



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

**SB-125 Transportation budget trailer bill.** (2023-2024)

SHARE THIS:  

Date Published: 07/10/2023 09:00 PM

**Senate Bill No. 125**

**CHAPTER 54**

An act to add Sections 13987 and 14509.5 to, and to add and repeal Section 13979.3 of, the Government Code, to amend Section 75224 of, to add Section 75226 to, and to add Part 6 (commencing with Section 75260) to Division 44 of, the Public Resources Code, to amend Sections 99268.9, 99312.1, 99314.6, and 99314.10 of the Public Utilities Code, to add Section 114.5 to the Streets and Highways Code, and to amend Section 13020 of the Vehicle Code, relating to transportation, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[ Approved by Governor July 10, 2023. Filed with Secretary of State July 10, 2023. ]

**LEGISLATIVE COUNSEL'S DIGEST**

SB 125, Committee on Budget and Fiscal Review. Transportation budget trailer bill.

(1) Existing law establishes the Transportation Agency, which consists of various departments and state entities, including the California Transportation Commission and the Department of Transportation. Under existing law, the agency is under the supervision of an executive officer known as the Secretary of Transportation, who is required to develop and report to the Governor on legislative, budgetary, and administrative programs to accomplish comprehensive, long-range, and coordinated planning and policy formulation in the matters of public interest related to the agency.

Existing law provides for the funding of public transit, including under the Mills-Alquist-Deddeh Act, also known as the Transportation Development Act.

This bill would require the agency, on or before January 1, 2024, to establish and convene the Transit Transformation Task Force to include representatives from the department, various local agencies, academic institutions, nongovernmental organizations, and other stakeholders. The bill would require the task force to solicit and develop a structured, coordinated process for engagement of all parties to develop policy recommendations to grow transit ridership and improve the transit experience for all users of those services. The bill would require the agency, in consultation with the task force, to prepare and submit a report of findings and policy recommendations based on the task force's efforts to the appropriate policy and fiscal committees of the Legislature on or before October 31, 2025. The bill would require the report to include a detailed analysis of specified issues and recommendations on specified topics, including, among others, reforming the Transportation Development Act. The bill would repeal these provisions on January 1, 2028.

(2) Existing law establishes the Transit and Intercity Rail Capital Program to fund transformative capital improvements that will modernize California's intercity, commuter, and urban rail systems and bus and ferry transit systems to achieve certain policy objectives. Existing law requires the Transportation Agency to evaluate applications for funding under the program and to approve a multiyear program of projects, as specified, and requires the California Transportation Commission to allocate funding to applicants pursuant to the program of projects approved by the agency.

This bill would require that moneys appropriated in the annual Budget Act from the General Fund to the Transportation Agency for purposes of the Transit and Intercity Rail Capital Program be distributed pursuant to a population-based formula to regional transportation planning agencies instead of through a program of projects, as specified. The bill would authorize a regional transportation planning agency, subject to compliance with the requirements described below, to use those moneys to fund transit operating expenses within its jurisdiction and for the transformative capital improvements authorized under the Transit and Intercity Rail Capital Program, as specified.

The bill would establish the Zero-Emission Transit Capital Program under the administration of the Transportation Agency and would require funds appropriated under the program to be allocated to regional transportation planning agencies pursuant to a population-based formula and another formula based on transit operator revenues within the jurisdiction of those regional transportation planning agencies, as specified. The bill would authorize a regional transportation planning agency, subject to the requirements described below, to fund zero-emission transit equipment and transit operating expenditures, as specified.

The bill would require the Transportation Agency to develop and administer an accountability program to govern the distribution of funds made available to the Transportation Agency for the Zero-Emission Transit Capital Program and the General Fund component of the Transit and Intercity Rail Capital Program described above. The bill would require the Transportation Agency to adopt guidelines governing the distribution of these funding sources in consultation with specified local agencies. Under the accountability program, the bill would require a regional transportation planning agency to comply with certain requirements, including submitting a regional short-term financial plan to the Transportation Agency for approval, in order to receive moneys from these funding sources during specified fiscal years, as provided. The bill also would require the Transportation Agency to support the transit goals of the accountability program by, among other things, working with the Department of Transportation and each region to identify service improvements that could further grow ridership at the regional and interregional levels.

The bill would, as part of the accountability program, require a regional transportation planning agency to submit a long-term financial plan to the Transportation Agency by June 26, 2026, as prescribed. The bill would make a regional transportation planning agency ineligible to receive a grant under the above-described existing Transit and Intercity Rail Capital Program in the 2026–27 fiscal year, or any subsequent fiscal years, unless the Transportation Agency approves the long-term financial plan.

The bill would make all these provisions subject to an appropriation of funds for these purposes in the Budget Act of 2023, 2024, 2025, or 2026.

(3) Existing law requires the California Transportation Commission to advise and assist the Secretary of Transportation and the Legislature in formulating and evaluating state policies and plans for transportation programs in the state. Existing law requires the commission to organize itself into committees and requires commission members to receive a compensation of \$100 per day, but not to exceed \$800 for any commission business authorized by the commission during any month, when a majority of the commission approves the compensation by a recorded vote, plus the necessary expenses incurred by the member in the performance of the member's duties. Existing law also establishes advisory committees to the commission, including the Road Usage Charge Technical Advisory Committee and the Technical Advisory Committee on Aeronautics.

This bill would require those members of advisory committees to the commission who are not members of the commission to receive a per diem of \$100 for each day actually spent in the discharge of authorized advisory committee duties. The bill would also require those advisory committee members to be reimbursed for traveling and other expenses necessarily incurred in the performance of advisory committee duties.

(4) Existing law provides for the allocation of various revenues under the Transportation Development Act, to transit operators that meet specified requirements, including, as applicable, requirements related to operating costs, fare box ratios, and revenues, as specified. Existing law exempts those entities, for the 2019–20 to 2022–23 fiscal years, inclusive, as provided, from penalties or other provisions that would reduce the amount of revenues allocated as a result of failing to meet those requirements.

This bill would extend those entities' exemptions through the 2025–26 fiscal year, as specified.

(5) The Vehicle License Fee Law, in addition to any other fee imposed on a vehicle by that law or by the Vehicle Code, imposes a transportation improvement fee on each vehicle and requires a portion of the revenues attributable to the fee to be transferred to the Public Transportation Account for the State Transit Assistance Program. Existing law continuously appropriates those funds to the Controller under a program commonly known as the State of Good Repair Program for allocation to transit agencies pursuant to specified formulas. Existing law restricts the expenditure of moneys under this program to (A) transit capital projects or services to maintain or repair a transit operator's existing transit vehicle fleet or existing transit facilities; (B) the design, acquisition, and construction of new vehicles or facilities that improve existing transit services; or (C) transit services that complement local efforts for repair and improvement of local transportation infrastructure. Existing law authorizes the recipient transit agency to instead expend funds apportioned for the 2019–20 to 2022–23 fiscal years, inclusive, under the program on any operating or capital expenses to maintain transit service levels if the governing board of the recipient transit agency makes a specified declaration.

Existing law requires the Controller to allocate a specified portion of this funding for the 2019–20 to 2022–23 fiscal years, inclusive, to recipient transit agencies pursuant to specified individual operator ratios, as prescribed.

This bill would extend the authorization of a recipient transit agency to additionally expend funds apportioned through the 2025–26 fiscal year under the program on any operating or capital expenses to maintain transit service levels if the governing board of the recipient transit agency makes that specified declaration. By expanding the purposes for which continuously appropriated funds may be used, the bill would make an appropriation. The bill would require the Controller to instead allocate a specified portion of that funding for the 2019–20 to 2025–26 fiscal years, inclusive, pursuant to specified individual operator ratios, as prescribed.

(6) 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 for 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 Program. Existing law continuously appropriates a specified portion of the revenues attributable to the sales tax on diesel fuel and various other revenues to the Controller for allocation to each local transportation agency by formulas based 50% on population and 50% on transit operator revenues. Existing law requires each State Transit Assistance Program-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. Existing law, for the 2020–21 to the 2022–23 fiscal years, inclusive, requires the Controller to calculate and publish the allocation of transit operator revenue-based funds made pursuant to the State Transit Assistance Program based on the same individual operator ratios published by the Controller in a specified transmittal memo, and authorizes the Controller to revise that transmittal memo, as specified.

This bill would require, for the 2023–24 to 2025–26 fiscal years, inclusive, the Controller to calculate and publish the allocation of transit operator revenue-based funds made pursuant to the State Transit Assistance Program based on the same individual operator ratios published by the Controller in a specified transmittal memo, and would authorize the Controller to revise that transmittal memo, as specified.

(7) Existing law vests the Department of Transportation with full possession and control of the state highway system and associated property. Existing law provides for cooperative agreements between the department and public entities for the performance of work by the department and those entities and apportionment of associated expenses.

This bill would prohibit the department from charging any self-help counties with countywide sales tax measures dedicated to transportation improvements more than 10% for administration indirect cost recovery and would require the department to charge those self-help counties for functional overhead.

(8) Existing law authorizes the Department of Motor Vehicles to establish a pilot program to evaluate the use of optional mobile or digital alternatives to driver's licenses and identification cards, subject to certain requirements, including, but not limited to, the voluntary participation of persons in the program and a limitation on the percentage of licensed drivers who can participate in the program. Existing law requires the department, in developing and implementing the use of digital driver's licenses and identification cards, to ensure the protection of personal information and include specified security features that protect against unauthorized access to information.

This bill would expand the percentage of licensed drivers who can participate in the program from 0.5% to 5%.

(9) Existing law requires the Department of Transportation to improve and maintain the state highways.

This bill would appropriate \$5,802,000 to the department to support statewide efforts addressing homelessness within the state highway system right-of-way. The bill would require the department, on or before January 1, 2026, to submit a report to the fiscal committees of the Legislature and the Legislative Analyst's Office summarizing the outcomes associated with the activities undertaken by its encampment coordinators.

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

Vote: majority Appropriation: yes Fiscal Committee: yes Local Program: no

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

**SECTION 1.** Section 13979.3 is added to the Government Code, to read:

**13979.3.** (a) On or before January 1, 2024, the agency shall establish and convene the Transit Transformation Task Force.

(b) The task force shall include, but is not limited to, representatives from transit operators, both small and large operating in urban and rural jurisdictions, the Department of Transportation, local governments, metropolitan planning organizations, regional

transportation planning organizations, transportation advocacy organizations with expertise in public transit, labor organizations, academic institutions, the Senate Committee on Transportation, the Assembly Committee on Transportation, and other stakeholders, as appropriate, at the discretion of the agency. Transit operators included on the task force shall include a mix of agencies that provide bus-only service, rail-only service, ferry-only service, and multimodal service.

(c) The task force shall develop a structured, coordinated process for engagement of all parties to solicit and develop policy recommendations to grow transit ridership and improve the transit experience for all users of those services.

(d) The agency shall, in consultation with the task force, prepare and submit a report of findings and policy recommendations, including identifying where statutory changes would be needed to implement recommendations, based on the task force's efforts to the appropriate policy and fiscal committees of the Legislature on or before October 31, 2025. The report shall identify the financial and technical feasibility of those recommendations.

(e) The report shall include, but is not limited to, and to the extent feasible, a detailed analysis of the following issues:

(1) The services provided by transit agencies and the demographics of transit ridership, with detail on services provided, including persons with disabilities, or specific populations like low-income individuals and students.

(2) Existing funding sources for transit with a breakdown of funding available for capital and operations, including any constitutional and statutory limitations on these existing funding sources.

(3) The use of moneys from local transportation funds established pursuant to Section 29530 for other modes, such as streets and roads.

(4) The cost to operate, maintain, and provide for the future growth of transit systems for the next 10 years.

(5) The costs and operational impacts associated with federal, state, and local mandates, including, but not limited to, the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132) and the State Air Resources Board's Innovative Clean Transit regulations (Article 4.3 (commencing with Section 2023) of Chapter 1 of Division 3 of Title 13 of the California Code of Regulations), to the extent feasible.

(6) Workforce recruitment, retention, and development challenges, impacting transit service.

(7) Existing policies on state and local metrics to measure transit performance.

(8) State and local policies that impact service efficiency and transit ridership, including, but not limited to, transit prioritization on roads, land use, housing, and pricing policies.

(9) Identification of state departments and agencies that have responsibility for transit system oversight, grant administration, and reporting.

(10) Information on how transit agencies modified their services in response to the COVID-19 pandemic and resulting drop in ridership and revenue.

(11) The division of transit funding between capital and operations.

(f) The report shall also include, but is not limited to, recommendations on the following:

(1) How to improve mobility and increase ridership on transit, including, but not limited to:

(A) Service and fare coordination or integration between transit agencies.

(B) Coordinated scheduling, mapping, and wayfinding between transit agencies.

(C) Providing a safe and clean ride for passengers and operators.

(D) Increasing the frequency and reliability, through strategies that include, but are not limited to, the sharing of real-time transit information such as arrival and departure times and predictions, service alert data, and transit prioritization on roads.

(E) Strategies to provide first- and last-mile access to transit.

(F) Strategies to achieve fleet and asset management goals and needs, including funding approaches.

(2) Changes to land use, housing, and pricing policies that could improve public transit use.

(3) Strategies to address workforce recruitment, retention, and development challenges.

(4) Reforming the Transportation Development Act (Chapter 4 (commencing with Section 99200) of Part 11 of Division 10 of the Public Utilities Code), including, but not limited to, replacing the fare box recovery ratios and efficiency criteria with performance metrics that better measure transit operations.

(5) Identification of the appropriate state department or agency to be responsible for transit system oversight and reporting.

(6) New options for revenue sources to fund transit operations and capital projects to meet necessary future growth of transit systems for the next 10 years.

(7) The potential of transit-oriented development and value capture of property around transit stations as a source of sustainable revenue for transit operations.

(g) The task force may consult with the California Transportation Commission to use its work on the needs assessment prepared pursuant to Section 14518 regarding the identification of future transit capital and operational needs. The task force may use data provided pursuant to Section 13987 to inform the analysis.

(h) This section shall remain in effect only until January 1, 2028, and as of that date is repealed.

**SEC. 2.** Section 13987 is added to the Government Code, to read:

**13987.** (a) Subject to the appropriation of funds for the purposes described in paragraphs (1) and (2) in the Budget Act of 2023, 2024, 2025, or 2026, the agency shall develop and administer an accountability program related to the distribution of funds from the following sources:

(1) Funds appropriated to the agency in the annual Budget Act from the General Fund for purposes of the Transit and Intercity Rail Capital Program (Part 2 (commencing with Section 75220) of Division 44 of the Public Resources Code) for allocation pursuant to Section 99313 of Public Utilities Code.

(2) Funds appropriated to the agency in the annual Budget Act from the Greenhouse Gas Reduction Fund and the Public Transportation Account for purposes of the Zero-Emission Transit Capital Program (Part 6 (commencing with Section 75260) of Division 44 of the Public Resources Code) for allocation pursuant to paragraphs (1) and (2) of subdivision (a) of Section 99312.1 of the Public Utilities Code.

(b) (1) The agency shall, in consultation with transportation planning agencies, county transportation commissions, transit development boards, and transit operators, develop guidelines aligned with the legislative intent described in subdivision (d) of Section 75226 of, and subdivision (f) of Section 75260 of, the Public Resources Code for the administration of the funding described in subdivision (a).

(2) The guidelines described in this section shall be exempt from the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1).

(3) Before adopting or modifying the guidelines pursuant to paragraph (4), the agency shall adopt draft guidelines, post those draft guidelines on its internet website, and conduct at least one public workshop or hearing on the draft guidelines. Nothing in this section precludes the agency from conducting additional public workshops or posting informal draft guidelines to inform guideline development before the adoption of final guidelines.

(4) (A) The agency shall adopt the final guidelines governing the distribution of funds for the 2023–24 fiscal year on or before September 30, 2023.

(B) The agency may modify the guidelines adopted pursuant to subparagraph (A) for the distribution of funds for the 2024–25 fiscal year no later than September 30, 2024.

(c) (1) (A) A regional transportation planning agency may only receive an allocation of funds in the 2023–24 fiscal year from the funding sources described in subdivision (a) if both of the following conditions are met by December 31, 2023:

(i) Except as provided in subparagraph (B), the regional transportation planning agency submits, and the agency approves, a regional short-term financial plan for immediate service retention consistent with the adopted guidelines and the requirements set forth in subdivision (e). If a regional transportation planning agency elects to use the funds described in subdivision (a) for operations for any of its transit operators in the 2023–24 fiscal year or forecasts operational need between the 2023–24 and 2026–27 fiscal years, inclusive, for any of its transit operators, then it shall submit a regional short-term financial plan pursuant to this clause.

(ii) The regional transportation planning agency submits to the agency regionally compiled transit operator data that is consistent with requirements included in the adopted guidelines and the requirements set forth in subdivision (f), and is

compiled in coordination with transit operators providing service within the jurisdiction of the regional transportation planning agency.

(B) A regional transportation planning agency shall not be required to submit a regional short-term financial plan pursuant to subparagraph (A) if it declares that it does not have an operational need between the 2023–24 and 2026–27 fiscal years, inclusive, for any of its transit operators and will not use funding sources described in subdivision (a) for operations for any of its transit operators.

(2) A regional transportation planning agency may only receive an allocation of funds in the 2024–25 fiscal year from the funding sources described in subdivision (a) if it submits, and the agency approves, an updated regional short-term financial plan, and updated transit operator data, as described in paragraph (1), by December 31, 2025. The requirement to submit a regional short-term financial plan to receive 2024–25 fiscal year funding shall apply to all regional transportation planning agencies receiving funding described in subdivision (a) regardless of whether the agency was exempt pursuant to subparagraph (B) of paragraph (1).

(3) Notwithstanding paragraphs (1) and (2), the agency shall provide a regional transportation planning agency that does not meet requirements specified in paragraph (1) or (2) with an opportunity to remedy its plan and data and shall provide the allocation of funding after the requirements are met by no later than April 30, 2024, for the 2023–24 fiscal year and by no later than April 30, 2025, for the 2024–25 fiscal year.

(4) Upon agency approval of a regional short-term financial plan pursuant to paragraph (1) or (2), a regional transportation planning agency shall post the plan on its internet website.

(d) A regional transportation planning agency shall submit a long-term financial plan consistent with the requirements of subdivision (g) to the agency by June 30, 2026, that addresses the approach to sustain its region's transit operations absent additional discretionary or nonformula state funding.

(e) For purposes of subdivision (c), a regional short-term financial plan shall include, but is not limited to, all of the following:

(1) A demonstration of how the region will address any operational deficit, using all available funds including the fund sources described in subdivision (a), through the 2025–26 fiscal year, based on a 2022 service baseline.

(2) Justification for how the region's funding is proposed to be allocated to capital and operational expenses.

(3) A detailed breakdown and justification for how the funding is proposed to be distributed between transit operators and among projects, consistent with the legislative intent described in subdivision (d) of Section 75226 of, and subdivision (f) of Section 75260 of, the Public Resources Code

(4) A demonstration of how the plan will mitigate service cuts, fare increases, or layoffs relative to a 2022 service baseline to achieve short-term financial sustainability.

(5) A summary of how the plan will support ridership improvement strategies that focus on riders, such as coordinating schedules and ease of payment and improving cleanliness and safety, to improve the ridership experience.

(f) For purposes of subdivision (c), a regional transportation planning agency shall compile and submit regionally representative transit operator data to the agency including, but not limited to, all of the following data:

(1) Existing fleet and asset management plans by transit operator.

(2) Revenue collection methods and annual costs involved in collecting revenue for each transit operator and regional transportation planning agency involved.

(3) A statement of existing service plan and planned service changes.

(4) Expenditures on security and safety measures.

(5) Opportunities for service restructuring, eliminating service redundancies, and improving coordination amongst transit operators, including, but not limited to, consolidation of agencies or reevaluation of network management and governance structure.

(6) Schedule data in General Transit Feed Specification (GTFS) format to enable full visibility of service and service changes where feasible.

(g) For purposes of subdivision (d), a regional long-term financial plan shall include, but is not limited to, both of the following:

(1) Demonstration of the implementation of ridership retention and recovery strategies, including, but not limited to, policies that prioritize safety and cleanliness and streamlined coordination between transit operators, such as schedule coordination, operational management, and site sharing, to improve rider experience.

(2) A five-year forecast of operating funding requirements with detail on all sources of funding proposed for operations, including any new local and regional funding sources being pursued and the progress and improvements implemented since the last submitted regional short-term financial plan.

(h) As a condition of receiving moneys from the funding sources described in subdivision (a), a regional transportation planning agency shall post on its internet website a summary of monthly ridership data, consistent with the data submitted to the National Transit Database, from all its transit operators during the period of time for which it receives those moneys.

(i) (1) The agency shall support the transit goals set forth in this section by doing all of the following:

(A) Providing technical assistance to transit operators to transition to GTFS Real Time.

(B) Working with the Department of Transportation and each region to identify service improvements that could further grow ridership at both regional and interregional levels, including, but not limited to, transit priority.

(C) Working with the Department of Transportation and each region to identify opportunities to reduce the costs of revenue collection across operators, including through their California Integrated Transit Project.

(2) The agency may withhold up to five million dollars (\$5,000,000) of the funding described in subdivision (a) to administer the accountability program established pursuant to this section. This funding shall be available for encumbrance and liquidation until June 30, 2028.

(j) For purposes of this section, "regional transportation planning agency" means a recipient of funding described in paragraphs (1) and (2) of subdivision (a) of Section 99312.1 of the Public Utilities Code.

**SEC. 3.** Section 14509.5 is added to the Government Code, to read:

**14509.5.** (a) Notwithstanding any other law, each member of an advisory committee to the commission who is not a commission member shall receive a per diem of one hundred dollars (\$100) for each day actually spent in the discharge of authorized advisory committee duties, and shall also be reimbursed for traveling and other expenses necessarily incurred in the performance of those duties.

(b) For purposes of this section, "advisory committee" includes, but is not limited to, those committees described in Sections 14506 and 14506.5 of this code and Section 3090 of the Vehicle Code.

**SEC. 4.** Section 75224 of the Public Resources Code is amended to read:

**75224.** (a) No later than July 1, 2018, the Transportation Agency shall approve a program of projects, which shall cover a period of five fiscal years, beginning with the 2018–19 fiscal year.

(b) The Transportation Agency shall approve each subsequent program of projects not later than April 1 of each even-numbered year. Each subsequent program shall cover a period of five fiscal years, beginning July 1 of the year of approval, and shall be a statement of intent by the Transportation Agency for the allocation and expenditure of moneys during those five fiscal years.

(c) In developing the program of projects, and consistent with the consideration of all other criteria for individual projects, the Transportation Agency shall seek to maximize the total amount of reductions in emissions of greenhouse gases that would be achieved under the program.

(d) For a project to be funded from the program over a period of more than one fiscal year, the Transportation Agency, at the request of an eligible applicant and in cooperation with the commission, shall enter into and execute a multiyear funding agreement with the eligible applicant for the project for an amount of program moneys and for any duration, as determined jointly by the agency and applicant.

(e) A regional transportation planning agency, as defined in Section 13987 of the Government Code, shall not be eligible to receive a grant under the Transit and Intercity Rail Capital Program in the 2026–27 fiscal year or any subsequent fiscal years unless the Transportation Agency approves the regional transportation planning agency's long-term financial plan submitted pursuant to subdivision (d) of Section 13987 of the Government Code. The Transportation Agency shall update the guidelines approved pursuant to Section 75223 to reflect the eligibility limitation imposed pursuant to this subdivision.

**SEC. 5.** Section 75226 is added to the Public Resources Code, immediately following Section 75225, to read:

**75226.** (a) Notwithstanding any other law, moneys appropriated to the Transportation Agency in the annual Budget Act from the General Fund for purposes of the Transit and Intercity Rail Capital Program shall not be distributed pursuant to a program of projects adopted pursuant to Section 75222 and approved by the California Transportation Commission pursuant to Section 75220.

(b) The moneys described in subdivision (a) shall instead be distributed to regional transportation planning agencies pursuant to Section 99313 of the Public Utilities Code and the distribution of those moneys shall be subject to the requirements of Section 13987 of the Government Code and the guidelines adopted pursuant to that section.

(c) Subject to compliance with Section 13987 of the Government Code, a regional transportation planning agency may use moneys described in subdivision (a) to fund transit operating expenses within its jurisdiction consistent with an approved regional short-term financial plan or a long-term financial plan, as applicable, or for transformative capital improvements described in Sections 75220 and 75221, or for both of these purposes.

(d) In allowing the funds described in subdivision (a) to be available for operating costs, it is the intent of the Legislature for those expenditures to do all of the following:

- (1) Provide one-time multiyear bridge funding for transit operators to address operational costs until long-term transit sustainability solutions are identified.
- (2) Assist transit operators in preventing service cuts and increasing ridership.
- (3) Prioritize the availability of transit for riders who are transit dependent.
- (4) Prioritize transit agencies representing a significant percentage of the region's ridership.

(e) For purposes of this section, "regional transportation planning agency" means a recipient of funding described in paragraphs (1) and (2) of subdivision (a) of Section 99312.1 of the Public Utilities Code.

**SEC. 6.** Part 6 (commencing with Section 75260) is added to Division 44 of the Public Resources Code, to read:

#### **PART 6. Zero-Emission Transit Capital Program**

**75260.** (a) The Zero-Emission Transit Capital Program is hereby established and shall be administered by the Transportation Agency.

(b) Funds appropriated for the Zero-Emission Transit Capital Program shall be allocated by the Transportation Agency to regional transportation planning agencies with 50 percent of the moneys available to the program to be allocated pursuant to paragraph (1) of subdivision (a) of Section 99312.1 of the Public Utilities Code and the other 50 percent to be allocated pursuant to paragraph (2) of subdivision (a) of Section 99312.1 of the Public Utilities Code.

(c) The Transportation Agency shall allocate funding under this program to regional transportation planning agencies subject to the requirements of Section 13987 of the Government Code and the guidelines adopted pursuant to that section.

(d) A regional transportation planning agency may use moneys allocated under the program for the following purposes:

- (1) Funding zero-emission transit equipment, including, but not limited to, zero-emission vehicles and refueling infrastructure.
- (2) Funding transit operations expenditures that prevent service reduction or elimination in order to maintain or increase transit ridership.

(e) A regional transportation planning agency may only use moneys for the purpose specified in paragraph (2) of subdivision (d) if the expenditure is consistent with a regional short-term financial plan or a long-term financial plan, as applicable, approved pursuant to Section 13987 of the Government Code.

(f) In allowing the funds under the program to be available for operating costs, it is the intent of the Legislature for those expenditures to do all of the following:

- (1) Provide one-time multiyear bridge funding for transit operators to address operational costs until long-term transit sustainability solutions are identified.
- (2) Assist transit operators in preventing service cuts and increasing ridership.
- (3) Prioritize the availability of transit for riders who are transit dependent.
- (4) Prioritize transit agencies representing a significant percent of the region's ridership.

(g) By October 31 of each year, a regional transportation planning agency that received funding under the program shall submit a report to the Transportation Agency on the use of those funds during the previous fiscal year. The report shall include all of the following information:

- (1) How much funding was used for operating costs.
- (2) The number, type, date, and location of zero-emission buses, trains, or other vehicles purchased.
- (3) The number, type, data, and location of electric charging stations or hydrogen fueling stations installed.
- (4) The nameplate capacity of installed equipment in kilowatts for electric charging stations and kilograms per day for hydrogen fueling stations.
- (5) The total costs and the source of funding for vehicles and equipment purchased using these funds.

(h) For purposes of this section, "regional transportation planning agency" means a recipient of funding described in paragraphs (1) and (2) of subdivision (a) of Section 99312.1 of the Public Utilities Code.

**SEC. 7.** Section 99268.9 of the Public Utilities Code is amended to read:

**99268.9.** (a) (1) Except as otherwise provided in subdivision (b), if an operator was allocated funds under this article during a fiscal year in which it did not maintain the required ratio of fare revenues to operating cost, the operator's eligibility to receive moneys from the local transportation fund and allocations pursuant to Sections 99313.3 and 99314.3 shall be reduced during a subsequent penalty year by the amount of the difference between the required fare revenues and the actual fare revenues for the fiscal year that the required ratio was not maintained. The penalty year shall be the fiscal year that begins one year after the end of the fiscal year during which the required ratio was not maintained.

(2) An operator subject to this subdivision shall demonstrate to the transportation planning agency, the county transportation commission, or the San Diego Metropolitan Transit Development Board how it will achieve the required ratio of fare revenues during any penalty year.

(b) The first fiscal year for which an operator does not maintain the required ratio of fare revenues to operating cost is deemed a grace year, and shall not result in any penalty nor loss of eligibility for funds under this article.

(c) (1) Notwithstanding subdivision (a), a transportation planning agency, county transportation commission, or the San Diego Metropolitan Transit Development Board shall not impose the penalty described in subdivision (a) on an operator that does not maintain the required ratio of fare revenues to operating cost during the 2019–20, 2020–21, 2021–22, 2022–23, 2023–24, 2024–25, or 2025–26 fiscal year.

(2) This subdivision shall become inoperative on January 1, 2027.

**SEC. 8.** 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) Before 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 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.

(g) Notwithstanding any other law, the Controller shall allocate the funds made available in subdivision (c) in the 2020–21 to 2025–26, inclusive, fiscal years pursuant to Sections 99313 and 99314 and, for the funds allocated pursuant to Section 99314, shall allocate those funds in accordance with the individual operator ratios described in Section 99314.10.

(h) (1) Notwithstanding paragraphs (1), (2), and (3) of subdivision (c), a recipient transit agency may expend funds apportioned pursuant to subdivision (c) for the 2019–20 to 2025–26, inclusive, fiscal years on any operating or capital costs to maintain transit service levels if the governing board of the recipient transit agency makes a declaration that the expenditure of those funds is necessary to prevent transit service levels from being reduced or eliminated.

(2) The requirements of subdivisions (d), (e), and (f) do not apply to the receipt or expenditure of funds pursuant to paragraph (1).

**SEC. 9.** Section 99314.6 of the Public Utilities Code is amended to read:

**99314.6.** (a) Except as provided in subdivision (e) and 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.

(B) Exclusion of the costs and revenue vehicle hours 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, costs and revenue vehicle hours required to operate demand response and microtransit services that expand access to transit service beyond fixed route corridors, costs of funding or improving payment and ticketing systems and services, costs of security services and public safety contracts, any expense greater than the actuarially determined contribution associated with pensions and other post-employment benefits as required by Government Accounting Standards Board Statement Numbers 68 and 75, costs of planning for improvements in transit operations, integration with other operators and agencies, transitioning to zero-emission operations, and for compliance with state and federal mandates, and 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) "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.

(2) "Microtransit" means IT-enabled multipassenger transportation services that serve passengers using dynamically generated routes, and may expect passengers to make their way to and from common pick-up or drop-off points. Microtransit vehicles include, but are not limited to, large sport utility vehicles, vans, and shuttle buses.

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

(4) "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.

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

(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) Notwithstanding subdivision (a), an operator is exempt from meeting either efficiency standard under paragraph (1) of subdivision (a) for the 2020–21 to 2025–26, inclusive, fiscal years, and may use the funds allocated pursuant to Sections 99313 and 99314 for operating or capital purposes during that period of time.

**SEC. 10.** Section 99314.10 of the Public Utilities Code is amended to read:

**99314.10.** (a) Notwithstanding any other law, for the 2020–21 to 2025–26, inclusive, fiscal years, the Controller shall calculate and publish the allocation of 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 individual operator ratios published by the Controller in its August 2020 State Transit Assistance Allocation transmittal memo, or as the Controller may subsequently revise that memo before June 30, 2026, to account for an STA-eligible operator's termination of transit operations during those fiscal years or for a new STA-eligible operator, as described in subdivision (c) of Section 99314, during those fiscal years.

(b) In calculating the individual operator ratios for the August 2020 State Transit Assistance Allocation transmittal memo described in subdivision (a), the Controller shall use the data from the most recent annual report submitted by each STA-eligible operator to the Controller pursuant to Section 99243, except that the Controller shall not use data from a fiscal year before the 2017–18 fiscal year. For a subsequent revision to the memo, as described in subdivision (a), the Controller shall incorporate the data from the most recent annual report submitted by a new STA-eligible operator pursuant to Section 99243 into the data used in the memo for existing STA-eligible operators.

(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 Regional Rail Authority, the Controller shall publish the amount of funding allocated to each operator.

**SEC. 11.** Section 114.5 is added to the Streets and Highways Code, to read:

**114.5.** The department shall not charge any self-help counties with countywide sales tax measures dedicated to transportation improvements more than 10 percent for administration indirect cost recovery. The department shall charge those self-help counties for functional overhead.

**SEC. 12.** Section 13020 of the Vehicle Code is amended to read:

**13020.** (a) The department may establish a pilot program to evaluate the use of optional mobile or digital alternatives to driver's licenses and identification cards, subject to all of the following requirements:

(1) Any pilot program established by the department pursuant to this subdivision shall be limited to both of the following:

(A) Persons who have voluntarily chosen to participate in the pilot program.

(B) No more than 5 percent of licensed drivers for the purpose of evaluation.

(2) A participant in any pilot program established by the department pursuant to this subdivision may terminate their participation in the pilot program at any time, and may, upon termination, request the deletion of any data associated with their participation in the program. Within 10 days of any such request, the department and all entities contracted with the department for the purpose of effectuating the pilot program shall delete all data collected or maintained pursuant to the participant's participation in the program.

(3) All participants shall receive both a physical and, if requested, an immutable and unique driver's license or identification card.

(b) In developing and implementing the use of digital driver's licenses and identification cards, the department shall ensure the protection of personal information and include security features that protect against unauthorized access to information, including, but not limited to, all of the following:

(1) Ensuring that any remote access to the digital driver's license or identification card shall require the express, affirmative, real-time consent of the person whose digital driver's license or identification card is being requested for each piece of information being requested, and shall be limited to only that information which is provided on a physical driver's license or identification card.

(2) Ensuring that the digital driver's license or identification card, as well as any mobile application required for the digital driver's license or identification card, shall not contain or collect any information not strictly necessary for the functioning of the digital driver's license, identification card, or mobile application, including, but not limited to, any information relating to movement or location.

(3) Ensuring that the information transmitted to the digital driver's license or identification card, as well as any mobile application required for the digital driver's license or identification card, is encrypted and protected to the highest reasonable security standards broadly available, including ISO-18013-5, FIPS 140-3, and NIST 800-53 Moderate, and cannot be intercepted while being transmitted from the department.

(c) (1) In the conduct of any pilot program pursuant to this section, any data exchanged between the department and any electronic device, between the department and the provider of any electronic device, and between any electronic device and the provider of that electronic device, shall be limited to those data necessary to display the information necessary for a driver's license or identification card.

(2) An entity contracted with the department for this purpose shall not use, share, sell, or disclose any information obtained as part of this contract, including, but not limited to, any information about the holder of a digital driver's license or identification card, except as is necessary to satisfy the terms of the contract. Upon termination or expiration of any contract entered into for this purpose, the contracting entity shall delete any data collected or generated in the course of activities pursuant to that contract within 30 days.

(d) (1) The holder of a digital driver's license or identification card shall not be required to turn over their electronic device to any other person or entity in order to use the digital driver's license or identification card for identity verification.

(2) The holder of a digital driver's license or identification card showing or turning over their electronic device to any other person or entity in order to use the digital driver's license or identification card for identity verification shall not constitute

consent to a search, nor shall it constitute consent for access to any information other than that which is immediately available on the digital driver's license or identification card. Information incidentally obtained in the process of viewing a digital driver's license or identification card in order to verify the identity of the holder shall not be used to establish probable cause for a warrant to search the electronic device.

(3) Any request for remote access to their digital driver's license or identification card for identity verification shall require the express consent of the holder of the digital driver's license or identification card, shall be limited to the content of the digital driver's license or identification card specified in the request for remote access, and shall not exceed the information available on a physical driver's license or identification card.

(4) Consent to remote access to a digital driver's license or identification card by the holder shall not constitute consent to a search, nor shall it constitute consent for access to any information other than that which is immediately available on the digital driver's license or identification card. Information incidentally obtained in the process of remotely accessing a digital driver's license or identification card shall not be used to establish probable cause for a warrant to search the electronic device.

(e) (1) A participant in any pilot program established by the department pursuant to this section shall not be required to use a digital driver's license or identification card rather than a physical driver's license or identification card for the purpose of identity verification, nor shall their participation in the pilot program preclude their use of a physical driver's license or identification card under any circumstances.

(2) A person or entity shall not provide preferential service based on a person's use of a digital driver's license or identification card rather than a physical driver's license or identification card.

(f) The pilot program may include the issuance of mobile or digital Real ID driver's license or identification cards upon authorization of the United States Secretary of Homeland Security.

(g) If the department conducts a pilot program authorized in subdivision (a), the department shall, no later than July 1, 2026, submit a report regarding the pilot program to the Legislature, in compliance with Section 9795 of the Government Code, to include, but not be limited to, all of the following:

(1) A review of all products evaluated in the pilot program and of the features of those products. The report shall note any security features to protect against unauthorized access to information.

(2) Lessons learned from the pilot program with regards to the utility of a mobile driver's license program, or risks and solutions related to the implementation of a mobile driver's license program.

(3) Recommendations for subsequent actions, if any, that should be taken with regard to alternative options for digital driver's licenses or identification cards evaluated in the pilot program.

(4) An estimate of the fiscal impact of the deployment of a mobile driver's license program, including the estimated impact to the Motor Vehicle Account established pursuant to Section 42271.

(h) As part of the 2022–23 budget, the department shall report to the Legislature on the status of the pilot program, including, but not limited to, all of the following:

(1) The scope of the pilot program, including pilot program goals and processes.

(2) The timeline for the pilot program.

(3) The fiscal impact of the pilot program.

**SEC. 13.** (a) The sum of five million eight hundred two thousand dollars (\$5,802,000) is hereby appropriated from the General Fund to the Department of Transportation to support statewide efforts addressing homelessness within the state highway system right-of-way.

(b) (1) On or before January 1, 2026, the Department of Transportation shall submit a report to the fiscal committees of the Legislature and the Legislative Analyst's Office summarizing the outcomes associated with the activities undertaken by its encampment coordinators.

(2) The report submitted pursuant to paragraph (1) shall include, but not be limited to, all of the following information:

(A) The number of encampment sites identified and addressed.

(B) The location of the encampment sites identified and addressed.

(C) A summary that includes the number of local partners that the Department of Transportation coordinates with and that includes all of the following information with regard to the activities of those local partners:

(i) How many outreach requests were made.

(ii) The number of Encampment Resolution Funding program grants supported by the Department of Transportation that provide financial support addressing encampments on the state highway system right-of-way.

(iii) The number of Encampment Resolution Funding program grants described in clause (ii) that were awarded.

(D) A summary of how the Department of Transportation coordinated activities with local governments, law enforcement, service providers, and community-based organizations.

(E) A summary of alternative solutions the Department of Transportation is implementing to reduce the likelihood of an encampment moving from the state highway system to a local jurisdiction's right-of-way that includes information regarding both of the following:

(i) The number of shelter leases and other initiatives designed to create shelter options done in coordination with adjacent local communities to provide more stable living situations for persons experiencing homelessness displaced by encampment removals on the state highway system right-of-way.

(ii) Mitigation measures taken by the Department of Transportation to reduce the likelihood of an encampment being reestablished on the state highway system once it is removed.

**SEC. 14.** With respect to Section 1 of this act, the Legislature finds and declares all of the following:

(a) Nearly 50 percent of the state's greenhouse gas emissions come from the transportation sector.

(b) According to the State Air Resources Board's 2022 scoping plan adopted pursuant to Section 38561 of the Health and Safety Code, the transition to zero-emission vehicles is not enough to meet the state's climate goals, with the state needing to also reduce vehicle miles traveled. Increasing the use of public transportation is critical to success.

(c) Transit use has been on the decline in California, both prior to, and concurrent with, the COVID-19 pandemic due to various factors.

(d) The Legislature temporarily suspended performance metrics under the Transportation Development Act (Chapter 4 (commencing with Section 99200) of Part 11 of Division 10 of the Public Utilities Code) and Congress provided short-term emergency funding relief to transit agencies to address the COVID-19 pandemic's impact on fare revenue and local funding support. However, the state has not developed new metrics to monitor the performance of public transit or new strategies to help transit agencies stabilize and ultimately grow public transit ridership.

**SEC. 15.** This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.