

# Memorandum

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

**Date:** April 17, 2025

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

**Subject: FISCAL YEAR 2025-26 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 2025-26 Governor's Proposed Budget that was released on January 10, 2025.

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 – 1A and 1B"
- 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 2025-26**

### **BUDGET SUMMARY**

On January 10th, Governor Newsom and the Department of Finance released the proposed budget for the upcoming 2025-26 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 \$18.7 billion, an increase of over \$1 billion (6 percent) from the current 2024-25 enacted budget.

The proposed \$1 billion increase to Caltrans' budget is spread across multiple areas. It includes a net decrease of \$23 million in State Operations, due to a combination of expected budgetary adjustments and Budget Change Proposals that support departmental operations. The increase to both Capital Outlay (net increase of \$1.1 billion) and Local Assistance (net increase of \$26 million) are largely attributed to aligning budget year to project programming, namely for the State Highway Operation and Protection Program, increased need for reimbursement authority for work we perform for others in the upcoming budget year, as well as a stabilization of federal funding levels to account for known formula and anticipated discretionary and grant funding that is projected for the upcoming fiscal year.

Specific to transportation related revenues during the upcoming 2025-26 fiscal year, the Governor's proposed Budget projects gross state gasoline and diesel excise tax collections of approximately \$7.9 billion and \$1.6 billion, respectively. These amounts represent a one percent decrease to gasoline excise collections and a five percent increase to diesel excise collections compared to previously Enacted Budget projections for the current 2024-25 fiscal year. Compared to 2024-25, Transportation Improvement Fee projections for 2025-26 increased nominally to \$2.5 billion, while diesel sales tax decreased between the same periods by 14 percent to \$1.1 billion. Projections for the Road Improvement Fee, which are fees collected from zero-emission vehicle owners at time of registration, increased by 42 percent to \$182 million between the same periods.

### **2025-26 Budget Change Proposals**

The 2025-26 Governor's Budget includes multiple Caltrans Budget Change Proposals to support high priority departmental operations.

- **Transportation System Network Replacement (TSNR)** – A proposed permanent request of \$2.4 million and five (5) permanent positions for on-going annual maintenance and operations costs. The new enterprise TSNR safety data system will provide storage for required data, support advanced safety analysis and performance measures to improve roadway safety, reduce fatalities and injuries for

all road users including pedestrians and bicyclists on all public roads, and support "Toward Zero Deaths" goal.

- **Enterprise Data Governance Technology Solution Implementation Year 2** – A proposed one-time increase of \$9.7 million for equipment, software, and consulting services. These resources are needed to procure and implement a suite of enterprise data governance-related tools for data stewards and data custodians to provide documented, quality controlled, findable, and accessible data to consumers.
- **FI\$Cal Onboarding Planning** – A proposed one-year increase of \$13.5 million for limited-term staffing and professional consulting services, to support the transition and onboarding to the FI\$Cal system.
- **Stormwater Asset Management** – A proposed two-year request of \$35.2 million in FY 2025-26 and \$34.9 million in FY 2026-27 for resources needed to perform inspections, maintenance, and repairs to Stormwater Treatment Best Management Practices as well as track their conditions and effectiveness in removing pollutants from highway runoff statewide as required by the 2022 National Pollutant Discharge Elimination System permit.
- **Clean California Community Cleanup** – A proposed one-time increase of \$25 million in operating expenses from the General Fund to establish the Clean California Community Cleanup and Employment Pathway Grant Program, which will address litter and graffiti abatement efforts, foster community engagement, and create career pathways for those overcoming barriers to employment across the state.
- **Implementation of Recently Enacted Legislation** – A proposed permanent increase of \$5.3 million and 20 positions to implement new requirements with the passage of Assembly Bills 2086 and 2525, and Senate Bills 960 and 1488.

#### **Other Budget Updates for Transportation**

The Budget maintains the entirety of the transportation package included in recent budgets. This includes \$15.4 billion from various funds over multiple years for the following:

- \$7.7 billion for high-priority transit and rail infrastructure projects that will improve rail and transit connectivity between state and local/regional services that are designed to provide options to opt-out of traffic congestion and reduce greenhouse gas emissions. A portion of these funds can also be used to support transit operations.
- \$4.2 billion Proposition 1A for the High-Speed Rail Authority to continue building the 119-mile Central Valley Segment from Madera to just north of Bakersfield.

- \$1.2 billion for projects that improve goods movement on rail and roadways at port terminals, including railyard expansions, new bridges, and zero-emission modernization projects.
- \$1.1 billion for Active Transportation Program projects, the Reconnecting Communities Highways to Boulevards Pilot program, and climate adaptation projects to advance equity and health outcomes.
- \$1.1 billion for the Zero Emission Transit Capital Program.
- \$150 million for grade separation projects that support critical safety improvements and improve traffic and rail movement by separating the vehicle roadway from the rail tracks. The largest contributor of California's greenhouse gas emissions, the transportation sector must align project delivery with climate considerations to reduce both emissions and climate impacts. The Budget demonstrates a continued commitment to address transportation-related climate issues.

**OTHER BUDGET ADJUSTMENTS** – In addition to the changes noted above, the budget reflects the following, which will not result in programmatic impacts or changes:

- Vacant Positions Funding Reduction and Elimination of Positions - \$617.6 million (\$234.4 million General Fund) in 2024-25, and ongoing, for savings associated with vacant positions and the elimination of approximately 6,500 positions starting in 2025-26, and ongoing.
- State Operations Ongoing Reductions - \$1.5 billion (\$820 million General Fund) in 2024-25, and \$2 billion (\$1.2 billion in General Fund) in 2025-26, and ongoing, reduction to state operations. This reduction includes personal services, operating expenses and equipment, and consulting and professional services costs.

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 2025-26 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 \$9,007,021,000 is available for distribution as follows:

<b>Highway Users Tax Account</b>	
Cities and Counties	\$1,187,086,000
Counties	397,470,000
Cities	297,243,000
State Parks and Recreation Fund	12,000,000
State Controller's Office	1,938,000
Statewide General Administrative Expenditures	137,000
Traffic Corridor Enhancement Account	400,709,000
Road Maintenance and Rehabilitation Account	2,288,862,000
Weight Fee Backfill	1,346,750,000
Balance to State Highway Account	3,074,826,000
Accumulated Balance	0
<b>Total</b>	<b>\$9,007,021,000</b>

**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 \$9,502,945,000 is available for distribution as follows:

<b>Motor Vehicle Fuel Account</b>	
Department of Agriculture Account	\$85,216,000
Aeronautics Account	6,012,000
Department of Tax and Fee Administration	36,671,000
State Controller's Office	5,710,000
Supplemental Pension Payments	730,000
Statewide General Administrative Expenditures	3,140,000
Off-Highway Vehicle Trust Fund	63,004,000
State Parks and Recreation Fund	105,210,000
Harbors and Watercraft Revolving Fund	17,795,000
General Fund	172,436,000
Balance to Highway Users Tax Account	9,007,021,000
<b>Total</b>	<b>\$9,502,945,000</b>

**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 \$920,504,000 is available for distribution as follows:

<b>Motor Vehicle License Fee Account</b>	
Local Revenue Fund 2011	\$892,638,000
Franchise Tax Board	7,334,000
Department of Motor Vehicles	19,507,000
State Controller's Office	17,000
Supplemental Pension Payments	354,000
Statewide General Administrative Expenditures	654,000
Accumulated Balance	0
<b>Total</b>	<b>\$920,504,000</b>

**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 \$130,697,000 is available for distribution as follows:

<b>Advance Mitigation Account</b>	
Capital Outlay	\$8,300,000
Accumulated Balance	122,397,000
<b>Total</b>	<b>\$130,697,000</b>



**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 \$13,701,000 is available for distribution as follows:

<b>Aeronautics Account</b>			
	<b>State Funds</b>	<b>Federal Funds</b>	<b>Total Funds</b>
State Operations	\$4,602,000	\$468,000	\$5,070,000
Local Assistance	3,990,000	0	3,990,000
Public Transportation Account	30,000	0	30,000
Statewide General Administrative Expenditures	256,000	0	256,000
Accumulated Balance	4,355,000	0	4,355,000
<b>Total</b>	<b>\$13,233,000</b>	<b>\$468,000</b>	<b>\$13,701,000</b>

**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 \$22,284,000 is available for distribution as follows:

<b>Local Airport Loan Account</b>	
Aeronautics Account	\$0
Local Assistance	3,223,000
Accumulated Balance	19,061,000
<b>Total</b>	<b>\$22,284,000</b>

**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 \$5,207,872,000 is available for distribution as follows:

<b>Motor Vehicle Account</b>	
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	2,406,000
Department of Justice	33,056,000
Judicial Branch	249,000
Energy Resources Conservation and Development Commission	234,000
California Highway Patrol	3,078,923,000
Department of Motor Vehicles	1,350,587,000
Department of Public Health	1,626,000
Commission on State Mandates	1,931,000
California State Transportation Agency	1,805,000
Air Resources Board	176,295,000
Franchise Tax Board	3,887,000
Department of Food and Agriculture	9,939,000
Office of Environmental Health Hazard Assessment	5,542,000
Department of Education	1,147,000
Supplemental Pension Payments	77,384,000
Statewide General Administrative Expenditures	294,989,000
Accumulated Balance	159,759,000
<b>Total</b>	<b>\$5,207,872,000</b>

**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 \$3,476,937,000 is available for distribution as follows:

<b>Public Transportation Account</b>			
	<b>State Funds</b>	<b>Federal Funds</b>	<b>Total Funds</b>
State Operations	\$270,708,000	\$54,359,000	\$325,067,000
Local Assistance	642,077,000	155,963,000	798,040,000
Capital Outlay	24,241,000	6,772,000	31,013,000
Public Utilities Commission	11,324,000	0	11,324,000
State Controller's Office	19,000	0	19,000
California Transportation Commission	4,915,000	0	4,915,000
Supplemental Pension Payments	1,988,000	0	1,988,000
Statewide General	6,117,000	0	6,117,000
Administrative Expenditures			
University of California	980,000	0	980,000
State Transit Assistance (Local Assistance)	933,396,000	0	933,396,000
California State Transportation Agency (State Operations)	1,747,000	0	1,747,000
California State Transportation Agency (Local Assistance)	60,805,000	0	60,805,000
High-Speed Rail Authority	4,322,000	0	4,322,000
Office of the Inspector General			
Cash Adjustment for Transportation Funds	-126,469,000	0	-126,469,000
Accumulated Balance	1,423,673,000	0	1,423,673,000
<b>Total</b>	<b>\$3,259,843,000</b>	<b>\$217,094,000</b>	<b>\$3,476,937,000</b>

**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 \$6,293,871,000 will be available for distribution as follows:

<b>Road Maintenance and Rehabilitation Account</b>	
State Operations	\$842,509,000
Local Assistance	468,789,000
Capital Outlay	1,506,086,000
Cities and Counties	1,742,888,000
Department of Motor Vehicles	13,197,000
University of California	5,000,000
California State University	2,000,000
State Controller's Office	680,000
Statewide General Administrative Expenditures	7,319,000
Air Resources Board	19,000
State Highway Account	25,000,000
Accumulated Balance	1,680,384,000
<b>Total</b>	<b>\$6,293,871,000</b>

**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 \$13,128,686,000 is available for distribution as reflected on the following page:

<b>State Highway Account</b>			
	<b>State Funds</b>	<b>Federal Funds</b>	<b>Total Funds</b>
State Operations	\$3,842,164,000	\$1,117,837,000	\$4,960,001,000
Local Assistance	436,681,000	1,989,499,000	2,426,180,000
Capital Outlay	515,233,000	3,387,882,000	3,903,115,000
Unclassified	0	5,000,000	5,000,000
Public Transportation Account	25,046,000	0	25,046,000
Environmental Enhancement and Mitigation	7,000,000	0	7,000,000
Air Resources Board	183,000	0	183,000
Secretary for Transportation Agency	5,634,000	0	5,634,000
California Transportation Commission	4,340,000	0	4,340,000
California Highway Patrol	117,101,000	0	117,101,000
Department of Motor Vehicles	10,461,000	0	10,461,000
Department of Conservation	12,000	0	12,000
Public Utilities Commission	9,416,000	0	9,416,000
University of California	1,000,000	0	1,000,000
Transportation Debt Service Fund	1,431,750,000	0	1,431,750,000
Interest Payments to Federal Government	3,900,000	0	3,900,000
Supplemental Pension Payments	51,172,000	0	51,172,000
Statewide General Administrative Expenditures	308,819,000	0	308,819,000
Cash Adjustment for Transportation Funds	-202,897,000	0	-202,897,000
Accumulated Balance	61,453,000	0	61,453,000
<b>Total</b>	<b>\$6,628,468,000</b>	<b>\$6,500,218,000</b>	<b>\$13,128,686,000</b>

**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 \$1,539,630,000 will be available for distribution as follows:

<b>Trade Corridor Enhancement Account</b>	
State Operations	\$20,688,000
Local Assistance	162,119,000
Capital Outlay	366,550,000
Air Resources Board	9,000
Statewide General Administrative Expenditures	149,000
Accumulated Balance	990,115,000
<b>Total</b>	<b>\$1,539,630,000</b>

**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.

<b>Transportation Financing Subaccount</b>	
Capital Outlay	\$0
Accumulated Balance	0
<b>Total</b>	<b>\$0</b>

**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 \$901,000 is available to Caltrans for distribution as follows:

<b>Greenhouse Gas Reduction Fund</b>	
State Operations	\$901,000
Accumulated Balance	0
<b>Total</b>	<b>\$901,000</b>

**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 \$860,000 is available for distribution as follows:

<b>Historic Property Maintenance Fund</b>	
State Operations	\$837,000
Accumulated Balance	23,000
<b>Total</b>	<b>\$860,000</b>

**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 \$3,355,000 is available for distribution as follows:

<b>State Route 710 Rehabilitation Account</b>	
State Operations	\$0
State Highway Account	2,155,000
Accumulated Balance	1,200,000
<b>Total</b>	<b>\$3,355,000</b>



**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 \$24,197,000 is available for distribution as follows:

<b>Traffic Congestion Relief Fund</b>	
State Operations	\$489,000
Cash Adjustment for Transportation Funds	4,564,000
Accumulated Balance	19,144,000
<b>Total</b>	<b>\$24,197,000</b>

**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 \$1,431,750,000 is available for distribution as follows:

<b>Transportation Debt Service Fund</b>	
General Obligation Bonds	\$1,431,750,000
Accumulated Balance	0
<b>Total</b>	<b>\$1,431,750,000</b>

## **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 2025-26 proposed budget includes \$58 million for Proposition 1B bond programs and existing projects. This includes over \$40 million for Capital Outlay and approximately \$11 million for Local Assistance.

### **Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (6053)**

Bond funding of \$58,108,000 will be distributed from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 as follows:

<b>Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006</b>	
California Ports Infrastructure, Security, and Air Quality Improvement Account	\$1,326,000
Corridor Mobility Improvement Account	556,000
Trade Corridors Improvement Fund	7,551,000
Transportation Facilities Account	424,000
Public Transportation Modernization, Improvement and Service Enhancement Account	6,575,000
State-Local Partnership Program Account	411,000
Local Bridge Seismic Retrofit Account	11,305,000
Highway-Railroad Crossing Safety Account	131,000
Highway Safety, Rehabilitation, and Preservation Account	16,479,000
State Route 99 Account	13,350,000
<b>Total</b>	<b>\$58,108,000</b>

### **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:

<b>California Ports Infrastructure, Security, and Air Quality Improvement Account</b>	
Air Resources Board	\$1,326,000
<b>Total</b>	<b>\$1,326,000</b>

**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 \$556,000 is available for distribution as follows:

<b>Corridor Mobility Improvement Account</b>	
State Operations	\$556,000
<b>Total</b>	<b>\$556,000</b>

**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 \$7,551,000 is available for distribution as follows:

<b>Trade Corridors Improvement Fund</b>	
State Operations	\$458,000
Capital Outlay	7,093,000
<b>Total</b>	<b>\$7,551,000</b>

**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 \$424,000 is available for distribution as follows:

<b>Transportation Facilities Account</b>	
State Operations	\$424,000
Capital Outlay	0
<b>Total</b>	<b>\$424,000</b>

**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 \$6,575,000 is available for distribution as follows:

<b>Public Transportation Modernization, Improvement and Service Enhancement Account</b>	
State Operations	\$698,000
Capital Outlay	5,877,000
<b>Total</b>	<b>\$6,575,000</b>

**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 \$411,000 is available for distribution as follows:

<b>State-Local Partnership Program Account</b>	
State Operations	\$411,000
<b>Total</b>	<b>\$411,000</b>

**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 \$11,305,000 is available for distribution as follows:

<b>Local Bridge Seismic Retrofit Account</b>	
State Operations	\$191,000
Local Assistance	11,114,000
<b>Total</b>	<b>\$11,305,000</b>

**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 \$131,000 is available for distribution as follows:

<b>Highway-Railroad Crossing Safety Account</b>	
State Operations	\$74,000
Local Assistance	57,000
<b>Total</b>	<b>\$131,000</b>

**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 \$16,479,000 is available for distribution as follows:

<b>Highway Safety, Rehabilitation, and Preservation Account</b>	
State Operations	\$449,000
Capital Outlay	16,030,000
<b>Total</b>	<b>\$16,479,000</b>

**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 \$13,350,000 is available for distribution as follows:

<b>State Route 99 Account</b>	
State Operations	\$2,514,000
Capital Outlay	10,836,000
<b>Total</b>	<b>\$13,350,000</b>

## 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 \$38,695,000 for the Proposition 1A bond program as follows:

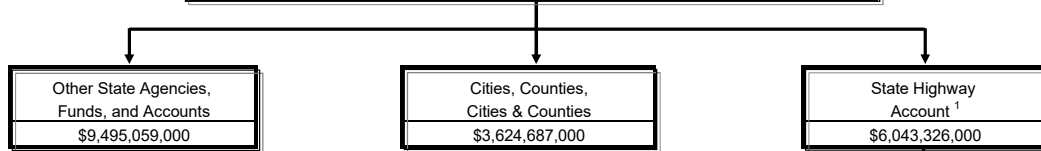
High-Speed Passenger Train Bond Fund	
High-Speed Rail Authority	\$38,695,000
<b>Total</b>	<b>\$38,695,000</b>

**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 2025-26 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 2025-26 based on the proposed Governor's Budget.

**2025-26 Fiscal Year**  
**SOURCE AND DISTRIBUTION OF CALIFORNIA**  
**STATE MOTOR VEHICLE FEES AND USER TAXES**

FEES & USER TAXES:	
Motor Vehicle License Fees.....	\$916,567,000
Motor Vehicle Registration, Driver's License,.....	\$4,733,796,000
Off-Highway Registration	
Motor Vehicle Fuel Tax (Diesel).....	\$1,601,289,000
Motor Vehicle Fuel Tax (Gasoline and Jet Fuel).....	\$7,887,260,000
Motor Vehicle Registration (Weight Fees).....	\$1,346,750,000
Transportation Improvement Fee.....	\$2,495,179,000
Road Improvement Fee (Zero Emission Vehicles).....	\$182,231,000
<b>Total</b>	<b>\$19,163,072,000</b>



State Highway Account Resources:	
Reserves.....	\$465,838,000
Gasoline & Diesel Taxes.....	\$4,421,576,000
Motor Vehicle Weight Fees.....	\$1,346,750,000
Transportation Improvement Fee.....	\$250,000,000
Interest & Miscellaneous.....	\$119,304,000
Federal Reimbursement.....	\$6,500,218,000
Road Maintenance and Rehabilitation Account.....	\$25,000,000
<b>Total Resources.....</b>	<b>\$13,128,686,000</b>

DEPARTMENT OF TRANSPORTATION				
State Operations:	Capital Outlay:	Local Assistance:	Unclassified:	Cash Adjustment for Transportation Funds:
Project Development and Other Capital Support.....\$1,779,417,000	Right-of-Way Acquisition & Engineering, Construction & Management	Local Assistance..... \$2,410,375,000		
Mass Trans. & Planning..... \$87,920,000		Regional Planning..... \$15,805,000		
Program Development..... \$87,659,000				
Safety, Operations & Local Assist..... \$333,381,000				
Maintenance.....\$1,558,123,000				
Legal..... \$151,549,000				
Office of Inspector General..... \$16,474,000				
Equipment Service..... \$516,541,000				
Administration..... \$428,937,000				
<b>\$4,960,001,000</b>	<b>\$3,903,115,000</b>	<b>\$2,426,180,000</b>	<b>\$5,000,000</b>	<b>-\$202,897,000</b>

OTHER AGENCIES, ACCOUNTS AND FUNDS	
Air Resources Board.....	\$183,000
Secretary for Transportation Agency.....	\$5,634,000
California Transportation Commission.....	\$4,340,000
California Highway Patrol.....	\$117,101,000
Department of Motor Vehicles.....	\$10,461,000
Department of Conservation.....	\$12,000
Environmental Enhancement and Mitigation Program Fund.....	\$7,000,000
Transportation Debt Service Fund.....	\$1,431,750,000
University of California.....	\$1,000,000
Interest Payments to Federal Government.....	\$3,900,000
Public Transportation Account.....	\$25,046,000
Public Utilities Commission.....	\$9,416,000
Supplemental Pension Payments.....	\$51,172,000
Statewide General Administrative Expenditures.....	\$308,819,000
<b>\$1,975,834,000</b>	

Reserve for Economic Uncertainties
<b>\$61,453,000</b>

<sup>1</sup> Includes resources that are transferred out for debt service.  
Note: Retail sales tax on diesel is not included.



# 2025-26 Fiscal Year TRANSPORTATION BONDS

## PROPOSITION 1B

HIGHWAY SAFETY, TRAFFIC REDUCTION, AIR QUALITY, AND PORT SECURITY FUND OF 2006 (2660-6053) <i>Government Code, Sections 8879.20 - 8879.37</i>	
Revenues (Proceeds from Sale of Bonds).....	\$58,108,000
Transfers:	
6054 - California Ports Infrastructure, Security, and Air Quality Improvement Account.....	-\$1,326,000
6055 - Corridor Mobility Improvement Account.....	-\$556,000
6056 - Trade Corridors Improvement Fund.....	-\$7,551,000
6058 - Transportation Facilities Account.....	-\$424,000
6059 - Public Transportation Modernization, Improvement and Service Enhancement Account.....	-\$6,575,000
6060 - State-Local Partnership Program Account.....	-\$411,000
6062 - Local Bridge Seismic Retrofit Account.....	-\$11,305,000
6063 - Highway-Railroad Crossing Safety Account.....	-\$131,000
6064 - Highway Safety, Rehabilitation, and Preservation Account.....	-\$16,479,000
6072 - State Route 99 Account.....	-\$13,350,000
<b>Total Resources.....</b>	<b>\$0</b>

## PROPOSITION 1A

HIGH-SPEED PASSENGER TRAIN BOND FUND (2665-6043) <i>Streets &amp; Highways Code, Sections 2704.04 - 2704.095</i>	
<b>Resources.....</b>	<b>\$38,695,000</b>
High-Speed Rail Authority	
	<b>\$38,695,000</b>

CA PORTS INFRASTRUCTURE, SECURITY, AND AIR QUALITY IMPROVEMENT ACCOUNT (3900-6054) <i>Government Code, Section 8879.23(9)(c)</i>	
<b>Resources.....</b>	<b>\$1,326,000</b>
Air Resources Board	
	<b>\$1,326,000</b>

STATE-LOCAL PARTNERSHIP PROGRAM ACCOUNT (2660-6060) <i>Government Code, Section 8879.23(g)</i>	
<b>Resources.....</b>	<b>\$411,000</b>
State Operations	
	<b>\$411,000</b>

CORRIDOR MOBILITY IMPROVEMENT ACCOUNT (2660-6055) <i>Government Code, Section 8879.23(a)(1)</i>	
<b>Resources.....</b>	<b>\$556,000</b>
State Operations	
	<b>\$556,000</b>

LOCAL BRIDGE SEISMIC RETROFIT ACCOUNT (2660-6062) <i>Government Code, Section 8879.23(i)</i>	
<b>Resources.....</b>	<b>\$11,305,000</b>
State Operations	Local Assistance
<b>\$191,000</b>	<b>\$11,114,000</b>

TRADE CORRIDORS IMPROVEMENT FUND (2660-6056) <i>Government Code, Sections 8879.23(c)(1)(A) &amp; 8879.52</i>	
<b>Resources.....</b>	<b>\$7,551,000</b>
State Operations	Capital Outlay
<b>\$458,000</b>	<b>\$7,093,000</b>

HIGHWAY-RAILROAD CROSSING SAFETY ACCOUNT (2660-6063) <i>Government Code, Section 8879.23(j)(1)</i>	
<b>Resources.....</b>	<b>\$131,000</b>
State Operations	Local Assistance
<b>\$74,000</b>	<b>\$57,000</b>

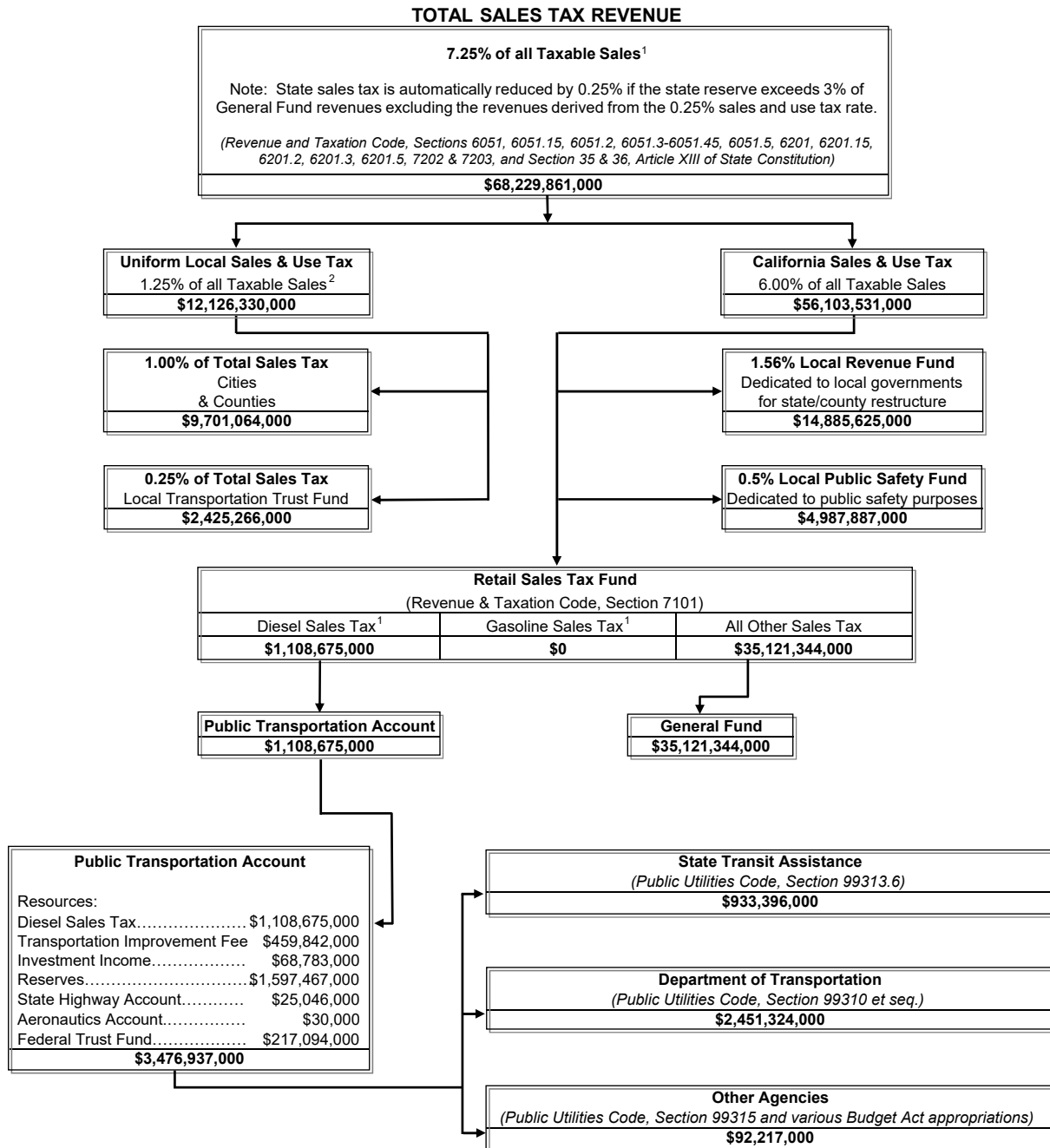
TRANSPORTATION FACILITIES ACCOUNT (2660-6058) <i>Government Code, Section 8879.23(e)</i>	
<b>Resources.....</b>	<b>\$424,000</b>
State Operations	Capital Outlay
<b>\$424,000</b>	<b>\$0</b>

HIGHWAY SAFETY, REHABILITATION, AND PRESERVATION ACCOUNT (2660-6064) <i>Government Code, Section 8879.23(k)(1)</i>	
<b>Resources.....</b>	<b>\$16,479,000</b>
State Operations	Capital Outlay
<b>\$449,000</b>	<b>\$16,030,000</b>

PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT (2660-6059) <i>Government Code, Section 8879.23(f)(1)</i>	
<b>Resources.....</b>	<b>\$6,575,000</b>
State Operations	Capital Outlay
<b>\$698,000</b>	<b>\$5,877,000</b>

STATE ROUTE 99 ACCOUNT (2660-6072) <i>Government Code, Section 8879.23(b)</i>	
<b>Resources.....</b>	<b>\$13,350,000</b>
State Operations	Capital Outlay
<b>\$2,514,000</b>	<b>\$10,836,000</b>

**2025-26 Fiscal Year**  
**DISTRIBUTION OF CALIFORNIA SALES TAX REVENUE**  
Dollar amounts are approximate and based on 2025-26 Governor's Proposed Budget  
and 2025-26 Department of Finance sales tax forecasts

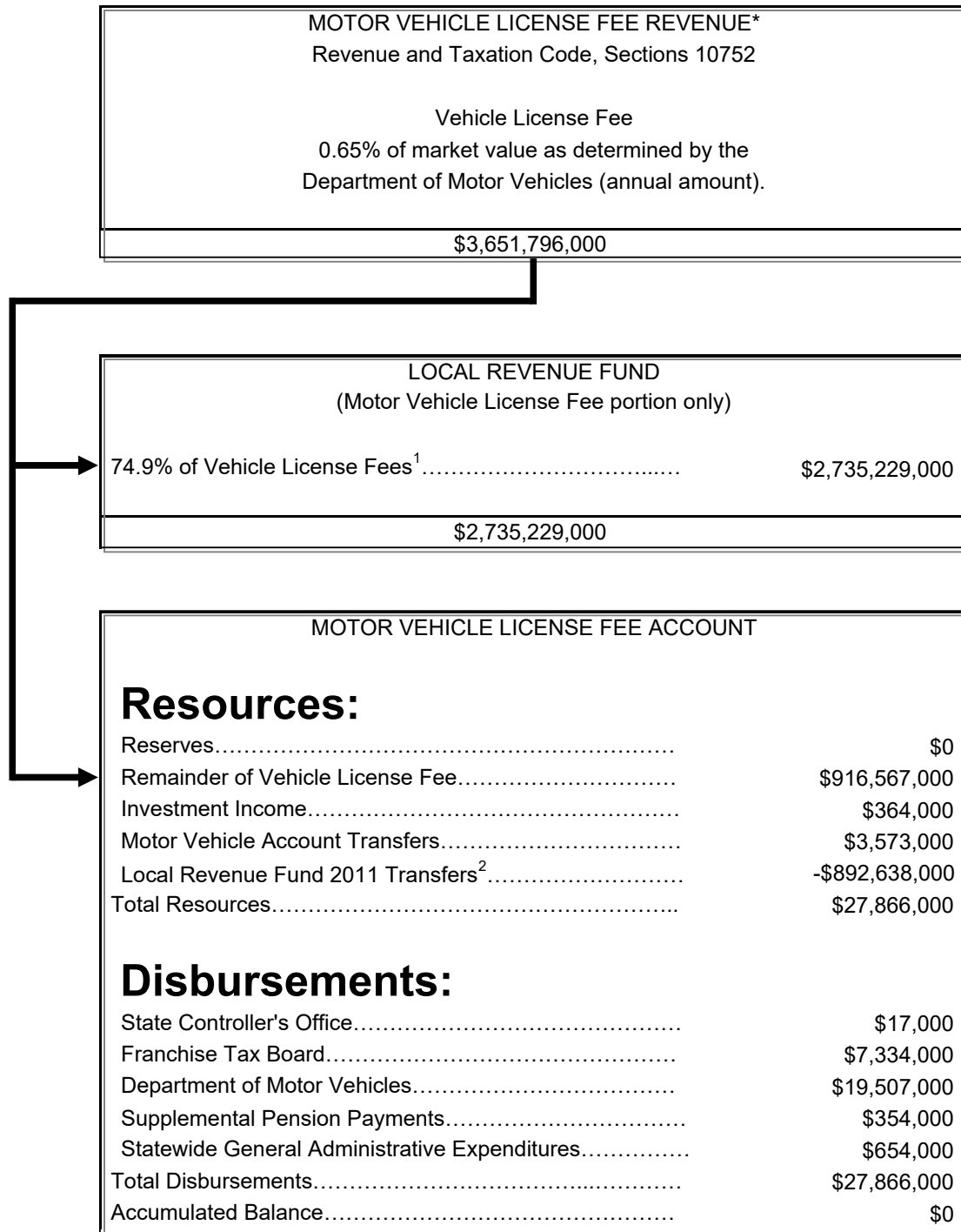


Note: Amounts may not sum to totals due to independent rounding.

<sup>1</sup> 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%.

<sup>2</sup> Counties may impose additional district taxes for special purposes (mass transit systems, schools, public safety projects, etc.)

**2025-26 Fiscal Year**  
**MOTOR VEHICLE LICENSE FEE DISTRIBUTION**



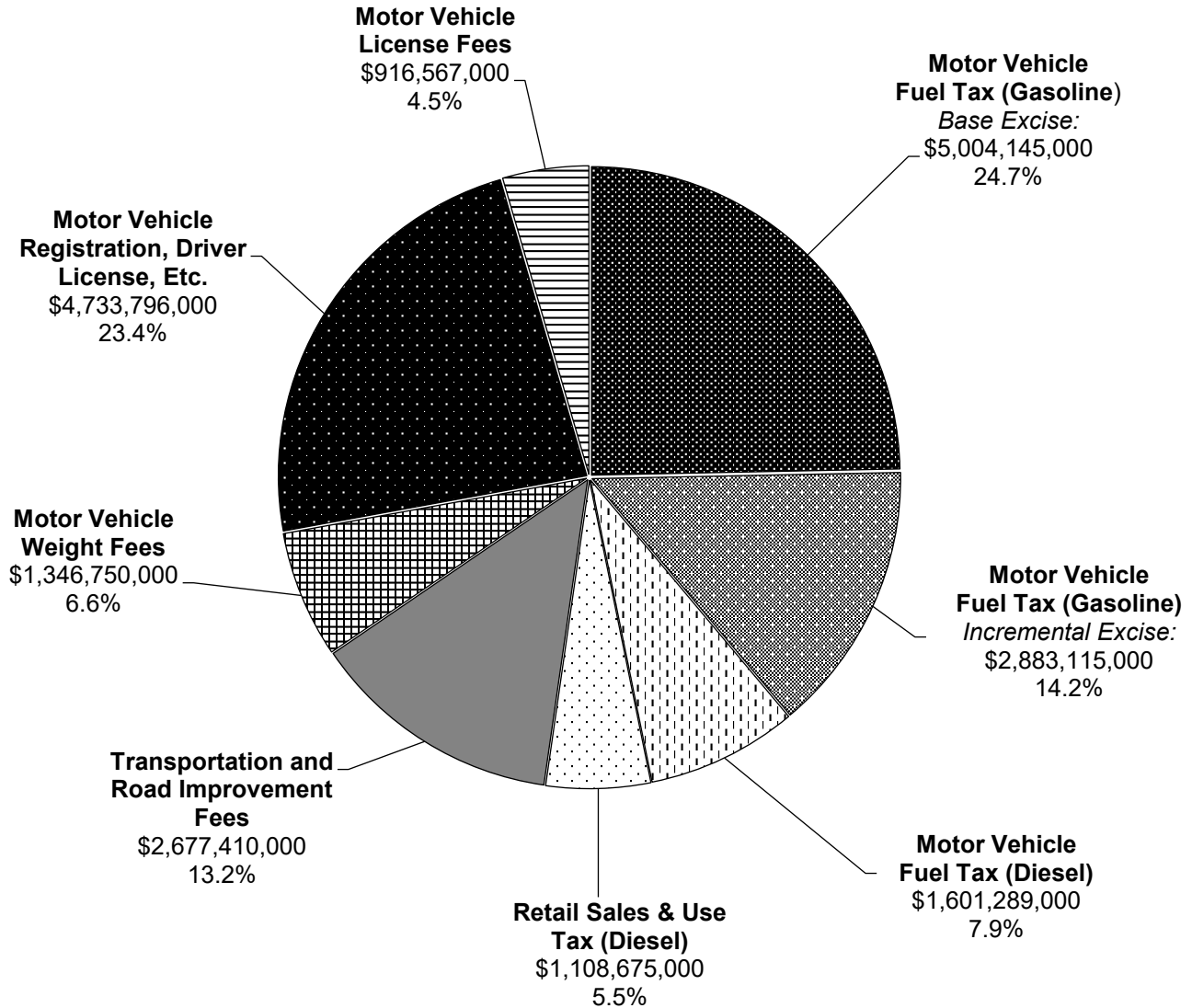
Dollars are as displayed in the 2025-26 Governor's Proposed Budget.

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

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

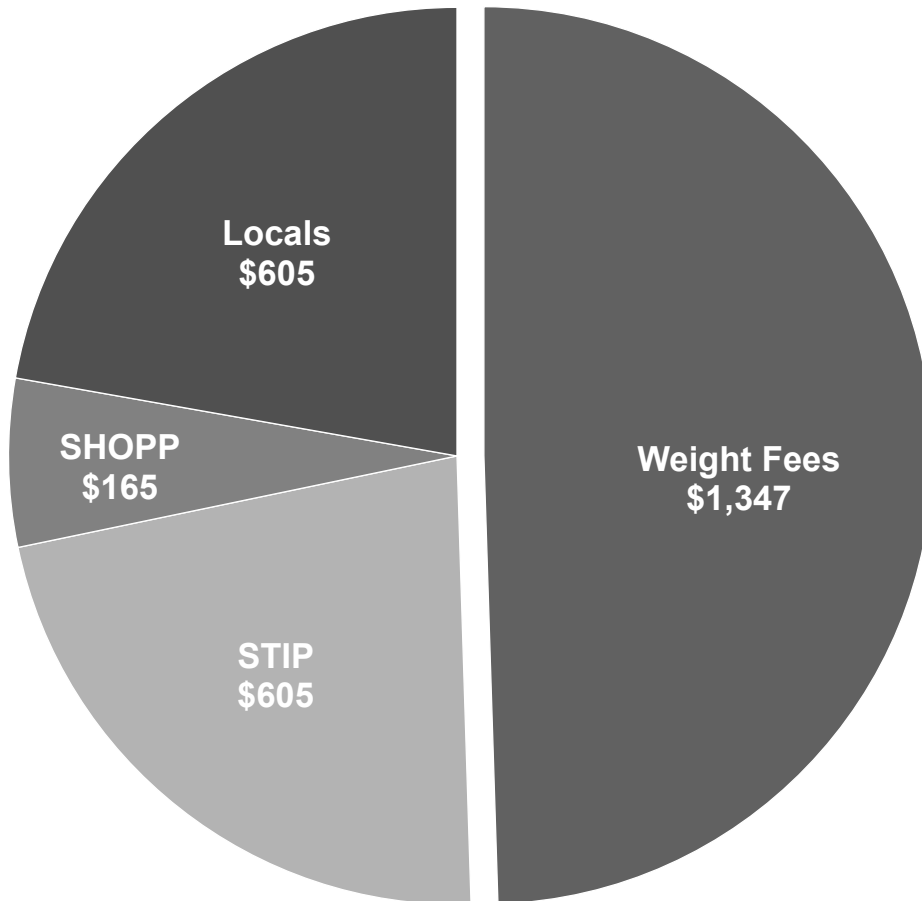
**2025-26 Fiscal Year**  
**STATE TRANSPORTATION REVENUES**  
From California State Motor Vehicle Fees and Taxes

**\$20.272 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.

**2025-26 Fiscal Year  
INCREMENTAL EXCISE TAX DISTRIBUTION  
(\$ in millions)**



**Total: \$2.7 Billion**

**Notes:** Dollars are as displayed in the 2025-26 Governor's Proposed Budget.  
Chart does not include transfers to the General Fund.