



2026 State Transportation Improvement Program and Aeronautics Account Fund Estimates Final Assumptions

Presented to the
California Transportation Commission

2026 Fund Estimate Assumptions

- Approval Needed for Fund Estimate (FE) Assumptions
 - Government Code, Section 14524 (d) & 14524 (c)
- Direct Impact on State Transportation Improvement Program (STIP) & State Highway Operation and Protection Program (SHOPP) Programming Capacity
- Upcoming Events Have the Potential to Impact the Fund Estimate
 - May Revise and Final Budget Act
 - Federal Transportation Act

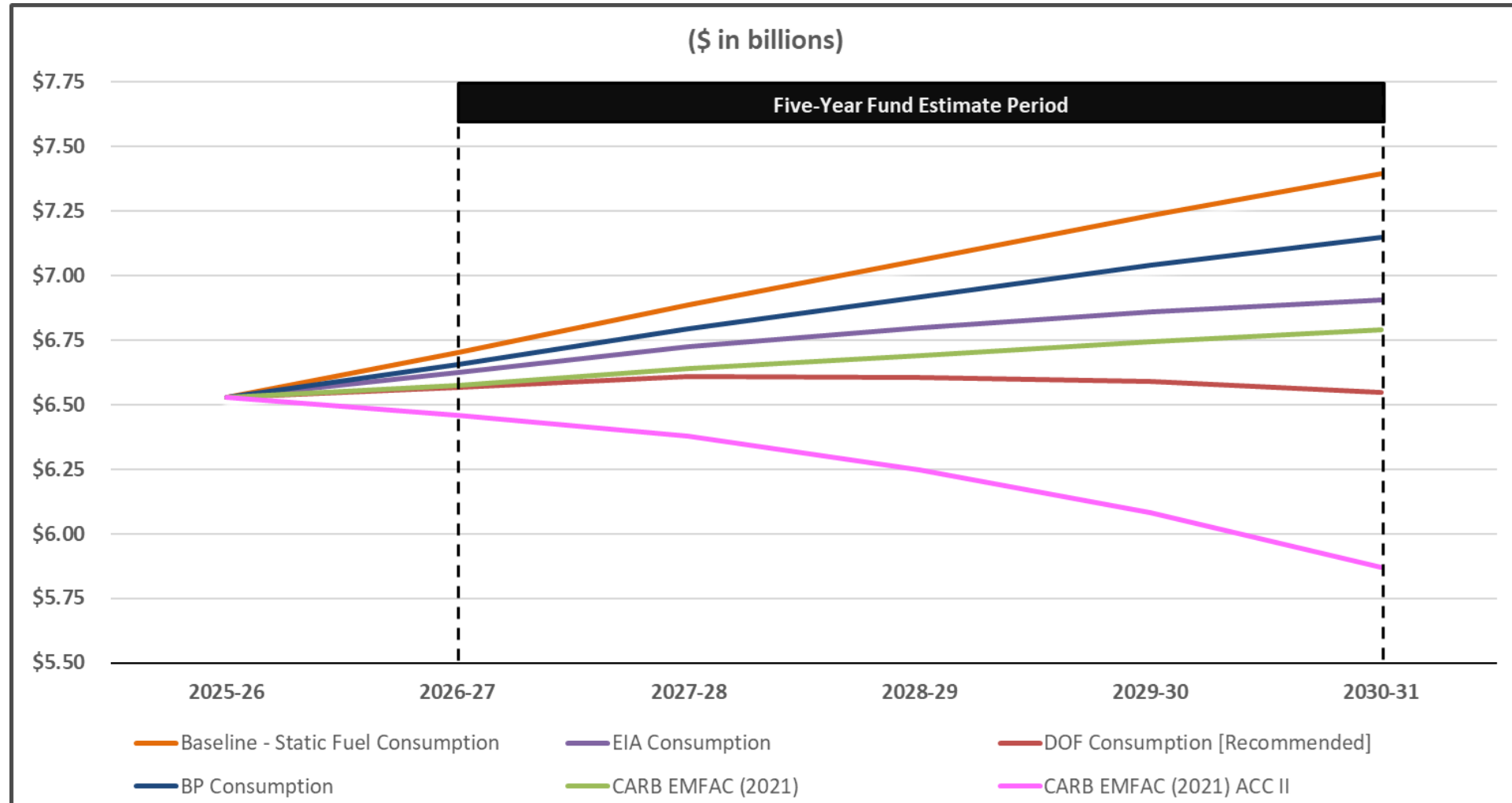
Impacts to Prior Fund Estimates

- Fund Estimate has consistently been impacted by changes to law or policy
- Previous Examples:
 - 2024 FE – Intercity Rail Passenger Program Adjustment
 - Increase to Public Transportation Account commitments of \$70 million annually through fiscal year 2026-27
 - 2022 FE – Infrastructure Investment and Jobs Act signed into law
 - An increase of approximately \$1.6 billion to \$2 billion annually over the 5-year Act
 - 2020 FE – The 2020 state stay-at-home order issued to slow the spread of the COVID-19 virus resulted in reduced gasoline consumption and revenue
 - A decrease of about \$781 million in gasoline revenues over fiscal year 2020-21
- Benefit of adopting the Fund Estimate every two years

Section One: Options

- Economy's Impact on Revenues (Fuel Consumption Projections)
 - No change from draft
 - Department recommends Option based on Department of Finance (DOF) projections:
 - DOF has a track record for accuracy
 - Consumption forecasts are specific to California
 - Analyzes fuel types individually
 - DOF offers an updated look at consumption as part of May Revise
 - Represents a moderate and reliable approach to consumption over the FE period
 - Fuel consumption is projected to decline over the five-year period and partly offset by the annual inflationary adjustment on excise taxes
 - Results in marginal growth of tax revenue in the first half of the Fund Estimate followed a marginal decline in the second half

Projected Gross Revenue Collection Alternatives



Section One: Options

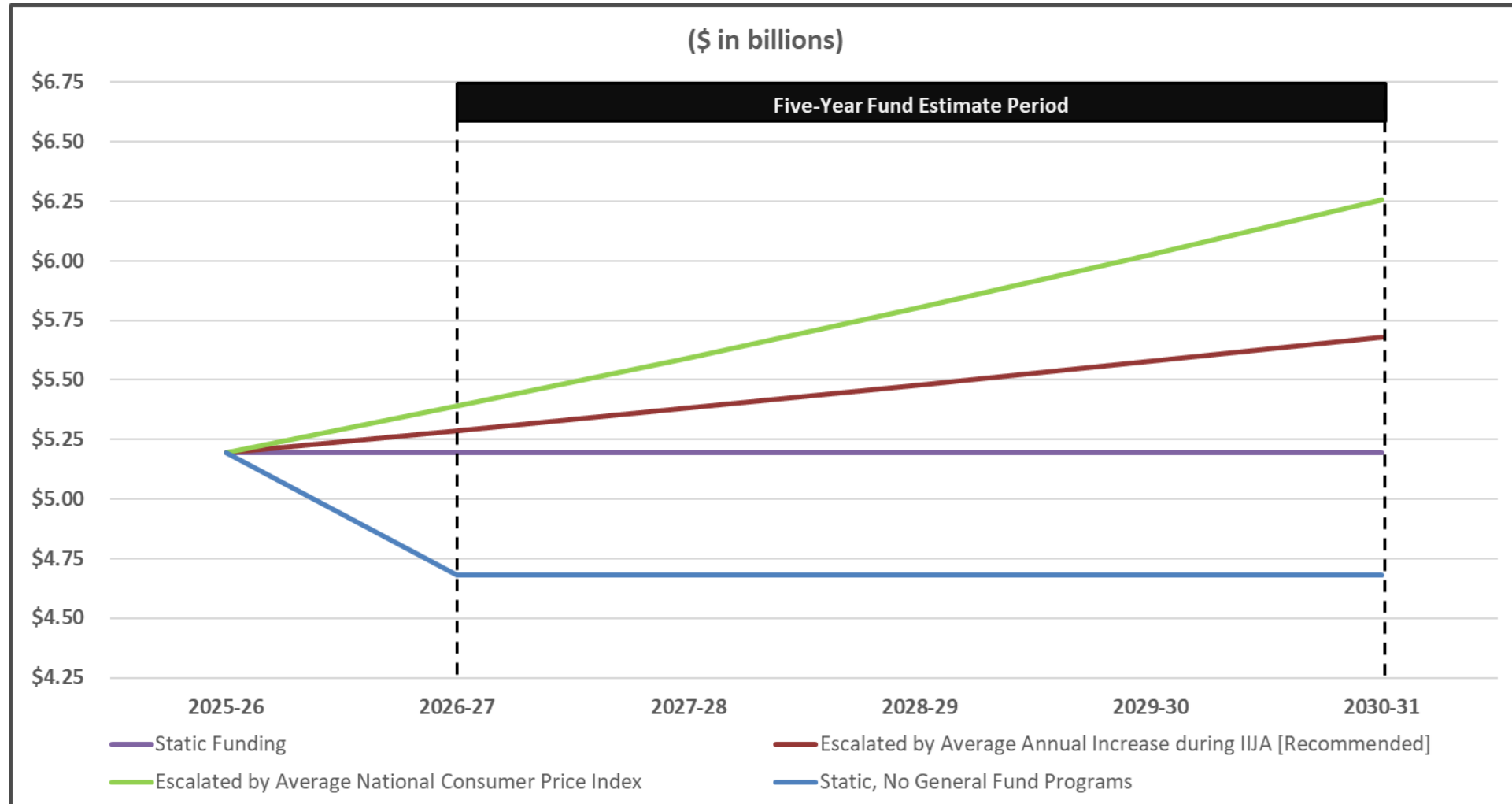
- Federal Revenues

- No change from draft

- Department recommends Option based on escalation rate of 1.8 percent:

- The escalation rate is based on Infrastructure Investment and Jobs Act (IIJA) funding
 - Corresponds to the average annual increase during the current Act's five-year period

Projected Federal Revenues Alternatives



Aeronautics Account

● Revenues

- State taxes on aviation gasoline and jet fuel consumption
 - Forecasts provided by DOF
 - Annual inflationary adjustment to aviation gasoline tax
 - Jet fuel tax is static
 - Governor's Budget forecast excise tax revenue to decline at an annual average of 2.4 percent over the four-year Fund Estimate period
- \$30 thousand in annual transfers from the Public Transportation Account

Next Steps

- Draft Fund Estimate presented to Commission in June 2025
 - Any updates to assumptions will be discussed.
- Final Fund Estimate scheduled for August 2025 meeting
 - Adoption may be delayed up to 90 days by the Commission.

Questions

