

AMENDED IN ASSEMBLY MAY 27, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2411

Introduced by Assembly Member Frazier

February 19, 2016

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

LEGISLATIVE COUNSEL'S DIGEST

AB 2411, as amended, 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~~ *would, on July 1, 2017*, 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~~ *would, on July 1, 2017*, 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

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

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

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

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

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

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

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

30 (C) Amounts payable under any contractual obligation of the
31 state to repay advances and pay interest thereon under a credit
32 enhancement or liquidity agreement as described in clause (iv) of
33 subparagraph (B) of paragraph (1) of subdivision (d) of Section
34 16731.

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

39 (b) From the moneys transferred to the fund pursuant to
40 paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the

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

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

36 (d) Once the required monthly deposit, including makeup of
37 any shortfalls from any prior month, has been made pursuant to
38 subdivision (b), from moneys transferred to the fund pursuant to
39 paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the
40 Vehicle Code, or pursuant to Section 16965.1 or 63048.67, the

1 Controller shall transfer as an expenditure reduction to the General
2 Fund any amount necessary to offset the cost of current year debt
3 service payments made from the General Fund with respect to any
4 bonds issued pursuant to Proposition 192 (1996) and three-quarters
5 of the amount of current year debt service payments made from
6 the General Fund with respect to any nondesignated bonds, as
7 defined in subdivision (c) of Section 16773, issued pursuant to
8 Proposition 1B (2006). In the alternative, these funds may also be
9 used to redeem or retire the applicable bonds, pursuant to Section
10 16774, maturing in a subsequent fiscal year as directed by the
11 Director of Finance.

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

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

1 these funds may also be used to redeem or retire the applicable
2 bonds, pursuant to Section 16774, maturing in a subsequent fiscal
3 year as directed by the Director of Finance.

4 (g) 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) in that month from the fund to the
13 General Fund pursuant to this section.

14 (h) *This section shall become inoperative on July 1, 2017, and,*
15 *as of January 1, 2018, is repealed, unless a later enacted statute,*
16 *that becomes operative on or before January 1, 2018, deletes or*
17 *extends the dates on which it becomes inoperative and is repealed.*

18 SEC. 2. Section 16965 is added to the Government Code, to
19 read:

20 16965. (a) (1) *The Transportation Debt Service Fund is hereby*
21 *created in the State Treasury. Moneys in the fund shall be dedicated*
22 *to all of the following purposes:*

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

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

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

30 (2) *The bonds eligible under subparagraph (B) or (C) of*
31 *paragraph (1) include bonds issued pursuant to the Passenger*
32 *Rail and Clean Air Bond Act of 1990 (Chapter 17 (commencing*
33 *with Section 2701) of Division 3 of the Streets and Highways*
34 *Code), the Seismic Retrofit Bond Act of 1996 (Chapter 12.48*
35 *(commencing with Section 8879) of Division 1 of Title 2), and the*
36 *Safe, Reliable High-Speed Passenger Train Bond Act for the 21st*
37 *Century (Chapter 20 (commencing with Section 2704) of Division*
38 *3 of the Streets and Highways Code), and nondesignated bonds*
39 *under Proposition 1B, as defined in subdivision (c) of Section*
40 *16773.*

1 (3) (A) *The Transportation Bond Direct Payment Account is*
2 *hereby created in the State Treasury, as a subaccount within the*
3 *Transportation Debt Service Fund, for the purpose of directly*
4 *paying the debt service, as defined in paragraph (4), of designated*
5 *bonds of Proposition 1B, as defined in subdivision (c) of Section*
6 *16773. Notwithstanding Section 13340, moneys in the*
7 *Transportation Bond Direct Payment Account are continuously*
8 *appropriated for payment of debt service with respect to designated*
9 *bonds as provided in subdivision (c) of Section 16773. So long as*
10 *any designated bonds remain outstanding, the moneys in the*
11 *Transportation Bond Direct Payment Account may not be used*
12 *for any other purpose, and may not be borrowed by or available*
13 *for transfer to the General Fund pursuant to Section 16310 or any*
14 *similar law, or to the General Cash Revolving Fund pursuant to*
15 *Section 16381 or any similar law.*

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

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

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

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

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

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

36 (C) *Amounts payable under any contractual obligation of the*
37 *state to repay advances and pay interest thereon under a credit*
38 *enhancement or liquidity agreement as described in clause (iv) of*
39 *subparagraph (B) of paragraph (1) of subdivision (d) of Section*
40 *16731.*

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

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

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

1 resolution, indenture, or other documents governing the designated
2 bonds.

3 (d) Once the required monthly deposit, including makeup of
4 any shortfalls from any prior month, has been made pursuant to
5 subdivision (b), from moneys transferred to the fund pursuant to
6 paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the
7 Vehicle Code, or pursuant to Section 16965.1 or 63048.67, the
8 Controller shall transfer as an expenditure reduction to the
9 General Fund any amount necessary to offset the cost of current
10 year debt service payments made from the General Fund with
11 respect to any bonds issued pursuant to Proposition 192 (1996)
12 and three-quarters of the amount of current year debt service
13 payments made from the General Fund with respect to any
14 nondesignated bonds, as defined in subdivision (c) of Section
15 16773, issued pursuant to Proposition 1B (2006). In the alternative,
16 these funds may also be used to redeem or retire the applicable
17 bonds, pursuant to Section 16774, maturing in a subsequent fiscal
18 year as directed by the Director of Finance.

19 (e) Once the required monthly deposit, including makeup of any
20 shortfalls from any prior month, has been made pursuant to
21 subdivision (b), from moneys transferred to the fund pursuant to
22 paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the
23 Vehicle Code, or pursuant to Section 16965.1 or 63048.67, the
24 Controller shall transfer as an expenditure reduction to the
25 General Fund any amount necessary to offset the eligible cost of
26 current year debt service payments made from the General Fund
27 with respect to any bonds issued pursuant to Proposition 108
28 (1990) and Proposition 1A (2008), and one-quarter of the amount
29 of current year debt service payments made from the General Fund
30 with respect to any nondesignated bonds, as defined in subdivision
31 (c) of Section 16773, issued pursuant to Proposition 1B (2006).
32 The Department of Finance shall notify the Controller by July 30
33 of every year of the percentage of debt service that is expected to
34 be paid in that fiscal year with respect to bond-funded projects
35 that qualify as eligible guideway projects consistent with the
36 requirements applicable to the expenditure of revenues under
37 Article XIX of the California Constitution, and the Controller shall
38 make payments only for those eligible projects. In the alternative,
39 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 (f) On or before the second business day following the date on
4 which transfers are made to the Transportation Debt Service Fund,
5 and after the required monthly deposits for that month, including
6 makeup of any shortfalls from any prior month, have been made
7 to the Transportation Bond Direct Payment Account, the Controller
8 shall transfer the funds designated for reimbursement of bond debt
9 service with respect to nondesignated bonds, as defined in
10 subdivision (c) of Section 16773, and other bonds identified in
11 subdivisions (d) and (e) in that month from the fund to the General
12 Fund pursuant to this section.

13 (g) This section shall become operative on July 1, 2017.

14 SEC. 3. 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 deposited into the account that
18 is not subject to Article XIX of the California Constitution,
19 including, but not limited to, money that is derived from the sale
20 of documents, charges for miscellaneous services to the public,
21 condemnation deposits fund investments, rental of state property,
22 or any other miscellaneous uses of property or money, may be
23 used for any transportation purpose authorized by statute, upon
24 appropriation by the Legislature or, after transfer to another fund,
25 upon appropriation by the Legislature from that fund.

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

34 (c) This section shall become inoperative on July 1, 2017, and,
35 as of January 1, 2018, is repealed, unless a later enacted statute,
36 that becomes operative on or before January 1, 2018, deletes or
37 extends the dates on which it becomes inoperative and is repealed.

38 SEC. 4. Section 183.1 is added to the Streets and Highways
39 Code, to read:

1 183.1. (a) Except as otherwise provided in Section 54237.7
 2 of the Government Code, money deposited into the account that
 3 is not subject to Article XIX of the California Constitution,
 4 including, but not limited to, money that is derived from the sale
 5 of documents, charges for miscellaneous services to the public,
 6 condemnation deposits fund investments, rental of state property,
 7 or any other miscellaneous uses of property or money, shall be
 8 used solely for transportation expenditures consistent with Section
 9 2 of Article XIX of the California Constitution.

10 (b) This section shall become operative on July 1, 2017.

11 SECTION 1. ~~Section 16965 of the Government Code is~~
 12 ~~amended to read:~~

13 ~~16965. (a) (1) The Transportation Debt Service Fund is hereby~~
 14 ~~created in the State Treasury. Moneys in the fund shall be dedicated~~
 15 ~~to all of the following purposes:~~

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

19 (B) ~~To reimburse the General Fund for debt service with respect~~
 20 ~~to bonds:~~

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

23 (2) ~~The bonds eligible under subparagraph (B) or (C) of~~
 24 ~~paragraph (1) include bonds issued pursuant to the Passenger Rail~~
 25 ~~and Clean Air Bond Act of 1990 (Chapter 17 (commencing with~~
 26 ~~Section 2701) of Division 3 of the Streets and Highways Code),~~
 27 ~~the Seismic Retrofit Bond Act of 1996 (Chapter 12.48~~
 28 ~~(commencing with Section 8879) of Division 1 of Title 2), and the~~
 29 ~~Safe, Reliable High-Speed Passenger Train Bond Act for the 21st~~
 30 ~~Century (Chapter 20 (commencing with Section 2704) of Division~~
 31 ~~3 of the Streets and Highways Code), and nondesignated bonds~~
 32 ~~under Proposition 1B, as defined in subdivision (c) of Section~~
 33 ~~16773.~~

34 (3) (A) ~~The Transportation Bond Direct Payment Account is~~
 35 ~~hereby created in the State Treasury, as a subaccount within the~~
 36 ~~Transportation Debt Service Fund, for the purpose of directly~~
 37 ~~paying the debt service, as defined in paragraph (4), of designated~~
 38 ~~bonds of Proposition 1B, as defined in subdivision (c) of Section~~
 39 ~~16773. Notwithstanding Section 13340, moneys in the~~
 40 ~~Transportation Bond Direct Payment Account are continuously~~

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

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

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

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

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

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

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

29 (C) Amounts payable under any contractual obligation of the
 30 state to repay advances and pay interest thereon under a credit
 31 enhancement or liquidity agreement as described in clause (iv) of
 32 subparagraph (B) of paragraph (1) of subdivision (d) of Section
 33 16731.

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

38 (b) From the moneys transferred to the fund pursuant to
 39 paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the
 40 Vehicle Code, there shall first be deposited into the Transportation

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

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

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

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

11 (e) ~~Once the required monthly deposit, including makeup of~~
12 ~~any shortfalls from any prior month, has been made pursuant to~~
13 ~~subdivision (b), from moneys transferred to the fund pursuant to~~
14 ~~paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the~~
15 ~~Vehicle Code, or pursuant to Section 16965.1 or 63048.67, the~~
16 ~~Controller shall transfer as an expenditure reduction to the General~~
17 ~~Fund any amount necessary to offset the eligible cost of current~~
18 ~~year debt service payments made from the General Fund with~~
19 ~~respect to any bonds issued pursuant to Proposition 108 (1990)~~
20 ~~and Proposition 1A (2008), and one-quarter of the amount of~~
21 ~~current year debt service payments made from the General Fund~~
22 ~~with respect to any nondesignated bonds, as defined in subdivision~~
23 ~~(e) of Section 16773, issued pursuant to Proposition 1B (2006).~~
24 ~~The Department of Finance shall notify the Controller by July 30~~
25 ~~of every year of the percentage of debt service that is expected to~~
26 ~~be paid in that fiscal year with respect to bond-funded projects that~~
27 ~~qualify as eligible guideway projects consistent with the~~
28 ~~requirements applicable to the expenditure of revenues under~~
29 ~~Article XIX of the California Constitution, and the Controller shall~~
30 ~~make payments only for those eligible projects. In the alternative,~~
31 ~~these funds may also be used to redeem or retire the applicable~~
32 ~~bonds, pursuant to Section 16774, maturing in a subsequent fiscal~~
33 ~~year as directed by the Director of Finance.~~

34 (f) ~~On or before the second business day following the date on~~
35 ~~which transfers are made to the Transportation Debt Service Fund,~~
36 ~~and after the required monthly deposits for that month, including~~
37 ~~makeup of any shortfalls from any prior month, have been made~~
38 ~~to the Transportation Bond Direct Payment Account, the Controller~~
39 ~~shall transfer the funds designated for reimbursement of bond debt~~
40 ~~service with respect to nondesignated bonds, as defined in~~

1 ~~subdivision (c) of Section 16773, and other bonds identified in~~
2 ~~subdivisions (d) and (e) in that month from the fund to the General~~
3 ~~Fund pursuant to this section.~~

4 ~~SEC. 2. Section 183.1 of the Streets and Highways Code is~~
5 ~~amended to read:~~

6 ~~183.1. Except as otherwise provided in Section 54237.7 of the~~
7 ~~Government Code, money deposited into the account that is not~~
8 ~~subject to Article XIX of the California Constitution, including,~~
9 ~~but not limited to, money that is derived from the sale of~~
10 ~~documents, charges for miscellaneous services to the public,~~
11 ~~condemnation deposits fund investments, rental of state property,~~
12 ~~or any other miscellaneous uses of property or money, shall be~~
13 ~~used solely for transportation expenditures consistent with Section~~
14 ~~2 of Article XIX of the California Constitution.~~