

Senate Bill No. 1098

CHAPTER 212

An act to add Section 14553.10 to the Government Code, to amend Sections 7102 and 7105 of, and to add Section 7106 to, the Revenue and Taxation Code, to amend Sections 163 and 164.6 of the Streets and Highways Code, and to amend Section 14902 of the Vehicle Code, relating to transportation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor August 11, 2004. Filed with
Secretary of State August 11, 2004.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1098, Committee on Budget and Fiscal Review. Transportation: financing.

(1) Article XIX B of the California Constitution requires, commencing with the 2003 -04 fiscal year, sales taxes on motor vehicle fuel that are deposited in the General Fund to be transferred to the Transportation Investment Fund for allocation to various transportation purposes, including allocations to particular transportation projects included in the Transportation Congestion Relief Program. Article XIX B authorizes the transfer of these revenues to the Transportation Investment Fund to be suspended in whole or in part for a fiscal year during a fiscal emergency pursuant to a proclamation issued by the Governor and the enactment of a statute by a $2/3$ vote of both houses of the Legislature if the statute does not contain any unrelated provision.

This bill would require the Controller, on or before June 30, 2008, to transfer an amount from the General Fund into the continuously appropriated Transportation Deferred Investment Fund that is equal to the amount of motor vehicle fuel sales tax revenues that were not transferred to the Transportation Investment Fund for the 2004 -05 fiscal year because of the transfer suspension, plus specified interest. The bill would reduce the amount of the transfer by any payment made to the Transportation Deferred Investment Fund from any source. The bill would require the revenues deposited in the Transportation Deferred Investment Fund pursuant to this bill to be transferred and apportioned in the same manner and amounts that would have been made in the 2003-04 fiscal year from the Transportation Investment Fund if the transfer had not been suspended. The bill would thereby make an appropriation.

The bill would require the Controller to deduct from the amount transferred from the Transportation Deferred Investment Fund for local transportation related projects an amount equal to the revenue received by the Traffic Congestion Relief Fund for those purposes from specified Indian gaming revenue and would require the Controller to deposit this sum instead into the Traffic Congestion Relief Fund.

(2) Existing law, pursuant to Proposition 116 of 1990, creates the Public Transportation Account as a trust fund, and provides that funds in the account, derived from certain sales taxes on fuels, are available only for transportation planning and mass transportation purposes. These provisions may be amended by the Legislature only by a $\frac{2}{3}$ vote of both houses if the amending statute is consistent with, and furthers the purposes of, the provisions.

This bill would amend the initiative provisions to provide for the transfer of certain revenues to the General Fund that would otherwise be deposited in the Public Transportation Account. The bill would transfer a portion of those funds to the Transportation Congestion Relief Fund as partial repayment of amounts loaned from the fund to the General Fund pursuant to the Budget Act of 2002.

(3) Existing law continuously appropriates the amounts specified in the annual Budget Act as having been deposited in the State Highway Account in the State Transportation Fund from federal transportation funds, and pledged by the California Transportation Commission, to the Treasurer for the purposes of issuing federal highway grant anticipation notes, as specified, to fund transportation projects selected by the commission.

The bill would require the commission to annually report on the amount of notes it intends to issue for the subsequent fiscal year.

(4) Existing law requires the Department of Transportation and the California Transportation Commission to prepare fund estimates based on certain annual expenditures, including, among others, expenditures for administration of the department, and for maintenance, operation, and rehabilitation of the state highway system. Existing law requires the department to prepare a 10-year state rehabilitation plan for the rehabilitation and reconstruction by the State Highway Operation and Protection Program of all state highways and bridges owned by the state. Existing law requires the plan to be updated every 2 years. Existing law also requires the plan to be transmitted to the Governor, Legislature, and commission.

This bill would also require the department to prepare a 5-year maintenance plan that addresses the maintenance needs of the state highway system. The bill would require the maintenance plan to be updated every 2 years and to be transmitted to the Governor, Legislature,



and commission. The bill would require the rehabilitation plan and the maintenance plan to attempt to balance resources between State Highway Operation and Protection Program activities and maintenance activities.

(5) Existing law authorizes the Department of Motor Vehicles to issue an identification card for a fee of \$20, except that an identification card issued to a senior citizen is free of charge.

This bill would provide that the fee for an identification card issued to a person with an income level qualifying for specified assistance programs shall be \$6. The bill would provide for determination of eligibility to be made by a governmental or nonprofit entity, subject to regulations adopted by the department.

(6) 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. Section 14553.10 is added to the Government Code, to read:

14553.10. On or before October 1 of each year, the commission shall report to the Governor, the Department of Finance, the Legislative Analyst, and the Chairs of the transportation committees in the Assembly and Senate on the amount of notes that the commission intends to issue for the subsequent fiscal year.

SEC. 2. Section 7102 of the Revenue and Taxation Code is amended to read:

7102. The money in the fund shall, upon order of the Controller, be drawn therefrom for refunds under this part, credits or refunds pursuant to Section 60202, and refunds pursuant to Section 1793.25 of the Civil Code, or be transferred in the following manner:

(a) (1) All revenues, less refunds, derived under this part at the $4\frac{3}{4}$ -percent rate, including the imposition of sales and use taxes with respect to the sale, storage, use, or other consumption of motor vehicle fuel which would not have been received if the sales and use tax rate had been 5 percent and if motor vehicle fuel, as defined for purposes of the Motor Vehicle Fuel License Tax Law (Part 2 (commencing with Section 7301)), had been exempt from sales and use taxes, shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and shall be transferred quarterly to the Public Transportation Account, a trust fund in the State Transportation Fund.

(A) For the 2001-02 fiscal year, those transfers may not be more than eighty-one million dollars (\$81,000,000) plus one-half of the amount

computed pursuant to this paragraph that exceeds eighty-one million dollars (\$81,000,000).

(B) For the 2002–03 fiscal year, those transfers may not be more than thirty-seven million dollars (\$37,000,000) plus one-half of the amount computed pursuant to this paragraph that exceeds thirty-seven million dollars (\$37,000,000).

(C) For the 2003–04 fiscal year, no transfers shall be made pursuant to this paragraph, except that if the amount to be otherwise transferred pursuant to this paragraph is in excess of eighty-seven million four hundred fifty thousand dollars (\$87,450,000), then the amount of that excess shall be transferred.

(D) For the 2004–05 fiscal year, no transfers shall be made pursuant to this paragraph, and of the amount that would otherwise have been transferred, one hundred forty million dollars (\$140,000,000) shall instead be transferred to the Traffic Congestion Relief Fund as partial repayment of amounts owed by the General Fund pursuant to Item 2600-011-3007 of the Budget Act of 2002 (Chapter 379 of the Statutes of 2002).

(2) All revenues, less refunds, derived under this part at the $4\frac{3}{4}$ -percent rate, resulting from increasing, after December 31, 1989, the rate of tax imposed pursuant to the Motor Vehicle Fuel License Tax Law on motor vehicle fuel, as defined for purposes of that law, shall be transferred quarterly to the Public Transportation Account, a trust fund in the State Transportation Fund.

(3) All revenues, less refunds, derived under this part at the $4\frac{3}{4}$ -percent rate from the imposition of sales and use taxes on fuel, as defined for purposes of the Use Fuel Tax Law (Part 3 (commencing with Section 8601)) and the Diesel Fuel Tax Law (Part 31 (commencing with Section 60001)), shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and shall be transferred quarterly to the Public Transportation Account, a trust fund in the State Transportation Fund.

(4) All revenues, less refunds, derived under this part from the taxes imposed pursuant to Sections 6051.2 and 6201.2 shall be transferred to the Sales Tax Account of the Local Revenue Fund for allocation to cities and counties as prescribed by statute.

(5) All revenues, less refunds, derived from the taxes imposed pursuant to Section 35 of Article XIII of the California Constitution shall be transferred to the Public Safety Account in the Local Public Safety Fund created in Section 30051 of the Government Code for allocation to counties as prescribed by statute.

(b) The balance shall be transferred to the General Fund.



(c) The estimates required by subdivision (a) shall be based on taxable transactions occurring during a calendar year, and the transfers required by subdivision (a) shall be made during the fiscal year that commences during that same calendar year. Transfers required by paragraphs (1), (2), and (3) of subdivision (a) shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and shall be made quarterly.

(d) Notwithstanding the designation of the Public Transportation Account as a trust fund pursuant to subdivision (a), the Controller may use the Public Transportation Account for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. The loans shall be repaid with interest from the General Fund at the Pooled Money Investment Account rate.

(e) The Legislature may amend this section, by statute passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, if the statute is consistent with, and furthers the purposes of this section.

SEC. 3. Section 7105 of the Revenue and Taxation Code is amended to read:

7105. (a) The Transportation Deferred Investment Fund is hereby created in the State Treasury.

(b) On or before June 30, 2009, the Controller shall transfer an amount from the General Fund to the Transportation Deferred Investment Fund that is equal to the amount that was not transferred from the General Fund to the Transportation Investment Fund for the 2003-04 fiscal year because of the partial suspension of the transfer pursuant to Section 14557 of the Government Code, plus interest calculated at the Pooled Money Investment Account rate relative to the amounts that would otherwise have been available for the transportation programs described in paragraphs (2) to (5), inclusive, of subdivision (c) of Section 7104. The amount to be transferred from the General Fund to the Transportation Deferred Investment Fund shall be reduced by the amount of any payment made to the Transportation Deferred Investment Fund from any funding source, excluding subdivision (d). The money deposited in the Transportation Deferred Investment Fund pursuant to this subdivision is continuously appropriated without regard to fiscal years for disbursement in the manner and for the purposes set forth in this section.

(c) The Controller, from the money deposited in the Transportation Deferred Investment Fund pursuant to subdivision (b), shall make transfers and apportionments of those funds in the same manner and amounts that would have been made in the 2003-04 fiscal year from the Transportation Investment Fund pursuant to Section 7104, as that



section read on January 1, 2003, if the transfer of funds from the General Fund to the Transportation Investment Fund had not been partially suspended for the 2003-04 fiscal year pursuant to Section 14557 of the Government Code. However, in making those transfers and apportionments, the Controller shall take into account and deduct therefrom any transfers and apportionments that were made from the Transportation Investment Fund in the 2003-04 fiscal year from funds made available pursuant to subdivision (b) of Section 14557 of the Government Code. It is the intent of the Legislature that upon completion of the transfer of funds pursuant to subdivision (b) from the General Fund to the Transportation Deferred Investment Fund that each of the transportation programs that was to have been funded during the 2003-04 fiscal year from the Transportation Investment Fund pursuant to Section 7104 of the Revenue and Taxation Code shall have received the amount of funding that the program would have received in the absence of the suspension of the transfer pursuant to Section 14557 of the Government Code.

(d) To the extent that funds are provided under clauses (iii) and (v) of subparagraph (A) of subdivision (c) of Section 63048.65 of the Government Code to the Traffic Congestion Relief Fund for apportionment pursuant to subparagraphs (B) and (C) of paragraph (2) of subdivision (c) of Section 7104, paragraph (4) of subdivision (c) of Section 7104, and paragraph (5) of subdivision (c) of Section 7104, the Controller shall deduct an equal amount from any transfer of funds from the Transportation Deferred Investment Fund made for those apportionments and transfer that amount instead to the Traffic Congestion Relief Fund.

(e) The interest that is to be deposited in the Transportation Deferred Investment Fund pursuant to subdivision (b) shall be allocated proportionately to each program element in paragraphs (2) to (5), inclusive, of subdivision (c) of Section 7104, based on the amount that each program did not receive in the 2003-04 fiscal year due to suspension of the transfer pursuant to Section 14557 of the Government Code.

(f) The Legislature finds and declares that continued investment in transportation is essential for the California economy. That investment reduces traffic congestion, assists in economic development, improves the condition of local streets and roads, and provides high-quality public transportation.

SEC. 4. Section 7106 is added to the Revenue and Taxation Code, to read:

7106. (a) On or before June 30, 2008, the Controller shall transfer an amount from the General Fund to the Transportation Deferred



Investment Fund that is equal to the amount that was not transferred from the General Fund to the Transportation Investment Fund for the 2004-05 fiscal year because of the suspension of the transfer pursuant to Section 14558 of the Government Code, plus interest calculated at the Pooled Money Investment Account rate relative to the amounts that would otherwise have been available for the transportation programs described in paragraphs (2) to (5), inclusive, of subdivision (c) of Section 7104. The amount to be transferred from the General Fund to the Transportation Deferred Investment Fund shall be reduced by the amount of any payment made to the Transportation Deferred Investment Fund from any funding source.

(b) The money deposited in the Transportation Deferred Investment Fund pursuant to this subdivision is continuously appropriated without regard to fiscal years for disbursement in the manner and for the purposes set forth in this section.

(c) The Controller, from the money deposited in the Transportation Deferred Investment Fund pursuant to subdivision (a), shall make transfers and apportionments of those funds in the same manner and amounts that would have been made in the 2004-05 fiscal year from the Transportation Investment Fund pursuant to Section 7104, as that section read on January 1, 2003, if the transfer of funds from the General Fund to the Transportation Investment Fund had not been suspended for the 2004-05 fiscal year pursuant to Section 14558 of the Government Code. It is the intent of the Legislature that upon completion of the transfer of funds pursuant to subdivision (a) from the General Fund to the Transportation Deferred Investment Fund that each of the transportation programs that was to have been funded during the 2004-05 fiscal year from the Transportation Investment Fund pursuant to Section 7104 of the Revenue and Taxation Code shall have received the amount of funding that the program would have received in the absence of the suspension of the transfer pursuant to Section 14558 of the Government Code.

(d) The interest that is to be deposited in the Transportation Deferred Investment Fund pursuant to subdivision (a) shall be allocated proportionately to each program element in paragraphs (2) to (5), inclusive, of subdivision (c) of Section 7104, based on the amount that each program did not receive in the 2004-05 fiscal year due to suspension of the transfer pursuant to Section 14558 of the Government Code.

SEC. 5. Section 163 of the Streets and Highways Code is amended to read:

163. The Legislature, through the enactment of this section, intends to establish a policy for the use of all transportation funds that are

available to the state, including the State Highway Account, the Public Transportation Account, and federal funds. For the purposes of this section, "federal funds" means any obligational authority to be provided under annual federal transportation appropriations acts. The department and the commission shall prepare fund estimates pursuant to Sections 14524 and 14525 of the Government Code based on the following:

(a) Annual expenditures for the administration of the department shall be the same as the most recent Budget Act, adjusted for inflation.

(b) Annual expenditures for the maintenance and operation of the state highway system shall be the same as the most recent Budget Act, adjusted for inflation and inventory, or, when a maintenance plan has been enacted pursuant to Section 164.6, maintenance expenditures shall be based on planned expenditures in that plan.

(c) Annual expenditure for the rehabilitation of the state highway system shall be the same as the most recent Budget Act, or, when a long-range rehabilitation plan has been enacted pursuant to Section 164.6, shall be based on planned expenditures in that long-range plan.

(d) Annual expenditures for local assistance shall be the amount required to fund local assistance programs required by state or federal law or regulations, including, but not limited to, railroad grade crossing maintenance, bicycle transportation account, congestion mitigation and air quality, regional surface transportation programs, local highway bridge replacement and rehabilitation, local seismic retrofit, local hazard elimination and safety, and local emergency relief.

(e) After deducting expenditures for administration, operation, maintenance, local assistance, safety, and rehabilitation pursuant to subdivisions (a), (b), (c), and (d), and for expenditures pursuant to Section 164.56, the remaining funds shall be available for capital improvement projects to be programmed in the state transportation improvement program.

SEC. 6. Section 164.6 of the Streets and Highways Code is amended to read:

164.6. (a) The department shall prepare a 10-year state rehabilitation plan for the rehabilitation and reconstruction, or the combination thereof, by the State Highway Operation and Protection Program, of all state highways and bridges owned by the state. The plan shall identify all rehabilitation needs for the 10-year period beginning on July 1, 1998, and ending on June 30, 2008, and shall include a schedule of improvements to complete all needed rehabilitation during the life of the plan not later than June 30, 2008. The plan shall be updated every two years beginning in 2000. The plan shall include specific milestones and quantifiable accomplishments, such as miles of highways to be repaved

and number of bridges to be retrofitted. The plan shall contain strategies to control cost and improve the efficiency of the program, and include a cost estimate for at least the first five years of the program.

(b) The department shall prepare a five-year maintenance plan that addresses the maintenance needs of the state highway system. The plan shall be updated every two years, concurrent with the rehabilitation plan described in subdivision (a). The maintenance plan shall include only maintenance activities that, if the activities were not performed, could result in increased State Highway Operation and Protection Program costs in the future. These activities may include roadway, structural, and drainage maintenance. The maintenance plan shall identify any existing backlog in these maintenance activities and shall recommend a strategy, specific activities, and an associated funding level to reduce or prevent any backlog during the plan's five-year period. The maintenance plan shall include specific goals and quantifiable accomplishments, such as lane-miles of highway to be repaved and the number of bridge decks to be sealed. The maintenance plan shall contain strategies to control cost and improve the efficiency of these maintenance activities, and include a cost estimate for the five years of the plan.

(c) The rehabilitation plan and the maintenance plan shall attempt to balance resources between State Highway Operation and Protection Program activities and maintenance activities in order to achieve identified milestones and goals at the lowest possible long-term total cost. If the maintenance plan recommends increases in maintenance spending, it shall identify projected future State Highway Operation and Protection Program costs that would be avoided by increasing maintenance spending. The department's maintenance division shall develop a budget model that allows it to achieve the requirements of this subdivision.

(d) The rehabilitation plan shall be submitted to the commission for review and comments not later than January 31 of each odd-numbered year, and shall be transmitted to the Governor and the Legislature not later than May 1 of each odd-numbered year. The maintenance plan shall be transmitted to the Governor, the Legislature, and the commission not later than January 31 of each odd-numbered year.

(e) The rehabilitation plan and the maintenance plan shall be the basis for the department's budget request and for the adoption of fund estimates pursuant to Section 163.

SEC. 7. Section 14902 of the Vehicle Code is amended to read:

14902. (a) Except as otherwise provided in subdivisions (b) and (c) of this section, subdivision (c) of Section 13002, and subdivision (c) of Section 14900, upon an application for an identification card there shall be paid to the department a fee of twenty dollars (\$20).



(b) An original or replacement senior citizen identification card issued pursuant to subdivision (b) of Section 13000 shall be issued free of charge.

(c) The fee for an original or replacement identification card issued to a person who has been determined to have a current income level that meets the eligibility requirements for assistance programs under Chapter 2 (commencing with Section 11200) or Chapter 3 (commencing with Section 12000) of Part 3 of, or Part 5 (commencing with Section 17000) of, or Article 9 (commencing with Section 18900) of Chapter 10 of Part 6 of, or Chapter 10.1 (commencing with Section 18930) or Chapter 10.3 (commencing with Section 18937) of Part 6 of, Division 9 of the Welfare and Institutions Code shall be six dollars (\$6). The determination of eligibility under this subdivision shall be made by a governmental or nonprofit entity, which shall be subject to regulations adopted by the department.

(d) All fees received pursuant to this section shall be deposited in the Motor Vehicle Account.

SEC. 8. 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 ensure adequate funding for the operation of state government, it is necessary that this act take effect immediately.

