

**ASSEMBLY BILL**

**No. 1591**

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**Introduced by Assembly Member Frazier**

January 6, 2016

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An act to add Sections 14526.7 and 16321 to the Government Code, to amend Section 39719 of the Health and Safety Code, to amend Sections 7360 and 60050 of the Revenue and Taxation Code, to amend Sections 2192 and 2192.1 of, to add Section 2192.4 to, and to add Chapter 2 (commencing with Section 2030) to Division 3 of, the Streets and Highways Code, and to add Sections 9250.3, 9250.6, and 9400.5 to the Vehicle Code, relating to transportation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1591, as introduced, Frazier. Transportation funding.

(1) Existing law provides various sources of funding for transportation purposes, including funding for the state highway system and the local street and road system. These funding sources include, among others, fuel excise taxes, commercial vehicle weight fees, local transactions and use taxes, and federal funds. Existing law imposes certain registration fees on vehicles, with revenues from these fees deposited in the Motor Vehicle Account and used to fund the Department of Motor Vehicles and the Department of the California Highway Patrol. Existing law provides for the monthly transfer of excess balances in the Motor Vehicle Account to the State Highway Account.

This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system. The bill would require the California Transportation Commission to adopt performance criteria

to ensure efficient use of the funds available for the program. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a \$0.225 per gallon increase in the motor vehicle fuel (gasoline) tax imposed by the bill, including an inflation adjustment as provided, an increase of \$38 in the annual vehicle registration fee, and a new \$165 annual vehicle registration fee applicable to zero-emission motor vehicles, as defined.

The bill would continuously appropriate the funds in the account for road maintenance and rehabilitation purposes and would allocate 5% of available funds to counties that approve a transactions and use tax on or after July 1, 2016, with the remaining funds to be allocated 50% for maintenance of the state highway system or to the state highway operation and protection program, and 50% to cities and counties pursuant to a specified formula. The bill would impose various requirements on agencies receiving these funds. The bill would authorize a city or county to spend its apportionment of funds under the program on transportation priorities other than those allowable pursuant to the program if the city's or county's average Pavement Condition Index meets or exceeds 85.

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

This bill would require the Department of Finance, on or before March 1, 2016, to compute the amount of outstanding loans made from specified transportation funds. The bill would require the Department of Transportation to prepare a loan repayment schedule and would require the outstanding loans to be repaid pursuant to that schedule to the accounts from which the loans were made, as prescribed. The bill would appropriate funds for that purpose from the Budget Stabilization Account. The bill would require the repaid funds to be transferred to cities and counties pursuant to a specified formula.

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

Improvement Fund in existence in order to receive revenues from sources other than the bond act for these purposes.

The bill would deposit the revenues attributable to a \$0.30 per gallon increase in the diesel fuel excise tax imposed by the bill into the Trade Corridors Improvement Fund.

Existing law specifies projects eligible for funding from the Trade Corridors Improvement Fund, including, among other things, projects for truck corridor improvements, including dedicated truck facilities, or truck toll facilities.

This bill would include truck parking among the truck corridor capital improvements eligible to be funded and would authorize the expenditure of moneys in the fund for certain system efficiency improvements, including the development, demonstration, and deployment of promising Intelligent Transportation System applications. The bill would require the California Transportation Commission, in evaluating potential projects to be funded from the fund, to give priority to projects demonstrating one or more of certain characteristics.

(4) Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism relative to reduction of greenhouse gas emissions to be deposited in the Greenhouse Gas Reduction Fund. Existing law, to the extent moneys are transferred to the Trade Corridors Improvement Fund from the Greenhouse Gas Reduction Fund, requires projects funded with those moneys to be subject to all of the requirements of existing law applicable to the expenditure of moneys appropriated from the Greenhouse Gas Reduction Fund, including, among other things, furthering the regulatory purposes of the California Global Warming Solutions Act of 2006. Existing law continuously appropriates 10% of the annual proceeds of the fund to the Transit and Intercity Rail Capital Program.

This bill would, beginning in the 2016–17 fiscal year, instead continuously appropriate 20% of those annual proceeds to the Transit and Intercity Rail Capital Program, thereby making an appropriation, and, transfer 20% of those annual proceeds to the Trade Corridors Improvement Fund.

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

This bill would eliminate the annual rate adjustment to maintain revenue neutrality for the gasoline and diesel excise tax rates. This bill would, beginning July 1, 2019, and every 3rd year thereafter, require the board to recompute the gasoline and diesel excise tax rates based upon the percentage change in the California Consumer Price Index transmitted to the board by the Department of Finance, as prescribed.

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

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

(7) Existing law imposes weight fees on the registration of commercial motor vehicles and provides for the deposit of net weight fee revenues into the State Highway Account. Existing law provides for the transfer of certain weight fee revenues from the State Highway Account to the Transportation Debt Service Fund to reimburse the General Fund for payment of debt service on general obligation bonds issued for transportation purposes. Existing law also provides for the transfer of certain weight fee revenues to the Transportation Bond Direct Payment Account for direct payment of debt service on designated bonds, which are defined to be certain transportation general obligation bonds issued pursuant to Proposition 1B of 2006. Existing law also provides for loans of weight fee revenues to the General Fund to the

extent the revenues are not needed for bond debt service purposes, with the loans to be repaid when the revenues are later needed for those purposes, as specified.

This bill, notwithstanding these provisions or any other law, would prohibit weight fee revenues from being transferred from the State Highway Account to the Transportation Debt Service Fund, the Transportation Bond Direct Payment Account, or any other fund or account for the purpose of payment of the debt service on transportation general obligation bonds, and would also prohibit loans of weight fee revenues to the General Fund.

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

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

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

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Over the next 10 years, the state faces a \$59 billion shortfall
- 4 to adequately maintain the existing state highway system, in order
- 5 to keep it in a basic state of good repair.
- 6 (b) Similarly, cities and counties face a \$78 billion shortfall
- 7 over the next decade to adequately maintain the existing network
- 8 of local streets and roads.
- 9 (c) Statewide taxes and fees dedicated to the maintenance of
- 10 the system have not been increased in more than 20 years, with
- 11 those revenues losing more than 55 percent of their purchasing
- 12 power, while costs to maintain the system have steadily increased
- 13 and much of the underlying infrastructure has aged past its expected
- 14 useful life.
- 15 (d) California motorists are spending \$17 billion annually in
- 16 extra maintenance and car repair bills, which is more than \$700
- 17 per driver, due to the state's poorly maintained roads.
- 18 (e) Failing to act now to address this growing problem means
- 19 that more drastic measures will be required to maintain our system
- 20 in the future, essentially passing the burden on to future generations
- 21 instead of doing our job today.

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

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

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

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

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

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

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

21 (1) Ensure these transportation needs are addressed.

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

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

25 (4) Direct increased revenue to the state's highest transportation  
26 needs.

27 SEC. 2. Section 14526.7 is added to the Government Code, to  
28 read:

29 14526.7. (a) On and after February 1, 2017, an allocation by  
30 the commission of all capital and support costs for each project in  
31 the state highway operation and protection program shall be  
32 required.

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

37 (c) The commission shall establish guidelines to provide  
38 exceptions to the requirement of subdivision (b) that the  
39 commission determines are necessary to ensure that projects are  
40 not unnecessarily delayed.

SEC. 3. Section 16321 is added to the Government Code, to read:

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

(1) On or before June 30, 2016, 50 percent of the outstanding loan amounts.

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

(b) Notwithstanding any other provision of law, as the loans are repaid pursuant to this section, the repaid funds shall be transferred to cities and counties pursuant to subparagraph (C) of paragraph (3) of subdivision (a) of Section 2103 of the Streets and Highways Code.

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

SEC. 4. Section 39719 of the Health and Safety Code is amended to read:

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

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

(1) Beginning in the ~~2015-16~~ 2016-17 fiscal year, and notwithstanding Section 13340 of the Government Code, ~~35~~ 45 percent of annual proceeds are continuously appropriated, without regard to fiscal years, for transit, affordable housing, and sustainable communities programs as following:

(A) ~~Ten~~ Twenty percent of the annual proceeds of the fund is hereby continuously appropriated to the Transportation Agency

1 for the Transit and Intercity Rail Capital Program created by Part  
2 2 (commencing with Section 75220) of Division 44 of the Public  
3 Resources Code.

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

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

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

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

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

29 (C) Other capital costs of the project.

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

32 (3) *Beginning in the 2016–17 fiscal year, 20 percent of the*  
33 *annual proceeds of the fund shall be transferred to the Trade*  
34 *Corridors Improvement Fund, continued in existence pursuant to*  
35 *Section 2192 of the Streets and Highways Code.*

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

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



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

(B) *In addition to the tax imposed pursuant to subparagraph (A), on and after the first day of the first calendar quarter that occurs 90 days after the effective date of the act adding this subparagraph, a tax of twenty-two and one-half cents (\$0.225) is hereby imposed upon each gallon of fuel, other than aviation gasoline, subject to the tax in Sections 7362, 7363, and 7364.*

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

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

(b) ~~(4)~~—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;~~

~~(c) Beginning July 1, 2019, and each fiscal year thereafter, the board shall, on or before March 1, State Board of the fiscal year immediately preceding the applicable fiscal year, adjust the rate in paragraph (1) in that manner as to generate an amount Equalization shall recompute the rates of revenue that will equal the amount of revenue loss attributable to the exemption provided taxes imposed by Section 6357.7, based on estimates made by the board, and that rate this section. That computation shall be effective during the state's next fiscal year. made as follows:~~

~~(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~~

1 ~~(1) The Department of revenues derived pursuant Finance shall~~  
2 ~~transmit to this subdivision and, as applicable, Section 7361.1, the~~  
3 ~~revenue loss attributable to State Board of Equalization the~~  
4 ~~exemption provided by Section 6357.7 resulted percentage change~~  
5 ~~in a net revenue gain or loss the California Consumer Price Index~~  
6 ~~for the fiscal year ending all items from November of three~~  
7 ~~calendar years prior to November of the rate adjustment date on~~  
8 ~~or before March 1, prior calendar year, no later than January 31,~~  
9 ~~2019, and January 31 of every third year thereafter.~~

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

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

14 ~~(4) The intent of paragraphs (2) and (3) is to ensure that the act~~  
15 ~~adding this subdivision~~

16 (B) Multiply the preceding tax rate per gallon by the inflation  
17 adjustment factor determined in subparagraph (A) and ~~Section~~  
18 ~~6357.7 does not produce a net revenue gain in state taxes. round~~  
19 ~~off the resulting product to the nearest tenth of a cent.~~

20 (C) Make its determination of the new rate no later than March  
21 1 of the same year as the effective date of the new rate.

22 SEC. 6. Section 60050 of the Revenue and Taxation Code is  
23 amended to read:

24 60050. (a) (1) A tax of ~~eighteen thirteen cents (\$0.18) (\$0.13)~~  
25 is hereby imposed upon each gallon of diesel fuel subject to the  
26 tax in Sections 60051, 60052, and 60058.

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

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

39 (b) ~~(1) On July 1, 2011, In addition to the tax rate specified in~~  
40 ~~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): imposed pursuant to subdivision (a), on and after the first day of the first calendar quarter that occurs 90 days after the effective date of the act amending this subdivision in the 2015–16 Regular Session, an additional tax of thirty cents (\$0.30) is hereby imposed upon each gallon of diesel fuel subject to the tax in Sections 60051, 60052, and 60058.~~

~~(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.~~

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

~~(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~~

~~(1) The Department of revenues derived pursuant Finance shall transmit to Sections 6051.8 and 6201.8 and the revenue loss attributable to this subdivision resulted State Board of Equalization the percentage change in a net revenue gain or loss the California Consumer Price Index for the fiscal year ending all items from November of three calendar years prior to November of the rate adjustment date on or before March 1, prior calendar year, no later than January 31, 2019, and January 31 of every third year thereafter.~~

~~(2) The State Board of Equalization shall do both of the following:~~

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

~~(4) The intent of paragraphs (2) and (3) is to ensure that the act adding this subdivision~~

1 (B) Multiply the preceding tax rate per gallon by the inflation  
2 adjustment factor determined in subparagraph (A) and Sections  
3 6051.8 and 6201.8 does not produce a net revenue gain in state  
4 taxes; round off the resulting product to the nearest tenth of a cent.

5 (C) Make its determination of the new rate no later than March  
6 1 of the same year as the effective date of the new rate.

7 SEC. 7. Chapter 2 (commencing with Section 2030) is added  
8 to Division 3 of the Streets and Highways Code, to read:

9  
10 CHAPTER 2. ROAD MAINTENANCE AND REHABILITATION  
11 PROGRAM  
12

13 2030. (a) The Road Maintenance and Rehabilitation Program  
14 is hereby created to address deferred maintenance on the state  
15 highway system and the local street and road system. Funds made  
16 available by the program shall be prioritized for expenditure on  
17 basic road maintenance and road rehabilitation projects, and on  
18 critical safety projects. The California Transportation Commission  
19 shall adopt performance criteria to ensure efficient use of the funds  
20 available pursuant to this chapter for the program.

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

- 23 (1) Road maintenance and rehabilitation.  
24 (2) Safety projects.  
25 (3) Railroad grade separations.  
26 (4) Active transportation and pedestrian and bicycle safety  
27 projects in conjunction with any other allowable project.

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

33 2031. The following revenues shall be deposited in the Road  
34 Maintenance and Rehabilitation Account, which is hereby created  
35 in the State Transportation Fund:

36 (a) Notwithstanding subdivision (b) of Section 2103, the  
37 revenues attributable to the increase in the motor vehicle fuel excise  
38 tax by twenty-two and one-half cents (\$0.225) per gallon pursuant  
39 to subdivision (a) of Section 7360 of the Revenue and Taxation  
40 Code, as adjusted pursuant to subdivision (c) of that section.

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

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

5 (d) Any other revenues designated for the program.

6 2031.5. Each fiscal year the annual Budget Act shall contain  
7 an appropriation from the Road Maintenance and Rehabilitation  
8 Account to the Controller for the costs of carrying out his or her  
9 duties pursuant to this chapter and to the California Transportation  
10 Commission for the costs of carrying out its duties pursuant to this  
11 chapter and Section 14526.7 of the Government Code.

12 2032. (a) After deducting the amounts appropriated in the  
13 annual Budget Act as provided in Section 2031.5, 5 percent of the  
14 remaining revenues deposited in the Road Maintenance and  
15 Rehabilitation Account shall be set aside for counties in which  
16 voters approve, on or after July 1, 2016, a transactions and use tax  
17 for transportation purposes, and which counties did not, prior to  
18 that approval, impose a transactions and use tax for those purposes.  
19 The funds available under this subdivision in each fiscal year are  
20 hereby continuously appropriated for allocation to each eligible  
21 county and each city in the county for road maintenance and  
22 rehabilitation purposes. However, funds remaining unallocated  
23 under this subdivision in any fiscal year shall be reallocated on  
24 the last day of the fiscal year pursuant to subdivision (b).

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

29 (1) Fifty percent for allocation to the department for maintenance  
30 of the state highway system or for purposes of the state highway  
31 operation and protection program.

32 (2) Fifty percent for apportionment to cities and counties by the  
33 Controller pursuant to the formula in subparagraph (C) of  
34 paragraph (3) of subdivision (a) of Section 2103 for the purposes  
35 authorized by this chapter.

36 2034. (a) Funds made available to a city or county under the  
37 program shall be used for improvements to transportation facilities  
38 that will assist in reducing further deterioration of the existing road  
39 system. These improvements may include, but need not be limited  
40 to, pavement maintenance, rehabilitation, installation, construction,

1 and reconstruction of necessary associated facilities such as  
2 drainage and traffic control devices, or safety projects to reduce  
3 fatalities.

4 (b) Funds made available under the program may also be used  
5 for the following purposes:

6 (1) To satisfy the local match requirement in order to obtain  
7 state or federal transportation funds for similar purposes.

8 (2) Active transportation and pedestrian and bicycle safety  
9 projects in conjunction with any other allowable project.

10 2036. (a) Cities and counties shall maintain their existing  
11 commitment of local funds for street, road, and highway purposes  
12 in order to remain eligible for an allocation or apportionment of  
13 funds pursuant to Section 2032.

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

34 (c) For any city incorporated after July 1, 2009, the Controller  
35 shall calculate an annual average expenditure for the period  
36 between July 1, 2009, and December 31, 2015, inclusive, that the  
37 city was incorporated.

38 (d) For purposes of subdivision (b), the Controller may request  
39 fiscal data from cities and counties in addition to data provided  
40 pursuant to Section 2151, for the 2009–10, 2010–11, and 2011–12

1 fiscal years. Each city and county shall furnish the data to the  
2 Controller not later than 120 days after receiving the request. The  
3 Controller may withhold payment to cities and counties that do  
4 not comply with the request for information or that provide  
5 incomplete data.

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

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

19 2037. A city or county may spend its apportionment of funds  
20 under the program on transportation priorities other than those  
21 allowable pursuant to this chapter if the city's or county's average  
22 Pavement Condition Index meets or exceeds 85.

23 SEC. 8. Section 2192 of the Streets and Highways Code is  
24 amended to read:

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

31 (b) The moneys in the fund from those other sources shall be  
32 available upon appropriation for allocation by the California  
33 Transportation Commission for infrastructure improvements in  
34 this state on federally designated Trade Corridors of National and  
35 Regional Significance, on the Primary Freight Network, and along  
36 other corridors that have a high volume of freight movement, as  
37 determined by the commission. In determining the projects eligible  
38 for funding, the commission shall consult the Transportation  
39 Agency's state freight ~~plan~~ *plan*, as described in Section 13978.8  
40 of the Government ~~Code~~, the ~~State Air Resources Board's~~

1 ~~Sustainable Freight Strategy adopted by Resolution 14-2, and the~~  
2 ~~trade infrastructure and goods movement plan submitted to the~~  
3 ~~commission by the Secretary of Transportation and the Secretary~~  
4 ~~for Environmental Protection. Code.~~ The commission shall also  
5 consult trade infrastructure and goods movement plans adopted  
6 by regional transportation planning agencies, adopted regional  
7 transportation plans required by state and federal law, and the  
8 ~~statewide port master plan prepared by the California Marine and~~  
9 ~~Intermodal Transportation System Advisory Council~~  
10 ~~(Cal-MITSAC) pursuant to Section 1730 of the Harbors and~~  
11 ~~Navigation Code, plans,~~ when determining eligible projects for  
12 funding. Eligible projects for these funds include, but are not  
13 limited to, all of the following:

14 (1) Highway capacity improvements and operational  
15 improvements to more efficiently accommodate the movement of  
16 freight, particularly for ingress and egress to and from the state's  
17 land ports of entry and seaports, including navigable inland  
18 waterways used to transport freight between seaports, land ports  
19 of entry, and airports, and to relieve traffic congestion along major  
20 trade or goods movement corridors.

21 (2) Freight rail system improvements to enhance the ability to  
22 move goods from seaports, land ports of entry, and airports to  
23 warehousing and distribution centers throughout California,  
24 including projects that separate rail lines from highway or local  
25 road traffic, improve freight rail mobility through mountainous  
26 regions, relocate rail switching yards, and other projects that  
27 improve the efficiency and capacity of the rail freight system.

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

29 (4) Truck corridor *capital* improvements, including dedicated  
30 ~~truck facilities~~ *facilities, truck parking,* or truck toll facilities.

31 (5) Border access improvements that enhance goods movement  
32 between California and Mexico and that maximize the state's  
33 ability to access coordinated border infrastructure funds made  
34 available to the state by federal law.

35 (6) Surface transportation and connector road improvements to  
36 effectively facilitate the movement of goods, particularly for  
37 ingress and egress to and from the state's land ports of entry,  
38 airports, and seaports, to relieve traffic congestion along major  
39 trade or goods movement corridors.



1     (7) *System efficiency improvements, including the development,*  
2 *demonstration, and deployment of promising Intelligent*  
3 *Transportation System (ITS) applications that integrate data from*  
4 *multiple sources to provide freight real-time traveler information,*  
5 *freight dynamic route guidance, optimization of drayage*  
6 *operations, or a combination of these.*

7     (c) (1) The commission shall allocate funds for trade  
8 infrastructure improvements from the fund consistent with Section  
9 8879.52 of the Government Code and the Trade Corridors  
10 Improvement Fund (TCIF) Guidelines adopted by the commission  
11 on November 27, 2007, or as amended by the commission, and in  
12 a manner that ~~(A) addresses the state's most urgent needs, (B)~~  
13 ~~balances the demands of various land ports of entry, seaports, and~~  
14 ~~airports, (C) provides reasonable geographic balance between the~~  
15 ~~state's regions, and (D) places emphasis on projects that improve~~  
16 ~~trade corridor mobility while reducing emissions of diesel~~  
17 ~~particulate and other pollutant emissions.~~ *commission. In evaluating*  
18 *a potential project to be funded pursuant to this section, the*  
19 *commission shall give priority to those projects demonstrating*  
20 *one or more of the following characteristics:*

21     (A) *Addresses the state's most urgent needs.*

22     (B) *Balances the demands of various land ports of entry,*  
23 *seaports, and airports.*

24     (C) *Provides reasonable geographic balance between the state's*  
25 *regions.*

26     (D) *Leverages additional public and private funding.*

27     (E) *Provides regional benefits with a focus on collaboration*  
28 *between multiple entities.*

29     (F) *Provides the potential for cobenefits or multiple-benefit*  
30 *attributes.*

31     (G) *Improves trade corridor mobility while reducing emissions*  
32 *of diesel particulate and other pollutant emissions.*

33     (2) In addition, the commission shall also consider the following  
34 factors when allocating these funds:

35     (A) "Velocity," which means the speed by which large cargo  
36 would travel from the land port of entry or seaport through the  
37 distribution system.

38     (B) "Throughput," which means the volume of cargo that would  
39 move from the land port of entry or seaport through the distribution  
40 system.

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

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

6 SEC. 9. Section 2192.1 of the Streets and Highways Code is  
7 amended to read:

8 2192.1. (a) To the extent moneys from the Greenhouse Gas  
9 Reduction Fund, attributable to the auction or sale of allowances  
10 as part of a market-based compliance mechanism relative to  
11 reduction of greenhouse gas emissions, are transferred to the Trade  
12 Corridors Improvement Fund, projects funded with those moneys  
13 shall be subject to all of the requirements of existing law applicable  
14 to the expenditure of moneys appropriated from the Greenhouse  
15 Gas Reduction Fund, including, but not limited to, ~~both~~ all of the  
16 following:

17 (1) Projects shall further the regulatory purposes of the  
18 California Global Warming Solutions Act of 2006 (Division 25.5  
19 (commencing with Section 38500) of the Health and Safety Code),  
20 including reducing emissions from greenhouse gases in the state,  
21 directing public and private investment toward disadvantaged  
22 communities, increasing the diversity of energy sources, or creating  
23 opportunities for businesses, public agencies, nonprofits, and other  
24 community institutions to participate in and benefit from statewide  
25 efforts to reduce emissions of greenhouse gases.

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

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

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

37 SEC. 10. Section 2192.4 is added to the Streets and Highways  
38 Code, to read:

39 2192.4. Notwithstanding subdivision (b) of Section 2103, the  
40 portion of the revenues in the Highway Users Tax Account

1 attributable to the increase in the tax rate on diesel fuel by thirty  
2 cents (\$0.30) per gallon pursuant to subdivision (b) of Section  
3 60050 of the Revenue and Taxation Code, and as adjusted pursuant  
4 to subdivision (c) of that section, shall be deposited in the Trade  
5 Corridors Improvement Fund.

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

7 9250.3. (a) In addition to any other fees specified in this code,  
8 or the Revenue and Taxation Code, commencing 120 days after  
9 the effective date of the act adding this section, a registration fee  
10 of thirty-eight dollars (\$38) shall be paid to the department for  
11 registration or renewal of registration of every vehicle subject to  
12 registration under this code, except those vehicles that are expressly  
13 exempted under this code from payment of registration fees.

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

18 SEC. 12. Section 9250.6 is added to the Vehicle Code, to read:

19 9250.6. (a) In addition to any other fees specified in this code,  
20 or the Revenue and Taxation Code, commencing 120 days after  
21 the effective date of the act adding this section, a registration fee  
22 of one hundred and sixty-five dollars (\$165) shall be paid to the  
23 department for registration or renewal of registration of every  
24 zero-emission motor vehicle subject to registration under this code,  
25 except those motor vehicles that are expressly exempted under  
26 this code from payment of registration fees.

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

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

33 (d) For purposes of this section, "zero-emission motor vehicle"  
34 means a motor vehicle as described in subdivisions (c) and (d) of  
35 Section 44258 of the Health and Safety Code, or any other motor  
36 vehicle that is able to operate on any fuel other than gasoline or  
37 diesel fuel.

38 SEC. 13. Section 9400.5 is added to the Vehicle Code, to read:

39 9400.5. Notwithstanding Sections 9400.1, 9400.4, and 42205  
40 of this code, Sections 16773 and 16965 of the Government Code,

1 Section 2103 of the Streets and Highways Code, or any other law,  
2 weight fee revenues shall not be transferred from the State Highway  
3 Account to the Transportation Debt Service Fund, the  
4 Transportation Bond Direct Payment Account, or any other fund  
5 or account for the purpose of payment of the debt service on  
6 transportation general obligation bonds, and shall not be loaned  
7 to the General Fund.

8 SEC. 14. This act is an urgency statute necessary for the  
9 immediate preservation of the public peace, health, or safety within  
10 the meaning of Article IV of the Constitution and shall go into  
11 immediate effect. The facts constituting the necessity are:

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