

22

April 25, 1997

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Metropolitan
Transportation
Authority

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TO: BOARD OF DIRECTORS
FROM: LINDA BOHLINGER, *L. Bohlinger*
INTERIM CHIEF EXECUTIVE OFFICER
**SUBJECT: CONSIDER RECOMMENDATIONS ON STATE
LEGISLATIVE UPDATE: SB 847 (THOMPSON);
AB 1020 (FIRESTONE)**

RECOMMENDATION

The staff recommends the MTA Board take action on the following legislation:

SB 847 (THOMPSON) - SUPPORT
AB 1020 (FIRESTONE) - SUPPORT

BUDGET AND ORGANIZATIONAL IMPACT

SB 847 would potentially provide up to \$200 million in additional funding for infrastructure projects throughout the state, including transportation related projects.

AB 1020 would increase the funds for bicycle projects from \$360,000 a year to \$1 million a year for three years, with it increasing up to \$5 million after 7 years. The revenues would be derived from the Highway Users Tax Account in the State Transportation Fund.

ALTERNATIVES CONSIDERED

The MTA Board could adopt a neutral position on SB 847, pending the placement of the bond measure on the ballot. The MTA Board may wish to oppose AB 1020, unless the bill is amended to reflect that a lower amount of funding would be transferred for use of bicycle facilities.

BACKGROUND

Attachment A provides analyses for the two measures noted above.

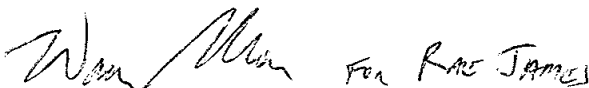
ATTACHMENT

Attachment A:

SB 847 (Thompson)
AB 1020 (Firestone)

Prepared by:

Claudette A. Moody
Senior Manager, State Affairs

Handwritten signature in cursive script that reads "Wm Allen for RAE JAMES".

RAE JAMES
Executive Officer,
Customer Services and Communications

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ATTACHMENT A

SB 847 (Thompson)

SB 847, a measure introduced by Senator Mike Thompson (D-Napa), would authorize the issuance of \$200 million in general obligation bonds, upon voter approval, to finance the California Infrastructure and Economic Development (CIED) Bank. The CIED Bank was created by legislation in 1994 to fund public infrastructure needs. In the 1995-96 State Budget, \$250,000 in start-up funding was provided for the bank. To date, however, legislation to provide for a bond measure to generate capital for the CIED Bank has not been approved by the Legislature. SB 847 is the third legislative attempt on this issue.

A related bill by Senator Thompson, SB 1184, would reorganize the CIED Bank by merging it with the California Economic Development Financing Authority (CEDFA) to provide for one financing authority for both public and private infrastructure financing and then place the bank under the Trade and Commerce Administration.

Specifically, SB 847 would provide that the \$200 million bond measure be placed on the ballot at the next statewide election. Transportation projects, both transit and highway, would be eligible for funding. The measure also includes legislative intent language specifying that the bond measure is designed to assist local governments in attracting projects for economic growth and job creation.

Although the measure does not guarantee funding for transportation projects, the intent of SB 847 is consistent with board policy promoting public/private partnerships and seeking new sources of transportation revenues. Staff recommends a support position on SB 847.

SB 847 was approved by the Senate Committee Local Government and is now pending consideration in the Senate Committee on Appropriations.

AB 1020 (Firestone)

AB 1020 is a measure introduced by Assembly Member Brooks Firestone (R-Los Olivos) on behalf of the California Bicycle Coalition. The intent of the legislation is to provide additional funding for bicycle programs throughout the state. The additional funding would be derived from existing funding sources.

Current law provides that \$360,000 annually from the State Highway Account to the Bicycle Lane Account in the State Transportation Fund. These revenues are then allocated to localities.

As amended in the Assembly Transportation Committee, AB 1020 would increase the amount transferred to the Bicycle Lane Account to \$1 million annually for the next three years, \$2 million in year four, up to \$5 million in year seven and beyond. The committee amendments

further capped the total amount allocated to the Bicycle Lane Account at \$15 million for the seven year period. The increased funding would be derived from a reapportionment of funding currently allocated to localities for streets and road maintenance.

MTA policy supports bicycle programs which encourage commuting, safety education and recreation. State funding for bicycle programs has been capped at \$360,000 a year since 1980. The incremental reapportionment of existing funds for the enhancement of bicycle programs would not severely impact other transit programs or most local streets and highways programs. Staff recommends a support position on AB 1020, as it is currently written.

AB 1020 is pending consideration in the Assembly Committee on Appropriations.

1 BILL NUMBER: SB 847 INTRODUCED 02/26/97
2 BILL TEXT

5 INTRODUCED BY Senator Thompson

7 FEBRUARY 26, 1997

9 An act to add Title 6.8 (commencing with Section 64000) to the
10 Government Code, relating to financing a local infrastructure finance
11 program by providing the funds necessary therefor through the
12 issuance and sale of bonds of the State of California and by
13 providing for the handling and disposition of those funds.

17 LEGISLATIVE COUNSEL'S DIGEST

20 SB 847, as introduced, M. Thompson. Local infrastructure: state
21 bonds.

22 Existing law does not provide for the state financing of local
23 infrastructure projects of a general nature.

24 This bill would enact the Local Infrastructure Bond Act of 1997
25 which, if adopted, would authorize, for purposes of financing a
26 specified local infrastructure finance program, the issuance,
27 pursuant to the State General Obligation Bond Law, of bonds in the
28 amount of \$200,000,000.

29 Vote: 2/3. Appropriation: no. Fiscal committee: yes.
30 State-mandated local program: no.

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

36 SECTION 1. Title 6.8 (commencing with Section 64000) is added to
37 the Government Code, to read:

39 TITLE 6.8. LOCAL INFRASTRUCTURE BOND ACT OF 1997
40 CHAPTER 1. LOCAL INFRASTRUCTURE BOND ACT OF 1997
41 Article 1. General Provisions

43 64000. This chapter shall be known and may be cited as the Local
44 Infrastructure Bond Act of 1997.

45 64001. The Legislature finds and declares all of the following:

46 (a) Economic revitalization, future development, and a healthy
47 climate for jobs in California will depend upon a well-conceived
48 system of public improvements that are essential to the economic
49 well-being of the citizens of the state and are necessary to
50 maintain, as well as create, employment within the state for

1 business.

2 (b) It is necessary for public policy to support the efforts of
3 businesses attempting to expand, businesses seeking to locate in
4 California, and local economic development organizations, public
5 agencies, and new entrepreneurs by dedicating public fiscal resources
6 to confront obstacles and barriers that impede economic growth.

7 (c) Existing mechanisms that coordinate federal, state, local, and
8 private financial resources are inadequate to attract and sustain
9 that level of private investment that is essential to a growth
10 economy.

11 (d) The high cost and limited availability of loans and capital
12 has led a number of states to take action to remedy these conditions
13 through concerted public and private investment programs that include
14 efforts to do the following:

15 (1) Use the state's access to capital markets more effectively for
16 economic development.

17 (2) Create financing pools to access national capital markets or
18 help government sponsors, public-private economic development
19 organizations, and private parties obtain credit enhancement on their
20 own.

21 (3) Facilitate credit enhancement for selected specific projects.

22
23 (4) Provide or arrange for loan insurance.

24 (5) Create and support secondary markets for loan portfolios of
25 urban and rural economic development corporations and others.

26 (6) Improve access to international capital markets.

27 (7) Provide opportunities for public pension funds and other
28 institutional investors to play a larger role in state economic
29 development.

30 (8) Arrange for or provide subordinated debt for selected
31 projects.

32 (9) Increase support for local infrastructure development.

33 (e) Local governments in California bear a primary responsibility
34 for the business of promoting job creation and economic development
35 efforts. California's continued reliance on autonomous local entities
36 often fails to adequately consider regional impacts of business
37 expansion. Projects of a regional nature need the benefit of a state
38 coordinating function to augment and enhance local economic
39 development.

40 (f) The State of California has not embarked on a major
41 infrastructure financing effort since the decade of the 1960's,
42 despite persistent unemployment and soaring population growth.

43 (g) California's ability to compete in a global economy depends
44 upon its capacity to implement policies that take maximum advantage
45 of public and private resources at the local, regional, state, and
46 national levels.

47 (h) The public policies and responsibilities of the state,
48 including all of the purposes and functions described in this
49 section, cannot be fully obtained without the use of financing
50 assistance.

1 64002. As used in this chapter, the following terms have the
2 following meanings:

3 (a) "Committee" means the Local Infrastructure Bond Finance
4 Committee created pursuant to Section 64022.

5 (b) "Fund" means the California Infrastructure and Economic
6 Development Bank Fund created by Section 63050.

7 Article 2. Local Infrastructure Bond Program
8

9 64010. The proceeds of bonds issued and sold pursuant to this
10 chapter shall be deposited in the fund. It is the intent of the
11 Legislature that this chapter provide funding for the fund, to assist
12 local government in attracting economic development projects that
13 will create new jobs by addressing critical local infrastructure
14 needs.

15 Article 3. Fiscal Provisions
16

17 64020. Bonds in the total amount of two hundred million dollars
18 (\$200,000,000), not including the amount of any refunding bonds
19 issued in accordance with Section 64028, or so much thereof as is
20 necessary, may be issued and sold to provide a fund to be used for
21 carrying out the purposes expressed in this chapter and to be used to
22 reimburse the General Obligation Bond Expense Revolving Fund
23 pursuant to Section 16724.5. The bonds shall, when sold, be and
24 constitute a valid and binding obligation of the State of California,
25 and the full faith and credit of the State of California is hereby
26 pledged for the punctual payment of both principal of, and interest
27 on, the bonds as the principal and interest become due and payable.
28

29 64021. The bonds authorized by this chapter shall be prepared,
30 executed, issued, sold, paid, and redeemed as provided in the State
31 General Obligation Bond Law (Chapter 4 (commencing with Section
32 16720) of Part 3 of Division 4 of Title 2), except Section 16727, and
33 all of the other provisions of that law apply to the bonds and to
34 this chapter and are hereby incorporated in this chapter as though
35 set forth in full in this chapter.

36 64022. (a) Solely for the purpose of authorizing the issuance and
37 sale, pursuant to the State General Obligation Bond Law, of the
38 bonds authorized by this chapter, the Local Infrastructure Bond
39 Finance Committee is hereby created. For purposes of this chapter,
40 the Local Infrastructure Bond Finance Committee is the "committee" as
41 that term is used in the State General Obligation Bond Law. The
42 committee consists of the Controller, the Treasurer, and the Director
43 of Finance, or their designated representatives. The Controller
44 shall serve as chairperson of the committee. A majority of the
45 committee may act for the committee.

46 (b) For purposes of the State General Obligation Bond Law, the
47 California Housing and Infrastructure Finance Agency created by
48 Section 50900 of the Health and Safety Code is designated the "board."
49

50 64023. The committee shall determine whether or not it is

1 necessary or desirable to issue bonds authorized pursuant to this
2 chapter in order to carry out the actions specified in Section 64010
3 and, if so, the amount of bonds to be issued and sold. Successive
4 issues of bonds may be authorized and sold to carry out those actions
5 progressively, and it is not necessary that all of the bonds
6 authorized to be issued be sold at any one time.

7 64024. There shall be collected each year and in the same manner
8 and at the same time as other state revenue is collected, in addition
9 to the ordinary revenues of the state, a sum in an amount required
10 to pay the principal of, and interest on, the bonds each year, and it
11 is the duty of all officers charged by law with any duty in regard
12 to the collection of the revenue to do and perform each and every act
13 that is necessary to collect that additional sum.

14 64025. Notwithstanding Section 13340, there is hereby
15 appropriated from the General Fund in the State Treasury, for the
16 purposes of this chapter, an amount that will equal the total of the
17 following:

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

21 (b) The sum that is necessary to carry out the provisions of
22 Section 64026, appropriated without regard to fiscal years.

23 64026. For the purposes of carrying out this chapter, the
24 Director of Finance may authorize the withdrawal from the General
25 Fund of an amount or amounts not to exceed the amount of the unsold
26 bonds that have been authorized by the committee to be sold for the
27 purpose of carrying out this chapter. Any amounts withdrawn shall be
28 deposited in the fund. Any money made available under this section
29 shall be returned to the General Fund from money received from the
30 sale of bonds for the purpose of carrying out this chapter.

31 64027. All money deposited in the fund that is derived from
32 premium and accrued interest on bonds sold shall be reserved in the
33 fund and shall be available for transfer to the General Fund as a
34 credit to expenditures for bond interest.

35 64028. The bonds may be refunded in accordance with Article 6
36 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4
37 of Title 2. Approval by the voters of the state for the issuance of
38 the bonds described in this title includes the approval of the
39 issuance of any bonds issued to refund any bonds originally issued or
40 any previously issued refunding bonds.

41 64029. Notwithstanding any provision of this division or the
42 State General Obligation Bond Law, if the Treasurer sells bonds
43 pursuant to this title that include a bond counsel opinion to the
44 effect that the interest on the bonds is excluded from gross income
45 for federal tax purposes, subject to designated conditions, the
46 Treasurer may maintain separate accounts for the investment of bond
47 proceeds and the investment earnings on those proceeds. The Treasurer
48 may use or direct the use of those proceeds or earnings to pay any
49 rebate, penalty, or other payment required under federal law or to
50 take any other action with respect to the investment and use of bond

1 proceeds required or desirable under federal law to maintain the
2 tax-exempt status of those bonds and to obtain any other advantage
3 under federal law on behalf of the funds of this state.

4 64030. The Legislature hereby finds and declares that, inasmuch
5 as the proceeds from the sale of bonds authorized by this chapter are
6 not "proceeds of taxes" as that term is used in Article XIIIIB of the
7 California Constitution, the disbursement of these proceeds is not
8 subject to the limitations imposed by that article.

9 SEC. 2. Section 1 of this act shall take effect upon the adoption
10 by the voters of the Local Infrastructure Bond Act of 1997, as set
11 forth in Section 1 of this act.

12 SEC. 3. Section 1 of this act shall be submitted to the voters at
13 the next statewide election in accordance with provisions of the
14 Government Code and the Elections Code governing the submission of
15 statewide measures to the voters.

16 SEC. 4. (a) Notwithstanding any other provision of law, all
17 ballots of the election shall have printed thereon and in a square
18 thereof, the words: "Local Infrastructure Bond Act of 1997," and in
19 the same square under those words, the following in 8-point type:
20 "This act provides for a bond issue of two hundred million dollars
21 (\$200,000,000) to provide funds for a local infrastructure finance
22 program." Opposite the square, there shall be left spaces in which
23 the voters may place a cross in the manner required by law to
24 indicate whether they vote for or against the act.

25 (b) Where the voting in the election is done by means of voting
26 machines used pursuant to law in the manner that carries out the
27 intent of this section, the use of the voting machines and the
28 expression of the voters' choice by means thereof are in compliance
29 with this section.

BILL ANALYSIS

SENATE LOCAL GOVERNMENT COMMITTEE
Senator William A. Craven, Chairman

BILL NO: SB 847 HEARING: 04/16/97
AUTHOR: Thompson FISCAL:
Appropriations
AMENDED: 02/26/97 CONSULTANT: Tennyson

LOCAL INFRASTRUCTURE BOND ACT OF 1997

Background and Existing Law

To address a growing backlog of public infrastructure needs, particularly at the local level, the Legislature enacted the Bergeson-Peace Infrastructure and Economic Development Bank Act in 1994 (AB 1495, Peace/SB 101, Bergeson).

These measures created the California Infrastructure and Economic Development Bank (CIED Bank) to provide a state financing mechanism targeting public infrastructure which will help to create more jobs and promote economic development, including city streets, state and county highways, drainage and flood control, educational facilities, park and recreation facilities, public transit, port facilities, water treatment and distribution, public safety facilities, and defense conversion projects, among others.

The California Constitution requires that any measure calling for the issuance of state bonds be subject to a vote of the electorate. Although the CIED Bank received a \$250,000 appropriation in the 1995-96 budget for start-up costs, attempts to put general obligation bond measures on the ballot to fund the Bank have not passed the Legislature to date (AB 638, W.Brown, 1994/AB 3352 Weggeland, 1996), and there is still no capital for the Bank to utilize under the program for local infrastructure projects.

Proposed Law

Senate Bill 847 creates the Local Infrastructure Bond Act of 1997, authorizing the issuance of \$200 million in general obligation bonds, to be submitted to the voters at

the next statewide election, in order to finance the California Infrastructure and Economic Development Bank (CIED Bank).

* LEGI-TECH 04/24/97 DESCRIPTION REPORT *

SB 847 LOCAL INFRASTRUCTURE: STATE 02/26/97 (introduced)
THOMPSON BONDS

LAWS: GOVERNMENT 64000

SUMMARY: This bill would enact the Local Infrastructure Bond Act which would finance a specified local infrastructure finance program. This bill contains other related provisions.

FISCAL

ACTIONS: 02/26/97 INTRODUCED IN SENATE
03/10/97 REFERRED TO SENATE COMMITTEE ON LOCAL GOVERNMENT
04/16/97 PASSED BY SENATE COMMITTEE ON LOCAL GOVERNMENT
04/16/97 REFERRED TO SENATE COMMITTEE ON APPROPRIATIONS

VOTES: 04/16/97 SENATE POLICY COMMITTEE VOTE P 6-0

STATUS: SENATE COMMITTEE ON APPROPRIATIONS

SB 847 declares it is the intent of the Legislature that the bond measure provide funding for the CIED Bank Fund to assist local governments in attracting economic development projects that will create new jobs by addressing local infrastructure needs. Additionally, SB 847 makes a number of legislative declarations regarding the value of public improvements to economic development and business expansion, the inadequacy of relying on autonomous efforts of local entities to address regional economic development, and the need to more effectively use the states access to capital markets for economic development, among other findings.

SB 847 creates the Local Infrastructure Bond Finance Committee, consisting of the Controller, as chair, and the Treasurer and Director of Finance, to determine whether it is necessary and desirable to issue the bonds to carry out the intent of the bond act and, if so, to authorize the amounts to be issued and sold.

Comments

1. Five years in waiting. SB 847 authorizes the issuance of up to \$200 million in bonds, subject to a vote of the people, to capitalize a state infrastructure bank, on which the administration and the Legislature have been working for five years. By funding the Bank, there will be a state entity available to provide working capital to local governments to seek out public and private funding sources to finance a host of local transportation, water, sewer, communications, defense conversion and other needs which are important to the economic development of local and regional areas and the state.

2. Too many bonds? Two bills attempting to put bond measures on the ballot to fund the CIED Bank have failed to pass the Legislature (AB 638, W. Brown, 1994/AB 3352, Weggeland, 1996). Placement of successive state bond issues on every state ballot has raised the question of whether the state is too reliant on state bonds to finance too many projects and programs. Although the voters have approved state bonds for school building programs, other bond measures, such as Proposition 181 on the 1994 ballot for rail transit bonds and Proposition 205 on the November, 1996 ballot for construction of local jail facilities, have been defeated. Will there be sufficient voter support of a \$200 million dollar bond issue for the kind of public-private infrastructure programs envisioned for

financing by the CIED Bank?

3. Have we got it right, yet? Organization of the CIED Bank, which has yet to become actually operational, has been fraught with continuous legislative changes. As set up in 1994 by AB 1495 (Peace), a trailer bill (SB 101, Bergeson) was needed almost right away to work out the kinks. Last year, SB 1265 (Peace, 1996), took the CIED Bank out from under the jurisdiction of California Housing Finance Agency and removed the California Economic Development Financing Authority (CEDFA), which fosters economic development of commerce and industry, from the Trade and Commerce Agency. SB 1265 gave the Bank, as a separate entity within state government, the power to approve all bonds proposed to be issued by CEDFA and another program, the Rural Economic Development Infrastructure Program (REDIP). SB 1890 (Brulte, 1996), also required the Bank to be responsible for financing transition costs under that electrical utility restructuring measure. These changes, in turn, have led to concerns about multiple reporting requirements and the necessity of establishing the Bank as a bureaucracy in and of itself. SB 847 is introduced in conjunction with SB 1184 (Thompson), which will reorganize the CIED Bank for the second time by merging it and the CEDFA into a one stop shopo financing authority for public and private infrastructure financing and place the Bank under the Trade and Commerce Agency.

Support and Opposition (04/10/97)

Support: California Association of Realtors, California Trade & Commerce Agency.

Opposition: Unknown.

AB 1020 HIGHWAYS: BICYCLE LANE ACCOUNT 04/07/97 (amended)
FIRESTONE

LAWS: STREETS AND HIGHWAYS 2106

SUMMARY: This bill would increase the monies required to be transferred to the Bicycle Lane Account. This bill contains other related issues.

FISCAL

ACTIONS: 02/27/97 INTRODUCED IN ASSEMBLY
03/17/97 REFERRED TO ASSEMBLY COMMITTEE ON TRANSPORTATION
04/07/97 AMENDED
04/14/97 REJECTED BY ASSEMBLY COMMITTEE ON TRANSPORTATION
04/14/97 RECONSIDERATION GRANTED
04/21/97 PASSED BY ASSEMBLY COMMITTEE ON TRANSPORTATION
04/21/97 REFERRED TO ASSEMBLY COMMITTEE ON APPROPRIATIONS

VOTES: 04/14/97 ASSEMBLY POLICY COMMITTEE VOTE P 10-4

STATUS: ASSEMBLY COMMITTEE ON APPROPRIATIONS

1 BILL NUMBER: AB 1020 AMENDED 04/07/97
2 BILL TEXT

3
4 AMENDED IN ASSEMBLY APRIL 7, 1997

5
6 INTRODUCED BY Assembly Member Firestone
7 (Principal coauthor: Assembly Member Thomson)
8 {+ (Coauthors: Assembly Members Cunneen, Mazzoni, and Migden)
9 +}

10 {+ (Coauthor: Senator Johnston) +}

11
12 FEBRUARY 27, 1997

13
14 An act to amend Section 2106 of the Streets and Highways Code,
15 relating to highways, and making an appropriation therefor.

16
17
18 LEGISLATIVE COUNSEL'S DIGEST

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21 AB 1020, as amended, Firestone. Highways: Bicycle Lane Account.
22 Existing law requires that \$30,000 be transferred monthly from the
23 Highway Users Tax Account in the Transportation Tax Fund to the
24 Bicycle Lane Account in the State Transportation Fund. Money in that
25 account is continuously appropriated for specified purposes.

26 This bill would increase the amount required to be transferred to
27 that account to \$416,667, thereby making an appropriation by
28 increasing the amount transferred to a continuously appropriated
29 fund.

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

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33
34 THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

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37 SECTION 1. {+ The Legislature finds and declares all of the
38 following:

39 (a) In its recent publication, "The National Bicycling and Walking
40 Study," the United States Department of Transportation established
41 as a goal the doubling of the total number of trips made by bicycling
42 and walking, thus requiring a commitment by state and local
43 governments to match the federal effort.

44 (b) Bicycling is a very productive physical activity because it
45 accomplishes both travel and exercise simultaneously.

46 (c) One percent of all trips in the state are made on bicycles,
47 yet the level of state funding for bicycle projects is far lower than
48 the demand would indicate and has never equaled that demand.

49 (d) The current annual appropriation to the Bicycle Lane Account
50 of three hundred sixty thousand dollars (\$360,000) is a very small

1 fraction of the state's five billion nine hundred million dollar
2 (\$5,900,000,000) transportation budget.

3 (e) The annual appropriation to the Bicycle Lane Account has not
4 increased in 25 years, despite significant inflation and increased
5 demand for bicycle facilities.

6 (f) Adequate funding for bicycle facilities, including bicycle
7 lanes, off-street trails, showers, and good quality parking areas
8 would encourage higher levels of ridership and enable safer
9 ridership.

10 (g) Bicycle projects and programs are very inexpensive when
11 compared to other transportation projects and programs. Yet,
12 beneficial impacts can be achieved statewide for a relatively small
13 investment in bicycle projects and programs.

14 SEC. 2. +} Section 2106 of the Streets and Highways Code is
15 amended to read:

16 2106. A sum equal to the net revenue derived from one and four
17 one-hundredths cent (\$.0104) per gallon tax under the Motor Vehicle
18 Fuel License Tax Law (Part 2 (commencing with Section 7301) of
19 Division 2 of the Revenue and Taxation Code) shall be apportioned
20 monthly from the Highway Users Tax Account in the Transportation Tax
21 Fund among the counties and cities as provided in this section.

22 The amounts available under this section shall be apportioned, as
23 follows:

24 (a) Four hundred dollars (\$400) per month shall be apportioned to
25 each city and city and county and eight hundred dollars (\$800) per
26 month shall be apportioned to each county and city and county.

27 (b) Four hundred sixteen thousand six hundred sixty-seven dollars
28 (\$416,667) per month shall be transferred to the Bicycle Lane
29 Account in the State Transportation Fund.

30 (c) The balance shall be apportioned, as follows:

31 (1) A base sum shall be computed for each county by using the same
32 proportions of fee-paid and exempt vehicles as are established for
33 purposes of apportionment of funds under subdivision (d) of Section
34 2104.

35 (2) For each county, the percentage of the total assessed
36 valuation of tangible property subject to local tax levies within the
37 county which is represented by the assessed valuation of tangible
38 property outside the incorporated cities of the county shall be
39 applied to its base sum, and the resulting amount shall be
40 apportioned to the county. The assessed valuation of taxable
41 tangible property, for purposes of this computation, shall be that
42 most recently used for countywide tax levies as reported to the
43 Controller by the State Board of Equalization. If an incorporation
44 or annexation is legally completed following the base sum
45 computation, the new city's assessed valuation shall be deducted from
46 the county's assessed valuation, the estimate of which may be
47 provided by the State Board of Equalization.

48 (3) The difference between the base sum for each county and the
49 amount apportioned to the county shall be apportioned to the cities
50 of that county in the proportion that the population of each city

1 bears to the total population of all the cities in the county.
2 Populations used for determining apportionment of money under Section
3 2107 are to be used for purposes of this section.
4
5

BILL ANALYSIS

AB 1020
Page 1

Date of Hearing: April 14, 1997

ASSEMBLY COMMITTEE ON TRANSPORTATION
Kevin Murray, Chairman

AB 1020 (Firestone) - As Amended: April 7, 1997

SUBJECT: Highways: Bicycle Lane Account

SUMMARY: This bill would increase the amount of a continuous appropriation (from \$30,000 per month to \$460,000 per month) from the State Highway Account (SHA) to the Bicycle Lane Account. The bill would also make several findings regarding the utility of bicycling and the need for additional bicycle programs and funding.

EXISTING LAW:

- 1) Requires that \$30,000 be transferred on a monthly basis from the SHA to the Bicycle Lane Account in the State Transportation Fund.
- 2) Monies are then transferred to localities in proportionate amounts to local counties.

FISCAL EFFECT: Redirection of \$4,640,000 from the State Highway Account to local county road maintenance projects.

COMMENTS: In 1990, Proposition 116 was enacted by the voters. This measure provided \$20 million for local bicycle projects for 10 years. However, applications from local agencies topped \$30 million in the first year and the account was depleted in nearly three years.

Funds are available for bicycle programs through the Transportation Development Act (TDA), but local governments are allowed to waive the requirement to use these funds for non-motorized transportation. Additionally, bicycle programs must compete with other programs that are given higher priority (i.e. transit).

The California Bicycle Coalition, who sponsors AB 1020, points out that the Bicycle Lane Account has been funded at the same level for the last 25 years, despite the fact that bicycling has increased substantially in California during that same period of time.

Supporters argue that this increased appropriation is necessary because non-motorized transportation programs are often considered a low priority by

local transportation planning agencies. Additionally, locals are often forced to choose between providing funding for bicycles or cash-strapped transit programs. As a result, most bicycle projects that are successful in obtaining monies do so through programs with dedicated funding.

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REGISTERED SUPPORT / OPPOSITION:

Support

California Bicycle Coalition (sponsor)
California Association of Bicycling Organizations
California Public Interest Research Group
Planning and Conservation League

Opposition

Unknown

Analysis prepared by: Andrew K. Antwih / atrns / (916)445-7278

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