

*ensuring the uniform statewide application of the schedule governing the payment of CalWORKs benefits.*

Existing law establishes the Cal-Learn Program, under which a recipient of CalWORKs aid who is under 19 years of age and who does not have a high school diploma or its equivalent is required to participate in the program as a student attending school on a full-time basis. Existing law provides for a supplement to, or a reduction in, a Cal-Learn participant's aid grant based on his or her performance in school.

~~This bill would, contingent upon the appropriation in the Budget Act of an amount sufficient to carry out the purposes of the bill, as determined by the department, create the CalWORKs Educational Opportunity and Attainment Program to Program. The bill would provide CalWORKs recipients with a monthly education incentive grant of \$100 for attainment of a high school diploma or its equivalent, \$200 for attainment of an associate's degree or career technical education program, or \$300 for attainment of a bachelor's degree, if the educational program was completed while the recipient was receiving CalWORKs assistance. The bill would require the education incentive grant to be provided on an ongoing basis equivalent as an ongoing adjustment to the recipient's monthly cash grant, if the recipient meets certain eligibility criteria. The bill would authorize a CalWORKs recipient to apply to receive education stipends totaling no more than \$2,400 per year for enrollment in an education or training program leading to an associate's degree, career technical education program certificate, or bachelor's degree. The bill would require a recipient, when applying CalWORKs recipient who applies for an education bonus, incentive grant or stipend, to submit evidence of completion of the a high school educational program program, or enrollment in an education or training program, as applicable, to the county. The bill would require the county, upon verification of completion of the educational program, verification, as specified, to certify that the recipient is eligible for an education incentive grant and the grant or stipend and to ensure that the recipient's monthly cash grant is increased: increased, or that the recipient receives the stipend, as applicable. By imposing additional administrative duties on counties, this bill would impose a state-mandated local program.~~

Existing law establishes the CalWORKs Recipients Education Program in the California Community Colleges. Existing law requires, to the extent that funding is provided in the annual Budget Act, a community college district to receive funding for purposes of providing

special services for CalWORKs recipients, including job placement and workstudy.

This bill ~~would appropriate~~ *would, contingent upon an appropriation of \$20,000,000 in the annual Budget Act for this purpose, allocate \$20,000,000 from the General Fund to the Board of Governors of the California Community Colleges to fund services provided under that program. The bill would require that \$10,000,000 of this amount be used specifically to support CalWORKs recipients in working toward completion of their high school diploma or its equivalent. The bill would require the board to submit a report to the Legislature, on or before March 31, 2019, regarding the additional services provided as a result of the appropriation, 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, 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.

*Existing law continuously appropriates moneys from the General Fund to defray a portion of county costs under the CalWORKs program.*

*This bill would instead provide that the continuous appropriation would not be made for purposes of implementing the bill.*

Vote:  $\frac{2}{3}$ -majority. Appropriation: ~~yes-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 all of the
- 2 following:
- 3 (a) In California’s high-skill economy, it is very difficult to get
- 4 a good, middle-class job without vocational education or a college
- 5 degree, let alone a high school diploma.
- 6 (b) This is a significant barrier to socioeconomic mobility for
- 7 California’s highly vulnerable CalWORKs recipients, because as
- 8 many as 65 percent of CalWORKs recipients do not have a high
- 9 school education.
- 10 (c) Research has consistently shown that postsecondary
- 11 education boosts social mobility, particularly for those at the
- 12 bottom of the income distribution scale, and that a parent’s level

1 of education has positive effects on his or her child's level of  
2 success into middle adulthood.

3 (d) California has the seventh largest federal Temporary  
4 Assistance for Needy Families cash grant in the nation, and the  
5 second largest among the 10 largest states.

6 (e) Poverty remains a persistent problem.

7 (f) This act is intended to provide incentives for CalWORKs  
8 recipients to pursue education, thereby improving the opportunities  
9 and outcomes for adults and children in the CalWORKs program.

10 SEC. 2. Article 3.7 (commencing with Section 11340) is added  
11 to Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions  
12 Code, to read:

13

14 Article 3.7. CalWORKs Educational Opportunity and  
15 Attainment Program

16

17 11340. This article shall be known, and may be cited, as the  
18 CalWORKs Educational Opportunity and Attainment Program.

19 ~~11341. (a) A CalWORKs recipient may apply to receive an~~  
20 ~~education incentive grant in the following amounts:~~

21 ~~(1) One hundred dollars (\$100) per month for completion of a~~  
22 ~~high school diploma or its equivalent.~~

23 ~~(2) Two hundred dollars (\$200) per month for completion of~~  
24 ~~an associate's degree or career technical education program.~~

25 ~~(3) Three hundred dollars (\$300) per month for completion of~~  
26 ~~a bachelor's degree.~~

27 ~~(b) The amounts listed in subdivision (a) are not cumulative. A~~  
28 ~~recipient shall receive, on an ongoing basis, the highest monthly~~  
29 ~~bonus to which he or she is entitled.~~

30 ~~(c) The amounts listed in subdivision (a) constitute ongoing~~  
31 ~~adjustments to the recipient's monthly cash grant.~~

32 *11341. (a) A CalWORKs recipient may apply to receive an*  
33 *education incentive grant in the amount of one hundred dollars*  
34 *(\$100) per month for completion of a high school diploma or its*  
35 *equivalent, as an ongoing adjustment to the recipient's monthly*  
36 *cash grant.*

37 *(b) (1) A CalWORKs recipient may apply to receive education*  
38 *stipends totaling no more than two thousand four hundred dollars*  
39 *(\$2,400) per year for enrollment in an education or training*

1 program leading to a career technical education program  
2 certificate, an associate's degree, or a bachelor's degree.

3 (2) The stipend described in paragraph (1) shall be paid to a  
4 CalWORKs recipient at the outset of each term for which he or  
5 she is registered and shall be prorated according to the number  
6 of units or courses he or she is enrolled in as a percentage of  
7 full-time enrollment, as defined by the school or program in which  
8 he or she is enrolled. The department shall develop regulations  
9 establishing a schedule of payments by various term lengths and  
10 percentage of full-time enrollment wherein full-time enrollment  
11 for the year in any eligible program yields annual stipends totaling  
12 two thousand four hundred dollars (\$2,400).

13 11342. (a) ~~When applying (1)~~ A CalWORKs recipient who  
14 applies for an education incentive grant, a recipient grant pursuant  
15 to subdivision (a) of Section 11341 shall submit evidence of  
16 completion of the high school educational program to the county.  
17 A recipient is not eligible unless all of the following criteria are  
18 satisfied:

19 (1)

20 (A) The recipient completed ~~an~~ a high school educational  
21 program included in the recipient's welfare-to-work plan approved  
22 by the county.

23 (2)

24 (B) The recipient completed ~~an~~ a high school educational  
25 program offered by an accredited educational institution.

26 (3)

27 (C) The recipient completed the high school educational program  
28 while receiving CalWORKs assistance.

29 (b)

30 (2) Upon verification of completion of the high school  
31 educational ~~program~~, program described in paragraph (1), the  
32 county shall certify that the recipient is eligible for an education  
33 incentive grant and shall ensure that the recipient's monthly cash  
34 grant is increased as prescribed in subdivision (a) of Section 11341.

35 (b) (1) A CalWORKs recipient who applies for an education  
36 stipend described in subdivision (b) of Section 11341 shall submit  
37 evidence of enrollment to the county. A recipient is not eligible  
38 unless all of the following criteria are satisfied:

1 (A) *The recipient is enrolled in an education or training program*  
2 *that is included in the recipient's welfare-to-work plan approved*  
3 *by the county.*

4 (B) *The recipient is enrolled in an education or training program*  
5 *that is offered by an accredited educational institution.*

6 (C) *The recipient is enrolled in an education or training*  
7 *program described in subdivision (b) of Section 11341 while*  
8 *receiving CalWORKs assistance.*

9 (2) *Within 10 business days of verifying that a recipient is*  
10 *enrolled in an education or training program as described in*  
11 *paragraph (1), the county shall certify that the recipient is eligible*  
12 *for an education stipend and shall ensure that the recipient receives*  
13 *the stipend as prescribed in subdivision (b) of Section 11341.*

14 11343. (a) A CalWORKs recipient who is receiving an  
15 education incentive grant and then ceases to receive CalWORKs  
16 assistance shall not be eligible for the same education incentive  
17 grant if he or she begins receiving CalWORKs assistance in the  
18 future. ~~The recipient is eligible, however, to receive a different~~  
19 ~~education incentive grant if he or she attains a higher level of~~  
20 ~~education while receiving CalWORKs assistance.~~

21 (b) *If a CalWORKs recipient who receives an education stipend*  
22 *is unable to satisfactorily complete, as defined by the school or*  
23 *program of enrollment, a portion or all of the coursework for*  
24 *which he or she received a stipend, the subsequent stipend received*  
25 *by the recipient shall be reduced by the prorated amount of the*  
26 *previous stipend attributable to the portion of the coursework that*  
27 *was not satisfactorily completed. This subdivision shall not be*  
28 *construed to reduce a recipient's CalWORKs cash aid.*

29 ~~(b)~~

30 (c) A CalWORKs recipient is permanently ineligible for an  
31 education incentive grant *or education stipend* under either of the  
32 following circumstances:

33 (1) The recipient has exhausted his or her CalWORKs benefits.

34 (2) The recipient has committed public assistance fraud, as  
35 described in Article 7 (commencing with Section ~~11475.2~~):  
36 ~~11476.6~~).

37 ~~(c)~~

38 (d) A CalWORKs recipient shall not receive an education  
39 incentive grant *or education stipend* in any month during which  
40 he or she is sanctioned.

1 11344. *This article shall be operative only upon the*  
2 *appropriation in the annual Budget Act of an amount sufficient to*  
3 *carry out the purposes of this article, as determined annually by*  
4 *the State Department of Social Services.*

5 SEC. 3. ~~The~~ (a) (1) *Contingent upon an appropriation in the*  
6 *annual Budget Act for the purposes of this section, as described*  
7 *in subdivision (c), the sum of twenty million dollars (\$20,000,000)*  
8 *is hereby ~~appropriated from the General Fund~~ allocated to the*  
9 *Board of Governors of the California Community Colleges to fund*  
10 *services provided under the CalWORKs Recipients Education*  
11 *Program (Article 5 (commencing with Section 79200) of Chapter*  
12 *9 of Part 48 of Division 7 of Title 3 of the Education Code),*  
13 *including, but not limited to, education and career counseling*  
14 *services, employment development services, including job*  
15 *development staff positions, and workstudy positions.*

16 (2) *Ten million dollars (\$10,000,000) of the amount described*  
17 *in paragraph (1) shall be used solely to support CalWORKs*  
18 *recipients in working toward completion of their high school*  
19 *diploma or its equivalent.*

20 (b) *On or before March 31, 2019, the Board of Governors of*  
21 *the California Community Colleges shall submit a report, in*  
22 *accordance with Section 9795 of the Government Code, to the*  
23 *Legislature containing information on the number and description*  
24 *of additional services provided and number of CalWORKs*  
25 *recipients served as a result of the appropriation described in*  
26 *subdivision (a), including data and information regarding the use*  
27 *of the sum described in paragraph (2) of subdivision (a), to serve*  
28 *CalWORKs recipients pursuing a high school diploma or its*  
29 *equivalent, and the number of recipients completing their high*  
30 *school diploma or equivalent during the 2018 calendar year.*

31 (c) *This section shall become operative only upon the*  
32 *appropriation of \$20,000,000 in the annual Budget Act for the*  
33 *purposes of this section.*

34 SEC. 4. *If the Commission on State Mandates determines that*  
35 *this act contains costs mandated by the state, reimbursement to*  
36 *local agencies and school districts for those costs shall be made*  
37 *pursuant to Part 7 (commencing with Section 17500) of Division*  
38 *4 of Title 2 of the Government Code.*

1     *SEC. 5. No appropriation pursuant to Section 15200 of the*  
2     *Welfare and Institutions Code shall be made for purposes of*  
3     *implementing this act.*

O

AMENDED IN ASSEMBLY MARCH 16, 2017

AMENDED IN ASSEMBLY MARCH 6, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 414**

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**Introduced by Assembly Member Medina**

February 9, 2017

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An act to add Section 69614.6 to the Government Code, relating to judgeships.

LEGISLATIVE COUNSEL'S DIGEST

AB 414, as amended, Medina. Suspension and allocation of vacant judgeships.

Existing law specifies the number of judges for the superior court of each county. Existing law allocates additional judgeships to the various counties in accordance with uniform standards for factually determining additional judicial need in each county, as updated and approved by the Judicial Council, pursuant to the Update of Judicial Needs Study, based on specified criteria, including, among others, workload standards that represent the average amount of time of bench and nonbench work required to resolve each case type.

This bill would require the suspension of ~~5~~ 4 vacant judgeships, as defined, from superior courts with more authorized judgeships than their assessed judicial need and would require the allocation of ~~5~~ 4 judgeships to superior courts with fewer authorized judgeships than their assessed judicial need. The bill would require the suspension ~~to be in accordance with a methodology approved by the Judicial Council, as specified, and would require the determination of a superior court's assessed judicial need to be in accordance with the above uniform~~



~~standards and be based on the criteria described above. and allocation of judgeships to be based on a superior court's assessed judicial need in accordance with the uniform standards described above. The bill would require the Judicial Council, if a vacant judgeship is eligible for suspension, to promptly notify the applicable courts, court with the vacant judgeship, the Legislature, and the Governor that the judgeship will be suspended. is subject to suspension, provide an adequate opportunity for public comment, and, after consideration of any comments received, determine if the vacant judgeship should be suspended. The bill would require the Judicial Council to promptly notify the court with the vacant judgeship, the Legislature, and the Governor of its decision regarding suspension of the judgeship. The bill would provide that a court in which a vacant judgeship is suspended will not have its funding allocation reduced or any of its funding shifted or transferred as a result of, or in connection with, the suspension of a vacant judgeship.~~

This bill would also make a statement of legislative intent regarding the authority of the Legislature, the Governor, and the Chief Justice of California.

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

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

- 1 SECTION 1. It is the intent of the Legislature that this act shall
- 2 not be construed to limit any of the following:
- 3 (a) The authority of the Legislature to create and fund new
- 4 judgeships pursuant to Section 4 of Article VI of the California
- 5 Constitution.
- 6 (b) The authority of the Governor to appoint a person to fill a
- 7 vacancy pursuant to subdivision (c) of Section 16 of Article VI of
- 8 the California Constitution.
- 9 (c) The authority of the Chief Justice of California to assign
- 10 judges pursuant to subdivision (e) of Section 6 of Article VI of the
- 11 California Constitution.
- 12 SEC. 2. Section 69614.6 is added to the Government Code, to
- 13 read:
- 14 69614.6. (a) To provide for a more equitable distribution of
- 15 judgeships and ~~upon notice to the applicable courts, five pursuant~~
- 16 ~~to the process set forth in subdivision (b), four vacant judgeships~~

1 shall be suspended in superior courts with more authorized  
2 judgeships than their assessed judicial need and ~~five~~ *four*  
3 judgeships shall be allocated to superior courts with fewer  
4 authorized judgeships than their assessed judicial need.

5 (b) (1) The suspension of vacant judgeships *and the allocation*  
6 *of judgeships* pursuant to subdivision (a) shall be ~~in accordance~~  
7 ~~with a methodology approved by the Judicial Council after~~  
8 ~~solicitation of public comments. The determination of~~ *based on a*  
9 superior court's assessed judicial need shall be in accordance with  
10 the uniform standards for factually determining additional judicial  
11 need in each county, as updated and approved by the Judicial  
12 Council, pursuant to the Update of Judicial Needs Study, based  
13 on the criteria set forth in subdivision (b) of Section 69614.

14 (c)

15 (2) If a judgeship in a superior court becomes vacant, the Judicial  
16 Council shall determine whether the judgeship is eligible for  
17 suspension under the ~~methodology, standards, and criteria~~  
18 ~~standards and criteria~~ described in ~~subdivision (b) paragraph~~  
19 (1). If the judgeship is eligible for suspension, the Judicial Council  
20 shall promptly notify the ~~applicable courts, court with the vacant~~  
21 ~~judgeship, the Legislature, and the Governor that the vacant~~  
22 ~~judgeship shall be suspended. is subject to suspension, provide an~~  
23 ~~adequate opportunity for public comment, and, after consideration~~  
24 ~~of any comments received, determine if the vacant judgeship should~~  
25 ~~be suspended. The Judicial Council shall promptly notify the court~~  
26 ~~with the vacant judgeship, the Legislature, and the Governor of~~  
27 ~~its decision regarding suspension of the judgeship.~~

28 (d)

29 (c) (1) For purposes of this section only, a judgeship shall  
30 become "vacant" when an incumbent judge relinquishes the office  
31 through resignation, retirement, death, removal, or confirmation  
32 to an appellate court judgeship during either of the following:

33 (A) At any time before the deadline to file a declaration of  
34 intention to become a candidate for a judicial office pursuant to  
35 Section 8023 of the Elections Code.

36 (B) After the deadline to file a declaration of intention to become  
37 a candidate for a judicial office pursuant to Section 8023 of the  
38 Elections Code if no candidate submits qualifying nomination  
39 papers by the deadline pursuant to Section 8020 of the Elections  
40 Code.

- 1 (2) For purposes of this section, a judgeship shall not become  
2 “vacant” when an incumbent judge relinquishes the office as a  
3 result of being defeated in an election for that office.
- 4 (c)
- 5 (d) For purposes of this section only, the “suspension” of a  
6 vacant judgeship means that the vacant judgeship may not be filled  
7 by appointment or election, notwithstanding any other law, unless  
8 an appropriation by the Legislature is made for the judgeship.
- 9 (f)
- 10 (e) A court in which a vacant judgeship is suspended shall not  
11 have its funding allocation reduced or any funding shifted or  
12 transferred as a result of, or in connection with, the suspension of  
13 a vacant judgeship pursuant to this section.

AMENDED IN ASSEMBLY MAY 26, 2017  
AMENDED IN ASSEMBLY APRIL 18, 2017  
AMENDED IN ASSEMBLY MARCH 27, 2017  
CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1164**

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**Introduced by Assembly Member Thurmond**

February 17, 2017

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An act to amend Section 8212 of the Education Code, and to amend Section 11460 of, and to add Section 11461.6 to, the Welfare and Institutions Code, relating to foster care.

LEGISLATIVE COUNSEL'S DIGEST

AB 1164, as amended, Thurmond. Foster care placement: funding.

Existing law, the Aid to Families with Dependent Children-Foster Care (AFDC-FC) program, requires foster care providers to be paid a per-child per-month rate, established by the State Department of Social Services, for the care and supervision of the child placed with the provider. Existing law defines "care and supervision" to include, among others, food, clothing, shelter, and daily supervision.

This bill would establish the Emergency Child Care Bridge Program for Foster Children (bridge program). The bill would authorize, contingent upon an appropriation of ~~\$11,000,000 in the 2017–18 fiscal year and \$22,000,000 annually thereafter~~, *in the annual Budget Act for these purposes*, county welfare departments to administer the bridge program and distribute vouchers, or payment, for child care ~~and development services~~ for an eligible child who is placed with an approved resource family, a licensed or certified foster family, or an approved relative or nonrelative extended family member, or who is

the child of a young parent involved in the child welfare system. The bill would require, for counties that choose to participate, that county welfare departments determine eligibility for the bridge program and provide monthly payment either directly to the family or to the child care provider or provide a monthly voucher for child care, in an amount that is commensurate with the regional market rate, for up to 6 months following the child's ~~initial placement~~, *placement or for up to 6 months for a child whose parent is in foster care*, unless the child and family are able to access long-term, subsidized child care prior to the end of the 6-month period. The bill would allow eligibility for a child care payment or voucher to be extended for 6 months, at the discretion of the county welfare department, if the child and family have been unable to access long-term, subsidized child care during the initial 6-month period. The bill would require that each child receiving a monthly child care payment or voucher be provided with a child care navigator, as specified, and would authorize the county to establish local priorities in the implementation of the bridge program.

Existing law establishes the California Child Care Initiative Project for certain purposes, including increasing the availability of qualified child care programs in the state and establishing child care resource and referral programs to serve a defined geographic area.

This bill would require, contingent upon an appropriation ~~of \$2,500,000 in the 2017-18 fiscal year and \$5,000,000 annually thereafter~~, *in the annual Budget Act for these purposes*, each child care resource and referral program to provide a child care navigator to support children in foster care, children previously in foster care upon return to their home of origin, and children of parents involved in the child welfare system. The bill would also require, contingent upon an appropriation ~~of \$2,000,000 in the 2017-18 fiscal year and \$4,000,000 annually thereafter~~, *in the annual Budget Act*, the child care resource and referral program to provide trauma-informed training and coaching to child care providers working with children *and the children of parenting youth* in the foster care system.

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

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

- 1 SECTION 1. Section 8212 of the Education Code is amended
- 2 to read:

1 8212. (a) For purposes of this article, child care resource and  
2 referral programs, established to serve a defined geographic area,  
3 shall provide the following services:

4 (1) Identification of the full range of existing child care services  
5 through information provided by all relevant public and private  
6 agencies in the areas of service, and the development of a resource  
7 file of those services which shall be maintained and updated at  
8 least quarterly. These services shall include, but not be limited to,  
9 family day care homes, public and private day care programs,  
10 full-time and part-time programs, and infant, preschool, and  
11 extended care programs.

12 The resource file shall include, but not be limited to, the  
13 following information:

14 (A) Type of program.

15 (B) Hours of service.

16 (C) Ages of children served.

17 (D) Fees and eligibility for services.

18 (E) Significant program information.

19 (2) (A) Establishment of a referral process which responds to  
20 parental need for information and which is provided with full  
21 recognition of the confidentiality rights of parents. Resource and  
22 referral programs shall make referrals to licensed child day care  
23 facilities. Referrals shall be made to unlicensed care facilities only  
24 if there is no requirement that the facility be licensed. The referral  
25 process shall afford parents maximum access to all referral  
26 information. This access shall include, but is not limited to,  
27 telephone referrals to be made available for at least 30 hours per  
28 week as part of a full week of operation. Every effort shall be made  
29 to reach all parents within the defined geographic area, including,  
30 but not limited to, any of the following:

31 (i) Toll-free telephone lines.

32 (ii) Office space convenient to parents and providers.

33 (iii) Referrals in languages which are spoken in the community.

34 Each child care resource and referral program shall publicize its  
35 services through all available media sources, agencies, and other  
36 appropriate methods.

37 (B) (i) Provision of information to any person who requests a  
38 child care referral of his or her right to view the licensing  
39 information of a licensed child day care facility required to be  
40 maintained at the facility pursuant to Section 1596.859 of the

1 Health and Safety Code and to access any public files pertaining  
2 to the facility that are maintained by the State Department of Social  
3 Services Community Care Licensing Division.

4 (ii) A written or oral advisement in substantially the following  
5 form will comply with the requirements of clause (i):

6 "State law requires licensed child day care facilities to make  
7 accessible to the public a copy of any licensing report pertaining  
8 to the facility that documents a facility visit or a substantiated  
9 complaint investigation. In addition, a more complete file regarding  
10 a child care licensee may be available at an office of the State  
11 Department of Social Services Community Care Licensing  
12 Division. You have the right to access any public information in  
13 these files."

14 (3) Maintenance of ongoing documentation of requests for  
15 service tabulated through the internal referral process. The  
16 following documentation of requests for service shall be maintained  
17 by all child care resource and referral programs:

18 (A) Number of calls and contacts to the child care information  
19 and referral program or component.

20 (B) Ages of children served.

21 (C) Time category of child care request for each child.

22 (D) Special time category, such as nights, weekends, and swing  
23 shift.

24 (E) Reason that the child care is needed.

25 This information shall be maintained in a manner that is easily  
26 accessible for dissemination purposes.

27 (4) Provision of technical assistance to existing and potential  
28 providers of all types of child care services. This assistance shall  
29 include, but not be limited to:

30 (A) Information on all aspects of initiating new child care  
31 services including, but not limited to, licensing, zoning, program  
32 and budget development, and assistance in finding this information  
33 from other sources.

34 (B) Information and resources that help existing child care  
35 services providers to maximize their ability to serve the children  
36 and parents of their community.

37 (C) Dissemination of information on current public issues  
38 affecting the local and state delivery of child care services.

39 (D) Facilitation of communication between existing child care  
40 and child-related services providers in the community served.

1 Services prescribed by this section shall be provided in order to  
2 maximize parental choice in the selection of child care to facilitate  
3 the maintenance and development of child care services and  
4 resources.

5 (5) (A) (i) ~~Contingent upon an appropriation of two million~~  
6 ~~five hundred thousand dollars (\$2,500,000) in the 2017-18 fiscal~~  
7 ~~year and five million dollars (\$5,000,000) annually thereafter in~~  
8 ~~the annual Budget Act for purposes of this subparagraph, provision~~  
9 ~~of a child care navigator to support children in foster care, children~~  
10 ~~previously in foster care upon return to their home of origin, and~~  
11 ~~children of parents involved in the child welfare system, including~~  
12 ~~the children of nonminor dependents. The navigator shall work~~  
13 ~~with the child's resource family, licensed or certified foster family,~~  
14 ~~or family with whom he or she is placed in an emergency or for a~~  
15 ~~compelling reason, as described in Section 16519.5 of the Welfare~~  
16 ~~and Institutions Code, and family, as described in paragraph (2)~~  
17 ~~of subdivision (e) of Section 11461.6 of the Welfare and Institutions~~  
18 ~~Code, the child's social worker and worker, and the child and~~  
19 ~~family team to assess child care opportunities appropriate to the~~  
20 ~~child's age and needs, assist the family in identifying potential~~  
21 ~~opportunities for an ongoing child care subsidy, assist the caregiver~~  
22 ~~in completing appropriate child care program applications, and~~  
23 ~~develop an overall, long-term child care plan for the child.~~

24 (ii) As a condition of receiving funds pursuant to this  
25 subparagraph, each resource and referral program shall develop  
26 and enter into a memorandum of understanding, contract, or other  
27 formal agreement with the county child welfare agency in order  
28 to facilitate interagency communication and, to the maximum  
29 extent possible, to leverage federal funding, including  
30 administrative funding, available pursuant to Title IV-E of the  
31 Social Security Act, to enhance the navigation support authorized  
32 under this subparagraph, or the resource and referral program shall  
33 explain, in writing, annually, why entering into a memorandum  
34 of understanding, contract, or other formal agreement with the  
35 county child welfare agency is not practical or feasible. Navigator  
36 services provided pursuant to this subparagraph shall be made  
37 available to any child in foster care, any child previously in foster  
38 care who has returned to his or her home of origin, and any child  
39 of parents involved in the child welfare system, including any child  
40 who meets the eligibility criteria for the Emergency Child Care



1 Bridge Program for Foster Children established pursuant to Section  
2 11461.6 of the Welfare and Institutions Code. Eligibility for  
3 navigator services shall not be contingent on a child's receipt of  
4 a child care payment or voucher.

5 (B) (i) Contingent upon an appropriation of ~~two million dollars~~  
6 ~~(\$2,000,000) in the 2017-18 fiscal year and four millions dollars~~  
7 ~~(\$4,000,000) annually thereafter~~ *in the annual Budget Act* for  
8 purposes of this subparagraph, provision of trauma-informed  
9 training and coaching to child care providers working with children  
10 *and the children of parenting youth* in the foster care system.  
11 Training shall include, but not be limited to, infant and toddler  
12 development and research-based, trauma-informed best care  
13 practices. Child care providers shall be provided with coaching to  
14 assist them in applying training techniques and strategies for  
15 working with children *and the children of parenting youth* in foster  
16 care.

17 (ii) As a condition of receiving funds pursuant to this  
18 subparagraph, each resource and referral program, in coordination  
19 with the California Child Care Resource and Referral Network,  
20 shall develop and enter into a memorandum of understanding,  
21 contract, or other formal agreement with the county child welfare  
22 agency in order to, to the maximum extent possible, leverage  
23 federal funding, including training funds, available pursuant to  
24 Title IV-E of the Social Security Act, to enhance the training  
25 support authorized under this subparagraph, or the resource and  
26 referral agency shall explain, in writing, annually, why entering  
27 into a memorandum of understanding, contract, or other formal  
28 agreement with the county child welfare agency is not practical  
29 or feasible.

30 (b) (1) A program operating pursuant to this article shall, within  
31 two business days of receiving notice, remove a licensed child day  
32 care facility with a revocation or a temporary suspension order, or  
33 that is on probation from the program's referral list.

34 (2) A program operating pursuant to this article shall, within  
35 two business days of receiving notice, notify all entities, operating  
36 a program under Article 3 (commencing with Section 8220) and  
37 Article 15.5 (commencing with Section 8350) in the program's  
38 jurisdiction, of a licensed child day care facility with a revocation  
39 or a temporary suspension order, or that is on probation.

1 SEC. 2. Section 11460 of the Welfare and Institutions Code is  
2 amended to read:

3 11460. (a) (1) Foster care providers shall be paid a per child  
4 per month rate in return for the care and supervision of the  
5 AFDC-FC child placed with them. The department is designated  
6 the single organizational unit whose duty it shall be to administer  
7 a state system for establishing rates in the AFDC-FC program.  
8 State functions shall be performed by the department or by  
9 delegation of the department to county welfare departments or  
10 Indian tribes, consortia of tribes, or tribal organizations that have  
11 entered into an agreement pursuant to Section 10553.1.

12 (2) (A) Foster care providers that care for a child in a  
13 home-based setting described in paragraph (1) of subdivision (g)  
14 of Section 11461, or in a certified home or an approved resource  
15 family of a foster family agency, shall be paid the per child per  
16 month rate as set forth in subdivision (g) of Section 11461.

17 (B) The basic rate paid to either a certified family home or an  
18 approved resource family of a foster family agency shall be paid  
19 by the agency to the certified family home or approved resource  
20 family from the rate that is paid to the agency pursuant to Section  
21 11463.

22 (b) "Care and supervision" includes food, clothing, shelter, daily  
23 supervision, school supplies, a child's personal incidentals, liability  
24 insurance with respect to a child, reasonable travel to the child's  
25 home for visitation, and reasonable travel for the child to remain  
26 in the school in which he or she is enrolled at the time of  
27 placement. Reimbursement for the costs of educational travel, as  
28 provided for in this subdivision, shall be made pursuant to  
29 procedures determined by the department, in consultation with  
30 representatives of county welfare and probation directors, and  
31 additional stakeholders, as appropriate.

32 (1) A child who meets the eligibility criteria of the Emergency  
33 Child Care Bridge Program for Foster Children, as established by  
34 Section 11461.6, may be provided with a voucher for child care  
35 services for the child for up to six months ~~immediately~~ following  
36 the child's placement *or for up to six months for a child whose*  
37 *parent is in foster care* as well as a child care navigator to assist  
38 the child and ~~resource family, licensed or certified foster family,~~  
39 ~~or family with whom the child is placed in an emergency or for a~~  
40 ~~compelling reason, as described in Section 16519.5; the family, as~~

1 *described in paragraph (2) of subdivision (e) of Section 11461.6*  
2 *of the Welfare and Institutions Code, in accessing long-term*  
3 *subsidized child care.*

4 (2) For a child or youth placed in a short-term residential  
5 therapeutic program or a group home, care and supervision shall  
6 also include reasonable administration and operational activities  
7 necessary to provide the items listed in this subdivision.

8 (3) For a child or youth placed in a short-term residential  
9 therapeutic program or a group home, care and supervision may  
10 also include reasonable activities performed by social workers  
11 employed by the program provider that are not otherwise  
12 considered daily supervision or administration activities.

13 (4) The department, in consultation with the California State  
14 Foster Parent Association, and other interested stakeholders, shall  
15 provide information to the Legislature, no later than January 1,  
16 2017, regarding the availability and cost for liability and property  
17 insurance covering acts committed by children in care, and shall  
18 make recommendations for any needed program development in  
19 this area.

20 (c) It is the intent of the Legislature to establish the maximum  
21 level of financial participation in out-of-state foster care group  
22 home program rates for placements in facilities described in  
23 subdivision (h) of Section 11402.

24 (1) The department shall develop regulations that establish the  
25 method for determining the level of financial participation in the  
26 rate paid for out-of-state placements in facilities described in  
27 subdivision (h) of Section 11402. The department shall consider  
28 all of the following methods:

29 (A) Until December 31, 2016, a standardized system based on  
30 the rate classification level of care and services per child per month.

31 (B) The rate developed for a short-term residential therapeutic  
32 program pursuant to Section 11462.

33 (C) A system that considers the actual allowable and reasonable  
34 costs of care and supervision incurred by the out-of-state program.

35 (D) A system that considers the rate established by the host  
36 state.

37 (E) Any other appropriate methods as determined by the  
38 department.

39 (2) Reimbursement for the Aid to Families with Dependent  
40 Children-Foster Care rate to be paid to an out-of-state program

1 described in subdivision (h) of Section 11402 shall only be paid  
2 to programs that have done all of the following:

3 (A) Submitted a rate application to the department, which shall  
4 include, but not be limited to, both of the following:

5 (i) Commencing January 1, 2017, unless granted an extension  
6 from the department pursuant to subdivision (d) of Section  
7 11462.04, the equivalent of the mental health program approval  
8 required in Section 4096.5.

9 (ii) Commencing January 1, 2017, unless granted an extension  
10 from the department pursuant to subdivision (d) of Section  
11 11462.04, the national accreditation required in paragraph (6) of  
12 subdivision (b) of Section 11462.

13 (B) Maintained a level of financial participation that shall not  
14 exceed any of the following:

15 (i) The current fiscal year's standard rate for rate classification  
16 level 14 for a group home.

17 (ii) Commencing January 1, 2017, the current fiscal year's rate  
18 for a short-term residential therapeutic program.

19 (iii) The rate determined by the ratesetting authority of the state  
20 in which the facility is located.

21 (C) Agreed to comply with information requests, and program  
22 and fiscal audits as determined necessary by the department.

23 (3) Except as specifically provided for in statute, reimbursement  
24 for an AFDC-FC rate shall only be paid to a group home or  
25 short-term residential therapeutic program organized and operated  
26 on a nonprofit basis.

27 (d) A foster care provider that accepts payments, following the  
28 effective date of this section, based on a rate established under this  
29 section, shall not receive rate increases or retroactive payments as  
30 the result of litigation challenging rates established prior to the  
31 effective date of this section. This shall apply regardless of whether  
32 a provider is a party to the litigation or a member of a class covered  
33 by the litigation.

34 (e) Nothing shall preclude a county from using a portion of its  
35 county funds to increase rates paid to family homes, foster family  
36 agencies, group homes, and short-term residential therapeutic  
37 programs within that county, and to make payments for specialized  
38 care increments, clothing allowances, or infant supplements to  
39 homes within that county, solely at that county's expense.

1 (f) Nothing shall preclude a county from providing a  
2 supplemental rate to serve commercially sexually exploited foster  
3 children to provide for the additional care and supervision needs  
4 of these children. To the extent that federal financial participation  
5 is available, it is the intent of the Legislature that the federal  
6 funding shall be utilized.

7 SEC. 3. Section 11461.6 is added to the Welfare and  
8 Institutions Code, to read:

9 11461.6. (a) The Legislature finds and declares the following:

10 (1) When a child is first placed in foster care he or she is in  
11 crisis and in immediate need of a stable placement with a loving  
12 resourcee family.

13 (2) Chapter 773 of the Statutes of 2015 and Chapter 612 of the  
14 Statutes of 2016, commonly known as Continuum of Care Reform,  
15 reinforces California's need for foster care placements and demands  
16 that we address the major barriers to parent recruitment.

17 (3) A major barrier to finding resource families for children,  
18 especially young children, is the difficulty they experience in  
19 accessing subsidized child care for the foster child. *Accessing*  
20 *subsidized child care can also be a barrier for parenting youth in*  
21 *foster care who are attempting to work or attend school.*

22 (4) The difficulty accessing subsidized child care, including  
23 at the time of placement, in addition to being a barrier to stability,  
24 can also lead to delayed placement, subsequent placement changes,  
25 or sibling separation, all of which retraumatize foster children.

26 (b) The Emergency Child Care Bridge Program for Foster  
27 Children is hereby established, to be implemented at the discretion  
28 of each county, for the purpose of stabilizing foster children with  
29 families at the time of ~~initial~~ placement by providing a payment  
30 or voucher for child care ~~and development services~~ for up to six  
31 months ~~immediately~~ following the child's placement *or for up to*  
32 *six months for a child whose parent is in foster care* and by  
33 providing the family with a child care navigator to assist the family  
34 in accessing long-term subsidized child care.

35 (c) ~~Contingent upon appropriation of eleven million dollars~~  
36 ~~(\$11,000,000) in the 2017-18 fiscal year and twenty-two million~~  
37 ~~dollars (\$22,000,000) annually thereafter in the annual Budget Act~~  
38 for the purposes of this section, the Emergency Child Care Bridge  
39 Program for Foster Children shall be administered by county  
40 welfare departments that choose to participate in the program.

1 (d) (1) As determined by the county welfare department, and  
2 consistent with guidance issued jointly by the State Department  
3 of Social Services and the State Department of Education, counties  
4 may establish local priorities and may either provide payment  
5 directly to the family or child care provider, or contract with a  
6 local alternative payment program to distribute vouchers for child  
7 care.

8 (2) Counties that elect to provide payment directly to a family  
9 or child care provider shall pay commensurate with the regional  
10 market rates, as described in Section 8357 of the Education Code.

11 (3) For counties that elect to contract with a local alternative  
12 payment agency, as described in Section 8220 of the Education  
13 Code, to distribute child care vouchers, the vouchers shall be in  
14 an amount commensurate with the regional market rates, as  
15 described in Section 8357 of the Education Code and the contract  
16 shall not displace, or result in the reduction of, an existing contract  
17 with a current local alternative payment program.

18 (e) (1) Participating county welfare departments shall determine  
19 eligibility of a child for the Emergency Child Care Bridge Program  
20 for Foster Children using the criteria outlined in paragraphs (2)  
21 and (3).

22 (2) Family placements eligible to receive payment or a voucher  
23 for child care ~~and developmental services~~ include all of the  
24 following:

25 (A) Approved resource families and families that have a child  
26 placed with them in an emergency or for a compelling reason, as  
27 described in Section 16519.5.

28 (B) Currently licensed or certified foster care providers, as  
29 defined in Sections 1502 and 1506.5 of the Health and Safety  
30 Code.

31 (C) Currently approved relatives or nonrelative extended family  
32 members as described in Sections 309, 361.4, and 362.7.

33 (D) Parents under the jurisdiction of the juvenile court,  
34 including, but not limited to, nonminor dependent parents.

35 (3) A participating county welfare department may provide a  
36 payment or voucher if work *or school* responsibilities preclude  
37 ~~resource~~ families from being at home when the child for whom  
38 they have care and responsibility is not in school or for periods  
39 when the ~~resource family, licensed or certified foster family, or~~  
40 ~~family with whom the child is placed in an emergency or for a~~

1 ~~compelling reason, as described in Section 16519.5~~ family, as  
2 ~~described in paragraph (2)~~, is required to participate, without the  
3 child, in activities associated with parenting a child ~~in foster care~~  
4 that are beyond the scope of ordinary parental duties, including,  
5 but not limited to, attendance at administrative or judicial reviews,  
6 case conferences, and family training.

7 (f) Each child receiving a monthly child care payment or voucher  
8 shall be provided with a child care navigator, pursuant to paragraph  
9 (5) of subdivision (a) of Section 8212 of the Education Code, who  
10 shall work directly with the child's family, social worker, and the  
11 child and family team to assist in accessing child care at the time  
12 of placement as well as long-term, subsidized child care for the  
13 child, as necessary.

14 (g) Each child receiving a monthly child care payment or  
15 voucher shall be eligible to receive the payment or voucher for up  
16 to six months. If the child and family access long-term, subsidized  
17 child care prior to the end of the six-month period covered by the  
18 payment or voucher, eligibility for the monthly payment or voucher  
19 shall terminate upon enrollment in long-term, subsidized child  
20 care.

21 (h) Eligibility for the monthly payment or voucher may be  
22 extended beyond the initial six-month period for an additional  
23 six-month period, not to exceed 12 months in total, at the discretion  
24 of the county welfare department, if the child and family have been  
25 unable to access long-term, subsidized child care during the initial  
26 six-month period.

27 (i) The department shall seek all federal approvals necessary to  
28 claim federal reimbursement under Title IV-E of the Social  
29 Security Act in order to maximize state and local funding for child  
30 care.

31 (j) This section shall not be interpreted to create an entitlement  
32 to child care payment or voucher.

33 (k) The program established pursuant to this section is intended  
34 to complement county child welfare agency efforts to recruit,  
35 retain, and support resource families as described in Section  
36 16003.5, and any funding provided to counties pursuant to this  
37 section shall supplement those county activities to support the

- 1 goals of Chapter 773 of the Statutes of 2015 and Chapter 612 of
- 2 the Statutes of 2016.

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AMENDED IN ASSEMBLY MAY 8, 2017

CALIFORNIA LEGISLATURE—2017—18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1200**

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**Introduced by Assembly Member Cervantes**

February 17, 2017

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An act to add Article 4 (commencing with Section 9120) to Chapter 2 of Division 8.5 of the Welfare and Institutions Code, relating to aging.

LEGISLATIVE COUNSEL'S DIGEST

AB 1200, as amended, Cervantes. Aging and Disabilities Resource Connection program.

Existing law, the Mello-Granlund Older Californians Act, establishes the California Department of Aging, and states that the mission of the department is to provide leadership to the area agencies on aging in developing systems of home- and community-based services that maintain individuals in their own homes or least restrictive homelike environments.

Existing law vests in the Department of Rehabilitation the responsibility and authority for the encouragement of the planning, development, and funding of independent living centers, which are private, nonprofit organizations that provide specified services to individuals with disabilities, in order to assist those individuals in their attempts to live fuller and freer lives outside institutions.

Existing law establishes the Medi-Cal program, administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid program provisions. Existing law provides that Medi-Cal long-term services and supports, including In-Home Supportive Services (IHSS),

Community-Based Adult Services (CBAS), Multipurpose Senior Services Program (MSSP) services, and certain skilled nursing facility and subacute care services, shall be covered services by a specified date under managed care health plan contracts for beneficiaries residing in counties participating in the Coordinated Care Initiative.

This bill would establish the Aging and Disability Resource Connection (ADRC) program, to be administered by the California Department of Aging, to provide information to consumers and their families on available long-term services and supports (LTSS) programs and to assist older adults, caregivers, and persons with disabilities in accessing LTSS programs at the local level. The bill would require the department to establish the Aging and Disability Resource Connection Advisory Committee as the primary ~~adviser~~ *adviser* in the ongoing development and implementation of the ADRC program. The bill would require the department, in consultation with the advisory committee, to formulate criteria for designation and approval of local ADRC program sites, and would specify the services offered by, and responsibilities of, a program site. The bill would require the department and the State Department of Health Care Services to enter into a memorandum of understanding ~~with the federal Centers for Medicare and Medicaid Services to authorize local government agencies to claim federal Medicaid~~ *to explore* reimbursement for qualified administrative activities performed pursuant to these provisions.

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

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

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) California's long-term services and supports (LTSS) system
- 4 is plagued by fragmentation of programs at the state, regional, and
- 5 local levels. In many communities, multiple agencies administer
- 6 LTSS and have complex, fragmented, and often duplicative intake,
- 7 assessment, and eligibility functions. This fragmentation results
- 8 in a lack of access to coordinated services. As a result, consumers
- 9 and their families struggle to identify and access necessary home-
- 10 and community-based services, resulting in increased likelihood
- 11 of hospitalization and institutional placements.

1 (b) In 2003, the federal Administration for Community Living  
2 and the federal Centers for Medicare and Medicaid Services  
3 established a joint funding opportunity through the Aging and  
4 Disability Resource Center (ADRC) initiative, which was designed  
5 to provide visible and trusted sources of information, one-on-one  
6 counseling, and streamlined access to LTSS.

7 (c) ADRCs build on the strength of existing community  
8 agencies, including area agencies on aging and independent living  
9 centers, to provide a more coordinated system of information and  
10 access for all persons seeking LTSS to minimize confusion,  
11 enhance individual choice, and support informed decisionmaking.

12 (d) In California, ADRC partnerships exist in eight areas of the  
13 state that facilitate access to LTSS based on individuals' needs,  
14 preferences, and goals.

15 (e) California's ADRC Advisory Committee engages  
16 stakeholders in identifying and implementing strategies to  
17 strengthen, sustain, and expand ADRC services throughout the  
18 state.

19 SEC. 2. Article 4 (commencing with Section 9120) is added  
20 to Chapter 2 of Division 8.5 of the Welfare and Institutions Code,  
21 to read:

22  
23 Article 4. Aging and Disability Resource Connection Program  
24

25 9120. (a) There is hereby established an Aging and Disability  
26 Resource Connection (ADRC) program to provide information to  
27 consumers and their families on available long-term services and  
28 supports (LTSS) programs and to assist older adults, caregivers,  
29 and persons with disabilities in accessing LTSS programs at the  
30 local level.

31 (b) This article shall be administered by the California  
32 Department of Aging. The department shall enter into interagency  
33 agreements with the Department of Rehabilitation and the State  
34 Department of Health Care Services for purposes of implementing  
35 this article.

36 9121. (a) The department shall establish the Aging and  
37 Disability Resource Connection Advisory Committee as the  
38 primary adviser to the department, the Department of  
39 Rehabilitation, and the State Department of Health Care Services

1 in the ongoing development and implementation of the ADRC  
2 program.

3 (b) The advisory committee shall do all of the following:

4 (1) Consider high-level aspects of the ADRC program operations  
5 and related systemwide issues.

6 (2) Provide input and recommendations to the departments in  
7 developing ADRC program policies and procedures.

8 (3) Serve as the forum for ADRC stakeholders to discuss  
9 evolving federal guidance, funding opportunities, and best  
10 practices.

11 9122. (a) The department, in consultation with the advisory  
12 committee, shall formulate criteria for designation and approval  
13 of local ADRC program sites.

14 (b) Area agencies on aging and independent living centers shall  
15 be the core local partners in developing ADRC program sites, but  
16 the department may work with other local partners in developing  
17 ADRC program sites.

18 (c) An ADRC program site shall provide all of the following:

19 (1) Enhanced information and referral services and other  
20 assistance at hours that are convenient for the public.

21 (2) Options counseling concerning available LTSS programs  
22 and public and private benefits programs.

23 (3) Short-term service coordination.

24 (4) Transition services from hospitals to home and from skilled  
25 nursing facilities to the community.

26 (d) An ADRC program site shall do all of the following:

27 (1) Provide services within the geographic area served.

28 (2) Provide information to the public about the services provided  
29 by the site.

30 (3) Submit to the department all reports and data required or  
31 requested by the department.

32 ~~(e) The department, in consultation with the advisory committee,~~  
33 ~~shall consider establishing ADRC program sites to cover all~~  
34 ~~geographic regions of the state in order to provide services to the~~  
35 ~~maximum number of consumers and families in the state.~~

36 *(e) The department shall consult with the advisory committee*  
37 *when exploring steps to establish ADRC program sites statewide.*

38 9123. The department and the State Department of Health Care  
39 Services shall enter into a memorandum of understanding with the  
40 ~~federal Centers for Medicare and Medicaid Services to authorize~~

1 ~~local government agencies to claim federal Medicaid~~  
2 ~~reimbursement to explore reimbursement~~ for qualified  
3 administrative activities performed pursuant to this article,  
4 consistent with Section 14132.47.

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AMENDED IN ASSEMBLY APRIL 19, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1401**

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**Introduced by Assembly Member Maienschein**

February 17, 2017

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An act to amend Section 340 of the Welfare and Institutions Code, relating to juveniles.

LEGISLATIVE COUNSEL'S DIGEST

AB 1401, as amended, Maienschein. Juveniles: protective custody warrant.

Existing law establishes the jurisdiction of the juvenile court, which is permitted to adjudge certain children to be dependents of the court under certain circumstances, including when the child is abused, a parent or guardian fails to adequately supervise or protect the child, as specified, or a parent or guardian fails to provide the child with adequate food, clothing, shelter, or medical treatment. Existing law requires a proceeding in the juvenile court to declare a child to be a dependent child of the court to be commenced by the filing with the court, by the social worker, of a petition in conformity with specified requirements. Existing law authorizes the court to issue a protective custody warrant for a minor under certain circumstances, including when a petition has been filed in the juvenile court alleging that the minor comes within the jurisdiction of the juvenile court as a dependent or when a dependent minor has run away from his or her court-ordered placement.

This bill would authorize the court to issue a protective custody warrant, without filing a petition in the juvenile court alleging that the minor comes within the jurisdiction of the juvenile court as a dependent, if there is probable cause to believe the minor comes within the

jurisdiction of the juvenile court as a dependent, there is a substantial danger to the ~~physical or emotional health, or both,~~ *safety or physical health* of the child, and there are no reasonable means to protect the ~~child~~ *child's safety or physical health* without removal. *The bill would require any child taken into protective custody under these provisions to immediately be delivered to the social worker who shall investigate the facts and circumstances of the child and the facts surrounding the child being taken into custody and attempt to maintain the child with the child's family through the provision of services. By imposing additional duties on county social workers, this bill would impose a state-mandated local program.*

*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: ~~no~~-yes.  
State-mandated local program: ~~no~~-yes.

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

- 1 SECTION 1. Section 340 of the Welfare and Institutions Code
- 2 is amended to read:
- 3 340. (a) Whenever a petition has been filed in the juvenile
- 4 court alleging that a minor comes within Section 300 and praying
- 5 for a hearing on that petition, or whenever any subsequent petition
- 6 has been filed praying for a hearing in the matter of the minor and
- 7 it appears to the court that the circumstances of his or her home
- 8 environment may endanger the health, person, or welfare of the
- 9 minor, or whenever a dependent minor has run away from his or
- 10 her court-ordered placement, a protective custody warrant may be
- 11 issued immediately for the minor.
- 12 (b) A protective custody warrant may be issued without filing
- 13 a petition under Section 300 if the court finds probable cause to
- 14 support all of the following:
- 15 (1) The child is a person described in Section 300.
- 16 (2) There is a substantial danger to the ~~physical or emotional~~
- 17 ~~health, or both,~~ *safety or physical health* of the child.

1 (3) There are no reasonable means to protect the ~~child~~ child's  
2 safety or physical health without removal.

3 (c) Any child taken into protective custody pursuant to this  
4 section shall immediately be delivered to the social worker who  
5 shall investigate, pursuant to Section 309, the facts and  
6 circumstances of the child and the facts surrounding the child  
7 being taken into custody and attempt to maintain the child with  
8 the child's family through the provision of services.

9 (d) Nothing in this section is intended to limit any other  
10 circumstance permitting a magistrate to issue a warrant for a  
11 person.

12 SEC. 2. To the extent that this act has an overall effect of  
13 increasing the costs already borne by a local agency for programs  
14 or levels of service mandated by the 2011 Realignment Legislation  
15 within the meaning of Section 36 of Article XIII of the California  
16 Constitution, it shall apply to local agencies only to the extent that  
17 the state provides annual funding for the cost increase. Any new  
18 program or higher level of service provided by a local agency  
19 pursuant to this act above the level for which funding has been  
20 provided shall not require a subvention of funds by the state or  
21 otherwise be subject to Section 6 of Article XIII B of the California  
22 Constitution.



## 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 Tecton 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 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.

(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 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.



**Introduced by Senator Roth**  
(Principal coauthor: Assembly Member Cervantes)

December 5, 2016

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An act to amend Section 97.70 of the Revenue and Taxation Code, relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 37, as introduced, Roth. 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.

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.

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. Section 97.70 of the Revenue and Taxation Code  
2 is amended to read:  
3 97.70. Notwithstanding any other law, for the 2004–05 fiscal  
4 year and for each fiscal year thereafter, all of the following apply:  
5 (a) (1) (A) The auditor shall reduce the total amount of ad  
6 valorem property tax revenue that is otherwise required to be  
7 allocated to a county's Educational Revenue Augmentation Fund  
8 by the countywide vehicle license fee adjustment amount.  
9 (B) If, for the fiscal year, after complying with Section 97.68  
10 there is not enough ad valorem property tax revenue that is  
11 otherwise required to be allocated to a county Educational Revenue  
12 Augmentation Fund for the auditor to complete the allocation  
13 reduction required by subparagraph (A), the auditor shall  
14 additionally reduce the total amount of ad valorem property tax  
15 revenue that is otherwise required to be allocated to all school  
16 districts and community college districts in the county for that

1 fiscal year by an amount equal to the difference between the  
2 countywide vehicle license fee adjustment amount and the amount  
3 of ad valorem property tax revenue that is otherwise required to  
4 be allocated to the county Educational Revenue Augmentation  
5 Fund for that fiscal year. This reduction for each school district  
6 and community college district in the county shall be the percentage  
7 share of the total reduction that is equal to the proportion that the  
8 total amount of ad valorem property tax revenue that is otherwise  
9 required to be allocated to the school district or community college  
10 district bears to the total amount of ad valorem property tax revenue  
11 that is otherwise required to be allocated to all school districts and  
12 community college districts in a county. For purposes of this  
13 subparagraph, “school districts” and “community college districts”  
14 do not include any districts that are excess tax school entities, as  
15 defined in Section 95.

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

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

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

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

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

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

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

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

34 (i) The estimated total amount of revenue that would have been  
35 deposited to the credit of the Motor Vehicle License Fee Account  
36 in the Transportation Tax Fund, including any amounts that would  
37 have been certified to the Controller by the auditor of the County  
38 of Ventura under subdivision (j) of Section 98.02, as that section  
39 read on January 1, 2004, for distribution under the law as it read  
40 on January 1, 2004, to the county, city and county, or city for the

1 2004–05 fiscal year if the fee otherwise due under the Vehicle  
2 License Fee Law ~~(Pt. (Part 5~~ (commencing with Section 10701)  
3 of ~~Div. Division 2~~) was 2 percent of the market value of a vehicle,  
4 as specified in ~~Section Sections~~ 10752 and 10752.1 as those  
5 sections read on January 1, 2004.

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

12 (B) (i) Subject to an adjustment under clause (ii), for the  
13 2005–06 fiscal year, the sum of the following two amounts:

14 (I) The difference between the following two amounts:

15 ~~(Ia)~~

16 (ia) The actual total amount of revenue that would have been  
17 deposited to the credit of the Motor Vehicle License Fee Account  
18 in the Transportation Tax Fund, including any amounts that would  
19 have been certified to the Controller by the auditor of the County  
20 of Ventura under subdivision (j) of Section 98.02, as that section  
21 read on January 1, 2004, for distribution under the law as it read  
22 on January 1, 2004, to the county, city and county, or city for the  
23 2004–05 fiscal year if the fee otherwise due under the Vehicle  
24 License Fee Law (Part 5 (commencing with Section 10701) of  
25 Division 2) was 2 percent of the market value of a vehicle, as  
26 specified in Sections 10752 and 10752.1 as those sections read on  
27 January 1, 2004.

28 ~~(Ib)~~

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

35 (II) The product of the following two amounts:

36 ~~(IIa)~~

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

38 ~~(IIb)~~

39 (ib) The percentage change from the prior fiscal year to the  
40 current fiscal year in gross taxable assessed valuation within the

1 jurisdiction of the entity, as reflected in the equalized assessment  
2 roll for those fiscal years. For the first fiscal year for which a  
3 change in a city's jurisdictional boundaries first applies, the  
4 percentage change in gross taxable assessed valuation from the  
5 prior fiscal year to the current fiscal year shall be calculated solely  
6 on the basis of the city's previous jurisdictional boundaries, without  
7 regard to the change in that city's jurisdictional boundaries. For  
8 each following fiscal year, the percentage change in gross taxable  
9 assessed valuation from the prior fiscal year to the current fiscal  
10 year shall be calculated on the basis of the city's current  
11 jurisdictional boundaries.

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

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

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

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

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

29 (ii) The product of the following two amounts:

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

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

1 assessed valuation from the prior fiscal year to the current fiscal  
2 year shall be calculated on the basis of the city's current  
3 jurisdictional boundaries.

4 (2) Notwithstanding paragraph (1), "vehicle license fee  
5 adjustment amount," for a city incorporating after January 1,  
6 2004, and on or before January 1, 2012, means the following:

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

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

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

12 (II) The population of the incorporating city.

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

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

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

19 (ii) The product of the following two amounts:

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

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

25 ~~(2)~~

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

35 ~~(3)~~

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

40 ~~(4)~~

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

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

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

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

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

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

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

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

35 (g) Tax exchange or revenue sharing agreements, entered into  
36 prior to the operative date of this section, between local agencies  
37 or between local agencies and nonlocal agencies are deemed to be  
38 modified to account for the reduced vehicle license fee revenues  
39 resulting from the act that added this section. These agreements  
40 are modified in that these reduced revenues are, in kind and in lieu

1 thereof, replaced with ad valorem property tax revenue from a  
2 Vehicle License Fee Property Tax Compensation Fund or an  
3 Educational Revenue Augmentation Fund.

4 SEC. 2. If the Commission on State Mandates determines that  
5 this act contains costs mandated by the state, reimbursement to  
6 local agencies and school districts for those costs shall be made  
7 pursuant to Part 7 (commencing with Section 17500) of Division  
8 4 of Title 2 of the Government Code.

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AMENDED IN SENATE MARCH 20, 2017

**SENATE BILL**

**No. 39**

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**Introduced by Senator Roth**

*(Principal coauthors: Assembly Members Cervantes and Obernolte)*

*(Coauthor: Assembly Member Rodriguez)*

December 5, 2016

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An act to add Section 69614.5 to the Government Code, relating to judgeships.

LEGISLATIVE COUNSEL'S DIGEST

SB 39, as amended, Roth. Suspension and allocation of judgeships.

Existing law specifies the number of judges for the superior court of each county. Existing law allocates additional judgeships to the various counties in accordance with uniform standards for factually determining additional judicial need in each county, as updated and approved by the Judicial Council, pursuant to the Update of Judicial Needs Study, based on specified criteria, including, among others, workload standards that represent the average amount of time of bench and nonbench work required to resolve each case type.

This bill would require the suspension of 4 vacant judgeships, as defined, in superior courts with more authorized judgeships than their assessed judicial need. The bill would require the allocation of 4 judgeships to superior courts with fewer authorized judgeships than their assessed judicial need and would require the judgeships to be funded using existing appropriations for the compensation of superior court judges. The bill would require the suspension to be in accordance with a methodology approved by the Judicial Council, as specified, and would require the determination of a superior court's assessed judicial need to be in accordance with the above uniform standards and be based

on the criteria described above. The bill would require the Judicial Council, if a vacant judgeship is eligible for suspension, to promptly notify the applicable courts, the Legislature, and the Governor that the judgeship will be suspended, subject to approval by the Governor.

This bill would also make a statement of legislative intent regarding the authority of the Legislature, the Governor, and the Chief Justice of California.

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

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

1 SECTION 1. It is the intent of the Legislature that this act shall  
2 not be construed to limit any of the following:

3 (a) The authority of the Legislature to create and fund new  
4 judgeships pursuant to Section 4 of Article VI of the California  
5 Constitution.

6 (b) The authority of the Governor to appoint a person to fill a  
7 vacancy pursuant to subdivision (c) of Section 16 of Article VI of  
8 the California Constitution.

9 (c) The authority of the Chief Justice of California to assign  
10 judges pursuant to subdivision (e) of Section 6 of Article VI of the  
11 California Constitution.

12 SEC. 2. Section 69614.5 is added to the Government Code, to  
13 read:

14 69614.5. (a) To provide for a more equitable distribution of  
15 judgeships, and pursuant to the requirements described in  
16 subdivision (d), both of the following actions shall occur:

17 (1) Four vacant judgeships shall be suspended in superior courts  
18 with more authorized judgeships than their assessed judicial need  
19 pursuant to subdivision (c).

20 (2) Four judgeships shall be allocated to superior courts with  
21 fewer authorized judgeships than their assessed judicial need  
22 pursuant to subdivision (c). The four judgeships shall be funded  
23 using existing appropriations for the compensation of superior  
24 court judges.

25 (b) The suspension of vacant judgeships pursuant to subdivision  
26 (a) shall be in accordance with a methodology approved by the  
27 Judicial Council after solicitation of public comments.

1 (c) The determination of a superior court's assessed judicial  
2 need shall be in accordance with the uniform standards for factually  
3 determining additional judicial need in each county, as updated  
4 and approved by the Judicial Council, pursuant to the Update of  
5 Judicial Needs Study, based on the criteria set forth in subdivision  
6 (b) of Section 69614.

7 (d) If a judgeship in a superior court becomes vacant, the Judicial  
8 Council shall determine whether the judgeship is eligible for  
9 suspension under the methodology, standards, and criteria  
10 described in subdivisions (b) and (c). If the judgeship is eligible  
11 for suspension, the Judicial Council shall promptly notify the  
12 applicable courts, the Legislature, and the Governor that the vacant  
13 judgeship shall be suspended, subject to approval by the Governor  
14 in compliance with subdivision (c) of Section 16 of Article VI of  
15 the California Constitution.

16 (e) (1) For purposes of this section only, a judgeship ~~shall~~  
17 ~~become~~ *is* "vacant" when an incumbent judge relinquishes the  
18 office through resignation, retirement, death, removal, or  
19 confirmation to an appellate court judgeship during either of the  
20 following:

21 (A) At any time before the deadline to file a declaration of  
22 intention to become a candidate for a judicial office pursuant to  
23 Section 8023 of the Elections Code.

24 (B) After the deadline to file a declaration of intention to become  
25 a candidate for a judicial office pursuant to Section 8023 of the  
26 Elections Code if no candidate submits qualifying nomination  
27 papers by the deadline pursuant to Section 8020 of the Elections  
28 Code.

29 (2) For purposes of this section, a judgeship ~~shall not become~~  
30 *is not* "vacant" when an incumbent judge relinquishes the office  
31 as a result of being defeated in an election for that office.

32 (f) For purposes of this section only, the "suspension" of a  
33 vacant judgeship means that the vacant judgeship may not be filled  
34 by appointment or election, notwithstanding any other law, unless  
35 an appropriation by the Legislature is made for the judgeship.

36 (g) A court in which a vacant judgeship is suspended shall not  
37 have the court's funding allocation reduced or any of its funding

- 1 shifted or transferred as a result of, or in connection with, the
- 2 suspension of a vacant judgeship pursuant to this section.

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## 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) Hamner 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-