

**Senate Bill No. 32**

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Passed the Senate August 24, 2016

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*Secretary of the Senate*

\_\_\_\_\_

Passed the Assembly August 23, 2016

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*Chief Clerk of the Assembly*

\_\_\_\_\_

This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2016, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to add Section 38566 to the Health and Safety Code, relating to greenhouse gases.

## LEGISLATIVE COUNSEL'S DIGEST

SB 32, Pavley. California Global Warming Solutions Act of 2006: emissions limit.

(1) The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to approve a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020 and to adopt rules and regulations in an open public process to achieve the maximum, technologically feasible, and cost-effective greenhouse gas emissions reductions.

This bill would require the state board to ensure that statewide greenhouse gas emissions are reduced to 40% below the 1990 level by 2030.

(2) This bill would become operative only if AB 197 of the 2015–16 Regular Session is enacted and becomes effective on or before January 1, 2017.

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

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

(a) The California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code) authorizes the State Air Resources Board to adopt regulations to achieve the maximum technologically feasible and cost-effective greenhouse gas emissions reductions.

(b) The California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code) requires the State Air Resources Board to reduce statewide emissions of greenhouse gases to at least the 1990

emissions level by 2020 and to maintain and continue reductions thereafter.

(c) Continuing to reduce greenhouse gas emissions is critical for the protection of all areas of the state, but especially for the state's most disadvantaged communities, as those communities are affected first, and, most frequently, by the adverse impacts of climate change, including an increased frequency of extreme weather events, such as drought, heat, and flooding. The state's most disadvantaged communities also are disproportionately impacted by the deleterious effects of climate change on public health.

(d) The State Air Resources Board shall achieve the state's more stringent greenhouse gas emission reductions in a manner that benefits the state's most disadvantaged communities and is transparent and accountable to the public and the Legislature.

SEC. 2. Section 38566 is added to the Health and Safety Code, to read:

38566. In adopting rules and regulations to achieve the maximum technologically feasible and cost-effective greenhouse gas emissions reductions authorized by this division, the state board shall ensure that statewide greenhouse gas emissions are reduced to at least 40 percent below the statewide greenhouse gas emissions limit no later than December 31, 2030.

SEC. 3. This act shall become operative only if Assembly Bill 197 of the 2015–16 Regular Session is enacted and becomes effective on or before January 1, 2017.

Approved \_\_\_\_\_, 2016

\_\_\_\_\_  
*Governor*

**Assembly Bill No. 197**

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Passed the Assembly August 24, 2016

\_\_\_\_\_  
*Chief Clerk of the Assembly*

\_\_\_\_\_

Passed the Senate August 22, 2016

\_\_\_\_\_  
*Secretary of the Senate*

\_\_\_\_\_

This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2016, at \_\_\_\_\_ o'clock \_\_\_\_M.

\_\_\_\_\_  
*Private Secretary of the Governor*

CHAPTER \_\_\_\_\_

An act to add Article 7.6 (commencing with Section 9147.10) to Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government Code, and to amend Sections 39510 and 39607 of, and to add Sections 38506, 38531, 38562.5, and 38562.7 to, the Health and Safety Code, relating to air resources.

LEGISLATIVE COUNSEL’S DIGEST

AB 197, Eduardo Garcia. State Air Resources Board: greenhouse gases: regulations.

(1) Existing law establishes the State Air Resources Board consisting of 14 members and vests the state board with regulatory jurisdiction over air quality issues.

This bill would add 2 Members of the Legislature to the state board as ex officio, nonvoting members. The bill would provide that the voting members of the state board are appointed for staggered 6-year terms and upon expiration of the term of office of a voting member, the appointing authority may reappoint that member to a new term of office, subject to specified requirements. The bill would require the state board to establish the initial staggered terms. The bill would create the Joint Legislative Committee on Climate Change Policies consisting of at least 3 Members of the Senate and at least 3 Members of the Assembly and would require the committee to ascertain facts and make recommendations to the Legislature and to the houses of the Legislature concerning the state’s programs, policies, and investments related to climate change, as specified.

(2) Existing law requires the state board to inventory sources of air pollution within the air basins of the state and determine the kinds and quantity of air pollutants. The California Global Warming Solutions Act of 2006 requires the State Air Resources Board to adopt regulations to require the reporting and verification of statewide greenhouse gas emissions and to monitor and enforce compliance with the act.

This bill would require the state board to make available, and update at least annually, on its Internet Web site the emissions of greenhouse gases, criteria pollutants, and toxic air contaminants

for each facility that reports to the state board and air districts. The bill would require the state board, at least once a year at a hearing of the Joint Legislative Committee on Climate Change Policies, to present an informational report on the reported emissions of greenhouse gases, criteria pollutants, and toxic air contaminants from all sectors covered by the scoping plan, as specified.

This bill would require the state board to make available, and update at least annually, on its Internet Web site the emissions of greenhouse gases, criteria pollutants, and toxic air contaminants throughout the state broken down to a local and subcounty level for stationary sources and to at least a county level for mobile sources, as specified.

(3) The act requires the board to approve a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020. The act requires the state board to prepare and approve a scoping plan for achieving the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions.

This bill would require the state board, when adopting rules and regulations to achieve greenhouse gas emissions reductions beyond the statewide greenhouse gas emissions limit and to protect the state's most impacted and disadvantaged communities, to follow specified requirements, consider the social costs of the emissions of greenhouse gases, and prioritize specified emission reduction rules and regulations.

This bill would require the state board, when updating the scoping plan, to identify specified information for each emissions reduction measure, including each alternative compliance mechanism, market-based compliance mechanism, and potential monetary and nonmonetary incentive.

(4) This bill would become operative only if SB 32 of the 2015–16 Regular Session is enacted and becomes effective on or before January 1, 2017.

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

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

(a) The California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health

and Safety Code) authorizes the State Air Resources Board to adopt regulations to achieve the maximum technologically feasible and cost-effective greenhouse gas emission reductions.

(b) The California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code) requires the State Air Resources Board to reduce statewide emissions of greenhouse gases to at least the 1990 emissions level by 2020 and to maintain and continue reductions thereafter.

(c) Continuing to reduce greenhouse gas emissions is critical for the protection of all areas of the state, but especially for the state's most disadvantaged communities, as those communities are affected first, and most frequently, by adverse impacts of climate change, including increased frequency of extreme weather events such as drought, heat, and flooding. The state's most disadvantaged communities are also disproportionately impacted by the deleterious effects of climate change on public health.

(d) The State Air Resources Board's actions to reduce greenhouse gas emissions must be done in a manner that is transparent and accountable to the public and the Legislature. To this end, the State Air Resources Board must enhance the accessibility of information used to inform and evaluate regulatory measures developed to reduce greenhouse gas emissions.

(e) Transparency and accountability also are essential to ensuring the state's actions are done in an equitable fashion that is protective and mindful of the effects on the state's most disadvantaged communities.

(f) In recognition of the need for ongoing, permanent oversight over the implementation of the state's climate policies, the Joint Legislative Committee on Climate Change Policies will be established. The committee will uniquely provide an oversight perspective that connects the jurisdictions of several legislative standing committees, including those that have the issues of air quality, transportation, energy, and local government within their jurisdiction, which is critical given that the state has integrated climate change policies throughout the activities of many state agencies in addition to the State Air Resources Board.

SEC. 2. Article 7.6 (commencing with Section 9147.10) is added to Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government Code, to read:

Article 7.6. Joint Legislative Committee on Climate Change Policies

9147.10. (a) The Joint Legislative Committee on Climate Change Policies is hereby created. The committee shall ascertain facts and make recommendations to the Legislature concerning the state’s programs, policies, and investments related to climate change. Those recommendations shall be shared with other appropriate legislative standing committees, including the Assembly Committee on Budget and the Senate Committee on Budget and Fiscal Review.

(b) The joint committee shall consist of at least three Members of the Senate and at least three Members of the Assembly who shall be selected in the manner provided for in the Joint Rules of the Senate and Assembly. The membership shall reflect the perspectives of multiple standing committees.

(c) The chair of the State Air Resources Board shall annually appear before the joint committee to present the state board’s annual informational report on the reported emissions of greenhouse gases, criteria pollutants, and toxic air contaminants from all sectors covered by the scoping plan, as required pursuant to subdivision (b) of Section 38531 of the Health and Safety Code. This presentation may be done at a hearing that is held jointly with the relevant Assembly and Senate standing committees.

(d) In recognition of the technical complexity involved in reviewing the state’s climate policies, the joint committee may establish a panel of experts to provide an independent analysis of the state’s policies to better inform the joint committee’s recommendations.

SEC. 3. Section 38506 is added to the Health and Safety Code, to read:

38506. For purposes of this division, “social costs” means an estimate of the economic damages, including, but not limited to, changes in net agricultural productivity; impacts to public health; climate adaptation impacts, such as property damages from increased flood risk; and changes in energy system costs, per metric ton of greenhouse gas emission per year.

SEC. 4. Section 38531 is added to the Health and Safety Code, to read:

38531. (a) (1) The state board shall make available, and update at least annually, on its Internet Web site the emissions of greenhouse gases and criteria pollutants for each facility that reports to the state board pursuant to Section 38530. The data shall be displayed in a manner that illustrates the changes in emissions levels over time.

(2) No later than January 1, 2018, the state board shall add toxic air contaminant emissions to the information made available pursuant to paragraph (1).

(3) The criteria pollutant and toxic air contaminant emissions data for stationary sources shall be based on data provided to the state board by air pollution control and air quality management districts collected pursuant to Section 39607 and Chapter 3 (commencing with Section 44340) of Part 6 of Division 26.

(b) At least once a year at a hearing of the Joint Legislative Committee on Climate Change Policies, the state board shall present an informational report on the reported emissions of greenhouse gases, criteria pollutants, and toxic air contaminants from all sectors covered by the scoping plan prepared pursuant to Section 38561. The report shall evaluate emission trends and include a discussion of the regulatory requirements, initiatives, and other programs that may influence those trends. The report also may include recommendations from the state board for legislative action and consideration.

SEC. 5. Section 38562.5 is added to the Health and Safety Code, to read:

38562.5. When adopting rules and regulations pursuant to this division to achieve emissions reductions beyond the statewide greenhouse gas emissions limit and to protect the state's most impacted and disadvantaged communities, the state board shall follow the requirements in subdivision (b) of Section 38562, consider the social costs of the emissions of greenhouse gases, and prioritize both of the following:

(a) Emission reduction rules and regulations that result in direct emission reductions at large stationary sources of greenhouse gas emissions sources and direct emission reductions from mobile sources.

(b) Emission reduction rules and regulations that result in direct emission reductions from sources other than those specified in subdivision (a).

SEC. 6. Section 38562.7 is added to the Health and Safety Code, to read:

38562.7. Each scoping plan update developed pursuant to Section 38561 shall identify for each emissions reduction measure, including each alternative compliance mechanism, market-based compliance mechanism, and potential monetary and nonmonetary incentive the following information:

(a) The range of projected greenhouse gas emissions reductions that result from the measure.

(b) The range of projected air pollution reductions that result from the measure.

(c) The cost-effectiveness, including avoided social costs, of the measure.

SEC. 7. Section 39510 of the Health and Safety Code is amended to read:

39510. (a) The State Air Resources Board is continued in existence in the California Environmental Protection Agency. The state board shall consist of 14 voting members.

(b) Twelve members shall be appointed by the Governor, with the consent of the Senate, on the basis of their demonstrated interest and proven ability in the field of air pollution control and their understanding of the needs of the general public in connection with air pollution problems.

(c) Of the members appointed pursuant to subdivision (b), six members shall have the following qualifications:

(1) One member shall have training and experience in automotive engineering or closely related fields.

(2) One member shall have training and experience in chemistry, meteorology, or related scientific fields, including agriculture or law.

(3) One member shall be a physician and surgeon or an authority on health effects of air pollution.

(4) Two members shall be public members.

(5) One member shall have the qualifications specified in paragraph (1), (2), or (3) or shall have experience in the field of air pollution control.

(d) Of the members appointed pursuant to subdivision (b), six members shall be board members from districts who shall reflect the qualitative requirements of subdivision (c) to the extent practicable. Of these members:

- (1) One shall be a board member from the south coast district.
  - (2) One shall be a board member from the bay district.
  - (3) One shall be a board member from the San Joaquin Valley Unified Air Pollution Control District.
  - (4) One shall be a board member from the San Diego County Air Pollution Control District.
  - (5) One shall be a board member from the Sacramento district, the Placer County Air Pollution Control District, the Yolo-Solano Air Quality Management District, the Feather River Air Quality Management District, or the El Dorado County Air Pollution Control District.
  - (6) One shall be a board member of any other district.
- (e) The Senate Committee on Rules and the Speaker of the Assembly shall each appoint one member to the state board who shall be a person who works directly with communities in the state that are most significantly burdened by, and vulnerable to, high levels of pollution, including, but not limited to, communities with diverse racial and ethnic populations and communities with low-income populations.
- (f) Any vacancy shall be filled by the appointing authority within 30 days of the date on which it occurs. If the Governor fails to make an appointment for any vacancy within the 30-day period, the Senate Committee on Rules may make the appointment to fill the vacancy in accordance with this section.
- (g) While serving on the state board, all members shall exercise their independent judgment as officers of the state on behalf of the interests of the entire state in furthering the purposes of this division. A member of the state board shall not be precluded from voting or otherwise acting upon any matter solely because that member has voted or acted upon the matter in his or her capacity as a member of a district board, except that a member of the state board who is also a member of a district board shall not participate in any action regarding his or her district taken by the state board pursuant to Sections 41503 to 41505, inclusive.
- (h) (1) Except for initial staggered terms that shall be established by the state board, the term of office for the voting members shall be six years. Upon expiration of the term of office of a voting member, the appointing authority may reappoint that member to a new term of office, subject to the requirement of subdivision (b), if applicable.

(2) Notwithstanding paragraph (1), a person who is a member of the state board pursuant to subdivision (d) shall not continue as a member if he or she ceases to hold the membership that qualifies that person to be appointed as a member of the state board. The membership on the state board held by that person shall terminate immediately upon ceasing to hold that qualifying membership.

(i) In addition to subdivision (a), two Members of the Legislature shall serve as ex officio, nonvoting members of the state board. One member shall be appointed by the Senate Committee on Rules. One member shall be appointed by the Speaker of the Assembly.

SEC. 8. Section 39607 of the Health and Safety Code is amended to read:

39607. The state board shall:

(a) Establish a program to secure data on air quality in each air basin established by the state board.

(b) (1) Inventory sources of air pollution within the air basins of the state and determine the kinds and quantity of air pollutants, including, but not limited to, the contribution of natural sources, mobile sources, and area sources of emissions, including a separate identification of those sources not subject to district permit requirements, to the extent feasible and necessary to carry out the purposes of this chapter. The state board shall use, to the fullest extent, the data of local agencies and other state and federal agencies in fulfilling this purpose.

(2) Make available on the state board's Internet Web site the emissions of greenhouse gases, criteria pollutants, and toxic air contaminants throughout the state broken down to a local and subcounty level for stationary sources and to at least a county level for mobile sources. The emissions reported shall include data on the emissions of criteria pollutants and toxic air contaminants emitted by stationary sources as provided to the state board by districts. The information shall be displayed graphically and updated at least once a year.

(c) Monitor air pollutants in cooperation with districts and with other agencies to fulfill the purpose of this division.

(d) Adopt test procedures to measure compliance with its nonvehicular emission standards and those of districts.

(e) Establish and periodically review criteria for designating an air basin attainment or nonattainment for any state ambient air quality standard set forth in Section 70200 of Title 17 of the

California Code of Regulations. In developing and reviewing these criteria, the state board shall consider instances where there is poor or limited ambient air quality data, and shall consider highly irregular or infrequent violations. The state board shall provide an opportunity for public comment on the proposed criteria, and shall adopt the criteria after a public hearing.

(f) Evaluate, in consultation with the districts and other interested parties, air quality-related indicators that may be used to measure or estimate progress in the attainment of state standards and establish a list of approved indicators. On or before July 1, 1993, the state board shall identify one or more air quality indicators to be used by districts in assessing progress as required by subdivision (b) of Section 40924. The state board shall continue to evaluate the prospective application of air quality indicators and, upon a finding that adequate air quality modeling capability exists, shall identify one or more indicators that may be used by districts in lieu of the annual emission reductions mandated by subdivision (a) of Section 40914. In no case shall any indicator be less stringent or less protective, on the basis of overall health protection, than the annual emission reduction requirement in subdivision (a) of Section 40914.

(g) Establish, not later than July 1, 1996, a uniform methodology that may be used by districts in assessing population exposure, including, but not limited to, reduction in exposure of districtwide subpopulations, such as children, the elderly, and persons with respiratory disease, to ambient air pollutants at levels above the state ambient air quality standards, for estimating reductions in population exposure for the purposes of Sections 40913, 40924, and 41503, and for the establishment of the means by which reductions in population exposures may be achieved. The methodology adopted pursuant to this subdivision shall be consistent with the federal Clean Air Act (42 U.S.C. Sec. 7401 et seq.), and with this division, including, but not limited to, Section 39610.

SEC. 9. This act shall become operative only if Senate Bill 32 of the 2015–16 Regular Session is enacted and becomes effective on or before January 1, 2017.











Approved \_\_\_\_\_, 2016

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*Governor*

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## California Public Vote on Bonds Initiative, Proposition 53 (2016)

The **California Public Vote on Bonds Initiative** (#15-0003) will be on the November 8, 2016 ballot in California as an initiated constitutional amendment.<sup>[1][2][3]</sup>

A **"yes"** vote will be a vote in favor of requiring voter approval before the state could issue more than \$2 billion in public infrastructure bonds that would require an increase in taxes or fees for repayment.

A **"no"** vote will be a vote against the voter approval requirement and in favor of continuing to allow the state to issue new debt without voter approval.

Supporters of the initiative refer to it as the **"No Blank Checks Initiative."**

### Background

While some bonds do appear on California ballots for voter approval, bonds paid for out of state revenue are not required to be voter-approved. There was a previous version of the Public Vote on Bonds initiative (#15-0003), Initiative #14-0009, submitted for the ballot in 2014, but it failed to qualify.<sup>[4]</sup> Business Executive Dean Cortopassi backed both Initiative #14-0009 and Initiative #15-0003, submitting a request for a title and summary for the latter in 2015.<sup>[5][6][7]</sup>

### Text of measure

#### Ballot title

The ballot title is as follows:<sup>[8]</sup>

“ Revenue Bonds. Infrastructure Projects. State Legislature and Voter Approval. Initiative Constitutional Amendment.<sup>[9]</sup> ”

#### Ballot summary

The ballot summary is as follows:<sup>[8]</sup>

“ Requires State Legislature approve use of revenue bonds for public infrastructure projects funded, owned, or operated by the state or any joint agency that includes the state, if the bond amount exceeds \$2 billion and repayment requires new, increased, or extended taxes, fees, or other charges. Requires that legislatively approved projects be presented on statewide ballot for voter approval. Applies to previously approved projects if remaining bond amount exceeds \$2 billion. Requires that specified project information for all state bonds be included in voter ballot pamphlet.<sup>[9]</sup> ”

#### Fiscal impact statement

*Note: The fiscal impact statement for a California ballot initiative authorized for circulation is jointly prepared by the state's legislative analyst and its director of finance.*

The fiscal impact statement is as follows:<sup>[8]</sup>

### California Public Vote on Bonds Initiative



#### Election date

November 8, 2016

#### Topic

State and local government budgets, spending and finance

#### Status

On the ballot

Type	Origin
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Constitutional amendment	Citizens
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## Constitutional changes

The proposed amendment was designed to add the following section to Article XVI of the California Constitution:

Section 1.6. (a) Notwithstanding any other provision of law, all revenue bonds issued or sold by the State in an amount either singly or in the aggregate over two billion dollars (\$2,000,000,000) for any single project financed, owned, operated, or managed by the State must first be approved by the voters at a statewide election. "State" means the State of California, any agency or department thereof, and any joint powers agency or similar body created by the State or in which the State is a member. "State" as used herein does not include a city, county, city and county, school district, community college district, or special district. For purposes of this section, "special district" refers only to public entities formed for the performance of local governmental functions within limited boundaries.

(b) A single project for which state revenue bonds are issued or sold in an amount over two billion dollars (\$2,000,000,000) may not be divided into, or deemed to be, multiple separate projects in order to avoid the voter approval requirements contained in this section. For purposes of this section, multiple allegedly separate projects shall be

## Support

### Supporters

The primary supporters for this initiative are Dean and Joan Cortopassi.

### Arguments in favor

Campaign Spokesman **Tom Ross** spoke about Dean Cortopassi, who led the initiative's campaign drive, and said the following:  
[2]

“ He started looking at the state debt issues and how do we control the state debt. If Californians are expected to pay for projects of \$2 billion or more, they ought to have a say on them. This gives Californians an opportunity to vote.<sup>[9]</sup>

## Opposition

### Opponents

- Gov. Jerry Brown
- California Chamber of Commerce
- State Building and Construction Trades Council

### Arguments against

**Gareth Lacy**, a spokesman for Gov. Brown, said the following:<sup>[2]</sup>

“ This is a really bad idea that would cause costly delays in repairing our roads, colleges and water systems and make it harder to respond to natural disasters. The governor is strongly opposed to this initiative.<sup>[9]</sup>

**Robbie Hunter**, president of the State Building and Construction Trades Council, argued the following:<sup>[2]</sup>

“ Our state is suffering from a massive backlog of essential needs across the state including outdated water systems that are vulnerable to earthquakes, crumbling roads and bridges and overcrowded hospitals and universities. This measure worsens an already grave situation and threatens our economy and job creation.<sup>[9]</sup>

**Allan Zaremborg**, California Chamber of Commerce president, said the following:<sup>[2]</sup>

“ This ballot measure is both deceptive and dangerous. Since neither the general fund nor state taxpayers are on the hook for repayment, it’s misleading and unnecessary to call for a statewide vote.<sup>[9]</sup>

## Campaign finance

As of April 26, 2016, the support campaign for this initiative had roughly five times more in campaign funds than the opposition campaign had, and was entirely bankrolled by Stockton business executive Dean Cortopassi and his wife Joan Cortopassi.<sup>[11][12]</sup> The majority of campaign funds for the opposition came from various engineering, infrastructure, business, and construction organizations.<sup>[13]</sup>

### Support

One hundred percent of the total contributions for this campaign were in-state donations made by Dean and Joan Cortopassi.

As of April 26, 2016, the following PACs were registered to support this initiative and the total amount raised below was current as of the same date. The amount spent listed below was current as of March 2016.<sup>[11][13]</sup>

<b>Total campaign cash<sup>[10]</sup></b>	
 <i>as of April 26, 2016</i>	
 <b>Support:</b>	<b>\$4,505,600</b>
 <b>Opposition:</b>	<b>\$850,000</b>

Committee	Amount raised	Amount spent
<i>Stop Blank Checks</i> ( <a href="http://cal-access.sos.ca.gov/Campaign/Measures/Detail.aspx?id=1376142&amp;session=2015">http://cal-access.sos.ca.gov/Campaign/Measures/Detail.aspx?id=1376142&amp;session=2015</a> )	\$4,505,600	\$356,316.27
<b>Total</b>	<b>\$4,505,600</b>	<b>\$356,316.27</b>

As of May 14, 2016, the largest and only donors in support of this initiative were:<sup>[11]</sup>

Donor	Amount
Dean Cortopassi	\$3,005,600
Joan Cortopassi	\$1,500,000

### Opposition

One ballot measure campaign committee registered in opposition to the measure as of March 7, 2016. The committee received the following total contributions as of March 7, 2016. The expenditures listed were current as of March 31, 2016.<sup>[13]</sup>

Committee	Amount raised	Amount spent
<i>Citizens To Protect California Infrastructure</i> , Sponsored By Business and Construction Trades Organizations ( <a href="http://cal-access.sos.ca.gov/Campaign/Measures/Detail.aspx?id=1376142&amp;session=2015">http://cal-access.sos.ca.gov/Campaign/Measures/Detail.aspx?id=1376142&amp;session=2015</a> )	\$850,000	\$193,201.33
<b>Total</b>	<b>\$850,000</b>	<b>\$193,201.33</b>

The following are the top five donors who contributed to the Citizens To Protect California Infrastructure committee as of March 31, 2016:<sup>[14]</sup>

Donor	Amount
MEMBERS' VOICE OF THE STATE BUILDING AND CONSTRUCTION TRADES COUNCIL OF CALIFORNIA	\$150,000
CALIFORNIA CONSTRUCTION INDUSTRY LABOR MANAGEMENT COOPERATION TRUST	\$100,000
LABORERS PACIFIC SOUTHWEST REGIONAL ORGANIZING COALITION - ISSUES PAC	\$100,000
MEMBERS' VOICE OF THE STATE BUILDING AND CONSTRUCTION TRADES COUNCIL OF CALIFORNIA	\$100,000
CALIFORNIA ALLIANCE FOR JOBS - REBUILD CALIFORNIA COMMITTEE	\$50,000

## Media editorials

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### Support

If you know of any editorial board endorsements that should be posted here, please email the Ballot Measures project director (mailto:ballotmeasures@ballotpedia.org).

### Opposition

In a November 2015 editorial, the *Contra Costa Times* editorial board argued that the ballot measure language was too unclear and vague, saying the following:<sup>[15]</sup>

“ Voters shouldn't lock into law any proposition leaving this much uncertainty, especially since it would require two-thirds approval to change or overturn it, even though it can pass initially with a simple majority. The governor is dead wrong about his \$15 billion-and-counting Delta plan. But when he calls Cortopassi's ballot measure 'a really bad idea' -- that's an understatement.<sup>[9]</sup>

### Other opinions

*The Modesto Bee* editorial board has not taken a position on the initiative, but did say the following regarding its potential impact on Governor Jerry Brown's plans:

“ Having been rebuked by the voters 33 years ago, the governor has been trying to remove the public from any decision regarding the Delta – leaving it up big water users instead. Cortopassi's initiative has the potential to block this sneak attack on Northern California's water. We'll need to learn more about the No Blank Checks initiative before we take a position on whether it's good for California's future. Opponents include labor unions and others, and some of their arguments appear valid, while others are perhaps overstated; reading the Legislative Analyst's review left it unclear. But we will say this much now: Brown deserves what he got.<sup>[9]</sup>

## Path to the ballot

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See also: *California signature requirements*

## 15-0003 petition

- Dean Cortopassi submitted a letter requesting a title and summary for Initiative #15-0003 on January 7, 2015.
- A title and summary were issued for Initiative #15-0003 by the Attorney General of California's office on March 13, 2015.
- 365,880 valid signatures were required for qualification purposes.
- Supporters had until September 10, 2015, to collect the required signatures.
- This measure became eligible for the November 2016 ballot, per the Secretary of State's office, on November 2, 2015.<sup>[16]</sup>

## Failed 14-0009 version

- Dean Cortopassi submitted a letter requesting a title and summary for Initiative #14-0009 on June 27, 2014.
- A title and summary were issued for Initiative #14-0009 by the Attorney General of California's office on August 21, 2014.
- Supporters had until January 20, 2015, to collect the required 504,760 valid signatures for Initiative #14-0009.
- The initiative failed to qualify for the ballot on February 2, 2015.

## Related measures

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### 2016

Government finance measures on the ballot in 2016	
State	Measures
Alabama	Alabama State Parks Fund Amendment
Alaska	Alaska State Debt for Student Loans Amendment, Ballot Measure 2
Arizona	Arizona Education Finance Amendment, Proposition 123 
Arizona	Arizona Trust Land Amendment
Georgia	Georgia Safe Harbor for Sexually Exploited Children Fund Amendment
Hawaii	Hawaii Disposition of Excess Revenues Amendment
Illinois	Illinois Transportation Funds Amendment
Utah	Utah School Funds Modification Amendment
Wyoming	Wyoming Investment of Funds in Equities, Constitutional Amendment A

## External links

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- Letter requesting a ballot title for Initiative 14-0009 (<https://oag.ca.gov/system/files/initiatives/pdfs/14-0009%20%2814-0009%20%28Bond-funded%20Projects%29%29.pdf?>)
- Letter requesting a ballot title for Initiative 15-0003 (<http://oag.ca.gov/system/files/initiatives/pdfs/15-0003%20%28Bond-funded%20Projects%20V2%29.pdf?>)



## Recent news

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This section displays the most recent stories in a Google news search for the terms **California No blank checks initiative 2016**.

*Some of the stories below may not be relevant to this page due to the nature of Google's news search engine.*

**California Public Vote on Bonds Initiative, Proposition 53 (2016) - Google News Feed** (<http://google.com/search?hl=en&gl=us&tbm=nws&q=California+No+blank+checks+initiative+2016&um=1&ie=UTF-8>)

- Proposals headed for Oregon November ballot - Statesman Journal
- Initiative that could block high-speed rail makes November ballot - Silicon Valley Business Journal
- CP&DR News Briefs July 5, 2016: California Transportation Plan; November Ballot Measures; Bay-Delta Plan Blocked ... - California Planning and Development Report
- What Initiatives are on the November Ballot? - PublicCEO.com
- CA revenue bond ballot measure could kill future bullet train funding - Construction Dive
- The Daily 202: Has Trump never read the Constitution? - Washington Post
- November ballot crowded with weighty measures - SFGate
- PELOSI'S vow on guns: 'We're not going away' -- STEYER Still Mulling Run -- TONY HAWK Does it Again - Politico
- Making a Killing - The New Yorker
- Coalition opposes 'No Blank Checks' ballot measure - Fresno Business Journal

## State profile

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California's population in 2014 was 38,802,500, according to the United States Census Bureau. This estimate represented a 4.2 percent increase from the bureau's 2010 estimate. The state's population per square mile was 239.1 in 2010, exceeding the national average of 87.4.

California experienced a 2 percent increase in total employment from 2011 to 2012, falling below the 2.2 percent increase at the national level during the same period.<sup>[17]</sup>

### Demographics

California exceeded the national average for residents who attained at least bachelor's degrees, according to data from 2009 to 2013. The United States Census Bureau found that 30.7 percent of California residents aged 25 years and older attained bachelor's degrees, compared to 28.8 percent at the national level.

The median household income in California was \$61,094 between 2009 and 2013, compared to a \$53,046 national median income. Census information showed a 16.8 percent poverty rate in California during the study period, compared to a 14.5 percent national poverty rate.<sup>[17]</sup> **To expand the boxes below, click [show] on the right side of each box.**

*Racial Demographics, 2013*<sup>[17]</sup>[\[show\]](#)

*Presidential Voting Pattern, 2000-2012*<sup>[18][19]</sup>[\[show\]](#)

*Note: Each column will add up to 100 percent after removing the "Hispanic or Latino" percentage, although rounding by the Census Bureau may make the total one- or two-tenths off. Read more about race and ethnicity in the Census here.*<sup>[20]</sup>

## Footnotes

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1. *California Attorney General*, "Letter requesting a ballot title for Initiative 15-0003," January 7, 2015 (<http://oag.ca.gov/system/files/initiatives/pdfs/15-0003%20%28Bond-funded%20Projects%20V2%29.pdf?>)
2. *LA Times*, "Ballot measure is new obstacle to diverting water to Southern California," November 2, 2015 (<http://www.latimes.com/local/political/la-me-pc-ballot-measure-new-obstacle-to-diverting-water-to-southern-california-20151030-story.html>)
3. *California Attorney General*, "Letter requesting a ballot title for Initiative 14-0009," accessed November 17, 2014 (<https://oag.ca.gov/system/files/initiatives/pdfs/14-0009%20%2814-0009%20%28Bond-funded%20Projects%29%29.pdf?>)
4. *The Stockton Record*, "Ad response gives Cortopassi hope for ballot measure," November 17, 2014 (<http://www.recordnet.com/article/20141117/NEWS/141119566/101143/NEWS>)
5. *California Office of the Attorney General*, "14-0009 Re: Request for Title and Summary for Proposed Initiative Constitutional Amendment," June 27, 2014 (<https://oag.ca.gov/system/files/initiatives/pdfs/14-0009%20%2814-0009%20%28Bond-funded%20Projects%29%29.pdf?>)

Categories: [California 2016 ballot measures](#) | [State ballots, 2016](#) | [State Ballot Measure, November 8, 2016](#) | [State and local government budgets, spending and finance, California](#) | [Elections and campaigns, California](#) | [Certified, elections and campaigns, 2016](#) | [Certified, state and local government budgets, spending and finance, 2016](#) | [California 2016 ballot measures, certified](#) | [Initiated amendment certified for the 2016 ballot](#)

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[www.SaveLocalControl.com](http://www.SaveLocalControl.com)

# DECEPTIVE INITIATIVE UNDERMINES LOCAL CONTROL AND VITAL INFRASTRUCTURE PROJECTS

Delta landowner Dean “Dino” Cortopassi has spent \$4.5 million to qualify a deceptive initiative for the November statewide ballot. This measure takes away local control by requiring a statewide vote even for some local infrastructure projects. The measure would add new layers of bureaucracy and red tape that will delay or derail needed improvements to critical infrastructure, including after emergencies and natural disasters. Here’s why a broad, bipartisan coalition of business, labor, local governments, family farmers, water agencies, healthcare, taxpayer, and public safety organizations is opposed to the deceptive Cortopassi measure:

- **Deceptive abuse of the system.** Multi-millionaire Dean Cortopassi has placed this measure on the ballot in order to try to disrupt a specific project – the plan to repair California’s statewide water distribution system through the Delta. Irrespective of one’s position on that single project, this measure has far broader implications – it would delay or even stop much needed repairs to our roads, bridges, water supply and delivery systems, hospitals and universities all over the state. We cannot allow one wealthy landowner to abuse the initiative process for his own personal agenda.
- **Erodes local control.** This measure takes away local control by requiring statewide voter approval even for some local infrastructure projects. Under this measure, cities and towns that want to come together with the state and form a JPA to issue revenue bonds to upgrade local water systems, roads, bridges, ports and universities would have to put their project on a statewide ballot. That means voters in faraway regions would have the authority to deny funding for local projects outside of their community.
- **Disrupts vital infrastructure development.** California and its local communities already suffer from a massive backlog of essential infrastructure needs including outdated water systems that cannot withstand earthquakes, crumbling roads and bridges, and over-crowded hospitals and universities. This measure would make our infrastructure problems worse by denying the use of revenue bonds to finance these much needed projects.
- **Contains NO exemptions for emergencies or a major disaster.** That means, in cases of an earthquake or flood, local governments may need to wait as long as two years in order to get voter approval to begin rebuilding damaged or destroyed roads, freeways, bridges, hospitals and water delivery systems after an emergency.
- **Unnecessary.** Private investors bear the financial risk for revenue bonds, not the state or its general fund. And revenue bonds are repaid by users of a project who directly benefit, not taxpayers. For instance, repairs to a bridge would be paid by tolls on the bridge, or customers in a specific water district would pay to build a water recycling plant, not taxpayers. It makes no sense to have a statewide election on projects not financed by taxpayers for which the state and local governments bear none of the financial risk.

**Paid for by Citizens to Protect California Infrastructure sponsored by business and construction trades organizations. Major funding by Members’ Voice of the State Building and Construction Trades Council of California (Committee) and California Construction Industry Labor Management Cooperation Trust. PH: 916-443-0872**

Item 7, Legislation



[www.SaveLocalControl.com](http://www.SaveLocalControl.com)

# We Oppose the Deceptive “Cortopassi Initiative” That Undermines Local Control and Vital Infrastructure Projects

## Local Government

League of California Cities  
California Association of Councils of Governments  
Self Help Counties Coalition  
Association of California Cities – Orange County  
San Diego Association of Governments  
Transportation Agency for Monterey County

## Taxpayer

Kern County Taxpayers Association

## Healthcare

California Hospital Association  
Hospital Council of Northern and Central California  
Hospital Association of Southern California

## Infrastructure

American Council of Engineering Companies – California  
Associated General Contractors of California  
California Alliance for Jobs  
California Construction Industry Labor Management Cooperation Trust  
Engineering Contractors Association  
Northern California Mechanical Contractors Association  
United Contractors

## Public Safety

California Professional Firefighters  
California State Sheriffs’ Association  
Peace Officers Research Association of California (PORAC)

## Water

Association of California Water Agencies  
Metropolitan Water District of Southern California  
Northern California Water Association  
Southern California Water Committee  
State Water Contractors

## Agriculture

California Citrus Mutual  
California Cotton Ginners Association  
California Cotton Growers Association  
California Women for Agriculture  
Fresno County Farm Bureau  
Western Agriculture Processors Association  
Western Growers Association

## Education

California’s Coalition for Adequate School Housing

## Environment

Natural Heritage Institute

## Business

California Chamber of Commerce  
Anaheim Chamber of Commerce  
Bay Area Council  
Bay Planning Coalition  
Building Owners and Managers Association California  
Building Owners and Managers Association, Greater Los Angeles  
California Building Industry Association  
California Business Properties Association

## **Business (continued)**

California Business Roundtable  
California Manufacturers & Technology Association  
California Public Securities Association  
California Small Business Association  
Central City Association, Los Angeles  
Cerritos Regional Chamber of Commerce  
East Bay Leadership Council  
Chambers of Commerce Alliance of Ventura & Santa Barbara Counties  
El Monte/South El Monte Chamber of Commerce  
Great Fresno Area Chamber of Commerce  
Hollywood Chamber of Commerce  
Inland Empire Economic Partnership (IEEP)  
Los Angeles Area Chamber of Commerce  
Los Angeles County Business Federation (LA BizFed)  
North Orange County Chamber of Commerce  
Orange County Business Council (OCBC)  
Oxnard Chamber of Commerce  
Pacific Merchant Shipping Association  
San Diego Regional Chamber of Commerce  
San Francisco Chamber of Commerce  
San Gabriel Valley Economic Partnership  
Santa Clarita Valley Chamber of Commerce  
Silicon Valley Leadership Group  
South Bay Association of Chambers of Commerce  
Torrance Area Chamber of Commerce  
Valley Industry & Commerce Association (VICA)

## **Labor**

California State Building and Construction Trades Council  
Service Employees International Union California (SEIU)  
AFSCME California PEOPLE  
Auto, Marine & Specialty Painters Local Union 1176  
Boilermakers Local Union 92  
California Conference of Machinists  
California State Association of Electrical Workers

## **Labor (continued)**

California State Council of Laborers  
Carpet, Linoleum & Soft Tile Workers Local Unions 12, 1237  
District Council of Iron Workers  
District Council 16 International Union of Painters and Allied Trades  
County Building and Construction Trades Councils:  
Alameda; Contra Costa; Imperial; Kern, Inyo, Mono; Los Angeles/Orange; Marin; Northeastern; Sacramento Sierra; San Diego; San Mateo; Stanislaus, Merced, Mariposa & Tuolumne  
Glaziers, Arch. Metal & Glass Workers Local Unions 169, 718, 767, 1621  
International Brotherhood of Boilermakers  
Insulators & Allied Workers Local Union 16  
Ironworkers Local Unions 118, 155, 229, 433, 844  
IUPAT Local Unions 294, 567  
Laborers' Local Union 67  
IBEW Local Unions 6, 11, 40, 47, 100, 180, 234, 302, 332, 340, 413, 428, 440, 441, 477, 551, 569, 595, 617, 684, 952, 1245  
Painters and Drywall Finishers Local Union 3  
Painters and Tapers Local Unions 83, 272, 376, 487, 507, 741, 913  
Plasters Local Union 200  
Plasterers & Cement Masons Local Union 300  
Sheet Metal, Air, Rail and Transportation Workers Western States Council  
Sheet Metal, Air, Rail and Transportation Workers Local Unions 104, 105, 206  
Southern California Pipe Trades District Council 16  
Teamsters Local Union 431  
UFCW Western States Council  
United Association of Landscape & Irrigation, Sewer & Storm, Underground Industrial Piping Industry Local 345

**Labor (continued)**

United Association of Plumbers & Fitters Local 761  
United Association of Plumbers & Pipefitters Local  
Unions 78, 114, 582,  
United Association of Plumbers, Pipefitters, Refrigeration  
UA Local 364  
United Association of Plumbers & Steam Fitters Local  
Unions 398, 403, 460, 484  
United Association of Plumbers, Steamfitters,  
Refrigeration & HVAC Service Technicians Local 230  
United Association of Sprinkler Fitters Local 709  
United Association of Steam, Refrigeration, Air  
Conditioning, Pipefitters & Apprentices Local 250  
United Union of Roofers, Waterproofers & Allied Workers  
Local Unions 27, 36, 40, 45, 81, 95, 220  
Western Regional District Council of Roofers &  
Waterproofers

**Political**

California Democratic Party  
Los Angeles County Democratic Party



The Cortopassi ballot measure is a self-interest abuse of the initiative process that would mandate a **statewide** vote for some **local infrastructure projects**; empowering one region of the state to reject infrastructure priorities of communities in other regions of the state. Here is why:

**Locally-controlled JPAs created to address local infrastructure priorities are covered**

- While Section 1.6 (a) of the initiative excludes cities, counties and special districts, it explicitly *includes* local "Joint Powers Authorities (JPAs) or similar bodies that are *created by the State or in which the State is a member.*"

**Small projects, under \$2 Billion threshold, but connected to larger projects are also covered**

- Section 1.6 (b) requires projects that are "allegedly separate" also require a statewide vote, even for local projects. Allegedly separate is defined by the measure as projects that are "geographically proximate," "physically joined or connected," or "cannot accomplish [their] state purpose without the completion of another allegedly separate project."

**Below are examples of local projects that could require a statewide vote under the Cortopassi measure:**

**Water Supply and Storage**

- **Sites Reservoir** – Colusa County
- **Temperance Flat Dam** – Fresno, Kings, Madera, Tulare and Merced Counties
- **Shasta Dam** – Shasta County
- **Los Vaqueros Reservoir** – Contra Costa County

**Regional Rail Upgrade and Expansion**

- **Transbay Terminal** – San Francisco
  - Regional transit hub connecting eight Bay Area counties currently under construction, which is managed and financed by the Transbay Joint Powers Authority, a JPA created in part by CalTrans.
- **Capitol Corridor** – Alameda, Santa Clara, Contra Costa, Solano, Sacramento, Yolo & Placer Counties
  - Managed and operated by the Capitol Corridor Joint Powers Authority which runs commuter rail service spanning 148 miles across 7 Northern California counties. The JPA was created by the state.

## **Regional Rail Upgrade and Expansion (cont.)**

- **LOSSAN Rail Corridor** – San Luis Obispo, Santa Barbara, Ventura, Los Angeles, Orange, San Diego counties
  - LOSSAN Rail Corridor Agency is a JPA created by the state and in which state officials are members. Manages 351 miles of rail service across 6 Southern California and Coastal counties with at least \$6 billion in needed rail improvements over the next 20 years.

## **Bridge Repairs**

- **Bay Area bridges** – Alameda, Contra Costa, Marin, San Francisco, San Mateo, Solano counties
  - Managed and operated by the Bay Area Toll Authority which was created by the state.
- **Coronado Bridge** – San Diego County
  - Managed and operated by San Diego Toll Authority which the state now manages.

## **Airport Expansion**

- **San Diego International Airport** – San Diego County
  - Owned and operated by the San Diego Regional Airport Authority, a local entity similar to a JPA created by the state.

## **Road Construction**

- **Toll Roads** - Orange County
  - Four separate toll roads, managed by two JPAs created by the state via legislation passed in 1987.

## **Education**

- **University of California** - \$13.3 billion planned capital expenditures in recent Capital Plan, and four campuses each have projects planned that meet the measure's \$2B threshold on their own:
  - **UC Davis**
  - **UC San Diego**
  - **UC Irvine**
  - **UC San Francisco**
  - Additionally, all 10 UC campuses have planned improvements to local medical centers, student housing, classrooms and research facilities. These local projects could each require a statewide vote if considered "allegedly part of" the University of California's larger capital improvement plan.
- **California State University** - \$9 billion in planned capital facilities needs statewide
  - Each of the 23 CSU campuses have plans to construct more classrooms, student health clinics, research labs and student housing. These local projects could each require a statewide vote if considered "allegedly part of" the larger CSU capital improvement plan.

# Qualified Statewide Ballot Measures | California Secretary of State



The following is a list of statewide measures that have qualified for the ballot. For those measures that are currently attempting to qualify, see the [Initiative and Referendum Qualification Status](#) page.

For initiative measures that are eligible for the ballot, see the [Eligible Statewide Initiative Measures](#) page. An eligible initiative measure is one in which the required number of signatures have been submitted to and verified by the county elections officials. Eligible initiative measures will become qualified for the ballot on the 131st day prior to the next Statewide General Election unless withdrawn by the proponents prior to its qualification by the Secretary of State.

For information on the campaign committees that have organized to support or oppose propositions and ballot measures on the statewide ballot, see the [Propositions and Ballot Measures Campaign Finance Activity](#) page.

## November 8, 2016, Statewide Ballot Measures

**Proposition 51 School Bonds. Funding for K-12 School and Community College Facilities. Initiative Statutory Amendment. Qualified: 06/30/16**

Thomas W. Hiltachk (916) 442-7757

Authorizes \$9 billion in general obligation bonds: \$3 billion for new construction and \$3 billion for modernization of K-12 public school facilities; \$1 billion for charter schools and vocational education facilities; and \$2 billion for California Community Colleges facilities. Bars amendment to existing authority to levy developer fees to fund school facilities, until new construction bond proceeds are spent or December 31, 2020, whichever is earlier. Bars amendment to existing State Allocation Board process for allocating school construction funding, as to these bonds. Appropriates money from the General Fund to pay off bonds. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **State General Fund costs of \$17.6 billion to pay off principal (\$9 billion) and interest (\$8.6 billion) on bonds over a period of 35 years. Annual payments would average \$500 million. Annual payments would be relatively low in the initial and final few years and somewhat higher in the intervening years.** (15-0005.) ([Full Text](#))

**Proposition 52 State Fees on Hospitals. Federal Medi-Cal Matching Funds. Initiative Statutory and Constitutional Amendment.**

Qualified: 08/01/14

Thomas W. Hiltachk (916) 442-7757

Increases required vote to two-thirds for the Legislature to amend a certain existing law that imposes fees on hospitals (for purpose of obtaining federal Medi-Cal matching funds) and that directs those fees and federal matching funds to hospital-provided Medi-Cal health care services, to uncompensated care provided by  
Item 7, Legislation

hospitals to uninsured patients, and to children's health coverage. Eliminates law's ending date. Declares that law's fee proceeds shall not be considered revenues for purposes of applying state spending limit or determining required education funding. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **State savings from increased revenues that offset state costs for children's health coverage of around \$500 million beginning in 2016-17 (half-year savings) to over \$1 billion annually by 2019-20, likely growing between 5 percent to 10 percent annually thereafter. Increased revenues to support state and local public hospitals of around \$90 million beginning in 2016-17 (half-year) to \$250 million annually by 2019-20, likely growing between 5 percent to 10 percent annually thereafter.** (13-0022.) ([Full Text](#))

**Proposition 53 Revenue Bonds. Statewide Voter Approval. Initiative Constitutional Amendment. Qualified: 06/30/16**

Dean Cortopassi c/o Kurt Oneto (916) 446-6752

Requires statewide voter approval before any revenue bonds can be issued or sold by the state for projects that are financed, owned, operated, or managed by the state or any joint agency created by or including the state, if the bond amount exceeds \$2 billion. Prohibits dividing projects into multiple separate projects to avoid statewide voter approval requirement. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **The fiscal effect on state and local governments is unknown and would vary by project. It would depend on (1) the outcome of projects brought before voters, (2) the extent to which the state relied on alternative approaches to the projects or alternative financing methods for affected projects, and (3) whether those methods have higher or lower costs than revenue bonds.**(15-0003.) ([Full Text](#))

**Proposition 54 Legislature. Legislation and Proceedings. Initiative Constitutional Amendment and Statute. Qualified: 06/30/16**

Charles T. Munger, Jr. and Sam Blakeslee c/o Thomas W. Hiltachk (916) 442-7757

Prohibits Legislature from passing any bill unless it has been in print and published on the Internet for at least 72 hours before the vote, except in cases of public emergency. Requires the Legislature to make audiovisual recordings of all its proceedings, except closed session proceedings, and post them on the Internet. Authorizes any person to record legislative proceedings by audio or video means, except closed session proceedings. Allows recordings of legislative proceedings to be used for any legitimate purpose, without payment of any fee to the State. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **Increased costs to state government of potentially \$1 million to \$2 million initially and about \$1 million annually for making additional legislative proceedings available in audiovisual form on the Internet.** (15-0083.) ([Full Text](#))

**Proposition 55 Tax Extension to Fund Education and Healthcare. Initiative Constitutional Amendment. Qualified: 06/30/16**

Lance H. Olson, Thomas A. Willis, Dario J. Frommer, c/o Karen Getman, (510) 346-6200

Extends by twelve years the temporary personal income tax increases enacted in 2012 on earnings over \$250,000 (for single filers; over \$500,000 for joint filers; over \$340,000 for heads of household). Allocates these  
Item 7, Legislation

tax revenues 89% to K-12 schools and 11% to California Community Colleges. Allocates up to \$2 billion per year in certain years for healthcare programs. Bars use of education revenues for administrative costs, but provides local school governing boards discretion to decide, in open meetings and subject to annual audit, how revenues are to be spent. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **Increased state revenues annually from 2019 through 2030—likely in the \$5 billion to \$11 billion range initially—with amounts varying based on stock market and economic trends. Increased revenues would be allocated under constitutional formulas to schools and community colleges, budget reserves and debt payments, and health programs, with remaining funds available for these or other state purposes.** (15-0115.) ([Full Text](#))

Proposition 56 **Cigarette Tax to Fund Healthcare, Tobacco Use Prevention, Research, and Law Enforcement. Initiative Constitutional Amendment and Statute. Qualified: 06/30/16**

Dustin Corcoran, Laphonza Butler, Olivia M. Diaz-Lapham, and Tom Steyer c/o Lance H. Olson (916) 442-2952

Increases cigarette tax by \$2.00 per pack, with equivalent increase on other tobacco products and electronic cigarettes containing nicotine. Allocates revenues primarily to increase funding for existing healthcare programs; also for tobacco use prevention/control programs, tobacco-related disease research and law enforcement, University of California physician training, dental disease prevention programs, and administration. Excludes these revenues from Proposition 98 funding requirements. If tax causes decreased tobacco consumption, transfers tax revenues to offset decreases to existing tobacco-funded programs and sales tax revenues. Requires biennial audit. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Net increase in excise tax revenues in the range of \$1.1 billion to \$1.6 billion annually by 2017-18, with revenues decreasing slightly in subsequent years. The majority of funds would be used for payments to health care providers. The remaining funds would be used for a variety of specified purposes, including tobacco-related prevention and cessation programs, law enforcement programs, medical research on tobacco-related diseases, and early childhood development programs. (15-0081.) ([Full Text](#))

Proposition 57 **Criminal Sentences. Juvenile Criminal Proceedings and Sentencing. Initiative Constitutional Amendment and Statute. Qualified: 06/30/16**

Margaret R. Prinzing and Harry A. Berezin c/o James C. Harrison (510) 346-6200

Allows parole consideration for persons convicted of nonviolent felonies upon completion of full prison term for primary offense, as defined. Authorizes Department of Corrections and Rehabilitation to award sentence credits for rehabilitation, good behavior, or educational achievements. Requires Department of Corrections and Rehabilitation to adopt regulations to implement new parole and sentence credit provisions and certify they enhance public safety. Provides juvenile court judges shall make determination, upon prosecutor motion, whether juveniles age 14 and older should be prosecuted and sentenced as adults. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **Net state savings that could range from the tens of millions of dollars to the low hundreds of millions of dollars annually primarily due to a reduction in the prison population from additional paroles granted and credits earned. Net county costs that could range from the millions to tens of millions of dollars annually, declining to a few million dollars after initial implementation of the measure.** (15-0121.) ([Full Text](#))

## Proposition 58

SB 1174 (Chapter 753, Statutes of 2014), Lara.

## Proposition 59

SB 254 (Chapter 20, Statutes of 2016), Allen.

## Proposition 60

**Adult Films. Condoms. Health Requirements. Initiative Statute. Qualified: 06/30/16**

Michael Weinstein c/o Bradley W. Hertz (818) 593-2949

Requires performers in adult films to use condoms during filming of sexual intercourse. Requires producers of adult films to pay for performer vaccinations, testing, and medical examinations related to sexually transmitted infections. Requires producers to obtain state health license at beginning of filming and to post condom requirement at film sites. Imposes liability on producers for violations, on certain distributors, on performers if they have a financial interest in the violating film, and on talent agents who knowingly refer performers to noncomplying producers. Permits state, performers, or any state resident to enforce violations. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **Potentially reduced state and local tax revenue of millions or tens of millions of dollars per year. Likely state costs of a few million dollars annually to administer the law. Possible ongoing net costs or savings for state and local health and human services programs.** (15-0004.) ([Full Text](#))

**Proposition 61 State Prescription Drug Purchases. Pricing Standards. Initiative Statute. Qualified: 06/30/16**

Michael Weinstein c/o Bradley W. Hertz (818) 593-2949

Prohibits state agencies from paying more for a prescription drug than the lowest price paid for the same drug by the United States Department of Veterans Affairs. Applies to any program where the state is the ultimate payer for a drug, even if the state does not purchase the drug directly. Exempts certain purchases of prescription drugs funded through Medi-Cal. Fiscal impact: It is the opinion of the Legislative Analyst and Director of Finance that the measure, if adopted, may result in a substantial net change in state or local finances. (15-0009.) ([Full Text](#))

**Proposition 62 Death Penalty. Initiative Statute. Qualified: 06/30/16**

Mike Farrell (415) 243-0143

Repeals death penalty as maximum punishment for persons found guilty of murder and replaces it with life imprisonment without possibility of parole. Applies retroactively to persons already sentenced to death. States that persons found guilty of murder and sentenced to life without possibility of parole must work while in prison as prescribed by the Department of Corrections and Rehabilitation. Increases to 60% the portion of wages earned by persons sentenced to life without the possibility of parole that may be applied to any victim restitution fines or orders against them. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **Net reduction in state and local government costs of potentially**

**around \$150 million annually within a few years due to the elimination of the death penalty. (15-0066.)**  
([Full Text](#))

Proposition 63

**Firearms. Ammunition Sales. Initiative Statute. Qualified: 06/30/16**

Gavin Newsom c/o Thomas A. Willis and Margaret R. Prinzing (510) 346-6200

Prohibits possession of large-capacity ammunition magazines, and requires their disposal by sale to dealer, destruction, or removal from state. Requires most individuals to pass background check and obtain Department of Justice authorization to purchase ammunition. Requires most ammunition sales be made through licensed ammunition vendors and reported to Department of Justice. Requires lost or stolen firearms and ammunition be reported to law enforcement. Prohibits persons convicted of stealing a firearm from possessing firearms. Establishes new procedures for enforcing laws prohibiting firearm possession by felons and violent criminals. Requires Department of Justice to provide information about prohibited persons to federal National Instant Criminal Background Check System. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Increased state costs in the tens of millions of dollars annually related to regulating ammunition sales, likely offset by various regulatory fees authorized by the measure. Increase in court and law enforcement costs, not likely to exceed the tens of millions of dollars annually, related to removing firearms from prohibited persons as part of court sentencing proceedings. These costs could be offset to some extent by fees authorized by the measure. Potential increase in state and local correctional costs, not likely to exceed the low millions of dollars annually, related to new and increased penalties. (15-0098.) ([Full Text](#))

Proposition 64 **Marijuana Legalization. Initiative Statute.**  
**Qualified: 06/30/16**

Donald Lyman and Michael Sutton, c/o Lance H. Olson (916) 442-2952

Legalizes marijuana and hemp under state law. Designates state agencies to license and regulate marijuana industry. Imposes state excise tax on retail sales of marijuana equal to 15% of sales price, and state cultivation taxes on marijuana of \$9.25 per ounce of flowers and \$2.75 per ounce of leaves. Exempts medical marijuana from some taxation. Establishes packaging, labeling, advertising, and marketing standards and restrictions for marijuana products. Allows local regulation and taxation of marijuana. Prohibits marketing and advertising marijuana to minors. Authorizes resentencing and destruction of records for prior marijuana convictions. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **Net reduced costs ranging from tens of millions of dollars to potentially exceeding \$100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising certain marijuana offenders. Net additional state and local tax revenues potentially ranging from the high hundreds of millions of dollars to over \$1 billion annually related to the production and sale of marijuana. Most of these funds would be required to be spent for specific purposes such as substance use disorder education, prevention, and treatment.** (15-0103.) ([Full Text](#))

**Proposition 65 Carry-Out Bags. Charges. Initiative Statute. Qualified: 06/30/16**

Doyle L. Johnson c/o Kurt Oneto (916) 446-6752

Redirects money collected by grocery and certain other retail stores through sale of carry-out bags, whenever any state law bans free distribution of a particular kind of carry-out bag and mandates the sale of any other kind of carry-out bag. Requires stores to deposit bag sale proceeds into a special fund administered by the Wildlife Conservation Board to support specified categories of environmental projects. Provides for Board to develop regulations implementing law. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **If voters uphold the state's current carryout bag law, redirected revenues from retailers to the state, potentially in the several tens of millions of dollars annually. Revenues would be used for grants for certain environmental and natural resources purposes. If voters reject the state's current carryout bag law, likely minor fiscal effects.** (15-0074.) ([Full Text](#))

**Proposition 66 Death Penalty. Procedures. Initiative Statute. Qualified: 06/30/16**

Kermit Alexander (916) 442-7757

Changes procedures governing state court appeals and petitions challenging death penalty convictions and sentences. Designates superior court for initial petitions and limits successive petitions. Imposes time limits on state court death penalty review. Requires appointed attorneys who take noncapital appeals to accept death penalty appeals. Exempts prison officials from existing regulation process for developing execution methods. Authorizes death row inmate transfers among California state prisons. States death row inmates must work and pay victim restitution. States other voter approved measures related to death penalty are null and void if this measure receives more affirmative votes. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **Increased state costs that could be in the tens of millions of dollars annually for several years related to direct appeals and habeas corpus proceedings, with the fiscal impact on such costs being unknown in the longer run. Potential state correctional savings that could be in the tens of millions of dollars annually.** (15-0096.) ([Full Text](#))

**Proposition 67 Referendum to Overturn Ban on Single-Use Plastic Bags.**

Qualified: 02/24/15

Doyle L. Johnson c/o Kurt Oneto (916) 446-6752

If signed by the required number of registered voters and timely filed with the Secretary of State, this petition will place on the statewide ballot a challenge to a state law previously approved by the Legislature and the Governor. The challenged law must then be approved by a majority of voters at the next statewide election to go into effect. The law prohibits grocery and certain other retail stores from providing single-use bags but permits sale of recycled paper bags and reusable bags. (14-0011.) ([Full Text](#))

As new initiatives enter circulation, fail, become eligible for, or qualify for an election ballot, the Secretary of State's office will issue initiative status updates. The updates can be found on our [Initiative and Referendum Qualification Status](#) page or by signing up for updates below.

AMENDED IN SENATE AUGUST 23, 2016  
AMENDED IN SENATE AUGUST 18, 2016  
AMENDED IN SENATE AUGUST 16, 2016  
AMENDED IN SENATE AUGUST 2, 2016  
AMENDED IN ASSEMBLY MAY 31, 2016  
AMENDED IN ASSEMBLY APRIL 11, 2016  
AMENDED IN ASSEMBLY MARCH 28, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1550**

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**Introduced by Assembly Member Gomez**

January 4, 2016

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An act to amend Section 39713 of the Health and Safety Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

AB 1550, as amended, Gomez. Greenhouse gases: investment plan: disadvantaged communities.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation. Existing law

requires the Department of Finance, in consultation with the state board and any other relevant state agency, to develop, as specified, a 3-year investment plan for the moneys deposited in the fund. Existing law requires the investment plan to allocate a minimum of 25% of the available moneys in the fund to projects that provide benefits to disadvantaged communities, as defined, and a minimum of 10% to projects located in those disadvantaged communities. Existing law authorizes the allocation of 10% for projects located in disadvantaged communities to be used for projects included in the minimum allocation of 25% for projects that provide benefits to disadvantaged communities.

This bill would instead require the investment plan to allocate (1) a minimum of 25% of the available moneys in the fund to projects located within, and benefiting individuals living in, disadvantaged communities, ~~as described, and~~ (2) an additional minimum of 5% to projects that benefit low-income households or to projects located within, and benefiting individuals living in, ~~low-income communities, as defined. communities located anywhere in the state, and~~ (3) an additional minimum of 5% either to projects that benefit low-income households that are outside of, but within a 1/2 mile of, disadvantaged communities, or to projects located within the boundaries of, and benefiting individuals living in, low-income communities that are outside of, but within a 1/2 mile of, disadvantaged communities.

The bill would become ~~operational~~ operative only if AB 1613 of the 2015–16 Regular Session is enacted and becomes effective on or before January 1, 2017.

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 39713 of the Health and Safety Code is
- 2 amended to read:
- 3 39713. (a) The investment plan developed and submitted to
- 4 the Legislature pursuant to Section 39716 shall allocate a minimum
- 5 of 25 percent of the available moneys in the fund to projects located
- 6 within the boundaries of, and benefiting individuals living in,
- 7 communities described in Section 39711.
- 8 (b) ~~(1)~~ The investment plan shall allocate a minimum of 5
- 9 percent of the available moneys in the fund to projects that benefit
- 10 low-income households or to projects located within the boundaries

1 of, and benefiting individuals living in, low-income ~~communities.~~  
2 *communities located anywhere in the state.*

3 *(c) The investment plan shall allocate a minimum of 5 percent*  
4 *of the available moneys in the fund either to projects that benefit*  
5 *low-income households that are outside of, but within a 1/2 mile*  
6 *of, communities described in Section 39711, or to projects located*  
7 *within the boundaries of, and benefiting individuals living in,*  
8 *low-income communities that are outside of, but within a 1/2 mile*  
9 *of, communities described in Section 39711.*

10 ~~(2)~~

11 *(d) For purposes of this subdivision, the following definitions*  
12 *shall apply:*

13 ~~(A)~~

14 *(1) “Low-income households” are those with household incomes*  
15 *at or below 80 percent of the statewide median income or with*  
16 *household incomes at or below the threshold designated as low*  
17 *income by the Department of Housing and Community*  
18 *Development’s list of state income limits adopted pursuant to*  
19 *Section 50093.*

20 ~~(B)~~

21 *(2) “Low-income communities” are census tracts with median*  
22 *household incomes at or below 80 percent of the statewide median*  
23 *income or with median household incomes at or below the*  
24 *threshold designated as low income by the Department of Housing*  
25 *and Community Development’s list of state income limits adopted*  
26 *pursuant to Section 50093.*

27 ~~(e)~~

28 *(e) Moneys ~~spent~~ allocated pursuant to one subdivision ~~(a)~~ of*  
29 *this section shall not count toward the minimum ~~requirement~~*  
30 *~~described in subdivision (b), and moneys spent pursuant to~~*  
31 *~~subdivision (b) shall not count toward the minimum requirement~~*  
32 *~~described in subdivision (a).~~ requirements of any other subdivision*  
33 *of this section.*

34 SEC. 2. This act shall become operative only if Assembly Bill  
35 1613 of the 2015–16 Regular Session is enacted and becomes  
36 effective on or before January 1, 2017.

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## **Streamlining Affordable Housing Approvals – Proposed Trailer Bill Technical Modifications**

**SECTION 1.** Section 65400.1 is added to the Government Code, to read:

65400.1. (a) A development applicant or development proponent pursuant to Section 65913.3 of the Government Code may submit information describing the development, including, but not limited to, land use and zoning designations and requested permit(s) for the development to the Department of Housing and Community Development in a reporting format to be made available. The information submitted shall be compiled along with information pursuant to subparagraph (B) of subsection (2) of subdivision (a) of Section 65400 and Section 65588 of the Government Code as follows:

- (i) Upon receipt of a local government determination regarding the development submittal, or
  - (ii) Issuance of a building permit for the development.
- (b) The Department of Housing and Community Development shall annually review and report on its website the information that has been submitted pursuant to this section.

**SEC. 2.** Section 65913 of the Government Code is amended to read:

65913. (a) The Legislature finds and declares that there exists a severe shortage of affordable housing, especially for persons and families of low and moderate income, and that there is an immediate need to encourage the development of new housing, not only through the provision of financial assistance, but also through changes in law designed to do all of the following:

- (1) Expedite the local and State-supported residential development process.
- (2) Assure that local governments zone sufficient land at densities high enough for production of affordable housing.

(3) Assure that local governments make a diligent effort through the administration of land use and development controls and the provision of regulatory concessions and incentives to significantly reduce housing development costs and thereby facilitate the development of affordable housing, including housing for elderly persons and families, as defined by Section 50067 of the Health and Safety Code.

These changes in the law are consistent with the responsibility of local government to adopt the program required by subdivision (c) of Section 65583.

(b) The Legislature further finds and declares that the costs of new housing developments have been increased, in part, by the existing permit processes and by existing land use regulations and that vitally needed housing developments have been halted or rendered infeasible despite the benefits to the public health, safety, and welfare of those developments and despite the absence of adverse environmental impacts. It is therefore necessary to enact this chapter and to amend existing statutes which govern housing development so as to provide greater encouragement for local and state governments to approve needed and sound housing developments.

(c) It is the intent of the Legislature that the provisions of Section 65913.3 of the Government Code advance all of the following:

(A) the provisions of Government Code Section 65008;

(B) implementation of the State planning priorities pursuant to Government Code Section 65041.1;

(C) attainment of Section 65580 of the Government Code;

(D) significant actions designed to affirmatively increase fair housing choice, furthering the objectives of the Federal Fair Housing Act, 42 U.S.C. 3601, and

implementing regulations; and

(E) the objectives of the California Global Warming Solutions Act of 2006, commencing with Section 38500 of the Health and Safety Code.

(F) compliance with non-discretionary inclusionary zoning ordinances adopted by localities.

**SEC. 3.** Section 65913.3 is added to the Government Code, to read:

65913.3. (a) For the purposes of this section, the following terms shall have the following meanings:

(1) “Approved remediation measures” shall mean measures included in a certified environmental impact report to mitigate the impact of residential development in the subject location; or uniformly applied development policies or standards that have been adopted by the city or county to mitigate the impact of residential development in that location.

(2) “Affordable rent,” or “Affordable housing cost” shall be as defined by Health and Safety Code subdivision (b) of Section 50053, or subdivision (b) of 50052.5 respectively.

~~(3)~~ “Attached housing development” or “development” means a newly constructed structure containing two or more dwelling units that is a housing development project, as defined by subdivision (2) of subsection (h) of Section 65589.5 of the Government Code, but does not include a second unit, as defined by subdivision (4) of subsection (i) of Section 65852.2 of the Government Code, or the conversion of an existing structure to condominiums.

(4) “Department” means the Department of Housing and Community Development.

~~(2) “Designated housing sites” means sites designated to allow housing development by the general plan, a zoning ordinance, or for which a certified environmental review document includes provisions to mitigate potential harm.~~

~~(3)~~ “Land-use authority” means any entity with state-authorized power to

regulate land-use permits and entitlements conferred by local governments.

(46) “Land-use restriction” means covenants restricting the use of land, recorded regulatory agreements, or any other form of an equitable servitude.

(57) “Major transit stop” means a site containing an existing rail transit station, a ferry terminal served by either a bus or rail transit service, or the intersection of two or more major bus routes with a service interval frequency of 15 minutes or less during the morning and afternoon peak weekday commute periods, and offering weekend service.

(68) “Public agency” means a federal, state, or local government agency, or a local or regional housing trust fund which has been funded or chartered by a federal, state, or local government agency.

(79) “Required by law to record” means, but is not limited to, a development applicant or development proponent is required to record a land-use restriction based on any of the following:

- (i) As a condition of award of funds or financing from a public agency.
- (ii) As a condition of the award of tax credits.
- (iii) As may be required by a contract entered into with a public agency.

(810) “Transit priority area” means an area within one-half mile of a major transit stop that is existing or planned, provided the planned stop is scheduled to be completed within the planning horizon included in a Transportation Improvement Program adopted pursuant to Section 450.216 or 450.322 of Title 23 of the Code of Federal Regulations within the adopted general plan or specific plan of a local government.

(911) “Urban uses” means any residential, commercial, public institutional, transit or transportation passenger facility, or retail use, or any combination of those uses.

(b) A development that satisfies all of the following criteria shall be a permitted use by right as that term is defined in subdivision (i) of Section 65583.2 of the Government Code:

- (1) The development applicant or development proponent has submitted to the

local government its intent to utilize this authority, and certifying under penalty of perjury that, to the best of its knowledge and belief, it conforms with all other provisions identified herein.

(2) The development is consistent with the following objective planning standards: land use and building intensity designation applicable to the site under the general plan and zoning code, land use and density or other objective zoning standards, and any setback or objective design review standards, all as in effect at the time that the subject development is submitted to the local government pursuant to this section.

(3) The development is located on a site that is either immediately adjacent to parcels that are developed with urban uses or for which at least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses or is bounded by a natural body of water.

(4) The development must be an attached housing development, for which the development applicant or development proponent already has recorded, or is required by law to record, a land-use restriction, which shall require all the following:

(A) A duration of at least 30 years or more.

(B) ~~Enforceability by~~ That any public agency and or by any member or members of the public, including non-profit corporations, may bring and maintain an enforcement action.

(C) For developments within a transit priority area, a restriction of the development's real property to a level of affordability equal to or greater than either of the following:

(i) At least ten percent of the total units of a housing development for lower income households, as defined in Section 50079.5 of the Health and Safety Code.

(ii) At least five percent of the total units of a housing development for very low income households, as defined in Section 50105 of the Health and Safety Code.

(D) For developments not within a transit priority area, a restriction of the development's real property to a level of affordability equal to or greater than at

least twenty (20) percent or more of the residential units restricted to and occupied by individuals whose income is eighty (80) percent or less of area median gross income.

(5) ~~Except for developments that are located on designated housing sites, Unless the development incorporates approved remediation measures in the following locations as applicable to the development,~~ the development is not located on a site that is any of the following:

(A) Either “prime farmland” or “farmland of statewide importance,” as defined pursuant to United States Department of Agriculture land inventory and monitoring criteria, as modified for California, and designated on the maps prepared by the Farmland Mapping and Monitoring Program of the Department of Conservation.

(B) Wetlands, as defined in Section 328.3 of Title 33 of the Code of Federal Regulations.

(C) Within a very high fire hazard severity zone, as determined by the Department of Forestry and Fire Protection pursuant to Section 51178 of the Government Code, or within a high or very high fire hazard severity zone as indicated on maps adopted by the Department of Forestry and Fire Protection pursuant to Section 4202 of the Public Resources Code; however, this limitation shall not apply to sites excluded from the specified hazard zones by a local agency pursuant to subdivision (b) of Section 51179 of the Government Code or sites that have adopted sufficient fire hazard mitigation measures as may be determined by their local agency with land-use authority.

(D) Hazardous waste site that is listed pursuant to Section 65962.5 of the Government Code, or a hazardous waste site designated by the Department of Toxic Substances Control pursuant to Section 25356 of the Health and Safety Code, unless the Department of Toxic Substances Control has cleared the site for residential use or residential mixed-uses.

(E) Within a delineated earthquake fault zone as determined by the State Geologist in the official maps published thereby.

(F) Within a flood plain as determined by maps promulgated by the Federal Emergency Management Agency, unless the development has been issued a

floodplain development permit pursuant to Sections 59 and 60 of Title 44 of the Code of Federal Regulations.

(G) Within a flood way as determined by maps promulgated by the Federal Emergency Management Agency, unless the development receives a no rise certification in accordance with Section 60.3(d)(3) of Title 44 of the Code of Federal Regulations.

(H) Within an area determined by the Department of ~~Housing and Community Development~~ to be inappropriate for affordable housing development by additional objective criteria, including areas severely lacking in access to public transit, accessibility to employment or educational opportunities, and residentially supportive retail and service amenities, all as to be determined through regulations adopted by the Department at its discretion; until the Department adopts such regulations this subparagraph (H) shall not be interpreted to prohibit any such site, operative nor apply. The Department is authorized, but not mandated, to adopt regulations to implement the terms of this subparagraph (H); and such regulations shall be adopted pursuant to the Administrative Procedures Act set forth in Government Code section 11340 et seq. Division 13 of the Public Resources Code shall not apply to either: the Department's adoption of the regulations authorized by this section, or any financial assistance awarded by any public agency to any development that satisfies subdivision (b) of this section. This section shall be operative regardless as to whether the Department adopts the regulations authorized by this section.

~~Division 13 of the Public Resources Code shall not apply to the Department's adoption of the regulations authorized by this section.~~

(6) Unless the proposed housing development replaces units at a level of affordability equal to or greater than the level of a previous affordability restriction, the development must not be on any property that is any of the following:

(A) A parcel or parcels on which rental dwelling units are, or if the dwelling units have been vacated or demolished in the five-year period preceding the application, have been subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low income.

(B) Subject to any other form of rent or price control through a public entity's

valid exercise of its police power; or occupied by lower or very low income households.

(c) If the applicable city, county, or city and county determines that the development is inconsistent with at least one of the objective planning standards delineated in paragraph (2) of subdivision (b), then it must provide the development proponent written documentation of which standard or standards the development is not consistent with, as well as explain why the development is not consistent with that standard or standards, all within thirty (30) calendar days of submittal of the development to the local government pursuant to this section. If the documentation described in this subsection fails to identify the objective standard or standards that the development is not consistent with, if it fails to provide an explanation of why it is inconsistent therewith, or if it is not provided to the development proponent within thirty (30) calendar days of submittal, then for the purposes of this section, the development shall be deemed to satisfy paragraph (2) of subdivision (b) of this section.

(d) Any design review of the development shall not exceed ninety (90) days from the submittal of the development to the local government pursuant to this section, and shall not in any way inhibit, chill, or preclude the ministerial approval provided by this section and the effect thereof.

(e) A development that satisfies subdivision (b) of this section shall not be subject to the requirements of Section 65589.5 of the Government Code in order to be accorded by right status under this section.

(f) This section does not relieve an applicant or public agency from complying with the Subdivision Map Act (Division 2 (commencing with Section 66410)).

~~(g f)~~ The review of a permit, license, certificate, or any other entitlement, including, but not limited to: the enactment and amendment of zoning or design review ordinances or guidelines, the issuance of zoning variances, the issuance of conditional use permits, and the approval of tentative subdivision maps, by any public agency with land-use authority over any development that satisfies subdivision (b) of this section shall be ministerial.

~~(h g)~~ This section shall be enforceable pursuant to a writ of mandate issued pursuant to Section 1085 of the Code of Civil Procedure.

(i h) The development applicant or development proponent may submit information describing the development pursuant to Government Code Section 65400.1(a).

(j i) The Legislature finds and declares that this section shall be applicable to all cities and counties, including charter cities, because the Legislature finds that the lack of affordable housing is a matter of vital statewide importance.

(k j) Any and all individuals displaced by a development that is approved through the ministerial process authorized by this section shall be accorded relocation assistance as provided in the California Relocation Assistance Act set forth in Section 7267.8 et seq. California Real Property Acquisition and Relocation Assistance Act, set forth in Chapter 16, commencing with Government Code Section 7260. The development proponent shall be responsible for paying for relocation assistance expenses incurred by any local agency as a result of this section.

(l k) This section shall apply, notwithstanding anything to the contrary contained in this code or in any other law.

AMENDED IN SENATE AUGUST 19, 2016  
AMENDED IN SENATE AUGUST 16, 2016  
AMENDED IN SENATE AUGUST 1, 2016  
AMENDED IN ASSEMBLY JUNE 23, 2016  
AMENDED IN ASSEMBLY JUNE 1, 2016  
AMENDED IN ASSEMBLY APRIL 26, 2016  
AMENDED IN ASSEMBLY APRIL 13, 2016  
AMENDED IN ASSEMBLY MARCH 17, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2444**

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**Introduced by Assembly Member Eduardo Garcia**  
**(Principal coauthors: Assembly Members Alejo and Levine)**  
**(Coauthors: Assembly Members Chiu, Chu, Dodd, Eggman,**  
**Gonzalez, and ~~McCarty~~ *McCarty*, and *O'Donnell*)**  
*(Coauthor: Senator Pavley)*

February 19, 2016

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An act to add Chapter 14 (commencing with Section 5880) to Division 5 of the Public Resources Code, relating to a parks, water, climate, and coastal protection and outdoor access for all program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL’S DIGEST

AB 2444, as amended, Eduardo Garcia. California Parks, Water, Climate, and Coastal Protection and Outdoor Access For All Act of ~~2016~~. 2018.

Under existing law, programs have been established pursuant to bond acts for, among other things, the development and enhancement of state and local parks and recreational facilities.

This bill would enact the California Parks, Water, Climate, and Coastal Protection and Outdoor Access For All Act of ~~2016~~, 2018, which, if approved by the voters, would authorize the issuance of bonds in an amount of ~~\$2,000,000,000~~ \$3,497,500,000 pursuant to the State General Obligation Bond Law to finance a parks, water, climate, and coastal protection and outdoor access for all program.

The bill would provide for the submission of these provisions to the voters at the ~~November 8, 2016~~, June 5, 2018, statewide ~~general primary~~ *direct* election.

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

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

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

1 SECTION 1. Chapter 14 (commencing with Section 5880) is  
2 added to Division 5 of the Public Resources Code, to read:

3  
4 CHAPTER 14. CALIFORNIA PARKS, WATER, CLIMATE, AND  
5 COASTAL PROTECTION AND OUTDOOR ACCESS FOR ALL ACT OF  
6 ~~2016~~ 2018

7  
8 Article 1. General Provisions

9  
10 5880. (a) The people of California find and declare all of the  
11 following:

12 (1) From California’s beautiful rivers, streams, coastal  
13 shorelines, and other waterways, to our federal, state, local, and  
14 regional parks and outdoor settings, to our vast network of trails  
15 connecting people with natural landscapes, Californians value the

1 rich diversity of outdoor experiences afforded to this state and its  
2 citizens.

3 (2) Demand for local parks has exceeded available funding by  
4 a factor of 8 to 1, with particularly high demand in urban,  
5 disadvantaged communities.

6 (3) Many Californians across the state lack access to safe parks,  
7 trails, and recreation areas, which limits their ability to experience  
8 the outdoors, improve their physical and emotional health, exercise,  
9 and connect with their communities.

10 (4) Investments to create and improve parks and recreation  
11 areas, and to create trail networks that provide access from  
12 neighborhoods to parks and recreational opportunities, will help  
13 ensure all Californians have access to safe places to exercise and  
14 enjoy recreational activities.

15 (5) The California Center for Public Health Advocacy estimates  
16 that inactivity and obesity cost California over forty billion dollars  
17 (\$40,000,000,000) annually, through increased health care costs  
18 and lost productivity due to obesity-related illnesses, and that even  
19 modest increases in physical activity would result in significant  
20 savings. Investments in infrastructure improvements such as biking  
21 and walking trails and pathways, whether in urban or natural areas,  
22 are cost-effective ways to promote physical activity.

23 (6) Continued investments in the state's parks, trails, and natural  
24 resources, and greening urban areas will help mitigate the effects  
25 of climate change, making cities more livable, and will protect  
26 California's natural resources for future generations.

27 (7) California's outdoor recreation economy represents an  
28 eighty-seven-billion-dollar (\$87,000,000,000) industry, providing  
29 over 700,000 jobs and billions of dollars in local and state revenues.

30 (8) California's state, local, and regional park system  
31 infrastructure and national park system infrastructure is aging and  
32 a significant infusion of capital is required to protect this  
33 investment.

34 (9) There has been a historic underinvestment in parks, trails,  
35 and outdoor infrastructure in disadvantaged areas and many  
36 communities throughout California.

37 (10) Tourism is a growing industry in California and remains  
38 an economic driver for the more rural parts of the state.

39 (b) It is the intent of the people of California that all of the  
40 following shall occur in the implementation of this chapter:

1 (1) The investment of public funds pursuant to this chapter will  
 2 result in public benefits that address the most critical statewide  
 3 needs and priorities for public funding.

4 (2) In the appropriation and expenditure of funding authorized  
 5 by this chapter, priority will be given to projects that leverage  
 6 private, federal, or local funding or produce the greatest public  
 7 benefit.

8 (3) To the extent practicable, a project that receives moneys  
 9 pursuant to this chapter will include signage informing the public  
 10 that the project received funds from the California Parks, Water,  
 11 Climate, and Coastal Protection and Outdoor Access For All Act  
 12 of 2016.

13 (4) To the extent practicable, when developing program  
 14 guidelines for urban recreation projects and habitat protection or  
 15 restoration projects, administering entities are encouraged to give  
 16 favorable consideration to projects that provide urban recreation  
 17 and protect or restore natural resources. Additionally, the entities  
 18 may pool funding for these projects.

19 5880.01. The following definitions govern the construction of  
 20 this chapter:

21 (a) “Committee” means the California Parks, Water, Climate,  
 22 Coastal Protection, and Outdoor Access For All Finance Committee  
 23 created by Section ~~5889.02~~. 5890.02.

24 (b) *“Conservation actions on private lands” means projects*  
 25 *with willing landowners that involve the adaptive flexible*  
 26 *management of natural resources in response to changing*  
 27 *conditions and threats to habitat and wildlife. These projects result*  
 28 *in habitat conditions on private lands that, when managed*  
 29 *dynamically over time, contribute to the long-term health and*  
 30 *resiliency of vital ecosystems and enhance wildlife populations.*

31 ~~(b)~~

32 (c) “Department” means the Department of Parks and  
 33 Recreation.

34 ~~(e)~~

35 (d) “Disadvantaged community” has the same meaning set forth  
 36 in subdivision (g) of Section 75005.

37 ~~(d)~~

38 (e) “Fund” means the California Parks, Water, Climate, and  
 39 Coastal Protection and Outdoor Access For All Fund, created by  
 40 Section ~~5880.08~~. 5880.085.

1 (f) “Heavily urbanized city” means a city with a population of  
2 300,000 or more.

3 (g) “Heavily urbanized county” means a county with a  
4 population of 3,000,000 or more.

5 (e)

6 (h) “Interpretation” includes, but is not limited to, a  
7 visitor-serving amenity that enhances the ability to understand and  
8 appreciate the significance and value of natural, historical, and  
9 cultural resources and that may utilize educational materials in  
10 multiple languages, digital information, and the expertise of a  
11 naturalist or other skilled specialist.

12 (i) “Nonprofit organization” means a nonprofit corporation  
13 qualified to do business in California and qualified under Section  
14 501(c)(3) of the Internal Revenue Code.

15 (f)

16 (j) “Preservation” means rehabilitation, stabilization, restoration,  
17 development, and reconstruction, or any combination of those  
18 activities.

19 (g)

20 (k) “Protection” means those actions necessary to prevent harm  
21 or damage to persons, property, or natural, cultural, and historic  
22 resources, actions to improve access to public open-space areas,  
23 or actions to allow the continued use and enjoyment of property  
24 or natural, cultural, and historic resources, and includes acquisition,  
25 development, restoration, preservation, and interpretation.

26 (h)

27 (l) “Restoration” means the improvement of physical structures  
28 or facilities and, in the case of natural systems and landscape  
29 features, includes, but is not limited to, projects for the control of  
30 erosion, the control and elimination of exotic species, removal of  
31 waste and debris, prescribed burning, fuel hazard reduction, fencing  
32 out threats to existing or restored natural resources, road  
33 elimination, and other plant and wildlife habitat improvement to  
34 increase the natural system value of the property. Restoration  
35 projects shall include the planning, monitoring, and reporting  
36 necessary to ensure successful implementation of the project  
37 objectives.

38 (i)

39 (m) “Severely disadvantaged community” ~~has the same meaning~~  
40 ~~set forth in subdivision (g) of Section 75005.~~ means a community

1 *with a median household income less than 60 percent of the*  
 2 *statewide average.*

3 5880.02. An amount that equals not more than 5 percent of the  
 4 funds allocated for a grant program pursuant to this chapter may  
 5 be used to pay the administrative costs of that program.

6 5880.03. (a) Except as provided in subdivision (b), up to 10  
 7 percent of funds allocated for each program funded by this chapter  
 8 may be expended for planning and monitoring necessary for the  
 9 successful design, selection, and implementation of the projects  
 10 authorized under that program. This section shall not otherwise  
 11 restrict funds ordinarily used by an agency for “preliminary plans,”  
 12 “working drawings,” and “construction” as defined in the annual  
 13 Budget Act for a capital outlay project or grant project. Planning  
 14 may include feasibility studies for environmental site cleanup that  
 15 would further the purpose of a project that is eligible for funding  
 16 under this chapter.

17 (b) Funds used for planning projects that benefit disadvantaged  
 18 communities may exceed 10 percent of the funds allocated if the  
 19 state agency administering the moneys determines that there is a  
 20 need for the additional funding.

21 5880.04. (a) ~~At (1)~~ *Except as provided in paragraph (2), at*  
 22 *least 20 percent of the funds available pursuant to each article of*  
 23 *this chapter shall be allocated for projects serving severely*  
 24 *disadvantaged communities.*

25 *(2) At least 15 percent of the funds available pursuant to Article*  
 26 *8 (commencing with Section 5888) and Article 9 (commencing*  
 27 *with Section 5889) shall be allocated for projects serving severely*  
 28 *disadvantaged communities.*

29 (b) Except as provided in subdivision (c), up to 10 percent of  
 30 the funds available pursuant to each article of this chapter may be  
 31 allocated for technical assistance to disadvantaged communities.  
 32 The agency administering the moneys shall operate a  
 33 multidisciplinary technical assistance program for disadvantaged  
 34 communities.

35 (c) Funds used for providing technical assistance to  
 36 disadvantaged communities may exceed 10 percent of the funds  
 37 allocated if the state agency administering the moneys determines  
 38 that there is a need for the additional funding.

1 5880.05. Before disbursing grants pursuant to this chapter,  
2 each state agency that receives funding to administer a competitive  
3 grant program under this chapter shall do the following:

4 (a) (1) Develop and adopt project solicitation and evaluation  
5 guidelines. The guidelines shall include monitoring and reporting  
6 requirements and may include a limitation on the dollar amount  
7 of grants to be awarded. If the state agency has previously  
8 developed and adopted project solicitation and evaluation  
9 guidelines that comply with the requirements of this subdivision,  
10 it may use those guidelines.

11 (2) *Guidelines adopted pursuant to this subdivision shall*  
12 *encourage, where feasible, inclusion of the following project*  
13 *components:*

14 (A) *Efficient use and conservation of water supplies.*

15 (B) *Use of recycled water.*

16 (C) *The capture of stormwater to reduce stormwater runoff,*  
17 *reduce water pollution, or recharge groundwater supplies, or a*  
18 *combination thereof.*

19 (D) *Provision of safe and reliable drinking water supplies to*  
20 *park and open-space visitors.*

21 (b) Conduct three public meetings to consider public comments  
22 before finalizing the guidelines. The state agency shall publish the  
23 draft solicitation and evaluation guidelines on its Internet Web site  
24 at least 30 days before the public meetings. One meeting shall be  
25 conducted at a location in northern California, one meeting shall  
26 be conducted at a location in the central valley of California, and  
27 one meeting shall be conducted at a location in southern California.

28 (c) Submit the guidelines to the Secretary of the Natural  
29 Resources Agency. The Secretary of the Natural Resources Agency  
30 shall verify that the guidelines are consistent with applicable  
31 statutes and for all the purposes enumerated in this chapter. The  
32 Secretary of the Natural Resources Agency shall post an electronic  
33 form of the guidelines submitted by state agencies and the  
34 subsequent verifications on the Natural Resources Agency's  
35 Internet Web site.

36 (d) Upon adoption, transmit copies of the guidelines to the fiscal  
37 committees and the appropriate policy committees of the  
38 Legislature.

39 5880.06. (a) The Department of Finance shall provide for an  
40 independent audit of expenditures pursuant to this chapter. The

1 Secretary of the Natural Resources Agency shall publish a list of  
2 all program and project expenditures pursuant to this chapter not  
3 less than annually, in written form, and shall post an electronic  
4 form of the list on the agency's Internet Web-site: *site in a*  
5 *downloadable spreadsheet format. The spreadsheet shall include*  
6 *information about the location and footprint of each funded project,*  
7 *the project's objectives, the status of the project, anticipated*  
8 *outcomes, any matching moneys provided for the project by the*  
9 *grant recipient, and the applicable article of this chapter pursuant*  
10 *to which the grant recipient received moneys.*

11 (b) If an audit, required by statute, of any entity that receives  
12 funding authorized by this chapter is conducted pursuant to state  
13 law and reveals any impropriety, the California State Auditor or  
14 the Controller may conduct a full audit of any or all of the activities  
15 of that entity.

16 (c) The state agency issuing any grant with funding authorized  
17 by this chapter shall require adequate reporting of the expenditures  
18 of the funding from the grant.

19 5880.065. *If any moneys allocated pursuant to this chapter are*  
20 *not encumbered or expended by the recipient entity within the time*  
21 *period specified by the administering agency, the unexpended*  
22 *moneys shall revert to the administering entity for allocation*  
23 *consistent with the applicable article.*

24 5880.07. To the extent feasible, a project whose application  
25 includes the use of services of the California Conservation Corps,  
26 certified community conservation corps, as defined in Section  
27 14507.5, or other nonprofit entities that provide job training and  
28 education opportunities for veterans, foster care recipients,  
29 farmworkers, or local youth in conservation or restoration projects  
30 shall be given preference for receipt of a grant under this chapter.

31 5880.075. To the extent feasible, a project that includes water  
32 efficiencies, stormwater capture, or carbon sequestration features  
33 in the project design may be given priority for grant funding under  
34 this chapter.

35 5880.076. Moneys allocated pursuant to this chapter shall not  
36 be used to fulfill any mitigation requirements imposed by law.

37 5880.077. (a) To the extent feasible in implementing this  
38 chapter and except as provided in subdivision (b), a state agency  
39 receiving funding under this chapter shall seek to achieve wildlife  
40 conservation objectives through projects on public lands or

1 voluntary projects on private lands. Funds may be used for  
2 payments for the creation of measurable habitat improvements or  
3 other improvements to the condition of endangered or threatened  
4 species, including through the development and implementation  
5 of habitat credit exchanges.

6 (b) This section shall not apply to Article 2 (commencing with  
7 Section ~~5881~~: 5881), Article 3 (commencing with Section 5882),  
8 Article 5 (commencing with Section 5884), or Article 6  
9 (commencing with Section 5885).

10 5880.078. *A state agency that receives funding to administer*  
11 *a grant program under this chapter shall report to the Legislature*  
12 *by January 1, 2027, on its expenditures pursuant to this chapter*  
13 *and the public benefits received from those expenditures.*

14 5880.080. *A state conservancy receiving funding pursuant to*  
15 *this article shall endeavor to allocate funds that are complimentary,*  
16 *but not duplicative, of authorized expenditures made pursuant to*  
17 *Chapter 188 of the Statutes of 2014.*

18 5880.082. *Funding pursuant to this chapter may be used for*  
19 *grants and loans to nonprofit organizations to repay financing*  
20 *described in Section 22064 of the Financial Code for projects that*  
21 *are consistent with the purposes of this chapter.*

22 5880.084. *For grants awarded for projects that serve a*  
23 *disadvantaged community, the administering entity shall provide*  
24 *advanced payments in the amount of 25 percent of the grant award*  
25 *to the recipient to initiate the project in a timely manner. The*  
26 *administering entity may adopt additional requirements for the*  
27 *recipient of the grant regarding the use of the advanced payments*  
28 *to ensure that the moneys are used properly.*

29 ~~5880.08.~~

30 5880.085. The proceeds of bonds issued and sold pursuant to  
31 this chapter shall be deposited in the California Parks, Water,  
32 Climate, and Coastal Protection and Outdoor Access For All Fund,  
33 which is hereby created in the State Treasury.

34 5880.09. The Legislature may enact legislation necessary to  
35 implement programs funded by this chapter.

1 Article 2. Investments in Environmental and Social Equity,  
 2 Enhancing California’s Disadvantaged Communities

3  
 4 5881. (a) The sum of ~~\_\_\_\_\_~~ *nine hundred ninety-five million*  
 5 *dollars (\$\_\_\_\_\_)* (*\$995,000,000*) shall be available to the department,  
 6 upon appropriation by the Legislature, for the creation and  
 7 expansion of safe neighborhood parks in park-poor neighborhoods  
 8 in accordance with the Statewide Park Development and  
 9 Community Revitalization Act of 2008’s competitive grant  
 10 program described in Chapter 3.3 (commencing with Section 5640).

11 (b) When developing or revising criteria or guidelines for the  
 12 grant program, the department may ~~consider the population~~  
 13 ~~densities of an applicant in relation to countywide populations,~~  
 14 ~~comparative income levels, and other poverty-related factors that~~  
 15 ~~are relative to regionwide statistics.~~ *give additional consideration*  
 16 *to projects that incorporate stormwater capture and storage or*  
 17 *otherwise reduce stormwater pollution. The department shall*  
 18 *perform its due diligence by conducting a rigorous prequalification*  
 19 *process to determine the fiscal and operational capacity and ability*  
 20 *of a potential grant recipient to do both of the following:*

- 21 (1) *Manage a project to maximize public benefit in perpetuity.*
- 22 (2) *Implement the project in a timely manner.*

23 (c) *For grants awarded for projects that serve a disadvantaged*  
 24 *community, the administering entity shall provide advanced*  
 25 *payments in the amount of 25 percent of the grant award to the*  
 26 *recipient to initiate the project in a timely manner. The*  
 27 *administering entity may adopt additional requirements for the*  
 28 *recipient of the grant regarding the use of the advanced payments*  
 29 *to ensure that the moneys are used properly.*

30 5881.01. *Of the amount available pursuant to subdivision (a)*  
 31 *of Section 5881, not less than 20 percent shall be available for the*  
 32 *rehabilitation, repurposing, or substantial improvement of existing*  
 33 *park infrastructure in communities of the state that will lead to*  
 34 *increased use and enhanced user experiences, consistent with the*  
 35 *Statewide Park Development and Community Revitalization Act*  
 36 *of 2008 (Chapter 3.3 (commencing with Section 5640)).*

37 5881.02. *Of the amount available pursuant to subdivision (a)*  
 38 *of Section 5881, to correct historic underinvestments in the central*  
 39 *valley, Inland Empire, gateway, and desert communities, the sum*  
 40 *of forty-eight million dollars (\$48,000,000) shall be available for*

1 *local park improvement grants to the communities identified by*  
 2 *the department as park deficient within those areas for active*  
 3 *recreational projects, including aquatic centers, to encourage*  
 4 *youth health, fitness, and recreational pursuits. Projects that*  
 5 *include the donation of land, materials, or volunteer services and*  
 6 *that demonstrate collaborations of multiple entities and the*  
 7 *leveraging of scarce resources may be given consideration. Entities*  
 8 *that receive a grant under this section may also be eligible to*  
 9 *receive a grant under subdivision (a) of Section 5881.*

10

11 Article 3. Investments in Protecting, Enhancing, and Accessing  
 12 California’s Local and Regional Outdoor Spaces

13

14 5882. For purposes of this article, “district” means any regional  
 15 park district, regional park and open-space district, or regional  
 16 open-space district formed pursuant to Article 3 (commencing  
 17 with Section 5500) of Chapter 3, any recreation and park district  
 18 formed pursuant to Chapter 4 (commencing with Section 5780),  
 19 or any authority formed pursuant to Division 26 (commencing  
 20 with Section 35100). With respect to any community or  
 21 unincorporated region that is not included within a district, and in  
 22 which no city or county provides parks or recreational areas or  
 23 facilities, “district” also means any other entity, including, but not  
 24 limited to, a district operating multiple-use ~~park lands~~ *parklands*  
 25 pursuant to Division 20 (commencing with Section ~~71660~~ *71000*)  
 26 of the Water Code, that is authorized by statute to operate and  
 27 manage parks or recreational areas or facilities, employs a full-time  
 28 park and recreation director, offers year-round park and recreation  
 29 services on land and facilities owned by the entity, and allocates  
 30 a substantial portion of its annual operating budget to parks or  
 31 recreation areas or facilities.

32

33 5882.01. (a) The sum of ~~\_\_\_\_\_~~ *four hundred fifty million* dollars  
 34 (~~\_\_\_\_\_~~) (*\$450,000,000*) shall be available to the department, upon  
 35 appropriation by the Legislature, for local park rehabilitation and  
 36 improvement grants to local governments on a per capita basis.  
 37 Grant recipients shall be encouraged to utilize awards to rehabilitate  
 38 existing infrastructure and to address deficiencies in neighborhoods  
 39 lacking access to the outdoors.

39

40 (b) ~~Pursuant to Section 5880.08, the~~ *The* sum of ~~\_\_\_\_\_~~ *forty*  
 million dollars (~~\_\_\_\_\_~~) (*\$40,000,000*) shall be available to the

1 department, upon appropriation by the Legislature, for grants to  
 2 cities and districts in urbanized counties providing park and  
 3 recreation services within jurisdictions of 200,000 or less in  
 4 population. For purposes of this subdivision, “urbanized county”  
 5 means a county with a population ~~for of 500,000 or greater.~~ *more.*  
 6 An entity eligible to receive funds under this subdivision shall also  
 7 be eligible to receive funds available under subdivision (a).

8 (c) Unless the entity has been identified as a disadvantaged  
 9 community, an entity that receives an award pursuant to this section  
 10 shall be required to provide a match of 20 percent as a local share.

11 5882.02. (a) (1) The department shall allocate 60 percent of  
 12 the funds available pursuant to ~~subdivision~~ *each of subdivisions*  
 13 *(a) and (b)* of Section 5882.01 to cities and districts, other than a  
 14 regional park district, regional park and open-space district,  
 15 open-space authority, or regional open-space district. Each city’s  
 16 and district’s allocation shall be in the same ratio as the city’s or  
 17 district’s population is to the combined total of the state’s  
 18 population that is included in incorporated and unincorporated  
 19 areas within the county, except that each city or district shall be  
 20 entitled to a minimum allocation of ~~\_\_\_\_\_~~ *two hundred fifty*  
 21 *thousand dollars* ~~(\$\_\_\_\_\_): (\$250,000)~~. If the boundary of a city  
 22 overlaps the boundary of a district, the population in the  
 23 overlapping area shall be attributed to each jurisdiction in  
 24 proportion to the extent to which each operates and manages parks  
 25 and recreational areas and facilities for that population. If the  
 26 boundary of a city overlaps the boundary of a district, and in the  
 27 area of overlap the city does not operate and manage parks and  
 28 recreational areas and facilities, all grant funds for that area shall  
 29 be allocated to the district.

30 (2) On or before April 1, ~~2018,~~ *2020*, a city and a district that  
 31 are subject to paragraph (1), and whose boundaries overlap, shall  
 32 collaboratively develop and submit to the department a specific  
 33 plan for allocating the grant funds in accordance with the formula  
 34 specified in paragraph (1). If, by that date, the plan has not been  
 35 developed and submitted to the department, the director shall  
 36 determine the allocation of the grant funds between the affected  
 37 jurisdiction.

38 (b) (1) The department shall allocate 40 percent of the funds  
 39 available pursuant to ~~subdivision~~ *each of subdivisions (a) and (b)*  
 40 of Section 5882.01 to counties and regional park districts, regional

1 park and open-space districts, open-space authorities formed  
2 pursuant to Division 26 (commencing with Section 35100), and  
3 regional open-space districts formed pursuant to Article 3  
4 (commencing with Section 5500) of Chapter 3.

5 (2) Each county's allocation under paragraph (1) shall be in the  
6 same ratio that the county's population is to the total state  
7 population, except that each county shall be entitled to a minimum  
8 allocation of ~~\_\_\_\_\_ five hundred thousand dollars (\$\_\_\_\_\_)~~.  
9 *(\$500,000)*.

10 (3) In any county that embraces all or part of the territory of a  
11 regional park district, regional park and open-space district,  
12 open-space authority, or regional open-space district, and whose  
13 board of directors is not the county board of supervisors, the  
14 amount allocated to the county shall be apportioned between that  
15 district and the county in proportion to the population of the county  
16 that is included within the territory of the district and the population  
17 of the county that is outside the territory of the district.

18 (c) For the purpose of making the calculations required by this  
19 section, population shall be determined by the department, in  
20 cooperation with the Department of Finance, on the basis of the  
21 most recent verifiable census data and other verifiable population  
22 data that the department may require to be furnished by the  
23 applicant city, county, or district.

24 (d) The Legislature intends all recipients of funds pursuant to  
25 subdivision (a) *or* (b) of Section 5882.01 to use those funds to  
26 supplement local revenues in existence on the effective date of the  
27 act adding this chapter. To receive an allocation pursuant to  
28 subdivision (a) *or* (b) of Section 5882.01, the recipient shall not  
29 reduce the amount of funding otherwise available to be spent on  
30 parks or other projects eligible for funds under this chapter in its  
31 jurisdiction. A one-time allocation of other funding that has been  
32 expended for parks or other projects, but which is not available on  
33 an ongoing basis, shall not be considered when calculating a  
34 recipient's annual expenditures. For purposes of this subdivision,  
35 the Controller may request fiscal data from recipients for the  
36 preceding three fiscal years. Each recipient shall furnish the data  
37 to the Controller no later than 120 days after receiving the request  
38 from the Controller.

39 5882.04. (a) The director of the department shall prepare and  
40 adopt criteria and procedures for evaluating applications for grants

1 allocated pursuant to subdivision (a) *or* (b) of Section 5882.01.  
 2 The application shall be accompanied by certification that the  
 3 project is consistent with the park and recreation element of the  
 4 applicable city or county general plan or the district park recreation  
 5 plan, as the case may be.

6 (b) To utilize available grant funds as effectively as possible,  
 7 overlapping and adjoining jurisdictions and applicants with similar  
 8 objectives are encouraged to combine projects and submit a joint  
 9 application. A recipient may allocate all or a portion of its per  
 10 capita share for a regional or state project.

11 5882.05. (a) The director of the department shall annually  
 12 forward a statement of the total amount to be appropriated each  
 13 fiscal year for projects approved for grants pursuant to this article  
 14 to the Director of Finance for inclusion in the annual Budget Act.  
 15 A list of eligible jurisdictions and the amount of grant funds to be  
 16 allocated to each jurisdiction shall also be made available by the  
 17 department.

18 (b) Funds appropriated pursuant to this article shall be  
 19 encumbered by the recipient within three years from the date the  
 20 appropriation is effective. Regardless of the date of encumbrance  
 21 of the granted funds, the recipient is expected to complete all  
 22 funded projects within eight years of the effective date of the  
 23 appropriation.

24 5882.06. (a) The sum of ~~\_\_\_\_\_~~ *one hundred twenty million*  
 25 *dollars* (~~(\$\_\_\_\_\_)~~ *(\$120,000,000)*) shall be available to the department,  
 26 upon appropriation by the Legislature, for grants to regional park  
 27 districts, counties, regional open-space districts, open-space  
 28 authorities formed pursuant to Division 26 (commencing with  
 29 Section 35100), and eligible nonprofit organizations on a  
 30 competitive grant basis to *develop, expand, improve, rehabilitate,*  
 31 *or restore parks and park facilities, ~~including~~ including, but not*  
 32 *limited to, trails, ~~that facilitate new or enhanced use and enhanced~~*  
 33 *~~user experiences~~; regional trail networks, regional sports*  
 34 *complexes, low-cost accommodations in park facilities, and visitor,*  
 35 *outdoor, and interpretative facilities serving youth and communities*  
 36 *of color.*

37 (b) *In awarding moneys, the department shall encourage*  
 38 *applicants seeking funds for acquisition projects to perform*  
 39 *projects in conjunction with new or enhanced public-use and*  
 40 *public-access opportunities.*

1 (c) Preference may be given to multiuse trail projects over  
2 single-use trail projects.

3 (d) Of the amount available pursuant to this section, up to 5  
4 percent may be available to provide a one-to-one match for  
5 nonprofit organizations that offer recreational facilities to the  
6 public free of charge and whose approved grant projects promote  
7 outdoor and wilderness experiences for youth of low-income  
8 households, who lack access to green-space opportunities, through  
9 recreational programming, transportation, enhanced public access,  
10 and outdoor educational programs.

11  
12 Article 3.5. Urban Recreation, Watershed, and Stormwater  
13 Cobenefit Program  
14

15 5882.50. The sum of one hundred eighty-seven million five  
16 hundred thousand dollars (\$187,500,000) shall be available, upon  
17 appropriation by the Legislature, to promote and enhance  
18 multibenefit greening projects in urbanized settings as follows:

19 (a) The sum of one hundred fifteen million dollars  
20 (\$115,000,000) shall be available to the Natural Resources Agency  
21 for project grants for the protection and enhancement of an urban  
22 creek, as defined in subdivision (e) of Section 7048 of the Water  
23 Code, and its tributaries, pursuant to Division 22.8 (commencing  
24 with Section 32600) and Division 23 (commencing with Section  
25 33000) of this code and Section 79508 of the Water Code. Money  
26 available pursuant to this subdivision shall be equally divided  
27 between projects in areas described in Division 22.8 (commencing  
28 with Section 32600) and projects in areas described in Division  
29 23 (commencing with Section 33000). Projects serving  
30 disadvantaged communities shall have priority for funding under  
31 this subdivision.

32 (b) The sum of twelve million five hundred thousand dollars  
33 (\$12,500,000) shall be available to the Santa Ana River  
34 Conservancy Program pursuant to Chapter 4.6 (commencing with  
35 Section 31170) of Division 21. To correct historic underinvestments  
36 in park and green-space development, not less than 50 percent of  
37 this amount shall be available to the State Coastal Conservancy  
38 for grants to enhance park and recreational infrastructure within  
39 the most park-deficient areas along the lower river in heavily  
40 urbanized communities.

1 (c) (1) The sum of sixty million dollars (\$60,000,000) shall be  
2 available to the Strategic Growth Council for competitive grants  
3 to cities, counties, regional park districts, park districts, regional  
4 open-space districts, open-space authorities, conservation-based  
5 nonprofit organizations, and joint powers authorities for  
6 stormwater capture projects that lead to improved or enhanced  
7 park, parkway, open-space, greenways, or green infrastructure  
8 and provide for at least two of the following benefits:

- 9 (A) Reduce flooding.
- 10 (B) Reduce water pollution.
- 11 (C) Facilitate increased recharge of groundwater or otherwise  
12 store water for reuse.
- 13 (D) Increase or otherwise enhance habitat for fish and wildlife.
- 14 (E) Promote adaptation and protect against sea level rise.
- 15 (F) Reduce heat island effects.

16 (2) In implementing this subdivision, the Strategic Growth  
17 Council may draw from existing guidelines and provisions pursuant  
18 to the urban greening program, as described by Chapter 729 of  
19 the Statutes of 2008, or other program.

20 (3) If a countywide parcel tax measure for park-related  
21 improvements is approved by the voters in a heavily urbanized  
22 county at the November 6, 2016, general election, of the amount  
23 available pursuant to this subdivision, the Legislature may  
24 appropriate at least ten million dollars (\$10,000,000) to the heavily  
25 urbanized county as a block grant award to allocate funds within  
26 that county to maximize recreation, greening, watershed, and  
27 stormwater benefits consistent with park improvements identified  
28 in that measure. For the purpose of maximizing the objectives of  
29 this subdivision, a heavily urbanized county may award moneys  
30 to water districts that administer river corridor projects. Agencies  
31 eligible under this paragraph shall also be eligible for other grants  
32 under this subdivision.

33

34 Article 4. Restoring California’s Natural, Historic, and Cultural  
35 Legacy

36

37 5883. (a) The sum of        three hundred seventy million  
38 dollars (~~\$~~) (\$370,000,000) shall be available to the department,  
39 upon appropriation by the Legislature, for restoration and  
40 preservation of existing state park facilities and ~~units~~ units, to

1 *promote greater access to those units through the provision of*  
2 *low-cost overnight accommodations in ways that enhance access*  
3 *and recreational opportunities for disadvantaged communities, to*  
4 *preserve and increase public access to those facilities and units*  
5 *and to protect the natural, cultural, and historic resources of those*  
6 *facilities and units. Not less than 80 percent of these funds shall*  
7 *be available for capital improvements that address the department’s*  
8 *backlog of deferred maintenance or that enhance park access and*  
9 *user experiences.*

10 (b) Of the total amount available pursuant to this section, the  
11 sum of ~~\_\_\_\_\_~~ *twenty million* dollars ~~(\$\_\_\_\_\_)~~ *(\$20,000,000)* shall  
12 be available for enterprise projects that facilitate new or enhanced  
13 park use and user experiences and increase revenue generation to  
14 support operations of the department.

15 (c) Of the total amount available pursuant to this section, the  
16 sum of ~~\_\_\_\_\_~~ *twenty million* dollars ~~(\$\_\_\_\_\_)~~ *(\$20,000,000)* shall  
17 be available to the department for grants to local agencies that  
18 operate a unit of the state park system to address an urgent need  
19 for the restoration of aging infrastructure that, without restoration,  
20 would compromise the continued operation of the unit. Unless a  
21 local agency has been identified as a disadvantaged community,  
22 a local agency that receives a grant pursuant to this subdivision  
23 shall be required to provide a match of not less than 25 percent.

24 (d) *Of the total amount available pursuant to this section, the*  
25 *sum of twelve million five hundred thousand dollars (\$12,500,000)*  
26 *shall be available for projects in units of the state park system that*  
27 *are managed by nonprofit organizations that have entered into*  
28 *operating agreements with the department. Of this amount, not*  
29 *less than five million dollars (\$5,000,000) shall be available to*  
30 *nonprofit organizations that operate a unit in the Inland Empire*  
31 *State Park Program. An award recipient receiving funds pursuant*  
32 *to this subdivision shall provide a match of 20 percent.*

33 ~~(d)~~

34 (e) Of the total amount available pursuant to this section, the  
35 sum of ~~\_\_\_\_\_~~ *seventy million* dollars ~~(\$\_\_\_\_\_)~~ *(\$70,000,000)* shall  
36 be available to the department according to the following schedule  
37 and subject to Section 5883.02 to address major infrastructure  
38 rehabilitation to improve tourism and visitor experiences and to  
39 promote the health and safety of units within the state park system:

1 (1) The sum of ~~\_\_\_\_\_ ten million~~ dollars (~~\$ \_\_\_\_\_~~) (~~\$10,000,000~~)  
 2 to implement a Central Valley State Park Program. In order to be  
 3 eligible under this paragraph, a park shall be located in a county  
 4 within the central valley from the County of Sacramento south to  
 5 the base of the Tehachapi Mountain Range.

6 (2) The sum of ~~\_\_\_\_\_ ten million~~ dollars (~~\$ \_\_\_\_\_~~) (~~\$10,000,000~~)  
 7 to implement a Central Coast State Park Program. ~~In order to be~~  
 8 ~~eligible under this paragraph, a park shall be located in the County~~  
 9 ~~of Ventura.~~

10 (3) The sum of ~~\_\_\_\_\_ fifteen million~~ dollars (~~\$ \_\_\_\_\_~~)  
 11 (~~\$15,000,000~~) to implement an East Bay State Park Program.

12 (4) The sum of ~~\_\_\_\_\_ ten million~~ dollars (~~\$ \_\_\_\_\_~~) (~~\$10,000,000~~)  
 13 to implement a High Desert-Coachella Valley State Park Program.

14 (5) The sum of ~~\_\_\_\_\_ ten million~~ dollars (~~\$ \_\_\_\_\_~~) (~~\$10,000,000~~)  
 15 to implement an Inland Empire State Park Program.

16 (6) The sum of ~~\_\_\_\_\_ fifteen million~~ dollars (~~\$ \_\_\_\_\_~~)  
 17 (~~\$15,000,000~~) to implement a San Diego State Park Program.  
 18 Priority may be given to projects bordering a national estuary.

19 (e)

20 (f) Of the total amount available pursuant to this section, the  
 21 sum of ~~\_\_\_\_\_ fifty million~~ dollars (~~\$ \_\_\_\_\_~~) (~~\$50,000,000~~) shall be  
 22 available to the department for direct distribution to the ~~twelve 12~~  
 23 ~~districts~~ within the department to address historic underinvestments  
 24 in units of the state park system.

25 5883.01. The department, in expending the funding available  
 26 under this article, shall endeavor, where practical, to partner with  
 27 cities, counties, nonprofit organizations, and nongovernmental  
 28 organizations to maximize leveraging opportunities to enhance  
 29 tourism, visitation, and visitor experiences.

30 5883.02. The funding available pursuant to subdivision ~~(d)~~ (e)  
 31 of Section 5883 shall be allocated based on regional populations  
 32 and the demand for infrastructure repair and improvements.

33

34 Article 5. Trails and ~~Waterfront~~ Greenway Investment

35

36 5884. (a) The sum of ~~\_\_\_\_\_ fifty million~~ dollars (~~\$ \_\_\_\_\_~~)  
 37 (~~\$50,000,000~~) shall be available to the Natural Resources Agency,  
 38 *working in cooperation with the department*, upon appropriation  
 39 by the Legislature, for competitive grants to local agencies, state  
 40 conservancies, federally recognized Native American tribes,

1 nonfederally recognized California Native American tribes listed  
 2 on the California Tribal Consultation List maintained by the Native  
 3 American Heritage Commission, and nonprofit organizations to  
 4 provide nonmotorized infrastructure development and  
 5 enhancements that promote new or alternate access to parks,  
 6 waterways, outdoor recreational pursuits, and forested or other  
 7 natural environments to encourage health-related commuting and  
 8 opportunities for Californians to reconnect with nature.

9 (b) Of the amount made available pursuant to this section, up  
 10 to 25 percent may be made available to communities for innovative  
 11 transportation programs that provide new and expanded outdoor  
 12 experiences to disadvantaged youth.

13 (c) Alignment, development, and improvement of nonmotorized  
 14 infrastructure and trails that lead to safer interconnectivity between  
 15 parks, waterways, and natural areas may be encouraged.

16 (d) The Natural Resources Agency is encouraged, when  
 17 designing ~~guidelines~~, *guidelines* for grants awarded under this  
 18 article, to utilize existing program guidelines including, if  
 19 applicable, guidelines that have been established for the California  
 20 Recreational Trails Act (Article 6 (commencing with Section 5070)  
 21 of Chapter 1). *1) and, to the extent possible, to design guidelines*  
 22 *that are consistent with the California Recreational Trails Plan,*  
 23 *as described in Article 6 (commencing with Section 5070) of*  
 24 *Chapter 1.*

25 5884.01. Unless the entity has been identified as a  
 26 disadvantaged community, an entity that receives an award under  
 27 this article shall be required to provide a match of 20 percent.

28

29 Article 6. Rural Recreation, Tourism, and Economic Enrichment  
 30 Investment

31

32 5885. (a) The sum of ~~\_\_\_\_\_~~ *forty-five million* dollars (~~\$\_\_\_\_\_~~)  
 33 *(\$45,000,000)* shall be available to the department, upon  
 34 appropriation by the Legislature, to administer a competitive grant  
 35 program for cities, counties, and districts in nonurbanized areas,  
 36 that are eligible for a grant under the Roberti-Z'berg-Harris Urban  
 37 Open-Space and Recreation Program Act (Chapter 3.2  
 38 (commencing with Section 5620)). Notwithstanding subdivisions  
 39 (c) and (e) of Section 5621 and for the purposes of this section,  
 40 the definition of nonurbanized area shall be updated by the

1 department to reflect current population levels. A nonurbanized  
2 area shall include counties with populations of less than 500,000  
3 people and low population densities per square mile, as determined  
4 by the department. In awarding the grants, the department may  
5 consider the following factors:

6 (1) Whether the project would provide new recreational  
7 opportunities in rural communities that have demonstrated  
8 deficiencies and lack of outdoor infrastructure in support of  
9 economic and health-related goals.

10 (2) Whether the project proposes to acquire and develop lands  
11 to enhance residential recreation while promoting the quality of  
12 tourism experiences and the economic vitality of the community.  
13 These enhancements may include accessibility for individuals with  
14 disabilities, trails, bikeways, regional or destination-oriented  
15 recreational amenities, and visitor centers.

16 (3) Whether the project includes collaboration between public  
17 and nonprofit organizations, including, but not limited to, nonprofit  
18 land trusts, to facilitate public access to privately-owned lands for  
19 regional trail development for wildlife viewing, recreation, or  
20 outdoor experiences for youth.

21 (b) Unless the entity has been identified as a disadvantaged  
22 community, an entity that receives an award under this article shall  
23 be required to provide a match of 20 percent.

24 ~~(c) In addition to entities described in subdivision (a), an~~  
25 ~~irrigation district exercising powers authorized under Section 22185~~  
26 ~~of the Water Code is eligible for a grant under this article.~~

27  
28 ~~Article 7. California Clean Water, Coastal, and Watershed~~  
29 ~~Benefit River Recreation, Creek, and Waterway Improvements~~  
30 ~~Program~~  
31

32 5886. (a) The sum of        *one hundred fifteen million* dollars  
33 ~~(\$      ) (\$115,000,000)~~ shall be available to the Natural Resources  
34 Agency, upon appropriation by the Legislature, for grants pursuant  
35 to the California River Parkway Act of 2004 (Chapter 3.8  
36 (commencing with Section 5750)) and the Urban Streams  
37 Restoration Program pursuant to Section 7048 of the Water Code.  
38 Eligible projects shall include, but are not limited to, projects that  
39 protect and enhance urban creeks.

1 (b) Unless the entity has been identified as a disadvantaged  
2 community, an entity that receives an award under this article shall  
3 be required to provide a match of 20 percent.

4 (c) To maximize cooperation and leverage resources, the Natural  
5 Resources Agency may give priority to projects that include  
6 partnerships among federal, state, and local agencies and to projects  
7 proposed by nonprofit organizations, including, but not limited to,  
8 nonprofit land trusts.

9 ~~(d) Notwithstanding any other provision of this division, 60~~  
10 ~~percent of the funds appropriated pursuant to this section shall be~~  
11 ~~expended for project grants in the area described in the watershed~~  
12 ~~of the Los Angeles River upstream of the northernmost boundary~~  
13 ~~of the City of Vernon, and 40 percent of the funds shall be~~  
14 ~~expended for project grants in the remainder of the Los Angeles~~  
15 ~~River area.~~

16 ~~(e) Of the amount made available pursuant to subdivision (a),~~  
17 ~~\_\_\_\_\_ dollars (\$\_\_\_\_\_) shall be available for purposes of the Lower~~  
18 ~~American River Conservancy Program or the American River~~  
19 ~~Parkway Plan, as defined in Section 5841.~~

20 ~~(f) Not less than \_\_\_\_\_ percent of the amount made available~~  
21 ~~pursuant to this section shall be allocated to the Santa Ana River~~  
22 ~~Program pursuant to Chapter 4.6 (commencing with Section 31170)~~  
23 ~~of Division 21.~~

24 *(d) Of the amount made available pursuant to subdivision (a),*  
25 *not less than seven million five hundred thousand dollars*  
26 *(\$7,500,000) shall be available for the Lower American River*  
27 *Conservancy Program, if that program is created.*

28 *(e) Of the amount made available pursuant to subdivision (a),*  
29 *not less than ten million dollars (\$10,000,000) shall be available*  
30 *for improvements in and along the Guadalupe River and its*  
31 *headwaters or contributing tributaries, including Los Gatos Creek,*  
32 *upon the enactment of subsequent legislation that demonstrates a*  
33 *comprehensive local and regional approach to restoration, public*  
34 *recreation, and management of the river corridor.*

35 *(f) Of the amount made available pursuant to subdivision (a),*  
36 *not less than fifteen million dollars (\$15,000,000) shall be available*  
37 *to implement the Urban Streams Restoration Program, established*  
38 *pursuant to Section 7048 of the Water Code.*

39 ~~5886.02. \_\_\_\_\_ dollars (\$\_\_\_\_\_) shall be available, upon~~  
40 ~~appropriation by the Legislature, to implement the Urban Streams~~

1 Restoration Program for streams not otherwise eligible for funding  
 2 pursuant to this article.

3 5886.04. \_\_\_\_\_ dollars (\$\_\_\_\_\_) shall be available to the Natural  
 4 Resources Agency, upon appropriation by the Legislature, for  
 5 existing multi-benefit urban streams projects that are not otherwise  
 6 eligible for funding pursuant to this article.

7 5886.04. *The sum of thirty-seven million five hundred thousand*  
 8 *dollars (\$37,500,000) shall be available to the Salton Sea*  
 9 *Authority, upon appropriation by the Legislature, for capital outlay*  
 10 *projects that provide air quality and habitat benefits and that*  
 11 *implement the Natural Resource Agency’s Salton Sea Management*  
 12 *Program. Of this amount, not less than ten million dollars*  
 13 *(\$10,000,000) shall be available for purposes consistent with the*  
 14 *New River Water Quality, Public Health, and River Parkway*  
 15 *Development Program, as described in Section 71103.6.*

16 5886.06. ~~The~~ *To the maximum extent feasible, the* Natural  
 17 Resources Agency is encouraged, when developing guidelines for  
 18 grants awarded under this article, to utilize existing ~~programs,~~  
 19 *programs through which communities enter into partnerships with*  
 20 *state agencies for multibenefit projects to enhance and restore*  
 21 *waterways, including, but not limited to, the urban streams program*  
 22 *through which communities enter into partnerships with state*  
 23 *agencies for multibenefit projects to enhance and restore*  
 24 *waterways. Riverine Stewardship Technical Assistance program.*

25  
 26 Article 7.5. State Conservancy Funding

27  
 28 5887. The sum of \_\_\_\_\_ *one hundred sixty-five million* dollars  
 29 *(\$\_\_\_\_\_)* (\$165,000,000) shall be available, upon appropriation by  
 30 the Legislature, in accordance with the following schedule, to  
 31 fulfill the purposes of the specified entity:

32 (a) Baldwin Hills Conservancy, \_\_\_\_\_ *five million* dollars  
 33 *(\$\_\_\_\_\_): (\$5,000,000).*

34 (b) California Tahoe Conservancy, \_\_\_\_\_ *twenty million* dollars  
 35 *(\$\_\_\_\_\_): (\$20,000,000).*

36 (c) Coachella Mountains Conservancy, \_\_\_\_\_ *ten million* dollars  
 37 *(\$\_\_\_\_\_): (\$10,000,000).*

38 (d) Sacramento-San Joaquin Delta Conservancy, \_\_\_\_\_ *fifteen*  
 39 *million* dollars *(\$\_\_\_\_\_): (\$15,000,000).*

1 ~~(e) Salton Sea Authority, \_\_\_\_\_ dollars (\$\_\_\_\_\_). These moneys~~  
 2 ~~shall be for capital outlay projects that provide air quality and~~  
 3 ~~habitat benefits and that implement the Natural Resources Agency’s~~  
 4 ~~Salton Sea Management Program.~~

5 ~~(f)~~

6 ~~(e) San Diego River Conservancy, \_\_\_\_\_ fifteen million dollars~~  
 7 ~~(\$\_\_\_\_\_): (\$15,000,000).~~

8 ~~(g)~~

9 ~~(f) San Gabriel and Lower Los Angeles Rivers and Mountains~~  
 10 ~~Conservancy, \_\_\_\_\_ thirty million dollars (\$\_\_\_\_\_): (\$30,000,000).~~  
 11 ~~Of this amount, not less than two million five hundred thousand~~  
 12 ~~dollars (\$2,500,000) shall be allocated as a cost share to match~~  
 13 ~~United States Forest Service funds for resource management~~  
 14 ~~purposes of upper watershed lands. Not less than twenty-two~~  
 15 ~~million five hundred thousand dollars (\$22,500,000) shall be made~~  
 16 ~~available for improvements in and along the San Gabriel River~~  
 17 ~~from moneys made available from this subdivision and subdivision~~  
 18 ~~(a) of Section 5882.50.~~

19 ~~(h)~~

20 ~~(g) San Joaquin River Conservancy, \_\_\_\_\_ ten million dollars~~  
 21 ~~(\$\_\_\_\_\_): (\$10,000,000).~~

22 ~~(i)~~

23 ~~(h) Santa Monica Mountains Conservancy, \_\_\_\_\_ thirty million~~  
 24 ~~dollars (\$\_\_\_\_\_): (\$30,000,000).~~

25 ~~(j)~~

26 ~~(i) Sierra Nevada Conservancy, \_\_\_\_\_ thirty million dollars~~  
 27 ~~(\$\_\_\_\_\_): (\$30,000,000).~~

28 ~~(k) State Coastal Conservancy, \_\_\_\_\_ dollars (\$\_\_\_\_\_). Of this~~  
 29 ~~amount, not less than 40 percent shall go toward the San Francisco~~  
 30 ~~Bay Area Conservancy Program (Chapter 4.5 (commencing with~~  
 31 ~~Section 31160) of Division 21).~~

32 5887.01. The Legislature shall strive to consider population  
 33 size, land mass, and natural resource significance as factors when  
 34 determining the amount of any other funds to be made available  
 35 to an entity listed in Section 5887.

36 5887.02. A receiving entity in Section 5887 shall develop and  
 37 adopt a strategic master plan that identifies priorities and specific  
 38 criteria for selecting projects for funding. The strategic plan shall  
 39 include strategies for providing public access to conserved lands

1 wherever feasible and be consistent with project goals and  
2 objectives.

3 5887.03. Conservancies, in expending the funding available  
4 under this article, shall endeavor, where practical, to partner with  
5 cities, counties, nonprofit organizations, and nongovernmental  
6 organizations to acquire open space and create urban greenway  
7 corridors.

8

9

*Article 8. Ocean, Bay, and Coastal Protection*

10

11 5888. *The sum of two hundred million dollars (\$200,000,000)*  
12 *shall be available, upon appropriation by the Legislature, to fund*  
13 *projects that enhance and protect coastal and ocean resources in*  
14 *the state as follows:*

15 (a) *The sum of fifty-five million dollars (\$55,000,000) shall be*  
16 *available for deposit into the California Ocean Protection Trust*  
17 *Fund for grants consistent with Section 35650. Priority shall be*  
18 *given to projects that conserve, protect, and restore marine wildlife*  
19 *and healthy ocean and coastal ecosystems with a focus on the*  
20 *state’s system of marine protected areas and sustainable fisheries.*

21 (b) *The sum of fifty million dollars (\$50,000,000) shall be*  
22 *available to the San Francisco Bay Area Conservancy Program*  
23 *(Chapter 4.5 (commencing with Section 31160) of Division 21).*

24 (c) *The sum of ninety-five million dollars (\$95,000,000) shall*  
25 *be available to the State Coastal Conservancy for the protection*  
26 *of beaches, bays, and coastal watershed resources, including the*  
27 *protection of coastal agricultural resources pursuant to Section*  
28 *31150 and projects to complete the California Coastal Trail*  
29 *pursuant to Section 31408.*

30 5888.02. *In implementing Section 5888, the administering*  
31 *entity may give special consideration to the acquisition of lands*  
32 *that are in deferred certification areas of county local coastal*  
33 *plans.*

34

35 ~~Article 8-9. Climate Preparedness and Preparedness, Habitat~~  
36 ~~Resiliency Resiliency, Resource Enhancement, and Innovation~~

37

38 5888:

39 5889. The sum of ~~\_\_\_\_\_~~ *seven hundred twenty-two million five*  
40 *hundred thousand dollars* ~~(\$\_\_\_\_\_)~~ *(\$722,500,000) shall be*

1 available, upon appropriation by the Legislature, to plan, develop,  
2 and implement climate adaptation and resiliency projects that  
3 improve a community’s ability to adapt to the unavoidable impacts  
4 of climate change. Projects shall improve and protect coastal and  
5 rural economies, agricultural viability, wildlife corridors, or habitat,  
6 develop future recreational opportunities, or enhance drought  
7 tolerance and water retention, in accordance with the following  
8 schedule:

9 (a) (1) ~~Four hundred twenty-seven million five hundred~~  
10 ~~thousand~~ dollars ~~(~~\$~~\_\_\_\_\_)~~ (*\$427,500,000*) shall be available to the  
11 Wildlife Conservation Board for grants for any of the following:

12 (A) Projects for the acquisition, development, rehabilitation,  
13 restoration, protection, and expansion of wildlife corridors and  
14 open space, including projects to improve connectivity and reduce  
15 barriers between habitat areas. In awarding grants pursuant to this  
16 subparagraph, ~~special consideration~~ *priority* may be given to  
17 projects that protect state-designated wildlife corridors and wildlife  
18 corridors threatened by urban development.

19 (B) Projects for the acquisition, development, rehabilitation,  
20 restoration, protection, and expansion of habitat that promote the  
21 recovery of threatened and endangered species.

22 (C) Projects to improve climate adaptation and resilience of  
23 natural systems.

24 (D) Projects to protect and improve existing open-space  
25 corridors and trail linkages related to utility or transportation  
26 infrastructure that provide habitat connectivity and public access  
27 or trails.

28 (E) *Projects to restore rivers and streams in support of fisheries*  
29 *and wildlife, including, but not limited to, reconnecting rivers with*  
30 *their floodplains, riparian and side-channel habitat restoration,*  
31 *and restoration and protection of upper watershed forests and*  
32 *meadow systems that are important for fish and wildlife resources*  
33 *and that are consistent with the purposes of subdivision (f) of*  
34 *Section 79738 of the Water Code. Priority shall be given to projects*  
35 *supported by multistakeholder public and private partnerships*  
36 *using a science-based approach and measurable objectives to*  
37 *guide identification, design, and implementation of regional actions*  
38 *to benefit salmon and steelhead.*

39 (F) *In implementing this subdivision, the Wildlife Conservation*  
40 *Board may provide matching grants for incentives to landowners*

1 *for conservation actions on private lands or use of voluntary*  
2 *habitat credit exchange mechanisms. The matching grant shall*  
3 *not exceed 50 percent of the total cost of the incentive program.*

4 (2) Applications submitted pursuant to this subdivision that  
5 promote projects seeking to preserve the working character of  
6 lands, including uninterrupted agricultural and rangeland practices,  
7 through conservation easements, may be given additional  
8 consideration.

9 (3) Of the amount subject to this subdivision, ~~\_\_\_\_\_~~ *seventy*  
10 *million dollars* (~~\_\_\_\_\_~~) (*\$70,000,000*) shall be available for the  
11 acquisition, development, rehabilitation, restoration, protection,  
12 and expansion of habitat that furthers the implementation of  
13 ~~adopted~~ *natural community conservation plans, as set forth in plans*  
14 *adopted pursuant to the Natural Community Conservation Planning*  
15 *Act (Chapter 10 (commencing with Section 2800) of Division 3*  
16 *of the Fish and Game Code), to help resolve resource conflicts by*  
17 *balancing communitywide conservation, planning, and economic*  
18 *activities. Funding pursuant to this paragraph shall not be used*  
19 *to offset mitigation obligations otherwise required.*

20 (4) Of the amount subject to this subdivision, ~~\_\_\_\_\_~~ *ten million*  
21 *dollars* (~~\_\_\_\_\_~~) (*\$10,000,000*) shall be administered through the  
22 Department of Fish and Wildlife for competitive grants to wildlife  
23 rehabilitation facilities operated by nongovernmental entities.

24 (5) *Of the amount subject to this subdivision, not less than forty*  
25 *million dollars (\$40,000,000) shall be available for the acquisition,*  
26 *development, rehabilitation, restoration, protection, and expansion*  
27 *of wildlife corridors and open space to improve connectivity and*  
28 *reduce barriers between habitat areas and to protect and restore*  
29 *habitat associated with the Pacific Flyway. In awarding grants*  
30 *pursuant to this paragraph, priority may be given to projects that*  
31 *protect state-designated wildlife corridors. Of the amount described*  
32 *in this paragraph, seven million five hundred thousand dollars*  
33 *(\$7,500,000) shall be available for the California Waterfowl*  
34 *Habitat Program.*

35 (6) *The Wildlife Conservation Board shall develop or update a*  
36 *strategic master plan that identifies priorities and specific criteria*  
37 *for selecting projects pursuant to paragraph (1).*

38 (7) *Activities funded pursuant to this subdivision shall be*  
39 *consistent with the state's climate adaptation strategy, as provided*

1 *by Section 71153, and the statewide objectives provided in Section*  
2 *71154.*

3 (b) The sum of ~~\_\_\_\_\_~~ *forty million* dollars (~~\$(\_\_\_\_\_)~~ *(\$40,000,000)*)  
4 shall be available for deposit into the California Climate Resilience  
5 Account, established pursuant to Section 31012, for projects that  
6 assist coastal communities, including those reliant on commercial  
7 fisheries, with adaptation to climate change, including projects  
8 that address ocean acidification, sea level rise, or the protection  
9 of habitat associated with the Pacific Flyway.

10 (c) The sum of ~~\_\_\_\_\_~~ *fifteen million* dollars (~~\$(\_\_\_\_\_)~~  
11 *(\$15,000,000)*) shall be available for projects that improve  
12 agricultural and open-space soil health, to improve carbon soil  
13 sequestration, erosion control, water quality, and water retention,  
14 which may in part be allocated to the Department of Conservation  
15 for watershed restoration and conservation projects on agricultural  
16 lands pursuant to Section 9084.

17 (d) (1) The sum of ~~\_\_\_\_\_~~ *eighty million* dollars (~~\$(\_\_\_\_\_)~~  
18 *(\$80,000,000)*) shall be available for projects that reduce fire risk,  
19 improve forest health, and provide feedstock for compost, energy,  
20 or alternative fuels facilities. Projects may include, but are not  
21 limited to, forest restoration projects that include hazardous fuel  
22 reduction, post-fire watershed rehabilitation, and forest  
23 management practices that promote forest resilience to wildfire,  
24 climate change, and other disturbances. Unless otherwise specified  
25 by the Legislature, project funds shall be equally administered by  
26 the Department of Forestry and Fire Protection and by the Sierra  
27 Nevada Conservancy.

28 (2) Of the amount ~~subject~~ *available pursuant* to this subdivision,  
29 up to ~~\_\_\_\_\_~~ *five million* dollars (~~\$(\_\_\_\_\_)~~ *(\$5,000,000)*) shall be  
30 available from the Department of Forestry and Fire Protection to  
31 the California Tahoe Conservancy for projects consistent with this  
32 subdivision.

33 (e) ~~\_\_\_\_\_~~ dollars (~~\$(\_\_\_\_\_)~~)

34 (3) *Of the amount available to the Department of Forestry and*  
35 *Fire Protection pursuant to this subdivision, not less than seven*  
36 *million five hundred thousand (\$7,500,000) dollars shall be*  
37 ~~available to the Department of Forestry and Fire Protection for~~  
38 ~~existing urban forestry programs and priority shall be given to~~  
39 ~~local governments that~~ *with an emphasis on projects in geographic*

1 *areas that* have not previously been awarded a grant under an  
 2 existing urban forestry program.

3 ~~(f)~~  
 4 *(e)* The sum of ~~\_\_\_\_\_~~ *fifty million* dollars (~~(\$\_\_\_\_\_)~~ *(\$50,000,000)*)  
 5 shall be available to the California Conservation Corps for projects  
 6 to rehabilitate or improve parks and restore watersheds, including  
 7 regional and community fuel load reduction projects on public  
 8 lands, and stream and river restoration projects. Not less than 50  
 9 percent of these funds shall be in the form of grants to certified  
 10 local community conservation corps, as defined in Section 14507.5,  
 11 including local community conservation corps that have secured  
 12 certification within the last three to five years prior to the grant  
 13 application date.

14 ~~(g)~~  
 15 *(f)* (1) The sum of ~~\_\_\_\_\_~~ *one hundred ten million* dollars (~~(\$\_\_\_\_\_)~~ *(\$110,000,000)*) shall be available to the Natural Resources Agency,  
 16 ~~upon appropriation by the Legislature, Agency~~ to award funding  
 17 to projects identified by local agencies, *nonprofit organizations,*  
 18 nongovernmental land conservation organizations, federally  
 19 recognized Native American tribes, or nonfederally recognized  
 20 California Native American tribes listed on the California Tribal  
 21 Consultation list maintained by the Native American Heritage  
 22 Commission for any of the following: *Commission, as follows:*

24 ~~(A) Projects that involve the restoration, protection, and~~  
 25 ~~acquisition of natural, cultural, and historic resources within the~~  
 26 ~~state.~~

27 ~~(B) Projects that convert and repurpose properties formerly~~  
 28 ~~operating as fossil fuel power plants to create permanently~~  
 29 ~~protected open space, tourism, and park opportunities through fee~~  
 30 ~~title and conservation easements.~~

31 ~~(C) Projects that enhance water and natural resource values or~~  
 32 ~~promote economic activity through improved recreation, tourism,~~  
 33 ~~and natural resource investment in those areas of the state not~~  
 34 ~~within the jurisdiction of a state conservancy.~~

35 *(A)* Not more than ten million dollars (\$10,000,000) shall be  
 36 available for projects that involve the restoration, protection, and  
 37 acquisition of Native American, natural, cultural, and historic  
 38 resources within the state.

39 *(B)* Not less than thirty million dollars (\$30,000,000) shall be  
 40 available for projects that convert and repurpose properties or

1 *parts of properties formerly operating as fossil fuel power plants*  
2 *on the effective date of this chapter to create permanently protected*  
3 *open space, tourism, and park opportunities through fee title or*  
4 *conservation easements.*

5 *(C) Not less than fifteen million dollars (\$15,000,000) shall be*  
6 *available for projects that enhance park, water, and natural*  
7 *resource values through improved recreation, tourism, and natural*  
8 *resource investments in those areas of the state not within the*  
9 *jurisdiction of a state conservancy. Of this amount, not less than*  
10 *10 percent shall be available for allocation to water districts*  
11 *operating regional recreation facilities within recreation preserves*  
12 *or recreation reserves that promote tourism visitations.*

13 *(D) Not less than thirty-five million dollars (\$35,000,000) shall*  
14 *be available for projects that enhance visitor experiences through*  
15 *development, expansion, and improvement of science centers*  
16 *operated by foundations or other nonprofit organizations in heavily*  
17 *urbanized communities. Of this amount, not less than 50 percent*  
18 *shall be available for accredited science centers operated by*  
19 *foundations in heavily urbanized counties.*

20 *(E) Not more than ten million dollars (\$10,000,000) shall be*  
21 *available for projects that promote, develop, and improve any of*  
22 *the following:*

23 *(i) Community, civic, or athletic venues.*

24 *(ii) Cultural or visitor centers that recognize the contributions*  
25 *of California's ethnic communities or celebrate the unique*  
26 *traditions of these communities, including those of Asian and*  
27 *Hispanic descent.*

28 *(iii) Visitor centers that educate the public about natural*  
29 *landscapes, aquatic species, or wildlife migratory patterns.*

30 *(2) Before a grant is awarded pursuant to this subdivision, a*  
31 *project applicant shall demonstrate availability to the applicant of*  
32 *a minimum ~~20 percent~~ 20-percent match from other funds. Project*  
33 *applicants shall be encouraged to leverage all available local,*  
34 *federal, and nongovernmental sources to maximize funding*  
35 *distribution.*

36 ~~*(h) \_\_\_\_\_ dollars (\$ \_\_\_\_\_) shall be available to the Ocean*~~  
37 ~~*Protection Council for purposes of carrying out its duties.*~~

38 *5889.02. In implementing Section 5889, the administering*  
39 *entity may give special consideration to the acquisition of lands*

1 *that are in deferred certification areas of county local coastal*  
2 *plans.*

3

4 Article 8.5:10. Advance Payment for Water Projects

5

6 ~~5888.5.~~

7 5890. (a) Within 90 days of notice that a grant under this  
8 ~~division~~ *chapter* for projects included and implemented in an  
9 integrated regional water management plan has been awarded, the  
10 regional water management group shall provide the department  
11 with a list of projects to be funded with the grant funds where the  
12 project proponent is a nonprofit organization or a disadvantaged  
13 community, or the project benefits a disadvantaged community.  
14 The list shall specify how the projects are consistent with the  
15 adopted integrated regional water management plan and shall  
16 include all of the following information:

- 17 (1) Descriptive information concerning each project identified.
- 18 (2) The names of the entities that will receive the funding for
- 19 each project, including, but not limited to, an identification as to
- 20 whether the project proponent or proponents are nonprofit
- 21 organizations or a disadvantaged community.
- 22 (3) The budget of each project.
- 23 (4) The anticipated schedule for each project.

24 (b) Within 60 days of receiving the project information pursuant  
25 to subdivision (a), the department shall provide advance payment  
26 of 50 percent of the grant award for those projects that satisfy both  
27 of the following criteria:

- 28 (1) The project proponent is a nonprofit organization or a
- 29 disadvantaged community, or the project benefits a disadvantaged
- 30 community.
- 31 (2) The grant award for the project is less than one million
- 32 dollars (\$1,000,000).

33 (c) Funds advanced pursuant to subdivision (b) shall comply  
34 with the following requirements:

- 35 (1) The recipient shall place the funds in a noninterest-bearing
- 36 account until expended.
- 37 (2) The funds shall be spent within six months of the date of
- 38 receipt, unless the department waives this requirement.
- 39 (3) The recipient shall, on a quarterly basis, provide an
- 40 accountability report to the department regarding the expenditure

1 and use of any advance grant funds that provides, at a minimum,  
2 the following information:

3 (A) An itemization as to how advance payment funds provided  
4 under this section have been expended.

5 (B) A project itemization as to how any remaining advance  
6 payment funds provided under this section will be expended over  
7 the period specified in paragraph (2).

8 (C) A description of whether the funds are placed in a  
9 noninterest-bearing account, and if so, the date that occurred and  
10 the dates of withdrawals of funds from that account, if applicable.

11 (4) If funds are not expended, the unused portion of the grant  
12 shall be returned to the department within 60 days after project  
13 completion or the end of the grant performance period, whichever  
14 is earlier.

15 (5) The department may adopt additional requirements for the  
16 recipient regarding the use of the advance payment to ensure that  
17 the funds are used properly.

18 ~~(d) As used in this section:~~

19 ~~(1) "Disadvantaged community" has the same meaning as~~  
20 ~~defined in subdivision (e) of Section 5880.01.~~

21 ~~(2) "Nonprofit organization" has the same meaning as defined~~  
22 ~~in subdivision (k) of Section 75005.~~

23  
24 Article 9:11. Fiscal Provisions

25  
26 5889.

27 5891. (a) Bonds in the total amount of ~~two billion dollars~~  
28 ~~(\$2,000,000,000), three billion four hundred ninety-seven million~~  
29 ~~five hundred thousand dollars (\$3,497,500,000), not including the~~  
30 ~~amount of any refunding bonds issued in accordance with Section~~  
31 ~~5889.12, 5891.12, may be issued and sold to provide a fund to be~~  
32 ~~used for carrying out the purposes expressed in this chapter and~~  
33 ~~to reimburse the General Obligation Bond Expense Revolving~~  
34 ~~Fund pursuant to Section 16724.5 of the Government Code. The~~  
35 ~~bonds, when sold, shall be and constitute a valid and binding~~  
36 ~~obligation of the State of California, and the full faith and credit~~  
37 ~~of the State of California is hereby pledged for the punctual~~  
38 ~~payment of both the principal of, and interest on, the bonds as the~~  
39 ~~principal and interest become due and payable.~~

1 (b) The Treasurer shall sell the bonds authorized by the  
2 committee pursuant to this section. The bonds shall be sold upon  
3 the terms and conditions specified in a resolution to be adopted  
4 by the committee pursuant to Section 16731 of the Government  
5 Code.

6 ~~5889.01.~~

7 *5891.01.* The bonds authorized by this chapter shall be  
8 prepared, executed, issued, sold, paid, and redeemed as provided  
9 in the State General Obligation Bond Law (Chapter 4 (commencing  
10 with Section 16720) of Part 3 of Division 4 of Title 2 of the  
11 Government Code), and all of the provisions of that law apply to  
12 the bonds and to this chapter.

13 ~~5889.02.~~

14 *5891.02.* (a) Solely for the purpose of authorizing the issuance  
15 and sale, pursuant to the State General Obligation Bond Law  
16 (Chapter 4 (commencing with Section 16720) of Part 3 of Division  
17 4 of Title 2 of the Government Code), of the bonds authorized by  
18 this chapter, the California Parks, Water, Climate, and Coastal  
19 Protection and Outdoor Access For All Finance Committee is  
20 hereby created. For purposes of this chapter, the California Parks,  
21 Water, Climate, and Coastal Protection and Outdoor Access For  
22 All Finance Committee is the “committee” as that term is used in  
23 the State General Obligation Bond Law.

24 (b) The committee consists of the Director of Finance, the  
25 Treasurer, and the Controller. Notwithstanding any other provision  
26 of law, any member may designate a representative to act as that  
27 member in his or her place for all purposes, as though the member  
28 were personally present.

29 (c) The Treasurer shall serve as the chair of the committee.

30 (d) A majority of the committee may act for the committee.

31 ~~5889.03.~~

32 *5891.03.* The committee shall determine whether or not it is  
33 necessary or desirable to issue bonds authorized by this chapter in  
34 order to carry out the actions specified in this chapter and, if so,  
35 the amount of bonds to be issued and sold. Successive issues of  
36 bonds may be authorized and sold to carry out those actions  
37 progressively, and it is not necessary that all of the bonds  
38 authorized to be issued be sold at any one time.

1 ~~5889.04.~~

2 *5891.04.* For purposes of the State General Obligation Bond  
3 Law, “board,” as defined in Section 16722 of the Government  
4 Code, means the Secretary of the Natural Resources Agency.

5 ~~5889.05.~~

6 *5891.05.* There shall be collected each year and in the same  
7 manner and at the same time as other state revenue is collected,  
8 in addition to the ordinary revenues of the state, a sum in an amount  
9 required to pay the principal of, and interest on, the bonds each  
10 year. It is the duty of all officers charged by law with any duty in  
11 regard to the collection of the revenue to do and perform each and  
12 every act that is necessary to collect that additional sum.

13 ~~5889.06.~~

14 *5891.06.* Notwithstanding Section 13340 of the Government  
15 Code, there is hereby appropriated from the General Fund in the  
16 State Treasury, for the purposes of this chapter, an amount that  
17 will equal the total of the following:

18 (a) The sum annually necessary to pay the principal of, and  
19 interest on, bonds issued and sold pursuant to this chapter, as the  
20 principal and interest become due and payable.

21 (b) The sum that is necessary to carry out the provisions of  
22 Section ~~5889.09~~, *5891.09*, appropriated without regard to fiscal  
23 years.

24 ~~5889.07.~~

25 *5891.07.* The board may request the Pooled Money Investment  
26 Board to make a loan from the Pooled Money Investment Account  
27 in accordance with Section 16312 of the Government Code for the  
28 purpose of carrying out this chapter less any amount withdrawn  
29 pursuant to Section ~~5889.09~~. *5891.09.* The amount of the request  
30 shall not exceed the amount of the unsold bonds that the committee  
31 has, by resolution, authorized to be sold for the purpose of carrying  
32 out this chapter. The board shall execute those documents required  
33 by the Pooled Money Investment Board to obtain and repay the  
34 loan. Any amounts loaned shall be deposited in the fund to be  
35 allocated in accordance with this chapter.

36 ~~5889.08.~~

37 *5891.08.* Notwithstanding any other provision of this chapter,  
38 or of the State General Obligation Bond Law, if the Treasurer sells  
39 bonds that include a bond counsel opinion to the effect that the  
40 interest on the bonds is excluded from gross income for federal

1 tax purposes under designated conditions or is otherwise entitled  
2 to any federal tax advantage, the Treasurer may maintain separate  
3 accounts for the bond proceeds invested and for the investment  
4 earnings on those proceeds, and may use or direct the use of those  
5 proceeds or earnings to pay any rebate, penalty, or other payment  
6 required under federal law or take any other action with respect  
7 to the investment and use of those bond proceeds, as may be  
8 required or desirable under federal law in order to maintain the  
9 tax-exempt status of those bonds and to obtain any other advantage  
10 under federal law on behalf of the funds of this state.

11 ~~5889.09.~~

12 *5891.09.* For the purposes of carrying out this chapter, the  
13 Director of Finance may authorize the withdrawal from the General  
14 Fund of an amount or amounts not to exceed the amount of the  
15 unsold bonds that have been authorized by the committee to be  
16 sold for the purpose of carrying out this chapter less any amount  
17 borrowed pursuant to Section ~~5889.09.~~ *5891.07.* Any amounts  
18 withdrawn shall be deposited in the fund. Any moneys made  
19 available under this section shall be returned to the General Fund,  
20 with interest at the rate earned by the moneys in the Pooled Money  
21 Investment Account, from proceeds received from the sale of bonds  
22 for the purpose of carrying out this chapter.

23 ~~5889.10.~~

24 *5891.10.* All moneys deposited in the fund that are derived  
25 from premium and accrued interest on bonds sold pursuant to this  
26 chapter shall be reserved in the fund and shall be available for  
27 transfer to the General Fund as a credit to expenditures for bond  
28 interest, except that amounts derived from premiums may be  
29 reserved and used to pay the cost of bond issuance prior to any  
30 transfer to the General Fund.

31 ~~5889.11.~~

32 *5891.11.* Pursuant to Chapter 4 (commencing with Section  
33 16720) of Part 3 of Division 4 of Title 2 of the Government Code,  
34 the cost of bond issuance shall be paid out of the bond proceeds,  
35 including premiums, if any. To the extent the cost of bond issuance  
36 is not paid from premiums received from the sale of bonds, these  
37 costs shall be shared proportionately by each program funded  
38 through this chapter by the applicable bond sale.

1 5889.12.

2 5891.12. The bonds issued and sold pursuant to this chapter  
3 may be refunded in accordance with Article 6 (commencing with  
4 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of  
5 the Government Code, which is a part of the State General  
6 Obligation Bond Law. Approval by the voters of the state for the  
7 issuance of the bonds under this chapter shall include approval of  
8 the issuance of any bonds issued to refund any bonds originally  
9 issued under this chapter or any previously issued refunding bonds.

10 5889.13.

11 5891.13. The proceeds from the sale of bonds authorized by  
12 this chapter are not “proceeds of taxes” as that term is used in  
13 Article XIII B of the California Constitution, and the disbursement  
14 of these proceeds is not subject to the limitations imposed by that  
15 article.

16 SEC. 2. ~~(a) Notwithstanding the requirements of Sections~~  
17 ~~9040, 9043, 9044, 9061, and 9082 of the Elections Code, or any~~  
18 ~~other law, the~~ The Secretary of State shall submit this act to the  
19 voters at the ~~November 8, 2016, June 5, 2018,~~ statewide general  
20 direct primary election.

21 ~~(b) The Secretary of State shall include in the ballot pamphlets~~  
22 ~~mailed pursuant to Section 9094 of the Elections Code the~~  
23 ~~information specified in Section 9084 of the Elections Code~~  
24 ~~regarding the bond act contained in this act. If that inclusion is not~~  
25 ~~possible, the Secretary of State shall publish a supplemental ballot~~  
26 ~~pamphlet regarding this act to be mailed with the ballot pamphlet.~~  
27 ~~If the supplemental ballot pamphlet cannot be mailed with the~~  
28 ~~ballot pamphlet, the supplemental ballot pamphlet shall be mailed~~  
29 ~~separately.~~

30 ~~(c) Notwithstanding Section 9054 of the Elections Code or any~~  
31 ~~other law, the translations of the ballot title and the condensed~~  
32 ~~statement of the ballot title required pursuant to Section 9054 of~~  
33 ~~the Elections Code may be made available for public examination~~  
34 ~~at a later date than the start of the public examination period for~~  
35 ~~the ballot pamphlet, provided that the translations of the ballot title~~  
36 ~~and the condensed statement of the ballot title must remain~~  
37 ~~available for public examination for eight days.~~

38 ~~(d) Notwithstanding Section 13282 of the Elections Code or~~  
39 ~~any other law, the public shall be permitted to examine the~~  
40 ~~condensed statement of the ballot title for not more than eight days.~~

1 ~~Any voter may seek a writ of mandate for the purpose of requiring~~  
2 ~~the condensed statement of the ballot title, or portion thereof, to~~  
3 ~~be amended or deleted only within that eight-day period.~~

4 SEC. 3. This act shall take effect upon approval by the voters  
5 of the California Parks, Water, Climate, and Coastal Protection  
6 and Outdoor Access For All Act, *Act of 2018*, as set forth in Section  
7 1 of this act.

8 SEC. 4. This act is an urgency statute necessary for the  
9 immediate preservation of the public peace, health, or safety within  
10 the meaning of Article IV of the Constitution and shall go into  
11 immediate effect. The facts constituting the necessity are:

12 In order to fund a California parks, water, climate, and coastal  
13 protection and outdoor access for all program at the earliest  
14 possible date, it is necessary that this act take effect immediately.

O



*California*  
LEGISLATIVE INFORMATION

**AB-2406 Housing: junior accessory dwelling units.** (2015-2016)

AMENDED IN SENATE AUGUST 19, 2016

AMENDED IN SENATE AUGUST 09, 2016

AMENDED IN SENATE JUNE 08, 2016

AMENDED IN ASSEMBLY APRIL 28, 2016

AMENDED IN ASSEMBLY APRIL 18, 2016

CALIFORNIA LEGISLATURE— 2015–2016 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2406**

**Introduced by Assembly Member Thurmond  
(Coauthor: Assembly Member Levine)**

**February 19, 2016**

An act to ~~amend Section 65852.2 of, and to~~ add Section 65852.22 ~~to,~~ to the Government Code, relating to housing, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2406, as amended, Thurmond. Housing: junior accessory dwelling units.

The Planning and Zoning Law authorizes a local agency to provide by ordinance for the creation of 2nd units in single-family and multifamily residential areas, as prescribed.

This bill would, in addition, authorize a local agency to provide by ordinance for the creation of junior accessory dwelling units, as defined, in single-family residential zones. The bill would require the ordinance to include, among other things, standards for the creation of a junior accessory dwelling unit, required deed restrictions, and occupancy requirements. The bill would prohibit an ordinance from requiring, as a condition of granting a permit for a junior accessory dwelling unit, additional parking requirements.

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

Vote: 2/3 Appropriation: no Fiscal Committee: no Local Program: no

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

~~SECTION 1. Section 65852.2 of the Government Code is amended to read:~~

~~65852.2.(a)(1)Any local agency may, by ordinance, provide for the creation of second units in single-family and multifamily residential zones. The ordinance may do any of the following:~~

~~(A)Designate areas within the jurisdiction of the local agency where second units may be permitted. The designation of areas may be based on criteria, that may include, but are not limited to, the adequacy of water and sewer services and the impact of second units on traffic flow.~~

~~(B)Impose standards on second units that include, but are not limited to, parking, height, setback, lot coverage, architectural review, maximum size of a unit, and standards that prevent adverse impacts on any real property that is listed in the California Register of Historic Places.~~

~~(C)Provide that second units do not exceed the allowable density for the lot upon which the second unit is located, and that second units are a residential use that is consistent with the existing general plan and zoning designation for the lot.~~

~~(2)The ordinance shall not be considered in the application of any local ordinance, policy, or program to limit residential growth.~~

~~(3)When a local agency receives its first application on or after July 1, 2003, for a permit pursuant to this subdivision, the application shall be considered ministerially without discretionary review or a hearing, notwithstanding Section 65901 or 65906 or any local ordinance regulating the issuance of variances or special use permits. Nothing in this paragraph may be construed to require a local government to adopt or amend an ordinance for the creation of second units. A local agency may charge a fee to reimburse it for costs that it incurs as a result of amendments to this paragraph enacted during the 2001-02 Regular Session of the Legislature, including the costs of adopting or amending any ordinance that provides for the creation of second units.~~

~~(b)(1)When a local agency which has not adopted an ordinance governing second units in accordance with subdivision (a) or (c) receives its first application on or after July 1, 1983, for a permit pursuant to this subdivision, the local agency shall accept the application and approve or disapprove the application ministerially without discretionary review pursuant to this subdivision unless it adopts an ordinance in accordance with subdivision (a) or (c) within 120 days after receiving the application. Notwithstanding Section 65901 or 65906, every local agency shall grant a variance or special use permit for the creation of a second unit if the second unit complies with all of the following:~~

~~(A)The unit is not intended for sale and may be rented.~~

~~(B)The lot is zoned for single-family or multifamily use.~~

~~(C)The lot contains an existing single-family dwelling.~~

~~(D)The second unit is either attached to the existing dwelling and located within the living area of the existing dwelling or detached from the existing dwelling and located on the same lot as the existing dwelling.~~

~~(E)The increased floor area of an attached second unit shall not exceed 30 percent of the existing living area.~~

~~(F)The total area of floorspace for a detached second unit shall not exceed 1,200 square feet.~~

~~(G)Requirements relating to height, setback, lot coverage, architectural review, site plan review, fees, charges, and other zoning requirements generally applicable to residential construction in the zone in which the property is located.~~

~~(H)Local building code requirements which apply to detached dwellings, as appropriate.~~

~~(I)Approval by the local health officer where a private sewage disposal system is being used, if required.~~

~~(2)No other local ordinance, policy, or regulation shall be the basis for the denial of a building permit or a use permit under this subdivision.~~

~~(3)This subdivision establishes the maximum standards that local agencies shall use to evaluate proposed second units on lots zoned for residential use which contain an existing single-family dwelling. No additional standards, other than those provided in this subdivision or subdivision (a), shall be utilized or imposed, except that a local agency may require an applicant for a permit issued pursuant to this subdivision to be an owner-occupant.~~

~~(4) No changes in zoning ordinances or other ordinances or any changes in the general plan shall be required to implement this subdivision. Any local agency may amend its zoning ordinance or general plan to incorporate the policies, procedures, or other provisions applicable to the creation of second units if these provisions are consistent with the limitations of this subdivision.~~

~~(5) A second unit which conforms to the requirements of this subdivision shall not be considered to exceed the allowable density for the lot upon which it is located, and shall be deemed to be a residential use which is consistent with the existing general plan and zoning designations for the lot. The second units shall not be considered in the application of any local ordinance, policy, or program to limit residential growth.~~

~~(c) No local agency shall adopt an ordinance which totally precludes second units within single family or multifamily zoned areas unless the ordinance contains findings acknowledging that the ordinance may limit housing opportunities of the region and further contains findings that specific adverse impacts on the public health, safety, and welfare that would result from allowing second units within single family and multifamily zoned areas justify adopting the ordinance.~~

~~(d) A local agency may establish minimum and maximum unit size requirements for both attached and detached second units. No minimum or maximum size for a second unit, or size based upon a percentage of the existing dwelling, shall be established by ordinance for either attached or detached dwellings which does not permit at least an efficiency unit to be constructed in compliance with local development standards.~~

~~(e) Parking requirements for second units shall not exceed one parking space per unit or per bedroom. Additional parking may be required provided that a finding is made that the additional parking requirements are directly related to the use of the second unit and are consistent with existing neighborhood standards applicable to existing dwellings. Off-street parking shall be permitted in setback areas in locations determined by the local agency or through tandem parking, unless specific findings are made that parking in setback areas or tandem parking is not feasible based upon specific site or regional topographical or fire and life safety conditions, or that it is not permitted anywhere else in the jurisdiction.~~

~~(f) Fees charged for the construction of second units shall be determined in accordance with Chapter 5 (commencing with Section 66000).~~

~~(g) This section does not limit the authority of local agencies to adopt less restrictive requirements for the creation of second units.~~

~~(h) Local agencies shall submit a copy of the ordinances adopted pursuant to subdivision (a) or (c) to the Department of Housing and Community Development within 60 days after adoption.~~

~~(i) As used in this section, the following terms mean:~~

~~(1) "Living area" means the interior habitable area of a dwelling unit including basements and attics but does not include a garage or any accessory structure.~~

~~(2) "Local agency" means a city, county, or city and county, whether general law or chartered.~~

~~(3) For purposes of this section, "neighborhood" has the same meaning as set forth in Section 65589.5.~~

~~(4) "Second unit" means an attached or a detached residential dwelling unit which provides complete independent living facilities for one or more persons. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single family dwelling is situated. A second unit also includes the following:~~

~~(A) An efficiency unit, as defined in Section 17958.1 of Health and Safety Code.~~

~~(B) A manufactured home, as defined in Section 18007 of the Health and Safety Code.~~

~~(j) Nothing in this section shall be construed to supersede or in any way alter or lessen the effect or application of the California Coastal Act (Division 20 (commencing with Section 30000) of the Public Resources Code), except that the local government shall not be required to hold public hearings for coastal development permit applications for second units.~~

~~(k) This section shall not apply to the regulation of junior accessory dwelling units, as set forth in Section 65852.22.~~

**SEC. 2. SECTION 1.** Section 65852.22 is added to the Government Code, immediately following Section 65852.2, to read:

**65852.22.** (a) ~~A~~ *Notwithstanding Section 65852.2, a* local agency may, by ordinance, provide for the creation of junior accessory dwelling units in single-family residential zones. The ordinance may require a permit to be obtained for the creation of a junior accessory dwelling unit, and shall do all of the following:

(1) Limit the number of junior accessory dwelling units to one per residential lot zoned for single-family residences with a single-family residence already built on the lot.

(2) Require owner-occupancy in the single-family residence in which the junior accessory dwelling unit will be permitted. The owner may reside in either the remaining portion of the structure or the newly created junior accessory dwelling unit. Owner-occupancy shall not be required if the owner is another governmental agency, land trust, or housing organization.

(3) Require the recordation of a deed restriction, which shall run with the land, shall be filed with the permitting agency, and shall include both of the following:

(A) A prohibition on the sale of the junior accessory dwelling unit separate from the sale of the single-family residence, including a statement that the deed restriction may be enforced against future purchasers.

(B) A restriction on the size and attributes of the junior accessory dwelling unit that conforms with this section.

(4) Require a permitted junior accessory dwelling unit to be constructed within the existing walls of the structure, and require the inclusion of an existing bedroom.

(5) Require a permitted junior accessory dwelling to include a separate entrance from the main entrance to the structure, with an interior entry to the main living area. A permitted junior accessory dwelling may include a second interior doorway for sound attenuation.

(6) ~~The~~ *Require the* permitted junior accessory dwelling unit ~~shall~~ *to* include an efficiency kitchen, which shall include all of the following:

(A) A sink with a maximum waste line diameter of 1.5 inches.

(B) A cooking facility with appliances that do not require electrical service greater than 120 volts, or natural or propane gas.

(C) A food preparation counter and storage cabinets that are of reasonable size in relation to the size of the junior accessory dwelling unit.

(b) (1) An ordinance shall

not require additional parking as a condition to grant a permit.

(2) This subdivision shall not be interpreted to prohibit the requirement of an inspection, including the imposition of a fee for that inspection, to determine whether the junior accessory dwelling unit is in compliance with applicable building standards.

*(c) An application for a permit pursuant to this section shall, notwithstanding Section 65901 or 65906 or any local ordinance regulating the issuance of variances or special use permits, be considered ministerially, without discretionary review or a hearing. A permit shall be issued within 120 days of submission of an application for a permit pursuant to this section. A local agency may charge a fee to reimburse the local agency for costs incurred in connection with the issuance of a permit pursuant to this section.*

~~(e)~~

*(d) For the purposes of any fire or life protection ordinance or regulation, a junior accessory dwelling unit shall not be considered a separate or new dwelling unit. This section shall not be construed to prohibit a city, county, city and county, or other local public entity from adopting an ordinance or regulation relating to fire and life protection requirements within a single-family residence that contains a junior accessory dwelling unit so long as the ordinance or regulation applies uniformly to all single-family residences within the zone regardless of whether the single-family residence includes a junior accessory dwelling unit or not.*

~~(d)~~

(e) For the purposes of providing service for water, sewer, or power, including a connection fee, a junior accessory dwelling unit shall not be considered a separate or new dwelling unit.

~~(e)~~

(f) This section shall not be construed to prohibit a local agency from adopting an ordinance or regulation, related to parking or a service or a connection fee for water, sewer, or power, that applies to a single-family residence that contains a junior accessory dwelling unit, so long as that ordinance or regulation applies uniformly to all single-family residences regardless of whether the single-family residence includes a junior accessory dwelling unit.

~~(f)~~

(g) For purposes of this section, the following terms have the following meanings:

(1) "Junior accessory dwelling unit" means a unit that is no more than 500 square feet in size and contained entirely within an existing single-family structure. A junior accessory dwelling unit may include separate sanitation facilities, or may share sanitation facilities with the existing structure.

(2) "Local agency" means a city, county, or city and county, whether general law or chartered.

~~SEC. 3.~~ **SEC. 2.** 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 allow local jurisdictions the ability to promulgate ordinances that create secure income for homeowners and secure housing for renters, at the earliest possible time, it is necessary for this act to take effect immediately.

AMENDED IN SENATE JUNE 30, 2016

AMENDED IN SENATE JUNE 20, 2016

AMENDED IN ASSEMBLY MAY 31, 2016

AMENDED IN ASSEMBLY APRIL 26, 2016

AMENDED IN ASSEMBLY MARCH 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2441**

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**Introduced by Assembly Member Thurmond**

February 19, 2016

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An act to add Chapter 17 (commencing with Section 50897) to Part 2 of Division 31 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 2441, as amended, Thurmond. Housing: Workforce Housing Pilot Program.

Existing law, among several affordable housing programs, establishes the Local Housing Trust Fund Matching Grant Program, administered by the Department of Housing and Community Development, for the purpose of supporting local housing trust funds dedicated to the creation or preservation of affordable housing. Existing law authorizes the department to make matching grants available to cities and counties, or a city and county, and existing charitable nonprofit organizations that have created, funded, and operated housing trust funds.

This bill would create the Workforce Housing Pilot Program, pursuant to which the department, subject to the appropriation of funds for that purpose, would award grant funding to eligible recipients, as defined,

for the predevelopment costs, acquisition, construction, or rehabilitation of rental housing projects or units within rental housing projects that serve, and for providing downpayment assistance to, persons and families of low or moderate income. The bill would require all grant funds to be matched on a dollar-for-dollar basis, unless the eligible recipient is suffering a hardship and is unable to generate the matching funds. *The bill would require the Department of Finance to determine whether an eligible recipient is suffering a hardship.* The bill would require the ~~department,~~ *Department of Housing and Community Development,* on or before December 31 of each year in which grant funds are awarded, to provide a report to the Legislature regarding the number of grants awarded, a description of the projects funded, the number of units funded, and the amount of matching funds received. The bill would require the pilot program to operate until all appropriated funds have been awarded. The bill, upon the depletion of appropriated funds, would require the department to submit a report to the Assembly and Senate committees on appropriations evaluating the need for housing of persons and families of low or moderate income in areas that received grant funds and a recommendation on whether the pilot program should continue.

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. Chapter 17 (commencing with Section 50897)  
 2 is added to Part 2 of Division 31 of the Health and Safety Code,  
 3 to read:

4  
 5 CHAPTER 17. ~~WORKFORCE HOUSING PILOT~~ *HOUSING PILOT*  
 6 PROGRAM  
 7

8 50897. It is the intent of the Legislature in enacting this chapter  
 9 to ensure that funds allocated to eligible recipients and administered  
 10 by the Department of Housing and Community Development be  
 11 of maximum benefit in meeting the needs of persons and families  
 12 of low or moderate income. It is the intent of the Legislature to  
 13 support Californians residing in areas where housing prices have  
 14 risen to levels that are unaffordable. The Legislature intends that  
 15 these funds be provided to eligible recipients in areas that are

1 experiencing a rise in home prices and rental prices so that they  
2 may assist individuals who are not able to live where they work.

3 50897.1. As used in this chapter:

4 (a) “Eligible recipient” means any of the following:

5 (1) A city that resides within a county that is defined by the  
6 United States Department of Housing and Urban Development as  
7 a “high-cost” county.

8 (2) A city that does not reside within a county that is defined  
9 by the United States Department of Housing and Urban  
10 Development as a “high-cost” county but has been determined by  
11 the department to be experiencing a rise in home prices and rental  
12 prices such that persons and families of low or moderate income  
13 are unable to live where they work.

14 (3) A charitable nonprofit organization organized under Section  
15 501(c)(3) of the Internal Revenue Code that has created and is  
16 operating or will operate a housing trust fund and that applies  
17 jointly with a city described in this subdivision.

18 (b) “Notice of funding availability” or “NOFA” means a public  
19 announcement that an estimated amount of funding will be awarded  
20 by a department program according to specified criteria and  
21 schedules.

22 (c) “Persons and families of low or moderate income” means  
23 persons and families whose incomes do not exceed 120 percent  
24 of the area median income, adjusted for family size.

25 (d) “Department” means the Department of Housing and  
26 Community Development.

27 50897.2. (a) There is hereby established the Workforce  
28 Housing Pilot Program.

29 (b) Subject to the appropriation of funds for purposes of this  
30 chapter, the department shall award grant funding pursuant to the  
31 issuance of a notice of funding availability (NOFA) to eligible  
32 recipients that apply for financing. The department shall determine  
33 the appropriate amount of the grant for the purposes of  
34 accomplishing the intent of the Legislature.

35 (c) An eligible recipient shall do all of the following:

36 (1) Use the grant funds awarded to it for the predevelopment  
37 costs, acquisition, construction, or rehabilitation of rental housing  
38 projects or units within rental housing projects that serve persons  
39 and families of low or moderate income. The affordability of all  
40 units assisted shall be restricted for a period of at least 55 years.

1 (2) Hold a public hearing to discuss and describe the project  
2 that will be financed pursuant to this chapter. The meeting shall  
3 be held pursuant to the Ralph M. Brown Act (Chapter 9  
4 (commencing with Section 54950) of Part 1 of Division 2 of Title  
5 5 of the Government Code). If a charitable nonprofit organization  
6 described in paragraph (3) of subdivision (a) is awarded grant  
7 funds pursuant to this chapter, the city that applied jointly with the  
8 charitable nonprofit organization shall hold the public hearing.

9 (3) File periodic reports with the department regarding the use  
10 of grant funds provided pursuant to this chapter.

11 (d) (1) An eligible recipient may use the grant funds to provide  
12 downpayment assistance to persons and families of low or  
13 moderate income.

14 (2) The department shall set limits on the amount of  
15 downpayment assistance that may be provided pursuant to  
16 paragraph (1) in order to maximize the use of the grant funds.

17 (e) (1) All grant funds awarded pursuant to this chapter shall  
18 be matched on a dollar-for-dollar basis.

19 (2) (A) Paragraph (1) shall not apply to an eligible recipient  
20 that is suffering a hardship and is unable to generate the matching  
21 funds.

22 (B) *An eligible recipient shall demonstrate the hardship to the*  
23 *Department of Finance, and the Department of Finance shall*  
24 *determine whether the eligible recipient is suffering a hardship.*  
25 *The eligible recipient shall submit any information requested by*  
26 *the Department of Finance for purposes of determining whether*  
27 *a hardship exists.*

28 (f) On or before December 31 of each year in which funds are  
29 awarded pursuant to this chapter, the department shall provide a  
30 report to the Legislature regarding the number of grants awarded,  
31 a description of the projects funded, the number of units funded,  
32 and the amount of matching funds received.

33 (g) The program shall operate until all appropriated funds have  
34 been awarded.

35 (h) (1) Upon the depletion of appropriated funds and the  
36 termination of the pilot program pursuant to subdivision (g), the  
37 department shall submit a report to the Assembly and Senate  
38 committees on appropriations. The report shall evaluate the need  
39 for housing of persons and families of low or moderate income in  
40 areas that received grant funds pursuant to this chapter. The report

1 shall also include, but not be limited to, a recommendation on  
2 whether the pilot program should continue.

3 (2) The requirement for submitting a report imposed under this  
4 subdivision is inoperative four years after the report becomes due.

5 (i) The reports to be submitted pursuant to subdivisions (f) and  
6 (h) shall be submitted in compliance with Section 9795 of the  
7 Government Code.

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AMENDED IN ASSEMBLY MAY 27, 2016

AMENDED IN ASSEMBLY MAY 16, 2016

AMENDED IN ASSEMBLY MARCH 17, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2817**

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**Introduced by Assembly Member Chiu**

February 19, 2016

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An act to amend Sections 12206, 17058, and 23610.5 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2817, as amended, Chiu. Taxes: credits: low-income housing: allocation increase.

Existing law establishes a low-income housing tax credit program pursuant to which the California Tax Credit Allocation Committee provides procedures and requirements for the allocation of state insurance, personal income, and corporation income tax credit amounts among low-income housing projects based on federal law. Existing law, in modified conformity to federal income tax law, allows the credit based upon the applicable percentage, as defined, of the qualified basis of each qualified low-income building. Existing law limits the total annual amount of the credit that the committee may allocate to \$70 million per year and allows \$500,000 per year of that amount to be allocated for projects to provide farmworker housing, as specified.

This bill, for calendar years beginning 2017, would increase the aggregate housing credit dollar amount that may be allocated among low-income housing projects by \$300,000,000, ~~subject to annual~~

approval, as specified. The bill would also increase the amount the committee may allocate to farmworker housing projects from \$500,000 to \$25,000,000 per year. The bill, under the insurance taxation law, the Personal Income Tax Law, and the Corporation Tax Law, would modify the definition of applicable percentage relating to qualified low-income buildings that meet specified criteria.

This bill would take effect immediately as a tax levy.

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 12206 of the Revenue and Taxation Code  
 2 is amended to read:  
 3 12206. (a) (1) There shall be allowed as a credit against the  
 4 “tax,” as described by Section 12201, a state low-income housing  
 5 tax credit in an amount equal to the amount determined in  
 6 subdivision (c), computed in accordance with Section 42 of the  
 7 Internal Revenue Code except as otherwise provided in this section.  
 8 (2) “Taxpayer,” for purposes of this section, means the sole  
 9 owner in the case of a “C” corporation, the partners in the case of  
 10 a partnership, members in the case of a limited liability company,  
 11 and the shareholders in the case of an “S” corporation.  
 12 (3) “Housing sponsor,” for purposes of this section, means the  
 13 sole owner in the case of a “C” corporation, the partnership in the  
 14 case of a partnership, the limited liability company in the case of  
 15 a limited liability company, and the “S” corporation in the case of  
 16 an “S” corporation.  
 17 (4) “Extremely low-income households” has the same meaning  
 18 as in Section 50053 of the Health and Safety Code.  
 19 (5) “Very low-income households” has the same meaning as in  
 20 Section 50053 of the Health and Safety Code.  
 21 (b) (1) The amount of the credit allocated to any housing  
 22 sponsor shall be authorized by the California Tax Credit Allocation  
 23 Committee, or any successor thereof, based on a project’s need  
 24 for the credit for economic feasibility in accordance with the  
 25 requirements of this section.  
 26 (A) Except for projects to provide farmworker housing, as  
 27 defined in subdivision (h) of Section 50199.7 of the Health and  
 28 Safety Code, that are allocated credits solely under the set-aside

1 described in subdivision (c) of Section 50199.20 of the Health and  
2 Safety Code, the low-income housing project shall be located in  
3 California and shall meet either of the following requirements:

4 (i) The project’s housing sponsor has been allocated by the  
5 California Tax Credit Allocation Committee a credit for federal  
6 income tax purposes under Section 42 of the Internal Revenue  
7 Code.

8 (ii) It qualifies for a credit under Section 42(h)(4)(B) of the  
9 Internal Revenue Code.

10 (B) The California Tax Credit Allocation Committee shall not  
11 require fees for the credit under this section in addition to those  
12 fees required for applications for the tax credit pursuant to Section  
13 42 of the Internal Revenue Code. The committee may require a  
14 fee if the application for the credit under this section is submitted  
15 in a calendar year after the year the application is submitted for  
16 the federal tax credit.

17 (C) (i) For a project that receives a preliminary reservation of  
18 the state low-income housing tax credit, allowed pursuant to  
19 subdivision (a), on or after January 1, 2009, and before January 1,  
20 2016, the credit shall be allocated to the partners of a partnership  
21 owning the project in accordance with the partnership agreement,  
22 regardless of how the federal low-income housing tax credit with  
23 respect to the project is allocated to the partners, or whether the  
24 allocation of the credit under the terms of the agreement has  
25 substantial economic effect, within the meaning of Section 704(b)  
26 of the Internal Revenue Code.

27 (ii) This subparagraph shall not apply to a project that receives  
28 a preliminary reservation of state low-income housing tax credits  
29 under the set-aside described in subdivision (c) of Section 50199.20  
30 of the Health and Safety Code unless the project also receives a  
31 preliminary reservation of federal low-income housing tax credits.

32 (iii) This subparagraph shall cease to be operative with respect  
33 to any project that receives a preliminary reservation of a credit  
34 on or after January 1, 2016.

35 (2) (A) The California Tax Credit Allocation Committee shall  
36 certify to the housing sponsor the amount of tax credit under this  
37 section allocated to the housing sponsor for each credit period.

38 (B) In the case of a partnership or an “S” corporation, the  
39 housing sponsor shall provide a copy of the California Tax Credit  
40 Allocation Committee certification to the taxpayer.

1 (C) The taxpayer shall attach a copy of the certification to any  
2 return upon which a tax credit is claimed under this section.

3 (D) In the case of a failure to attach a copy of the certification  
4 for the year to the return in which a tax credit is claimed under this  
5 section, no credit under this section shall be allowed for that year  
6 until a copy of that certification is provided.

7 (E) All elections made by the taxpayer pursuant to Section 42  
8 of the Internal Revenue Code shall apply to this section.

9 (F) (i) The California Tax Credit Allocation Committee may  
10 allocate a credit under this section in exchange for a credit allocated  
11 pursuant to Section 42(d)(5)(B) of the Internal Revenue Code in  
12 amounts up to 30 percent of the eligible basis of a building if the  
13 credits allowed under Section 42 of the Internal Revenue Code are  
14 reduced by an equivalent amount.

15 (ii) An equivalent amount shall be determined by the California  
16 Tax Credit Allocation Committee based upon the relative amount  
17 required to produce an equivalent state tax credit to the taxpayer.

18 (c) Section 42(b) of the Internal Revenue Code shall be modified  
19 as follows:

20 (1) In the case of any qualified low-income building that is a  
21 new building, as defined in Section 42 of the Internal Revenue  
22 Code and the regulations promulgated thereunder, and not federally  
23 subsidized, the term “applicable percentage” means the following:

24 (A) For each of the first three years, the percentage prescribed  
25 by the Secretary of the Treasury for new buildings that are not  
26 federally subsidized for the taxable year, determined in accordance  
27 with the requirements of Section 42(b)(1) of the Internal Revenue  
28 Code.

29 (B) For the fourth year, the difference between 30 percent and  
30 the sum of the applicable percentages for the first three years.

31 (2) In the case of any qualified low-income building that (i) is  
32 a new building, as defined in Section 42 of the Internal Revenue  
33 Code and the regulations promulgated thereunder, (ii) not located  
34 in designated difficult development areas (DDAs) or qualified  
35 census tracts (QCTs), as defined in Section 42(d)(5)(B) of the  
36 Internal Revenue Code, and (iii) is federally subsidized, the term  
37 “applicable percentage” means for the first three years, 15 percent  
38 of the qualified basis of the building, and for the fourth year, 5  
39 percent of the qualified basis of the building.

1 (3) In the case of any qualified low-income building that is (i)  
2 an existing building, as defined in Section 42 of the Internal  
3 Revenue Code and the regulations promulgated thereunder, (ii)  
4 not located in designated difficult development areas (DDAs) or  
5 qualified census tracts (QCTs), as defined in Section 42(d)(5)(B)  
6 of the Internal Revenue Code, and (iii) is federally subsidized, the  
7 term applicable percentage means the following:

8 (A) For each of the first three years, the percentage prescribed  
9 by the Secretary of the Treasury for new buildings that are federally  
10 subsidized for the taxable year.

11 (B) For the fourth year, the difference between 13 percent and  
12 the sum of the applicable percentages for the first three years.

13 (4) In the case of any qualified low-income building that is (i)  
14 a new or an existing building, (ii) located in designated difficult  
15 development areas (DDAs) or qualified census tracts (QCTs) as  
16 defined in Section 42(d)(5)(B) of the Internal Revenue Code, and  
17 (iii) federally subsidized, the California Tax Credit Allocation  
18 Committee shall reduce the amount of California credit to be  
19 allocated under ~~paragraph~~ *paragraphs* (2) and (3) by taking into  
20 account the increased federal credit received due to the basis boost  
21 provided under Section 42(d)(5)(B) of the Internal Revenue Code.

22 (5) In the case of any qualified low-income building that meets  
23 all of the requirements of subparagraphs (A) through (D), inclusive,  
24 the term “applicable percentage” means 30 percent for each of the  
25 first three years and 5 percent for the fourth year. A qualified  
26 low-income building receiving an allocation under this paragraph  
27 is ineligible to also receive an allocation under paragraph (3).

28 (A) The qualified low-income building is at least 15 years old.

29 (B) The qualified low-income building is serving households  
30 of very low-income or extremely low-income such that the average  
31 maximum household income as restricted, pursuant to an existing  
32 regulatory agreement with a federal, state, county, local, or other  
33 governmental agency, is not more than 45 percent of the area  
34 median gross income, as determined under Section 42 of the  
35 Internal Revenue Code, adjusted by household size, and a tax credit  
36 regulatory agreement is entered into for a period of not less than  
37 55 years restricting the average targeted household income to no  
38 more than 45 percent of the area median income.

1 (C) The qualified low-income building would have insufficient  
2 credits under paragraphs (2) and (3) to complete substantial  
3 rehabilitation due to a low appraised value.

4 (D) The qualified low-income building will complete the  
5 substantial rehabilitation in connection with the credit allocation  
6 herein.

7 (d) The term “qualified low-income housing project” as defined  
8 in Section 42(c)(2) of the Internal Revenue Code is modified by  
9 adding the following requirements:

10 (1) The taxpayer shall be entitled to receive a cash distribution  
11 from the operations of the project, after funding required reserves,  
12 that, at the election of the taxpayer, is equal to:

13 (A) An amount not to exceed 8 percent of the lesser of:

14 (i) The owner equity that shall include the amount of the capital  
15 contributions actually paid to the housing sponsor and shall not  
16 include any amounts until they are paid on an investor note.

17 (ii) Twenty percent of the adjusted basis of the building as of  
18 the close of the first taxable year of the credit period.

19 (B) The amount of the cashflow from those units in the building  
20 that are not low-income units. For purposes of computing cashflow  
21 under this subparagraph, operating costs shall be allocated to the  
22 low-income units using the “floor space fraction,” as defined in  
23 Section 42 of the Internal Revenue Code.

24 (C) Any amount allowed to be distributed under subparagraph  
25 (A) that is not available for distribution during the first five years  
26 of the compliance period may be accumulated and distributed any  
27 time during the first 15 years of the compliance period but not  
28 thereafter.

29 (2) The limitation on return shall apply in the aggregate to the  
30 partners if the housing sponsor is a partnership and in the aggregate  
31 to the shareholders if the housing sponsor is an “S” corporation.

32 (3) The housing sponsor shall apply any cash available for  
33 distribution in excess of the amount eligible to be distributed under  
34 paragraph (1) to reduce the rent on rent-restricted units or to  
35 increase the number of rent-restricted units subject to the tests of  
36 Section 42(g)(1) of the Internal Revenue Code.

37 (e) The provisions of Section 42(f) of the Internal Revenue Code  
38 shall be modified as follows:

1 (1) The term “credit period” as defined in Section 42(f)(1) of  
2 the Internal Revenue Code is modified by substituting “four taxable  
3 years” for “10 taxable years.”

4 (2) The special rule for the first taxable year of the credit period  
5 under Section 42(f)(2) of the Internal Revenue Code shall not apply  
6 to the tax credit under this section.

7 (3) Section 42(f)(3) of the Internal Revenue Code is modified  
8 to read:

9 If, as of the close of any taxable year in the compliance period,  
10 after the first year of the credit period, the qualified basis of any  
11 building exceeds the qualified basis of that building as of the close  
12 of the first year of the credit period, the housing sponsor, to the  
13 extent of its tax credit allocation, shall be eligible for a credit on  
14 the excess in an amount equal to the applicable percentage  
15 determined pursuant to subdivision (c) for the four-year period  
16 beginning with the taxable year in which the increase in qualified  
17 basis occurs.

18 (f) The provisions of Section 42(h) of the Internal Revenue  
19 Code shall be modified as follows:

20 (1) Section 42(h)(2) of the Internal Revenue Code shall not be  
21 applicable and instead the following provisions shall be applicable:

22 The total amount for the four-year credit period of the housing  
23 credit dollars allocated in a calendar year to any building shall  
24 reduce the aggregate housing credit dollar amount of the California  
25 Tax Credit Allocation Committee for the calendar year in which  
26 the allocation is made.

27 (2) Paragraphs (3), (4), (5), (6)(E)(i)(II), (6)(F), (6)(G), (6)(I),  
28 (7), and (8) of Section 42(h) of the Internal Revenue Code shall  
29 not be applicable.

30 (g) The aggregate housing credit dollar amount that may be  
31 allocated annually by the California Tax Credit Allocation  
32 Committee pursuant to this section, Section 17058, and Section  
33 23610.5 shall be an amount equal to the sum of all the following:

34 (1) (A) Seventy million dollars (\$70,000,000) for the 2001  
35 calendar year, and, for the 2002 calendar year and each calendar  
36 year thereafter, seventy million dollars (\$70,000,000) increased  
37 by the percentage, if any, by which the Consumer Price Index for  
38 the preceding calendar year exceeds the Consumer Price Index for  
39 the 2001 calendar year. For the purposes of this paragraph, the  
40 term “Consumer Price Index” means the last Consumer Price Index

1 for All Urban Consumers published by the federal Department of  
2 Labor.

3 (B) ~~Subject to annual approval in a budget measure, three~~ *Three*  
4 hundred million dollars (\$300,000,000) for the 2017 calendar year,  
5 and, for the 2018 calendar year and each calendar year thereafter,  
6 three hundred million dollars (\$300,000,000) increased by the  
7 percentage, if any, by which the Consumer Price Index for the  
8 preceding calendar year exceeds the Consumer Price Index for the  
9 2017 calendar year. For the purposes of this paragraph, the term  
10 “Consumer Price Index” means the last Consumer Price Index for  
11 All Urban Consumers published by the federal Department of  
12 Labor. A housing sponsor receiving an allocation under paragraph  
13 (1) of subdivision (c) shall not be eligible for receipt of the housing  
14 credit allocated from the increased amount under this subparagraph.  
15 A housing sponsor receiving an allocation under paragraph (1) of  
16 subdivision (c) shall remain eligible for receipt of the housing  
17 credit allocated from the credit ceiling amount under subparagraph  
18 (A).

19 (2) The unused housing credit ceiling, if any, for the preceding  
20 calendar years.

21 (3) The amount of housing credit ceiling returned in the calendar  
22 year. For purposes of this paragraph, the amount of housing credit  
23 dollar amount returned in the calendar year equals the housing  
24 credit dollar amount previously allocated to any project that does  
25 not become a qualified low-income housing project within the  
26 period required by this section or to any project with respect to  
27 which an allocation is canceled by mutual consent of the California  
28 Tax Credit Allocation Committee and the allocation recipient.

29 (4) (A) Of the amount allocated pursuant to subparagraph (B)  
30 of paragraph (1), twenty-five million dollars (\$25,000,000) per  
31 calendar year for projects to provide farmworker housing, as  
32 defined in subdivision (h) of Section 50199.7 of the Health and  
33 Safety Code.

34 (B) The amount of any unallocated or returned credits pursuant  
35 to this paragraph per calendar year shall be added to the aggregate  
36 amount of credits allocated pursuant to subparagraph (B) of  
37 paragraph (1).

38 (5) The amount of any unallocated or returned credits under  
39 former Sections 17053.14, 23608.2, and 23608.3, as those sections  
40 read prior to January 1, 2009, until fully exhausted for projects to

1 provide farmworker housing, as defined in subdivision (h) of  
2 Section 50199.7 of the Health and Safety Code.

3 (h) The term “compliance period” as defined in Section 42(i)(1)  
4 of the Internal Revenue Code is modified to mean, with respect to  
5 any building, the period of 30 consecutive taxable years beginning  
6 with the first taxable year of the credit period with respect thereto.

7 (i) (1) Section 42(j) of the Internal Revenue Code shall not be  
8 applicable and the provisions in paragraph (2) shall be substituted  
9 in its place.

10 (2) The requirements of this section shall be set forth in a  
11 regulatory agreement between the California Tax Credit Allocation  
12 Committee and the housing sponsor, and the regulatory agreement  
13 shall be subordinated, when required, to any lien or encumbrance  
14 of any banks or other institutional lenders to the project. The  
15 regulatory agreement entered into pursuant to subdivision (f) of  
16 Section 50199.14 of the Health and Safety Code shall apply,  
17 provided that the agreement includes all of the following  
18 provisions:

19 (A) A term not less than the compliance period.

20 (B) A requirement that the agreement be recorded in the official  
21 records of the county in which the qualified low-income housing  
22 project is located.

23 (C) A provision stating which state and local agencies can  
24 enforce the regulatory agreement in the event the housing sponsor  
25 fails to satisfy any of the requirements of this section.

26 (D) A provision that the regulatory agreement shall be deemed  
27 a contract enforceable by tenants as third-party beneficiaries thereto  
28 and that allows individuals, whether prospective, present, or former  
29 occupants of the building, who meet the income limitation  
30 applicable to the building, the right to enforce the regulatory  
31 agreement in any state court.

32 (E) A provision incorporating the requirements of Section 42  
33 of the Internal Revenue Code as modified by this section.

34 (F) A requirement that the housing sponsor notify the California  
35 Tax Credit Allocation Committee or its designee and the local  
36 agency that can enforce the regulatory agreement if there is a  
37 determination by the Internal Revenue Service that the project is  
38 not in compliance with Section 42(g) of the Internal Revenue Code.

39 (G) A requirement that the housing sponsor, as security for the  
40 performance of the housing sponsor’s obligations under the

1 regulatory agreement, assign the housing sponsor's interest in rents  
2 that it receives from the project, provided that until there is a  
3 default under the regulatory agreement, the housing sponsor is  
4 entitled to collect and retain the rents.

5 (H) The remedies available in the event of a default under the  
6 regulatory agreement that is not cured within a reasonable cure  
7 period, include, but are not limited to, allowing any of the parties  
8 designated to enforce the regulatory agreement to collect all rents  
9 with respect to the project; taking possession of the project and  
10 operating the project in accordance with the regulatory agreement  
11 until the enforcer determines the housing sponsor is in a position  
12 to operate the project in accordance with the regulatory agreement;  
13 applying to any court for specific performance; securing the  
14 appointment of a receiver to operate the project; or any other relief  
15 as may be appropriate.

16 (j) (1) The committee shall allocate the housing credit on a  
17 regular basis consisting of two or more periods in each calendar  
18 year during which applications may be filed and considered. The  
19 committee shall establish application filing deadlines, the maximum  
20 percentage of federal and state low-income housing tax credit  
21 ceiling that may be allocated by the committee in that period, and  
22 the approximate date on which allocations shall be made. If the  
23 enactment of federal or state law, the adoption of rules or  
24 regulations, or other similar events prevent the use of two allocation  
25 periods, the committee may reduce the number of periods and  
26 adjust the filing deadlines, maximum percentage of credit allocated,  
27 and allocation dates.

28 (2) The committee shall adopt a qualified allocation plan, as  
29 provided in Section 42(m)(1) of the Internal Revenue Code. In  
30 adopting this plan, the committee shall comply with the provisions  
31 of Sections 42(m)(1)(B) and 42(m)(1)(C) of the Internal Revenue  
32 Code, respectively.

33 (3) Notwithstanding Section 42(m) of the Internal Revenue  
34 Code the California Tax Credit Allocation Committee shall allocate  
35 housing credits in accordance with the qualified allocation plan  
36 and regulations, which shall include the following provisions:

37 (A) All housing sponsors, as defined by paragraph (3) of  
38 subdivision (a), shall demonstrate at the time the application is  
39 filed with the committee that the project meets the following  
40 threshold requirements:

1 (i) The housing sponsor shall demonstrate there is a need and  
2 demand for low-income housing in the community or region for  
3 which it is proposed.

4 (ii) The project's proposed financing, including tax credit  
5 proceeds, shall be sufficient to complete the project and that the  
6 proposed operating income shall be adequate to operate the project  
7 for the extended use period.

8 (iii) The project shall have enforceable financing commitments,  
9 either construction or permanent financing, for at least 50 percent  
10 of the total estimated financing of the project.

11 (iv) The housing sponsor shall have and maintain control of the  
12 site for the project.

13 (v) The housing sponsor shall demonstrate that the project  
14 complies with all applicable local land use and zoning ordinances.

15 (vi) The housing sponsor shall demonstrate that the project  
16 development team has the experience and the financial capacity  
17 to ensure project completion and operation for the extended use  
18 period.

19 (vii) The housing sponsor shall demonstrate the amount of tax  
20 credit that is necessary for the financial feasibility of the project  
21 and its viability as a qualified low-income housing project  
22 throughout the extended use period, taking into account operating  
23 expenses, a supportable debt service, reserves, funds set aside for  
24 rental subsidies and required equity, and a development fee that  
25 does not exceed a specified percentage of the eligible basis of the  
26 project prior to inclusion of the development fee in the eligible  
27 basis, as determined by the committee.

28 (B) The committee shall give a preference to those projects  
29 satisfying all of the threshold requirements of subparagraph (A)  
30 if both of the following apply:

31 (i) The project serves the lowest income tenants at rents  
32 affordable to those tenants.

33 (ii) The project is obligated to serve qualified tenants for the  
34 longest period.

35 (C) In addition to the provisions of subparagraphs (A) and (B),  
36 the committee shall use the following criteria in allocating housing  
37 credits:

38 (i) Projects serving large families in which a substantial number,  
39 as defined by the committee, of all residential units are low-income  
40 units with three or more bedrooms.

- 1 (ii) Projects providing single-room occupancy units serving
- 2 very low income tenants.
- 3 (iii) (I) Existing projects that are “at risk of conversion.”
- 4 (II) For purposes of this section, the term “at risk of conversion,”
- 5 with respect to an existing property means a property that satisfies
- 6 all of the following criteria:
- 7 (ia) The property is a multifamily rental housing development
- 8 in which at least 50 percent of the units receive governmental
- 9 assistance pursuant to any of the following:
- 10 (Ia) New construction, substantial rehabilitation, moderate
- 11 rehabilitation, property disposition, and loan management set-aside
- 12 programs, or any other program providing project-based assistance
- 13 pursuant to Section 8 of the United States Housing Act of 1937,
- 14 Section 1437f of Title 42 of the United States Code, as amended.
- 15 (Ib) The Below-Market-Interest-Rate Program pursuant to
- 16 Section 221(d)(3) of the National Housing Act, Sections
- 17 1715l(d)(3) and (5) of Title 12 of the United States Code.
- 18 (Ic) Section 236 of the National Housing Act, Section 1715z-1
- 19 of Title 12 of the United States Code.
- 20 (Id) Programs for rent supplement assistance pursuant to Section
- 21 18 101 of the Housing and Urban Development Act of 1965,
- 22 Section 1701s of Title 12 of the United States Code, as amended.
- 23 (Ie) Programs pursuant to Section 515 of the Housing Act of
- 24 1949, Section 1485 of Title 42 of the United States Code, as
- 25 amended.
- 26 (If) The low-income housing credit program set forth in Section
- 27 42 of the Internal Revenue Code.
- 28 (ib) The restrictions on rent and income levels will terminate
- 29 or the federal insured mortgage on the property is eligible for
- 30 prepayment any time within five years before or after the date of
- 31 application to the California Tax Credit Allocation Committee.
- 32 (ic) The entity acquiring the property enters into a regulatory
- 33 agreement that requires the property to be operated in accordance
- 34 with the requirements of this section for a period equal to the
- 35 greater of 55 years or the life of the property.
- 36 (id) The property satisfies the requirements of Section 42(e) of
- 37 the Internal Revenue Code, regarding rehabilitation expenditures
- 38 except that the provisions of Section 42(e)(3)(A)(ii)(I) shall not
- 39 apply.

1 (iv) Projects for which a public agency provides direct or indirect  
2 long-term financial support for at least 15 percent of the total  
3 project development costs or projects for which the owner's equity  
4 constitutes at least 30 percent of the total project development  
5 costs.

6 (v) Projects that provide tenant amenities not generally available  
7 to residents of low-income housing projects.

8 (4) For purposes of allocating credits pursuant to this section,  
9 the committee shall not give preference to any project by virtue  
10 of the date of submission of its application except to break a tie  
11 when two or more of the projects have an equal rating.

12 (k) Section 42(l) of the Internal Revenue Code shall be modified  
13 as follows:

14 The term "secretary" shall be replaced by the term "California  
15 Franchise Tax Board."

16 (l) In the case where the credit allowed under this section  
17 exceeds the "tax," the excess may be carried over to reduce the  
18 "tax" in the following year, and succeeding years if necessary,  
19 until the credit has been exhausted.

20 (m) The provisions of Section 11407(a) of Public Law 101-508,  
21 relating to the effective date of the extension of the low-income  
22 housing credit, shall apply to calendar years after 1993.

23 (n) The provisions of Section 11407(c) of Public Law 101-508,  
24 relating to election to accelerate credit, shall not apply.

25 (o) This section shall remain in effect for as long as Section 42  
26 of the Internal Revenue Code, relating to low-income housing  
27 credit, remains in effect.

28 SEC. 2. Section 17058 of the Revenue and Taxation Code is  
29 amended to read:

30 17058. (a) (1) There shall be allowed as a credit against the  
31 "net tax," as defined in Section 17039, a state low-income housing  
32 tax credit in an amount equal to the amount determined in  
33 subdivision (c), computed in accordance with Section 42 of the  
34 Internal Revenue Code except as otherwise provided in this section.

35 (2) "Taxpayer," for purposes of this section, means the sole  
36 owner in the case of an individual, the partners in the case of a  
37 partnership, and the shareholders in the case of an "S" corporation.

38 (3) "Housing sponsor," for purposes of this section, means the  
39 sole owner in the case of an individual, the partnership in the case

1 of a partnership, and the “S” corporation in the case of an “S”  
2 corporation.

3 (4) “Extremely low-income households” has the same meaning  
4 as in Section 50053 of the Health and Safety Code.

5 (5) “Very low-income households” has the same meaning as in  
6 Section 50053 of the Health and Safety Code.

7 (b) (1) The amount of the credit allocated to any housing  
8 sponsor shall be authorized by the California Tax Credit Allocation  
9 Committee, or any successor thereof, based on a project’s need  
10 for the credit for economic feasibility in accordance with the  
11 requirements of this section.

12 (A) The low-income housing project shall be located in  
13 California and shall meet either of the following requirements:

14 (i) Except for projects to provide farmworker housing, as defined  
15 in subdivision (h) of Section 50199.7 of the Health and Safety  
16 Code, that are allocated credits solely under the set-aside described  
17 in subdivision (c) of Section 50199.20 of the Health and Safety  
18 Code, the project’s housing sponsor has been allocated by the  
19 California Tax Credit Allocation Committee a credit for federal  
20 income tax purposes under Section 42 of the Internal Revenue  
21 Code.

22 (ii) It qualifies for a credit under Section 42(h)(4)(B) of the  
23 Internal Revenue Code.

24 (B) The California Tax Credit Allocation Committee shall not  
25 require fees for the credit under this section in addition to those  
26 fees required for applications for the tax credit pursuant to Section  
27 42 of the Internal Revenue Code. The committee may require a  
28 fee if the application for the credit under this section is submitted  
29 in a calendar year after the year the application is submitted for  
30 the federal tax credit.

31 (C) (i) For a project that receives a preliminary reservation of  
32 the state low-income housing tax credit, allowed pursuant to  
33 subdivision (a), on or after January 1, 2009, and before January 1,  
34 2016, the credit shall be allocated to the partners of a partnership  
35 owning the project in accordance with the partnership agreement,  
36 regardless of how the federal low-income housing tax credit with  
37 respect to the project is allocated to the partners, or whether the  
38 allocation of the credit under the terms of the agreement has  
39 substantial economic effect, within the meaning of Section 704(b)  
40 of the Internal Revenue Code.

1 (ii) To the extent the allocation of the credit to a partner under  
2 this section lacks substantial economic effect, any loss or deduction  
3 otherwise allowable under this part that is attributable to the sale  
4 or other disposition of that partner’s partnership interest made prior  
5 to the expiration of the federal credit shall not be allowed in the  
6 taxable year in which the sale or other disposition occurs, but shall  
7 instead be deferred until and treated as if it occurred in the first  
8 taxable year immediately following the taxable year in which the  
9 federal credit period expires for the project described in clause (i).

10 (iii) This subparagraph shall not apply to a project that receives  
11 a preliminary reservation of state low-income housing tax credits  
12 under the set-aside described in subdivision (c) of Section 50199.20  
13 of the Health and Safety Code unless the project also receives a  
14 preliminary reservation of federal low-income housing tax credits.

15 (iv) This subparagraph shall cease to be operative with respect  
16 to any project that receives a preliminary reservation of a credit  
17 on or after January 1, 2016.

18 (2) (A) The California Tax Credit Allocation Committee shall  
19 certify to the housing sponsor the amount of tax credit under this  
20 section allocated to the housing sponsor for each credit period.

21 (B) In the case of a partnership, or an “S” corporation, the  
22 housing sponsor shall provide a copy of the California Tax Credit  
23 Allocation Committee certification to the taxpayer.

24 (C) The taxpayer shall, upon request, provide a copy of the  
25 certification to the Franchise Tax Board.

26 (D) All elections made by the taxpayer pursuant to Section 42  
27 of the Internal Revenue Code shall apply to this section.

28 (E) (i) The California Tax Credit Allocation Committee may  
29 allocate a credit under this section in exchange for a credit allocated  
30 pursuant to Section 42(d)(5)(B) of the Internal Revenue Code in  
31 amounts up to 30 percent of the eligible basis of a building if the  
32 credits allowed under Section 42 of the Internal Revenue Code are  
33 reduced by an equivalent amount.

34 (ii) An equivalent amount shall be determined by the California  
35 Tax Credit Allocation Committee based upon the relative amount  
36 required to produce an equivalent state tax credit to the taxpayer.

37 (c) Section 42(b) of the Internal Revenue Code shall be modified  
38 as follows:

39 (1) In the case of any qualified low-income building that is a  
40 new building, as defined in Section 42 of the Internal Revenue

1 Code and the regulations promulgated thereunder, and not federally  
2 subsidized, the term “applicable percentage” means the following:

3 (A) For each of the first three years, the percentage prescribed  
4 by the Secretary of the Treasury for new buildings that are not  
5 federally subsidized for the taxable year, determined in accordance  
6 with the requirements of Section 42(b)(1) of the Internal Revenue  
7 Code.

8 (B) For the fourth year, the difference between 30 percent and  
9 the sum of the applicable percentages for the first three years.

10 (2) In the case of any qualified low-income building that (i) is  
11 a new building, as defined in Section 42 of the Internal Revenue  
12 Code and the regulations promulgated thereunder, (ii) not located  
13 in designated difficult development areas (DDAs) or qualified  
14 census tracts (QCTs), as defined in Section 42(d)(5)(B) of the  
15 Internal Revenue Code, and (iii) is federally subsidized, the term  
16 “applicable percentage” means for the first three years, 15 percent  
17 of the qualified basis of the building, and for the fourth year, 5  
18 percent of the qualified basis of the building.

19 (3) In the case of any qualified low-income building that is (i)  
20 an existing building, as defined in Section 42 of the Internal  
21 Revenue Code and the regulations promulgated thereunder, (ii)  
22 not located in designated difficult development areas (DDAs) or  
23 qualified census tracts (QCTs), as defined in Section 42(d)(5)(B)  
24 of the Internal Revenue Code, and (iii) is federally subsidized, the  
25 term applicable percentage means the following:

26 (A) For each of the first three years, the percentage prescribed  
27 by the Secretary of the Treasury for new buildings that are federally  
28 subsidized for the taxable year.

29 (B) For the fourth year, the difference between 13 percent and  
30 the sum of the applicable percentages for the first three years.

31 (4) In the case of any qualified low-income building that is (i)  
32 a new or an existing building, (ii) located in designated difficult  
33 development areas (DDAs) or qualified census tracts (QCTs) as  
34 defined in Section 42(d)(5)(B) of the Internal Revenue Code, and  
35 (iii) federally subsidized, the California Tax Credit Allocation  
36 Committee shall reduce the amount of California credit to be  
37 allocated under ~~paragraph~~ *paragraphs* (2) and (3) by taking into  
38 account the increased federal credit received due to the basis boost  
39 provided under Section 42(d)(5)(B) of the Internal Revenue Code.

1 (5) In the case of any qualified low-income building that meets  
2 all of the requirements of subparagraphs (A) through (D), inclusive,  
3 the term “applicable percentage” means 30 percent for each of the  
4 first three years and 5 percent for the fourth year. A qualified  
5 low-income building receiving an allocation under this paragraph  
6 is ineligible to also receive an allocation under paragraph (3).

7 (A) The qualified low-income building is at least 15 years old.

8 (B) The qualified low-income building is serving households  
9 of very low-income or extremely low-income such that the average  
10 maximum household income as restricted, pursuant to an existing  
11 regulatory agreement with a federal, state, county, local, or other  
12 governmental agency, is not more than 45 percent of the area  
13 median gross income, as determined under Section 42 of the  
14 Internal Revenue Code, adjusted by household size, and a tax credit  
15 regulatory agreement is entered into for a period of not less than  
16 55 years restricting the average targeted household income to no  
17 more than 45 percent of the area median income.

18 (C) The qualified low-income building would have insufficient  
19 credits under paragraphs (2) and (3) to complete substantial  
20 rehabilitation due to a low appraised value.

21 (D) The qualified low-income building will complete the  
22 substantial rehabilitation in connection with the credit allocation  
23 herein.

24 (d) The term “qualified low-income housing project” as defined  
25 in Section 42(c)(2) of the Internal Revenue Code is modified by  
26 adding the following requirements:

27 (1) The taxpayer shall be entitled to receive a cash distribution  
28 from the operations of the project, after funding required reserves,  
29 that, at the election of the taxpayer, is equal to:

30 (A) An amount not to exceed 8 percent of the lesser of:

31 (i) The owner equity that shall include the amount of the capital  
32 contributions actually paid to the housing sponsor and shall not  
33 include any amounts until they are paid on an investor note.

34 (ii) Twenty percent of the adjusted basis of the building as of  
35 the close of the first taxable year of the credit period.

36 (B) The amount of the cashflow from those units in the building  
37 that are not low-income units. For purposes of computing cashflow  
38 under this subparagraph, operating costs shall be allocated to the  
39 low-income units using the “floor space fraction,” as defined in  
40 Section 42 of the Internal Revenue Code.

1 (C) Any amount allowed to be distributed under subparagraph  
2 (A) that is not available for distribution during the first five years  
3 of the compliance period may be accumulated and distributed any  
4 time during the first 15 years of the compliance period but not  
5 thereafter.

6 (2) The limitation on return shall apply in the aggregate to the  
7 partners if the housing sponsor is a partnership and in the aggregate  
8 to the shareholders if the housing sponsor is an “S” corporation.

9 (3) The housing sponsor shall apply any cash available for  
10 distribution in excess of the amount eligible to be distributed under  
11 paragraph (1) to reduce the rent on rent-restricted units or to  
12 increase the number of rent-restricted units subject to the tests of  
13 Section 42(g)(1) of the Internal Revenue Code.

14 (e) The provisions of Section 42(f) of the Internal Revenue Code  
15 shall be modified as follows:

16 (1) The term “credit period” as defined in Section 42(f)(1) of  
17 the Internal Revenue Code is modified by substituting “four taxable  
18 years” for “10 taxable years.”

19 (2) The special rule for the first taxable year of the credit period  
20 under Section 42(f)(2) of the Internal Revenue Code shall not apply  
21 to the tax credit under this section.

22 (3) Section 42(f)(3) of the Internal Revenue Code is modified  
23 to read:

24 If, as of the close of any taxable year in the compliance period,  
25 after the first year of the credit period, the qualified basis of any  
26 building exceeds the qualified basis of that building as of the close  
27 of the first year of the credit period, the housing sponsor, to the  
28 extent of its tax credit allocation, shall be eligible for a credit on  
29 the excess in an amount equal to the applicable percentage  
30 determined pursuant to subdivision (c) for the four-year period  
31 beginning with the taxable year in which the increase in qualified  
32 basis occurs.

33 (f) The provisions of Section 42(h) of the Internal Revenue  
34 Code shall be modified as follows:

35 (1) Section 42(h)(2) of the Internal Revenue Code shall not be  
36 applicable and instead the following provisions shall be applicable:

37 The total amount for the four-year credit period of the housing  
38 credit dollars allocated in a calendar year to any building shall  
39 reduce the aggregate housing credit dollar amount of the California

1 Tax Credit Allocation Committee for the calendar year in which  
2 the allocation is made.

3 (2) Paragraphs (3), (4), (5), (6)(E)(i)(II), (6)(F), (6)(G), (6)(I),  
4 (7), and (8) of Section 42(h) of the Internal Revenue Code shall  
5 not be applicable.

6 (g) The aggregate housing credit dollar amount that may be  
7 allocated annually by the California Tax Credit Allocation  
8 Committee pursuant to this section, Section 12206, and Section  
9 23610.5 shall be an amount equal to the sum of all the following:

10 (1) (A) Seventy million dollars (\$70,000,000) for the 2001  
11 calendar year, and, for the 2002 calendar year and each calendar  
12 year thereafter, seventy million dollars (\$70,000,000) increased  
13 by the percentage, if any, by which the Consumer Price Index for  
14 the preceding calendar year exceeds the Consumer Price Index for  
15 the 2001 calendar year. For the purposes of this paragraph, the  
16 term “Consumer Price Index” means the last Consumer Price Index  
17 for All Urban Consumers published by the federal Department of  
18 Labor.

19 (B) ~~Subject to annual approval in a budget measure, three~~ *Three*  
20 hundred million dollars (\$300,000,000) for the 2017 calendar year,  
21 and, for the 2018 calendar year and each calendar year thereafter,  
22 three hundred million dollars (\$300,000,000) increased by the  
23 percentage, if any, by which the Consumer Price Index for the  
24 preceding calendar year exceeds the Consumer Price Index for the  
25 2017 calendar year. For the purposes of this paragraph, the term  
26 “Consumer Price Index” means the last Consumer Price Index for  
27 All Urban Consumers published by the federal Department of  
28 Labor. A housing sponsor receiving an allocation under paragraph  
29 (1) of subdivision (c) shall not be eligible for receipt of the housing  
30 credit allocated from the increased amount under this subparagraph.  
31 A housing sponsor receiving an allocation under paragraph (1) of  
32 subdivision (c) shall remain eligible for receipt of the housing  
33 credit allocated from the credit ceiling amount under subparagraph  
34 (A).

35 (2) The unused housing credit ceiling, if any, for the preceding  
36 calendar years.

37 (3) The amount of housing credit ceiling returned in the calendar  
38 year. For purposes of this paragraph, the amount of housing credit  
39 dollar amount returned in the calendar year equals the housing  
40 credit dollar amount previously allocated to any project that does

1 not become a qualified low-income housing project within the  
2 period required by this section or to any project with respect to  
3 which an allocation is canceled by mutual consent of the California  
4 Tax Credit Allocation Committee and the allocation recipient.

5 (4) (A) Of the amount allocated pursuant to subparagraph (B)  
6 of paragraph (1), twenty-five million dollars (\$25,000,000) per  
7 calendar year for projects to provide farmworker housing, as  
8 defined in subdivision (h) of Section 50199.7 of the Health and  
9 Safety Code.

10 (B) The amount of any unallocated or returned credits pursuant  
11 to this paragraph per calendar year shall be added to the aggregate  
12 amount of credits allocated pursuant to subparagraph (B) of  
13 paragraph (1).

14 (5) The amount of any unallocated or returned credits under  
15 former Sections 17053.14, 23608.2, and 23608.3, as those sections  
16 read prior to January 1, 2009, until fully exhausted for projects to  
17 provide farmworker housing, as defined in subdivision (h) of  
18 Section 50199.7 of the Health and Safety Code.

19 (h) The term “compliance period” as defined in Section 42(i)(1)  
20 of the Internal Revenue Code is modified to mean, with respect to  
21 any building, the period of 30 consecutive taxable years beginning  
22 with the first taxable year of the credit period with respect thereto.

23 (i) Section 42(j) of the Internal Revenue Code shall not be  
24 applicable and the following requirements of this section shall be  
25 set forth in a regulatory agreement between the California Tax  
26 Credit Allocation Committee and the housing sponsor, and the  
27 regulatory agreement shall be subordinated, when required, to any  
28 lien or encumbrance of any banks or other institutional lenders to  
29 the project. The regulatory agreement entered into pursuant to  
30 subdivision (f) of Section 50199.14 of the Health and Safety Code  
31 shall apply, provided that the agreement includes all of the  
32 following provisions:

33 (1) A term not less than the compliance period.

34 (2) A requirement that the agreement be recorded in the official  
35 records of the county in which the qualified low-income housing  
36 project is located.

37 (3) A provision stating which state and local agencies can  
38 enforce the regulatory agreement in the event the housing sponsor  
39 fails to satisfy any of the requirements of this section.

1 (4) A provision that the regulatory agreement shall be deemed  
2 a contract enforceable by tenants as third-party beneficiaries thereto  
3 and that allows individuals, whether prospective, present, or former  
4 occupants of the building, who meet the income limitation  
5 applicable to the building, the right to enforce the regulatory  
6 agreement in any state court.

7 (5) A provision incorporating the requirements of Section 42  
8 of the Internal Revenue Code as modified by this section.

9 (6) A requirement that the housing sponsor notify the California  
10 Tax Credit Allocation Committee or its designee if there is a  
11 determination by the Internal Revenue Service that the project is  
12 not in compliance with Section 42(g) of the Internal Revenue Code.

13 (7) A requirement that the housing sponsor, as security for the  
14 performance of the housing sponsor's obligations under the  
15 regulatory agreement, assign the housing sponsor's interest in rents  
16 that it receives from the project, provided that until there is a  
17 default under the regulatory agreement, the housing sponsor is  
18 entitled to collect and retain the rents.

19 (8) The remedies available in the event of a default under the  
20 regulatory agreement that is not cured within a reasonable cure  
21 period, include, but are not limited to, allowing any of the parties  
22 designated to enforce the regulatory agreement to collect all rents  
23 with respect to the project; taking possession of the project and  
24 operating the project in accordance with the regulatory agreement  
25 until the enforcer determines the housing sponsor is in a position  
26 to operate the project in accordance with the regulatory agreement;  
27 applying to any court for specific performance; securing the  
28 appointment of a receiver to operate the project; or any other relief  
29 as may be appropriate.

30 (j) (1) The committee shall allocate the housing credit on a  
31 regular basis consisting of two or more periods in each calendar  
32 year during which applications may be filed and considered. The  
33 committee shall establish application filing deadlines, the maximum  
34 percentage of federal and state low-income housing tax credit  
35 ceiling that may be allocated by the committee in that period, and  
36 the approximate date on which allocations shall be made. If the  
37 enactment of federal or state law, the adoption of rules or  
38 regulations, or other similar events prevent the use of two allocation  
39 periods, the committee may reduce the number of periods and

1 adjust the filing deadlines, maximum percentage of credit allocated,  
2 and allocation dates.

3 (2) The committee shall adopt a qualified allocation plan, as  
4 provided in Section 42(m)(1) of the Internal Revenue Code. In  
5 adopting this plan, the committee shall comply with the provisions  
6 of Sections 42(m)(1)(B) and 42(m)(1)(C) of the Internal Revenue  
7 Code, respectively.

8 (3) Notwithstanding Section 42(m) of the Internal Revenue  
9 Code the California Tax Credit Allocation Committee shall allocate  
10 housing credits in accordance with the qualified allocation plan  
11 and regulations, which shall include the following provisions:

12 (A) All housing sponsors, as defined by paragraph (3) of  
13 subdivision (a), shall demonstrate at the time the application is  
14 filed with the committee that the project meets the following  
15 threshold requirements:

16 (i) The housing sponsor shall demonstrate there is a need and  
17 demand for low-income housing in the community or region for  
18 which it is proposed.

19 (ii) The project's proposed financing, including tax credit  
20 proceeds, shall be sufficient to complete the project and that the  
21 proposed operating income shall be adequate to operate the project  
22 for the extended use period.

23 (iii) The project shall have enforceable financing commitments,  
24 either construction or permanent financing, for at least 50 percent  
25 of the total estimated financing of the project.

26 (iv) The housing sponsor shall have and maintain control of the  
27 site for the project.

28 (v) The housing sponsor shall demonstrate that the project  
29 complies with all applicable local land use and zoning ordinances.

30 (vi) The housing sponsor shall demonstrate that the project  
31 development team has the experience and the financial capacity  
32 to ensure project completion and operation for the extended use  
33 period.

34 (vii) The housing sponsor shall demonstrate the amount of tax  
35 credit that is necessary for the financial feasibility of the project  
36 and its viability as a qualified low-income housing project  
37 throughout the extended use period, taking into account operating  
38 expenses, a supportable debt service, reserves, funds set aside for  
39 rental subsidies and required equity, and a development fee that  
40 does not exceed a specified percentage of the eligible basis of the

1 project prior to inclusion of the development fee in the eligible  
2 basis, as determined by the committee.

3 (B) The committee shall give a preference to those projects  
4 satisfying all of the threshold requirements of subparagraph (A)  
5 if both of the following apply:

6 (i) The project serves the lowest income tenants at rents  
7 affordable to those tenants.

8 (ii) The project is obligated to serve qualified tenants for the  
9 longest period.

10 (C) In addition to the provisions of subparagraphs (A) and (B),  
11 the committee shall use the following criteria in allocating housing  
12 credits:

13 (i) Projects serving large families in which a substantial number,  
14 as defined by the committee, of all residential units are low-income  
15 units with three or more bedrooms.

16 (ii) Projects providing single-room occupancy units serving  
17 very low income tenants.

18 (iii) (I) Existing projects that are “at risk of conversion.”

19 (II) For purposes of this section, the term “at risk of conversion,”  
20 with respect to an existing property means a property that satisfies  
21 all of the following criteria:

22 (ia) The property is a multifamily rental housing development  
23 in which at least 50 percent of the units receive governmental  
24 assistance pursuant to any of the following:

25 (Ia) New construction, substantial rehabilitation, moderate  
26 rehabilitation, property disposition, and loan management set-aside  
27 programs, or any other program providing project-based assistance  
28 pursuant to Section 8 of the United States Housing Act of 1937,  
29 Section 1437f of Title 42 of the United States Code, as amended.

30 (Ib) The Below-Market-Interest-Rate Program pursuant to  
31 Section 221(d)(3) of the National Housing Act, Sections  
32 1715l(d)(3) and (5) of Title 12 of the United States Code.

33 (Ic) Section 236 of the National Housing Act, Section 1715z-1  
34 of Title 12 of the United States Code.

35 (Id) Programs for rent supplement assistance pursuant to Section  
36 18 101 of the Housing and Urban Development Act of 1965,  
37 Section 1701s of Title 12 of the United States Code, as amended.

38 (Ie) Programs pursuant to Section 515 of the Housing Act of  
39 1949, Section 1485 of Title 42 of the United States Code, as  
40 amended.

1 (If) The low-income housing credit program set forth in Section  
2 42 of the Internal Revenue Code.

3 (ib) The restrictions on rent and income levels will terminate  
4 or the federal insured mortgage on the property is eligible for  
5 prepayment any time within five years before or after the date of  
6 application to the California Tax Credit Allocation Committee.

7 (ic) The entity acquiring the property enters into a regulatory  
8 agreement that requires the property to be operated in accordance  
9 with the requirements of this section for a period equal to the  
10 greater of 55 years or the life of the property.

11 (id) The property satisfies the requirements of Section 42(e) of  
12 the Internal Revenue Code, regarding rehabilitation expenditures  
13 except that the provisions of Section 42(e)(3)(A)(ii)(I) shall not  
14 apply.

15 (iv) Projects for which a public agency provides direct or indirect  
16 long-term financial support for at least 15 percent of the total  
17 project development costs or projects for which the owner's equity  
18 constitutes at least 30 percent of the total project development  
19 costs.

20 (v) Projects that provide tenant amenities not generally available  
21 to residents of low-income housing projects.

22 (4) For purposes of allocating credits pursuant to this section,  
23 the committee shall not give preference to any project by virtue  
24 of the date of submission of its application.

25 (k) Section 42(l) of the Internal Revenue Code shall be modified  
26 as follows:

27 The term "secretary" shall be replaced by the term "California  
28 Franchise Tax Board."

29 (l) In the case where the credit allowed under this section  
30 exceeds the net tax, the excess may be carried over to reduce the  
31 net tax in the following year, and succeeding taxable years, if  
32 necessary, until the credit has been exhausted.

33 (m) A project that received an allocation of a 1989 federal  
34 housing credit dollar amount shall be eligible to receive an  
35 allocation of a 1990 state housing credit dollar amount, subject to  
36 all of the following conditions:

37 (1) The project was not placed in service prior to 1990.

38 (2) To the extent the amendments made to this section by the  
39 Statutes of 1990 conflict with any provisions existing in this section  
40 prior to those amendments, the prior provisions of law shall prevail.

1 (3) Notwithstanding paragraph (2), a project applying for an  
2 allocation under this subdivision shall be subject to the  
3 requirements of paragraph (3) of subdivision (j).

4 (n) The credit period with respect to an allocation of credit in  
5 1989 by the California Tax Credit Allocation Committee of which  
6 any amount is attributable to unallocated credit from 1987 or 1988  
7 shall not begin until after December 31, 1989.

8 (o) The provisions of Section 11407(a) of Public Law 101-508,  
9 relating to the effective date of the extension of the low-income  
10 housing credit, shall apply to calendar years after 1989.

11 (p) The provisions of Section 11407(c) of Public Law 101-508,  
12 relating to election to accelerate credit, shall not apply.

13 (q) Any unused credit may continue to be carried forward, as  
14 provided in subdivision (l), until the credit has been exhausted.

15 (r) This section shall remain in effect on and after December 1,  
16 1990, for as long as Section 42 of the Internal Revenue Code,  
17 relating to low-income housing credit, remains in effect.

18 (s) The amendments to this section made by Chapter 1222 of  
19 the Statutes of 1993 shall apply only to taxable years beginning  
20 on or after January 1, 1994.

21 SEC. 3. Section 23610.5 of the Revenue and Taxation Code  
22 is amended to read:

23 23610.5. (a) (1) There shall be allowed as a credit against the  
24 “tax,” as defined by Section 23036, a state low-income housing  
25 tax credit in an amount equal to the amount determined in  
26 subdivision (c), computed in accordance with Section 42 of the  
27 Internal Revenue Code except as otherwise provided in this section.

28 (2) “Taxpayer,” for purposes of this section, means the sole  
29 owner in the case of a “C” corporation, the partners in the case of  
30 a partnership, and the shareholders in the case of an “S”  
31 corporation.

32 (3) “Housing sponsor,” for purposes of this section, means the  
33 sole owner in the case of a “C” corporation, the partnership in the  
34 case of a partnership, and the “S” corporation in the case of an “S”  
35 corporation.

36 (4) “Extremely low-income households” has the same meaning  
37 as in Section 50053 of the Health and Safety Code.

38 (5) “Very low-income households” has the same meaning as in  
39 Section 50053 of the Health and Safety Code.

1 (b) (1) The amount of the credit allocated to any housing  
2 sponsor shall be authorized by the California Tax Credit Allocation  
3 Committee, or any successor thereof, based on a project's need  
4 for the credit for economic feasibility in accordance with the  
5 requirements of this section.

6 (A) The low-income housing project shall be located in  
7 California and shall meet either of the following requirements:

8 (i) Except for projects to provide farmworker housing, as defined  
9 in subdivision (h) of Section 50199.7 of the Health and Safety  
10 Code, that are allocated credits solely under the set-aside described  
11 in subdivision (c) of Section 50199.20 of the Health and Safety  
12 Code, the project's housing sponsor has been allocated by the  
13 California Tax Credit Allocation Committee a credit for federal  
14 income tax purposes under Section 42 of the Internal Revenue  
15 Code.

16 (ii) It qualifies for a credit under Section 42(h)(4)(B) of the  
17 Internal Revenue Code.

18 (B) The California Tax Credit Allocation Committee shall not  
19 require fees for the credit under this section in addition to those  
20 fees required for applications for the tax credit pursuant to Section  
21 42 of the Internal Revenue Code. The committee may require a  
22 fee if the application for the credit under this section is submitted  
23 in a calendar year after the year the application is submitted for  
24 the federal tax credit.

25 (C) (i) For a project that receives a preliminary reservation of  
26 the state low-income housing tax credit, allowed pursuant to  
27 subdivision (a), on or after January 1, 2009, and before January 1,  
28 2016, the credit shall be allocated to the partners of a partnership  
29 owning the project in accordance with the partnership agreement,  
30 regardless of how the federal low-income housing tax credit with  
31 respect to the project is allocated to the partners, or whether the  
32 allocation of the credit under the terms of the agreement has  
33 substantial economic effect, within the meaning of Section 704(b)  
34 of the Internal Revenue Code.

35 (ii) To the extent the allocation of the credit to a partner under  
36 this section lacks substantial economic effect, any loss or deduction  
37 otherwise allowable under this part that is attributable to the sale  
38 or other disposition of that partner's partnership interest made prior  
39 to the expiration of the federal credit shall not be allowed in the  
40 taxable year in which the sale or other disposition occurs, but shall

1 instead be deferred until and treated as if it occurred in the first  
2 taxable year immediately following the taxable year in which the  
3 federal credit period expires for the project described in clause (i).

4 (iii) This subparagraph shall not apply to a project that receives  
5 a preliminary reservation of state low-income housing tax credits  
6 under the set-aside described in subdivision (c) of Section 50199.20  
7 of the Health and Safety Code unless the project also receives a  
8 preliminary reservation of federal low-income housing tax credits.

9 (iv) This subparagraph shall cease to be operative with respect  
10 to any project that receives a preliminary reservation of a credit  
11 on or after January 1, 2016.

12 (2) (A) The California Tax Credit Allocation Committee shall  
13 certify to the housing sponsor the amount of tax credit under this  
14 section allocated to the housing sponsor for each credit period.

15 (B) In the case of a partnership, or an “S” corporation, the  
16 housing sponsor shall provide a copy of the California Tax Credit  
17 Allocation Committee certification to the taxpayer.

18 (C) The taxpayer shall, upon request, provide a copy of the  
19 certification to the Franchise Tax Board.

20 (D) All elections made by the taxpayer pursuant to Section 42  
21 of the Internal Revenue Code shall apply to this section.

22 (E) (i) The California Tax Credit Allocation Committee may  
23 allocate a credit under this section in exchange for a credit allocated  
24 pursuant to Section 42(d)(5)(B) of the Internal Revenue Code in  
25 amounts up to 30 percent of the eligible basis of a building if the  
26 credits allowed under Section 42 of the Internal Revenue Code are  
27 reduced by an equivalent amount.

28 (ii) An equivalent amount shall be determined by the California  
29 Tax Credit Allocation Committee based upon the relative amount  
30 required to produce an equivalent state tax credit to the taxpayer.

31 (c) Section 42(b) of the Internal Revenue Code shall be modified  
32 as follows:

33 (1) In the case of any qualified low-income building that is a  
34 new building, as defined in Section 42 of the Internal Revenue  
35 Code and the regulations promulgated thereunder, and not federally  
36 subsidized, the term “applicable percentage” means the following:

37 (A) For each of the first three years, the percentage prescribed  
38 by the Secretary of the Treasury for new buildings that are not  
39 federally subsidized for the taxable year, determined in accordance

1 with the requirements of Section 42(b)(1) of the Internal Revenue  
2 Code.

3 (B) For the fourth year, the difference between 30 percent and  
4 the sum of the applicable percentages for the first three years.

5 (2) In the case of any qualified low-income building that (i) is  
6 a new building, as defined in Section 42 of the Internal Revenue  
7 Code and the regulations promulgated thereunder, (ii) not located  
8 in designated difficult development areas (DDAs) or qualified  
9 census tracts (QCTs), as defined in Section 42(d)(5)(B) of the  
10 Internal Revenue Code, and (iii) is federally subsidized, the term  
11 “applicable percentage” means for the first three years, 15 percent  
12 of the qualified basis of the building, and for the fourth year, 5  
13 percent of the qualified basis of the building.

14 (3) In the case of any qualified low-income building that is (i)  
15 an existing building, as defined in Section 42 of the Internal  
16 Revenue Code and the regulations promulgated thereunder, (ii)  
17 not located in designated difficult development areas (DDAs) or  
18 qualified census tracts (QCTs), as defined in Section 42(d)(5)(B)  
19 of the Internal Revenue Code, and (iii) is federally subsidized, the  
20 term applicable percentage means the following:

21 (A) For each of the first three years, the percentage prescribed  
22 by the Secretary of the Treasury for new buildings that are federally  
23 subsidized for the taxable year.

24 (B) For the fourth year, the difference between 13 percent and  
25 the sum of the applicable percentages for the first three years.

26 (4) In the case of any qualified low-income building that is (i)  
27 a new or an existing building, (ii) located in designated difficult  
28 development areas (DDAs) or qualified census tracts (QCTs) as  
29 defined in Section 42(d)(5)(B) of the Internal Revenue Code, and  
30 (iii) federally subsidized, the California Tax Credit Allocation  
31 Committee shall determine the amount of credit to be allocated  
32 under subparagraph (E) of paragraph (2) of subdivision (b) required  
33 to produce an equivalent state tax credit to the taxpayer, as  
34 produced in paragraph (2), taking into account the basis boost  
35 provided under Section 42(d)(5)(B) of the Internal Revenue Code.

36 (5) In the case of any qualified low-income building that meets  
37 all of the requirements of subparagraphs (A) through (D), inclusive,  
38 the term “applicable percentage” means 30 percent for each of the  
39 first three years and 5 percent for the fourth year. A qualified

1 low-income building receiving an allocation under this paragraph  
2 is ineligible to also receive an allocation under paragraph (3).

3 (A) The qualified low-income building is at least 15 years old.

4 (B) The qualified low-income building is serving households  
5 of very low-income or extremely low-income such that the average  
6 maximum household income as restricted, pursuant to an existing  
7 regulatory agreement with a federal, state, county, local, or other  
8 governmental agency, is not more than 45 percent of the area  
9 median gross income, as determined under Section 42 of the  
10 Internal Revenue Code, adjusted by household size, and a tax credit  
11 regulatory agreement is entered into for a period of not less than  
12 55 years restricting the average targeted household income to no  
13 more than 45 percent of the area median income.

14 (C) The qualified low-income building would have insufficient  
15 credits under paragraphs (2) and (3) to complete substantial  
16 rehabilitation due to a low appraised value.

17 (D) The qualified low-income building will complete the  
18 substantial rehabilitation in connection with the credit allocation  
19 herein.

20 (d) The term “qualified low-income housing project” as defined  
21 in Section 42(c)(2) of the Internal Revenue Code is modified by  
22 adding the following requirements:

23 (1) The taxpayer shall be entitled to receive a cash distribution  
24 from the operations of the project, after funding required reserves,  
25 that, at the election of the taxpayer, is equal to:

26 (A) An amount not to exceed 8 percent of the lesser of:

27 (i) The owner equity that shall include the amount of the capital  
28 contributions actually paid to the housing sponsor and shall not  
29 include any amounts until they are paid on an investor note.

30 (ii) Twenty percent of the adjusted basis of the building as of  
31 the close of the first taxable year of the credit period.

32 (B) The amount of the cashflow from those units in the building  
33 that are not low-income units. For purposes of computing cashflow  
34 under this subparagraph, operating costs shall be allocated to the  
35 low-income units using the “floor space fraction,” as defined in  
36 Section 42 of the Internal Revenue Code.

37 (C) Any amount allowed to be distributed under subparagraph  
38 (A) that is not available for distribution during the first five years  
39 of the compliance period may be accumulated and distributed any

1 time during the first 15 years of the compliance period but not  
2 thereafter.

3 (2) The limitation on return shall apply in the aggregate to the  
4 partners if the housing sponsor is a partnership and in the aggregate  
5 to the shareholders if the housing sponsor is an “S” corporation.

6 (3) The housing sponsor shall apply any cash available for  
7 distribution in excess of the amount eligible to be distributed under  
8 paragraph (1) to reduce the rent on rent-restricted units or to  
9 increase the number of rent-restricted units subject to the tests of  
10 Section 42(g)(1) of the Internal Revenue Code.

11 (e) The provisions of Section 42(f) of the Internal Revenue Code  
12 shall be modified as follows:

13 (1) The term “credit period” as defined in Section 42(f)(1) of  
14 the Internal Revenue Code is modified by substituting “four taxable  
15 years” for “10 taxable years.”

16 (2) The special rule for the first taxable year of the credit period  
17 under Section 42(f)(2) of the Internal Revenue Code shall not apply  
18 to the tax credit under this section.

19 (3) Section 42(f)(3) of the Internal Revenue Code is modified  
20 to read:

21 If, as of the close of any taxable year in the compliance period,  
22 after the first year of the credit period, the qualified basis of any  
23 building exceeds the qualified basis of that building as of the close  
24 of the first year of the credit period, the housing sponsor, to the  
25 extent of its tax credit allocation, shall be eligible for a credit on  
26 the excess in an amount equal to the applicable percentage  
27 determined pursuant to subdivision (c) for the four-year period  
28 beginning with the later of the taxable years in which the increase  
29 in qualified basis occurs.

30 (f) The provisions of Section 42(h) of the Internal Revenue  
31 Code shall be modified as follows:

32 (1) Section 42(h)(2) of the Internal Revenue Code shall not be  
33 applicable and instead the following provisions shall be applicable:

34 The total amount for the four-year credit period of the housing  
35 credit dollars allocated in a calendar year to any building shall  
36 reduce the aggregate housing credit dollar amount of the California  
37 Tax Credit Allocation Committee for the calendar year in which  
38 the allocation is made.

1 (2) Paragraphs (3), (4), (5), (6)(E)(i)(II), (6)(F), (6)(G), (6)(I),  
2 (7), and (8) of Section 42(h) of the Internal Revenue Code shall  
3 not be applicable.

4 (g) The aggregate housing credit dollar amount that may be  
5 allocated annually by the California Tax Credit Allocation  
6 Committee pursuant to this section, Section 12206, and Section  
7 17058 shall be an amount equal to the sum of all the following:

8 (1) (A) Seventy million dollars (\$70,000,000) for the 2001  
9 calendar year, and, for the 2002 calendar year and each calendar  
10 year thereafter, seventy million dollars (\$70,000,000) increased  
11 by the percentage, if any, by which the Consumer Price Index for  
12 the preceding calendar year exceeds the Consumer Price Index for  
13 the 2001 calendar year. For the purposes of this paragraph, the  
14 term “Consumer Price Index” means the last Consumer Price Index  
15 for All Urban Consumers published by the federal Department of  
16 Labor.

17 ~~(B) Subject to annual approval in a budget measure, three~~  
18 ~~hundred million dollars (\$300,000,000) for the 2017 calendar year,~~  
19 ~~and, for the 2018 calendar year and each calendar year thereafter,~~  
20 ~~three hundred million dollars (\$300,000,000) increased by the~~  
21 ~~percentage, if any, by which the Consumer Price Index for the~~  
22 ~~preceding calendar year exceeds the Consumer Price Index for the~~  
23 ~~2017 calendar year. For the purposes of this paragraph, the term~~  
24 ~~“Consumer Price Index” means the last Consumer Price Index for~~  
25 ~~All Urban Consumers published by the federal Department of~~  
26 ~~Labor. A housing sponsor receiving an allocation under paragraph~~  
27 ~~(1) of subdivision (c) shall not be eligible for receipt of the housing~~  
28 ~~credit allocated from the increased amount under this subparagraph.~~  
29 ~~A housing sponsor receiving an allocation under paragraph (1) of~~  
30 ~~subdivision (c) shall remain eligible for receipt of the housing~~  
31 ~~credit allocated from the credit ceiling amount under subparagraph~~  
32 ~~(A).~~

33 (2) The unused housing credit ceiling, if any, for the preceding  
34 calendar years.

35 (3) The amount of housing credit ceiling returned in the calendar  
36 year. For purposes of this paragraph, the amount of housing credit  
37 dollar amount returned in the calendar year equals the housing  
38 credit dollar amount previously allocated to any project that does  
39 not become a qualified low-income housing project within the  
40 period required by this section or to any project with respect to

1 which an allocation is canceled by mutual consent of the California  
2 Tax Credit Allocation Committee and the allocation recipient.

3 (4) (A) Of the amount allocated pursuant to subparagraph (B)  
4 of paragraph (1), twenty-five million dollars (\$25,000,000) per  
5 calendar year for projects to provide farmworker housing, as  
6 defined in subdivision (h) of Section 50199.7 of the Health and  
7 Safety Code.

8 (B) The amount of any unallocated or returned credits pursuant  
9 to this paragraph per calendar year shall be added to the aggregate  
10 amount of credits allocated pursuant to subparagraph (B) of  
11 paragraph (1).

12 (5) The amount of any unallocated or returned credits under  
13 former Sections 17053.14, 23608.2, and 23608.3, as those sections  
14 read prior to January 1, 2009, until fully exhausted for projects to  
15 provide farmworker housing, as defined in subdivision (h) of  
16 Section 50199.7 of the Health and Safety Code.

17 (h) The term “compliance period” as defined in Section 42(i)(1)  
18 of the Internal Revenue Code is modified to mean, with respect to  
19 any building, the period of 30 consecutive taxable years beginning  
20 with the first taxable year of the credit period with respect thereto.

21 (i) Section 42(j) of the Internal Revenue Code shall not be  
22 applicable and the following shall be substituted in its place:

23 The requirements of this section shall be set forth in a regulatory  
24 agreement between the California Tax Credit Allocation Committee  
25 and the housing sponsor, and the regulatory agreement shall be  
26 subordinated, when required, to any lien or encumbrance of any  
27 banks or other institutional lenders to the project. The regulatory  
28 agreement entered into pursuant to subdivision (f) of Section  
29 50199.14 of the Health and Safety Code shall apply, provided that  
30 the agreement includes all of the following provisions:

31 (1) A term not less than the compliance period.

32 (2) A requirement that the agreement be recorded in the official  
33 records of the county in which the qualified low-income housing  
34 project is located.

35 (3) A provision stating which state and local agencies can  
36 enforce the regulatory agreement in the event the housing sponsor  
37 fails to satisfy any of the requirements of this section.

38 (4) A provision that the regulatory agreement shall be deemed  
39 a contract enforceable by tenants as third-party beneficiaries thereto  
40 and that allows individuals, whether prospective, present, or former

1 occupants of the building, who meet the income limitation  
2 applicable to the building, the right to enforce the regulatory  
3 agreement in any state court.

4 (5) A provision incorporating the requirements of Section 42  
5 of the Internal Revenue Code as modified by this section.

6 (6) A requirement that the housing sponsor notify the California  
7 Tax Credit Allocation Committee or its designee if there is a  
8 determination by the Internal Revenue Service that the project is  
9 not in compliance with Section 42(g) of the Internal Revenue Code.

10 (7) A requirement that the housing sponsor, as security for the  
11 performance of the housing sponsor's obligations under the  
12 regulatory agreement, assign the housing sponsor's interest in rents  
13 that it receives from the project, provided that until there is a  
14 default under the regulatory agreement, the housing sponsor is  
15 entitled to collect and retain the rents.

16 (8) The remedies available in the event of a default under the  
17 regulatory agreement that is not cured within a reasonable cure  
18 period, include, but are not limited to, allowing any of the parties  
19 designated to enforce the regulatory agreement to collect all rents  
20 with respect to the project; taking possession of the project and  
21 operating the project in accordance with the regulatory agreement  
22 until the enforcer determines the housing sponsor is in a position  
23 to operate the project in accordance with the regulatory agreement;  
24 applying to any court for specific performance; securing the  
25 appointment of a receiver to operate the project; or any other relief  
26 as may be appropriate.

27 (j) (1) The committee shall allocate the housing credit on a  
28 regular basis consisting of two or more periods in each calendar  
29 year during which applications may be filed and considered. The  
30 committee shall establish application filing deadlines, the maximum  
31 percentage of federal and state low-income housing tax credit  
32 ceiling that may be allocated by the committee in that period, and  
33 the approximate date on which allocations shall be made. If the  
34 enactment of federal or state law, the adoption of rules or  
35 regulations, or other similar events prevent the use of two allocation  
36 periods, the committee may reduce the number of periods and  
37 adjust the filing deadlines, maximum percentage of credit allocated,  
38 and allocation dates.

39 (2) The committee shall adopt a qualified allocation plan, as  
40 provided in Section 42(m)(1) of the Internal Revenue Code. In

1 adopting this plan, the committee shall comply with the provisions  
2 of Sections 42(m)(1)(B) and 42(m)(1)(C) of the Internal Revenue  
3 Code, respectively.

4 (3) Notwithstanding Section 42(m) of the Internal Revenue  
5 Code the California Tax Credit Allocation Committee shall allocate  
6 housing credits in accordance with the qualified allocation plan  
7 and regulations, which shall include the following provisions:

8 (A) All housing sponsors, as defined by paragraph (3) of  
9 subdivision (a), shall demonstrate at the time the application is  
10 filed with the committee that the project meets the following  
11 threshold requirements:

12 (i) The housing sponsor shall demonstrate there is a need for  
13 low-income housing in the community or region for which it is  
14 proposed.

15 (ii) The project's proposed financing, including tax credit  
16 proceeds, shall be sufficient to complete the project and shall be  
17 adequate to operate the project for the extended use period.

18 (iii) The project shall have enforceable financing commitments,  
19 either construction or permanent financing, for at least 50 percent  
20 of the total estimated financing of the project.

21 (iv) The housing sponsor shall have and maintain control of the  
22 site for the project.

23 (v) The housing sponsor shall demonstrate that the project  
24 complies with all applicable local land use and zoning ordinances.

25 (vi) The housing sponsor shall demonstrate that the project  
26 development team has the experience and the financial capacity  
27 to ensure project completion and operation for the extended use  
28 period.

29 (vii) The housing sponsor shall demonstrate the amount of tax  
30 credit that is necessary for the financial feasibility of the project  
31 and its viability as a qualified low-income housing project  
32 throughout the extended use period, taking into account operating  
33 expenses, a supportable debt service, reserves, funds set aside for  
34 rental subsidies and required equity, and a development fee that  
35 does not exceed a specified percentage of the eligible basis of the  
36 project prior to inclusion of the development fee in the eligible  
37 basis, as determined by the committee.

38 (B) The committee shall give a preference to those projects  
39 satisfying all of the threshold requirements of subparagraph (A)  
40 if both of the following apply:

1 (i) The project serves the lowest income tenants at rents  
2 affordable to those tenants.

3 (ii) The project is obligated to serve qualified tenants for the  
4 longest period.

5 (C) In addition to the provisions of subparagraphs (A) and (B),  
6 the committee shall use the following criteria in allocating housing  
7 credits:

8 (i) Projects serving large families in which a substantial number,  
9 as defined by the committee, of all residential units are low-income  
10 units with three or more bedrooms.

11 (ii) Projects providing single-room occupancy units serving  
12 very low income tenants.

13 (iii) (I) Existing projects that are “at risk of conversion.”

14 (II) For purposes of this section, the term “at risk of conversion,”  
15 with respect to an existing property means a property that satisfies  
16 all of the following criteria:

17 (ia) The property is a multifamily rental housing development  
18 in which at least 50 percent of the units receive governmental  
19 assistance pursuant to any of the following:

20 (Ia) New construction, substantial rehabilitation, moderate  
21 rehabilitation, property disposition, and loan management set-aside  
22 programs, or any other program providing project-based assistance  
23 pursuant to Section 8 of the United States Housing Act of 1937,  
24 Section 1437f of Title 42 of the United States Code, as amended.

25 (Ib) The Below-Market-Interest-Rate Program pursuant to  
26 Section 221(d)(3) of the National Housing Act, Sections  
27 1715l(d)(3) and (5) of Title 12 of the United States Code.

28 (Ic) Section 236 of the National Housing Act, Section 1715z-1  
29 of Title 12 of the United States Code.

30 (Id) Programs for rent supplement assistance pursuant to Section  
31 18 101 of the Housing and Urban Development Act of 1965,  
32 Section 1701s of Title 12 of the United States Code, as amended.

33 (Ie) Programs pursuant to Section 515 of the Housing Act of  
34 1949, Section 1485 of Title 42 of the United States Code, as  
35 amended.

36 (If) The low-income housing credit program set forth in Section  
37 42 of the Internal Revenue Code.

38 (ib) The restrictions on rent and income levels will terminate  
39 or the federal insured mortgage on the property is eligible for

1 prepayment any time within five years before or after the date of  
2 application to the California Tax Credit Allocation Committee.

3 (ic) The entity acquiring the property enters into a regulatory  
4 agreement that requires the property to be operated in accordance  
5 with the requirements of this section for a period equal to the  
6 greater of 55 years or the life of the property.

7 (id) The property satisfies the requirements of Section 42(e) of  
8 the Internal Revenue Code, regarding rehabilitation expenditures  
9 except that the provisions of Section 42(e)(3)(A)(ii)(I) shall not  
10 apply.

11 (iv) Projects for which a public agency provides direct or indirect  
12 long-term financial support for at least 15 percent of the total  
13 project development costs or projects for which the owner's equity  
14 constitutes at least 30 percent of the total project development  
15 costs.

16 (v) Projects that provide tenant amenities not generally available  
17 to residents of low-income housing projects.

18 (4) For purposes of allocating credits pursuant to this section,  
19 the committee shall not give preference to any project by virtue  
20 of the date of submission of its application except to break a tie  
21 when two or more of the projects have an equal rating.

22 (5) Not less than 20 percent of the low-income housing tax  
23 credits available annually under this section, Section 12206, and  
24 Section 17058 shall be set aside for allocation to rural areas as  
25 defined in Section 50199.21 of the Health and Safety Code. Any  
26 amount of credit set aside for rural areas remaining on or after  
27 October 31 of any calendar year shall be available for allocation  
28 to any eligible project. No amount of credit set aside for rural areas  
29 shall be considered available for any eligible project so long as  
30 there are eligible rural applications pending on October 31.

31 (k) Section 42(l) of the Internal Revenue Code shall be modified  
32 as follows:

33 The term "secretary" shall be replaced by the term "California  
34 Franchise Tax Board."

35 (l) In the case where the credit allowed under this section  
36 exceeds the "tax," the excess may be carried over to reduce the  
37 "tax" in the following year, and succeeding taxable years if  
38 necessary, until the credit has been exhausted.

39 (m) A project that received an allocation of a 1989 federal  
40 housing credit dollar amount shall be eligible to receive an

1 allocation of a 1990 state housing credit dollar amount, subject to  
2 all of the following conditions:

3 (1) The project was not placed in service prior to 1990.

4 (2) To the extent the amendments made to this section by the  
5 Statutes of 1990 conflict with any provisions existing in this section  
6 prior to those amendments, the prior provisions of law shall prevail.

7 (3) Notwithstanding paragraph (2), a project applying for an  
8 allocation under this subdivision shall be subject to the  
9 requirements of paragraph (3) of subdivision (j).

10 (n) The credit period with respect to an allocation of credit in  
11 1989 by the California Tax Credit Allocation Committee of which  
12 any amount is attributable to unallocated credit from 1987 or 1988  
13 shall not begin until after December 31, 1989.

14 (o) The provisions of Section 11407(a) of Public Law 101-508,  
15 relating to the effective date of the extension of the low-income  
16 housing credit, shall apply to calendar years after 1989.

17 (p) The provisions of Section 11407(c) of Public Law 101-508,  
18 relating to election to accelerate credit, shall not apply.

19 (q) (1) A corporation may elect to assign any portion of any  
20 credit allowed under this section to one or more affiliated  
21 corporations for each taxable year in which the credit is allowed.  
22 For purposes of this subdivision, “affiliated corporation” has the  
23 meaning provided in subdivision (b) of Section 25110, as that  
24 section was amended by Chapter 881 of the Statutes of 1993, as  
25 of the last day of the taxable year in which the credit is allowed,  
26 except that “100 percent” is substituted for “more than 50 percent”  
27 wherever it appears in the section, as that section was amended by  
28 Chapter 881 of the Statutes of 1993, and “voting common stock”  
29 is substituted for “voting stock” wherever it appears in the section,  
30 as that section was amended by Chapter 881 of the Statutes of  
31 1993.

32 (2) The election provided in paragraph (1):

33 (A) May be based on any method selected by the corporation  
34 that originally receives the credit.

35 (B) Shall be irrevocable for the taxable year the credit is allowed,  
36 once made.

37 (C) May be changed for any subsequent taxable year if the  
38 election to make the assignment is expressly shown on each of the  
39 returns of the affiliated corporations that assign and receive the  
40 credits.

1 (r) Any unused credit may continue to be carried forward, as  
2 provided in subdivision (l), until the credit has been exhausted.

3 (s) This section shall remain in effect on and after December  
4 1, 1990, for as long as Section 42 of the Internal Revenue Code,  
5 relating to low-income housing credit, remains in effect.

6 (t) The amendments to this section made by Chapter 1222 of  
7 the Statutes of 1993 shall apply only to taxable years beginning  
8 on or after January 1, 1994, except that paragraph (1) of subdivision  
9 (q), as amended, shall apply to taxable years beginning on or after  
10 January 1, 1993.

11 SEC. 4. This act provides for a tax levy within the meaning  
12 of Article IV of the California Constitution and shall go into  
13 immediate effect.

O

AMENDED IN ASSEMBLY AUGUST 19, 2016

AMENDED IN ASSEMBLY AUGUST 15, 2016

AMENDED IN ASSEMBLY JUNE 16, 2016

AMENDED IN ASSEMBLY JUNE 9, 2016

AMENDED IN SENATE MAY 5, 2016

AMENDED IN SENATE APRIL 28, 2016

AMENDED IN SENATE MARCH 30, 2016

**SENATE BILL**

**No. 879**

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**Introduced by Senator Beall**

**(Principal coauthor: Senator Glazer)**

**(Coauthors: Senators Allen, Cannella, Hill, Huff, and Monning)**

*(Coauthor: Assembly Member Chiu)*

January 15, 2016

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An act to add Part 16 (commencing with Section 54000) to Division 31 of the Health and Safety Code, relating to housing, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 879, as amended, Beall. Affordable Housing Bond Act of 2018.

Under existing law, there are programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, home ownership for very low and low-income households, and downpayment assistance for first-time home buyers.

Existing law also authorizes the issuance of bonds in specified amounts pursuant to the State General Obligation Bond Law and requires that proceeds from the sale of these bonds be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks.

This bill would enact the Affordable Housing Bond Act of 2018, which, if adopted, would authorize the issuance of bonds in the amount of \$3,000,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds would be used to finance various existing housing programs, as well as infill infrastructure financing and affordable housing matching grant programs, as provided.

The bill would provide for submission of the bond act to the voters at the November 6, 2018, statewide general election in accordance with specified law.

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

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

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

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

3 (a) California is experiencing an extreme housing shortage with  
4 2.2 million extremely low income and very low income renter  
5 households competing for only 664,000 affordable rental homes.  
6 This leaves more than 1.54 million of California's lowest income  
7 households without access to affordable housing.

8 (b) While homelessness across the United States is in an overall  
9 decline, homelessness in California is rising. In 2015, California  
10 had 115,738 homeless people, which accounted for 21 percent of  
11 the nation's homeless population. This is an increase of 1.6 percent  
12 from the prior year. California also had the highest rate of  
13 unsheltered people, at 64 percent or 73,699 people; the largest  
14 numbers of unaccompanied homeless children and youth, at 10,416  
15 people or 28 percent of the national total; the largest number of  
16 veterans experiencing homelessness, at 11,311 or 24 percent of  
17 the national homeless veteran population; and the second largest

1 number of people in families with chronic patterns of homelessness,  
2 at 22,582 or 11 percent of the state’s homeless family population.

3 (c) California is home to 21 of the 30 most expensive rental  
4 housing markets in the country, which has had a disproportionate  
5 impact on the middle class and the working poor. California  
6 requires the third highest wage in the country to afford housing,  
7 behind Hawaii and Washington, D.C. The fair market rent, which  
8 indicates the amount of money that a given property would require  
9 if it were open for leasing, for a two-bedroom apartment is \$1,386.  
10 To afford this level of rent and utilities, without paying more than  
11 30 percent of income on housing, a household must earn an hourly  
12 “housing wage” of \$26.65 per hour. This means that a person  
13 earning minimum wage must work an average of three jobs to pay  
14 the rent for a two-bedroom unit. In some areas of the state, these  
15 numbers are even higher.

16 (d) Low-income families are forced to spend more and more of  
17 their income on rent, which leaves little else for other basic  
18 necessities. Many renters must postpone or forgo home ownership,  
19 live in more crowded housing, commute further to work, or, in  
20 some cases, choose to live and work elsewhere.

21 (e) California has seen a significant reduction of state funding  
22 in recent years. The funds from Proposition 46 of 2002 and  
23 Proposition 1C of 2006, totaling nearly \$5 billion for a variety of  
24 affordable housing programs, have been expended. Combined with  
25 the loss of redevelopment funds, \$1.5 billion of annual state  
26 investment dedicated to housing has been lost, leaving several  
27 critical housing programs unfunded.

28 (f) High housing costs and the shortage of housing stock in  
29 California directly affect the future health of California’s economy  
30 and, given the staggering numbers indicated above, bold action is  
31 necessary. Investment in existing and successful housing programs  
32 to expand the state’s housing stock should benefit California’s  
33 homeless and low-income earners, as well as some of the state’s  
34 most vulnerable populations, including foster and at-risk youth,  
35 persons with developmental and physical disabilities, farmworkers,  
36 the elderly, single parents with children, and survivors of domestic  
37 violence. Investments should also be made in housing for Medi-Cal  
38 recipients served through a county’s Section 1115 Waiver Whole  
39 Person Care Pilot program and family day care providers.

1 (g) Investment in housing creates jobs and provides local  
 2 benefits. The estimated one-year impacts of building 100 rental  
 3 apartments in a typical local area include \$11.7 million in local  
 4 income, \$2.2 million in taxes and other revenue for local  
 5 governments, and 161 local jobs or 1.62 jobs per apartment. The  
 6 additional annually recurring impacts of building 100 rental  
 7 apartments in a typical local area include \$2.6 million in local  
 8 income, \$503,000 in taxes and other revenue for local governments,  
 9 and 44 local jobs or .44 jobs per apartment.

10 SEC. 2. Part 16 (commencing with Section 54000) is added to  
 11 Division 31 of the Health and Safety Code, to read:

12  
 13 PART 16. AFFORDABLE HOUSING BOND ACT OF 2018

14  
 15 CHAPTER 1. GENERAL PROVISIONS

16  
 17 54000. This part shall be known, and may be cited, as the  
 18 Affordable Housing Bond Act of 2018.

19 54002. As used in this part, the following terms have the  
 20 following meanings:

21 (a) "Board" means the Department of Housing and Community  
 22 Development for programs administered by the department, and  
 23 the California Housing Finance Agency for programs administered  
 24 by the agency.

25 (b) "Committee" means the Housing Finance Committee created  
 26 pursuant to Section 53524 and continued in existence pursuant to  
 27 Sections 53548 and 54014.

28 (c) "Fund" means the Affordable Housing Bond Act Trust Fund  
 29 of 2018 created pursuant to Section 54006.

30 54004. This part shall only become operative upon adoption  
 31 by the voters at the November 6, 2018, statewide general election.

32  
 33 CHAPTER 2. AFFORDABLE HOUSING BOND ACT TRUST FUND  
 34 OF 2018 AND PROGRAM

35  
 36 54006. The Affordable Housing Bond Act Trust Fund of 2018  
 37 is hereby created within the State Treasury. It is the intent of the  
 38 Legislature that the proceeds of bonds deposited in the fund shall  
 39 be used to fund the housing-related programs described in this  
 40 chapter. The proceeds of bonds issued and sold pursuant to this

1 part for the purposes specified in this chapter shall be allocated in  
2 the following manner:

3 (a) One billion five hundred million dollars (\$1,500,000,000)  
4 to be deposited in the Multifamily Housing Account, which is  
5 hereby created in the fund. Upon appropriation by the Legislature,  
6 the moneys in the account may be appropriated for the Multifamily  
7 Housing Program authorized by Chapter 6.7 (commencing with  
8 Section 50675) of Part 2, to be expended to assist in the new  
9 construction, rehabilitation, and preservation of permanent and  
10 transitional rental housing for persons with incomes of up to 60  
11 percent of the area median income (AMI).

12 (b) Six hundred million dollars (\$600,000,000) to be deposited  
13 in the Transit-Oriented Development and Infill Infrastructure  
14 Account, which is hereby created within the fund. The moneys in  
15 the account shall be used for the following purposes:

16 (1) ~~Three—Two~~ hundred million dollars ~~(\$300,000,000)~~  
17 ~~(\$200,000,000)~~ to be deposited into the Transit-Oriented  
18 Development Implementation Fund, established pursuant to Section  
19 53561, for expenditure, upon appropriation by the Legislature,  
20 pursuant to the Transit-Oriented Development Implementation  
21 Program authorized by Part 13 (commencing with Section 53560)  
22 to provide local assistance to cities, counties, cities and counties,  
23 transit agencies, and developers for the purpose of developing or  
24 facilitating the development of higher density uses within close  
25 proximity to transit stations that will increase public transit  
26 ridership. These funds may also be expended for any authorized  
27 purpose of this program.

28 (2) Three hundred million dollars (\$300,000,000) to be deposited  
29 in the Infill Infrastructure Financing Account, which is hereby  
30 created within the fund. Moneys in the account shall be available,  
31 upon appropriation by the Legislature, for infill incentive grants  
32 to assist in the new construction and rehabilitation of infrastructure  
33 that supports high-density affordable and mixed-income housing  
34 in locations designated as infill, including, but not limited to, any  
35 of the following:

36 (A) Park creation, development, or rehabilitation to encourage  
37 infill development.

38 (B) Water, sewer, or other public infrastructure costs associated  
39 with infill development.

1 (C) Transportation improvements related to infill development  
2 projects.

3 (D) Traffic mitigation.

4 These funds may also be expended for any authorized purpose  
5 of this program.

6 (3) *One hundred million dollars (\$100,000,000) to be deposited*  
7 *into the Building Equity and Growth in Neighborhoods (BEGIN)*  
8 *Program Fund, established pursuant to Section 50860, for*  
9 *expenditure, upon appropriation by the Legislature, pursuant to*  
10 *the BEGIN Program authorized by Chapter 14.5 (commencing*  
11 *with Section 50860) of Part 2 to make grants to qualifying cities,*  
12 *counties, or cities and counties that shall be used for downpayment*  
13 *assistance to qualifying first-time home buyers or low- and*  
14 *moderate-income buyers purchasing newly constructed homes in*  
15 *a BEGIN project. These funds may also be expended for any*  
16 *authorized purpose of this program.*

17 (c) Six hundred million dollars (\$600,000,000) to be deposited  
18 in the Special Populations Housing Account, which is hereby  
19 created within the fund. The moneys in the account shall be used  
20 for the following purposes:

21 (1) Three hundred million dollars (\$300,000,000) to be deposited  
22 in the Joe Serna, Jr. Farmworker Housing Grant Fund, established  
23 pursuant to Section 50517.5, for expenditure, upon appropriation  
24 by the Legislature, to fund grants or loans, or both, for local public  
25 entities, nonprofit corporations, limited liability companies, and  
26 limited partnerships, for the construction or rehabilitation of  
27 housing for agricultural employees and their families or for the  
28 acquisition of manufactured housing as part of a program to address  
29 and remedy the impacts of current and potential displacement of  
30 farmworker families from existing labor camps, mobilehome parks,  
31 or other housing. These funds may also be expended for any  
32 authorized purpose of this program.

33 (2) Three hundred million dollars (\$300,000,000) to be deposited  
34 in the Local Housing Trust Matching Grant Program Account,  
35 which is hereby created within the fund. Moneys in the account  
36 shall be available, upon appropriation by the Legislature, to fund  
37 competitive grants or loans to local housing trust funds that  
38 develop, own, lend, or invest in affordable housing and used to  
39 create pilot programs to demonstrate innovative, cost-saving  
40 approaches to creating or preserving affordable housing. Local

1 housing trust funds shall be derived on an ongoing basis from  
 2 private contribution or governmental sources that are not otherwise  
 3 restricted in use for housing programs. These funds may also be  
 4 expended for any authorized purpose of this program.

5 (d) Three hundred million dollars (\$300,000,000) to be deposited  
 6 in the Home Ownership Development Account, which is hereby  
 7 created within the fund. The moneys in the account shall be, upon  
 8 appropriation by the Legislature, available for the CalHome  
 9 Program authorized by Chapter 6 (commencing with Section  
 10 50650) of Part 2, to provide direct, forgivable loans to assist  
 11 development projects involving multiple home ownership units,  
 12 including single-family subdivisions, for self-help mortgage  
 13 assistance programs, and for manufactured homes. These funds  
 14 may also be expended for any authorized purpose of this program.

15 54008. (a) The Legislature may, from time to time, amend  
 16 any law related to programs to which funds are, or have been,  
 17 allocated pursuant to this chapter for the purposes of improving  
 18 the efficiency and effectiveness of those programs or to further  
 19 the goals of those programs.

20 (b) The Legislature may amend this chapter to reallocate the  
 21 proceeds of bonds issued and sold pursuant to this part among the  
 22 programs to which funds are to be allocated pursuant to this chapter  
 23 as necessary to effectively promote the development of affordable  
 24 housing in this state.

25

CHAPTER 3. FISCAL PROVISIONS

26

27

28 54010. Bonds in the total amount of three billion dollars  
 29 (\$3,000,000,000), exclusive of refunding bonds issued pursuant  
 30 to Section 54026, or so much thereof as is necessary as determined  
 31 by the committee, are hereby authorized to be issued and sold for  
 32 carrying out the purposes expressed in this part and to reimburse  
 33 the General Obligation Bond Expense Revolving Fund pursuant  
 34 to Section 16724.5 of the Government Code. All bonds herein  
 35 authorized which have been duly issued, sold, and delivered as  
 36 provided herein shall constitute valid and binding general  
 37 obligations of the state, and the full faith and credit of the state is  
 38 hereby pledged for the punctual payment of both principal of and  
 39 interest on those bonds when due.

1 54012. The bonds authorized by this part shall be prepared,  
2 executed, issued, sold, paid, and redeemed as provided in the State  
3 General Obligation Bond Law (Chapter 4 (commencing with  
4 Section 16720) of Part 3 of Division 4 of Title 2 of the Government  
5 Code), except subdivisions (a) and (b) of Section 16727 of the  
6 Government Code to the extent that those provisions are  
7 inconsistent with this part, and all of the provisions of that law as  
8 amended from time to time apply to the bonds and to this part,  
9 except as provided in Section 54028, and are hereby incorporated  
10 in this part as though set forth in full in this part.

11 54014. (a) Solely for the purpose of authorizing the issuance  
12 and sale, pursuant to the State General Obligation Bond Law, of  
13 the bonds authorized by this part, the committee is continued in  
14 existence. For the purposes of this part, the Housing Finance  
15 Committee is “the committee” as that term is used in the State  
16 General Obligation Bond Law.

17 (b) The committee may adopt guidelines establishing  
18 requirements for administration of its financing programs to the  
19 extent necessary to protect the validity of, and tax exemption for,  
20 interest on the bonds. The guidelines shall not constitute rules,  
21 regulations, orders, or standards of general application and are not  
22 subject to Chapter 3.5 (commencing with Section 11340) of Part  
23 1 of Division 3 of Title 2 of the Government Code.

24 (c) For the purposes of the State General Obligation Bond Law,  
25 the Department of Housing and Community Development is  
26 designated the “board” for programs administered by the  
27 department, and the California Housing Finance Agency is the  
28 “board” for programs administered by the agency.

29 54016. Upon request of the board stating that funds are needed  
30 for purposes of this part, the committee shall determine whether  
31 or not it is necessary or desirable to issue bonds authorized pursuant  
32 to this part in order to carry out the actions specified in Section  
33 54006, and, if so, the amount of bonds to be issued and sold.  
34 Successive issues of bonds may be authorized and sold to carry  
35 out those actions progressively, and are not required to be sold at  
36 any one time. Bonds may bear interest subject to federal income  
37 tax.

38 54018. There shall be collected annually, in the same manner  
39 and at the same time as other state revenue is collected, a sum of  
40 money in addition to the ordinary revenues of the state, sufficient

1 to pay the principal of, and interest on, the bonds each year. It is  
2 the duty of all officers charged by law with any duty in regard to  
3 the collections of state revenues to do or perform each and every  
4 act which is necessary to collect that additional sum.

5 54020. Notwithstanding Section 13340 of the Government  
6 Code, there is hereby appropriated from the General Fund in the  
7 State Treasury, for the purposes of this part, an amount that will  
8 equal the total of both of the following:

9 (a) The sum annually necessary to pay the principal of, and  
10 interest on, bonds issued and sold pursuant to this part, as the  
11 principal and interest become due and payable.

12 (b) The sum which is necessary to carry out Section 54024,  
13 appropriated without regard to fiscal years.

14 54022. The board may request the Pooled Money Investment  
15 Board to make a loan from the Pooled Money Investment Account,  
16 in accordance with Section 16312 of the Government Code, for  
17 purposes of this part. The amount of the request shall not exceed  
18 the amount of the unsold bonds that the committee has, by  
19 resolution, authorized to be sold, excluding any refunding bonds  
20 authorized pursuant to Section 54026, for purposes of this part,  
21 less any amount withdrawn pursuant to Section 54024. The board  
22 shall execute any documents as required by the Pooled Money  
23 Investment Board to obtain and repay the loan. Any amount loaned  
24 shall be deposited in the fund to be allocated in accordance with  
25 this part.

26 54024. For purposes of carrying out this part, the Director of  
27 Finance may, by executive order, authorize the withdrawal from  
28 the General Fund of any amount or amounts not to exceed the  
29 amount of the unsold bonds that the committee has, by resolution,  
30 authorized to be sold, excluding any refunding bonds authorized  
31 pursuant to Section 54026, for purposes of this part, less any  
32 amount withdrawn pursuant to Section 54022. Any amounts  
33 withdrawn shall be deposited in the fund to be allocated in  
34 accordance with this part. Any moneys made available under this  
35 section shall be returned to the General Fund, plus the interest that  
36 the amounts would have earned in the Pooled Money Investment  
37 Account, from moneys received from the sale of bonds which  
38 would otherwise be deposited in that fund.

39 54026. The bonds may be refunded in accordance with Article  
40 6 (commencing with Section 16780) of Chapter 4 of Part 3 of

1 Division 4 of Title 2 of the Government Code. Approval by the  
2 electors of this act shall constitute approval of any refunding bonds  
3 issued to refund bonds issued pursuant to this part, including any  
4 prior issued refunding bonds. Any bond refunded with the proceeds  
5 of a refunding bond as authorized by this section may be legally  
6 defeased to the extent permitted by law in the manner and to the  
7 extent set forth in the resolution, as amended from time to time,  
8 authorizing that refunded bond.

9 54028. Notwithstanding any provisions in the State General  
10 Obligation Bond Law, the maturity date of any bonds authorized  
11 by this part shall not be later than 35 years from the date of each  
12 such bond. The maturity of each series shall be calculated from  
13 the date of each series.

14 54030. The Legislature hereby finds and declares that,  
15 inasmuch as the proceeds from the sale of bonds authorized by  
16 this part are not “proceeds of taxes” as that term is used in Article  
17 XIII B of the California Constitution, the disbursement of these  
18 proceeds is not subject to the limitations imposed by that article.

19 54032. Notwithstanding any provision of the State General  
20 Obligation Bond Law with regard to the proceeds from the sale of  
21 bonds authorized by this part that are subject to investment under  
22 Article 4 (commencing with Section 16470) of Chapter 3 of Part  
23 2 of Division 4 of Title 2 of the Government Code, the Treasurer  
24 may maintain a separate account for investment earnings, may  
25 order the payment of those earnings to comply with any rebate  
26 requirement applicable under federal law, and may otherwise direct  
27 the use and investment of those proceeds so as to maintain the  
28 tax-exempt status of tax-exempt bonds and to obtain any other  
29 advantage under federal law on behalf of the funds of this state.

30 54034. All moneys derived from premiums and accrued interest  
31 on bonds sold pursuant to this part shall be transferred to the  
32 General Fund as a credit to expenditures for bond interest;  
33 provided, however, that amounts derived from premiums may be  
34 reserved and used to pay the costs of issuance of the related bonds  
35 prior to transfer to the General Fund.

36 SEC. 3. Section 2 of this act shall become operative upon the  
37 adoption by the voters of the Affordable Housing Bond Act of  
38 2018.

1 SEC. 4. Section 2 of this act shall be submitted by the Secretary  
2 of State to the voters at the November 6, 2018, statewide general  
3 election.

4 SEC. 5. This act is an urgency statute necessary for the  
5 immediate preservation of the public peace, health, or safety within  
6 the meaning of Article IV of the Constitution and shall go into  
7 immediate effect. The facts constituting the necessity are:

8 In order to maximize the time available for the analysis and  
9 preparation of the bond act proposed by Section 2 of this act, it is  
10 necessary that this act take effect immediately.

O

## Senate Bill No. 1030

### CHAPTER 151

An act to repeal Section 181016 of the Public Utilities Code, relating to the Sonoma County Regional Climate Protection Authority.

[Approved by Governor August 19, 2016. Filed with Secretary of State August 19, 2016.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 1030, McGuire. Sonoma County Regional Climate Protection Authority.

Existing law, until December 1, 2019, creates the Sonoma County Regional Climate Protection Authority. Existing law provides for the authority to be governed by the same board as that governing the Sonoma County Transportation Authority and imposes certain duties on the authority. Existing law authorizes the authority to perform coordination and implementation activities within the boundaries of the County of Sonoma, in cooperation with local agencies, as defined, that elect to participate, to assist those agencies in meeting their greenhouse gas emissions reduction goals. Existing law authorizes the authority to develop, coordinate, and implement programs and policies to comply with the California Global Warming Solutions Act of 2006 and other federal or state mandates and programs designed to respond to greenhouse gas emissions and climate change.

This bill would extend these provisions indefinitely. By extending the duties of the Sonoma County Regional Climate Protection Authority, the 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.

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

SECTION 1. Section 181016 of the Public Utilities Code is repealed.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district are the result of a program for which legislative authority was requested by that local agency

or school district, within the meaning of Section 17556 of the Government Code and Section 6 of Article XIII B of the California Constitution.

O

**Introduced by Senator McGuire  
(Coauthor: Senator Wolk)**  
(Coauthors: Assembly Members Levine and Wood)

February 18, 2016

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An act to amend Section 6586.7 of, and to add Section 6588.8 to, the Government Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 1233, as introduced, McGuire. Joint powers authorities: Water Bill Savings Act.

Existing law, the Marks-Roos Local Bond Pooling Act of 1985, authorizes joint powers authorities, among other powers, to issue bonds and loan the proceeds to local agencies to finance specified types of projects and programs.

This bill would enact the Water Bill Savings Act, which would authorize a joint powers authority to provide funding for a customer of a local agency or its publicly owned utility to acquire, install, or repair a water efficiency improvement on the customer's property served by the local agency or its publicly owned utility. The bill would require the customer to repay the authority through an efficiency charge on the customer's water bill to be imposed and collected by the local agency or its publicly owned utility on behalf of the authority pursuant to a servicing agreement. The bill would authorize the authority to issue bonds to fund the program.

Vote: majority. Appropriation: no. Fiscal committee: no.  
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) Water conservation efforts are indispensable to combating  
4 the current and continuing drought conditions faced by the state  
5 and advancing the state's greenhouse gas emission reduction goals.

6 (b) The up-front cost of acquiring, installing, and repairing water  
7 efficiency improvements is often prohibitive and may prevent  
8 customers from using them on residential, commercial, industrial,  
9 agricultural, or other real property.

10 (c) Increasing customer water efficiency is a core component  
11 of the provision of water utility service.

12 SEC. 2. (a) It is the intent of the Legislature to make water  
13 efficiency improvements more affordable and promote the  
14 acquisition, installation, and repair of those improvements by  
15 allowing local agencies to establish a mechanism by which they  
16 may help their water customers to acquire, install, and repair water  
17 efficiency improvements on privately owned customer properties.

18 (b) It is the intent of the Legislature that this act authorize the  
19 development of a program to be established by a joint powers  
20 authority that would provide a water customer with an alternative  
21 and voluntary means to acquire, install, or repair water efficiency  
22 improvements. It is further the intent of the Legislature that the  
23 cost of this voluntarily acquired, installed, or repaired water  
24 efficiency improvement be repaid through an efficiency charge  
25 added to the water bill associated with the customer property upon  
26 which the water efficiency improvement is located.

27 SEC. 3. Section 6586.7 of the Government Code, as added by  
28 Section 4 of Chapter 723 of the Statutes of 2000, is amended to  
29 read:

30 6586.7. (a) A copy of the resolution adopted by an authority  
31 authorizing bonds or any issuance of bonds, or accepting the benefit  
32 of any bonds or proceeds of bonds, except bonds issued or  
33 authorized pursuant to Article 1 (commencing with Section 6500),  
34 or bonds issued for the purposes specified in subdivision (c) of  
35 Section 6586.5, shall be sent by certified mail to the Attorney  
36 General and the California Debt and Investment Advisory  
37 Commission not later than five days after adoption by the authority.

38 (b) This section does not apply to bonds:

- 1 (1) Specified in subdivision (c) of Section 6586.5.
- 2 (2) Issued pursuant to the Community Redevelopment Law,  
3 Part 1 (commencing with Section 33000) of Division 24 of the  
4 Health and Safety Code.
- 5 (3) To finance transportation facilities and vehicles.
- 6 (4) To finance a facility that is located within the boundaries of  
7 an authority, provided that the authority that issues those bonds  
8 consists of any of the following:
- 9 (A) Local agencies with overlapping boundaries.
- 10 (B) A county and a local agency or local agencies located  
11 entirely within that county.
- 12 (C) A city and a local agency or local agencies located entirely  
13 within that city.
- 14 (5) To finance a facility for which an authority has received an  
15 allocation from the California Debt Limit Allocation Committee.
- 16 (6) Of an authority that consists of no less than 250 local  
17 agencies and the agreement that established that authority requires  
18 the governing body of the local agency that is a member of the  
19 authority in whose jurisdiction the facility will be located to  
20 approve the facility and the issuance of the bonds.
- 21 (7) *Issued pursuant to Section 6588.8.*
- 22 SEC. 4. Section 6588.8 is added to the Government Code, to  
23 read:
- 24 6588.8. (a) This section shall be known and may be cited as  
25 the Water Bill Savings Act.
- 26 (b) For purposes of this section, the following terms have the  
27 following meanings:
- 28 (1) “Customer” means a person or entity that purchases water  
29 from a local agency or its publicly owned utility and is billed for  
30 the water by the local agency or its publicly owned utility.
- 31 (2) “Customer property” means residential, commercial,  
32 industrial, agricultural, or other real property owned by the  
33 customer.
- 34 (3) “Efficiency charge” means a charge on a customer’s water  
35 bill that is paid by the customer directly to the local agency or its  
36 publicly owned utility in order to pay for an efficiency  
37 improvement pursuant to this section.
- 38 (4) “Efficiency improvement” means a water efficiency  
39 improvement, as defined by the authority.
- 40 (5) “Financing costs” mean all of the following:

1 (A) An interest and redemption premium payable on a bond.

2 (B) The cost of retiring the principal of a bond, whether at  
3 maturity, including acceleration of maturity upon an event of  
4 default, or upon redemption, including sinking fund redemption.

5 (C) A cost related to issuing or servicing bonds, including, but  
6 not limited to, a servicing fee, trustee fee, legal fee, administrative  
7 fee, bond counsel fee, bond placement or underwriting fee,  
8 remarketing fee, broker dealer fee, independent manager fee,  
9 municipal adviser fee, accounting report fee, engineering report  
10 fee, rating agency fee, and payment made under an interest rate  
11 swap agreement.

12 (D) A payment or expense associated with a bond insurance  
13 policy, financial guaranty, or a contract, agreement, or other credit  
14 enhancement for bonds or a contract, agreement, or other financial  
15 agreement entered into in connection with a bond.

16 (E) The funding of one or more reserve accounts related to a  
17 bond.

18 (6) “Local agency” means a “local government” as defined in  
19 subdivision (b) of Section 1 of Article XIII C of the California  
20 Constitution.

21 (7) “Publicly owned utility” means a utility furnishing water  
22 service to customers that is owned and operated by a local agency  
23 or a department or other subdivision of a local agency and includes  
24 any successor to the powers and functions of the department or  
25 other subdivision.

26 (8) “Servicing agreement” means an agreement between a local  
27 agency or its publicly owned utility and the authority for the  
28 collection of the efficiency charge, pursuant to which the local  
29 agency or its publicly owned utility acts as a servicing agent for  
30 purposes of collecting the efficiency charge for the authority.

31 (c) (1) Notwithstanding any other law, if the requirements of  
32 paragraphs (2) and (3) are met, an authority may provide funding  
33 for a customer of a local agency or its publicly owned utility to  
34 acquire, install, or repair an efficiency improvement on a customer  
35 property served by the local agency or its publicly owned utility.

36 (2) (A) The authority, by resolution, establishes or extends a  
37 program to provide funding for a customer of a local agency or its  
38 publicly owned utility to acquire, install, or repair an efficiency  
39 improvement on a customer property served by the local agency

1 or its publicly owned utility. The resolution shall do all of the  
2 following:

3 (i) Identify the geographic area in the state in which the authority  
4 intends to operate the program.

5 (ii) Approve a standardized servicing agreement.

6 (iii) Authorize one or more designated officials of the authority  
7 to execute and deliver the servicing agreement on behalf of the  
8 authority.

9 (B) The authority acknowledges receipt of the resolution  
10 described in paragraph (3).

11 (C) The authority may determine that all proceedings were valid  
12 and in conformity with the requirements of this paragraph and that  
13 finding shall be final and conclusive.

14 (3) The legislative body of the local agency requests the  
15 authority to provide funding for its customers through a program  
16 established by the authority pursuant to this section by doing all  
17 of the following:

18 (A) The legislative body adopts a resolution declaring its  
19 intention to request the authority to establish or extend a program  
20 to a customer represented by the legislative body, calling for a  
21 public hearing that shall be held at least 30 days later and directing  
22 the clerk or secretary of the legislative body to publish a notice of  
23 the hearing at least five days before the hearing in a newspaper of  
24 general circulation in the boundaries of the local agency. If the  
25 local agency wishes to pledge its water enterprise revenue as  
26 security for the payment of the principal of, and interest and  
27 redemption premium on, bonds issued by the authority in the event  
28 that efficiency charges are insufficient for those purposes pursuant  
29 to paragraph (4) of subdivision (f), the legislative body shall declare  
30 that intention in the resolution.

31 (B) The legislative body conducts the noticed public hearing  
32 and, after considering the testimony of any interested person,  
33 concludes that the program and the proposed pledge of water  
34 enterprise revenue, if applicable, would provide significant public  
35 benefits in accordance with the criteria specified in Section 6586.

36 (C) The legislative body adopts a resolution that does all of the  
37 following:

38 (i) Authorizes the authority to establish or extend a program  
39 pursuant to this section within the boundaries of the local agency.

1 (ii) Declares that the operation of the program by the authority  
2 in the local agency's geographic boundaries would provide  
3 significant public benefits in accordance with the criteria specified  
4 in Section 6586.

5 (iii) Approves the standardized servicing agreement and  
6 authorizes one or more designated officials of the local agency to  
7 execute and deliver the servicing agreement with the authority.

8 (iv) If applicable, approves the pledge of water enterprise  
9 revenue as security for the payment of the principal of, and interest  
10 and redemption premium on, bonds issued by the authority in the  
11 event that efficiency charges are insufficient for those purposes.

12 (v) If applicable, authorizes execution and delivery of one or  
13 more pledge agreements to evidence a pledge.

14 (vi) In the resolution, the legislative body may determine that  
15 all proceedings were valid and in conformity with the requirements  
16 of this section and that finding shall be final and conclusive.

17 (d) (1) Subject to the requirements of Article XIII C or Article  
18 XIII D of the California Constitution, a customer shall repay the  
19 authority through an efficiency charge on the customer's water  
20 bill that is imposed and collected by the local agency or its publicly  
21 owned utility. The imposition of the efficiency charge shall be  
22 made and evidenced by a written agreement between the customer,  
23 the authority, and the local agency or its publicly owned utility.  
24 The use of the proceeds of the efficiency charge to repay the costs  
25 of the efficiency improvement constitutes a "water" service, as  
26 defined in subdivision (m) of Section 53750.

27 (2) The written agreement shall include all of the following:

28 (A) An agreement by the customer to pay an efficiency charge  
29 for the period and in the amount specified in the agreement unless  
30 the efficiency charge is prepaid in the manner set forth in the  
31 agreement. The period designated for repayment shall not exceed  
32 the estimated useful life of the funded efficiency improvements.

33 (B) A description of the financial calculation, formula, or other  
34 method that the authority used to determine the efficiency charge.  
35 The efficiency charge may include a component for reasonable  
36 administrative expenses incurred by the local agency or its publicly  
37 owned utility and the authority in connection with the program  
38 and the funding.

39 (C) A description of the efficiency improvement funded with  
40 the efficiency charge. A determination in the agreement that an

1 improvement is an efficiency improvement shall be final and  
2 conclusive.

3 (D) A representation by the customer that the customer intends  
4 to acquire, install, or repair and use the efficiency improvement  
5 on the customer's property for the useful life of the efficiency  
6 improvement. Any failure by the customer to acquire, install, or  
7 repair and use the efficiency improvement on the customer's  
8 property for the useful life of the efficiency improvement shall not  
9 affect the customer's obligation to pay the efficiency charge as set  
10 forth in the agreement.

11 (3) Notwithstanding any other provision of this section, an  
12 efficiency charge shall not exceed the maximum rate permitted  
13 under Article XIII D of the California Constitution.

14 (4) The timely and complete payment of an efficiency charge  
15 by a customer that has agreed to pay an efficiency charge may be  
16 a condition of receiving water service from the local agency or its  
17 publicly owned utility, and a local agency and its publicly owned  
18 utility are authorized to use their established collection policies  
19 and all rights and remedies provided by law to enforce payment  
20 and collection of the efficiency charge. A person liable for an  
21 efficiency charge shall not be entitled or authorized to withhold  
22 payment, in whole or in part, of the efficiency charge for any  
23 reason.

24 (5) A customer's obligation to pay the efficiency charge shall  
25 run with title to the customer property on which the efficiency  
26 improvement is located until repaid in full. A local agency or its  
27 publicly owned utility may record notice of an efficiency charge  
28 in the records of the county recorder of the county in which the  
29 customer's property is located and that notice shall impart notice  
30 of the efficiency charge to all persons. Any failure by the local  
31 agency or its publicly owned utility to record that notice shall not  
32 excuse an owner of the customer property, on which the funded  
33 improvement is located, from the obligation to pay the efficiency  
34 charge.

35 (6) Because the efficiency charge is a voluntary charge that will  
36 be made pursuant to a written agreement between the customer,  
37 the authority, and the local agency or its publicly owned utility,  
38 the Legislature finds and declares that voluntary efficiency charges  
39 under this section are not taxes, assessments, fees, or charges for  
40 the purposes of Articles XIII C and XIII D of the California

1 Constitution and therefore the provisions of Articles XIII C and  
2 XIII D and Article 4.6 (commencing with Section 53750) of  
3 Chapter 4 of Part 1 of Division 2 of Title 5 of the Government  
4 Code are not applicable to voluntary efficiency charges levied  
5 pursuant to this section. Furthermore, a program established  
6 pursuant to this section provides a “water” service, as defined in  
7 subdivision (m) of Section 53750.

8 (e) (1) The authority and a local agency or its publicly owned  
9 utility shall enter into a servicing agreement for the collection of  
10 one or more efficiency charges and the local agency or its publicly  
11 owned utility shall act as a servicing agent for purposes of  
12 collecting the efficiency charge.

13 (2) Moneys collected as an efficiency charge by the local agency  
14 or its publicly owned utility, acting as a servicing agent on behalf  
15 of the authority, shall be held in trust for the exclusive benefit of  
16 the persons entitled to the financing costs to be paid, directly or  
17 indirectly, from the efficiency charge and shall not lose their  
18 character as revenues of the authority because the local agency or  
19 its publicly owned utility possesses them.

20 (3) In the servicing agreement, the local agency or its publicly  
21 owned utility shall contract with the authority that the local agency  
22 or its publicly owned utility will continue to operate its publicly  
23 owned utility system to provide service to its customers, will, as  
24 servicer, collect the efficiency charge for the benefit and account  
25 of the authority and, if applicable, the beneficiaries of the pledge  
26 of the efficiency charge, and will account for and remit these  
27 amounts to, or for the account of, the authority.

28 (4) The servicing agreement shall provide that the obligation to  
29 pay the efficiency charge shall run with title to the customer  
30 property on which the efficiency improvement is located until the  
31 authority is fully repaid. When the property is not owner occupied,  
32 the servicing agreement shall provide that the obligation to pay  
33 the efficiency charge appear in the terms through which the  
34 customer leases or licenses the property for occupancy.

35 (5) In the servicing agreement, the local agency or its publicly  
36 owned utility may agree that the timely and complete payment of  
37 all efficiency charges by a customer that has agreed to pay an  
38 efficiency charge shall be a condition of receiving service from  
39 the publicly owned utility, and the local agency or its publicly  
40 owned utility shall use their established collection policies and all

1 rights and remedies provided by law to enforce payment and  
2 collection of the efficiency charge.

3 (6) In the servicing agreement, the local agency or its publicly  
4 owned utility shall agree that in the event of default by the local  
5 agency or its publicly owned utility in payment of revenues arising  
6 with respect to the efficiency charge, the authority, upon the  
7 application by the beneficiaries of the authority’s pledge described  
8 in this section, and without limiting any other remedies available  
9 to the beneficiaries by reason of the default, shall order the  
10 sequestration and payment to the beneficiaries of revenues arising  
11 with respect to the efficiency charge.

12 (f) (1) The authority may issue one or more bonds for the  
13 purpose of providing funds for the acquisition, installation, and  
14 repair of an efficiency improvement on customer property pursuant  
15 to this section.

16 (2) An authority issuing a bond shall include in its preliminary  
17 notice and final report for the bonds submitted to the California  
18 Debt and Investment Advisory Commission pursuant to Section  
19 8855 a statement that the bond is being issued pursuant to this  
20 section.

21 (3) (A) The authority may, pursuant to Section 5451, pledge  
22 one or more efficiency charges as security for the bonds issued  
23 pursuant to this section. Revenue from an efficiency charge shall  
24 be deemed special revenue of the authority and shall not constitute  
25 revenue of the local agency or its publicly owned utility for any  
26 purpose, including without limitation any dedication, commitment,  
27 or pledge of revenue, receipts, or other income that the local agency  
28 or its publicly owned utility has made or will make for the security  
29 of any of its obligations.

30 (B) The validity and relative priority of a pledge created or  
31 authorized under this section is not defeated or adversely affected  
32 by the commingling of efficiency charge revenue with other  
33 moneys collected by a local agency or its publicly owned utility.

34 (4) Subject to the requirements of Article XIII C or Article XIII  
35 D of the California Constitution, a local agency may pledge water  
36 enterprise revenue as security for the payment of the principal of,  
37 and interest and redemption premium on, bonds issued by the  
38 authority in the event that efficiency charges are insufficient for  
39 those purposes, and may execute one or more pledge agreements,  
40 which shall be made pursuant to Section 5451, for the benefit of

1 the authority or for the exclusive benefit of the persons entitled to  
2 the financing costs to be paid from the efficiency charges.

3 (g) If a local agency for which bonds have been issued and  
4 remain outstanding ceases to operate a water utility, either directly  
5 or through its publicly owned utility, references in this section to  
6 the local agency or to its publicly owned utility shall be deemed  
7 to refer to the entity providing water utility services in lieu of the  
8 local agency and that entity shall assume and perform all  
9 obligations of the local agency or its publicly owned utility required  
10 by this section and the servicing agreement with the authority while  
11 the bonds remains outstanding.

12 (h) If the local agency, its publicly owned utility, and the  
13 authority have complied with the procedures set forth in this  
14 section, they shall not be required to comply with Section 6586.5.

15 (i) The provisions of this section are severable. If any provision  
16 of this section or its application is held invalid, that invalidity shall  
17 not affect other provisions or applications that can be given effect  
18 without the invalid provision or application.

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AMENDED IN SENATE AUGUST 29, 2016  
AMENDED IN SENATE AUGUST 24, 2016  
AMENDED IN SENATE APRIL 21, 2016  
AMENDED IN SENATE SEPTEMBER 1, 2015  
AMENDED IN SENATE AUGUST 25, 2015  
AMENDED IN SENATE JULY 14, 2015

CALIFORNIA LEGISLATURE—2015–16 FIRST EXTRAORDINARY SESSION

**SENATE BILL**

**No. 1**

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**Introduced by Senator Beall**

(Principal coauthor: Assembly Member Frazier)

**(Coauthors: Senators Allen, Hall, Hertzberg, McGuire, and  
Mendoza)**

June 22, 2015

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An act to amend Sections 13975, 14500, 14526.5, and 16965 of, to add Sections 14033, 14526.7, and 16321 to, to add Part 5.1 (commencing with Section 14460) to Division 3 of Title 2 of, and to repeal Section 14534.1 of, the Government Code, to amend Section 39719 of the Health and Safety Code, to amend Section 21080.37 of, and to add Division 13.6 (commencing with Section 21200) to, the Public Resources Code, to amend Section 99312.1 of the Public Utilities Code, to amend Sections 6051.8, 6201.8, 7360, 8352.4, 8352.5, 8352.6, and 60050 of the Revenue and Taxation Code, to amend Sections 183.1, 820.1, 2192, 2192.1, and 2192.2 of, to add Sections 2103.1 and 2192.4 to, and to add Chapter 2 (commencing with Section 2030) to Division 3 of, the Streets and Highways Code, and to add Sections 9250.3, 9250.6, and 9400.5 to the Vehicle Code, relating to transportation, making an

appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1, as amended, 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 \$0.17 per gallon increase in the motor vehicle fuel (gasoline) tax imposed by the bill with an inflation adjustment, as provided, an increase of \$38 in the annual vehicle registration fee with an inflation adjustment, as provided, a new \$165 annual vehicle registration fee with an inflation adjustment, as provided, applicable to zero-emission motor vehicles, as defined, and certain miscellaneous revenues described in (7) below that are not restricted as to expenditure by Article XIX of the California Constitution.

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 \$80,000,000 of the funds available for the program to be annually transferred to the State Highway Account for expenditure on the Active Transportation Program. The bill would require \$30,000,000 of the funds available for the program in each of 4 fiscal years beginning in 2017–18 to be transferred to the Advance Mitigation Fund created by the bill pursuant to (12) below. The bill would continuously appropriate \$2,000,000 annually of the funds available for the program to the California State University for the purpose of conducting transportation research and transportation-related workforce education, training, and development. 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.

The bill would also require the department to annually identify savings achieved through efficiencies implemented at the department and to propose, from the identified savings, an appropriation to be included in the annual Budget Act of up to \$70,000,000 from the State Highway Account for expenditure on the Active Transportation Program.

(2) Existing law establishes in state government the Transportation Agency, which includes various departments and state entities, including the California Transportation Commission. Existing law vests the California Transportation Commission with specified powers, duties, and functions relative to transportation matters. Existing law requires the commission to retain independent authority to perform the duties and functions prescribed to it under any provision of law.

This bill would exclude the California Transportation Commission from the Transportation Agency, establish it as an entity in state government, and require it to act in an independent oversight role. The bill would also make conforming changes.

(3) Existing law creates various state agencies, including the Department of Transportation, the High-Speed Rail Authority, the Department of the California Highway Patrol, the Department of Motor Vehicles, and the State Air Resources Board, with specified powers

and duties. Existing law provides for the allocation of state transportation funds to various transportation purposes.

This bill would create the Office of the Transportation Inspector General in state government, as an independent office that would not be a subdivision of any other government entity, to ensure that all of the above-referenced state agencies and all other state agencies expending state transportation funds are operating efficiently, effectively, and in compliance with federal and state laws. The bill would provide for the Governor to appoint the Transportation Inspector General for a 6-year term, subject to confirmation by the Senate, and would provide that the Transportation 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 Transportation Inspector General 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, 2017.

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

This bill would require the Department of Finance, on or before September 1, 2016, to compute the amount of outstanding loans made from specified transportation funds. The bill would require the Department of Transportation to prepare a loan repayment schedule and would require the outstanding loans to be repaid pursuant to that schedule, 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 cities and counties and to the department for maintenance of the state highway system and for purposes of the state highway operation and protection program.

(5) 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. Existing law continues the Trade Corridors

Improvement Fund in existence in order to receive revenues from sources other than the bond act for these purposes.

This bill would deposit the revenues attributable to a \$0.30 per gallon increase in the diesel fuel excise tax imposed by the bill into the Trade Corridors Improvement Fund. The bill would require revenues apportioned to the state from the national highway freight program established by the federal Fixing America's Surface Transportation Act to be allocated for trade corridor improvement projects approved pursuant to these provisions.

Existing law requires the commission, in determining projects eligible for funding, to consult various state freight and regional infrastructure and goods movement plans and the statewide port master plan.

This bill would delete consideration of the State Air Resources Board's Sustainable Freight Strategy and the statewide port master plan and would instead include consideration of the applicable port master plan when determining eligible projects for funding. The bill would also expand eligible projects to include rail landside access improvements, landside freight access improvements to airports, and certain capital and operational improvements.

(6) Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism relative to reduction of greenhouse gas emissions to be deposited in the Greenhouse Gas Reduction Fund. Existing law continuously appropriates 10% of the annual proceeds of the fund to the Transit and Intercity Rail Capital Program and 5% of the annual proceeds of the fund to the Low Carbon Transit Operations Program.

This bill would, beginning in the 2016–17 fiscal year, instead continuously appropriate 20% of those annual proceeds to the Transit and Intercity Rail Capital Program and 10% of those annual proceeds to the Low Carbon Transit Operations Program, thereby making an appropriation.

(7) Article XIX of the California Constitution restricts the expenditure of revenues from taxes imposed by the state on fuels used in motor vehicles upon public streets and highways to street and highway and certain mass transit purposes. Existing law requires certain miscellaneous revenues deposited in the State Highway Account that are not restricted as to expenditure by Article XIX of the California Constitution to be transferred to the Transportation Debt Service Fund in the State Transportation Fund, as specified, and requires the Controller

to transfer from the fund to the General Fund an amount of those revenues necessary to offset the current year debt service made from the General Fund on general obligation transportation bonds issued pursuant to Proposition 116 of 1990.

This bill would delete the transfer of these miscellaneous revenues to the Transportation Debt Service Fund, thereby eliminating the offsetting transfer to the General Fund for debt service on general obligation transportation bonds issued pursuant to Proposition 116 of 1990. The bill, subject to a specified exception, would instead require the miscellaneous revenues to be retained in the State Highway Account and to be deposited in the Road Maintenance and Rehabilitation Account.

(8) 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 July 1, 2016, would instead transfer to the Highway Users Tax Account for allocation to state and local transportation purposes under a specified formula the portion of gasoline excise tax revenues currently being deposited in the General Fund that are attributable to boats, agricultural vehicles, and off-highway vehicles. Because that account is continuously appropriated, the bill would make an appropriation.

(9) 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 the annual rate adjustment to maintain revenue neutrality for the gasoline and diesel excise tax rates and would reimpose the higher gasoline excise tax rate that was in effect on July

1, 2010, in addition to the increase in the rate described in paragraph (1).

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 revenues to the Controller for allocation by formula to transportation agencies for public transit purposes.

This bill would increase the additional sales and use tax on diesel fuel by an additional 3.5%. By increasing the revenues deposited in a continuously appropriated fund, the bill would thereby make an appropriation. The bill would restrict expenditures of revenues from this increase in the sales and use tax on diesel fuel to transit capital purposes and certain transit services and would require a recipient transit agency to comply with certain requirements, including submitting a list of proposed projects to the Department of Transportation, as a condition of receiving a portion of these funds. The bill would require an existing required audit of transit operator finances to verify that these new revenues have been expended in conformance with these specific restrictions and all other generally applicable requirements.

This bill would, beginning July 1, 2019, and every 3rd year thereafter, require the State Board of Equalization to recompute the gasoline and diesel excise tax rates and the additional sales and use tax rate on diesel fuel based upon the percentage change in the California Consumer Price Index transmitted to the board by the Department of Finance, as prescribed.

(10) 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 add to the program capital projects relative to the operation of those state highways and bridges. The 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 February 1, 2017, would also require the commission to make an allocation of all capital and support costs for each project in the program, and would require the department to submit a supplemental project allocation request to the commission for each project that experiences cost increases above the amounts in its allocation. The bill would require the commission to establish guidelines to provide exceptions to the requirement for a supplemental project allocation requirement that the commission determines are necessary to ensure that projects are not unnecessarily delayed.

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

This bill, notwithstanding these provisions or any other law, would only authorize specified percentages of weight fee revenues to be transferred from the State Highway Account to the Transportation Debt Service Fund, the Transportation Bond Direct Payment Account, or any other fund or account for the purpose of payment of the debt service on transportation general obligation bonds in accordance with a prescribed schedule and would prohibit the transfer of weight fee revenues from the State Highway Account after the 2020–21 fiscal year.

The bill would also prohibit loans of weight fee revenues to the General Fund.

(12) 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.

CEQA, until January 1, 2020, exempts a project or an activity to repair, maintain, or make minor alterations to an existing roadway, as defined, other than a state roadway, if the project or activity is carried out by a city or county with a population of less than 100,000 persons to improve public safety and meets other specified requirements.

This bill would extend the above-referenced exemption indefinitely and delete the limitation of the exemption to projects or activities in cities and counties with a population of less than 100,000 persons. The bill would also expand the exemption to include state roadways.

This bill would also establish the Advance Mitigation Program in the Department of Transportation. The bill would authorize the department to undertake mitigation measures in advance of construction of a planned transportation project. The bill would require the department to establish a steering committee to advise the department on advance mitigation measures and related matters. The bill would create the Advance Mitigation Fund as a continuously appropriated revolving fund, to be funded initially from the Road Maintenance and Rehabilitation Program pursuant to (1) above. The bill would provide for reimbursement of the revolving fund at the time a planned transportation project benefiting from advance mitigation is constructed.

(13) Existing federal law requires the United States Secretary of Transportation to carry out a surface transportation project delivery program, under which the participating states assume certain responsibilities for environmental review and clearance of transportation projects that would otherwise be the responsibility of the federal government. Existing law, until January 1, 2017, provides that the State of California consents to the jurisdiction of the federal courts with regard

to the compliance, discharge, or enforcement of the responsibilities the Department of Transportation assumed as a participant in this program.

This bill would delete the January 1, 2017, repeal date, thereby extending these provisions indefinitely.

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

Vote: <sup>2</sup>/<sub>3</sub>. Appropriation: yes. 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) Over the next 10 years, the state faces a \$59 billion shortfall  
4 to adequately maintain the existing state highway system in order  
5 to keep it in a basic state of good repair.

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

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

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

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

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

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

28 (h) Improving the condition of the state’s road system will have  
29 a positive impact on the economy as it lowers the transportation

1 costs of doing business, reduces congestion impacts for employees,  
2 and protects property values in the state.

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

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

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

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

13 (1) Ensure these transportation needs are addressed.

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

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

17 (4) Direct increased revenue to the state’s highest transportation  
18 needs.

19 SEC. 2. Section 13975 of the Government Code is amended  
20 to read:

21 13975. There is in the state government the Transportation  
22 Agency. The agency consists of the Department of the California  
23 Highway Patrol, the Department of Motor Vehicles, the Department  
24 of Transportation, the High-Speed Rail Authority, and the Board  
25 of Pilot Commissioners for the Bays of San Francisco, San Pablo,  
26 and Suisun.

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

29 14033. On or before January 1, 2017, the department shall  
30 update the Highway Design Manual to incorporate the “complete  
31 streets” design concept.

32 SEC. 4. Part 5.1 (commencing with Section 14460) is added  
33 to Division 3 of Title 2 of the Government Code, to read:

34  
35 PART 5.1. OFFICE OF THE TRANSPORTATION INSPECTOR  
36 GENERAL  
37

38 14460. (a) There is hereby created in state government the  
39 independent Office of the Transportation Inspector General, which  
40 shall not be a subdivision of any other governmental entity, to

1 ensure that the Department of Transportation, the High-Speed Rail  
2 Authority, the Department of the California Highway Patrol, the  
3 Department of Motor Vehicles, the State Air Resources Board,  
4 and all other state agencies expending state transportation funds  
5 are operating efficiently, effectively, and in compliance with  
6 applicable federal and state laws.

7 (b) The Governor shall appoint, subject to confirmation by the  
8 Senate, the Transportation Inspector General to a six-year term.  
9 The Transportation Inspector General may not be removed from  
10 office during that term, except for good cause. A finding of good  
11 cause may include substantial neglect of duty, gross misconduct,  
12 or conviction of a crime. The reasons for removal of the  
13 Transportation Inspector General shall be stated in writing and  
14 shall include the basis for removal. The writing shall be sent to  
15 the Secretary of the Senate and the Chief Clerk of the Assembly  
16 at the time of the removal and shall be deemed to be a public  
17 document.

18 14461. The Transportation Inspector General shall review  
19 policies, practices, and procedures and conduct audits and  
20 investigations of activities involving state transportation funds in  
21 consultation with all affected state agencies. Specifically, the  
22 Transportation Inspector General's duties and responsibilities shall  
23 include, but not be limited to, all of the following:

24 (a) To examine the operating practices of all state agencies  
25 expending state transportation funds to identify fraud and waste,  
26 opportunities for efficiencies, and opportunities to improve the  
27 data used to determine appropriate project resource allocations.

28 (b) To identify best practices in the delivery of transportation  
29 projects and develop policies or recommend proposed legislation  
30 enabling state agencies to adopt these practices when practicable.

31 (c) To provide objective analysis of and, when possible, offer  
32 solutions to concerns raised by the public or generated within  
33 agencies involving the state's transportation infrastructure and  
34 project delivery methods.

35 (d) To conduct, supervise, and coordinate audits and  
36 investigations relating to the programs and operations of all state  
37 transportation agencies with state-funded transportation projects.

38 (e) To recommend policies promoting economy and efficiency  
39 in the administration of programs and operations of all state  
40 agencies with state-funded transportation projects.

1 (f) To ensure that the Secretary of Transportation and the  
2 Legislature are fully and currently informed concerning fraud or  
3 other serious abuses or deficiencies relating to the expenditure of  
4 funds or administration of programs and operations.

5 14462. The Transportation Inspector General shall report at  
6 least annually to the Governor and Legislature with a summary of  
7 his or her findings, investigations, and audits. The summary shall  
8 be posted on the Transportation Inspector General’s Internet Web  
9 site and shall otherwise be made available to the public upon its  
10 release to the Governor and Legislature. The summary shall  
11 include, but need not be limited to, significant problems discovered  
12 by the Transportation Inspector General and whether  
13 recommendations of the Transportation Inspector General relative  
14 to investigations and audits have been implemented by the affected  
15 agencies. The report shall be submitted to the Legislature in  
16 compliance with Section 9795.

17 SEC. 5. Section 14500 of the Government Code is amended  
18 to read:

19 14500. There is in state government a California Transportation  
20 Commission. The commission shall act in an independent oversight  
21 role.

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

24 14526.5. (a) Based on the asset management plan prepared  
25 and approved pursuant to Section 14526.4, the department shall  
26 prepare a state highway operation and protection program for the  
27 expenditure of transportation funds for major capital improvements  
28 that are necessary to preserve and protect the state highway system.  
29 Projects included in the program shall be limited to improvements  
30 relative to maintenance, safety, rehabilitation, and operation of  
31 state highways and bridges that do not add a new traffic lane to  
32 the system.

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

39 (c) (1) The department, at a minimum, shall specify, for each  
40 project in the state highway operation and protection program, the

- 1 capital and support budget for each of the following project  
2 components:
- 3 (A) Project approval and environmental documents.
  - 4 (B) Plans, specifications, and estimates.
  - 5 (C) Rights-of-way.
  - 6 (D) Construction.
- 7 (2) The department shall specify, for each project in the state  
8 highway operation and protection program, a projected delivery  
9 date for each of the following components:
- 10 (A) Environmental document completion.
  - 11 (B) Plans, specifications, and estimate completion.
  - 12 (C) Right-of-way certification.
  - 13 (D) Start of construction.
- 14 (d) The department shall submit its proposed program to the  
15 commission not later than January 31 of each even-numbered year.  
16 Prior to submitting its proposed program, the department shall  
17 make a draft of its proposed program available to transportation  
18 planning agencies for review and comment and shall include the  
19 comments in its submittal to the commission. The department shall  
20 provide the commission with detailed information for all  
21 programmed projects, including, but not limited to, cost, scope,  
22 schedule, and performance metrics as determined by the  
23 commission.
- 24 (e) The commission shall review the proposed program relative  
25 to its overall adequacy, consistency with the asset management  
26 plan prepared and approved pursuant to Section 14526.4 and  
27 funding priorities established in Section 167 of the Streets and  
28 Highways Code, the level of annual funding needed to implement  
29 the program, and the impact of those expenditures on the state  
30 transportation improvement program. The commission shall adopt  
31 the program and submit it to the Legislature and the Governor not  
32 later than April 1 of each even-numbered year. The commission  
33 may decline to adopt the program if the commission determines  
34 that the program is not sufficiently consistent with the asset  
35 management plan prepared and approved pursuant to Section  
36 14526.4.
- 37 (f) As part of the commission's review of the program required  
38 pursuant to subdivision (a), the commission shall hold at least one  
39 hearing in northern California and one hearing in southern  
40 California regarding the proposed program.

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

3 (h) Following adoption of the state highway operation and  
4 protection program by the commission, any change to a  
5 programmed project shall be submitted as an amendment by the  
6 department to the commission for its approval before the change  
7 may be implemented.

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

10 14526.7. (a) On and after February 1, 2017, an allocation by  
11 the commission of all capital and support costs for each project in  
12 the state highway operation and protection program shall be  
13 required.

14 (b) For a project that experiences increases in capital or support  
15 costs above the amounts in the commission's allocation pursuant  
16 to subdivision (a), a supplemental project allocation request shall  
17 be submitted by the department to the commission for approval.

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

22 SEC. 8. Section 14534.1 of the Government Code is repealed.

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

25 16321. (a) Notwithstanding any other law, on or before  
26 September 1, 2016, the Department of Finance shall compute the  
27 amount of outstanding loans made from the State Highway  
28 Account, the Motor Vehicle Fuel Account, the Highway Users  
29 Tax Account, and the Motor Vehicle Account to the General Fund.  
30 The department shall prepare a loan repayment schedule, pursuant  
31 to which the outstanding loans shall be repaid, as follows:

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

34 (2) On or before June 30, 2018, the remainder of the outstanding  
35 loan amounts.

36 (b) Notwithstanding any other law, as the loans are repaid  
37 pursuant to this section, the repaid funds shall be transferred in the  
38 following manner:

1 (1) Fifty percent to cities and counties pursuant to clauses (i)  
2 and (ii) of subparagraph (C) of paragraph (3) of subdivision (a) of  
3 Section 2103 of the Streets and Highways Code.

4 (2) Fifty percent to the department for maintenance of the state  
5 highway system and for purposes of the state highway operation  
6 and protection program.

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

12 SEC. 10. Section 16965 of the Government Code is amended  
13 to read:

14 16965. (a) (1) The Transportation Debt Service Fund is hereby  
15 created in the State Treasury. Moneys in the fund shall be dedicated  
16 to all of the following purposes:

17 (A) Payment of debt service with respect to designated bonds,  
18 as defined in subdivision (c) of Section 16773, and as further  
19 provided in paragraph (3) and subdivision (b).

20 (B) To reimburse the General Fund for debt service with respect  
21 to bonds.

22 (C) To redeem or retire bonds, pursuant to Section 16774,  
23 maturing in a subsequent fiscal year.

24 (2) The bonds eligible under subparagraph (B) or (C) of  
25 paragraph (1) include bonds issued pursuant to the Passenger Rail  
26 and Clean Air Bond Act of 1990 (Chapter 17 (commencing with  
27 Section 2701) of Division 3 of the Streets and Highways Code),  
28 the Seismic Retrofit Bond Act of 1996 (Chapter 12.48  
29 (commencing with Section 8879) of Division 1 of Title 2), and the  
30 Safe, Reliable High-Speed Passenger Train Bond Act for the 21st  
31 Century (Chapter 20 (commencing with Section 2704) of Division  
32 3 of the Streets and Highways Code), and nondesignated bonds  
33 under Proposition 1B, as defined in subdivision (c) of Section  
34 16773.

35 (3) (A) The Transportation Bond Direct Payment Account is  
36 hereby created in the State Treasury, as a subaccount within the  
37 Transportation Debt Service Fund, for the purpose of directly  
38 paying the debt service, as defined in paragraph (4), of designated  
39 bonds of Proposition 1B, as defined in subdivision (c) of Section  
40 16773. Notwithstanding Section 13340, moneys in the

1 Transportation Bond Direct Payment Account are continuously  
2 appropriated for payment of debt service with respect to designated  
3 bonds as provided in subdivision (c) of Section 16773. So long as  
4 any designated bonds remain outstanding, the moneys in the  
5 Transportation Bond Direct Payment Account may not be used  
6 for any other purpose, and may not be borrowed by or available  
7 for transfer to the General Fund pursuant to Section 16310 or any  
8 similar law, or to the General Cash Revolving Fund pursuant to  
9 Section 16381 or any similar law.

10 (B) Once the Treasurer makes a certification that payment of  
11 debt service with respect to all designated bonds has been paid or  
12 provided for, any remaining moneys in the Transportation Bond  
13 Direct Payment Account shall be transferred back to the  
14 Transportation Debt Service Fund.

15 (C) The moneys in the Transportation Bond Direct Payment  
16 Account shall be invested in the Surplus Money Investment Fund,  
17 and all investment earnings shall accrue to the account.

18 (D) The Controller may establish subaccounts within the  
19 Transportation Bond Direct Payment Account as may be required  
20 by the resolution, indenture, or other documents governing any  
21 designated bonds.

22 (4) For purposes of this subdivision and subdivision (b), and  
23 subdivision (c) of Section 16773, “debt service” means payment  
24 of all of the following costs and expenses with respect to any  
25 designated bond:

26 (A) The principal of and interest on the bonds.

27 (B) Amounts payable as the result of tender on any bonds, as  
28 described in clause (iv) of subparagraph (B) of paragraph (1) of  
29 subdivision (d) of Section 16731.

30 (C) Amounts payable under any contractual obligation of the  
31 state to repay advances and pay interest thereon under a credit  
32 enhancement or liquidity agreement as described in clause (iv) of  
33 subparagraph (B) of paragraph (1) of subdivision (d) of Section  
34 16731.

35 (D) Any amount owed by the state to a counterparty after any  
36 offset for payments owed to the state on any hedging contract as  
37 described in subparagraph (A) of paragraph (2) of subdivision (d)  
38 of Section 16731.

39 (b) From the moneys transferred to the fund pursuant to  
40 paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the

1 Vehicle Code, there shall first be deposited into the Transportation  
 2 Bond Direct Payment Account in each month sufficient funds to  
 3 equal the amount designated in a certificate submitted by the  
 4 Treasurer to the Controller and the Director of Finance at the start  
 5 of each fiscal year, and as may be modified by the Treasurer  
 6 thereafter upon issuance of any new issue of designated bonds or  
 7 upon change in circumstances that requires such a modification.  
 8 This certificate shall be calculated by the Treasurer to identify, for  
 9 each month, the amount necessary to fund all of the debt service  
 10 with respect to all designated bonds. This calculation shall be done  
 11 in a manner provided in the resolution, indenture, or other  
 12 documents governing the designated bonds. In the event that  
 13 transfers to the Transportation Bond Direct Payment Account in  
 14 any month are less than the amounts required in the Treasurer’s  
 15 certificate, the shortfall shall carry over to be part of the required  
 16 payment in the succeeding month or months.

17 (c) The state hereby covenants with the holders from time to  
 18 time of any designated bonds that it will not alter, amend, or restrict  
 19 the provisions of subdivision (c) of Section 16773 of the  
 20 Government Code, or Sections 9400, 9400.1, 9400.4, and 42205  
 21 of the Vehicle Code, which provide directly or indirectly for the  
 22 transfer of weight fees to the Transportation Debt Service Fund  
 23 or the Transportation Bond Direct Payment Account, or  
 24 subdivisions (a) and (b) of this section, or reduce the rate of  
 25 imposition of vehicle weight fees under Sections 9400 and 9400.1  
 26 of the Vehicle Code as they existed on the date of the first issuance  
 27 of any designated bonds, if that alteration, amendment, restriction,  
 28 or reduction would result in projected weight fees for the next  
 29 fiscal year determined by the Director of Finance being less than  
 30 two times the maximum annual debt service with respect to all  
 31 outstanding designated bonds, as such calculation is determined  
 32 pursuant to the resolution, indenture, or other documents governing  
 33 the designated bonds. The state may include this covenant in the  
 34 resolution, indenture, or other documents governing the designated  
 35 bonds.

36 (d) Once the required monthly deposit, including makeup of  
 37 any shortfalls from any prior month, has been made pursuant to  
 38 subdivision (b), from moneys transferred to the fund pursuant to  
 39 paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the  
 40 Vehicle Code, or pursuant to Section 16965.1 or 63048.67, the

1 Controller shall transfer as an expenditure reduction to the General  
2 Fund any amount necessary to offset the cost of current year debt  
3 service payments made from the General Fund with respect to any  
4 bonds issued pursuant to Proposition 192 (1996) and three-quarters  
5 of the amount of current year debt service payments made from  
6 the General Fund with respect to any nondesignated bonds, as  
7 defined in subdivision (c) of Section 16773, issued pursuant to  
8 Proposition 1B (2006). In the alternative, these funds may also be  
9 used to redeem or retire the applicable bonds, pursuant to Section  
10 16774, maturing in a subsequent fiscal year as directed by the  
11 Director of Finance.

12 (e) Once the required monthly deposit, including makeup of  
13 any shortfalls from any prior month, has been made pursuant to  
14 subdivision (b), from moneys transferred to the fund pursuant to  
15 paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the  
16 Vehicle Code, or pursuant to Section 16965.1 or 63048.67, the  
17 Controller shall transfer as an expenditure reduction to the General  
18 Fund any amount necessary to offset the eligible cost of current  
19 year debt service payments made from the General Fund with  
20 respect to any bonds issued pursuant to Proposition 108 (1990)  
21 and Proposition 1A (2008), and one-quarter of the amount of  
22 current year debt service payments made from the General Fund  
23 with respect to any nondesignated bonds, as defined in subdivision  
24 (c) of Section 16773, issued pursuant to Proposition 1B (2006).  
25 The Department of Finance shall notify the Controller by July 30  
26 of every year of the percentage of debt service that is expected to  
27 be paid in that fiscal year with respect to bond-funded projects that  
28 qualify as eligible guideway projects consistent with the  
29 requirements applicable to the expenditure of revenues under  
30 Article XIX of the California Constitution, and the Controller shall  
31 make payments only for those eligible projects. In the alternative,  
32 these funds may also be used to redeem or retire the applicable  
33 bonds, pursuant to Section 16774, maturing in a subsequent fiscal  
34 year as directed by the Director of Finance.

35 (f) On or before the second business day following the date on  
36 which transfers are made to the Transportation Debt Service Fund,  
37 and after the required monthly deposits for that month, including  
38 makeup of any shortfalls from any prior month, have been made  
39 to the Transportation Bond Direct Payment Account, the Controller  
40 shall transfer the funds designated for reimbursement of bond debt

1 service with respect to nondesignated bonds, as defined in  
2 subdivision (c) of Section 16773, and other bonds identified in  
3 subdivisions (d) and (e) in that month from the fund to the General  
4 Fund pursuant to this section.

5 SEC. 11. Section 39719 of the Health and Safety Code is  
6 amended to read:

7 39719. (a) The Legislature shall appropriate the annual  
8 proceeds of the fund for the purpose of reducing greenhouse gas  
9 emissions in this state in accordance with the requirements of  
10 Section 39712.

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

14 (1) Beginning in the 2016–17 fiscal year, and notwithstanding  
15 Section 13340 of the Government Code, 50 percent of annual  
16 proceeds are continuously appropriated, without regard to fiscal  
17 years, for transit, affordable housing, and sustainable communities  
18 programs as following:

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

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

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

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

8 (A) Acquisition and construction costs of the project.

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

10 (C) Other capital costs of the project.

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

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

16 SEC. 12. Section 21080.37 of the Public Resources Code is  
17 amended to read:

18 21080.37. (a) This division does not apply to a project or an  
19 activity to repair, maintain, or make minor alterations to an existing  
20 roadway if all of the following conditions are met:

21 (1) (A) The project does not cross a waterway.

22 (B) For purposes of this paragraph, “waterway” means a bay,  
23 estuary, lake, pond, river, slough, or a perennial, intermittent, or  
24 ephemeral stream, lake, or estuarine-marine shoreline.

25 (2) The project involves negligible or no expansion of an  
26 existing use beyond that existing at the time of the lead agency’s  
27 determination.

28 (3) (A) The site of the project does not contain wetlands or  
29 riparian areas and does not have significant value as a wildlife  
30 habitat, and the project does not harm any species protected by the  
31 federal Endangered Species Act of 1973 (16 U.S.C. Sec. 1531 et  
32 seq.), the Native Plant Protection Act (Chapter 10 (commencing  
33 with Section 1900) of Division 2 of the Fish and Game Code), or  
34 the California Endangered Species Act (Chapter 1.5 (commencing  
35 with Section 2050) of Division 3 of the Fish and Game Code), and  
36 the project does not cause the destruction or removal of any species  
37 protected by a local ordinance.

38 (B) For the purposes of this paragraph:

39 (i) “Riparian areas” mean those areas transitional between  
40 terrestrial and aquatic ecosystems and that are distinguished by

1 gradients in biophysical conditions, ecological processes, and biota.  
2 A riparian area is an area through which surface and subsurface  
3 hydrology connect waterbodies with their adjacent uplands. A  
4 riparian area includes those portions of terrestrial ecosystems that  
5 significantly influence exchanges of energy and matter with aquatic  
6 ecosystems. A riparian area is adjacent to perennial, intermittent,  
7 and ephemeral streams, lakes, and estuarine-marine shorelines.

8 (ii) “Significant value as a wildlife habitat” includes wildlife  
9 habitat of national, statewide, regional, or local importance; habitat  
10 for species protected by the federal Endangered Species Act of  
11 1973 (16 U.S.C. Sec. 1531, et seq.), the California Endangered  
12 Species Act (Chapter 1.5 (commencing with Section 2050) of  
13 Division 3 of the Fish and Game Code), or the Native Plant  
14 Protection Act (Chapter 10 (commencing with Section 1900) of  
15 Division 2 of the Fish and Game Code); habitat identified as  
16 candidate, fully protected, sensitive, or species of special status  
17 by local, state, or federal agencies; or habitat essential to the  
18 movement of resident or migratory wildlife.

19 (iii) “Wetlands” has the same meaning as in the United States  
20 Fish and Wildlife Service Manual, Part 660 FW 2 (June 21, 1993).

21 (iv) “Wildlife habitat” means the ecological communities upon  
22 which wild animals, birds, plants, fish, amphibians, and  
23 invertebrates depend for their conservation and protection.

24 (4) The project does not impact cultural resources.

25 (5) The roadway does not affect scenic resources, as provided  
26 pursuant to subdivision (c) of Section 21084.

27 (b) Prior to determining that a project is exempt pursuant to this  
28 section, the lead agency shall do both of the following:

29 (1) Include measures in the project to mitigate potential  
30 vehicular traffic and safety impacts and bicycle and pedestrian  
31 safety impacts.

32 (2) Hold a noticed public hearing on the project to hear and  
33 respond to public comments. The hearing on the project may be  
34 conducted with another noticed lead agency public hearing.  
35 Publication of the notice shall be no fewer times than required by  
36 Section 6061 of the Government Code, by the public agency in a  
37 newspaper of general circulation in the area.

38 (c) For purposes of this section, “roadway” means a roadway  
39 as defined pursuant to Section 530 of the Vehicle Code and the  
40 previously graded and maintained shoulder that is within a roadway

1 right-of-way of no more than five feet from the edge of the  
2 roadway.

3 (d) (1) If a state agency determines that a project is not subject  
4 to this division pursuant to this section and it approves or  
5 determines to carry out that project, it shall file a notice with the  
6 Office of Planning and Research in the manner specified in  
7 subdivisions (b) and (c) of Section 21108.

8 (2) If a local agency determines that a project is not subject to  
9 this division pursuant to this section and it approves or determines  
10 to carry out that project, it shall file a notice with the Office of  
11 Planning and Research, and with the county clerk in the county in  
12 which the project will be located in the manner specified in  
13 subdivisions (b) and (c) of Section 21152.

14 SEC. 13. Division 13.6 (commencing with Section 21200) is  
15 added to the Public Resources Code, to read:

16  
17 DIVISION 13.6. ADVANCE MITIGATION PROGRAM ACT

18  
19 CHAPTER 1. GENERAL

20  
21 21200. This division shall be known, and may be cited, as the  
22 Advance Mitigation Program Act.

23 21201. (a) The purpose of this division is to improve the  
24 success and effectiveness of actions implemented to mitigate the  
25 natural resource impacts of future transportation projects by  
26 establishing the means to implement those actions well before the  
27 transportation projects are constructed. The advance identification  
28 and implementation of mitigation actions also will streamline the  
29 delivery of transportation projects by anticipating mitigation  
30 requirements for planned transportation projects and avoiding or  
31 reducing delays associated with environmental permitting. By  
32 identifying regional or statewide conservation priorities and by  
33 anticipating the impacts of planned transportation projects on a  
34 regional or statewide basis, mitigation actions can be designed to  
35 protect and restore California’s most valuable natural resources  
36 and also facilitate environmental compliance for planned  
37 transportation projects on a regional scale.

38 (b) This division is not intended to create a new environmental  
39 permitting or regulatory program or to modify existing  
40 environmental laws or regulations, nor is it expected that all

1 mitigation requirements will be addressed for planned  
2 transportation projects. Instead, it is intended to provide a  
3 methodology with which to anticipate and fulfill the requirements  
4 of existing state and federal environmental laws that protect fish,  
5 wildlife, plant species, and other natural resources more efficiently  
6 and effectively.

7 21202. The Legislature finds and declares all of the following:

8 (a) The minimization and mitigation of environmental impacts  
9 is ordinarily handled on a project-by-project basis, usually near  
10 the end of a project's timeline and often without guidance regarding  
11 regional or statewide conservation priorities.

12 (b) The cost of critical transportation projects often escalates  
13 because of permitting delays that occur when appropriate  
14 conservation and mitigation measures cannot easily be identified  
15 and because the cost of these measures often increases between  
16 the time a project is planned and funded and the time mitigation  
17 is implemented.

18 (c) Addressing conservation and mitigation needs early in a  
19 project's timeline, during the project design and development  
20 phase, can reduce costs, allow natural resources conservation to  
21 be integrated with project siting and design, and result in the  
22 establishment of more valuable and productive habitat mitigation.

23 (d) When the Department of Transportation is able to anticipate  
24 the mitigation needs for planned transportation projects, it can  
25 meet those needs in a more timely and cost-effective way by using  
26 advance mitigation planning.

27 (e) Working with state and federal resource protection agencies,  
28 the department can identify, conserve, and, where appropriate,  
29 restore lands for mitigation of numerous projects early in the  
30 projects' timelines, thereby allowing public funds to stretch further  
31 by acquiring habitat at a lower cost and avoiding environmental  
32 permitting delays.

33 (f) Advance mitigation can provide an effective means of  
34 facilitating delivery of transportation projects while ensuring more  
35 effective natural resource conservation.

36 (g) Advance mitigation is needed to direct mitigation funding  
37 for transportation projects to agreed-upon conservation priorities  
38 and to the creation of habitat reserves and recreation areas that  
39 enhance the sustainability of human and natural systems by

1 protecting or restoring connectivity of natural communities and  
2 the delivery of ecosystem services.

3 (h) Advance mitigation can facilitate the implementation of  
4 climate change adaptation strategies both for ecosystems and  
5 California’s economy.

6 (i) Advance mitigation can enable the state to protect, restore,  
7 and recover its natural resources as it strengthens and improves  
8 its transportation systems.

9 21203. The Legislature intends to do all of the following by  
10 enacting this division:

11 (a) Facilitate delivery of transportation projects while ensuring  
12 more effective natural resource conservation.

13 (b) Develop effective strategies to improve the state’s ability to  
14 meet mounting demands for transportation improvements and to  
15 maximize conservation and other public benefits.

16 (c) Achieve conservation objectives of statewide and regional  
17 importance by coordinating local, state, and federally funded  
18 natural resource conservation efforts with mitigation actions  
19 required for impacts from transportation projects.

20 (d) Create administrative, governance, and financial incentives  
21 and mechanisms necessary to ensure that measures required to  
22 minimize or mitigate impacts from transportation projects will  
23 serve to achieve regional or statewide natural resource conservation  
24 objectives.

25

## 26 CHAPTER 2. DEFINITIONS

27

28 21204. For purposes of this division, the following terms have  
29 the following meanings:

30 (a) “Acquire” and “acquisition” mean, with respect to land or  
31 a waterway, acquisition of fee title or purchase of a conservation  
32 easement, that protects conservation and mitigation values on the  
33 land or waterway in perpetuity.

34 (b) “Advance mitigation” means mitigation implemented before,  
35 and in anticipation of, environmental effects of planned  
36 transportation projects.

37 (c) “Commission” means the California Transportation  
38 Commission.

39 (d) “Department” means the Department of Transportation.

1 (e) “Transportation agency” means the department, the  
 2 High-Speed Rail Authority, a metropolitan planning organization,  
 3 a regional transportation planning agency, or another public agency  
 4 that implements transportation projects.

5 (f) “Transportation project” means a transportation capital  
 6 improvement project.

7 (g) “Planned transportation project” means a transportation  
 8 project that a transportation agency has concluded is reasonably  
 9 likely to be constructed within 20 years and that has been identified  
 10 to the agency for purposes of this division. A planned transportation  
 11 project may include, but is not limited to, a transportation project  
 12 that has been proposed for approval or that has been approved.

13 (h) “Program” means the Advance Mitigation Program  
 14 implemented pursuant to this division.

15 (i) “Regulatory agency” means a state or federal natural resource  
 16 protection agency with regulatory authority over planned  
 17 transportation projects. A regulatory agency includes, but is not  
 18 limited to, the Natural Resources Agency, the Department of Fish  
 19 and Wildlife, California regional water quality control boards, the  
 20 United States Fish and Wildlife Service, the National Marine  
 21 Fisheries Service, the United States Environmental Protection  
 22 Agency, and the United States Army Corps of Engineers.

23  
 24 CHAPTER 3. ADVANCE MITIGATION PROGRAM  
 25

26 21205. (a) The Advance Mitigation Program is hereby created  
 27 in the department to accelerate project delivery and improve  
 28 environmental outcomes of environmental mitigation for planned  
 29 transportation projects.

30 (b) The program may utilize mitigation instruments, including,  
 31 but not limited to, mitigation banks, in lieu of fee programs, and  
 32 conservation easements as defined in Section 815.1 of the Civil  
 33 Code.

34 (c) The department shall track all implemented advance  
 35 mitigation projects to use as credits for environmental mitigation  
 36 for state-sponsored transportation projects.

37 (d) The department may use advance mitigation credits to fulfill  
 38 mitigation requirements of any environmental law for a  
 39 transportation project eligible for the State Transportation

1 Improvement Program or the State Highway Operation and  
2 Protection Program.

3 21206. No later than February 1, 2017, the department shall  
4 establish an interagency transportation advance mitigation steering  
5 committee consisting of the department and appropriate state and  
6 federal regulatory agencies to support the program so that advance  
7 mitigation can be used as required mitigation for planned  
8 transportation projects and can provide improved environmental  
9 outcomes. The committee shall advise the department of  
10 opportunities to carry out advance mitigation projects, provide the  
11 best available science, and actively participate in mitigation  
12 instrument reviews and approvals. The committee shall seek to  
13 develop streamlining opportunities, including those related to  
14 landscape scale mitigation planning and alignment of federal and  
15 state regulations and procedures related to mitigation requirements  
16 and implementation. The committee shall also provide input on  
17 crediting, using, and tracking of advance mitigation investments.

18 21207. The Advance Mitigation Fund is hereby created in the  
19 State Transportation Fund as a revolving fund. Notwithstanding  
20 Section 13340 of the Government Code, the fund shall be  
21 continuously appropriated without regard to fiscal years. The  
22 moneys in the fund shall be programmed by the commission for  
23 the planning and implementation of advance mitigation projects  
24 consistent with the purposes of this chapter. After the transfer of  
25 moneys to the fund for four fiscal years pursuant to subdivision  
26 (c) of Section 2032 of the Streets and Highways Code, commencing  
27 in the 2017–18 fiscal year, the program is intended to be  
28 self-sustaining. Advance expenditures from the fund shall later be  
29 reimbursed from project funding available at the time a planned  
30 transportation project is constructed. A maximum of 5 percent of  
31 available funds may be used for administrative purposes.

32 21208. *The program is intended to improve the efficiency and*  
33 *efficacy of mitigation only and is not intended to supplant the*  
34 *requirements of the California Environmental Quality Act (Division*  
35 *13 (commencing with Section 21000)) or any other environmental*  
36 *law. The identification of planned transportation projects and of*  
37 *mitigation projects or measures for planned transportation projects*  
38 *under this division does not imply or require approval of those*  
39 *projects for purposes of the California Environmental Quality Act*

1 *(Division 13 (commencing with Section 21000)) or any other*  
2 *environmental law.*

3 SEC. 14. Section 99312.1 of the Public Utilities Code is  
4 amended to read:

5 99312.1. (a) Revenues transferred to the Public Transportation  
6 Account pursuant to Sections 6051.8 and 6201.8 of the Revenue  
7 and Taxation Code are hereby continuously appropriated to the  
8 Controller for allocation as follows:

9 (1) Fifty percent for allocation to transportation planning  
10 agencies, county transportation commissions, and the San Diego  
11 Metropolitan Transit Development Board pursuant to Section  
12 99314.

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

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

20 (c) The revenues transferred to the Public Transportation  
21 Account that are attributable to the increase in the sales and use  
22 tax on diesel fuel pursuant to subdivision (b) of Section 6051.8 of  
23 the Revenue and Taxation Code, as adjusted pursuant to  
24 subdivision (c) of that section, and subdivision (b) of Section  
25 6201.8 of the Revenue and Taxation Code, as adjusted pursuant  
26 to subdivision (c) of that section, upon allocation pursuant to  
27 Sections 99313 and 99314, shall only be expended on the  
28 following:

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

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

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

37 (d) (1) Prior to receiving an apportionment of funds pursuant  
38 to subdivision (c) from the Controller in a fiscal year, a recipient  
39 transit agency shall submit to the Department of Transportation a  
40 list of projects proposed to be funded with these funds. The list of

1 projects proposed to be funded with these funds shall include a  
2 description and location of each proposed project, a proposed  
3 schedule for the project’s completion, and the estimated useful life  
4 of the improvement. The project list shall not limit the flexibility  
5 of a recipient transit agency to fund projects in accordance with  
6 local needs and priorities so long as the projects are consistent  
7 with subdivision (c).

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

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

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

25 SEC. 15. Section 6051.8 of the Revenue and Taxation Code  
26 is amended to read:

27 6051.8. (a) Except as provided by Section 6357.3, in addition  
28 to the taxes imposed by this part, for the privilege of selling  
29 tangible personal property at retail a tax is hereby imposed upon  
30 all retailers at the rate of 1.75 percent of the gross receipts of any  
31 retailer from the sale of all diesel fuel.

32 (b) Except as provided by Section 6357.3, in addition to the  
33 taxes imposed by this part and by subdivision (a), for the privilege  
34 of selling tangible personal property at retail a tax is hereby  
35 imposed upon all retailers at the rate of 3.5 percent of the gross  
36 receipts of any retailer from the sale of all diesel fuel, as defined  
37 in Section 60022, sold at retail in this state. The tax imposed under  
38 this subdivision shall be imposed on and after the first day of the  
39 first calendar quarter that occurs 90 days after the effective date  
40 of the act adding this subdivision.

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

5 (1) The Department of Finance shall transmit to the State Board  
 6 of Equalization the percentage change in the California Consumer  
 7 Price Index for all items from November of three calendar years  
 8 prior to November of the prior calendar year, no later than January  
 9 31, 2019, and January 31 of every third year thereafter.

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

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

14 (B) Multiply the preceding tax rate per gallon by the inflation  
 15 adjustment factor determined in subparagraph (A) and round off  
 16 the resulting product to the nearest tenth of a cent.

17 (C) Make its determination of the new rate no later than March  
 18 1 of the same year as the effective date of the new rate.

19 (d) Notwithstanding subdivision (b) of Section 7102, all of the  
 20 revenues, less refunds, collected pursuant to this section shall be  
 21 estimated by the State Board of Equalization, with the concurrence  
 22 of the Department of Finance, and transferred quarterly to the  
 23 Public Transportation Account in the State Transportation Fund  
 24 for allocation pursuant to Section 99312.1 of the Public Utilities  
 25 Code.

26 SEC. 16. Section 6201.8 of the Revenue and Taxation Code  
 27 is amended to read:

28 6201.8. (a) Except as provided by Section 6357.3, in addition  
 29 to the taxes imposed by this part, an excise tax is hereby imposed  
 30 on the storage, use, or other consumption in this state of diesel  
 31 fuel, as defined in Section 60022, at the rate of 1.75 percent of the  
 32 sales price of the diesel fuel.

33 (b) Except as provided by Section 6357.3, in addition to the  
 34 taxes imposed by this part and by subdivision (a), an excise tax is  
 35 hereby imposed on the storage, use, or other consumption in this  
 36 state of diesel fuel, as defined in Section 60022, at the rate of 3.5  
 37 percent of the sales price of the diesel fuel. The tax imposed under  
 38 this subdivision shall be imposed on and after the first day of the  
 39 first calendar quarter that occurs 90 days after the effective date  
 40 of the act adding this subdivision.

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

5 (1) The Department of Finance shall transmit to the State Board  
6 of Equalization the percentage change in the California Consumer  
7 Price Index for all items from November of three calendar years  
8 prior to November of the prior calendar year, no later than January  
9 31, 2019, and January 31 of every third year thereafter.

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

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

14 (B) Multiply the preceding tax rate per gallon by the inflation  
15 adjustment factor determined in subparagraph (A) and round off  
16 the resulting product to the nearest tenth of a cent.

17 (C) Make its determination of the new rate no later than March  
18 1 of the same year as the effective date of the new rate.

19 (d) Notwithstanding subdivision (b) of Section 7102, all of the  
20 revenues, less refunds, collected pursuant to this section shall be  
21 estimated by the State Board of Equalization, with the concurrence  
22 of the Department of Finance, and transferred quarterly to the  
23 Public Transportation Account in the State Transportation Fund  
24 for allocation pursuant to Section 99312.1 of the Public Utilities  
25 Code.

26 SEC. 17. Section 7360 of the Revenue and Taxation Code is  
27 amended to read:

28 7360. (a) (1) (A) A tax of eighteen cents (\$0.18) is hereby  
29 imposed upon each gallon of fuel subject to the tax in Sections  
30 7362, 7363, and 7364.

31 (B) In addition to the tax imposed pursuant to subparagraph  
32 (A), on and after the first day of the first calendar quarter that  
33 occurs 90 days after the effective date of the act adding this  
34 subparagraph, a tax of seventeen cents (\$0.17) is hereby imposed  
35 upon each gallon of fuel, other than aviation gasoline, subject to  
36 the tax in Sections 7362, 7363, and 7364.

37 (2) If the federal fuel tax is reduced below the rate of nine cents  
38 (\$0.09) per gallon and federal financial allocations to this state for  
39 highway and exclusive public mass transit guideway purposes are  
40 reduced or eliminated correspondingly, the tax rate imposed by

1 subparagraph (A) of paragraph (1), on and after the date of the  
2 reduction, shall be recalculated by an amount so that the combined  
3 state rate under subparagraph (A) of paragraph (1) and the federal  
4 tax rate per gallon equal twenty-seven cents (\$0.27).

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

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

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

17 (1) The Department of Finance shall transmit to the State Board  
18 of Equalization the percentage change in the California Consumer  
19 Price Index for all items from November of three calendar years  
20 prior to November of the prior calendar year, no later than January  
21 31, 2019, and January 31 of every third year thereafter.

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

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

26 (B) Multiply the preceding tax rate per gallon by the inflation  
27 adjustment factor determined in subparagraph (A) and round off  
28 the resulting product to the nearest tenth of a cent.

29 (C) Make its determination of the new rate no later than March  
30 1 of the same year as the effective date of the new rate.

31 SEC. 18. Section 8352.4 of the Revenue and Taxation Code  
32 is amended to read:

33 8352.4. (a) Subject to Sections 8352 and 8352.1, and except  
34 as otherwise provided in subdivision (b), there shall be transferred  
35 from the money deposited to the credit of the Motor Vehicle Fuel  
36 Account to the Harbors and Watercraft Revolving Fund, for  
37 expenditure in accordance with Division 1 (commencing with  
38 Section 30) of the Harbors and Navigation Code, the sum of six  
39 million six hundred thousand dollars (\$6,600,000) per annum,  
40 representing the amount of money in the Motor Vehicle Fuel

1 Account attributable to taxes imposed on distributions of motor  
2 vehicle fuel used or usable in propelling vessels. The actual amount  
3 shall be calculated using the annual reports of registered boats  
4 prepared by the Department of Motor Vehicles for the United  
5 States Coast Guard and the formula and method of the December  
6 1972 report prepared for this purpose and submitted to the  
7 Legislature on December 26, 1972, by the Director of  
8 Transportation. If the amount transferred during each fiscal year  
9 is in excess of the calculated amount, the excess shall be  
10 retransferred from the Harbors and Watercraft Revolving Fund to  
11 the Motor Vehicle Fuel Account. If the amount transferred is less  
12 than the amount calculated, the difference shall be transferred from  
13 the Motor Vehicle Fuel Account to the Harbors and Watercraft  
14 Revolving Fund. No adjustment shall be made if the computed  
15 difference is less than fifty thousand dollars (\$50,000), and the  
16 amount shall be adjusted to reflect any temporary or permanent  
17 increase or decrease that may be made in the rate under the Motor  
18 Vehicle Fuel Tax Law. Payments pursuant to this section shall be  
19 made prior to payments pursuant to Section 8352.2.

20 (b) Commencing July 1, 2016, the revenues attributable to the  
21 taxes imposed pursuant to subdivision (b) of Section 7360 and  
22 Section 7361.1 and otherwise to be deposited in the Harbors and  
23 Watercraft Revolving Fund pursuant to subdivision (a) shall instead  
24 be transferred to the Highway Users Tax Account for distribution  
25 pursuant to Section 2103.1 of the Streets and Highways Code.

26 SEC. 19. Section 8352.5 of the Revenue and Taxation Code  
27 is amended to read:

28 8352.5. (a) (1) Subject to Sections 8352 and 8352.1, and  
29 except as otherwise provided in subdivision (b), there shall be  
30 transferred from the money deposited to the credit of the Motor  
31 Vehicle Fuel Account to the Department of Food and Agriculture  
32 Fund, during the second quarter of each fiscal year, an amount  
33 equal to the estimate contained in the most recent report prepared  
34 pursuant to this section.

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

1 the fiscal year ending June 30 following the calendar year to  
2 persons entitled to refunds for agricultural off-highway use  
3 pursuant to Section 8101. Payments pursuant to this section shall  
4 be made prior to payments pursuant to Section 8352.2.

5 (b) Commencing July 1, 2016, the revenues attributable to the  
6 taxes imposed pursuant to subdivision (b) of Section 7360 and  
7 Section 7361.1 and otherwise to be deposited in the Department  
8 of Food and Agriculture Fund pursuant to subdivision (a) shall  
9 instead be transferred to the Highway Users Tax Account for  
10 distribution pursuant to Section 2103.1 of the Streets and Highways  
11 Code.

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

22 SEC. 20. Section 8352.6 of the Revenue and Taxation Code  
23 is amended to read:

24 8352.6. (a) (1) Subject to Section 8352.1, and except as  
25 otherwise provided in paragraphs (2) and (3), on the first day of  
26 every month, there shall be transferred from moneys deposited to  
27 the credit of the Motor Vehicle Fuel Account to the Off-Highway  
28 Vehicle Trust Fund created by Section 38225 of the Vehicle Code  
29 an amount attributable to taxes imposed upon distributions of motor  
30 vehicle fuel used in the operation of motor vehicles off highway  
31 and for which a refund has not been claimed. Transfers made  
32 pursuant to this section shall be made prior to transfers pursuant  
33 to Section 8352.2.

34 (2) Commencing July 1, 2016, the revenues attributable to the  
35 taxes imposed pursuant to subdivision (b) of Section 7360 and  
36 Section 7361.1 and otherwise to be deposited in the Off-Highway  
37 Vehicle Trust Fund pursuant to paragraph (1) shall instead be  
38 transferred to the Highway Users Tax Account for distribution  
39 pursuant to Section 2103.1 of the Streets and Highways Code.

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

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

15 (1) The number of vehicles registered as off-highway motor  
16 vehicles as required by Division 16.5 (commencing with Section  
17 38000) of the Vehicle Code.

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

21 (3) Attendance at the state vehicular recreation areas.

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

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

39 (d) It is the intent of the Legislature that the off-highway motor  
40 vehicle recreational use to be determined by the Department of

1 Transportation pursuant to paragraph (2) of subdivision (b) be that  
2 usage by vehicles subject to registration under Division 3  
3 (commencing with Section 4000) of the Vehicle Code, for  
4 recreation or the pursuit of recreation on surfaces where the use  
5 of vehicles registered under Division 16.5 (commencing with  
6 Section 38000) of the Vehicle Code may occur.

7 (e) In the 2014–15 fiscal year, the Department of Transportation,  
8 in consultation with the Department of Parks and Recreation and  
9 the Department of Motor Vehicles, shall undertake a study to  
10 determine the appropriate adjustment to the amount transferred  
11 pursuant to subdivision (b) and to update the estimate of the amount  
12 attributable to taxes imposed upon distributions of motor vehicle  
13 fuel used in the operation of motor vehicles off highway and for  
14 which a refund has not been claimed. The department shall provide  
15 a copy of this study to the Legislature no later than January 1,  
16 2016.

17 SEC. 21. Section 60050 of the Revenue and Taxation Code is  
18 amended to read:

19 60050. (a) (1) A tax of thirteen cents (\$0.13) is hereby  
20 imposed upon each gallon of diesel fuel subject to the tax in  
21 Sections 60051, 60052, and 60058.

22 (2) If the federal fuel tax is reduced below the rate of fifteen  
23 cents (\$0.15) per gallon and federal financial allocations to this  
24 state for highway and exclusive public mass transit guideway  
25 purposes are reduced or eliminated correspondingly, the tax rate  
26 imposed by paragraph (1) shall be increased by an amount so that  
27 the combined state rate under paragraph (1) and the federal tax  
28 rate per gallon equal what it would have been in the absence of  
29 the federal reduction.

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

33 (b) In addition to the tax imposed pursuant to subdivision (a),  
34 on and after the first day of the first calendar quarter that occurs  
35 90 days after the effective date of the act amending this subdivision  
36 in the 2015 First Extraordinary Session, an additional tax of thirty  
37 cents (\$0.30) is hereby imposed upon each gallon of diesel fuel  
38 subject to the tax in Sections 60051, 60052, and 60058.

39 (c) Beginning July 1, 2019, and every third year thereafter, the  
40 State Board of Equalization shall recompute the rates of the taxes

1 imposed by this section. That computation shall be made as  
2 follows:

3 (1) The Department of Finance shall transmit to the State Board  
4 of Equalization the percentage change in the California Consumer  
5 Price Index for all items from November of three calendar years  
6 prior to November of the prior calendar year, no later than January  
7 31, 2019, and January 31 of every third year thereafter.

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

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

12 (B) Multiply the preceding tax rate per gallon by the inflation  
13 adjustment factor determined in subparagraph (A) and round off  
14 the resulting product to the nearest tenth of a cent.

15 (C) Make its determination of the new rate no later than March  
16 1 of the same year as the effective date of the new rate.

17 SEC. 22. Section 183.1 of the Streets and Highways Code is  
18 amended to read:

19 183.1. Except as otherwise provided in Section 54237.7 of the  
20 Government Code, money deposited into the account that is not  
21 subject to Article XIX of the California Constitution, including,  
22 but not limited to, money that is derived from the sale of  
23 documents, charges for miscellaneous services to the public,  
24 condemnation deposits fund investments, rental of state property,  
25 or any other miscellaneous uses of property or money, shall be  
26 deposited in the Road Maintenance and Rehabilitation Account  
27 created pursuant to Section 2031.

28 SEC. 23. Section 820.1 of the Streets and Highways Code is  
29 amended to read:

30 820.1. (a) The State of California consents to the jurisdiction  
31 of the federal courts with regard to the compliance, discharge, or  
32 enforcement of the responsibilities assumed by the department  
33 pursuant to Section 326 of, and subsection (a) of Section 327 of,  
34 Title 23 of the United States Code.

35 (b) In any action brought pursuant to the federal laws described  
36 in subdivision (a), no immunity from suit may be asserted by the  
37 department pursuant to the Eleventh Amendment to the United  
38 States Constitution, and any immunity is hereby waived.

1 (c) The department shall not delegate any of its responsibilities  
2 assumed pursuant to the federal laws described in subdivision (a)  
3 to any political subdivision of the state or its instrumentalities.

4 (d) Nothing in this section affects the obligation of the  
5 department to comply with state and federal law.

6 SEC. 24. Chapter 2 (commencing with Section 2030) is added  
7 to Division 3 of the Streets and Highways Code, to read:

8

9 CHAPTER 2. ROAD MAINTENANCE AND REHABILITATION  
10 PROGRAM

11

12 2030. (a) The Road Maintenance and Rehabilitation Program  
13 is hereby created to address deferred maintenance on the state  
14 highway system and the local street and road system. Funds made  
15 available by the program shall be prioritized for expenditure on  
16 basic road maintenance and road rehabilitation projects, and on  
17 critical safety projects. For funds appropriated pursuant to  
18 paragraph (1) of subdivision (d) of Section 2032, the California  
19 Transportation Commission shall adopt performance criteria,  
20 consistent with the asset management plan required pursuant to  
21 14526.4 of the Government Code, to ensure efficient use of the  
22 funds available for these purposes in the program.

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

25 (A) Road maintenance and rehabilitation.

26 (B) Safety projects.

27 (C) Railroad grade separations.

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

32 (E) Traffic control devices.

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

36 2031. The following revenues shall be deposited in the Road  
37 Maintenance and Rehabilitation Account, which is hereby created  
38 in the State Transportation Fund:

39 (a) Notwithstanding subdivision (b) of Section 2103, the portion  
40 of the revenues in the Highway Users Tax Account attributable to

1 the increase in the motor vehicle fuel excise tax by seventeen cents  
2 (\$0.17) per gallon pursuant to subdivision (a) of Section 7360 of  
3 the Revenue and Taxation Code, as adjusted pursuant to  
4 subdivision (c) of that section.

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

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

9 (d) The revenues deposited in the account pursuant to Section  
10 183.1 of the Streets and Highways Code.

11 (e) Any other revenues designated for the program.

12 2031.5. Each fiscal year the annual Budget Act shall contain  
13 an appropriation from the Road Maintenance and Rehabilitation  
14 Account to the Controller for the costs of carrying out his or her  
15 duties pursuant to this chapter and to the California Transportation  
16 Commission for the costs of carrying out its duties pursuant to this  
17 chapter and Section 14526.7 of the Government Code.

18 2032. (a) (1) After deducting the amounts appropriated in the  
19 annual Budget Act, as provided in Section 2031.5, two hundred  
20 million dollars (\$200,000,000) of the remaining revenues deposited  
21 in the Road Maintenance and Rehabilitation Account shall be set  
22 aside annually for counties that have sought and received voter  
23 approval of taxes or that have imposed fees, including uniform  
24 developer fees as defined by subdivision (b) of Section 8879.67  
25 of the Government Code, which taxes or fees are dedicated solely  
26 to transportation improvements. The Controller shall each month  
27 set aside one-twelfth of this amount, to accumulate a total of two  
28 hundred million dollars (\$200,000,000) in each fiscal year.

29 (2) Notwithstanding Section 13340 of the Government Code,  
30 the funds available under this subdivision in each fiscal year are  
31 hereby continuously appropriated for allocation to each eligible  
32 county and each city in the county for road maintenance and  
33 rehabilitation purposes pursuant to Section 2033.

34 (b) (1) After deducting the amounts appropriated in the annual  
35 Budget Act pursuant to Section 2031.5 and the amount allocated  
36 in subdivision (a), beginning in the 2017–18 fiscal year, eighty  
37 million dollars (\$80,000,000) of the remaining revenues shall be  
38 transferred annually to the State Highway Account for expenditure,  
39 upon appropriation by the Legislature, on the Active Transportation  
40 Program created pursuant to Chapter 8 (commencing with Section

1 2380) of Division 3 to be allocated by the California Transportation  
2 Commission pursuant to Section 2381.

3 (2) In addition to the funds transferred in paragraph (1), the  
4 department shall annually identify savings achieved through  
5 efficiencies implemented at the department. The department,  
6 through the annual budget process, shall propose, from the  
7 identified savings, an appropriation to be included in the annual  
8 Budget Act of up to seventy million dollars (\$70,000,000), but not  
9 to exceed the total annual identified savings, from the State  
10 Highway Account for expenditure on the Active Transportation  
11 Program.

12 (c) After deducting the amounts appropriated in the annual  
13 Budget Act pursuant to Section 2031.5, the amount allocated in  
14 subdivision (a) and the amount transferred in paragraph (1) of  
15 subdivision (b), in the 2017–18, 2018–19, 2019–20, and 2020–21  
16 fiscal years, the sum of thirty million dollars (\$30,000,000) in each  
17 fiscal year from the remaining revenues shall be transferred to the  
18 Advance Mitigation Fund in the State Transportation Fund created  
19 pursuant to Section 21207 of the Public Resources Code.

20 (d) After deducting the amounts appropriated in the annual  
21 Budget Act pursuant to Section 2031.5, the amount allocated in  
22 subdivision (a), and the amounts transferred in paragraph (1) of  
23 subdivision (b) and in subdivision (c), beginning in the 2017–18  
24 fiscal year and each fiscal year thereafter, and notwithstanding  
25 Section 13340 of the Government Code, there is hereby  
26 continuously appropriated to the California State University the  
27 sum of two million dollars (\$2,000,000) from the remaining  
28 revenues for the purpose of conducting transportation research and  
29 transportation-related workforce education, training, and  
30 development. Prior to the start of each fiscal year, the chairs of the  
31 Assembly Committee on Transportation and the Senate Committee  
32 on Transportation and Housing shall confer and set out a  
33 recommended priority list of research components to be addressed  
34 in the upcoming fiscal year.

35 (e) Notwithstanding Section 13340 of the Government Code,  
36 the balance of the revenues deposited in the Road Maintenance  
37 and Rehabilitation Account are hereby continuously appropriated  
38 as follows:

1

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

4 (2) Fifty percent for apportionment to cities and counties by the  
5 Controller pursuant to the formula in clauses (i) and (ii) of  
6 subparagraph (C) of paragraph (3) of subdivision (a) of Section  
7 2103 for the purposes authorized by this chapter.

8 2033. (a) On or before January 1, 2017, the commission, in  
9 cooperation with the department, transportation planning agencies,  
10 county transportation commissions, and other local agencies, shall  
11 develop guidelines for the allocation of funds pursuant to  
12 subdivision (a) of Section 2032.

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

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

18 2034. (a) (1) Prior to receiving an apportionment of funds  
19 under the program pursuant to paragraph (2) of subdivision (d) of  
20 Section 2032 from the Controller in a fiscal year, an eligible city  
21 or county shall submit to the commission a list of projects proposed  
22 to be funded with these funds pursuant to an adopted city or county  
23 budget. All projects proposed to receive funding shall be included  
24 in a city or county budget that is adopted by the applicable city  
25 council or county board of supervisors at a regular public meeting.  
26 The list of projects proposed to be funded with these funds shall  
27 include a description and the location of each proposed project, a  
28 proposed schedule for the project's completion, and the estimated  
29 useful life of the improvement. The project list shall not limit the  
30 flexibility of an eligible city or county to fund projects in  
31 accordance with local needs and priorities so long as the projects  
32 are consistent with subdivision (b) of Section 2030.

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

39 (b) For each fiscal year, each city or county receiving an  
40 apportionment of funds shall, upon expending program funds,

1 submit documentation to the commission that includes a description  
2 and location of each completed project, the amount of funds  
3 expended on the project, the completion date, and the estimated  
4 useful life of the improvement.

5 2036. (a) Cities and counties shall maintain their existing  
6 commitment of local funds for street, road, and highway purposes  
7 in order to remain eligible for an allocation or apportionment of  
8 funds pursuant to Section 2032.

9 (b) In order to receive an allocation or apportionment pursuant  
10 to Section 2032, the city or county shall annually expend from its  
11 general fund for street, road, and highway purposes an amount not  
12 less than the annual average of its expenditures from its general  
13 fund during the 2009–10, 2010–11, and 2011–12 fiscal years, as  
14 reported to the Controller pursuant to Section 2151. For purposes  
15 of this subdivision, in calculating a city’s or county’s annual  
16 general fund expenditures and its average general fund expenditures  
17 for the 2009–10, 2010–11, and 2011–12 fiscal years, any  
18 unrestricted funds that the city or county may expend at its  
19 discretion, including vehicle in-lieu tax revenues and revenues  
20 from fines and forfeitures, expended for street, road, and highway  
21 purposes shall be considered expenditures from the general fund.  
22 One-time allocations that have been expended for street and  
23 highway purposes, but which may not be available on an ongoing  
24 basis, including revenue provided under the Teeter Plan Bond Law  
25 of 1994 (Chapter 6.6 (commencing with Section 54773) of Part 1  
26 of Division 2 of Title 5 of the Government Code), may not be  
27 considered when calculating a city’s or county’s annual general  
28 fund expenditures.

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

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

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

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

14 2037. A city or county may spend its apportionment of funds  
 15 under the program on transportation priorities other than those  
 16 allowable pursuant to this chapter if the city’s or county’s average  
 17 Pavement Condition Index meets or exceeds 80.

18 2038. (a) The department and local agencies, as a condition  
 19 of receiving funds from the program, shall adopt and implement  
 20 a program designed to promote and advance construction  
 21 employment and training opportunities through preapprenticeship  
 22 opportunities, either by the public agency itself or through  
 23 contractors engaged by the public agencies to do work funded in  
 24 whole or in part by funds made available by the program.

25 (b) The department and local agencies, as a condition of  
 26 receiving funds from the program, shall ensure the involvement  
 27 of the California Conservation Corps and certified community  
 28 conservation corps in the delivery of projects and services funded  
 29 in whole or in part by funds made available by the program.

30 SEC. 25. Section 2103.1 is added to the Streets and Highways  
 31 Code, to read:

32 2103.1. (a) Notwithstanding Section 2103, the revenues  
 33 transferred to the Highway Users Tax Account pursuant to Sections  
 34 8352.4, 8352.5, and 8352.6 of the Revenue and Taxation Code  
 35 shall be distributed pursuant to the formula in paragraph (3) of  
 36 subdivision (a) of Section 2103.

37 (b) Notwithstanding subdivision (b) of Section 2103, the portion  
 38 of revenues in the Highway Users Tax Account attributable to the  
 39 increase in the motor vehicle fuel excise tax by seventeen cents  
 40 (\$0.17) per gallon pursuant to subdivision (a) of Section 7360 of

1 the Revenue and Taxation Code, as adjusted pursuant to  
2 subdivision (c) of that section, shall be transferred to the Road  
3 Maintenance and Rehabilitation Account pursuant to Section 2031.

4 (c) Notwithstanding subdivision (b) of Section 2103, the portion  
5 of revenues in the Highway Users Tax Account attributable to the  
6 increase in the diesel fuel excise tax by thirty cents (\$0.30) per  
7 gallon pursuant to subdivision (b) of Section 60050 of the Revenue  
8 and Taxation Code, as adjusted pursuant to subdivision (c) of that  
9 section, shall be transferred to the Trade Corridors Improvement  
10 Fund pursuant to Section 2192.4.

11 SEC. 26. Section 2192 of the Streets and Highways Code is  
12 amended to read:

13 2192. (a) (1) The Trade Corridors Improvement Fund, created  
14 pursuant to subdivision (c) of Section 8879.23 of the Government  
15 Code, is hereby continued in existence to receive revenues from  
16 state sources other than the Highway Safety, Traffic Reduction,  
17 Air Quality, and Port Security Bond Act of 2006.

18 (2) Revenues apportioned to the state under Section 167 of Title  
19 23 of the United States Code from the national highway freight  
20 program, pursuant to the federal Fixing America's Surface  
21 Transportation Act ("FAST Act," Public Law 114-94) shall be  
22 allocated for projects approved pursuant to this chapter.

23 (b) This chapter shall govern the expenditure of those state and  
24 federal revenues described in subdivision (a).

25 (c) The funding described in subdivision (a) shall be available  
26 upon appropriation for allocation by the California Transportation  
27 Commission for infrastructure improvements in this state on  
28 federally designated Trade Corridors of National and Regional  
29 Significance, on the Primary Freight Network, and along other  
30 corridors that have a high volume of freight movement, as  
31 determined by the commission. In determining the projects eligible  
32 for funding, the commission shall consult the Transportation  
33 Agency's state freight plan as described in Section 13978.8 of the  
34 Government Code and the trade infrastructure and goods movement  
35 plan submitted to the commission by the Secretary of  
36 Transportation and the Secretary for Environmental Protection.  
37 The commission shall also consult trade infrastructure and goods  
38 movement plans adopted by regional transportation planning  
39 agencies, adopted regional transportation plans required by state  
40 and federal law, and the applicable port master plan when

1 determining eligible projects for funding. Eligible projects for  
2 these funds include, but are not limited to, all of the following:

3 (1) Highway capacity improvements, rail landside access  
4 improvements, landside freight access improvements to airports,  
5 and operational improvements to more efficiently accommodate  
6 the movement of freight, particularly for ingress and egress to and  
7 from the state’s land ports of entry, rail terminals, and seaports,  
8 including navigable inland waterways used to transport freight  
9 between seaports, land ports of entry, and airports, and to relieve  
10 traffic congestion along major trade or goods movement corridors.

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

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

19 (4) Truck corridor and capital and operational improvements,  
20 including dedicated truck facilities or truck toll facilities.

21 (5) Border capital and operational improvements that enhance  
22 goods movement between California and Mexico and that  
23 maximize the state’s ability to access funds made available to the  
24 state by federal law.

25 (6) Surface transportation and connector road improvements to  
26 effectively facilitate the movement of goods, particularly for  
27 ingress and egress to and from the state’s land ports of entry,  
28 airports, and seaports, to relieve traffic congestion along major  
29 trade or goods movement corridors.

30 (d) (1) Except as provided in paragraph (2), the commission  
31 shall allocate the funding described in subdivision (a) for trade  
32 infrastructure improvements consistent with Section 8879.52 of  
33 the Government Code and the Trade Corridors Improvement Fund  
34 (TCIF) Guidelines adopted by the commission on November 27,  
35 2007, or as amended by the commission, and in a manner that (A)  
36 addresses the state’s most urgent needs, (B) balances the demands  
37 of various land ports of entry, seaports, and airports, (C) provides  
38 reasonable geographic balance between the state’s regions, (D)  
39 places emphasis on projects that improve trade corridor mobility  
40 and safety while reducing emissions of diesel particulate and other

1 pollutant emissions and reducing other negative community  
2 impacts, and (E) makes a significant contribution to the state’s  
3 economy.

4 (2) The commission shall allocate the federal freight funding,  
5 specifically, pursuant to the original TCIF Guidelines, as adopted  
6 by the commission on November 27, 2007, and in the manner  
7 described in (A) to (E), inclusive, of paragraph (1).

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

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

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

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

19 (D) “Congestion reduction,” which means the reduction in  
20 recurrent daily hours of delay to be achieved.

21 SEC. 27. Section 2192.1 of the Streets and Highways Code is  
22 amended to read:

23 2192.1. (a) To the extent moneys from the Greenhouse Gas  
24 Reduction Fund, attributable to the auction or sale of allowances  
25 as part of a market-based compliance mechanism relative to  
26 reduction of greenhouse gas emissions, are transferred to the Trade  
27 Corridors Improvement Fund, projects funded with those moneys  
28 shall be subject to all of the requirements of existing law applicable  
29 to the expenditure of moneys appropriated from the Greenhouse  
30 Gas Reduction Fund, including, but not limited to, all of the  
31 following:

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

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

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

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

12 (c) For purposes of this section, “disadvantaged community”  
13 means a community with any of the following characteristics:

14 (1) An area with a median household income less than 80  
15 percent of the statewide median household income based on the  
16 most current census tract-level data from the American Community  
17 Survey.

18 (2) An area identified by the California Environmental  
19 Protection Agency pursuant to Section 39711 of the Health and  
20 Safety Code.

21 (3) An area where at least 75 percent of public school students  
22 are eligible to receive free or reduced-price meals under the  
23 National School Lunch Program.

24 SEC. 28. Section 2192.2 of the Streets and Highways Code is  
25 amended to read:

26 2192.2. The commission shall allocate funds made available  
27 by this chapter to projects that have identified and committed  
28 supplemental funding from appropriate local, federal, or private  
29 sources. The commission shall determine the appropriate amount  
30 of supplemental funding each project should have to be eligible  
31 for moneys based on a project-by-project review and an assessment  
32 of the project’s benefit to the state and the program. Funded  
33 improvements shall have supplemental funding that is at least equal  
34 to the amount of the contribution under this chapter. The  
35 commission may give priority for funding to projects with higher  
36 levels of committed supplemental funding.

37 SEC. 29. Section 2192.4 is added to the Streets and Highways  
38 Code, to read:

39 2192.4. Notwithstanding subdivision (b) of Section 2103, the  
40 portion of the revenues in the Highway Users Tax Account

1 attributable to the increase in the diesel fuel excise tax by thirty  
2 cents (\$0.30) per gallon pursuant to subdivision (b) of Section  
3 60050 of the Revenue and Taxation Code, as adjusted pursuant to  
4 subdivision (c) of that section, shall be deposited in the Trade  
5 Corridors Improvement Fund.

6 SEC. 30. Section 9250.3 is added to the Vehicle Code, to read:

7 9250.3. (a) In addition to any other fees specified in this code  
8 or the Revenue and Taxation Code, commencing 120 days after  
9 the effective date of the act adding this section, a registration fee  
10 of thirty-eight dollars (\$38) shall be paid to the department for  
11 registration or renewal of registration of every vehicle subject to  
12 registration under this code, except those vehicles that are expressly  
13 exempted under this code from payment of registration fees.

14 (b) Beginning July 1, 2019, and every third year thereafter, the  
15 Department of Motor Vehicles shall adjust the fee imposed under  
16 this section for inflation in an amount equal to the change in the  
17 California Consumer Price Index for the prior three-year period,  
18 as calculated by the Department of Finance, with amounts equal  
19 to or greater than fifty cents (\$0.50) rounded to the next highest  
20 whole dollar.

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

26 SEC. 31. Section 9250.6 is added to the Vehicle Code, to read:

27 9250.6. (a) In addition to any other fees specified in this code,  
28 or the Revenue and Taxation Code, commencing 120 days after  
29 the effective date of the act adding this section, a registration fee  
30 of one hundred and sixty-five dollars (\$165) shall be paid to the  
31 department for registration or renewal of registration of every  
32 zero-emission motor vehicle subject to registration under this code,  
33 except those motor vehicles that are expressly exempted under  
34 this code from payment of registration fees.

35 (b) Beginning July 1, 2019, and every third year thereafter, the  
36 Department of Motor Vehicles shall adjust the fee imposed under  
37 this section for inflation in an amount equal to the change in the  
38 California Consumer Price Index for the prior three-year period,  
39 as calculated by the Department of Finance, with amounts equal

1 to or greater than fifty cents (\$0.50) rounded to the next highest  
2 whole dollar.

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

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

9 (e) The registration fee required pursuant to this section does  
10 not apply to the initial registration after the purchase of a new  
11 zero-emission motor vehicle.

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

17 SEC. 32. Section 9400.5 is added to the Vehicle Code, to read:

18 9400.5. (a) Notwithstanding Sections 9400.1, 9400.4, and  
19 42205 of this code, Sections 16773 and 16965 of the Government  
20 Code, Section 2103 of the Streets and Highways Code, or any  
21 other law, weight fee revenues shall only be transferred consistent  
22 with the schedule provided in subdivision (b) from the State  
23 Highway Account to the Transportation Debt Service Fund, the  
24 Transportation Bond Direct Payment Account, or any other fund  
25 or account for the purpose of payment of the debt service on  
26 transportation general obligation bonds and shall not be loaned to  
27 the General Fund.

28 (b) (1) The transfer of weight fee revenues, after deduction of  
29 collection costs, from the State Highway Account pursuant to  
30 subdivision (a) shall not exceed:

31 (A) 80 percent of the total weight fees in the 2017–18 fiscal  
32 year.

33 (B) 60 percent of the total weight fees in the 2018–19 fiscal  
34 year.

35 (C) 40 percent of the total weight fees in the 2019–20 fiscal  
36 year.

37 (D) 20 percent of the total weight fees in the 2020–2021 fiscal  
38 year.

1 (2) No weight fees, after deduction of collection costs, shall be  
2 transferred from the State Highway Account after the 2020–21  
3 fiscal year.

4 SEC. 33. This act is an urgency statute necessary for the  
5 immediate preservation of the public peace, health, or safety within  
6 the meaning of Article IV of the Constitution and shall go into  
7 immediate effect. The facts constituting the necessity are:

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

O