

AMENDED IN SENATE MARCH 14, 2000
AMENDED IN SENATE JANUARY 6, 2000
AMENDED IN SENATE JUNE 22, 1999
AMENDED IN ASSEMBLY MAY 28, 1999
AMENDED IN ASSEMBLY APRIL 6, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 1612

Introduced by Assembly Members Torlakson and Florez
(Principal coauthor: Assembly Member Longville)
(Principal coauthor: Senator Karnette)

February 26, 1999

An act to add Section 12435 to the Government Code, *and to add Section 7104 to the Revenue and Taxation Code*, relating to transportation, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1612, as amended, Torlakson. Transportation: ~~congestion—relief~~ *transit assistance*: local ~~road~~ *street* improvement.

The Sales and Use Tax Law provides for the allocation of the revenues derived from the taxes imposed under that law for various specific purposes, with the balance being allocated to the General Fund. It specifically provides for the allocation to the Public Transportation Account in the State Transportation Fund of those state sales and use tax revenues

derived from the application of sales and use tax to that portion of the price of motor vehicle fuel resulting from the increase after December 31, 1989, in the rate of state motor vehicle fuel taxes.

This bill would create the ~~Transportation Congestion Relief and Local Road Improvement~~ *Neighborhood Street Improvement and Transit Assistance* Account (hereafter the *first* account) as a continuously appropriated account in the State Transportation Fund.

The bill would require the Controller to transfer, ~~on a quarterly basis,~~ the amount of ~~\$100,000,000~~ *\$200,000,000 per year* from the General Fund to the *first* account, *as specified*, and would thereby make an appropriation. This provision would not apply in any quarter during which the Governor has proclaimed a state of emergency and declared that the emergency will result in a significant negative fiscal impact to the General Fund.

The bill would require the Controller to allocate the money in the *first* account on a quarterly basis, except as specified, with 50% allocated to the Public Transportation Account, 25% allocated to counties, including a city and county, in accordance with certain formulas, and 25% allocated to cities, including a city and county, apportioned among the cities in the proportion that the total population of the city bears to the total population of all the cities in the state.

The bill would create the Neighborhood Street Improvement Account (hereafter the second account) as a continuously appropriated account in the State Transportation Fund.

The bill would require the State Board of Equalization, in consultation with the Department of Finance, to estimate, on a quarterly basis, the revenues, less refunds, derived during the previous quarter from application of sales and use tax to that portion of the price of motor vehicle fuel resulting from imposition of the federal tax on gasoline and imposition of the tax on motor vehicle fuel under the Motor Vehicle Fuel License Tax Law. The estimate would not include the revenues derived from the application of sales and use tax to that portion of the price of motor vehicle fuel resulting from the increase after December 31, 1989, in the rate of state



motor vehicle fuel taxes. The bill would require the board to inform the Controller, in writing, of the amount estimated as specified.

The bill would require the Controller to transfer, on a quarterly basis, the amount estimated as specified above from the General Fund to the second account, and would thereby make an appropriation. This provision would not apply in any quarter during which the Governor has proclaimed a state of emergency and declared that the emergency will result in a significant negative fiscal impact to the General Fund.

The bill would require the Controller to allocate the money in the second account on a quarterly basis, with 50% allocated to counties, including a city and county, in accordance with certain formulas, and 50% allocated to cities, including a city and county, apportioned among the cities in the proportion that the total population of the city bears to the total population of all the cities in the state.

The provisions of the bill would become operative on the date that Senate Constitutional Amendment 3 of the 1999–2000 Regular Session is approved by the voters to authorize the imposition of an additional sales and use tax for the funding of transportation in certain counties.

Vote: 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. *This act shall be known and may be cited*
2 *as the Neighborhood Street Improvement and Transit*
3 *Assistance Act.*

4 SEC. 2. Section 12435 is added to the Government
5 Code, to read:

6 ~~12435. (a) The Transportation Congestion Relief and~~
7 ~~Local Road Improvement Account is hereby created in~~

8 12435. (a) *The Neighborhood Street Improvement*
9 *and Transit Assistance Account is hereby created in the*
10 *State Transportation Fund. Notwithstanding Section*
11 *13340, all money in the account is hereby continuously*
12 *appropriated, without regard to fiscal years, to the*



1 Controller for allocation in accordance with subdivision
2 (c).

3 (b) Except as provided in subdivision (f), the
4 ~~Controller shall transfer, on a quarterly basis, the amount~~
5 ~~of one hundred million dollars (\$100,000,000) from the~~
6 ~~General Fund to the account.~~ *Controller shall transfer the*
7 *amount of two hundred million dollars (\$200,000,000) per*
8 *year from the General Fund to the account. The transfers*
9 *shall be made on a quarterly basis, with four transfers of*
10 *fifty million dollars (\$50,000,000) each per year.*

11 (c) The Controller shall allocate the money in the
12 account on a quarterly basis as follows:

13 (1) Fifty percent to the Public Transportation
14 Account, a trust fund in the State Transportation Fund.
15 *Funds transferred under this paragraph shall be*
16 *appropriated by the Legislature as follows:*

17 (A) *To the Department of Transportation, 50 percent*
18 *for purposes of subdivision (a) or (b) of Section 99315 of*
19 *the Public Utilities Code.*

20 (B) *To the Controller, 25 percent for allocation*
21 *pursuant to Section 99314 of the Public Utilities Code.*
22 *Funds allocated under this subparagraph shall be subject*
23 *to all of the provisions governing funds allocated under*
24 *Section 99314 of the Public Utilities Code.*

25 (C) *To the Controller, 25 percent for allocation*
26 *pursuant to Section 99313 of the Public Utilities Code.*
27 *Funds allocated under this subparagraph shall be subject*
28 *to all of the provisions governing funds allocated under*
29 *Section 99313 of the Public Utilities Code.*

30 (2) Twenty-five percent to counties, including a city
31 and county, in accordance with the following formulas:

32 (A) Seventy-five percent of the funds payable under
33 this paragraph shall be apportioned among the counties
34 in the proportion that the number of fee-paid and exempt
35 vehicles that are registered in the county bears to the
36 number of fee-paid and exempt vehicles registered in the
37 state.

38 (B) Twenty-five percent of the funds payable under
39 this paragraph shall be apportioned among the counties
40 in the proportion that the number of miles of maintained



1 county roads in each county bears to the total number of
2 miles of maintained county roads in the state. For the
3 purposes of apportioning funds under this subparagraph,
4 any roads within the boundaries of a city and county that
5 are not state highways shall be deemed to be county
6 roads.

7 (3) Twenty-five percent to cities, including a city and
8 county, apportioned among the cities in the proportion
9 that the total population of the city bears to the total
10 population of all the cities in the state.

11 (d) Funds received under *paragraph (2) or (3) of*
12 *subdivision (c)* shall be deposited as follows in order to
13 avoid the commingling of those funds with other local
14 funds:

15 (1) In the case of a city, into the city gas tax fund.

16 (2) In the case of a county, into the county road fund.

17 (3) In the case of a city and county, into a local account
18 that is designated for the receipt of state funds allocated
19 for transportation purposes.

20 (e) No city, county, or city and county, may use any
21 allocation made to that entity under *paragraph (2) or (3)*
22 *of subdivision (c)* for any purposes other than those
23 authorized to be funded under Article XIX of the
24 California Constitution.

25 (f) Subdivision (b) does not apply in any quarter
26 during which the Governor has proclaimed a state of
27 emergency and declared that the emergency will result
28 in a significant negative fiscal impact to the General
29 Fund.

30 ~~SEC. 2.—Section 1~~

31 *SEC. 3. Section 7104 is added to the Revenue and*
32 *Taxation Code, to read:*

33 *7104. (a) The Neighborhood Street Improvement*
34 *Account is hereby created in the State Transportation*
35 *Fund. Notwithstanding Section 13340 of the Government*
36 *Code, all money in the account is hereby continuously*
37 *appropriated, without regard to fiscal years, to the*
38 *Controller for allocation in accordance with subdivision*
39 *(c).*



1 (b) Except as provided in subdivision (f), all of the
2 following shall occur on a quarterly basis:

3 (1) The State Board of Equalization, in consultation
4 with the Department of Finance, shall estimate the
5 revenues, less refunds, derived during the previous
6 quarter under this part at the 4 ³/₄-percent rate that
7 resulted from imposition of the federal tax on gasoline
8 and imposition of the tax on motor vehicle fuel under the
9 Motor Vehicle Fuel License Tax Law (Part 2
10 (commencing with Section 7301)). The estimate may not
11 include the revenues described in paragraph (2) of
12 subdivision (a) of Section 7102.

13 (2) The State Board of Equalization shall inform the
14 Controller, in writing, of the amount estimated under
15 paragraph (1).

16 (3) The Controller shall transfer the amount
17 estimated under paragraph (1) from the General Fund
18 to the account.

19 (c) The Controller shall allocate the money in the
20 account on a quarterly basis as follows:

21 (1) Fifty percent to counties, including a city and
22 county, in accordance with the following formulas:

23 (A) Seventy-five percent of the funds payable under
24 this paragraph shall be apportioned among the counties
25 in the proportion that the number of fee-paid and exempt
26 vehicles that are registered in the county bears to the
27 number of fee-paid and exempt vehicles registered in the
28 state.

29 (B) Twenty-five percent of the funds payable under
30 this paragraph shall be apportioned among the counties
31 in the proportion that the number of miles of maintained
32 county roads in each county bears to the total number of
33 miles of maintained county roads in the state. For the
34 purposes of apportioning funds under this subparagraph,
35 any roads within the boundaries of a city and county that
36 are not state highways shall be deemed to be county
37 roads.

38 (2) Fifty percent to cities, including a city and county,
39 apportioned among the cities in the proportion that the



1 *total population of the city bears to the total population*
2 *of all the cities in the state.*

3 *(d) Funds received under subdivision (c) shall be*
4 *deposited as follows in order to avoid the commingling of*
5 *those funds with other local funds:*

6 *(1) In the case of a city, into the city gas tax fund.*

7 *(2) In the case of a county, into the county road fund.*

8 *(3) In the case of a city and county, into a local account*
9 *that is designated for the receipt of state funds allocated*
10 *for transportation purposes.*

11 *(e) No city, county, or city and county, may use any*
12 *allocation made to that entity under subdivision (c) for*
13 *any purposes other than those authorized to be funded*
14 *under Article XIX of the California Constitution.*

15 *(f) Paragraph (3) of subdivision (b) does not apply in*
16 *any quarter during which the Governor has proclaimed*
17 *a state of emergency and declared that the emergency*
18 *will result in a significant negative fiscal impact to the*
19 *General Fund.*

20 *SEC. 4. Sections 2 and 3 of this act shall become*
21 *operative on the date that Senate Constitutional*
22 *Amendment 3 of the 1999–2000 Regular Session is*
23 *approved by the voters to authorize the imposition of an*
24 *additional sales and use tax for the funding of*
25 *transportation in certain counties.*

