

ASSEMBLY BILL

No. 3021

Introduced by Assembly Member Nava

February 22, 2008

An act to add Division 3 (commencing with Section 64100) to Title 6.7 of the Government Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 3021, as introduced, Nava. California Transportation Financing Authority.

Existing law generally provides for programming and allocation of transportation capital improvement funds pursuant to the state transportation improvement program process administered by the California Transportation Commission. Existing law authorizes the development of toll road projects under certain conditions. Existing law authorizes the commission and the Department of Transportation to operate and manage the Transportation Finance Bank to make loans for transportation projects. Existing law creates the California Infrastructure and Economic Development Bank to assist in the financing of various public infrastructure projects. Existing law authorizes the state to issue tax-exempt revenue anticipation notes backed by federal transportation appropriations.

This bill would create the California Transportation Financing Authority with specified powers and duties relative to issuance of revenue bonds to fund transportation projects to be backed by various revenue streams of transportation funds, and toll revenues under certain conditions, in order to facilitate the construction of additional capacity on the state highway system. The bill would set forth the requirements for a project sponsor to obtain bond funding from the authority, would

allow the authority to approve the imposition of tolls on a proposed project, and would enact other related provisions.

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

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

1 SECTION 1. Division 3 (commencing with Section 64100) is
2 added to Title 6.7 of the Government Code, to read:

3
4 DIVISION 3. CALIFORNIA TRANSPORTATION
5 FINANCING AUTHORITY
6

7 64100. (a) The California Transportation Financing Authority
8 is hereby created in state government.

9 (b) As used in this division, the following terms shall have the
10 following meanings:

11 (1) "Authority" shall mean the California Transportation
12 Financing Authority.

13 (2) "Commission" shall mean the California Transportation
14 Commission.

15 (3) "Department" shall mean the Department of Transportation.

16 (4) "Project sponsor" shall mean either the commission, a
17 regional transportation planning agency designated pursuant to
18 Section 29532, a local transportation commission established
19 pursuant to Section 29535, or a county transportation commission
20 or authority created pursuant to Division 12 (commencing with
21 Section 130000) of the Public Utilities Code.

22 (c) The authority shall consist of seven members, as follows:

23 (1) The Treasurer, who shall serve as the chair of the authority.

24 (2) The Director of Finance.

25 (3) The Controller.

26 (4) The Director of Transportation.

27 (5) The executive director of the commission.

28 (6) A local agency representative appointed by the Senate
29 Committee on Rules.

30 (7) A local agency representative appointed by the Speaker of
31 the Assembly.

1 (d) The chair of the authority shall appoint an executive director.
2 The offices of the authority shall be located in the Office of the
3 Treasurer.

4 (e) Funding for operation of the authority shall be derived from
5 a fee imposed on the bonds issued by the authority.

6 64101. The objective of the authority shall be to increase the
7 construction of new capacity for the state highway system through
8 the issuance of, or the approval of the issuance of, revenue bonds
9 backed by the revenue streams specified in Section 64102.

10 64102. The authority may pledge the following revenue sources
11 as security for revenue bonds issued by the authority:

12 (a) State, federal, and local transportation funds, including, but
13 not limited to, fuel taxes, Article XIX B fuel sales taxes, local
14 transportation sales taxes, federal transportation funds to the extent
15 permitted by federal law, other state revenues approved for this
16 purpose by the Legislature or by initiative, and developer fees.

17 (b) Tolls, on facilities where not otherwise prohibited by statute,
18 collected by a project sponsor with the approval of the authority.

19 64103. (a) A project sponsor may apply to the authority for
20 bond financing of a transportation project that has been approved
21 by the department and the commission for construction.

22 (b) The authority shall also ensure that the following
23 requirements are met for a project to be financed by the authority
24 to the extent these criteria have not already been met through
25 approval of the project by the commission:

26 (1) The project complies with all relevant statutes applicable to
27 planning, programming, and construction of transportation
28 improvement projects, and is contained in a regional transportation
29 plan.

30 (2) The project sponsor has cooperated with the department to
31 secure its support for the project and to ensure that the project is
32 consistent with the needs and requirements of the state highway
33 system.

34 (3) The project is technically feasible in that it conforms to
35 federal standards, meets or exceeds environmental requirements,
36 is able to be constructed on right-of-way available for highway
37 purposes that is in the possession of the department or the project
38 sponsor, and it has been approved as to all necessary permits that
39 will enable its construction.

1 (4) The project is financially feasible, as determined pursuant
2 to Section 64104.

3 (5) The authority has approved performance measures for the
4 project to enable the authority to track and report on the project's
5 progress to the Legislature and the commission.

6 (c) The authority shall have no power to plan projects, or to
7 approve projects other than provided in this division. The authority
8 shall have no power to assume any of the planning, programming,
9 or allocation authority of the department or the commission.

10 64104. (a) Prior to issuing or approving the issuance of bonds
11 for a project, the authority shall determine that the revenues
12 available for a project will be sufficient to pay debt service on the
13 bonds and to operate and maintain the project over the life of the
14 bonds. The authority may hire outside consultants to assist in
15 making these determinations.

16 (b) The authority may issue or approve the issuance of bonds
17 that do not possess investment grade ratings, as long as the bonds
18 are sold only to sophisticated investors who attest upon purchase
19 that they understand the nature of the risks of their investment.
20 The bonds may be taxable or tax-exempt and may be sold at public
21 or private sale. The Treasurer shall serve as the agent for sale for
22 all authority bond issues, and shall be reimbursed from bond
23 proceeds to cover the Treasurer's costs related to the issuance of
24 these bonds.

25 (c) The project sponsor may request that it be the issuer of the
26 bonds. The authority may grant the request if it determines that
27 the revenues available for the project will be sufficient to pay debt
28 service on the bonds and to operate and maintain the project over
29 the life of the bonds.

30 (d) The authority may arrange additional credit support for the
31 bond issues. However, the authority may not compel project
32 sponsors to make use of that credit enhancement, nor compel them
33 to contribute to it by becoming part of a common credit or by
34 providing funding for a common reserve or other enhancement
35 mechanism.

36 64105. The authority may authorize a project sponsor, or the
37 department, to collect tolls as one source of financing to pay debt
38 service and to operate and maintain a project under the following
39 conditions:

1 (a) The project will provide new and additional transportation
2 capacity on the state highway system.

3 (b) The governing body of the project sponsor, by a majority
4 vote of the body, has approved the imposition of tolls on users of
5 the project, or a majority of the voters within the jurisdiction of
6 the project sponsor has approved a ballot measure imposing the
7 tolls.

8 (c) Each project for which tolls are imposed shall have nontolled
9 alternative lanes available for public use in the same corridor as
10 the proposed toll project.

11 (d) The approval of the tolls pursuant to subdivision (b) shall
12 require that the tolls be set and maintained at a level sufficient to
13 pay debt service, operations, and maintenance of the project over
14 the life of the bonds.

15 (e) The project's financial pro forma shall incorporate life cycle
16 costs for the project, including revenues to pay for maintenance,
17 operation, and rehabilitation.

18 (f) Subject to any constraints in the bond documents necessary
19 to make the bonds marketable, excess revenues from operation of
20 the project, including toll revenues, shall be used exclusively in
21 the corridor from which the revenue was generated to fund
22 construction of high-occupancy vehicle facilities, other
23 transportation purposes, or transit service, including, but not limited
24 to, support for transit operations pursuant to an expenditure plan.

25 (g) Tolls may not be set to generate more revenue than the cost
26 of paying debt service on the bonds, operating and maintaining
27 the project, and providing transportation improvements to the
28 corridor pursuant to subdivision (f).

29 64106. A project sponsor of a project imposing tolls may
30 incorporate congestion management mechanisms to increase
31 mobility and regulate usage.

32 64107. The authority and the commission shall develop an
33 approval process that results in project approval by the commission
34 and financing approval by the authority in a cooperative manner
35 that is not sequential, in order that both approvals may be delivered
36 to a project at approximately the same time. Both agencies shall
37 work with potential project sponsors to ensure that projects are
38 developed and brought forward for approval in a manner consistent

- 1 with the commission's project requirements and the authority's
- 2 financing requirements.

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