

# Orange County Transportation Authority



## **Legislative and Communications Committee Meeting Agenda**

**Thursday, January 19, 2017 at 9:00 a.m.**

550 South Main Street, Board Room - Conf. Room 07, Orange, California

### **Committee Members**

Shawn Nelson, Chairman  
Lisa A. Bartlett  
Michael Hennessey  
Al Murray  
Tim Shaw  
Gregory T. Winterbottom

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA Clerk of the Board, telephone (714) 560-5676, no less than two (2) business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

Agenda descriptions are intended to give members of the public a general summary of items of business to be transacted or discussed. The posting of the recommended actions does not indicate what action will be taken. The Committee may take any action which it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action.

All documents relative to the items referenced in this agenda are available for public inspection at [www.octa.net](http://www.octa.net) or through the Clerk of the Board's office at the OCTA Headquarters, 600 South Main Street, Orange, California.

### **Call to Order**

### **Pledge of Allegiance - Director Murray**

#### **1. Public Comments**

# LEGISLATIVE AND COMMUNICATIONS COMMITTEE MEETING AGENDA

---

## Special Calendar

### 2. Conference Call with State Legislative Advocate Moira Topp

**Author/Executive Director**

Moira Topp/Lance M. Larson

An update of legislative items in Sacramento will be provided.

## Consent Calendar (Item 3)

All items on the Consent Calendar are to be approved in one motion unless a Committee Member or a member of the public requests separate action or discussion on a specific item.

### 3. Approval of Minutes

Approve the minutes of the Legislative and Communications Committee meeting of November 17, 2016.

## Regular Calendar

### 4. State Legislative Status Report

**Author/Executive Director**

Brandon Bullock/Lance M. Larson

#### Overview

An update is provided on a bill supported consistent with the Orange County Transportation Authority's 2017-18 State Legislative Platform, related to the delegation of federal environmental review authority under the National Environmental Protection Act. A summary of transportation funding proposals introduced in the Legislature is provided. An outline of State Senate leadership and committee assignments for the 2017-18 state legislative session is provided. An update on the Governor's proposed fiscal year 2017-18 budget is provided.

#### Recommendation

Receive and file as an informational item.

## LEGISLATIVE AND COMMUNICATIONS COMMITTEE MEETING AGENDA

---

### 5. Federal Legislative Status Report

#### **Author/Executive Director**

Kristin Essner/Lance M. Larson

#### **Overview**

In December 2016, Congress passed and the President signed into law a continuing resolution to appropriate funding for all departments of the federal government until April 28, 2017. The President-elect stated his intent to pursue an infrastructure investment package. Federal advocacy goals for 2017 are recommended for adoption. An update is provided on the confirmation of a new Secretary of Transportation.

#### **Recommendation**

Adopt the 2017 Federal Legislative Advocacy Goals and direct staff to take necessary and appropriate actions in furtherance of these goals in Washington.

### **Discussion Items**

### 6. Update on the Governor's Budget

Staff will provide a general overview of the Governor's proposed 2017-18 State Budget.

### 7. Chief Executive Officer's Report

### 8. Committee Members' Reports

### 9. Closed Session

There are no Closed Session items scheduled.

### 10. Adjournment

The next regularly scheduled meeting of this Committee will be held at **9:00 a.m. on Thursday, February 16, 2017** at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.



# MINUTES

## Legislative and Communications Committee Meeting

### **Committee Members Present**

Shawn Nelson, Chairman  
Lisa A. Bartlett  
Michael Hennessey  
Jim Katapodis  
Al Murray  
Tim Shaw  
Greg Winterbottom

### **Staff Present**

Ken Phipps, Deputy Chief Executive Officer  
Laurena Weinert, Clerk of the Board  
Mary K. Burton, Deputy Clerk of the Board  
James Donich, General Counsel  
OCTA Staff and members of the General Public

### **Committee Members Absent**

Vice Chairman Lalloway

## **Call to Order**

The November 17, 2016 regular meeting of the Legislative and Communications Committee was called to order by Board Vice Chairman Hennessey at 9:15 a.m.

## **Pledge of Allegiance**

Director Shaw led in the Pledge of Allegiance.

### **1. Public Comments**

No public comments were received.

## **Special Calendar**

There were no Special Calendar matters.

### **2. Conference Call with Sacramento Advocate**

An update of legislative items in Sacramento was provided by Moira Topp, Sacramento Advocate that included:

- Budget projections;
- A Special Session on transportation funding;
- Election results - significant impacts in the legislature;
- The Orange County race between Ling Ling Chang and Josh Newman; and
- Items that would allow a two-thirds vote to enable the legislature to increase taxes, impact constitutional amendments, and make changes to the Fair Political Practices Act.





# MINUTES

## *Legislative and Communications Committee Meeting*

---

### **2. (Continued)**

Director Bartlett asked about Senate Bill (SB) 321, and Ms. Topp responded that SB 321 is the Motor Vehicle Fuel Taxes, Rates, and Adjustments bill which the Board of Equalization must take action on each year to adjust the price-based excise tax, ensuring that the revenues generated from the tax, match what would have formally been generated under the previous sales tax on gasoline and will probably be included in an ultimate package; if a package for a global bill does not come together by November 30th, she believes it will be reintroduced.

### **Consent Calendar (Item 3)**

#### **3. Approval of Minutes**

A motion was made by Director Murray, seconded by Director Hennessey, and declared passed by those present, to approve minutes of the September 15, 2016 meeting.

### **Regular Calendar**

#### **4. Orange County Transportation Authority 2017-18 State and Federal Legislative Platforms**

Lance Larson, Executive Director of Government Relations, introduced this item and stated that this was the draft platform brought to the Committee in September for direction.

Kristin Essner, Principal Government Relations Representative, gave a presentation on the revised State and Federal Legislative Platforms based upon input from stakeholders for adoption by the Committee and Board.

A motion was made by Director Katapodis, seconded by Director Winterbottom, and declared passed by those present, to:

- A. Adopt the Orange County Transportation Authority 2017-18 State and Federal Legislative Platforms.
- B. Direct staff to distribute the adopted platforms to elected officials, advisory committees, local governments, affected agencies, the business community, and other interested parties.



# MINUTES

## *Legislative and Communications Committee Meeting*

---

### **5. Status Report of State Legislation Enacted in 2016**

Kristin Essner, Principal Government Relations Representative, reported that at the end of the 2016 legislative session, 900 bills were signed and chaptered by Governor Jerry Brown, while 159 bills were vetoed. Ms. Essner gave a report containing the analysis of legislation relevant to the Orange County Transportation Authority (OCTA).

Following the discussion, no action was taken on this receive and file information item.

### **6. Performance Evaluation of Sacramento Legislative Advocate, Platinum Advisors, LLC**

Kristin Essner, Principal Government Relations Representative, reported that Platinum Advisors, LLC provided state legislative advocacy services for OCTA in Sacramento and provided an evaluation of their services to the Committee.

Following the discussion, no action was taken on this receive and file staff evaluation information item.

## **Discussion Items**

### **7. OCTA Focus Group Results**

Alice Rogan, Manager of Public Outreach, and Ellen Burton, Executive Director of External Affairs, and Consultant Shakari Byerly, Partner for Evitarus, reported on the focus groups results that were conducted to identify transportation priorities to support upcoming planning studies including the Long-Range Transportation Plan and the Transit Master Plan. In addition, the results will help to assess public perceptions of OCTA and awareness of its programs and services including Measure M2.



# MINUTES

## *Legislative and Communications Committee Meeting*

---

### **7. (Continued)**

Ms. Byerly gave a PowerPoint presentation that included the following:

- Research methodology;
- Transportation Emerged as an Important Consideration for the Future;
- Top Transportation Funding priorities;
- Assessments of the Current System;
- Long-Term Planning Priorities;
- Participants' Most Important Considerations for Future Transportation Planning;
- Communication Preferences; and
- Conclusions.

### **8. Chief Executive Officer's Report**

Ken Phipps, Deputy Chief Executive Officer, reported on the following:

- There was a fire at the Lakeview Avenue grade separation project, of the OC Bridges program, that occurred last night (November 16th) at 5:00 p.m. There were no injuries and an investigation is being conducted.
- The Wilderness Preserve Hike and Equestrian Ride will be held on Saturday, November 19th at the Ferber Ranch Preserve in Trabuco Canyon. The hike will start at 8:30 a.m. and the equestrian ride will start at 11:30 a.m.
- The 91 Express Lanes Pavement Rehabilitation Project is on track. The lanes will be closed this weekend, remain open for the Thanksgiving weekend, and will have one final closure during the first weekend in December.
- OCTA's administrative offices will be closed next Thursday and Friday (November 24th and 25th) in observance of the Thanksgiving holiday.

### **9. Committee Members' Reports**

Director Bartlett reported that she will deliver a State of the County Address on November 29th at 11:30 a.m. at the Irvine Marriott.

Director Murray congratulated Director Shaw for being re-elected and re-appointed to OCTA's Board by the City Selection Committee.



# MINUTES

## *Legislative and Communications Committee Meeting*

---

### **10. Closed Session**

A Closed Session was not conducted at this meeting.

### **11. Adjournment**

The meeting adjourned at 10:25 a.m.

The next regularly scheduled meeting of this Committee will be held at **9:00 a.m. on Thursday, December 15, 2016**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.

ATTEST

---

Mary K. Burton  
Deputy Clerk of the Board

---

Shawn Nelson  
Committee Chairman



**January 19, 2017**

**To:** Legislative and Communications Committee

**From:** Darrell Johnson, Chief Executive Officer

**Subject:** State Legislative Status Report

**Overview**

An update is provided on a bill supported consistent with the Orange County Transportation Authority's 2017-18 State Legislative Platform, related to the delegation of federal environmental review authority under the National Environmental Protection Act. A summary of transportation funding proposals introduced in the Legislature is provided. An outline of State Senate leadership and committee assignments for the 2017-18 state legislative session is provided. An update on the Governor's proposed fiscal year 2017-18 budget is provided.

**Recommendation**

Receive and file as an informational item.

**Discussion**

AB 28 (Frazier, D-Oakley) Department of Transportation: Environmental Review Process: Federal Pilot Program

AB 28 (Frazier, D-Oakley) would allow the California Department of Transportation (Caltrans) the ability to continue performing federal environmental review responsibilities for highway projects under the National Environmental Policy Act (NEPA). Specifically, AB 28 provides for a limited waiver of sovereign immunity under the 11<sup>th</sup> amendment of the U.S. Constitution, so that the state may assume the responsibility and liability for its NEPA actions and decisions, as is required when accepting NEPA delegation.

Initially provided under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, the federal delegation of NEPA authority to the state has been a success in expediting the environmental review of transportation projects. Since the authority was delegated to the state in 2007,



Caltrans and local agencies have been able to advance and deliver projects that could have been delayed, had those projects been subject to the traditional federally-led NEPA review process. With NEPA delegation, substantial time savings has been achieved for numerous areas of the NEPA environmental review process, including Section 7 Biological Assessments/Biological Opinions, draft environmental assessments, and Findings of No Significant Impact determinations. As a result, the time savings provided with NEPA delegation has led to reduced project costs and the expedited start of project construction activities.

However, despite these successes, the most recent enabling legislation, AB 892 (Chapter 482, Statutes of 2011), which had previously provided the limited waiver of sovereign immunity, and that was supported by the Orange County Transportation Authority (OCTA), contained a sunset provision of January 1, 2017. While efforts were pursued in 2016 to extend the waiver, those efforts ultimately became tangled in the negotiations on a potential transportation funding package, which did not materialize. As such, the current waiver of sovereign immunity for NEPA delegation purposes has expired. As a result, Caltrans has informed local agencies that it cannot perform NEPA review responsibilities until it receives a new waiver of sovereign immunity from the legislature.

Without a new waiver, numerous locally-funded OCTA projects are at risk for delay if they are subject to the traditional NEPA review process. These projects include improvements to numerous freeways in Orange County including State Route 91, State Route 57, State Route 55, and Interstate 405. In total, it is estimated that approximately \$2.1 billion in infrastructure investments could be delayed if NEPA delegation is allowed to expire indefinitely. These delays could be compounded further as the Federal Highways Administration has indicated that it currently lacks the staff to adequately and readily assume the NEPA responsibilities. Consistent with the OCTA 2017-18 State Legislative Platform's principle to support legislation to streamline the environmental review and permitting processes for transportation projects and programs, a SUPPORT position has been taken on AB 28. A copy of the bill and a letter of support are included as Attachment A.

### Transportation Funding Proposals

In the opening days of the 2017-18 State Legislative Session, both Assembly Member Jim Frazier (D-Oakley), Chair of the Assembly Transportation Committee, and Senator Jim Beall (D-San Jose), Chair of the Senate Transportation and Housing Committee, introduced separate transportation funding proposals that build upon previous proposals that had been part of the 2015-16 Special Session on Transportation. Among their provisions, the new



proposals, AB 1 (Frazier) and SB 1 (Beall), would provide \$6 billion annually through a combination of increases to the sales taxes on gas and diesel fuel, adjusted per the Consumer Price Index, and increases to vehicle registration fees. The revenues generated from these increases would fund a new road maintenance program focusing on highways and local streets and roads, with the use of funds by both Caltrans and cities and counties to be subject to performance and reporting requirements. Both proposals also include a small set-aside of the funding provided under the program for existing and new self-help counties.

Both bills would also require the expedited repayment of prior transportation loans made to the General Fund, and partial return of truck weight fee revenues to the State Highway Account for transportation purposes, rather than for bond debt service on general obligation bonds. Both AB 1 and SB 1 would also reset the price-based excise tax on gasoline to 18 cents per gallon. By partially returning weight fee revenues and resetting the price-based excise tax, immediate relief would be provided for the State Transportation Improvement Program and local streets and roads funding.

With regards to transit funding, both AB 1 and SB 1 propose to double the formula share of cap-and-trade funding dedicated to both the Transit and Intercity Rail Capital Program, and the Low Carbon Transit Operation Program. Both bills also propose providing additional transit funding via increases in the diesel sales tax; however, SB 1 would also require a portion of its proposed diesel sales tax increase to be dedicated to supporting commuter and intercity rail service in the state. Both bills also would provide additional funding for goods movement and active transportation projects, and would implement several transportation delivery and efficiency reforms as part of their respective proposals. These provisions include enhanced oversight of the State Highway Operations and Protection Program, exemptions from the California Environmental Quality Act for projects within an existing right-of-way, and the permanent delegation of federal responsibilities under NEPA to Caltrans.

The full text of both bills is included as Attachments B and C. An outline comparing the major provisions of each bill legislation is also included as Attachment D. It is expected that as the legislative session progresses, these proposals will serve as the starting point for future negotiations. It is also anticipated that the Governor may include his own transportation funding proposal as part of his proposed 2017-18 State Budget. Staff will continue to monitor developments on all funding proposals that may be pursued, and provide updates as needed to the OCTA Board of Directors on their status.

2017-18 State Senate Leadership and Committee Assignments

---

Coinciding with the start of the 2017-18 state legislative session, Senate President pro Tem Kevin de León (D-Los Angeles) introduced his leadership team and the committee assignments for the State Senate. A detailed listing of these positions is included as Attachment E. The Chair and Vice-Chair of the Senate Transportation and Housing Committee remain the same with Senator Jim Beall and Senator Anthony Canella (R-Ceres) retaining their leadership positions on the committee. In the Assembly, Speaker Anthony Rendon (D-South Gate) has released the Assembly Leadership and Committee Chair assignments for the 2017-18 legislative session. It is expected that a full committee roster list will be available shortly. When a full assembly committee assignment list is released, an update will be provided at the next scheduled meeting of the Legislative and Communications Committee.

#### Governor's Proposed Fiscal Year 2017-18 State Budget

As required by the state constitution, the Governor's proposed budget for fiscal year 2017-18 is required to be introduced by January 10, 2017. While a memo outlining the proposed budget has been provided to the OCTA Board of Directors, a verbal update will be included as part of the January 19, 2017 meeting of the OCTA Legislative and Communications Committee.



---

**Summary**

An update is provided on a bill related to the environmental review of transportation projects. An overview of two state funding proposals is provided. The committee and leadership assignments for the California State Senate is provided. A verbal update on the Governor's proposed fiscal year 2017-18 state budget is provided.

**Attachments**

- A. Orange County Transportation Authority Support Letter for AB 28 (Frazier, D-Oakley) with bill language
- B. AB 1 (Frazier, D-Oakley) Bill Language
- C. SB 1 (Beall, D-San Jose) Bill Language
- D. AB 1/SB 1 Comparison Chart
- E. 2017-18 State Senate Leadership and Committee Assignments
- F. Orange County Transportation Authority Legislative Matrix

**Prepared by:**

Brandon Bullock  
Government Relations  
Representative  
(714) 560-5389

**Approved by:**

Lance M. Larson  
Executive Director,  
Government Relations  
(714) 560-5908

**AFFILIATED AGENCIES**

*Orange County  
Transit District*

*Local Transportation  
Authority*

*Service Authority for  
Freeway Emergencies*

*Consolidated Transportation  
Service Agency*

*Congestion Management  
Agency*

*Service Authority for  
Abandoned Vehicles*

December 14, 2016

The Honorable Jim Frazier  
Chair, Assembly Transportation Committee  
State Capitol Building, Room 3091  
Sacramento, California 94249

**Subject: AB 28 – SUPPORT**

Dear Chairman Frazier:

The Orange County Transportation Authority (OCTA) Board of Directors is pleased to support AB 28, your legislation which will allow the state to continue to perform federal environmental responsibilities for highway projects under the National Environmental Policy Act (NEPA). By continuing the delegation of NEPA authority to the California Department of Transportation (Caltrans), AB 28 will allow for the streamlined environmental review of critical transportation projects, thereby accelerating the delivery of those projects and the mobility and economic benefits they provide.

Initially provided under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, the federal delegation of NEPA authority to the state has been a success in expediting the environmental review of transportation projects. This authority has allowed both Caltrans and local agencies to advance and deliver projects that could have been delayed, had those projects been subject to the traditional federally-led NEPA review process. For instance, NEPA delegation has allowed for the processing of Section 7 Biological Assessments/Biological Opinions to be cut by more than five months, and the approval of draft environmental assessments (EAs), and Findings of No Significant Impact (FONSIs), to be reduced on average by 11 months when compared to the time these approvals have traditionally taken under the federally-led NEPA review process. These time-savings have reduced costs and expedited the start of project construction activities, including the delivery of the economic and mobility benefits the projects provide.

If NEPA delegation authority is not extended, then numerous locally-funded OCTA projects could be delayed if they are subjected to the traditional NEPA review process. These projects include improvements to numerous freeways in Orange County including State Route (SR) 91, SR-57, SR-55, and Interstate 405. In total, OCTA estimates that approximately \$2.1 billion in infrastructure investments could be delayed if NEPA delegation is allowed to expire

The Honorable Jim Frazier  
December 14, 2016  
Page 2

indefinitely. For this reason, OCTA recognizes the importance of your legislation, and believe that it should be prioritized for immediate passage by the legislature, so as to allow for immediate investment in California's transportation network.

A support position on AB 28 is consistent with the principles included in the OCTA 2017-18 State Legislative Platform that states, "Support legislation to streamline the environmental review and permitting processes for transportation projects and programs to avoid potentially duplicative and unnecessary analysis, while still maintaining traditional environmental protections".

If you or your staff have any questions regarding OCTA's position on AB 28, please contact Kristin Essner, Principal Government Relations Representative, at (714) 560-5754.

Sincerely,



Lori Donchak  
Chair

LD:bb

c: Darrell Johnson, Chief Executive Officer  
Orange County State Legislative Delegation  
Platinum Advisors, LLC



**ASSEMBLY BILL**

**No. 28**

---

**Introduced by Assembly Member Frazier  
(Principal coauthor: Assembly Member Salas)  
(Principal coauthor: Senator Galgiani)**

December 5, 2016

---

An act to add Section 820.1 to the Streets and Highways Code, relating to transportation, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 28, as introduced, Frazier. Department of Transportation: environmental review process: federal pilot program.

Existing law gives the Department of Transportation full possession and control of the state highway system. Existing federal law requires the United States Secretary of Transportation to carry out a surface transportation project delivery pilot program, under which the participating states assume certain responsibilities for environmental review and clearance of transportation projects that would otherwise be the responsibility of the federal government. Existing law, until January 1, 2017, provided that the State of California consents to the jurisdiction of the federal courts with regard to the compliance, discharge, or enforcement of the responsibilities it assumed as a participant in the pilot program.

This bill would reinstate the operation of the latter provision.

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 820.1 is added to the Streets and  
2 Highways Code, to read:

3 820.1. (a) The State of California consents to the jurisdiction  
4 of the federal courts with regard to the compliance, discharge, or  
5 enforcement of the responsibilities assumed by the department  
6 pursuant to Section 326 of, and subsection (a) of Section 327 of,  
7 Title 23 of the United States Code.

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

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

15 (d) This section does not affect the obligation of the department  
16 to comply with state and federal law.

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

21 To expedite the participation of the Department of Transportation  
22 in the federal surface transportation project delivery pilot program,  
23 it is necessary for this measure to take effect immediately.

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

## ASSEMBLY BILL

No. 1

---

**Introduced by Assembly Member Frazier  
(Coauthors: Assembly Members Low, Mullin, and Santiago)**

December 5, 2016

---

An act to amend Sections 13975, 14500, 14526.5, and 16965 of, to add Sections 14033, 14526.7, and 16321 to, to add Part 5.1 (commencing with Section 14460) to Division 3 of Title 2 of, and to repeal Section 14534.1 of, the Government Code, to amend Section 39719 of the Health and Safety Code, to amend Section 21080.37 of, and to add Division 13.6 (commencing with Section 21200) to, the Public Resources Code, to amend Section 99312.1 of, and to add Section 99314.9 to, the Public Utilities Code, to amend Sections 6051.8, 6201.8, 7360, 8352.4, 8352.5, 8352.6, and 60050 of the Revenue and Taxation Code, to amend Sections 183.1, 2192, 2192.1, and 2192.2 of, to add Sections 820.1, 2103.1, and 2192.4 to, and to add Chapter 2 (commencing with Section 2030) to Division 3 of, the Streets and Highways Code, and to add Sections 9250.3, 9250.6, and 9400.5 to the Vehicle Code, relating to transportation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

## LEGISLATIVE COUNSEL'S DIGEST

AB 1, as introduced, Frazier. Transportation funding.

(1) Existing law provides various sources of funding for transportation purposes, including funding for the state highway system and the local street and road system. These funding sources include, among others, fuel excise taxes, commercial vehicle weight fees, local transactions and use taxes, and federal funds. Existing law imposes certain registration fees on vehicles, with revenues from these fees deposited

in the Motor Vehicle Account and used to fund the Department of Motor Vehicles and the Department of the California Highway Patrol. Existing law provides for the monthly transfer of excess balances in the Motor Vehicle Account to the State Highway Account.

This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system. The bill would require the California Transportation Commission to adopt performance criteria, consistent with a specified asset management plan, to ensure efficient use of certain funds available for the program. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a \$0.012 per gallon increase in the motor vehicle fuel (gasoline) tax imposed by the bill with an inflation adjustment, as provided, an increase of \$38 in the annual vehicle registration fee with an inflation adjustment, as provided, a new \$165 annual vehicle registration fee with an inflation adjustment, as provided, applicable to zero-emission motor vehicles, as defined, and certain miscellaneous revenues described in (7) below that are not restricted as to expenditure by Article XIX of the California Constitution.

This bill would annually set aside \$200,000,000 of the funds available for the program to fund road maintenance and rehabilitation purposes in counties that have sought and received voter approval of taxes or that have imposed fees, including uniform developer fees, as defined, which taxes or fees are dedicated solely to transportation improvements. These funds would be continuously appropriated for allocation pursuant to guidelines to be developed by the California Transportation Commission in consultation with local agencies. The bill would require \$80,000,000 of the funds available for the program to be annually transferred to the State Highway Account for expenditure on the Active Transportation Program. The bill would require \$30,000,000 of the funds available for the program in each of 4 fiscal years beginning in 2017–18 to be transferred to the Advance Mitigation Fund created by the bill pursuant to (12) below. The bill would continuously appropriate \$2,000,000 annually of the funds available for the program to the California State University for the purpose of conducting transportation research and transportation-related workforce education, training, and development, and \$3,000,000 annually to the institutes for transportation studies at the University of California. The bill would require the

remaining funds available for the program to be allocated 50% for maintenance of the state highway system or to the state highway operation and protection program and 50% to cities and counties pursuant to a specified formula. The bill would impose various requirements on the department and agencies receiving these funds. The bill would authorize a city or county to spend its apportionment of funds under the program on transportation priorities other than those allowable pursuant to the program if the city's or county's average Pavement Condition Index meets or exceeds 80.

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

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

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

(3) Existing law creates various state agencies, including the Department of Transportation, the High-Speed Rail Authority, the Department of the California Highway Patrol, the Department of Motor Vehicles, and the State Air Resources Board, with specified powers and duties. Existing law provides for the allocation of state transportation funds to various transportation purposes.

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



removed from office during the term except for good cause. The bill would specify the duties and responsibilities of the Transportation Inspector General and would require an annual report to the Legislature and Governor.

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

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

This bill would require the Department of Finance, on or before January 1, 2017, to compute the amount of outstanding loans made from specified transportation funds. The bill would require the Department of Transportation to prepare a loan repayment schedule and would require the outstanding loans to be repaid pursuant to that schedule, as prescribed. The bill would appropriate funds for that purpose from the Budget Stabilization Account. The bill would require the repaid funds to be transferred, pursuant to a specified formula, to cities and counties and to the department for maintenance of the state highway system and for purposes of the state highway operation and protection program.

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

This bill would deposit the revenues attributable to a \$0.20 per gallon increase in the diesel fuel excise tax imposed by the bill into the Trade Corridors Improvement Fund. The bill would require revenues apportioned to the state from the national highway freight program established by the federal Fixing America’s Surface Transportation Act to be allocated for trade corridor improvement projects approved pursuant to these provisions.

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

This bill would revise the list of plans to be consulted by the commission when determining eligible projects for funding. The bill would also expand eligible projects to include, among others, rail landside access improvements, landside freight access improvements to airports, and certain capital and operational improvements.

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

This bill would, beginning in the 2017–18 fiscal year, instead continuously appropriate 20% of those annual proceeds to the Transit and Intercity Rail Capital Program and 10% of those annual proceeds to the Low Carbon Transit Operations Program, thereby making an appropriation.

(7) Article XIX of the California Constitution restricts the expenditure of revenues from taxes imposed by the state on fuels used in motor vehicles upon public streets and highways to street and highway and certain mass transit purposes. Existing law requires certain miscellaneous revenues deposited in the State Highway Account that are not restricted as to expenditure by Article XIX of the California Constitution to be transferred to the Transportation Debt Service Fund in the State Transportation Fund, as specified, and requires the Controller to transfer from the fund to the General Fund an amount of those revenues necessary to offset the current year debt service made from the General Fund on general obligation transportation bonds issued pursuant to Proposition 116 of 1990.

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

(8) Article XIX of the California Constitution requires gasoline excise tax revenues from motor vehicles traveling upon public streets and

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

This bill, commencing July 1, 2017, would instead transfer to the Highway Users Tax Account for allocation to state and local transportation purposes under a specified formula the portion of gasoline excise tax revenues currently being deposited in the General Fund that are attributable to boats, agricultural vehicles, and off-highway vehicles. Because that account is continuously appropriated, the bill would make an appropriation.

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

This bill would eliminate the annual rate adjustment to maintain revenue neutrality for the gasoline and diesel excise tax rates and would reimpose the higher gasoline excise tax rate that was in effect on July 1, 2010, in addition to the increase in the rate described in (1) above.

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

This bill would increase the additional sales and use tax on diesel fuel by an additional 3.5%. By increasing the revenues deposited in the Public Transportation Account that are continuously appropriated, the bill would thereby make an appropriation. The bill would restrict expenditures of revenues from this increase in the sales and use tax on diesel fuel to transit capital purposes and certain transit services and

would require a recipient transit agency to comply with certain requirements, including submitting a list of proposed projects to the Department of Transportation, as a condition of receiving a portion of these funds. The bill would require the Controller to compute and publish quarterly proposed allocations for each eligible recipient agency under the State Transit Assistance Program. The bill would require an existing required audit of transit operator finances to verify that these new revenues have been expended in conformance with these specific restrictions and all other generally applicable requirements.

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

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

The bill would require the commission, as part of its review of the program, to hold at least one hearing in northern California and one hearing in southern California regarding the proposed program. The bill would require the department to submit any change to a programmed project as an amendment to the commission for its approval.

This bill, on and after August 1, 2017, would also require the commission to make an allocation of all capital and support costs for each project in the program, and would require the department to submit a supplemental project allocation request to the commission for each project that experiences cost increases above the amounts in its allocation. The bill would require the commission to establish guidelines to provide exceptions to the requirement for a supplemental project

allocation requirement that the commission determines are necessary to ensure that projects are not unnecessarily delayed.

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

This bill, notwithstanding these provisions or any other law, would only authorize specified amounts of weight fee revenues to be transferred from the State Highway Account to the Transportation Debt Service Fund, the Transportation Bond Direct Payment Account, or any other fund or account for the purpose of payment of the debt service on transportation general obligation bonds in accordance with a prescribed schedule, with no more than \$500,000,000 to be transferred in the 2021–22 and subsequent fiscal years. The bill would also prohibit loans of weight fee revenues to the General Fund.

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

CEQA, until January 1, 2020, exempts a project or an activity to repair, maintain, or make minor alterations to an existing roadway, as defined, other than a state roadway, if the project or activity is carried

out by a city or county with a population of less than 100,000 persons to improve public safety and meets other specified requirements.

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

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

(13) Existing federal law requires the United States Secretary of Transportation to carry out a surface transportation project delivery program, under which the participating states assume certain responsibilities for environmental review and clearance of transportation projects that would otherwise be the responsibility of the federal government. Existing law, until January 1, 2017, when these provisions are repealed, provides that the State of California consents to the jurisdiction of the federal courts with regard to the compliance, discharge, or enforcement of the responsibilities the Department of Transportation assumed as a participant in this program.

This bill would reenact these provisions.

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

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

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

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Over the next 10 years, the state faces a \$59 billion shortfall
- 4 to adequately maintain the existing state highway system in order
- 5 to keep it in a basic state of good repair.

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

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

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

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

17 (f) A funding program will help address a portion of the  
18 maintenance backlog on the state's road system and will stop the  
19 growth of the problem.

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

23 (h) Improving the condition of the state's road system will have  
24 a positive impact on the economy as it lowers the transportation  
25 costs of doing business, reduces congestion impacts for employees,  
26 and protects property values in the state.

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

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

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

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

37 (1) Ensure these transportation needs are addressed.

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

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

1 (4) Direct increased revenue to the state's highest transportation  
2 needs.

3 SEC. 2. Section 13975 of the Government Code is amended  
4 to read:

5 13975. There is in the state government the Transportation  
6 Agency. The agency consists of the Department of the California  
7 Highway Patrol, the ~~California Transportation Commission~~, the  
8 Department of Motor Vehicles, the Department of Transportation,  
9 the High-Speed Rail Authority, and the Board of Pilot  
10 Commissioners for the Bays of San Francisco, San Pablo, and  
11 Suisun.

12 SEC. 3. Section 14033 is added to the Government Code, to  
13 read:

14 14033. On or before July 1, 2017, the department shall update  
15 the Highway Design Manual to incorporate the "complete streets"  
16 design concept.

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

19  
20 PART 5.1. OFFICE OF THE TRANSPORTATION INSPECTOR  
21 GENERAL  
22

23 14460. (a) There is hereby created in state government the  
24 independent Office of the Transportation Inspector General, which  
25 shall not be a subdivision of any other governmental entity, to  
26 ensure that the Department of Transportation, the High-Speed Rail  
27 Authority, the Department of the California Highway Patrol, the  
28 Department of Motor Vehicles, the State Air Resources Board,  
29 and all other state agencies expending state transportation funds  
30 are operating efficiently, effectively, and in compliance with  
31 applicable federal and state laws.

32 (b) The Governor shall appoint, subject to confirmation by the  
33 Senate, the Transportation Inspector General to a six-year term.  
34 The Transportation Inspector General may not be removed from  
35 office during that term, except for good cause. A finding of good  
36 cause may include substantial neglect of duty, gross misconduct,  
37 or conviction of a crime. The reasons for removal of the  
38 Transportation Inspector General shall be stated in writing and  
39 shall include the basis for removal. The writing shall be sent to  
40 the Secretary of the Senate and the Chief Clerk of the Assembly



1 at the time of the removal and shall be deemed to be a public  
2 document.

3 14461. The Transportation Inspector General shall review  
4 policies, practices, and procedures and conduct audits and  
5 investigations of activities involving state transportation funds in  
6 consultation with all affected state agencies. Specifically, the  
7 Transportation Inspector General's duties and responsibilities shall  
8 include, but not be limited to, all of the following:

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

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

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

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

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

26 (f) To ensure that the Secretary of Transportation and the  
27 Legislature are fully and currently informed concerning fraud or  
28 other serious abuses or deficiencies relating to the expenditure of  
29 funds or administration of programs and operations.

30 14462. The Transportation Inspector General shall report at  
31 least annually to the Governor and Legislature with a summary of  
32 his or her findings, investigations, and audits. The summary shall  
33 be posted on the Transportation Inspector General's Internet Web  
34 site and shall otherwise be made available to the public upon its  
35 release to the Governor and Legislature. The summary shall  
36 include, but need not be limited to, significant problems discovered  
37 by the Transportation Inspector General and whether  
38 recommendations of the Transportation Inspector General relative  
39 to investigations and audits have been implemented by the affected

1 agencies. The report shall be submitted to the Legislature in  
2 compliance with Section 9795.

3 SEC. 5. Section 14500 of the Government Code is amended  
4 to read:

5 14500. There is in ~~the Transportation Agency~~ *state government*  
6 a California Transportation Commission. *The commission shall*  
7 *act in an independent oversight role.*

8 SEC. 6. Section 14526.5 of the Government Code is amended  
9 to read:

10 14526.5. (a) Based on the asset management plan prepared  
11 and approved pursuant to Section 14526.4, the department shall  
12 prepare a state highway operation and protection program for the  
13 expenditure of transportation funds for major capital improvements  
14 that are necessary to preserve and protect the state highway system.  
15 Projects included in the program shall be limited to ~~capital~~  
16 ~~improvements relative to the maintenance, safety, operation, and~~  
17 ~~rehabilitation~~ *rehabilitation, and operation* of state highways and  
18 bridges that do not add a new traffic lane to the system.

19 (b) The program shall include projects that are expected to be  
20 advertised prior to July 1 of the year following submission of the  
21 program, but which have not yet been funded. The program shall  
22 include those projects for which construction is to begin within  
23 four fiscal years, starting July 1 of the year following the year the  
24 program is submitted.

25 (c) (1) The department, at a minimum, shall specify, for each  
26 project in the state highway operation and protection program, the  
27 capital and support ~~budget, as well as a projected delivery date,~~  
28 *budget* for each of the following project components:

29 ~~(1) Completion of project~~

30 ~~(A) Project approval and environmental documents.~~

31 ~~(2) Preparation of plans;~~

32 ~~(B) Plans, specifications, and estimates.~~

33 ~~(3) Acquisition of rights-of-way, including, but not limited to,~~  
34 ~~support activities.~~

35 ~~(C) Rights-of-way.~~

36 ~~(D) Construction.~~

37 (2) *The department shall specify, for each project in the state*  
38 *highway operation and protection program, a project delivery*  
39 *date for each of the following components:*

40 (A) *Environmental document completion.*

1 (B) Plans, specifications, and estimate completion.

2 (C) Right-of-way certification.

3 ~~(4)~~

4 (D) Start of construction.

5 (d) ~~The program department shall be submitted~~ *submit its*  
6 *proposed program* to the commission not later than January 31 of  
7 each even-numbered year. Prior to submitting ~~the plan~~, *its proposed*  
8 *program*, the department shall make a draft of its proposed program  
9 available to transportation planning agencies for review and  
10 comment and shall include the comments in its submittal to the  
11 commission. *The department shall provide the commission with*  
12 *detailed information for all programmed projects, including, but*  
13 *not limited to, cost, scope, schedule, and performance metrics as*  
14 *determined by the commission.*

15 (e) ~~The commission may~~ *shall* review the *proposed* program  
16 relative to its overall adequacy, consistency with the asset  
17 management plan prepared and approved pursuant to Section  
18 14526.4 and funding priorities established in Section 167 of the  
19 Streets and Highways Code, the level of annual funding needed  
20 to implement the program, and the impact of those expenditures  
21 on the state transportation improvement program. The commission  
22 shall adopt the program and submit it to the Legislature and the  
23 Governor not later than April 1 of each even-numbered year. The  
24 commission may decline to adopt the program if the commission  
25 determines that the program is not sufficiently consistent with the  
26 asset management plan prepared and approved pursuant to Section  
27 14526.4.

28 (f) *As part of the commission's review of the program required*  
29 *pursuant to subdivision (a), the commission shall hold at least one*  
30 *hearing in northern California and one hearing in southern*  
31 *California regarding the proposed program.*

32 ~~(4)~~

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

35 (h) *Following adoption of the state highway operation and*  
36 *protection program by the commission, any change to a*  
37 *programmed project shall be submitted as an amendment by the*  
38 *department to the commission for its approval before the change*  
39 *may be implemented.*

1 SEC. 7. Section 14526.7 is added to the Government Code, to  
2 read:

3 14526.7. (a) On and after August 1, 2017, an allocation by the  
4 commission of all capital and support costs for each project in the  
5 state highway operation and protection program shall be required.

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

10 (c) The commission shall establish guidelines to provide  
11 exceptions to the requirement of subdivision (b) that the  
12 commission determines are necessary to ensure that projects are  
13 not unnecessarily delayed.

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

15 ~~14534.1. Notwithstanding Section 12850.6 or subdivision (b)~~  
16 ~~of Section 12800, as added to this code by the Governor's~~  
17 ~~Reorganization Plan No. 2 of 2012 during the 2011-12 Regular~~  
18 ~~Session, the commission shall retain independent authority to~~  
19 ~~perform those duties and functions prescribed to it under any~~  
20 ~~provision of law.~~

21 SEC. 9. Section 16321 is added to the Government Code, to  
22 read:

23 16321. (a) Notwithstanding any other law, on or before January  
24 1, 2017, the Department of Finance shall compute the amount of  
25 outstanding loans made from the State Highway Account, the  
26 Motor Vehicle Fuel Account, the Highway Users Tax Account,  
27 and the Motor Vehicle Account to the General Fund. The  
28 department shall prepare a loan repayment schedule, pursuant to  
29 which the outstanding loans shall be repaid, as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) From the moneys transferred to the fund pursuant to paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the Vehicle Code, there shall first be deposited into the Transportation

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

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

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

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

11 ~~(c) From moneys transferred to the fund pursuant to Section~~  
12 ~~183.1 of the Streets and Highways Code, the Controller shall~~  
13 ~~transfer as an expenditure reduction to the General Fund any~~  
14 ~~amount necessary to offset the cost of current year debt service~~  
15 ~~payments made from the General Fund with respect to any bonds~~  
16 ~~issued pursuant to Proposition 116 (1990). In the alternative, these~~  
17 ~~funds may also be used to redeem or retire the applicable bonds;~~  
18 ~~pursuant to Section 16774, maturing in a subsequent fiscal year~~  
19 ~~as directed by the Director of Finance.~~

20 (f)

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



1 these funds may also be used to redeem or retire the applicable  
2 bonds, pursuant to Section 16774, maturing in a subsequent fiscal  
3 year as directed by the Director of Finance.

4 ~~(g)~~

5 *(f)* On or before the second business day following the date on  
6 which transfers are made to the Transportation Debt Service Fund,  
7 and after the required monthly deposits for that month, including  
8 makeup of any shortfalls from any prior month, have been made  
9 to the Transportation Bond Direct Payment Account, the Controller  
10 shall transfer the funds designated for reimbursement of bond debt  
11 service with respect to nondesignated bonds, as defined in  
12 subdivision (c) of Section 16773, and other bonds identified in  
13 subdivisions ~~(d)~~, ~~(e)~~, *(d)* and ~~(f)~~ *(e)* in that month from the fund to  
14 the General Fund pursuant to this section.

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

17 39719. (a) The Legislature shall appropriate the annual  
18 proceeds of the fund for the purpose of reducing greenhouse gas  
19 emissions in this state in accordance with the requirements of  
20 Section 39712.

21 (b) To carry out a portion of the requirements of subdivision  
22 (a), annual proceeds are continuously appropriated for the  
23 following:

24 (1) Beginning in the ~~2015-16~~ 2017-18 fiscal year, and  
25 notwithstanding Section 13340 of the Government Code, ~~35~~ 50  
26 percent of annual proceeds are continuously appropriated, without  
27 regard to fiscal years, for transit, affordable housing, and  
28 sustainable communities programs as ~~following~~ *follows*:

29 (A) ~~Ten~~ Twenty percent of the annual proceeds of the fund is  
30 hereby continuously appropriated to the Transportation Agency  
31 for the Transit and Intercity Rail Capital Program created by Part  
32 2 (commencing with Section 75220) of Division 44 of the Public  
33 Resources Code.

34 (B) ~~Five~~ Ten percent of the annual proceeds of the fund is hereby  
35 continuously appropriated to the Low Carbon Transit Operations  
36 Program created by Part 3 (commencing with Section 75230) of  
37 Division 44 of the Public Resources Code. ~~Funds~~ *Moneys* shall be  
38 allocated by the Controller, according to requirements of the  
39 program, and pursuant to the distribution formula in subdivision

(b) or (c) of Section 99312 of, and Sections 99313 and 99314 of, the Public Utilities Code.

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

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

(A) Acquisition and construction costs of the project.

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

(C) Other capital costs of the project.

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

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

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

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

~~(1) The project is carried out by a city or county with a population of less than 100,000 persons to improve public safety.~~

~~(2)~~

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

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

~~(3)~~

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

~~(4) The roadway is not a state roadway.~~

~~(5)~~

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

(B) For the purposes of this paragraph:

(i) "Riparian areas" mean those areas transitional between terrestrial and aquatic ecosystems and that are distinguished by gradients in biophysical conditions, ecological processes, and biota. A riparian area is an area through which surface and subsurface hydrology connect waterbodies with their adjacent uplands. A riparian area includes those portions of terrestrial ecosystems that significantly influence exchanges of energy and matter with aquatic ecosystems. A riparian area is adjacent to perennial, intermittent, and ephemeral streams, lakes, and estuarine-marine shorelines.

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

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

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

~~(6)~~

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

~~(7)~~

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

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

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

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

(c) For purposes of this section, "roadway" means a roadway as defined pursuant to Section 530 of the Vehicle Code and the previously graded and maintained shoulder that is within a roadway right-of-way of no more than five feet from the edge of the roadway.

~~(d) Whenever~~

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

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

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

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

3  
4 DIVISION 13.6. ADVANCE MITIGATION PROGRAM ACT

5  
6 CHAPTER 1. GENERAL

7  
8 21200. This division shall be known, and may be cited, as the  
9 Advance Mitigation Program Act.

10 21201. (a) The purpose of this division is to improve the  
11 success and effectiveness of actions implemented to mitigate the  
12 natural resource impacts of future transportation projects by  
13 establishing the means to implement those actions well before the  
14 transportation projects are constructed. The advance identification  
15 and implementation of mitigation actions also will streamline the  
16 delivery of transportation projects by anticipating mitigation  
17 requirements for planned transportation projects and avoiding or  
18 reducing delays associated with environmental permitting. By  
19 identifying regional or statewide conservation priorities and by  
20 anticipating the impacts of planned transportation projects on a  
21 regional or statewide basis, mitigation actions can be designed to  
22 protect and restore California's most valuable natural resources  
23 and also facilitate environmental compliance for planned  
24 transportation projects on a regional scale.

25 (b) This division is not intended to create a new environmental  
26 permitting or regulatory program or to modify existing  
27 environmental laws or regulations, nor is it expected that all  
28 mitigation requirements will be addressed for planned  
29 transportation projects. Instead, it is intended to provide a  
30 methodology with which to anticipate and fulfill the requirements  
31 of existing state and federal environmental laws that protect fish,  
32 wildlife, plant species, and other natural resources more efficiently  
33 and effectively.

34 21202. The Legislature finds and declares all of the following:

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

39 (b) The cost of critical transportation projects often escalates  
40 because of permitting delays that occur when appropriate

conservation and mitigation measures cannot easily be identified and because the cost of these measures often increases between the time a project is planned and funded and the time mitigation is implemented.

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

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

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

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

(g) Advance mitigation is needed to direct mitigation funding for transportation projects to agreed-upon conservation priorities and to the creation of habitat reserves and recreation areas that enhance the sustainability of human and natural systems by protecting or restoring connectivity of natural communities and the delivery of ecosystem services.

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

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

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

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

1 (b) Develop effective strategies to improve the state's ability to  
2 meet mounting demands for transportation improvements and to  
3 maximize conservation and other public benefits.

4 (c) Achieve conservation objectives of statewide and regional  
5 importance by coordinating local, state, and federally funded  
6 natural resource conservation efforts with mitigation actions  
7 required for impacts from transportation projects.

8 (d) Create administrative, governance, and financial incentives  
9 and mechanisms necessary to ensure that measures required to  
10 minimize or mitigate impacts from transportation projects will  
11 serve to achieve regional or statewide natural resource conservation  
12 objectives.

13  
14 CHAPTER 2. DEFINITIONS  
15

16 21204. For purposes of this division, the following terms have  
17 the following meanings:

18 (a) "Advance mitigation" means mitigation implemented before,  
19 and in anticipation of, environmental effects of planned  
20 transportation projects.

21 (b) "Commission" means the California Transportation  
22 Commission.

23 (c) "Department" means the Department of Transportation.

24 (d) "Transportation project" means a transportation capital  
25 improvement project.

26 (e) "Planned transportation project" means a transportation  
27 project that a transportation agency has concluded is reasonably  
28 likely to be constructed within 20 years and that has been identified  
29 to the agency for purposes of this division. A planned transportation  
30 project may include, but is not limited to, a transportation project  
31 that has been proposed for approval or that has been approved.

32 (f) "Program" means the Advance Mitigation Program  
33 implemented pursuant to this division.

34 (g) "Regulatory agency" means a state or federal natural  
35 resource protection agency with regulatory authority over planned  
36 transportation projects. A regulatory agency includes, but is not  
37 limited to, the Natural Resources Agency, the Department of Fish  
38 and Wildlife, California regional water quality control boards, the  
39 United States Fish and Wildlife Service, the National Marine

1 Fisheries Service, the United States Environmental Protection  
2 Agency, and the United States Army Corps of Engineers.

3  
4 CHAPTER 3. ADVANCE MITIGATION PROGRAM  
5

6 21205. (a) The Advance Mitigation Program is hereby created  
7 in the department to accelerate project delivery and improve  
8 environmental outcomes of environmental mitigation for planned  
9 transportation projects.

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

14 (c) The department shall track all implemented advance  
15 mitigation projects to use as credits for environmental mitigation  
16 for state-sponsored transportation projects.

17 (d) The department may use advance mitigation credits to fulfill  
18 mitigation requirements of any environmental law for a  
19 transportation project eligible for the State Transportation  
20 Improvement Program or the State Highway Operation and  
21 Protection Program.

22 21206. No later than August 1, 2017, the department shall  
23 establish an interagency transportation advance mitigation steering  
24 committee consisting of the department and appropriate state and  
25 federal regulatory agencies to support the program so that advance  
26 mitigation can be used as required mitigation for planned  
27 transportation projects and can provide improved environmental  
28 outcomes. The committee shall advise the department of  
29 opportunities to carry out advance mitigation projects, provide the  
30 best available science, and actively participate in mitigation  
31 instrument reviews and approvals. The committee shall seek to  
32 develop streamlining opportunities, including those related to  
33 landscape scale mitigation planning and alignment of federal and  
34 state regulations and procedures related to mitigation requirements  
35 and implementation. The committee shall also provide input on  
36 crediting, using, and tracking of advance mitigation investments.

37 21207. The Advance Mitigation Fund is hereby created in the  
38 State Transportation Fund as a revolving fund. Notwithstanding  
39 Section 13340 of the Government Code, the fund shall be  
40 continuously appropriated without regard to fiscal years. The



1 moneys in the fund shall be programmed by the commission for  
2 the planning and implementation of advance mitigation projects  
3 consistent with the purposes of this chapter. After the transfer of  
4 moneys to the fund for four fiscal years pursuant to subdivision  
5 (c) of Section 2032 of the Streets and Highways Code, commencing  
6 in the 2017–18 fiscal year, the program is intended to be  
7 self-sustaining. Advance expenditures from the fund shall later be  
8 reimbursed from project funding available at the time a planned  
9 transportation project is constructed. A maximum of 5 percent of  
10 available funds may be used for administrative purposes.

11 21208. The program is intended to improve the efficiency and  
12 efficacy of mitigation only and is not intended to supplant the  
13 requirements of the California Environmental Quality Act (Division  
14 13 (commencing with Section 21000) or any other environmental  
15 law. The identification of planned transportation projects and of  
16 mitigation projects or measures for planned transportation projects  
17 under this division does not imply or require approval of those  
18 projects for purposes of the California Environmental Quality Act  
19 (Division 13 (commencing with Section 21000) or any other  
20 environmental law.

21 SEC. 14. Section 99312.1 of the Public Utilities Code is  
22 amended to read:

23 99312.1. (a) Revenues transferred to the Public Transportation  
24 Account pursuant to Sections 6051.8 and 6201.8 of the Revenue  
25 and Taxation Code are hereby continuously appropriated to the  
26 Controller for allocation as follows:

27 ~~(a)~~ .....  
28 (1) Fifty percent for allocation to transportation planning  
29 agencies, county transportation commissions, and the San Diego  
30 Metropolitan Transit Development Board pursuant to Section  
31 99314.

32 ~~(b)~~  
33 (2) Fifty percent for allocation to transportation agencies, county  
34 transportation commissions, and the San Diego Metropolitan  
35 Transit Development Board for purposes of Section 99313.

36 (b) For purposes of this chapter, the revenues allocated pursuant  
37 to this section shall be subject to the same requirements as revenues  
38 allocated pursuant to subdivisions (b) and (c), as applicable, of  
39 Section 99312.

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

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

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

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

(d) (1) Prior to receiving an apportionment of funds pursuant to subdivision (c) from the Controller in a fiscal year, a recipient transit agency shall submit to the Department of Transportation a list of projects proposed to be funded with these funds. The list of projects proposed to be funded with these funds shall include a description and location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement. The project list shall not limit the flexibility of a recipient transit agency to fund projects in accordance with local needs and priorities so long as the projects are consistent with subdivision (c).

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

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

1 *(f) The audit of transit operator finances required pursuant to*  
2 *Section 99245 shall verify that the revenues identified in*  
3 *subdivision (c) have been expended in conformance with these*  
4 *specific requirements and all other generally applicable*  
5 *requirements.*

6 SEC. 15. Section 99314.9 is added to the Public Utilities Code,  
7 to read:

8 99314.9. The Controller shall compute quarterly proposed  
9 allocations for State Transit Assistance funds available for  
10 allocation pursuant to Sections 99313 and 99314. The Controller  
11 shall publish the allocations for each eligible recipient agency,  
12 including one list applicable to revenues allocated pursuant to  
13 subdivision (c) of Section 99312.1 and another list for revenues  
14 allocated from all other revenues in the Public Transportation  
15 Account that are designated for the State Transit Assistance  
16 Program.

17 SEC. 16. Section 6051.8 of the Revenue and Taxation Code  
18 is amended to read:

19 6051.8. (a) Except as provided by Section 6357.3, in addition  
20 to the taxes imposed by this part, for the privilege of selling  
21 tangible personal property at retail a tax is hereby imposed upon  
22 all retailers at the rate of 1.75 percent of the gross receipts of any  
23 retailer from the sale of all diesel fuel, as defined in Section 60022,  
24 ~~sold at retail in this state on and after the operative date of this~~  
25 ~~subdivision.~~ *fuel.*

26 *(b) Except as provided by Section 6357.3, in addition to the*  
27 *taxes imposed by this part and by subdivision (a), for the privilege*  
28 *of selling tangible personal property at retail a tax is hereby*  
29 *imposed upon all retailers at the rate of 3.5 percent of the gross*  
30 *receipts of any retailer from the sale of all diesel fuel, as defined*  
31 *in Section 60022, sold at retail in this state. The tax imposed under*  
32 *this subdivision shall be imposed on and after the first day of the*  
33 *first calendar quarter that occurs 120 days after the effective date*  
34 *of the act adding this subdivision.*

35 ~~(b) Notwithstanding subdivision (a), for~~

36 *(c) Beginning July 1, 2019, and every third year thereafter, the*  
37 ~~2011-12 fiscal year only, State Board of Equalization shall~~  
38 ~~recompute the rate referenced in subdivision (a) rates of the taxes~~  
39 ~~imposed by this section. That computation shall be 1.87 percent.~~  
40 *made as follows:*

1 ~~(e) Notwithstanding subdivision (a),~~  
 2 (1) *The Department of Finance shall transmit to the State Board*  
 3 *of Equalization the percentage change in the California Consumer*  
 4 *Price Index for all items from November of three calendar years*  
 5 *prior to November of the 2012-13 fiscal year only; the rate*  
 6 *referenced in subdivision (a) shall be 2.17 percent; prior calendar*  
 7 *year, no later than January 31, 2019, and January 31 of every*  
 8 *third year thereafter.*

9 ~~(d) Notwithstanding subdivision (a), for~~  
 10 (2) *The State Board of Equalization shall do all of the following:*  
 11 (A) *Compute an inflation adjustment factor by adding 100*  
 12 *percent to the percentage change figure that is furnished pursuant*  
 13 *to paragraph (1) and dividing the result by 100.*  
 14 (B) *Multiply the preceding tax rate per gallon by the inflation*  
 15 *adjustment factor determined in subparagraph (A) and round off*  
 16 *the resulting product to the nearest tenth of a cent.*  
 17 (C) *Make its determination of the 2013-14 fiscal year only; new*  
 18 *rate no later than March 1 of the rate referenced in subdivision*  
 19 *(a) shall be 1.94 percent; same year as the effective date of the new*  
 20 *rate.*

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

29 ~~(f) Subdivisions (a) to (e), inclusive, shall become operative on~~  
 30 ~~July 1, 2011.~~

31 SEC. 17. Section 6201.8 of the Revenue and Taxation Code  
 32 is amended to read:

33 6201.8. (a) Except as provided by Section 6357.3, in addition  
 34 to the taxes imposed by this part, an excise tax is hereby imposed  
 35 on the storage, use, or other consumption in this state of diesel  
 36 fuel, as defined in Section 60022, at the rate of 1.75 percent of the  
 37 sales price of the diesel fuel on and after the operative date of this  
 38 subdivision. *fuel.*

39 ~~(b) Notwithstanding subdivision (a), for~~

(b) Except as provided by Section 6357.3, in addition to the taxes imposed by this part and by subdivision (a), an excise tax is hereby imposed on the storage, use, or other consumption in this state of diesel fuel, as defined in Section 60022, at the rate of 3.5 percent of the sales price of the diesel fuel. The tax imposed under this subdivision shall be imposed on and after the first day of the first calendar quarter that occurs 120 days after the effective date of the act adding this subdivision.

(c) Beginning July 1, 2019, and every third year thereafter, the ~~2011-12 fiscal year only~~, State Board of Equalization shall recompute the ~~rate referenced in subdivision (a)~~ rates of the taxes imposed by this section. That computation shall be ~~1.87 percent~~, made as follows:

~~(e) Notwithstanding subdivision (a),~~

(1) The Department of Finance shall transmit to the State Board of Equalization the percentage change in the California Consumer Price Index for all items from November of three calendar years prior to November of the ~~2012-13 fiscal year only~~, the rate referenced in subdivision (a) shall be 2.17 percent, prior calendar year, no later than January 31, 2019, and January 31 of every third year thereafter.

~~(d) Notwithstanding subdivision (a), for~~

(2) The State Board of Equalization shall do all of the following:  
(A) Compute an inflation adjustment factor by adding 100 percent to the percentage change figure that is furnished pursuant to paragraph (1) and dividing the result by 100.

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

(C) Make its determination of the ~~2013-14 fiscal year only~~, new rate no later than March 1 of the ~~rate referenced in subdivision (a)~~ shall be 1.94 percent, same year as the effective date of the new rate.

~~(e)~~

(d) Notwithstanding subdivision (b) of Section 7102, all of the revenues, less refunds, collected pursuant to this section shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and transferred quarterly to the Public Transportation Account in the State Transportation Fund

1 for allocation pursuant to Section 99312.1 of the Public Utilities  
2 Code.

3 ~~(f) Subdivisions (a) to (e), inclusive, shall become operative on~~  
4 ~~July 1, 2011.~~

5 SEC. 18. Section 7360 of the Revenue and Taxation Code is  
6 amended to read:

7 7360. (a) (1) (A) A tax of eighteen cents (\$0.18) is hereby  
8 imposed upon each gallon of fuel subject to the tax in Sections  
9 7362, 7363, and 7364.

10 (B) *In addition to the tax imposed pursuant to subparagraph*  
11 *(A), on and after the first day of the first calendar quarter that*  
12 *occurs 90 days after the effective date of the act adding this*  
13 *subparagraph, a tax of twelve cents (\$0.12) is hereby imposed*  
14 *upon each gallon of fuel, other than aviation gasoline, subject to*  
15 *the tax in Sections 7362, 7363, and 7364.*

16 (2) If the federal fuel tax is reduced below the rate of nine cents  
17 (\$0.09) per gallon and federal financial allocations to this state for  
18 highway and exclusive public mass transit guideway purposes are  
19 reduced or eliminated correspondingly, the tax rate imposed by  
20 *subparagraph (A) of paragraph (1)*, on and after the date of the  
21 reduction, shall be recalculated by an amount so that the combined  
22 state rate under *subparagraph (A) of paragraph (1)* and the federal  
23 tax rate per gallon equal twenty-seven cents (\$0.27).

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

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

32 ~~(2) For the 2011-12 fiscal year~~

33 ~~(c) Beginning July 1, 2019, and each fiscal every third year~~  
34 ~~thereafter, the board shall, on or before March 1 State Board of~~  
35 ~~the fiscal year immediately preceding the applicable fiscal year;~~  
36 ~~adjust the rate in paragraph (1) in that manner as to generate an~~  
37 ~~amount Equalization shall recompute the rates of revenue that~~  
38 ~~will equal the amount of revenue loss attributable to the exemption~~  
39 ~~provided taxes imposed by Section 6357.7, based on estimates~~  
40 ~~made by the board, and that rate this section. That computation~~

1 shall be effective during the state's next fiscal year, made as  
2 follows:

3 ~~(3) In order to maintain revenue neutrality for each year,~~  
4 ~~beginning with~~

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

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

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

14 ~~*(B) Multiply the preceding tax rate adjustment on or before*~~  
15 ~~*March 1, 2012, the adjustment under paragraph (2) shall also take*~~  
16 ~~*into account the extent to which the actual amount of revenues*~~  
17 ~~*derived pursuant to this subdivision and, as applicable, Section*~~  
18 ~~*7361.1, the revenue loss attributable to the exemption provided*~~  
19 ~~*per gallon by Section 6357.7 resulted the inflation adjustment*~~  
20 ~~*factor determined in a net revenue gain or loss for subparagraph*~~  
21 ~~*(A) and round off the fiscal year ending prior resulting product to*~~  
22 ~~*the rate adjustment date on or before March 1, nearest tenth of a*~~  
23 ~~*cent.*~~

24 ~~*(4) The intent*~~

25 ~~*(C) Make its determination of paragraphs (2) and (3) is to ensure*~~  
26 ~~*that the act adding this subdivision and Section 6357.7 does not*~~  
27 ~~*produce a net revenue gain in state taxes; new rate no later than*~~  
28 ~~*March 1 of the same year as the effective date of the new rate.*~~

29 SEC. 19. Section 8352.4 of the Revenue and Taxation Code  
30 is amended to read:

31 8352.4. (a) Subject to Sections 8352 and 8352.1, and except  
32 as otherwise provided in subdivision (b), there shall be transferred  
33 from the money deposited to the credit of the Motor Vehicle Fuel  
34 Account to the Harbors and Watercraft Revolving Fund, for  
35 expenditure in accordance with Division 1 (commencing with  
36 Section 30) of the Harbors and Navigation Code, the sum of six  
37 million six hundred thousand dollars (\$6,600,000) per annum,  
38 representing the amount of money in the Motor Vehicle Fuel  
39 Account attributable to taxes imposed on distributions of motor  
40 vehicle fuel used or usable in propelling vessels. The actual amount

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

18 (b) Commencing July 1, ~~2012~~, 2017, the revenues attributable  
19 to the taxes imposed pursuant to subdivision (b) of Section 7360  
20 and Section 7361.1 and otherwise to be deposited in the Harbors  
21 and Watercraft Revolving Fund pursuant to subdivision (a) shall  
22 instead be transferred to the ~~General Fund~~. ~~The revenues~~  
23 ~~attributable to the taxes imposed Highway Users Tax Account for~~  
24 ~~distribution pursuant to subdivision (b) of Section 7360 and Section~~  
25 ~~7361.1 that were deposited in 2103.1 of the Harbors Streets and~~  
26 ~~Watercraft Revolving Fund in the 2010-11 and 2011-12 fiscal~~  
27 ~~years shall be transferred to the General Fund. Highways Code.~~

28 SEC. 20. Section 8352.5 of the Revenue and Taxation Code  
29 is amended to read:

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

37 (2) The amounts are not subject to Section 6357 with respect  
38 to the collection of sales and use taxes thereon, and represent the  
39 portion of receipts in the Motor Vehicle Fuel Account during a  
40 calendar year that were attributable to agricultural off-highway



1 use of motor vehicle fuel which is subject to refund pursuant to  
2 Section 8101, less gross refunds allowed by the Controller during  
3 the fiscal year ending June ~~30th~~ 30 following the calendar year to  
4 persons entitled to refunds for agricultural off-highway use  
5 pursuant to Section 8101. Payments pursuant to this section shall  
6 be made prior to payments pursuant to Section 8352.2.

7 (b) Commencing July 1, ~~2012~~, 2017, the revenues attributable  
8 to the taxes imposed pursuant to subdivision (b) of Section 7360  
9 and Section 7361.1 and otherwise to be deposited in the  
10 Department of Food and Agriculture Fund pursuant to subdivision  
11 (a) shall instead be transferred to the General Fund. The revenues  
12 attributable to the taxes imposed *Highway Users Tax Account for*  
13 *distribution* pursuant to subdivision (b) of Section 7360 and Section  
14 7361.1 that were deposited in the Department 2103.1 of Food and  
15 Agriculture Fund in the 2010-11 ~~Streets~~ and 2011-12 fiscal years  
16 shall be transferred to the General Fund. *Highways Code*.

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

27 SEC. 21. Section 8352.6 of the Revenue and Taxation Code  
28 is amended to read:

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

39 (2) Commencing July 1, ~~2012~~, 2017, the revenues attributable  
40 to the taxes imposed pursuant to subdivision (b) of Section 7360

1 and Section 7361.1 and otherwise to be deposited in the  
2 Off-Highway Vehicle Trust Fund pursuant to paragraph (1) shall  
3 instead be transferred to the ~~General Fund. The revenues~~  
4 ~~attributable to the taxes imposed Highway Users Tax Account for~~  
5 ~~distribution pursuant to subdivision (b) of Section 7360 and Section~~  
6 ~~7361.1 that were deposited in 2103.1 of the Off-Highway Vehicle~~  
7 ~~Trust Fund in the 2010-11 Streets and 2011-12 fiscal years shall~~  
8 ~~be transferred to the General Fund. Highways Code.~~

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

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

23 (1) The number of vehicles registered as off-highway motor  
24 vehicles as required by Division 16.5 (commencing with Section  
25 38000) of the Vehicle Code.

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

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

30 (4) Off-highway recreation use on federal lands as indicated by  
31 the United States Forest Service's National Visitor Use Monitoring  
32 and the United States Bureau of Land Management's Recreation  
33 Management Information System.

34 (c) It is the intent of the Legislature that transfers from the Motor  
35 Vehicle Fuel Account to the Off-Highway Vehicle Trust Fund  
36 should reflect the full range of motorized vehicle use off highway  
37 for both motorized recreation and motorized off-road access to  
38 other recreation opportunities. Therefore, the Legislature finds that  
39 the fuel tax baseline established in subdivision (b), attributable to  
40 off-highway estimates of use as of the 2006-07 fiscal year,

1 accounts for the three categories of vehicles that have been found  
2 over the years to be users of fuel for off-highway motorized  
3 recreation or motorized access to nonmotorized recreational  
4 pursuits. These three categories are registered off-highway  
5 motorized vehicles, registered street-legal motorized vehicles used  
6 off highway, and unregistered off-highway motorized vehicles.

7 (d) It is the intent of the Legislature that the off-highway motor  
8 vehicle recreational use to be determined by the Department of  
9 Transportation pursuant to paragraph (2) of subdivision (b) be that  
10 usage by vehicles subject to registration under Division 3  
11 (commencing with Section 4000) of the Vehicle Code, for  
12 recreation or the pursuit of recreation on surfaces where the use  
13 of vehicles registered under Division 16.5 (commencing with  
14 Section 38000) of the Vehicle Code may occur.

15 (e) In the 2014–15 fiscal year, the Department of Transportation,  
16 in consultation with the Department of Parks and Recreation and  
17 the Department of Motor Vehicles, shall undertake a study to  
18 determine the appropriate adjustment to the amount transferred  
19 pursuant to subdivision (b) and to update the estimate of the amount  
20 attributable to taxes imposed upon distributions of motor vehicle  
21 fuel used in the operation of motor vehicles off highway and for  
22 which a refund has not been claimed. The department shall provide  
23 a copy of this study to the Legislature no later than January 1,  
24 2016.

25 SEC. 22. Section 60050 of the Revenue and Taxation Code is  
26 amended to read:

27 60050. (a) (1) A tax of ~~eighteen~~ *thirteen* cents (~~\$0.18~~) (*\$0.13*)  
28 is hereby imposed upon each gallon of diesel fuel subject to the  
29 tax in Sections 60051, 60052, and 60058.

30 (2) If the federal fuel tax is reduced below the rate of fifteen  
31 cents (\$0.15) per gallon and federal financial allocations to this  
32 state for highway and exclusive public mass transit guideway  
33 purposes are reduced or eliminated correspondingly, the tax rate  
34 imposed by paragraph (1), ~~including any reduction or adjustment~~  
35 ~~pursuant to subdivision (b), on and after the date of the reduction,~~  
36 *(1)* shall be increased by an amount so that the combined state rate  
37 under paragraph (1) and the federal tax rate per gallon equal what  
38 it would have been in the absence of the federal reduction.

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

~~(b) (1) On July 1, 2011, the tax rate specified in paragraph (1) of subdivision (a) shall be reduced to thirteen cents (\$0.13) and every July 1 thereafter shall be adjusted pursuant to paragraphs (2) and (3).~~

~~(2) For the 2012–13 fiscal year and each fiscal year thereafter, the board shall, on or before March 1 of the fiscal year immediately preceding the applicable fiscal year, adjust the rate reduction in paragraph (1) in that manner as to result in a revenue loss attributable to paragraph (1) that will equal the amount of revenue gain attributable to Sections 6051.8 and 6201.8, based on estimates made by the board, and that rate shall be effective during the state's next fiscal year.~~

~~(3) In order to maintain revenue neutrality for each year, beginning with the rate adjustment on or before March 1, 2013, the adjustment under paragraph (2) shall take into account the extent to which the actual amount of revenues derived pursuant to Sections 6051.8 and 6201.8 and the revenue loss attributable to this subdivision resulted in a net revenue gain or loss for the fiscal year ending prior to the rate adjustment date on or before March 1.~~

~~(4) The intent of paragraphs (2) and (3) is to ensure that the act adding this subdivision and Sections 6051.8 and 6201.8 does not produce a net revenue gain in state taxes.~~

*(b) In addition to the tax imposed pursuant to subdivision (a), on and after the first day of the first calendar quarter that occurs 120 days after the effective date of the act amending this subdivision in the 2017–18 Regular Session, an additional tax of twenty cents (\$0.20) is hereby imposed upon each gallon of diesel fuel subject to the tax in Sections 60051, 60052, and 60058.*

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

*(1) The Department of Finance shall transmit to the State Board of Equalization the percentage change in the California Consumer Price Index for all items from November of three calendar years*

1 prior to November of the prior calendar year, no later than January  
2 31, 2019, and January 31 of every third year thereafter.

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

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

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

10 (C) Make its determination of the new rate no later than March  
11 1 of the same year as the effective date of the new rate.

12 SEC. 23. Section 183.1 of the Streets and Highways Code is  
13 amended to read:

14 183.1. ~~(a) Notwithstanding subdivision (a) of Except as~~  
15 ~~otherwise provided in Section 182 or any other provision 54237.7~~  
16 ~~of law, the Government Code, money deposited into the account~~  
17 ~~that is not subject to Article XIX of the California Constitution,~~  
18 ~~including, but not limited to, money that is derived from the sale~~  
19 ~~of documents, charges for miscellaneous services to the public,~~  
20 ~~condemnation deposits fund investments, rental of state property,~~  
21 ~~or any other miscellaneous uses of property or money, may shall~~  
22 ~~be used for any transportation purpose authorized by statute, upon~~  
23 ~~appropriation by deposited in the Legislature or, after transfer Road~~  
24 ~~Maintenance and Rehabilitation Account created pursuant to~~  
25 ~~another fund, upon appropriation by the Legislature from that fund.~~  
26 ~~Section 2031.~~

27 ~~(b) Commencing with the 2013-14 fiscal year, and not later~~  
28 ~~than November 1 of each fiscal year thereafter, based on prior year~~  
29 ~~financial statements, the Controller shall transfer the funds~~  
30 ~~identified in subdivision (a) for the prior fiscal year from the State~~  
31 ~~Highway Account to the Transportation Debt Service Fund in the~~  
32 ~~State Transportation Fund, and those funds are continuously~~  
33 ~~appropriated for the purposes specified for the Transportation Debt~~  
34 ~~Service Fund.~~

35 SEC. 24. Section 820.1 is added to the Streets and Highways  
36 Code, to read:

37 820.1. (a) The State of California consents to the jurisdiction  
38 of the federal courts with regard to the compliance, discharge, or  
39 enforcement of the responsibilities assumed by the department

1 pursuant to Sections 326 and 327(a) of Title 23 of the United States  
2 Code.

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

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

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

12 SEC. 25. Chapter 2 (commencing with Section 2030) is added  
13 to Division 3 of the Streets and Highways Code, to read:

14  
15 CHAPTER 2. ROAD MAINTENANCE AND REHABILITATION  
16 PROGRAM  
17

18 2030. (a) The Road Maintenance and Rehabilitation Program  
19 is hereby created to address deferred maintenance on the state  
20 highway system and the local street and road system. Funds made  
21 available by the program shall be prioritized for expenditure on  
22 basic road maintenance and road rehabilitation projects, and on  
23 critical safety projects. For funds appropriated pursuant to  
24 paragraph (1) of subdivision (d) of Section 2032, the California  
25 Transportation Commission shall adopt performance criteria,  
26 consistent with the asset management plan required pursuant to  
27 14526.4 of the Government Code, to ensure efficient use of the  
28 funds available for these purposes in the program.

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

31 (A) Road maintenance and rehabilitation.

32 (B) Safety projects.

33 (C) Railroad grade separations.

34 (D) Complete street components, including active transportation  
35 purposes, pedestrian and bicycle safety projects, transit facilities,  
36 and drainage and stormwater capture projects in conjunction with  
37 any other allowable project.

38 (E) Traffic control devices.

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

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

(a) The portion of the revenues in the Highway Users Tax Account attributable to the increase in the motor vehicle fuel excise tax pursuant to subparagraph (B) of paragraph (1) of subdivision (a) of Section 7360 of the Revenue and Taxation Code, as adjusted pursuant to subdivision (c) of that section.

(b) The revenues from the increase in the vehicle registration fee pursuant to Section 9250.3 of the Vehicle Code, as adjusted pursuant to subdivision (b) of that section.

(c) The revenues from the increase in the vehicle registration fee pursuant to Section 9250.6 of the Vehicle Code, as adjusted pursuant to subdivision (b) of that section.

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

(e) Any other revenues designated for the program.

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

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

(2) Notwithstanding Section 13340 of the Government Code, the funds available under this subdivision in each fiscal year are hereby continuously appropriated for allocation to each eligible



1 county and each city in the county for road maintenance and  
2 rehabilitation purposes pursuant to Section 2033.

3 (b) (1) After deducting the amounts appropriated in the annual  
4 Budget Act pursuant to Section 2031.5 and the amount allocated  
5 in subdivision (a), beginning in the 2017–18 fiscal year, eighty  
6 million dollars (\$80,000,000) of the remaining revenues shall be  
7 transferred annually to the State Highway Account for expenditure,  
8 upon appropriation by the Legislature, on the Active Transportation  
9 Program created pursuant to Chapter 8 (commencing with Section  
10 2380) of Division 3 to be allocated by the California Transportation  
11 Commission pursuant to Section 2381.

12 (2) In addition to the funds transferred in paragraph (1), the  
13 department shall annually identify savings achieved through  
14 efficiencies implemented at the department. The department,  
15 through the annual budget process, shall propose, from the  
16 identified savings, an appropriation to be included in the annual  
17 Budget Act of up to seventy million dollars (\$70,000,000), but not  
18 to exceed the total annual identified savings, from the State  
19 Highway Account for expenditure on the Active Transportation  
20 Program.

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

29 (d) After deducting the amounts appropriated in the annual  
30 Budget Act pursuant to Section 2031.5, the amount allocated in  
31 subdivision (a), and the amounts transferred in paragraph (1) of  
32 subdivision (b) and in subdivision (c), beginning in the 2017–18  
33 fiscal year and each fiscal year thereafter, and notwithstanding  
34 Section 13340 of the Government Code, there is hereby  
35 continuously appropriated to the California State University the  
36 sum of two million dollars (\$2,000,000) from the remaining  
37 revenues for the purpose of conducting transportation research and  
38 transportation-related workforce education, training, and  
39 development, and to the institutes for transportation studies at the  
40 University of California the sum of three million dollars

1 (\$3,000,000). Prior to the start of each fiscal year, the chairs of the  
2 Assembly Committee on Transportation and the Senate Committee  
3 on Transportation and Housing shall confer and set out a  
4 recommended priority list of research components to be addressed  
5 in the upcoming fiscal year.

6 (c) Notwithstanding Section 13340 of the Government Code,  
7 the balance of the revenues deposited in the Road Maintenance  
8 and Rehabilitation Account are hereby continuously appropriated  
9 as follows:

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

13 (2) Fifty percent for apportionment to cities and counties by the  
14 Controller pursuant to the formula in clauses (i) and (ii) of  
15 subparagraph (C) of paragraph (3) of subdivision (a) of Section  
16 2103 for the purposes authorized by this chapter.

17 2033. (a) On or before July 1, 2017, the commission, in  
18 cooperation with the department, transportation planning agencies,  
19 county transportation commissions, and other local agencies, shall  
20 develop guidelines for the allocation of funds pursuant to  
21 subdivision (a) of Section 2032.

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

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

27 2034. (a) (1) Prior to receiving an apportionment of funds  
28 under the program pursuant to paragraph (2) of subdivision (c) of  
29 Section 2032 from the Controller in a fiscal year, an eligible city  
30 or county shall submit to the commission a list of projects proposed  
31 to be funded with these funds pursuant to an adopted city or county  
32 budget. All projects proposed to receive funding shall be included  
33 in a city or county budget that is adopted by the applicable city  
34 council or county board of supervisors at a regular public meeting.  
35 The list of projects proposed to be funded with these funds shall  
36 include a description and the location of each proposed project, a  
37 proposed schedule for the project's completion, and the estimated  
38 useful life of the improvement. The project list shall not limit the  
39 flexibility of an eligible city or county to fund projects in

1 accordance with local needs and priorities so long as the projects  
2 are consistent with subdivision (b) of Section 2030.

3 (2) The commission shall report to the Controller the cities and  
4 counties that have submitted a list of projects as described in this  
5 subdivision and that are therefore eligible to receive an  
6 apportionment of funds under the program for the applicable fiscal  
7 year. The Controller, upon receipt of the report, shall apportion  
8 funds to eligible cities and counties.

9 (b) For each fiscal year, each city or county receiving an  
10 apportionment of funds shall, upon expending program funds,  
11 submit documentation to the commission that includes a description  
12 and location of each completed project, the amount of funds  
13 expended on the project, the completion date, and the estimated  
14 useful life of the improvement.

15 2036. (a) Cities and counties shall maintain their existing  
16 commitment of local funds for street, road, and highway purposes  
17 in order to remain eligible for an allocation or apportionment of  
18 funds pursuant to Section 2032.

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

39 (c) For any city incorporated after July 1, 2009, the Controller  
40 shall calculate an annual average expenditure for the period

1 between July 1, 2009, and December 31, 2015, inclusive, that the  
2 city was incorporated.

3 (d) For purposes of subdivision (b), the Controller may request  
4 fiscal data from cities and counties in addition to data provided  
5 pursuant to Section 2151, for the 2009–10, 2010–11, and 2011–12  
6 fiscal years. Each city and county shall furnish the data to the  
7 Controller not later than 120 days after receiving the request. The  
8 Controller may withhold payment to cities and counties that do  
9 not comply with the request for information or that provide  
10 incomplete data.

11 (e) The Controller may perform audits to ensure compliance  
12 with subdivision (b) when deemed necessary. Any city or county  
13 that has not complied with subdivision (b) shall reimburse the state  
14 for the funds it received during that fiscal year. Any funds withheld  
15 or returned as a result of a failure to comply with subdivision (b)  
16 shall be reapportioned to the other cities and counties whose  
17 expenditures are in compliance.

18 (f) If a city or county fails to comply with the requirements of  
19 subdivision (b) in a particular fiscal year, the city or county may  
20 expend during that fiscal year and the following fiscal year a total  
21 amount that is not less than the total amount required to be  
22 expended for those fiscal years for purposes of complying with  
23 subdivision (b).

24 2037. A city or county may spend its apportionment of funds  
25 under the program on transportation priorities other than those  
26 allowable pursuant to this chapter if the city's or county's average  
27 Pavement Condition Index meets or exceeds 80.

28 2038. (a) The department and local agencies, as a condition  
29 of receiving funds from the program, shall adopt and implement  
30 a program designed to promote and advance construction  
31 employment and training opportunities through preapprenticeship  
32 opportunities, either by the public agency itself or through  
33 contractors engaged by the public agencies to do work funded in  
34 whole or in part by funds made available by the program.

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

SEC. 26. Section 2103.1 is added to the Streets and Highways Code, to read:

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

(b) Notwithstanding subdivision (b) of Section 2103, the portion of revenues in the Highway Users Tax Account attributable to the increase in the motor vehicle fuel excise tax pursuant to subparagraph (B) of paragraph (1) of subdivision (a) of Section 7360 of the Revenue and Taxation Code, as adjusted pursuant to subdivision (c) of that section, shall be transferred to the Road Maintenance and Rehabilitation Account pursuant to Section 2031.

(c) Notwithstanding subdivision (b) of Section 2103, the portion of revenues in the Highway Users Tax Account attributable to the increase in the diesel fuel excise tax pursuant to subdivision (b) of Section 60050 of the Revenue and Taxation Code, as adjusted pursuant to subdivision (c) of that section, shall be transferred to the Trade Corridors Improvement Fund pursuant to Section 2192.4.

SEC. 27. Section 2192 of the Streets and Highways Code is amended to read:

2192. (a) (1) The Trade Corridors Improvement Fund, created pursuant to subdivision (c) of Section 8879.23 of the Government Code, is hereby continued in existence to receive revenues from state sources other than the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. ~~This chapter shall govern expenditure of those other revenues.~~

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

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

~~(b)~~

(c) ~~The moneys funding described in the fund from those other sources~~ subdivision (a) shall be available upon appropriation for allocation by the California Transportation Commission for infrastructure improvements in this state on federally designated

1 Trade Corridors of National and Regional Significance, on the  
2 Primary Freight Network, and along other corridors that have a  
3 high volume of freight movement, as determined by the  
4 commission. In determining the projects eligible for funding, the  
5 commission shall consult the Transportation Agency's state freight  
6 plan as described in Section 13978.8 of the Government Code, the  
7 ~~State Air Resources Board's Sustainable Freight Strategy adopted~~  
8 ~~by Resolution 14-2, Code and the trade infrastructure and goods~~  
9 ~~movement plan submitted to the commission by the Secretary of~~  
10 ~~Transportation and the Secretary for Environmental Protection:~~  
11 *California Sustainable Freight Action Plan released in July 2016*  
12 *pursuant to Executive Order B-32-15.* The commission shall also  
13 consult trade infrastructure and goods movement plans adopted  
14 by regional transportation planning agencies, adopted regional  
15 transportation plans required by state and federal law, and the  
16 ~~statewide applicable port master plan prepared by the California~~  
17 ~~Marine and Intermodal Transportation System Advisory Council~~  
18 ~~(Cal-MITSAC) pursuant to Section 1730 of the Harbors and~~  
19 ~~Navigation Code, when determining eligible projects for funding.~~  
20 ~~Eligible projects for these funds funding described in subdivision~~  
21 ~~(a) shall further the state's economic, environmental, and public~~  
22 ~~health objectives and goals for freight policy, as articulated in the~~  
23 ~~plans to be consulted pursuant to this subdivision, and may include,~~  
24 but are not limited to, all of the following:

25 (1) Highway capacity improvements, rail landside access  
26 improvements, landside freight access improvements to airports,  
27 and operational improvements to more efficiently accommodate  
28 the movement of freight, particularly for ingress and egress to and  
29 from the state's land ports of ~~entry~~ entry, rail terminals, and  
30 seaports, including navigable inland waterways used to transport  
31 freight between seaports, land ports of entry, and airports, and to  
32 relieve traffic congestion along major trade or goods movement  
33 corridors.

34 (2) Freight rail system improvements to enhance the ability to  
35 move goods from seaports, land ports of entry, and airports to  
36 warehousing and distribution centers throughout California,  
37 including projects that separate rail lines from highway or local  
38 road traffic, improve freight rail mobility through mountainous  
39 regions, relocate rail switching yards, and other projects that  
40 improve the efficiency and capacity of the rail freight system.

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

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

(5) Border ~~access~~ *capital and operational* improvements that enhance goods movement between California and Mexico and that maximize the state's ability to access ~~coordinated~~ border infrastructure funds made available to the state by federal law.

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

(e)

(d) (1) ~~The~~ *In selecting projects for inclusion in the program of projects to be funded with funds described in subdivision (a), the commission shall allocate funds for trade infrastructure improvements from the fund evaluate the total potential costs and total potential economic and noneconomic benefits of the program to California's economy, environment, and public health. The commission shall consult with the State Air Resources Board in order to utilize the appropriate models, techniques, and methods to develop the parameters for evaluation of projects. The commission shall allocate the funding described in subdivision (a) for trade infrastructure improvements consistent with Section 8879.52 of the Government Code and the Trade Corridors Improvement Fund (TCIF) Guidelines adopted by the commission on November 27, 2007, or as amended by the commission, and in a manner that (A) addresses the state's most urgent needs, (B) balances the demands of various land ports of entry, seaports, and airports, (C) provides reasonable geographic balance between the state's regions, and (D) places emphasis on projects that improve trade corridor mobility and safety while reducing emissions of diesel-particulate particulates, greenhouse gases, and other pollutant emissions. pollutants, and reducing other negative community impacts, and (E) makes a significant contribution to the state's economy.*

(2) *In adopting amended guidelines, and developing and adopting the program of projects, the commission shall do all of the following:*



1 (A) Accept nominations for projects to be included in the  
2 program of projects from regional and local transportation  
3 agencies and the Department of Transportation.

4 (B) Recognize the key role of the state in project identification  
5 and support integrating statewide goods movement priorities into  
6 the corridor approach.

7 (C) Make a finding that adoption and delivery of the program  
8 of projects is in the public interest.

9 (2)

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

12 (A) "Velocity," which means the speed by which large cargo  
13 would travel from the land port of entry or seaport through the  
14 distribution system.

15 (B) "Throughput," which means the volume of cargo that would  
16 move from the land port of entry or seaport through the distribution  
17 system.

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

21 (D) "Congestion reduction," which means the reduction in  
22 recurrent daily hours of delay to be achieved.

23 SEC. 28. Section 2192.1 of the Streets and Highways Code is  
24 amended to read:

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

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

community institutions to participate in and benefit from statewide efforts to reduce emissions of greenhouse gases.

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

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

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

(c) *For purposes of this section, "disadvantaged community" means a community with any of the following characteristics:*

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

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

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

SEC. 29. Section 2192.2 of the Streets and Highways Code is amended to read:

2192.2. The commission shall allocate funds made available by this chapter to projects that have identified and committed supplemental funding from appropriate local, federal, or private sources. The commission shall determine the appropriate amount of supplemental funding each project should have to be eligible for moneys ~~from the fund~~ based on a project-by-project review and an assessment of the project's benefit to the state and the program. ~~Except for border access~~ *Funded* improvements described in paragraph (5) of subdivision (b) of Section 2192, ~~improvements funded with moneys from the fund~~ shall have supplemental funding that is at least equal to the amount of the contribution ~~from the fund~~. *under this chapter.* The commission may give priority for

1 funding to projects with higher levels of committed supplemental  
2 funding.

3 SEC. 30. Section 2192.4 is added to the Streets and Highways  
4 Code, to read:

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

11 SEC. 31. Section 9250.3 is added to the Vehicle Code, to read:

12 9250.3. (a) In addition to any other fees specified in this code  
13 or the Revenue and Taxation Code, commencing July 1, 2017, a  
14 registration fee of thirty-eight dollars (\$38) shall be paid to the  
15 department for registration or renewal of registration of every  
16 vehicle subject to registration under this code, except those vehicles  
17 that are expressly exempted under this code from payment of  
18 registration fees.

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

26 (c) Revenues from the fee, after the deduction of the  
27 department's administrative costs related to this section, shall be  
28 deposited in the Road Maintenance and Rehabilitation Account  
29 created pursuant to Section 2031 of the Streets and Highways  
30 Code.

31 SEC. 32. Section 9250.6 is added to the Vehicle Code, to read:

32 9250.6. (a) In addition to any other fees specified in this code,  
33 or the Revenue and Taxation Code, commencing July 1, 2017, a  
34 registration fee of one hundred and sixty-five dollars (\$165) shall  
35 be paid to the department for registration or renewal of registration  
36 of every zero-emission motor vehicle subject to registration under  
37 this code, except those motor vehicles that are expressly exempted  
38 under this code from payment of registration fees.

39 (b) Beginning July 1, 2019, and every third year thereafter, the  
40 Department of Motor Vehicles shall adjust the fee imposed under

1 this section for inflation in an amount equal to the change in the  
2 California Consumer Price Index for the prior three-year period,  
3 as calculated by the Department of Finance, with amounts equal  
4 to or greater than fifty cents (\$0.50) rounded to the next highest  
5 whole dollar.

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

10 (d) This section does not apply to a commercial motor vehicle  
11 subject to Section 9400.1 or to a low-speed vehicle, as defined in  
12 Section 385.5.

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

16 (f) For purposes of this section, "zero-emission motor vehicle"  
17 means a motor vehicle as described in subdivisions (c) and (d) of  
18 Section 44258 of the Health and Safety Code.

19 SEC. 33. Section 9400.5 is added to the Vehicle Code, to read:

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

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

33 (A) Nine hundred million dollars (\$900,000,000) in the 2017--18  
34 fiscal year.

35 (B) Eight hundred million dollars (\$800,000,000) in the 2018--19  
36 fiscal year.

37 (C) Seven hundred million dollars (\$700,000,000) in the  
38 2019--20 fiscal year.

39 (D) Six hundred million dollars (\$600,000,000) in the 2020--21  
40 fiscal year.

1 (E) Five hundred million dollars (\$500,000,000) in the 2021-22  
2 fiscal year and in every fiscal year thereafter.

3 SEC. 34. This act is an urgency statute necessary for the  
4 immediate preservation of the public peace, health, or safety within  
5 the meaning of Article IV of the Constitution and shall go into  
6 immediate effect. The facts constituting the necessity are:

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

O

## SENATE BILL

No. 1

**Introduced by Senator Beall**  
**(Coauthors: Senators Dodd, Hertzberg, Hill, McGuire, Mendoza,**  
**Monning, Wieckowski, and Wiener)**

December 5, 2016

An act to amend Sections 13975, 14500, 14526.5, and 16965 of, to add Sections 14033, 14110, 14526.7, and 16321 to, to add Part 5.1 (commencing with Section 14460) to Division 3 of Title 2 of, and to repeal Section 14534.1 of, the Government Code, to amend Section 39719 of the Health and Safety Code, to amend Section 21080.37 of, and to add Division 13.6 (commencing with Section 21200) to, the Public Resources Code, to amend Section 99312.1 of the Public Utilities Code, to amend Sections 6051.8, 6201.8, 7360, 8352.4, 8352.5, 8352.6, and 60050 of the Revenue and Taxation Code, to amend Sections 183.1, 2192, and 2192.2 of, to add Sections 820.1, 2103.1 and 2192.4 to, and to add Chapter 2 (commencing with Section 2030) to Division 3 of, the Streets and Highways Code, and to add Sections 9250.3, 9250.6, and 9400.5 to the Vehicle Code, relating to transportation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

## LEGISLATIVE COUNSEL'S DIGEST

SB 1, as introduced, Beall. Transportation funding.

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

Vehicles and the Department of the California Highway Patrol. Existing law provides for the monthly transfer of excess balances in the Motor Vehicle Account to the State Highway Account.

This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system. The bill would require the California Transportation Commission to adopt performance criteria, consistent with a specified asset management plan, to ensure efficient use of certain funds available for the program. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a \$0.12 per gallon increase, phased in over 3 years, in the motor vehicle fuel (gasoline) tax imposed by the bill with an inflation adjustment, as provided, an increase of \$38 in the annual vehicle registration fee with an inflation adjustment, as provided, a new \$100 annual vehicle registration fee with an inflation adjustment, as provided, applicable to zero-emission motor vehicles, as defined, and certain miscellaneous revenues described in (7) below that are not restricted as to expenditure by Article XIX of the California Constitution.

This bill would annually set aside \$200,000,000 of the funds available for the program to fund road maintenance and rehabilitation purposes in counties that have sought and received voter approval of taxes or that have imposed fees, including uniform developer fees, as defined, which taxes or fees are dedicated solely to transportation improvements. These funds would be continuously appropriated for allocation pursuant to guidelines to be developed by the California Transportation Commission in consultation with local agencies. The bill would require \$80,000,000 of the funds available for the program to be annually transferred to the State Highway Account for expenditure on the Active Transportation Program. The bill would require \$30,000,000 of the funds available for the program in each of 4 fiscal years beginning in 2017–18 to be transferred to the Advance Mitigation Fund created by the bill pursuant to (12) below. The bill would continuously appropriate \$2,000,000 annually of the funds available for the program to the California State University for the purpose of conducting transportation research and transportation-related workforce education, training, and development. The bill would require the remaining funds available for the program to be allocated 50% for maintenance of the state highway system or to the state highway operation and protection program and

50% to cities and counties pursuant to a specified formula. The bill would impose various requirements on the department and agencies receiving these funds. The bill would authorize a city or county to spend its apportionment of funds under the program on transportation priorities other than those allowable pursuant to the program if the city's or county's average Pavement Condition Index meets or exceeds 80.

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

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

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

(3) Existing law creates various state agencies, including the Department of Transportation, the High-Speed Rail Authority, the Department of the California Highway Patrol, the Department of Motor Vehicles, and the State Air Resources Board, with specified powers and duties. Existing law provides for the allocation of state transportation funds to various transportation purposes.

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



Inspector General and would require an annual report to the Legislature and Governor.

This bill would require the department to update the Highway Design Manual to incorporate the “complete streets” design concept by January 1, 2018. The bill would require the department to develop a plan by January 1, 2020, to increase by 100% the dollar value of contracts awarded to small businesses, disadvantaged business enterprises, and disabled veteran business enterprises.

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

This bill would require the Department of Finance, on or before March 1, 2017, to compute the amount of outstanding loans made from specified transportation funds. The bill would require the Department of Transportation to prepare a loan repayment schedule and would require the outstanding loans to be repaid pursuant to that schedule, as prescribed. The bill would appropriate funds for that purpose from the Budget Stabilization Account. The bill would require the repaid funds to be transferred, pursuant to a specified formula, to cities and counties and to the department for maintenance of the state highway system and for purposes of the state highway operation and protection program.

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

This bill would deposit the revenues attributable to a \$0.20 per gallon increase in the diesel fuel excise tax imposed by the bill into the Trade Corridors Improvement Fund. The bill would require revenues apportioned to the state from the national highway freight program established by the federal Fixing America’s Surface Transportation Act to be allocated for trade corridor improvement projects approved pursuant to these provisions.

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

This bill would revise the list of plans to be consulted by the commission in prioritizing projects for funding. The bill would also expand eligible projects to include, among others, rail landside access improvements, landside freight access improvements to airports, and certain capital and operational improvements. The bill would identify specific amounts to be allocated from available federal funds to certain categories of projects.

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

This bill would, beginning in the 2017-18 fiscal year, instead continuously appropriate 20% of those annual proceeds to the Transit and Intercity Rail Capital Program and 10% of those annual proceeds to the Low Carbon Transit Operations Program, thereby making an appropriation.

(7) Article XIX of the California Constitution restricts the expenditure of revenues from taxes imposed by the state on fuels used in motor vehicles upon public streets and highways to street and highway and certain mass transit purposes. Existing law requires certain miscellaneous revenues deposited in the State Highway Account that are not restricted as to expenditure by Article XIX of the California Constitution to be transferred to the Transportation Debt Service Fund in the State Transportation Fund, as specified, and requires the Controller to transfer from the fund to the General Fund an amount of those revenues necessary to offset the current year debt service made from the General Fund on general obligation transportation bonds issued pursuant to Proposition 116 of 1990.

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

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

This bill, commencing July 1, 2017, would instead transfer to the Highway Users Tax Account for allocation to state and local transportation purposes under a specified formula the portion of gasoline excise tax revenues currently being deposited in the General Fund that are attributable to boats, agricultural vehicles, and off-highway vehicles. Because that account is continuously appropriated, the bill would make an appropriation. The bill, commencing July 1, 2017, would transfer, to the Road Maintenance and Rehabilitation Account, the portion of gasoline excise tax revenues attributable to these uses that would be derived from increases in the gasoline excise tax rate described in (1) above.

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

This bill would eliminate the annual rate adjustment to maintain revenue neutrality for the gasoline and diesel excise tax rates and would reimpose the higher gasoline excise tax rate that was in effect on July 1, 2010, in addition to the increase in the rate described in (1) above.

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

appropriation of other revenues in the account to the Department of Transportation for various other transportation purposes, including intercity rail purposes.

This bill would increase the additional sales and use tax rate on diesel fuel by an additional 4%. The bill would restrict expenditures of revenues attributable to the 3.5% rate increase to transit capital purposes and certain transit services and would require a recipient transit agency to comply with certain requirements, including submitting a list of proposed projects to the Department of Transportation, as a condition of receiving a portion of these funds under the State Transit Assistance Program. The bill would require an existing required audit of transit operator finances to verify that these new revenues have been expended in conformance with these specific restrictions and all other generally applicable requirements. By increasing the amount of revenues in the Public Transportation Account that are continuously appropriated, the bill would thereby make an appropriation. The bill would require the revenues attributable to the remaining 0.5% rate increase to be allocated, upon appropriation, to the department for intercity rail and commuter rail purposes.

This bill would, beginning July 1, 2020, and every 3rd year thereafter, require the State Board of Equalization to recompute the gasoline and diesel excise tax rates and the additional sales and use tax rate on diesel fuel based upon the percentage change in the California Consumer Price Index transmitted to the board by the Department of Finance, as prescribed.

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

This bill would require the commission, as part of its review of the program, to hold at least one hearing in northern California and one

hearing in southern California regarding the proposed program. The bill would require the department to submit any change to a programmed project as an amendment to the commission for its approval.

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

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

This bill, notwithstanding these provisions or any other law, would only authorize specified percentages of weight fee revenues to be transferred from the State Highway Account to the Transportation Debt Service Fund, the Transportation Bond Direct Payment Account, or any other fund or account for the purpose of payment of the debt service on transportation general obligation bonds in accordance with a prescribed schedule, with no more than 50% of weight fee revenues to be used for debt service purposes beginning with the 2021–22 fiscal year. The bill would require the California Transportation Commission, by January 1, 2018, to recommend a course of action to the Legislature and Governor that would retain the remaining 50% share of weight fee revenues in the State Highway Account or provide for the transfer of those revenues to the Road Maintenance and Rehabilitation Account.

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

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

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

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

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

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

are repealed, provides that the State of California consents to the jurisdiction of the federal courts with regard to the compliance, discharge, or enforcement of the responsibilities the Department of Transportation assumed as a participant in this program.

This bill would reenact these provisions.

(14) This bill would provide that the fuel tax increases imposed by the bill would be effective on July 1, 2017. The bill would provide that the vehicle fee increases imposed by the bill would be effective on October 1, 2017.

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

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

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

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

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

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

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

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

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

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

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

(h) Improving the condition of the state's road system will have a positive impact on the economy as it lowers the transportation costs of doing business, reduces congestion impacts for employees, and protects property values in the state.

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

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

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

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

(1) Ensure these transportation needs are addressed.

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

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

(4) Direct increased revenue to the state's highest transportation needs.

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

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

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

14033. On or before January 1, 2018, the department shall update the Highway Design Manual to incorporate the "complete streets" design concept.

SEC. 4. Section 14110 is added to the Government Code, to read:



1 14110. The department shall develop a plan by January 1, 2020,  
2 to increase by 100 percent the dollar value of contracts awarded  
3 to small businesses, disadvantaged business enterprises, and  
4 disabled veteran business enterprises.

5 SEC. 5. Part 5.1 (commencing with Section 14460) is added  
6 to Division 3 of Title 2 of the Government Code, to read:

7  
8 PART 5.1. OFFICE OF THE TRANSPORTATION INSPECTOR  
9 GENERAL  
10

11 14460. (a) There is hereby created in state government the  
12 independent Office of the Transportation Inspector General, which  
13 shall not be a subdivision of any other governmental entity, to  
14 ensure that the Department of Transportation, the High-Speed Rail  
15 Authority, the Department of the California Highway Patrol, the  
16 Department of Motor Vehicles, the State Air Resources Board,  
17 and all other state agencies expending state transportation funds  
18 are operating efficiently, effectively, and in compliance with  
19 applicable federal and state laws.

20 (b) The Governor shall appoint, subject to confirmation by the  
21 Senate, the Transportation Inspector General to a six-year term.  
22 The Transportation Inspector General may not be removed from  
23 office during that term, except for good cause. A finding of good  
24 cause may include substantial neglect of duty, gross misconduct,  
25 or conviction of a crime. The reasons for removal of the  
26 Transportation Inspector General shall be stated in writing and  
27 shall include the basis for removal. The writing shall be sent to  
28 the Secretary of the Senate and the Chief Clerk of the Assembly  
29 at the time of the removal and shall be deemed to be a public  
30 document.

31 14461. The Transportation Inspector General shall review  
32 policies, practices, and procedures and conduct audits and  
33 investigations of activities involving state transportation funds in  
34 consultation with all affected state agencies. Specifically, the  
35 Transportation Inspector General's duties and responsibilities shall  
36 include, but not be limited to, all of the following:

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

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

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

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

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

14 (f) To ensure that the Secretary of Transportation and the  
15 Legislature are fully and currently informed concerning fraud or  
16 other serious abuses or deficiencies relating to the expenditure of  
17 funds or administration of programs and operations.

18 14462. The Transportation Inspector General shall report at  
19 least annually to the Governor and Legislature with a summary of  
20 his or her findings, investigations, and audits. The summary shall  
21 be posted on the Transportation Inspector General's Internet Web  
22 site and shall otherwise be made available to the public upon its  
23 release to the Governor and Legislature. The summary shall  
24 include, but need not be limited to, significant problems discovered  
25 by the Transportation Inspector General and whether  
26 recommendations of the Transportation Inspector General relative  
27 to investigations and audits have been implemented by the affected  
28 agencies. The report shall be submitted to the Legislature in  
29 compliance with Section 9795.

30 SEC. 6. Section 14500 of the Government Code is amended  
31 to read:

32 14500. There is in ~~the Transportation Agency~~ *state government*  
33 a California Transportation Commission. *The commission shall*  
34 *act in an independent oversight role.*

35 SEC. 7. Section 14526.5 of the Government Code is amended  
36 to read:

37 14526.5. (a) Based on the asset management plan prepared  
38 and approved pursuant to Section 14526.4, the department shall  
39 prepare a state highway operation and protection program for the  
40 expenditure of transportation funds for major capital improvements

1 that are necessary to preserve and protect the state highway system.  
2 Projects included in the program shall be limited to ~~capital~~  
3 improvements relative to the maintenance, safety, operation, and  
4 rehabilitation of state highways and bridges that do not add a new  
5 traffic lane to the system.

6 (b) The program shall include projects that are expected to be  
7 advertised prior to July 1 of the year following submission of the  
8 program, but which have not yet been funded. The program shall  
9 include those projects for which construction is to begin within  
10 four fiscal years, starting July 1 of the year following the year the  
11 program is submitted.

12 (c) *(1)* The department, at a minimum, shall specify, for each  
13 project in the state highway operation and protection program, the  
14 capital and support budget, ~~as well as a projected delivery date,~~  
15 *budget* for each of the following project components:

16 ~~(1) Completion of project~~

17 *(A) Project approval and environmental documents.*

18 ~~(2) Preparation of plans;~~

19 *(B) Plans, specifications, and estimates.*

20 ~~(3) Acquisition of rights-of-way, including, but not limited to,~~  
21 ~~support activities;~~

22 *(C) Rights-of-way.*

23 *(D) Construction.*

24 *(2) The department shall specify, for each project in the state*  
25 *highway operation and protection program, a projected delivery*  
26 *date for each of the following components:*

27 *(A) Environmental document completion.*

28 *(B) Plans, specifications, and estimate completion.*

29 *(C) Right-of-way certification.*

30 ~~(4)~~

31 *(D) Start of construction.*

32 ~~(d) The program shall be submitted~~ *department shall submit its*  
33 *proposed program* to the commission not later than January 31 of  
34 each even-numbered year. Prior to submitting ~~the plan, the~~ *its*  
35 *proposed program*, the department shall make a draft of its  
36 proposed program available to transportation planning agencies  
37 for review and comment and shall include the comments in its  
38 submittal to the commission. *The department shall provide the*  
39 *commission with detailed information for all programmed projects,*

1 *including, but not limited to, cost, scope, schedule, and*  
2 *performance metrics as determined by the commission.*

3 (e) The commission ~~may~~ *shall* review the *proposed* program  
4 relative to its overall adequacy, consistency with the asset  
5 management plan prepared and approved pursuant to Section  
6 14526.4 and funding priorities established in Section 167 of the  
7 Streets and Highways Code, the level of annual funding needed  
8 to implement the program, and the impact of those expenditures  
9 on the state transportation improvement program. The commission  
10 shall adopt the program and submit it to the Legislature and the  
11 Governor not later than April 1 of each even-numbered year. The  
12 commission may decline to adopt the program if the commission  
13 determines that the program is not sufficiently consistent with the  
14 asset management plan prepared and approved pursuant to Section  
15 14526.4.

16 (f) *As part of the commission's review of the program required*  
17 *pursuant to subdivision (a), the commission shall hold at least one*  
18 *hearing in northern California and one hearing in southern*  
19 *California regarding the proposed program.*

20 ~~(f)~~

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

23 (h) *Following adoption of the state highway operation and*  
24 *protection program by the commission, any change to a*  
25 *programmed project shall be submitted as an amendment by the*  
26 *department to the commission for its approval before the change*  
27 *may be implemented.*

28 SEC. 8. Section 14526.7 is added to the Government Code, to  
29 read:

30 14526.7. (a) On and after August 1, 2017, an allocation by the  
31 commission of all capital and support costs for each project in the  
32 state highway operation and protection program shall be required.

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

37 (c) The commission shall establish guidelines to provide  
38 exceptions to the requirement of subdivision (b) that the  
39 commission determines are necessary to ensure that projects are  
40 not unnecessarily delayed.

1 SEC. 9. Section 14534.1 of the Government Code is repealed.  
2 ~~14534.1. Notwithstanding Section 12850.6 or subdivision (b)~~  
3 ~~of Section 12800, as added to this code by the Governor's~~  
4 ~~Reorganization Plan No. 2 of 2012 during the 2011-12 Regular~~  
5 ~~Session, the commission shall retain independent authority to~~  
6 ~~perform those duties and functions prescribed to it under any~~  
7 ~~provision of law.~~

8 SEC. 10. Section 16321 is added to the Government Code, to  
9 read:

10 16321. (a) Notwithstanding any other law, on or before March  
11 1, 2017, the Department of Finance shall compute the amount of  
12 outstanding loans made from the State Highway Account, the  
13 Motor Vehicle Fuel Account, the Highway Users Tax Account,  
14 and the Motor Vehicle Account to the General Fund. The  
15 department shall prepare a loan repayment schedule, pursuant to  
16 which the outstanding loans shall be repaid, as follows:

17 (1) On or before December 31, 2017, 50 percent of the  
18 outstanding loan amounts.

19 (2) On or before December 31, 2018, the remainder of the  
20 outstanding loan amounts.

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

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

27 (2) Fifty percent to the department for maintenance of the state  
28 highway system and for purposes of the state highway operation  
29 and protection program.

30 (c) Funds for loan repayments pursuant to this section are hereby  
31 appropriated from the Budget Stabilization Account pursuant to  
32 subclause (II) of clause (ii) of subparagraph (B) of paragraph (1)  
33 of subdivision (c) of Section 20 of Article XVI of the California  
34 Constitution.

35 SEC. 11. Section 16965 of the Government Code is amended  
36 to read:

37 16965. (a) (1) The Transportation Debt Service Fund is hereby  
38 created in the State Treasury. Moneys in the fund shall be dedicated  
39 to all of the following purposes:

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

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

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

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

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

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

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

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

8 (4) For purposes of this subdivision and subdivision (b), and  
9 subdivision (c) of Section 16773, "debt service" means payment  
10 of all of the following costs and expenses with respect to any  
11 designated bond:

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

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

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

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

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

certificate, the shortfall shall carry over to be part of the required payment in the succeeding month or months.

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

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

~~(e) From moneys transferred to the fund pursuant to Section 183.1 of the Streets and Highways Code, the Controller shall transfer as an expenditure reduction to the General Fund any~~



1 amount necessary to offset the cost of current year debt service  
2 payments made from the General Fund with respect to any bonds  
3 issued pursuant to Proposition 116 (1990). In the alternative, these  
4 funds may also be used to redeem or retire the applicable bonds,  
5 pursuant to Section 16774, maturing in a subsequent fiscal year  
6 as directed by the Director of Finance.

7 (f)

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

31 (g)

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

subdivisions ~~(d), (e), and (f)~~ *(d) and (e)* in that month from the fund to the General Fund pursuant to this section.

SEC. 12. Section 39719 of the Health and Safety Code is amended to read:

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

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

(1) Beginning in the ~~2015-16~~ *2017-18* fiscal year, and notwithstanding Section 13340 of the Government Code, ~~35~~ *50* percent of annual proceeds are continuously appropriated, without regard to fiscal years, for transit, affordable housing, and sustainable communities programs as ~~following~~ *follows*:

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

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

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

(2) Beginning in the ~~2015-16~~ fiscal year, notwithstanding Section 13340 of the Government Code, 25 percent of the annual proceeds of the fund is hereby continuously appropriated to the

1 High-Speed Rail Authority for the following components of the  
2 initial operating segment and Phase I Blended System as described  
3 in the 2012 business plan adopted pursuant to Section 185033 of  
4 the Public Utilities Code:

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

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

7 (C) Other capital costs of the project.

8 (D) Repayment of any loans made to the authority to fund the  
9 project.

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

13 SEC. 13. Section 21080.37 of the Public Resources Code is  
14 amended to read:

15 21080.37. (a) This division does not apply to a project or an  
16 activity to repair, maintain, or make minor alterations to an existing  
17 roadway if all of the following conditions are met:

18 ~~(1) The project is carried out by a city or county with a~~  
19 ~~population of less than 100,000 persons to improve public safety.~~

20 ~~(2)~~

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

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

25 ~~(3)~~

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

29 ~~(4) The roadway is not a state roadway.~~

30 ~~(5)~~

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

(B) For the purposes of this paragraph:

(i) "Riparian areas" mean those areas transitional between terrestrial and aquatic ecosystems and that are distinguished by gradients in biophysical conditions, ecological processes, and biota. A riparian area is an area through which surface and subsurface hydrology connect waterbodies with their adjacent uplands. A riparian area includes those portions of terrestrial ecosystems that significantly influence exchanges of energy and matter with aquatic ecosystems. A riparian area is adjacent to perennial, intermittent, and ephemeral streams, lakes, and estuarine-marine shorelines.

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

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

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

~~(6)~~

(4) The project does not impact cultural resources.

~~(7)~~

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

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

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

(2) Hold a noticed public hearing on the project to hear and respond to public comments. The hearing on the project may be conducted with another noticed lead agency public hearing. Publication of the notice shall be no fewer times than required by

1 Section 6061 of the Government Code, by the public agency in a  
2 newspaper of general circulation in the area.

3 (c) For purposes of this section, "roadway" means a roadway  
4 as defined pursuant to Section 530 of the Vehicle Code and the  
5 previously graded and maintained shoulder that is within a roadway  
6 right-of-way of no more than five feet from the edge of the  
7 roadway.

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

13 ~~(d) Whenever~~

14 (2) *If a local agency determines that a project is not subject to*  
15 *this division pursuant to this section, section and it approves or*  
16 *determines to carry out that project, the local agency it shall file*  
17 *a notice with the Office of Planning and Research, and with the*  
18 *county clerk in the county in which the project will be located in*  
19 *the manner specified in subdivisions (b) and (c) of Section 21152.*

20 ~~(e) This section shall remain in effect only until January 1, 2020;~~  
21 ~~and as of that date is repealed, unless a later enacted statute, that~~  
22 ~~is enacted before January 1, 2020, deletes or extends that date.~~

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

25  
26 DIVISION 13.6. ADVANCE MITIGATION PROGRAM ACT

27  
28 CHAPTER 1. GENERAL

29  
30 21200. This division shall be known, and may be cited, as the  
31 Advance Mitigation Program Act.

32 21201. (a) The purpose of this division is to improve the  
33 success and effectiveness of actions implemented to mitigate the  
34 natural resource impacts of future transportation improvements  
35 by designing those actions to measurably advance regional or  
36 statewide conservation priorities and by establishing the means to  
37 implement the actions well before the impacts occur. The advance  
38 design and implementation of mitigation actions also will  
39 streamline the delivery of transportation improvements by avoiding  
40 or reducing delays associated with environmental permitting.

1 (b) This division is not intended to create a new environmental  
2 permitting or regulatory program or to modify existing  
3 environmental laws or regulations, nor is it expected that all  
4 mitigation requirements will be addressed for planned  
5 transportation improvements. Instead, it is intended to provide a  
6 methodology with which to fulfill the requirements of existing  
7 state and federal environmental laws that protect fish, wildlife,  
8 plant species, and other natural resources more efficiently and  
9 effectively.

10 21202. The Legislature finds and declares all of the following:

11 (a) Compensatory mitigation for environmental impacts is  
12 ordinarily handled on a project-by-project basis, usually near the  
13 end of a project's timeline and often with insufficient guidance  
14 regarding regional or statewide conservation priorities.

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

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

25 (d) Working with state and federal resource protection agencies,  
26 the department can generate and pool a range of mitigation credits  
27 for use for transportation improvements, taking advantage of  
28 greater economies of scale and allowing public funds to stretch  
29 further. By making those mitigation credits available in advance  
30 of environmental impacts and project permitting, transportation  
31 agencies can avoid permitting delays that result from  
32 project-by-project identification and development of mitigation  
33 measures.

34 (e) Advance mitigation can provide an effective means of  
35 facilitating delivery of transportation improvements while ensuring  
36 more effective natural resource conservation.

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

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

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

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

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

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

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

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

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

## 25 CHAPTER 2. DEFINITIONS

26  
27 21204. For purposes of this division, the following terms have  
28 the following meanings:

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

33 (b) "Advance mitigation" means mitigation implemented before,  
34 and in anticipation of, environmental effects of planned  
35 transportation improvements.

36 (c) "Commission" means the California Transportation  
37 Commission.  
38

(d) "Conservation easement" means a perpetual conservation easement that complies with Chapter 4 (commencing with Section 815) of Title 2 of Part 2 of Division 2 of the Civil Code.

(e) "Department" means the Department of Transportation.

(f) "Mitigation credit agreement" means a mitigation credit agreement pursuant to Chapter 9 (commencing with Section 1850) of Division 2 of the Fish and Game Code.

(g) "Transportation agency" means the department, the High-Speed Rail Authority, a metropolitan planning organization, a regional transportation planning agency, or another public agency that implements transportation improvements.

(h) "Transportation improvement" means a transportation capital improvement project.

(i) "Planned transportation improvement" means a transportation project that a transportation agency has identified in a regional transportation plan, an interregional transportation plan, a capital improvement program, or other approved transportation planning document. A planned transportation improvement may include, but is not limited to, a transportation project that has been proposed for approval or that has been approved.

(j) "Program" means the Advance Mitigation Program implemented pursuant to this division.

(k) "Regional conservation investment strategy" means a regional conservation investment strategy pursuant to Chapter 9 (commencing with Section 1850) of Division 2 of the Fish and Game Code.

(l) "Regulatory agency" means a state or federal natural resource protection agency with regulatory authority over planned transportation improvements. A regulatory agency includes, but is not limited to, the Natural Resources Agency, the Department of Fish and Wildlife, California regional water quality control boards, the United States Fish and Wildlife Service, the National Marine Fisheries Service, the United States Environmental Protection Agency, and the United States Army Corps of Engineers.

### CHAPTER 3. ADVANCE MITIGATION PROGRAM

21205. (a) The Advance Mitigation Program is hereby created in the department to accelerate project delivery and improve



1 environmental outcomes of environmental mitigation for planned  
2 transportation improvements. The department may do any of the  
3 following to administer and implement the program:

4 (1) Purchase credits at mitigation banks and conservation banks  
5 approved by one or more regulatory agencies. The department  
6 may also establish mitigation banks or conservation banks, or fund  
7 the establishment of mitigation banks or conservation banks, in  
8 accordance with applicable state and federal standards if the  
9 department determines that those banks would provide biologically  
10 appropriate mitigation for planned transportation improvements  
11 identified pursuant to Section 21207.

12 (2) Pay mitigation fees under natural community conservation  
13 plans approved pursuant to Chapter 10 (commencing with Section  
14 2800) of Division 3 of the Fish and Game Code, or habitat  
15 conservation plans approved in accordance with the federal  
16 Endangered Species Act.

17 (3) Prepare, or fund the preparation of, regional conservation  
18 investment strategies. Where a regional conservation framework  
19 has been approved by the Department of Fish and Wildlife, the  
20 department may do the following:

21 (A) Enter into a mitigation credit agreement with the Department  
22 of Fish and Wildlife, and acquire, restore, manage, monitor, protect,  
23 and preserve lands, waterways, aquatic resources or fisheries, or  
24 fund the acquisition, restoration, management, monitoring,  
25 protection, and preservation of lands, waterways, aquatic resources,  
26 or fisheries, as needed to generate mitigation credits pursuant to  
27 those mitigation credit agreements.

28 (B) Acquire, restore, manage, monitor, and preserve lands,  
29 waterways, aquatic resources, or fisheries, or fund the acquisition,  
30 restoration, management, monitoring, and preservation of lands,  
31 waterways, aquatic resources, or fisheries that would measurably  
32 advance a conservation objective in the regional conservation  
33 investment strategy if the department concludes that the action or  
34 actions could conserve or create environmental values that are  
35 appropriate to mitigate the anticipated potential impacts of planned  
36 transportation improvements.

37 (4) Prepare, or fund the preparation of, regional advance  
38 mitigation plans within the area of any regional conservation  
39 investment strategy that has been approved by the Department of  
40 Fish and Wildlife. The purpose of a regional advance mitigation

1 plan shall be to identify potential mitigation needs for planned  
2 transportation improvements, to facilitate the acquisition or  
3 generation of mitigation credits and values that could be used to  
4 fulfill those needs and thereby to avoid delays in the environmental  
5 permitting of those transportation improvements. A regional  
6 advance mitigation plan shall do all of the following:

7 (A) Use the information and analysis in the regional  
8 conservation investment strategy to estimate the nature and extent  
9 of potential mitigation requirements of planned transportation  
10 improvements on a regional or statewide basis.

11 (B) Consider the full range of potential impacts on natural  
12 resources of planned transportation improvements.

13 (C) Identify available mitigation credits at mitigation banks or  
14 conservation banks approved by one or more regulatory agencies  
15 that could be used to mitigate the impacts of planned transportation  
16 improvements.

17 (D) Assess whether, and to what extent, mitigation requirements  
18 for planned transportation improvements could be fulfilled by the  
19 payment of mitigation fees under approved natural community  
20 conservation plans and habitat conservation plans.

21 (E) Assess whether, and to what extent, mitigation requirements  
22 for planned transportation improvements could be fulfilled by  
23 mitigation credits created under a mitigation credit agreement.

24 (F) Assess whether conservation actions or habitat enhancements  
25 that would measurably advance an unmet conservation objective  
26 in the regional conservation investment strategy could conserve  
27 or create environmental values that are appropriate to mitigate the  
28 anticipated potential impacts of planned transportation  
29 improvements and could fulfill mitigation requirements resulting  
30 from those impacts.

31 (G) Analyze the cost-effectiveness of available mitigation  
32 alternatives both in terms of environmental benefits and improved  
33 project delivery and certainty.

34 (b) The department shall track all advance mitigation actions  
35 implemented and all mitigation credits generated under the program  
36 for environmental mitigation for transportation improvements.

37 (c) The department may use mitigation credits to fulfill  
38 mitigation requirements of a transportation improvement eligible  
39 for the State Transportation Improvement Program or the State  
40 Highway Operation and Protection Program.

(d) The department may use, or allow local or state transportation agencies to use, mitigation credits or values generated or obtained under the program to fulfill the mitigation requirements of planned transportation improvements if the applicable transportation agency reimburses the program for all costs of purchasing or creating the mitigation credits or values, as determined by the department. Those costs shall be calculated using total cost accounting and shall include, as applicable, land acquisition or conservation easement costs, monitoring and enforcement costs, restoration costs, transaction costs, administrative costs, contingency costs, and land management, monitoring, and protection costs.

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

21207. The Advance Mitigation Fund is hereby created in the State Transportation Fund as a revolving fund. Notwithstanding Section 13340 of the Government Code, the fund shall be continuously appropriated without regard to fiscal years. The moneys in the fund shall be programmed by the commission for the planning and implementation of advance mitigation improvements consistent with the purposes of this chapter. After the transfer of moneys to the fund for four fiscal years pursuant to subdivision (c) of Section 2032 of the Streets and Highways Code, commencing in the 2017–18 fiscal year, the program is intended to be self-sustaining. Advance expenditures from the fund shall later be reimbursed from project funding available at the time a

1 planned transportation improvement is constructed. A maximum  
2 of 5 percent of available funds may be used for administrative  
3 purposes.

4 21208. The program is intended to improve the efficiency and  
5 efficacy of mitigation only and is not intended to supplant the  
6 requirements of the California Environmental Quality Act (Division  
7 13 (commencing with Section 21000)) or any other environmental  
8 law. The identification of planned transportation improvements  
9 and of mitigation improvements or measures for planned  
10 transportation improvements under this division does not imply  
11 or require approval of those improvements for purposes of the  
12 California Environmental Quality Act (Division 13 (commencing  
13 with Section 21000)) or any other environmental law.

14 SEC. 15. Section 99312.1 of the Public Utilities Code is  
15 amended to read:

16 99312.1. (a) Revenues transferred to the Public Transportation  
17 Account pursuant to Sections 6051.8 and 6201.8 of the Revenue  
18 and Taxation Code *for the State Transit Assistance Program* are  
19 hereby continuously appropriated to the Controller for allocation  
20 as follows:

21 (a)

22 (1) Fifty percent for allocation to transportation planning  
23 agencies, county transportation commissions, and the San Diego  
24 Metropolitan Transit Development Board pursuant to Section  
25 99314.

26 (b)

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

30 ~~For~~

31 (b) *For* purposes of this chapter, the revenues allocated pursuant  
32 to this section shall be subject to the same requirements as revenues  
33 allocated pursuant to subdivisions (b) and (c), as applicable, of  
34 Section 99312.

35 (c) *The revenues transferred to the Public Transportation*  
36 *Account for the State Transit Assistance Program that are*  
37 *attributable to the increase in the sales and use tax on diesel fuel*  
38 *pursuant to subdivision (b) of Section 6051.8 of the Revenue and*  
39 *Taxation Code, as adjusted pursuant to subdivision (c) of that*  
40 *section, and subdivision (b) of Section 6201.8 of the Revenue and*

1 *Taxation Code, as adjusted pursuant to subdivision (c) of that*  
2 *section, upon allocation pursuant to Sections 99313 and 99314,*  
3 *shall only be expended on the following:*

4 *(1) Transit capital projects or services to maintain or repair a*  
5 *transit operator's existing transit vehicle fleet or existing transit*  
6 *facilities, including rehabilitation or modernization of existing*  
7 *vehicles or facilities.*

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

10 *(3) Transit services that complement local efforts for repair and*  
11 *improvement of local transportation infrastructure.*

12 *(d) (1) Prior to receiving an apportionment of funds pursuant*  
13 *to subdivision (c) from the Controller in a fiscal year, a recipient*  
14 *transit agency shall submit to the Department of Transportation*  
15 *a list of projects proposed to be funded with these funds. The list*  
16 *of projects proposed to be funded with these funds shall include*  
17 *a description and location of each proposed project, a proposed*  
18 *schedule for the project's completion, and the estimated useful life*  
19 *of the improvement. The project list shall not limit the flexibility*  
20 *of a recipient transit agency to fund projects in accordance with*  
21 *local needs and priorities so long as the projects are consistent*  
22 *with subdivision (c).*

23 *(2) The department shall report to the Controller the recipient*  
24 *transit agencies that have submitted a list of projects as described*  
25 *in this subdivision and that are therefore eligible to receive an*  
26 *apportionment of funds for the applicable fiscal year. The*  
27 *Controller, upon receipt of the report, shall apportion funds*  
28 *pursuant to Sections 99313 and 99314.*

29 *(e) For each fiscal year, each recipient transit agency receiving*  
30 *an apportionment of funds pursuant to subdivision (c) shall, upon*  
31 *expending those funds, submit documentation to the department*  
32 *that includes a description and location of each completed project,*  
33 *the amount of funds expended on the project, the completion date,*  
34 *and the estimated useful life of the improvement.*

35 *(f) The audit of transit operator finances required pursuant to*  
36 *Section 99245 shall verify that the revenues identified in*  
37 *subdivision (c) have been expended in conformance with these*  
38 *specific requirements and all other generally applicable*  
39 *requirements.*

SEC. 16. Section 6051.8 of the Revenue and Taxation Code is amended to read:

6051.8. (a) Except as provided by Section 6357.3, in addition to the taxes imposed by this part, for the privilege of selling tangible personal property at retail a tax is hereby imposed upon all retailers at the rate of 1.75 percent of the gross receipts of any retailer from the sale of all diesel fuel, as defined in Section 60022, sold at retail in this state on and after the operative date of this subdivision: *fuel*.

(b) Notwithstanding subdivision (a), for the 2011-12 fiscal year only, the rate referenced in subdivision (a) shall be 1.87 percent.

(c) Notwithstanding subdivision (a), for the 2012-13 fiscal year only, the rate referenced in subdivision (a) shall be 2.17 percent.

(d) Notwithstanding subdivision (a), for the 2013-14 fiscal year only, the rate referenced in subdivision (a) shall be 1.94 percent.

(b) Except as provided by Section 6357.3, in addition to the taxes imposed by this part and by subdivision (a), for the privilege of selling tangible personal property at retail a tax is hereby imposed upon all retailers at the rate of 4 percent of the gross receipts of any retailer from the sale of all diesel fuel, as defined in Section 60022, sold at retail in this state.

(c) Beginning July 1, 2020, and every third year thereafter, the State Board of Equalization shall recompute the rates of the taxes imposed by this section. That computation shall be made as follows:

(1) The Department of Finance shall transmit to the State Board of Equalization the percentage change in the California Consumer Price Index for all items from November of three calendar years prior to November of the prior calendar year, no later than January 31, 2020, and January 31 of every third year thereafter.

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

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

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

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

(e)

(d) (1) Notwithstanding subdivision (b) of Section 7102, *except as otherwise provided in paragraph (2)*, all of the revenues, less refunds, collected pursuant to this section shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and transferred quarterly to the Public Transportation Account in the State Transportation Fund for allocation *under the State Transit Assistance Program* pursuant to Section 99312.1 of the Public Utilities Code.

(2) *The revenues, less refunds, attributable to a rate of 0.5 percent of the 4-percent increase in the rate pursuant to subdivision (b), amounting to one-eighth of revenues from the increase in the rate under that subdivision, shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and transferred quarterly to the Public Transportation Account in the State Transportation Fund for allocation to the Department of Transportation, upon appropriation by the Legislature, to intercity rail and commuter rail purposes pursuant to Section 99315 of the Public Utilities Code.*

~~(f) Subdivisions (a) to (e), inclusive, shall become operative on July 1, 2011.~~

SEC. 17. Section 6201.8 of the Revenue and Taxation Code is amended to read:

6201.8. (a) Except as provided by Section 6357.3, in addition to the taxes imposed by this part, an excise tax is hereby imposed on the storage, use, or other consumption in this state of diesel fuel, as defined in Section 60022, at the rate of 1.75 percent of the sales price of the diesel fuel ~~on and after the operative date of this subdivision: fuel.~~

~~(b) Notwithstanding subdivision (a), for the 2011–12 fiscal year only, the rate referenced in subdivision (a) shall be 1.87 percent.~~

~~(c) Notwithstanding subdivision (a), for the 2012–13 fiscal year only, the rate referenced in subdivision (a) shall be 2.17 percent.~~

~~(d) Notwithstanding subdivision (a), for the 2013–14 fiscal year only, the rate referenced in subdivision (a) shall be 1.94 percent.~~

(b) *Except as provided by Section 6357.3, in addition to the taxes imposed by this part and by subdivision (a), an excise tax is hereby imposed on the storage, use, or other consumption in this state of diesel fuel, as defined in Section 60022, at the rate of 4 percent of the sales price of the diesel fuel.*

1     (c) Beginning July 1, 2020, and every third year thereafter, the  
2     State Board of Equalization shall recompute the rates of the taxes  
3     imposed by this section. That computation shall be made as  
4     follows:

5     (1) The Department of Finance shall transmit to the State Board  
6     of Equalization the percentage change in the California Consumer  
7     Price Index for all items from November of three calendar years  
8     prior to November of the prior calendar year, no later than January  
9     31, 2020, and January 31 of every third year thereafter.

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

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

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

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

19    (e)

20    (d) (1) Notwithstanding subdivision (b) of Section 7102, except  
21    as otherwise provided in paragraph (2), all of the revenues, less  
22    refunds, collected pursuant to this section shall be estimated by  
23    the State Board of Equalization, with the concurrence of the  
24    Department of Finance, and transferred quarterly to the Public  
25    Transportation Account in the State Transportation Fund for  
26    allocation pursuant to Section 99312.1 of the Public Utilities Code.

27    (2) The revenues, less refunds, attributable to a rate of 0.5  
28    percent of the 4-percent increase in the rate pursuant to subdivision  
29    (b), amounting to one-eighth of revenues from the increase in the  
30    rate under that subdivision, shall be estimated by the State Board  
31    of Equalization, with the concurrence of the Department of  
32    Finance, and transferred quarterly to the Public Transportation  
33    Account in the State Transportation Fund for allocation to the  
34    Department of Transportation, upon appropriation by the  
35    Legislature, to intercity rail and commuter rail purposes pursuant  
36    to Section 99315 of the Public Utilities Code.

37    ~~(f) Subdivisions (a) to (e), inclusive, shall become operative on~~  
38    ~~July 1, 2011.~~

39    SEC. 18. Section 7360 of the Revenue and Taxation Code is  
40    amended to read:



1 7360. (a) (1) (A) A tax of eighteen cents (\$0.18) is hereby  
2 imposed upon each gallon of fuel subject to the tax in Sections  
3 7362, 7363, and 7364.

4 (B) *In addition to the tax imposed pursuant to subparagraph*  
5 *(A), a tax of six cents (\$0.06) is hereby imposed upon each gallon*  
6 *of fuel, other than aviation gasoline, subject to the tax in Sections*  
7 *7362, 7363, and 7364. Effective one year after the date that the*  
8 *six-cent (\$0.06) tax is imposed, an additional tax of three cents*  
9 *(\$0.03) is hereby imposed, and effective two years after the date*  
10 *that the six-cent (\$0.06) tax is imposed, an additional tax of three*  
11 *cents (\$0.03) is hereby imposed, on each gallon of fuel, other than*  
12 *aviation gasoline, subject to the tax in Sections 7362, 7363, and*  
13 *7364.*

14 (2) If the federal fuel tax is reduced below the rate of nine cents  
15 (\$0.09) per gallon and federal financial allocations to this state for  
16 highway and exclusive public mass transit guideway purposes are  
17 reduced or eliminated correspondingly, the tax rate imposed by  
18 *subparagraph (A) of paragraph (1)*, on and after the date of the  
19 reduction, shall be recalculated by an amount so that the combined  
20 state rate under *subparagraph (A) of paragraph (1)* and the federal  
21 tax rate per gallon equal twenty-seven cents (\$0.27).

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

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

30 ~~(2) For the 2011-12 fiscal year and each fiscal year thereafter,~~  
31 ~~the board shall, on or before March 1 of the fiscal year immediately~~  
32 ~~preceding the applicable fiscal year, adjust the rate in paragraph~~  
33 ~~(1) in that manner as to generate an amount of revenue that will~~  
34 ~~equal the amount of revenue loss attributable to the exemption~~  
35 ~~provided by Section 6357.7, based on estimates made by the board,~~  
36 ~~and that rate shall be effective during the state's next fiscal year.~~

37 ~~(3) In order to maintain revenue neutrality for each year,~~  
38 ~~beginning with the rate adjustment on or before March 1, 2012,~~  
39 ~~the adjustment under paragraph (2) shall also take into account the~~  
40 ~~extent to which the actual amount of revenues derived pursuant to~~

~~this subdivision and, as applicable, Section 7361.1, the revenue loss attributable to the exemption provided by Section 6357.7 resulted in a net revenue gain or loss for the fiscal year ending prior to the rate adjustment date on or before March 1.~~

~~(4) The intent of paragraphs (2) and (3) is to ensure that the act adding this subdivision and Section 6357.7 does not produce a net revenue gain in state taxes.~~

*(c) Beginning July 1, 2020, and every third year thereafter, the State Board of Equalization shall recompute the rates of the taxes imposed by this section. That computation shall be made as follows:*

*(1) The Department of Finance shall transmit to the State Board of Equalization the percentage change in the California Consumer Price Index for all items from November of three calendar years prior to November of the prior calendar year, no later than January 31, 2020, and January 31 of every third year thereafter.*

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

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

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

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

SEC. 19. Section 8352.4 of the Revenue and Taxation Code is amended to read:

8352.4. (a) Subject to Sections 8352 and 8352.1, and except as otherwise provided in subdivision (b), there shall be transferred from the money deposited to the credit of the Motor Vehicle Fuel Account to the Harbors and Watercraft Revolving Fund, for expenditure in accordance with Division 1 (commencing with Section 30) of the Harbors and Navigation Code, the sum of six million six hundred thousand dollars (\$6,600,000) per annum, representing the amount of money in the Motor Vehicle Fuel Account attributable to taxes imposed on distributions of motor vehicle fuel used or usable in propelling vessels. The actual amount shall be calculated using the annual reports of registered boats prepared by the Department of Motor Vehicles for the United States Coast Guard and the formula and method of the December

1 1972 report prepared for this purpose and submitted to the  
2 Legislature on December 26, 1972, by the Director of  
3 Transportation. If the amount transferred during each fiscal year  
4 is in excess of the calculated amount, the excess shall be  
5 retransferred from the Harbors and Watercraft Revolving Fund to  
6 the Motor Vehicle Fuel Account. If the amount transferred is less  
7 than the amount calculated, the difference shall be transferred from  
8 the Motor Vehicle Fuel Account to the Harbors and Watercraft  
9 Revolving Fund. No adjustment shall be made if the computed  
10 difference is less than fifty thousand dollars (\$50,000), and the  
11 amount shall be adjusted to reflect any temporary or permanent  
12 increase or decrease that may be made in the rate under the Motor  
13 Vehicle Fuel Tax Law. Payments pursuant to this section shall be  
14 made prior to payments pursuant to Section 8352.2.

15 (b) (1) Commencing July 1, ~~2016~~, 2017, the revenues  
16 attributable to the taxes imposed pursuant to subdivision (b) of  
17 Section 7360 and Section 7361.1 and otherwise to be deposited in  
18 the Harbors and Watercraft Revolving Fund pursuant to subdivision  
19 (a) shall instead be transferred to the General Fund. The revenues  
20 attributable to the taxes imposed Highway Users Tax Account for  
21 distribution pursuant to subdivision (b) of Section 7360 and Section  
22 7361.1 that were deposited in Section 2103.1 of the Harbors Streets  
23 and Watercraft Revolving Fund in the 2010-11 and 2011-12 fiscal  
24 years shall be transferred to the General Fund. *Highways Code.*

25 (2) Commencing July 1, 2017, the revenues attributable to the  
26 taxes imposed pursuant to subparagraph (B) of paragraph (1) of  
27 subdivision (a) of Section 7360 and otherwise to be deposited in  
28 the Harbors and Watercraft Revolving Fund pursuant to  
29 subdivision (a) shall instead be transferred to the Road  
30 Maintenance and Rehabilitation Account pursuant to Section 2031  
31 of the Streets and Highways Code.

32 SEC. 20. Section 8352.5 of the Revenue and Taxation Code  
33 is amended to read:

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

(2) The amounts are not subject to Section 6357 with respect to the collection of sales and use taxes thereon, and represent the portion of receipts in the Motor Vehicle Fuel Account during a calendar year that were attributable to agricultural off-highway use of motor vehicle fuel which is subject to refund pursuant to Section 8101, less gross refunds allowed by the Controller during the fiscal year ending June 30<sup>th</sup> 30 following the calendar year to persons entitled to refunds for agricultural off-highway use pursuant to Section 8101. Payments pursuant to this section shall be made prior to payments pursuant to Section 8352.2.

(b) (1) Commencing July 1, ~~2016~~, 2017, the revenues attributable to the taxes imposed pursuant to subdivision (b) of Section 7360 and Section 7361.1 and otherwise to be deposited in the Department of Food and Agriculture Fund pursuant to subdivision (a) shall instead be transferred to the General Fund. ~~The revenues attributable to the taxes imposed Highway Users Tax Account for distribution pursuant to subdivision (b) of Section 7360 and Section 7361.1 that were deposited in the Department of Food and Agriculture Fund in the 2010-11 Streets and 2011-12 fiscal years shall be transferred to the General Fund.~~ *Highways Code.*

(2) Commencing July 1, 2017, the revenues attributable to the taxes imposed pursuant to subparagraph (B) of paragraph (1) of subdivision (a) of Section 7360 and otherwise to be deposited in the Department of Food and Agriculture Fund pursuant to subdivision (a) shall instead be transferred to the Road Maintenance and Rehabilitation Account pursuant to Section 2031 of the Streets and Highways Code.

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

SEC. 21. Section 8352.6 of the Revenue and Taxation Code is amended to read:

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

11 (2) (A) Commencing July 1, ~~2016~~, 2017, the revenues  
12 attributable to the taxes imposed pursuant to subdivision (b) of  
13 Section 7360 ~~and Section 7361.1~~ and otherwise to be deposited in  
14 the Off-Highway Vehicle Trust Fund pursuant to paragraph (1)  
15 shall instead be transferred to the ~~General Fund~~. The revenues  
16 ~~attributable to the taxes imposed~~ *Highway Users Tax Account for*  
17 *distribution pursuant to subdivision (b) of Section 7360 and Section*  
18 *7361.1 that were deposited in Section 2103.1 of the Off-Highway*  
19 *Vehicle Trust Fund in the 2010-11 Streets and 2011-12 fiscal*  
20 *years shall be transferred to the General Fund, Highways Code.*

21 (B) *Commencing July 1, 2017, the revenues attributable to the*  
22 *taxes imposed pursuant to subparagraph (B) of paragraph (1) of*  
23 *subdivision (a) of Section 7360 and otherwise to be deposited in*  
24 *the Off-Highway Vehicle Trust Fund pursuant to subdivision (a)*  
25 *shall instead be transferred to the Road Maintenance and*  
26 *Rehabilitation Account pursuant to Section 2031 of the Streets*  
27 *and Highways Code.*

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

32 (b) The amount transferred to the Off-Highway Vehicle Trust  
33 Fund pursuant to paragraph (1) of subdivision (a), as a percentage  
34 of the Motor Vehicle Fuel Account, shall be equal to the percentage  
35 transferred in the 2006-07 fiscal year. Every five years, starting  
36 in the 2013-14 fiscal year, the percentage transferred may be  
37 adjusted by the Department of Transportation in cooperation with  
38 the Department of Parks and Recreation and the Department of  
39 Motor Vehicles. Adjustments shall be based on, but not limited

1 to, the changes in the following factors since the 2006–07 fiscal  
2 year or the last adjustment, whichever is more recent:

3 (1) The number of vehicles registered as off-highway motor  
4 vehicles as required by Division 16.5 (commencing with Section  
5 38000) of the Vehicle Code.

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

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

10 (4) Off-highway recreation use on federal lands as indicated by  
11 the United States Forest Service's National Visitor Use Monitoring  
12 and the United States Bureau of Land Management's Recreation  
13 Management Information System.

14 (c) It is the intent of the Legislature that transfers from the Motor  
15 Vehicle Fuel Account to the Off-Highway Vehicle Trust Fund  
16 should reflect the full range of motorized vehicle use off highway  
17 for both motorized recreation and motorized off-road access to  
18 other recreation opportunities. Therefore, the Legislature finds that  
19 the fuel tax baseline established in subdivision (b), attributable to  
20 off-highway estimates of use as of the 2006–07 fiscal year,  
21 accounts for the three categories of vehicles that have been found  
22 over the years to be users of fuel for off-highway motorized  
23 recreation or motorized access to nonmotorized recreational  
24 pursuits. These three categories are registered off-highway  
25 motorized vehicles, registered street-legal motorized vehicles used  
26 off highway, and unregistered off-highway motorized vehicles.

27 (d) It is the intent of the Legislature that the off-highway motor  
28 vehicle recreational use to be determined by the Department of  
29 Transportation pursuant to paragraph (2) of subdivision (b) be that  
30 usage by vehicles subject to registration under Division 3  
31 (commencing with Section 4000) of the Vehicle Code, for  
32 recreation or the pursuit of recreation on surfaces where the use  
33 of vehicles registered under Division 16.5 (commencing with  
34 Section 38000) of the Vehicle Code may occur.

35 (e) In the 2014–15 fiscal year, the Department of Transportation,  
36 in consultation with the Department of Parks and Recreation and  
37 the Department of Motor Vehicles, shall undertake a study to  
38 determine the appropriate adjustment to the amount transferred  
39 pursuant to subdivision (b) and to update the estimate of the amount  
40 attributable to taxes imposed upon distributions of motor vehicle

1 fuel used in the operation of motor vehicles off highway and for  
2 which a refund has not been claimed. The department shall provide  
3 a copy of this study to the Legislature no later than January 1,  
4 2016.

5 SEC. 22. Section 60050 of the Revenue and Taxation Code is  
6 amended to read:

7 60050. (a) (1) A tax of ~~eighteen~~ *thirteen* cents (~~\$0.18~~) (*\$0.13*)  
8 is hereby imposed upon each gallon of diesel fuel subject to the  
9 tax in Sections 60051, 60052, and 60058.

10 (2) If the federal fuel tax is reduced below the rate of fifteen  
11 cents (\$0.15) per gallon and federal financial allocations to this  
12 state for highway and exclusive public mass transit guideway  
13 purposes are reduced or eliminated correspondingly, the tax rate  
14 imposed by paragraph (1), ~~including any reduction or adjustment~~  
15 ~~pursuant to subdivision (b), on and after the date of the reduction;~~  
16 *(1)* shall be increased by an amount so that the combined state rate  
17 under paragraph (1) and the federal tax rate per gallon equal what  
18 it would have been in the absence of the federal reduction.

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

22 ~~(b) (1) On July 1, 2011, the tax rate specified in paragraph (1)~~  
23 ~~of subdivision (a) shall be reduced to thirteen cents (\$0.13) and~~  
24 ~~every July 1 thereafter shall be adjusted pursuant to paragraphs~~  
25 ~~(2) and (3).~~

26 ~~(2) For the 2012-13 fiscal year and each fiscal year thereafter,~~  
27 ~~the board shall, on or before March 1 of the fiscal year immediately~~  
28 ~~preceding the applicable fiscal year, adjust the rate reduction in~~  
29 ~~paragraph (1) in that manner as to result in a revenue loss~~  
30 ~~attributable to paragraph (1) that will equal the amount of revenue~~  
31 ~~gain attributable to Sections 6051.8 and 6201.8, based on estimates~~  
32 ~~made by the board, and that rate shall be effective during the state's~~  
33 ~~next fiscal year.~~

34 ~~(3) In order to maintain revenue neutrality for each year,~~  
35 ~~beginning with the rate adjustment on or before March 1, 2013,~~  
36 ~~the adjustment under paragraph (2) shall take into account the~~  
37 ~~extent to which the actual amount of revenues derived pursuant to~~  
38 ~~Sections 6051.8 and 6201.8 and the revenue loss attributable to~~  
39 ~~this subdivision resulted in a net revenue gain or loss for the fiscal~~

year ending prior to the rate adjustment date on or before March 1.

(4) The intent of paragraphs (2) and (3) is to ensure that the act adding this subdivision and Sections 6051.8 and 6201.8 does not produce a net revenue gain in state taxes.

(b) In addition to the tax imposed pursuant to subdivision (a), an additional tax of twenty cents (\$0.20) is hereby imposed upon each gallon of diesel fuel subject to the tax in Sections 60051, 60052, and 60058.

(c) Beginning July 1, 2020, and every third year thereafter, the State Board of Equalization shall recompute the rates of the taxes imposed by this section. That computation shall be made as follows:

(1) The Department of Finance shall transmit to the State Board of Equalization the percentage change in the California Consumer Price Index for all items from November of three calendar years prior to November of the prior calendar year, no later than January 31, 2020, and January 31 of every third year thereafter.

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

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

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

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

SEC. 23. Section 183.1 of the Streets and Highways Code is amended to read:

183.1. (a) ~~Notwithstanding subdivision (a) of Section 182 or any other provision of law, Except as otherwise provided in Section 54237.7 of the Government Code, money deposited into the account that is not subject to Article XIX of the California Constitution, including, but not limited to, money that is derived from the sale of documents, charges for miscellaneous services to the public, condemnation deposits fund investments, rental of state property, or any other miscellaneous uses of property or money, may be used for any transportation purpose authorized by statute, upon appropriation by the Legislature or, after transfer to another fund, upon appropriation by the Legislature from that fund, shall be~~



1 *deposited in the Road Maintenance and Rehabilitation Account*  
2 *created pursuant to Section 2031.*

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

11 SEC. 24. Section 820.1 is added to the Streets and Highways  
12 Code, to read:

13 820.1. (a) The State of California consents to the jurisdiction  
14 of the federal courts with regard to the compliance, discharge, or  
15 enforcement of the responsibilities assumed by the department  
16 pursuant to Section 326 of, and subsection (a) of Section 327 of,  
17 Title 23 of the United States Code.

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

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

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

27 SEC. 25. Chapter 2 (commencing with Section 2030) is added  
28 to Division 3 of the Streets and Highways Code, to read:

29  
30 CHAPTER 2. ROAD MAINTENANCE AND REHABILITATION  
31 PROGRAM  
32

33 2030. (a) The Road Maintenance and Rehabilitation Program  
34 is hereby created to address deferred maintenance on the state  
35 highway system and the local street and road system. Funds made  
36 available by the program shall be prioritized for expenditure on  
37 basic road maintenance and road rehabilitation projects, and on  
38 critical safety projects. For funds appropriated pursuant to  
39 paragraph (1) of subdivision (d) of Section 2032, the California  
40 Transportation Commission shall adopt performance criteria,

consistent with the asset management plan required pursuant to 14526.4 of the Government Code, to ensure efficient use of the funds available for these purposes in the program.

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

(A) Road maintenance and rehabilitation.

(B) Safety projects.

(C) Railroad grade separations.

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

(E) Traffic control devices.

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

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

(a) Notwithstanding subdivision (b) of Section 2103, the portion of the revenues in the Highway Users Tax Account attributable to the increases in the motor vehicle fuel excise tax pursuant to subparagraph (B) of paragraph (1) of subdivision (a) of Section 7360 of the Revenue and Taxation Code, as adjusted pursuant to subdivision (c) of that section.

(b) The portion of revenues attributable to the increase in the motor vehicle fuel excise tax pursuant to subparagraph (B) of paragraph (1) of subdivision (a) of Section 7360 of the Revenue and Taxation Code, as adjusted pursuant to subdivision (c) of that section, and designated for the Road Maintenance and Rehabilitation Account pursuant to paragraph (2) of subdivision (b) of Section 8352.4 of, paragraph (2) of subdivision (b) of Section 8352.5 of, and subparagraph (B) paragraph (2) of subdivision (a) of Section 8352.6 of, that code.

(c) The revenues from the increase in the vehicle registration fee pursuant to Section 9250.3 of the Vehicle Code, as adjusted pursuant to subdivision (b) of that section.

(d) The revenues from the increase in the vehicle registration fee pursuant to Section 9250.6 of the Vehicle Code, as adjusted pursuant to subdivision (b) of that section.

1 (e) The revenues deposited in the account pursuant to Section  
2 183.1 of the Streets and Highways Code.

3 (f) Any other revenues designated for the program.

4 2031.5. Each fiscal year the annual Budget Act shall contain  
5 an appropriation from the Road Maintenance and Rehabilitation  
6 Account to the Controller for the costs of carrying out his or her  
7 duties pursuant to this chapter and to the California Transportation  
8 Commission for the costs of carrying out its duties pursuant to this  
9 chapter and Section 14526.7 of the Government Code.

10 2032. (a) (1) After deducting the amounts appropriated in the  
11 annual Budget Act, as provided in Section 2031.5, two hundred  
12 million dollars (\$200,000,000) of the remaining revenues deposited  
13 in the Road Maintenance and Rehabilitation Account shall be set  
14 aside annually for counties that have sought and received voter  
15 approval of taxes or that have imposed fees, including uniform  
16 developer fees as defined by subdivision (b) of Section 8879.67  
17 of the Government Code, which taxes or fees are dedicated solely  
18 to transportation improvements. The Controller shall each month  
19 set aside one-twelfth of this amount, to accumulate a total of two  
20 hundred million dollars (\$200,000,000) in each fiscal year.

21 (2) Notwithstanding Section 13340 of the Government Code,  
22 the funds available under this subdivision in each fiscal year are  
23 hereby continuously appropriated for allocation to each eligible  
24 county and each city in the county for road maintenance and  
25 rehabilitation purposes pursuant to Section 2033.

26 (b) (1) After deducting the amounts appropriated in the annual  
27 Budget Act pursuant to Section 2031.5 and the amount allocated  
28 in subdivision (a), beginning in the 2017–18 fiscal year, eighty  
29 million dollars (\$80,000,000) of the remaining revenues shall be  
30 transferred annually to the State Highway Account for expenditure,  
31 upon appropriation by the Legislature, on the Active Transportation  
32 Program created pursuant to Chapter 8 (commencing with Section  
33 2380) of Division 3 to be allocated by the California Transportation  
34 Commission pursuant to Section 2381.

35 (2) In addition to the funds transferred in paragraph (1), the  
36 department shall annually identify savings achieved through  
37 efficiencies implemented at the department. The department,  
38 through the annual budget process, shall propose, from the  
39 identified savings, an appropriation to be included in the annual  
40 Budget Act of up to seventy million dollars (\$70,000,000), but not

1 to exceed the total annual identified savings, from the State  
2 Highway Account for expenditure on the Active Transportation  
3 Program.

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

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

27 (e) Notwithstanding Section 13340 of the Government Code,  
28 the balance of the revenues deposited in the Road Maintenance  
29 and Rehabilitation Account are hereby continuously appropriated  
30 as follows:

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

34 (2) Fifty percent for apportionment to cities and counties by the  
35 Controller pursuant to the formula in clauses (i) and (ii) of  
36 subparagraph (C) of paragraph (3) of subdivision (a) of Section  
37 2103 for the purposes authorized by this chapter.

38 2033. (a) On or before January 1, 2018, the commission, in  
39 cooperation with the department, transportation planning agencies,  
40 county transportation commissions, and other local agencies, shall

1 develop guidelines for the allocation of funds pursuant to  
2 subdivision (a) of Section 2032.

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

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

8 2034. (a) (1) Prior to receiving an apportionment of funds  
9 under the program pursuant to paragraph (2) of subdivision (e) of  
10 Section 2032 from the Controller in a fiscal year, an eligible city  
11 or county shall submit to the commission a list of projects proposed  
12 to be funded with these funds pursuant to an adopted city or county  
13 budget. All projects proposed to receive funding shall be included  
14 in a city or county budget that is adopted by the applicable city  
15 council or county board of supervisors at a regular public meeting.  
16 The list of projects proposed to be funded with these funds shall  
17 include a description and the location of each proposed project, a  
18 proposed schedule for the project's completion, and the estimated  
19 useful life of the improvement. The project list shall not limit the  
20 flexibility of an eligible city or county to fund projects in  
21 accordance with local needs and priorities so long as the projects  
22 are consistent with subdivision (b) of Section 2030.

23 (2) The commission shall report to the Controller the cities and  
24 counties that have submitted a list of projects as described in this  
25 subdivision and that are therefore eligible to receive an  
26 apportionment of funds under the program for the applicable fiscal  
27 year. The Controller, upon receipt of the report, shall apportion  
28 funds to eligible cities and counties.

29 (b) For each fiscal year, each city or county receiving an  
30 apportionment of funds shall, upon expending program funds,  
31 submit documentation to the commission that includes a description  
32 and location of each completed project, the amount of funds  
33 expended on the project, the completion date, and the estimated  
34 useful life of the improvement.

35 2036. (a) Cities and counties shall maintain their existing  
36 commitment of local funds for street, road, and highway purposes  
37 in order to remain eligible for an allocation or apportionment of  
38 funds pursuant to Section 2032.

39 (b) In order to receive an allocation or apportionment pursuant  
40 to Section 2032, the city or county shall annually expend from its

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

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

23 (d) For purposes of subdivision (b), the Controller may request  
24 fiscal data from cities and counties in addition to data provided  
25 pursuant to Section 2151, for the 2009–10, 2010–11, and 2011–12  
26 fiscal years. Each city and county shall furnish the data to the  
27 Controller not later than 120 days after receiving the request. The  
28 Controller may withhold payment to cities and counties that do  
29 not comply with the request for information or that provide  
30 incomplete data.

31 (e) The Controller may perform audits to ensure compliance  
32 with subdivision (b) when deemed necessary. Any city or county  
33 that has not complied with subdivision (b) shall reimburse the state  
34 for the funds it received during that fiscal year. Any funds withheld  
35 or returned as a result of a failure to comply with subdivision (b)  
36 shall be reapportioned to the other counties and cities whose  
37 expenditures are in compliance.

38 (f) If a city or county fails to comply with the requirements of  
39 subdivision (b) in a particular fiscal year, the city or county may  
40 expend during that fiscal year and the following fiscal year a total

1 amount that is not less than the total amount required to be  
2 expended for those fiscal years for purposes of complying with  
3 subdivision (b).

4 2037. A city or county may spend its apportionment of funds  
5 under the program on transportation priorities other than those  
6 allowable pursuant to this chapter if the city's or county's average  
7 Pavement Condition Index meets or exceeds 80.

8 2038. (a) The department and local agencies, as a condition  
9 of receiving funds from the program, shall adopt and implement  
10 a program designed to promote and advance construction  
11 employment and training opportunities through preapprenticeship  
12 opportunities, either by the public agency itself or through  
13 contractors engaged by the public agencies to do work funded in  
14 whole or in part by funds made available by the program.

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

20 SEC. 26. Section 2103.1 is added to the Streets and Highways  
21 Code, to read:

22 2103.1. (a) Notwithstanding Section 2103, the revenues  
23 transferred to the Highway Users Tax Account pursuant to Sections  
24 8352.4, 8352.5, and 8352.6 of the Revenue and Taxation Code  
25 shall be distributed pursuant to the formula in paragraph (3) of  
26 subdivision (a) of Section 2103.

27 (b) Notwithstanding subdivision (b) of Section 2103, the portion  
28 of revenues in the Highway Users Tax Account attributable to the  
29 increases in the motor vehicle fuel excise tax pursuant to  
30 subparagraph (B) of paragraph (1) of subdivision (a) of Section  
31 7360 of the Revenue and Taxation Code, as adjusted pursuant to  
32 subdivision (c) of that section, shall be transferred to the Road  
33 Maintenance and Rehabilitation Account pursuant to Section 2031.

34 (c) Notwithstanding subdivision (b) of Section 2103, the portion  
35 of revenues in the Highway Users Tax Account attributable to the  
36 increase in the diesel fuel excise tax pursuant to subdivision (b)  
37 of Section 60050 of the Revenue and Taxation Code, as adjusted  
38 pursuant to subdivision (c) of that section, shall be transferred to  
39 the Trade Corridors Improvement Fund pursuant to Section 2192.4.

1 SEC. 27. Section 2192 of the Streets and Highways Code is  
2 amended to read:

3 2192. (a) (1) The Trade Corridors Improvement Fund, created  
4 pursuant to subdivision (c) of Section 8879.23 of the Government  
5 Code, is hereby continued in existence to receive revenues from  
6 state sources other than the Highway Safety, Traffic Reduction,  
7 Air Quality, and Port Security Bond Act of 2006. ~~This chapter~~  
8 ~~shall govern expenditure of those other revenues.~~

9 (2) *Revenues apportioned to the state under Section 167 of Title*  
10 *23 of the United States Code from the national highway freight*  
11 *program, pursuant to the federal Fixing America's Surface*  
12 *Transportation Act ("FAST Act," Public Law 114-94) shall be*  
13 *allocated for projects approved pursuant to this chapter.*

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

16 ~~(b) The moneys in the fund from these other sources~~

17 (c) *The funding described in subdivision (a) shall be available*  
18 *upon appropriation for allocation by the California Transportation*  
19 *Commission for infrastructure improvements in this state on*  
20 *federally designated Trade Corridors of National and Regional*  
21 *Significance, on the Primary Freight Network, and along other*  
22 *corridors that have a high volume of freight movement, as*  
23 *determined by the commission, commission and as identified in*  
24 *the state freight plan developed and adopted pursuant to Section*  
25 *13978.8 of the Government Code. In determining prioritizing the*  
26 *projects eligible for funding, the commission shall consult the*  
27 *Transportation Agency's state freight plan as described in Section*  
28 *13978.8 of the Government Code, the State Air Resources Board's*  
29 *Sustainable Freight Strategy adopted by Resolution 14-2, and the*  
30 *trade infrastructure and goods movement plan submitted to the*  
31 *commission by the Secretary of Transportation and the Secretary*  
32 *for Environmental Protection. The commission shall also consult*  
33 *California Sustainable Freight Action Plan released in July 2016*  
34 *pursuant to Executive Order B-32-15, trade infrastructure and*  
35 *goods movement plans adopted by regional transportation planning*  
36 *agencies, adopted regional transportation plans required by state*  
37 *and federal law, and the statewide applicable port master plan*  
38 *when determining eligible projects for funding. plan. Eligible*  
39 *projects for the funding described in subdivision (a) shall further*  
40 *the state's economic, environmental, and public health objectives*



1 *and goals for freight policy, as articulated in the plans to be*  
2 *consulted pursuant to this subdivision. Eligible projects for these*  
3 *funds include, but are not limited to, all of the following: are as*  
4 *follows:*

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

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

22 ~~(3) Projects to enhance the capacity and efficiency of ports.~~  
23 (3) *Infrastructure improvement projects to enhance the capacity*  
24 *and efficiency of ports without having the effect of displacing*  
25 *workers in port operations.*

26 (4) *Truck corridor and capital and operational improvements,*  
27 ~~including~~ *including, but not limited to, dedicated truck facilities*  
28 *or truck toll facilities.*

29 (5) ~~Border access~~ *capital and operational improvements that*  
30 *enhance goods movement between California and Mexico and that*  
31 *maximize the state's ability to access coordinated border*  
32 ~~infrastructure~~ *funds made available to the state by federal law.*

33 (6) *Surface transportation and connector road capital and*  
34 *operational improvements to effectively facilitate the movement*  
35 *of goods, particularly for ingress and egress to and from the state's*  
36 *land ports of entry, airports, and seaports, to relieve traffic*  
37 *congestion along major trade or goods movement corridors.*

38 ~~(c) (1) The~~

39 (d) (1) ~~Except as provided in paragraph (2),~~ *In evaluating the*  
40 *program of projects to be funded with funds described in paragraph*

1 (2) of subdivision (a), the commission shall evaluate the total  
2 potential economic and noneconomic benefits of the program of  
3 projects to California's economy, environment, and public health.  
4 The commission shall consult with the agencies identified in  
5 Executive Order B-32-15 and metropolitan planning organizations  
6 in order to utilize the appropriate models, techniques, and methods  
7 to develop the parameters for evaluating the program of projects.  
8 The commission shall allocate ~~funds~~ the funding described in  
9 paragraph (2) of subdivision (a) for trade infrastructure  
10 improvements ~~from the fund~~ consistent with Section 8879.52 of  
11 the Government Code and the Trade Corridors Improvement Fund  
12 (TCIF) Guidelines adopted by the commission on November 27,  
13 2007, or as amended by the commission, and in a manner that (A)  
14 addresses the state's most urgent needs, (B) balances the demands  
15 of various land ports of entry, seaports, and airports, (C) provides  
16 reasonable geographic balance between the state's regions, ~~and~~  
17 (D) places emphasis on projects that improve trade corridor  
18 mobility ~~and safety~~ while reducing emissions of diesel particulate  
19 and other pollutant ~~emissions~~, ~~emissions and reducing other~~  
20 ~~negative community impacts~~, and (E) makes a significant  
21 contribution to the state's economy.

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

26 (A) One hundred fifty million dollars (\$150,000,000) shall be  
27 dedicated exclusively to fund improvements to California's existing  
28 or planned land ports of entry on the border with Mexico. The  
29 department, in consultation with the San Diego Association of  
30 Governments and the Imperial County Transportation Commission,  
31 shall nominate a program of projects for funding allocations that  
32 make border capital and operational improvements to enhance  
33 goods movement between California and Mexico and contribute  
34 to the reduction of emissions.

35 (B) Seventy million dollars (\$70,000,000) shall be dedicated  
36 exclusively to fund projects for the elimination, alteration, or  
37 improvement of hazardous railroad-highway grade crossings.  
38 Projects shall be jointly nominated by the department and a  
39 regional transportation agency.

1 (C) Three hundred sixty million dollars (\$360,000,000) shall  
2 be available for projects nominated by regional transportation  
3 agencies and other public agencies, including counties, cities, and  
4 port authorities, in consultation with the department, and consistent  
5 with corridor-based programming targets contained in the Trade  
6 Corridors Investment Fund (TCIF) Guidelines adopted by the  
7 commission on November 27, 2007, or as amended by the  
8 commission, to provide reasonable geographic targets for funding  
9 allocations without constraining what an agency may propose or  
10 what the commission may approve. However, the San Diego  
11 Association of Governments, the Imperial County Transportation  
12 Commission, and other public agencies in San Diego and Imperial  
13 Counties shall be excluded from nominating projects under this  
14 subparagraph.

15 (2) The commission shall proportionately adjust the amounts  
16 in subparagraphs (A), (B), and (C) of paragraph (1) if the amount  
17 of funds described in paragraph (2) of subdivision (a) is less than  
18 or greater than five hundred eighty million dollars (\$580,000,000).

19 (3) The commission shall adopt guidelines to allocate the  
20 funding described in subdivision (a) for trade infrastructure  
21 improvements in a manner that (A) addresses the state's most  
22 urgent needs, (B) balances the demands of various land ports of  
23 entry, seaports, and airports, (C) provides reasonable geographic  
24 balance between the state's regions, (D) places emphasis on  
25 projects that improve trade corridor mobility and safety while  
26 reducing emissions of diesel particulates, greenhouse gases, and  
27 other pollutants and reducing other negative community impacts,  
28 and (E) makes a significant contribution to the state's economy.  
29 The commission shall adopt any amendments to the 2007 guidelines  
30 on or before April 1, 2017.

31 (4) In adopting amended guidelines, and developing and  
32 adopting the program of projects, the commission shall do all of  
33 the following:

34 (A) Accept nominations for projects to be included in the  
35 program of projects from regional and local transportation  
36 agencies and the department.

37 (B) Recognize the key role of the state in project identification  
38 and support integrating statewide goods movement priorities into  
39 the corridor approach.

(C) Give the highest priority for funding allocations to projects jointly nominated by the department and a regional or other public agency.

(3)

(5) In addition, the commission shall also consider the following factors when allocating these funds: funds under this section:

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

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

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

(D) "Congestion reduction," which means the reduction in recurrent daily hours of delay to be achieved.

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

2192.2. The commission shall allocate funds made available by this chapter to projects that have identified and committed supplemental funding from appropriate local, federal, or private sources. The commission shall determine the appropriate amount of supplemental funding each project should have to be eligible for moneys from the fund based on a project-by-project review and an assessment of the project's benefit to the state and the program. Except for border access *Funded* improvements described in paragraph (5) of subdivision (b) of Section 2192, improvements funded with moneys from the fund shall have supplemental funding that is at least equal to the amount of the contribution from the fund: *under this chapter*. The commission may give priority for funding to projects with higher levels of committed supplemental funding.

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

2192.4. The portion of the revenues in the Highway Users Tax Account attributable to the increase in the diesel fuel excise tax pursuant to subdivision (b) of Section 60050 of the Revenue and Taxation Code, as adjusted pursuant to subdivision (c) of that

1 section, shall be transferred to the Trade Corridors Improvement  
2 Fund.

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

4 9250.3. (a) In addition to any other fees specified in this code  
5 or the Revenue and Taxation Code, commencing October 1, 2017,  
6 a registration fee of thirty-eight dollars (\$38) shall be paid to the  
7 department for registration or renewal of registration of every  
8 vehicle subject to registration under this code, except those vehicles  
9 that are expressly exempted under this code from payment of  
10 registration fees.

11 (b) Beginning October 1, 2020, and every third year thereafter,  
12 the Department of Motor Vehicles shall adjust the fee imposed  
13 under this section for inflation in an amount equal to the change  
14 in the California Consumer Price Index for the prior three-year  
15 period, as calculated by the Department of Finance, with amounts  
16 equal to or greater than fifty cents (\$0.50) rounded to the next  
17 highest whole dollar.

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

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

24 9250.6. (a) In addition to any other fees specified in this code,  
25 or the Revenue and Taxation Code, commencing October 1, 2017,  
26 a registration fee of one hundred dollars (\$100) shall be paid to  
27 the department for registration or renewal of registration of every  
28 zero-emission motor vehicle subject to registration under this code,  
29 except those motor vehicles that are expressly exempted under  
30 this code from payment of registration fees.

31 (b) Beginning October 1, 2020, and every third year thereafter,  
32 the Department of Motor Vehicles shall adjust the fee imposed  
33 under this section for inflation in an amount equal to the change  
34 in the California Consumer Price Index for the prior three-year  
35 period, as calculated by the Department of Finance, with amounts  
36 equal to or greater than fifty cents (\$0.50) rounded to the next  
37 highest whole dollar.

38 (c) Revenues from the fee, after deduction of the department's  
39 administrative costs related to this section, shall be deposited in

1 the Road Maintenance and Rehabilitation Account created pursuant  
2 to Section 2031 of the Streets and Highways Code.

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

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

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

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

14 9400.5. (a) Notwithstanding Sections 9400.1, 9400.4, and  
15 42205 of this code, Sections 16773 and 16965 of the Government  
16 Code, Section 2103 of the Streets and Highways Code, or any  
17 other law, weight fee revenues shall only be transferred consistent  
18 with the schedule provided in subdivision (b) from the State  
19 Highway Account to the Transportation Debt Service Fund, the  
20 Transportation Bond Direct Payment Account, or any other fund  
21 or account for the purpose of payment of the debt service on  
22 transportation general obligation bonds and shall not be loaned to  
23 the General Fund.

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

27 (A) Ninety percent of the total weight fees in the 2017–18 fiscal  
28 year.

29 (B) Eighty percent of the total weight fees in the 2018–19 fiscal  
30 year.

31 (C) Seventy percent of the total weight fees in the 2019–20  
32 fiscal year.

33 (D) Sixty percent of the total weight fees in the 2020–21 fiscal  
34 year.

35 (E) Fifty percent of the total weight fees in 2021–22 and  
36 subsequent fiscal years.

37 (2) The California Transportation Commission, on or before  
38 January 1, 2018, shall recommend a course of action to the  
39 Legislature and the Governor that would provide for the portion  
40 of weight fees described in subparagraph (E) of paragraph (1) to

1 be retained in the State Highway Account or transferred to the  
2 Road Maintenance and Rehabilitation Account created pursuant  
3 to Section 2031.

4 SEC. 33. The increases in tax rates in Sections 6051.8, 6201.8,  
5 7360, and 60050 of the Revenue and Taxation Code, as amended  
6 by this act, shall become effective on July 1, 2017.

7 SEC. 34. This act is an urgency statute necessary for the  
8 immediate preservation of the public peace, health, or safety within  
9 the meaning of Article IV of the Constitution and shall go into  
10 immediate effect. The facts constituting the necessity are:

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

14  
15  
16 CORRECTIONS: \_\_\_\_\_

17 Heading—Line 3. \_\_\_\_\_

AB 1 (Frazier)		SB 1 (Beall)
<b>FUNDING</b>		
Total Funding Provided	\$6 billion annually	\$6 billion annually
Road Maintenance and Rehabilitation Account	Creates the Road Maintenance and Rehabilitation Account (RMRA) for the purposes of addressing deferred maintenance on the state highway system and local streets and roads. Provides for the deposit of revenues from numerous mechanisms. Distributes funds equally between the California Department of Transportation (Caltrans) and cities and counties subject to certain conditions and reporting requirements. Prohibits cities and counties from using RMRH funds for other transportation purposes, unless their Pavement Conditions Index rating score meets or exceeds 80. Requires Caltrans and cities and counties, as a condition of receiving RMRA funding, to adopt and implement a program to promote and advance construction employment and training, and ensure the involvement of the California Conservation Corps in the delivery of RMRA funded projects.	
Self-Help County Funding Set-Aside (off the top)	Prioritizes \$200 million of available RMRA funds to counties that have adopted new or have existing sales tax measures, dedicated to transportation improvements, subject to certain conditions and reporting requirements.	
Active Transportation Funding (off the top)	Appropriates \$80 million annually in RMRA funds to the state's Active Transportation Program (ATP).	
Funding for Transportation Training and Research (off the top)	Continuously appropriates \$2 million in funds to the California State University system to fund transportation related workplace training and educational programs, but does not appropriate funds to the UC system.	Contagiously appropriates \$2 million in RMRA funds to the CSU system for transportation related workplace training and educational programs, but does not appropriate funds to the UC system.
Price-Based Excise Gas Tax-Roll back	Re-sets the price-based excise tax to 18 cents per gallon with revenues to be distributed though the existing state-local formula.	
<b>Total: \$1.8 billion annually</b>		



	AB 1 (Frazier)	SB 1 (Beall)
Additional Price-Based Excise Tax <b>Total: \$1.1 billion annually</b>	Imposes an additional tax of 12 cents per gallon effective 90 days after the bill is chaptered. Requires revenues generated from this new tax to be deposited in the RMRA. Requires, <b>beginning on July 1, 2019</b> , both taxes to be indexed based on changes in the state's Consumer Price Index.	Imposes an additional tax of 12 cents per gallon, incrementally over a three year period. Requires revenues generated from this new tax to be deposited in the RMRA. Requires, <b>beginning on July 1, 2020</b> , both taxes to be indexed based on changes in the state's Consumer Price Index.
Registration Fee <b>Total: \$1.3 billion annually</b>	Requires, beginning on <b>July 1, 2017</b> , the application of a \$38 registration fee on motor vehicles. Requires after <b>July 1, 2019</b> , the fee to be indexed based on changes in the state's Consumer Price Index. Requires revenues generated from the fee to be deposited in the RMRA.	Requires, beginning on <b>October 1, 2017</b> , the application of a \$38 registration fee on motor vehicles. Requires after <b>October 1, 2020</b> , the fee to be indexed for inflation based on changes in the state's Consumer Price Index. Requires revenues generated from the fee to be deposited in the RMRA.
Zero-Emission Vehicle Registration Fee <b>Total: Up to \$21 million a year</b>	Requires, beginning on July 1, 2017, the application of a <b>\$165 registration fee</b> for <b>zero-emission motor vehicles</b> after the first year of ownership. Requires after July 1, 2019, that the fee be indexed based on changes in the state's Consumer Price Index. Requires the revenues raised from the fee to be deposited in the RMRA.	Requires, beginning on October 1, 2017, the application of a <b>\$100 registration fee for zero-emission motor vehicles or any other motor vehicle that is able to operate on any fuel other than gasoline or diesel fuel</b> , after the first year of ownership. Requires after October 1, 2020, that the fee be indexed based on changes in the state's Consumer Price Index. Requires the revenues raised from the fee to be deposited in the RMRA.
Miscellaneous Bond Revenues <b>Total: \$185 million annually</b>	Provides that miscellaneous bond revenues not including the sale of documents, and condemnation deposit fund investments, to be transferred from the Transportation Debt Service Fund to the RMRA.	

	AB 1 (Frazier)	SB 1 (Beall)
<p>Transit Funding: Increase in Diesel Sales Tax</p> <p><b>Total: Up to \$263 million a year</b></p>	<p>Increases the diesel sales and use tax by <b>4 percent</b>, with revenues to be allocated via the State Transit Assistance formula to fund transit capital or maintenance projects, the design, or construction of new transit vehicles or transit facilities to improve existing service, or transit services that complement local efforts for the repair and improvement of local transportation infrastructure. Requires the submission of project lists of the projects to be funded, and imposes reporting requirement on transit agencies to account for the use of funds. Requires, beginning on <b>July 1, 2019</b>, the rate to be index based on changes in the state's Consumer Price Index.</p>	<p>Increases the diesel sales and use tax by <b>4 percent</b>. Provides that <b>3.5 percent</b> of the attribute <b>4 percent</b> increase is to be allocated via the State Transit Assistance formula to fund transit capital or maintenance projects, the design, acquisition, or construction of new transit vehicles or transit facilities to improve existing service, or transit services that complement local efforts for the repair and improvement of local transportation infrastructure. Requires the <b>remaining 0.5 percent</b> of the 4 percent increase to be deposited in the Public Transportation Account for intercity rail and commuter rail purposes to be distributed by the California Department of Transportation (Caltrans). Requires, beginning on <b>July 1, 2020</b>, the excise tax to be indexed based on changes in the state's Consumer Price Index.</p>
<p>Transit Funding: Cap and Trade</p> <p><b>Total: \$300 million annually (dependent on credit auction receipts)</b></p>	<p>Doubles the formula share for the Transit and Intercity Rail Capital Program (TIRCP) from 10 percent of annual proceeds to 20 percent, and doubles formula share for the Low Carbon Transit Operation Program (LCTOP) from 5 percent of annual proceeds to 10 percent.</p>	
<p>Weight Fees</p> <p><b>Total: \$500 million annually after FY 2021-22</b></p>	<p>Limits the total <b>amount</b> of weight fee revenue on a sliding scale over five-years that can be transferred from the State Highway Account to be used for debt service on transportation bonds from \$900 million in FY 2017-18, to \$500 million in FY 2021-22 and thereafter. Prohibits weight fee revenue from being loaned to the General Fund.</p>	<p>Limits the <b>percentage</b> of total weight fee revenue on a sliding scale over five-years that can be transferred from the State Highway Account to be used for debt service on transportation bonds from 90 percent in FY 2017-18, to 50 percent in FY 2021-22 and thereafter. Prohibits weight fee revenue from being loaned to the General Fund.</p>

	AB 1 (Frazier)	SB 1 (Beall)
Repayment of Outstanding Transportation Loans to the General Fund <b>Total: \$706 million (one-time)</b>	Requires 50 percent of the outstanding loan amounts to be repaid by <b>June 30, 2017</b> , with the remaining 50 percent to be repaid by <b>June 30, 2018</b> . Requires 50 percent of the repaid funds to be allocated to cities and counties, and 50 percent to Caltrans for highway maintenance projects.	Requires 50 percent of the outstanding loan amounts to be repaid by <b>December 31, 2017</b> , with the remaining 50 percent to be repaid by <b>December 31, 2018</b> . Requires 50 percent of the repaid funds to be allocated to cities and counties, and 50 percent to Caltrans for highway maintenance projects.
Caltrans Efficiency Savings <b>Total: Up to \$70 million annually</b>	Requires the Caltrans to annually identify savings through department efficiencies annually, up to \$70 million, with the savings to be appropriated to the ATP.	
Goods Movement <b>Total: \$600 million annually</b>	Imposes an additional \$0.20 diesel fuel excise tax with revenues generated from the tax to be apportioned to the Trade Corridors Improvement Fund (TCIF) for Goods Movement Projects in the state. Indexes excise tax based on changes in the Consumer Price Index	
FAST Act Formula Freight Fund Allocation (National Highway Freight Program)	Requires the deposit of FAST Act formula freight funds to the state to be repaid by <b>June 30, 2017</b> , with the remaining 50 percent to be repaid by <b>June 30, 2018</b> . Requires 50 percent of the repaid funds to be allocated to cities and counties, and 50 percent to Caltrans for highway maintenance projects.	Requires the deposit of FAST Act formula freight funds into TCIF and imposes similar CTC project evaluation and selection requirements. Dedicates \$150 million exclusively to fund improvements at existing or future land ports of entry on the Mexican border. Dedicates \$70 million exclusively to fund grade separation projects that are jointly nominated by Caltrans and regional transportation agencies. Provides that the remaining \$360 million to be made available for regional agency projects that are nominated in consultation with Caltrans, and are consistent with TCIF corridor based programming targets.

AB 1 (Frazier)		SB 1 (Beall)	
POLICY REFORMS/CHANGES			
Exclusion of California Transportation Commission from CalSTA	Included		Included
State Highway Operations and Protection Program Oversight	Requires the CTC, in reviewing the State Highway Operations and Protections Program (SHOPP), to hold at least one hearing in northern and southern California regarding the program. Requires Caltrans to submit project delivery dates for specific phases of SHOPP projects and to also submit any change to programmed projects as an amendment for CTC approval. Requires the CTC to make an allocation of all capital and support costs for each project in the SHOPP, and require Caltrans to submit supplemental project allocation requests to the CTC for each project that experiences cost overruns over the amount of its initial funding allocation.		
Advance Mitigation Program	Also creates an Advanced Mitigation Program but provides more specificity in the mitigation methods that may be used by Caltrans for advanced mitigation. These methods include the creation of mitigation and conservation banks where credits may be purchased, the ability to acquire and restore of lands and waterways, and the preparation or funding of regional conservation investment strategies. Provides that Caltrans may use migration credits in support of STIP or SHOPP projects, and also allows local transportation agencies the ability to purchase the credits from the state to fulfil migration requirements of planned transportation improvements. Creates a similar steering committee to advise the program implementation and appropriates \$30 million annually in RMRA funds over four fiscal years to the program.		

	AB 1 (Frazier)	SB 1 (Beall)
CEQA Exemption for projects within an existing right-of-way	Included	Included
Permanent delegation of federal responsibilities under NEPA to Caltrans	Included	Included
Office of Transportation Inspector General	Creates the Office of the Transportation Inspector General to ensure the efficient and effective expenditure of state transportation funding, and in compliance with all applicable state and federal laws.	
Complete Streets	Requires Caltrans to update the department's Highway Design manual to incorporate the "complete streets" design concept by January 1, 2018.	
Contract Awards	No applicable provisions included	Requires Caltrans to develop a plan by January 1, 2020, to double the dollar value of contracts awarded to small businesses, disadvantaged business enterprises, and disabled veteran business enterprises.



## 2017-18 State Senate Leadership and Committee Assignments

### ***Senate President pro Tempore***

Senator Kevin de León (D-Los Angeles)

### ***Majority Leader:***

Senator Bill Monning (D-Carmel)

### ***Minority Leader:***

Senator Jean Fuller (R-Bakersfield)

### ***Majority Whip:***

Senator Nancy Skinner (D-Berkeley)

### ***Democratic Caucus Chair:***

Senator Connie Leyva (D-Chino)

### ***Democratic Caucus Vice-Chair:***

Senator Mike McGuire (D-Healdsburg)

### **Agriculture**

Senator Cathleen Galgiani (D-Stockton),  
Chair

Senator Scott Wilk (R-Santa Clarita),  
Vice Chair

Senator Tom Berryhill (R-Stanislaus)

Senator Bill Dodd (D-Napa)

Senator Richard Pan (D-Sacramento)

### **Appropriations**

Senator Ricardo Lara (D-Bell Gardens),  
Chair

**Senator Patricia Bates (R-Laguna  
Niguel), Vice Chair\***

Senator Jim Beall (D-San Jose)

Senator Steve Bradford (D-Gardena)

Senator Jerry Hill (D-San Mateo)

Senator Jim Nielsen (R-Tehama)

Senator Scott Wiener (D-San Francisco)

### **Banking and Financial Institutions**

Senator Bill Dodd (D-Napa), Chair

Senator Andy Vidak (R-Hanford), Vice  
Chair

Senator Cathleen Galgiani (D-Stockton)

Senator Ben Hueso (D-San Diego)

Senator Ricardo Lara (D-Bell Gardens)

Senator Mike Morrell (R-Inland Empire)

Senator Anthony Portantino (D-La  
Cañada-Flintridge)

### **Budget and Fiscal Review**

Senator Holly Mitchell (D-Los Angeles),  
Chair

Senator Jim Nielsen (R-Tehama), Vice  
Chair

Senator Ben Allen (D-Santa Monica)

Senator Joel Anderson (R-San Diego)

Senator Jim Beall (D-San Jose)

Senator Steve Glazer (D-Contra Costa)

Senator Mike McGuire (D-Healdsburg)

**Senator Tony Mendoza (D-Artesia)\***

Senator Bill Monning (D-Carmel)

**Senator John Moorlach (R-Costa  
Mesa)\***

**Senator Janet Nguyen (R-Garden  
Grove)\***

Senator Richard Pan (D-Sacramento)

Senator Anthony Portantino (D-La  
Cañada-Flintridge)

Senator Richard Roth (D-Riverside)

Senator Nancy Skinner (D-Berkeley)

Senator Jeff Stone (R-Temecula)

Senator Bob Wieckowski (D-Fremont)

### ***Budget Subcommittee No. 1 on Education***

Senator Anthony Portantino (Chair),  
Senator Ben Allen and **Senator John  
Moorlach\***

### ***Budget Subcommittee No. 2 on Resources, Environmental Protection, Energy and Transportation***

Senator Bob Wieckowski (Chair),

McGuire, **Senator Tony Mendoza\*** and

Senator Jim Nielsen

### ***Budget Subcommittee No. 3 on Health and Human Services***

Senator Richard Pan (Chair), Senator  
Bill Monning and Senator Jeff Stone

\*denotes a member of the Orange County State Delegation

## 2017-18 State Senate Leadership and Committee Assignments

### ***Budget Subcommittee No. 4 on State Administration and General Government***

Senator Richard Roth (Chair), Senator Steve Glazer and **Senator Janet Nguyen\***

### ***Budget Subcommittee No. 5 on Corrections, Public Safety and the Judiciary***

Senator Nancy Skinner (Chair), Senator Jim Beall and Senator Joel Anderson

### **Business, Professions and Economic Development**

Senator Jerry Hill (D-San Mateo), Chair  
**Senator Patricia Bates (R-Laguna Niguel), Vice Chair\***

Senator Bill Dodd (D-Napa)  
Senator Cathleen Galgiani (D-Stockton)  
Senator Steve Glazer (D-Contra Costa)  
Senator Ed Hernandez (D-West Covina)  
**Senator Josh Newman (D-Fullerton)\***  
Senator Richard Pan (D-Sacramento)  
Senator Scott Wilk (R-Santa Clarita)

### **Education**

Senator Ben Allen (D-Santa Monica), Chair  
Senator Scott Wilk (R-Santa Clarita), Vice Chair  
Senator Cathleen Galgiani (D-Stockton)  
Senator Connie Leyva (D-Chino)  
**Senator Tony Mendoza (D-Artesia)\***  
Senator Richard Pan (D-Sacramento)  
Senator Andy Vidak (R-Hanford)

### **Elections and Constitutional Amendments**

Senator Henry Stern (D-Canoga Park), Chair  
Senator Joel Anderson (R-San Diego), Vice Chair  
Senator Ben Allen (D-Santa Monica)  
Senator Bob Hertzberg (D-Los Angeles)  
Senator Connie Leyva (D-Chino)

### **Energy, Utilities and Communications**

Senator Ben Hueso (D-San Diego), Chair  
Senator Mike Morrell (R-Inland Empire), Vice Chair  
Senator Steve Bradford (D-Gardena)  
Senator Anthony Cannella (R-Ceres)  
Senator Ted Gaines (R-El Dorado)  
Senator Bob Hertzberg (D-Los Angeles)  
Senator Jerry Hill (D-San Mateo)  
Senator Mike McGuire (D-Healdsburg)  
Senator Nancy Skinner (D-Berkeley)  
Senator Henry Stern (D-Canoga Park)  
Senator Scott Wiener (D-San Francisco)

### **Environmental Quality**

Senator Bob Wieckowski (D-Fremont), Chair  
Senator Andy Vidak (R-Hanford), Vice Chair  
**Senator Patricia Bates (R-Laguna Niguel)\***  
Senator Jerry Hill (D-San Mateo)  
Senator Ricardo Lara (D-Bell Gardens)  
Senator Nancy Skinner (D-Berkeley)  
Senator Henry Stern (D-Canoga Park)

### **Governance and Finance**

Senator Mike McGuire (D-Healdsburg), Chair  
**Senator Janet Nguyen (R-Garden Grove), Vice Chair\***  
Senator Jim Beall (D-San Jose)  
Senator Ed Hernandez (D-West Covina)  
Senator Bob Hertzberg (D-Los Angeles)  
Senator Ricardo Lara (D-Bell Gardens)  
**Senator John Moorlach (R-Costa Mesa)\***

### **Governmental Organization**

Senator Steve Glazer (D-Contra Costa), Chair  
Senator Tom Berryhill (R-Stanislaus), Vice Chair

\*denotes a member of the Orange County State Delegation



## 2017-18 State Senate Leadership and Committee Assignments

Senator Steve Bradford (D-Gardena)  
Senator Anthony Cannella (R-Ceres)  
Senator Bill Dodd (D-Napa)  
Senator Ted Gaines (R-El Dorado)  
Senator Cathleen Galgiani (D-Stockton)  
Senator Jerry Hill (D-San Mateo)  
Senator Ben Hueso (D-San Diego)  
Senator Ricardo Lara (D-Bell Gardens)  
**Senator Tony Mendoza (D-Artesia)\***  
Senator Anthony Portantino (D-La  
Cañada-Flintridge)  
Senator Andy Vidak (R-Hanford)

### Health

Senator Ed Hernandez (D-West  
Covina), Chair  
**Senator Janet Nguyen (R-Garden  
Grove), Vice Chair\***  
Senator Toni Atkins (D-San Diego)  
Senator Connie Leyva (D-Chino)  
Senator Holly Mitchell (D-Los Angeles)  
Senator Bill Monning (D-Carmel)  
**Senator Josh Newman (D-Fullerton)\***  
Senator Jim Nielsen (R-Tehama)  
Senator Richard Roth (D-Riverside)

### Human Services

Senator Scott Wiener (D-San  
Francisco), Chair  
Senator Tom Berryhill (R-Stanislaus),  
Vice Chair  
Senator Steve Glazer (D-Contra Costa)  
**Senator Josh Newman (D-Fullerton)\***  
**Senator Janet Nguyen (R-Garden  
Grove)\***

### Insurance

**Senator Tony Mendoza (D-Artesia),  
Chair\***  
Senator Ted Gaines (R-El Dorado), Vice  
Chair  
Senator Tom Berryhill (R-Stanislaus)  
Senator Steve Glazer (D-Contra Costa)  
Senator Ed Hernandez (D-West Covina)  
Senator Holly Mitchell (D-Los Angeles)  
**Senator Josh Newman (D-Fullerton)\***

Senator Anthony Portantino (D-La  
Cañada-Flintridge)  
Senator Richard Roth (D-Riverside)

### Judiciary

Senator Hannah-Beth Jackson (D-Santa  
Barbara), Chair  
**Senator John Moorlach (R-Costa  
Mesa), Vice Chair\***  
Senator Joel Anderson (R-San Diego)  
Senator Bob Hertzberg (D-Los Angeles)  
Senator Bill Monning (D-Carmel)  
Senator Henry Stern (D-Canoga Park)  
Senator Bob Wieckowski (D-Fremont)

### Labor and Industrial Relations

Senator Steve Bradford (D-  
Gardena), Chair  
Senator Jeff Stone (R-Temecula), Vice  
Chair  
Senator Toni Atkins (D-San Diego)  
Senator Hannah-Beth Jackson (D-Santa  
Barbara)  
Senator Holly Mitchell (D-Los Angeles)

### Legislative Ethics

Senator Ed Hernandez (D-West  
Covina), Chair  
Senator Mike Morrell (R-Inland Empire),  
Vice Chair  
**Senator Patricia Bates (R-Laguna  
Niguel)\***  
Senator Ted Gaines (R-El Dorado)  
Senator Bill Monning (D-Carmel)  
Senator Bob Wieckowski (D-Fremont)

### Natural Resources and Water

Senator Bob Hertzberg (D-Los  
Angeles), Chair  
Senator Jeff Stone (R-Temecula), Vice  
Chair  
Senator Ben Allen (D-Santa Monica)  
Senator Toni Atkins (D-San Diego)  
Senator Ben Hueso (D-San Diego)

\*denotes a member of the Orange County State Delegation



## 2017-18 State Senate Leadership and Committee Assignments

Senator Hannah-Beth Jackson (D-Santa Barbara)  
Senator Bill Monning (D-Carmel)  
Senator Henry Stern (D-Canoga Park)  
Senator Andy Vidak (R-Hanford)

### Public Employment and Retirement

Senator Richard Pan (D-Sacramento),  
Chair  
Senator Mike Morrell (R-Inland Empire),  
Vice Chair  
Senator Connie Leyva (D-Chino)  
**Senator John Moorlach (R-Costa Mesa)\***  
Senator Anthony Portantino (D-La Cañada-Flintridge)

### Public Safety

Senator Nancy Skinner (D-Berkeley),  
Chair  
Senator Joel Anderson (R-San Diego),  
Vice Chair  
Senator Steve Bradford (D-Gardena)  
Senator Hannah-Beth Jackson (D-Santa Barbara)  
Senator Holly Mitchell (D-Los Angeles)  
Senator Jeff Stone (R-Temecula)  
Senator Scott Wiener (D-San Francisco)

### Rules

Senator Kevin de León (D-Los Angeles),  
Chair  
Senator Anthony Cannella (R-Ceres),  
Vice Chair  
Senator Toni Atkins (D-San Diego)  
Senator Tom Berryhill (R-Stanislaus)  
Senator Connie Leyva (D-Chino)

### Transportation and Housing

Senator Jim Beall (D-San Jose), Chair  
Senator Anthony Cannella (R-Ceres),  
Vice Chair  
Senator Ben Allen (D-Santa Monica)  
Senator Toni Atkins (D-San Diego)  
**Senator Patricia Bates (R-Laguna Niguel)\***

Senator Ted Gaines (R-El Dorado)  
Senator Mike McGuire (D-Healdsburg)  
**Senator Tony Mendoza (D-Artesia)\***  
Senator Mike Morrell (R-Inland Empire)  
Senator Richard Roth (D-Riverside)  
Senator Nancy Skinner (D-Berkeley)  
Senator Bob Wieckowski (D-Fremont)  
Senator Scott Wiener (D-San Francisco)

### Veterans Affairs

**Senator Josh Newman (D-Fullerton),**  
**Chair\***  
Senator Jim Nielsen (R-Tehama), Vice  
Chair  
Senator Bill Dodd (D-Napa)  
Senator Ben Hueso (D-San Diego)  
**Senator Janet Nguyen (R-Garden Grove)\***  
Senator Richard Roth (D-Riverside)  
Senator Scott Wilk (R-Santa Clarita)

\*denotes a member of the Orange County State Delegation



# Orange County Transportation Authority Legislative Matrix

2017 State Legislation Session  
January 19, 2017

BILL NO. / AUTHOR	COMMENTARY	STATUS	OCTA POSITION / OTHER AGENCY POSITIONS
<b>BILLS WITH POSITIONS</b>			
AB 28 (Frazier ~ D) Department of Transportation: Review: Federal Program Urgency	Provides for a waiver of sovereign immunity by the state of California under the eleventh amendment of the United States Constitution, thereby allowing the state, through the California Department of Transportation, the ability to assume the environmental review responsibilities of the federal government under the National Environmental Protection Act.	INTRODUCED: 12/05/2016 LOCATION: ASSEMBLY  STATUS: 12/05/2016 INTRODUCED.	SUPPORT  Support: Self-Help Counties Coalition (sponsor)

## BILLS BEING MONITORED

CA AB 1	<b>AUTHOR:</b> <b>TITLE:</b> <b>INTRODUCED:</b> <b>DISPOSITION:</b> <b>LOCATION:</b> <b>SUMMARY:</b>	Frazier [D] Transportation Funding 12/05/2016 Pending ASSEMBLY Creates the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway and local street and road systems. Provides for certain funds, creation of the Office of the Transportation Inspector General, certain loan repayments, diesel fuel excise tax revenues, the appropriations to the Low Carbon Transit Operations Program, gasoline excise taxes, a certain CEQA exemption, an Advance Mitigation Program, and a certain surface transportation project delivery program.
	<b>STATUS:</b> 12/05/2016 <b>CATEGORY:</b>	INTRODUCED. Funding
CA AB 5	<b>AUTHOR:</b> <b>TITLE:</b> <b>INTRODUCED:</b> <b>DISPOSITION:</b> <b>LOCATION:</b> <b>SUMMARY:</b>	Gonzalez [D] Employers: Opportunity To Work Act 12/05/2016 Pending ASSEMBLY Creates the Opportunity to Work Act. Requires certain employers to offer additional hours of work to an existing nonexempt employee before hiring an additional employee or subcontractor, to post a notice of employee rights, and to maintain certain documentation. Authorizes certain civil actions for remedies.
	<b>STATUS:</b> 12/05/2016 <b>CATEGORY:</b>	INTRODUCED. Employment
CA AB 13	<b>AUTHOR:</b> <b>TITLE:</b> <b>INTRODUCED:</b> <b>DISPOSITION:</b> <b>LOCATION:</b> <b>SUMMARY:</b>	Eggman [D] 580 Marine Highway 12/05/2016 Pending ASSEMBLY Requires the Department of Transportation to implement and oversee the 580 Marine Highway corridor project to reduce traffic by facilitating a permanent shift in container traffic away from truck transport to marine transport between the Port of Oakland and the Port of Stockton. Requires that the project be funded by an appropriation in the Budget Act of 2017.
	<b>STATUS:</b> 12/05/2016 <b>CATEGORY:</b>	INTRODUCED. Public Works

CA AB 17	AUTHOR:	Holden [D]
	TITLE:	Transit Pass Program: Free or Reduced-Fare Passes
	INTRODUCED:	12/05/2016
	DISPOSITION:	Pending
	LOCATION:	ASSEMBLY
	SUMMARY:	Creates the Transit Pass Program. Requires the Controller of the state to allocate moneys made available for the program to support transit pass programs that provide free or reduced-fare transit passes to specified pupils and students.
	STATUS:	
	12/05/2016	INTRODUCED.
	CATEGORY:	Transit

CA AB 46	AUTHOR:	Cooper [D]
	TITLE:	Employers: Wage Discrimination
	INTRODUCED:	12/05/2016
	DISPOSITION:	Pending
	LOCATION:	ASSEMBLY
	SUMMARY:	Amends an existing law which authorizes and employee paid lesser wages in violation of certain prohibitions to file a complaint and to commence a civil action for the wages. Defines employer to include public and private employers.
	STATUS:	
	12/05/2016	INTRODUCED.
	CATEGORY:	Employment

CA AB 52	AUTHOR:	Cooper [D]
	TITLE:	Public Employee: Orientation And Informational Programs
	INTRODUCED:	12/05/2016
	DISPOSITION:	Pending
	LOCATION:	ASSEMBLY
	SUMMARY:	Requires the public employers regulated by specified acts to provide all employees an orientation and to permit an exclusive representative to participate.
	STATUS:	
	12/05/2016	INTRODUCED.
	CATEGORY:	Employment

CA SB 1	AUTHOR:	Beall [D]
	TITLE:	Transportation Funding
	INTRODUCED:	12/05/2016
	DISPOSITION:	Pending
	LOCATION:	SENATE
	SUMMARY:	Creates the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway and local street and road systems. Provides for certain funds, creation of the Office of the Transportation Inspector General, certain loan repayments, diesel fuel excise tax revenues, the appropriations to the Low Carbon Transit Operations Program, gasoline excise taxes, a certain CEQA exemption, an Advance Mitigation Program, and a certain surface transportation project delivery program.
	STATUS:	
	12/05/2016	INTRODUCED.
	CATEGORY:	Funding

CA SB 4	<p><b>AUTHOR:</b> Mendoza [D]</p> <p><b>TITLE:</b> Goods Movement and Clean Trucks Bond Act</p> <p><b>INTRODUCED:</b> 12/05/2016</p> <p><b>DISPOSITION:</b> Pending</p> <p><b>LOCATION:</b> SENATE</p> <p><b>SUMMARY:</b></p> <p>Authorizes state general obligation bonds for projects and programs eligible for funding from the Trade Corridors Improvement Fund, for projects and programs consistent with the Goods Movement Emission Reduction Program and programs to expand the use of zero- and near-zero emission trucks in areas designated as severe or extreme nonattainment areas for ozone and particulate matter. Provides for rail landside access improvements and landside freight access improvements to airports.</p> <p><b>STATUS:</b></p> <p>12/05/2016 INTRODUCED.</p> <p><b>CATEGORY:</b> Funding</p>
CA SB 19	<p><b>AUTHOR:</b> Hill [D]</p> <p><b>TITLE:</b> Public Utilities Commission: Governance</p> <p><b>INTRODUCED:</b> 12/05/2016</p> <p><b>DISPOSITION:</b> Pending</p> <p><b>LOCATION:</b> SENATE</p> <p><b>SUMMARY:</b></p> <p>Relates to the Public Utilities Commission. Prohibits an executive of a public utility from serving as a commissioner within a certain number of years after leaving the employment of the utility. Establishes an ethics officer within the legal division of the commission. Provides for employee training and development assignments. Clarifies certain contractual requirements relating to legal services. Provides for expedited relocation of certain spent fuel and for public records requirements.</p> <p><b>STATUS:</b></p> <p>12/05/2016 INTRODUCED.</p> <p><b>CATEGORY:</b> Government Accountability</p>
CA SB 20	<p><b>AUTHOR:</b> Hill [D]</p> <p><b>TITLE:</b> Vehicles: Buses; Seatbelts</p> <p><b>INTRODUCED:</b> 12/05/2016</p> <p><b>DISPOSITION:</b> Pending</p> <p><b>LOCATION:</b> SENATE</p> <p><b>SUMMARY:</b></p> <p>Requires a passenger in a bus that is equipped with safety belts to be properly restrained by a safety belt. Requires a bus operator to inform passengers of the requirement to wear a seatbelt.</p> <p><b>STATUS:</b></p> <p>12/05/2016 INTRODUCED.</p> <p><b>CATEGORY:</b> Miscellaneous</p>

CA SB 41	AUTHOR:	Galgiani [D]
	TITLE:	State Air Resources Board: Regulations
	INTRODUCED:	12/05/2016
	DISPOSITION:	Pending
	LOCATION:	SENATE
	SUMMARY:	
	Requires the State Air Resources Board to deem a person to be in compliance with all applicable rules and regulations of the state board and notwithstanding the inadequacy of any required equipment, technologies, or practices, and prohibits the board from requiring a person to expend further moneys to achieve compliance if specified conditions are met.	
	STATUS:	
	12/05/2016	INTRODUCED.
	CATEGORY:	Environment





**January 19, 2017**

**To:** Legislative and Communications Committee

**From:** Darrell Johnson, Chief Executive Officer

**Subject:** Federal Legislative Status Report

### **Overview**

In December 2016, Congress passed and the President signed into law a continuing resolution to appropriate funding for all departments of the federal government until April 28, 2017. The President-elect stated his intent to pursue an infrastructure investment package. Federal advocacy goals for 2017 are recommended for adoption. An update is provided on the confirmation of a new Secretary of Transportation.

### **Recommendation**

Adopt the 2017 Federal Legislative Advocacy Goals and direct staff to take necessary and appropriate actions in furtherance of these goals in Washington.

### **Discussion**

#### **Continuing Resolution Passed**

On December 11, 2016, the President signed a Continuing Resolution (CR), a "stop-gap" funding measure to fund the federal government through April 28, 2017. The federal government previously was operating on a 3-month CR that was set to expire on December 10, 2016. The CR was passed by a vote of 63-36 in the Senate and 326-96 in the House of Representatives. Some members had initially advocated for a longer CR, to allow for sufficient time for the confirmation process of the Presidential appointments.

The CR reflects previous funding levels for highway and transit programs, rather than the increases authorized with the passage of the Fixing America's Surface Transportation Act (FAST Act). The CR also included \$170 million for the Flint, Michigan water crisis and provides \$20 million to fund loans under the Environmental Protection Agency's Water Infrastructure Finance and Innovation Act to finance water projects. It is expected that a full appropriations bill will not

be debated until later in 2017. In the meantime, it is expected that Congress will act to develop budget reconciliation bills to allow for other significant budgetary policy changes, including efforts to repeal the Affordable Care Act. This will first require the Senate to act to approve tax and funding level assumptions for the next 10 years, since there was no previous Senate budget action for federal fiscal year 2017. The reconciliation process may provide an opportunity for specific appropriations actions for transportation purposes prior to a full appropriations bill.

### **President-Elect Proposes Infrastructure Investment Package**

As part of President-Elect Donald Trump's presidential campaign, plans were released to pursue a large-scale infrastructure investment package that would allow up to \$1 trillion worth of infrastructure investment over 10 years. While many of the details associated with the plan remain unknown, the President-Elect's proposal is likely to rely heavily on private financing, provide regulatory reform and seek to be revenue neutral. The plan is also expected to cover many types of infrastructure, including transportation and water.

Transportation stakeholders, including the American Public Transportation Association (APTA), have started meeting with the transition team and Members of Congress to emphasize the need to maximize investment in transportation, ensure that financing tools provided are beneficial for all modes, and to increase investments into existing programs, including the Federal Transit Administration's (FTA) Capital Investment Grants and Bus and Bus Facilities programs.

While many Members of Congress have voiced support for exploring a funding package, there is yet to be clear agreement about how such package would be funded, where the funds would be directed, and the appropriate mix of project type. It is expected that if a package becomes a reality, it will likely not happen until after the initial few months after the President-Elect is sworn in.

### **Federal Advocacy Goals for 2017**

Against this backdrop with expectations of increased budgetary actions related to transportation infrastructure investment, staff is now recommending that the Board of Directors consider and approve a series of legislative goals for calendar year 2017 which will provide refined direction regarding the actions of the Orange County Transportation Authority (OCTA) in Washington during the First Session of the 115<sup>th</sup> Congress. These goals, provided in Attachment A, are both directed to ensure the FAST Act is implemented as originally intended and to provide input as a potential infrastructure investment package is discussed.



Following each goal in Attachment A is a reference to the section or sections of OCTA's Board of Directors' (Board) - adopted 2017-18 Federal Legislative Platform which best supports the goal.

The first goal provides a theme for the entire year and responds to early indications that the Senate and House will be working to advance appropriations bills, and budget reconciliation bills, in the coming months. While these activities may not all involve a regular order approach to annual funding, OCTA would continue to advocate that the surface transportation programs authorized by the FAST Act receive the actual annual funding envisioned for them.

The second goal focuses on continued advancement of the OC Streetcar as part of the Federal New Starts program, with the ultimate goal to obtain a Full Funding Grant Agreement in 2017. This advancement will involve both congressional and administrative actions at the FTA to ensure that the project is described and funded as part of the 2017 appropriations bill. Efforts are already underway to achieve this goal.

The third goal focuses on continued administrative effort in 2017 to obtain financing assistance under the Transportation Infrastructure Finance and Investment Act for the Interstate 405 Improvement Project. This goal will require heavy coordination with the incoming Administration to ensure timely commitments in the early stages in 2017.

The fourth goal responds directly to the President-Elect's proposal for a large infrastructure package and is aligned with the goals advocated by other transportation stakeholders. While the details of such package are not yet clear, OCTA's advocacy would focus on existing goals outlined in the 2017-18 OCTA Federal Legislative Platform to maximize transportation investment, an equitable return to California, and decrease regulatory burdens.

The fifth goal involves advocating in Congress and with the FTA for bus and bus facility capital funding. These funds will be competed nationally through a Notice of Funding Availability issued by FTA in the next few months. OCTA will then respond to that notice with any qualifying project applications and advocate for them with our delegation.

The sixth goal will continue OCTA's efforts to work to allow for needed flexibility in addressing high-occupancy vehicle (HOV) lane degradation, following-up on the success of including a provision in the FAST Act which permits a waiver, under certain conditions set by the U.S. Department Of Transportation (DOT) from the requirements of Section 166 of the highway act regarding the degradation of free flow HOV lanes.

The seventh goal emphasizes the need to continue to advocate and educate Washington regarding the Los Angeles-San Diego-San Luis Obispo rail corridor and Surfliner service in that corridor. As the second busiest passenger rail corridor in the nation, this corridor is underinvested from a national perspective and could greatly enhance mobility in Southern California with further funding for capital improvements.

The eighth goal focuses on the FAST Act freight movement funding programs and efforts to obtain federal funding for goods movement projects in Southern California from the discretionary program. In 2016, the Fostering Advancements in Shipping and Transportation for the Long-term Achievement of National Efficiencies (FASTLANE) Program provided almost \$800 million in grants nationwide, but provided no funding to the Southern California Associated Governments (SCAG) region; a region with almost \$75 billion in goods movement needs identified. A new FASTLANE solicitation was released in late 2016, but will likely not be awarded until mid-2017 at the earliest due to ongoing appropriations discussions. OCTA will work with other agencies in Southern California to ensure that formula funding provided to the states for goods movement projects under the FAST Act is spent on locally prioritized projects.

The ninth goal states OCTA's 2017-18 Federal Legislative Platform position to ensure that all users of the interstate system pay their "fair share," recognizing that with transportation funds being largely based on gas taxes, fuel efficient vehicles are not contributing the same amount of funds to the system as more traditional vehicles. This issue has exacerbated the transportation funding shortfall issue and may be something explored as part of a larger reform package.

#### **Confirmation of a New Secretary of Transportation**

As reported to the Board in November 2016, President-Elect Trump nominated former U.S. Labor Secretary Elaine Chao as his nominee for the new Secretary of Transportation. Previous to her position as Secretary of Labor under President George W. Bush, she served as Deputy Secretary of the DOT under President George H.W. Bush, and most recently served as a media contributor and a fellow at the Heritage Foundation. On a personal note, Ms. Chao is also the wife of Senate Majority Leader Mitch McConnell (R-KY).

The confirmation process is expected to be relatively uncontroversial, with support for her appointment coming from both parties. In addition, numerous transportation stakeholders have voiced support, including the American Association of State Highway and Transportation Officials and APTA.

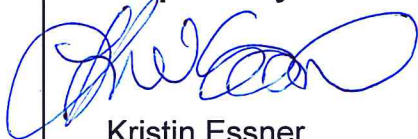


In December, Ms. Chao's nomination questionnaire to the Senate Commerce, Science and Transportation Committee was released. In the questionnaire, Ms. Chao stated that her top three priorities, if confirmed, would be for the DOT to be a good steward to the public by promoting safety measures, strengthening planning and acquisition policies and preparing for new technologies; to expedite the process to deliver projects and decrease regulatory burdens; and to strive for equity between both urban and rural areas and among different transportation modes. Ms. Chao's confirmation hearing is scheduled for January 11, 2017. Staff will provide updates as the process moves forward.

**Summary**

An update is provided regarding a recently adopted continuing resolution and infrastructure investment proposals by the President-elect. A series of legislative goals for 2017 is presented for consideration and approval to guide OCTA legislative advocacy with the Administration and the First Session of the 115<sup>th</sup> Congress. An update is provided on the confirmation process for a new Secretary of Transportation. The December monthly activity report from OCTA's Washington advocate, Potomac Partners DC is provided as Attachment B.

- A. Draft 2017 Federal Legislative Advocacy Goals
- B. Potomac Partners DC, Monthly Legislative Report, December 2016

**Prepared by:**

Kristin Essner  
Principal Government Relations  
Representative  
(714) 560-5754

**Approved by:**

Lance M. Larson  
Executive Director, Government Relations  
(714) 560-5901

**DRAFT 2017 FEDERAL LEGISLATIVE ADVOCACY GOALS**

1. Advocate to assure that the federal fiscal year 2018 appropriations process optimizes authorized transportation funding for programs benefiting the Orange County Transportation Authority (OCTA) and complies with the Fixing America's Surface Transportation (FAST) Act authorization levels. **Platform Section I.**
2. Advance the OC Streetcar project into the Federal New Starts Program Engineering Phase with the Federal Transit Administration (FTA), ensure that the project is included in the federal fiscal year 2018 Budget passed by Congress and signed by the President and secure a Full Funding Grant Agreement. **Platform Sections I (b) and II (c).**
3. Working with the U.S. Department of Transportation (DOT) Build America Bureau, develop a plan and advocate for Transportation Infrastructure Finance and Investment Act (TIFIA) financing for the I-405 Improvement Project. **Platform Sections III (c) and IV (b).**
4. Advocate to maximize multimodal transportation investments as part of any infrastructure initiative, with emphasis on providing both innovative financing tools and dedicated transportation revenues, while also expanding policies to streamline project delivery. **Platform Principle 1 and Sections II, IV and VIII.**
5. Based upon FTA's future Notice of Funding Availability, advocate for FTA bus discretionary funding for qualified OCTA bus capital projects. **Platform Principle 1 and Sections I (a), III (c) and VIII (b).**
6. Work with the DOT to allow for adequate flexibility under Section 166 of the Federal Highway Act, as amended by the FAST Act, to address degraded high-occupancy vehicles lanes in Orange County. **Platform Sections II (o), (p).**
7. Advocate to the Federal Railroad Administration (FRA) for greater awareness of the Los Angeles-San Diego-San Luis Obispo rail corridor (LOSSAN) Surfliner service and the need for future federal capital support for the LOSSAN corridor. **Platform Sections I (e).**
8. Advocate for an equitable distribution of funding to Southern California for goods movement purposes from the FAST Act's Fostering Advancements in Shipping and Transportation for the Long-term Achievement of National Efficiencies (FASTLANE) program and the National Highway Freight Program. **Platform Section V.**
9. Explore options to ensure users of the federal interstate system pay their fair share to support the maintenance and improvement of the system. **Platform Section IV(d).**



## Potomac Partners DC

Monthly Legislative Report – December 2016

---

**December Advocacy Meetings**

**Senator Bob Menendez** – We met with Senator Bob Menendez and his senior staff to discuss transit funding and ways to incorporate new funding for passenger rail in the next session of Congress. We specifically discussed the need for additional funding for rail projects in Southern California, including funding for the implementation of PTC. We also spoke about the need for comprehensive investments in major goods movement regions and funding for port improvement projects in 2017.

**Congressman Mario Diaz-Balart** – We met with Congressman Diaz Balart to discuss New Start funding for the Santa Ana Streetcar in 2017. This funding was not included in the December CR, but it is slated to be included in the appropriations bill that will be considered in 2017.

**Congressman Carlos Curbelo** – We met with Congressman Curbelo and his senior staff to discuss goods movement issues and funding opportunities in 2017. We discussed his ports legislation and how to approach the incoming USDOT under the new administration with such a proposal. We also spoke about increasing funding for rail infrastructure in high traffic freight and passenger zones outside of the Northeast Corridor.

**Congressman Michael McCaul** – We met with Chairman McCaul to discuss transportation security and the need for additional threat assessment and prevention through training and support of local agencies. We also discussed the need for increased information sharing between local, state, and federal entities.

**House Transportation and Infrastructure Subcommittee on Aviation** – We followed up with senior staff for the Subcommittee on Aviation on our discussion of the aviation fuel excise tax. We discussed potential language that would work. We also discussed possible changes at FAA as it relates to this rulemaking under the new administration.

**FY17 Budget & Appropriations**

Congress finished the 114th session by passing the second Continuing Resolution of 2016 (H.R.2028) in the final hours of December 9th, delaying final FY17 spending decisions until April 28th, 2017. Congressional Republicans said they wanted to delay those spending decisions to give Congress enough time to include provisions requested by the Trump administration. Fiscal conservatives in the House Freedom Caucus also seemed unwilling right after the elections to accept another omnibus appropriations package without additional policy concessions and deficit reduction that they believe will be more easily won with the Trump administration especially with President-Elect



Trump's pick to head up the Office of Budget and Management (OMB)— Rep. Mick Mulvaney.

Congressman Mulvaney was elected in 2010 as a Tea Party outsider and is a founding member of the Freedom Caucus. He is known for being a strong fiscal hawk and has called for balancing the federal budget, reducing the deficit, and cutting entitlement spending. This may make the budget process for next year slightly more unpredictable, but what we can expect is a leaner Presidential budget initially.

On the other hand, over the last few weeks Donald Trump has reinforced his campaign promises to reinvest in border security, infrastructure, and transportation. President-Elect Trump has stated he plans to make these investments possible, and more importantly to House Republicans cost-neutral, by using repatriated offshore corporate funds, tax credits for private investors in infrastructure, and an incentivized system to encourage the use of Public/Private Partnerships (P3s). Therefore, a major spending battle to look forward to in the 115<sup>th</sup> Congress is going to be tied to infrastructure and tax plans as well budget "scoring" with fiscal conservatives now at the OMB.

### **Transportation & Infrastructure**

One of President-Elect Trump's major campaign promises was that he would pass a new transportation and infrastructure bill. How and when that infrastructure bill is considered in Congress still remains a big question. Fiscal conservatives in the House would not likely support another Obama stimulus bill like the American Recovery and Reinvestment Act (ARRA) of 2009 they repeatedly decried. Therefore the infrastructure legislation would need to be carefully crafted and most likely cost-neutral to win over Freedom Caucus type members in Congress.

Nevertheless, Democrats seem willing to support bi-partisan legislation, . For example, incoming Senate Minority Leader Charles Schumer gave his straightforward endorsement of the plan by saying it "looks good to me", barring any controversial policy riders. Similarly House Democrats are getting behind a new infrastructure push, particularly Southern California Democrats like Alan Lowenthal (D- Long Beach) who will be likely joining the T&I committee next year.

For the plan to be cost-neutral the new administration has proposed using repatriated holdings for multinational corporations by offering a one-time 10% tax on all repatriated funds in addition to a lowered corporate tax rate. Some believe this would bring in an estimated \$200B in tax revenue that could be used to offset new infrastructure spending. Furthermore, Trump would like to incentivize private investment by offering tax breaks for those who invest in transportation and infrastructure projects. In addition he would streamline the process for investors to recoup their investments through tolls and other methods. Finally, he has stated that he will be cutting regulations across the board to speed the building and permitting process with the goal of cutting costs and reducing delays. We also expect to see a renewed interest in goods movement/ports legislation.



Goods movement funding would create projects that could stimulate the economy while remaining cost-neutral if the proper regulations were rolled back and the planning process was streamlined. Since investments in goods movement in Southern California would meet each set of criteria under Trump's proposed infrastructure plan we expect that the new administration will be very receptive to making goods movement one of their transportation and infrastructure priorities in the new session. After the House GOP "Issues Conference" scheduled for January 25-27 we are expecting to learn more details on what to expect and when.

### **Department of Transportation (DOT)**

Elaine Chao will be the next Secretary of the Department of Transportation, pending Senate Confirmation. She is the wife of Senate Majority Leader Mitch McConnell. She also served as the Secretary of Labor for all eight years of the George W. Bush Administration and served as a Deputy Secretary of Maritime Operations under his father George H.W. Bush. In terms of policy, we expect to see changes being made within the first 100 days. The DOT in conjunction with the Congressional legislation will be critical in the implementation of Trump's infrastructure plans.

We are continuing to track leadership changes in the FTA and FRA as it relates to the Administrator, Chief Counsel, and Assistant Administrator of the Office of Communications and Congressional Affairs. We are expecting there to be a flurry of announcements in mid to late January.

### **Positive Train Control (PTC) Funding**

The high cost of implementing Positive Train Control has been a major issue for passenger rail entities over the course of the year and many Members would like to support new funding streams to help with the implementation. We met in December with the new Rail Subcommittee Staff Director, Mary Phillips, to discuss potential funding for PTC. According to reports by the FRA, implementation has been slower than expected in both the freight and passenger rail industries. It is possible that the new administration will want to accelerate PTC implementation to avoid missing the implementation deadline and incorporate new funding in infrastructure legislation if possible.

### **Congressional Leadership & Committee Assignments in the 115<sup>th</sup> Congress**

Congressional Leadership in the 115th House of Representatives will remain relatively the same with Speaker Paul Ryan (R-WI), Majority Leader Kevin McCarthy (R-CA), and Minority Leader Nancy Pelosi (D-CA). In the Senate, Majority Leader Mitch McConnell (R-KY) will continue to lead the Republican caucus, while Senator Schumer will be taking over as the Senate Minority Leader for retiring Sen. Harry Reid.

Senators Vitter, Kirk, Mikulski Sessions, Boxer, and Ayotte will not be returning to the Senate in 2017 and so we expect to see changes on the Senate Appropriations Committee, Banking, Housing and Urban Affairs Committee, Commerce Committee, and Environment and Public Works. Senate Democrats did announce their new committee assignments in December. New Republican committee assignments will be announced the week of January 3. A list of the current Senate committee assignments on the transportation related committees as they currently stand are as follows:

### **Appropriations**

<b>Republican (?)</b>	<b>Democrat (15)</b>
Cochran (MS)	Murray (WA)
McConnell (KY)	Durbin (IL)
Shelby (AL)	Tester (MT)
Alexander (TN)	Shaheen (NH)
Collins (ME)	Coons (DE)
Murkowski (AK)	Baldwin (WI)
Graham (SC)	Leahy (VT)
Blunt (MO)	Feinstein (CA)
Moran (KS)	Reed (RI)
Hoeven (ND)	Udall (NM)
Boozman (AR)	Merkley (OR)
Capito (WV)	Schatz (HI)
Cassidy (LA)	Murphy (CT)
Lankford (OK)	<b>Van Hollen (MD)</b>
Daines (MT)	<b>Manchin (WV)</b>
<del>Kirk (IL)</del>	<del>Mikulski (MD)</del>
<b>Vacancy</b>	
<b>Possible Vacancy</b>	

### **Banking, Housing & Urban Affairs**

<b>Republican (?)</b>	<b>Democrat (11)</b>
Crapo (ID)	Brown (OH)
Shelby (AL)	Reed (RI)
Corker (TN)	Menendez (NJ)
Toomey (PA)	Tester (MT)
Heller (NV)	Warner (VA)
Scott (SC)	Warren (MA)
Sasse (NE)	Heitkamp (ND)
Cotton (AR)	Donnelly (IN)
Rounds (SD)	<b>Schatz (HI)</b>
Moran (KS)	<b>Van Hollen (MD)</b>
Vitter (LA)	<b>Cortez Masto (NV)</b>
<del>Kirk (IL)</del>	<del>Schumer (NY)</del>
<b>Vacancy</b>	<del>Merkley (OR)</del>
<b>Vacancy</b>	
<b>Possible Vacancy</b>	



### Commerce, Science & Transportation

#### Republican (?)

Thune (SD)  
Wicker (MS)  
Blunt (MO)  
Rubio (FL)  
Cruz (TX)  
Fischer (NE)  
Moran (KS)  
Sullivan (AK)  
Johnson (WI)  
Heller (NV)  
Gardner (CO)  
Daines (MT)  
Ayotte (NH)

**Vacancy**

**Vacancy**

**Possible Vacancy**

#### Democrat (13)

Nelson (FL)  
Cantwell (WA)  
Klobuchar (MN)  
Blumenthal (CT)  
Schatz (HI)  
Markley (MA)  
Booker (NJ)  
Udall (NM)  
Peters (MI)  
**Baldwin (WI)**  
**Duckworth (IL)**  
**Hassen (NH)**  
**Cortez Masto (NV)**  
~~McCaskill (MO)~~  
~~Manchin (WV)~~

### Environment and Public Works

#### Republican (?)

Barrasso (WY)  
Inhofe (OK)  
Capito (WV)  
Crapo (WV)  
Boozman (AR)  
Wicker (MS)  
Fischer (NE)  
Rounds (SD)  
Sullivan (AK)  
~~Sessions (AL)~~  
Vitter (LA)

**Ernst (IA)**

**Vacancy**

**Possible Vacancy**

#### Democrat (11)

Carper (CA)  
Cardin (DE)  
Sanders (VT)  
Whithouse (RI)  
Merkley (OR)  
Gillibrand (NY)  
Booker (NJ)  
Markley (MA)  
**Duckworth (IL)**  
**Harris (CA)**  
~~Boxer (CA)~~

### Finance

#### Republican (?)

Hatch (UT)  
Grassley (IA)  
Crapo (ID)  
Roberts (KS)  
Enzi (WY)

#### Democrat (12)

Wyden (OR)  
Stabenow (MI)  
Cantwell (WA)  
Nelson (FL)  
Menendez (NJ)

Cornyn (TX)  
 Thune (SD)  
 Burr (NC)  
 Isakson (GA)  
 Portman (OH)  
 Toomey (PA)  
 Heller (NV)  
 Scott (SC)  
~~Coats (IN)~~  
 Possible Vacancy

Carper (DE)  
 Cardin (MD)  
 Brown (OH)  
 Bennet (CO)  
 Casey (PA)  
 Warner (VA)  
**McCaskill (MO)**  
~~Schumer (NY)~~

### **Homeland Security and Government Affairs**

#### **Republican (?)**

Johnson (WI)  
 McCain (AZ)  
 Portman (OH)  
 Paul (KY)  
 Lankford (OK)  
 Enzi (WY)  
 Ernst (IA)  
 Sasse (NE)  
~~Ayotte (NH)~~

**Possible Vacancy**

#### **Democrat (7)**

McCaskill (MO)  
 Carper (DE)  
 Tester (MT)  
 Heitkamp (ND)  
 Peters (MI)  
**Hassan (NH)**  
**Harris (CA)**  
~~Baldwin (WI)~~  
~~Booker (NJ)~~

House Majority leadership will establish the committee ratios for 2017. The exception is the Ways and Means Committee, which typically has a ratio equal to that in the full House. The most desirable committees in the House are the Appropriations, Ways and Means, Energy and Commerce, and Financial Services Committees and since both sides saw losses and retirements from Members on these Committees we can expect to see some upward movement to those committees in early January. T&I Members who will not be joining the 115th Congress are Reps. Mica, Brown, Hardy, Kirkpatrick, Edwards, Candice Miller, Hanna, Ribble, and Janice Hahn.

Finally, at the beginning of December, the Republican Steering Committee met to approve the committee chairs assignments for the 115th Congress. However, a new Budget Committee chair is still pending with the exit of Rep. Tom Price, who accepted Trump's offer for the position of Secretary of Health and Human Services.

### **Current House Chair assignments are as following:**

Agriculture.....	Rep. Mike Conaway (R-TX)
Appropriations.....	Rep. Rodney Frelinghuysen (R-NJ)
Armed Services.....	Rep. Mac Thornberry (R-TX)
Budget.....	TBD

Education and the Workforce.....	Rep. Virginia Foxx (R-NC)
Energy and Commerce.....	Rep. Greg Walden (R-OR)
Financial Services.....	Rep. Jeb Hensarling (R-TX)
Foreign Affairs.....	Rep. Ed Royce (R-CA)
Homeland Security.....	Rep. Michael McCaul (R-TX)
Judiciary.....	Rep. Bob Goodlatte (R-VA)
Natural Resources.....	Rep. Rob Bishop (R-UT)
Oversight and Government Reform.....	Rep. Jason Chaffetz (R-UT)
Science, Space, and Technology.....	Rep. Lamar Smith (R-TX)
Small Business.....	Rep. Steve Chabot (R-OH)
Transportation and Infrastructure.....	Rep. Bill Shuster (R-PA)
Veterans' Affairs.....	Rep. Phil Roe (R-TN)
Ways and Means.....	Rep. Kevin Brady (R-TX)
Administration.....	Rep. Gregg Harper (R-MS)
Ethics.....	Rep. Susan Brooks (R-IN)
Joint Economic Committee.....	Rep. Pat Tiberi (R-OH)
Intelligence.....	Rep. Devin Nunes (R-CA)
Rules.....	Rep. Pete Sessions (R-TX)

### House Ranking Members:

Agriculture.....	Rep. Collin Peterson (D-MN)
Appropriations.....	Rep. Nita Lowey (D-NY)
Armed Services.....	Rep. Adam Smith (D-WA)
Budget.....	Rep. Chris Van Hollen (D-MD)
Education and the Workforce.....	Rep. Bobby Scott (D-VA)
Energy and Commerce.....	Rep. Frank Pallone (D-NJ)
Financial Services.....	Rep. Maxine Waters (D-CA)
Foreign Affairs.....	Rep. Eliot Engel (D-NY)
Homeland Security.....	Rep. Bennie Thompson (D-MS)
Judiciary.....	Rep. John Conyers (D-MI)
Natural Resources.....	Rep. Raul Grijalva (D-AZ)
Oversight and Government Reform.....	Rep. Elijah Cummings (D-MD)
Science, Space, and Technology.....	Rep. Eddie Bernice Johnson (D-TX)
Small Business.....	Rep. Nydia Velazquez (D-NY)
Transportation and Infrastructure.....	Rep. Peter DeFazio (D-OR)
Veterans' Affairs.....	Rep. Mark Takano (D-CA)
Ways and Means.....	Rep. Sander Levin (D-MI)
Administration.....	Rep. Bob Brady (D-PA)
Ethics.....	Rep. Linda Sanchez (D-CA)
Joint Economic Committee.....	Rep. Carolyn Maloney (D-CA)
Intelligence.....	Rep. Adam Schiff (D-CA)
Rules.....	Rep. Louise Slaughter (D-NY)

### Senate Committee Chairs:



Agriculture.....	Pat Roberts (R-KS)
Appropriations.....	Thad Cochran (R-MS)
Armed Services.....	John McCain (R-AZ)
Banking, Housing, and Urban Affairs.....	Rickard Shelby (R-AL)
Budget.....	Michael Enzi (R-WY)
Commerce, Science, and Transportation.....	John Thune (R-SD)
Energy and Natural Resources.....	Lisa Murkowski (R-AK)
Environment and Public Works.....	James Inhofe (R-OK)
Finance.....	Orrin Hatch (R-UT)
Foreign Relations.....	Bob Corker (R-TN)
Health, Education, Labor and Pensions.....	Lamar Alexander (R-TN)
Homeland Security and Governmental Affairs.....	Ron Johnson (R-WI)
Judiciary.....	Chuck Grassley (R-IA)
Rules and Administration.....	Roy Blunt (R-MO)
Small Business and Entrepreneurship.....	David Vitter (R-LA)
Veterans Affairs.....	Johnny Isakson (R-GA)
Ethics.....	Johnny Isakson (R-GA)
Intelligence.....	Richard Burr (R-NC)

### Senate Ranking Members:

Agriculture.....	Debbie Stabenow (D-MI)
Appropriations.....	Patrick Leahy (D-VT)
Armed Services.....	Jack Reed (D-RI)
Banking, Housing, and Urban Affairs.....	Sherrod Brown (D-OH)
Budget.....	Bernie Sanders (I-VT)
Commerce, Science, and Transportation.....	Bill Nelson (D-FL)
Energy and Natural Resources.....	Maria Cantwell (D-WA)
Environment and Public Works.....	Tom Carper (D-DE)
Finance.....	Ron Wyden (D-OR)
Foreign Relations.....	Ben Cardin (D-MD)
Health, Education, Labor and Pensions.....	Patty Murray (D-WA)
Homeland Security and Governmental Affairs.....	Claire McCaskill (D-MO)
Judiciary.....	Dianne Feinstein (D-CA)
Rules and Administration.....	Charles Schumer (D-NY)
Small Business and Entrepreneurship.....	Jeanna Shaheen (D-NH)
Veterans Affairs.....	Jon Tester (D-MT)
Ethics.....	Chris Coons (D-DE)
Intelligence.....	Mark Warner (D-VA)

### House T&I Committee

Democrats		Republicans	
Peter Defazio	Richard Nolan	Bill Shuster	Mark Meadows
Eleanor Holmes Norton	<i>Ann Kirkpatrick</i>	Don Young	Scott Perry

Jerrold Nadler  
~~Corrine Brown~~  
Eddie Bernice Johnson  
Elijah Cummings  
Rick Larsen  
Michael Capuano  
Grace Napolitano  
Daniel Lipinski  
Steve Cohen  
Albio Sires  
~~Donna Edwards~~  
John Garamendi  
Andre Carson  
~~Janice Hahn~~

Dina Titus  
Sean P. Maloney  
Elizabeth Esty  
Lois Frankel  
Cheri Bustos  
Jared Huffman  
Julia Brownley

John J Duncan  
~~John Mica~~  
Frank LoBiondo  
Sam Graves  
~~Candice Miller~~  
Duncan Hunter  
Eric Crawford  
Lou Barletta  
Blake Farenthold  
Bob Gibbs  
~~Richard Hanna~~  
Daniel Webster  
Jeff Denham  
~~Reid Ribble~~  
Thomas Massie

Rodney Davis  
Mark Sanford  
Rob Woodall  
Todd Rokita  
John Katko  
Brian Babin  
Cresent Hardy  
Ryan Costello  
Garret Graves  
Mimi Walters  
Barbara Comstock  
Carlos Curbelo  
David Rouzer  
Lee Zeldin  
Mike Bost