FOR IMMEDIATE RELEASE:	CONTACT:
January 6, 2016	Ella Strain 916-319-2011 Ella.Strain@asm.ca.gov

ASSEMBLYMEMBER FRAZIER RELEASES BOLD TRANSPORTATION FUNDING PACKAGE TODAY

Sacramento, CA – Today, Assemblymember Jim Frazier (D – Oakley), Chair of the Assembly Committee on Transportation, unveiled legislation to provide much-needed transportation funding for California.

AB 1591 will raise over $7 billion annually and fund two major initiatives: trade corridor improvements and road maintenance and rehabilitation. "California must invest in its trade corridors if we hope to develop and sustain economic vitality. Manufacturers and farmers want to be able to move their goods to market and AB 1591 will provide the investments we need to ensure that they can," stated Frazier.

AB 1591 further answers the challenge Governor Brown made last year when he called upon the Legislature to provide $5.9 billion annually to fix state highways. According to Frazier, “You can’t put out half a fire. The funding proposals developed over the past year do not begin to sufficiently address our highway and bridge maintenance needs. Failure to adequately fund deferred maintenance is short-sighted and will leave our highways congested in gridlock.”

Frazier spent the past seven months listening to the public, industry experts across the state, and his colleagues in order to develop a comprehensive plan to effectively tackle California’s transportation needs. AB 1591 looks to make these investments now, rather than costing us exponentially more in the long-run.

“Anyone who travels on California’s roads or rides our buses and trains can attest to the dire need for significant investment in our state’s infrastructure,” said

Assemblymember Anthony Rendon (D-Paramount). “I commend Assemblymember Frazier for his diligence in considering a wide variety of perspectives as he developed this proposal.”

The revenue generated in Frazier’s plan is a portfolio approach drawing equitably from multiple sources. Key components of the transportation funding package include:

- Restoring revenue from weight fees imposed on large trucks to the State Highway Account. This revenue, nearly $1 billion, will be directed to improvements in the state's major freight corridors;
- Ensuring additional revenues generated are used to address road and bridge maintenance, rehabilitation, and, as appropriate, increases in capacity;
- Allocating cap and trade auction proceeds to transportation projects that ease congestion and therefore provide significant reductions in greenhouse gas emissions in trade corridors;
- Imposing moderate increases in gas tax, diesel tax, and vehicle registration. The state's aging infrastructure is degrading at an increasingly rapid pace. These funds will ensure existing assets are protected;
- Repaying outstanding transportation loans. These loans were made at a time when the General Fund was in crisis. That is no longer the case. These funds need to be returned to the transportation purpose for which they were intended;
- Increasing allocations to intercity rail and transit programs;
- Ensuring all vehicle owners pay to support the transportation infrastructure by imposing a nominal surcharge on electric vehicles; and
- Initiating proper oversight on highway expenditures.

To contact Assemblymember Jim Frazier please visit his website at www.asmdc.org/frazier or call his District Offices at 707-399-3011 or 925-513-0411.

Follow Assemblymember Jim Frazier on Facebook and “Like” him for updates on events and happenings in the 11th AD.

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ASSEMBLY BILL 1591: TRANSPORTATION FUNDING

Assemblymember Jim Frazier

THE PROBLEM IN BRIEF:

California's transportation infrastructure is extremely underfunded, which has led to significant deferred maintenance and a lost opportunity on economic growth. The current resources are not sufficient to cover the most basic and crucial maintenance and repair of our core transportation infrastructure: state highways, local streets, roads, and bridges. Without increased funding today, the deferred maintenance will soon be too much for our state to catch up.

BACKGROUND:

2015 was supposed to be the year to fix transportation funding in the Capitol. The Governor declared a $6 billion a year need for basic maintenance and repairs to state highways alone and challenged the Legislature to deliver a funding plan to meet that need. A special session was called, hearings were held, and proposals and counter-proposals were floated. Nonetheless, the call for more transportation funding went unanswered.

THE BILL:

AB 1591 answers the call for a long-term sustainable funding solution for transportation focused on relieving congestion, maintaining highways, and improving trade corridors. This bill provides nearly $8 billion a year in additional transportation funding. It also provides clear direction as to how those funds will be used.

AB 1591 takes a broad portfolio approach to investing in our state's transportation infrastructure by:

- Increasing the excise tax on gasoline by 22.5 cents per gallon and indexing it against the Consumer Price Index every three years thereafter. Almost half of this amount (9.5 cents) will restore funding lost from declining tax revenues in just the last two years due to rate adjustments by the Board of Equalization.

  Revenue raised from the gas tax increase (over $3.3 billion annually) will be split 50/50 between the state and local transportation authorities for highway maintenance and rehabilitation, after setting a nominal portion aside to encourage state-local partnerships.

- Increasing the diesel fuel tax by 30 cents a gallon and indexing it, too. Revenue raised ($840 million annually) will be directed right to where trucks need it most—the state's trade corridors.

- Increasing the vehicle registration fee by $38 annually (just over 10 cents a day) and directing those funds ($1.254 billion) to road maintenance and rehabilitation.

- Imposing an electric vehicle surcharge of $165. Consideration will be given to delaying this fee until the second year of ownership and thereafter. Delaying this fee to the second year of ownership allows financial incentives offered at the purchase of such zero-emission vehicles to remain in full effect while ensuring they do their part to help pay for the system they travel on. The $16 million raised will be directed to road maintenance and rehabilitation.

- Requiring repayment of outstanding transportation loans. Now that the General Fund is stable, it's time to pay these loans ($879 million) back. Repayments will be sent directly to cities and counties to boost their road improvement efforts.

- Allocating cap and trade revenue auctions, as follows:

  - 20% (approximately $400 million annually) for major freight corridors. Communities near our major freight corridors have borne the brunt of the nation's goods movement system. Improving congestion in these corridors will inherently improve air quality.

  - 10% ($200 million) more for intercity rail and transit, for a total of 20% of the auction proceeds.

- Restoring the truck weight fees. Again, the General Fund is now stable. It's time for transportation dollars to go back to transportation. This restores $1 billion to the State Highway Account where it belongs.

AB 1591 also includes greater oversight responsibilities for the California Transportation Commission over the state's roadway operation and rehabilitation efforts and imposes maintenance of effort requirements on cities and counties.

Finally, AB 1591 supports local communities and regional planning efforts to reduce greenhouse gas emissions. It provides the critical funding needed to implement sustainable communities' strategies.

FOR MORE INFORMATION

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LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, Frazier.

General Subject: Transportation funding.

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

This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system. The bill would require the California Transportation Commission to adopt performance criteria to ensure efficient use of the funds available for the program. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a $0.225 per gallon increase in the motor vehicle fuel (gasoline) tax imposed by the bill, including an inflation adjustment as provided, an increase of $38 in the annual vehicle registration fee, and a new $165 annual vehicle registration fee applicable to zero-emission motor vehicles, as defined.

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

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

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

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

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

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

This bill would include truck parking among the truck corridor capital improvements eligible to be funded and would authorize the expenditure of moneys in the fund for certain system efficiency improvements, including the development, demonstration, and deployment of promising Intelligent Transportation System applications. The bill would require the California Transportation Commission, in

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evaluating potential projects to be funded from the fund, to give priority to projects demonstrating one or more of certain characteristics.

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

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

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

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

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

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

(7) Existing law imposes weight fees on the registration of commercial motor vehicles and provides for the deposit of net weight fee revenues into the State Highway Account. Existing law provides for the transfer of certain weight fee revenues from the State Highway Account to the Transportation Debt Service Fund to reimburse the General Fund for payment of debt service on general obligation bonds issued for transportation purposes. Existing law also provides for the transfer of certain weight fee revenues to the Transportation Bond Direct Payment Account for direct payment of debt service on designated bonds, which are defined to be certain transportation general obligation bonds issued pursuant to Proposition 1B of 2006. Existing law also provides for loans of weight fee revenues to the General Fund to the extent the revenues are not needed for bond debt service purposes, with the loans to be repaid when the revenues are later needed for those purposes, as specified.

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

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

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Vote: 2/3. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

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

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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares all of the following:

(a) Over the next 10 years, the state faces a $59 billion shortfall to adequately maintain the existing state highway system, in order to keep it in a basic state of good repair.

(b) Similarly, cities and counties face a $78 billion shortfall over the next decade to adequately maintain the existing network of local streets and roads.

(c) Statewide taxes and fees dedicated to the maintenance of the system have not been increased in more than 20 years, with those revenues losing more than 55 percent of their purchasing power, while costs to maintain the system have steadily increased and much of the underlying infrastructure has aged past its expected useful life.

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

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

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

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

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

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

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

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

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

(1) Ensure these transportation needs are addressed.

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

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

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

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

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

(b) For a project that experiences increases in capital or support costs above the amounts in the commission's allocation pursuant to subdivision (a), a supplemental

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project allocation request shall be submitted by the department to the commission for approval.

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

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

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

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

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

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

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

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

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

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

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

(A) ~~Ten~~ Twenty percent of the annual proceeds of the fund is hereby continuously appropriated to the Transportation Agency for the Transit and Intercity Rail Capital Program created by Part 2 (commencing with Section 75220) of Division 44 of the Public Resources Code.

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

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

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

(A) Acquisition and construction costs of the project.

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

(C) Other capital costs of the project.

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

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

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

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

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

<u>(B) In addition to the tax imposed pursuant to subparagraph (A), on and after the first day of the first calendar quarter that occurs 90 days after the effective date of the act adding this subparagraph, a tax of twenty-two and one-half cents ($0.225) is</u>

hereby imposed upon each gallon of fuel, other than aviation gasoline, subject to the tax in Sections 7362, 7363, and 7364.

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

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

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

~~(2) For the 2011–12 fiscal year,~~

(c) Beginning July 1, 2019, and ~~each fiscal~~ every third year thereafter, the ~~board shall, on or before March 1~~ State Board of ~~the fiscal year immediately preceding the applicable fiscal year, adjust the rate in paragraph (1) in that manner as to generate an amount~~ Equalization shall recompute the rates of ~~revenue that will equal~~ the ~~amount of revenue loss attributable to the exemption provided~~ taxes imposed by ~~Section 6357.7,~~

~~based on estimates made by the board, and that rate~~ this section. That computation shall be ~~effective during the state's next fiscal year.~~ made as follows:

~~(3) In order to maintain revenue neutrality for each year, beginning with the rate adjustment on or before March 1, 2012, the adjustment under paragraph (2) shall also take into account the extent to which the actual amount~~

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

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

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

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

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

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

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

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

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

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

(b) ~~(1) On July 1, 2011,~~ In addition to the tax ~~rate specified in paragraph (1) of subdivision (a) shall be reduced to thirteen cents ($0.13) and every July 1 thereafter shall be adjusted pursuant to paragraphs (2) and (3).~~ imposed pursuant to subdivision (a), on and after the first day of the first calendar quarter that occurs 90 days after the effective date of the act amending this subdivision in the 2015–16 Regular Session, an additional tax of thirty cents ($0.30) is hereby imposed upon each gallon of diesel fuel subject to the tax in Sections 60051, 60052, and 60058.

~~(2) For the 2012–13 fiscal year and each fiscal year thereafter, the board shall, on or before March 1 of the fiscal year immediately preceding the applicable fiscal year, adjust the rate reduction in paragraph (1) in that manner as to result in a revenue~~

~~loss attributable to paragraph (1) that will equal the amount of revenue gain attributable to Sections 6051.8 and 6201.8, based on estimates made by the board, and that rate shall be effective during the state's next fiscal year.~~

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

~~(3) In order to maintain revenue neutrality for each year, beginning with the rate adjustment on or before March 1, 2013, the adjustment under paragraph (2) shall take into account the extent to which the actual amount~~

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

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

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

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

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

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

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

Chapter 2. Road Maintenance and Rehabilitation Program

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

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

(1) Road maintenance and rehabilitation.

(2) Safety projects.

(3) Railroad grade separations.

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

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

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

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

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

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

(d) Any other revenues designated for the program.

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

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

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

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

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

2034. (a) Funds made available to a city or county under the program shall be used for improvements to transportation facilities that will assist in reducing further deterioration of the existing road system. These improvements may include, but need not be limited to, pavement maintenance, rehabilitation, installation, construction, and reconstruction of necessary associated facilities such as drainage and traffic control devices, or safety projects to reduce fatalities.

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

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

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

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

(b) In order to receive an allocation or apportionment pursuant to Section 2032, the city or county shall annually expend from its general fund for street, road, and highway purposes an amount not less than the annual average of its expenditures from its general fund during the 2009–10, 2010–11, and 2011–12 fiscal years, as reported to the Controller pursuant to Section 2151. For purposes of this subdivision, in calculating a city's or county's annual general fund expenditures and its average general fund expenditures for the 2009–10, 2010–11, and 2011–12 fiscal years, any unrestricted funds that the city or county may expend at its discretion, including vehicle in-lieu tax revenues and revenues from fines and forfeitures, expended for street, road, and highway purposes shall be considered expenditures from the general fund. One-time allocations that have been expended for street and highway purposes, but which may not be available on an ongoing basis, including revenue provided under the Teeter Plan Bond

Law of 1994 (Chapter 6.6 (commencing with Section 54773) of Part 1 of Division 2 of Title 5 of the Government Code), may not be considered when calculating a city's or county's annual general fund expenditures.

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

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

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

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

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

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

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

(b) The moneys in the fund from those other sources shall be available upon appropriation for allocation by the California Transportation Commission for infrastructure improvements in this state on federally designated Trade Corridors of National and Regional Significance, on the Primary Freight Network, and along other corridors that have a high volume of freight movement, as determined by the commission. In determining the projects eligible for funding, the commission shall consult the Transportation Agency's state freight ~~plan~~ plan, as described in Section 13978.8 of the Government ~~Code, the State Air Resources Board's Sustainable Freight Strategy adopted by Resolution 14-2, and the trade infrastructure and goods movement plan submitted to the commission by the Secretary of Transportation and the Secretary for Environmental Protection.~~ Code. The commission shall also consult trade infrastructure and goods movement plans adopted by regional transportation planning agencies, adopted regional transportation plans required by state and federal law, and ~~the~~ statewide port master ~~plan prepared by the California Marine and Intermodal~~

~~Transportation System Advisory Council (Cal-MITSAC) pursuant to Section 1730 of the Harbors and Navigation Code,~~ plans, when determining eligible projects for funding. Eligible projects for these funds include, but are not limited to, all of the following:

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

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

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

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

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

(6) Surface transportation and connector road improvements to effectively facilitate the movement of goods, particularly for ingress and egress to and from the

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state's land ports of entry, airports, and seaports, to relieve traffic congestion along major trade or goods movement corridors.

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

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

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

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

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

(D) Leverages additional public and private funding.

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<u>(E) Provides regional benefits with a focus on collaboration between multiple entities.</u>

<u>(F) Provides the potential for cobenefits or multiple-benefit attributes.</u>

<u>(G) Improves trade corridor mobility while reducing emissions of diesel particulate and other pollutant emissions.</u>

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

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

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

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

(D) "Congestion reduction," which means the reduction in recurrent daily hours of delay to be achieved.

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

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

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

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

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

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

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

2192.4. Notwithstanding subdivision (b) of Section 2103, the portion of the revenues in the Highway Users Tax Account attributable to the increase in the tax rate on diesel fuel by thirty cents ($0.30) per gallon pursuant to subdivision (b) of Section 60050 of the Revenue and Taxation Code, and as adjusted pursuant to subdivision (c) of that section, shall be deposited in the Trade Corridors Improvement Fund.

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

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

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

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

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

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

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

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

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

9400.5. Notwithstanding Sections 9400.1, 9400.4, and 42205 of this code, Sections 16773 and 16965 of the Government Code, Section 2103 of the Streets and Highways Code, or any other law, weight fee revenues shall not be transferred from the State Highway Account to the Transportation Debt Service Fund, the Transportation Bond Direct Payment Account, or any other fund or account for the purpose of payment of the debt service on transportation general obligation bonds, and shall not be loaned to the General Fund.

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

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

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