Memorandum

To: DIRECTOR
CHIEF DEPUTY DIRECTOR
DEPUTY DIRECTORS
DISTRICT DIRECTORS
DIVISION CHIEFS

Date: June 30, 2026

From: KEITH DUNCAN *Keith Duncan*
Chief
Division of Budgets

Subject: **FISCAL YEAR 2026-27 CALIFORNIA TRANSPORTATION FINANCING PACKAGE**

The California Transportation Financing Package is prepared annually and distributed by the California Department of Transportation Division of Budgets. The package summarizes and illustrates the source and distribution of transportation funds at the state level based on the 2026-27 Governor's Proposed Budget that was released on January 9, 2026.

The details are presented in the attached "California Transportation Financing Summary" and in the following charts:

Chart A - "Source and Distribution of California State Motor Vehicle Fees and User Taxes"
Chart B - "Transportation Bonds"
Chart C - "Budgetary Flow of California State Fees and Taxes Designated for Transportation Purposes"
Chart D - "Distribution of California Sales Tax Revenue"
Chart E - "Motor Vehicle License Fee Distribution
Chart F - "State Transportation Revenues"
Chart G - "Incremental Excise Tax Distribution"

Attachments

CALIFORNIA TRANSPORTATION FINANCING SUMMARY
FISCAL YEAR 2026-27

BUDGET SUMMARY

On Friday, January 9, 2026, Governor Newsom and the Department of Finance released the proposed budget for the upcoming 2026-27 fiscal year, which represents the initial step in the budgetary process that will ultimately lead to approval of the Budget Act in June later this year. The proposed budget for the California Department of Transportation (Caltrans) is approximately $19.3 billion, an increase of roughly $520 million (3 percent) from the current 2025-26 enacted budget.

The proposed $520 million increase to Caltrans' budget is spread across multiple areas. It includes a net decrease of $127 million in State Operations, due to a combination of expected budgetary adjustments and Budget Change Proposals that support departmental operations. It also includes an increase to Capital Outlay (net increase of $737 million) and decrease to Local Assistance (net decrease of $91 million) that are largely attributed to aligning the budget to project programing, adjusting need for reimbursement authority for work we perform for others in the upcoming budget year, as well as a stabilization of federal and state funding levels that is projected for the upcoming fiscal year.

Specific to transportation related revenues during the upcoming 2026-27 fiscal year, the Governor's proposed Budget projects gross state gasoline and diesel excise tax collections of approximately $8.3 billion and $1.5 billion, respectively. These amounts represent a four percent increase to gasolines excise collections and a four percent decrease to diesel excise collections compared to previously Enacted Budget projections for the current 2025-26 fiscal year. Compared to 2025-26, Transportation Improvement Fee projections for 2026-27 increased three percent to $2.7 billion, while diesel sales tax decreased between the same periods by 10 percent to $1 billion. Projections for the Road Improvement Fee, which are fees collected from zero-emission vehicle owners at time of registration, increased by 22 percent to $209 million between the same periods.

2026-27 Budget Change Proposals

The 2026-27 Governor's Budget includes multiple Caltrans Budget Change Proposals to support high priority departmental operations.

- **California High Speed Rail – Reimbursement Authority** – A two-year extension of $2.7 million in reimbursement authority for services rendered on behalf of the California High Speed Rail Authority for ongoing legal services.

- **Financial Information Systems for California (FI$Cal) System onboarding** – A one-year increase of $19.1 million to support the continued transition and on-boarding to the FI$Cal System.

- **Fleet Replacement** – A one-year increase of $225 million to continue replacing aging fleet and installing Zero Emission Vehicle infrastructure to comply with state mandates and regulations.

- **Increased Local Assistance Support for Local Agencies** – A permanent increase of $7.6 million and 34 positions to address a sustained increase in workload for supporting local agencies to comply with the State's Stewardship and Oversight Agreement with the Federal Highway Administration and comply with federal (and state) requirements.

- **Maintenance Reimbursement Authority Increase** – An increase of $7.4 million and 20 positions in 2026-27, $5.7 million and 20 positions in 2027-28, and a permanent increase of $1.4 million and 9 positions ongoing in reimbursement authority to fund maintenance operations that will be reimbursed by local agencies.

- **Proposition 1B Administrative Support** – A two-year extension of resources for workload associated with Caltrans' continued responsibilities to administer the Proposition 1B program of projects (Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006).

- **Road Charge Research** – A two-year increase of $1 million (annually) to continue the road charge research program to identify a sustainable long-term funding source for transportation, due to the increasing adoption of fuel-efficient and alternative fuel vehicles.

- **Telecommunications for Traffic Management Network** – An increase of $9 million in 2026-27, $10 million in 2027-28 and $10.5 million 2028-29 for telecommunication utility costs essential for a reliable, safe, and real-time operation of the statewide traffic management system, improving safety, mobility, and connectivity for all Californians.

- **Traffic Operations Support Network (TOSNet) Cybersecurity Enhancements** – An increase of $7.2 million in 2026-27 and $8.3 million in ongoing funding to sustain and enhance cybersecurity protections for the TOSNet.

- **Streamlining Delivery of Safety Enhancement Projects (Senate Bill [SB] 78)** – A one-year increase of $1.1 million to implement the requirements of Chapter 743, Statutes of 2025 (SB 78, Seyarto) to evaluate efforts and opportunities to streamline the delivery of safety enhancement projects on the state highway system.

- **Outdoor Advertising Displays Permits (SB 364)** – A one-year increase of $139,000 to implement the changes to the Outdoor Advertising Act, Business and Professions Code as required by Chapter 313, Statutes of 2025 (SB 364, Strickland).

- **Climate Resiliency (SB 695)** – A permanent increase of $364,000 and 2 positions to create and maintain a prioritized statewide and regionally significant climate adaptation project list and to create an ongoing annual report for the Legislature.

Other Budget Updates for Transportation

Maintaining Transportation Infrastructure Funding Commitments – The Budget maintains the one-time transportation package included in the 2025 Budget Act, which included funding for high-priority transit and rail infrastructure projects, grade separation projects, projects that improve goods movement at ports, active transportation projects, and climate adaptation projects.

Bay Area Transit Loan – Pursuant to Control Section 91.00 of the 2025 Budget Act, the Budget proposes statutory changes to authorize the Metropolitan Transportation Commission to provide short-term loans to transit agencies facing cash flow challenges, preserving essential services for Bay Area riders.

Continuation of Current Year Budgetary Reductions

- Vacant Positions Funding Reduction and Elimination of Positions – The Budget implements efficiencies across state government included in the 2025 Budget Act by proposing to eliminate 6,002 vacant positions and the associated expenditure authority in 2025-26 and making it permanent moving forward.

- State Operations Ongoing Reductions – The Budget implements efficiencies included in the 2025 Budget Act by reducing State Operations expenditures by up to 7.95 percent across all state funds in 2025-26 and making it permanent moving forward.

The California Transportation Financing Package illustrates the flow of specific dollars, from collection to distribution, and includes transportation funding financed by the issuance of general obligation bonds under the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) and the High-Speed Passenger Train Bond Act of 2008 (Proposition 1A). Any changes made during the legislative process are not reflected in the package.

TRANSPORTATION FUNDS

Transportation revenue is generated from user taxes and fees and is deposited into separate funds. Within the funds are several accounts that help facilitate the accounting of all receipts and expenditures. An overview of the fund and account activity planned for 2026-27 is provided on the following pages. Please note, not all the accounts listed are administered by Caltrans. The funds and accounts are:

Transportation Tax Fund

- Highway Users Tax Account
- Motor Vehicle Fuel Account
- Motor Vehicle License Fee Account

State Transportation Fund

- Advance Mitigation Account
- Aeronautics Account
- Local Airport Loan Account
- Motor Vehicle Account
- Public Transportation Account
- Road Maintenance and Rehabilitation Account
- State Highway Account
- Trade Corridor Enhancement Account
- Transportation Financing Subaccount

Other Funds

- Greenhouse Gas Reduction Fund
- Historic Property Maintenance Fund
- State Route 710 Rehabilitation Account
- Traffic Congestion Relief Fund
- Transportation Debt Service Fund

Transportation Bonds

- **Proposition 1B** – Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006
    - California Ports Infrastructure, Security, and Air Quality Improvement Account
    - Corridor Mobility Improvement Account
    - Trade Corridors Improvement Fund
    - Transportation Facilities Account
    - Public Transportation Modernization, Improvement and Service Enhancement Account
    - State-Local Partnership Program Account
    - Local Bridge Seismic Retrofit Account
    - Highway-Railroad Crossing Safety Account
    - Highway Safety, Rehabilitation, and Preservation Account
    - State Route 99 Account

- **Proposition 1A** – High-Speed Passenger Train Bond Fund of 2008

TRANSPORTATION TAX FUND:

Highway Users Tax Account (0062)
The Highway Users Tax Account (HUTA) receives transfers from the Motor Vehicle Fuel Account (MVFA) consisting of the net revenue (after statutory transfers) of diesel and gasoline fuel taxes. The proposed budget estimates that $9,304,496,000 is available for distribution as follows:

Highway Users Tax Account	
Cities and Counties	$1,257,239,000
Counties	421,902,000
Cities	301,453,000
State Parks and Recreation Fund	12,000,000
State Controller's Office	1,960,000
Statewide General Administrative Expenditures	130,000
Traffic Corridor Enhancement Account	370,356,000
Road Maintenance and Rehabilitation Account	2,353,730,000
Weight Fee Backfill	1,370,873,000
Balance to State Highway Account	3,214,853,000
Accumulated Balance	0
Total	**$9,304,496,000**

Motor Vehicle Fuel Account (0061)
Revenues from excise taxes on gasoline, diesel, and aviation fuels are collected and deposited in the MVFA. The proposed budget estimates that $9,811,980,000 is available for distribution as follows:

Motor Vehicle Fuel Account	
Department of Agriculture Account	$90,881,000
Aeronautics Account	6,576,000
Department of Tax and Fee Administration	35,961,000
State Controller's Office	5,785,000
Statewide General Administrative Expenditures	4,541,000
Off-Highway Vehicle Trust Fund	67,004,000
State Parks and Recreation Fund	105,671,000
Harbors and Watercraft Revolving Fund	14,803,000
General Fund	176,262,000
Balance to Highway Users Tax Account	9,304,496,000
Total	**$9,811,980,000**

Motor Vehicle License Fee Account (0064)
Motor Vehicle License fees and miscellaneous in-lieu fees are collected and deposited into the Motor Vehicle License Fee Account (see Chart E). The proposed budget estimates that $960,347,000 is available for distribution as follows:

Motor Vehicle License Fee Account	
Local Revenue Fund 2011	$933,531,000
Franchise Tax Board	7,432,000
Department of Motor Vehicles	17,754,000
State Controller's Office	17,000
Statewide General Administrative Expenditures	1,613,000
Accumulated Balance	0
Total	**$960,347,000**

STATE TRANSPORTATION FUND:

Advance Mitigation Account (2504)
The Advance Mitigation Account was created to enhance communications between Caltrans and stakeholders in order to protect natural resources and to accelerate transportation infrastructure project delivery. Initial funding transfers were from the State Highway Account (SHA) of resources typically used for the State Highway Operation and Protection Program (SHOPP) and the State Transportation Improvement Program (STIP). The account is intended to be self-sustaining through acquisition and development of mitigation credits and reimbursement from transportation projects for use of those credits. The proposed budget estimates that $132,619,000 is available for distribution as follows:

Advance Mitigation Account	
Capital Outlay	$0
Accumulated Balance	132,619,000
Total	**$132,619,000**

Aeronautics Account (0041)

Excise taxes attributable to jet fuel and the distribution of motor vehicle fuel for use in propelling aircraft are transferred from the MVFA in the Transportation Tax Fund to the Aeronautics Account. The Aeronautics Account provides funding for grants to qualifying airports, for acquisition and development, and state dollars to local agencies to match federal funds for airport improvements. The proposed budget estimates that $16,003,000 is available for distribution as follows:

Aeronautics Account			
	State Funds	**Federal Funds**	**Total Funds**
State Operations	$4,439,000	$470,000	$4,909,000
Local Assistance	3,990,000	0	3,990,000
Public Transportation Account	30,000	0	30,000
Statewide General Administrative Expenditures	451,000	0	451,000
Accumulated Balance	6,623,000	0	6,623,000
Total	**$15,533,000**	**$470,000**	**$16,003,000**

Local Airport Loan Account (0052)

The Local Airport Loan Account (LALA) is a subaccount of the Aeronautics Account. Monies deposited in the LALA represent payments of principal and interest received on loans made by Caltrans to local agencies for acquisition, construction, improvement, maintenance, and operation of local airports. The accumulated balance of this fund is used for future loans to local agencies. The proposed budget estimates that $27,392,000 is available for distribution as follows:

Local Airport Loan Account	
Local Assistance	$192,000
Accumulated Balance	27,200,000
Total	**$27,392,000**

Motor Vehicle Account (0044)

Motor vehicle registration, driver's license, and off-highway vehicle registration fees are collected and deposited into the Motor Vehicle Account. The proposed budget estimates that $5,424,026,000 is available for distribution as follows:

Motor Vehicle Account	
State Highway Account	$4,111,000
Motor Vehicle License Fee Account	3,573,000
General Fund	157,000
Environmental License Plate Fund	206,000
Interest Transfer to Other Accounts	66,000
Secretary for Environmental Protection	2,587,000
Department of Justice	33,286,000
Judicial Branch	257,000
Energy Resources Conservation and Development Commission	243,000
California Highway Patrol	3,063,518,000
Department of Motor Vehicles	1,518,431,000
Department of Public Health	1,658,000
Commission on State Mandates	2,408,000
California State Transportation Agency	1,853,000
Air Resources Board	168,615,000
Franchise Tax Board	3,943,000
Department of Food and Agriculture	9,341,000
Office of Environmental Health Hazard Assessment	5,156,000
Department of Education	1,169,000
Supplemental Pension Payments	80,402,000
Statewide General Administrative Expenditures	309,227,000
Accumulated Balance	213,819,000
Total	**$5,424,026,000**

Public Transportation Account (0046)

Resources in the Public Transportation Account (PTA) may only be used for transportation planning and mass transportation purposes. Due to the passage of Assembly Bills (AB) 6 and 9 of the Eighth Extraordinary Session of 2009-10 (Chapter 11, Statutes of 2010), Senate Bill 70 (Chapter 9, Statutes of 2010), and AB 105 (Chapter 6, Statutes of 2011), collectively known as the Fuel Tax Swap of 2010, the only remaining source of revenue for the PTA was the sales tax on diesel fuel. With the enactment of Senate Bill (SB) 1, the PTA also receives deposits of the Transportation Improvement Fee (TIF). Other resources include annual transfers from the SHA and the Aeronautics Account for planning cost.

The accumulated balance in the table below represents resources available for future years, including commitments to existing projects and assets and liabilities from other departments that report on a modified accrual basis. The Governor's proposed budget estimates that $3,047,544,000 is available for distribution as follows:

Public Transportation Account			
	State Funds	**Federal Funds**	**Total Funds**
State Operations	$268,307,000	$73,009,000	$341,316,000
Local Assistance	266,448,000	142,324,000	408,772,000
Capital Outlay	29,831,000	11,031,000	40,862,000
Public Utilities Commission	8,866,000	0	8,866,000
State Controller's Office	19,000	0	19,000
California Transportation Commission	4,558,000	0	4,558,000
Statewide General Administrative Expenditures	9,524,000	0	9,524,000
University of California	980,000	0	980,000
State Transit Assistance (Local Assistance)	858,555,000	0	858,555,000
California State Transportation Agency (State Operations)	1,852,000	0	1,852,000
California State Transportation Agency (Local Assistance)	63,521,000	0	63,521,000
High-Speed Rail Authority Office of the Inspector General	4,744,000	0	4,744,000
Cash Adjustment for Transportation Funds	-14,282,000	0	-14,282,000
Accumulated Balance	1,318,257,000	0	1,318,257,000
Total	**$2,821,180,000**	**$226,364,000**	**$3,047,544,000**

Road Maintenance and Rehabilitation Account (3290)
The Road Maintenance and Rehabilitation Account (RMRA) was created as part of the Road Repair and Accountability Act of 2017, also known as SB 1. Pursuant to SB 1, the RMRA receives revenues attributable to increased fuel taxes, a portion of TIF and the Road Improvement Fee (Zero-Emission Vehicles).

The resources made available through the RMRA will be used to address deferred maintenance and rehabilitation projects on the state highway system and the local streets and roads system. It will also fund allowable safety, rail, active transportation and trade corridor investments. After earmarks, the remaining revenues in the RMRA are divided evenly between state and local apportionments. The proposed budget estimates that $6,988,995,000 will be available for distribution as follows:

Road Maintenance and Rehabilitation Account	
State Operations	$971,903,000
Local Assistance	381,049,000
Capital Outlay	1,458,943,000
Cities and Counties	1,876,707,000
Department of Motor Vehicles	14,142,000
University of California	5,000,000
California State University	2,000,000
State Controller's Office	690,000
Statewide General Administrative Expenditures	10,132,000
Air Resources Board	19,000
State Highway Account	25,000,000
Accumulated Balance	2,243,410,000
Total	**$6,988,995,000**

State Highway Account (0042)

The SHA is the state's primary transportation account and retains a large portion of the resources available for the state's highway transportation system. The primary sources of revenue for the SHA are fuel taxes transferred from the HUTA, and reimbursements from the Federal Highway Trust Fund for federal-aid highway projects (see Chart A). Federal funds received by Caltrans come from federal fuel excise taxes paid by consumers at the pump. The taxes are apportioned and allocated back to the state through the Federal Transportation Act and the federal budget. Each federal-aid highway project must be authorized, in advance, by the Federal Highway Administration. Additionally, federal funds must be obligated before the state can be reimbursed. Once the authorization process and obligation of funds are completed, the state can recover federal reimbursements based on the expenditures of federally-eligible projects.

The Weight Fee Swap of 2011 redirected all weight fees to the Transportation Debt Service Fund (TDSF) for transportation debt service payments and General Fund loans. In return, the SHA receives monthly backfill payments, from the incremental excise tax (formerly the price-based excise tax), equal to the sum of weight fees that were redirected from the account.

Pursuant to SB 1, a portion of the TIF revenue is deposited in the SHA for the Solutions for Congested Corridors Program. In addition, the SHA receives transfers from the RMRA to support the Freeway Service Patrol program.

The accumulated balance in the following table represents resources available for future years, including commitments to existing projects, and assets and liabilities from other departments that report on a modified accrual basis. The proposed budget estimates that $14,647,085,000 is available for distribution as reflected on the following page:

State Highway Account			
	State Funds	**Federal Funds**	**Total Funds**
State Operations	$3,639,840,000	$1,132,159,000	$4,771,999,000
Local Assistance	410,647,000	2,710,670,000	3,121,317,000
Capital Outlay	329,278,000	3,959,830,000	4,289,108,000
Unclassified	0	0	0
Public Transportation Account	25,046,000	0	25,046,000
Environmental Enhancement and Mitigation	7,000,000	0	7,000,000
Air Resources Board	83,000	0	83,000
California State Transportation Agency (State Operations)	5,796,000	0	5,796,000
California State Transportation Agency (Local Assistance)	75,000,000		75,000,000
California Transportation Commission	3,996,000	0	3,996,000
California Highway Patrol	115,427,000	0	115,427,000
Department of Motor Vehicles	12,732,000	0	12,732,000
Department of Conservation	12,000	0	12,000
Public Utilities Commission	9,524,000	0	9,524,000
University of California	1,000,000	0	1,000,000
Transportation Debt Service Fund	1,455,873,000	0	1,455,873,000
Interest Payments to Federal	3,600,000	0	3,600,000
Statewide General Administrative Expenditures	339,458,000	0	339,458,000
Cash Adjustment for Transportation Funds	67,658,000	0	67,658,000
Accumulated Balance	342,456,000	0	342,456,000
Total	**$6,844,426,000**	**$7,802,659,000**	**$14,647,085,000**

Trade Corridor Enhancement Account (3291)

The Trade Corridor Enhancement Account (TCEA) was created as part of SB 1. The TCEA receives revenue from a portion of the increase to the diesel fuel excise tax authorized by SB 1. Funds in the account shall be available for expenditure upon appropriation by the Legislature for corridor-based freight projects nominated by local agencies and the state. The proposed budget estimates that $1,388,071,000 will be available for distribution as follows:

Trade Corridor Enhancement Account	
State Operations	$20,881,000
Local Assistance	141,445,000
Capital Outlay	465,442,000
Air Resources Board	9,000
Statewide General Administrative Expenditures	194,000
Accumulated Balance	760,100,000
Total	**$1,388,071,000**

Transportation Financing Subaccount (6801)

The Transportation Financing Subaccount was created to receive the deposit of proceeds from the sale of tax-exempt or taxable notes, known as Grant Anticipation Revenue Vehicles (GARVEE). These notes were issued by the State Treasurer to finance selected large-scale federal transportation projects administered by Caltrans. The funds in the subaccount are attributable to the GARVEE bond sales from 2004 and 2008, and are continuously appropriated and available for use as directed by the California Transportation Commission.

Transportation Financing Subaccount	
Capital Outlay	$0
Accumulated Balance	0
Total	**$0**

OTHER FUNDS:

Greenhouse Gas Reduction Fund (3228)
The Greenhouse Gas Reduction Fund was created to advance the goals of the California Global Warming Solutions Act of 2006, which hopes to reduce greenhouse gas emissions and support long-term, transformative efforts to improve public health and develop a clean energy economy. Monies appropriated from the fund may be allocated for the purpose of reducing greenhouse gas emissions in the state through investments. The proposed budget estimates that $913,000 is available to Caltrans for distribution as follows:

Greenhouse Gas Reduction Fund	
State Operations	$913,000
Accumulated Balance	0
Total	**$913,000**

Historic Property Maintenance Fund (0365)
The Historic Property Maintenance Fund provides funding for costs associated with the maintenance and operation of federally-designated or state historic properties that are owned by Caltrans and are located in a freeway right-of-way corridor. Revenues are derived from 50 percent of the rental receipts collected on these historic properties. The proposed budget estimates that $1,276,000 is available for distribution as follows:

Historic Property Maintenance Fund	
State Operations	$1,137,000
Accumulated Balance	139,000
Total	**$1,276,000**

State Route 710 Rehabilitation Account (2503)
The State Route 710 Rehabilitation Account was created to repair surplus residential properties that will benefit citizens of low or moderate income subject to displacement. Revenues are derived from the sale of surplus residential properties. The proposed budget estimates that $5,488,000 is available for distribution as follows:

State Route 710 Rehabilitation Account	
State Operations	$1,200,000
State Highway Account	3,088,000
Accumulated Balance	1,200,000
Total	**$5,488,000**

Traffic Congestion Relief Fund (3007)

The Traffic Congestion Relief Fund provides funding for deferred maintenance on local streets and roads, and congestion relief projects. It provides additional transportation capacity in high growth areas of the state. The accumulated balance in the table below represents resources available for future years, including commitments to existing projects. The proposed budget estimates that $24,628,000 is available for distribution as follows:

Traffic Congestion Relief Fund	
State Operations	$495,000
Cash Adjustment for Transportation Funds	3,572,000
Accumulated Balance	20,561,000
Total	**$24,628,000**

Transportation Debt Service Fund (3107)

The TDSF was established for payment of debt service on bonds including those issued pursuant to the Clean Air and Transportation Improvement Act of 1990, the Passenger Rail and Clean Air Bond Act of 1990, the Seismic Retrofit Bond Act of 1996, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, and the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century. As part of the Weight Fee Swap, weight fees deposited into the SHA are subsequently transferred to the TDSF. The proposed budget estimates that $1,455,873,000 is available for distribution as follows:

Transportation Debt Service Fund	
General Obligation Bonds	$1,455,873,000
Accumulated Balance	0
Total	**$1,455,873,000**

PROPOSITION 1B – HIGHWAY SAFETY, TRAFFIC REDUCTION, AIR QUALITY, AND PORT SECURITY BOND ACT OF 2006

Proposition 1B, approved by voters in November 2006, authorized the issuance of $19.925 billion in state general obligation bonds under the Bond Act. The objectives of the Bond Act are to improve transportation, air quality, and port security, through the creation of new transportation accounts and programs, and by providing new funding for existing programs.

The 2026-27 proposed budget includes $25 million for Proposition 1B bond programs and existing projects. This includes approximately $15 million for Capital Outlay and $4 million for Local Assistance.

Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (6053)
Bond funding of $25,431,000 will be distributed from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 as follows:

Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006	
California Ports Infrastructure, Security, and Air Quality Improvement Account	$1,326,000
Corridor Mobility Improvement Account	575,000
Trade Corridors Improvement Fund	5,847,000
Transportation Facilities Account	6,668,000
Public Transportation Modernization, Improvement and Service Enhancement Account	2,358,000
State-Local Partnership Program Account	373,000
Local Bridge Seismic Retrofit Account	4,455,000
Highway-Railroad Crossing Safety Account	-118,000
Highway Safety, Rehabilitation, and Preservation Account	1,324,000
State Route 99 Account	2,623,000
Total	**$25,431,000**

California Ports Infrastructure, Security, and Air Quality Improvement Account (6054)
The California Ports Infrastructure, Security, and Air Quality Improvement Account was established to fund infrastructure improvements along trade corridors, to reduce emissions from activities related to the movement of freight along California's trade corridors, and to fund port, harbor and ferry terminal security improvements. The proposed budget estimates that $1,326,000 is available for distribution as follows:

California Ports Infrastructure, Security, and Air Quality Improvement Account	
Air Resources Board	$1,326,000
Total	**$1,326,000**

Corridor Mobility Improvement Account (6055)

The Corridor Mobility Improvement Account was established to fund performance improvements on the state highway system, or major access routes to the state highway system on the local road system that relieve congestion by expanding capacity, enhancing operations, or otherwise improving travel times within these high-congestion travel corridors. Projects are identified by Caltrans and regional or local transportation agencies and are allocated by the Commission. The proposed budget estimates that $575,000 is available for distribution as follows:

Corridor Mobility Improvement Account	
State Operations	$575,000
Total	**$575,000**

Trade Corridors Improvement Fund (6056)

The Trade Corridors Improvement Fund was established to fund infrastructure improvements along federally-designated "Trade Corridors of National Significance" in the state or along other corridors within the state that have a high volume of freight movement, as determined by the Commission. The proposed budget estimates that $5,847,000 is available for distribution as follows:

Trade Corridors Improvement Fund	
State Operations	$444,000
Capital Outlay	5,403,000
Total	**$5,847,000**

Transportation Facilities Account (6058)

The Transportation Facilities Account was established to augment funding for projects included in the STIP (Government Code, Section 14525.5). The proposed budget estimates that $6,668,000 is available for distribution as follows:

Transportation Facilities Account	
State Operations	$431,000
Capital Outlay	6,237,000
Total	**$6,668,000**

Public Transportation Modernization, Improvement and Service Enhancement Account (6059)
The Public Transportation Modernization, Improvement and Service Enhancement Account was established to fund intercity rail projects and commuter or urban rail operators, bus operators, waterborne transit operators, and other transit operators in California. The account is used for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or for rolling stock procurement, rehabilitation, or replacement. The proposed budget estimates that $2,358,000 is available for distribution as follows:

Public Transportation Modernization, Improvement and Service Enhancement Account	
State Operations	$381,000
Capital Outlay	1,977,000
Total	**$2,358,000**

State-Local Partnership Program Account (6060)
The State-Local Partnership Program Account provides dollar-for-dollar matching funds for eligible transportation projects nominated by applicant transportation agencies. The proposed budget estimates that $373,000 is available for distribution as follows:

State-Local Partnership Program Account	
State Operations	$373,000
Total	**$373,000**

Local Bridge Seismic Retrofit Account (6062)
The Local Bridge Seismic Retrofit Account was established to provide the required match for federal Highway Bridge Replacement and Repair funds available to the state for seismic work on local bridges, ramps, and overpasses, as identified by Caltrans. The proposed budget estimates that $4,455,000 is available for distribution as follows:

Local Bridge Seismic Retrofit Account	
State Operations	$170,000
Local Assistance	4,285,000
Total	**$4,455,000**

Highway-Railroad Crossing Safety Account (6063)

The Highway-Railroad Crossing Safety Account was established to fund the completion of high-priority grade separation and railroad crossing safety improvements pursuant to Chapter 10 (Sections 2450 - 2461) of Division Three of the Streets and Highways Code (SHC). A dollar-for-dollar match of non-state funds shall be provided for each project, and the limitation on maximum project costs in SHC, Section 2454(g), shall not be applicable to projects funded with this account. The proposed budget estimates that negative $118,000 is available for distribution as follows:

Highway-Railroad Crossing Safety Account	
State Operations	$62,000
Local Assistance	-180,000
Total	**-$118,000**

Highway Safety, Rehabilitation, and Preservation Account (6064)

The Highway Safety, Rehabilitation, and Preservation Account was established to fund the SHOPP, traffic light synchronization, and other technology-based projects, in order to improve safety, operations, and the effective capacity of local streets and roads (Government Code, Section 14526.5). The proposed budget estimates that $1,324,000 is available for distribution as follows:

Highway Safety, Rehabilitation, and Preservation Account	
State Operations	$439,000
Capital Outlay	885,000
Total	**$1,324,000**

State Route 99 Account (6072)

The State Route 99 Account was established to provide funding for safety, operational enhancements, rehabilitation, or capacity improvements for the State Route 99 corridor that traverses approximately 400 miles of the state's central valley. The proposed budget estimates that $2,623,000 is available for distribution as follows:

State Route 99 Account	
State Operations	$2,526,000
Capital Outlay	97,000
Total	**$2,623,000**

PROPOSITION 1A – HIGH-SPEED PASSENGER TRAIN BOND FUND

High-Speed Passenger Train Bond Fund (6043)

Proposition 1A, approved by voters in 2008, authorized $9.95 billion in general obligation bonds to initiate the construction of a high-speed train system. The proposed budget includes $39,877,000 for the Proposition 1A bond program as follows:

High-Speed Passenger Train Bond Fund	
High-Speed Rail Authority	$39,877,000
Total	**$39,877,000**

Attachments:

Chart A: "Source and Distribution of California State Motor Vehicle Fees and User Taxes"
Summarizes the source and distribution of the state motor vehicle and user taxes, and that of the State Highway Account.

Chart B: "Transportation Bonds"
Shows sources and distribution of various bond funds for existing programs.

Chart C: "Budgetary Flow of California State Fees and Taxes Designated for Transportation Purposes"
Shows the budgetary flow of state motor vehicle fees and fuel taxes in California, along with other fund sources that constitute the financing available to Caltrans, as displayed in the 2026-27 proposed Governor's Budget.

Chart D: "Distribution of California Sales Tax Revenue"
Shows the distribution of sales tax revenues from gasoline and diesel fuel sales to the Public Transportation Account and the Transportation Investment Fund.

Chart E: "Motor Vehicle License Fee Distribution"
Shows the distribution of revenues from motor vehicle license fees to the Motor Vehicle License Fee Account.

Chart F: "State Transportation Revenues"
Shows the distribution of total transportation revenues from state motor vehicle fees and fuel taxes designated for transportation purposes.

Chart G: "Incremental Excise Tax Distribution"
Shows the distribution of the incremental excise fuel tax for 2026-27 based on the proposed Governor's Budget.

2026-27 Fiscal Year
SOURCE AND DISTRIBUTION OF CALIFORNIA STATE MOTOR VEHICLE FEES AND USER TAXES

FEES & USER TAXES:	
Motor Vehicle License Fees	$956,410,000
Motor Vehicle Registration, Driver's License, Off-Highway Registration	$4,850,861,000
Motor Vehicle Fuel Tax (Diesel)	$1,531,535,000
Motor Vehicle Fuel Tax (Gasoline and Jet Fuel)	$8,266,049,000
Motor Vehicle Registration (Weight Fees)	$1,370,873,000
Transportation Improvement Fee	$2,679,772,000
Road Improvement Fee (Zero Emission Vehicles)	$209,493,000
Total	$19,864,993,000

Other State Agencies, Funds, and Accounts	Cities, Counties, Cities & Counties	State Highway Account [1]
$9,776,093,000	$3,857,301,000	$6,231,599,000

State Highway Account Resources:	
Reserves	$488,572,000
Gasoline & Diesel Taxes	$4,585,726,000
Motor Vehicle Weight Fees	$1,370,873,000
Transportation Improvement Fee	$250,000,000
Interest & Miscellaneous	$124,255,000
Federal Reimbursement	$7,802,659,000
Road Maintenance and Rehabilitation Account	$25,000,000
Total Resources	$14,647,085,000

DEPARTMENT OF TRANSPORTATION

State Operations:	Capital Outlay:	Local Assistance:	Unclassified:	Cash Adjustment for Transportation Funds:
Project Development and Other Capital Support $1,751,299,000 Mass Trans. & Planning $81,111,000 Program Development $78,268,000 Safety, Operations & Local Assist. $343,274,000 Maintenance $1,477,154,000 Legal $148,919,000 Office of Inspector General $17,890,000 Equipment Service $444,240,000 Administration $429,844,000	Right-of-Way Acquisition & Engineering, Construction & Management	Local Assistance $3,118,508,000 Regional Planning $2,809,000		
$4,771,999,000	$4,289,108,000	$3,121,317,000	$0	$67,658,000

OTHER AGENCIES, ACCOUNTS AND FUNDS	
Air Resources Board	$83,000
California State Transportation Agency	$80,796,000
California Transportation Commission	$3,996,000
California Highway Patrol	$115,427,000
Department of Motor Vehicles	$12,732,000
Department of Conservation	$12,000
Environmental Enhancement and Mitigation Program Fund	$7,000,000
Transportation Debt Service Fund	$1,455,873,000
University of California	$1,000,000
Interest Payments to Federal Government	$3,600,000
Public Transportation Account	$25,046,000
Public Utilities Commission	$9,524,000
Supplemental Pension Payments	$0
Statewide General Administrative Expenditures	$339,458,000
	$2,054,547,000

Reserve for Economic Uncertainties
$342,456,000

[1] Includes resources that are transferred out for debt service.
Note: Retail sales tax on diesel is not included.

CHART A
January 2026

2026-27 Fiscal Year
TRANSPORTATION BONDS

PROPOSITION 1B

HIGHWAY SAFETY, TRAFFIC REDUCTION, AIR QUALITY, AND PORT SECURITY FUND OF 2006
(2660-6053)
Government Code, Sections 8879.20 - 8879.37

Revenues (Proceeds from Sale of Bonds)………………….……	$25,431,000
Transfers:	
6054 - California Ports Infrastructure, Security, and Air Quality Improvement Account…………	-$1,326,000
6055 - Corridor Mobility Improvement Account………………	-$575,000
6056 - Trade Corridors Improvement Fund…………………	-$5,847,000
6058 - Transportation Facilities Account..……………………	-$6,668,000
6059 - Public Transportation Modernization, Improvement and Service Enhancement Account………	-$2,358,000
6060 - State-Local Partnership Program Account…………	-$373,000
6062 - Local Bridge Seismic Retrofit Account………………	-$4,455,000
6063 - Highway-Railroad Crossing Safety Account…………	$118,000
6064 - Highway Safety, Rehabilitation, and Preservation Account………………………	-$1,324,000
6072 - State Route 99 Account………………………………	-$2,623,000
Total Resources……………………………………...…………	**$0**

PROPOSITION 1A

HIGH-SPEED PASSENGER TRAIN BOND FUND
(2665-6043)
Streets & Highways Code, Sections 2704.04 - 2704.095

Resources………………………………………………………… **$39,877,000**

High-Speed Rail Authority
$39,877,000

CA PORTS INFRASTRUCTURE, SECURITY, AND AIR QUALITY IMPROVEMENT ACCOUNT (3900-6054)
Government Code, Section 8879.23(9)(c)

Resources………………………………………………………… **$1,326,000**

Air Resources Board
$1,326,000

STATE-LOCAL PARTNERSHIP PROGRAM ACCOUNT
(2660-6060)
Government Code, Section 8879.23(g)

Resources………………………………………………………… **$373,000**

State Operations
$373,000

CORRIDOR MOBILITY IMPROVEMENT ACCOUNT
(2660-6055)
Government Code, Section 8879.23(a)(1)

Resources………………………………………………………… **$575,000**

State Operations
$575,000

LOCAL BRIDGE SEISMIC RETROFIT ACCOUNT
(2660-6062)
Government Code, Section 8879.23(i)

Resources………………………………………………………… **$4,455,000**

State Operations	Local Assistance
$170,000	**$4,285,000**

TRADE CORRIDORS IMPROVEMENT FUND
(2660-6056)
Government Code, Sections 8879.23(c)(1)(A) & 8879.52

Resources………………………………………………………… **$5,847,000**

State Operations	Capital Outlay
$ 444,000	**$5,403,000**

HIGHWAY-RAILROAD CROSSING SAFETY ACCOUNT
(2660-6063)
Government Code, Section 8879.23(j)(1)

Resources………………………………………………………… **-$118,000**

State Operations	Local Assistance
$62,000	**-$180,000**

TRANSPORTATION FACILITIES ACCOUNT
(2660-6058)
Government Code, Section 8879.23(e)

Resources………………………………………………………… **$6,668,000**

State Operations	Capital Outlay
$431,000	**$6,237,000**

HIGHWAY SAFETY, REHABILITATION, AND PRESERVATION ACCOUNT
(2660-6064)
Government Code, Section 8879.23(k)(1)

Resources………………………………………………………… **$1,324,000**

State Operations	Capital Outlay
$439,000	**$885,000**

PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT (2660-6059)
Government Code, Section 8879.23(f)(1)

Resources………………………………………………………… **$2,358,000**

State Operations	Capital Outlay
$381,000	**$1,977,000**

STATE ROUTE 99 ACCOUNT
(2660-6072)
Government Code, Section 8879.23(b)

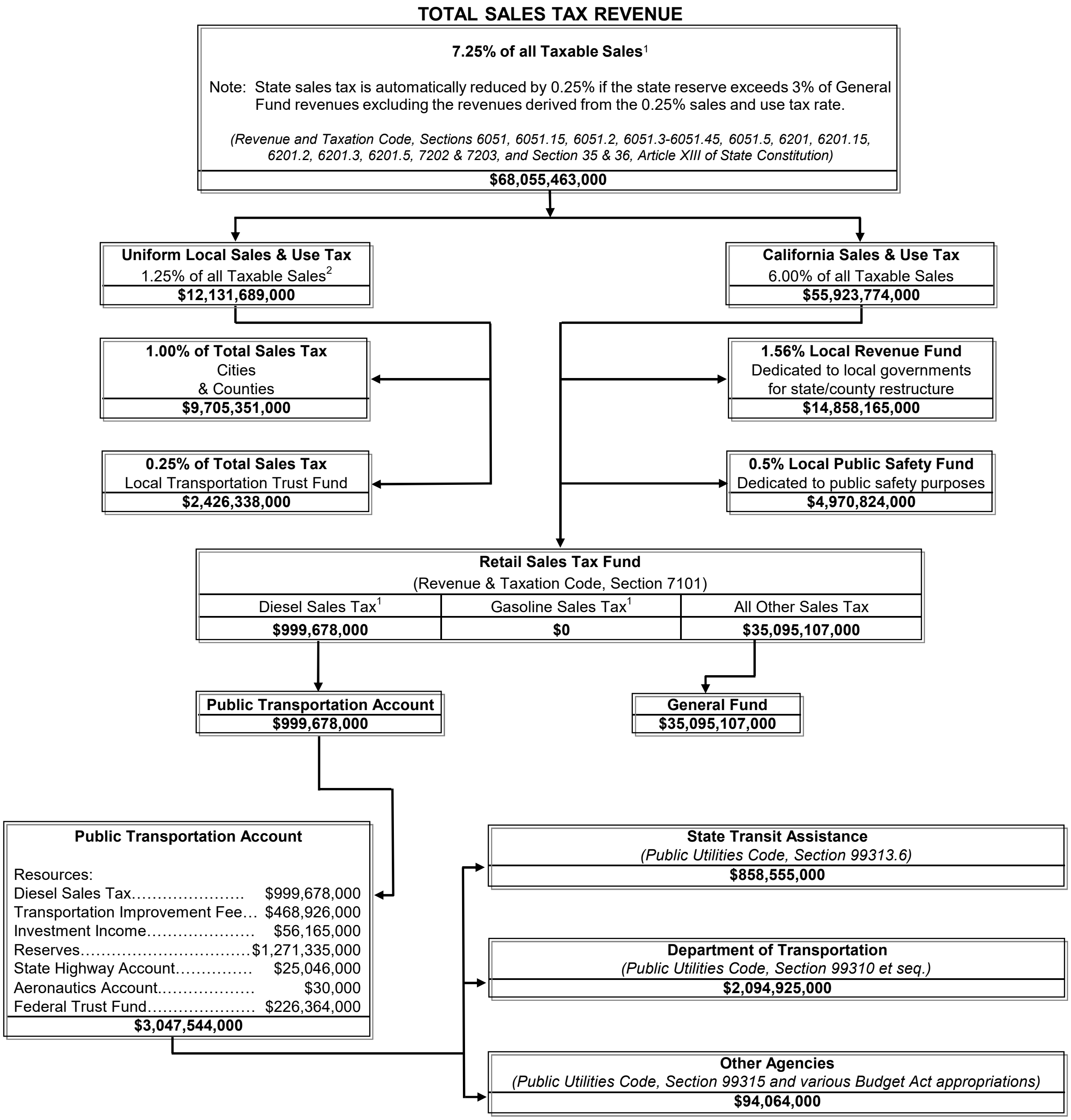
Resources………………………………………………………… **$2,623,000**

State Operations	Capital Outlay
$2,526,000	**$97,000**

CHART B
January 2026

2026-27 Fiscal Year
DISTRIBUTION OF CALIFORNIA SALES TAX REVENUE

Dollar amounts are approximate and based on 2026-27 Governor's Proposed Budget and 2026-27 Department of Finance sales tax forecasts



Note: Amounts may not sum to totals due to independent rounding.

[1] The Fuel Tax Swap (ABX8-6) enacted in March 2010, eliminated state sales tax on gasoline for transportation programs, and increased sales tax on diesel fuel by 1.75% beginning in 2014-15 pursuant to R&TC 6051.8(a). Senate Bill 1 (2017), increased sales tax on diesel fuel by 4% beginning in November 2017 pursuant to R&TC 6051.8(b). Total Sales and Use Tax collected on diesel is currently set at 13%.

[2] Counties may impose additional district taxes for special purposes (mass transit systems, schools, public safety projects, etc.)

CHART D
January 2026

2026-27 Fiscal Year
MOTOR VEHICLE LICENSE FEE DISTRIBUTION

MOTOR VEHICLE LICENSE FEE REVENUE*
Revenue and Taxation Code, Sections 10752

Vehicle License Fee
0.65% of market value as determined by the
Department of Motor Vehicles (annual amount).

$3,810,399,000

LOCAL REVENUE FUND
(Motor Vehicle License Fee portion only)

74.9% of Vehicle License Fees[1]………………………….….	$2,853,989,000

$2,853,989,000

MOTOR VEHICLE LICENSE FEE ACCOUNT

Resources:

Reserves……………………………………………………	$0
Remainder of Vehicle License Fee………………………	$956,410,000
Investment Income…………………………………………	$364,000
Motor Vehicle Account Transfers…………………………	$3,573,000
Local Revenue Fund 2011 Transfers[2]………………………	-$933,531,000
Total Resources……………………………………………..	$26,816,000

Disbursements:

State Controller's Office……………………………………	$17,000
Franchise Tax Board………………………………………	$7,432,000
Department of Motor Vehicles……………………………	$17,754,000
Statewide General Administrative Expenditures……………	$1,613,000
Total Disbursements……………………………...…………	$26,816,000
Accumulated Balance………………………………………	$0

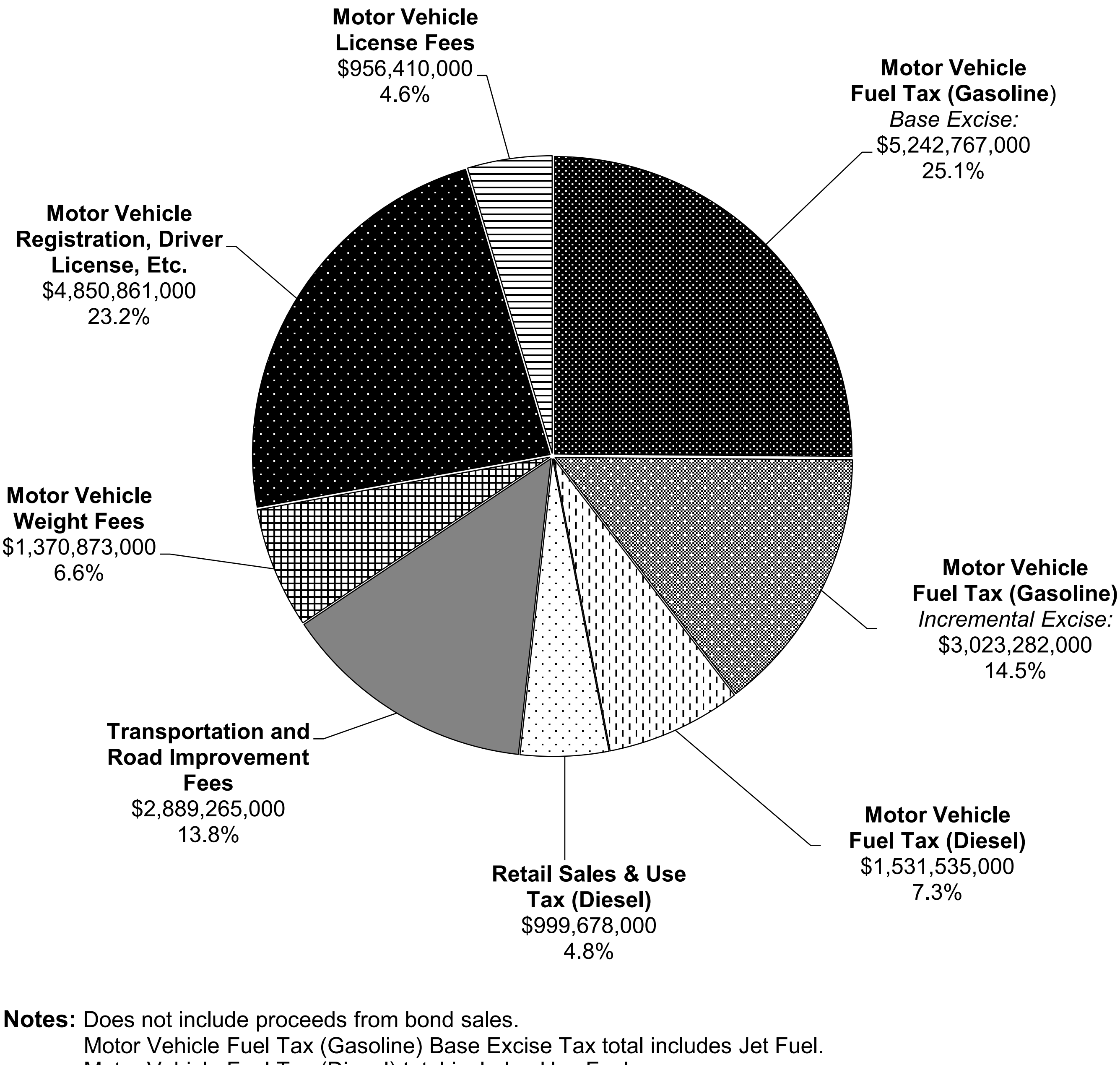
Dollars are as displayed in the 2026-27 Governor's Proposed Budget.

1 Pursuant to Revenue and Taxation Code (RTC), Section 11001.5, 74.9% of Vehicle License Fee revenue is distributed to Local Revenue Fund.

2 Pursuant to RTC, Section 11005, after administrative deductions, remaining balance is transferred to the Local Revenue Fund 2011.

2026-27 Fiscal Year
STATE TRANSPORTATION REVENUES
From California State Motor Vehicle Fees and Taxes

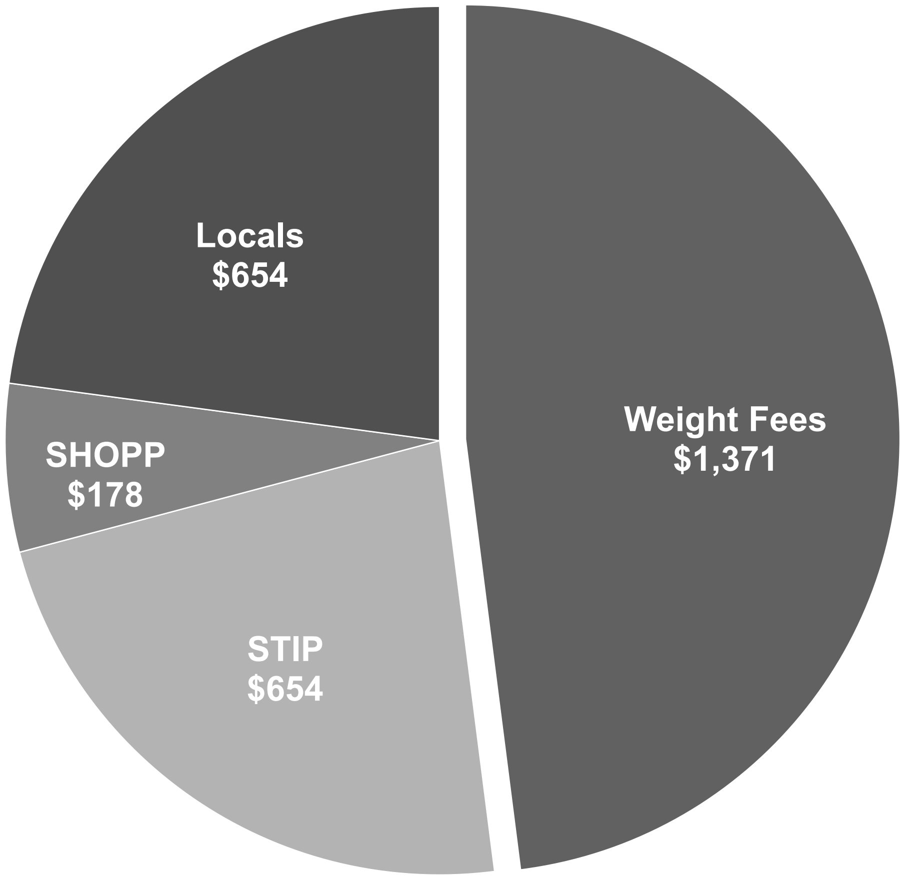
$20.865 Billion
Total Revenues



Notes: Does not include proceeds from bond sales.
Motor Vehicle Fuel Tax (Gasoline) Base Excise Tax total includes Jet Fuel.
Motor Vehicle Fuel Tax (Diesel) total includes Use Fuel.
Motor Vehicle Weight Fees are transferred to the TDSF for debt service on transportation bonds, per Vehicle Code, Section 9400.4.

CHART F
January 2026

2026-27 Fiscal Year
INCREMENTAL EXCISE TAX DISTRIBUTION
($ in millions)



Total: $2.9 Billion

Notes: Dollars are as displayed in the 2026-27 Governor's Proposed Budget.
Chart does not include transfers to the General Fund.

CHART G
January 2026