

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: August 15, 2011
POSITION: Support
SPONSOR: Department of Transportation

BILL NUMBER: AB 1164
AUTHOR: R. Gordon

BILL SUMMARY: Federal Transportation Funds

This bill would authorize the Department of Transportation (Caltrans), with approval of the Director of Finance and the California Transportation Commission, to make loans of federal funds deposited in the State Highway Account (SHA) to advance projects funded by Proposition 1B (Prop 1B) until September 30, 2015. The loans would be required to be paid from Prop 1B bond proceeds within three years of the date of the original loan and the repaid funds would be appropriated to Caltrans for projects in the State Highway Operations and Protection Program or local assistance program if the loan was made from local subvention funds.

FISCAL SUMMARY

Chapter 21, Statutes of 2009 (AB 20, Third Extraordinary Session), allowed Caltrans to use \$310 million of federal American Recovery and Reinvestment Act (ARRA) funds as bridge loans to complete Prop 1B projects that were ready to go, but could not be started due to the state's inability to sell bonds. This proposal would apply this same project acceleration strategy to non-ARRA federal funds.

COMMENTS

The Department of Finance supports this Administration-sponsored bill because it would provide Caltrans with an additional tool to manage its federal funds by allowing federal funds to be loaned to Prop 1B projects that are ready to go to bid in order to ensure that the state does not forfeit any federal funding.

The infusion of federal funds for transportation projects provided by ARRA eliminated most of Caltrans' "shelf" projects that had already been designed but were awaiting funding. Caltrans indicates that the shortage of shelf projects poses a significant challenge for it to use all of the regular federal funding it receives. In order for federal funds to be obligated to a project, the project must be ready for bid within the federal fiscal year. While Caltrans is working to accelerate delivery of projects in order to ensure it uses all its available federal funding, any delay could result in the forfeiture of federal funds to other states. This bill would provide Caltrans with the flexibility to use federal funds on Prop 1B projects that are currently ready for bid, but may be unable to start due to a lack of available bond funds.

Code/Department Agency or Revenue Type	(Fiscal Impact by Fiscal Year)							Fund Code
	SO	LA	CO	PROP	FC	FC	FC	
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014
2660/Caltrans	SO	No		----- See Fiscal Summary -----				0890
<u>Fund Code</u>	<u>Title</u>							
0890	Trust Fund, Federal							

Analyst/Principal (0751) M. Tollefson	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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