

SENATE BILL

No. 1

Introduced by Senator Beall

June 22, 2015

An act to add Sections 14526.7, 14526.8, and 16321 to the Government Code, to amend Sections 7360, 10752, and 60050 of, and to add Sections 7361.2, 7653.2, 60050.2, and 60201.4 to, the Revenue and Taxation Code, to add Section 2103.1 to, and to add Chapter 2 (commencing with Section 2030) to Division 3 of, the Streets and Highways Code, and to add Sections 9250.3, 9250.6, and 9400.5 to the Vehicle Code, relating to transportation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1, as introduced, Beall. Transportation funding.

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

This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system. The bill would provide for the program to be authorized every 5 years by the Legislature, and would

provide that authorization for the 2015–16 through 2019–20 fiscal years. The bill would require the California Transportation Commission to identify the estimated funds to be available for the program and adopt performance criteria to ensure efficient use of the funds. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a \$0.10 per gallon increase in the motor vehicle fuel (gasoline) tax imposed by the bill and \$0.10 of the \$0.12 per gallon increase in the diesel fuel excise tax imposed by the bill, a \$0.10 per gallon storage tax on motor vehicle fuel and \$0.10 of the \$0.12 per gallon storage tax on diesel fuel imposed by the bill, an increase of \$35 in the annual vehicle registration fee, a new \$100 annual vehicle registration fee applicable to zero-emission motor vehicles, as defined, commercial vehicle weight fees redirected over a 5-year period from debt service on general obligation transportation bonds, and repayment, over a 3-year period, of outstanding loans made in previous years from certain transportation funds to the General Fund.

The bill would continuously appropriate the funds in the account for road maintenance and rehabilitation purposes for each 5-year period in which the Legislature has authorized the program, and would, for those fiscal years, allocate 5% of available funds to counties that approve a transactions and use tax on or after July 1, 2015, with the remaining funds to be allocated 50% for maintenance of the state highway system or to the state highway operation and protection program, and 50% to cities and counties pursuant to a specified formula. The bill would impose various requirements on agencies receiving these funds.

This bill, in fiscal years in which the Road Maintenance and Rehabilitation Program is not reauthorized by the Legislature, would make inoperative the increases in the gasoline and diesel excise tax rates and the \$35 increase in the vehicle registration fee imposed by the bill. The bill, in those fiscal years, would also provide for the deposit of revenues from the \$100 vehicle registration fee applicable to zero-emission vehicles, and weight fee revenues, in the State Highway Account, to be used for purposes of maintaining the state highway system or the state highway operation and protection program.

(2) The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) created the Trade Corridors Improvement Fund and provided for allocation by the California Transportation Commission of \$2 billion in bond funds for infrastructure

improvements on highway and rail corridors that have a high volume of freight movement, and specified categories of projects eligible to receive these funds. Existing law continues the Trade Corridors Improvement Fund in existence in order to receive revenues from sources other than the bond act for these purposes.

The bill would transfer revenues attributable to \$0.02 of the \$0.12 increase in the diesel fuel excise tax and revenues attributable to \$0.02 of the \$0.12 per gallon storage tax on diesel fuel to the Trade Corridors Improvement Fund for expenditure on eligible projects. As with the remainder of the gasoline and diesel fuel tax increases imposed by this bill, the \$0.02 per gallon portion of the diesel fuel excise tax increase would be inoperative in fiscal years in which the Road Maintenance and Rehabilitation Program in (1) is not reauthorized.

(3) Existing law imposes a vehicle license fee, in lieu of property tax, on motor vehicles based on market value, at a rate of 0.65%. Pursuant to Article XI of the California Constitution, vehicle license fee revenues at the 0.65% rate are required to be allocated to cities and counties.

This bill would incrementally increase the vehicle license fee to a rate of 1%, over a 5-year period beginning July 1, 2015, or as otherwise specified, with the revenues above the 0.65% rate to be deposited in the Transportation Bond Debt Service Account in the State Transportation Fund, which the bill would create, and to be used for transportation general obligation bond debt service.

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

This bill, on and after February 1, 2017, would require the commission to make an allocation of all capital and support costs for each project in the program, and would require the department to submit a

supplemental project allocation request to the commission for each project that experiences cost increases above the amounts in its allocation. The bill would require the commission to establish guidelines to provide exceptions to the requirement for a supplemental project allocation requirement that the commission determines are necessary to ensure that projects are not unnecessarily delayed.

(5) Existing law requires the Department of Transportation to prepare and submit to the Governor a proposed budget and to develop budgeting, accounting, fiscal control, and management information systems to provide budget oversight.

This bill, by April 1, 2016, would require the department to present to the California Transportation Commission a plan to increase department efficiency by up to 30% over the subsequent 3 years, with the ongoing savings to result in increased capital expenditures in the state highway operation and protection program or an increase in the state highway maintenance program.

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

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

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

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

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

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

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

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

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

5 (f) A five-year funding program will help address a portion of
6 the maintenance backlog on the state’s road system and will stop
7 the growth of the problem until a longer term solution can be
8 created.

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

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

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

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

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

24 SEC. 2. Section 14526.7 is added to the Government Code, to
25 read:

26 14526.7. (a) On and after February 1, 2017, an allocation by
27 the commission of all capital and support costs for each project in
28 the state highway operation and protection program shall be
29 required.

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

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

38 SEC. 3. Section 14526.8 is added to the Government Code, to
39 read:

1 14526.8. (a) On or before April 1, 2016, the department shall
 2 present to the commission a plan to increase department efficiency
 3 by up to 30 percent over the subsequent three years. The ongoing
 4 savings experienced through this increased efficiency shall result
 5 in increased capital expenditures in the department’s state highway
 6 operation and protection program or an increase in the department’s
 7 state highway maintenance program.

8 (b) The commission shall consider the reasonableness of the
 9 proposal, and may approve the entire plan or reject all or portions
 10 of the plan. The commission’s feedback is intended to ensure that
 11 the department is achieving the savings in the most responsible
 12 way possible.

13 (c) All future state highway operation and protection program
 14 documents shall identify the increased funding available to the
 15 program as a result of the efficiencies realized due to the
 16 implementation of the plan.

17 SEC. 4. Section 16321 is added to the Government Code, to
 18 read:

19 16321. (a) Notwithstanding any other law, on or before March
 20 1, 2016, the Department of Finance shall compute the amount of
 21 outstanding loans made from the State Highway Account, the
 22 Motor Vehicle Fuel Account, the Highway Users Tax Account,
 23 and the Motor Vehicle Account to the General Fund. The
 24 department shall prepare a loan repayment schedule, pursuant to
 25 which the outstanding loans shall be repaid to the accounts from
 26 which the loans were made, as follows:

27 (1) On or before June 30, 2016, 33 percent of the outstanding
 28 loan amounts.

29 (2) On or before June 30, 2017, 33 percent of the outstanding
 30 loan amounts.

31 (3) On or before June 30, 2018, 34 percent of the outstanding
 32 loan amounts.

33 (b) Notwithstanding any other provision of law, as the loans are
 34 repaid pursuant to this section, the repaid funds shall be transferred
 35 to the Road Maintenance and Rehabilitation Account created
 36 pursuant to Section 2031 of the Streets and Highways Code.

37 (c) Funds for loan repayments pursuant to this section shall be
 38 appropriated from the Budget Stabilization Account pursuant to
 39 subclause (II) of clause (ii) of subparagraph (B) of paragraph (1)

1 of subdivision (c) of Section 20 of Article XVI of the California
2 Constitution.

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

5 7360. (a) (1) (A) A tax of eighteen cents (\$0.18) is hereby
6 imposed upon each gallon of fuel subject to the tax in Sections
7 7362, 7363, and 7364.

8 (B) *In addition to the tax imposed pursuant to subparagraph*
9 *(A), on and after the 61st day after the effective date of the act*
10 *adding this subparagraph, a tax of ten cents (\$0.10) is hereby*
11 *imposed upon each gallon of fuel subject to the tax in Sections*
12 *7362, 7363, and 7364. This subparagraph shall be inoperative in*
13 *any fiscal year in which the Road Maintenance and Rehabilitation*
14 *Program has not been authorized, pursuant to subdivision (b) of*
15 *Section 2030 of the Streets and Highways Code.*

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

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

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

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

39 (3) In order to maintain revenue neutrality for each year,
40 beginning with the rate adjustment on or before March 1, 2012,

1 the adjustment under paragraph (2) shall also take into account the
2 extent to which the actual amount of revenues derived pursuant to
3 this subdivision and, as applicable, Section 7361.1, the revenue
4 loss attributable to the exemption provided by Section 6357.7
5 resulted in a net revenue gain or loss for the fiscal year ending
6 prior to the rate adjustment date on or before March 1.

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

10 SEC. 6. Section 7361.2 is added to the Revenue and Taxation
11 Code, to read:

12 7361.2. (a) For the privilege of storing, for the purpose of sale,
13 each supplier, wholesaler, and retailer owning 1,000 or more
14 gallons of tax-paid motor vehicle fuel on the 61st day after the
15 effective date of the act adding this section shall pay a storage tax
16 of ten cents (\$0.10) per gallon of tax-paid motor vehicle fuel in
17 storage according to the volumetric measure thereof.

18 (b) For purposes of this section:

19 (1) "Owning" means having title to the motor vehicle fuel.

20 (2) "Retailer" means any person who sells motor vehicle fuel
21 in this state to a person who subsequently uses the motor vehicle
22 fuel.

23 (3) "Storing" includes the ownership or possession of tax-paid
24 motor vehicle fuel outside of the bulk transfer/terminal system,
25 including the holding of tax-paid motor vehicle fuel for sale at
26 wholesale or retail locations stored in a container of any kind,
27 including railroad tank cars and trucks or trailer cargo tanks.
28 "Storing" also includes tax-paid motor vehicle fuel purchased from
29 and invoiced by the seller, and tax-paid motor vehicle fuel removed
30 from a terminal or entered into by a supplier, prior to the date
31 specified in subdivision (a) and in transit on that date.

32 (4) "Wholesaler" means any person who sells motor vehicle
33 fuel in this state for resale to a retailer or to a person who is not a
34 retailer and subsequently uses the motor vehicle fuel.

35 SEC. 7. Section 7653.2 is added to the Revenue and Taxation
36 Code, to read:

37 7653.2. On or before the 121st day after the effective date of
38 the act adding this section, each person subject to the storage tax
39 imposed under Section 7361.2 shall prepare and file with the board,
40 in a form prescribed by the board, a return showing the total

1 number of gallons of tax-paid motor vehicle fuel owned by the
 2 person on the 61st day after the effective date of the act adding
 3 this section, the amount of the storage tax, and any other
 4 information that the board deems necessary for the proper
 5 administration of this part. The return shall be accompanied by a
 6 remittance payable to the Controller in the amount of tax due.

7 SEC. 8. Section 10752 of the Revenue and Taxation Code is
 8 amended to read:

9 10752. (a) The annual amount of the license fee for any
 10 vehicle, other than a trailer or semitrailer, as described in
 11 subdivision (a) of Section 5014.1 of the Vehicle Code or a
 12 commercial motor vehicle described in Section 9400.1 of the
 13 Vehicle Code, or a trailer coach that is required to be moved under
 14 permit as authorized in Section 35790 of the Vehicle Code, shall
 15 be a sum equal to the following percentage of the market value of
 16 the vehicle as determined by the department:

17 (1) Sixty-five hundredths of 1 percent on and after January 1,
 18 2005, and before May 19, 2009.

19 (2) One percent for initial and renewal registrations due on and
 20 after May 19, 2009, but before July 1, 2011.

21 (3) Sixty-five hundredths of 1 percent for initial and renewal
 22 registrations due on and after July 1, ~~2011~~, *but before July*
 23 *1, 2015. However, to the extent the act amending this section in*
 24 *the first year of the 2015–16 legislative session becomes effective*
 25 *after July 1, 2015, the amount payable under this paragraph shall*
 26 *also apply to initial and renewal registrations due on and after*
 27 *July 1, 2015, but before the date that is 120 days after that act*
 28 *becomes effective.*

29 (4) *Seventy-two hundredths of 1 percent for initial and renewal*
 30 *registrations due on and after July 1, 2015, but before July 1, 2016.*
 31 *However, to the extent the act amending this section in the first*
 32 *year of the 2015–16 legislative session becomes effective after*
 33 *July 1, 2015, the amount payable under this paragraph shall apply*
 34 *to initial and renewal registrations due on and after the date that*
 35 *is 120 days after that act becomes effective, but before July 1,*
 36 *2016.*

37 (5) *Seventy-nine hundredths of 1 percent for initial and renewal*
 38 *registrations due on and after July 1, 2016, but before July 1, 2017.*

39 (6) *Eighty-six hundredths of 1 percent for initial and renewal*
 40 *registrations due on and after July 1, 2017, but before July 1, 2018.*

1 (7) *Ninety-three hundredths of 1 percent for initial and renewal*
 2 *registrations due on and after July 1, 2018, but before July 1, 2019.*

3 (8) *One percent for initial and renewal registrations due on and*
 4 *after July 1, 2019.*

5 (b) The annual amount of the license fee for any commercial
 6 vehicle as described in Section 9400.1 of the Vehicle Code, shall
 7 be a sum equal to 0.65 percent of the market value of the vehicle
 8 as determined by the department.

9 (c) Notwithstanding Chapter 5 (commencing with Section
 10 11001) or any other law to the contrary, all revenues (including
 11 penalties), less refunds, attributable to that portion of the rate
 12 imposed pursuant to this section in excess of 0.65 percent shall be
 13 deposited into the ~~General Fund~~. *Transportation Bond Debt Service*
 14 *Account in the State Transportation Fund, a special fund that is*
 15 *hereby created, and shall be used for debt service on transportation*
 16 *general obligation bonds. However, the annual Budget Act shall*
 17 *contain an appropriation from the Motor Vehicle License Fee*
 18 *Account to the Department of Motor Vehicles for its costs of*
 19 *administering this section, to the extent those costs are not covered*
 20 *by the appropriation authorized by subdivision (b) of Section*
 21 *11003.*

22 SEC. 9. Section 60050 of the Revenue and Taxation Code is
 23 amended to read:

24 60050. (a) (1) A tax of eighteen cents (\$0.18) is hereby
 25 imposed upon each gallon of diesel fuel subject to the tax in
 26 Sections 60051, 60052, and 60058.

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

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

39 (b) (1) On July 1, 2011, the tax rate specified in paragraph (1)
 40 of subdivision (a) shall be reduced to thirteen cents (\$0.13) and

1 every July 1 thereafter shall be adjusted pursuant to paragraphs
2 (2) and (3).

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

11 (3) In order to maintain revenue neutrality for each year,
12 beginning with the rate adjustment on or before March 1, 2013,
13 the adjustment under paragraph (2) shall take into account the
14 extent to which the actual amount of revenues derived pursuant to
15 Sections 6051.8 and 6201.8 and the revenue loss attributable to
16 this subdivision resulted in a net revenue gain or loss for the fiscal
17 year ending prior to the rate adjustment date on or before March
18 1.

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

22 *(c) In addition to the tax imposed pursuant to subdivisions (a)*
23 *and (b), on and after the 61st day after the effective date of the act*
24 *adding this subdivision, an additional tax of twelve cents (\$0.12)*
25 *is hereby imposed upon each gallon of diesel fuel subject to the*
26 *tax in Sections 60051, 60052, and 60058. This subdivision shall*
27 *be inoperative in any fiscal year in which the Road Maintenance*
28 *and Rehabilitation Program has not been authorized, pursuant to*
29 *subdivision (b) of Section 2030 of the Streets and Highways Code.*

30 SEC. 10. Section 60050.2 is added to the Revenue and Taxation
31 Code, to read:

32 60050.2. (a) For the privilege of storing, for the purpose of
33 sale, each supplier, wholesaler, and retailer owning 1,000 or more
34 gallons of tax-paid diesel fuel on the 61st day after the effective
35 date of the act adding this section shall pay a storage tax of twelve
36 cents (\$0.12) per gallon of tax-paid diesel fuel in storage according
37 to the volumetric measure thereof.

38 (b) For purposes of this section:

39 (1) “Owning” means having title to the diesel fuel.

1 (2) “Retailer” means any person who sells diesel fuel in this
2 state to a person who subsequently uses the diesel fuel.

3 (3) “Storing” includes the ownership or possession of tax-paid
4 diesel fuel outside of the bulk transfer/terminal system, including
5 the holding of tax-paid diesel fuel for sale at wholesale or retail
6 locations stored in a container of any kind, including railroad tank
7 cars and trucks or trailer cargo tanks. “Storing” also includes
8 tax-paid diesel fuel purchased from and invoiced by the seller, and
9 tax-paid diesel fuel removed from a terminal or entered into by a
10 supplier, prior to the date specified in subdivision (a) and in transit
11 on that date.

12 (4) “Wholesaler” means any person who sells diesel fuel in this
13 state for resale to a retailer or to a person who is not a retailer and
14 subsequently uses the diesel fuel.

15 SEC. 11. Section 60201.4 is added to the Revenue and Taxation
16 Code, to read:

17 60201.4. On or before the 121st day after the effective date of
18 the act adding this section, each person subject to the storage tax
19 imposed under Section 60050.2 shall prepare and file with the
20 board, in a form prescribed by the board, a return showing the total
21 number of gallons of tax-paid diesel fuel owned by the person on
22 the 61st day after the effective date of the act adding this section,
23 the amount of the storage tax, and any other information that the
24 board deems necessary for the proper administration of this part.
25 The return shall be accompanied by a remittance payable to the
26 Controller in the amount of tax due.

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

29
30 CHAPTER 2. ROAD MAINTENANCE AND REHABILITATION
31 PROGRAM
32

33 2030. (a) The Road Maintenance and Rehabilitation Program
34 is hereby created to address deferred maintenance on the state
35 highway system and the local street and road system. Funds made
36 available by the program shall be prioritized for expenditure on
37 basic road maintenance and road rehabilitation projects, and on
38 critical safety projects. The program shall be subject to
39 reauthorization every five years by the Legislature. The California
40 Transportation Commission shall identify the estimated funds to

1 be available pursuant to this chapter for the program during any
2 authorized five-year period, and shall adopt performance criteria
3 to ensure efficient use of the funds.

4 (b) The Legislature hereby authorizes the program for the
5 2015–16 to 2019–20 fiscal years, inclusive.

6 (c) If the Legislature does not reauthorize the program beyond
7 the 2019–20 fiscal year, the increases in excise tax rates for motor
8 vehicle fuel and diesel fuel associated with the revenues referenced
9 in subdivision (a) of Section 2031, and the increase in the vehicle
10 registration fee referenced in Section 9250.3 of the Vehicle Code,
11 shall terminate at the end of the 2019–20 fiscal year.

12 2031. The following revenues shall be deposited in the Road
13 Maintenance and Rehabilitation Account, which is hereby created
14 in the State Transportation Fund:

15 (a) (1) The revenues attributable to the increase in the motor
16 vehicle fuel excise tax by ten cents (\$0.10) per gallon and the
17 revenues attributable to ten cents (\$0.10) per gallon of the increase
18 in the diesel fuel excise tax by twelve cents (\$0.12) per gallon, as
19 provided in Section 2103.1.

20 (2) The revenues attributable to the storage tax imposed pursuant
21 to Section 7361.2 of the Revenue and Taxation Code and the
22 revenues attributable to ten cents (\$0.10) of the storage tax per
23 gallon of tax-paid diesel fuel imposed by Section 60050.2 of the
24 Revenue and Taxation Code, as provided in Section 2103.1.

25 (b) The revenues from the increase in the vehicle registration
26 fee pursuant to Section 9250.3 of the Vehicle Code.

27 (c) The revenues from the increase in the vehicle registration
28 fee pursuant to Section 9250.6 of the Vehicle Code, except as
29 provided in paragraph (2) of subdivision (b) of that section.

30 (d) The revenues from vehicle weight fees redirected from
31 transportation bond debt service to the State Highway Account,
32 pursuant to the schedule set forth in subdivision (a) of Section
33 9400.5 of the Vehicle Code.

34 (e) The revenues from repayment of loans made from the State
35 Highway Account, the Motor Vehicle Fuel Account, the Highway
36 Users Tax Account, and the Motor Vehicle Account to the General
37 Fund, pursuant to the schedule set forth in Section 16321 of the
38 Government Code.

39 (f) Any other revenues designated for the program.

1 2031.5. For each fiscal year in which the Road Maintenance
 2 and Rehabilitation Program is authorized, the annual Budget Act
 3 shall contain an appropriation from the Road Maintenance and
 4 Rehabilitation Account to the Controller for the costs of carrying
 5 out his or her duties pursuant to this chapter and to the California
 6 Transportation Commission for the costs of carrying out its duties
 7 pursuant to this chapter and Sections 14526.7 and 14526.8 of the
 8 Government Code.

9 2032. (a) After deducting the amounts appropriated in the
 10 annual Budget Act as provided in Section 2031.5, 5 percent of the
 11 remaining revenues deposited in the Road Maintenance and
 12 Rehabilitation Account for the period of fiscal years specified in
 13 subdivision (b) of Section 2030 shall be set aside for counties in
 14 which voters approve, on or after July 1, 2015, a transactions and
 15 use tax for transportation purposes, and which counties did not,
 16 prior to that approval, impose a transactions and use tax for those
 17 purposes. The funds available under this subdivision in each fiscal
 18 year are hereby continuously appropriated for allocation to each
 19 eligible county and each city in the county for road maintenance
 20 and rehabilitation purposes pursuant to Section 2035. However,
 21 funds remaining unallocated under this subdivision in any fiscal
 22 year shall be reallocated on the last day of the fiscal year pursuant
 23 to subdivision (b).

24 (b) The balance of the revenues deposited in the Road
 25 Maintenance and Rehabilitation Account for the period of fiscal
 26 years specified in subdivision (b) of Section 2030, including the
 27 revenues reallocated for the purposes of this subdivision pursuant
 28 to subdivision (a), are hereby continuously appropriated for road
 29 maintenance and rehabilitation purposes under the program, as
 30 follows:

31 (1) Fifty percent for allocation to the department for maintenance
 32 of the state highway system or for purposes of the state highway
 33 operation and protection program.

34 (2) Fifty percent for apportionment to cities and counties by the
 35 Controller pursuant to the formula in subparagraph (C) of
 36 paragraph (3) of subdivision (a) of Section 2103 for the purposes
 37 authorized by this chapter, subject to subdivision (d) of Section
 38 2033 and paragraph (2) of subdivision (a) of Section 2034.

39 2033. (a) The commission shall annually evaluate each agency
 40 receiving funds pursuant to this chapter.

1 (b) For each fiscal year in which the department receives an
2 allocation of funds pursuant to Section 2032, the department shall
3 submit documentation to the commission that includes a description
4 and the location of each completed project, the amount of funds
5 expended on the project, the completion date, and the project's
6 estimated useful life. The commission shall evaluate the
7 documentation to determine the effectiveness of the department
8 in reducing deferred maintenance and improving road conditions
9 on the state highway system, and may withhold future funding
10 from the department if it determines that program funds have not
11 been appropriately spent.

12 (c) For each fiscal year in which an agency receives an
13 apportionment of funds pursuant to subdivision (a) or paragraph
14 (2) of subdivision (b) of Section 2032, the commission shall
15 evaluate the documentation submitted pursuant to subdivision (b)
16 of Section 2034 to determine the effectiveness of the agency in
17 reducing deferred maintenance and improving road conditions
18 within its jurisdiction.

19 (d) If the commission determines, with respect to any given
20 fiscal year, that a local agency has not appropriately spent its
21 apportionment of funds, the commission shall direct the Controller
22 to make that agency ineligible to receive an apportionment during
23 the next fiscal year. The Controller shall reapportion that agency's
24 share of funds to all other eligible local agencies pursuant to
25 paragraph (2) of subdivision (b) of Section 2032.

26 (e) The commission shall include a discussion of its evaluations
27 pursuant to this section in its annual report to the Legislature
28 pursuant to Section 14535 of the Government Code.

29 2034. (a) (1) Prior to receiving an apportionment of funds
30 under the program pursuant to paragraph (2) of subdivision (b) of
31 Section 2032 from the Controller in a fiscal year, an eligible local
32 agency shall submit to the commission a list of projects proposed
33 to be funded with these funds pursuant to an adopted city, county,
34 or city and county budget. All projects proposed to receive funding
35 shall be included in a city, county, or city and county budget that
36 is adopted by the applicable city council or county board of
37 supervisors at a regular public meeting. The list of projects
38 proposed to be funded with these funds shall include a description
39 and the location of each proposed project, a proposed schedule for
40 the project's completion, and the estimated useful life of the

1 improvement. The project list shall not limit the flexibility of an
2 eligible local agency to fund projects in accordance with local
3 needs and priorities so long as the projects are consistent with
4 subdivision (d).

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

11 (b) For each fiscal year, each local agency receiving an
12 apportionment of funds shall, upon expending program funds,
13 submit documentation to the commission that includes a description
14 and location of each completed project, the amount of funds
15 expended on the project, the completion date, and the project's
16 estimated useful life. The documentation shall also include a
17 comparison of the projects the local agency would have completed
18 without receiving funds under the program compared with the
19 projects completed with these funds.

20 (c) The documentation provided pursuant to subdivision (b)
21 shall be forwarded by the commission to the department, in a
22 manner and form approved by the department, at the end of each
23 fiscal year as long as program funds remain available for
24 expenditure. The department may post the information contained
25 in the documentation on its Internet Web site.

26 (d) Funds made available to a local agency under the program
27 shall be used for improvements to transportation facilities that will
28 assist in reducing further deterioration of the existing road system.
29 These improvements may include, but need not be limited to,
30 pavement maintenance, rehabilitation, installation, construction,
31 and reconstruction of necessary associated facilities such as
32 drainage and traffic control devices, or safety projects to reduce
33 fatalities. Funds made available under the program may also be
34 used to satisfy the local match requirement in order to obtain state
35 or federal transportation funds for similar purposes.

36 2035. (a) On or before July 1, 2016, the commission, in
37 cooperation with the department, transportation planning agencies,
38 county transportation commissions, and other local agencies, shall
39 develop guidelines for the allocation of funds pursuant to
40 subdivision (a) of Section 2032.

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

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

6 2036. (a) Cities and counties shall maintain their existing
7 commitment of local funds for street, road, and highway purposes
8 in order to remain eligible for an allocation or apportionment of
9 funds pursuant to Section 2032.

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

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

34 (d) For purposes of subdivision (b), the Controller may request
35 fiscal data from cities and counties in addition to data provided
36 pursuant to Section 2151, for the 2009–10, 2010–11, and 2011–12
37 fiscal years. Each city and county shall furnish the data to the
38 Controller not later than 120 days after receiving the request. The
39 Controller may withhold payment to cities and counties that do

1 not comply with the request for information or that provide
2 incomplete data.

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

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

16 SEC. 13. Section 2103.1 is added to the Streets and Highways
17 Code, to read:

18 2103.1. (a) Notwithstanding subdivision (b) of Section 2103,
19 the portion of the revenues in the Highway Users Tax Account
20 attributable to the increase in the tax rate on motor vehicle fuel by
21 ten cents (\$0.10) per gallon pursuant to subdivision (a) of Section
22 7360 of the Revenue and Taxation Code and the increase in the
23 tax rate on diesel fuel by twelve cents (\$0.12) per gallon pursuant
24 to subdivision (c) of Section 60050 of the Revenue and Taxation
25 Code, as amended by the act adding this section, shall be deposited
26 in the Road Maintenance and Rehabilitation Account created
27 pursuant to Section 2031, except that the portion of the revenues
28 attributable to two cents (\$0.02) of the increase in the per gallon
29 tax rate on diesel fuel shall be deposited in the Trade Corridors
30 Improvement Fund for expenditure pursuant to Section 2192.

31 (b) The portion of the revenues in the Highway Users Tax
32 Account attributable to the storage tax imposed pursuant to Section
33 7361.2 of the Revenue and Taxation Code and the storage tax
34 imposed pursuant to Section 60050.2 of the Revenue and Taxation
35 Code shall be deposited in the Road Maintenance and
36 Rehabilitation Account created pursuant to Section 2031, except
37 that the portion of the revenues attributable to two cents (\$0.02)
38 of the storage tax per gallon of tax-paid diesel fuel imposed by
39 Section 60050.2 of the Revenue and Taxation Code shall be

1 deposited in the Trade Corridors Improvement Fund for
2 expenditure pursuant to Section 2192.

3 SEC. 14. Section 9250.3 is added to the Vehicle Code, to read:

4 9250.3. (a) In addition to any other fees specified in this code
5 or the Revenue and Taxation Code, commencing 120 days after
6 the effective date of the act adding this section, a registration fee
7 of thirty-five dollars (\$35) shall be paid to the department for
8 registration or renewal of registration of every vehicle subject to
9 registration under this code, except those vehicles that are expressly
10 exempted under this code from payment of registration fees.

11 (b) (1) For any year in which the Road Maintenance and
12 Rehabilitation Program is authorized pursuant to subdivision (b)
13 of Section 2030 of the Streets and Highways Code, revenues from
14 the fee, after deduction of the department's administrative costs
15 related to this section, shall be deposited in the Road Maintenance
16 and Rehabilitation Account created pursuant to Section 2031 of
17 the Streets and Highways Code.

18 (2) For any year in which the Legislature does not reauthorize
19 the Road Maintenance and Rehabilitation Program, this section
20 shall be inoperative.

21 SEC. 15. Section 9250.6 is added to the Vehicle Code, to read:

22 9250.6. (a) In addition to any other fees specified in this code
23 or in the Revenue and Taxation Code, commencing 120 days after
24 the effective date of the act adding this section, a registration fee
25 of one hundred dollars (\$100) shall be paid to the department for
26 registration or renewal of registration of every zero-emission motor
27 vehicle subject to registration under this code, except those motor
28 vehicles that are expressly exempted under this code from payment
29 of registration fees.

30 (b) (1) For any year in which the Road Maintenance and
31 Rehabilitation Program is authorized pursuant to subdivision (b)
32 of Section 2030 of the Streets and Highways Code, revenues from
33 the fee, after deduction of the department's administrative costs
34 related to this section, shall be deposited in the Road Maintenance
35 and Rehabilitation Account created pursuant to Section 2031 of
36 the Streets and Highways Code.

37 (2) For any year in which the Legislature does not reauthorize
38 the Road Maintenance and Rehabilitation Program, revenues from
39 the fee shall be deposited in the State Highway Account to be used

1 for purposes of maintaining the state highway system or the state
2 highway operation and protection program.

3 (c) This section does not apply to a commercial motor vehicle
4 subject to Section 9400.1.

5 (d) For purposes of this section, “zero-emission motor vehicle”
6 means a motor vehicle as described in subdivisions (c) and (d) of
7 Section 44258 of the Health and Safety Code, or any other motor
8 vehicle that is able to operate on any fuel other than gasoline or
9 diesel fuel.

10 SEC. 16. Section 9400.5 is added to the Vehicle Code, to read:

11 9400.5. (a) Notwithstanding Sections 9400.1, 9400.4, and
12 42205 of this code, Sections 16773 and 16965 of the Government
13 Code, Section 2103 of the Streets and Highways Code, or any
14 other law, the amount of weight fee revenues otherwise to be
15 transferred from the State Highway Account to the Transportation
16 Debt Service Fund, the Transportation Bond Direct Payment
17 Account, or any other fund or account for the purpose of payment
18 of the debt service on transportation general obligation bonds, or
19 for the purpose of being loaned to the General Fund, shall be
20 reduced pursuant to the following schedule, with the applicable
21 revenues thereby retained in the State Highway Account to be
22 transferred to the Road Maintenance and Rehabilitation Account
23 created pursuant to Section 2031 of the Streets and Highways
24 Code:

- 25 (1) For the 2015–16 fiscal year, by 20 percent.
- 26 (2) For the 2016–17 fiscal year, by 40 percent.
- 27 (3) For the 2017–18 fiscal year, by 60 percent.
- 28 (4) For the 2018–19 fiscal year, by 80 percent.
- 29 (5) For the 2019–20 fiscal year and in each subsequent fiscal
30 year thereafter, by 100 percent.

31 (b) For any year in which the Legislature does not reauthorize
32 the Road Maintenance and Rehabilitation Program, pursuant to
33 subdivision (b) of Section 2030 of the Streets and Highways Code,
34 the revenues described in subdivision (a) shall be retained in the
35 State Highway Account to be used for purposes of maintaining
36 the state highway system or the state highway operation and
37 protection program.

38 SEC. 17. This act is an urgency statute necessary for the
39 immediate preservation of the public peace, health, or safety within

1 the meaning of Article IV of the Constitution and shall go into
2 immediate effect. The facts constituting the necessity are:
3 In order to provide additional funding for road maintenance and
4 rehabilitation purposes as quickly as possible, it is necessary for
5 this act to take effect immediately.

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