

SEC. 542. Item 9350-104-6065 is added to Section 2.00 of the Budget Act of 2009, to read:
9350-104-6065—Local assistance-shared revenues for support of Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 700,000,000
Provisions:

1. Of the funds appropriated in this item, \$258,205,000 is for cities or a city and a county and \$441,795,000 is for counties or a city and a county.
2. The Controller shall allocate these funds on a first-come, first-served basis, following notification from the Department of Finance that the city, county, or city and county has submitted a complete plan for the expenditure of funds pursuant to Section 8879.65 of the Government Code.
3. The following conditions shall apply for cities, counties, or a city and county receiving funds:
 - (a) A city, county, or city and county shall have received its full allocation for the 2007–08 fiscal year.
 - (b) A city, county, or city and county shall have submitted information for the 2007–08 fiscal year allocation as required in subdivision (c) of Section 9979.65 of the Government Code.
 - (c) A city, county, or city and county shall agree that funds received from this item for the 2009–10 fiscal year will be used for projects that are not currently fully funded with a dedicated funding source or sources.
 - (d) A city, county, or city and county shall agree to encumber the funds in this item from the 2009–10 fiscal year allocation before July 1, 2010.
 - (e) A city, county, or city and county shall report to the Department of Finance the total balance of unencumbered funds in the cities, counties, or city and counties existing account as described in subparagraphs (A) and (C) of paragraph (2) of subdivision (i) of Section 8879.23 of the Government Code.
 - (f) A city, county, or city and county shall certify that the total balance of unobligated or unencumbered funds in the account as described in subparagraphs (A) and (C) of paragraph (2) of subdivision (i) of Section 8879.23 of the Government Code is no more than the sum balance of three months of anticipated apportionments from the Highway Users Tax Account in the Transportation Tax Fund, as described in Sections 2104, 2105, 2106, 2107, and 2107.5 of the Streets and Highway Code, and from the Transportation Investment Fund, as described in Section 7104 of the Revenue and Taxation Code.

If a city, county, or city and county has an unobligated or unencumbered balance that exceeds the sum balance of the three months of anticipated apportionments, it shall not increase its existing unobligated or unencumbered street (Gas Tax) or road fund balance, by the time the time the next report is submitted to the Controller pursuant to Section 2151 of the Streets and Highways Code.

If a city, county, or city and county has an unobligated or unencumbered balance that is less than the sum balance of the three months of anticipated apportionments, it may permit its fund balance to grow until the unencumbered balance is no more than the sum balance of three months of anticipated apportionments from the Highway Users Tax Account in the Transportation Tax Fund and the Transportation Investment Fund.

(g) For the purposes of this item, “unobligated” and “unencumbered” mean any portion of funding that is not designated, through prior approval by the city council or county board of supervisors, for the use on the planning, review, design, or construction phase of a project currently underway at the time of the annual street or road report.

Any of the funds that are not allocated by July 1, 2010, shall revert to the Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006 to be appropriated in future years.