

AMENDED IN SENATE MAY 13, 2015
AMENDED IN SENATE APRIL 15, 2015
AMENDED IN SENATE MARCH 26, 2015
AMENDED IN SENATE MARCH 2, 2015

SENATE BILL

No. 16

Introduced by Senator Beall

December 1, 2014

An act to add Sections 14526.7, 14526.8, and 16321 to the Government Code, to amend Sections 7360, 10752, and 60050 ~~of of,~~ and to add Sections 7361.2, 7653.2, 60050.2, and 60201.4 to, the Revenue and Taxation Code, to add Section 2103.1 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

SB 16, as amended, Beall. Transportation funding.

(1) Existing law provides various ~~of~~ 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 provide for the program to be authorized every 5 years by the Legislature, and would provide that authorization for the 2015–16 through 2019–20 fiscal years. The bill would require the California Transportation Commission to identify the estimated funds to be available for the program and adopt performance criteria to ensure efficient use of the funds. 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 from a \$0.10 per gallon increase in the motor vehicle fuel (gasoline) tax imposed by the bill and \$0.10 of the \$0.12 per gallon increase in the diesel fuel excise tax imposed by the bill, *a \$0.10 per gallon storage tax on motor vehicle fuel and \$0.10 of a \$0.12 per gallon storage tax on diesel fuel imposed by the bill*, an increase of \$35 in the annual vehicle registration fee, a new \$100 annual vehicle registration fee applicable to zero-emission motor vehicles, as defined, commercial vehicle weight fees redirected over a 5-year period from debt service on general obligation transportation bonds, and repayment, over a 3-year period, of outstanding loans made in previous years from certain transportation funds to the General Fund.

The bill would continuously appropriate the funds in the account for road maintenance and rehabilitation purposes for each 5-year period in which the Legislature has authorized the program, and would, for those fiscal years, allocate 5% of available funds to counties that approve a transactions and use tax on or after July 1, 2015, 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.

This bill, in fiscal years in which the Road Maintenance and Rehabilitation Program is not reauthorized by the Legislature, would make inoperative the increases in the gasoline and diesel excise tax rates and the \$35 increase in the vehicle registration fee imposed by the bill. The bill, in those fiscal years, would also provide for the deposit of revenues from the \$100 vehicle registration fee applicable to zero-emission vehicles, and weight fee revenues, in the State Highway Account, to be used for purposes of maintaining the state highway system or the state highway operation and protection program.

(2) 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 transfer revenues from \$0.02 of the \$0.12 increase in the diesel fuel excise tax *and revenues attributable to \$0.02 of the \$0.12 per gallon storage tax on diesel fuel* to the Trade Corridors ~~Investment~~ *Improvement* Fund for expenditure on eligible projects. As with the remainder of the gasoline and diesel fuel tax increases imposed by this bill, ~~this the \$0.02~~ portion of the diesel fuel excise tax increase would be inoperative in fiscal years in which the Road Maintenance and Rehabilitation Program in (1) is not reauthorized.

(3) Existing law imposes a vehicle license fee, in lieu of property tax, on motor vehicles based on market value, at a rate of 0.65%. Pursuant to Article XI of the California Constitution, vehicle license fee revenues at the 0.65% rate are required to be allocated to cities and counties.

This bill would incrementally increase the vehicle license fee to a rate of 1%, over a 5-year period beginning July 1, 2015, with the revenues above the 0.65% rate to be deposited in the General Fund and used for transportation general obligation bond debt service.

(4) 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~~ *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~~ *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.

(5) Existing law requires the Department of Transportation to prepare and submit to the Governor a proposed budget and to develop budgeting, accounting, fiscal control, and management information systems to provide budget oversight.

This bill, by April 1, 2016, would require the department to present to the California Transportation ~~commission~~ *Commission* a plan to increase department efficiency by up to 30% over the subsequent 3 years, with the ongoing savings to result in increased capital expenditures in the state highway operation and protection program or an increase in the state highway maintenance program.

(6) 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.

1 (d) California motorists are spending \$17 billion annually in
2 extra maintenance and car repair bills, which is more than \$700
3 per driver, due to the state’s poorly maintained roads.

4 (e) Failing to act now to address this growing problem means
5 that more drastic measures will be required to maintain our system
6 in the future, essentially passing the burden on to future generations
7 instead of doing our job today.

8 (f) A five-year funding program will help address a portion of
9 the maintenance backlog on the state’s road system and will stop
10 the growth of the problem until a longer term solution can be
11 created.

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

15 (h) Improving the condition of the state’s road system will have
16 a positive impact on the economy as it lowers the transportation
17 costs of doing business, reduces congestion impacts for employees,
18 and protects property values in the state.

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

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

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

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.

1 SEC. 3. Section 14526.8 is added to the Government Code, to
2 read:

3 14526.8. (a) On or before April 1, 2016, the department shall
4 present to the commission a plan to increase department efficiency
5 by up to 30 percent over the subsequent three years. The ongoing
6 savings experienced through this increased efficiency shall result
7 in increased capital expenditures in the department’s state highway
8 operation and protection program or an increase in the department’s
9 state highway maintenance program.

10 (b) The commission shall consider the reasonableness of the
11 proposal, and may approve the entire plan or reject all or portions
12 of the plan. The commission’s feedback is intended to ensure that
13 the department is achieving the savings in the most responsible
14 way possible.

15 (c) All future state highway operation and protection program
16 documents shall identify the increased funding available to the
17 program as a result of the efficiencies realized due to the
18 implementation of the plan.

19 SEC. 4. Section 16321 is added to the Government Code, to
20 read:

21 16321. (a) Notwithstanding any other law, on or before March
22 1, 2016, the Department of Finance shall compute the amount of
23 outstanding loans made from the State Highway Account, the
24 Motor Vehicle Fuel Account, the Highway Users Tax Account,
25 and the Motor Vehicle Account to the General Fund. The
26 department shall prepare a loan repayment schedule, pursuant to
27 which the outstanding loans shall be repaid to the accounts from
28 which the loans were made, as follows:

29 (1) On or before June 30, 2016, 33 percent of the outstanding
30 loan amounts.

31 (2) On or before June 30, 2017, 33 percent of the outstanding
32 loan amounts.

33 (3) On or before June 30, 2018, 34 percent of the outstanding
34 loan amounts.

35 (b) Notwithstanding any other provision of law, as the loans are
36 repaid pursuant to this section, the repaid funds shall be transferred
37 to the Road Maintenance and Rehabilitation Account created
38 pursuant to Section 2031 of the Streets and Highways Code.

39 (c) Funds for loan repayments pursuant to this section shall be
40 appropriated from the Budget Stabilization Account pursuant to

1 subclause (II) of clause (ii) of subparagraph (B) of paragraph (1)
2 of subdivision (c) of Section 20 of Article XVI of the California
3 Constitution.

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

6 7360. (a) (1) (A) A tax of eighteen cents (\$0.18) is hereby
7 imposed upon each gallon of fuel subject to the tax in Sections
8 7362, 7363, and 7364.

9 (B) In addition to the tax imposed pursuant to subparagraph
10 (A), *on and after the 61st date after the effective date of the act*
11 *amending this section*, a tax of ten cents (\$0.10) is hereby imposed
12 upon each gallon of fuel subject to the tax in Sections 7362, 7363,
13 and 7364. This subparagraph shall be inoperative in any fiscal year
14 in which the Road Maintenance and Rehabilitation Program has
15 not been authorized, pursuant to subdivision (b) of Section 2030
16 of the Streets and Highways Code.

17 (2) If the federal fuel tax is reduced below the rate of nine cents
18 (\$0.09) per gallon and federal financial allocations to this state for
19 highway and exclusive public mass transit guideway purposes are
20 reduced or eliminated correspondingly, the tax rate imposed by
21 subparagraph (A) of paragraph (1), on and after the date of the
22 reduction, shall be recalculated by an amount so that the combined
23 state rate under subparagraph (A) of paragraph (1) and the federal
24 tax rate per gallon equal twenty-seven cents (\$0.27).

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

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

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

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

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

12 *SEC. 6. Section 7361.2 is added to the Revenue and Taxation*
13 *Code, to read:*

14 *7361.2. (a) For the privilege of storing, for the purpose of*
15 *sale, each supplier, wholesaler, and retailer owning 1,000 or more*
16 *gallons of tax-paid motor vehicle fuel on the 61st date after the*
17 *effective date of the act adding this section shall pay a storage tax*
18 *of ten cents (\$0.10) per gallon of tax-paid motor vehicle fuel in*
19 *storage according to the volumetric measure thereof.*

20 *(b) For purposes of this section:*

21 *(1) "Owning" means having title to the motor vehicle fuel.*

22 *(2) "Retailer" means any person who sells motor vehicle fuel*
23 *in this state to a person who subsequently uses the motor vehicle*
24 *fuel.*

25 *(3) "Storing" includes the ownership or possession of tax-paid*
26 *motor vehicle fuel outside of the bulk transfer/terminal system,*
27 *including the holding of tax-paid motor vehicle fuel for sale at*
28 *wholesale or retail locations stored in a container of any kind,*
29 *including railroad tank cars and trucks or trailer cargo tanks.*
30 *"Storing" also includes tax-paid motor vehicle fuel purchased*
31 *from and invoiced by the seller, and tax-paid motor vehicle fuel*
32 *removed from a terminal or entered into by a supplier, prior to*
33 *the date specified in subdivision (a) and in transit on that date.*

34 *(4) "Wholesaler" means any person who sells motor vehicle*
35 *fuel in this state for resale to a retailer or to a person who is not*
36 *a retailer and subsequently uses the motor vehicle fuel.*

37 *SEC. 7. Section 7653.2 is added to the Revenue and Taxation*
38 *Code, to read:*

39 *7653.2. On or before the 121st date after the effective date of*
40 *the act adding this section, each person subject to the storage tax*

1 *imposed under Section 7361.2 shall prepare and file with the*
2 *board, in a form prescribed by the board, a return showing the*
3 *total number of gallons of tax-paid motor vehicle fuel owned by*
4 *the person on the 61st date after the effective date of the act adding*
5 *this section, the amount of the storage tax, and any other*
6 *information that the board deems necessary for the proper*
7 *administration of this part. The return shall be accompanied by a*
8 *remittance payable to the Controller in the amount of tax due.*

9 ~~SEC. 6.~~

10 SEC. 8. Section 10752 of the Revenue and Taxation Code is
11 amended to read:

12 10752. (a) The annual amount of the license fee for any
13 vehicle, other than a trailer or semitrailer, as described in
14 subdivision (a) of Section 5014.1 of the Vehicle Code or a
15 commercial motor vehicle described in Section 9400.1 of the
16 Vehicle Code, or a trailer coach that is required to be moved under
17 permit as authorized in Section 35790 of the Vehicle Code, shall
18 be a sum equal to the following percentage of the market value of
19 the vehicle as determined by the department:

20 (1) Sixty-five hundredths of 1 percent on and after January 1,
21 2005, and before May 19, 2009.

22 (2) One percent for initial and renewal registrations due on and
23 after May 19, 2009, but before July 1, 2011.

24 (3) Sixty-five hundredths of 1 percent for initial and renewal
25 registrations due on and after July 1, 2011, but before July 1, 2015.

26 (4) Seventy-two hundredths of 1 percent for initial and renewal
27 registrations due on and after July 1, 2015, but before July 1, 2016.

28 (5) Seventy-nine hundredths of 1 percent for initial and renewal
29 registrations due on and after July 1, 2016, but before July 1, 2017.

30 (6) Eighty-six hundredths of 1 percent for initial and renewal
31 registrations due on and after July 1, 2017, but before July 1, 2018.

32 (7) Ninety-three hundredths of 1 percent for initial and renewal
33 registrations due on and after July 1, 2018, but before July 1, 2019.

34 (8) One percent for initial and renewal registrations due on and
35 after July 1, 2019.

36 (b) The annual amount of the license fee for any commercial
37 vehicle as described in Section 9400.1 of the Vehicle Code, shall
38 be a sum equal to 0.65 percent of the market value of the vehicle
39 as determined by the department.

1 (c) Notwithstanding Chapter 5 (commencing with Section
2 11001) or any other law to the contrary, all revenues (including
3 penalties), less refunds, attributable to that portion of the rate
4 imposed pursuant to this section in excess of 0.65 percent shall be
5 deposited into the General Fund and shall be used for debt service
6 on transportation general obligation bonds.

7 ~~SEC. 7.~~

8 *SEC. 9.* Section 60050 of the Revenue and Taxation Code is
9 amended to read:

10 60050. (a) (1) A tax of eighteen cents (\$0.18) is hereby
11 imposed upon each gallon of diesel fuel subject to the tax in
12 Sections 60051, 60052, and 60058.

13 (2) If the federal fuel tax is reduced below the rate of fifteen
14 cents (\$0.15) per gallon and federal financial allocations to this
15 state for highway and exclusive public mass transit guideway
16 purposes are reduced or eliminated correspondingly, the tax rate
17 imposed by paragraph (1), including any reduction or adjustment
18 pursuant to subdivision (b), on and after the date of the reduction,
19 shall be increased by an amount so that the combined state rate
20 under paragraph (1) and the federal tax rate per gallon equal what
21 it would have been in the absence of the federal reduction.

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

25 (b) (1) On July 1, 2011, the tax rate specified in paragraph (1)
26 of subdivision (a) shall be reduced to thirteen cents (\$0.13) and
27 every July 1 thereafter shall be adjusted pursuant to paragraphs
28 (2) and (3).

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

37 (3) In order to maintain revenue neutrality for each year,
38 beginning with the rate adjustment on or before March 1, 2013,
39 the adjustment under paragraph (2) shall take into account the
40 extent to which the actual amount of revenues derived pursuant to

1 Sections 6051.8 and 6201.8 and the revenue loss attributable to
2 this subdivision resulted in a net revenue gain or loss for the fiscal
3 year ending prior to the rate adjustment date on or before March
4 1.

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

8 (c) In addition to the tax imposed pursuant to subdivisions (a)
9 and (b), *on and after the 61st date after the effective date of the*
10 *act amending this section*, an additional tax of twelve cents (\$0.12)
11 is hereby imposed upon each gallon of diesel fuel subject to the
12 tax in Sections 60051, 60052, and 60058. This subdivision shall
13 be inoperative in any fiscal year in which the Road Maintenance
14 and Rehabilitation Program has not been authorized, pursuant to
15 subdivision (b) of Section 2030 of the Streets and Highways Code.

16 *SEC. 10. Section 60050.2 is added to the Revenue and Taxation*
17 *Code, to read:*

18 *60050.2. (a) For the privilege of storing, for the purpose of*
19 *sale, each supplier, wholesaler, and retailer owning 1,000 or more*
20 *gallons of tax-paid diesel fuel on the 61st date after the effective*
21 *date of the act adding this section shall pay a storage tax of twelve*
22 *cents (\$0.12) per gallon of tax-paid diesel fuel in storage according*
23 *to the volumetric measure thereof.*

24 *(b) For purposes of this section:*

25 *(1) "Owning" means having title to the diesel fuel.*

26 *(2) "Retailer" means any person who sells diesel fuel in this*
27 *state to a person who subsequently uses the diesel fuel.*

28 *(3) "Storing" includes the ownership or possession of tax-paid*
29 *diesel fuel outside of the bulk transfer/terminal system, including*
30 *the holding of tax-paid diesel fuel for sale at wholesale or retail*
31 *locations stored in a container of any kind, including railroad tank*
32 *cars and trucks or trailer cargo tanks. "Storing" also includes*
33 *tax-paid diesel fuel purchased from and invoiced by the seller, and*
34 *tax-paid diesel fuel removed from a terminal or entered into by a*
35 *supplier, prior to the date specified in subdivision (a) and in transit*
36 *on that date.*

37 *(4) "Wholesaler" means any person who sells diesel fuel in this*
38 *state for resale to a retailer or to a person who is not a retailer*
39 *and subsequently uses the diesel fuel.*

1 SEC. 11. Section 60201.4 is added to the Revenue and Taxation
2 Code, to read:

3 60201.4. On or before the 121st date after the effective date
4 of the act adding this section, each person subject to the storage
5 tax imposed under Section 60050.2 shall prepare and file with the
6 board, in a form prescribed by the board, a return showing the
7 total number of gallons of tax-paid diesel fuel owned by the person
8 on the 61st date after the effective date of the act adding this
9 section, the amount of the storage tax, and any other information
10 that the board deems necessary for the proper administration of
11 this part. The return shall be accompanied by a remittance payable
12 to the Controller in the amount of tax due.

13 ~~SEC. 8.~~

14 SEC. 12. Chapter 2 (commencing with Section 2030) is added
15 to Division 3 of the Streets and Highways Code, to read:

16
17 CHAPTER 2. ROAD MAINTENANCE AND REHABILITATION
18 PROGRAM
19

20 2030. (a) The Road Maintenance and Rehabilitation Program
21 is hereby created to address deferred maintenance on the state
22 highway system and the local street and road system. Funds made
23 available by the program shall be prioritized for expenditure on
24 basic road maintenance and road rehabilitation projects, and on
25 critical safety projects. The program shall be subject to
26 reauthorization every five years by the Legislature. The California
27 Transportation Commission shall identify the estimated funds to
28 be available pursuant to this chapter for the program during any
29 authorized five-year period, and shall adopt performance criteria
30 to ensure efficient use of the funds.

31 (b) The Legislature hereby authorizes the program for the
32 2015–16 to 2019–20 fiscal years, inclusive.

33 (c) If the Legislature does not reauthorize the program beyond
34 the 2019–20 fiscal year, the increases in excise tax rates for motor
35 vehicle fuel and diesel fuel associated with the revenues referenced
36 in subdivision (a) of Section 2031, and the increase in the vehicle
37 registration fee referenced in Section 9250.3 of the Vehicle Code,
38 shall terminate at the end of the 2019–20 fiscal year.

1 2031. The following revenues shall be deposited in the Road
2 Maintenance and Rehabilitation Account, which is hereby created
3 in the State Transportation Fund:

4 (a) (1) The revenues from the increase in the motor vehicle
5 fuel excise tax by ten cents (\$0.10) per gallon and the revenues
6 from ten cents (\$0.10) per gallon of the increase in the diesel fuel
7 excise tax by twelve cents (\$0.12) per gallon, as provided in
8 Section 2103.1.

9 (2) *The revenues attributable to the storage tax imposed*
10 *pursuant to Section 7361.2 of the Revenue and Taxation Code and*
11 *the revenues attributable to ten cents (\$0.10) of the storage tax*
12 *per gallon of tax-paid diesel fuel imposed by Section 60050.2 of*
13 *the Revenue and Taxation Code, as provided in Section 2103.1.*

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

16 (c) The revenues from the increase in the vehicle registration
17 fee pursuant to Section 9250.6 of the Vehicle Code, except as
18 provided in paragraph (2) of subdivision (b) of that section.

19 (d) The revenues from vehicle weight fees redirected from
20 transportation bond debt service to the State Highway Account,
21 pursuant to the schedule set forth in subdivision (a) of Section
22 9400.5 of the Vehicle Code.

23 (e) The revenues from repayment of loans made from the State
24 Highway Account, the Motor Vehicle Fuel Account, the Highway
25 Users Tax Account, and the Motor Vehicle Account to the General
26 Fund, pursuant to the schedule set forth in Section 16321 of the
27 Government Code.

28 (f) Any other revenues designated for the program.

29 2032. (a) Five percent of the revenues deposited in the Road
30 Maintenance and Rehabilitation Account for the period of fiscal
31 years specified in subdivision (b) of Section 2030 shall be set aside
32 for counties in which voters approve, on or after July 1, 2015, a
33 transactions and use tax for transportation purposes, and which
34 counties did not, prior to that approval, impose a transactions and
35 use tax for those purposes. The funds available under this
36 subdivision in each fiscal year are hereby continuously appropriated
37 for allocation to each eligible county and each city in the county
38 for road maintenance and rehabilitation purposes pursuant to
39 Section 2035. However, funds remaining unallocated under this

1 subdivision in any fiscal year shall be reallocated on the last day
2 of the fiscal year pursuant to subdivision (b).

3 (b) The remaining revenues deposited in the Road Maintenance
4 and Rehabilitation Account for the period of fiscal years specified
5 in subdivision (b) of Section 2030, including the revenues
6 reallocated for the purposes of this subdivision pursuant to
7 subdivision (a), are hereby continuously appropriated for road
8 maintenance and rehabilitation purposes under the program, as
9 follows:

10 (1) Fifty percent for allocation to the department for maintenance
11 of the state highway system or for purposes of the state highway
12 operation and protection program.

13 (2) Fifty percent for apportionment to cities and counties by the
14 Controller pursuant to the formula in subparagraph (C) of
15 paragraph (3) of subdivision (a) of Section 2103 for the purposes
16 authorized by this chapter, subject to subdivision (d) of Section
17 2033 and paragraph (2) of subdivision (a) of Section 2034.

18 2033. (a) The commission shall annually evaluate each agency
19 receiving funds pursuant to this chapter.

20 (b) For each fiscal year in which the department receives an
21 allocation of funds pursuant to Section 2032, the department shall
22 submit documentation to the commission that includes a description
23 and the location of each completed project, the amount of funds
24 expended on the project, the completion date, and the project's
25 estimated useful life. The commission shall evaluate the
26 documentation to determine the effectiveness of the department
27 in reducing deferred maintenance and improving road conditions
28 on the state highway system, and may withhold future funding
29 from the department if it determines that program funds have not
30 been appropriately spent.

31 (c) For each fiscal year in which an agency receives an
32 apportionment of funds pursuant to subdivision (a) or paragraph
33 (2) of subdivision (b) of Section 2032, the commission shall
34 evaluate the documentation submitted pursuant to subdivision (b)
35 of Section 2034 to determine the effectiveness of the agency in
36 reducing deferred maintenance and improving road conditions
37 within its jurisdiction.

38 (d) If the commission determines, with respect to any given
39 fiscal year, that a local agency has not appropriately spent its
40 apportionment of funds, the commission shall direct the Controller

1 to make that agency ineligible to receive an apportionment during
2 the next fiscal year. The Controller shall reapportion that agency's
3 share of funds to all other eligible local agencies pursuant to
4 paragraph (2) of subdivision (b) of Section 2032.

5 (e) The commission shall include a discussion of its evaluations
6 pursuant to this section in its annual report to the Legislature
7 pursuant to Section 14535 of the Government Code.

8 2034. (a) (1) Prior to receiving an apportionment of funds
9 under the program pursuant to paragraph (2) of subdivision (b) of
10 Section 2032 from the Controller in a fiscal year, an eligible local
11 agency shall submit to the commission a list of projects proposed
12 to be funded with these funds pursuant to an adopted city, county,
13 or city and county budget. All projects proposed to receive funding
14 shall be included in a city, county, or city and county budget that
15 is adopted by the applicable city council or board of supervisors
16 at a regular public meeting. The list of projects proposed to be
17 funded with these funds shall include a description and the location
18 of each proposed project, a proposed schedule for the project's
19 completion, and the estimated useful life of the improvement. The
20 project list shall not limit the flexibility of an eligible local agency
21 to fund projects in accordance with local needs and priorities so
22 long as the projects are consistent with subdivision (d).

23 (2) The commission shall report to the Controller the local
24 agencies that have submitted a list of projects as described in this
25 subdivision and that are therefore eligible to receive an
26 apportionment of funds under the program for the applicable fiscal
27 year. The Controller, upon receipt of the report, shall apportion
28 funds to eligible local agencies.

29 (b) For each fiscal year, each local agency receiving an
30 apportionment of funds shall, upon expending program funds,
31 submit documentation to the commission that includes a description
32 and location of each completed project, the amount of funds
33 expended on the project, the completion date, and the project's
34 estimated useful life. The documentation shall also include a
35 comparison of the projects the local agency would have completed
36 without receiving funds under the program compared with the
37 projects completed with these funds.

38 (c) The documentation provided pursuant to subdivision (b)
39 shall be forwarded by the commission to the department, in a
40 manner and form approved by the department, at the end of each

1 fiscal year as long as program funds remain available for
2 expenditure. The department may post the information contained
3 in the documentation on its Internet Web site.

4 (d) Funds made available to a local agency under the program
5 shall be used for improvements to transportation facilities that will
6 assist in reducing further deterioration of the existing road system.
7 These improvements may include, but need not be limited to,
8 pavement maintenance, rehabilitation, installation, construction,
9 and reconstruction of necessary associated facilities such as
10 drainage and traffic control devices, or safety projects to reduce
11 fatalities. Funds made available under the program may also be
12 used to satisfy the local match requirement in order to obtain state
13 or federal transportation funds for similar purposes.

14 2035. (a) On or before July 1, 2016, the commission, in
15 cooperation with the department, transportation planning agencies,
16 county transportation commissions, and other local agencies, shall
17 develop guidelines for the allocation of funds pursuant to
18 subdivision (a) of Section 2032.

19 (b) The guidelines shall be the complete and full statement of
20 the policy, standards, and criteria that the commission intends to
21 use to determine how these funds will be allocated.

22 (c) The commission may amend the adopted guidelines after
23 conducting at least one public hearing.

24 2036. (a) Cities and counties shall maintain their existing
25 commitment of local funds for street, road, and highway purposes
26 in order to remain eligible for an allocation or apportionment of
27 funds pursuant to Section 2032.

28 (b) In order to receive an allocation or apportionment pursuant
29 to Section 2032, the city or county shall annually expend from its
30 general fund for street, road, and highway purposes an amount not
31 less than the annual average of its expenditures from its general
32 fund during the 2009–10, 2010–11, and 2011–12 fiscal years, as
33 reported to the Controller pursuant to Section 2151. For purposes
34 of this subdivision, in calculating a city's or county's annual
35 general fund expenditures and its average general fund expenditures
36 for the 2009–10, 2010–11, and 2011–12 fiscal years, any
37 unrestricted funds that the city or county may expend at its
38 discretion, including vehicle in-lieu tax revenues and revenues
39 from fines and forfeitures, expended for street, road, and highway
40 purposes shall be considered expenditures from the general fund.

1 One-time allocations that have been expended for street and
2 highway purposes, but which may not be available on an ongoing
3 basis, including revenue provided under the Teeter Plan Bond Law
4 of 1994 (Chapter 6.6 (commencing with Section 54773) of Part 1
5 of Division 2 of Title 5 of the Government Code), may not be
6 considered when calculating a city's or county's annual general
7 fund expenditures.

8 (c) For any city incorporated after July 1, 2009, the Controller
9 shall calculate an annual average of expenditure for the period
10 between July 1, 2009, and December 31, 2015, inclusive, that the
11 city was incorporated.

12 (d) For purposes of subdivision (b), the Controller may request
13 fiscal data from cities and counties in addition to data provided
14 pursuant to Section 2151, for the 2009–10, 2010–11, and 2011–12
15 fiscal years. Each city and county shall furnish the data to the
16 Controller not later than 120 days after receiving the request. The
17 Controller may withhold payment to cities and counties that do
18 not comply with the request for information or that provide
19 incomplete data.

20 (e) The Controller may perform audits to ensure compliance
21 with subdivision (b) when deemed necessary. Any city or county
22 that has not complied with subdivision (b) shall reimburse the state
23 for the funds it received during that fiscal year. Any funds withheld
24 or returned as a result of a failure to comply with subdivision (b)
25 shall be reapportioned to the other counties and cities whose
26 expenditures are in compliance.

27 (f) If a city or county fails to comply with the requirements of
28 subdivision (b) in a particular fiscal year, the city or county may
29 expend during that fiscal year and the following fiscal year a total
30 amount that is not less than the total amount required to be
31 expended for those fiscal years for purposes of complying with
32 subdivision (b).

33 ~~SEC. 9.~~

34 *SEC. 13.* Section 2103.1 is added to the Streets and Highways
35 Code, to read:

36 2103.1. (a) Notwithstanding subdivision (b) of Section 2103,
37 the portion of the revenues in the Highway Users Tax Account
38 attributable to the increase in the tax rate on motor vehicle fuel by
39 ten cents (\$0.10) per gallon pursuant to subdivision (a) of Section
40 7360 of the Revenue and Taxation Code and the increase in the

1 tax rate by twelve cents (\$0.12) per gallon on diesel fuel pursuant
2 to subdivision (c) of Section 60050 of the Revenue and Taxation
3 Code, as amended by the act adding this section, shall be deposited
4 in the Road Maintenance and Rehabilitation Account created
5 pursuant to Section 2031, except that the portion of the revenues
6 attributable to two cents (\$0.02) of the increase in the tax rate on
7 diesel fuel shall be deposited in the Trade Corridors Improvement
8 Fund for expenditure pursuant to Section 2192.

9 *(b) The portion of the revenues in the Highway Users Tax*
10 *Account attributable to the storage tax imposed pursuant to Section*
11 *7361.2 of the Revenue and Taxation Code and the storage tax*
12 *imposed pursuant to Section 60050.2 of the Revenue and Taxation*
13 *Code shall be deposited in the Road Maintenance and*
14 *Rehabilitation Account created pursuant to Section 2031, except*
15 *that the portion of the revenues attributable to two cents (\$0.02)*
16 *of the storage tax per gallon of tax-paid diesel fuel imposed by*
17 *Section 60050.2 of the Revenue and Taxation Code shall be*
18 *deposited in the Trade Corridors Improvement Fund for*
19 *expenditure pursuant to Section 2192.*

20 ~~SEC. 10.~~

21 *SEC. 14.* Section 9250.3 is added to the Vehicle Code, to read:

22 9250.3. (a) In addition to any other fees specified in this code
23 or the Revenue and Taxation Code, a registration fee of thirty-five
24 dollars (\$35) shall be paid to the department for registration or
25 renewal of registration of every vehicle subject to registration
26 under this code, except those vehicles that are expressly exempted
27 under this code from payment of registration fees.

28 (b) (1) For any year in which the Road Maintenance and
29 Rehabilitation Program is authorized pursuant to subdivision (b)
30 of Section 2030 of the Streets and Highways Code, revenues from
31 the fee shall be deposited in the Road Maintenance and
32 Rehabilitation Account created pursuant to Section 2031 of the
33 Streets and Highways Code.

34 (2) For any year in which the Legislature does not reauthorize
35 the Road Maintenance and Rehabilitation Program, this section
36 shall be inoperative.

37 ~~SEC. 11.~~

38 *SEC. 15.* Section 9250.6 is added to the Vehicle Code, to read:

39 9250.6. (a) In addition to any other fees specified in this code
40 or in the Revenue and Taxation Code, a registration fee of one

1 hundred dollars (\$100) shall be paid to the department for
2 registration or renewal of registration of every zero-emission motor
3 vehicle subject to registration under this code, except those motor
4 vehicles that are expressly exempted under this code from payment
5 of registration fees.

6 (b) (1) For any year in which the Road Maintenance and
7 Rehabilitation Program is authorized pursuant to subdivision (b)
8 of Section 2030 of the Streets and Highways Code, revenues from
9 the fee shall be deposited in the Road Maintenance and
10 Rehabilitation Account created pursuant to Section 2031 of the
11 Streets and Highways Code.

12 (2) For any year in which the Legislature does not reauthorize
13 the Road Maintenance and Rehabilitation Program, revenues from
14 the fee shall be deposited in the State Highway Account to be used
15 for purposes of maintaining the state highway system or the state
16 highway operation and protection program.

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

19 (d) For purposes of this section, “zero-emission motor vehicle”
20 means a motor vehicle as described in subdivisions (c) and (d) of
21 Section 44258 of the Health and Safety Code, or any other motor
22 vehicle that is able to operate on any fuel other than gasoline or
23 diesel fuel.

24 ~~SEC. 12.~~

25 *SEC. 16.* Section 9400.5 is added to the Vehicle Code, to read:

26 9400.5. (a) Notwithstanding Sections 9400.1, 9400.4, and
27 42205 of this code, Sections 16773 and 16965 of the Government
28 Code, Section 2103 of the Streets and Highways Code, or any
29 other law, the amount of weight fee revenues otherwise to be
30 transferred from the State Highway Account to the Transportation
31 Debt Service Fund, the Transportation Bond Direct Payment
32 Account, or any other fund or account for the purpose of payment
33 of the debt service on transportation general obligation bonds, or
34 for the purpose of being loaned to the General Fund, shall be
35 reduced pursuant to the following schedule, with the applicable
36 revenues thereby retained in the State Highway Account to be
37 transferred to the Road Maintenance and Rehabilitation Account
38 created pursuant to Section 2031 of the Streets and Highways
39 Code:

40 (1) For the 2015–16 fiscal year, by 20 percent.

- 1 (2) For the 2016–17 fiscal year, by 40 percent.
- 2 (3) For the 2017–18 fiscal year, by 60 percent.
- 3 (4) For the 2018–19 fiscal year, by 80 percent.
- 4 (5) For the 2019–20 fiscal year and in each subsequent fiscal
- 5 year thereafter, by 100 percent.

6 (b) For any year in which the Legislature does not reauthorize
 7 the Road Maintenance and Rehabilitation Program, pursuant to
 8 subdivision (b) of Section 2030 of the Streets and Highways Code,
 9 the revenues described in subdivision (a) shall be retained in the
 10 State Highway Account to be used for purposes of maintaining
 11 the state highway system or the state highway operation and
 12 protection program.

13 ~~SEC. 13.~~

14 *SEC. 17.* This act is an urgency statute necessary for the
 15 immediate preservation of the public peace, health, or safety within
 16 the meaning of Article IV of the Constitution and shall go into
 17 immediate effect. The facts constituting the necessity are:

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