

Date of Hearing: April 5, 2021

ASSEMBLY COMMITTEE ON TRANSPORTATION

Laura Friedman, Chair

AB 1157 (Lee) – As Amended March 15, 2021

**SUBJECT:** Controller: transportation funds: distribution and reporting requirements

**SUMMARY:** Extends the deadline for local transportation agencies reporting specified information to the State Controller's Office (SCO), extends the date SCO is required to make the information publically available, and provides the SCO additional time to make certain transfers of funding. Specifically, **this bill:**

- 1) Changes the date that local transportation agencies have to report specified information to the SCO from reporting by June 15 of each year, to reporting within 7 months after the end of each fiscal year.
- 2) No longer requires SCO to submit an annual report to the Legislature and would instead require the SCO to compile, publish, and make publicly available on its internet website certain data and information on or before November 1 of each year.
- 3) Requires SCO, after certain transfers are made or actions are taken, to apportion or transfer, as applicable, at least 90% of the balance deposited to the credit of the Highway Users Tax Account (HUTA) by the 28th day of each month and by the 7th working day thereafter.

**EXISTING LAW:**

- 1) Requires local transportation agencies for the State Transit Assistance Program (STA) to report to SCO by June 15 of each year the public transportation operators within its jurisdiction that are eligible to claim specified local transportation funds.
- 2) Requires SCO to submit an annual report to the Legislature on the revenues available and expenditures made with regard to local transportation funds available for public transportation and other purposes in each county within 3 months of receiving specified annual reports regarding the expenditure of those funds for public transit purposes and specified information regarding the expenditure of those funds for streets and highways purposes.
- 3) Creates the HUTA in which motor vehicle fuel tax and diesel fuel tax revenues are deposited and available for allocation to transportation purposes.
- 4) Existing law requires SCO, after certain transfers are made or actions are taken, to apportion or transfer, as applicable, at least 90% of the balance deposited to the credit of the HUTA by the 28th day of each month by the 2nd working day thereafter, except for June, in which case the apportionment or transfer is required to be made the same day, to, among others, cities and counties and the State Highway Account.

**FISCAL EFFECT:** Unknown

**COMMENTS:** This bill would create efficiencies across multiple programs administered by SCO by changing certain reporting and publishing dates, as well as making other technical changes.

*Transit Reporting:* Under current law, the reporting timeline for transportation agencies and operators can lead to inefficiency. First, transportation agencies are required to file a STA eligibility report with SCO by June 15<sup>th</sup> of each year. Second, transit operators must submit a Financial Transaction Report (FTR) to SCO within seven months of the end of their fiscal year, landing in January. SCO has three months to publish this FTR data, which gives them until April. And third, SCO must publish the STA payment estimates by August 1st.

This timeline leaves the door open to imprecise STA estimates because SCO uses the data in the FTR to calculate the STA payments. The disjointed reporting dates provide very little time to review and amend any reporting discrepancies and can prevent SCO from having all of the necessary information available prior to the publication of STA estimates.

Last year's SCO published STA payment estimates were lower than expected for some transit operators, which lead to SCO reviewing the process for areas of improvement based upon feedback from various transit operators.

*HUTA Apportionment Date Change:* Current law requires SCO to make monthly HUTA apportionments to cities and counties within two working days after the 28th day of the month, except for June when the apportionment is due on the 28th day of the month. SCO has at most four days to complete the apportionment. The ambitious schedule comes with significant costs as staff work outside normal work hours to meet the deadline. This issue is compounded if issues arise, as there is a limited amount of time to resolve and ensure timely payment.

According to the author, "AB 1157 will create efficiencies across multiple programs administered by SCO. SCO will be provided additional time to identify errors and reporting discrepancies, resolve issues prior to calculating transportation fund estimates, align the publication of transit operator FTR data with other entities, and will help ensure accurate STA allocations are made to transit operators. Additionally, the bill will extend the HUTA apportionment deadline by five days, reducing staffing costs."

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

State Controller's Office

### **Opposition**

None on file

**Analysis Prepared by:** Farra Bracht / TRANS. / (916) 319-2093