

ASSEMBLY BILL

No. 2411

Introduced by Assembly Member Frazier

February 19, 2016

An act to amend Section 16965 of the Government Code, and to amend Section 183.1 of the Streets and Highways Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2411, as introduced, Frazier. Transportation revenues.

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

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

the restrictions for expenditure of fuel tax revenues in Article XIX of the California Constitution.

Vote: majority. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: no.

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

1 SECTION 1. Section 16965 of the Government Code is
 2 amended to read:
 3 16965. (a) (1) The Transportation Debt Service Fund is hereby
 4 created in the State Treasury. Moneys in the fund shall be dedicated
 5 to all of the following purposes:
 6 (A) Payment of debt service with respect to designated bonds,
 7 as defined in subdivision (c) of Section 16773, and as further
 8 provided in paragraph (3) and subdivision (b).
 9 (B) To reimburse the General Fund for debt service with respect
 10 to bonds.
 11 (C) To redeem or retire bonds, pursuant to Section 16774,
 12 maturing in a subsequent fiscal year.
 13 (2) The bonds eligible under subparagraph (B) or (C) of
 14 paragraph (1) include bonds issued pursuant to ~~the Clean Air and~~
 15 ~~Transportation Improvement Act of 1990 (Part 11.5 (commencing~~
 16 ~~with Section 99600) of Division 10 of the Public Utilities Code),~~
 17 the Passenger Rail and Clean Air Bond Act of 1990 (Chapter 17
 18 (commencing with Section 2701) of Division 3 of the Streets and
 19 Highways Code), the Seismic Retrofit Bond Act of 1996 (Chapter
 20 12.48 (commencing with Section 8879) of Division 1 of Title 2),
 21 and the Safe, Reliable High-Speed Passenger Train Bond Act for
 22 the 21st Century (Chapter 20 (commencing with Section 2704) of
 23 Division 3 of the Streets and Highways Code), and nondesignated
 24 bonds under Proposition 1B, as defined in subdivision (c) of
 25 Section 16773.
 26 (3) (A) The Transportation Bond Direct Payment Account is
 27 hereby created in the State Treasury, as a subaccount within the
 28 Transportation Debt Service Fund, for the purpose of directly
 29 paying the debt service, as defined in paragraph (4), of designated
 30 bonds of Proposition 1B, as defined in subdivision (c) of Section
 31 16773. Notwithstanding Section 13340, moneys in the
 32 Transportation Bond Direct Payment Account are continuously
 33 appropriated for payment of debt service with respect to designated

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

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

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

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

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

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

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

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

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

37 (b) From the moneys transferred to the fund pursuant to
38 paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the
39 Vehicle Code, there shall first be deposited into the Transportation
40 Bond Direct Payment Account in each month sufficient funds to

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

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

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

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

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

19 (f)

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

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

3 ~~(g)~~

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

14 SEC. 2. Section 183.1 of the Streets and Highways Code is
15 amended to read:

16 183.1. ~~(a) Notwithstanding subdivision (a) of Section 182 or~~
17 ~~any other provision of law, money~~ *Except as otherwise provided*
18 *in Section 54237.7 of the Government Code, money* deposited into
19 the account that is not subject to Article XIX of the California
20 Constitution, including, but not limited to, money that is derived
21 from the sale of documents, charges for miscellaneous services to
22 the public, condemnation deposits fund investments, rental of state
23 property, or any other miscellaneous uses of property or money,
24 ~~may be used for any transportation purpose authorized by statute,~~
25 ~~upon appropriation by the Legislature or, after transfer to another~~
26 ~~fund, upon appropriation by the Legislature from that fund. shall~~
27 ~~be used solely for transportation expenditures consistent with~~
28 ~~Section 2 of Article XIX of the California Constitution.~~

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

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