



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites
------	------------------	----------------	--------------	-----------------	------------------	--------------

**AB-1113 State Transit Assistance Program.** (2017-2018)

SHARE THIS:  

Date Published: 07/21/2017 09:00 PM

**Assembly Bill No. 1113**

**CHAPTER 86**

An act to amend Sections 99243, 99312, 99312.1, 99312.7, 99313, 99313.1, 99313.3, 99313.6, 99313.7, 99314, 99314.1, 99314.2, 99314.3, 99314.4, 99314.5, 99314.6, and 99314.8 of, and to repeal and add Section 99312.2 of, the Public Utilities Code, relating to public transit, and declaring the urgency thereof, to take effect immediately.

[ Approved by Governor July 21, 2017. Filed with Secretary of State July 21, 2017. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 1113, Bloom. State Transit Assistance Program.

Existing law requires the transfer of a specified portion of the sales tax on diesel fuel, in addition to various other revenues, to the Public Transportation Account, a trust fund in the State Transportation Fund. Existing law requires funds in the account to be allocated to various public transportation and transportation planning purposes, with specified revenues in the account to be allocated by the Controller to specified local transportation agencies for public transportation purposes, pursuant to the State Transit Assistance (STA) Program. Existing law requires STA funds to be allocated by formulas based 50% on population and 50% on transit operator revenues.

This bill would revise and recast the provisions governing the STA program. The bill would provide that only STA-eligible operators, as defined, are eligible to receive an allocation from the portion of program funds based on transit operator revenues. The bill would provide for each STA-eligible operator within the jurisdiction of the allocating local transportation agency to receive a proportional share of the revenue-based program funds based on the qualifying revenues of that operator, as defined. The bill would revise the duties of the Controller and the Department of Transportation in administering the program. The bill would make various other conforming changes and would delete obsolete provisions.

Existing law requires the Controller, relative to local transportation funds available for public transportation and other purposes in each county, to design and adopt a uniform system of accounts and records under which operators, as defined, prepare and submit annual reports of their operation. Existing law generally requires the annual report to be submitted within 90 days of the end of the fiscal year.

This bill would instead require the report to be submitted within 7 months after the end of the fiscal year, and to contain underlying data from audited financial statements, as specified. The bill would also require certain information to be reported by transportation agencies with respect to eligibility for funding of STA-eligible operators under the State Transit Assistance Program.

Existing law requires the Controller to calculate and publish the allocation of transit operator-based funds made pursuant to the State Transit Assistance Program for the 3rd and 4th quarters of the 2015–16 fiscal year and for all 4 quarters of the 2016–17 and 2017–18 fiscal years based on the same list of operators and the same individual operator ratios published by the Controller in a specified transmittal memo for the 4th quarter for the 2014–15 fiscal year, except as specified.

This bill would only require the Controller to calculate and publish this allocation of transit operator-based funds made pursuant to the State Transit Assistance Program for the 3rd and 4th quarters of the 2015–16 fiscal year and for all 4 quarters of the 2016–17 fiscal year.

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

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

---

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

### **SECTION 1.** Section 99243 of the Public Utilities Code is amended to read:

**99243.** (a) The Controller, in cooperation with the department and the operators, shall design and adopt a uniform system of accounts and records, from which the operators shall prepare and submit annual reports of their operation to transportation planning agencies, county transportation commissions, or the San Diego Metropolitan Transit Development Board having jurisdiction over them and to the Controller within seven months after the end of the fiscal year. The report shall contain underlying data from audited financial statements prepared in accordance with generally accepted accounting principles, if this data is available. The report shall specify (1) the amount of revenue generated from each source and its application for the prior fiscal year and (2) the data necessary to determine which section, with respect to Sections 99268.1, 99268.2, 99268.3, 99268.4, 99268.5, and 99268.9, the operator is required to be in compliance in order to be eligible for funds under this article.

(b) (1) For the purposes of the State Transit Assistance Program, which is governed by Sections 99312 to 99314.9, inclusive, the Controller shall provide a mechanism for each transportation planning agency, county transportation commission, and the San Diego Metropolitan Transit Development Board to report to the Controller those operators within its jurisdiction that are STA-eligible operators, as defined in paragraph (2) of subdivision (b) of Section 99312.2.

(2) The mechanism shall require each transportation planning agency, county transportation commission, and the San Diego Metropolitan Transit Development Board to report to the Controller those STA-eligible operators within its jurisdiction that are both:

(A) Eligible to claim local transportation funds under either Article 4 (commencing with Section 99260) or Article 8 (commencing with Section 99400), or under both articles.

(B) A public transportation operator, as defined in paragraph (1) of subdivision (b) of Section 99312.2.

(3) The Controller shall rely upon that verification to determine whether or not an operator is an STA-eligible operator pursuant to paragraph (2) of subdivision (b) of Section 99312.2. The transportation planning agency, county transportation commission, and the San Diego Metropolitan Transit Development Board shall provide this information to the Controller within 60 days of the enactment of the act amending this section in the 2017–18 Regular Session, and by June 15 of each subsequent year.

(c) As a supplement to the annual report prepared pursuant to subdivision (a), each operator shall include an estimate of the amount of revenues to be generated from each source and its proposed application for the next fiscal year, and a report on the extent to which it has contracted with the Prison Industry Authority, including the nature and dollar amounts of all contracts entered into during the reporting period and proposed for the next reporting period.

(d) The Controller shall instruct the county auditor to withhold payments from the fund to an operator that has not submitted its annual report to the Controller within the time specified by subdivision (a).

(e) In establishing the uniform system of accounts and records, the Controller shall include the data required by the United States Department of Transportation and the department.

(f) Notwithstanding any other law or any regulation, including any California Code of Regulations provision, the City of El Segundo, the City of Huntington Beach, the City of Inglewood, the City of Long Beach, or the City of South Lake Tahoe may select, for purposes of this chapter, on a one-time basis, a fiscal year that does not end on June 30. After the city has sent a written notice to the Secretary of Transportation and the Controller that the city has selected a fiscal year other than one ending on June 30, the fiscal year selected by the city shall be its fiscal year for all reports required by the state under this chapter.

### **SEC. 2.** Section 99312 of the Public Utilities Code is amended to read:

**99312.** Except as provided in Sections 99311 and 99311.5, and Sections 6051.8 and 6201.8 of the Revenue and Taxation Code, the funds in the account shall be made available for the following purposes:

(a) Fifty percent for purposes of Section 99315, subject to appropriation by the Legislature.

(b) To the Controller, 25 percent for allocation to transportation planning agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board pursuant to Section 99314, for the purposes of the State Transit Assistance Program. These funds are hereby continuously appropriated for these purposes.

(c) To the Controller, 25 percent for allocation to transportation planning agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board pursuant to Section 99313, for the purposes of the State Transit Assistance Program. These funds are hereby continuously appropriated for these purposes.

**SEC. 3.** Section 99312.1 of the Public Utilities Code is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

**SEC. 4.** Section 99312.2 of the Public Utilities Code is repealed.

**SEC. 5.** Section 99312.2 is added to the Public Utilities Code, to read:

**99312.2.** (a) The State Transit Assistance Program, also known as the STA program, which provides for allocations of funds made available from the Public Transportation Account pursuant to Sections 99313 and 99314, and which is governed by Sections 99312 to 99314.9, inclusive, is hereby continued in existence. The purpose of the STA program is to provide a source of state funding to eligible public transportation operators and other transportation agencies in order to support their local and regional transit operating and capital needs.

(b) For purposes of the STA program, the following terms shall have the following meanings:

(1) "Public transportation operator" has the same meaning as "operator," as defined in Section 99210, as long as that operator operates a "public transportation system," as defined in Section 99211.

(2) "STA-eligible operator" means a public transportation operator eligible to claim local transportation funds under either Article 4 (commencing with Section 99260) or Article 8 (commencing with Section 99400), or under both articles.

(c) The only entities eligible to receive direct allocations from the Controller under Sections 99313 and 99314 shall be transportation planning agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board. The Controller shall distribute funds attributable to transportation planning agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board to the applicable county treasurer's office. Upon the request of a transportation planning agency, county transportation commission, or the San Diego Metropolitan Transit Development Board, the Controller shall instead distribute the applicable funds directly to the requesting agency.

(d) Only STA-eligible operators shall be eligible to receive STA program funds allocated by transportation planning agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board pursuant to Section 99314. An STA-eligible operator, at its discretion, may further suballocate funds it receives pursuant to Section 99314 to an entity operating local community transit services that is eligible to claim local transportation funds pursuant to Article 4.5 (commencing with Section 99275) but that is otherwise ineligible to directly receive funds allocated pursuant to Section 99314.

(e) An entity operating community transit services pursuant to Article 4.5 (commencing with Section 99275) may be allocated funds pursuant to Section 99313 as a subrecipient at the discretion of the transportation planning agency, the county transportation commission, or the San Diego Metropolitan Transit Development Board.

(f) The Los Angeles County Metropolitan Transportation Authority, which is both a county transportation commission for purposes of Sections 99313 and 99314, and an STA-eligible operator for purposes of Section 99314, may incorporate into its report pursuant to Section 99243 any operating costs for local community transit service under contract with the authority, including service provided by a consolidated transportation service agency pursuant to Section 99204.5 or by operators eligible to expend local transportation funds only under Article 4.5 (commencing with Section 99275).

**SEC. 6.** Section 99312.7 of the Public Utilities Code is amended to read:

**99312.7.** (a) Not later than each January 31st, for purposes of the State Transit Assistance Program, the Controller shall compute, publish, and send to each transportation planning agency and county transportation commission, and the San Diego Metropolitan Transit Development Board an estimate of the amount of funds from subdivisions (b) and (c) of Section 99312 and Section 99312.1 to be allocated to it during the next fiscal year pursuant to Sections 99313 and 99314.

(b) Not later than each August 1st, on the basis of the amounts continuously appropriated pursuant to subdivisions (b) and (c) of Section 99312 and Section 99312.1 for the applicable fiscal year for purposes of Sections 99313 and 99314, the Controller shall compute, publish, and send to each transportation planning agency and county transportation commission, and the San Diego Metropolitan Transit Development Board an estimate of the amount of funds to be allocated to it during the fiscal year. Notwithstanding any other law, for the 2017–18 fiscal year, the Controller shall compute, publish, and send the estimate within 90 days of the enactment of the act amending this section in the 2017–18 Regular Session.

(c) The Controller, along with the actions taken pursuant to subdivisions (a) and (b), with respect to the allocations under Section 99314, shall also compute, publish, and send to each transportation planning agency and county transportation commission, and the San Diego Metropolitan Transit Development Board the share of funds corresponding to each STA-eligible operator within the jurisdiction of each agency, commission, and board.

**SEC. 7.** Section 99313 of the Public Utilities Code is amended to read:

**99313.** (a) From the funds made available pursuant to subdivision (c) of Section 99312 and subdivision (b) of Section 99312.1, an amount shall be allocated by the Controller to each transportation planning agency and county transportation commission, and the San Diego Metropolitan Transit Development Board based on the ratio of the population of the area under its jurisdiction to the total population of the state. The Controller shall base these allocations on a report prepared by the Department of Transportation. On or before June 30 of each year, the Department of Transportation shall prepare and submit to the Controller a report detailing the population of each transportation planning agency and county transportation commission, and the San Diego Metropolitan Transit Development Board. For the purpose of this report, the Department of Transportation shall use the most recent population estimates of the Department of Finance and the information provided pursuant to subdivision (b).

(b) To assist the Department of Transportation in determining the populations of the San Diego Metropolitan Transit Development Board, the San Diego Association of Governments, the El Dorado County Transportation Commission, the Placer County Transportation Planning Agency, and the Tahoe Regional Planning Agency for the purpose of subdivision (c) of Section 99312

and subdivision (b) of Section 99312.1, each of those entities, on or before June 1st of each year, shall provide the department with the population of its respective jurisdiction using the most recent population estimates of the Department of Finance.

**SEC. 8.** Section 99313.1 of the Public Utilities Code is amended to read:

**99313.1.** (a) A transportation planning agency, a county transportation commission, or the San Diego Metropolitan Transit Development Board may transfer any funds that it receives pursuant to Section 99313 to another transportation planning agency, county transportation commission, or the San Diego Metropolitan Transit Development Board, as applicable. Any funds transferred pursuant to this section shall be used only for the purposes authorized by this chapter and are subject to all statutes and rules and regulations applicable to funds allocated pursuant to Section 99313.

(b) If one transfer has been completed between a transportation planning agency, a county transportation commission, or the San Diego Metropolitan Transit Development Board, pursuant to this section, no other transfer may be made between the same parties.

(c) In the event of a transfer of funds to the Los Angeles County Metropolitan Transportation Authority pursuant to this section, the amount of that transfer, if any, which exceeds the amount of funds transferred at that time by the Los Angeles County Metropolitan Transportation Authority to the transferring transportation planning agency, county transportation commission, or the San Diego Metropolitan Transit Development Board, may not be used for the purpose of funding an exclusive public mass transit guideway system project. The Los Angeles County Metropolitan Transportation Authority shall report to the Senate Committee on Transportation and Housing and the Assembly Committee on Transportation on the expenditure of any funds received by it pursuant to a transfer made pursuant to this section.

**SEC. 9.** Section 99313.3 of the Public Utilities Code is amended to read:

**99313.3.** The amount received by each transportation planning agency and county transportation commission, and the San Diego Metropolitan Transit Development Board, pursuant to Sections 99313 and 99314, shall be allocated for public transportation purposes. Pursuant to subdivision (d) of Section 99312.2, funds received pursuant to Section 99314 may be allocated only to STA-eligible operators. Funds received pursuant to Section 99314 may be expended by STA-eligible operators for community transit services pursuant to Section 99275, including payments or allocations to entities eligible to claim local transportation funds under Article 4.5 (commencing with Section 99275). Notwithstanding anything to the contrary in this section, Section 99285 shall continue to apply in the County of Los Angeles.

**SEC. 10.** Section 99313.6 of the Public Utilities Code is amended to read:

**99313.6.** (a) Each transportation planning agency and county transportation commission, and the San Diego Metropolitan Transit Development Board shall create a state transit assistance fund and deposit therein the funds allocated to it pursuant to Sections 99313 and 99314. The funds attributable to Section 99313 shall be allocated for public transportation purposes, including for community transit services pursuant to Section 99275. Pursuant to subdivision (d) of Section 99312.2, the funds attributable to Section 99314 shall be allocated only to STA-eligible operators for public transportation purposes.

(b) From funds allocated to it pursuant to Sections 99313 and 99314, the Los Angeles County Metropolitan Transportation Authority may allocate funds to itself for the planning, design, and construction of an exclusive public mass transit guideway system.

(c) An allocation of funds from a state transit assistance fund for a transit capital project may be used for the payment of the principal of, and interest on, equipment trust certificates, bonded or other indebtedness, or in accomplishment of a defeasance of any outstanding revenue bond indenture issued for that project.

(d) From funds allocated to it pursuant to Section 99313, the Metropolitan Transportation Commission may allocate funds to itself for projects to achieve regional transit coordination objectives.

(e) From funds allocated to the Metropolitan Transportation Commission pursuant to Section 99313, upon a request of the Solano Transportation Authority, the commission may allocate an amount of funds to the authority for public transportation purposes, including countywide transit planning and coordination relative to Solano County.

**SEC. 11.** Section 99313.7 of the Public Utilities Code is amended to read:

**99313.7.** A public agency authorized to file claims with the transportation planning agency and expend funds pursuant to Section 99234.5, 99234.7, or 99234.9 may also receive allocations and expend STA program funds made available pursuant to Section 99313.

**SEC. 12.** Section 99314 of the Public Utilities Code is amended to read:

**99314.** (a) From funds made available pursuant to subdivision (b) of Section 99312 and subdivision (a) of Section 99312.1, an amount shall be allocated by the Controller to each transportation planning agency and county transportation commission, and the San Diego Metropolitan Transit Development Board. The allocation shall include an amount corresponding to the STA-eligible operators within the jurisdiction of each transportation planning agency and county transportation commission, and the San Diego Metropolitan Transit Development Board. The amount allocated to a transportation planning agency and county transportation commission, and the San Diego Metropolitan Transit Development Board shall be based on the ratio that the total qualifying revenue of all STA-eligible operators in the area under jurisdiction of the agency, commission, or board bears to the total qualifying revenue of all STA-eligible operators in the state.

(b) For purposes of this section and Section 99314.3, "qualifying revenue" means fare revenues, including fares generated for community transit services under contract with the STA-eligible operator, and any other funds used by the operator in the delivery of transit service, except federal and state funds. The revenue amount for each STA-eligible operator shall be determined from the annual report submitted to the Controller pursuant to Section 99243. Revenue used for capital expenditures or depreciation shall not constitute qualifying revenue. The revenue share for the Altamont Corridor Express and the Southern California Regional Rail Authority shall be determined by the qualifying revenues reported to the Controller in accordance with subdivision (b) of Section 99314.1 and subdivision (b) of Section 99314.2, respectively.

(c) An STA-eligible operator qualifies to receive STA funding from Section 99314 beginning on the date when it commences revenue passenger service. A new STA-eligible operator shall notify the Controller in writing that it has commenced revenue passenger service within 10 business days of beginning the service. A new STA-eligible operator that commences revenue passenger service before August 1 of a fiscal year shall be eligible to receive funds in that fiscal year based on the qualifying revenue reported to the Controller two years prior to that fiscal year, consistent with subdivision (e). If a new STA-eligible operator commences revenue passenger service on or after August 1 of a fiscal year, the Controller shall calculate the operator's pro rata share of Section 99314 STA funds for that fiscal year based on the date the operator commenced revenue passenger service. That amount shall be added as an adjustment to an operator's STA funding for the subsequent fiscal year, and the adjustment shall be drawn as an off-the-top reduction from the first quarter of Section 99314 STA funds.

(d) The Controller shall determine allocation amounts pursuant to this section based on the qualifying revenue reported two years prior to the fiscal year in which the funds are allocated.

(e) Qualifying revenue for a given fiscal year shall not exceed an STA-eligible operator's annual operating expenses, as reported to the Controller. Operating expenses include, but are not limited to, the direct cost of operating transit service, payments by the STA-eligible operator for community transit service provided by entities that are not eligible to receive funds directly pursuant to subdivision (a) of Section 99314.3, administrative costs, and routine maintenance. Operating expenses do not include transfers from an operating budget to a capital account.

(f) For the purpose of allocating funds pursuant to this section, Section 99314.1, and 99314.2, "STA-eligible operator" includes the Altamont Corridor Express and the Southern California Regional Rail Authority. The revenue share for these operators shall be based on the qualifying revenue used to operate the systems consistent with subdivision (b), including fares and the amounts contributed by the parties to the cooperative service agreement in the case of the Altamont Corridor Express, and by the member agencies in the case of the Southern California Regional Rail Authority.

(g) Funds allocated by the Controller to a transportation planning agency or county transportation commission, or the San Diego Metropolitan Transit Development Board pursuant to this section shall be allocated by the agency, commission, or board to STA-eligible operators pursuant to Section 99314.3.

**SEC. 13.** Section 99314.1 of the Public Utilities Code is amended to read:

**99314.1.** (a) For purposes of this section, the following terms have the following meanings:

(1) The "Altamont Corridor Express" or the "authority" is the joint powers agency duly formed pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, by and between the Alameda Congestion Management Agency, the Santa Clara Valley Transportation Authority, and the San Joaquin Regional Rail Commission. Any reference to the "Altamont Corridor Express" or the "authority" shall be construed to include a reference to any entity that is a successor to the authority.

(2) "Qualifying revenue" means qualifying revenue, as defined in subdivision (b) of Section 99314, that is derived from operating as a member agency of the authority.

(b) The authority shall report to the Controller, for each fiscal year, the ratio that the qualifying revenue of each member agency of the authority bears to the total qualifying revenue of the authority during that fiscal year. The authority shall provide the ratios within the timeframe specified by subdivision (a) of Section 99243.

(c) (1) From funds made available pursuant to subdivision (b) of Section 99312 and subdivision (a) of Section 99312.1, the Controller shall allocate to the transportation planning agencies in the jurisdictions of the parties to the cooperative service agreement an amount for each member agency of the authority that is based on the ratio provided under subdivision (b), for allocation pursuant to subdivision (c) of Section 99314.3.

(2) The allocation set forth in paragraph (1) shall be in addition to any other allocation provided under this article.

(3) Allocations made under this section shall be used only for STA program purposes authorized under this chapter.

**SEC. 14.** Section 99314.2 of the Public Utilities Code is amended to read:

**99314.2.** (a) For purposes of this section, the following terms have the following meanings:

(1) The "Southern California Regional Rail Authority" or the "authority" is that joint powers authority described in Section 14072 of the Government Code and includes any additional agencies that may join the authority under Section 14072.2 of that code.

(2) "Qualifying revenue" means qualifying revenue, as defined in subdivision (b) of Section 99314, that is derived from operating as a member agency of the authority.

(b) The Southern California Regional Rail Authority shall report to the Controller, for each fiscal year, the ratio that the qualifying revenue of each member agency of the authority bears to the total qualifying revenue of the authority during that fiscal year. The authority shall provide the ratios within the timeframe specified by subdivision (a) of Section 99243.

(c) (1) From funds made available pursuant to subdivision (b) of Section 99312 and subdivision (a) of Section 99312.1, the Controller shall allocate to the county transportation commissions in the jurisdictions of the member agency's area an amount for each member agency of the authority that is based on the ratio provided under subdivision (b), for allocation pursuant to subdivision (c) of Section 99314.3.

(2) The allocation set forth in paragraph (1) shall be in addition to any other allocation provided under this article.

(3) Allocations made under this section shall be used only for STA program purposes authorized under this chapter.

**SEC. 15.** Section 99314.3 of the Public Utilities Code is amended to read:

**99314.3.** (a) The amount allocated to each transportation planning agency and county transportation commission, and the San Diego Metropolitan Transit Development Board pursuant to Section 99314 shall be allocated by those entities to the STA-eligible operators in the area of their respective jurisdictions.

(b) The amount allocated by a transportation planning agency and county transportation commission, and the board to each STA-eligible operator pursuant to Section 99314 shall be based on the ratio that the operator's qualifying revenue bears to the total qualifying revenue of all STA-eligible operators within the area of jurisdiction of the transportation planning agency, county transportation commission, or board. The Controller shall publish the share of funds corresponding to each STA-eligible operator as well as the total amount to be allocated to each transportation planning agency, county transportation commission, or board.

(c) The amount allocated by the Controller to a transportation planning agency corresponding to the parties to the cooperative service agreement of the Altamont Corridor Express and the member agencies of the Southern California Regional Rail Authority, pursuant to Section 99314, shall be allocated by the transportation planning agency in the jurisdiction of the parties to the cooperative services agreement or the member agency's area for STA program purposes authorized in this chapter. The allocation shall be based on the ratio that the qualifying revenues bear to the qualifying revenue of all STA-eligible operators.

(d) For purposes of subdivision (a), the City and County of San Francisco with respect to its municipal railway system, the Alameda-Contra Costa Transit District, and the San Francisco Bay Area Rapid Transit District shall be considered one operator. The amount allocated to them as one operator shall be apportioned to each of them based on the ratio of its revenue to the sum of their revenues, excluding from the determination of that ratio the amount allocated to each of them pursuant to Section 29142.2.

**SEC. 16.** Section 99314.4 of the Public Utilities Code is amended to read:

**99314.4.** (a) An operator in an urbanized area having a population of less than 200,000 persons may elect to participate in the funding exchange program authorized by this subdivision. An operator electing to participate in the funding exchange program

shall give notice to the director and shall indicate the amount of funds which it wants allocated for the funding exchange program.

From funds that would otherwise be allocated to an operator under the State Transit Assistance Program, an amount so designated by the participating operator shall be allocated to the department for transfer pursuant to an agreement between the department and the State of Arizona whereby California can receive federal mass transportation funds originally apportioned to the State of Arizona.

The department shall allocate the federal mass transportation funds so received to each participating operator in the same proportion as the operator contributed to the funding exchange program. Funds so received shall be used only for the purposes of the State Transit Assistance Program and are subject to all statutes and rules and regulations applicable to funds allocated pursuant to Sections 99313 and 99314.

The Legislature finds and declares that the exchange of state funds for federal mass transportation funds authorized by this section will result in a net increase in the total amount of funds to be available to the participating operators.

(b) A transportation planning agency or county transportation commission, or the San Diego Metropolitan Transit Development Board may authorize an STA-eligible operator under its jurisdiction to exchange funds allocated to it pursuant to Section 99314 for funds made available pursuant to Section 99231. Any funds allocated pursuant to Section 99314 that are exchanged pursuant to this section shall only be available to other STA-eligible operators and shall be used for STA program purposes authorized by this chapter and are subject to all statutes and rules and regulations applicable to funds allocated pursuant to Section 99314. Exchanges pursuant to this section shall be on a dollar-for-dollar basis.

**SEC. 17.** Section 99314.5 of the Public Utilities Code is amended to read:

**99314.5.** (a) It is the intent of the Legislature that, in allocating the funds available pursuant to Section 99313, the transportation planning agencies and county transportation commissions, and the San Diego Metropolitan Transit Development Board give priority consideration to offsetting reductions in federal operating assistance and the unanticipated increase in the cost of fuel, to enhancing existing public transportation services, and to meeting high-priority regional, countywide, or areawide public transportation needs.

(b) Nothing in this section shall be construed to prohibit, or limit the ability of, a public transit operator to do the following:

- (1) Contract with common carriers of persons operating under a franchise or license.
- (2) Employ part-time drivers.

**SEC. 18.** Section 99314.6 of the Public Utilities Code is amended to read:

**99314.6.** (a) Except as provided in Section 99314.7, the following eligibility standards apply:

(1) Except as provided in paragraph (3), funds shall be allocated for operating or capital purposes pursuant to Sections 99313 and 99314 to an operator if the operator meets either of the following efficiency standards:

(A) The operator shall receive its entire allocation, and any or all of this allocation may be used for operating purposes, if the operator's total operating cost per revenue vehicle hour in the latest year for which audited data are available does not exceed the sum of the preceding year's total operating cost per revenue vehicle hour and an amount equal to the product of the percentage change in the Consumer Price Index for the same period multiplied by the preceding year's total operating cost per revenue vehicle hour.

(B) The operator shall receive its entire allocation, and any or all of this allocation may be used for operating purposes, if the operator's average total operating cost per revenue vehicle hour in the latest three years for which audited data are available does not exceed the sum of the average of the total operating cost per revenue vehicle hour in the three years preceding the latest year for which audited data are available and an amount equal to the product of the average percentage change in the Consumer Price Index for the same period multiplied by the average total operating cost per revenue vehicle hour in the same three years.

(2) If an operator does not meet either efficiency standard under paragraph (1), the operator shall receive its entire allocation and the funds shall be allocated pursuant to this paragraph. The portion of the allocation that the operator may use for operations shall be the total allocation to the operator reduced by the lowest percentage by which the operator's total operating cost per revenue vehicle hour for the applicable year or three-year period calculated pursuant to subparagraph (A) or (B) of paragraph (1) exceeded the target amount necessary to meet the applicable efficiency standard. The remaining portion of the operator's allocation shall be used only for capital purposes.



(3) The transportation planning agency or county transportation commission, or the San Diego Metropolitan Transit Development Board, as the case may be, shall adjust the calculation of operating costs and revenue vehicle hours pursuant to paragraph (1) to account for either or both of the following factors:

(A) Exclusion of cost increases beyond the change in the Consumer Price Index for fuel; alternative fuel programs; power, including electricity; insurance premiums and payments in settlement of claims arising out of the operator's liability; or state or federal mandates, including the additional operating costs required to provide comparable complementary paratransit service as required by Section 37.121 of Title 49 of the Code of Federal Regulations, pursuant to the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), as identified in the operator's paratransit plan pursuant to Section 37.139 of Title 49 of the Code of Federal Regulations.

(B) Exclusion of startup costs for new services for a period of not more than two years.

(b) As used in this section, the following terms have the following meanings:

(1) "Operating cost" means the total operating cost as reported by the operator under the uniform system of accounts and records, pursuant to Section 99243 and subdivision (a) of Section 99247.

(2) "Revenue vehicle hours" has the same meaning as "vehicle service hours," as defined in subdivision (h) of Section 99247.

(3) "Consumer Price Index," as applied to an operator, is the regional Consumer Price Index for that operator's region, as published by the United States Bureau of Labor Statistics. If a regional index is not published, the index for the State of California applies.

(4) "New service" has the same meaning as "extension of public transportation services" as defined in Section 99268.8.

(c) The restrictions in this section do not apply to allocations made for capital purposes.

(d) The exclusion of cost increases described in paragraph (3) of subdivision (a) applies solely for the purpose of calculating an operator's eligibility to claim funds pursuant to this section and does not authorize an operator to report an operating cost per revenue vehicle hour, other than as described in this section and in Section 99247, to any of the following entities:

(1) The Controller pursuant to Section 99243.

(2) The entity conducting the fiscal audit pursuant to Section 99245.

(3) The entity conducting the performance audit pursuant to Section 99246.

(e) This section shall become operative on July 1, 2016.

**SEC. 19.** Section 99314.8 of the Public Utilities Code is amended to read:

**99314.8.** (a) Notwithstanding any other law, for the third and fourth quarters of the 2015–16 fiscal year, and for all four quarters of the 2016–17 fiscal year, the Controller shall calculate and publish the allocation of all funds made pursuant to Section 99314 to each transportation planning agency and county transportation commission, the San Diego Metropolitan Transit Development Board, the member agencies of the Altamont Commuter Express Authority, and the member agencies of the Southern California Regional Rail Authority based on the same list of operators and the same individual operator ratios published by the Controller in its original Fourth Quarter State Transit Assistance Allocation transmittal memo for the 2014–15 fiscal year, unless the Controller has subsequently published revisions or adjustments to its original Fourth Quarter State Transit Assistance Allocation transmittal memo for the 2014–15 fiscal year, in which case the revised or adjusted list of operators and individual operator ratios shall be used.

(b) Each transportation planning agency and county transportation commission, and the San Diego Metropolitan Transit Development Board may apply the individual operator ratios calculated for the third quarter of the 2015–16 fiscal year pursuant to this section to any undistributed funds remaining from the first and second quarters of the 2015–16 fiscal year.

(c) Upon allocation of funds pursuant to this section to each transportation planning agency and county transportation commission, the San Diego Metropolitan Transit Development Board, the member agencies of the Altamont Commuter Express Authority, and the member agencies of the Southern California Rail Authority, the Controller shall publish the amount of funding applicable to each operator.

**SEC. 20.** 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 California Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to implement necessary reforms to the State Transit Assistance Program as quickly as possible, it is necessary for this act to take effect immediately.