

BOARD MEETING DATE: March 3, 2017

AGENDA NO. 27

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a meeting on Friday, February 10, 2017. The next Legislative Committee meeting is scheduled for Friday, March 10, 2017, at 9 a.m.

Agenda Item	Staff Recommendation
AB 1 (Frazier) Transportation Funding	Work with Author
SB 1 (Beall) Transportation Funding	Work with Author
AB 193 (Cervantes) Air Quality Improvement Program: Clean Reused Vehicle Rebate Project	Support and Work with Author
SB 53 (Hueso) Natural Gas Vehicles	Support
Proposed Legislation to Grant Cease and Desist Authority to Air Pollution Control Officer	Work on Concept and Introduce Bill

**RECOMMENDED ACTION:**

Receive and file this report, and approve agenda items as specified in this letter.

Judith Mitchell  
Chair  
Legislative Committee

DJA:PFC:mjk

---

**Attendance [Attachment 1]**

The Legislative Committee met on February 10, 2017. Committee Chair Judith Mitchell was present at the South Coast Air Quality Management District's (SCAQMD) Diamond Bar headquarters. Committee Members Joe Buscaino, Shawn Nelson, and Dr. Clark E. Parker, Sr. attended via videoconference. Mayor Pro Tem Ben Benoit was appointed to the committee for this meeting and was present at SCAQMD's Diamond Bar headquarters. Dr. William A. Burke was also appointed to the committee for this meeting and participated via videoconference.

### **Update on Federal Legislative Issues [Attachment 2]**

SCAQMD's federal legislative consultants (Carmen Group, Cassidy & Associates, and Kadesh & Associates) each provided a written report on various key Washington, D.C. issues. The three firms each gave a verbal update as well.

Mr. Gary Hoitsma of the Carmen Group gave an update on his firm's written report by stating that Attorney General Jeff Sessions, Secretary of Health and Human Services Tom Price, and Secretary of Education Betsey DeVos had been officially appointed to President Donald Trump's cabinet. In addition, Mr. Hoitsma stated that three cabinet nominees for the positions of Treasury Secretary, Secretary of Veterans Affairs, and Small Business Administrator were to be voted on in the following week.

Mr. Hoitsma reported that the goal of the administration was to confirm nine cabinet members by February 17, the beginning of the President's Day recess. President Trump also announced that he would drop the position of Chairman of the Council of Economic Advisers from the cabinet-level list. Additionally, Scott Pruitt's nomination to the U.S. EPA is to be voted on in the upcoming weeks. Mr. Hoitsma also mentioned President Trump's "two-for-one" executive order, aimed at dramatically rolling back federal regulation was subject to lawsuits filed by various groups including the National Resources Defense Council. The order would require federal agencies to revoke two regulations for every new rule they propose to issue.

There was a discussion about Dr. Parker's recent visit to Washington, D.C. and meetings he held with several senators. In response to an inquiry from Dr. Burke, Councilmember Mitchell, Executive Officer Wayne Nastri, and Mr. Hoitsma confirmed that the Carmen Group had set up a prior meeting between Dr. Parker and Senator Jim Inhofe. Dr. Burke inquired when Dr. Parker would next be able to meet with Senator Inhofe, to which Mr. Hoitsma responded that Dr. Parker was welcome anytime. Dr. Burke responded that he wanted Dr. Parker to return to Washington D.C. within the next few weeks to meet with Senator Inhofe.

Ms. Amelia Jenkins of Cassidy & Associates stated that they were pleased to host Dr. Parker during his trip to Washington D.C. and that during his trip he was able to meet Senators Ben Cardin and Kamala Harris. Ms. Jenkins then updated the Committee on the status of regulatory reforms and the repeal of regulations through the Congressional Review Act, including the stream buffer zone rule, which had passed through the House of Representatives and the U.S. Senate, but had not yet been signed by President Trump. In addition, the methane emission rule, which deals with emissions of methane from drilling on public lands, is likely up for a vote in the U.S. Senate next week. The Fuel Economy Standards Midterm Review will probably be rolled back through a funding limitation on an appropriations bill. In addition, the Cross-State Air Pollution Rule for Ozone is subject to a ruling next month.

Mr. Mark Kadesh of Kadesh & Associates updated his firm's written report by giving an update on the appropriations process. He noted that President Trump's budget process was taking longer than is typical, and that the budget for fiscal year 2018 was expected sometime in early June. The fiscal year 2018 appropriations bills would likely have a late congressional appropriations process and be very condensed, since the federal fiscal year starts on October 1.

The fiscal year 2017 appropriations bills are operating under a continuing resolution (CR) which expires at the end of April. Mr. Kadesh noted that, in theory, the bills could be addressed then, or through an omnibus bill, but stated that it is anticipated that the continuing resolution would be continued beyond April and most likely through the rest of the fiscal year, although no decisions had been made. Currently, there are no changes in the fiscal year 2017 laws on appropriations levels and they will continue to use fiscal year 2016 levels.

Councilmember Mitchell inquired whether the CR would continue through the year, to which Mr. Kadesh responded that that was the expectation, because the appropriations committee is not working to pass the appropriations bills currently. A full-year CR is to be expected. Councilmember Mitchell then inquired whether the CR would continue beyond the expected budget date of June, to which Mr. Kadesh responded that President Trump will send in his fiscal year 2018 budget in June, but it would not start until October 1. Therefore, Congress would start working later than normal, and would have to pass twelve appropriations bills between June and October, which did not happen last year. Mr. Kadesh noted that the hope was that Congress would start moving bills in the summer.

### **Update on State Legislative Issues [Attachment 3]**

SCAQMD's state legislative consultants (Joe A. Gonsalves & Son and Gonzalez, Quintana, Hunter & Cruz, LLC) also provided written reports on various key issues in Sacramento. The two firms each gave a verbal update as well.

Mr. Paul Gonsalves of Joe A. Gonsalves & Son updated his firm's report by stating that Friday, February 17 is the last day for all bills to be introduced, and that 600 to 700 bills had already been introduced. He anticipated that 1,000 more bills would be introduced and that he and the firm would communicate with the District on bills of interest.

Mr. Will Gonzalez of Gonzalez, Quintana, Hunter & Cruz, LLC, updated his firm's report by giving a summary of AB 378 by Assemblymember Cristina Garcia. AB 378 is of particular interest to SCAQMD as it is one of the latest cap-and-trade reauthorization bills, and has a heavy slant towards ensuring greenhouse gas emission and criteria pollutant reductions. Mr. Gonzalez noted that his firm is communicating with Assemblymember Garcia's office to ensure funding for the Air Quality Management Plan (AQMP) and is actively engaged in Sacramento on AQMP funding, including multiple existing cap-and-trade discussions and transportation bills.

Mr. Jacob Moss of Gonzalez, Quintana, Hunter & Cruz, LLC, gave an update on Aliso Canyon. Mr. Moss stated that over the next year, Aliso Canyon would be looked at by the California Public Utilities Commission (CPUC) and Senator Henry Stern. The CPUC would proceed in two phases on the potential of reducing or eliminating Aliso Canyon's use as a storage facility. The first phase would be a health study, and the second phase would be based on those results. Mr. Moss noted that the PUC is expecting to have a final decision by mid-2018, but that Senator Stern is hoping to accelerate that process through SB 57. SB 57 is a bill regarding Aliso Canyon, from which language was taken out of SB 143 to move the bill at a faster pace. Mr. Moss stated that SB 57 had moved out of the Senate Natural Resources Committee with a 7-2 vote and that part of the language in the bill directed PUC to have their decision and proceeding completed by December 21, 2017. In addition, SB 57 is an urgency bill which also requires that a third-party analysis be completed before restarting injections at the Aliso Canyon facility.

In response to an inquiry from Dr. Burke, Mr. Moss clarified that currently, there is a moratorium in place on natural gas injections into the Aliso Canyon facility, and that SoCalGas had requested permission to begin injecting into the storage field again. Through SB 57, Senator Stern is looking to continue that moratorium until the CPUC concludes their proceedings and until a third-party analysis is complete. Dr. Burke inquired about what would happen if SB 57 does not pass in the Legislature, to which Mr. Moss responded that while CPUC's proceedings would continue, they would likely consider SoCalGas's request to begin injections.

Councilmember Mitchell inquired about who had initially imposed the moratorium. Mr. Philip Crabbe, Community Relations Manager in SCAQMD's Legislative, Public Affairs and Media (LPAM) Office, and Mr. Moss responded that the moratorium had been imposed through a bill authored by Senator Fran Pavley last year. Councilmember Mitchell inquired about control of the moratorium, to which Mr. Moss responded that DOGGR and CPUC jointly had authority and the ability to decide whether injections could be restarted at the facility.

Councilmember Buscaino inquired about CPUC's projected timeline on the results of the study on Aliso Canyon. Mr. Moss responded that a final decision is to be expected by mid-2018.

Councilmember Mitchell inquired whether SB 57 seeks a permanent shutdown of Aliso Canyon facility. Mr. Crabbe explained that the moratorium is extended until a root cause analysis is completed, and cannot be lifted until a hearing determines whether permanent closure is feasible for the region.

**Recommend Position on State Bill [Attachment 4]**

**AB 1 (Frazier) – Transportation Funding**

**SB 1 (Beall) – Transportation Funding**

Mr. Philip Crabbe presented AB 1 and SB 1 to the Committee together since they are very similar. These are urgency bills that lay out a plan that proposes about \$6 billion annually in new and redirected funding to address the urgent needs of the state's transportation system. The bills would increase the gas tax and vehicle registration fee, create a new \$165 annual vehicle registration fee with an inflation adjustment for zero-emission motor vehicles, exclude the California Transportation Commission (CTC) from the California Transportation Agency (CalSTA) and create the Office of the Transportation Inspector General as an independent office in state government. This bill would also increase appropriations of moneys from the Greenhouse Gas Reduction Fund (GGRF) to 20% to the Transit and Intercity Rail Capital Program and to 10% to the Low Carbon Transit Operations Program annually.

In response to an inquiry from Dr. Parker, Mr. Crabbe stated that cap-and-trade reauthorization is only a small portion of the bill that is still in development. Through the bill, Governor Jerry Brown is looking to generate new revenue that is separate from cap-and-trade. Mr. Crabbe stated that the District is trying to get involved to obtain some of the funding for emission reductions, and that it is likely that other cap-and-trade reauthorization bills will be introduced.

Mr. Gonzalez stated that there are competing cap-and-trade bills, including one from Assemblymember Autumn Burke and one from Assemblymember Christina Garcia. He stated that the bill introduced by Assemblymember Garcia is more focused toward environmental justice, but that both the bills seek to change the program – Assemblymember Garcia's bill is more heavily focused on GHG emissions and criteria pollutant reductions in disadvantaged communities. A discussion on cap-and-trade ensued and how the legislation will affect funding the District is seeking to get for implementing the AQMP.

Supervisor Nelson raised concerns regarding the bills, stating that raising gasoline taxes and vehicle license fees can have a regressive effect on the ports and the communities. A discussion occurred on how the bill would affect ports and finding funding for infrastructure.

Councilmember Buscaino requested that staff continue to update the Committee on both AB 1 and SB 1.

***Staff recommended a position of WORK WITH AUTHOR for both bills***

Moved by Nelson; seconded by Buscaino; unanimously approved.

Ayes: Benoit, Burke, Nelson, Parker, Mitchell

Noes: None

### **Recommend Position on State Bill**

#### **AB 193 (Cervantes) – Air Quality Improvement Program: Clean Reused Vehicle Rebate Project**

Mr. Crabbe presented AB 193 to the Committee. This bill would require the State Air Resources Board (CARB) to establish the Clean Reused Vehicle Rebate Project (CRVRP), as a part of the Air Quality Improvement Program (AQIP), to provide rebates or other incentives for the acquisition of an eligible used vehicle; the replacement or refurbishment of a battery and related components for an eligible used vehicle or an extended warranty for the battery or related components; or an extended service warranty to cover unexpected vehicle repairs not covered by the manufacturer's warranty related to unique problems in eligible used vehicles.

Supervisor Nelson brought up the issue of the consequences of zero-emission vehicles (ZEVs) not contributing to infrastructure costs since ZEV owners do not pay gas taxes. He wanted to make sure there was not an incentive to purchase ZEVs without also imposing a vehicle license fee on those vehicles. The direction of the committee was to support the bill, work with the author, and request amendments regarding a registration fee on ZEVs.

*Staff recommended a position of SUPPORT. After committee discussion, a recommended position of SUPPORT AND WORK WITH AUTHOR was approved.*

Moved by Nelson; seconded by Parker; unanimously approved.

Ayes: Burke, Buscaino, Nelson, Parker, Mitchell

Noes: None

### **Recommend Position on State Bill**

#### **SB 53 (Hueso) – Natural Gas Vehicles**

Mr. Marc Carrel, Program Supervisor in SCAQMD's Legislative, Public Affairs and Media (LPAM) Office, presented SB 53 to the Committee. This bill would amend Section 35551 of the Vehicle Code, relating to vehicles. This bill adopts a vehicle weight exemption for natural gas vehicles as specified in the Fixing America's Surface Transportation (FAST) Act of 2015. The act would allow natural gas vehicles to exceed federal weight limits by up to 2,000 pounds.

*Staff recommended a position of SUPPORT*

Moved by Nelson; seconded by Buscaino; unanimously approved.

Ayes: Burke, Buscaino, Nelson, Parker, Mitchell

Noes: None

### **Proposed Legislation for Approval [Attachment 5]**

Ms. Barbara Baird, Chief Deputy Counsel, presented on an item to seek approval to introduce proposed legislation. This legislation would authorize the air pollution control officer, if he or she determines that a person has violated requirements regulating the emission of air pollutants and that the violation presents an imminent and substantial

endangerment to the public health or welfare, or the environment, to issue an order for abatement pending a hearing before the district Hearing Board. The bill would require the air pollution control officer to notify the alleged violator of the order and would establish a procedure for a post-order hearing.

In response to a prior inquiry by Supervisor Rutherford, Ms. Baird reported that the executive officers of DTSC and the State Water Resources Control Board have the ability to issue cease and desist orders.

A discussion ensued regarding the proposed legislation, its effect on businesses, and SCAQMD's Hearing Board process, and in particular, ensuring due process for businesses. Mr. Nastri stated that staff will continue to work on language to make sure the bill addresses the due process concerns. The committee members requested that staff continue to work on bill language to assure due process concerns are addressed and introduce the bill.

*Staff recommended approval for the introduction of the bill proposal. After committee discussion, a recommended position of WORK ON CONCEPT AND INTRODUCE BILL was approved.*

Ayes: Burke, Buscaino, Nelson, Parker, Mitchell; unanimously approved.

Abstain: Benoit

Noes: None

**Other Business:**

None

**Public Comment Period:**

None

The committee adjourned until Friday, March 10, 2017.

**Attachments**

1. Attendance Record
2. Update on Federal Legislative Issues –Written Reports
3. Update on State Legislative Issues – Written Reports
4. Recommended Position on State Bills
5. Informational Item on Proposed Legislation

## **ATTACHMENT 1**

### **SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT LEGISLATIVE COMMITTEE MEETING**

**Attendance – February 10, 2017**

Councilmember Judith Mitchell.....	SCAQMD Board Member
Mayor ProTem Ben Benoit .....	SCAQMD Board Member
Dr. William A. Burke (Videoconference).....	SCAQMD Board Member
Councilmember Joe Buscaino (Videoconference).....	SCAQMD Board Member
Supervisor Shawn Nelson (Videoconference) .....	SCAQMD Board Member
Dr. Clark E. Parker, Sr. (Videoconference) .....	SCAQMD Board Member
Mark Abramowitz.....	Board Consultant (Lyou)
Mark Taylor .....	Board Consultant (Rutherford)
Gary Hoitsma (teleconference) .....	The Carmen Group
Amelia Jenkins (teleconference) .....	Cassidy & Associates
Mark Kadesh (teleconference) .....	Kadesh & Associates
Paul Gonsalves (teleconference) .....	Joe A. Gonsalves & Son
Will Gonzalez (teleconference) .....	Gonzalez, Quintana, Hunter & Cruz
Bill LaMarr .....	California Small Business Alliance
David Libatique .....	Port of Los Angeles
Rita Loof .....	RadTech
Eddie Marquez .....	Alon Energy
Eric Martell .....	Port of LA
David Rothbart.....	Los Angeles County Sanitation Districts
Derrick Alatorre .....	SCAQMD Staff
Leeor Alpern .....	SCAQMD Staff
Debra Ashby .....	SCAQMD Staff
Barbara Baird.....	SCAQMD Staff
Marc Carrel .....	SCAQMD Staff
Patrick Chandler.....	SCAQMD Staff
Philip Crabbe .....	SCAQMD Staff
Philip Fine.....	SCAQMD Staff
Bayron Gilchrist.....	SCAQMD Staff
Monika Kim.....	SCAQMD Staff
Matt Miyasato .....	SCAQMD Staff
Wayne Nastri .....	SCAQMD Staff
Robert Paud.....	SCAQMD Staff
Jeanette Short.....	SCAQMD Staff
Laki Tisopulos .....	SCAQMD Staff
Kim White.....	SCAQMD Staff
Todd Warden .....	SCAQMD Staff
Fabian Wesson.....	SCAQMD Staff
William Wong.....	SCAQMD Staff





## **ATTACHMENT 2**

### **MEMORANDUM**

**To:** South Coast AQMD Legislative Committee

**From:** Carmen Group

**Date:** February 2017

**Re:** Federal Update -- Executive Branch

---

### **Status of Trump Cabinet Appointments** (As of February 1)

	<u><b>Confirmation Vote (Y-N)</b></u>
<b>Vice President</b>	<b>Mike Pence..... N/A</b>
<b>Secretary of State</b>	<b>Rex Tillerson ..... 56-43</b>
Treasury Secretary	Steven Mnuchin
<b>Defense Secretary</b>	<b>James Mattis..... 98-1</b>
Attorney General	Sen. Jeff Sessions
Interior Secretary	Rep. Ryan Zinke
Agriculture Secretary	Sonny Perdue
Commerce Secretary	Wilbur Ross
Labor Secretary	Andrew Puzder
HHS Secretary	Rep. Tom Price
HUD Secretary	Ben Carson
<b>Transportation Secretary</b>	<b>Elaine Chao..... 93-6</b>
Energy Secretary	Rick Perry
Education Secretary	Betsy DeVos
Veterans Affairs Secretary	David Shulkin
<b>Homeland Security Sec.</b>	<b>John Kelly..... 88-11</b>
<b>White House Chief of Staff</b>	<b>Reince Priebus..... N/A</b>
OMB Director	Rep. Mick Mulvaney
EPA Administrator	Scott Pruitt
US Trade Representative	Robert Lighthizer
<b>UN Ambassador</b>	<b>Nikki Haley..... 96-4</b>
SBA Administrator	Linda McMahon
Economic Advisors Chair	--
Environmental Quality Chair	--

## **Trump Administration**

### **Issue Paper on An America First Energy Plan**

Upon taking office on January 20, the Trump Administration posted an issue paper entitled “An America First Energy Plan.” Selected excerpts: *“President Trump is committed to eliminating harmful and unnecessary policies such as the Climate Action Plan and the Waters of the U.S. rule.....Our need for energy must go hand-in-hand with responsible stewardship of the environment. Protecting clean air and clean water, conserving our natural habitats, and preserving our natural reserves and resources will remain a high priority. President Trump will refocus the EPA on its essential mission of protecting our air and water.”*

### **Executive Order on Reducing Regulation and Controlling Regulatory Costs**

Directs the heads of all agencies to provide that for every one new regulation issued, at least two prior regulations must be identified for elimination. Any new incremental costs associated with new regulations shall, to the extent permitted by law, be offset by the elimination of existing costs associated with at least two prior regulations. In addition, the order provides that the costs of planned regulations be prudently managed and controlled through a budgeting process that will be implemented by the Office of Management and Budget and include guidance “standardizing the measurement and estimation of regulatory costs.”

### **Executive Order Expediting Environmental Reviews and Approvals for High Priority Infrastructure Projects**

Establishes a framework for expediting environmental reviews for high priority infrastructure projects including highways, bridges, tunnels, the electrical grid, ports, water systems, airports, railways and pipelines. Directs the Chairman of the White House Council on Environmental Quality (CEQ) to decide within 30 days of a request from a Governor or head of executive department or agency, or on his or her own initiative, whether an infrastructure project qualifies as “high priority,” considering the project’s importance to the general welfare, value to the Nation, environmental benefits, and other such factors as the Chairman deems relevant. For projects so designated as “high priority,” the Chairman of the CEQ shall coordinate with the head of the relevant agency to establish expedited procedures and deadlines for completion of environmental reviews and approvals for such projects.

### **Presidential Memorandum Streamlining Permitting and Reducing Regulatory Burdens for Domestic Manufacturing**

Directs the Secretary of Commerce to conduct a 60-day outreach to stakeholders and solicit comments from the public concerning Federal actions to streamline permitting and reduce regulatory burdens affecting domestic manufacturers. As part of this process, there shall be coordination with the Secretaries of Agriculture and Energy, the Administrator of the Environmental Protection Agency, the Director of the Office of Management and Budget, the Administrator of the Small Business Administration, and such other agency heads as may be appropriate. The Commerce Secretary will then submit a report to the President with recommendations identifying priority actions and recommended deadlines for completing actions. It also may include recommendations for any necessary changes in existing regulations or statutes, as well as policies, practices or procedures that can be taken immediately under existing authority.

**To:** South Coast Air Quality Management District

**From:** Cassidy & Associates

**Date:** February 1, 2017

**Re:** February Federal Update – House of Representatives

---

In the past month, the new Congress and Trump Administration began. Below is a summary of issues relevant to South Coast Air Quality Management District (SCAQMD).

**The Beginning of Regulatory Reform**

**Stream Buffer Zone Rule:** On February 1, 2017, the House will consider a joint resolution of disapproval of the Office of Surface Mining's (OSM) Stream Protection Rule (SPR), which focuses on environmental protection surrounding coal mining areas. This will be the first "midnight" rule to be considered under the Congressional Review Act by the full House. The resolution is very likely to pass the House and move to the Senate where passage is also likely. Once enacted, this resolution of disapproval would ensure that the final SPR has no force or effect and that the OSM cannot issue a rule that is substantially the same without subsequent authorization from Congress.

**Methane Emissions Rule:** A second Congressional Review Act item of interest to SCAQMD is the Resolution of Disapproval of the Bureau of Land Management's (BLM) final rule on methane emissions from oil and gas operations on federal and Indian Land. Many Republicans feel that this rule is unnecessary as the Environmental Protection Agency and individual states currently regulate methane emissions, so this rule would be duplicative in their opinion. The disapproval resolution is likely to come up in the House in the coming weeks followed quickly by the Senate. While it may seem that these are moving quickly on the House side, the Senate rules require at least 10 hours of floor debate on each resolution, meaning that there is not a lot of available time for each of these to be considered, so they will move much more slowly on the Senate side. Senate Majority Leader McConnell and Senate Majority Whip Cornyn are both cosponsors of the Senate resolution.

**Fuel Economy Standards/Mid-Term Review.** One of the final regulatory actions implemented by the Obama Administration was its decision to affirm the 2022-2025 fuel economy standards for cars and light trucks. This sets up automakers to achieve a greenhouse gas compliance figure of 51.4 mpg, with an average fuel economy rating of 36 mpg. Given that the 2016 real world fleet average fuel economy is about 26 mpg, this means that the fleet must improve by about 10 mpg over the 9-year period from 2016 to 2025, or about one mpg per year. For background, the mid-term review was established as a part of the 2012 final greenhouse gas emissions standards for model years 2017-2025. While not currently on the

legislative calendar, we anticipate repeal of this review will be part of a broader effort at regulatory reform.

**Ozone Standards Implementation Act of 2017:** On February 1, 2017, both the House and Senate reintroduced legislation to delay the effective date of the 70 ppb ozone standard to 2025. The Senate version of the Ozone Standards Implementation Act of 2017 (S. 263) is led by Shelley Moore Capito (R-WV) and has five original cosponsors, including one Democrat (Joe Manchin). The House version HR 806 is led by Pete Olsen (R-TX) and has 19 original cosponsors, including three Democrats. Under the current ozone standard, final attainment designations are scheduled for October of this year. The bill would also prevent U.S. EPA from reconsidering the current standard before 2025, and would stretch the “reconsideration timeline” in the Clean Air Act from every 5 years to every 10 years. Similar legislation was offered last Congress, but at that time it faced a certain veto threat from President Obama. The House is expected to pass it and will likely move quickly to do so, given the October compliance timeline. The question is whether seven other Democrats in the Senate would also vote to do so.

### **Infrastructure Proposals**

**President Trump Infrastructure Package:** President Donald Trump’s Infrastructure Plan, while considered conceptual at this time, proposes to spend \$1 trillion over 10 years using tax cuts, credits, and the possibility of repatriation of taxes on overseas profits from U.S. companies. Without specific details, it’s difficult to ascertain what policies or projects President Trump would propose to Congress that hasn’t already been covered in the FAST Act and past two WRDA bills. All three of those bills have made significant progress to address our nation’s infrastructure in terms of policy and project delivery since 2014.

Aside from an “unofficial” Top 50 Project List being circulated around the infrastructure stakeholders, there haven’t been any actions to date other than general tax reform concepts and possible policy proposals. Should the President propose an infrastructure plan to Congress, the requisite committee of jurisdiction in the Senate will comprise the committees on Environment and Public Works, Banking, Energy, and Finance, and Commerce. In the House, those committees would be Transportation and Infrastructure, Ways and Means, Energy and Commerce, and Natural Resources.

**Senate Democratic Infrastructure Package:** The \$1 Trillion Democratic proposal introduced last week — backed by Democratic Sens. Schumer, Tom Carper, Sherrod Brown, Bernie Sanders, Bill Nelson, Maria Cantwell, and Ron Wyden — steers away from new road construction and focuses more on repairing existing roads. It also has billions for transit, ports, the electric grid, and other projects.

Here’s a breakdown of interest to SCAQMD:

- \$210 billion to “repair crumbling roads and bridges.” This would include an expansion of the Obama administration’s TIGER grants program.
- \$70 billion to “modernize America’s Ports, Airports, & Waterways.”
- \$100 billion in new funding for energy infrastructure and grid modernization. This would also include reforming tax incentives for renewable energy. In addition, a “permanent incentive would be given for electricity generation, transportation fuels, and energy efficiency improvements.”

- It proposes the creation of a new infrastructure finance entity (“I-Bank”) that would unlock private pools of capital to provide low-cost loans or loan guarantees for infrastructure projects across a broad range of sectors, including transportation, energy, affordable housing, and water infrastructure.

### **VW Settlement**

On February 1, 2017, VW and the Department of Justice resolved one of the few outstanding questions in the defeat device scandal – how the buyback process for 3-liter vehicles (representing about 18% of the offending vehicles) would work. At this time, the settlement opportunity for California is:

- a. \$381.3 + \$41 million = \$422.3 million total for California to spend on “DERA Style” projects, to be administered by CARB and a special state trustee, to be named by Governor Brown. VW will not send these funds to California all at once; they will trickle in over a three-year period.
- b. \$800 million for deployment of ZEV vehicles and their infrastructure, to be administered by VW over the next 10 years. If SCAQMD or partners want to recommend specific proposals or high-level considerations for this pot of money, visit [www.electrifyamerica.com](http://www.electrifyamerica.com). On February 22, VW will share its plans for the initial ZEV Investment with EPA and CARB.
- c. \$25 million to support the existing EFMP Plus Up program, to be administered by CARB.

In addition, VW must establish two “Green Cities” in California, where funds are concentrated specifically for activities like electrifying Uber/Lyft fleets or freight. These cities have yet to be chosen. Candidate cities must have 500,000 people or more. At least one will be in a low-income area. Presumably the funding for the Green Cities will be taken out of the \$800 million pot above.

Just a day prior, Democrats on the House Energy and Commerce Committee requested information of VW regarding the delay in the buyback program required under the settlement.

# **KADESH & ASSOCIATES, LLC**

## **MEMORANDUM**

To: South Coast AQMD Legislative Committee  
From: Kadesh & Associates  
Date: February 2, 2017  
Re: Federal Legislative Update - Senate

### **Senate Confirmations**

The Senate continues to work its way through nominations. So far, Secretaries Chao (Transportation), Tillerson (State), Mattis (Defense), and Kelly (Homeland Security) have been confirmed. The balance of the nominees, including Pruitt (EPA), Perry (Energy), and Zinke (Interior) are awaiting Senate action.

### **Appropriations**

House Appropriations Subcommittee Chairmen held a meeting this week to discuss resolution of the FY17 appropriations bills, but it is our understanding that the discussion centered around the White House's recent executive orders and not how best to move the FY17 bills. At this point, there does not appear to be a plan on how to move forward on the FY17 appropriations bills, which are currently funded under a continuing resolution (CR) until April 28th. Several Democratic appropriators in both the House and Senate have expressed their desire to use the appropriations bills as vehicles to try and counter recent presidential executive orders. These actions could delay or halt the appropriations cycle, especially once bills make their way to Senate. It is clear that leadership has not yet focused on completing the FY17 appropriations bills.

Appropriations Committee staff are preparing individual bills for inclusion in an omnibus package and anomalies lists in case the CR is extended. In some cases (i.e. Department of Defense) it might be easier to pass the regular bill than run a CR. The likely endgame will be another CR-Omnibus, but we are pretty far from that actually happening. Additionally, staff has been told to prepare for an across-the-board cut of indeterminate size. But, again, this is speculation because leadership has not been focused on this matter.

### **Budget Requests**

Also this week, the White House instructed departments and agencies to submit their FY17 supplemental items to the Office of Management and Budget (OMB) by March 1st and their FY18 budget requests by May 1st. The supplemental will likely be driven by war funding needs and natural disaster needs. Factoring in the approximate 3-4 weeks OMB would need to vet these requests, we do not expect to see the supplemental until the end of March and the FY18 budget request until the end of May.

## **ATTACHMENT 3**



### **Joe A. Gonsalves & Son**

**Anthony D. Gonsalves**

**Jason A. Gonsalves**

**Paul A. Gonsalves**

PROFESSIONAL LEGISLATIVE REPRESENTATION

925 L ST. • SUITE 250 • SACRAMENTO, CA 95814-3766

916 441-0697 • FAX 916 441-5061

Email: gonsalves@gonsalvi.com

**TO:** SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

**FROM:** ANTHONY, JASON, AND PAUL GONSALVES

**SUBJECT:** FEBRUARY LEGISLATIVE UPDATE

**DATE:** FRIDAY, FEBRUARY 3, 2017

---

The 2017-18 Legislative session resumed on January 4, 2017. The Legislature quickly reacted to the actions taking place at the Federal level by adopting resolutions and hiring former US Attorney General, Eric Holder Jr., to protect California from Federal policies. Additionally, Governor Brown laid out his January Budget proposal that outlined a \$2 billion budget shortfall if no action is taken. During the State of the State, Governor Brown focused more on the broader context our country and the challenges we face. In one of the most passionate State of the State Addresses, Governor Brown promised to defend everyone in our state, continue to lead the world in addressing climate change, and even agreed with President Trump on the need for investment in our infrastructure. The challenges facing California are unclear at this point, however, the Governor and Legislature have made it clear that they are ready to stand up to protect California and its current policies.

### **ASSEMBLY COMMITTEE CHAIR ASSIGNMENTS:**

On December 27, 2016, Assembly Speaker Rendon announced his Leadership team along with the Chairs of the Assembly Committee's. At that time, the make-up of those Committees were not assigned. On January 20, 2017, Assembly Speaker Rendon announced the make-up of each Committee. The following will provide you with the Member's assigned to each Committee:

#### **Accountability and Administrative Review**

Assemblymember Susan Eggman, Chair

Assemblymember Tom Lackey, Vice Chair

Assemblymember Autumn Burke

Assemblymember Heath Flora  
Assemblymember Jim Frazier  
Assemblymember Jose Medina  
Assemblymember Sharon Quirk-Silva

### **Aging and Long-Term Care**

Assemblymember Ash Kalra, Chair  
Assemblymember Randy Voepel, Vice Chair  
Assemblymember Dante Acosta  
Assemblymember Anna Caballero  
Assemblymember Mike Gipson  
Assemblymember Todd Gloria  
Assemblymember Adam Gray

### **Agriculture**

Assemblymember Anna Caballero, Chair  
Assemblymember Devon Mathis, Vice Chair  
Assemblymember Cecilia Aguiar-Curry  
Assemblymember Heath Flora  
Assemblymember James Gallagher  
Assemblymember Adam Gray  
Assemblymember Jacqui Irwin  
Assemblymember Reginald Jones-Sawyer, Sr.  
Assemblymember Bill Quirk  
Assemblymember Rudy Salas, Jr.

### **Appropriations**

Assemblymember Lorena Gonzalez Fletcher, Chair  
Assemblymember Frank Bigelow, Vice Chair  
Assemblymember Richard Bloom  
Assemblymember Raul Bocanegra  
Assemblymember Rob Bonta  
Assemblymember Bill Brough  
Assemblymember Ian Calderon  
Assemblymember Ed Chau  
Assemblymember Susan Eggman  
Assemblymember Vince Fong  
Assemblymember Laura Friedman  
Assemblymember James Gallagher  
Assemblymember Eduardo Garcia  
Assemblymember Adam Gray  
Assemblymember Al Muratsuchi  
Assemblymember Jay Obernolte  
Assemblymember Eloise Reyes



### **Arts, Entertainment, Sports, Tourism, and Internet Media**

Assemblymember Kansen Chu, Chair  
Assemblymember Marie Waldron, Vice Chair  
Assemblymember Dante Acosta  
Assemblymember David Chiu  
Assemblymember Laura Friedman  
Assemblymember Jose Medina  
Assemblymember Adrin Nazarian

### **Banking and Finance**

Assemblymember Matthew Dababneh, Chair  
Assemblymember Phillip Chen, Vice Chair  
Assemblymember Autumn Burke  
Assemblymember Sabrina Cervantes  
Assemblymember Timothy Grayson  
Assemblymember Monique Limón  
Assemblymember Melissa Melendez  
Assemblymember Sebastian Ridley-Thomas  
Assemblymember Marc Steinorth  
Assemblymember Mark Stone  
Assemblymember Shirley Weber

### **Budget**

Assemblymember Phil Ting, Chair  
Assemblymember Jay Obernolte, Vice Chair  
Assemblymember Travis Allen  
Assemblymember Joaquin Arambula  
Assemblymember Richard Bloom  
Assemblymember Anna Caballero  
Assemblymember Rocky Chávez  
Assemblymember David Chiu  
Assemblymember Steven Choi  
Assemblymember Jim Cooper  
Assemblymember Vince Fong  
Assemblymember Cristina Garcia  
Assemblymember Matthew Harper  
Assemblymember Jacqui Irwin  
Assemblymember Reginald Jones-Sawyer, Sr.  
Assemblymember Tom Lackey  
Assemblymember Monique Limón  
Assemblymember Devon Mathis  
Assemblymember Kevin McCarty  
Assemblymember Jose Medina  
Assemblymember Melissa Melendez  
Assemblymember Kevin Mullin  
Assemblymember Patrick O'Donnell

Assemblymember Jim Patterson  
Assemblymember Blanca Rubio  
Assemblymember Mark Stone  
Assemblymember Randy Voepel  
Assemblymember Shirley Weber  
Assemblymember Jim Wood

**Budget Subcommittee No. 1 on Health and Human Services**

Assemblymember Joaquin Arambula, Chair  
Assemblymember Matthew Harper  
Assemblymember Devon Mathis  
Assemblymember Blanca Rubio  
Assemblymember Jim Wood  
Assemblymember Phil Ting, Democratic Alternate  
Assemblymember Jay Obernolte, Republican Alternate

**Budget Subcommittee No. 2 on Education Finance**

Assemblymember Kevin McCarty, Chair  
Assemblymember Rocky Chávez  
Assemblymember Jacqui Irwin  
Assemblymember Monique Limón  
Assemblymember Jose Medina  
Assemblymember Patrick O'Donnell  
Assemblymember Randy Voepel  
Assemblymember Phil Ting, Democratic Alternate  
Assemblymember Jay Obernolte, Republican Alternate

**Budget Subcommittee No. 3 on Resources and Transportation**

Assemblymember Richard Bloom, Chair  
Assemblymember Vince Fong  
Assemblymember Cristina Garcia  
Assemblymember Kevin Mullin  
Assemblymember Jim Patterson  
Assemblymember Phil Ting, Democratic Alternate  
Assemblymember Jay Obernolte, Republican Alternate

**Budget Subcommittee No. 4 on State Administration**

Assemblymember Jim Cooper, Chair  
Assemblymember Travis Allen  
Assemblymember Anna Caballero  
Assemblymember David Chiu  
Assemblymember Steven Choi  
Assemblymember Phil Ting, Democratic Alternate  
Assemblymember Jay Obernolte, Republican Alternate

**Budget Subcommittee No. 5 on Public Safety**

Assemblymember Shirley Weber, Chair  
Assemblymember Reginald Jones-Sawyer, Sr.  
Assemblymember Tom Lackey  
Assemblymember Melissa Melendez  
Assemblymember Mark Stone  
Assemblymember Phil Ting, Democratic Alternate  
Assemblymember Jay Obernolte, Republican Alternate

**Budget Subcommittee No. 6 on Budget Process, Oversight and Program Evaluation**

Assemblymember Phil Ting, Chair  
Assemblymember Travis Allen  
Assemblymember Joaquin Arambula  
Assemblymember Richard Bloom  
Assemblymember Jim Cooper  
Assemblymember Kevin McCarty  
Assemblymember Jay Obernolte  
Assemblymember Jim Patterson  
Assemblymember Shirley Weber

**Business and Professions**

Assemblymember Rudy Salas, Jr., Chair  
Assemblymember Bill Brough, Vice Chair  
Assemblymember Joaquin Arambula  
Assemblymember Catharine Baker  
Assemblymember Richard Bloom  
Assemblymember David Chiu  
Assemblymember Jordan Cunningham  
Assemblymember Brian Dahle  
Assemblymember Susan Eggman  
Assemblymember Mike Gipson  
Assemblymember Timothy Grayson  
Assemblymember Chris Holden  
Assemblymember Evan Low  
Assemblymember Kevin Mullin  
Assemblymember Marc Steinorth  
Assemblymember Phil Ting

**Communications and Conveyance**

Assemblymember Miguel Santiago, Chair  
Assemblymember Jay Obernolte, Vice Chair  
Assemblymember Rob Bonta  
Assemblymember Sabrina Cervantes  
Assemblymember Matthew Dababneh  
Assemblymember Eduardo Garcia

Assemblymember Chris Holden  
Assemblymember Tom Lackey  
Assemblymember Evan Low  
Assemblymember Brian Maienschein  
Assemblymember Jim Patterson  
Assemblymember Freddie Rodriguez  
Assemblymember Jim Wood

### **Education**

Assemblymember Patrick O'Donnell, Chair  
Assemblymember Rocky Chávez, Vice Chair  
Assemblymember Todd Gloria  
Assemblymember Kevin Kiley  
Assemblymember Kevin McCarty  
Assemblymember Tony Thurmond  
Assemblymember Shirley Weber

### **Elections and Redistricting**

Assemblymember Evan Low, Chair  
Assemblymember Matthew Harper, Vice Chair  
Assemblymember Marc Berman  
Assemblymember Ian Calderon  
Assemblymember Jordan Cunningham  
Assemblymember Kevin Mullin  
Assemblymember Shirley Weber

### **Environmental Safety and Toxic Materials**

Assemblymember Bill Quirk, Chair  
Assemblymember Brian Dahle, Vice Chair  
Assemblymember Joaquin Arambula  
Assemblymember Phillip Chen  
Assemblymember Cristina Garcia  
Assemblymember Jimmy Gomez  
Assemblymember Chris Holden

### **Governmental Organization**

Assemblymember Adam Gray, Chair  
Assemblymember Frank Bigelow, Vice Chair  
Assemblymember Dante Acosta  
Assemblymember Cecilia Aguiar-Curry  
Assemblymember Rob Bonta  
Assemblymember Bill Brough  
Assemblymember Ken Cooley  
Assemblymember Jim Cooper  
Assemblymember Tom Daly  
Assemblymember James Gallagher

Assemblymember Eduardo Garcia  
Assemblymember Mike Gipson  
Assemblymember Todd Gloria  
Assemblymember Reginald Jones-Sawyer, Sr.  
Assemblymember Kevin Kiley  
Assemblymember Marc Levine  
Assemblymember Evan Low  
Assemblymember Blanca Rubio  
Assemblymember Rudy Salas, Jr.  
Assemblymember Marie Waldron

### **Health**

Assemblymember Jim Wood, Chair  
Assemblymember Brian Maienschein, Vice Chair  
Assemblymember Rob Bonta  
Assemblymember Autumn Burke  
Assemblymember James Gallagher  
Assemblymember Monique Limón  
Assemblymember Kevin McCarty  
Assemblymember Adrin Nazarian  
Assemblymember Jim Patterson  
Assemblymember Sharon Quirk-Silva  
Assemblymember Sebastian Ridley-Thomas  
Assemblymember Freddie Rodriguez  
Assemblymember Miguel Santiago  
Assemblymember Tony Thurmond  
Assemblymember Marie Waldron

### **Higher Education**

Assemblymember Jose Medina, Chair  
Assemblymember Catharine Baker, Vice Chair  
Assemblymember Joaquin Arambula  
Assemblymember Richard Bloom  
Assemblymember Rocky Chávez  
Assemblymember Steven Choi  
Assemblymember Jacqui Irwin  
Assemblymember Kevin Kiley  
Assemblymember Marc Levine  
Assemblymember Evan Low  
Assemblymember Sharon Quirk-Silva  
Assemblymember Miguel Santiago  
Assemblymember Shirley Weber

### **Housing and Community Development**

Assemblymember David Chiu, Chair  
Assemblymember Marc Steinorth, Vice Chair

Assemblymember Raul Bocanegra  
Assemblymember Ed Chau  
Assemblymember Steven Choi  
Assemblymember Ash Kalra  
Assemblymember Monique Limón

### **Human Services**

Assemblymember Blanca Rubio, Chair  
Assemblymember Steven Choi, Vice Chair  
Assemblymember Joaquin Arambula  
Assemblymember Lorena Gonzalez Fletcher  
Assemblymember Brian Maienschein  
Assemblymember Mark Stone  
Assemblymember Tony Thurmond

### **Insurance**

Assemblymember Tom Daly, Chair  
Assemblymember Melissa Melendez, Vice Chair  
Assemblymember Frank Bigelow  
Assemblymember Anna Caballero  
Assemblymember Ian Calderon  
Assemblymember Kansen Chu  
Assemblymember Ken Cooley  
Assemblymember Jim Cooper  
Assemblymember Matthew Dababneh  
Assemblymember Brian Dahle  
Assemblymember Jim Frazier  
Assemblymember Mike Gipson  
Assemblymember Randy Voepel

### **Jobs, Economic Development, and the Economy**

Assemblymember Sharon Quirk-Silva, Chair  
Assemblymember Travis Allen, Vice Chair  
Assemblymember Marc Berman  
Assemblymember Sabrina Cervantes  
Assemblymember Timothy Grayson  
Assemblymember Freddie Rodriguez  
Assemblymember Marc Steinorth

### **Judiciary**

Assemblymember Mark Stone, Chair  
Assemblymember Jordan Cunningham, Vice Chair  
Assemblymember Ed Chau  
Assemblymember Cristina Garcia  
Assemblymember Chris Holden  
Assemblymember Ash Kalra

Assemblymember Kevin Kiley  
Assemblymember Brian Maienschein  
Assemblymember Eloise Reyes  
Assemblymember Phil Ting

### **Labor and Employment**

Assemblymember Tony Thurmond, Chair  
Assemblymember Heath Flora, Vice Chair  
Assemblymember Jimmy Gomez  
Assemblymember Matthew Harper  
Assemblymember Ash Kalra  
Assemblymember Kevin McCarty  
Assemblymember Eloise Reyes

### **Local Government**

Assemblymember Cecilia Aguiar-Curry, Chair  
Assemblymember Marie Waldron, Vice Chair  
Assemblymember Richard Bloom  
Assemblymember Anna Caballero  
Assemblymember Lorena Gonzalez Fletcher  
Assemblymember Timothy Grayson  
Assemblymember Tom Lackey  
Assemblymember Sebastian Ridley-Thomas  
Assemblymember Randy Voepel

### **Natural Resources**

Assemblymember Cristina Garcia, Chair  
Assemblymember Dante Acosta, Vice Chair  
Assemblymember Travis Allen  
Assemblymember Ed Chau  
Assemblymember Susan Eggman  
Assemblymember Heath Flora  
Assemblymember Monique Limón  
Assemblymember Kevin McCarty  
Assemblymember Al Muratsuchi  
Assemblymember Mark Stone

### **Privacy and Consumer Protection**

Assemblymember Ed Chau, Chair  
Assemblymember Kevin Kiley, Vice Chair  
Assemblymember Catharine Baker  
Assemblymember Marc Berman  
Assemblymember Ian Calderon  
Assemblymember Matthew Dababneh  
Assemblymember Jacqui Irwin  
Assemblymember Ash Kalra

Assemblymember Jay Obernolte  
Assemblymember Eloise Reyes

**Public Employees, Retirement, and Social Security**

Assemblymember Freddie Rodriguez, Chair  
Assemblymember Travis Allen, Vice Chair  
Assemblymember Bill Brough  
Assemblymember Sabrina Cervantes  
Assemblymember Ken Cooley  
Assemblymember Jim Cooper  
Assemblymember Patrick O'Donnell

**Public Safety**

Assemblymember Reginald Jones-Sawyer, Sr., Chair  
Assemblymember Tom Lackey, Vice Chair  
Assemblymember Jordan Cunningham  
Assemblymember Lorena Gonzalez Fletcher  
Assemblymember Bill Quirk  
Assemblymember Blanca Rubio  
Assemblymember Miguel Santiago

**Revenue and Taxation**

Assemblymember Sebastian Ridley-Thomas, Chair  
Assemblymember Bill Brough, Vice Chair  
Assemblymember Travis Allen  
Assemblymember Raul Bocanegra  
Assemblymember Autumn Burke  
Assemblymember Phillip Chen  
Assemblymember Matthew Dababneh  
Assemblymember Mike Gipson  
Assemblymember Kevin Mullin  
Assemblymember Bill Quirk

**Rules**

Assemblymember Ken Cooley, Chair  
Assemblymember Jordan Cunningham, Vice Chair  
Assemblymember Marc Berman  
Assemblymember Bill Brough  
Assemblymember Sabrina Cervantes  
Assemblymember Phillip Chen  
Assemblymember Laura Friedman  
Assemblymember Timothy Grayson  
Assemblymember Marc Levine  
Assemblymember Adrin Nazarian  
Assemblymember Marie Waldron



Assemblymember Jimmy Gomez, Democratic Alternate  
Assemblymember Vince Fong, Republican Alternate

### **Transportation**

Assemblymember Jim Frazier, Chair  
Assemblymember Vince Fong, Vice Chair  
Assemblymember Cecilia Aguiar-Curry  
Assemblymember Catharine Baker  
Assemblymember Marc Berman  
Assemblymember Raul Bocanegra  
Assemblymember Kansen Chu  
Assemblymember Tom Daly  
Assemblymember Laura Friedman  
Assemblymember Matthew Harper  
Assemblymember Devon Mathis  
Assemblymember Jose Medina  
Assemblymember Adrin Nazarian  
Assemblymember Patrick O'Donnell

### **Utilities and Energy**

Assemblymember Chris Holden, Chair  
Assemblymember Jim Patterson, Vice Chair  
Assemblymember Autumn Burke  
Assemblymember Rocky Chávez  
Assemblymember Phillip Chen  
Assemblymember Brian Dahle  
Assemblymember Susan Eggman  
Assemblymember Vince Fong  
Assemblymember Cristina Garcia  
Assemblymember Eduardo Garcia  
Assemblymember Al Muratsuchi  
Assemblymember Bill Quirk  
Assemblymember Eloise Reyes  
Assemblymember Miguel Santiago  
Assemblymember Phil Ting

### **Veterans Affairs**

Assemblymember Jacqui Irwin, Chair  
Assemblymember Rocky Chávez, Vice Chair  
Assemblymember Tom Daly  
Assemblymember Jim Frazier  
Assemblymember Todd Gloria  
Assemblymember Devon Mathis  
Assemblymember Al Muratsuchi  
Assemblymember Sharon Quirk-Silva

Assemblymember Rudy Salas, Jr.  
Assemblymember Randy Voepel

**Water, Parks, and Wildlife**

Assemblymember Eduardo Garcia, Chair  
Assemblymember James Gallagher, Vice Chair  
Assemblymember Frank Bigelow  
Assemblymember Steven Choi  
Assemblymember Kansen Chu  
Assemblymember Laura Friedman  
Assemblymember Todd Gloria  
Assemblymember Jimmy Gomez  
Assemblymember Matthew Harper  
Assemblymember Marc Levine  
Assemblymember Devon Mathis  
Assemblymember Blanca Rubio  
Assemblymember Rudy Salas, Jr.  
Assemblymember Tony Thurmond  
Assemblymember Jim Wood

**Joint Legislative Audit**

Assemblymember Al Muratsuchi, Chair  
Assemblymember Dante Acosta  
Assemblymember Catharine Baker  
Assemblymember Adrin Nazarian  
Assemblymember Jay Obernolte  
Assemblymember Blanca Rubio  
Assemblymember Jim Wood

**Joint Legislative Committee on Emergency Management**

Assemblymember Freddie Rodriguez, Vice Chair  
Assemblymember Cecilia Aguiar-Curry  
Assemblymember Rocky Chávez  
Assemblymember Jim Cooper  
Assemblymember Heath Flora  
Assemblymember Adam Gray  
Assemblymember Tom Lackey

**Legislative Ethics**

Assemblymember Eloise Reyes, Co-Chair  
Assemblymember Jim Patterson, Co-Chair  
Assemblymember Marc Berman  
Assemblymember Heath Flora  
Assemblymember Cristina Garcia  
Assemblymember Marie Waldron

## **LEGISLATIVE CALENDAR**

As of today, the Legislature has introduced over 600 bills, many of which are spot bills, and we expect to see over 1000 more introduced by the February 17, 2017 deadline. On top of this, a vast majority of all the bills introduced will receive numerous amendments throughout the process. Our firm will continue to monitor all bills introduced and every amendment to identify bills of interest to the District.

The following will provide you with the upcoming Legislative deadlines for the 2017-18 legislative session:

February 17, 2017 – Last Day for Bills to be Introduced  
April 6-17, 2017 – Spring Recess  
April 28, 2017 – Last day for Policy Committees to Hear Fiscal Bills  
May 12, 2017 – Last Day for Policy Committees to Hear Non-Fiscal Bills  
May 19, 2017 – Last day for Policy Committees to Meet Prior to June 5, 2017  
May 26, 2017 – Last Day for Fiscal Committees to Meet.  
May 30-June 2, 2017 – Floor Session Only  
June 2, 2017 – Last Day to Pass Bills out of Their House of Origin.  
June 15, 2017 – Budget Bill Must be Adopted  
July 14, 2017 – Last day for Policy Committees to Hear Fiscal Bills  
July 21, 2017 – Last day for Policy Committees to Hear Bills.  
July 21-August 21, 2017 – Summer Recess  
September 1, 2017 – Last Day for Fiscal Committees to Hear Bills  
September 5-15, 2017 – Floor Session Only  
September 8, 2017 – Last Day to Amend on the Floor  
September 15, 2017 – Last Day of Session

### **SB 146/SB 57 (Stern)**

In the wake of the blowout of a natural gas storage well at So Cal Gas' Aliso Canyon natural gas storage facility, the Legislature passed and the Governor signed SB 380 (Pavley, chapter 14, Statutes of 2016) which instituted numerous requirements and conditions on operations at the facility. The leak, which started in late October 2015, released over five billion cubic feet of gas to the atmosphere over the almost four months needed to retake control of the well and resulted in the relocation of over 8,000 households and significant public health concerns in the community.

SB 380 codified into law actions already undertaken by the Division of Oil, Gas and Geothermal Resources (DOGGR) and the California Public Utilities Commission (CPUC) to address the leak, maintained the moratorium on injections of natural gas into the facility until specific criteria were met, placed operating conditions on the storage wells for the next 5 years, and required the CPUC to study and address energy reliability concerns and institute a proceeding by July 1, 2017 to address the feasibility of minimizing the use of or shutting down the facility.

In response to the blowout, DOGGR also instituted emergency regulations that provided more oversight of natural gas storage well operations and released a pre-rulemaking “discussion draft” of additional regulations applicable to all natural gas storage wells in the state. The CPUC has announced that a vote to start the required proceeding will take place on February 9, 2017.

Senator Stern introduced SB 146 to modify SB 380’s requirements to prevent the DOGGR supervisor from certifying that it is safe to re-start injections at the Aliso Canyon facility until a third party “root cause analysis” jointly ordered by DOGGR and the CPUC is completed and released to the public. This bill would also require that the CPUC’s required proceeding be completed by December 31, 2017.

This bill has been referred to the Senate Natural Resources and Water Committee, however, in an effort to expedite the process, Senator Stern gut-and-amended SB 146 into SB 57. SB 57 was introduced on December 8, 2016, which makes the bill available to be heard weeks before SB 146. SB 57 is also co-authored by Senator’s Hertzberg, Wilk and Wiener. SB 57 will be heard on Thursday, February 9, 2017 in the Senate Natural Resources and Water Committee.

### **SB 174 (Lara and Leyva)**

California’s on-road heavy-duty diesel vehicles regulation requires diesel trucks and buses that operate in California to upgrade their vehicles in order to significantly reduce particulate matter, oxides of nitrogen, and other criteria pollutants. The regulation requires truckers to invest in the cleanest available equipment, cutting diesel soot by more than 99% and smog forming pollutants by more than 90%.

It is estimated that California’s truck and bus rules will prevent an estimated 3,500 deaths in the state between 2010 and 2025. Diesel pollution from trucks and buses that do not meet these standards disproportionately increase regional smog and impact local health, particularly in low-income communities of color. Most of the industry has made the necessary investments to comply with the rule at the cost of approximately \$200 million annually.

Unfortunately, because of the sheer volume of equipment, enforcement of this regulation has been challenging. The California Air Resources Board estimates that as many as 30% of the trucks on the road today do not comply with the rule. These trucks both pollute at a much higher rate and unfairly compete with compliant truckers, undercutting their investments in clean vehicles.

SB 174 will reduce emissions and level the playing field for compliant truckers by ensuring that all vehicles are in compliance with existing emission control laws as a condition of DMV registration. SB 174 requires proof of compliance with California’s

Truck and Bus Regulation as a condition of DMV registration, similar to smog certification requirements for most vehicles on the road today.



SCAQMD Report  
Gonzalez, Quintana, Hunter & Cruz, LLC  
February 2, 2017

### **General Update**

Following the release of the Governor's budget in January, the Department of Finance has released trailer bill language. Of note is the Cap and Trade extension that, among other small changes, simply strikes the sunset date of December 31, 2020. The language in its current form does not specify a new sunset date.

### **The following bills might be of interest to SCAQMD:**

#### **AB 91 (Cervantes - D) High Occupancy Vehicle Lanes**

This bill would prohibit, commencing July 1, 2018, a high-occupancy vehicle lane from being established in the County of Riverside, unless that lane is established as a high-occupancy vehicle lane only during the hours of heavy commuter traffic, as determined by the department.

The bill would require any existing high-occupancy vehicle lane in the County of Riverside that is not a toll lane to be modified to operate as a high-occupancy lane under those same conditions.

The bill would authorize the department, on or after May 1, 2019, to reinstate 24-hour high-occupancy vehicle lanes in the County of Riverside if the department makes a specified determination, and would require the department to report to the Legislature on the impact on traffic of limiting the use of high-occupancy lanes only during the hours of heavy commuter traffic, as provided in the bill.

#### **SB 41 (Galgiani - D) State Air Resources Board: Regulations**

This bill would require the State Air Resources Board to deem a person, as defined, to be in compliance with all applicable rules and regulations of the state board and, notwithstanding the inadequacy of any required equipment, technologies, or practices, would prohibit the state board from requiring a person to expend further moneys to achieve compliance with, or from seeking to enforce against that person, the applicable rules and regulations, if specified conditions are met.

## **Toxic Waste Regulations Bill Package**

### **AB 245 Hazardous Waste: Facilities (Gomez, Reyes, Santiago, and Cristina Garcia)**

(1) Existing law, as part of the hazardous waste control law, requires a facility handling hazardous waste to obtain a hazardous waste facilities permit from the Department of Toxic Substances Control. Existing law requires the department to impose certain conditions on each hazardous waste facilities permit and authorizes the department to impose other conditions on a hazardous waste facilities permit, as specified. A violation of the hazardous waste control law is a crime.

This bill would require the department, within 90 days of receiving a renewal application for a hazardous waste facilities permit, to hold a public meeting for specified purposes relating to the renewal in or near the community in which the hazardous waste facility is located.

Existing law prohibits the department from issuing or renewing a permit to operate a hazardous waste facility unless the owner or operator of the facility establishes and maintains financial assurances.

This bill would require the department to review the financial assurances required to operate a hazardous waste facility at least once every 5 years. If the department's review finds the financial assurances for a facility to be inadequate, the bill would require the department to notify the owner or operator of the facility and would require the owner or operator to update and adopt adequate financial assurances within 90 days.

(2) Existing law requires the department, in the case of a release of hazardous waste or constituents into the environment from a hazardous waste facility that is required to obtain a permit, to pursue available remedies, including the issuance of an order for corrective action, before using available legal remedies, except in specified circumstances.

This bill would require the department, under specified circumstances, to request an owner or operator of a hazardous waste facility to submit to the department for review and approval a written cost estimate to cover activities associated with a corrective action based on available data, history of releases, and site activities, as specified.

The bill would require the owner or operator to submit the corrective action cost estimate within 60 days of the department's request.

The bill would require the owner or operator, within 90 days of the approval or the imposition of a corrective action cost estimate, as specified, to fund the cost estimate or enter into a schedule of compliance for assurances of financial responsibility for completing the corrective action.

AB 246 Hazardous Waste: Facilities: Permits (Gomez, Reyes, Santiago, and Cristina Garcia)  
Existing law, as part of the hazardous waste control laws, requires a facility handling hazardous waste to obtain a hazardous waste facilities permit from the Department of Toxic Substances Control.

This bill would, as a condition for a new hazardous waste facilities permit or a renewal of a hazardous waste facilities permit, require an applicant to obtain a permit from the air quality management district or local air pollution control district and to maintain compliance with the requirements of that permit.

AB 247 Public health: childhood lead poisoning: Lead Advisory Taskforce (Gomez, Reyes, Santiago, and Cristina Garcia)

The bill would require, by April 1, 2018, the Office of Environmental Health Hazard Assessment to convene a Lead Advisory Taskforce, with a prescribed membership, to review and advise regarding policies and procedures to reduce childhood lead poisoning in the state.

The bill would require the taskforce to publish a recommended regulatory agenda that would identify sources of lead and ensure that regulatory standards are protective of health in the state.

AB 248 Hazardous Waste: Facilities: Permits (Gomez, Reyes, Santiago, and Cristina Garcia)

This bill would require, for a hazardous waste facilities permit that will expire on or before July 1, 2020, the owner or operator of a facility intending to extend the term of that permit to submit a complete Part A and Part B application for a permit renewal at least 6 months before the fixed term of the permit expires.

The bill would require, for a hazardous waste facilities permit that will expire after July 1, 2020, the owner or operator to submit a complete Part A and Part B application for a permit renewal at least 2 years before the fixed term of the permit expires.

The bill would provide that when a complete Part A and Part B renewal application and any other requested information has been submitted at least 6 months or at least 2 years, as applicable, before the end of the permit's fixed term, the permit is deemed extended until the application is approved or denied and the owner has exhausted all applicable rights of appeal.

The bill would also require the department, no later than 90 days after receiving a completed application for a hazardous waste facilities permit, to post on its Internet Web site a timeline with the estimated dates of key milestones in the application review process,



to note on its Internet Web site that these dates are estimates, and to update the dates as needed.

AB 249 Hazardous waste: civil penalties (Gomez, Reyes, Santiago, and Cristina Garcia)

Under existing law, a person who does not comply with the order is subject to a civil penalty of not more than \$25,000 for each day of noncompliance.

This bill would increase these administrative and civil penalties to \$37,500.

**AB 1 (Frazier)**  
**Transportation Funding**

**Summary:** This bill is an urgency statute that lays out a plan that proposes about \$6 billion annually in new and redirected funding to address the urgent needs of the state's transportation system.

Specifically, it would, among other things, increase the gas tax and increase the vehicle registration fee, create a new \$165 annual vehicle registration fee with an inflation adjustment for zero-emission motor vehicles, exclude the California Transportation Commission (CTC) from the California Transportation Agency (CalSTA) and create the Office of the Transportation Inspector General as an independent office in state government. This bill would also increase appropriations of moneys from the Greenhouse Gas Reduction Fund (GGRF) to 20% to the Transit and Intercity Rail Capital Program and to 10% to the Low Carbon Transit Operations Program annually.

**Background:** California's transportation revenues have not kept up with the need; California's gas tax hasn't been raised since 1994. As a result, California's freeway system faces a \$59 billion maintenance shortfall over the next 10 years in order to keep it in a basic state of good repair, while local governments face a \$78 billion shortfall over the next decade to adequately maintain the existing network of local streets and roads and bridges.

*Funding for the California Highway, Local Street, and Road System*

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.

*California Transportation Commission*

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.

*Trade Corridors Improvement Fund*

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

### *Greenhouse Gas Reduction Fund*

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

### *Diesel Sales and Use Tax*

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.

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

**Status:** 1/19/2017 -- Referred to Assembly Comms. on TRANS. and NAT. RES.

**Specific Provisions:** Specifically, this bill would:

1. Increase the motor vehicle fuel (gasoline) tax, effective July 1, 2017, to an amount attributable to a raise in \$0.12/gallon, phased in over three years with an adjustment for inflation; increase the annual vehicle registration fee to \$38, effective October 1, 2017, with an adjustment for inflation; and increase the registration fee for a new annual vehicle to \$165, applicable to zero-emission motor vehicles, with an adjustment for inflation, with the funds going to the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and local street and road system.
2. Exclude the CTC from CalSTA, establish it as an entity in state government, and require it to act in an independent oversight role and make conforming changes.
3. Create the Office of the Transportation Inspector General in state government, as an independent office that would not be a subdivision of any other government entity, to ensure that all state agencies expending state transportation funds are operating efficiently, effectively, and in compliance with federal and state laws.
  - a. 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.
4. Deposit the revenues attributable to a \$0.20/gallon increase in the diesel fuel excise tax imposed by the bill into the Trade Corridors Improvement Fund and would require revenues apportioned to the state from the national highway freight program established by the federal

Fixing America's Surface Transportation Act to be allocated for trade corridor improvement projects.

5. Increase the additional sales and use tax rate on diesel fuel by an additional 4% and beginning July 1, 2020, and every third year thereafter, require the State Board of Equalization to recalculate the gasoline and diesel excise tax rates and the additional sales and use tax rates on diesel fuel based upon the percentage change in the California Consumer Price Index transmitted to the board by the Department of Finance.
6. Beginning in the 2017-18 fiscal year, continuously appropriate 20% of annual proceeds collected by the California Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism related to the reduction of greenhouse gas emissions into the Transit and Intercity Rail Capital Program and 10% of those annual proceeds to the Low Carbon Transit Operations Program.

**Impacts on AQMD's Mission, Operations or Initiatives:** This bill would generate funds that would be added to the existing Trade Corridors Improvement Fund created under Proposition 1B. SCAQMD received approximately \$507,298,680 in Proposition 1B funds focused on improving air quality, as of December 2016, which will fund over 8,000 projects and reduce an estimated 2,334,000 lbs. of PM<sub>2.5</sub> and 87,663,000 lbs. of NO<sub>x</sub>. The continuation of the portion of the program to benefit air quality would assist in the development of additional projects which would help reduce air pollution generated by goods movement operations and protect the health of South Coast residents.

**SCAQMD Proposal:** Staff recommends that SCAQMD work with the author, legislative leadership, and local partners, such as the Ports of Los Angeles and Long Beach, to secure amendments to this large transportation infrastructure bill that would provide funding for projects that will reduce air pollution and promote the development of zero and near-zero emission transportation technology. Specifically, a critical goal would be to increase available funding for use in providing for clean goods movement activities coming from the ports and throughout the trade corridors that exist within the South Coast region. Staff also recommends working to eliminate disincentives for zero emission vehicles included in the current legislation and examining whether CEQA exemptions included in the bill have a detrimental impact.

**Recommended Position: Work with Author**

**ASSEMBLY BILL**

**No. 1**

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

December 5, 2016

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

LEGISLATIVE COUNSEL'S DIGEST

AB 1, as introduced, Frazier. Transportation funding.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

This bill would reenact these provisions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

37 (1) Ensure these transportation needs are addressed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

29 ~~(1) Completion of project~~

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

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

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

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

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

36 ~~(D) Construction.~~

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

40 *(A) Environmental document completion.*

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

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

3 ~~(4)~~

4 (D) *Start of construction.*

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

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

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

32 ~~(f)~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 (C) Amounts payable under any contractual obligation of the  
30 state to repay advances and pay interest thereon under a credit  
31 enhancement or liquidity agreement as described in clause (iv) of  
32 subparagraph (B) of paragraph (1) of subdivision (d) of Section  
33 16731.

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

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

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

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

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

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

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

20 (f)

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

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

4 ~~(g)~~

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

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

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

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

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

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

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



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

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

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

(A) Acquisition and construction costs of the project.

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

(C) Other capital costs of the project.

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

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

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

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

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

~~(2)~~

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

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

~~(3)~~

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

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

5 ~~(5)~~

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

16 (B) For the purposes of this paragraph:

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

26 (ii) "Significant value as a wildlife habitat" includes wildlife  
27 habitat of national, statewide, regional, or local importance; habitat  
28 for species protected by the federal Endangered Species Act of  
29 1973 (16 U.S.C. Sec. ~~1531~~, 1531 et seq.), the California  
30 Endangered Species Act (Chapter 1.5 (commencing with Section  
31 2050) of Division 3 of the Fish and Game Code), or the Native  
32 Plant Protection Act (Chapter 10 (commencing with Section 1900)  
33 of Division 2 of the Fish and Game Code); habitat identified as  
34 candidate, fully protected, sensitive, or species of special status  
35 by local, state, or federal agencies; or habitat essential to the  
36 movement of resident or migratory wildlife.

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

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

~~(6)~~

(4) The project does not impact cultural resources.

~~(7)~~

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

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

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

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

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

~~(d) Whenever~~

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

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

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

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

3  
4 DIVISION 13.6. ADVANCE MITIGATION PROGRAM ACT

5  
6 CHAPTER 1. GENERAL

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

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

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

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

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

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

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

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

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

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

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

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

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

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

35 21203. The Legislature intends to do all of the following by  
36 enacting this division:

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

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

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

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

## CHAPTER 2. DEFINITIONS

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

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

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

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

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

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

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

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

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

3  
4 CHAPTER 3. ADVANCE MITIGATION PROGRAM  
5

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

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

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

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

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

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

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

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

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

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

27 ~~(a)~~

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

32 ~~(b)~~

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

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



1     (c) *The revenues transferred to the Public Transportation*  
2 *Account that are attributable to the increase in the sales and use*  
3 *tax on diesel fuel pursuant to subdivision (b) of Section 6051.8 of*  
4 *the Revenue and Taxation Code, as adjusted pursuant to*  
5 *subdivision (c) of that section, and subdivision (b) of Section 6201.8*  
6 *of the Revenue and Taxation Code, as adjusted pursuant to*  
7 *subdivision (c) of that section, upon allocation pursuant to Sections*  
8 *99313 and 99314, shall only be expended on the following:*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 ~~(e)~~

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

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

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

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

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

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

9 (c) Beginning July 1, 2019, and every third year thereafter, the  
10 ~~2011-12 fiscal year only~~, State Board of Equalization shall  
11 recompute the rate referenced in subdivision (a) rates of the taxes  
12 imposed by this section. That computation shall be ~~1.87 percent~~.  
13 made as follows:

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

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

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

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

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

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

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

34 ~~(e)~~

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

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

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

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

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

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

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

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

27 (b) ~~(4)~~ On and after July 1, 2010, in addition to the tax imposed  
28 by subdivision (a), a tax is hereby imposed upon each gallon of  
29 motor vehicle fuel, other than aviation gasoline, subject to the tax  
30 in Sections 7362, 7363, and 7364 in an amount equal to seventeen  
31 and three-tenths cents (\$0.173) per gallon.

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

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

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

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

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

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

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

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

24 ~~(4) The intent~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 ~~(3) In order to maintain revenue neutrality for each year,~~  
17 ~~beginning with the rate adjustment on or before March 1, 2013,~~  
18 ~~the adjustment under paragraph (2) shall take into account the~~  
19 ~~extent to which the actual amount of revenues derived pursuant to~~  
20 ~~Sections 6051.8 and 6201.8 and the revenue loss attributable to~~  
21 ~~this subdivision resulted in a net revenue gain or loss for the fiscal~~  
22 ~~year ending prior to the rate adjustment date on or before March~~  
23 ~~1.~~

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

27 *(b) In addition to the tax imposed pursuant to subdivision (a),*  
28 *on and after the first day of the first calendar quarter that occurs*  
29 *120 days after the effective date of the act amending this*  
30 *subdivision in the 2017–18 Regular Session, an additional tax of*  
31 *twenty cents (\$0.20) is hereby imposed upon each gallon of diesel*  
32 *fuel subject to the tax in Sections 60051, 60052, and 60058.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 31 (A) Road maintenance and rehabilitation.  
32 (B) Safety projects.  
33 (C) Railroad grade separations.  
34 (D) Complete street components, including active transportation  
35 purposes, pedestrian and bicycle safety projects, transit facilities,  
36 and drainage and stormwater capture projects in conjunction with  
37 any other allowable project.  
38 (E) Traffic control devices.

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

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

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

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

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

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

(e) Any other revenues designated for the program.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 2103.1. (a) Notwithstanding Section 2103, the revenues  
4 transferred to the Highway Users Tax Account pursuant to Sections  
5 8352.4, 8352.5, and 8352.6 of the Revenue and Taxation Code  
6 shall be distributed pursuant to the formula in paragraph (3) of  
7 subdivision (a) of Section 2103.

8 (b) Notwithstanding subdivision (b) of Section 2103, the portion  
9 of revenues in the Highway Users Tax Account attributable to the  
10 increase in the motor vehicle fuel excise tax pursuant to  
11 subparagraph (B) of paragraph (1) of subdivision (a) of Section  
12 7360 of the Revenue and Taxation Code, as adjusted pursuant to  
13 subdivision (c) of that section, shall be transferred to the Road  
14 Maintenance and Rehabilitation Account pursuant to Section 2031.

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

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

23 2192. (a) (1) The Trade Corridors Improvement Fund, created  
24 pursuant to subdivision (c) of Section 8879.23 of the Government  
25 Code, is hereby continued in existence to receive revenues from  
26 state sources other than the Highway Safety, Traffic Reduction,  
27 Air Quality, and Port Security Bond Act of 2006. ~~This chapter~~  
28 ~~shall govern expenditure of those other revenues.~~

29 (2) *Revenues apportioned to the state under Section 167 of Title*  
30 *23 of the United States Code from the national highway freight*  
31 *program, pursuant to the federal Fixing America's Surface*  
32 *Transportation Act ("FAST Act," Public Law 114-94) shall be*  
33 *allocated for projects approved pursuant to this chapter.*

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

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

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

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

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

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

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

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

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

13 (e)

14 (d) (1) ~~The~~ *In selecting projects for inclusion in the program*  
15 *of projects to be funded with funds described in subdivision (a),*  
16 *the commission shall allocate funds for trade infrastructure*  
17 ~~improvements from the fund~~ *evaluate the total potential costs and*  
18 *total potential economic and noneconomic benefits of the program*  
19 *to California's economy, environment, and public health. The*  
20 *commission shall consult with the State Air Resources Board in*  
21 *order to utilize the appropriate models, techniques, and methods*  
22 *to develop the parameters for evaluation of projects. The*  
23 *commission shall allocate the funding described in subdivision (a)*  
24 *for trade infrastructure improvements* consistent with Section  
25 8879.52 of the Government Code and the Trade Corridors  
26 Improvement Fund (TCIF) Guidelines adopted by the commission  
27 on November 27, 2007, or as amended by the commission, and in  
28 a manner that (A) addresses the state's most urgent needs, (B)  
29 balances the demands of various land ports of entry, seaports, and  
30 airports, (C) provides reasonable geographic balance between the  
31 state's regions, ~~and~~ (D) places emphasis on projects that improve  
32 trade corridor mobility *and safety* while reducing emissions of  
33 diesel ~~particulate~~ *particulates, greenhouse gases, and other*  
34 ~~pollutant emissions. pollutants, and reducing other negative~~  
35 *community impacts, and (E) makes a significant contribution to*  
36 *the state's economy.*

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

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

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

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

9 (2)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

O

## **SB 1 (Beall)** **Transportation Funding**

**Summary:** This bill is an urgency statute that lays out a plan that proposes about \$6 billion annually in new and redirected funding to address the urgent needs of the state's transportation system.

Specifically, it would, among other things, increase the gas tax and increase the vehicle registration fee, create a new \$100 annual vehicle registration fee with an inflation adjustment for zero-emission motor vehicles, exclude the California Transportation Commission (CTC) from the California Transportation Agency (CalSTA) and create the Office of the Transportation Inspector General as an independent office in state government. This bill would also increase appropriations of moneys from the Greenhouse Gas Reduction Fund (GGRF) to 20% to the Transit and Intercity Rail Capital Program and to 10% to the Low Carbon Transit Operations Program annually.

**Background:** California's transportation revenues have not kept up with the need; California's gas tax hasn't been raised since 1994. As a result, California's freeway system faces a \$59 billion maintenance shortfall over the next 10 years in order to keep it in a basic state of good repair, while local governments face a \$78 billion shortfall over the next decade to adequately maintain the existing network of local streets and roads and bridges.

### *Funding for the California Highway, Local Street, and Road System*

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.

### *California Transportation Commission*

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.

### *Trade Corridors Improvement Fund*

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

### *Greenhouse Gas Reduction Fund*

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

### *Diesel Sales and Use Tax*

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.

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

**Status:** 2/02/2017 - Re-referred to Senate Comms. on T. & H., EQ., and GOV. & F.

### **Specific Provisions:** Specifically, this bill would:

1. Increase the motor vehicle fuel (gasoline) tax, effective July 1, 2017, to an amount attributable to a raise in \$0.12/gallon, phased in over three years with an adjustment for inflation; increase the annual vehicle registration fee to \$38, effective October 1, 2017, with an adjustment for inflation; and increase the registration fee for a new annual vehicle to \$100, applicable to zero-emission motor vehicles, with an adjustment for inflation, with the funds going to the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and local street and road system.
2. Exclude the CTC from CalSTA, establish it as an entity in state government, and require it to act in an independent oversight role and make conforming changes.
3. Create the Office of the Transportation Inspector General in state government, as an independent office that would not be a subdivision of any other government entity, to ensure that all state agencies expending state transportation funds are operating efficiently, effectively, and in compliance with federal and state laws.
  - a. 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.
4. Deposit the revenues attributable to a \$0.20/gallon increase in the diesel fuel excise tax imposed by the bill into the Trade Corridors Improvement Fund and would require revenues apportioned to the state from the national highway freight program established by the federal

Fixing America's Surface Transportation Act to be allocated for trade corridor improvement projects.

5. Increase the additional sales and use tax rate on diesel fuel by an additional 4% and beginning July 1, 2020, and every third year thereafter, require the State Board of Equalization to recalculate the gasoline and diesel excise tax rates and the additional sales and use tax rates on diesel fuel based upon the percentage change in the California Consumer Price Index transmitted to the board by the Department of Finance.
6. Beginning in the 2017-18 fiscal year, continuously appropriate 20% of annual proceeds collected by the California Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism related to the reduction of greenhouse gas emissions into the Transit and Intercity Rail Capital Program and 10% of those annual proceeds to the Low Carbon Transit Operations Program.

**Impacts on AQMD's Mission, Operations or Initiatives:** This bill would generate funds that would be added to the existing Trade Corridors Improvement Fund created under Proposition 1B. SCAQMD received approximately \$507,298,680 in Proposition 1B funds focused on improving air quality, as of December 2016, which will fund over 8,000 projects and reduce an estimated 2,334,000 lbs. of PM<sub>2.5</sub> and 87,663,000 lbs. of NO<sub>x</sub>. The continuation of the portion of the program to benefit air quality would assist in the development of additional projects which would help reduce air pollution generated by goods movement operations and protect the health of South Coast residents.

**SCAQMD Proposal:** Staff recommends that SCAQMD work with the author, legislative leadership, and local partners, such as the Ports of Los Angeles and Long Beach, to secure amendments to this large transportation infrastructure bill that would provide funding for projects that will reduce air pollution and promote the development of zero and near-zero emission transportation technology. Specifically, a critical goal would be to increase available funding for use in providing for clean goods movement activities coming from the ports and throughout the trade corridors that exist within the South Coast region. Staff also recommends working to eliminate disincentives for zero emission vehicles included in the current legislation and examining whether CEQA exemptions included in the bill have a detrimental impact.

**Recommended Position: Work with Author**

AMENDED IN SENATE JANUARY 26, 2017

**SENATE BILL**

**No. 1**

**Introduced by Senator Beall**

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

December 5, 2016

---

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

LEGISLATIVE COUNSEL'S DIGEST

SB 1, as amended, Beall. Transportation funding.

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

registration fees on vehicles, with revenues from these fees deposited in the Motor Vehicle Account and used to fund the Department of Motor Vehicles and the Department of the California Highway Patrol. Existing law provides for the monthly transfer of excess balances in the Motor Vehicle Account to the State Highway Account.

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

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

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

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

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

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

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

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



would specify the duties and responsibilities of the Transportation Inspector General and would require an annual report to the Legislature and Governor.

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

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

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

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

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

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

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

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

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

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

This bill would delete the transfer of these miscellaneous revenues to the Transportation Debt Service Fund, thereby eliminating the offsetting transfer to the General Fund for debt service on general obligation transportation bonds issued pursuant to Proposition 116 of 1990. The bill, subject to a specified exception, would instead require

the miscellaneous revenues to be retained in the State Highway Account and to be deposited in the Road Maintenance and Rehabilitation Account.

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

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

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

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

Existing law, beyond the sales and use tax rate generally applicable, imposes an additional sales and use tax on diesel fuel at the rate of 1.75%, subject to certain exemptions, and provides for the net revenues collected from the additional tax to be transferred to the Public Transportation Account. Existing law continuously appropriates these

and other revenues in the account to the Controller for allocation by formula to transportation agencies for public transit purposes under the State Transit Assistance Program. Existing law provides for appropriation of other revenues in the account to the Department of Transportation for various other transportation purposes, including intercity rail purposes.

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

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

(10) Existing law requires the Department of Transportation to prepare a state highway operation and protection program every other year for the expenditure of transportation capital improvement funds for projects that are necessary to preserve and protect the state highway system, excluding projects that add new traffic lanes. The program is required to be based on an asset management plan, as specified. Existing law requires the department to specify, for each project in the program the capital and support budget and projected delivery date for various components of the project. Existing law provides for the California Transportation Commission to review and adopt the program, and authorizes the commission to decline and adopt the program if it

determines that the program is not sufficiently consistent with the asset management plan.

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

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

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

This bill, notwithstanding these provisions or any other law, would only authorize specified percentages of weight fee revenues to be transferred from the State Highway Account to the Transportation Debt Service Fund, the Transportation Bond Direct Payment Account, or any other fund or account for the purpose of payment of the debt service on transportation general obligation bonds in accordance with a prescribed schedule, with no more than 50% of weight fee revenues to be used for debt service purposes beginning with the 2021–22 fiscal year. The bill would require the California Transportation Commission,

by January 1, 2018, to recommend a course of action to the Legislature and Governor that would retain the remaining 50% share of weight fee revenues in the State Highway Account or provide for the transfer of those revenues to the Road Maintenance and Rehabilitation Account. The bill would also prohibit loans of weight fee revenues to the General Fund.

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

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

~~This bill would extend the above-referenced exemption indefinitely to January 1, 2023, and delete the *population* limitation of the city or county for 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.~~ *exemption.*

~~This bill would also establish~~ *establish, until January 1, 2023,* the Advance Mitigation Program in the Department of Transportation. The bill would authorize the department to undertake specified mitigation measures in advance of construction of planned transportation improvements. The bill would require the department to establish a steering committee to advise the department on advance mitigation measures and related matters. The bill would create the Advance Mitigation Fund as a continuously appropriated revolving fund, to be funded initially from the Road Maintenance and Rehabilitation Program pursuant to (1) above. The bill would provide for reimbursement of the revolving fund at the time a planned transportation improvement benefiting from advance mitigation is constructed. *The bill would require*

*the department to submit to the Legislature annual reports and a final report on the operation of the program.*

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

This bill would reenact these provisions.

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

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

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

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

1     SECTION 1. The Legislature finds and declares all of the  
2     following:  
3     (a) Over the next 10 years, the state faces a \$59 billion shortfall  
4     to adequately maintain the existing state highway system in order  
5     to keep it in a basic state of good repair.  
6     (b) Similarly, cities and counties face a \$78 billion shortfall  
7     over the next decade to adequately maintain the existing network  
8     of local streets and roads.  
9     (c) Statewide taxes and fees dedicated to the maintenance of  
10    the system have not been increased in more than 20 years, with  
11    those revenues losing more than 55 percent of their purchasing  
12    power, while costs to maintain the system have steadily increased  
13    and much of the underlying infrastructure has aged past its expected  
14    useful life.

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

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

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

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

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

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

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

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

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

- 28 (1) Ensure these transportation needs are addressed.  
29 (2) Fairly distribute the economic impact of increased funding.  
30 (3) Restore the gas tax rate previously reduced by the State  
31 Board of Equalization pursuant to the gas tax swap.  
32 (4) Direct increased revenue to the state's highest transportation  
33 needs.

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

36 13975. There is in the state government the Transportation  
37 Agency. The agency consists of the Department of the California  
38 Highway Patrol, the Department of Motor Vehicles, the Department  
39 of Transportation, the High-Speed Rail Authority, and the Board



1 of Pilot Commissioners for the Bays of San Francisco, San Pablo,  
2 and Suisun.

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

5 14033. On or before January 1, 2018, the department shall  
6 update the Highway Design Manual to incorporate the “complete  
7 streets” design concept.

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

10 14110. The department shall develop a plan by January 1, 2020,  
11 to increase by 100 percent the dollar value of contracts awarded  
12 to small businesses, disadvantaged business enterprises, and  
13 disabled veteran business enterprises.

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

16  
17 PART 5.1. OFFICE OF THE TRANSPORTATION INSPECTOR  
18 GENERAL  
19

20 14460. (a) There is hereby created in state government the  
21 independent Office of the Transportation Inspector General, which  
22 shall not be a subdivision of any other governmental entity, to  
23 ensure that the Department of Transportation, the High-Speed Rail  
24 Authority, the Department of the California Highway Patrol, the  
25 Department of Motor Vehicles, the State Air Resources Board,  
26 and all other state agencies expending state transportation funds  
27 are operating efficiently, effectively, and in compliance with  
28 applicable federal and state laws.

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

1 14461. The Transportation Inspector General shall review  
2 policies, practices, and procedures and conduct audits and  
3 investigations of activities involving state transportation funds in  
4 consultation with all affected state agencies. Specifically, the  
5 Transportation Inspector General's duties and responsibilities shall  
6 include, but not be limited to, all of the following:

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

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

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

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

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

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

28 14462. The Transportation Inspector General shall report at  
29 least annually to the Governor and Legislature with a summary of  
30 his or her findings, investigations, and audits. The summary shall  
31 be posted on the Transportation Inspector General's Internet Web  
32 site and shall otherwise be made available to the public upon its  
33 release to the Governor and Legislature. The summary shall  
34 include, but need not be limited to, significant problems discovered  
35 by the Transportation Inspector General and whether  
36 recommendations of the Transportation Inspector General relative  
37 to investigations and audits have been implemented by the affected  
38 agencies. The report shall be submitted to the Legislature in  
39 compliance with Section 9795.

1 SEC. 6. Section 14500 of the Government Code is amended  
2 to read:

3 14500. There is in state government a California Transportation  
4 Commission. The commission shall act in an independent oversight  
5 role.

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

8 14526.5. (a) Based on the asset management plan prepared  
9 and approved pursuant to Section 14526.4, the department shall  
10 prepare a state highway operation and protection program for the  
11 expenditure of transportation funds for major capital improvements  
12 that are necessary to preserve and protect the state highway system.  
13 Projects included in the program shall be limited to improvements  
14 relative to the maintenance, safety, operation, and rehabilitation  
15 of state highways and bridges that do not add a new traffic lane to  
16 the system.

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

23 (c) (1) The department, at a minimum, shall specify, for each  
24 project in the state highway operation and protection program, the  
25 capital and support budget for each of the following project  
26 components:

27 (A) Project approval and environmental documents.

28 (B) Plans, specifications, and estimates.

29 (C) Rights-of-way.

30 (D) Construction.

31 (2) The department shall specify, for each project in the state  
32 highway operation and protection program, a projected delivery  
33 date for each of the following components:

34 (A) Environmental document completion.

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

36 (C) Right-of-way certification.

37 (D) Start of construction.

38 (d) The department shall submit its proposed program to the  
39 commission not later than January 31 of each even-numbered year.  
40 Prior to submitting its proposed program, the department shall

1 make a draft of its proposed program available to transportation  
2 planning agencies for review and comment and shall include the  
3 comments in its submittal to the commission. The department shall  
4 provide the commission with detailed information for all  
5 programmed projects, including, but not limited to, cost, scope,  
6 schedule, and performance metrics as determined by the  
7 commission.

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

21 (f) As part of the commission's review of the program required  
22 pursuant to subdivision (a), the commission shall hold at least one  
23 hearing in northern California and one hearing in southern  
24 California regarding the proposed program.

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

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

32 SEC. 8. Section 14526.7 is added to the Government Code, to  
33 read:

34 14526.7. (a) On and after August 1, 2017, an allocation by the  
35 commission of all capital and support costs for each project in the  
36 state highway operation and protection program shall be required.

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

1 (c) The commission shall establish guidelines to provide  
2 exceptions to the requirement of subdivision (b) that the  
3 commission determines are necessary to ensure that projects are  
4 not unnecessarily delayed.

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

6 SEC. 10. Section 16321 is added to the Government Code, to  
7 read:

8 16321. (a) Notwithstanding any other law, on or before March  
9 1, 2017, the Department of Finance shall compute the amount of  
10 outstanding loans made from the State Highway Account, the  
11 Motor Vehicle Fuel Account, the Highway Users Tax Account,  
12 and the Motor Vehicle Account to the General Fund. The  
13 department shall prepare a loan repayment schedule, pursuant to  
14 which the outstanding loans shall be repaid, as follows:

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

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

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

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

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

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

33 SEC. 11. Section 16965 of the Government Code is amended  
34 to read:

35 16965. (a) (1) The Transportation Debt Service Fund is hereby  
36 created in the State Treasury. Moneys in the fund shall be dedicated  
37 to all of the following purposes:

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

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

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

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

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

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

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

39 (D) The Controller may establish subaccounts within the  
40 Transportation Bond Direct Payment Account as may be required

1 by the resolution, indenture, or other documents governing any  
2 designated bonds.

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

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

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

11 (C) Amounts payable under any contractual obligation of the  
12 state to repay advances and pay interest thereon under a credit  
13 enhancement or liquidity agreement as described in clause (iv) of  
14 subparagraph (B) of paragraph (1) of subdivision (d) of Section  
15 16731.

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

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

38 (c) The state hereby covenants with the holders from time to  
39 time of any designated bonds that it will not alter, amend, or restrict  
40 the provisions of subdivision (c) of Section 16773 of the

1 Government Code, or Sections 9400, 9400.1, 9400.4, and 42205  
2 of the Vehicle Code, which provide directly or indirectly for the  
3 transfer of weight fees to the Transportation Debt Service Fund  
4 or the Transportation Bond Direct Payment Account, or  
5 subdivisions (a) and (b) of this section, or reduce the rate of  
6 imposition of vehicle weight fees under Sections 9400 and 9400.1  
7 of the Vehicle Code as they existed on the date of the first issuance  
8 of any designated bonds, if that alteration, amendment, restriction,  
9 or reduction would result in projected weight fees for the next  
10 fiscal year determined by the Director of Finance being less than  
11 two times the maximum annual debt service with respect to all  
12 outstanding designated bonds, as such calculation is determined  
13 pursuant to the resolution, indenture, or other documents governing  
14 the designated bonds. The state may include this covenant in the  
15 resolution, indenture, or other documents governing the designated  
16 bonds.

17 (d) Once the required monthly deposit, including makeup of  
18 any shortfalls from any prior month, has been made pursuant to  
19 subdivision (b), from moneys transferred to the fund pursuant to  
20 paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the  
21 Vehicle Code, or pursuant to Section 16965.1 or 63048.67, the  
22 Controller shall transfer as an expenditure reduction to the General  
23 Fund any amount necessary to offset the cost of current year debt  
24 service payments made from the General Fund with respect to any  
25 bonds issued pursuant to Proposition 192 (1996) and three-quarters  
26 of the amount of current year debt service payments made from  
27 the General Fund with respect to any nondesignated bonds, as  
28 defined in subdivision (c) of Section 16773, issued pursuant to  
29 Proposition 1B (2006). In the alternative, these funds may also be  
30 used to redeem or retire the applicable bonds, pursuant to Section  
31 16774, maturing in a subsequent fiscal year as directed by the  
32 Director of Finance.

33 (e) Once the required monthly deposit, including makeup of  
34 any shortfalls from any prior month, has been made pursuant to  
35 subdivision (b), from moneys transferred to the fund pursuant to  
36 paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the  
37 Vehicle Code, or pursuant to Section 16965.1 or 63048.67, the  
38 Controller shall transfer as an expenditure reduction to the General  
39 Fund any amount necessary to offset the eligible cost of current  
40 year debt service payments made from the General Fund with



1 respect to any bonds issued pursuant to Proposition 108 (1990)  
2 and Proposition 1A (2008), and one-quarter of the amount of  
3 current year debt service payments made from the General Fund  
4 with respect to any nondesignated bonds, as defined in subdivision  
5 (c) of Section 16773, issued pursuant to Proposition 1B (2006).  
6 The Department of Finance shall notify the Controller by July 30  
7 of every year of the percentage of debt service that is expected to  
8 be paid in that fiscal year with respect to bond-funded projects that  
9 qualify as eligible guideway projects consistent with the  
10 requirements applicable to the expenditure of revenues under  
11 Article XIX of the California Constitution, and the Controller shall  
12 make payments only for those eligible projects. In the alternative,  
13 these funds may also be used to redeem or retire the applicable  
14 bonds, pursuant to Section 16774, maturing in a subsequent fiscal  
15 year as directed by the Director of Finance.

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

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

28 39719. (a) The Legislature shall appropriate the annual  
29 proceeds of the fund for the purpose of reducing greenhouse gas  
30 emissions in this state in accordance with the requirements of  
31 Section 39712.

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

35 (1) Beginning in the 2017–18 fiscal year, and notwithstanding  
36 Section 13340 of the Government Code, 50 percent of annual  
37 proceeds are continuously appropriated, without regard to fiscal  
38 years, for transit, affordable housing, and sustainable communities  
39 programs as follows:

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

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

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

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

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

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

31 (C) Other capital costs of the project.

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

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

37 ~~SEC. 13. Section 21080.37 of the Public Resources Code is~~  
38 ~~amended to read:~~

1     ~~21080.37. (a) This division does not apply to a project or an~~  
2 ~~activity to repair, maintain, or make minor alterations to an existing~~  
3 ~~roadway if all of the following conditions are met:~~

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

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

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

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

21     ~~(B) For the purposes of this paragraph:~~

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

31     ~~(ii) “Significant value as a wildlife habitat” includes wildlife~~  
32 ~~habitat of national, statewide, regional, or local importance; habitat~~  
33 ~~for species protected by the federal Endangered Species Act of~~  
34 ~~1973 (16 U.S.C. Sec. 1531 et seq.), the California Endangered~~  
35 ~~Species Act (Chapter 1.5 (commencing with Section 2050) of~~  
36 ~~Division 3 of the Fish and Game Code), or the Native Plant~~  
37 ~~Protection Act (Chapter 10 (commencing with Section 1900) of~~  
38 ~~Division 2 of the Fish and Game Code); habitat identified as~~  
39 ~~candidate, fully protected, sensitive, or species of special status~~

1 by local, state, or federal agencies; or habitat essential to the  
2 movement of resident or migratory wildlife.

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

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

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

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

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

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

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

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

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

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

38 *SEC. 13. Section 21080.37 of the Public Resources Code is*  
39 *amended to read:*

1     21080.37. (a) This division does not apply to a project or an  
2 activity to repair, maintain, or make minor alterations to an existing  
3 roadway if all of the following conditions are met:

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

6     (2) (A) The project does not cross a waterway.

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

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

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

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

24    (B) For the purposes of this paragraph:

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

34    (ii) “Significant value as a wildlife habitat” includes wildlife  
35 habitat of national, statewide, regional, or local importance; habitat  
36 for species protected by the federal Endangered Species Act of  
37 1973 (16 U.S.C. Sec. 1531, et seq.), the California Endangered  
38 Species Act (Chapter 1.5 (commencing with Section 2050) of  
39 Division 3 of the Fish and Game Code), or the Native Plant  
40 Protection Act (Chapter 10 (commencing with Section 1900) of

1 Division 2 of the Fish and Game Code); habitat identified as  
2 candidate, fully protected, sensitive, or species of special status  
3 by local, state, or federal agencies; or habitat essential to the  
4 movement of resident or migratory wildlife.

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

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

10 (6) The project does not impact cultural resources.

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

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

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

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

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

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

35 (e) This section shall remain in effect only until January 1, ~~2020~~,  
36 2023, and as of that date is repealed, unless a later enacted statute,  
37 that is enacted before January 1, ~~2020~~, 2023, deletes or extends  
38 that date.

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

## 1 DIVISION 13.6. ADVANCE MITIGATION PROGRAM ACT

2  
3 CHAPTER 1. GENERAL  
4

5 21200. This division shall be known, and may be cited, as the  
6 Advance Mitigation Program Act.

7 21201. (a) The purpose of this division is to improve the  
8 success and effectiveness of actions implemented to mitigate the  
9 natural resource impacts of future transportation improvements  
10 by designing those actions to measurably advance regional or  
11 statewide conservation priorities and by establishing the means to  
12 implement the actions well before the impacts occur. The advance  
13 design and implementation of mitigation actions also will  
14 streamline the delivery of transportation improvements by avoiding  
15 or reducing delays associated with environmental permitting.

16 (b) This division is not intended to create a new environmental  
17 permitting or regulatory program or to modify existing  
18 environmental laws or regulations, nor is it expected that all  
19 mitigation requirements will be addressed for planned  
20 transportation improvements. Instead, it is intended to provide a  
21 methodology with which to fulfill the requirements of existing  
22 state and federal environmental laws that protect fish, wildlife,  
23 plant species, and other natural resources more efficiently and  
24 effectively.

25 21202. The Legislature finds and declares all of the following:

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

30 (b) The cost of critical transportation improvements often  
31 escalates because of permitting delays that occur when appropriate  
32 conservation and mitigation measures cannot easily be identified  
33 and because the cost of these measures often increases between  
34 the time a project is planned and funded and the time mitigation  
35 is implemented.

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

1 (d) Working with state and federal resource protection agencies,  
2 the department can generate and pool a range of mitigation credits  
3 for use for transportation improvements, taking advantage of  
4 greater economies of scale and allowing public funds to stretch  
5 further. By making those mitigation credits available in advance  
6 of environmental impacts and project permitting, transportation  
7 agencies can avoid permitting delays that result from  
8 project-by-project identification and development of mitigation  
9 measures.

10 (e) Advance mitigation can provide an effective means of  
11 facilitating delivery of transportation improvements while ensuring  
12 more effective natural resource conservation.

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

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

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

25 21203. The Legislature intends to do all of the following by  
26 enacting this division:

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

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

32 (c) Achieve conservation objectives of statewide and regional  
33 importance by coordinating local, state, and federally funded  
34 natural resource conservation efforts with mitigation actions  
35 required for impacts from transportation improvements.

36 (d) Create administrative, governance, and financial incentives  
37 and mechanisms necessary to ensure that measures required to  
38 minimize or mitigate impacts from transportation improvements  
39 will serve to achieve regional or statewide natural resource  
40 conservation objectives.



## CHAPTER 2. DEFINITIONS

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

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

(b) “Advance mitigation” means mitigation implemented before, and in anticipation of, environmental effects of planned transportation improvements.

(c) “Commission” means the California Transportation Commission.

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

(e) “Department” means the Department of Transportation.

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

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

(h) “Transportation improvement” means a transportation capital improvement project.

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

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

(k) “Regional conservation investment strategy” means a regional conservation investment strategy *approved by the Department of Fish and Wildlife* pursuant to Chapter 9 (commencing with Section 1850) of Division 2 of the Fish and Game Code.

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

10  
11 CHAPTER 3. ADVANCE MITIGATION PROGRAM  
12

13 21205. (a) The Advance Mitigation Program is hereby created  
14 in the department to accelerate project delivery and improve  
15 environmental outcomes of environmental mitigation for planned  
16 transportation improvements. The department may do any of the  
17 following to administer and implement the program:

18 (1) Purchase credits at mitigation banks and conservation banks  
19 approved by one or more regulatory agencies. The department  
20 may also establish mitigation banks or conservation banks, or fund  
21 the establishment of mitigation banks or conservation banks, in  
22 accordance with applicable state and federal standards if the  
23 department determines that those banks would provide biologically  
24 appropriate mitigation for planned transportation improvements  
25 identified pursuant to Section 21207.

26 (2) Pay mitigation fees under natural community conservation  
27 plans approved pursuant to Chapter 10 (commencing with Section  
28 2800) of Division 3 of the Fish and Game Code, or habitat  
29 conservation plans approved in accordance with the federal  
30 Endangered Species Act.

31 (3) Prepare, or fund the preparation of, regional conservation  
32 investment strategies. Where a regional conservation framework  
33 has been approved by the Department of Fish and Wildlife, the  
34 department may do the following:

35 (A) Enter into a mitigation credit agreement with the Department  
36 of Fish and Wildlife, and acquire, restore, manage, monitor, protect,  
37 and preserve lands, waterways, aquatic resources or fisheries, or  
38 fund the acquisition, restoration, management, monitoring,  
39 protection, and preservation of lands, waterways, aquatic resources,

1 or fisheries, as needed to generate mitigation credits pursuant to  
2 those mitigation credit agreements.

3 (B) Acquire, restore, manage, monitor, and preserve lands,  
4 waterways, aquatic resources, or fisheries, or fund the acquisition,  
5 restoration, management, monitoring, and preservation of lands,  
6 waterways, aquatic resources, or fisheries that would measurably  
7 advance a conservation objective in the regional conservation  
8 investment strategy if the department concludes that the action or  
9 actions could conserve or create environmental values that are  
10 appropriate to mitigate the anticipated potential impacts of planned  
11 transportation improvements.

12 (4) Prepare, or fund the preparation of, regional advance  
13 mitigation plans *that are consistent with a regional conservation*  
14 *strategy and are approved by the Department of Fish and Wildlife,*  
15 *within the area of—any that regional conservation investment*  
16 *strategy that has been approved by the Department of Fish and*  
17 *Wildlife: strategy.* The purpose of a regional advance mitigation  
18 plan shall be to identify potential mitigation needs for planned  
19 transportation improvements, to facilitate the acquisition or  
20 generation of mitigation credits and values that could be used to  
21 fulfill those needs and thereby to avoid delays in the environmental  
22 permitting of those transportation improvements. A regional  
23 advance mitigation plan shall do all of the following:

24 (A) Use the information and analysis in the regional  
25 conservation investment strategy to estimate the nature and extent  
26 of potential mitigation requirements of planned transportation  
27 improvements on a regional or statewide basis.

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

30 (C) Identify available mitigation credits at mitigation banks or  
31 conservation banks approved by one or more regulatory agencies  
32 that could be used to mitigate the impacts of planned transportation  
33 improvements.

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

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

1 (F) Assess whether conservation actions or habitat enhancements  
2 that would measurably advance an unmet conservation objective  
3 in the regional conservation investment strategy could conserve  
4 or create environmental values that are appropriate to mitigate the  
5 anticipated potential impacts of planned transportation  
6 improvements and could fulfill mitigation requirements resulting  
7 from those impacts.

8 (G) Analyze the cost-effectiveness of available mitigation  
9 alternatives both in terms of environmental benefits and improved  
10 project delivery and certainty.

11 (b) The department shall track all advance mitigation actions  
12 implemented and all mitigation credits generated under the program  
13 for environmental mitigation for transportation improvements.

14 (c) The department may use mitigation credits to fulfill  
15 mitigation requirements of a transportation improvement eligible  
16 for the State Transportation Improvement Program or the State  
17 Highway Operation and Protection Program.

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

30 *(e) Prior to approving a regional conservation investment*  
31 *strategy or regional advance mitigation plan, the Department of*  
32 *Fish and Wildlife shall receive public comments on the strategy*  
33 *or plan for at least 45 days and shall hold a public meeting at*  
34 *relevant districts of the department affected by the strategy or*  
35 *plan. The Department of Fish and Wildlife, in cooperation with*  
36 *the department, shall respond to any public comments received.*

37 *(f) The department, in collaboration with the Department of*  
38 *Fish and Wildlife, shall establish and maintain an Internet Web*  
39 *site that includes all of the following:*

1 *(1) Findings and recommendations of the transportation*  
2 *advance mitigation steering committee established pursuant to*  
3 *Section 21206.*

4 *(2) Any proposed actions taken pursuant to the program,*  
5 *including information specified in subdivision (b).*

6 *(3) Any public comments and responses made pursuant to*  
7 *subdivision (e).*

8 *(4) The reports required pursuant to Section 21209.*

9 21206. (a) No later than February 1, ~~2017~~, 2018, the  
10 department shall establish an interagency transportation advance  
11 mitigation steering committee consisting of the department and  
12 appropriate state and federal regulatory ~~agencies~~ agencies,  
13 including the Natural Resources Agency and the Department of  
14 Fish and Wildlife, to support the program so that advance  
15 mitigation can be used as required mitigation for planned  
16 transportation improvements and can provide improved  
17 environmental outcomes. The committee shall advise the  
18 department of opportunities to carry out advance mitigation  
19 improvements, provide the best available science, and actively  
20 participate in mitigation instrument reviews and approvals. The  
21 committee shall seek to develop streamlining opportunities,  
22 including those related to landscape scale mitigation planning and  
23 alignment of federal and state regulations and procedures related  
24 to mitigation requirements and implementation. The committee  
25 shall also provide input on crediting, using, and tracking of advance  
26 mitigation investments.

27 *(b) The committee shall hold annually at least three meetings,*  
28 *one in northern California, one in the central valley region, and*  
29 *one in southern California, to solicit public input on the program.*

30 21207. The Advance Mitigation Fund is hereby created in the  
31 State Transportation Fund as a revolving fund. Notwithstanding  
32 Section 13340 of the Government Code, the fund shall be  
33 continuously appropriated without regard to fiscal years. The  
34 moneys in the fund shall be programmed by the commission for  
35 the planning and implementation of advance mitigation  
36 improvements consistent with the purposes of this chapter. After  
37 the transfer of moneys to the fund for four fiscal years pursuant to  
38 subdivision (c) of Section 2032 of the Streets and Highways Code,  
39 commencing in the 2017–18 fiscal year, the program is intended  
40 to be self-sustaining. Advance expenditures from the fund shall

1 later be reimbursed from project funding available at the time a  
2 planned transportation improvement is constructed. A maximum  
3 of 5 percent of available funds may be used for administrative  
4 purposes.

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

15 21209. (a) *On or before January 1, 2019, and annually*  
16 *thereafter, the department, in collaboration with the Department*  
17 *of Fish and Wildlife, shall submit to the Legislature, pursuant to*  
18 *Section 9795 of the Government Code, a report on the operation*  
19 *of the program that contains both of the following information:*

20 (1) *Funding used to generate the mitigation credits and the*  
21 *amount of credits used for each transportation improvement during*  
22 *the past calendar year.*

23 (2) *The reasons or justifications for using the program to*  
24 *mitigate the impacts of the planned transportation improvements*  
25 *and the type of advance mitigation used.*

26 (b) *On or before January 1, 2022, the department, in*  
27 *collaboration with the Department of Fish and Wildlife, shall*  
28 *submit to the Legislature, pursuant to Section 9795 of the*  
29 *Government Code, a report that includes all of the following*  
30 *information:*

31 (1) *Findings on the efficacy of the program and*  
32 *recommendations for improving program outcomes.*

33 (2) *Data on the funding used for the generation of the mitigation*  
34 *credits and the use of the mitigation credits.*

35 (3) *Data on planned transportation improvements benefited by*  
36 *the program, including the mitigation credits used in lieu of onsite*  
37 *mitigation.*

38 (4) *Data on monitoring.*

39 21210. *This division shall remain in effect only until January*  
40 *1, 2023, and as of that date is repealed, unless a later enacted*

1 *statute that is enacted before January 1, 2023, deletes or extends*  
2 *that date.*

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

5 99312.1. (a) Revenues transferred to the Public Transportation  
6 Account pursuant to Sections 6051.8 and 6201.8 of the Revenue  
7 and Taxation Code for the State Transit Assistance Program are  
8 hereby continuously appropriated to the Controller for allocation  
9 as follows:

10 (1) Fifty percent for allocation to transportation planning  
11 agencies, county transportation commissions, and the San Diego  
12 Metropolitan Transit Development Board pursuant to Section  
13 99314.

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

17 (b) For purposes of this chapter, the revenues allocated pursuant  
18 to this section shall be subject to the same requirements as revenues  
19 allocated pursuant to subdivisions (b) and (c), as applicable, of  
20 Section 99312.

21 (c) The revenues transferred to the Public Transportation  
22 Account for the State Transit Assistance Program that are  
23 attributable to the increase in the sales and use tax on diesel fuel  
24 pursuant to subdivision (b) of Section 6051.8 of the Revenue and  
25 Taxation Code, as adjusted pursuant to subdivision (c) of that  
26 section, and subdivision (b) of Section 6201.8 of the Revenue and  
27 Taxation Code, as adjusted pursuant to subdivision (c) of that  
28 section, upon allocation pursuant to Sections 99313 and 99314,  
29 shall only be expended on the following:

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

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

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

38 (d) (1) Prior to receiving an apportionment of funds pursuant  
39 to subdivision (c) from the Controller in a fiscal year, a recipient  
40 transit agency shall submit to the Department of Transportation a

1 list of projects proposed to be funded with these funds. The list of  
2 projects proposed to be funded with these funds shall include a  
3 description and location of each proposed project, a proposed  
4 schedule for the project's completion, and the estimated useful life  
5 of the improvement. The project list shall not limit the flexibility  
6 of a recipient transit agency to fund projects in accordance with  
7 local needs and priorities so long as the projects are consistent  
8 with subdivision (c).

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

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

21 (f) The audit of transit operator finances required pursuant to  
22 Section 99245 shall verify that the revenues identified in  
23 subdivision (c) have been expended in conformance with these  
24 specific requirements and all other generally applicable  
25 requirements.

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

28 6051.8. (a) Except as provided by Section 6357.3, in addition  
29 to the taxes imposed by this part, for the privilege of selling  
30 tangible personal property at retail a tax is hereby imposed upon  
31 all retailers at the rate of 1.75 percent of the gross receipts of any  
32 retailer from the sale of all diesel ~~fuel~~, *as defined in Section*  
33 *60022*.

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



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

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

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

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

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

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

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

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

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

6201.8. (a) Except as provided by Section 6357.3, in addition to the taxes imposed by this part, an excise tax is hereby imposed

1 on the storage, use, or other consumption in this state of diesel  
2 fuel, as defined in Section 60022, at the rate of 1.75 percent of the  
3 sales price of the diesel fuel.

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

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

13 (1) The Department of Finance shall transmit to the State Board  
14 of Equalization the percentage change in the California Consumer  
15 Price Index for all items from November of three calendar years  
16 prior to November of the prior calendar year, no later than January  
17 31, 2020, and January 31 of every third year thereafter.

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

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

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

25 (C) Make its determination of the new rate no later than March  
26 1 of the same year as the effective date of the new rate.

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

34 (2) The revenues, less refunds, attributable to a rate of 0.5  
35 percent of the 4-percent increase in the rate pursuant to subdivision  
36 (b), amounting to one-eighth of revenues from the increase in the  
37 rate under that subdivision, shall be estimated by the State Board  
38 of Equalization, with the concurrence of the Department of Finance,  
39 and transferred quarterly to the Public Transportation Account in  
40 the State Transportation Fund for allocation to the Department of

1 Transportation, upon appropriation by the Legislature, to intercity  
2 rail and commuter rail purposes pursuant to Section 99315 of the  
3 Public Utilities Code.

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

6 7360. (a) (1) (A) A tax of eighteen cents (\$0.18) is hereby  
7 imposed upon each gallon of fuel subject to the tax in Sections  
8 7362, 7363, and 7364.

9 (B) In addition to the tax imposed pursuant to subparagraph  
10 (A), a tax of six cents (\$0.06) is hereby imposed upon each gallon  
11 of fuel, other than aviation gasoline, subject to the tax in Sections  
12 7362, 7363, and 7364. Effective one year after the date that the  
13 six-cent (\$0.06) tax is imposed, an additional tax of three cents  
14 (\$0.03) is hereby imposed, and effective two years after the date  
15 that the six-cent (\$0.06) tax is imposed, an additional tax of three  
16 cents (\$0.03) is hereby imposed, on each gallon of fuel, other than  
17 aviation gasoline, subject to the tax in Sections 7362, 7363, and  
18 7364.

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

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

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

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

39 (1) The Department of Finance shall transmit to the State Board  
40 of Equalization the percentage change in the California Consumer

1 Price Index for all items from November of three calendar years  
2 prior to November of the prior calendar year, no later than January  
3 31, 2020, and January 31 of every third year thereafter.

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

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

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

11 (C) Make its determination of the new rate no later than March  
12 1 of the same year as the effective date of the new rate.

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

15 8352.4. (a) Subject to Sections 8352 and 8352.1, and except  
16 as otherwise provided in subdivision (b), there shall be transferred  
17 from the money deposited to the credit of the Motor Vehicle Fuel  
18 Account to the Harbors and Watercraft Revolving Fund, for  
19 expenditure in accordance with Division 1 (commencing with  
20 Section 30) of the Harbors and Navigation Code, the sum of six  
21 million six hundred thousand dollars (\$6,600,000) per annum,  
22 representing the amount of money in the Motor Vehicle Fuel  
23 Account attributable to taxes imposed on distributions of motor  
24 vehicle fuel used or usable in propelling vessels. The actual amount  
25 shall be calculated using the annual reports of registered boats  
26 prepared by the Department of Motor Vehicles for the United  
27 States Coast Guard and the formula and method of the December  
28 1972 report prepared for this purpose and submitted to the  
29 Legislature on December 26, 1972, by the Director of  
30 Transportation. If the amount transferred during each fiscal year  
31 is in excess of the calculated amount, the excess shall be  
32 retransferred from the Harbors and Watercraft Revolving Fund to  
33 the Motor Vehicle Fuel Account. If the amount transferred is less  
34 than the amount calculated, the difference shall be transferred from  
35 the Motor Vehicle Fuel Account to the Harbors and Watercraft  
36 Revolving Fund. No adjustment shall be made if the computed  
37 difference is less than fifty thousand dollars (\$50,000), and the  
38 amount shall be adjusted to reflect any temporary or permanent  
39 increase or decrease that may be made in the rate under the Motor

1 Vehicle Fuel Tax Law. Payments pursuant to this section shall be  
2 made prior to payments pursuant to Section 8352.2.

3 (b) (1) Commencing July 1, 2017, the revenues attributable to  
4 the taxes imposed pursuant to subdivision (b) of Section 7360 and  
5 otherwise to be deposited in the Harbors and Watercraft Revolving  
6 Fund pursuant to subdivision (a) shall instead be transferred to the  
7 Highway Users Tax Account for distribution pursuant to Section  
8 2103.1 of the Streets and Highways Code.

9 (2) Commencing July 1, 2017, the revenues attributable to the  
10 taxes imposed pursuant to subparagraph (B) of paragraph (1) of  
11 subdivision (a) of Section 7360 and otherwise to be deposited in  
12 the Harbors and Watercraft Revolving Fund pursuant to subdivision  
13 (a) shall instead be transferred to the Road Maintenance and  
14 Rehabilitation Account pursuant to Section 2031 of the Streets  
15 and Highways Code.

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

18 8352.5. (a) (1) Subject to Sections 8352 and 8352.1, and  
19 except as otherwise provided in subdivision (b), there shall be  
20 transferred from the money deposited to the credit of the Motor  
21 Vehicle Fuel Account to the Department of Food and Agriculture  
22 Fund, during the second quarter of each fiscal year, an amount  
23 equal to the estimate contained in the most recent report prepared  
24 pursuant to this section.

25 (2) The amounts are not subject to Section 6357 with respect  
26 to the collection of sales and use taxes thereon, and represent the  
27 portion of receipts in the Motor Vehicle Fuel Account during a  
28 calendar year that were attributable to agricultural off-highway  
29 use of motor vehicle fuel which is subject to refund pursuant to  
30 Section 8101, less gross refunds allowed by the Controller during  
31 the fiscal year ending June 30 following the calendar year to  
32 persons entitled to refunds for agricultural off-highway use  
33 pursuant to Section 8101. Payments pursuant to this section shall  
34 be made prior to payments pursuant to Section 8352.2.

35 (b) (1) Commencing July 1, 2017, the revenues attributable to  
36 the taxes imposed pursuant to subdivision (b) of Section 7360 and  
37 otherwise to be deposited in the Department of Food and  
38 Agriculture Fund pursuant to subdivision (a) shall instead be  
39 transferred to the Highway Users Tax Account for distribution  
40 pursuant to Section 2103.1 of the Streets and Highways Code.

1 (2) Commencing July 1, 2017, the revenues attributable to the  
2 taxes imposed pursuant to subparagraph (B) of paragraph (1) of  
3 subdivision (a) of Section 7360 and otherwise to be deposited in  
4 the Department of Food and Agriculture Fund pursuant to  
5 subdivision (a) shall instead be transferred to the Road Maintenance  
6 and Rehabilitation Account pursuant to Section 2031 of the Streets  
7 and Highways Code.

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

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

20 8352.6. (a) (1) Subject to Section 8352.1, and except as  
21 otherwise provided in paragraphs (2) and (3), on the first day of  
22 every month, there shall be transferred from moneys deposited to  
23 the credit of the Motor Vehicle Fuel Account to the Off-Highway  
24 Vehicle Trust Fund created by Section 38225 of the Vehicle Code  
25 an amount attributable to taxes imposed upon distributions of motor  
26 vehicle fuel used in the operation of motor vehicles off highway  
27 and for which a refund has not been claimed. Transfers made  
28 pursuant to this section shall be made prior to transfers pursuant  
29 to Section 8352.2.

30 (2) (A) Commencing July 1, 2017, the revenues attributable to  
31 the taxes imposed pursuant to subdivision (b) of Section 7360 and  
32 otherwise to be deposited in the Off-Highway Vehicle Trust Fund  
33 pursuant to paragraph (1) shall instead be transferred to the  
34 Highway Users Tax Account for distribution pursuant to Section  
35 2103.1 of the Streets and Highways Code.

36 (B) Commencing July 1, 2017, the revenues attributable to the  
37 taxes imposed pursuant to subparagraph (B) of paragraph (1) of  
38 subdivision (a) of Section 7360 and otherwise to be deposited in  
39 the Off-Highway Vehicle Trust Fund pursuant to subdivision (a)  
40 shall instead be transferred to the Road Maintenance and

1 Rehabilitation Account pursuant to Section 2031 of the Streets  
2 and Highways Code.

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

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

17 (1) The number of vehicles registered as off-highway motor  
18 vehicles as required by Division 16.5 (commencing with Section  
19 38000) of the Vehicle Code.

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

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

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

28 (c) It is the intent of the Legislature that transfers from the Motor  
29 Vehicle Fuel Account to the Off-Highway Vehicle Trust Fund  
30 should reflect the full range of motorized vehicle use off highway  
31 for both motorized recreation and motorized off-road access to  
32 other recreation opportunities. Therefore, the Legislature finds that  
33 the fuel tax baseline established in subdivision (b), attributable to  
34 off-highway estimates of use as of the 2006–07 fiscal year,  
35 accounts for the three categories of vehicles that have been found  
36 over the years to be users of fuel for off-highway motorized  
37 recreation or motorized access to nonmotorized recreational  
38 pursuits. These three categories are registered off-highway  
39 motorized vehicles, registered street-legal motorized vehicles used  
40 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. 22. 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 purposes are reduced or eliminated correspondingly, the tax rate imposed by paragraph (1) shall be increased by an amount so that the combined state rate under paragraph (1) and the federal tax rate per gallon equal what it would have been in the absence of the federal reduction.

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

(b) In addition to the tax imposed pursuant to subdivision (a), an additional tax of twenty cents (\$0.20) is hereby imposed upon each gallon of diesel fuel subject to the tax in Sections 60051, 60052, and 60058.

(c) Beginning July 1, 2020, and every third year thereafter, the State Board of Equalization shall recompute the rates of the taxes



1 imposed by this section. That computation shall be made as  
2 follows:

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

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

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

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

15 (C) Make its determination of the new rate no later than March  
16 1 of the same year as the effective date of the new rate.

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

19 183.1. Except as otherwise provided in Section 54237.7 of the  
20 Government Code, money deposited into the account that is not  
21 subject to Article XIX of the California Constitution, including,  
22 but not limited to, money that is derived from the sale of  
23 documents, charges for miscellaneous services to the public,  
24 condemnation deposits fund investments, rental of state property,  
25 or any other miscellaneous uses of property or money, shall be  
26 deposited in the Road Maintenance and Rehabilitation Account  
27 created pursuant to Section 2031.

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

30 820.1. (a) The State of California consents to the jurisdiction  
31 of the federal courts with regard to the compliance, discharge, or  
32 enforcement of the responsibilities assumed by the department  
33 pursuant to ~~Section 326 of, and subsection (a) of Section 327 of,~~  
34 ~~Sections 326 and 327(a) of~~ Title 23 of the United States Code.

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

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

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

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

8  
9 CHAPTER 2. ROAD MAINTENANCE AND REHABILITATION  
10 PROGRAM  
11

12 2030. (a) The Road Maintenance and Rehabilitation Program  
13 is hereby created to address deferred maintenance on the state  
14 highway system and the local street and road system. Funds made  
15 available by the program shall be prioritized for expenditure on  
16 basic road maintenance and road rehabilitation projects, and on  
17 critical safety projects. For funds appropriated pursuant to  
18 paragraph (1) of subdivision ~~(d)~~ (e) of Section 2032, the California  
19 Transportation Commission shall adopt performance criteria,  
20 consistent with the asset management plan required pursuant to  
21 *Section* 14526.4 of the Government Code, to ensure efficient use  
22 of the funds available for these purposes in the program.

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

25 (A) Road maintenance and rehabilitation.

26 (B) Safety projects.

27 (C) Railroad grade separations.

28 (D) Complete street components, including active transportation  
29 purposes, pedestrian and bicycle safety projects, transit facilities,  
30 and drainage and stormwater capture projects in conjunction with  
31 any other allowable project.

32 (E) Traffic control devices.

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

36 2031. The following revenues shall be deposited in the Road  
37 Maintenance and Rehabilitation Account, which is hereby created  
38 in the State Transportation Fund:

39 (a) Notwithstanding subdivision (b) of Section 2103, the portion  
40 of the revenues in the Highway Users Tax Account attributable to

1 the increases in the motor vehicle fuel excise tax pursuant to  
2 subparagraph (B) of paragraph (1) of subdivision (a) of Section  
3 7360 of the Revenue and Taxation Code, as adjusted pursuant to  
4 subdivision (c) of that section.

5 (b) The portion of revenues attributable to the increase in the  
6 motor vehicle fuel excise tax pursuant to subparagraph (B) of  
7 paragraph (1) of subdivision (a) of Section 7360 of the Revenue  
8 and Taxation Code, as adjusted pursuant to subdivision (c) of that  
9 section, and designated for the Road Maintenance and  
10 Rehabilitation Account pursuant to paragraph (2) of subdivision  
11 (b) of Section 8352.4 of, paragraph (2) of subdivision (b) of Section  
12 8352.5 of, and subparagraph (B) paragraph (2) of subdivision (a)  
13 of Section 8352.6 of, that code.

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

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

20 (e) The revenues deposited in the account pursuant to Section  
21 183.1 of the Streets and Highways Code.

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

23 2031.5. Each fiscal year the annual Budget Act shall contain  
24 an appropriation from the Road Maintenance and Rehabilitation  
25 Account to the Controller for the costs of carrying out his or her  
26 duties pursuant to this chapter and to the California Transportation  
27 Commission for the costs of carrying out its duties pursuant to this  
28 chapter and Section 14526.7 of the Government Code.

29 2032. (a) (1) After deducting the amounts appropriated in the  
30 annual Budget Act, as provided in Section 2031.5, two hundred  
31 million dollars (\$200,000,000) of the remaining revenues deposited  
32 in the Road Maintenance and Rehabilitation Account shall be set  
33 aside annually for counties that have sought and received voter  
34 approval of taxes or that have imposed fees, including uniform  
35 developer fees as defined by subdivision (b) of Section 8879.67  
36 of the Government Code, which taxes or fees are dedicated solely  
37 to transportation improvements. The Controller shall each month  
38 set aside one-twelfth of this amount, to accumulate a total of two  
39 hundred million dollars (\$200,000,000) in each fiscal year.

(2) Notwithstanding Section 13340 of the Government Code, the funds available under this subdivision in each fiscal year are hereby continuously appropriated for allocation to each eligible county and each city in the county for road maintenance and rehabilitation purposes pursuant to Section 2033.

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

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

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

(d) After deducting the amounts appropriated in the annual Budget Act pursuant to Section 2031.5, the amount allocated in subdivision (a), and the amounts transferred in paragraph (1) of subdivision (b) and in subdivision (c), beginning in the 2017–18 fiscal year and each fiscal year thereafter, and notwithstanding Section 13340 of the Government Code, there is hereby continuously appropriated to the California State University the sum of two million dollars (\$2,000,000) from the remaining revenues for the purpose of conducting transportation research and

1 transportation-related workforce education, training, and  
2 development. Prior to the start of each fiscal year, the chairs of the  
3 Assembly Committee on Transportation and the Senate Committee  
4 on Transportation and Housing shall confer and set out a  
5 recommended priority list of research components to be addressed  
6 in the upcoming fiscal year.

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

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

14 (2) Fifty percent for apportionment to cities and counties by the  
15 Controller pursuant to the formula in clauses (i) and (ii) of  
16 subparagraph (C) of paragraph (3) of subdivision (a) of Section  
17 2103 for the purposes authorized by this chapter.

18 2033. (a) On or before January 1, 2018, the commission, in  
19 cooperation with the department, transportation planning agencies,  
20 county transportation commissions, and other local agencies, shall  
21 develop guidelines for the allocation of funds pursuant to  
22 subdivision (a) of Section 2032.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 2103.1. (a) Notwithstanding Section 2103, the revenues  
4 transferred to the Highway Users Tax Account pursuant to Sections  
5 8352.4, 8352.5, and 8352.6 of the Revenue and Taxation Code  
6 shall be distributed pursuant to the formula in paragraph (3) of  
7 subdivision (a) of Section 2103.

8 (b) Notwithstanding subdivision (b) of Section 2103, the portion  
9 of revenues in the Highway Users Tax Account attributable to the  
10 increases in the motor vehicle fuel excise tax pursuant to  
11 subparagraph (B) of paragraph (1) of subdivision (a) of Section  
12 7360 of the Revenue and Taxation Code, as adjusted pursuant to  
13 subdivision (c) of that section, shall be transferred to the Road  
14 Maintenance and Rehabilitation Account pursuant to Section 2031.

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

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

23 2192. (a) (1) The Trade Corridors Improvement Fund, created  
24 pursuant to subdivision (c) of Section 8879.23 of the Government  
25 Code, is hereby continued in existence to receive revenues from  
26 state sources other than the Highway Safety, Traffic Reduction,  
27 Air Quality, and Port Security Bond Act of 2006.

28 (2) Revenues apportioned to the state under Section 167 of Title  
29 23 of the United States Code from the national highway freight  
30 program, pursuant to the federal Fixing America's Surface  
31 Transportation Act ("FAST Act," Public Law 114-94) shall be  
32 allocated for projects approved pursuant to this chapter.

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

35 (c) The funding described in subdivision (a) shall be available  
36 upon appropriation for allocation by the California Transportation  
37 Commission for infrastructure improvements in this state on  
38 federally designated Trade Corridors of National and Regional  
39 Significance, on the Primary Freight Network, and along other  
40 corridors that have a high volume of freight movement, as



determined by the commission and as identified in the state freight plan developed and adopted pursuant to Section 13978.8 of the Government Code. In prioritizing the projects for funding, the commission shall consult the California Sustainable Freight Action Plan released in July 2016 pursuant to Executive Order B-32-15, trade infrastructure and goods movement plans adopted by regional transportation planning agencies, adopted regional transportation plans required by state and federal law, and the applicable port master plan. Eligible projects for the funding described in subdivision (a) shall further the state's economic, environmental, and public health objectives and goals for freight policy, as articulated in the plans to be consulted pursuant to this subdivision. Eligible projects are as follows:

(1) Highway, local road, and rail capital and capacity improvements, rail landside access improvements, landside freight access improvements to airports, seaports, and land ports, and operational improvements to more efficiently accommodate the movement of freight, particularly for ingress and egress to and from the state's land ports of entry, rail terminals, and seaports, including navigable inland waterways used to transport freight between seaports, land ports of entry, and airports, and to relieve traffic congestion along major trade or goods movement corridors.

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

(3) Infrastructure improvement projects to enhance the capacity and efficiency of ports without having the effect of displacing workers in port operations.

(4) Truck corridor and capital and operational improvements, including, but not limited to, dedicated truck facilities or truck toll facilities.

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

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

6 (d) (1) In evaluating the program of projects to be funded with  
7 funds described in paragraph (2) of subdivision (a), the commission  
8 shall evaluate the total potential economic and noneconomic  
9 benefits of the program of projects to California's economy,  
10 environment, and public health. The commission shall consult with  
11 the agencies identified in Executive Order B-32-15 and  
12 metropolitan planning organizations in order to utilize the  
13 appropriate models, techniques, and methods to develop the  
14 parameters for evaluating the program of projects. The commission  
15 shall allocate the funding described in paragraph (2) of subdivision  
16 (a) for trade infrastructure improvements consistent with Section  
17 8879.52 of the Government Code and the Trade Corridors  
18 Improvement Fund (TCIF) Guidelines adopted by the commission  
19 on November 27, 2007, or as amended by the commission, and in  
20 a manner that (A) addresses the state's most urgent needs, (B)  
21 balances the demands of various land ports of entry, seaports, and  
22 airports, (C) provides reasonable geographic balance between the  
23 state's regions, (D) places emphasis on projects that improve trade  
24 corridor mobility and safety while reducing emissions of diesel  
25 particulate and other pollutant emissions and reducing other  
26 negative community impacts, and (E) makes a significant  
27 contribution to the state's economy.

28 (2) The commission shall allocate the federal freight funding,  
29 specifically, pursuant to the original TCIF Guidelines, as adopted  
30 by the commission on November 27, 2007, and in the manner  
31 described in (A) to (E), inclusive, of paragraph (1).

32 (A) One hundred fifty million dollars (\$150,000,000) shall be  
33 dedicated exclusively to fund improvements to California's existing  
34 or planned land ports of entry on the border with Mexico. The  
35 department, in consultation with the San Diego Association of  
36 Governments and the Imperial County Transportation Commission,  
37 shall nominate a program of projects for funding allocations that  
38 make border capital and operational improvements to enhance  
39 goods movement between California and Mexico and contribute  
40 to the reduction of emissions.

1 (B) Seventy million dollars (\$70,000,000) shall be dedicated  
2 exclusively to fund projects for the elimination, alteration, or  
3 improvement of hazardous railroad-highway grade crossings.  
4 Projects shall be jointly nominated by the department and a regional  
5 transportation agency.

6 (C) Three hundred sixty million dollars (\$360,000,000) shall  
7 be available for projects nominated by regional transportation  
8 agencies and other public agencies, including counties, cities, and  
9 port authorities, in consultation with the department, and consistent  
10 with corridor-based programming targets contained in the Trade  
11 Corridors Investment Fund (TCIF) Guidelines adopted by the  
12 commission on November 27, 2007, or as amended by the  
13 commission, to provide reasonable geographic targets for funding  
14 allocations without constraining what an agency may propose or  
15 what the commission may approve. However, the San Diego  
16 Association of Governments, the Imperial County Transportation  
17 Commission, and other public agencies in San Diego and Imperial  
18 Counties shall be excluded from nominating projects under this  
19 subparagraph.

20 ~~(2)~~

21 (3) The commission shall proportionately adjust the amounts  
22 in subparagraphs (A), (B), and (C) of paragraph (1) if the amount  
23 of funds described in paragraph (2) of subdivision (a) is less than  
24 or greater than five hundred eighty million dollars (\$580,000,000).

25 ~~(3)~~

26 (4) The commission shall adopt guidelines to allocate the  
27 funding described in subdivision (a) for trade infrastructure  
28 improvements in a manner that (A) addresses the state's most  
29 urgent needs, (B) balances the demands of various land ports of  
30 entry, seaports, and airports, (C) provides reasonable geographic  
31 balance between the state's regions, (D) places emphasis on  
32 projects that improve trade corridor mobility and safety while  
33 reducing emissions of diesel particulates, greenhouse gases, and  
34 other pollutants and reducing other negative community impacts,  
35 and (E) makes a significant contribution to the state's economy.  
36 The commission shall adopt any amendments to the 2007  
37 guidelines on or before April 1, 2017.

38 ~~(4)~~

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

4 (A) Accept nominations for projects to be included in the  
5 program of projects from regional and local transportation agencies  
6 and the department.

7 (B) Recognize the key role of the state in project identification  
8 and support integrating statewide goods movement priorities into  
9 the corridor approach.

10 (C) Give the highest priority for funding allocations to projects  
11 jointly nominated by the department and a regional or other public  
12 agency.

13 ~~(5)~~

14 (6) In addition, the commission shall also consider the following  
15 factors when allocating funds under this section:

16 (A) “Velocity,” which means the speed by which large cargo  
17 would travel from the land port of entry or seaport through the  
18 distribution system.

19 (B) “Throughput,” which means the volume of cargo that would  
20 move from the land port of entry or seaport through the distribution  
21 system.

22 (C) “Reliability,” which means a reasonably consistent and  
23 predictable amount of time for cargo to travel from one point to  
24 another on any given day or at any given time in California.

25 (D) “Congestion reduction,” which means the reduction in  
26 recurrent daily hours of delay to be achieved.

27 SEC. 28. Section 2192.2 of the Streets and Highways Code is  
28 amended to read:

29 2192.2. The commission shall allocate funds made available  
30 by this chapter to projects that have identified and committed  
31 supplemental funding from appropriate local, federal, or private  
32 sources. The commission shall determine the appropriate amount  
33 of supplemental funding each project should have to be eligible  
34 for moneys based on a project-by-project review and an assessment  
35 of the project’s benefit to the state and the program. Funded  
36 improvements shall have supplemental funding that is at least equal  
37 to the amount of the contribution under this chapter. The  
38 commission may give priority for funding to projects with higher  
39 levels of committed supplemental funding.

1 SEC. 29. Section 2192.4 is added to the Streets and Highways  
2 Code, to read:

3 2192.4. The portion of the revenues in the Highway Users Tax  
4 Account attributable to the increase in the diesel fuel excise tax  
5 pursuant to subdivision (b) of Section 60050 of the Revenue and  
6 Taxation Code, as adjusted pursuant to subdivision (c) of that  
7 section, shall be transferred to the Trade Corridors Improvement  
8 Fund.

9 SEC. 30. Section 9250.3 is added to the Vehicle Code, to read:

10 9250.3. (a) In addition to any other fees specified in this code  
11 or the Revenue and Taxation Code, commencing October 1, 2017,  
12 a registration fee of thirty-eight dollars (\$38) shall be paid to the  
13 department for registration or renewal of registration of every  
14 vehicle subject to registration under this code, except those vehicles  
15 that are expressly exempted under this code from payment of  
16 registration fees.

17 (b) Beginning October 1, 2020, and every third year thereafter,  
18 the Department of Motor Vehicles shall adjust the fee imposed  
19 under this section for inflation in an amount equal to the change  
20 in the California Consumer Price Index for the prior three-year  
21 period, as calculated by the Department of Finance, with amounts  
22 equal to or greater than fifty cents (\$0.50) rounded to the next  
23 highest whole dollar.

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

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

30 9250.6. (a) In addition to any other fees specified in this code,  
31 or the Revenue and Taxation Code, commencing October 1, 2017,  
32 a registration fee of one hundred dollars (\$100) shall be paid to  
33 the department for registration or renewal of registration of every  
34 zero-emission motor vehicle subject to registration under this code,  
35 except those motor vehicles that are expressly exempted under  
36 this code from payment of registration fees.

37 (b) Beginning October 1, 2020, and every third year thereafter,  
38 the Department of Motor Vehicles shall adjust the fee imposed  
39 under this section for inflation in an amount equal to the change  
40 in the California Consumer Price Index for the prior three-year

1 period, as calculated by the Department of Finance, with amounts  
2 equal to or greater than fifty cents (\$0.50) rounded to the next  
3 highest whole dollar.

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

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

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

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

18 SEC. 32. Section 9400.5 is added to the Vehicle Code, to read:

19 9400.5. (a) Notwithstanding Sections 9400.1, 9400.4, and  
20 42205 of this code, Sections 16773 and 16965 of the Government  
21 Code, Section 2103 of the Streets and Highways Code, or any  
22 other law, weight fee revenues shall only be transferred consistent  
23 with the schedule provided in subdivision (b) from the State  
24 Highway Account to the Transportation Debt Service Fund, the  
25 Transportation Bond Direct Payment Account, or any other fund  
26 or account for the purpose of payment of the debt service on  
27 transportation general obligation bonds and shall not be loaned to  
28 the General Fund.

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

32 (A) Ninety percent of the total weight fees in the 2017–18 fiscal  
33 year.

34 (B) Eighty percent of the total weight fees in the 2018–19 fiscal  
35 year.

36 (C) Seventy percent of the total weight fees in the 2019–20  
37 fiscal year.

38 (D) Sixty percent of the total weight fees in the 2020–21 fiscal  
39 year.

1 (E) Fifty percent of the total weight fees in 2021–22 and  
2 subsequent fiscal years.

3 (2) The California Transportation Commission, on or before  
4 January 1, 2018, shall recommend a course of action to the  
5 Legislature and the Governor that would provide for the portion  
6 of weight fees described in subparagraph (E) of paragraph (1) to  
7 be retained in the State Highway Account or transferred to the  
8 Road Maintenance and Rehabilitation Account created pursuant  
9 to Section 2031.

10 SEC. 33. The increases in tax rates in Sections 6051.8, 6201.8,  
11 7360, and 60050 of the Revenue and Taxation Code, as amended  
12 by this act, shall become effective on July 1, 2017.

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

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

**AB 193 (Cervantes)**  
**Air Quality Improvement Program: Clean Reused Vehicle Rebate Project.**

**Summary:** This bill would require the State Air Resources Board (CARB) to establish the Clean Reused Vehicle Rebate Project (CRVRP), as a part of the Air Quality Improvement Program (AQIP), to provide rebates or other incentives for the acquisition of an eligible used vehicle; the replacement or refurbishment of a battery and related components for an eligible used vehicle or an extended warranty for the battery or related components; or an extended service warranty to cover unexpected vehicle repairs not covered by the manufacturer's warranty related to unique problems in eligible used vehicles.

**Background:** Existing law establishes the Air Quality Improvement Program (AQIP) that is administered by CARB for the purposes of funding projects related to, among other things, the reduction of criteria air pollutants and improvement of air quality. Pursuant to its existing statutory authority, CARB has established the Clean Vehicle Rebate Project (CVRP), as a part of AQIP, to promote the production and use of zero-emission vehicles by providing rebates for the purchase of new zero-emission vehicles.

**Status:** 1/30/2017 -- Referred to Assembly Comm. on TRANS.

**Specific Provisions:** Specifically, this bill would:

- 1) No later than July 1, 2019, require CARB to establish, as a part of AQIP, the CRVRP to provide an applicant with any of the following:
  - a. A rebate or other incentive with a value of up to one thousand eight hundred dollars (\$1,800) for the acquisition of an eligible used vehicle from a licensed dealer.
  - b. A rebate or other incentive for the replacement or refurbishment of a battery and related components for an eligible used vehicle, for an extended warranty for the battery and related components, or for both.
  - c. A rebate or other incentive for an extended service warranty to cover unexpected vehicle repairs not covered by the manufacturer's warranty related to unique problems in eligible used vehicles.
- 2) Limit any rebate or other incentive issued pursuant to this section to one per vehicle.
- 3) "Eligible used vehicle" only includes the same categories of vehicles that are eligible for a rebate under CVRP.
- 4) Rebates or other incentives issued pursuant to this section shall be limited to low- and moderate-income consumers residing in disadvantaged communities, as identified pursuant to Health & Safety Code Section 39711.
- 5) A rebate or other incentive available (with a value of up to \$1,800 for the acquisition of an eligible used vehicle) shall only be issued to an applicant who resides in one of the following:



- a. A county where less than 2 percent of the total rebates of CVRP have been issued.
  - b. A district that has been designated by CARB as being in nonattainment and as not meeting the federal ambient air quality standards.
- 6) CARB shall coordinate the CRVRP with the CVRP, the enhanced fleet modernization program (EFMP), and the Charge Ahead California Initiative, including, but not limited to, all of the following:
- a. Coordinating eligibility pursuant to this section with eligibility for EFMP.
  - b. Ensuring appropriate outreach and targeting to low- and moderate-income households in an effort to encourage participation.
  - c. Expanding financing mechanisms, including, but not limited to, a loan or loan-loss reserve credit enhancement program to increase consumer access to zero-emission and near-zero-emission vehicle financing and leasing options that can help lower expenditures on transportation and prequalification or point-of-sale rebates or other methods to increase participation rates among low- and moderate-income consumers.

**Impacts on AQMD’s Mission, Operations or Initiatives:** This bill is aligned with SCAQMD’s priorities regarding reducing criteria pollutant and toxic emissions within the South Coast region, especially those related to mobile sources.

Light duty vehicles are a significant source of criteria pollutant emissions in the South Coast Basin, including nitrogen oxide (NOx) emissions, which greatly impact the public health within the South Coast region.

This bill would also be consistent with SCAQMD’s policy priorities regarding environmental justice. Specifically, the bill would directly help disadvantaged communities by reducing pollution sources within those areas and by providing lower income individuals within disproportionately impacted communities with better access to used clean vehicles at a reduced cost.

**Recommended Position: Support**

**ASSEMBLY BILL**

**No. 193**

---

**Introduced by Assembly Member Cervantes**

January 19, 2017

---

An act to add Section 44274.9 to the Health and Safety Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 193, as introduced, Cervantes. Air Quality Improvement Program: Clean Reused Vehicle Rebate Project.

Existing law establishes the Air Quality Improvement Program that is administered by the State Air Resources Board for the purposes of funding projects related to, among other things, the reduction of criteria air pollutants and improvement of air quality. Pursuant to its existing statutory authority, the state board has established the Clean Vehicle Rebate Project, as a part of the Air Quality Improvement Program, to promote the production and use of zero-emission vehicles by providing rebates for the purchase of new zero-emission vehicles.

This bill would require the state board to establish the Clean Reused Vehicle Rebate Project, as a part of the Air Quality Improvement Program, to provide rebates or other incentives for the acquisition of an eligible used vehicle, as defined; the replacement or refurbishment of a battery and related components for an eligible used vehicle or an extended warranty for the battery or related components; or an extended service warranty to cover unexpected vehicle repairs not covered by the manufacturer's warranty related to unique problems in eligible used vehicles, as specified.

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

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

SECTION 1. Section 44274.9 is added to the Health and Safety Code, to read:

44274.9. (a) For purposes of this section, the following terms mean the following:

(1) “Eligible used vehicle” only includes the same categories of vehicles that are eligible for a rebate under the Clean Vehicle Rebate Project.

(2) “Used vehicle” has the same meaning as set forth in Section 665 of the Vehicle Code.

(b) No later than July 1, 2019, the state board shall establish, as a part of the Air Quality Improvement Program, the Clean Reused Vehicle Rebate Project to provide an applicant with any of the following:

(1) A rebate or other incentive with a value of up to one thousand eight hundred dollars (\$1,800) for the acquisition of an eligible used vehicle from a licensed dealer.

(2) A rebate or other incentive for the replacement or refurbishment of a battery and related components for an eligible used vehicle, for an extended warranty for the battery and related components, or for both.

(3) A rebate or other incentive for an extended service warranty to cover unexpected vehicle repairs not covered by the manufacturer’s warranty related to unique problems in eligible used vehicles.

(c) A rebate or other incentive issued pursuant to this section shall be limited to one per vehicle.

(d) Rebates or other incentives issued pursuant to this section shall be limited to low- and moderate-income consumers residing in disadvantaged communities, as identified pursuant to Section 39711.

(e) Notwithstanding subdivision (d), a rebate or other incentive available pursuant to paragraph (1) of subdivision (b) shall only be issued to an applicant who resides in one of the following:

(1) A county where less than 2 percent of the total rebates of the Clean Vehicle Rebate Project, established as part of the Air Quality Improvement Program established pursuant to this article, have been issued.

1 (2) A district that has been designated by the state board as  
2 being in nonattainment and as not meeting the federal ambient air  
3 quality standards.

4 (f) The state board shall coordinate the Clean Reused Vehicle  
5 Rebate Project with the Clean Vehicle Rebate Project, established  
6 as part of the Air Quality Improvement Program established  
7 pursuant to this article, the enhanced fleet modernization program,  
8 established pursuant to Article 11 (commencing with Section  
9 44125) of Chapter 5, and the Charge Ahead California Initiative,  
10 established pursuant to Chapter 8.5 (commencing with Section  
11 44285), including, but not limited to, all of the following:

12 (1) Coordinating eligibility pursuant to this section with  
13 eligibility for the enhanced fleet modernization program.

14 (2) Ensuring appropriate outreach and targeting to low- and  
15 moderate-income households in an effort to encourage  
16 participation.

17 (3) Expanding financing mechanisms, including, but not limited  
18 to, a loan or loan-loss reserve credit enhancement program to  
19 increase consumer access to zero-emission and near-zero-emission  
20 vehicle financing and leasing options that can help lower  
21 expenditures on transportation and prequalification or point-of-sale  
22 rebates or other methods to increase participation rates among low-  
23 and moderate-income consumers.

24 (g) (1) The state board shall establish safeguards for the project  
25 established pursuant to this section to prevent both of the following:

26 (A) Fraudulent activity by the sellers and acquirers of eligible  
27 used vehicles.

28 (B) Practices that could prevent the intended recipients of rebates  
29 or other incentives from benefiting from this section.

30 (2) For purposes of this subdivision, “fraudulent activity” may  
31 include raising the price of eligible used vehicles in a manner that  
32 partially or completely captures a rebate or other incentive issued  
33 pursuant to this section.

## **SB 53 (Hueso)**

### **Natural Gas Vehicles**

**Summary:** This bill would amend Section 35551 of the Vehicle Code, relating to vehicles. This bill adopts a vehicle weight exemption for natural gas vehicles as specified in the Fixing America’s Surface Transportation (FAST) Act of 2015. The act would allow natural gas vehicles to exceed federal weight limits by up to 2,000 pounds.

#### **Background:**

- Natural gas vehicles generate significantly less greenhouse gas emissions than traditional gasoline or diesel-powered vehicles. This makes them an ideal resource to help California achieve its ambitious climate policy goals.
- Natural gas fuel systems can add up to 2,000 pounds to a vehicle’s weight compared to diesel or gasoline fuel systems. Because natural gas is less dense than gasoline or diesel, the vehicle must carry larger tanks or additional tanks, which add weight.
- For businesses that operate vehicles at or near the weight limits, additional weight for natural gas equipment reduces the vehicle’s payload capacity, creating a strong disincentive to switch to a natural gas. For businesses that have chosen to switch to natural gas vehicles anyway, the lower payload per trip requires an increase in vehicle miles traveled to carry the same payload, thus counteracting the potential emissions reductions.
- The federal government addressed these problems by adopting a vehicle weight exemption for natural gas vehicles in the Fixing America’s Surface Transportation (FAST) Act of 2015. The act allows natural gas vehicles to exceed federal weight limits by up to 2,000 pounds vis (23 U.S.C. § 127)
- The FAST Act only applies to federal interstate highways, so the exemption only becomes truly effective when states adopt the same exemption for state highways and local roads.
- Approximately 13 states have already raised their weight limit for natural gas vehicles including Arizona, Colorado, Illinois, Indiana, Kansas, Louisiana, Minnesota, New Mexico, North Carolina, Ohio, Oklahoma, South Carolina and Virginia. All but three of these were enacted in 2016.

**Status:** 1/12/2017 -- Referred to Sen. Comm. on T. & H.

**Specific Provisions:** This bill would adopt a vehicle weight exemption for natural gas vehicles up to 2000 lbs.

**Impacts on AQMD's Mission, Operations or Initiatives:** This bill is aligned with SCAQMD's priorities regarding reducing criteria pollutant and toxic emissions within the South Coast region, especially those related to goods movement. Heavy duty trucks are one of the largest sources of NOx emissions in the South Coast Basin, which greatly impact the health of communities located near ports, railyards, distribution centers, and roads with high truck activity. This bill would result in cleaner air by incentivizing transition from diesel to natural gas.

**Recommended Position: Support.**

**Introduced by Senator Hueso**

December 5, 2016

---

An act to amend Section 35551 of the Vehicle Code, relating to vehicles.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 53, as introduced, Hueso. Natural gas vehicles.

Existing state and federal law sets specified limits on the total gross weight imposed on the highway by any group of 2 or more consecutive axles. Existing federal law authorizes a vehicle operated by an engine fueled primarily by natural gas to exceed these weight limits, up to a specified maximum, by an amount equal to the difference between the weight of the vehicle attributable to the natural gas tank and fueling system carried by that vehicle and the weight of a comparable diesel tank and fueling system.

This bill would authorize a vehicle operated by an engine fueled primarily by natural gas to exceed these weight limits, up to a specified maximum, by an amount equal to the difference between the weight of the vehicle attributable to the natural gas tank and fueling system carried by that vehicle and the weight of a comparable diesel tank and fueling system.

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

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

1     SECTION 1. Section 35551 of the Vehicle Code is amended  
2     to read:

35551. (a) Except as otherwise provided in this section or Section 35551.5, the total gross weight in pounds imposed on the highway by any group of two or more consecutive axles shall not exceed that given for the respective distance in the following table:

Distance in  
feet between  
the extremes  
of any group  
of 2 or more  
consecutive

axles	2 axles	3 axles	4 axles	5 axles	6 axles
4 .....	34,000	34,000	34,000	34,000	34,000
5 .....	34,000	34,000	34,000	34,000	34,000
6 .....	34,000	34,000	34,000	34,000	34,000
7 .....	34,000	34,000	34,000	34,000	34,000
8 .....	34,000	34,000	34,000	34,000	34,000
9 .....	39,000	42,500	42,500	42,500	42,500
10 .....	40,000	43,500	43,500	43,500	43,500
11 .....	40,000	44,000	44,000	44,000	44,000
12 .....	40,000	45,000	50,000	50,000	50,000
13 .....	40,000	45,500	50,500	50,500	50,500
14 .....	40,000	46,500	51,500	51,500	51,500
15 .....	40,000	47,000	52,000	52,000	52,000
16 .....	40,000	48,000	52,500	52,500	52,500
17 .....	40,000	48,500	53,500	53,500	53,500
18 .....	40,000	49,500	54,000	54,000	54,000
19 .....	40,000	50,000	54,500	54,500	54,500
20 .....	40,000	51,000	55,500	55,500	55,500
21 .....	40,000	51,500	56,000	56,000	56,000
22 .....	40,000	52,500	56,500	56,500	56,500
23 .....	40,000	53,000	57,500	57,500	57,500
24 .....	40,000	54,000	58,000	58,000	58,000
25 .....	40,000	54,500	58,500	58,500	58,500
26 .....	40,000	55,500	59,500	59,500	59,500
27 .....	40,000	56,000	60,000	60,000	60,000
28 .....	40,000	57,000	60,500	60,500	60,500
29 .....	40,000	57,500	61,500	61,500	61,500
30 .....	40,000	58,500	62,000	62,000	62,000
31 .....	40,000	59,000	62,500	62,500	62,500



1	32	.....	40,000	60,000	63,500	63,500	63,500
2	33	.....	40,000	60,000	64,000	64,000	64,000
3	34	.....	40,000	60,000	64,500	64,500	64,500
4	35	.....	40,000	60,000	65,500	65,500	65,500
5	36	.....	40,000	60,000	66,000	66,000	66,000
6	37	.....	40,000	60,000	66,500	66,500	66,500
7	38	.....	40,000	60,000	67,500	67,500	67,500
8	39	.....	40,000	60,000	68,000	68,000	68,000
9	40	.....	40,000	60,000	68,500	70,000	70,000
10	41	.....	40,000	60,000	69,500	72,000	72,000
11	42	.....	40,000	60,000	70,000	73,280	73,280
12	43	.....	40,000	60,000	70,500	73,280	73,280
13	44	.....	40,000	60,000	71,500	73,280	73,280
14	45	.....	40,000	60,000	72,000	76,000	80,000
15	46	.....	40,000	60,000	72,500	76,500	80,000
16	47	.....	40,000	60,000	73,500	77,500	80,000
17	48	.....	40,000	60,000	74,000	78,000	80,000
18	49	.....	40,000	60,000	74,500	78,500	80,000
19	50	.....	40,000	60,000	75,500	79,000	80,000
20	51	.....	40,000	60,000	76,000	80,000	80,000
21	52	.....	40,000	60,000	76,500	80,000	80,000
22	53	.....	40,000	60,000	77,500	80,000	80,000
23	54	.....	40,000	60,000	78,000	80,000	80,000
24	55	.....	40,000	60,000	78,500	80,000	80,000
25	56	.....	40,000	60,000	79,500	80,000	80,000
26	57	.....	40,000	60,000	80,000	80,000	80,000
27	58	.....	40,000	60,000	80,000	80,000	80,000
28	59	.....	40,000	60,000	80,000	80,000	80,000
29	60	.....	40,000	60,000	80,000	80,000	80,000
30							

(b) In addition to the weights specified in subdivision (a), two consecutive sets of tandem axles may carry a gross weight of 34,000 pounds each if the overall distance between the first and last axles of the consecutive sets of tandem axles is 36 feet or more. The gross weight of each set of tandem axles shall not exceed 34,000 pounds and the gross weight of the two consecutive sets of tandem axles shall not exceed 68,000 pounds.

(c) The distance between axles shall be measured to the nearest whole foot. When a fraction is exactly six inches, the next larger whole foot shall be used.

1 (d) Nothing contained in this section shall affect the right to  
2 prohibit the use of any highway or any bridge or other structure  
3 thereon in the manner and to the extent specified in Article 4  
4 (commencing with Section 35700) and Article 5 (commencing  
5 with Section 35750) of this chapter.

6 (e) The gross weight limits expressed by this section and Section  
7 35550 shall include all enforcement tolerances.

8 (f) *A vehicle, if operated by an engine fueled primarily by*  
9 *natural gas, may exceed any vehicle weight limit under this section*  
10 *by an amount that is equal to the difference between the weight of*  
11 *the vehicle attributable to the natural gas tank and fueling system*  
12 *carried by that vehicle and the weight of a comparable diesel tank*  
13 *and fueling system. The maximum gross vehicle weight of a vehicle*  
14 *subject to this subdivision is 82,000 pounds.*

## ATTACHMENT 5

59470

01/24/17 02:56 PM  
RN 17 03380 PAGE 1

### LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, \_\_\_\_\_.

General Subject: Nonvehicular air pollution: order of abatement.

Existing law regulates the emission of air pollutants by stationary sources and authorizes the regional air quality management districts and air pollution control districts (air districts) to enforce those requirements. Existing law authorizes the governing boards and the hearing boards of air districts to issue an order for abatement, after notice and a hearing, whenever they find a violation of those requirements.

This bill would authorize the air pollution control officer, if he or she determines that a person has violated those requirements and the violation presents an imminent and substantial endangerment to the public health or welfare, or the environment, to issue an order for abatement pending a hearing before the hearing board of the air district. The bill would require the air pollution control officer to notify the alleged violator of the order and would establish a procedure for a postorder hearing.



170338059470BILLMS26

59470

01/24/17 02:56 PM  
RN 17 03380 PAGE 2

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



170338059470BILMS26

59470

01/24/17 02:56 PM  
RN 17 03380 PAGE 1

An act to add Section 42451.5 to the Health and Safety Code, relating to nonvehicular air pollution.



170338059470BILLMS26

## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 42451.5 is added to the Health and Safety Code, to read:

42451.5. (a) If the air pollution control officer determines that a person is constructing or operating any article, machine, equipment, or other contrivance without a permit required by this part, or is in violation of Section 41700 or 41701 or of any order, rule, or regulation prohibiting or limiting the discharge of air contaminants into the air and that the violation presents an imminent and substantial endangerment to the public health or welfare, or the environment, the air pollution control officer may issue an order for abatement to the person pending a hearing pursuant to Section 42450. The order shall be effective upon the notification of the person of the order. In notifying the person, the air pollution control officer shall also provide that person with an accusation specifying the grounds on which the order is issued and procedures by which the person may challenge the order.

(b) Upon receipt by the air district of a notice of defense to the accusation from the person, the air district shall, within 15 days, set the matter for a hearing pursuant to this article, which shall be held as soon as possible, but not later than 30 days after the receipt of the notice.

(c) The order shall remain in effect until the hearing is completed and the hearing board has made a final determination on the merits, which shall be made within 60 days after the completion of the hearing. If the determination is not transmitted within this period, the order shall be of no further effect.

