

AMENDED IN ASSEMBLY APRIL 6, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2222

Introduced by Assembly Member Holden

February 18, 2016

An act to amend Section 39719 of the Health and Safety ~~Code~~ *Code*, and to add Part 4 (commencing with Section 75240) to Division 44 of the Public Resources Code, relating to greenhouse gases, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 2222, as amended, Holden. ~~Transit passes.~~ *Greenhouse Gas Reduction Fund: Transit Pass Program.*

Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism relative to reduction of greenhouse gas emissions to be deposited in the Greenhouse Gas Reduction Fund. Existing law continuously appropriates 10% of the annual proceeds of the fund to the Transit and Intercity Rail Capital Program and 5% of the annual proceeds of the fund to the Low Carbon Transit Operations Program.

This bill would continuously appropriate \$50,000,000 annually from the Greenhouse Gas Reduction Fund for the Transit Pass Program, to be administered by the Department of Transportation. The bill would ~~provide for moneys made available for the program to~~ *require that funding* be allocated by the Controller, as ~~directed~~ *specified, upon a determination* by the department, ~~to support that transit pass programs of public agencies that to provide free or reduced-fare transit passes to public school students and community college, California State~~

University, and University of California—students, *meet certain requirements*. The bill would require the Department of Transportation, in coordination with the State Air Resources Board, to develop guidelines that describe *the criteria that eligible transit providers shall use to make available free or reduced-fare transit passes to eligible participants and the methodologies that recipient public agencies eligible participants* would use to demonstrate that the proposed expenditures will reduce greenhouse gas emissions. The bill would require *that* at least ~~50 percent~~ 30% of the moneys allocated under the Transit Pass Program ~~to benefit disadvantaged communities, as specified~~. *The bill would require eligible transit providers and eligible participants to enter into agreements for the distribution of free or reduced-fare transit passes to students.*

This bill would require that the guidelines ensure that funds from the program are used to expand eligibility or further reduce the cost of a transit pass under existing programs. The bill would require the department to develop performance measures and reporting requirements to evaluate the effectiveness of the program, including an annual update of the number of free or reduced-fare transit passes distributed to students and whether the program is increasing transit ridership among students. The bill would set a minimum allocation of \$20,000 for each eligible transit provider and would provide for the distribution and allocation of remaining Transit Pass Program funds by formula to eligible transit providers.

The bill would require, for purposes of determining an eligible transit provider's eligibility for funds distributed to a transportation planning agency from the Public Transportation Account, that free or discounted transit fare passes be calculated at their full retail value. The bill would authorize the use of funds from the Affordable Housing and Sustainable Communities Program, the Low Carbon Transit Operations Program, and other low carbon transportation programs to augment a free or reduced-fare transit pass program, as specified. By continuously appropriating moneys from the Greenhouse Gas Reduction Fund for the Transit Pass Program, the bill would make an appropriation.

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

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

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

3 ~~(a)~~ *California landmark laws and regulations for reducing*
4 *greenhouse gases address one of the most important issues of our*
5 *time, and dramatically increasing the use of public transportation*
6 *is a vital component in reducing greenhouse gas emissions by 80*
7 *percent by the year 2050.*

8 ~~(a)~~

9 ~~(b)~~ Student transit pass programs have been shown to increase
10 overall transit ridership and fill empty seats on trains and buses,
11 resulting in reduced costs per rider and improved service because
12 of higher demand.

13 ~~(b)~~

14 ~~(c)~~ Targeting student transit passes to middle school, high
15 school, college, and university students can promote the
16 development of lifelong transit riders and further bolster the
17 capacity and reliability of our transit systems.

18 ~~(c)~~

19 ~~(d)~~ Student transit pass programs in this state and across the
20 country have resulted in significant increases in transit ridership
21 and have made it easier and cheaper for students to get to schools
22 and to jobs.

23 ~~(d)~~

24 ~~(e)~~ Student transit pass programs can help the state reduce
25 greenhouse gas emissions, vehicle miles traveled, petroleum use,
26 and air pollution, and improve overall community health.

27 ~~(e)~~

28 ~~(f)~~ Student transit passes lower pollution around elementary
29 schools, thereby improving student health.

30 ~~(f)~~

31 ~~(g)~~ Schools are often the major generators of traffic in cities,
32 and student transit pass programs can help reduce the traffic and
33 parking problems in neighborhoods around schools.

34 ~~(g)~~

35 ~~(h)~~ Student transit pass programs can reduce the need for
36 colleges to use campus land for expensive parking structures when
37 this land and money could be better used for educational purposes.

38 ~~(h)~~

1 (i) Student transit pass programs have decreased the need to
2 drive to and from school, along with the costs associated with
3 driving to and from school, thereby reducing the overall cost of
4 school attendance and reducing parental burdens for working
5 families.

6 (i)

7 (j) A University of California, Los Angeles, study of 35 college
8 and university student transit pass programs across the United
9 States in 2001 showed ridership increases of 71 to 200 percent
10 after the implementation of these programs.

11 SEC. 2. Section 39719 of the Health and Safety Code is
12 amended to read:

13 39719. (a) The Legislature shall appropriate the annual
14 proceeds of the fund for the purpose of reducing greenhouse gas
15 emissions in this state in accordance with the requirements of
16 Section 39712.

17 (b) To carry out a portion of the requirements of subdivision
18 (a), annual proceeds are continuously appropriated for the
19 following:

20 (1) Beginning in the 2015–16 fiscal year, and notwithstanding
21 Section 13340 of the Government Code, 35 percent of annual
22 proceeds are continuously appropriated, without regard to fiscal
23 years, for transit, affordable housing, and sustainable communities
24 programs as ~~following~~ follows:

25 (A) Ten percent of the annual proceeds of the fund is hereby
26 continuously appropriated to the Transportation Agency for the
27 Transit and Intercity Rail Capital Program created by Part 2
28 (commencing with Section 75220) of Division 44 of the Public
29 Resources Code.

30 (B) Five percent of the annual proceeds of the fund is hereby
31 continuously appropriated to the Low Carbon Transit Operations
32 Program created by Part 3 (commencing with Section 75230) of
33 Division 44 of the Public Resources Code. Funds shall be allocated
34 by the Controller, according to requirements of the program, and
35 pursuant to the distribution formula in subdivision (b) or (c) of
36 Section 99312 of, and Sections 99313 and 99314 of, the Public
37 Utilities Code.

38 (C) Twenty percent of the annual proceeds of the fund is hereby
39 continuously appropriated to the Strategic Growth Council for the
40 Affordable Housing and Sustainable Communities Program created

by Part 1 (commencing with Section 75200) of Division 44 of the Public Resources Code. Of the amount appropriated in this subparagraph, no less than 10 percent of the annual proceeds, shall be expended for affordable housing, consistent with the provisions of that program.

(2) Beginning in the 2015–16 fiscal year, notwithstanding Section 13340 of the Government Code, 25 percent of the annual proceeds of the fund is hereby continuously appropriated to the High-Speed Rail Authority for the following components of the initial operating segment and Phase I Blended System as described in the 2012 business plan adopted pursuant to Section 185033 of the Public Utilities Code:

(A) Acquisition and construction costs of the project.

(B) Environmental review and design costs of the project.

(C) Other capital costs of the project.

(D) Repayment of any loans made to the authority to fund the project.

(3) (A) Beginning in the 2016–17 fiscal year, fifty million dollars (\$50,000,000) annually from the proceeds of the fund is hereby continuously appropriated to the Transit Pass Program created pursuant to Part 4 (commencing with Section 75240) of Division 44 of the Public Resources Code.

(B) *Funds shall be allocated to eligible transit providers in accordance with the requirements of the Transit Pass Program and the allocation method described in Section 75245 of the Public Resources Code.*

(c) In determining the amount of annual proceeds of the fund for purposes of the calculation in subdivision (b), the funds subject to Section 39719.1 shall not be included.

SEC. 3. Part 4 (commencing with Section 75240) is added to Division 44 of the Public Resources Code, to read:

PART 4. TRANSIT PASS PROGRAM

75240. The Transit Pass Program is hereby created, to be administered by the Department of Transportation. Moneys made available for the program shall be allocated by the Controller, as ~~directed by the department,~~ *provided in Section 75242,* to support transit pass programs that provide free or reduced-fare transit

1 passes to public school students and community college, California
2 State University, and University of California students.

3 ~~75241. An eligible applicant under the program shall be As~~
4 ~~used in this part, the following terms are defined as follows:~~

5 (a) *“Department” means the Department of Transportation.*

6 (b) *“Eligible participant” means a public agency, including,*
7 *but not limited to, a transit operator, school district, community*
8 *college district, the California State University, or the University*
9 ~~*of California, or a city or county. California.*~~

10 (c) *“Eligible transit provider” means a transportation agency,*
11 *transportation planning agency, or county transportation*
12 *commission that is eligible to receive funds from a state transit*
13 *assistance fund pursuant to the distribution formula in subdivision*
14 *(b) or (c) of Section 99312 of, and Sections 99313 and 99314 of,*
15 *the Public Utilities Code.*

16 (d) *“Program” means the Transit Pass Program established*
17 *pursuant to this part.*

18 ~~75242. The Department of Transportation, in coordination with~~
19 ~~the State Air Resources Board, shall develop guidelines that~~
20 ~~describe the methodologies that recipient public agencies shall use~~
21 ~~to demonstrate that the proposed expenditures will reduce~~
22 ~~greenhouse gas emissions. Chapter 3.5 (commencing with Section~~
23 ~~11340) of Part 1 of Division 3 of the Government Code does not~~
24 ~~apply to the development of guidelines for the program pursuant~~
25 ~~to this part.~~

26 75242. (a) *Funding for the program is continuously*
27 *appropriated pursuant to Section 39719 of the Health and Safety*
28 *Code from the Greenhouse Gas Reduction Fund established*
29 *pursuant to Section 16428.8 of the Government Code.*

30 (b) *Moneys shall be allocated by the Controller consistent with*
31 *the requirements of this part and with Section 39712 of the Health*
32 *and Safety Code, upon a determination by the department that the*
33 *expenditures proposed by an eligible transit provider meet the*
34 *requirements of this part and the guidelines developed pursuant*
35 *to subdivision (d), and the amount of funding requested that is*
36 *currently available.*

37 (c) (1) *Moneys allocated for the program shall be expended to*
38 *provide low- or no-cost public transit passes to students through*
39 *programs that support new or existing transit pass programs.*

1 (2) *An eligible transit provider may consider granting priority*
2 *to an application from an eligible participant with an existing,*
3 *successful transit pass program, provided that the eligible*
4 *participant can demonstrate that the additional funds will further*
5 *reduce the cost of the transit pass or expand program eligibility.*

6 (d) *The department, in coordination with the State Air Resources*
7 *Board, shall develop guidelines that describe the criteria that*
8 *eligible transit providers shall use to make available free or*
9 *reduced-fare transit passes to eligible participants and the*
10 *methodologies that eligible participants shall use to demonstrate*
11 *that the proposed expenditures will reduce greenhouse gas*
12 *emissions. The Administrative Procedure Act (Chapter 3.5*
13 *(commencing with Section 11340) of Part 1 of Division 3 of Title*
14 *2 of the Government Code) shall not apply to the development of*
15 *guidelines for the program pursuant to this part.*

16 (1) *The guidelines shall ensure that funds from the program are*
17 *used to expand eligibility or further reduce the cost of a transit*
18 *pass under existing programs.*

19 (2) *The department shall develop performance measures and*
20 *reporting requirements to evaluate the effectiveness of the program,*
21 *including an annual update of the number of free or reduced-fare*
22 *transit passes distributed to students and whether the program is*
23 *increasing transit ridership among students.*

24 (e) *Eligible transit providers and eligible participants shall*
25 *enter into agreements pursuant to the guidelines developed*
26 *pursuant to subdivision (d) to ensure that free or reduced-fare*
27 *transit passes are distributed to students.*

28 75243. (a) *At least 33 percent of the moneys allocated*
29 *pursuant to this part the program shall benefit disadvantaged*
30 *communities consistent with the guidance provided by the State*
31 *Air Resources Board pursuant to Section 39715 of the Health and*
32 *Safety Code.*

33 (b) *Moneys from the Affordable Housing and Sustainable*
34 *Communities Program, the Low Carbon Transit Operations*
35 *Program, and other low carbon transportation programs may be*
36 *used to augment a free or reduced-fare transit pass program and*
37 *remain subject to the requirements to benefit disadvantaged*
38 *communities consistent with the guidance provided by the State*
39 *Air Resources Board pursuant to Section 39715 of the Health and*
40 *Safety Code.*

1 75244. *For the purposes of determining an eligible transit*
2 *provider's eligibility for funds distributed to a transportation*
3 *planning agency pursuant to the distribution formula in*
4 *subdivisions (b) and (c) of Section 99312 of, and Sections 99313*
5 *and 99314 of, the Public Utilities Code, free or reduced-fare transit*
6 *passes made available pursuant to the program shall be calculated*
7 *at their full retail value.*

8 75245. (a) *Each eligible transit provider shall receive twenty*
9 *thousand dollars (\$20,000) from the program.*

10 (b) *After the initial twenty-thousand-dollar (\$20,000) amount*
11 *is allocated, the remaining program funds shall be allocated to*
12 *eligible transit providers pursuant to the distribution formula in*
13 *subdivisions (b) and (c) of Section 99312 of, and Sections 99313*
14 *and 99314 of, the Public Utilities Code.*

15 (c) *Any funds allocated during a fiscal year not distributed*
16 *pursuant to subdivisions (a) or (b) shall be added to the allocation*
17 *for the following fiscal year to be distributed pursuant to this*
18 *section.*