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MEMORANDUM

FROM: Mark Watts 

DATE: September 1, 2016

SUBJECT: **TC Legislative Update – Close of Regular Session**

Last night the Regular Session of the Legislature came to a close, although the Special Session on Transportation remains intact until the end of November.

This is an initial overview of the bills of interest as the session ended.

Cap and Trade Agreement Reached

Under current law, 60 percent of annual auction proceeds are allocated on an ongoing basis to public transit, affordable housing, sustainable communities and high-speed rail. The leadership agreement invests \$900 million of the remaining unallocated funds for fiscal year 2016-17, and reserves approximately \$462 million for appropriation in future years.

The following bills were approved:

AB 1613

This bill contains \$900 million of Greenhouse Gas Reduction Fund appropriations, which would result in a remaining balance for the fund of at least \$462 million for future appropriations. Key items for transportation interests include:

- \$135 million for the Transit and Intercity Rail Capital program, helping fund essential local capital projects to keep Californians moving by bus and commuter rail;
- \$10 million for the Active Transportation Program to fund bicycle and pedestrian programs that make walking or biking to school and work safer and easier;
- \$140 million for the Transformative Climate Communities program to allow for a community-wide approach for disadvantaged communities specified in statute to implement an integrated transportation, housing, and green space development plan to reduce pollution and improve local quality of life.

AB 859

This bill is the cap-and-trade trailer bill for 2016-17. This bill contains necessary statutory changes to implement the cap-and-trade expenditures in the 2016-17 Budget.

AB 2722

This bill creates the Transformative Climate Communities Program, administered by the Strategic Growth Council (SGC), to fund the development and implementation of neighborhood-level transformative climate community plans, that include gas emissions reduction projects, which achieve local economic, environmental and health benefits for disadvantaged communities.

Key Transportation Bills**AB 2170 (Frazier) - Approved**

This bill establishes procedures for the allocation of freight funding under the federal Fixing America's Surface Transportation (FAST) Act through the Trade Corridors Improvement Fund (TCIF) program. California anticipates more than \$550 million from the FAST Act over the next five years.

AB 1889 (Mullin) - Approved

This bill provides the necessary conforming statutory changes to provide more expeditious access to Proposition 1A bond proceeds for the Caltrain electrification project in the Bay Area, bookend projects in Southern California, and California High-Speed Rail construction in the Central Valley, consistent with funding provided for those projects with the enactment of SB 1029.