

**Assembly Bill No. 105**

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Passed the Assembly March 16, 2011

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*Chief Clerk of the Assembly*

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Passed the Senate March 16, 2011

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2011, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

CHAPTER \_\_\_\_\_

An act to amend Sections 8879.52, 8879.61, 8879.65, 14556.7, and 16965 of the Government Code, to amend Sections 99312, 99315, and 185024 of, and to add Sections 99312.1 and 99312.2 to, the Public Utilities Code, to repeal Section 7102.1 of, and to repeal and add Sections 6051.8, 6201.8, 6357.3, 6357.7, 6480.1, 7360, 7361.1, 7653.1, and 60050 of, the Revenue and Taxation Code, to amend Sections 167, 183.1, and 2103 of, and to add Section 183.2 to, the Streets and Highways Code, and to amend Section 12811 of, and to add Section 9400.4 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 105, Committee on Budget. Transportation.

(1) Existing law provides for payment of current general obligation bond debt service for specified voter-approved transportation bonds from gasoline excise tax revenue in the Highway Users Tax Account and revenue in the Public Transportation Account, and requires the Controller to make specified transfers of revenues in that regard to the Transportation Debt Service Fund. Existing law, pursuant to the Budget Act of 2010, provides for a loan of \$761,639,000 from gasoline excise tax revenue in the Highway Users Tax Account to the General Fund, to be repaid with interest by June 30, 2013.

Proposition 22, approved by the voters on November 2, 2010, amends the California Constitution to, among other things, impose new restrictions on the use of fuel excise tax revenues allocated to the state and revenues deposited in the Public Transportation Account.

This bill, in fiscal years 2010–11 and 2011–12, would require the Controller to transfer specified amounts of revenues deposited in the State Highway Account from vehicle weight fees to the Transportation Debt Service Fund to be used for reimbursement of the General Fund for payment of current general obligation bond debt service for specified voter-approved transportation bonds, in lieu of the previously authorized gasoline excise tax

revenues and Public Transportation Account revenues. In subsequent years, the bill would require all vehicle weight fee revenues to be transferred for this purpose. The bill would make appropriations in this regard. The bill would require the Department of Finance to notify the Controller of the amount of debt service relating to expenditures for eligible mass transit guideway projects that may be paid from revenues restricted by Article XIX of the California Constitution.

This bill, in fiscal year 2010–11, would require the Controller to transfer specified amounts of revenues deposited in the State Highway Account from vehicle weight fees to the General Fund as a loan, in lieu of the previously authorized loan of gasoline excise tax revenues. The loan amount for 2010–11 would be repaid over 3 years beginning on June 30, 2014. The bill would also authorize an additional loan in fiscal year 2011–12 of specified vehicle weight fee revenues, to be repaid by June 30, 2015. The bill would make appropriations in this regard.

This bill would require the Controller to take various other conforming actions as of November 2, 2010, due to voter approval of Proposition 22 and to the extent the Controller has previously taken actions inconsistent with the requirements imposed by this bill.

(2) Existing law, in the 2011–12 fiscal year, requires certain 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 for payment of current year debt service on certain mass transportation bonds. Thereafter, these revenues are to be transferred to the Public Transportation Account.

This bill would, instead, transfer these revenues to the Transportation Debt Service Fund for payment of current year debt service on certain mass transportation bonds in the 2011–12 and 2012–13 fiscal years. Beginning in 2013–14, these revenues would be retained in the State Highway Account until appropriated by the Legislature.

(3) Proposition 26, approved by the voters on November 2, 2010, amends the California Constitution to, among other things, require a  $\frac{2}{3}$  vote of both houses of the Legislature for any change in statute that results in any taxpayer paying a higher tax. Proposition 26 also provides that any tax adopted after January 1,

2010, but prior to November 3, 2010, that was not adopted in compliance with the  $\frac{2}{3}$  vote requirement shall be void on November 3, 2011, unless the tax is reenacted by the Legislature with a  $\frac{2}{3}$  vote.

Existing law, as of July 1, 2010, eliminates the state sales and use tax on motor vehicle fuel (gasoline) and increases the excise tax. Existing law, as of July 1, 2011, increases the sales and use tax on diesel and decreases the excise tax. 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, as described above, are revenue neutral. Existing law enacts other provisions related to the implementation of these provisions.

This bill would repeal all of these provisions. The bill would enact new, similar replacement provisions, and state the intent of the Legislature that the changes are being made in order to comply with Proposition 26. The bill would also increase the new diesel sales and use tax rates to be applicable in fiscal years 2011–12, 2012–13, and 2013–14 above the rates currently in effect that the bill would repeal. These increases in the diesel sales and use tax rates would be offset by a reduction in the diesel excise tax rate as of July 1, 2011, and a requirement for the State Board of Equalization to adjust diesel excise tax rates on a going-forward basis to ensure that the overall changes in these diesel fuel taxes are revenue neutral.

(4) Existing statutory law provides that 75% of diesel sales tax revenues at the 4  $\frac{3}{4}$ % rate are to be allocated by the Controller from the Public Transportation Account to local agencies for public transportation purposes pursuant to the State Transit Assistance Program, with the remaining 25% of revenues to be made available for mass transit programs at the state level. Proposition 22, approved by the voters on November 2, 2010, amends the California Constitution to require these Public Transportation Account revenues to be divided equally between the State Transit Assistance Program and the state-level programs.

This bill would conform the statutory provisions to the requirements of Proposition 22. The bill would appropriate \$23,000,000 to the Controller from the Public Transportation Account in the 2011–12 fiscal year for allocation to the State Transit Assistance Program. The bill would also continuously

appropriate all of the diesel sales revenues above the 4 ¾% rate to the Controller for allocation to that program.

(5) Existing law provides for a loan of \$135,000,000 from the State Highway Account to the General Fund that is to be repaid by June 30, 2012.

This bill would instead require that loan to be repaid by June 30, 2013.

(6) Existing law, until July 1, 2011, authorizes the Department of Transportation to transfer funds as short-term loans between various transportation accounts.

This bill would extend the operation of these provisions until July 1, 2014. The bill would also eliminate the authority of the department to transfer funds as short-term loans to and from the Transportation Investment Fund, the Transportation Deferred Investment Fund, and the Public Transportation Account.

(7) Existing law creates the California Transportation Commission, with various duties and responsibilities relative to the programming and allocation of funds for transportation capital projects. Existing law requires the commission to submit, by December 15 of each year, an annual report to the Legislature summarizing the commission's prior-year decisions in allocating transportation capital funds and identifying timely and relevant transportation issues facing the state. Existing law, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, authorizes the issuance of \$19.25 billion of general obligation bonds for specified purposes, including \$2 billion to be transferred to the Trade Corridors Improvement Fund to be available, upon appropriation in the annual Budget Act by the Legislature and subject to such conditions and criteria as the Legislature may provide by statute, for allocation by the commission. Existing law requires the Department of Transportation to, on or before February 18, 2009, report to specified committees of the Legislature a summary of any memorandum of understanding or any other agreement executed between a railroad company and any state or local transportation agency relative to any project funded with moneys allocated from the Trade Corridors Improvement Fund.

This bill would instead require the commission to provide that report to specified committees of the Legislature within 30 days of receiving such a memorandum of understanding or executed

agreement. The bill would also, commencing January 1, 2012, require the commission to provide semiannual reports to those committees on the status of all railroad projects programmed in the Trade Corridors Improvement Fund program. The bill would make these reporting requirements inoperative on January 1, 2015.

(8) The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 also requires that \$1 billion of bond funds be deposited in the Transit System Safety, Security, and Disaster Response Account, administered by the California Emergency Management Agency (Cal EMA), for capital projects that provide increased protection against a security and safety threat, and for capital expenditures to increase the capacity of transit operators to develop disaster response transportation systems, as specified. Existing law requires 25% of available funds to be allocated to certain regional public waterborne transit agencies. Existing law requires entities receiving funds from that account to expend those funds within 3 fiscal years of the fiscal year in which the funds were allocated and requires that funds remaining unexpended after those 3 years revert to Cal EMA for reallocation in subsequent fiscal years.

This bill, notwithstanding these provisions, would provide that entities receiving an allocation of the funds set aside for regional public waterborne transit agencies, relative to allocations of funds made prior to June 30, 2011, shall have 4 fiscal years from the last day of the fiscal year in which the funds were received by that entity to expend those funds.

(9) Existing law requires funds from the Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006 to be made available to the Controller for allocation to cities, counties, and a city and county, for purposes of the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, as specified. Upon receipt of funds, a city, county, or city and county is required to expend those funds within 3 fiscal years from the date that the funds are allocated to it by the Controller, and any funds not expended within that period are required to be returned to the Controller and reallocated to other cities, counties, or a city and county, as specified.

Existing law establishes the Highway Users Tax Account in the Transportation Tax Fund with revenues in the account restricted

to expenditure on various purposes, including public street and highway purposes and certain mass transit guideway purposes.

This bill would authorize a city, county, or city and county that receives these funds in a fiscal year in which funds from the Highway Users Tax Account are deferred, suspended, borrowed, or shifted, to expend those funds within 4 fiscal years from the last date of the fiscal year in which the funds are allocated to it by the Controller.

(10) Existing law, the California High-Speed Rail Act, creates the High-Speed Rail Authority to develop and implement a high-speed rail system in the state, with specified powers and duties. Existing law provides for appointment of an executive director by the authority, who is exempt from civil service and serves at the pleasure of the authority. Existing law requires the executive director to be paid a salary established by the authority and approved by the Department of Personnel Administration.

This bill, for purposes of managing and administering the ongoing work of the authority in implementing the high-speed train project, would authorize the Governor, upon the recommendation of the executive director, to appoint up to 6 additional individuals, exempt from civil service, who would serve in specified positions at the pleasure of the executive director. The bill would require a salary survey to be conducted to determine the compensation for the executive director and additional exempt persons, and would require the salaries to be established by the authority and approved by the Department of Personnel Administration.

This bill would impose certain reporting requirements on the authority with respect to a portion of funds appropriated to the authority in the 2010 and 2011 Budget Acts, to be submitted to the Joint Legislative Budget Committee.

(11) Existing law provides that the Department of Transportation has full possession and control of the state highway system. Existing law creates various programs to fund transportation capital improvement programs and provides for allocation of those funds. Existing law requires the department to prepare an annual budget, as specified, for submission to the Governor.

This bill would require the department to submit specified supplemental information by May 1 of each year to the Legislative Analyst and to the Senate Committee on Appropriations and the

Assembly Committee on Appropriations to substantiate the department's proposed capital outlay support budget.

(12) Existing law provides for apportionment by the Controller of a specified amount of gasoline excise tax revenues in the Highway Users Tax Account to cities and counties for local street and road purposes, including revenues from the increase in the gasoline excise tax, pursuant to Chapters 11 and 12 of the 8th Extraordinary Session of the Statutes of 2010. These revenues, including the revenues from the increase in the gasoline excise tax, are not subject to expenditure requirements and restrictions that were applicable to revenues from the gasoline sales tax that was repealed by the above-referenced legislation.

This bill would clarify that the revenues apportioned to cities and counties from the increase in the gasoline excise tax may be used for any local street and road purpose and are not subject to the requirements and restrictions applicable to the former gasoline sales tax revenues.

(13) Under existing law, when the Department of Motor Vehicles determines that an applicant is lawfully entitled to a driver's license, the department is required to issue that license to the applicant. Existing law specifies the contents of a driver's license. Existing law requires that the front of an application for an original or renewal of a driver's license or identification card contain a space for an applicant to give his or her consent to be an organ and tissue donor upon death.

This bill would also require the application for a driver's license or identification card to contain a space for an applicant to indicate whether he or she has served in the Armed Forces of the United States and to give his or her consent to be contacted regarding eligibility to receive state or federal veterans benefits. The bill would require the Department of Motor Vehicles to electronically transmit to the Department of Veterans Affairs specified information on an applicant who has identified on his or her application for a driver's license or identification card that he or she has served in the Armed Forces of the United States and consents to being contacted about veterans benefits.

(14) The bill would enact other related provisions.

(15) The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. Governor Schwarzenegger issued a

proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 6, 2010. Governor Brown issued a proclamation on January 20, 2011, declaring and reaffirming that a fiscal emergency exists and stating that his proclamation supersedes the earlier proclamation for purposes of that constitutional provision.

This bill would state that it addresses the fiscal emergency declared and reaffirmed by the Governor by proclamation issued on January 20, 2011, pursuant to the California Constitution.

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

Appropriation: yes.

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

SECTION 1. It is the intent of the Legislature to reenact the “fuel tax swap,” as originally enacted by Assembly Bill 6 of the 2009–10 Eighth Extraordinary Session and subsequently modified by Senate Bill 70 of the 2009–10 Regular Session, and as further modified herein, with a two-thirds vote of each house of the Legislature pursuant to the requirements of Proposition 26, as approved by the voters at the November 2, 2010, statewide General Election.

SEC. 2. Section 8879.52 of the Government Code is amended to read:

8879.52. (a) The commission shall evaluate, consistent with the commission’s Trade Corridors Improvement Fund (TCIF) Guidelines, adopted November 27, 2007, as part of the 2010 TCIF review, the total potential costs and total potential economic and noneconomic benefits of the program to California’s economy, environment, and public health. The commission shall consult with the State Air Resources Board in order to utilize the appropriate models, techniques, and methods to develop the evaluation required by this subdivision.

(b) With respect to the two billion dollars (\$2,000,000,000) appropriated from the TCIF, as described in paragraph (1) of subdivision (c) of Section 8879.23, and the five hundred million dollars (\$500,000,000) to be made available from the State Highway Account, the following programming schedule shall apply:

(1) The Los Angeles/Inland Empire Corridor shall receive a minimum of one billion five hundred million dollars (\$1,500,000,000).

(2) The San Diego/International Border Corridor shall receive a minimum of two hundred fifty million dollars (\$250,000,000).

(3) The San Francisco Bay/Central Valley Corridor shall receive a minimum of six hundred forty million dollars (\$640,000,000).

(4) Other corridors, as determined by the commission, shall receive a minimum of sixty million dollars (\$60,000,000).

(c) The corridors referenced in subdivision (b) shall receive the minimum amount of funding programmed for that corridor notwithstanding the deprogramming of any project or projects in that corridor by the commission. If a project is or projects are deprogrammed, the commission shall collaborate with the local transportation agencies in that corridor to select another project or projects for programming of those funds within the minimum amount provided to each corridor pursuant to subdivision (b).

(d) If the Colton Crossing project programmed in the commission's TCIF Program as of April 10, 2008, does not meet the requirements or delivery schedule contained in its project baseline agreement when reviewed by the commission no later than March 2010, the project shall be ineligible to receive an allocation from the TCIF. The ninety-seven million dollars (\$97,000,000) associated with the project shall then be available for programming in the Los Angeles/Inland Empire Corridor. In that event, the commission shall collaborate with the local transportation agencies in that corridor to select another project or projects for programming of those funds, and, in making that selection, shall take into consideration the Los Angeles/Inland Empire Corridor Tier One or Tier Two Project Lists and any other project identified by the local agencies. Projects currently receiving TCIF funding shall not be considered for selection.

(e) (1) The commission shall report to the Assembly Committee on Transportation, the Senate Committee on Transportation and Housing, the Senate Committee on Budget and Fiscal Review, the Assembly Committee on Budget, the Senate Committee on Appropriations, and the Assembly Committee on Appropriations a summary of any memorandum of understanding, along with a copy of the memorandum, or any agreement executed between a railroad company and any state or local transportation agency as

it relates to any project funded with moneys allocated from the TCIF within 30 days of the commission's receipt of those documents.

(2) Commencing January 1, 2012, the commission shall provide semiannual reports to the Assembly Committee on Transportation, the Senate Committee on Transportation and Housing, the Senate Committee on Budget and Fiscal Review, the Assembly Committee on Budget, the Senate Committee on Appropriations, and the Assembly Committee on Appropriations on the status of all railroad projects programmed in the TCIF program.

(3) This subdivision shall become inoperative on January 1, 2015, pursuant to Section 10231.5.

SEC. 3. Section 8879.61 of the Government Code is amended to read:

8879.61. (a) (1) Entities described in subdivisions (a), (b), and (c) of Section 8879.57 receiving an allocation of funds pursuant to this article shall expend those funds within three fiscal years of the fiscal year in which the funds were allocated. Funds remaining unexpended thereafter shall revert to the California Emergency Management Agency for reallocation under this article in subsequent fiscal years.

(2) Notwithstanding paragraph (1), for an allocation of funds made prior to June 30, 2011, to an entity described in subdivision (b) of Section 8879.57, that entity shall have four fiscal years from the last day of the fiscal year in which the funds were received by that entity to expend those funds.

(b) Entities that receive grant awards from funds allocated pursuant to subdivisions (b) or (c) of Section 8879.57 are not eligible to receive awards from the funds allocated pursuant to subdivision (a) of Section 8879.57.

(c) Funds appropriated for the program established by this article in the Budget Act of 2007 shall be allocated consistent with the allocation schedule established in Section 8879.57.

SEC. 4. Section 8879.65 of the Government Code is amended to read:

8879.65. (a) Funds appropriated from the Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006, established by subdivision (l) of Section 8879.23, shall be made available to the Controller for allocation to cities, counties, and a city and county. From bond funds appropriated in the

2007–08 fiscal year for cities, including a city and county, each city, and city and county, shall receive at least a minimum allocation of four hundred thousand dollars (\$400,000), as described in subparagraph (B) of paragraph (1) of subdivision (I) of Section 8879.23. The remainder of the funds appropriated for cities, including a city and county, shall be allocated in the proportion described in subparagraph (B) of paragraph (1) of subdivision (I) of Section 8879.23. In no case shall a city, or a city and county, receive an allocation in excess of its total share, as described in subdivision (I) of Section 8879.23, except as described in subdivision (d).

(b) Prior to receiving an allocation of funds from the Controller in a fiscal year, an eligible local agency shall submit to the Department of Finance a list of projects expected to be funded with bond funds pursuant to an adopted city, county, or city and county budget. All projects proposed to be funded with funds from the account shall be included in a city, county, or city and county budget that is adopted by the applicable city council or board of supervisors at a regular public meeting. The list of projects expected to be funded with bond funds shall include a description and the location of the proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement. The project list shall not limit the flexibility of an eligible local agency to fund projects in accordance with local needs and priorities so long as the projects are consistent with subparagraph (B) of paragraph (1) of subdivision (I) of Section 8879.23.

(1) The Department of Finance shall report monthly to the Controller the eligible local agencies that have submitted a list of projects as described in this subdivision.

(2) Upon receipt of the information described in paragraph (1), the Controller shall allocate funds to those agencies that have submitted a list of projects, as reported by the Department of Finance.

(c) Each fiscal year upon expending funds from the account, a city, county, or city and county shall submit documentation to the Department of Finance which includes a description and location of each completed project, the amount of funds expended on the project, the completion date, and the project's estimated useful life. The documentation shall be forwarded to the department, in

a manner and form approved by the department, at the end of each fiscal year until the funds in the account are exhausted. The department may post the information contained in the documentation on the department's official Web site.

(d) (1) A city, county, or city and county receiving funds pursuant to this section shall have three fiscal years to expend the funds following the fiscal year in which the allocation was made by the Controller, and any funds not expended within that period shall be returned to the Controller and be reallocated to other cities, counties, or a city and county, as applicable, pursuant to the allocation formulas set forth in subparagraph (A) or (B) of paragraph (1) of subdivision (l) of Section 8879.23, but excluding the requirement for a minimum city allocation as described in subparagraph (B) of paragraph (1) of that subdivision and section.

(2) Notwithstanding paragraph (1), a city, county, or city and county receiving funds pursuant to this section, during any fiscal year in which funds from the Highway Users Tax Account are deferred, suspended, borrowed, or shifted, shall have four fiscal years from the last date of the fiscal year in which the funds are allocated to it by the Controller to expend the funds.

(e) Subject to the requirements and conditions of this section, it is the intent of the Legislature to appropriate funds from the account so that the Controller may allocate the balance of these funds to eligible local agencies over the next four years, following the 2007–08 fiscal year. Nothing in this section shall prevent the Legislature from appropriating funds on a more expedited basis based on local agency need.

(f) The sum of three hundred fifty million dollars (\$350,000,000) is hereby appropriated from funds in the Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006 created pursuant to subdivision (l) of Section 8879.23, for allocation pursuant to this article, as an augmentation to the amount appropriated in Item 9350-104-6065 of the Budget Act of 2007. The total 2007–08 fiscal year appropriation of nine hundred fifty million dollars (\$950,000,000) shall be allocated as follows: four hundred million dollars (\$400,000,000) to counties and five hundred fifty million dollars (\$550,000,000) to cities.

(g) Notwithstanding the provisions of Item 9350-104-6065 of the Budget Act of 2008, a city or city and county that receives any

portion of the funds appropriated by that item shall agree to encumber the funds before July 1, 2010.

SEC. 5. Section 14556.7 of the Government Code is amended to read:

14556.7. (a) To provide adequate cash for projects, including, but not limited to, projects in the State Transportation Improvement Program, the State Highway Operation and Protection Program, and the Traffic Congestion Relief Program, and for the support of the department, the department may transfer funds as short-term loans among and between the State Highway Account in the State Transportation Fund and the Traffic Congestion Relief Fund (TCRF), subject to those terms and conditions that the Director of Finance may impose upon those transfers. When loan balances authorized in this subdivision are outstanding, the Director of Transportation shall report the amounts of loans outstanding with respect to each fund or account as of the last business day of each quarter to the commission. The commission shall monitor the cashflow loan program authorized in this section and shall provide guidance to the department to ensure that sufficient resources will be available for all projects and all other authorized expenditures from each fund or account so as to not delay any authorized expenditure.

(b) For the purposes of this section, a “short-term loan” is a transfer that is made subject to the following conditions:

(1) That any amount loaned is to be repaid in full to the fund or account from which it was loaned during the same fiscal year in which the loan was made, except that repayment may be delayed until a date not more than 30 days after the date of enactment of the annual Budget Act for the subsequent fiscal year.

(2) That loans shall be repaid whenever the funds are needed to meet cash expenditure needs in the loaning fund or account.

(c) This section shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 6. Section 16965 of the Government Code is amended to read:

16965. (a) The Transportation Debt Service Fund is hereby created in the State Treasury. Moneys in the fund shall, among other things, as provided in this section, be dedicated to payment

of debt service on bonds including 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), the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49 (commencing with Section 8879.20) 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). If the moneys in the fund are insufficient to pay the balance of the debt consistent with existing obligations, the General Fund will be used to pay the balance of any debt service.

(b) From moneys transferred to the fund pursuant to an annual Budget Act or other statute from the State Highway Account in the State Transportation Fund, the Controller shall transfer as an expenditure reduction to the General Fund any amount necessary to offset the cost of current year debt service payments made from the General Fund during any fiscal year for transportation-related general obligation bond expenditures consistent with Article XIX of the California Constitution.

(c) From moneys transferred to the fund pursuant to Section 2103 of the Streets and Highways Code and subdivisions (a) and (b) of Section 9400.4 of the Vehicle Code, the Controller shall transfer as an expenditure reduction to the General Fund any amount necessary to offset the cost of current year debt service payments made from the General Fund on any bonds issued pursuant to Proposition 192 (1996) and three-quarters of the amount of current year debt service payments made from the General Fund on any bonds issued pursuant to Proposition 1B (2006).

(d) From moneys transferred to the fund pursuant to Section 183.1 of the Streets and Highways Code, the Controller shall transfer as an expenditure reduction to the General Fund any amount necessary to offset the cost of current year debt service payments made from the General Fund on any bonds issued pursuant to Proposition 116 (1990).

(e) From moneys transferred to the fund pursuant to Section 99315 of the Public Utilities Code and subdivisions (a) and (b) of Section 9400.4 of the Vehicle Code, the Controller shall transfer as an expenditure reduction to the General Fund any amount necessary to offset the cost of current year debt service payments made from the General Fund on any bonds issued pursuant to Proposition 108 (1990) and Proposition 1A (2008), and one-quarter of the amount of current year debt service payments made from the General Fund on any bonds issued pursuant to Proposition 1B (2006). The Department of Finance shall notify the Controller by July 30 of every year of the percentage of debt service that is expected to be paid in that fiscal year on bond-funded projects that qualify as eligible guideway projects consistent with the requirements applicable to the expenditure of revenues under Article XIX of the California Constitution.

(f) On or before the second business day following the date on which transfers are made to the Transportation Debt Service Fund, the Controller shall transfer those funds from the fund to the General Fund pursuant to this section.

SEC. 7. Section 99312 of the Public Utilities Code is amended to read:

99312. Except as provided in Sections 99311 and 99311.5, and Sections 6051.8 and 6201.8 of the Revenue and Taxation Code, and except as otherwise provided in subdivisions (d) and (e), the funds in the account shall be made available for the following purposes:

(a) Fifty percent for purposes of Section 99315, subject to appropriation by the Legislature.

(b) To the Controller, 25 percent for allocation to transportation planning agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board pursuant to Section 99314. Commencing with the 2011–12 fiscal year, these funds are hereby continuously appropriated for purposes of this subdivision.

(c) To the Controller, 25 percent for allocation to transportation agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board for purposes of Section 99313. Commencing with the 2011–12 fiscal year, these funds are hereby continuously appropriated for purposes of this subdivision.

(d) (1) For the 2009–10 fiscal year, notwithstanding any other provision of this section or any other provision of law, the sum of four hundred million dollars (\$400,000,000) is hereby appropriated from the account to the Controller for immediate allocation pursuant to paragraph (2). These funds are intended to cover the two-year period of the 2009–10 and 2010–11 fiscal years. The remaining funds in the account subject to this section shall be available for the purposes of Section 99315, subject to appropriation by the Legislature.

(2) (A) Fifty percent of the amount appropriated to the Controller pursuant to paragraph (1) shall be allocated to transportation planning agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board pursuant to Section 99314.

(B) Fifty percent of the amount appropriated to the Controller pursuant to paragraph (1) shall be allocated to transportation planning agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board pursuant to Section 99313.

(e) For the 2010–11 fiscal year, notwithstanding any other provision of this section or any other provision of law, the funds in the account subject to this section shall be made available only for purposes of Section 99315, subject to appropriation by the Legislature.

SEC. 8. Section 99312.1 is added to the Public Utilities Code, to read:

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

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

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

For purposes of this chapter, the revenues allocated pursuant to this section shall be subject to the same requirements as revenues

allocated pursuant to subdivisions (b) and (c), as applicable, of Section 99312.

SEC. 9. Section 99312.2 is added to the Public Utilities Code, to read:

99312.2. Notwithstanding any other provision of law, twenty-three million dollars (\$23,000,000) is hereby appropriated from the Public Transportation Account to the Controller for allocation to local agencies for the 2011–12 fiscal year, with eleven million five hundred thousand dollars (\$11,500,000) to be allocated pursuant to Section 99313 and eleven million five hundred thousand dollars (\$11,500,000) to be allocated pursuant to Section 99314. For purposes of this chapter, the revenues allocated pursuant to this section shall be subject to the same requirements as revenues allocated pursuant to subdivisions (b) and (c), as applicable, of Section 99312.

SEC. 10. Section 99315 of the Public Utilities Code is amended to read:

99315. Funds made available pursuant to subdivision (a) of Section 99312 shall be available for all of the following purposes:

(a) To the department for bus and passenger rail services pursuant to Sections 14035, 14035.5, and 14038 of the Government Code.

(b) To the department for funding of public transit capital improvement projects in the state transportation improvement program, pursuant to Section 14529 of the Government Code.

(c) To the department for its planning activities not payable from the State Highway Account in the State Transportation Fund, its mass transportation responsibilities, and its assistance in regional transportation planning.

(d) To the department for allocation by the director to the Institute of Transportation Studies of the University of California for training and research in public transportation systems engineering and management and coordination with other transportation modes.

(e) To the commission for its activities not payable from the State Highway Account.

(f) To the Public Utilities Commission for its passenger rail safety responsibilities specified in statute on commuter rail, intercity rail, and urban rail transit lines.

(g) For transfer to the Transportation Debt Service Fund created by Section 16965 of the Government Code to reimburse the General Fund for current year debt service payments on rail and transit-related general obligation bonds other than those issued pursuant to the Clean Air and Transportation Improvement Act of 1990 (Part 11.5 (commencing with Section 99600)), as follows:

(1) For the 2009–10 fiscal year, the Controller shall transfer up to one hundred forty-two million fifty-eight thousand dollars (\$142,058,000) to the fund upon order of the Director of Finance for debt service paid or payable within that fiscal year.

(2) For the 2010–11 fiscal year, the Controller shall transfer up to ninety million eight hundred eighty-six thousand dollars (\$90,886,000) in revenues collected before November 2, 2010, to the fund, as follows:

(A) By the 15th of every month, the Treasurer, in consultation with the Director of Finance, shall notify the Controller of the amount of debt service that will be paid on each transportation bond during that month.

(B) Within two business days following the 28th of every month, the Controller shall transfer from the account to the Transportation Debt Service Fund an amount equal to monthly debt service paid by the General Fund on any bonds issued pursuant to Proposition 108 (1990) and Proposition 1A (2008), and one-quarter of the monthly debt service paid by the General Fund on any bonds issued pursuant to Proposition 1B (2006).

(C) Any transfers made from the Public Transportation Account pursuant to this subdivision for any months after October 2010 shall be reversed and repaid to the account, and shall instead be made, to the extent authorized, from weight fee revenues in the State Highway Account as provided for in Section 9400.4 of the Vehicle Code.

SEC. 11. Section 185024 of the Public Utilities Code is amended to read:

185024. (a) The authority shall appoint an executive director, exempt from civil service, who shall serve at the pleasure of the authority, to administer the affairs of the authority as directed by the authority.

(b) For purposes of managing and administering the ongoing work of the authority in implementing the high-speed train project, the Governor, upon the recommendation of the executive director,

may appoint up to six additional individuals, exempt from civil service, who shall serve at the pleasure of the executive director. Pursuant to this subdivision, the Governor may appoint persons only for the following positions:

- (1) Chief program manager.
- (2) Up to three regional directors.
- (3) Chief financial officer.
- (4) Director of risk management and project controls.

(c) The compensation of the executive director and the additional persons authorized by subdivision (b) shall be established by the authority, and approved by the Department of Personnel Administration, in an amount that is reasonably necessary, in the discretion of the authority, to attract and hold a person of superior qualifications. The authority shall cause to be conducted, through the use of independent outside advisers, a salary survey to determine the compensation for the positions under this subdivision. The Department of Personnel Administration may, in its discretion, accept a previously completed salary survey that meets the requirements of this subdivision, and shall review the methodology used in the survey. The salary survey shall consider both of the following:

- (1) Other state, regional, and local transportation agencies that are most comparable to the authority and its responsibilities.
- (2) Other relevant labor pools.

The compensation set by the authority shall not exceed the highest comparable compensation for a position of that type, as determined by the salary survey. Based on the salary survey, these positions shall be paid a salary established by the authority and approved by the Department of Personnel Administration.

(d) The executive director may, as authorized by the authority, appoint necessary staff to carry out the provisions of this part.

SEC. 12. Section 6051.8 of the Revenue and Taxation Code is repealed.

SEC. 13. Section 6051.8 is added to the Revenue and Taxation Code, to read:

6051.8. (a) Except as provided by Section 6357.3, in addition to the taxes imposed by this part, for the privilege of selling tangible personal property at retail a tax is hereby imposed upon all retailers at the rate of 1.75 percent of the gross receipts of any retailer from the sale of all diesel fuel, as defined in Section 60022,

sold at retail in this state on and after the operative date of this subdivision.

(b) Notwithstanding subdivision (a), for the 2011–12 fiscal year only, the rate referenced in subdivision (a) shall be 1.87 percent.

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

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

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

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

SEC. 14. Section 6201.8 of the Revenue and Taxation Code is repealed.

SEC. 15. Section 6201.8 is added to the Revenue and Taxation Code, to read:

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

(b) Notwithstanding subdivision (a), for the 2011–12 fiscal year only, the rate referenced in subdivision (a) shall be 1.87 percent.

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

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

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

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

SEC. 16. Section 6357.3 of the Revenue and Taxation Code is repealed.

SEC. 17. Section 6357.3 is added to the Revenue and Taxation Code, to read:

6357.3. (a) On and after July 1, 2011, there are exempted from the taxes imposed by Sections 6051.8 and 6201.8, the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of both of the following:

(1) Diesel fuel purchased for use or used in a manner that is exempt from the tax imposed pursuant to Part 31 (commencing with Section 60001) of Division 2 and not subject to the backup tax imposed by Section 60058 or the payment requirement specified in Section 60108.

(2) Diesel fuel subject to the payment requirement specified in Section 60502.2.

(b) No exemption from the tax imposed pursuant to Sections 6051.8 and 6201.8 shall be allowed under this section unless the purchaser furnishes the seller with an exemption certificate, completed in accordance with any instructions or regulations as the board may prescribe.

(c) If a purchaser certifies in writing to the seller that the diesel fuel purchased without payment of the tax imposed pursuant to Section 6051.8 or 6201.8 will be used in a manner entitling the seller to regard the gross receipts or sales price from the sale as exempt from that tax, and uses the diesel fuel in a manner that subjects the diesel fuel to the tax imposed pursuant to Section 60050, the purchaser shall be liable for payment of the sales tax imposed pursuant to Section 6051.8, with applicable interest, as if the purchaser were a retailer making a retail sale of the diesel fuel at the time the fuel is so used, and the sales price of the diesel fuel to the purchaser shall be deemed the gross receipts from that retail sale.

SEC. 18. Section 6357.7 of the Revenue and Taxation Code is repealed.

SEC. 19. Section 6357.7 is added to the Revenue and Taxation Code, to read:

6357.7. (a) On and after July 1, 2010, there are exempted from the taxes imposed by this part, the gross receipts from the sale in

this state of, and the storage, use, or other consumption in this state of, motor vehicle fuel, as defined in Section 7326.

(b) (1) Notwithstanding any provision of the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200)) or the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), the exemption established by this section shall not apply with respect to any tax levied by a county, city, or district pursuant to, or in accordance with, either of those laws.

(2) The exemption established by this section shall not apply with respect to any tax levied pursuant to Section 6051.2, 6051.5, 6201.2, or 6201.5, or pursuant to Section 35 of Article XIII of the California Constitution.

(c) On and after July 1, 2010, the State Board of Equalization and the Department of Finance shall recognize that the state no longer receives state sales and use tax revenues from the sale of, and the storage, use, or other consumption of, motor vehicle fuel for purposes of any estimates required to be performed under paragraphs (1) and (2) of subdivision (a) of Section 7102, and Section 7104.2.

SEC. 20. Section 6480.1 of the Revenue and Taxation Code is repealed.

SEC. 21. Section 6480.1 is added to the Revenue and Taxation Code, to read:

6480.1. (a) At any time that motor vehicle fuel tax or diesel fuel tax is imposed or would be imposed, but for the dyed diesel fuel exemption in paragraph (1) of subdivision (a) of Section 60100, or the train operator exemption in paragraph (7) of subdivision (a) of Section 60100 or paragraph (11) of subdivision (a) of Section 7401, or, pursuant to subdivision (f) of Section 6480, would be deemed to be imposed, on any removal, entry, or sale in this state of motor vehicle fuel, aircraft jet fuel, or diesel fuel, the supplier shall collect prepayment of retail sales tax from the person to whom the motor vehicle fuel, aircraft jet fuel, or diesel fuel is sold. However, if no sale occurs at the time of imposition of motor vehicle fuel tax or diesel fuel tax, the supplier shall prepay the retail sales tax on that motor vehicle fuel, aircraft jet fuel, or diesel fuel. The prepayment required to be collected by the supplier constitutes a debt owed by the supplier to this state until paid to the board, until satisfactory proof has been submitted to prove that

the retailer of the fuel has paid the retail sales tax to the board, or until a supplier or wholesaler who has consumed the fuel has paid the use tax to the board. Each supplier shall report and pay the prepayment amounts to the board, in a form as prescribed by the board, in the period in which the fuel is sold. On each subsequent sale of that fuel, each seller, other than the retailer, shall collect from his or her purchaser a prepayment computed using the rate applicable at the time of sale. Each supplier shall provide his or her purchaser with an invoice for, or other evidence of, the collection of the prepayment amounts which shall be separately stated thereon.

(b) (1) A wholesaler shall collect prepayment of the retail sales tax from the person to whom the motor vehicle fuel, aircraft jet fuel, or diesel fuel is sold. Each wholesaler shall provide his or her purchaser with an invoice for or other evidence of the collection of the prepayment amounts, which shall be separately stated thereon.

(2) Each wholesaler shall report to the board, in a form as prescribed by the board and for the period in which the motor vehicle fuel, aircraft jet fuel, or diesel fuel was sold, all of the following:

(A) The number of gallons of fuel sold and the amount of sales tax prepayments collected by the wholesaler.

(B) The number of tax-paid gallons purchased and the amount of sales tax prepayments made by the wholesaler.

(C) In the event that the amount of sales tax prepayments collected by the wholesaler is greater than the amount of sales tax prepayments made by the wholesaler, then the excess constitutes a debt owed by the wholesaler to the state until paid to the board, or until satisfactory proof has been submitted that the retailer of the fuel has paid the tax to the board.

(c) A supplier or wholesaler who pays the prepayment and issues a resale certificate to the seller, but subsequently consumes the motor vehicle fuel, aircraft jet fuel, or diesel fuel, shall be entitled to a credit against his or her sales and use taxes due and payable for the period in which the prepayment was made, provided that he or she reports and pays the use tax to the board on the consumption of that fuel.

(d) The amount of a prepayment paid by the retailer or a supplier or wholesaler who has consumed the motor vehicle fuel, aircraft

jet fuel, or diesel fuel to the seller from whom he or she acquired the fuel shall constitute a credit against his or her sales and use taxes due and payable for the period in which the sale was made. Failure of the supplier or wholesaler to report prepayments or the supplier's or wholesaler's failure to comply with any other duty under this article shall not constitute grounds for denial of the credit to the retailer, supplier, or wholesaler, either on a temporary or permanent basis or otherwise. To be entitled to the credit, the retailer, supplier, or wholesaler shall retain for inspection by the board any receipts, invoices, or other documents showing the amount of sales tax prepaid to his or her supplier, together with the evidence of payment.

(e) The rate of the prepayment required to be collected during the period from July 1, 1986, through March 31, 1987, shall be four cents (\$0.04) per gallon of motor vehicle fuel distributed or transferred.

(f) On April 1 of each succeeding year, the prepayment rate per gallon for motor vehicle fuel, rounded to the nearest one-half of one cent (\$0.005), of the required prepayment shall be established by the board based upon 80 percent of the combined state and local sales tax rate established by Sections 6051, 6051.2, 6051.3, 6051.5, 7202, and 7203.1, and Section 35 of Article XIII of the California Constitution on the arithmetic average selling price (excluding sales tax) as determined by the State Energy Resources Conservation and Development Commission, in its latest publication of the "Quarterly Oil Report," of all grades of gasoline sold through a self-service gasoline station. In the event the "Quarterly Oil Report" is delayed or discontinued, the board may base its determination on other sources of the arithmetic average selling price of gasoline. The board shall make its determination of the rate no later than November 1 of the year prior to the effective date of the new rate. Immediately upon making its determination and setting of the rate, the board shall each year, no later than January 1, notify by mail every supplier, wholesaler, and retailer of motor vehicle fuel. In the event the price of fuel decreases or increases or an exemption from sales tax for sales of fuel is enacted, and the established rate results in or could result in prepayments which consistently exceed or are significantly lower than the retailers' sales tax liability, the board may readjust the rate.

(g) On April 1 of each succeeding year, the prepayment rate per gallon for aircraft jet fuel, rounded to the nearest one-half of one cent (\$0.005), shall be established by the board based upon 80 percent of the combined state and local sales tax rate established by Sections 6051, 6051.2, 6051.3, 6051.5, 7202, and 7203.1, and Section 35 of Article XIII of the California Constitution on the arithmetic average selling price (excluding sales and state excise tax) as determined by the board. The board shall make its determination of the rate no later than November 1 of the year prior to the effective date of the new rate. The rate of the prepayment required to be collected for aircraft jet fuel shall be equal to 80 percent of the arithmetic average selling price of aircraft jet fuel as specified by industry publications. Immediately upon making its determination and setting of the rate, the board shall each year, no later than January 1, notify by mail every supplier, wholesaler, and retailer of aircraft jet fuel. In the event the price of aircraft jet fuel decreases or increases, and the established rate results in prepayments that consistently exceed or are significantly lower than the retailers' sales tax liability, the board may readjust the rate.

(h) On April 1 of each succeeding year, the prepayment rate per gallon for diesel fuel, rounded to the nearest one-half of one cent (\$0.005), shall be established by the board based upon 80 percent of the combined state and local sales tax rate established by Sections 6051, 6051.2, 6051.3, 6051.5, 7202, and 7203.1, and Section 35 of Article XIII of the California Constitution on the arithmetic average selling price (excluding sales and state excise tax) as determined by the board. The board shall make its determination of the rate no later than November 1 of the year prior to the effective date of the new rate. The rate of the prepayment required to be collected for diesel fuel shall be equal to 80 percent of the arithmetic average selling price of diesel fuel as specified by industry publications. Immediately upon making its determination and setting of the rate, the board shall each year, no later than January 1, notify by mail every supplier, wholesaler, and retailer of diesel fuel. In the event the rate of sales tax imposed on sales of diesel fuel increases or decreases or the price of diesel fuel decreases or increases, and the established rate results in or could result in prepayments that consistently exceed or are

significantly lower than the retailers' sales tax liability, the board may readjust the rate.

(i) (1) Notwithstanding any other provision of this section, motor vehicle fuel sold by a supplier or wholesaler to a qualified purchaser who, pursuant to a contract with the State of California or its instrumentalities, resells that fuel to the State of California or its instrumentalities shall be exempt from the prepayment requirements.

(2) A qualified purchaser who acquires motor vehicle fuel for subsequent resale to the State of California or its instrumentalities pursuant to this subdivision shall furnish to the supplier or wholesaler from whom the fuel is acquired an exemption certificate, completed in accordance with any instructions or regulations as the board may prescribe. The supplier or wholesaler shall retain the certificate in his or her records in support of the exemption. To qualify for the prepayment exemption, both of the following conditions shall apply:

(A) The qualified purchaser does not take possession of the fuel at any time.

(B) The fuel is delivered into storage tanks owned or leased by the State of California or its instrumentalities via facilities of the supplier or wholesaler, or by common or contract carriers under contract with the supplier or wholesaler.

(3) For purposes of this subdivision, "qualified purchaser" means a wholesaler who does not have or maintain a storage facility or facilities for the purpose of selling motor vehicle fuel.

SEC. 22. Section 7102.1 of the Revenue and Taxation Code is repealed.

SEC. 23. Section 7360 of the Revenue and Taxation Code is repealed.

SEC. 24. Section 7360 is added to the Revenue and Taxation Code, to read:

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

(2) If the federal fuel tax is reduced below the rate of nine cents (\$0.09) per gallon and federal financial allocations to this state for highway and exclusive public mass transit guideway purposes are reduced or eliminated correspondingly, the tax rate imposed by paragraph (1), on and after the date of the reduction, shall be

recalculated by an amount so that the combined state rate under paragraph (1) and the federal tax rate per gallon equal twenty-seven cents (\$0.27).

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

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

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

(3) In order to maintain revenue neutrality for each year, beginning with the rate adjustment on or before March 1, 2012, the adjustment under paragraph (2) shall also take into account the extent to which the actual amount of revenues derived pursuant to this subdivision and, as applicable, Section 7361.1, the revenue loss attributable to the exemption provided by Section 6357.7 resulted in a net revenue gain or loss for the fiscal year ending prior to the rate adjustment date on or before March 1.

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

SEC. 25. Section 7361.1 of the Revenue and Taxation Code is repealed.

SEC. 26. Section 7361.1 is added to the Revenue and Taxation Code, to read:

7361.1. (a) For the privilege of storing, for the purpose of sale, each supplier, wholesaler, and retailer owning 1,000 or more gallons of tax-paid motor vehicle fuel, other than aviation gasoline, on July 1, 2010, shall pay a storage tax of seventeen and three-tenths cents (\$0.173) per gallon of tax-paid motor vehicle fuel, other than aviation gasoline, in storage according to the volumetric measure thereof.

(b) For purposes of this section:

(1) “Owning” means having title to the motor vehicle fuel, other than aviation gasoline.

(2) “Retailer” means any person who sells motor vehicle fuel, other than aviation gasoline, in this state to a person who subsequently uses the motor vehicle fuel, other than aviation gasoline.

(3) “Storing” includes the ownership or possession of tax-paid motor vehicle fuel, other than aviation gasoline, outside of the bulk transfer or terminal system, including the holding of tax-paid motor vehicle fuel, other than aviation gasoline, for sale at wholesale or retail locations stored in a container of any kind, including railroad tank cars and trucks or trailer cargo tanks. “Storing” also includes tax-paid motor vehicle fuel, other than aviation gasoline, purchased from and invoiced by the seller, and tax-paid motor vehicle fuel, other than aviation gasoline removed from a terminal or entered into by a supplier, prior to the date specified in subdivision (a) and in transit on that date.

(4) “Wholesaler” means any person who sells motor vehicle fuel, other than aviation gasoline, in this state for resale to a retailer or to a person who is not a retailer and subsequently uses the motor vehicle fuel, other than aviation gasoline.

SEC. 27. Section 7653.1 of the Revenue and Taxation Code is repealed.

SEC. 28. Section 7653.1 is added to the Revenue and Taxation Code, to read:

7653.1. On or before August 31, 2010, each person subject to the storage tax imposed under Section 7361.1 shall prepare and file with the board, in a form prescribed by the board, a return showing the total number of gallons of tax-paid motor vehicle fuel, other than aviation gasoline, owned by the person on July 1, 2010, the amount of the storage tax, and any other information that the board deems necessary for the proper administration of this part. The return shall be accompanied by a remittance payable to the Controller in the amount of tax due.

SEC. 29. Section 60050 of the Revenue and Taxation Code is repealed.

SEC. 30. Section 60050 is added to the Revenue and Taxation Code, to read:

60050. (a) (1) A tax of eighteen cents (\$0.18) 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), including any reduction or adjustment pursuant to subdivision (b), on and after the date of the reduction, 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) (1) On July 1, 2011, the tax rate specified in paragraph (1) of subdivision (a) shall be reduced to thirteen cents (\$0.13) and every July 1 thereafter shall be adjusted pursuant to paragraphs (2) and (3).

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

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

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

SEC. 31. Section 167 of the Streets and Highways Code is amended to read:

167. (a) Funds in the State Highway Account in the State Transportation Fund shall be programmed, budgeted subject to Section 163, and expended to maximize the use of federal funds and shall be based on the following sequence of priorities:

(1) Operation, maintenance, and rehabilitation of the state highway system.

(2) Safety improvements where physical changes, other than adding additional lanes, would reduce fatalities and the number and severity of injuries.

(3) Transportation capital improvements that expand capacity or reduce congestion, or do both.

(4) Environmental enhancement and mitigation programs.

(b) With respect to the funds in the State Highway Account, in the Public Transportation Account, and in the Passenger Rail Bond Fund, the proposed budget shall be organized on a program basis. The proposed budget shall list the proposed expenditures for the transportation program under the following program elements:

(1) Administration.

(2) Program development.

(3) Maintenance.

(4) State highway operation and protection.

(5) Local assistance.

(6) Interregional improvements.

(7) Regional improvements.

(8) Environmental enhancement and mitigation programs.

(c) State operations expenditure amounts of the department for interregional and regional transportation improvement projects shall be listed as required by subdivision (b) of Section 14529 of the Government Code, but those amounts other than those for the acquisition of rights-of-way and construction shall not be subject to allocation by the commission.

(d) To align the annual budget with the adopted state transportation improvement program, the department may submit to the Department of Finance revised capital outlay support and capital outlay budget estimates as part of its May Revision process. Budget proposals related to these changes shall be provided to the Legislature no later than May 1.

(e) The budget shall not include specific appropriations for specific transportation improvement projects, and the Legislature

shall not enact legislation containing specific individual transportation projects.

(f) The basis for defining major and minor capital outlay projects shall be established by the commission.

(g) The Legislative Analyst shall prepare an analysis of the proposed expenditures for each program element as a part of the budget analysis.

(h) The department shall submit to the Legislative Analyst, and the Senate Committee on Budget and Fiscal Review and the Assembly Committee on Budget, on an annual basis, supplemental information to substantiate the department's proposed capital outlay support budget. The information shall be provided no later than May 1 of each year, and may be provided at an earlier date. The information shall include, but not be limited to, the following:

(1) A list of projects for which the department will perform capital outlay support work in the budget year. For each project, the department shall include:

(A) The planned project support budget for support of environmental, design, right-of-way, and construction phases.

(B) The planned capital costs, including construction capital costs and right-of-way capital costs.

(C) The estimated or actual construction start date.

(D) The name and year of the state transportation program in which the project is programmed, if applicable.

(E) Total prior fiscal year expenditures for capital outlay support.

(F) The number of full-time equivalent positions requested to perform support of environmental, design, right-of-way, and construction work in the fiscal year of the budget request.

(G) Milestones of project work by phases that are planned to be completed in the fiscal year of the budget request.

(2) The capital-to-support ratio for all projects completed in the prior fiscal year in each program in each district.

(3) The current total number of authorized and vacant positions in the capital outlay support program in headquarters and in each district.

(4) A five-year projection of the department's staffing needs to support the state's transportation capital programs and any workload performed by the department related to federal or local funding for highway capital projects.

(5) The average cost of a personnel-year equivalent in each district based on the department's existing contracts for capital outlay support work performed by a private company under contract with the department. For each average cost, the department shall provide a description of what factors are included in that cost.

(6) The average cost of a state staff personnel-year in the capital outlay support program in each district and in headquarters. The cost shall include the salary and wages, benefits, program overhead, administrative overhead, and other associated costs. The department shall provide a description of each component of the average cost.

SEC. 32. Section 183.1 of the Streets and Highways Code is amended to read:

183.1. (a) Notwithstanding subdivision (a) of Section 182 or any other provision of law, money deposited into the account that is not subject to Article XIX of the California Constitution, including, but not limited to, money that is derived from the sale of documents, charges for miscellaneous services to the public, condemnation deposits fund investments, rental of state property, or any other miscellaneous uses of property or money, may be used for any transportation purpose authorized by statute, upon appropriation by the Legislature or, after transfer to another fund, upon appropriation by the Legislature from that fund.

(b) In the 2010–11, 2011–12, and 2012–13 fiscal years, and not later than November 1 of each of those years, based on prior year financial statements, the Controller shall transfer the funds identified in subdivision (a) for the prior fiscal year to the Transportation Debt Service Fund in the State Transportation Fund.

(c) Commencing with the 2013–14 fiscal year, the revenues identified in subdivision (a) shall remain in the State Highway Account until appropriated by the Legislature.

SEC. 33. Section 183.2 is added to the Streets and Highways Code, to read:

183.2. Notwithstanding any other provision of law, the repayment date for the loan of one hundred thirty-five million dollars (\$135,000,000) made from the State Highway Account to the General Fund pursuant to Item 2660-011-0042 of Section 2.00 of the Budget Act of 2009 is extended from June 30, 2012, to June 30, 2013. The Legislature finds and declares that the revenues to

make the loan were derived from vehicle weight fees deposited in the State Highway Account.

SEC. 34. Section 2103 of the Streets and Highways Code is amended to read:

2103. (a) Of the net revenues deposited to the credit of the Highway Users Tax Account that are derived from the increases in the rates of taxes that are imposed pursuant to subdivision (b) of Section 7360 and Section 7361.1 of the Revenue and Taxation Code, all of the following shall occur on a monthly basis:

(1) (A) By the 15th day of every month, the Treasurer's office, in consultation with the Department of Finance, shall notify the Controller of the amount of debt service that will be paid on each transportation bond during that month.

(B) Within two business days following the 28th day of each month, the Controller shall transfer to the Transportation Debt Service Fund an amount equal to the amount of monthly debt service paid by the General Fund on any bonds issued pursuant to the Seismic Retrofit Bond Act of 1996 (Chapter 12.48 (commencing with Section 8879) of Division 1 of Title 2 of the Government Code) or any other highway bonds, and three-quarters of the amount of monthly debt service paid on any bonds issued pursuant to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2) for reimbursement of the General Fund for these costs. If revenues available pursuant to this subdivision in any given month are insufficient to fully reimburse the General Fund for the debt service payments made, the first revenues available pursuant to this subdivision in the following month or months shall be transferred to the Transportation Debt Service Fund so that all debt service payments made on these bonds from the General Fund in a given fiscal year are fully reimbursed. However, no further transfers shall be made pursuant to this subparagraph once the transfers for the months of July to October, inclusive, in 2010 have been made. Any transfers made from the net revenues identified in this paragraph for highway bond debt service for months after October 2010 shall be reversed and shall instead be made from weight fee revenues in the State Highway Account, as described in subparagraph (D).

(C) Beginning November 2, 2010, the Controller shall transfer to the State Highway Account within two business days following

the 28th day of each month all of the monthly net revenues identified in subparagraph (B) that were designated for highway bond debt service reimbursement but that have not been transferred, or that were transferred by means of a transfer that was reversed, pursuant to that subparagraph. To the extent the Controller has distributed any of those net revenues to cities and counties pursuant to subparagraph (C) of paragraph (3) between November 2, 2010, and the effective date of this subparagraph, the Controller shall subsequently reduce the amount transferred to cities and counties on a monthly basis pursuant to subparagraph (C) of paragraph (3) and shall instead transfer these funds to the State Highway Account until all of the revenues that would otherwise have been transferred to the State Highway Account on and after November 2, 2010, pursuant to this subparagraph have been so transferred.

(D) Any remaining amount of the highway bond debt service reimbursement authorized by this paragraph that has not been made pursuant to subparagraph (B) on and after November 2, 2010, shall instead be made pursuant to subdivisions (a) and (b) of Section 9400.4 of the Vehicle Code from revenues in the State Highway Account derived from weight fees deposited in the account pursuant to subdivision (e) of Section 9400.1 and Section 42205 of the Vehicle Code.

(2) (A) In the 2010–11 fiscal year, after the monthly transfer made pursuant to paragraph (1), the sum of fifty-four million one hundred sixty-seven thousand dollars (\$54,167,000) per month shall be held in the account for future appropriation by the Legislature.

(B) Notwithstanding any other provision of law, with respect to the monthly net revenues described in subparagraph (A), no further transfers of these revenues for the purpose of loans to the General Fund shall be made pursuant to Item 2660-011-0062 of Section 2.00 of the Budget Act of 2010 once the loan transfers for the months of July to October, inclusive, in 2010 have been made. Any transfers made from the monthly net revenues in subparagraph (A) for months after October 2010 shall be reversed and shall instead be made from weight fee revenues in the State Highway Account, as described in subparagraph (D). The revenues from loan repayments shall be held in the Highway Users Tax Account for future appropriation by the Legislature.

(C) Beginning November 2, 2010, all of the monthly net revenues described in subparagraph (A) shall instead be transferred by the Controller to the State Highway Account within two business days following the 28th day of each month. To the extent that the Controller has distributed any of the revenues identified in this paragraph to cities and counties pursuant to subparagraph (C) of paragraph (3) between October 14, 2010, and the effective date of this subparagraph, the Controller shall subsequently reduce the amount transferred to cities and counties on a monthly basis pursuant to subparagraph (C) of paragraph (3) and shall instead transfer these funds to the State Highway Account until all of the revenues that would have been transferred to the General Fund as a loan pursuant to Item 2660-011-0062 of Section 2.00 of the Budget Act of 2010 on and after November 2, 2010, have instead been transferred to the State Highway Account.

(D) Any remaining amount of the loans to the General Fund authorized pursuant to Item 2660-011-0062 of Section 2.00 of the Budget Act of 2010 that has not been made pursuant to subparagraph (B) on and after November 2, 2010, shall instead be made pursuant to subdivisions (a) and (b) of Section 9400.4 of the Vehicle Code from revenues in the State Highway Account derived from weight fees deposited in the account pursuant to subdivision (e) of Section 9400.1 and Section 42205 of the Vehicle Code.

(3) The Controller shall transfer any remaining net revenues subject to this subdivision as follows:

(A) Forty-four percent shall be transferred to the State Highway Account to fund projects in the State Transportation Improvement Program that are consistent with Section 1 of Article XIX of the California Constitution, except in the 2010–11 fiscal year, 50 percent shall be transferred for purposes of this subparagraph.

(B) Twelve percent shall be transferred to the State Highway Account to fund projects in the State Highway Operation and Protection Program, except in the 2010–11 fiscal year, no revenues shall be transferred for purposes of this subparagraph.

(C) Forty-four percent shall be apportioned by the Controller for local street and road purposes, except in the 2010–11 fiscal year, 50 percent shall be transferred for purposes of this subparagraph as follows:

(i) Fifty percent shall be apportioned by the Controller to cities, including a city and county, in the proportion that the total

population of the city bears to the total population of all the cities in the state.

(ii) Fifty percent shall be apportioned by the Controller to counties, including a city and county, in accordance with the following formulas:

(I) Seventy-five percent shall be apportioned among the counties in the proportion that the number of fee-paid and exempt vehicles that are registered in the county bear to the number of fee-paid and exempt vehicles registered in the state.

(II) Twenty-five percent shall be apportioned among the counties in the proportion that the number of miles of maintained county roads in each county bear to the total number of miles of maintained county roads in the state. For the purposes of apportioning funds under this subparagraph, any roads within the boundaries of a city and county that are not state highways shall be deemed to be county roads.

(b) After the transfers or other actions pursuant to subdivision (a), at least 90 percent of the balance deposited to the credit of the Highway Users Tax Account in the Transportation Tax Fund by the 28th day of each month shall be apportioned or transferred, as applicable, by the Controller by the second working day thereafter, except for June, in which case the apportionment or transfer shall be made the same day. These apportionments or transfers shall be made as provided for in Sections 2104 to 2122, inclusive. If information is not available to make the apportionment or transfer as required, the apportionment or transfer shall be made on the basis of the information of the previous month. Amounts not apportioned or transferred shall be included in the apportionment or transfer of the subsequent month.

(c) Notwithstanding any other law, the funds apportioned by the Controller to cities and counties pursuant to subparagraph (C) of paragraph (3) of subdivision (a) are not subject to Section 7104 or 7104.2 of the Revenue and Taxation Code. These funds may be expended for any street and road purpose consistent with the requirements of this chapter.

SEC. 35. Section 9400.4 is added to the Vehicle Code, to read:

9400.4. Weight fee revenue deposited into the State Highway Account pursuant to subdivision (e) of Section 9400.1 and Section 42205 shall be used as follows:

(a) For the 2010–11 fiscal year, seven hundred fifty-six million three hundred ninety-six thousand dollars (\$756,396,000) is hereby appropriated from weight fee revenues in the State Highway Account for transfer to the General Fund as transportation bond debt service reimbursement and loans as follows:

(1) The Controller shall transfer all weight fee revenues deposited into the State Highway Account in any month to the Transportation Debt Service Fund for transfer to the General Fund as reimbursement for debt service costs until all of the debt service paid on transportation bonds for projects that the Director of Finance indicates qualify for reimbursement as provided for in Section 16965 of the Government Code have been reimbursed.

(2) After the Director of Finance has notified the Controller that all debt service costs for the 2010–11 fiscal year have been reimbursed, the Controller shall transfer any remaining monthly weight fee revenues in the State Highway Account to the General Fund as a loan until the full amount appropriated in this subdivision has been transferred to the General Fund. Of the net amount loaned in the 2010–11 fiscal year, two hundred five million eighty-one thousand dollars (\$205,081,000) shall be repaid by June 30, 2014, one hundred forty-four million four hundred forty-four thousand dollars (\$144,444,000) shall be repaid by June 30, 2015, and any remaining balance of the loan shall be repaid by June 30, 2016.

(3) By June 15, 2011, the Director of Finance in consultation with the Treasurer shall notify the Controller regarding the final amount of debt service paid from the General Fund during the 2010–11 fiscal year pursuant to Section 16965 of the Government Code and shall direct the Controller to reverse and adjust any transfers made as debt service reimbursements or loans so that a maximum amount of transfers are made for debt service reimbursements and with any loan amounts limited to the difference between this amount and the total amount appropriated in this subdivision. The total amount of weight fee revenues transferred from the State Highway Account for the 2010–11 fiscal year shall not be greater than the total amount of weight fee revenues deposited into the State Highway Account for that year.

(4) With respect to transfers or portions of transfers that cannot be made in any given month if weight fee revenues are insufficient, the first weight fee revenues available in the following month or months shall be used to complete the transfers for the previous

month or months prior to making additional transfers for later months.

(b) For the 2011–12 fiscal year, eight hundred sixty-six million three hundred thousand dollars (\$866,300,000) is hereby appropriated from weight fee revenues in the State Highway Account for transfer to the General Fund as debt service reimbursement and loans as follows:

(1) The Controller shall transfer all weight fee revenues deposited into the State Highway Account in any month to the Transportation Debt Service Fund for transfer to the General Fund as reimbursement for debt service costs until all of the debt service paid on transportation bonds for projects that the Director of Finance indicates qualify for reimbursement as provided for in Section 16965 of the Government Code have been reimbursed.

(2) After the Director of Finance has notified the Controller that all debt service costs for the 2011–12 fiscal year have been reimbursed, the Controller shall transfer any remaining monthly weight fee revenues in the State Highway Account to the General Fund as a loan until the full amount appropriated in this subdivision has been transferred to the General Fund. This loan shall be repaid by June 30, 2015.

(3) By June 15, 2012, the Director of Finance in consultation with the Treasurer shall notify the Controller regarding the final amount of debt service paid from the General Fund during the 2011–12 fiscal year pursuant to Section 16965 of the Government Code and shall direct the Controller to reverse and adjust any transfers made as debt service reimbursements or loans so that a maximum amount of transfers are made for debt service reimbursements and with any loan amounts limited to the difference between this amount and the total amount appropriated in this subdivision. The total amount of weight fee revenues transferred from the State Highway Account for the 2011–12 fiscal year shall not be greater than the total amount of weight fee revenues deposited into the State Highway Account in that year.

(4) With respect to transfers or portions of transfers that cannot be made in any given month if weight fee revenues are insufficient, the first weight fee revenues available in the following month or months shall be used to complete the transfers for the previous month or months prior to making additional transfers for later months.

(c) (1) Starting with the 2012–13 fiscal year and every year thereafter, all weight fee revenues deposited into the State Highway Account in any month shall be transferred to the Transportation Debt Service Fund for transfer to the General Fund by the Controller as reimbursement for debt service costs until all of the debt service paid on transportation bonds that the Director of Finance indicates qualify for reimbursement as provided for in Section 16965 of the Government Code have been reimbursed. By June 15 of each year the Director of Finance in consultation with the Treasurer shall notify the Controller regarding the final amount of debt service paid from the General Fund during that fiscal year pursuant to Section 16965 of the Government Code and shall direct the Controller to reverse or adjust any transfers made as debt service reimbursements so that a maximum amount of transfers are made for debt service reimbursements. The total amount of weight fee revenues transferred from the State Highway Account in any fiscal year shall not be greater than the total amount of weight fee revenues deposited into the State Highway Account in that year.

(2) With respect to transfers or portions of transfers that cannot be made in any given month if weight fee revenues are insufficient, the first weight fee revenues available in the following month or months shall be used to complete the transfers for the previous month or months prior to making additional transfers for later months.

SEC. 36. Section 12811 of the Vehicle Code is amended to read:

12811. (a) (1) (A) When the department determines that the applicant is lawfully entitled to a license, it shall issue to the person a driver's license as applied for. The license shall state the class of license for which the licensee has qualified and shall contain the distinguishing number assigned to the applicant, the date of expiration, the true full name, age, and mailing address of the licensee, a brief description and engraved picture or photograph of the licensee for the purpose of identification, and space for the signature of the licensee.

(B) Each license shall also contain a space for the endorsement of a record of each suspension or revocation thereof.

(C) The department shall use whatever process or processes, in the issuance of engraved or colored licenses, that prohibit, as near

as possible, the ability to alter or reproduce the license, or prohibit the ability to superimpose a picture or photograph on the license without ready detection.

(2) In addition to the requirements of paragraph (1), a license issued to a person under 18 years of age shall display the words “provisional until age 18.”

(b) (1) On and after July 1, 2011, an application for an original or renewal driver’s license or identification card shall contain a space for the applicant to enroll in the Donate Life California Organ and Tissue Donor Registry. The application shall include check boxes for an applicant to mark either (A) Yes, add my name to the donor registry or (B) I do not wish to register at this time.

(2) The department shall inquire verbally of an applicant applying in person for an original or renewal driver’s license or identification card at a department office as to whether the applicant wishes to enroll in the Donate Life California Organ and Tissue Donor Registry. Failure or refusal to answer this question or check a box on the application form shall not be a basis for the department to deny an applicant a driver’s license or identification card.

(3) The following language shall be included with the question required by paragraph (1):

“Marking ‘Yes’ adds your name to the Donate Life California Organ and Tissue Donor Registry and a pink ‘donor’ dot will appear on your license. If you wish to remove your name from the registry you must contact Donate Life California (see back); DMV can remove the pink dot from your licenses but cannot remove you from the registry.”

(4) The back of the application shall contain the following statement:

“If, on the front of this form, you marked ‘Yes’ to register as an organ and tissue donor you are legally authorizing the recovery of organs and tissues in the event of your death. Registering as a donor will not affect your medical treatment in any way. As outlined in the California Anatomical Gift Act, your authorization is legally binding and, unless the donor is under 18 years of age, your decision does not require the consent of any other person. For registered donors under 18 years of age, the legal guardian

shall make the final donation decision. You may limit your donation to specific organs or tissues, place usage restrictions, for example transplantation or research, obtain more information about donation, or remove your name from the registry on the Internet Web site of Donate Life California: [www.donateLIFCalifornia.org](http://www.donateLIFCalifornia.org).”

(5) Notwithstanding any other provision of law, a person under 18 years of age may register as a donor. However, the legal guardian of that person shall make the final decision regarding the donation.

(6) The department shall collect donor designation information on all applications for an original or renewal driver’s license or identification card.

(7) The department shall print the word “DONOR” or another appropriate designation on the face of a driver’s license or identification card to a person who has indicated on the application his or her intent to enroll in the organ donation program pursuant to this section.

(8) On a weekly basis, the department shall electronically transmit to Donate Life California, a nonprofit organization established and designated as the California Organ and Tissue Donor Registrar pursuant to Section 7150.90 of the Health and Safety Code, all of the following information from every application that indicates the applicant’s decision to enroll in the organ donation program:

(A) His or her true full name.

(B) His or her residence or mailing address.

(C) His or her year of birth.

(D) His or her California driver’s license number or identification card number.

(9) (A) A person who applies for an original or renewal driver’s license or identification card may designate a voluntary contribution of two dollars (\$2) for the purpose of promoting and supporting organ and tissue donation. This contribution shall be collected by the department, and treated as a voluntary contribution to Donate Life California and not as a fee for the issuance of a driver’s license or identification card.

(B) The department may use the donations collected pursuant to this paragraph to cover its actual administrative costs incurred

pursuant to paragraphs (6) to (8), inclusive. The department shall deposit all revenue derived pursuant to this paragraph and remaining after the department's deduction for administrative costs in the Donate Life California Trust Subaccount, that is hereby created in the Motor Vehicle Account in the State Transportation Fund. Notwithstanding Section 13340 of the Government Code, all revenue in this subaccount is continuously appropriated, without regard to fiscal years, to the Controller for allocation to Donate Life California and shall be expended for the purpose of increasing participation in organ donation programs.

(C) The department shall transmit to the Donate Life California Organ and Tissue Donor Registry and the appropriate policy and fiscal committees of the Legislature an annual report, and shall make available quarterly updates, detailing funds collected through voluntary contributions as well as a summary of applicants, including all of the following nonidentifiable information:

- (i) Date of application.
- (ii) Method of application (field office, online, or mail).
- (iii) Donor registration status.
- (iv) ZIP code.
- (v) Gender.
- (vi) Year of birth.

(D) (i) The annual report to be submitted to the appropriate policy and fiscal committees of the Legislature pursuant to subparagraph (C) shall be submitted in compliance with Section 9795 of the Government Code.

(ii) Pursuant to Section 10231.5 of the Government Code, the requirement for submitting the annual report to the appropriate policy and fiscal committees of the Legislature imposed under subparagraph (C) is inoperative four years after the date the first annual report is due.

(10) The enrollment form shall be posted on the Internet Web sites for the department and the California Health and Human Services Agency.

(11) The enrollment shall constitute a legal document pursuant to the Uniform Anatomical Gift Act (Chapter 3.5 (commencing with Section 7150) of Part 1 of Division 7 of the Health and Safety Code) and shall remain binding after the donor's death despite any express desires of next of kin opposed to the donation. Except as

provided in paragraph (5) of subdivision (b), the donation does not require the consent of any other person.

(12) Donate Life California shall ensure that all additions and deletions to the California Organ and Tissue Donor Registry, established pursuant to Section 7150.90 of the Health and Safety Code, shall occur within 30 days of receipt.

(13) Information obtained by Donate Life California for the purposes of this subdivision shall be used for these purposes only and shall not be disseminated further by Donate Life California.

(c) (1) All applications for a driver's license or identification card shall contain a space for an applicant to indicate whether he or she has served in the Armed Forces of the United States and to give his or her consent to be contacted regarding eligibility to receive state or federal veterans benefits. The application shall contain the following statement:

“By marking the veteran box on this application, I certify that I am a veteran of the United States Armed Forces and that I want to receive veterans benefits information from the California Department of Veterans Affairs. By marking the veteran box on this application, I also consent to DMV transmitting my name and mailing address to the California Department of Veterans Affairs for this purpose only, and I certify that I have been notified that this transmittal will occur.”

(2) The department shall collect the information obtained pursuant to paragraph (1).

(3) As mutually agreed between the department and the Department of Veterans Affairs, the department shall electronically transmit to the Department of Veterans Affairs the following information on each applicant who has identified that he or she has served in the Armed Forces of the United States since the last data transfer and has consented to be contacted about veterans benefits:

- (A) His or her true full name.
- (B) His or her mailing address.

(4) Information obtained by the Department of Veterans Affairs for the purposes of this subdivision shall be used for the purpose of assisting individuals to access veterans benefits and shall not be disseminated except as needed for this purpose.

(d) A public entity or employee shall not be liable for loss, detriment, or injury resulting directly or indirectly from false or inaccurate information contained in the form provided pursuant to subdivision (b).

(e) A contract shall not be awarded to a nongovernmental entity for the processing of driver's licenses, unless the contract conforms to all applicable state contracting laws and all applicable procedures set forth in the State Contracting Manual.

SEC. 37. Of the amounts appropriated in Items 2665-004-6043, 2665-304-0890, 2665-304-6043, 2665-305-0890, and 2665-305-6043 of Section 2.00 of the Budget Act of 2010, a total of fifty-five million three hundred twenty thousand dollars (\$55,320,000) shall be available for expenditure only after the submittal of a report to the Joint Legislative Budget Committee and a 30-day review period, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may determine. The High-Speed Rail Authority shall have discretion concerning how the fifty-five million three hundred twenty thousand dollars (\$55,320,000) in restricted expenditures is allocated among the five items of appropriation listed above. The authority shall submit the report no later than February 14, 2011. The report shall include, but not necessarily be limited to, all of the following:

(a) A report on contract expenditures for community outreach, including detail by type of expenditure and activity. Detail on meetings by segment and community, and a summary of correspondence, e-mail, media, Internet Web site, and other outreach efforts shall be included in this report.

(b) A copy of the strategic plan that the authority is developing pursuant to the requirements of the State Administrative Manual.

(c) A report on the performance of the program manager contractor. The authority shall indicate all the measures it has taken to address the findings and recommendations of the Bureau of State Audits in its April 2010 report, how the authority evaluates the performance of the contractor, and what those evaluations suggest in terms of resolution to the deficiencies noted by the Bureau of State Audits.

(d) A report on how the authority has addressed other recommendations of the Bureau of State Audits not otherwise covered by this section.

SEC. 38. Of the amounts appropriated in Items 2665-004-6043, 2665-304-0890, 2665-304-6043, 2665-305-0890, and 2665-305-6043 of Section 2.00 of the Budget Act of 2011, 25 percent of the total amount shall be available for expenditure only after the submittal of a report to the Joint Legislative Budget Committee and a 60-day review period, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may determine. The High-Speed Rail Authority shall have discretion concerning how the 25 percent in restricted expenditures is allocated among the five items of appropriation listed above. The authority shall submit the report no later than October 14, 2011. The report shall include, but not necessarily be limited to, all of the following:

(a) A complete legal analysis of the revenue guarantee or other mechanisms to reduce the operator's risk that the authority indicates it would provide to the operator. To mitigate risk, the authority shall provide an analysis of the revenue contribution to the project from the private operator with and without a revenue guarantee or other mechanism to reduce the operator's risk. The authority shall discuss alternative financing approaches to make up for any lost revenue in the case of no revenue guarantee or other mechanisms to reduce the operator's risk.

(b) A financial plan update with alternative funding scenarios. To mitigate risk, the authority shall report on alternative funding options if no significant federal funds are received beyond the federal American Recovery and Reinvestment Act of 2009 (Public Law 111-5) and no revenue guarantee or other mechanisms to reduce the operator's risk are allowable. The plan shall also include construction alternatives for a constrained funding environment, including what investments would be made and construction completed if the nonbond resources only equal bond funding.

SEC. 39. This act addresses the fiscal emergency declared and reaffirmed by the Governor by proclamation on January 20, 2011, pursuant to subdivision (f) of Section 10 of Article IV of the California Constitution.

SEC. 40. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to meet the current and near-term financial requirements of the state, it is necessary that this act take effect immediately.

Approved \_\_\_\_\_, 2011

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*Governor*