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CA A 1866

Author: Fong
Version: Introduced

CALIFORNIA LEGISLATURE--2017-2018 REGULAR SESSION

Assembly Bill

No. 1866

Introduced by Assembly Member Fong

January 12, 2018

(Principal coauthor: Assembly Member Lackey)

California 2017-18 Regular Session

An act to amend Sections 13975, 14460, 14461, 14500, 16773, and 16965.1 of, to amend the heading of Chapter 5 (commencing with Section 14460) of Part 5 of Division 3 of Title 2 of, to add Section 14462 to, and to repeal Sections 14033, 14534.1, and 16965 of, the Government Code, to amend Sections 39719 and 44060.5 of the Health and Safety Code, to amend Section 21099 of, and to add Section 21080.36 to, the Public Resources Code, to amend Sections 6051.8, 6201.8, 8352.4, 8352.5, 8352.6, and 13152 of, and to add Sections 6051.9 and 6201.9 to, the Revenue and Taxation Code, to amend Sections 143, 183.1, and 2103 of, and to add Chapter 2.5 (commencing with Section 2040) to Division 3 of, the Streets and Highways Code, and to amend Sections 9250.1, 9400.1, and 42205 of, and to repeal Section 9400.4 of, the Vehicle Code, relating to transportation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1866, as introduced, Fong. 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 Traffic Relief and Road Improvement Program to address traffic congestion and deferred maintenance on the state highway system and the local street and road system. The bill would provide for the deposit of various existing sources of revenue in the Traffic Relief and Road Improvement Account, which the bill would create in the State Transportation Fund, including revenues attributable to the sales and use tax on motor vehicles, revenues attributable to automobile and motor vehicle insurance policies from the insurer gross premiums tax, revenues from certain diesel fuel sales and use taxes, revenues from certain vehicle registration fees, and certain miscellaneous State Highway Account revenues.

This bill would continuously appropriate the revenues in the account, after deductions for administration, with 40% of the revenues to be allocated to the Department of Transportation for maintenance of the state highway system or for purposes of the State Highway Operation and Protection Program, 40% of the revenues to be apportioned by the Controller to cities and counties for road

purposes pursuant to a specified formula, and 20% to fund projects in the State Transportation Improvement Program that create measurable reductions in traffic congestion. The bill would require the California Transportation Commission to adopt performance criteria and metrics for expenditure of certain of these revenues, and would impose various requirements on cities and counties in order to receive apportionments.

The bill would also require the department to implement efficiency measures with the goal of generating \$100,000,000 annually in savings at the department and to propose, from the identified savings, an appropriation to be included in the annual Budget Act of up to \$100,000,000 from the State Highway Account for expenditure on the Active Transportation Program.

(2) Existing law provides for various loans of transportation revenues to the General Fund, and requires repayment of these loans by June 30, 2021.

This bill would instead require these loans to be repaid by December 31, 2018.

(3) Article XXII of the California Constitution provides that the State of California and all other governmental entities shall be allowed the choice to contract for architectural and engineering services for all public works of improvement as an alternative to the employment of civil service employees to perform those services.

This bill would require the Department of Transportation to increase its annual use of contract staff resources so that 20% of its capital outlay staff consists of contract resources by the 2020-21 fiscal year.

(4) 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 January 1, 2019, would instead transfer to the Highway Users Tax Account for allocation to state and local transportation purposes under a specified formula most of the 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 would also delete a monthly transfer to the General Fund of \$833,000 in gasoline excise taxes attributable to off-highway vehicles, thereby retaining those revenues for off-highway vehicle programs.

(5) 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 certain transportation purposes. Existing law also provides for the transfer of specified weight fee revenues to the Transportation Bond Direct Payment Account for direct payment of debt service on designated bonds, which are defined to be certain transportation general obligation bonds issued pursuant to Proposition 1B of 2006. Existing law also provides for loans of weight fee revenues to the General Fund to the extent the revenues are not needed for bond debt service purposes, with the loans to be repaid when the revenues are later needed for those purposes, as specified.

This bill would repeal these provisions, thereby eliminating the use of the weight fee revenues for transportation general obligation bond debt service and retaining those revenues in the State Highway Account. The bill would make other conforming changes in that regard.

(6) 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, and would instead require the miscellaneous revenues to be transferred to the Traffic Relief and Road Improvement Account for expenditure pursuant to (1) above.

(7) 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 60% of the annual proceeds of the fund to various transportation and housing programs.

This bill would require certain amounts of revenue to be made available for specified purposes from the Greenhouse Gas Reduction Fund to the extent revenues are available after funding existing programs, and would require specified diesel sales and use tax revenues and certain vehicle registration fee revenues to be transferred to the Traffic Relief and Road Improvement Account for expenditure pursuant to (1) above. The bill, beyond the backfill required for the Public Transportation Account, would additionally provide for an additional transfer from the Greenhouse Gas Reduction Fund to the Public Transportation Account, as specified. Because certain revenues in the Public Transportation Account are continuously appropriated, this bill would make an appropriation in that regard. The bill would exempt funds transferred from the Greenhouse Gas Reduction Fund to the Public Transportation Account from statutory restrictions and limitations otherwise applicable to expenditures from the Greenhouse Gas Reduction Fund, as specified. The bill would also require backfill of vehicle registration fee revenues otherwise to be allocated to the Air Quality Improvement Fund, the Alternative and Renewable Fuel and Vehicle Technology Fund, and the Enhanced Fleet Modernization Subaccount, as specified.

(8) 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 independent entity in state government, and require it to act in an independent oversight role. The bill would also make conforming changes.

(9) Existing law creates the Independent Office of Audits and Investigations within the department, with specified powers and duties. Existing law provides for the Governor to appoint the director of the office for a 6-year term, subject to confirmation by the Senate, and provides that the director, who is known as the Inspector General, may not be removed from office during the term except for good cause. Existing law specifies the duties and responsibilities of the Inspector General with respect to the office and local agencies receiving state and federal transportation funds through the department, and requires an annual report to the Legislature and Governor.

This bill would rename that entity the Independent Office of Audits and Investigations for Transportation and would make it an independent office that would not be a subdivision of any other government entity to ensure that state and local agencies expending state transportation funds are operating efficiently, effectively, and in compliance with applicable federal and state laws. The bill would require the Inspector General to annually conduct an audit of all state transportation megaprojects.

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

This bill would authorize lease agreements under these provisions to be entered into until January 1, 2030. The bill would include the Santa Clara Valley Transportation Authority within the definition of regional transportation agency for this these purposes. The bill would make other revisions to these provisions.

(11) 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, with certain exceptions.

This bill would provide that CEQA does not apply to a project, or the issuance of a permit for a project, that consists of the inspection, maintenance, repair, rehabilitation, replacement, or removal of existing transportation infrastructure, as specified, or to the addition of an auxiliary lane or bikeway to existing transportation infrastructure under certain conditions.

(12) Existing law requires the Office of Planning and Research to prepare, develop, and transmit to the Secretary of the Natural Resources Agency for certification and adoption proposed revisions to guidelines implementing the California Environmental Quality Act establishing criteria for determining the significance of transportation impacts for projects within transit priority areas that promote the reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses. Existing law authorizes the office to adopt guidelines to establish alternative metrics to the metrics used for traffic levels of service for transportation impacts outside transit priority areas.

This bill would eliminate the authority of the office to adopt guidelines establishing alternative metrics for transportation impacts outside transit priority areas.

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

Vote Required: TWO THIRDS Appropriation: YES Fiscal Committee: YES Local Program: NO Immediate Effect YES Urgency: YES Tax Levy: NO Election: NO Usual Current Expenses: NO Budget Bill: NO Prop 25 Trailer Bill: NO

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

SECTION 1. This act shall be known and may be cited as the Traffic Relief and Road Improvement Act.

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 of the Government Code is repealed.

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

SEC. 4. The heading of Chapter 5 (commencing with Section 14460) of Part 5 of Division 3 of Title 2 of the Government Code is amended to read:

~~CHAPTER 5. Department of Transportation independent Office of Audits and Investigations~~

5.1. Independent Office of Audits and Investigations for Transportation

SEC. 5. Section 14460 of the Government Code is amended to read:

14460. (a) There is hereby created in ~~the department~~ state government the Independent Office of Audits and Investigations ~~to~~ for Transportation, which shall not be a subdivision of any other governmental entity. The office shall ensure that the Department of Transportation, the High-Speed Rail Authority, the Department of the California Highway Patrol, the Department of Motor Vehicles, the State Air Resources Board, and all other state or local agencies expending state transportation funds are operating efficiently, effectively, and in compliance with applicable federal and state laws. The office shall also ensure all of the following:

(1) ~~The department,~~ State agencies, and external entities that receive state and federal transportation funds from ~~the department,~~ other state agencies are spending those funds efficiently, effectively, economically, and in compliance with applicable state and federal requirements. Those external entities include, but are not limited to, private for profit and nonprofit organizations, local transportation agencies, and other local agencies that receive transportation funds either through a contract with ~~the department~~ state agencies or through an agreement or grant administered by ~~the department.~~ state agencies.

(2) ~~The department's~~ A state agency's programs are functioning consistent with applicable accounting standards and practices and are administered effectively, efficiently, and economically.

(3) ~~The department's~~ A state agency's management is accomplishing ~~departmental~~ the agency's priorities, developing an annual audit plan, administering an effective enterprise risk management program, and is making efficient, effective, and financially responsible transportation decisions.

(4) The Secretary of Transportation, the Legislature, and the California Transportation Commission, ~~and the director and chief deputy director of the department~~ Commission are fully informed concerning fraud, improper activities, or other serious abuses or deficiencies relating to the expenditure of transportation funds or administration of ~~department~~ agency programs and operations.

(b) The Governor shall appoint the director of the Audits and Investigations Office, who shall serve a six-year term, have the title of Inspector General, and be subject to Senate confirmation. The Inspector General may not be removed from office during that term, except for good cause. The reasons for removal of the Inspector General shall be stated in writing and shall include the basis for removal. The writing shall be sent to the Secretary of the Senate and the Chief Clerk of the Assembly at the time of the removal and shall be deemed to be a public document.

(c) The Inspector General is vested with the full authority to exercise all responsibility for maintaining a full scope, independent, and objective audit

and investigation program as prescribed by Sections 1237, 13885, 13886.5, 13887.5, and 13888, including, but not limited to, those activities described in Section 14461.

(d) Notwithstanding Section 13887, in order to achieve independence and objectivity pursuant to this section, the Independent Office of Audits and Investigation for Transportation shall meet all of the following requirements:

(1) The Inspector General shall report all audit and confidential investigation findings and recommendations made under his or her jurisdiction to the Secretary of Transportation ~~and the director and chief deputy director of the department~~ on an ongoing and current basis.

(2) The Inspector General shall report at least annually, or upon request, to the Governor, the Legislature, and the California Transportation Commission with a summary of his or her investigation and audit findings and recommendations. The summary shall be posted on the office's Internet Web site and shall otherwise be made available to the public upon its release to the Governor, commission, and Legislature. The summary shall include, but need not be limited to, significant problems discovered by the Inspector General and whether the Inspector General's recommendations relative to audits and investigations have been implemented by the affected units and programs of the ~~department~~ state agency or affected external entities. The report shall be submitted to the Legislature in compliance with Section 9795.

SEC. 6. Section 14461 of the Government Code is amended to read:

14461. The Inspector General shall review policies, practices, and procedures and conduct audits and investigations of activities involving state transportation funds administered by ~~the department~~ state agencies in consultation with all affected units and programs of the ~~department~~ state agency and external entities.

SEC. 7. Section 14462 is added to the Government Code, to read:

14462. (a) The Inspector General, in consultation with the California State Auditor, shall annually conduct an audit of all state transportation megaprojects. The audit shall include, but not be limited to, all of the following:

(1) Evaluating whether the administering agency has developed a comprehensive risk management plan that clearly defines roles and responsibilities for risk management and addresses the process by which it will identify and quantify project risks, implement and track risk response activities, and monitor and control risks throughout the duration of the project.

(2) Qualifying the effect of identified risks in financial terms.

(3) Evaluating whether the administering agency develops and maintains documents to track identified risks and related mitigation steps.

(4) Assessing the administering agency's estimates of capital and capital outlay support costs.

(5) Assessing whether the administering agency maintains adequate reserves for potential claims and unknown risks, incorporating information related to risks identified and quantified through its risk assessment process.

(6) Reviewing a sample of expenditures to ensure compliance with all relevant laws and best practices.

(b) For purposes of this section, the following terms have the following meanings:

(1) "Administering agency" means the Department of Transportation, the High-Speed Rail Authority, the Department of the California Highway Patrol, the Department of Motor Vehicles, the State Air Resources Board, or any other state agency expending state transportation funds.

(2) "Megaproject" means a transportation public works project with total estimated development and construction costs exceeding two billion five hundred million dollars (\$2,500,000,000) that is administered, planned, and developed by an administering agency.

SEC. 8. Section 14500 of the Government Code is amended to read:

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

SEC. 9. Section 14534.1 of the Government Code is repealed.

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

SEC. 10. Section 16773 of the Government Code is amended to read:

16773. (a) Whenever any payment of principal of any bonds shall become due, either upon the maturity of any of the bonds or upon the redemption thereof prior to maturity, and whenever any interest on any of the bonds shall fall due, warrants shall be drawn against the appropriation made by the bond act from the General Fund by the Controller in favor of the Treasurer, or state fiscal agents, or other duly authorized agents, pursuant to claims filed with the Controller by the Treasurer, in the amounts so falling due.

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

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

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

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

SEC. 11. Section 16965 of the Government Code is repealed.

~~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 Bond Direct Payment Account in each month sufficient funds to equal the amount designated in a certificate submitted by the Treasurer to the Controller and the Director of Finance at the start of each fiscal year, and as may be modified by the Treasurer thereafter upon issuance of any new issue of designated bonds or upon change in circumstances that requires such a modification. This certificate shall be calculated by the Treasurer to identify, for each month, the amount necessary to fund all of the debt service with respect to all designated bonds. This calculation shall be done in a manner provided in the resolution, indenture, or other documents governing the designated bonds. In the event that transfers to the Transportation Bond Direct Payment Account in 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 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 116 (1990). 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.~~

~~(f) 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 eligible cost of current year debt service payments made from the General Fund with respect to any bonds issued pursuant to Proposition 108 (1990) and Proposition 1A (2008), and one-quarter 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). The Department of Finance shall notify the Controller by July 30 of every year of the percentage of debt service that is expected to be paid in that fiscal year with respect to bond-funded projects that qualify as eligible guideway projects consistent with the requirements applicable to the expenditure of revenues under Article XIX of the California Constitution, and the Controller shall make payments only for those eligible projects. 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.~~

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

SEC. 12. Section 16965.1 of the Government Code is amended to read:

16965.1. (a) ~~(1)~~ The loan repayment dates relative to State Highway Account loans to the General Fund that are specified in the provisional language of the following Budget Act items are hereby eliminated, and ~~the Director of Finance may repay any remaining portion of the outstanding balance of these loans in any year in which the director determines the funds are needed to reimburse the General Fund for debt service or to redeem or defease bonds maturing in a subsequent fiscal year, provided that~~ the loans shall be repaid no later than ~~June 30, 2021:~~ December 31, 2018:

~~(A)~~

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

~~(B)~~

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

~~(C)~~

(3) Item 2660-013-0042 of Section 2.00 of the Budget Act of 2011, ~~as contained in SB 69 of the 2011-12 Regular Session, if that provision is enacted.~~ 2011 (SB 87, Chapter 33 of the Statutes of 2011).

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

(b) The loan repayment date relative to the Public Transportation Account that is specified in the provisional language in Item 2660-011-0046 of Section 2.00 of the Budget Act of 2010 (SB 870, Chapter 712 of the Statutes of 2010), is hereby eliminated, and the loan pursuant to this item shall instead be repaid by ~~June 30, 2021.~~ December 31, 2018.

SEC. 13. 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 fiscal year, and notwithstanding Section 13340 of the Government Code, 35 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 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 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 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, 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) (1) An amount from the fund equal to the revenues described in subdivisions (a) and (d) of Section 6051.8 of, and subdivisions (a) and (d) of Section 6201.8 of, the Revenue and Taxation Code shall be transferred quarterly to the Public Transportation Account in the State Transportation Fund for allocation pursuant to Section 99312.1 of the Public Utilities Code, if revenues are available after the appropriations in paragraphs (1) and (2) of subdivision (b).

(2) Notwithstanding any other provision of law, revenues transferred to the Public Transportation Account pursuant to this subdivision shall be exempt from any statutory restrictions and limitations otherwise applicable to expenditures of revenues from the Greenhouse Gas Reduction Fund, if the expenditures are in compliance with Section 1 of Article XIX A of the California Constitution and Article 6.5 (commencing with Section 99310) of Chapter 4 of Part 11 of Division 10 of the Public Utilities Code.

(d) An amount from the fund equal to the revenues generated pursuant to subdivision (a) of Section 44060.5 shall be transferred to the Air Quality Improvement Fund and the Alternative and Renewable Fuel and Vehicle Technology Fund as described in subdivision (b) of that section, and an amount from the fund equal to the revenues generated pursuant to subdivision (a) of Section 9250.1 of the Vehicle Code shall be transferred to the Alternative and Renewable Fuel and Vehicle Technology Fund and the Enhanced Fleet Modernization Subaccount as described in subdivision (b) of that section. These transfers shall be applicable only if revenues are available after the appropriations in paragraphs (1) and (2) of subdivision (b) and after the transfer in subdivision (c).

~~(e)~~

(e) 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. 14. Section 44060.5 of the Health and Safety Code is amended to read:

44060.5. (a) Beginning July 1, 2008, the smog abatement fee described in subparagraph (A) or (C) of paragraph (1) of subdivision (d) of Section 44060 shall be increased by eight dollars (\$8).

(b) ~~Revenues~~ Except as otherwise specified in subdivision (c), revenues generated by the increase described in this section shall be distributed as follows:

(1) The revenues generated by four dollars (\$4) shall be deposited in the Air Quality Improvement Fund created by Section 44274.5.

(2) The revenues generated by four dollars (\$4) shall be deposited in the Alternative and Renewable Fuel and Vehicle Technology Fund created by Section 44273.

(c) If a transfer is made pursuant to subdivision (d) of Section 39719, the equivalent amount of revenues generated by the fee increase in subdivision (a) shall be transferred to the Traffic Relief and Road Improvement Account

created pursuant to Section 2041 of the Streets and Highways Code.

~~(e)~~

(d) This section shall remain in effect only until January 1, 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2024, deletes or extends that date.

SEC. 15. Section 21080.36 is added to the Public Resources Code, to read:

21080.36. (a) This division does not apply to a project, or the issuance of a permit for a project, that consists of the inspection, maintenance, repair, rehabilitation, replacement, or removal of existing transportation infrastructure, including, but not limited to, highways, roadways, bridges, culverts, tunnels, transit systems, bikeways, and paths and sidewalks serving bicycles or pedestrians, or both bicycles and pedestrians, or the addition of an auxiliary lane or bikeway to existing transportation infrastructure if the project is located within an existing right-of-way, and any area surrounding the right-of-way that is to be altered as a result of construction activities that are necessary for the completion of the project will be restored to its condition before the project, and the project does not add additional motor vehicle lanes, except auxiliary lanes.

(b) For a project meeting the requirements of subdivision (a), the public agency carrying out the project shall do all of the following:

(1) Notify, in writing, any affected public agency, including, but not limited to, any public agency having permit, land use, environmental, public health protection, or emergency response authority over the project.

(2) Provide the notice of exemption in a manner specified in subdivision (b) of Section 21108 or subdivision (b) of Section 21152.

(3) Comply with all conditions otherwise authorized by law, and any conditions imposed by the city or county planning department as part of any applicable local agency permit process that are required to mitigate potential impacts of the project and to otherwise comply with the Porter-Cologne Water Quality Control Act (Division 7 (commencing with Section 13000) of the Water Code), Chapter 6 (commencing with Section 1600) of Division 2 of the Fish and Game Code, the California Endangered Species Act (Chapter 1.5 (commencing with Section 2050) of Division 3 of the Fish and Game Code), and other applicable state and federal law.

(c) For purposes of this section, "auxiliary lane" means the portion of the roadway used for weaving, truck climbing, speed change, or for other purposes supplemental to through traffic movement.

SEC. 16. Section 21099 of the Public Resources Code is amended to read:

21099. (a) For purposes of this section, the following terms mean the following:

(1) "Employment center project" means a project located on property zoned for commercial uses with a floor area ratio of no less than 0.75 and that is located within a transit priority area.

(2) "Floor area ratio" means the ratio of gross building area of the development, excluding structured parking areas, proposed for the project divided by the net lot area.

(3) "Gross building area" means the sum of all finished areas of all floors of a building included within the outside faces of its exterior walls.

(4) "Infill site" means a lot located within an urban area that has been previously developed, or on a vacant site where at least 75 percent of the perimeter of the site adjoins, or is separated only by an improved public right-of-way from, parcels that are developed with qualified urban uses.

(5) "Lot" means all parcels utilized by the project.

(6) "Net lot area" means the area of a lot, excluding publicly dedicated land and private streets that meet local standards, and other public use areas as determined by the local land use authority.

(7) "Transit priority area" means an area within one-half mile of a major transit stop that is existing or planned, if the planned stop is scheduled to be completed within the planning horizon included in a Transportation Improvement Program adopted pursuant to Section 450.216 or 450.322 of Title 23 of the Code of Federal Regulations.

(b) (1) The Office of Planning and Research shall prepare, develop, and transmit to the Secretary of the Natural Resources Agency for certification and adoption proposed revisions to the guidelines adopted pursuant to Section 21083 establishing criteria for determining the significance of transportation impacts of projects within transit priority areas. Those criteria shall promote the reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses. In developing the criteria, the office shall recommend potential metrics to measure transportation impacts that may include, but are not limited to, vehicle miles traveled, vehicle miles traveled per capita, automobile trip generation rates, or automobile trips generated. The office may also establish criteria for models used to analyze transportation impacts to ensure the models are accurate, reliable, and consistent with the intent of this section.

(2) Upon certification of the guidelines by the Secretary of the Natural Resources Agency pursuant to this section, automobile delay, as described solely by level of service or similar measures of vehicular capacity or traffic congestion shall not be considered a significant impact on the environment pursuant to this division, except in locations specifically identified in the guidelines, if any.

(3) This subdivision does not relieve a public agency of the requirement to analyze a project's potentially significant transportation impacts related to air quality, noise, safety, or any other impact associated with transportation. The methodology established by these guidelines shall not create a presumption that a project will not result in significant impacts related to air quality, noise, safety, or any other impact associated with transportation. Notwithstanding the foregoing, the adequacy of parking for a project shall not support a finding of significance pursuant to this section.

(4) This subdivision does not preclude the application of local general plan policies, zoning codes, conditions of approval, thresholds, or any other planning requirements pursuant to the police power or any other authority.

(5) On or before July 1, 2014, the Office of Planning and Research shall circulate a draft revision prepared pursuant to paragraph (1).

~~(c) (1) The Office of Planning and Research may adopt guidelines pursuant to Section 21083 establishing alternative metrics to the metrics used for traffic levels of service for transportation impacts outside transit priority areas. The alternative metrics may include the retention of traffic levels of service, where appropriate and as determined by the office.~~

~~(2) This subdivision shall not affect the standard of review that would apply to the new guidelines adopted pursuant to this section.~~

~~(d)~~

(c) (1) Aesthetic and parking impacts of a residential, mixed-use residential, or employment center project on an infill site within a transit priority area shall not be considered significant impacts on the environment.

(2) (A) This subdivision does not affect, change, or modify the authority of a lead agency to consider aesthetic impacts pursuant to local design review ordinances or other discretionary powers provided by other laws or policies.

(B) For the purposes of this subdivision, aesthetic impacts do not include impacts on historical or cultural resources.

~~(e)~~

(d) This section does not affect the authority of a public agency to establish or adopt thresholds of significance that are more protective of the environment.

SEC. 17. 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.

(b) Except as provided by Section 6357.3, in addition to the taxes imposed by this part and by subdivision (a), commencing November 1, 2017, 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) (1) Notwithstanding subdivision (b) of Section 7102, except as otherwise provided in paragraph ~~(2)~~, (2) and subdivision (d), 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 by the Transportation Agency to intercity rail and commuter rail purposes pursuant to Section 99312.3 of the Public Utilities Code.

(d) Prior to the transfer in subdivision (c), the State Board of Equalization, with the concurrence of the Department of Finance, shall estimate the revenues that would have been generated if an additional tax had been imposed upon all retailers at the rate of 3.5 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. In any quarter where a transfer equal to this amount and the amount in subdivision (a) is made from the Greenhouse Gas Reduction Fund to the Public Transportation Account pursuant to subdivision (c) of Section 39719 of the Health and Safety Code, the revenues described in subdivision (a) shall be transferred to the Traffic Relief and Road Improvement Account created pursuant to Section 2041 of the Streets and Highways Code.

SEC. 18. Section 6051.9 is added to the Revenue and Taxation Code, to read:

6051.9. (a) Revenues received pursuant to Section 6051 and 6051.3 from the sale of motor vehicles shall be deposited in the State Treasury to the credit of the Traffic Relief and Road Improvement Account created pursuant to Section 2041 of the Streets and Highways Code.

(b) This section does not apply to either of the following:

(1) Any revenues from a tax levied by a county, city, or district pursuant to, or in accordance with, any provision of the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200)) or the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)).

(2) Any revenues from a tax levied pursuant to Section 6051.2, Section 35 of Article XIII of the California Constitution, or any tax levied pursuant to Section 6051 that is deposited in the State Treasury to the credit of the Local Revenue Fund 2011 pursuant to Section 6051.15.

SEC. 19. 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.

(b) Except as provided by Section 6357.3, in addition to the taxes imposed by this part and by subdivision (a), commencing November 1, 2017, 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.

(c) (1) Notwithstanding subdivision (b) of Section 7102, except as otherwise provided in paragraph ~~(2)~~, (2) and subdivision (d), 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 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 by the Transportation Agency to intercity rail and commuter rail purposes pursuant to Section 99312.3 of the Public Utilities Code.

(d) Prior to the transfer in subdivision (c), the State Board of Equalization, with the concurrence of the Department of Finance, shall estimate the revenues that would have been generated if an additional tax had been 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. In any quarter where a transfer equal to this amount and the amount in subdivision (a) is made from the Greenhouse Gas Reduction Fund to the Public Transportation Account pursuant to subdivision (c) of Section 39719 of the Health and Safety Code, the revenues described in subdivision (a) shall be transferred to the Traffic Relief and Road Improvement Account created pursuant to Section 2041 of the Streets and Highways Code.

SEC. 20. Section 6201.9 is added to the Revenue and Taxation Code, to read:

6201.9. (a) Revenues received pursuant to Section 6201 and 6201.3 from the purchase of motor vehicles shall be deposited in the State Treasury to the credit of the Traffic Relief and Road Improvement Account created pursuant to Section 2041 of the Streets and Highways Code.

(b) This section does not apply to either of the following:

(1) Any revenues from a tax levied by a county, city, or district pursuant to, or in accordance with, any provision of the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200)) or the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)).

(2) Any revenues from a tax levied pursuant to Section 6201.2, Section 35 of Article XIII of the California Constitution, or any tax levied pursuant to Section 6201 that is deposited in the State Treasury to the credit of the Local Revenue Fund 2011 pursuant to Section 6201.15.

SEC. 21. 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 1972 report prepared for this purpose and submitted to the Legislature on December 26, 1972, by the Director of Transportation. If the amount transferred during each fiscal year is in excess of the calculated amount, the excess shall be retransferred from the Harbors and Watercraft Revolving Fund to the Motor Vehicle Fuel Account. If the amount transferred is less than the amount calculated, the difference shall be transferred from the Motor Vehicle Fuel Account to the Harbors and Watercraft Revolving Fund. No adjustment shall be made if the computed difference is less than fifty thousand dollars (\$50,000), and the amount shall be adjusted to reflect any temporary or permanent increase or decrease that may be made in the rate under the Motor Vehicle Fuel Tax Law. Payments pursuant to this section shall be made prior to payments pursuant to Section 8352.2.

(b) (1) Commencing ~~July~~ January 1, ~~2012~~, 2019, the revenues attributable to the ~~taxes~~ tax imposed pursuant to ~~subdivision~~ subdivisions (b) and (d) of Section 7360 and otherwise to be deposited in the Harbors and Watercraft Revolving Fund pursuant to subdivision (a) shall instead be transferred to the ~~General Fund~~. Highway Users Tax Account for distribution pursuant to subdivision (a) of Section 2103 of the Streets and Highways Code.

(2) Commencing November 1, 2017, the revenues attributable to the taxes imposed pursuant to subdivision (c) of Section 7360, any adjustment pursuant to subdivision (d) of Section 7360, and Section 7361.2, and otherwise to be deposited in the Harbors and Watercraft Revolving Fund pursuant to subdivision (a), shall instead be transferred to the State Parks and Recreation Fund to be used for state parks, off-highway vehicle programs, or boating programs.

SEC. 22. Section 8352.5 of the Revenue and Taxation Code is amended to read:

8352.5. (a) (1) Subject to Sections 8352 and 8352.1, and except as otherwise provided in paragraph (1) of subdivision (b), there shall be transferred from the money deposited to the credit of the Motor Vehicle Fuel Account to the Department of Food and Agriculture Fund, during the second quarter of each fiscal year, an amount equal to the estimate contained in the most recent report prepared 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 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~~ January 1, 2012, 2019, the revenues attributable to the ~~taxes~~ tax imposed pursuant to ~~subdivision~~ subdivisions (b) and (d) 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 ~~General Fund-~~ Highway Users Tax Account for distribution pursuant to subdivision (a) of Section 2103 of the Streets and Highways Code.

(2) Commencing November 1, 2017, the revenues attributable to the taxes imposed pursuant to subdivision (c) of Section 7360, as adjusted pursuant to subdivision (d) of Section 7360, and Section 7361.2 shall be deposited in the Department of Food and Agriculture Fund.

(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. 23. Section 8352.6 of the Revenue and Taxation Code is amended to read:

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

(2) (A) Commencing ~~July 1, 2012,~~ January 1, 2019, the revenues attributable to the taxes imposed pursuant to ~~subdivision~~ subdivisions (b) and (d) of Section 7360 and otherwise to be deposited in the Off-Highway Vehicle Trust Fund pursuant to paragraph (1) shall instead be transferred to the ~~General Fund-~~ Highway Users Tax Account for distribution pursuant to subdivision (a) of Section 2103 of the Streets and Highways Code.

(B) Commencing November 1, 2017, the revenues attributable to the taxes imposed pursuant to subdivision (c) of Section 7360, any adjustment pursuant to subdivision (d) of Section 7360, and Section 7361.2, and otherwise to be

deposited in the Off-Highway Vehicle Trust Fund pursuant to subdivision (a), shall instead be transferred to the State Parks and Recreation Fund to be used for state parks, off-highway vehicle programs, or boating programs.

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

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

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

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

(3) Attendance at the state vehicular recreation areas.

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

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

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

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

SEC. 24. Section 13152 of the Revenue and Taxation Code is amended to read:

13152. ~~The~~ (a) Except as otherwise provided in subdivision (b),
the money in the Insurance Tax Fund shall, upon order of the Controller, be
drawn therefrom for refunds under this part or be transferred to the General
Fund of the State.

(b) The portion of revenues in the Insurance Tax Fund attributable to
the tax on automobile or motor vehicle policies, following the issuance of
refunds under this part, shall be transferred to the Traffic Relief and Road
Improvement Account created pursuant to Section 2041 of the Streets and
Highways Code.

SEC. 25. Section 143 of the Streets and Highways Code is amended to read:

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

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

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

(4) "Regional transportation agency" means any of the following:

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

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

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

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

(E) The Santa Clara Valley Transportation Authority established
pursuant to Part 12 (commencing with Section 100000) of Division 10 of the
Public Utilities Code.

(5) "Public Infrastructure Advisory Commission" means a unit or auxiliary
organization established by the Transportation Agency that advises the
department and regional transportation agencies in developing transportation
projects through performance-based infrastructure partnerships.

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

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

(A) Identify transportation project opportunities throughout the state.

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

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

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

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

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

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

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

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

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

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

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

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

(5) At least 60 days prior to executing a final lease agreement authorized pursuant to this section, the department or regional transportation agency shall submit the agreement to the Legislature and the Public Infrastructure Advisory Commission for review. Prior to submitting a lease agreement to the Legislature and the Public Infrastructure Advisory Commission, the department or regional transportation agency shall conduct at least one public hearing at a location at or near the proposed facility for purposes of receiving public comment on the lease agreement. Public comments made during this hearing shall be submitted to the Legislature and the Public Infrastructure Advisory Commission with the lease agreement. The Secretary of Transportation or the chairperson of the Senate or Assembly fiscal committees or policy committees with jurisdiction over transportation matters may, by written notification to the department or regional transportation agency, provide any comments about

the proposed agreement within the 60-day period prior to the execution of the final agreement. The department or regional transportation agency shall consider those comments prior to executing a final agreement and shall retain the discretion for executing the final lease agreement.

(d) For the purpose of facilitating those projects, the agreements between the parties may include provisions for the lease of rights-of-way in, and airspace over or under, highways, public streets, rail, or related facilities for the granting of necessary easements, and for the issuance of permits or other authorizations to enable the construction of transportation projects. Facilities subject to an agreement under this section shall, at all times, be owned by the department or the regional transportation agency, as appropriate. For department projects, the commission shall certify the department's determination of the useful life of the project in establishing the lease agreement terms. In consideration therefor, the agreement shall provide for complete reversion of the leased facility, together with the right to collect tolls and user fees, to the department or regional transportation agency, at the expiration of the lease at no charge to the department or regional transportation agency. At the time of the reversion, the facility shall be delivered to the department or regional transportation agency, as applicable, in a condition that meets the performance and maintenance standards established by the department or regional transportation agency and that is free of any encumbrance, lien, or other claims.

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

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

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

(2) The department or a regional transportation agency may exercise any power possessed by it with respect to transportation projects to facilitate the transportation projects pursuant to this section. The department, regional transportation agency, and other state or local agencies may provide services to the contracting entity or lessee for which the public entity is reimbursed, including, but not limited to, planning, environmental planning, environmental certification, environmental review, preliminary design, design, right-of-way acquisition, construction, maintenance, and policing of these transportation projects. The department or regional transportation agency, as applicable, shall regularly inspect the facility and require the contracting entity or

lessee to maintain and operate the facility according to adopted standards. Except as may otherwise be set forth in the lease agreement, the contracting entity or lessee shall be responsible for all costs due to development, maintenance, repair, rehabilitation, and reconstruction, and operating costs.

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

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

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

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

(D) Negotiations with proposers prior to award.

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

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

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

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

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

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

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

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

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

(B) Any instance where members of the contracting entity or lessee were

debarred, disqualified, or removed from a federal, state, or local government public works project.

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

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

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

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

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

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

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

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

(2) Safety projects.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(t) ~~No lease agreements may~~ A lease agreement shall not be entered into under this section on or after January 1, ~~2017.~~ 2030.

SEC. 26. 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 deposited in the Traffic Relief and Road Improvement Account created pursuant to Section 20 41.

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

SEC. 27. Chapter 2.5 (commencing with Section 2040) is added to Division 3 of the Streets and Highways Code, to read:

2.5 Traffic Relief and Road Improvement Program

2040. (a) The Traffic Relief and Road Improvement Program is hereby created to address traffic congestion and deferred maintenance on the state highway system and the local street and road system. Funds made available by the program shall be prioritized for expenditure on congestion relief projects,

basic road maintenance and road rehabilitation projects, and critical safety projects. For funds appropriated pursuant to subdivision (a) of Section 2042, the California 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. For funds appropriated pursuant to subdivision (c) of Section 2042, the California Transportation Commission shall develop metrics to identify projects that will achieve the greatest traffic reduction benefits. These metrics may include socioeconomic factors.

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

(A) Capacity expansion and technology upgrades to reduce traffic congestion.

(B) Road maintenance and rehabilitation.

(C) Safety projects.

(D) Railroad grade separations.

(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.

2041. The following revenues shall be deposited in the Traffic Relief and Road Improvement Account, which is hereby created in the State Transportation Fund:

(a) The sales and use tax revenues from motor vehicle sales and purchases, pursuant to Sections 6051.9 and 6201.9 of the Revenue and Taxation Code.

(b) The insurance tax revenues from automobile and motor vehicle policies, pursuant to Section 13152 of the Revenue and Taxation Code.

(c) The diesel fuel sales and use tax revenues available pursuant to Sections 6051.8 and 6201.8 of the Revenue and Taxation Code.

(d) The revenues from vehicle registration fee increases available pursuant to Section 44060.5 of the Health and Safety Code and Section 9250.1 of the Vehicle Code.

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

(f) Any other revenues designated for the program.

2041.5. Each fiscal year the annual Budget Act shall contain an appropriation from the Traffic Relief and Road Improvement 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.

2042. Notwithstanding Section 13340 of the Government Code, the balance of the revenues deposited in the Traffic Relief and Road Improvement Account are hereby continuously appropriated as follows:

(a) Forty percent for transfer to the State Highway Account for allocation to the department for maintenance of the state highway system or for purposes

of the State Highway Operation and Protection Program.

(b) Forty percent for apportionment to cities and counties by the Controller pursuant to the formula in subparagraphs (A) and (B) of paragraph (3) of subdivision (a) of Section 2103 for the purposes authorized by this chapter.

(c) Twenty percent to the State Highway Account to fund projects in the State Transportation Improvement Program that create measurable reductions in traffic congestion.

2043. (a) (1) Prior to receiving an apportionment of funds under the program pursuant to subdivision (b) of Section 2042 from the Controller in a fiscal year, an eligible city or county shall submit to the commission a list of projects proposed to be funded with these funds pursuant to an adopted city or county budget. All projects proposed to receive funding shall be included in a city or county budget that is adopted by the applicable city council or county board of supervisors at a regular public meeting. The list of projects proposed to be funded with these funds shall include a description and the 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 an eligible city or county to fund projects in accordance with local needs and priorities so long as the projects are consistent with subdivision (b) of Section 2040.

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

(b) For each fiscal year, each city or county receiving an apportionment of funds shall, upon expending program funds, submit documentation to the commission 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.

2044. (a) Cities and counties shall maintain their existing commitment of local funds for street, road, and highway purposes in order to remain eligible for an allocation or apportionment of funds pursuant to Section 2042.

(b) In order to receive an allocation or apportionment pursuant to Section 2042, the city or county shall annually expend from its general fund for street, road, and highway purposes an amount not less than the annual average of its expenditures from its general fund during the 2009-10, 2010-11, and 2011-12 fiscal years, as reported to the Controller pursuant to Section 2151. For purposes of this subdivision, in calculating a city's or county's annual general fund expenditures and its average general fund expenditures for the 2009-10, 2010-11, and 2011-12 fiscal years, any unrestricted funds that the city or county may expend at its discretion, including vehicle in-lieu tax revenues and revenues from fines and forfeitures, expended for street, road, and highway purposes shall be considered expenditures from the general fund. One-time allocations that have been expended for street and highway purposes, but which may not be available on an ongoing basis, including revenue provided under the Teeter Plan Bond Law of 1994 (Chapter 6.6 (commencing with Section 54773) of Part 1 of Division 2 of Title 5 of the Government Code), may not be considered when calculating a city's or county's annual general fund expenditures.

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

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

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

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

2045. The department shall implement efficiency measures with the goal to generate at least one hundred million dollars (\$100,000,000) per year in savings. The department shall annually identify savings achieved through efficiencies implemented at the department. The department, through the annual budget process, shall propose, from the identified savings, an appropriation to be included in the annual Budget Act of up to one hundred million dollars (\$100,000,000), but not to exceed the total annual identified savings, from the State Highway Account for expenditure on the Active Transportation Program created pursuant to Chapter 8 (commencing with Section 2380) of Division 3 to be allocated by the California Transportation Commission pursuant to Section 2381.

2046. The department shall increase its annual use of contract staff resources so that 20 percent of its capital outlay support staff consists of those resources by the 2020-21 fiscal year.

SEC. 28. Section 2103 of the Streets and Highways Code is amended to read:

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

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

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

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

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

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

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

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

~~Section 42205 of the Vehicle Code.~~

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

~~(B) Notwithstanding any other provision of law, with respect to the monthly net revenues described in subparagraph (A), no further transfers of these revenues for the purpose of loans to the General Fund shall be made pursuant to Item 2660-011-0062 of Section 2.00 of the Budget Act of 2010 once the loan transfers for the months of July to October, inclusive, in 2010 have been made. Notwithstanding the loan repayment date specified in the provisional language for that item, the funds loaned shall be repaid by June 30, 2021. Any transfers made from the monthly net revenues in subparagraph (A) for months after October 2010 shall be reversed and shall instead be made from weight fee revenues in the State Highway Account, as described in subparagraph (D). The revenues from loan repayments shall be held in the Highway Users Tax Account for future appropriation by the Legislature.~~

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

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

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

~~(A)~~

~~(1) Forty-four percent shall be transferred by the Controller to the State Highway Account to fund projects in the State Transportation Improvement Program that are consistent with Section 1 2 of Article XIX of the California Constitution, except in the 2010-11 fiscal year, 50 percent shall be transferred for purposes of this subparagraph.~~ Constitution.

~~(B)~~

~~(2) Twelve percent shall be transferred by the Controller to the State Highway Account to fund projects in the State Highway Operation and Protection Program, except in the 2010-11 fiscal year, no revenues shall be transferred for purposes of this subparagraph.~~ Program.

~~(C)~~

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

~~(i)~~

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

~~(ii)~~

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

~~(I)~~

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

~~(II)~~

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

(b) After the transfers or other actions pursuant to subdivision (a), at least 90 percent of the balance deposited to the credit of the Highway Users Tax Account in the Transportation Tax Fund by the 28th day of each month shall be apportioned or transferred, as applicable, by the Controller by the second working day thereafter, except for June, in which case the apportionment or transfer shall be made the same day. These apportionments or transfers shall be made as provided for in Sections 2104 to 2122, inclusive. If information is not available to make the apportionment or transfer as required, the apportionment or transfer shall be made on the basis of the information of the previous month. Amounts not apportioned or transferred shall be included in the apportionment or transfer of the subsequent month.

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

SEC. 29. Section 9250.1 of the Vehicle Code is amended to read:

9250.1. (a) Beginning July 1, 2008, the fee described in Section 9250 shall be increased by three dollars (\$3).

(b) ~~Two~~ Except as otherwise specified in subdivision (c), two dollars (\$2) of the increase shall be deposited into the Alternative and Renewable Fuel and Vehicle Technology Fund created by Section 44273 of the Health and Safety Code, and one dollar (\$1) shall be deposited into the Enhanced Fleet Modernization Subaccount created by Section 44126 of the Health and Safety Code.

(c) If a transfer is made pursuant to subdivision (d) of Section 39719 of the Health and Safety Code, the equivalent amount of revenues generated by the fee increase in subdivision (a) shall be transferred to the Traffic Relief and Road Improvement Account created pursuant to Section 2041 of the Streets and Highways Code.

~~(e)~~

(d) This section shall remain in effect only until January 1, 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2024, deletes or extends that date.

SEC. 30. Section 9400.1 of the Vehicle Code is amended to read:

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

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

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

Gross Vehicle Weight Range	Fee
10,001-15,000	\$ 257
15,001-20,000	353
20,001-26,000	435
26,001-30,000	552
30,001-35,000	648
35,001-40,000	761
40,001-45,000	837
45,001-50,000	948
50,001-54,999	1,039
55,000-60,000	1,173
60,001-65,000	1,282
65,001-70,000	1,398
70,001-75,000	1,650
75,001-80,000	1,700

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

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

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

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

Gross Vehicle Weight Range	Weight Code	Fee
10,001-15,000	A	\$ 332
15,001-20,000	B	447
20,001-26,000	C	546
26,001-30,000	D	586
30,001-35,000	E	801
35,001-40,000	F	937
40,001-45,000	G	1,028
45,001-50,000	H	1,161
50,001-54,999	I	1,270
55,000-60,000	J	1,431
60,001-65,000	K	1,562
65,001-70,000	L	1,701
70,001-75,000	M	2,004
75,001-80,000	N	2,064

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SEC. 31. Section 9400.4 of the Vehicle Code is repealed.

~~9400.4. Weight fee revenue deposited into the State Highway Account pursuant to subdivision (c) of Section 9400.1 and subdivision (a) of Section 42205 net of amounts appropriated for other purposes pursuant to subdivision (b) of Section 42205, and weight fee revenues deposited directly into the Transportation Debt Service Fund pursuant to subdivision (c) of Section 9400.1 and subdivision (a) of Section 42205, as applicable, shall be used as follows:~~

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

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

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

~~(3) By June 15, 2011, the Director of Finance in consultation with the Treasurer shall notify the Controller regarding the final amount of debt service paid from the General Fund during the 2010-11 fiscal year pursuant to Section 16965 of the Government Code and shall direct the Controller to reverse and adjust any transfers made as debt service reimbursements or loans so that a maximum amount of transfers are made for debt service reimbursements and with any loan amounts limited to the difference between this amount and the total amount appropriated in this subdivision. The total amount of weight fee revenues transferred from the State Highway Account for the 2010-11 fiscal year shall not be greater than the total amount of weight fee revenues deposited into the State Highway Account for that year.~~

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

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

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

~~(2) After the Director of Finance has notified the Controller that all debt service costs for the 2011-12 fiscal year have been reimbursed, the Controller shall transfer any remaining weight fee revenues for that fiscal year in the State Highway Account to the General Fund as a loan until all weight fee revenues for that fiscal year appropriated in this subdivision have been transferred to the General Fund, excluding forty two million dollars (\$42,000,000), which shall be transferred to the General Fund as a loan on July 1, 2012. The Director of Finance may repay any portion of the balance of this loan in any year in which the Director of Finance determines the funds are needed to reimburse the General Fund for current year transportation bond debt service or to redeem or retire those bonds, pursuant to Section 16774 of the Government Code, maturing in a subsequent year, provided that the loans shall be repaid no later than June 30, 2021. All funds loaned pursuant to this section, upon repayment to the State Highway Account, shall be immediately transferred by the Controller to the Transportation Debt Service Fund for use pursuant to Section 16965 of the Government Code.~~

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

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

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

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

~~(C) All funds transferred pursuant to subparagraphs (A) and (B) are hereby appropriated for transfer to the General Fund by the Controller as reimbursement for debt service costs paid with respect to eligible bonds described in subparagraph (A) of paragraph (2) of subdivision (a) of Section 16965 of the Government Code, until all debt service that the Director of Finance indicates qualifies for reimbursement as provided for in subdivision (d), (e), or (f) of Section 16965 of the Government Code has been reimbursed, or to redeem or retire bonds, pursuant to Section 16774 of the Government Code, as referenced in subdivision (d), (e), or (f) of Section 16965 of the Government Code, that are maturing in a subsequent year. After the Director of Finance has notified the Controller that all debt service costs for the fiscal year have been reimbursed, the Controller shall transfer any remaining revenue generated from weight fees subject to this section for that fiscal year in the State Highway Account to the General Fund as a loan. The Director of Finance may repay any portion of the balance of this loan in any year in which the Director of Finance determines that the funds are needed to reimburse the General Fund for current year transportation bond debt service or to redeem or retire those bonds pursuant to Section 16774 of the Government Code, maturing in a future fiscal year, provided that the loans shall be repaid no later than June 30, 2021. All funds loaned pursuant to this section, upon repayment to the State Highway Account, shall be immediately transferred by the Controller to the Transportation Debt Service Fund for use pursuant to Section 16965 of the Government Code. By June 15 of each year, the Director of Finance, in consultation with the Treasurer, shall notify the Controller regarding the final amount of debt service paid from the General Fund during that fiscal year pursuant to subdivision (d), (e), or (f) of Section 16965 of the Government Code and shall direct the Controller to reverse or adjust any transfers made as debt service reimbursements or loans so that a maximum amount of transfers are made for debt service reimbursements and with any loan amounts limited to the difference between this amount and the total amount of revenue for that fiscal year generated from weight fees, as determined by Sections 9400.1 and 42205. The total amount of weight fee revenues transferred from the State Highway Account in any fiscal year shall not be greater than the total amount of weight fee revenues deposited into the State Highway Account in that year.~~

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

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

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

~~(3) Notwithstanding paragraphs (1) and (2), if by the last day of a month the transfer for that month relating to designated bonds required by the Treasurer's certificate described in subdivision (b) of Section 16965 of the Government Code has not been made due to insufficient weight fee revenue,~~

~~weight fee revenue shall continue to be transferred pursuant to paragraph (2) beginning with the first day of the subsequent month and continuing every day until such time as sufficient revenue for full compliance with the certificate has been transferred.~~

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

SEC. 32. Section 42205 of the Vehicle Code is amended to read:

42205. (a) Notwithstanding Chapter 3 (commencing with Section 42270), the department shall file, at least monthly with the Controller, a report of money received by the department pursuant to Section 9400 for the previous month and shall, at the same time, remit all money so reported to the Treasurer. On order of the Controller, the Treasurer shall deposit all money so remitted into the State Highway Account in the State Transportation ~~Fund, or directly into the Transportation Debt Service Fund as provided in paragraph (2) of subdivision (c) of Section 9400.4, as applicable.~~ Fund.

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

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

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

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