

1 (4) To the extent that the department expedites the enrollment  
2 of Medi-Cal dental providers by streamlining the Medi-Cal  
3 provider enrollment process, the department shall publish the  
4 criteria for those processes in applicable provider bulletins and  
5 manuals.

6 (b) (1) The department shall maintain the provider network on  
7 a monthly basis by deactivating a billing provider who has not,  
8 over a continuous 12-month period, submitted a claim for  
9 reimbursement for services rendered.

10 (2) Prior to deactivating a provider described in paragraph (1),  
11 the department shall send a notice to the provider informing the  
12 provider that the provider shall be deactivated from the dental  
13 program unless the provider requests reactivation within six months  
14 after the date of the notice. The department shall not disenroll a  
15 provider until six months after the date of that notice. This  
16 paragraph shall not be implemented until the date the department  
17 implements and programs the necessary system changes to the  
18 California Dental Medicaid Management Information Systems to  
19 implement this paragraph, or no sooner than July 1, 2017,  
20 whichever is later.

21 (3) In order to improve the quality of the dental provider  
22 network, the department also shall exercise additional measures  
23 as appropriate and permitted by law, including, but not limited to,  
24 temporary suspensions. The parameters and criteria developed by  
25 the department for additional measures for deactivations and  
26 disenrollments shall be published in applicable provider bulletins  
27 and manuals.

28 (c) (1) The department shall monitor access and utilization of  
29 Medi-Cal dental services in the fee-for-service and managed care  
30 delivery systems to assess opportunities to improve access and  
31 utilization, including an annual review of the treatment  
32 authorization review process.

33 (2) The department shall assess opportunities to develop and  
34 implement innovative payment reform proposals within the  
35 Medi-Cal dental programs.

36 (d) The department shall explore additional opportunities to  
37 improve the Medi-Cal Dental Program, in consultation with  
38 stakeholders and as deemed appropriate by the department and to  
39 the extent permitted by federal law, including, but not limited to,  
40 the following:

1 (1) Aligning the provision of dental anesthesia services with  
2 that of medical anesthesia services, including the ability to bill for  
3 applicable facility fees and ancillary services.

4 (2) Adjusting other utilization controls for specialty services,  
5 as appropriate, to promote access to care while still protecting  
6 program integrity.

7 (3) Expanding the scope of beneficiary outreach activities  
8 required by an entity that is contracted with the department to more  
9 broadly address underutilization throughout the state.

10 (e) Prior to implementing an action pursuant to subdivision (d),  
11 the department shall post the proposed action on its Internet Web  
12 site at least 30 days before implementation.

13 (f) The department shall work with dental managed care plans  
14 that contract with the department for the purposes of implementing  
15 the Medi-Cal Dental Program, which includes, but is not limited  
16 to, contracts authorized pursuant to Sections 14087.46, 14089, and  
17 14104.3, to provide beneficiaries with access to dental plan liaisons  
18 to assist in the coordination of care for enrolled members.

19 (g) *A Medi-Cal dental managed care plan shall work with the*  
20 *department to ensure access to, and the provision of, quality dental*  
21 *services to Medi-Cal beneficiaries, and its activities in connection*  
22 *therewith shall include, but not be limited to, all of the following:*

23 (1) *Maintaining licensure pursuant to the Knox-Keene Health*  
24 *Care Service Plan Act of 1975 (Chapter 2.2 (commencing with*  
25 *Section 1340) of Division 2 of the Health and Safety Code).*

26 (2) *Ensuring each enrolled Medi-Cal beneficiary has an*  
27 *available primary care dentist.*

28 (3) *Ensuring each enrolled Medi-Cal beneficiary has access to*  
29 *specialists for medically necessary covered services.*

30 (4) *Implementing and actively maintaining a utilization*  
31 *management program to ensure appropriate processes are used*  
32 *to review and approve the provision of medically necessary dental*  
33 *services as identified in the Manual of Criteria and Schedule of*  
34 *Maximum Allowances contained in the Medi-Cal Dental Program*  
35 *Provider Handbook.*

36 (5) *Maintaining a full-time dentist as dental director pursuant*  
37 *to Section 53913.5 of Title 22 of the California Code of*  
38 *Regulations.*

39 (6) *Complying with Title 28 of the California Code of*  
40 *Regulations, including Sections 1300.67.2 and 1300.70, regarding*

1 *accessibility of services and requirements for ongoing quality*  
2 *assurance systems, respectively.*

3 *(7) Monitoring contracting dental providers using quality*  
4 *improvement thresholds as established by the department.*

5 *(8) Developing and submitting to the department an annual*  
6 *quality improvement report that describes activities undertaken*  
7 *and evaluates areas of success and needed improvements.*

8 *(9) Conducting or participating in quality improvement projects*  
9 *as approved by the department.*

10 ~~(g)~~

11 *(h) A Medi-Cal managed care health plan shall do all of the*  
12 *following:*

13 *(1) Provide dental screenings for every eligible beneficiary as*  
14 *a part of the beneficiary's initial health assessment.*

15 *(2) Ensure that an eligible beneficiary is referred to an*  
16 *appropriate Medi-Cal dental provider.*

17 *(3) Identify plan liaisons available to dental managed care*  
18 *contractors and dental fee-for-service contractors to assist with*  
19 *referrals to health plan covered services.*

20 ~~(h)~~

21 *(i) (1) To increase the efficiency and timeliness of changes,*  
22 *any contract amendment, modification, or change order to any*  
23 *contract entered into by the department for the purposes of*  
24 *implementing the state Medi-Cal Dental Program shall be exempt,*  
25 *except as provided in paragraph (2), from Part 2 (commencing*  
26 *with Section 10100) of Division 2 of the Public Contract Code, as*  
27 *well as Sections 11545 and 11546 of the Government Code, in*  
28 *addition to any policies, procedures, or regulations authorized by*  
29 *those provisions.*

30 *(2) Paragraph (1) shall not exempt the department from*  
31 *establishing a competitive bid process for awarding new contracts*  
32 *pursuant to Section 14104.3, as well as for awarding new dental*  
33 *contracts pursuant to Sections 14087.46 and 14089.*

34 ~~(i)~~

35 *(j) Prior to implementing any change pursuant to this section,*  
36 *the department shall consult with, and provide notification to,*  
37 *stakeholders, including representatives from counties, local dental*  
38 *societies, nonprofit entities, legal aid entities, and other interested*  
39 *parties.*

40 ~~(j)~~

1     (k) (1) Notwithstanding Chapter 3.5 (commencing with Section  
2 11340) of Part 1 of Division 3 of Title 2 of the Government Code,  
3 the department, without taking any further regulatory action, shall  
4 implement, interpret, or make specific policies and procedures  
5 pertaining to the dental fee-for-service program and dental managed  
6 care plans, as well as applicable federal waivers and state plan  
7 amendments, including the provisions set forth in this section, by  
8 means of all-county letters, plan letters, plan or provider bulletins,  
9 or similar instructions until regulations are adopted.

10     (2) No later than December 31, 2018, the department shall adopt  
11 regulations in accordance with the requirements of Chapter 3.5  
12 (commencing with Section 11340) of Part 1 of Division 3 of Title  
13 2 of the Government Code. Beginning six months after the effective  
14 date of this section, and notwithstanding Section 10231.5 of the  
15 Government Code, the department shall provide a status report to  
16 the Legislature on a semiannual basis until regulations have been  
17 adopted.

18     ~~(k)~~  
19     (l) This section shall be implemented only to the extent that all  
20 of the following occur:

21         (1) The department obtains any federal approvals necessary to  
22 implement this section.

23         (2) The department obtains federal matching funds to the extent  
24 permitted by federal law.

**Introduced by Senator Allen**February 7, 2017

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An act to amend Sections 5090.10, 5090.11, 5090.15, 5090.24, 5090.30, 5090.31, 5090.32, 5090.34, 5090.35, 5090.43, 5090.60, 5090.61, and 5090.70 of, and to add Sections 5090.13, 5090.14, and 5090.39 to, the Public Resources Code, to amend Section 8352.6 of the Revenue and Taxation Code, and to amend Section 38225 of the Vehicle Code, relating to state parks, and declaring the urgency thereof, to take effect immediately.

## LEGISLATIVE COUNSEL'S DIGEST

SB 249, as introduced, Allen. Off-highway motor vehicle recreation.

(1) The Off-Highway Motor Vehicle Recreation Act of 2003 creates the Division of Off-Highway Motor Vehicle Recreation within the Department of Parks and Recreation. The act gives the division certain duties and responsibilities, including the planning, acquisition, development, conservation, and restoration of lands in state vehicular recreation areas. Existing law requires the division to develop and implement a grant and cooperative agreement program with other agencies funded from no more than  $\frac{1}{2}$  of the revenues in the Off-Highway Vehicle Trust Fund, with specified percentages of these revenues to be available, upon appropriation, for various purposes related to off-highway vehicles. Existing law requires the remaining revenues in the Off-Highway Vehicle Trust Fund to be available for the support of the division and for the planning, acquisition, development, construction, maintenance, administration, operation, restoration, and conservation of lands in state vehicular recreation areas and certain other areas. The act is repealed on January 1, 2018.

This bill would revise and recast various provisions of the act. The bill would expand the duties of the division by requiring it to, among other things, (1) prepare program and strategic planning reports regarding units of the state park system, as specified, (2) post on the department's Internet Web site all plans, reports, and studies developed pursuant to the act's provisions, as specified, (3) in consultation with specified bodies and departments, update the 2008 Soil Conservation Guidelines and Standards to establish a generic and measurable soil conservation standard by December 31, 2020, and update that standard every 5 years thereafter, (4) implement a monitoring program, as defined, to monitor the condition of soils, wildlife, and vegetation habitats in each state vehicular recreation area each year, as specified, and (5) identify and protect sensitive natural, cultural, and archaeological resources within state vehicular recreations areas as natural and cultural preserves closed to off-highway vehicle recreation use. The bill would require the division to take other specified measures to protect natural and cultural preserves within state vehicular recreation areas, including measures to mitigate harmful impacts to these areas and to protect them from off-highway vehicle recreation use, as specified. The bill would require the Director of Parks and Recreation to assemble a science advisory team to advise and assist the department and the division in meeting the natural and cultural resource conservation purposes of the act, as specified. The bill would also prohibit any expansion of an existing, or development of any new, state vehicular recreation area or allocation of grant program funds for new or expanded units of the system until the science advisory team completes its review and submits its recommendations to the department, and the department implements the recommendations. The bill would change the repeal date for the act to January 1, 2023, thereby extending the act's provisions until that date.

(2) Existing law, until January 1, 2018, creates the Off-Highway Vehicle Trust Fund. Existing law provides for deposit of various revenues in the fund, including a portion of gasoline excise tax revenues attributable to off-highway vehicle use and \$33 in annual special charges imposed, until January 1, 2018, on off-highway motor vehicles subject to identification, which charges are collected by the Department of Motor Vehicles. Existing law, until January 1, 2018, requires the moneys in the trust fund to be used for the Off-Highway Motor Vehicle Recreation Program. Existing law, until January 1, 2018, also requires an annual service fee of \$7 to be paid to the Department of Motor

Vehicles for deposit in the Motor Vehicle Account for the issuance or renewal of identification of off-highway motor vehicles.

This bill would extend the Off-Highway Vehicle Trust Fund until January 1, 2023, and would also similarly extend the \$33 annual special charge and the \$7 identification fee.

(3) Existing law requires any money temporarily transferred from the Off-Highway Vehicle Trust Fund to the General Fund to be reimbursed, without interest, within 2 fiscal years of the transfer.

This bill would delete this provision.

(4) Existing law imposes an excise tax on gasoline. Existing law requires a portion of the moneys attributable to the excise tax on gasoline related to specified off-highway motor vehicles and off-highway vehicle activities to be transferred monthly from the Motor Vehicle Fuel Account to the Off-Highway Vehicle Trust Fund. Existing law requires the amount of money transferred to be based upon the percentage of total fuel tax revenues transferred for this purpose in the 2006–07 fiscal year, but authorizes the Department of Transportation, in cooperation with the Department of Parks and Recreation and the Department of Motor Vehicles, to adjust the amount transferred every 5 years, beginning in the 2013–14 fiscal year. Existing law specifies the factors to be considered in making an adjustment from the 2006–07 fiscal year baseline, including the number of off-highway vehicles paying identification fees, the number of registered street-legal vehicles anticipated to be used off highway, attendance at state vehicular recreation areas, and off-highway recreation use on federal lands.

This bill would revise the method of calculating the gasoline excise taxes attributable to off-highway vehicle use. The bill would require an estimate to be made every 5 years of gasoline excise tax revenue paid by motor vehicles when actually used off highway for motorized recreation and by motor vehicles when actually used off highway to access nonmotorized recreation. The bill would delete the use of factors based on vehicle populations and attendance at state vehicular recreation areas. The bill would delete the reference to the 2006–07 fiscal year baseline.

This bill would initially require these fuel taxes to be transferred to the State Parks and Recreation Fund. The bill would require the Director of the Department of Parks and Recreation, in consultation with the State Park and Recreation Commission, to include, in the annual budget submitted by the Governor to the Legislature, a proposed allocation of fuel taxes for the purposes of the department, including support for state

parks and the Off-Highway Motor Vehicle Recreation Program. The bill, upon enactment of the Budget Act, would require the portion of fuel tax revenues allocated by the Budget Act for purposes of the Off-Highway Motor Vehicle Recreation Program to be transferred to the Off-Highway Vehicle Trust Fund. The bill would make statements of legislative intent in this regard.

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

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

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

1 SECTION 1. Section 5090.10 of the Public Resources Code  
2 is amended to read:

3 5090.10. "Conservation"—~~means~~ and "conserve" mean  
4 activities, practices, and programs that *protect and sustain* soils,  
5 plants, wildlife, ~~and their habitat~~ *habitats, and cultural resources*  
6 in accordance with the standards adopted pursuant to Section  
7 5090.35.

8 SEC. 2. Section 5090.11 of the Public Resources Code is  
9 amended to read:

10 5090.11. "Restoration"—~~means~~, and "restore" mean, upon  
11 closure of the unit or any portion thereof, the restoration of land  
12 to the contours, the plant communities, and the plant covers  
13 comparable to those on surrounding lands or at least those that  
14 existed prior to off-highway motor vehicle use.

15 SEC. 3. Section 5090.13 is added to the Public Resources Code,  
16 to read:

17 5090.13. "Monitoring program" means a program adopted by  
18 the department that provides periodic evaluations of monitoring  
19 results to assess the adequacy of conservation and restoration  
20 actions to inform adaptive management strategies. A monitoring  
21 program includes, but is not limited to, all of the following at each  
22 individual system unit:

23 (a) Surveys to determine the status of natural and cultural  
24 resources.

25 (b) Periodic assessments of the effectiveness of protection and  
26 restoration measures currently in place.



1 (c) Progress reports on the implementation of conservation and  
2 restoration measures, the designation and management of cultural  
3 and natural preserves, and alternative management strategies.

4 (d) A schedule for conducting monitoring activities.

5 SEC. 4. Section 5090.14 is added to the Public Resources Code,  
6 to read:

7 5090.14. "Adaptive management" means to use the results of  
8 information gathered through a monitoring program or scientific  
9 research and regulatory standards to adjust management strategies  
10 and practices at individual system units to ensure conservation and  
11 protection of natural and cultural resources.

12 SEC. 5. Section 5090.15 of the Public Resources Code is  
13 amended to read:

14 5090.15. (a) There is in the department the Off-Highway Motor  
15 Vehicle Recreation Commission, consisting of nine members, five  
16 of whom shall be appointed by the Governor and subject to Senate  
17 confirmation, two of whom shall be appointed by the Senate  
18 Committee on Rules, and two of whom shall be appointed by the  
19 Speaker of the Assembly.

20 (b) ~~In order to be~~ *Persons* appointed to the ~~commission, a~~  
21 ~~nominee shall represent one or more of the following groups:~~  
22 ~~commission shall have expertise, or work or volunteer experience,~~  
23 ~~or both, in one or more of the following areas:~~

24 (1) ~~Off-highway vehicle recreation interests:~~ *recreation.*

25 (2) ~~Biological or soil scientists:~~ *sciences.*

26 (3) ~~Groups or associations of predominantly rural landowners.~~

27 (3) *The legal and practical aspects of rural landownership and*  
28 *management.*

29 (4) *Law enforcement.*

30 (5) ~~Environmental protection organizations:~~ *and cultural*  
31 *resource protection.*

32 (6) ~~Nonmotorized recreation interests:~~ *outdoors recreation.*

33 ~~It~~

34 (c) *It is the intent of the Legislature that appointees to the*  
35 *commission represent all of the groups primary qualifications*  
36 *delineated in paragraphs (1) to (6); (6) of subdivision (b), inclusive,*  
37 *to the extent possible: possible, at all times and that no more than*  
38 *two commissioners may serve under the same qualification at any*  
39 *time.*

1 ~~(e) Whenever a reference is made to the State Park and~~  
2 ~~Recreation Commission pertaining to a duty, power, purpose,~~  
3 ~~responsibility, or jurisdiction of the State Park and Recreation~~  
4 ~~Commission with respect to the state vehicular recreation areas,~~  
5 ~~as established by this chapter, it is a reference to, and means, the~~  
6 ~~Off-Highway Motor Vehicle Recreation Commission.~~

7 SEC. 6. Section 5090.24 of the Public Resources Code is  
8 amended to read:

9 5090.24. The commission has the following ~~particular~~ duties  
10 and responsibilities:

11 (a) Be fully informed regarding all governmental activities  
12 affecting the program.

13 ~~(b) Meet at least four times per year periodically at various~~  
14 ~~locations throughout the state to receive comments on the~~  
15 ~~implementation of the program. Establish an annual calendar of~~  
16 ~~proposed meetings at the beginning of each calendar year. The~~  
17 ~~meetings shall include a public meeting, before the beginning of~~  
18 ~~each grant program cycle, to collect public input concerning the~~  
19 ~~program, recommendations for program improvements, and~~  
20 ~~specific project needs for the system.~~

21 ~~(c) Hold a public hearing to receive~~ Receive public comment  
22 regarding any proposed substantial acquisition or development  
23 project at a location in close geographic proximity to the ~~project,~~  
24 ~~unless a hearing consistent with federal law or regulation has~~  
25 ~~already been held regarding the project.~~ *project.*

26 (d) Consider, upon the request of any owner or tenant, whose  
27 property is in the vicinity of any land in the system, any ~~alleged~~  
28 adverse impacts occurring on that person's property from the  
29 operation of off-highway motor vehicles and recommend to the  
30 division suitable measures for the prevention of any adverse impact  
31 determined by the commission to be occurring, and suitable  
32 measures for the restoration of adversely impacted property.

33 (e) Review and comment annually to the director on the  
34 proposed budget of expenditures from the fund.

35 (f) Review *and comment on* all plans for new and expanded  
36 local and regional vehicle recreation areas that have applied for  
37 grant funds.

38 (g) Review and comment on ~~the strategic plan~~ *plans periodically*  
39 developed by the ~~division pursuant to Section 5090.32:~~ *division.*

1 ~~(h) Prepare and submit a program report to the Governor, the~~  
2 ~~Assembly Water, Parks, and Wildlife Committee, the Senate~~  
3 ~~Committee on Natural Resources and Water, and the Committee~~  
4 ~~on Appropriations of each house on or before January 1, 2011,~~  
5 ~~and every three years thereafter. The report shall be adopted by~~  
6 ~~the commission after discussing the contents during two or more~~  
7 ~~public meetings. The report shall address the status of the program~~  
8 ~~and off-highway motor vehicle recreation, including all of the~~  
9 ~~following:~~

10 ~~(1) The results of the strategic planning process completed~~  
11 ~~pursuant to subdivision (f) of Section 5090.32.~~

12 ~~(2) The condition of natural and cultural resources of areas and~~  
13 ~~trails receiving state off-highway motor vehicle funds and the~~  
14 ~~resolution of conflicts of use in those areas and trails.~~

15 ~~(3) The status and accomplishments of funds appropriated for~~  
16 ~~restoration pursuant to paragraph (2) of subdivision (b) of Section~~  
17 ~~5090.50.~~

18 ~~(4) A summary of resource monitoring data compiled and~~  
19 ~~restoration work completed.~~

20 ~~(5) Actions taken by the division and department since the last~~  
21 ~~program report to discourage and decrease trespass of off-highway~~  
22 ~~motor vehicles on private property.~~

23 ~~(6) Other relevant program-related environmental issues that~~  
24 ~~have arisen since the last program report.~~

25 ~~(h) Make other recommendations to the deputy director~~  
26 ~~regarding the off-highway motor vehicle recreation program.~~

27 SEC. 7. Section 5090.30 of the Public Resources Code is  
28 amended to read:

29 5090.30. There is in the department the Division of  
30 Off-Highway Motor Vehicle Recreation. Whenever any reference  
31 is made to the Office of Off-Highway Motor Vehicle Recreation,  
32 it shall be deemed to be a reference to, and to mean, the division.  
33 ~~Section 507.1 does not apply to the division.~~

34 SEC. 8. Section 5090.31 of the Public Resources Code is  
35 amended to read:

36 5090.31. The division shall be under the direction of a deputy  
37 director appointed by the director. ~~The deputy director shall have~~  
38 ~~no responsibilities other than directing and managing the division~~  
39 ~~and the program. director. The deputy director shall be part of the~~  
40 ~~department's management team.~~

1 SEC. 9. Section 5090.32 of the Public Resources Code is  
2 amended to read:

3 5090.32. ~~The~~ *Under the general direction of the department,*  
4 *the division has the following duties and responsibilities:*

5 (a) Planning, acquisition, development, conservation, and  
6 restoration of lands in the state vehicular recreation areas.

7 (b) Direct management, maintenance, administration, and  
8 operation of lands in the state vehicular recreation areas.

9 (c) Provide for law enforcement and appropriate public safety  
10 activities.

11 (d) Implementation of all aspects of the program.

12 (e) Ensure program compliance with the California  
13 Environmental Quality Act (Division 13 (commencing with Section  
14 21000)) in state vehicular recreation areas.

15 (f) Provide staff assistance to the commission.

16 (g) ~~Prepare and implement~~ *Prepare, implement, and periodically*  
17 *update* plans for lands in, or proposed to be included in, state  
18 vehicular recreation areas, including new state vehicular recreation  
19 areas. However, a plan ~~shall need~~ *not be prepared or updated* in  
20 any instance specified in subdivision (c) of Section ~~5002.2. 5002.2,~~  
21 *except for unauthorized or otherwise unintended off-highway trails*  
22 *or expansion areas, which shall not be considered an existing*  
23 *facility or use under this section.*

24 (h) Conduct, or cause to be conducted, surveys, and prepare, or  
25 cause to be prepared, studies that are necessary or desirable for  
26 implementing the program.

27 (i) Recruit and utilize volunteers to further the objectives of the  
28 program.

29 (j) Prepare and coordinate safety and education programs.

30 (k) Provide for the enforcement of Division 16.5 (commencing  
31 with Section 38000) of the Vehicle Code and other laws regulating  
32 the use or equipment of off-highway motor vehicles in all areas  
33 acquired, maintained, or operated by funds from the fund; however,  
34 the Department of the California Highway Patrol shall have  
35 responsibility for enforcement on highways.

36 ~~(f) Complete by January 1, 2009, a strategic planning process~~  
37 ~~that will identify future off-highway motor vehicle recreational~~  
38 ~~needs, including, but not limited to, potential off-highway motor~~  
39 ~~vehicle parks in urban areas to properly direct vehicle operators~~  
40 ~~away from illegal or environmentally sensitive areas. This strategic~~

1 ~~planning process shall take into consideration, at a minimum,~~  
2 ~~environmental constraints, infrastructure requirements,~~  
3 ~~demographic limitations, and local, state, and federal land use~~  
4 ~~planning processes. The strategic plan shall be reviewed by the~~  
5 ~~commission and updated periodically.~~

6 *(l) Ensure protection of natural and cultural resources,*  
7 *including by setting unit capacity limits pursuant to Sections*  
8 *5001.96 and 5019.5.*

9 *(m) Prepare program and strategic planning reports, including*  
10 *annually reporting the number and type of injuries and accidents*  
11 *and the number and type of citations and other enforcement actions*  
12 *taken at system units, disaggregated by individual unit.*

13 *(n) Post on the department's Internet Web site all plans, reports,*  
14 *and studies developed pursuant to this chapter, including those*  
15 *regarding conservation, restoration, monitoring, and adaptive*  
16 *management of system units, disaggregated by individual unit.*

17 *(o) Complete other duties as determined by the director.*

18 SEC. 10. Section 5090.34 of the Public Resources Code is  
19 amended to read:

20 5090.34. (a) In cooperation with the commission, the division  
21 shall make available on the division's Internet Web site information  
22 regarding off-highway motor vehicle recreation opportunities,  
23 pertinent laws and regulations, and responsible use of the system.  
24 At a minimum, the Web site shall include the following:

25 (1) The text of laws and regulations relating to the program and  
26 operation of off-highway vehicles.

27 (2) A statewide map and regional maps of federal, state, and  
28 local off-highway vehicle recreation areas and facilities in the  
29 state, including links to maps of federal off-highway vehicle routes  
30 resulting from the route designation process.

31 (3) Information concerning safety, education, and trail etiquette.

32 (4) Information to prevent trespass, damage to public and private  
33 property, and damage to natural resources, including penalties and  
34 liability associated with trespass and damage caused.

35 (b) The division shall ~~create~~ *create, and make available for*  
36 *distribution*, a guidebook of federal, state, and local off-highway  
37 vehicle recreation opportunities that includes contact information  
38 where current specific maps and information for each facility can  
39 be located. Contact information may include *Internet* Web site  
40 addresses, telephone numbers, and addresses of offices where maps

1 can be accessed. The guidebook shall also include the address of  
2 the *Internet* Web site where the information in subdivision (a) may  
3 be found.

4 ~~(c) The division shall work with retailers of off-highway motor  
5 vehicles and off-highway recreation associations to distribute the  
6 guidebook developed under subdivision (b) and to increase  
7 awareness of the resources available on the division's Internet  
8 Web site.~~

9 SEC. 11. Section 5090.35 of the Public Resources Code is  
10 amended to read:

11 5090.35. (a) The protection of public safety, the appropriate  
12 utilization of lands, and the conservation of ~~land~~ *natural and*  
13 *cultural* resources are of the highest priority in the management  
14 of the state vehicular recreation areas, ~~and, accordingly, areas.~~  
15 *Accordingly*, the division shall promptly repair and continuously  
16 maintain areas and trails, anticipate and prevent accelerated and  
17 unnatural erosion, and restore lands damaged by erosion to the  
18 extent possible. *take steps necessary to prevent damage to natural*  
19 *and cultural resources in these areas. When damage occurs in a*  
20 *state vehicular recreation area that is inconsistent with natural*  
21 *and cultural resources protection plans, the division shall promptly*  
22 *close the area. That area shall remain closed until it is repaired*  
23 *and restored and effective adaptive management measures are*  
24 *implemented to prevent repeated or continuous damage. The area*  
25 *shall be permanently closed if repeated or continuous damage*  
26 *cannot be prevented.*

27 (b) (1) The division, in consultation with the United States  
28 Natural Resource Conservation Service, the United States  
29 Geological Survey, the United States Forest Service, the United  
30 States Bureau of Land Management, *the United States Fish and*  
31 *Wildlife Service, the California Department of Fish and Wildlife,*  
32 and the California Department of Conservation shall update the  
33 ~~1991~~ *2008* Soil Conservation Guidelines and Standards to establish  
34 a generic and measurable soil ~~conservation~~ *conservation*, standard  
35 by ~~March 1, 2006,~~ at least sufficient to allow restoration of  
36 off-highway motor vehicle areas and trails. The 1991 Soil  
37 Conservation Guidelines and Standards shall remain in effect until  
38 they are updated pursuant to this subdivision. *December 31, 2020,*  
39 *and shall update the standard at least every five years thereafter.*

1     ~~Upon a determination~~ *If the division determines* that the soil  
2 conservation standards and habitat protection plans are not being  
3 met in any portion of any state vehicular recreation ~~area area~~, the  
4 division shall ~~temporarily close and restore~~ the noncompliant  
5 portion ~~to repair and prevent accelerated erosion, until the soil~~  
6 ~~conservation standards are met.~~ *pursuant to subdivision (a).*

7     ~~Upon a determination~~ *If the division determines* that the soil  
8 conservation standards cannot be met in any portion of any state  
9 vehicular recreation ~~area area~~, the division shall *permanently close*  
10 ~~and restore~~ the noncompliant portion ~~pursuant to Section 5090.11.~~  
11 *pursuant to subdivision (a).*

12     (c) (1) The division shall ~~make~~ *compile, and update at least*  
13 *every five years thereafter*, an inventory of wildlife ~~populations~~  
14 ~~and their~~ *and native plant populations, including wildlife* habitats  
15 *and vegetation communities* in each state vehicular recreation area  
16 and shall prepare a wildlife habitat protection ~~program plan~~ to  
17 ~~sustain~~ *conserve* a viable species composition specific to each state  
18 vehicular recreation area ~~by July 1, 1989.~~ *consistent with*  
19 *recommendations of the science advisory team established pursuant*  
20 *to Section 5090.39.*

21     (2) If the division determines that the *wildlife* habitat protection  
22 ~~program plan~~ is not being met in any portion of any state vehicular  
23 recreation area, the division shall close *and restore* the  
24 noncompliant portion ~~temporarily until the habitat protection~~  
25 ~~program is met.~~ *pursuant to subdivision (a).*

26     (3) If the division determines that the *wildlife* habitat protection  
27 ~~program plan~~ cannot be met in any portion of any state vehicular  
28 recreation area, the division shall *permanently close and restore*  
29 ~~that the~~ noncompliant portion ~~pursuant to Section 5090.11.~~  
30 *pursuant to subdivision (a).*

31     (d) The division shall *implement a monitoring program to*  
32 *monitor the condition of soils and wildlife habitat soils, wildlife,*  
33 *and vegetation habitats* in each state vehicular recreation area each  
34 year in order to determine whether the soil conservation standards  
35 and *wildlife* habitat protection ~~programs plans~~ are being met.

36     (e) The division shall not fund trail construction unless the trail  
37 is capable of complying with the conservation specifications  
38 prescribed in subdivisions (b) and (c). The division shall not fund  
39 trail construction where conservation is not feasible.

1 (f) The division shall ~~monitor~~<sup>identify</sup> and protect ~~cultural and~~  
2 *sensitive natural, cultural, and* archaeological resources within  
3 the state vehicular recreation ~~areas~~<sup>areas as natural and cultural</sup>  
4 *preserves closed to off-highway vehicle recreation use.*

5 SEC. 12. Section 5090.39 is added to the Public Resources  
6 Code, to read:

7 5090.39. (a) The director shall assemble a science advisory  
8 team to advise and assist the department and the division in meeting  
9 the natural and cultural resource conservation purposes of this  
10 chapter. At the request of the director, the science advisory team  
11 shall convene to identify, develop, and prioritize pertinent subjects  
12 for investigation and review, compile the best readily available  
13 and applicable scientific information, and describe the gaps in that  
14 information, if any.

15 (b) The science advisory team shall be composed of the  
16 following:

17 (1) Staff from the department, the Department of Fish and  
18 Wildlife, the Department of Conservation, and the State Water  
19 Resources Control Board.

20 (2) Staff from appropriate federal agencies to the extent that  
21 they are able to participate.

22 (3) Five to seven members who are scientists with expertise in  
23 soils, geomorphology, natural resource conservation, biology,  
24 botany, ecology, historical and cultural resources, or land use  
25 management systems. These members should also be familiar with  
26 off-highway motor vehicle recreation.

27 (c) Meetings of the science advisory team shall be open to the  
28 public and the public shall be given an opportunity to comment  
29 on the work of the team. The team shall consider relevant  
30 information from local communities, public agencies, public and  
31 nonprofit land management agencies, and other interested parties  
32 at its meetings.

33 (d) Among other subjects, as determined by the science advisory  
34 team or the director, the team shall investigate and, using the best  
35 available science, make recommendations to the department  
36 regarding all of the following:

37 (1) The soil conservation standards and measures necessary to  
38 avoid erosion damage.



1 (2) Habitat and wildlife assessment protocols appropriate to  
2 ensure accurate inventories of natural resources at every individual  
3 system unit.

4 (3) Habitat protection standards necessary for the protection,  
5 conservation, and restoration of natural and cultural resources,  
6 including sensitive species.

7 (4) Monitoring, evaluation, and corrective action practices  
8 necessary to support necessary adaptive management changes in  
9 response to reasonably foreseen events and unforeseen  
10 circumstances at individual system units.

11 (e) The science advisory team shall consider and recommend  
12 actions to ensure consistency in the management of system units  
13 with other resource protection plans, including, but not limited to,  
14 the state wildlife action plan, natural community conservation  
15 plans, regional conservation investment strategies, wildlife corridor  
16 plans, and other regional land use and resource conservation plans.

17 (f) The science advisory team shall complete its initial review  
18 and submit recommendations to the director by no later than July  
19 1, 2020.

20 SEC. 13. Section 5090.43 of the Public Resources Code is  
21 amended to read:

22 ~~5090.43. (a) State vehicular recreation areas shall be~~  
23 ~~established on lands where there are quality recreational~~  
24 ~~opportunities for off-highway motor vehicles and in accordance~~  
25 ~~with the requirements of Section 5090.35. Areas shall be~~  
26 ~~developed, managed, and operated for the purpose of making the~~  
27 ~~fullest public use of the outdoor recreational opportunities present.~~  
28 ~~The natural and cultural elements of the environment may be~~  
29 ~~managed or modified to enhance the recreational experience~~  
30 ~~consistent with the requirements of Section 5090.35.~~

31 ~~(b) Lands for state vehicular recreation areas shall be selected~~  
32 ~~for acquisition so as to minimize the need for establishing sensitive~~  
33 ~~areas.~~

34 ~~(c) After January 1, 1988, no new~~

35 *5090.43. (a) Lands for state vehicular recreation areas shall*  
36 *be selected to avoid or minimize impacts to natural or cultural*  
37 *resources.*

38 *(b) All unavoidable impacts to natural or cultural resources in*  
39 *new, expanded, and existing state vehicular recreation areas shall*  
40 *be mitigated to a level of insignificance by implementing*

1 *appropriate mitigation measures, including permanently protecting*  
2 *lands that provide comparable natural and cultural resources and*  
3 *values. Section 21081 does not apply to establishing new, or*  
4 *expanding existing, state vehicular recreation areas. State*  
5 *vehicular recreation areas shall incorporate all mitigation and*  
6 *permit recommendations or requirements of the Department of*  
7 *Fish and Wildlife and the United States Fish and Wildlife Service.*

8 (c) *The use of funds from the Off-Highway Vehicle Trust Fund*  
9 *or any other source to purchase land for a state vehicular*  
10 *recreation area shall not predetermine that the land is appropriate*  
11 *for off-highway vehicle recreation.*

12 (d) *To ensure consistent protection of natural and cultural*  
13 *resources across all state parks, including state vehicular*  
14 *recreation areas, cultural or natural preserves or state wildernesses*  
15 *shall be established within state vehicular recreation areas. To*  
16 *protect natural and cultural values, sensitive areas within state*  
17 *vehicular recreation areas may be designated by the division if the*  
18 *Off-Highway Motor Vehicle Recreation Commission holds a public*  
19 *hearing and makes a recommendation therefor. These sensitive*  
20 *areas shall be managed by the division in accordance with Sections*  
21 *5019.71 and 5019.74, which define the purpose and management*  
22 *of natural and cultural preserves.*

23 If

24 (e) *If off-highway motor vehicle use results in damage to any*  
25 *natural or cultural values, preserve or values protected therein,*  
26 *appropriate measures shall be promptly taken to protect these lands*  
27 *from any further damage. These measures may include the erection*  
28 *of physical barriers and shall include the restoration of natural*  
29 *resources and the repair of damage to cultural resources: damage,*  
30 *restore damaged lands, and take measures to prevent future*  
31 *damage, including the erection of physical barriers.*

32 SEC. 14. Section 5090.60 of the Public Resources Code is  
33 amended to read:

34 5090.60. The fund consists of deposits from the following  
35 sources:

36 (a) *Revenues from fuel taxes transferred from the Motor Vehicle*  
37 *Fuel Account in the Transportation Tax Fund. State Parks and*  
38 *Recreation Fund, pursuant to subdivision (b) of Section 8352.6 of*  
39 *the Revenue and Taxation Code.*

1 (b) Fees paid pursuant to subdivision (b) of Section 38225 of  
2 the Vehicle Code.

3 (c) Unexpended service fees.

4 (d) Fees and other proceeds collected at state vehicular  
5 recreation areas, as provided in subdivision (c) of Section 5010.

6 (e) Reimbursements.

7 (f) Revenues and income from any other source required by law  
8 to be deposited in the fund.

9 SEC. 15. Section 5090.61 of the Public Resources Code is  
10 amended to read:

11 5090.61. Moneys in the fund shall be available, upon  
12 appropriation by the Legislature, as follows:

13 (a) An amount, not to exceed 50 percent of the annual revenues  
14 to the fund, shall be available for grants and cooperative agreements  
15 pursuant to Article 5 (commencing with Section 5090.50).

16 (b) (1) The remainder of the annual revenues to the fund shall  
17 be available for the support of the division in implementing the  
18 off-highway motor vehicle recreation program and for the planning,  
19 acquisition, development, *mitigation*, construction, maintenance,  
20 administration, operation, restoration, and conservation of lands  
21 in the system.

22 (2) As used in this subdivision, "support of the division"  
23 includes functions performed outside of the division by others on  
24 behalf of the division, including *a prorated share of the*  
25 *department's common overhead and other* costs incurred on behalf  
26 of the division for personnel management and training, accounting,  
27 and fiscal analysis, records, purchasing, public information  
28 activities, consultation of professional scientists and reclamation  
29 experts for the purposes of Section 5090.35, and legal services.  
30 ~~"Support of the division" does not include costs incurred by, or~~  
31 ~~attributable to, the director or the director's immediate staff, or~~  
32 ~~their salaries.~~

33 SEC. 16. Section 5090.70 of the Public Resources Code is  
34 amended to read:

35 5090.70. (a) This chapter shall remain in effect only until  
36 January 1, ~~2018~~, 2023, and as of that date is repealed, unless a  
37 later enacted ~~statute~~, *statute* that is enacted before January 1, ~~2018~~,  
38 2023, deletes or extends that date.

39 (b) *No expansion of an existing, or development of any new,*  
40 *state vehicular recreation area or allocation of grant program*

1 *funds for new or expanded units of the system shall be undertaken*  
2 *or approved until the science advisory team completes its initial*  
3 *review and submits its recommendation to the department, pursuant*  
4 *to Section 5090.39, and the department implements the team's*  
5 *recommendations.*

6 SEC. 17. Section 8352.6 of the Revenue and Taxation Code  
7 is amended to read:

8 8352.6. (a) (1) Subject to Section 8352.1, and except as  
9 otherwise provided in paragraphs (2) and (3), on the first day of  
10 every month, there shall be transferred from moneys deposited to  
11 the credit of the Motor Vehicle Fuel Account to the ~~Off-Highway~~  
12 ~~Vehicle Trust~~ *State Parks and Recreation Fund* created by Section  
13 ~~38225 5010~~ of the ~~Vehicle~~ *Public Resources Code* an amount  
14 attributable to taxes imposed upon distributions of motor vehicle  
15 fuel used in the operation of motor vehicles off highway and for  
16 which a refund has not been claimed. Transfers made pursuant to  
17 this section shall be made prior to transfers pursuant to Section  
18 8352.2.

19 (2) ~~Commencing July 1, 2012, the~~ *The* revenues attributable to  
20 the taxes imposed pursuant to subdivision (b) of Section 7360 and  
21 ~~Section 7361.1~~ and otherwise to be deposited in the ~~Off-Highway~~  
22 ~~Vehicle Trust~~ *State Parks and Recreation Fund* pursuant to  
23 paragraph (1) shall instead be transferred to the General Fund. ~~The~~  
24 ~~revenues attributable to the taxes imposed pursuant to subdivision~~  
25 ~~(b) of Section 7360 and Section 7361.1 that were deposited in the~~  
26 ~~Off-Highway Vehicle Trust Fund in the 2010-11 and 2011-12~~  
27 ~~fiscal years shall be transferred to the General Fund.~~

28 (3) The Controller shall withhold eight hundred thirty-three  
29 thousand dollars (\$833,000) from the monthly transfer to the  
30 ~~Off-Highway Vehicle Trust~~ *State Parks and Recreation Fund*  
31 pursuant to paragraph (1), and transfer that amount to the General  
32 Fund.

33 (b) *The Director of Parks and Recreation, in consultation with*  
34 *the State Park and Recreation Commission, shall include, in the*  
35 *annual budget to be submitted by the Governor to the Legislature,*  
36 *a proposed allocation of fuel taxes transferred to the State Parks*  
37 *and Recreation Fund pursuant to this section for the purposes of*  
38 *the department, including support for state parks and the*  
39 *Off-Highway Motor Vehicle Recreation Program established*  
40 *pursuant to Chapter 1.25 (commencing with Section 5090.01) of*

1 *Division 5 of the Public Resources Code. Upon enactment of the*  
2 *Budget Act, moneys to be allocated pursuant to the budget for the*  
3 *purposes of the Off-Highway Motor Vehicle Recreation Program*  
4 *shall be transferred to the Off-Highway Vehicle Trust Fund created*  
5 *by Section 38225 of the Vehicle Code.*

6 ~~(b)~~

7 ~~(c) The amount transferred to the Off-Highway Vehicle Trust~~  
8 ~~Fund pursuant to paragraph (1) of subdivision (a), as a percentage~~  
9 ~~of the Motor Vehicle Fuel Account; (a) shall be equal to the~~  
10 ~~percentage transferred in the 2006–07 fiscal year. Every five years,~~  
11 ~~starting in the 2013–14 fiscal year, the percentage transferred may~~  
12 ~~be adjusted by the Department of Transportation in cooperation~~  
13 ~~with the Department of Parks and Recreation and the Department~~  
14 ~~of Motor Vehicles. Adjustments shall be based on, but not limited~~  
15 ~~to, the changes in the following factors since the 2006–07 fiscal~~  
16 ~~year or the last adjustment, whichever is more recent: motor vehicle~~  
17 ~~fuel tax revenue paid by motor vehicles when actually used off~~  
18 ~~highway for motorized recreation at units of the system, as defined~~  
19 ~~in Section 5090.09 of the Public Resources Code, and by motor~~  
20 ~~vehicles when actually used off highway to access nonmotorized~~  
21 ~~recreation, whether or not that recreation is in a unit of the state~~  
22 ~~park system. To calculate the amount of the transfer, an estimate~~  
23 ~~shall be made every five years by the Department of~~  
24 ~~Transportation, in cooperation with the Department of Parks and~~  
25 ~~Recreation and the Department of Motor Vehicles, of the fuel tax~~  
26 ~~revenues attributable to the following vehicles solely while in~~  
27 ~~off-highway use:~~

28 ~~(1) The number of vehicles registered~~ *Vehicles identified with*  
29 *the Department of Motor Vehicles as off-highway motor vehicles*  
30 *as required by Division 16.5 (commencing with Section 38000)*  
31 *of the Vehicle Code.*

32 ~~(2) The number of registered~~ *Registered street-legal vehicles*  
33 *that are anticipated to be used off highway; highway for motorized*  
34 *recreation at units of the system, as defined in Section 5090.09 of*  
35 *the Public Resources Code, and registered street-legal vehicles*  
36 *used off highway to access nonmotorized recreation, including*  
37 *four-wheel drive vehicles, all-wheel drive vehicles, and dual-sport*  
38 *motorcycles.*

39 ~~(3) Attendance at the state vehicular recreation areas.~~

40 ~~(4) Off-highway recreation use~~

1 (3) *Vehicles used off highway for motorized recreation or used*  
2 *off highway to access nonmotorized recreation on federal lands*  
3 *as indicated by the United States Forest Service's National Visitor*  
4 *Use Monitoring and the United States Bureau of Land*  
5 *Management's Recreation Management Information System*  
6 *System, to the extent not otherwise accounted for in paragraph (1)*  
7 *or (2).*

8 (e)

9 (d) *It is the intent of the Legislature that transfers from the Motor*  
10 *Vehicle Fuel Account to the Off-Highway Vehicle Trust Fund*  
11 *pursuant to subdivision (a) should reflect the full range of*  
12 *motorized vehicle use off highway for both motorized recreation*  
13 *on any part of the system, as defined in Section 5090.09 of the*  
14 *Public Resources Code, and motorized off-road off-highway access*  
15 *to other recreation opportunities. Therefore, the Legislature finds*  
16 *that the fuel tax baseline established in subdivision (b), attributable*  
17 *to off-highway estimates of use as of the 2006-07 fiscal year,*  
18 *accounts for the three categories of vehicles that have been found*  
19 *over the years to be users of fuel for off-highway motorized*  
20 *recreation or motorized access to nonmotorized recreational*  
21 *pursuits. These three categories are registered off-highway*  
22 *motorized vehicles, registered street-legal motorized vehicles used*  
23 *off highway, and unregistered off-highway motorized vehicles.*  
24 *nonmotorized recreation.*

25 (d) *It is the intent of the Legislature that the off-highway motor*  
26 *vehicle recreational use to be determined by the Department of*  
27 *Transportation pursuant to paragraph (2) of subdivision (b) be that*  
28 *usage by vehicles subject to registration under Division 3*  
29 *(commencing with Section 4000) of the Vehicle Code, for*  
30 *recreation or the pursuit of recreation on surfaces where the use*  
31 *of vehicles registered under Division 16.5 (commencing with*  
32 *Section 38000) of the Vehicle Code may occur.*

33 (e) *It is the intent of the Legislature that the motor vehicle fuel*  
34 *tax revenues transferred pursuant to paragraph (1) of subdivision*  
35 *(a) that are associated with off-highway access to nonmotorized*  
36 *recreation should be used to augment funding available to the*  
37 *state park system for road improvements pursuant to Section*  
38 *2107.7 of the Streets and Highways Code, and to support*  
39 *transportation and access to the state park system and other*  
40 *appropriate public recreation areas for underserved populations*

1 *by, among other things, implementing a grant program for*  
2 *nonmotorized recreation and education opportunities.*

3 (e)

4 (f) In the 2014–15 fiscal year, the Department of Transportation,  
5 in consultation with the Department of Parks and Recreation and  
6 the Department of Motor Vehicles, shall undertake a study to  
7 determine the appropriate adjustment to the amount transferred  
8 pursuant to subdivision ~~(b)~~ (c) and to update the estimate of the  
9 amount attributable to taxes imposed upon distributions of motor  
10 vehicle fuel used in the operation of motor vehicles off highway  
11 and for which a refund has not been claimed. The department shall  
12 provide a copy of this study to the Legislature no later than January  
13 1, 2016.

14 SEC. 18. Section 38225 of the Vehicle Code is amended to  
15 read:

16 38225. (a) A service fee of seven dollars (\$7) shall be paid to  
17 the department for the issuance or renewal of identification of  
18 off-highway motor vehicles subject to identification, except as  
19 expressly exempted under this division.

20 (b) In addition to the service fee required by subdivision (a), a  
21 special fee of thirty-three dollars (\$33) shall be paid at the time of  
22 payment of the service fee for the issuance or renewal of an  
23 identification plate or device.

24 ~~(c) All money transferred pursuant to Section 8352.6 of the~~  
25 ~~Revenue and Taxation Code, all fees received by the department~~  
26 ~~pursuant to subdivision ~~(b)~~; (b) and all day use, overnight use, or~~  
27 ~~annual or biennial use fees for state vehicular recreation areas~~  
28 ~~received by the Department of Parks and Recreation shall be~~  
29 ~~deposited in the Off-Highway Vehicle Trust Fund, which is hereby~~  
30 ~~created. In addition, the moneys allocated pursuant to subdivision~~  
31 ~~(b) of Section 8352.6 of the Revenue and Taxation Code for the~~  
32 ~~purposes of the off-highway motor vehicle recreation program in~~  
33 ~~each Budget Act shall be transferred to the fund. There shall be a~~  
34 ~~separate reporting of special fee revenues by vehicle type, including~~  
35 ~~four-wheeled vehicles, all-terrain vehicles, motorcycles, and~~  
36 ~~snowmobiles. All money described in this subdivision shall be~~  
37 ~~deposited in the fund, and, upon appropriation by the Legislature,~~  
38 ~~shall be allocated according to Section 5090.61 of the Public~~  
39 ~~Resources Code.~~

1 ~~(d) Any money temporarily transferred by the Legislature from~~  
2 ~~the Off-Highway Vehicle Trust Fund to the General Fund shall be~~  
3 ~~reimbursed, without interest, by the Legislature within two fiscal~~  
4 ~~years of the transfer.~~

5 (e)

6 (d) This section shall remain in effect only until January 1, 2018;  
7 2023, and as of that date is repealed, unless a later enacted statute,  
8 that is enacted before January 1, 2018, 2023, deletes or extends  
9 that date. Any unencumbered funds remaining in the Off-Highway  
10 Vehicle Trust Fund on January 1, 2018, 2023, shall be transferred  
11 to the General Fund.

12 SEC. 19. This act is an urgency statute necessary for the  
13 immediate preservation of the public peace, health, or safety within  
14 the meaning of Article IV of the California Constitution and shall  
15 go into immediate effect. The facts constituting the necessity are:

16 In order to make necessary changes to funding mechanisms for  
17 off-highway vehicle programs and related purposes as quickly as  
18 possible, it is necessary that this act take effect immediately.



AMENDED IN SENATE MAY 2, 2017

AMENDED IN SENATE MARCH 28, 2017

**SENATE BILL**

**No. 649**

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**Introduced by Senator Hueso**  
(Principal coauthor: Assembly Member Quirk)  
(Coauthor: Senator Dodd)

February 17, 2017

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An act to amend Section 65964 of, and to add Section 65964.2 to, the Government Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

SB 649, as amended, Hueso. Wireless telecommunications facilities.

Under existing law, a wireless telecommunications collocation facility, as specified, is subject to a city or county discretionary permit and is required to comply with specified criteria, but a collocation facility, which is the placement or installation of wireless facilities, including antennas and related equipment, on or immediately adjacent to that wireless telecommunications collocation facility, is a permitted use not subject to a city or county discretionary permit.

This bill would provide that a small cell is a permitted use, ~~not subject only to a specified permitting process adopted by a city or county discretionary permit, county,~~ if the small cell meets specified requirements. By imposing new duties on local agencies, this bill would impose a state-mandated local program. The bill would authorize a city or county to require an ~~administrative permit~~ *encroachment permit or a building permit, and any additional ministerial permits*, for a small cell, as specified. The bill would define the term "small cell" for these purposes.

Under existing law, a city or county, as a condition of approval of an application for a permit for construction or reconstruction of a development project for a wireless telecommunications facility, may not require an escrow deposit for removal of a wireless telecommunications facility or any component thereof, unreasonably limit the duration of any permit for a wireless telecommunications facility, or require that all wireless telecommunications facilities be limited to sites owned by particular parties within the jurisdiction of the city or county, as specified.

This bill would require permits for these facilities to be renewed for equivalent durations, as specified.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

- 1 SECTION 1. The Legislature finds and declares that, to ensure
- 2 that communities across the state have access to the most advanced
- 3 wireless communications technologies and the transformative
- 4 solutions that robust wireless connectivity enables, such as Smart
- 5 Communities and the Internet of Things, California should work
- 6 in coordination with federal, state, and local officials to create a
- 7 statewide framework for the deployment of advanced wireless
- 8 communications infrastructure in California that does all of the
- 9 following:
  - 10 (a) Reaffirms local governments' historic role and authority
  - 11 with respect to wireless communications infrastructure siting and
  - 12 construction generally.
  - 13 (b) Reaffirms that deployment of telecommunications facilities
  - 14 in the rights-of-way is a matter of statewide concern, subject to a
  - 15 statewide franchise, and that expeditious deployment of
  - 16 telecommunications networks generally is a matter of both
  - 17 statewide and national concern.
  - 18 (c) Recognizes that the impact on local interests from individual
  - 19 small wireless facilities will be sufficiently minor and that such

1 deployments should be a permitted use statewide and should not  
2 be subject to discretionary zoning review.

3 (d) Requires expiring permits for these facilities to be renewed  
4 so long as the site maintains compliance with use conditions  
5 adopted at the time the site was originally approved.

6 (e) Requires providers to obtain all applicable building or  
7 encroachment permits and comply with all related health, safety,  
8 and objective aesthetic requirements for small wireless facility  
9 deployments on a ministerial basis.

10 (f) Grants providers fair, reasonable, nondiscriminatory, and  
11 nonexclusive access to locally owned utility poles, ~~street lights,~~  
12 *streetlights*, and other suitable host infrastructure located within  
13 the public right-of-way and in other local public places such as  
14 stadiums, parks, campuses, hospitals, transit stations, and public  
15 buildings consistent with all applicable health and safety  
16 requirements, including Public Utilities Commission General Order  
17 95.

18 (g) Provides for full recovery by local governments of the costs  
19 of attaching small wireless facilities to utility poles, ~~street lights,~~  
20 *streetlights*, and other suitable host infrastructure in a manner that  
21 is consistent with existing federal and state laws governing utility  
22 pole attachments generally.

23 (h) Permits local governments to charge wireless permit fees  
24 that are fair, reasonable, nondiscriminatory, and cost based.

25 (i) Advances technological and competitive neutrality while not  
26 adding new requirements on competing providers that do not exist  
27 today.

28 SEC. 2. Section 65964 of the Government Code is amended  
29 to read:

30 65964. As a condition of approval of an application for a permit  
31 for construction or reconstruction for a development project for a  
32 wireless telecommunications facility, as defined in Section 65850.6,  
33 a city or county shall not do any of the following:

34 (a) Require an escrow deposit for removal of a wireless  
35 telecommunications facility or any component thereof. However,  
36 a performance bond or other surety or another form of security  
37 may be required, so long as the amount of the bond security is  
38 rationally related to the cost of removal. In establishing the amount  
39 of the security, the city or county shall take into consideration

1 information provided by the permit applicant regarding the cost  
2 of removal.

3 (b) Unreasonably limit the duration of any permit for a wireless  
4 telecommunications facility. Limits of less than 10 years are  
5 presumed to be unreasonable absent public safety reasons or  
6 substantial land use reasons. However, cities and counties may  
7 establish a build-out period for a site. A permit shall be renewed  
8 for an equivalent duration unless the city or county makes a finding  
9 that the wireless telecommunications facility does not comply with  
10 the codes and permit conditions applicable at the time the permit  
11 was initially approved.

12 (c) Require that all wireless telecommunications facilities be  
13 limited to sites owned by particular parties within the jurisdiction  
14 of the city or county.

15 SEC. 3. Section 65964.2 is added to the Government Code, to  
16 read:

17 65964.2. (a) A small cell shall be a permitted use ~~not~~ subject  
18 *only to a permitting process adopted by a city or county*  
19 ~~discretionary permit pursuant to subdivision (b)~~ if it satisfies the  
20 following requirements:

21 (1) The small cell is located in the public right-of-way in any  
22 zone or in any zone that includes a commercial or industrial use.

23 (2) The small cell complies with all applicable ~~state federal,~~  
24 *state, and local health and safety regulations, including*  
25 *compliance with the federal Americans with Disabilities Act of*  
26 *1990 (42 U.S.C. Sec. 12101 et seq.).*

27 (3) The small cell is not located on a fire department facility.

28 (b) (1) A city or county may require that the small cell be  
29 approved pursuant to ~~a single administrative permit~~ *a building*  
30 *permit or its functional equivalent in connection with placement*  
31 *outside of the public right-of-way or an encroachment permit or*  
32 *its functional equivalent issued consistent with Sections 7901 and*  
33 *7901.1 of the Public Utilities Code for the placement in public*  
34 *rights-of-way, and any additional ministerial permits, provided*  
35 ~~that the permit is all permits are~~ *issued within the time frames*  
36 *timeframes required by state and federal law.*

37 (2) ~~An administrative permit~~ *Permits issued pursuant to this*  
38 *subdivision may be subject to the following:*

39 (A) The same administrative permit requirements *as for* similar  
40 construction projects *and* applied in a nondiscriminatory manner.

1     ~~(B) The submission of~~ *A requirement to submit additional*  
2 *information showing that the small cell complies with the Federal*  
3 *Communications Commission's regulations concerning radio*  
4 *frequency emissions referenced in Section 332(c)(7)(B)(iv) of*  
5 *Title 47 of the United States Code.*

6     *(C) A condition that the applicable permit may be rescinded if*  
7 *construction is not substantially commenced within one year.*  
8 *Absent a showing of good cause, an applicant under this section*  
9 *may not renew the permit or resubmit an application to develop*  
10 *a small cell at the same location within six months of rescision.*

11     *(D) A condition that small cells no longer used to provide*  
12 *service shall be removed at no cost to the city or county.*

13     *(E) Compliance with building codes, including building code*  
14 *structural requirements.*

15     *(F) A condition that the applicant pay all electricity costs*  
16 *associated with the operation of the small cell.*

17     *(G) A condition to comply with feasible design and collocation*  
18 *standards on a small cell to be installed on property not in the*  
19 *right-of-way.*

20     ~~(3) The administrative permit~~ *Permits issued pursuant to this*  
21 *subdivision shall not be subject to:*

22     *(A) Requirements to provide additional services, directly or*  
23 *indirectly, including, but not limited to, in-kind contributions from*  
24 *the applicant such as reserving fiber, conduit, or pole space.*

25     *(B) The submission of any additional information other than*  
26 *that required of similar construction projects, except as specifically*  
27 *provided in this section.*

28     *(C) Limitations on routine maintenance or the replacement of*  
29 *small cells with small cells that are substantially similar, the same*  
30 *size or smaller.*

31     ~~(D) The regulation of any antennas~~ *micro wireless facilities*  
32 *mounted on cable strands. a span of wire.*

33     ~~(c) A city or county shall not preclude the leasing or licensing~~  
34 *of its vertical infrastructure located in public right-of-way or public*  
35 *utility easements under the terms set forth in this paragraph.*  
36 *Vertical infrastructure shall be made available for the placement*  
37 *of small cells under fair and reasonable fees, terms, and conditions*  
38 *and offered on a nondiscriminatory basis for small cells. Fees shall*  
39 *be cost-based, and shall not exceed the lesser of either of the*  
40 *following: conditions, which may include feasible design and*

1 *collocation standards. A city or county may reserve capacity on*  
2 *vertical infrastructure if the city or county adopts a resolution*  
3 *finding, based on substantial evidence in the record, that the*  
4 *capacity is needed for projected city or county uses. Fees shall be*  
5 *tiered or flat and within a range of \$100 to \$850 per small cell*  
6 *per year, indexed for inflation from the effective date of this section.*

7 ~~(1) The costs of ownership of the percentage of the volume of~~  
8 ~~the capacity of the vertical infrastructure rendered unusable by a~~  
9 ~~small cell.~~

10 ~~(2) The rate produced by applying the formula adopted by the~~  
11 ~~Federal Communications Commission for telecommunications~~  
12 ~~pole attachments in Section 1.1409(e)(2) of Part 47 of the Code~~  
13 ~~of Federal Regulations.~~

14 ~~(d) A city or county shall not unreasonably discriminate in the~~  
15 ~~leasing or licensing of against the deployment of a small cell on~~  
16 ~~property owned by the city or county and shall make space~~  
17 ~~available on property not located in the public right-of-way owned~~  
18 ~~or operated by the city or county for installation of a small cell. A~~  
19 ~~city or county shall authorize the installation of a small cell on~~  
20 ~~property owned or controlled by the city or county not located~~  
21 ~~within the public right-of-way to the same extent the city or county~~  
22 ~~permits access to that property for under terms and conditions that~~  
23 ~~are no less favorable than the terms and conditions under which~~  
24 ~~the space is made available for comparable commercial projects~~  
25 ~~or uses. These installations shall be subject to reasonable and~~  
26 ~~nondiscriminatory rates, terms, and conditions. conditions, which~~  
27 ~~may include feasible design and collocation standards.~~

28 ~~(e) Nothing in this section shall be construed to alter, modify,~~  
29 ~~or amend any franchise or franchise requirements under state or~~  
30 ~~federal law.~~

31 ~~(e)~~

32 ~~(f) For purposes of this section, the following terms have the~~  
33 ~~following meanings:~~

34 ~~(1) (A) "Small cell" means a wireless telecommunications~~  
35 ~~facility, as defined in Section 65850.6, using licensed or unlicensed~~  
36 ~~spectrum that meets the following qualifications:~~

37 ~~(i) Any individual antenna, All antennas on the structure,~~  
38 ~~excluding the associated equipment, is individually no more than~~  
39 ~~three cubic feet in volume, and all antennas on the structure total~~

1 no more than six cubic feet in volume, whether in a single array  
2 or separate.

3 (ii) (I) The associated equipment on pole structures does not  
4 exceed 21 cubic feet for poles that can support fewer than three  
5 providers or 28 cubic feet for pole collocations that can support at  
6 least three providers, or the associated equipment on nonpole  
7 structures does not exceed 28 cubic feet for collocations that can  
8 support fewer than three providers or 35 cubic feet for collocations  
9 that can support at least three providers. *provided that any*  
10 *individual piece of associated equipment or pole structures do not*  
11 *exceed nine cubic feet.*

12 (II) The following types of associated ancillary equipment are  
13 not included in the calculation of equipment volume:

- 14 (ia) Electric meters and any required pedestal.
- 15 (ib) Concealment elements.
- 16 (ic) Any telecommunications demarcation box.
- 17 (id) Grounding equipment.
- 18 (ie) Power transfer switch.
- 19 (if) ~~Cut-off~~ Cutoff switch.
- 20 (ig) Vertical cable runs for the connection of power and other  
21 services.

22 (B) *“Small cell” includes a micro wireless facility that is no*  
23 *larger than 24 inches long, 15 inches in width, 12 inches in height,*  
24 *and that has an exterior antenna, if any, no longer than 11 inches.*

25 ~~(B)~~  
26 (C) *“Small cell” does not include communications infrastructure*  
27 *extending beyond the telecommunications demarcation box. either*  
28 *of the following:*

- 29 (i) *Coaxial or fiber optic cables that do not exclusively provide*  
30 *service to that small cell.*
- 31 (ii) *Wireless facilities placed in any historic district listed in*  
32 *the National Park Service Certified State or Local Historic*  
33 *Districts or in any historical district listed on the California*  
34 *Register of Historical Resources or placed in coastal zones subject*  
35 *to the jurisdiction of the California Coastal Commission.*

36 (2) (A) *“Vertical infrastructure” means all poles or similar*  
37 *facilities owned or controlled by a city or county that are in the*  
38 *public right-of-way or public utility easements and meant for, or*  
39 *used in whole or in part for, communications service, electric*  
40 *service, lighting, traffic control, signage, or similar functions.*

1     (B) For purposes of this paragraph, the term “controlled”  
2 means having the right to allow subleases or sublicensing. A city  
3 or county may impose feasible design or collocation standards for  
4 small cells placed on vertical infrastructure, including the  
5 placement of associated equipment on the vertical infrastructure  
6 or the ground.

7     (g) Existing agreements regarding the leasing or licensing of  
8 vertical infrastructure entered into prior to the effective date of  
9 this section remain in effect, subject to applicable termination  
10 provisions. The operator of a small cell may accept the rates of  
11 this section for small cells that are the subject of an application  
12 submitted after the agreement is terminated pursuant to the terms  
13 of the agreement.

14     (h) Nothing in this section shall be construed to impose an  
15 obligation to charge a use fee different than those authorized by  
16 Part 2 (commencing with Section 9510) of Division 4.8 of the  
17 Public Utilities Code on a local publicly owned electric utility.

18     (f)  
19     (i) The Legislature finds and declares that small cells, as defined  
20 in this section, have a significant economic impact in California  
21 and are not a municipal affair as that term is used in Section 5 of  
22 Article XI of the California Constitution, but are a matter of  
23 statewide concern.

24     SEC. 4. No reimbursement is required by this act pursuant to  
25 Section 6 of Article XIII B of the California Constitution because  
26 a local agency or school district has the authority to levy service  
27 charges, fees, or assessments sufficient to pay for the program or  
28 level of service mandated by this act, within the meaning of Section  
29 17556 of the Government Code.

O



## Senate Bill No. 1

### CHAPTER 5

An act to amend Section 14526.5 of, to add Sections 14033, 14110, 14526.7, 14556.41, and 16321 to, to add Chapter 5 (commencing with Section 14460) to Part 5 of Division 3 of Title 2 of, to repeal Sections 63048.66, 63048.67, 63048.7, 63048.75, 63048.8, and 63048.85 of, and to repeal and add Section 63048.65 of, the Government Code, to add Section 43021 to the Health and Safety Code, to amend Section 99312.1 of, and to add Sections 99312.3, 99312.4, and 99314.9 to, the Public Utilities Code, to amend Sections 6051.8, 6201.8, 7360, 8352.4, 8352.5, 8352.6, and 60050 of, to add Sections 7361.2, 7653.2, 60050.2, and 60201.4 to, and to add Chapter 6 (commencing with Section 11050) to Part 5 of Division 2 of, the Revenue and Taxation Code, to amend Sections 2104, 2105, 2106, and 2107 of, to add Sections 2103.1 and 2192.4 to, to add Article 2.5 (commencing with Section 800) to Chapter 4 of Division 1 of, and to add Chapter 2 (commencing with Section 2030) and Chapter 8.5 (commencing with Section 2390) to Division 3 of, the Streets and Highways Code, and to amend Section 4156 of, and to add Sections 4000.15 and 9250.6 to, the Vehicle Code, relating to transportation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor April 28, 2017. Filed with  
Secretary of State April 28, 2017.]

#### LEGISLATIVE COUNSEL'S DIGEST

##### SB 1, Beall. 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, consistent with a specified asset management plan, to ensure efficient use of certain 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 \$0.12 per gallon increase in the motor vehicle fuel (gasoline) tax imposed by the bill with an inflation adjustment, as provided, 50% of a \$0.20 per gallon increase in the diesel excise tax, with an inflation adjustment, as provided, a portion of a new transportation improvement fee imposed under the Vehicle License Fee Law with a varying fee between \$25 and \$175 based on vehicle value and with an inflation adjustment, as provided, and a new \$100 annual vehicle registration fee applicable only to zero-emission vehicles model year 2020 and later, with an inflation adjustment, as provided. The bill would provide that the fuel excise tax increases take effect on November 1, 2017, the transportation improvement fee takes effect on January 1, 2018, and the zero-emission vehicle registration fee takes effect on July 1, 2020.

This bill would annually set aside \$200,000,000 of the funds available for the program to fund road maintenance and rehabilitation purposes in counties that have sought and received voter approval of taxes or that have imposed fees, including uniform developer fees, as defined, which taxes or fees are dedicated solely to transportation improvements. These funds would be continuously appropriated for allocation pursuant to guidelines to be developed by the California Transportation Commission in consultation with local agencies. The bill would require \$100,000,000 of the funds available for the program to be available annually for expenditure, upon appropriation by the Legislature, on the Active Transportation Program. The bill would require \$400,000,000 of the funds available for the program to be available annually for expenditure, upon appropriation by the Legislature, on state highway bridge and culvert maintenance and rehabilitation. The bill would require \$5,000,000 of the funds available for the program that are not restricted by Article XIX of the California Constitution to be appropriated each fiscal year to the California Workforce Development Board to assist local agencies to implement policies to promote preapprenticeship training programs to carry out specified projects funded by the account. The bill would require \$25,000,000 of the funds available for the program to be annually transferred to the State Highway Account for expenditure on the freeway service patrol program. The bill would require \$25,000,000 of the funds available for the program to be available annually for expenditure, upon appropriation by the Legislature, on local planning grants. The bill would authorize annual appropriations of \$5,000,000 and \$2,000,000 of the funds available for the program to the University of California and the California State University, respectively, for the purpose of conducting transportation research and transportation-related workforce education, training, and development, as specified. The bill would require the remaining funds available for the program 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 the department and 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 80.

(2) Existing law creates the Department of Transportation within the Transportation Agency.

This bill would create the Independent Office of Audits and Investigations within the department, with specified powers and duties. The bill would provide for the Governor to appoint the director of the office for a 6-year term, subject to confirmation by the Senate, and would provide that the director, who would be known as the Inspector General, may not be removed from office during the term except for good cause. The bill would specify the duties and responsibilities of the Inspector General with respect to the department and local agencies receiving state and federal transportation funds through the department, and would require an annual report to the Legislature and Governor.

This bill would require the department to update the Highway Design Manual to incorporate the "complete streets" design concept by January 1, 2018. The bill would require the department to develop a plan by January 1, 2020, to increase by up to 100% the dollar value of contracts awarded to small businesses, disadvantaged business enterprises, and disabled veteran business enterprises, as specified.

(3) 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 identify the amount of outstanding loans from certain transportation funds as \$706,000,000. The bill would require the Department of Finance to prepare a loan repayment schedule and would require the outstanding loans to be repaid pursuant to that schedule, 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, pursuant to a specified formula, to various state and local transportation purposes.

(4) 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 for specified categories of projects eligible to receive these funds.

This bill would deposit the revenues attributable to 50% of the \$0.20 per gallon increase in the diesel fuel excise tax imposed by the bill into the Trade Corridor Enhancement Account, to be expended on corridor-based freight projects nominated by local agencies and the state.

(5) Article XIX of the California Constitution requires gasoline excise tax revenues from motor vehicles traveling upon public streets and highways to be deposited in the Highway Users Tax Account, for allocation to city, county, and state transportation purposes. Existing law generally provides for statutory allocation of gasoline excise tax revenues attributable to other modes of transportation, including aviation, boats, agricultural vehicles, and off-highway vehicles, to particular accounts and funds for expenditure

on purposes associated with those other modes, except that a specified portion of these gasoline excise tax revenues is deposited in the General Fund. Expenditure of the gasoline excise tax revenues attributable to those other modes is not restricted by Article XIX of the California Constitution.

This bill, commencing November 1, 2017, would transfer the gasoline excise tax revenues attributable to boats and off-highway vehicles from the new \$0.12 per gallon increase, and future inflation adjustments from that increase, to the State Parks and Recreation Fund, to be used for state parks, off-highway vehicle programs, or boating programs. The bill would allocate revenues from future inflation adjustments of the existing gasoline excise tax rate attributable to the nonhighway modes pursuant to existing law.

(6) 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.

This bill would eliminate, effective July 1, 2019, the annual rate adjustment to maintain revenue neutrality for the gasoline and diesel excise tax rates and would reimpose on that date the higher gasoline excise tax rate that was in effect on July 1, 2010, in addition to the increase in the rate described in (1) above that becomes effective on November 1, 2017.

Existing law, beyond the sales and use tax rate generally applicable, imposes an additional sales and use tax on diesel fuel at the rate of 1.75%, subject to certain exemptions, and provides for the net revenues collected from the additional tax to be transferred to the Public Transportation Account. Existing law continuously appropriates these and other revenues in the account to the Controller for allocation by formula to transportation agencies for public transit purposes under the State Transit Assistance Program. Existing law provides for appropriation of other revenues in the account to the Department of Transportation for various other transportation purposes, including intercity rail purposes.

This bill would increase the additional sales and use tax rate on diesel fuel by an additional 4%. The bill would continuously appropriate revenues attributable to the 3.5% rate increase to the Controller for allocation to transportation agencies for public transit purposes under the State Transit Assistance Program. The bill would require the revenues attributable to the remaining 0.5% rate increase to be continuously appropriated to the Transportation Agency for intercity rail and commuter rail purposes.

The bill would also allocate portions of the revenue from the new transportation improvement fee to the State Transit Assistance Program and to the Transit and Intercity Rail Capital Program. The bill would restrict expenditures of the fee revenues made available to the State Transit Assistance Program to transit capital purposes and certain transit services, and would require a recipient transit agency to comply with various requirements, as specified.

(7) Existing law provides for the state to receive certain compact assets, as defined, from designated tribal compacts relative to Indian gaming, and

authorized the compact assets to be sold by the Infrastructure and Economic Development Bank to a special purpose trust in order to generate state revenues. Existing law designated certain of these revenues to be used to repay certain loans of transportation funds that were made to the General Fund.

This bill would delete the references to the special purpose trust and revise payments to various transportation accounts to be made from compact assets. The bill would repeal various other related provisions.

(8) Existing law creates the Traffic Congestion Relief Program and identifies various specific projects eligible to receive funding.

This bill would deem the Traffic Congestion Relief Program to be complete and final as of June 30, 2017, and would provide that projects without approved applications are no longer eligible for funding.

(9) 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 would require the commission, as part of its review of the program, to hold at least one hearing in northern California and one hearing in southern California regarding the proposed program. The bill would require the department to submit any change to a programmed project as an amendment to the commission for its approval.

This bill, on and after July 1, 2017, would also require the commission to make an allocation of capital outlay support resources by project phase 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.

(10) Existing law generally provides for transportation capital improvement projects to be nominated and programmed through the state highway operation and protection program, relative to state highway rehabilitation and similar projects, or through the state transportation improvement program, relative to capacity enhancements and other capital projects.

This bill would create the Solutions for Congested Corridors Program, with funding appropriated for the program from a portion of the new

transportation improvement fee to be allocated by the California Transportation Commission to projects designed to achieve a balanced set of transportation, environmental, and community access improvements within highly congested travel corridors throughout the state and that are part of a comprehensive corridor plan. The bill would provide for regional transportation agencies and the Department of Transportation to nominate projects, with preference to be given to projects that demonstrate collaboration between the regional agencies and the department.

(11) The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment.

This bill would establish the Advance Mitigation Program in the Department of Transportation to enhance communications between the department and stakeholders to, among other things, protect natural resources and accelerate project delivery. The bill would require the department to set aside not less than \$30,000,000 annually for 4 years for the program from capital outlay revenues.

(12) Existing law imposes various limitations on emissions of air contaminants for the control of air pollution from vehicular and nonvehicular sources. Existing law generally designates the State Air Resources Board as the state agency with the primary responsibility for the control of vehicular air pollution.

This bill would prohibit, except as specified, the requiring of the retirement, replacement, retrofit, or repower of a self-propelled commercial motor vehicle during a specified period. The bill would require the state board to, by January 1, 2025, evaluate the impact of these provisions on state and local clean air efforts to meet state and local clean air goals, as provided.

(13) Existing law prohibits a person from driving, moving, or leaving standing upon a highway any motor vehicle, as defined, that has been registered in violation of provisions regulating vehicle emissions.

This bill, effective January 1, 2020, would require the Department of Motor Vehicles to confirm, prior to the initial registration or the transfer of ownership and registration of a diesel-fueled vehicle with a gross vehicle weight rating of more than 14,000 pounds, that the vehicle is compliant with, or exempt from, applicable air pollution control technology requirements, pursuant to specified provisions. The bill would require the department to refuse registration, or renewal or transfer of registration, for certain diesel-fueled vehicles, based on weight and model year, that are subject to specified provisions relating to the reduction of emissions of

diesel particulate matter, oxides of nitrogen, and other criteria pollutants from in-use diesel-fueled vehicles. The bill would authorize the department to allow registration, or renewal or transfer of registration, for any diesel-fueled vehicle that has been reported to the State Air Resources Board, and is using an approved exemption, or is compliant with applicable air pollution control technology requirements, pursuant to specified provisions.

Existing law authorizes the department, in its discretion, to issue a temporary permit to operate a vehicle when a payment of fees has been accepted in an amount to be determined by the department and paid to the department by the owner or other person in lawful possession of the vehicle.

This bill would additionally authorize the department to issue a temporary permit to operate a vehicle for which registration is otherwise required to be refused under the provisions of the bill, as prescribed.

(14) The bill would enact other related provisions.

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

Appropriation: yes.

*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.

(m) This act presents a balance of new revenues and reasonable reforms to ensure efficiency, accountability, and performance from each dollar invested to improve California's transportation system. The revenues designated in this act are intended to address both state and local transportation infrastructure needs as follows:

(1) The revenues estimated to be available for allocation under the act to local agencies are estimated over the next 10 years to be as follows:

(A) Fifteen billion dollars (\$15,000,000,000) to local street and road maintenance.

(B) Seven billion five hundred million dollars (\$7,500,000,000) for transit operations and capital.

(C) Two billion dollars (\$2,000,000,000) for the local partnership program.

(D) One billion dollars (\$1,000,000,000) for the Active Transportation Program.

(E) Eight hundred twenty-five million dollars (\$825,000,000) for the regional share of the State Transportation Improvement Program.

(F) Two hundred fifty million dollars (\$250,000,000) for local planning grants.

(2) The revenues estimated to be available for allocation under the act to the state are estimated over the next 10 years to be as follows:

(A) Fifteen billion dollars (\$15,000,000,000) for state highway maintenance and rehabilitation.

(B) Four billion dollars (\$4,000,000,000) for highway bridge and culvert maintenance and rehabilitation.

(C) Three billion dollars (\$3,000,000,000) for high priority freight corridors.

(D) Two billion five hundred million dollars (\$2,500,000,000) for congested corridor relief.



(E) Eight hundred million dollars (\$800,000,000) for parks programs, off-highway vehicle programs, boating programs, and agricultural programs.

(F) Two hundred seventy-five million dollars (\$275,000,000) for the interregional share of the State Transportation Improvement Program.

(G) Two hundred fifty million dollars (\$250,000,000) for freeway service patrols.

(H) Seventy million dollars (\$70,000,000) for transportation research at the University of California and the California State University.

(n) It is the intent of the Legislature that the Department of Transportation meet the following preliminary performance outcomes for additional state highway investments by the end of 2027, in accordance with applicable state and federal standards:

(1) Not less than 98 percent of pavement on the state highway system in good or fair condition.

(2) Not less than 90 percent level of service achieved for maintenance of potholes, spalls, and cracks.

(3) Not less than 90 percent of culverts in good or fair condition.

(4) Not less than 90 percent of the transportation management system units in good condition.

(5) Fix not less than an additional 500 bridges.

(o) Further, it is the intent of the Legislature that the Department of Transportation leverage funding provided by this act for trade corridors and other highly congested travel corridors in order to obtain matching funds from federal and other sources to maximize improvements in the state's high-priority freight corridors and in the most congested commute corridors.

(p) Constitutionally protecting the funds raised by this act ensures that these funds are to be used only for transportation purposes necessary to repair roads and bridges, expand the economy, and protect natural resources.

(q) This act advances greenhouse gas reduction objectives and other environmental goals by focusing on "fix-it-first" projects, investments in transit and active transportation, and supporting Senate Bill 375 (Chapter 728, Statutes of 2008) and transportation plans.

SEC. 2. This act shall be known, and may be cited as, the Road Repair and Accountability Act of 2017.

SEC. 3. Section 14033 is added to the Government Code, to read:

14033. On or before January 1, 2018, the department shall update the Highway Design Manual to incorporate the "complete streets" design concept.

SEC. 4. Section 14110 is added to the Government Code, to read:

14110. Consistent with federal and state laws and regulations, including, but not limited to, the department's goal setting methodology as approved by the Federal Highway Administration, the department shall develop a plan by January 1, 2020, to increase by up to 100 percent the dollar value of contracts and procurements awarded to small businesses, disadvantaged business enterprises, and disabled veteran business enterprises. The plan shall include the use of targeted media, including minority and women

business enterprises, to outreach to these businesses and shall be provided to the Legislature pursuant to Section 9795.

SEC. 5. Chapter 5 (commencing with Section 14460) is added to Part 5 of Division 3 of Title 2 of the Government Code, to read:

CHAPTER 5. DEPARTMENT OF TRANSPORTATION INDEPENDENT OFFICE  
OF AUDITS AND INVESTIGATIONS

14460. (a) There is hereby created in the department the Independent Office of Audits and Investigations to ensure all of the following:

(1) The department, and external entities that receive state and federal transportation funds from the department, are spending those funds efficiently, effectively, economically, and in compliance with applicable state and federal requirements. Those external entities include, but are not limited to, private for profit and nonprofit organizations, local transportation agencies, and other local agencies that receive transportation funds either through a contract with the department or through an agreement or grant administered by the department.

(2) The department's programs are functioning consistent with applicable accounting standards and practices and are administered effectively, efficiently, and economically.

(3) The department's management is accomplishing departmental priorities, developing an annual audit plan, administering an effective enterprise risk management program, and is making efficient, effective, and financially responsible transportation decisions.

(4) The Secretary of Transportation, the Legislature, the California Transportation Commission, and the director and chief deputy director of the department are fully informed concerning fraud, improper activities, or other serious abuses or deficiencies relating to the expenditure of transportation funds or administration of department programs and operations.

(b) The Governor shall appoint the director of the Audits and Investigations Office, who shall serve a six-year term, have the title of Inspector General, and be subject to Senate confirmation. The Inspector General may not be removed from office during that term, except for good cause. The reasons for removal of the Inspector General shall be stated in writing and shall include the basis for removal. The writing shall be sent to the Secretary of the Senate and the Chief Clerk of the Assembly at the time of the removal and shall be deemed to be a public document.

(c) The Inspector General is vested with the full authority to exercise all responsibility for maintaining a full scope, independent, and objective audit and investigation program as prescribed by Sections 1237, 13885, 13886.5, 13887.5, and 13888, including, but not limited to, those activities described in Section 14461.

(d) Notwithstanding Section 13887, in order to achieve independence and objectivity pursuant to this section, the Independent Office of Audits and Investigation shall meet all of the following requirements:

(1) The Inspector General shall report all audit and confidential investigation findings and recommendations made under his or her jurisdiction to the Secretary of Transportation and the director and chief deputy director of the department on an ongoing and current basis.

(2) The Inspector General shall report at least annually, or upon request, to the Governor, the Legislature, and the California Transportation Commission with a summary of his or her investigation and audit findings and recommendations. The summary shall be posted on the office's Internet Web site and shall otherwise be made available to the public upon its release to the Governor, commission, and Legislature. The summary shall include, but need not be limited to, significant problems discovered by the Inspector General and whether the Inspector General's recommendations relative to audits and investigations have been implemented by the affected units and programs of the department or affected external entities. The report shall be submitted to the Legislature in compliance with Section 9795.

14461. The Inspector General shall review policies, practices, and procedures and conduct audits and investigations of activities involving state transportation funds administered by the department in consultation with all affected units and programs of the department and external entities.

SEC. 6. Section 14526.5 of the Government Code is amended to read:

14526.5. (a) Based on the asset management plan prepared and approved pursuant to Section 14526.4, the department shall prepare a state highway operation and protection program for the expenditure of transportation funds for major capital improvements that are necessary to preserve and protect the state highway system. Projects included in the program shall be limited to improvements relative to the maintenance, safety, operation, and rehabilitation of state highways and bridges that do not add a new traffic lane to the system.

(b) The program shall include projects that are expected to be advertised prior to July 1 of the year following submission of the program, but which have not yet been funded. The program shall include those projects for which construction is to begin within four fiscal years, starting July 1 of the year following the year the program is submitted.

(c) (1) The department, at a minimum, shall specify, for each project in the state highway operation and protection program, the capital and support budget, as applicable, for each of the following project phases:

- (A) Project approval and environmental documents, support only.
- (B) Plans, specifications, and estimates, support only.
- (C) Rights-of-way.
- (D) Construction.

(2) The department shall specify, for each project in the state highway operation and protection program, a projected delivery date for each of the following components:

- (A) Project approval and environmental document completion.

(B) Plans, specifications, and estimates completion.

(C) Right-of-way certification.

(D) Start of construction.

(d) The department shall submit its proposed program to the commission not later than January 31 of each even-numbered year. Prior to submitting its proposed program, the department shall make a draft of its proposed program available to transportation planning agencies for review and comment and shall include the comments in its submittal to the commission. The department shall provide the commission with detailed information for all programmed projects on cost, scope, schedule, and performance metrics as determined by the commission.

(e) The commission shall review the proposed program relative to its overall adequacy, consistency with the asset management plan prepared and approved pursuant to Section 14526.4 and funding priorities established in Section 167 of the Streets and Highways Code, the level of annual funding needed to implement the program, and the impact of those expenditures on the state transportation improvement program. The commission shall adopt the program and submit it to the Legislature and the Governor not later than April 1 of each even-numbered year. The commission may decline to adopt the program if the commission determines that the program is not sufficiently consistent with the asset management plan prepared and approved pursuant to Section 14526.4.

(f) As part of the commission's review of the program required pursuant to subdivision (a), the commission shall hold at least one hearing in northern California and one hearing in southern California regarding the proposed program.

(g) On or after July 1, 2017, to provide sufficient and transparent oversight of the department's capital outlay support resources composed of both state staff and contractors, the commission shall be required to allocate the department's capital outlay support resources by project phase, including preconstruction. Through this action, the commission will provide public transparency for the department's budget estimates, increasing assurance that the annual budget forecast is reasonable. The commission shall develop guidelines, in consultation with the department, to implement this subdivision. Guidelines adopted by the commission to implement this subdivision shall be exempt from the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1).

(h) Beginning July 1, 2017, for a project that experiences increases in capital or support costs above the amounts in the commission's allocation pursuant to subdivision (g), the commission shall establish a threshold for requiring a supplemental project allocation. The commission's guidelines adopted pursuant to subdivision (g) shall also establish the threshold that the commission determines is necessary to ensure efficiency and may provide exceptions as necessary so that projects are not unnecessarily delayed.

(i) The department, for each project requiring a supplemental project allocation pursuant to subdivision (h), shall submit a request to the commission for its approval.

(j) Expenditures for these projects shall not be subject to Sections 188 and 188.8 of the Streets and Highways Code.

SEC. 7. Section 14526.7 is added to the Government Code, to read:

14526.7. (a) The department shall incorporate the performance targets in subdivision (n) of Section 1 of the act adding this section into the asset management plan adopted by the commission and targets adopted by the commission pursuant to Sections 14526.4 and 14526.5. The asset management plan shall also include targets adopted by the commission in consultation with the department for each asset class included in subdivision (n) of Section 1 of the act adding this section to measure the degree to which progress was made towards achieving the overall 2027 targets. Targets may be modified by the commission as needed to conform to federal regulation on performance measures and the completion of the department's asset management plan. Nothing in this section precludes the commission from adopting additional targets and performance measures pursuant to paragraph (1) of subdivision (c) of Section 14526.4.

(b) As specified by guidelines adopted by the commission, the department shall report to the commission on its progress toward meeting the targets and performance measures established for state highways pursuant to subdivision (n) of Section 1 of the act adding this section and paragraph (1) of subdivision (c) of Section 14526.4.

SEC. 8. Section 14556.41 is added to the Government Code, to read:

14556.41. As of June 30, 2017, projects in Section 14556.40 for the Traffic Congestion Relief Program shall be deemed complete and final, and funding levels shall be based on actual amounts requested by the designated lead applicant pursuant to Section 14556.12. Projects without approved applications in accordance with Section 14556.12 shall no longer be eligible for program funding. Traffic Congestion Relief Program savings shall be transferred to other transportation accounts for the purposes specified in Section 16321.

SEC. 9. Section 16321 is added to the Government Code, to read:

16321. The amount of outstanding loans made pursuant to Section 14556.8 is seven hundred six million dollars (\$706,000,000). This amount shall be repaid from the General Fund pursuant to subdivision (c) of Section 20 of Article XVI of the California Constitution no later than June 30, 2020, and upon repayment of this amount all loans authorized pursuant to Section 14556.8 and any associated interest shall be deemed repaid. The loans shall be repaid proportionately and in equal installments over three years. The Department of Finance shall prepare a loan repayment schedule, pursuant to which the outstanding loans shall be repaid by June 30, 2020, as follows:

(a) Two hundred fifty-six million dollars (\$256,000,000) for transfer to the Public Transportation Account, to be allocated as follows:

(1) Up to twenty million dollars (\$20,000,000) to local and regional agencies for climate change adaptation planning.

(2) The remainder to the Transit and Intercity Rail Capital Program as authorized in Part 2 (commencing with Section 75220) of Division 44 of the Public Resources Code.

(b) Two hundred twenty-five million dollars (\$225,000,000) for transfer to the State Highway Account, for the State Highway Operation and Protection Program.

(c) Two hundred twenty-five million dollars (\$225,000,000) is hereby continuously appropriated without regard to fiscal year to the Controller for apportionment to cities and counties for local streets and roads pursuant to the formula in paragraph (3) of subdivision (a) of Section 2103 of the Streets and Highways Code.

SEC. 10. Section 63048.65 of the Government Code is repealed.

SEC. 11. Section 63048.65 is added to the Government Code, to read:

63048.65. (a) Prior to July 1, 2015, three hundred twenty-one million dollars (\$321,000,000) of the one billion two hundred million dollars (\$1,200,000,000) of loans from the Traffic Congestion Relief Fund to the General Fund was repaid using tribal gaming compact revenues. In 2016, an additional one hundred seventy-three million dollars (\$173,000,000) was repaid from the General Fund.

(b) The remaining seven hundred six million dollars (\$706,000,000) of loans from the Traffic Congestion Relief Fund to the General Fund shall be repaid pursuant to Section 14556.8.

SEC. 12. Section 63048.66 of the Government Code is repealed.

SEC. 13. Section 63048.67 of the Government Code is repealed.

SEC. 14. Section 63048.7 of the Government Code is repealed.

SEC. 15. Section 63048.75 of the Government Code is repealed.

SEC. 16. Section 63048.8 of the Government Code is repealed.

SEC. 17. Section 63048.85 of the Government Code is repealed.

SEC. 18. Section 43021 is added to the Health and Safety Code, to read:

43021. (a) Except as provided in subdivision (b), the retirement, replacement, retrofit, or repower of a self-propelled commercial motor vehicle, as defined in Section 34601 of the Vehicle Code, shall not be required until the later of the following:

(1) Thirteen years from the model year the engine and emission control system are first certified for use in self-propelled commercial motor vehicles by the state board or other applicable state and federal agencies.

(2) When the vehicle reaches the earlier of either 800,000 vehicle miles traveled or 18 years from the model year the engine and emission control system are first certified for use in self-propelled commercial motor vehicles by the state board or other applicable state and federal agencies.

(b) This section does not apply to any of the following:

(1) Safety programs, including, but not limited to, those adopted pursuant to Section 34501 of the Vehicle Code.

(2) Voluntary incentive and grant programs, including, but not limited to, those that give preferential access to a facility to a particular vehicle or class of vehicles.

(3) Programs designed to address inspection of, tampering with, and maintenance of, emission control systems.

(4) Programs designed to address imminent health risks where evidence, unavailable at the time equipment is certified for use by the state board or

other applicable state and federal agencies, is sufficient to show that immediate corrective action is necessary to prevent injury, illness, or death.

(c) This section only applies to laws or regulations adopted or amended after January 1, 2017.

(d) It is the intent of the Legislature for this section to provide owners of self-propelled commercial motor vehicles, as defined in subdivision (a), certainty about the useful life of engines certified by the state board and other applicable agencies to meet required environmental standards for sale in the state. This section is not meant to otherwise restrict the authority of the state board or districts.

(e) (1) The state board shall, by January 1, 2025, evaluate the impact of the provisions of this section on state and local clean air efforts to meet state and local clean air goals. The evaluation shall include a review of the following:

(A) Compliance with the truck and bus rule (Section 2025 of Title 13 of the California Code of Regulations).

(B) The benefits and impacts of measures enacted to improve local air quality impacts from stationary sources.

(C) State implementation plan compliance.

(2) As part of the study, the state board shall make recommendations to the Legislature on additional or different mechanisms for achieving those goals while recognizing the financial investments made by the effected entities. In developing the study, the state board shall take into account the report required in Section 38531 of the Health and Safety Code.

(3) The state board shall hold at least one public workshop prior to the completion of the study.

SEC. 19. Section 99312.1 of the Public Utilities Code is amended to read:

99312.1. (a) Revenues transferred to the Public Transportation Account pursuant to Sections 6051.8 and 6201.8 of the Revenue and Taxation Code for the State Transit Assistance Program are hereby continuously appropriated to the Controller for allocation as follows:

(1) Fifty percent for allocation to transportation planning agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board pursuant to Section 99314.

(2) Fifty percent for allocation to transportation agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board for purposes of Section 99313.

(b) For purposes of this chapter, the revenues allocated pursuant to this section shall be subject to the same requirements as revenues allocated pursuant to subdivisions (b) and (c), as applicable, of Section 99312.

(c) The revenues transferred to the Public Transportation Account for the State Transit Assistance Program that are attributable to subdivision (a) of Section 11053 of the Revenue and Taxation Code are hereby continuously appropriated to the Controller, and, upon allocation pursuant to Sections 99313 and 99314, shall only be expended on the following:

(1) Transit capital projects or services to maintain or repair a transit operator's existing transit vehicle fleet or existing transit facilities, including rehabilitation or modernization of existing vehicles or facilities.

(2) The design, acquisition, and construction of new vehicles or facilities that improve existing transit services.

(3) Transit services that complement local efforts for repair and improvement of local transportation infrastructure.

(d) (1) Prior to receiving an apportionment of funds pursuant to subdivision (c) from the Controller in a fiscal year, a recipient transit agency shall submit to the Department of Transportation a list of projects proposed to be funded with these funds. The list of projects proposed to be funded with these funds shall include a description and location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement. The project list shall not limit the flexibility of a recipient transit agency to fund projects in accordance with local needs and priorities so long as the projects are consistent with subdivision (c).

(2) The department shall report to the Controller the recipient transit agencies that have submitted a list of projects as described in this subdivision and that are therefore eligible to receive an apportionment of funds for the applicable fiscal year. The Controller, upon receipt of the report, shall apportion funds pursuant to Sections 99313 and 99314.

(e) For each fiscal year, each recipient transit agency receiving an apportionment of funds pursuant to subdivision (c) shall, upon expending those funds, submit documentation to the department that includes a description and location of each completed project, the amount of funds expended on the project, the completion date, and the estimated useful life of the improvement.

(f) The audit of transit operator finances required pursuant to Section 99245 shall verify that the revenues identified in subdivision (c) have been expended in conformance with these specific requirements and all other generally applicable requirements.

SEC. 20. Section 99312.3 is added to the Public Utilities Code, to read:

99312.3. Revenues transferred to the Public Transportation Account pursuant to paragraph (2) of subdivision (c) of Section 6051.8 and paragraph (2) of subdivision (c) of Section 6201.8 of the Revenue and Taxation Code are hereby continuously appropriated to the Transportation Agency for distribution in the following manner:

(a) (1) Fifty percent of available annual revenues under this section shall be allocated by the Transportation Agency to the public agencies, including joint powers agencies, responsible for state-supported intercity rail services. A minimum of 25 percent of the funds available under this subdivision shall be allocated to each of the state's three intercity rail corridors that provide regularly scheduled intercity rail service.

(2) The Transportation Agency shall adopt guidelines governing the administration of the funds available under this subdivision, including provisions providing authority for loans of these funds by mutual agreement between intercity rail service corridors.



(b) (1) Fifty percent of available annual revenues under this section shall be allocated by the Transportation Agency to the public agencies, including joint powers agencies, responsible for commuter rail services. For the 2018–19 and 2019–20 fiscal years, 20 percent of the funds available under this subdivision shall be allocated to each of the state’s five commuter rail service providers that provide regularly scheduled commuter rail service. Commencing July 1, 2020, the funds available under this subdivision shall be allocated based on guidelines and a distribution formula adopted by the Transportation Agency.

(2) On or before July 1, 2019, the Transportation Agency shall prepare a draft of the proposed guidelines and distribution formula and make them available for public comment. In preparing the proposed guidelines and distribution formula, the agency shall consult with the state’s five commuter rail service providers. The final guidelines and distribution formula shall be adopted on or before January 1, 2020. The guidelines shall include, but need not be limited to, provisions providing authority for loans of these funds by mutual agreement between commuter rail service providers and providing for baseline allocations to each provider.

(c) The funds made available by this section may be used for operations and capital improvements.

SEC. 21. Section 99312.4 is added to the Public Utilities Code, to read:

99312.4. Revenues transferred to the Public Transportation Account pursuant to subdivision (a) of Section 11053 of the Revenue and Taxation Code for the Transit and Intercity Rail Capital Program (Part 2 (commencing with Section 75220) of Division 44 of the Public Resources Code) shall be available for appropriation to that program pursuant to the annual Budget Act.

SEC. 22. Section 99314.9 is added to the Public Utilities Code, to read:

99314.9. The Controller shall compute quarterly proposed allocations for State Transit Assistance Program funds available for allocation pursuant to Sections 99313 and 99314. The Controller shall publish the allocations for each eligible recipient agency, including one list applicable to revenues allocated pursuant to subdivision (c) of Section 99312.1 and another list for revenues allocated from all other revenues in the Public Transportation Account that are designated for the State Transit Assistance Program.

SEC. 23. Section 6051.8 of the Revenue and Taxation Code is amended to read:

6051.8. (a) Except as provided by Section 6357.3, in addition to the taxes imposed by this part, for the privilege of selling tangible personal property at retail a tax is hereby imposed upon all retailers at the rate of 1.75 percent of the gross receipts of any retailer from the sale of all diesel fuel, as defined in Section 60022.

(b) Except as provided by Section 6357.3, in addition to the taxes imposed by this part and by subdivision (a), commencing November 1, 2017, for the privilege of selling tangible personal property at retail a tax is hereby imposed upon all retailers at the rate of 4 percent of the gross receipts of

any retailer from the sale of all diesel fuel, as defined in Section 60022, sold at retail in this state.

(c) (1) Notwithstanding subdivision (b) of Section 7102, except as otherwise provided in paragraph (2), all of the revenues, less refunds, collected pursuant to this section shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and transferred quarterly to the Public Transportation Account in the State Transportation Fund for allocation under the State Transit Assistance Program pursuant to Section 99312.1 of the Public Utilities Code.

(2) The revenues, less refunds, attributable to a rate of 0.5 percent of the 4-percent increase in the rate pursuant to subdivision (b), amounting to one-eighth of revenues from the increase in the rate under that subdivision, shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and transferred quarterly to the Public Transportation Account in the State Transportation Fund for allocation by the Transportation Agency to intercity rail and commuter rail purposes pursuant to Section 99312.3 of the Public Utilities Code.

SEC. 24. Section 6201.8 of the Revenue and Taxation Code is amended to read:

6201.8. (a) Except as provided by Section 6357.3, in addition to the taxes imposed by this part, an excise tax is hereby imposed on the storage, use, or other consumption in this state of diesel fuel, as defined in Section 60022, at the rate of 1.75 percent of the sales price of the diesel fuel.

(b) Except as provided by Section 6357.3, in addition to the taxes imposed by this part and by subdivision (a), commencing November 1, 2017, an excise tax is hereby imposed on the storage, use, or other consumption in this state of diesel fuel, as defined in Section 60022, at the rate of 4 percent of the sales price of the diesel fuel.

(c) (1) Notwithstanding subdivision (b) of Section 7102, except as otherwise provided in paragraph (2), all of the revenues, less refunds, collected pursuant to this section shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and transferred quarterly to the Public Transportation Account in the State Transportation Fund for allocation pursuant to Section 99312.1 of the Public Utilities Code.

(2) The revenues, less refunds, attributable to a rate of 0.5 percent of the 4-percent increase in the rate pursuant to subdivision (b), amounting to one-eighth of revenues from the increase in the rate under that subdivision, shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and transferred quarterly to the Public Transportation Account in the State Transportation Fund for allocation by the Transportation Agency to intercity rail and commuter rail purposes pursuant to Section 99312.3 of the Public Utilities Code.

SEC. 25. Section 7360 of the Revenue and Taxation Code is amended to read:

7360. (a) (1) 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.

(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 paragraph (1), on and after the date of the reduction, shall be recalculated by an amount so that the combined state rate under 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 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 in paragraph (1) in that manner as to generate an amount of revenue that will equal the amount of revenue loss attributable to the exemption provided by Section 6357.7, based on estimates made by the board, and that rate shall be effective during the state's next fiscal year.

(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 of revenues derived pursuant to this subdivision and, as applicable, Section 7361.1, the revenue loss attributable to the exemption provided by Section 6357.7 resulted in a net revenue gain or loss for the fiscal year ending prior to the rate adjustment date on or before March 1.

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

(5) Commencing July 1, 2019, the adjustments in paragraphs (2) and (3) shall cease, and the rate imposed by this subdivision shall be the rate in paragraph (1).

(c) On and after November 1, 2017, in addition to the taxes imposed by subdivisions (a) and (b), 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 twelve cents (\$0.12) per gallon.

(d) On July 1, 2020, and every July 1 thereafter, the board shall adjust the taxes imposed by subdivisions (a), (b), and (c), with the adjustment to apply to both to the base tax rates specified in those provisions and to any previous adjustment in rates made pursuant to this subdivision, by increasing the taxes by a percentage amount equal to the increase in the California Consumer Price Index, as calculated by the Department of Finance with the resulting taxes rounded to the nearest one-tenth of one cent (\$0.01). The first adjustment pursuant to this subdivision shall be a percentage amount

equal to the increase in the California Consumer Price Index from November 1, 2017, to November 1, 2019. Subsequent annual adjustments shall cover subsequent 12 month periods. The incremental change shall be added to the associated rate for that year.

(e) Any increases to the taxes imposed under subdivisions (a), (b), and (c) that are enacted by legislation subsequent to July 1, 2017, shall be deemed to be changes to the base tax rates for purposes of the California Consumer Price Index calculation and adjustment performed pursuant to subdivision (d).

SEC. 26. Section 7361.2 is added to the Revenue and Taxation Code, to read:

7361.2. (a) For the privilege of storing, for the purpose of sale, each supplier, wholesaler, and retailer owning 1,000 or more gallons of tax-paid motor vehicle fuel on November 1, 2017, shall pay a storage tax, the rate of which shall be determined by the board pursuant to the difference in the rate of the tax on motor vehicle fuel in effect on October 31, 2017, and the rate in effect on November 1, 2017, on tax-paid motor vehicle fuel in storage according to the volumetric measure thereof.

(b) For purposes of this section:

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

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

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

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

SEC. 27. Section 7653.2 is added to the Revenue and Taxation Code, to read:

7653.2. On or before January 1, 2018, each person subject to the storage tax imposed under Section 7361.2 shall prepare and file with the board, in a form prescribed by the board, a return showing the total number of gallons of tax-paid motor vehicle fuel owned by the person on November 1, 2017, the amount of the storage tax, and any other information that the board deems necessary for the proper administration of this part. The return shall be accompanied by a remittance payable to the board in the amount of tax due.

SEC. 28. Section 8352.4 of the Revenue and Taxation Code is amended to read:

8352.4. (a) Subject to Sections 8352 and 8352.1, and except as otherwise provided in subdivision (b), there shall be transferred from the money

deposited to the credit of the Motor Vehicle Fuel Account to the Harbors and Watercraft Revolving Fund, for expenditure in accordance with Division 1 (commencing with Section 30) of the Harbors and Navigation Code, the sum of six million six hundred thousand dollars (\$6,600,000) per annum, representing the amount of money in the Motor Vehicle Fuel Account attributable to taxes imposed on distributions of motor vehicle fuel used or usable in propelling vessels. The actual amount shall be calculated using the annual reports of registered boats prepared by the Department of Motor Vehicles for the United States Coast Guard and the formula and method of the December 1972 report prepared for this purpose and submitted to the Legislature on December 26, 1972, by the Director of Transportation. If the amount transferred during each fiscal year is in excess of the calculated amount, the excess shall be retransferred from the Harbors and Watercraft Revolving Fund to the Motor Vehicle Fuel Account. If the amount transferred is less than the amount calculated, the difference shall be transferred from the Motor Vehicle Fuel Account to the Harbors and Watercraft Revolving Fund. No adjustment shall be made if the computed difference is less than fifty thousand dollars (\$50,000), and the amount shall be adjusted to reflect any temporary or permanent increase or decrease that may be made in the rate under the Motor Vehicle Fuel Tax Law. Payments pursuant to this section shall be made prior to payments pursuant to Section 8352.2.

(b) (1) Commencing July 1, 2012, the revenues attributable to the taxes imposed pursuant to subdivision (b) of Section 7360 and otherwise to be deposited in the Harbors and Watercraft Revolving Fund pursuant to subdivision (a) shall instead be transferred to the General Fund.

(2) Commencing November 1, 2017, the revenues attributable to the taxes imposed pursuant to subdivision (c) of Section 7360, any adjustment pursuant to subdivision (d) of Section 7360, and Section 7361.2, and otherwise to be deposited in the Harbors and Watercraft Revolving Fund pursuant to subdivision (a), shall instead be transferred to the State Parks and Recreation Fund to be used for state parks, off-highway vehicle programs, or boating programs.

SEC. 29. Section 8352.5 of the Revenue and Taxation Code is amended to read:

8352.5. (a) (1) Subject to Sections 8352 and 8352.1, and except as otherwise provided in paragraph (1) of subdivision (b), there shall be transferred from the money deposited to the credit of the Motor Vehicle Fuel Account to the Department of Food and Agriculture Fund, during the second quarter of each fiscal year, an amount equal to the estimate contained in the most recent report prepared pursuant to this section.

(2) The amounts are not subject to Section 6357 with respect to the collection of sales and use taxes thereon, and represent the portion of receipts in the Motor Vehicle Fuel Account during a calendar year that were attributable to agricultural off-highway use of motor vehicle fuel which is subject to refund pursuant to Section 8101, less gross refunds allowed by the Controller during the fiscal year ending June 30 following the calendar

year to persons entitled to refunds for agricultural off-highway use pursuant to Section 8101. Payments pursuant to this section shall be made prior to payments pursuant to Section 8352.2.

(b) (1) Commencing July 1, 2012, the revenues attributable to the taxes imposed pursuant to subdivision (b) of Section 7360 and otherwise to be deposited in the Department of Food and Agriculture Fund pursuant to subdivision (a) shall instead be transferred to the General Fund.

(2) Commencing November 1, 2017, the revenues attributable to the taxes imposed pursuant to subdivision (c) of Section 7360, as adjusted pursuant to subdivision (d) of Section 7360, and Section 7361.2 shall be deposited in the Department of Food and Agriculture Fund.

(c) On or before September 30, 2012, and on or before September 30 of each even-numbered year thereafter, the Director of Transportation and the Director of Food and Agriculture shall jointly prepare, or cause to be prepared, a report setting forth the current estimate of the amount of money in the Motor Vehicle Fuel Account attributable to agricultural off-highway use of motor vehicle fuel, which is subject to refund pursuant to Section 8101 less gross refunds allowed by the Controller to persons entitled to refunds for agricultural off-highway use pursuant to Section 8101; and they shall submit a copy of the report to the Legislature.

SEC. 30. Section 8352.6 of the Revenue and Taxation Code is amended to read:

8352.6. (a) (1) Subject to Section 8352.1, and except as otherwise provided in paragraphs (2) and (3), on the first day of every month, there shall be transferred from moneys deposited to the credit of the Motor Vehicle Fuel Account to the Off-Highway Vehicle Trust Fund created by Section 38225 of the Vehicle Code an amount attributable to taxes imposed upon distributions of motor vehicle fuel used in the operation of motor vehicles off highway and for which a refund has not been claimed. Transfers made pursuant to this section shall be made prior to transfers pursuant to Section 8352.2.

(2) (A) Commencing July 1, 2012, the revenues attributable to the taxes imposed pursuant to subdivision (b) of Section 7360 and otherwise to be deposited in the Off-Highway Vehicle Trust Fund pursuant to paragraph (1) shall instead be transferred to the General Fund.

(B) Commencing November 1, 2017, the revenues attributable to the taxes imposed pursuant to subdivision (c) of Section 7360, any adjustment pursuant to subdivision (d) of Section 7360, and Section 7361.2, and otherwise to be deposited in the Off-Highway Vehicle Trust Fund pursuant to subdivision (a), shall instead be transferred to the State Parks and Recreation Fund to be used for state parks, off-highway vehicle programs, or boating programs.

(3) The Controller shall withhold eight hundred thirty-three thousand dollars (\$833,000) from the monthly transfer to the Off-Highway Vehicle Trust Fund pursuant to paragraph (1), and transfer that amount to the General Fund.

(b) The amount transferred to the Off-Highway Vehicle Trust Fund pursuant to paragraph (1) of subdivision (a), as a percentage of the Motor Vehicle Fuel Account, shall be equal to the percentage transferred in the 2006–07 fiscal year. Every five years, starting in the 2013–14 fiscal year, the percentage transferred may be adjusted by the Department of Transportation in cooperation with the Department of Parks and Recreation and the Department of Motor Vehicles. Adjustments shall be based on, but not limited to, the changes in the following factors since the 2006–07 fiscal year or the last adjustment, whichever is more recent:

(1) The number of vehicles registered as off-highway motor vehicles as required by Division 16.5 (commencing with Section 38000) of the Vehicle Code.

(2) The number of registered street-legal vehicles that are anticipated to be used off highway, including four-wheel drive vehicles, all-wheel drive vehicles, and dual-sport motorcycles.

(3) Attendance at the state vehicular recreation areas.

(4) Off-highway recreation use on federal lands as indicated by the United States Forest Service's National Visitor Use Monitoring and the United States Bureau of Land Management's Recreation Management Information System.

(c) It is the intent of the Legislature that transfers from the Motor Vehicle Fuel Account to the Off-Highway Vehicle Trust Fund should reflect the full range of motorized vehicle use off highway for both motorized recreation and motorized off-road access to other recreation opportunities. Therefore, the Legislature finds that the fuel tax baseline established in subdivision (b), attributable to off-highway estimates of use as of the 2006–07 fiscal year, accounts for the three categories of vehicles that have been found over the years to be users of fuel for off-highway motorized recreation or motorized access to nonmotorized recreational pursuits. These three categories are registered off-highway motorized vehicles, registered street-legal motorized vehicles used off highway, and unregistered off-highway motorized vehicles.

(d) It is the intent of the Legislature that the off-highway motor vehicle recreational use to be determined by the Department of Transportation pursuant to paragraph (2) of subdivision (b) be that usage by vehicles subject to registration under Division 3 (commencing with Section 4000) of the Vehicle Code, for recreation or the pursuit of recreation on surfaces where the use of vehicles registered under Division 16.5 (commencing with Section 38000) of the Vehicle Code may occur.

(e) In the 2014–15 fiscal year, the Department of Transportation, in consultation with the Department of Parks and Recreation and the Department of Motor Vehicles, shall undertake a study to determine the appropriate adjustment to the amount transferred pursuant to subdivision (b) and to update the estimate of the amount attributable to taxes imposed upon distributions of motor vehicle fuel used in the operation of motor vehicles off highway and for which a refund has not been claimed. The

department shall provide a copy of this study to the Legislature no later than January 1, 2016.

SEC. 31. Chapter 6 (commencing with Section 11050) is added to Part 5 of Division 2 of the Revenue and Taxation Code, to read:

#### CHAPTER 6. TRANSPORTATION IMPROVEMENT FEE

11050. For purposes of this chapter, the following terms have the following meanings:

(a) "Transportation purposes" means both of the following:

(1) The research, planning, construction, improvement, maintenance, and operation of public streets and highways (and their related public facilities for nonmotorized traffic), including the mitigation of their environmental effects, the payment for property taken or damaged for the foregoing purposes, and the administrative costs necessarily incurred in the foregoing purposes.

(2) The research, planning, construction, improvement, maintenance, and operation of public transportation systems (and their related equipment and fixed facilities), including the mitigation of their environmental effects, the payment for property taken or damaged for the foregoing purposes, and the administrative costs necessarily incurred in the foregoing purposes.

(b) "Transportation improvement fee" means a supplemental charge added to the fee imposed pursuant to Chapter 2 (commencing with Section 10751).

(c) "Vehicle" means every vehicle that is subject to the fee in Chapter 2 (commencing with Section 10751), except the following:

(1) A commercial vehicle with an unladen weight of more than 10,000 pounds.

(2) A vehicle exempted pursuant to the Vehicle Code from the payment of registration fees.

(3) A vehicle for which a certificate of nonoperation has been filed with the Department of Motor Vehicles pursuant to Section 4604 of the Vehicle Code, during the period of time covered by the certificate.

(4) A vehicle described in Section 5004 of the Vehicle Code.

11051. (a) In addition to any other fee imposed on a vehicle by this code or the Vehicle Code, a transportation improvement fee is hereby imposed on each vehicle as defined in subdivision (b) of Section 11050 effective on January 1, 2018, or as soon after that date as the department is able to commence collection of the fee. The transportation improvement fee shall be in the amounts specified in Section 11052.

(b) The department shall collect the fee at the same time and in the same manner as the department collects the vehicle registration fee pursuant to Section 9250 of the Vehicle Code.

(c) The fee imposed pursuant to this chapter is imposed for the privilege of a resident of California to operate upon the public highways a vehicle or



trailer coach, the registrant of which is subject to the fee under Chapter 2 (commencing with Section 10751).

(d) The revenues from the transportation improvement fee imposed by this chapter shall be available for expenditure only on transportation purposes as provided in Section 11053.

11052. (a) The annual amount of the transportation improvement fee shall be based on the market value of the vehicle, as determined by the department pursuant to Sections 10753, 10753.2, and 10753.5, using the following schedule:

(1) Vehicles with a vehicle market value range between zero dollars (\$0) and four thousand nine hundred ninety-nine dollars (\$4,999), a fee of twenty-five dollars (\$25).

(2) Vehicles with a vehicle market value range between five thousand dollars (\$5,000) and twenty-four thousand nine hundred ninety-nine dollars (\$24,999), a fee of fifty dollars (\$50).

(3) Vehicles with a vehicle market value range between twenty-five thousand dollars (\$25,000) and thirty-four thousand nine hundred ninety-nine dollars (\$34,999), a fee of one hundred dollars (\$100).

(4) Vehicles with a vehicle market value range between thirty-five thousand dollars (\$35,000) and fifty-nine thousand nine hundred ninety-nine dollars (\$59,999), a fee of one hundred fifty dollars (\$150).

(5) Vehicles with a vehicle market value range of sixty thousand dollars (\$60,000) and higher, a fee of one hundred seventy-five dollars (\$175).

(b) On January 1, 2020, and every January 1 thereafter, the department shall adjust the transportation improvement fee imposed under subdivision (a) by increasing the fee for each vehicle market range in an amount equal to the increase in the California Consumer Price Index for the prior year, except the first adjustment shall cover the prior two years, as calculated by the Department of Finance, with amounts equal to or greater than fifty cents (\$0.50) rounded to the highest whole dollar. The incremental change shall be added to the associated fee rate for that year.

(c) Any changes to the transportation improvement fee imposed in subdivision (a) that are enacted by the Legislature subsequent to January 1, 2018, shall be deemed to be changes to the base fee for purposes of the California Consumer Price Index calculation and adjustment performed pursuant to subdivision (b).

11053. Revenues from the transportation improvement fee, after deduction of the department's administrative costs related to this chapter, shall be transferred by the department to the Controller for deposit as follows:

(a) Commencing with the 2017-18 fiscal year, three hundred fifty million dollars (\$350,000,000), plus an annual increase for inflation as determined in subdivision (b) of Section 11052 for this proportional share, shall annually be deposited into the Public Transportation Account. The Controller shall, each month, set aside one-twelfth of this amount, to accumulate a total of three hundred fifty million dollars (\$350,000,000) in each fiscal year or the appropriate adjusted amount. For each fiscal year commencing with the 2017-18 fiscal year, the annual Budget Act shall include an appropriation

for 70 percent of these revenues to be allocated to the Transit and Intercity Rail Capital Program (Part 2 (commencing with Section 75220) of Division 44 of the Public Resources Code), pursuant to Section 99312.4 of the Public Utilities Code. The remaining 30 percent of these revenues shall be continuously appropriated to the Controller for allocation under the State Transit Assistance program, pursuant to subdivision (c) of Section 99312.1 of the Public Utilities Code.

(b) Commencing with the 2017–18 fiscal year, two hundred fifty million dollars (\$250,000,000) shall annually be deposited into the State Highway Account for appropriation by the annual Budget Act to the Congested Corridor Program created pursuant to Section 2391 of the Streets and Highways Code. The Controller shall, each month, set aside one-twelfth of this amount, to accumulate a total of two hundred fifty million dollars (\$250,000,000) in each fiscal year.

(c) The remaining revenues after the transfers made in subdivisions (a) and (b) shall be deposited into the Road Maintenance and Rehabilitation Account created pursuant to Section 2031 of the Streets and Highway Code.

SEC. 32. Section 60050 of the Revenue and Taxation Code is amended to read:

60050. (a) (1) A tax of sixteen cents (\$0.16) 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) 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) On and after November 1, 2017, in addition to the tax imposed pursuant to subdivision (a), an additional tax of twenty cents (\$0.20) is hereby imposed upon each gallon of diesel fuel subject to the tax in Sections 60051, 60052, and 60058.

(c) On July 1, 2020, and every July 1 thereafter, the State Board of Equalization shall adjust the taxes imposed by subdivisions (a), and (b), with the adjustment to apply to both to the base tax rates specified in those provisions and to any previous adjustment in rates made pursuant to this subdivision, by increasing the taxes by a percentage amount equal to the increase in the California Consumer Price Index, as calculated by the Department of Finance with the resulting taxes rounded to the nearest one-tenth of one cent (\$0.01). The first adjustment pursuant to this subdivision shall be a percentage amount equal to the increase in the California Consumer Price Index from November 1, 2017, to November 1, 2019. Subsequent annual adjustments shall cover subsequent 12 month

periods. The incremental change shall be added to the associated rate for that year.

(d) Any changes to the taxes imposed under this section that are enacted by legislation subsequent to July 1, 2017, shall be deemed to be changes to the base tax rates for purposes of the California Consumer Price Index calculation and adjustment performed pursuant to paragraph (1).

SEC. 33. Section 60050.2 is added to the Revenue and Taxation Code, to read:

60050.2. (a) For the privilege of storing, for the purpose of sale, each supplier, wholesaler, and retailer owning 1,000 or more gallons of tax-paid diesel fuel on November 1, 2017, shall pay a storage tax of twenty cents (\$0.20) per gallon of tax-paid diesel fuel in storage according to the volumetric measure thereof.

(b) For purposes of this section:

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

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

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

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

SEC. 34. Section 60201.4 is added to the Revenue and Taxation Code, to read:

60201.4. On or before January 1, 2018, each person subject to the storage tax imposed under Section 60050.2 shall prepare and file with the board, in a form prescribed by the board, a return showing the total number of gallons of tax-paid diesel fuel owned by the person on November 1, 2017, the amount of the storage tax, and any other information that the board deems necessary for the proper administration of this part. The return shall be accompanied by a remittance payable to the board in the amount of tax due.

SEC. 35. Article 2.5 (commencing with Section 800) is added to Chapter 4 of Division 1 of the Streets and Highways Code, to read:

#### Article 2.5. Advance Mitigation Program

800. (a) The Advance Mitigation Program is hereby created to enhance communications between the department and stakeholders to protect natural resources through project mitigation, to meet or exceed applicable

environmental requirements, to accelerate project delivery, and to fully mitigate environmental impacts from transportation infrastructure projects. The department shall consult on all activities pursuant to this article with the Department of Fish and Wildlife, including activities pursuant to Chapter 9 (commencing with Section 1850) of Division 2 of the Fish and Game Code.

(b) Commencing with the 2017–18 fiscal year, and for a period of four years, the department shall set aside no less than thirty million dollars (\$30,000,000) annually for the Advance Mitigation Program from the annual appropriations for the State Transportation Improvement Program and the State Highway Operation and Protection Program for the planning and implementation of projects in the Advanced Mitigation Program.

(c) The annual Budget Act and subsequent legislation may establish additional provisions and requirements for the program.

SEC. 36. 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.

(b) (1) Funds made available by the program shall be used for projects that include, but are not limited to, the following:

(A) Road maintenance and rehabilitation.

(B) Safety projects.

(C) Railroad grade separations.

(D) Complete street components, including active transportation purposes, pedestrian and bicycle safety projects, transit facilities, and drainage and stormwater capture projects in conjunction with any other allowable project.

(E) Traffic control devices.

(2) Funds made available by the program may also be used to satisfy a match requirement in order to obtain state or federal funds for projects authorized by this subdivision.

(c) To the extent possible and cost effective, and where feasible, the department and cities and counties receiving funds under the program shall use advanced technologies and material recycling techniques that reduce the cost of maintaining and rehabilitating the streets and highways, and that exhibit reduced levels of greenhouse gas emissions through material choice and construction method.

(d) To the extent possible and cost effective, and where feasible, the department and cities and counties receiving funds under the program shall use advanced technologies and communications systems in transportation infrastructure that recognize and accommodate advanced automotive

technologies that may include, but are not necessarily limited to, charging or fueling opportunities for zero-emission vehicles, and provision of infrastructure-to-vehicle communications for transitional or full autonomous vehicle systems.

(e) To the extent deemed cost effective, and where feasible, in the context of both the project scope and the risk level for the asset due to global climate change, the department and cities and counties receiving funds under the program shall include features in the projects funded by the program to better adapt the asset to withstand the negative effects of climate change and make the asset more resilient to impacts such as fires, floods, and sea level rise.

(f) To the extent beneficial, cost effective, and practicable in the context of facility type, right-of-way, project scope, and quality of nearby alternative facilities, and where feasible, the department and cities and counties receiving funds under the program shall incorporate complete street elements into projects funded by the program, including, but not limited to, elements that improve the quality of bicycle and pedestrian facilities and that improve safety for all users of transportation facilities.

(g) For purposes of funds directed to the State Highway Operation and Protection Program, the guidelines and reporting provisions shall be consistent with Section 14526.5 of the Government Code.

(h) Guidelines adopted by the commission to facilitate the allocation of funds in the account shall be exempt from the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

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 and pursuant to subdivision (a) of Section 2103.1, the portion of the revenues in the Highway Users Tax Account attributable to the increases in the motor vehicle fuel excise tax pursuant to subdivision (c) of Section 7360 of the Revenue and Taxation Code, as adjusted pursuant to subdivision (d) of that section.

(b) The revenues from the portion of the transportation improvement fee pursuant to subdivision (c) of Section 11053 of the Revenue and Taxation Code.

(c) The revenues from the increase in the vehicle registration fee pursuant to Section 9250.6 of the Vehicle Code, as adjusted pursuant to subdivision (b) of that section.

(d) Notwithstanding subdivision (b) of Section 2103 and pursuant to paragraph (2) of subdivision (b) of Section 2103.1, one-half of the revenues attributable to the increase in the diesel fuel excise tax pursuant to subdivisions (b) and (c) of Section 60050 of the Revenue and Taxation Code.

(e) Any other revenues designated for the program.

2031.5. For each fiscal year, the annual Budget Act shall contain an appropriation from the Road Maintenance and Rehabilitation Account for the costs of administering this chapter.

2032. (a) (1) After deducting the amounts appropriated in the annual Budget Act, as provided in Section 2031.5, two hundred million dollars (\$200,000,000) of the remaining revenues deposited in the Road Maintenance and Rehabilitation Account shall be set aside annually for counties that have sought and received voter approval of taxes or that have imposed fees, including uniform developer fees as defined by subdivision (b) of Section 8879.67 of the Government Code, which taxes or fees are dedicated solely to transportation improvements. The Controller shall each month set aside one-twelfth of this amount, to accumulate a total of two hundred million dollars (\$200,000,000) in each fiscal year.

(2) Eligible projects under this subdivision shall include, but not be limited to, sound walls for a freeway that was built prior to 1987 without sound walls and with or without high occupancy vehicle lanes if the completion of the sound walls has been deferred due to lack of available funding for at least 20 years and a noise barrier scope summary report has been completed within the last 20 years.

(3) Notwithstanding Section 13340 of the Government Code, 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 pursuant to Section 2033.

(b) After deducting the amounts appropriated in the annual Budget Act pursuant to Section 2031.5 and the amount allocated in subdivision (a), beginning in the 2017–18 fiscal year, one hundred million dollars (\$100,000,000) of the remaining revenues shall be available annually for expenditure, upon appropriation by the Legislature, on the Active Transportation Program created pursuant to Chapter 8 (commencing with Section 2380) of Division 3 to be allocated by the California Transportation Commission pursuant to Section 2381. The Controller shall each month set aside one-twelfth of this amount, to accumulate a total of one hundred million dollars (\$100,000,000) in each fiscal year.

(c) After deducting the amounts appropriated in the annual Budget Act pursuant to Section 2031.5 and the amounts allocated in subdivisions (a) and (b), beginning in the 2017–18 fiscal year, four hundred million dollars (\$400,000,000) of the remaining revenues shall be available annually for expenditure, upon appropriation by the Legislature, by the department for bridge and culvert maintenance and rehabilitation. The Controller shall each month set aside one-twelfth of this amount, to accumulate a total of four hundred million dollars (\$400,000,000) in each fiscal year.

(d) After deducting the amounts appropriated in the annual Budget Act pursuant to Section 2031.5 and the amounts allocated in subdivisions (a), (b), and (c), beginning in the 2017–18 fiscal year, twenty-five million dollars (\$25,000,000) of the remaining revenues shall be transferred annually to the State Highway Account for expenditure, upon appropriation by the Legislature, to supplement the freeway service patrol program. The

Controller shall each month set aside one-twelfth of this amount, to accumulate a total of twenty-five million dollars (\$25,000,000) in each fiscal year.

(e) After deducting the amounts appropriated in the annual Budget Act pursuant to Section 2031.5 and the amounts allocated in subdivisions (a), (b), (c), and (d), in the 2017–18, 2018–19, 2019–20, 2020–21, and 2021–22 fiscal years, from revenues in the Road Maintenance and Rehabilitation Account that are not subject to Article XIX of the California Constitution, five million dollars (\$5,000,000) shall be appropriated in each fiscal year to the California Workforce Development Board to assist local agencies to implement policies to promote preapprenticeship training programs to carry out the projects that are funded by the account pursuant to Section 2038. Funds appropriated pursuant to this subdivision in the Budget Act but remaining unexpended at the end of each applicable fiscal year shall be reappropriated for the same purposes in the following year’s Budget Act, but all funds appropriated or reappropriated pursuant to this subdivision in the Budget Act shall be liquidated no later than June 30, 2027.

(f) After deducting the amounts appropriated in the annual Budget Act pursuant to Section 2031.5 and the amounts allocated in subdivisions (a), (b), (c), (d), and (e), beginning in the 2017–18 fiscal year, twenty-five million dollars (\$25,000,000) of the remaining revenues shall be available annually for expenditure, upon appropriation by the Legislature, by the department for local planning grants, as described in Section 2033.5. The Controller shall each month set aside one-twelfth of this amount, to accumulate a total of twenty-five million dollars (\$25,000,000) in each fiscal year.

(g) After deducting the amounts appropriated in the annual Budget Act pursuant to Section 2031.5 and the amounts allocated in subdivisions (a), (b), (c), (d), (e), and (f), beginning in the 2017–18 fiscal year and each fiscal year thereafter, from the remaining revenues, five million dollars (\$5,000,000) shall be available, upon appropriation, to the University of California for the purpose of conducting transportation research and two million dollars (\$2,000,000) shall be available, upon appropriation, to the California State University for the purpose of conducting transportation research and transportation-related workforce education, training, and development. Prior to the start of each fiscal year, the Secretary of Transportation and the chairs of the Assembly Committee on Transportation and the Senate Committee on Transportation and Housing may set out a recommended priority list of research components to be addressed in the upcoming fiscal year.

(h) Notwithstanding Section 13340 of the Government Code, the balance of the revenues deposited in the Road Maintenance and Rehabilitation Account 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 clauses (i) and (ii) of subparagraph (C) of

paragraph (3) of subdivision (a) of Section 2103 for the purposes authorized by this chapter.

2032.5. (a) It is the intent of the Legislature that the Department of Transportation and local governments are held accountable for the efficient investment of public funds to maintain the public highways, streets, and roads, and are accountable to the people through performance goals that are tracked and reported.

(b) The department shall annually report to the commission relative to the expenditures made with funds received pursuant to subdivision (c) of, and paragraph (1) of subdivision (g) of, Section 2032, and the progress made and achievement of the performance goals outlined in subdivision (n) of Section 1 of the act adding this section.

(c) For each fiscal year in which the department receives an allocation of funds described in subdivision (b), the department shall submit documentation to the commission that includes a description and the location of each completed project, the amount of funds expended on the project, the completion date, and the project's estimated useful life. Annually, the commission shall evaluate the effectiveness of the department in reducing deferred maintenance and improving road conditions on the state highway system, as demonstrated by the progress made by the goals set forth in subdivision (n) of Section 1 of the act enacting this section. The commission may make recommendations for improvement and may withhold future project allocations if it determines program funds are not being appropriately spent. The commission shall annually include any findings in its annual report to the Legislature pursuant to Section 14535 of the Government Code.

(d) The department shall implement efficiency measures with the goal to generate at least one hundred million dollars (\$100,000,000) per year in savings to invest in maintenance and rehabilitation of the state highway system. These savings shall be reported to the commission.

2033. (a) On or before January 1, 2018, the commission, in cooperation with the department, transportation planning agencies, county transportation commissions, and other local agencies, shall develop guidelines for the allocation of funds pursuant to subdivision (a) of Section 2032.

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

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

2033.5. The department, from funds made available pursuant to subdivision (f) of Section 2032, shall allocate local planning grants to encourage local and regional planning that furthers state goals, including, but not limited to, the goals and best practices cited in the regional transportation guidelines adopted by the commission pursuant to Sections 14522 to 14522.3, inclusive, of the Government Code. The department shall develop a grant guide and shall consult with the State Air Resources Board, the Governor's Office of Planning and Research, and the Department of Housing and Community Development in the development of the grant



guide, and shall provide status reports as it administers these funds. The grant guide shall be exempt from the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

2034. (a) (1) Prior to receiving an apportionment of funds under the program pursuant to paragraph (2) of subdivision (h) of Section 2032 from the Controller in a fiscal year, an eligible city or county shall submit to the commission a list of projects proposed to be funded with these funds pursuant to an adopted city or county budget. All projects proposed to receive funding shall be included in a city or county budget that is adopted by the applicable city council or county board of supervisors at a regular public meeting. The list of projects proposed to be funded with these funds shall include a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement. The project list shall not limit the flexibility of an eligible city or county to fund projects in accordance with local needs and priorities so long as the projects are consistent with subdivision (b) of Section 2030.

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

(b) For each fiscal year, each city or county receiving an apportionment of funds shall, upon expending program funds, submit documentation to the commission that includes a description and location of each completed project, the amount of funds expended on the project, the completion date, and the estimated useful life of the improvement.

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).

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 80.

2038. The California Workforce Development Board shall develop guidelines for public agencies receiving Road Maintenance and Rehabilitation Account funds to participate in, invest in, or partner with, new or existing preapprenticeship training programs established pursuant to subdivision (e) of Section 14230 of the Unemployment Insurance Code. The department and local agencies that receive Road Maintenance and Rehabilitation Account funds pursuant to this chapter shall, not later than July 1, 2023, follow the guidelines set forth by the board. The board shall also establish a preapprenticeship development and training grant program, beginning January 1, 2019, pursuant to subdivision (e) of Section 14230 of the Unemployment Insurance Code. Local public agencies that receive Road Maintenance and Rehabilitation Account funds pursuant to this chapter are eligible to compete for such grants and may apply in partnership with other agencies and entities, including those with existing preapprenticeship programs. Successful grant applicants shall, to the extent feasible:

(a) Follow the multicraft core curriculum implemented by the State Department of Education for its pilot project with the California Partnership Academies and by the California Workforce Development Board and local boards.

(b) Include a plan for outreach to and retention of women participants in the preapprenticeship program to help increase the representation of women in the building and construction trades.

(c) Include a plan for outreach to and retention of minority participants and underrepresented subgroups in the preapprenticeship program to help increase their representation in the building and construction trades.

(d) Include a plan for outreach to and retention of disadvantaged youth participants in the preapprenticeship program to help increase their employment opportunities in the building and construction trades.

(e) Include a plan for outreach to individuals in the local labor market area and to formerly incarcerated individuals to provide pathways to employment and training.

(f) Coordinate with local state-approved apprenticeship programs, local building trade councils, and to the extent possible the California Conservation Corps and certified community conservation corps, so individuals who have completed these programs have a pathway to continued employment.

SEC. 37. Section 2103.1 is added to the Streets and Highways Code, to read:

2103.1. (a) Notwithstanding subdivision (b) of Section 2103, the portion of revenues in the Highway Users Tax Account attributable to the increases in the motor vehicle fuel excise tax pursuant to subdivision (c) of Section 7360 of the Revenue and Taxation Code, as adjusted pursuant to subdivision (d) of that section, shall be transferred to the Road Maintenance and Rehabilitation Account pursuant to Section 2031.

(b) Notwithstanding subdivision (b) of Section 2103, the portion of revenues in the Highway Users Tax Account attributable to the increase in the diesel fuel excise tax pursuant to subdivision (b) of Section 60050 of the Revenue and Taxation Code, as adjusted pursuant to subdivision (c) of that section, shall be transferred as follows:

(1) Fifty percent to the Trade Corridors Enhancement Account pursuant to Section 2192.4.

(2) Fifty percent to the Road Maintenance and Rehabilitation Account pursuant to Section 2031.

(c) Notwithstanding subdivision (b) of Section 2103, the portion of the revenues in the Highway Users Tax Account attributable to the storage taxes imposed pursuant to Sections 7361.2 and 60050.2 of the Revenue and Taxation Code shall be deposited in the Road Maintenance and Rehabilitation Account created pursuant to Section 2031.

SEC. 38. Section 2104 of the Streets and Highways Code is amended to read:

2104. Notwithstanding Section 13340 of the Government Code, a sum equal to the net revenue derived from 11.3 percent of the per gallon tax under the Motor Vehicle Fuel License Tax Law (Part 2 (commencing with Section 7301) of Division 2), 1.80 cents (\$0.0180) under the Use Fuel Tax Law (Part 3 (commencing with Section 8601) of Division 2), and 11.5 percent of the per gallon tax under the Diesel Fuel Tax Law (Part 31

(commencing with Section 60001) of Division 2) of the Revenue and Taxation Code, shall be apportioned among the counties, as follows:

(a) Each county shall be paid one thousand six hundred sixty-seven dollars (\$1,667) during each calendar month, which amount shall be expended exclusively for engineering costs and administrative expenses with respect to county roads.

(b) A sum equal to the total of all reimbursable snow removal or snow grooming, or both, costs filed pursuant to subdivision (d) of Section 2152, or seven million dollars (\$7,000,000), whichever is less, shall be apportioned in 12 approximately equal monthly apportionments for snow removal or snow grooming, or both, on county roads, as provided in Section 2110.

(c) A sum equal to five hundred thousand dollars (\$500,000) shall be apportioned in 12 approximately equal monthly apportionments, as provided in Section 2110.5.

(d) (1) Seventy-five percent of the funds payable under this section shall be apportioned among the counties monthly in the respective proportions that the number of fee-paid and exempt vehicles which are registered in each county bears to the total number of fee-paid and exempt vehicles registered in the state.

(2) For purposes of apportionment under this subdivision, the Department of Motor Vehicles shall, as soon as possible after the last day of each calendar month, furnish to the Controller a verified statement showing the number of fee-paid and exempt vehicles which are registered in each county and in the state as of the last day of each calendar month as reflected by the records of the Department of Motor Vehicles.

(e) Of the remaining money payable, there shall be paid to each eligible county an amount that is computed monthly as follows: The number of miles of maintained county roads in each county shall be multiplied by sixty dollars (\$60); from the resultant amount, there shall be deducted the amount received by each county under subdivision (d) and the remainder, if any, shall be paid to each county.

(f) The remaining money payable, after the foregoing apportionments, shall be apportioned among the counties in the same proportion as the money referred to in subdivision (d).

(g) (1) Transfers of revenues from the Highway Users Tax Account to counties pursuant to this section collected during the months of March, April, May, June, and July of 2008, shall be made with the transfer of August 2008 revenues in September of 2008. This suspension shall not apply to a county with a population of less than 40,000.

(2) For the purpose of meeting the cash obligations associated with ongoing budgeted costs, a county may make use of any cash balance in its county road fund, including that resulting from the receipt of funds pursuant to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2 of the Government Code (hereafter bond act)) for local streets and roads maintenance, during the period of this suspension, without the use of this cash being reflected as an expenditure of bond act funds,

provided the cash is replaced once this suspension is repaid in September of 2008. Counties may accrue the revenue received in September 2008 as repayment of these suspensions for the months of April, May, and June of 2008 back to the 2007–08 fiscal year. Nothing in this paragraph shall change the fact that expenditures must be accrued and reflected from the appropriate funding sources for which the moneys were received and meet all the requirements of those funding sources.

(h) (1) The transfer of revenues from the Highway Users Tax Account to counties pursuant to this section that are collected during the months of January, February, and March 2009, shall be made with the transfer of April 2009 revenues in May 2009.

(2) For the purpose of meeting the cash obligations associated with ongoing budgeted costs, a county may make use of any cash balance in its county road fund, including that resulting from the receipt of funds pursuant to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2 of the Government Code (bond act)) for local streets and roads maintenance during the period of this suspension, provided the cash is replaced once this suspension is repaid in May of 2009.

(3) This subdivision shall not affect any requirement that an expenditure is required to be accrued and reflected from the appropriate funding source for which the money was received and to meet all the requirements of its funding source.

SEC. 39. Section 2105 of the Streets and Highways Code is amended to read:

2105. Notwithstanding Section 13340 of the Government Code, in addition to the apportionments prescribed by Sections 2104, 2106, and 2107, from the revenues derived from a per gallon tax imposed pursuant to Section 7360 of the Revenue and Taxation Code, and a per gallon tax imposed pursuant to Sections 8651, 8651.5, and 8651.6 of the Revenue and Taxation Code, and a per gallon tax imposed pursuant to Sections 60050 and 60115 of the Revenue and Taxation Code, the following apportionments shall be made:

(a) A sum equal to 5.8 percent of the per gallon tax under Section 7360 of the Revenue and Taxation Code, 11.5 percent of any per gallon tax in excess of nine cents (\$0.09) per gallon under Sections 8651, 8651.5, and 8651.6 of the Revenue and Taxation Code, and 6.5 percent of the per gallon tax under Sections 60050 and 60115 of the Revenue and Taxation Code, shall be apportioned among the counties, including a city and county.

The amount of apportionment to each county, including a city and county, during a fiscal year shall be calculated as follows:

(1) One million dollars (\$1,000,000) for apportionment to all counties, including a city and county, in proportion to each county's receipts during the prior fiscal year under Sections 2104 and 2106.

(2) One million dollars (\$1,000,000) for apportionment to all counties, including a city and county, as follows:

(A) Seventy-five percent in the proportion that the number of fee-paid and exempt vehicles which are registered in the county bears to the number of fee-paid and exempt vehicles registered in the state.

(B) Twenty-five percent in the proportion that the number of miles of maintained county roads in the county bears to the miles of maintained county roads in the state.

(3) For each county, determine its factor which is the higher amount calculated pursuant to paragraph (1) or (2) divided by the sum of the higher amounts for all of the counties.

(4) The amount to be apportioned to each county is equal to its factor multiplied by the amount available for apportionment.

(b) A sum equal to 5.8 percent of the per gallon tax under Section 7360 of the Revenue and Taxation Code, 11.5 percent of any per gallon tax in excess of nine cents (\$0.09) per gallon under Sections 8651, 8651.5, and 8651.6 of the Revenue and Taxation Code, and 6.5 percent of the per gallon tax under Sections 60050 and 60115 of the Revenue and Taxation Code, shall be apportioned to cities, including a city and county, in the proportion that the total population of the city bears to the total population of all the cities in the state.

(c) (1) Transfers of revenues from the Highway Users Tax Account to counties or cities pursuant to this section collected during the months of March, April, May, June, and July of 2008, shall be made with the transfer of August 2008 revenues in September of 2008. This suspension shall not apply to a county with a population of less than 40,000.

(2) For the purpose of meeting the cash obligations associated with ongoing budgeted costs, a city or county may make use of any cash balance in the city account that is designated for the receipt of state funds allocated for local streets and roads and the county road fund, including that resulting from the receipt of funds pursuant to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2 of the Government Code (hereafter bond act)) for local streets and roads maintenance, during the period of this suspension, without the use of this cash being reflected as an expenditure of bond act funds, provided the cash is replaced once this suspension is repaid in September of 2008. Counties and cities may accrue the revenue received in September 2008 as repayment of these suspensions for the months of April, May, and June of 2008 back to the 2007–08 fiscal year. Nothing in this paragraph shall change the fact that expenditures must be accrued and reflected from the appropriate funding sources for which the moneys were received and meet all the requirements of those funding sources.

(d) (1) The transfer of revenues from the Highway Users Tax Account to counties or cities pursuant to this section collected during the months of January, February, and March 2009 shall be made with the transfer of April 2009 revenues in May 2009.

(2) For the purpose of meeting the cash obligations associated with ongoing budgeted costs, a city or county may make use of any cash balance

in the city account that is designated for the receipt of state funds allocated for local streets and roads or the county road fund, including that resulting from the receipt of funds pursuant to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2 of the Government Code (bond act)) for local streets and roads maintenance, during the period of this suspension, and the use of this cash shall not be considered as an expenditure of bond act funds, if the cash is replaced when the payments that are suspended pursuant to this subdivision are repaid in May 2009.

(3) This subdivision shall not affect any requirement that an expenditure is required to be accrued and reflected from the appropriate funding source for which the money was received and to meet all the requirements of its funding source.

SEC. 40. Section 2106 of the Streets and Highways Code is amended to read:

2106. Notwithstanding Section 13340 of the Government Code, a sum equal to the net revenue derived from 5.3 percent of the per gallon tax under the Motor Vehicle Fuel License Tax Law (Part 2 (commencing with Section 7301) of Division 2 of the Revenue and Taxation Code) shall be apportioned monthly from the Highway Users Tax Account in the Transportation Tax Fund among the counties and cities as follows:

(a) Four hundred dollars (\$400) per month shall be apportioned to each city and city and county and eight hundred dollars (\$800) per month shall be apportioned to each county and city and county.

(b) On the last day of each month, the sum of six hundred thousand dollars (\$600,000) shall be transferred to the State Highway Account in the State Transportation Fund for the Active Transportation Program pursuant to Chapter 8 (commencing with Section 2380). For each month in the 2013–14 fiscal year that has passed prior to the enactment of the bill adding this sentence, six hundred thousand dollars (\$600,000) shall be immediately transferred from the Bicycle Transportation Account to the State Highway Account in the State Transportation Fund for the Active Transportation Program, less any amount already expended for that program from the Bicycle Transportation Account during the 2013–14 fiscal year.

(c) The balance shall be apportioned, as follows:

(1) A base sum shall be computed for each county by using the same proportions of fee-paid and exempt vehicles as are established for purposes of apportionment of funds under subdivision (d) of Section 2104.

(2) For each county, the percentage of the total assessed valuation of tangible property subject to local tax levies within the county which is represented by the assessed valuation of tangible property outside the incorporated cities of the county shall be applied to its base sum, and the resulting amount shall be apportioned to the county. The assessed valuation of taxable tangible property, for purposes of this computation, shall be that most recently used for countywide tax levies as reported to the Controller by the State Board of Equalization. If an incorporation or annexation is

legally completed following the base sum computation, the new city's assessed valuation shall be deducted from the county's assessed valuation, the estimate of which may be provided by the State Board of Equalization.

(3) The difference between the base sum for each county and the amount apportioned to the county shall be apportioned to the cities of that county in the proportion that the population of each city bears to the total population of all the cities in the county. Populations used for determining apportionment of money under Section 2107 are to be used for purposes of this section.

(d) (1) Transfers of revenues from the Highway Users Tax Account to counties or cities pursuant to this section collected during the months of March, April, May, June, and July of 2008, shall be made with the transfer of August 2008 revenues in September of 2008. This suspension shall not apply to a county with a population of less than 40,000.

(2) For the purpose of meeting the cash obligations associated with ongoing budgeted costs, a city or county may make use of any cash balance in the city account that is designated for the receipt of state funds allocated for local streets and roads or the county road fund, including that resulting from the receipt of funds pursuant to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2 of the Government Code (hereafter bond act)) for local streets and roads maintenance, during the period of this suspension, without the use of this cash being reflected as an expenditure of bond act funds, provided the cash is replaced once this suspension is repaid in September of 2008. Counties and cities may accrue the revenue received in September 2008 as repayment of these suspensions for the months of April, May, and June of 2008 back to the 2007-08 fiscal year. Nothing in this paragraph shall change the fact that expenditures must be accrued and reflected from the appropriate funding sources for which the moneys were received and meet all the requirements of those funding sources.

(e) (1) The transfer of revenues from the Highway Users Tax Account to counties or cities pursuant to this section collected during the months of January, February, and March 2009, shall be made with the transfer of April 2009 revenues in May 2009.

(2) For the purpose of meeting the cash obligations associated with ongoing budgeted costs, a city or county may make use of any cash balance in the city account that is designated for the receipt of state funds allocated for local streets and roads or the county road fund, including that resulting from the receipt of funds pursuant to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2 of the Government Code (bond act)) for local streets and roads maintenance, during the period of this suspension, and the use of this cash shall not be considered as an expenditure of bond act funds, if the cash is replaced when the payments that are suspended pursuant to this subdivision are repaid in May 2009.



(3) This subdivision shall not affect any requirement that an expenditure is required to be accrued and reflected from the appropriate funding source for which the money was received and to meet all the requirements of its funding source.

SEC. 41. Section 2107 of the Streets and Highways Code is amended to read:

2107. (a) Notwithstanding Section 13340 of the Government Code, a sum equal to the net revenues derived from 7.3 percent of the per gallon tax under the Motor Vehicle Fuel License Tax Law (Part 2 (commencing with Section 7301) of Division 2), 2.59 cents (\$0.0259) under the Use Fuel Tax Law (Part 3 (commencing with Section 8601) of Division 2), and 11.5 percent under the Diesel Fuel Tax Law (Part 31 (commencing with Section 60001) of Division 2) of the Revenue and Taxation Code, shall be apportioned monthly to the cities and counties of this state from the Highway Users Tax Account in the Transportation Tax Fund as provided in this section.

(b) From the sum determined pursuant to subdivision (a), the Controller shall allocate annually to each city that has filed a report containing the information prescribed by subdivision (c) of Section 2152, and that had expenditures in excess of five thousand dollars (\$5,000) during the preceding fiscal year for snow removal, an amount equal to one-half of the amount of its expenditures for snow removal in excess of five thousand dollars (\$5,000) during that fiscal year.

(c) The balance of the sum determined pursuant to subdivision (a) from the Highway Users Tax Account shall be allocated to each city, including city and county, in the proportion that the total population of the city bears to the total population of all the cities in this state.

(d) (1) For the purpose of this section, except as otherwise provided in paragraph (2), the population in each city is the population determined for that city in the manner specified in Section 11005.3 of the Revenue and Taxation Code.

(2) Commencing with the ninth fiscal year of a city described in subdivision (a) of Section 11005.3 of the Revenue and Taxation Code, the sixth fiscal year of a city described in subdivision (b) of Section 11005.3 of the Revenue and Taxation Code, and the 61st month of the city described in subdivision (c) of Section 11005.3 of the Revenue and Taxation Code, the population in each city is the actual population of that city, as defined in subdivision (e) of Section 11005.3 of the Revenue and Taxation Code.

(e) (1) Transfers of revenues from the Highway Users Tax Account to cities pursuant to this section collected during the months of March, April, May, June, and July of 2008, shall be made with the transfer of August 2008 revenues in September of 2008.

(2) For the purpose of meeting the cash obligations associated with ongoing budgeted costs, a city may make use of any cash balance in the city account that is designated for the receipt of state funds allocated for local streets and roads, including that resulting from the receipt of funds pursuant to the Highway Safety, Traffic Reduction, Air Quality, and Port

Security Bond Act of 2006 (Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2 of the Government Code (hereafter bond act)) for local streets and roads maintenance, during the period of this suspension, without the use of this cash being reflected as an expenditure of bond act funds, provided the cash is replaced once this suspension is repaid in September of 2008. Cities may accrue the revenue received in September 2008 as repayment of these suspensions for the months of April, May, and June of 2008 back to the 2007–08 fiscal year. Nothing in this paragraph shall change the fact that expenditures must be accrued and reflected from the appropriate funding sources for which the moneys were received and meet all the requirements of those funding sources.

(f) (1) A transfer of revenues from the Highway Users Tax Account to cities pursuant to this section collected during the months of January, February, and March 2009, shall be made with the transfer of April 2009 revenues in May 2009.

(2) For the purpose of meeting the cash obligations associated with ongoing budgeted costs, a city may make use of any cash balance in the city account that is designated for the receipt of state funds allocated for local streets and roads, including that resulting from the receipt of funds pursuant to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2 of the Government Code (bond act)) for local streets and roads maintenance, during the period of this suspension, and the use of this cash shall not be reflected as an expenditure of bond act funds, if the cash is replaced once this suspension is repaid in May 2009.

(3) This subdivision shall not affect any requirement that an expenditure is required to be accrued and reflected from the appropriate funding sources for which the moneys were received and to meet all the requirements of those funding sources.

SEC. 42. Section 2192.4 is added to the Streets and Highways Code, to read:

2192.4. The Trade Corridor Enhancement Account is hereby created in the State Transportation Fund to receive funds from subdivision (b) of Section 60050 of the Revenue and Taxation Code, as adjusted. Funds in the account shall be available for expenditure upon appropriation by the Legislature for corridor-based freight projects nominated by local agencies and the state.

SEC. 43. The Legislature finds and declares all of the following:

(a) Californians know congestion. For decades, California has been home to five or six of the nation's most congested travel corridors, which are located in Los Angeles, the San Francisco-Oakland-San Jose Bay Area, the Inland Empire, San Diego, and increasingly, in the central valley. While congestion is a vexing challenge in a state that is home to nearly 40 million people and that adds nearly a half-million people each year, regions and localities are finding new ways to address congestion in highly traveled corridors by undertaking long-term, comprehensive, and multimodal approaches that seek to reduce congestion by expanding travel choices,

improving the quality of life, and preserving the local community character within the corridor.

(b) Examples of this more comprehensive approach to improving congestion in highly traveled corridors include, but are not limited to, programs in the following regions:

(1) The North Coast Corridor improvements along Route 5 and the parallel rail corridor in the County of San Diego.

(2) The Route 91 and Metrolink rail corridor improvements in the County of Riverside.

(3) Emerging solutions for the Route 101 and Caltrain corridor connecting Silicon Valley with San Francisco.

(4) Multimodal approaches for the Route 101 and SMART rail corridor between the Counties of Marin and Sonoma.

(5) Comprehensive solutions for the Route 405 Corridor in the County of Los Angeles.

(c) The state recognizes the benefits to mobility, quality of life, and the environment through comprehensive, multimodal proposals that address mobility, community, and environmental challenges along highly traveled corridors. Therefore, the Solutions for Congested Corridors Program is being created to support collaborative and comprehensive proposals to address these challenges.

SEC. 44. Chapter 8.5 (commencing with Section 2390) is added to Division 3 of the Streets and Highways Code, to read:

#### CHAPTER 8.5. CONGESTED CORRIDORS

2390. The Solutions for Congested Corridors Program is hereby created.

2391. Pursuant to subdivision (b) of Section 11053 of the Revenue and Taxation Code, two hundred fifty million dollars (\$250,000,000) in the State Highway Account shall be available for appropriation to the Department of Transportation in each annual Budget Act for the Solutions for Congested Corridors Program. Funds made available for the program shall be allocated by the California Transportation Commission to projects designed to achieve a balanced set of transportation, environmental, and community access improvements within highly congested travel corridors throughout the state. Funding shall be available for projects that make specific performance improvements and are part of a comprehensive corridor plan designed to reduce congestion in highly traveled corridors by providing more transportation choices for residents, commuters, and visitors to the area of the corridor while preserving the character of the local community and creating opportunities for neighborhood enhancement projects. In order to mitigate increases in vehicle miles traveled, greenhouse gases, and air pollution, highway lane capacity-increasing projects funded by this program shall be limited to high-occupancy vehicle lanes, managed lanes as defined in Section 14106 of the Government Code, and other non-general purpose lane improvements primarily designed to improve safety for all modes of

travel, such as auxiliary lanes, truck climbing lanes, or dedicated bicycle lanes. Project elements within the corridor plans may include improvements to state highways, local streets and roads, public transit facilities, bicycle and pedestrian facilities, and restoration or preservation work that protects critical local habitat or open space.

2392. A regional transportation planning agency or county transportation commission or authority responsible for preparing a regional transportation improvement plan under Section 14527 of the Government Code or the department may nominate projects for funding through the program that are consistent with the policy objectives of the program as set forth in this chapter. The commission shall allocate no more than one-half of the funds available each year to projects nominated exclusively by the department. Preference shall be given to corridor plans that demonstrate that the plans and the specific project improvements to be undertaken are the result of collaboration between the department and local or regional partners that reflect a comprehensive approach to addressing congestion and quality-of-life issues within the affected corridor through investment in transportation and related environmental solutions. Collaboration between the partners may be demonstrated by a project being jointly nominated by both the regional agency and the department.

2393. A project nomination shall include documentation regarding the quantitative and qualitative measures validating the project's consistency with the policy objectives of the program as set forth in this chapter. In addition to being included in a corridor plan, a nominated project shall also be included in the region's regional transportation plan. Projects within the boundaries of a metropolitan planning organization must be included in an adopted regional transportation plan that includes a sustainable communities strategy determined by the State Air Resources Board to achieve the region's greenhouse gas emissions reduction targets.

2394. The commission shall allocate program funds to projects after reviewing the corridor plans submitted by the regional agencies or the department and making a determination that a proposed project is consistent with the objectives of the corridor plan. In addition to making a consistency determination with respect to project nominations, the commission shall score the proposed projects on the following criteria:

- (a) Safety.
- (b) Congestion.
- (c) Accessibility.
- (d) Economic development and job creation and retention.
- (e) Furtherance of state and federal ambient air standards and greenhouse gas emissions reduction standards pursuant to the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38550) of the Health and Safety Code) and Senate Bill 375 (Chapter 728 of the Statutes of 2008).
- (f) Efficient land use.
- (g) Matching funds.
- (h) Project deliverability.

2395. The commission shall adopt an initial program of projects to be funded through the initial appropriation for the program. The initial program may cover a multiyear programming period. Subsequent programs of projects shall be adopted on a biennial basis consistent with available funds for the program, and may include updates to programs of projects previously adopted.

2396. The commission, in consultation with the State Air Resources Board, shall develop and adopt guidelines for the program consistent with the requirements of this chapter. Guidelines adopted by the commission shall be exempt from the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). Prior to adopting the guidelines, the commission shall conduct at least one public hearing in northern California and one public hearing in southern California to review and provide an opportunity for public comment. The commission shall adopt the final guidelines no sooner than 30 days after the commission provides the proposed guidelines to the Joint Legislative Budget Committee and the transportation policy committees in the Senate and the Assembly.

2397. On or before March 1, 2019, and annually thereafter, the commission shall provide project update reports on the development and implementation of the program described in this chapter in its annual report to the Legislature prepared pursuant to Section 14535 of the Government Code. A copy of the report shall be provided to the Joint Legislative Budget Committee and the transportation policy committees of both houses of the Legislature. The report, at a minimum, shall include information on each project that received funding under the program, including, but not limited to, all of the following:

- (a) A summary describing the overall progress of the project since the initial award.
- (b) Expenditures to date for all project phase costs.
- (c) A summary of milestones achieved during the prior year and milestones expected to be reached in the coming year.
- (d) An assessment of how the project is meeting the quantitative and qualitative measurements identified in the project nomination, as outlined in Section 2393.

SEC. 45. Section 4000.15 is added to the Vehicle Code, to read:

4000.15. (a) Effective January 1, 2020, the department shall confirm, prior to the initial registration or the transfer of ownership and registration of a diesel-fueled vehicle with a gross vehicle weight rating of more than 14,000 pounds, that the vehicle is compliant with, or exempt from, applicable air pollution control technology requirements pursuant to Division 26 (commencing with Section 39000) of the Health and Safety Code and regulations of the State Air Resources Board adopted pursuant to that division.

(b) Except as otherwise provided in subdivision (c), for diesel-fueled vehicles subject to Section 43018 of the Health and Safety Code, as applied to the reduction of emissions of diesel particulate matter, oxides of nitrogen,

and other criteria pollutants from in-use diesel-fueled vehicles, and Section 2025 of Title 13 of the California Code of Regulations as it read January 1, 2017, or as subsequently amended:

(1) The department shall refuse registration, or renewal or transfer of registration, for a diesel-fueled vehicle with a gross vehicle weight rating of 14,001 pounds to 26,000 pounds for the following vehicle model years:

- (A) Effective January 1, 2020, vehicle model years 2004 and older.
- (B) Effective January 1, 2021, vehicle model years 2007 and older.
- (C) Effective January 1, 2023, vehicle model years 2010 and older.

(2) The department shall refuse registration, or renewal or transfer of registration, for a diesel-fueled vehicle with a gross vehicle weight rating of more than 26,000 pounds for the following vehicle model years:

- (A) Effective January 1, 2020, vehicle model years 2000 and older.
- (B) Effective January 1, 2021, vehicle model years 2005 and older.
- (C) Effective January 1, 2022, vehicle model years 2007 and older.
- (D) Effective January 1, 2023, vehicle model years 2010 and older.

(c) (1) As determined by the State Air Resources Board, notwithstanding effective dates and vehicle model years identified in subdivision (b), the department may allow registration, or renewal or transfer of registration, for a diesel-fueled vehicle that has been reported to the State Air Resources Board, and is using an approved exemption, or is compliant with applicable air pollution control technology requirements pursuant to Division 26 (commencing with Section 39000) of the Health and Safety Code and regulations of the State Air Resources Board adopted pursuant to that division, including vehicles equipped with the required model year emissions equivalent engine or otherwise using an approved compliance option.

(2) The State Air Resources Board shall notify the department of the vehicles allowed to be registered pursuant to this subdivision.

SEC. 46. Section 4156 of the Vehicle Code is amended to read:

4156. (a) Notwithstanding any other provision of this code, and except as provided in subdivision (b), the department in its discretion may issue a temporary permit to operate a vehicle when a payment of fees has been accepted in an amount to be determined by, and paid to the department, by the owner or other person in lawful possession of the vehicle. The permit shall be subject to the terms and conditions, and shall be valid for the period of time, that the department shall deem appropriate under the circumstances.

(b) (1) The department shall not issue a temporary permit pursuant to subdivision (a) to operate a vehicle for which a certificate of compliance is required pursuant to Section 4000.3, and for which that certificate of compliance has not been issued, unless the department is presented with sufficient evidence, as determined by the department, that the vehicle has failed its most recent smog check inspection.

(2) Only one temporary permit may be issued pursuant to this subdivision to a vehicle owner in a two-year period.

(3) A temporary permit issued pursuant to paragraph (1) is valid for either 60 days after the expiration of the registration of the vehicle or 60 days after

the date that vehicle is removed from nonoperation, whichever is applicable at the time that the temporary permit is issued.

(4) A temporary permit issued pursuant to paragraph (1) is subject to Section 9257.5.

(c) (1) The department may issue a temporary permit pursuant to subdivision (a) to operate a vehicle for which registration may be refused pursuant to Section 4000.15.

(2) Only one temporary permit may be issued pursuant to this subdivision for any vehicle, unless otherwise approved by the State Air Resources Board.

(3) A temporary permit issued pursuant to paragraph (1) is valid for either 90 days after the expiration of the registration of the vehicle or 90 days after the date that vehicle is removed from nonoperation, whichever is applicable at the time the temporary permit is issued.

(4) A temporary permit issued pursuant to paragraph (1) is subject to Section 9257.5.

SEC. 47. 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 July 1, 2020, a road improvement fee of one hundred dollars (\$100) shall be paid to the department for registration or renewal of registration of every zero-emission motor vehicle model year 2020 and later subject to registration under this code, except those motor vehicles that are expressly exempted under this code from payment of registration fees.

(b) On January 1, 2021, and every January 1 thereafter, the Department of Motor Vehicles shall adjust the road improvement fee imposed under subdivision (a) by increasing the fee in an amount equal to the increase in the California Consumer Price Index for the prior year, except the first adjustment shall cover the prior six months, as calculated by the Department of Finance, with amounts equal to or greater than fifty cents (\$0.50) rounded to the highest whole dollar. The incremental change shall be added to the associated fee rate for that year.

(c) Any changes to the road improvement fee imposed by subdivision (a) that are enacted by legislation subsequent to July 1, 2017, shall be deemed to be changes to the base fee rate for purposes of the California Consumer Price Index calculation and adjustment performed pursuant to subdivision (b).

(d) Revenues from the road improvement 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.

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

(f) The road improvement fee required pursuant to this section does not apply to the initial registration after the purchase of a new zero-emission motor vehicle.

(g) For purposes of this section, "zero-emission motor vehicle" means a motor vehicle as described in subdivision (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. 48. (a) On or before January 1, 2019, the Institute for Transportation Studies at the University of California, Davis is requested to prepare and submit to the Governor and the Legislature a report that makes recommendations on potential methodologies to raise revenue from zero-emission and low-emission vehicle owners to achieve the state's transportation electrification, clean air, and climate targets established under law while also ensuring those vehicle owners pay their fair share of any costs borne by motorists to fund improvements to the transportation system.

(b) The report shall examine all fees, taxes, and incentives for zero- and low-emission vehicles, and other vehicles, and shall make recommendations for options that ensure the purchase and ownership of zero- and low-emission vehicles are properly incentivized to assist in meeting state clean air and climate targets, while also ensuring appropriate levels of funding for roads and transportation.

(c) The study shall assess annual fees on zero-emission vehicles or other vehicles not otherwise subject to state fuel excise or use taxes and compare that to the average annual state fuel excise tax assessed on gasoline or diesel vehicles with equivalent fuel economy.

(d) The Institute shall consult with the State Air Resources Board, the Department of Transportation, the Department of Motor Vehicles, and the State Board of Equalization in preparing the report.

(e) This report shall be submitted in compliance with Section 9795 of the Government Code.

SEC. 49. Guidelines adopted to implement transportation programs in this act by the California Transportation Commission, the Department of Transportation, the Transportation Agency, or any other state agency shall be exempt from the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

SEC. 50. 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.



## Senate Bill No. 130

### CHAPTER 9

An act to amend Section 97.70 of the Revenue and Taxation Code, relating to local government finance, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor May 12, 2017. Filed with  
Secretary of State May 12, 2017.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 130, Committee on Budget and Fiscal Review. Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally provides that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined.

Existing property tax law also requires that, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education.

Beginning with the 2004–05 fiscal year and for each fiscal year thereafter, existing law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a Vehicle License Fee Property Tax Compensation Fund that exists in each county treasury. Existing law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities.

This bill would modify these reduction and transfer provisions for a city incorporating after January 1, 2004, and on or before January 1, 2012, for the 2017–18 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation.

By imposing additional duties upon local tax officials with respect to the allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.

This bill would appropriate \$5,000 to the Department of Finance to prepare a report to the Legislature by a specified date regarding compliance by county auditors with respect to this measure.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Appropriation: yes.

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

SECTION 1. Section 97.70 of the Revenue and Taxation Code is amended to read:

97.70. Notwithstanding any other law, for the 2004–05 fiscal year and for each fiscal year thereafter, all of the following apply:

(a) (1) (A) The auditor shall reduce the total amount of ad valorem property tax revenue that is otherwise required to be allocated to a county's Educational Revenue Augmentation Fund by the countywide vehicle license fee adjustment amount.

(B) If, for the fiscal year, after complying with Section 97.68 there is not enough ad valorem property tax revenue that is otherwise required to be allocated to a county Educational Revenue Augmentation Fund for the auditor to complete the allocation reduction required by subparagraph (A), the auditor shall additionally reduce the total amount of ad valorem property tax revenue that is otherwise required to be allocated to all school districts and community college districts in the county for that fiscal year by an amount equal to the difference between the countywide vehicle license fee adjustment amount and the amount of ad valorem property tax revenue that is otherwise required to be allocated to the county Educational Revenue Augmentation Fund for that fiscal year. This reduction for each school district and community college district in the county shall be the percentage share of the total reduction that is equal to the proportion that the total amount of ad valorem property tax revenue that is otherwise required to be allocated to the school district or community college district bears to the total amount of ad valorem property tax revenue that is otherwise required to be allocated to all school districts and community college districts in a county. For purposes of this subparagraph, "school districts" and "community college districts" do not include any districts that are excess tax school entities, as defined in Section 95.

(2) The countywide vehicle license fee adjustment amount shall be allocated to the Vehicle License Fee Property Tax Compensation Fund that shall be established in the treasury of each county.

(b) (1) The auditor shall allocate moneys in the Vehicle License Fee Property Tax Compensation Fund according to the following:

(A) Each city in the county shall receive its vehicle license fee adjustment amount.

(B) Each county and city and county shall receive its vehicle license fee adjustment amount.

(2) The auditor shall allocate one-half of the amount specified in paragraph (1) on or before January 31 of each fiscal year, and the other one-half on or before May 31 of each fiscal year.

(c) For purposes of this section, all of the following apply:

(1) "Vehicle license fee adjustment amount" for a particular city, county, or a city and county means, subject to an adjustment under paragraph (2) and Section 97.71, all of the following:

(A) For the 2004–05 fiscal year, an amount equal to the difference between the following two amounts:

(i) The estimated total amount of revenue that would have been deposited to the credit of the Motor Vehicle License Fee Account in the Transportation Tax Fund, including any amounts that would have been certified to the Controller by the auditor of the County of Ventura under subdivision (j) of Section 98.02, as that section read on January 1, 2004, for distribution under the law as it read on January 1, 2004, to the county, city and county, or city for the 2004–05 fiscal year if the fee otherwise due under the Vehicle License Fee Law (Part 5 (commencing with Section 10701) of Division 2) was 2 percent of the market value of a vehicle, as specified in Sections 10752 and 10752.1 as those sections read on January 1, 2004.

(ii) The estimated total amount of revenue that is required to be distributed from the Motor Vehicle License Fee Account in the Transportation Tax Fund to the county, city and county, and each city in the county for the 2004–05 fiscal year under Section 11005, as that section read on the operative date of the act that amended this clause.

(B) (i) Subject to an adjustment under clause (ii), for the 2005–06 fiscal year, the sum of the following two amounts:

(I) The difference between the following two amounts:

(ia) The actual total amount of revenue that would have been deposited to the credit of the Motor Vehicle License Fee Account in the Transportation Tax Fund, including any amounts that would have been certified to the Controller by the auditor of the County of Ventura under subdivision (j) of Section 98.02, as that section read on January 1, 2004, for distribution under the law as it read on January 1, 2004, to the county, city and county, or city for the 2004–05 fiscal year if the fee otherwise due under the Vehicle License Fee Law (Part 5 (commencing with Section 10701) of Division 2) was 2 percent of the market value of a vehicle, as specified in Sections 10752 and 10752.1 as those sections read on January 1, 2004.

(ib) The actual total amount of revenue that was distributed from the Motor Vehicle License Fee Account in the Transportation Tax Fund to the county, city and county, and each city in the county for the 2004–05 fiscal year under Section 11005, as that section read on the operative date of the act that amended this subsubclause.

(II) The product of the following two amounts:

(ia) The amount described in subclause (I).

(ib) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years. For the first fiscal year for which a change in a city's jurisdictional boundaries first applies, the percentage change in gross taxable assessed valuation from the prior fiscal year to the current fiscal year shall be calculated solely on the basis of the city's previous jurisdictional boundaries, without regard to the change in that city's jurisdictional boundaries. For each following fiscal year, the percentage change in gross taxable assessed valuation from the prior fiscal year to the current fiscal year shall be calculated on the basis of the city's current jurisdictional boundaries.

(ii) The amount described in clause (i) shall be adjusted as follows:

(I) If the amount described in subclause (I) of clause (i) for a particular city, county, or city and county is greater than the amount described in subparagraph (A) for that city, county, or city and county, the amount described in clause (i) shall be increased by an amount equal to this difference.

(II) If the amount described in subclause (I) of clause (i) for a particular city, county, or city and county is less than the amount described in subparagraph (A) for that city, county, or city and county, the amount described in clause (i) shall be decreased by an amount equal to this difference.

(C) For the 2006–07 fiscal year and for each fiscal year thereafter, the sum of the following two amounts:

(i) The vehicle license fee adjustment amount for the prior fiscal year, if Section 97.71 and clause (ii) of subparagraph (B) did not apply for that fiscal year, for that city, county, and city and county.

(ii) The product of the following two amounts:

(I) The amount described in clause (i).

(II) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years. For the first fiscal year for which a change in a city's jurisdictional boundaries first applies, the percentage change in gross taxable assessed valuation from the prior fiscal year to the current fiscal year shall be calculated solely on the basis of the city's previous jurisdictional boundaries, without regard to the change in that city's jurisdictional boundaries. For each following fiscal year, the percentage change in gross taxable assessed valuation from the prior fiscal year to the current fiscal year shall be calculated on the basis of the city's current jurisdictional boundaries.

(2) Notwithstanding paragraph (1), “vehicle license fee adjustment amount,” for a city incorporating after January 1, 2004, and on or before January 1, 2012, means the following:

(A) For the 2017–18 fiscal year, the quotient derived from the following fraction:

(i) The numerator is the product of the following two amounts:

(I) The sum of the most recent vehicle license fee adjustment amounts determined for all cities in the county.

(II) The population of the incorporating city.

(ii) The denominator is the sum of the populations of all cities in the county.

(B) For the 2018–19 fiscal year, and for each fiscal year thereafter, the sum of the following two amounts:

(i) The vehicle license fee adjustment amount for the prior fiscal year.

(ii) The product of the following two amounts:

(I) The amount described in clause (i).

(II) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years.

(3) For the 2013–14 fiscal year, the vehicle license fee adjustment amount that is determined under subparagraph (C) of paragraph (1) for the County of Orange shall be increased by fifty-three million dollars (\$53,000,000). For the 2014–15 fiscal year and each fiscal year thereafter, the calculation of the vehicle license fee adjustment amount for the County of Orange under subparagraph (C) of paragraph (1) shall be based on a prior fiscal year amount that reflects the full amount of this one-time increase of fifty-three million dollars (\$53,000,000).

(4) “Countywide vehicle license fee adjustment amount” means, for any fiscal year, the total sum of the amounts described in paragraphs (1), (2), and (3) for a county or city and county, and each city in the county.

(5) On or before June 30 of each fiscal year, the auditor shall report to the Controller the vehicle license fee adjustment amount for the county and each city in the county for that fiscal year.

(d) For the 2005–06 fiscal year and each fiscal year thereafter, the amounts determined under subdivision (a) of Section 96.1, or any successor to that provision, shall not reflect, for a preceding fiscal year, any portion of any allocation required by this section.

(e) For purposes of Section 15 of Article XI of the California Constitution, the allocations from a Vehicle License Fee Property Tax Compensation Fund constitute successor taxes that are otherwise required to be allocated to counties and cities, and as successor taxes, the obligation to make those transfers as required by this section shall not be extinguished nor disregarded in any manner that adversely affects the security of, or the ability of, a county or city to pay the principal and interest on any debts or obligations that were funded or secured by that city’s or county’s allocated share of motor vehicle license fee revenues.

(f) This section shall not be construed to do any of the following:

(1) Reduce any allocations of excess, additional, or remaining funds that would otherwise have been allocated to county superintendents of schools, cities, counties, and cities and counties pursuant to clause (i) of subparagraph (B) of paragraph (4) of subdivision (d) of Sections 97.2 and 97.3 or Article 4 (commencing with Section 98) had this section not been enacted. The allocations required by this section shall be adjusted to comply with this paragraph.

(2) Require an increased ad valorem property tax revenue allocation or increased tax increment allocation to a community redevelopment agency.

(3) Alter the manner in which ad valorem property tax revenue growth from fiscal year to fiscal year is otherwise determined or allocated in a county.

(4) Reduce ad valorem property tax revenue allocations required under Article 4 (commencing with Section 98).

(g) Tax exchange or revenue sharing agreements, entered into prior to the operative date of this section, between local agencies or between local agencies and nonlocal agencies are deemed to be modified to account for the reduced vehicle license fee revenues resulting from the act that added this section. These agreements are modified in that these reduced revenues are, in kind and in lieu thereof, replaced with ad valorem property tax revenue from a Vehicle License Fee Property Tax Compensation Fund or an Educational Revenue Augmentation Fund.

SEC. 2. The sum of five thousand dollars (\$5,000) is hereby appropriated to the Department of Finance to prepare, by September 1, 2018, a report to the Legislature regarding the compliance by county auditors with paragraph (2) of subdivision (c) of Section 97.70 of the Revenue and Taxation Code.

SEC. 3. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 4. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.

**Senate Bill No. 132**

**CHAPTER 7**

An act to amend the Budget Act of 2016 (Chapter 23 of the Statutes of 2016) by amending Items 9800-001-0001, 9800-001-0494, and 9800-001-0988 of, and adding Items 2660-109-0042, 2660-109-0046, 2660-110-0042, and 3900-101-3291 to, Section 2.00 of, and amending Section 39.00 of, that act, relating to the state budget, and making an appropriation therefor, to take effect immediately, budget bill.

[Approved by Governor April 28, 2017. Filed with  
Secretary of State April 28, 2017.]

**LEGISLATIVE COUNSEL'S DIGEST**

SB 132, Committee on Budget and Fiscal Review. Budget Act of 2016.  
The Budget Act of 2016 made appropriations for the support of state government for the 2016–17 fiscal year.

This bill would amend the Budget Act of 2016 by amending and adding items of appropriation and making other changes.

This bill would become operative only if SB 496 of the 2017–18 Regular Session is enacted and becomes operative.

This bill would declare that it is to take effect immediately as a Budget Bill.

Appropriation: yes.

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

SECTION 1. Item 2660-109-0042 is added to Section 2.00 of the Budget Act of 2016, to read:

2660-109-0042—For local assistance, Department of Transportation, payable from the State Highway Account, State Transportation Fund ..... 100,000,000  
Schedule:  
(1) 1835020-Local Assistance..... 100,000,000  
Provisions:  
1. The funds appropriated in this item are for the University of California, Merced Campus Parkway Project and shall be available for encumbrance and liquidation until June 30, 2023.

SEC. 2. Item 2660-109-0046 is added to Section 2.00 of the Budget Act of 2016, to read:

2660-109-0046—For local assistance, Department of Transportation, payable from the Public Transportation Account, State Transportation Fund ..... 400,000,000

Schedule:

(1) 1835020-Local Assistance..... 400,000,000

Provisions:

1. The funds appropriated in this item shall be used for the extension of the Altamont Corridor Express to Ceres and Merced, including associated system improvements.
2. Notwithstanding any other law restricting the allocation of program funds, this appropriation is for the Altamont Corridor Express from the Transit and Intercity Rail Capital Program and shall be available for encumbrance and liquidation until June 30, 2027.

SEC. 3. Item 2660-110-0042 is added to Section 2.00 of the Budget Act of 2016, to read:

2660-110-0042—For local assistance for the Riverside County Transportation Efficiency Corridor, Department of Transportation, payable from the State Highway Account, State Transportation Fund ..... 427,172,000

Schedule:

- (1) 91 Toll Connector to Interstate 15
  - North..... 180,000,000
- (2) Hammer Bridge Widening..... 6,322,000
- (3) McKinley Grade Separation..... 84,450,000
- (4) Jurupa Avenue Grade Separation..... 108,400,000
- (5) Interstate 15/Limonite Interchange..... 48,000,000

Provisions:

1. The funds appropriated in this item shall be available for encumbrance and liquidation until June 30, 2023.
2. The Secretary of Transportation shall convene a task force of state, local, and private sector experts to develop recommendations to accelerate the schedule of delivery of these and other projects in the region. Any recommendations that require statutory changes should be included in the May Revision to the 2017–18 Governor’s Budget.

SEC. 4. Item 3900-101-3291 is added to Section 2.00 of the Budget Act of 2016, to read:

3900-101-3291—For local assistance, State Air Resources Board, payable from the Trade Corridor Enhancement Account ..... 50,000,000



Schedule:

(1) 3525-The Zero/Near-Zero Emission Warehouse Program..... 50,000,000

Provisions:

- 1. The funds appropriated in this item are available for encumbrance or expenditure until June 30, 2019.
- 2. The funds appropriated in this item are for a competitive funding program to advance implementation of zero/near zero emission warehouses and technology. The funds will be combined with a one-to-one match resulting in \$100,000,000 for projects.

SEC. 5. Item 9800-001-0001 of Section 2.00 of the Budget Act of 2016, as amended by Section 1 of Chapter 2 of the Statutes of 2017, is amended to read:

9800-001-0001—For Augmentation for Employee Compensation..... 549,624,000

Schedule:

(1) 7800-Employee Compensation Program..... 549,624,000

Provisions:

- 1. The amount appropriated in this item shall not be construed to control or influence collective bargaining between the state employer and employee representatives.
- 2. The funds appropriated in this item are for compensation increases and increases in benefits related thereto of employees whose compensation, or portion thereof, is chargeable to the General Fund, to be allocated by budget executive order by the Director of Finance to the several state offices, departments, boards, bureaus, commissions, and other state agencies, in augmentation of their respective appropriations or allocations, in accordance with approved memoranda of understanding or, for employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Human Resources.
- 3. It is the intent of the Legislature that all proposed augmentations for increased employee compensation costs, including, but not limited to, base salary increases, pay increases to bring one group of employees into a pay equity position with another group of public employees, and recruitment and retention differentials, be budgeted and considered on a comprehensive, statewide basis. Therefore, the Legislature declares its intent to reject any proposed augmentations that are

not included in Items 9800-001-0001, 9800-001-0494, and 9800-001-0988, given that these are the items where the funds to implement comprehensive statewide compensation policies, including those adopted pursuant to collective bargaining, are considered. This provision shall not apply to augmentations for increased employee compensation costs resulting from mandatory judicial orders to raise pay for any group of employees or augmentations for increased compensation costs, or approvals for departments to provide increased employee compensation levels, that are included in bills separate from the Budget Act.

4. This item contains funds estimated to be necessary to implement side letters, appendices, or other addenda to a memorandum of understanding (collectively referred to as "pending agreements") that have been determined by the Joint Legislative Budget Committee to require legislative approval prior to their implementation, but which may not have been approved in separate legislation as of the date of the passage of this act. In the event that the Legislature does not approve separate legislation to authorize implementation of any of the pending agreements, the Director of Finance shall not allocate any funds related to those pending agreements pursuant to Provision 2, and the expenditure of funds for those pending agreements shall not be deemed to have been approved by the Legislature.
5. As of July 31, 2017, the unencumbered balances of the above appropriation shall revert to the General Fund.
6. The Director of Finance may adjust this item of appropriation to reflect the health benefit premiums approved by the Board of Administration of the Public Employees' Retirement System or dental benefit premiums approved by the Department of Human Resources for the 2017 calendar year. Within 30 days of making any adjustment pursuant to this provision, the Director of Finance shall report the adjustment in writing to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations.
7. Notwithstanding Sections 3517.6 and 3517.63 of the Government Code, the Department of Finance shall provide written notification to the Joint Legislative Budget Committee regarding any expenditure of funds resulting from any side letter, appendix, or other ad-

dendum to a properly ratified memorandum of understanding.

8. Notice provided pursuant to Provision 7 shall include a copy of the side letter, appendix, or other addendum (collectively addendum) and a fiscal summary of any expenditure of funds resulting from the agreement in the 2016–17 fiscal year and future fiscal years. The notice shall indicate whether the Department of Finance determines that an agreement does or does not require legislative action to ratify the addendum before implementation, pursuant to subdivision (a), (b), or (c) of this provision.
  - (a) An addendum to a properly ratified memorandum of understanding may be implemented without legislative action not less than 30 calendar days after notice has been provided to the Joint Legislative Budget Committee, or not sooner than whatever lesser time after that notification the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine, if all of the following apply:
    - (1) The agreement results in total net costs of less than \$1,000,000 (all funds) during the 2016–17 fiscal year.
    - (2) Any cost resulting from the agreement can be absorbed within the 2016–17 fiscal year appropriation authority of impacted departments.
    - (3) The addendum does not present substantial additions that are reasonably outside the parameters of the original memorandum of understanding.
  - (b) An addendum to a properly ratified memorandum of understanding that results in any expenditure of funds may be implemented not less than 30 calendar days after notice has been provided to the Joint Legislative Budget Committee, or not sooner than whatever lesser time after that notification the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine, if, during the legislative consideration of the 2016–17 Governor’s Budget, the Department of Finance identified to the Legislature both of the following:
    - (1) The administration anticipated that the addendum would be signed during the 2016–17 fiscal year.

- (2) Any costs resulting from the addendum are included in the 2016–17 Governor’s Budget or another piece of legislation.
- (c) An addendum to a properly ratified memorandum of understanding that results in any expenditure of funds requires legislative action before implementation if any of the following apply:
  - (1) The agreement results in total net costs greater than \$1,000,000 (all funds) during the 2016–17 fiscal year.
  - (2) The agreement results in costs that cannot be absorbed within the 2016–17 fiscal year appropriation authority of impacted departments.
  - (3) The addendum presents substantial additions that are not reasonably within the parameters of the original memorandum of understanding.
- 9. Notwithstanding Sections 3517.6 and 3517.63 of the Government Code, any addendum to a properly ratified memorandum of understanding that is implemented in the 2016–17 fiscal year, pursuant to subdivision (a) of Provision 8 and requires the expenditure of funds beyond the 2016–17 fiscal year that was not approved as part of the Budget Act of 2016, shall be approved by the Legislature as part of the Budget Act of 2017 or through another piece of legislation.
- 10. The Department of Human Resources shall promptly post on its public Internet Web site all signed addenda. Each addendum shall be posted in its entirety, including any attachments or schedules that are part of the agreement, along with the fiscal summary documents of the agreement.

SEC. 6. Item 9800-001-0494 of Section 2.00 of the Budget Act of 2016, as amended by Section 2 of Chapter 2 of the Statutes of 2017, is amended to read:

9800-001-0494—For Augmentation for Employee Compensation, payable from other unallocated special funds..... 313,108,000  
 Schedule:  
 (1) 7800-Employee Compensation Program..... 313,108,000  
 Provisions:  
 1. The amount appropriated in this item shall not be construed to control or influence collective bargaining

between the state employer and employee representatives.

2. The funds appropriated in this item are for compensation increases and increases in benefits related thereto of employees whose compensation, or portion thereof, is chargeable to special funds, to be allocated by budget executive order by the Director of Finance to the several state offices, departments, boards, bureaus, commissions, and other state agencies, in augmentation of their respective appropriations or allocations, in accordance with approved memoranda of understanding or, for employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Human Resources.
3. Notwithstanding any other provision of law, upon approval of the Director of Finance, expenditure authority may be transferred between this item and Item 9800-001-0988 as necessary to fund costs for approved memoranda of understanding or, for employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Human Resources.
4. It is the intent of the Legislature that all proposed augmentations for increased employee compensation costs, including, but not limited to, base salary increases, pay increases to bring one group of employees into a pay equity position with another group of public employees, and recruitment and retention differentials, be budgeted and considered on a comprehensive, statewide basis. Therefore, the Legislature declares its intent to reject any proposed augmentations that are not included in Items 9800-001-0001, 9800-001-0494, and 9800-001-0988, given that these are the items where the funds to implement comprehensive statewide compensation policies, including those adopted pursuant to collective bargaining, are considered. This provision does not apply to augmentations for increased employee compensation costs resulting from mandatory judicial orders to raise pay for any group of employees or augmentations for increased compensation costs, or approvals for departments to provide increased employee compensation levels, that are included in bills separate from the Budget Act.
5. This item contains funds estimated to be necessary to implement side letters, appendices, or other addenda to a memorandum of understanding (collectively referred to as "pending agreements") that have been

determined by the Joint Legislative Budget Committee to require legislative approval prior to their implementation, but which may not have been approved in separate legislation as of the date of the passage of this act. In the event that the Legislature does not approve separate legislation to authorize implementation of any of the pending agreements, the Director of Finance shall not allocate any funds related to those pending agreements pursuant to Provision 2, and the expenditure of funds for those pending agreements shall not be deemed to have been approved by the Legislature.

6. As of July 31, 2017, the unencumbered balances of the above appropriation shall no longer be available for expenditure.
7. The Director of Finance may adjust this item of appropriation to reflect the health benefit premiums approved by the Board of Administration of the Public Employees' Retirement System or dental benefit premiums approved by the Department of Human Resources for the 2017 calendar year. Within 30 days of making any adjustment pursuant to this provision, the Director of Finance shall report the adjustment in writing to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations.
8. Notwithstanding Sections 3517.6 and 3517.63 of the Government Code, the Department of Finance shall provide written notification to the Joint Legislative Budget Committee regarding any expenditure of funds resulting from any side letter, appendix, or other addendum to a properly ratified memorandum of understanding.
9. Notice provided pursuant to Provision 8 shall include a copy of the side letter, appendix, or other addendum (collectively addendum) and a fiscal summary of any expenditure of funds resulting from the agreement in the 2016–17 fiscal year and future fiscal years. The notice shall indicate whether the Department of Finance determines that an agreement does or does not require legislative action to ratify the addendum before implementation, pursuant to subdivision (a), (b), or (c) of this provision.
  - (a) An addendum to a properly ratified memorandum of understanding may be implemented without legislative action not less than 30 calendar days after notice has been provided to the Joint Legisla-

tive Budget Committee, or not sooner than whatever lesser time after that notification the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine, if all of the following apply:

- (1) The agreement results in total net costs of less than \$1,000,000 (all funds) during the 2016–17 fiscal year.
  - (2) Any cost resulting from the agreement can be absorbed within the 2016–17 fiscal year appropriation authority of impacted departments.
  - (3) The addendum does not present substantial additions that are reasonably outside the parameters of the original memorandum of understanding.
- (b) An addendum to a properly ratified memorandum of understanding that results in any expenditure of funds may be implemented not less than 30 calendar days after notice has been provided to the Joint Legislative Budget Committee, or not sooner than whatever lesser time after that notification the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine, if, during the legislative consideration of the 2016–17 Governor’s Budget, the Department of Finance identified to the Legislature both of the following:
- (1) The administration anticipated that the addendum would be signed during the 2016–17 fiscal year.
  - (2) Any costs resulting from the addendum are included in the 2016–17 Governor’s Budget or another piece of legislation.
- (c) An addendum to a properly ratified memorandum of understanding that results in any expenditure of funds requires legislative action before implementation if any of the following apply:
- (1) The agreement results in total net costs greater than \$1,000,000 (all funds) during the 2016–17 fiscal year.
  - (2) The agreement results in costs that cannot be absorbed within the 2016–17 fiscal year appropriation authority of impacted departments.
  - (3) The addendum presents substantial additions that are not reasonably within the parameters

of the original memorandum of understanding.

- 10. Notwithstanding Sections 3517.6 and 3517.63 of the Government Code, any addendum to a properly ratified memorandum of understanding that is implemented in the 2016–17 fiscal year, pursuant to subdivision (a) of Provision 9 and requires the expenditure of funds beyond the 2016–17 fiscal year that was not approved as part of the Budget Act of 2016, shall be approved by the Legislature as part of the Budget Act of 2017 or through another piece of legislation.
- 11. The Department of Human Resources shall promptly post on its public Internet Web site all signed addenda. Each addendum shall be posted in its entirety, including any attachments or schedules that are part of the agreement, along with the fiscal summary documents of the agreement.

SEC. 7. Item 9800-001-0988 of Section 2.00 of the Budget Act of 2016, as amended by Section 3 of Chapter 2 of the Statutes of 2017, is amended to read:

- 9800-001-0988—For Augmentation for Employee Compensation, payable from other unallocated nongovernmental cost funds..... 161,144,000
- Schedule:
- (1) 7800-Employee Compensation Program..... 161,144,000
- Provisions:
- 1. The amount appropriated in this item shall not be construed to control or influence collective bargaining between the state employer and employee representatives.
  - 2. The funds appropriated in this item are for employee compensation increases, and increases in benefits related thereto, whose compensation or portion thereof is chargeable to nongovernmental cost funds, to be allocated by budget executive order by the Director of Finance to the several state offices, departments, boards, bureaus, commissions, and other state agencies, in augmentation of their respective appropriations or allocations, in accordance with approved memoranda of understanding or, for employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Human Resources.



3. Notwithstanding any other provision of law, upon approval of the Director of Finance, expenditure authority may be transferred between Item 9800-001-0494 and this item as necessary to fund costs for approved memoranda of understanding or, for employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Human Resources.
4. It is the intent of the Legislature that all proposed augmentations for increased employee compensation costs, including, but not limited to, base salary increases, pay increases to bring one group of employees into a pay equity position with another group of public employees, and recruitment and retention differentials, be budgeted and considered on a comprehensive, statewide basis. Therefore, the Legislature declares its intent to reject any proposed augmentations that are not included in Items 9800-001-0001, 9800-001-0494, and 9800-001-0988, given that these are the items where the funds to implement comprehensive statewide compensation policies, including those adopted pursuant to collective bargaining, are considered. This provision shall not apply to augmentations for increased employee compensation costs resulting from mandatory judicial orders to raise pay for any group of employees or augmentations for increased compensation costs, or approvals for departments to provide increased employee compensation levels, that are included in bills separate from the Budget Act.
5. This item contains funds estimated to be necessary to implement side letters, appendices, or other addenda to a memorandum of understanding (collectively referred to as “pending agreements”) that have been determined by the Joint Legislative Budget Committee to require legislative approval prior to their implementation, but which may not have been approved in separate legislation as of the date of the passage of this act. In the event that the Legislature does not approve separate legislation to authorize implementation of any of the pending agreements, the Director of Finance shall not allocate any funds related to those pending agreements pursuant to Provision 2, and the expenditure of funds for those pending agreements shall not be deemed to have been approved by the Legislature.
6. As of July 31, 2017, the unencumbered balances of the above appropriation shall no longer be available for expenditure.

7. The Director of Finance may adjust this item of appropriation to reflect the health benefit premiums approved by the Board of Administration of the Public Employees' Retirement System or dental benefit premiums approved by the Department of Human Resources for the 2017 calendar year. Within 30 days of making any adjustment pursuant to this provision, the Director of Finance shall report the adjustment in writing to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations.
8. Notwithstanding Sections 3517.6 and 3517.63 of the Government Code, the Department of Finance shall provide written notification to the Joint Legislative Budget Committee regarding any expenditure of funds resulting from any side letter, appendix, or other addendum to a properly ratified memorandum of understanding.
9. Notice provided pursuant to Provision 8 shall include a copy of the side letter, appendix, or other addendum (collectively addendum) and a fiscal summary of any expenditure of funds resulting from the agreement in the 2016–17 fiscal year and future fiscal years. The notice shall indicate whether the Department of Finance determines that an agreement does or does not require legislative action to ratify the addendum before implementation, pursuant to subdivision (a), (b), or (c) of this provision.
  - (a) An addendum to a properly ratified memorandum of understanding may be implemented without legislative action not less than 30 calendar days after notice has been provided to the Joint Legislative Budget Committee, or not sooner than whatever lesser time after that notification the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine, if all of the following apply:
    - (1) The agreement results in total net costs of less than \$1,000,000 (all funds) during the 2016–17 fiscal year.
    - (2) Any cost resulting from the agreement can be absorbed within the 2016–17 fiscal year appropriation authority of impacted departments.
    - (3) The addendum does not present substantial additions that are reasonably outside the pa-

- rameters of the original memorandum of understanding.
- (b) An addendum to a properly ratified memorandum of understanding that results in any expenditure of funds may be implemented not less than 30 calendar days after notice has been provided to the Joint Legislative Budget Committee, or not sooner than whatever lesser time after that notification the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine, if, during the legislative consideration of the 2016–17 Governor’s Budget, the Department of Finance identified to the Legislature both of the following:
    - (1) The administration anticipated that the addendum would be signed during the 2016–17 fiscal year.
    - (2) Any costs resulting from the addendum are included in the 2016–17 Governor’s Budget or another piece of legislation.
  - (c) An addendum to a properly ratified memorandum of understanding that results in any expenditure of funds requires legislative action before implementation if any of the following apply:
    - (1) The agreement results in total net costs greater than \$1,000,000 (all funds) during the 2016–17 fiscal year.
    - (2) The agreement results in costs that cannot be absorbed within the 2016–17 fiscal year appropriation authority of impacted departments.
    - (3) The addendum presents substantial additions that are not reasonably within the parameters of the original memorandum of understanding.
10. Notwithstanding Sections 3517.6 and 3517.63 of the Government Code, any addendum to a properly ratified memorandum of understanding that is implemented in the 2016–17 fiscal year, pursuant to subdivision (a) of Provision 9, and requires the expenditure of funds beyond the 2016–17 fiscal year that was not approved as part of the Budget Act of 2016, shall be approved by the Legislature as part of the Budget Act of 2017 or through another piece of legislation.
  11. The Department of Human Resources shall promptly post on its public Internet Web site all addenda. Each addendum shall be posted in its entirety, including any

attachments or schedules that are part of the agreement, along with the fiscal summary documents of the agreement.

SEC. 8. Section 39.00 of the Budget Act of 2016, as amended by Section 4 of Chapter 2 of the Statutes of 2017, is amended to read:

SEC. 39.00. The Legislature hereby finds and declares that the following bills are other bills providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution: AB 1600, AB 1601, AB 1602, AB 1603, AB 1604, AB 1605, AB 1606, AB 1607, AB 1608, AB 1609, AB 1610, AB 1611, AB 1612, AB 1614, AB 1615, AB 1616, AB 1617, AB 1618, AB 1619, AB 1620, AB 1621, AB 1624, AB 1625, AB 1626, AB 1627, AB 1628, AB 1629, AB 1630, AB 1632, AB 1633, AB 1634, AB 1635, AB 1636, SB 828, SB 829, SB 831, SB 832, SB 833, SB 834, SB 835, SB 836, SB 837, SB 838, SB 839, SB 840, SB 841, SB 842, SB 843, SB 844, SB 845, SB 846, SB 847, SB 848, SB 849, SB 850, SB 851, SB 852, SB 854, SB 855, SB 856, SB 857, SB 858, SB 859, SB 860, SB 861, SB 862, SB 863, SB 864, and SB 865 of the 2015–16 Regular Session and AB 48, SB 28, SB 48, SB 49, SB 50, SB 51, SB 127, SB 128, SB 129, SB 130, and SB 131 of the 2017–18 Regular Session.

SEC. 9. This act shall become operative only if Senate Bill 496 of the 2017–18 Regular Session is enacted and becomes operative.

SEC. 10. This act is a Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution and shall take effect immediately.

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