

Senate Bill No. 85

CHAPTER 35

An act to amend Sections 14556.5, 16773, and 16965 of the Government Code, to add Chapter 5 (commencing with Section 185500) to Division 19.5 of, and to repeal and add Section 99310.6 of, the Public Utilities Code, to amend Section 7105 of, and to repeal and add Section 7104.3 of, the Revenue and Taxation Code, to amend Sections 183 and 183.1 of the Streets and Highways Code, and to amend Sections 9400.1, 9400.4, and 42205 of the Vehicle Code, relating to transportation, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor June 27, 2013. Filed with
Secretary of State June 27, 2013.]

LEGISLATIVE COUNSEL'S DIGEST

SB 85, Committee on Budget and Fiscal Review. Transportation.

(1) Existing law authorizes general obligation bonds to be issued and sold under various transportation bond measures approved by the voters. Debt service for general obligation bonds is generally payable from the General Fund.

Existing law provides for the imposition of weight fees on certain vehicles. Revenues from weight fees, after administrative expenses, are available for expenditure from the State Highway Account. Under Article XIX of the California Constitution, weight fee revenues are restricted to expenditure on certain transportation purposes.

Existing law, beginning with the 2012–13 fiscal year, provides for the transfer to the Transportation Debt Service Fund of weight fee revenues deposited in the State Highway Account. These revenues are then transferred from the Transportation Debt Service Fund to the General Fund, as reimbursement for debt service on certain transportation general obligation bonds until all of the eligible debt service on those bonds has been reimbursed, or to redeem or defease bonds that are maturing in a subsequent fiscal year. Existing law also provides for a loan to the General Fund of any of these weight fee revenues that are not immediately needed for debt service reimbursement purposes, but provides for the loans to be repaid when those revenues are needed for debt service reimbursement purposes at a later time, as specified.

This bill would create a class of transportation general obligation bonds known as designated bonds, which would be a portion of the transportation general obligation bonds issued and sold pursuant to Proposition 1B of 2006. The bill would provide for transfer, pursuant to a certificate of the Treasurer, of a certain amount of weight fee revenue to the Transportation Debt Service Fund for the purpose of directly paying the debt service on the designated

bonds, rather than providing for payment of the debt service indirectly through reimbursement of the General Fund. These weight fee revenues would be deposited in the newly created Transportation Bond Direct Payment Account in the Transportation Debt Service Fund and would be continuously appropriated for that purpose. To the extent the transferred weight fee revenues are insufficient to pay all the debt service on the designated bonds, the General Fund would remain responsible for the remaining debt service. The weight fee revenue to be used to pay debt service on the designated bonds would generally be the amount of weight fee revenue received by the Controller from the 15th day to the last day of each month. The remaining weight fee revenue would be used to pay the debt service on certain other transportation general obligation bonds. This bill would provide that the state covenants with bondholders of designated bonds that it will not alter, amend, or restrict the statutory provisions in this bill that provide for the transfer of weight fees to the Transportation Debt Service Fund or the Transportation Bond Direct Payment Account, and that it will not reduce weight fees below a specified amount on and after the first date that designated bonds are issued. The bill would enact other related provisions.

(2) Existing law provides that the Department of Finance may adjust the budgeting, accounting, and reporting systems for various transportation funds and accounts so that unliquidated encumbrances are not reflected in the fund balance or financial statements. These provisions apply to the Public Transportation Account, the State Highway Account, the Traffic Congestion Relief Fund, the Transportation Investment Fund, and the Transportation Deferred Investment Fund.

This bill would delete these provisions and instead provide that, upon order of the Department of Finance, all or some of the state agencies collecting revenues for, or spending from, each of these funds or accounts shall adjust budgeting, accounting, and reporting systems and documents so that unliquidated encumbrances, payables, and other accruals are not reflected in the fund balance in the Governor's Budget fund condition display or the fund balance in the financial statements submitted to the Controller for the budgetary-legal basis annual report. In addition, this bill would provide that the balance of cash advanced from each of these funds and accounts to the Transportation Revolving Account shall be deemed available for budgeting purposes to certain funds and accounts, as specified.

(3) 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, including the power to enter into contracts, as specified.

This bill would provide legal procedures for the relocation of publicly and privately owned utility facilities, as defined, when the authority requires any utility to remove any utility facility lawfully maintained in the right-of-way of any high-speed rail property to a location entirely outside the high-speed rail property right-of-way subject to specified conditions. The bill would generally require the authority to pay the reasonable and necessary cost of the removal, including the cost of relocation to a new

location outside of the high-speed rail property right-of-way, subject to specified credits.

The bill would authorize the authority and any utility to enter into a specified agreement or contract to remove or relocate any utility facility that provides for, among other things, the respective amounts of the cost to be borne by each party or that apportions the obligations and costs of each party. The bill would authorize each party to bring an action in a court of competent jurisdiction to adjudicate the obligations and costs to be borne by each party or in the event of a failure to reach an agreement as provided under these provisions.

The bill would also authorize the authority to issue permits to utilities for specified purposes, including applications of utilities for permits to occupy high-speed rail property for longitudinal locations of utility facilities.

(4) Existing law, in the 2010–11, 2011–12, and 2012–13 fiscal years, 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 in the State Transportation Fund for payment of current year debt service on certain mass transportation bonds. Existing law, commencing with the 2013–14 fiscal year, requires that these revenues be retained in the State Highway Account until appropriated by the Legislature.

This bill would delete the latter requirement and, instead, commencing with the 2013–14 fiscal year, would require the Controller to transfer these revenues to the Transportation Debt Service Fund in the State Transportation Fund, as specified, and would continuously appropriate these funds for payment of current year debt service on certain mass transportation bonds.

(5) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Appropriation: yes.

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

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

(a) Voters of the state have previously approved Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (bond act) to provide funding for needed improvements in transportation infrastructure in the state.

(b) While the bond act provided that the debt service on bonds would be paid from the General Fund, on March 24, 2011, the Legislature enacted Assembly Bill 105 (Chapter 6, Statutes of 2011), which provided for reimbursement to the General Fund of all debt service costs with respect to these bonds issued under the bond act to come from vehicle weight fees generated under the Vehicle Code.

(c) If debt service with respect to the bonds could be paid in the first instance from vehicle weight fees, with the General Fund as a backstop, creating “enhanced” transportation bonds, those bonds would be expected

to be able to obtain higher credit ratings from the national credit rating agencies, resulting in lower interest costs to the state. In addition, market demand for the enhanced bonds potentially could lower the costs of other general obligation bonds by reducing the supply of bonds being sold under the state's regular credit.

(d) The creation of enhanced transportation bonds is consistent with the purposes of the bond act as it does not change the use of bond proceeds or programs that are funded by any bonds issued under the bond act. Moreover, it does not alter the rights of bondholders but would serve to reduce debt service costs or achieve additional benefits for the state in a manner that would not violate any expectations of the voters and taxpayers who approved the bond act.

SEC. 2. Section 14556.5 of the Government Code is amended to read:

14556.5. (a) The Traffic Congestion Relief Fund is hereby created in the State Treasury. The fund shall include deposits of funds provided in the annual Budget Act, provided from the Transportation Investment Fund established under Section 7104 of the Revenue and Taxation Code, or provided under any other statute. Notwithstanding Section 13340, the money in the fund is hereby continuously appropriated to the department, without regard to fiscal years, as follows:

(1) For allocation by the department, as directed by the commission pursuant to Section 14556.20, to the department and other regional and local transportation entities for the projects listed in Article 5 (commencing with Section 14556.40).

(2) For allocation by the commission to the funding exchange program authorized by Section 182.8 of the Streets and Highways Code.

(b) (1) Notwithstanding any other provision of law, upon order of the Department of Finance, all or some of the state agencies collecting revenue for, or spending from, the Traffic Congestion Relief Fund shall adjust budgeting, accounting, and reporting systems and documents so that unliquidated encumbrances, payables, and other accruals are not reflected in the fund balance in the Governor's Budget fund condition display or the fund balance in the financial statements submitted to the Controller for the Budgetary/Legal Basis Annual Report.

(2) For the purposes of the Governor's Budget, the balance of cash advanced from the Traffic Congestion Relief Fund to the Transportation Revolving Account, as jointly determined by the Department of Finance and the state agencies referenced in paragraph (1), shall be deemed as resources and cash available to the Traffic Congestion Relief Fund for budgeting purposes.

(3) This method shall be effective with the 2013–14 Governor's Budget development process and may be applied to the 2011–12 data.

SEC. 3. Section 16773 of the Government Code is amended to read:

16773. (a) Whenever any payment of principal of any bonds shall become due, either upon the maturity of any of the bonds or upon the redemption thereof prior to maturity, and whenever any interest on any of the bonds shall fall due, warrants shall be drawn against the appropriation

made by the bond act from the General Fund by the Controller in favor of the Treasurer, or state fiscal agents, or other duly authorized agents, pursuant to claims filed with the Controller by the Treasurer, in the amounts so falling due.

(b) For any payments of debt service, as defined in subdivision (c) of Section 998.404 of the Military and Veterans Code, with respect to any bonds issued pursuant to a veterans' farm and home purchase bond act adopted pursuant to Chapter 6 (commencing with Section 980) of Division 4 of the Military and Veterans Code, the Controller shall first draw warrants against the appropriation from the Veterans' Bonds Payment Fund in Section 988.6 of the Military and Veterans Code, and, to the extent moneys in that fund are insufficient to pay the amount of debt service then due, shall draw warrants against the appropriation made by the bond act from the General Fund for payment of any remaining amount then due.

(c) (1) For any payments of debt service, as defined in paragraph (4) of subdivision (a) of Section 16965, with respect to any designated bonds issued pursuant to Proposition 1B, the Controller shall first draw warrants against the appropriation from the Transportation Bond Direct Payment Account of the Transportation Debt Service Fund created by subdivision (a) of Section 16965, and, to the extent moneys in that account are insufficient to pay the amount of debt service then due, shall draw warrants from the General Fund for payment of any remaining amount then due against such appropriation as may be available therefor, including the appropriation made by Proposition 1B.

(2) (A) For purposes of this subdivision and Section 16965, "Proposition 1B" means 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).

(B) For purposes of this subdivision, Section 16965, and Section 9400.4 of the Vehicle Code, the term "designated bond" means any designated bond under Proposition 1B, and the term "nondesignated bond" means any bond issued under Proposition 1B, whether issued before or after the enactment of the act adding this subdivision, that is not a designated bond. For purposes of this subdivision, a "designated bond" is an issue of bonds (including refunding bonds) under Proposition 1B that has been designated by the Treasurer upon or prior to its issuance, with the approval of the related finance committee, to be paid pursuant to paragraph (1).

SEC. 4. Section 16965 of the Government Code is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

to Section 16774, maturing in a subsequent fiscal year as directed by the Director of Finance.

(e) 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 with respect to any bonds issued pursuant to Proposition 116 (1990). In the alternative, these funds may also be used to redeem or retire the applicable bonds, pursuant to Section 16774, maturing in a subsequent fiscal year as directed by the Director of Finance.

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

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

SEC. 5. Section 99310.6 of the Public Utilities Code is repealed.

SEC. 6. Section 99310.6 is added to the Public Utilities Code, to read:

99310.6. (a) Notwithstanding any other provision of law, upon order of the Department of Finance, all or some of the state agencies collecting revenue for, or spending from, the Public Transportation Account shall adjust budgeting, accounting, and reporting systems and documents so that unliquidated encumbrances, payables, and other accruals are not reflected in the fund balance in the Governor's Budget fund condition display or the

fund balance in the financial statements submitted to the Controller for the budgetary-legal basis annual report.

(b) For the purposes of the Governor’s Budget, the balance of cash advanced from the Public Transportation Account to the Transportation Revolving Account, as jointly determined by the Department of Finance and the state agencies referenced in subdivision (a), shall be deemed as resources and cash available to the Public Transportation Account for budgeting purposes.

(c) This method shall be effective with the 2013–14 Governor’s Budget development process and may be applied to the 2011–12 data.

SEC. 7. Chapter 5 (commencing with Section 185500) is added to Division 19.5 of the Public Utilities Code, to read:

CHAPTER 5. RELOCATION OF UTILITIES

185500. (a) “High-speed rail property” means real property or an interest therein, including any right-of-way, previously or hereafter acquired by the state for high-speed rail purposes.

(b) “Person” means a natural person, firm, partnership, association, corporation, organization, limited liability company, or business trust, and includes any city, county, city and county, public corporation, or public district.

(c) “Utility” means any person maintaining a utility facility.

(d) “Utility facility” means any pole, pole line, pipe, pipeline, conduit, cable, aqueduct, or other structure or appurtenance thereof used for publicly or privately owned utility services or used by any mutual organization supplying water or telephone service to its members.

185501. (a) When the authority requires any utility to remove any utility facility lawfully maintained in the right-of-way of any high-speed rail property to a location entirely outside the high-speed rail property right-of-way, the authority shall pay the reasonable and necessary cost of the removal. This includes both the cost of removal and the cost of relocation to a new location outside of the high-speed rail property right-of-way.

(b) This section does not apply to the relocation of a utility facility from one point in a high-speed rail property to another point in that property, including relocation in any service road of the high-speed rail property or from one point of crossing of the high-speed rail property to another reasonable point of crossing.

185502. (a) When the authority requires a publicly owned utility to relocate within a high-speed rail property any utility facility lawfully maintained in that property that was not used for high-speed rail purposes at the time the utility facility was originally installed, the authority shall pay the cost of the relocation.

(b) When the authority requires a privately owned utility to relocate within a high-speed rail property any utility facility used solely to supply water, which facility is lawfully maintained in any high-speed rail property

that was not used for high-speed rail purposes at the time that the utility facility was originally installed, the authority shall pay the cost of the relocation.

(c) When the authority requires a privately owned utility to relocate within a high-speed rail property any utility facility, other than one used solely to supply water, which facility is lawfully maintained in any high-speed rail property that was not used for high-speed rail purposes at the time the utility facility was originally installed, and it is established by the utility that the utility is not under express contractual obligation to relocate the utility facility at its own expense, the authority shall pay the cost of the relocation.

(d) A permit containing a contractual obligation that was accepted by the utility for maintenance or minor improvement of the facility after the property became high-speed rail property shall not constitute a contractual obligation to relocate a utility facility at its own expense within the meaning of this section.

(e) Publicly owned sewers and fire hydrants and any street lighting structure, whether publicly or privately owned, in any high-speed rail property shall be relocated, where necessary, at the expense of the authority.

185503. If the authority requires the relocation within the right-of-way of any utility facility more than once within a period of 10 years, the authority shall pay the cost of the second relocation and any subsequent relocation within the 10-year period.

185504. (a) In any case in which the authority is required under the provisions of this chapter to pay the cost of removal or relocation of any utility facility, it shall be entitled to the following credits:

(1) In the amount of any betterment to the utility facility resulting from the removal or relocation, not in excess of the cost of the increased capacity of the facility.

(2) The salvage value of any materials or parts salvaged and retained by the utility.

(3) If a new utility facility or portion of that facility is constructed to accomplish the removal or relocation, an allowance of an amount equal to the same proportion of the original cost of the displaced utility facility or portion of that facility as the age of the facility bears to the normal expected life of the facility.

(b) A credit shall not be allowed against any portion of the cost that is otherwise chargeable to the utility.

(c) A credit allowance for age shall not be applied to publicly owned sewers.

185505. (a) The authority and any utility required to remove a utility facility or to relocate any utility facility may, by agreement, provide for the respective amounts of the cost to be borne by each. The authority may, without prejudice to its rights under Section 185506, advance the cost of removal or relocation, and, if the authority advances that cost, it is the duty of the utility to move its facilities as soon as reasonably possible so as not to delay high-speed rail construction. In the case of any utility that is not

financially able to bear the costs of removal or relocation, the authority may by agreement provide for the work to be done on condition that the utility's portion of the costs be repaid to the authority over a period of time not exceeding 10 years.

(b) Either party may maintain an action in a court of competent jurisdiction for an adjudication as to the obligations and costs to be borne by each party under any contract entered into by the parties at any time within four years after the cause of action first arose. The cause of action shall be deemed to arise at the time of the completion by the utility of the removal or relocation in question, or at the time of a breach of the agreement by either party, whichever occurs first. The filing of a claim with a state agency shall not be deemed a condition precedent to the maintenance by the utility of an action under this subdivision.

185506. In the event of failure to reach an agreement as provided in Section 185505, the utility or the authority may bring an action in a court of competent jurisdiction for apportionment of the cost between them in accordance with this chapter. This action shall be commenced within three years of the date of completion by the utility of the removal or relocation in question. The filing of a claim with a state agency shall not be deemed a condition precedent to the maintenance by the utility of an action pursuant to this section.

185507. (a) The authority and any utility as defined in Section 185500 may enter into a contract providing for or apportioning the obligations and costs to be borne by each party as to either or both of the following subject matters:

(1) Any or all removals or relocations of utility facilities completed by the utility prior to the effective date of the contract as required by notice given by the authority when necessary to accommodate any or all state high-speed rail construction, where: (A) the obligations or costs to be borne by each party for a removal or relocation are in dispute; and (B) the claim of the utility is: (i) founded upon a removal or relocation completed by the utility not earlier than three years preceding the effective date of the contract; or (ii) involved in an action pending in a court of competent jurisdiction if the action was commenced within three years after completion by the utility of the removal or relocation in question.

(2) Any or all removals or relocations of utility facilities to be undertaken or completed by the utility after the effective date of the contract as required by notice given by the authority when necessary to accommodate any or all state high-speed rail construction.

(b) Those provisions of a contract authorized in paragraph (1) of subdivision (a) settling the claims of the parties in respect to removals or relocations of utility facilities completed by the utility prior to the effective date of the contract shall be irrevocable after the execution of the contract, unless changed or modified by mutual consent of the parties in writing. Either party may maintain an action in a court of competent jurisdiction upon any of the provisions of the contract at any time within two years after the effective date of the contract, and the utility need not file a claim with

a state agency as a condition precedent to the maintenance of an action under this subdivision.

(c) Those provisions of a contract dealing with removals or relocations of utility facilities to be undertaken or completed by the utility after the effective date of the contract, as authorized in paragraph (2) of subdivision (a), shall be subject to the following limitations and requirements:

(1) While the contract remains in effect, the contract shall govern exclusively the determination of the obligations and costs to be borne by each party in regard to any removal or relocation covered by the contract and undertaken or completed by the utility after the effective date of the contract, whether notice of the necessity of the removal or relocation was given by the authority to the utility before or after the effective date of the contract. This chapter, as now or hereafter existing, and any and all other laws that would be applicable to the subject matter but for the contract shall not apply, except that laws may be referred to, retained, and made applicable by the contract. This paragraph shall not apply in the following circumstances:

(A) If, before the effective date of a contract entered into under this section, the parties executed an agreement in respect to the obligations and costs to be borne by each party as to a particular removal or relocation under a notice given by the authority, the provisions of such an agreement shall govern as to the obligations and costs to be borne by each party in respect to that particular removal or relocation.

(B) If a particular notice given by the authority before the effective date of a contract entered into under this section includes a determination that a removal or relocation is to be made at the expense of the utility, the utility shall be bound by that notice unless the utility advised the authority in writing of its disagreement with the determination within the time specified in an agreement then in effect between the authority and the utility in respect to the procedure to be followed in those cases, or, if there is no such agreement, within a reasonable time after receipt by the utility of the notice.

(2) Either party may maintain an action in a court of competent jurisdiction for an adjudication as to the obligations and costs to be borne by each party under the contract at any time within four years after the cause of action first arose. The cause of action shall be deemed to arise at the time of the completion by the utility of the removal or relocation in question. The filing of a claim with a state agency shall not be deemed a condition precedent to the maintenance by the utility of an action under this paragraph.

(3) The contract shall terminate upon the repeal of this section, the repeal of paragraph (2) of subdivision (a) and subdivision (c), or at the time or in the manner as may be provided in the contract. In the event of termination under this paragraph, the laws applicable to the subject matter of the contract existing at the time of termination shall thereafter govern, except that the terms of the contract shall continue to apply to removals or relocations required of the utility by the authority under notice mailed or delivered to the utility prior to the termination, whether work upon the removal or relocation has already commenced, is in progress, or has been completed.

185508. A utility is entitled to a permit for such reasonable crossings of high-speed rail property as may be required for the proper discharge of the utility's service to the public.

185509. The authority shall exercise reasonable discretion in acting on applications of utilities for permits to occupy high-speed rail property for longitudinal locations of facilities, as may be required for the proper discharge of their services to the public. The authority may, however, refuse to grant an application for a longitudinal installation that would be inconsistent with public safety or the continued unobstructed use of the high-speed rail property for rail or vehicular traffic, or for any type of utility structure inconsistent with the aesthetic values of any landscaped high-speed rail property within, or approaching within, one mile of the limits of any city.

185510. The authority, in acting upon applications for utility permits, shall consider both the interests of the traveling public upon the high-speed rail property and the needs of consumers for utility services.

185511. Nothing in this chapter is intended to prevent the authority from making reasonable rules and regulations and requiring reasonable conditions in permits concerning the place, manner, and method of location of utility facilities in, under, over, or along high-speed rail property.

SEC. 8. Section 7104.3 of the Revenue and Taxation Code is repealed.

SEC. 9. Section 7104.3 is added to the Revenue and Taxation Code, to read:

7104.3. (a) Notwithstanding any other provision of law, upon order of the Department of Finance, all or some of the state agencies collecting revenue for, or spending from, the Transportation Investment Fund shall adjust budgeting, accounting, and reporting systems and documents so that unliquidated encumbrances, payables, and other accruals are not reflected in the fund balance in the Governor's Budget fund condition display or the fund balance in the financial statements submitted to the Controller for the budgetary-legal basis annual report.

(b) For the purposes of the Governor's Budget, the balance of cash advanced from the Transportation Investment Fund to the Transportation Revolving Account, as jointly determined by the Department of Finance and the state agencies referenced in subdivision (a), shall be deemed as resources and cash available to the Transportation Investment Fund for budgeting purposes.

(c) This method shall be effective with the 2013–14 Governor's Budget development process and may be applied to the 2011–12 data.

SEC. 10. Section 7105 of the Revenue and Taxation Code is amended to read:

7105. (a) The Transportation Deferred Investment Fund is hereby created in the State Treasury. The Transportation Deferred Investment Fund is to be considered part of the Transportation Investment Fund, except as specifically required for accounting purposes, in order to facilitate the repayment and allocation of revenues consistent with paragraph (1) of

subdivision (f) of Section 1 of Article XIX B of the California Constitution as provided in this section and Section 7106.

(b) Pursuant to Section 14557 of the Government Code, the transfer of revenues from the General Fund to the Transportation Investment Fund that would have otherwise been required under subdivision (a) of Section 1 of Article XIX B of the California Constitution was partially suspended for the 2003–04 fiscal year. The amount of the transfer for the 2003–04 fiscal year was two hundred eighty-nine million dollars (\$289,000,000). According to the State Board of Equalization calculations, with the concurrence of the Department of Finance, the amount of the transfer suspended for the 2003–04 fiscal year was eight hundred sixty-seven million five hundred sixty-eight thousand dollars (\$867,568,000). On or before June 30 of each fiscal year until June 30, 2016, the Controller shall transfer an amount from the General Fund to the Transportation Deferred Investment Fund that is equal to the minimum repayment required by Article XIX B of the California Constitution. The repayment shall also include interest calculated at the Pooled Money Investment Account rate relative to the amounts that would otherwise have been available for the transportation programs described in paragraphs (2) to (5), inclusive, of subdivision (c) of Section 7104. The amount to be repaid by June 30, 2016, from the General Fund to the Transportation Deferred Investment Fund shall be reduced by the amount of any payment made to the Transportation Deferred Investment Fund from any funding source, excluding subdivision (d). The moneys deposited in the Transportation Deferred Investment Fund pursuant to this subdivision are continuously appropriated without regard to fiscal years for disbursement in the manner and for the purposes set forth in this section.

(c) The Controller, from the moneys deposited in the Transportation Deferred Investment Fund pursuant to subdivision (b) and Article XIX B of the California Constitution, shall make transfers and apportionments of those funds in the same manner and amounts that would have been made in the 2003–04 fiscal year from the Transportation Investment Fund pursuant to Section 7104, as that section read on January 1, 2003, if the transfer of funds from the General Fund to the Transportation Investment Fund had not been partially suspended for the 2003–04 fiscal year pursuant to Section 14557 of the Government Code, except that in the 2007–08 fiscal year any remaining principle or interest owed to the Public Transportation Account shall be repaid first before any other transfers are made. However, in making those transfers and apportionments, the Controller shall take into account and deduct therefrom any transfers and apportionments that were made from the Transportation Investment Fund in the 2003–04 fiscal year from funds made available pursuant to subdivision (b) of Section 14557 of the Government Code. It is the intent of the Legislature that, upon completion of the transfer of funds pursuant to subdivision (b) from the General Fund to the Transportation Deferred Investment Fund, each of the transportation programs that was to have been funded during the 2003–04 fiscal year from the Transportation Investment Fund pursuant to Section 7104 of this code shall have received the amount of funding that the program would have

received in the absence of the suspension of the transfer pursuant to Section 14557 of the Government Code.

(d) The interest that is to be deposited in the Transportation Deferred Investment Fund pursuant to subdivision (b) shall be allocated proportionately to each program element in paragraphs (2) to (5), inclusive, of subdivision (c) of Section 7104, based on the amount that each program did not receive in the 2003–04 fiscal year due to suspension of the transfer pursuant to Section 14557 of the Government Code.

(e) Four hundred ninety-five million dollars (\$495,000,000) is hereby appropriated from the General Fund to the Transportation Deferred Investment Fund for the purpose of paying a portion of the amount required to be paid pursuant to subdivision (b). The Controller shall make the payment immediately upon enactment of the statute amending this section in the 2005–06 Regular Session. Notwithstanding subdivision (c), these funds, shall be distributed as follows:

(1) The first one hundred ninety-two million dollars (\$192,000,000) and any interest due pursuant to this section shall remain in the Transportation Deferred Investment Fund to be used for projects in the State Transportation Improvement Program pursuant to paragraph (3) of subdivision (c) of Section 7104.

(2) The next one hundred ninety-two million dollars (\$192,000,000) and any interest due pursuant to this section shall be distributed to cities and counties, as follows:

(A) Ninety-six million dollars (\$96,000,000) and any interest due pursuant to this section shall be transferred to cities for the purposes specified in Section 7104 pursuant to the formula in paragraph (5) of subdivision (c) of that section.

(B) Ninety-six million dollars (\$96,000,000) and any interest due pursuant to this section shall be transferred to counties for the purposes specified in Section 7104 pursuant to the formula in paragraph (4) of subdivision (c) of that section.

(3) Ninety-six million dollars (\$96,000,000) and any interest due pursuant to this section shall be transferred to the Public Transportation Account for allocation pursuant to Section 99312 of the Public Utilities Code.

(4) Any funds remaining following the distributions required by paragraphs (1), (2), and (3) shall be transferred to the Traffic Congestion Relief Fund, and shall be deemed to be funds received by that fund in the 2003–04 fiscal year.

(f) The Legislature finds and declares that continued investment in transportation is essential for the California economy. That investment reduces traffic congestion, assists in economic development, improves the condition of local streets and roads, and provides high-quality public transportation.

(g) (1) Notwithstanding any other provision of law, upon order of the Department of Finance, all or some of the state agencies collecting revenues for, or spending from, the Transportation Deferred Investment Fund shall adjust budgeting, accounting, and reporting systems and documents so that

unliquidated encumbrances, payables, and other accruals are not reflected in the fund balance in the Governor's Budget fund condition display or the fund balance in the financial statements submitted to the Controller for the budgetary-legal basis annual report.

(2) For the purposes of the Governor's Budget, the balance of cash advanced from the Transportation Deferred Investment Fund to the Transportation Revolving Account, as jointly determined by the Department of Finance and the state agencies referenced in paragraph (1), shall be deemed as resources and cash available to the Transportation Deferred Investment Fund for budgeting purposes.

(3) This method shall be effective with the 2013–14 Governor's Budget development process and may be applied to the 2011–12 data.

SEC. 11. Section 183 of the Streets and Highways Code is amended to read:

183. (a) All money in the State Highway Account in the State Transportation Fund derived from federal sources or from appropriations to other state agencies, or deposited in the account by local agencies or by others, is continuously appropriated to, and shall be available for expenditure by, the department for the purposes for which the money was made available.

Unless otherwise expressly provided for by law, none of the balance of the money in the State Highway Account shall be expended until it has been specifically appropriated by the Legislature or made available pursuant to Section 13322 of the Government Code.

The Budget Act appropriations shall be made on a program basis only and shall not identify the specific capital outlay projects to be funded. The commission shall be responsible for allocating the funds to specific projects within the budget program categories, except that all funds described in Chapter 5 (commencing with Section 2200) of Division 3 shall be allocated on a program basis to the department for allocation pursuant to that chapter.

(b) Notwithstanding subdivision (a), commencing with the 1985–86 Budget, the department shall submit with its budget requests a detailed description of the acquisition, improvement, and construction of office building projects to the Legislature for review. The total amount appropriated for those projects shall be identified as a separate line item in the Budget Act. Funds appropriated for those projects shall be allocated by the commission only for projects which have been approved by the Legislature. Minor projects are to be defined consistent with Section 167. The commission may substitute for approved minor projects, if the total sum of minor projects is within the amount approved by the Legislature.

(c) (1) Notwithstanding any other provision of law, upon order of the Department of Finance, all or some of the state agencies collecting revenues for, or spending from, the State Highway Account shall adjust budgeting, accounting, and reporting systems and documents so that unliquidated encumbrances, payables, and other accruals are not reflected in the fund balance in the Governor's Budget fund condition display or the fund balance in the financial statements submitted to the Controller for the budgetary-legal basis annual report.

(2) For the purposes of the Governor’s Budget, the balance of cash advanced from the State Highway Account to the Transportation Revolving Account, as jointly determined by the Department of Finance and the state agencies referenced in paragraph (1), shall be deemed as resources and cash available to the Transportation Deferred Investment Fund for budgeting purposes.

(3) This method shall be effective with the 2013–14 Governor’s Budget development process and may be applied to the 2011–12 data.

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

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

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

SEC. 13. Section 9400.1 of the Vehicle Code is amended to read:

9400.1. (a) (1) In addition to any other required fee, there shall be paid the fees set forth in this section for the registration of commercial motor vehicles operated either singly or in combination with a declared gross vehicle weight of 10,001 pounds or more. Pickup truck and electric vehicle weight fees are not calculated under this section.

(2) The weight of a vehicle issued an identification plate pursuant to an application under Section 5014, and the weight of an implement of husbandry as defined in Section 36000, shall not be considered when calculating, pursuant to this section, the declared gross vehicle weight of a towing commercial motor vehicle that is owned and operated exclusively by a farmer or an employee of a farmer in the conduct of agricultural operations.

(3) Tow trucks that are utilized to render assistance to the motoring public or to tow or carry impounded vehicles shall pay fees in accordance with this section, except that the fee calculation shall be based only on the gross vehicle weight rating of the towing or carrying vehicle. Upon each initial or transfer application for registration of a tow truck described in this paragraph, the registered owner or lessee or that owner’s or lessee’s designee, shall certify to the department the gross vehicle weight rating of the tow truck:

Gross Vehicle Weight Range	Fee
10,001–15,000	\$ 257
15,001–20,000	353
20,001–26,000	435
26,001–30,000	552
30,001–35,000	648
35,001–40,000	761
40,001–45,000	837
45,001–50,000	948
50,001–54,999	1,039
55,000–60,000	1,173
60,001–65,000	1,282
65,001–70,000	1,398
70,001–75,000	1,650
75,001–80,000	1,700

(b) The fees specified in subdivision (a) apply to both of the following:

(1) An initial or original registration occurring on or after December 31, 2001, to December 30, 2003, inclusive, of a commercial motor vehicle operated either singly or in combination with a declared gross vehicle weight of 10,001 pounds or more.

(2) The renewal of registration of a commercial motor vehicle operated either singly or in combination, with a declared gross vehicle weight of 10,001 pounds or more for which registration expires on or after December 31, 2001, to December 30, 2003, inclusive.

(c) (1) For both an initial or original registration occurring on or after December 31, 2003, of a commercial motor vehicle operated either singly or in combination with a declared gross vehicle weight of 10,001 pounds or more, and the renewal of registration of a commercial motor vehicle operated either singly or in combination, with a declared gross vehicle weight of 10,001 pounds or more for which registration expires on or after December 31, 2003, there shall be paid fees as follows:

Gross Vehicle Weight Range	Weight Code	Fee
10,001–15,000	A	\$ 332
15,001–20,000	B	447
20,001–26,000	C	546
26,001–30,000	D	586
30,001–35,000	E	801
35,001–40,000	F	937
40,001–45,000	G	1,028
45,001–50,000	H	1,161
50,001–54,999	I	1,270
55,000–60,000	J	1,431
60,001–65,000	K	1,562
65,001–70,000	L	1,701
70,001–75,000	M	2,004

75,001–80,000 N 2,064

(2) For the purpose of obtaining “revenue neutrality” as described in Sections 1 and 59 of Senate Bill 2084 of the 1999–2000 Regular Session (Chapter 861 of the Statutes of 2000), the Director of Finance shall review the final 2003–04 Statement of Transactions of the State Highway Account. If that review indicates that the actual truck weight fee revenues deposited in the State Highway Account do not total at least seven hundred eighty-nine million dollars (\$789,000,000), the Director of Finance shall instruct the department to adjust the schedule set forth in paragraph (1), but not to exceed the following fee amounts:

Gross Vehicle Weight Range	Weight Code	Fee
10,001–15,000	A	\$ 354
15,001–20,000	B	482
20,001–26,000	C	591
26,001–30,000	D	746
30,001–35,000	E	874
35,001–40,000	F	1,024
40,001–45,000	G	1,125
45,001–50,000	H	1,272
50,001–54,999	I	1,393
55,000–60,000	J	1,571
60,001–65,000	K	1,716
65,001–70,000	L	1,870
70,001–75,000	M	2,204
75,001–80,000	N	2,271

(d) (1) In addition to the fees set forth in subdivision (a), a Cargo Theft Interdiction Program fee of three dollars (\$3) shall be paid at the time of initial or original registration or renewal of registration of each motor vehicle subject to weight fees under this section.

(2) This subdivision does not apply to vehicles used or maintained for the transportation of persons for hire, compensation or profit, and tow trucks.

(3) For vehicles registered under Article 4 (commencing with Section 8050) of Chapter 4, the fee imposed under this subdivision shall be apportioned as required for registration fees under that article.

(4) Funds collected pursuant to the Cargo Theft Interdiction Program shall not be proportionately reduced for each month and shall be transferred to the Motor Carriers Safety Improvement Fund.

(e) Notwithstanding Section 42270 or any other provision of law, of the moneys collected by the department under this section, one hundred twenty-two dollars (\$122) for each initial, original, and renewal registration shall be reported monthly to the Controller, and at the same time, deposited in the State Treasury to the credit of the Motor Vehicle Account in the State Transportation Fund. All other moneys collected by the department under this section shall be deposited to the credit of the State Highway Account

in the State Transportation Fund, or directly to the credit of the Transportation Debt Service Fund as provided in paragraph (2) of subdivision (c) of Section 9400.4, as applicable. One hundred twenty-two dollars (\$122) of the fee imposed under this section shall not be proportionately reduced for each month. For vehicles registered under Article 4 (commencing with Section 8050) of Chapter 4, the fee shall be apportioned as required for registration under that article.

(f) (1) The department, in consultation with the Department of the California Highway Patrol, shall design and make available a set of distinctive weight decals that reflect the declared gross combined weight or gross operating weight reported to the department at the time of initial registration, registration renewal, or when a weight change is reported to the department pursuant to Section 9406.1. A new decal shall be issued on each renewal or when the weight is changed pursuant to Section 9406.1. The decal for a tow truck that is subject to this section shall reflect the gross vehicle weight rating or weight code.

(2) The department may charge a fee, not to exceed ten dollars (\$10), for the department's actual cost of producing and issuing each set of decals issued under paragraph (1).

(3) The weight decal shall be in sharp contrast to the background and shall be of a size, shape, and color that is readily legible during daylight hours from a distance of 50 feet.

(4) Each vehicle subject to this section shall display the weight decal on both the right and left sides of the vehicle.

(5) A person may not display upon a vehicle a decal issued pursuant to this subdivision that does not reflect the declared weight reported to the department.

(6) Notwithstanding subdivision (e) or any other provision of law, the moneys collected by the department under this subdivision shall be deposited in the State Treasury to the credit of the Motor Vehicle Account in the State Transportation Fund.

(7) This subdivision shall apply to vehicles subject to this section at the time of an initial registration, registration renewal, or reported weight change that occurs on or after July 1, 2004.

(8) The following shall apply to vehicles registered under the permanent fleet registration program pursuant to Article 9.5 (commencing with Section 5301) of Chapter 1:

(A) The department, in consultation with the Department of the California Highway Patrol, shall distinguish the weight decals issued to permanent fleet registration vehicles from those issued to other vehicles.

(B) The department shall issue the distinguishable weight decals only to the following:

(i) A permanent fleet registration vehicle that is registered with the department on January 1, 2005.

(ii) On and after January 1, 2005, a vehicle for which the department has an application for initial registration as a permanent fleet registration vehicle.

(iii) On and after January 1, 2005, a permanent fleet registration vehicle that has a weight change pursuant to Section 9406.1.

(C) The weight decal issued under this paragraph shall comply with the applicable provisions of paragraphs (1) to (6), inclusive.

SEC. 14. Section 9400.4 of the Vehicle Code is amended to read:

9400.4. Weight fee revenue deposited into the State Highway Account pursuant to subdivision (e) of Section 9400.1 and subdivision (a) of Section 42205 net of amounts appropriated for other purposes pursuant to subdivision (b) of Section 42205, and weight fee revenues deposited directly into the Transportation Debt Service Fund pursuant to subdivision (e) of Section 9400.1 and subdivision (a) of Section 42205, as applicable, 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. The Director of Finance may repay any remaining portion of the outstanding balance of this loan in any year in which the Director of Finance determines the funds are needed to reimburse the General Fund for current year transportation bond debt service or to redeem or retire those bonds, pursuant to Section 16774 of the Government Code, maturing in a subsequent fiscal year, provided that the loans shall be repaid no later than June 30, 2021. All funds loaned pursuant to this section, upon repayment to the State Highway Account, shall be immediately transferred by the Controller to the Transportation Debt Service Fund for use pursuant to Section 16965 of the Government Code.

(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, all revenue generated from weight fees in the State Highway Account, as determined by Sections 9400.1 and 42205, excluding an amount equal to the loan of forty-three million seven hundred thousand dollars (\$43,700,000) authorized pursuant to Item 2660-013-0042 of Section 2.00 of the Budget Act of 2011, is hereby appropriated 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 weight fee revenues for that fiscal year in the State Highway Account to the General Fund as a loan until all weight fee revenues for that fiscal year appropriated in this subdivision have been transferred to the General Fund, excluding forty-two million dollars (\$42,000,000), which shall be transferred to the General Fund as a loan on July 1, 2012. The Director of Finance may repay any portion of the balance of this loan in any year in which the Director of Finance determines the funds are needed to reimburse the General Fund for current year transportation bond debt service or to redeem or retire those bonds, pursuant to Section 16774 of the Government Code, maturing in a subsequent year, provided that the loans shall be repaid no later than June 30, 2021. All funds loaned pursuant to this section, upon repayment to the State Highway Account, shall be immediately transferred by the Controller to the Transportation Debt Service Fund for use pursuant to Section 16965 of the Government Code.

(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) (A) Until the month of first issuance of designated bonds as defined in subdivision (c) of Section 16773 of the Government Code, and at any time thereafter that a Treasurer's certification pursuant to subparagraph (B) of paragraph (3) of subdivision (a) of Section 16965 of the Government Code applies, all weight fee revenues subject to this section in any month shall be transferred from the State Highway Account to the Transportation Debt Service Fund.

(B) Except as provided in paragraph (3), or when subparagraph (A) applies pursuant to a Treasurer's certification, upon the first issuance of designated bonds, as defined in subdivision (c) of Section 16773 of the Government Code, starting in the month following that first issuance, all weight fee revenues received by the Controller from the first day through the 14th day of every month shall be transferred from the State Highway Account to the Transportation Debt Service Fund.

(C) All funds transferred pursuant to subparagraphs (A) and (B) are hereby appropriated for transfer to the General Fund by the Controller as reimbursement for debt service costs paid with respect to eligible bonds described in subparagraph (A) of paragraph (2) of subdivision (a) of Section 16965 of the Government Code, until all debt service that the Director of Finance indicates qualifies for reimbursement as provided for in subdivision (d), (e), or (f) of Section 16965 of the Government Code has been reimbursed, or to redeem or retire bonds, pursuant to Section 16774 of the Government Code, as referenced in subdivision (d), (e), or (f) of Section 16965 of the Government Code, that are maturing in a subsequent year. After the Director of Finance has notified the Controller that all debt service costs for the fiscal year have been reimbursed, the Controller shall transfer any remaining revenue generated from weight fees subject to this section for that fiscal year in the State Highway Account to the General Fund as a loan. The Director of Finance may repay any portion of the balance of this loan in any year in which the Director of Finance determines that the funds are needed to reimburse the General Fund for current year transportation bond debt service or to redeem or retire those bonds pursuant to Section 16774 of the Government Code, maturing in a future fiscal year, provided that the loans shall be repaid no later than June 30, 2021. All funds loaned pursuant to this section, upon repayment to the State Highway Account, shall be immediately transferred by the Controller to the Transportation Debt Service Fund for use pursuant to Section 16965 of the Government Code. 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 subdivision (d), (e), or (f) of Section 16965 of the Government Code and shall direct the Controller to reverse or 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 of revenue for that fiscal year generated from weight fees, as determined by Sections 9400.1 and 42205. 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) Starting in the month following the first issuance of any designated bonds, unless a Treasurer's certification pursuant to subparagraph (B) of paragraph (3) of subdivision (a) of Section 16965 of the Government Code applies, all weight fee revenues subject to this section that are received by the Controller from the 15th day of every month, or the first business day thereafter if not a business day, through the last day of the month shall be deposited directly in the Transportation Debt Service Fund and are hereby appropriated for transfer as follows:

(A) First, to the Transportation Bond Direct Payment Account as set forth in subdivision (b) of Section 16965 of the Government Code, to provide for payment of debt service with respect to designated bonds.

(B) Thereafter, as provided in subparagraph (C) of paragraph (1).

(3) Notwithstanding paragraphs (1) and (2), if by the last day of a month the transfer for that month relating to designated bonds required by the Treasurer's certificate described in subdivision (b) of Section 16965 of the Government Code has not been made due to insufficient weight fee revenue, weight fee revenue shall continue to be transferred pursuant to paragraph (2) beginning with the first day of the subsequent month and continuing every day until such time as sufficient revenue for full compliance with the certificate has been transferred.

(4) Except as otherwise provided in paragraph (1), (2), or (3), with respect to any 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. 15. Section 42205 of the Vehicle Code is amended to read:

42205. (a) Notwithstanding Chapter 3 (commencing with Section 42270), the department shall file, at least monthly with the Controller, a report of money received by the department pursuant to Section 9400 for the previous month and shall, at the same time, remit all money so reported to the Treasurer. On order of the Controller, the Treasurer shall deposit all money so remitted into the State Highway Account in the State Transportation Fund, or directly into the Transportation Debt Service Fund as provided in paragraph (2) of subdivision (c) of Section 9400.4, as applicable.

(b) The Legislature shall appropriate from the State Highway Account in the State Transportation Fund to the department and the Franchise Tax Board amounts equal to the costs incurred by each in performing their duties

pursuant to Article 3 (commencing with Section 9400) of Chapter 6 of Division 3. The applicable amounts shall be determined so that the appropriate costs for registration and weight fee collection activities are appropriated between the recipients of revenues in proportion to the revenues that would have been received individually by those recipients if the total fee imposed under the Vehicle License Fee Law (Part 5 (commencing with Section 10701) of Division 2 of the Revenue and Taxation Code) was 2 percent of the market value of a vehicle. The remainder of the funds collected under Section 9400 and deposited in the account, other than the direct deposits to the Transportation Debt Service Fund referenced in subdivision (a), may be appropriated to the Department of Transportation, the Department of the California Highway Patrol, and the Department of Motor Vehicles for the purposes authorized under Section 3 of Article XIX of the California Constitution.

SEC. 16. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.