

# Memorandum

**To:** REGIONAL TRANSPORTATION PARTNERS

**Date:** March 13, 2026

**From:** DEE LAM  
Chief  
Division of Local Assistance

**Subject:** **INTERIM TOLL CREDITS USE POLICY**

This Memorandum serves as the official notification to the Regions regarding the Interim Toll Credits Use Policy, which will govern the use of the current Toll Credits(TC) balance until additional TC is approved based on final reporting of toll revenues, eligible capital expenditures, and verification of maintenance of effort requirements.

This Memorandum applies only to the programs managed by the Caltrans Division of Local Assistance and does not apply to State Planning & Research, Federal Lands Access Program, Overall Work Programs or Caltrans Capital projects.

## **Background:**

Caltrans came to an agreement with FHWA in 2012 for the application of about \$4.2 billion in TC, which are also referred to as Transportation Development Credits. TC have been used for several years as a match source for the Metropolitan Planning Organization (MPO) managed projects funded with Congestion Mitigation and Air Quality Improvement (CMAQ) Program and the Surface Transportation Block Grant Program (STBGP). TC are used for projects from various programs administered by Caltrans, such as State Highway Operation and Protection; Highway Bridge Program (HBP) off federal-aid system projects; the Federal Lands Access Program; Federal Transit Administration (FTA) transit grants; planning grants; and the Railway-Highway Crossings Program.

Currently, Caltrans has a remaining balance of about \$657.9 million in TC. Since adopting the Toll Credit Policy in 2013, Caltrans has not imposed caps on MPOs or individual programs. Without controls in place, the remaining balance may be exceeded.

TC usage between the Federal Fiscal Years (FFYs) 2021 and 2025 for the FHWA and FTA-funded projects managed by regional partners is around \$130 million per year across all regions. The most viable approach is to allocate TC based on each MPO's proportional share of FFY 2025 FHWA (CMAQ and STBGP) and

FFY 2025 FTA apportionments and limit the annual regional TC usage to \$130 million in total for the FFYs 2026 through 2028.

**Guidelines:**

The required actions below are effective October 1, 2025.

1. MPOs review their current TC usage and the Federal Transportation Improvement Programs (FTIP) programming assumptions for the FFYs 2026 through 2028.
2. MPOs ensure that TC programmed in the FTIP for regional programs/projects remain within the annual allocations established in Attachment A, Column G or the cumulative limits established in Column H.
3. MPOs provide Caltrans with updated TC that have been programmed in the FTIP on a quarterly basis through December 2026 to support monitoring of TC usage within established allocations.
4. Beginning with the approval of the 2027 FSTIP in December 2026, tracking of the TC will transition to the California Transportation Improvement Program System, which will serve as the ongoing tracking mechanism.
5. Caltrans HBP Managers track and program TC for HBP projects per the HBP Policy. HBP TC will be treated as a set aside.
6. For the Caltrans administered FTA 5310 Program, a total of \$15 million has been set aside for the FFYs 2026 through 2028 with \$5 million allocated for each FFY.
7. For the FTA 5310 Large Urban funding administered directly by MPOs, any TC usage will be counted against that MPO's TC annual allocation.

Based on the remaining TC availability after the next three years, there may be an opportunity for additional TC in FFY 2029.

If you have any questions, please contact Misty Bradshaw at (279) 234-6561 or Abhijit Bagde at (279) 234-8735.

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DEE LAM  
Chief  
Division of Local Assistance

3/13/2026  
Date

Attachment

Toll Credits Cap for MPOs

- c: Keith Duncan, Chief, Division of Budgets, Caltrans
- Dee Lam, Chief, Division of Local Assistance Caltrans
- James Anderson, Chief, Division of Financial Planning, Caltrans
- Mark Samuelson, Deputy Chief, Division of Local Assistance, Caltrans
- Misty Bradshaw, Acting Chief, Office of Project Management Oversight-South and North, Division of Local Assistance, Caltrans
- Abhijit Bagde, Senior Transportation Engineer, Office of Project Management Oversight-South and North, Division of Local Assistance, Caltrans
- Raul Lerma, Chief, Program Management Branch Division of Budgets, Caltrans
- Marlon Flournoy, Deputy Director, Planning and Modal Programs, Caltrans
- Nieves Castro, Deputy Chief, Division of Local Assistance, Caltrans
- Wendy King, Chief, Office of Transit Grants and Contracts, Division of Local Assistance, Caltrans
- Michael Lange, Senior Transportation Planner, Office of Transit Grants and Contracts, Division of Local Assistance, Caltrans