

Transportation Funding in California

2018



California Department of Transportation
Division of Transportation Planning
Transportation Economics Branch

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Disclaimer

This guide provides an overview of transportation funding sources and apportionments to entities and programs. The information stated in this document should not be used for accounting purposes, as some figures are drawn from sources with varying accounting practices. Any stated financial figures are subject to change. The latest version of this document can be viewed online at <http://www.dot.ca.gov/hq/tpp/offices/eab/fundchrt.html>

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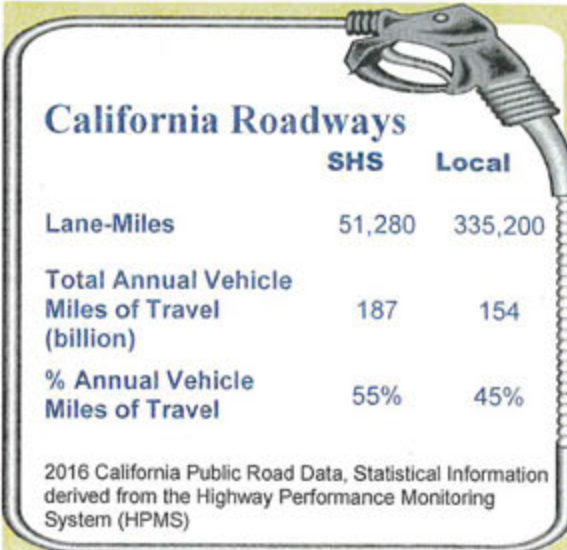
An Overview of the Transportation System

California's transportation network consists of streets, highways, railways, airports, seaports, bicycle routes, and pedestrian pathways. This network provides people and businesses the ability to access destinations and move goods, services, and information throughout the State. Construction, operation, and maintenance responsibilities are shared amongst state, regional, and local governments. Moreover, funding for these activities comes from federal, State, and local taxes, fees and assessments, and private investments. This collaborative effort results in a well-integrated transportation network that provides mobility for nearly 39.8 million people, while helping California sustain its position as the world's fifth largest economy.

The State Highway System and Local Roadways and Streets

Over 26 million licensed drivers in California travel hundreds of billions of miles, annually, on public roads throughout the State. The California Department of Transportation (Caltrans) is responsible for approximately 51,280 lane miles of interstate freeways and State Routes known as the State Highway System (SHS). Caltrans also inspects hundreds of public and special use airports and heliports (Chart 17) and maintains over 13,000 state bridges (Chart 19).

Metropolitan planning organizations and regional transportation planning agencies are responsible for planning, coordinating, and financing local transportation projects. Regional agencies and local governments operate and maintain approximately 335,200 lane miles of public roads and streets.



California Roadways		
	SHS	Local
Lane-Miles	51,280	335,200
Total Annual Vehicle Miles of Travel (billion)	187	154
% Annual Vehicle Miles of Travel	55%	45%

2016 California Public Road Data, Statistical Information derived from the Highway Performance Monitoring System (HPMS)

Public Transit

Over 400 transit operators serve over one billion riders in California annually. These operators provide services such as fixed-route buses, dial-a-ride programs, local and express commuter services, and paratransit. Local governments, regional agencies, and federal and State agencies operate or finance public bus or rail service (Charts 12 and 13). Commuter rail service such as *Metrolink*, *Caltrain*, and heavy rail systems like *BART* operate in large urban areas, servicing daily commuters and inter-regional travelers. In addition, local and regional transit agencies operate five light rail systems, providing regional service for daily commuters. Caltrans funds three intercity routes: the Pacific Surfliner, the San Joaquin, and the Capitol Corridor. These three routes are managed by local joint power authorities.

Other Modal Services

State, regional, local, and private entities operate and maintain airports, seaports, railways, ferry terminals, bicycle routes, and pedestrian pathways. These modes provide Californians options to travel long or short distances. California's economy relies on the network to move people and goods through the air, water, rail, or roadway. The State exported \$172 billion in goods in 2017. Moreover, nearly 20 percent of U.S. imported goods travel through California's ports, highways, and railways.

The Transportation System's Decision Makers

Federal, State, tribal, regional, and local government entities guide and fund the transportation network through coordination, planning, construction, operation, and maintenance activities.

Federal Level

The President and Congress enhance the nation's transportation network by creating national policies and allocating funds to states. This effort is carried forward through the Fixing America's Surface Transportation (FAST) Act (2015) authorization and various programs such as the Build Utilizing Investments to Leverage Development (formerly known as the Transportation Investment Generating Economic Recovery), the Infrastructure for Rebuilding America (formerly known as the Fostering Advancements in Shipping and Transportation for the Long-term Achievement of National Efficiencies), and the Surface Transportation Block Grant Program (formerly known as the Transportation Alternatives Program). The United States Department of Transportation (U.S. DOT) implements and enforces regulations and allocates funds to state, regional, and local agencies. The U.S. DOT is comprised of agencies that are responsible for specific transportation themes such as highways, transit, aviation, safety, and other emphasis areas. Caltrans partners with the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), the Federal Railroad Administration (FRA), and other federal agencies.

State Level

At the State level, transportation is a coordinated effort among the California State Legislature (Legislature), California State Transportation Agency (CalSTA), California Transportation Commission (CTC), and Caltrans.

California State Legislature

The Legislature signifies its transportation initiatives and spending priorities by establishing policies and financial resources through state statutes such as the *Revenue and Taxation Code*, the *Streets and Highways Code*, and the *Government Code*. The Governor and Legislature appropriate funds for the transportation network through the annual budget. The Legislature has the authority to designate transportation resources statutorily. For more information visit:

<http://www.legislature.ca.gov/>.

California State Transportation Agency

CalSTA's mission is to "develop and coordinate the policies and programs of the State's transportation entities to achieve the state's mobility, safety and air quality objectives from its transportation system." CALSTA oversees the Board of Pilot Commissioners, California Highway Patrol, California Transportation Commission, Caltrans, Department of Motor Vehicles, New Motor Vehicle Board, High-Speed Rail Authority, and the Office of Traffic Safety. For more information visit: <http://www.calsta.ca.gov/>.

California Transportation Commission

CTC consists of 11 appointed voting members and two non-voting ex-officio members. The Governor appoints nine members, and the Senate Rules Committee and the Speaker of the Assembly each appoint one member. CTC's responsibilities include 1) programing and allocating state and federal funds for the construction of various modes such as highway, passenger rail and transit improvements throughout California, 2) advising and assisting the Secretary of Transportation and the Legislature regarding state policies and plans for state transportation programs, and 3) aiding in the development of State and Federal legislation and adopting policies to implement enacted laws. For more information visit: <http://www.catc.ca.gov/>.

Caltrans

Caltrans plans, designs, constructs, and maintains the SHS to account for motor vehicles and active transportation modes. This effort involves nominating interregional capital improvement projects to the CTC for construction. Caltrans also collaborates and partners with public and private entities such as the federal, state, regional, tribal governments, and Amtrak to advance the transportation network. For more information visit: <http://www.dot.ca.gov/>.

Tribal Governments

There are 109 federally recognized tribes, and many non-recognized tribes, residing in the State that have transportation needs. Tribal governments establish plans and policies that are used to prioritize projects through tribal transportation improvement plans, making them eligible for federal funding (Chart 24). Tribes often leverage funding by collaborating with the state, regional, or local planning agencies on projects of mutual interest through their planning processes, and long-range transportation planning documents.

Regional Level

Metropolitan planning organizations (MPOs), regional transportation planning agencies (RTPAs), and local governments maintain public streets and roads and allocate resources to the SHS. These entities collaborate with federal and State agencies to meet transportation mandates and implement the objectives of policymakers on behalf of the public.

Metropolitan and Regional Planning Organizations

Under federal law (Title 23 United States Code Section 134), there are 18 MPOs in California with populations greater than 50,000. The State of California has designated 26 RTPAs with populations less than 50,000 people (CA Government Code Section 29532 et. seq.). These regional agencies are responsible for planning, coordinating, and administering federal, state, and local funds that enhance their region's multimodal transportation network. Each agency is responsible for developing an overall work program (an annual document), a regional transportation plan (a 20-year planning and programming document), and a regional transportation improvement program (a 5-year financial document) that is included in Caltrans' State Transportation Improvement Program. For more information visit: http://www.dot.ca.gov/hq/tpp/offices/orip/rtp/index_files/2010%20RTPGuidelines_Jan2011_Technical_Change.pdf.

Local Government Level

As of 2013, California has 482 incorporated cities and 58 counties; each local government has authority over its roads, streets, and land-uses within its jurisdictional boundary. Local governments and transit operators nominate transportation projects for funding to their metropolitan or regional transportation planning organizations. County transportation authorities are responsible for developing expenditure plans for self-imposed, voter-approved, local sales tax measures.

Transportation Funding Sources

California's transportation network receives funding from federal, State, local governments, and private revenue sources (Chart 1). Federal, State, and local revenues are collected through: 1) user fees and taxes, 2) property access charges, and 3) subsidies. Regional and local governments provide half of California's transportation funding, whereas, the federal and State government each provide roughly a quarter of the remaining amount. Caltrans' Division of Budgets reports that the State's motor vehicle fees and taxes, alone, will generate approximately \$16 billion in transportation revenues for Fiscal Year (FY) 2018-19 (Chart F, 2018-19 California Transportation Financing Package). The passage of the Road Repair and Accountability Act (2017), also known as California Senate Bill (SB) 1, is expected to provide California over \$5 billion in additional funding annually by increasing the motor fuel excise tax rate and creating new fee mechanisms.

Transportation Funding Sources

User Taxes and Fees	Property Related Charges	Subsidies
<ul style="list-style-type: none"> Federal and State gasoline or diesel taxes Vehicle weight fees (debt service) Tolls Public transit fare 	<ul style="list-style-type: none"> Property taxes Benefits assessment districts Developer fees 	<ul style="list-style-type: none"> Sales taxes General Funds provided by federal, State, and local governments Externalized Costs

Source: The Santa Clara Valley Transportation Authority: Introduction to Transportation Funding

Federal Funds

Federal Fuel Excise Tax: The Internal Revenue Service collects this tax—18.4¢/gallon gasoline and 24.4¢/gallon diesel fuel—and deposits it into the Highway Trust Fund (HTF).

- Approximately 85 percent of the HTF account goes into the Highway Account. FHWA appropriates funding to each state for specific purposes (Chart 22).
- The remaining 15 percent of the HTF account goes into the Transit Account. The FTA allocates this funding to regional agencies and local transit providers in each state for specific transit purposes (Chart 23).
- California receives most of its federal tax contributions through the Federal Obligation Authority (OA).

For more information visit: <http://www.fhwa.dot.gov/policy/olsp/financingfederalaid/>.

State Funds

State Fuel Excise Tax: Effective November 1, 2017, California collects 41.7¢/gallon excise tax on gasoline and 36¢/gallon on diesel fuel—generating approximately \$6.9 billion for FY 2017-18. State Fuel Excise Tax revenues (Chart 2) are shared between the State Highway Account (SHA) and the Road Maintenance & Rehabilitation Account (RMRA), Highway Users' Tax Account and local entities, according to a statutory formula (Chart 4), while also relieving the state of transportation general obligation bond debt service.

The excise tax on gasoline is comprised of two taxes:

- The State's base excise tax was raised by 12¢/gallon, fixing this rate at 30¢/gallon until 2020 as outlined by SB 1. Thereafter, this rate will be adjusted annually for inflation. Cities and counties receive approximately 36 percent of this revenue, with the remaining 64 percent going to the SHA and RMRA.
- The price-based excise tax as of March 1, 2017 is 11.7¢/gallon. Revenue is first used to backfill weight fees, debt services, and loan repayments. Any remaining funds are allocated among local roadways (44 percent), new construction projects (STIP, 44 percent), and highway maintenance and operations (SHOPP, 12 percent). This rate will change to a fixed rate of 17.3¢/gallon on July 1, 2019, and annually adjusted for inflation starting in 2020.

The State's diesel excise tax was raised by 20¢/gallon with the passage of SB 1, fixing this rate at 36¢/gallon. This rate will adjust for inflation beginning in 2020.

State Sales Tax: The State sales tax on gasoline was eliminated on July 1, 2010; however, diesel fuel is subjected to the sales and use tax. With the passage of SB 1, starting on November 1, 2017, the California Department of Tax and Fee Administration (formerly collected by the California Board of Equalization) collects a 13 percent of sales and use tax on diesel fuel. About 10.5 percent of these tax revenues¹ applies to public transportation funding, which is portioned out for the following transportation purposes (Charts 6 and 7):

- 4.75 is split equally between the state and local transit agencies through the Public Transportation Account (PTA). This account provides revenue for state and local transit purposes as outlined in the Transportation Development Act (TDA).
- 0.5 percent is dedicated to the State Rail Assistance Program. This program provides funding to intercity and commuter rail agencies for operating and capital projects.
- 5.25 percent is dedicated to the State Transit Assistance (STA) fund for local transit operation and capital purposes.

Truck Weight Fees: The State collects commercial vehicle fees based on weight, generating approximately \$1.1 billion a year. The California Department of Motor Vehicles (DMV) calculates weight fees based on the gross weight of commercial vehicles. These fees are deposited into the SHA and then transferred to the Transportation Debt Service Fund to pay for transportation bond debt (Chart 6).

Proposition 1B Bonds: The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) authorized the state to sell \$19.9 billion in general obligation bonds for transportation projects. This Act provides California funding for congestion relief, goods movement facilitation, air quality improvement, and safety and security enhancements to improve the transportation network (Chart 9).

¹ <https://www.cdtfa.ca.gov/formspubs/1504.pdf>

Motor Vehicle License and Other Fees: The state collects vehicle license, registration, and driver license fees. These revenues are allocated to the California Highway Patrol (CHP) and DMV for traffic law enforcement and regulations (Chart 21). In addition, a portion of SB 1 revenues funds transit capital projects. For more information on California's transportation funding structure visit: www.catc.ca.gov/reports/annualreports.htm.

Local and Other Funds

Various local funding sources provide additional revenues for numerous transportation purposes.

Local Sales Tax Measures (Self-Help Counties): Counties can adopt a sales tax increase for transportation programs. The passage of a local sales tax measure requires 2/3 of local voter approval, generally lasting 20 to 30 years (Chart 11).

- Twenty-four counties have implemented sales tax measures for their transportation needs
 - Napa's Measure T began on July 2018
- Four Transit Authorities have approved permanent local tax measures

TDA of 1971: This act is funded by the Local Transportation Fund (LTF) and the STA fund. Revenues for the LTF are generated from a 0.25 percent general statewide sales tax for local transportation purposes. STA funds are derived from the statewide sales tax on diesel fuel (Charts 7 and 8).

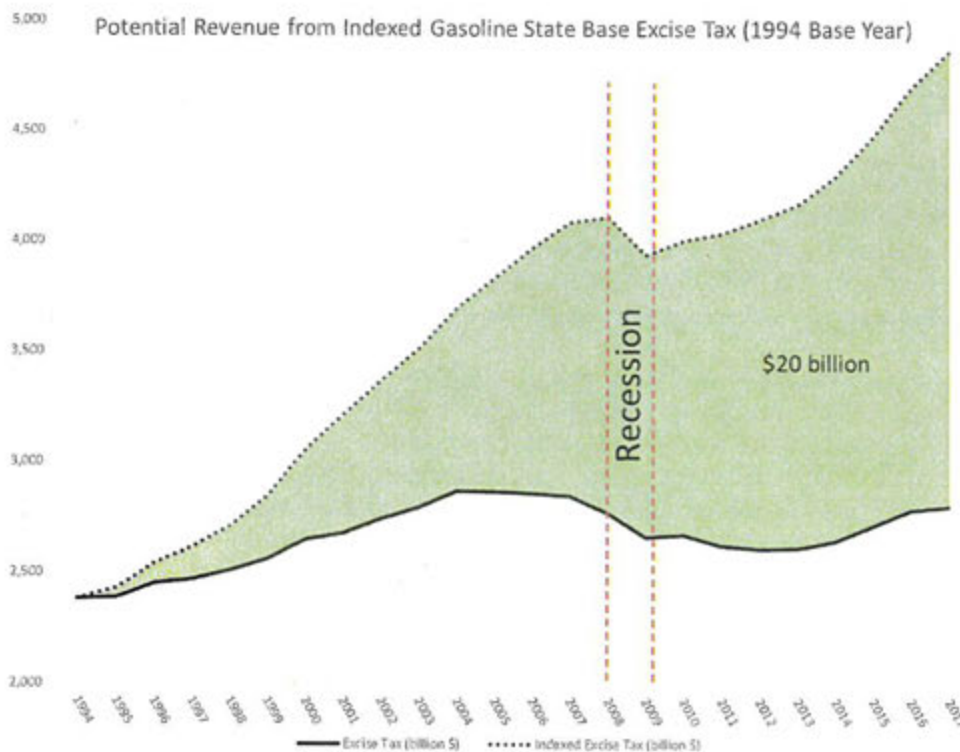
Transit Fares: Provided approximately \$1.8 billion for local transit systems in 2016.

Local General Funds and Other Local Funds: Includes property taxes, developer fees, street assessments, bonds, fines, and forfeitures (Chart 10).

State Funding Initiatives

In 2017, California and six other states took legislative action to revise their motor vehicle fuel tax or fee rates. California, specifically, passed Senate Bill 1—the Road Repair and Accountability Act (SB 1), which raised its excise motor fuel tax rates by 12 cents per gallon for gasoline and 20 cents per gallon for diesel on November 1, 2017. Moreover, California will begin indexing the excise tax rate for inflation by July 1, 2020. In the absence of indexing, the purchasing power of this fixed tax erodes over time due to inflation. To further exacerbate matters, increased vehicle fuel efficiency and alternative fuel usage reduce fuel tax revenues, while the cost to operate and maintain the SHS continues its trend upward.

Before SB 1, the last increase to the 18 cents per gallon state base excise tax (AB x8 6 and SB 70) on gasoline was in 1994. When accounting for inflation, this base tax (currently 18 cents) would need to be raised by 12 cents per gallon to achieve the same purchasing power as in 1994 based on the California Consumer Price Index (CPI). If the state price base excise tax on gasoline had been continuously indexed since 1994, the cumulative potential extra revenue from indexing this rate would have an absolute value of roughly \$20 billion based on a period from 1994-2017.



Source: CA Dept. of Tax and Fee Administration (2018). Motor Vehicle Fuel – Taxable Gasoline Gallons 10 Year Report (minus aviation gasoline gallons 10-year report).

CA Dept. of Finance (n.d.). Consumer Price Index – Calendar Year averages: from 1950: CPI-U.

California Senate Bill 1 – the Road Repair and Accountability Act of 2017

California Governor Edmund G. Brown Jr., legislators, various agencies, and transportation stakeholders worked together to pass SB 1 to address some of the State's financial needs for transportation. SB 1 provides additional funding for existing transportation programs, while creating new initiatives. The Governor's Budget proposal estimates that SB 1 will generate approximately \$5.4 billion annually. Effective November 1, 2017, and adjusted for inflation starting 2020, SB 1 increases the excise motor fuel rate by:

- Increasing the gasoline excise tax by an additional \$0.12 per gallon
- Increasing the diesel fuel excise tax by \$0.20 per gallon
- Increasing the sales tax on diesel fuel by 4 percent

In addition to the excise tax increases (Chart 2), the Legislature created two new fees that generate additional revenues for California's transportation system (Chart 3). The first of which, is the new Transportation Improvement Fee, effective January 1, 2018. This additional registration fee is based on the market value of a vehicle, and ranges from \$25-\$175 (Chart 3). The second fee is the Road Improvement Fee, which requires zero-emission vehicle owners to pay \$100 per vehicle for newly purchased models beginning in 2020 (Chart 3).

Under Article XIX of the California Constitution, revenues raised from taxes and fees must be spent on transportation improvement efforts. In addition, SB 1 mandates organizations implement strict cost savings and accountability practices such as streamlining their environmental process, identifying specific performance measures, and improving transportation investment reporting accuracy.

California Road Charge Pilot Program

As required by Senate Bill 1077 (2014), the State assessed the potential for mileage-based revenue collection, as an alternative to the gas tax system, to preserve and maintain road and highway infrastructure. An alternative revenue funding mechanism may be necessary given the expected future reduction in fuel excise revenue as vehicles become more fuel efficient and emit less pollution.

The CTC assembled a 15-member Road Charge Technical Advisory Committee (TAC) to develop recommendations for the design of a Road Charge Pilot Program. To date, this pilot was the largest road charge pilot completed in the nation, with a nine-month duration and more than 5,000 vehicles reporting over than 37 million miles driven, through six different reporting methods (manual to high technology options). In December of 2017, CalSTA submitted its findings from this effort to the Legislature, the CTC, and the TAC. In short, this effort proved that the functionality of a road charge revenue mechanism is possible, but further research is needed to determine if it can be implemented given ever changing technology, innovation, and adoption feasibility. For additional information on the pilot program and ongoing research efforts, visit: www.CaliforniaRoadChargePilot.com

Federal and State Transportation Programming

Federal and State governments allocate revenue by programming funds for policy initiatives.

Federal Programming

Congress authorizes the federal government to spend its transportation revenue on programs that support public policy interests for a given amount of time—typically a five to six year period. An authorization sets the maximum amount of funding that can be appropriated to such programs each FY. Congress reviews appropriation bills to allocate funding for all federal agencies, departments, and programs annually, providing the legal authority for federal agencies to spend money during the upcoming FY on administered programs. The federal government can only allocate up to the maximum amount identified in the authorization for the upcoming year. The FHWA and the FTA are the main recipients of federal transportation funding; funds are allocated to each state based on various program requirements.

Current Federal Authorization: Fixing America's Surface Transportation Act

President Barack Obama signed into law the FAST Act on December 4, 2015, allocating \$305 billion for transportation purposes over a five-year span (Federal Fiscal Year 2016-2020). The FAST Act focuses on improving the nation's surface transportation infrastructure and enhancing the safety of this network. In addition, the passage of the FAST Act resulted in several changes to programs that FHWA and FTA administer (Charts 22 and 23). For additional information visit: <http://transportation.house.gov/fast-act/>.

State Programming

Similar to federal programming, the Legislature dictates how State revenues are spent on the transportation network. The Legislature appropriates State funding for specific purposes each year.

State Transportation Improvement Program (STIP): Funds new construction projects that add capacity to the transportation network. STIP consists of two components, Caltrans' Interregional Transportation Improvement Program (ITIP) and regional transportation planning agencies' Regional Transportation Improvement Program. STIP funding is a mix of state, federal, and local taxes and fees (Chart 5).

State Highway Operation and Protection Program (SHOPP): Provides funds for pavement rehabilitation, operation, and safety improvements on state highways and bridges.

Local Assistance Program: Caltrans administers more than \$1 billion annually in federal and State funding to over 600 cities, counties, and regional agencies. The program provides entities with the opportunity to improve their transportation infrastructure or provide additional services.

Public Transportation Account (PTA) according to Transportation Development Act (TDA): The PTA primarily supports the STA, intercity rail, and transit capital improvements. The STA program disburses funding to transportation entities based on a formula that is dependent on an area's population and transit operator revenues. These entities then redistribute funding to transit operators within their region for purposes such as operating assistance, capital acquisition and improvement, and transit services (Chart 8).

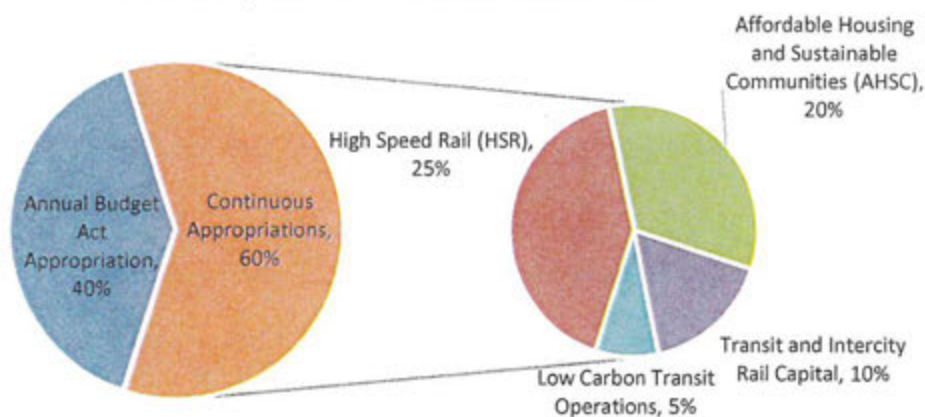
Proposition 1B: Transportation Bonds: As mentioned above, these projects focus on improving State highways and local roads, transit networks, passenger rail, freight mobility, and air quality. In partnership with the CTC, Caltrans is responsible for administering a majority of the

Proposition 1B funds. Roughly, three-fourths of Proposition 1B projects are complete or under construction. Projects include SHOPP, Trade Corridors Improvement Fund program, State Route 99, intercity passenger rail, local transit, and seismic retrofitting of local bridges and overpasses (Chart 9). For more information visit: <http://www.bondaccountability.dot.ca.gov/bondacc/>.

Cap and Trade: Assembly Bill 32 (2006) requires the reduction of greenhouse gas (GHG) emissions to 1990 levels by 2020. In order to meet this goal, the California Air Resources Board (ARB) adopted “cap-and-trade.” This market mechanism policy places a “cap” on entities responsible for 85 percent of the State’s GHG emissions. As part of the cap-and-trade program, ARB conducts quarterly auctions and sells emission allowances that is intended to generate billions of dollars in state revenue over multiple years. Proceeds from these auctions are deposited into the Greenhouse Gas Reduction Fund. One of the three appropriations for SB 862 (2014) is the Sustainable Communities and Clean Transportation investment category. This appropriation dedicates 60 percent of Cap-and-Trade revenue as continuous appropriations for High Speed Rail (HSR) (Chart 15), Affordable Housing and Sustainable Communities, Transit and Intercity Rail Capital Program, and Low Carbon Transit Operations Program (Charts 14 and 15). The remaining 40 percent of funds is available for the Legislature to direct toward future objectives through annual budget act appropriation (see detailed revenue allocation breakdown in the chart below).

The creation of a carbon market also allows businesses, who emit less than their allowance, the ability to sell them to others in a secondary market. Businesses that need extra allowances to make up for their shortfall to reduce GHGs can purchase them from entities that do not use their entire allotment. Businesses face steep fines if their allotment is exceeded. Business sectors that purchase allowances generally include heavy industrial, electricity and natural gas producers (stationary sources) and transportation services (mobile sources).

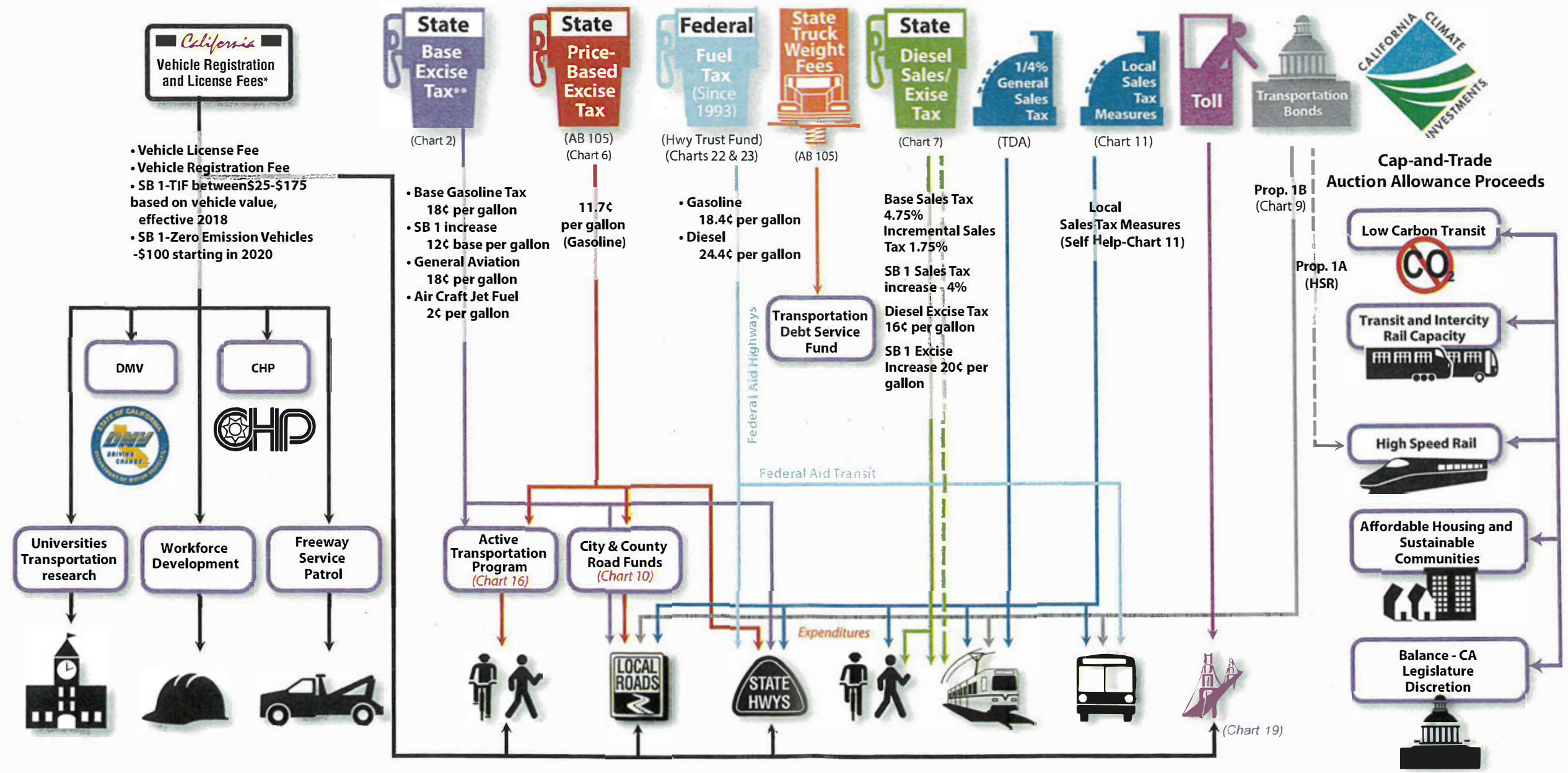
SB 862 Cap-and-Trade Revenue Allocation



Source: CA Air Resources Board (2017). CA Climate Investments Using Cap-and-Trade Auction Proceeds.

Active Transportation Program (ATP): In response to the Federal Transportation Alternatives Program, the State’s ATP was created on September 26, 2013, with the passage of California Senate Bill 99 (Chapter 359, Statutes of 2013), and California Assembly Bill (AB) 101 (Chapter 354, Statutes of 2013). Millions of federal and State dollars are allocated to the ATP each year (Chart 16). This program funds safe routes to school, pedestrian, bicycle, and trail projects. Furthermore, disadvantaged communities must receive at least 25 percent of the program’s funding (Chart 16). The CTC is responsible for adopting guidelines and programming projects, while Caltrans is responsible for administering the program. For more information visit: <http://www.catc.ca.gov/programs/ATP.htm>.

A Simplified Overview of Transportation Funding



* SB 1 established new revenue mechanisms and rate increases (see narrative on p. 8 and Chart 3). This portion of the diagram only signifies newly created fees based on the passage of SB 1 (2017). Revenues from these fees are allocated to state entities and programs.

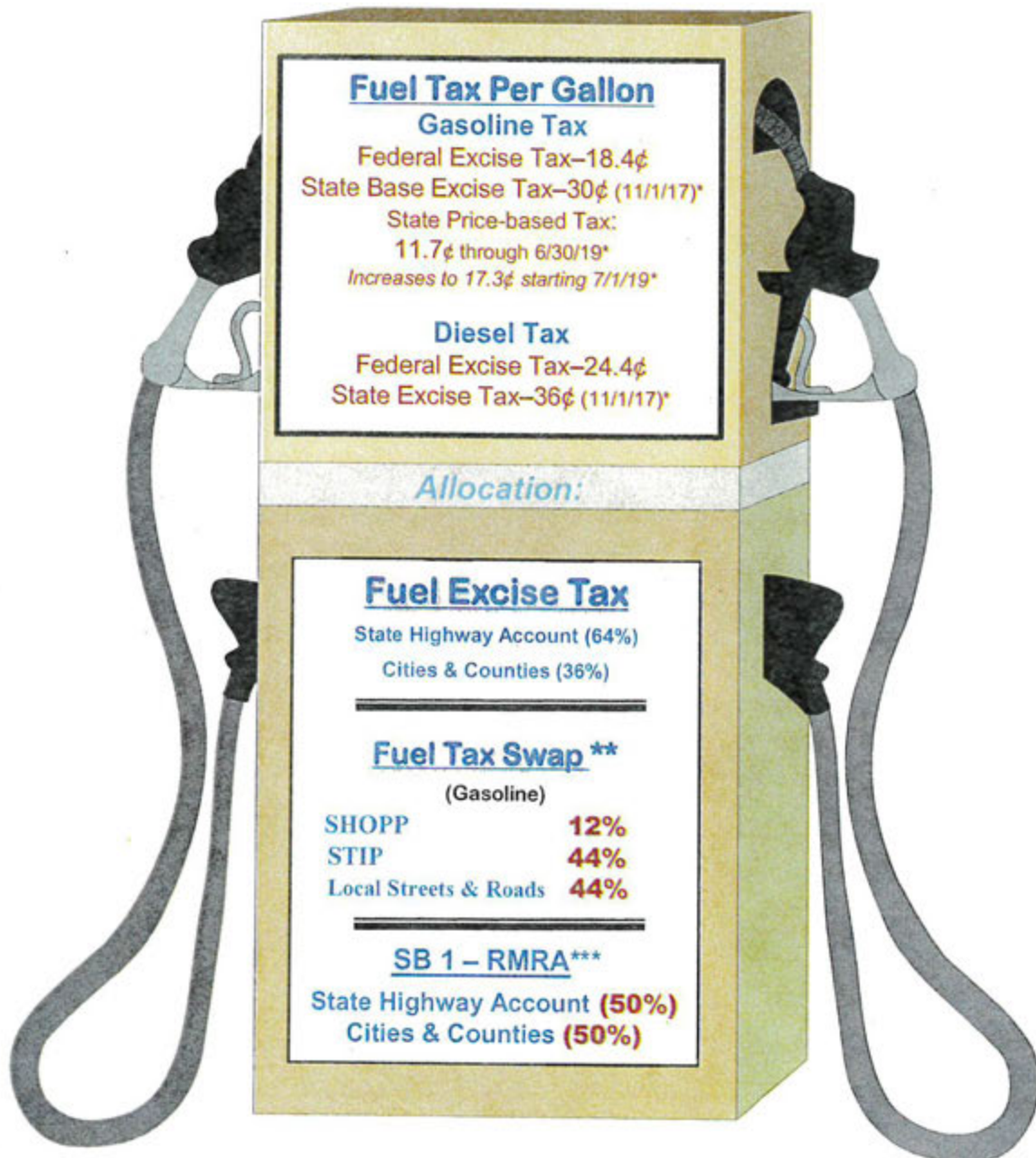
** State base excise tax also pays for Refunds and Transfers Account as well as Aeronautics Account

Transportation Funding Charts and Tables

Fuel Excise Tax

Chart 2

(Revenue & Taxation Code, §7360 & 7361.1)



Price at the pump includes federal and state excise taxes as well as applicable state and local sales taxes.

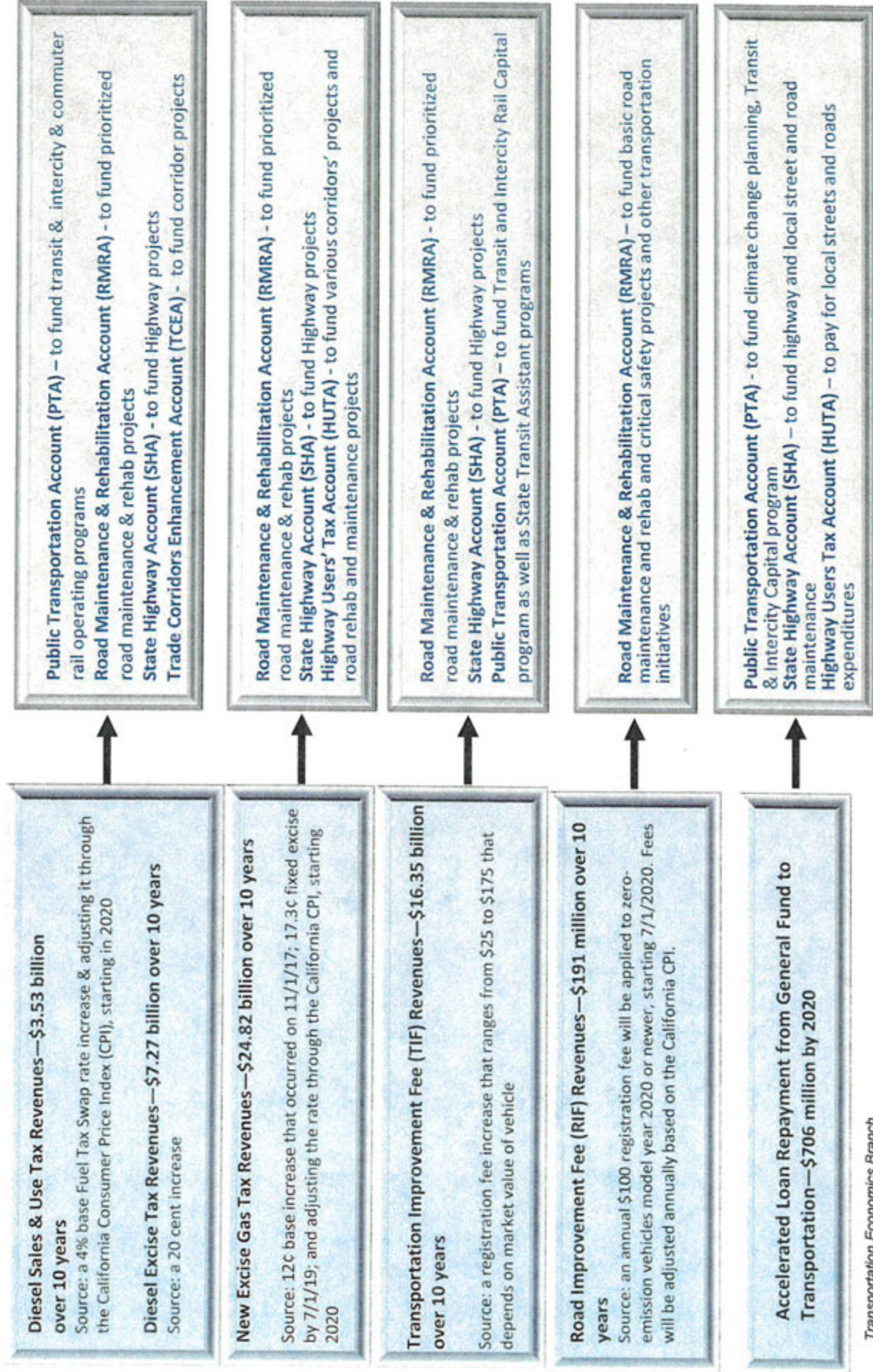
*Tax rates identified reflect established SB 1 (2017) increases. The gasoline and diesel fuel excise taxes will be adjusted for inflation starting July 1, 2020. SB 1 also increased the sales tax rate for diesel fuel, see Chart 6.

**A large portion of the price-based excise tax goes to SHA to backfill diverted weight fees. Resources are then allocated to SHOPP, STIP and Local Streets and Roads.

***See Chart 3 for more information

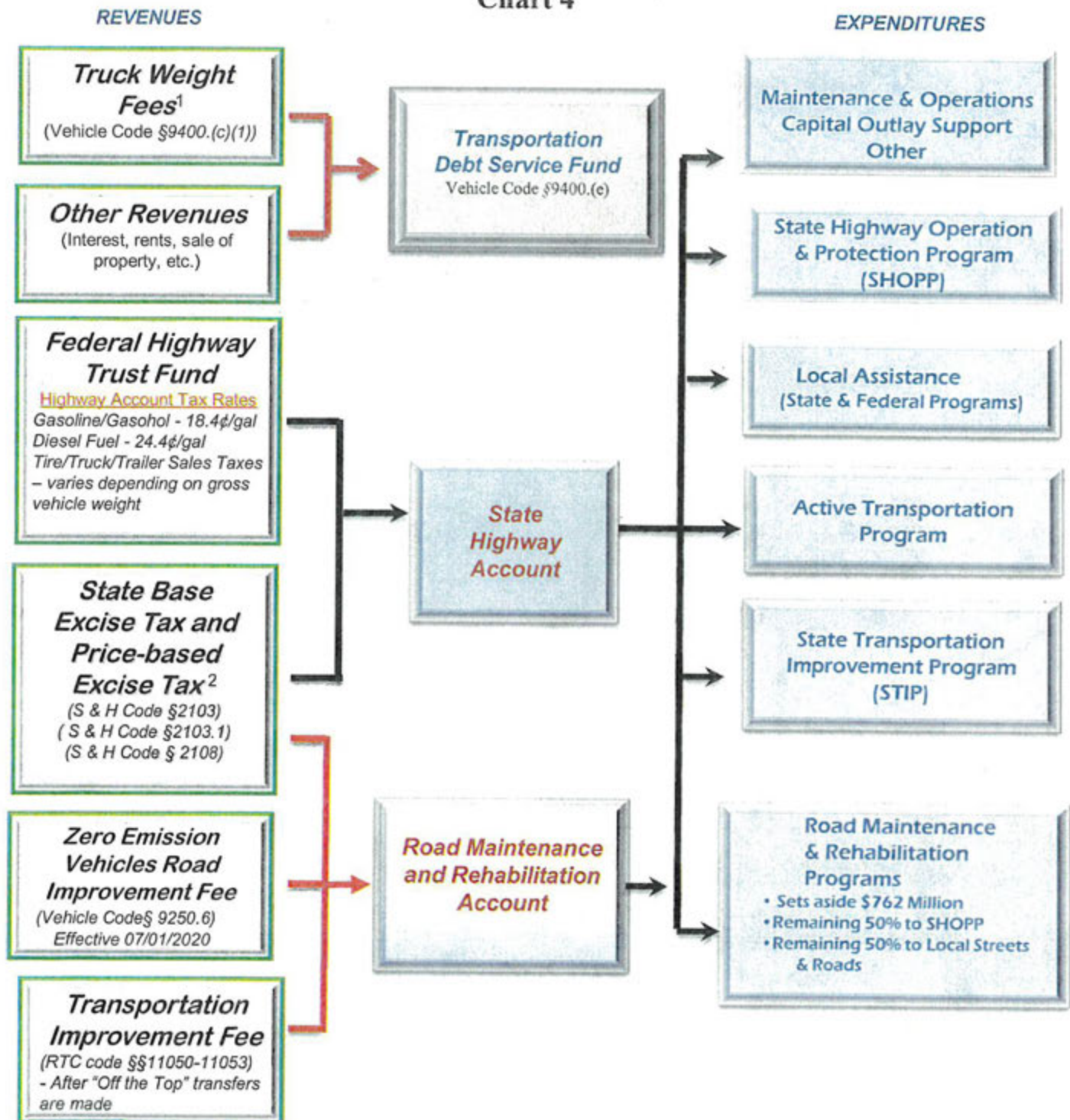
Overview of Senate Bill 1

Chart 3



State and Federal Highway Funding

Chart 4

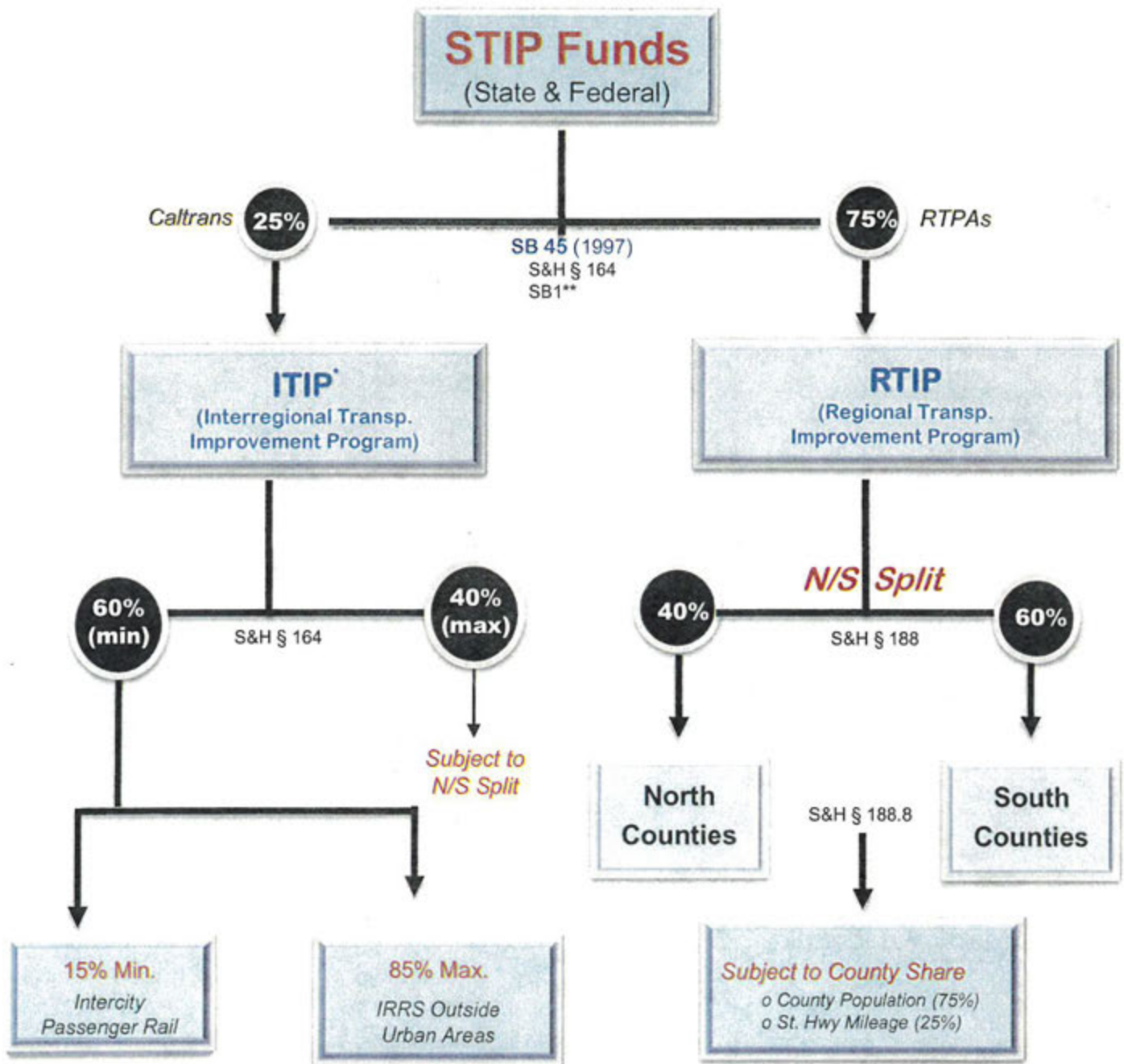


1. Assembly Bill 105 (Fuel Tax Swap) directs revenues from the Truck Weight Fees to pay transportation bond debt service and loans to the General Fund.
2. The Fuel Tax Swap was originally enacted in 2010 as ABX8 6/SB 70 and re-enacted in 2011 through AB 105 in response to Propositions 22 and 26 (2010). The Road Maintenance and Rehabilitation Act of 2017 (SB 1) replaces the Fuel Tax Swap with a permanent 17.3¢ per gallon rate on July 1, 2019.

STIP Funding Distribution

Chart 5

State/Region, North/South Splits & County Shares

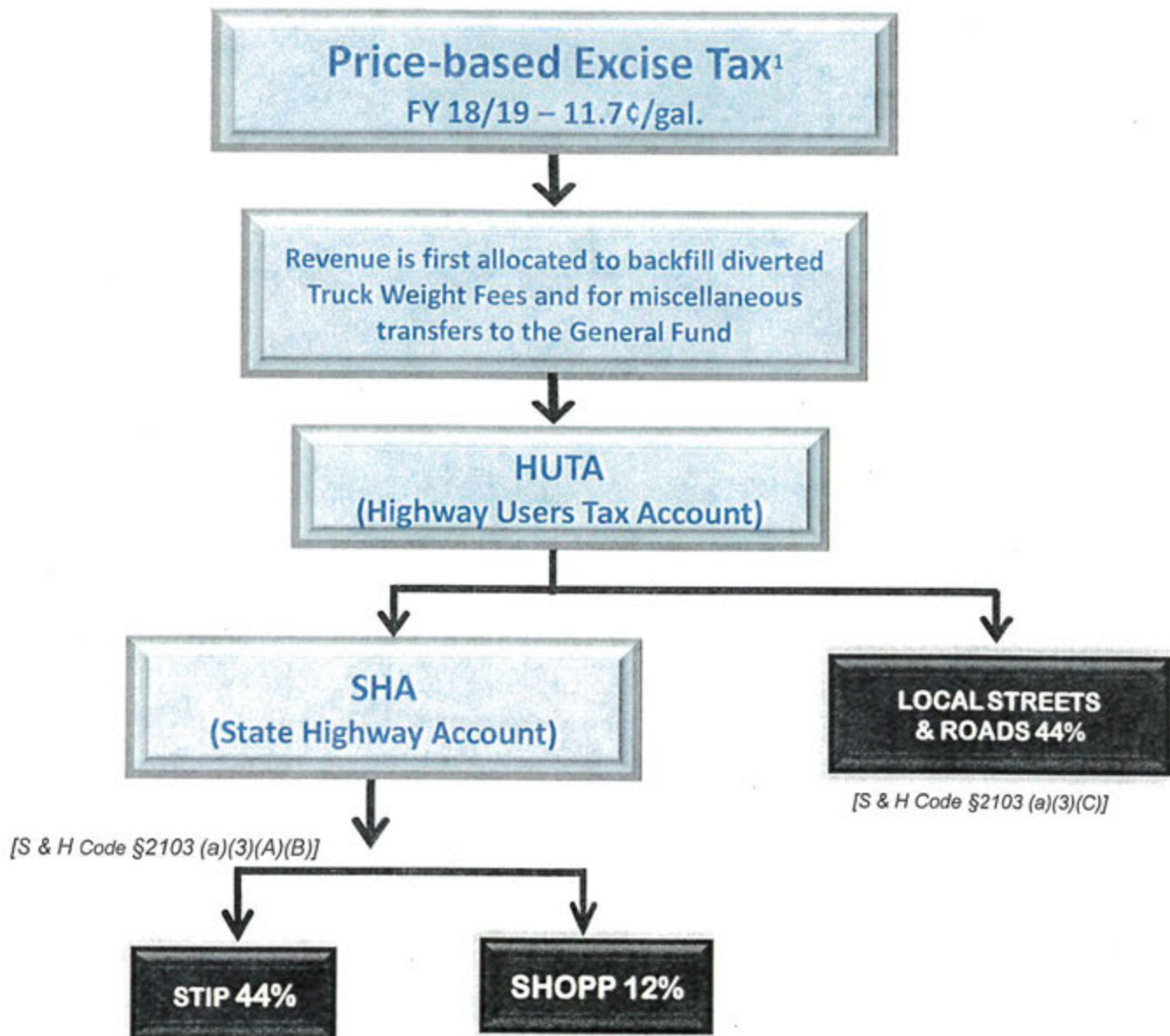


*For more information on the ITIP, visit http://www.dot.ca.gov/hq/transprog/ocip/final_2018_itip/final_2018_itip.pdf

**SB1 provides stable funding to the State Transportation Improvement Program over the next 10 years. For more information, visit https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB1

Price-Based Excise Tax*

Chart 6



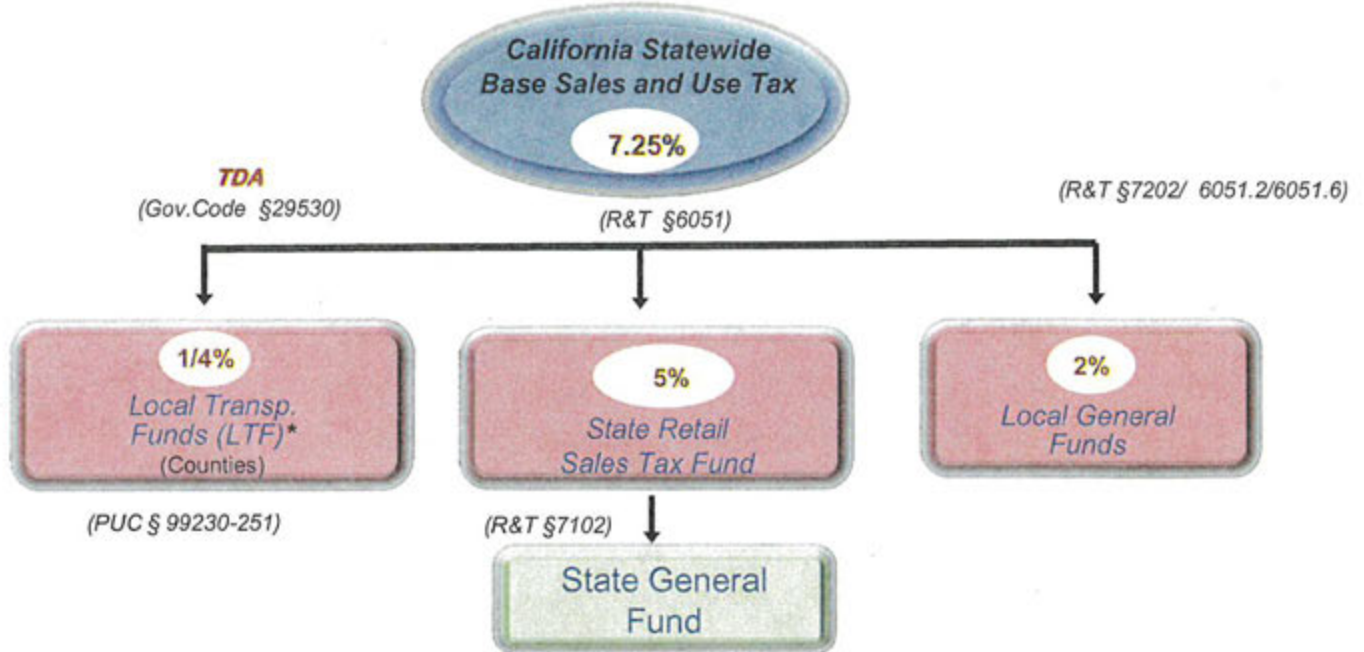
* The Fuel Tax Swap was first enacted in 2010 (Assembly Bill (AB) x8-6 and Senate Bill (SB) 70). Due to conflicts created by the passage of Propositions 22 and 26 by voters, the Legislature reenacted the Fuel Tax Swap through AB 105 (2011). The Fuel Tax Swap eliminated the sales tax on gasoline and replaced it with the price-base excise tax. The California Board of Equalization (BOE) is required to adjust this rate annually. The passage of AB 105 also authorized the redirection of weight fees from the SHA to the General Fund to pay off obligation bond debt service for specified voter-approved transportation bonds. This chart only reflects funding based on the price-based portion of the excise tax.

¹ The passage of SB 1 eliminates the fuel tax swap revenue neutrality adjustment made by the Board of Equalization. This rate will be fixed at 17.3¢/gal. effective 7/1/19 and adjusted for inflation every year after by the California Department of Tax and Fee Administration.

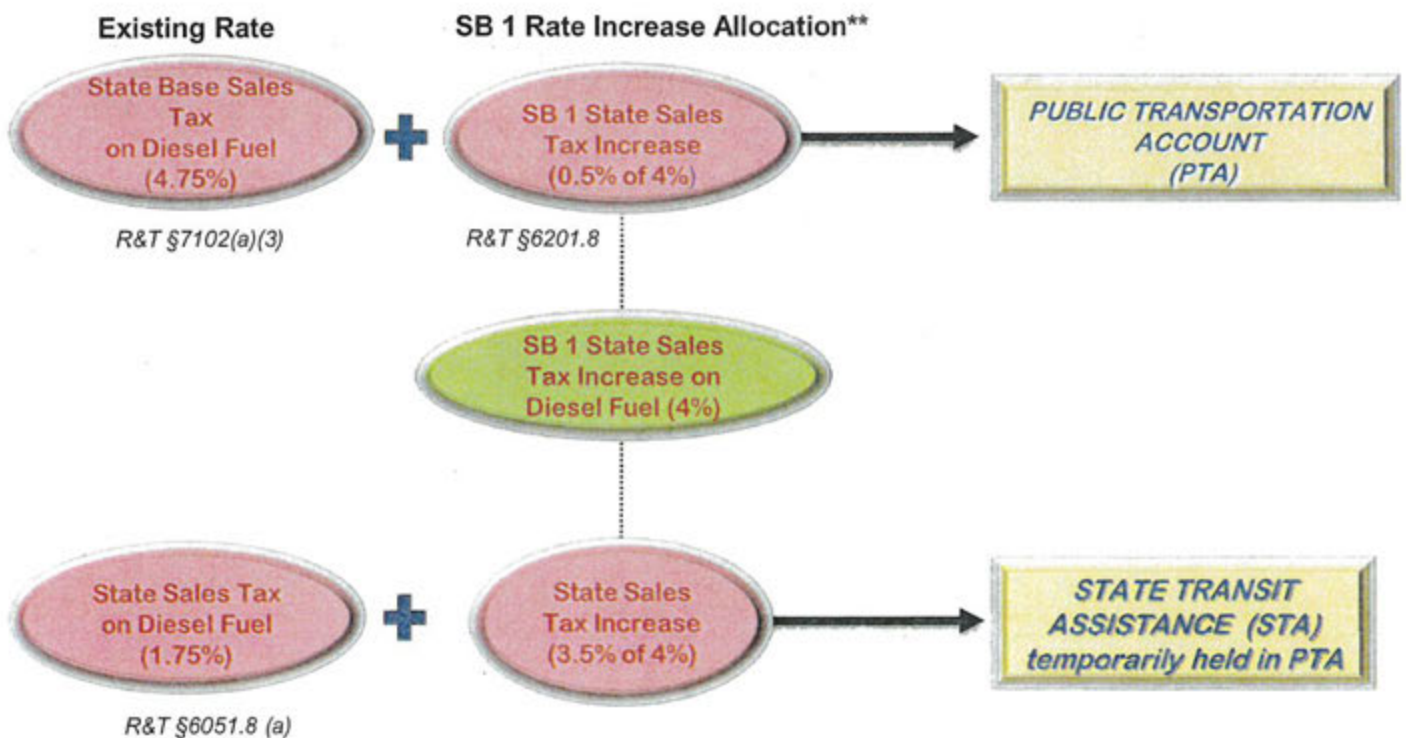
The allocation structure of AB 105 (2011) will remain in place. Weight fee revenues from the SHA can still be used to pay down transportation debt services and loans in the Transportation Debt Service Fund.

State Sales and Use Tax Rate

Chart 7



Statewide Diesel Fuel Sales Tax Rate Allocation



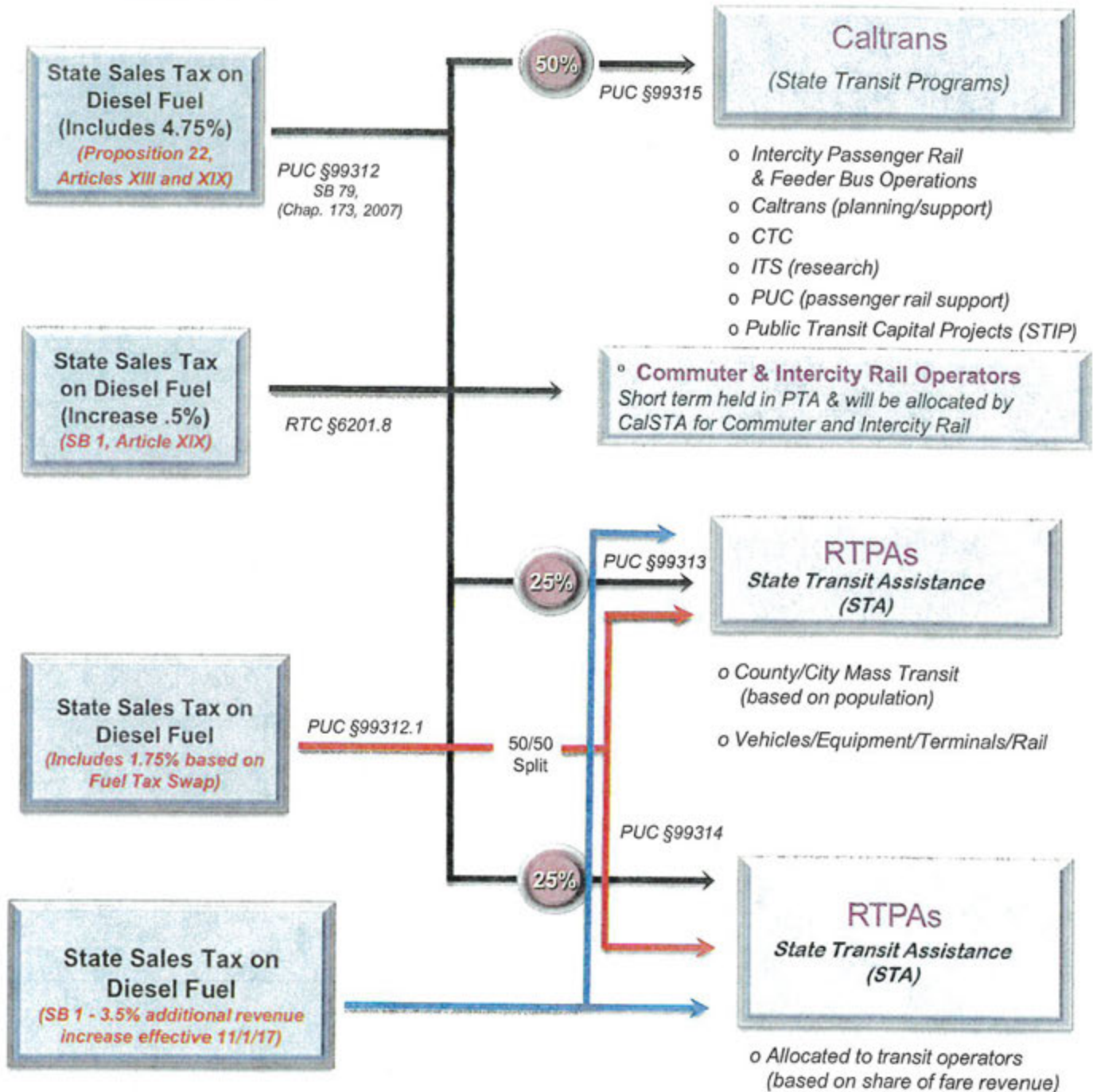
*Two funding sources within TDA law

**SB 1 increased the sales tax on diesel fuel by 4% on 11/1/17. PTA receives 0.5% and STA receives 3.5% of this SB 1 rate increase. Total Diesel Sales Tax rates is 13% as of 11/1/2017.

Public Transportation Account (PTA)

Chart 8

PTA Revenues



Proposition 1B

Chart 9

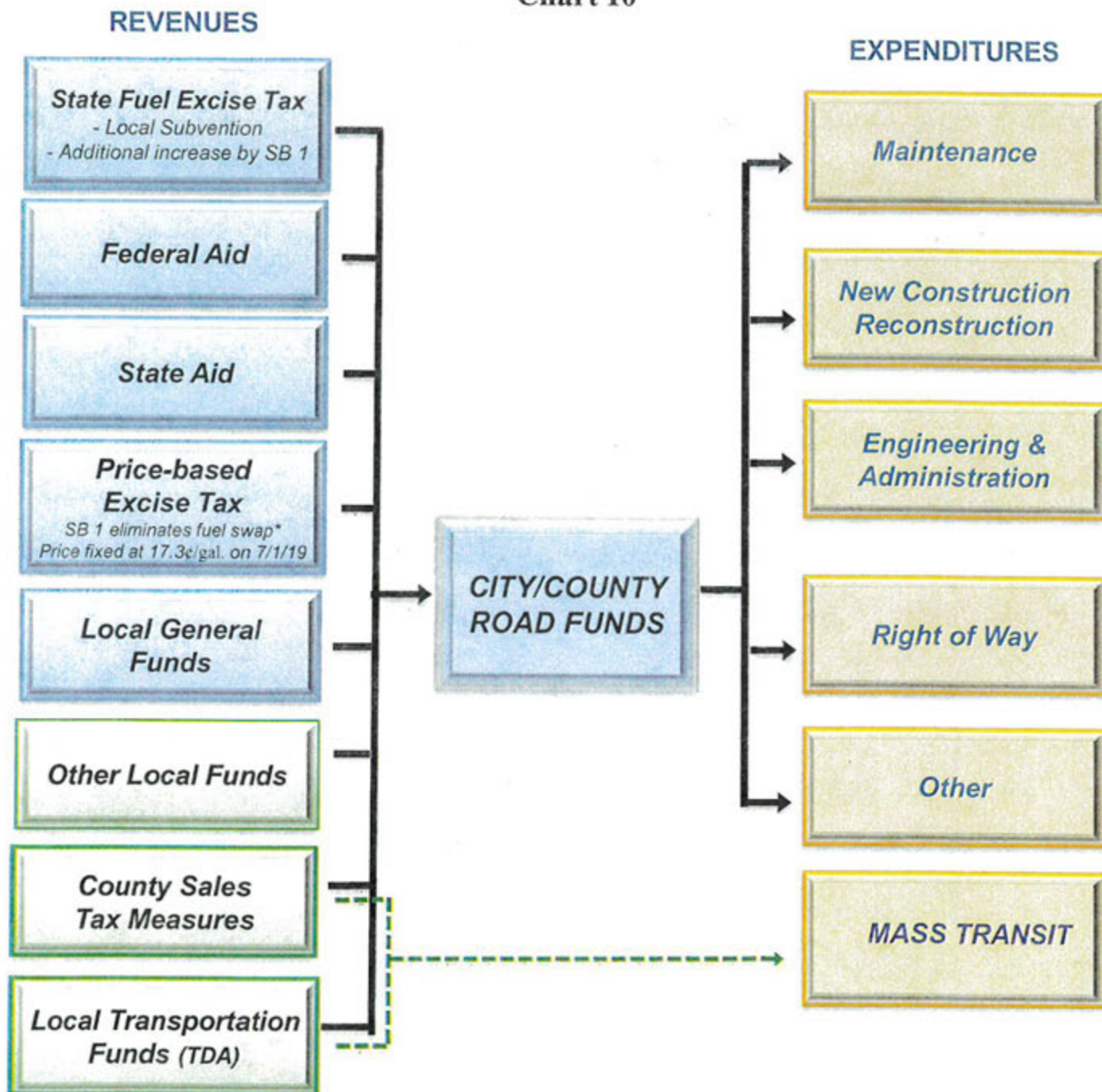
Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006
(Authorizes \$19.9 Billion in General Obligation Bonds)

Account/Program	Available (Billions)	Committed (Billions)	Allocation Plan
Corridor Mobility Improvement Account (CMIA)	\$4.50	\$4.50	<ul style="list-style-type: none"> • Performance improvements on highly congested travel corridors • Projects are nominated by Caltrans & MPOs/RTPAs • CTC develops guidelines and approves projects
Public Transp. Modernization, Improvement & Service Enhancement and Intercity Rail Improvement	\$4.00	\$4.00	<ul style="list-style-type: none"> • Public Transportation Projects • Intercity Rail Improvements (\$400M) • Funds allocated by formula to local agencies
California Ports Infrastructure, Security, and Air Quality Improvement	\$3.10	\$3.10	<ul style="list-style-type: none"> • Multimodal Improvements along federal trade corridors (\$2B) • Freight emission reductions along trade corridors (\$1B ARB) • Grants for port, harbor, ferry terminals security (\$100M)
STIP Funding Augmentation	\$2.00	\$2.00	<ul style="list-style-type: none"> • Deposited in Transportation Facilities Account
Local Streets and Road Improvement, Congestion Relief, and Traffic Safety	\$2.00	\$1.95	<ul style="list-style-type: none"> • Allocated by Legislature
State Route 99 Improvements	\$1.00	\$0.99	<ul style="list-style-type: none"> • Corridor's safety, operational enhancements, rehabilitation or capacity improvements
State-Local Partnership Program	\$1.00	\$0.98	<ul style="list-style-type: none"> • State matching funds for local projects (5-year program)
Transit System Safety, Security, and Disaster Response	\$1.00	\$0.93	<ul style="list-style-type: none"> • Allocated by Legislature
Highway Safety, Rehabilitation, and Preservation	\$0.75	\$0.75	<ul style="list-style-type: none"> • Augments SHOIPP funding (CTC) • Includes \$250M for Traffic light synchronization projects
Highway-Railroad Crossing Safety	\$0.25	\$0.25	<ul style="list-style-type: none"> • High-priority grade separation and RR crossings
School Bus Retrofit & Replacement	\$0.20	\$0.20	<ul style="list-style-type: none"> • Reduction of air pollution & child exposure to diesel exhaust
Local Bridge Seismic Retrofit	\$0.13	\$0.13	<ul style="list-style-type: none"> • Provides the 11.5% required match for federal Bridge Program

For more information visit <http://www.bondaccountability.dot.ca.gov/bondacc/>

Local Street and Road Funding

Chart 10



Revenues and expenditures reported in the State Controller, Annual Reports of Financial Transactions:

- Streets and Roads
- Transit Operators
- Transportation Planning Agencies

* See Road Repair and Accountability Act of 2017 (SB 1)

County Transportation Sales Tax Measures

Chart 11

Transit Districts (Permanent 0.5% Taxes)

- BART (S.F., Alameda, Contra Costa)
- San Mateo
- Santa Clara
- Santa Cruz

" Self-Help" (Temporary .5 % Taxes)

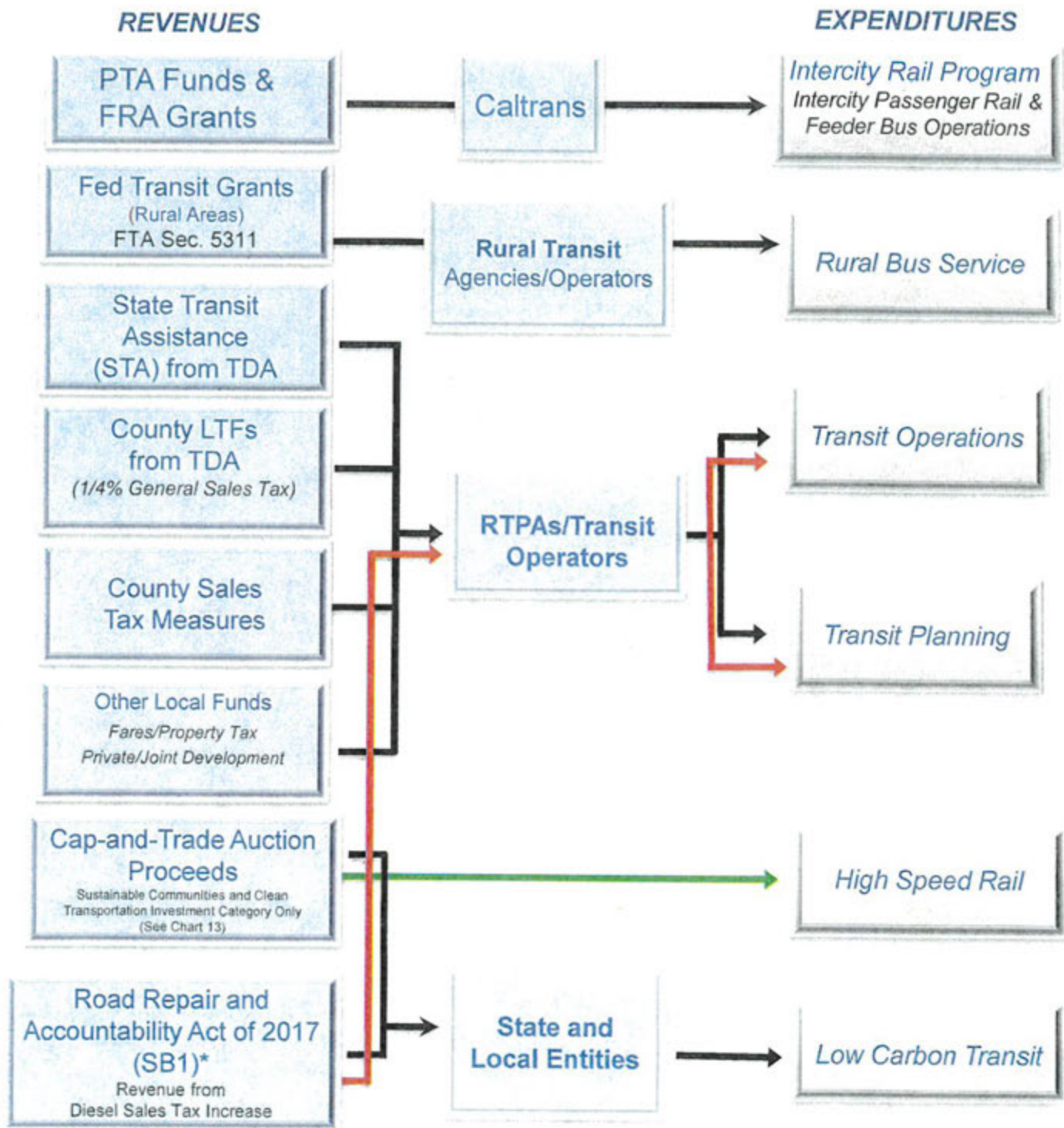
County	Duration	Est. 2018 Revenues (in millions \$)
Alameda (Measure BB, 1% Tax)	2015-2045	347
Contra Costa	1989-2034	88
Fresno	1987-2027	80
Imperial	1990-2050	14
Los Angeles (1%)	Permanent	1,676
Los Angeles (Measure R)	2009-2039	838
Los Angeles (Measure M)	2017- Indefinite	838
Madera	1990-2027	9
Marin	2005-2025	28
Merced	2017-2047	17
Monterey (.375%)	2017-2047	27
Napa (Measure T) *	2018-2043	19
Orange	1991-2041	346
Riverside	1989-2039	190
Sacramento	1989-2039	126
San Bernardino	1990-2034	207
San Diego	1988-2048	299
San Francisco	1990-2034	109
San Joaquin	1991-2041	58
San Mateo	1989-2033	86
Santa Barbara	1990-2040	37
Santa Clara	1996-2036	242
Santa Clara (BART Ext 0.125%)	2013-2043 (Est.)	60
Santa Clara (VTA- Measure B)	2017-2047	242
Santa Cruz	2017-2032	19
Sonoma (0.25% Tax)	2005-2025	25
Sonoma-Marín (SMART 0.25%)	2009-2029	39
Stanislaus	2017-2042	47
Tulare	2007-2037	36
Total Estimated 2018 Revenue		6,144

Article XIII B of the State Constitution provides the authority and requirements for the imposition of local sales tax measures subject to voter approval.

*Starting on 7/1/18, Napa imposes a one-half of one percent transactions and use tax for 25 years (Measure T). This tax will fund local street and road improvements and will be implemented once the Flood Protection tax (Measure A) expires in 2018.

Transit and Rail Operations Funding

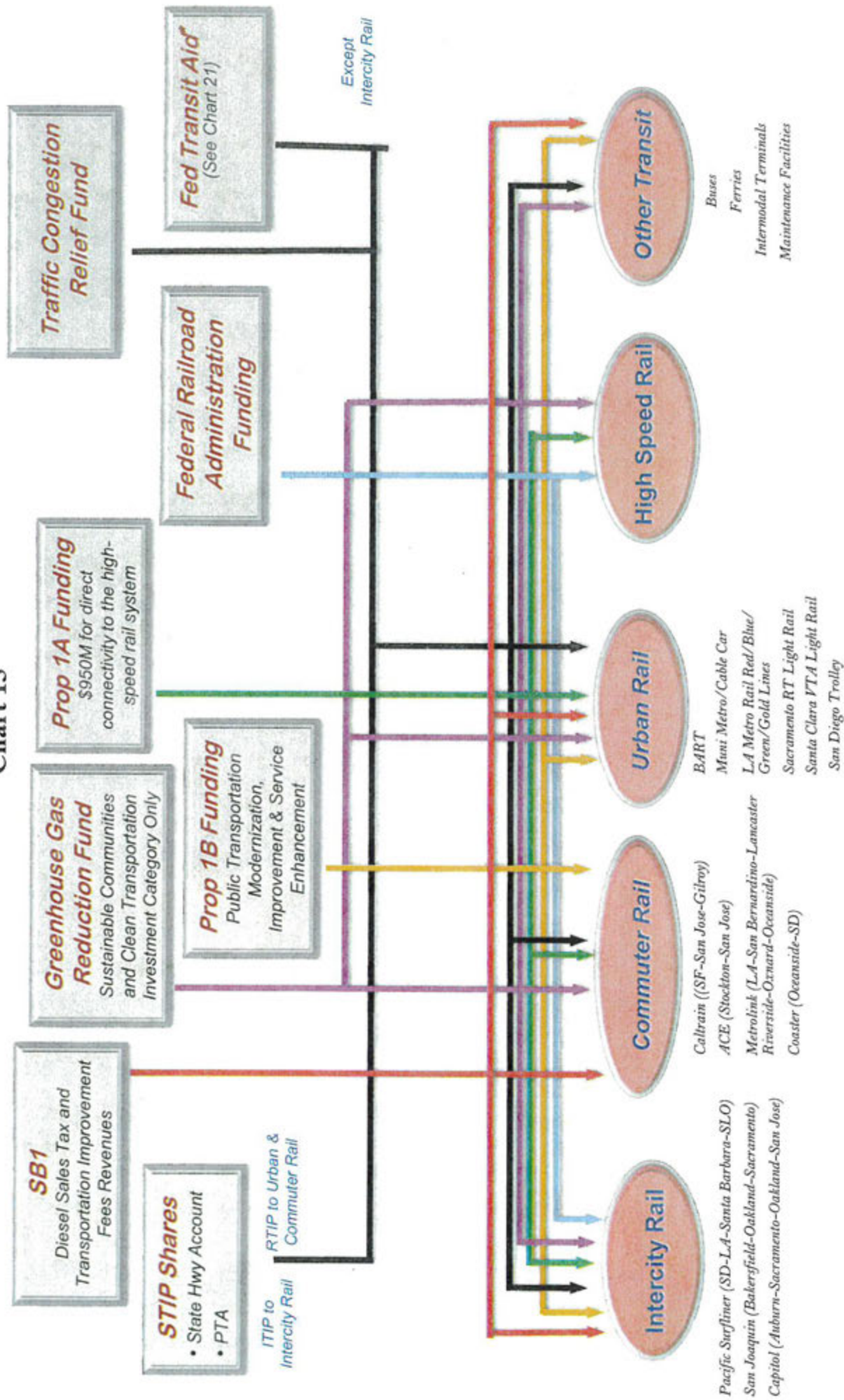
Chart 12



*See Rebuild CA
<http://rebuildingca.ca.gov/transit.html>

Transit and Rail Capital Funding

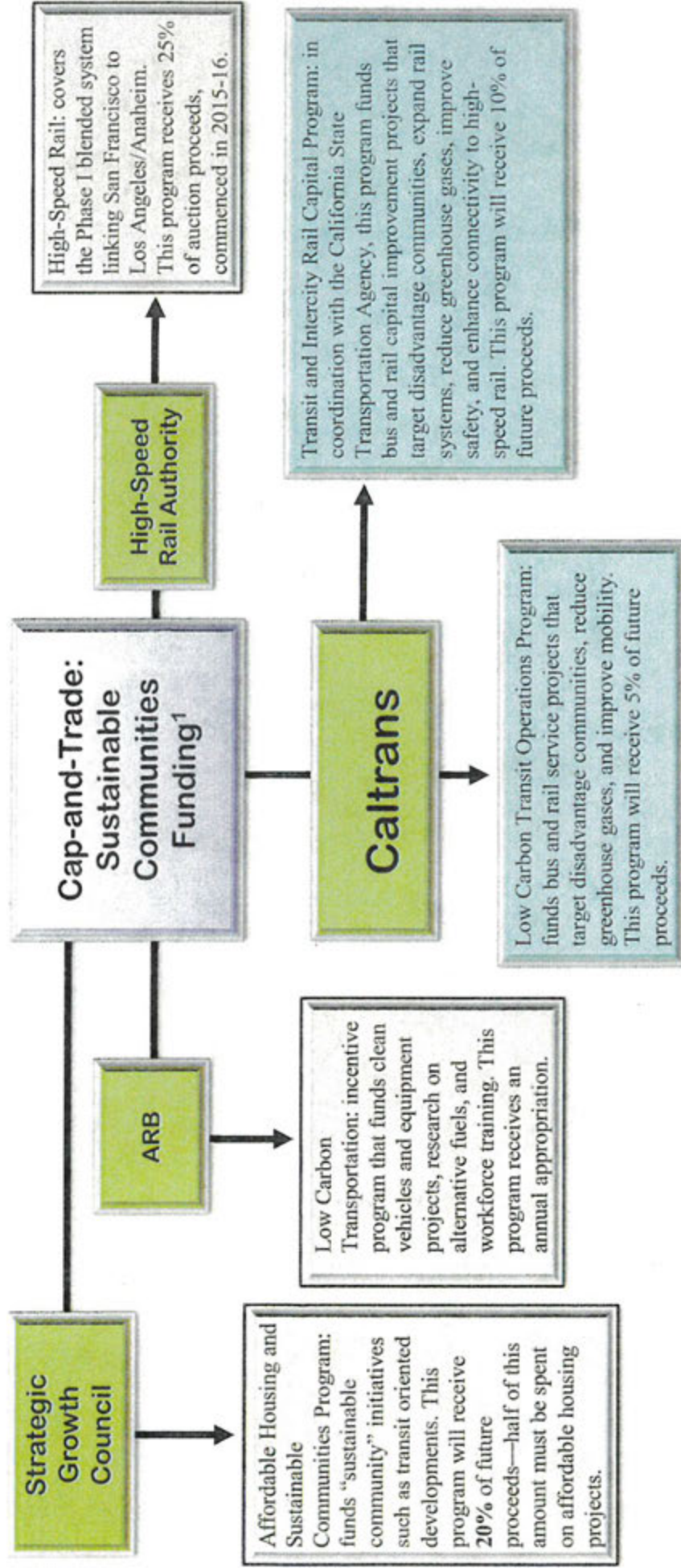
Chart 13



*In addition, Section 104(d)(2) of Fed Hwy Act (Title 23 US Code) provides funding for railway/highway crossing hazard elimination in existing and potential high-speed rail corridors.

Cap-and-Trade: Sustainable Communities Funding Programs

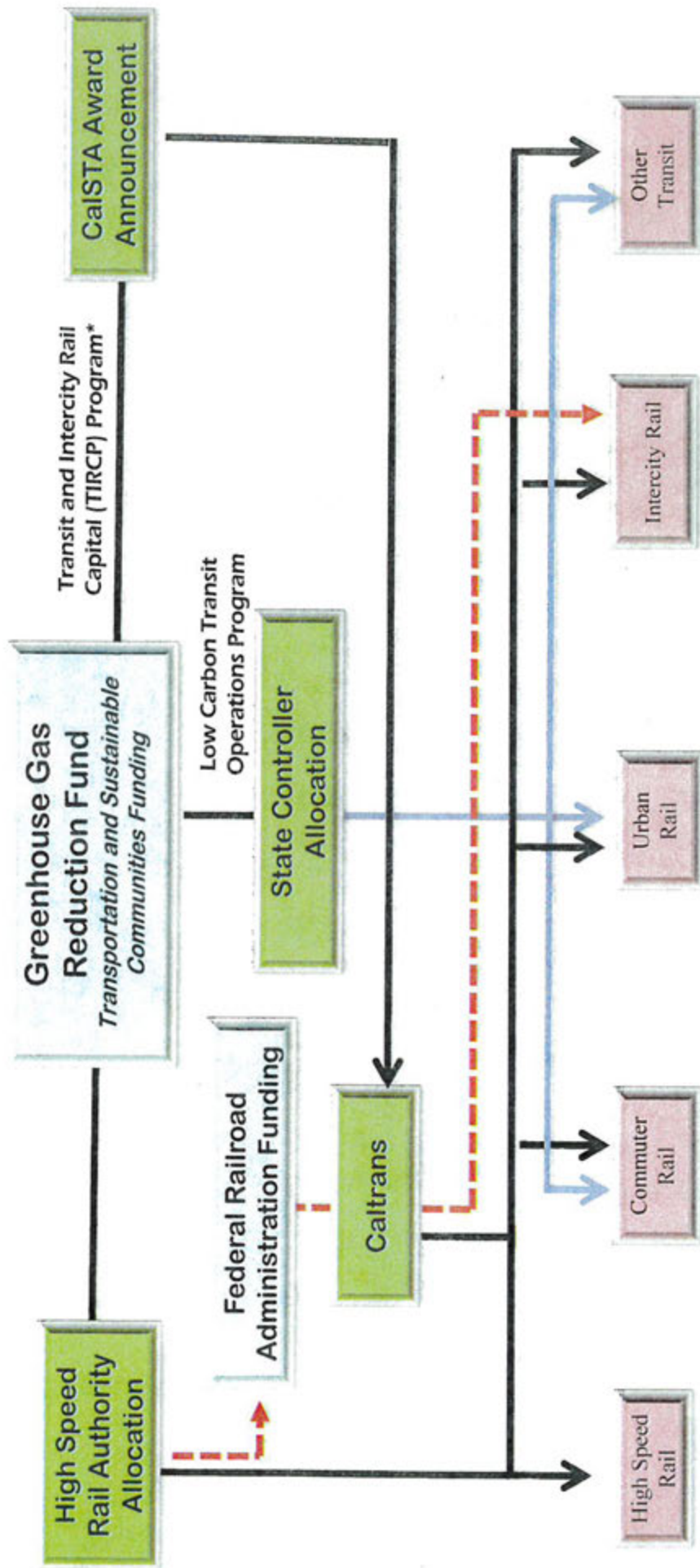
Chart 14



1. The enactment of AB 32, the California Global Warming Solutions Act of 2006, requires the California Air Resources Board to establish a regulatory market-based program. Since 2013, this program sets a "cap" or limit on the amount of greenhouse gas emissions that electric and large industrial plants can produce. Effective January 1, 2015, fuel distributors and suppliers were subjected to the "cap." The "cap" limitation is approximately reduced by 3% per year to reach the state's 2020 greenhouse gas reduction target. The California Legislature and Governor appropriate the collected auction proceeds, known as the Greenhouse Gas Reduction Fund (GGRF), to State agencies for designated purposes. These appropriations are classified by three categories: 1) Transportation and Sustainable Communities Funding, 2) Clean Energy and Energy Efficiency Funding, and 3) Natural Resources and Waste Diversion. This chart only illustrates the Transportation and Sustainable Communities Funding. In addition, the remaining 40% is available for appropriation by state Legislature. Cap and Trade program has been extended to 2030 on July 25, 2017 (AB 398, Chapter 135). Please visit the California Air Resources Board's website for more information at <http://www.arb.ca.gov>.

Cap-and-Trade and High Speed Rail Funding

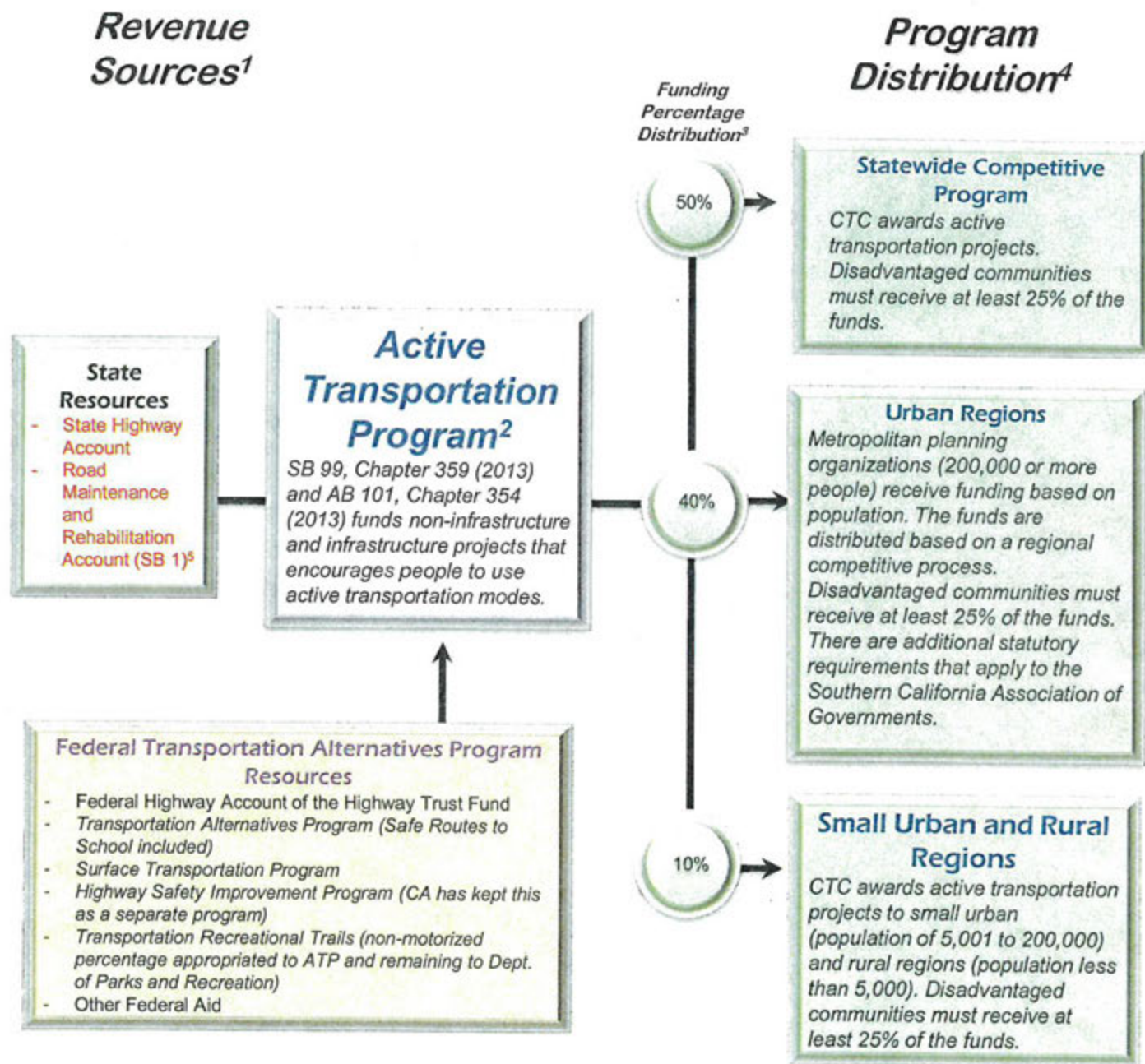
Chart 15



*State Controller Reimbursement only applies to TIRCP program

Active Transportation Program

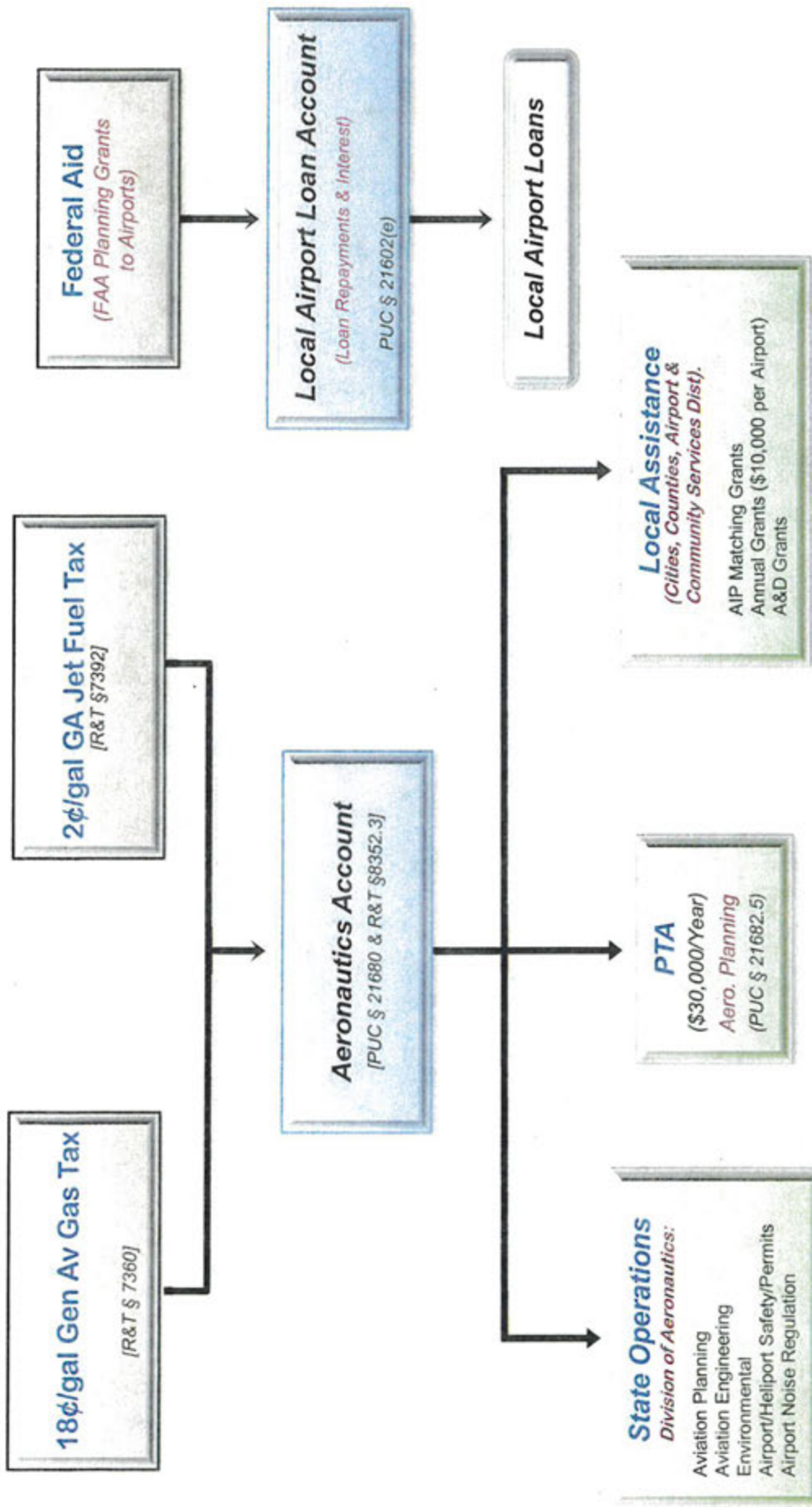
Chart 16



1. Caltrans. 2014. Active Transportation Program. Retrieved from http://www.dot.ca.gov/hq/tpp/offices/ocp/ATLC/documents/7_ATP_Local%20Assistance.pptx
2. California Transportation Commission. 2018. Active Transportation Program Guidelines. Retrieved from <http://www.catc.ca.gov/programs/atp/>
3. Ibid
4. Ibid
5. See Road Repair & Accountability Act of 2017, Chapter 5, Sec. 36, Chapter 2, sub 20329 9a)

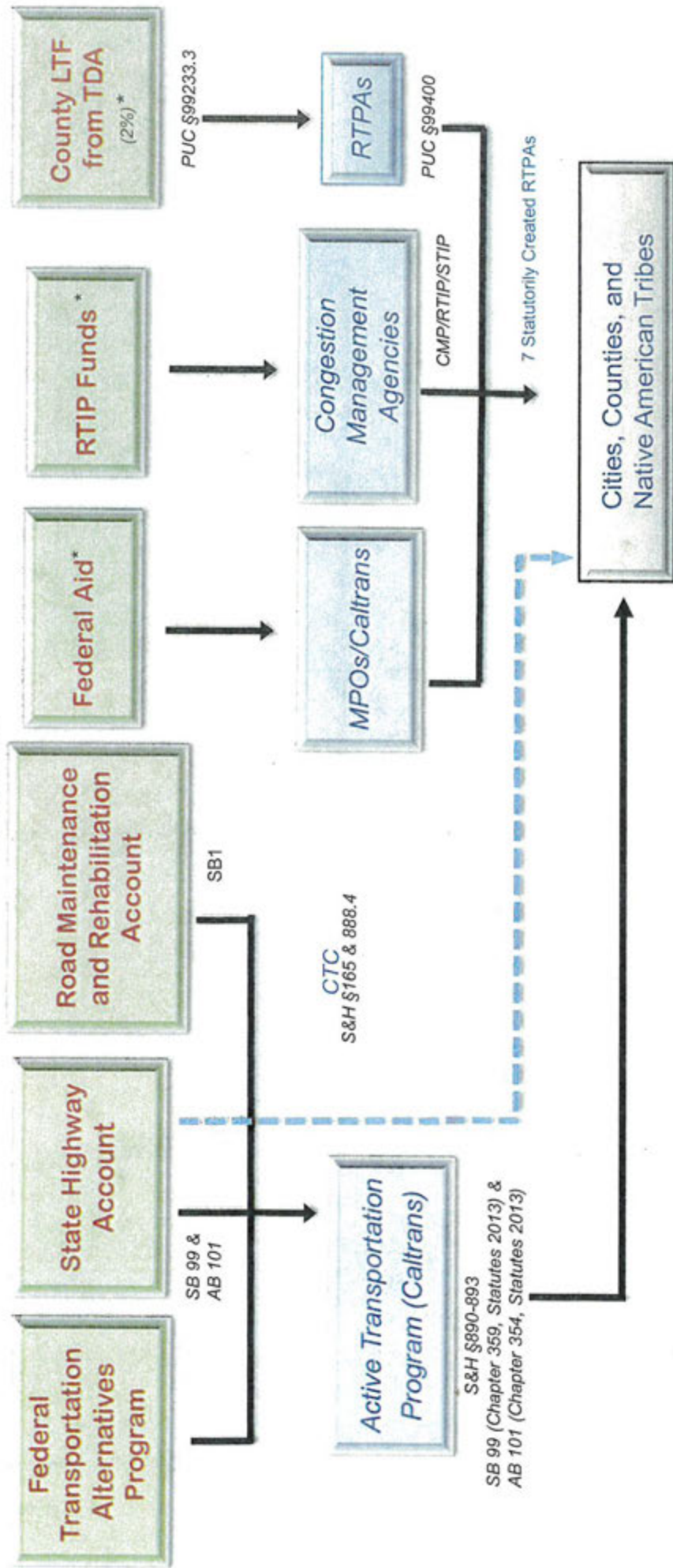
State General Aviation Funding

Chart 17



Non-Motorized Transportation Funding

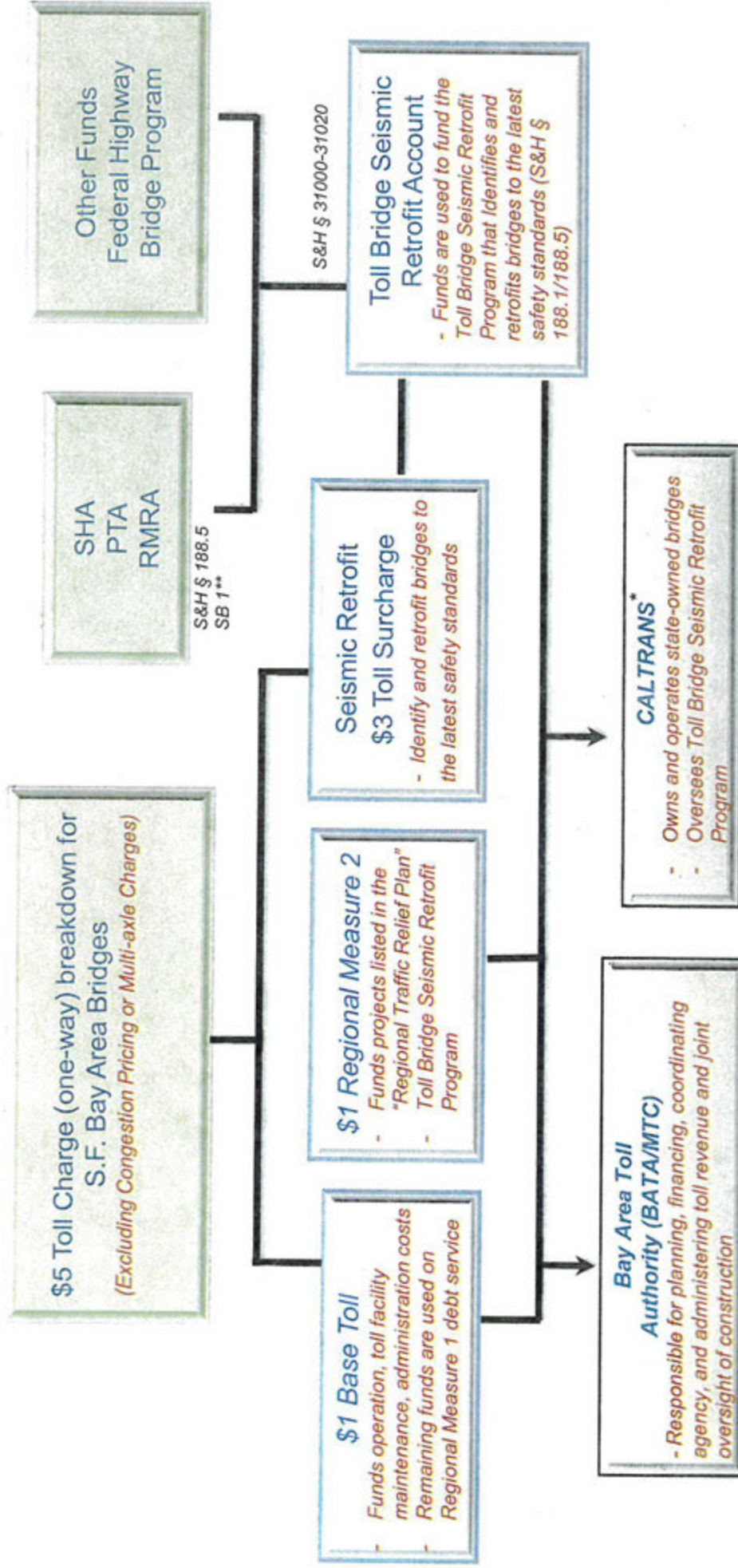
Chart 18



Note: The green boxes represent funding sources and the blue boxes represent fund administrators. Cities and counties are fund recipients. *Bicycle/pedestrian projects are eligible for funding from federal programs: Transportation Alternatives Program/Transportation Enhancement Activities, Better Utilizing Investments to Leverage Development Transportation Discretionary Grants, Associated Transit Improvement, Congestion Mitigation and Air Quality Improvement Program, Highway Safety Improvement Program, National Highway Performance Program/National Highway System, Surface Transportation Program, Recreational Trails Program, Safe Routes to School, Fed Lands Hwy & Bridge programs, etc. The State's Environmental Enhancement Mitigation program and county sales tax measures also provide funding for non-motorized transportation projects.

State Toll Bridge & Seismic Retrofit Funding

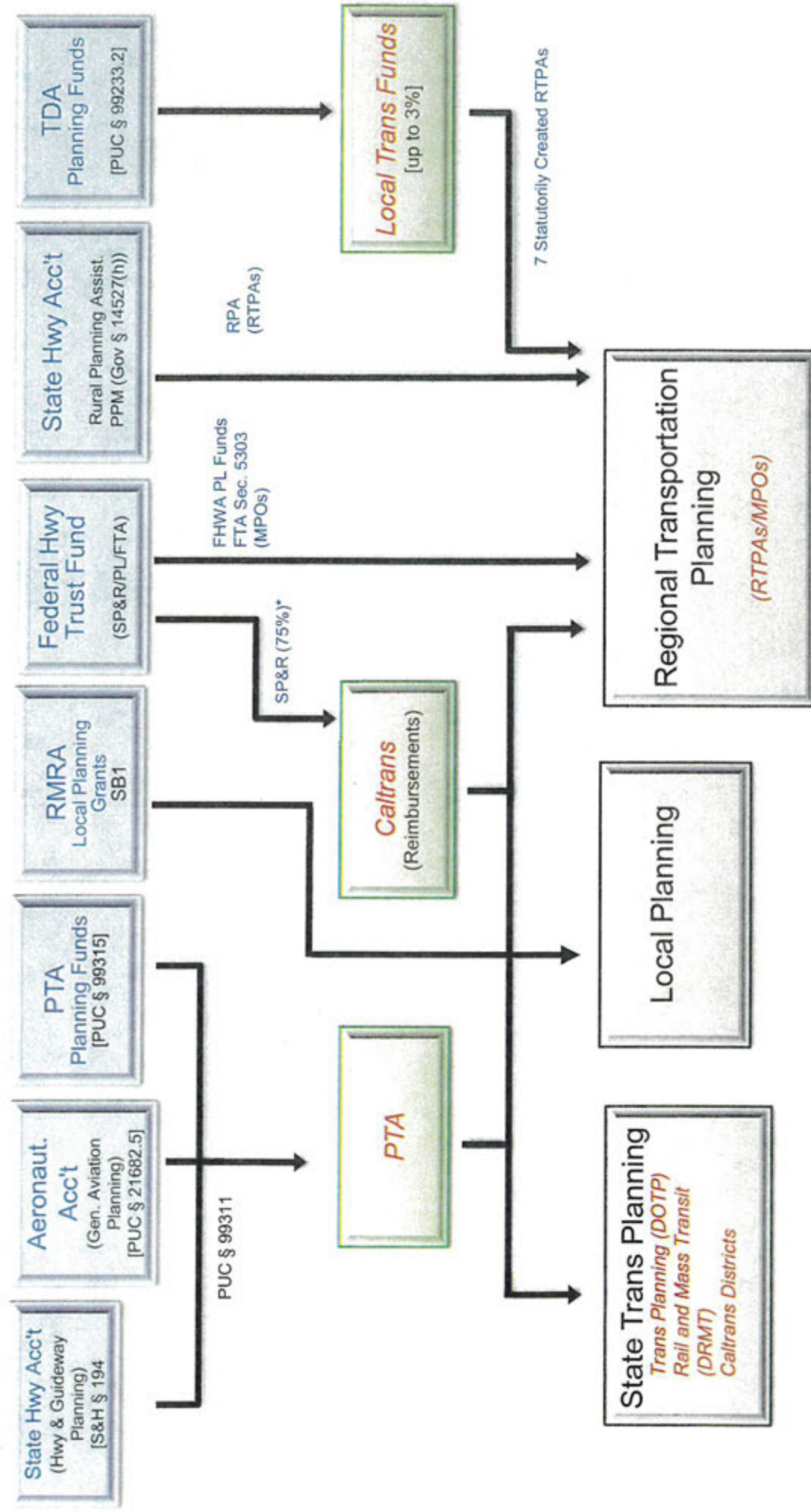
Chart 19



*Caltrans collects tolls and is responsible for the maintenance and capital improvements on all state-owned toll bridges (reimbursed by BATA).
 Assembly Bill 144 (Chapter 71, 2005) provided additional funding of \$3.6 billion from BATA for the Toll Bridge Seismic Retrofit Program.
 **SB1 provides additional funding for bridges and culverts repairs and maintenance under Road Maintenance and Rehabilitation Account.

Transportation Planning Funds

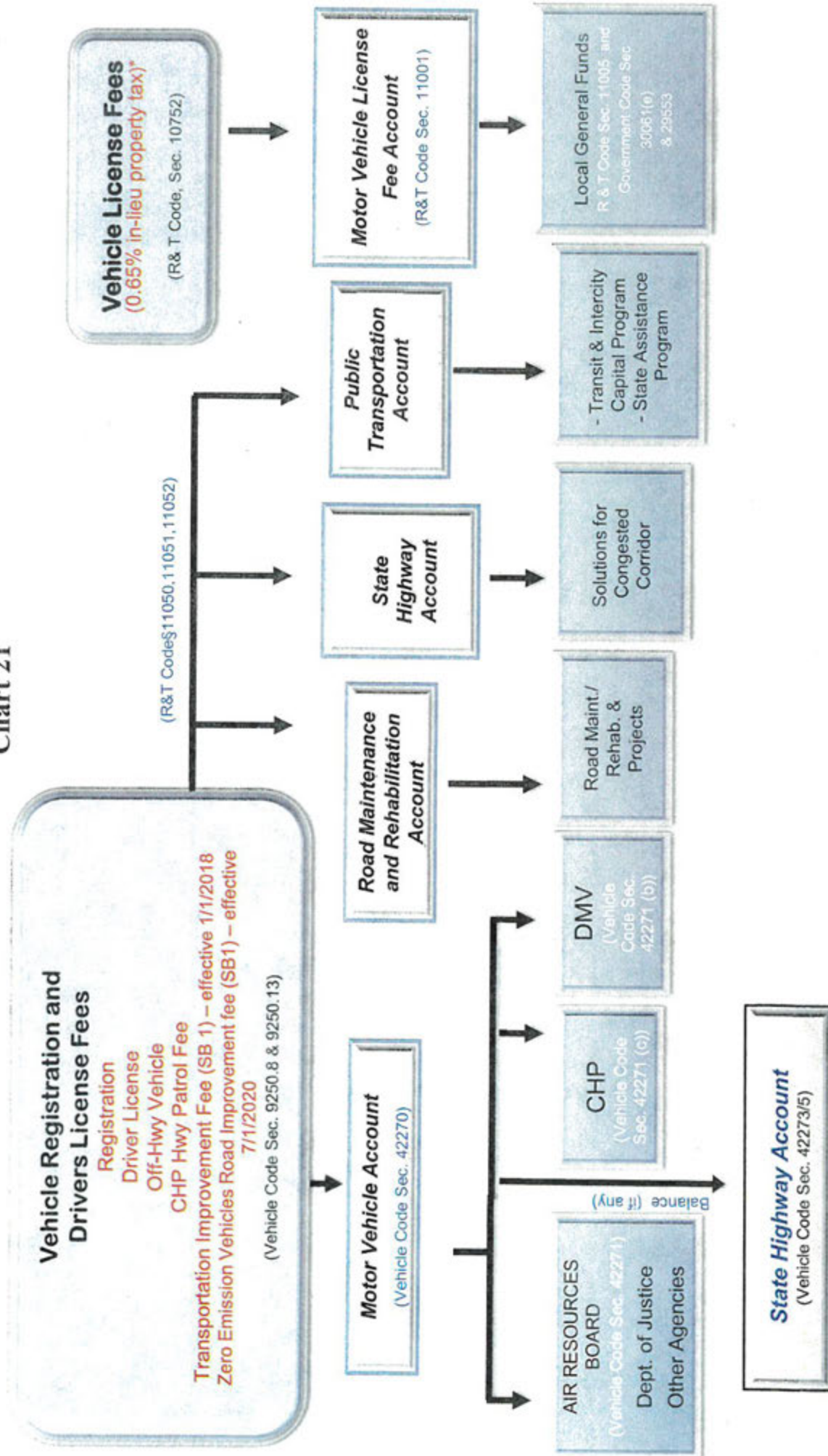
Chart 20



*The remaining 25% of the SP&R funds are used for research.

Motor Vehicle Fees

Chart 21



*In 1998, the Legislature began a series of reductions in the statutory—2% vehicle license fee (AB 2797, Chapter 322) down to 0.65%—effective January 2005.

Federal-Aid Highway Programs

Chart 22

Fixing America's Surface Transportation Act (FAST Act)

Program	Description/Provisions
National Highway Performance Program	Provides support for the condition and performance of the National Highway System (NHS), for the construction of new facilities on the NHS, and to ensure that investments of Federal-aid funds in highway construction are directed to support progress toward the achievement of performance targets established in a State's asset management plan for the NHS.
Surface Transportation Block Grant Program	Promotes flexibility in State and local transportation decisions and provides flexible funding to best address State and local transportation needs.
Highway Safety Improvement Program	Achieve a significant reduction in traffic fatalities and serious injuries on all public roads, including non-State-owned public roads and roads on tribal lands. The HSIP requires a data-driven, strategic approach to improving highway safety on all public roads that focuses on performance.
Railway-Highway Crossings Program	Provides funds for safety improvements to reduce the number of fatalities, injuries, and crashes at public railway-highway grade crossings.
Congestion Mitigation & Air Quality (CMAQ)	Provide a flexible funding source to State and local governments for transportation projects and programs to help meet the requirements of the Clean Air Act. Funding is available to reduce congestion and improve air quality for areas that do not meet the National Ambient Air Quality Standards for ozone, carbon monoxide, or particulate matter (nonattainment areas) and for former nonattainment areas that are now in compliance (maintenance areas).
Metropolitan Planning (PL) Funds	Establishes a cooperative, continuous, and comprehensive framework for making transportation investment decisions in metropolitan areas. Program oversight is a joint Federal Highway Administration/Federal Transit Administration responsibility.
Technology and Innovation Deployment Program	Funds efforts to accelerate the implementation and delivery of new innovations and technologies that result from highway research and development to benefit all aspects of highway transportation.
National Highway Freight Program	<p>Improve the efficient movement of freight on the National Highway Freight Network (NHFN) and support several goals, including</p> <ul style="list-style-type: none"> • investing in infrastructure and operational improvements that strengthen economic competitiveness, reduce congestion, reduce the cost of freight transportation, improve reliability, and increase productivity; • improving the safety, security, efficiency, and resiliency of freight transportation in rural and urban areas; • improving the state of good repair of the NHFN; • using innovation and advanced technology to improve NHFN safety, efficiency, and reliability; • improving the efficiency and productivity of the NHFN; • improving State flexibility to support multi-State corridor planning and address highway freight connectivity; and • reducing the environmental impacts of freight movement on the NHFN. [23 U.S.C. 167 (a), (b)]

For more details: <https://www.transit.dot.gov/grants>

Federal-Aid Transit Programs

Chart 23

Fixing America's Surface Transportation Act (FAST Act)

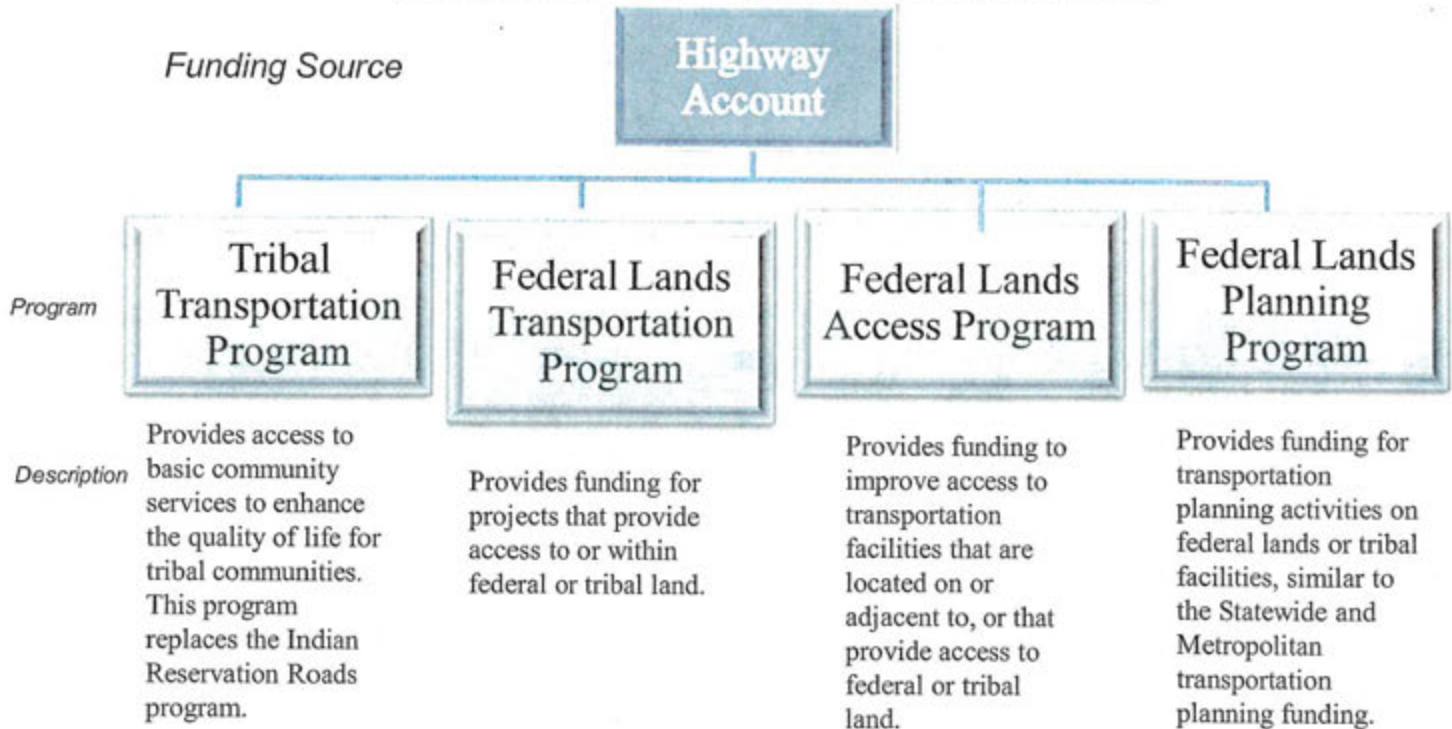
Program	Description/Provisions
Sections 5303, 5304, 5305 (Metropolitan & Statewide and Nonmetropolitan Planning)	Provides funding and procedural requirements for multimodal transportation planning in metropolitan areas through a cooperative, continuous, and comprehensive planning process. The result of this process includes long and short-range planning and programming of transportation investment priorities.
Section 5311 & Section 5307 (Rural & Urbanized Area)	Provides funding to public transit systems in rural areas and Urbanized Areas (UZA) for public transportation capital, planning, job access and reverse commute projects, as well as operating expenses in certain circumstances.
Section 5309 (Fixed Guideway Capital Investment Grants)	Provides grants for new and expanded rail, bus rapid transit, and ferry systems that reflect local priorities to improve transportation options in key corridors.
Section 5310 (Elderly and Disability Transit)	A formula program to fund transportation services for the elderly and people with disabilities. Allocation is made on the basis of the number of elderly and people with disabilities in each state. Projects that were once eligible for the New Freedom Program (Section 5317) qualify for this program.
Section 5311 (Rural Area)	Provides formula grants for capital and operating services for rural and small urban public transportation systems located in areas with a population less than 50,000. In addition, FTA Section 5311(b)(3) provides funding to assist in the design and implementation of training and technical assistance projects and other support services to meet the needs of transit operators in non-urbanized areas. Section 5311(c) provides federally recognized tribes with funding for capital, operating, planning, and administrative expenses for public transit projects that meet the growing needs of rural tribal communities. Projects that were once eligible for the Job Access and Reverse Commute Program (Section 5316) qualify for this program.
Section 5337 (State of Good Repair)	Funds are dedicated to repairing and upgrading the nation's rail transit systems along with high-intensity motor bus systems that use high-occupancy vehicle lanes, including bus rapid transit (BRT).
Section 5329(e) (State Safety Oversight Program)	A program that provides funding to oversee the safety of public transportation as it pertains to heavy rail, light rail, buses, ferries, and streetcars.
Section 5339 (Bus and Bus Facilities & Low and No Emission Bus Program)	Provides capital funding to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities. Provides funding through a competitive process to States and transit agencies to purchase or lease low or no emission transit buses and related equipment, or to lease, construct, or rehabilitate facilities to support low or no emission transit buses.
Section 5312 Mobility on Demand (Mod) & Public Transportation Innovation	Funds projects that promote innovative business models and products to deliver high quality, seamless and equitable mobility options for all travelers.

For more details: <http://www.fhwa.dot.gov/fastact/estfy20162020auth.pdf>

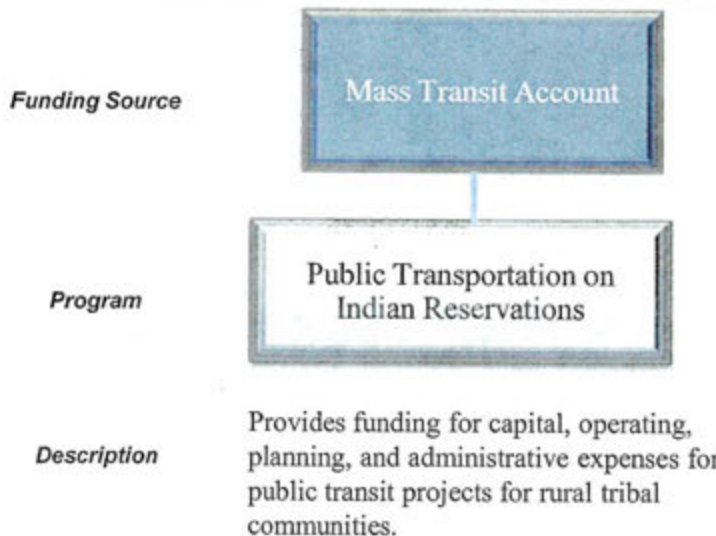
Tribal Government Transportation Funding

Chart 24

Federal Highway Administration Programs



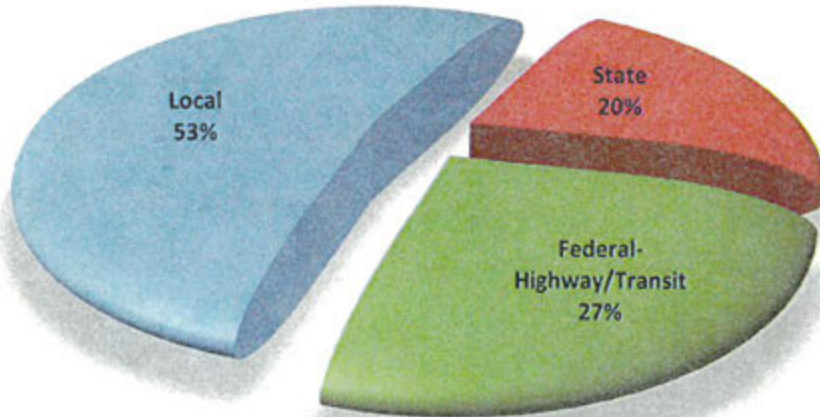
Federal Transit Administration Programs



Note: While all federally recognized tribes can participate in the Tribal Transportation Program (TTP), only those with a tribal transportation plan and a transportation improvement plan are eligible to receive TTP funds.

For more information on FHWA programs visit <http://fh.fhwa.dot.gov/programs/map-21.htm> and <http://www.fhwa.dot.gov/map21/thpp.cfm>
For more information on the FTA program visit http://www.fta.dot.gov/grants/13094_3553.html

CALIFORNIA HIGHWAY/TRANSIT FUNDING
FISCAL YEAR 15/16*
\$30,417 MILLIONS



Sources of Revenue

Federal Revenues (in millions)	
Federal funds to State Highway	4,627
Federal Funds to Transit Operators	1,500
Total For Federal Highway & Transit	6,127
Federal Funds - High Speed Rail	1,996
State Revenues (in millions)	
Weight Fees	1,015
Base Excise Tax	2,882
Gasoline Sales Tax/Swap Excise	1,755
Diesel Sales Tax	616
Total for State	6,268
Local Revenues (in millions)	
TDA (1/4% from BOE)	1,601
Sales Tax Measures	5,183
RTPA Revenues	2,151
Transit Revenues	2,951
Street & Road Revenues	4,140
Total	16,026
Grand Total	30,417

Federal Share includes Highway and Transit Funding only

*Last year of complete data available for Cities and Special Districts; for more information, please visit State Controller's website at <https://bythenumbers.sco.ca.gov/browse?category=Raw+Data>