

AMENDED IN SENATE APRIL 21, 2016
AMENDED IN SENATE SEPTEMBER 1, 2015
AMENDED IN SENATE AUGUST 25, 2015
AMENDED IN SENATE JULY 14, 2015

CALIFORNIA LEGISLATURE—2015–16 FIRST EXTRAORDINARY SESSION

SENATE BILL

No. 1

Introduced by Senator Beall
(Coauthors: Senators Allen, Hall, Hertzberg, McGuire, and Mendoza)

June 22, 2015

An act to *amend Sections 13975, 14500, 14526.5, and 16965 of, to add Sections 14007.3, 14033, 14526.7, 14526.8, ~~14528, 14528.1, and 16321~~ to 14526.9, 16321, and 16965.2 to, to add Part 5.1 (commencing with Section 14460) to Division 3 of Title 2 of, and to repeal Section 14534.1 of, the Government Code, to amend Section 39719 of the Health and Safety Code, to amend Section 21080.37 of, and to add Division 13.6 (commencing with Section 21200) to, the Public Resources Code, to amend Section 99312.1 of the Public Utilities Code, to amend Sections ~~7360~~ 6051.8, 6201.8, 7360, 8352.4, 8352.5, 8352.6, and 60050 of the Revenue and Taxation Code, to amend Sections 143, 183.1, and 820.1 of, to add ~~Section~~ Sections 2103.1 and 2103.2 to, to add Article 8 (commencing with Section 228) to Chapter 1 of Division 1 of, and to add Chapter 2 (commencing with Section 2030) to Division 3 of, the Streets and Highways Code, and to add Sections ~~9250.3 and 9250.6 to~~ 9250.3, 9250.6, 9400.5, and 9400.6 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 amended, Beall. Transportation—~~funding~~. *funding: environmental mitigation: oversight.*

(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 and for other specified purposes. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a \$0.12 per gallon increase in the motor vehicle fuel (gasoline) tax imposed by the bill and \$0.10 of a \$0.22 per gallon increase in the diesel fuel excise tax imposed by the bill, ~~including an inflation adjustment, as provided~~, 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, a new annual road access charge on each vehicle, as defined, of \$35, and repayment, ~~over a 3-year period, by June 30, 2016~~, of outstanding loans made in previous years from certain transportation funds to the General Fund. *The bill would provide that revenues from future adjustments in the applicable portion of the fuel tax rates, the annual vehicle registration fee increase, and the road access charge would also be deposited in the account.*

The bill would continuously appropriate the funds in the account for road maintenance and rehabilitation purposes and would allocate 5% of available funds to counties that approve a transactions and use tax on or after July 1, ~~2015~~, 2016, 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 and would require the California Transportation Commission to adopt performance criteria related to highway performance goals, greenhouse gas emissions, social equity impacts, and public health impacts, as specified. The bill would require the commission to annually evaluate the department and each city and county receiving these revenues to determine effectiveness in reducing deferred maintenance and improving roadway conditions, as well as in meeting the performance criteria. The bill would authorize the commission to withhold future allocations of funds or to reapportion funds to other agencies under certain conditions. The bill would authorize a city or county to spend its apportionment of funds under the program on transportation priorities other than those allowable pursuant to the program if the city's or county's average Pavement Condition Index meets or exceeds 85.

(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 \$0.12 of the \$0.22 increase in the diesel fuel excise tax *and future adjustments* to the Trade Corridors Improvement Fund for expenditure on eligible projects.

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

This bill would eliminate the annual rate adjustment to maintain revenue neutrality for the gasoline and diesel excise tax ~~rates~~ *rates, and would reimpose the gasoline excise tax rate that was in effect on July 1, 2010, in addition to the increase in the rate described in (1).* This bill would, beginning July 1, 2019, and every 3rd year thereafter, require the board to recompute the gasoline and diesel excise tax rates based upon the percentage change in the California Consumer Price Index *and the percentage change in the fuel efficiency of the state motor*

vehicle fleet, as transmitted to the board by the Department of Finance, as prescribed.

(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 July 1, 2016, would instead transfer to the Highway Users Tax Account for allocation to state and local transportation purposes under a specified formula the portion of gasoline excise tax revenues currently being deposited in the General Fund that are attributable to boats, agricultural vehicles, and off-highway vehicles. Because that account is continuously appropriated, the bill would make an appropriation.

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

This bill, as of July 1, 2016, would increase the additional sales and use tax rate on diesel fuel to 5.25%. By increasing revenues that are continuously appropriated, the bill would thereby make an appropriation. The bill would restrict expenditures of revenues from the July 1, 2016, increase in the sales and use tax on diesel fuel to transit capital purposes and certain transit services. The bill would require an existing required audit of transit operator finances to verify that these new revenues have been expended in conformance with these specific restrictions and all other generally applicable requirements.

This bill, as of July 1, 2016, would transfer revenues from the additional sales and use tax on diesel fuel at the 1.75% rate to the Transportation Debt Service Fund for the purpose of paying current

year debt service on certain transportation general obligation bonds, rather than to the Public Transportation Account. The bill would also transfer an equivalent amount of revenues from the Greenhouse Gas Reduction Fund to the Public Transportation Account.

(6) Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from a market-based compliance mechanism relative to reduction of greenhouse gas emissions to be deposited in the Greenhouse Gas Reduction Fund.

Existing law continuously appropriates 10% of the annual proceeds of the fund to the Transit and Intercity Rail Capital Program and 5% of the annual proceeds of the fund to the Low Carbon Transit Operations Program.

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

Existing law continuously appropriates 25% of the annual proceeds of the fund to the High-Speed Rail Authority for specified components of the initial operating segment of the high-speed rail line and the Phase I Blended System.

This bill, commencing no earlier than the 2016–17 fiscal year, would require the authority, from the funds it expects to receive over time under these provisions, to set aside \$550,000,000 for capital improvements on intercity and commuter rail lines and urban rail systems that provide connectivity to the high-speed rail system and for other rail capital purposes, as specified. The bill would require the moneys to be programmed to projects on a competitive basis by the California Transportation Commission in consultation with the authority. By authorizing expenditure of continuously appropriated funds for a new purpose, the bill would thereby make an appropriation.

(7) Existing law provides for transfer of certain vehicle weight fee revenues and certain miscellaneous revenues in the State Highway Account to the Transportation Debt Service Fund to reimburse the General Fund for payment of current year debt service on general obligation bonds issued for transportation purposes. Existing law, under specified circumstances, also authorizes the transfer of certain vehicle weight fee revenues to the Transportation Bond Direct Payment Account for the direct payment of debt service on designated bonds, as defined. Existing law provides for loans of weight fee revenues not immediately

needed for debt service purposes to the General Fund under certain circumstances, to be repaid as needed for future debt service payments.

This bill, notwithstanding these provisions, would limit the amount of vehicle weight fee revenues that may be transferred each year to the Transportation Debt Service Fund or the Transportation Bond Direct Payment Account to the amount of revenues necessary to pay current year debt service only on specified bond measures and would specifically exclude debt service for Proposition 1A (2008) bonds issued for high-speed rail and associated purposes. The bill would prohibit loans of vehicle weight fee revenues to the General Fund. The bill would require the Department of Finance, in consultation with the Transportation Agency and the California Transportation Commission, to develop a plan for implementation, in whole or in part, beginning in the 2021–22 fiscal year, to restore 100% of net weight fee revenues to the State Highway Account. The bill would also eliminate the transfer of miscellaneous revenues from the State Highway Account to the Transportation Debt Service Fund.

This bill would provide for the transfer of revenues from the Greenhouse Gas Reduction Fund to the Transportation Debt Service Fund in the amount necessary, as determined by the Director of Finance, to pay current year debt service for Proposition 1A (2008) bonds. The bill would also provide for transfer of certain diesel sales tax revenues to the Transportation Debt Service Fund for payment of debt service previously funded by miscellaneous revenues in the State Highway Account.

(8) Existing law authorizes the issuance, following voter approval, of general obligation bonds for certain purposes, including transportation, and authorizes the Treasurer to issue refunding bonds under certain conditions with respect to those bonds. Existing law enacts various general obligation bond acts under which the proceeds from issuance of those bonds are to be expended on transportation purposes.

This bill would require the Treasurer to calculate and report to the Department of Finance, by November 15 of each year, the projected reduction in General Fund debt service expenditures for the upcoming fiscal year due to the issuance of refunding bonds relative to general obligation bonds issued for transportation purposes. The bill would require the annual Budget Act to contain an appropriation from the General Fund to the California Transportation Commission of an amount equivalent to that projected reduction, for allocation by the

commission to public agencies for high-priority maintenance and rehabilitation purposes on state and local highways, streets, and roads.

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

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

(4)

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

This bill would additionally require the department to program capital outlay support resources for each project in the program. The bill would provide that the commission is not required to approve the program in its entirety, as submitted by the department, and may approve or reject individual projects programmed by the department. The bill would require the department to submit any change in a programmed project's cost, scope, or schedule to the commission for its approval.

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

to provide exceptions to the requirement for a supplemental project allocation requirement that the commission determines are necessary to ensure that projects are not unnecessarily delayed.

(5)

(11) 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~~ July 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. *This bill, by April 1, 2017, would also require the department to present to the commission a 5-year plan to generate additional income from properties owned by the department, including, but not limited to, expeditious offering for sale of properties no longer needed for highway purposes and joint use of highway property by business activities that have the potential to generate income for the state without interfering with the needs of the state highway system.*

~~(6) 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. Existing law provides for the programming of transportation capital improvement funds for other objectives through the State Transportation Improvement Program administered by the California Transportation Commission, which includes projects recommended by regional transportation planning agencies through adoption of a regional transportation improvement program and projects recommended by the department through adoption of an interregional transportation improvement program, as specified.~~

~~This bill would require the department or any local agency, when undertaking any capital improvement project on a state highway or local street or highway funded through the State Highway Operation and Protection Program or the State Transportation Improvement Program, to include new bicycle and pedestrian safety, access, and mobility improvements, or improve existing facilities, as part of the~~

project, consistent with the department's adopted Strategic Management Plan 2015–2020, subject to certain exceptions:

~~This bill would, to the maximum extent feasible, require all transportation projects funded through the State Highway Operation and Protection Program or the State Transportation Improvement Program to be implemented in a manner that reduces greenhouse gas emissions and positively benefits vulnerable or disadvantaged communities, as specified. The bill would require the commission to adopt performance criteria for these transportation projects relative to greenhouse gas emissions, social equity impacts, and public health impacts, and would require the lead agency for each project to report to the commission with documentation on those matters upon completion of the project. The bill would require the commission to evaluate the documentation to determine the effectiveness of each completed project in meeting the adopted performance criteria, and would authorize the commission to withhold future funding allocations from an applicant if it determines that previous use of funding by the applicant has not adequately furthered the state's climate, equity, and health goals in tandem with the state's highway and road system maintenance and preservation goals.~~

(12) Existing law creates various state transportation agencies, including the Department of Transportation and the High-Speed Rail Authority, with specified powers and duties. Existing law provides for the allocation of state transportation funds to various transportation purposes.

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

necessary funding to be made available from the State Highway Account and an account from which high-speed rail activities may be funded.

This bill would create the Division of Active Transportation within the Department of Transportation, with specified duties. The bill would continuously appropriate \$100,000,000 annually from the Greenhouse Gas Reduction Fund to the State Highway Account for purposes of the Active Transportation Program. The bill would require the department to update the Highway Design Manual to incorporate the “complete streets” design concept by January 1, 2017.

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

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

This bill would extend the above-referenced exemption until January 1, 2025, and delete the limitation of the exemption to projects or activities in cities and counties with a population of less than 100,000 persons. The bill would also expand the exemption to include state roadways.

This bill would also establish the Advance Transportation Project Mitigation Program. The bill would authorize the Natural Resources Agency to administer and implement the program to provide effective mitigation and conservation of natural resources and natural processes on a landscape, regional, or statewide scale, to expedite the environmental review of planned transportation projects, and to facilitate the implementation of measures to mitigate the impacts of those projects by identifying and implementing mitigation measures in advance of project approval. The bill also would authorize the agency to acquire, restore, manage, monitor, and preserve lands, waterways,

aquatic resources, or fisheries, or fund those actions, in accordance with an approved regional advance mitigation plan or as otherwise specified, and to establish or fund the establishment of mitigation banks or conservation banks and purchase credits at those types of banks. The bill would authorize the agency to take other actions with respect to mitigation credits or values created or acquired under the program.

This bill would authorize a transportation agency, as defined, to identify planned transportation projects for the purpose of including the projects in a regional advance mitigation plan or for other advance mitigation under the program, and would authorize the agency to enter into a memorandum of understanding or other agreement with the transportation agency for specified purposes of the program.

This bill would establish the Advance Transportation Project Mitigation Fund in the State Treasury. Upon appropriation by the Legislature, the bill would require moneys in the fund to be used by the agency to administer and implement the program.

This bill would specify that the program is intended to improve the efficiency and efficacy of mitigation only and is not intended to supplant the requirements of the CEQA or any other environmental law.

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

This bill would delete the January 1, 2017, repeal date, thereby extending these provisions indefinitely.

(15) 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 those lease agreements to be entered into on or after that date, add the Santa Clara Valley Transportation Authority as an eligible regional transportation entity that may enter into those agreements, and make technical changes.

(7)

(16) 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. This act shall be known, and may be cited, as the*
2 *Transportation Infrastructure and Economic Investment Act.*

3 ~~SECTION 1.~~

4 *SEC. 2.* The Legislature finds and declares all of the following:

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

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

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

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

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

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

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

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

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

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

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

16 (l) *Commercial vehicle weight fees, which traditionally have
17 been deposited in the State Highway Account and used for state
18 highway purposes, were redirected, as a matter of last resort,
19 during the severe fiscal emergency faced by the state several years
20 ago to pay current year debt service on transportation general
21 obligation bonds that the voters intended to be paid by the General
22 Fund. As General Fund revenues and the state's economy have
23 recovered from the fiscal emergency, it is now appropriate to begin
24 the process of restoring 100 percent of weight fee revenues to their
25 original intended purpose of repairing and rehabilitating the state
26 highway system.*

27 (m) *On December 4, 2015, President Obama signed into law
28 the Fixing America's Surface Transportation Act ("FAST Act"),
29 the first federal law in over 10 years to provide long-term funding
30 certainty for surface transportation projects. The FAST Act
31 authorizes \$305 billion between federal fiscal years 2016 to 2020,
32 inclusive, for highway infrastructure projects, highway and motor
33 vehicle safety, public transportation, motor carrier safety,
34 hazardous materials safety, rail, and research, technology, and
35 statistics programs.*

36 (n) *California is positioned to increase its opportunity to obtain
37 additional federal FAST Act funds through the passage of a
38 transportation funding package aimed to rehabilitate the state's
39 highways, streets, and roads and improve public transportation
40 throughout the state. That position could be jeopardized in the*

1 *absence of sufficient additional state funds to match and compete*
2 *for the new federal funding. Without additional state funding, a*
3 *considerable portion of the new federal funds, especially those*
4 *funds available on a competitive basis, could be awarded to other*
5 *states.*

6 *SEC. 3. Section 13975 of the Government Code is amended to*
7 *read:*

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

15 *SEC. 4. Section 14007.3 is added to the Government Code, to*
16 *read:*

17 *14007.3. There is in the Department of Transportation the*
18 *Division of Active Transportation, which is responsible, among*
19 *other things, for the administration of the Active Transportation*
20 *Program as provided in Chapter 8 (commencing with Section*
21 *2380) of Division 3 of the Streets and Highways Code.*

22 *SEC. 5. Section 14033 is added to the Government Code, to*
23 *read:*

24 *14033. On or before January 1, 2017, the department shall*
25 *update the Highway Design Manual to incorporate the “complete*
26 *streets” design concept.*

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

29
30 **PART 5.1. OFFICE OF THE TRANSPORTATION INSPECTOR**
31 **GENERAL**
32

33 *14460. (a) There is hereby created in state government the*
34 *independent Office of the Transportation Inspector General, which*
35 *shall not be a subdivision of any other governmental entity, to*
36 *build capacity for self-correction into the government itself and*
37 *to ensure that the Department of Transportation, the High-Speed*
38 *Rail Authority, and all other state agencies expending state*
39 *transportation funds are operating efficiently, effectively, and in*
40 *compliance with applicable federal and state laws.*

1 ***(b) The Governor shall appoint, subject to confirmation by the***
2 ***Senate, the Transportation Inspector General to a six-year term.***
3 ***The Transportation Inspector General may not be removed from***
4 ***office during that term, except for good cause.***

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

11 ***(a) To examine the operating practices of the Department of***
12 ***Transportation, the High-Speed Rail Authority, and all other state***
13 ***agencies expending state transportation funds to identify fraud***
14 ***and waste, opportunities for efficiencies, and opportunities to***
15 ***improve the data used to determine appropriate project resource***
16 ***allocations.***

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

20 ***(c) To provide objective analysis of, and, when possible, offer***
21 ***solutions to, concerns raised by the public or generated within***
22 ***agencies involving the state's transportation infrastructure and***
23 ***project delivery methods.***

24 ***(d) To conduct, supervise, and coordinate audits and***
25 ***investigations relating to the programs and operations of all state***
26 ***transportation agencies with state-funded transportation projects.***

27 ***(e) To recommend policies promoting economy and efficiency***
28 ***in the administration of programs and operations of all state***
29 ***agencies with state-funded transportation projects.***

30 ***14462. The Transportation Inspector General's office shall***
31 ***not conduct an audit or investigation that would be redundant to***
32 ***or concurrent with an audit or investigation of the same matter***
33 ***being conducted contemporaneously by another state entity, or***
34 ***planned to be initiated pursuant to state or federal law or adopted***
35 ***agency board policy, within 18 months of the notification of the***
36 ***intent to undertake the audit or investigation by the Transportation***
37 ***Inspector General. The state entity shall provide the Transportation***
38 ***Inspector General with a summary of the results of the audit or***
39 ***investigation upon its completion, if requested.***

1 14463. (a) *The Transportation Inspector General shall report*
2 *annually to the Governor and Legislature with a summary of his*
3 *or her findings, investigations, and audits. The summary shall be*
4 *posted on the Transportation Inspector General's Internet Web*
5 *site and shall otherwise be made available to the public upon its*
6 *release to the Governor and Legislature. The summary shall*
7 *include, but need not be limited to, significant problems discovered*
8 *by the Transportation Inspector General and whether*
9 *recommendations of the Transportation Inspector General relative*
10 *to investigations and audits have been implemented by the affected*
11 *agencies. The report shall be submitted to the Legislature in*
12 *compliance with Section 9795.*

13 (b) *The Transportation Inspector General shall, in consultation*
14 *with the Department of Finance, develop a methodology for*
15 *producing a workload budget to be used for annually adjusting*
16 *the budget of the Office of the Transportation Inspector General,*
17 *beginning with the budget for the 2016–17 fiscal year. To the extent*
18 *possible, the office shall be funded with federal transportation*
19 *funds. Should federal funding not be available to fully fund the*
20 *office, funding shall be made available, in proportion to the*
21 *activities of the office, from the State Highway Account and an*
22 *account from which high-speed rail activities may be funded.*

23 SEC. 7. *Section 14500 of the Government Code is amended to*
24 *read:*

25 14500. ~~There is in the Transportation Agency~~ *state government*
26 *a California Transportation Commission. The commission shall*
27 *act in an independent oversight role.*

28 SEC. 8. *Section 14526.5 of the Government Code is amended*
29 *to read:*

30 14526.5. (a) *Based on the asset management plan prepared*
31 *and approved pursuant to Section 14526.4, the department shall*
32 ~~prepare~~ *prepare, for review by the commission, a state highway*
33 *operation and protection program for the expenditure of*
34 *transportation funds for major capital-improvements improvement*
35 *projects that are necessary to preserve and protect the state highway*
36 *system. Projects included in the program shall be limited to capital*
37 *improvements relative to maintenance, safety, and rehabilitation*
38 *of state highways and bridges that do not add a new traffic lane to*
39 *the system. As part of the programming process, the department*

1 *shall program capital outlay support resources for each project*
2 *in the program.*

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

9 (c) The department, at a minimum, shall specify, for each project
10 in the state highway operation and protection program, the capital
11 and support budget, as well as a projected delivery date, for each
12 of the following project components:

13 (1) Completion of project approval and environmental
14 documents.

15 (2) Preparation of plans, specifications, and estimates.

16 (3) Acquisition of rights-of-way, including, but not limited to,
17 support activities.

18 (4) Start of construction.

19 ~~(d) The program shall be submitted~~ *department shall submit its*
20 *proposed program* to the commission not later than January 31 of
21 each even-numbered year. Prior to submitting ~~the plan~~, *its proposed*
22 *program*, the department shall make a draft of its proposed program
23 available to transportation planning agencies for review and
24 comment and shall include the comments in its submittal to the
25 commission. *The department shall provide the commission with*
26 *detailed information for all programmed projects including, but*
27 *not limited to, cost, scope, and schedule.*

28 (e) The commission ~~may~~ *shall* review the *proposed* program
29 relative to its overall adequacy, consistency with the asset
30 management plan prepared and approved pursuant to Section
31 14526.4 and funding priorities established in Section 167 of the
32 Streets and Highways Code, the level of annual funding needed
33 to implement the program, and the impact of those expenditures
34 on the state transportation improvement program. The commission
35 ~~shall adopt the program and submit it to the Legislature and the~~
36 ~~Governor not later than April 1 of each even-numbered year. The~~
37 ~~commission may decline to adopt the program if the commission~~
38 ~~determines that the program is not sufficiently consistent with the~~
39 ~~asset management plan prepared and approved pursuant to Section~~
40 ~~14526.4.~~ *is not required to approve the program in its entirety, as*

1 *submitted by the department, and may approve or reject individual*
2 *projects programmed by the department. The commission shall*
3 *adopt a program of approved projects and submit it to the*
4 *Legislature and the Governor not later than April 1 of each*
5 *even-numbered year.*

6 (f) Expenditures for these projects shall not be subject to
7 Sections 188 and 188.8 of the Streets and Highways Code.

8 (g) *Following adoption of the state highway operation and*
9 *protection program by the commission, any change in a*
10 *programmed project's cost, scope, or schedule shall be submitted*
11 *by the department to the commission for its approval before the*
12 *changes may be implemented.*

13 ~~SEC. 2.~~

14 SEC. 9. Section 14526.7 is added to the Government Code, to
15 read:

16 14526.7. (a) On and after February 1, 2017, an allocation by
17 the commission of all capital and support costs for each project in
18 the state highway operation and protection program shall be
19 required.

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

24 (c) The commission shall establish guidelines to provide
25 exceptions to the requirement of subdivision (b) that the
26 commission determines are necessary to ensure that projects are
27 not unnecessarily delayed.

28 ~~SEC. 3.~~

29 SEC. 10. Section 14526.8 is added to the Government Code,
30 to read:

31 14526.8. (a) On or before ~~April~~ July 1, 2016, the department
32 shall present to the commission a plan to increase department
33 efficiency by up to 30 percent over the subsequent three years.
34 The ongoing savings experienced through this increased efficiency
35 shall result in increased capital expenditures in the department's
36 state highway operation and protection program or an increase in
37 the department's state highway maintenance program.

38 (b) The commission shall consider the reasonableness of the
39 proposal, and may approve the entire plan or reject all or portions
40 of the plan. The commission's feedback is intended to ensure that

1 the department is achieving the savings in the most responsible
2 way possible.

3 (c) All future state highway operation and protection program
4 documents shall identify the increased funding available to the
5 program as a result of the efficiencies realized due to the
6 implementation of the plan.

7 ~~SEC. 4. Section 14528 is added to the Government Code, to~~
8 ~~read:~~

9 ~~14528. (a) Except as provided in subdivisions (b) and (c), the~~
10 ~~department or any local agency, when undertaking any capital~~
11 ~~improvement project on a state highway or a local street or highway~~
12 ~~that is being funded through the State Highway Operation and~~
13 ~~Protection Program or the State Transportation Improvement~~
14 ~~Program, shall include new bicycle and pedestrian safety, access,~~
15 ~~and mobility improvements, or improve existing facilities, as part~~
16 ~~of the project, consistent with the department's adopted Strategic~~
17 ~~Management Plan 2015–2020, as follows:~~

18 ~~(1) In transit priority areas and on streets and highways with~~
19 ~~average daily traffic of 20,000 vehicles or more and a speed limit~~
20 ~~over 25 miles per hour, well-lit facilities for bicyclists and~~
21 ~~pedestrians shall be provided that are physically separated from~~
22 ~~motor vehicles, either as Class I multiuse paths or Class IV~~
23 ~~bikeways with separate walkways. In addition, signals or other~~
24 ~~facilities shall be provided to enable bicyclists and pedestrians to~~
25 ~~safely cross the street or highway.~~

26 ~~(2) On streets or highways other than those described in~~
27 ~~paragraph (1), facilities for pedestrians and bicyclists shall be~~
28 ~~provided when feasible, and reduction of vehicle traffic lanes and~~
29 ~~implementation of traffic calming improvements shall be~~
30 ~~considered.~~

31 ~~(b) This section does not apply to capital improvement projects~~
32 ~~on street and highway facilities that are closed, by law, to use by~~
33 ~~pedestrians, bicyclists, and other nonmotorized users.~~

34 ~~(c) The department or a local agency may exempt a capital~~
35 ~~improvement project from the requirements of this section through~~
36 ~~adoption of a resolution, after at least one public hearing, that~~
37 ~~documents that there is a demonstrated and verifiable absence of~~
38 ~~future need for active transportation facilities on the highway~~
39 ~~segment where the capital improvement project is to be~~
40 ~~implemented.~~

1 ~~(d) (1) As used in this section, “capital improvement project”~~
2 ~~includes, but is not limited to, a reconstruction, rehabilitation, or~~
3 ~~operational improvement project.~~

4 ~~(2) As used in this section, “transit priority area” means an area~~
5 ~~within one-half mile of an existing major transit stop, or a planned~~
6 ~~transit stop, if the planned stop is scheduled to be completed within~~
7 ~~the planning horizon included in the interregional transportation~~
8 ~~improvement program submitted pursuant to Section 14526 or a~~
9 ~~regional transportation improvement program adopted submitted~~
10 ~~to Section 14527.~~

11 ~~SEC. 5. Section 14528.1 is added to the Government Code, to~~
12 ~~read:~~

13 ~~14528.1. (a) To the maximum extent feasible, all transportation~~
14 ~~projects funded through the State Highway Operation and~~
15 ~~Protection Program or the State Transportation Improvement~~
16 ~~Program shall be implemented in a manner that reduces greenhouse~~
17 ~~gas emissions and positively benefits vulnerable or disadvantaged~~
18 ~~communities pursuant to Assembly Bill 32 (Chapter 488, Statutes~~
19 ~~of 2006), Senate Bill 375 (Chapter 728, Statutes of 2008), and~~
20 ~~Senate Bill 535 (Chapter 830, Statutes of 2012).~~

21 ~~(b) The commission shall adopt performance criteria for the~~
22 ~~transportation projects in subdivision (a) relative to greenhouse~~
23 ~~gas emissions, social equity impacts, and public health impacts.~~
24 ~~The lead agency on each transportation project shall report to the~~
25 ~~commission with documentation on each of the following upon~~
26 ~~completion of the project:~~

27 ~~(1) A description of and the location of the project.~~

28 ~~(2) The amount of funds expended on the project.~~

29 ~~(3) The completion date.~~

30 ~~(4) The project’s estimated useful life.~~

31 ~~(5) The projected greenhouse gas emissions resulting from the~~
32 ~~project, including an analysis of induced demand and biological~~
33 ~~emissions.~~

34 ~~(6) A description of mobility benefits provided as a result of~~
35 ~~the project to transit, bicycling, and pedestrians.~~

36 ~~(7) An analysis of how mobility benefits of the project are~~
37 ~~accessible to low-income and disadvantaged community residents~~
38 ~~within the project area.~~

39 ~~(8) A description and, if feasible, a quantification of the public~~
40 ~~health and safety, economic, and environmental cobenefits resulting~~

1 from the project. To the extent the performance criteria for each
2 cobenefit category have not been met, documentation shall be
3 provided that identifies any statutory or regulatory barriers, or
4 alternatively, a demonstrated absence of need.

5 (9) Levels of particulate matter (PM 2.5), oxides of nitrogen
6 (NOx), and sulphur oxides (SOx) prior to completion of the project,
7 and projected levels upon completion of the project.

8 (10) An analysis of air pollution burden on low-income and
9 disadvantaged community residents within the project area.

10 (11) Impacts of the project on important habitat, water resources,
11 and agricultural lands.

12 (e) The commission shall evaluate the documentation provided
13 pursuant to subdivision (b) to determine the effectiveness of each
14 completed project on all of the following:

15 (1) Reduction of deferred maintenance and improvement of
16 roadway conditions on the state highway system or local road
17 system.

18 (2) Reduction of greenhouse gas emissions.

19 (3) Improvement of public health and air quality.

20 (4) Improvement of access and mobility for low-income and
21 disadvantaged community residents.

22 (5) Enhancement of wildlife connectivity.

23 (6) Preservation of natural and working lands.

24 (d) The commission may withhold future funding allocations
25 from an applicant if it determines that previous use of funding by
26 the applicant has not adequately furthered the state's climate,
27 equity, and health goals in tandem with the state's highway and
28 road system maintenance and preservation goals.

29 SEC. 11. Section 14526.9 is added to the Government Code,
30 to read:

31 14526.9. On or before April 1, 2017, the department shall
32 present to the commission a five-year plan to generate additional
33 income from properties owned by the department, including, but
34 not limited to, expeditious offering for sale of properties no longer
35 needed for highway purposes and joint use of highway property
36 by business activities that have the potential to generate income
37 for the state without interfering with the needs of the state highway
38 system. The additional income shall be deposited in the State
39 Highway Account.

40 SEC. 12. Section 14534.1 of the Government Code is repealed.

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

7 ~~SEC. 6.~~

8 *SEC. 13.* Section 16321 is added to the Government Code, to
9 read:

10 16321. (a) Notwithstanding any other law, on or before March
11 1, 2016, the Department of Finance shall compute the amount of
12 outstanding loans made from the State Highway Account, the
13 Motor Vehicle Fuel Account, the Highway Users Tax Account,
14 and the Motor Vehicle Account to the General Fund. The
15 ~~department shall prepare a loan repayment schedule, pursuant to~~
16 ~~which the outstanding loans shall be repaid to the accounts from~~
17 ~~which the loans were made, as follows: on or before June 30, 2016,~~
18 ~~to the accounts from which the loans were made.~~

19 ~~(1) On or before June 30, 2016, 33 percent of the outstanding~~
20 ~~loan amounts.~~

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

23 ~~(3) On or before June 30, 2018, 34 percent of the outstanding~~
24 ~~loan amounts.~~

25 (b) Notwithstanding any other provision of law, ~~as the funds~~
26 ~~made available from loans are repaid pursuant to this section, the~~
27 ~~repaid funds section shall be transferred to the Road Maintenance~~
28 ~~and Rehabilitation Account created pursuant to Section 2031 of~~
29 ~~the Streets and Highways Code.~~

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

35 *SEC. 14.* Section 16965 of the Government Code is amended
36 to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) (1) From moneys transferred to the fund pursuant to ~~Section 183.1 of the Streets and Highways Code, Sections 6051.8 and 6201.8 of the Revenue and Taxation Code,~~ the Controller shall

1 transfer as an expenditure reduction to the General Fund any
2 amount necessary to offset the cost of current year debt service
3 payments made from the General Fund with respect to any bonds
4 issued pursuant to Proposition 116-(1990); (1990), and for the
5 portion of Proposition 108 (1990) and Proposition 1B (2006)
6 bonds that would otherwise be payable pursuant to subdivision
7 (f) but that are not eligible to be paid under that subdivision
8 because the bond proceeds were expended for purposes that do
9 not qualify under Article XIX of the California Constitution. In the
10 alternative, these funds may also be used to redeem or retire the
11 applicable bonds, pursuant to Section 16774, maturing in a
12 subsequent fiscal year as directed by the Director of Finance.

13 (2) From moneys transferred to the fund pursuant to Section
14 39719 of the Health and Safety Code, the Controller shall transfer
15 as an expenditure reduction to the General Fund any amount
16 necessary to offset the cost of current year debt service payments
17 made from the General Fund with respect to any bonds issued
18 pursuant to Proposition 1A (2008). In the alternative, these funds
19 may also be used to redeem or retire the applicable bonds,
20 pursuant to Section 16774, maturing in a subsequent fiscal year
21 as directed by the Director of Finance.

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

1 make payments only for those eligible projects. In the alternative,
2 these funds may also be used to redeem or retire the applicable
3 bonds, pursuant to Section 16774, maturing in a subsequent fiscal
4 year as directed by the Director of Finance.

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

15 *SEC. 15. Section 16965.2 is added to the Government Code,*
16 *to read:*

17 *16965.2. The Treasurer, on or before November 15th of each*
18 *year, shall calculate and report to the Department of Finance the*
19 *projected reduction in General Fund debt service expenditures*
20 *for the upcoming fiscal year due to the issuance on or before that*
21 *date of refunding bonds relative to general obligation bonds issued*
22 *for transportation purposes. The calculation shall be the difference*
23 *between the amount of General Fund debt service expenditures*
24 *that would otherwise have been required during the applicable*
25 *fiscal year in the absence of the issuance of the refunding bonds*
26 *and the amount of those expenditures following the issuance of*
27 *the refunding bonds. The annual Budget Act shall contain an*
28 *appropriation from the General Fund to the California*
29 *Transportation Commission of an amount equivalent to that*
30 *projected reduction, for allocation by the commission to public*
31 *agencies for high-priority maintenance and rehabilitation purposes*
32 *on state and local highways, streets, and roads.*

33 *SEC. 16. Section 39719 of the Health and Safety Code is*
34 *amended to read:*

35 39719. (a) The Legislature shall appropriate the annual
36 proceeds of the fund for the purpose of reducing greenhouse gas
37 emissions in this state in accordance with the requirements of
38 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~~ 2016–17 fiscal year, and notwithstanding Section 13340 of the Government Code, ~~35~~ 50 percent of annual proceeds are continuously appropriated, without regard to fiscal years, for transit, affordable housing, and sustainable communities programs as ~~following~~ follows:

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

(B) ~~Five~~ Ten percent of the annual proceeds of the fund is hereby continuously appropriated to the Low Carbon Transit Operations Program created by Part 3 (commencing with Section 75230) of Division 44 of the Public Resources Code. Funds 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) (A) 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)~~

(i) Acquisition and construction costs of the project.

~~(B)~~

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

1 ~~(C)~~

2 (iii) Other capital costs of the project.

3 ~~(D)~~

4 (iv) Repayment of any loans made to the authority to fund the
5 project.

6 (B) *In addition to the expenditures authorized in subparagraph*
7 *(A), commencing no earlier than the 2016–17 fiscal year, the*
8 *High-Speed Rail Authority shall, from the revenues it expects to*
9 *receive over time pursuant to this paragraph, set aside five hundred*
10 *fifty million dollars (\$550,000,000) for capital improvements to*
11 *intercity and commuter rail lines and urban rail systems that*
12 *provide connectivity to the high-speed rail system and for other*
13 *capital improvements consistent with the project eligibility*
14 *requirements applicable to bond funds made available pursuant*
15 *to Section 2704.095 of the Streets and Highways Code. The moneys*
16 *set aside under this subparagraph shall be programmed on a*
17 *competitive basis by the California Transportation Commission,*
18 *in consultation with the authority, with allocations to be made by*
19 *the commission to eligible recipients when warranted by*
20 *anticipated expenditures.*

21 (c) (1) *Beginning in the 2016–17 fiscal year, the amount*
22 *necessary to pay the annual debt service on Proposition 1A (2008)*
23 *general obligation bonds pursuant to paragraph (2) of subdivision*
24 *(e) of Section 16965 of the Government Code, as determined by*
25 *the Director of Finance, shall be transferred each fiscal year from*
26 *the fund to the Transportation Debt Service Fund.*

27 (2) *Beginning in the 2016–17 fiscal year, an amount equivalent*
28 *to the diesel sales tax revenues transferred to the Transportation*
29 *Debt Service Fund pursuant to Sections 6051.8 and 6201.8 of the*
30 *Revenue and Taxation Code, as determined by the Director of*
31 *Finance, shall be transferred each fiscal year from the fund to the*
32 *Public Transportation Account for expenditure pursuant to Section*
33 *99312.1 of the Public Utilities Code.*

34 (3) *Beginning in the 2016–17 fiscal year, one hundred million*
35 *dollars (\$100,000,000) shall be transferred annually to the State*
36 *Highway Account for expenditure on the Active Transportation*
37 *Program pursuant to Chapter 8 (commencing with Section 2380)*
38 *of Division 3 of the Streets and Highways Code.*

39 ~~(e)~~

(d) 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. 17. Section 21080.37 of the Public Resources Code is amended to read:

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

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

~~(2)~~

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

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

~~(3)~~

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

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

~~(5)~~

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

(B) For the purposes of this paragraph:

(i) “Riparian areas” mean those areas transitional between terrestrial and aquatic ecosystems and that are distinguished by gradients in biophysical conditions, ecological processes, and biota. A riparian area is an area through which surface and subsurface hydrology connect waterbodies with their adjacent uplands. A riparian area includes those portions of terrestrial ecosystems that significantly influence exchanges of energy and matter with aquatic

ecosystems. A riparian area is adjacent to perennial, intermittent, and ephemeral streams, lakes, and estuarine-marine shorelines.

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

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

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

~~(6)~~

(4) The project does not impact cultural resources.

~~(7)~~

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

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

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

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

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

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

~~(d) Whenever~~

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

(e) This section shall remain in effect only until January 1, 2020, 2025, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2020, 2025, deletes or extends that date.

SEC. 18. Division 13.6 (commencing with Section 21200) is added to the Public Resources Code, to read:

**DIVISION 13.6. ADVANCE TRANSPORTATION PROJECT
MITIGATION PROGRAM ACT**

CHAPTER 1. GENERAL

21200. This division shall be known, and may be cited, as the Advance Transportation Project Mitigation Program Act.

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

1 *and also facilitate environmental compliance for planned*
2 *transportation projects on a regional scale.*

3 *(b) This division is not intended to create a new environmental*
4 *permitting or regulatory program or to modify existing*
5 *environmental laws or regulations, nor is it intended to address*
6 *all mitigation that may be required for planned transportation*
7 *projects. Instead, it is intended to provide a way in which to*
8 *anticipate and fulfill the requirements of existing state and federal*
9 *environmental laws that protect fish, wildlife, plant species, and*
10 *other natural resources more efficiently and effectively.*

11 *21202. The Legislature finds and declares all of the following:*

12 *(a) The minimization and mitigation of environmental impacts*
13 *is ordinarily handled on a project-by-project basis, usually at the*
14 *end of a project's timeline and without guidance regarding*
15 *regional or statewide conservation priorities.*

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

22 *(c) Addressing conservation and mitigation needs early in a*
23 *project's timeline, during project design and development, can*
24 *reduce costs and allow natural resources conservation to be*
25 *integrated with project siting and design.*

26 *(d) When the Department of Transportation, the High-Speed*
27 *Rail Authority, metropolitan planning organizations, regional*
28 *transportation planning agencies, and other transportation*
29 *agencies are able to anticipate the mitigation needs for planned*
30 *transportation projects, they can meet those needs in a more timely*
31 *and cost-effective way, by using long-range regional advance*
32 *mitigation planning.*

33 *(e) Working with state and federal resource protection agencies,*
34 *the Department of Transportation, the High-Speed Rail Authority,*
35 *metropolitan planning organizations, regional transportation*
36 *planning agencies, and other transportation agencies could*
37 *identify, conserve, and, where appropriate, restore lands for*
38 *mitigation of numerous projects early in the projects' timelines,*
39 *thereby allowing public funds to stretch further by acquiring*

1 *habitat at a lower cost and avoiding environmental permitting*
2 *delays.*

3 *(f) Regional advance mitigation planning can provide an*
4 *effective means of facilitating delivery of state and federal*
5 *economic stimulus funding to transportation projects while*
6 *ensuring more effective natural resource conservation.*

7 *(g) Regional advance mitigation planning is needed to direct*
8 *mitigation funding for transportation projects to agreed-upon*
9 *conservation priorities and to the creation of habitat reserves and*
10 *recreation areas that enhance the sustainability of human and*
11 *natural systems by protecting or restoring connectivity of natural*
12 *communities and the delivery of ecosystem services.*

13 *(h) Regional advance mitigation planning can facilitate the*
14 *implementation of climate change adaptation strategies both for*
15 *ecosystems and California's economy.*

16 *(i) Regional advance mitigation planning can enable the state*
17 *to protect, restore, and recover its natural capital as it strengthens*
18 *and improves its transportation systems.*

19 *21203. The Legislature intends to do all of the following by*
20 *enacting this division:*

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

23 *(b) Develop effective strategies to improve the state's ability to*
24 *meet mounting demands for transportation improvements and to*
25 *maximize conservation and other public benefits.*

26 *(c) Achieve conservation objectives of statewide and regional*
27 *importance by coordinating local, state, and federally funded*
28 *natural resource conservation efforts with mitigation actions*
29 *required for impacts from transportation projects.*

30 *(d) Create administrative, governance, and financial incentives*
31 *and mechanisms necessary to ensure that measures required to*
32 *minimize or mitigate impacts from transportation projects will*
33 *serve to achieve regional or statewide natural resource*
34 *conservation objectives.*

35
36 *CHAPTER 2. DEFINITIONS*
37

38 *21204. For purposes of this division, the following terms have*
39 *the following meanings:*

1 (a) “Acquire” and “acquisition” mean, with respect to land or
2 a waterway, acquisition of fee title or purchase of a conservation
3 easement, that protects conservation and mitigation values on the
4 land or waterway in perpetuity.

5 (b) “Agency” means the Natural Resources Agency.

6 (c) “Transportation agency” means the Department of
7 Transportation, the High-Speed Rail Authority, a metropolitan
8 planning organization, a regional transportation planning agency,
9 or another public agency that implements transportation projects.

10 (d) “Transportation project” means a transportation capital
11 improvement project.

12 (e) “Planned transportation project” means a transportation
13 project that a transportation agency has concluded is reasonably
14 likely to be constructed within 20 years and that has been identified
15 to the agency for purposes of this division. A planned
16 transportation project may include, but is not limited to, a
17 transportation project that has been proposed for approval or that
18 has been approved.

19 (f) “Program” means the Advance Transportation Project
20 Mitigation Program implemented pursuant to this division.

21 (g) “Regional advance mitigation plan” means a regional or
22 statewide plan developed in accordance with this division that
23 estimates the potential future compensatory mitigation
24 requirements for one or more planned transportation projects and
25 identifies mitigation projects, sites, or credits that would fulfill
26 some or all of those requirements.

27 (h) “Regulatory agency” means a state or federal natural
28 resource protection agency with regulatory authority over planned
29 transportation projects. A regulatory agency includes, but is not
30 limited to, the Department of Fish and Wildlife, California regional
31 water quality control boards, the United States Fish and Wildlife
32 Service, the National Marine Fisheries Service, the United States
33 Environmental Protection Agency, and the United States Army
34 Corps of Engineers.

35
36 *CHAPTER 3. ADVANCE TRANSPORTATION PROJECT MITIGATION*
37 *PROGRAM*

38
39 21205. The Advance Transportation Project Mitigation
40 Program is hereby established to fulfill the purposes of this

1 *division. The agency may do any of the following to administer*
2 *and implement the program:*

3 *(a) Prepare, approve, and implement regional advance*
4 *mitigation plans for one or more planned transportation projects*
5 *identified pursuant to Section 21207. The purpose of a regional*
6 *advance mitigation plan is to provide effective mitigation and*
7 *conservation of natural resources and natural processes on a*
8 *landscape, regional, or statewide scale, to expedite the*
9 *environmental review of planned transportation projects, and to*
10 *facilitate the implementation of measures to mitigate the impacts*
11 *of those projects by identifying and implementing mitigation*
12 *measures in advance of project approval.*

13 *(b) Acquire, restore, manage, monitor, and preserve lands,*
14 *waterways, aquatic resources, or fisheries, or fund the acquisition,*
15 *restoration, management, monitoring, and preservation of lands,*
16 *waterways, aquatic resources, or fisheries, in accordance with a*
17 *regional advance mitigation plan approved by the agency pursuant*
18 *to this division.*

19 *(c) Acquire, restore, manage, monitor, and preserve lands,*
20 *waterways, aquatic resources, or fisheries, or fund the acquisition,*
21 *restoration, management, monitoring, and preservation of lands,*
22 *waterways, aquatic resources, or fisheries, outside of an approved*
23 *regional advance mitigation plan if the agency determines that*
24 *those actions would conserve or create biological values that are*
25 *appropriate to mitigate the estimated impacts of one or more*
26 *planned transportation projects identified pursuant to Section*
27 *21207.*

28 *(d) Establish mitigation banks or conservation banks, or fund*
29 *the establishment of mitigation banks or conservation banks, in*
30 *accordance with applicable state and federal standards. The*
31 *agency also may purchase credits at mitigation banks and*
32 *conservation banks if the agency determines that the credits*
33 *provide biologically appropriate mitigation for one or more*
34 *planned transportation projects identified pursuant to Section*
35 *21207.*

36 *(e) Establish the type and quantity of mitigation credits or values*
37 *created under the program by obtaining the approval of those*
38 *credits or values from relevant regulatory agencies. This division*
39 *is not intended to supplant or abrogate the authority of a regulatory*
40 *agency to determine mitigation requirements under state or federal*

1 *environmental laws or to determine the type or quantity of*
2 *mitigation credits or values that may be used to fulfill those*
3 *requirements.*

4 *(f) Use, or allow transportation agencies to use, mitigation*
5 *credits or values created or obtained under the program to fulfill*
6 *the mitigation requirements of planned transportation projects if*
7 *the transportation agency reimburses the program for all costs of*
8 *creating the mitigation credits or values, as determined by the*
9 *agency. Those costs shall be calculated using total cost accounting*
10 *and shall include, as applicable, land acquisition or conservation*
11 *easement costs, monitoring costs, restoration costs, transaction*
12 *costs, the amount of a nonwasting endowment account for land*
13 *management or easement stewardship costs of the management*
14 *entity, administrative costs, and contingency costs.*

15 *(g) Assist regional and local agencies to develop regional*
16 *advance mitigation plans for one or more planned transportation*
17 *projects identified pursuant to Section 21207.*

18 *21205.5. The agency shall publish a regional advance*
19 *mitigation plan on its Internet Web site for public review and*
20 *comment 45 days prior to adoption of the plan.*

21 *21206. A regional advance mitigation plan shall do all of the*
22 *following:*

23 *(a) Use geographic information system analysis, field surveys,*
24 *principles of conservation planning, and other appropriate*
25 *methodologies to estimate the nature and extent of mitigation*
26 *requirements of identified planned transportation projects on a*
27 *regional or statewide basis.*

28 *(b) Propose measures to avoid or minimize the adverse*
29 *environmental impacts of planned transportation projects,*
30 *including, where appropriate, the identification of project*
31 *alignments and design features that would avoid or minimize those*
32 *impacts.*

33 *(c) Anticipate and provide for compensatory mitigation for*
34 *planned transportation projects' impacts on natural resources*
35 *and natural processes by identifying needed mitigation and, to the*
36 *extent practicable, identifying suitable mitigation lands or*
37 *waterways.*

38 *(d) Identify and provide for the preservation of wildlife*
39 *movement corridors and habitat connectivity to avoid ecological*

1 fragmentation and to enable ecosystem adaptation to climate
2 change.

3 (e) Consider the full range of impacts on natural resources,
4 including, but not limited to, impacts on water quality and riparian
5 habitat, rare plant species, sensitive species, fisheries, and
6 declining natural communities, including oak woodlands, vernal
7 pools, native grasslands, and serpentine habitat.

8 (f) Take into consideration, where applicable, any local, state,
9 and regional conservation priorities as may be described in
10 existing conservation plans, including, but not limited to, the state
11 wildlife action plan, habitat conservation plans, natural community
12 conservation plans, climate change adaptation plans, and species
13 recovery plans.

14 (g) Identify and quantify the net change in greenhouse gas
15 emissions and changes to sequestration potential achieved through
16 implementation of the plan.

17 (h) Provide for endowments to manage and monitor acquired
18 or protected lands, waterways, or fisheries, as necessary.

19 (i) Where available and biologically appropriate, provide for
20 the purchase of mitigation credits at mitigation banks or
21 conservation banks or for the payment of mitigation fees within
22 established mitigation programs.

23 (j) Analyze the cost-effectiveness of available mitigation
24 alternatives both in terms of environmental benefits and improved
25 project delivery and certainty.

26 (k) Include measurable performance objectives and a monitoring
27 and evaluation program.

28 21207. (a) A transportation agency may identify planned
29 transportation projects for the purpose of including those projects
30 in a regional advance mitigation plan or for other advance
31 mitigation under the program. The transportation agency shall
32 provide an analysis and estimate of the projects' direct, indirect,
33 and cumulative impacts. The analysis and estimate shall include
34 all available relevant information regarding those impacts, and
35 the analysis shall be at a level of detail commensurate with the
36 available relevant information. Detailed analysis shall not be
37 required where relevant detailed information about the projects'
38 impacts is not available.

1 ***(b) The agency may enter a memorandum of understanding or***
2 ***other agreement with a transportation agency to do all of the***
3 ***following:***

4 ***(1) Specify terms consistent with this division under which the***
5 ***program will provide advance mitigation for the identified planned***
6 ***transportation projects.***

7 ***(2) Establish guidelines for communication and sharing of***
8 ***relevant information necessary to optimize coordination and***
9 ***collaboration between the agency and the transportation agency.***

10 ***(3) Establish guidelines for strategically locating mitigation***
11 ***and conservation sites to maximize the biological benefit and***
12 ***conservation value to target species, habitats, and aquatic***
13 ***resources.***

14 ***21208. The Advance Transportation Project Mitigation Fund***
15 ***is established in the State Treasury. Notwithstanding any other***
16 ***law, the moneys in the fund shall be available upon appropriation***
17 ***by the Legislature to the agency only for the administration and***
18 ***implementation of the program, and shall not be subject to***
19 ***appropriation, reversion, or transfer for any other purpose. All***
20 ***moneys provided by transportation agencies to reimburse program***
21 ***expenditures pursuant to subdivision (f) of Section 21205 or in***
22 ***advance of anticipated mitigation actions shall be deposited in the***
23 ***fund.***

24 ***21209. The program is intended to improve the efficiency and***
25 ***efficacy of mitigation only and is not intended to supplant the***
26 ***requirements of the California Environmental Quality Act (Division***
27 ***13 (commencing with Section 21000)) or any other environmental***
28 ***law. The identification of planned transportation projects and the***
29 ***identification of mitigation projects or measures for planned***
30 ***transportation projects under this division does not imply or***
31 ***require approval of those projects for purposes of the California***
32 ***Environmental Quality Act (Division 13 (commencing with Section***
33 ***21000)) or any other environmental law.***

34 ***SEC. 19. Section 99312.1 of the Public Utilities Code is***
35 ***amended to read:***

36 ***99312.1. (a) Revenues transferred to the Public Transportation***
37 ***Account pursuant to Section 39719 of the Health and Safety Code***
38 ***and Sections 6051.8 and 6201.8 of the Revenue and Taxation Code***
39 ***are hereby continuously appropriated to the Controller for***
40 ***allocation as follows:***

1 (a)

2 (1) Fifty percent for allocation to transportation planning
3 agencies, county transportation commissions, and the San Diego
4 Metropolitan Transit Development Board pursuant to Section
5 99314.

6 (b)

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

10 ~~For~~

11 (b) *For* purposes of this chapter, the revenues allocated pursuant
12 to this section shall be subject to the same requirements as revenues
13 allocated pursuant to subdivisions (b) and (c), as applicable, of
14 Section 99312.

15 (c) *The revenues transferred to the Public Transportation*
16 *Account pursuant to subdivision (c) of Section 6051.8 of the*
17 *Revenue and Taxation Code and subdivision (c) of Section 6201.8*
18 *of the Revenue and Taxation Code, upon allocation pursuant to*
19 *Sections 99313 and 99314, shall only be expended on transit*
20 *capital projects, or on services to maintain or repair a transit*
21 *operator's existing transit vehicle fleet or existing transit facilities,*
22 *including rehabilitation or modernization of existing vehicles or*
23 *facilities, or for the design, acquisition, and construction of new*
24 *vehicles or facilities that improve existing transit services or enable*
25 *the implementation of future planned transit services, or on services*
26 *that complement local efforts for repair and improvement of local*
27 *transportation infrastructure. The audit of transit operator finances*
28 *required pursuant to Section 99245 shall verify that these revenues*
29 *have been expended in conformance with these specific*
30 *requirements and all other generally applicable requirements.*

31 SEC. 20. *Section 6051.8 of the Revenue and Taxation Code is*
32 *amended to read:*

33 6051.8. (a) Except as provided by Section 6357.3, in addition
34 to the taxes imposed by this part, for the privilege of selling
35 tangible personal property at retail a tax is hereby imposed upon
36 all retailers at the rate of 1.75 percent of the gross receipts of any
37 retailer from the sale of all diesel fuel, as defined in Section 60022,
38 sold at retail in this state on and after the operative date of this
39 subdivision. *state.*

(b) Notwithstanding subdivision (a), ~~for the 2011–12 fiscal year only, the commencing July 1, 2016, the~~ rate referenced in subdivision (a) shall be ~~4.87 increased to~~ 5.25 percent.

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

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

(e)

(c) (1) Notwithstanding subdivision (b) of Section 7102, all of the revenues, less refunds, collected pursuant to this section shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, ~~and and, except as otherwise provided in paragraph (2), 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.

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

(2) *Beginning July 1, 2016, the portion of net revenues attributable to a rate of 1.75 percent shall be transferred quarterly to the Transportation Debt Service Fund for expenditure pursuant to paragraph (1) of subdivision (e) of Section 16965 of the Government Code.*

SEC. 21. *Section 6201.8 of the Revenue and Taxation Code is amended to read:*

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

(b) Notwithstanding subdivision (a), ~~for the 2011–12 fiscal year only, the commencing July 1, 2016, the~~ rate referenced in subdivision (a) shall be ~~4.87 increased to~~ 5.25 percent.

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

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

(e)

(c) (1) Notwithstanding subdivision (b) of Section 7102, all of the revenues, less refunds, collected pursuant to this section shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, ~~and and, except as otherwise provided in paragraph (2), 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.

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

(2) *Beginning July 1, 2016, the portion of net revenues attributable to a rate of 1.75 percent shall be transferred quarterly to the Transportation Debt Service Fund for expenditure pursuant to paragraph (1) of subdivision (e) of Section 16965 of the Government Code.*

~~SEC. 7.~~

SEC. 22. Section 7360 of the Revenue and Taxation Code is amended to read:

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

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

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

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

(b) On and after July 1, 2010, in addition to the tax imposed by subdivision (a), a tax is hereby imposed upon each gallon of motor

1 vehicle fuel, other than aviation gasoline, subject to the tax in
2 Sections 7362, 7363, and 7364 in an amount equal to seventeen
3 and three-tenths cents (\$0.173) per gallon.

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

8 (1) The Department of Finance shall transmit to the State Board
9 of Equalization the percentage change in the California Consumer
10 Price Index for all items from November of four calendar years
11 prior to November of the prior calendar year, no later than January
12 31, 2019, and January 31 of every third year thereafter. *The*
13 *Department of Finance shall also transmit to the State Board of*
14 *Equalization the estimated percentage change in the average fuel*
15 *efficiency of the overall California motor vehicle fleet over the*
16 *same periods of time.*

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

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

21 (B) *Compute a fleet fuel efficiency factor by adding 100 percent*
22 *to the applicable percentage change figure furnished pursuant to*
23 *paragraph (1) and dividing the result by 100.*

24 ~~(B)~~
25 (C) Multiply the preceding tax rate per gallon by the *sum of the*
26 *inflation adjustment factor and the fleet fuel efficiency factor*
27 *determined in subparagraphs (A) and (B) and round*
28 *off the resulting product to the nearest tenth of a cent.*

29 ~~(C)~~
30 (D) Make its determination of the new rate no later than March
31 1 of the same year as the effective date of the new rate.

32 SEC. 23. *Section 8352.4 of the Revenue and Taxation Code is*
33 *amended to read:*

34 8352.4. (a) Subject to Sections 8352 and 8352.1, and except
35 as otherwise provided in subdivision (b), there shall be transferred
36 from the money deposited to the credit of the Motor Vehicle Fuel
37 Account to the Harbors and Watercraft Revolving Fund, for
38 expenditure in accordance with Division 1 (commencing with
39 Section 30) of the Harbors and Navigation Code, the sum of six
40 million six hundred thousand dollars (\$6,600,000) per annum,

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

21 (b) Commencing July 1, ~~2012~~, 2016, the revenues attributable
22 to the taxes imposed pursuant to subdivision (b) of Section 7360
23 and Section 7361.1 and otherwise to be deposited in the Harbors
24 and Watercraft Revolving Fund pursuant to subdivision (a) shall
25 instead be transferred to the ~~General Fund~~. ~~The revenues~~
26 ~~attributable to the taxes imposed pursuant to subdivision (b) of~~
27 ~~Section 7360 and Section 7361.1 that were deposited in the Harbors~~
28 ~~and Watercraft Revolving Fund in the 2010-11 and 2011-12 fiscal~~
29 ~~years shall be transferred to the General Fund.~~ *Highway Users Tax*
30 *Account for distribution pursuant to Section 2103.2 of the Streets*
31 *and Highways Code.*

32 *SEC. 24. Section 8352.5 of the Revenue and Taxation Code is*
33 *amended to read:*

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

(2) The amounts are not subject to Section 6357 with respect to the collection of sales and use taxes thereon, and represent the portion of receipts in the Motor Vehicle Fuel Account during a calendar year that were attributable to agricultural off-highway use of motor vehicle fuel which is subject to refund pursuant to Section 8101, less gross refunds allowed by the Controller during the fiscal year ending June 30th 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) Commencing July 1, ~~2012~~, 2016, the revenues attributable to the taxes imposed pursuant to subdivision (b) of Section 7360 and Section 7361.1 and otherwise to be deposited in the Department of Food and Agriculture Fund pursuant to subdivision (a) shall instead be transferred to the ~~General Fund~~. ~~The revenues attributable to the taxes imposed pursuant to subdivision (b) of Section 7360 and Section 7361.1 that were deposited in the Department of Food and Agriculture Fund in the 2010-11 and 2011-12 fiscal years shall be transferred to the General Fund.~~ Highway Users Tax Account for distribution pursuant to Section 2103.2 of the Streets and Highways Code.

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

SEC. 25. 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), 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

1 and for which a refund has not been claimed. Transfers made
2 pursuant to this section shall be made prior to transfers pursuant
3 to Section 8352.2.

4 (2) Commencing July 1, ~~2012~~, 2016, the revenues attributable
5 to the taxes imposed pursuant to subdivision (b) of Section 7360
6 and Section 7361.1 and otherwise to be deposited in the
7 Off-Highway Vehicle Trust Fund pursuant to paragraph (1) shall
8 instead be transferred to the ~~General Fund~~. The revenues
9 ~~attributable to the taxes imposed pursuant to subdivision (b) of~~
10 ~~Section 7360 and Section 7361.1 that were deposited in the~~
11 ~~Off-Highway Vehicle Trust Fund in the 2010–11 and 2011–12~~
12 ~~fiscal years shall be transferred to the General Fund.~~ *Highway*
13 *Users Tax Account for distribution pursuant to Section 2103.2 of*
14 *the Streets and Highways Code.*

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

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

29 (1) The number of vehicles registered as off-highway motor
30 vehicles as required by Division 16.5 (commencing with Section
31 38000) of the Vehicle Code.

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

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

36 (4) Off-highway recreation use on federal lands as indicated by
37 the United States Forest Service's National Visitor Use Monitoring
38 and the United States Bureau of Land Management's Recreation
39 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. 8.~~

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

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

(2) If the federal fuel tax is reduced below the rate of fifteen cents (\$0.15) per gallon and federal financial allocations to this state for highway and exclusive public mass transit guideway

1 purposes are reduced or eliminated correspondingly, the tax rate
2 imposed by paragraph (1) shall be increased by an amount so that
3 the combined state rate under paragraph (1) and the federal tax
4 rate per gallon equal what it would have been in the absence of
5 the federal reduction.

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

9 (b) In addition to the tax imposed pursuant to subdivision (a),
10 on and after the first day of the first calendar quarter that occurs
11 90 days after the effective date of the act adding this subdivision,
12 an additional tax of twenty-two cents (\$0.22) is hereby imposed
13 upon each gallon of diesel fuel subject to the tax in Sections 60051,
14 60052, and 60058.

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

19 (1) The Department of Finance shall transmit to the State Board
20 of Equalization the percentage change in the California Consumer
21 Price Index for all items from November of four calendar years
22 prior to November of the prior calendar year, no later than January
23 31, 2019, and January 31 of every third year thereafter. *The*
24 *Department of Finance shall also transmit to the State Board of*
25 *Equalization the estimated percentage change in the average fuel*
26 *efficiency of the overall California motor vehicle fleet over the*
27 *same periods of time.*

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

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

32 (B) *Compute a fleet fuel efficiency factor by adding 100 percent*
33 *to the applicable percentage change figure furnished pursuant to*
34 *paragraph (1) and dividing the result by 100.*

35 ~~(B)~~
36 (C) Multiply the preceding tax rate per gallon by the *sum of the*
37 *inflation adjustment factor and the fleet fuel efficiency factor*
38 *determined in subparagraphs (A) and (B) and round*
39 *off the resulting product to the nearest tenth of a cent.*

40 ~~(C)~~

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

SEC. 27. *Section 143 of the Streets and Highways Code is amended to read:*

143. (a) ~~(1)~~—*For purposes of this section, the following terms shall have the following meanings:*

(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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

38 (D) Negotiations with proposers prior to award.

39 (E) Acceptance of unsolicited proposals, with issuance of
40 requests for competing proposals. Neither the department nor a

1 regional transportation agency may award a contract to an
2 unsolicited bidder without receiving at least one other responsible
3 bid.

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

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

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

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

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

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

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

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

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

39 (C) Any instance where members of the contracting entity or
40 lessee, or its owners, officers, or managing employees submitted

1 a bid on a public works project and were found to be nonresponsive
2 or were found by an awarding body not to be a responsible bidder.

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

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

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

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

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

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

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

38 (2) Safety projects.

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

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

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

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

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

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

37 (3) The collection of tolls and user fees for the use of these
38 facilities may be extended by the commission or regional
39 transportation agency at the expiration of the lease agreement.
40 However, those tolls or user fees shall not be used for any purpose

1 other than for the improvement, continued operation, or
2 maintenance of the facility.

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

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

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

31 (n) The assignment authorized by subdivision (c) of Section
32 130240 of the Public Utilities Code is consistent with this section.

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

37 (p) Nothing in this section is intended to infringe on the authority
38 to develop high-occupancy toll lanes pursuant to Section 149.4,
39 149.5, or 149.6.

(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 be entered into under this section on or after January 1, 2017.~~

SEC. 28. 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, 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.

~~(b) Commencing with the 2013-14 fiscal year, and not later than November 1 of each fiscal year thereafter, based on prior year~~

1 ~~financial statements, the Controller shall transfer the funds~~
2 ~~identified in subdivision (a) for the prior fiscal year from the State~~
3 ~~Highway Account to the Transportation Debt Service Fund in the~~
4 ~~State Transportation Fund, and those funds are continuously~~
5 ~~appropriated for the purposes specified for the Transportation Debt~~
6 ~~Service Fund.~~

7 ~~SEC. 9.~~

8 SEC. 29. Article 8 (commencing with Section 228) is added
9 to Chapter 1 of Division 1 of the Streets and Highways Code, to
10 read:

11
12 Article 8. Road Access Charge
13

14 228. (a) In addition to any other charge imposed on a vehicle
15 by law, an annual road access charge is hereby imposed on each
16 vehicle described in subdivision (c). The amount of the annual
17 road access charge shall be thirty-five dollars (\$35). The
18 Department of Motor Vehicles shall collect the charge at the same
19 time and in the same manner as the department collects the vehicle
20 registration fee pursuant to Section 9250.3 of the Vehicle Code.

21 (b) Revenues from the charge, after deduction of the
22 department's administrative costs related to this section, shall be
23 deposited in the Road Maintenance and Rehabilitation Account
24 created pursuant to Section 2031.

25 (c) *The Department of Motor Vehicles shall annually adjust the*
26 *road access charge imposed under this section for inflation in an*
27 *amount equal to the change in the California Consumer Price*
28 *Index for the prior year, as calculated by the Department of*
29 *Finance, with amounts equal to or greater than fifty cents (\$0.50)*
30 *to be rounded to the next highest whole dollar.*

31 (e)

32 (d) As used in this section, "vehicle" means every vehicle
33 subject to registration in this state. "Vehicle" does not mean either
34 any vehicle exempted pursuant to the Vehicle Code from the
35 payment of registration fees or any vehicle for which a certificate
36 of nonoperation has been filed with the Department of Motor
37 Vehicles pursuant to Section 4604 of the Vehicle Code during the
38 period of time covered by the certificate.

39 SEC. 30. *Section 820.1 of the Streets and Highways Code is*
40 *amended to read:*

1 820.1. (a) The State of California consents to the jurisdiction
2 of the federal courts with regard to the compliance, discharge, or
3 enforcement of the responsibilities assumed by the department
4 pursuant to Section 326 of, and subsection (a) of Section 327 of,
5 Title 23 of the United States Code.

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

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

13 (d) The department shall, no later than January 1, 2016, submit
14 a report to the Legislature that includes the following:

15 (1) A comparative analysis of the environmental review process
16 under the National Environmental Policy Act (Chapter 55
17 (commencing with Section 4321) of Title 42 of the United States
18 Code) for the 30 projects, excluding those projects categorically
19 excluded from environmental review, undertaken immediately
20 preceding the enactment of this section that involved the Federal
21 Highway Administration and the environmental review process
22 for all projects, excluding those projects categorically excluded
23 from environmental review, undertaken following the enactment
24 of this section that did not involve the Federal Highway
25 Administration. This analysis shall include department- and local
26 agency-sponsored projects, and shall address the following:

27 (A) For each project included in the analysis, the environmental
28 review process under the National Environmental Policy Act,
29 including which state and federal agencies reviewed the
30 environmental documents and the amount of time the documents
31 were reviewed by each agency, shall be described.

32 (B) The points in the environmental review process under the
33 National Environmental Policy Act when project delays occurred
34 and the nature of the delays.

35 (C) The time saved in the environmental review process for
36 projects undertaken following the enactment of this section in
37 comparison to the review process for projects undertaken prior to
38 the enactment of this section, and the points in the review process
39 when time was saved.

(D) The circumstances when the Federal Highway Administration hindered and facilitated project delivery.

(2) All financial costs incurred by the department to assume the responsibilities pursuant to Section 326 of, and subsection (a) of Section 327 of, Title 23 of the United States Code, including, but not limited to, the following:

(A) Personnel to conduct and review environmental documents and to manage litigation.

(B) Administrative costs.

(C) Litigation.

(3) An explanation of all litigation initiated against the department for the responsibilities assumed pursuant to Section 326 of, and subsection (a) of Section 327 of, Title 23 of the United States Code.

(4) A comparison of all costs and benefits of assuming these responsibilities.

(5) An assessment of overall project delivery time from the time environmental studies begin to the time the project is ready to advertise for construction, including the time required for each project phase and distinguishing between different types of environmental documents and between projects on the state highway system and local assistance projects. The department may also include other variables that it determines may be useful in the assessment.

~~(e) (1) This section shall remain in effect only until January 1, 2017, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2017, deletes or extends that date.~~

~~(2) The state shall remain liable for any decisions made, or responsibilities assumed and exercised, prior to the repeal of this section under this subdivision, pursuant to applicable federal statutes of limitation for filing citizens' suits in federal court.~~

~~(f)~~

~~(e)~~ Nothing in this section affects the obligation of the department to comply with state and federal law.

~~SEC. 10.~~

SEC. 31. Chapter 2 (commencing with Section 2030) is added to Division 3 of the Streets and Highways Code, to read:

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

- (1) Road maintenance and rehabilitation.
- (2) Safety projects.
- (3) Railroad grade separations.
- (4) Active transportation and pedestrian and bicycle safety projects in conjunction with any other allowable project.
- (5) Wildlife crossings.

(c) To the extent possible, the department and cities and counties receiving an apportionment of funds under the program shall use advanced technologies and material recycling techniques that reduce the cost of maintaining and rehabilitating the streets and highways.

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

(a) The revenues attributable to the increase in the motor vehicle fuel excise tax by twelve cents (\$0.12) per gallon pursuant to subdivision (a) of Section 7360 of the Revenue and Taxation Code, as adjusted pursuant to subdivision (c) of that section, and the revenues attributable to ten cents (\$0.10) per gallon of the increase in the diesel fuel excise tax by twenty-two cents (\$0.22) per gallon, pursuant to subdivision (b) of Section 60050 of the Revenue and Taxation Code, as adjusted pursuant to subdivision (c) of that section, as provided in subdivision (a) of Section 2103.1.

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

- (1) Road maintenance and rehabilitation.
- (2) Safety projects.
- (3) Railroad grade separations.
- (4) Active transportation and pedestrian and bicycle safety projects in conjunction with any other allowable project.
- (5) Wildlife crossings.

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

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

1 (c) The revenues from the increase in the vehicle registration
2 fee pursuant to Section 9250.6 of the Vehicle Code.

3 (d) The revenues from the road access charge imposed pursuant
4 to Section 228.

5 (e) The revenues from repayment of loans made from the State
6 Highway Account, the Motor Vehicle Fuel Account, the Highway
7 Users Tax Account, and the Motor Vehicle Account to the General
8 Fund, pursuant to the schedule set forth in Section 16321 of the
9 Government Code.

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

11 2031.5. Each fiscal year the annual Budget Act shall contain
12 an appropriation from the Road Maintenance and Rehabilitation
13 Account to the Controller for the costs of carrying out his or her
14 duties pursuant to this chapter and to the California Transportation
15 Commission for the costs of carrying out its duties pursuant to this
16 chapter and Sections 14526.7 and 14526.8 of the Government
17 Code.

18 2032. (a) After deducting the amounts appropriated in the
19 annual Budget Act as provided in Section 2031.5, 5 percent of the
20 remaining revenues deposited in the Road Maintenance and
21 Rehabilitation Account shall be set aside for counties in which
22 voters approve, on or after July 1, ~~2015~~, 2016, a transactions and
23 use tax for transportation purposes, and which counties did not,
24 prior to that approval, impose a transactions and use tax for those
25 purposes. The funds available under this subdivision in each fiscal
26 year are hereby continuously appropriated for allocation to each
27 eligible county and each city in the county for road maintenance
28 and rehabilitation purposes pursuant to Section 2035. However,
29 funds remaining unallocated under this subdivision in any fiscal
30 year shall be reallocated on the last day of the fiscal year pursuant
31 to subdivision (b).

32 (b) The balance of the revenues deposited in the Road
33 Maintenance and Rehabilitation Account, including the revenues
34 reallocated for the purposes of this subdivision pursuant to
35 subdivision (a), are hereby continuously appropriated as follows:

36 (1) Fifty percent for allocation to the department for maintenance
37 of the state highway system, for purposes of the state highway
38 operation and protection program, or for other eligible purposes
39 pursuant to Section 2030.

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

2033. (a) The commission shall annually evaluate each city and county receiving funds pursuant to this chapter.

(b) In addition, the commission shall adopt performance criteria related to highway performance goals, greenhouse gas emissions, social equity impacts, and public health impacts. These criteria may include, but are not limited to, the following:

(1) Pavement condition, such as the Pavement Condition Index.

(2) Bridge condition, such as the state's Bridge Health Index.

(3) Maintenance level of service, such as litter removal and graffiti abatement.

(4) Greenhouse gas emissions, including those resulting from induced demand, and biological emissions.

(5) Measures of mobility benefits to transit, bicycles, and pedestrians.

(6) Quantification of the public health and safety, economic, and environmental cobenefits.

(c) For each fiscal year in which the department receives an allocation of funds pursuant to Section 2032, the department shall submit documentation to the commission that includes a description and the location of each completed project, the amount of funds expended on the project, the completion date, and the project's estimated useful life. The commission shall evaluate the documentation to determine the effectiveness of the department in reducing deferred maintenance and improving roadway conditions on the state highway system as well as meeting the performance criteria adopted pursuant to subdivision (b), and may withhold future funding from the department if it determines that program funds have not been appropriately spent.

(d) For each fiscal year in which a city or county receives an apportionment of funds pursuant to subdivision (a) or paragraph (2) of subdivision (b) of Section 2032, the commission shall evaluate the documentation submitted pursuant to subdivision (b) of Section 2034 to determine the effectiveness of the city or county in reducing deferred maintenance and improving roadway

1 conditions on highways within its jurisdiction as well as meeting
2 the performance criteria adopted pursuant to subdivision (b).

3 (e) If the commission determines, with respect to any given
4 fiscal year, that a city or county has not appropriately spent its
5 apportionment of funds, the commission shall direct the Controller
6 to make that city or county ineligible to receive an apportionment
7 during the next fiscal year. The Controller shall reapportion that
8 city's or county's share of funds to all other eligible cities or
9 counties pursuant to paragraph (2) of subdivision (b) of Section
10 2032.

11 (f) The commission shall include a discussion of its evaluations
12 pursuant to this section in its annual report to the Legislature
13 pursuant to Section 14535 of the Government Code.

14 (g) As used in this section, "highways" includes streets and
15 roads.

16 2034. (a) (1) Prior to receiving an apportionment of funds
17 under the program pursuant to paragraph (2) of subdivision (b) of
18 Section 2032 from the Controller in a fiscal year, an eligible city
19 or county shall submit to the commission a list of projects proposed
20 to be funded with these funds pursuant to an adopted city or county
21 budget. All projects proposed to receive funding shall be included
22 in a city or county budget that is adopted by the applicable city
23 council or county board of supervisors at a regular public meeting.
24 The list of projects proposed to be funded with these funds shall
25 include a description and the location of each proposed project, a
26 proposed schedule for the project's completion, and the estimated
27 useful life of the improvement. The project list shall not limit the
28 flexibility of an eligible city or county to fund projects in
29 accordance with local needs and priorities so long as the projects
30 are consistent with subdivision (d).

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

37 (b) For each fiscal year, each city or county receiving an
38 apportionment of funds shall, upon expending program funds,
39 submit documentation to the commission that includes a description
40 and location of each completed project, the amount of funds

1 expended on the project, the completion date, the estimated useful
2 life of the improvement, and a description of how the project
3 contributes to meeting the performance criteria adopted pursuant
4 to subdivision (b) of Section 2033. The documentation shall also
5 include a comparison of the projects the city or county would have
6 completed without receiving funds under the program compared
7 with the projects completed with these funds.

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

14 (d) (1) Funds made available to a city or county under the
15 program shall be used for improvements to transportation facilities
16 that will assist in reducing further deterioration of the existing road
17 system. These improvements may include, but need not be limited
18 to, pavement maintenance, rehabilitation, installation, construction,
19 and reconstruction of necessary associated facilities such as
20 drainage and traffic control devices, or safety projects to reduce
21 fatalities.

22 (2) Funds made available under the program may also be used
23 for the following purposes:

24 (A) To satisfy the local match requirement in order to obtain
25 state or federal transportation funds for similar purposes.

26 (B) Active transportation and pedestrian and bicycle safety
27 projects in conjunction with any other allowable project.

28 (C) Other eligible purposes consistent with Section 2030.

29 2035. (a) On or before July 1, 2016, the commission, in
30 cooperation with the department, transportation planning agencies,
31 county transportation commissions, and other local agencies, shall
32 develop guidelines for the allocation of funds pursuant to
33 subdivision (a) of Section 2032.

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

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

39 2036. (a) Cities and counties shall maintain their existing
40 commitment of local funds for street, road, and highway purposes

1 in order to remain eligible for an allocation or apportionment of
2 funds pursuant to Section 2032.

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

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

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

35 (e) The Controller may perform audits to ensure compliance
36 with subdivision (b) when deemed necessary. Any city or county
37 that has not complied with subdivision (b) shall reimburse the state
38 for the funds it received during that fiscal year. Any funds withheld
39 or returned as a result of a failure to comply with subdivision (b)

1 shall be reapportioned to the other counties and cities whose
2 expenditures are in compliance.

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

9 2037. A city or county may spend its apportionment of funds
10 under the program on transportation priorities other than those
11 allowable pursuant to this chapter if the city's or county's average
12 Pavement Condition Index meets or exceeds 85.

13 2038. (a) *The Department of Transportation and local*
14 *agencies, as a condition of receiving funds from the program, shall*
15 *adopt and implement a program designed to promote and advance*
16 *construction employment and training opportunities through*
17 *preapprenticeship opportunities, either by the public agency itself*
18 *or through contractors engaged by the public agencies to do work*
19 *funded in whole or in part by funds made available by the program.*

20 (b) *The Department of Transportation and local agencies, as a*
21 *condition of receiving funds from the program, shall ensure the*
22 *involvement of the California Conservation Corps and certified*
23 *community conservation corps in the delivery of projects and*
24 *services funded in whole or in part by funds made available by the*
25 *program.*

26 ~~SEC. 11.~~

27 *SEC. 32.* Section 2103.1 is added to the Streets and Highways
28 Code, to read:

29 2103.1. Notwithstanding subdivision (b) of Section 2103, the
30 portion of the revenues in the Highway Users Tax Account
31 attributable to the increase in the tax rate on motor vehicle fuel by
32 twelve cents (\$0.12) per gallon pursuant to subdivision (a) of
33 Section 7360 of the Revenue and Taxation Code, as adjusted
34 pursuant to subdivision (c) of that section, and the increase in the
35 tax rate on diesel fuel by twenty-two cents (\$0.22) per gallon
36 pursuant to subdivision (b) of Section 60050 of the Revenue and
37 Taxation Code, as adjusted pursuant to subdivision (c) of that
38 section, shall be deposited in the Road Maintenance and
39 Rehabilitation Account created pursuant to Section 2031, except
40 that the portion of the revenues attributable to twelve cents (\$0.12)

1 of that increase in the per gallon tax rate on diesel fuel, as adjusted,
2 shall be deposited in the Trade Corridors Improvement Fund for
3 expenditure pursuant to Section 2192.

4 *SEC. 33. Section 2103.2 is added to the Streets and Highways*
5 *Code, to read:*

6 *2103.2. Notwithstanding Section 2103, the revenues transferred*
7 *to the Highway Users Tax Account pursuant to Sections 8352.4,*
8 *8352.5, and 8352.6 of the Revenue and Taxation Code shall be*
9 *distributed pursuant to the formula in paragraph (3) of subdivision*
10 *(a) of Section 2103.*

11 ~~SEC. 12.~~

12 *SEC. 34. Section 9250.3 is added to the Vehicle Code, to read:*

13 *9250.3. (a) In addition to any other fees specified in this code,*
14 *the Revenue and Taxation Code, or the Streets and Highways*
15 *Code, commencing 120 days after the effective date of the act*
16 *adding this section, a registration fee of thirty-five dollars (\$35)*
17 *shall be paid to the department for registration or renewal of*
18 *registration of every vehicle subject to registration under this code,*
19 *except those vehicles that are expressly exempted under this code*
20 *from payment of registration fees.*

21 *(b) The Department of Motor Vehicles shall annually adjust the*
22 *fee imposed under this section for inflation in an amount equal to*
23 *the change in the California Consumer Price Index for the prior*
24 *year, as calculated by the Department of Finance, with amounts*
25 *equal to or greater than fifty cents (\$0.50) rounded to the next*
26 *highest whole dollar.*

27 ~~(b)~~

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

32 ~~SEC. 13.~~

33 *SEC. 35. Section 9250.6 is added to the Vehicle Code, to read:*

34 *9250.6. (a) In addition to any other fees specified in this code,*
35 *the Revenue and Taxation Code, or the Streets and Highways*
36 *Code, commencing 120 days after the effective date of the act*
37 *adding this section, a registration fee of one hundred dollars (\$100)*
38 *shall be paid to the department for registration or renewal of*
39 *registration of every zero-emission motor vehicle subject to*
40 *registration under this code, except those motor vehicles that are*

1 expressly exempted under this code from payment of registration
2 fees.

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

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

9 (d) For purposes of this section, "zero-emission motor vehicle"
10 means a motor vehicle as described in subdivisions (c) and (d) of
11 Section 44258 of the Health and Safety ~~Code~~, *Code* or any other
12 motor vehicle that is able to operate on any fuel other than gasoline
13 or diesel fuel.

14 *SEC. 36. Section 9400.5 is added to the Vehicle Code, to read:*

15 *9400.5. Notwithstanding Sections 9400.1, 9400.4, and 42205*
16 *of this code, Sections 16773 and 16965 of the Government Code,*
17 *Section 2103 of the Streets and Highways Code, or any other law,*
18 *all of the following shall occur with respect to use of weight fee*
19 *revenues:*

20 *(a) The amount of weight fee revenues transferred in each fiscal*
21 *year from the State Highway Account to the Transportation Debt*
22 *Service Fund or to the Transportation Bond Direct Payment*
23 *Account shall not exceed the amount necessary to pay the current*
24 *year debt service in that fiscal year on bonds issued pursuant to*
25 *Proposition 192 (1996), Proposition 108 (1990), and Proposition*
26 *1B (2006), and then only for the portion of bond debt service that*
27 *relates to expenditures of bond proceeds for purposes consistent*
28 *with Article XIX of the California Constitution.*

29 *(b) Weight fee revenues shall not be loaned to the General*
30 *Fund.*

31 *(c) Weight fee revenues that remain in the State Highway*
32 *Account shall be expended for the purposes authorized by law for*
33 *that account, but not including payment of transportation general*
34 *obligation bond debt service.*

35 *SEC. 37. Section 9400.6 is added to the Vehicle Code, to read:*

36 *9400.6. On or before January 1, 2021, the Department of*
37 *Finance, in consultation with the Transportation Agency and the*
38 *California Transportation Commission, shall develop a plan,*
39 *including proposed statutory changes, for implementation in whole*
40 *or in part beginning no later than the 2021–22 fiscal year, to*

1 *restore 100 percent of weight fee revenues, after deduction of*
2 *collection costs, to the State Highway Account, for expenditure on*
3 *the purposes authorized by law for that account, but not including*
4 *payment of transportation general obligation bond debt service.*

5 ~~SEC. 14.~~

6 SEC. 38. This act is an urgency statute necessary for the
7 immediate preservation of the public peace, health, or safety within
8 the meaning of Article IV of the Constitution and shall go into
9 immediate effect. The facts constituting the necessity are:

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

O