

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

SECTION 1. Section 75227 is added to the Public Resources Code, immediately following Section 75226, to read:

75227. (a) This section shall apply notwithstanding any other law.

(b) For purposes of this section, the following definitions apply:

(1) "Public transit operating purposes" includes, but is not limited to, costs necessary to avoid or mitigate service reductions and costs to maintain or restore existing transit service levels for bus, rail, and other public transportation services. "Public transit operating purposes" does not include capital construction costs or any other capital expenses.

(2) "Region" means the region described in Section 66502 of the Government Code.

(3) "Specified transit entities" means the San Francisco Bay Area Rapid Transit District, the San Francisco Municipal Transportation Agency, the Peninsula Corridor Joint Powers Board, and the Alameda-Contra Costa Transit District.

(c) On or before July 1, 2026, the Transportation Agency shall loan to the Metropolitan Transportation Commission up to five hundred ninety million dollars (\$590,000,000) of funding approved under the Transit and Intercity Rail Capital Program for projects within the region. The Metropolitan Transportation Commission has the authority to and shall use the proceeds of the loan described in this section to offer loans to the specified transit entities for public transit operating purposes. The loan to the Metropolitan Transportation Commission is subject to all of the following:

(1) The loan made available to the Metropolitan Transportation Commission is limited to being comprised of funding awarded to projects within the region that, as of December 31, 2025, have not been fully allocated funding by the California Transportation Commission.

(2) The loan must be repaid in quarterly installments by the Metropolitan Transportation Commission to the Transportation Agency over a period of twelve years calculated from the original loan issue date, subject to subparagraphs (A), (B) and (C).

(A) The first two years of the loan repayment period will consist of interest-only quarterly payments.

- (B) After two years from the original loan issue date, repayment will consist of quarterly payments based on an amortization schedule factoring in full repayment of both outstanding interest and principal amounts over the remaining loan term.
 - (C) The rate of interest applied to a loan made pursuant to this section shall be the same rate earned on investments in the Surplus Money Investment Fund during the loan repayment period.
- (3) The Metropolitan Transportation Commission shall determine the terms and conditions of loans made to the specified transit entities, including, but not limited to, the principal amount, and any conditions before disbursement, consistent with the requirements of subparagraphs (A), (B) and (C) of paragraph (2).
- (d) (1) The Metropolitan Transportation Commission shall secure repayment of any loan issued by the Transportation Agency pursuant to this section by pledging and assigning, as security of last resort for the loan, the State Transit Assistance Program revenues received by the specified transit entities that would otherwise be administered by the Metropolitan Transportation Commission pursuant to 99314 of the Public Utilities Code. The loan agreement shall be signed by a representative of the Transportation Agency and the Metropolitan Transportation Commission and shall specify the pledged amount or method of calculation and the period during which the pledge applies. The signatories to the loan agreement shall have authority to bind their respective agencies, as established by each agency's respective procedures and any necessary supporting actions to confer such authority.
 - (2) The California Transportation Commission shall monitor and report to the Transportation Agency on the unallocated and unexpended balances of the region's project awards for the Transit and Intercity Rail Capital Program. In the event that the total awarded but unallocated funds to projects in the region less any outstanding loan balances fall below \$350 million, the California Transportation Commission shall:
 - (A) Notify the Transportation Agency and Metropolitan Transportation Commission.
 - (B) In consultation with the Transportation Agency, evaluate information provided by the Metropolitan Transportation Commission and project sponsors in the region regarding their unallocated and unexpended balances of the region's projects in the Transit and Intercity Rail Capital Program to determine whether there is risk to its ability to meet the region's anticipated allocation requests and project cash flow requirements over the next two years. If the California Transportation Commission, in consultation with the Transportation Agency, determines it to be necessary, the California Transportation Commission, in consultation with the Transportation Agency, shall establish an allocation plan for the region's awarded projects, in coordination with the region's Transit and Intercity Rail Capital Program project sponsors and the Metropolitan Transportation Commission. The allocation plan will be for projects in the region seeking allocation and the plan may adjust or defer future allocations during the period of repayment of the loan made pursuant to subdivision (c) paragraph (1).

- (3) If any allocation plan results in a material impact to a project in the region, as determined by the California Transportation Commission and the Transportation Agency, the Metropolitan Transportation Commission, in coordination with the Transportation Agency, may prioritize the use of existing sources of funds allocated by the state to the region so that the project is not materially impacted with regard to scope, schedule, and eligibility for non-state funding. In the event state-allocated fund sources provided to the region are used for this circumstance, the Transportation Agency shall be authorized to return funds to the Metropolitan Transportation Commission from the loan repayments made pursuant to paragraph (2) of subdivision (c) equal to the state-allocated fund sources provided to the region committed to the affected project.
- (e) The specified transit entities shall use their respective shares of State Transit Assistance pursuant to Section 99314 as security for any loan made by the Metropolitan Transportation Commission pursuant to this Section and such funds can be redirected by the Metropolitan Transportation Commission as repayment for outstanding loans if a specified transit entity fails to make timely loan payments.
- (f) (1) Subdivisions (a) to (e), inclusive, shall become inoperative upon full repayment of the loan to the Metropolitan Transportation Commission, as determined by the Transportation Agency in consultation with the Department of Finance.
- (2) Upon the determination made in paragraph (1), notwithstanding Section 9795 of the Government Code or any other law, the Transportation Agency shall notify the Joint Legislative Budget Committee of this fact. This section shall be repealed on January 1 following the notification provided to the Joint Legislative Budget Committee.
- (g) The Legislature finds and declares that this section is related to Section 91.00 of the Budget Act of 2025 (Chapters 4, 5, and 104 of the Statutes of 2025).