entity or lessee, the department or the regional transportation  
8 agency may award a contract on the basis of the lowest bid or best  
9 value.

10 (h) The contracting entity or lessee shall have the following  
11 qualifications:

12 (1) Evidence that the members of the contracting entity or lessee  
13 have completed, or have demonstrated the experience, competency,  
14 capability, and capacity to complete, a project of similar size,  
15 scope, or complexity, and that proposed key personnel have  
16 sufficient experience and training to competently manage and  
17 complete the design and construction of the project, and a financial  
18 statement that ensures that the contracting entity or lessee has the  
19 capacity to complete the project.

20 (2) The licenses, registration, and credentials required to design  
21 and construct the project, including, but not limited to, information  
22 on the revocation or suspension of any license, credential, or  
23 registration.

24 (3) Evidence that establishes that members of the contracting  
25 entity or lessee have the capacity to obtain all required payment  
26 and performance bonding, liability insurance, and errors and  
27 omissions insurance.

28 (4) Evidence that the contracting entity or lessee has workers'  
29 compensation experience, history, and a worker safety program  
30 of members of the contracting entity or lessee that is acceptable  
31 to the department or regional transportation agency.

32 (5) A full disclosure regarding all of the following with respect  
33 to each member of the contracting entity or lessee during the past  
34 five years:

35 (A) Any serious or willful violation of Part 1 (commencing with  
36 Section 6300) of Division 5 of the Labor Code or the federal  
37 Occupational Safety and Health Act of 1970 (~~P.L.~~ *Public Law*  
38 91-596).

1 (B) Any instance where members of the contracting entity or  
2 lessee were debarred, disqualified, or removed from a federal,  
3 state, or local government public works project.

4 (C) Any instance where members of the contracting entity or  
5 lessee, or its owners, officers, or managing employees submitted  
6 a bid on a public works project and were found to be nonresponsive  
7 or were found by an awarding body not to be a responsible bidder.

8 (D) Any instance where members of the contracting entity or  
9 lessee, or its owners, officers, or managing employees defaulted  
10 on a construction contract.

11 (E) Any violations of the Contractors' State License Law  
12 (Chapter 9 (commencing with Section 7000) of Division 3 of the  
13 Business and Professions Code), including, but not limited to,  
14 alleged violations of federal or state law regarding the payment of  
15 wages, benefits, apprenticeship requirements, or personal income  
16 tax withholding, or Federal Insurance Contributions Act (FICA)  
17 withholding requirements.

18 (F) Any bankruptcy or receivership of any member of the  
19 contracting entity or lessee, including, but not limited to,  
20 information concerning any work completed by a surety.

21 (G) Any settled adverse claims, disputes, or lawsuits between  
22 the owner of a public works project and any member of the  
23 contracting entity or lessee during the five years preceding  
24 submission of a bid under this article, in which the claim,  
25 settlement, or judgment exceeds fifty thousand dollars (\$50,000).  
26 Information shall also be provided concerning any work completed  
27 by a surety during this five-year period.

28 (H) If the contracting entity or lessee is a partnership, joint  
29 venture, or an association that is not a legal entity, a copy of the  
30 agreement creating the partnership or association that specifies  
31 that all general partners, joint venturers, or association members  
32 agree to be fully liable for the performance under the agreement.

33 (i) No agreement entered into pursuant to this section shall  
34 infringe on the authority of the department or a regional  
35 transportation agency to develop, maintain, repair, rehabilitate,  
36 operate, or lease any transportation project. Lease agreements may  
37 provide for reasonable compensation to the contracting entity or  
38 lessee for the adverse effects on toll revenue or user fee revenue  
39 due to the development, operation, or lease of supplemental  
40 transportation projects with the exception of any of the following:

1 (1) Projects identified in regional transportation plans prepared  
2 pursuant to Section 65080 of the Government Code.

3 (2) Safety projects.

4 (3) Improvement projects that will result in incidental capacity  
5 increases.

6 (4) Additional high-occupancy vehicle lanes or the conversion  
7 of existing lanes to high-occupancy vehicle lanes.

8 (5) Projects located outside the boundaries of a public-private  
9 partnership project, to be defined by the lease agreement.

10 However, compensation to a contracting entity or lessee shall  
11 only be made after a demonstrable reduction in use of the facility  
12 resulting in reduced toll or user fee revenues, and may not exceed  
13 the difference between the reduction in those revenues and the  
14 amount necessary to cover the costs of debt service, including  
15 principal and interest on any debt incurred for the development,  
16 operation, maintenance, or rehabilitation of the facility.

17 (j) (1) Agreements entered into pursuant to this section shall  
18 authorize the contracting entity or lessee to impose tolls and user  
19 fees for use of a facility constructed by it, and shall require that  
20 over the term of the lease the toll revenues and user fees be applied  
21 to payment of the capital outlay costs for the project, the costs  
22 associated with operations, toll and user fee collection,  
23 administration of the facility, reimbursement to the department or  
24 other governmental entity for the costs of services to develop and  
25 maintain the project, police services, and a reasonable return on  
26 investment. The agreement shall require that, notwithstanding  
27 Sections 164, 188, and 188.1, any excess toll or user fee revenue  
28 either be applied to any indebtedness incurred by the contracting  
29 entity or lessee with respect to the project, improvements to the  
30 project, or be paid into the State Highway Account, or for all three  
31 purposes, except that any excess toll revenue under a lease  
32 agreement with a regional transportation agency may be paid to  
33 the regional transportation agency for use in improving public  
34 transportation in and near the project boundaries.

35 (2) Lease agreements shall establish specific toll or user fee  
36 rates. Any proposed increase in those rates not otherwise  
37 established or identified in the lease agreement during the term of  
38 the agreement shall first be approved by the department or regional  
39 transportation agency, as appropriate, after at least one public

1 hearing conducted at a location near the proposed or existing  
2 facility.

3 (3) The collection of tolls and user fees for the use of these  
4 facilities may be extended by the commission or regional  
5 transportation agency at the expiration of the lease agreement.  
6 However, those tolls or user fees shall not be used for any purpose  
7 other than for the improvement, continued operation, or  
8 maintenance of the facility.

9 (k) Agreements entered into pursuant to this section shall include  
10 indemnity, defense, and hold harmless provisions agreed to by the  
11 department or regional transportation agency and the contracting  
12 entity or lessee, including provisions for indemnifying the State  
13 of California or the regional transportation agency against any  
14 claims or losses resulting or accruing from the performance of the  
15 contracting entity or lessee.

16 (l) The plans and specifications for each transportation project  
17 on the state highway system developed, maintained, repaired,  
18 rehabilitated, reconstructed, or operated pursuant to this section  
19 shall comply with the department's standards for state  
20 transportation projects. The lease agreement shall include  
21 performance standards, including, but not limited to, levels of  
22 service. The agreement shall require facilities on the state highway  
23 system to meet all requirements for noise mitigation, landscaping,  
24 pollution control, and safety that otherwise would apply if the  
25 department were designing, building, and operating the facility.  
26 If a facility is on the state highway system, the facility leased  
27 pursuant to this section shall, during the term of the lease, be  
28 deemed to be a part of the state highway system for purposes of  
29 identification, maintenance, enforcement of traffic laws, and for  
30 the purposes of Division 3.6 (commencing with Section 810) of  
31 Title 1 of the Government Code.

32 (m) Failure to comply with the lease agreement in any significant  
33 manner shall constitute a default under the agreement and the  
34 department or the regional transportation agency, as appropriate,  
35 shall have the option to initiate processes to revert the facility to  
36 the public agency.

37 (n) The assignment authorized by subdivision (c) of Section  
38 130240 of the Public Utilities Code is consistent with this section.

39 (o) A lease to a private entity pursuant to this section is deemed  
40 to be public property for a public purpose and exempt from

1 leasehold, real property, and ad valorem taxation, except for the  
2 use, if any, of that property for ancillary commercial purposes.

3 (p) Nothing in this section is intended to infringe on the authority  
4 to develop high-occupancy toll lanes pursuant to Section 149.4,  
5 149.5, or 149.6.

6 (q) Nothing in this section shall be construed to allow the  
7 conversion of any existing nontoll or nonuser-fee lanes into tolled  
8 or user fee lanes with the exception of a high-occupancy vehicle  
9 lane that may be operated as a high-occupancy toll lane for vehicles  
10 not otherwise meeting the requirements for use of that lane.

11 (r) The lease agreement shall require the contracting entity or  
12 lessee to provide any information or data requested by the  
13 California Transportation Commission or the Legislative Analyst.  
14 The commission, in cooperation with the Legislative Analyst, shall  
15 annually prepare a report on the progress of each project and  
16 ultimately on the operation of the resulting facility. The report  
17 shall include, but not be limited to, a review of the performance  
18 standards, a financial analysis, and any concerns or  
19 recommendations for changes in the program authorized by this  
20 section.

21 (s) Notwithstanding any other provision of this section, no lease  
22 agreement may be entered into pursuant to the section that affects,  
23 alters, or supersedes the Memorandum of Understanding (MOU),  
24 dated November 26, 2008, entered into by the Golden Gate Bridge  
25 Highway and Transportation District, the Metropolitan  
26 Transportation Commission, and the San Francisco County  
27 Transportation Authority, relating to the financing of the U.S.  
28 Highway 101/Doyle Drive reconstruction project located in the  
29 City and County of San Francisco.

30 (t) No lease agreements may be entered into under this section  
31 on or after January 1, 2017 \_\_\_\_.

32 SEC. 7. Section 183.1 of the Streets and Highways Code is  
33 amended to read:

34 183.1. ~~(a)~~Notwithstanding subdivision (a) of Section 182 or  
35 any other provision of law, money deposited into the account that  
36 is not subject to Article XIX of the California Constitution,  
37 including, but not limited to, money that is derived from the sale  
38 of documents, charges for miscellaneous services to the public,  
39 condemnation deposits fund investments, rental of state property,  
40 or any other miscellaneous uses of property or money, may be

1 used for any transportation purpose authorized by statute, upon  
2 appropriation by the Legislature or, after transfer to another fund,  
3 upon appropriation by the Legislature from that fund.

4 ~~(b) Commencing with the 2013-14 fiscal year, and not later~~  
5 ~~than November 1 of each fiscal year thereafter, based on prior year~~  
6 ~~financial statements, the Controller shall transfer the funds~~  
7 ~~identified in subdivision (a) for the prior fiscal year from the State~~  
8 ~~Highway Account to the Transportation Debt Service Fund in the~~  
9 ~~State Transportation Fund, and those funds are continuously~~  
10 ~~appropriated for the purposes specified for the Transportation Debt~~  
11 ~~Service Fund.~~

12 SEC. 8. Section 2103 of the Streets and Highways Code is  
13 amended to read:

14 2103. (a) Notwithstanding Section 13340 of the Government  
15 Code, of the net revenues deposited to the credit of the Highway  
16 Users Tax Account that are derived from the increases in the rates  
17 of taxes that are imposed pursuant to subdivision (b) of Section  
18 7360 and Section 7361.1 of the Revenue and Taxation Code, all  
19 of the following shall occur on a monthly basis:

20 ~~(1) (A) By the 15th day of every month, the Treasurer's office,~~  
21 ~~in consultation with the Department of Finance, shall notify the~~  
22 ~~Controller of the amount of debt service that will be paid on each~~  
23 ~~transportation bond during that month.~~

24 ~~(B) Within two business days following the 28th day of each~~  
25 ~~month, the Controller shall transfer to the Transportation Debt~~  
26 ~~Service Fund an amount equal to the amount of monthly debt~~  
27 ~~service paid by the General Fund on any bonds issued pursuant to~~  
28 ~~the Seismic Retrofit Bond Act of 1996 (Chapter 12.48~~  
29 ~~(commencing with Section 8879) of Division 1 of Title 2 of the~~  
30 ~~Government Code) or any other bonds issued for highway or~~  
31 ~~eligible guideway projects consistent with the requirements~~  
32 ~~applicable to the expenditure of revenues under Article XIX of the~~  
33 ~~California Constitution as identified by the Department of Finance~~  
34 ~~pursuant to Section 16965 of the Government Code, and~~  
35 ~~three-quarters of the amount of monthly debt service paid on any~~  
36 ~~bonds issued pursuant to the Highway Safety, Traffic Reduction,~~  
37 ~~Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49~~  
38 ~~(commencing with Section 8879.20) of Division 1 of Title 2) for~~  
39 ~~reimbursement of the General Fund for these costs. If revenues~~  
40 ~~available pursuant to this subdivision in any given month are~~

1 insufficient to fully reimburse the General Fund for the debt service  
2 payments made, the first revenues available pursuant to this  
3 subdivision in the following month or months shall be transferred  
4 to the Transportation Debt Service Fund so that all debt service  
5 payments made on these bonds from the General Fund in a given  
6 fiscal year are fully reimbursed. However, no further transfers  
7 shall be made pursuant to this subparagraph once the transfers for  
8 the months of July to October, inclusive, in 2010 have been made.  
9 Any transfers made from the net revenues identified in this  
10 paragraph for highway and eligible guideway bond debt service  
11 for months after October 2010 shall be reversed and shall instead  
12 be made from weight fee revenues in the State Highway Account,  
13 as described in subparagraph (F).

14 (C) Beginning November 2, 2010, the Controller shall transfer  
15 to the State Highway Account within two business days following  
16 the 28th day of each month all of the monthly net revenues  
17 identified in subparagraph (B) that were designated for highway  
18 and eligible guideway bond debt service reimbursement but that  
19 have not been transferred, or that were transferred by means of a  
20 transfer that was reversed, pursuant to that subparagraph. To the  
21 extent the Controller has distributed any of those net revenues to  
22 cities and counties pursuant to subparagraph (C) of paragraph (3)  
23 between November 2, 2010, and March 24, 2011, the Controller  
24 shall subsequently reduce the amount transferred to cities and  
25 counties on a monthly basis pursuant to subparagraph (C) of  
26 paragraph (3) and shall instead transfer these funds to the State  
27 Highway Account until all of the revenues that would otherwise  
28 have been transferred to the State Highway Account on and after  
29 November 2, 2010, pursuant to this subparagraph have been so  
30 transferred. For the 2011-12 fiscal year, the Controller shall  
31 transfer to the State Highway Account within two business days  
32 following the 28th day of each month an amount equal to the  
33 weight fee revenues transferred to the Transportation Debt Service  
34 Fund pursuant to subdivision (b) of Section 9400.4 of the Vehicle  
35 Code, including forty-three million seven hundred thousand dollars  
36 (\$43,700,000) authorized pursuant to Item 2660-013-0042 of  
37 Section 2.00 of the Budget Act of 2011 and an amount equal to  
38 weight fee revenues transferred to the General Fund as a loan  
39 pursuant to subdivision (b) of Section 9400.4 of the Vehicle Code.  
40 To the extent the Controller has distributed any of those revenues

1 to cities and counties pursuant to subparagraph (C) of paragraph  
2 (3), the Controller shall subsequently reduce the amount transferred  
3 to cities and counties on a monthly basis pursuant to subparagraph  
4 (C) of paragraph (3) and instead transfer these funds to the State  
5 Highway Account until all of the revenues that would otherwise  
6 have been transferred to the State Highway Account in the 2011–12  
7 fiscal year pursuant to this subparagraph have been so transferred.

8 (D) Notwithstanding subparagraph (C), commencing with the  
9 2012–13 fiscal year and every fiscal year thereafter, the Controller  
10 shall transfer to the State Highway Account within two business  
11 days following the 28th day of each month an amount equal to the  
12 amount of weight fee revenues transferred to the Transportation  
13 Debt Service Fund for highway and eligible guideway bond debt  
14 service and to the General Fund as a loan pursuant to subdivision  
15 (e) of Section 9400.4 of the Vehicle Code.

16 (E) Beginning July 1, 2011, transfers made under subparagraphs  
17 (C) and (D) during a fiscal year shall not exceed the annual revenue  
18 generated from weight fees, as determined by Sections 9400.4 and  
19 42205 of the Vehicle Code, at the rates in effect as of March 24,  
20 2011, as determined by the Department of Finance.

21 (F) Any remaining amount of the highway or eligible guideway  
22 bond debt service reimbursement authorized by this paragraph that  
23 has not been made pursuant to subparagraph (B) on and after  
24 November 2, 2010, shall instead be made pursuant to subdivisions  
25 (a), (b), and (c) of Section 9400.4 of the Vehicle Code from  
26 revenues in the State Highway Account derived from weight fees  
27 deposited in the account pursuant to subdivision (e) of Section  
28 9400.1 and Section 42205 of the Vehicle Code.

29 (2) (A) In the 2010–11 fiscal year, after the monthly transfer  
30 made pursuant to paragraph (1), the sum of fifty-four million one  
31 hundred sixty-seven thousand dollars (\$54,167,000) per month  
32 shall be held in the account for future appropriation by the  
33 Legislature.

34 (B) Notwithstanding any other provision of law, with respect  
35 to the monthly net revenues described in subparagraph (A), no  
36 further transfers of these revenues for the purpose of loans to the  
37 General Fund shall be made pursuant to Item 2660-011-0062 of  
38 Section 2.00 of the Budget Act of 2010 once the loan transfers for  
39 the months of July to October, inclusive, in 2010 have been made.  
40 Notwithstanding the loan repayment date specified in the

1 provisional language for that item, the funds loaned shall be repaid  
2 by June 30, 2021. Any transfers made from the monthly net  
3 revenues in subparagraph (A) for months after October 2010 shall  
4 be reversed and shall instead be made from weight fee revenues  
5 in the State Highway Account, as described in subparagraph (D).  
6 The revenues from loan repayments shall be held in the Highway  
7 Users Tax Account for future appropriation by the Legislature.

8 (C) Beginning November 2, 2010, all of the monthly net  
9 revenues described in subparagraph (A) shall instead be transferred  
10 by the Controller to the State Highway Account within two  
11 business days following the 28th day of each month. To the extent  
12 that the Controller has distributed any of the revenues identified  
13 in this paragraph to cities and counties pursuant to subparagraph  
14 (C) of paragraph (3) between October 14, 2010, and March 24,  
15 2011, the Controller shall subsequently reduce the amount  
16 transferred to cities and counties on a monthly basis pursuant to  
17 subparagraph (C) of paragraph (3) and shall instead transfer these  
18 funds to the State Highway Account until all of the revenues that  
19 would have been transferred to the General Fund as a loan pursuant  
20 to Item 2660-011-0062 of Section 2.00 of the Budget Act of 2010  
21 on and after November 2, 2010, have instead been transferred to  
22 the State Highway Account.

23 (D) Any remaining amount of the loans to the General Fund  
24 authorized pursuant to Item 2660-011-0062 of Section 2.00 of the  
25 Budget Act of 2010 that has not been made pursuant to  
26 subparagraph (B) on and after November 2, 2010, shall instead be  
27 made pursuant to subdivisions (a), (b), and (c) of Section 9400.4  
28 of the Vehicle Code from revenues in the State Highway Account  
29 derived from weight fees deposited in the account pursuant to  
30 subdivision (c) of Section 9400.1 and Section 42205 of the Vehicle  
31 Code.

32 (3) The Controller shall transfer any remaining net revenues  
33 subject to this subdivision as follows:

34 (A)

35 (1) Forty-four percent shall be transferred by the Controller to  
36 the State Highway Account to fund projects in the State  
37 Transportation Improvement Program that are consistent with  
38 Section 12 of Article XIX of the California Constitution, except  
39 in the 2010-11 fiscal year, 50 percent shall be transferred for  
40 purposes of this subparagraph. *Constitution.*

1     ~~(B)~~

2     (2) Twelve percent shall be transferred to the State Highway  
3 Account to fund projects in the State Highway Operation and  
4 Protection Program, except in the 2010–11 fiscal year, no revenues  
5 shall be transferred for purposes of this subparagraph. *Program.*

6     ~~(C)~~

7     (3) Forty-four percent shall be apportioned by the Controller  
8 for local street and road purposes, except in the 2010–11 fiscal  
9 year, 50 percent shall be transferred for purposes of this  
10 subparagraph as follows:

11     ~~(i)~~

12     (A) Fifty percent shall be apportioned by the Controller to cities,  
13 including a city and county, in the proportion that the total  
14 population of the city bears to the total population of all the cities  
15 in the state.

16     ~~(ii)~~

17     (B) Fifty percent shall be apportioned by the Controller to  
18 counties, including a city and county, in accordance with the  
19 following formulas:

20     ~~(i)~~

21     (i) Seventy-five percent shall be apportioned among the counties  
22 in the proportion that the number of fee-paid and exempt vehicles  
23 that are registered in the county bear to the number of fee-paid and  
24 exempt vehicles registered in the state.

25     ~~(ii)~~

26     (ii) Twenty-five percent shall be apportioned among the counties  
27 in the proportion that the number of miles of maintained county  
28 roads in each county bear to the total number of miles of  
29 maintained county roads in the state. For the purposes of  
30 apportioning funds under this subparagraph, any roads within the  
31 boundaries of a city and county that are not state highways shall  
32 be deemed to be county roads.

33     (b) After the transfers or other actions pursuant to subdivision  
34 (a), at least 90 percent of the balance deposited to the credit of the  
35 Highway Users Tax Account in the Transportation Tax Fund by  
36 the 28th day of each month shall be apportioned or transferred, as  
37 applicable, by the Controller by the second working day thereafter,  
38 except for June, in which case the apportionment or transfer shall  
39 be made the same day. These apportionments or transfers shall be  
40 made as provided for in Sections 2104 to 2122, inclusive. If

1 information is not available to make the apportionment or transfer  
2 as required, the apportionment or transfer shall be made on the  
3 basis of the information of the previous month. Amounts not  
4 apportioned or transferred shall be included in the apportionment  
5 or transfer of the subsequent month.

6 (c) Notwithstanding any other law, the funds apportioned by  
7 the Controller to cities and counties pursuant to ~~subparagraph (C)~~  
8 of paragraph (3) of subdivision (a) are not subject to Section 7104  
9 or 7104.2 of the Revenue and Taxation Code. These funds may  
10 be expended for any street and road purpose consistent with the  
11 requirements of this chapter.

12 SEC. 9. Section 9400.1 of the Vehicle Code is amended to  
13 read:

14 9400.1. (a) (1) In addition to any other required fee, there  
15 shall be paid the fees set forth in this section for the registration  
16 of commercial motor vehicles operated either singly or in  
17 combination with a declared gross vehicle weight of 10,001 pounds  
18 or more. Pickup truck and electric vehicle weight fees are not  
19 calculated under this section.

20 (2) The weight of a vehicle issued an identification plate  
21 pursuant to an application under Section 5014, and the weight of  
22 an implement of husbandry as defined in Section 36000, shall not  
23 be considered when calculating, pursuant to this section, the  
24 declared gross vehicle weight of a towing commercial motor  
25 vehicle that is owned and operated exclusively by a farmer or an  
26 employee of a farmer in the conduct of agricultural operations.

27 (3) Tow trucks that are utilized to render assistance to the  
28 motoring public or to tow or carry impounded vehicles shall pay  
29 fees in accordance with this section, except that the fee calculation  
30 shall be based only on the gross vehicle weight rating of the towing  
31 or carrying vehicle. Upon each initial or transfer application for  
32 registration of a tow truck described in this paragraph, the  
33 registered owner or lessee or that owner's or lessee's designee,  
34 shall certify to the department the gross vehicle weight rating of  
35 the tow truck:

Gross Vehicle Weight Range	Fee
10,001–15,000 .....	\$ 257
15,001–20,000 .....	353
20,001–26,000 .....	435

1	26,001–30,000 .....	552
2	30,001–35,000 .....	648
3	35,001–40,000 .....	761
4	40,001–45,000 .....	837
5	45,001–50,000 .....	948
6	50,001–54,999 .....	1,039
7	55,000–60,000 .....	1,173
8	60,001–65,000 .....	1,282
9	65,001–70,000 .....	1,398
10	70,001–75,000 .....	1,650
11	75,001–80,000 .....	1,700
12		

13 (b) The fees specified in subdivision (a) apply to both of the  
14 following:

15 (1) An initial or original registration occurring on or after  
16 December 31, 2001, to December 30, 2003, inclusive, of a  
17 commercial motor vehicle operated either singly or in combination  
18 with a declared gross vehicle weight of 10,001 pounds or more.

19 (2) The renewal of registration of a commercial motor vehicle  
20 operated either singly or in combination, with a declared gross  
21 vehicle weight of 10,001 pounds or more for which registration  
22 expires on or after December 31, 2001, to December 30, 2003,  
23 inclusive.

24 (c) (1) For both an initial or original registration occurring on  
25 or after December 31, 2003, of a commercial motor vehicle  
26 operated either singly or in combination with a declared gross  
27 vehicle weight of 10,001 pounds or more, and the renewal of  
28 registration of a commercial motor vehicle operated either singly  
29 or in combination, with a declared gross vehicle weight of 10,001  
30 pounds or more for which registration expires on or after December  
31 31, 2003, there shall be paid fees as follows:

32			
33	Gross Vehicle Weight Range	Weight Code	Fee
34	10,001–15,000	A	\$ 332
35	15,001–20,000	B	447
36	20,001–26,000	C	546
37	26,001–30,000	D	586
38	30,001–35,000	E	801
39	35,001–40,000	F	937
40	40,001–45,000	G	1,028

1	45,001–50,000	H	1,161
2	50,001–54,999	I	1,270
3	55,000–60,000	J	1,431
4	60,001–65,000	K	1,562
5	65,001–70,000	L	1,701
6	70,001–75,000	M	2,004
7	75,001–80,000	N	2,064

8

9 (2) For the purpose of obtaining “revenue neutrality” as  
 10 described in Sections 1 and 59 of Senate Bill 2084 of the  
 11 1999–2000 Regular Session (Chapter 861 of the Statutes of 2000),  
 12 the Director of Finance shall review the final 2003–04 Statement  
 13 of Transactions of the State Highway Account. If that review  
 14 indicates that the actual truck weight fee revenues deposited in the  
 15 State Highway Account do not total at least seven hundred  
 16 eighty-nine million dollars (\$789,000,000), the Director of Finance  
 17 shall instruct the department to adjust the schedule set forth in  
 18 paragraph (1), but not to exceed the following fee amounts:

19

20	Gross Vehicle Weight Range	Weight Code	Fee
21	10,001–15,000	A	\$ 354
22	15,001–20,000	B	482
23	20,001–26,000	C	591
24	26,001–30,000	D	746
25	30,001–35,000	E	874
26	35,001–40,000	F	1,024
27	40,001–45,000	G	1,125
28	45,001–50,000	H	1,272
29	50,001–54,999	I	1,393
30	55,000–60,000	J	1,571
31	60,001–65,000	K	1,716
32	65,001–70,000	L	1,870
33	70,001–75,000	M	2,204
34	75,001–80,000	N	2,271

35

36 (d) (1) In addition to the fees set forth in subdivision (a), a  
 37 Cargo Theft Interdiction Program fee of three dollars (\$3) shall  
 38 be paid at the time of initial or original registration or renewal of  
 39 registration of each motor vehicle subject to weight fees under this  
 40 section.

1 (2) This subdivision does not apply to vehicles used or  
2 maintained for the transportation of persons for hire, compensation  
3 or profit, and tow trucks.

4 (3) For vehicles registered under Article 4 (commencing with  
5 Section 8050) of Chapter 4, the fee imposed under this subdivision  
6 shall be apportioned as required for registration fees under that  
7 article.

8 (4) Funds collected pursuant to the Cargo Theft Interdiction  
9 Program shall not be proportionately reduced for each month and  
10 shall be transferred to the Motor Carriers Safety Improvement  
11 Fund.

12 (e) Notwithstanding Section 42270 or any other provision of  
13 law, of the moneys collected by the department under this section,  
14 one hundred twenty-two dollars (\$122) for each initial, original,  
15 and renewal registration shall be reported monthly to the Controller,  
16 and at the same time, deposited in the State Treasury to the credit  
17 of the Motor Vehicle Account in the State Transportation Fund.  
18 All other moneys collected by the department under this section  
19 shall be deposited to the credit of the State Highway Account in  
20 the State Transportation Fund, or directly to the credit of the  
21 Transportation Debt Service Fund as provided in paragraph (2) of  
22 subdivision (e) of Section 9400.4, as applicable *Fund*. One hundred  
23 twenty-two dollars (\$122) of the fee imposed under this section  
24 shall not be proportionately reduced for each month. For vehicles  
25 registered under Article 4 (commencing with Section 8050) of  
26 Chapter 4, the fee shall be apportioned as required for registration  
27 under that article.

28 (f) (1) The department, in consultation with the Department of  
29 the California Highway Patrol, shall design and make available a  
30 set of distinctive weight decals that reflect the declared gross  
31 combined weight or gross operating weight reported to the  
32 department at the time of initial registration, registration renewal,  
33 or when a weight change is reported to the department pursuant  
34 to Section 9406.1. A new decal shall be issued on each renewal  
35 or when the weight is changed pursuant to Section 9406.1. The  
36 decal for a tow truck that is subject to this section shall reflect the  
37 gross vehicle weight rating or weight code.

38 (2) The department may charge a fee, not to exceed ten dollars  
39 (\$10), for the department's actual cost of producing and issuing  
40 each set of decals issued under paragraph (1).

1 (3) The weight decal shall be in sharp contrast to the background  
2 and shall be of a size, shape, and color that is readily legible during  
3 daylight hours from a distance of 50 feet.

4 (4) Each vehicle subject to this section shall display the weight  
5 decal on both the right and left sides of the vehicle.

6 (5) A person may not display upon a vehicle a decal issued  
7 pursuant to this subdivision that does not reflect the declared weight  
8 reported to the department.

9 (6) Notwithstanding subdivision (e) or any other provision of  
10 law, the moneys collected by the department under this subdivision  
11 shall be deposited in the State Treasury to the credit of the Motor  
12 Vehicle Account in the State Transportation Fund.

13 (7) This subdivision shall apply to vehicles subject to this section  
14 at the time of an initial registration, registration renewal, or reported  
15 weight change that occurs on or after July 1, 2004.

16 (8) The following shall apply to vehicles registered under the  
17 permanent fleet registration program pursuant to Article 9.5  
18 (commencing with Section 5301) of Chapter 1:

19 (A) The department, in consultation with the Department of the  
20 California Highway Patrol, shall distinguish the weight decals  
21 issued to permanent fleet registration vehicles from those issued  
22 to other vehicles.

23 (B) The department shall issue the distinguishable weight decals  
24 only to the following:

25 (i) A permanent fleet registration vehicle that is registered with  
26 the department on January 1, 2005.

27 (ii) On and after January 1, 2005, a vehicle for which the  
28 department has an application for initial registration as a permanent  
29 fleet registration vehicle.

30 (iii) On and after January 1, 2005, a permanent fleet registration  
31 vehicle that has a weight change pursuant to Section 9406.1.

32 (C) The weight decal issued under this paragraph shall comply  
33 with the applicable provisions of paragraphs (1) to (6), inclusive.

34 SEC. 10. Section 9400.4 of the Vehicle Code is repealed.

35 ~~9400.4. Weight fee revenue deposited into the State Highway~~  
36 ~~Account pursuant to subdivision (e) of Section 9400.1 and~~  
37 ~~subdivision (a) of Section 42205 net of amounts appropriated for~~  
38 ~~other purposes pursuant to subdivision (b) of Section 42205, and~~  
39 ~~weight fee revenues deposited directly into the Transportation~~  
40 ~~Debt Service Fund pursuant to subdivision (e) of Section 9400.1~~

1 and subdivision (a) of Section 42205, as applicable, shall be used  
2 as follows:

3 (a) ~~For the 2010–11 fiscal year, seven hundred fifty-six million~~  
4 ~~three hundred ninety-six thousand dollars (\$756,396,000) is hereby~~  
5 ~~appropriated from weight fee revenues in the State Highway~~  
6 ~~Account for transfer to the General Fund as transportation bond~~  
7 ~~debt service reimbursement and loans as follows:~~

8 (1) ~~The Controller shall transfer all weight fee revenues~~  
9 ~~deposited into the State Highway Account in any month to the~~  
10 ~~Transportation Debt Service Fund for transfer to the General Fund~~  
11 ~~as reimbursement for debt service costs until all of the debt service~~  
12 ~~paid on transportation bonds for projects that the Director of~~  
13 ~~Finance indicates qualify for reimbursement as provided for in~~  
14 ~~Section 16965 of the Government Code have been reimbursed.~~

15 (2) ~~After the Director of Finance has notified the Controller that~~  
16 ~~all debt service costs for the 2010–11 fiscal year have been~~  
17 ~~reimbursed, the Controller shall transfer any remaining monthly~~  
18 ~~weight fee revenues in the State Highway Account to the General~~  
19 ~~Fund as a loan until the full amount appropriated in this subdivision~~  
20 ~~has been transferred to the General Fund. The Director of Finance~~  
21 ~~may repay any remaining portion of the outstanding balance of~~  
22 ~~this loan in any year in which the Director of Finance determines~~  
23 ~~the funds are needed to reimburse the General Fund for current~~  
24 ~~year transportation bond debt service or to redeem or retire those~~  
25 ~~bonds, pursuant to Section 16774 of the Government Code,~~  
26 ~~maturing in a subsequent fiscal year, provided that the loans shall~~  
27 ~~be repaid no later than June 30, 2021. All funds loaned pursuant~~  
28 ~~to this section, upon repayment to the State Highway Account,~~  
29 ~~shall be immediately transferred by the Controller to the~~  
30 ~~Transportation Debt Service Fund for use pursuant to Section~~  
31 ~~16965 of the Government Code.~~

32 (3) ~~By June 15, 2011, the Director of Finance in consultation~~  
33 ~~with the Treasurer shall notify the Controller regarding the final~~  
34 ~~amount of debt service paid from the General Fund during the~~  
35 ~~2010–11 fiscal year pursuant to Section 16965 of the Government~~  
36 ~~Code and shall direct the Controller to reverse and adjust any~~  
37 ~~transfers made as debt service reimbursements or loans so that a~~  
38 ~~maximum amount of transfers are made for debt service~~  
39 ~~reimbursements and with any loan amounts limited to the~~  
40 ~~difference between this amount and the total amount appropriated~~

1 in this subdivision. The total amount of weight fee revenues  
2 transferred from the State Highway Account for the 2010–11 fiscal  
3 year shall not be greater than the total amount of weight fee  
4 revenues deposited into the State Highway Account for that year.

5 (4) With respect to transfers or portions of transfers that cannot  
6 be made in any given month if weight fee revenues are insufficient,  
7 the first weight fee revenues available in the following month or  
8 months shall be used to complete the transfers for the previous  
9 month or months prior to making additional transfers for later  
10 months.

11 (b) For the 2011–12 fiscal year, all revenue generated from  
12 weight fees in the State Highway Account, as determined by  
13 Sections 9400.1 and 42205, excluding an amount equal to the loan  
14 of forty-three million seven hundred thousand dollars  
15 (\$43,700,000) authorized pursuant to Item 2660-013-0042 of  
16 Section 2.00 of the Budget Act of 2011, is hereby appropriated for  
17 transfer to the General Fund as debt service reimbursement and  
18 loans as follows:

19 (1) The Controller shall transfer all weight fee revenues  
20 deposited into the State Highway Account in any month to the  
21 Transportation Debt Service Fund for transfer to the General Fund  
22 as reimbursement for debt service costs until all of the debt service  
23 paid on transportation bonds for projects that the Director of  
24 Finance indicates qualify for reimbursement as provided for in  
25 Section 16965 of the Government Code have been reimbursed.

26 (2) After the Director of Finance has notified the Controller that  
27 all debt service costs for the 2011–12 fiscal year have been  
28 reimbursed, the Controller shall transfer any remaining weight fee  
29 revenues for that fiscal year in the State Highway Account to the  
30 General Fund as a loan until all weight fee revenues for that fiscal  
31 year appropriated in this subdivision have been transferred to the  
32 General Fund, excluding forty-two million dollars (\$42,000,000),  
33 which shall be transferred to the General Fund as a loan on July  
34 1, 2012. The Director of Finance may repay any portion of the  
35 balance of this loan in any year in which the Director of Finance  
36 determines the funds are needed to reimburse the General Fund  
37 for current year transportation bond debt service or to redeem or  
38 retire those bonds, pursuant to Section 16774 of the Government  
39 Code, maturing in a subsequent year, provided that the loans shall  
40 be repaid no later than June 30, 2021. All funds loaned pursuant

1 to this section, upon repayment to the State Highway Account,  
2 shall be immediately transferred by the Controller to the  
3 Transportation Debt Service Fund for use pursuant to Section  
4 16965 of the Government Code.

5 (3) By June 15, 2012, the Director of Finance in consultation  
6 with the Treasurer shall notify the Controller regarding the final  
7 amount of debt service paid from the General Fund during the  
8 2011-12 fiscal year pursuant to Section 16965 of the Government  
9 Code and shall direct the Controller to reverse and adjust any  
10 transfers made as debt service reimbursements or loans so that a  
11 maximum amount of transfers are made for debt service  
12 reimbursements and with any loan amounts limited to the  
13 difference between this amount and the total amount appropriated  
14 in this subdivision. The total amount of weight fee revenues  
15 transferred from the State Highway Account for the 2011-12 fiscal  
16 year shall not be greater than the total amount of weight fee  
17 revenues deposited into the State Highway Account in that year.

18 (4) With respect to transfers or portions of transfers that cannot  
19 be made in any given month if weight fee revenues are insufficient,  
20 the first weight fee revenues available in the following month or  
21 months shall be used to complete the transfers for the previous  
22 month or months prior to making additional transfers for later  
23 months.

24 (e) (1) (A) Until the month of first issuance of designated bonds  
25 as defined in subdivision (e) of Section 16773 of the Government  
26 Code, and at any time thereafter that a Treasurer's certification  
27 pursuant to subparagraph (B) of paragraph (3) of subdivision (a)  
28 of Section 16965 of the Government Code applies, all weight fee  
29 revenues subject to this section in any month shall be transferred  
30 from the State Highway Account to the Transportation Debt  
31 Service Fund.

32 (B) Except as provided in paragraph (3), or when subparagraph  
33 (A) applies pursuant to a Treasurer's certification, upon the first  
34 issuance of designated bonds, as defined in subdivision (e) of  
35 Section 16773 of the Government Code, starting in the month  
36 following that first issuance, all weight fee revenues received by  
37 the Controller from the first day through the 14th day of every  
38 month shall be transferred from the State Highway Account to the  
39 Transportation Debt Service Fund.

1     ~~(C) All funds transferred pursuant to subparagraphs (A) and (B)~~  
2     ~~are hereby appropriated for transfer to the General Fund by the~~  
3     ~~Controller as reimbursement for debt service costs paid with respect~~  
4     ~~to eligible bonds described in subparagraph (A) of paragraph (2)~~  
5     ~~of subdivision (a) of Section 16965 of the Government Code, until~~  
6     ~~all debt service that the Director of Finance indicates qualifies for~~  
7     ~~reimbursement as provided for in subdivision (d), (e), or (f) of~~  
8     ~~Section 16965 of the Government Code has been reimbursed, or~~  
9     ~~to redeem or retire bonds, pursuant to Section 16774 of the~~  
10    ~~Government Code, as referenced in subdivision (d), (e), or (f) of~~  
11    ~~Section 16965 of the Government Code, that are maturing in a~~  
12    ~~subsequent year. After the Director of Finance has notified the~~  
13    ~~Controller that all debt service costs for the fiscal year have been~~  
14    ~~reimbursed, the Controller shall transfer any remaining revenue~~  
15    ~~generated from weight fees subject to this section for that fiscal~~  
16    ~~year in the State Highway Account to the General Fund as a loan.~~  
17    ~~The Director of Finance may repay any portion of the balance of~~  
18    ~~this loan in any year in which the Director of Finance determines~~  
19    ~~that the funds are needed to reimburse the General Fund for current~~  
20    ~~year transportation bond debt service or to redeem or retire those~~  
21    ~~bonds pursuant to Section 16774 of the Government Code,~~  
22    ~~maturing in a future fiscal year, provided that the loans shall be~~  
23    ~~repaid no later than June 30, 2021. All funds loaned pursuant to~~  
24    ~~this section, upon repayment to the State Highway Account, shall~~  
25    ~~be immediately transferred by the Controller to the Transportation~~  
26    ~~Debt Service Fund for use pursuant to Section 16965 of the~~  
27    ~~Government Code. By June 15 of each year, the Director of~~  
28    ~~Finance, in consultation with the Treasurer, shall notify the~~  
29    ~~Controller regarding the final amount of debt service paid from~~  
30    ~~the General Fund during that fiscal year pursuant to subdivision~~  
31    ~~(d), (e), or (f) of Section 16965 of the Government Code and shall~~  
32    ~~direct the Controller to reverse or adjust any transfers made as debt~~  
33    ~~service reimbursements or loans so that a maximum amount of~~  
34    ~~transfers are made for debt service reimbursements and with any~~  
35    ~~loan amounts limited to the difference between this amount and~~  
36    ~~the total amount of revenue for that fiscal year generated from~~  
37    ~~weight fees, as determined by Sections 9400.1 and 42205. The~~  
38    ~~total amount of weight fee revenues transferred from the State~~  
39    ~~Highway Account in any fiscal year shall not be greater than the~~

1 total amount of weight fee revenues deposited into the State  
2 Highway Account in that year.

3 (2) Starting in the month following the first issuance of any  
4 designated bonds, unless a Treasurer's certification pursuant to  
5 subparagraph (B) of paragraph (3) of subdivision (a) of Section  
6 16965 of the Government Code applies, all weight fee revenues  
7 subject to this section that are received by the Controller from the  
8 15th day of every month, or the first business day thereafter if not  
9 a business day, through the last day of the month shall be deposited  
10 directly in the Transportation Debt Service Fund and are hereby  
11 appropriated for transfer as follows:

12 (A) First, to the Transportation Bond Direct Payment Account  
13 as set forth in subdivision (b) of Section 16965 of the Government  
14 Code, to provide for payment of debt service with respect to  
15 designated bonds.

16 (B) Thereafter, as provided in subparagraph (C) of paragraph  
17 (1).

18 (3) Notwithstanding paragraphs (1) and (2), if by the last day  
19 of a month the transfer for that month relating to designated bonds  
20 required by the Treasurer's certificate described in subdivision (b)  
21 of Section 16965 of the Government Code has not been made due  
22 to insufficient weight fee revenue, weight fee revenue shall  
23 continue to be transferred pursuant to paragraph (2) beginning  
24 with the first day of the subsequent month and continuing every  
25 day until such time as sufficient revenue for full compliance with  
26 the certificate has been transferred.

27 (4) Except as otherwise provided in paragraph (1), (2), or (3),  
28 with respect to any transfers or portions of transfers that cannot  
29 be made in any given month if weight fee revenues are insufficient,  
30 the first weight fee revenues available in the following month or  
31 months shall be used to complete the transfers for the previous  
32 month or months prior to making additional transfers for later  
33 months.

34 SEC. 11. Section 42205 of the Vehicle Code is amended to  
35 read:

36 42205. (a) Notwithstanding Chapter 3 (commencing with  
37 Section 42270), the department shall file, at least monthly with  
38 the Controller, a report of money received by the department  
39 pursuant to Section 9400 for the previous month and shall, at the  
40 same time, remit all money so reported to the Treasurer. On order

1 of the Controller, the Treasurer shall deposit all money so remitted  
2 into the State Highway Account in the State Transportation Fund;  
3 ~~or directly into the Transportation Debt Service Fund as provided~~  
4 ~~in paragraph (2) of subdivision (c) of Section 9400.4, as applicable~~  
5 ~~Fund.~~

6 (b) The Legislature shall appropriate from the State Highway  
7 Account in the State Transportation Fund to the department and  
8 the Franchise Tax Board amounts equal to the costs incurred by  
9 each in performing their duties pursuant to Article 3 (commencing  
10 with Section 9400) of Chapter 6 of Division 3. The applicable  
11 amounts shall be determined so that the appropriate costs for  
12 registration and weight fee collection activities are appropriated  
13 between the recipients of revenues in proportion to the revenues  
14 that would have been received individually by those recipients if  
15 the total fee imposed under the Vehicle License Fee Law (Part 5  
16 (commencing with Section 10701) of Division 2 of the Revenue  
17 and Taxation Code) was 2 percent of the market value of a vehicle.  
18 The remainder of the funds collected under Section 9400 and  
19 deposited in the account, ~~other than the direct deposits to the~~  
20 ~~Transportation Debt Service Fund referenced in subdivision (a);~~  
21 may be appropriated to the Department of Transportation, the  
22 Department of the California Highway Patrol, and the Department  
23 of Motor Vehicles for the purposes authorized under Section 3 of  
24 Article XIX of the California Constitution.

**ASSEMBLY BILL****No. 1265****Introduced by Assembly Member Perea**

February 27, 2015

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An act to amend Section 143 of the Streets and Highways Code, relating to transportation.

## LEGISLATIVE COUNSEL'S DIGEST

AB 1265, as introduced, Perea. Transportation projects: comprehensive development lease agreements.

Existing law authorizes the Department of Transportation and regional transportation agencies, as defined, to enter into comprehensive development lease agreements with public and private entities, or consortia of those entities, for certain transportation projects that may charge certain users of those projects tolls and user fees, subject to various terms and requirements. These arrangements are commonly known as public-private partnerships. Existing law provides that a lease agreement may not be entered into under these provisions on or after January 1, 2017.

This bill would extend this authorization indefinitely and would delete obsolete cross-references and make technical changes to these provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

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

- 1 SECTION 1. Section 143 of the Streets and Highways Code
- 2 is amended to read:

- 1 143. (a) (1) “Best value” means a value determined by  
2 objective criteria, including, but not limited to, price, features,  
3 functions, life-cycle costs, and other criteria deemed appropriate  
4 by the department or the regional transportation agency.
- 5 (2) “Contracting entity or lessee” means a public or private  
6 entity, or consortia thereof, that has entered into a comprehensive  
7 development lease agreement with the department or a regional  
8 transportation agency for a transportation project pursuant to this  
9 section.
- 10 (3) “Design-build” means a procurement process in which both  
11 the design and construction of a project are procured from a single  
12 entity.
- 13 (4) “Regional transportation agency” means any of the  
14 following:
- 15 (A) A transportation planning agency as defined in Section  
16 29532 or 29532.1 of the Government Code.
- 17 (B) A county transportation commission as defined in Section  
18 130050, 130050.1, or 130050.2 of the Public Utilities Code.
- 19 (C) Any other local or regional transportation entity that is  
20 designated by statute as a regional transportation agency.
- 21 (D) A joint exercise of powers authority as defined in Chapter  
22 5 (commencing with Section 6500) of Division 7 of Title 1 of the  
23 Government Code, with the consent of a transportation planning  
24 agency or a county transportation commission for the jurisdiction  
25 in which the transportation project will be developed.
- 26 (5) “Public Infrastructure Advisory Commission” means a unit  
27 or auxiliary organization established by the ~~Business,~~  
28 ~~Transportation and Housing~~ Agency that advises the department  
29 and regional transportation agencies in developing transportation  
30 projects through performance-based infrastructure partnerships.
- 31 (6) “Transportation project” means one or more of the following:  
32 planning, design, development, finance, construction,  
33 reconstruction, rehabilitation, improvement, acquisition, lease,  
34 operation, or maintenance of highway, public street, rail, or related  
35 facilities supplemental to existing facilities currently owned and  
36 operated by the department or regional transportation agencies  
37 that is consistent with the requirements of subdivision (c).
- 38 (b) (1) The Public Infrastructure Advisory Commission shall  
39 do all of the following:

1 (A) Identify transportation project opportunities throughout the  
2 state.

3 (B) Research and document similar transportation projects  
4 throughout the state, nationally, and internationally, and further  
5 identify and evaluate lessons learned from these projects.

6 (C) Assemble and make available to the department or regional  
7 transportation agencies a library of information, precedent,  
8 research, and analysis concerning infrastructure partnerships and  
9 related types of public-private transactions for public infrastructure.

10 (D) Advise the department and regional transportation agencies,  
11 upon request, regarding infrastructure partnership suitability and  
12 best practices.

13 (E) Provide, upon request, procurement-related services to the  
14 department and regional transportation agencies for infrastructure  
15 partnership.

16 (2) The Public Infrastructure Advisory Commission may charge  
17 a fee to the department and regional transportation agencies for  
18 the services described in subparagraphs (D) and (E) of paragraph  
19 (1), the details of which shall be articulated in an agreement entered  
20 into between the Public Infrastructure Advisory Commission and  
21 the department or the regional transportation agency.

22 (c) (1) Notwithstanding any other provision of law, only the  
23 department, in cooperation with regional transportation agencies,  
24 and regional transportation agencies, may solicit proposals, accept  
25 unsolicited proposals, negotiate, and enter into comprehensive  
26 development lease agreements with public or private entities, or  
27 consortia thereof, for transportation projects.

28 (2) Projects proposed pursuant to this section and associated  
29 lease agreements shall be submitted to the California Transportation  
30 Commission. The commission, at a regularly scheduled public  
31 hearing, shall select the candidate projects from projects nominated  
32 by the department or a regional transportation agency after  
33 reviewing the nominations for consistency with paragraphs (3)  
34 and (4). Approved projects may proceed with the process described  
35 in paragraph (5).

36 (3) The projects authorized pursuant to this section shall be  
37 primarily designed to achieve the following performance  
38 objectives:

39 (A) Improve mobility by improving travel times or reducing  
40 the number of vehicle hours of delay in the affected corridor.

1 (B) Improve the operation or safety of the affected corridor.

2 (C) Provide quantifiable air quality benefits for the region in  
3 which the project is located.

4 (4) In addition to meeting the requirements of paragraph (3),  
5 the projects authorized pursuant to this section shall address a  
6 known forecast demand, as determined by the department or  
7 regional transportation agency.

8 (5) At least 60 days prior to executing a final lease agreement  
9 authorized pursuant to this section, the department or regional  
10 transportation agency shall submit the agreement to the Legislature  
11 and the Public Infrastructure Advisory Commission for review.  
12 Prior to submitting a lease agreement to the Legislature and the  
13 Public Infrastructure Advisory Commission, the department or  
14 regional transportation agency shall conduct at least one public  
15 hearing at a location at or near the proposed facility for purposes  
16 of receiving public comment on the lease agreement. Public  
17 comments made during this hearing shall be submitted to the  
18 Legislature and the Public Infrastructure Advisory Commission  
19 with the lease agreement. The Secretary of ~~Business, Transportation~~  
20 ~~and Housing~~ or the chairperson of the Senate or Assembly fiscal  
21 committees or policy committees with jurisdiction over  
22 transportation matters may, by written notification to the  
23 department or regional transportation agency, provide any  
24 comments about the proposed agreement within the 60-day period  
25 prior to the execution of the final agreement. The department or  
26 regional transportation agency shall consider those comments prior  
27 to executing a final agreement and shall retain the discretion for  
28 executing the final lease agreement.

29 (d) For the purpose of facilitating those projects, the agreements  
30 between the parties may include provisions for the lease of  
31 rights-of-way in, and airspace over or under, highways, public  
32 streets, rail, or related facilities for the granting of necessary  
33 easements, and for the issuance of permits or other authorizations  
34 to enable the construction of transportation projects. Facilities  
35 subject to an agreement under this section shall, at all times, be  
36 owned by the department or the regional transportation agency,  
37 as appropriate. For department projects, the commission shall  
38 certify the department's determination of the useful life of the  
39 project in establishing the lease agreement terms. In consideration  
40 therefor, the agreement shall provide for complete reversion of the

1 leased facility, together with the right to collect tolls and user fees,  
2 to the department or regional transportation agency, at the  
3 expiration of the lease at no charge to the department or regional  
4 transportation agency. At the time of the reversion, the facility  
5 shall be delivered to the department or regional transportation  
6 agency, as applicable, in a condition that meets the performance  
7 and maintenance standards established by the department or  
8 regional transportation agency and that is free of any encumbrance,  
9 lien, or other claims.

10 (e) Agreements between the department or regional  
11 transportation agency and the contracting entity or lessee shall  
12 authorize the contracting entity or lessee to use a design-build  
13 method of procurement for transportation projects, subject to the  
14 requirements for utilizing such a method contained in Chapter 6.5  
15 (commencing with Section ~~6800~~ 6820) of Part 1 of Division 2 of  
16 the Public Contract Code, other than Sections ~~6802, 6803, 6821~~  
17 and ~~6813~~ 6822 of that code, ~~if those provisions are enacted by the~~  
18 ~~Legislature during the 2009-10 Regular Session, or a 2009-10~~  
19 ~~extraordinary session.~~ *code.*

20 (f) (1) (A) Notwithstanding any other provision of this chapter,  
21 for projects on the state highway system, the department is the  
22 responsible agency for the performance of project development  
23 services, including performance specifications, preliminary  
24 engineering, prebid services, the preparation of project reports and  
25 environmental documents, and construction inspection services.  
26 The department is also the responsible agency for the preparation  
27 of documents that may include, but need not be limited to, the size,  
28 type, and desired design character of the project, performance  
29 specifications covering the quality of materials, equipment, and  
30 workmanship, preliminary plans, and any other information deemed  
31 necessary to describe adequately the needs of the department or  
32 regional transportation agency.

33 (B) The department may use department employees or  
34 consultants to perform the services described in subparagraph (A),  
35 consistent with Article XXII of the California Constitution.  
36 Department resources, including personnel requirements, necessary  
37 for the performance of those services shall be included in the  
38 department's capital outlay support program for workload purposes  
39 in the annual Budget Act.

1 (2) The department or a regional transportation agency may  
2 exercise any power possessed by it with respect to transportation  
3 projects to facilitate the transportation projects pursuant to this  
4 section. The department, regional transportation agency, and other  
5 state or local agencies may provide services to the contracting  
6 entity or lessee for which the public entity is reimbursed, including,  
7 but not limited to, planning, environmental planning, environmental  
8 certification, environmental review, preliminary design, design,  
9 right-of-way acquisition, construction, maintenance, and policing  
10 of these transportation projects. The department or regional  
11 transportation agency, as applicable, shall regularly inspect the  
12 facility and require the contracting entity or lessee to maintain and  
13 operate the facility according to adopted standards. Except as may  
14 otherwise be set forth in the lease agreement, the contracting entity  
15 or lessee shall be responsible for all costs due to development,  
16 maintenance, repair, rehabilitation, and reconstruction, and  
17 operating costs.

18 (g) (1) In selecting private entities with which to enter into  
19 these agreements, notwithstanding any other provision of law, the  
20 department and regional transportation agencies may utilize, but  
21 are not limited to utilizing, one or more of the following  
22 procurement approaches:

23 (A) Solicitations of proposals for defined projects and calls for  
24 project proposals within defined parameters.

25 (B) Prequalification and short-listing of proposers prior to final  
26 evaluation of proposals.

27 (C) Final evaluation of proposals based on qualifications and  
28 best value. The California Transportation Commission shall  
29 develop and adopt criteria for making that evaluation prior to  
30 evaluation of a proposal.

31 (D) Negotiations with proposers prior to award.

32 (E) Acceptance of unsolicited proposals, with issuance of  
33 requests for competing proposals. Neither the department nor a  
34 regional transportation agency may award a contract to an  
35 unsolicited bidder without receiving at least one other responsible  
36 bid.

37 (2) When evaluating a proposal submitted by the contracting  
38 entity or lessee, the department or the regional transportation  
39 agency may award a contract on the basis of the lowest bid or best  
40 value.

1 (h) The contracting entity or lessee shall have the following  
2 qualifications:

3 (1) Evidence that the members of the contracting entity or lessee  
4 have completed, or have demonstrated the experience, competency,  
5 capability, and capacity to complete, a project of similar size,  
6 scope, or complexity, and that proposed key personnel have  
7 sufficient experience and training to competently manage and  
8 complete the design and construction of the project, and a financial  
9 statement that ensures that the contracting entity or lessee has the  
10 capacity to complete the project.

11 (2) The licenses, registration, and credentials required to design  
12 and construct the project, including, but not limited to, information  
13 on the revocation or suspension of any license, credential, or  
14 registration.

15 (3) Evidence that establishes that members of the contracting  
16 entity or lessee have the capacity to obtain all required payment  
17 and performance bonding, liability insurance, and errors and  
18 omissions insurance.

19 (4) Evidence that the contracting entity or lessee has workers'  
20 compensation experience, history, and a worker safety program  
21 of members of the contracting entity or lessee that is acceptable  
22 to the department or regional transportation agency.

23 (5) A full disclosure regarding all of the following with respect  
24 to each member of the contracting entity or lessee during the past  
25 five years:

26 (A) Any serious or willful violation of Part 1 (commencing with  
27 Section 6300) of Division 5 of the Labor Code or the federal  
28 Occupational Safety and Health Act of 1970 (P.L. 91-596).

29 (B) Any instance where members of the contracting entity or  
30 lessee were debarred, disqualified, or removed from a federal,  
31 state, or local government public works project.

32 (C) Any instance where members of the contracting entity or  
33 lessee, or its owners, officers, or managing employees submitted  
34 a bid on a public works project and were found to be nonresponsive  
35 or were found by an awarding body not to be a responsible bidder.

36 (D) Any instance where members of the contracting entity or  
37 lessee, or its owners, officers, or managing employees defaulted  
38 on a construction contract.

39 (E) Any violations of the Contractors' State License Law  
40 (Chapter 9 (commencing with Section 7000) of Division 3 of the

1 Business and Professions Code), including, but not limited to,  
2 alleged violations of federal or state law regarding the payment of  
3 wages, benefits, apprenticeship requirements, or personal income  
4 tax withholding, or Federal Insurance Contributions Act (FICA)  
5 withholding requirements.

6 (F) Any bankruptcy or receivership of any member of the  
7 contracting entity or lessee, including, but not limited to,  
8 information concerning any work completed by a surety.

9 (G) Any settled adverse claims, disputes, or lawsuits between  
10 the owner of a public works project and any member of the  
11 contracting entity or lessee during the five years preceding  
12 submission of a bid under this article, in which the claim,  
13 settlement, or judgment exceeds fifty thousand dollars (\$50,000).  
14 Information shall also be provided concerning any work completed  
15 by a surety during this five-year period.

16 (H) If the contracting entity or lessee is a partnership, joint  
17 venture, or an association that is not a legal entity, a copy of the  
18 agreement creating the partnership or association that specifies  
19 that all general partners, joint venturers, or association members  
20 agree to be fully liable for the performance under the agreement.

21 (i) No agreement entered into pursuant to this section shall  
22 infringe on the authority of the department or a regional  
23 transportation agency to develop, maintain, repair, rehabilitate,  
24 operate, or lease any transportation project. Lease agreements may  
25 provide for reasonable compensation to the contracting entity or  
26 lessee for the adverse effects on toll revenue or user fee revenue  
27 due to the development, operation, or lease of supplemental  
28 transportation projects with the exception of any of the following:

29 (1) Projects identified in regional transportation plans prepared  
30 pursuant to Section 65080 of the Government Code.

31 (2) Safety projects.

32 (3) Improvement projects that will result in incidental capacity  
33 increases.

34 (4) Additional high-occupancy vehicle lanes or the conversion  
35 of existing lanes to high-occupancy vehicle lanes.

36 (5) Projects located outside the boundaries of a public-private  
37 partnership project, to be defined by the lease agreement.

38 However, compensation to a contracting entity or lessee shall  
39 only be made after a demonstrable reduction in use of the facility  
40 resulting in reduced toll or user fee revenues, and may not exceed

1 the difference between the reduction in those revenues and the  
2 amount necessary to cover the costs of debt service, including  
3 principal and interest on any debt incurred for the development,  
4 operation, maintenance, or rehabilitation of the facility.

5 (j) (1) Agreements entered into pursuant to this section shall  
6 authorize the contracting entity or lessee to impose tolls and user  
7 fees for use of a facility constructed by it, and shall require that  
8 over the term of the lease the toll revenues and user fees be applied  
9 to payment of the capital outlay costs for the project, the costs  
10 associated with operations, toll and user fee collection,  
11 administration of the facility, reimbursement to the department or  
12 other governmental entity for the costs of services to develop and  
13 maintain the project, police services, and a reasonable return on  
14 investment. The agreement shall require that, notwithstanding  
15 Sections 164, 188, and 188.1, any excess toll or user fee revenue  
16 either be applied to any indebtedness incurred by the contracting  
17 entity or lessee with respect to the project, improvements to the  
18 project, or be paid into the State Highway Account, or for all three  
19 purposes, except that any excess toll revenue under a lease  
20 agreement with a regional transportation agency may be paid to  
21 the regional transportation agency for use in improving public  
22 transportation in and near the project boundaries.

23 (2) Lease agreements shall establish specific toll or user fee  
24 rates. Any proposed increase in those rates not otherwise  
25 established or identified in the lease agreement during the term of  
26 the agreement shall first be approved by the department or regional  
27 transportation agency, as appropriate, after at least one public  
28 hearing conducted at a location near the proposed or existing  
29 facility.

30 (3) The collection of tolls and user fees for the use of these  
31 facilities may be extended by the commission or regional  
32 transportation agency at the expiration of the lease agreement.  
33 However, those tolls or user fees shall not be used for any purpose  
34 other than for the improvement, continued operation, or  
35 maintenance of the facility.

36 (k) Agreements entered into pursuant to this section shall include  
37 indemnity, defense, and hold harmless provisions agreed to by the  
38 department or regional transportation agency and the contracting  
39 entity or lessee, including provisions for indemnifying the State  
40 of California or the regional transportation agency against any

1 claims or losses resulting or accruing from the performance of the  
2 contracting entity or lessee.

3 (l) The plans and specifications for each transportation project  
4 on the state highway system developed, maintained, repaired,  
5 rehabilitated, reconstructed, or operated pursuant to this section  
6 shall comply with the department's standards for state  
7 transportation projects. The lease agreement shall include  
8 performance standards, including, but not limited to, levels of  
9 service. The agreement shall require facilities on the state highway  
10 system to meet all requirements for noise mitigation, landscaping,  
11 pollution control, and safety that otherwise would apply if the  
12 department were designing, building, and operating the facility.  
13 If a facility is on the state highway system, the facility leased  
14 pursuant to this section shall, during the term of the lease, be  
15 deemed to be a part of the state highway system for purposes of  
16 identification, maintenance, enforcement of traffic laws, and for  
17 the purposes of Division 3.6 (commencing with Section 810) of  
18 Title 1 of the Government Code.

19 (m) Failure to comply with the lease agreement in any significant  
20 manner shall constitute a default under the agreement and the  
21 department or the regional transportation agency, as appropriate,  
22 shall have the option to initiate processes to revert the facility to  
23 the public agency.

24 (n) The assignment authorized by subdivision (c) of Section  
25 130240 of the Public Utilities Code is consistent with this section.

26 (o) A lease to a private entity pursuant to this section is deemed  
27 to be public property for a public purpose and exempt from  
28 leasehold, real property, and ad valorem taxation, except for the  
29 use, if any, of that property for ancillary commercial purposes.

30 (p) Nothing in this section is intended to infringe on the authority  
31 to develop high-occupancy toll lanes pursuant to Section 149.4,  
32 149.5, or 149.6.

33 (q) Nothing in this section shall be construed to allow the  
34 conversion of any existing nontoll or nonuser-fee lanes into tolled  
35 or user fee lanes with the exception of a high-occupancy vehicle  
36 lane that may be operated as a high-occupancy toll lane for vehicles  
37 not otherwise meeting the requirements for use of that lane.

38 (r) The lease agreement shall require the contracting entity or  
39 lessee to provide any information or data requested by the  
40 California Transportation Commission or the Legislative Analyst.

1 The commission, in cooperation with the Legislative Analyst, shall  
2 annually prepare a report on the progress of each project and  
3 ultimately on the operation of the resulting facility. The report  
4 shall include, but not be limited to, a review of the performance  
5 standards, a financial analysis, and any concerns or  
6 recommendations for changes in the program authorized by this  
7 section.

8 (s) Notwithstanding any other provision of this section, no lease  
9 agreement may be entered into pursuant to the section that affects,  
10 alters, or supersedes the Memorandum of Understanding (MOU),  
11 dated November 26, 2008, entered into by the Golden Gate Bridge  
12 Highway and Transportation District, the Metropolitan  
13 Transportation Commission, and the San Francisco County  
14 Transportation Authority, relating to the financing of the U.S.  
15 Highway 101/Doyle Drive reconstruction project located in the  
16 City and County of San Francisco.

17 ~~(t) No lease agreements may be entered into under this section~~  
18 ~~on or after January 1, 2017.~~

**Assembly Constitutional Amendment****No. 4**

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**Introduced by Assembly Member Frazier**  
(Coauthor: Senator Wolk)

February 27, 2015

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Assembly Constitutional Amendment No. 4—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 4 of Article XIII A thereof, and by amending Section 2 of Article XIII C thereof, relating to taxation.

## LEGISLATIVE COUNSEL'S DIGEST

ACA 4, as introduced, Frazier. Local government transportation projects: special taxes: voter approval.

The California Constitution conditions the imposition of a special tax by a city, county, or special district upon the approval of  $\frac{2}{3}$  of the voters of the city, county, or special district voting on that tax, except that certain school entities may levy an ad valorem property tax for specified purposes with the approval of 55% of the voters within the jurisdiction of these entities.

This measure would provide that the imposition, extension, or increase of a special tax by a local government for the purpose of providing funding for local transportation projects, as defined, requires the approval of 55% of its voters voting on the proposition. The measure would also make conforming and technical, nonsubstantive changes. This measure would also provide that it shall become effective immediately upon approval by the voters and shall apply to any local measure imposing, extending, or increasing a special tax for local transportation projects submitted at the same election.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: no.  
 State-mandated local program: no.

1 *Resolved by the Assembly, the Senate concurring,* That the  
 2 Legislature of the State of California at its 2015–16 Regular  
 3 Session commencing on the first day of December 2014, two-thirds  
 4 of the membership of each house concurring, hereby proposes to  
 5 the people of the State of California that the Constitution of the  
 6 State be amended as follows:

7 First— That Section 4 of Article XIII A thereof is amended to  
 8 read:

9 ~~SEC. 4. Cities, Counties and special districts, Except as~~  
 10 ~~otherwise provided by Section 2 of Article XIII C, a city, county,~~  
 11 ~~or special district, by a two-thirds vote of the qualified electors of~~  
 12 ~~such district its voters voting on the proposition, may impose~~  
 13 ~~special taxes on such district a special tax within that city, county,~~  
 14 ~~or special district, except an ad valorem taxes tax on real property~~  
 15 ~~or a transaction transactions tax or sales tax on the sale of real~~  
 16 ~~property within such City, County that city, county, or special~~  
 17 ~~district.~~

18 Second— That Section 2 of Article XIII C thereof is amended  
 19 to read:

20 ~~SEC. 2. Local Government Tax Limitation. Notwithstanding~~  
 21 ~~any other provision of this Constitution:~~

22 (a) ~~All taxes A tax~~ imposed by any local government ~~shall be~~  
 23 ~~deemed to be is~~ either a general taxes tax or a special taxes. Special  
 24 ~~purpose districts tax. A special district or agencies agency,~~  
 25 including a school districts, ~~shall have district, has no power~~  
 26 ~~authority to levy a general taxes tax.~~

27 (b) ~~No A~~ local government ~~may shall not~~ impose, extend, or  
 28 increase any general tax unless and until that tax is submitted to  
 29 the electorate and approved by a majority vote. A general tax ~~shall~~  
 30 ~~is not be~~ deemed to have been increased if it is imposed at a rate  
 31 not higher than the maximum rate so approved. The election  
 32 required by this subdivision shall be consolidated with a regularly  
 33 scheduled general election for members of the governing body of  
 34 the local government, except in cases of emergency declared by  
 35 a unanimous vote of the governing body.

36 (c) Any general tax imposed, extended, or increased, without  
 37 voter approval, by any local government on or after January 1,

1 1995, and prior to the effective date of this article, ~~shall~~ *may*  
 2 continue to be imposed only if *that general tax is* approved by a  
 3 majority vote of the voters voting in an election on the issue of the  
 4 imposition, which election ~~shall be~~ *is held within two years of the*  
 5 ~~effective date of this article~~ *no later than November 6, 1998*, and  
 6 in compliance with subdivision (b).

7 (d) ~~No~~ *(1) Except as otherwise provided in paragraph (2), a*  
 8 ~~local government may~~ *shall not* impose, extend, or increase any  
 9 special tax unless and until that tax is submitted to the electorate  
 10 and approved by ~~a two-thirds vote of the voters voting on the~~  
 11 *proposition*. A special tax ~~shall~~ *is not be* deemed to have been  
 12 increased if it is imposed at a rate not higher than the maximum  
 13 rate so approved.

14 (2) (A) *The imposition, extension, or increase of a special tax*  
 15 *by a local government for the purpose of providing funding for*  
 16 *local transportation projects under its jurisdiction, as may*  
 17 *otherwise be authorized by law, requires the approval of 55 percent*  
 18 *of the voters voting on the proposition. A special tax for the*  
 19 *purpose of providing funding for local transportation projects is*  
 20 *not deemed to have been increased if it is imposed at a rate not*  
 21 *higher than the maximum rate previously approved in the manner*  
 22 *required by law.*

23 (B) *For purposes of this paragraph, "local transportation*  
 24 *project" means the planning, design, development, financing,*  
 25 *construction, reconstruction, rehabilitation, improvement,*  
 26 *acquisition, lease, operation, or maintenance of local streets,*  
 27 *roads, and highways, state highways and freeways, and public*  
 28 *transit systems.*

29 Third— This measure shall become effective immediately  
 30 upon approval by the voters and shall apply to any local measure  
 31 imposing, extending, or increasing a special tax for the funding of  
 32 local transportation projects that is submitted at the same election.

**SENATE BILL****No. 321**

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**Introduced by Senator Beall**February 23, 2015

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An act to amend Section 7360 of the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

## LEGISLATIVE COUNSEL'S DIGEST

SB 321, as introduced, Beall. Motor vehicle fuel taxes: rates: adjustments.

Existing law, as of July 1, 2010, exempts the sale of, and the storage, use, or other consumption of, motor vehicle fuel from specified sales and use taxes and increases the excise tax on motor vehicle fuel, as provided.

Existing law requires the State Board of Equalization, for the 2011–12 fiscal year and each fiscal year thereafter, on or before March 1 of the fiscal year immediately preceding the applicable fiscal year, to adjust the motor vehicle fuel tax rate in a manner as to generate an amount of revenue equal to the amount of revenue loss attributable to the sales and use tax exemption on motor vehicle fuel, based on estimates made by the board. Existing law also requires, in order to maintain revenue neutrality, the board to take into account actual net revenue gain or loss for the fiscal year ending prior to the rate adjustment date. Existing law requires this determined rate to be effective during the state's next fiscal year.

This bill would, for the 2015–16 fiscal year and each fiscal year thereafter, instead require the board, on or before July 1, 2015, or March 1 of the fiscal year immediately preceding the applicable fiscal year, as specified, to adjust the rate in a manner as to generate an amount of revenue equal to the average amount of revenue loss attributable to the

exemption over the next five fiscal years, based on estimates made by the board, and continuing to take into account adjustments required by existing law to maintain revenue neutrality. This bill would authorize, for rate adjustments made after January 1, 2015, in order to reduce the potential volatility of the revenues generated by the motor vehicle fuel tax, the board to make partial adjustments over 3 consecutive years to take into account the net revenue gain or loss of any fiscal year.

This bill would also authorize, if, due to clear changes in either fuel prices or consumption in the state, the board makes a determination that the amount of revenue being generated by the motor vehicle fuel tax will be significantly different than the estimates made by the board, the board to adjust the rate more frequently than annually, but no more frequently than quarterly in order to reduce the potential volatility of the revenues.

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

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

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

1 SECTION 1. Section 7360 of the Revenue and Taxation Code  
2 is amended to read:  
3 7360. (a) (1) A tax of eighteen cents (\$0.18) is hereby imposed  
4 upon each gallon of fuel subject to the tax in Sections 7362, 7363,  
5 and 7364.  
6 (2) If the federal fuel tax is reduced below the rate of nine cents  
7 (\$0.09) per gallon and federal financial allocations to this state for  
8 highway and exclusive public mass transit guideway purposes are  
9 reduced or eliminated correspondingly, the tax rate imposed by  
10 paragraph (1), on and after the date of the reduction, shall be  
11 recalculated by an amount so that the combined state rate under  
12 paragraph (1) and the federal tax rate per gallon equal twenty-seven  
13 cents (\$0.27).  
14 (3) If any person or entity is exempt or partially exempt from  
15 the federal fuel tax at the time of a reduction, the person or entity  
16 shall continue to be so exempt under this section.  
17 (b) (1) On and after July 1, 2010, in addition to the tax imposed  
18 by subdivision (a), a tax is hereby imposed upon each gallon of  
19 motor vehicle fuel, other than aviation gasoline, subject to the tax

1 in Sections 7362, 7363, and 7364 in an amount equal to seventeen  
2 and three-tenths cents (\$0.173) per gallon.

3 (2) (A) For the 2011–12 fiscal year ~~and each to the 2014–15~~  
4 ~~fiscal year thereafter~~, *inclusive*, the board shall, on or before March  
5 1 of the fiscal year immediately preceding the applicable fiscal  
6 year, adjust the rate in paragraph (1) in that manner as to generate  
7 an amount of revenue that will equal the amount of revenue loss  
8 attributable to the exemption provided by Section 6357.7, based  
9 on estimates made by the board, and that rate shall be effective  
10 during the state’s next fiscal year.

11 (B) *For the 2015–16 fiscal year, the board shall, on or before*  
12 *July 1, 2015, adjust the rate in paragraph (1) in that manner as*  
13 *to generate an amount of revenue that will equal the average*  
14 *amount of revenue loss attributable to the exemption provided by*  
15 *Section 6357.7 over the next five fiscal years, based on estimates*  
16 *made by the board, and that rate shall be effective during the*  
17 *2015–16 fiscal year.*

18 (C) *For the 2016–17 fiscal year and each fiscal year thereafter,*  
19 *the board shall, on or before March 1 of the fiscal year immediately*  
20 *preceding the applicable fiscal year, adjust the rate in paragraph*  
21 *(1) in that manner as to generate an amount of revenue that will*  
22 *equal the average amount of revenue loss attributable to the*  
23 *exemption provided by Section 6357.7 over the next five fiscal*  
24 *years, based on estimates made by the board, and that rate shall*  
25 *be effective during the state’s next fiscal year.*

26 (3) In order to maintain revenue neutrality ~~for each year,~~  
27 beginning with the rate adjustment on or before March 1, 2012,  
28 the adjustment under paragraph (2) shall also take into account the  
29 extent to which the actual amount of revenues derived pursuant to  
30 this subdivision and, as applicable, Section 7361.1, the revenue  
31 loss attributable to the exemption provided by Section 6357.7  
32 resulted in a net revenue gain or loss for the fiscal year ending  
33 prior to the rate adjustment date on or before March 1. *For rate*  
34 *adjustments made after January 1, 2015, in order to reduce the*  
35 *potential volatility of the revenues generated by the tax imposed*  
36 *under this subdivision, the board may make partial adjustments*  
37 *over three consecutive years to take into account the net revenue*  
38 *gain or loss of any fiscal year.*

39 (4) *If, due to clear changes in either fuel prices or consumption*  
40 *in the state, the board makes a determination that the amount of*

1 *revenue being generated by the tax imposed by this section will*  
2 *be significantly different than the estimates made by the board,*  
3 *the board may adjust the rate in paragraph (1) more frequently*  
4 *than annually, but no more frequently than quarterly in order to*  
5 *reduce the potential volatility of the revenues.*

6 ~~(4)~~

7 (5) The intent of paragraphs (2) and (3) is to ensure that ~~the act~~  
8 ~~adding Chapter 6 of the Statutes of 2011, which added this~~  
9 ~~subdivision and Section 6357.7~~ 6357.7, does not produce a net  
10 revenue gain in state taxes.

11 SEC. 2. This act is an urgency statute necessary for the  
12 immediate preservation of the public peace, health, or safety within  
13 the meaning of Article IV of the Constitution and shall go into  
14 immediate effect. The facts constituting the necessity are:

15 In order to avoid a significant and devastating decrease in the  
16 amount of funding available for the maintenance of California's  
17 local streets and roads, it is necessary that this act take effect  
18 immediately.