

AMENDED IN SENATE FEBRUARY 13, 2008

CALIFORNIA LEGISLATURE—2007–08 THIRD EXTRAORDINARY SESSION

SENATE BILL

No. 5

Introduced by Committee on Budget and Fiscal Review

February 7, 2008

An act relating to the Budget Act of 2007. An act to amend Sections 2104, 2105, 2106, 2107, and 2107.5 of the Streets and Highways Code, relating to transportation, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 5, as amended, Committee on Budget and Fiscal Review. ~~Budget Act of 2007.~~ *Highway Users Tax Account.*

Existing law requires state excise fuel tax revenues to be deposited in various accounts and to be allocated, in part, for various purposes, including the cost of collection and authorized refunds. Existing law requires the balance of these funds remaining after authorized deductions to be transferred to, and deposited monthly in, the Highway Users Tax Account in the Transportation Tax Fund. Existing law provides for annual and monthly apportionment by the Controller of specified revenues in the Highway Users Tax Account to counties and cities for the transportation purposes authorized by Article XIX of the California Constitution.

This bill would require transfers of those revenues from the Highway Users Tax Account to counties or cities that would otherwise be made during certain months of 2008, to instead be made in September of 2008, as specified. The bill would allow those counties or cities to make use of any cash balance in any county or city account that is designated for the receipt of state funds allocated for local streets and roads

maintenance, including specified bond funds, during the period of this suspension, without the use of this cash being reflected as an expenditure of bond act funds, provided the cash is replaced once this suspension is repaid in September of 2008.

The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on January 10, 2008.

This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on January 10, 2008, pursuant to the California Constitution.

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

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2007.~~

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: ~~no~~^{yes}. State-mandated local program: no.

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

- 1 SECTION 1. Section 2104 of the Streets and Highways Code
 2 is amended to read:
 3 2104. A sum equal to the net revenue derived from a per gallon
 4 tax of 2.035 cents (\$0.02035) under the Motor Vehicle Fuel License
 5 Tax Law (Part 2 (commencing with Section 7301) of Division. 2),
 6 1.80 cents (\$0.0180) under the Use Fuel Tax Law (Part 3
 7 (commencing with Section 8601) of Division 2), and 1.80 cents
 8 (\$0.0180) under the Diesel Fuel Tax Law (Part 31 (commencing
 9 with Section 60001) of Division 2) of the Revenue and Taxation
 10 Code, shall be apportioned among the counties, as follows:
 11 (a) Each county shall be paid one thousand six hundred
 12 sixty-seven dollars (\$1,667) during each calendar month, which
 13 amount shall be expended exclusively for engineering costs and
 14 administrative expenses with respect to county roads.
 15 (b) A sum equal to the total of all reimbursable snow removal
 16 or snow grooming, or both, costs filed pursuant to subdivision (d)
 17 of Section 2152, or seven million dollars (\$7,000,000), whichever
 18 is less, shall be apportioned in 12 approximately equal monthly

1 apportionments for snow removal or snow grooming, or both, on
2 county roads, as provided in Section 2110.

3 (c) A sum equal to five hundred thousand dollars (\$500,000)
4 shall be apportioned in 12 approximately equal monthly
5 apportionments, as provided in Section 2110.5.

6 (d) Seventy-five percent of the funds payable under this section
7 shall be apportioned among the counties monthly in the respective
8 proportions that the number of fee-paid and exempt vehicles which
9 are registered in each county bears to the total number of fee-paid
10 and exempt vehicles registered in the state.

11 For purposes of apportionment under this subdivision, the
12 Department of Motor Vehicles shall, as soon as possible after the
13 last day of each calendar month, furnish to the Controller a verified
14 statement showing the number of fee-paid and exempt vehicles
15 which are registered in each county and in the state as of the last
16 day of each calendar month as reflected by the records of the
17 Department of Motor Vehicles.

18 (e) Of the remaining money payable, there shall be paid to each
19 eligible county an amount that is computed monthly as follows:
20 The number of miles of maintained county roads in each county
21 shall be multiplied by sixty dollars (\$60); from the resultant
22 amount, there shall be deducted the amount received by each
23 county under subdivision (d) and the remainder, if any, shall be
24 paid to each county.

25 (f) The remaining money payable, after the foregoing
26 apportionments, shall be apportioned among the counties in the
27 same proportion as the money referred to in subdivision (d).

28 (g) (1) *Transfers of revenues from the Highway Users Tax*
29 *Account to counties pursuant to this section collected during the*
30 *months of March, April, May, June, and July of 2008, shall be*
31 *made with the transfer of August 2008 revenues in September of*
32 *2008.*

33 (2) *For the purpose of meeting the cash obligations associated*
34 *with ongoing budgeted costs, a county may make use of any cash*
35 *balance in its county road fund, including that resulting from the*
36 *receipt of funds pursuant to the Highway Safety, Traffic Reduction,*
37 *Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49*
38 *(commencing with Section 8879.20) of Division 1 of Title 2 of the*
39 *Government Code (hereafter bond act)) for local streets and roads*
40 *maintenance, during the period of this suspension, without the use*

1 of this cash being reflected as an expenditure of bond act funds,
2 provided the cash is replaced once this suspension is repaid in
3 September of 2008. Counties may accrue the revenue received in
4 September 2008 as repayment of these suspensions for the months
5 of April, May, and June of 2008 back to the 2007–08 fiscal year.
6 Nothing in this paragraph shall change the fact that expenditures
7 must be accrued and reflected from the appropriate funding
8 sources for which the moneys were received and meet all the
9 requirements of those funding sources.

10 SEC. 2. Section 2105 of the Streets and Highways Code is
11 amended to read:

12 2105. In addition to the apportionments prescribed by Sections
13 2104, 2106, and 2107, from the revenues derived from a per gallon
14 tax imposed pursuant to Section 7351 of the Revenue and Taxation
15 Code, and a per gallon tax imposed pursuant to Section 8651 of
16 the Revenue and Taxation Code, and a per gallon tax imposed
17 pursuant to Sections 60050 and 60115 of the Revenue and Taxation
18 Code, the following apportionments shall be made:

19 (a) A sum equal to the net revenue from a tax of 11.5 percent
20 of any per gallon tax in excess of nine cents (\$0.09) per gallon
21 under Section 7351 of the Revenue and Taxation Code, 11.5
22 percent of any per gallon tax in excess of nine cents (\$0.09) per
23 gallon under Section 8651 of the Revenue and Taxation Code, and
24 11.5 percent of any per gallon tax in excess of nine cents (\$0.09)
25 per gallon under Sections 60050 and 60115 of the Revenue and
26 Taxation Code, shall be apportioned among the counties, including
27 a city and county.

28 The amount of apportionment to each county, including a city
29 and county, during a fiscal year shall be calculated as follows:

30 (1) One million dollars (\$1,000,000) for apportionment to all
31 counties, including a city and county, in proportion to each county's
32 receipts during the prior fiscal year under Sections 2104 and 2106.

33 (2) One million dollars (\$1,000,000) for apportionment to all
34 counties, including a city and county, as follows:

35 (A) Seventy-five percent in the proportion that the number of
36 fee-paid and exempt vehicles which are registered in the county
37 bears to the number of fee-paid and exempt vehicles registered in
38 the state.

1 (B) Twenty-five percent in the proportion that the number of
2 miles of maintained county roads in the county bears to the miles
3 of maintained county roads in the state.

4 (3) For each county, determine its factor which is the higher
5 amount calculated pursuant to paragraph (1) or (2) divided by the
6 sum of the higher amounts for all of the counties.

7 (4) The amount to be apportioned to each county is equal to its
8 factor multiplied by the amount available for apportionment.

9 (b) A sum equal to the net revenue from a tax of 11.5 percent
10 of any per gallon tax in excess of nine cents (\$0.09) per gallon
11 under Section 7351 of the Revenue and Taxation Code, 11.5
12 percent of any per gallon tax in excess of nine cents (\$0.09) per
13 gallon under Section 8651 of the Revenue and Taxation Code, and
14 11.5 percent of any per gallon tax in excess of nine cents (\$0.09)
15 per gallon under Sections 60050 and 60115 of the Revenue and
16 Taxation Code, shall be apportioned to cities, including a city and
17 county, in the proportion that the total population of the city bears
18 to the total population of all the cities in the state.

19 (c) (1) *Transfers of revenues from the Highway Users Tax*
20 *Account to counties or cities pursuant to this section collected*
21 *during the months of March, April, May, June, and July of 2008,*
22 *shall be made with the transfer of August 2008 revenues in*
23 *September of 2008.*

24 (2) *For the purpose of meeting the cash obligations associated*
25 *with ongoing budgeted costs, a city or county may make use of*
26 *any cash balance in the city account that is designated for the*
27 *receipt of state funds allocated for local streets and roads or the*
28 *county road fund, including that resulting from the receipt of funds*
29 *pursuant to the Highway Safety, Traffic Reduction, Air Quality,*
30 *and Port Security Bond Act of 2006 (Chapter 12.49 (commencing*
31 *with Section 8879.20) of Division 1 of Title 2 of the Government*
32 *Code (hereafter bond act)) for local streets and roads maintenance,*
33 *during the period of this suspension, without the use of this cash*
34 *being reflected as an expenditure of bond act funds, provided the*
35 *cash is replaced once this suspension is repaid in September of*
36 *2008. Counties and cities may accrue the revenue received in*
37 *September 2008 as repayment of these suspensions for the months*
38 *of April, May, and June of 2008 back to the 2007–08 fiscal year.*
39 *Nothing in this paragraph shall change the fact that expenditures*
40 *must be accrued and reflected from the appropriate funding*

1 *sources for which the moneys were received and meet all the*
2 *requirements of those funding sources.*

3 *SEC. 3. Section 2106 of the Streets and Highways Code is*
4 *amended to read:*

5 2106. A sum equal to the net revenue derived from one and
6 four one-hundredths cent (\$0.0104) per gallon tax under the Motor
7 Vehicle Fuel License Tax Law (Part 2 (commencing with Section
8 7301) of Division 2 of the Revenue and Taxation Code) shall be
9 apportioned monthly from the Highway Users Tax Account in the
10 Transportation Tax Fund among the counties and cities as follows:

11 (a) Four hundred dollars (\$400) per month shall be apportioned
12 to each city and city and county and eight hundred dollars (\$800)
13 per month shall be apportioned to each county and city and county.

14 (b) Commencing on July 31, 2007, and on the last day of each
15 month after that date, the sum of six hundred thousand dollars
16 (\$600,000) per month shall be transferred to the Bicycle
17 Transportation Account in the State Transportation Fund.

18 (c) The balance shall be apportioned, as follows:

19 (1) A base sum shall be computed for each county by using the
20 same proportions of fee-paid and exempt vehicles as are established
21 for purposes of apportionment of funds under subdivision (d) of
22 Section 2104.

23 (2) For each county, the percentage of the total assessed
24 valuation of tangible property subject to local tax levies within the
25 county which is represented by the assessed valuation of tangible
26 property outside the incorporated cities of the county shall be
27 applied to its base sum, and the resulting amount shall be
28 apportioned to the county. The assessed valuation of taxable
29 tangible property, for purposes of this computation, shall be that
30 most recently used for countywide tax levies as reported to the
31 Controller by the State Board of Equalization. If an incorporation
32 or annexation is legally completed following the base sum
33 computation, the new city's assessed valuation shall be deducted
34 from the county's assessed valuation, the estimate of which may
35 be provided by the State Board of Equalization.

36 (3) The difference between the base sum for each county and
37 the amount apportioned to the county shall be apportioned to the
38 cities of that county in the proportion that the population of each
39 city bears to the total population of all the cities in the county.

1 Populations used for determining apportionment of money under
2 Section 2107 are to be used for purposes of this section.

3 *(d) (1) Transfers of revenues from the Highway Users Tax*
4 *Account to counties or cities pursuant to this section collected*
5 *during the months of March, April, May, June, and July of 2008,*
6 *shall be made with the transfer of August 2008 revenues in*
7 *September of 2008.*

8 *(2) For the purpose of meeting the cash obligations associated*
9 *with ongoing budgeted costs, a city or county may make use of*
10 *any cash balance in the city account that is designated for the*
11 *receipt of state funds allocated for local streets and roads or the*
12 *county road fund, including that resulting from the receipt of funds*
13 *pursuant to the Highway Safety, Traffic Reduction, Air Quality,*
14 *and Port Security Bond Act of 2006 (Chapter 12.49 (commencing*
15 *with Section 8879.20) of Division 1 of Title 2 of the Government*
16 *Code (hereafter bond act)) for local streets and roads maintenance,*
17 *during the period of this suspension, without the use of this cash*
18 *being reflected as an expenditure of bond act funds, provided the*
19 *cash is replaced once this suspension is repaid in September of*
20 *2008. Counties and cities may accrue the revenue received in*
21 *September 2008 as repayment of these suspensions for the months*
22 *of April, May, and June of 2008 back to the 2007–08 fiscal year.*
23 *Nothing in this paragraph shall change the fact that expenditures*
24 *must be accrued and reflected from the appropriate funding*
25 *sources for which the moneys were received and meet all the*
26 *requirements of those funding sources.*

27 *SEC. 4. Section 2107 of the Streets and Highways Code is*
28 *amended to read:*

29 2107. A sum equal to the net revenues derived from a per gallon
30 tax of 1.315 cents (\$0.01315) under the Motor Vehicle Fuel License
31 Tax Law (Part 2 (commencing with Section 7301) of Division 2),
32 2.59 cents (\$0.0259) under the Use Fuel Tax Law (Part 3
33 (commencing with Section 8601) of Division 2), and 1.80 cents
34 (\$0.0180) under the Diesel Fuel Tax Law (Part 31 (commencing
35 with Section 60001) of Division 2) of the Revenue and Taxation
36 Code, shall be apportioned monthly to the cities and cities and
37 counties of this state from the Highway Users Tax Account in the
38 Transportation Tax Fund as provided in this section.

39 From that sum, the Controller shall allocate annually to each
40 city that has filed a report containing the information prescribed

1 by subdivision (c) of Section 2152, and that had expenditures in
2 excess of five thousand dollars (\$5,000) during the preceding fiscal
3 year for snow removal, an amount equal to one-half of the amount
4 of its expenditures for snow removal in excess of five thousand
5 dollars (\$5,000) during that fiscal year.

6 The balance of that sum from the Highway Users Tax Account
7 shall be allocated to each city, including city and county, in the
8 proportion that the total population of the city bears to the total
9 population of all the cities in this state.

10 For the purpose of this section, except as otherwise provided in
11 this paragraph, the population in each city is the population
12 determined for that city in the manner specified in Section 11005.3
13 of the Revenue and Taxation Code. Commencing with the ninth
14 fiscal year of a city described in subdivision (a) of Section 11005.3
15 of the Revenue and Taxation Code, the sixth fiscal year of a city
16 described in subdivision (b) of Section 11005.3 of the Revenue
17 and Taxation Code, and the 61st month of the city described in
18 subdivision (c) of Section 11005.3 of the Revenue and Taxation
19 Code, the population in each city is the actual population of that
20 city, as defined in subdivision (e) of Section 11005.3 of the
21 Revenue and Taxation Code.

22 *Transfers of revenues from the Highway Users Tax Account to*
23 *cities pursuant to this section collected during the months of*
24 *March, April, May, June, and July of 2008, shall be made with the*
25 *transfer of August 2008 revenues in September of 2008.*

26 *For the purpose of meeting the cash obligations associated with*
27 *ongoing budgeted costs, a city may make use of any cash balance*
28 *in the city account that is designated for the receipt of state funds*
29 *allocated for local streets and roads, including that resulting from*
30 *the receipt of funds pursuant to the Highway Safety, Traffic*
31 *Reduction, Air Quality, and Port Security Bond Act of 2006*
32 *(Chapter 12.49 (commencing with Section 8879.20) of Division 1*
33 *of Title 2 of the Government Code (hereafter bond act)) for local*
34 *streets and roads maintenance, during the period of this*
35 *suspension, without the use of this cash being reflected as an*
36 *expenditure of bond act funds, provided the cash is replaced once*
37 *this suspension is repaid in September of 2008. Cities may accrue*
38 *the revenue received in September 2008 as repayment of these*
39 *suspensions for the months of April, May, and June of 2008 back*
40 *to the 2007–08 fiscal year. Nothing in this paragraph shall change*

1 *the fact that expenditures must be accrued and reflected from the*
2 *appropriate funding sources for which the moneys were received*
3 *and meet all the requirements of those funding sources.*

4 *SEC. 5. Section 2107.5 of the Streets and Highways Code is*
5 *amended to read:*

6 2107.5. In addition to the amounts apportioned to cities from
7 the Highway Users Tax Fund under Sections 2106 and 2107, the
8 following amounts shall be allocated annually during the month
9 of July of each fiscal year for expenditure exclusively for
10 engineering costs and administrative expenses in respect to city
11 streets:

13	(a) For each city with a population of over 500,000	
14	inhabitants.....	\$20,000
15	(b) For each city with a population of 100,000 to	
16	500,000 inhabitants.....	10,000
17	(c) For each city with a population of 50,000 to 99,999	
18	inhabitants.....	7,500
19	(d) For each city with a population of 25,000 to 49,999	
20	inhabitants.....	6,000
21	(e) For each city with a population of 20,000 to 24,999	
22	inhabitants.....	5,000
23	(f) For each city with a population of 15,000 to 19,999	
24	inhabitants.....	4,000
25	(g) For each city with a population of 10,000 to 14,999	
26	inhabitants.....	3,000
27	(h) For each city with a population of 5,000 to 9,999	
28	inhabitants.....	2,000
29	(i) For each city with a population of less than 5,000	
30	inhabitants.....	1,000

31
32 For the purpose of this section the population in each city shall
33 be determined in accordance with Sections 2107, 2107.1, and
34 2107.2 at the time of allocation. Any city incorporated after the
35 first day of July of any year shall receive the full annual allocation
36 prescribed in this section, such allocation to be made during the
37 month succeeding the filing or certification of the incorporation
38 by the Secretary of State.

1 Any city under subdivision (h) or (i) above may expend the
 2 moneys allocated to it hereunder for acquisition of rights-of-way
 3 for and construction of its street system.

4 *Transfers of revenues from the Highway Users Tax Account to*
 5 *cities pursuant to this section that are to be allocated during the*
 6 *month of July 2008, shall be made in September of 2008.*

7 *For the purpose of meeting the cash obligations associated with*
 8 *ongoing budgeted costs, a city may make use of any cash balance*
 9 *in the city account that is designated for the receipt of state funds*
 10 *allocated for local streets and roads, including that resulting from*
 11 *the receipt of funds pursuant to the Highway Safety, Traffic*
 12 *Reduction, Air Quality, and Port Security Bond Act of 2006*
 13 *(Chapter 12.49 (commencing with Section 8879.20) of Division 1*
 14 *of Title 2 of the Government Code (hereafter bond act)) for local*
 15 *streets and roads maintenance, during the period of this*
 16 *suspension, without the use of this cash being reflected as an*
 17 *expenditure of bond act funds, provided the cash is replaced once*
 18 *this suspension is repaid in September of 2008. Nothing in this*
 19 *paragraph shall change the fact that expenditures must be accrued*
 20 *and reflected from the appropriate funding sources for which the*
 21 *moneys were received and meet all the requirements of those*
 22 *funding sources.*

23 *SEC. 6. This act addresses the fiscal emergency declared by*
 24 *the Governor by proclamation on January 10, 2008, pursuant to*
 25 *subdivision (f) of Section 10 of Article IV of the California*
 26 *Constitution.*

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

31 *In order to make the necessary statutory changes to Chapter 3*
 32 *(commencing with Section 2100) of Division 3 of the Streets and*
 33 *Highways Code to achieve cash savings at the earliest possible*
 34 *time, it is necessary that this act take effect immediately.*

35 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
 36 ~~changes relating to the Budget Act of 2007.~~

O