Department of Finance

STATE OF CALIFORNIA
MANUAL OF STATE FUNDS

Fund: 0042

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Renumbered
From:

Legal Title
State Highway Account, State Transportation Fund

Legal Citation/Authority
Chapter 389, Statutes of 1978
State Constitution, Article XIX
Streets and Highways Code section 104.6 and other various sections
Business and Professions Code sections 5200-5486

Fund Classification	**Fund Classification**
GAAP Basis	**Legal Basis**
Governmental/Special Revenue Funds	Governmental/Transportation Funds

Purpose
The State Highway Account (SHA) is used for the deposit of all money from any source for expenditure for highway purposes including major and minor construction, maintenance, right-of-way acquisition, improvements and equipment, services, investigations, surveys, experiments and reports.

Administering Agency/Organization Code
Department of Transportation/Org 2660 under the authority of the California Transportation Commission/Org 2600

Major Revenue Source
Tax revenues cleared through the Highway Users Tax Account from the Motor Vehicle Fuel Account, and directly from the Motor Vehicle Account (State Transportation Fund).

Transfers from the Natural Disaster Assistance Fund and appropriations of state agencies.

Rental and sale of excess property.

Contributions from federal and local governments.

Outdoor advertising licenses, permit fees and fines.

Disposition of Fund (upon abolishment)
Pursuant to Government Code section 16346, in the absence of language that identifies a successor fund, any balance remaining in this fund upon abolishment, shall be transferred to the General Fund.

Appropriation Authority
Section 183 of the Streets and Highways Code provides that all moneys in the State Highway Account, except federal funds and specified other deposits, will not be expended until specifically appropriated by the Legislature or made available pursuant to Section 13322 of the Government Code. Federal funds, appropriations to other state agencies, and local moneys deposited in the account are continuously available for their specified purposes.

State Appropriations Limit
 Included - Revenues in this fund are proceeds of taxes which are included as SAL revenues. The major revenue source for this fund does not have a logical, direct relationship between the use or purposes and the payers from whom it was collected.

Comments/Historical Information
Chapter 767, Statutes of 1933 created the State Highway Fund as successor to the State Highway Construction Fund and the State Highway Maintenance Fund. Chapter 1192, Statutes of 1947 abolished the Supervision of Outdoor Advertising Fund and transferred the balance to this fund.

Chapter 1243, Statutes of 1971 abolished the State Highway Fund and continued it in existence as the State Highway Account in the State Transportation Fund without change in purpose.

Chapter 1106, Statutes of 1977 changed the appropriation method of the State Highway Account. It revised the continuous appropriation made by Section 183 of the Streets and Highways Code to require specific legislative appropriation of all moneys in the account derived from other than federal sources, appropriations to other state agencies or deposits from local agencies. Moneys in the account derived from these other sources continue to be available for expenditure without regard to fiscal years for the purpose for which such money was made available.

Chapter 389, Statutes of 1978 abolished the Highway Properties Rental Account in the State Transportation Fund and transferred the balances of that account into the State Highway Account. Under the prior law, 24 percent of the rental income derived from the lease of property held for future state highway purposes was deposited in the Highway Properties Rental Account and 76 percent of such income was deposited in the State Highway Account. All such rentals are now deposited in the State Highway Account. Rentals required to be deposited in another fund under the California Toll Bridge Authority Act, or any bond indentures executed under that Act, were and still are excluded from this provision.

Chapter 389, Statutes of 1978 continues the provision for distribution to the counties of 24 percent of such lease rental income with the payments now being made from the State Highway Account to the county in which the property is located. However, the distribution within the county is determined by the board of supervisors, except that if the property is located in a city, one-half of the rental income must be distributed to the city. The money that is now returned to local entities must be used for: (1) streets and highway purposes; (2) for mass transit guideway research and planning; or (3) with voter approval, for the construction and specified maintenance of mass transit guideways.

On March 22, 2010, the Governor signed Assembly Bills (AB) 6 and 9 of the eighth extraordinary session (ABX8 6 and ABX8 9) which eliminated the state portion of sales tax on gasoline and swapped it with an increase to excise tax on gasoline. These changes gave the state greater spending flexibility over their use.

Passed by the voters in November 2010, Proposition 22 prohibits borrowing, lending or diverting revenues that are dedicated to funding transportation improvement projects and services. Weight fees were previously protected by Article XIX of the State Constitution, but lost their protection with the passage of Proposition 22 in November 2010.

Chapter 6, Statutes of 2011 (AB 105) authorized the diversion of weight fee revenues from the SHA to the General Fund (GF) for debt service and loan in 2010-11 and thereafter.

Chapter 38, Statutes of 2011 (AB 115) authorized the elimination or postponement for repayment of almost $1.0 billion in loans from the GF to the SHA until June 30, 2021.

Chapter 13, Statutes of 2011 (Senate Bill 84) authorized the Director of Finance to make short-term cash flow loans up to $313 million from the GF to the SHA in order to provide adequate cash for expenditures funded from this account.